

# Q1 2021 Retail Client Sentiment Report

*charles*  
SCHWAB

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# Methodology and Respondent Demographic Profile

## Methodology:

- This data is collected quarterly via an online survey among clients with retail assets of at least \$2,000
- Note: There is oversampling in order to achieve adequate sample sizes for sub-group analysis, and then application of a weighting scheme to create a total respondent population that is representative of Schwab's client base. Counts noted below are prior to weighting to show the sample sizes used for the subgroup analysis.
- Q1 study was fielded at the beginning of the quarter: January 7 – 18, 2021

<b>Gender</b>		<b>Affluence</b>		<b>Active Trader</b>	
Male	631 (69%)	HNW (\$1M+)	122 (13%)	Active	183 (20%)
Female	241 (26%)	Affluent (\$250K-<\$1M)	174 (19%)	Not Active	734 (80%)
No answer	45 (5%)	Foundational (<\$250K)	621 (68%)		
<b>Life Stage</b>		<b>Financial Consultant Relationship</b>		<b>Employment Status</b>	
Younger Investor (<40)	179 (20%)	Has Financial Consultant	141 (15%)	Employed full-time	504 (55%)
Mid-Life (40-55)	289 (32%)	Does not have Financial Consultant	776 (85%)	Employed part-time	29 (3%)
Mature (55+ not retired)	232 (26%)			Self-employed	83 (9%)
Retired	192 (22%)			Retired/semi-retired	231 (25%)
				Other	50 (5%)
				No answer	20 (2%)

Sample sizes for respondents who were asked the Investment Sentiment section of the survey (n=917)

# Q1 2021 Executive Summary

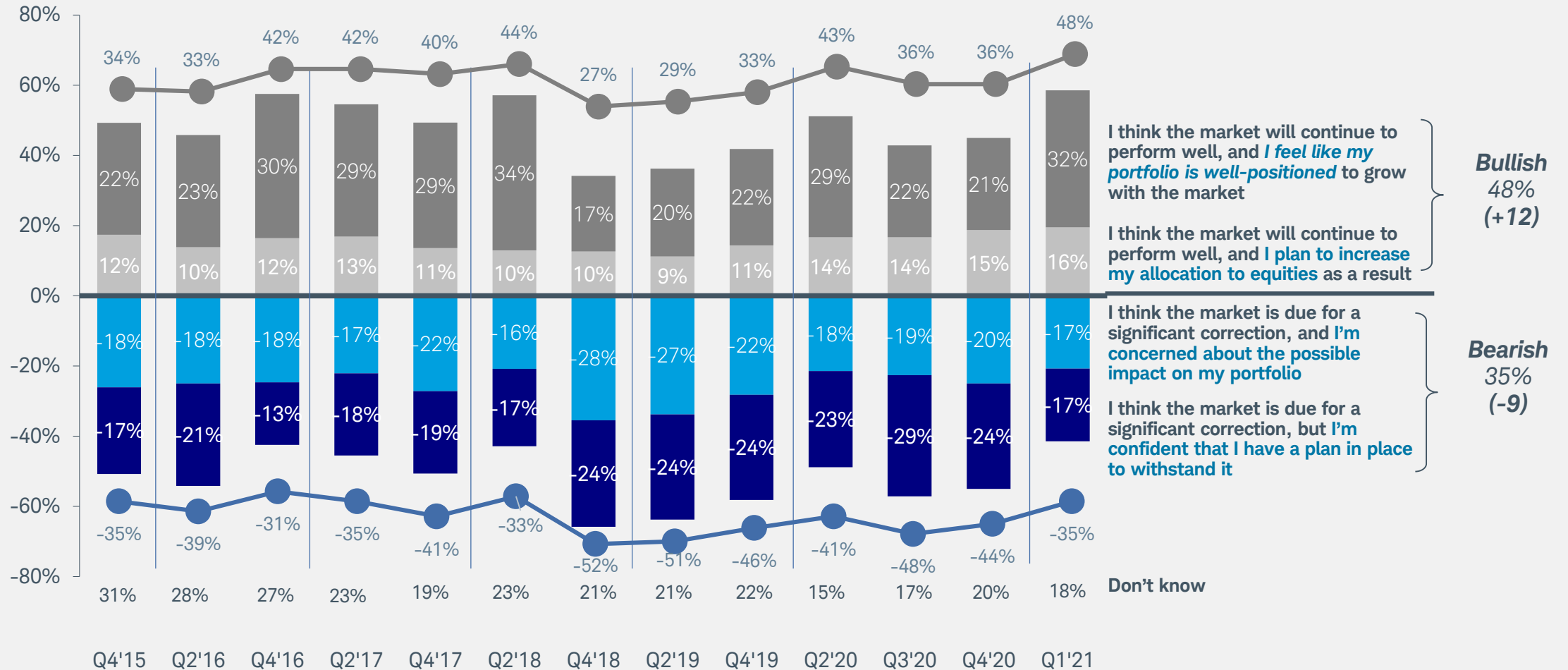
**Q1 bullish market sentiment hits highest point since Schwab started tracking in 2013; COVID-19 and the political climate remain top of mind for investors**

## **Key themes**

- Client sentiment around the stock market improves – 48% now feel bullish compared to 36% in Q4 2020
- Investor confidence increases and significantly more clients feel better off financially
- COVID-19 and the political landscape top investors' list of concerns; just 16% think market is overdue for a correction
- Investors resolve to invest and save more in 2021, while expecting similar amount of financial stress as they felt in 2020
- Travel tops investors' post-COVID spending plans

