

WOMEN AND FINANCIAL WELLNESS

Understanding Women's Financial Life Journey

Presented by Lorna Sabbia
Head of Retirement and Personal Wealth Solutions

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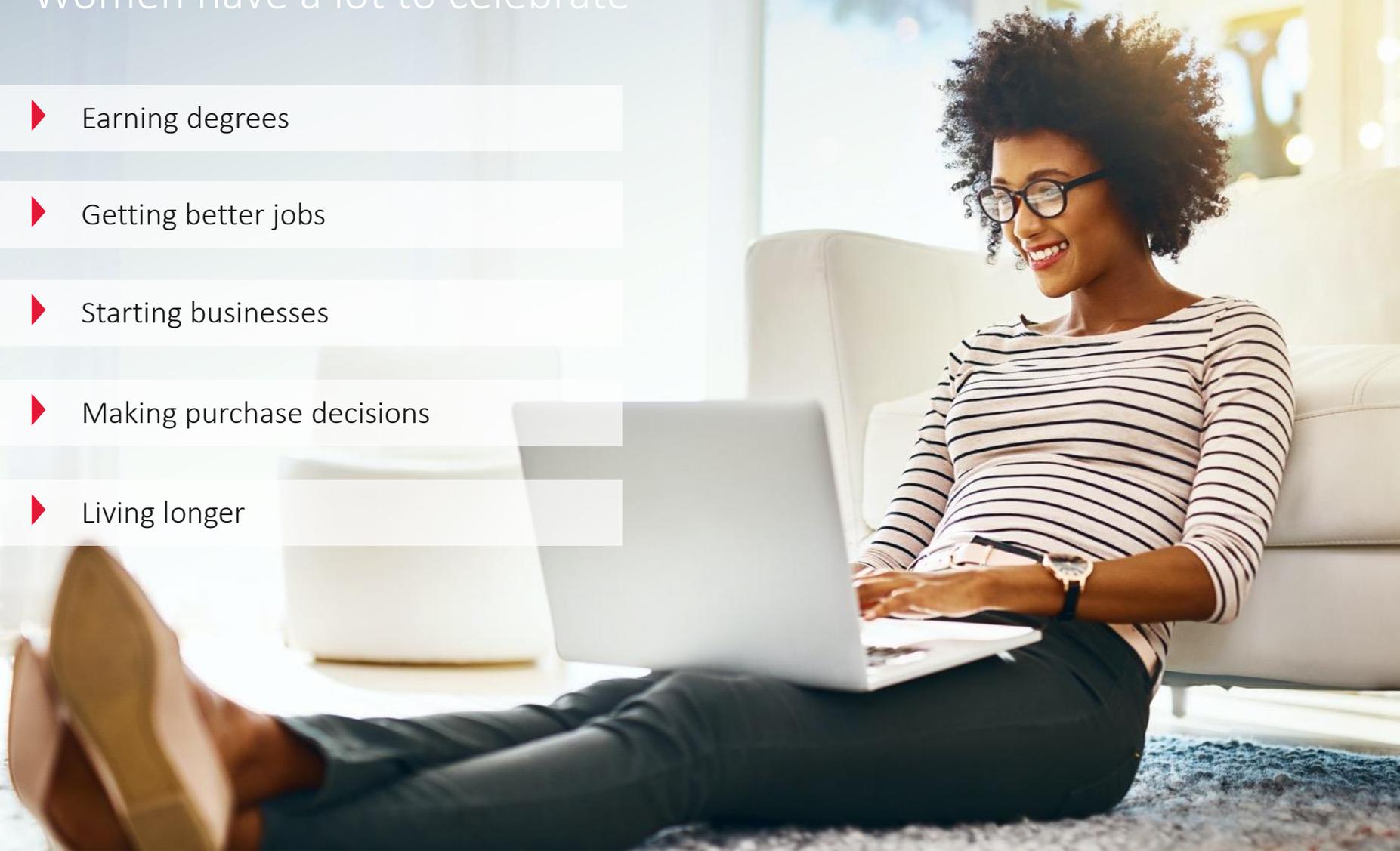
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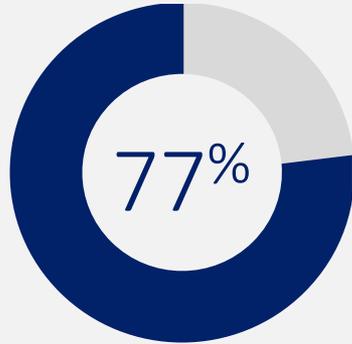
Women have a lot to celebrate

- ▶ Earning degrees
- ▶ Getting better jobs
- ▶ Starting businesses
- ▶ Making purchase decisions
- ▶ Living longer



Longer lives, smaller nest eggs

On average, women live five years longer than men¹



of people who are widowed are women²



By age 85, women outnumber men **two to one**²

The **majority** of centenarians are women³

“Longevity is a critical issue for women, probably one of the biggest reasons why women’s needs are so different than men’s in terms of financial saving and investing.”

