

Plan Wellness Scorecard

For the period ending June 30, 2015

More than ever, employees are looking to their employers for help managing their financial lives. The first six months of 2015 demonstrate that employers are answering that call and employees are responding enthusiastically, with increases in enrollment, contributions, engagement and participation. Data from across the benefit plans we service indicates that employers are driving financial wellness in their organizations by the continued adoption of plan designs and features that support employee engagement and help employees make well-informed decisions about their money. These findings suggest that employees are embracing these features. When employers offer a variety of options for receiving information and support, employees will select the ones that best fit both their needs and their lives.

This scorecard monitors plan participants' behavior and sponsors' adoption of new plan design features and services in our proprietary 401(k) business, which comprises \$136.3 billion in total client plan assets and 2.6 million total plan participants with positive balances as of June 30, 2015.*

“Plan sponsors have dramatically increased employee engagement in their retirement plans and affected their employees’ savings and investment behaviors in a positive way. We are proud of the leadership our clients have demonstrated in leveraging plan design features like automatic enrollment, utilizing simplified enrollment experiences like Express Enrollment, and offering personalized savings and investment recommendations through Advice Access to help employees prepare for retirement.”

— John Quinn

*Managing Director, Head of Institutional Product and Platform Management,
Bank of America Merrill Lynch*

Key findings

Our results for the first half of 2015 show momentum is leading to higher participation and contribution rates.

- 1. Employees are eager for resources that can help them manage their financial lives.** Employers are designing their plans with features that enhance financial wellness, and employees are embracing and accepting these features in greater numbers.
- 2. Simplified enrollment leads to better plan outcomes.** Streamlining the enrollment process encourages positive employee behavior.
- 3. Enhanced tools spur employee engagement.** Convenient tools and accessibility make financial decisions easier for employees.
- 4. In-person engagement continues to be valuable.** Employees welcome opportunities to engage directly with someone who can help them, making on-site meetings and consultations more popular than ever.

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Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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See last page for important information. For Plan Sponsor use only — Not for use with Participants.

Employees are eager for resources that can help them manage their financial lives

More employees are enrolling in their workplace retirement plan than ever before, and they are looking to their employers for more access to information, education and assistance in managing their overall finances, including their workplace benefits and their personal finances. **The number of new enrollments increased substantially during the first half of 2015.**

New enrollments through June 30



Both pretax contributions and the number of pretax contributors continue to climb. On average, the number of pretax contributors has grown by 54,000 each month in 2015 compared to the year before. Employers are answering the call for more in-plan options with features like Roth 401(k), which, like pretax accounts, continues to gain popularity among contributing employees.

Contribution growth in Roth accounts*



*From the first half of 2014 compared to the first half of 2015
 **Monthly average

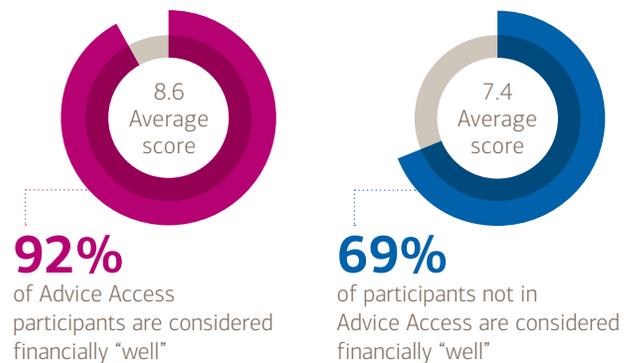
As more employees are enrolling in and contributing to their retirement benefit plans, they are looking to employers for tools to make managing their investments easier and more effective.

As of June 30, 2015, 57% of our plans are using Advice Access, an investment advisory service that offers personalized, unbiased investment recommendations.