# Q1 bullish market sentiment hits highest point since Schwab started tracking in 2013

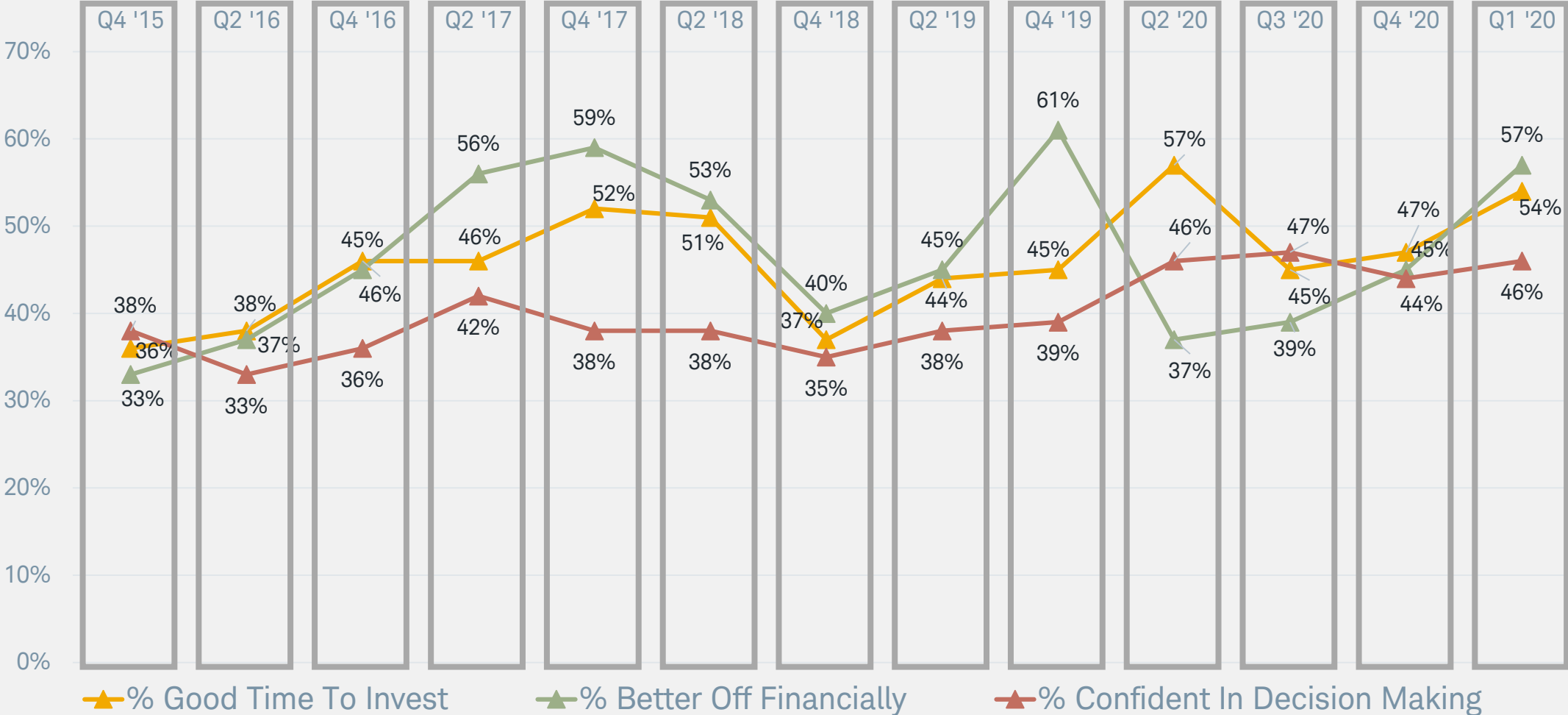
## Outlook For U.S. Stock Market (Single response only; Among Total Sample)



Base = Weighted Total  
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

# Significantly more retail investors feel better off financially; more than half say now is a good time to invest

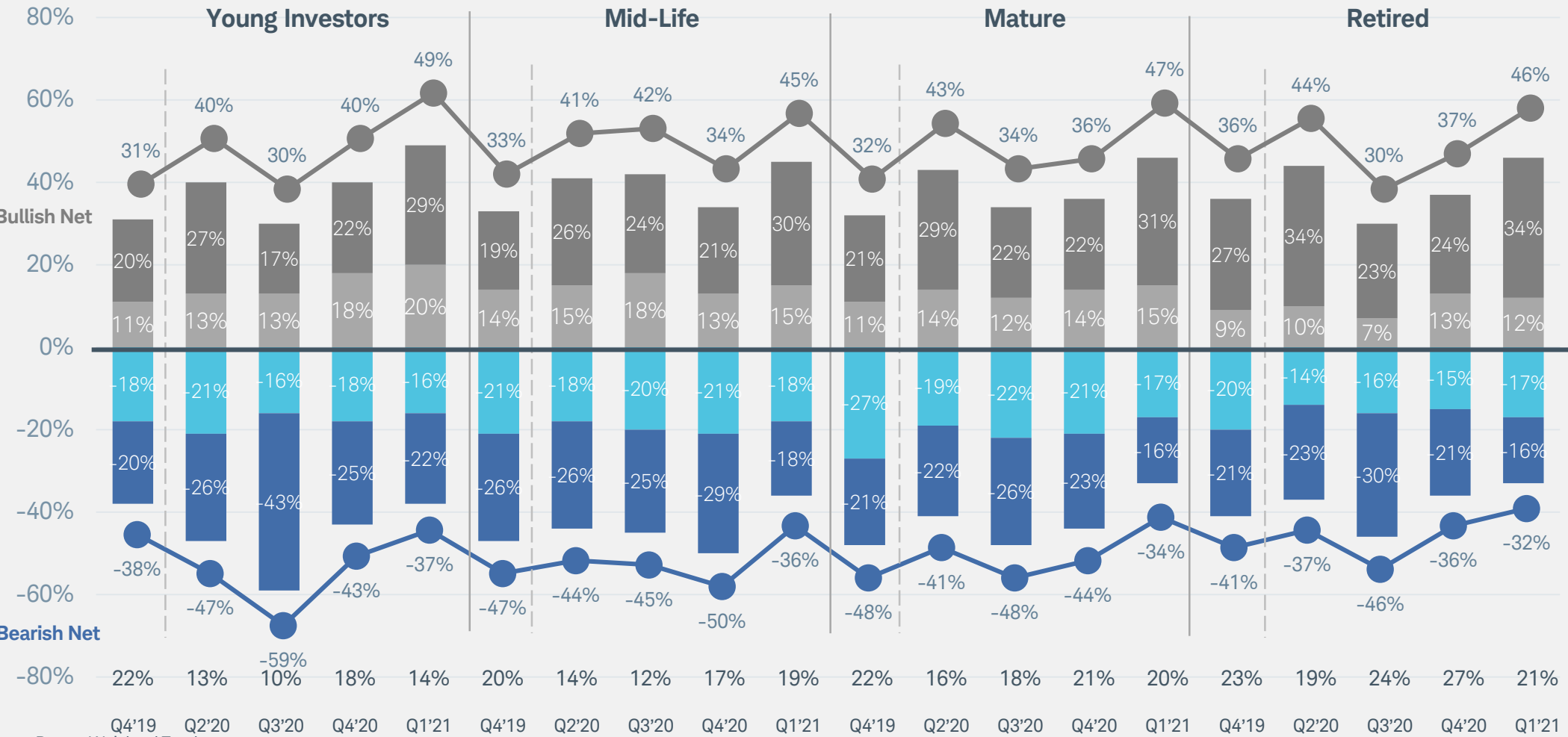
**Client Confidence Trends**  
December 2015 – January 2021



Base = Weighted Total  
 Q1. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?  
 Q3. In terms of how you are getting along financially, compared to a year ago, are you...?  
 Q4. How confident are you in making investment decisions for your household?

