Retirement Confidence Survey Findings: Financial Wellness & The Impact of Debt

EBRI Webinar
July 28, 2020
Speakers

Craig Copeland, Senior Research Associate, EBRI

Neil Lloyd, Head US Defined Contribution & Financial Wellness Research, Mercer

Lisa Margeson, Managing Director, External Affairs, Retirement and Personal Wealth Solutions, Bank of America

Moderated by: Chantel Sheaks, Executive Director, Retirement Policy Employment Policy Division, U.S. Chamber of Commerce
John Doe

Click this button

Type question(s) here

To: All panelists

Your text can only be seen by panelists
Retirement Confidence Survey (RCS)-Issues With Debt

EBRIefing

July 28, 2020
The RCS is the longest-running survey of its kind, measuring worker and retiree confidence about retirement, and is conducted by the Employee Benefit Research Institute (EBRI) and independent research firm Greenwald & Associates.

The 2020 survey of 2,042 Americans was conducted online January 6 through January 21, 2020. All respondents were ages 25 or older. The survey included 1,018 workers and 1,024 retirees.

Data were weighted by age, gender, education, household income and race. Unweighted sample sizes are noted on charts to provide information for margin of error estimates. The margin of error would be ±3.13 percentage points for both workers and retirees in a similarly sized random sample.

Please note percentages in the following tables and charts may not total to 100 due to rounding and/or missing categories. Any trend changes or differences in subgroups noted in text are statistically significant; if no trend changes are noted, there were no significant differences.

This slide is discussing the RCS overview and methodology of January’s survey only.
Percentage of Workers and Retirees With a Debt Problem

Thinking about your current financial situation, how would you describe your level of debt?
2020 Workers n=1,018, 2020 Retirees n=1,024

- A Major Problem
- A Minor Problem
- Not a Problem

<table>
<thead>
<tr>
<th>Year</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>2012</td>
<td>38%</td>
<td>42%</td>
</tr>
<tr>
<td>2015</td>
<td>49%</td>
<td>38%</td>
</tr>
<tr>
<td>2016</td>
<td>44%</td>
<td>40%</td>
</tr>
<tr>
<td>2017</td>
<td>40%</td>
<td>41%</td>
</tr>
<tr>
<td>2018</td>
<td>37%</td>
<td>43%</td>
</tr>
<tr>
<td>2019</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>2020</td>
<td>42%</td>
<td>38%</td>
</tr>
</tbody>
</table>

March 2020:
- Workers: Major Problem: 21%
- Workers: Minor Problem: 40%
- Workers: Not a Problem: 39%

- Retirees: Major Problem: 13%
- Retirees: Minor Problem: 27%
- Retirees: Not a Problem: 60%

Percentage of Families With Debt and Debt Payments Greater Than 40% of Income, by Family Head Characteristics for Those Younger Than Age 65

Source: EBRI estimates of the 2016 Survey of Consumer Finances.
Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (Workers n=1,018)

Source: 2020 Retirement Confidence Survey.
1 in 4 retirees say debt has impacted their ability to live comfortably in retirement. Half of workers say debt has negatively impacted their ability to save for retirement.

- To what extent do you agree or disagree with the following statements?

- Workers n=1,018, Retirees n=1,024

<table>
<thead>
<tr>
<th>Statement</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt is negatively impacting your ability to save for retirement</td>
<td>52%</td>
<td>73%</td>
</tr>
<tr>
<td>Debt is negatively impacting your ability to live comfortably in retirement</td>
<td>30%</td>
<td>19%</td>
</tr>
</tbody>
</table>

- March 2020: 48% Agree (vs. 19% in 2019)
  - Strongly Agree: 18%
  - Net Agree: 47%

- March 2020: 27% Agree (vs. 19% in 2019)
  - Strongly Agree: 11%
  - Net Agree: 29%

Source: 2020 Retirement Confidence Survey.
One-quarter of all retirees also feel they will never be able to pay off their debt. Still, workers continue to be more likely than retirees to feel this way.

• To what extent do you agree or disagree with the following statements?

