

# Merrill Lynch Affluent Insights Survey



August 2011

# About Bank of America and Merrill Lynch Wealth Management

## About Bank of America

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## Merrill Lynch Global Wealth Management

Merrill Lynch Global Wealth Management is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With more than 16,200 Financial Advisors and more than \$1.5 trillion in client balances as of June 30, 2011, it is among the largest businesses of its kind in the world. More than two-thirds of Merrill Lynch Global Wealth Management relationships are with clients who have a net worth of \$1 million or more. Within Merrill Lynch Global Wealth Management, the Private Banking & Investment Group provides tailored solutions to ultra affluent clients, offering both the intimacy of a boutique and the resources of a premier global financial services company. These clients are served by more than 160 Private Wealth Advisor teams, along with experts in areas such as investment management, concentrated stock management and intergenerational wealth transfer strategies. Merrill Lynch Global Wealth Management is part of Bank of America Corporation.

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Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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## What We Set Out to Accomplish

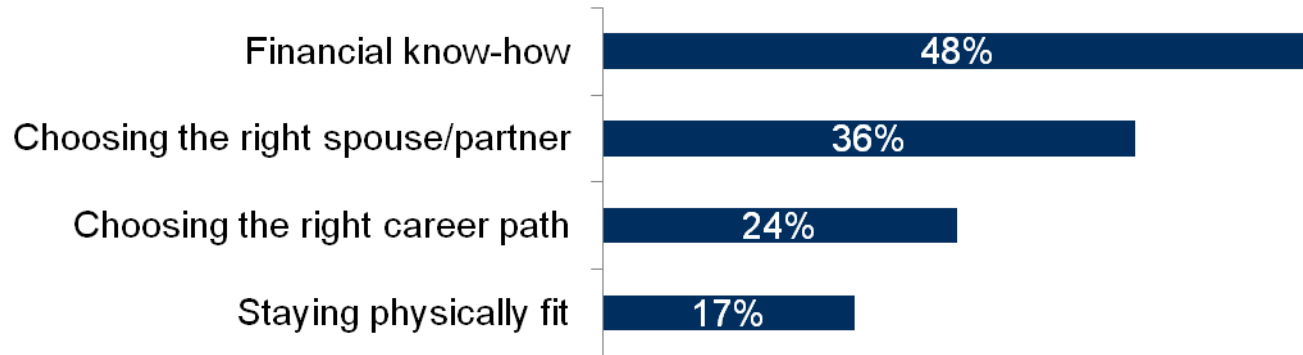
- Reveal financial complexities within affluent families and new approaches they are taking to balance competing demands, including:
  - How affluent parents are prioritizing financial education for their children
  - Managing the balancing act of family expenses – from rising college education costs to the health care needs of aging parents
  - The motivation behind why affluent individuals select and stay with their financial advisors

## How We Did It

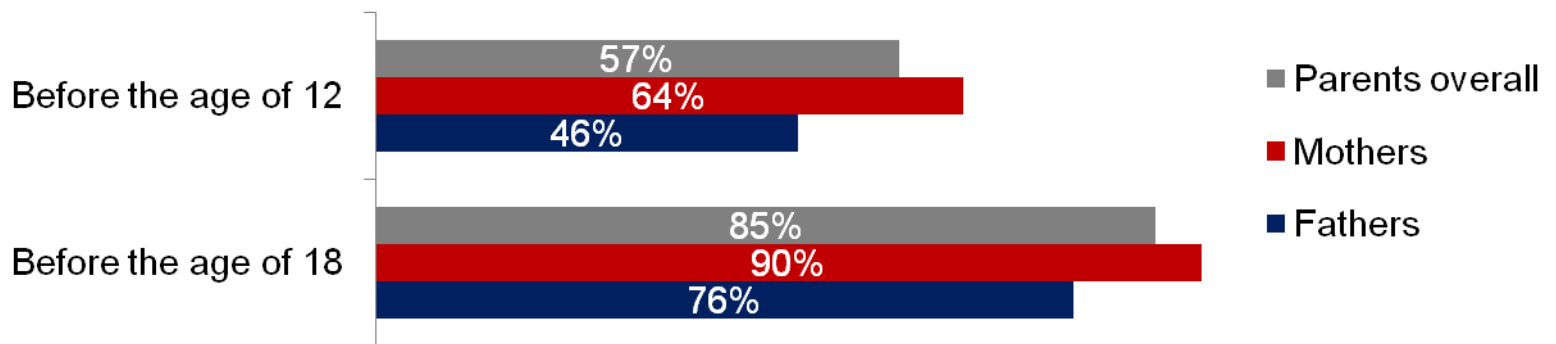
- Phone survey conducted by Braun Research from June 6 – June 21, 2011, on behalf of Merrill Lynch Wealth Management
- National sample of 1,000 affluent individuals with investable assets of \$250,000 or more
- Oversample of 300 affluent respondents in five target markets, including Atlanta, Boston, Chicago, Los Angeles and San Francisco
- Margin of Error:
  - National: +/- 3.1%
  - Oversampled Markets: +/- 5.7%

# Teaching Kids About Finances a Priority for Parents

When asked what life lesson they believe to be most important to impart onto their children, affluent parents cited:



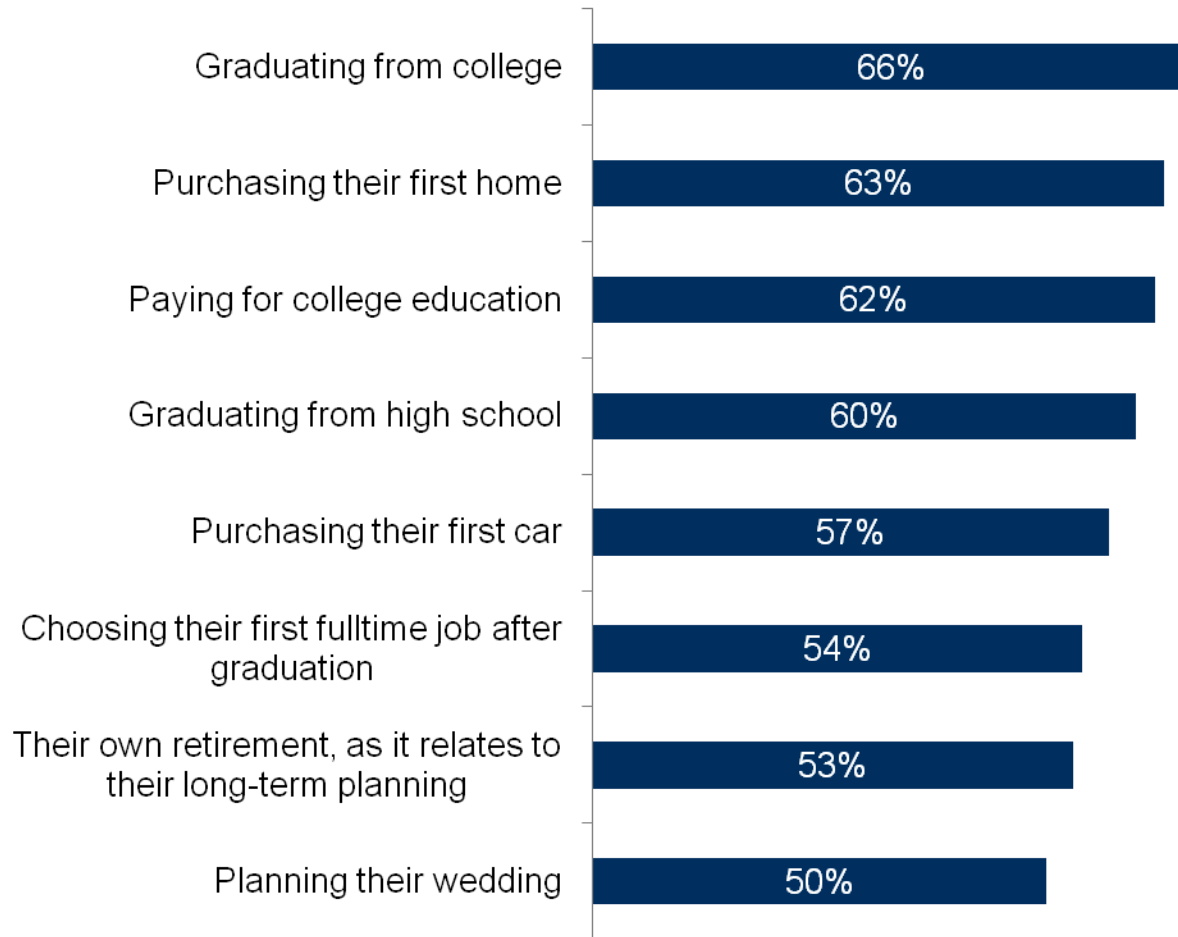
Affluent parents are taking several steps to help ensure that their children have what it takes to make sound financial decisions, such as speaking with their children about money at a young age:



Compared to a generation ago, far more parents today begin speaking with children about money before the age of 12. Just 42% of parents over the age of 65 spoke with their children about financial matters at such a young age, compared to 76% of parents today ages 35 and 50.

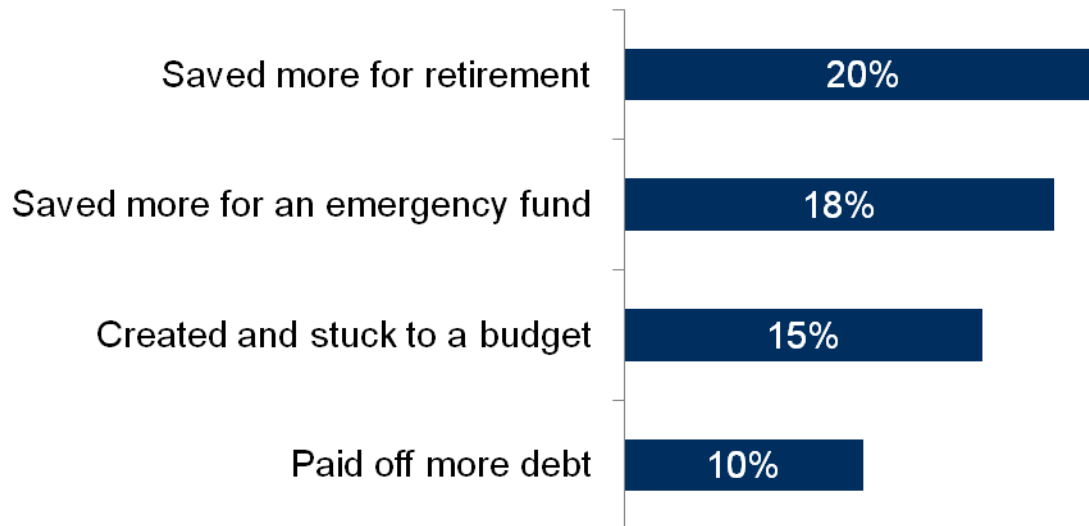
# Milestones Used to Teach Next Generation about Financial Management

88% of parents use one or more milestones in their children's lives to initiate conversations with them about financial matters, including:



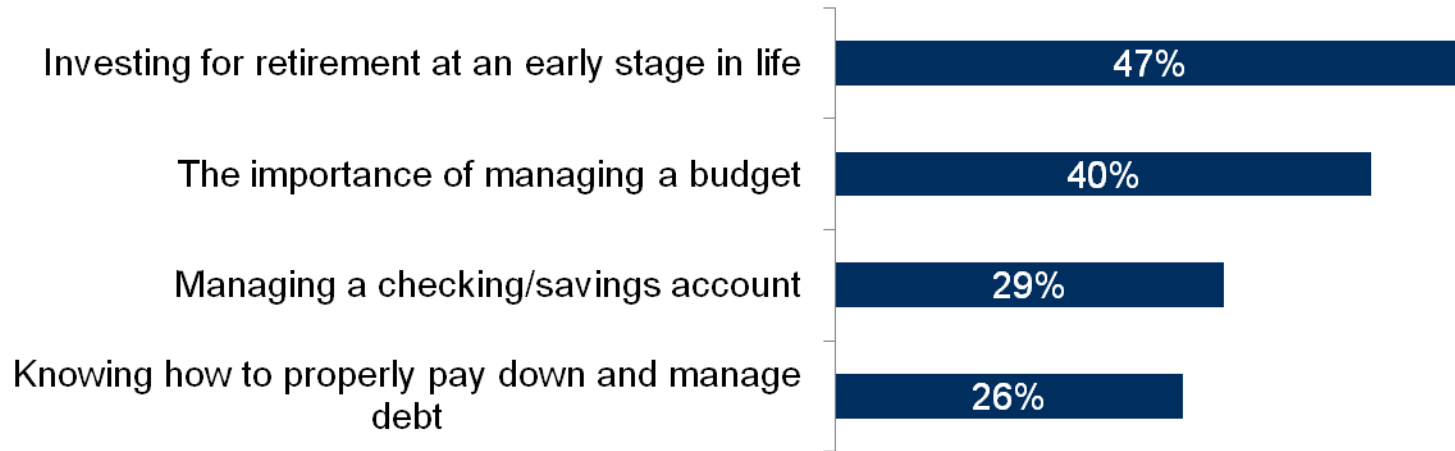
# Newlywed Financial Regrets

When looking back to their newlywed years, 46% of affluent Americans wish they had approached some areas of their financial management differently. The most common financial regrets include:

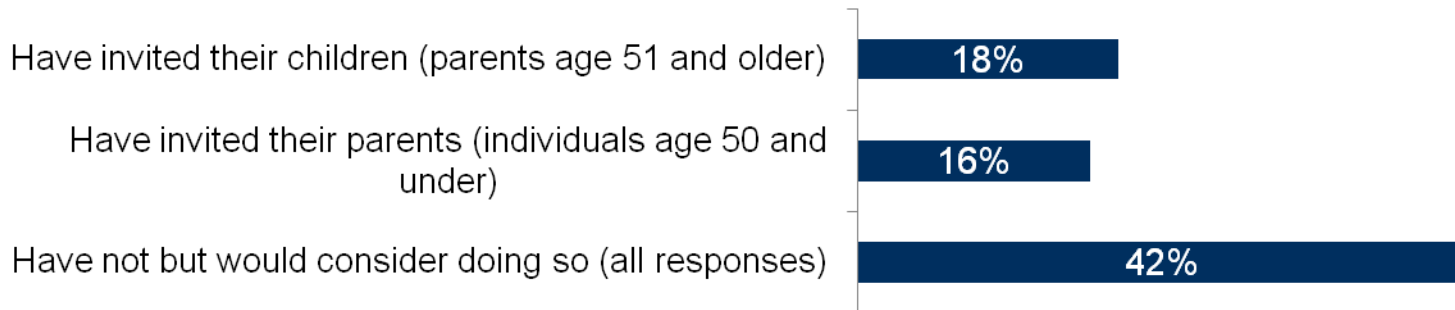


# Using Financial Advisor Relationships to Help Educate Kids

Among parents who work with a financial advisor, 64% have shared with their children some form of advice received from their advisor. Such advice includes:



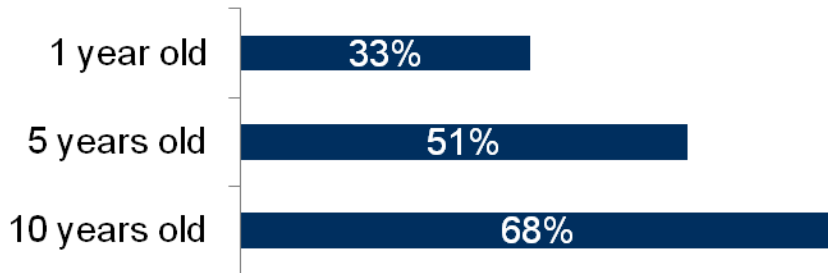
When asked if they have ever invited their children and/or parent(s) to participate in discussions with them and their financial advisor, affluent individuals said they:



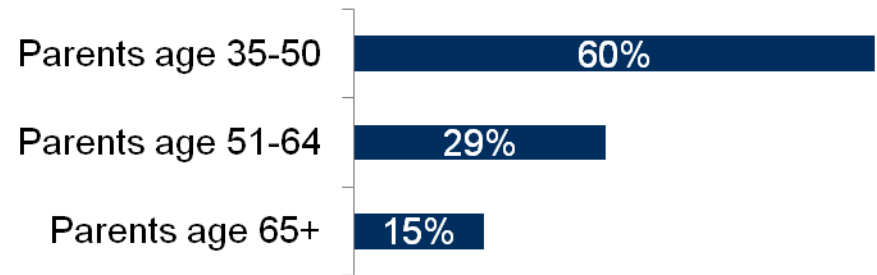
# Affluent Families Funding College Education

The cost of college education is a significant concern for 46% of affluent Americans – this concern jumps to 99% among the younger affluent ages 18 to 34 (mean age 29 years old)

