Merrill Lynch
NEWS & INSIGHTS

An E-Newsletter for Retirement Plan Sponsors
Presented By The Retirement Group at Merrill Lynch

May 2009

in the
SPOTLIGHT

OUR SPRING 2009 TARGETED COMMUNICATION CAMPAIGNS ARE UNDERWAY

Offering a brand new set of images and messages designed to increase plan participation, deferrals, diversification and rollovers from previous employer plans.

ARTICLE HIGHLIGHTS

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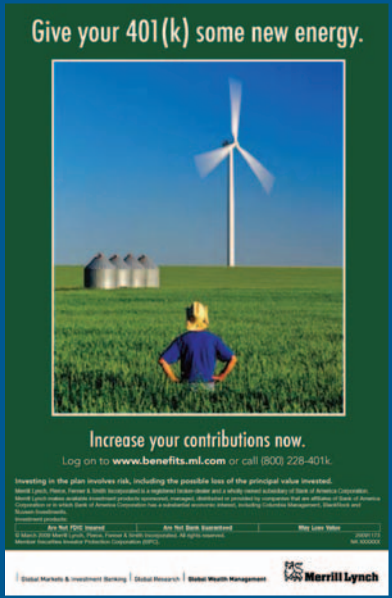
in the SPOTLIGHT

OUR SPRING 2009 TARGETED COMMUNICATION CAMPAIGNS ARE UNDERWAY

And results of our Fall 2008 campaigns show that they continue to boost retirement contributions and promote diversification and planning.

Our Spring 2009 Targeted Communication Campaigns are now underway with a brand new set of images and messages designed to increase plan participation, deferrals, diversification and rollovers from previous employer plans.

The themes for our spring 2009 Targeted Communication Campaigns (see posters on following pages) include:



- Participation (Offered in both English and Spanish)
- Save More
- Diversify
- Rollovers (Into Your Plan)

Our campaigns emphasize that even in a tough economy, investing in the future through a retirement plan is still a smart move. This has been a critical message for employees in recent months.

The fall campaigns posted positive results once again, reaching more than 290,000 employees. The "Save More" campaign led the way with 8.3 percent of targeted participants increasing their contribution rates. In a close "second place," just over 7 percent of participants targeted for our "Diversify" campaign took action to diversify their plan portfolios. Overall, we are still seeing results on par with—and in most cases exceeding—expectations for direct mail response.

Since their inception at the end of 2004, our targeted communication campaigns have reached more than three million employees, with an average of 5.8 percent taking the targeted action.

Our results have shown that consistent, ongoing reminders about the importance of retirement planning clearly help drive employee action. Response rates are at their highest when campaign messages are reinforced through multiple items, such as personalized letters, postcards or e-mails combined with posters in the workplace.

Click here for details of our spring 2009 Targeted Communication Campaigns. Please be sure to place your order for our Spring campaigns by the May 22 deadline.

Click here for detailed results on our fall 2008 campaigns as well as yearly totals since 2004.

For more information on our Targeted Communication Campaigns and how they might benefit your employees, please contact your Merrill Lynch Representative.

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HOME

MERRILL@WORK EMPLOYEE EDUCATION PROGRAMS: THE NEW STANDARD FOR EMPLOYEE EDUCATION AND SUPPORT

Merrill@Work is a flexible suite of services we provide to support your employees' holistic financial and retirement needs at each stage of their lives and careers (see News & Insights March 2009). Whether they are just getting started, or are counting the months until retirement, Merrill@Work offers a wide array of programs that provide information and educational support to your employees in keeping with your organization's culture and business objectives.

Central to the services offered through Merrill@Work are employee education programs, which provide information and planning to employees at important milestones, from enrolling in your plan to preparing for upcoming retirement. Through targeted

HOME MORE

participant communication, workplace seminars and additional educational content on our Benefits OnLine® Website, Merrill@Work's education programs deliver meaningful information and support to your employees in keeping with the method of communication they prefer and their stage of life.

The features of Merrill@Work's employee education programs (see following tables) are designed to help employees be aware of and make full use of the products and services in your plan that can help them achieve retirement and financial success. Our programs help employees create a strategy for their retirement goals that keeps their retirement planning on track as they seek to accumulate, preserve and maximize their retirement savings. The programs also assist participants in obtaining professional guidance in managing their overall financial picture.

