



# Merrill Edge: November 2011 Edge Report

November 29, 2011

# About Bank of America and Merrill Edge

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## About Bank of America

Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 58 million consumer and small business relationships with approximately 5,700 retail banking offices and approximately 17,750 ATMs and award-winning online banking with 30 million active users. Bank of America is among the world's leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 4 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations in more than 40 countries. Bank of America Corporation stock (NYSE: BAC) is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange.

## Merrill Edge

Merrill Edge is the marketing name for two businesses: Merrill Edge Advisory Center, which offers team-based advice and guidance brokerage services; and a self-directed online investing platform. Both are made available through Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S).

Merrill Edge makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation.

Banking products are provided by Bank of America, N.A. and affiliated banks, Members FDIC and wholly owned subsidiaries of Bank of America Corporation.

Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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# Today's Presenters

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## **Dean Athanasia**

*Preferred and Small Business Segment Executive for Bank of America*

Dean Athanasia is Preferred and Small Business Segment executive. In this role, Athanasia is responsible for the bank's twelve million Mass Affluent clients and Small Business owners, including delivering all products, services and solutions through a team of banking, investment and mortgage specialists. Athanasia is also responsible for Merrill Edge, an easy-to-use online and phone-based offering. Merrill Edge gives clients the ability to manage their own banking and investments online, or receive phone-based advice from a team of dedicated financial advisors.



## **John Thiel**

*Head of U.S. Wealth Management and the Private Banking and Investment Group for Merrill Lynch Wealth Management*

John Thiel is responsible for the strategic management of more than 16,200 financial and private wealth advisors from Merrill Lynch's U.S. Wealth Management group and the Private Banking and Investment Group. John began his career with Merrill Lynch in 1989 as a financial advisor in Tampa, FL.



## **Alok Prasad**

*Head of Merrill Edge*

Alok Prasad is a Merrill Edge executive at Bank of America. Merrill Edge is a unique business that combines the investment expertise of Merrill Lynch and the banking strength of Bank of America, enabling clients to seamlessly manage investments and banking via its online platform, phone capabilities and branch offices. Clients have the choice to manage their money on their own or receive advice and guidance through the Merrill Edge Advisory Center. Merrill Edge also serves rollover clients and plan participants of Merrill Lynch's Institutional Retirement business.

# Bank of America Survey Assets

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## **Merrill Edge**

*Merrill Edge provides differentiated products and services to the mass affluent population – those with \$50,000-\$250,000 in investable assets. The Merrill Edge Report surveys the financial priorities and concerns of the mass affluent.*



## **Merrill Lynch Wealth Management**

*Merrill Lynch Wealth Management serves clients with \$250,000-\$10 million in investable assets. MLWM conducts a quarterly survey, The Affluent Insights Survey™, which studies the financial complexities within this subset of affluent families.*



## **Private Banking & Investment Group**

*The Private Banking & Investment Group offers products and services to high-net worth individuals with \$10 million or more in investable assets. The World Wealth Report provides insight into the current views of wealthy households with a minimum \$1 million in investable assets.*

# Merrill Edge Report

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## What We Set Out to Accomplish

- Explore the financial mindset, concerns, and priorities of the mass affluent, including:
  - Financial management habits and regrets
  - Long-term financial planning for retirement and college education
  - Sources of financial information and guidance
  - Adoption of mobile and online banking technology
  - Perspectives on wealth and the role of this group in the economy

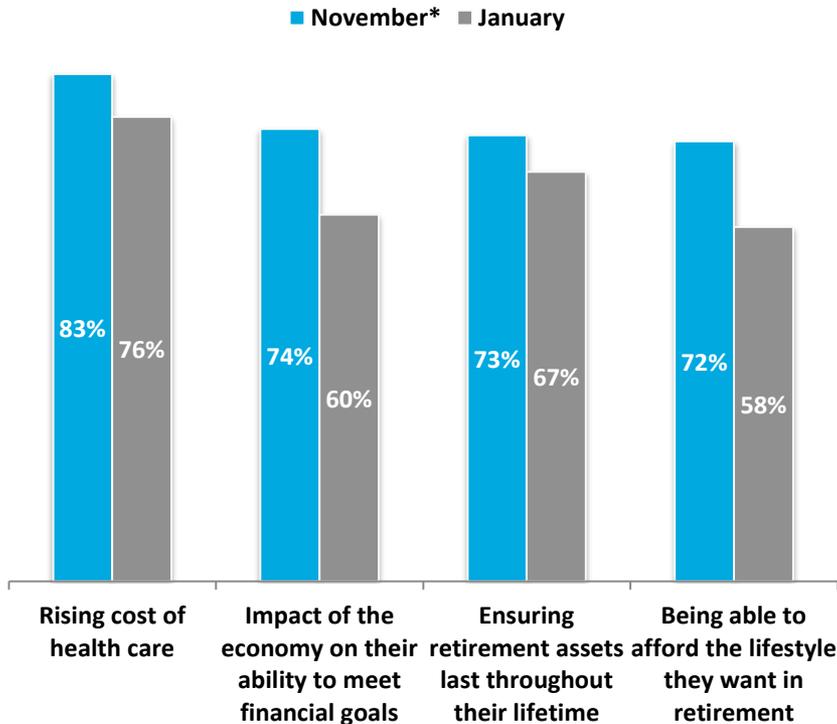
## How We Did It

- Phone survey conducted by Braun Research from July 20– August 4, 2011
- National sample of 1,000 consumers – individuals with investable assets of \$50,000 - \$250,000
- Oversample of 300 mass affluent respondents in Washington, D.C., Los Angeles, and San Francisco
- Margin of Error:
  - National: +/- 3.1%
  - Oversampled Markets: +/- 5.7%
- Qualitative research via Communispace, including interactive conversations, surveys, and other dynamic and exploratory activities with its proprietary online community of 300 mass affluent members

