Navigating a new era of financial wellness

2022 Workplace Benefits Report
Employers remain critical to helping employees achieve overall wellness

At Bank of America, we are focused on helping millions of individuals achieve financial control, plan for retirement and live their best financial lives. Our Financial Life Benefits® program empowers employers to help employees do just that with a full suite of financial benefit programs. To help us meet the needs of employees, we conduct regular research, the Workplace Benefits Report, that informs our offering. We are excited to share our findings on the following pages from our initial survey conducted in February 2022 and a follow-up pulse survey from July 2022, which focused on the impact of inflation and market uncertainty on employee feelings of financial wellness.

We share these to help employers make informed decisions about the workplace benefits they offer and deliver the support employees need and want.

Highlights of key findings:

- Employers play an important role when it comes to financial wellness
- Employers are seeing challenges in recruiting and retaining talent
- Employees are stressed by current economic conditions
- Expanded benefits support is best when complemented with additional education
- Comprehensive retirement preparedness is more important than ever
- Digital tools continue to drive employee engagement

97% of employers say that they are in some way responsible for their employee’s financial wellness
46% of employers noticed an increase in resignations over the past year
62% of employees are stressed about their financial situation*
Only 17% of employees without a Health Savings Account (HSA) are saving for future healthcare expenses*
38% of employees are not confident they will reach their retirement goals*
52% of employees prefer to use a digital app to manage their finances

Employers play an important role when it comes to financial wellness

Employers feel very responsible for employee financial wellness

Employers say that they are in some way responsible for their employee’s financial wellness

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>97%</td>
<td>41%</td>
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Employers feel extreme responsibility for employee financial wellness

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>62%</td>
<td>13%</td>
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</tbody>
</table>

More than 8 in 10 employers agree that offering financial wellness support can result in:

1. More satisfied employees
2. More loyal employees
3. More engaged employees
4. Greater employee productivity
5. Stronger employee performance


80% of employees agree saying they think employers should play a role in supporting their financial wellness.
Employers are embracing wellness topics beyond finances and employees are seeing the benefits

Employers offering mental and physical wellness resources are seeing noticeable improvements in:

- Productivity: 50%
- Employee stress: 43%
- Employee morale: 41%
- Employee creativity/innovation: 36%

Employees agree, saying they are optimistic about their well-being over the next two to three years:

- Financial: 56%
- Social: 60%
- Mental: 62%

Health factors that employees say significantly impact their overall well-being:

- Mental: 52%
- Physical: 55%
- Financial: 48%

Employers are seeing challenges in recruiting and retaining talent

The great resignation is real and impacting employers across the country

The top reasons for resignations are:

1. Compensation
2. Burnout
3. Work-life balance

46% of employers noticed an increase in resignations over the past year
21% of employees thought about switching jobs
9% of employees switched jobs in the past year
Holistic wellness support benefits employees and employers

84% of employers also cite that offering financial wellness tools can help with employee retention

81% help attract higher quality employees

91% of employers see higher employee satisfaction when they offer resources to manage overall well-being

Equity grants are powerful incentives to attract and retain talent

31% of employers can’t acquire or retain top talent without offering equity compensation

80% of employers use rewards as a one-time incentive

44% of employees who participate in equity compensation plans say it was an important reason for accepting a job.
Promoting an inclusive work environment can aid in recruitment and talent management

- **74%** of employers believe that diversity and inclusion programs are important for retaining talent.
- **50%** of employers currently offer some form of diversity & inclusion programs.
- **60%** of employers say they have taken steps to promote an intergenerational workforce.
- **73%** of employers say that they see higher productivity when teams are more generationally diverse.

**79%** of companies offer or are planning to offer a recruitment/retention strategy on neurodiversity in the next 3+ years. Neurodiversity refers to variations in the human brain and cognition, for instance in sociability, learning, attention, mood and other mental functions.


Only **17%** of the Baby Boomer workforce is diverse,

Yet **35%** of the Gen Z and Millennial workforce is diverse.