Specifically, our programs[1] help your employees:

- Understand plan features and the potential benefits of account consolidation when they enroll in the plan
- Be aware of the services available to them in your corporate benefit plan offerings once they have maxed out their 401(k) plan savings due to 402(g) limits

[1] In the future, our employee education programs will also be available to nonqualified deferred compensation and defined benefit plans.

- Evaluate account distribution options as their employment status changes due to a job change or retirement
- Obtain guidance about their overall financial picture by providing access to a financial advisor or team of advisors who can provide advice and guidance on wealth accumulation, with an emphasis on taking full advantage of the estate planning and insurance programs available to them through Merrill Lynch

Our employee education programs help your executives and equity compensation awards participants to:

- Understand and assist with actions needed in connection with awards, such as opening a Merrill Lynch brokerage account or accepting your awards
- Evaluate exercise methods (if applicable), modeling the estimated value of awards, and reviewing choices for satisfying any tax obligations

The focus of our employee education programs is to help your employees achieve their personal financial goals and maximize the utilization of your benefit plan offerings. At the same time, the programs seek to meet your needs by helping you meet employee demand for general retirement advice without straining company resources. Our programs also allow you to outsource employee questions related to asset allocation, investment strategies and retirement planning, while providing an employee-recognized benefit.

Employee Education Programs Overview

PARTICIPANT ON BOARDING	401(k)	EQUITY
New Plan Conversions	✓	
Eligible, Not Participating	✓	
New Participant	✓	
New Grants Awarded		✓
ACTIVE PARTICIPANT	**401(k)**	**EQUITY**
Contribution Max Out	✓	
Qualified Domestic Relations Order	✓	
Asset Consolidation	✓	
Save More	✓	
Retirement Ready	✓	
Approaching Expirations		✓
Pre/Post Grant Lapses		✓
Awards With a Limited Individual Investor Account (LIIA)		✓
Awards Without a Limited Individual Investor Account (LIIA)		✓
Financial Consultation Service	✓	✓
SEPARATED FROM SERVICE	**401(k)**	**EQUITY**
Terminated Participants	✓	✓
Beneficiaries	✓	✓
Required Minimum Distributions	✓	
Financial Consultation Service	✓	✓
CORPORATE ACTIONS	**401(k)**	**EQUITY**
Plan Terminations	✓	Under Development
Involuntary Separations	✓	✓
Mergers and Acquisitions	✓	✓

The Merrill@Work suite of services are available at no cost to you or your participants as part of Merrill Lynch's overall servicing of your company's retirement plan. The decisions you make today can help your employees achieve the life they want tomorrow. Merrill Lynch is ready to assist you with this important responsibility.

For more information on Merrill@Work, please contact your Merrill Lynch Representative.

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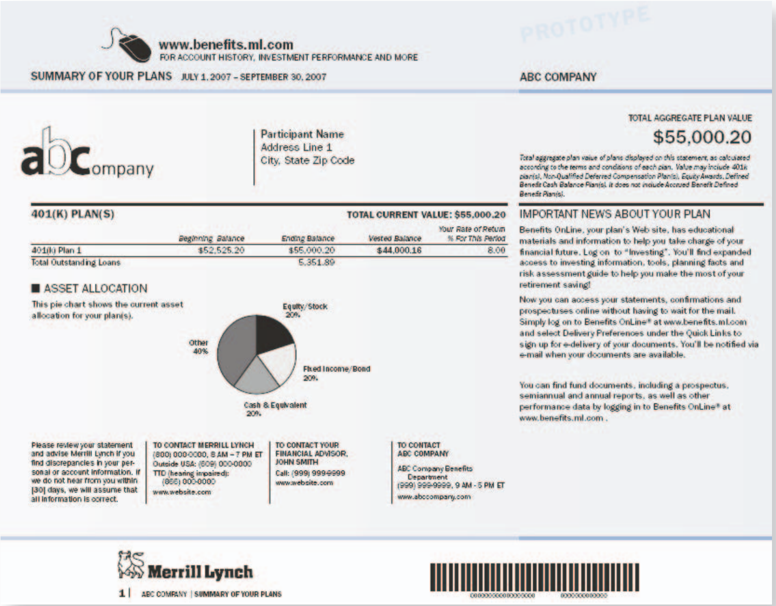
UPDATE ON ENHANCEMENTS TO OUR PARTICIPANT STATEMENTS



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PROTOTYPE

SUMMARY OF YOUR PLANS JULY 1, 2007 – SEPTEMBER 30, 2007

ABC COMPANY

abcompany

Participant Name
Address Line 1
City, State Zip Code

TOTAL AGGREGATE PLAN VALUE
$55,000.20

Total aggregate plan value of plans displayed on this statement, as calculated according to the terms and conditions of each plan. Value may include 401k plan(s), Non-Qualified Deferred Compensation Plan(s), Equity Awards, Defined Benefit Cash Balance Plan(s). It does not include Accrued Benefit Defined Benefit Plan(s).