Annamaria Lusardi
Ph.D., Academic Director, Global Financial Literacy Excellence Center, George Washington University



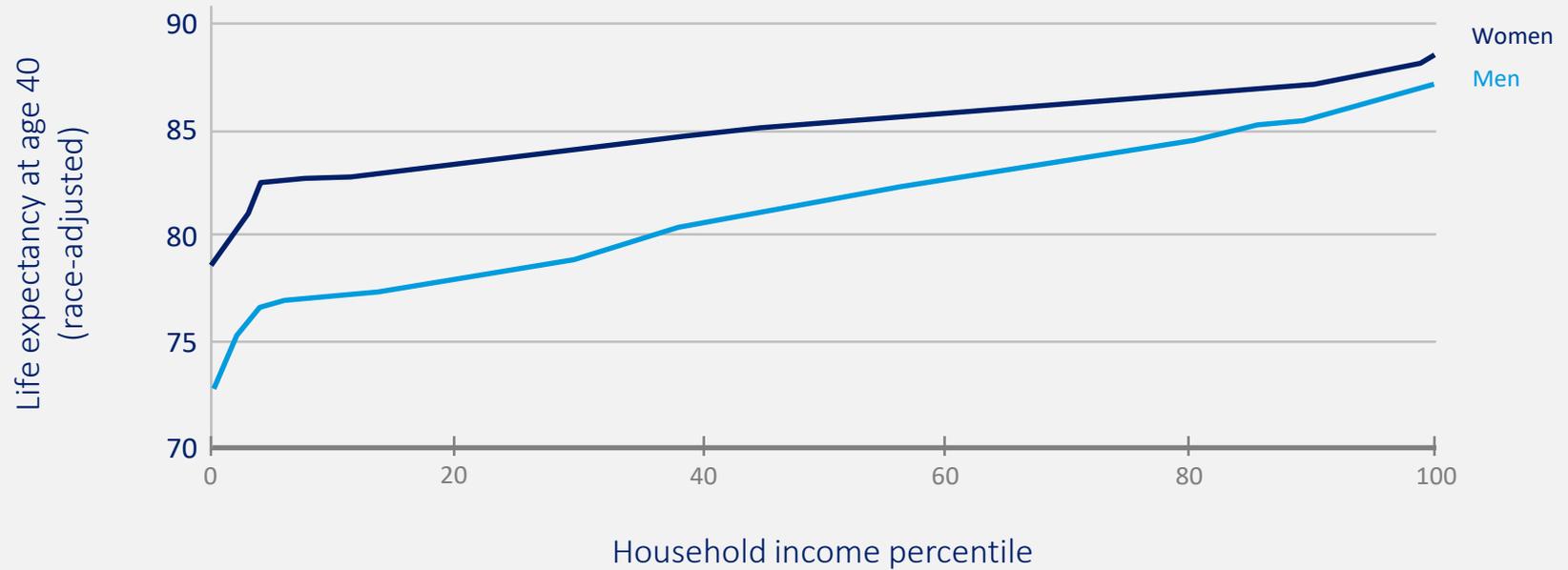
¹ Centers for Disease Control, National Vital Health Statistics: Life Expectancy, 2016.

² U.S. Census Bureau, Current Population Survey, 2016.

³ U.S. Census Bureau, Population Estimates, 2015.

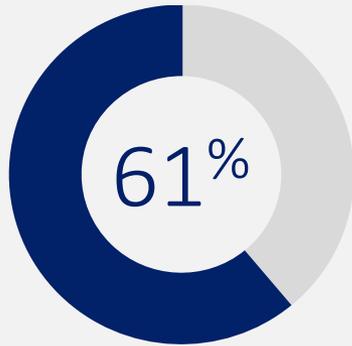
Life expectancy by income level

At age 40 in the United States, 2001-14

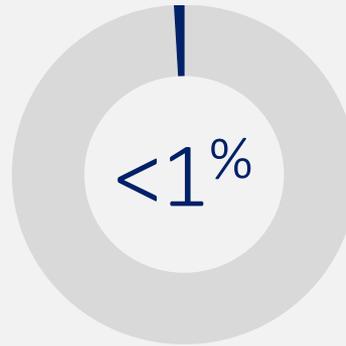


Sources: Chetty et al., 2016; Health Inequality Project.

