

# Advice Access

## BROCHURE

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

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

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

## March 22, 2021

MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of BofA Corp.

Investment products:

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

On March 23, 2020, MLPF&S filed its last annual update for its Advice Access brochure ("Brochure"). Set forth below is a summary of the material changes to this Brochure since that date. This summary of material changes is designed to make clients aware of information that has changed since the Brochure's last annual update and that may be important to them. The material changes summarized below were also incorporated within this Brochure. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary.

### ENHANCED DISCLOSURES MADE AS PART OF THIS ANNUAL UPDATE

We have made certain enhanced disclosures in the Brochure as part of this annual update, including the following:

**Sub-Accounting Services.** We have enhanced the disclosures relating to the conflicts of interest that are associated with our Affiliate providing sub-accounting services to funds available at Merrill. See "*Participation or Interest in Client Transactions*".

**Training Events and Meetings and Receipt of Gifts and Entertainment.** We have updated the disclosures relating to Third-Party Firm participation in Merrill-sponsored internal training and education conferences and other meetings and the disclosures relating to gifts and entertainment in the following sections: *Third Party Firm Reimbursement for Training Events – Third Party Firm Office Access and Gifts, Meals & Entertainment*.

**Provision of Diversified Financial Services by Us and Our Affiliates.** We have enhanced our disclosures to include information relating to our Affiliates' acquiring equity ownership positions, from time to time, in market centers in the following sections: *Client Referrals and Other Compensation – Provision of Diversified Financial Services by Us and Our Affiliates*.

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

As required by applicable regulations under the Investment Advisers Act of 1940 as amended, set forth below are material changes and enhancements made since the last annual update as part of previous updates:

**Fees.** Effective November 30<sup>th</sup>, 2020, we introduced the ability to charge fees for participants enrolled in PersonalManager. The maximum annual rate will be 25 bps (0.25%) of the assets enrolled in PersonalManager. Please refer to *Fees and Compensation*.

**2020 Disciplinary Event.** The following disclosure was added on June 15, 2020 to the "Disciplinary Information" section: We have added information regarding a disciplinary event related to the receipt of 12b-1 fees. 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, MLPF&S failed to disclose 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. 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 accepted a censure, the imposition of a cease and desist order and a disgorgement of \$297,394 and prejudgment interest of \$27,982 with the payment of such amounts to be paid to affected investors.

**Disclosure Enhancement.** The disclosure in the Brochure was updated on June 15, 2020 to enhance and streamline the presentation of information relating to conflicts of interest between us and you in the following sections: *Advisory Business and Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Conflicts of Interest and Information Walls and Client Referrals and other Compensation – Relationship with Asset Managers*.

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This Brochure relates to the Advice Access program (the “Program”) offered by Merrill, Pierce, Fenner & Smith Incorporated (referred to in this Brochure as “Merrill”, “MLPF&S”, “we”, “our” or “us”). For purposes of this Brochure, “participant”, “their”, or “his or her” refers to the Plan participants and “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 record keeping platform and enumerated in the Advice Access Agreement. Employer refers to the employer of the participant.

Advice Access is an online investment advisory program available to participant-directed defined contribution Plans that utilize Merrill for recordkeeping services.

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.

### ADVISORY BUSINESS

Merrill, an indirect wholly-owned subsidiary of BofA Corp., is a global investment banking and financial services firm. Merrill offers a broad range of brokerage, investment advisory, retail and other services and is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and has been registered as an investment adviser since 1978.

Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. Our relationship, legal duties and capacities to you under federal securities laws are subject to a number of important differences. It is important to understand the differences, particularly when determining which service or services to select.

#### ADVICE ACCESS

When providing services in this Program we acknowledge in the Advice Access Agreement our status as an investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”) and a fiduciary under section 3(21)(A)(ii) of ERISA with respect to providing the investment advisory services of Advice Access.

#### Summary Description of Services

Plan Sponsors that wish to make Advice Access available to Plan participants enter into an investment advisory agreement with us (“Advice Access Agreement”).

Advice Access will recommend an asset allocation and specific investments for the participant’s Plan account, a contribution rate in the Plan, a contribution rate outside the Plan (if needed), and a retirement age that targets a 70% or higher likelihood of generating annual retirement income to meet or exceed their Annual Retirement Income Goal. Advice Access considers participants’ current investments held within the Plan, salary, savings rate, and their likelihood of achieving a specified annual retirement income. Advice Access will also recommend whether contributions should be made in the form of pre-tax contributions, Roth after-tax contributions, or after-tax contributions, depending on Plan availability and based upon a participant’s current effective tax rate and their estimated effective tax rate in retirement. After reviewing the recommendations provided by Advice Access, the participant can either reject the recommendations or implement them using the following enrollment options:

- PersonalManager
- Portfolio Rebalancing
- One-Time Implementation

A more detailed description of the Program enrollment options is provided elsewhere in this Brochure, along with other material information about Merrill.

Participants may modify certain variables within the client profile page of Benefits OnLine and can obtain navigational support by contacting the Retirement & Benefits Contact Center.

When a participant enrolls in the program, Advice Access will only provide advice and recommendations on the participant's account record kept by Merrill and not any external assets or accounts.

The recommendations provided by Advice Access will take into account any restrictions or limitations you may wish to impose on the sale of certain securities or current holdings within your Plan account ("Restricted Assets"). The Plan Sponsor may also require certain employer securities to be treated as Restricted Assets. If a Plan Sponsor allows a participant to maintain a self-directed brokerage account within the Plan, assets in that account will similarly be considered Restricted Assets. Restricted Assets will be considered for purposes of a participant's overall asset allocation. However, Merrill does not provide any advice or recommendations with respect to Restricted Assets, and they will not be included in PersonalManager, Portfolio Rebalancing or One-Time Implementation services offered through Advice Access.

Advice Access also provides a "Retirement Income Strategy" which is a recommended breakdown of a participant's retirement income (for example, 401(k) accounts, Social Security, pensions and additional retirement accounts) during retirement. The Retirement Income Strategy considers the optimal annual drawdown sequence of each source based on the relative tax efficiency, meaning it will make a recommendation on how much and when to withdraw funds from certain sources to maximize portfolio longevity and meet the "Achievable Retirement Income" proposed.

