

# 2022 Financial Life Benefits<sup>®</sup> Impact Report



**Lorna Sabbia**  
Head of Retirement and Personal Wealth Solutions Bank of America

“As one of the largest providers of workplace benefit programs, Bank of America has a unique view into the trends affecting employers and employees today. Using our participant data, we’ve identified a number of trends that we are using to inform how we develop new innovative ways to serve our clients and their employees. These insights can also help employers make more informed decisions to support their employees in pursuing their own financial success — while helping their businesses thrive. Although employers are broadening financial wellness programs with more services, significant work is still needed to increase employee utilization of these benefits.”

Employee financial wellness starts with having a solid action plan

See page 7 for information on how scores are calculated.

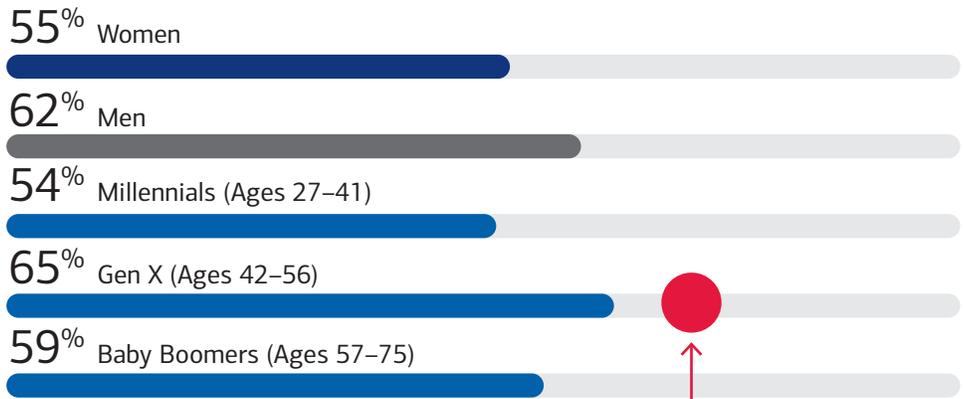
Average scores of employees who used Bank of America’s Financial Wellness Tracker



## Majority of employees participate in 401(k), but still room to improve

Gen X employees are most engaged with 401(k) savings — especially men of this generation

### Participation rates



Gen X males are the most likely to contribute with **70%** contributing to their 401(k).

Investment products are available from Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Bank products are available from Bank of America, N.A., and affiliated banks.

This report monitors plan participants’ behavior and sponsors’ adoption of new plan design features and services in our proprietary employee benefits programs, which comprise \$280 billion in total client assets and 3.1 million total participants with positive retirement balances as of December 31, 2021.

