



Study Regarding Financial Literacy Among Investors



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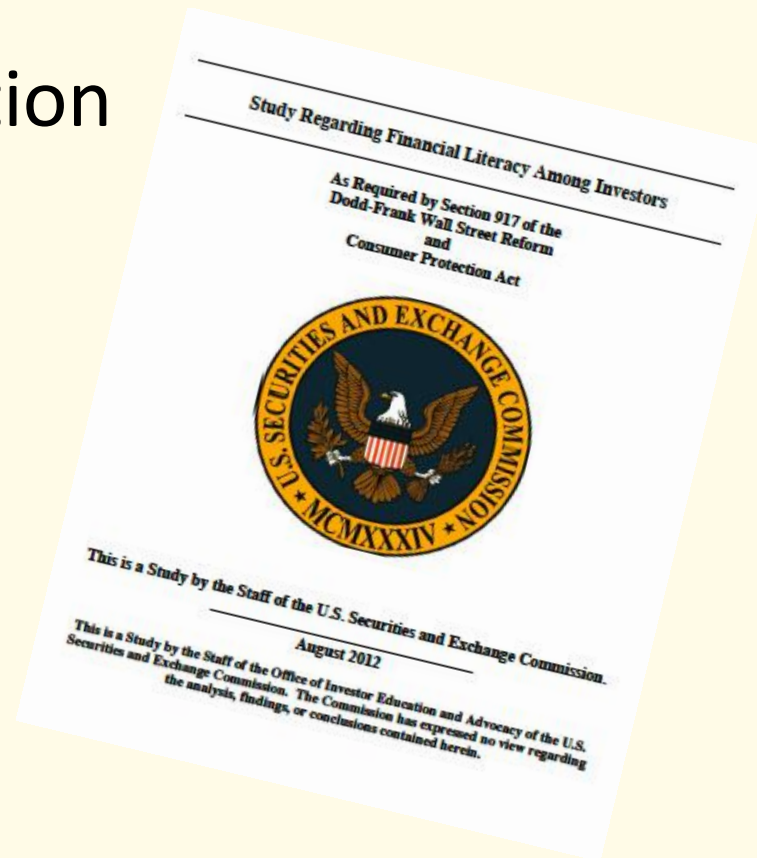
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Overview of Presentation

- Statutory Requirements
- Sources of Information
- Selected Findings





Statutory requirements

Section 917 of the Dodd-Frank Act directs the Commission to conduct a study to identify:

- 1) the existing level of financial literacy among retail investors, including subgroups of investors identified by the Commission;
- 2) methods to improve the timing, content, and format of disclosures to investors with respect to financial intermediaries, investment products, and investment services;
- 3) the most useful and understandable relevant information that retail investors need to make informed financial decisions before engaging a financial intermediary or purchasing an investment product or service that is typically sold to retail investors, including shares of open-end companies;
- 4) methods to increase the transparency of expenses and conflicts of interests in transactions involving investment services and products, including shares of open-end companies;
- 5) the most effective existing private and public efforts to educate investors; and
- 6) in consultation with the Financial Literacy and Education Commission (“FLEC”), a strategy (including, to the extent practicable, measurable goals and objectives) to increase the financial literacy of investors in order to bring about a positive change in behavior.



Level of Financial Literacy

- The SEC contracted with the Federal Research Division of the Library of Congress to conduct a review of recent quantitative studies of financial literacy among U.S. retail investors.
- Seth Elan, Senior Research Analyst, Federal Research Division of the Library of Congress, led the research.



Key Findings from Library of Congress Report

- Studies show that American investors lack basic financial literacy.
- Many don't understand basic concepts (e.g., compound interest) or other key financial concepts (e.g., diversification)
 - Many aren't aware of investments costs and their impact on investment returns
 - Many lack critical knowledge about investment fraud
 - Certain subgroups (e.g, women, African-Americans, Hispanics, the oldest segment of the elderly population, and those who are poorly educated) generally perform worse than average on surveys related to investment knowledge



Investor research

The SEC hired Siegel+Gale (S+G) to conduct investor testing to identify:

- Methods to improve the timing, content and format of disclosures regarding financial intermediaries and investment products and services
- The most important information investors need to make informed financial decisions before engaging a financial professional or purchasing an investment product or service typically sold to retail investors, including shares of open-end companies
- Methods to improve the transparency of expenses and conflicts of interest in transactions involving investment services or products, including shares of open-end companies



Research design

S+G used a two-stage research design to examine these issues:

- **Qualitative** research comprising a series of focus groups with retail investors
- **Quantitative** research comprising a large national online survey among retail investors



Focus groups



- 12 focus groups
 - Selecting a financial intermediary
 - Purchasing investment products and services
- Locations:
 - Baltimore
 - Atlanta
 - San Diego





Focus groups

Focus groups designed to gauge retail investors' reactions to various disclosure concepts and documents relating to:

Selecting a financial intermediary

- Broker-dealers
- Investment advisers (including financial planners)

Purchasing an investment product or service

- Mutual funds and exchange-traded funds (ETFs)
- Variable annuities
- Municipal bonds
- Publicly-traded stocks



Focus groups

Research examined the following elements of disclosure relating to both financial intermediaries and certain investment products:

- Fees/costs
- Risk
- Past performance
- Conflicts of interest
- Investment strategy and objectives
- Format
- Options for document delivery to investors

Online survey

- Four panels of 1,200 survey respondents (approximately 4,800 respondents in total)
- Focused on the usefulness and effectiveness of :
 - Form ADV Part 2A (Brochure)
 - Account statements and confirmations
 - Mutual fund summary prospectus
 - Point-of-sale disclosure document (hypothetical)

Online survey screening criteria

Respondents in the online survey were screened against the following criteria:

- No employment or affiliation with financial services industry, federal or state financial regulation, media, marketing/market research, or public relations (respondent or household)
- At least 21 years of age
- Primary decision-maker for personal financial decisions or share in those decisions with someone else
- Have money currently invested (excluding real estate properties)

Additional screening criteria each of the four subgroups.

Screening criteria: Brochure branch

- \$50,000 or more in investments (excluding investments in employer-sponsored retirement accounts)
- Work with a financial professional (e.g., broker, investment adviser, financial planner, etc.) *and* pay for financial services through:
 - A flat fee that covers all transactions
 - A percentage of the total value of his or her assets
 - A flat fee for a financial plan
 - A combination of commissions (i.e., per transaction) and fees (i.e., flat fees or fees based on the value of one's assets)
 - A type of fee not mentioned above

eening criteria for other branches of the online survey

- **For all branches, investments (excluding employer-sponsored retirement accounts) of**
 - >\$5,000 invested if under the age of 35
 - >\$10,000 invested if 35 or over
- **In addition, for Mutual Fund Summary Prospectus branch,**
 - Investments including mutual funds, ETFs or money market funds
 - At least 400 respondents with these investments in employer-sponsored retirement accounts
 - At least 800 respondents with these investment products outside employer-sponsored retirement accounts

Screening criteria for other branches

- **For Point-of-Sale branch:**
 - Work with a financial professional (e.g., have a brokerage account) with respect to investment decisions *and* pay for the financial services in one of the following ways:
 - A commission for each transaction
 - A combination of commissions (i.e., per transaction) and fees (i.e., flat fees or fees based on the value of one's assets)

In the Brochure branch, respondents were shown the information below and asked to answer a series of related questions.

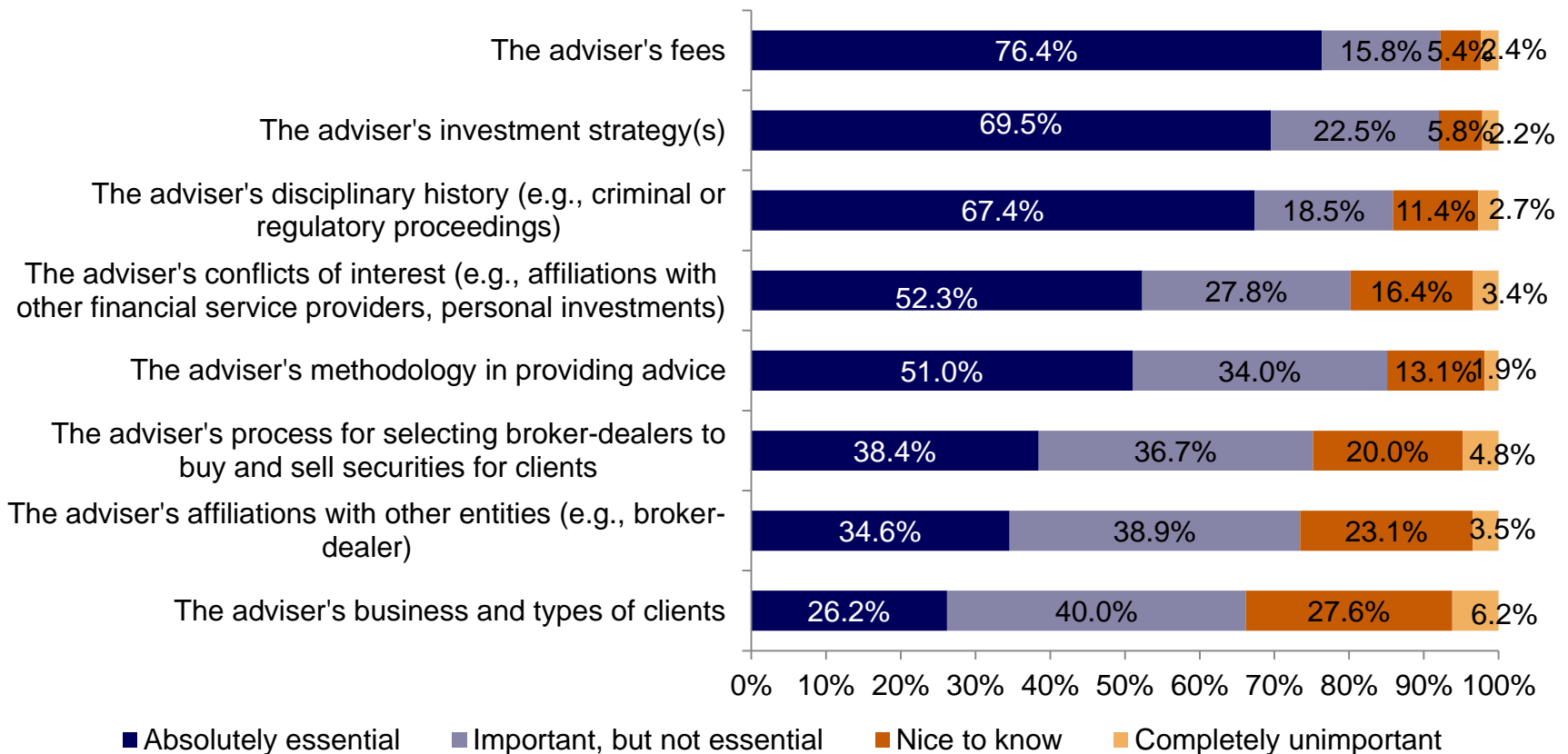
Your investment adviser must provide you with a document called a “Brochure,” in which the adviser discloses information about his or her firm. This can be separate from the introductory materials provided to you about the adviser’s firm which the adviser may not be obligated to provide to you. Therefore, throughout this exercise, when we refer to “Brochure” we are referring to the document the adviser is required to provide you and which includes 18 types of information (see below). This document may also be called or labeled the “ADV Part 2.”