Employees are significantly stressed by current economic conditions

Feelings of financial wellness have fluctuated over the last few years*

Overall percentage of employees who feel financially well

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>2019</td>
<td>55%</td>
</tr>
<tr>
<td>2020</td>
<td>49%</td>
</tr>
<tr>
<td>2021</td>
<td>52%</td>
</tr>
<tr>
<td>Feb 2022</td>
<td>57%</td>
</tr>
<tr>
<td>Jul 2022</td>
<td>44%</td>
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</tbody>
</table>


Changing priorities have impacted short- and long-term goals for employees*

1. Saving for retirement
2. Paying off credit card debt
3. Saving for the unexpected
4. Paying off a mortgage
5. Buying a home

80% of employees are concerned about inflation across all demographics — age, gender, race, income*

Employees indicated that the cost of living is outpacing growth in salary/wages*

<table>
<thead>
<tr>
<th>Time</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Feb 2022</td>
<td>58%</td>
</tr>
<tr>
<td>Jul 2022</td>
<td>71%</td>
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</tbody>
</table>

Most recently, significant changes across all groups in feelings of financial wellness

Improvements in financial wellness across the generations

<table>
<thead>
<tr>
<th></th>
<th>Since Feb 2022*</th>
<th>Since 2021</th>
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</thead>
<tbody>
<tr>
<td>Gen Z/Millennials</td>
<td>-15%</td>
<td>+3%</td>
</tr>
<tr>
<td>(Ages 18–44)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen Xers</td>
<td>-14%</td>
<td>+10%</td>
</tr>
<tr>
<td>(Ages 45–54)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baby Boomers/Silent Generation</td>
<td>-10%</td>
<td>+3%</td>
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<tr>
<td>(Ages 55+)</td>
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</table>

Gender gap is closing

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<thead>
<tr>
<th></th>
<th>Jul 2022*</th>
<th>Feb 2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>42%</td>
<td>55%</td>
<td>47%</td>
</tr>
<tr>
<td>Men</td>
<td>47%</td>
<td>59%</td>
<td>57%</td>
</tr>
</tbody>
</table>


1/2 of employees have taken action in the last 6 months due to financial strain*

- 21% tapped emergency savings
- 21% worked additional hours
- 20% looked for higher paying jobs
- 6% took 401(K) hardship


Women have been making strides to improve their financial wellness and are taking proactive steps to do more

Percentage of employees who say they feel financially well

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<thead>
<tr>
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<th>Men</th>
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<td>2021</td>
<td>47%</td>
<td>57%</td>
</tr>
<tr>
<td>2020</td>
<td>41%</td>
<td>58%</td>
</tr>
</tbody>
</table>


Women especially lag men when it comes to planning for longer-term goals

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting my family financially</td>
<td>38%</td>
<td>50%</td>
</tr>
<tr>
<td>Choosing investments</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>Building wealth</td>
<td>27%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Women's top financial goals are affected by economic conditions*

1. Saving for retirement
2. Saving for the unexpected
3. Paying off credit card debt
4. Buying a first home


Expanded benefits support is best when complemented with additional education

Health Savings has become almost as important as retirement to workplace benefits programs

Employers feel very responsible for their employees’ understanding of retirement healthcare needs and costs

- 2022: 84%
- 2013: 45%

Employee contributions to HSAs have declined*

- Feb 2022: 80%
- Jul 2022: 62%

Only 17% of the employees who don’t have a Health Savings Account are saving for healthcare expenses*

Equity programs offer employees a way to participate in their company’s success — but education is needed

- 77% of employers at publicly traded companies offer some kind of equity compensation to their employees
- 64% of employers offer these plans to all employees

Types of equity compensation plans offered by employers

- 49% Employee stock purchase plans
- 38% Stock options
- 34% Restricted stock units

Yet only 33% of employees say they know enough to make informed decisions about equity awards

Employees are hungry for a wide range of financial wellness support, depending on their age and financial situation