401(K) PLAN(S) TOTAL CURRENT VALUE: $55,000.20

	Beginning Balance	Ending Balance	Vested Balance	Your Rate of Return % For This Period
401(k) Plan 1	$52,525.20	$55,000.20	$44,000.16	8.00
Total Outstanding Loans		5,351.89		

ASSET ALLOCATION

This pie chart shows the current asset allocation for your plan(s).

Equity/Stock 20%
Other 40%
Fixed Income/Bond 20%
Cash & Equivalent 20%

Please review your statement and advise Merrill Lynch if you find discrepancies in your personal or account information. If we do not hear from you within [30] days, we will assume that all information is correct.

TO CONTACT MERRILL LYNCH
(800) 000-0000, 8 AM – 7 PM ET
Outside USA: (609) 000-0000
TTD (hearing impaired): (866) 000-0000
www.website.com

TO CONTACT YOUR FINANCIAL ADVISOR, JOHN SMITH
Call: (999) 999-9999
www.website.com

TO CONTACT ABC COMPANY
ABC Company Benefits Department
(999) 999-9999, 9 AM - 5 PM ET
www.abccompany.com

IMPORTANT NEWS ABOUT YOUR PLAN

Benefits OnLine, your plan's Web site, has educational materials and information to help you take charge of your financial future. Log on to "Investing". You'll find expanded access to investing information, tools, planning facts and risk assessment guide to help you make the most of your retirement saving!

Now you can access your statements, confirmations and prospectuses online without having to wait for the mail. Simply log on to Benefits OnLine® at www.benefits.ml.com and select Delivery Preferences under the Quick Links to sign up for e-delivery of your documents. You'll be notified via e-mail when your documents are available.

You can find fund documents, including a prospectus, semiannual and annual reports, as well as other performance data by logging in to Benefits OnLine® at www.benefits.ml.com .

Merrill Lynch

1 | ABC COMPANY | SUMMARY OF YOUR PLANS

As previously announced, our newly-enhanced participant statements are being rolled out in a staged process that will be completed for all clients with the mailing of the second quarter 2009 statements.

Key pages of our award-winning statements have been redesigned in order to present a more holistic picture of the retirement benefit plans you offer to your employees. Our new design will also provide enhanced product level messaging on each product page and throughout the statement.

To help introduce your participants to the enhanced statement, we are making available several informative guides, as noted below:

- An interactive guide for our enhanced defined contribution statement is available on Benefits OnLine® (BOL). To view the interactive guide to the defined contribution statement, click here.
- Participants may also visit BOL to view or download PDF guides to the defined contribution statement and an integrated benefits statement.

We are also making available to you an HTML e-mail announcing the redesigned statements that you may send to your employees at your convenience. For instructions on how to send the HTML e-mail, please click here.

In addition, an online presentation is available for you to review all the enhancements to our statements.

For more information on our enhanced participant statements, please contact your Merrill Lynch Representative.

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Merrill Lynch Retirement Plan Statements Receive the Dalbar Seal of Excellence!

DALBAR RATED FOR COMMUNICATION 2009

11th Annual
Trends and Best Practices in Investor Communication

Defined Contribution Statement

- Rated the highest Dalbar designation of "Excellent" for the 10th year in a row
- Received an overall score of 87.94, almost 15 points higher than the industry average
- Received the highest possible score in 21 of 30 individual ranking categories

Total Retirement Statement

- Rated the highest Dalbar designation of "Excellent" for the 3rd year in a row
- Received an overall score of 89.85, over 20 points higher than the industry average
- Received the highest possible score in 17 of 24 individual ranking categories

DALBAR, Inc., a leading financial services research firm, reviewed Defined Contribution statements from 21 financial service providers and Total Retirement statements from 9 providers. Total Retirement statements combine account information on defined contribution and other types of plans.

DALBAR The Measurement of Success

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UPCOMING ENHANCEMENTS TO MERRILL LYNCH ADVICE ACCESS (MLAA)

We are planning enhancements to our Merrill Lynch Advice Access service to even more closely align recommendations and forecasts with each participant's expected saving and spending behaviors.