The adviser is required to disclose information on a minimum of 18 items, listed below, and that disclosure must be made to each of the adviser’s clients before or at the time the adviser enters into an advisory agreement with the client. While disclosure of the items below are mandatory, they may not necessarily apply to your adviser’s activities and as such, the adviser may indicate on the Brochure that particular items do not apply to their advisory business. The Brochure must be written in a comprehensible manner taking into account the level of financial sophistication of the adviser’s clients. This Brochure must be filed electronically with the SEC and can be retrieved by the public through www.adviserinfo.sec.gov.

- Item 1. Cover Page
- Item 2. Material Changes
- Item 3. Table of Contents
- Item 4. Advisory Business
- Item 5. Fees and Compensation
- Item 6. Performance-Based Fees and Side-by-Side Management
- Item 7. Types of Clients
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss
- Item 9. Disciplinary Information
- Item 10. Other Financial Industry Activities and Affiliations
- Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
- Item 12. Brokerage Practices
- Item 13. Review of Accounts
- Item 14. Client Referrals and Other Compensation
- Item 15. Custody
- Item 16. Investment Discretion
- Item 17. Voting Client Securities
- Item 18. Financial Information

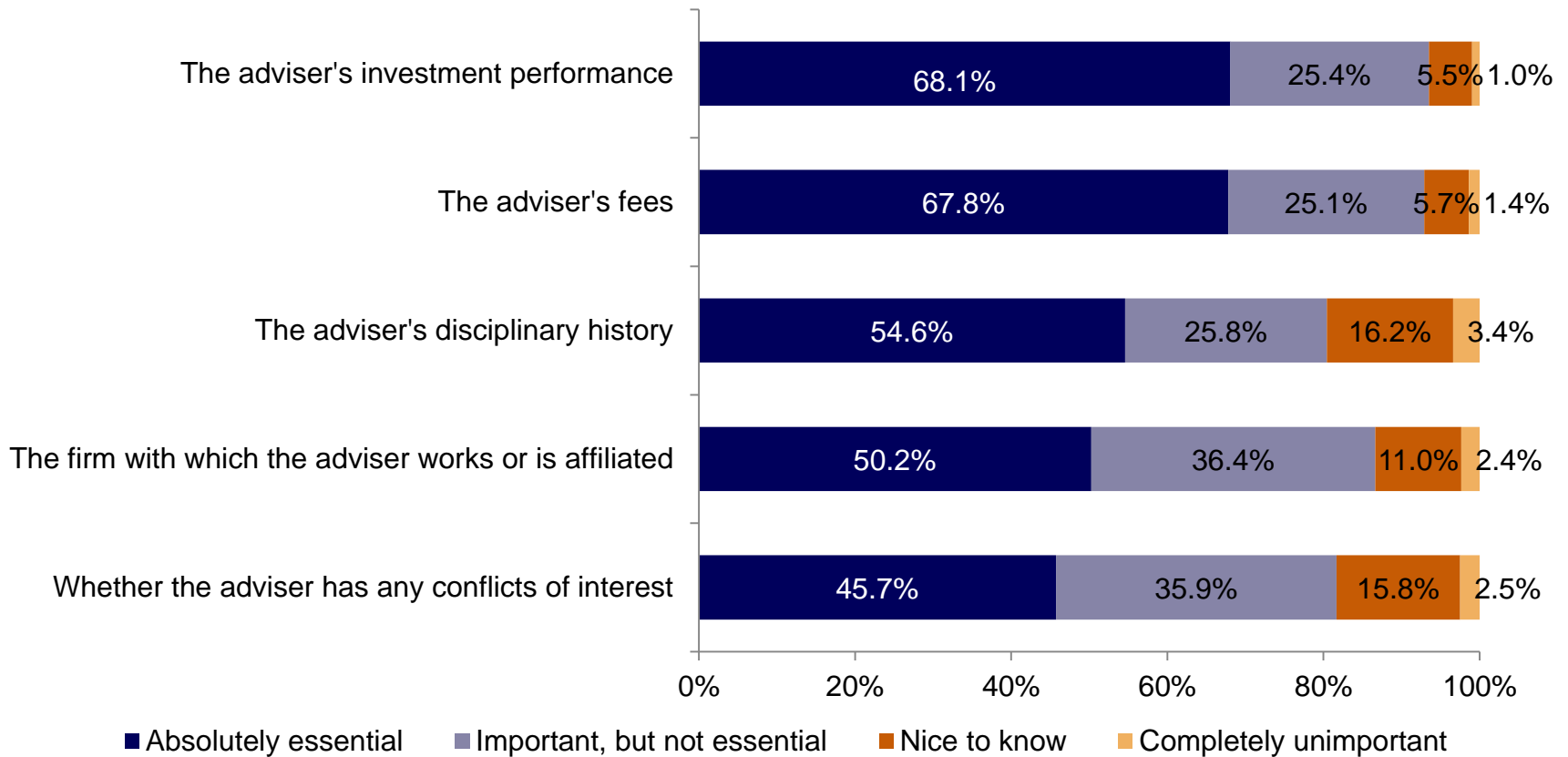
Fees, investment strategy(s) and disciplinary history were the most important information that online survey respondents wanted to know about advisers (“absolutely essential” for 76.4%, 69.5% and 67.4%, respectively)

A4: Using the scale shown below, please indicate how important it is to you to have the following information about your adviser.



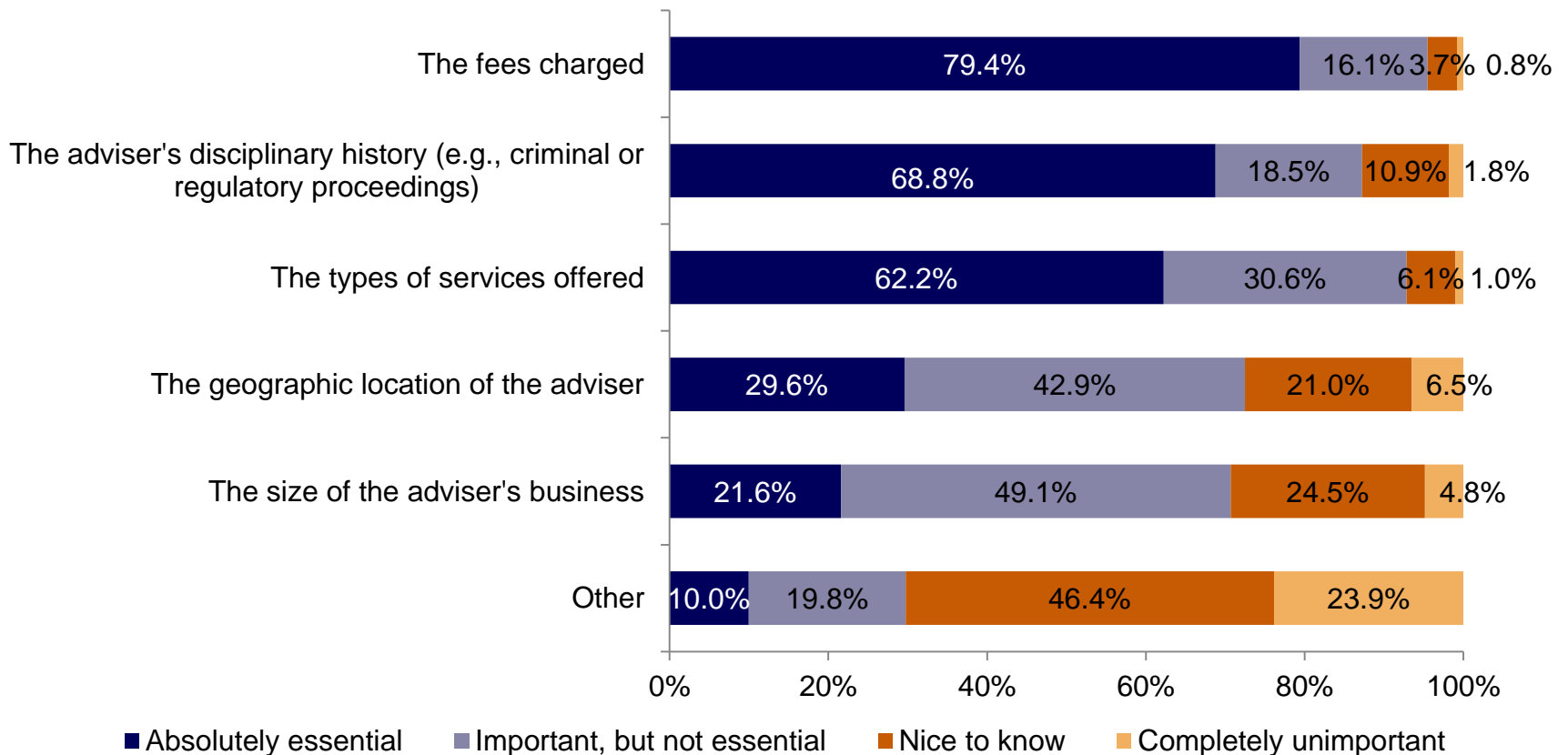
Fees and performance were reported as the most important factors in choosing their current adviser, each selected by approximately 68% of online survey respondents

A19: How important was each of the following factors in choosing your current adviser?



