

The transforming workplace

Insights to help companies evolve with the needs of today's workforce

2023 WORKPLACE BENEFITS REPORT

RETIREMENT RESEARCH & INSIGHTS

BANK OF AMERICA 

Working together to support the needs of the modern workforce



“This year’s Workplace Benefits Report can help inform decisions and inspire ideas for how employers can evolve their workplace programs to champion the needs of today’s workforce and stand out as an employer of choice.”

Lorna Sabbia
Head of Retirement and Personal Wealth Solutions, Bank of America



All stats from 2023 Workplace Benefits Report survey, January 2023, unless otherwise noted. Please read important information at the end of this report.

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Trends to watch



Employees are stressed about their financial situations and their feelings of financial wellness hit an all-time low

42%

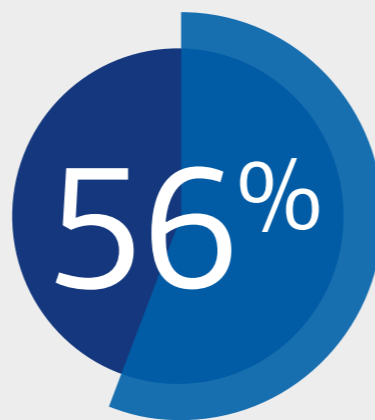
of employees rate their financial wellness as good or excellent, the lowest since 2010¹

96%

of employers feel somewhat or extremely responsible for their employees' financial wellness, **YET, just 2 out of 5** offer financial wellness programs



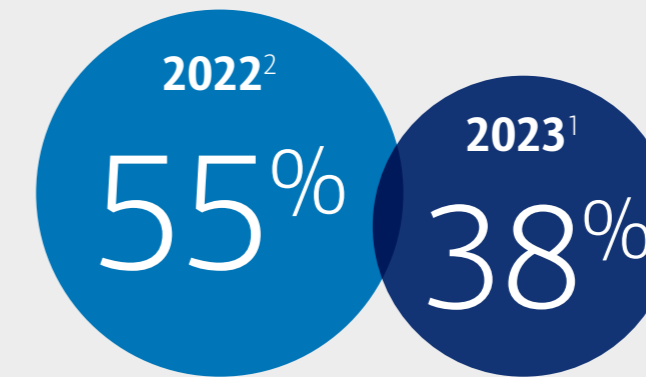
Employers may be underestimating the impact of caregiving on their workforce



of employees identify as caregivers



Differences in demographic segments reveal who needs help

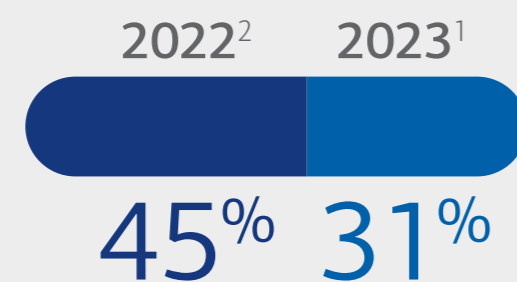


38% of women feel financially well in 2023¹, a decrease from 2022² and a five-year low



Economic uncertainty is causing a shift in employees' priorities

Saving for retirement continues to be the top goal overall, but other pressing needs are getting prioritized



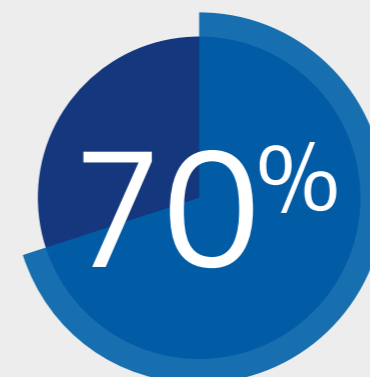
There's a risk that employees may be unprepared to pay for health care

45%

of employees report they are not saving specifically for health care



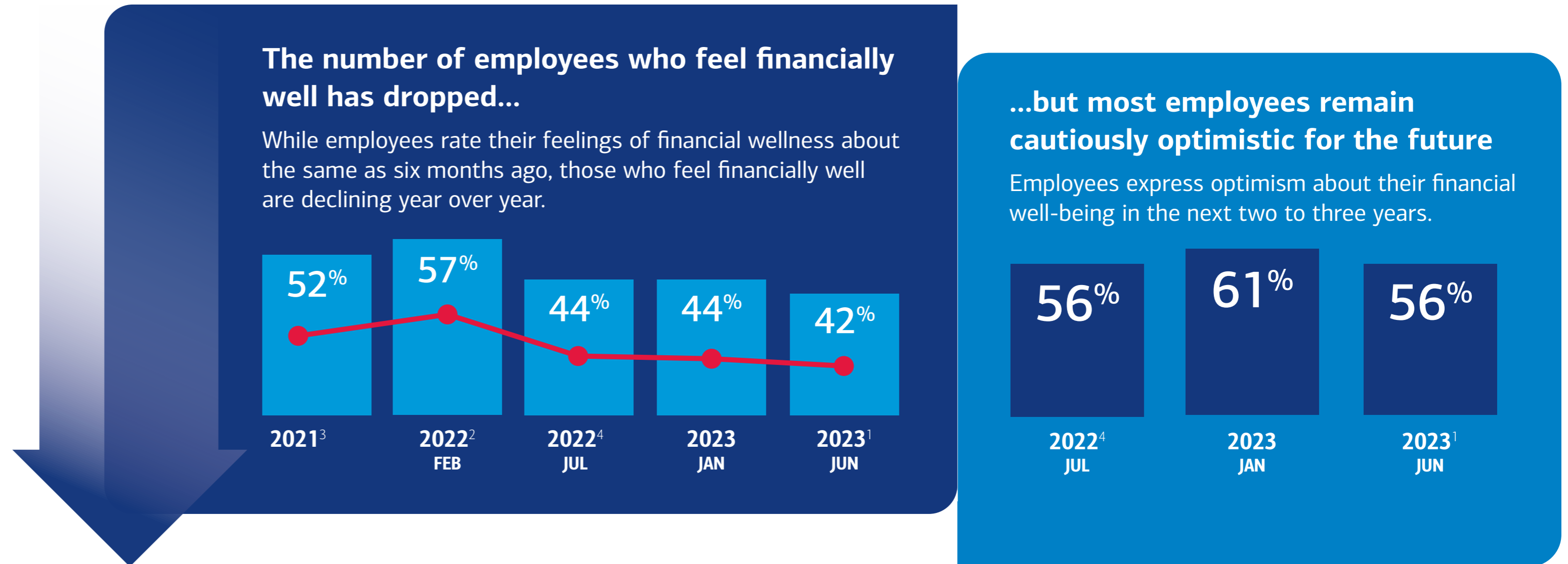
Employees staying and leaving



of employees believe they are going to stay at their current company for the next year¹

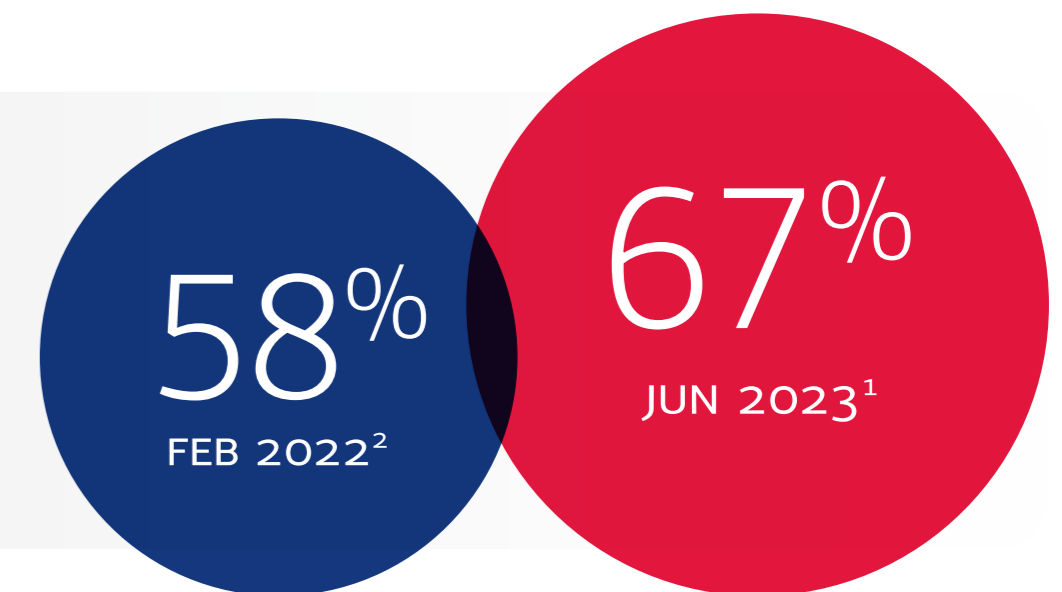
🕒 Employees are stressed about their financial situations and their feelings of financial wellness hit an all-time low

Against a backdrop of inflation and economic uncertainty, 64% of employees are stressed about their finances. Employees are reprioritizing to meet immediate challenges while anticipating a brighter future.



