

# ADVISOR



SMARTER  
WAYS TO  
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YOUR CASH

CHINA:  
EMERGING  
OPPORTUNITIES  
FOR ALERT  
INVESTORS

PAYING FOR  
HEALTH CARE,  
NOW AND IN  
RETIREMENT

## SEEKING SAFETY AND GROWTH

Our changing priorities, and their  
impact on our financial lives

**PLUS: MARK WAHLBERG**  
The Hollywood star's surprising off-camera life

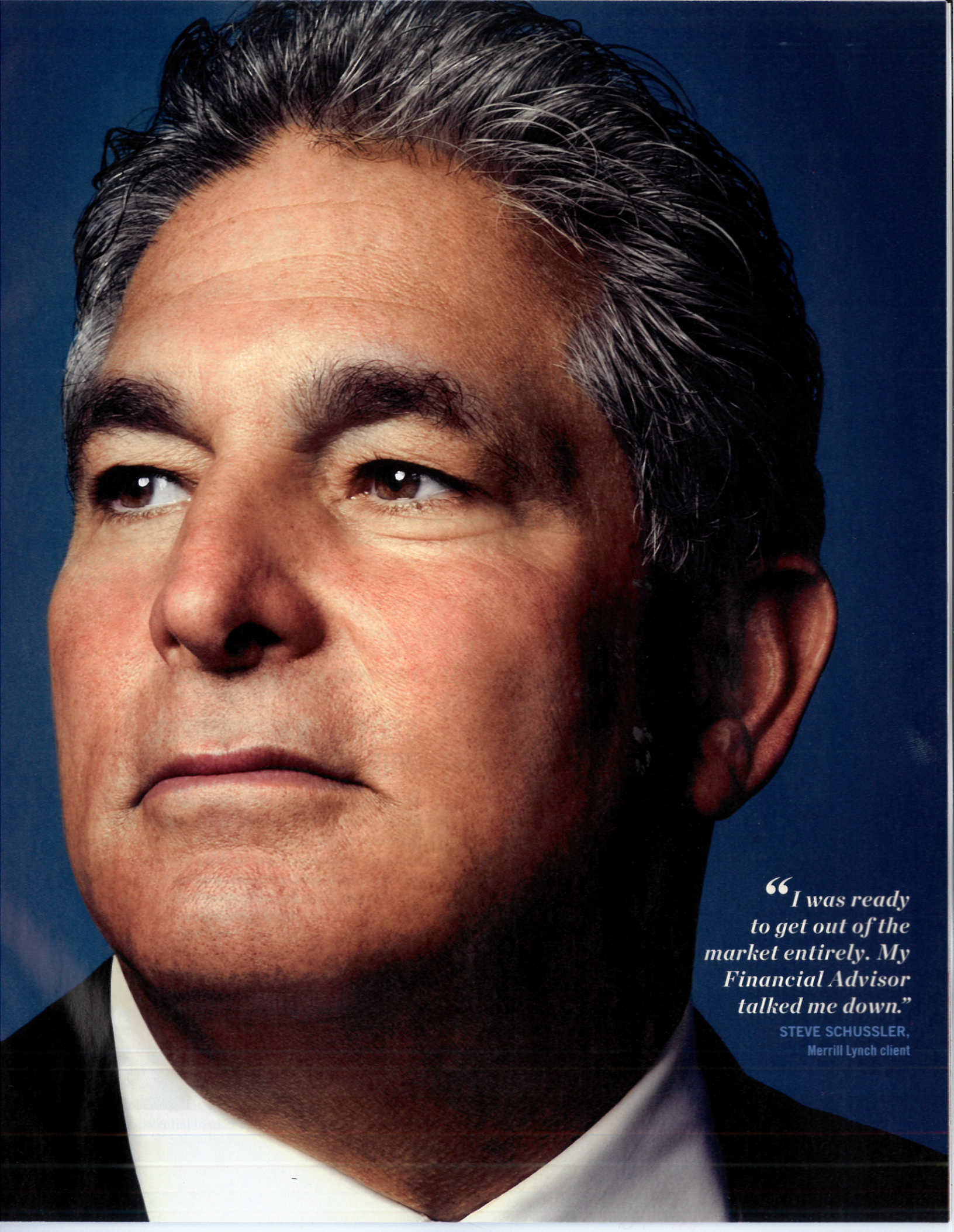
# HOW WE THINK ABOUT MONEY TODAY

We've changed, maybe for good. We're saving more and spending less, and pursuing safety over the potential for quick returns. With that new attitude, a strong strategy—and a collaborative relationship with a Financial Advisor—has become more important than ever

