

2018 Workplace Benefits Report

Summary



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Overview of the *Workplace Benefits Report*

About the Workplace Benefits Report

- First launched in 2012, the annual Workplace Benefits Report (WBR) supports our mission to work with employers to help employees pursue their best financial lives. This year's report takes a new approach by looking at workplace financial wellness through the eyes of **both** employers and employees.



Methodology

- For the 2018 WBR, Boston Research Technologies interviewed a national sample of 657 employees who participate in 401(k) plans from December 15, 2017 through December 27, 2017 and 667 employers who offer both a 401(k) plan and a program designed to help improve financial wellness from December 15, 2017 to January 3, 2018.
- Employee Details:
 - The sample population represented:
 - 46% men
 - 54% women
 - Various employee life stages were represented:
 - 274 – Under 40 years of age
 - 295 – 40-59 years of age
 - 88 – 60+ years of age
- Employer Details:
 - The sample population represented:
 - 325 Small companies (<\$5M in 401(k) plan assets)
 - 341 Mid to Large companies (\$5M+ in 401(k) plan assets)

2017 Methodology

Boston Research Technologies conducted an online survey with a national sample of 1,242 employees who responded between September 22 and October 7, 2016, on behalf of Bank of America Merrill Lynch. To qualify for the survey, employees had to be current participants in a 401(k) plan; the plan did not have to be provided by Bank of America Merrill Lynch. Bank of America Merrill Lynch was not identified as the sponsor of the study. Respondent demographics broke down as follows: Men: 48%; Women: 52%; Millennials (18 - 34 years of age): 355; Gen X (35 - 50 years of age): 460; Baby Boomers (51 - 69 years of age): 427.

Key Findings

While employees and employers both agree financial wellness programs can be effective, participation is still low

Nearly two-in-five employees (38 percent) consider themselves doing less than financially well; women are more likely to be lagging

Only 7 percent of employees identify healthcare as an important building block of financial wellness

How financially well an employee feels can influence the goals they are focused on

A disconnect between employers and employees on what matters most to support financial wellness may be hindering program participation

Employees say advice from a professional would be most helpful in improving their financial wellness

Both employees and employers agree that financial wellness programs are effective

91%

of employees who participate in a workplace financial wellness program say these resources have been effective



95%

of employers who offer them agree that their financial wellness program has been effective in reaching its company's goals

Employers also say these programs can help drive tangible results, including:



Greater employee satisfaction and lower stress levels



Improvement in employee productivity



Lower employee turnover



Potentially lower healthcare costs for the company

But employee participation is low

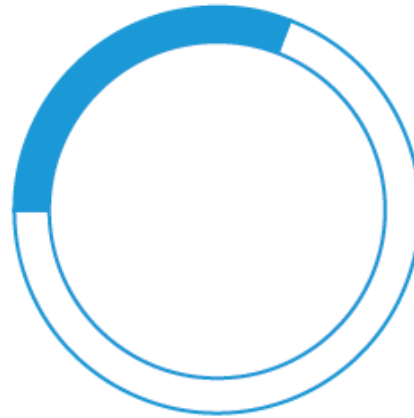
Less than
1 in 2



or 48% of employees are offered workplace financial wellness plans

And only
31%

of employees participate
in these programs overall



#1

way to increase participation, according to employers and employees, is to offer cash incentives or discounts to participants



IMPLICATION

Availability and use of workplace financial wellness programs are not yet universal. Employers have significant room for improvement in increasing employee participation.