While more than two-thirds of online survey respondents (68.8%) reported an adviser’s disciplinary history as essential comparative information, it was second in importance to information about fees charged (79.4%)

A31: Using the scale shown below, please indicate how important each of the following factors would be to you if you were to search for comparative information on advisers.

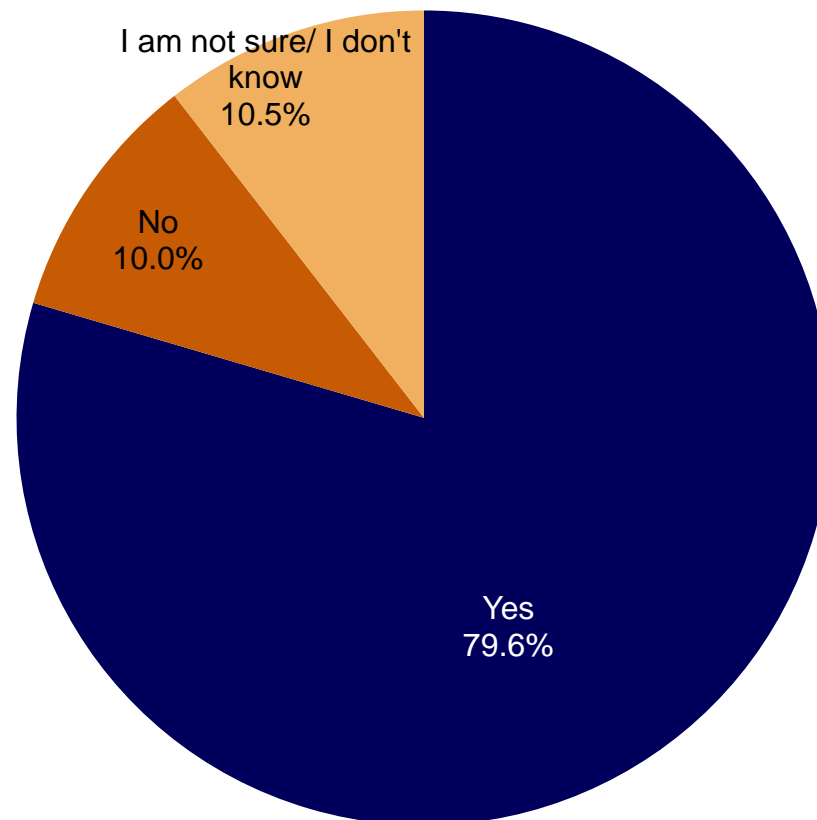


n=1,200

Note: Figures may not add to 100% due to rounding

The majority of online survey respondents (79.6%) reported that receiving a summary of the adviser's answers to the items in the Brochure would be helpful

A5: Advisers' Brochures vary in length, but in many cases they may be 20 to 40 pages long. Would you find it helpful to receive a summary of the adviser's answers to the items in the Brochure assuming this summary would be about 5 to 10 pages long but would include less content regarding the disclosures an adviser is currently required to make in its Brochure?

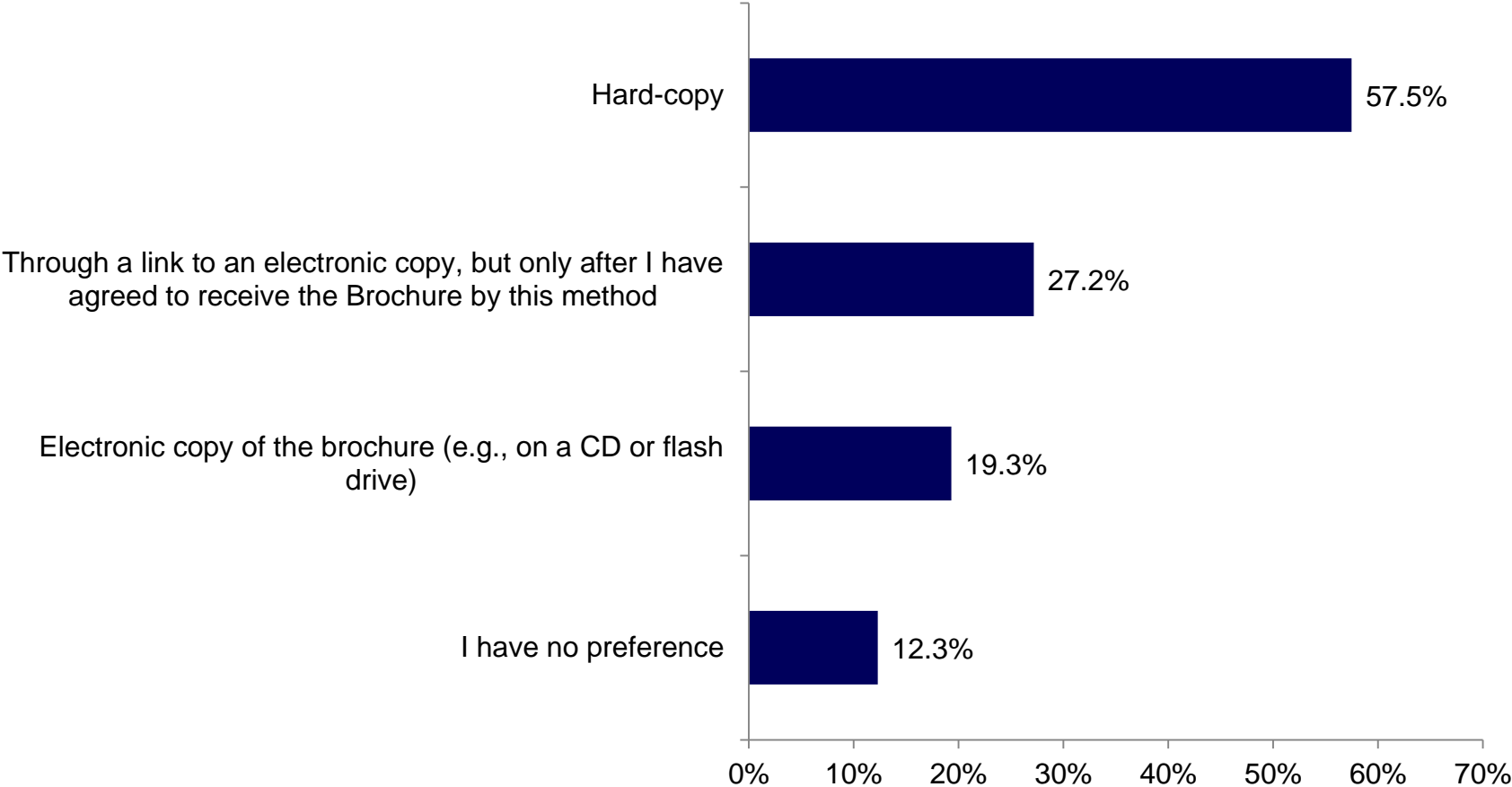


n=1,200

Note: Figures do not add to 100% due to rounding

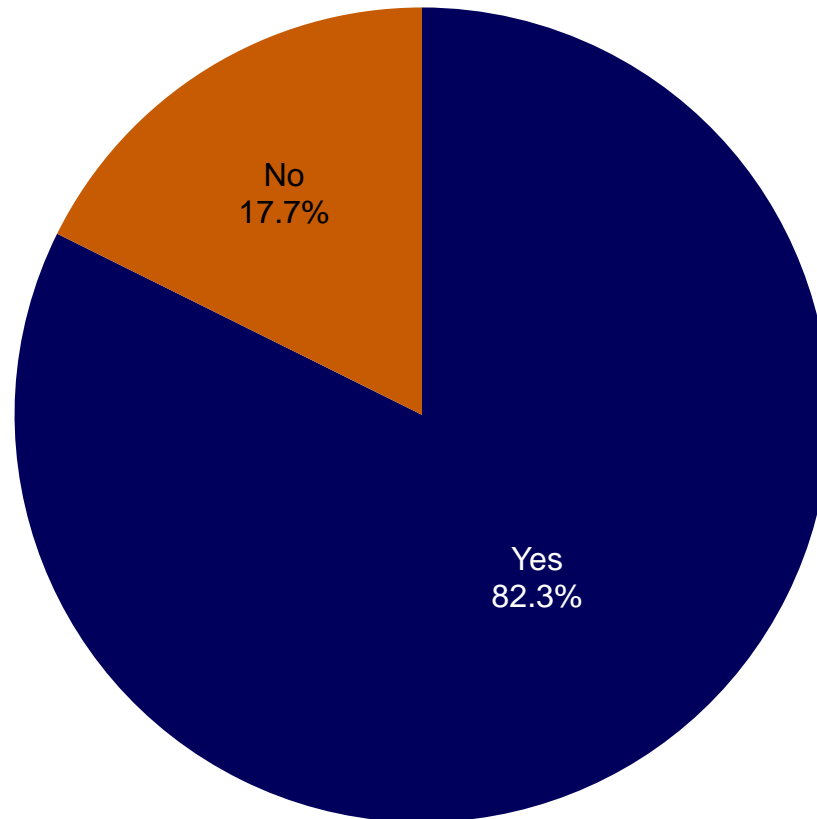
The majority of online survey respondents (57.5%) reported preferring a hard copy of the Brochure to other formats

A15: By which of the following methods would you prefer to receive the Brochure from your adviser? Check all that apply.



The vast majority of online survey respondents (82.3%) reported that they preferred that an adviser discuss with them the information contained in the Brochure in addition to receiving the document itself

A16: In addition to receiving the Brochure, would you prefer an investment adviser discuss with you orally the information contained in it?