We believe these changes will improve the quality of advice and the forecasts that participants receive. Ibbotson Associates core methodology is being expanded to capitalize on asset allocation analysis conducted by Ibbotson Research. Additionally, refinements in savings optimization, processing of tax liabilities, and yearly cash flow sequences will be improved to closely emulate participant behavior.

The enhanced methodology will result in more personalized investment allocation advice, savings rate advice, and retirement age advice for participants throughout the accumulation and retirement phases. Because

Merrill Lynch Advice Access will be more sensitive than ever to participants' choices and data, the current likelihood of success estimates and/or advice recommendations may change in certain instances.

As always, Merrill Lynch accepts fiduciary responsibility for delivery of the Merrill Lynch Advice Access service, helping you to manage your fiduciary liability.

For more information on Merrill Lynch Advice Access, please contact your Merrill Lynch Representative. ■

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The Merrill Lynch Advice Access service uses a probabilistic approach to determine the likelihood that a participant in the service may be able to achieve stated goals and/or to identify a range of potential wealth outcomes that could be realized. Additionally, the recommendations provided by Merrill Lynch do not consider an individual's comfort level with investment risk, and may include a higher level of investment risk than a participant may be personally comfortable with. Participants are strongly advised to consider their personal goals, overall risk tolerance, and retirement horizon before accepting any *recommendations made by Merrill Lynch Advice Access. Participants should carefully review the explanation of the methodology used, including key assumptions and limitations, which is provided in the Merrill Lynch Advice Access disclosure statement. It can be obtained through your Merrill Lynch Representative.*

IMPORTANT: The projections or other information shown in the Merrill Lynch Advice Access service regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

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THE NAMES OF CERTAIN MERRILL LYNCH FUNDS HAVE BEEN CHANGED

Effective May 4, 2009, the names of the money market funds listed on the next page were changed. Please note that each fund will continue to be managed by BlackRock, Inc. in the same conservative fashion as in the past, with no change in investment objectives. If you have any questions on the name changes, please contact your Merrill Lynch Representative.

For a PDF announcing the fund name changes that you may send to your participants click here. For an HTML participant e-mail announcement click here. Instructions for sending the HTML e-mail may be found here.

PREVIOUS FUND NAMES	NEW FUND NAMES
Merrill Lynch Treasury Fund	**FFI Treasury Fund**
Merrill Lynch Government Fund	**FFI Government Fund**
Merrill Lynch Institutional Fund	**FFI Institutional Fund**
Merrill Lynch Institutional Tax-Exempt Fund	**FFI Institutional Tax-Exempt Fund**
Merrill Lynch Premier Institutional Fund	**FFI Premier Institutional Fund**
Merrill Lynch Select Institutional Fund	**FFI Select Institutional Fund**
Merrill Lynch Retirement Reserves Money Fund Class I	**Retirement Reserves Money Fund Class I**
Merrill Lynch Retirement Reserves Money Fund Class II	**Retirement Reserves Money Fund Class II**
Merrill Lynch Ready Assets Trust	**Ready Assets Prime Money Fund**
Merrill Lynch US Treasury Money Fund	**Ready Assets US Treasury Money Fund**
Merrill Lynch USA Government Reserves	**Ready Assets USA Government Money Fund**

Although these Funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these Funds. These Funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Investors should consider the investment objectives, risks, charges and expenses of investment options carefully before investing. This, and additional information about the investment options, can be found in the prospectuses, which can be obtained on Benefits OnLine® at www.benefits.ml.com or by calling Merrill Lynch at (800) 228-4015. Investors should read the prospectuses carefully before investing.

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Merrill Lynch makes available investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation or in which Bank of America Corporation has a substantial economic interest, including Columbia Management, BlackRock and Nuveen Investments.

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401(K) PLANS REMAIN IMPORTANT IN GOOD TIMES AND BAD

Since October 2007, more than $1 trillion in the value of equities held in 401(k)s and other defined contribution plans has evaporated due to declining markets, according to the Center for Retirement Research at Boston College.[1] If individual retirement accounts, which consist largely of money rolled over from 401(k)s are taken into account, about $2 trillion of stock value has been lost due to the markets, according to the Center.

Losses of these magnitudes have shaken the confidence of participants in their ability to manage their own retirement savings and stirred critics to call for a reevaluation of the 401(k).[2] Yet while account balances have been—and continue to be—severely impacted by

[1] "Are Retirement Savings Too Exposed To Market Risk?," Center for Retirement Research at Boston College, October, 2008.

