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Participant Pulse

Tracking the financial wellness of plan participants



BANK OF AMERICA WORKPLACE BENEFITS®

3Q 2026

This quarter saw participants continuing to prioritize long-term financial wellness, with steady retirement contribution rates and average 401(k) balances up nearly 10% since year-end. HSA balances also increased, with a greater share of contributions being saved for future needs compared with the prior quarter. At the same time, rising loan activity and hardship distributions point to continued pressure on participants' near-term finances. Together, the findings underscore the importance of holistic financial wellness resources that help employees manage today's financial demands while continuing to prepare for the future.

- Overall, participant contributions stayed consistent. Boomers continue to contribute at the highest rates with nearly half contributing more than 7% to their 401(k).
- Average retirement balances increased nearly 10% from year-end, though declined compared to last quarter.
- 401(k) loan activity increased, matching levels for the same quarter last year. Gen X employees have more loans outstanding than other generations.
- Hardship distributions rose in participant usage, average amount taken, and percentage of total distributions compared to last quarter and the same time last year.
- Participants modestly increased HSA contributions and balances, and also shifted more of their contributions toward saving for future healthcare needs.
- As artificial intelligence (AI) becomes increasingly embedded in the workplace, companies are recognizing that maximizing its potential will require investment in re-skilling workers.

401(K) PLANS[1,2]

Contribution rate

7.3% Average contribution rate as of September

Nearly 2 in 5 Gen X and 1 in 4 Millennial employees are contributing more than 7% of pay to their 401(k).

$1,650 Average contribution in 3Q

Consistent with 3Q25 ($1,590) as well as last quarter 2Q26 ($1,715)

$122,560 Average account balance as of September

Up 9.8% since year-end ($113,590), but down slightly from last quarter ($124,250)

Plans with **auto-enroll & auto-increase** had an average account balance of more than $190,000.

Loans

2.6% Participants borrowing from their retirement plan in 3Q

Up from 2.4% in 2Q but consistent with last year 3Q25

$10,000 Average loan per participant in 3Q

Consistent with 2Q ($10,300) and up just slightly compared to 3Q last year ($9,500)

10.4% of participants with a loan have a loan in default as of 3Q

Down slightly from 2Q

Nearly 1 in 5 **(19%) of participants currently have a loan outstanding,** led by Gen X, of which more than 1 in 4 have a loan outstanding.

Hardship distributions

1.0% Participants taking a hardship distribution in 3Q

Up compared to 2Q (0.88%) as well as 3Q25 (0.79%)

$5,220 Average participant hardship amount in 3Q

Up compared to 2Q ($4,990)

8.8% of all participants taking a distribution in 3Q did so as a hardship, **up from last quarter (7.7%) and 3Q25 (7.6%).**

SPOTLIGHT

From our *2026 Workplace Benefits Report*, 4 in 10 employers say a major challenge over the next five years will be re-skilling workers to embrace AI. About half (53%) of employees use AI at work, and say they most appreciate its ability to help with writing, research and analytical tasks.

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Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

HEALTH SAVINGS ACCOUNTS (HSA)[2,3]

$6,090 Average account balance

Consistent with 2Q ($6,020) and up nearly 9% since year-end 2025 ($5,600)

36% Account holders contributed more than they withdrew, down from 38% one year ago 3Q25.

How contributions were used:

72% Spent on healthcare expenses

28% Saved

While **nearly 3/4 of contributions this quarter were spent** to cover current healthcare expenses, **more contributions were saved** compared to last quarter **(28% vs. 19%), but comparable to 3Q last year (27%).**

In 3Q, on average, **Gen X employees contributed the most** ($1,570). Gen Z saved (vs. spent) the most (64%) of their contributions, followed by Millennials (38%).

16% Account holders investing for potential future growth

More men (21%) than women (15%) invest their HSA contributions for future growth.

More **Boomers (19%)** than other generations use the HSA investment feature.

FROM OUR 2026 WORKPLACE BENEFITS REPORT

Boosting Investment Literacy

Understanding how employees prefer to consume information is foundational to connecting them with relevant investing content, education and resources.

Information sources by generation:

24% of Gen Z/Millennials turn to social media.

In fact, **63%** of Gen Z/Millennials turn to social media for general financial news — the highest of any generation.

37% of Gen X learn through discussion with friends, coworkers and mentors.

49% of Boomers seek a financial advisor or other professional guidance.

And by gender:

34% of women learn from their parents or other family members.

43% of men read online books and articles about personal finances.

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, 9/30/26.

[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, 9/30/2026.

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 September 30, 2026.

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

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