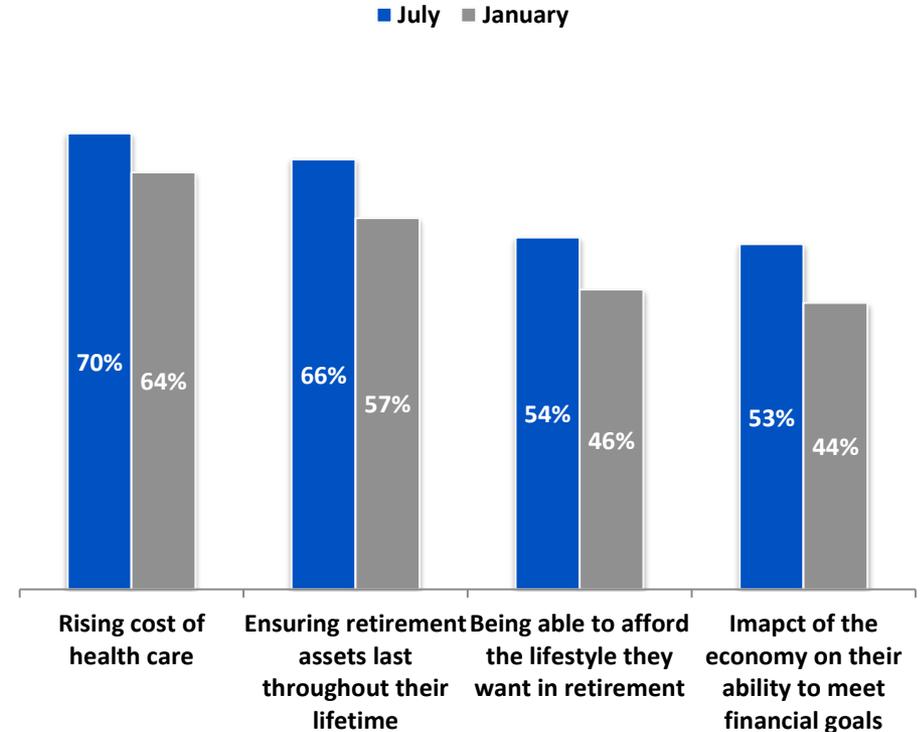
# Financial Concerns Today

The rising cost of health care, impact of the economy on ability to meet financial goals, and retirement planning continue to be top concerns for both mass affluent and affluent Americans

## Mass affluent Americans:



## Affluent Americans:



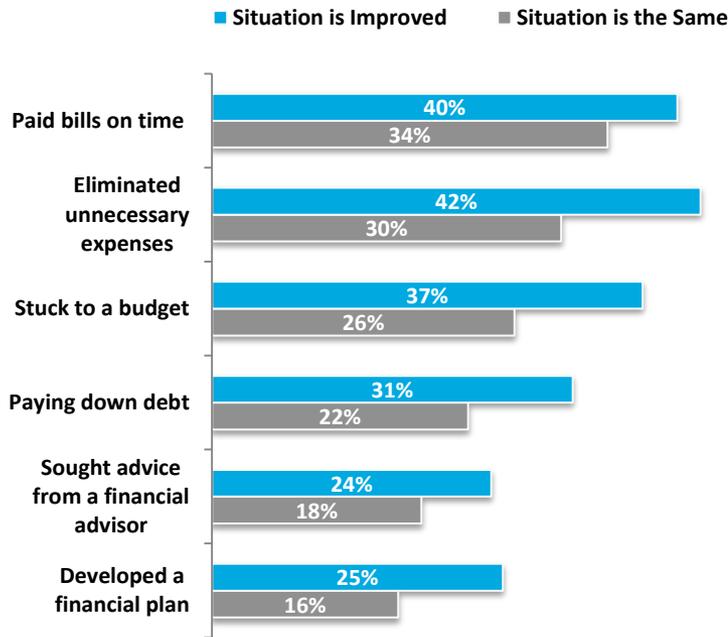
\*Note: November Edge Report used four-point measurement scale, while January Edge Report used three-point scale