4 in 10 employees want access to advice from an investment professional

62% of employers offer employees access to investment advice services

up from 55% in 2021

If offered by their employer, employees say they would be interested in

1. Reward points
2. No-fee banking services
3. Mortgage discounts

And employees are interested in help across a wide range of banking and investing topics

1. Fees (monthly account fees, overdraft fees, etc.)
2. Understanding how to keep the value of their account(s) from shrinking due to inflation
3. Understanding the benefits of different bank account types (e.g., checking, savings, money market, etc.)
4. Building a life plan
5. Understanding and reviewing credit scores*

Comprehensive retirement preparedness is more important than ever

Impact of current economic conditions on financial wellness

71% are concerned the cost of living is outpacing their growth in salary*

48% worry that with the current rate of inflation, they won’t be able to make ends meet*

Fewer than one in three employees say they are confident they will be able to:

- Have the flexibility to manage unexpected expenses
- Have the right plan to meet spending needs in retirement
- Move from saving money for retirement to using money in retirement

74% of employees say investing in their 401(k) and other accounts will help them build a retirement nest egg*

61% of employees are contributing enough to maximize their employer match*

56% are confident they will reach their retirement goals, down from 69% in Feb 2022*

Employees want more help when it comes to managing retirement savings, including:

- Clear explanation of plan options
- One-on-one consultations*
- Personalized advice and regular updates on plan changes*

Employees don’t fully understand Social Security & Medicare — and they need help

Percentage of employees who say they are not getting enough education about...

- **Social Security benefits**
  - Women: 31%
  - Men: 46%

- **Medicare benefits**
  - Women: 48%
  - Men: 44%

Fewer than 4 in 10 employers say they offer Social Security related support, such as:

- Tools and calculators to help determine when to begin collecting Social Security benefits
- Access to professionals who can answer specific questions around Social Security
- Educational materials
- Updates on Social Security availability and changes
- Company meetings focused on Social Security benefits

Only 38% of employees say they understand their projected Social Security benefits.

Women: 31%

Men: 46%

This challenge is more pronounced among women.

33% of medical costs in retirement are not covered by Medicare.

Source: Medpac, July 2021 Data Book: Health Care Spending and the Medicare Program.

Note: Data based on total spending on health care services for noninstitutionalized fee-for-service Medicare beneficiaries.
Digital tools help to drive employee engagement

Employees want the kind of personalized support that only a digital financial wellness program can offer

Employees say the following services would be most useful for them:

- Progress reports and a way to track my finances, including my debts
- Tools that allow me to think about my financial goals as a part of my overall life
- A step-by-step roadmap for accomplishing my goals
- Streamlined information, where I can see all my info in one place

3 in 10
want access to financial advice through a digital portal

More than 1/2
of employees say they want information about workplace benefits to be sent to their work email

While 18%
of employers still do not use digital channels to communicate with employees about benefits despite employees wanting virtual sessions

52%
of employees prefer to use a digital app to manage their finances, including banking and investing.
Action steps for employers

1. Consider expanding workplace engagement strategies to help recruit, attract and retain talent

2. Personalize financial wellness programs to meet the needs of employees as they navigate their financial life journey

3. Consider expanding programs beyond financial wellness topics to help support enhanced overall wellness

4. Provide latest tools & educational support including: financial literacy, coaching and mentoring that can help your diverse workforce

5. Connect with employees in meaningful and relevant ways through digital engagement

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 plans¹
- Equity compensation plans¹
- Health and benefit accounts²
- Employee banking² and investing¹

To learn more, visit go.bofa.com/financiallifebenefits¹

¹ Note: Internet Explorer not supported. Supported browsers are Google Chrome, Microsoft Edge, Safari or Mozilla Firefox.
# About the February 2022 Study

First launched in 2011, the annual *Workplace Benefits Report* plays a critical role in helping make financial lives better by generating real-world insights to bring solutions that fit our clients’ needs.

