

The resurging workforce

Optimism and expectations for the future

2024 WORKPLACE BENEFITS REPORT



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All stats are from 2024 Workplace Benefits Report survey, January 2024, unless otherwise noted. Please read important information at the end of this report.

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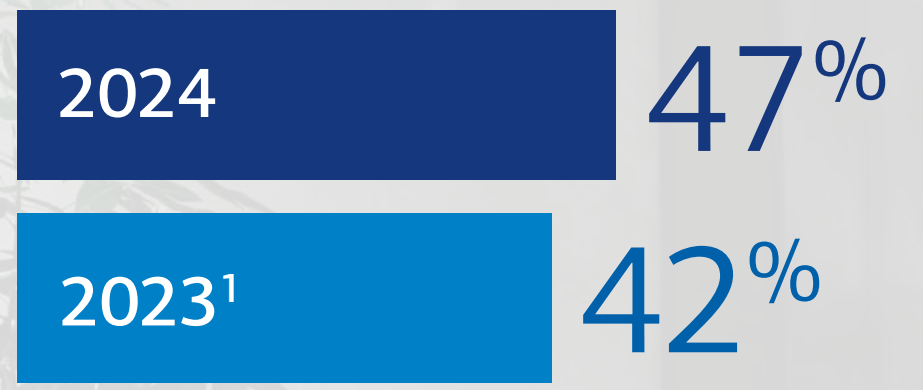
Trends to watch

RETIREMENT RESEARCH & INSIGHTS



The number of employees feeling financially well is trending up

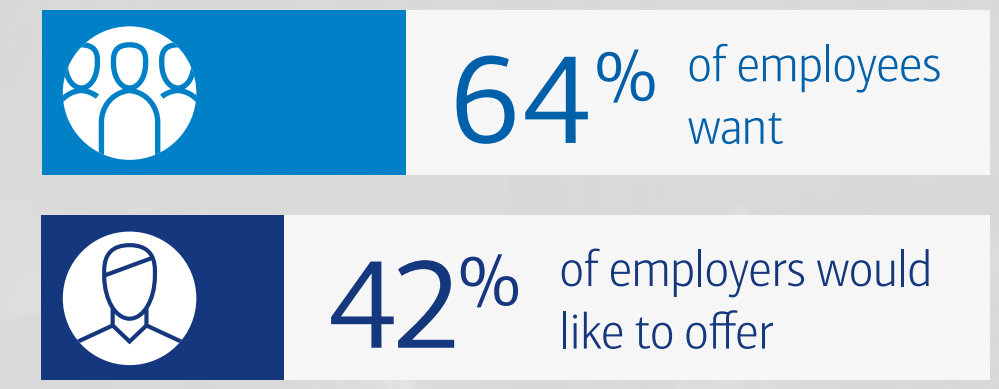
Employees who rate their financial wellness as good or excellent



Caregiving support in the workplace improves financial wellness, but many employees aren't aware of the resources

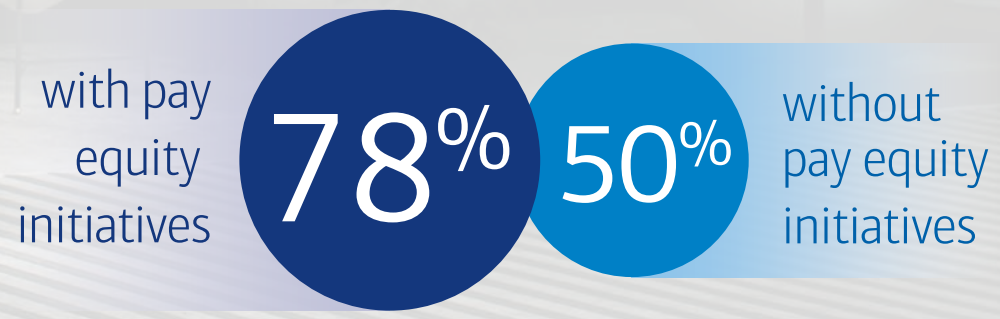


The four-day work week tops the list of additional workplace benefits employees want

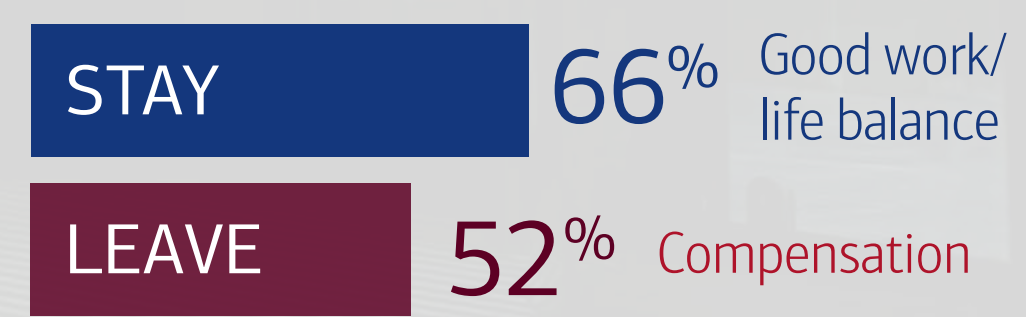


Pay equity has shown an improvement in many employers' ability to attract top talent

Employers who saw an improvement



Employees stay for work/life balance, and they leave for better compensation



More education is needed to understand the power of Health Savings Accounts (HSAs)





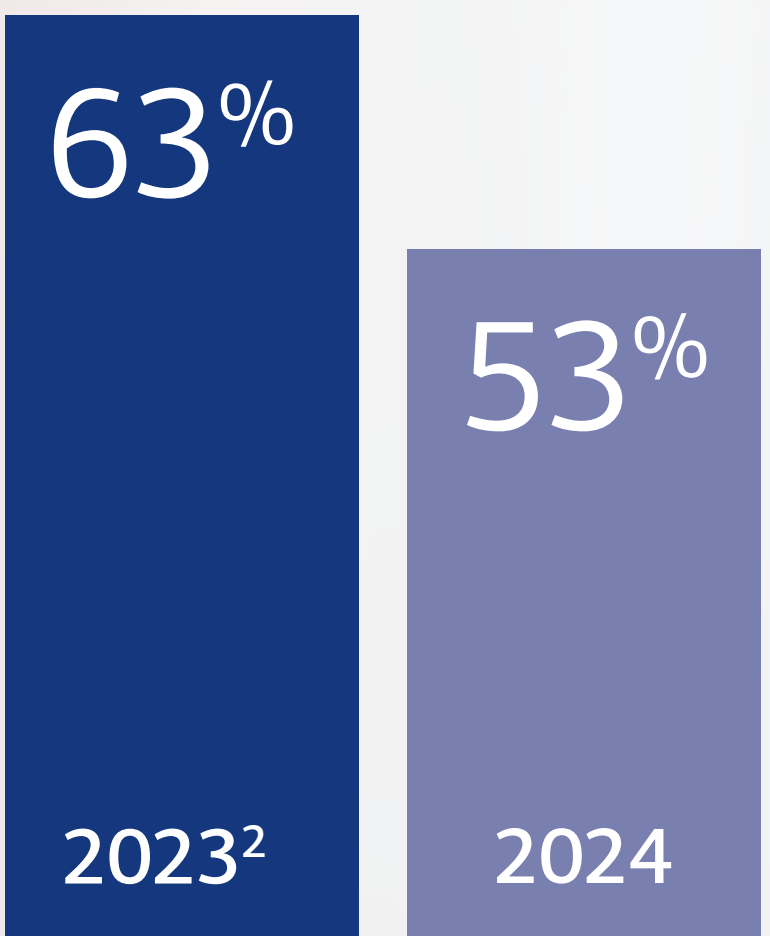
Overall employee well-being

Despite struggling with debt and a higher cost of living, employees are starting to get their lives back on course and transitioned into 2024 feeling more financially and emotionally confident. Employee financial wellness is beginning to show signs of a rebound after it dipped late in 2022 and into 2023. Also revealing, employees' concern that economic uncertainty could affect their retirement and benefits has dropped 10 points since 2023.