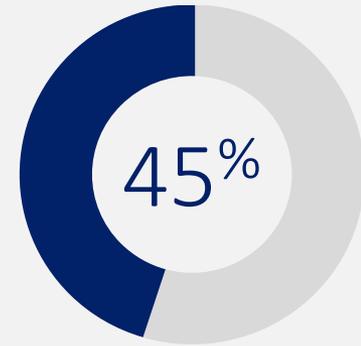
Social taboos and barriers around money



of women would rather talk about their own death than money¹



of editorial content in the top 17 women's magazines covers personal finance²



of women say they do not have a financial role model¹

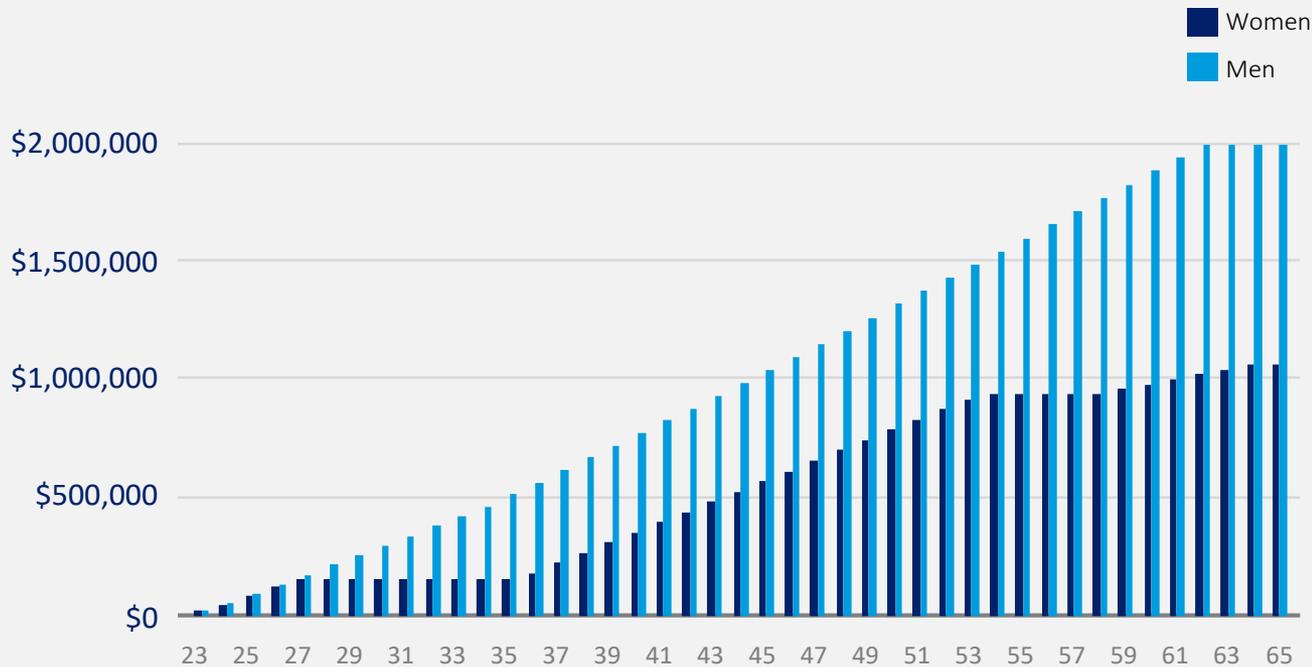


¹ Age Wave and Merrill Lynch, *Women and Financial Wellness: Beyond the Bottom Line*, 2018.

² Age Wave review of 17 leading women's magazines, 2018.

Cumulative earnings

Women vs. men—career interruptions



\$1,051,000
gap at age 65 (50%)

Note: The women's track has periods when earnings flatten because of life stage-based interruptions.

- 1st plateau:** Becoming a parent and SAHM
- 2nd:** Caregiving a parent
- 3rd:** Caregiving a spouse



Source: Bureau of Labor Statistics, TED: The Economics Daily, Median usual weekly earnings of women and men who are full-time wage and salary workers, by age, 2016 annual averages.

Biggest financial regret

What do you wish you had done differently to feel more financially secure today?

