

# Merrill Personal Retirement Strategy

## BROCHURE

Please retain for your records.

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**This Brochure provides information about the qualifications and business practices of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill” or “MLPF&S”) relating to Merrill Personal Retirement Strategy, an online investment advisory program. If you have any questions about the contents of this Brochure, please contact us at (866) 731-3127.**

**Please note that the information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training. Additional information about MLPF&S also is available on the SEC’s Website at [www.adviserinfo.sec.gov/IAPD](http://www.adviserinfo.sec.gov/IAPD).**

**The investment advisory services described in this Brochure are not insured by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency, are not a deposit or other obligation of or guaranteed by MLPF&S, Bank of America Corporation (“BofA Corp.”) or any of its affiliates; and are subject to investment risks, including possible loss of principal.**

**November 30, 2020**

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<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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## MATERIAL CHANGES

Not applicable. This is the initial Merrill Lynch Personal Retirement Strategy brochure (“Brochure”).

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## ADVISORY BUSINESS

### About Us and the Program

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”), an indirect wholly-owned subsidiary of Bank of America Corporation (“Bank of America” or “BofA Corp.”), is a global investment banking and financial services firm. Merrill offers a broad range of brokerage, investment advisory, retail and other services and is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and has been registered as an investment adviser since 1978. Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. Our relationship, legal duties and capacities to you under federal securities laws are subject to a number of important differences. It is important to understand the differences, particularly when determining which service or services to select. You can review a general description of these programs in the “Summary of Programs and Services” at [[mymerrill.com/ADV/materials](http://mymerrill.com/ADV/materials)].

Merrill offers investment advisory services under the Merrill Personal Retirement Strategy program (“Personal Retirement Strategy” or the “Program”) as discussed in this Brochure. For purposes of this Brochure, the following terms have the following meanings: (i) “MLPF&S”, “we”, “our” or “us” refers to Merrill; (ii) “participant”, “their”, “you” or “your” refers to the Plan participant; (iii) “Plan” refers to the participant-directed defined contribution plan maintained by the Plan Sponsor, or as applicable, the designee or other named fiduciaries of the Plan Sponsor (“Plan Sponsor”) utilizing Merrill’s recordkeeping platform and enumerated in the Master Services Agreement between the Plan Sponsor and Merrill (the “Master Services Agreement”); and (iv) “Employer” refers to the employer of the participant. All capitalized terms are defined in the body of this Brochure and/or in the Glossary which can be found at the end of this Brochure.

Personal Retirement Strategy is an online investment advisory program available to participants of Plans that also utilize Merrill for recordkeeping services.

### **Our Services as an Investment Adviser and Relationship with You under the Program.**

Merrill provides services to Plan participants under the Program in its capacity as a registered investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”) and a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The fiduciary standards we follow are established under the Advisers Act and ERISA. For the discretionary management services under Personal Retirement Strategy, we act as a discretionary “investment manager” within the meaning of Section 3(38) of ERISA.

A Plan Sponsor must enter into an addendum to the Master Services Agreement to make Personal Retirement Strategy available to Plan participants (the “Plan Sponsor Addendum”). You must enter into an investment advisory agreement with us (or will be provided information regarding the terms of that agreement where a Plan Sponsor uses Merrill Managed (defined below) as a qualified default investment alternative) (the “Participant Advisory Agreement”) that describes our obligations to you under the Program and expressly acknowledges that we act as a fiduciary under the Program and, with respect to Merrill Managed, you appoint us as a discretionary investment manager within the meaning of Section 3(38) of ERISA. The scope of our investment advisory relationship is defined in the Participant Advisory Agreement. Termination of your Participant Advisory Agreement will end that investment advisory fiduciary relationship.

**Under the Program, we are a fiduciary to the participant.** Merrill has certain fiduciary obligations in providing services under the Program. As a fiduciary, we will act in your best interest and will endeavor to ensure that you are informed about and have access to material facts and information relating to services provided through the Program and described in this Brochure. The Brochure is a key element in meeting this disclosure obligation.

This Brochure describes the advisory services that we provide, any fees that are charged for those services, our role and that of our personnel, our other business activities and financial industry affiliations and the economic and other benefits and arrangements we have that create conflicts of interest in certain situations.

### **DESCRIPTION OF PROGRAM SERVICES**

The Program is designed to help you establish and pursue your retirement income goals by providing you with tools, investment guidance and advice and access to investment management services delivered through the Program's interactive Website at [www.benefits.ml.com](http://www.benefits.ml.com) (the "Program Website") and as described in this Brochure ("Services"). Before accessing the Services, please read the description of our Services and the other information in this Brochure and contact us at (866) 731-3127 if you have any questions.

Personal Retirement Strategy will utilize data received from the Plan Sponsor and from you, if provided, to provide Services. Data used will include, but is not limited to, the participant's Plan account balance and contribution rate, salary, account balance(s) and anticipated savings outside of the Plan, retirement age, and desired retirement income. The Program Website allows you to provide information about certain other assets held outside the Plan. We also ask you questions to gather information about you. We incorporate the personal and financial information you have provided into the guidance and advice we provide under the Program, as described in this Brochure. It is your responsibility to ensure that the information you provide to us is complete and accurate. When you provide accurate and complete information, we are better able to make appropriate recommendations in this Program. It is also your responsibility to notify us if any information you have provided to us is inaccurate, becomes inaccurate or is incomplete.

The Program provides investment advice and guidance through the following:

- Goal Funding Status Analysis
- Retirement Income Planning
- Retirement Tax Illustration
- Asset Allocation Recommendation
- Merrill Managed – Discretionary Investment Management

### **Detailed Description of Services**

#### **Goal Funding Status Analysis**

Merrill will provide information and tools to assist you in determining 1) an annual retirement income goal, 2) your progress to accumulate sufficient total assets to achieve that annual retirement income goal (the "Goal Funding Status") and 3) steps you can take that are designed to improve your Goal Funding Status. Personal Retirement Strategy will use a default retirement income goal of achieving 85% of your projected salary at your target retirement age and in each of your years in retirement (calculated based on your life expectancy or as provided by you). Your projected salary is your current salary adjusted for inflation. The Program Website provides you with the ability to customize the annual retirement income goal to either a different percentage of your projected salary or a target dollar amount, expressed in

today's dollars. Additionally, you'll have the ability to see how changes to variables such as savings rate, retirement age, retirement income goal, household information, income and expenses in retirement, Social Security payments, additional accounts and more may affect your Goal Funding Status. (see "*Methods of Analysis, Investment Strategies and Risk of Loss*" section below for further information, including information with respect to important assumptions and limitations used in this analysis).

#### Retirement Income Planning

Merrill will provide you with a tax efficient withdrawal strategy to help you prioritize from which available accounts or other sources to take income in retirement. The withdrawal strategy can include both assets inside the Plan, and assets external to the Plan. Plan assets such as standard, Roth, and after-tax 401(k) accounts can be factored into the withdrawal strategy. Examples of external assets that can be considered include IRA, Roth IRA, taxable brokerage accounts, and savings accounts. Income sources such as Social Security, pensions, and self-employment income can be added for inclusion in the strategy. The withdrawal strategy takes into consideration the various account types available to you to fund your retirement, the associated tax consequences in taking a withdrawal from each account type, and satisfying required minimum distributions. Through the Program Website, you can access educational materials and run hypothetical Social Security scenarios to assist you in managing your total savings throughout retirement. The withdrawal strategy is illustrative and informational based upon current tax code and Social Security tables. (see "*Methods of Analysis, Investment Strategies and Risk of Loss*" section below for further information, including information with respect to important assumptions and limitations used as part of the planning).

#### Retirement Tax Illustration

Merrill will provide you with information on the potential tax impact on your future retirement savings. If your plan offers a Roth 401(k), the tool will provide insight into the impact of your choice between standard and Roth contributions by automatically updating and displaying the impact of your choice. If your Plan does not offer a Roth 401(k), the tool will provide insights on other account types which may offer tax benefits for consideration. (see "*Methods of Analysis, Investment Strategies and Risk of Loss*" section below for further information, including information with respect to important assumptions and limitations used as part of the planning).

