On Topic

Timely information for Plan Sponsors

Bank of America Merrill Lynch

RETIREMENT & BENEFIT PLAN SERVICES

Advice Access

Setting employees on a path to retirement success

At Bank of America Merrill Lynch we believe your 401(k) plan is too important and valuable a benefit for an employee's financial future to be left to uncertain or uninformed investors. In addition, we believe participants strongly desire help and guidance in making decisions about savings and investing and want to get the most from their company's plans. That is why we strive to make personalized and unbiased advice available to every participant.

At Bank of America Merrill Lynch, we help participants become better savers and more diversified investors. We drive greater plan utilization, which helps plan sponsors maximize the benefit and increase the perceived value of the plan. We do this through our guidance and investment advice service — Advice Access. This service provides your participants with professional investment management tailored to their life stage and personal situation.

Specifically, Advice Access provides your employees with recommendations for their 401(k) contribution rate, and if needed, recommendations for saving outside of the Plan as well, along with specific investment recommendations targeted at achieving a specific retirement income goal.

With Advice Access, participants can choose a managed account option, PersonalManager™, to ensure professional periodic review, monitoring and management of their account. Bank of America Merrill Lynch does not charge a fee for the managed account service.

Participation Adoption* Rates of Advice Access

Length of time advice available in Plan:	Percent usage for Plans under $50 million:	Percent usage for Plans over $50 million:
3+ years	28% participation	36% participation
2 – 3 years	39% participation	42% participation
6 months – 2 years	10% participation	20% participation
Less than 6 months	3% participation	4% participation

* Adoption means implements advice and utilizes one of the implementation options.
As of November 2010.

Participants want more advice. 58% of plan participants seek more advice regarding their plan investments.[1]

[1] "Retirement Market Insights," Spectrem 2010.

Please see last page for important disclosure information.

High usage rates help set Advice Access apart from the rest. With multiple channels for administering advice, fully integrated communication through all of the participant touch-points, and several implementation methods for participants to choose from, the Advice Access adoption rates make it among the most effective advice offerings in the industry. Of those eligible to utilize Advice Access, over 400,000 participants have accessed the advice service.[2]

The personalized, unbiased savings and investment recommendations of Advice Access are provided by an independent financial expert, Ibbotson Associates, a subsidiary of Morningstar. Bank of America Merrill Lynch accepts the fiduciary responsibility for the selection of Ibbotson Associates, the prudence of the advice process, and the delivery of advice to your participants. We believe the inclusion of the independent service of Ibbotson for advice strengthens our ability to be a fiduciary for the overall service.

As of November 2010, 28% of our clients — with close to one million participants — offer Advice Access in their 401(k) plans.

The service can provide your employees with recommendations based on the information Merrill Lynch has as your 401(k) plan's provider of recordkeeping services. Employees can receive a custom solution, including both investment advice and savings recommendations, targeted at achieving a specific retirement income replacement goal. If you have multiple plans on our integrated benefits platform, plans like your nonqualified or defined benefit would automatically be included in the analysis. The recommendations can be further personalized if the participant includes other sources of retirement income and expenses as well as assets held outside the retirement plan if the participant desires. The individual can also change assumptions used in the analysis (social security, retirement age, contribution rate, retirement income goal) to model different scenarios.

What can Advice Access do for participants?

Advice Access provides a broad array of services that may help participants plan and execute their retirement strategy, and adjust it as needed.

- Recommends a contribution rate using plan specific provisions
- Recommends specific investments — how to divide investments among equity, bond and cash-equivalent investments; which investment options to choose; how much to invest in each using plan-specific investment options
- Considers the participant's personal financial situation in making its recommendations
- Considers changes to the participant's personal financial situation
- Periodically reviews the participant's account — and dynamically manages and reallocates it if needed — on a regular basis
- Rebalance the participant's account — restoring it to its intended mix of stock, bond and cash-equivalent investments — on a regular basis
- Adjust the participant's asset allocation as retirement approaches

Bringing advice to participants in the ways they choose to engage

A vital part of the participant adoption success of Advice Access is the ease with which they can access and use the service. Participants can receive the Advice Access recommendations through three channels that are fully integrated into how they access information about the plan:

- **Via the Benefits OnLine® web site –** Participants are presented with various access points to advice as they navigate through the participant web site, Benefits OnLine. Most importantly, the home page has a link that clearly states, "Need help making savings and investment decisions?", along with plan information about the individual that has been prepopulated based on our knowledge as your plan recordkeeper. Given our strong belief in advice, there is a prominent "Advice & Planning" section to assist participants as well.
- **By phone through the Retirement & Benefits Contact Center –** Participants can choose to call one of our Series 7 and Series 66 registered representatives available through the Retirement & Benefits Contact Center. All of our service representatives are licensed and trained on the Advice Access service and are available for immediate help. Participants don't have to call a special department or make an appointment — they get the help they need when they need it.
- **In person with a Financial Advisor –** If participants prefer face-to-face interaction, they can work with one of our Financial Advisors using Advice Access, locally servicing communities across the country, or on-site at a plan sponsor's location.

