

# Merrill Personal Retirement Strategy

## BROCHURE

Please retain for your records.

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park  
New York, NY 10036  
(800) 637-7455 (Main)  
(866) 731-3127 (Program)  
[www.ml.com](http://www.ml.com) (Main)  
[www.benefits.ml.com](http://www.benefits.ml.com) (Program)

**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/](http://www.adviserinfo.sec.gov/).**

**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.**

**March 22, 2024**

Retirement and Personal Wealth Solutions is the institutional retirement business of Bank of America Corporation (“BofA Corp.”) operating under the name “Bank of America.” Investment advisory and brokerage services are provided by wholly owned non-bank affiliates of BofA Corp., including Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”), a dually registered broker-dealer and investment adviser and Member [SIPC](http://www.sipc.org). Banking activities may be performed by wholly owned banking affiliates of BofA Corp., including Bank of America, N.A., Member FDIC.

Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
-----------------------------	--------------------------------	-----------------------

## **MATERIAL CHANGES**

On March 20, 2023, MLPF&S filed its last annual update for its Merrill Personal Retirement Strategy brochure ("Brochure"). This summary of material changes is designed to make clients aware of information that has changed since the Brochure's last annual update or that may be important to them. It also sets forth changes as well as enhancements made in this annual update as well as those made since the 2023 annual update, which were previously communicated.

### **MATERIAL CHANGES AND ENHANCEMENTS MADE AS PART OF THIS ANNUAL UPDATE**

- We modified our policies to provide that participating Third-Party Firms can reimburse Merrill for the eligible costs of training and educational seminars and meetings for Financial Advisors and clients and related to business meals as disclosed in "Client Referrals and Other Compensation" at section "A. 1. Relationships with Third-Party Firms."
- 

### **MATERIAL CHANGES AND ENHANCED DISCLOSURES MADE PRIOR TO THIS ANNUAL UPDATE**

Set forth below are material changes and enhancements that we made to the Brochure since the last annual update in March 2023:

#### **May 19, 2023 BROCHURE UPDATE**

##### ***Material Changes and Enhancements:***

- We updated the "Disciplinary Information" section as follows: "On April 3, 2023, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the order found that from May 12, 2016 through June 29, 2020: (1) wrap fee advisory program agreements and ADV brochures contained a material misstatement because, while disclosing that MLPF&S charged a markup or markdown on foreign currency exchanges, the disclosure did not also state that an additional fee referred to as a production credit was also charged and (2) there was a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with disclosures relating to currency transfers requiring foreign currency exchanges that it processed for its wrap fee clients. MLPF&S, without admitting or denying the findings, consented to the imposition of a cease-and-desist order, censure, payment of disgorgement, prejudgment interest and a civil penalty totaling \$9,694,714."

#### **NOVEMBER 15, 2023 BROCHURE UPDATE**

##### ***Material Changes and Enhancements:***

- We updated our disclosure in "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" at the section "Investments in Securities by Merrill and our Personnel" to provide that Merrill and its Affiliates limit the overall aggregate ownership of certain Registered Funds by certain Program Accounts to avoid potential restrictions on the ability of our Affiliates to engage in principal trading and other transactions with those Registered Funds.

## TABLE OF CONTENTS

ITEM 2. MATERIAL CHANGES .....	2
ITEM 3. TABLE OF CONTENTS .....	3
ITEM 4. ADVISORY BUSINESS .....	5
About Us and the Program .....	5
Our Services as an Investment Adviser and Relationship with You under the Program .....	5
Description of Program Services .....	6
Goal Funding Status Analysis .....	6
Retirement Income Planning .....	7
Retirement Tax Illustration .....	7
Asset Allocation Recommendation .....	7
Merrill Managed .....	8
Separation from Service from your Employer .....	9
Investment and Trading Authority .....	9
Termination of Program Services .....	10
Electronic Accessibility Requirement .....	10
Other Merrill Advisory Services .....	10
Assets Under Management .....	10
ITEM 5. FEES AND COMPENSATION .....	11
Merrill Managed Fees .....	11
Calculation of the Merrill Managed Fee .....	11
Payment of Merrill Managed Fee .....	12
Other Fees and Expenses .....	12
Compensation for the Sale of Securities or Other Investment Products .....	12
Sources of Revenue .....	13
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	13
ITEM 7. TYPES OF CLIENTS .....	13
ITEM 8. METHODS OF ANALYSIS , INVESTMENT STRATEGIES AND RISK OF LOSS .....	13
Investment Philosophy .....	13
Chief Investment Office's Governance .....	14
Key Data Sources .....	14
Key Assumptions .....	15
Risk of Loss and Strategy Risk .....	17
Hypothetical Nature of Forecasts .....	18
Personal Retirement Strategy and Merrill Managed Advice and Investment Recommendations .....	18
Employer Security Restrictions and Other Holding Restrictions .....	18
Effect of Public Health Emergencies .....	20
Information and Cybersecurity Risks .....	20
ITEM 9. DISCIPLINARY INFORMATION .....	21
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	22