#### Asset Allocation Recommendation

Based upon data the Plan Sponsor provides Merrill in recordkeeping the Plan (your date of birth, salary, current contribution rate, and current Plan account balance and allocations) as well as any additional information that you provide, we will provide you with a recommended asset allocation for your Plan assets to help you meet your annual retirement income goal. The asset allocation recommendation will consider your defined contribution account, any other accounts that you have identified to help fund your retirement goal, any restrictions you may impose on your Plan assets (or that may be imposed by the Employer), Plan assets that may be held in a self-directed brokerage account and other information we have from you or your Plan Sponsor. The asset allocation recommendation is based on the same goals based asset allocation that is used in Merrill Managed (see "*Methods of Analysis, Investment Strategies and Risk of Loss*" section below for further information, including information with respect to important assumptions and limitations used as part of the recommendation). It is your responsibility to ensure that the information you provide to us is complete, up to date and accurate so that we will be better able to

make appropriate asset allocation recommendations for you and your Plan assets. This asset allocation recommendation is a point-in-time recommendation designed to help you make your investment allocation decisions for your Plan assets. The actual investment decisions you make are not monitored or reviewed, and your Plan assets are not monitored, reviewed or updated on an ongoing basis. However, you can return at any time to receive an asset allocation recommendation.

### Merrill Managed

Merrill Managed is a discretionary managed account service within Personal Retirement Strategy. In Merrill Managed, Merrill acts as a fiduciary investment adviser under the Advisers Act and an investment manager within the meaning of Section 3(38) of ERISA with respect to those Plan assets (other than any Restricted Assets as defined below) included in Merrill Managed. Through Merrill Managed, we exercise discretion to construct a portfolio for you utilizing the Plan Sponsor's investment menu, based on data from you (including information regarding any assets outside the Plan) and the Plan Sponsor and taking into account any restrictions you (or your Employer) may impose.

Merrill Managed uses goals based asset allocation to select the most efficient asset allocation to invest your Plan assets with a 75% probability of achieving your Goal Funding Status. Using certain information about you, Merrill Managed's goals based asset allocation uses a probabilistic approach to invest your Plan assets in a manner that is appropriate to provide for future cash flows with the least amount of risk. This approach is designed for an investor with a medium risk tolerance who is willing and able to take some risk to achieve his or her goal. You will not have the ability to designate low or high risk tolerance as an input to achieve your Goal Funding Status. However, if your Goal Funding Status is 100% or more, we will invest any of your excess Plan assets to an asset allocation that factors in risk tolerance based on your completed risk profile questionnaire or, if you have not completed this questionnaire, to an asset allocation with a medium risk tolerance.

While enrolled in Merrill Managed, we provide investment management of your Plan assets (other than Restricted Assets) by reviewing your investments approximately every 90 days based on the date of your birth. At this frequency, we will review your asset allocation and investments, additional or modified information your Plan Sponsor or you have provided and any other changes you may have made that impact your Goal Funding Status, and we will reallocate your Plan assets and rebalance your Plan account as appropriate to help meet your annual retirement income goal. For more information, please see the "Review of Accounts" section below.

If you choose to enroll in Merrill Managed, you will have the option to restrict or limit the sale of certain securities or current holdings within your Plan account ("Restricted Assets"). Your Plan Sponsor may also require certain employer securities to be excluded from Merrill Managed as Restricted Assets. The Restricted Assets will be taken into account for purposes of your overall asset allocation, however, they will not be included in the discretionary managed account portion of your Plan. If you choose to restrict the sale of certain holdings, Merrill does not and will not act in a fiduciary capacity under ERISA or the Advisers Act (or otherwise) with respect to the decision to maintain those investments.

Some Plans allow participants to maintain a self-directed brokerage account within the Plan. If your Plan allows this option, you will be responsible for managing any assets included in your self-directed brokerage account and these assets will be considered Restricted Assets. Merrill does not and will not act in a fiduciary capacity under ERISA or the Advisers Act (or otherwise) with respect to those assets. Merrill Managed will consider these holdings as described in the "Methods of Analysis, Investment Strategies and Risk of Loss" section below in developing an appropriate asset allocation strategy for your other retirement Plan account assets.

If you choose to provide us with a description of the assets you hold outside the Plan for consideration in reaching your retirement income goal (“External Assets”), Merrill Managed will take into account the dollar value and asset allocation of these assets in managing your Plan assets. Merrill does not and will not act in a fiduciary capacity under ERISA or the Advisers Act (or otherwise) under the Program with respect to any assets outside the Plan for which you provide information in utilizing Personal Retirement Strategy.

You, as the participant, choose whether or not to enroll in Merrill Managed. Your Plan Sponsor may also use Merrill Managed as a default investment option. Participants who are enrolled in Merrill Managed can terminate Merrill Managed at any time.

The Program incorporates only the personal and financial information you and the Plan Sponsor provide to us, and our advice and guidance and investment recommendations are limited to and based only on that information. We will not independently verify the information you provide through the Program Website or that your Plan Sponsor provides to us and we will not consider other information obtained in connection with another account or relationship with Merrill or its affiliates other than as described in this Brochure.

#### **Separation from Service from your Employer**

If you are: (1) enrolled in Merrill Managed, (2) subsequently separate from service from your Employer, and (3) have an account balance greater than \$25.00, you will need to contact us promptly and update your personal profile information, current employment status, and annual income amount in order to continue to receive discretionary management through Merrill Managed. More specifically, if you have not updated your information by the fifth quarterly rebalance and do not continue to do so on an annual basis thereafter, your account balance will be reallocated into a diversified multi-asset portfolio and will no longer be enrolled in Merrill Managed. Upon termination from Merrill Managed, your account will no longer be reallocated or rebalanced.

If you are : (1) enrolled in Merrill Managed, (2) subsequently separate from service from your Employer, and (3) have an account balance less than \$25.01, you will be placed into a diversified multi-asset portfolio and will no longer be enrolled in Merrill Managed. Upon termination from Merrill Managed, your account will no longer be reallocated or rebalanced.

**Investment and Trading Authority.** When you are enrolled in Merrill Managed, as set forth in the Participant Advisory Agreement, Merrill is granted investment and trading discretion with respect to your Plan assets. Through that discretion, we will have complete trading authority and may invest, reinvest, purchase, sell, exchange, convert and otherwise trade Plan assets included in Merrill Managed. This authority will remain in place until we have received and accepted instruction to terminate your participation in Merrill Managed.

#### **Termination of Program Services**

Merrill Managed may be terminated at any time by you, your Plan Sponsor or Merrill as described in the Plan Sponsor Addendum and the Participant Advisory Agreement. The services under the agreement(s) will continue until you terminate the Participant Advisory Agreement or the termination date set by your Plan Sponsor or Merrill, as applicable.

A termination by a Plan Sponsor of Merrill recordkeeping services for a Plan covered by the Program, as applicable, will result in the termination of your access to Personal Retirement Strategy. Plan Sponsors are required to provide notification to Merrill of the decision to terminate recordkeeping services, in accordance with their Master Services Agreement.

## **Electronic Accessibility Requirement**

**Online:** Personal Retirement Strategy is accessible through the Benefits OnLine Website, [www.benefits.ml.com](http://www.benefits.ml.com). The Program provides you with the services described in this brochure electronically through use of the Program Website. Through an online experience, you will be asked to provide us with certain information, which along with certain other information will provide the basis for our recommendation. You should carefully consider whether your participation in the Program is appropriate for your investment needs and goals. You must log in to the Program Website to access important documents and ensure your information is accurate and up to date.

**Service Representatives:** You will also have access to a Retirement & Benefits Contact Center Representative (“Service Representative”) through a Merrill call center. These Service Representatives are able to provide information about Personal Retirement Strategy and assist with navigational support. Service Representatives will not provide any investment recommendations or advice regarding your Plan retirement assets or the appropriateness of Merrill Managed.