• Workers n=1,018, Retirees n=1,024

<table>
<thead>
<tr>
<th>Statement</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>You feel like you’ll never be able to pay off your debt</td>
<td>16%</td>
<td>10%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You feel like you’ll never be able to pay off your debt</td>
<td>59%</td>
<td>74%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>24%</td>
<td>16%</td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

41% Agree (vs. 19% in 2019)

Source: 2020 Retirement Confidence Survey.
Percentage of Workers Who Either Strongly or Somewhat Agree With the Statements Below in Regard to Debt, by Worker Characteristics

Debt is negatively impacting your ability to save for retirement.

- 45% of White 25-34 workers agree
- 53% of Nonwhite 25-34 workers agree
- 52% of White 35-44 workers agree
- 54% of Nonwhite 35-44 workers agree
- 50% of White 45-54 workers agree
- 50% of Nonwhite 45-54 workers agree
- 38% of White 55+ workers agree
- 60% of Nonwhite 55+ workers agree
- 53% of White <$35,000 income agree
- 40% of Nonwhite <$35,000 income agree
- 60% of White $35,000-$74,999 income agree
- 53% of Nonwhite $35,000-$74,999 income agree
- 50% of White $75,000+ income agree
- 45% of Nonwhite $75,000+ income agree

You feel like you’ll never be able to pay off your debt.

- 37% of White 25-34 workers agree
- 46% of Nonwhite 25-34 workers agree
- 45% of White 35-44 workers agree
- 45% of Nonwhite 35-44 workers agree
- 47% of White 45-54 workers agree
- 45% of Nonwhite 45-54 workers agree
- 45% of White 55+ workers agree
- 28% of Nonwhite 55+ workers agree
- 56% of White <$35,000 income agree
- 45% of Nonwhite <$35,000 income agree
- 45% of White $35,000-$74,999 income agree
- 33% of Nonwhite $35,000-$74,999 income agree
- 45% of White $75,000+ income agree
- 33% of Nonwhite $75,000+ income agree

Source: 2020 Retirement Confidence Survey.
About 7 in 10 workers with debt say it has negatively impacted their ability to save for retirement in general and half say their ability to contribute to their employer’s retirement plan has been impacted.

To what extent is your non-mortgage debt having a negative impact on your ability to do the following?

Workers who have non-mortgage debt n=701

- **Save for emergencies**
  - Major Impact: 30%
  - Minor Impact: 42%
  - 72% Overall

- **Save for retirement in general**
  - Major Impact: 30%
  - Minor Impact: 39%
  - 69% Overall

- **Participate in or contribute to an employer’s retirement plan**
  - Major Impact: 18%
  - Minor Impact: 36%
  - 53% Overall

- **Participate in or buy other employee benefits, such as life or disability insurance**
  - Major Impact: 16%
  - Minor Impact: 31%
  - 47% Overall

*Only asked of workers

Source: 2020 Retirement Confidence Survey.

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Compared with 2019, retirees with non-mortgage debt are more likely to say debt has impacted their ability to save for retirement.

• To what extent is your non-mortgage debt having a negative impact on your ability to do the following?

• Retirees who have non-mortgage debt n=598

- Save for emergencies
  - Major Impact
  - Minor Impact
  - 24% 33% 57% (vs. 51% in 2019)

- Save for retirement in general
  - Major Impact
  - Minor Impact
  - 20% 35% 55% (vs. 46% in 2019)

= Up significantly from previous year
= Down significantly from previous year

Source: 2020 Retirement Confidence Survey.
Among those with current student loan debt, 2 in 3 have a debt balance of $20,000 or more.

• About how much do you estimate your (and your spouse’s) current student loan debt balance to be? Please include all student loan debt you may have, including any for children or grandchildren.

• Workers with student loan debt for self or child n=224

<table>
<thead>
<tr>
<th>Debt Balance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $5,000</td>
<td>6%</td>
</tr>
<tr>
<td>$5,000 to $19,999</td>
<td>28%</td>
</tr>
<tr>
<td>$20,000 to $49,999</td>
<td>34%</td>
</tr>
<tr>
<td>$50,000 to $99,999</td>
<td>19%</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>12%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
</tr>
</tbody>
</table>

Net: <$20k in Student Loan Debt

Net: $20k+ in Student Loan Debt

64%

Source: 2020 Retirement Confidence Survey.
Those with a debt problem are more likely than those without to have taken a loan from a retirement savings plan.

