Plan participants may access or make changes to their retirement accounts in response to a number of factors, including the state of the market and the economy. These key metrics, in part, signal participant confidence and sentiment. Notably, more participants took loans and hardship distributions compared to last quarter, and compared to this time last year, although average amounts taken per participant were fairly consistent. At the same time, average contribution amounts declined compared to last quarter. On a positive note, participants with a loan in default decreased, and we continue to see more participants increase, versus decrease, their plan contribution rate across all generations. We also saw an increase in health savings contributions saved rather than used for current expenses.

### 401(k) Plans

<table>
<thead>
<tr>
<th><strong>Average Contribution Rate</strong></th>
<th><strong>Loans</strong></th>
<th><strong>Hardship Distributions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.5%</strong></td>
<td><strong>Participants borrowing from their workplace plan in 2Q:</strong></td>
<td><strong>Participants taking a hardship distribution during 2Q:</strong></td>
</tr>
<tr>
<td><strong>Consistent with 1Q</strong></td>
<td><strong>2.5%</strong> (75K participants)</td>
<td><strong>0.52%</strong></td>
</tr>
<tr>
<td><strong>Average contribution 2Q:</strong></td>
<td><strong>Up from 1.9% (56K participants) in 1Q and up from 2.3% in 2Q21</strong></td>
<td><strong>Up from 0.4% in 4Q; up from 0.3% in 2Q21</strong></td>
</tr>
<tr>
<td><strong>$1,460</strong></td>
<td><strong>Average loan per participant:</strong></td>
<td><strong>Number of participants taking hardship distributions during 2Q:</strong></td>
</tr>
<tr>
<td><strong>Down 23% from $1,880 in 1Q, but in line with 2Q21 average ($1,440)</strong></td>
<td><strong>$8,550</strong></td>
<td><strong>15,950</strong></td>
</tr>
<tr>
<td><strong>Average account balance June 2023:</strong></td>
<td><strong>Consistent with 1Q and down slightly from 2Q21 ($8,700)</strong></td>
<td><strong>Up 12% compared to 1Q; up 36% from 2Q21</strong></td>
</tr>
<tr>
<td><strong>$82,300</strong></td>
<td><strong>Participants with at least one loan in default as of 2Q:</strong></td>
<td><strong>Average participant hardship amount in 2Q:</strong></td>
</tr>
<tr>
<td><strong>Up from $75,050 at year-end 2021</strong></td>
<td><strong>13.9%</strong></td>
<td><strong>$5,050</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Down from 14.3% in 1Q; loans in default total $450M (vs $460M in 1Q)</strong></td>
<td><strong>Comparable to 1Q ($5,100) and down slightly from $5,400 in 2Q21</strong></td>
</tr>
</tbody>
</table>

In 2Q, more participants increased vs. decreased their contribution rate: 10.2% (increase) vs. 2.2% (decrease) ...led by Generation Z and Millennials

Generation Z: 19.3% vs. 2.6%

Millennials: 11.0% vs. 2.6%

Generations with highest % of loans outstanding: Generation X² (22.8%) followed by Millennials² (14.5%)

Methodology: This report monitors plan participants’ behavior in our recordkeeping clients’ employee benefits programs, which comprise more than 4 million total participants with positive account balances as of June 30, 2023.

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HEALTH SAVINGS ACCOUNT (HSA)

Average account balance:
$4,397
Up from $3,931 at year end¹

How contributions were used:
72% Spent on health care expenses
27% Saved

Account holders who contributed more than they withdrew:
38% year-to-date 2Q
Consistent with 2022 at year-end¹

Account holders investing for future growth:
12%
More men (18%) than women (11%) invest for the future, as do baby boomers (15%) compared to other generations

FINANCIAL WELLNESS

Average financial wellness score:
56 (out of a possible 100 points)
Down slightly from 57 at year-end²; highest score achieved in area of managing long-term debt; lowest in preserving assets. Average financial wellness score is 53 for participants with household income of $40K–$100K.

Women trail men in their feeling of financial wellness:
Men: 59   Women: 52
Highest portion of men (19%) scored in the 71–80 range, while the highest portion of women (16%) scored in the 51–60 range

¹ Comparisons to 2022 reference data derived from Bank of America Retirement and Benefit Plan Services 401(k) and HSA data platforms as of 3/31/22 or 12/31/2022.
³ Reference data derived from Bank of America Retirement and Benefit Plan Services HSA data platform as of 6/30/2023.

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