



Bank of America Merrill Lynch ***Workplace Benefits Report***

June 14, 2011

Bank of America Merrill Lynch Workplace Benefits Report

What We Set Out to Accomplish

- Investigate employers' views on the role financial benefit plans play in their talent management strategies and in the overall financial well-being of employees
- Examine ways in which employers are helping to address the financial needs of the most demographically diverse workforce in history

How We Did It

- A national sample of 650 CEOs, CFOs, HR Executives/Managers and Benefit Administrators were interviewed by Market Strategies International between April 19 – 23, 2011 on behalf Bank of America Merrill Lynch Retirement Services
- To qualify for the survey, all respondents met the following criteria:
 - Offer their employees at least one type of financial benefit plan
 - Total revenue of the business in 2010 was between \$5 million and \$2 billion
 - Must have at least 100 employees
- Respondents were recruited from the Research Now opt-in online panel of U.S. businesses and were interviewed online

Market Strategies International is not affiliated with Bank of America Corporation

Employers Value both Older and Younger Employees

An overwhelming majority of employers believe it is important to their business to retain older employees (94%), as well as attract younger employees (98%)

What employers say about retaining older employees...

“Their institutional knowledge is invaluable.”

“Older employees are very skilled and very dependable.”

“Their skill sets are difficult to replace.”

“Valuable resources for training new employees.”

“They have built great relationships with their customers.”

What employers say about attracting younger employees...

“Due to Boomers leaving the workforce and the changes in technology, we need these younger recruits to continue to grow the business.”

“Younger talent brings fresh ideas.”

“They bring innovative thinking and leading edge technological skills.”

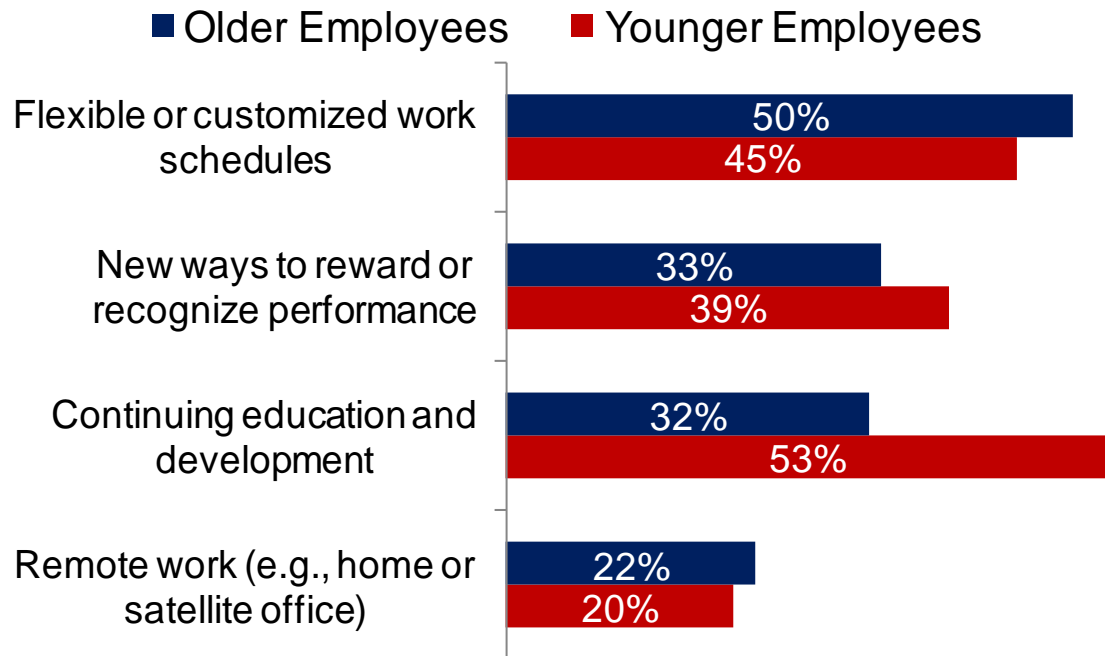
“They are the future of our company.”