<table>
<thead>
<tr>
<th>Debt Problem</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (n=689)</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>Major Problem (n=77)</td>
<td>48%</td>
<td>31%</td>
</tr>
<tr>
<td>Minor Problem (n=258)</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>No Problem (n=354)</td>
<td>11%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: 2020 Retirement Confidence Survey.
Workers and retirees who took a loan from their plan used their loans to pay down credit cards, make a large purchase, or make ends meet.

Which of the following are reasons you took a loan from your retirement savings plan?

Workers n=126
- Pay off credit card bill/debt: 30%
- Make a large purchase: 23%
- Cover another emergency expense: 22%
- Pay for home or car repairs: 20%
- Make ends meet: 19%
- Cover housing expenses: 18%
- Cover medical expenses: 13%
- Cover an education expense: 11%
- Other: 1%

Retirees n=91
- Pay off credit card bill/debt: 30%
- Make a large purchase: 23%
- Make ends meet: 16%
- Cover housing expenses: 15%
- Cover another emergency expense: 14%
- Pay for home or car repairs: 9%
- Cover an education expense: 7%
- Cover medical expenses: 5%
- Other: 9%

Source: 2020 Retirement Confidence Survey.
Conclusions

• Debt is widely held by Americans and is an issue for many workers.
• Many workers say debt affects their ability to save for retirement, while many also say they feel they will never be able to pay off their debt.
• Many retirees also say that debt is preventing them from living comfortably in retirement.
• Workers with debt problems are more likely to take a loan from their retirement savings plan.
• Lower income people are more likely to have an issue with the level of their debt payments.
• This was all before the onset of the COVID-19 pandemic, where many workers and retirees were already facing financial difficulties. The pandemic is only going to worsen these issues, particularly for those with lower incomes as they are those most likely to have lost jobs and to not be financially prepared.
• Financial wellness programs address many of these issues and will likely receive a great deal of interest going forward to help repair many workers’ finances.
Retirement Confidence Survey and Financial Wellbeing

Neil Lloyd
Three in five workers agree that preparing for retirement makes them feel stressed.

To what extent do you agree or disagree with the following statement?
Workers n=1,018

- Strongly Agree
- Somewhat Agree
- Disagree

Preparation for retirement makes you feel stressed

- 61% Agree
- 39% Somewhat Agree
- 42% Disagree
- 20% Strongly Agree
More than eight in ten workers would find a workplace program that helps employees figure out how much to save for retirement helpful.

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?

Workers employed full- or part-time n=736

Help calculating how much you need to save for a secure retirement

- Very Helpful
- Somewhat Helpful
- Not Helpful

85% Helpful (vs. 79% in 2019)

↑ = Up significantly from previous year  ↓ = Down significantly from previous year
8 in 10 workers and 7 in 10 retirees say it would be helpful if their employer offered education or advice on converting savings into income in retirement.

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?

Workers employed full- or part-time n=736, Retirees employed full- or part-time n=72

Education or advice on how to convert savings into income in retirement

<table>
<thead>
<tr>
<th></th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Helpful</td>
<td>35%</td>
<td>34%</td>
</tr>
<tr>
<td>Somewhat Helpful</td>
<td>47%</td>
<td>38%</td>
</tr>
<tr>
<td>Not Helpful</td>
<td>18%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Helpful Education or advice on how to convert savings into income in retirement

Not previously asked
Of those interested, more than 4 in 10 would like help calculating how much is needed in retirement, estimating expenses, and developing a strategy for producing income in retirement.

When it comes to workplace education on how to convert savings into income in retirement, which of the following would you be most interested in?

Workers who would find workplace assistance with converting savings into assets helpful n=609

- Calculating how much you will need in retirement: 47%
- How to estimate expenses in retirement: 45%
- Coming up with an investment strategy to produce income in retirement: 42%
- Knowing the best age to begin Social Security: 39%
- Whether to roll your retirement plan savings into an IRA: 37%
- Whether to buy a guaranteed lifetime income product: 28%
- How to use your home or real estate to produce income in retirement: 23%
- Other: 6%

Not previously asked
Few have taken a loan from a workplace retirement plan, though workers are more likely than retirees to have done so.

Have you ever taken a loan from a workplace retirement savings plan?
Those who saved for retirement

- **Workers n=689**
  - Yes: 18%
  - No: 80%
  - Don’t know: 1%

- **Retirees n=786**
  - Yes: 10%
  - No: 88%
  - Don’t know: 1%

Not previously asked
Over half of workers and a quarter of retirees indicate that there are competing financial goals that take priority or prevent them from saving for retirement.