<b>ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING</b>	<b>23</b>
Conflicts of Interest and Information Walls	23
Code of Ethics	23
Participation or Interest in Client Transactions and Conflicts of Interest	24
Investments in Securities by Merrill and our Personnel	25
<b>ITEM 12. BROKERAGE PRACTICES</b>	<b>26</b>
<b>ITEM 13. REVIEW OF ACCOUNTS</b>	<b>26</b>
<b>ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION</b>	<b>27</b>
<b>ITEM 15. CUSTODY</b>	<b>30</b>
<b>ITEM 16. INVESTMENT DISCRETION</b>	<b>30</b>
<b>ITEM 17. VOTING CLIENT SECURITIES</b>	<b>30</b>
<b>ITEM 18. FINANCIAL INFORMATION</b>	<b>30</b>
<b>GLOSSARY</b>	<b>30</b>

*All capitalized terms used in the Brochure are defined in the body of this Brochure and/or in the Glossary.*

## ADVISORY BUSINESS

### About Us and the Program

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S” or “Merrill”), an indirect wholly-owned subsidiary of Bank of America Corporation “BofA Corp.”), is a global financial services firm that offers a broad range of brokerage, investment advisory, retail and other services. Merrill 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 [ml.com/relationships](http://ml.com/relationships).

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. In Personal Retirement Strategy, Merrill acknowledges and agrees to be an ERISA Fiduciary, to the extent that it renders investment advice within the meaning of section 3(21)(A)(ii) of ERISA. When providing discretionary services in this Program through Merrill Managed, Merrill acknowledges that it is acting as an investment manager within the meaning of Section 3(38) of ERISA.

A Plan Sponsor must enter into an amendment to the Master Services Agreement to make Personal Retirement Strategy available to Plan participants (the “Plan Sponsor Amendment”). 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. If the Plan Sponsor fails to provide the necessary compensation and indicative data, Personal Retirement Strategy will not be able to provide you with advice and guidance, and you will not be able to enroll into Merrill Managed. 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

#### **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. Federal tax laws may limit the contribution rates in the Plan of some participants who are defined as "Highly Compensated Employees," by the Internal Revenue Code. A majority of Plans utilizing Personal Retirement Strategy have implemented controls that will not allow Highly Compensated Employees to over contribute to the Plan. However, some Plans do not utilize these controls, which may cause Highly Compensated Employees to receive refunds of excess contributions. Participants defined as Highly Compensated Employees should adjust their contribution rate in the Plan to avoid such refunds. (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 suggested withdrawal strategy to help you prioritize the available accounts or other sources from which to take income in retirement. The withdrawal strategy can include both assets inside the Plan, and assets external to the Plan, such as 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, and 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 in the Glossary) 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 as defined in the Glossary) 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. Should there be other factors that impact the rebalance, rebalancing will occur once those factors are resolved. 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 by excluding them from Merrill Managed as 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 or your Plan Sponsor choose to restrict the sale of certain holdings by excluding them from Merrill Managed as Restricted Assets, 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 also 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 Restricted 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. Personal Retirement Strategy will use relevant Plan participant data, including current annual compensation and other indicative data that is supplied directly by the Plan Sponsor to implement personalized investment recommendations for you. If the Plan Sponsor fails to provide the necessary compensation and indicative data, the participant will not be enrolled in Merrill Managed. Instead, the participant's investments will be invested in a cash equivalent fund indefinitely until the data is received.

#### **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 Amendment 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 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 [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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 December 31, 2023, Merrill had assets under management of \$1,271.59 billion, of which \$343.94 billion was managed on a discretionary basis and \$927.65 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 in arrears. The Merrill Managed Fee is not applicable to any Restricted Assets, as described in the Glossary, whether restricted by you, the Plan Sponsor or held in a self-directed brokerage account. 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 Amendment. The extent to which we negotiate the Merrill Managed Fee is solely within our discretion and may include such factors that are not limited to plan size, record keeping fees and breadth of client relationship. 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, fees will be asset-based, and will be calculated and charged at the same time the scheduled rebalancing occurs, which will be approximately every 90 days, based on the date of the participant's date of birth.