# Bullishness compared to last quarter increases across generations

**Outlook For U.S. Stock Market By Life Stage**  
*(Single response only; Among Total Sample)*



I think the market will continue to perform well, and I feel like my portfolio is well-positioned to grow with the market.

I think the market will continue to perform well, and I plan to increase my allocation to equities as a result.

I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

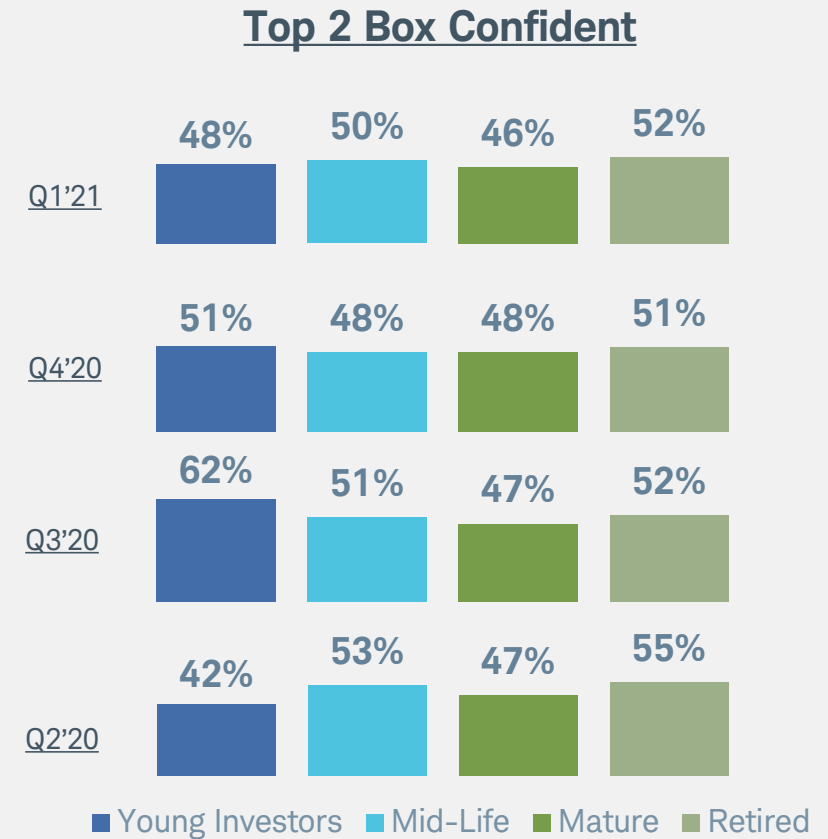
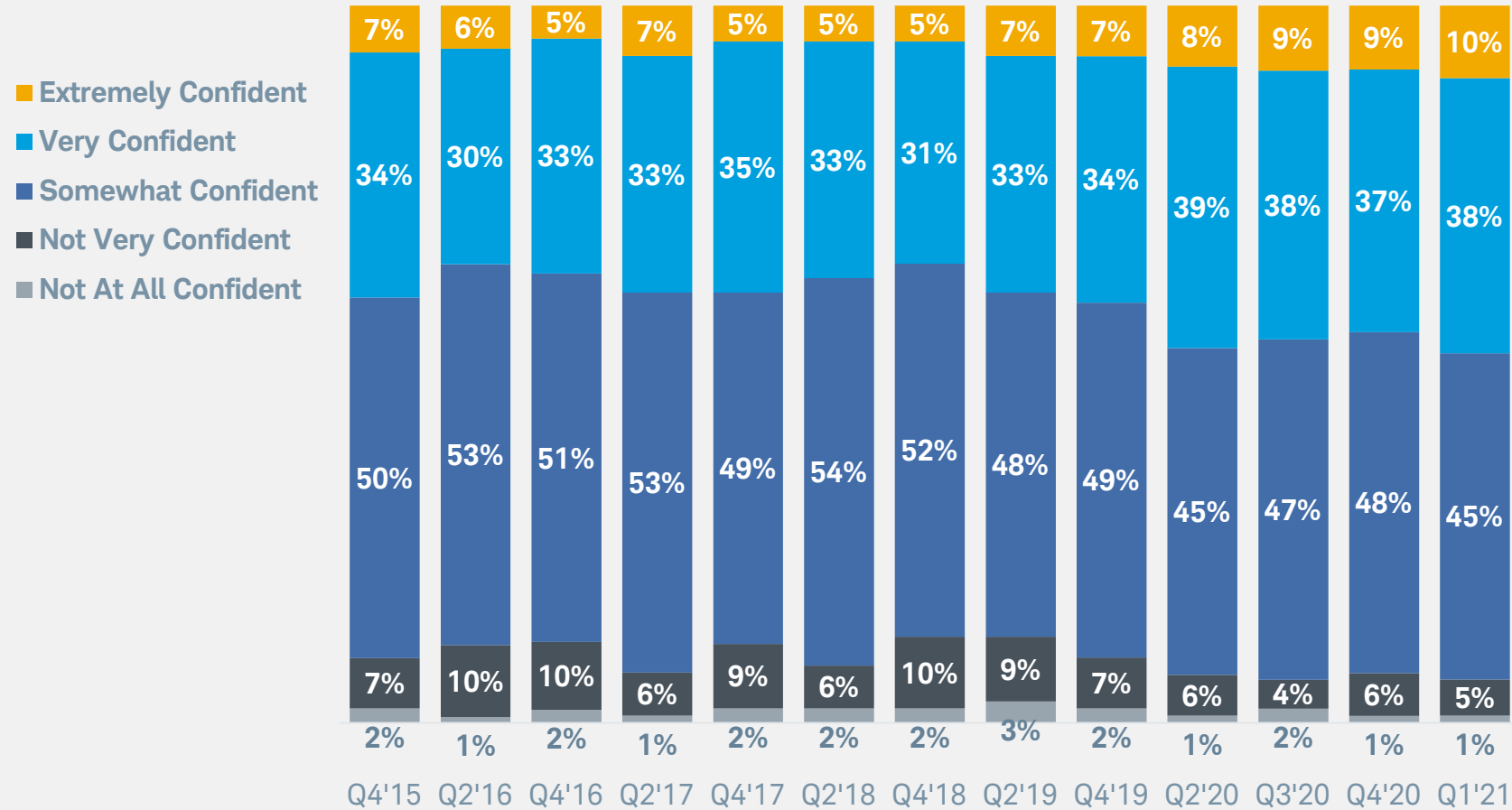
I think the market is due for a significant correction, but I'm confident that I have a plan to withstand it.