## February 2022 Survey Details

### Employer details

The sample population represented:

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small companies (&lt;$20M in 401(k) plan assets)</td>
<td>431</td>
</tr>
<tr>
<td>Mid-sized companies ($20M to &lt;$100M in 401(k) plan assets)</td>
<td>217</td>
</tr>
<tr>
<td>Large companies (&gt;=$100M in 401(k) plan assets)</td>
<td>198</td>
</tr>
</tbody>
</table>

### Employee details

The sample population represented:

- **47%** Men
- **53%** Women

- Various employee life stages were represented:
  - 283 Gen Z & Millennials (18–44 years)
  - 247 Gen Xers (45–54 years)
  - 304 Baby Boomers & Silent Generation (55+ years)

- Various racial and ethnic backgrounds were represented:
  - 53% White/Caucasian
  - 13% Hispanic/Latino
  - 16% Black/African American
  - 26% Asian
  - 2% Native Hawaiian or Pacific Islander
  - 0% American Indian or Alaska Native
  - 2% Other

- Various sexual and gender identities were represented:
  - 92% Heterosexual
  - 1% Lesbian
  - 1% Homosexual
  - 2% Gay
  - 2% Bisexual
  - 0% Pansexual
  - 0% LGBTQ, GSM, DSG
  - <1% Transgender

### Methodology

Escalent surveyed a national sample of 834 employees who are working full-time and participate in 401(k) plans, and 846 employers who offer both a 401(k) plan and have sole or shared responsibility for decisions made in the plan. The survey was conducted between February 3, 2022 and February 28, 2022. To qualify for the survey, employees had to be current participants of a 401(k) plan and employers had to offer a 401(k) plan option. Neither was required to work with Bank of America. Bank of America was not identified as the sponsor of the study. Bank of America Retirement and Personal Wealth Solutions help employers and employees to take action and work toward their financial goals today and into retirement.
About the July 2022 Pulse Study

Given the threat of persistent inflation and market uncertainty, we complemented our annual study with a short employee-focused supplemental survey, in July 2022. This mid-year touchpoint allowed us to better measure the direct impact of current market conditions on employee opinions and feelings of financial wellness.

2022 July Pulse Survey Details — Surveyed Employees Only

Employee details

The sample population represented:

- 42% Men
- 58% Women

Various employee life stages were represented:
- 169 Gen Z & Millennials (18–44 years)
- 152 Gen Xers (45–54 years)
- 157 Baby Boomers & Silent Generation (55+ years)

Various racial and ethnic backgrounds were represented:
- 76% White/Caucasian
- 9% Black/African American
- 10% Asian
- 2% Multi-racial
- 0% Native Hawaiian or Pacific Islander
- 1% American Indian or Alaska Native
- 0% Other

Various sexual and gender identities were represented:
- 93% Heterosexual
- 1% Homosexual
- 4% Bisexual
- 0% Lesbian
- 0% Gay
- 0% Pansexual
- 0% LGBTQ, GSM, DSG
- 0% Transgender

Methodology

Escalent surveyed a national sample of 478 employees who are working full-time and participate in 401(k) plans. The survey was conducted between July 5, 2022 and July 19, 2022. To qualify for the survey, employees had to be current participants of a 401(k) plan. They weren’t required to work with Bank of America. Bank of America was not identified as the sponsor of the study. Bank of America Retirement and Personal Wealth Solutions help employers and employees to take action and work toward their financial goals today and into retirement.
To learn more about Bank of America’s employee benefits plans, visit go.bofa.com/workplacebenefits

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

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This material should be regarded as general information on healthcare considerations and is not intended to provide specific healthcare advice or imply that Merrill financial advisors can now or in the future will provide specific healthcare advice. Questions regarding healthcare situations should be directed to healthcare, legal or tax professionals.

This report is designed to provide general information for employers to assist with planning strategies for their retirement plan and is for discussion purposes only. Bank of America is prohibited by law from giving legal or tax advice, and recommends consulting with an independent actuary, attorney and/or tax advisor before making any changes.

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