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

#### **Plan Sponsor:**

**Asset-Based Fee:** 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 Plan Sponsor shall be invoiced each calendar quarter in arrears in an amount equal to one-fourth of the annual Merrill Managed Fee multiplied by the average total amount of participant assets enrolled in Merrill Managed for the quarter. The average total amount of plan assets enrolled in Merrill Managed, for the quarter shall be calculated by taking the eligible Participant assets enrolled in Merrill Managed on the last business day of each calendar month, divided by three. Participants will need to be enrolled in Merrill Managed during at least one month in the quarter in order for a billing to occur for that quarter. In months where there are no assets, zero will be used for that month in the quarterly average.

**Fixed Dollar Amount Fee:** Annual fixed dollar amount fees at the plan level are billed in quarterly calendar increments, in arrears. The Plan Sponsor shall be invoiced in an amount equal to one-fourth of the annual per participant Merrill Managed Fee for each participant enrolled in Merrill Managed on the last calendar day of the calendar quarter. The quarterly fee shall not exceed one-fourth of 0.25% multiplied by total participant plan assets enrolled in Merrill Managed. Participants will need to be enrolled in Merrill Managed in order for a billing to occur.

#### **Participant:**

**Asset-Based Fee:** Fees shall be paid in arrears, and will be deducted from your Plan assets at approximately the same time as your scheduled rebalancing. Scheduled rebalancing occurs approximately every 90 days and is based on your date of birth. The Merrill Managed Fee is calculated on the business day prior to your scheduled rebalancing and shall be equal to one-fourth of the annual Merrill Managed Fee multiplied by your plan assets enrolled in Merrill Managed on the day the fee is calculated.

Initial billing at your first scheduled rebalancing shall be based upon the number of days you have been enrolled in Merrill Managed. If you are not enrolled in Merrill Managed for at least 30 calendar days before your first scheduled rebalancing, the rebalancing of your account will be deferred until the next

scheduled rebalancing and you will not be charged for the short period of less than 30 calendar days. If you have been enrolled in Merrill Managed for at least 30 days but less than 90 days before your first scheduled rebalancing, the amount of the Merrill Managed Fee will be pro-rated to reflect the number of days in the period you were enrolled.

#### **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.

#### **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 BofA Corp. 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 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 at least an annual basis, the firm's CMAs and SAAs are reviewed to account for changes in forward-looking returns, volatility, yield and correlation. BofA Corp.'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 BofA Corp.'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 2.4% 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 2.4%. 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	Ibbotson Associates SBBI US 30 Day T-Bill Total

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 asset 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)
- Funds 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. 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 first narrow down the list of Funds within the Plan Sponsor’s investment choices using a proprietary investment selection approach and then to construct a portfolio of Funds that aims to minimize the portfolio’s weighted-average expense ratio and also ensures that the portfolio’s asset 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.

#### **EFFECT OF PUBLIC HEALTH EMERGENCIES**

Public health emergencies, like the recent form of coronavirus (COVID-19), can create adverse impacts on global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global COVID-19 pandemic resulted in the implementation of quarantines, prohibitions on travel, the closure of offices, businesses, schools, and other public venues, and other restrictive measures. Such measures and the general uncertainty surrounding the dangers and impact of such emergencies, like COVID-19, create significant disruption in supply chains and economic activity and have a particularly adverse impact on a number of industries, including the financial industry and participants. While we have established business continuity and risk management systems, the operations of Merrill and MAA may be materially impacted as a result of public health emergencies of the scale like COVID-19.

#### **INFORMATION AND CYBERSECURITY RISKS**

With the increased use of technologies to conduct business, like all companies, Merrill, its Affiliates and our service providers are susceptible to operational, information security, and related risks. In general, information and cyber-incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cybersecurity risk represents, among other things, exposure to failures or interruptions of service or breaches of security, including as a result of malicious technological attacks and other unauthorized access to digital systems 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 issuers of securities, the Funds and Fund managers and sponsors, counterparties, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

We, as well as BofA Corp., manage information security risk and cybersecurity risks in accordance with internal policies that govern our comprehensive information security program that are designed to protect the firm by enabling preventative, detective and responsive measures to combat information and cybersecurity risks. There can be no assurance that we or our service providers, will not suffer losses relating to cybersecurity attacks or other information security breaches in the future. While we have established business continuity and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

## 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. You can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

On April 3, 2023, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the order found that from May 12, 2016 through June 29, 2020: (1) wrap fee advisory program agreements and ADV brochures contained a material misstatement because, while disclosing that MLPF&S charged a markup or markdown on foreign currency exchanges, the disclosure did not also state that an additional fee referred to as a production credit was also charged and (2) there was a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with disclosures relating to currency transfers requiring foreign currency exchanges that it processed for its wrap fee clients. MLPF&S, without admitting or denying the findings, consented to the imposition of a cease-and-desist order, censure, payment of disgorgement, prejudgment interest and a civil penalty totaling \$9,694,714.