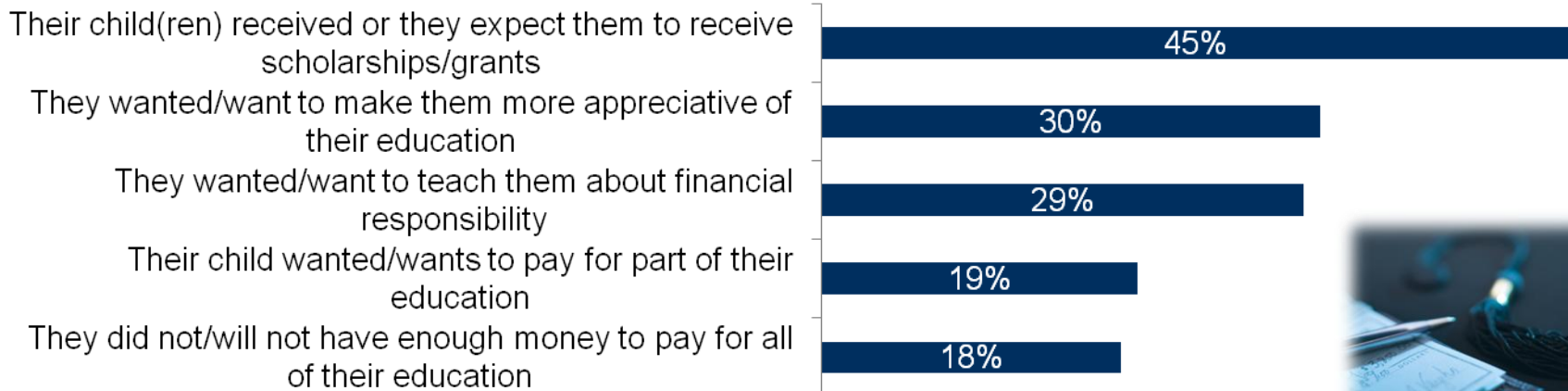
With costs rising rapidly in this area, parents are saving for college education by the time their children are:



Today, more affluent parents are beginning college savings accounts within the first year of their child's life or before:



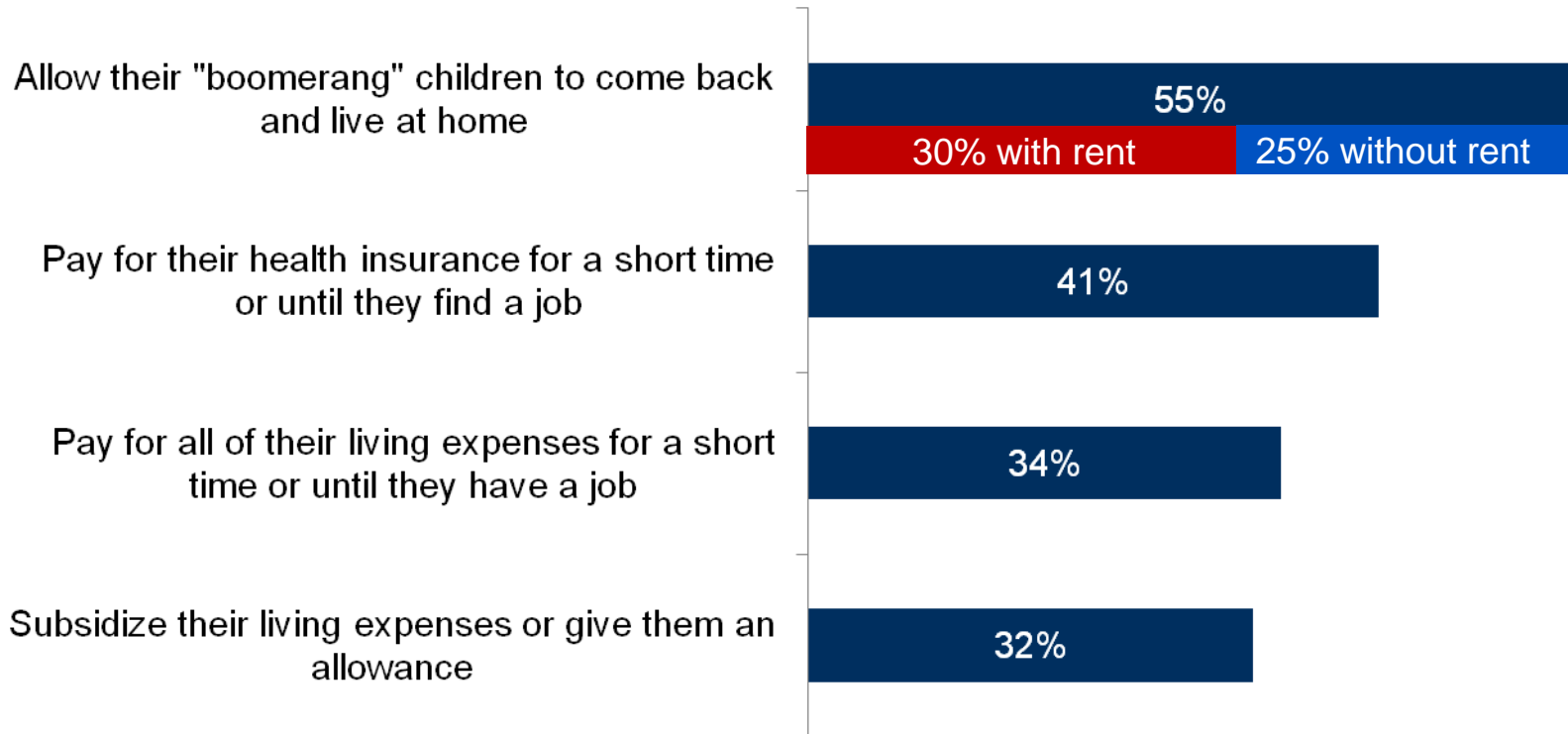
Nearly half (47%) of affluent Americans will not or did not pay for the full cost of their children's college education. When asked why they cited:





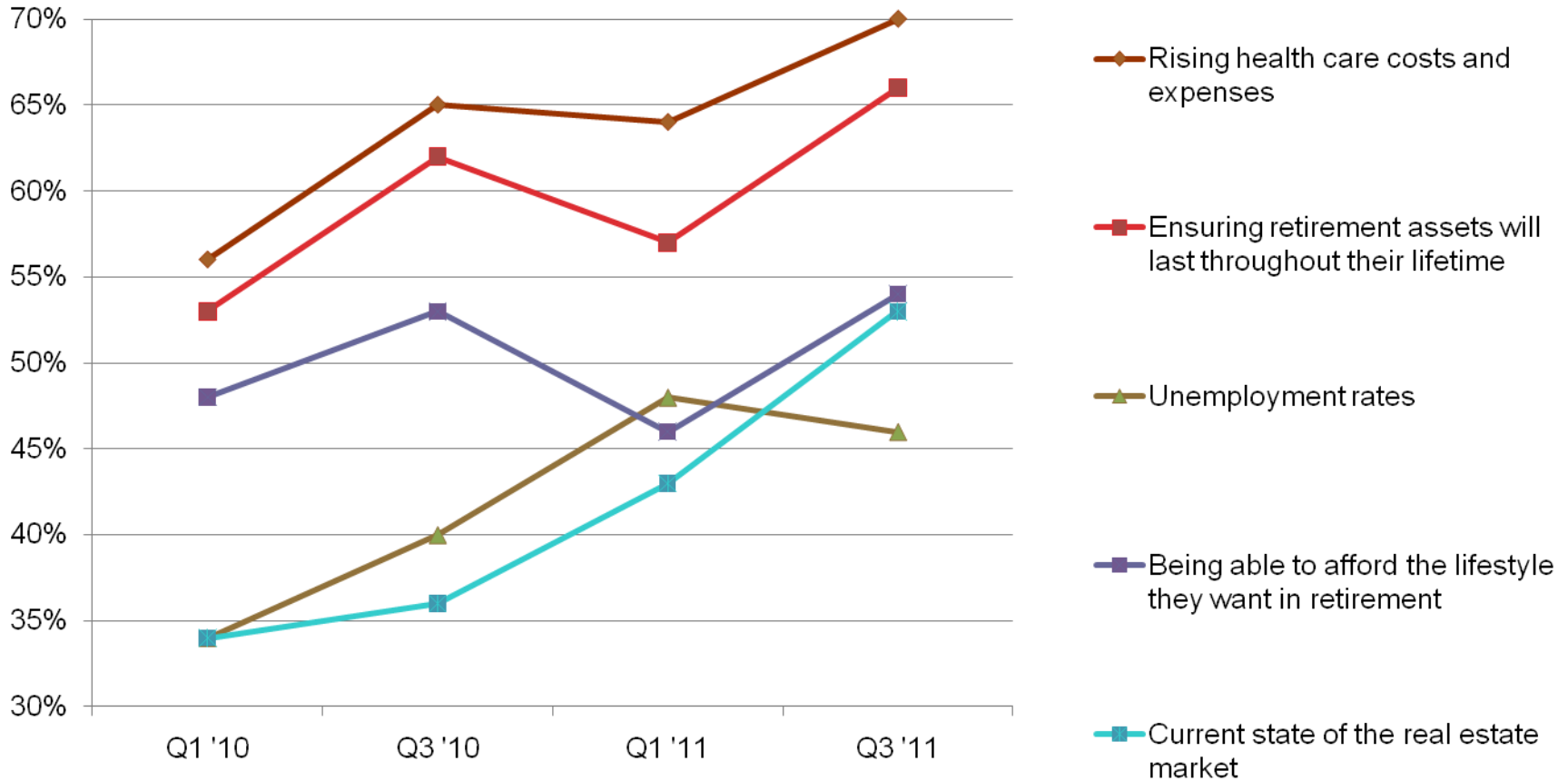
# Parents Supporting Children after Graduation

Beyond graduation, 82 percent of affluent parents would support their children financially during their early adult years; or currently are. Among which:



# Financial Concerns Among Affluent Americans

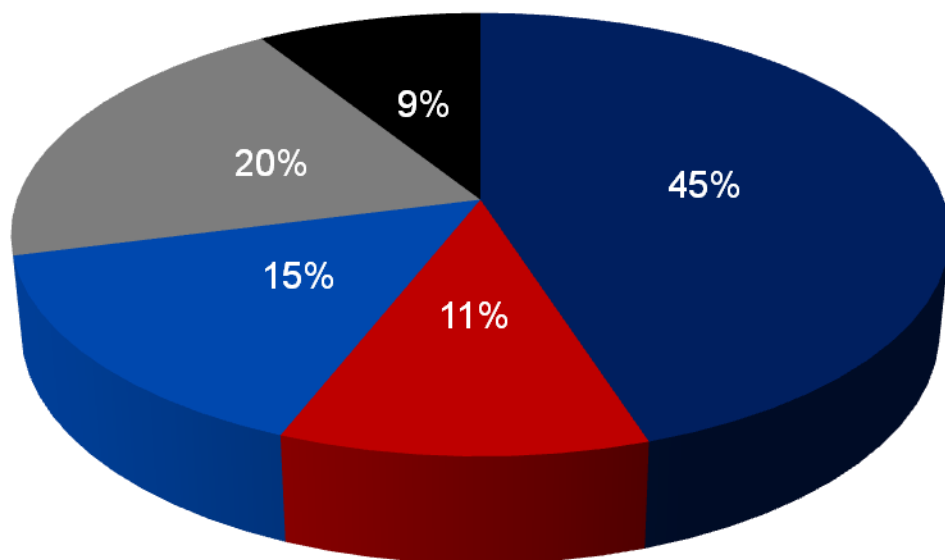
Healthcare and retirement continue to be top financial concerns. When compared to the beginning of this year, we see slight increases in levels of financial concern in a number of areas:



# Proactively Preparing for Future Health Care Costs

The rising health care costs have been affluent Americans top financial concern since this series of surveys began in 2009

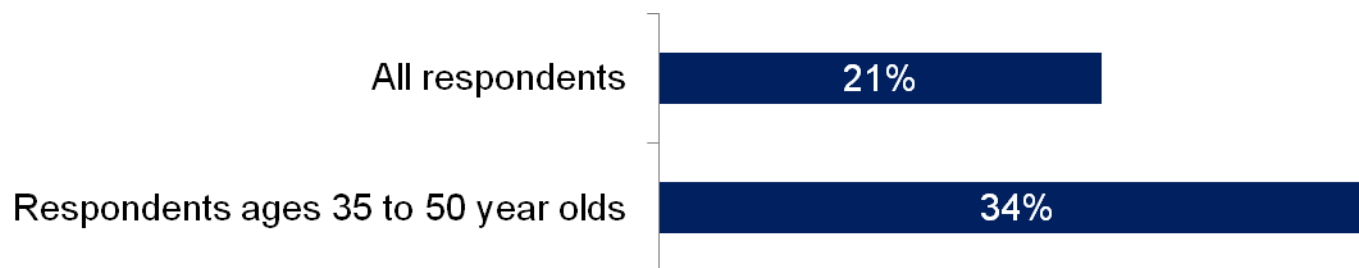
When asked if they have considered how they will fund long-term care, respondents cited:



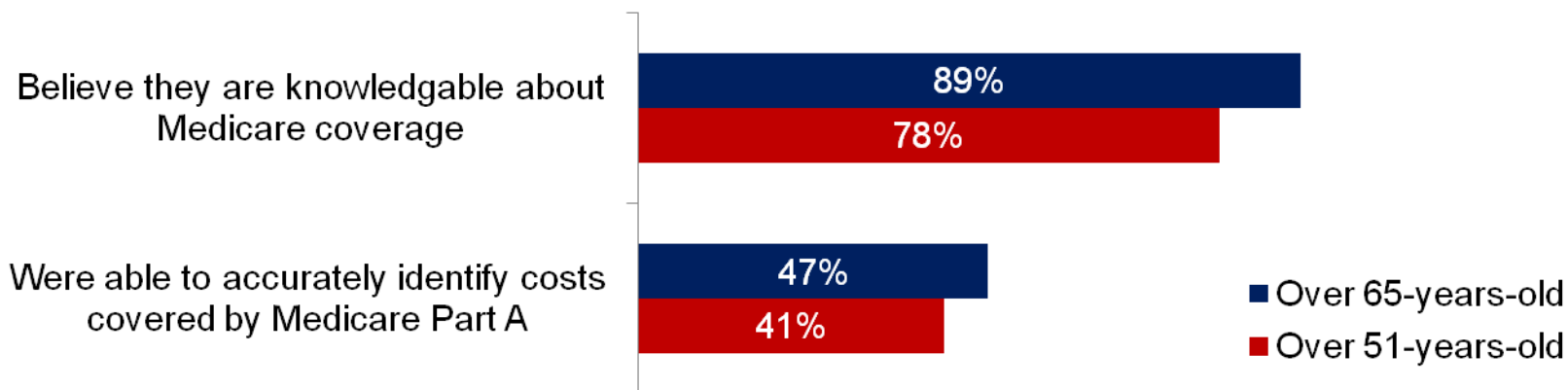
- They have a plan to manage long-term care
- They are in the process of creating a plan
- They have considered it but have not started creating a plan
- They have not considered how they will fund long-term care
- They don't believe it is necessary

# Affluent Prepare to Care for Parents

One-third (31%) of affluent Americans expressed specific concern about the financial implications of caring for aging parents. When asked if they believe it is likely that their parents will need financial assistance from them later in life, respondents cited:

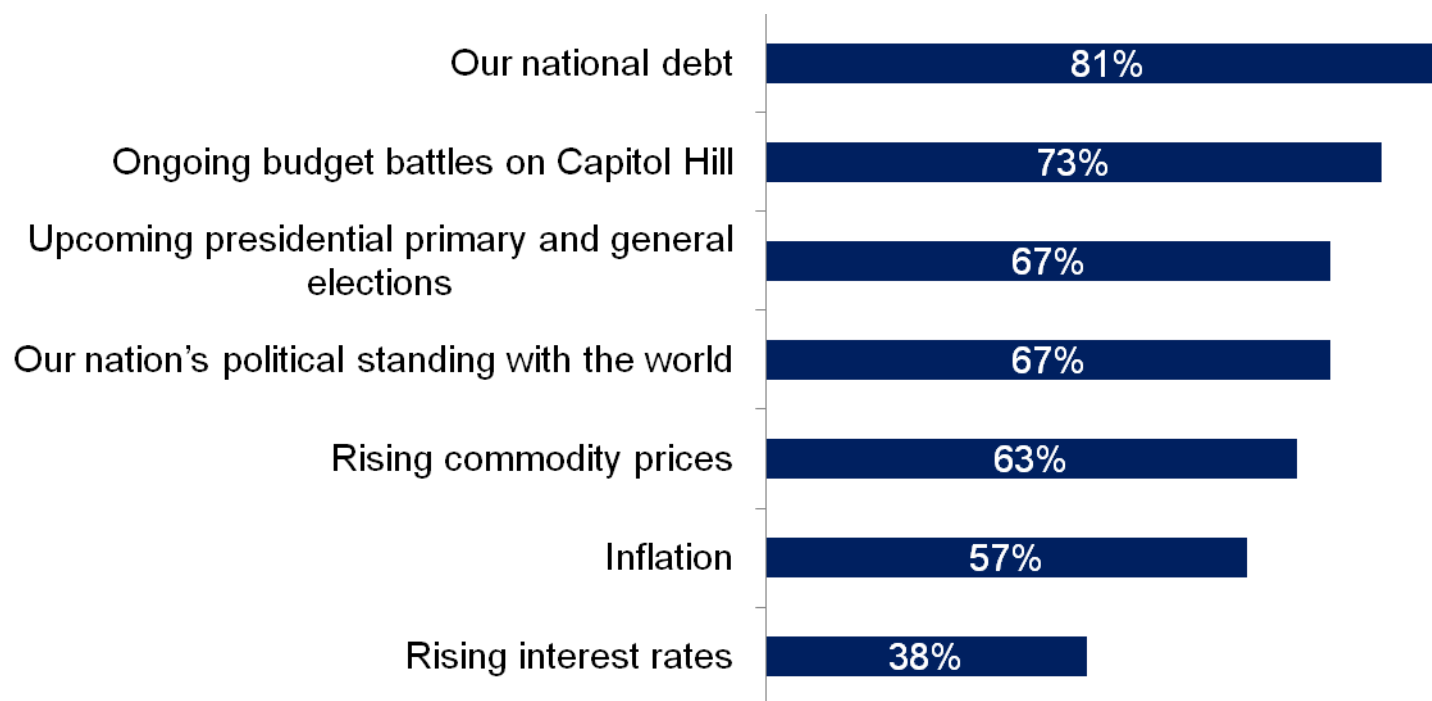


59% of respondents with at least one living parent have had a conversation with them about how their existing and future care needs will be funded. However, a Medicare knowledge gap appears to exist:



# Economic and Political Environments Contribute to Retirement Concerns

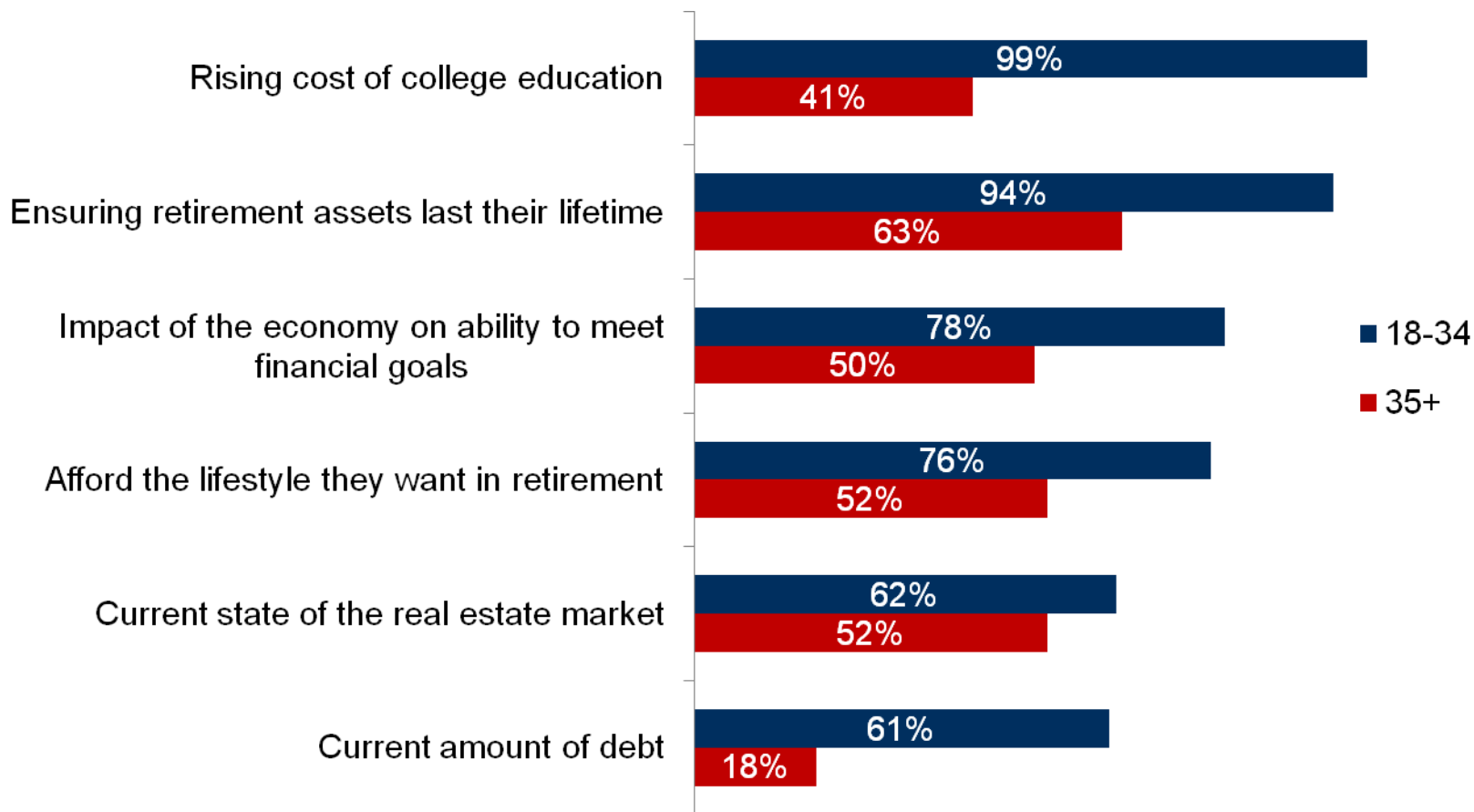
Today, there are several financial, economic and political concerns that may be contributing to fears over retirement security, including:



Meanwhile, more than half (56%) of the affluent population does not rely or anticipate relying on an inheritance to help fund their retirement; with an additional 28% who do not anticipate receiving an inheritance whatsoever. As such, 75% of affluent Americans are saving and investing for retirement as though they're not going to receive an inheritance.