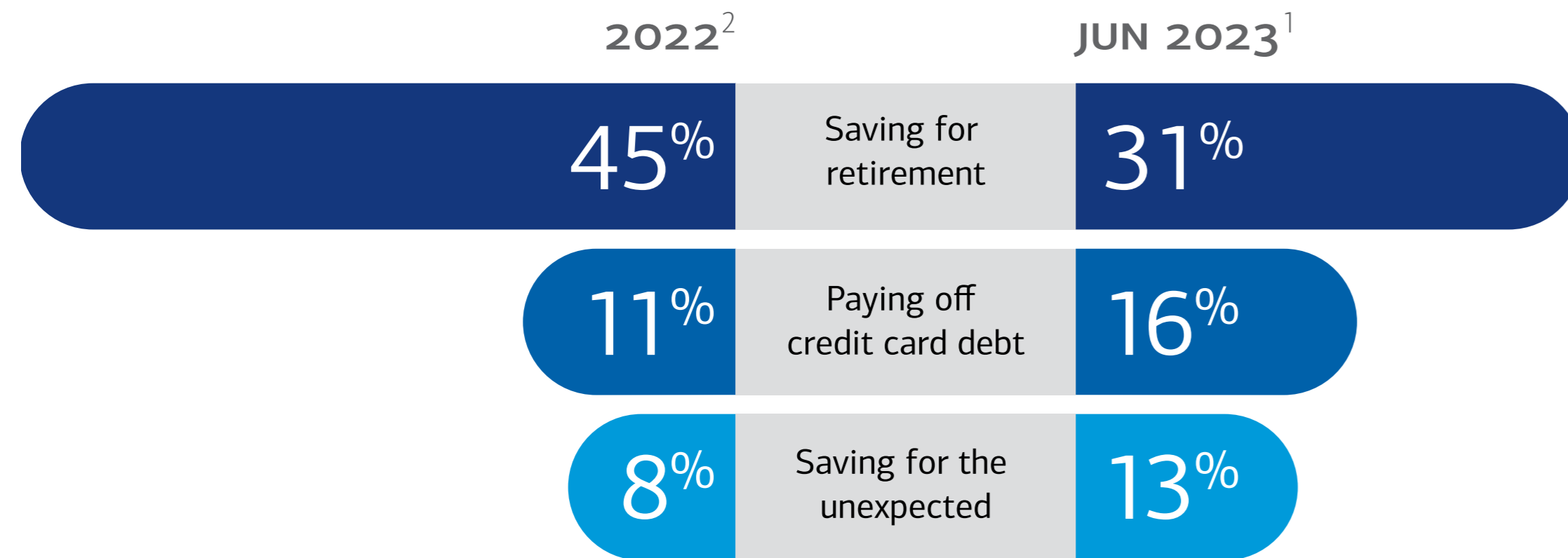
Employees are feeling the impact of inflation and economic uncertainty

The number of employees who agree that the cost of living is outpacing growth in their salary/wages has increased over the past year.

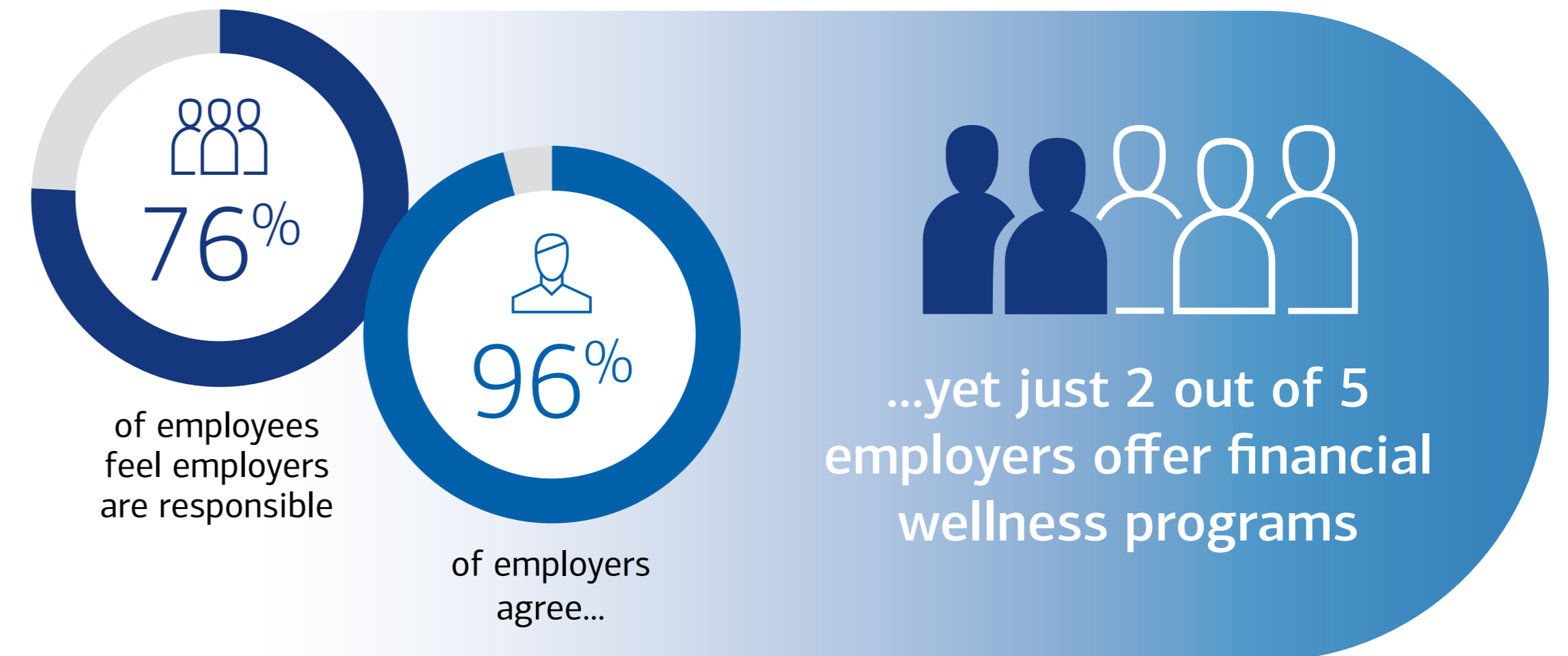


Financial priorities shifting

While saving for retirement continues to be the top goal for employees overall, other pressing needs are getting prioritized.



Who is responsible for financial wellness?



42%

of employers offering resources to support overall well-being have seen reduction in employee stress

Actions to consider

Expand the resources you offer employees based on what they highlight as most important in helping them better manage their finances.

1. Guidance and budgeting tools
2. Guaranteed income plan benefits
3. Financial tools, calculators or scorecards
4. Tips for developing good financial habits
5. Advice from a professional
6. Expanded educational opportunities to address needs of individual employees across all demographics



Employers may be underestimating the impact of caregiving on their workforce

The responsibilities of working caregivers are putting a strain on their time and finances. And with more than half of employees identifying as caregivers, it's a situation that demands a closer look.



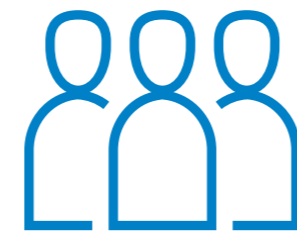
Disconnect between employees and employers

Increased awareness and communication may be necessary to ensure employees get the support they need.



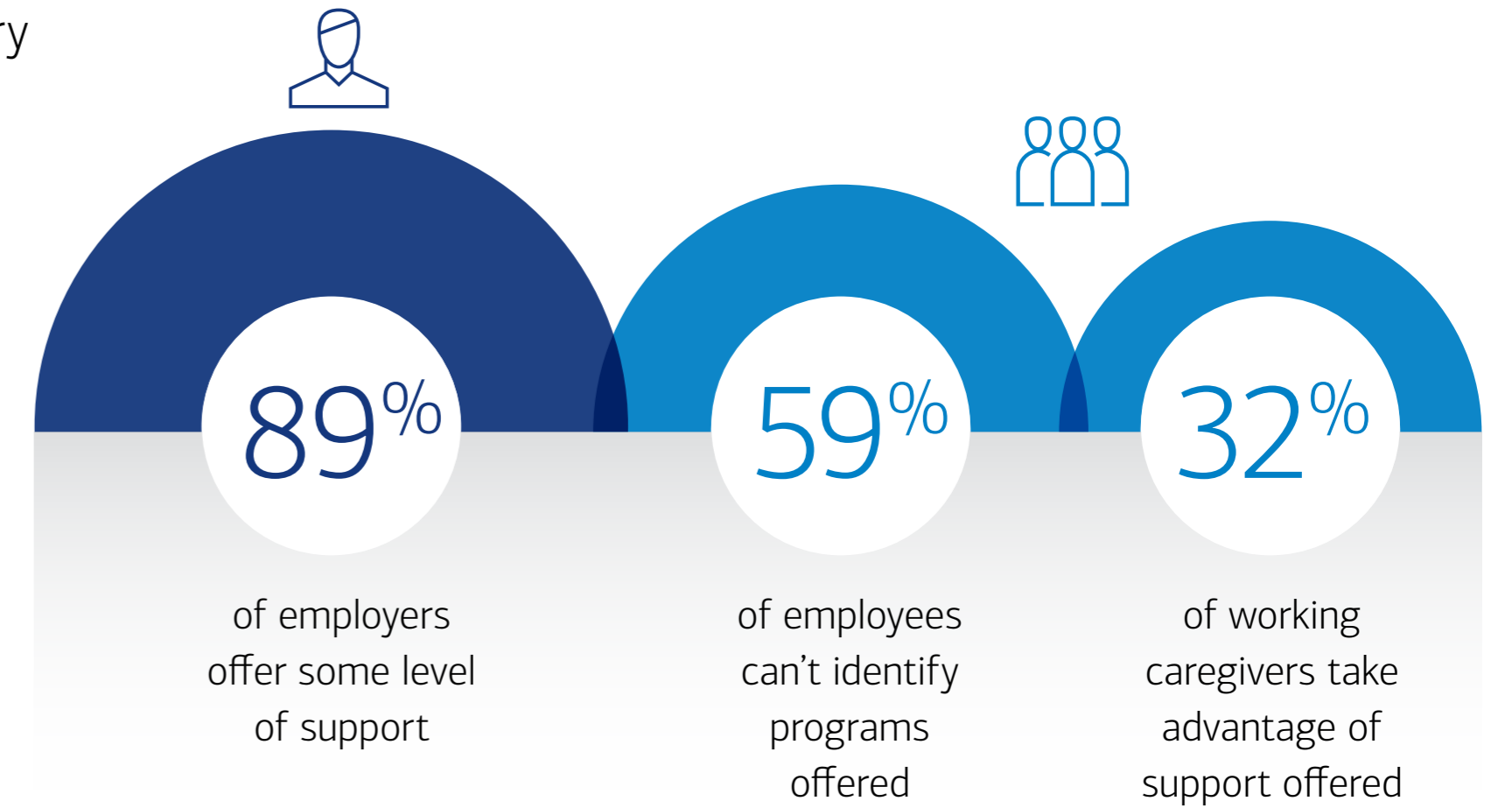
EMPLOYERS BELIEVE

35% of their workforce are caregivers



WHILE

56% of employees identify as caregivers



Balancing career and caregiving



39%

used vacation time



16%

reduced their work hours



11%

quit or left the workforce



9%

turned down a promotion

For employers, this could lead to a shortage of experienced workers.