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.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Merrill, an indirect wholly owned subsidiary of BofA Corp., is a leading global wealth management 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.

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

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.

BofA Corp., 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 (1) securities brokerage, trading and underwriting; (2) investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; (3) wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; (4) origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; (5) securities clearance, settlement financing services and prime brokerage; (6) private equity and other principal investing activities; (7) proprietary trading of securities, derivatives and loans; (8) banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; (9) insurance and annuities sales and (10) providing research including global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy.

BofA Corp. is subject to the reporting requirements of the Exchange Act and additional information about BofA Corp. can be found in publicly available filings with the SEC. From time to time, a shareholder of BofA Corp. may acquire a sufficiently large interest in BofA Corp. 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, BofA Corp., 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 BofA Corp. 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 the BofA Corp. organization possess material nonpublic information. Additionally, BofA Corp. 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 BofA Corp.'s risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Each of BofA Corp., BofAS, and Merrill 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 BofA Corp. 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") and share classes of funds that retain and pay us to provide the required associated sub-accounting and other services. These sub-accounting and other services include aggregating and processing purchases, redemptions, exchanges dividend reinvestment, consolidated account statements, tax reporting and other related processing and recordkeeping services (together, "sub-accounting services"). Under agreements with each of these funds (or their respective principal underwriter or other agent), we provide daily sub-accounting services (either directly or through a subsidiary) to the holders of these funds maintaining shares in an account as well as in other Merrill securities accounts and receive the agreed-upon sub-accounting 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. These service arrangements and the amount of the compensation vary by fund types, fund and by share class. These fees and fee rates are subject to change from time to time and may be received individually or as part of a "bundled" arrangement that includes other types of fees, such as administration and distribution payments.

We have a conflict of interest in selecting certain fund products (or share classes) for inclusion as part of our product offering available to you. Certain mutual funds or share classes that would otherwise meet our criteria for inclusion as part of our product menu but whose principal underwriters, agents or sponsors do not agree to pay a fee that we determine is appropriate for its services will not be selected, thereby limiting the available universe of funds (and share classes) available to you. In addition, the amount of the fees paid to us for these services varies among funds and, in certain instances, between share classes of individual funds. This results in a conflict of interest because it creates an incentive for us to recommend that you invest in funds and share classes that pay higher fees. We will receive higher sub-accounting fee payments from fund families that have higher fund assets held in our client's accounts because the service fee calculation is based off of the level of the asset holdings. Additionally, we benefit financially



because the aggregate amount of the sub-accounting fees exceed the costs to provide these services. We address these conflicts of interest in the following ways, which include disclosing the nature of our sub-accounting service arrangements. We also determine the compensation paid to our personnel on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Our personnel 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. In addition, we and our Affiliates select funds that are available and offered through the Program as well as in our brokerage accounts and other investment advisory programs 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. 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.

Merrill and its Affiliates limit the overall aggregate ownership in certain Registered Funds that are mutual funds and ETFs ("In-Scope Funds") by Merrill, its Affiliates and those of their clients that have granted discretion to Merrill, its Affiliates and/or Merrill Advisors ("discretionary clients") to avoid potential restrictions on the ability of Merrill and its Affiliates to engage in principal trading and other transactions with In-Scope Funds. A portion of the aggregate ownership limit is attributed to our Affiliates. When Merrill and its Affiliates choose to allocate a portion of an investment opportunity in an In-Scope Fund to Merrill or its Affiliates, there is a corresponding reduction under the overall aggregate ownership limit of In-Scope Fund shares available for investment by discretionary clients. As a result of these ownership limits and allocations, discretionary clients will face limits on their ability to invest in In-Scope Funds from time to time and can be precluded from investing in certain In-Scope Funds that otherwise might have been the best available investment alternatives. Because Merrill's and its Affiliates' ownership is applied to determine the aggregate ownership limits, such limits create conflicts of interest for Merrill in determining the amount of investment opportunities in In-Scope Funds that are available to discretionary clients.

