



2022 FINANCIAL LIFE BENEFITS® IMPACT REPORT

BANK OF AMERICA 

NMADA Convention – August 23, 2022
Terri Sapp & Mark Newcomb



DISCLOSURE

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 notes (as of 12/31/2021)

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Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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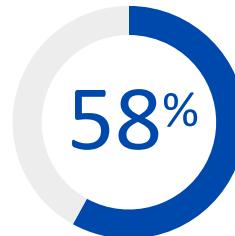
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KEY INSIGHTS FROM THE 2022 FINANCIAL LIFE BENEFITS® IMPACT REPORT

The majority of employees participate in 401(k) plans, but there's still room to improve



58% of eligible employees participate in their 401(k) plan

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

Average 401(k) balances



\$108k
Men



\$70k
Women

Employees need education on importance of increasing savings

61% of employees contribute less than \$5,000 a year



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



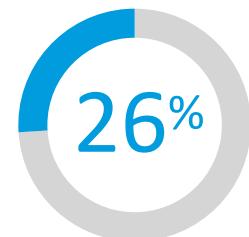
Participation rates in plans with auto-enrollment average 84%

Employees are engaged to assess their financial wellness and take action



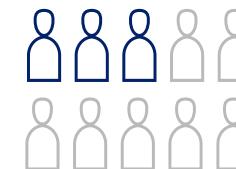
9 out of 10 employees who started a Financial Wellness Tracker assessment completed it and received a score, as well as a suggested action plan

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



26% contributed more than they withdrew

Equity programs can create a sense of ownership



30%

30% of employees participate in employee stock purchase plans when offered a 15% discount

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

\$47 million

in fee waivers and mortgage discounts through Bank of America's Employee Banking[†] & Investing^{*} Program

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

^{*} Investment products are available from Merrill Lynch, Pierce, Fenner & Smith Incorporated.