Base: Women age 18+



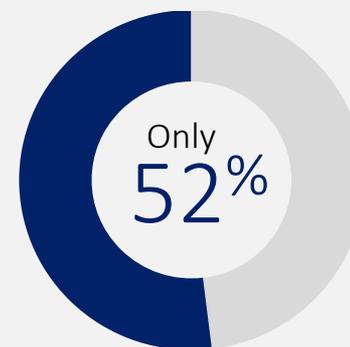
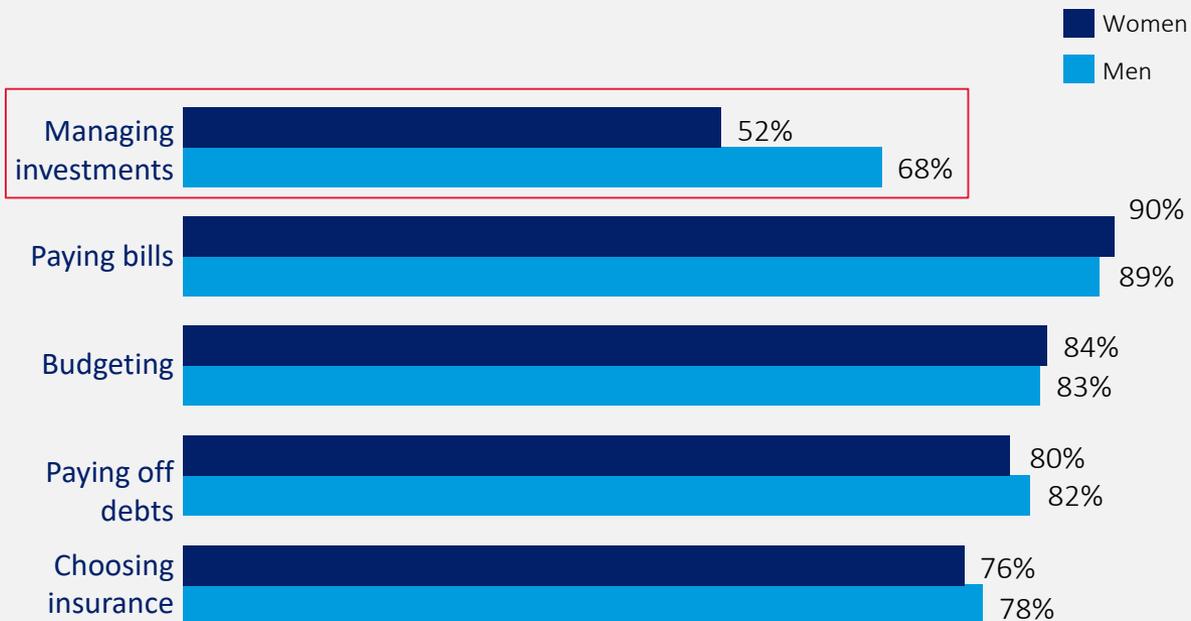
Women's
**#1 financial
regret**
is not investing more
of their money



Confidence in all but investing

Percentage of women and men who are confident at financial tasks

Base: Women and men age 18+



of women say they are confident in managing investments



Your financial journey

▶ Early adulthood

Early adult males ages 30-34 are **twice** as likely as women to be receiving financial support from parents¹

▶ Parenting

Parents spend **2x** more on adult children than they elect to contribute to their retirement accounts²

▶ Caregiving

66% of caregivers are women; women are **3 times** as likely to retire early to become caregivers³

▶ Widowhood

Women are **3.5x** as likely to be widowed⁴

▶ End of life/Legacy

91% say that conversations make things easier, but only **55%** have wills and even fewer — **18%** — have all three recommended essentials of a will, a health care directive or proxy, and a durable power of attorney⁵

¹ Early Adulthood: The Pursuit of Financial Independence, 2019.

² The Financial Journey of Modern Parenting: Joy, Complexity and Sacrifice, 2018.

³ The Journey of Caregiving: Honor, Responsibility and Financial Complexity, 2017.

⁴ Leaving a legacy: A lasting gift to loved ones, 2019.

⁵ Widowhood: The Loss Couples Rarely Plan for —and Should, 2018.



Some of the most striking trends in early adulthood are gender-based



42%

of millennial women hold bachelor's degrees or higher versus only 31% of men¹



2/3

of cumulative student debt is carried by women²



70% vs 57%

Women believe more strongly than men that parents' continued financial support for older early adults is a bad idea because it makes them dependent¹