**Don't know**

Base = Weighted Total  
 Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

# Confidence in reaching financial goals remains steady across generations


## Confidence in Reaching Financial Goals (Single response only; Among Total Sample)



Base = Weighted Total  
Q10. Which statement best describes your confidence in reaching your financial goals?


# COVID-19 and the political landscape top investors' list of concerns; just 16% think market is overdue for a correction

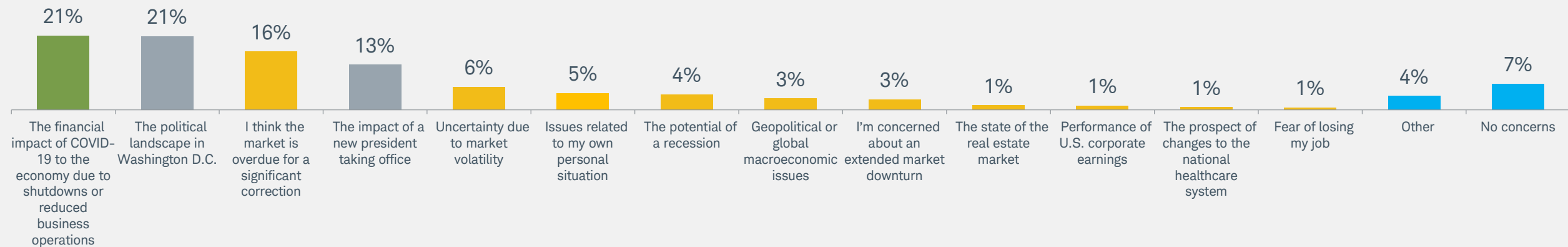
## Primary Concern About Investing (Single response only; Among Total Sample)

 **42%**  
election net

 **26%**  
COVID-19 net

 **27%**  
Markets/personal finances net

 **8%**  
Other/none net



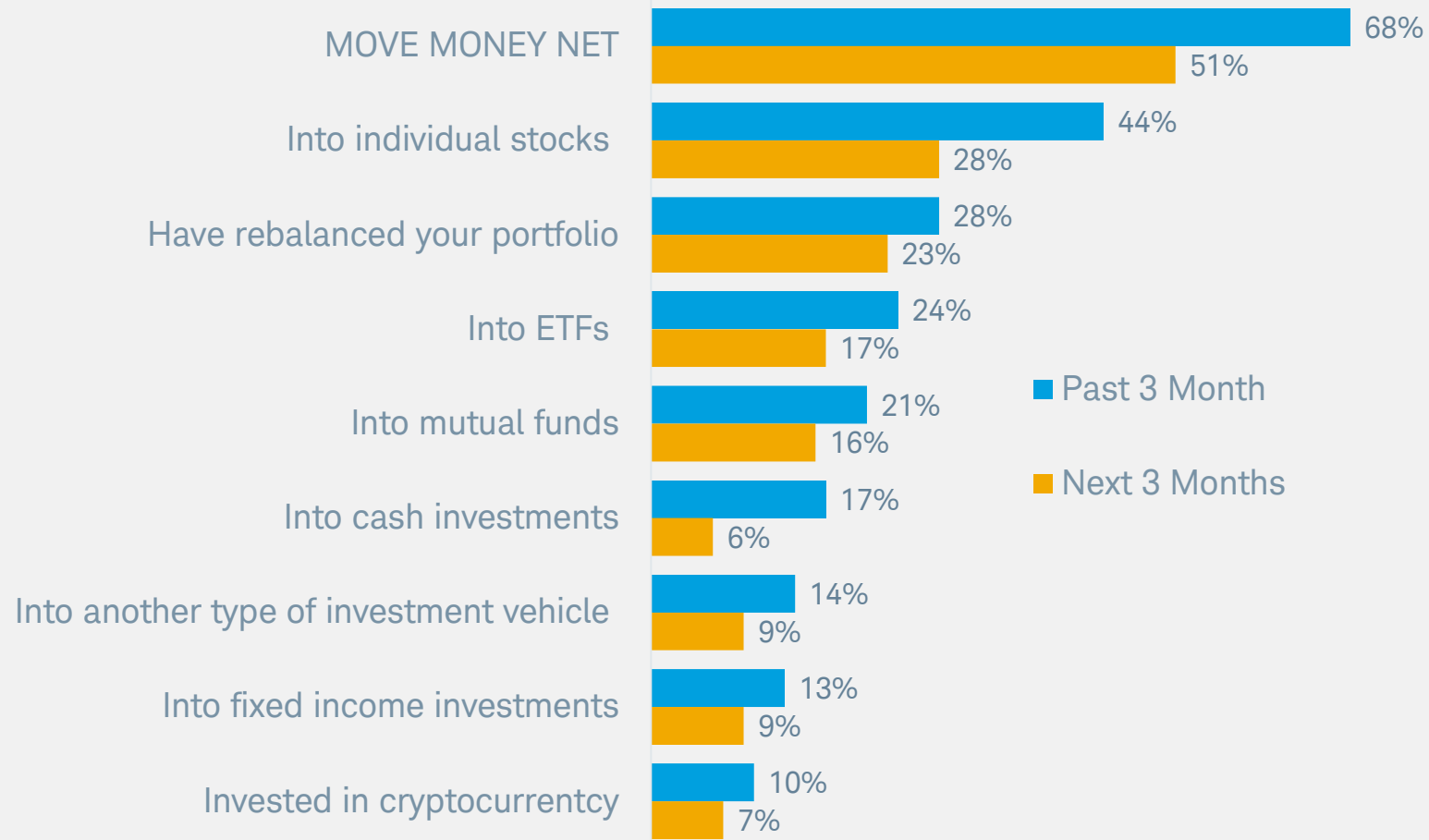
Base = Weighted Total (n=917)

Q7. What is your primary concern around money and investing within the next 3 months?