## **Other Merrill Advisory Services**

In addition to the advisory services offered through Personal Retirement Strategy, Merrill offers a wide variety of advisory services. These include, but are not limited to, the following: Merrill Lynch Investment Advisory Program, Merrill Lynch Defined Contribution Investment Consulting Services, Merrill Lynch Fiduciary Advisory Services Program, Merrill Lynch Institutional Investment Consulting Program, Merrill Guided Investing, Merrill Guided Investing with Advisor, Merrill Edge Advisory Account, Merrill Lynch Strategic Portfolio Advisor® Service, and Advice Access. We also offer impersonal investment advice (general advice not tailored to the specific needs of any individual) in the form of publications or research. More information about these programs and services is contained in the applicable Merrill brochure (or MLPF&S Form ADV, Part 2A) and is available upon request or through the SEC’s Website at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx). Special arrangements with certain clients to provide particular or unique services for clients of a specific Financial Advisor or branch office may also be established.

## **ASSETS UNDER MANAGEMENT**

As of September 30, 2020, Merrill had assets under management of \$988.29 billion, of which \$290.87 billion was managed on a discretionary basis and \$697.42 billion was managed on a non-discretionary basis. This amount does not include financial planning services.

## **FEES AND COMPENSATION**

### **A. MERRILL MANAGED FEES**

An advisory fee is charged for Plan assets enrolled in the Merrill Managed service (“Merrill Managed Fee”). The maximum annual Merrill Managed Fee is .25% of the assets enrolled in Merrill Managed whether such fee is an asset-based fee or a fixed dollar amount. All Merrill Managed Fees are payable quarterly in arrears. The Merrill Managed Fee is not applicable to any Restricted Assets whether restricted by you, the Plan Sponsor or held in a self-directed brokerage account as described in the “Merrill Managed” section above. The Merrill Managed Fee is negotiated between Merrill and the Plan Sponsor depending on a

number of factors when they enter into the Plan Sponsor Addendum. The extent to which we negotiate the Merrill Managed Fee is solely within our discretion. The Merrill Managed Fee may be paid by the Plan Sponsor or by you as determined by the Plan Sponsor. If the Plan Sponsor has elected to pay the Merrill Managed Fee, it may agree upon an asset-based fee or fixed dollar amount fee per participant enrolled in Merrill Managed. For Plan Sponsors, the Merrill Managed Fee will be charged on a calendar quarter basis in arrears. If the participant is paying the Merrill Managed Fee, that fee will be calculated and charged at the same time the quarterly rebalance occurs. Merrill Managed Fees will be calculated beginning on the date the participant enrolls in Merrill Managed.

## **B. CALCULATION OF THE MERRILL MANAGED FEE**

### **Plan Sponsor:**

**Asset Based:** The fee is calculated using an average of the prior 3 month-end balances for the calendar quarter for assets that are not Restricted Assets and are enrolled in Merrill Managed. The fee is payable quarterly in arrears. Participants will need to be enrolled in Merrill Managed in order for a billing to occur.

**Fixed Dollar Amount Fee:** Annual fixed dollar amount fees at the plan level are billed in quarterly calendar increments, in arrears.

### **Participant:**

**Asset Based:** The fee is calculated using the closing account value not including Restricted Assets on the business day prior to the scheduled rebalance, and is payable quarterly in arrears. Initial billing occurs at approximately the same time as the first scheduled Merrill Managed asset rebalancing. Initial billing and rebalancing will not occur if enrollment is within 30 days of the next scheduled rebalance. The amount billed at the initial billing will be based upon the number of days the participant has been enrolled in Merrill Managed.

### **Billing Upon Termination of Merrill Managed**

Plan Sponsors and participants will not incur additional Merrill Managed Fees after terminating from Merrill Managed. The last full quarter a participant is enrolled in Merrill Managed will be their final billing. Any partial quarters before the termination date will not be billed.

## **C. PAYMENT OF MERRILL MANAGED FEE**

### **1. Plan Sponsors**

For fee arrangements where the Plan Sponsor is paying the Merrill Managed Fee, Merrill will provide the Plan Sponsor with an invoice at the end of the calendar quarter for the amount due. Plan Sponsors pay the Merrill Managed Fee from the Employer's or Plan Sponsor's corporate assets.

### **2. Participants**

For fee arrangements where the Participant is responsible for paying the Merrill Managed Fee, the fee will be deducted from the Plan account at approximately the same time as the quarterly rebalance. If there is insufficient cash in the Plan account to cover the fee, a pro-rata sale of securities will occur during the quarterly rebalance to satisfy the remainder of the fee.

#### **D. OTHER FEES AND EXPENSES**

The Merrill Managed Fee only covers the Merrill Managed service described in this Brochure. The internal fees and expenses of the funds in the Plan menu used in the Program are not covered by the Merrill Managed Fee.

#### **E. COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Apart from the services provided through Personal Retirement Strategy, you may also use other products or services available from or through us or our affiliates, and in such case we or our affiliate will earn additional compensation. Financial Advisors offering these services will receive compensation in connection with your use of those services. This creates a conflict of interest because we and our Financial Advisors have an incentive to recommend products and services based on the compensation received, rather than a client's need. Where there is a difference in fees and commissions for some products or services, and the remuneration and profitability to us and our Financial Advisors resulting from transactions on behalf of, or management of, certain accounts is greater than the remuneration and profitability resulting from other advisory accounts, products or services, this creates a conflict of interest due to the financial incentives created. (See section entitled *Participation or Interest in Client Transactions and Personal Trading* for more information about the receipt of compensation for the sale of securities and other investment products.) Financial Advisors do not receive compensation for Personal Retirement Strategy.

We address conflicts from compensation described in this section and throughout the Brochure in a variety of ways, including the disclosure of conflicts in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address actual and potential conflicts of interest – both those arising between and among client accounts as well as between accounts and our business.

The investment advice delivered through Merrill Managed is based on the menu of investment options made available by a Plan Sponsor through its Plan. These investment options typically include various mutual funds. Plan participants may be able to purchase the same mutual funds for their non-Plan assets. However, they generally will not be able to purchase Plan investments through other brokers or financial institutions, unless permitted by the Plan.

#### **F. SOURCES OF REVENUE**

As a broker-dealer, Merrill offers a wide variety of securities and brokerage services. Our principal sources of income are derived from our business as a broker-dealer. Less than 1% of our revenue is expected to be generated from Merrill Managed fees on an annual basis.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Merrill nor our employees receive performance-based fees for the services provided in Personal Retirement Strategy.

### **TYPES OF CLIENTS**

Personal Retirement Strategy is an online investment advisory program available to participants of Plans that also utilize Merrill for recordkeeping services.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Personal Retirement Strategy uses models and investment processes proprietary to Bank of America. These models and investment processes analyze current and historical returns, prevailing market and macroeconomic conditions, volatility, and cross-correlations and use goals based asset allocation, among other techniques, to develop individualized recommendations. The approach also uses historic pricing data for mutual funds, individual securities and broad asset categories, as well as current market data and information.

### INVESTMENT PHILOSOPHY

The Chief Investment Office (“CIO”) believes there are several key considerations that are essential for you to consider in order to ensure your investments remain properly aligned to your long-term financial strategy:

- Staying disciplined with a goals-based strategy
- Maintaining a diversified portfolio and adequate liquidity
- Considering a defined portfolio rebalancing strategy

CIO utilizes goals based asset allocation to provide guidance to participants within Personal Retirement Strategy. The investment guidance and advice activities will focus on satisfying your objectives through a dedicated investor-centric goals-based framework. Utilizing the goals-based investment framework, you are first given the opportunity to use a default annual retirement income goal of achieving 85% of your projected salary, or you can specify your retirement income goal in dollars or alternatively, a different percentage of projected salary. The investment strategy and asset allocation are then built on the understanding that achieving your Goal Funding Status is the primary objective.

