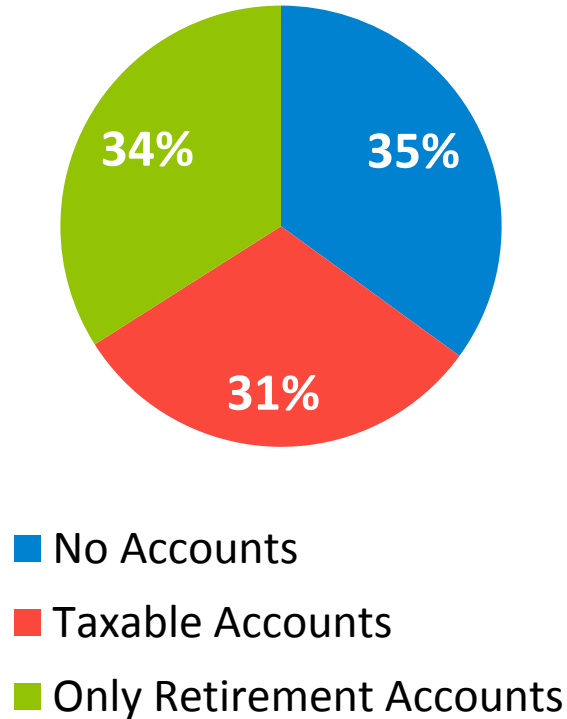


FINRA Foundation National Financial Capability Study 2016 Investor Survey

Financial Literacy Seminar Series
March 9, 2017



Motivation and Goals



- Over a third of HH's have no investment accounts
- Over a third have only retirement accounts
- Asking about non-retirement accounts to this audience doesn't make sense

To better understand the behavior, attitudes and decision-making processes of investors, we...

Background & Methodology

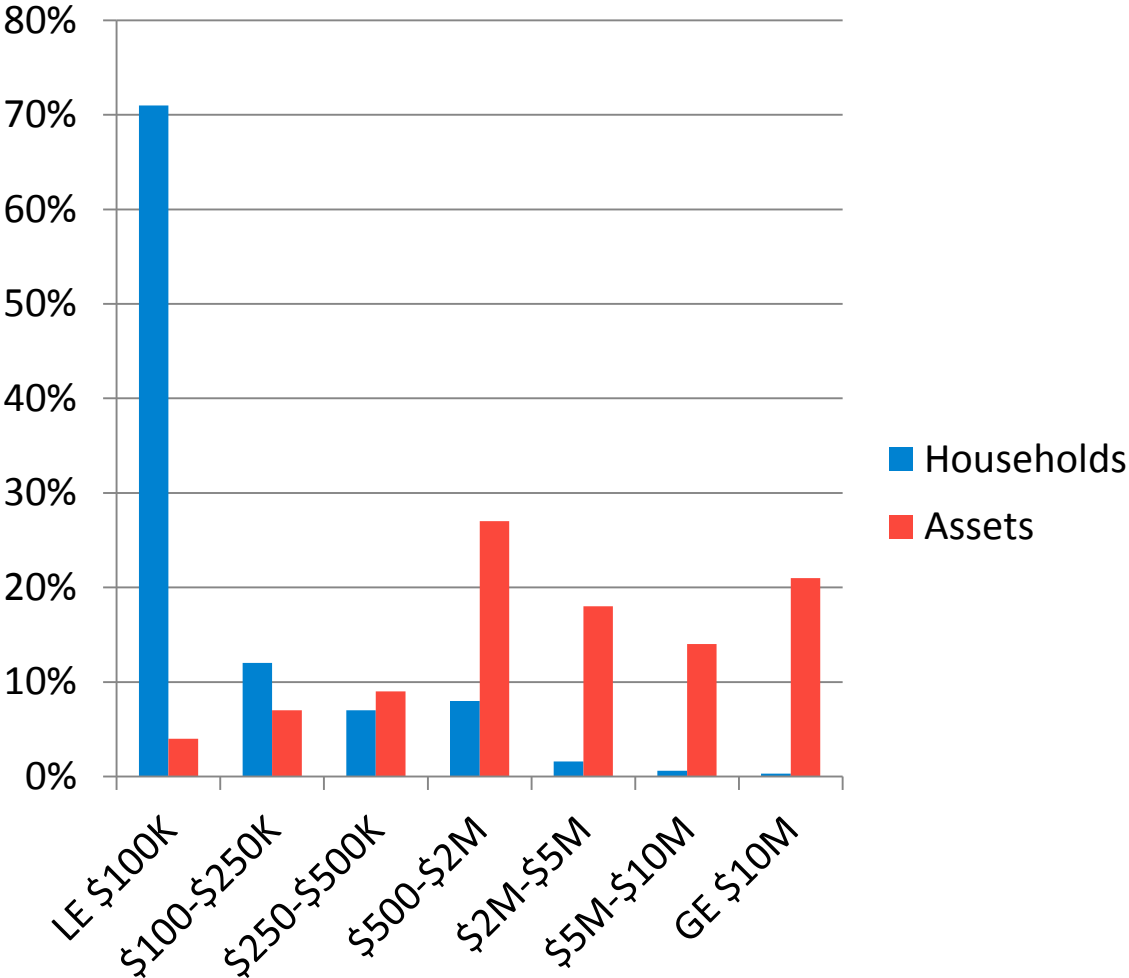
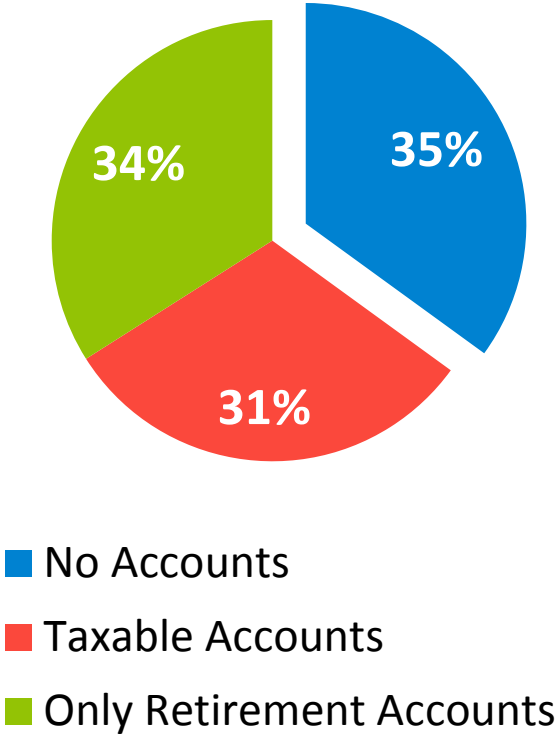
- Extracted 2,000 U.S. adults from 2015 NFCS respondent pool with non-retirement accounts
- Administered an investor-focused survey
- Weighted to approximate the investor population in terms of age and education
- Can be linked with State-by-State NFCS data
- Report and data available at www.USFinancialCapability.org