Employees who rate their financial wellness as good or excellent is trending up



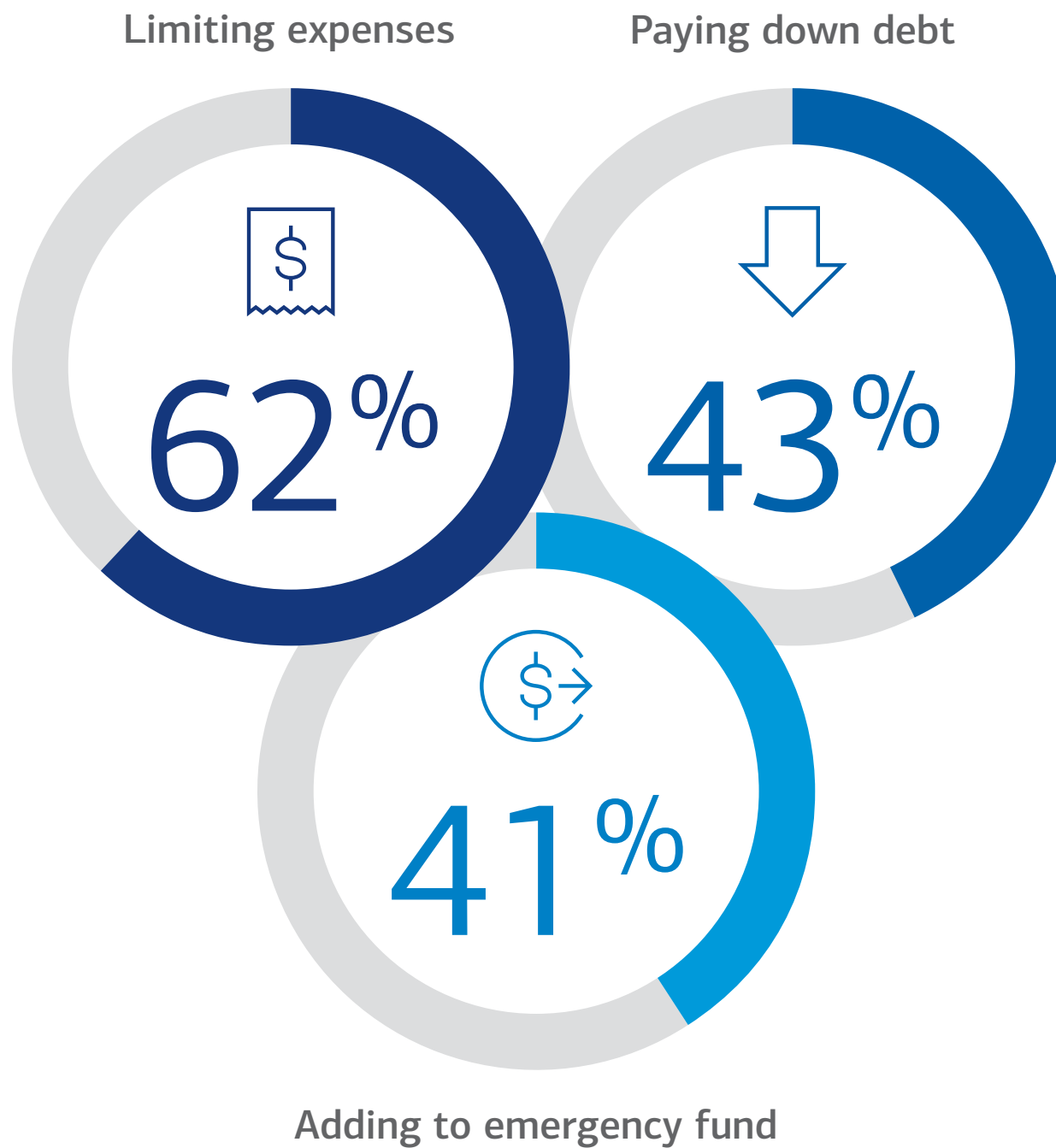
Employees concerned that economic uncertainty will affect retirement and benefits dropped significantly in 2024





Generally, the waning concern about economic uncertainty could indicate that employees are managing hardship by making more strategic choices about their finances, like limiting expenses and paying down debt. While these trends are encouraging, worries about inflation continue to loom. Three out of four employees are concerned the cost of living could outpace their paychecks, and two-thirds of employees feel stressed about their finances — with women and younger employees more so than their peers.

Steps employees are taking to prepare for market uncertainty and possible recession