Personal Retirement Strategy, using goals based asset allocation, provides a customized asset allocation proposal and funding analysis to each participant. The key inputs to the approach are return, volatility, and correlation assumptions from CIO Capital Market Assumptions (“CMAs”), and the model allocations from the firm’s Strategic Asset Allocation (“SAA”). Goals based asset allocation is used in Personal Retirement Strategy for the following purposes:

- **Goal Funding Status Analysis:** Determine the funding status relative to the stated goal and existing wealth.
- **Suggested Asset Allocation:** Determine a target asset allocation for the stated Goal Funding Status.
- **Trade-offs Discussion:** Highlight trade-offs when a shortfall exists (e.g., reduce spending, work longer, retire later) or how to best utilize and allocate any surplus.
- **Target Date Asset Allocation:** An investing approach for an individual with a specific retirement date in mind.

### CHIEF INVESTMENT OFFICE’S GOVERNANCE

CIO has a variety of governance and oversight structures. The Investment Strategy Committee (ISC) meets on a periodic basis and is comprised of senior members of CIO’s portfolio construction & analytics teams, thought leadership, and due diligence. On an at least an annual basis, the firm’s CMAs and SAAs are updated to account for changes in forward-looking returns, volatility, yield and correlation. Bank of America’s Model Risk Management group performs periodic evaluations of CMAs, SAAs, and the portfolio

construction methodology used in the Personal Retirement Strategy program to ensure their alignment with Bank of America's risk framework.

### **KEY DATA SOURCES**

Personal Retirement Strategy updates and personalizes the recommendations and advice provided through Merrill Managed for you based on three key data sources: 1) information provided by the Plan Sponsor, 2) information from external data sources obtained by CIO, and 3) information provided by you. These same data sources are also used in the Program Services described in this Brochure.

1. Information provided by the Plan Sponsor: Examples include:
  - a. Base Salary
  - b. Current Plan contribution rate
  - c. Applicable Plan provisions such as company match and/or profit sharing rules
  - d. Current Plan account balance
  - e. Age
  - f. Gender
  - g. State of residence
  
2. Information from external data sources used by CIO. Examples include:
  - a. Estimated Social Security retirement benefits
  - b. Estimated Federal and state tax rates
  - c. A salary growth and contribution rate assumption
  
3. Information provided by you. Examples of information that influence the advice include:
  - a. Changes to your personal situation, such as the addition of a spouse or partner
  - b. Information on other financial assets / accounts to be used to fund the retirement income goal and how they are invested
  - c. Other sources of income such as pensions, supplemental employment income or life insurance payments

### **KEY ASSUMPTIONS**

Personal Retirement Strategy makes assumptions about certain pieces of information that have a significant impact on the strategy created for you. In particular, these assumptions relate to inflation rates, retirement income goals, federal/state/capital gains/other taxes and your risk tolerance, Social Security amounts (if not yet retired), and salary growth.

#### **Social Security Retirement Benefits**

Personal Retirement Strategy can incorporate Social Security retirement benefits and if applicable, for a spouse/partner, using an estimate based on current salary or a number inputted from a Social Security Administration statement by the participant. Social Security retirement benefits are inflated using a simulated cost-of-living allowance designed to replicate the actual Social Security Administration ("SSA") formulas and are applied at the maximum benefit age as defined by the SSA. Personal Retirement Strategy accounts for reductions in payments while working in retirement, increases in benefits for the spousal rule and increased benefits for the surviving spouse rule. The program assumes you complete all applications required to collect the maximum benefit. Personal Retirement Strategy defaults to the age at which you will receive full benefits from the SSA, but you can adjust the benefit amount and start age if desired. However, the start age must be between 62 and 70.

### Salary Growth

To estimate future salary, Personal Retirement Strategy uses an inflation assumption of 2.17% that is updated annually as part of the CMA updates.

### Retirement Age

Personal Retirement Strategy defaults to the Social Security Full Retirement Age (FRA). Full Retirement Age is 66 if you were born between 1943 and 1954. The full retirement age increases gradually if you were born from 1955 to 1960 until it reaches 67. For anyone born 1960 or later, full benefits are payable at age 67. You have the option to change this to a different retirement age.

### Estimated Tax

We assume that you include the cost of any taxes you incur for your goal and we do not make any additional assumptions to account for or adjust for the deduction of any taxes in the Goal Funding Status Analysis. We do not consider the impact of income taxes on your ability to fund your retirement income goal. Assuming you plan to use the investments and income included in Goal Funding Status Analysis as the source of funds for tax payments, it is recommended that you enter your retirement income goal as an amount that reflects the cost of the goal, plus any taxes related to achieving your goal that you expect to incur. Some common taxes to consider including in the total cost of your goal are income, sales, and capital gains taxes. When establishing your retirement income goal, we recommend you enter your annual pre-tax income that reflects the amount you earn before any federal, state, or local taxes (not your take home pay). This will ensure the analysis for your retirement income goal includes the cost of taxes. Entering your retirement income goal as an "after-taxes" or take home value will under estimate the cost to fund your goal and this would lead to the Goal Funding Status Analysis overestimating the funding percentage of your goal.

### Inflation Assumptions

When projecting the growth of various income sources and expenses, Personal Retirement Strategy uses an inflation rate of 2.17%. This inflation rate is updated annually as part of the review of CMAs and SAAs.

### IRS Limitations and Application of Penalties

Calculations that are provided in Personal Retirement Strategy incorporate all IRS contribution limits, eligibility requirements, and withdrawal penalties.

### Contribution Rates

Personal Retirement Strategy assumes that you continue with your current Plan contribution rates. Annual contributions to external accounts are entered by you, and it is your responsibility to update these contributions.

### Brokerage Account

Some Plans allow participants to maintain a brokerage account within the Plan. If your Plan allows this option, you will be responsible for managing and monitoring those assets. Personal Retirement Strategy does not manage brokerage account assets; however, if you provide Personal Retirement Strategy with detailed information on the holdings within the brokerage account, the methodology will consider these holdings in developing an appropriate asset allocation strategy for your other retirement Plan account assets (or in managing your Plan assets that are enrolled in Merrill Managed). If you do not provide detailed information, our methodology will assume that the balance in the self-directed brokerage account is invested in a moderate risk oriented multi-asset portfolio.

### External Assets

Personal Retirement Strategy allows the option for you, at your election, to provide us with information regarding assets not held in your Plan account (“External Assets”) for consideration in developing an appropriate asset allocation strategy for your Plan assets. Not all external assets are appropriate for consideration by Personal Retirement Strategy. Please see the Program Website for additional information. If you choose to include External Assets for consideration in helping reach your retirement income goal, Merrill will provide advice based on the information you make available regarding the dollar value and asset allocation of these External Assets. Aligning External Assets to your retirement income goal may produce a different Asset Allocation Recommendation than if those External Assets had not been so aligned. We are not an investment adviser with respect to External Assets and therefore we will not advise you on External Assets.

If you provide us with External Asset information, we recommend you provide us with either the symbol or asset class of the External Assets, which can be entered on the Retirement Settings along with the dollar value of any External Assets. Any symbols or asset classes you provide us on External Assets will be used to determine the asset class (equity, fixed income, or cash) and will inform the forward-looking return assumptions. If you do not provide us with the symbol or asset class of the External Assets, we will assume that the asset allocation of the External Assets is the same as your Asset Allocation Recommendation. If the External Assets are not allocated in accordance with the Asset Allocation Recommendation, the actual performance of those assets will differ materially from our projections, and the resulting Goal Funding Status Analysis will not be accurate. The forward-looking return assumptions for the asset classes used are based on the Index proxies as listed below:

<b>Asset Class</b>	<b>Index Proxy</b>
Equity	Standard & Poor's 500 Total Return
Fixed Income	Intercontinental Exchange BofA US Broad Market Bond Index
Cash	Intercontinental Exchange BofA 3-Month Treasury Bill

Keeping the External Asset information you provide for External accounts up-to-date is your responsibility and details can be reviewed anytime on the Program Website. It is important for you initially and on an ongoing basis to classify the External Assets in External accounts into the appropriate asset class. If this information is not accurate and complete, the Asset Allocation Recommendation and, if utilized, the Merrill Managed asset allocation will be compromised. Please see the Program Website for additional information.

### Restricted Assets

Any assets you choose to restrict from being sold in Merrill Managed will have a forward-looking return assumption in line with the asset allocation of the Restricted Assets. The forward-looking return assumptions for Restricted Assets will align with the Asset Class and Index Proxy listed above. Self-directed brokerage accounts are considered Restricted Assets. For more information on self-directed brokerage accounts, please see above.

