Establishing a Financial Framework for Making Difficult Decisions

May 16, 2024

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Person Centered Planning

National Standards Fiduciary (Conservator/Trustee) of the Estate: Responsibilities

NGA Standard 18

- **The Fiduciary shall develop and implement a financial plan and budget for the management of income and assets that corresponds with the care plan** for the **person** and aims to address the goals, needs and preferences of the **person**. The Fiduciary of the estate and the guardian of the **person** (if one exists) or other health care decision-maker shall communicate regularly and coordinate efforts with regard to the care and financial plans, as well as other events that might affect the **person**.

- **Fiduciary** shall value the well-being of the **person** over the preservation of the estate.

- **Fiduciary** shall maintain the goal of managing, but not necessarily eliminating, risks.

- The financial plan shall emphasize a **"person-centered philosophy".**

- **"Needs-Based Approach to Financial Decisions" embodies all of these principles and best maximizes the client's welfare.**

Texas Estates Code
Person Centered Planning

Estates Code: 1161.002

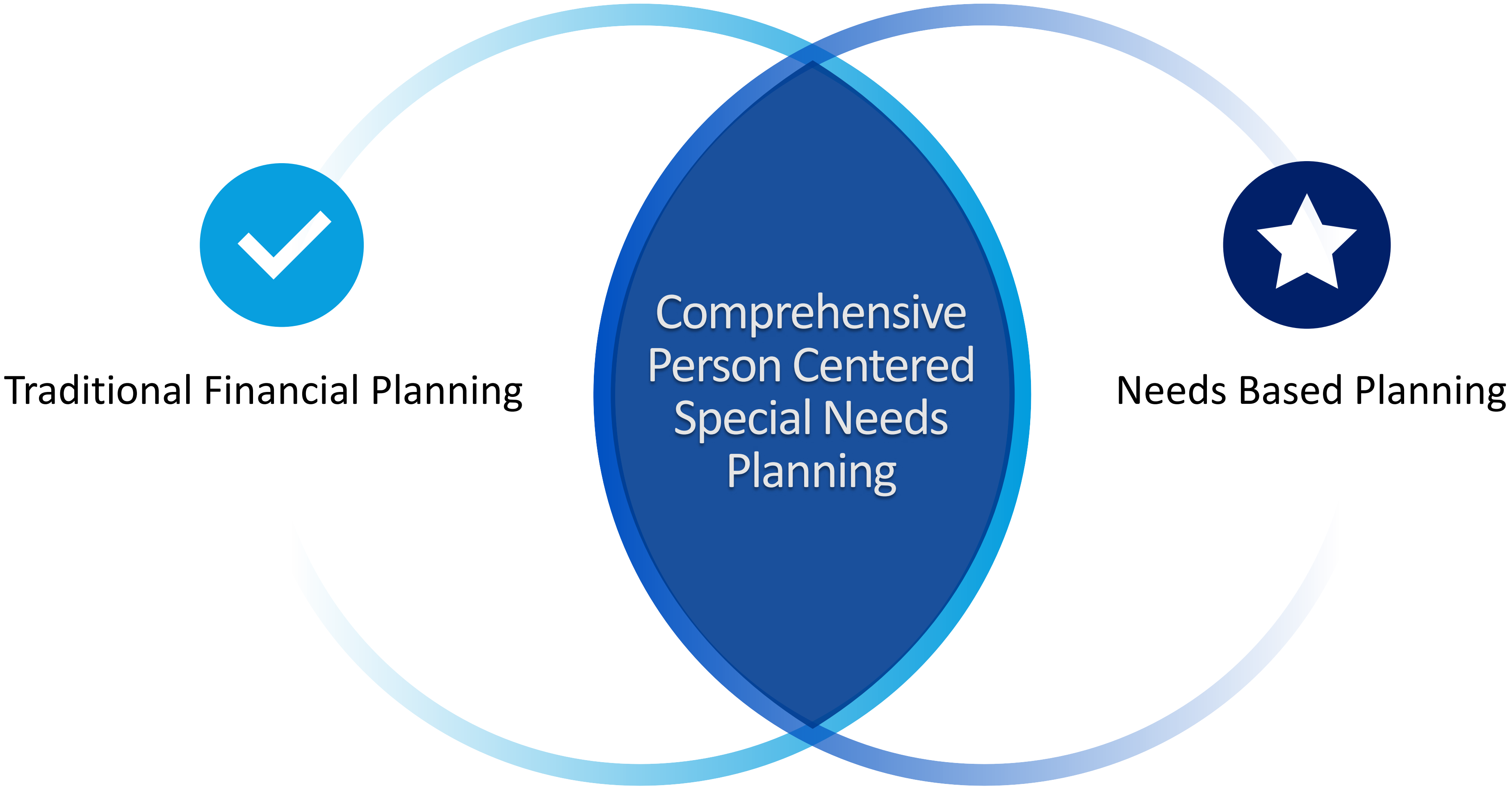
STANDARD FOR MANAGEMENT AND INVESTMENT OF ESTATE

(a) In acquiring, investing, reinvesting, exchanging, retaining, selling, supervising, and managing a ward's estate, a guardian of the estate shall exercise the judgment and care under the circumstances then prevailing that a person of ordinary prudence, discretion, and intelligence exercises in the management of the person's own affairs, considering the probable income from, probable increase in value of, and safety of the person's capital. The guardian shall also consider all other relevant factors, including:

- (1) the anticipated costs of supporting the ward;
- (2) the ward's age, education, current income, ability to earn additional income, net worth, and liabilities;
- (3) the nature of the ward's estate; and
- (4) any other resources reasonably available to the ward.

(b) In determining whether a guardian of the estate has exercised the standard of investment required by this section with respect to an investment decision, the court shall, absent fraud or gross negligence, consider the investment of all the estate assets over which the guardian has management or control, rather than considering the prudence of only a single investment made by the guardian.

Person Centered Planning is…



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D-1: Due Diligence

Due Diligence: Investor Protection Rule

HOW WELL DO YOU KNOW YOUR FINANCIAL ADVISOR?

1 START WITH A BACKGROUND CHECK
Find your advisor's details at BrokerCheck.FINRA.org\ and the advisor page of the Securities and Exchange Commission. These sites provide details on disciplinary actions, years of experience, and the states in which he or she is licensed to offer investments.

2 ASK IF YOUR ADVISOR IS A FIDUCIARY
It's best to confirm in writing that your advisor is placing your best interests before his/her own.

3 DETERMINE HOW YOUR ADVISOR IS PAID
Ask advisors how they are compensated for their work. Are you paying an hourly fee, a monthly subscription cost or a percentage based on the assets they manage for you? Find out if your advisor gets a commission for the sale of mutual funds, insurance and annuities.

4 KNOW WHERE YOUR MONEY IS KEPT
Some large broker-dealer firms hold your assets in custody because you have a brokerage account with them. Independent fee-only advisors will likely hold your assets at a custodian, such as TD Ameritrade or Charles Schwab.

5 GET TO KNOW YOUR ADVISOR'S QUALIFICATIONS
The best-known credentials require extensive study and practical experience. They also denote an area of specialization for your advisor. Some noted credentials: the Chartered Financial Analyst® and CERTIFIED FINANCIAL PLANNER™

Source: 2016 CNBC.com reporting by Darla Mercado; Data from RIA in a Box, Financial Industry Regulatory Authority.

Caring for Aging Parents, With an Eye on the Broker Handling Their Savings

August 24, 2018 | Sara Naomi Lewkowicz for The New York Times

01 Tracey Dewart helped oversee her father's brokerage account. A close look at one monthly statement led her to uncover a pattern of **unauthorized trades and excessive commissions.**

02 The account, worth roughly $1.3 million at the start of 2017, **had been charged $128,000 in commissions** that year — nearly 10 percent of its value, and about 10 times what many financial planners would charge to manage accounts that size.

03 In August 2017, the broker had sold two-thirds of the portfolio, or about $822,000, and then reinvested most of the proceeds, yielding about $47,600 in commissions.

04 The broker was selling stocks in small batches multiple times a day. In April 2017, he sold between 75 and 125 shares of Exxon eight times in one day, rather than all at once, generating commissions on each sale.

05 Ms. Dewart also discovered that the Exxon stock and other investments were being held in a margin account. She said she never approved opening such an account.

06 J.P. Morgan had canceled 681 of the 1,499 transactions for 2017, crediting about $84,000 in commissions. That left 818 trades and commissions totaling about $44,000 for the year — about 3.8 percent of the account's value, still triple what many financial planners would charge.

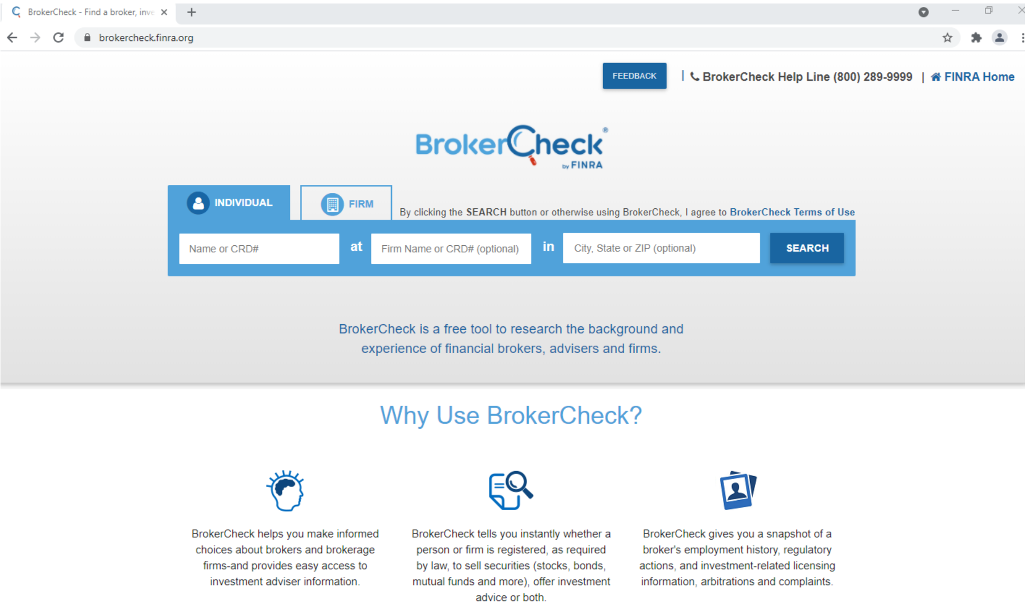
07 Brokers are only paid each time they conduct a transaction; their interests are not necessarily aligned with those of their clients

08 **Brokers are not necessarily fiduciaries, meaning they do not always have to act in a client's best interest. Instead, brokers typically only have to recommend investments that are "suitable."**

Due Diligence: Who is my Advisor

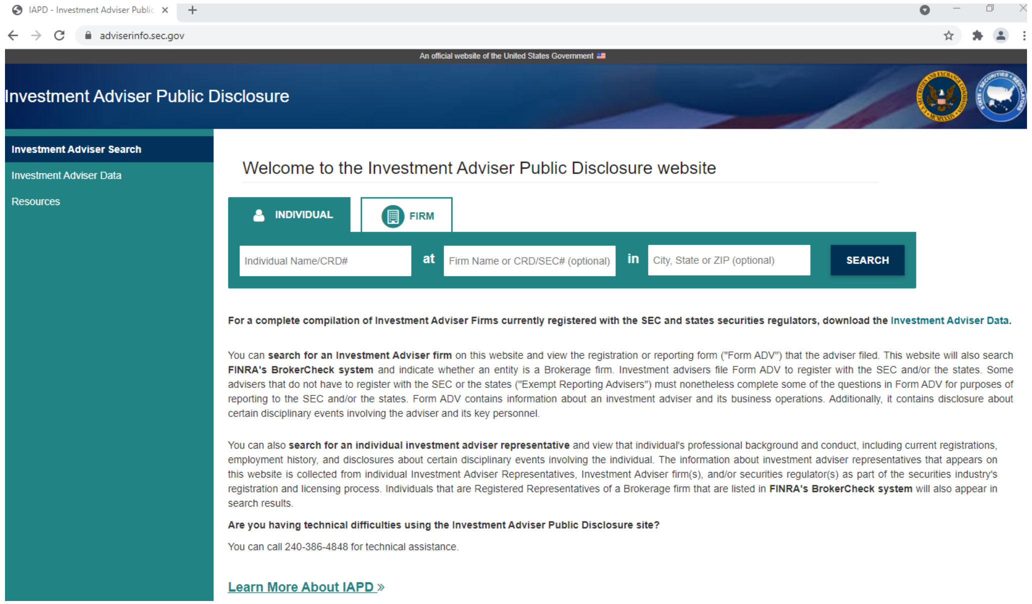
Broker Check (FINRA)

www.brokercheck@finra.org (FINRA)



Investment Advisor Disclosure (SEC)

www.adviserinfo.sec.gov (Government)



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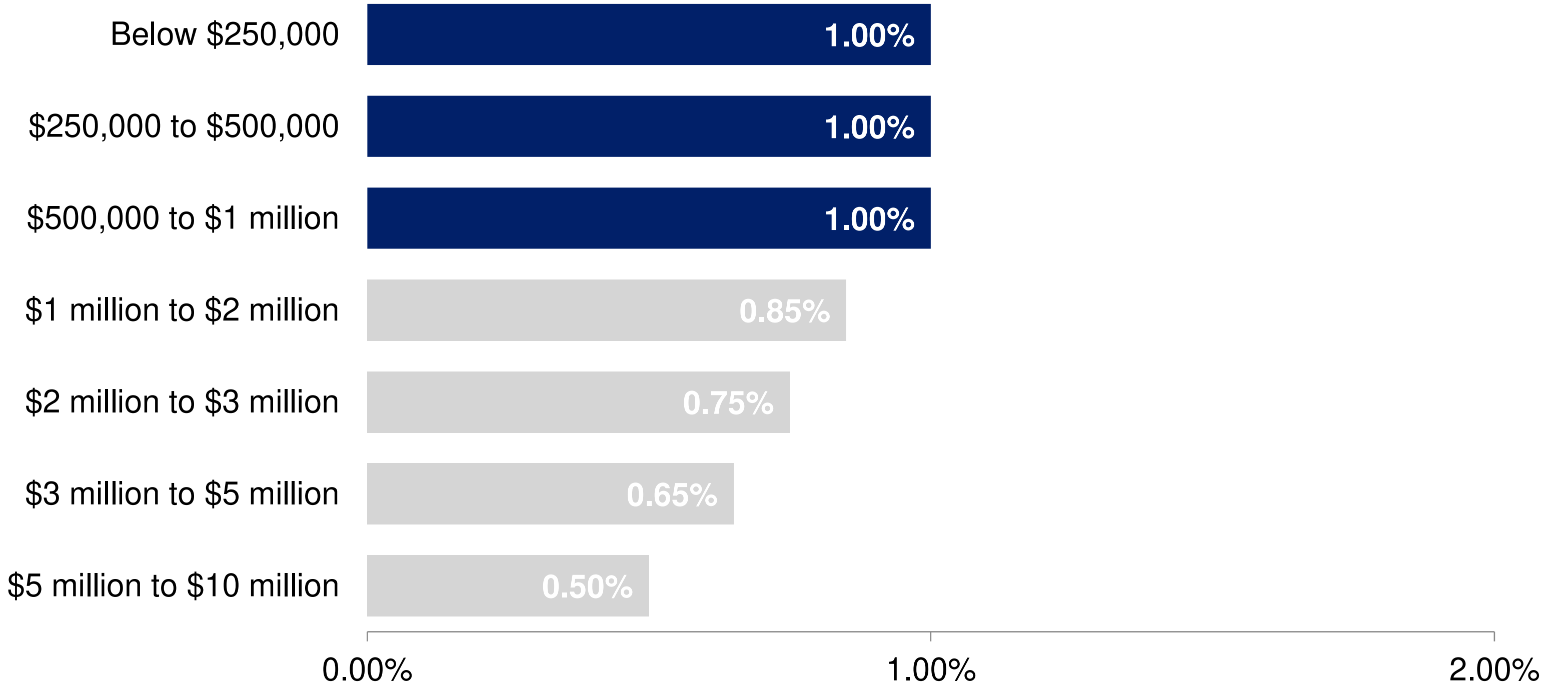
The Cost of Hiring a Financial Advisor

A survey of almost 1,000 financial advisers has shed light on what U.S. investors are actually paying and what they're getting in return.