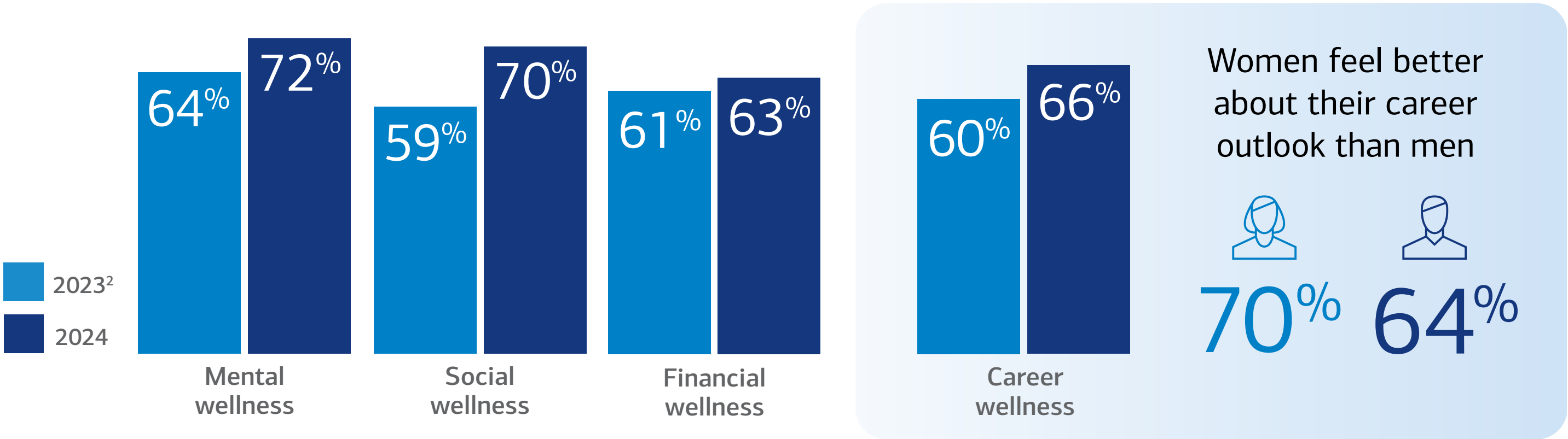


Worries about inflation continue to loom

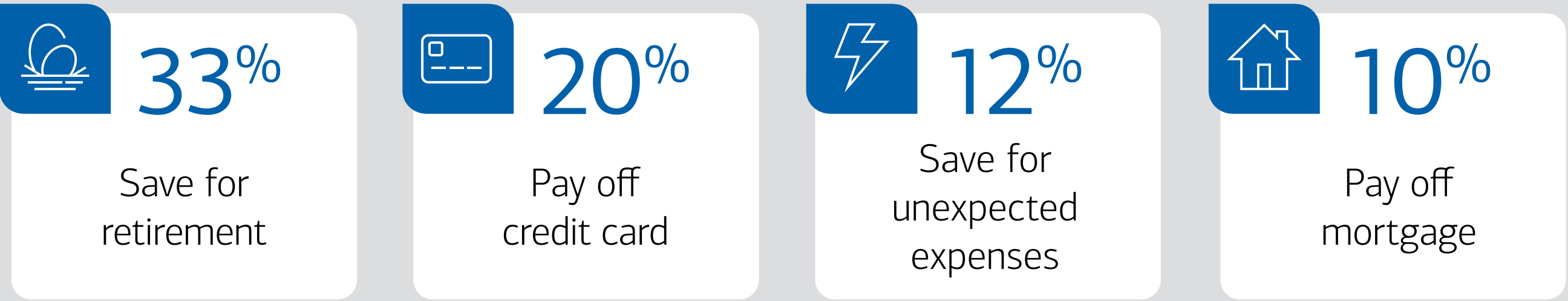


At the same time, employees’ overall outlook for the future continues to improve with a significant leap up from last year across all aspects of well-being. When setting financial goals, saving for retirement is at the top of their list.

Employees feel optimistic looking ahead to the next 2 to 3 years



Employees’ top financial goal



Employers in action

Ensure you’re offering financial wellness resources that employees want the most:

- ✓ Online financial tools, calculators and/or scores to measure and improve financial wellness
- ✓ Retirement education and planning resources
- ✓ Education to develop financial skills and good financial habits
- ✓ Platform with their information in one place with clear steps to help them identify and reach their goals

Caregivers in the workforce

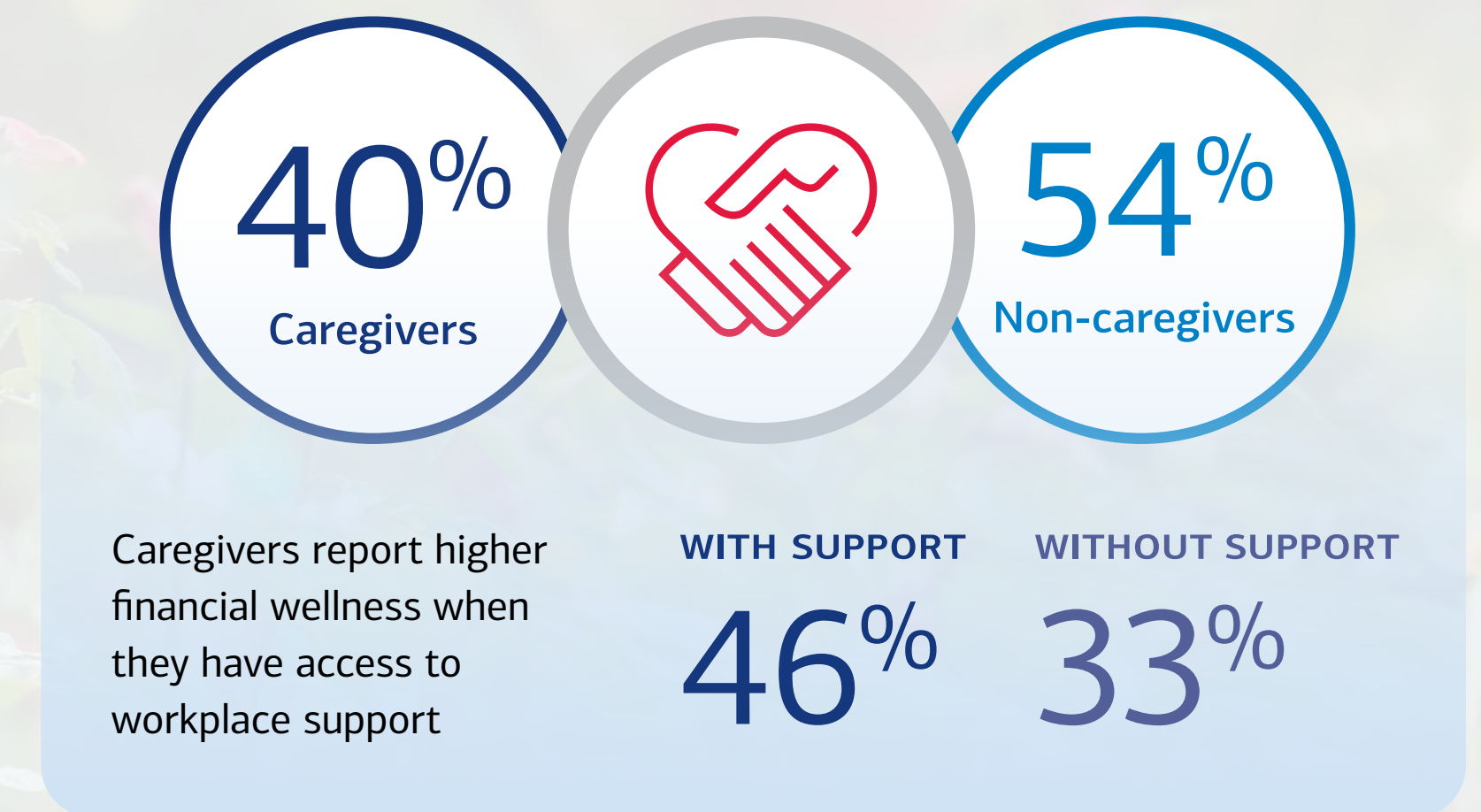


As of 2024, 52% of the workforce identify as caregivers—potentially an even larger segment when you factor in those who may not feel comfortable self-identifying. Balancing work responsibilities with the demands of caregiving can put a considerable strain on caregivers’ time, mental health and finances and could prevent them from reaching their full potential. In fact, caregivers report a lower financial wellness rating than non-caregivers. For these reasons, support of working caregivers is surfacing as a priority for employers.