### **RISK OF LOSS AND STRATEGY RISK**

Investments in securities involve market risk, risk of loss, and other risks, and will not always be profitable. We do not guarantee that the intended objectives of our recommendations will result in achieving your retirement income goal. We cannot guarantee that negative returns can or will be avoided in any of our recommendations. We do not represent or guarantee that our investment recommendations can or will predict future results, will successfully identify market highs or lows, or will result in a profit or protect clients from loss. An investment's future performance may differ substantially from its historical performance, which is no indication of future performance. A security's investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. We are unable to predict or forecast market fluctuations or other uncertainties that may affect the value of any investment.

The Personal Retirement Strategy investment approach is intended to provide you with an asset allocation that is diversified across various asset classes and appropriate based on your facts and circumstances. Asset allocation and diversification are investment strategies which spread assets across various investment types for long-term investing. However, as with all investment strategies, these strategies do not ensure a profit and do not guarantee against losses.

Capital Market Assumptions represent a range of forward-looking scenarios for asset class returns which involve known and unknown risks, uncertainties, and other factors which may cause the actual results to differ materially and/or substantially from any future results, performance, or achievements expressed or implied by those projections for any reason. Past performance does not guarantee future results.

Income projections used in Personal Retirement Strategy are based on hypothetical performance data and do not represent actual or guaranteed results. Projections may vary over time and with each use of our service

### **HYPOTHETICAL NATURE OF FORECASTS**

Personal Retirement Strategy uses a probabilistic approach to estimate your Goal Funding Status. For all participants, the retirement goal in Personal Retirement Strategy is set to be "Important" (75% probability of success, corresponding to medium risk tolerance). You should carefully review the explanation of the methodology used, including key assumptions and limitations, which is provided herein.

It is important to note that projections or other information shown in Personal Retirement Strategy regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The projections or other information may vary with each use and over time.

### **PERSONAL RETIREMENT STRATEGY AND MERRILL MANAGED ADVICE AND INVESTMENT RECOMMENDATIONS**

There are several key investment and planning methodologies behind the personalized recommendations provided by Personal Retirement Strategy and Merrill Managed.

#### **Capital Market Assumptions and Strategic Asset Allocation**

The methodology used for each asset class takes into account current valuations as well as historical relationships among asset classes. These Capital Market Assumptions are then used as an input in the development of long-term allocation guidelines (referred to as “Strategic Asset Allocations”), which are the foundation for each participant portfolio.

CIO seeks to construct participant portfolios that are reasonably aligned with the outputs of goals based asset allocation in Merrill Managed. For each Plan enrolled in Merrill Managed, Plan level portfolios are constructed based on the Plan Sponsor menu of investment choices. Inputs to portfolio construction are:

- Plan Sponsor menu of investments (Funds)
- Fund Risk/Return Data and Market Index Data
- CIO SAA guidance

Portfolio construction relies on certain assumptions, including the existence of adequate exposure to funds in Equity, Fixed Income and Money Market / Stable Value categories within the Plan Sponsor’s investment choices, and that the benchmark index and expenses of the fund are reasonable. Personalized portfolios are then constructed for the participants utilizing Personal Retirement Strategy and enrolled in the Merrill Managed discretionary investment management service. The objective is to minimize the portfolio’s weighted-average expense ratio and to make sure the portfolio’s total allocation to equities, fixed income, and cash is reasonably aligned to your individualized goals based asset allocation output.

#### **EMPLOYER SECURITY RESTRICTIONS AND OTHER FUND HOLDING RESTRICTIONS**

Any restrictions on employer securities or other fund holding restrictions will impact the Asset Allocation Recommendation in Personal Retirement Strategy that will be used by the Personal Retirement Strategy program. The portfolio models will be based on the menu of investment options selected by each Plan Sponsor. These investment options typically include various mutual funds, but may include Collective Investment Funds (“CIFs”), Money Market, and Stable Value funds. Information about the risks associated with each mutual fund is available in the relevant prospectus or other disclosure document for each mutual fund. Merrill does not recommend specific investments for the Plan’s investment menu through Personal Retirement Strategy.

##### **1) Mutual Funds**

Mutual funds are sold by prospectus. To determine whether a particular investment is an appropriate investment, carefully consider the important information on the investment objectives, risks, charges and expenses. Please read the prospectus carefully before investing.

Mutual funds charge various fees and expenses, which will reduce the actual returns of your investments.

##### **2) Collective Investment Funds**

CIFs are not available for direct investment by individual shareholders. Unlike a mutual fund, an investor gains access to a collective investment fund through a retirement plan, such as a 401(k) Plan. Additionally, regulation of mutual funds and CIFs varies. For instance, the mutual fund industry is regulated by the SEC, and mutual funds are subject to the Investment Company Act and the rules adopted thereunder, which provide important protections to fund shareholders. For example, mutual funds are sold by prospectus, are subject to limitations on leverage and extensive regulatory reporting requirements, and are governed by independent boards of trustees.

In contrast, CIFs are not regulated by the SEC or subject to the Investment Company Act; instead, their investment managers and the CIFs are subject to less stringent guidelines and are overseen by the U.S. Office of the Comptroller of the Currency or by a state banking authority.

### **3) Stable Value Funds**

The objective of most stable value funds is to provide safety of principal and an investment return that is generally higher than a money market return, while providing you the ability to withdraw your assets for ordinary transactions at book rather than market value. However, the ability to withdraw stable value assets at book value has limitations based on the insurance contracts that wrap the underlying assets. In addition, most stable value funds require a hold period before assets can be withdrawn from the fund by the Plan Sponsor at book value and may refuse to honor book value withdrawals after communications from a Plan Sponsor or Plan fiduciaries that it determines caused your withdrawals. Additionally, the Plan is often restricted from offering investment alternatives that are viewed as competitive with the stable value offering. Finally, stable value funds are subject to counterparty risk of the insurers that provide the fund's book value liquidity.

### **4) Money Market Funds**

Money market funds invest in government and treasury securities ("Government Money Market Funds"), as well as money market funds that invest in corporate commercial paper ("Prime Money Market Funds").

A Government Money Market Fund seeks to preserve the value of your investment at \$1.00 per share. However, there is no guaranty it will do so. The sponsors of these funds have no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to these funds at any time.

A Prime Money Market Fund does not seek to maintain a stable per share net asset value, and the securities held by the fund are subject to the risk that issuers and/or counterparties will fail to make payments when due or default completely. You could lose money by investing in a Prime Money Market Fund. Because the share price of these funds will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them.

All money market funds may impose a fee upon the sale of shares or may temporarily suspend a participant's ability to sell shares if a fund's liquidity falls below required minimums because of market conditions or other factors. Neither Government Money Market Funds nor Prime Money Market Funds are insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Money market funds are sold by prospectus. Please read the prospectus carefully before you invest.

### **CYBERSECURITY**

With the increased use of technology to conduct business, Merrill and its Affiliates are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include unauthorized access to digital systems (such as through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on Websites (making network services unavailable to intended users). Cyber incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact

business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting a Fund which your Plan offers, issuers of securities and other interests in which such Fund may invest, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchanges and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

## **DISCIPLINARY INFORMATION**

The following is a summary of certain adverse legal and disciplinary events and regulatory settlements that may be material to your decision of whether to retain us for your investment advisory needs. Certain disclosures below relate to disciplinary events that occurred with predecessor firms, Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"), which merged with MLPF&S in the 2009-2010 time period. You can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at: [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

On April 17, 2020, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) of the Advisers Act. Specifically, the order found that from January 1, 2014 to May 31, 2018, it failed to disclose in its Form ADV or otherwise the conflicts of interest related to (1) its receipt of 12b-1 fees and/or (2) its selection of mutual fund share classes that pay such fees. During this period, MLPF&S received 12b-1 fees for advising clients to invest in or hold such mutual fund share classes. In determining to accept the offer of settlement, the SEC considered that MLPF&S self-reported to the SEC pursuant to the SEC's Share Class Selection Disclosure Initiative and had completed a number of the undertakings in the order prior to issuing the order. In the order, MLPF&S was censured and ordered to cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act. It was also ordered to make disgorgement payments of \$297,394 and prejudgment interest payments of \$27,982 to affected investors.