Before utilizing this Program, please review this Brochure carefully and log on to Benefits Online or contact the Merrill call center if you have any questions.

### Investment Advisory Agreement

The scope of any investment advisory relationship we have with the Plan Sponsor is defined in the Advice Access Agreement signed by the Plan Sponsor with respect to the Program. Through Advice Access, Merrill acts as the Plan's investment adviser only for the Plan covered by Advice Access, and not for any other assets or accounts (including any other employee benefit Plans), unless otherwise separately agreed to by us in writing. Our advisory relationship with the participant begins when they enroll in PersonalManager, Preliminary discussions or illustrations before accepting the terms and conditions of Advice Access are not intended as investment advice and should not be relied upon as such.

### IMPLEMENTATION OPTIONS

#### PersonalManager

PersonalManager is the discretionary managed account feature of Advice Access that takes into account the participant's personal information described above and will invest the participant's Plan account into the recommended asset allocation. Approximately every 90 days on the anniversary of the participant's day of birth, and approximately every 90 days thereafter Advice Access will review the participant's account for refreshed information. Upon review, PersonalManager will update the participant's investment recommendation (referred to as "Reallocation"). Simultaneous to the reallocation of a participant's assets PersonalManager will also rebalance the participant's account to adjust for investment gains and losses

across the asset classes (referred to as “Rebalancing”). The participant may discontinue PersonalManager at any time.

### PersonalManager as the Plan’s Qualified Default Investment Alternative (QDIA)

A default Investment alternative is the investment chosen by the plan fiduciary into which a Plan participants’ or employer contributions will be invested if the participant does not make an affirmative investment election. ERISA provides plan fiduciaries with certain protection from liability for assets invested in a “qualified default investment alternative” (“QDIA”) on behalf of participants who have not made an affirmative investment election.

A Plan Sponsor can select PersonalManager as the Plan’s default investment. As new contributions are received, participants will automatically be enrolled into PersonalManager and both their existing assets and future contributions will be invested according to the recommendations. Participants can affirmatively elect to discontinue PersonalManager at any time. Advice Access 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 the participant. If the Plan Sponsor fails to provide the necessary compensation and indicative data, the participant will not be enrolled in PersonalManager; instead, the participant’s investments will be invested in a cash equivalent fund indefinitely until the data is received. For Plans enrolled in Fiduciary Advisory Services (FAS) and using discretionary services, Plan Sponsors may not select PersonalManager as the Plan’s QDIA.

### Separation from Service

If a participant is: (1) enrolled in PersonalManager, (2) subsequently separates from service from the employer, and (3) has an account balance greater than \$25.00, the participant will need to update their personal profile information, current employment status, and annual income amount in order to continue to receive a personalized investment allocation through PersonalManager. If the participant does not provide us with updated employment and income information, Advice Access will no longer be able to provide the participant a personalized investment allocation. In such cases, Advice Access will continue to rebalance the participant’s account on a quarterly basis to the last asset allocation that was recommended to the participant prior to their separation from service. Advice Access will continue to rebalance the participant’s account for the four scheduled quarterly rebalances following their date of termination or until the participant updates their personal profile information. If the participant updates their profile information, PersonalManager will resume discretionary management of the participant’s account by considering their entire profile. If the participant has not updated their information by the fifth quarterly rebalance they will no longer be enrolled in PersonalManager and Advice Access will reallocate the participant’s account balance into a diversified multi-asset portfolio. Upon termination from Personal Manager, their account will no longer be reallocated or rebalanced.

If a participant is: (1) enrolled in PersonalManager or Portfolio Rebalancing (discussed below), (2) subsequently separates from service from their employer, and (3) has an account balance less than \$25.01, they will no longer be enrolled in PersonalManager and their accounts will no longer be reallocated or rebalanced. The participant’s account balance will be placed in a diversified multi-asset portfolio.

### Portfolio Rebalancing

A non-discretionary enrollment option that allows participants to implement the specific asset allocation and investment recommendations provided by Advice Access with respect to their account. Future contributions will be allocated to the investments according to the investment recommendations, using the allocation percentages Advice Access recommends. Approximately every 90 days from the anniversary of a

participant's day of birth and every 90 days thereafter, the investments in the participant's account will be rebalanced to the initial recommended allocation. There will be no periodic review of the participant's information, nor will there be a reallocation of the participant's assets into a different investment allocation if new data is supplied. It is the participant's responsibility to periodically revisit Advice Access and determine whether the last investment allocation recommended by Advice Access remains appropriate based upon their current information. Participants can discontinue Portfolio Rebalancing at any time or elect another implementation option. Neither Merrill nor the Financial Expert shall have any ongoing fiduciary or other responsibility for the asset allocations and investments after the initial recommendation has been provided by Advice Access.

Participants may also use Portfolio Rebalancing to implement asset allocation and investment selections they have constructed through the "Create Your Own Strategy" feature of Advice Access. These portfolios are not provided by Advice Access, but rather are developed by the participant. Participants may elect this option for ongoing periodic rebalancing of their investment selections. Neither Merrill nor the Financial Expert shall have any fiduciary or other responsibility for asset allocations and investments the participant selects that have not been provided by Advice Access.

If a Plan Sponsor adopting Advice Access chooses to discontinue the offering of another asset allocation or model portfolio option, the participants who do not discontinue the asset allocation or portfolio model option on their own volition after receiving advance notice of the elimination of the option will be treated as follows:

Any participant with a 100% investment allocation in any portfolio models for both existing funds and future Plan contributions will automatically be transferred out of the portfolio model into the underlying funds that make up said model. The participant will be automatically enrolled into Portfolio Rebalancing through the "Create Your Own Strategy" feature of Advice Access. Such participants' assets will be periodically rebalanced pursuant to Advice Access Portfolio Rebalancing. Unlike the previous portfolio models, participant allocation percentages among the funds will not be subject to modifications by the Plan Sponsor. As such, neither Merrill nor the Financial Expert shall have any fiduciary or other responsibility for the asset allocations and investments established through this process. Any participant with an investment allocation in the portfolio model for existing funds or future Plan contributions that is less than 100% will automatically be transferred out of the portfolio model into the underlying funds that make up the portfolio model, but they will not be automatically enrolled into the Portfolio Rebalancing option of Advice Access. As such, they will receive no further rebalancing unless they subsequently affirmatively elect to participate in Advice Access.