Caregivers don’t feel comfortable identifying as caregivers to their employers



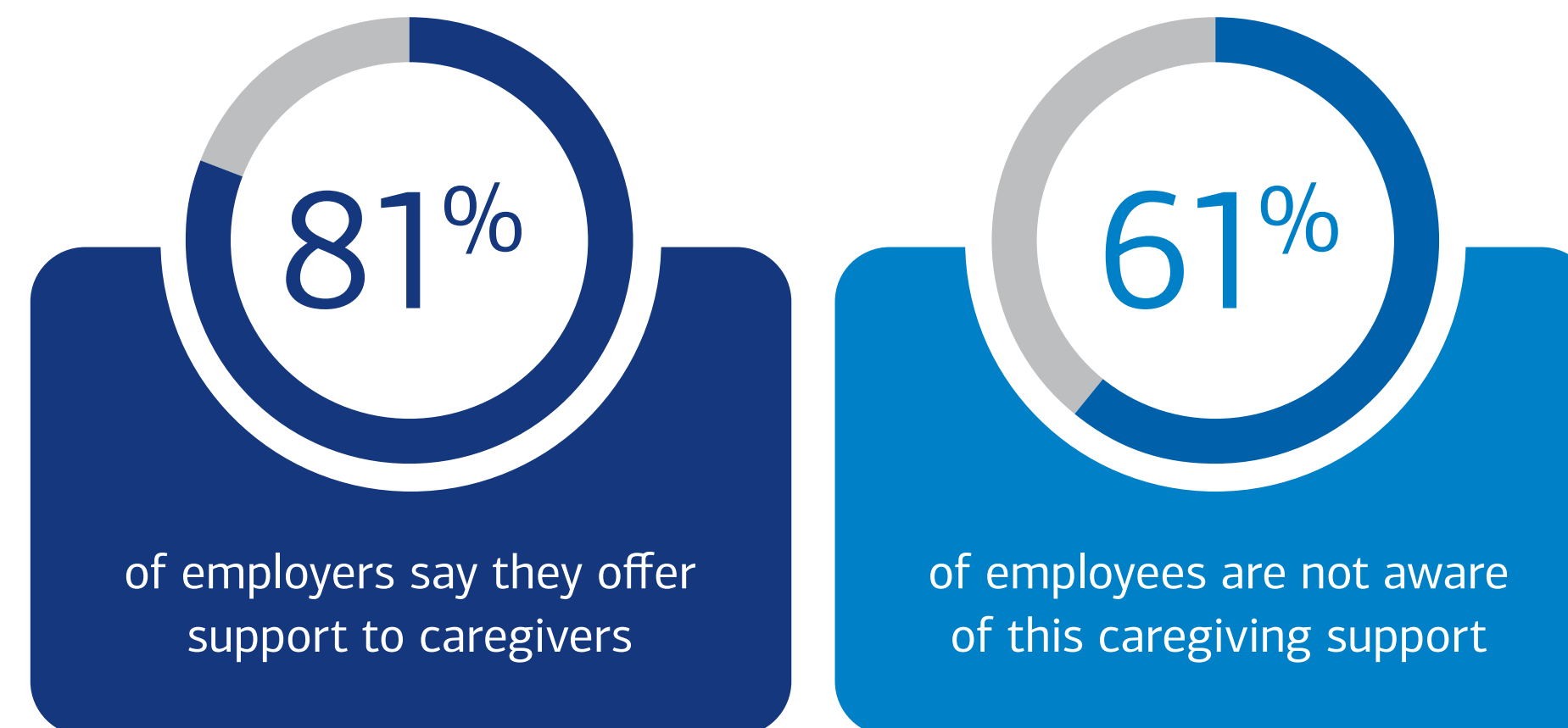
Caregivers report a lower financial wellness rating than non-caregivers





While working caregivers could benefit from taking advantage of guidance and support offered by their employers, there's a disconnect between employers who say they offer caregiving benefits and employees who are aware of them. In addition, employees are unlikely to inquire about these benefits since they're uncomfortable self-identifying in the workplace. These findings could indicate that many caregivers are not accessing the support that's available to them.

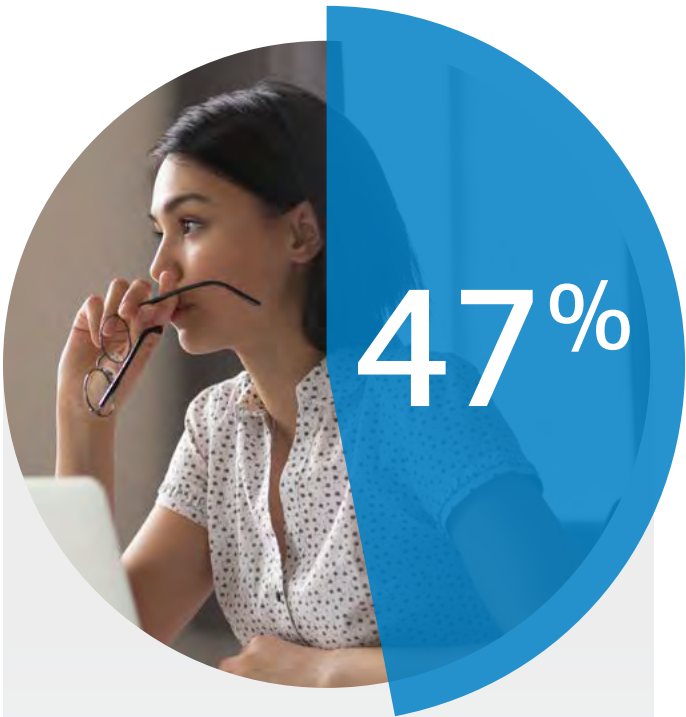
Employee caregivers may not be benefiting from the support available to them



Enhancing communications about caregiving support may allow more employees to take advantage of benefits offered.

Because many employees feel that identifying as a caregiver could affect perceptions about their ability to do their job, there’s an opportunity to improve career well-being and productivity by fostering a culture of support around caregiving in the workplace.

Top reasons caregivers are uncomfortable self-identifying



Perception that I am not committed to doing my job



Concern that my manager or co-workers will treat me differently



Fear that I will be passed over for a promotion or new opportunity

Employers in action

- ✓ Provide training to facilitate a culture of support for caregivers in the workplace and to help diminish the stigma around caregiving.
- ✓ Consider these benefit offerings that caregivers say would be helpful:
 - Flexible scheduling to accommodate caregiving needs
 - Leave of absence or sick days to give care to family members
 - Employee assistance programs such as counseling or support groups
- ✓ Stay proactive in communicating guidance and support to increase awareness of the benefits available to caregivers.
- ✓ Consider an employee resource group that offers teammates with caregiving responsibilities support, information and resources to help them care for their loved ones.

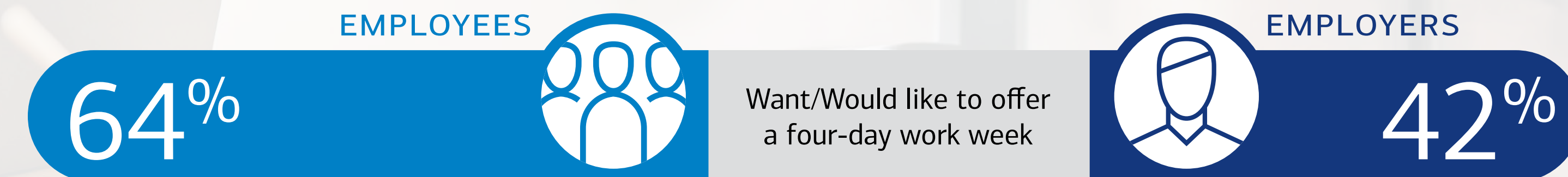
Valued workplace benefits

Employees report that competitive workplace benefits are one of the top factors keeping them at their current company, while compensation is reported as the biggest factor affecting employees' decision to leave. What can employers take away from these findings to help evolve their benefits packages to attract and retain talent?

A closer look at workplace benefits trends reveals that in addition to their health and retirement benefits, employees seek benefits that allow for greater work/life balance, contribute to their overall well-being and can help them balance their current financial priorities with planning for the future.

