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The Advised Affluent Investor

A study by Charles Schwab & Co. Inc., Member SIPC
June 2013
(0613-4551)

Methodology

What	<ul style="list-style-type: none">• Advice and the Affluent Investor is an online study conducted for Charles Schwab by Koski Research.• Koski Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc.• The sampling error is +/-3 percentage points at the 95% confidence level
When	<ul style="list-style-type: none">• The study was conducted from April 24 to May 1, 2013
Who	<ul style="list-style-type: none">• 1,016 investors, 25-75 years old, with a minimum of \$250K in investable assets (including employer retirement plans) who receive advice on at least some portion of their assets<ul style="list-style-type: none">• 336 with \$1,000,000+ in investable assets• Gender: 53% male; 47% female• No age, income, region, or other quotas

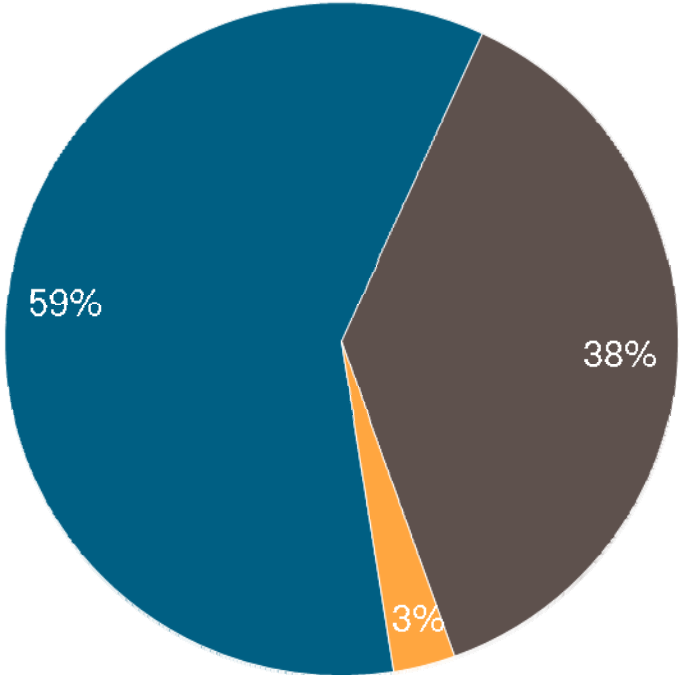
Methodology

Detailed Findings

Demographics

Majority of affluent investors use advisors for guidance; two in five do not get very involved

Role of Advisors
Advised Affluent Investors

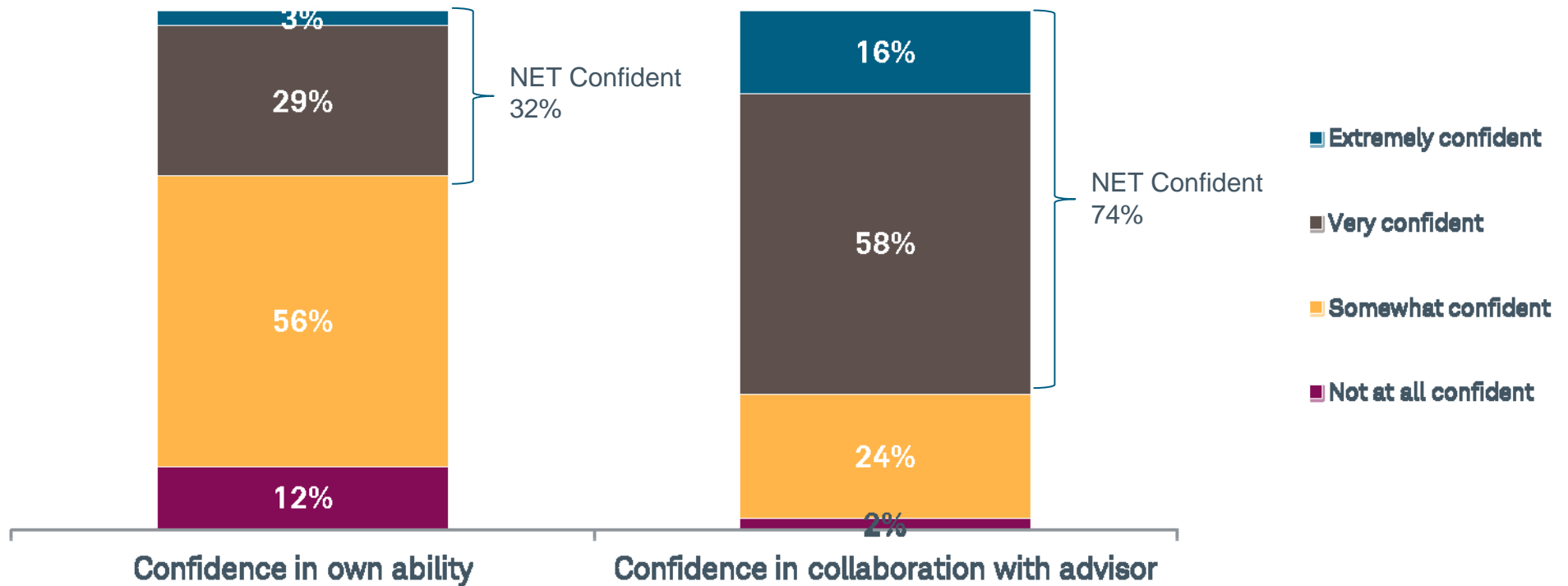


- DECIDERS:** I make all my own decisions even though I receive advice and guidance from a professional financial advisor
- DELEGATORS:** I have my professional financial advisor make investment decisions for me without getting very involved
- Neither:** I do not receive any professional advice or guidance

Q19 Which of the following best describes how you make investment decisions? (Base: Total = 1016)

Affluent investors are much more confident making investment decisions with an advisor than they are making decisions by themselves

Confidence in Ability to Make the Right Investment Decisions Advised Affluent Investors



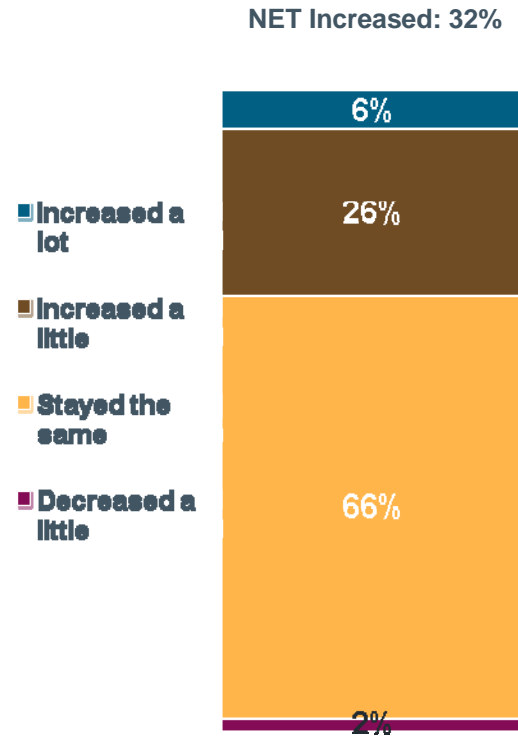
Q20 How confident are you in your ability to make the right investment decisions for yourself?