“They are important for succession planning.”

Meeting the Needs of a Multigenerational Workforce

Employers are taking progressive steps to retain older employees, including offering education around retirement income and health care (33%), as well as providing extended benefits (21%)

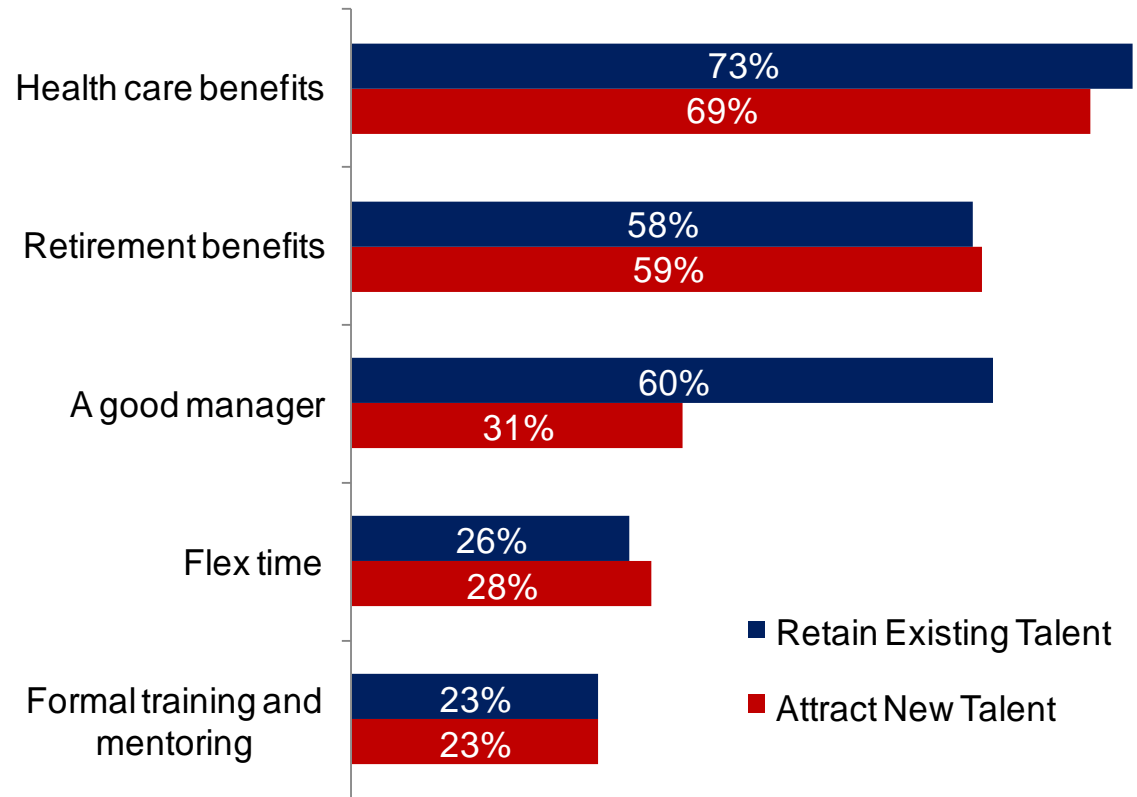
Age-friendly employers are also offering programs and benefits to both retain older employees and attract younger employees:



Employers Find Financial Benefits Are Critical to Attract and Retain Talent



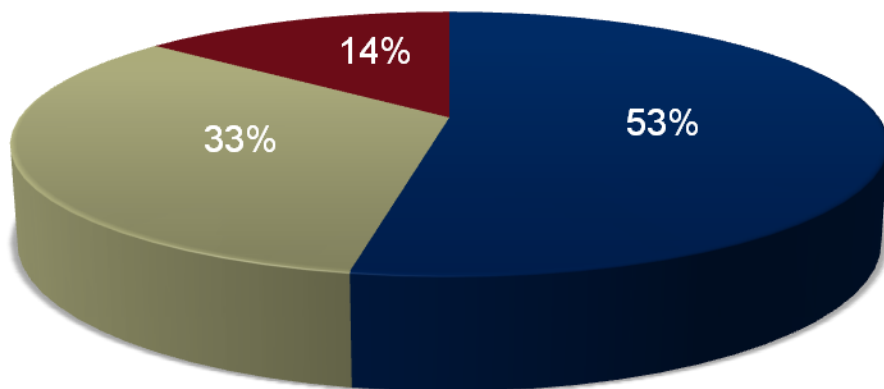
When asked what are the top factors that create company loyalty as well as attract new talent, employers cited:



Employers Feel an Increased Sense of Responsibility for Employees' Financial Well-Being

Coming out of the recent recession, 59% of employers feel an increased sense of responsibility towards helping employees meet their financial goals; 17% of employers have always felt a high level of responsibility

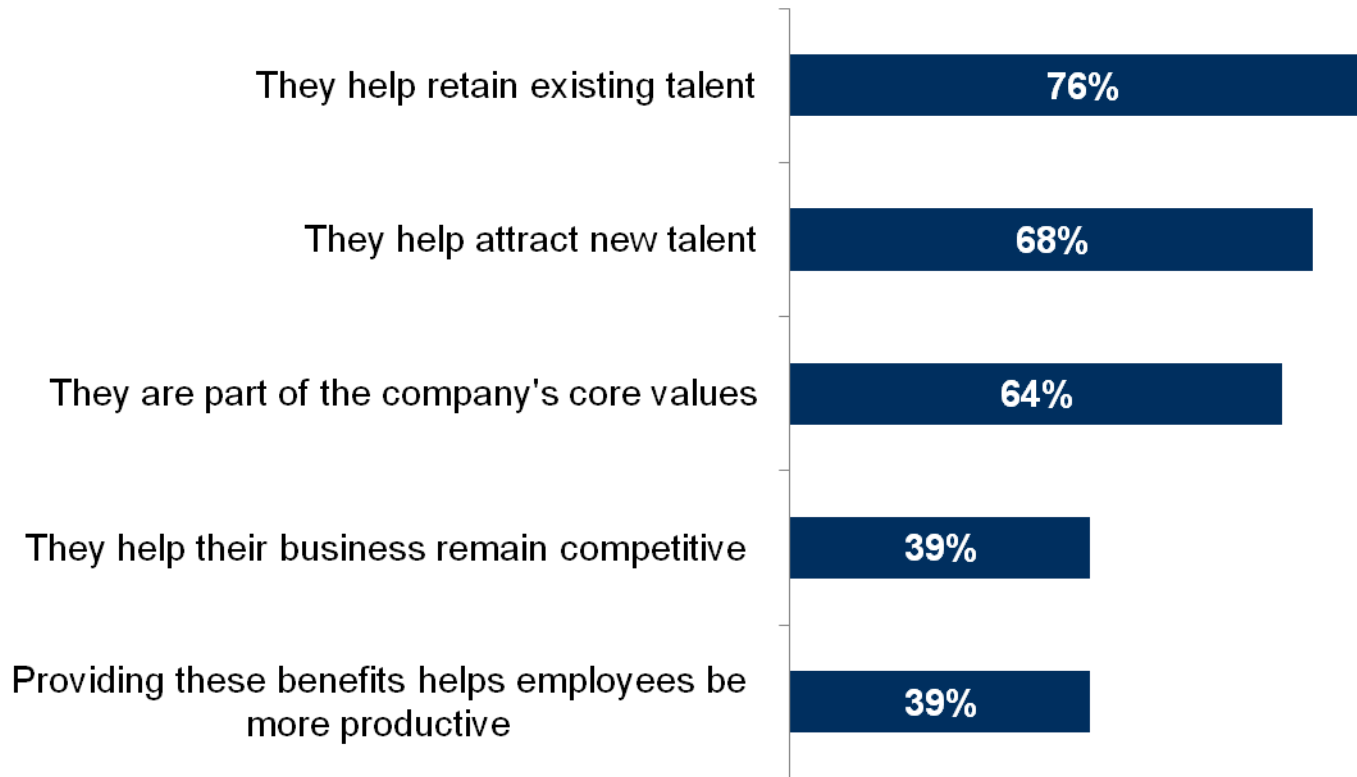
When asked what their main responsibility was to help employees live well longer, employers said:



- Offer financial vehicles AND access to education/advice to assist in reaching long-term financial goals
- Offer financial vehicles to assist in reaching long-term financial goals
- Provide only a paycheck

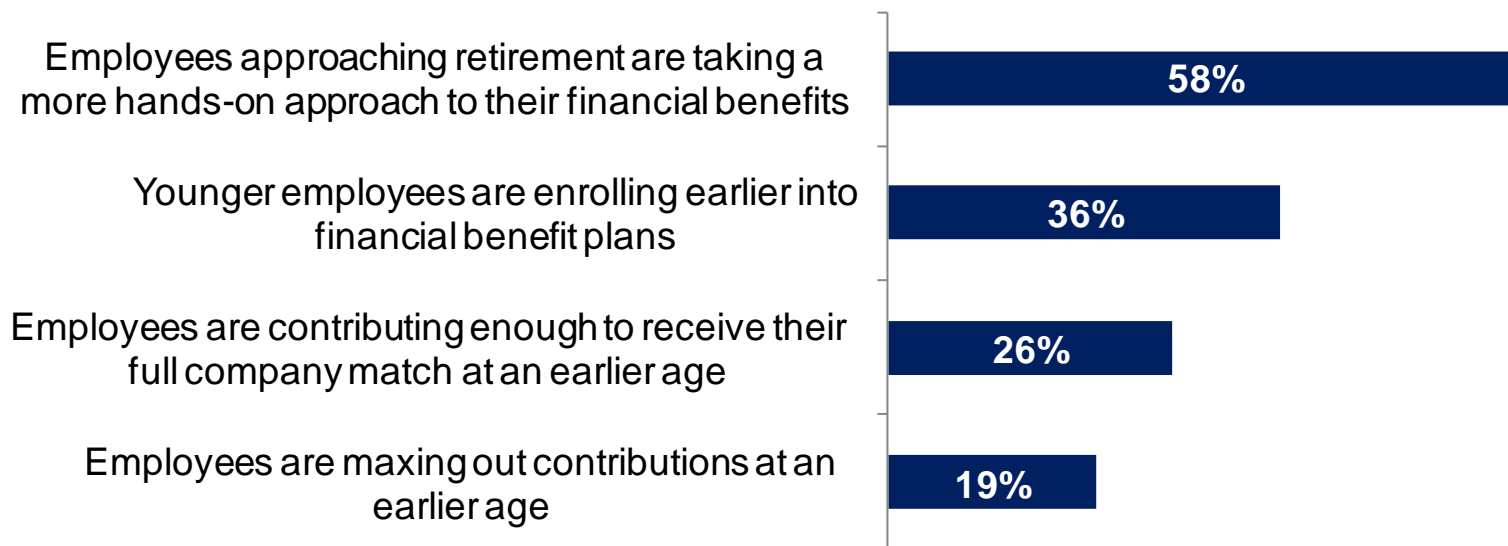
Employers See Multiple Benefits to Financial Benefits

When employers were asked why they offer financial benefit plans, two-thirds (68%) cited doing so because they are concerned about their employees' financial well-being. Other reasons include:



Employers Find Increased Engagement with Financial Benefit Plans Following Recession