Four-day work week

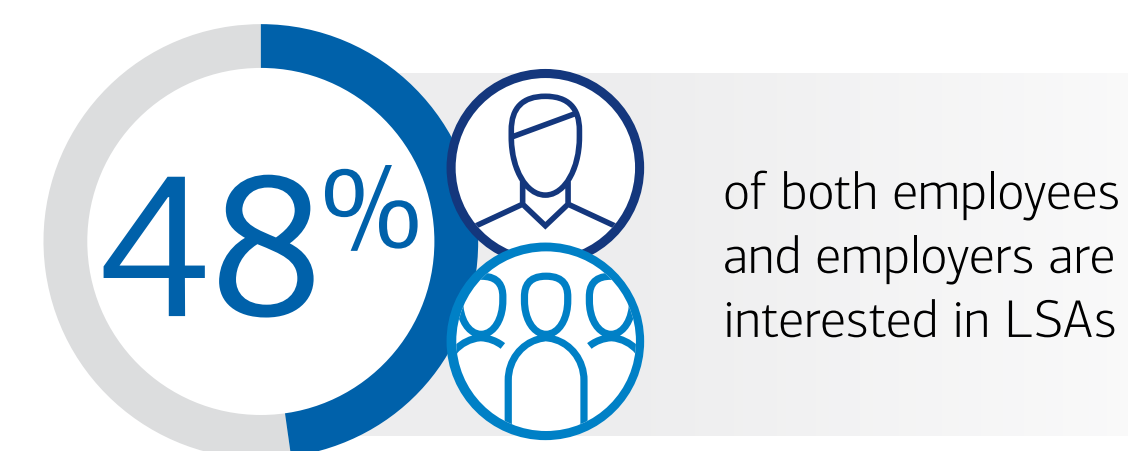
A four-day work week is the top additional benefit that employees want and also the top benefit that employers would like to offer in the next three to five years. While there is agreement that this benefit is highly desired, employers as a whole are lagging behind employees in their interest in implementing it. This will be a key trend to track going forward.





Wellness reimbursements

Wellness reimbursements, such as Lifestyle Spending Accounts (LSAs), can help employees pay for a range of health and wellness expenses while providing employers with a way to encourage healthy behaviors — potentially helping to reduce health care costs and absenteeism. Qualified expenses may include gym memberships, meditation classes and camping supplies. While both employees and employers express interest in LSAs, there seems to be a need for more education on this benefit and how it works.



29%

of employers currently offer LSAs

YET ONLY

3%

of employees are aware an LSA is offered in their workplace

Debt assistance

Debt assistance is emerging as a priority for employees. With 1 in 2 employees carrying mortgage or credit card debt and 1 in 4 carrying student loan debt, employers are starting to explore ways they can support employees.



37% of employers offer student loan repayment assistance

50% of which make matching contributions into employees' 401(k) plans

46%

of employees say they would be willing to sign a service agreement in exchange for student loan assistance



Health Savings Accounts (HSAs)

An HSA paired with a high-deductible health plan (HDHP) offers a way for employers to help employees with health care affordability and can be an attractive benefit as health care costs continue to rise. Nearly 40% of employees have access to an HSA, of which 73% contribute to it. However, our report shows that both employees and employers may not fully understand the features of an HSA and the role an HSA can play in preparing for future health care expenses. In the past five years, knowledge of HSAs has decreased.

Understanding of HSAs has decreased from 2019³ to 2024 among both employees and employers

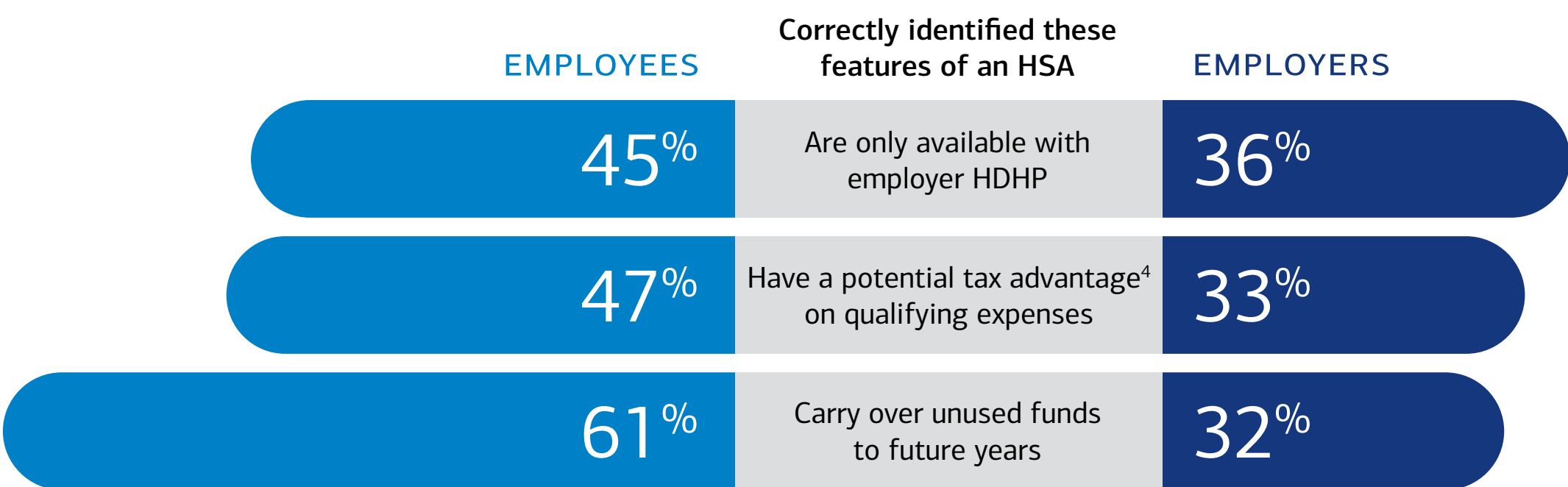
Employees who say they have a strong understanding of HSAs



Employers who say they have a strong understanding of HSAs




Survey responses indicate that both employees and employers do not fully understand key HSA features



Equity compensation

Equity compensation can be a way for employers to enhance overall employee compensation, incentivizing and rewarding job performance and encouraging company loyalty.

 **67%** of employees say that equity compensation is either a factor in their employment or would entice their employment decision

Pay equity initiatives

Pay equity initiatives represent another way employers can engage employees and prospects around compensation. This year's survey finds that 44% of employers currently address pay equity, and 28% are considering it in the next one to two years. Employers who do have pay equity initiatives see an improvement in the ability to attract top talent.



Employers who report an improvement in the ability to attract top talent with and without pay equity initiatives

WITH

78%

50%

WITHOUT

Employers in action

- ✓ Consider adding benefits desired and valued by employees to help your company remain competitive in today's labor market.
- ✓ Consider resources to help manage debt, especially student loan debt.
- ✓ Explore opportunities to continue educating employees and employers on HSA features and benefits.
- ✓ Leverage pay equity initiatives to engage both current employees and future prospects.



Key trends in the workplace

Compared to last year, more employees (39% vs. 33%) say they switched jobs or considered doing so in the past year, while 27% are considering changing jobs in the next year. Younger employees and women are more likely to want to make the switch. In 2023, overall burnout was a driving factor behind employees leaving or considering leaving.¹ This year, compensation and career growth lead as deciding factors across generations, which may signal a stronger employee focus on career wellness and optimism in 2024, as reported earlier in this report.

Top reasons employees would consider leaving

2023¹

1. Overall burnout	53%
2. Size of pay increases	44%
3. Work/life balance	41%
4. Compensation	40%

2024

1. Compensation	52%
2. Career growth	45%
3. Overall burnout	43%
4. Work/life balance	42%



35%



12%

More women than men report the ability to work remotely as a significant factor when considering leaving a company.



