



MORE ONLINE
education.ml.com

CHANGING the conversation about RETIREMENT

You may have decades left in your working life, and you could stay on the job far longer than your parents did. But wherever you are on your financial journey, a new approach can help you find your way to your most important goals



Merrill Lynch

Bank of America Corporation



A Clear Path Forward

In today's complex world, balancing all of your financial priorities can sometimes seem overwhelming. How do you save for your children's college while putting away money for your own future in retirement? And where do planning for health care costs or your desire to give to your favorite charities fit into the big picture?

What we found when we listened to clients and conducted surveys over the last few years is that people tend to see their financial life in terms of a number of key priorities—health, home, family, giving, work and leisure, as well as finances. And that people see retirement as just an extension of the journey of life, with those same priorities still front and center, competing for their attention.

Thanks to better health and longevity, that journey is lasting longer and providing more opportunities for exploration and self-renewal than ever before. Along with those possibilities come challenges. In fact, today's retirees tell us they are faced with an increasingly complex maze of choices and decisions.

To help you manage your assets both to and through retirement, Merrill Lynch asked top strategists from across the firm to develop a new approach—one that is designed specifically to help you address all of your retirement goals. It starts with a new kind of conversation, described in these pages. And Merrill Lynch stands ready to help guide you on the journey.

Andy Sieg

Head of Global Wealth &
Retirement Solutions at
Bank of America Merrill Lynch

David Tyrie

Head of Retirement &
Personal Wealth Solutions at
Bank of America Merrill Lynch



Merrill Lynch
Bank of America Corporation



Changing the Conversation about Retirement

Perhaps because we work so hard to get there, we have traditionally seen retirement as one of life's great goals. Yet somewhere along the way, retirement became the "R" word, a concept »



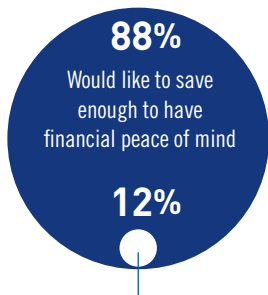


What you told us

Changing Values

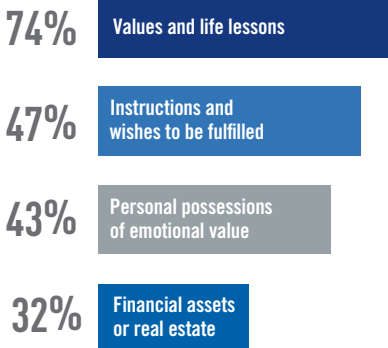
Our first 2013 Retirement Study uncovered shifting goals and priorities¹

Most important financial goal...



Would like to accumulate as much wealth as possible

Most important to pass on to the next generation...



so full of big questions and uncertain answers that just saying it out loud may come between you and a good night's sleep.

When will you retire from your job? Will you retire at all? Will you have saved enough to live a comfortable lifestyle? These questions may not have made sense to your parents or grandparents. They worked until they hit 65 or so and then retired as a matter of course, living on Social Security and a pension.

But today, many people stay on the job, at least part time, through their 60s, 70s and even beyond. And there are good reasons for uncertainty, especially if you are in the early stages of your career. You may switch jobs several times. Getting married changes everything—and so does getting divorced. You may take time out to raise children, and each new child brings questions as well as joy. How will you meet the cost of everything from baby clothes to college tuition, while still managing to save for your own future? As you negotiate the twists and turns of today's needs, retirement can feel very far away indeed.

Yet one thing is certain—that what used to be called “retirement age” will arrive much sooner than you could ever have imagined. And because we're living longer and longer, you may be retired for many years. Thinking about how you'll support yourself through all of that time can bring anxiety and inaction. To feel confident about your long-term financial future requires a new approach reflecting today's realities. It calls for a new conversation—about retirement and everything that leads up to it.

