

2017 Workplace Benefits Report
Supplement:

A closer look at healthcare



For most employees, managing healthcare costs and saving for retirement are intertwined. Not only are they part of most employer-offered benefit plans, but according to the [*2017 Workplace Benefits Report*](#), employees rank healthcare and retirement plans as the #1 and #2 most important benefits that they receive.

The same report showed that employees feel that managing their finances—including healthcare costs such as premiums and out-of-pocket expenses—are a source of stress. And this stress is not only having a negative impact on their health, but it's affecting their ability to focus at work. Rising healthcare costs can impact an employee's ability to pay down debt, use their income to cover other needs and even reduce how much they are saving for the future.

Given the interrelated nature of finances and healthcare, Bank of America Merrill Lynch has taken a closer look at the topic of healthcare and the role employers can play in helping employees manage their healthcare costs as part of a larger effort to help them live their best financial lives.

Employees acknowledge the difficulty of managing healthcare costs¹

Employees are not blind to the responsibilities they have to bear when it comes to managing and paying for their healthcare now and in the future—but they still need help. When asked about their healthcare concerns:

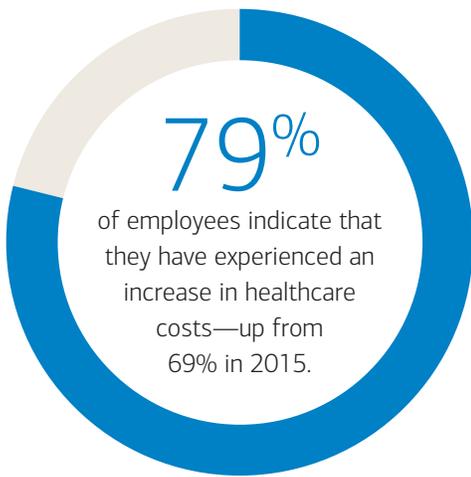
- 66% rate planning for out-of-pocket cost as the most challenging and stressful aspect of managing their healthcare
- 50% don't know how to predict current or future out-of-pocket healthcare costs or determine the appropriate savings vehicle or rate
- 23% don't save beyond a year and the majority under-fund their healthcare savings
- 75% feel fear regarding their healthcare finances

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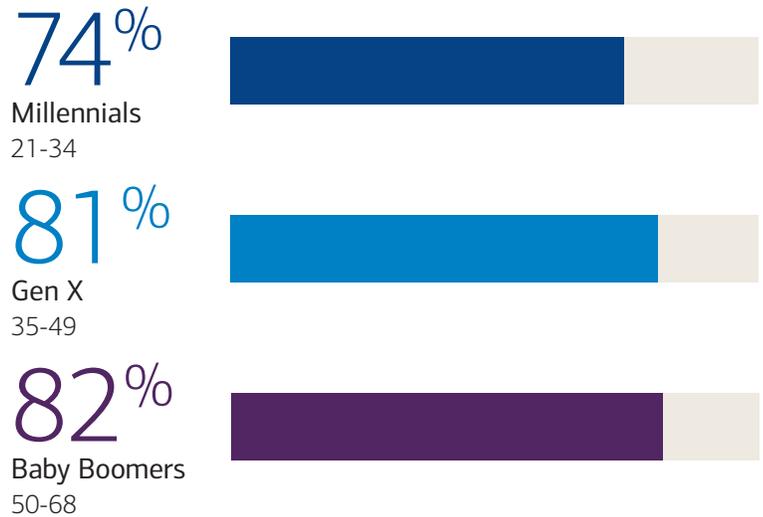
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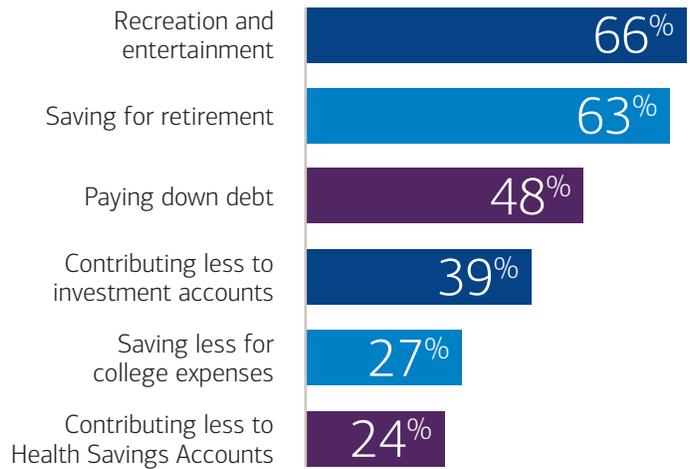
Rising healthcare costs are having a significant impact on employees' financial lives.



Employees who indicated they experienced an increase in healthcare costs:



Employees are reducing the amount they spend on:



It's no wonder that over half of employees feel at least somewhat stressed when it comes to their financial situation with healthcare costs contributing to their financial stress.



Over $\frac{1}{2}$ of employees who feel stress also indicate that the stress interferes with their ability to focus and be productive at work

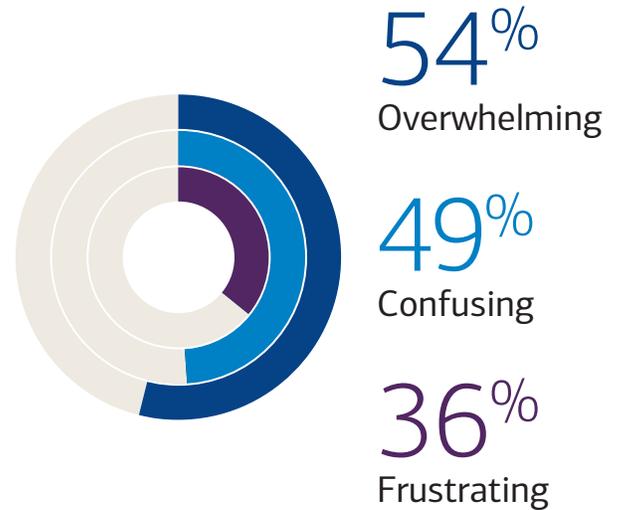


Healthcare costs today are only part of the equation, concerns about future needs also have an impact.