# Applying Lessons Learned from the Recession

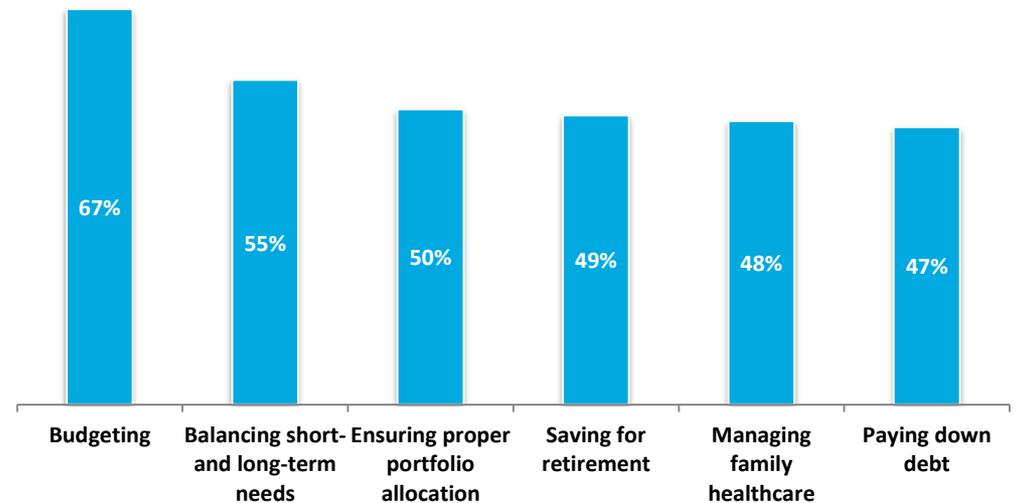
Half (52%) of the mass affluent believe their financial situation is the same as it was a year ago, and a quarter (23%) say their financial situation is better.

Despite concerns about long-term saving, many in the mass affluent are taking steps to help them improve their current financial situations.

What They Focused on this Year...

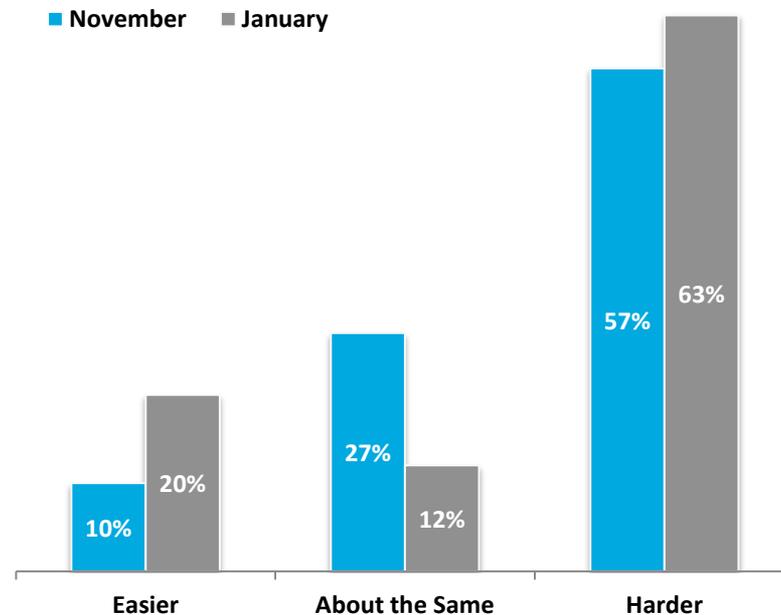


What They'll Focus on in the Next 6 Months...



# Saving Today and for the Future

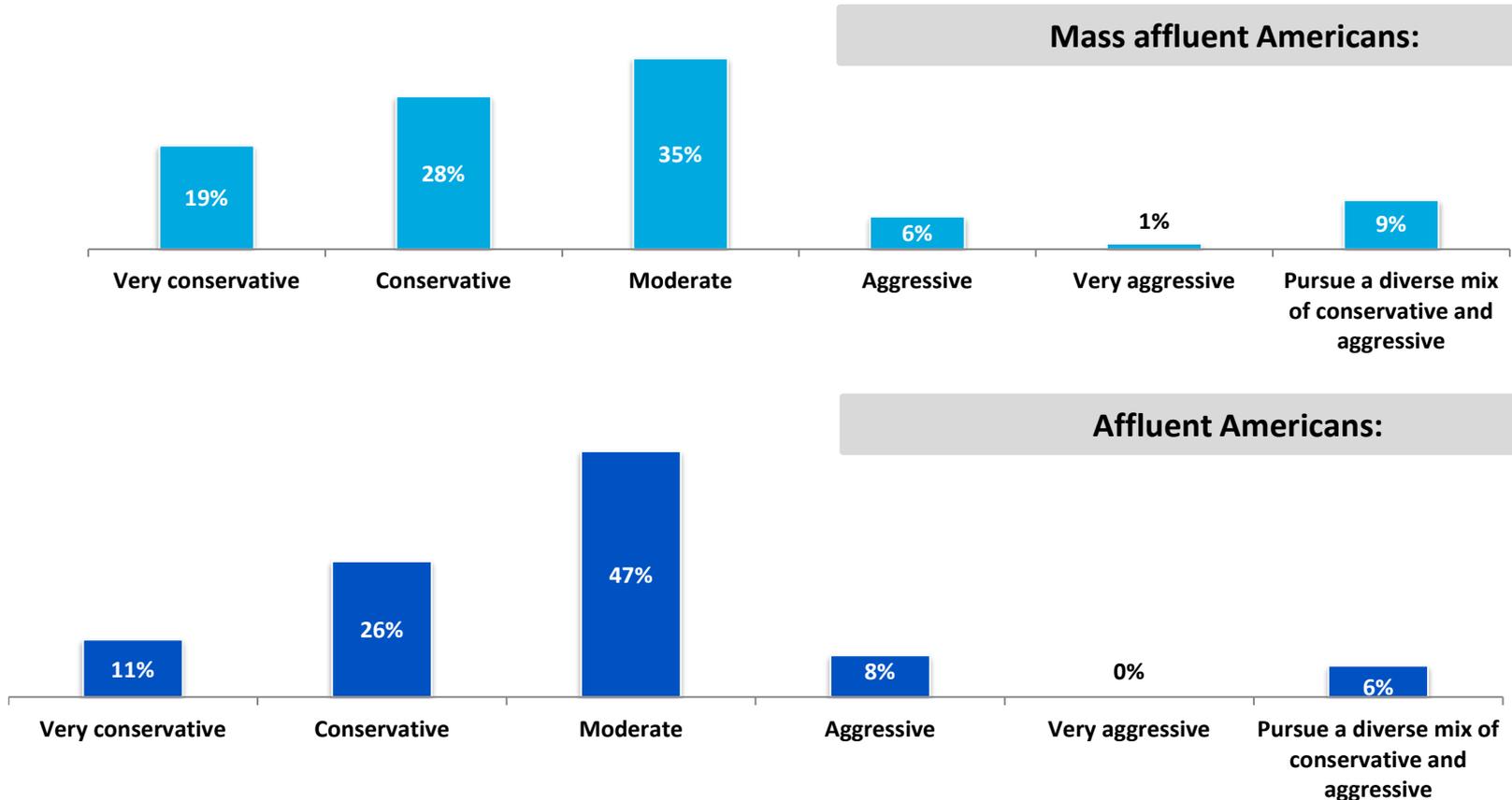
When it comes to saving for the long-term, such as retirement or children's education, this group still believes it will be harder five years from now.