[2] "Big Slide in 401(k)s Spurs Calls for Change," Wall Street Journal, January 8, 2009.

the downturn in the market, people continue to save, and in many cases are choosing to save even more in defined contribution plans. In short, with the convenience of payroll deductions and the benefits of company matching contributions, 401(k) plans clearly continue to be one of the best ways to accumulate wealth for the future. Additionally, they offer an attractive tax benefit to those that participate in them.

A measure of the durability of the 401(k) plan through good times and bad is evidenced by the fact that while we have seen an increase in hardship withdrawals in plans we administer, the number of actively contributing participants in our plans has continued to increase. This confirms the value of the 401(k) plan as a viable and highly-relevant vehicle for employees to save for their futures.

While account balances have been severely impacted by the downturn in the market, people continue to save, and in many cases are choosing to save even more in defined contribution plans.

Below are some of the many positive signs we saw at Merrill Lynch in 2008, indicating continued growth and strong ongoing use of 401(k) plans:

- We continued to see significant growth in the plans of existing clients. In our proprietary defined contribution (DC) business, we added more than 228,000 newly contributing participants to plans during 2008, an increase of 14% from 2007.

- Contributions continue to flow into defined contribution plans. We had $10 billion of gross contributions during 2008, which represents a 3.6% increase over 2007. In our institutional client base, a majority of clients experienced an increase in gross contributions to their plans in the past year—59% of clients in that segment alone.
- Our existing business remains strong by industry measures—our DC business finished the year with over $70 billion in administered assets and 2.8 million participants and, by all industry measures, we remain one of the top ten providers in the country.
- Given the economic conditions, not surprisingly there was an increase in hardship withdrawals in the past year, as noted above. For 2008, hardship withdrawal requests increased 34% over 2007. Though there was a sharp increase in the actual number of hardship withdrawals, the total number was actually very small as compared to our total participant population. The average hardship distribution amount was 20% lower than the previous year.
- There was a 13% increase in general purpose loans requested over 2007, while requests for residential loans were flat with almost no residential loans requested in 2008. The severe slow down in residential loans follows the downturn in the housing markets, and the increase in general purpose loans is very moderate considering the market conditions of the third and fourth quarter.

In addition to the above, over 61,000 401(k) plan-terminated and retired status participants elected to transition $3 billion dollars in assets to rollover IRAs at Merrill Lynch. This shows a strong commitment from participants to retain their long term individual savings and not "cash out." It also represents a desire to retain an individual relationship with Merrill Lynch.

For an "*On Topic*" PDF containing a copy of this article, please click here. ■

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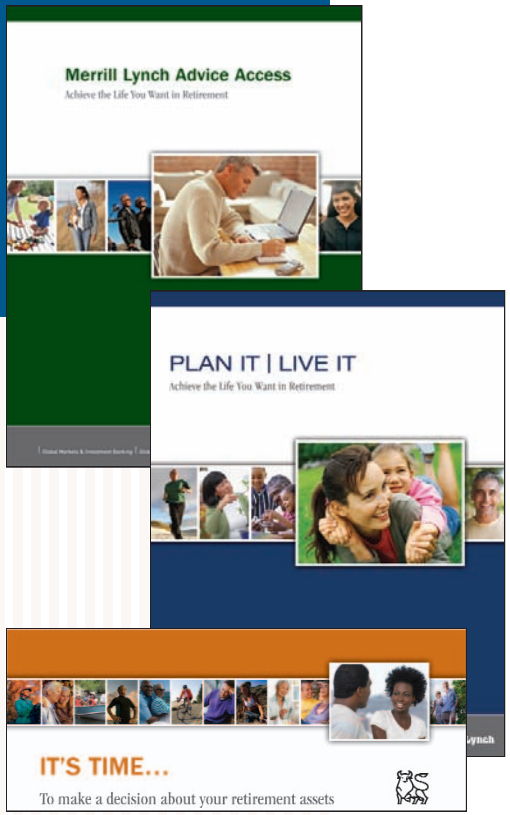

OUR "ACHIEVE LIFE" PARTICIPANT COMMUNICATIONS PROGRAM: HELPING YOUR EMPLOYEES "STAY THE COURSE"

At Merrill Lynch, we continue to proactively communicate to employees about the importance of saving and of "staying the course" by providing both educational content and targeted messaging through all of our participant touch-points. Our "Achieve Life" communications platform helps employees better understand the need to save for retirement, motivates them to take action, and assists them in making appropriate choices to achieve a secure and comfortable future.