The good news for employers is that 70% of employees plan to stay at their current company for the next year. Work/life balance, compensation, pay increases and competitive workplace benefits continue to be the top reasons employees remain with their employers.

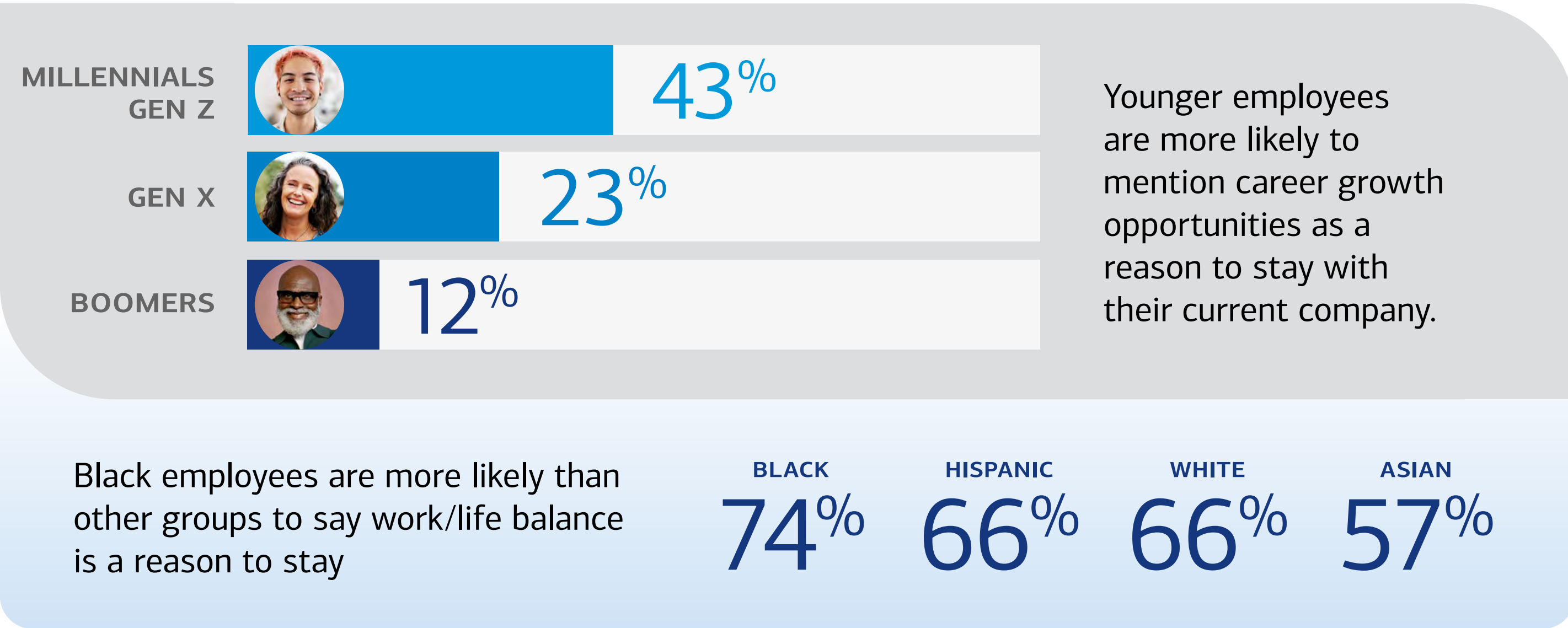
Top reasons employees stay

2023²

1.	Good work/life balance	60%
2.	Compensation	44%
3.	Competitive workplace benefits	38%
4.	Pay increase potential	37%

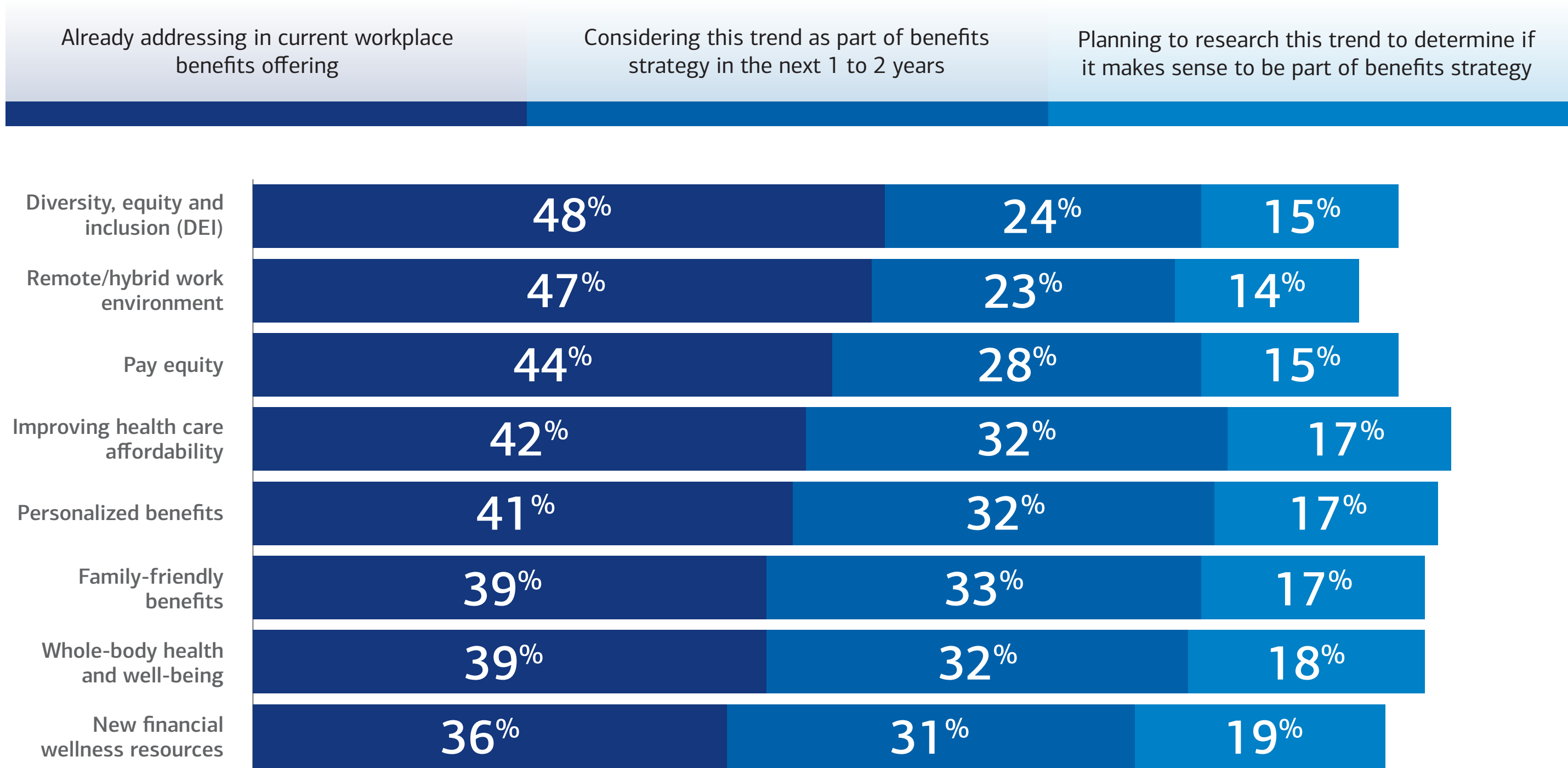
2024

1.	Good work/life balance	66%
2.	Compensation	53%
3.	Pay increase potential	40%
4.	Competitive workplace benefits	39%



Taking a look at other types of workplace programs and initiatives companies are considering can help inspire strategies to foster a more supportive and inclusive company culture that can appeal to today’s workforce. Almost half of plan sponsors say they have addressed diversity, equity and inclusion (DEI) and remote/hybrid work environments while about a third are interested in incorporating family-friendly and whole-body health and well-being benefits over the next one to two years.