Retirement Redefined

With 10,000 people reaching retirement age every day, by their sheer numbers, the Americans heading in that direction are game-changers, influencing government policy and even creating new investment opportunities.

COVER: FROM LEFT TO RIGHT: CAVAN IMAGES/GETTY IMAGES, SCOTT BARROW/CORBIS, JOSE LUIS PELAEZ/GETTY IMAGES, THOMAS BARWICK/GETTY IMAGES, PREVIOUS SPREAD: TROY HOUSE/CORBIS



By the time you retire, will you have saved enough to live a comfortable lifestyle?

But the economic ups and downs of the past few years have transformed how people think about money and values—and how they view a successful retirement. Given a choice between peace of mind and accumulating as much wealth as possible, 88% of retirees or near-retirees in the 2013 Merrill Lynch Retirement Study *Americans' Perspectives on New Retirement Realities and the Longevity Bonus* chose peace of mind.

Yet “peace of mind” means different things to different people, and the issues that concerned the people we surveyed ranged across all parts of their

Keep Up
with the latest
insights from our
retirement studies

Visit [ml.com/
retirementstudy](http://ml.com/retirementstudy)



ABOVE: HERO IMAGES/CORBIS



How do you
take all of your
possibilities
and make
a strategy
that works
for you?

lives. Seven priorities emerged: finances, family, health, work, home, leisure and giving. Each covers a huge range of opportunities and challenges and brings its own turning points, with decisions that will shape the road ahead. Identifying what matters most to you as you move to and through retirement is a great start, but how do you take all of your possibilities and concerns and turn them into a strategy that works for you?

People have told us they need information to help them make the crucial decisions they face, and they want to have access to education and insights. “That kind of resource can turn a difficult choice into something much more manageable, empowering people to feel more in control and capable of planning for the unknowns ahead,” says David Tyrie, *Continued on page 7* »



A New Conversation

Today's retirement realities require a different way of talking about, planning for and managing your finances. This approach could help

Americans have told us that they recognize seven distinct priorities—finances, family, health, work, home, leisure and giving—that seem to be crucial in almost everyone's financial life.

But your priorities will be different than everyone else's, and at different life stages, some will be more important than others. Keeping them in balance calls for a new approach to talking about your

financial life that keeps your personal goals in balance, too—not just during your working time but also through years of retirement that may end up being a third of your life.

What follow are only examples of things you may be thinking about. But looking at your life in this way may help you organize and manage your finances in a way that helps you live better now and in the future.



FINANCES

How can I balance my current financial needs with carving out money to save for my future goals, such as contributing to my 401(k)? How can I choose investments that suit my financial goals?



FAMILY

How much does it really cost to raise a child and how can we decide when we can afford it? My parents need eldercare—how can I help?



HEALTH

My health care plan is confusing. How can I be sure I am maximizing my benefits? Do I need long-term-care insurance?



WORK

Will going back to school have a positive impact on my earning potential? What are the financial implications of being a stay-at-home dad or mom?



HOME

How can I weigh the trade-offs of buying a house vs. renting? What are the real costs of home renovation?



LEISURE

How much should I budget for leisure costs annually? They say you should “love what you do”—are there opportunities to turn my hobby into extra income?



GIVING

How can I make sure my loved ones are taken care of after I am gone? How can I connect with charities and causes that are aligned with my ideals?

What you told us

Helping Relatives



Family concerns loomed large among the respondents to our second 2013 Retirement Study²

Types of retirement sacrifices pre-retirees would make to financially support family members

60% Retire later/
work longer

40% Return to work
after retirement

36% Have a less
comfortable
lifestyle in
retirement

20% Feel less
financially
secure

head of Retirement & Personal Wealth Solutions at Bank of America Merrill Lynch.

Finally, practically everyone agrees that they need access to personal guidance to help manage their financial life today and in the future. Many respondents to our surveys have said they want to connect with someone who has experience working with people like themselves, someone who really gets it.

