

# Participant Pulse

Tracking the financial wellness of plan participants



BANK OF AMERICA WORKPLACE BENEFITS™

2Q 2025

Plan participants may access or make changes to their workplace benefit accounts in response to many factors, and certain metrics, in part, can signal participant sentiment of financial confidence.

- With rising retirement account balances, participants contributed less and withdrew more this quarter.
- Retirement plan design can have an impact on savings. As of June, plans with auto-enroll and auto-increase features have a higher average account balance as compared to the overall average account balance.
- Compared to last quarter, slightly more participants borrowed from their retirement accounts, but loan amounts stayed relatively constant.
- We continue to see a decline in participants with a loan in default, and hardship activity has stayed fairly consistent quarter over quarter.
- More Health Savings Account (HSA) contributions were used for current health care expenses (vs. saved for future expenses) compared to last quarter.
- More men than women and more Boomers than other generations took advantage of the investment feature to potentially grow their HSA balances.
- Overall financial wellness scores are holding steady, and we still see a gender gap.

## 401(K) PLANS<sup>1,2</sup>

Contribution rate	Loans	Hardship distributions
7.2% Average contribution rate as of June	2.4% Participants borrowing from their workplace plan in 2Q Up from 2.0% in 1Q	0.70% Participants taking a hardship distribution in 2Q Comparable to 1Q (0.67%)
\$1,640 Average contribution in 2Q Down from 1Q (\$2,080) but comparable to 2Q 2024 (\$1,570)	\$9,700 Average loan per participant in 2Q Down slightly from 1Q (\$9,960)	\$5,250 Average participant hardship amount in 2Q Down from 1Q (\$5,790)
\$107,430 Average account balance as of June Up from March (\$98,770). Note that plans with auto-enroll and auto-increase had an average account balance of \$158,000 as of June.	10.8% of participants with a loan have a loan in default as of 2Q Consistent with 1Q (11.0%).	6.7% of all participants taking a distribution in 2Q did so as a hardship distribution, compared to 6.2% in 1Q.
Nearly 9 in 10 participants kept their contribution rate consistent in 2Q.	18.5% of participants currently have a loan outstanding, led by Gen X, of which 1 in 4 have a loan outstanding.	

SPOTLIGHT<sup>3</sup>

In a recent Bank of America Workplace Benefits™ survey, employees nearing retirement reflected on their savings regrets — half said they wish they'd started saving younger, while a third said they should have taken full advantage of their employer's 401(k) match.

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## HEALTH SAVINGS ACCOUNTS (HSA)<sup>2,4</sup>

**\$5,500** Average account balance

**Up from \$4,930** as of June 2024

**37%** Account holders contributed more than they withdrew year to date

**Consistent with 2024**

How contributions were used:

**72%**

Spent on health care expenses

**28%**

Saved

**Account holders are spending more** of their contributions (to cover current health care expenses) compared to last quarter (72% vs. 62%).

In 2Q, on average, **Gen X employees contributed the most (\$1,155)**, while **Millennials saved the largest portion (38%) of their contribution**.

**15%** Account holders investing for potential future growth

**Up slightly from 14% at year-end**

**More men (20%) than women (13%)** use the investment feature of an HSA, as do **Boomers (18%)** compared to other generations.

## FINANCIAL WELLNESS<sup>1,5</sup>

Average overall financial wellness score:

**49** (out of a possible 100 points)

**Consistent with 1Q.** And, not unexpectedly, workers with a household income of more than \$100K feel more financially secure (59), 10 points higher than workers with a household income of \$40K–\$100K.

Women continue to trail men in their financial wellness score:



**52** Men



**45** Women

Consistent with last quarter, **the gender gap remains.**



**Get insights from Bank of America Workplace Benefits™ on supporting your employees' financial wellness: [go.bofa.com/ourinsights](https://go.bofa.com/ourinsights)**

<sup>1</sup> Comparisons to reference data derived from Bank of America Workplace Benefits 401(k) data platform as of 03/31/24, 06/30/24, 9/30/24, 12/31/24, 3/31/25, 06/30/25.

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

<sup>3</sup> 2025 Bank of America Workplace Benefits Report data. Sponsored by Bank of America, between December 2, 2024 and January 13, 2025, Escalent surveyed a national sample of 962 employees who are working full time and participate in 401(k) plans, and 801 employers who offer both a 401(k) plan and have sole or shared responsibility for decisions made in the plan. 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.

<sup>4</sup> Reference data derived from Bank of America Workplace Benefits HSA data platform as of 06/30/2025.

<sup>5</sup> 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 clients' employee benefits programs, which comprise more than 4 million total participants with positive account balances as of June 30, 2025.**

**Investing involves risk, including the possible loss of the principal value invested.**

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