To what extent do you agree or disagree with the following statements?

**Workers n=1,018 Retirees n=1,024**

- **Strongly Agree**
- **Somewhat Agree**
- **Disagree**

**Other financial goals are currently more important to you than saving for retirement**

- **Workers**: 16% Strongly Agree, 38% Somewhat Agree, 46% Disagree, 100% Agree
- **Retirees**: 7% Strongly Agree, 21% Somewhat Agree, 72% Disagree, 100% Agree
8 in 10 workers would like education on how to manage competing financial priorities. An even greater share want help with retirement savings targets and planning for healthcare in retirement.

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?

Workers employed full- or part-time n=736

- Planning for health care expenses in retirement: Very Helpful 34% (up significantly from 2019), Somewhat Helpful 51%
- Help calculating how much you need to save for a secure retirement: Very Helpful 40% (up significantly from 2019), Somewhat Helpful 44%
- Education or advice on how to convert savings into income in retirement*: Very Helpful 35%, Somewhat Helpful 47%
- Education or advice on how to manage competing financial priorities: Very Helpful 29% (up significantly from 2019), Somewhat Helpful 51%
- Student loan debt assistance: Very Helpful 19%, Somewhat Helpful 30%

*Not previously asked

= Up significantly from previous year  
= Down significantly from previous year
Currently, only 16% of workers report being offered help with competing financial priorities. A quarter receive help calculating how much to save for retirement, while just 1 in 10 have access to an emergency savings vehicle.

Are you offered any of the following financial well-being programs through your employer?
Workers employed full- or part-time n=736

- Help calculating how much you need to save for a secure retirement: 24%
- Education or advice on how to manage competing financial priorities: 16%
- Help planning for health care expenses in retirement: 14%
- Education or advice on how to convert savings into income in retirement: 14%
- Access to an emergency savings account or program: 11%
- Payroll advances: 9%
- Student loan debt assistance: 5%
- None of the above: 54%

Not previously asked
Nonwhite workers were more likely than white workers to say they were offered financial well-being programs.

Are you offered any of the following financial well-being programs through your employer?  
Workers employed full- or part-time n=736

- Help calculating how much you need to save for a secure retirement: 22% White, 27% Nonwhite
- Education or advice on how to manage competing financial priorities: 14% White, 18% Nonwhite
- Help planning for health care expenses in retirement: 12% White, 19% Nonwhite
- Education or advice on how to convert savings into income in retirement: 13% White, 17% Nonwhite
- Access to an emergency savings account or program: 7% White, 19% Nonwhite
- Payroll advances: 7% White, 12% Nonwhite
- Student loan debt assistance: 3% White, 8% Nonwhite
- None of the above: 43% White, 60% Nonwhite
While 2 in 3 workers believe they have enough emergency savings, 3 in 4 would also find it helpful if their workplace offered access to an emergency savings account or program.

To what extent do you agree or disagree with the following statements?
Workers n=1,018

- **Strongly Agree**
- **Somewhat Agree**
- **Disagree**

- You feel you have enough savings to handle an emergency or sudden large expense
  - 67% Agree
  - 33% Disagree
  - March 2020:
    - Strongly Agree: 28%
    - Net Agree: 68%

- Access to an emergency savings account or program
  - 77% Helpful
  - 23% Not Helpful

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?
Workers employed full- or part-time n=736

- **Very Helpful**
- **Somewhat Helpful**
- **Not Helpful**

- Access to an emergency savings account or program
  - 77% Helpful
  - 23% Not Helpful

- You feel you have enough savings to handle an emergency or sudden large expense
  - 67% Agree
  - 33% Disagree
  - March 2020:
    - Strongly Agree: 28%
    - Net Agree: 68%
Up from 2019, 27% workers rely on family and friends for retirement planning advice. One-quarter rely on their employer.