Who is more likely to be a caregiver?



68%

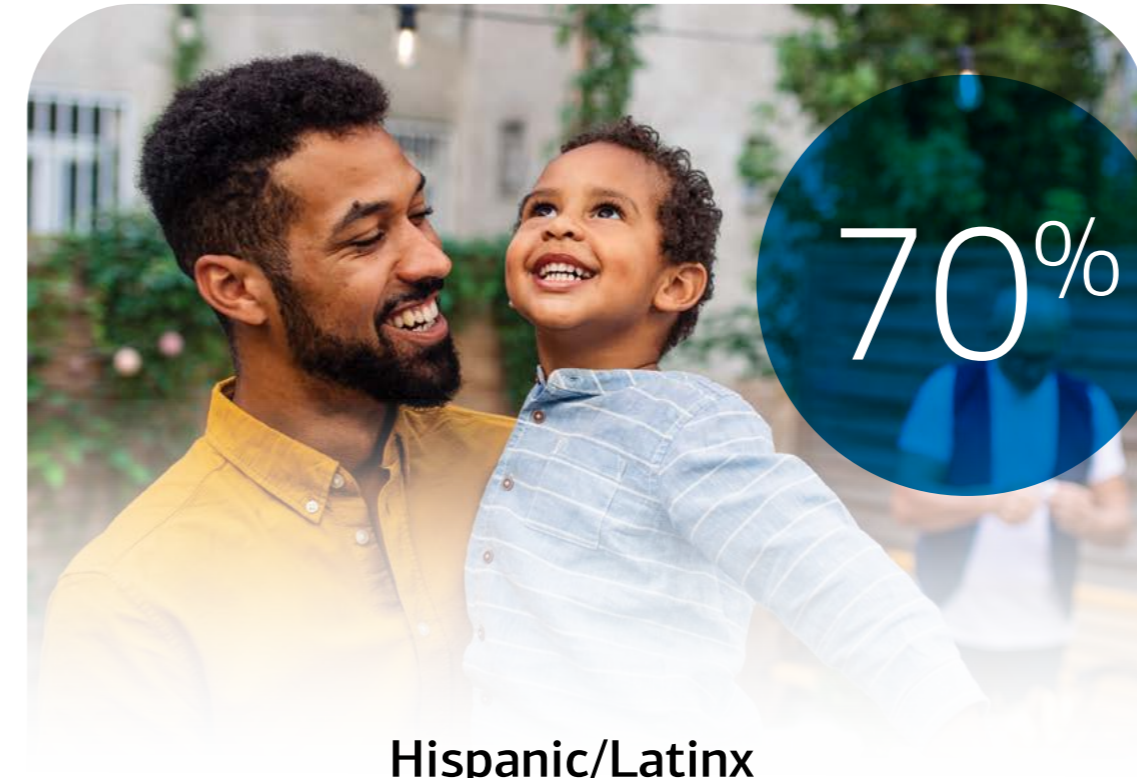
Gen Z/Millennial
(Ages 18-44)



71%

Earning less than
\$40,000 annual salary

Employees likely to be earning the least are spending the most on care-related expenses; on average spending \$485 per month.



70%

Hispanic/Latinx



57%

Women

NEARLY
30%

of employers provide employee assistance programs (EAP) for caregivers, such as counseling or support groups

Actions to consider

Create a “culture of care” from the top down by adding or enhancing workplace programs based on what working caregivers say they would find most helpful, including:

- ✓ Leave of absence or sick days to use for caregiving
- ✓ Flexible scheduling
- ✓ Work from home as needed
- ✓ EAP such as counseling or support groups



Differences in demographic segments reveal who needs help

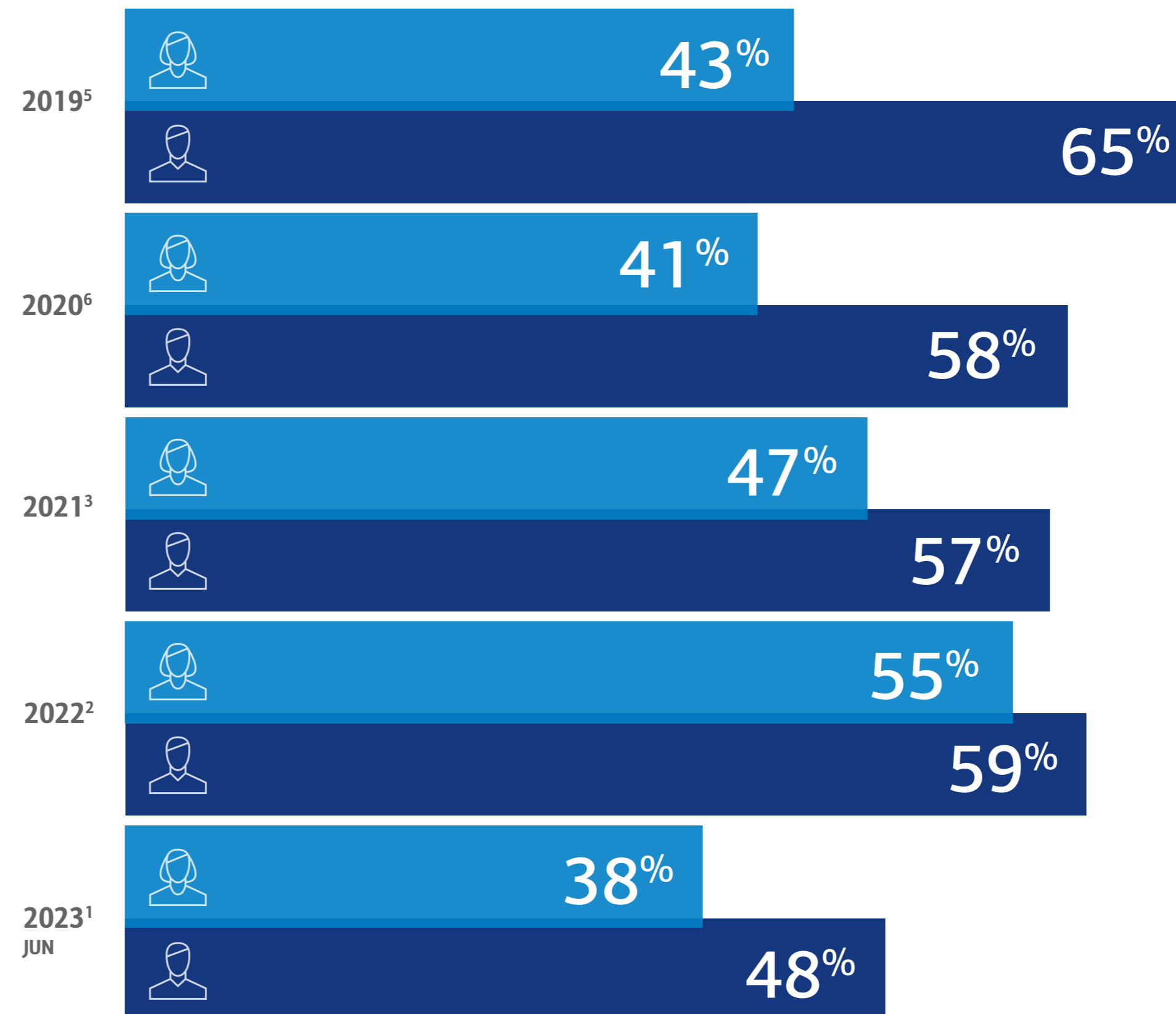
No two financial experiences are the same, and this year's report identifies segments of the workforce who may be struggling and could benefit from additional or specialized support.



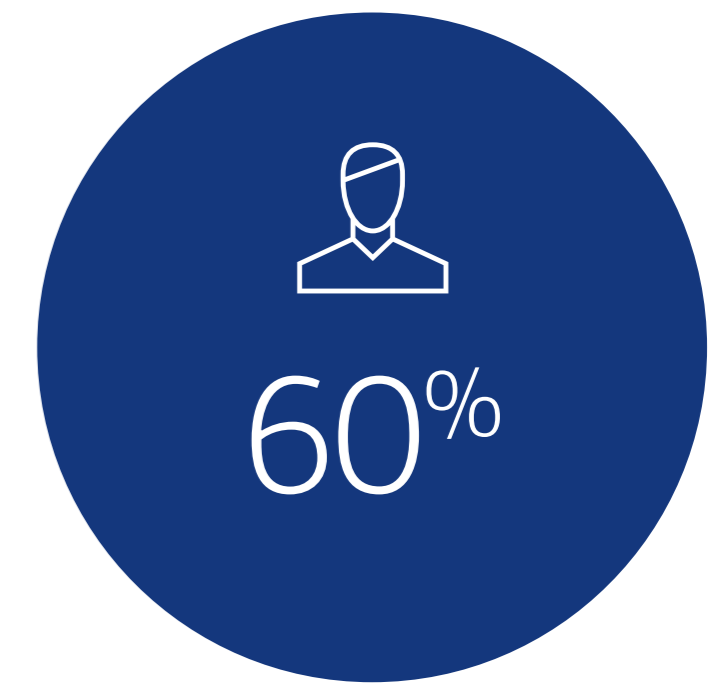
WOMEN

While women have been gaining confidence about their financial wellness over the past few years, economic uncertainty is affecting the well-being of women more than men. They feel their employer has a role to play in providing support.

Women's feelings of financial wellness are at a five-year low. While the findings show a similar trend in men's feelings of financial wellness, women still trail men overall.