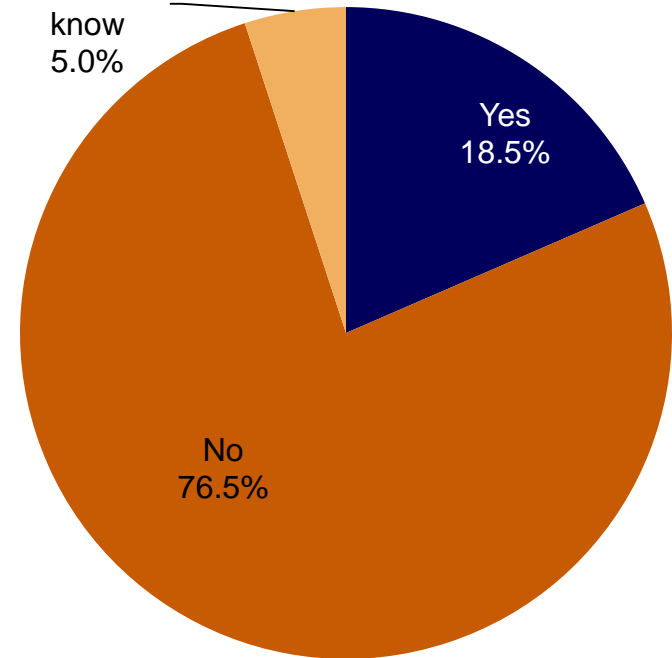
After being shown a screenshot from the SEC's IAPD website, a large majority of online survey respondents (76.5%) indicated they did not use an SEC-sponsored website to locate information about an adviser

A26: In selecting your current adviser, did you use an SEC-sponsored website to find information about your adviser? Click the example below for reference.

Example shown:

The screenshot shows the SEC's Investment Adviser Public Disclosure (IAPD) website search page. The page title is "Investment Adviser Search". It includes a navigation menu with "IAPD Main", "Return to the SEC", "Return to SEC IARD Page", "Return to Sitemap", and "Investment Adviser Search". The main content area provides information about IAPD, including a list of individuals who are included in the search: those registered with a state securities regulator within the last ten years, and those who have been the subject of a final regulatory event, convicted of a crime, or involved in civil litigation. Below this information, there are radio buttons to select the search criteria: "Investment Adviser Representative (IAR)" and "Investment Adviser Firm". The "Investment Adviser Firm" option is selected. A "Special Note" is displayed regarding the transition to a revised Form ADV. At the bottom, there are search fields for "Firm Name", "Type of Firm Search" (with options "Starts With", "Contains", and "Sounds Like"), "Firm IARD/CRD Number", and "Firm SEC Number".

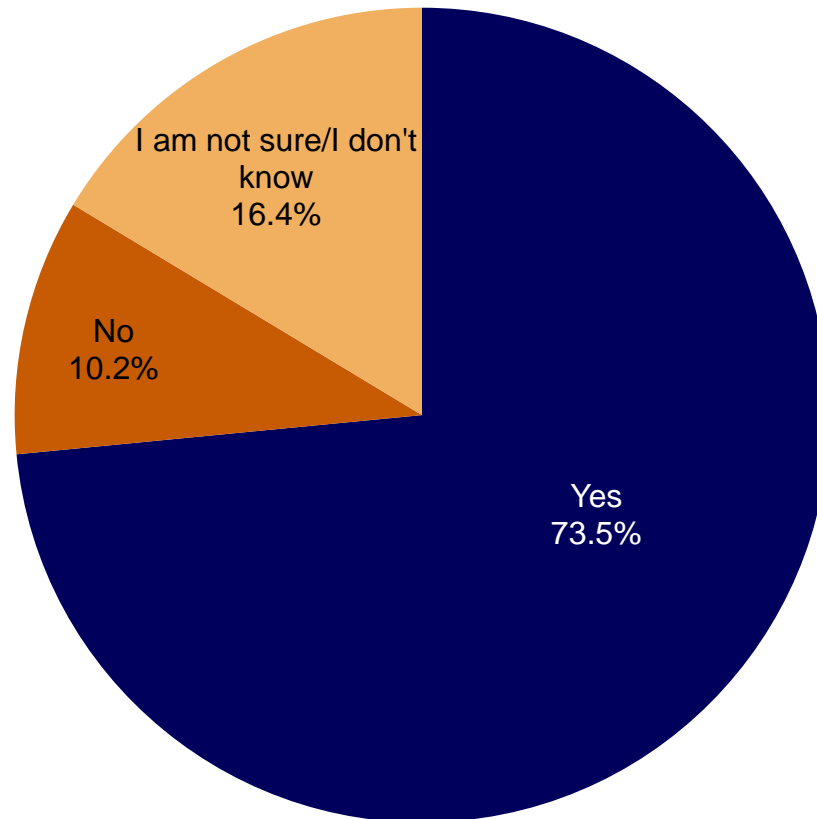
I am not sure/I don't know 5.0%



n=1,200

Among online survey respondents who were unaware of the SEC-sponsored website, about 73.5% reported they would have used it, had they known it were available

A28: Would you review information on your adviser on an SEC-sponsored website if you knew it were available?



n=850

Sample comprised of respondents who indicated they did not use an SEC-sponsored website in A26 and indicated they were not aware they existed in A27

Note: Figures do not add to 100% due to rounding

At this point, 600 of the survey respondents were presented with various exhibits related to advisers' fees and compensation. This was the first.

Fee structure

DEF representatives charge fees for financial planning services. DEF does not charge performance based fees (i.e. fees based on a share of the capital gains or capital appreciation of managed). The client will be charged an annual investment advisory fee based upon a percentage (%) of the market value and type of assets placed under DEF's management as follows:

Market Value of Portfolio	% of Assets
\$1 - \$200,000	2.00%
on next \$200,001 - \$400,000	1.75%
on next \$400,001 - \$500,000	1.50%
on next \$500,001 - \$5 million	1.25%
Over \$5 million	1.00%

DEF may charge a stand-alone fee for financial planning services. These fees are negotiable, depending upon the complexity of the service(s) required and the professional(s) rendering the service(s), but will not exceed \$15,000 on a fixed fee basis or \$500 on an hourly rate basis. Fees for financial planning services are due and payable half at the time of engagement and the balance due upon completion and presentation of DEF's written recommendations.

Clients are permitted a five-day review period following the signing of the financial planning agreement, during which time the client may cancel, in writing, the financial planning service agreement at no cost. In the event significant financial planning services have been provided, however, DEF reserves the right to assess a fee of \$350 per hour for services rendered.

Sales charges, commissions and/or selling concessions are paid when you buy or sell mutual funds, 529 plans, stocks and bonds, closed-end funds, REITs and structured products. These charges vary by product and product type. DEF's representatives may receive commissions, 12(b)-1 fees, trails or other separate compensation from sponsors of products that the representative recommends to his or her clients.

DEF may offer its clients mutual funds from a list of fund families participating in the DEF Fund Program from which DEF receives certain incentives. As a result, a conflict of interest may exist with respect to recommendations made to clients to buy or sell mutual funds that participate in the DEF Program vs. mutual funds offered by nonparticipating firms. DEF advisers generally have a greater incentive to offer mutual funds from those participating in the DEF program.

Less than three in ten online survey respondents (28.9%) were able to correctly identify the likely amount they would be charged, based on the information presented in the exhibit they reviewed

A36: Assuming that on 12-31-11 the value of the assets in your account managed by the adviser totaled \$450,000, which one of the following represents what is likely to be charged to your account?

Answer	Percentage
1.5% * \$450,000	48.3
(2.0% * \$200,000) + (1.75% * \$199,999) + (1.5% * \$50,001) (CORRECT)	28.9
(2.0% * \$200,000) + (1.75% * \$200,000)	10.3
I can't tell/I don't know	12.5

In the Confirmations branch, respondents were presented with a trade confirmation and asked a series of related comprehension questions.

CONFIRMATION

YOU SOLD:		ABC COM SHS ISINHC00136264977(DRPO.20)		TRADE DATE:	04-21-10				
				PROCESS DATE:	04-21-10				
				SETTLEMENT DATE:	04-26-10				
				COMI NUMBER:	REG101-10-2				
				SYMBOL:	ABC				
WE CONFIRM THE BELOW TRADE(S), SUBJECT TO THE TERMS AND CONDITIONS SET FORTH ON THIS CONFIRMATION									
TRADE NUMBER	QUANTITY	PRICE	PRINCIPAL	INTEREST	COMMISSION (COMI BQZLV)	SERVICE CHARGE	TRANS. FEE	NET AMOUNT USD	CPTY
852063	30	158.6027	4,758.08		12.00		0.09	4,745.99	0
AVERAGE UNIT PRICE		TRANSACTION		ACTED AS AGENT					
TOTALS	30		4,758.08		12.00		0.09	4,745.99	

THIS CONFIRMATION IS AN ADVISE NOT AN INVOICE. PERFORMANCE OR SECURITIES ARE OUR OWN OR BEFORE SETTLEMENT DATE.

SEE TERMS AND CONDITIONS AND EXPLANATION OF CODED SYMBOLS RELATIVE TO THIS CONFIRMATION ON CD OR ON TRADE BOARD. TO BE NORMALLY NO SHARES IF APPEARS AND/OR AN ORDER DIFFERENTIAL HAS BEEN CHARGED IN CONNECTION WITH THIS TRANSACTION. THE AMOUNT OF SUCH DIFFERENTIAL WILL BE FURNISHED UPON REQUEST. CLEARED THROUGH www.citigroup.com MEMBER FINRA, SIPC, NYSE

TERMS AND CONDITIONS

Securities purchased on a cash or margin basis are or may be hypothecated under circumstances which will permit the commingling thereof with securities carried for other customers, but such securities, if hypothecated, will be withdrawn from hypothecation as soon as practicable after receipt of payment therefor.

If this transaction is a purchase by you in a cash account and sufficient funds are not already in your account with us, it is agreed that you will make full payment for the securities described on this confirmation promptly and not later than settlement date, or at such earlier time payment may be demanded in accordance with the terms of the transaction and that you do not contemplate sale of such securities prior to making such payment. If this transaction is a sale by you in a cash account and the securities described on this confirmation are not already held in your account with us, we are acting upon your representation that you or your principal own such securities, and it is agreed that you will promptly and not later than settlement date deposit such securities with us. If full payment for the securities purchased by you in this transaction are not delivered to us in proper form on or after the first trading day after settlement date, we may at our option cancel or otherwise liquidate this transaction without notice to you, and you will be liable to us for any resulting loss, including, without limitation, all expenses, attorney's fees and other costs incurred by us and interest thereon.

If this transaction is a purchase by you in a margin account it is agreed that sufficient cash or acceptable collateral will be deposited on or before settlement date, or at such earlier time payment may be demanded to satisfy applicable margin requirements.