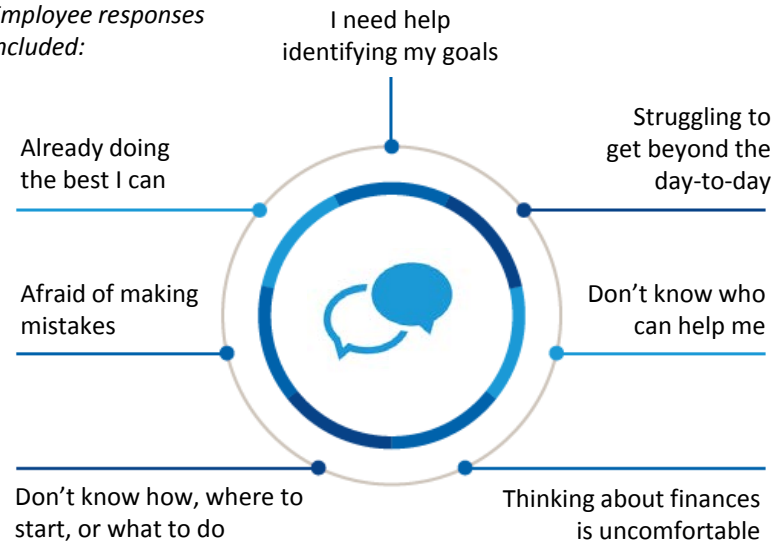
A significant part of the employee population is struggling

Nearly 2 in 5 employees or 38% feel less than financially well



Barriers keeping employees from improving financial wellness are varied and wide-ranging

Employee responses included:



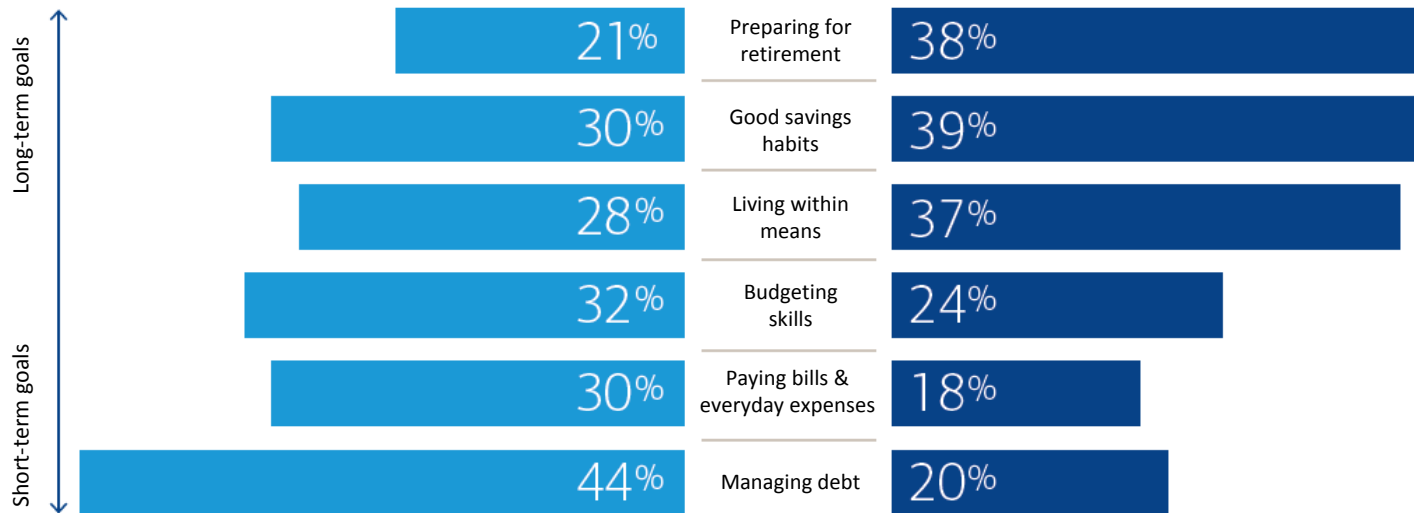
IMPLICATION

With many employees saying they are struggling, employers need to help their employees take action to meet both their short- and long-term financial goals.

How financially well an employee feels can influence the goals they are focused on

Employees who DO NOT feel financially well are most concerned about short-term goals

Employees who DO feel financially well are most concerned about long-term goals



IMPLICATION

Employee needs are not all the same. The onus is on employers to make sure their financial wellness programs are designed to address a wide range of employee needs — not just planning for retirement.