On August 20, 2018, the SEC announced that MLPF&S, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the SEC's administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered MLPF&S's remedial acts promptly undertaken and cooperation afforded the SEC staff. MLPF&S consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

On June 16, 2014, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement relating to its failure to have an adequate supervisory system to ensure that certain clients received sales charge waivers for purchases of certain mutual funds' Class A shares which affected certain retirement accounts and certain clients with a particular type of brokerage account. This settlement resulted from MLPF&S self-identifying certain of these issues. MLPF&S consented to the imposition of a censure and a fine of \$8 million and agreed to provide additional reimbursement to the agreed upon impacted clients and has reimbursed all such impacted clients.

On June 21, 2012, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement related to the following: (1) failure to have an adequate supervisory system around billing processes for

certain investment advisory programs and, as a result, overcharging certain client accounts during the 2003-2011 time period (client accounts impacted were less than 5% of its total advisory accounts and the aggregate fee overcharge amount was less than ½ of 1% (approximately \$32 million) of the total advisory fees billed during that period); (2) failure to send contemporaneous or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) having inaccurate or incomplete trade confirmations for certain mutual fund transactions by failing to state trade capacity (agent or a principal) on trade confirmations and account statements; (4) failure to deliver (directly or through a vendor) proxy materials to certain clients or to their designated investment advisers and failure to have an adequate supervisory system to detect this failure (clients impacted constituted less than 1% of its clients during the relevant period); and (5) failure to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts (clients impacted were less than 1% of its clients during the relevant period). In determining the appropriate sanctions, FINRA considered MLPF&S' internal review through which it identified the violations, the remedial measures that it took to correct its systems and procedures, and its efforts to provide remediation to affected clients. MLPF&S consented to the imposition of a censure and a fine of \$2.8 million. All overcharged accounts were reimbursed.

On October 4, 2011, MLPF&S entered into a consent agreement with FINRA regarding its alleged failure to have a supervisory system to ensure that all accounts in which an employee either had a financial interest or over which the employee had control were monitored and reviewed for potential misconduct. In addition, FINRA found that MLPF&S failed to establish, maintain and enforce written procedures to adequately supervise a registered representative who was subsequently found to have used a business account at the firm to implement a fraudulent scheme. Without admitting or denying the findings, MLPF&S consented to the entry of findings, a censure, and a fine of \$1 million.

On June 6, 2009, BAI and BAS, two of our predecessor firms, were enjoined by the United States District Court for the Southern District of New York from violating, directly or indirectly, Section 15(c) of the Exchange Act. The injunction was the result of an SEC complaint alleging that BAI and BAS had violated Section 15(c) of the Exchange Act by allegedly misleading customers about the nature and risks associated with auction rate securities ("ARS"). Without admitting or denying the allegations, BAI and BAS entered into a consent decree and agreed to a series of undertakings designed to provide relief to certain individual investors. On January 10, 2012, MLPF&S agreed to settlements with the Illinois Securities Department (for alleged activities of BAS and BAI, its predecessors by merger) and the North Carolina Department of the Secretary of State, Securities Division (for ARS activities of MLPF&S) involving the marketing and sale of ARS. In both actions, it was alleged that the inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS that constituted an occurrence of dishonest and unethical practices in the offer and sale of securities and failure to supervise. In the Illinois action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS and to pay a total fine of \$1,578,321 to the State of Illinois out of a total civil penalty of \$50 million that was to be distributed among the other state regulator parties to an ARS-related consent order. With respect to the North Carolina action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS held by certain of its clients and to pay a total fine of \$3,193,552 to the North Carolina regulator representing its portion of a total civil penalty of \$125 million that was to be distributed among the other state regulator parties to an ARS-related consent order.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Merrill, an indirect wholly-owned subsidiary of Bank of America, is a leading global investment banking firm and a registered broker-dealer and investment adviser. In the United States, Merrill acts as a broker

(i.e., agent) for its corporate, institutional and private clients. Through its own arrangements and through its affiliate, BofA Securities, Inc. (“BofAS”), it has access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. Merrill also acts as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. Merrill operates the firm’s U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services. In May 2019, Bank of America separated the retail and institutional broker-dealer activities that had operated through Merrill into two distinct legal entities. Retail customers continue to be serviced through Merrill, while certain institutional clients are serviced through BofAS.

As a registered investment adviser, Merrill completes a Form ADV which it publicly files with the SEC (available at <http://www.adviserinfo.sec.gov/IAPD>).

For purposes of Form ADV Part 2, certain Merrill management persons are registered as registered representatives or associated persons of Merrill. In the future, certain Merrill personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill to the extent necessary or appropriate to perform their job responsibilities.

Bank of America, through its subsidiaries and affiliates, including us, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include securities brokerage, trading and underwriting; investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; securities clearance, settlement financing services and prime brokerage; private equity and other principal investing activities; proprietary trading of securities, derivatives and loans; banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; insurance and annuities sales and providing research including global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy.

Bank of America is subject to the reporting requirements of the Exchange Act and additional information about Bank of America can be found in publicly available filings with the SEC. From time to time, a shareholder of Bank of America may acquire a sufficiently large interest in Bank of America that the holding triggers statutory or regulatory obligations or restrictions. In such event, our ability to take certain actions or make recommendations within your Plan assets, such as buying or selling securities issued by the shareholder or its Affiliates, may be limited.

We address these conflicts through disclosure in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for clients based upon their investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address actual and potential conflicts of interest – both those arising between and among client’s accounts as well as between client accounts and our business.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **CONFLICTS OF INTEREST AND INFORMATION WALLS**

Merrill and its parent company, Bank of America, engage in a wide range of activities and businesses across a broad spectrum of clients. As a result, we recognize that actual, potential and perceived conflicts of interest develop in the normal course of operations in various parts of the Bank of America organization. To address these conflicts, information walls are in place which are designed to allow multiple businesses to engage with the same or related clients at the same time while mitigating any conflicts arising from such a situation. For example, information walls prevent the unauthorized disclosure of material nonpublic information and allow public side sales, trading and research activities to continue while other businesses within Bank of America possess material nonpublic information. Additionally, Bank of America maintains a Code of Conduct which provides guidelines for the business practices and personal conduct all associates and board members are expected to adopt and uphold.

Managing conflicts of interest is an integral part of Bank of America's risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Bank of America, including Merrill's investment advisory business, evaluates its business activities and the actual and possible conflicts that may emerge from its activities on an ongoing basis. To the extent that existing or new business activities raise an actual conflict of interest, or even the appearance of a conflict, we endeavor to provide you with full and clear disclosure or to take action to avoid or manage the conflict.

### **CODE OF ETHICS**

We have adopted an Investment Adviser Code of Ethics (the "Code of Ethics") covering our personnel who are involved in the operation and offering of investment advisory services. The Code of Ethics is based on the principle that clients' interests come first, and it is intended to assist employees in meeting the high standards that we follow in conducting our business with integrity and professionalism. The Code of Ethics covers:

- Requirements relating to employees complying with all applicable securities and related laws and regulations;
- Reporting and/or clearance of employee personal trading;
- Prevention of misuse of material nonpublic information; and
- The obligation to report possible violations of the Code of Ethics to management or other appropriate personnel.

Covered personnel must certify to the receipt of the Code of Ethics. We will provide a copy of the Code of Ethics to any Plan Sponsor or Plan participant upon request.

We also have imposed policy restrictions on all personnel regarding transactions for their own accounts and accounts over which they have control or a beneficial interest. In addition, we have special policies requiring that certain personnel obtain specific approval of securities transactions and have implemented procedures for monitoring these transactions, as well as those of all our employees.