Provisions of agreements and contracts shall inure to any successor of this organization.

It is understood and agreed that all transactions are subject to the rules and customs of the exchange or market (and its clearing house, if any) where they are executed. The name of the other broker or party and the time of execution will be furnished on request.

[REDACTED] DOES NOT RECEIVE PAYMENT FOR DIRECTING EQUITY OR OPTIONS ORDER FLOW. [REDACTED] RECEIVES COMPENSATION FOR DIRECTING ORDER FLOW IN CERTAIN EQUITY SECURITIES AND LISTED OPTIONS. THE SOURCE AND NATURE OF THE COMPENSATION, IF ANY, RECEIVED IN CONNECTION WITH THIS TRADE WILL BE FURNISHED UPON WRITTEN REQUEST.

In those equity transactions where it is indicated that we acted in the capacity of principal (as marketmaker or specialist), we fill orders at the inside market without markup or down, and charge a commission for our services.

Commission rates are subject to negotiation, and any commission charged to you in this transaction may be more or less than commissions charged to or by others in similar transactions. The source and amount of other commissions charged in connection with this transaction will be furnished on request.

Call features may exist for securities. Call features for fixed income securities may affect yield. Complete information will be provided upon request.

The ratings that appear in the description of some fixed income securities have been obtained from rating services which [REDACTED] believes to be reliable; however, [REDACTED] cannot guarantee their accuracy. Securities for which a rating is not available are marked "UNRATED."

If this transaction involves an asset-backed security, including a municipal collateralized mortgage obligation, which represents an interest in or is secured by a pool of receivables or other financial assets that are subject continuously to prepayment, then the actual yield of such security may vary according to the rate at which the underlying receivables or other financial assets are prepaid. Information concerning the factors that affect yield (including at a minimum estimated yield, weighted average life, and the prepayment assumptions of underlying yield) will be furnished upon your written request.

Any fees charged by [REDACTED] in association with Prime Brokerage transactions will be disclosed in the "Service Charge" field on this confirmation.

PLEASE REPORT ANY ERROR, OMISSION, OR EXCEPTION IMMEDIATELY TO US AT THE ADDRESS SHOWN ON THIS CONFIRMATION

When [REDACTED] receives a non-directed order from an introducing firm or customer for execution on your behalf and executes that order in accordance with [REDACTED]'s best execution policy, [REDACTED] may execute that order itself as a market maker or send that order for execution to an exchange or other off exchange venue.

Details concerning the type of order, venue, date, time of execution as stated in Coordinated Universal Time (UTC), and Multiple Executions are available upon your written request to your introducing broker.

Transactions in foreign securities executed in a foreign market may include additional fees. Details furnished upon request.

[REDACTED] does not provide any advice nor does it solicit any orders for trade execution. As such all trades processed by [REDACTED] are unsolicited.

EXPLANATION OF CODED SYMBOLS

Type of Account

- | | |
|---------------------------------|--|
| 0. Deliver/Receive vs. Payment | 8. Non Securities Credit Account- |
| 1. Cash Account | reflects the purchase or sale of Precious |
| 2. Margin Account | Metals which are not securities and are |
| 3. Short Account | therefore not eligible for protection by the |
| 4. Special Subscription Account | Securities Investor Protection Corporation |
| 5. Arbitrage Account | (SIPC) or for any excess SIPC coverage |

Capacity in Which Your Introducing Firm Acted

- 1, 2, 3, or 8.....as broker only
 4.....reprinted confirmation; capacity appears on original
 5 or 6.....as principal
 9.....as agent for the buyer and seller, charging you a
 commission as shown on this confirmation
 0.....average price or block transaction

Additional Capacity Information

If so noted on this confirmation, [REDACTED] or an affiliated company is a third marketmaker in this security and acted as principal in buying from or selling to you at the reported price and charged you a commission.

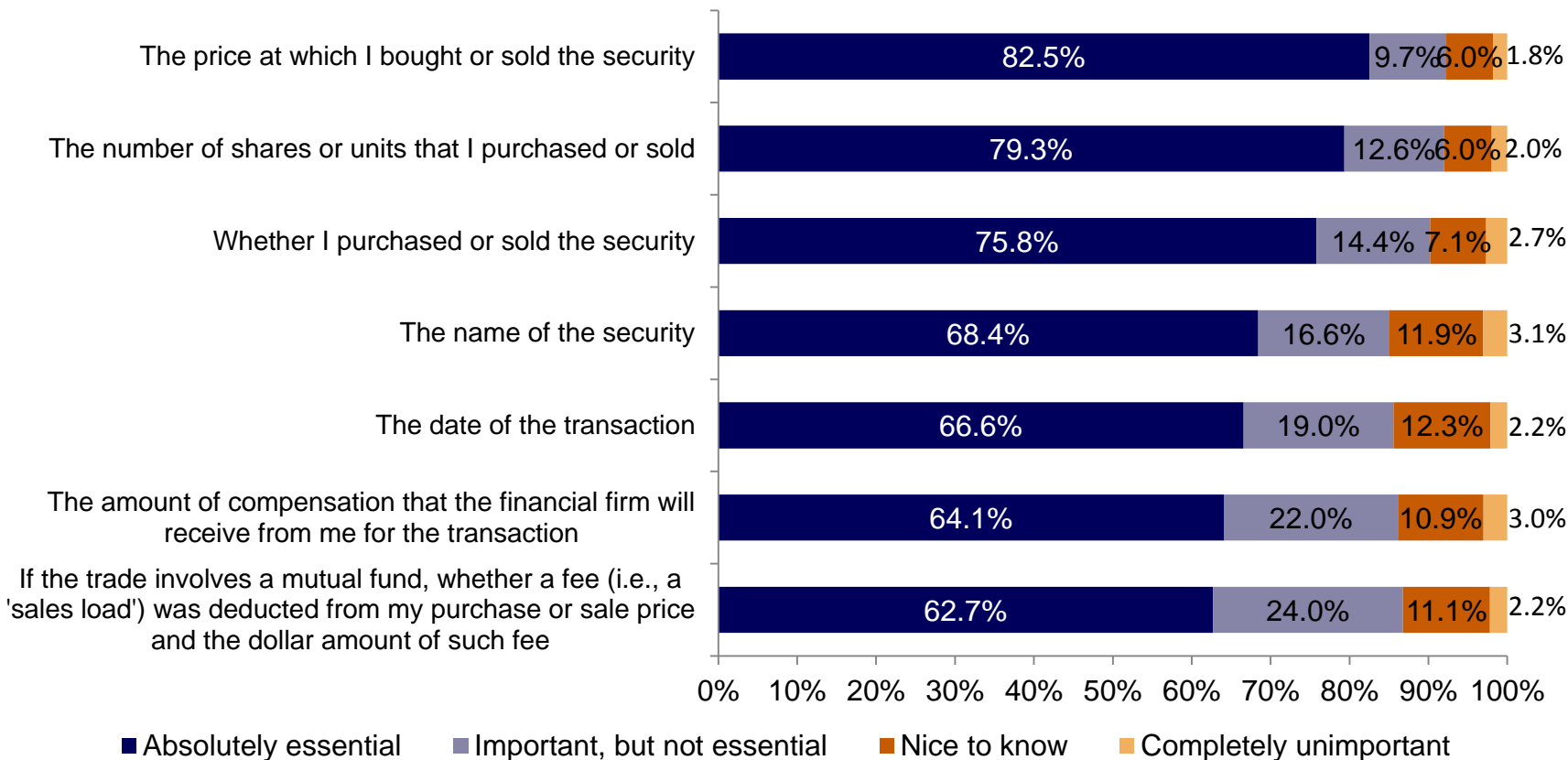
If average price transaction is indicated on this confirmation [REDACTED] or an affiliated company may have acted as principal, agent or both or agent for another party with one or more exchanges. Details available upon request.

With respect to the purchase of zero coupon securities, please note: no periodic interest payment will be made, and if callable, securities may be called below maturity value without notice by mail to holder unless registered.

Your Introducing Firm charges you a Transaction Fee on certain securities transaction which are subject to fees assessed by a self regulatory organization, securities exchange and/or government agency. The Fee is based on the value of the "covered" securities transactions. [REDACTED]'S calculation of the Fee is based on amounts paid by the Introducing Firm. To determine the exact amount of this Fee with respect to any transaction, please contact your Introducing firm.