One in five (21%) members of the mass affluent indicated that as a result of the economic recovery they have increased their savings routine in the last year, and 31% say that they are spending less.

# Trending Toward Conservatism

Among mass affluent, 47% identify themselves as having a conservative or very conservative tolerance for risk. This is indicative of a trend across the spectrum of affluent Americans.

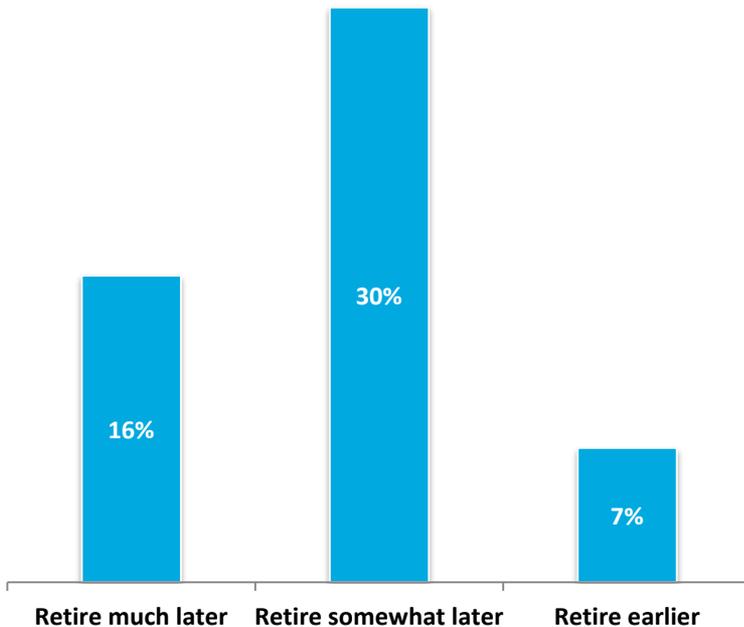


Further, 43% of mass affluent respondents say they are more conservative than they were a year ago.

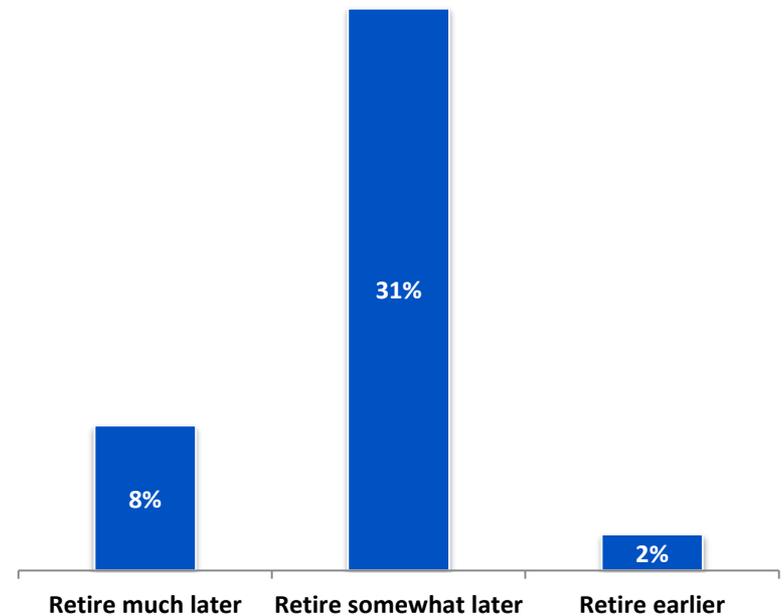
# Retirement Planning

The number one regret among the mass affluent is not contributing enough to their 401(k) or retirement savings (17%), relative to other major concerns such as making high risk investments (15%) and having too much credit card debt (13%). Further, 47% of this group expects to retire later than they planned a year ago, up from 42% in January.

