

Merrill Lynch Study Examines Americans' Perspectives on New Retirement Realities and the Longevity Bonus

Survey Finds Boomers Prefer Reinvention Over Traditional Retirement, Seek Peace of Mind Over Wealth Accumulation, and Are Facing Multigenerational Family Responsibilities

NEW YORK--(BUSINESS WIRE)--May 6, 2013-- When it comes to financial goals, achieving peace of mind is seven times more important than accumulating wealth (88 percent and 12 percent, respectively) to adults age 45 and older, according to a new Merrill Lynch study, conducted in partnership with Age Wave. The study found that retirement has been redefined with people expecting to live and often work longer than any preceding generation, and taking different approaches to preparing for and living their best life during these years.

“Boomers have always paved their own way, and are once again pioneering new territory,” said Andy Sieg, head of Global Wealth and Retirement Solutions for Bank of America Merrill Lynch. “They share a strong view that retirement is not an end but a beginning, an opportunity for reinvention. Their perspectives, concerns, goals and how they plan to achieve them are different. What they seek is clarity and confidence about what is possible in the context of their hopes and myriad uncertainties.”

Completed in January 2013, the study is based on a nationwide survey of more than 6,300 respondents age 45 and older. Key findings were published today in a report titled “Americans' Perspectives on New Retirement Realities and the Longevity Bonus,” which reveals new insights into people's approaches to and thoughts about retirement, including:

Reinvention: Today's retirees are largely not retiring - they view the “longevity bonus” as a chance to explore new options, pursue old dreams and live life to the fullest. Fifty-seven percent of Americans (age 45 and older) consider retirement a whole new chapter in life. Many view it as an opportunity for career reinvention, with 51 percent of pre-retirees who plan to work in retirement indicating they want to launch into a different line of work altogether.

Family Interdependencies: Another key finding was the potential financial impact of supporting family members across multiple generations. Within many families, one or more individuals may be struggling financially. Balancing an individual's or couple's retirement needs with the needs of parents, siblings, children and grandchildren is a growing and complicated challenge. Fifty-two percent of parents expect to provide their adult-age children with some form of ongoing support be it financial, healthcare, housing or education and 35 percent believe they will need to support their grandchildren in such ways.

Connections: People find comfort, meaning and safety in connections with family, friends, communities and trusted guides during their later years. For many, work can play a significant role in maintaining a social network. Although pre-retirees think a reliable income is what they will miss most about leaving their career, retirees find that it is actually the social connections they miss most.

Traditional Values: Today's retirees are defining happiness not in terms of dollars but in terms of new experiences, peace of mind, helping family and making a difference. When asked what is most important to pass on to future generations, respondents indicated their top priorities are values and life lessons (74 percent) - which are viewed as more than twice as important as financial and real estate assets (32 percent).

“Americans have mixed feelings about living longer and transitioning into retirement,” said Ken Dychtwald, Ph.D., founder and CEO of Age Wave. “While they welcome the extra time to pursue new interests and spend more time with family and friends, they are concerned about outliving their assets and experiencing a serious health disruption. Even those who have saved adequately can be anxious and often overwhelmed by this complexity and the unknowns they face.”

The study also offers new insights about sources of concern and the need for guidance, including:

- **Health Disruptions:** Although many people consider early retirement a sign of financial success, the number one reason that people retire early is actually the loss of health. The cost of healthcare tops these adults' list of retirement worries even more so among the affluent (37 percent and 52 percent, respectively).
- **Falling Short:** Not knowing how long one is going to live causes insecurity about the ability to support a long life. Serious health problems, being a burden on one's family,

and outliving assets ranked among respondents' top concerns when asked about their views on living a long life (72 percent, 60 percent, and 47 percent, respectively).

- Home and Community: Whether it is the nearly half (45 percent) of Americans looking for help deciding the best place to live during retirement, the 38 percent who expect to provide housing support for family members (including inviting them to move in), or finding ideal housing or eldercare for parents (40 percent), decisions about living arrangements are among the most important when it comes to retirement planning.

“Most people understand that retirement planning is not a ‘once and done’ proposition,” said David Tyrie, head of Personal Wealth and Retirement for Bank of America Merrill Lynch.

“Where guidance is needed most is helping people understand how all of these variables and decisions work together over time. At Merrill Lynch, we are developing a new approach to help people carefully consider nearly all aspects of their life when planning for and living in retirement, including health care costs, family, giving, home, work, leisure and finances.”

For more information about the study, “Americans' Perspectives on New Retirement Realities and the Longevity Bonus,” please visit www.ml.com/2013retirementstudy.

Twitter Retirement Q&A: Beginning May 6, the @MerrillLynch Twitter handle will be taking questions on the challenges, concerns and new approaches the study reveals. Questions will be addressed on the handle on Friday, May 10, at 11 a.m. ET. Follow the @MerrillLynch Twitter handle to participate.

Methodology

“Americans' Perspectives on New Retirement Realities and the Longevity Bonus” 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.

About Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, healthcare, financial, workforce and cultural implications. Under the leadership of founder and CEO, Dr. Ken Dychtwald, Age Wave has developed a unique understanding of the body, mind, hopes and demands of new generations of maturing consumers and workers and their expectations, attitudes, hopes, and fears regarding retirement. Since its inception in 1986, the firm has provided breakthrough research, compelling presentations, award-winning communications, education and training systems and results-driven marketing and consulting initiatives to over half the Fortune 500. For more information, please visit www.agewave.com. Age Wave is not affiliated with Bank of America Corporation.

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