Q21 How confident are you in your ability to make the right investment decisions in collaboration with your professional financial advisor(s)? (Base: Total = 1016)

One-third of affluent investors who receive advice say their desire for financial advice has increased in the past year

In past year, desire for financial advice has:

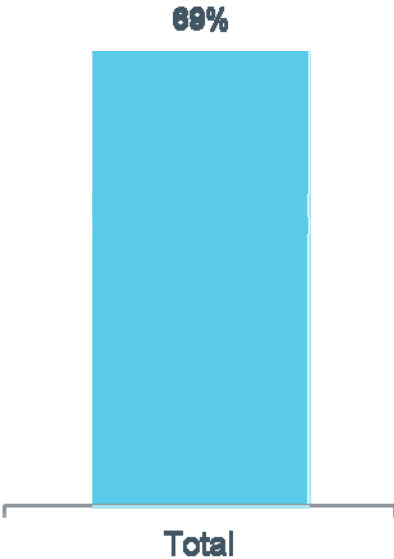
Advised Affluent Investors



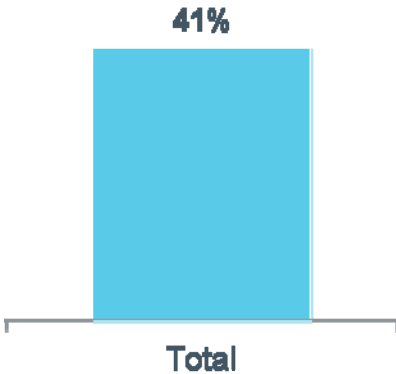
Agreement with Statements...

Advised Affluent Investors

Financial markets are too complicated now to invest in without professional advice



I am much more involved in my investments in 2013 than I was in 2012

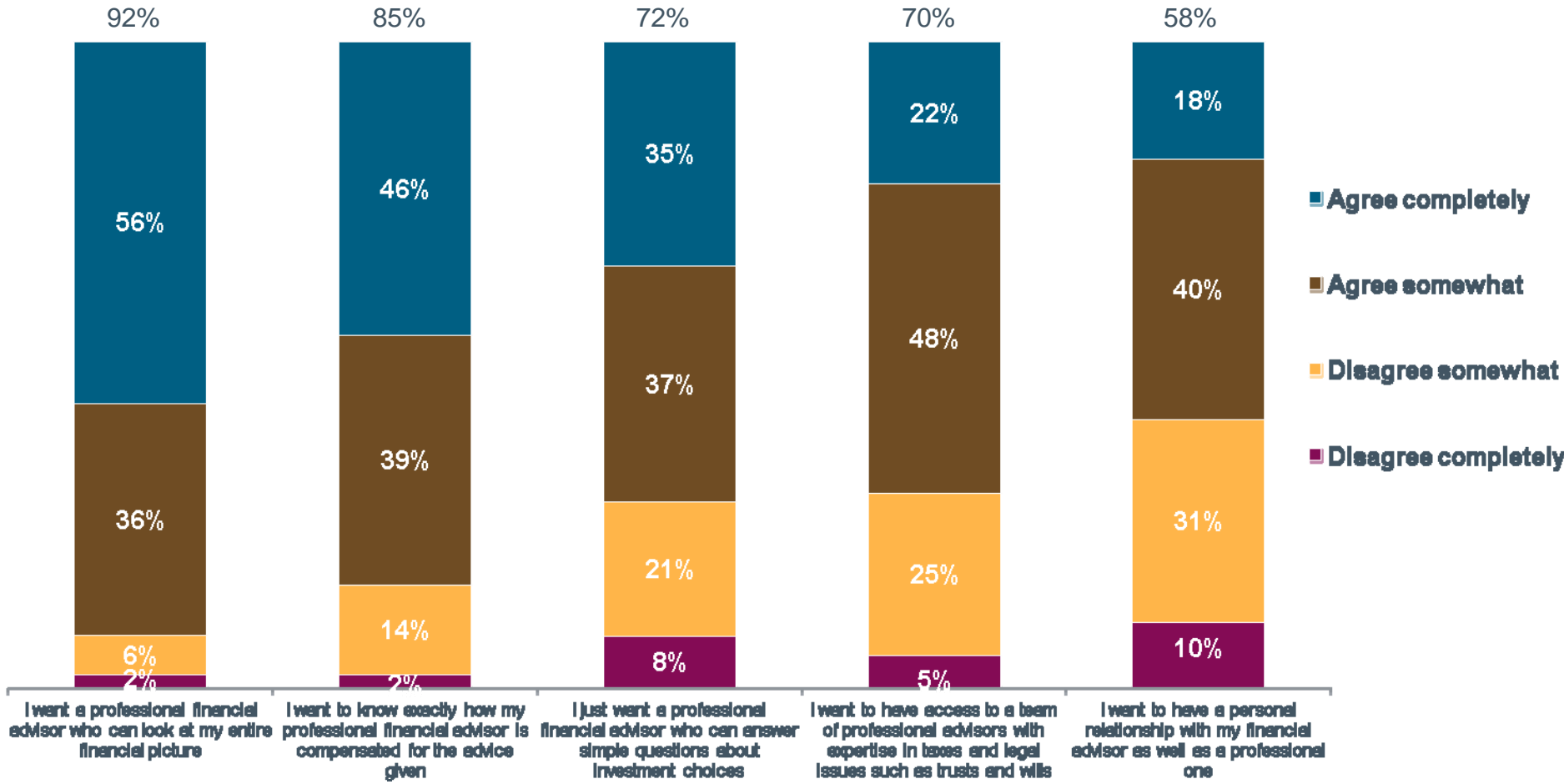


Q23 How much do you agree or disagree with each of the following statements?
 Q24 In the past year, has your desire for investment advice...? (Base: Total = 1016)