# Fewer clients plan to move money into stocks over next three months

## Portfolio Allocation Changes Made During Past 3 Months & Planned in Next 3 Months (Multiple responses allowed; Total Sample)

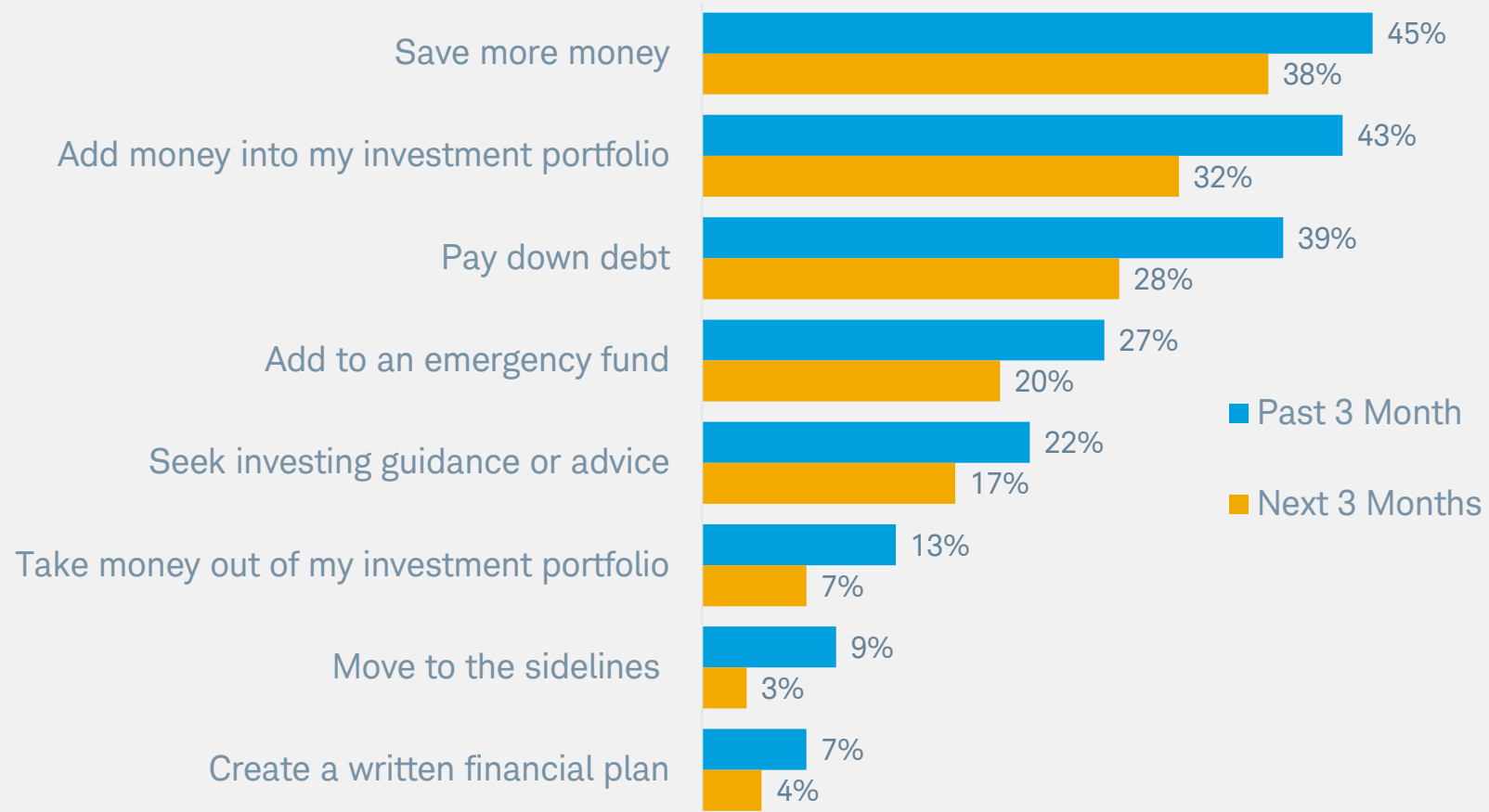


Base = Weighted Total (n=917)

Q5. Which of the following actions have you taken, if any, in the past 3 months?/Q20. Which of the following actions do you plan to do over the next 3 months?

# Fewer clients plan to add money to investment portfolios or pay down debt over next three months

**Financial Habit Changes Made During Past 3 Months & Planned in Next 3 Months**  
(Multiple responses allowed; Total Sample)



Base = Weighted Total (n=917)