Mass affluent Americans who are not retired expect to:



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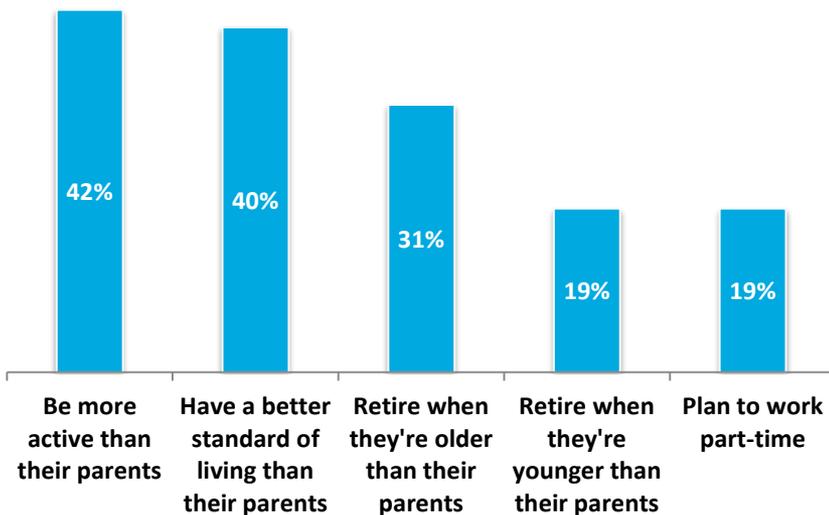


Half (49%) of the mass affluent plan to focus on saving for retirement in the next six months.

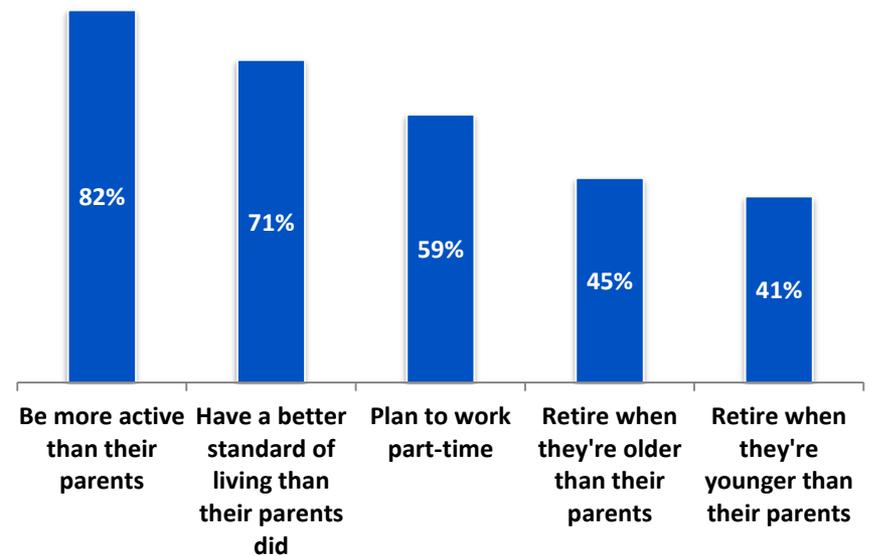
# Living in Retirement

Both mass affluent and affluent Americans expect their retirement experience to differ from their parents' retirement. Furthermore, both groups expect to retire at a later age than their parents did.

How the mass affluent think their retirement will differ from their parents' retirement:



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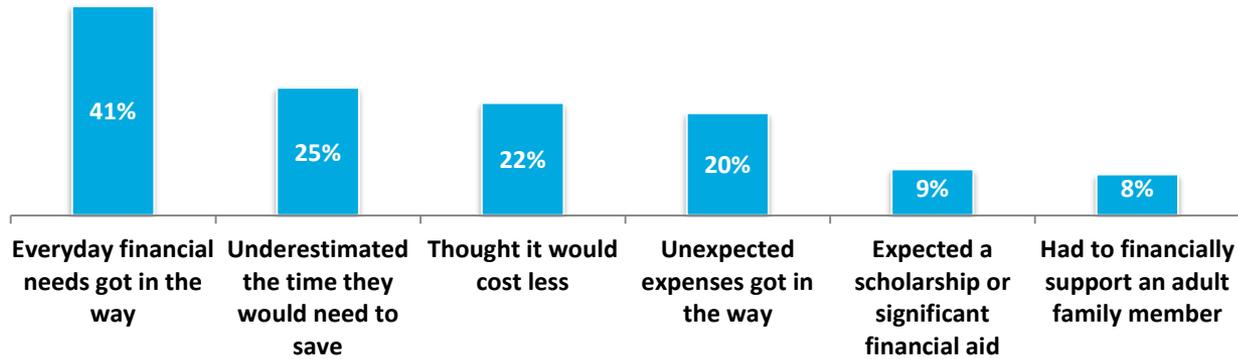


The majority (84%) of the mass affluent cite relaxing more as what they would like to accomplish during retirement, while travel is the top retirement activity for affluent Americans (75%).