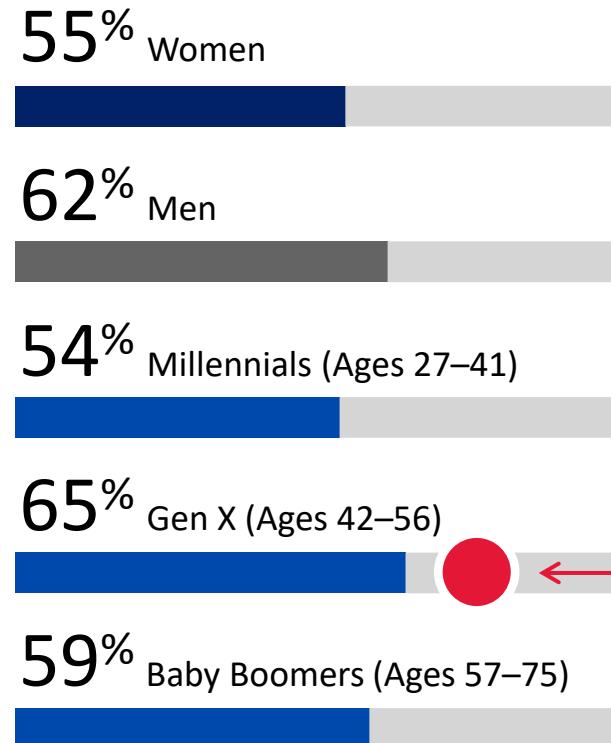


MAJORITY OF EMPLOYEES PARTICIPATE IN 401(K), BUT STILL ROOM TO IMPROVE

Gen X employees are most engaged with 401(k) savings



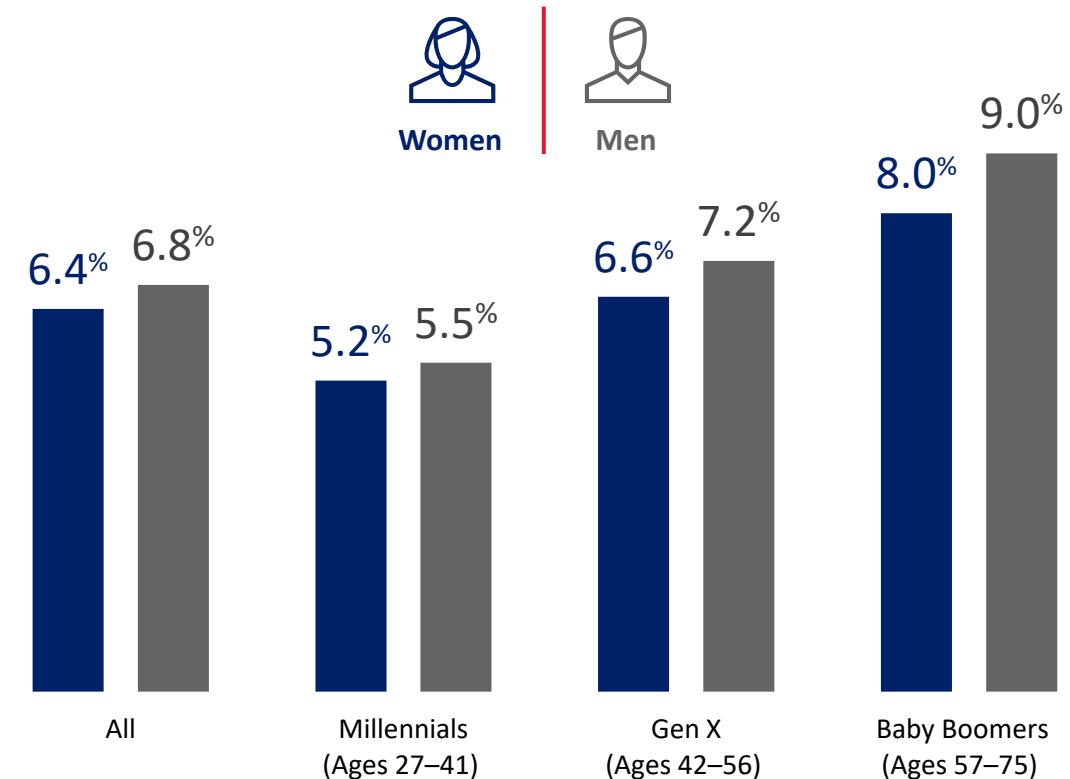
Participation rates



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

We continue to see men and older generations contributing more

Pre-tax contribution rates





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 feature



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

55%



also have an auto-increase feature

96%



increase deferrals at 1% per year

Default investment option

59%



of plans use an advice program

38%



of plans use a lifecycle fund



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.

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 growth¹

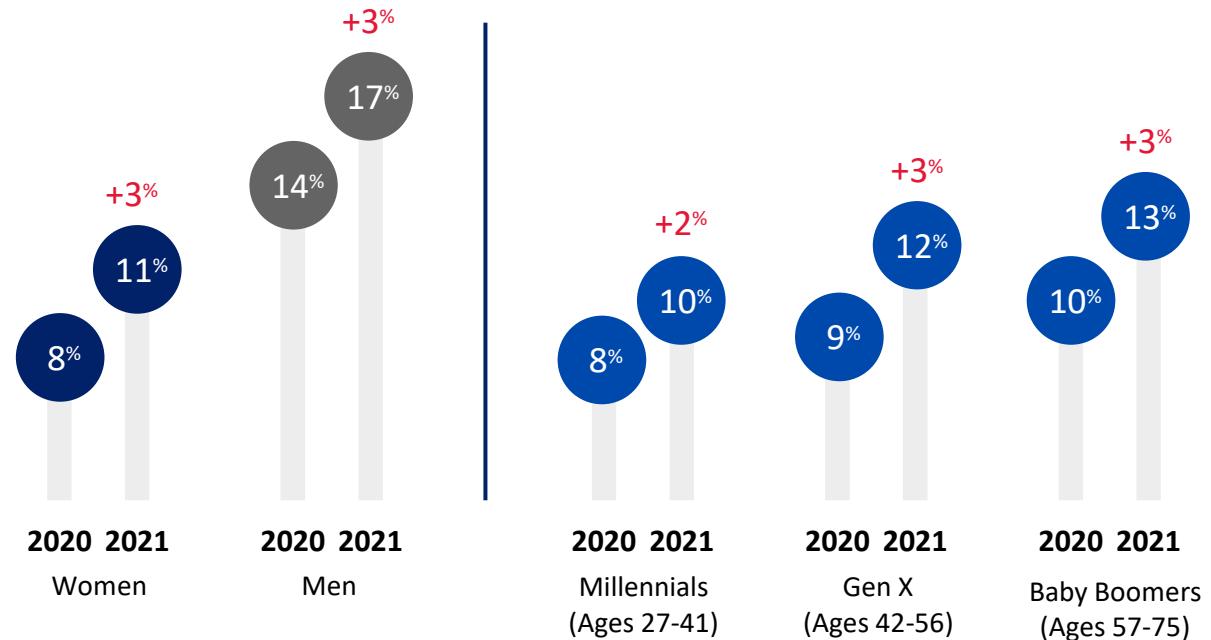
Bank of America

13%

National average

7%

Percentage of employees investing some of their HSA assets



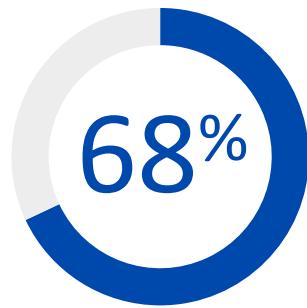
While significant progress has been made helping employees plan and save for future healthcare expenses, continued education is needed, especially around investing HSA savings for potential growth, to help them be more prepared for future healthcare expenses.

¹ Devenir 2021 Year-End Health Savings Account Research Report, March 2022.



EQUITY PROGRAMS CAN CREATE A SENSE OF OWNERSHIP

Companies are offering richer equity awards, at all levels



increase in the average
value of equity awards

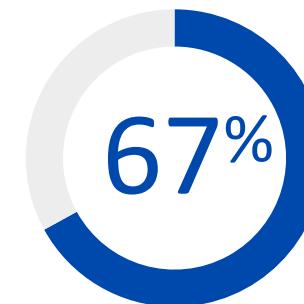
Percentage of awards granted by length of service	
21%	0 – 5 years
26%	11 – 20 years
20%	6 – 10 years
32%	21+ years

However, employees
are not holding onto
their grants

47%
of equity awards are
sold in 1 week or less

58%
of equity awards are sold
in less than 3 months

Stock purchase plans are also helping create a sense of ownership



of employers
offering an equity
stock purchase
plan with a
15% discount

When offered with a 15% discount

30%
of employees participate

When offered with less than a
15% discount

Only 19%
participate



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.



WE CAN HELP YOU IMPROVE THE FINANCIAL LIVES OF ALL YOUR EMPLOYEES

Financial Life Benefits® 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[†]
- Employee banking[†] and investing*



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

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