The Achieve Life communications suite is a comprehensive education program that provides employees with easy-to-use, engaging communications that motivate specific actions. All have been developed around the four key themes that serve as the foundation of our employee information, guidance and advisory services. These themes are: Maximize Company Benefits, Invest Wisely, Set and Monitor Goals and Protect and Maximize Accumulated Benefits.

At Merrill Lynch, we realize that saving for retirement is a long term endeavor. We educate participants about the importance of accumulation, the benefits of dollar cost averaging, and about diversification and investing strategies that are aligned to the appropriated time horizon to guard against short term market volatility. As severe as the market downturn has been, these principles still hold true.

For an "*On Topic*" PDF containing a copy of this article, please click here.

For more information on our Achieve Life participant communications program, please contact your Merrill Lynch Representative. ■

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Did you know?

Providing Merrill Lynch with your employees' work e-mail addresses allows us to save you the time and trouble of dealing with participant notices and other communications related to plan services.

Many of our clients already provide us their employees work e-mail addresses. It's easy to do so. Just add the addresses to your indicative data file and rest assured, that we do not send any confidential information via e-mails.

THE IMPORTANCE OF TIMELY DEPOSITS OF PARTICIPANT CONTRIBUTIONS

As you know, it is important for you to comply with the funding requirements for your qualified retirement plan or plans. When a sponsor does not comply with the funding requirements, an excise tax may be imposed, and the violation must be disclosed on the plan's Form 5500 annual report. This is in addition to the requirement to make any late contributions and include participant earnings on any late contributions.

Some plan sponsors believe, incorrectly, that this rule requires the depositing of employee contributions into the plan no later than the 15th day of the month following the month that the contributions were withheld from salary.

The actual standard is this: Participant contributions must become plan assets as soon as they can reasonably be separated from the employer's general assets, but in no event later than the 15th business day of the month following the month in which they would otherwise have been paid to the participant as regular compensation. One standard is to deposit contributions at least at the same frequency that you are required to segregate payroll taxes for remittance to the IRS.

(The Department of Labor (DOL) issued Proposed Regulations on February 29, 2008, that set forth a "safe harbor" standard for smaller plans. For plans with fewer than 100 participants at the beginning of the plan year, the plan is treated as satisfying the applicable standards as long as contributions are deposited into the plan no later than the 7th business day following the day on which such amount would have been payable to the participant in cash.)

We want to partner with you to ensure that you comply with these requirements. If you believe that to comply with these rules, you need to remit contributions to Merrill Lynch more frequently, we will work with you to accomplish this. Simply contact your Merrill Lynch Payroll Administrator, who will be happy to offer some ideas on how you may be able to increase the frequency of depositing your employees' salary-reduction contributions. ■

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Randy Hardock's

NEWS FROM THE HILL

CONGRESS BEGINS TO PONDER MORE PATERNALISTIC RETIREMENT PLAN REGULATION

The early days of the 111th Congress have been dominated by the country's economic conditions, with an added smattering of debate on health care reform, climate change, and international relations. In contrast, retirement savings issues have been on the congressional backburner. Still, below the surface, the first signs of a growing interest in retirement system reforms are coming into focus.

As Members of Congress continue to hear the retirement dimensions of voters' economic anxieties, some type of legislative response is to be expected. And with the market downturn having shaken the faith of even some of the most hardened investors,

HOME MORE

"Enhanced fee disclosure for defined contribution plans remains near the top of the House Democrats' retirement agenda."

Congress is likely to pursue more paternalistic oversight and regulation of retirement plan investments. Among the areas that will receive careful review are: (1) fees charged in connection with 401(k) plans; (2) mandates and limitations on permitted investments; and (3) new rules and restrictions on investment advice to plan participants.

Fee Disclosure

Enhanced fee disclosure for defined contribution plans remains near the top of the House Democrats' retirement agenda.

The Bush Department of Labor (DOL) did not complete its work on new regulations governing service provider fee disclosure and fee disclosure to plan participants. This leaves the field open for legislation, and influential members of Congress who have made this issue a priority over the past several years intend to push even more aggressively for fee disclosure legislation. House Education and Labor Committee Chairman George Miller (D-CA) has already reintroduced aggressive legislation and a hearing has been held on that bill.