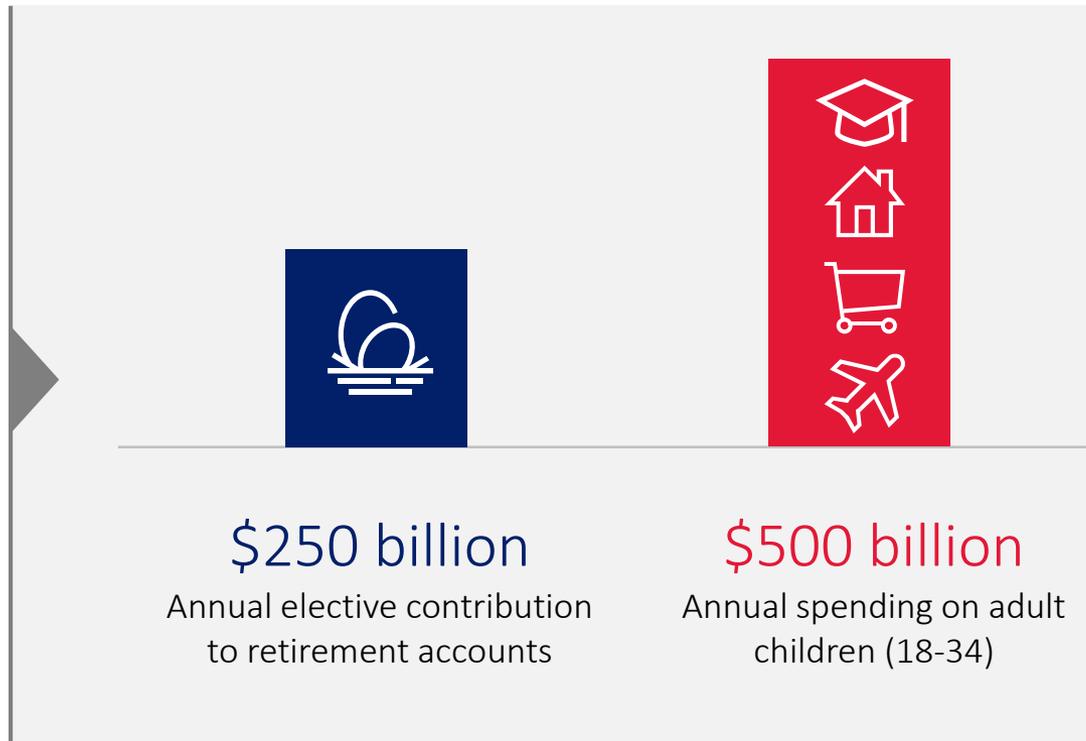


¹Age Wave and Merrill, *Early Adulthood: The Pursuit of Financial Independence*, 2019.

²AAUW, "Deeper in Debt: Women and Student Loans," 2017.

The financial commitment can be ongoing

Each year, parents spend
2X more
on adult children than
they contribute to their
retirement accounts



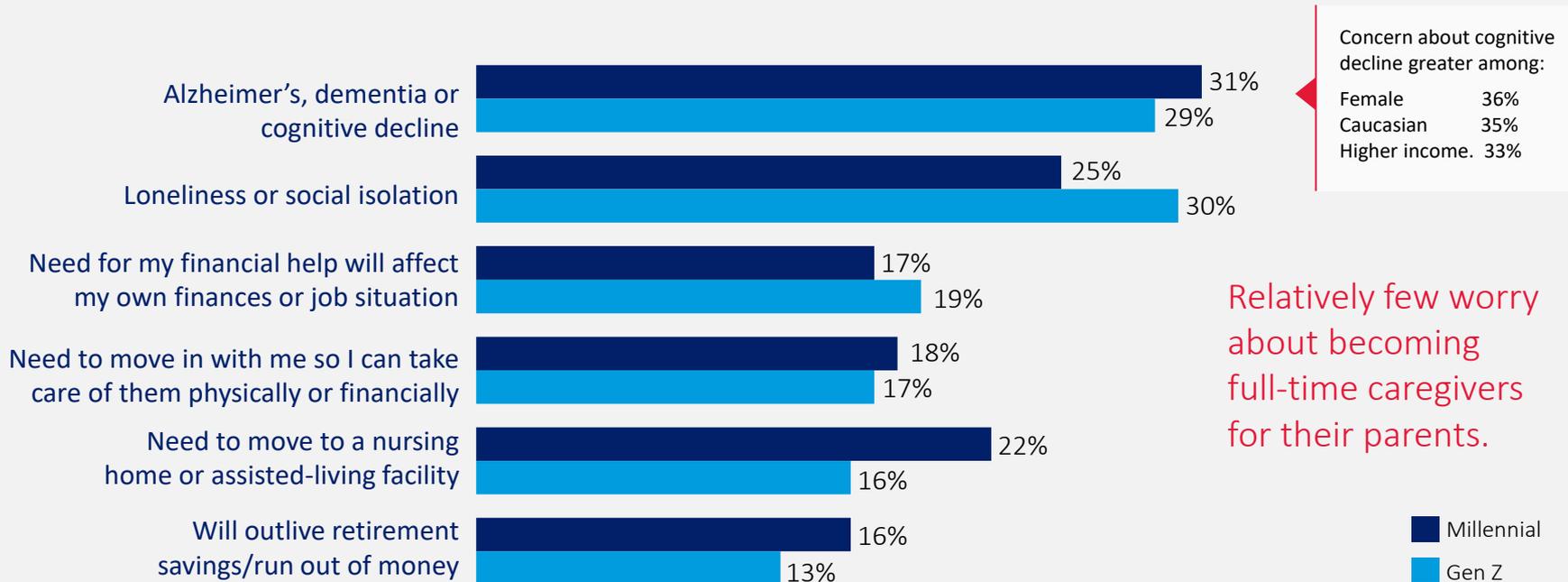
Source: Age Wave calculation. The calculation of parents' contributions, as reported by adult children ages 18-34, drew upon a variety of pricing and cost-of-living sources covering 14 categories: cell phone/ phone, Internet/Cable TV/Netflix, health insurance, out-of-pocket health care expenses, car purchase/payment, car expenses, transit expenses, and miscellaneous (including meals out and entertainment). The calculation of how much parents electively contribute to their retirement accounts drew upon IRS data and Pew Research and includes estimates of contributions by employees with adult children to traditional and Roth 401(k), 403(b) and 457(b) plans; 501(c)(18) plans; Federal Thrift Savings plans; employer and employee contributions to SEP plans and SIMPLE plans; and personal contributions to traditional and Roth IRAs, excluding rollovers and conversions.