Companies’ workplace benefit trend considerations



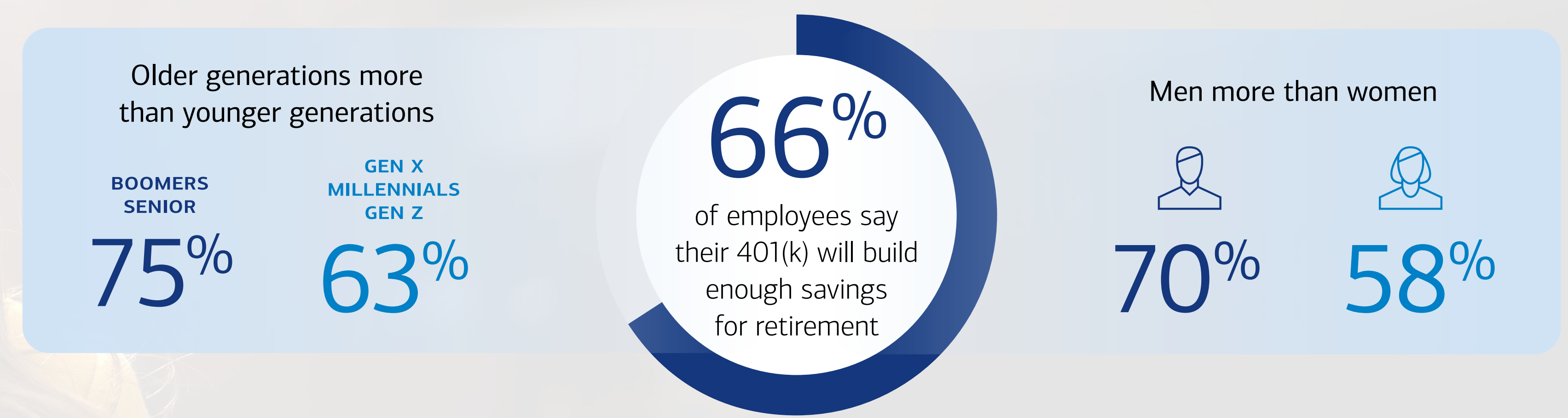
Employers in action

- Enhance work/life balance benefits to retain talent, such as wellness reimbursements and other benefits desirable to employees.
- Expand opportunities for career growth and maintain competitive pay, possibly with pay equity initiatives.
- Consider the benefits your peers intend to offer in the next few years, and explore how these might fit with your workplace goals to help keep your benefits competitive.

Income in retirement

Employees' primary financial goal is saving for retirement, and two-thirds of employees say they are confident their 401(k) will build enough savings to allow them to live the retirement they envision, with men and older generations more confident than other employee segments. However, responses to this year's survey show a lack of understanding around how Social Security, Medicare and HSAs could help supplement 401(k) savings in retirement.

Employees feel confident that they can build sufficient retirement savings in their 401(k)





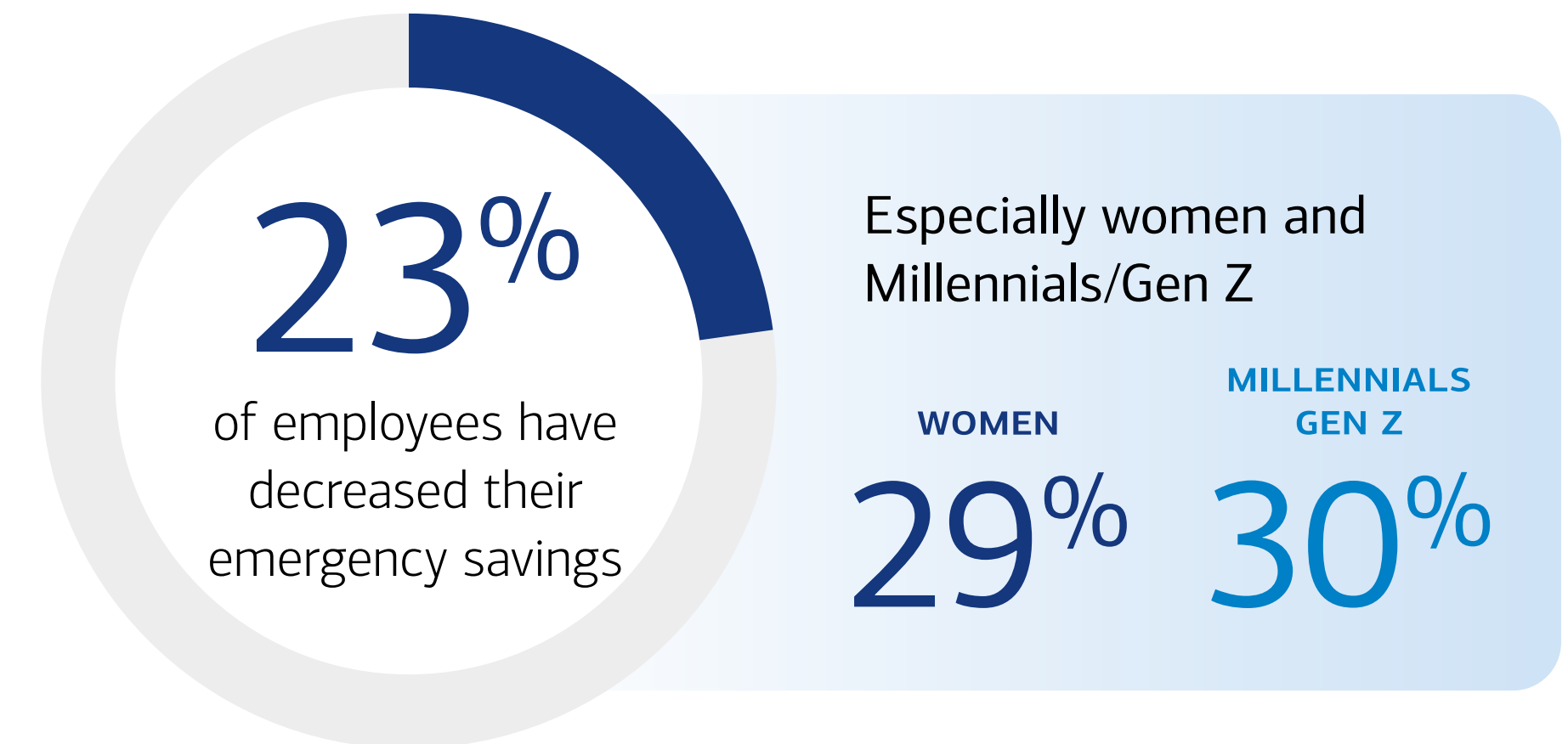
In the last six to twelve months, the majority of employees have not taken any action regarding their retirement or health care savings. However, for those that did take action, more employees increased their retirement savings than decreased their savings. It is worth noting a few trends that may reflect shifting employee sentiment and outlook as they navigate the evolving economic climate.