Inside Information, an adviser newsletter, asked advisers about a variety of costs to clients, including investment fees, trading costs, and financial planning fees.

The sample was limited almost entirely to independent advisers, who tend to charge more transparent fees than brokers or insurance agents paid on commission.

Median annual fee
on assets for financial advice, by portfolio size*



Looking solely at the median cost of hiring an adviser can be deceiving.

These numbers are just the cost of hiring an adviser, and don't take into account other fees that investors pay. **The biggest are fees on mutual funds and other investments**.

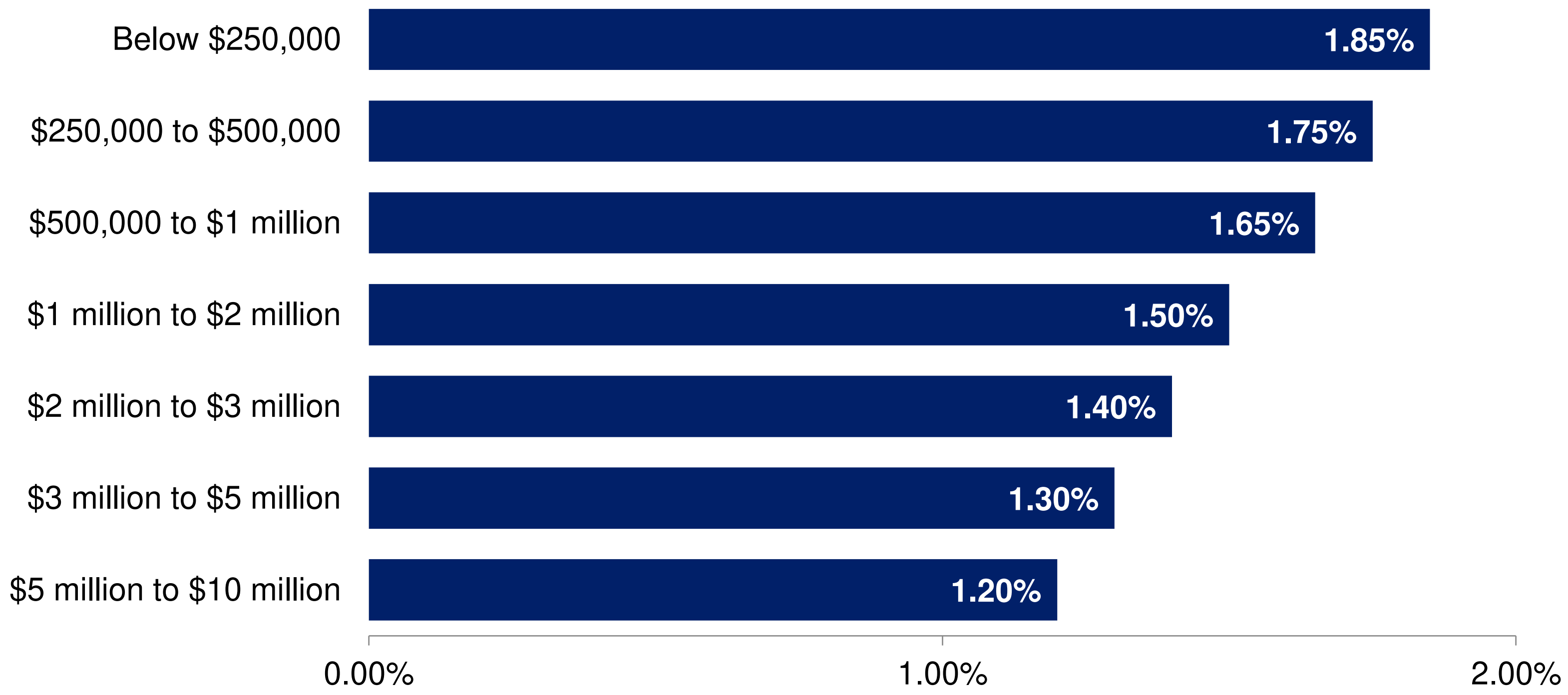
*Adapted from Bloomberg Inside Information 2017 Planning Profession Fee Survey

The Total Bill to Investors

If you add up all the costs paid by investors, including trading costs and platform fees, **the total is a lot higher than 1 percent.**

Median annual cost

of financial advice and investment services, by portfolio size*



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*Adapted from Bloomberg Inside Information 2017 Planning Profession Fee Survey

Beware of Financial Products

"If You Can't Understand It In 30 Seconds, Don't Buy It"

01

Be aware of the advisor who only quotes their front-end fee. Ask for "**ALL IN**" fee quote, including internal costs.

02

Products

What products does the advisor use?

03

Turnover

How much turnover is in the portfolio?

04

Commissions or Fees

Do they charge any additional commissions or fees?

05

Spreads

What spreads are in the quoted cost of purchase or sale?

06

Investments

Do they invest in structured products, private placements, or alternative investments

07

Profits

Turnover
↓
Taxes
↓
Higher accounting costs

Information obtained from "Shedding Light on 'Invisible' Costs: Trading Costs and Mutual Fund Performance" by Roger Edelen, Richard Evans and Gregory Kadlec.

Investment Platforms

Traditional / Transactional Broker

- Beware of Commissions and Suitability Standard
- Beware of non-compliance UPIA & PC §2574 Investing.

Mutual Fund / Mutual Fund Supermarket / UIT's

- UIT's: High internal fees & Upfront Costs – not managed
- Beware of Non-Transparent Costs of Mutual Funds
- Not PC §2574 Compliant.

Separately Managed Account (SMAs)

- Beware of high frequency transactions
- Beware of high costs for court accountings (hidden fees)
- May unintentionally violate PC §2574 (Foreign Ordinary shares).

Delegation / Discretionary Accounts

- Fiduciary Standard = Low Costs, Best Interest Standard, & Best Liability Protection.

Fees of High-Cost Investment Products

Mutual Funds:	Annuities:	Municipal Bonds:	Unit Investment Trust (UIT):
Average Expense Ratio (**0.54%**)* + Average Mutual Fund Trading Cost (**1.44%**) + Advisor Fee (**1.00%**) = **2.98%** **Total "All In" Cost**	Annual Fees **~2%** + Upfront Fee to Selling Agent **6%** + **6.50%** Surrender charge if fund is sold early	Pay 2x as much for Muni vs Corporate bond **1.73%** or $1,730 Muni Spread **vs.** **0.87%** or $870 Corp Spread per $100K	Typical 24-Month UIT Sales Charge: **1.00%** Initial (upfront), 50bps C&D Fee + **2.95%** Deferred = **3.95%** **Total**

*Source: https://investor.vanguard.com/investor-resources-education/education/expense-ratio

D-2: Depletion Analysis

How to Set Up a Spending Plan / Budget

List All Monthly Income	List All Monthly Expenses
• Identify if Income is short term, intermediate or long term • What is the COLA/Inflation adjustment? • Are there any one time deposits?	• Identify if Expenses are short term, intermediate or long term • What is the COLA/Inflation adjustment? • Are there any big ticket expenses?

Spending Plan Basic Planning Steps (Financial Assessment)

Identify and Prioritize Goals

1. Identify as Short-Term (ST), Intermediate Term (IT), or Long-Term (LT)
2. Quantify, Prioritize and Set a Timetable for Each Goal
3. Determine Plan of Action
4. Establish Benchmarks to Measure Whether you are Achieving your Goals
5. Determine Most Appropriate Legal and Financial Tools to Achieve Goals

List Resources and Expenses

1. **Determine your Net Worth (Assets – Liabilities = Net Worth)**
   a) Assets (Liquid, Retirement, Non-Liquid, Other)
   b) Liabilities (Secured or Unsecured)
2. **Determine Income Sources and Earnings (Income = Earned and Unearned)**
   a) Parents' Income Sources (Adjustments to Income)
   b) Child's Income Sources (Government Benefits or Employer Wages)
      i. Identify Other Public Resources Available (Entitlement or Public Benefit Programs)
   c) Determine Your Expenses (Fixed, Variable or Discretionary)
      i. Parents' Expenses (https://bettermoneyhabits.bankofamerica.com/en)
      ii. Child's Expenses (https://www.ml.com/special-needs-financial-services.html)

Spending Plan Basic Planning Steps (Financial Assessment)

Identify Planning Gaps

1. **Identify Goals and Available Resources**
2. **Then Identify Shortfalls that Will Prevent Family from Achieving Goals**
3. **Common Gaps in Financial & Legal Planning**
   a) Premature Death or Disability of Parent
   b) Not Having Adequate Savings to Meet Goals Lifetime Goals
   c) No Legal Documents in Place
   d) Not Taking Advantage of Benefit Programs Available
4. **Other Common Gaps in Care Management**
   a) Uncertainty of Child's Future Abilities and How to Plan
   b) No Individuals Available for Successor Caregiver

Identify Strategies to Fill the Gaps

1. **Identify Strategies to Fill the Gaps**
   a) Financial and Legal Gaps When Parent Dies
   b) Create Estate Plan Coordinated with Life Insurance to Fill Parent Death Gap
2. **Implement a Coordinated Plan of Action & Create a Letter of Intent (LOI)**
   a) Don't Get Overwhelmed or Overanalyze >> Leads to Procrastination >> **Leads to Doing Nothing**
   b) Share Steps of Implementation Plan & LOI with Others
3. **Periodically Review & Monitor Plan (Deeper Review to Coordinate with Timeline: 3, 15, 18 and 21)**
   a) Needs of Individual will Change
   b) Financial Situation of Family will Change

Financial Modeling Capabilities

Analyze and evaluate the client's current financial status to help you gain a greater understanding of where your client is in relation to his/her goals and what you can do to pursue them.

What-If Scenarios

Goal Funding Status

Net Worth Statement

Asset Allocation Analysis

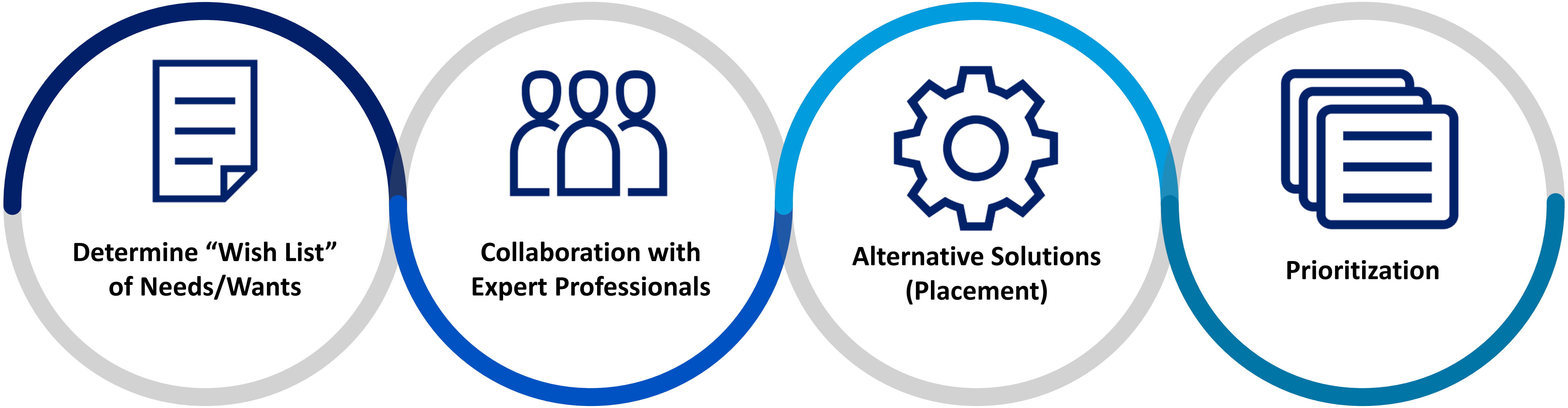
Analysis

Education Analysis

Stock Options Analysis

Review the Plan

Optimization and Forecasting



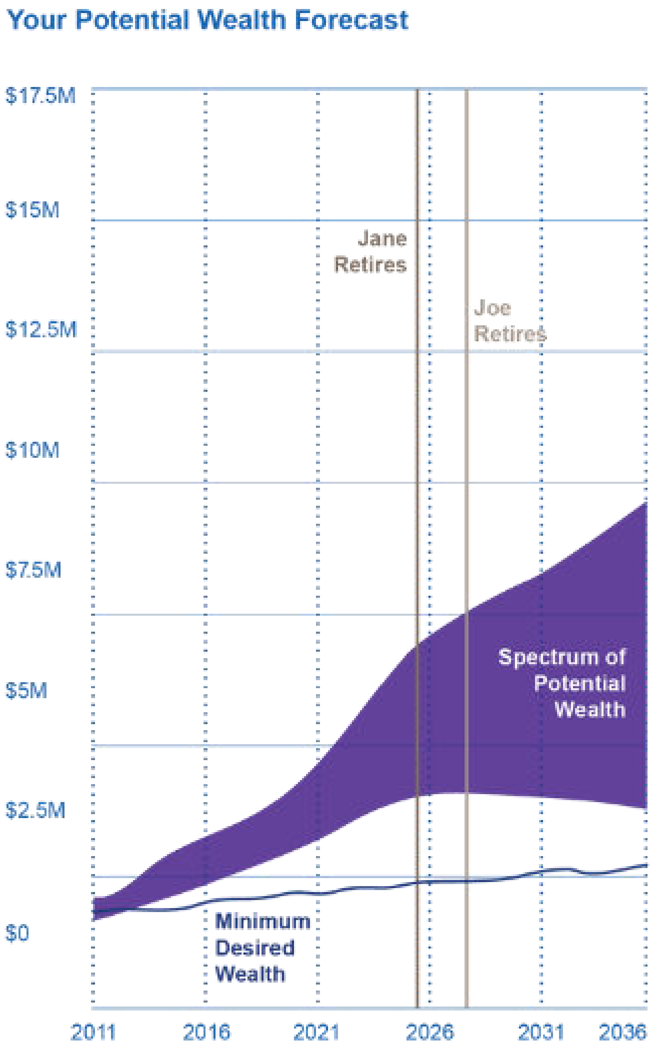
Certified Guardians Code of Ethics (COE) and Minimum Standards for Guardianship Services

Code of Ethics 17. (b)

17. Guardian of the Estate Initial and Ongoing Responsibilities

- (b) The guardian must prepare a financial plan and budget that corresponds with the care plan for the ward. The guardian of the estate and the guardian of the person (if one exists) or other health care decision-maker must communicate regularly and coordinate effort with regard to the care and the financial plans, as well as other events that might affect the ward.