Source: Merrill Lynch/Age Wave Parenting Study, 2018.



Concerns about parent retirement and care are low

Greatest concerns about parents' later years are cognitive decline and loneliness.



Caregiving

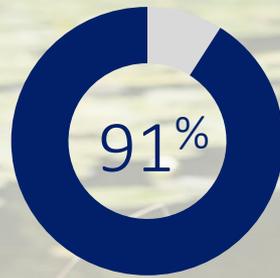
There are roughly 40 million caregivers in the U.S.
That's 16% of the adult population.

20 million

became caregivers in the last year¹



of caregivers
are female²



of caregivers say they feel
grateful for the opportunity to
help someone they care about²



¹ *Caregiving in the U.S., 2015 Report*, AARP Public Policy Institute and National Alliance for Caregiving, June 2015.

² *The Journey of Caregiving: Honor, Responsibility and Financial Complexity*, a Merrill Lynch Caregiving Study conducted in partnership with Age Wave, November 2017.

Widowhood

78% of widows say that becoming a widow is the single hardest thing they've been through

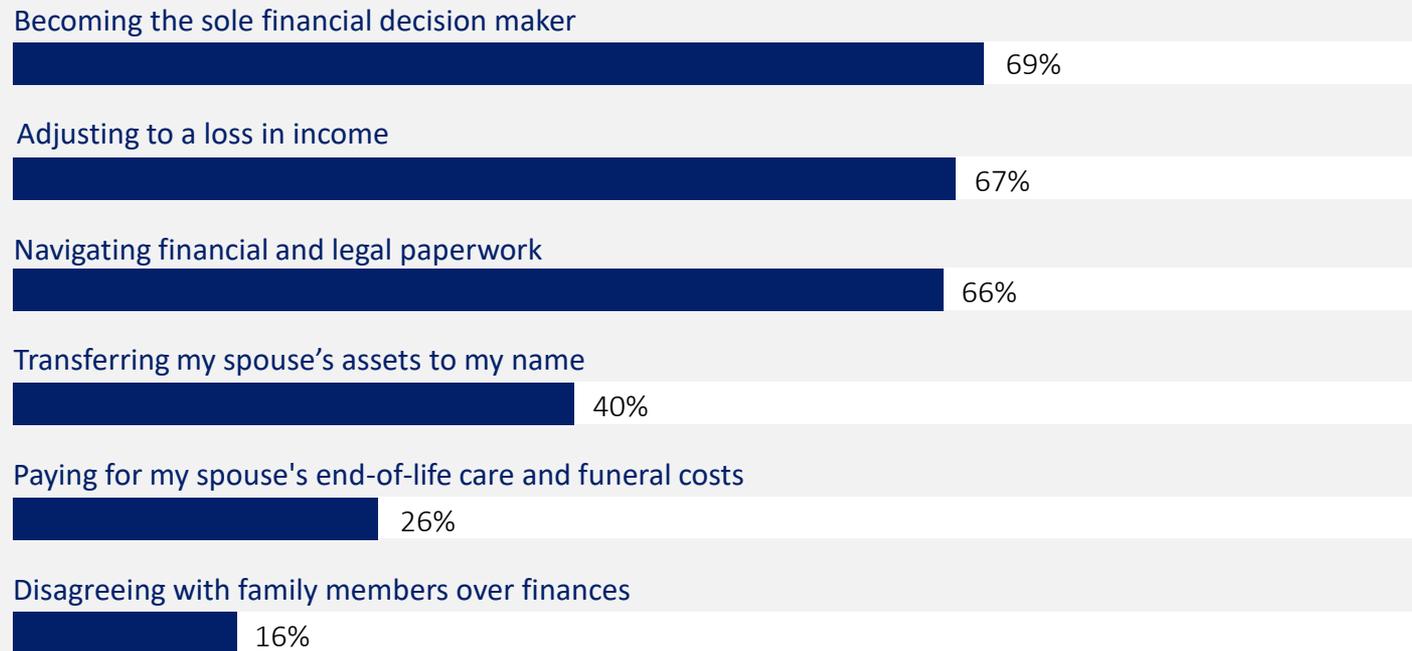


77% say after losing their spouse, they discovered courage they never knew they had