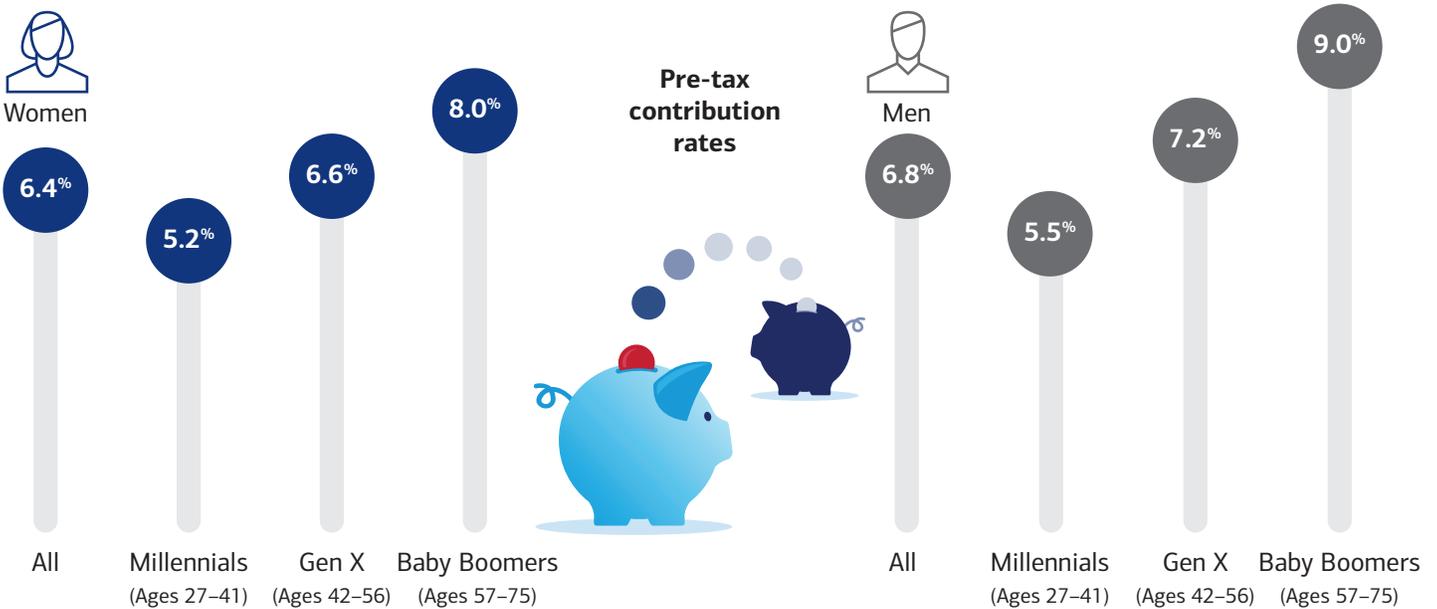
All data is derived from Bank of America Retirement and Benefit Plan Services platform unless otherwise noted (as of 12/31/2021).

Retirement and Personal Wealth Solutions is the institutional retirement business of Bank of America Corporation (“BoFA Corp.”) operating under the name “Bank of America.” Investment advisory and brokerage services are provided by wholly owned non-bank affiliates of BoFA Corp., including Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”), a dually registered broker-dealer and investment adviser and Member SIPC. Banking activities may be performed by wholly owned banking affiliates of BoFA Corp., including Bank of America, N.A., Member FDIC.

Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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We continue to see men and older generations contributing more



## 401(k) balances are growing but significant gender disparities exist

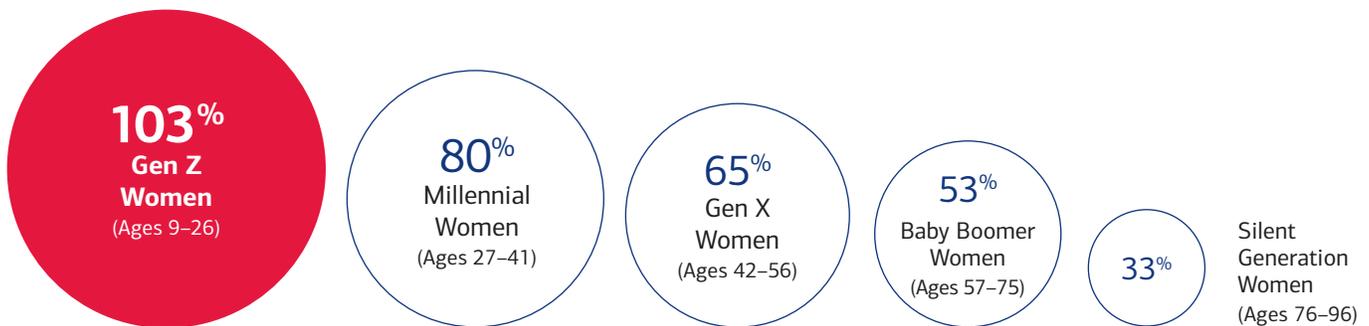
With rising account balances across the board, there is still a gap between men and women