Desired qualities in an advisor are holistic approach, transparency of fees, simplicity and personal relationships

Agreement with Statements Advised Affluent Investors

Top 2 box Agree

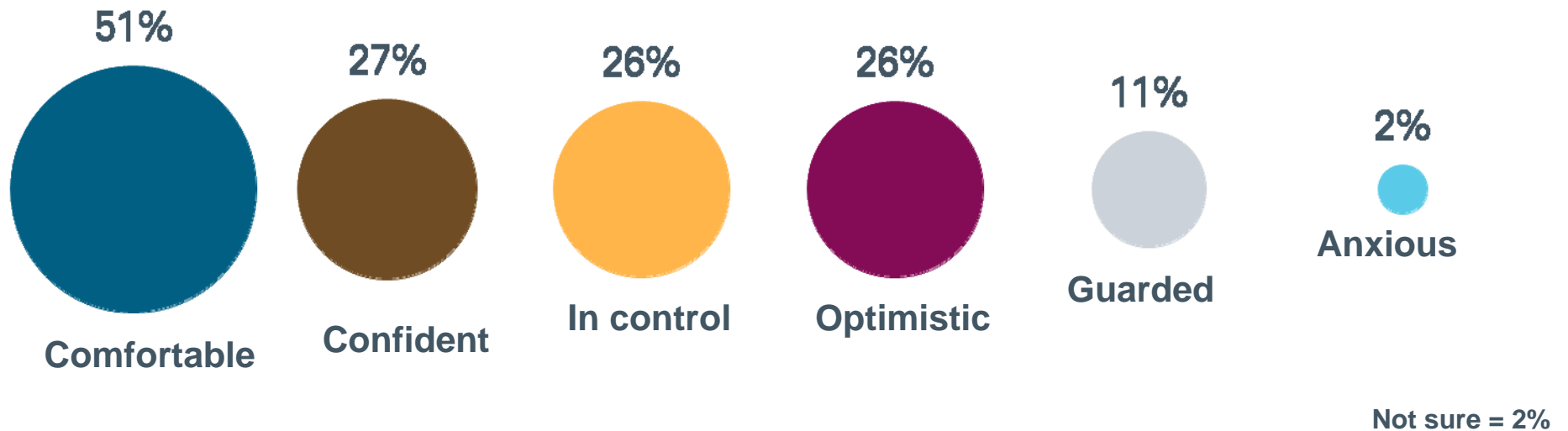


Q23 How much do you agree or disagree with each of the following statements? (Base: Total = 1016)

Advisors make affluent investors feel comfortable, confident, in control and optimistic

How Primary Financial Advisor Makes You Feel

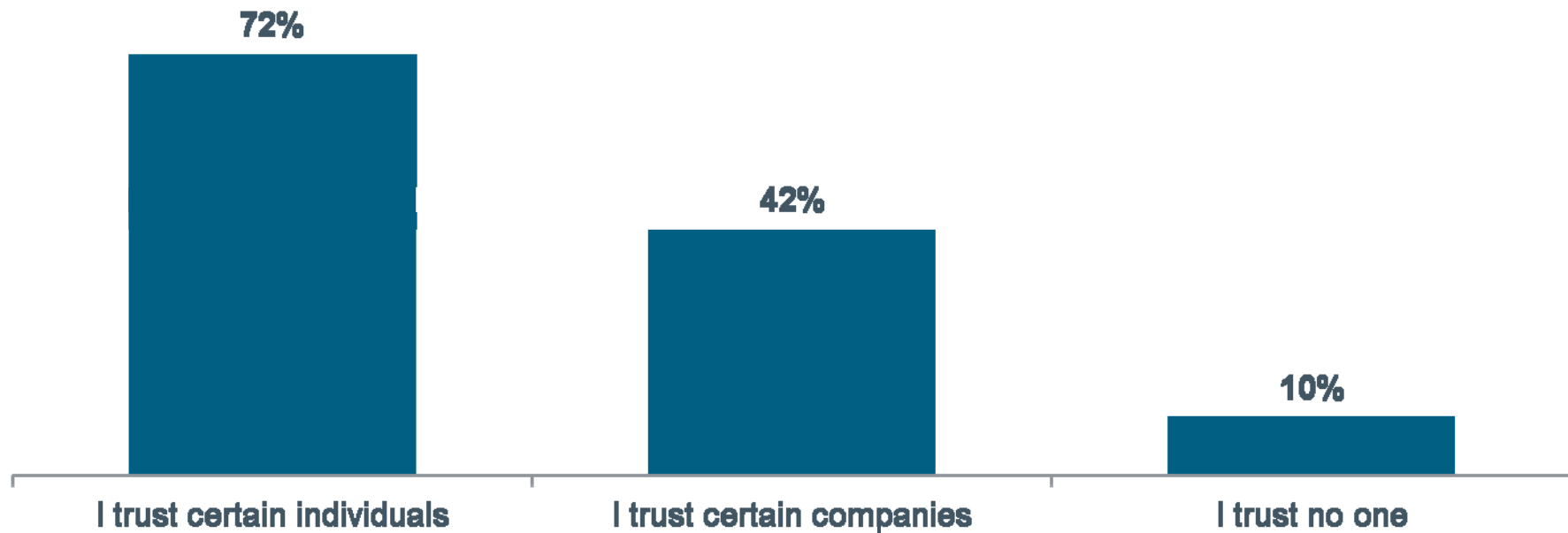
Advised Affluent Investors who have a Primary Financial Advisor



Q32 Which of the following words describe how your primary financial advisor makes you feel about your financial future? (Base: Have a Primary Financial Advisor = 942)