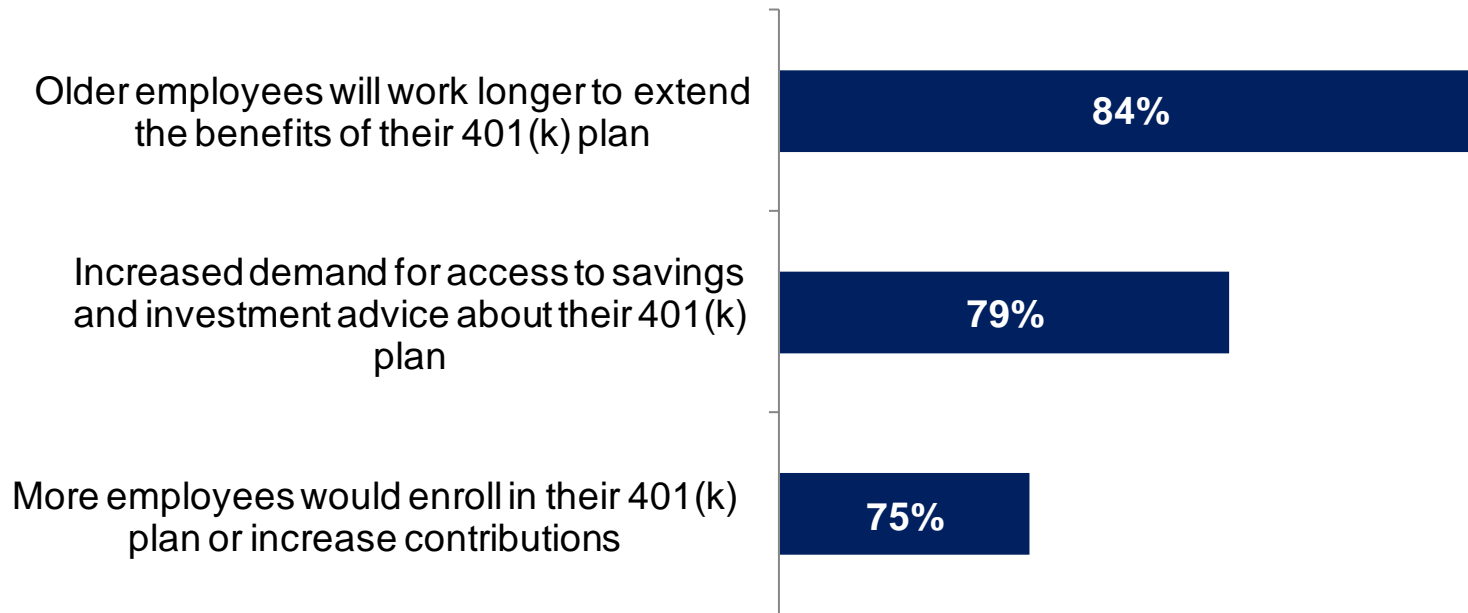
Employers have observed a number of behavioral shifts in terms of how employees are engaging with their retirement benefit plans. When compared to prior to the recent downturn:



Since the recession, nearly half (47%) of employers have seen an increase in the frequency that prospective employees inquire about the financial benefit plans offered by their company

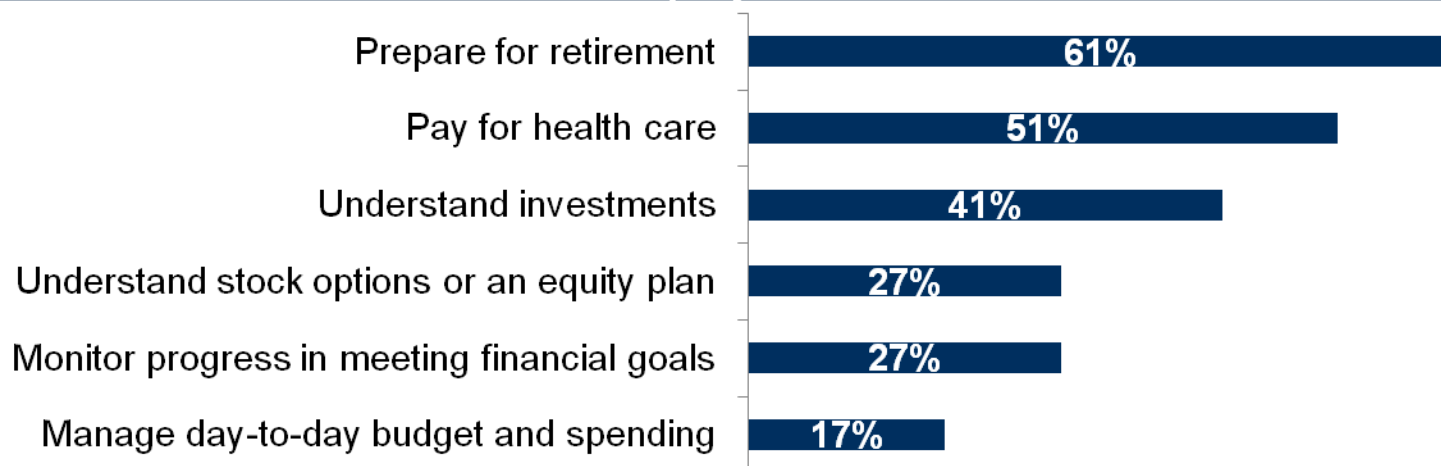
Employers Anticipate Increased Importance of Defined Contribution Plans