### One-Time Implementation

A non-discretionary enrollment option that allows participants to implement the specific asset allocation and investment recommendations provided by Advice Access with respect to their account. Future contributions will also be allocated to the investments according to the investment recommendations, using the allocation percentages Advice Access recommends. However, under this option, the participant's account will neither be automatically reallocated or rebalanced. There will be no periodic review of the participant's information, nor will there be a reallocation of the participant's assets into a different investment allocation if new data is supplied. It is the participant's responsibility to periodically revisit Advice Access and determine whether the last investment allocation implemented by the participant remains appropriate based upon current information, and to rebalance the account.

Participants can also use the One-Time Implementation option to implement asset allocation and investment selections they have constructed through the "Create Your Own Strategy" feature of Advice Access. Neither Merrill nor the Financial Expert shall have any fiduciary or other responsibility for asset



allocations and investments the participant selects that have not been provided by Advice Access.

### Electronic Accessibility Requirement

Online: Plan participants may use Advice Access by providing relevant information, receiving the recommendations and implementing such recommendations on the Benefits OnLine website, [www.benefits.ml.com](http://www.benefits.ml.com).

Service Representatives: Plan participants 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 Advice Access and assist with navigational support. Service Representatives will not provide any investment recommendations or advice regarding the participant's Plan retirement assets or the appropriateness of PersonalManager.

### Financial Expert

We have selected a Financial Expert as defined under the Department of Labor's Advisory Opinion 2001-09A (the "Financial Expert") that is responsible for constructing strategic asset class models and fund specific portfolios using the investment options determined by each Plan Sponsor. The Financial Expert has not been, and will not be, involved in any other relationship with us that would compromise the Financial Expert's independence.

We may provide the Financial Expert certain objective information required for the development of the portfolio models, such as fund returns, fact sheets, and other relevant materials. The Financial Expert may consider these materials and may also consider the materials of others in developing the portfolio models and recommendations. Ultimately, it is the Financial Expert who retains sole control and discretion for the development and maintenance of the portfolio models. Morningstar Investment Management LLC is the current Financial Expert utilized by Advice Access. We may replace the Financial Expert at our sole discretion and will provide notification to the Plan participants and Plan Sponsors.

## RECOMMENDATIONS

### Necessary Data

While the Advice Access program helps participants evaluate their goals, the appropriateness of the advice provided is dependent on the personal information we receive from you and your Plan Sponsor. While we strive to provide the most accurate and timely economic forecast and financial information, we depend on you to provide the most accurate assessment of your financial status and goals. We will collect relevant personal and financial data about you (and, if applicable, your spouse or partner) that may include your age, retirement income goal, state of residence, retirement account balance, projected or actual social security amount, any outstanding loans from your retirement Plan, balances of any other investment accounts intended for retirement, expected pensions, and balances in company stock. This information is collected in order to personalize the advice you receive.

In creating your strategy, the more information you provide to us, the more personalized the investment solution we are able to deliver. We collect information your Plan Sponsor is able to provide to us and ask you to provide any additional data that wasn't available from your Plan Sponsor. Through our website,

Benefit OnLine, you will be presented with an initial strategy as a starting point. You can model many scenarios by changing your retirement age, desired retirement income, social security start age, and savings rate. We will update your retirement strategy in real time to reflect any change you make. We also encourage you to provide additional retirement account information such as assets you hold outside your retirement Plan account or benefits for you or your spouse/partner in order to further personalize the recommendations. While, we do not provide advice or guidance on external assets, we will take those into consideration when determining the investment strategy for your retirement Plan account assets.

The Financial Expert provides other data used by Advice Access to generate the advice, including but not limited to, marginal tax rates, life expectancies, simulated asset class returns, and inflation data.

### Recommendations Made

The forecasted retirement income, retirement age, and likelihood of reaching retirement goals will include assumptions that the savings rate(s) and sources of savings may vary from the initial recommendations. However, the total savings percentage of annual salary per year is assumed to be unchanged. Total savings is the combination of 401(k) savings, taxable savings outside of the Plan and any additional savings that were entered by the participant such as IRA contributions. Factors that impact the expected contribution amounts include: 1) salary changes, 2) inflation, 3) changes to IRS 401(k) contribution limits, 4) participant age and catch up contribution eligibility (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).

Advice Access may recommend that a participant contribute to a taxable savings account outside of the Plan. The investment and savings recommendations made by Advice Access will not be implemented in this taxable savings account. It is important that the participant make the recommended annual contributions to such account and have it designated for retirement. If the participant does not plan to fund the taxable savings account according to the recommendations, they should update their profile with Advice Access to indicate that they will not make these contributions.

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 Advice Access 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.

Advice Access will provide each participant with a probability analysis demonstrating the likelihood that the participant will meet or exceed their specified Annual Retirement Income Goal with respect to their current investment and savings selection, in comparison to the investment selection and the asset allocation provided by Advice Access. (See section entitled *Hypothetical Nature of Forecasts* for more information about the hypothetical nature of probability analyses.)

### Other Merrill Advisory Services

In addition to Advice Access, Merrill offers a wide variety of advisory services. These include, but are not limited to, the following: Merrill Lynch Investment Advisory Program, Merrill Lynch Defined Contribution Investment Consulting Services, Merrill Lynch Fiduciary Advisory Services Program, Merrill Lynch Institutional Investment Consulting Program, Merrill Guided Investing, Merrill Guided Investing with Advisor, Merrill Edge Advisory Account, Merrill Personal Retirement Strategy and Merrill Lynch Strategic Portfolio Advisor<sup>®</sup> Service. We also offer impersonal investment advice (general advice not tailored to the specific

needs of any individual) in the form of publications or research. More information about these programs and services is contained in the applicable Merrill brochure (or MLPF&S Form ADV, Part 2A) and is available upon request or through the SEC's website at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx). Special arrangements with certain clients to provide particular or unique services for clients of a specific Financial Advisor or branch office may also be established.