Optimistic about their finances in the next two to three years¹

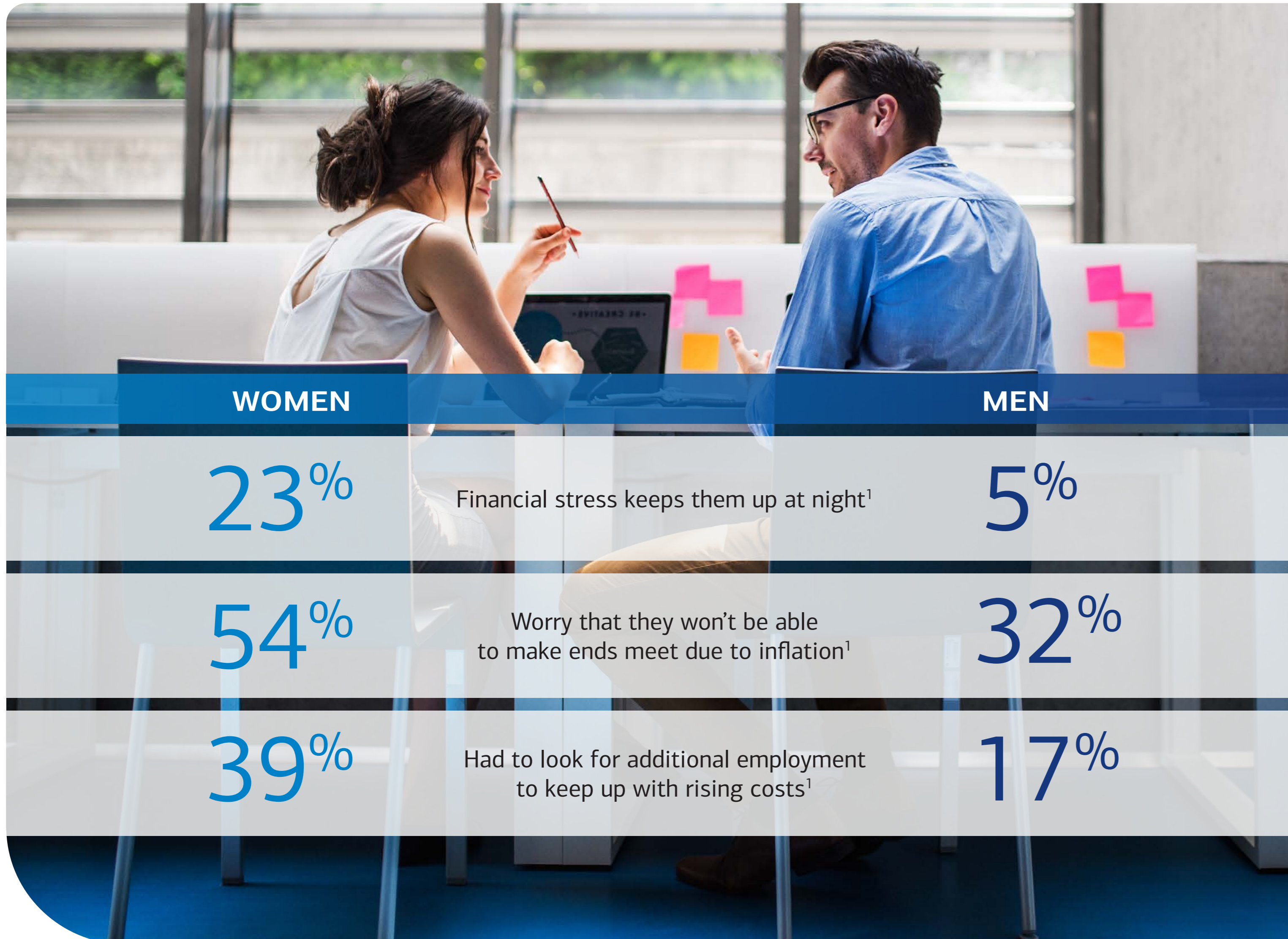


MEN

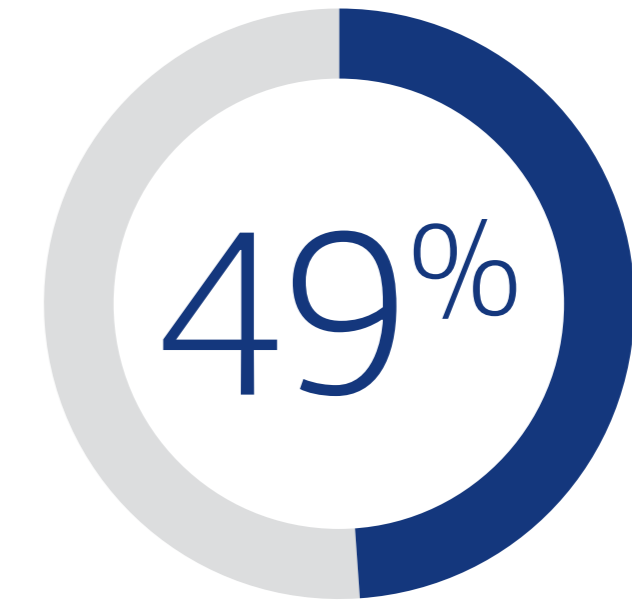


WOMEN

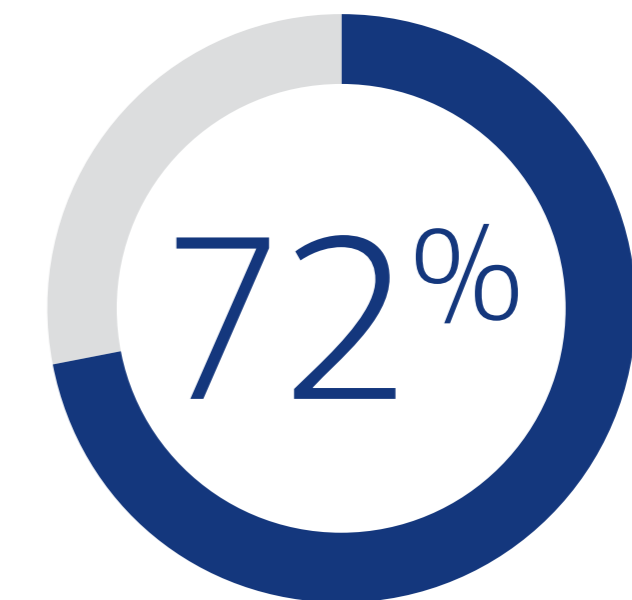
Higher stress, more worry



Women focused on short-term health care needs



of women are not actively saving for future health care needs



of women are making regular withdrawals from their HSAs

Saving for retirement reprioritized

First year that women did not rank saving for retirement as their top financial goal, replaced by paying off credit card debt

Took action to increase their retirement savings in last three to six months¹

25%



18%

Are somewhat or extremely confident they are on track to meet their retirement goals

55%



68%

Employees don't fully understand Social Security and Medicare

36%

of women say they have little to no understanding of their projected Social Security benefits



49%

feel employers are responsible for providing Social Security/Medicare education



Resources women would find most helpful

✔ Providing women employees with easy access to educational resources and tools is key to helping them understand the actions they can take to improve their financial wellness.

✔ Women are more likely to value workplace benefits that offer greater flexibility, allowing for increased work-life balance and ability to attend to caregiving responsibilities. And when it comes to whether they'll stay or leave their employer — they are motivated by these types of benefits more than others.



GENERATIONAL CONCERNS

Older Millennials (ages 35-44) and Gen X employees (ages 45-54) are less likely to rate their financial wellness as good or excellent. And younger employees tend to feel better about their financial wellness as they look ahead, but are looking for education from their employers.

Older Millennial employees (ages 35-44) are the least likely of their colleagues to be feeling financially well

80%

report feeling stressed about their financial situations¹

64%

agree that the cost of living is outpacing the growth in their salary/wages¹

Are Gen X employees (ages 45-54) financially ready to retire?

ONLY
17%

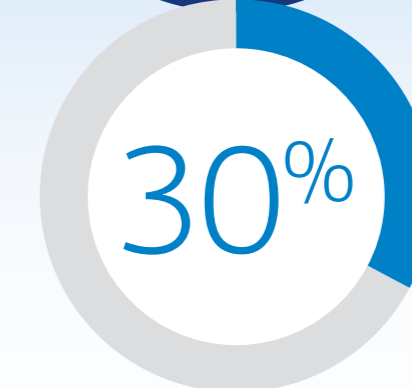
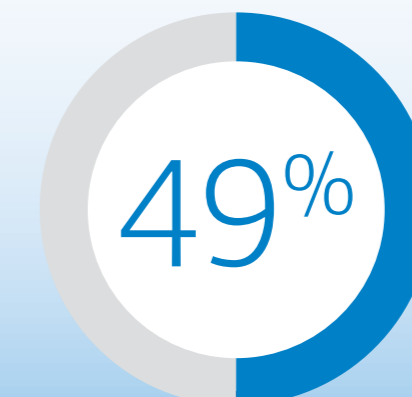
feel confident they are financially ready for retirement

54%

are not actively saving for health care¹

Employees across age groups report a lack of understanding of their projected Social Security benefits

Millennials
(ages 25-44)



Gen X
(ages 45-54)

Given demographic trends and their time horizon to retirement, Millennials should expect Social Security to fund a smaller portion of their retirement income needs than previous generations.⁷

Older generations show more loyalty to employers

GEN X EMPLOYEES (AGES 45-54)

MORE THAN **75%** plan to stay with their current employers over next year

45% rate competitive workplace benefits as one of their top reasons to stay at their current company

YOUNGER EMPLOYEES (AGES 18-34) ARE MORE LIKELY TO HAVE:

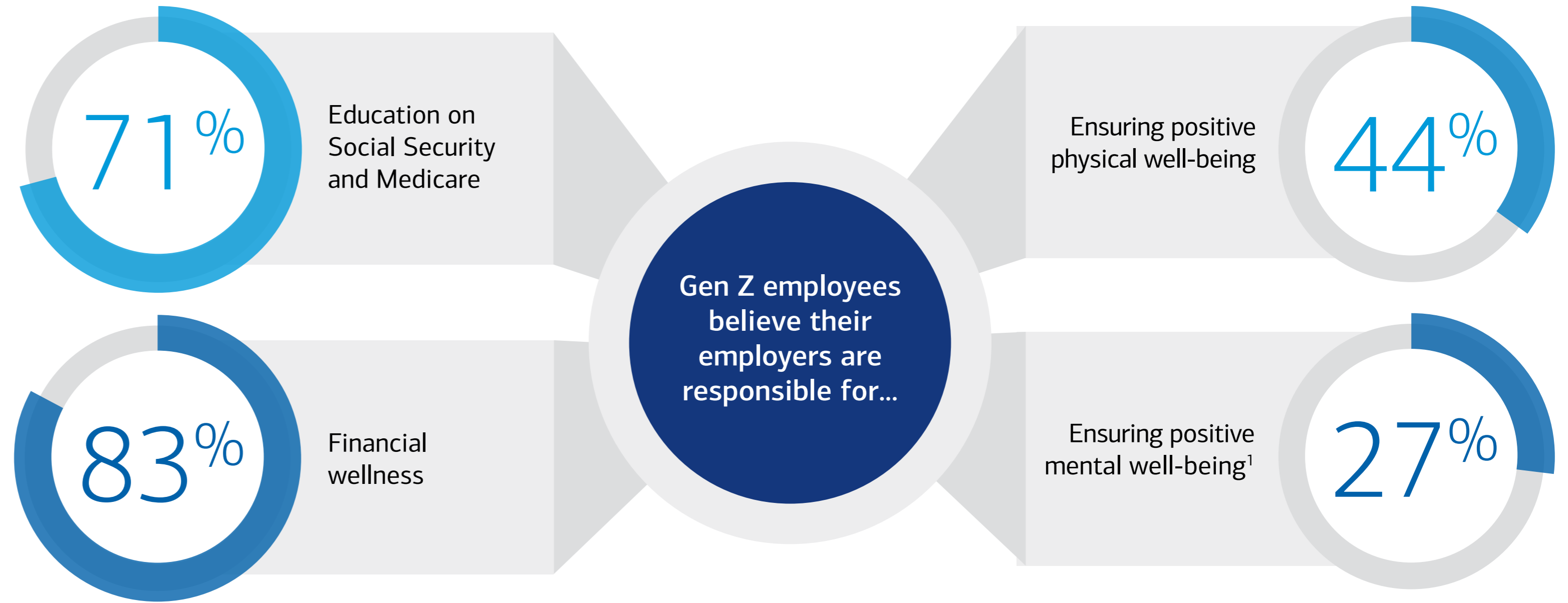
Left their current job or considered it in the past year

Switched jobs after working only one or two years at the company

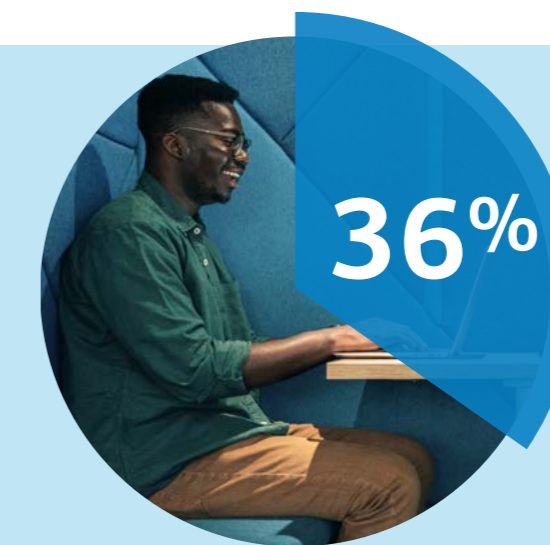


The decision to leave their current company is driven by overall burnout, compensation and work-life balance¹

Gen Z employees (ages 18-24)—the youngest generation of workers—have expectations of their employer



Rely on advice from their benefits administrator when choosing how to invest in their 401(k) plan.
Would like their employers to offer personalized coaching and upskilling.

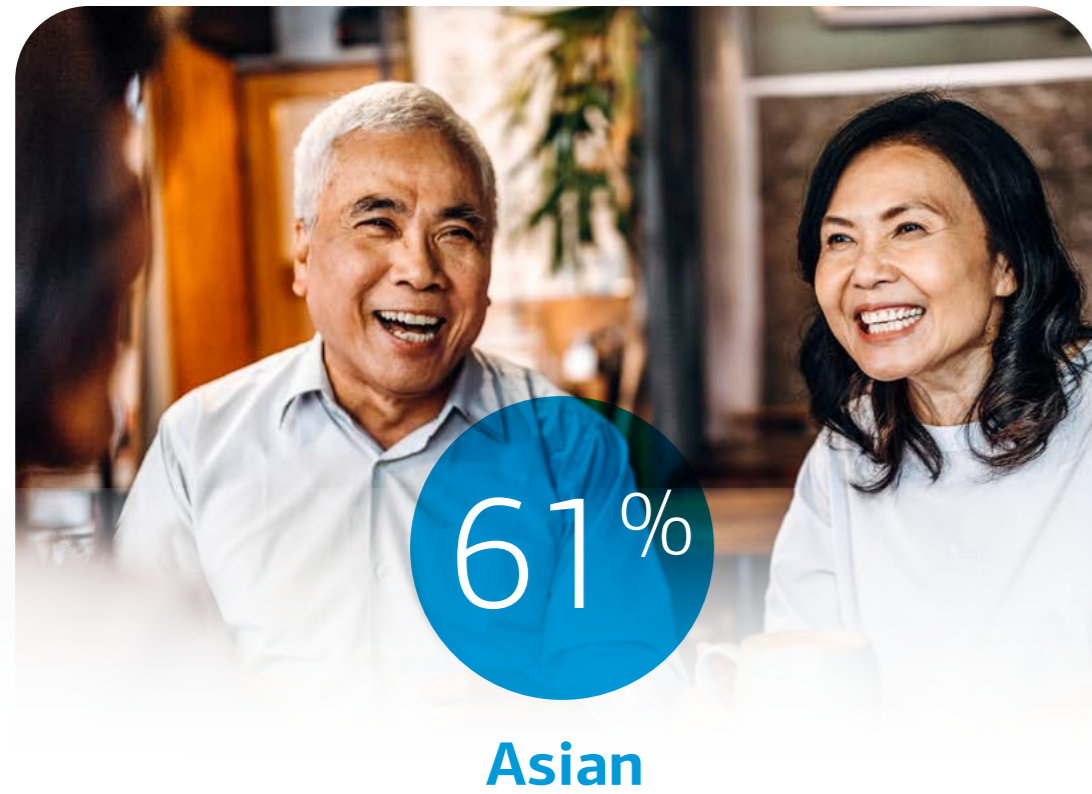


Say employers are responsible for providing retirement income to employees.