**BY C.J. PRINCE**

CONTRARY TO THEIR POPULAR IMAGE—SHELL-shocked, hoarding cash and waiting for the next inevitable wave of bad economic news—most American investors are actually looking ahead with a degree of optimism. In a *Merrill Lynch Affluent Insights Quarterly* survey conducted this past October, more than three-quarters of respondents expressed confidence that their financial picture would improve during the year ahead, and nearly that many said they were either somewhat or very optimistic about prospects for the economy.

Yet it's true that the severity of the market fall in 2008 and 2009, and the length and depth of the recession, are still very much on investors' minds. Attitudes about investing and managing household finances have shifted profoundly, and not just as a temporary response to present conditions. Even as markets haltingly regain lost ground, investors remain wary of taking chances. Almost eight of 10 respondents to the most recent *AIQ* survey described their risk tolerance as moderate, conservative or very conservative, while only 9%



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**KATHY CHEN**, Merrill Lynch Financial Advisor

viewed themselves as aggressive investors. That more cautious approach is likely to endure, with more people gravitating toward security and steady income.

We recently spoke with four clients in different stages of life, and in very different circumstances. What they have in common is that each is looking for a respite from the volatility of recent years. And each is working with a Merrill Lynch Financial Advisor on a continuing strategy to help navigate an economic landscape that's still unclear, reconciling their desire for asset preservation with their need for growth.

## FINDING COMFORT, AVOIDING EXTREMES

**STEVE SCHUSSLER, 55**, is the creator of the Rainforest Café and T-Rex restaurant concepts and the bestselling author of *It's a Jungle in There: Inspiring Lessons, Hard-Won Insights, and Other Acts of Entrepreneurial Daring*. Growing up with his hardworking single mom and two brothers in a one-bedroom apartment, Schussler learned the value of money early on. Yet when he met Financial Advisor Kathy Chen in 2007, he had 100% of his investment portfolio in the stock market and was distraught about heavy losses in some holdings. Weary of market ups and downs, he wanted to develop a new approach designed to help him preserve the wealth he had earned.

**Entrepreneurs who succeed tend to be risk takers, and that has certainly been true of you. What made you more conservative?**

**Schussler:** I learned in business that, as you become more successful, you minimize your risk where you can by finding and consulting with professionals. But I hadn't done that with my personal investments. When I approached Kathy, I had everything in stocks and there just hadn't been a lot of thought to protecting my money. I was ready to cash in my chips and just get out of the market entirely. Kathy talked me down. She showed me that veering to the other extreme would have its own risks and that I could lose a good deal more by selling as the market was dropping. So we started with my getting rid of the underperforming stocks that did not provide dividends or suit my current

situation. I kept the rest, so I still own stocks, but my portfolio has gone from aggressive to conservative.

**What does this new selection of stocks look like?**

**Chen:** Steve has kept only high-quality, dividend-producing stocks, and to help further reduce the volatility of his portfolio, he is gradually replacing those positions with fixed-income investments until the stocks recover somewhat from their lows of recent years.

**What other changes have you made?**

**Chen:** Steve added some traditional fixed-income investments and Market-Downside-Protection Notes, the idea being that the Notes can offer him some upside potential if the market climbs, but also provide full or partial protection against a decrease in the market—as long as the note is held to maturity and the issuer does not default on its obligation.

**How do you feel that adjusting your financial strategy has benefited you?**

**Schussler:** I know I can really see the big picture. Kathy's someone I trust, and that really makes all the difference.

## STAYING IN THE MARKET—WHILE SEEKING SAFETY

**MIKE JAEGER, 51, AND GINA JAEGER, 49**, live in Sainte Genevieve, Mo., with their 13-year-old son. They have another son in college and a daughter who's planning a wedding. When they began working with Financial Advisor Pamela Kuehling 10 years ago, they were aggressive investors. But after Mike sold his business and took a sales position at a transportation company, their investing mind-set began

**“I consider it my job to help minimize the emotion in financial decision-making.”**

**PAMELA KUEHLING**, Merrill Lynch Financial Advisor