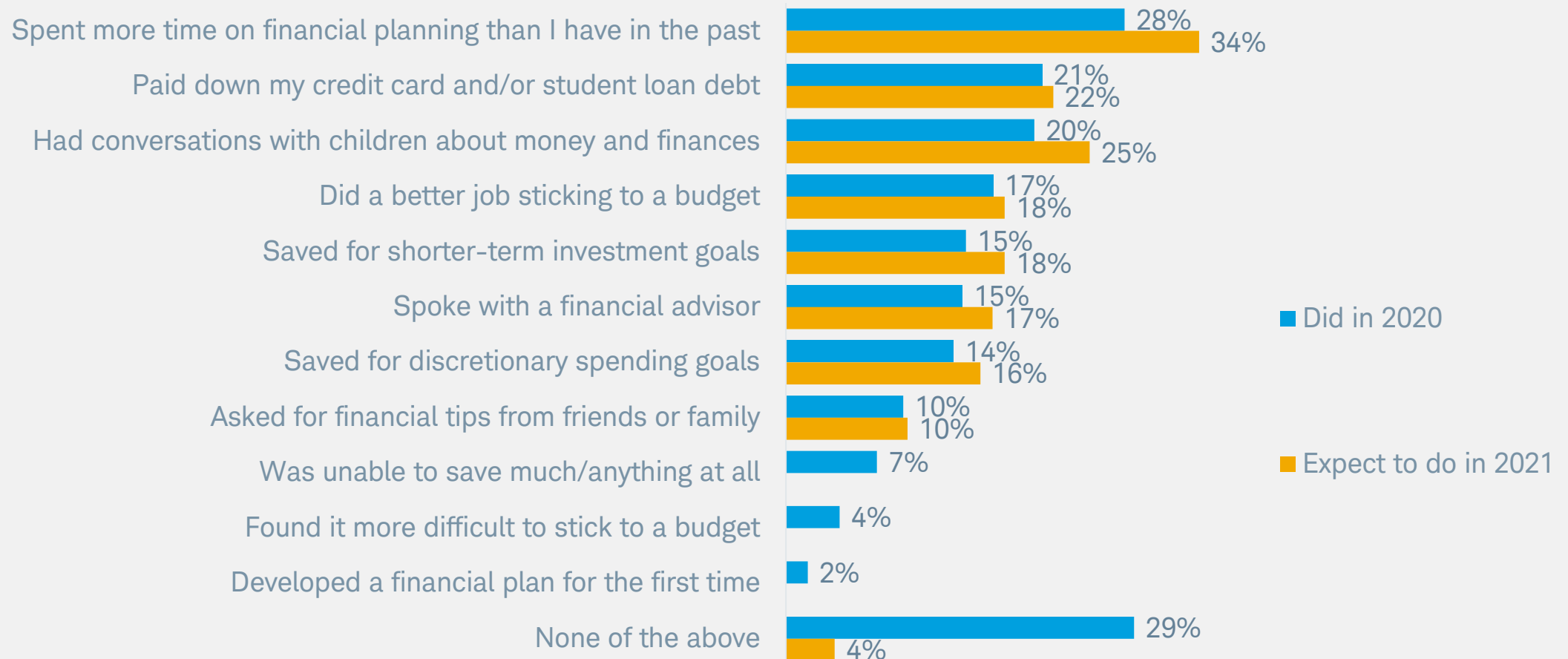
Q5. Which of the following actions have you taken, if any, in the past 3 months?/Q20. Which of the following actions do you plan to do over the next 3 months?

# 2021 Outlook

Clients share sentiment around expectations, planning, spending, and impact of COVID-19 in 2021

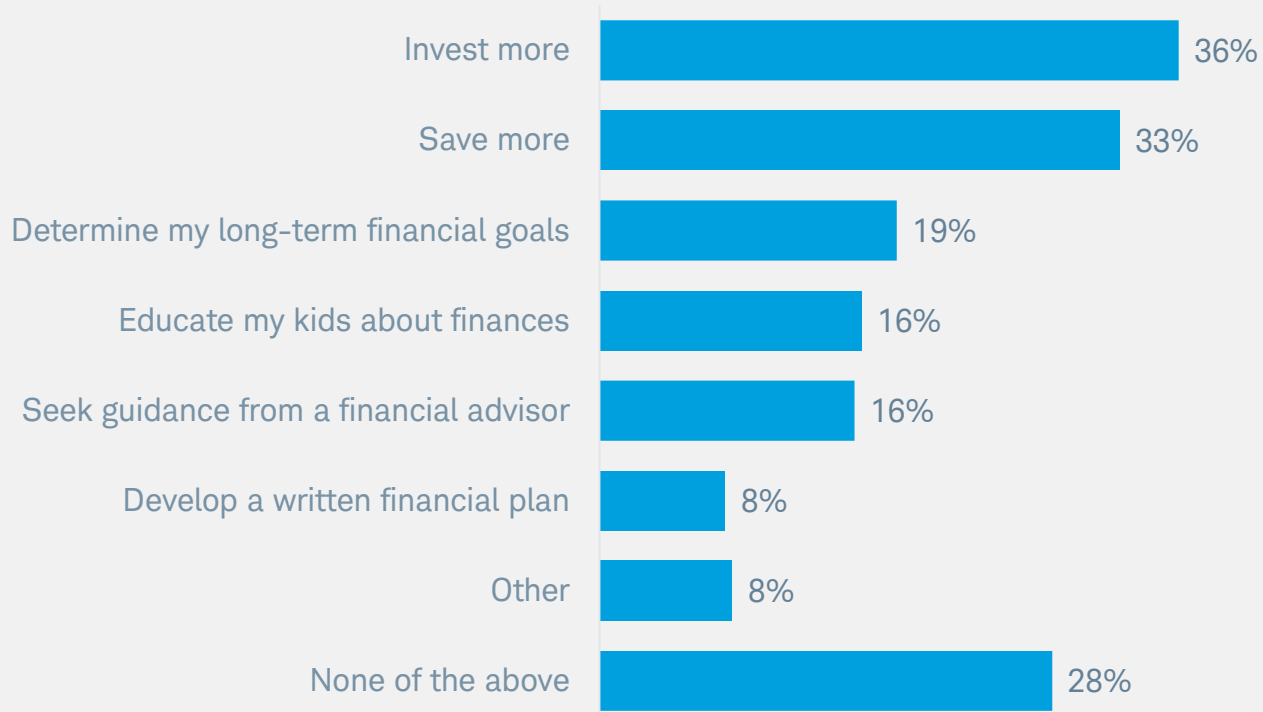
# Impact of COVID-19 on financial behaviors expected to continue in 2021; a third of investors plan to spend more time on planning

## Actions Taken in Past Year & Planned to Continue in 2021 as a Result of COVID-19 (Multiple responses allowed; Among total sample)