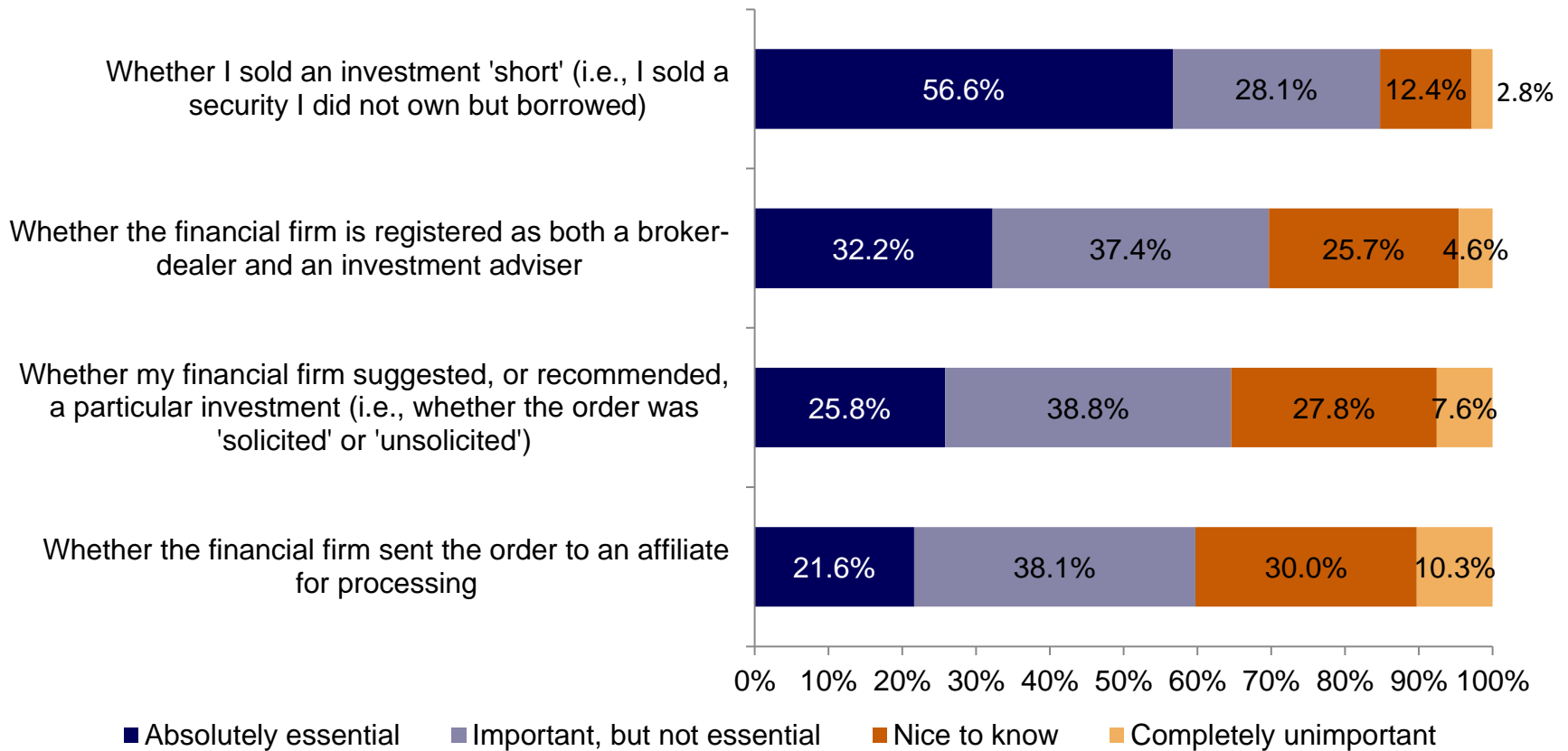
Asked to evaluate the importance of 14 pieces of information on a trade confirmation, at least 75% of respondents deemed the price at which the security was bought or sold, the number of shares or units involved and whether the security was bought or sold as “absolutely essential.”

C11: Please indicate how important it is to see each of the following pieces of information on a trade confirmation.



Of information not currently required on a trade confirmation, 56.6% of online survey respondents considered whether the investment was sold “short” to be “absolutely essential.”

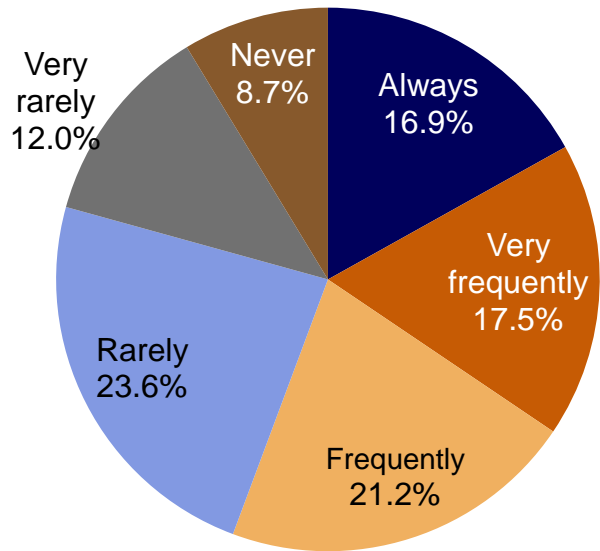
C12: Below is a list of information that is not currently required on a trade confirmation but that some financial firms may already include in their confirmations. As you did with the previous list, please indicate how important it would be for you to have each type of information on the confirmation.



When asked how often they read a prospectus, 55.7% of online survey respondents indicated that they generally read the statutory prospectus, and 61.9% reported that they generally read a summary prospectus

S5: How often do you read a **Prospectus** when you receive one? Would it be...

- Always, Very frequently or Frequently = **55.7%**
- Rarely, Very rarely or Never = **44.3%**



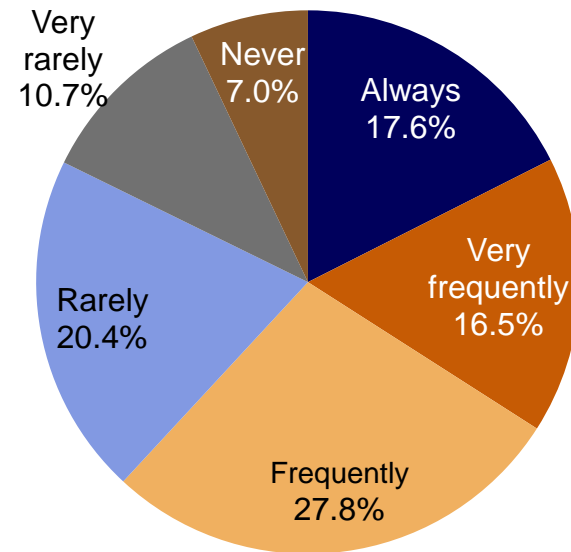
n=933

Includes respondents who recalled receiving or obtaining a Statutory Prospectus in S3

Note: Statutory Prospectus figures do not add to 100% due to rounding. Summary figures may not reflect charted figures due to rounding.

S14: How often do you read a **Summary Prospectus** when you receive one? Would it be...

- Always, Very frequently or Frequently = **61.9%**
- Rarely, Very rarely or Never = **38.1%**



n=787

Includes respondents who recalled receiving or obtaining a Summary Prospectus either in S11 or after seeing an example for reference in S12

Online survey respondents most frequently selected performance as information they typically look for from a mutual fund summary prospectus (83.0%); costs, risks, and investment objectives and strategies were among the next most selected items, with 59.2%–65.5%

S20: What information do you typically look for when you read a Summary Prospectus? Check all that apply.



Online survey respondents' perceptions of the summary prospectus before reviewing an example were more negative than their perceptions of specific examples of a summary prospectus (1 of 2)

S24. Summary Prospectuses...	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	Don't know
are user friendly	10.9%	29.0%	24.0%	24.2%	11.6%	0.4%
highlight important information	20.5%	49.4%	19.5%	7.1%	2.7%	0.8%
are well organized	13.5%	46.6%	26.9%	11.1%	1.2%	0.7%
are clear and concise	10.2%	31.8%	28.1%	21.7%	7.8%	0.4%
are written in language I understand	14.8%	32.8%	20.9%	24.2%	6.9%	0.3%
are missing key information*	5.4%	16.5%	33.4%	30.1%	10.9%	3.6%
contain too much legal jargon*	20.4%	36.5%	20.2%	15.6%	6.1%	1.2%

After

S32. The [example] Summary Prospectus...	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	Don't know
is visually appealing	13.2%	34.4%	33.4%	12.4%	5.1%	1.6%
is easy to read	16.7%	37.6%	20.2%	18.1%	5.8%	1.6%
is user friendly	15.2%	39.9%	24.2%	13.2%	5.2%	2.3%
highlights important information	21.3%	50.8%	18.3%	4.8%	1.8%	2.9%
is well organized	23.0%	52.0%	17.6%	3.7%	1.5%	2.2%
is clear and concise	15.6%	41.9%	23.2%	12.4%	5.2%	1.8%
is written in language I understand	17.5%	38.8%	19.8%	16.0%	6.2%	1.7%
is missing key information*	4.8%	9.9%	30.4%	27.5%	16.1%	11.3%
contains too much legal jargon*	9.7%	28.2%	26.9%	21.9%	11.0%	2.3%

"Before" sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11

"After" figures calculated as the average of the percentage results across the three Summary Prospectus documents

Statements with an asterisk (*) are framed opposite to the rest of the statements tested; agreement indicates negative perceptions

Online survey respondents' perceptions of the summary prospectus before reviewing an example were more negative than their perceptions of a specific examples of a summary prospectus (2 of 2)

S24/S32. Summary Prospectuses... / The [example] Summary Prospectus...	Net agree		Net disagree	
	Before	After	Before	After
are/is visually appealing	N/A	47.5%	N/A	17.5%
are/is easy to read	N/A	54.3%	N/A	23.9%
are/is user friendly [†]	39.9%	55.1%	35.8%	18.4%
highlight(s) important information	69.9%	72.2%	9.8%	6.6%
are/is well organized [†]	60.1%	75.0%	12.3%	5.2%
are/is clear and concise [†]	42.0%	57.5%	29.6%	17.6%
are/is written in language I understand [†]	47.7%	56.3%	31.1%	22.2%
are/is missing key information*	22.0% [†]	14.7%	41.0%	43.5%
contain(s) too much legal jargon* [†]	56.9%	37.9%	21.7%	32.9%

“Before” sample comprised of respondents who recalled receiving a Summary Prospectus (without being shown an example) in S11

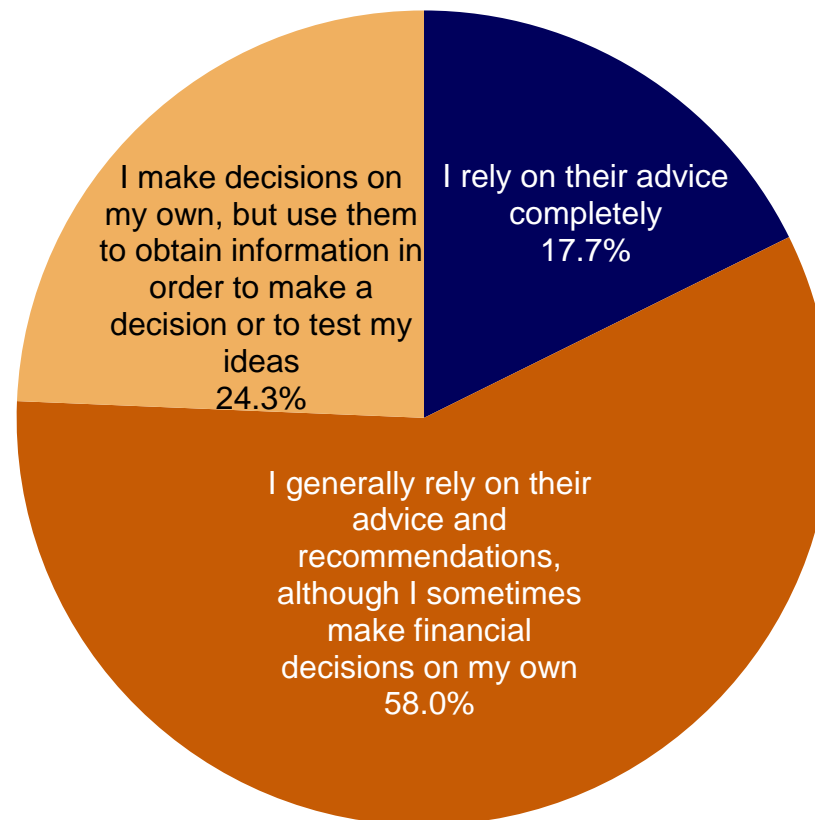
“After” figures calculated as the average of the percentage results across the three Summary Prospectus documents

[†] Difference between Before and After results are statistically significant at the 95% confidence interval

Statements with an asterisk (*) are framed opposite to the rest of the statements tested; agreement indicates negative perceptions

The majority of online survey respondents (58%) reported generally relying on the advice they are given, though sometimes they make financial decisions on their own

P1: Which statement most closely fits your approach to using a financial services firm or individual who provides you financial advice?



