Merrill Lynch Affluent Insights Survey™
National Fact Sheet

About the survey

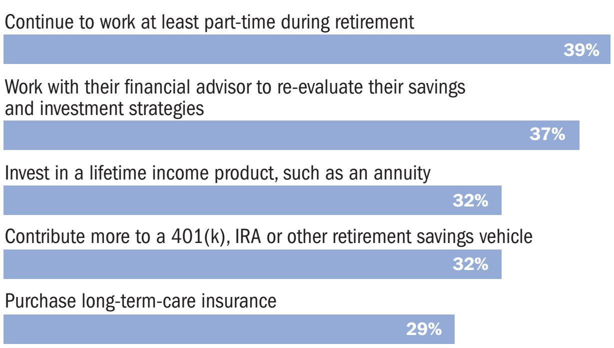
The Merrill Lynch *Affluent Insights Survey*™ is a report examining the goals, values and financial concerns of affluent Americans. The latest survey reveals how new retirement realities and longer life expectancy are causing many to rethink their approach to retirement income and planning for later years, including such considerations as lifestyle trade-offs, health care costs and longevity. Braun Research conducted the survey by phone in December 2011 on behalf of Merrill Lynch Global Wealth Management.

Key findings

Age of opportunity: New retirement realities cause many to rethink their approach to planning for later years

Average life expectancy has risen dramatically during the last century. The U.S. Census Bureau estimates that the number of centenarians — people who live to be 100 — rose from 2,300 in 1950 to nearly 80,000 in 2010, and will exceed 600,000 by 2050. And according to the Society of Actuaries, for a 65-year-old couple, there is now a 31% chance of at least one spouse living past the age of 95.

According to this Merrill Lynch survey, many affluent Americans (58%) view the prospect of living to be 100 positively. However, three out of four (75%) would approach their money management differently if they knew today that they were going to live that long. To financially accommodate a longer life, they would:



A 2011 EBRI study found that many Americans retire sooner than intended due to circumstances beyond their control, including a health condition and, to a lesser extent, a business downsizing or closure. The possibility of retiring earlier than expected heightens the need to be well-prepared, even over-prepared. For those who retire sooner than expected, their wealth must last longer than anticipated, and they may need to revisit work options and spending plans.

- In light of longer life expectancies, the majority of respondents (59%) also believe that the age at which Americans are eligible to collect Social Security should be raised.
- Age is far less of a factor when it comes to retirement. Just 14% of respondents over the age of 50 cite "hitting a certain age" as the factor that would most lead them to retire. Instead, two factors more likely to lead them to retire include:
  - — Feeling confident that their assets will allow them to live the lifestyle they want throughout their remaining years (25%)
  - — A health condition — their own or that of a family member (18%)

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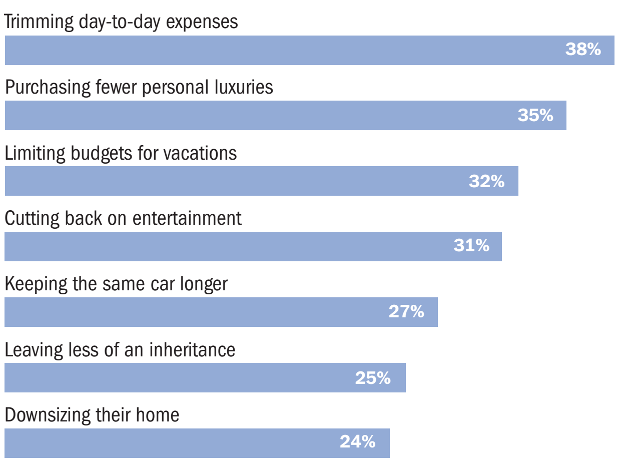
- Longevity and the desire to work later in life, because they have to or want to, is redefining the meaning of retirement. Only one out of four (24%) define retirement as never working again. The reality is that three out of four (73%) respondents not yet retired view this life stage as a second act during which they intend to work part- or full-time. Among this group, 30% plan to cycle between work and leisure after reaching that point previously thought of as retirement.
- Given the chance to do it all again, 37% of affluent retirees said they would have focused less on the numbers and more on their life goals.

Affluent prefer delayed retirement over trade-offs to their current lifestyle

If given the choice, half (51%) of affluent Americans not yet retired would rather retire later than make trade-offs to their current lifestyle. However, when push comes to shove, and trade-offs are needed to help ensure their assets sustain them through retirement, 81% would make them, including a combination of:



Among those preparing to retire in the next five years, many have started taking additional steps to help ensure their assets last throughout their lifetime, including:

— Saving more (39%)

— Tracking expenses more closely (39%)

— Developing a plan for monthly expenses and other financial needs once retired (36%)

— Consolidating assets with fewer financial institutions (20%)

— Clipping more coupons (19%)

— Providing less financial support to adult-age children (15%)

Many are evaluating current lifetime income sources

- 43% of respondents expect to or already receive lifetime income from a source other than Social Security, such as a pension (35%) and/or an annuity (16%).

  — More than half of affluent Americans with a pension or an annuity believe 30% or more of their retirement income currently comes or will come from one or a combination of these two sources.

- 41% of affluent Americans over the age of 50 currently or expect to rely in part on a pension as a source of lifetime income. For those under the age of 50, this drops to 27%.

  — Today, 57% of affluent Americans under the age of 50 do not expect to receive lifetime income from a source other than Social Security.

- While many baby boomers are struggling to save for and fund their retirement, most respondents (79%) believe that Americans under the age of 35 today won't have it any easier. Likely to live longer and to depend less on government entitlements and pensions as lifetime income sources, younger generations may well have an increasingly difficult time saving for retirement.