### Average 401(k) account balances

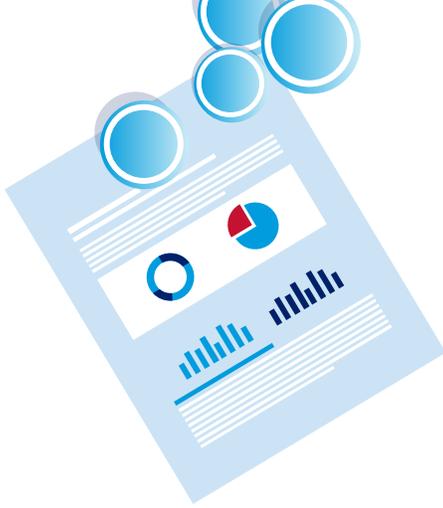


Gen Z women have overtaken Gen Z men in total retirement savings

### Women's average account balances as a percentage of men's



Employers should encourage positive savings behaviors and build on the momentum younger women have established to help women of all ages gain parity with their male counterparts.



# Employees still need education on the benefits of maximizing their retirement savings contributions

Employees who contribute **less than \$5,000 a year**

**61%** of all eligible employees



**70%** Millennials (Ages 27–41)



**54%** Gen X (Ages 42–56)

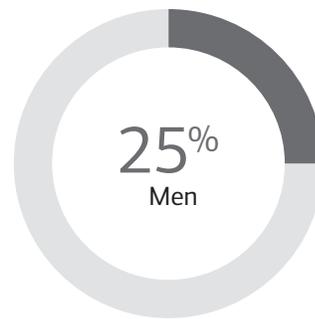
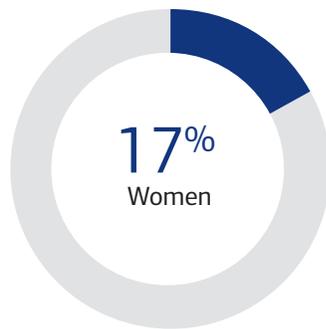


**51%** Baby Boomers (Ages 57–75)



The vast majority of employees are contributing small amounts to their 401(k)

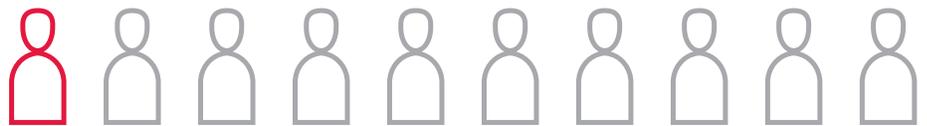
More men than women contribute **over \$10,000 a year**



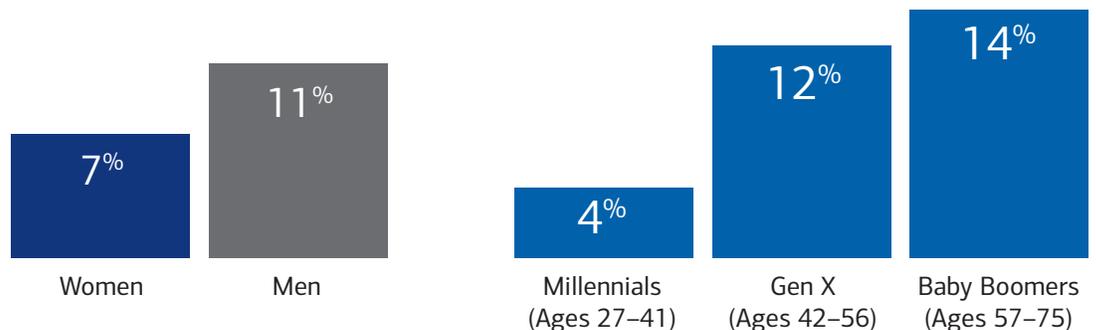
And very few are coming close to realizing all the benefits of their 401(k)

## Less than 1 in 10

participants contribute at the allowable 402g limit



**Percentage of employees contributing at the allowable limit**



Many employees are not taking full advantage of the benefits of tax-free deferral and growth, highlighting another area where employers should focus their education content and employee communications.