Trust in the financial services industry is placed in individuals vs. companies

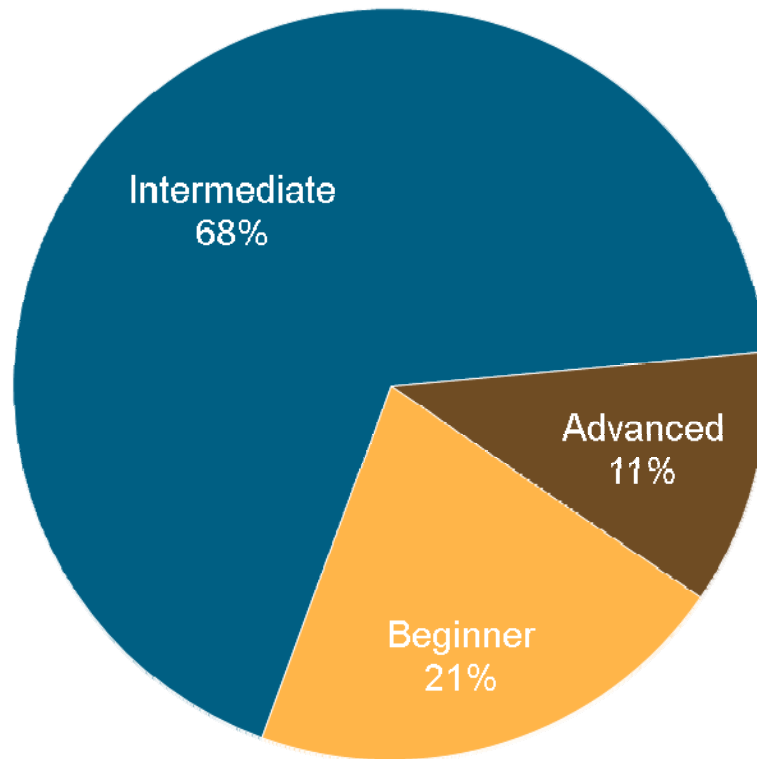
Trust in the Financial Services Industry Advised Affluent Investors



Q36 When thinking about the people and the companies you deal with in the financial services industry, which of the following statements describe your feelings? (Base: Total = 1016)

Few affluent investors who receive advice believe they have advanced investing skills; most classify themselves as “intermediate”

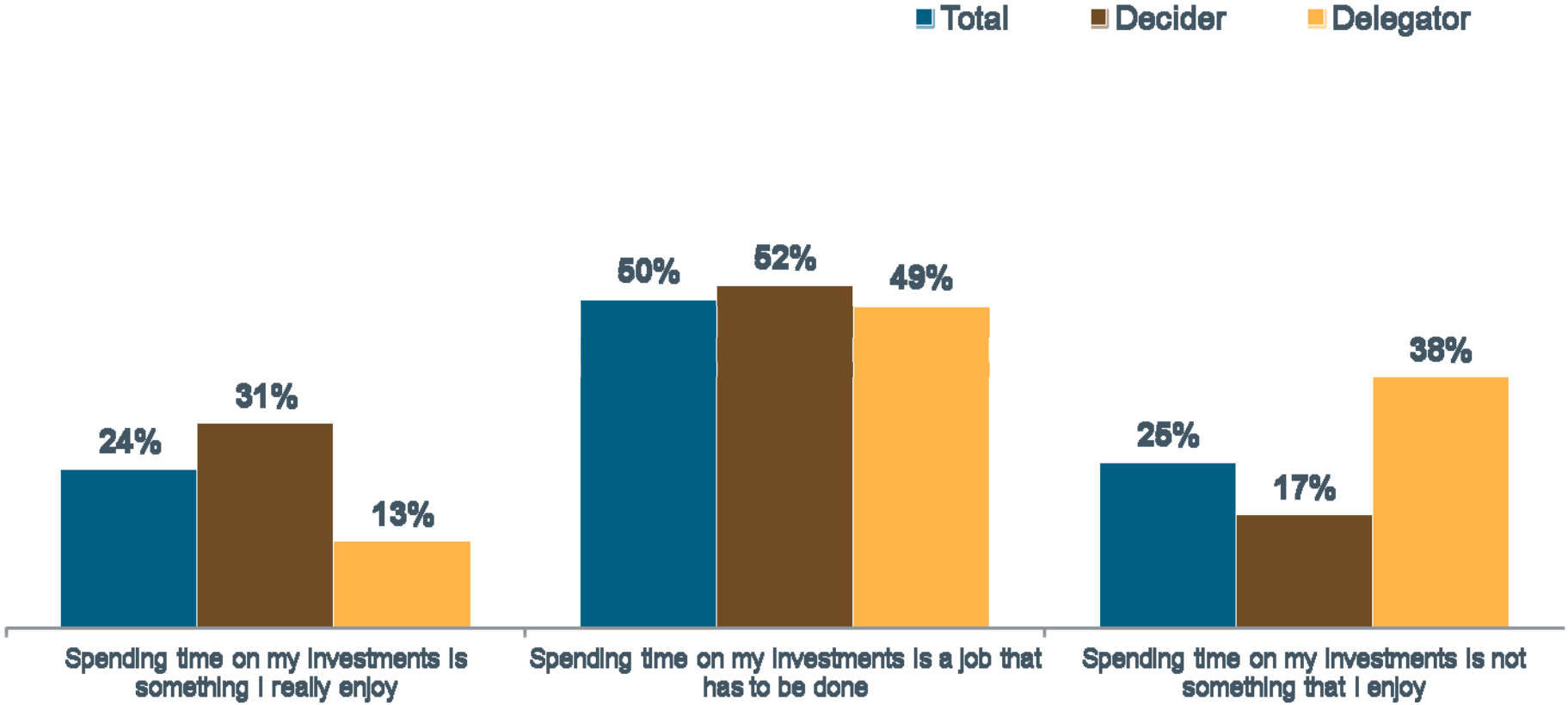
Level of Investment Skill Advised Affluent Investors



Q11 When it comes to investing, do you consider yourself...? (Base: Total = 1016)

