Merrill Lynch Affluent Insights Survey™

National Fact Sheet

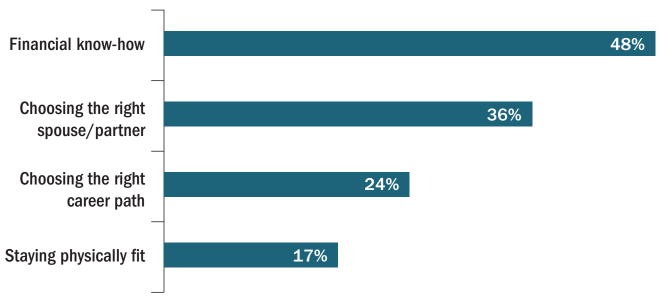
About Merrill Lynch Affluent Insights Survey

Merrill Lynch Affluent Insights Survey™ is a report examining the values, financial priorities and concerns of affluent Americans. From rising college education costs to preparing for health care needs of aging parents, issues reflected in the latest in this series of semiannual surveys reveal financial complexities within affluent families and new approaches they are taking to balance competing demands. Braun Research conducted the survey by phone between June 7 and June 21, 2011, on behalf of Merrill Lynch Global Wealth Management.

Key Findings

Affluent Parents Teaching the Next Generation About Financial Responsibility Earlier

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

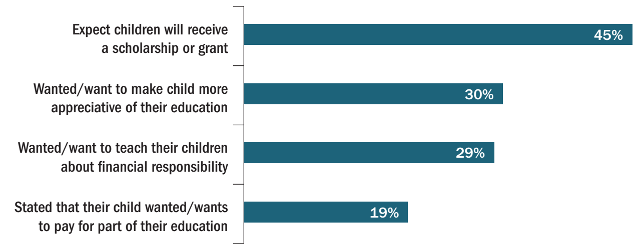


- Affluent parents begin speaking with their children at a young age about financial matters in an effort to prepare them for their adult years; when asked what age they first started talking to their children about financial matters, parents cited:
  - — Before the age of 12: 57% (46% of fathers, 64% of mothers)
  - — Before the age of 18: 85% (76% of fathers, 90% of mothers)
- More parents today are beginning to speak with their children about financial matters at an earlier age than previous generations
  - — 42% of affluent parents over the age of 65 said they spoke with their children about financial matters before they turned 12
  - — 76% of affluent parents ages 35 to 50 either will speak with their children about financial matters before they turn 12 or started talking to them before they turned 12
- Nearly one-third (30%) of affluent Americans are not confident in the ability of their adult age children to manage their own finances
- As kids grow up, 88% of parents will use one or more milestones in their children's lives to initiate conversations with them about financial management, such as:
  - — Graduating from college: 66%
  - — Purchasing their first home: 63%
  - — Paying for college education: 62%
  - — Graduating from high school: 60%
  - — Purchasing their first car: 57%
  - — Choosing their first full-time job after graduation: 54%
  - — Their own retirement, as it relates to their long-term planning: 53%
  - — Planning their wedding: 50%
- Among parents who work with a financial advisor, 64% have shared with their children some form of advice they received from their advisor such as:
  - — Investing for retirement at an early stage in life: 47%
  - — The importance of managing a budget: 40%
  - — Managing a checking/savings account: 29%
  - — Knowing how to properly pay down and manage debt: 26%

- When asked if they have ever invited their children and/or parent(s) to participate in discussions with them and their financial advisor:
  - — 18% of affluent parents age 51 and older say they have invited their child/children to participate in such discussions
  - — 16% of affluent individuals age 50 and under say they have invited their parents to participate in such discussions
  - — 42% of all respondents who have not invited their child/children or parents to participate in discussions with their financial advisor would consider doing so
- When looking back to their newlywed years, 46% of affluent Americans wish they had approached some areas of their financial management differently. Their most common financial regrets include:
  - — Saved more for retirement (20%)
  - — Saved more for an emergency fund (18%)
  - — Created and stuck to a budget (15%)
  - — Paid off more debt (10%)