#### **Privacy/Data Protection**

We will not disclose to the Plan Sponsor any "personal information" obtained directly from any Plan participant. Personal information includes any information that can specifically identify an individual, such as name, address, Social Security number, etc. Personal information does not include information about any Plan participant that the Employer already knows or is entitled to know in connection with the

administration of the Plan.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND CONFLICTS OF INTEREST**

In the United States, Merrill acts as a broker (i.e., agent) for its corporate, institutional and private clients. Through its own arrangements and through its affiliate BofAS, it has access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. We also act as a broker and/or dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts and options. We operate the firm's U.S. retail branch system, and also provide financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services and custodial services. As a result of our affiliates' involvement in multiple business activities, we recognize that actual, potential and perceived conflicts of interest develop in the normal course of operations in various parts of the Bank of America organization, including that our employees may have interests unrelated to the interests of Personal Retirement Strategy participants (see further discussion below). This discussion does not seek to identify all actual or potential conflicts. Information about certain additional conflicts is described throughout this Brochure and in many of the contracts and offering documents that govern the specific products and services we offer.

Investment options made available to participants through a Plan may include mutual funds or products from which Merrill or its affiliates receive fees or compensation in addition to the fees for this service described above. This additional revenue can be in the form of sub-accounting or processing fees (fees for transaction and account processing functions), service fees, and/or distribution fees. We only make available mutual funds, money market funds (each, a "fund") that pay our wholly-owned subsidiary, Financial Data Services, LLC ("FDS") for providing the required sub-accounting and transfer services, which include (1) aggregating and processing purchases, redemptions, and exchanges and (2) providing recordkeeping, processing, reporting and dividend reinvestment services (together, "sub-accounting/ transfer services"). Under agreements with each of these funds (or their respective principal underwriter or other agent), FDS provides daily sub-accounting/transfer services to the holders of these funds maintaining shares in an account as well as in other Merrill securities accounts and receives the agreed-upon sub-accounting/transfer services fee. This cost is either borne by the fund (like other fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent. Personal Retirement Strategy, from time to time, will recommend changes to Plan participants' account holdings and any implementation of these recommendations will result in transactions in participants' accounts. To the extent that such implementation involves products that result in payments to us or our affiliates we or our affiliates benefit. Similarly, investment options made available to participants may change. To the extent that we provide Plan Sponsors with information or recommendations about existing or substitute investments, we may provide information regarding mutual funds and other investments, from which Merrill or our affiliates receive these additional forms of revenue.

As a broker-dealer effecting transactions as part of the program, we or an affiliate may act as agent or as principal for our own account, as permitted by applicable law. Similarly, we or an affiliate may, in transactions involving such clients' securities, act as agent while also representing another client on the other side of the transaction. In addition, we or our affiliates may have a position in, or enter purchase or

sale orders for, securities recommended to clients in the normal course of our business as a broker-dealer. We and/or our affiliates may profit from these positions or transactions in securities.

We, through our Financial Advisors, may suggest or recommend that participants use Merrill securities accounts, execution and custody or other services, or such services of an affiliate in connection with their non-Plan assets. Similarly, Financial Advisors, who also handle participants' securities accounts, may suggest or recommend that participants purchase our products or products of an affiliate. Where Merrill's or our affiliate's services are used or products are purchased by participants for their non-Plan assets, we and our affiliates will receive fees and compensation. Financial Advisors may, as permitted by applicable law, receive compensation (the amount of which varies) in connection with these products and services. Compensation received in connection with participants' purchase or sale of stocks, bonds, mutual funds, other securities or insurance products through us or our affiliates may include commissions, spreads, markups and markdowns, and distribution or other fees. We also benefit from the possession or use of any free credit balances in participants' accounts, subject to the restrictions imposed by Rule 15c3-3 under the Exchange Act.

With respect to participants' non-Plan assets, we, acting in our broker-dealer capacity, may recommend that participants invest in a variety of limited partnerships, investment vehicles such as hedge funds and other investment funds, for which certain of our affiliates act as general partners. The investments of the limited partnerships and other entities may vary but include, without limitation, real estate, futures, hedge funds and other alternative investments.

#### **INVESTMENTS IN SECURITIES BY MERRILL AND OUR PERSONNEL**

Merrill provides a variety of advisory and brokerage services to others and these services may involve Merrill recommending a transaction in securities that are investment options selected by the Plan Sponsor. From time to time in the course of those duties, confidential information may be acquired that cannot be divulged or acted upon for advisory or other clients. Similarly, recommendations made in other services or programs may be contrary to the recommendations to participants using these services. For example, Merrill may recommend that an investment advisory client in another program buy shares of a particular mutual fund and at the same time replace those shares with shares of other investment options in a participant's account.

We and our affiliates have investment banking or other relationships with certain publicly traded companies; these relationships, from time to time, compel us to forego trading in the securities of these companies. In the course of investment banking and other activities, our affiliates acquire confidential or material nonpublic information that prevents us or our affiliates, for a period of time, from purchasing or selling particular securities for your account. We and our affiliates are not permitted to divulge or to act upon this information with respect to our advisory or brokerage activities.

We or one of our affiliates may have a position in or enter into "proprietary" transactions in securities purchased or sold for clients. We or our affiliates benefit from such securities positions or transactions.

We address these conflicts through disclosure in this Brochure.

#### **BROKERAGE PRACTICES**

Transactions in connection with Personal Retirement Strategy are effected by Merrill or an affiliate. The Plan Sponsor has authorized us as agent to use our (or an affiliate's) own execution services to purchase, exchange and redeem fund shares and other investment options available under the Plan and to take any other necessary action relating to transactions in Plan participant accounts, including the completion and settlement of transactions.

Mutual fund orders may be combined with other mutual fund purchases and sales across our platform for purposes of submitting consolidated purchase or redemption requests to the relevant transfer agent for each fund. We purchase and redeem all fund shares for the program account at net asset value without the imposition of any front-end or contingent deferred sales charges.

## REVIEW OF ACCOUNTS

Plan participant accounts enrolled in Merrill Managed are reallocated or rebalanced approximately every 90 days to ensure Plan assets are aligned with your target asset allocation. A reallocation refers to a change in the Asset Allocation Recommendation. A rebalance is a realignment to an existing Asset Allocation Recommendation.

At this 90 day frequency, a reallocation of your Plan assets will occur when one or more of the following happen:

- You or your Plan Sponsor modifies previously provided information that impacts your Goal Funding Status
- Information on External Assets is added or modified
- Updates to Capital Market Assumptions or Strategic Asset Allocation are made by the Chief Investment Office.
- Updates to the Plan Sponsor investment menu

We will contact you periodically, primarily through electronic means, to request that you review your information and ensure that it is up to date. You will be required to perform your review through the Program Website. We will send you periodic updates that contain information about your Account, including trade confirmation information and account statements.

## CLIENT REFERRALS AND OTHER COMPENSATION

### A. OTHER COMPENSATION

#### 1. RELATIONSHIP WITH ASSET MANAGERS

***Third Party Firm Business Relationships.*** We and our Affiliates have business relationships with many investment managers, including third-party managers of investment strategies offered in other of our investment advisory programs, Fund managers, distributors and sponsors, and insurance companies and other product providers (“Third Party Firms”) separate and apart from the Program. For example, we or our Affiliates may effect transactions in the ordinary course of business for a mutual fund offered through the Program, and any compensation paid to us or our Affiliates by the fund manager or sponsor or any of their affiliates, is additional compensation to us for services we and our Affiliates provide to them. These Third Party Firms may direct their clients’ transactions to us. We may also make available to them research, execution, custodial, pricing and other services offered by us in the normal course of business. We receive compensation in connection with such transactions and other services

From time to time, Merrill enters into distribution agreements with asset managers, fund managers or sponsors pursuant to which Merrill distributes certain products and services to clients with a brokerage securities account or those enrolled in the Program, as relevant. Due to these relationships, the management and employees of these entities have a broader level of access and exposure to Merrill, our management, and our personnel. In addition, they have the opportunity for increased exposure at marketing events or in internal and client materials. Such access and exposure is not available to other asset managers or sponsors and enhances the ability of our Affiliates to distribute their funds and other investment products through us.