<table>
<thead>
<tr>
<th>Source of Information</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family and friends</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Your employer/work info</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>Google or other search engines</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>A professional financial advisor</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Online calculators and planning tools</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Online publications</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Specific financial company websites</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Online financial advice platforms (personalized advice)</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Specific government or non-profit websites</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Hard copy publications</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>None of these</td>
<td>23%</td>
<td>29%</td>
</tr>
</tbody>
</table>

↑ = Up significantly from previous year
↓ = Down significantly from previous year
The Importance of Financial Wellness Programs beyond Retirement

Lisa Margeson
Managing Director
Retirement & Personal Wealth Solutions
Workplace Benefits Reports:

2013:
Boston Research Group interviewed a national sample of 1,000 employers from July 2013 through August 2013 on behalf of Bank of America Merrill Lynch. To have qualified for the survey, employers must have offered their employees a 401(k) plan.

2018:
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. 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 Merrill Lynch. Bank of America Merrill Lynch was not identified as the sponsor of the study.

2019:
Escalent conducted an online survey with a national sample of 996 employees 804 employers who responded between February 1, 2019 and February 26, 2019. To qualify for the survey, employees had to be current participants in a 401(k) plan and employers had to currently offer a 401(k) plan; the plans did not have to be provided by Bank of America. Bank of America was not identified as the sponsor of the study.

2020:
Escalent Market Research surveyed a national sample of 996 employees who are working full time and participate in 401(k) plans, and 804 employers who offer both a 401(k) plan and have sole or shared responsibility for decisions made in the plan. The survey was conducted between February 27, 2020 and March 27, 2020. Respondents were not required to work with Bank of America, nor was Bank of America identified as the sponsor of the study.

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The responsibility employers feel to support their employees’ financial lives beyond retirement savings has increased dramatically.

62%¹ of employers feel extreme responsibility for their employees’ financial wellness.

Up from 13%² of employers reporting extreme responsibility in 2013.

### Sponsor offerings — Education and Guidance

<table>
<thead>
<tr>
<th>Area</th>
<th>2020</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving for retirement</td>
<td>81%</td>
<td>70%</td>
</tr>
<tr>
<td>Planning for healthcare costs</td>
<td>71%</td>
<td>38%</td>
</tr>
<tr>
<td>Budgeting</td>
<td>63%</td>
<td>14%</td>
</tr>
<tr>
<td>Saving for college</td>
<td>55%</td>
<td>13%</td>
</tr>
<tr>
<td>Debt</td>
<td>54%</td>
<td>15%</td>
</tr>
</tbody>
</table>

¹ 2020 Bank of America Workplace Benefits Findings Report, Planned to be released September 2020
² 2013 Workplace Benefits Report, December, 2013

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Employees’ feelings of financial wellness have shown a recent decline, with women trailing men.

Employees who rated their financial wellness as good or excellent has been declining.

- **2020**: 49%¹
- **2019**: 55%²
- **2018**: 61%³

Women are nearly **2X** as likely to cite not having spare money after monthly expenses as their main challenge.

- **2020**: 27% Men
- **2020**: 47% Women

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¹ 2020 Bank of America Workplace Benefits Findings Report, Planned to be released September 2020
² 2019 Workplace Place Benefits Report, September, 2019
³ 2018 Workplace Benefits Report, July, 2018
We recognize that women’s financial journeys are different than men’s, influenced by longer lives and responsibilities outside the workforce.

On average, women live 5 years longer than men\(^1\)

2/3 of cumulative student debt is carried by women\(^2\)

66% of caregivers are women\(^1\)

Women spend 44% of their adult life out of the workforce, compared to 28% for men\(^1\)

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\(^1\) Women and financial Wellness Study, 2018
\(^2\) AAUW, “Deeper in Debt: Women and Student Loans,” 2017
Women trail in retirement preparedness....with 401(k) balances significantly lower...but we see younger women closing the gap in their allocation of equities.

**Account balances in 401(k) accounts**

<table>
<thead>
<tr>
<th>Women vs. Men</th>
<th>25th percentile</th>
<th>Median</th>
<th>75th percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>$2,467</td>
<td>$12,461</td>
<td>$78,791</td>
</tr>
<tr>
<td>Men</td>
<td>$3,764</td>
<td>$19,334</td>
<td></td>
</tr>
</tbody>
</table>

Women have 39% less assets, on average, in their 401(k) with Baby Boomers falling further behind, lagging men by 47%.

Women participate in 401(k) plans at a lower rate than men (58% vs. 65%).

Women save at a lower rate than men (6.8% vs. 7.2%).

Women are 29% more likely to claim a hardship withdrawal.