Topics

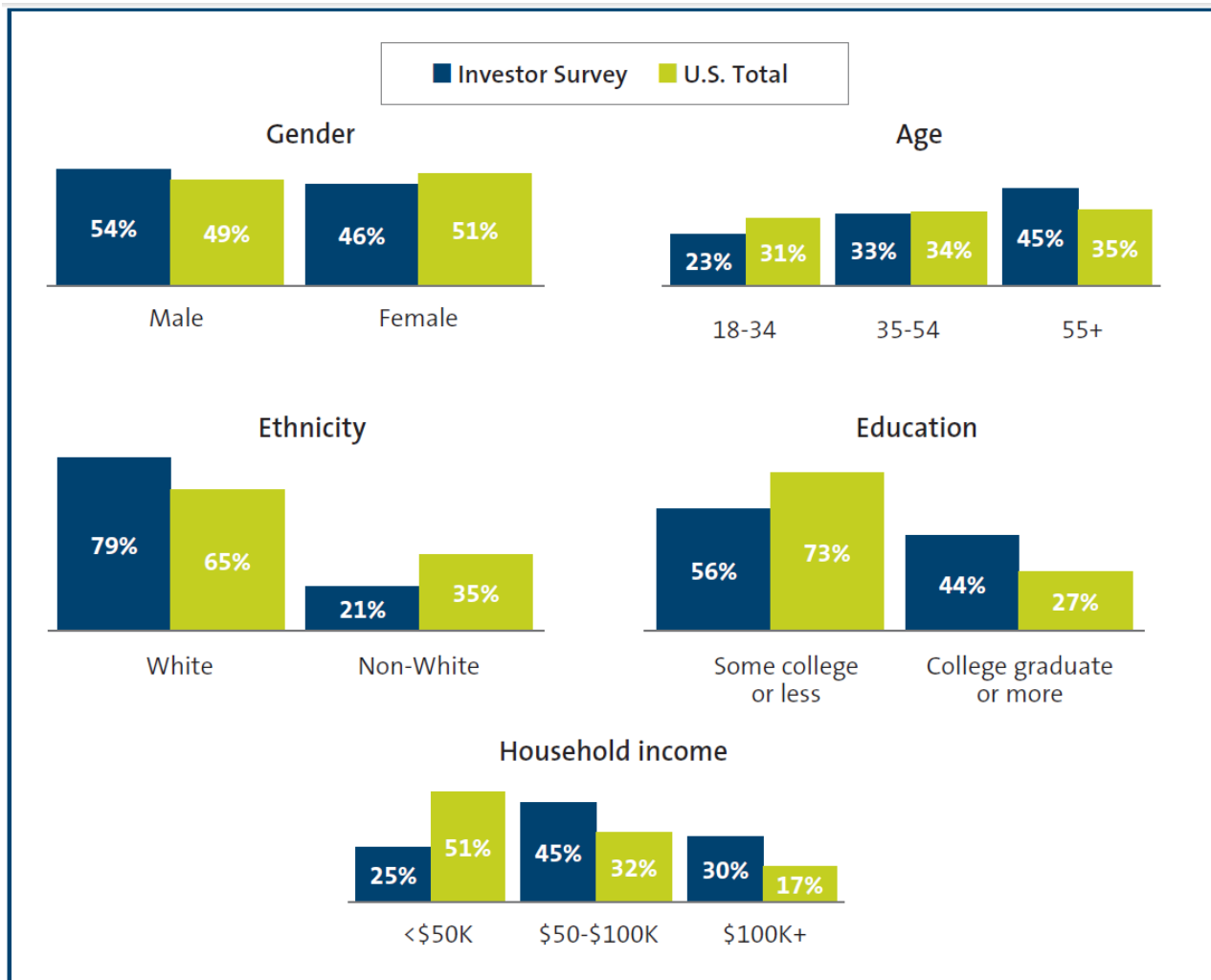
1. Investor Profile
2. Investing Behaviors
3. Brokers/Advisors
4. Investment Fees
5. Investor Attitudes
6. Disclosures
7. Information Sources
8. Investor Literacy

Some Context...

71% of households have less than \$100K in investable assets



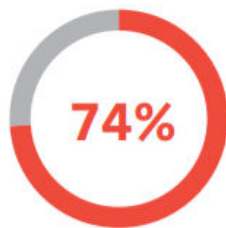
Sample Demographics



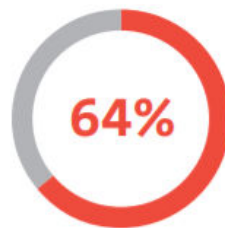
Securities Owned

▶ INVESTING BEHAVIORS ◀

Individual stocks are the most commonly held investment, followed by mutual funds