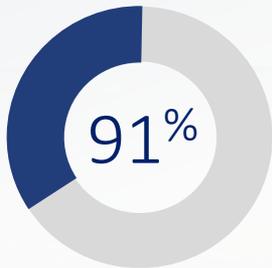


Widowhood's #1 financial challenge: Solo financial decisions

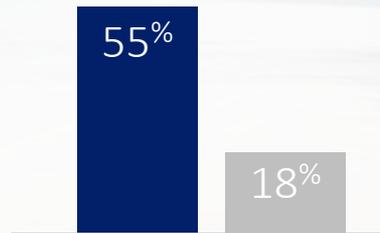
Top financial challenges for widows



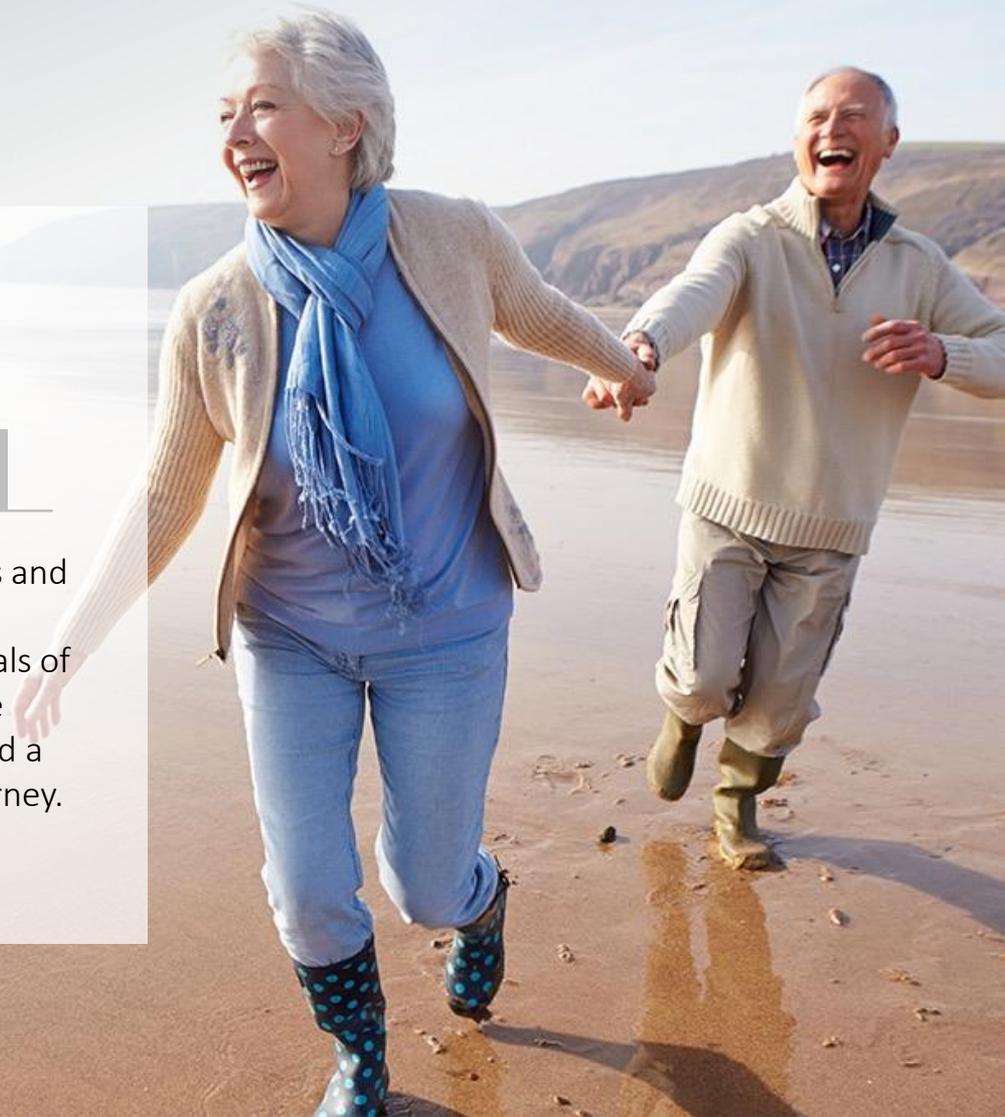
A well-planned legacy requires action



of Americans say that having an open conversation about the future in advance can help make things easier for their loved ones