This figure represents a 7% increase from last year. The solution is growing in popularity among employers, with 87% of new plans in the 18 months through June 30, 2015, choosing to add Advice Access to their plan. Moreover, 35% of employers are using Advice Access as their plan's default

fund, demonstrating their trust in the solution as a prudent investment for their employees. Financial Wellness Scores continue to be higher among employees who use Advice Access than those who do not.¹

Employees who use Advice Access tend to have better Financial Wellness Scores



Employees are increasingly aware that saving for medical and health care expenses must be part of their overall financial strategy. Employers have responded by offering benefits that support those intentions. **Through June 30, 2015, enrollment in health savings accounts (HSAs) grew by 42% year over year.**

Interest in HSAs is particularly strong among Millennials (ages 18–34), who now represent a significant portion of enrollments, likely tied to Millennials' adoption of high-deductible health care plans. While Millennials show slower growth in balances than HSA users overall, perhaps due to their combination of lower early-career salaries and student debt obligations, their HSA usage points to their understanding of the importance of additional savings.

Millennials' percentage of overall HSA enrollment***



***From the first half of 2010 compared to the first half of 2015

Baby Boomers (ages 50–69) have both the highest HSA balances and the fastest balance growth — 68% since 2012. Members of this demographic are in "savings mode" and see the HSA as another way to save for retirement.

Simplified enrollment leads to better plan outcomes

Simplified enrollment continues to demonstrate its value as an effective plan design strategy for steering more employees toward 401(k) participation. Our analysis shows that employers and employees are embracing the approach.

Our simplified enrollment solution, Express Enrollment, has achieved substantial results, with more than 25,000 employees Express Enrolled in the first six months of 2015. Express Enrollment, which seeks to improve enrollment success by reducing the number of up-front decisions employees must make to complete the process, has resulted in significantly higher enrollment success rates when compared to a traditional process.

Enrollment success rates for the two years through June 30, 2015



Employers are making the most of this opportunity by supplementing their benefit plan programs with plan design features and services that have the greatest impact on participation. **Plan sponsor adoption of Express Enrollment has increased by 65% in just one year.**

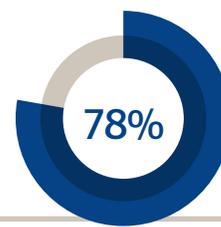
Increase in adoption of Express Enrollment



Automatic enrollment, the simplest form of enrollment, removes all up-front decisions for employees. When designed with participant engagement in mind and alongside

other effective automatic features like automatic investment and automatic increase, automatic enrollment stands out as the most effective enrollment method for employers to drive participation and plan wellness. **As of June 30, 2015, 47.5% of our plans offer automatic enrollment.**

Percentage of plans with automatic enrollment that also use automatic increase



Increase in plans combining those features
+40% Year over year

As of June 30, 2015

Automatic increase continues to prove its effectiveness as a powerful plan design tool that can influence participant behavior. Plans offering voluntary automatic increase grew 36% in the 12 months ending June 30, 2015, and the number of employees scheduled for increases grew 24% in the same period.

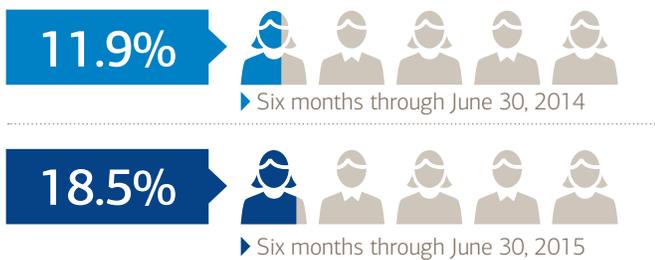
The most effective simplified enrollment strategies include design elements that address investment behavior. **When enrollment is paired with investment rebalancing tools or managed accounts like Advice Access, employees may experience improved financial wellness.** Consider that 77% of plans with automatic enrollment also offer Advice Access, and 44% of those plans are using Advice Access as their default investment.