Individual stocks



Mutual funds



Individual bonds



Annuities

LESS COMMONLY HELD INVESTMENTS



Exchange-traded funds



REITS, Options, Private Placements, Structured Notes

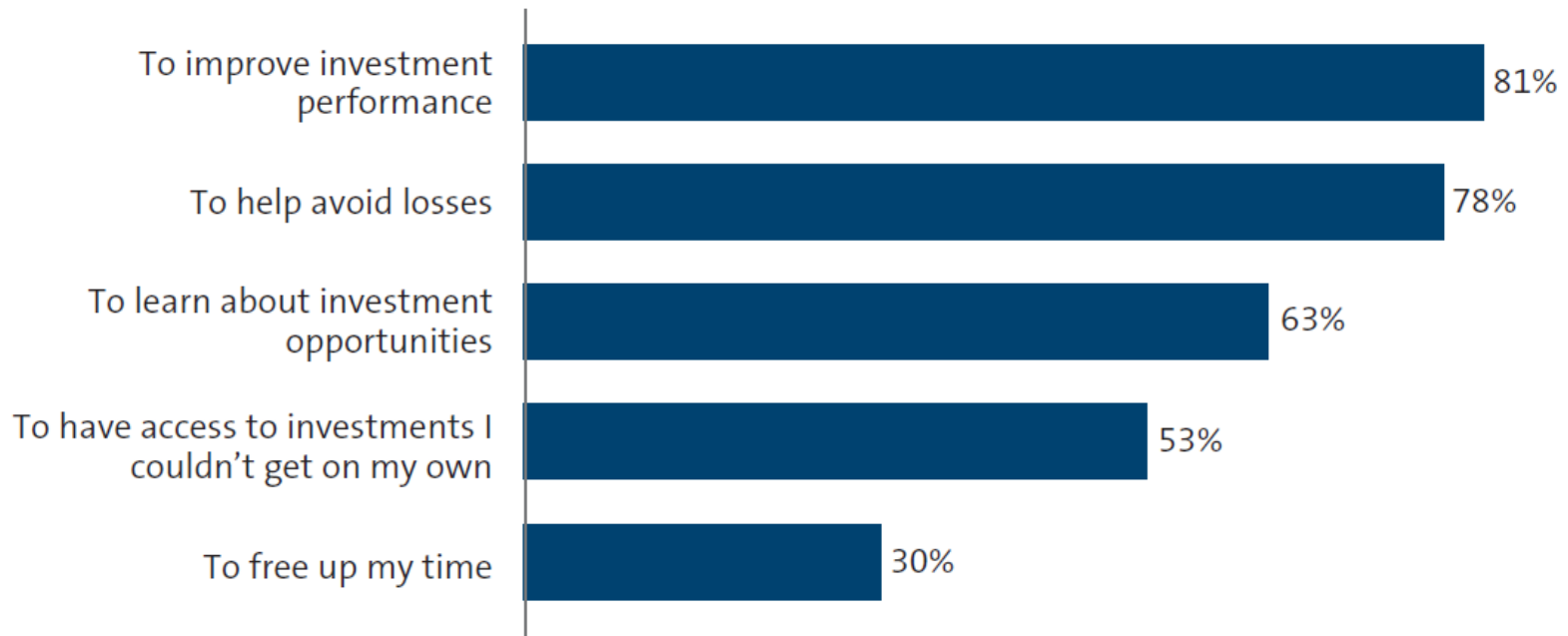


Commodities or Futures

More than Half Use Professionals

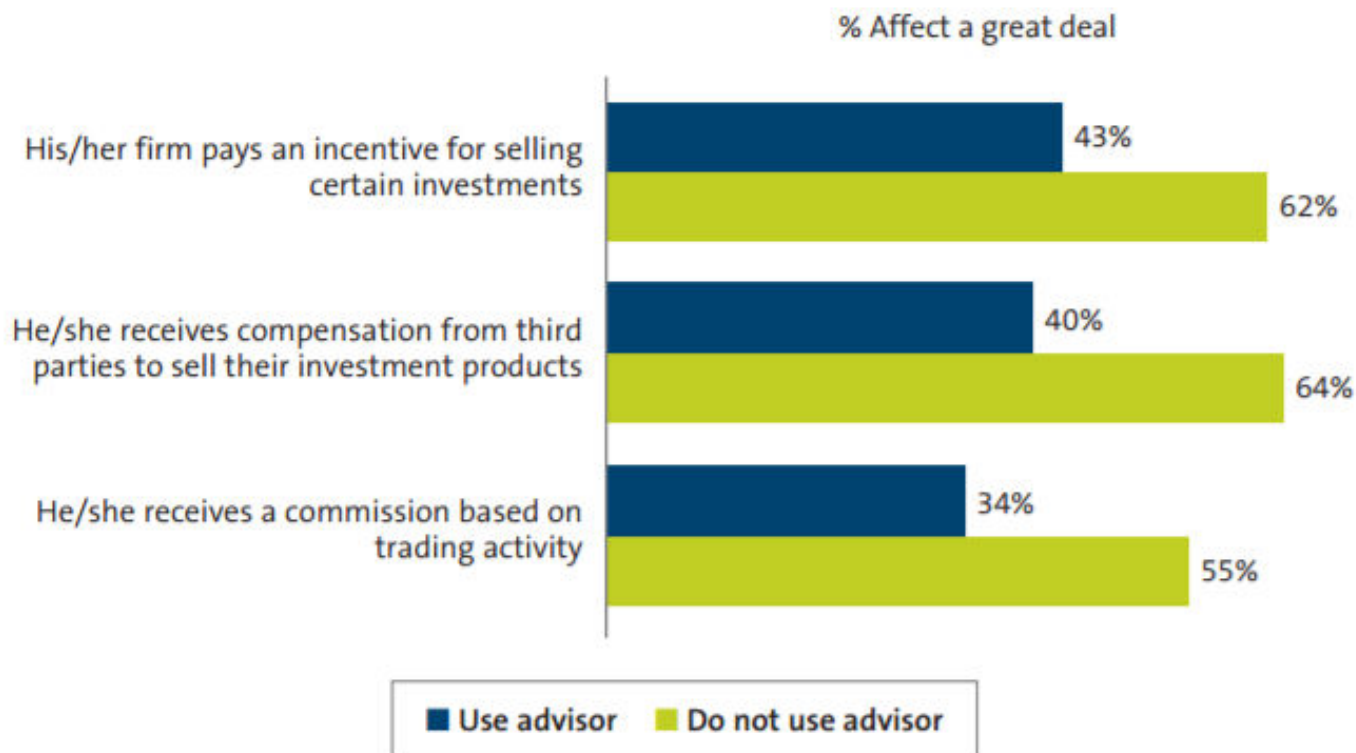
Reasons for using professional advisors

% Very important (3-pnt scale)



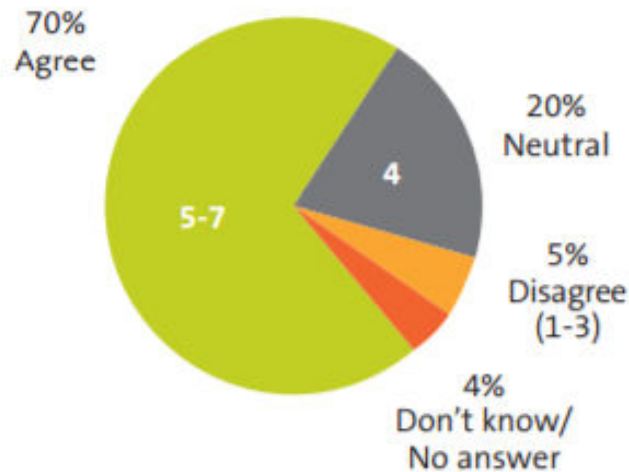
Conflicts of Interest?