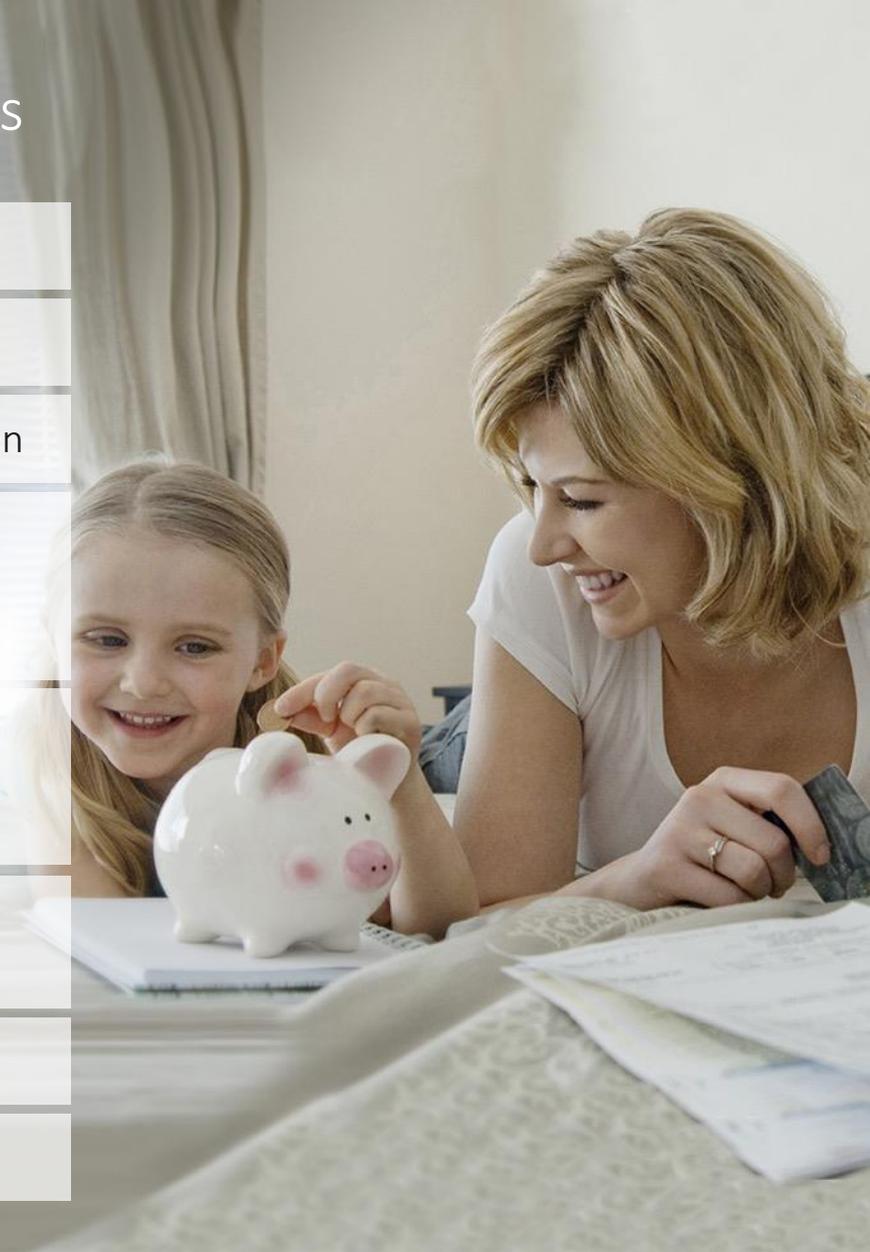


Yet only 55% have wills and only 18% have the recommended essentials of a will, a healthcare directive or proxy, and a durable power of attorney.



Taking the steps for financial wellness

- ▶ Break the taboo around money talk
- ▶ Turn longevity into an asset
- ▶ Acknowledge financial challenges that affect women
- ▶ Create and try to stick to a budget to manage expenses, establish an emergency fund and save for long-term goals
- ▶ Prepare for retirement by taking advantage of catch-up contribution allowances in 401(k)s, IRAs and HSAs
- ▶ Ensure wealth plans account for longer life expectancy and higher healthcare costs
- ▶ Re-evaluate your goals at each stage of life
- ▶ Work with a trusted source or a financial advisor



Action steps for employers

1

Address common employee challenges that go beyond retirement saving — like budgeting, debt management and managing healthcare costs

2

Provide guidance across a spectrum of financial goals and priorities, addressing short-term challenges and planning for long-term goals together

3

Acknowledge differences within the workplace and the ways needs may differ based on gender or age, so financial wellness tools speak to the unique needs of each employee group

4

Think about wellness in a more holistic way, one that acknowledges the interconnected nature of financial, physical and mental wellness