“In so many ways, there has never been a better time to be retired. The opportunities are incredible,” says Andy Sieg, head of Global Wealth & Retirement Solutions at Bank of America Merrill Lynch. “And yet people are also on their own and facing risks they may or may not fully understand. Having a knowledgeable guide can be invaluable.”

The Road Ahead

Rethinking retirement isn’t easy, but the generation starting this journey now may help lead the way for all of us who come later. “Throughout their lives, this generation has changed everything from women’s rights to racial equality to movies, clothes and pop culture,” Tyrie notes. “They’re not going to stop because they reach a certain age. They don’t think of retirement as a phase. They call it living.”

And retirement, whatever form it takes, will come after decades of financial decisions and trade-offs. It marks the beginning of years that are likely to grow more rather than less complex. Being successful begins with thinking about the entire road and identifying your priorities and your challenges. Define what those are and you’ll have taken the first great step away from ineffective, one-size-fits-all “solutions” and moved toward a strategy designed for you alone. (For more about this new approach, see “A New Conversation” on page 6.)



Getting there is only half the process. People are looking for help making it to and through retirement.

New Retirement Realities

Why a New Approach?

Previous generations of retired people could rely on the financial support of the fabled three-legged stool: savings, company pension and Social Security. Today, that's no longer true.

Fewer than 20% of employees in private industry can count on a pension plan in addition to Social Security, according to a 2012 report from the U.S. Bureau of Labor Statistics.*

At the same time, retirees and pre-retirees are providing financial support for kids and

grandparents, as well as eldercare for parents, and trying to fill gaps in their own health care. And health care costs are rising.

In the 2013 Merrill Lynch Retirement Study *Americans' Perspectives on New Retirement Realities and the Longevity Bonus*, 37% of respondents cited health problems as their top concern in living a long life.

Outdated financial models are not equipped to prepare you for these new retirement realities. A new kind of conversation is needed.

*Wiatrowski, William J. "The last private industry plans: a visual essay", December 2012

Acknowledging
that you'll need
to be flexible
can make it
easier to shift
course.

Adjusting Your Course Along the Way

Once you begin to think about the journey to retirement in terms of your ever-changing personal goals, it may look less like a burden and more like a life-changing opportunity. And acknowledging that you'll need to be flexible can make it easier to shift course.

"You can't expect that an off-the-shelf retirement plan that you set in motion once in your lifetime will be enough," Sieg observes. "You wouldn't launch a rocket and expect it to reach the moon based solely on one set of initial calculations." Even the most detailed, individualized, forward-thinking retirement strategy may require frequent adjustments.

Ready for Whatever Comes

When you can count on a new approach for pursuing your retirement goals, education and insights to help you understand the many complex retirement decisions you'll have to make and access to a retirement specialist to help guide you on your journey, it all begins to look a lot less overwhelming.

New Retirement Realities

Resources and Guidance

S seeking answers to the many complex questions ahead isn't enough to change the conversation. To turn talk into action, a sympathetic, informed guide is required. We're here to help you understand your retirement goals and can help you establish clear strategies to pursue them.

If your company's retirement plan is with Merrill Lynch, you have the opportunity to take advantage of a free retirement consultation by calling us at 1.877.637.1786 Monday through Friday from 8 a.m. to 7 p.m. (Eastern). No appointment is necessary.

You can also log on to [Benefits OnLine®](#) to enroll in your company's retirement plan, increase your contribution amount, update beneficiary designations, manage your investments and more.

Explore the [Education Center](#) for articles, videos and interactive tools to help you prepare for your financial future.

Could you use help saving for a large purchase, understanding credit, budgeting or buying a home? Through a partnership with Khan Academy,* we're bringing you a learning experience that's simple to use, free of charge and available to everyone. To take a look, visit [BetterMoneyHabits.com](#).

*Khan Academy is a registered trademark of Khan Academy, Inc. and is used by Bank of America pursuant to a license. Khan Academy is not an affiliate of Bank of America Corporation.