How much do you think each of the following would affect the advice that a financial advisor gives you?



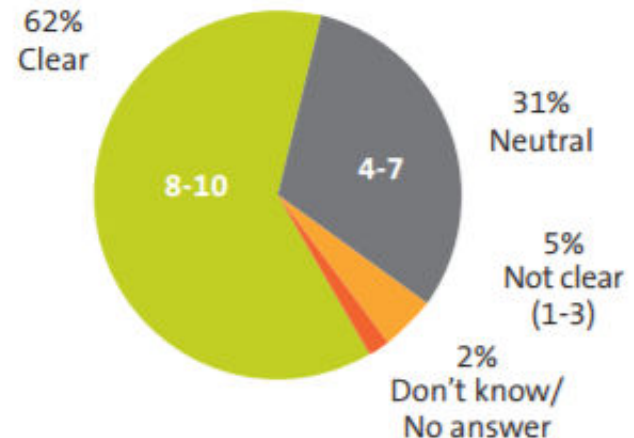
Are Investment Fees Reasonable?

“The fees I pay for my non-retirement investment account(s) are reasonable”

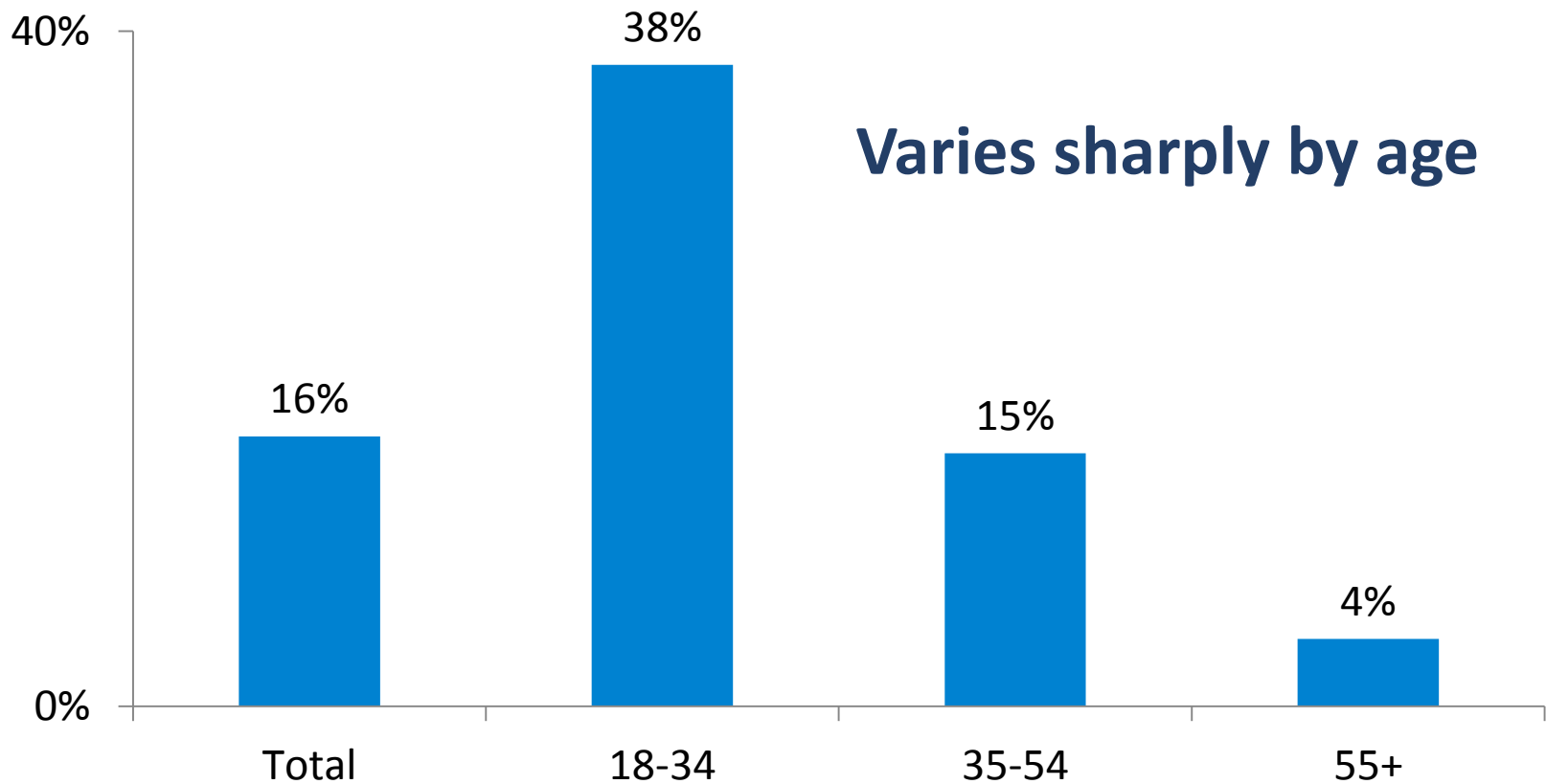


Yes, but...

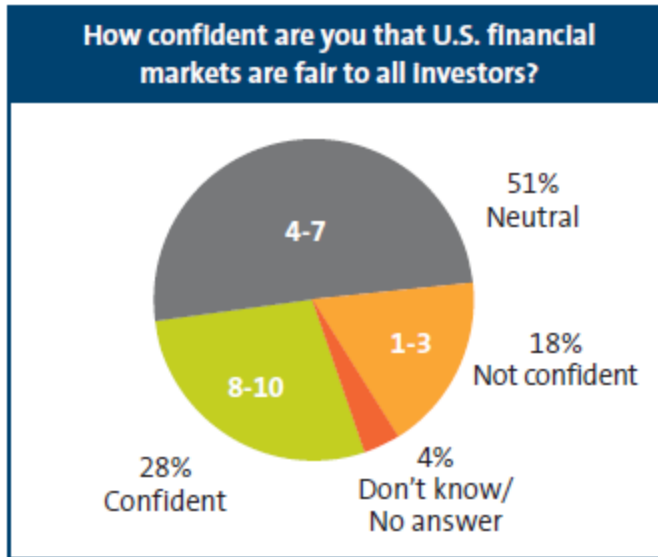
How clear of an understanding do you have of the fees you pay for your non-retirement investment account(s)?