Whether ultimately put into place by Congress or by the Obama DOL, new (and detailed) fee disclosure standards will almost certainly emerge over the next year or two. Those new rules are likely to be more demanding (on issues such as revenue-sharing disclosure, unbundling of investment and administrative charges and monetization of asset-based fees) than the regulations the Bush DOL had been close to finalizing.

"...both Kohl and Miller are urging the Obama DOL to identify more clearly the fiduciary's responsibility in selecting target date funds."

Investment Options

A related issue that has gained growing attention in the current economic environment is review of investment options offered under retirement plans.

The dramatic decline in 401(k) account balances has elevated the focus on the risk borne by defined contribution plan participants. Questions are being raised about whether the current plan investment choices appropriately address such risks, with Chairman Miller once again pushing to mandate inclusion of a low-cost index fund in every plan investment menu. Senate Aging Committee Chairman Herb Kohl (D-WI) has focused on target date funds, particularly those serving near-retirees, and has asked whether equity allocations in these funds are too great and whether investors are adequately informed about the market risks they assume. And both Kohl and Miller are urging the Obama DOL to identify more clearly the fiduciary's responsibility in selecting target date funds.

Other legislators have looked to the DOL's qualified default investment alternative (QDIA) regulation and asked whether it was proper to exclude stable value products as QDIAs. And excessive exposure to company stock continues to generate concern, with Representative Rob Andrews (D-NJ) (the Chairman of the Education and Labor Committee's ERISA subcommittee) advancing a proposal to "auto diversify" near-retirees out of company stock and into more diversified and conservative investments.

"...it is all but certain that the interpretations (of the Pension Protection Act of 2006) contained in (the Bush DOL) regulations will be withdrawn or revised substantially."

Still others in Congress have sporadically questioned whether retirement plans should ever be allowed to invest in a manner that is deemed as "too risky" or not socially acceptable. For example, bans on plan investment in commodity futures, private equity, and hedge funds have surfaced in the past and those or similar items could arise again.

It is not clear yet that any of these investment-related inquiries or proposals will yield change, although some modest additional regulatory guidance on QDIAs and target date funds is quite likely. But investment issues will receive more extensive congressional attention than in the past and momentum could easily build on any of these issues if they are swept into the "crisis du jour" mentality that sometimes takes hold in the Congress.

Investment Advice

One final area where extensive review is almost certain is on the issue of permissible mechanism for delivering investment advice.

While the Bush DOL issued final regulations interpreting the investment advice provisions of the Pension Protection Act of 2006 (PPA), they were not able to complete the process until the dying days of the Bush Presidency. Now, the Obama Administration has delayed the effect of the Bush regulations, and it is all but certain that the interpretations contained in those regulations will be withdrawn or revised substantially (either by the Obama DOL or by Congress).

Some, notably Chairman Miller and Representative Andrews, have made it clear they want to limit the PPA investment advice expansions.

As these investment issues continue to germinate, other issues will dominate the agenda and Congressional action will likely be delayed until later this year or next. Still, defined contribution plan sponsors should not assume that the lack of immediate movement means that changes of some type are not coming. Over the short term, those changes are likely to occur at the DOL through regulatory changes, but when they deem the time is right, proponents of more paternalistic regulation are likely to push aggressively for change.

Randy Hardock, the author of this article, is a regular columnist for News & Insights. He is managing partner of the Washington D.C. law firm of Davis & Harman, LLP. He is well known through his advice and advocacy on legislative and regulatory matters affecting employee benefit plans. The opinions expressed are those of Mr. Hardock and do not necessarily reflect the opinions of Merrill Lynch.

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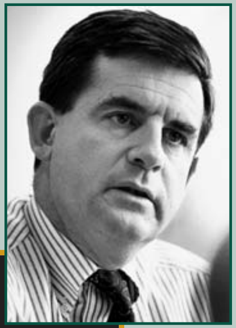

Bob Doll's

INVESTMENT COMMENTARY

The economic highlight last week was the first-quarter gross domestic product (GDP) report, which showed that the US economy contracted at an annualized rate of 6.1%. This decline roughly matched the downturn in the fourth quarter of 2008. Taken together, these downward moves represent the sharpest back-to-back declines in several decades. The bright spot in the GDP report was data showing that personal consumption rose by 2.2% in the first quarter, suggesting that consumers are beginning to believe that the worst of the recession may be behind us. This good news was tempered by reports of the growing seriousness of the swine flu outbreak; but, on balance, investors generally had a positive reaction to all of last week's news and bid stock prices higher. For the week, the Dow Jones Industrial Average gained 1.7% to close at 8,212, the S&P 500® Index advanced 1.3% to 878 and the Nasdaq® Composite rose 1.5% to 1,719.