That's when thinking about the future can be fun and exciting rather than worrying. It's when "I don't know what lies ahead" can change to "I'm prepared for whatever comes."

"A better understanding of the new retirement landscape. A full suite of retirement, investment and banking resources. Retirement specialists who are qualified to guide people to and through the next phase of their lives—these are the ways we're helping our clients face today's retirement realities," Tyrie says.

Many Americans are ready for just this kind of conversation. As one client put it recently: "Today you live longer and healthier. There's so much more to life. I know I have to think about it and prepare myself, mentally as well as financially. I want to be able to get up on that first day off and know what I'm going to do." ■

What you told us

Longevity Concerns

Many are worried about being financially prepared for a long life*

Top financial worries for retirement¹

37%

HEALTH CARE EXPENSES

28%

OUTLIVING MY MONEY

18%

LACK OF PERSONAL SAVINGS

15%

LACK OF SOCIAL SECURITY

2%

LACK OF COMPANY PENSION

*Among those with investable assets below \$250,000



P.O. Box 2006
Lakewood, NJ 08701-8132

'AMERICANS' PERSPECTIVES ON NEW RETIREMENT REALITIES AND THE LONGEVITY BONUS

This report is based on a national public opinion poll conducted online by Harris Interactive. The Merrill Lynch survey was completed from December 2012 to January 2013, in partnership with Age Wave, and included more than 6,300 respondents age 45 and older. Findings are based on 3,002 responses from the general population. In addition, select study findings are based on an oversampling of an additional 3,005 affluent respondents with \$250,000 to \$3 million in investable assets (including liquid cash and investments, but excluding real estate). The remaining 320 interviews included an oversample among 60 to 70-year-olds. Results were weighted as needed for age by gender, education, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated.

²FAMILY & RETIREMENT: THE ELEPHANT IN THE ROOM

The survey, which was completed in August 2013, included a total of 5,415 respondents age 25+; select findings are based on an over-sampling of affluent respondents age 50+. For complete methodology results on the survey conducted in partnership with Age Wave and executed online by Harris Interactive, please visit ml.com/retirementstudy.

Investing involves risk, including the possible loss of principal. All opinions are subject to change due to market conditions and fluctuations. Past performance is no guarantee of future results.

This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation, offer or solicitation for the purchase or sale of any security, financial instrument or strategy. Before acting on any information in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. Any opinions expressed herein are given in good faith, are subject to change without notice and are correct only as of the stated date of their issue.

All guarantees and benefits of an insurance policy are backed by the claims-paying ability of the issuing insurance company. They are not backed by Merrill Lynch or its affiliates, nor do Merrill Lynch or its affiliates make any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Long-term care insurance coverage contains benefits, exclusions, limitations, eligibility requirements and specific terms and conditions under which the insurance coverage may be continued in force or discontinued. Not all insurance policies and types of coverage may be available in a particular state.

This material should be regarded as general information on healthcare considerations and is not intended to provide specific healthcare advice. If you have questions regarding your particular situation healthcare situation, please contact your healthcare, legal or tax advisor.

Bank of America Merrill Lynch is a marketing name for the Retirement Services business of Bank of America Corporation ("BoFA Corp."). Banking activities may be performed by wholly owned banking affiliates of BoFA Corp., including Bank of America, N.A., member FDIC. Brokerage services may be performed by wholly owned brokerage affiliates of BoFA Corp., including Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer and member SIPC. Insurance and Annuity products are offered through Merrill Lynch Life Agency Inc. (MLLA), a licensed insurance agency. Both MLPF&S and MLLA are wholly owned subsidiaries of BoFA Corp.

Investment products offered through MLPF&S and insurance and annuity products offered through MLLA:

Are Not FDIC Insured		Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured by Any Federal Government Agency		Are Not a Condition to Any Banking Service or Activity