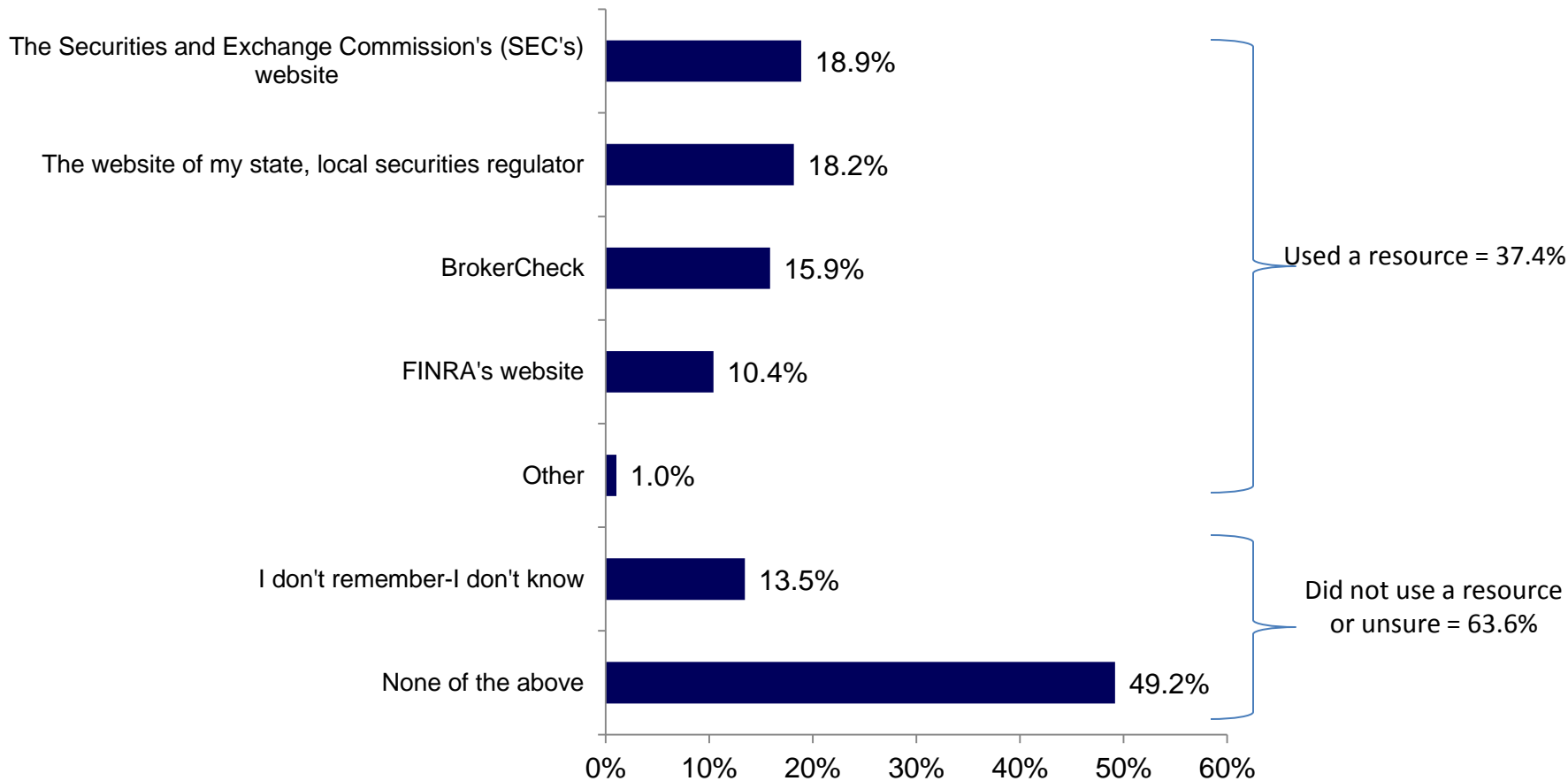
With the exception of the products offered by the firm or person providing financial advice, at least half of online survey respondents classified other factors as being “absolutely essential” in choosing a firm or financial advisor

P2: Using the scale shown below, please indicate how important each factor is in your choice of a financial services firm or person who provides you financial advice.



Over a third of online survey respondents (37.4%) reported using one or more regulatory resources prior to selecting a financial firm or advisor; the two most frequently cited resources were the SEC's website and the website of a state or local securities regulator

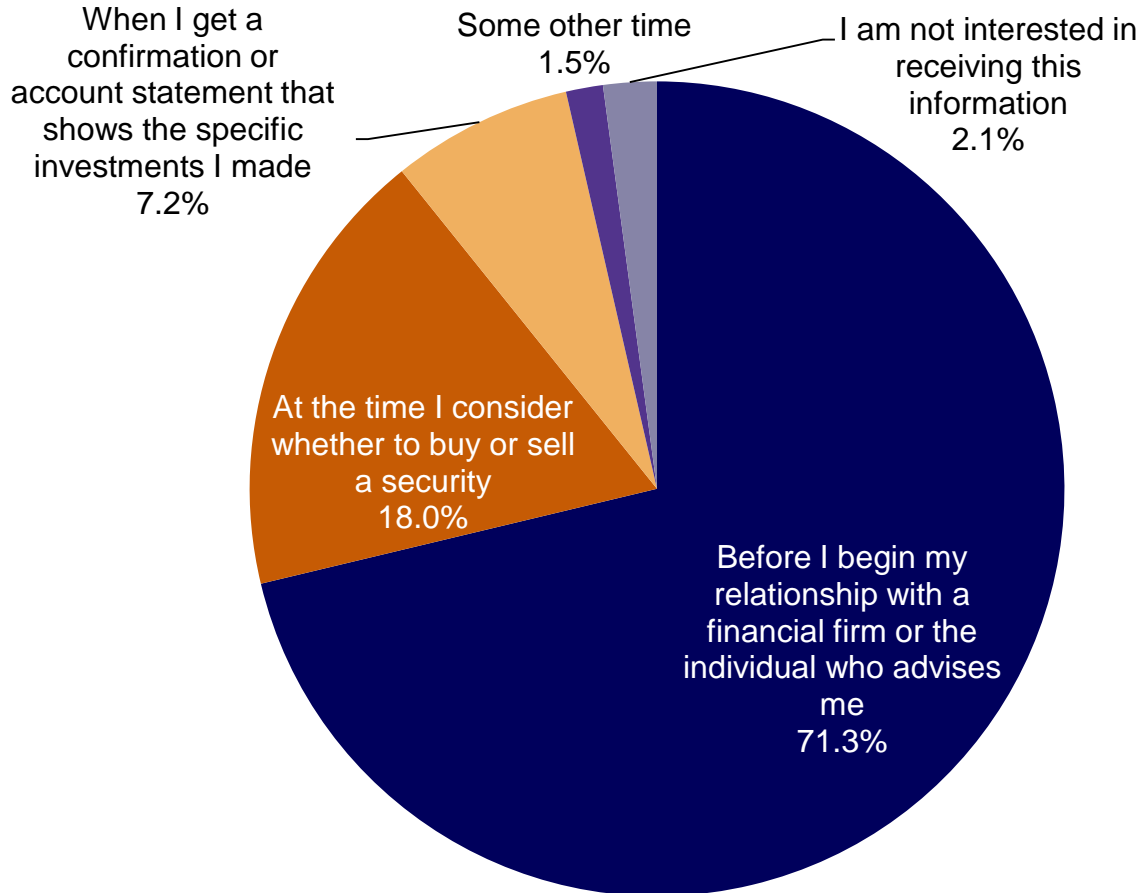
P4: Which, if any, of the following resources did you use before selecting your financial firm or the person who advises you? Check all that apply.



n=1,200

A clear majority (71.3%) of online survey respondents would want to receive information about how they will pay the financial firm or advisor prior to beginning the relationship with the firm or advisor; only 2.1% were not interested in receiving this information

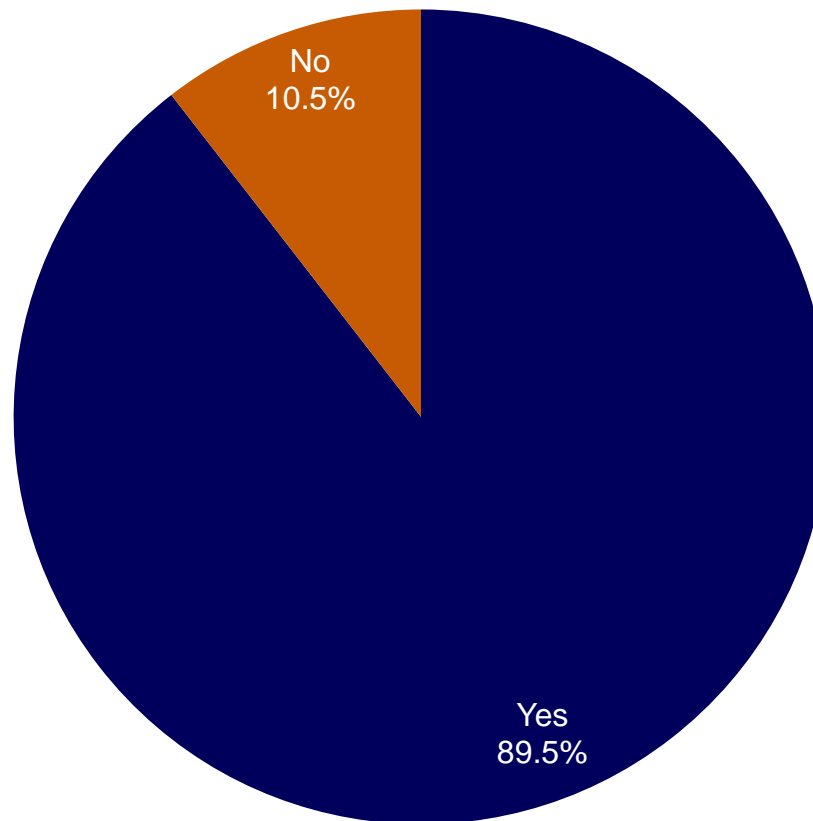
P5: When would you want to receive information about how you will pay for the financial services provided by your financial firm or the individual who advises you? Please indicate your top preference among the following options.