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2020, Merrill had assets under management of \$1,084.54 billion, of which \$319.42 billion was managed on a discretionary basis and \$765.12 billion was managed on a non-discretionary basis. This amount does not include financial planning services.

## **FEES AND COMPENSATION**

We are responsible for paying the Financial Expert. The total compensation to be paid to the Financial Expert by Merrill for Advice Access and other services will not exceed 5% of the Financial Expert's total gross income on an annual basis. The fee paid will not be affected by investments made in accordance with any portfolio model in the service.

### **A. PERSONALMANAGER FEES**

An advisory fee is charged for Plan assets enrolled in the PersonalManager service ("PersonalManager Fee"). The maximum annual PersonalManager Fee is .25% of the assets enrolled in PersonalManager whether such fee is an asset-based fee or a fixed dollar amount. All PersonalManager Fees are payable in arrears. The PersonalManager Fee is not applicable to any Restricted Assets, as described in the Glossary, whether restricted by the participant, the Plan Sponsor or held in a self-directed brokerage account. The PersonalManager Fee is negotiated between Merrill and the Plan Sponsor depending on a number of factors when they enter into the Advice Access Agreement. The extent to which we negotiate the Personal Manager Fee is solely within our discretion. The PersonalManager Fee may be paid by the Plan Sponsor or by the participant as determined by the Plan Sponsor. If the Plan Sponsor has elected to pay the PersonalManager Fee, it may agree upon an asset-based fee or a fixed dollar amount fee per participant enrolled in PersonalManager. For Plan Sponsors, the PersonalManager Fee will be charged on a calendar quarter basis in arrears. If the participant is paying the PersonalManager Fee, fees will be asset-based, and will be calculated and charged at the same time the rebalance occurs, which will be approximately every 90 days, based upon the participant's date of birth.

### **B. CALCULATION OF THE PERSONALMANAGER 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 PersonalManager. The Plan Sponsor shall be invoiced each calendar quarter in arrears in an amount equal to one-fourth of the annual PersonalManager Fee multiplied by the average total amount of participant assets enrolled in PersonalManager for the quarter. The average total amount of plan assets enrolled in PersonalManager, for the quarter shall be calculated by taking the eligible Participant assets enrolled in PersonalManager on the last business day of each calendar month, divided by three. Participants will need to be enrolled in PersonalManager in order for a billing to occur.

**Fixed Dollar Amount Fee:** Annual fixed dollar amount fees at the plan level are billed in quarterly calendar increments, in arrears. The Plan Sponsor shall be invoiced in an amount equal to one-fourth of the annual

per participant PersonalManager Managed Fee for each participant enrolled in PersonalManager 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 PersonalManager. Participants will need to be enrolled in PersonalManager 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 PersonalManager Fee is calculated on the business day prior to your scheduled rebalancing and shall be equal to one-fourth of the annual PersonalManager Fee multiplied by your plan assets enrolled in PersonalManager 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 PersonalManager. If you are not enrolled in PersonalManager 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 PersonalManager for at least 30 days but less than 90 days before your first scheduled rebalancing, the amount of the PersonalManager Fee will be pro-rated to reflect the number of days in the period you were enrolled.

### **Billing Upon Termination of PersonalManager**

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

## **C. PAYMENT OF PERSONALMANAGER FEE**

### **1. Plan Sponsors**

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

### **2. Participants**

For fee arrangements where the Participant is responsible for paying the PersonalManager 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 PersonalManager Fee only covers the PersonalManager 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 PersonalManager Fee.

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

Apart from the services provided through Advice Access, 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 Advice Access.

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 PersonalManager 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 PersonalManager 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 Advice Access.

### TYPES OF CLIENTS

Advice Access is an online investment advisory program available to participant-directed defined contribution plans that utilize Merrill for recordkeeping services.

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

Advice Access uses technology provided and maintained by the Financial Expert. This technology analyzes historic and current returns, volatility, cross-correlations and uses "Monte Carlo simulations," among other techniques, to develop individualized recommendations. The technology also uses historic pricing data for mutual funds, individual securities and broad asset categories, as well as current market data and information. All calculations and asset allocation, specific investment, contribution rate and retirement age recommendations are created by the Financial Expert's technology and are isolated from the Plan participant's interaction with us. Thus, we cannot change the recommendations or calculations generated by Advice Access.

#### INVESTMENT PHILOSOPHY

The Financial Expert's investment philosophy is driven by the investment principles that are promoted throughout their organization. The principles are intended to guide their thinking, behavior and decision making. These principles also reflect and align with the history and foundation of the Financial Expert and are described below.

*Investors First / Personalized.* The Financial Expert's primary objective is to help participants achieve a

sustainable retirement income: defined as a 70% or greater probability of replacing 90% of the participant's projected salary at their retirement age, and in each subsequent year of retirement by furnishing the participant with a personalized strategy that includes:

- Estimate how much the participant will need to save in total to sustain a certain lifestyle through the duration of retirement
- Determine how much to set aside each pay period to achieve the participant's retirement goals, including the ideal contribution rate based on the participant's specific situation and goals
- Build a personalized investment portfolio that ensures the participant is taking on the right amount of investment risk based on his or her specific needs and financial situation
- Manage the participant's investment portfolio to ensure it still meets his/her needs and revise the portfolio as needs change (available through PersonalManager)
- Help the participant take advantage of the employer match if applicable
- Provide guidance on when the participant should retire based on their retirement objectives and the amount they have already saved for retirement

*Independent Minded.* The advice and recommendations the Financial Expert makes are based on their methodologies, models, analysis, and assessment/forecasts of the capital markets.