When workers are asked how prepared they are, few feel they have a trusted resource to help them understand, prepare for, or manage retirement health-related expenses—likely compounding their feelings of financial stress.²

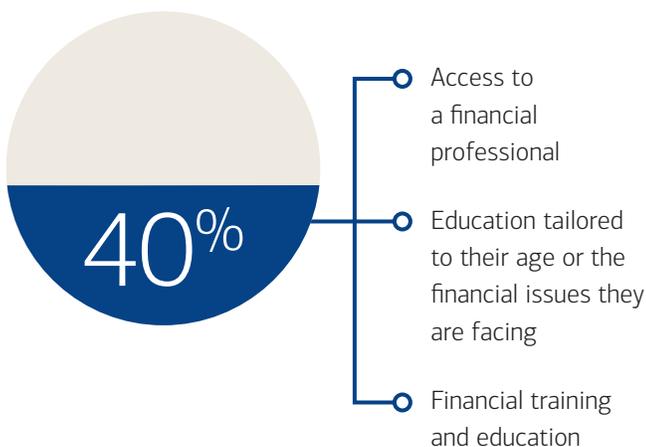


Percent of workers who feel retirement-related healthcare costs and insurance information is:²



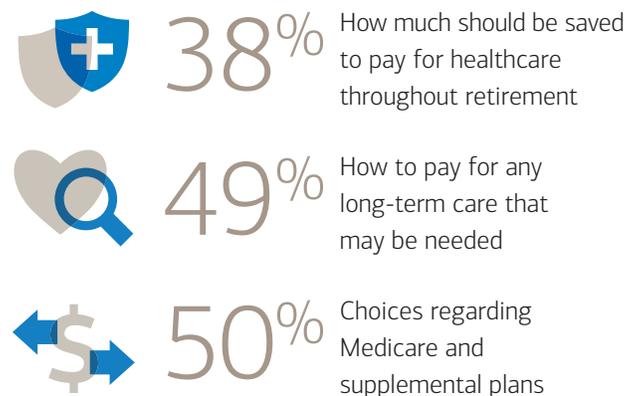
Employees are willing to seek help on common financial topics from financial professionals and employers.

At least 40% of employees would like their employer to provide:



All of these factors could be made available to address the full range of financial needs, including planning for and managing healthcare costs now and in the future.²

When workers are asked what healthcare topics they would most value advice and help with, they unveil a wide range of topics:



Action steps for employers

To help employees manage their healthcare costs as part of a larger effort to help them live their best financial lives—and to help drive positive outcomes for both employees and the company, employers should consider:



Enhancing the financial education they provide employees to ensure that it includes content about understanding their healthcare options, the financial implications of their healthcare choices and how to think about managing healthcare costs now as well as plan for those costs in retirement.



Expanding their benefits package to offer additional healthcare management tools, including Health Savings Accounts that can help employees potentially use pre-tax dollars to cover eligible healthcare expenses today and establish good money habits by setting aside funds for future healthcare expenses.



Offering education and support beyond healthcare to help employees address their full range of financial needs from retirement planning to general savings habits and debt management—all of which can help increase employee confidence and reduce stress and ill-health caused by financial stress.

Learn more

At Bank of America Merrill Lynch, our mission is to work with employers to help employees live their best financial lives. For more information about how we can help, call us at 877.902.8730. You can also visit us online at benefitplans.baml.com

About the Workplace Benefits Report

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:

Male: 48%

Female: 52%

Millennial: (total number) 355

Generation X: 460

Baby Boomer: 427

This report is designed to provide general information for plan fiduciaries to assist with planning strategies for their retirement plan and is for discussion purposes only. Bank of America is prohibited by law from giving legal or tax advice, and recommends consulting with an independent actuary, attorney and/or tax advisor before making any changes.

This material should be regarded as general information on healthcare considerations and is not intended to provide specific healthcare advice.

¹ 2017 Alegeus Healthcare *State of Denial* Research Report: Alegeus, in participation with a third-party firm, conducted a survey of 1,000 U.S. healthcare consumers in order to identify and understand consumer emotions associated with and knowledge of healthcare today, assess the state of consumer desire to take control of their healthcare finances, evaluate the specific challenges and obstacles that impede consumer progress and analyze key differences by consumer life stage. The research was conducted via online survey in December 2016.

² Merrill Lynch / Age Wave Report *Health and Retirement: Planning for the Great Unknown*: This research study, completed in May 2014, was conducted in partnership with Age Wave and executed by TNS via online data collection methodology. The survey included 5,424 respondents. Findings in this report are based on the analysis of 3,303 respondents age 25+, representative of the U.S. national population across age, income, gender, and Census region, unless otherwise noted. The generational distribution of the 3,303 is: 785 Silent Generation (age 69-89), 2,153 Boomers (age 50-68), 192 Generation Xers (age 38-49), and 173 Millennials (age 25-37). Where noted, results from an additional sample of 2,121 affluent respondents age 50+ with at least \$250,000 in investable assets (including liquid cash and investments, but excluding real estate) are included. Qualitative research (seven focus groups) was also conducted among both pre-retirees and retirees prior to the quantitative research.