Women are more likely to be less well off financially



47%

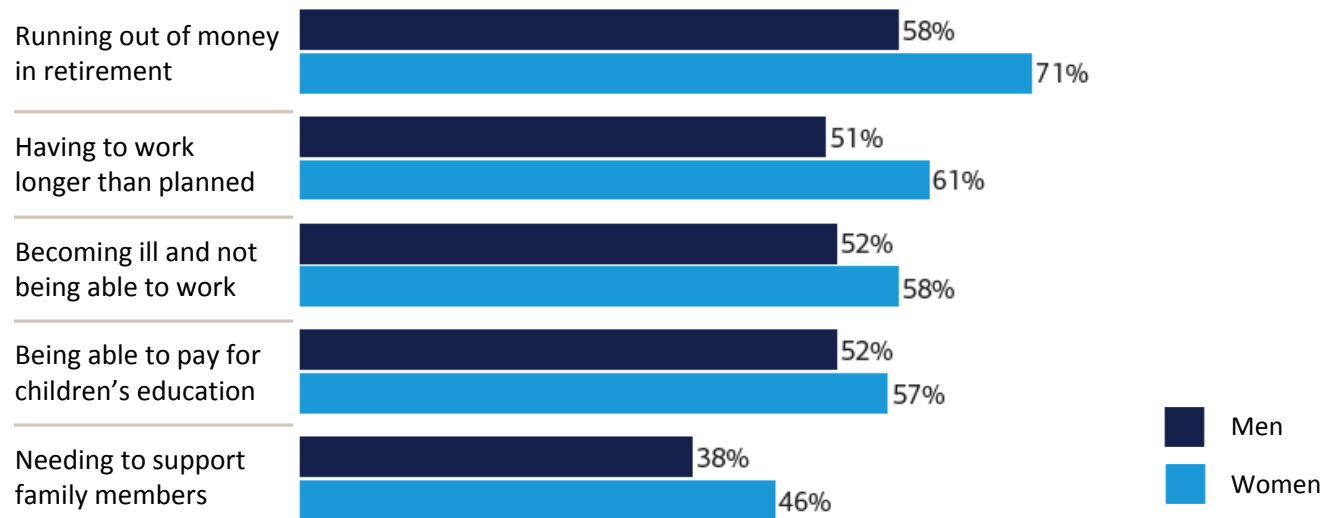
say they are less than financially well



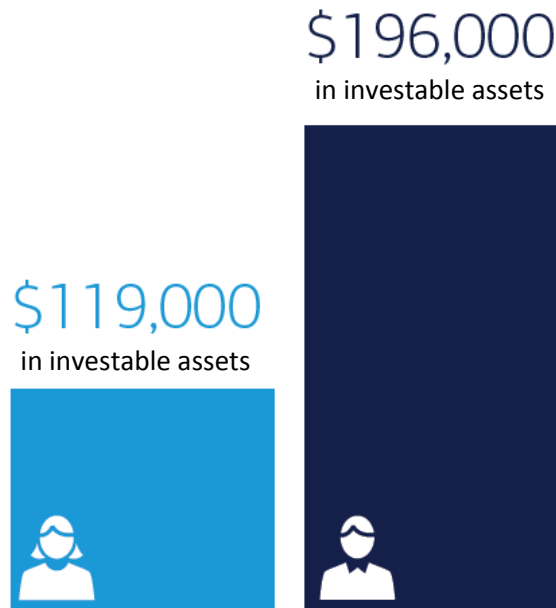
29%

say they are less than financially well


Women express more fear about key financial concerns than men*



And women have saved less and are more stressed about their financial wellness



When you look at employees as a whole, women are

 **14%**
more likely than men to indicate they feel stress from their financial situation*

+

 **13%**
less likely to be very optimistic about their financial outlook as a result*



IMPLICATION

While helping women improve their financial wellness, employers need to make a concerted effort to understand the unique challenges women face.