*Long-term/Goals-Based.* The Financial Expert recognizes that a prudent strategy must be built in relation to specific goals, including long-term retirement goals. Advice Access helps the participant define those goals and develop a strategy aimed at reaching them.

*Valuation-Driven/Forward-Looking.* Rather than relying only on historical data (which may not have any relevance to future conditions), the Financial Expert incorporates forward-looking estimates for assumptions about investment returns and performance behavior. The Financial Expert's recommended asset allocations, savings rates, spending rates, retirement age, projections of future wealth and income, reflect their forecast of the capital markets.

*Fundamental/Research-Driven.* The Financial Expert is a leading producer of independent, thought leadership on a variety of investment management and financial planning topics, all of which drive their methodologies, models, and advice.

*Cost Minimization/Diversification Maximization.* While no investment strategy can ensure a profit or protect against a loss, diversifying a participant's investments is a bedrock principle to seek the long-term safety of capital. The Financial Expert's proprietary approach diversifies the participant across asset classes, investment sectors, styles, and investment options.

*Holistic.* The Financial Expert takes a holistic total wealth approach in which they attempt to estimate the value and asset allocation of a person's human capital or nonfinancial assets based on the participant's age, gender, income, savings rate, and future Social Security estimate. The recommendation for the participant's financial capital helps bring the participant's total wealth close to an age-appropriate, diversified asset allocation.

### FINANCIAL EXPERT'S GOVERNANCE

The Financial Expert has a variety of governance oversight structures. These include a Governance Committee, a Global Investment Policy Committee, and regional governance bodies, including their US Investment Policy Committee. The US Investment Policy Committee consists of multiple sub-committees, including an Advice Sub-Committee dedicated to oversee the Financial Expert's advice and managed accounts methodologies embedded in Advice Access. Members of the Investment Policy Committee may include officers, chief investment officers, managing directors, or managers of Morningstar Investment Management LLC or its affiliates. The regional governance bodies include regional investment policy committees, asset allocation committees, investment selection committees and portfolio construction (peer review) committees. Global best practice working groups also exist with the goal of sharing methodologies and research across regions. These groups focus on specific investment areas such as valuation models driven by the Financial Expert's capital markets research and methodologies used for

asset allocation, investment selection, portfolio construction for different investment strategies, and advice. Additionally, the Financial Expert's parent company maintains a compliance team that monitors the Financial Expert.

### **KEY DATA SOURCES**

Advice Access updates and personalizes the advice for you based on three key data sources: 1) information provided by your employer, 2) information from external data sources obtained by the Financial Expert, and 3) Information provided by you.

1. Information provided by your employer. Examples include:
  - Your income
  - Your current 401(k) saving rate
  - Applicable Plan provisions such as company match and/or profit sharing rules
  - Your current 401(k) account balance
  - Your age
  - Your gender
  - Your state of residence
2. Information from external data sources used by the Financial Expert. Examples include:
  - Social Security retirement benefits
  - Federal and state taxes
  - A salary and savings rate curve or schedule based on how typical salaries evolve
3. Information provided by you. Examples of information that influence the advice include:
  - Changes to your personal situation, such as the addition of a spouse or partner
  - Information on other financial assets /accounts and how they are invested
  - Financial expenditures such as a wedding, a second home or a child's college tuition
  - Other sources of income such as pensions, supplemental employment income or life insurance payments

### **KEY ASSUMPTIONS**

Advice Access 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 capacity, social security amounts (if you are not yet retired), and salary growth.

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

Advice Access can incorporate Social Security retirement benefits for you and if applicable, your spouse/partner, using an estimate based on your current salary or a number you input from your Social Security Administration statement. 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. Advice Access accounts for reduction in payments while working in retirement, increases in benefits for the spouse 50% rule and increased benefits for the surviving spouse 100% rule. The program assumes you complete all applications required to collect the maximum benefit. Advice Access also takes Social Security into consideration while analyzing income replacement. Advice Access 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, Advice Access uses a salary growth curve based on academic research rather than assuming a single, fixed growth rate. This curve takes into account the fact that salaries tend to grow most rapidly for young employees, peak around age 51, and then slightly decline later in life.

### *Retirement Age*

Advice Access assumes a default retirement age of 65. You have the option to change this to a different retirement age.

### *Estimated Tax*

Advice Access estimates federal and state income, and capital gains taxes based on marginal tax rate calculations. Tax data is updated annually based on U.S. Internal Revenue Code (IRC) and similar state tax data. Advice Access uses income data for you, as well as for your spouse/partner, if applicable, to estimate federal and state tax exposure. Tax exposure is appropriately reduced for pretax deferrals, tax-deferred capital gains, and yield and distribution of Roth proceeds. Based on the information we know about you, we provide an estimate of tax exposure, but may not include all tax considerations. The recommendations provided by Advice Access are made without taking into consideration potential tax consequences and does not provide tax advice. Potential tax consequences may exist. We encourage you to consult with a tax professional about these and other tax consequences.

### *Inflation Assumptions*

When projecting the growth of various income sources and expenses, the Financial Expert uses a variety of different inflation rates. These rates are reviewed and updated annually by their research team. Different inflation rates are used for different projections and major expenses. The Financial Expert believes that their multifaceted approach to calculating inflation results in more realistic and more accurate projections compared with using one set rate.

### *IRS Limitations and Application of Penalties*

Advice Access incorporates all IRS contribution limits, eligibility requirements, and withdrawal penalties into the retirement strategies.

### *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. Advice Access does not manage brokerage account assets; however, if you provide Advice Access with detailed information on the holdings within the brokerage account, the methodology will consider these holdings in developing an appropriate investment strategy for your other retirement Plan account assets. If you do not provide detailed information, our methodology will assume that the balance in the brokerage account is 45% stocks and 55% fixed income.

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

You should remember that 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 Advice Access investment strategy is intended to provide you with an investment portfolio 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 are forecasts 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 Advice Access 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

Advice Access uses a probabilistic approach to determine the likelihood that Plan participants may be able to achieve their stated goals and/or to identify a range of potential retirement income outcomes that could be realized. Plan participants 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 Advice Access 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.

