

Bank of America Merrill Lynch Report Finds Millennials Prioritizing Retirement and Health Saving Through Workplace Benefits

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NEW YORK--(Business Wire)--Saving for retirement and health care expenses was a priority for employees of all ages during the first half of 2014, according to the latest Bank of America Merrill Lynch [401\(k\) Wellness Scorecard](#). This semiannual report reveals trends in the behaviors of financial benefit plan participants, along with employers' adoption of 401(k) design features in plans serviced by Bank of America Merrill Lynch.¹ Key insights from the new report include:

- Health savings account (HSA) usage grew 33 percent during the first six months of the year, with more than 384,000 workers now utilizing these tax-advantaged vehicles to prepare for qualified near- and long-term medical expenses. While Baby Boomers (38 percent) and Gen Xers (39 percent) make up the majority of account holders, Millennials (23 percent) are also using HSAs early in their careers.
- Millennials are also taking positive retirement savings actions. Nearly 40,000 of these younger workers enrolled in their employer's 401(k) plan for the first time during the first half of the year – a 55 percent increase from the same six-month period last year. Across all generations, the report found a 37 percent increase among first-time contributors.

“Seeing younger generations more vigorously engaged with workplace savings vehicles is encouraging,” said David Tyrie, head of retirement and personal wealth solutions for Bank of America Merrill Lynch. “These actions represent significant steps toward achieving long-term financial wellness in an era of rising health care costs, increasing longevity and self reliance due to fewer pension plans.”

Trends in employee behaviors revealed through this report are consistent with insights garnered from Merrill Lynch and Age Wave's ongoing series of retirement studies. In particular, our recent [health study](#) found that health care expenses are people's top financial concern for later life, which makes planning for them an essential part of holistic retirement preparation.² In addition, our recent [work study](#) found that Millennials expect to rely primarily on personal savings and income to fund their retirement.³

Mobile participation on the rise

Employee engagement with Bank of America Merrill Lynch's Benefits OnLine® Mobile optimized site increased 41 percent – with approximately 170,500 unique users accessing their benefits via mobile device during the first half of the year, up from 120,500 during the same period last year. This further demonstrates that participants want to receive education and information about their benefit plans, along with tools to better manage their finances, in a manner that reflects their on-the-go lives.

Plan sponsors often find mobile access to plan information to be the ideal way to reach Millennials, as well as hard-to-engage employees such as those in industries with limited access to desktop computers. Bank of America Merrill Lynch has introduced ongoing enhancements to its mobile benefits platform since 2012, providing employees access to detailed information in

their 401(k), equity, defined benefit and non-qualified deferred compensation plans through a unified mobile experience.

Employers make saving easier, automatic

Employers continue to seek proactive ways to help their employees achieve their retirement goals and improve their overall financial wellness. Results from the report show that:

- During the 12-month period ending June 30, 2014, the number of 401(k) plans combining auto enrollment and auto increase grew 19 percent compared to one year early, with 213 plans now using these features in tandem.
- Nearly all employers (94 percent) that added auto enrollment during the first half of this year also added auto increase, compared to 50 percent during the same period last year.
- Overall, more plan sponsors are adding voluntary auto increase to their plans, with a 63 percent increase in adoption of this feature during the last 12 months. And employees are responding, as evidenced by a 27 percent increase in the number of participants using auto increase.
- Advice Access⁴ is a professional saving and investment advice service – offered online, via phone and in person – tailored to an employee’s life stage and individual situation. Employer adoption of this service as a resource for their workforce increased 6 percent year-over-year (June 30, 2013 to June 30, 2014). Similarly, plan participant usage of the service increased 8 percent during this period, to nearly 210,000 users – 34 percent of whom are Millennials, 26 percent are Baby Boomers.

“With intuitive plan design strategies, companies are making access to financial benefit plans and decision-making about enrollment and contribution rates easier, and helping employees achieve better outcomes through personalized education and advice,” said Steve Ulian, head of institutional business development for Bank of America Merrill Lynch. “By further integrating how employees save for retirement and long-term health care costs, employers can help people see a more complete picture of their financial wellness and make informed choices.”

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