Have Used a Robo-Advisor



Market Trust

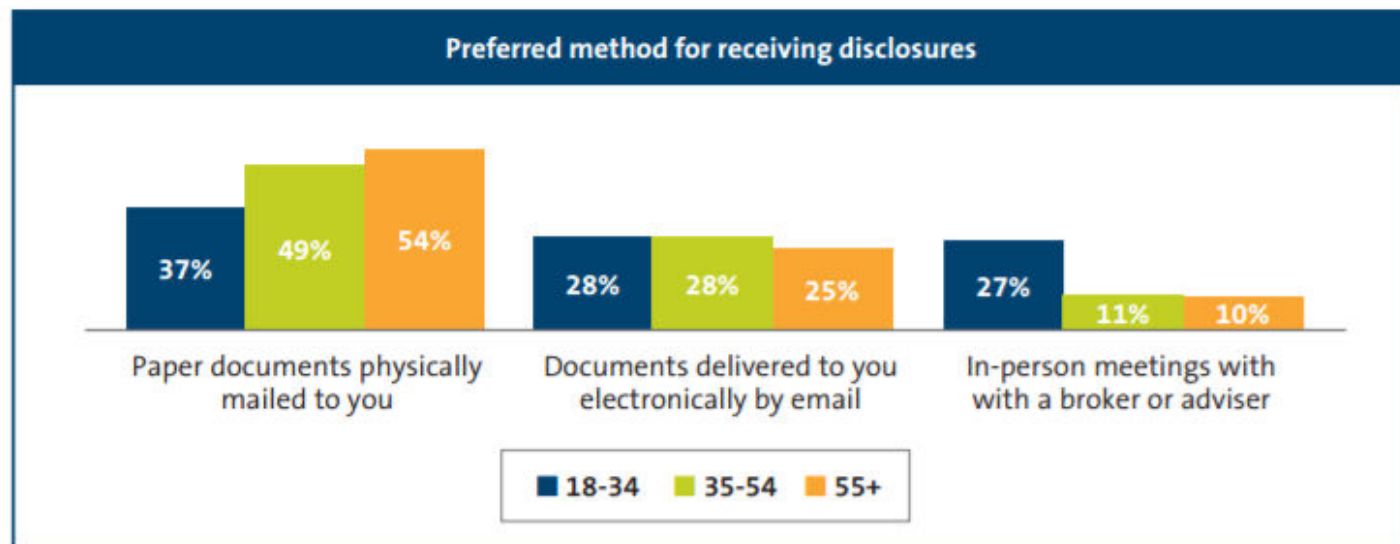


Trust in the market is low, but higher for millennials.

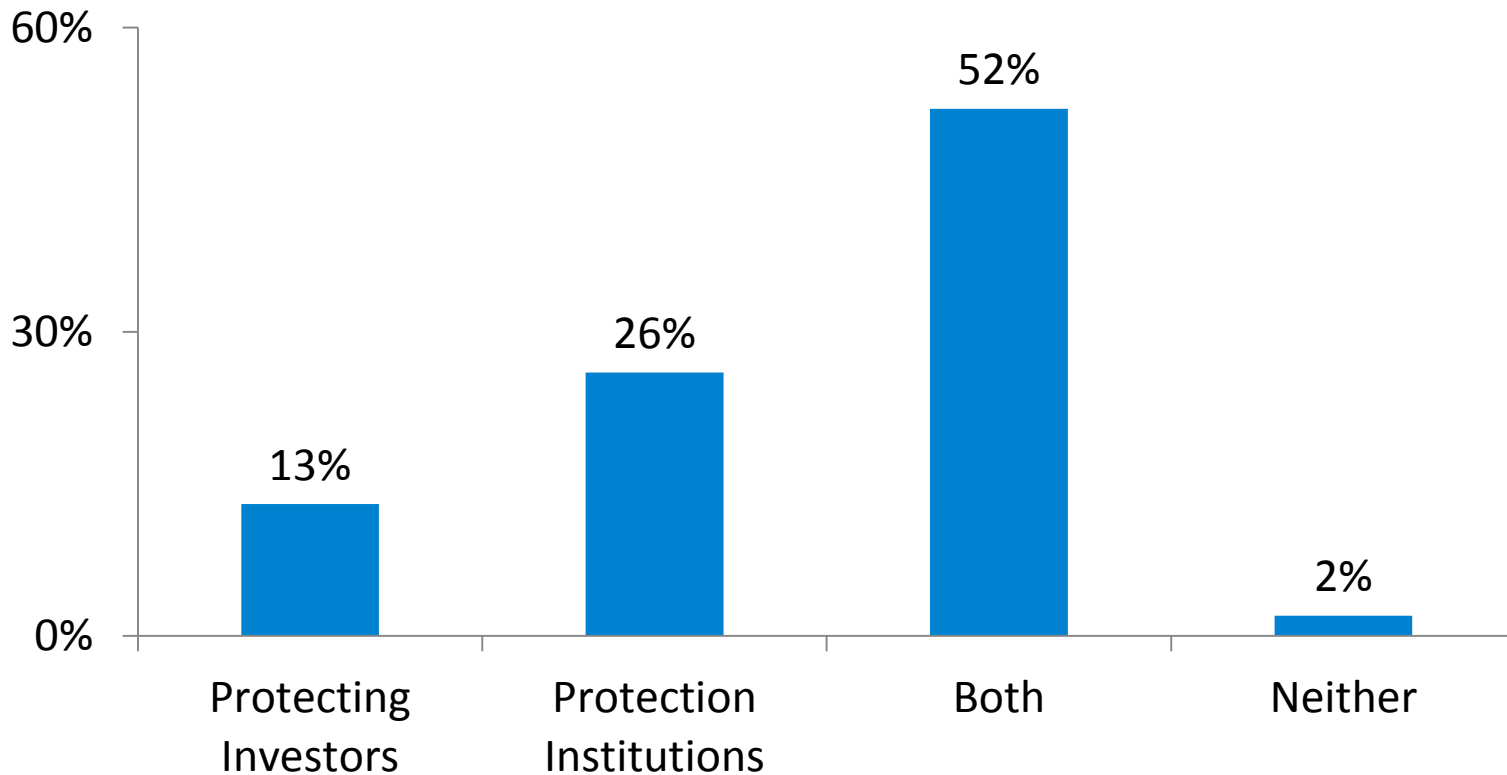
	Total	Age			Portfolio value		
		18-34	35-54	55+	<\$50K	\$50-\$250K	\$250K+
Confident that U.S. financial markets are fair to all investors (8 to 10 on 10-pt. scale)	28%	42%	31%	19%	27%	29%	31%