### Financial Expert's Advice and Investment Recommendations

There are several key investment and planning methodologies behind the personalized recommendations provided from the Financial Expert.

- **Financial Expert's Lifetime Holistic Total Wealth Approach** – Information from the recordkeeping system as well as additional information provided by the participant enables the Financial Expert to create a relatively complete picture of a participant's financial assets as well as their human capital. Human capital is a powerful but hidden nonfinancial asset that provides the participant with an ongoing paycheck, enables them to save for retirement, generates a future Social Security benefit, and in some cases, with a defined benefit pension. From a total wealth perspective, on a relative basis, most younger investors have a lot of human capital and relatively little financial capital. The investment-like properties of human capital are often viewed as bond-like in that they provide relatively steady cash flows. Human capital provides the investor with the capacity to take on risk by allowing financial assets saved for retirement to stay saved and grow over time. As one ages the relative composition of their total wealth evolves and at retirement, total wealth is often dominated by financial capital and the risk-taking capacity that human capital provided is diminished. The Financial Expert attempts to monitor the participant's total wealth, and as the composition of the participant's total wealth evolves, the Financial Expert automatically adjusts the recommended asset allocation.

- **Diversified Asset Allocations** – Complementary to the Financial Expert's total wealth approach, their team of investment professionals and asset allocation experts create diversified asset allocation targets that attempt to maximize expected return for a given level of risk. Additionally, the detailed intra-equity asset allocation and detailed intra-fixed income asset allocations that collectively form the total asset allocation are personalized based on the participant years-to-retirement. In general, looking beyond the total equity vs total fixed income split that typical slowly glides from being equity-centric to fixed income centric across the typical participant's lifetime, the detailed equity allocation and detail fixed income allocations are return-seeking for younger investors and risk-mitigating for those nearing retirement.
- **Investment-Specific Portfolios** – On an ongoing basis, the Financial Expert monitors the available investments in each participant's primary retirement Plan with the ultimate goal of building and updating the fund specific portfolio. The investment option evaluation and monitoring process includes:
  - Assigning the different investment options to peer groups
  - Analyzing the funds using a multi-factor model
  - Estimating the various risk exposures
  - Incorporating any changes in fund fees
  - Ranking potential substitute funds
  - Estimating the forward-looking performance of the funds
  - Analyzing any new funds that are added to the retirement Plan
  - Informing your company if we believe the investment options are inadequate

Based on the ongoing monitoring of the available investment options, using an advanced automated portfolio construction optimization system, the Financial Expert builds and updates a fund specific portfolio. The system helps ensure that the fund specific portfolio meets numerous quality controls established by the Financial Expert.

- **Wealth and Income Projections** – Not all financial calculators or Monte Carlo simulators are equal. In order to help participants Plan for the future, including how much to save, when to retire, how much to spend in retirement, etc., one must estimate how wealth accumulates and how quickly it will be depleted. The Financial Expert believes that it is important to model that: asset class returns don't follow a classic bell-shaped curve, the location of the market cycle impacts future returns, gender impacts life expectancy, the impact of federal and state taxes can be significant, it is important to account for required minimum withdrawals, and that the sequencing of withdrawals from different account types matter. The Financial Expert has gone to great lengths to accurately model the wide range of possible future outcomes, so that projects driving their advice are as accurate as possible and tailored to the participant's unique circumstances.

The Financial Expert works to keep each participant in an appropriate asset allocation and associated fund specific portfolio. This is done by periodically monitoring what the Financial Expert calls "total wealth" and by monitoring the Plan's investment options and updating the fund specific portfolio accordingly. The

Financial Expert reviews and updates their building block asset allocation targets annually, while the fund specific implementation of those targets with the Plan's investment options are updated quarterly. If the Financial Expert finds that a Plan Sponsor's menu of investment options is inadequate to create diversified fund specific portfolios, it will notify the Plan Sponsor. Also, for certain investments the Financial Expert may require additional information on the investment in order to properly understand it and to use it within portfolios. The Plan Sponsor must rectify any Plan menu deficiencies within the timeframe established by the Financial Expert to continue to receive Advice Access. The Financial Expert will also update capital market assumptions periodically and will adjust asset class targets at the Plan level. Merrill reviews the changes to determine reasonability but does not make any changes to the adjustments.

### **EMPLOYER SECURITIES**

Advice Access technology will recommend that any positions in Employer securities in a participant's account be sold, unless the Plan Sponsor or participant restricts the sale of all or a part of the Employer securities. Advice Access will consider positions in individual and Employer securities restricted by the Employer or participant for sale when making asset allocation and specific investment recommendations. Merrill and the Financial Expert do not assume any responsibility, fiduciary or otherwise, for Employer securities held by the participant that are restricted by the Plan Sponsor or the participant.

### **MATERIAL RISKS FOR PARTICULAR TYPES OF SECURITIES**

The Financial Expert constructs portfolio models appropriate for the Plan and participants that will be used by the Advice Access technology. 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 Advice Access.

#### **1. Mutual Funds**

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

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

#### **2. Collective Investment Funds**

A Collective Investment Fund, 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 Collective Investment Funds varies. For instance, the mutual fund industry is regulated by the Securities and Exchange Commission (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, Collective Investment Funds 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 participants the ability to withdraw their 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 participants' 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 your shares or may temporarily suspend your 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. Your Financial Advisor can provide a copy of the prospectus.