Usage of managed accounts like Advice Access may enhance the diversification of employees' portfolios. Employees in Advice Access have an average of 10.1 holdings in their portfolios, compared with 4.9 in the portfolios of non-Advice Access employees. Furthermore, 42% of automatic enrollment plans are using GoalManager® as a default.²

Enhanced tools spur employee engagement

Mobile devices have become a reliable source for socializing, shopping, banking, gathering information and now retirement planning — providing employers with greater opportunities to engage employees. **Mobile usage is on the rise, and industry-leading enhancements to our tools have drawn employees' attention.** While the number of rolling unique visitors to Benefits OnLine® (BOL), our online portal for participants, grew 5% year over year through June 30, 2015, visits to the mobile site increased 77% during the same period.

Mobile usage as a percentage of overall site usage*



*Based on rolling unique sessions

Since our launch of mobile site transactions including Express Enrollment and contribution rate changes in mid-May, employees have shown their enthusiasm by making use of these features. Since the update, 8% of contribution rate changes and 9% of Express Enrollments have taken place via the mobile site.

Online tools provide an effective way to illustrate a topic employees often find confusing: how to turn their 401(k) account balance into a stream of retirement income.

In mid-May, we released the Retirement Income Estimate tool, which uses a simple, clear visual to show how different variables can affect annual income in retirement. The tool — featured prominently when employees log on to the BOL home page — forecasts employees' retirement income based on their current balances, age and contribution rates. Users can change inputs such as contribution rates and retirement age to see how those changes affect their income in retirement.

Retirement Income Estimate tool



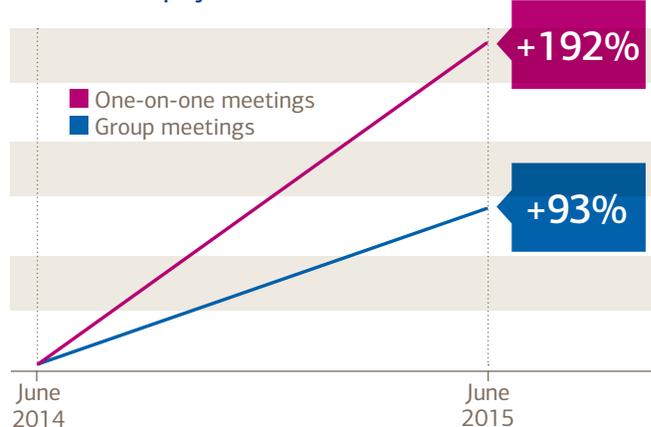
We are excited by the early results. During the six weeks following the tool's release, over 38,000 employees, representing 7% of all BOL sessions, explored the tool. We look forward to seeing how usage of the tool expands over time, and how the information it provides may help employees make meaningful changes to their retirement accounts.

In-person engagement continues to be valuable

Employees welcome opportunities to learn more about their plan in person. **Attendance at one-on-one meetings increased 192% in the first six months of 2015 compared to the same period in 2014.**

More employers are recognizing the potential of providing education on site via seminars and personal consultations. In our experience, employees are best served when they receive information about their retirement plan and other financial matters through the channels that work for them individually. Employees clearly appreciate having on-site access to financial professionals who can talk about their personal situation, follow up with additional materials and, in general, provide the guidance so many employees want and need. Employers can show their support by scheduling regular workplace events to engage their employees.

Increase in employee attendance*



*From the first half of 2014 compared to the first half of 2015

“We are constantly enhancing the employee experience, as evidenced by our addition of the Retirement Income Estimate tool. We have also expanded our conversations with employers beyond workplace benefits to address the challenges their employees face daily in managing their overall finances. Our goal is to help individuals live better today and tomorrow by connecting the various factors that make up their financial picture.”