# Young Affluent Express Greater Financial Concerns

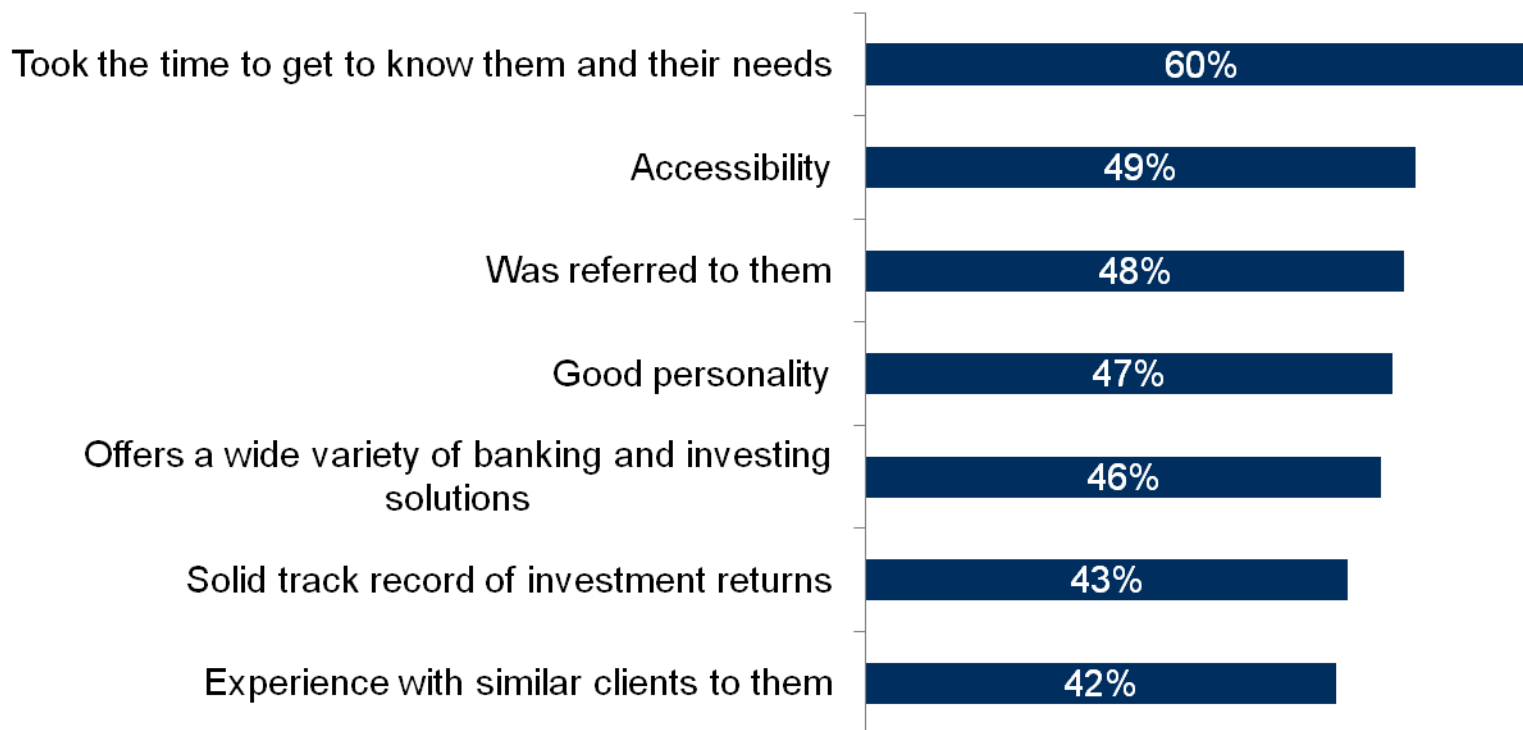
Younger affluent Americans ages 18 – 34 (mean age 29 years old) are significantly more concerned about a number of issues across their financial lives compared to other age groups:



# Choosing the Right Financial Advisor

Half (49%) of affluent Americans interviewed two or more financial advisors before choosing the advisor that was right for them, and 38% interviewed three or more

When asked why they selected their financial advisor, affluent American cited:



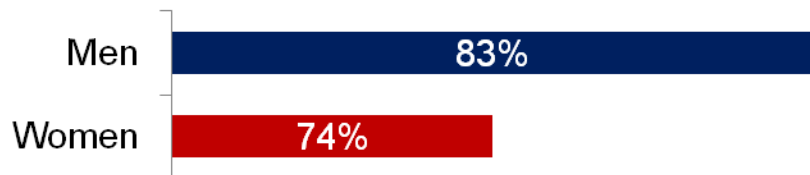
62% of financial advisors work with more than one member of an affluent family, such as a sibling, parent or adult-age child. However, when asked which family members also work with their advisor, just 65 percent of couples indicated that their spouse or partner participates in this relationship (60 percent of women and 40 percent of men).

# Understanding Client Needs Keys to Long Lasting Financial Advisor Relationships

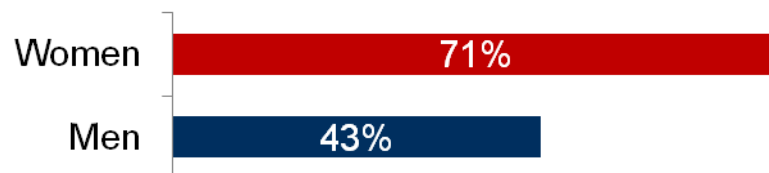
When asked to identify qualities that best describe why they continue to work with their financial advisor, affluent Americans cited that he/she:



**78% of affluent speak with their financial advisor at least quarterly, men slightly more frequently than women:**



**57% of affluent investors have been working with their financial advisor for 6 years or more; women are particularly loyal:**





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