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.

Important: This presentation provides general information about fiduciary ideas and strategies for retirement plans. Bank of America Merrill Lynch does not provide advice on the roles and responsibilities of fiduciaries. Always consult with your legal, tax, insurance and investment advisors before implementing any changes.

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Investment products:

| Are Not FDIC Insured | Are Not Bank Guaranteed | May Lose Value |

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The “Longevity Economy” represents a massive global opportunity

60+ age group spending power will reach $15+ trillion globally by 2020E

**Healthcare:** 60+ segment accounts for ~75% of healthcare spending

**Financials:** Investment assets expected to increase from $250 to $345 trillion by 2020E

**Caregiving:** The senior living market is ~$500 billion in the US

**Consumer Goods:** Consumer spending for 60+ rose 50% faster than those under 30 in the past twenty years

The private sector can address this tremendous economic opportunity

Financial Services – A golden age for financial advice

<table>
<thead>
<tr>
<th>Pensions</th>
<th>Pension assets make up 80% of GDP for the world’s top 19 pension markets and are expected to reach $57 trillion by 2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>Millennials expect 2X more of their retirement income to come from personal savings vs. the Silent Generation</td>
</tr>
<tr>
<td>Insurance</td>
<td>Vast opportunities for life insurance managing risk during the post-retirement phase where assets are drawn down</td>
</tr>
<tr>
<td>Investments</td>
<td>52% of higher wealth individuals belong in the 50+ cohort and only 26% of retirees globally have ever used a professional financial advisor</td>
</tr>
</tbody>
</table>

What is top of mind for talent in the age of Longevity?¹

Employees are optimistic about their financial future, but still have worries.

They are focused on Life Events and are concerned about retirement and everyday financial management.

Employees are stressed and spending time at work to manage their finances, resulting in lost productivity.

Employees value their benefits and are looking to employers for help, especially with Financial Wellness.

¹ Source: 2017 Workplace Benefits Report and Personal Financial Journey
Employees are optimistic about their financial future

87% of employees are optimistic about their financial future

Top three reasons for financial optimism:

- Being in good health: 49%
- Living within their means: 51%
- Having a well-paying job: 45%

1 Source: 2017 Workplace Benefits Report and Personal Financial Journey
But even optimists have concerns, especially Financial insecurities

Employees say their top financial concerns are...

<table>
<thead>
<tr>
<th>Concern</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having to work longer than had hoped for</td>
<td>51%</td>
<td>61%</td>
</tr>
<tr>
<td>Becoming seriously ill and not being able to work</td>
<td>52%</td>
<td>58%</td>
</tr>
<tr>
<td>Being able to pay for children’s education</td>
<td>52%</td>
<td>57%</td>
</tr>
<tr>
<td>Losing job</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>Supporting family members</td>
<td>38%</td>
<td>46%</td>
</tr>
<tr>
<td>Being a financial burden to family</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>Being able to pay mortgage or rent</td>
<td>35%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Fewer women are optimistic about their financial future than men

44% Men

29% Woman

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Life events can have profound impact on finances ...

Employees report that certain life events had the greatest impact on their finances

- Buying a home: 22%
- Job loss: 18%
- Dealing with a serious illness: 9%
- Were not financially prepared for it: 29%
- Underestimated its financial impact: 47%

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Resulting in time spent at work focused on finances

Employees spend significant time at work on personal financial matters each week

- **5+ HOURS**: 21%
- **3-5 HOURS**: 30%
- **1-2 HOURS**: 22%
- **<1 HOUR**: 26%

Employees spend a median of 2 hours a week, which amounts to 100 HOURS a year.

Younger employees spend significantly more time each week at work on personal finances—double that of Gen X and 4x that of Baby Boomers.

