2017 Workplace Benefits Report

Insights for employers as we help employees live their best financial lives
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Overview of the *Workplace Benefits Report*

**About the Workplace Benefits Report (WBR)**

- The WBR is an annual study designed to uncover information, trends and shifts in thinking about employee financial benefits.
- To access this report go to [www.baml.com/benefitsreport](http://www.baml.com/benefitsreport)

**Methodology**

- Boston Research Technologies interviewed a national sample of 1,242 employees who participate in 401(k) plans from September 22 through October 7, 2016.
- The sample population represented:
  - 48% men
  - 52% women
- Various employee life stages were represented:
  - 355 Millennials (18 – 34 years)
  - 460 Gen Xers (35 – 50 years)
  - 427 Baby Boomers (51 – 69 years)
Key findings and implications

Employees are optimistic about their financial future, but still have worries.

Life events weigh heavily and can prevent them from saving enough for retirement. They are concerned about retirement and everyday financial management.

Employees are stressed and spending time at work to manage their finances, resulting in lost productivity.

Employers play a powerful role. Employees value their benefits and are looking to employers for help. A financial wellness program can help meet employees’ needs.
Employees are optimistic about their financial future

87% of employees are optimistic about their financial future

Top three reasons for financial optimism:

- Being in good health: 49%
- Living within their means: 51%
- Having a well-paying job: 45%
But even optimists have concerns, especially women

Employees say their top financial concerns are...

- Having to work longer than had hoped for: 51% (Men), 61% (Women)
- Becoming seriously ill and not being able to work: 52% (Men), 58% (Women)
- Being able to pay for children’s education: 52% (Men), 57% (Women)
- Losing job: 46% (Men), 45% (Women)
- Supporting family members: 38% (Men), 46% (Women)
- Being a financial burden to family: 39% (Men), 41% (Women)
- Being able to pay mortgage or rent: 35% (Men), 42% (Women)

Fewer women are optimistic about their financial future than men

- Men: 44%
- Women: 29%
Life events can have profound impact on finances...

Employees report that certain life events had the greatest impact on their finances:

- **22%** Buying a home
- **18%** Job loss
- **9%** Dealing with a serious illness

- **29%** Were not financially prepared for it
- **47%** Underestimated its financial impact
Resulting in time spent at work focused on finances

Employees spend significant time at work on personal financial matters each week

Younger employees spend significantly more time each week at work on personal finances—double that of Gen X and 4x that of Baby Boomers

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<tbody>
<tr>
<td>Millennials</td>
<td>26%</td>
<td>31%</td>
<td>29%</td>
<td>21%</td>
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<tr>
<td>Gen X</td>
<td>22%</td>
<td>26%</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>7%</td>
<td>14%</td>
<td>26%</td>
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Distraction leads to lost productivity

Financial stress leads to employee distraction and may even negatively impact their health

56% of employees are stressed when it comes to their financial situation

53% of these employees report that the stress interferes with their ability to focus and be productive at work
Financial stress affects employees at work, especially younger employees

Millennials are 2x as likely as Baby Boomers to say stress interferes with work

- Millennials: 67%
- Gen X: 56%
- Baby Boomers: 32%

Nearly 6 in 10 feel that this stress negatively affects their health.
Healthcare costs negatively impact financial wellness

Employees who have experienced an increase in healthcare costs

- 79% in 2016
- 69% in 2015

Higher healthcare costs impact women more than men, with women foregoing discretionary spending and debt management to cover healthcare costs

- Spending less on recreation or entertainment
  - Men: 59%
  - Women: 72%

- Saving less for retirement
  - Men: 62%
  - Women: 63%

- Paying down less debt
  - Men: 46%
  - Women: 50%

56% are spending less or contributing less to their financial goals
Employees value their benefits

Employee’s choice of their top employment benefit

- Health benefits: 40%
- 401(k) plans: 31%

Employees are engaged with 401(k) plans—with over 1/3 contributing 11% or more of their salary to their plan, and many contributing more than 15%.

- Millennials: 29% Contribute more than 15%
- Gen X: 24% Contribute more than 15%
- Baby Boomers: 18% Contribute more than 15%

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Employees want help managing their finances

#1 issue

Employees say they need help saving for retirement, with 50% ranking it at the top.

This number increases with age:

- **43%** Millennials
- **53%** Gen X
- **54%** Baby Boomers
Employees are hungry for help from employers on financial matters

At least 40% would like their employer to:

- Bring in financial professionals to provide general education
- Provide education tailored to their age and finances
- Provide access to a financial professional to create a personalized financial strategy

Employees are comfortable asking for help from a range of sources

- 56% Financial advisor
- 57% 401(k) plan provider
Employer help can lead to positive employee action

Age plays a factor, with younger employees indicating that they are more likely to participate

- **92%** Millennials
- **89%** Gen X
- **76%** Baby Boomers

86% of employees surveyed would participate in a financial education program provided by their employer.

89% vs 84% Men are also slightly more likely to participate than women.

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Employer help leads to employees’ taking a more active role

Employees would assume a more active role in their financial situation, if they:

- 50% had an annual or regularly scheduled financial review
- 49% had a personalized action plan

Older participants are more likely to rank an annual review highly...

... As well as rank a personalized plan as useful
Employers can be highly influential

67% of employees say their employer was influential in getting them to save for retirement.

- **76%** Millennials
- **70%** Gen X
- **54%** Baby Boomers

- **65%** of employees increased their contribution on their own, but the number increases to **75%** when employers automatically increase deferral contribution rates.

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What this means for employers ... and how we respond

| Employees are optimistic yet worried about finances. | We can support their positive outlook by helping employees better understand the impact their decisions have on their overall wellness and financial security. |
| Financial stress impacts employee productivity. | We can develop services and products that reduce sources of stress. |
| Employees report not being well prepared for life events and wish they saved more. | By supporting life events and providing education and best practices on how to better prepare, we create value for employees. |
| Employees are seeking assistance in planning and managing their finances. | Without proper preparation the impact of one event can create a serious impact on an individual’s financial wellness. Employees would welcome help to create a financial strategy. |
| Increasing engagement leads to positive action by employees. | The more frequently we can “touch” and create awareness amongst employees the more likely they are to engage. |
Our mission: Helping employees build stronger financial lives

Talk to us. We specialize in the design and implementation of financial wellness programs.

For more information, call 1.877.902.8730

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