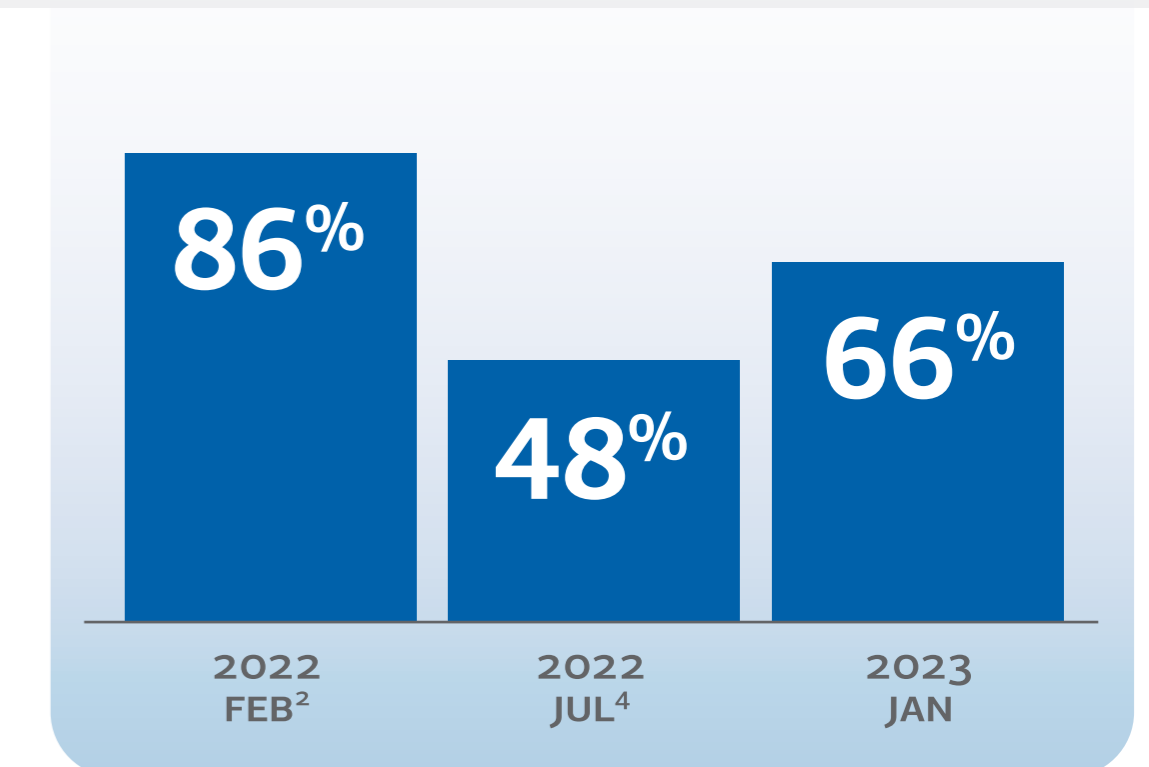
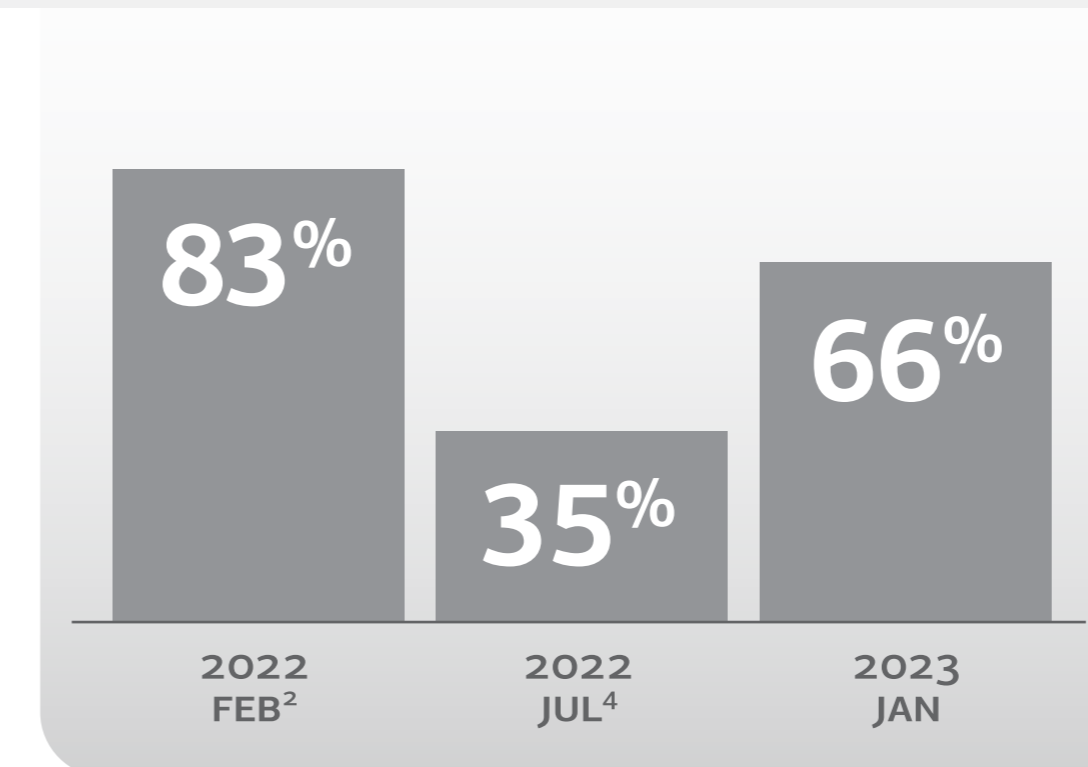
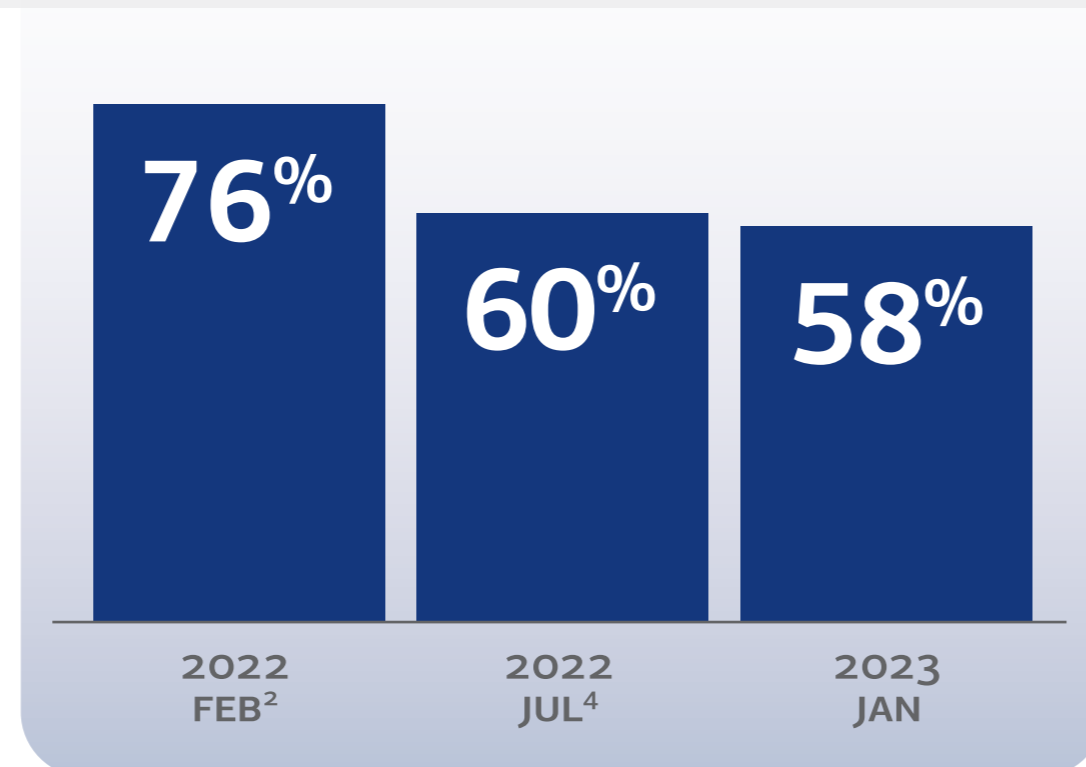
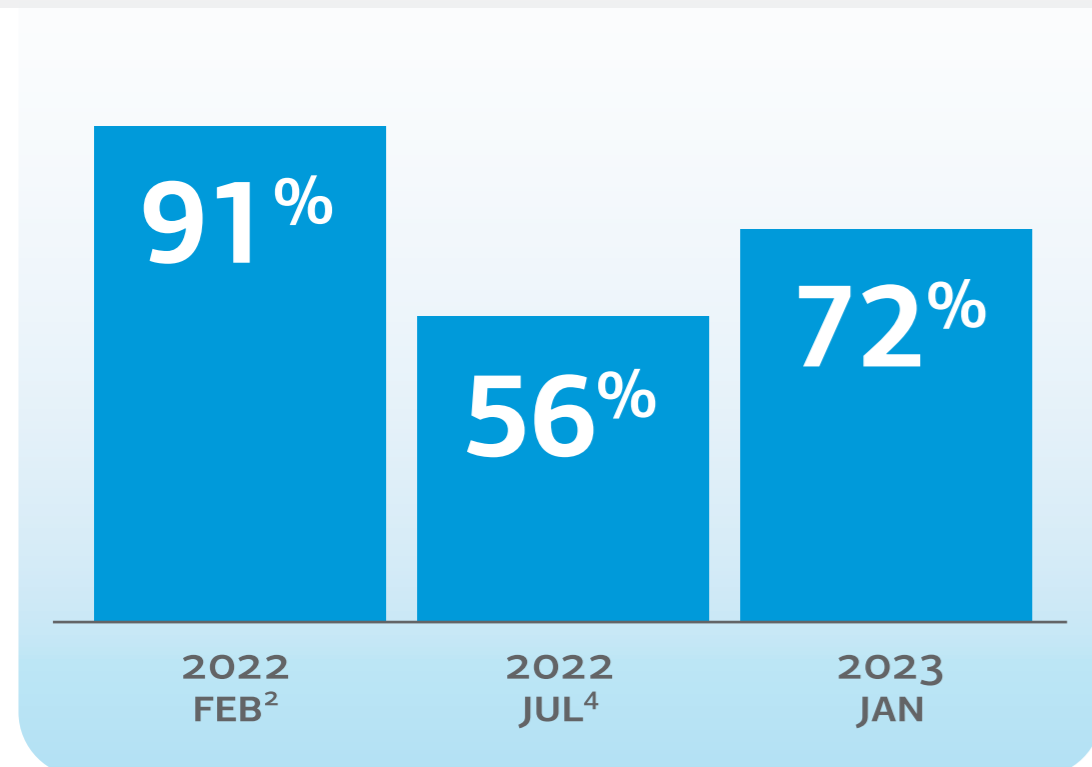
ETHNICITY

Across ethnicities, feelings of financial wellness vary and retirement confidence has fluctuated over time.

Employees who rate financial wellness as good or excellent



Percentage of employees who feel somewhat or extremely confident that investing in their employer 401(k) plan and other retirement savings accounts will help them build enough savings to reach their retirement goals.

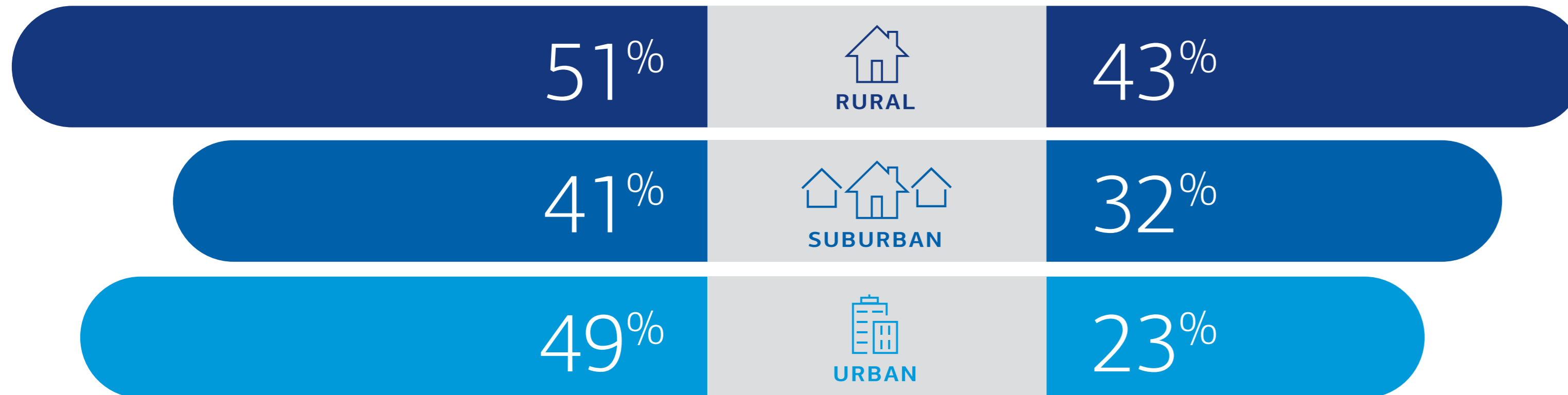


LOCATION

Where employees live may be a factor in short- and long-term financial wellness.

Employees who say inflation is making it difficult to make ends meet¹

Employees who are confident they are prepared for retirement



“Understanding the differences between demographic segments can help employers enhance the level of engagement in the plan. We believe that it’s critically important for companies to revisit and re-evaluate how their plans align with workplace trends in order to better assist their employees in pursuing financial wellness.”


— Kai Walker,
Head of Retirement Research & Insights

59%

of Gen Z employees and nearly half of women say their overall well-being has a significant impact on their productivity

Actions to consider

- ✔ Work with your benefits provider to analyze plan data to uncover disparities among different employee segments and to explore plan design options that could help close the gaps.
- ✔ Measure the impact of your support by setting goals and tracking your progress.
- ✔ Offer AI-driven tools that can provide a more individualized, meaningful and valuable experience for your employees and help them take action to improve their financial health.



Economic uncertainty is causing a shift in employees' priorities

Employees are primarily focused on financial concerns born out of challenging economic times. However, there are signs that longer-term goals like retirement are still on their radar, and both employees and employers alike are indicating interest in wanting to do more to improve retirement readiness.