Half of affluent investors say investing is a job that has to be done

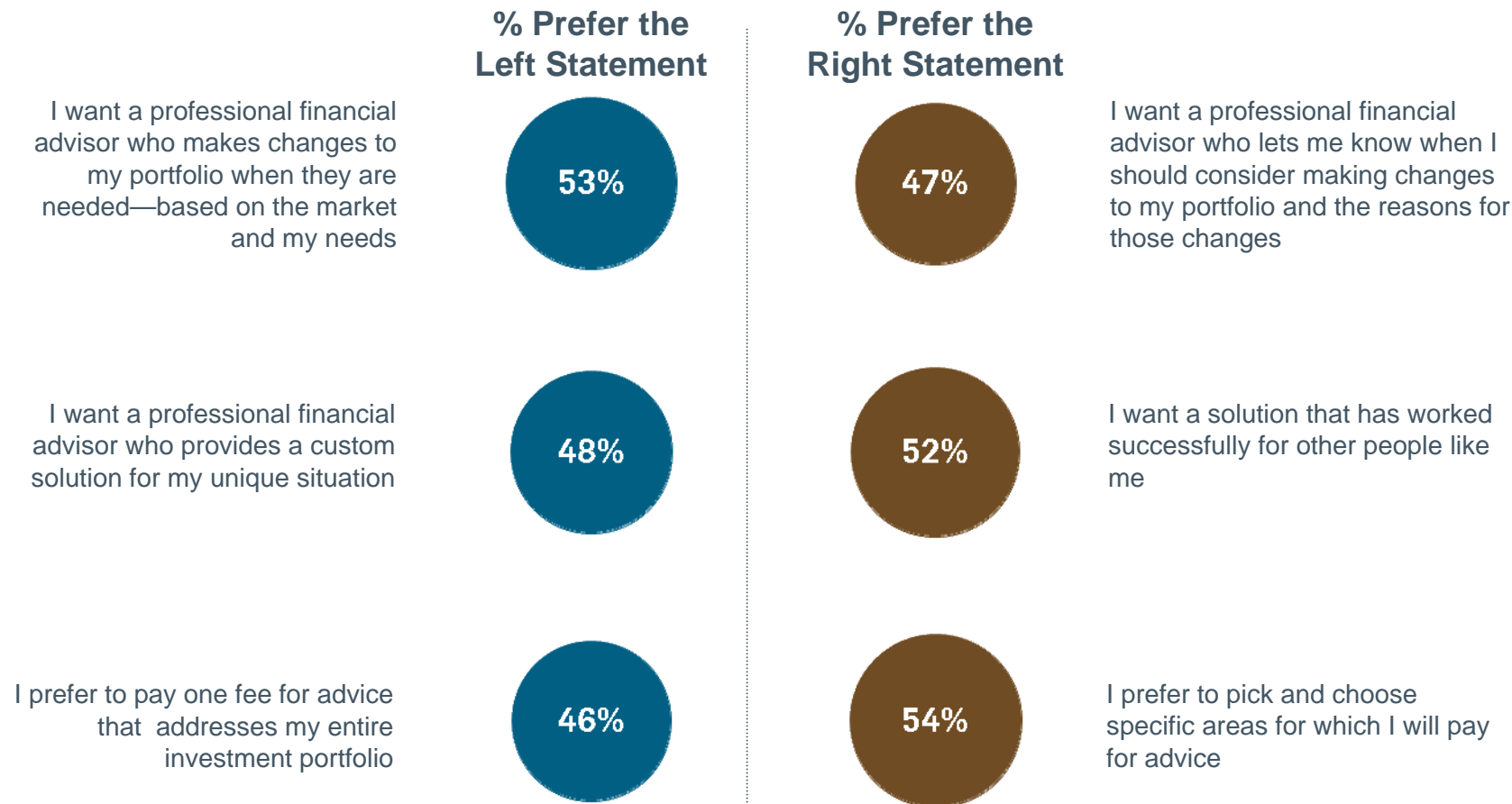
Attitudes Toward Time Spent on Investing Advised Affluent Investors by Level of Advice



Q15 Which of the following statements best describes you? (Base: Total = 1016; Decider = 605; Delegator = 386)

Affluent investors are split on what they want from their relationships

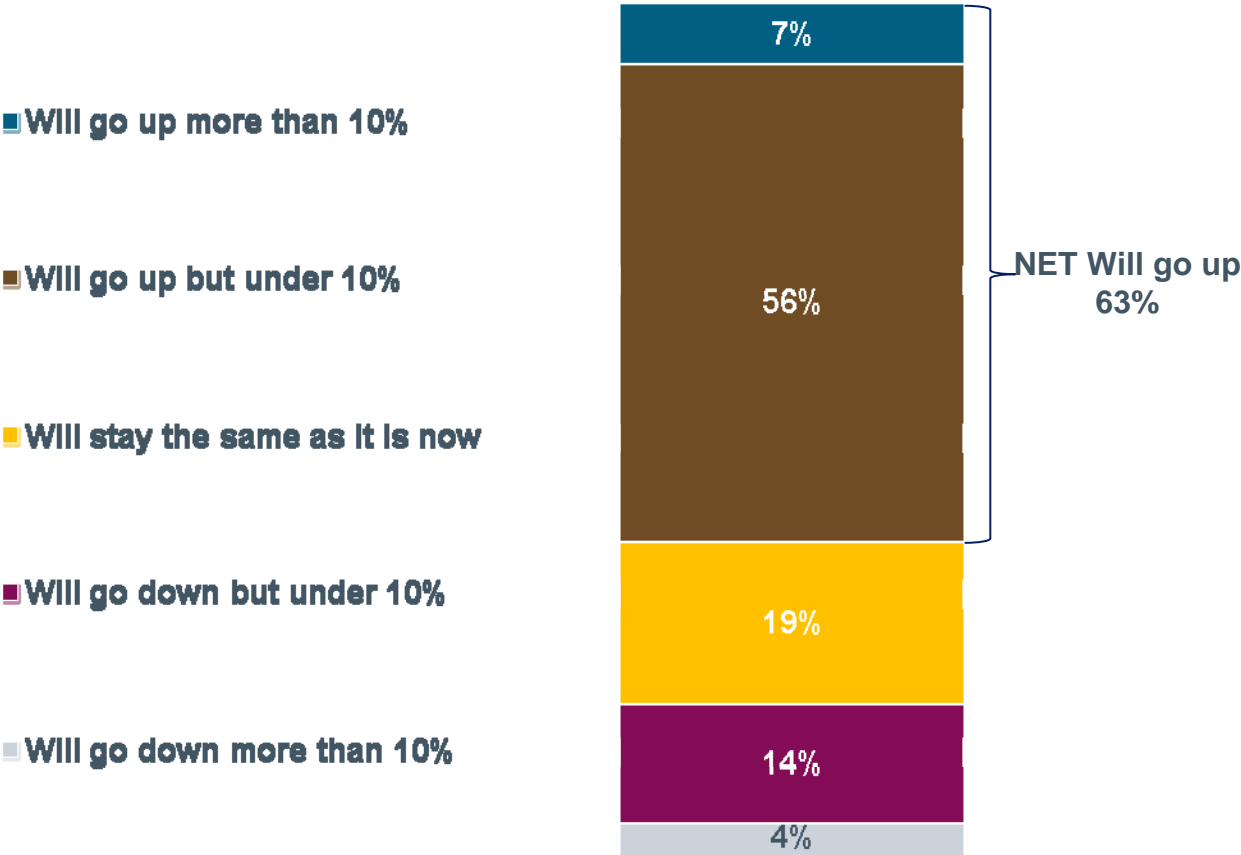
Statements Best Describing You Advised Affluent Investors