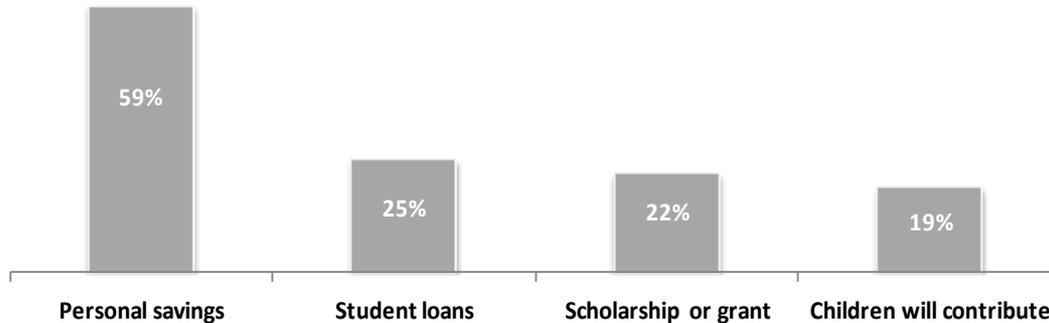
# College Education Savings

68% of parents who saved for their children's education began doing so before their child reached the age of six. However 38% of them wish they had begun saving earlier.

## Why they haven't been able to save enough:



## How they plan to fund their children's education:

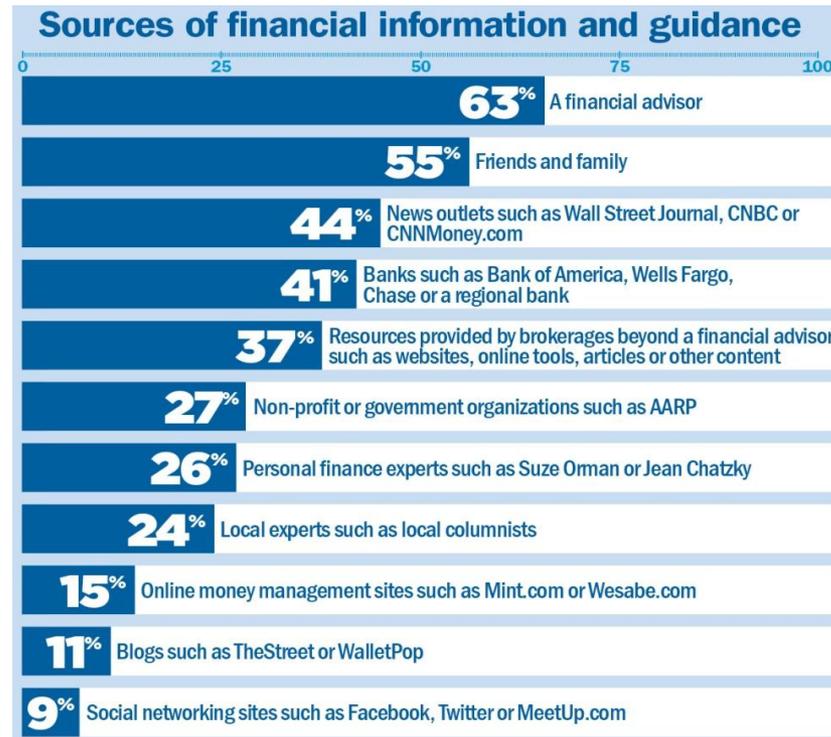


Only one-third (32%) of this group plans to focus on college savings in the next six months.

# Sources of Financial Guidance and Information

The number one factor the mass affluent cite as increasing their confidence in meeting financial goals is receiving advice from a qualified financial advisor (50%).

The mass affluent still seek financial information and guidance from established resources:

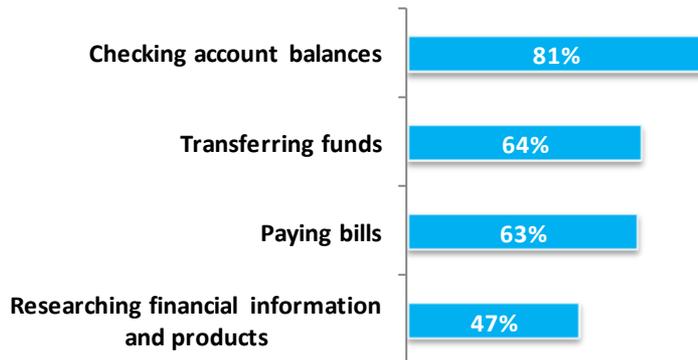


Top factors that build the mass affluent's trust in a financial service company include the company's stability (82%), reputation of the firm (80%), and the ability to manage finances the way they want (77%).