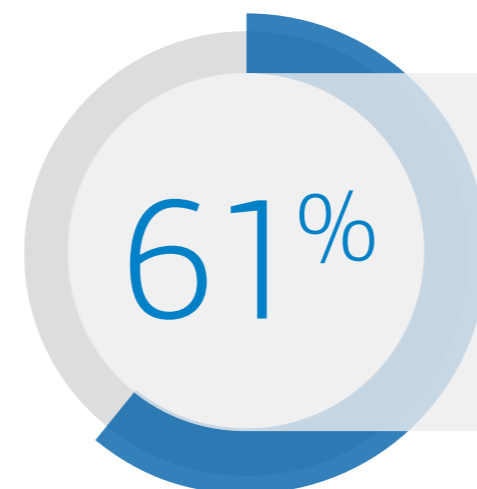
Concerns about the economy are eroding confidence in retirement readiness

Survey respondents who agree that economic uncertainty will affect their current and future workplace benefits and 401(k) retirement plans.



30%

of Boomers (ages 55+) say they decided to hold off on retirement due to market uncertainty¹



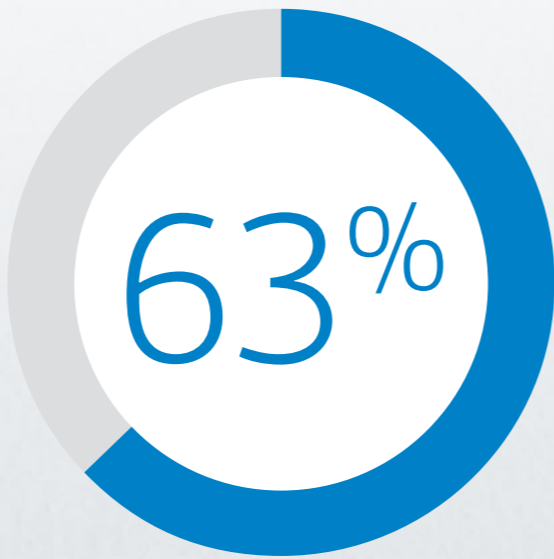
of employees say they feel somewhat or extremely confident that investing in their employer 401(k) plan and other retirement savings accounts will help them build enough savings to reach their retirement goals

Employee interest in advancing retirement goals is rising

Retirement savings increased in the past three to six months



Universal appeal of guaranteed income option

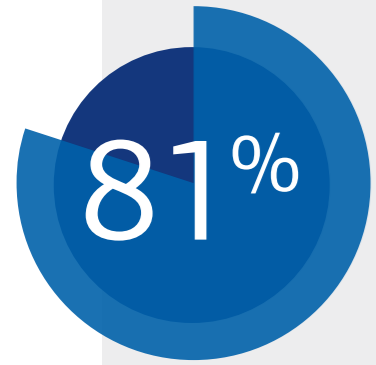


say "yes" to investing a portion of their 401(k) contribution in a guaranteed income option, with high interest across demographics

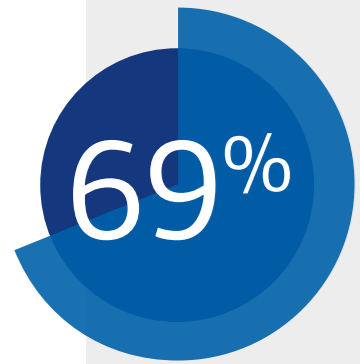
Appetite to improve understanding of Social Security

- 30% say they have little to no understanding of their projected benefits
- 44% think their employers are responsible for education and would like them to provide:
 - Tools and calculators
 - Access to professionals
 - Updates on availability and changes





of employers offer a guaranteed income product or plan to offer one in the next year



of employers say they should play a role in educating employees about Social Security and Medicare

Actions to consider

Review your retirement benefits communications to ensure you are providing:

- Clear explanation of benefits
- Calculators and worksheets
- Regular updates/plan changes
- Personalized advice on what to invest
- One-on-one consultations
- Educational sessions or webinars

i Research findings indicate that employees generally prefer digital channels of communication, such as email or intranet.

Consider the research findings that show where employee confidence in managing their retirement needs is declining and strategize ways you can support them in these areas:

VERY OR EXTREMELY CONFIDENT:	2021³	2023¹
Going from saving money for retirement to using money in retirement	30%	24%
Setting up the right withdrawal schedule/amount	30%	20%
Having the right plan to meet spending needs in retirement	32%	21%
Having the flexibility to manage unexpected expenses	33%	23%
Manage health care costs throughout retirement	27%	16%

There's a risk that employees may be unprepared to pay for health care

As employees focus on more immediate financial challenges, saving for long-term health care needs may be getting short-changed. More education may be needed about the importance of saving for health care in retirement and how a Health Savings Account (HSA) can be part of that strategy.



45%

of employees say they are not saving specifically for health care

Why this matters

Current research shows that a retired 65-year-old couple could need

\$296,000

in savings to cover their retirement health care expenses, up 10% from 2020.⁸

On average

ONLY 66%

of health care expenses are paid by Medicare.⁹

Concerns about affording health care

Employees who rank health care costs as the top issue affecting their financial wellness over the past three to six months

2022²
16%
2023¹
26%

ONLY
16%

say they are confident about managing health care costs in retirement (down from 27% a year ago)¹

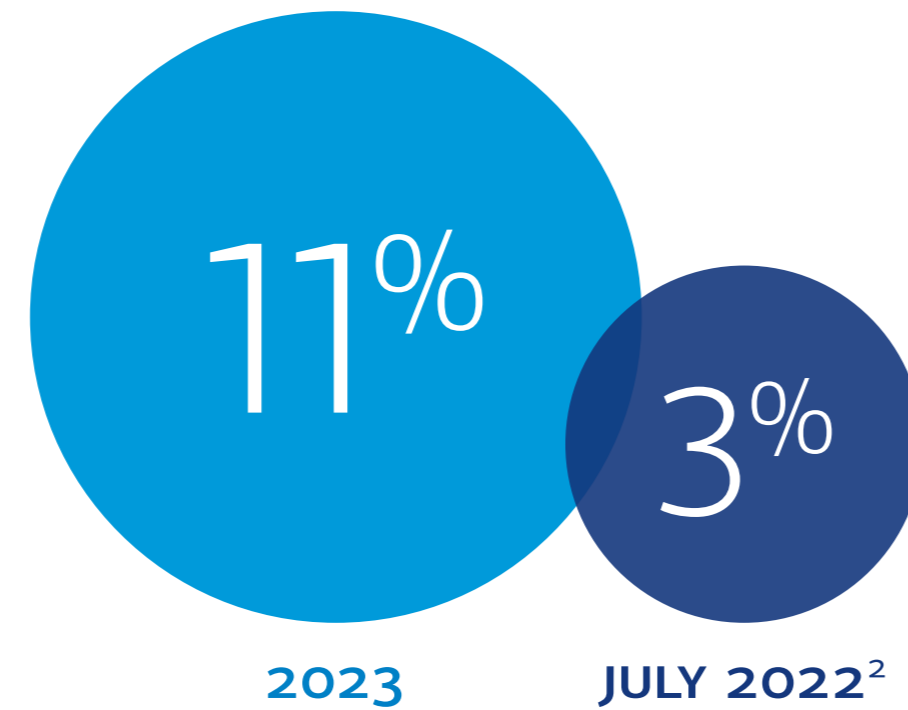
YET ONLY
7%

plan to start contributing to an HSA to help address economic uncertainty



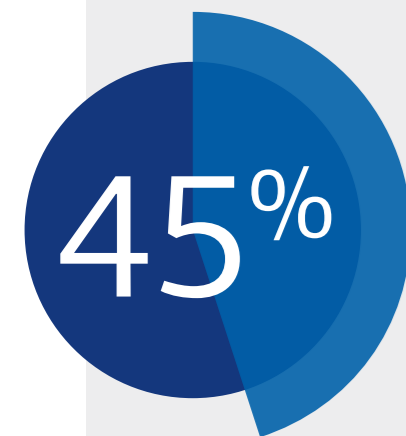
On the right track

HSA participation continues to grow, but most are not taking advantage of their account's long-term savings benefits.



11% increased their health care savings in the past three to six months

Employer support of their employees' health care savings needs



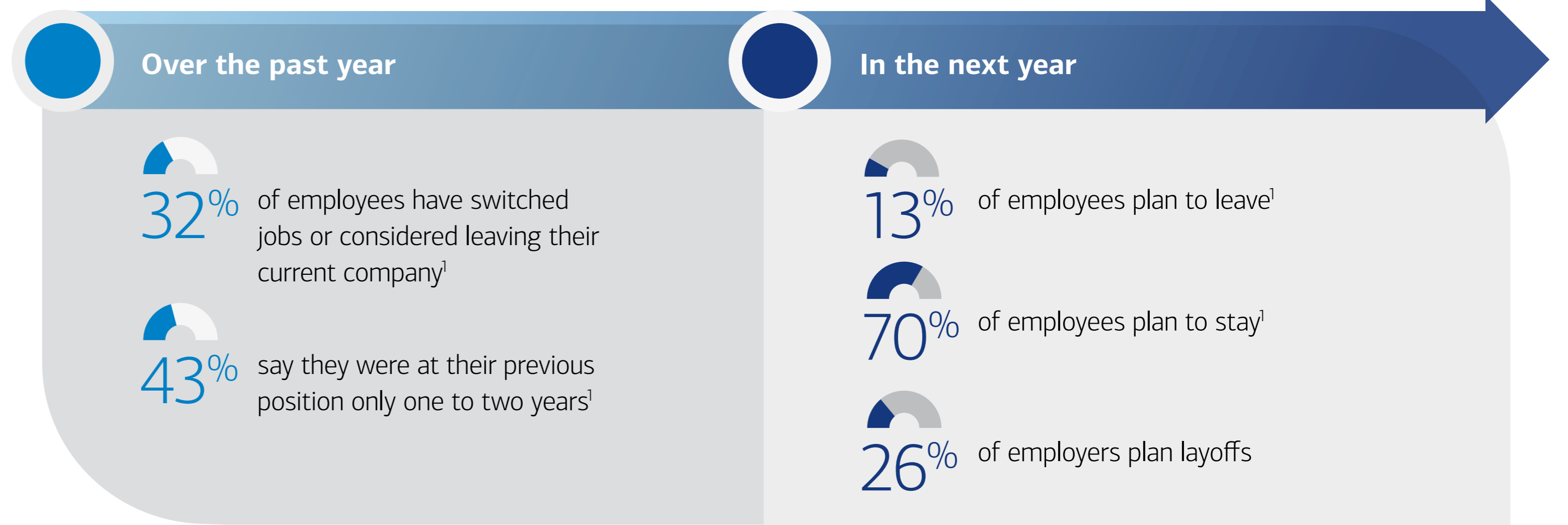
of employees are not saving specifically for health care — underscoring the need to do more on this front

Actions to consider

- ✔ Implement a full-year communications program to help educate employees on the importance of saving for health care in retirement and the role of an HSA in a long-term savings strategy.
- ✔ Take advantage of educational resources available from your benefits provider and help increase awareness of educational opportunities they offer your employees.