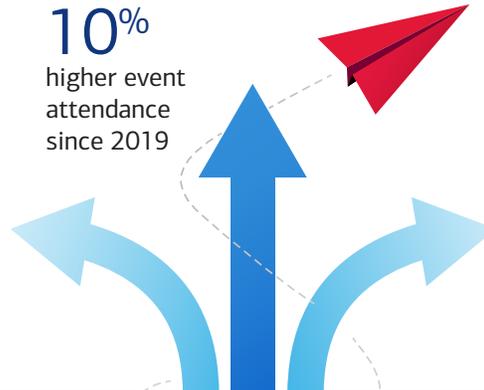
While women have historically lagged men in terms of engagement, contributions and balances, they are taking proactive steps towards their financial futures



**59%**  
of financial education event attendees are women

**10%**  
higher event attendance since 2019

**55%**  
of employees who attend personal financial consultations are women



## Automatic features in 401(k) plans can help drive positive behaviors

Auto-enrollment and auto-increases drive impressive jumps in participation



When plans have auto-enrollment feature

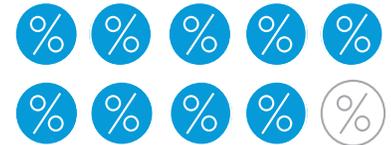


When plans don't have auto-enrollment



**9 in 10**

plans use a default rate of **3% or higher**

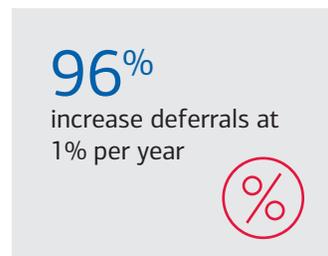
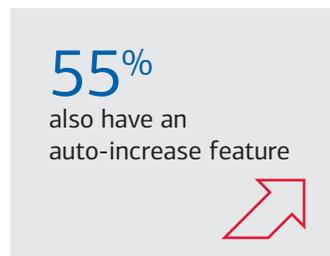


**3 in 10**

plans use a default rate of **5% or higher**



Plans with auto-enrollment



Default investment option



Employers who are looking to meaningfully improve employee engagement should look at plan design techniques, including auto-enrollment and auto-escalation, that are shown to drive more positive employee behavior.

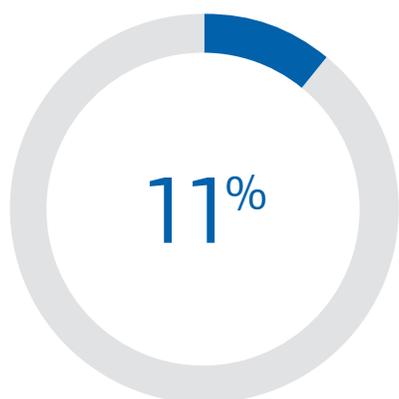
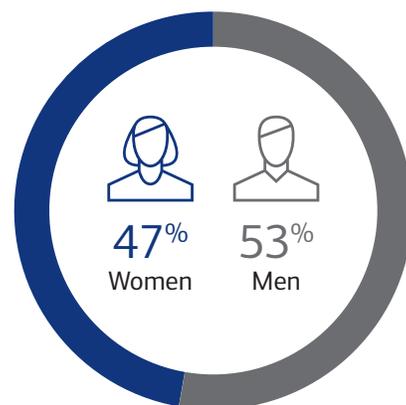
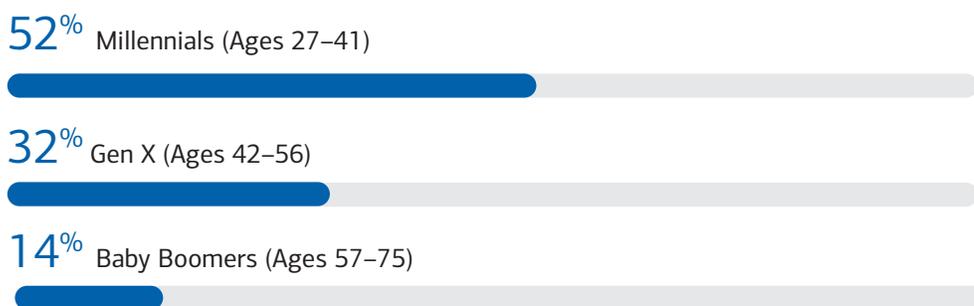
# Employees are making it clear — they want to create an impact with their investments