#### Cybersecurity Risks

With the increased use of technology to conduct business, Merrill and its Affiliates are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber-attacks include unauthorized access to digital systems (such as through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on Websites (making network services unavailable to intended users). Cyber incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting a Fund which your Plan offers, issuers of securities and other interests in which such Fund may invest, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchanges and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

## DISCIPLINARY INFORMATION

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

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

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

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

On June 21, 2012, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement related to the following: (1) failure to have an adequate supervisory system around billing processes for certain investment advisory programs and, as a result, overcharging certain client accounts during the 2003-2011 time period (client accounts impacted were less than 5% of its total advisory accounts and the aggregate fee overcharge amount was less than ½ of 1% (approximately \$32 million) of the total advisory fees billed during that period); (2) failure to send contemporaneous or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) having inaccurate or incomplete trade confirmations for certain mutual fund transactions by failing to state trade capacity (agent or a principal) on trade confirmations and account statements; (4) failure to deliver (directly or through a vendor) proxy materials to certain clients or to their designated investment advisers and failure to have an adequate supervisory system to detect this failure (clients impacted constituted less than 1% of its clients during the relevant period); and (5) failure to send margin risk disclosure statements and/or business continuity plans

to certain clients upon the opening of their accounts (clients impacted were less than 1% of its clients during the relevant period). In determining the appropriate sanctions, FINRA considered MLPF&S' internal review through which it identified the violations, the remedial measures that it took to correct its systems and procedures, and its efforts to provide remediation to affected clients. MLPF&S consented to the imposition of a censure and a fine of \$2.8 million. All overcharged accounts were reimbursed.

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

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

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Merrill, an indirect wholly-owned subsidiary of BofA Corp. is a leading global investment banking firm and a registered broker-dealer and investment adviser. In the United States, Merrill acts as a broker (i.e., agent) for its corporate, institutional and private clients. Through its own arrangements and through its affiliate, BofA Securities, Inc. ("BofAS"), it has access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. Merrill also acts as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. Merrill operates the firm's U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services.

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

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

registered representatives and associated persons of Merrill to the extent necessary or appropriate to perform their job responsibilities.

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

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.

We selected an independent Financial Expert to avoid conflicts of interest. The Financial Expert has not been, and will not be, involved in any other relationship with us that would compromise the Financial Expert's independence.

## **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 BofA Corp. 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. BofA Corp., including Merrill's investment advisory business, evaluates its business activities and the actual and possible conflicts that may emerge from its activities on an ongoing basis. To the extent that existing or new business activities raise an actual conflict of interest, or even the appearance of a conflict, we endeavor to provide you with full and clear disclosure or to take action to avoid or manage the conflict.

### CODE OF ETHICS

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

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

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

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

### Privacy/Data Protection

We will not disclose to the Plan Sponsor, or any other person, 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

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 Advice Access clients(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 will from time to time include mutual funds or products from which Merrill or its affiliates receive fees or compensation in addition to the fees for this service described above. This additional revenue can be in the form of sub-accounting or processing fees (fees for transaction and account processing functions), service fees, and/or distribution fees. We only make available mutual funds, money market funds (each, a "fund") that pay our wholly-owned subsidiary, Financial Data Services, LLC ("FDS") for providing the required sub-accounting and 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), FDS provides daily sub-accounting services to the holders of these funds maintaining shares in an account as well as in other Merrill securities accounts and receives the agreed-upon sub-accounting 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. We have a conflict of interest in selecting certain fund products (or share classes) for inclusion as part of our product offering available to participants. 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 FDS determines 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 FDS 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, FDS benefits 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 Advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Advisors 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.

Advice Access, 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 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. However, any decision to change or substitute Plan investment options will be made by each Plan Sponsor, rather than us or any of our affiliates.

As a broker-dealer effecting transactions as part of the program, we or an affiliate may act as agent or as principal for our own account, as permitted by applicable law. Similarly, we or an affiliate may, in transactions involving such clients’ securities, act as agent while also representing another client on the other side of the transaction. In addition, we or our affiliates may have a position in, or enter purchase or sale orders for, securities recommended to clients in the normal course of our business as a broker-dealer. We and/or our affiliates may profit from these positions or transactions in securities.

We, through our Financial Advisors, may suggest or recommend that participants use Merrill securities accounts, execution and custody or other services, or such services of an affiliate in connection with their non-Plan assets. Similarly, Financial Advisors, who also handle participants’ securities accounts, may suggest or recommend that participants purchase our products or products of an affiliate. Where Merrill’s or our affiliate’s services are used or products are purchased by participants for their non-Plan assets, we and our affiliates will receive fees and compensation. Financial Advisors may, as permitted by applicable law, receive compensation (the amount of which varies) in connection with these products and services.

Compensation received in connection with participants' purchase or sale of stocks, bonds, mutual funds, other securities or insurance products through us or our affiliates may include commissions, spreads, markups and markdowns, and distribution or other fees. We also benefit from the possession or use of any free credit balances in participants' accounts, subject to the restrictions imposed by Rule 15c3-3 under the Exchange Act.

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

### INVESTMENTS IN SECURITIES BY MERRILL AND OUR PERSONNEL

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

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

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

We address these conflicts through disclosure in this Brochure.

## **BROKERAGE PRACTICES**

Transactions in connection with Advice Access 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**

### ONGOING MONITORING OF PORTFOLIO MODELS

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 Financial Expert works to keep the participants' strategic targets on track by monitoring the portfolio allocations for manager style drift. The Financial Expert will review the asset-level portfolio models annually and the underlying investment allocations quarterly. The Plan Sponsor must approve and implement any recommended changes within the time-frame established by the Financial Expert to continue to receive Advice Access. The Financial Expert will also update capital market assumptions periodically and will adjust asset class targets at the Plan level. Merrill reviews the changes to determine reasonability but does not make any changes to the adjustments.

Appropriate testing occurs to ensure the accuracy of the model code implemented in production for each application environment. Model software is subject to documented change control procedures, so that developers and users do not have the ability to change code without appropriate review, audit trails and validation, where required. A documented log of all model changes is maintained, so that the cumulative effect of incremental changes can be observed and appropriately controlled. Model change logs include changes to the choice / version / configuration of models in production systems. Operational procedures are developed to ensure the production implementation of the model is appropriate, well controlled and produces accurate model results. User access to relevant systems is reviewed periodically in accordance with Merrill policy to ensure users do not have entitlements incompatible with their job responsibilities.

A set of criteria is used by the Financial Expert to evaluate the Plan's investments used in the portfolios on an ongoing basis. The criteria are applied to each of these investments quarterly. If this process shows that investments have drifted in investment style, then the Financial Expert will adjust the investment allocations appropriately. If the Financial Expert determines that the investment no longer meets the objectives of one or more of the portfolios, the Financial Expert will notify Merrill to request an appropriate replacement investment from the Plan Sponsor. The Plan Sponsor must implement suggested changes to the investment menu to continue to receive Advice Access. As noted above, the Plan Sponsor will determine and be responsible for the appropriateness of the investments available under the Plan.

