







RETIREMENT RESEARCH & INSIGHTS

Participant Pulse

Tracking the financial wellness of plan participants

1Q 2024 | Plan participants may access or make changes to their retirement and health savings accounts (HSAs) in response to many factors, and certain key metrics, in part, can signal participant confidence and sentiment. This quarter, more than 15% of participants increased their 401(k) contribution rate. Compared to last quarter, fewer participants took a loan and slightly more took a hardship distribution from their retirement plan, but when money was withdrawn, both average loan and hardship distribution amounts were larger than last quarter. On a positive note, participants with a loan in default have steadily declined over the last several quarters. HSA account holders are saving more of their contributions, but still, few are investing for future growth. Financial wellness scores are holding relatively steady over the last six months, but we still see a gender gap.

401(k) PLANS¹

 Contribution rate	 Loans	 Hardship distributions
<p>Average contribution rate as of 1Q</p> <p>6.6%</p> <p>Up slightly from 6.5% at year-end 2023</p> <hr/> <p>Average contribution in 1Q</p> <p>\$1,904</p> <p>Up 45% from 4Q23 (\$1,312) but comparable to a year earlier (\$1,893 in 1Q23)</p> <hr/> <p>Average account balance March 2024</p> <p>\$92,142</p> <p>Up nearly 17% compared to a year earlier (\$78,883 as of March 2023)</p> <hr/> <p>In 1Q, 1 in 5 participants changed their contribution rate; notably 15.2% increased their rate while 3.6% decreased their rate</p>	<p>Participants borrowing from their workplace plan in 1Q</p> <p>2.0%</p> <p>Down from 2.3% in 4Q, lower than past 3 quarters and comparable to 1Q23 (1.9%)</p> <hr/> <p>Average loan per participant</p> <p>\$9,140</p> <p>Up more than 10% from 4Q (\$8,207); up compared to a year ago (\$8,550 in 1Q23)</p> <hr/> <p>Of participants with a loan, those with at least one loan in default as of 1Q</p> <p>12.3%</p> <p>Down from 12.6% in 4Q and steady drop from 14.3% in 1Q23</p> <hr/> <p>Generation X² has the highest portion of participants with loans outstanding (23.4%) and in default (2.6%)</p>	<p>Participants taking a hardship distribution in 1Q</p> <p>0.61%</p> <p>Up slightly from 0.57% in 4Q; and up from 0.46% a year earlier in 1Q23</p> <hr/> <p>Average participant hardship amount in 1Q</p> <p>\$5,030</p> <p>Up from \$4,366 in 4Q; comparable to 1Q23 (\$5,100)</p> <hr/> <p> Spotlight</p> <hr/> <p>Participants who made a Roth contribution as of March 2024</p> <p>6.2%</p>

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Average account balance:

\$4,868

Up from \$4,380 year-end 2023

Account holders who contributed more than they withdrew:

38%

Up slightly from 37% year-end 2023

How contributions were used:

61% Spent on health care expenses

39% Saved

Account holders are saving more of their contributions compared to 4Q (24%)

Millennials saved 47% of their contributions, more than other generations and up from 34% last quarter

Account holders investing for future growth:

13%

Up slightly from 12% in 4Q

More men (18%) than women (12%) invest for the future, as do Baby Boomers (16%) compared to other generations



FINANCIAL WELLNESS⁴

Average financial wellness score:

51 (out of a possible 100 points)

Consistent with 4Q¹ after being down from 56 mid-year 2023. Highest score achieved in area of managing long-term debt; lowest in preserving assets. Average financial wellness score 42 for lower-income participants (household income less than \$40K)

Women continue to trail men in their feeling of financial wellness:

54 Men 47 Women

Consistent with year-end. Highest portion of men scored in the 71-80 range, while the highest portion of women scored in the 51-60 range

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¹ Comparisons to 2023 reference data derived from Bank of America Retirement and Benefit Plan Services 401(k) data platform as of 3/31/23, 6/30/23, 12/31/23.

² Generation defined by the following birth years: Baby Boomers 1946 – 1964; Gen X 1965 – 1980; Millennials 1981 – 2000, Gen Z after 2000.

³ Reference data derived from Bank of America Retirement and Benefit Plan Services HSA data platform as of 3/31/2024.

⁴ The Financial Wellness Tracker is a proprietary assessment that calculates a financial wellness score based on an employee's answers to the assessment, and is a snapshot of the employee's current financial situation as it relates to six key behaviors: (1) management of expenses; (2) management of credit card debt; (3) plans for the unexpected; (4) preparedness for retirement and other identified goals; (5) management of long-term debt; and (6) preparedness for preservation of assets.

Methodology: This report monitors plan participants' behavior in Bank of America 401(k) recordkeeping and HSA clients' employee benefits programs, which comprise more than 4 million total participants with positive account balances as of March 31, 2024.

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