Given the uncertainty about the future of Social Security, and with more employers moving away from traditional pension plans, employees may become increasingly reliant on defined contribution plans to help save and invest for the future. Assuming this trend continues, employers anticipate:

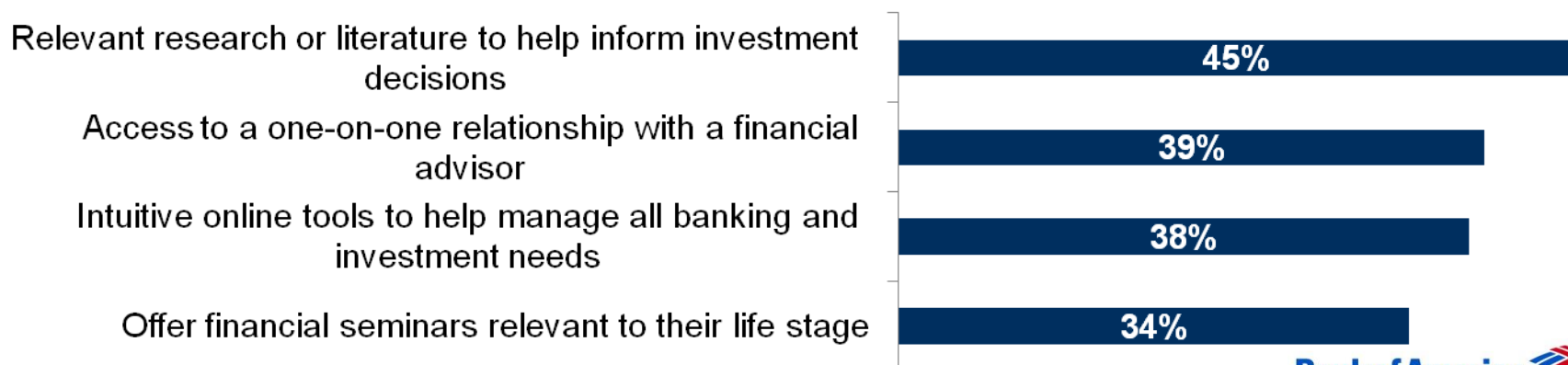


Employers Offer Broad Range of Financial Education and Advice

In addition to offering financial vehicles to help employees save and invest for retirement, many employers now offer access to advice and services that can help employees:



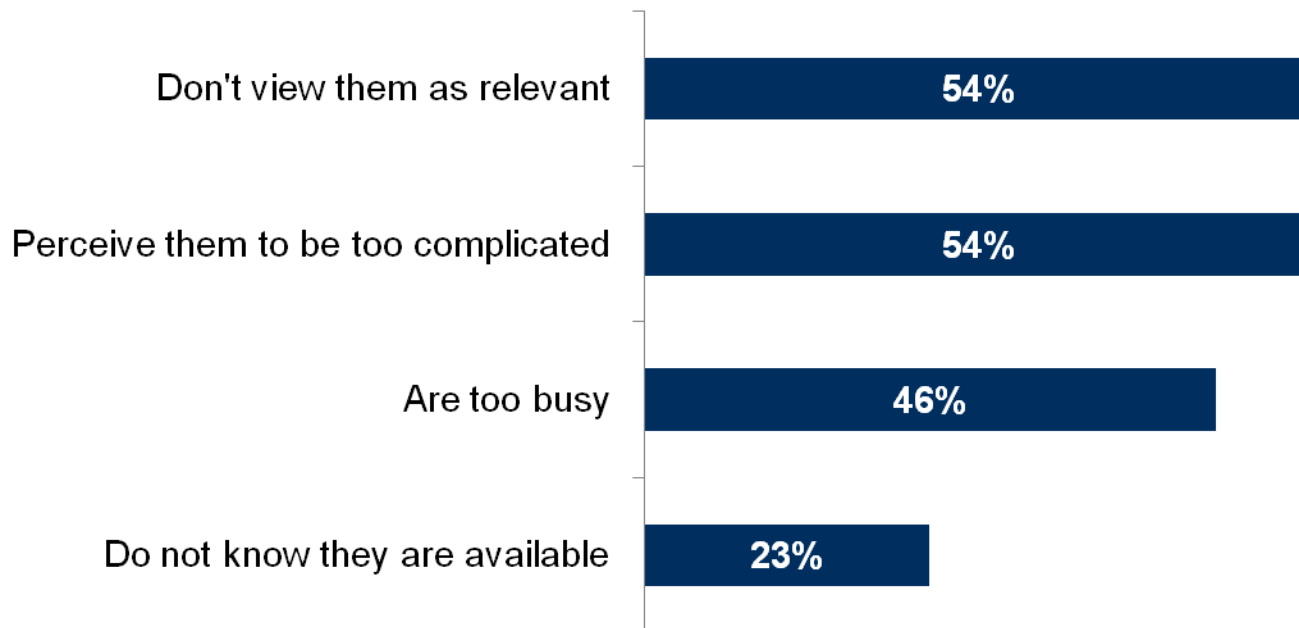
Employers also offer a range of tools to assist their employees in managing their personal finances, including providing access to:



Lack of Personalization May Limit Employee Engagement

59% of employers say that less than half of their employees take advantage of the financial education and advice offered to them

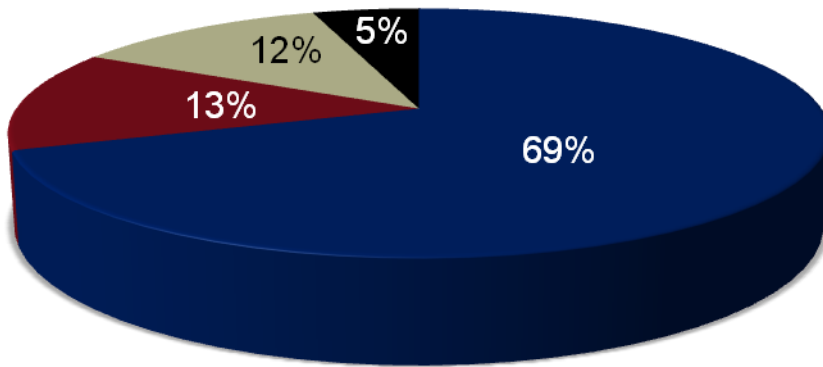
When asked why their employees fail to take advantage of these resources, employers said because they believe their employees:



Lack of Communication Around Value of Financial Benefits

61% of companies cited only providing basic information about their financial benefits offerings to their employees, and nearly one-third (31%) admit they could do a better job communicating about their financial benefit plans