It is possible that the presence of these distribution arrangements and relationships will cause us and our Affiliates to forego opportunities to negotiate more favorable financial terms for client investments in these funds. We address the conflicts of interest in the following ways. We disclose the nature of our relationship in general with Third Party Firms. The compensation paid to Merrill personnel is based on salary and not sales and thus they do not have an incentive to recommend certain funds over others because they do not receive additional compensation as a result of these types of arrangements or compensation.

Additionally, we and our Affiliates select funds that are available on our investment advisory platform and offered through the Program as well as in our brokerage offering based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of such compensation and other business arrangements from affecting the nature of the advice we provide, although such policies and procedures do not eliminate such conflicts of interest.

**Third Party Firm Reimbursement for Training Events.** Certain Third Party Firms periodically participate in Merrill-hosted or our Affiliate-hosted national internal training and education conferences for Merrill personnel as well as for conferences that Merrill or an Affiliate hosts for clients (“National Training Events”). There is no requirement that Third Party Firms provide any such support or payments in order for us to make available their investment products to our clients. Third Party Firms electing to participate in a particular National Training Event reimburse us for the total cost of the National Training event on a prorata basis. The amount of reimbursement from Third Party Firms varies depending on, among other things, the number of events in which a Third Party Firm participates. For 2019, when there were approximately 14 National Training Events covering a variety of investment solutions topics, over 100 Third Party Firms reimbursed us an aggregate amount of approximately \$15 million.

In addition, Third Party Firms periodically organize training programs that provide our Merrill personnel with information on their platform of products and services with the opportunity to interact with a firm’s management and investment personnel. These meetings may occur at a location determined by the Third Party Firm or at our local branch offices. Certain Third Party Firms also may help to support client and prospect seminars, trade shows and booth events. Third Party Firms hosting or supporting these meetings provide reimbursement payments to offset the costs of these training meetings and events, which, in certain circumstances, includes meals, travel and accommodations. In 2019, the aggregate amount of the reimbursement payments made by Third Party Firms relating to over 1,960 training programs and events was approximately \$12.5 million. We have implemented policies and procedures that place certain restrictions on these types of events and training programs and have supervisory practices in place to monitor compliance with these policies and procedures.

These payments and benefits present conflicts of interest because they create incentives for us to recommend products of these Third Party Firms. The amount of Third Party Firm reimbursement is not dependent or related to the amount of assets invested by you or any other of our clients in or with the products or services of the particular Third Party Firm. Neither we, nor our Affiliates, incentivize our associates to recommend one Third Party Firm’s product or service over another’s. Further, Third Party Firms are not permitted to condition their payment on any amount of sales of their products or services. However, Third Party Firms who participate in the National Training Events and other training meetings and events described above have more opportunities to interact and build relationships with our associates. This creates a conflict of interest to the extent this leads our associates to recommend the products and services of these Third Party Firms.

**Third Party Firm Office Access and Gifts, Meals & Entertainment.** Representatives of Third Party Firms work with Merrill associates and other of our representatives to provide information and support to them regarding their respective investment products. From time to time, Third Party

Firms provide non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, golf balls, or gift baskets) and meals. Certain Third Party Firms also make charitable donations or contributions or cover the costs of reasonable entertainment in connection with events sponsored by Merrill or its Affiliates or related to clients. The Third Party Firms are not permitted to condition their charitable donation, entertainment or gift on any amount of sales of their funds and Merrill does not incentivize associates to recommend or select one investment product over another. Receiving gifts, meals and entertainment creates a conflict of interest because Merrill personnel are incentivized to recommend products or services offered by these third-party firms. We have implemented policies and procedures to supervise this activity that are consistent with FINRA rules.

## **CUSTODY**

Plan assets for which Merrill serves as record-keeper generally are custodied with BANA as Trustee and held with Merrill; please refer to the applicable documentation for information regarding Merrill's responsibilities as a custodian. However, Plan Sponsors can also enter into separate custody agreements to hold Plan participant funds and securities with other qualified custodians that are not affiliated with Merrill. Any such separate agreement with an unaffiliated custodian may contain authorizations for transferring assets held with that custodian that are broader than those granted to us in agreements in connection with the Personal Retirement Strategy services, and the unaffiliated custodian's monitoring, if any, of assets held with it is governed by that separate agreement. It is important to note that our rights and authority to transfer Plan assets held with an unaffiliated custodian are limited to those set forth in agreements in connection with the Personal Retirement Strategy services, regardless of any separate agreements or arrangements a Plan Sponsor or Plan participant may have or enter into with any such custodian. We disclaim any broader rights that may be contained in that separate agreement.

In our capacity as record-keeper and, as holder of assets (as applicable), Merrill provides Plan participants with written participant quarterly benefit statements. Plan participants should review their statements carefully. To the extent you receive account statements from other qualified custodians, please compare the account statements you receive from the qualified custodian with those you receive from us.

## **INVESTMENT DISCRETION**

Plan participants may enroll in the discretionary investment management option of Personal Retirement Strategy, Merrill Managed.

## **VOTING CLIENT SECURITIES**

Merrill does not accept authority to vote client securities held in the participant's Plan accounts enrolled in Personal Retirement Strategy. Depending on the terms of the Plan Sponsor's Plan document and its related trust, either the Plan fiduciary may vote proxies relating to securities in the participant's Plan accounts or the proxies may be passed through to the Plan participant to vote the proxies. Merrill does not provide advice with respect to a particular proxy solicitation.

Merrill will not render any advice or take any action with respect to securities or other property currently or formerly held in Plan accounts that become the subject of any legal proceedings, including bankruptcies and class actions.

## **FINANCIAL INFORMATION**

Not applicable.

## **GLOSSARY**

“Advisers Act” means the Investment Advisers Act of 1940, as amended.

“AWC” means a FINRA Letter of Acceptance, Waiver and Consent.

“Bank of America” means Bank of America Corporation.

“Benefits OnLine” means the internet website provided by Merrill to an Employer and their Plan participants as part of the record-keeping services Merrill provides to an Employer’s Plan.

“Brochure” means the Merrill program brochure relating to Personal Retirement Strategy, as amended or updated from time to time.

“CIO” means The Chief Investment Office.

“CMAs” means The Chief Investment Office’s Capital Market Assumptions.

“Code of Ethics” means Merrill’s Investment Adviser Code of Ethics.

“CIFs” means Collective Investment Funds.

“Employer” means the employer of the participant.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“External Assets” means accounts held outside the Plan by the participant.

“Financial Advisor” means a Merrill Financial Advisor.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Goal Funding Status Analysis” means whether the participant is on target to accumulating sufficient total assets to achieve the annual retirement income goal.

“Government Money Market Funds” means money market funds that invest in government and treasury securities.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“IRS” means the Internal Revenue Service.

“Master Services Agreement” mean the agreement between Merrill and the Plan Sponsor.

“Merrill,” “MLPF&S,” “we” or “us” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Merrill Managed<sup>®</sup>” means the discretionary investment management feature of Personal Retirement Strategy.

“Merrill Managed Fee” means the advisory fee is charged for participants enrolled in the Merrill Managed service.

“Participant Advisory Agreement” means the agreement between Merrill and the participant.

“Plan” means the defined contribution Plan sponsored by the participant’s employer.

“Plan Sponsor Addendum” means the agreement between Merrill and the Plan Sponsor.

“Prime Money Market Funds” means money market funds that invest in corporate commercial paper.

“Reallocation” means the automatic placement of a participant’s account into a different portfolio model by Merrill Managed, if applicable, after review of the participant’s information and the specific investment

allocation percentages that comprise the portfolio model.

“Rebalancing” means the periodic rebalancing of the participant’s account by Merrill Managed to the participant’s current asset allocation to adjust for investment gains and losses across the asset classes.

“Restricted Assets” means certain securities or holdings that a Plan Sponsor, or participant enrolled in the Merrill Managed service has restricted or limited the sale of within their 401(k) investments.

“SAA” means Strategic Asset Allocation.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Service Representative” means a Retirement & Benefits Contact Center Representative at a designated Merrill call center to which Plan participants will have access.

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