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Distraction leads to lost productivity

Financial stress leads to employee distraction and may even negatively impact their health

56% of employees are stressed when it comes to their financial situation

53% of these employees report that the stress interferes with their ability to focus and be productive at work

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Financial stress affects employees at work, especially younger employees

Millennials are $2x$ as likely as Baby Boomers to say stress interferes with work

![Bar chart showing percentages]

- Millennials: 67%
- Gen X: 56%
- Baby Boomers: 32%

Nearly 6 in 10 feel that this stress negatively affects their health

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Healthcare costs negatively impact financial wellness

Employees who have experienced an increase in healthcare costs:

- In 2016, 79% of employees have experienced an increase in healthcare costs.
- In 2015, 69% of employees have experienced an increase in healthcare costs.

56% of employees are spending less or contributing less to their financial goals.

Higher healthcare costs impact women more than men, with women foregoing discretionary spending and debt management to cover healthcare costs:

- 59% of men reported spending less on recreation or entertainment.
- 72% of women reported spending less on recreation or entertainment.
- 62% of men reported saving less for retirement.
- 63% of women reported saving less for retirement.
- 46% of men reported paying down less debt.
- 50% of women reported paying down less debt.

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Specifically, Caregiving is a significant challenge.

- **18%** Negative impact on career³
- **36%** Financial costs of caregiving³
- **68%** Mental and physical time & effort involved³

Source:³ Age Wave Calculations
Employees value their benefits

Employee’s choice of their top employment benefit

- Health benefits: 40%
- 401(k) plans: 31%

Employees are engaged with 401(k) plans—with over 1/3 contributing 11% or more of their salary to their plan, and many contributing more than 15%.

- Millennials: 29% contribute more than 15%
- Gen X: 24% contribute more than 15%
- Baby Boomers: 18% contribute more than 15%

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Company Best Practices are being recognized

Case Studies

- Allianz Life
- Bank of America
- Caring.com
- CBS
- Deloitte
- Eli Lilly and Company
- Emory University
- Fannie Mae
- Gundersen Health System
- Home Instead Senior Care
- Pfizer
- Philips
- University of Arizona
- UPMC
Employees want help managing their finances

Employees say they need help saving for retirement, with 50% ranking it at the top.

This number increases with age:

- Millennials: 43%
- Gen X: 53%
- Baby Boomers: 54%

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Employees are hungry for help from employers on financial matters

At least 40% would like their employer to:

- Bring in financial professionals to provide general education
- Provide education tailored to their age and finances
- Provide access to a financial professional to create a personalized financial plan

Employees are comfortable asking for help from a range of sources

- 56% Financial advisor
- 57% 401(k) plan provider

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Employer’s help can lead to positive employee action

Age plays a factor, with younger employees indicating that they are more likely to participate in a financial education program.

- Millennials: 92% would participate (86% of employees surveyed)
- Gen X: 89% would participate
- Baby Boomers: 76% would participate

Men are also slightly more likely to participate than women (89% vs 84%).

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Employer’s help leads to employees’ taking a more active role

Employees would assume a more active role in their financial situation, if they:

- 50% had an annual or regularly scheduled financial review
- 49% had a personalized action plan

Older participants are more likely to rank an annual review highly...

... As well as rank a personalized plan as useful

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Annual Review</th>
<th>Personalized Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>47%</td>
<td>45%</td>
</tr>
<tr>
<td>Gen X</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>55%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Employers can be highly influential

67% of employees say their employer was influential in getting them to save for retirement.

- **76%** Millennials
- **70%** Gen X
- **54%** Baby Boomers

Source: 2017 Workplace Benefits Report and Personal Financial Journey
Our approach to the Longevity opportunity

- Full time gerontologist on staff
- 7 Life Priorities Program
- Research and Thought Leadership
- Academic and Industry Partnerships
- BofA Corp. Elder Care Benefits for Associates
- Gerontology Training for Advisors
Summary and Recommendations for the Private Sector

- Broaden benefits conversation to Financial Wellness and Workplace Banking
- Deepen understanding of Life Events and Life Stages
- Create incentives to drive action (like 401(k) match, HSAs, discounts for workplace banking services)
- Encourage policy makers to make longevity and financial wellness part of their agenda