Use of Disclosures

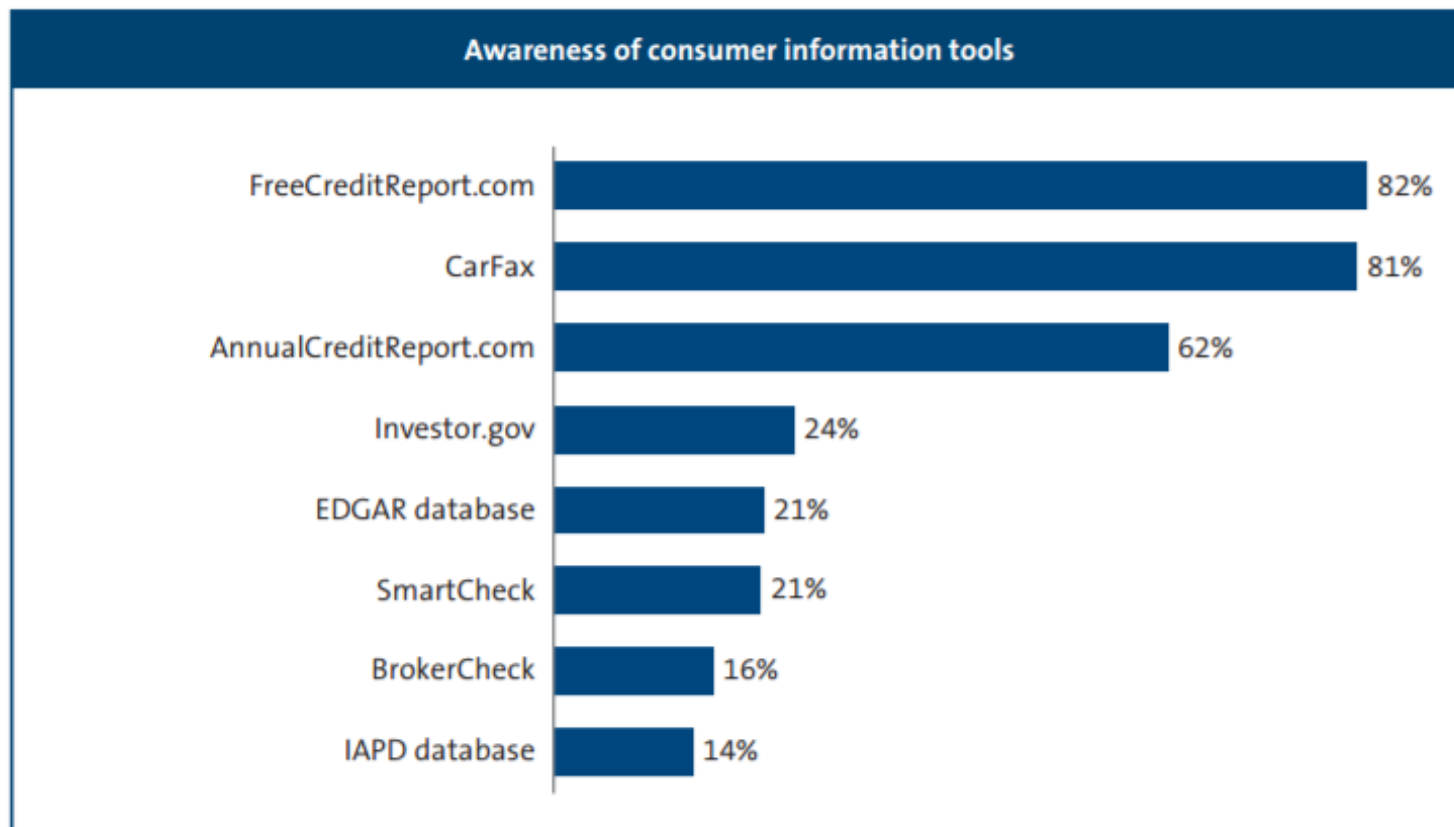
	Total
Recall receiving disclosures	59%
Read the entire disclosure	19%
Skim the disclosure	32%
Do not read the disclosure	8%
Do not recall receiving disclosures	27%
Don't know/No answer	13%



Purpose of Disclosures?

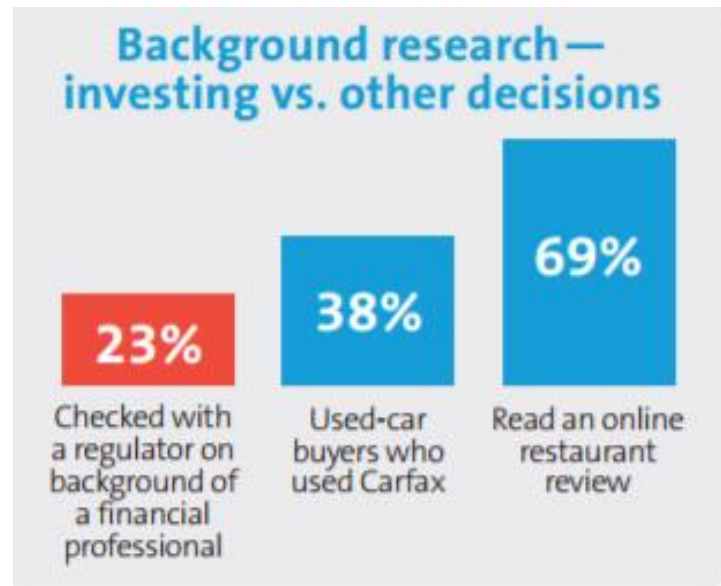


Awareness of Consumer Tools



Background Checks

Over half (58%) of those who use an advisor say that professional designations or certifications are very important.



