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Participant Pulse

Tracking the financial wellness of plan participants

BANK OF AMERICA WORKPLACE BENEFITS™

2Q 2026

This quarter's results reflect improving financial health, with higher retirement balances and steady contribution rates. However, signs of financial strain remain, as increased Health Savings Account (HSA) spending, 401(k) loans and hardship distributions suggest some employees continue to face financial pressure. These findings underscore the need for a holistic financial wellness strategy that supports both immediate financial needs and long-term savings goals.

- Participant contributions stayed consistent, with Boomers continuing to contribute at the highest rates and nearly half contributing more than 7% to their 401(k).
- Average retirement balances increased nearly 10% from year-end, though they remain below the average for plans with auto features.
- 401(k) loan activity increased after two consecutive quarters of decline, while average loan balances and default rates remained steady.
- Hardship distributions rose, both in participant usage and as a share of total distributions, although average amounts decreased from last quarter.
- HSA contributions increased, but a larger share was used for current healthcare expenses rather than saved for future needs.
- Perception gaps persist around financial wellness. According to the 2026 Workplace Benefits Report, employers believe more employees are financially well than employees report themselves.

401(K) PLANS[1,2]

Contribution rate

7.3% Average contribution rate as of June

More than other generations, nearly half (45%) of Boomers are contributing more than 7% of their pay to their 401(k).

$1,715 Average contribution in 2Q

Slight increase from 2Q25 ($1,640) and down compared to 1Q26 ($2,150)

$124,250 Average account balance as of June

Up 9.4% since year-end ($113,590)

Plans with **auto-enroll and auto-increase** had an average account balance of more than $180,000.

Loans

2.4% Participants borrowing from their retirement plan in 2Q

Up from 1.9% in 1Q

$10,300 Average loan per participant in 2Q

Consistent with 1Q ($10,400)

10.5% of participants with a loan have a loan in default as of 2Q

Consistent with 1Q

Nearly 1 in 5 **(19.4%) of participants currently have a loan outstanding,** led by Gen X, of which more than 1 in 4 have a loan outstanding.

Hardship distributions

0.88% Participants taking a hardship distribution in 2Q

Up compared to 1Q (0.77%)

$4,990 Average participant hardship amount in 2Q

Down compared to 1Q ($5,270)

7.7% of all participants taking a distribution in 2Q did so as a hardship distribution, **up from 6.7% in 1Q.**

SPOTLIGHT[1]

From our 2026 Workplace Benefits Report, employee financial well-being is rebounding, with more than half of employees (55%) saying their financial wellness is good or excellent, a continued increase over the past few years. Interestingly, employers believe that number to be 71%.

HEALTH SAVINGS ACCOUNTS (HSA)[2,3]

$6,020 Average account balance

Up from $5,400 as of 1Q

35% Account holders contributed more than they withdrew year-to-date

How contributions were used:

81% Spent on healthcare expenses

19% Saved

More* account holder contributions this quarter (81%) than last quarter (61%) were *spent (to cover healthcare expenses), therefore *saving* less for future expenses.

In 2Q, on average, **Gen X employees contributed the most ($2,280),** while **Millennials saved the largest portion (62%) of their contributions.**

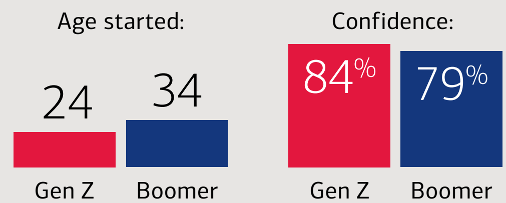
16% Account holders investing for potential future growth

More men (21%) than women (14%) are investing HSA contributions for future growth.

More **Boomers (18%)** than other generations use the HSA investment feature.

FROM OUR 2026 WORKPLACE BENEFITS REPORT[4]

The youngest generation in the workforce is starting to save for retirement 10 years earlier than their eldest peers — and feel more confident that they're on track for retirement.



Get insights from Bank of America Workplace Benefits™ on supporting your employees' financial wellness: go.bofa.com/ourinsights

For plan sponsor use only.

1 Comparisons to reference data derived from Bank of America Workplace Benefits 401(k) data platform as of 3/31/25, 12/31/25, 3/31/26, 6/30/26.

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

3 Reference data derived from Bank of America Workplace Benefits HSA data platform as of 6/30/2026.

4 2026 Workplace Benefits Report.

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, 2026.

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

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