As of November 2010, we found that many participants prefer to utilize a combination of the Benefits OnLine® web site and speaking to a Participant Service Representative, with 85% using the online feature.

[2] On a base of 553,252, excluding defaulted participants and a stand-alone advice client. As of November, 2010.

The service also offers the flexibility to implement the recommendations in the way that's best suited for the participant.

Three different ways to implement an ongoing savings and investment advice strategy

The Advice Access service presents consistent advice recommendations that the participant can implement in one of three ways:

PersonalManager™ – A managed account solution with periodic reallocation and rebalancing. PersonalManager recommends an initial contribution rate and automatically selects an asset allocation and specific investments. Then, based on updates to personal financial information, account balances and other data, the individual's portfolio is dynamically managed, rebalanced and/or reallocated approximately every 90 days. PersonalManager represents the most personalized form of target maturity investing. It is offered to participants with no fees.

Portfolio Rebalancing – Provides a point-in-time asset allocation recommendation with rebalancing approximately every 90 days back to the original allocation.

One-Time Asset Allocation – This option is an asset allocation based on a point-in-time analysis. It will not factor in future changes in personal information or current market conditions, nor will the account be rebalanced in the future.

Did you know Advice Access can qualify as your plan's QDIA and can be offered along with target date portfolios?

For those participants who have implemented Advice Access, 85% use PersonalManager as the ongoing investment strategy for their accounts.[3] As important, as of November 2010, 99% of participants who use PersonalManager have stayed with the investment strategy. And, it's important to note that the PersonalManager managed-account investment strategy offers participants the most personalized investment strategy available. Clearly this option stands out because it helps to meet the needs of individuals. And, best of all, unlike most advice services available in the marketplace, PersonalManager does not charge a wrap fee to your employees.

Communication and promotion on the Advice Access service is fully integrated and continually reinforced through all participant touch points. From a strong rollout of the service, including a personalized projection statement, live meetings, and ongoing targeted campaigns, sustained and effective communication is vital to promote strong adoption of the service.

Advice Access remains the right choice even in tough markets

During the recent severe market downturn, 99% of Advice Access users remained in Advice Access.[3] The PersonalManager managed account option provides diversification in an individual's account and monitors the account on a regular basis. While nothing, of course, can prevent a decline in account values in unfavorable market conditions, use of the Advice Access service could help minimize the impact of a downturn.[4]

From November 2006 to 2010, we saw a 200% increase in the number of plans implementing advice, and a 157% increase in the number of participants in PersonalManager. Please contact your Bank of America Merrill Lynch representative to learn how you can add Advice Access to your plan today.

Your Plan's Financial Wellness Score

In the first quarter of 2010 we began the roll out of the automated Financial Wellness Monitor™ reports for plan sponsors using our Advice Access service. The Financial Wellness Monitor™ provides a robust baseline metric to observe trends in employees' savings and investment behaviors. In general, the Financial Wellness Score of Advice Access participants reveals savings and investment behaviors (save more, diversified, planning).

Our client service teams will work with you to interpret the score relative to your plan. We would then collaborate on ways to improve your employees' financial wellness through plan design recommendations and strategic education and service initiatives. If the score is a perfect 10, you will know you have given it your all!

To use Financial Wellness Monitor is not to suggest that a plan sponsor would dispense with using retirement income replacement modeling at the employee level. Only an employee knows his or her overall household circumstances for retirement income planning, and tools like Advice Access can help build awareness about an employee's future income needs and aid in his or her preparation for that income.

To learn more about the Financial Wellness Monitor ask your Bank of America Merrill Lynch representative for the Financial Wellness On Topic titled "Are your 401(k) plan's participant's financially healthy?"

[3] Source: Bank of America Merrill Lynch, November 2010.

[4] While diversification is an effective strategy in guarding against risk, it does not ensure a profit or protect against loss.

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The Advice Access service uses a probabilistic approach to determine the likelihood that participants in the service may be able to achieve their stated goals and/or to identify a range of potential wealth outcomes that could be realized. Additionally, the recommendations provided by Advice Access do not consider an individual's comfort level with investment risk, and may include a higher level of investment risk than a participant may be personally comfortable with. Participants are strongly advised to consider their personal goals, overall risk tolerance, and retirement horizon before accepting any recommendations made by Advice Access. Participants should carefully review the explanation of the methodology used, including key assumptions and limitations, which is provided in the Advice Access disclosure statement. It can be obtained through Benefits OnLine® or through your Bank of America Merrill Lynch representative.

IMPORTANT: The projections or other information shown in the Advice Access service regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

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