Explore Ways to Pursue Goals: Analysis

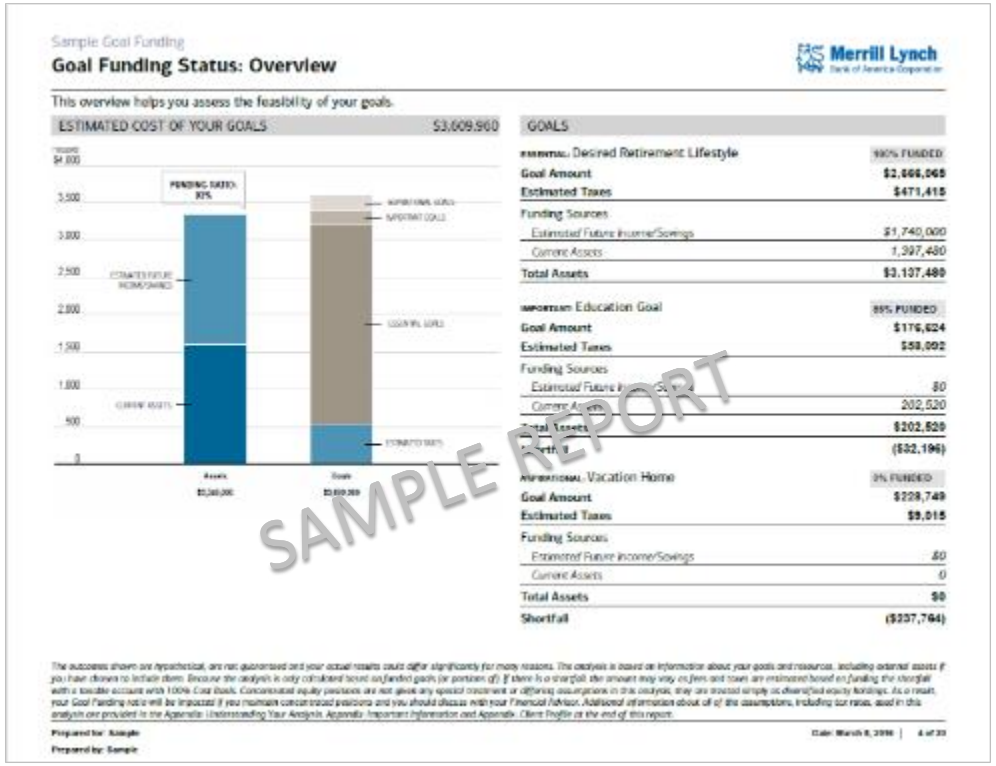


An **Analysis** can help you assess your retirement strategy and test different savings and withdrawal scenarios.

A sophisticated forecasting tool that can:

- Illustrate your savings/investing goals, potential future wealth, and projected cash flows
- Demonstrate how changes to key variables—income, age, and savings—can affect your likelihood of success
- Help you plan for an income stream in retirement

Explore Ways to Pursue Goals: Goal-Funding Status



Sample Goal Funding

Goal Funding Status: Overview

Merrill Lynch

This overview helps you assess the feasibility of your goals.

ESTIMATED COST OF YOUR GOALS $3,009,960

GOALS	
Desired Retirement Lifestyle	100% FUNDED
Goal Amount	**$2,666,065**
Estimated Taxes	**$471,415**
Funding Sources	
Estimated Future Income/Savings	$1,740,000
Current Assets	1,397,480
Total Assets	**$3,137,480**
Education Goal	85% FUNDED
Goal Amount	**$176,624**
Estimated Taxes	**$58,092**
Funding Sources	
Estimated Future Income/Savings	$0
Current Assets	202,520
Total Assets	**$202,520**
Shortfall	**($32,196)**
Vacation Home	0% FUNDED
Goal Amount	**$228,749**
Estimated Taxes	**$9,015**
Funding Sources	
Estimated Future Income/Savings	$0
Current Assets	0
Total Assets	**$0**
Shortfall	**($237,764)**

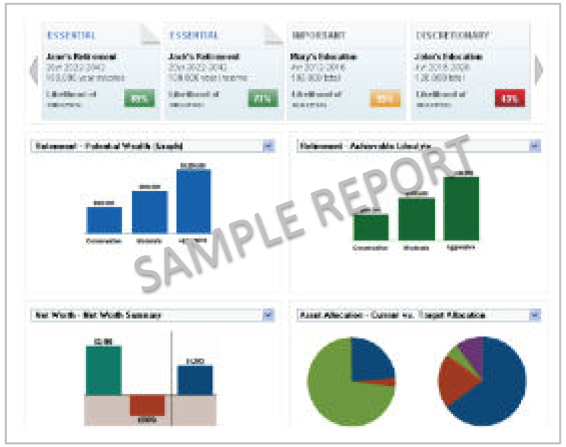
SAMPLE REPORT

A **Goal Funding Status** analysis helps you understand the cost of your goals and how well positioned you are to meet them.

A goal-feasibility analysis that helps you:

- Answer the question, “How much might I need today to pay for this goal in the future?”
- Identify potential funding shortfalls or surpluses
- Track your progress toward meeting your individual and aggregate goals

Explore Ways to Pursue Goals: What-If Scenario



A **What-If Scenario** helps you examine the impact of alternate structure settlements, retirement dates, investment strategies, and more. Tool to build a decision framework.

An easy-to-read sensitivity report aids discussion through:

- Assessment of your ability to meet stated goals by comparing a range of different market forecasts
- Insights into potential trade-offs you may need to consider in order to fund your goals
- A view of a range of projected portfolio balances for each year of your financial forecast
- Helping to decide what settlement to take

Testing the Budget/Spending Plan

Age, Life Expectancy

RATED AGE and Actuarial Life Expectancy

Inflation

Taxation

Risk Tolerance

Various levels

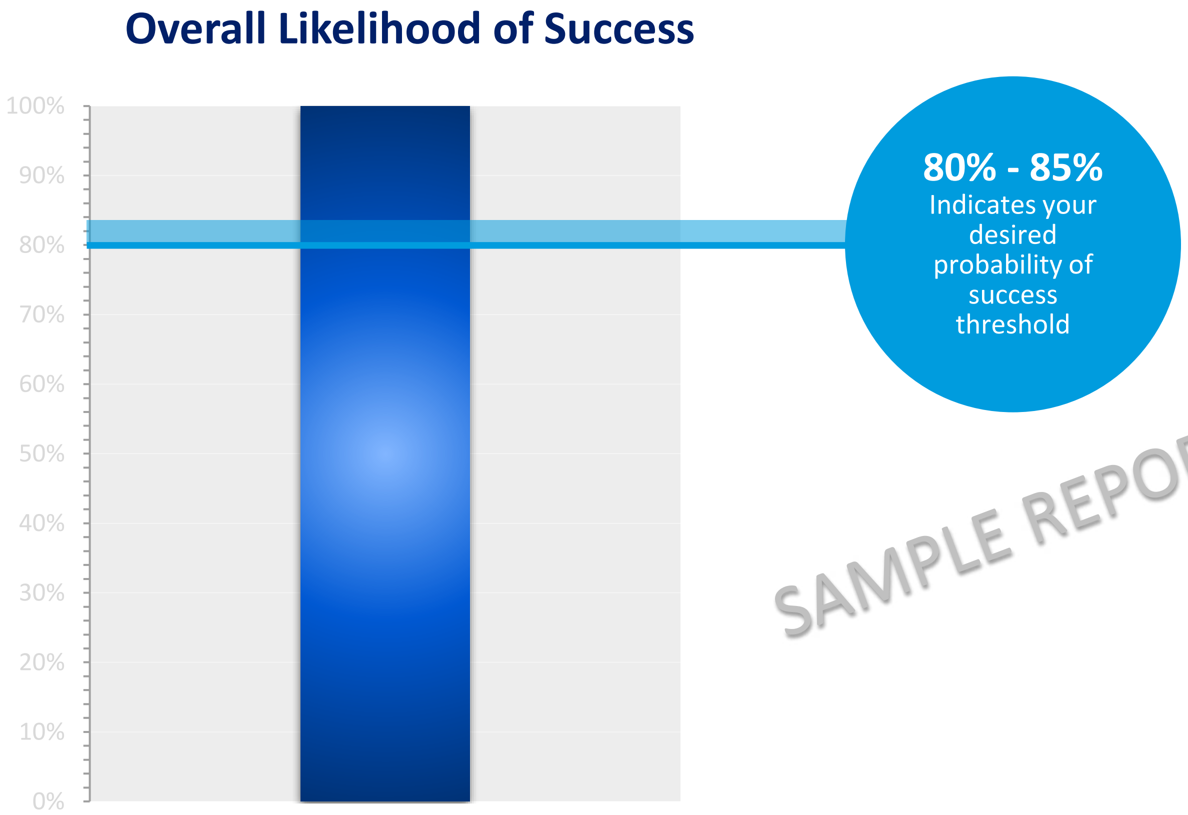
Probabilistic Forecasting*

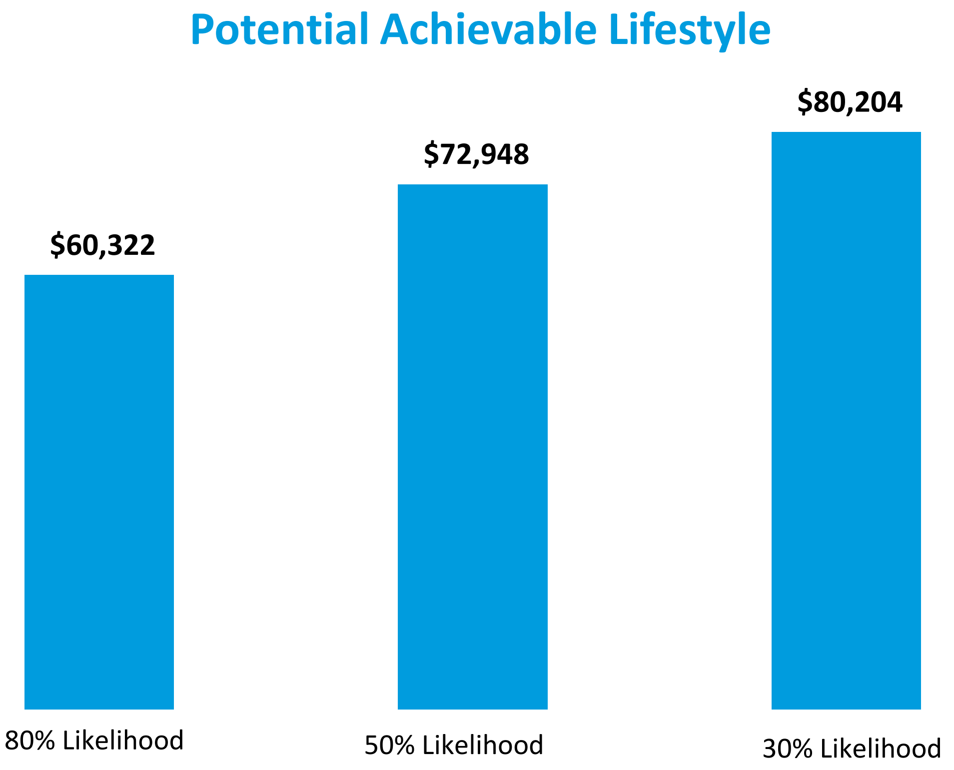
How likely is the proposed budget to be fulfilled?

How likely are alternative scenarios?

*Monte Carlo simulations are the result of running a large number of random scenarios in an attempt to determine the most probable performance results of a given portfolio. These simulations may be based not only on past performance information, which is not indicative of future results, but they may also be based on hypothetical performance for certain periods and for certain underlying funds or accounts. No representation has or could be made that these probabilities will be representative of an actual account.

Budget/Spending Plan Potential Achievable Lifestyle





The chart helps to illustrate an estimated sustainable annual spending amount from retirement age until the end of the analysis before running out of money under various scenarios.

D-3: Determination of Risk

Determine How to Address the Risks in your Plan

Longevity Risk

Inflation Risk

Withdrawal Risk

Market Risk:

Sequence of Returns Risk:

Risk Determination

Risk Allocation Framework

The needs, circumstances, age and financial risk tolerance of the beneficiary will determine the appropriate risk level of the client's investment

Risk and Return Trade-Off

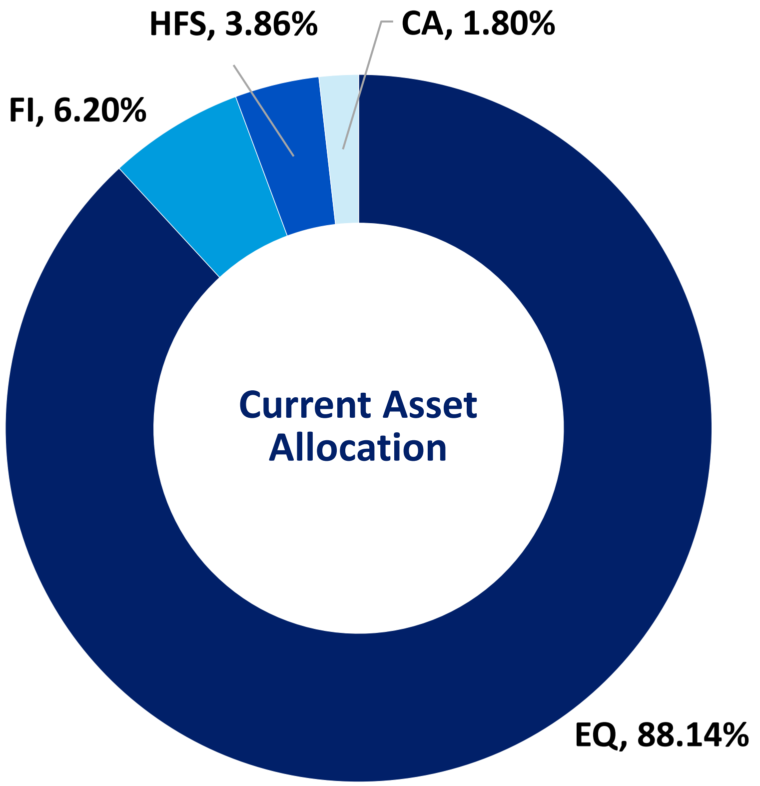
Stable, low-risk investments [a low 'fear factor'] versus achieving a higher annual budget to improve the beneficiary's lifestyle and combat the effects of inflation.