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. Should there be other factors that impact the rebalance, rebalancing will occur once those factors are resolved. 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. We will send you periodic updates that contain information about your Account, including account statements which include a playback of your current Merrill Managed strategy, if applicable, and the information provided by you and your employer which is used to suggest an allocation for your 401(k).

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. OTHER COMPENSATION**

#### **1. Relationships With Third-Party Firms**

##### Third-Party Firm Business Relationships and Support

**Third-Party Firm Business Relationships.** We and our Affiliates have business relationships with investment managers, including Style Managers, Fund managers, distributors and sponsors, and insurance companies and other product providers (“Third-Party Firms”). We make available research, execution, custodial, pricing and other services in the ordinary course of business. Third-Party Firms can direct transactions to us or our Affiliates including effecting transactions in the ordinary course of business for Third-Party Firm and for any fund offered through the Program. 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.

In order to make investment products or services available on our platform, we incur certain technology and infrastructure costs. While we do not generally receive reimbursement for technology-related costs associated with the onboarding or maintenance of a platform, tool or service, we reserve the right to seek reimbursement from Third-Party Firms for particular projects. In the event that we receive support from product issuers or sponsors for such costs, it creates a conflict with our ability to use strictly objective factors when selecting product sponsors to make available on our platform.

Having business relationships with Third-Party Firms creates a conflict of interest and can affect opportunities to negotiate more favorable financial terms for client investments in the products of the Third-Party Firms. We disclose the nature of our relationship in general with Third-Party Firms. We determine the compensation paid to our financial advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Our financial advisors do not have an incentive to recommend certain investment products over others because they do not receive additional compensation as a result of these types of arrangements or compensation. Additionally, we select investment products that are available through the Program and other of our investment advisory programs 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 and our financial advisors provide.

**Participation and Sponsorship by Third-Party Firms for Merrill Conferences, Manager Meetings and Charitable Events.**

Certain Third-Party Firms periodically participate in Merrill-hosted internal training and education conferences (Conferences) for invited Merrill financial professionals. These financial professionals include financial advisors, members of an Advisor's team, employees who work for a Merrill branch, market or division to support the financial advisors (Field Employees) and employees who cover product, Chief Investment Office and home office support functions (Non-Field Employees). Conferences are organized on either a national or local level. During 2023, Merrill and certain Third-Party Firms shared in the costs of the Conferences and during this period, Merrill received approximately \$4.7 million from participating Third-Party Firms as part of their share of the covered costs for these Conferences.

Merrill also holds client and prospect events (e.g., seminars, trade shows, booth events) where Third-Party Firms participate (Client Events). During 2023, Merrill was reimbursed by participating Third-Party Firms for certain expenses incurred in connection with holding such Client Events in the amount of approximately \$2.2 million from participating Third-Party Firms.

Certain Third-Party Firms periodically host or participate in educational meetings for certain financial advisors, Field Employees and Non-Field Employees (Manager Meetings) where they provide information on investment products and services and the opportunity to interact with their investment and sales personnel. For those Manager Meetings held in 2023, the hosting Third-Party Firm paid for certain of the Manager Meeting costs subject to a cost sharing cap. Merrill or the attending financial advisor, Field Employee and Non-Field Employee paid for travel, accommodation and continuing education costs. In 2023, the total expenditures made by participating Third-Party Firms relating to Manager Meetings was less than \$50,000.

Furthermore, Third-Party Firms also provided monetary support directly to charities or in connection with charitable events and causes that Merrill or its employees support or attend. The total contributions made by Third-Party Firms in support of charitable events and causes that we requested or initiated with the Third-Party Manager in 2023 was approximately \$225,000. Participation in charitable events is subject to Merrill internal policies and supervision.

Beginning in January 2024, Third-Party Firms that elect to act as sponsors of Conferences and Client Events will reimburse Merrill on an equitable basis for the eligible costs of the particular Conference for which they act as sponsor. The reimbursable costs include venue and facilities costs (including food and beverages), certain speaker costs and travel, lodging and continuing education costs for attending financial advisors and select employees facilitating the Conference or Client Event. Merrill organizes the Conferences and Client Events and approves the attendees, speakers, agenda and meeting content and sponsors. All Conference and Client Event expenditures must align to Merrill internal policies and policy limits and are subject to Merrill supervision and oversight. In addition, Third-Party Firms that hold Manager Meetings will pay for all eligible costs associated with such meetings, including the cost of travel, accommodation and continuing education fees for the attending financial advisors, Field Employees and certain permitted Non-Field Employees (not including any CIO employee). The costs to be covered by the Third-Party Firm are subject to Merrill policies and guidelines.

