Bank of America earns $4.1 billion in third quarter

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NEW YORK (AP) — Bank of America, the consumer banking giant, said it swung to a profit in the third quarter on Wednesday, helped by lower borrowing costs and legal expenses.

The Charlotte, N.C.-based bank earned $4.1 billion, or 37 cents a share, for the three-month period ending in September. That compares with a loss of $470 million, or 4 cents a share, in the same period a year earlier. BofA booked $6 billion in legal expenses last year to help cover part of a $16.65 billion legal settlement it reached with the Department of Justice.

Revenue fell to $20.68 billion from $21.4 billion a year earlier.

BofA's lending business continued to improve in the third quarter. Its costs of lending fell, there were fewer delinquent loans and more customers borrowed money.

AP PHOTO/MATT ROURKE, FILE

This Tuesday, Jan. 14, 2014, file photo shows a Bank of America sign in Philadelphia. Bank of America Corp. reports quarterly financial results Wednesday, Oct. 14, 2015.

While the total amount of BofA's loans was roughly unchanged, the bank continued to dispose of troubled loans left over from the financial crisis and made more loans to businesses and individuals.

In a statement, CEO Brian Moynihan characterized the bank's latest results as "solid."

"The key drivers of our business — deposit taking and lending to both our consumer and corporate clients — moved in the right direction this quarter," Moynihan said.

Earnings at Bank of America's consumer banking division, by far its biggest business, climbed 5 percent. BofA said consumer borrowing increased broadly, a positive sign for the U.S. economy. Credit card issuance, mortgage originations and deposits in brokerage accounts all rose.

The bank's wealth and investment management division, Merrill Lynch, reported lower profits. Transaction revenue fell, which more than offset higher asset management fees.

Like JPMorgan Chase, Bank of America has been on an aggressive cost-cutting campaign, which has included branch closures and layoffs. The bank had 215,193 employees at the end of the third quarter, compared with 229,538 in 2014.

The bank also did better in its legacy assets and servicing division, which is where BofA put the bad mortgages and other toxic assets left over from the financial crisis. The division had a loss of $196 million in the quarter, but that's an improvement from a loss of $5.11 billion a year ago. The number of mortgages delinquent by 60 days or more fell by nearly half from a year ago to 114,000.

BofA's results beat analysts' expectations. Analysts surveyed by FactSet expected Bank of America to earn 33 cents a share on revenue of $20.67 billion.

Bank of America's rose 22 cents, or 1 percent, to $15.73 in late-morning trading.

Long-Term Care Planning

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Special to the NNPA News Wire from *The Washington Informer*

With about 10,000 Americans turning 65 each day, many families are making decisions about elder care. Due to the complexity and importance of these decisions, elder-care planning should include working with financial and estate-planning professionals who are experts at protecting assets and paying for care, if needed.

Several avenues exist to pay for elder care needs. Traditional avenues, such as Medicaid, have strict requirements for eligibility. To meet Medicaid requirements, many families are forced to exhaust their assets, and less wealth is passed to future generations. Families are being left impoverished. Most of us know folks who have lost family homes and prospective inheritance due to the financial burden of long-term elder care. This substantial loss is due to the lack of professional planning. Long-term elder care planning is not limited to Medicaid impoverishment creation. Spending down does not have to be the only option. If you have the opportunity to position your assets in a way to be useful to you and your family, you should take the opportunity. Make the commitment to do it.

I, like many others, am amazed that I am no longer in my 20s and that the aging process does not comply with how I feel. Still, planning is imperative. Seventy percent of people turning 65 can be expected to use some form of long-term care in their lifetime. We often look to our own knowledge of the past for the information on how to insure our future. But our knowledge is limited. We are not all aware of the various veterans' benefits or the use of irrevocable trusts and qualified annuities. Working with the right team of professionals on your legal, financial and tax decisions can be the difference between leaving your family empowered and leaving them impoverished. Because so much is at stake, the experts must be updated about our circumstances as the law and financial-planning vehicles are ever-changing.

Contact your estate planning professional and position yourself to take advantage of your options while they remain abundant.