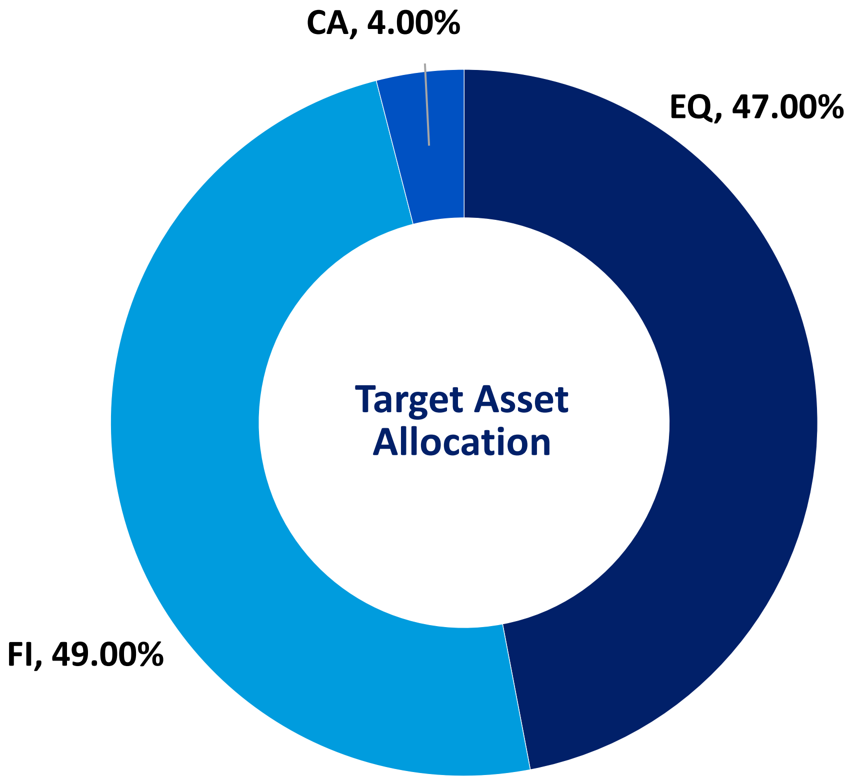
Combine safety and surety for short-term needs with higher-yielding investments dedicated to achieving long-term goals.

- Ex: Combination of cash savings accounts with short term bonds and high-quality stocks.

Source: Uniform Law Commission Website

Investment Risk Models





(Moderately Conservative)

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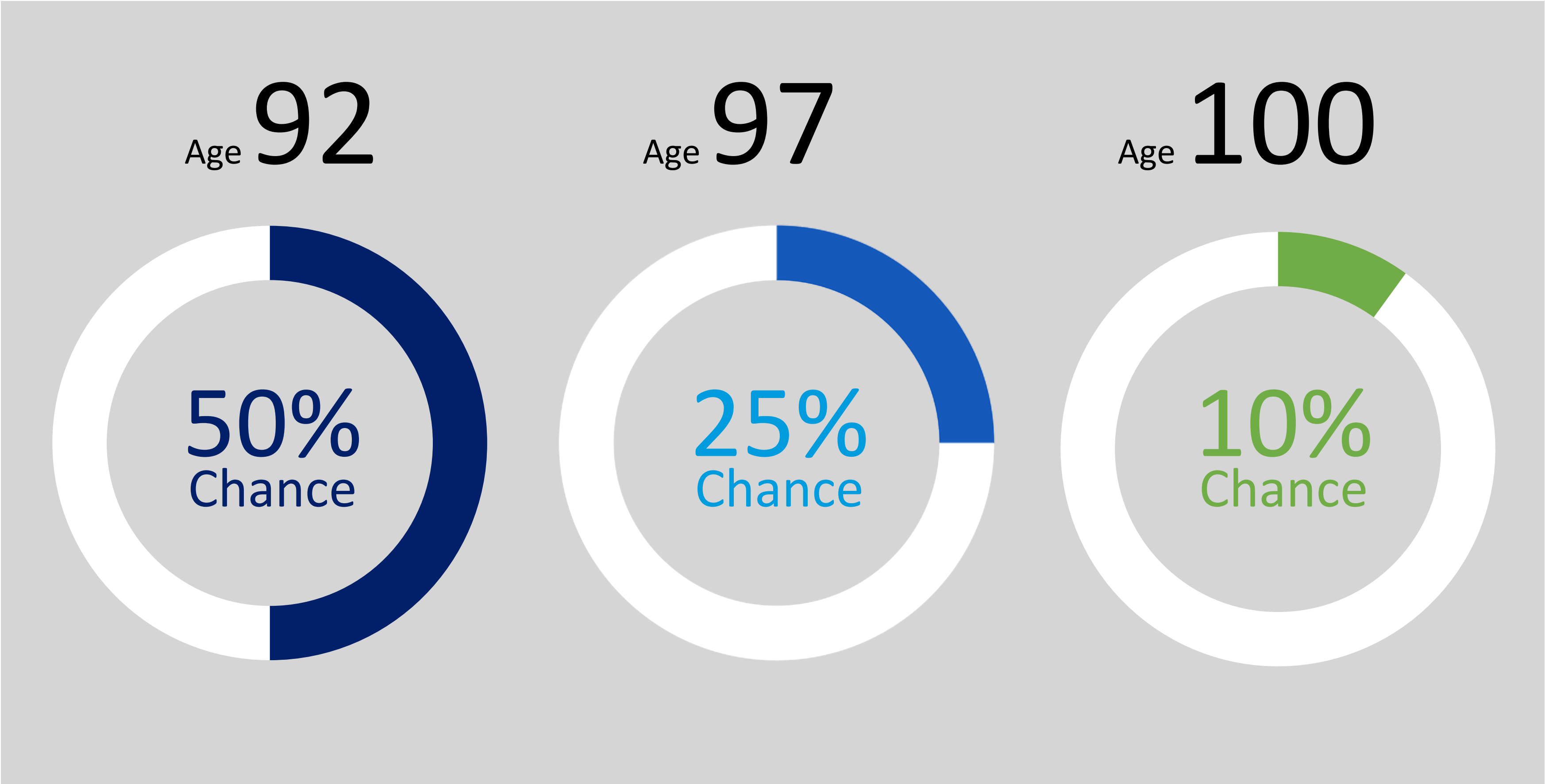
Evaluating your tolerance for risk

These five investor profiles can serve as a starting point to help evaluate your tolerance for risk, helping you to decide on your portfolio allocations.

Investor	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Risk level	• Predominantly risk-averse	• Somewhat lower risk	• Moderate level of risk	• Fair amount of risk	• Substantial risk
Primary focus	• Portfolio stability and capital preservation • Investment returns that are low or negative for reduced risk of principal loss and a high level of liquidity	• Modest portfolio appreciation with minimal principal loss and volatility • Absorb some level of volatility and principal loss	• Balance of portfolio stability and portfolio appreciation • Assume a moderate level of volatility and risk of principal loss	• Portfolio appreciation • Assume a high level of portfolio volatility and risk of principal loss	• Above-average portfolio appreciation • Assume a significant level of portfolio volatility and risk of principal loss
Typical portfolio	• Heavily weighted to cash and fixed income	• Primarily cash and fixed income, with a modest allocation to equities	• Balance of fixed income and equities	• Various asset classes, but primarily weighted to equities	• Various asset classes, but heavily weighted to equities

Longevity Risk

Chance of one person in a 65-year-old married couple living until…



Source: Chief Investment Office, Portfolio Analytics calculations based on Society of Actuaries, 2012 Individual Annuity Mortality Tables, Basic.

Effect of Increasing Expenses

Inflation

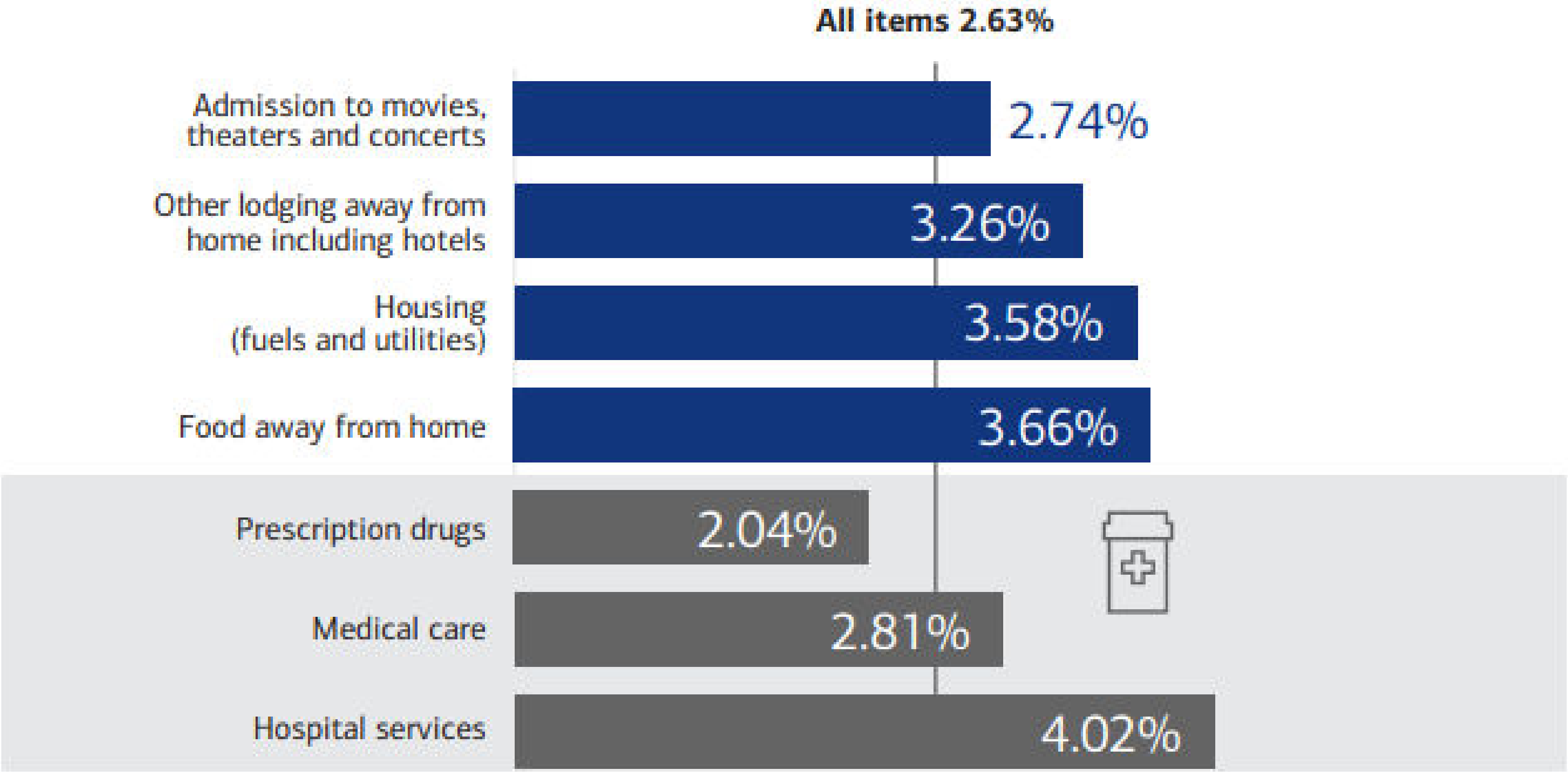
“By far the most insidious damage to trust assets comes from **inflation**. If trustees cannot invest in modalities that exceed the rate of inflation in return, the inevitable result is diminution of the corpus of the trusts they manage. ***The beneficiaries of trusts so restricted lose in all ways***, both with respect to income and principal.”

– Uniform Law Commission

Source: Uniform Law Commission Website

Inflation Risk

Average annual inflation rates: 2013 – 2022[1]



[1] Bureau of Labor Statistics, U.S. Department of Labor, "Inflation & Prices: All Urban Consumers, Consumer Price Index," www.bls.gov/data/ (accessed January 24, 2023).

Year	Age	Expenses
2020	31	($66,625)
2021	32	($68,071)
2022	33	($69,548)
2023	34	($71,057)
2024	35	($72,599)
2025	36	($74,174)
2026	37	($75,784)
2027	38	($77,429)
2028	39	($79,109)
2029	40	($80,825)
2030	41	($82,579)
2031	42	($84,371)
2032	43	($86,202)
…	…	$…
2047	58	($118,951)
2048	59	($121,532)
2049	60	($124,170)
2050	61	($126,864)
2051	62	($129,617)
2052	63	($132,430)
2053	64	($135,304)
2054	65	($138,240)
2055	66	($141,239)
2056	67	($144,304)
2057	68	($147,436)
2058	69	($150,635)
2059	70	($153,904)
2060	71	($157,244)

Effect of Increasing Expenses

Inflation

Assumes annual inflation rate of **2.17%**

40 Years = Starts at $66,625 and Ends at **$174,529**

Expenses increase **$107,904** (**162%** increase)

Client can no longer afford

- Therapies
- New Adaptive Vans
- Home Maintenance
- Prostheses
- Caregivers
- Payments to family
- Assisted Living or Skilled Nursing

Source: Merrill Lynch Wealth Management Report

Withdrawal Risk

How much can a client draw down a portfolio each year?

Current age	Achievable spending rates[1]			Life expectancy (age)
55	3.32%	3.67%	4.64%	90
60	3.62%	3.95%	4.90%	90
65	4.02%	4.34%	5.25%	91
70	4.57%	4.86%	5.74%	92
75	5.36%	5.65%	6.49%	93
80	6.23%	6.54%	7.36%	95
85	7.53%	7.86%	8.64%	98
Probability of success	95%	90%	75%	
Level of confidence	*High*	*Moderate*	*Low*	

The 4% rule is not universal.

"Many in the industry advocate the '4% rule,' which states that clients can realistically afford to spend 4% of their wealth each year. We find this rule overly simplistic. What we believe is more nuanced guidance regarding the rate at which a retiree can sustainably spend. This is critically dependent on a client's age and risk tolerance. Thus, we believe there is no one-size-fits-all guidance for spending rates."

– Chief Investment Office

Source: Chief Investment Office, Portfolio Analytics, "Beyond the 4% rule: Determining sustainable retiree spending rates," January 2021.

Sequence of Returns Risk

$1 million

Average rate of return: 5.2%

Composition: 50% stocks, 50% bonds

Accumulation: While saving

No distributions

	Client 1: Down market at the end	Client 2: Down market initially
Year 1	24%	-20%
Year 2	18%	-8%
Year 3	14%	-6%
Year 4	12%	4%
Year 5	8%	6%
Year 6	6%	8%
Year 7	4%	12%
Year 8	-6%	14%
Year 9	-8%	18%
Year 10	-20%	24%
Value at end of year 10	**$1,538,846**	**$1,538,846**

Leading up to your years in retirement, the order of your returns has no impact on your savings.

Retirement: While spending

Distribution: **$50,000 annual withdrawal**

	Client 1: Down market at the end	Client 2: Down market initially
Year 1	24%	-20%
Year 2	18%	-8%
Year 3	14%	-6%
Year 4	12%	4%
Year 5	8%	6%
Year 6	6%	8%
Year 7	4%	12%
Year 8	-6%	14%
Year 9	-8%	18%
Year 10	-20%	24%
Value at end of year 10	**$1,074,455**	**$630,178**

However, negative returns early in retirement can be a serious detriment to your sustainable income.

Source: Bank of America Retirement & Personal Wealth Solutions.
These charts are illustrative only. They do not reflect the return of any particular investment. Investment returns will vary.
This is not based on actual performance.