For more information on the financial journey of women, see [Women & Financial Wellness: Beyond The Bottom Line](#), a study conducted by Age Wave in partnership with Merrill Lynch.

Healthcare costs are a huge blind spot for employees when it comes to financial wellness



Only
7%
of employees
identified healthcare
as an important
building block of
financial wellness



53%
of employees have
skipped or postponed
health-related spending
to save money

Employees lack an understanding of one of the most powerful planning tools – health savings accounts (HSAs)

76%

of employees say they understand how HSAs work



But only 12% could correctly identify the common attributes of an HSA



IMPLICATION

HSAs are a missed opportunity. Education is key for employees to better manage healthcare expenses and fully utilize their healthcare benefits, including HSAs.

Financial wellness resources are wanted by both employees and employers

86%*

of employees say they are very or somewhat likely to participate in an employer-offered financial wellness program, if offered



74%

of employers say they feel it is their responsibility to help employees



IMPLICATION

With broad agreement about the value of these programs and employees seeking help, there is even more reason for employers to offer financial wellness programs, promote their use and enhance these benefits over time.

A disconnect between employers and employees may be hindering participation

While employees perceive value from their workplace financial wellness programs, they don't always take advantage of the services they are offered. When provided the same set of choices regarding how to approach financial wellness, employees and employers answered very differently.



Employees tend to focus on their end goals, their top responses being:



Employers tend to focus on the tactics of wellness, their top responses being:

Employees will be financially well when they have...

Financial freedom

Control of finances

The most important financial skill is...

Saving and investing for the future

Budgeting and handling income and expenses

What would help improve employee financial wellness the most?

Focus on the single next thing to do — one step at a time

Consider the impact of employer benefits on overall personal finances

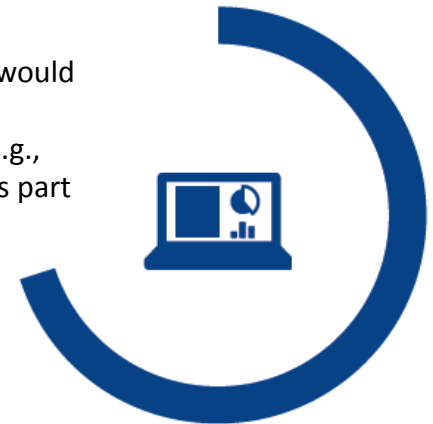
Employees want personalized advice¹ from a professional

Employees agree on what would be most helpful in improving financial wellness



And
70%

of employees say they would be comfortable sharing financial information (e.g., savings, investments) as part of an employer-offered financial assessment



Employees say some of the most important aspects of a personal review are:

An action plan or steps

Tracking progress & accomplishments

Assessing how I'm doing

Factoring in my specific goals

Action plans should help accomplish the next step

Employees have different needs

Some indicate that the most important thing to improving their financial wellness is to help them focus on the next single thing to do while others want to be told several things to do.