## CLIENT REFERRALS AND OTHER COMPENSATION

### A. OTHER COMPENSATION

#### 1. RELATIONSHIP WITH ASSET MANAGERS

##### Third Party Firm Business Relationships

We and our Affiliates have business relationships with investment managers, including Style Managers, Fund managers, distributors and sponsors, and insurance companies and other product providers ("Third-Party Firms"). We or our Affiliates may effect transactions in the ordinary course of business for a mutual fund. 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. Third-Party Firms may direct their clients' transactions to us. We may also make available to them research, execution, custodial, pricing and other services in the normal course of business. Any compensation paid to us or our Affiliates is additional compensation to us for services we and our Affiliates provide to them.

Merrill has agreements with Third-Party Firms relating to the offering and distribution of Third-Party Firm investment products to our clients. Merrill works with Third-Party Firms to provide information to our Advisors about investment products of Third Party Firms that are available in a securities brokerage account or through our investment advisory programs.

It is possible that these Third-Party Firm relationships create a conflict of interest and 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 Advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Advisors do not have an incentive to recommend certain funds over others because they do not receive additional compensation as a result of these types of arrangements or compensation. Additionally, we and our Affiliates select funds that are available through the Program as well as in our brokerage account 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 Advisors provide, although such policies and procedures do not eliminate such conflicts of interest.

### Third Party Firms' Cost Sharing for Training Events and other Meetings

Certain Third-Party Firms periodically participate in Merrill-hosted or Affiliate-hosted internal training and education conferences for Advisors and other personnel as well as in conferences that Merrill or an Affiliate hosts for clients (each, a "Training Event"). Third-Party Firms electing to participate in a particular Training Event will generally share in the cost of the seminars up to an expense cap. The amount that a Third-Party Firm will contribute towards the expenses of a Training Event will vary depending on, among other things, the number of events in which a Third-Party Firm participates. There is no requirement that Third-Party Firms provide any such support or payments in order for their investment products to be made available by us to our clients. For 2020, the total support received from participating Third-Party Firms for these Training Events was approximately \$1.3 million.

In addition, certain Third-Party Firms periodically participate in meetings that provide our Advisors and certain personnel with information on their platform of products and services and with the opportunity to interact with their management and investment personnel. They also help to support client and prospect events, like seminars, trade shows and booth events and support charitable events through contributions. These meetings and events occur at a location determined by the Third-Party Firm or at our branch offices. Certain Third-Party Firms share in the costs of these types of meetings and events, subject to a cost sharing cap. They are not permitted to pay for, or contribute to the cost of, travel, accommodation or continuing education administrative fees for Advisors. For 2020, the total support from participating Third-Party Firms for these types of meetings and events was approximately \$3.8 million..

The participation of, and the cost sharing by, a Third-Party Firm in Training Events and other meetings present conflicts of interest because they create incentives for us to recommend products of these Third-Party Firms. The ability to participate and share in the costs of these events is not dependent or related to the amount of assets invested by you or any other of our clients in or with the products or services of the particular Third-Party Firm. Neither we nor our Affiliates incentivize Advisors to recommend the products or services of a Third-Party Firm that contributes to these Training Events and other meetings over those that do not. Further, Third Party Firms are not permitted to condition their payment on any amount of sales of their products or services. However, those that participate in Training Events and other meetings have more opportunities to interact and build relationships with our Advisors and employees which creates a conflict of interest to the extent this leads our Advisors to recommend the products and services of these Third-Party Firms.

### Gifts, Meals & Entertainment; Third Party Firm Office Access

We have adopted a policy that restricts Third-Party Firm representatives from providing, and Advisors from receiving, gifts, meals and entertainment, other than items of a promotional nature related to the Third-Party Firm (i.e., logo items, like golf balls, hats). Representatives of Third-Party Firms will, from time to time, meet and work with Advisors and other of our representatives to provide information and support regarding their respective investment products. The Third-Party Firms are not permitted to condition their office visits or promotional gift on any amount of sales of their investment products and Merrill does not incentivize Advisors 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 are 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 Advice Access 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 Advice Access 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 feature of Advice Access, PersonalManager, to implement the specific asset allocation and investment recommendations provided by Advice Access with respect to their Plan accounts.

## **VOTING CLIENT SECURITIES**

Merrill does not accept authority to vote client securities held in the participant's Plan accounts enrolled in Advice Access. 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**

"Advice Access Agreement" means the agreement between Plan participants' Plan Sponsor and Merrill, as it may be amended from time to time.

"Advisers Act" means the Investment Advisers Act of 1940, as amended.

"Annual Retirement Income Goal" means a participant's annual after-tax retirement income goal, which Advice Access assumes to be 90% of the participant's current pre-retirement after-tax income increased for inflation during retirement, unless the participant provides an alternate amount.

"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 Lynch provides to an Employer’s Plan.

**“Brochure”** means the Merrill program brochure relating to Advice Access, as amended or updated from time to time.

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

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

**“FAS”** means the Merrill Lynch Fiduciary Advisory Services Program.

**“Financial Advisor”** means a Merrill Financial Advisor.

**“Financial Expert”** means the Financial Expert, appointed by Merrill that is responsible for constructing strategic asset class level portfolio models in Advice Access.

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

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

**“IRS”** means the Internal Revenue Service.

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

**“PersonalManager®”** means the discretionary investment management feature of Advice Access.

**“PersonalManager Fee”** means the quarterly fee for the service.

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

**“Portfolio Rebalancing”** means a service in which Plan participants enroll to implement asset allocation and investment recommendations or selections.

**“Reallocation”** means the automatic placement of a participant’s account into a different portfolio model by PersonalManager, 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 PersonalManager 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 PersonalManager service, and assets included in any self-directed brokerage account the participant maintains in the Plan.

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

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

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

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