Q22 Below are pairs of statements. Please read each pair and choose a point on the scale that best describes you, personally. (Base: Total = 1016)

Most affluent investors who receive advice predict that the S&P 500 will go up in the next six months, but by less than 10%

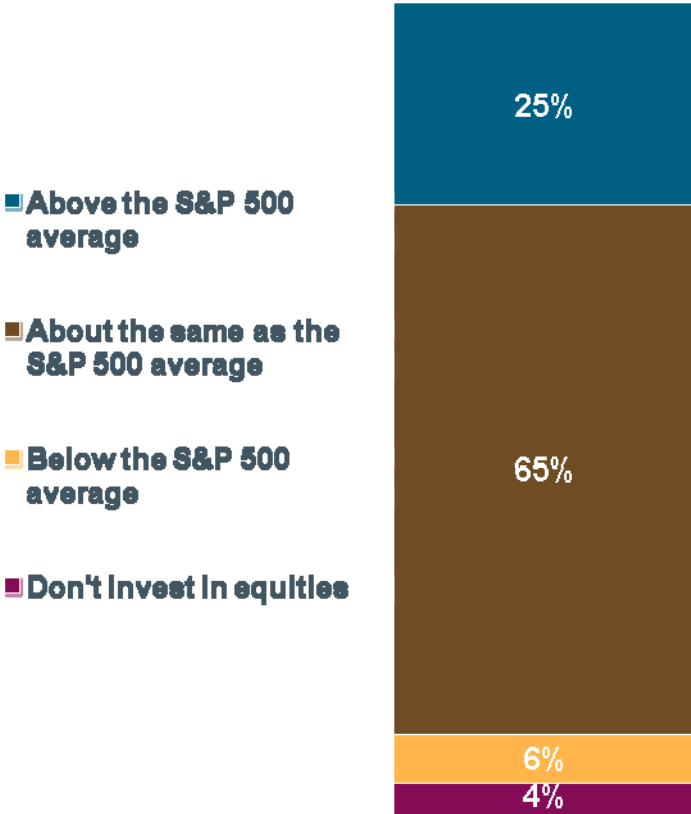
Expected S&P 500 Performance in Next 6 Months Advised Affluent Investors



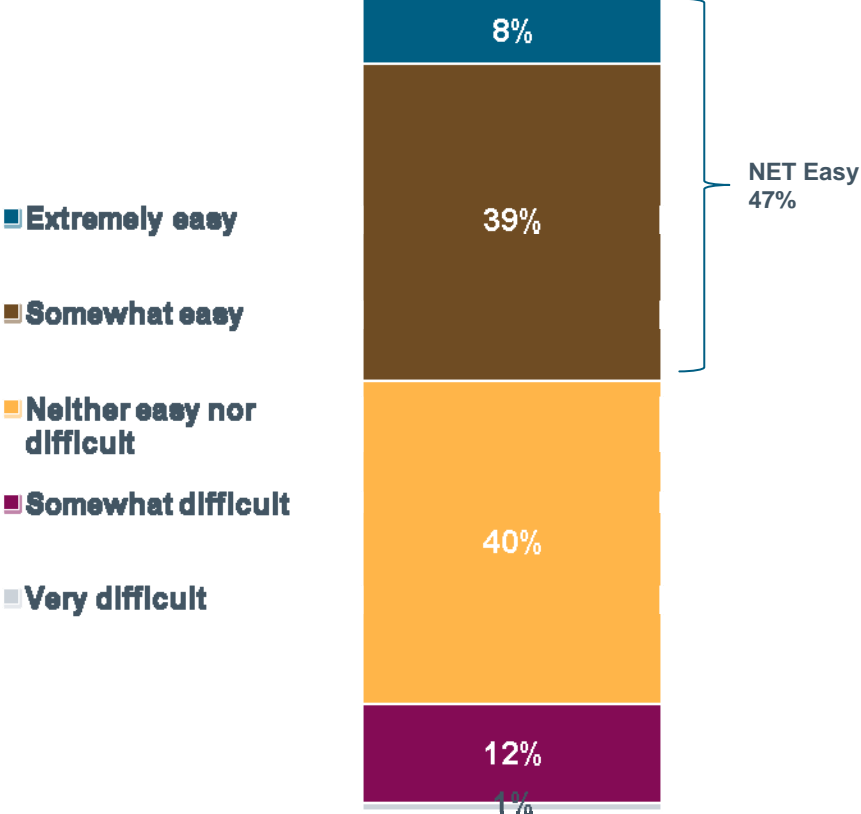
Q8 Which of the following best describes what you think will happen to the S&P 500 in the next six months? (Base: Total = 1016)

Most affluent investors who receive advice expect their equity portfolios to match the S&P 500; half say it will be easy for advisors to meet goals

Your Equity Portfolio Performance Compared to S&P 500
Advised Affluent Investors



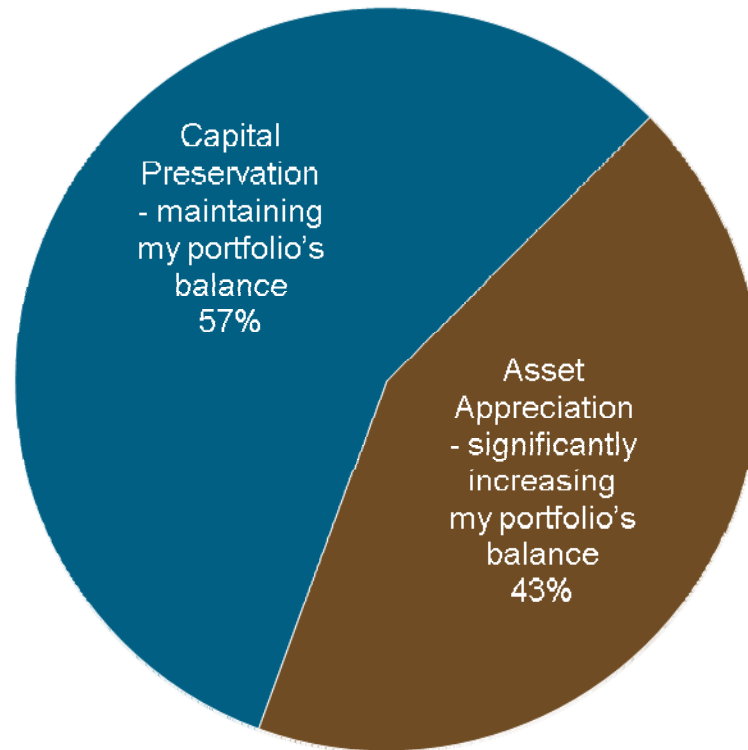
Ease of Primary Advisor Reaching Investment Goals
Advised Affluent Investors who have a Primary Financial Advisor