Affluent Parents' Approach to Funding College Education, and Beyond

- The cost of college education today and in the future is a significant concern for 46% of affluent Americans – this jumps to 99% among the younger affluent ages 18 to 34 (mean age 29 years old). In light of these concerns, it is not surprising that:
  - — One-third (33%) of affluent parents started saving for college education before their first child was born or within the first year of their child's life
  - — Half (51%) of affluent parents started saving by the time their child was 5
  - — Two-thirds (68%) of affluent parents started saving by the time their child was 10
- Beginning to save for college very early is another example of shifting generational trends. The majority (60%) of affluent parents today ages 35 to 50 start college savings accounts within the first year of their child's life or before, whereby just 15% of parents who are now over the age of 65 saved for college that early
  - — In hindsight, 22% of all affluent parents wish they had started saving for their child's education earlier
- However, despite earlier starts to college saving, half (47%) of affluent parents did not or will not pay for the full cost of their children's college education. These parents are shifting at least some responsibility to their children because they:



- Beyond graduation, 82% of affluent parents would support their children financially during their early adult years, or currently are. Among which:
  - — More than half (55%) would allow "boomerang" children to come back and live at home, some with a monthly rent (30%) and some without (25%)
  - — 41% would pay for their children's health insurance for a short time or until they find a job
  - — 34% would pay for all living expenses for a short time, while 32% would pay for some living expenses or offer an allowance
- Pursuing additional education or professional training is also important for some affluent adults, with 15% citing they have gone or plan to go back to school. When asked why they cited:
  - — I was/am interested in learning something new: 35%
  - — I want to remain competitive in today's workforce: 31%
  - — I want to further my current career: 29%
  - — I want to pursue a different career: 15%

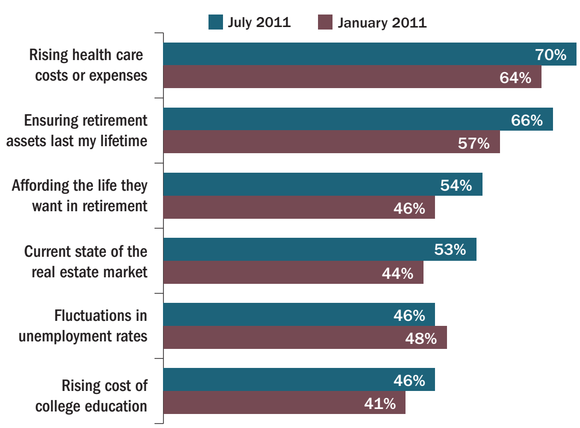
Preparing for Health Care Costs, Not an Inheritance

- More so than college, or any other area of their financial lives, affluent Americans (70%) continue to be highly concerned about the rising cost of health care – their top financial concern since this series of surveys began in 2009
- Nearly one-third (31%) of affluent Americans expressed specific concern about the financial implications of caring for aging parents
  - — 34% of affluent Americans ages 35 to 50 believe it is likely that their parents will need financial assistance from them later in life

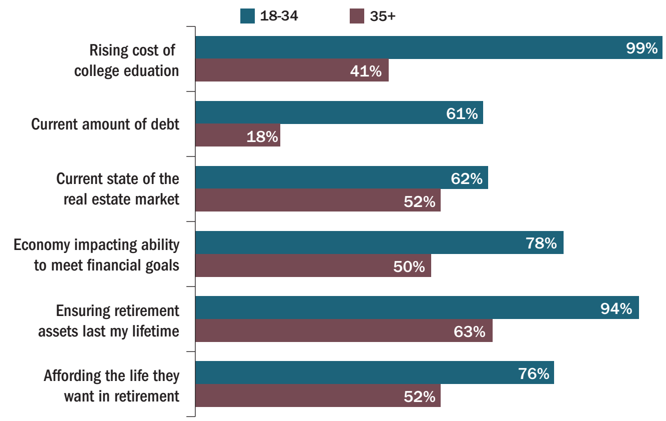
- Considering these concerns, some affluent Americans are taking proactive steps to prepare for future health care needs for themselves and their parents:
  - — 45% of affluent Americans have a plan in place for their long-term care needs
  - — 11% are in the process of creating such a plan
  - — 59% of affluent Americans with at least one living parent have had a conversation with their parents about how their existing and future care needs will be funded
- While 89% of affluent individuals age 65 and older believe they are at least somewhat knowledgeable about Medicare coverage, less than half (47%) were able to accurately identify costs covered by Medicare Part A (78% and 41%, respectively, among those age 51 and older)
- The majority of affluent Americans do not rely or anticipate relying on an inheritance to ease the burden of health care costs or, more broadly, to help fund their retirement later in life (56%)
  - — An additional 28% don't anticipate receiving an inheritance whatsoever
  - — Not surprisingly, 75% of affluent Americans are saving and investing for retirement as though they're not going to receive an inheritance