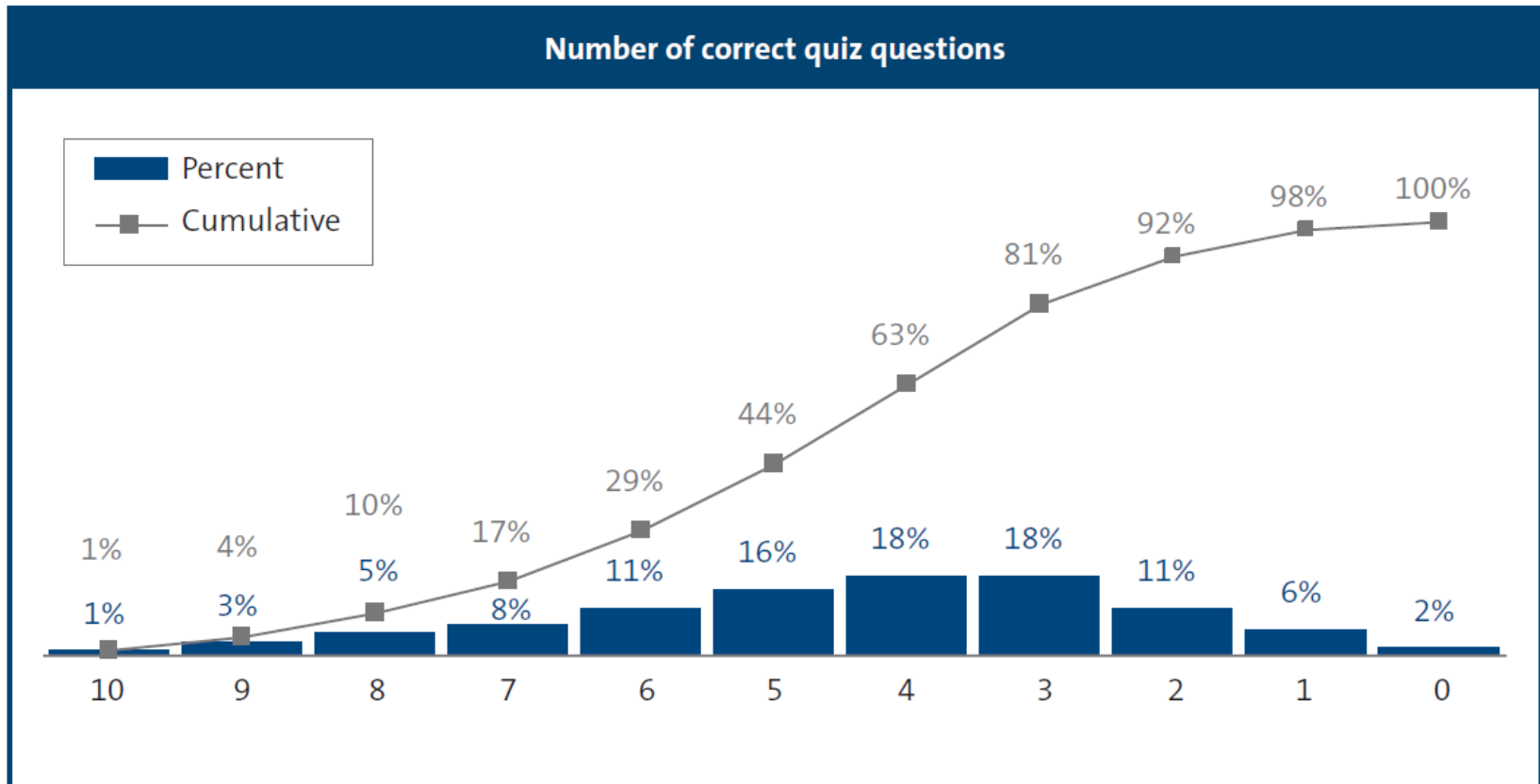
Investor Literacy Quiz

The questions...