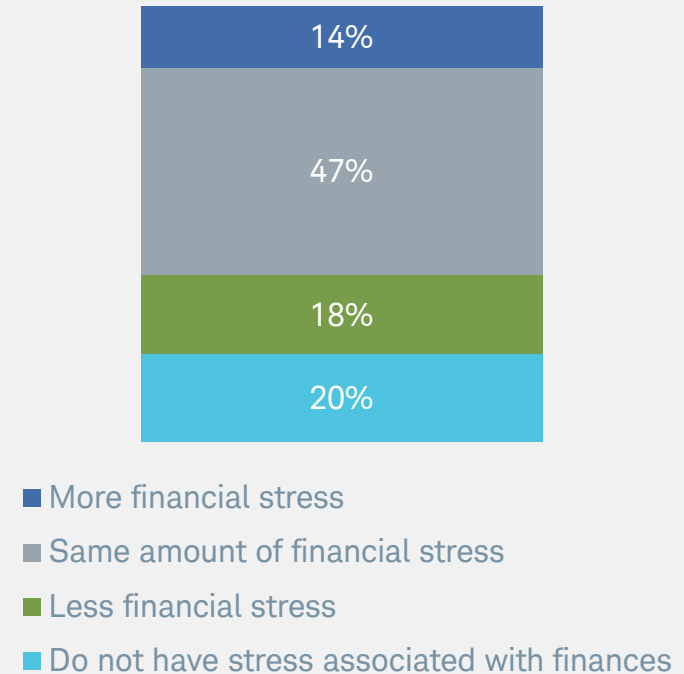


# More than a third of investors made a 2021 financial resolution to save and invest more; they expect a similar amount of financial stress compared to 2020

## 2021 Financial Resolutions (Multiple responses allowed; Among total sample)

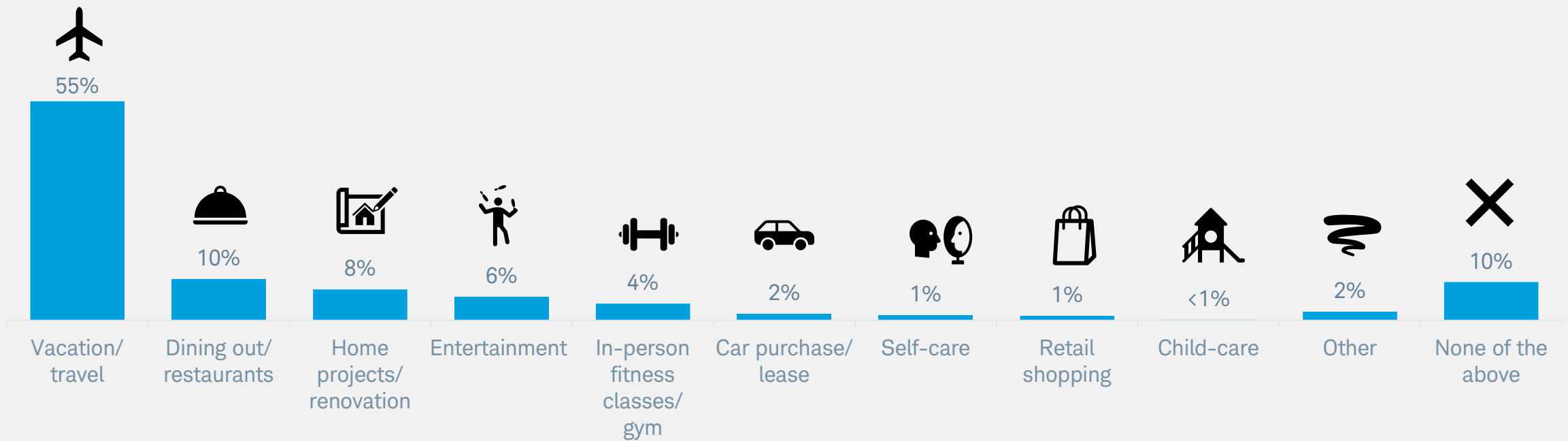


## 2021 Financial Expectations (Single response only; Among total sample)



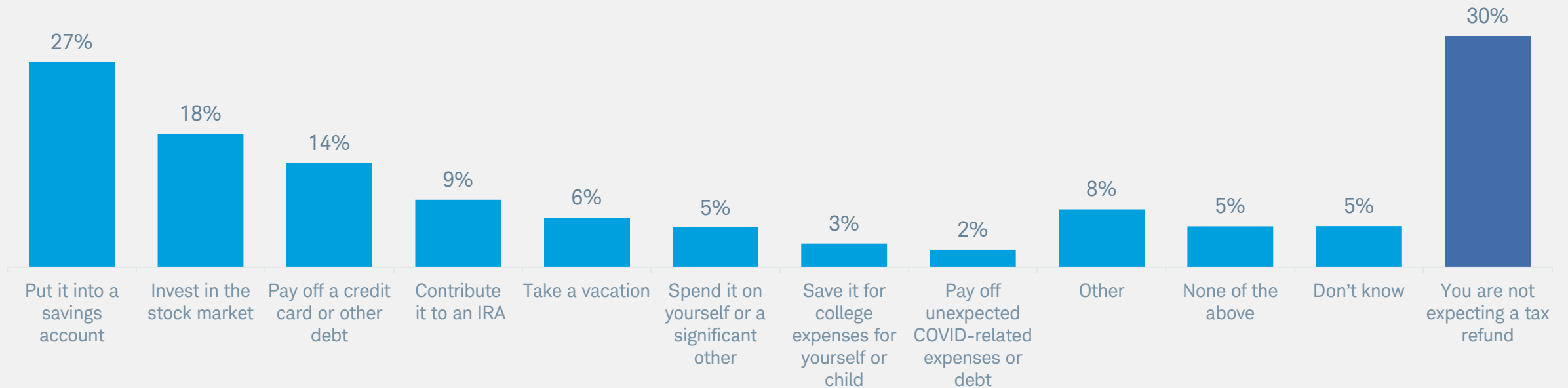
# Travel tops investors' plans for post-COVID spending by a significant margin