Help me focus on the next single thing to do



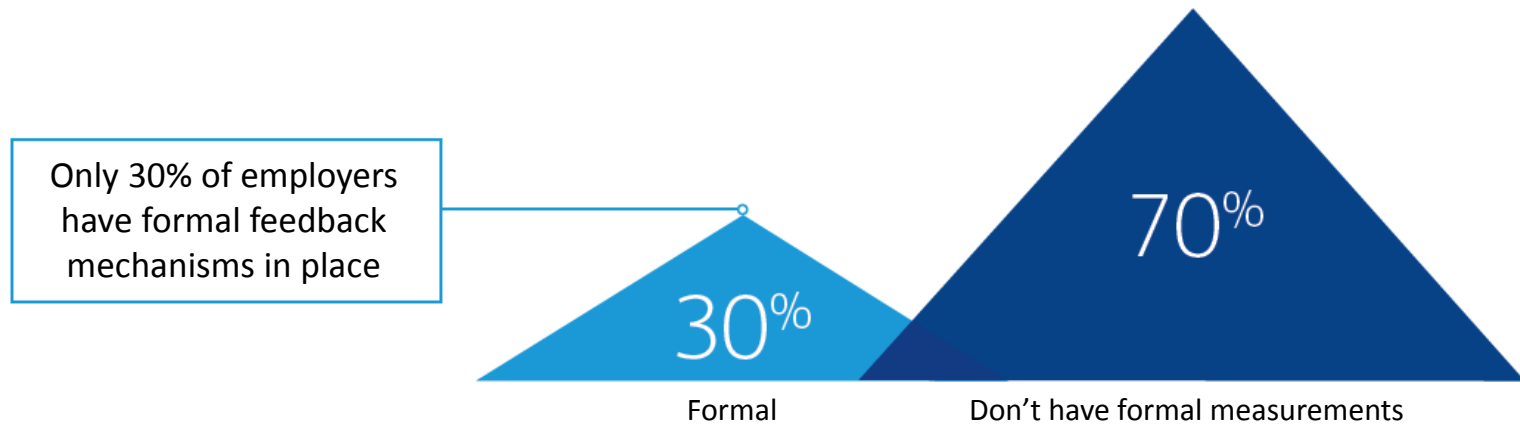
Or tell me several things to do



IMPLICATION

With employees seeking guidance, employers need to find ways to integrate professional advice as part of delivering effective financial wellness.

Most employers lack measurement to assess the value of financial wellness programs



IMPLICATION

Employers should define success measures as part of formalized monitoring and feedback efforts.

Actions employers can take to enhance their financial wellness program



Drive engagement & participation

by increasing awareness of program resources and motivating employees to take action

Address a range of needs

by offering resources that address a breadth of topics and through multiple channels

Offer personalized guidance

by providing access to financial professionals and a way to create personalized action plans

Action #1: Drive engagement & participation

Drive engagement & participation

Goals

- Increase awareness of financial wellness resources
- Motivate employees to act
- Create an ongoing experience that changes with employee needs

Tactics

- ✓ Integrate financial wellness communications in new hire, annual enrollment and other benefit materials
- ✓ Provide tangible rewards or incentives for employee participation (e.g., credit towards time off)
- ✓ Promote financial wellness as an ongoing process with proactive outreach for life events
- ✓ Establish baseline engagement levels and conduct follow-up surveys to measure improvement
- ✓ Define success measures for outcomes such as employee satisfaction, productivity or usage of other benefits (e.g., 401(k) plans, health plans, HSAs)

Action #2: Address a wide range of needs

Address a wide range of needs

Goals

- Offer a broad scope of resources and topics
- Tailor content and formats for different employee needs and preferences

Tactics

- ✓ Identify topics of most interest to employees using company data, employee surveys, feedback from meetings or events, or a dedicated financial wellness email box
- ✓ Tailor and position content to needs of specific employee segments (e.g., women, those eligible for HSAs, those in different life stages)
- ✓ Offer resources across multiple channels, in digital and in-person formats, including events (e.g., workshops, benefit fairs), and one-on-one meetings and record events and provide replays

Action #3: Offer personalized reviews & action

Offer
personalized
reviews
& actions

Goals

- Provide one-on-one access to financial professionals
- Help employees monitor progress

Tactics

- ✓ Offer small group or one-on-one help for common issues or goals (e.g., healthcare, college planning, homebuying) and utilize checklists and tools to develop personalized plans
- ✓ Provide access to more comprehensive one-on-one consultations for more complex needs
- ✓ Present action plans or step-by-step tasks so employees can proceed at their own pace
- ✓ Quantify employee baseline wellness and help assess progress over time by tracking a wellness score or actions accomplished

Our mission is to work with employers to help employees pursue their best financial lives



For more information about how we can help your company and its employees with workplace benefits, contact your Bank of America Merrill Lynch representative or call **1.877.902.8730**.



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