www.USFinancialCapability.org

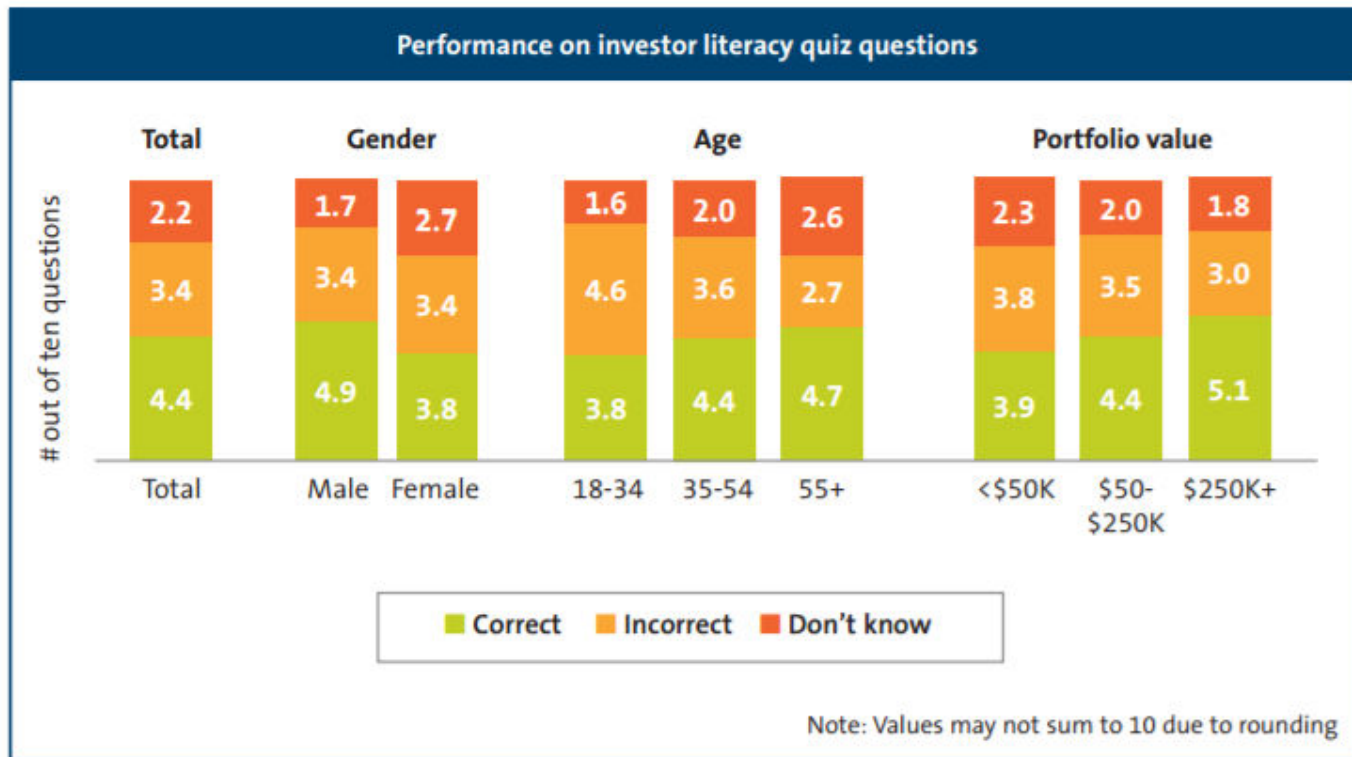
Investor Literacy

Only 29% answered 6 or more questions correctly.

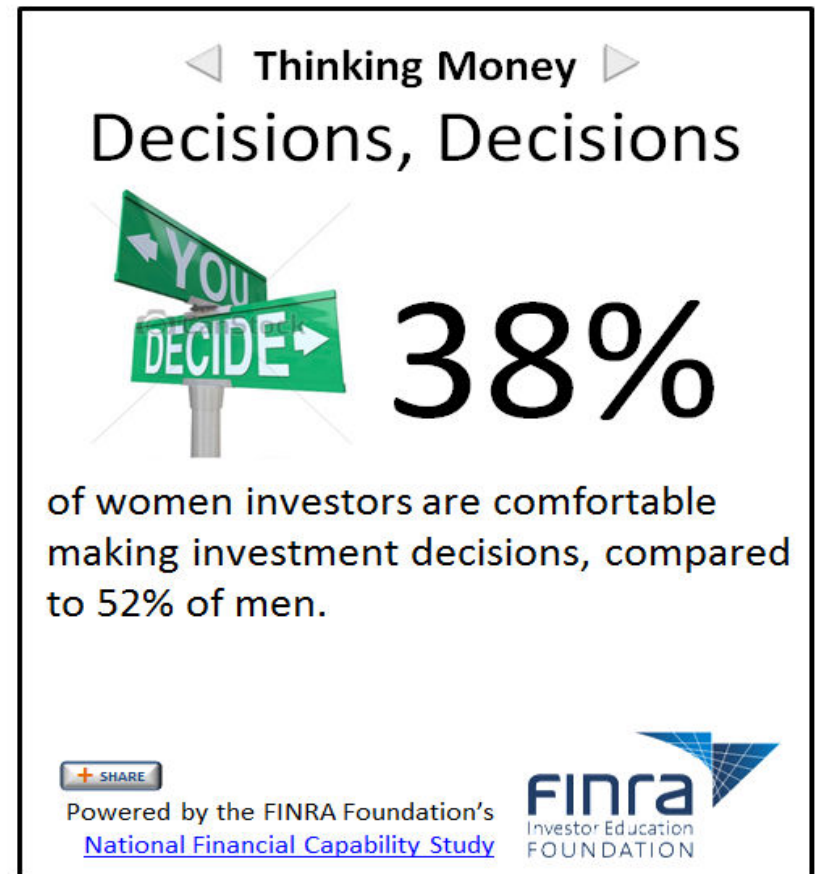
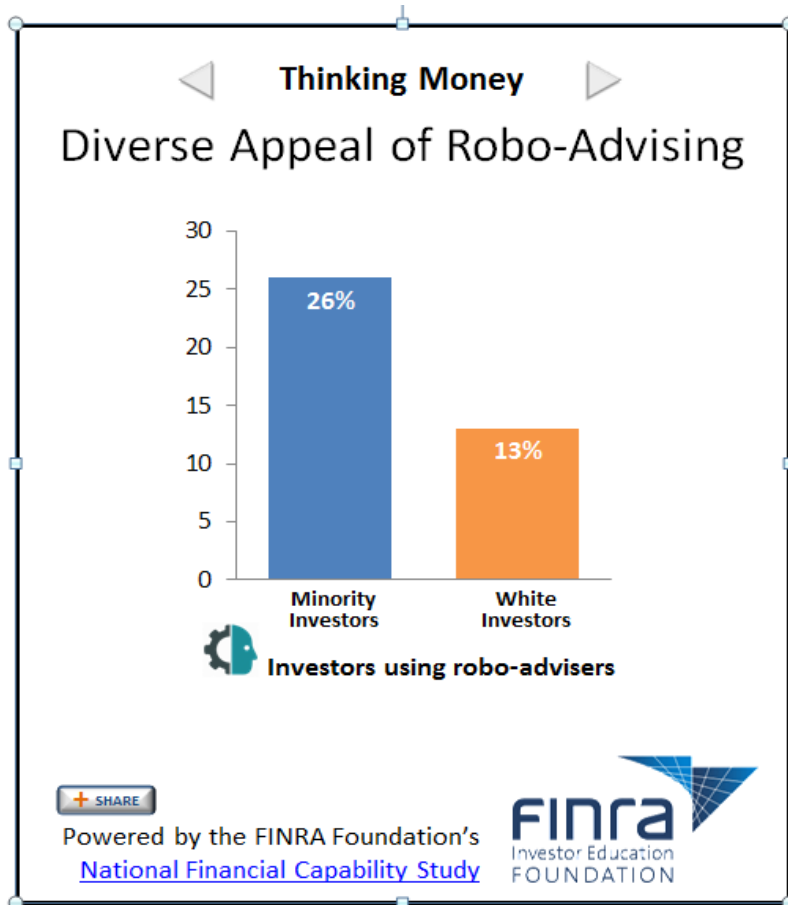


A Closer Look at Investor Literacy

Women and millennials have lower levels of investor literacy.



Beyond the Report



Questions?