D-4: Diversification

A diversified portfolio: Sum of the parts

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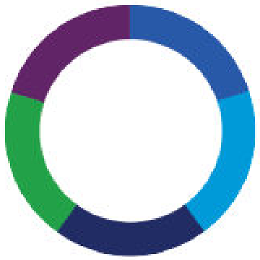
Risk and return characteristics

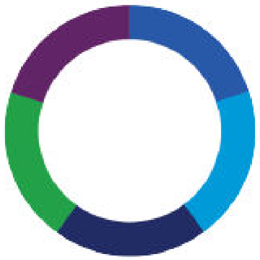
1970–2022



- **Large stocks**
  Return: 10.4%
  Risk: 17.2%
- **Small stocks**
  Return: 11.9%
  Risk: 22.2%
- **Bonds**
  Return: 7.3%
  Risk: 12.6%
- **Cash**
  Return: 4.4%
  Risk: 3.5%
- **International stocks**
  Return: 8.2%
  Risk: 21.2%

Total portfolio
Return: 9.2%
Risk: 10.9%

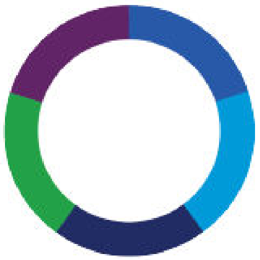
Past 10 years
2013–2022



- **Large stocks**
  Return: 12.6%
  Risk: 16.6%
- **Small stocks**
  Return: 10.3%
  Risk: 19.2%
- **Bonds**
  Return: 0.7%
  Risk: 14.6%
- **Cash**
  Return: 0.7%
  Risk: 0.8%
- **International stocks**
  Return: 4.7%
  Risk: 14.6%

Total portfolio
Return: 6.2%
Risk: 10.4%

Past 5 years
2018–2022



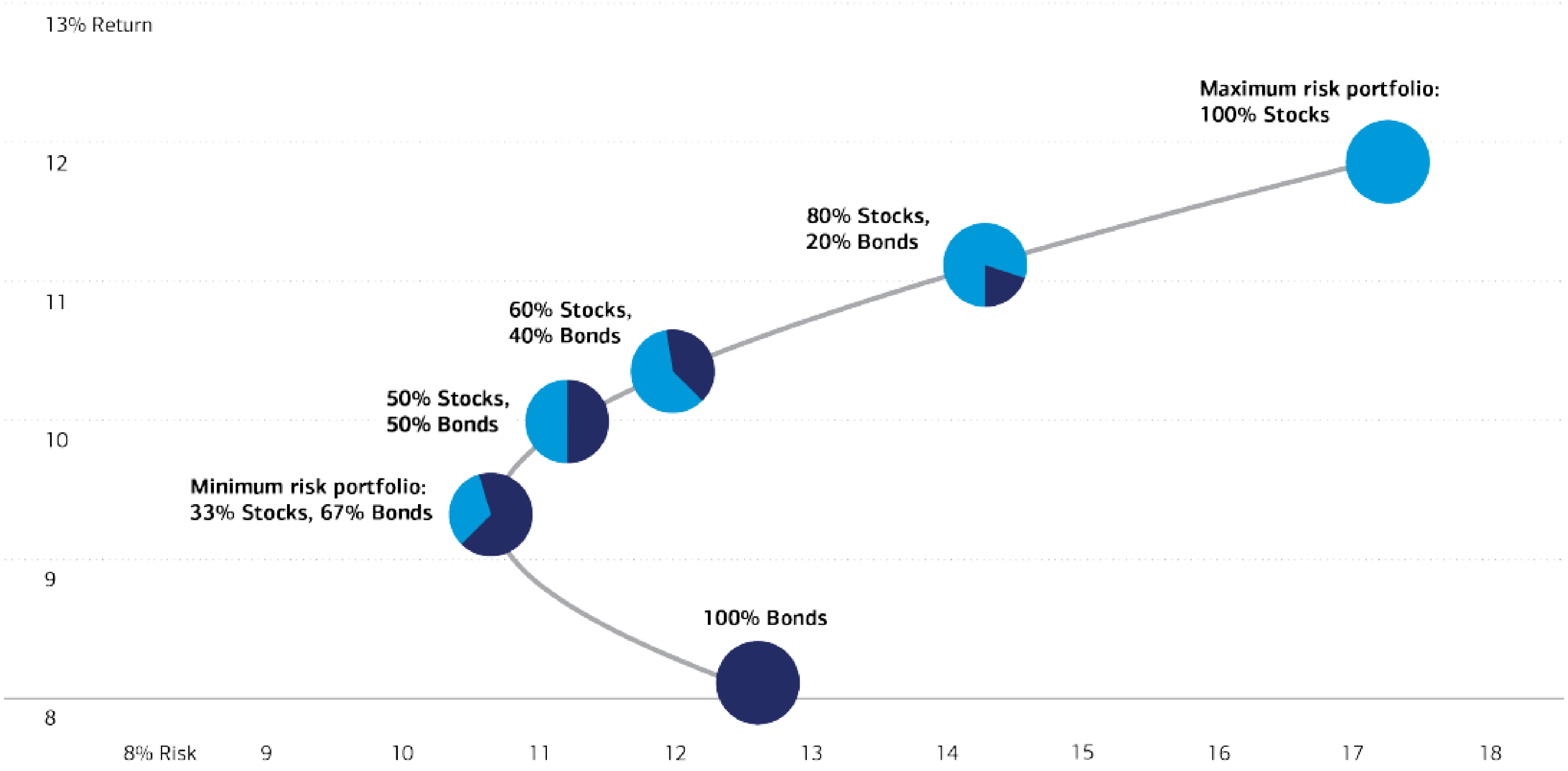
- **Large stocks**
  Return: 9.4%
  Risk: 21.6%
- **Small stocks**
  Return: 5.8%
  Risk: 20.1%
- **Bonds**
  Return: -1.9%
  Risk: 16.8%
- **Cash**
  Return: 1.2%
  Risk: 0.9%
- **International stocks**
  Return: 1.5%
  Risk: 16.1%

Total portfolio
Return: 3.6%
Risk: 13.5%

About the data
Small stocks are represented by the Ibbotson® Small Company Stock Index, large stocks by the Ibbotson® Large Company Stock Index, and international stocks by the Morgan Stanley Capital International Europe, Australasia, and Far East (EAFE®) Index. Bonds are represented by the 20-year U.S. government bond and cash by the 30-day U.S. Treasury bill. For 4/2001 to 12/2022, the Ibbotson® Small Company Stock Index measured performance of the DFA U.S. Micro Cap Portfolio net of fees and expenses. The DFA U.S. Micro Cap Portfolio is a no-load mutual fund that invests in securities of U.S. companies with market capitalizations within the smallest 5% of the market universe or smaller than the 1,500th largest U.S. company, whichever results in a higher market capitalization break. The market universe primarily comprises companies listed on the New York Stock Exchange, American Stock Exchange and NASDAQ Global Market. For 1/1982 to 3/2001, index return is the total return of the DFA U.S. Small Company 9-10 Portfolio (renamed to the DFA U.S. Micro Cap Portfolio). From 1926 to 1981 index returns are represented by the stocks making up the fifth quintile (i.e., the ninth and 10th deciles) of the NYSE. The Ibbotson® Large Company Stock Index tracks the monthly return of S&P 500. The Morgan Stanley Capital International Europe, Australasia, and Far East (EAFE®) Index measures the performance of the mid- and large-cap segments of developed markets, excluding the U.S. & Canada equity securities. It is free float-adjusted market-capitalization weighted. An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs. Diversification does not ensure a profit or protect against loss in declining markets. Risk is measured by annual standard deviation. Standard deviation measures the fluctuation of returns around the arithmetic average return of the investment. The higher the standard deviation, the greater the variability (and thus risk) of the investment returns.

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. Diversification does not eliminate the risk of experiencing investment losses.

Stocks and Bonds: Risk versus return 1970-2022



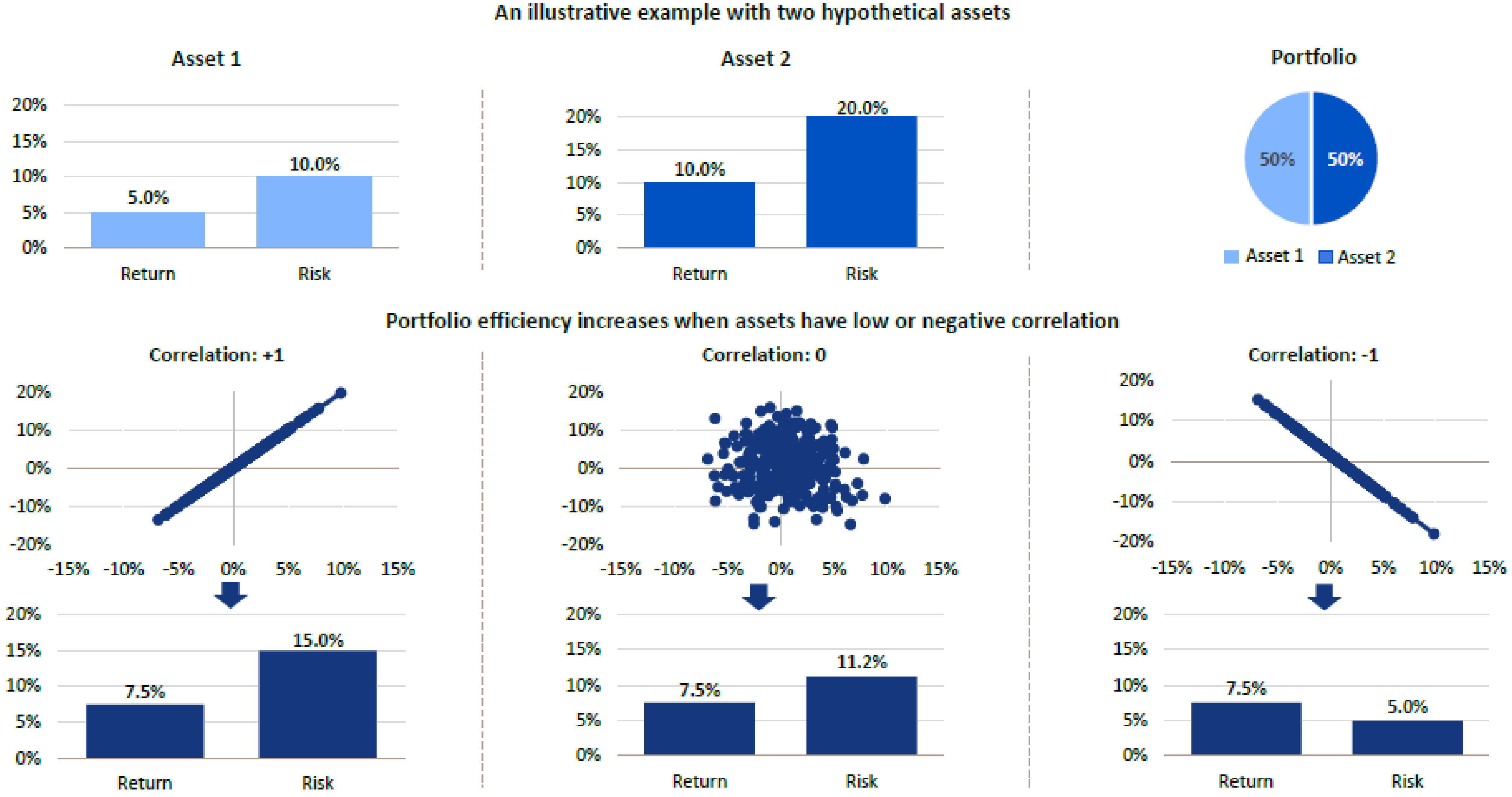
About the data

Stocks in this example are represented by the Ibbotson® Large Company Stock Index and bonds by the 20-year U.S. government bond. The Ibbotson® Large Company Stock Index tracks the monthly return of S&P 500. Risk and return are based on annual data over the 1970–2022 period and are measured by standard deviation and arithmetic mean, respectively. Standard deviation measures the fluctuation of returns around the arithmetic average return of the investment. The higher the standard deviation, the greater the variability (and thus risk) of the investment returns. An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.

Past performance is no guarantee of future results. Risk and return are measured by standard deviation and arithmetic mean, respectively. This is for illustrative purposes only and not indicative of any investment.

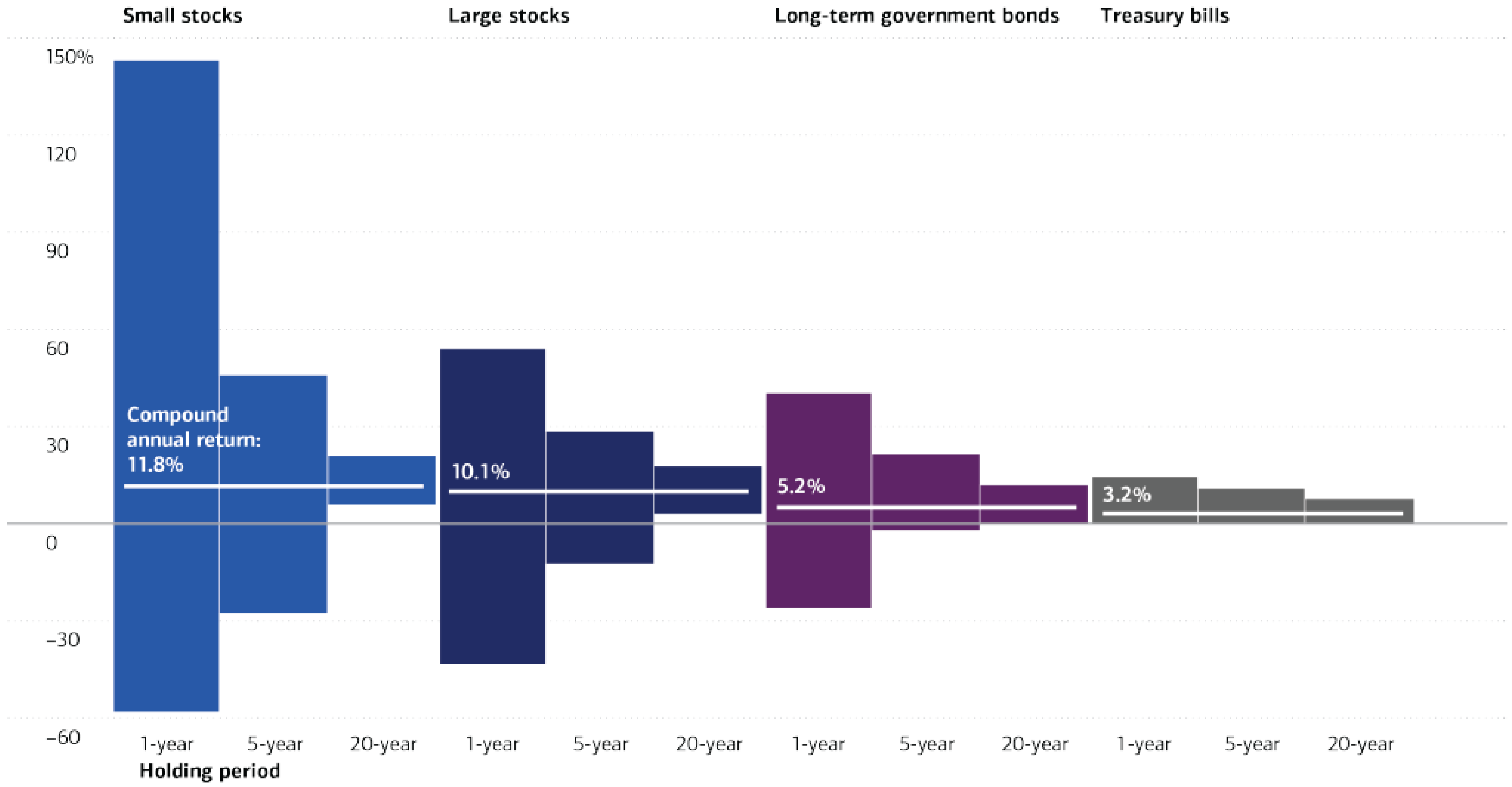
How Asset Allocation & Diversification Affects Risk and Return