The participation of, and payment of costs by, a Third-Party Firm for Conferences, Client Events, Manager Meetings and charitable events present conflicts of interest. They create incentives for financial advisors to recommend products of participating Third-Party Firms. They give those financial advisors participating in Conferences, Client Meetings and Manager Meetings with more opportunities to interact and build relationships with Third-Party Firms and their personnel which could lead them to recommend the products and services of these Third-Party Firms over others. There is also a conflict of interest for Field Employees to approve those recommendations and for non-Field Employees to select products of the Third-Party Firm for the Merrill platform.

We address these conflicts in a number of ways. There is no requirement that Third-Party Firms reimburse Merrill for, or pay the costs of, such events in order for their investment products to be made available on the Merrill platform. Neither we nor our Affiliates incentivize our financial advisors to recommend the products or services of a Third-Party Firm that makes such contributions over those that do not. We do not incentivize Field Employees to approve the recommendations of products and services of Third-Party Firms who participate in the Conferences, Client Events and Manager Meetings and we do not incentivize Non-Field Employees to approve particular products of a Third-Party Firm for the Merrill platform. We limit the participation of financial advisors, Field Employees and Non-Field Employees in these events. Third-Party Firms are not permitted to condition their payment on any amount of sales of their products or services. Third-Party Firm reimbursements for costs of meetings and events must align to Merrill internal policies and policy limits and are subject to Merrill supervision and oversight that is reasonably designed to review the nature of the business interactions and level of expense reimbursement from affecting the nature of the advice we provide.

#### **Third-Party Firm Office Access and Gifts, Meals and Entertainment.**

Representatives of Third-Party Firms will, from time to time, meet and work with our financial advisors, Field Employees and Non-Field Employees, one on one or in small individual groups, to provide information and support regarding their respective investment products. We have policies and procedures that limit Third-Party Firms from providing or paying for, and our financial advisors, Field Employees and Non-Field Employees, from receiving, gifts, meals and entertainment other than as permitted by and subject to the limits established under Merrill internal policies. Nominal gifts including items of a promotional nature (i.e., logo items, like golf balls, hats) are permitted. Subject to our policy requirements and restrictions, a Third-Party Firm may pay the costs of a business meal for a financial advisor, Field Employee or Non-Field Employee up to a limit of \$300 per meal and a total of \$1,000 per year. While our policies permit attending entertainment events, (i.e., sporting events and golf outings) organized by a Third-Party Firm, the financial advisor, Field Employee and/or Non-Field Employee must pay for the costs of such events themselves.

Permitting Third-Party Firm representatives access to our financial professionals and paying for meals presents a conflict of interest. It creates incentives to recommend to clients investment products of, approve recommendations of, and to approve the investment products for the Merrill platform of, those Third-Party Firms that provided the financial advisor, Field Employee or Non-Field Employee with gifts, meals or entertainment access. In addition to monetary limits, we have policies, procedures and supervisory controls that are reasonably designed to review the frequency of office visits and other business interactions and the frequency and level of gifts, meals, entertainment expenses from affecting the nature of the advice we provide. Third-Party Firms are not permitted to condition their office visits, business meals or promotional gift on any amount of sales of their investment products. Merrill does not incentivize any of its financial professionals to recommend or select one investment product over another.

## **2. Provision of Diversified Financial Services by Us and Our Affiliates**

From time to time, BofAS and other of our Affiliates may acquire equity stakes in market centers (e.g., national securities exchanges or alternative trading systems) as part of a strategic investment and therefore stand to participate as a shareholder and investor in the profits that each market center realizes in part from the execution of securities transactions, including transactions for your Account. Additional information regarding these relationships is publicly available in Regulation NMS Rule 606 reports we file with the SEC.

## **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.

"Affiliate" means a company that is controlled by, in control of, or under common control with another company.

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

"BofA Corp." 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®”** 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 Amendment”** 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 has restricted or limited the sale of within the Merrill Managed service, and assets included in any self-directed brokerage account the participant maintains in the Plan.

**“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.**

Unless otherwise noted, registered service marks and service marks are the property of BofA Corp.

© 2024 Merrill Lynch, Pierce, Fenner & Smith Incorporated. Printed in the U.S.A.