Rising cost of health care tops list of financial concerns, but few have a plan

For the third year in a row, survey respondents cite rising health care costs as their top financial concern (79%). One-third (34%) of respondents went so far as to say that they are more concerned about the financial strain associated with a significant health situation, such as a chronic illness or disability, than they are about how it may compromise their quality of life.

- Despite these concerns, two-thirds (67%) of affluent Americans have not estimated what their health care costs may amount to during retirement. While less surprising that 78% of individuals under the age of 50 have not thought this through, it is surprising that 62% of those over the age of 50 have also not considered what these costs may be during their later years.
- Survey respondents believe future health care costs (26%) and life expectancy (25%) to be the most difficult unknowns when planning for future financial needs.
- When asked how they plan to fund their health care costs in retirement, respondents not yet retired listed a combination of:

  — Medicare (41%)

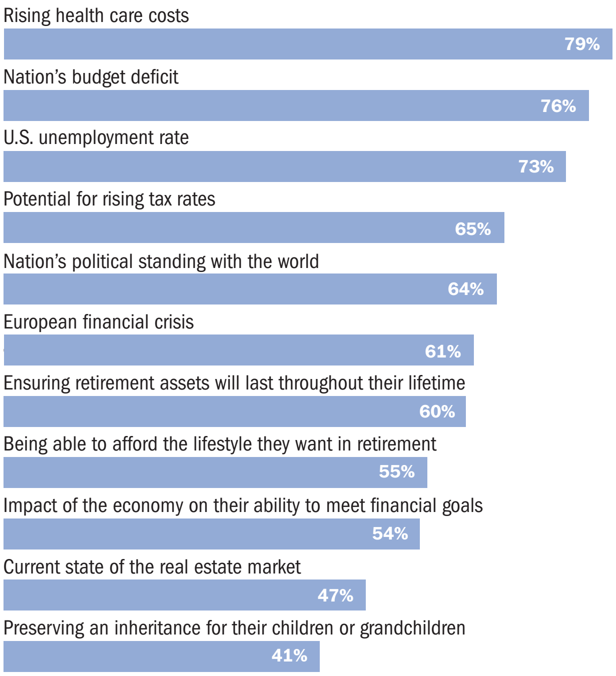
  — Private health insurance (33%)

  — Health care benefits from their current/former employer (22%)

— Long-term-care insurance (19%)

— Health savings account (10%)

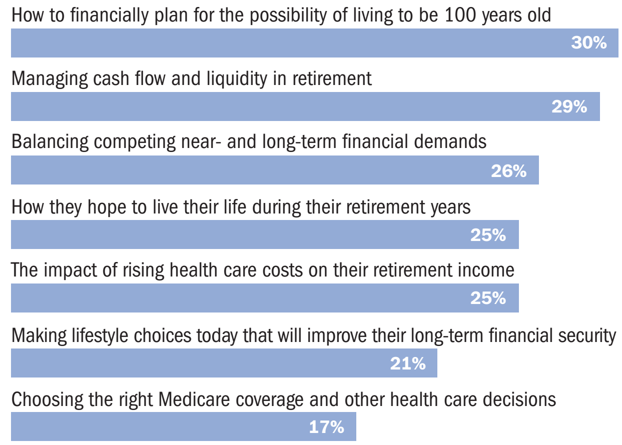
- Affluent Americans' other top concerns in 2012 include:



Client to Financial Advisor: How do I live well longer?

When it comes to helping clients prepare for retirement, the role of a financial advisor has evolved beyond asset accumulation strategies and portfolio structuring. Nearly half (47%) of affluent Americans cite that conversations with their advisor regularly go much further than general investing to focus on broader aspects of retirement. Financial advisors today are a source of insight and advice around how trade-offs, health care costs and longevity may impact retirement outcomes.

- When asked what retirement-focused topics they would like to discuss more with their financial advisor, respondents cited:



- When asked what core qualities their financial advisor possesses that keep them loyal to their relationship, affluent Americans said that their advisor:

  — Understands their current financial situation (58%)

  — Understands their goals, dreams and personal values (51%)

  — Understands and respects their preferred methods of communication; e.g., face-to-face, e-mail, phone, social media (48%)

  — Has specific expertise advising their unique financial circumstances (46%)

  — Provides relevant research and market insights to help them feel informed and in control (44%)

- Among survey respondents, 80% of those working with a financial advisor have had that relationship for three years or more, and 60% for six years or more. Three out of four (74%) respondents speak with their advisor at least once a quarter, and 40% at least once a month.

Key gender differences

- On average, women today live more than five years longer than men.[1] This may be one of the reasons affluent women (66%) are more concerned than men (54%) about their retirement assets lasting throughout their lifetime.
- The future of Social Security benefits is another top concern in 2012, particularly for women, with 76% concerned about the future of this entitlement program, compared to 59% of men.
- 56% of affluent women are also concerned about the rising cost of their children's college education, compared to 44% of men.
- A greater percentage of women surveyed (37%) also express greater concern than men (25%) about what the prospect of caring for an aging parent could do to their own financial security.

Methodology

- Braun Research conducted the Merrill Lynch *Affluent Insights Survey* by phone between Dec. 14 and Dec. 29, 2011, on behalf of Merrill Lynch Global Wealth Management.
- The nationally representative sample consisted of 1,000 affluent Americans (ages 18+) with investable assets in excess of $250,000.
- At least 300 affluent Americans were oversampled in each of five target markets, including Atlanta (303), Chicago (308), Dallas (308), Detroit (308) and San Francisco (300).
- The margin of error is +/- 3.1% for the national sample and +/- 5.7% for the oversampled markets, with both reported at a 95% confidence level.

[1] Health, United States, 2010 Report by the U.S. Department of Health & Human Services.