

Merrill Lynch Wealth Management: Merrill Lynch Affluent Insights Quarterly Fact Sheet

San Francisco Bay Area



About Merrill Lynch Affluent Insights Quarterly

Merrill Lynch Affluent Insights Quarterly (AIQ) is a Merrill Lynch Wealth Management survey focused on the values, financial priorities and concerns of affluent individuals. The fourth in this series of quarterly surveys examines how the affluent view and approach family financial issues. Braun Research conducted the survey by phone between June 11 and June 29, 2010, on behalf of Merrill Lynch Wealth Management.

Key Statistics for San Francisco Bay Area

Top concerns among San Francisco Bay Area's affluent

- When asked about the financial challenges they face in their local community, Bay Area respondents cited the high cost of living (53% locally, 42% nationally) and the struggling local economy (52% locally, 36% nationally)
 - Additionally, Bay Area's affluent face challenges with the loss in value of local real estate (40% locally, 31% nationally) and high unemployment (34% locally, 23% nationally)
- Overall, rising health care costs continues to be the number one financial concern among Bay Area affluent, with 56% expressing high concern (65% nationally), a decrease since April 2010 (65% locally)
 - In fact, among the 48% of local respondents who say that they are kept up at night by a financial concern (52% nationally), 53% are kept up by concerns about their family's health care costs (40% nationally)
- Retirement issues also continue to be top of mind with Bay Area's affluent, as 53% are concerned about whether their retirement assets will last throughout their lifetime (62% nationally), and 45% are concerned about whether they will be able to live the lifestyle they want in retirement (53% nationally)
 - 47% of affluent Bay Area respondents now expect to retire later than they had originally planned (45% nationally), compared with 44% one quarter ago and 21% in January 2010
- Affluent investors in the Bay Area are less concerned about the economy's impact on their ability to meet financial goals, with 43% currently expressing such concerns (50% nationally), compared with 51% one quarter ago and 39% in January 2010

Bay Area's investment approach

- 69% of San Francisco respondents are looking to their financial advisor for "holistic, overall financial advice" (66% nationally), and 78% are looking for help managing their cash flow/liquidity (63% nationally)
- When it comes to investing, 43% of affluent Bay Area respondents describe themselves as more conservative today than they were one year ago (46% nationally)
 - At the national level, this is especially true among younger investors ages 18 – 34, with 56% of respondents describing themselves as more conservative today, the highest percentage among all age groups, and 7% higher than the next closest group (ages 35 – 50, 49%)
- 48% of Bay Area affluent investors describe themselves as having a low tolerance for risk, gravitating toward more conservative investment vehicles and strategies (50% nationally)
 - Nationally, when viewed by age, a greater percentage of younger investors ages 18 – 34 describe their risk tolerance as low (52%) than do investors ages 35 – 50 (45%), and those ages 51 – 64 (46%)

Financial issues among Bay Area's affluent families

- Compared with the rest of the country, fewer Bay Area respondents disagree with their partners or spouses over financial matters (42% locally, 51% nationally)
- In addition to their family's health care costs, local respondents who are kept up at night by financial concerns are kept awake by concerns about maintaining their family's standard of living (44% locally, 43% nationally), replenishing their savings to pre-recession levels (37% locally, 34% nationally), and saving for retirement (25% locally, 36% nationally)

- 31% of Bay Area respondents are concerned about the rising cost of higher education, compared with 41% nationally
 - When asked about how they prioritize retirement and college savings, 24% of affluent Bay Area respondents prioritize saving for retirement over saving for college (22% nationally)
 - 33% of Bay Area affluent consider both retirement and college savings to be a priority, and believe they are on track with their savings for both (30% nationally)
- Regarding the role of inheritance in long-term financial goals, 26% of affluent Bay Area respondents plan to use their inheritance to supplement retirement savings (23% nationally) and 24% plan to use their inheritance to help them start or add to an inheritance for their children/future generations (21% nationally)
 - Additionally, 19% plan to use their inheritance to help pay for children/grandchildren's education (15% nationally), and 16% plan to use their inheritance to support their philanthropic endeavors (11% nationally)

Teaching Bay Area children financial know-how

- When asked what life lessons are most important to impart on to children, nearly two-thirds (63%) of respondents in the Bay Area cited passing on “financial know-how” (51% nationally), more than “maintaining a close relationship with your family” (56% locally, 54% nationally), and more than twice as important as “choosing the right spouse/partner” (24% locally, 26% nationally)
- In light of the economic recession, 38% of affluent Bay Area parents are now talking to their children more about financial matters (39% nationally)
- Among Bay Area affluent respondents who have children and work with a financial advisor, 45% believe the advice they have received from their financial advisor has helped them teach their children the importance of managing a budget (42% nationally), 33% believe it has helped them teach the importance of properly managing/paying down debt (25% nationally), and 32% believe it has helped their children understand the importance of investing for retirement at an early stage in life (32% nationally)

- 57% of parents in the Bay Area plan to encourage their children to take on a summer/part-time job (52% nationally), with 89% saying they will do so in order to teach them the value of earning their own money (73% nationally)

Methodology

- Braun Research conducted the survey by phone between June 11 and June 29, 2010, on behalf of Merrill Lynch Wealth Management
- The nationally representative sample consisted of 1,000 affluent Americans with investable assets in excess of \$250,000
- 300 affluent Americans were oversampled in each of 14 target markets, including:
 - Atlanta, GA
 - Boston, MA
 - Charlotte, NC
 - Chicago, IL
 - Dallas, TX
 - Los Angeles, CA
 - Miami, FL
 - Minneapolis, MN
 - Philadelphia, PA
 - Phoenix, AZ
 - Orange County, CA (Irvine, Laguna Hills and Newport Beach)
 - San Francisco, CA
 - St. Louis, MO
 - Washington, DC
- The margin of error is +/- 3.1% for the national sample and +/- 5.7% for the oversample markets, with both reported at a 95% confidence level



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