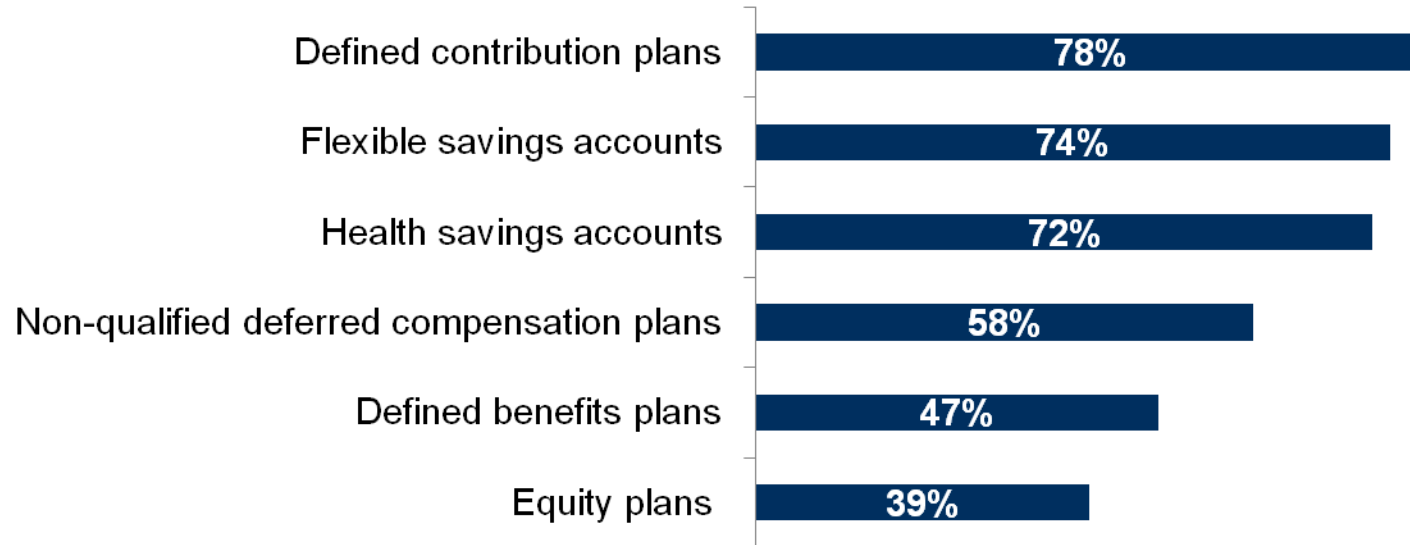
When asked how frequently they communicate the broader value of their benefit plans to their employees, employers said:



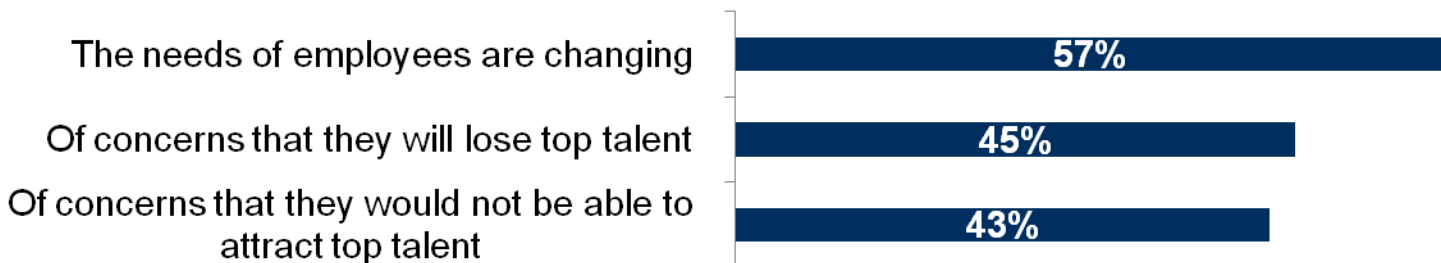
- Once or twice a year
- Once a month or more often
- When an employee first joins
- Never communicates broader level

Employers Plan to Enhance Financial Benefits in the Near Term

When asked whether they plan to enhance the various financial benefit plans they currently offer during the next two years, many employers cited that they are likely to enhance their:



Employers likely to enhance their financial benefit plans are doing so because:



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