Employees staying and leaving

While employers report that resignations are not as widespread as last year, staffing continues to be a challenge. This year's report offers insights into how employers can evolve their strategies to attract and retain talent as the employment landscape continues to change.



Top 5 reasons that drive employees' decision to:

STAY AT CURRENT COMPANY

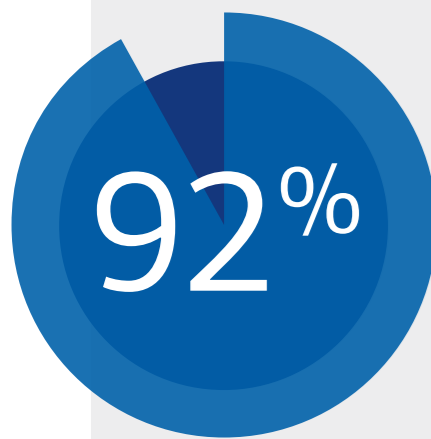
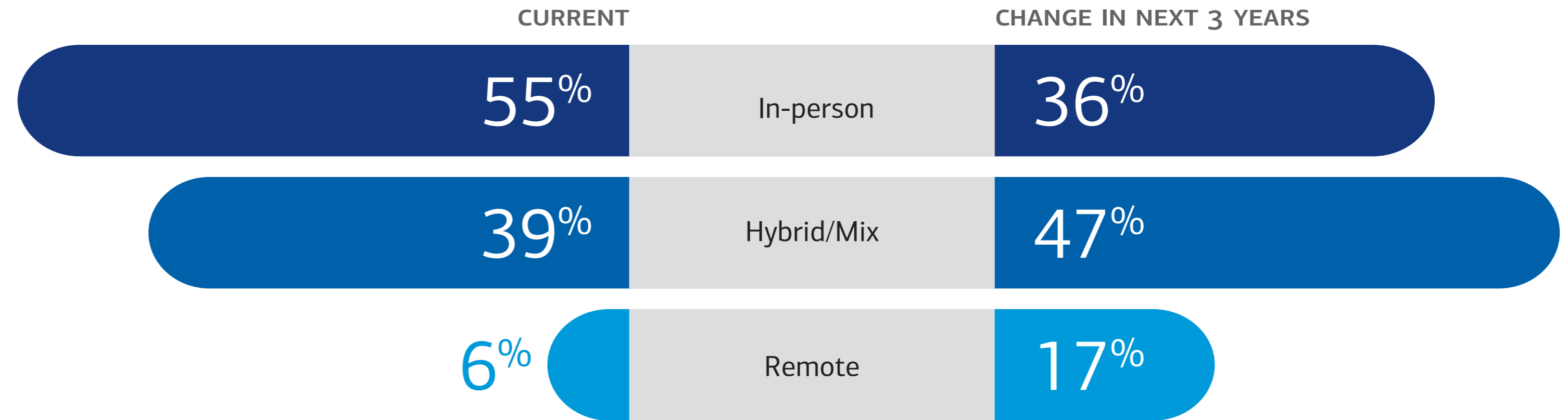
- 1 Good work-life balance 60%
- 2 Compensation 44%
- 3 Competitive workplace benefits 38%
- 4 Possibility of pay increases 37%
- 5 Tenure 26%

LEAVE CURRENT COMPANY¹

- 1 Overall burnout 53%
- 2 Size of pay increases 44%
- 3 Work-life balance 41%
- 4 Compensation 40%
- 5 Career growth opportunities 36%

Employers likely to shift to remote work model

More than half of employers currently have an in-person work model, which they say has made it more difficult to attract and retain employees looking for flexibility.



of employers who offer resources to manage overall well-being saw improvement in employee satisfaction

Actions to consider

Implement programs that your employees say they would like and that will help your company stay competitive in the labor market:

Four-day work week	58%
Guaranteed income plan benefits	42%
Wellness reimbursement	39%
Family care assistance	35%
Benefits that specifically support women	27%

Check in on what your plan sponsor colleagues believe attracts qualified candidates or increases hiring within their companies, including:

Better workplace benefits	45%
Better compensation than competitors	40%
Superior pay increases	35%
More manageable workloads	34%
More realistic/achievable promotion	33%
Enhanced training opportunities	33%



Actions to consider

Promote retirement readiness

- Add automatic features to your 401(k) plan that can help make it easier for employees to contribute to their accounts and invest for the long term.
- Establish an employer match for your 401(k) plan and make contributions to employees' HSAs.
- Offer employees digital tools that connect them to guidance and retirement income resources.
- Expand educational programs on planning for retirement and include information on Social Security and Medicare.
- Work with your benefits provider to analyze plan data to uncover disparities among different employee segments and to explore plan design options that could help close the gaps.

Support working caregivers

- Support and encourage employees in balancing caregiving responsibilities with their careers by offering flexible work schedules and paid time off.
- Consider providing access to professionals who can provide legal guidance and assistance with coordinating care or finding appropriate living facilities.
- Create support groups in the workplace which can be led by experts, local caregiving organizations or fellow caregivers.

Encourage saving for health care

- Offer an HSA-eligible health plan and educate employees on how an HSA can help them build their health care savings for the future.
- Communicate frequently on these topics during open enrollment and regularly throughout the year.




Consider specialized benefits

- Provide menopause-specific benefits for women.
- Help create employee networks that offer support and a sense of community with others who share similar needs, challenges and experiences.
- Support employee mental health by offering individual counseling sessions, education and employee assistance programs.

Enhance benefits to attract/retain talent

- Balance employees' desire for flexible work schedules and the importance of in-person collaboration by offering hybrid work arrangement.
- Offer a Lifestyle Spending Account (LSA) to help employees cover expenses related to their overall wellbeing.
- Offer personalized financial wellness programs to help meet the needs of employees as they navigate their financial life journey.

Additional insights

-  [Listen to Bank of America research leaders discuss topics highlighted in this report and more.](#)
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-  [Learn more about how we're inspiring better decisions today.](#)

About the studies

January 2023 Workplace Benefits Report

First launched in 2011, the annual Workplace Benefits Report plays a critical role in helping make financial lives better by generating real-world insights to help us create solutions that fit our clients' needs.

January 2023 Methodology

Escalent surveyed a national sample of 878 employees who are working full-time and participate in 401(k) plans, and 798 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 January 9, 2023–February 1, 2023. 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. Bank of America was not identified as the sponsor of the study. Bank of America Retirement and Personal Wealth Solutions help employers and employees to take action and work toward their financial goals today and into retirement.

Plan sponsors **798**

Assets in 401(k)	
Less than \$20M	50%
\$20M to less than \$100M	25%
\$100M or more	25%

Plan sponsor locations	
Rural	12%
Suburban	41%
Urban	46%

Employees **878**

Gender	
Male	41%
Female	59%

Life stage	
Gen Z/Millennial (ages 18–44)	39%
Gen X (ages 45–54)	25%
Boomer/Silent and older (ages 55+)	36%

Racial/ethnicity	
White/Caucasian	63%
Hispanic or Latinx	10%
Black/African-American	13%
Asian	10%
American Indian or Alaska Native/Multi-racial	1%

Sexual and gender identity	
Heterosexual	91%
LGBTQ	6%
Refused	3%

About the studies

June 2023 Workplace Benefits Report Pulse

Given the threat of persistent inflation and market uncertainty, we complemented our annual study with a short employee-focused supplemental survey in June 2023. This mid-year touchpoint allowed us to better measure the direct impact of current market conditions on employee opinions and feelings of financial wellness.

June 2023 Pulse Survey details — surveyed employees only

Escalent surveyed a national sample of 454 employees who are working full-time and participate in 401(k) plans. The survey was conducted between May 31–June 21, 2023. 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. Bank of America was not identified as the sponsor of the study. Bank of America Retirement and Personal Wealth Solutions help employers and employees to take action and work toward their financial goals today and into retirement.

Employees **454**

Gender

Male	40%
Female	60%

Life stage

Gen Z/Millennial (ages 18–44)	37%
Gen X (ages 45–54)	25%
Boomer/Silent and older (ages 55+)	38%

Racial/ethnicity

White/Caucasian	75%
Hispanic or Latinx	9%
Black/African-American	6%
Asian	6%
American Indian or Alaska Native/Multi-racial	1%

Sexual and gender identity

Heterosexual	90%
LGBTQ	7%
Refused	3%

All stats from 2023 Workplace Benefits Report survey, January 2023, unless otherwise noted.

¹ Bank of America, Workplace Benefits Pulse Report, surveyed employees only, June 2023.

² Bank of America, 2022 Workplace Benefits Report survey, February 2022.

³ Bank of America, 2021 Workplace Benefits Report survey, February 2021.

⁴ Bank of America, 2022 Workplace Benefits Pulse Report, surveyed employees only, July 2022.

⁵ Bank of America, 2019 Workplace Benefits Report survey, February 2019.

⁶ Bank of America, 2020 Workplace Benefits Report survey, February 2020.

⁷ Health View Services, *Social Security Benefits: How Much Should Millennials Expect?*, June 2022.

⁸ Employee Benefits Research Institute, Issue Brief, no. 549, January 20, 2022. A 65-year-old couple, both with median drug expenses needs \$296,000 to have a 90% chance of having enough money to cover health care expenses (excluding long-term care) in retirement. Savings needed for Medigap Premiums, Medicare Part B Premiums, Medicare Part D Premiums and Out-of-Pocket Drug Expenses for Retirement at age 65 in 2021. This is up 10% from 2020.

⁹ Medpac, July 2022 Data Book: *Health Care Spending and the Medicare Program*. Total spending on health care services for noninstitutionalized fee-for-service Medicare beneficiaries.

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