Combining assets with low or negative correlation* can potentially improve the risk and return of your portfolio over the long term



Source: Investment Solutions Group Chief Investment Office (ISG CIO). Example shown is for illustrative purposes only and is not representative of any specific investment. Return is the Annual Arithmetic Average, Risk is the Annual Standard Deviation. Monthly returns used for the correlation scenarios are randomly generated assuming a normal distribution with the specified mean return, standard deviation and correlation coefficient for an hypothetical 25 year period (300 monthly values). **Asset allocation does not assure a profit or protect against a loss in declining markets.** ***Standard deviation is a measure of the dispersion of a set of data from their mean. Applied to the periodic rate of return of an investment, it is a measure of its volatility. The greater the dispersion, the higher the volatility or risk of that investment.*** MAP3487605

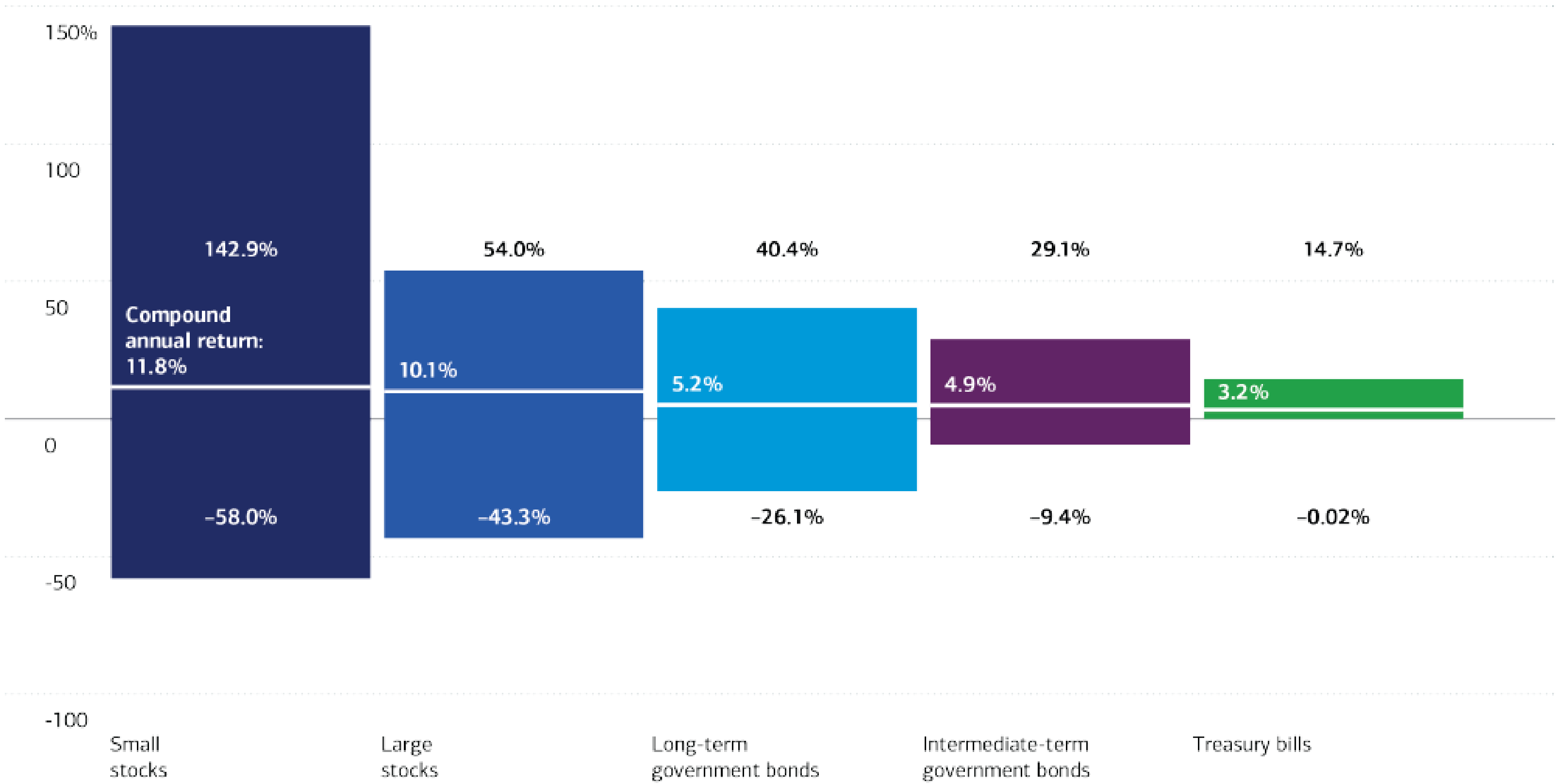
Reduction of risk over time 1926–2020



About the data
Small stocks are represented by the Ibbotson® Small Company Stock Index. For 4/2001 to 12/2022, the Ibbotson® Small Company Stock Index measured performance of the DFA U.S. Micro Cap Portfolio net of fees and expenses. The DFA U.S. Micro Cap Portfolio is a no-load mutual fund that invests in securities of U.S. companies with market capitalizations within the smallest 5% of the market universe or smaller than the 1,500th largest U.S. company, whichever results in a higher market capitalization break. The market universe primarily comprises companies listed on the New York Stock Exchange, American Stock Exchange and NASDAQ Global Market. For 1/1982 to 3/2001, index return is the total return of the DFA U.S. Small Company 9-10 Portfolio (renamed to the DFA U.S. Micro Cap Portfolio). From 1926 to 1981 index returns are represented by the stocks making up the fifth quintile (i.e., the ninth and 10th deciles) of the NYSE. Large stocks are represented by the Ibbotson® Large Company Stock Index. The Ibbotson® Large Company Stock Index tracks the monthly return of S&P 500. The history data from 1926 to 1969 is calculated by Ibbotson. Government bonds are represented by the 20-year U.S. government bond, and Treasury bills by the 30-day U.S. Treasury bill. An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.
Past performance is no guarantee of future results. Each bar shows the range of compound annual returns for each asset class over the period 1926–2022. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Asset-class returns

Highs and lows: 1926–2022



About the data
Small stocks are represented by the Ibbotson® Small Company Stock Index. For 4/2001 to 12/2022, the Ibbotson® Small Company Stock Index measured performance of the DFA U.S. Micro Cap Portfolio net of fees and expenses. The DFA U.S. Micro Cap Portfolio is a no-load mutual fund that invests in securities of U.S. companies with market capitalizations within the smallest 5% of the market universe or smaller than the 1,500th largest U.S. company, whichever results in a higher market capitalization break. The market universe primarily comprises companies listed on the New York Stock Exchange, American Stock Exchange and NASDAQ Global Market. For 1/1982 to 3/2001, index return is the total return of the DFA U.S. Small Company 9-10 Portfolio (renamed to the DFA U.S. Micro Cap Portfolio). From 1926 to 1981 index returns are represented by the stocks making up the fifth quintile (i.e., the ninth and 10th deciles) of the NYSE. Large stocks are represented by the Ibbotson® Large Company Stock Index. The Ibbotson® Large Company Stock Index tracks the monthly return of S&P 500. Long-term government bonds are represented by the 20-year U.S. government bond, intermediate-term government bonds by the five-year U.S. government bond, and Treasury bills by the 30-day U.S. Treasury bill. All assets contain some degree of risk; however, some are considered more volatile (riskier) than others. This chart illustrates the range of annual returns from 1926 through 2022 for five asset classes commonly considered in the asset-allocation process. An investment cannot be made directly in an index.

Past performance is no guarantee of future results. Each bar shows the range of annual total returns for each asset class over the period 1926–2022. This is for illustrative purposes only and not indicative of any investment.

Diversification does not ensure

D-5: Delegation

Delegation & Liability

Texas Trust Code 117.011 (a) (c)

117.011. DELEGATION OF INVESTMENT AND MANAGEMENT FUNCTIONS

(a) A trustee may delegate investment and management functions that a prudent trustee of comparable skills could properly delegate under the circumstances. The trustee shall exercise reasonable care, skill, and caution in:

(1) selecting an agent; (2) establishing the scope and terms of the delegation, consistent with the purposes and terms of the trust; and (3) periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the terms of the delegation.

(b) In performing a delegated function, an agent owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation.

(c) A trustee who complies with the requirements of Subsection (a) is not liable to the beneficiaries or to the trust for the decisions or actions of the agent to whom the function was delegated, unless:

(1) the agent is an affiliate of the trustee; or

(2) under the terms of the delegation:

(A) the trustee or a beneficiary of the trust is required to arbitrate disputes with the agent; or

(B) the period for bringing an action by the trustee or a beneficiary of the trust with respect to an agent's actions is shortened from that which is applicable to trustees under the law of this state.

Forms of Financial Advisor Standards

Fiduciary Standard

Required to put client's best interest first

Avoid conflicts of interest

Avert any "Material Conflict of Interest"

Binds Advisor + Firm as a Fiduciary to client

Not required to put client's interest first

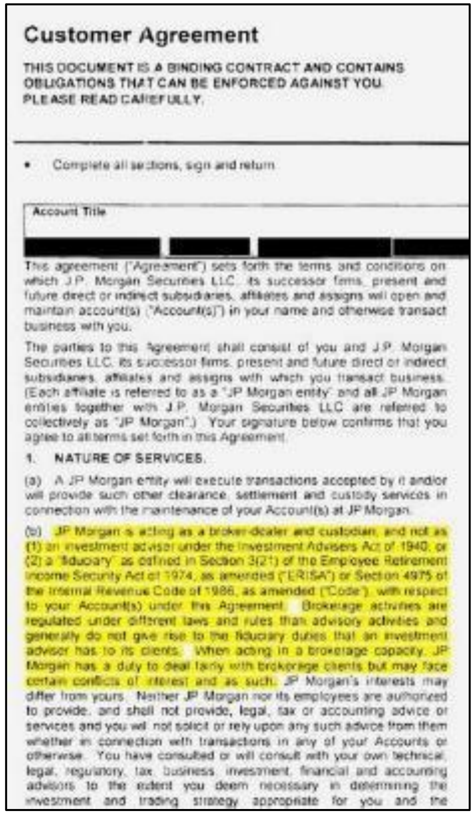
Not obligated to disclose conflicts of interest

Advisors make suitable (reasonable) recommendations

Advisors regulated by FINRA

Suitability Standard

Example Suitability Contract Language



Customer Agreement

THIS DOCUMENT IS A BINDING CONTRACT AND CONTAINS OBLIGATIONS THAT CAN BE ENFORCED AGAINST YOU. PLEASE READ CAREFULLY.

- Complete all sections, sign and return

Account Title

[redacted]

This agreement ("Agreement") sets forth the terms and conditions on which J.P. Morgan Securities LLC, its successor firms, present and future direct or indirect subsidiaries, affiliates and assigns will open and maintain account(s) ("Account(s)") in your name and otherwise transact business with you.

The parties to this Agreement shall consist of you and J.P. Morgan Securities LLC, its successor firms, present and future direct or indirect subsidiaries, affiliates and assigns with which you transact business. (Each affiliate is referred to as a "JP Morgan entity" and all JP Morgan entities together with J.P. Morgan Securities LLC are referred to collectively as "JP Morgan.") Your signature below confirms that you agree to all terms set forth in this Agreement.

1. NATURE OF SERVICES.

(a) A JP Morgan entity will execute transactions accepted by it and/or will provide such other clearance, settlement and custody services in connection with the maintenance of your Account(s) at JP Morgan.

(b) JP Morgan is acting as a broker-dealer and custodian, and not as (1) an investment advisor under the Investment Advisers Act of 1940, or (2) a "fiduciary" as defined in Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended ("Code"), with respect to your Account(s) under this Agreement. Brokerage activities are regulated under different laws and rules than advisory activities and generally do not give rise to the fiduciary duties that an investment advisor has to its clients. When acting in a brokerage capacity, JP Morgan has a duty to deal fairly with brokerage clients but may face certain conflicts of interest and as such, JP Morgan's interests may differ from yours. Neither JP Morgan nor its employees are authorized to provide, and shall not provide, legal, tax or accounting advice or services and you will not solicit or rely upon any such advice from them whether in connection with transactions in any of your Accounts or otherwise. You have consulted or will consult with your own technical, legal, regulatory, tax, business, investment, financial and accounting advisors to the extent you deem necessary in determining the investment and trading strategy appropriate for you and the

ABC Investments is acting as a broker-dealer and custodian, and not as (1) an investment adviser under the Investment Advisers Act of 1940, or (2) a "fiduciary" as define in Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended ("Code"), with respect to your Account(s) under this Agreement. **Brokerage activities are regulated under different laws and rules than advisory activities and generally do not give rise to the fiduciary duties that an investment adviser has to its clients**. When acting in a brokerage capacity, ABC Investments has a duty to deal fairly with brokerage clients but may face certain conflicts of interest and as such, **ABC Investments interests may differ from yours.**

Example Fiduciary Contract Language

MAA is responsible for implementing our decisions and related actions.

If you hold the particular Style Manager Strategy or Fund in your Account with a Program Strategy with Client Discretion, we generally will provide you with prior notice of any discontinuation, closing or replacement event but, depending on circumstances and our view of the nature of the event, we may provide you with notice after we have already taken action.

This flexibility to act quickly helps enable us to take action where we believe the replacement and its timing are in clients' best interest. If we determine to replace a Style Manager Strategy or Fund with another Style Manager Strategy or Fund, we will endeavor to replace it with an investment style that has an investment objective consistent with that of the Style Manager Strategy or Fund being replaced. This replacement Style Manager Strategy or Fund may be subject to a higher Style Manager Rate or higher Fund expenses than you had been paying. If you do not instruct us to the contrary, your continued participation in the Program after any such replacement or other action will be your consent to the action. We will take this outlined action regardless of the Authority that you have chosen for your Program Strategy.

The Defined Strategy as a Program Strategy Option

Nature of the Strategy and Investment Options. A Defined Strategy is one where an Advisor constructs, selects and manages an investment portfolio of individual securities and cash to meet a specified investment style or discipline. A Defined Strategy is managed with Advisor Discretion Authority only and we, through the Advisor, have investment and trading discretion (including as to rebalancing) over the assets in your Account. This discretion empowers the Advisor to make investment and trading decisions with respect to those assets without contacting you.

The Advisor, in constructing the Defined Strategy, may purchase different types of securities or investments, including equity securities, fixed income securities, Funds, certain Alternative Investments and other securities and maintain a cash asset allocation, subject to certain Program guidelines. Securities that are eligible to be part of a Defined Strategy may change over time as determined by us in our discretion.