## Plans for Post-COVID Spending (Multiple responses allowed; Among total sample)



# Investors plan to put 2020 tax refunds toward saving, investing, and debt

**2021 Tax Refund Spending**  
(Multiple responses allowed; Among total sample)



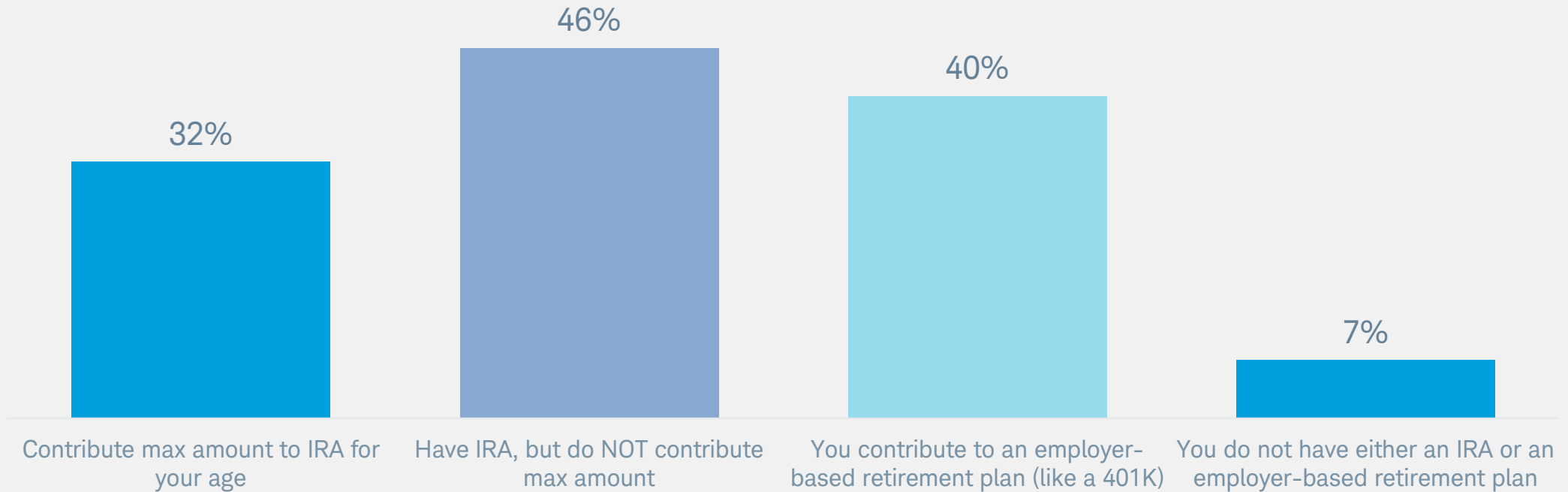
# IRA Season

IRA account and contribution trends



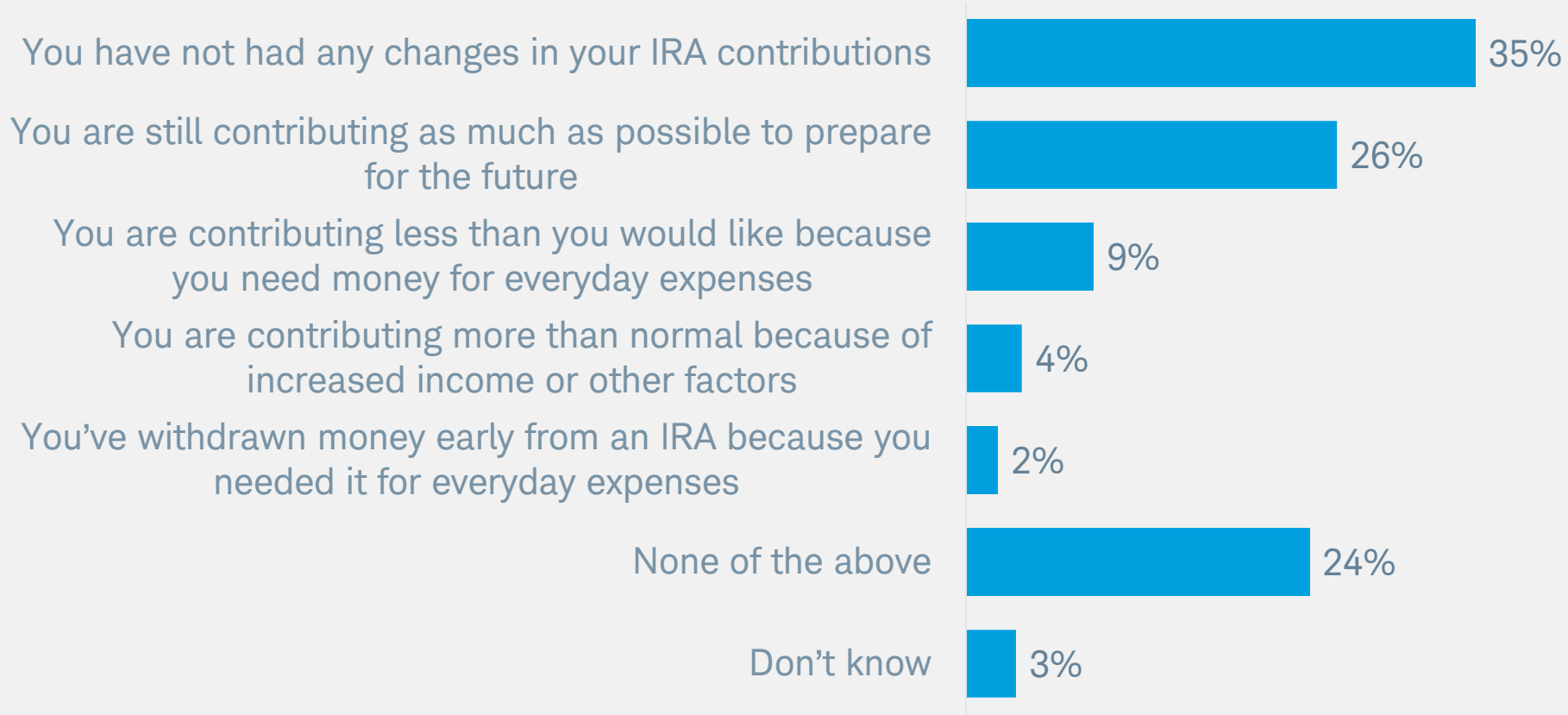
# Nearly half of investors not contributing maximum to IRA account

## IRA Investing Trends *(Multiple responses allowed; Among total sample)*



# Most investors' IRA contributions remain unaffected by COVID-19 impact

**COVID-19 Impact on IRA Contributions\***  
(Multiple responses allowed; Among total sample)



Base = Weighted Total (n=917); Have an IRA (n=710)\*  
QSI\_Q121\_6. Which of the following best describes your involvement with an IRA, or Individual Retirement Account?

## Disclosures:

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