n=1,200

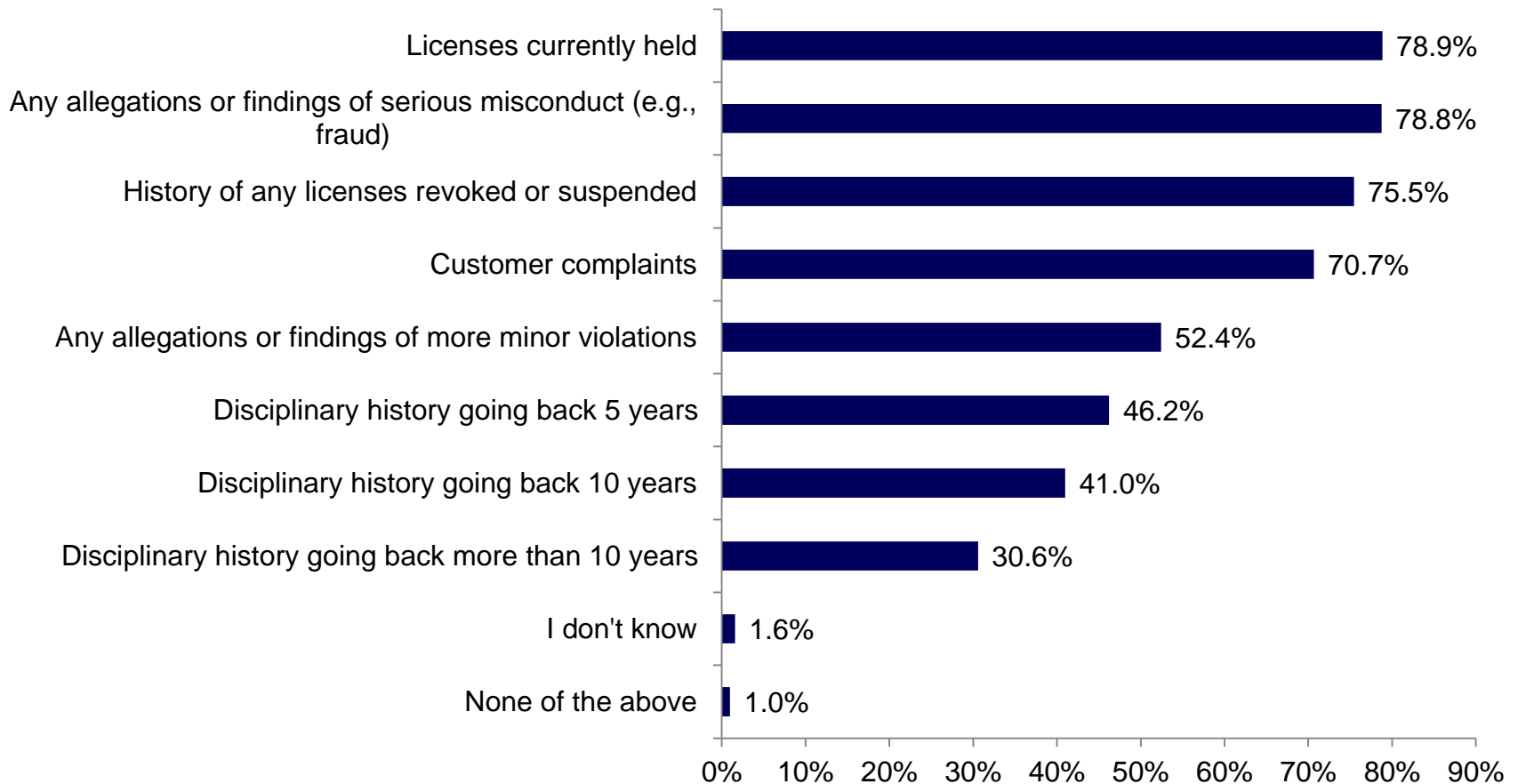
Approximately 90% of online survey respondents stated that it is important to know background information on the person who advises them

P11: Is it important for you to know background information about the person who advises you, such as which licenses he/she holds, and any complaints, judgments or disciplinary actions taken against him or her?



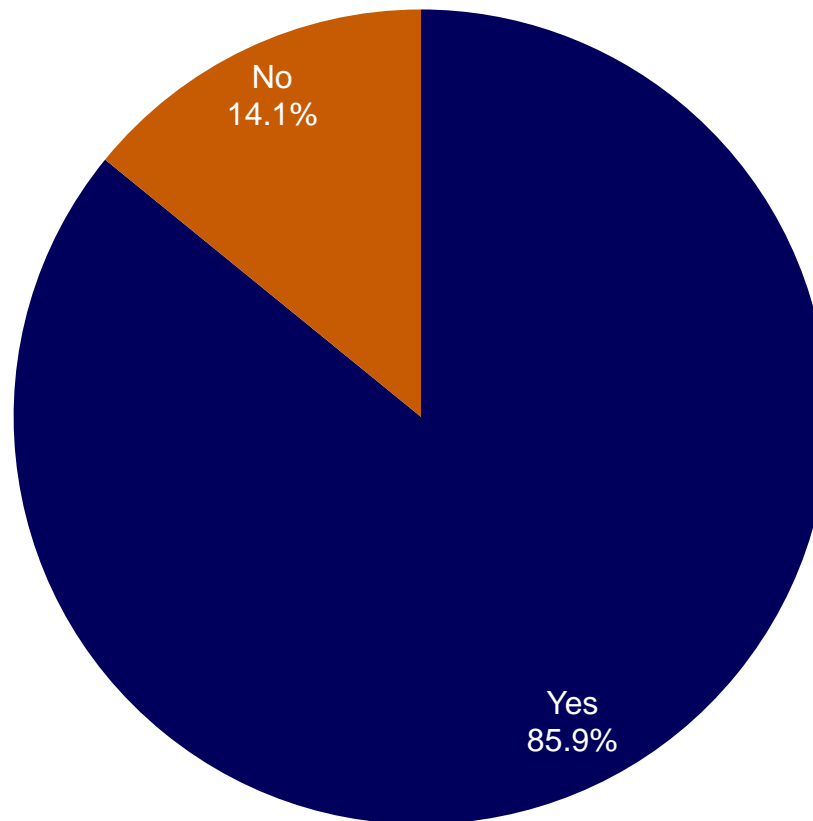
Among those who wanted background information, the most important elements were licenses held, allegations or finding of serious misconduct, revocation or suspension of any licenses and customer complaints, each selected by over 70% of online survey respondents

P12: Which of the following types of information would you like to know about the individual who advises you in that regard? Check all that apply.



The vast majority of online survey respondents (85.9%) stated they believe that earning more for some types of products than others would influence the types of products that the person advising them recommends

P28: If your financial services firm or the person advising you stands to profit more if you invest in certain types of products (e.g., mutual funds) as opposed to other types of products (e.g., certificates of deposit), do you think it would influence the type of investments they recommend to you?





Selected Findings: Methods to Improve Disclosures

Timing

- Retail investors: Before
- Commenters: Before or at the time of





Selected Findings: Methods to Improve Disclosures

Content

- *For financial intermediaries,*
Fees, disciplinary history, investment strategy, and conflicts are essential information
- *For investment products,*
Summary documents containing key information about the investment product



Selected Findings: Methods to Improve Disclosures

Format:

- Clear, concise, understandable language
- “Layered” disclosure and use of a summary document
- *Method of delivery:*
 - Mixed views: hard-copy vs. online documents



Selected Findings:

Useful and Relevant Information

- ***Before engaging a financial intermediary:***
 - Fees/expenses/compensation
 - Investment performance/track record
 - Investment strategy
 - Disciplinary history
 - Firm identity and services offered
 - Source and amount of compensation to intermediary



Selected Findings:

Useful and Relevant Information

- ***Before purchasing an investment product,***
 - Fees/expenses
 - Investment performance
 - Principal risks, and
 - Investment objectives



Selected Findings:

Transparency of Expenses

- Provide both a narrative explanation of fees and compensation and a fee table
- Simplify the wording of the expense disclosure and make it briefer and less detailed
- For trade confirmations and POS, disclose the composition of a financial intermediary's compensation



Selected Findings: Transparency of Conflicts

- Provide specific examples that demonstrate how a potential conflict of interest would operate in relation to specific advice
- Disclose whether financial intermediary (the individual) stands to profit if client invests in certain types of products



Most Effective Private and Public Efforts to Educate Investors

Key characteristics



Based on research and evaluation



Focused on clear goals



Timely and relevant



Include important investor education concepts



Most Effective Private and Public Efforts to Educate Investors

Key characteristics (cont.)

- Promoted with strategic partnerships
- Be easily accessible
- Delivered efficiently
- Scalable



Strategy to Increase the Financial Literacy of Investors

OIEA and other FLEC participants will work jointly to develop programs:

- Targeting specific groups (young investors, lump sum payout recipients, investment trustees, the military, underserved populations, and older Americans)
- Promoting the importance of checking the background of investment professionals
- Promoting awareness of the fees and costs of investing
- Promoting Investor.gov as the primary federal government resource for investing information



Investor.gov

U.S. Securities and Exchange Commission