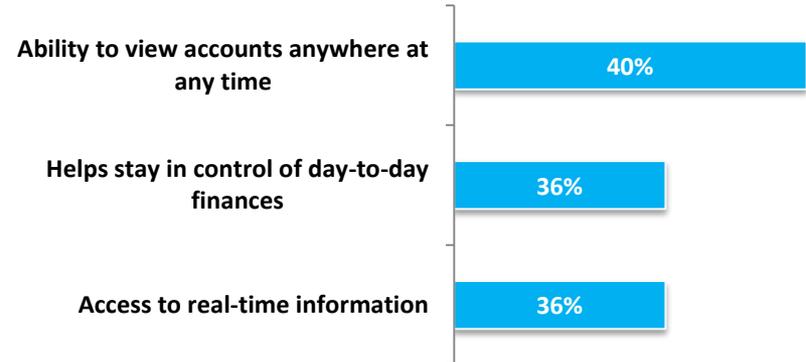
# Adoption of Mobile and Online Technology

25% of the mass affluent are avid users of mobile banking and investing. Meanwhile, half (50%) report being avid users of online banking and investing, higher than those who say they're avid users of text messaging (37%) and Facebook (36%).

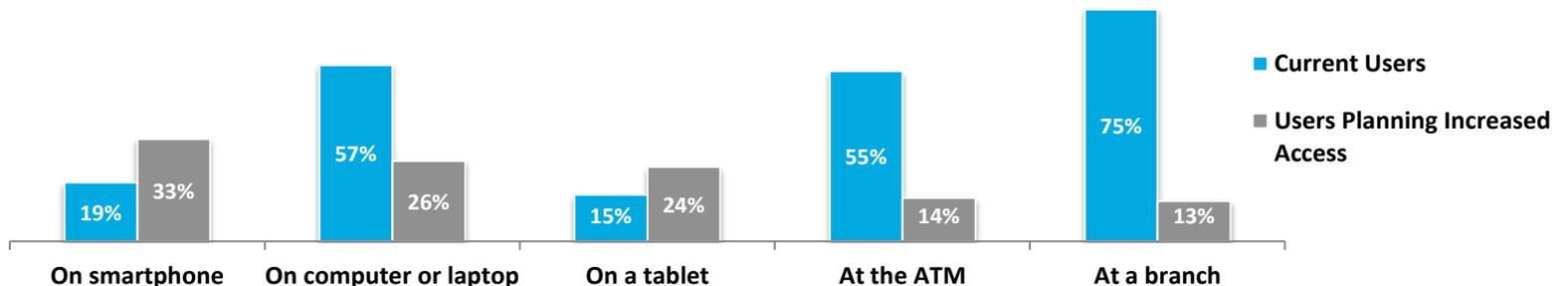
Top activities of mobile banking users among the mass affluent:



For those in the mass affluent who use mobile banking, top benefits include:



While many in the mass affluent are currently accessing their accounts at a branch (75%), on a computer/laptop (57%), or at the ATM (55%), they are planning to use new technology more in the future:

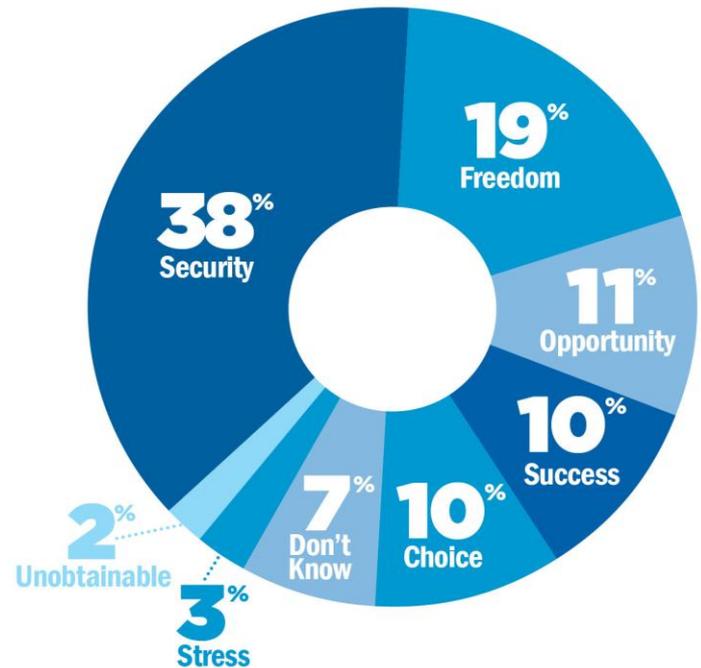
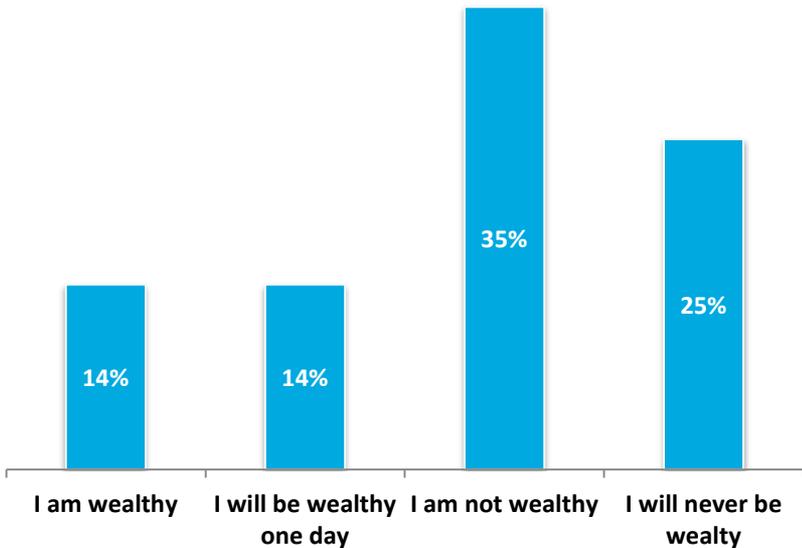


# Perspectives on Wealth

The mass affluent still do not consider themselves wealthy, a mindset which limits their willingness to invest in the greater economy.