Economic and Political Environments Contribute to Retirement Concerns

- Affluent Americans' financial concerns, including concerns about their retirement assets being able to afford the lifestyle they want in retirement, have increased somewhat since the start of this year. Their top financial concerns include:



- About many of these same issues, younger affluent Americans ages 18 to 34 are significantly more concerned than other age groups, including:



- Today, there are several financial, economic and political concerns that may be contributing to fears over retirement security, including:
  - — Our national debt: 81%
  - — Ongoing budget battles on Capitol Hill: 73%
  - — Upcoming presidential primary and general elections: 67%
  - — Our nation's political standing with the world: 67%
  - — Rising commodity prices: 63%
  - — Inflation: 57%
  - — Rising interest rates: 38%

Risk Tolerance Returning for Some

- When asked to define their tolerance for risk, 36% of affluent individuals describe themselves as conservative investors, gravitating toward lower-risk investments and savings vehicles (such as bonds, and savings and money market accounts)
  - — This is down from 47% of affluent investors who identified themselves as conservative six months ago (January 2011) and down further from 50% one year ago (July 2010)
- An appetite for investment risk has particularly returned among affluent Americans ages 18 to 50:
  - — 24% of younger affluent individuals ages 18 to 34 described themselves as conservative investors, compared to 52% one year ago
  - — 25% of those ages 35 to 50 described themselves as conservative investors, compared to 45% a year ago
  - — Notably, more affluent women (45%) indicate a preference toward conservative investing than men (27%)

- When self-identified conservative investors were asked why they preferred this investment approach:
  - — 58% cite being solely focused on preserving their current assets
  - — 42% indicate a willingness to give up some upside in order to protect against downside risk

Accessibility, Understanding Among Keys to Successful Financial Advisor Relationships

- Choosing the right financial advisor is an important decision that the affluent do not take lightly. Half (49%) of those with a financial advisor interviewed two or more advisors before choosing the one that was right for them, while 38% interviewed three or more.
- When asked why they selected them, 60% cited that their advisor took the time to get to know them and their financial needs – accessibility (49%) and a good personality (47%) were also among top reasons, followed closely by:
  - — Their ability to offer a variety of investing and banking solutions: 46%
  - — A solid track record of investment returns: 43%
  - — Experience with similar clients: 42%
- When asked what qualities best describe why they continue working with their advisor, affluent Americans cited:
  - — Understands their current financial situation: 81%
  - — Puts their interests first: 78%
  - — Provides personalized financial guidance and advice: 71%
  - — Understands their goals, dreams and personal values: 71%
  - — Understands and respects how they wish to communicate (e.g., phone, in-person): 71%
  - — Has specific expertise advising the unique financial circumstance of them and their family: 67%
- During discussions, a financial advisor's use of "plain language" – versus jargon that the individual or couple may not understand – was another important factor in respondents' overall satisfaction with this relationship (78%)
  - — Nearly a quarter (23%) of affluent Americans have at some point "pretended" to understand what their financial advisor was saying when they really did not (32% of affluent women and 14% of men)
- On average, 62% of financial advisors work with more than one member of an affluent family, such as a sibling, parent or adult-age child
  - — When asked which family members also work with their advisor, just 65% of couples indicated that their spouse or partner participates in this relationship (60% of women and 40% of men)
- 78% of affluent Americans speak with their financial advisor at least quarterly, men slightly more frequently than women (83% and 74% speak at least quarterly, respectively)
- 57% of affluent Americans have been working with their advisor for more than six years, 35% for 10 or more years
  - — Affluent women are particularly loyal, with 71% having worked with their financial advisor for more than six years, compared to 43% of men with the same tenured relationship

Methodology

- Braun Research conducted the Merrill Lynch Affluent Insights Survey by phone between June 7 and June 21, 2011, on behalf of Merrill Lynch Global Wealth Management
- The nationally representative sample consisted of 1,000 affluent Americans (of all ages) with investable assets in excess of $250,000
- At least 300 affluent Americans were oversampled in each of the 5 target markets including: Atlanta, Boston, Chicago, Los Angeles and San Francisco.
- The margin of error is +/- 3.1% for the national sample and +/- 5.7% for the oversample markets, with both reported at a 95% confidence level

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