Trading Authority. Your Advisor will have investment and trading discretion over your Account and will make investment and trading decisions with respect to your assets in the Account without contacting you. By choosing this Authority, you grant to us the authority to trade your investments and to select and implement any change to investments, asset allocation, or rebalancing within the same investment objective. Additionally, where your Advisor is a member of a team of Advisors, other members of that team may also exercise discretion over certain investment decisions made in your Account.

Defined Strategies Review Process. Not all of our Advisors offer this Program Strategy option to their clients. Each Advisor that creates a Defined Strategy must meet certain qualifications set by us. You may also choose to select a Defined Strategy that is managed by an Advisor who is not the Advisor or team of Advisors primarily responsible for your relationship with Merrill. In that case, the Advisor selected to manage your assets will be responsible for implementing the Defined Strategy. Under certain circumstances, the Advisor may make changes to the Defined Strategy used to manage your Account based on various factors, including market conditions. Defined Strategies are subject to review and evaluation by us.

In certain circumstances, we may terminate the Defined Strategy offered by an Advisor. Generally, your Advisor will work with you to recommend an alternate investment solution, but, under certain circumstances, we may determine to select a replacement Managed Strategy for you that we believe to be in your best interest. We generally will provide you with prior notice before selecting such a replacement. The Managed Strategy that we select to replace the Defined Strategy will be one managed by us or one of our Affiliates or by a third-party manager. A Style Manager Rate may apply depending on the Managed Strategy selected.

We will provide you with written information regarding the Managed Strategy replacement. If you do not instruct us to select a different replacement or change to a different type of Program Strategy, your continued participation in the Program will be your consent to the replacement we select for your Account. If there is no acceptable alternative to the terminated Defined Strategy or your Account is not eligible for the selected replacement, we may elect to terminate your Account with the Defined Strategy from the Program.

Fund Prospectus Delivery. The following will apply to an Account enrolled in a Defined Strategy as the Program Strategy type where you have granted discretionary authority to us and an Advisor. When an eligible Registered Fund is purchased for such Account, we are authorized to receive the Registered Fund prospectus in connection with managing your Accounts in lieu of the prospectus being automatically delivered to you. If you would like a copy of the Registered Fund prospectus, you may obtain one by contacting your Advisor who will arrange for it to be sent to you free of charge.

Defined Strategy Profile. Your Advisor may provide you a Defined Strategy Profile if available as not all Defined Strategies have a Defined Strategy Profile. It provides general information, asset allocation and top holdings for the strategy. Your Advisor may decide, in his or her discretion and without your consent, to manage the assets in a Defined Strategy in a manner that is different from the description provided in the Defined Strategy Profile.

Any changes to how the Defined Strategy is managed will impact the performance of your Account. Holdings in the Defined Strategy and the asset allocation associated with it will be included in your Account statements. Defined Strategy Profiles, typically updated quarterly to include performance information as of the most recent quarter-end, can be obtained from your Advisor upon request.

The Personalized Strategy with Advisor Discretion as a Program Strategy Option

Nature of the Strategy and Investment Options Available. With this option, after discussions with you, your Advisor will manage an investment portfolio to meet your Portfolio Target Asset Allocation and other investment objectives for your Account. This Program Strategy type may be customized for your particular investment needs and requests.

Your Advisor may purchase or recommend different types of securities or investments, including equity securities, fixed income securities, including brokered certificates of deposit ("brokered CDs"), mutual funds, ETFs, non-traditional funds ("NTFs") and cash holdings. Available securities may change over time as determined by us in our discretion.

Trading Authority. By choosing this Program Strategy, you grant to us the authority to trade your investments and to select and implement any change to investments, asset allocation or rebalancing within the same investment objective. Your Advisor will have investment and trading discretion over your Account and will make investment and trading decisions without contacting you. Additionally, where your Advisor is a member of a team of Advisors, other members of that team may also exercise discretion over certain investment decisions made in your Account.

The Personalized Strategy with Advisor Discretion as a Program Strategy Option

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Your Advisor may purchase or recommend different types of securities or investments, including equity securities, fixed income securities, including brokered certificates of deposit ("brokered CDs"), mutual funds, ETFs, non-traditional funds ("NTFs") and cash holdings. Available securities may change over time as determined by us in our discretion.

Trading Authority. By choosing this Program Strategy, you grant to us the authority to trade your investments and to select and implement any change to investments, asset allocation or rebalancing within the same investment objective. Your Advisor will have investment and trading discretion over your Account and will make investment and trading decisions without contacting you. Additionally, where your Advisor is a member of a team of Advisors, other members of that team may also exercise discretion over certain investment decisions made in your Account.

D-6: Document, Document, Document...

Trustee Review of Performance

Investment Performance Evaluation

01

Asset Allocation Compliance and Risk Drift.

02

Total Performance = gain/loss, interest & dividends, cash flows in and out.

03

Risk/Return ratios identifying performance per unit of market risk, such as the Beta coefficient or Sharpe ratio of the portfolio.

04

Relative performance comparison to equally weighted, risk adjusted benchmark index.

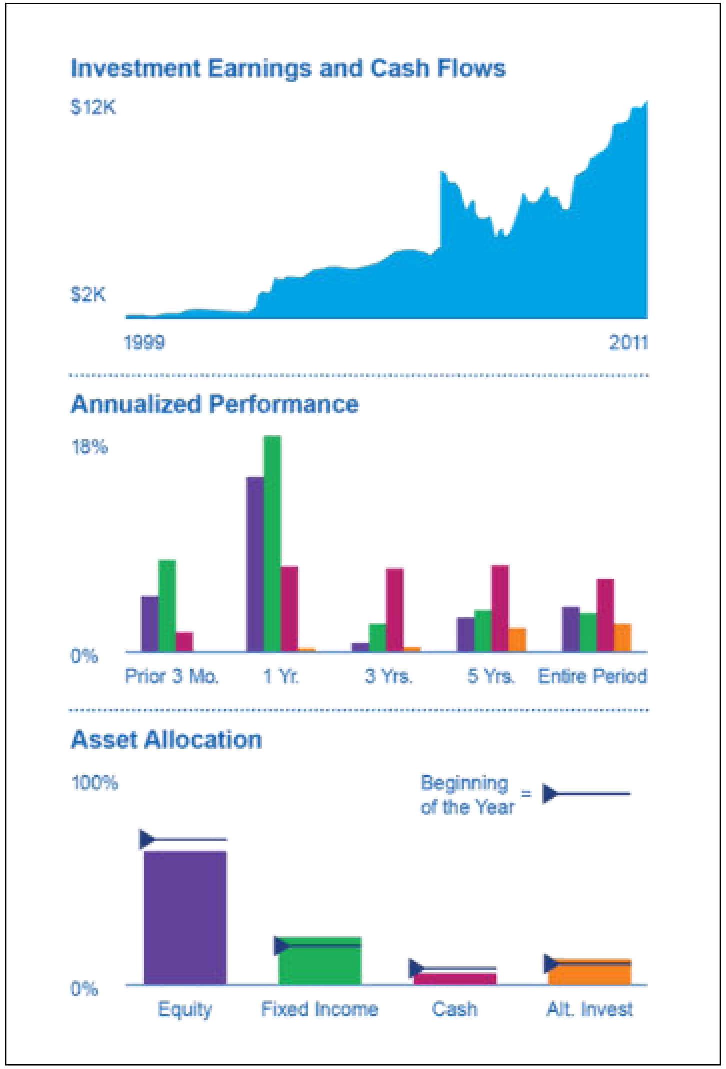
05

Investment cost benefit analysis.

06

Due diligence in evaluating agent.

Review the Plan



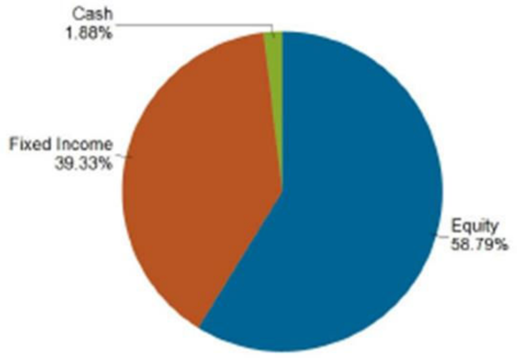
Your advisor should meet with you periodically to review your strategy and make adjustments as needed. A **Portfolio Review** provides reports and analyses that help measure progress toward goals.

- Review **customized reports** that include balances, holdings, portfolio analyses, and more for your accounts
- Assess whether your portfolio is positioned to help you pursue your goals or if **adjustments to your strategy** are needed
- Get a brief overview and **detailed analysis** of every asset class in your portfolio
- Evaluate **your accounts**, including assets held outside of Merrill

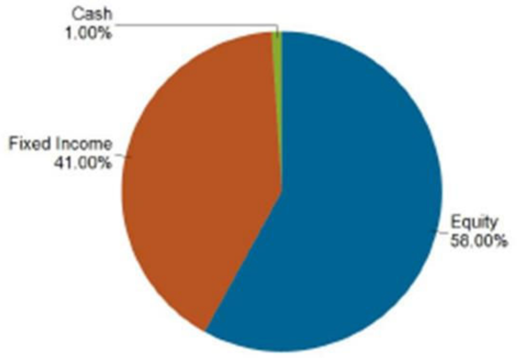
Quarterly Review Example

As of Close of Business: 01/05/2024

Current Holdings



Custom Model



Current Holdings   Custom Model

All Holdings compared to Custom Model

Asset Class	Total Holdings(%) 0% 75%	Current(%)	Model(%)	Gap-Model vs. Current(%)	ML Holdings($)	Model($)	Gap-Model vs. Holdings($)
Equity		58.79	58.00	(0.79)	1,177,624	1,161,796	(15,828)
Fixed Income		39.33	41.00	1.67	787,758	821,270	33,512
Cash *		1.88	1.00	(0.88)	37,715	20,031	(17,684)
Total of Analyzed Assets					2,003,097		
Total Assets					2,003,097		

* Total represents the sum of all cash and cash equivalents including short positions with associated credit balances.

Source: Merrill Lynch Client Review Report

Review Sector Summary

As of Close of Business: 01/05/2024

Current Holdings | Custom Model | All Holdings compared to Custom Model

Sector	Total Holdings(%) 0% – 25%	Current(%)	Model(%)	Gap-Model vs. Current(%)	ML Holdings($)	Model($)	Gap-Model vs. Holdings($)
Equity							
Health Care		5.79	8.29	2.51	115,917	166,137	50,220
Consumer Staples		2.29	3.89	1.59	45,942	77,840	31,898
Information Technology		10.82	15.89	5.07	216,762	318,332	101,570
Consumer Discretionary		3.11	6.15	3.04	62,316	123,150	60,835
Industrials		2.63	4.93	2.30	52,733	98,753	46,019
Materials		0.00	1.62	1.62	0	32,530	32,530
Financials		4.78	6.79	2.00	95,797	135,930	40,133
Communication Services		3.20	4.47	1.27	64,116	89,458	25,343
Utilities		1.03	1.62	0.59	20,626	32,530	11,905
Energy		2.32	2.78	0.46	46,530	55,766	9,236
Real Estate		0.55	1.57	1.02	11,026	31,368	20,343
Equities Blend		22.26	0.00	(22.26)	445,859	0	(445,859)
Fixed Income							
Long Term Bond		9.01	7.10	(1.91)	180,444	142,220	(38,224)
Intermediate Term Bond		17.97	17.80	(0.17)	359,876	356,551	(3,325)
Short Term Bond		12.35	16.10	3.75	247,438	322,499	75,061
Fixed Income Blend		0.00	0.00	0.00	0	0	0
Cash							
Cash *		1.88	1.00	(0.88)	37,715	20,031	(17,684)
Total of Analyzed Assets					**2,003,097**		
Total Assets					**2,003,097**		

* Total represents the sum of all cash and cash equivalents including short positions with associated credit balances.

Source: Merrill Lynch Client Review Report

Money Weighted Rate of Return by Period (Yearly)

Performance period: 01/01/2023 to 12/31/2023

Period	Opening Balance($)	Contributions/ (Withdrawals)($)	Interest/ Dividends($)	Appreciation/ (Depreciation)($)	Closing Balance($)	ROR Period(%)	ROR Cum(%)
Dec 2023	1,942,658	0	14,246	76,670	2,033,574	4.68	12.97
Nov 2023	1,817,839	0	2,523	122,296	1,942,658	6.87	7.84
Oct 2023	1,864,611	0	3,326	(50,098)	1,817,839	(2.51)	0.76
Sep 2023	1,936,384	0	4,536	(76,309)	1,864,611	(3.71)	3.43
Aug 2023	1,975,179	0	2,390	(41,184)	1,936,384	(1.96)	7.54
Jul 2023	1,934,400	0	3,161	37,617	1,975,179	2.11	9.80
Jun 2023	1,802,070	75,000	9,412	47,918	1,934,400	3.16	7.51
May 2023	1,821,846	0	2,078	(21,854)	1,802,070	(1.09)	4.20
Apr 2023	1,808,907	0	2,176	10,763	1,821,846	0.72	5.34
Mar 2023	1,768,024	0	4,709	36,174	1,808,907	2.31	4.60
Feb 2023	1,814,923	0	2,267	(49,166)	1,768,024	(2.58)	2.23
Jan 2023	1,729,416	0	717	84,790	1,814,923	4.94	4.94
Total	**1,729,416**	**75,000**	**51,541**	**177,617**	**2,033,574**		**12.97**

Relative Performance – Portfolio (Yearly)

Performance period: 04/17/2014 to 12/31/2023

	Total Portfolio ROR(%)		Consumer Price Index (All Urban NSA)(%)		US Treasury Bill 30 Days(%)		ICE BofA US Treasury 1-5 Yrs(%)		ICE BofA US Treasury 10-15 Yrs(%)		ICE BofA US Treasury 15+ Yrs(%)		S&P 500 PR(%)		MSCI EAFE PR(%)		MSCI Emerging Markets PR(%)	
Period	Year	Cum	Year	Cum	Year	Cum	Year	Cum	Year	Cum	Year	Cum	Year	Cum	Year	Cum	Year	Cum
2023	12.97	55.09	3.56	30.07	4.95	12.34	4.30	11.61	3.95	16.09	2.74	16.27	24.23	156.12	15.03	17.38	7.04	2.12
2022	(16.60)	37.28	6.45	25.61	1.42	7.04	(5.25)	7.00	(19.16)	11.68	(28.30)	13.17	(19.44)	106.17	(16.79)	2.04	(22.37)	(4.60)
2021	9.39	64.60	7.04	17.99	0.04	5.55	(1.10)	12.93	(0.35)	38.16	(4.62)	57.84	26.89	155.93	8.78	22.63	(4.59)	22.89
2020	12.65	50.47	1.36	10.23	0.44	5.50	4.25	14.18	10.40	38.64	17.52	65.49	16.26	101.69	5.43	12.73	15.84	28.80
2019	17.19	33.57	2.29	8.75	2.14	5.04	4.20	9.53	9.51	25.58	14.47	40.82	28.88	73.48	18.44	6.93	15.43	11.19
2018	(6.34)	13.98	1.91	6.32	1.81	2.84	1.52	5.11	0.14	14.67	(1.74)	23.02	(6.24)	34.61	(16.14)	(9.72)	(16.64)	(3.67)
2017	12.66	21.69	2.11	4.33	0.79	1.01	0.65	3.54	3.68	14.51	8.57	25.19	19.42	43.56	21.78	7.65	34.35	15.56
2016	6.72	8.02	2.07	2.17	0.20	0.23	1.09	2.87	1.21	10.44	1.31	15.31	9.54	20.22	(1.88)	(11.60)	8.58	(13.99)
2015	(0.79)	1.21	0.73	0.10	0.02	0.03	0.98	1.77	1.54	9.12	(1.29)	13.81	(0.73)	9.75	(3.30)	(9.91)	(16.96)	(20.78)
2014	2.02	2.02	(0.63)	(0.63)	0.01	0.01	0.78	0.78	7.47	7.47	15.29	15.29	10.56	10.56	(6.83)	(6.83)	(4.61)	(4.61)

SAMPLE REPORT

Source: Merrill Lynch Client Review Report

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Re-Evaluating Risk & Allocation

Questions to Consider

01

Have there been any significant changes in your client's health?