A look at how employees are saving for the future



1 IN 3

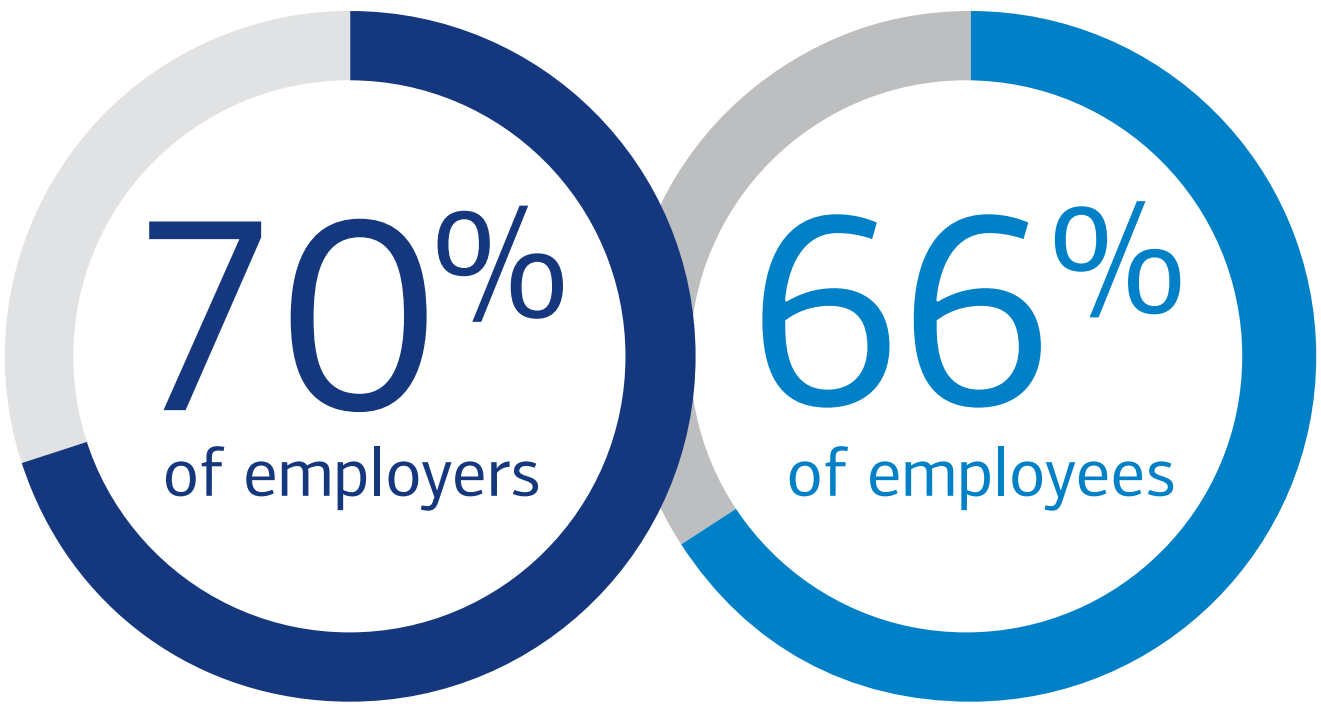
employees have increased their retirement savings





Employees underestimate the cost of health care in retirement. Current research shows that a retired 65-year-old couple could need \$351,000 in savings to cover their retirement health care expenses,⁵ yet only 7% of employees think their yearly health expenses in retirement could total \$10,000 or more. Employees also don't understand how they will pay for these expenses, with almost a third saying they don't know how much Medicare will cover and most not using their HSA to help build savings to help them close the gap.

More education is needed to understand the power of HSAs to prepare for health care expenses in retirement



don't know that HSAs can be invested for the potential to build account balances to help pay for health care expenses in retirement



of employees who contribute to HSAs made regular withdrawals to pay for qualified health care expenses in the past year



Employees may not be taking advantage of their account's long-term savings benefits



More employees report in 2024 that they don't understand Social Security compared to employees in 2023. However, they do seem to recognize that Social Security cannot be their only source of income in retirement, with most employees expecting it to replace 40% or less of their pre-retirement earnings. Employees, especially older Millennials and Gen X, are also concerned that Social Security could run out in their lifetime.

Employees who say they do not understand Social Security



 68%

of employees are concerned that Social Security could run out in their lifetime

Employees understand that Social Security will cover only a percentage of their pre-retirement earnings



To better inform their retirement strategies, employees want their employers to provide tools and resources.

Tools to help them:



Estimate and plan for general expenses in retirement



Recommend ways to create a guaranteed income stream



Estimate and plan for health care expenses

Resources wanted:

SOCIAL SECURITY



MEDICARE



Employers in action

- ✓ Help your employees understand not only how much they will need in retirement, but where that income will come from.
- ✓ Ensure your employees have access to the retirement planning education and tools they want most.
- ✓ Consider personalizing Social Security, Medicare and health care savings education to address concerns by life stage.
- ✓ Provide up-to-date information on Social Security and Medicare as availability or changes occur.
- ✓ Expand educational opportunities on the features and benefits of HSAs at all levels in the workplace.

About the study

2024 Workplace Benefits Report

The 2024 Workplace Benefits Report has been prepared by Bank of America Workplace Benefits™, in partnership with Bank of America Institute. 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.

Methodology

Escalent surveyed a national sample of 955 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 November 22, 2023 and January 4, 2024. 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.

Plan sponsors		804		
Assets in 401(k)			Plan sponsor locations	
Less than \$20M	50%		Rural	12%
\$20M to less than \$100M	25%		Suburban	52%
\$100M or more	25%		Urban	36%
Employees		955		
Gender			Racial/ethnicity	
Male	64%		White/Caucasian	66%
Female	36%		Hispanic or Latinx	14%
Life stage			Black/African-American	10%
Millennial/Gen Z (ages 18–44)	40%		Asian	7%
Gen X (ages 45–54)	36%		Multi-racial	2%
Boomer/Silent and older (ages 55+)	24%		American Indian or Alaska Native/Multi-racial	0%
			Sexual and gender identity	
			Heterosexual	91%
			LGBTQ	9%
			Refused	0%

All stats from 2024 Workplace Benefits Report survey, January 2024, unless otherwise noted.

¹ Bank of America Workplace Benefits Report, June 2023.

² Bank of America Workplace Benefits Report, January 2023.

³ Bank of America, Workplace Benefits Report, February 2019.

⁴ Potential Tax Advantages: HSA Account holders can receive federal income tax-free distributions from their HSA to pay or be reimbursed for qualified medical expenses they incur after they establish an HSA. If they receive distributions for other reasons, the amount withdrawn will be subject to income tax and may be subject to an additional 20% tax, unless an exception applies. Any interest or earnings on the assets in the account are federal income tax-free. Account holders may be able to claim a tax deduction for contributions they, or someone other than their employer, makes to their HSA directly (not through payroll deductions). In addition, HSA contributions may reduce state income taxes in certain states. Certain limits may apply to employees who are considered highly compensated key employees. Bank of America [and Merrill] recommends you contact qualified tax or legal counsel before establishing an HSA.

⁵ Employee Benefits Research Institute, Issue Brief, no. 599, January 18, 2024. A 65-year-old couple, both with median drug expenses needs \$351,000 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 2020. A 65-year-old man needs \$184,000 or a 65-year-old woman would need \$217,000 to have to have a 90% chance of having enough money to cover health care expenses (excluding long-term care) in retirement.

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