— Kim Kasin
 Managing Director, Financial Guidance Services,
 Bank of America Merrill Lynch

Moving ahead

Employers play a major role in setting the tone for a culture of wellness in their companies, as the data in this scorecard demonstrates. Specifically, employers can take the following steps:

- **Encourage employees to maximize contributions and investment opportunities.** Bear in mind that the addition of Roth accounts enhances employees’ ability to prepare for retirement.
- **Adopt a streamlined enrollment process.** Reducing barriers to enrollment and simplifying decision making can help employees take action.
- **Consider adopting automatic features, including automatic increase.** Offering automatic increase as a stand-alone feature, or in combination with automatic enrollment, can help employees build financial wellness. Helping employees make these decisions can establish a foundation for positive change.
- **Offer online tools and in-person support to help employees manage their money.** Employees have preferences for how they learn and choose to engage. Offering workplace education and access to personal consultations with professionals can make a substantial difference in employees’ ability to manage their benefits.

For more information

Contact your Bank of America Merrill Lynch representative or call **877.902.8730** for details on the action steps you can take to potentially affect positive employee participation and help improve the vibrancy of your 401(k) plan. You also can visit us online at **benefitplans.baml.com** or email us at **benefitplans@baml.com**.

To read our latest insights, visit **baml.com/workplaceinsights**.

Advice Access is an investment advisory service that offers personalized, unbiased savings and investment recommendations — provided by an independent financial expert, Ibbotson Associates. Individualized, comprehensive and highly flexible, Advice Access can help put plan participants on track when pursuing their retirement goals. Participants can use this service in one of three ways:

- *PersonalManager® — A managed account solution with periodic reallocation and rebalancing, for the “Do-it-for-me investor”*
- *Portfolio Rebalancing — Asset allocation with periodic rebalancing, for the “Do-it-with-me investor”³*
- *One-Time Asset Allocation — Asset allocation based on a point-in-time analysis; will not factor in future changes in personal information or current market conditions, for the “Do-it-myself investor”*

The Advice Access service uses a probabilistic approach to determine the likelihood that participants in the service may be able to achieve their stated goal and/or to identify a potential wealth outcome that could be realized. Additionally, the recommendations provided by Advice Access may include a higher level of investment risk than a participant may be personally comfortable with. Participants are strongly advised to consider their personal goals, overall risk tolerance, and retirement horizon before accepting any recommendations made by Advice Access. Participants should carefully review the explanation of the methodology used, including key assumptions and limitations, which is provided in the Advice Access disclosure statement. It can be obtained through Benefits OnLine or through your representative.

IMPORTANT: The projections or other information shown in the Advice Access service regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

IMPORTANT: The projections or other information generated by the Retirement Income Estimate regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use over time.

The estimates being shown are for illustrative purposes only, and the information in Retirement Income Estimate is not meant to represent the past or future performance of any specific investment vehicle. The estimates and information were calculated by forecasting the potential growth of a participant’s account balance based on the historical performance of broad-based market indices that have been selected to represent the different asset classes. The validity of the analysis contained in the Retirement Income Estimate is dependent upon the accuracy and completeness of the information provided by the Plan sponsor and participant. Changes to the information will yield different results. Participants are encouraged to review and update any needed changes in personal and/or financial information to ensure the results are based on the most current information. Plan participants should carefully review the explanation of the methodology used, including key assumptions and limitations, which is provided in the Retirement Income Estimate Tool Description.

* Bank of America Merrill Lynch’s Retirement and Benefit Plan Services (Retirement and Benefit Plan Services) is part of Global Wealth and Investment Management (GWIM), the wealth and investment management division of Bank of America Corporation. As of June 30, 2015, Retirement and Benefit Plan Services had client balances of \$136.3 billion. Client Balances consists of assets under management, client brokerage assets and deposits of GWIM retirement plan participants held at Bank of America, N.A. and affiliated banks.

¹ Financial Wellness Scores measure savings and investing behaviors that can lead to retirement success.

² GoalManager® is a proprietary asset allocation and portfolio rebalancing service that helps 401(k) plan participants choose and manage investments.

³ Asset allocation does not ensure a profit or protect against loss in declining markets.

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