Employees have significantly increased the portion of their assets in Environmental, Social and Governance (ESG) focused investments<sup>1</sup>



Younger generations are most interested in ESG investments

## Percentage of employees who invest in ESG funds



Yet only 11% of 401(k) plans offer ESG-focused funds in their investment line-up

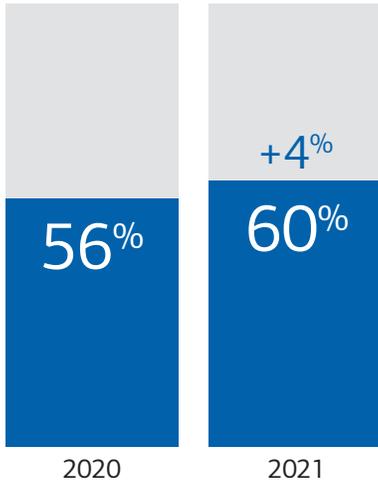


Only a small number of employers offer ESG-focused investment options and may be missing different ways to engage younger employees in retirement savings by tapping into their environmental and social preferences.

# Employees are hungry for help with their investments

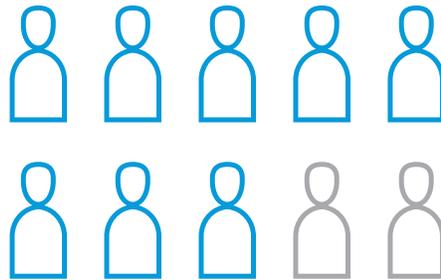
Employees are embracing Target Date Funds<sup>2</sup> — often investing their full account balance

## Percentage of 401(k) plans offering Target Date Funds



## When Target Date Funds are offered

More than 8 in 10 employees invest in them

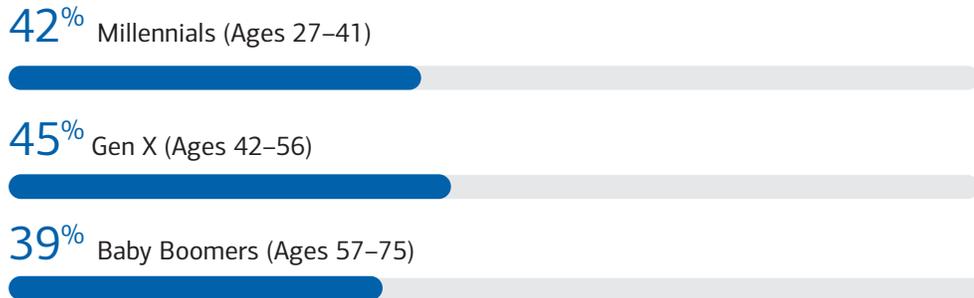


Millennials (Ages 27–41) have almost **2x** the amount of money invested in Target Date Funds as Baby Boomers (Ages 57–75)

**2X**

Younger employees are seeking growth with higher allocations to equities

## Percentage of employee assets in equity only mutual funds



Use of Target Date Funds is significant — and increasing — especially among younger employees, indicating a desire for investment solutions that save employees the need to create a diversified portfolio on their own.\*

\*Diversification does not ensure a profit or protect against loss.