The mass affluent's perspective on their own wealth:

When asked what the term 'Wealth' means to them, the mass affluent responded:

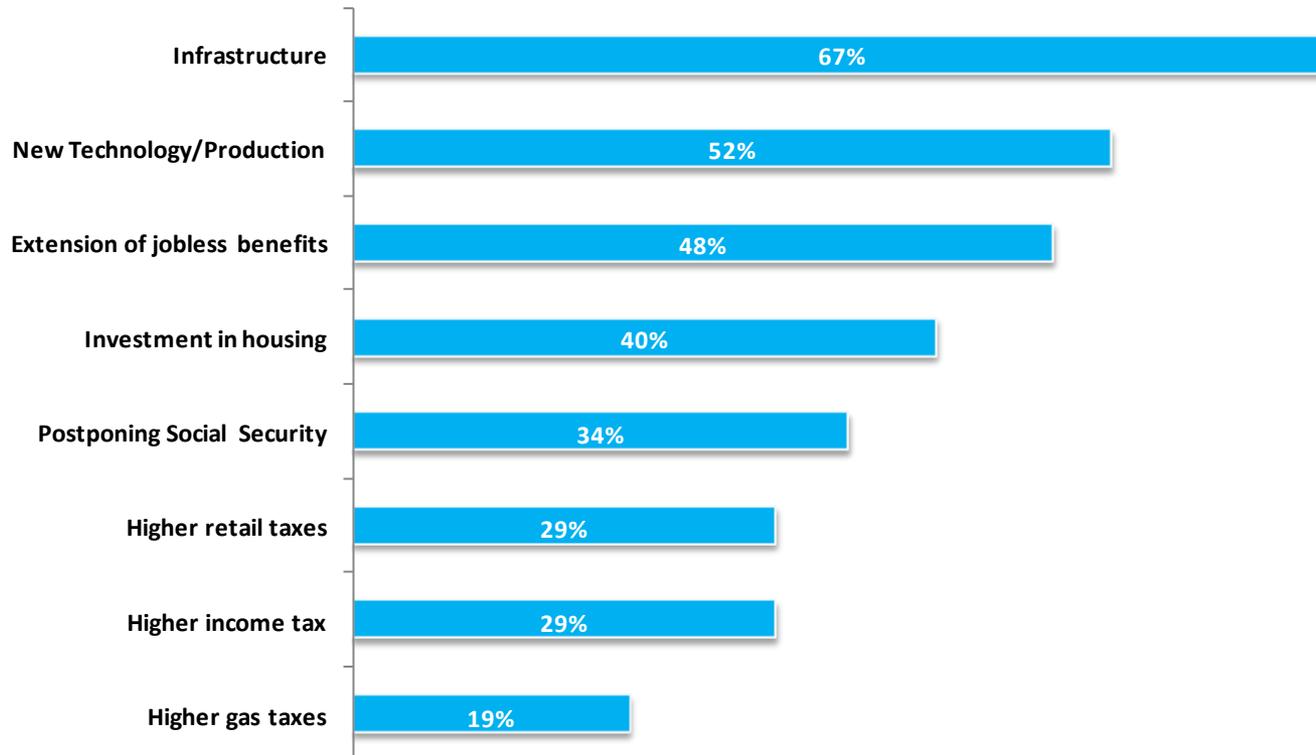


32% of respondents said they are not wealthy and will never be wealthy because they don't make enough money, while 23% say the recession took its toll on their finances.

# Impact on the Economy

41% of the mass affluent believe they have a positive impact on the U.S. economy.

The mass affluent are willing to support government investments for the greater good of the economy, but are less willing to support investments that would impact their personal finances.



This group sees their contributions to the economy as supporting small business (39%), spending more (32%) and buying real estate (28%).

# Key Takeaways

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- **Mass Affluent Shore up their Financial Situations but Still do not Consider Themselves Wealthy**
  - Half of mass affluent consumers feel that their financial situation is the same as it was a year ago, and 23 percent believe their financial situation is better.
- **Mass Affluent Continue to Struggle with Long-Term Goals Such as Retirement and College Savings**
  - The top three concerns this segment has about facing retirement are:
    - The rising cost of health care (83 percent)
    - Ensuring retirement assets last throughout their lifetime (73 percent)
    - Being able to afford the lifestyle they want in retirement (72 percent)
  - Everyday financial needs got in the way of mass affluent saving for their children's education (41 percent). They also underestimated the time they would need to save (25 percent).
- **Mass Affluent Still Seeking Trusted Guidance**
  - The mass affluent continue to seek financial information and guidance from established sources, including:
    - A financial advisor (63 percent)
    - Friends and family (55 percent)
    - Their brokerage (37 percent)
- **Mass Affluent Are Embracing New Financial Management Tools**
  - 25 percent of mass affluent respondents say they are avid users of mobile banking.

# Media Contacts

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