Q9 In the next six months, do you expect your equity portfolio to perform...? (Base: Total = 1016)
Q28 Which of the following best describes how easy or difficult you think it will be for your primary financial advisor to achieve your investment goals in the current market environment? (Base: Have primary financial advisor=942)

Affluent investors who receive advice favor capital preservation over asset appreciation

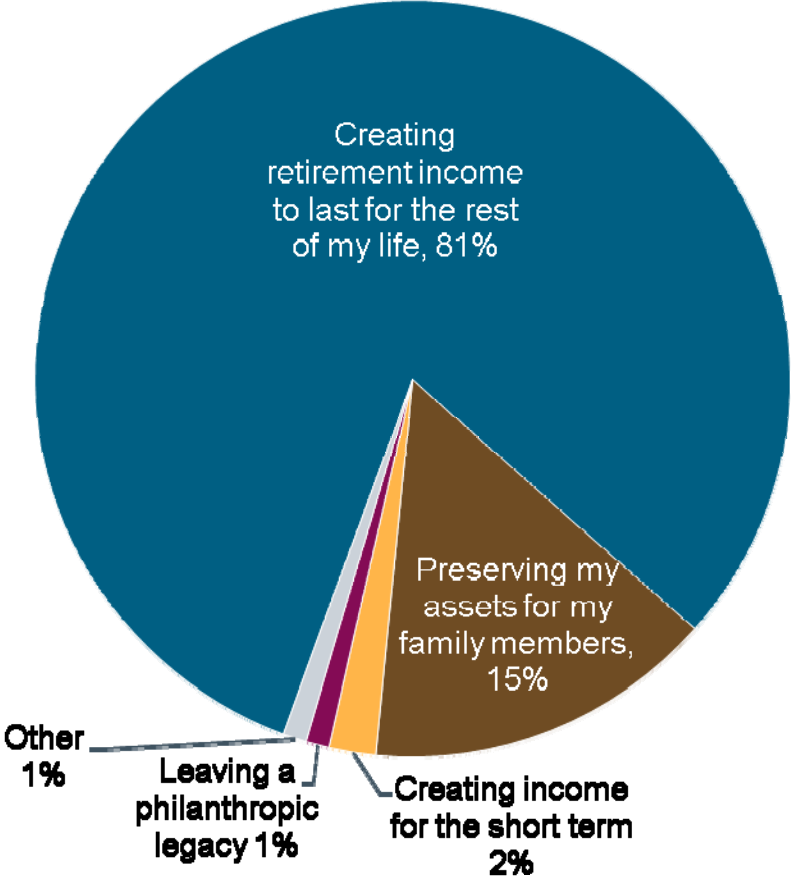
Primary Investment Strategy is... Advised Affluent Investors



Q12 Would you say your primary investment strategy is...? (Base: Total = 1016)

Creating income for retirement is overwhelmingly seen as the primary investment goal

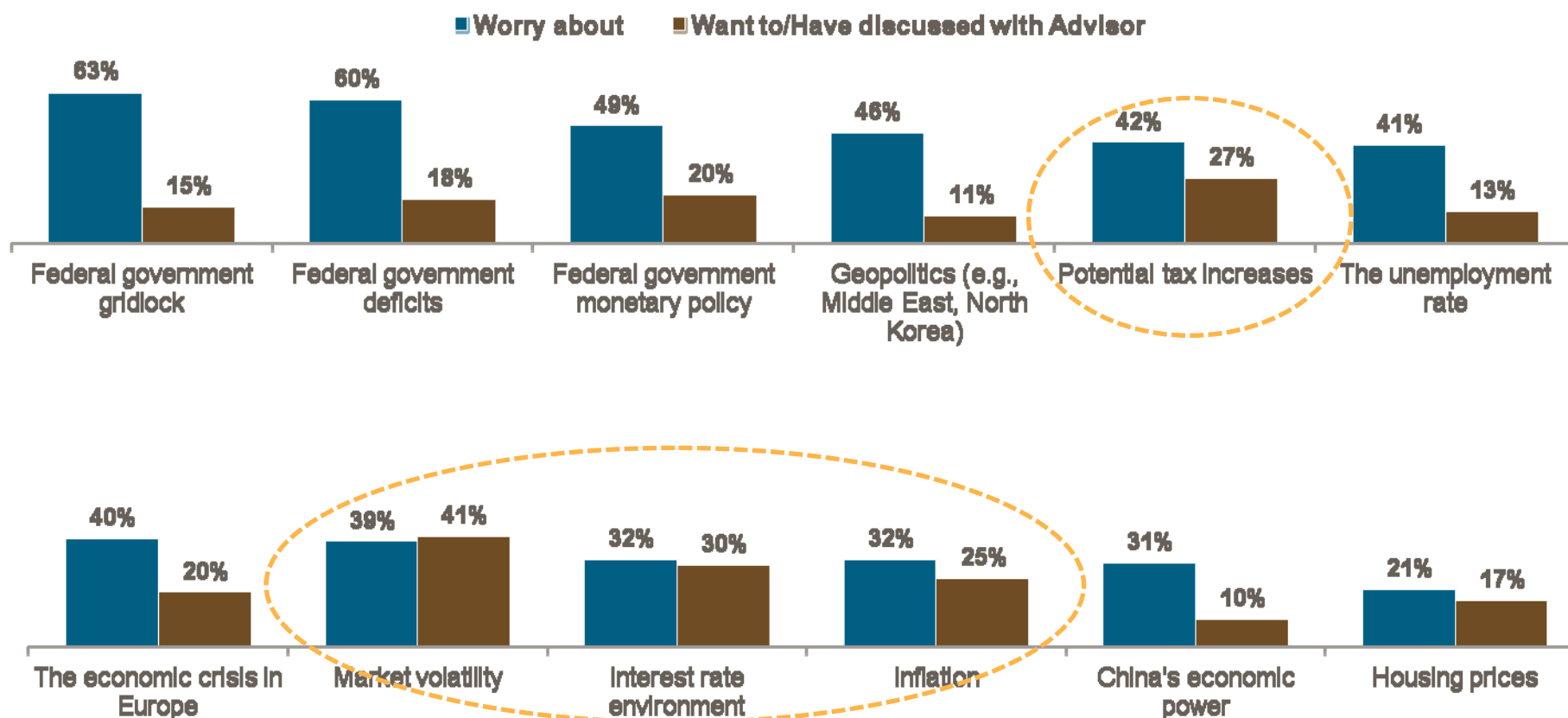
Primary Investment Goal Advised Affluent Investors