**Allocation to equities in 401(k) accounts**

<table>
<thead>
<tr>
<th>Generation</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>94%</td>
<td>92%</td>
</tr>
<tr>
<td>Generation X</td>
<td>66%</td>
<td>74%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>50%</td>
<td>62%</td>
</tr>
</tbody>
</table>


Note: 401(k) plan balance amount contains the sum of fund-market-values for all funds within participant’s account.
The financial burden of healthcare is staggering

![Image of healthcare costs]

- **$2,138** Out-of-pocket expenses\(^1\)
- **$5,547** Health insurance premiums\(^2\)
- **$7,685** Total average annual expenses\(^{1,2}\)

Projected healthcare-related expenses in retirement have increased

- In retirement, a 65-year old couple will need **$296,000**
  - to cover their out-of-pocket healthcare costs\(^3\)
  - in the last 4 years\(^3\)

53% of employees have skipped or postponed at least one healthcare activity to save money\(^1\)

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1. 2019 Workplace Benefits Report, September, 2019
3. Employee Benefits Research Institute, Issue Brief 460, October 2018

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POLLING QUESTION
PLEASE SHARE YOUR THOUGHTS
HSA adoption is strong, but understanding is lacking – education is key

In our 2019 Workplace Benefits Report:

Percentage of employees that correctly identified each HSA attribute:

- Offers a “triple” tax advantage*: 30%
- Funds in the account can be invested**: 37%
- Funds in the account do not expire: 74%
- Requires enrollment in an HDHP: 78%

Only 11% of employees correctly identified all 4 HSA attributes.

And only 7% of employers correctly identified all 4 HSA attributes.

Bank of America HSA participants have an average balance of $2,915, which is 25% higher than the national average of $2,328.

36% of Bank of America HSA assets are invested in the markets for potential future growth, compared to 50% more than the national average.

About Potential Tax Benefits: Participants can receive federal income tax-free distributions from their HSA to pay or be reimbursed for qualified medical expenses they, their spouses or dependents incur after they establish the HSA. If they receive distributions for other reasons, the amount they withdraw will be subject to federal income tax and may be subject to an additional 20% federal tax. Any interest or earnings on the assets in the account are federal income tax-free.

Amounts contributed directly to an HSA by an employer are generally not included in taxable income. Also, if participants or someone else make after-tax contributions to their HSA the contribution may be tax deductible. Certain limits may apply to employees who are considered highly compensated or key employees if the employer makes contributions to the HSA or the employee makes contributions through payroll deductions. Bank of America recommends employees contact qualified tax or legal counsel before establishing an HSA.

1 Bank of America Health Benefit Solutions Product team, 2020.
2 Devenir Research, 2019 Year-End HSA Market Statistics & Trends.
Top financial topics employees want help with demand employers think broader than retirement when offering a financial wellness program

Percentage of employees who would want to discuss these topics with a financial professional

- Retirement savings: 90%
- Healthcare planning: 33%
- Debt management: 32%
- Everyday budgeting and saving: 28%
- Saving for leisure activities: 21%
- Physical, mental, or social health: 15%
- Planning for buying a house: 11%
- Saving for college: 9%
- Caregiving: 6%
Employees want help better understanding their full financial situation and the steps they can consider taking to help improve their financial lives.
Best Practices for Financial Wellness Programs

- Incorporate benefit plan design features that help drive participation and make it easier to engage.
- Provide benefit and wellness programs that help employees manage all aspects of their financial lives.
- Provide guidance & education programs that provide resources for employees across life stages, ethnicities, cultures and experiences.
- Promote savings and planning options to help manage growing healthcare costs.
- Offer connection to trusted planning resources who can help with strategies across all dimensions of holistic financial wellness.
Q&A
2021 Retirement Confidence Survey

Focus on Diversity: Retirement Security of Black & Latinx Workers and Retirees

- Oversample of key minority groups
- Spanish-language surveys
- Insights on the priorities of different ethnicities, role of family in saving, preferred sources of financial information, and comparison of sentiment and outcomes of minorities born in the US and those born elsewhere

Partners obtain full survey results, receive specialized breakouts of key target markets, provide input into the survey, and more!

Kick-off is in October: Contact Betsy Jaffe, jaffe@ebri.org, to be included or for more info.
Upcoming EBRI Programs

• COBRA: Are Subsidies Needed? – August 4
• Winter Policy Forum – December 10

• Please visit ebri.org for more information.
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