# Employees are engaged to assess their financial wellness and take action

## Average scores

64  
All



59  
Women



67  
Men

## Of employees who used Bank of America's Financial Wellness Tracker



43%  
Women



57%  
Men

Employees continue to struggle with pressing, short-term needs

17% have not considered their financial goals

8% are planning for caregiving expenses



### Assessment

**9 out of 10** employees who started the assessment, completed it and received a score as well as a suggested action plan

### Action plan

**33%** completed at least one step from the suggested action plan to help improve their financial health

## Among employees with less than \$100,000 in household income

32% have less than \$1,000 saved for an unexpected emergency

26% have less than \$500 saved for an unexpected emergency



**Employers who offer education and assistance that is personalized and addresses a wider range of financial topics can have the most positive impact on their employees' financial wellness.**

The Financial Wellness Tracker calculates scores based on responses to questions, as well as some underlying calculations and are evaluated against the attributes of a financially well individual. The score takes into account: 1) personal information such as age, dependents and household income; 2) key financial information, including savings and expenses; and 3) the financial behaviors exhibited. Each question and answer is worth a certain number of points. Point values vary and one aggregate score is calculated to provide an individual their score.



Digital adoption continues to grow and can help employers deliver education the way employees want

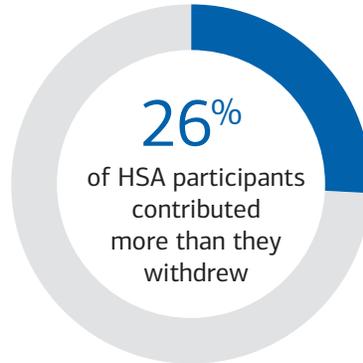
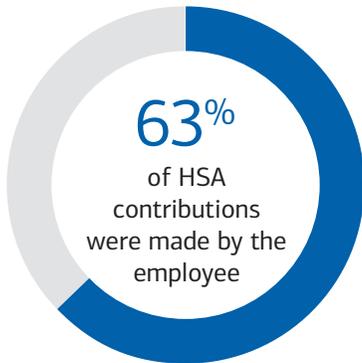
**13% increase** in active Bank of America Benefits OnLine mobile app users

**35% increase** over 2020 with 2 million HSA Learn Center visits in 2021

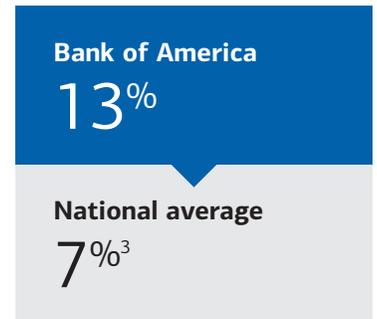
**30% open rate** for myFuture publications with 1.2 million blog recipients

