

# Participant Pulse

Tracking the financial wellness of plan participants



**BANK OF AMERICA WORKPLACE BENEFITS™**

**4Q 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 wellness.

- Participant retirement contributions stayed relatively consistent, with more than half of Boomers contributing 7% or more.
- Retirement plan design can have an impact on account balance. Plans with auto-enroll and auto-increase features showed a significantly higher average account balance as compared to the overall average account balance.
- Fewer participants borrowed from their retirement accounts this quarter, and we continue to see a decrease in loans in default.
- Hardship distributions stayed comparable to last quarter, and slightly fewer participants taking a distribution did so as a hardship.
- Health Savings Account (HSA) contributions used for current health care expenses (versus saved for future expenses) stayed consistent, at more than 70%.
- Investing trends stayed consistent, with more men than women and more Boomers than other generations taking advantage of the investment feature to potentially grow their HSA balances.

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

 Contribution rate	 Loans	 Hardship distributions
<p><b>7.2%</b> Average contribution rate as of December</p> <p>Boomers have the highest portion of participants (53%) contributing 7% or more.</p>	<p><b>2.3%</b> Participants borrowing from their retirement plan in 4Q</p> <p><b>Down from 2.6%</b> in 3Q</p>	<p><b>0.77%</b> Participants taking a hardship distribution in 4Q</p> <p><b>Comparable to 0.79%</b> in 3Q</p>
<p><b>\$1,470</b> Average contribution in 4Q</p> <p><b>Consistent with 4Q24</b> (\$1,420) and down slightly compared to 3Q25 (\$1,590)</p>	<p><b>\$9,300</b> Average loan per participant in 4Q</p> <p><b>Consistent with 3Q</b> (\$9,500)</p>	<p><b>\$5,440</b> Average participant hardship amount in 4Q</p> <p><b>Comparable to 3Q</b> (\$5,630)</p>
<p><b>\$113,590</b> Average account balance as of year-end</p> <p><b>Up slightly from September</b> (\$113,175)</p> <p>Plans with <b>auto-enroll and auto-increase</b> had an average account balance of more than \$170,000 as of year-end.</p>	<p><b>10.4%</b> of participants with a loan have a loan in default as of 4Q</p> <p><b>Continuing to trend down</b> (10.6% in 3Q)</p> <p><b>18.7% of participants currently have a loan outstanding</b>, led by Gen X, of which 1 in 4 have a loan outstanding.</p>	<p><b>7.4%</b> of all participants taking a distribution in 4Q did so as a hardship distribution, compared to 7.6% in 3Q.</p>

## SPOTLIGHT<sup>3</sup>

In our 2025 *Bank of America Workplace Benefits Report*, employees cited equity awards as the top additional benefit they want, and those who receive them feel more optimistic about their careers. Additionally, **60%** of employers say that offering an equity award program has been a differentiating factor in acquiring/retaining talent.

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

**\$5,600** Average account balance

Up from **\$5,030** as of year-end 2024

**36%** Account holders contributed more than they withdrew year-to-date

Down from **38%** in 3Q

How contributions were used:

**72%**

Spent on health care expenses

**28%**

Saved

**Account holders are consistently spending more** of their contributions (to cover current health care expenses) rather than saving for future expenses.

In 4Q, on average, **Gen X employees contributed the most (\$2,000)**, while **Millennials saved the largest portion (37%) of their contributions.**

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

**Consistent throughout the year and up slightly from 14% at year-end 2024**

**Although slightly down, still more men (19%) than women (13%)** use the investment feature of an HSA, as do **Boomers (18%)** compared to other generations.



### TRENDS ACROSS 2025<sup>5</sup>

- On average, **retirement account balances increased 13% in 2025**. The **power of auto features was evident** as plans with auto-enroll and auto increase closed the year with an average account balance more than \$50K higher than the overall year-end average 401(k) account balance.
- As the year progressed, the **average contribution rate held steady**, with the general trend of Boomers leading the way with contribution rates above 7%.
- **Money flowing out of accounts remained low and stable**. Loans and loan amounts stayed relatively low (average \$9K-\$10K), and there was a steady decline in loan defaults (from 11% in 1Q to 10.4% in 4Q). And less than 1% of participants took new hardship withdrawals each quarter for relatively small amounts (average \$5K-\$6K).
- **Health Savings Account (HSA) behavior showed spending bias**: Majority of contributions to an HSA were spent on current health care expenses (more than 60% each quarter); men and Boomers were more likely to invest their HSAs for growth.



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 12/31/24, 3/31/25, 06/30/25, 09/30/25, 12/31/25.

<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 12/31/2025.

<sup>5</sup> Bank of America Participant Pulse 2025 1Q–4Q editions.

**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 December 31, 2025.**

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

**Bank of America and its affiliates do not provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.**

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