This coming week, investors will no doubt remain focused on the results of the bank stress tests. Since the health of the overall economy is so highly dependent on the

> "Over the past couple of months, equity markets have been pricing in an expectation that we are approaching the end of the current recession, which some have dubbed the 'Great Recession.'"

stability of the banking sector, these results could have a significant market impact. On the corporate earnings front, most companies have now reported their first-quarter results, and the news has been mostly encouraging versus the generally low expectations. Looking ahead, we also are starting to see upward revisions to expected earnings for later in the year.

Over the past couple of months, equity markets have been pricing in an expectation that we are approaching the end of the current recession, which some have dubbed the "Great Recession." While some economic indicators have been showing signs of improvement, it would be a mistake to become complacent. The housing market remains in trouble and unemployment has continued to rise and will likely continue to do so for some time. We would also caution that while the massive degree of reflation policy appears to have helped restore some semblance of normalcy to the credit markets, at some point all of this stimulus will have to be followed by some constraints. The high degree of debt taken on by the US government and other nations is unlikely to be sustained and will likely require tax increases and spending cuts at some point in the future. Finally, some have noted that the recent rise in Treasury yields might present some risks. Rising yields tend to cause problems for equities since they often signal inflationary problems; but, in the current environment, we believe higher yields are more a signal of improving economic conditions and should not present a significant roadblock.

Looking ahead, our view is that GDP is likely to contract again in the second quarter, but at a significantly slower pace than it did in the two most recent quarters. We expect economic growth to turn positive in the second half of this year, but anticipate that any recovery will be lackluster at best since the financial sector and consumers are still in balance sheet repair mode. On balance, we believe economic conditions are improving, which should help stocks to grind higher in the year ahead.

Sources: BlackRock, Bank Credit Analyst.

Bob Doll is Vice Chairman and Global Chief Investment Officer of Equities at BlackRock®, a premier provider of global investment management, risk management and advisory services. Mr. Doll also is a member of the BlackRock Executive Committee and lead portfolio manager of BlackRock's Large Cap Series Funds. Prior to joining BlackRock, Mr. Doll was President and Chief Investment Officer of Merrill Lynch Investment Managers. BlackRock has $1.28 trillion in assets under management as of March 31, 2009.

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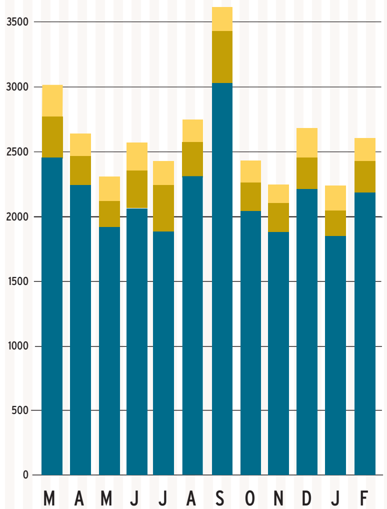
Participant PULSE

Participant interactions by phone and online

Monthly Participant contact with Merrill Lynch in last 12 months via Web, IVR, PSR
(in thousands)



TIME INTERVAL	WEB	IVR	PSR	Total Contact
Apr-08	2,467,687	315,986	235,298	3,018,971
May-08	2,252,362	228,639	167,188	2,648,189
Jun-08	1,915,870	223,309	164,386	2,303,565
Jul-08	2,074,100	286,494	211,305	2,571,899
Aug-08	1,892,235	370,697	165,123	2,428,055
Sep-08	2,311,902	260,145	194,455	2,766,502
Oct-08	3,027,260	404,490	259,139	3,690,889
Nov-08	2,045,479	228,708	155,233	2,429,420
Dec-08	1,893,871	207,996	157,515	2,259,382
Jan-09	2,205,151	257,978	228,480	2,691,609
Feb-09	1,845,806	197,413	189,835	2,233,054
Mar-09	2,208,010	219,180	175,331	2,602,521
Rolling 12-Month Total	26,139,733	3,201,035	2,303,288	31,644,056
Rolling 12-Month High	3,027,260	404,490	259,139	
Rolling 12-Month Low	1,845,806	197,413	155,233	
Rolling 12-Month Average	2,178,311	266,753	191,941	
Year To Date	6,258,967	674,571	593,646	7,527,184

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