# Health Savings Account (HSA) utilization continues to accelerate with more education needed

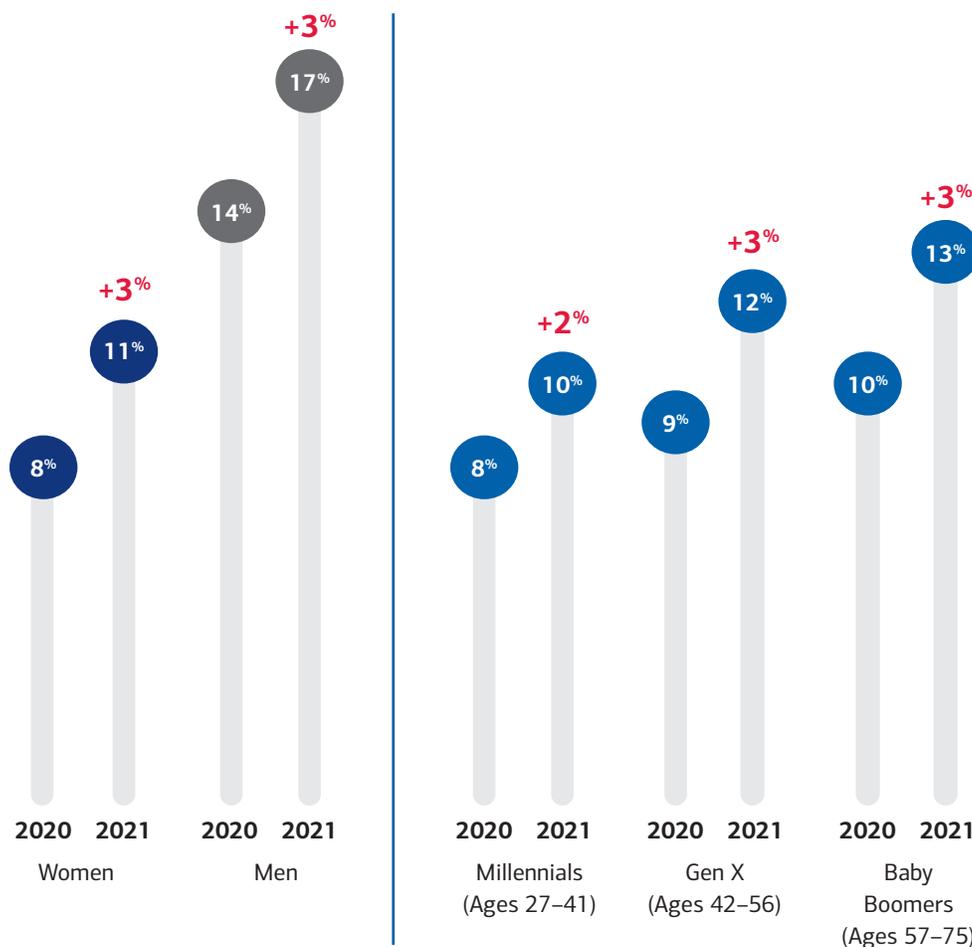
Employees are taking control of their healthcare expenses — and using HSAs to cover current charges while also saving for the future expenses



Percentage of HSA accounts investing in the market for potential future growth



Percentage of employees investing some of their HSA assets



Bank of America HSA assets<sup>3</sup>



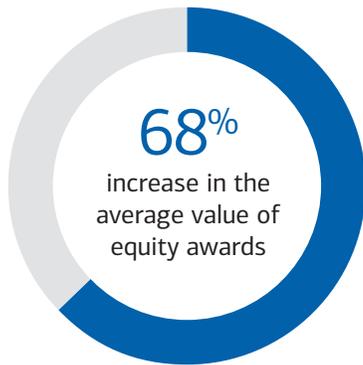
Average HSA account balance



While significant progress has been made helping employees plan and save for future healthcare expenses, continued education is needed, especially around investing HSA savings for potential growth, to help them be more prepared for future healthcare expenses.

# Equity programs can create a sense of ownership

Companies are offering richer equity awards, at all levels



Percentage of awards granted by length of service



However, employees are not holding onto their grants



  
**Employers who offer equity grants should pair these efforts with education about using equity grants to build wealth as part of a diversified investment strategy**

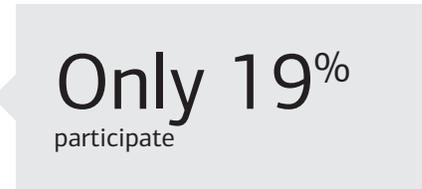
Stock purchase plans are also helping create a sense of ownership