02

Have there been any changes in the budget?

- What are the actual expenses verses projected?
- Are you overspending or have a surplus of cash?

03

Will the client be receiving a settlement or inheritance in the near future?

04

Will the client be selling any real estate in the near future?

05

Any other material changes with the client that would cause us to re-evaluate the asset allocation or risk tolerance?

Cloud-Based CRM Notes

Update Salesforce Themed Notes

Client Narrative

Progress Discussion

Recommendations

Service Management

Profile Update

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Record Keeping Documents to Retain

01

Investment Policy Statement & Ongoing Updates

02

Quarterly Investment Reviews

03

Updates to Health records and care plans

04

Notes of conversations with professionals and IP

05

E-mails and letters related to trust activity

06

Monthly account statements

07

Monthly disbursement records

08

Court documents and orders

Periodic Review and Updated IPS = LIABILITY PROTECTION

Reviews → Time Matters → Billing → Recording → Protection AND, Assures the Beneficiary's Best Lifestyle

01
Actual vs. projected trust expenditures

02
Noting the Health changes of the ward/beneficiary

03
Aging of the ward/beneficiary, particularly attainment of majority age

04
Noting the geographic moves and changes to the living situation of the beneficiary

05
Investment performance/ underperformance

06
Noting any material caregiver service modification

07
Noting and Health Care adjustments

08
Social Security Administration and Medicaid/Medicare policy change

Case Study #1: Accessing Cash from Residential Property

Case Study #1:
Accessing Cash from Residential Property

Jane Doe

A 72-year-old woman has investment assets of $600,000

BACKGROUND

- Owns a home, but doesn't live in it; children live in it rent free
- Home is worth $1,150,000
- Annual Expenses $95,000

Scenario Comparison Summary

MERRILL
A BANK OF AMERICA COMPANY

	DO NOTHING	RENT HOME	SELL HOME
OVERALL LIKELIHOOD OF SUCCESS	<10%	40% - 45%	>90%

POTENTIAL ENDING WEALTH

Likelihood:	DO NOTHING	RENT HOME	SELL HOME
80%	($3,208,184)	($230,352)	$460,687
50%	($2,908,929)	($50,677)	$1,106,014
30%	($2,700,680)	$74,549	$1,596,405

POTENTIALLY ACHIEVABLE ANNUAL LIFESTYLE‡

Likelihood:	DO NOTHING	RENT HOME	SELL HOME
80%	$47,184	[illegible]	$92,789
50%	$51,340	$84,129	$102,901
30%	$53,992	$86,112	$109,338

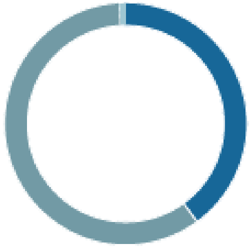
	DO NOTHING		RENT HOME		SELL HOME	
RETIREMENT AGE-LIFE EXPECTANCY		Start - End		Start - End		Start - End
JANE DOE SAMPLE	64 - 89	2023 - 2048	64 - 89	2023 - 2048	64-89	2023 - 2048
GOALS	Amount	Start - End	Amount	Start - End	Amount	Start - End
Annual Spending Plan	$85,000	2023 - 2048	$85,000	2023 - 2048	$85,000	2023 - 2048
EST. FUTURE INCOME	Amount	Start - End	Amount	Start - End	Amount	Start - End
Social Security Income	$19,200	2023 - 2048	$19,200	2030 - 2048	$19,200	2030 - 2048
Rental Income	-	-	$48,000	2023 - 2048	-	-

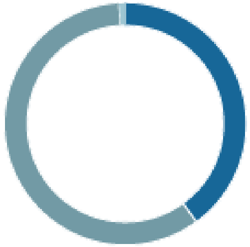
For Illustrative Purposes Only
Source: Merrill Lynch Wealth Management Analysis Report

Scenario Comparison Summary

MERRILL
A BANK OF AMERICA COMPANY

	DO NOTHING	RENT HOME	SELL HOME
ASSET ALLOCATION STRATEGY†			
Allocation Model Used:	Moderately Conservative	Moderately Conservative	Moderately Conservative
Equity	40.00%	40.00%	40.00%
Fixed Income	59.00%	59.00%	59.00%
Cash	1.00%	1.00%	1.00%
Real Assets	0.00%	0.00%	0.00%
Hedge Fund Strategies	0.00%	0.00%	0.00%
Private Equity	0.00%	0.00%	0.00%





Geometric Returns by Confidence Level† (%)

Scenario	Year	95%	80%	50%	30%	Std. Dev.
DO NOTHING	2023	4.38	5.56	6.82	7.61	7.54
RENT HOME	2023	4.38	5.56	6.82	7.61	7.54
SELL HOME	2023	4.38	5.56	6.82	7.61	7.54

Risk compared to your Investor Profile: **Moderate**	DO NOTHING	RENT HOME	SELL HOME
	Less Risk*	Less Risk*	Less Risk*

ASSETS	Amount	Amount	Amount
Total Analyzable Assets	$600,000	$600,000	$1,750,000
Portfolio Assets			
Investment Account	$600,000	-	-
Home Sale Proceeds	-	-	$1,150,000
Investment Account	-	$600,000	-
Investment Account	-	-	$600,000

For Illustrative Purposes Only
Source: Merrill Lynch Wealth Management Analysis Report

Summary of Possible Options

Options	Annual Budget	Annual Income	Assets & Income Deplete(Age)	Assets & Income Deplete (Year)	Likelihood of Success Confidence Level	Potential Achievable Lifestyle Confidence Level (80%)
Do Nothing	$85,000	$19,200	74	2033	< 10%	$47,184
Rent Home	$85,000	$67,200	85	2044	40%-45%	$81,023
Sell Home	$85,000	$19,200	N/A	N/A	< 90%	$92,789

Case Study #2: Risk Reduction Analysis

Case Study #2:
Risk Reduction Analysis

Jane Doe

A 64-year-old woman is the beneficiary of a Third-party SNT set up by her parent, worth approximately $560K

BACKGROUND

- Jane has a history of mental health issues and receives SSDI.
- Jane is now the beneficiary of a second Third-party SNT that was set up by another relative. Funds have not been received, but client wants to spend like the money is "in the bank."

Scenario Comparison Summary

MERRILL
A BANK OF AMERICA COMPANY

	CURRENT MODEL		MODERATE MODEL		MODERATELY CONSERVATIVE MODEL	
OVERALL LIKELIHOOD OF SUCCESS	>90%		>90%		>90%	
POTENTIAL ENDING WEALTH						
Likelihood:						
80%	$814,062		$682,835		$555,480	
50%	$1,850,181		$1,232,974		$905,798	
30%	$2,754,554		$1,699,911		$1,193,559	
POTENTIALLY ACHIEVABLE ANNUAL LIFESTYLE‡						
Likelihood:						
80%	$31,062		$30,147		$29,269	
50%	$41,267		$36,769		$33,855	
30%	$47,768		$41,068		$36,763	
RETIREMENT AGE-LIFE EXPECTANCY		Start - End		Start - End		Start - End
JANE DOE SAMPLE	64 - 88	2023 - 2047	64 - 88	2023 - 2047	64-88	2023 - 2047
GOALS	Amount	Start - End	Amount	Start - End	Amount	Start - End
Annual Spending Plan	$20,000	2023 - 2047	$20,000	2023 - 2047	$20,000	2023 - 2047

For Illustrative Purposes Only
Source: Merrill Lynch Wealth Management Analysis Report

Scenario Comparison Summary (continued)

MERRILL
A BANK OF AMERICA COMPANY

	CURRENT MODEL	MODERATE MODEL	MODERATELY CONSERVATIVE MODEL
ASSET ALLOCATION STRATEGY†			
Allocation Model Used:	Baseline Allocation	Moderate	Moderately Conservative
Equity	89.00%	58.00%	40.00%
Fixed Income	9.00%	41.00%	59.00%
Cash	2.00%	1.00%	1.00%
Real Assets	0.00%	0.00%	0.00%
Hedge Fund Strategies	0.00%	0.00%	0.00%
Private Equity	0.00%	0.00%	0.00%

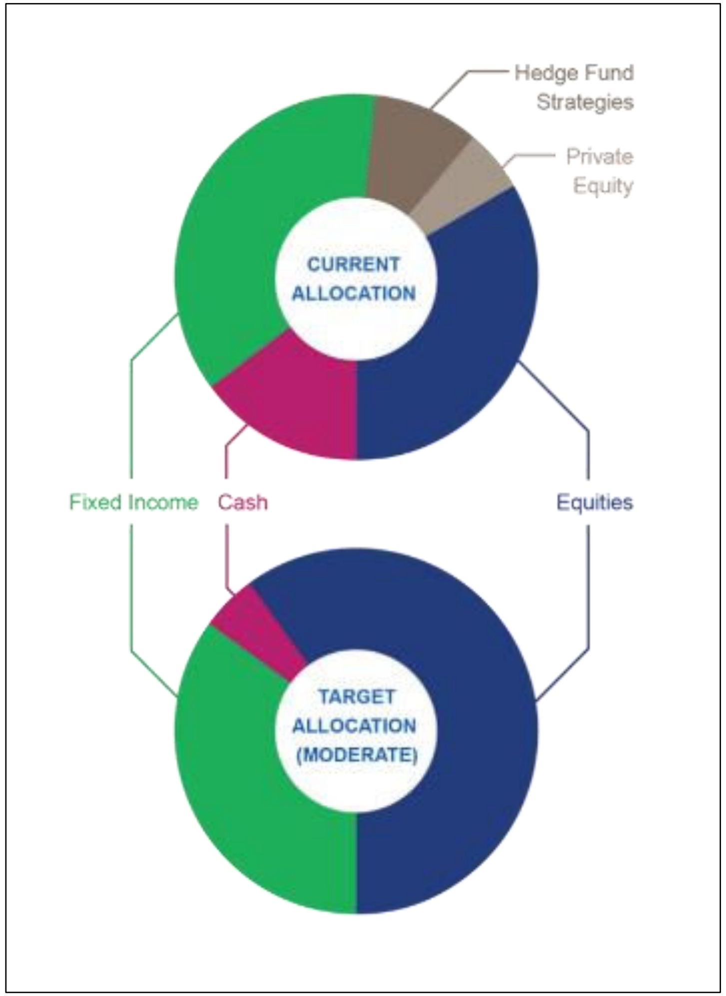
Geometric Returns by Confidence Level† (%)

Model		95%	80%	50%	30%	Std. Dev.
Current Model	2024	4.31	6.67	9.20	10.80	15.42
Moderate Model	2024	4.47	6.07	7.77	8.84	10.27
Moderately Conservative Model	2024	4.38	5.56	6.82	7.61	7.54

Risk compared to your Investor Profile: **Moderate**	More Risk*	Consistent	Less Risk*
ASSETS	Amount	Amount	Amount
Total Analyzable Assets	$600,000	$600,000	$600,000

For Illustrative Purposes Only
Source: Merrill Lynch Wealth Management Analysis Report

Review Current Asset Allocation

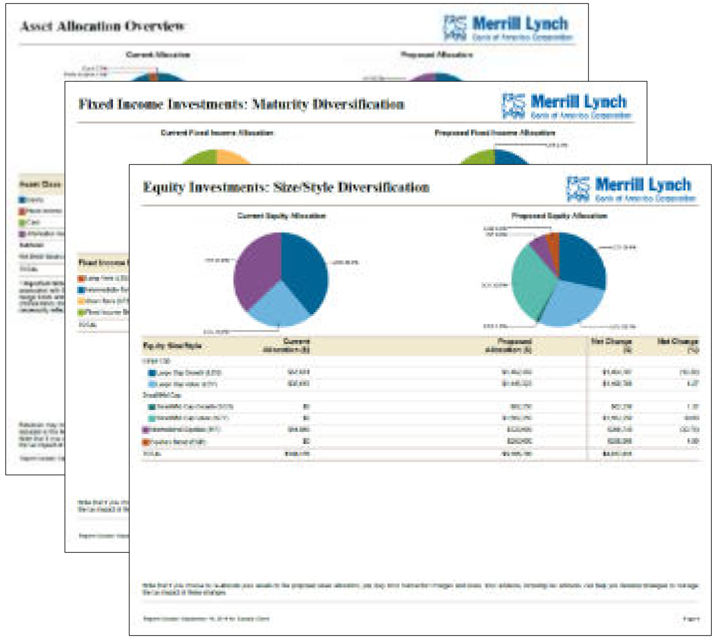


An **Asset Allocation Analysis** gives you an insightful view of your current portfolio.

An illustration of investment positioning that can help you:

- View your portfolio diversification across and within asset classes
- Compare historical performance of your current and target allocations
- Analyze the potential impact of major life and market events on your portfolio

Review Portfolio Strategy Options



Review options for your portfolio strategy and analyze your advisor's recommendations by viewing your custom **Investment Options.**

Get a **clear understanding** of the performance expectations of current and proposed portfolios, based on historical returns

Delve into the potential **risk/return trade-offs** of each portfolio

Make **informed decisions** by comparing specific investments that are aligned with your strategy

Review Risk Determination

Risk Allocation Framework

The needs, circumstances, age and financial risk tolerance of the beneficiary will determine the appropriate risk level of the client's investment

Stable, low risk investments [a low 'fear factor'] versus achieving a higher annual budget to improve the beneficiary's lifestyle and combat the effects of inflation.

Risk and Return Trade-Off

Combine safety and surety for short term needs with higher yielding investments dedicated to achieving long term goals.

Ex: Combination of cash savings accounts with short term bonds and high-quality stocks.

Risk Reduction: What-If Scenario Planning

Category	Current Model	2. Moderate Model	1. Moderately Conservative Model
Likelihood of Long-Term Success	>90%	>90%	>90%
Annual Budget	$20,000	$20,000	$20,000
Potential Wealth at Life Expectancy	$814,062	$682,835	$555,480
Achievable Lifestyle	$31,062	$30,147	$29,269
Asset Depletion (Year & Age)	Not Depleted	Not Depleted	Not Depleted
Risk	15.42%	10.27%	7.54%
Return @ 80% Probability	6.67%	6.07%	5.56%
Risk Reduction	N/A	33.40%	51.11%
Return Reduction	N/A	9.00%	16.65%

Source: Merrill Lynch Wealth Management Analysis Report

Important Information

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