**When offered with a 15% discount**



**When offered with less than a 15% discount**

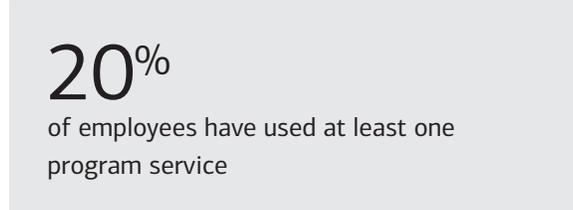
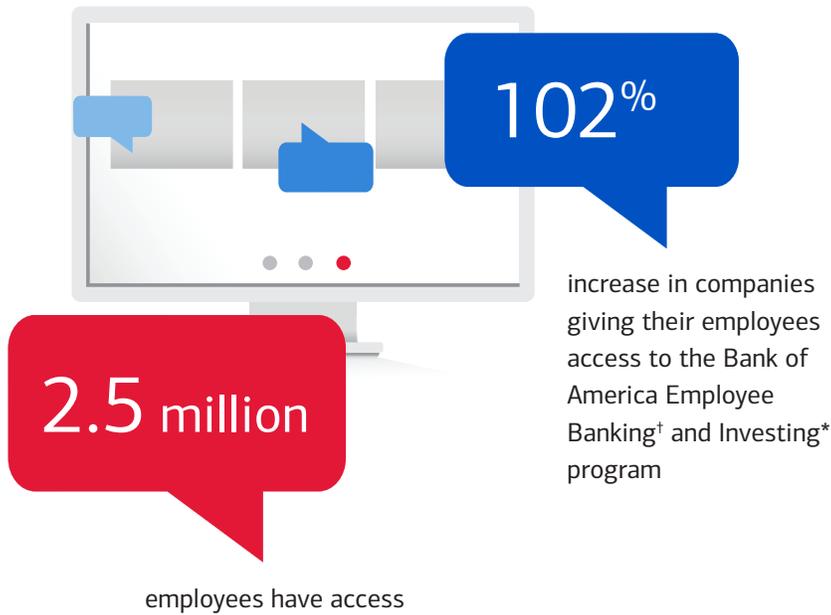


 **As employers look for ways to recruit and retain talent, equity grants and stock purchase plans can serve as a powerful incentive and foster a sense of ownership among employees.**

# Employers are giving their employees access to valuable financial solutions and discounts

Employers and employees are recognizing the value of the Bank of America Employee Banking<sup>†</sup> and Investing<sup>\*</sup> Program

And employees are seeing tangible benefits from participation



 **Participating in Bank of America’s Employee Banking and Investing program offers a powerful way for employers to offer employees tangible financial benefits — at no cost to the company.**

## We can help you improve the financial lives of all your employees

Financial Life Benefits<sup>®</sup> is an innovative solution paired with individualized guidance that goes beyond traditional benefits to provide more of what employees need to manage their day-to-day finances and prepare for the future — whether it’s creating a budget, saving for healthcare or planning for a steady stream of income in retirement.

- Retirement plans\*
- Equity compensation plans\*
- Health and benefit accounts<sup>†</sup>
- Employee banking<sup>†</sup> and investing\*



To learn more, visit [go.bofa.com/financiallifebenefits](https://go.bofa.com/financiallifebenefits)

<sup>†</sup> Bank products are available from Bank of America, N.A., and affiliated banks.

<sup>\*</sup> Investment products are available from Merrill Lynch, Pierce, Fenner & Smith Incorporated.

<sup>1</sup> Sustainable and Impact Investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating. Impact investing and/or ESG investing has certain risks based on the fact that ESG criteria excludes securities of certain issuers for nonfinancial reasons and therefore, investors may forgo some market opportunities and the universe of investments available will be smaller.

<sup>2</sup> Target Date Funds are diversified funds that are invested based on a preset date that is the approximate date when an investor plans to start withdrawing the assets from their retirement account. The principal value of these funds is not guaranteed at any time, including at the target date. These funds are designed to become more conservative over time as the target date approaches.

<sup>3</sup> Devenir 2021 Year-End Health Savings Account Research Report, March 2022.

<sup>4</sup> Bank of America Employee Banking & Investing Program, 2021.

Mutual Fund investment offerings for the Bank of America HSA are made available by MLPF&S. Investments in mutual funds are held in an omnibus account at MLPF&S in the name of Bank of America, N.A. ("BANA"), for the benefit of all HSA account owners. Recommendations as to HSA investment menu options are provided to BANA by the Chief Investment Office ("CIO"), Global Wealth & Investment Management ("GWIM"), a division of BofA Corp. The CIO, which provides investment strategies, due diligence, portfolio construction guidance and wealth management solutions for GWIM clients, is part of the Investment Solutions Group of GWIM.

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