Q13 Which of the following comes closest to describing your primary investment goal? (Base: Total = 1016)

Advised affluent investors most often express concerns about Federal government issues and geopolitics; but want to talk to advisors about market conditions and taxes

Areas of Concern Advised Affluent Investors

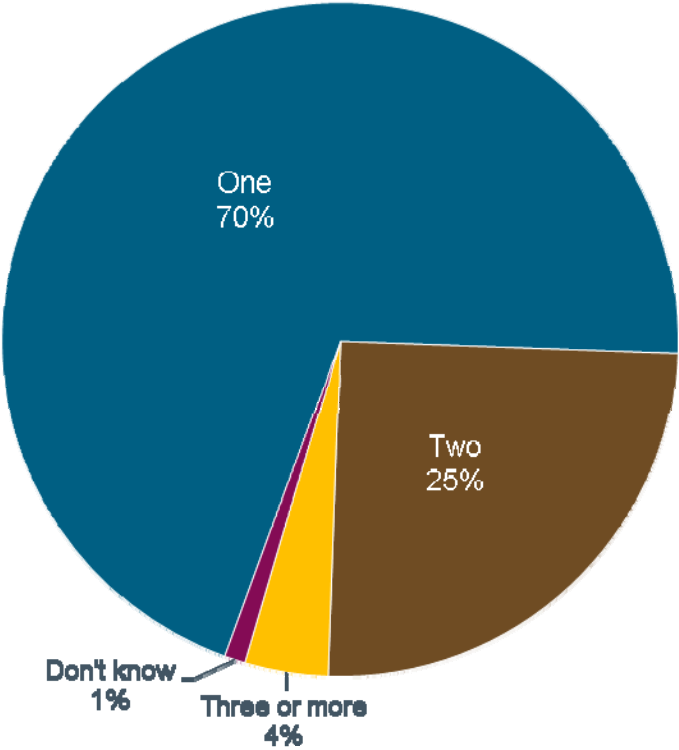


Q10a Which of the topics or issues below worry you a lot?

Q10b And which of the topics or issues below have you discussed or would you like to discuss with a professional financial advisor (Base: Total = 1016)

Most work with one advisor; when multiple advisors used, it is because of different types of accounts

Number of Professional Financial Advisors Used Advised Affluent Investors



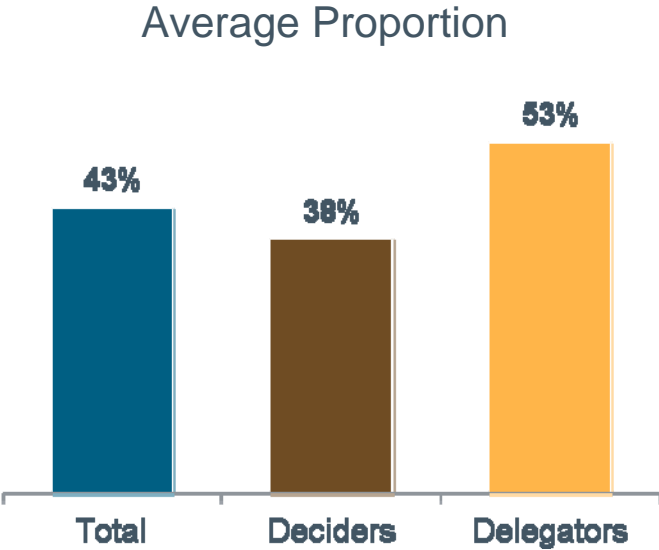
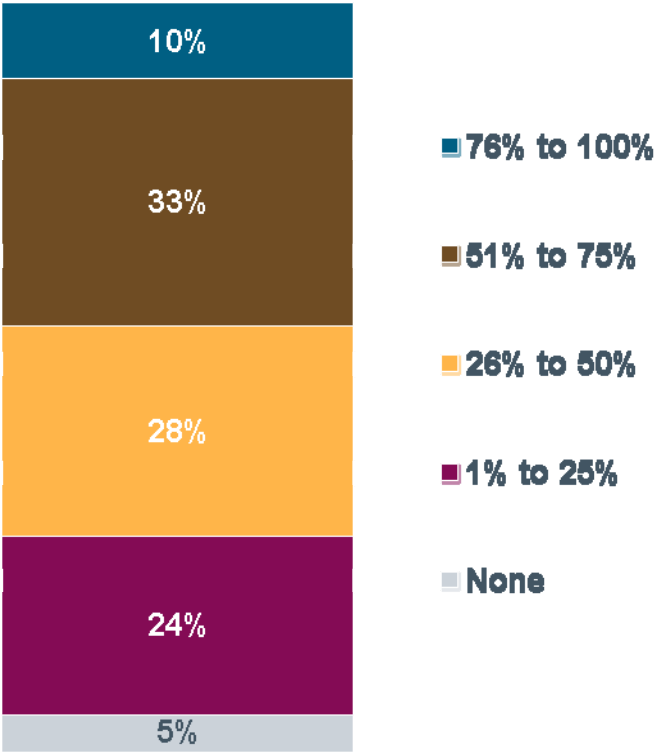
	Have More than One Advisor
Reasons Use More than One Advisor	(n=292)
I work with multiple advisors because of the different types of accounts I have	53%
I feel safer spreading my money around	26%
I need advisors who have distinct specialties	16%
I have personal relationships I don't want to endanger	16%
I work with multiple advisors to gain access to all the products I want	15%
Other	8%

Q25 How many professional financial advisors do you currently use? (Base: Total = 1016)

Q26 Why do you have more than one advisor? (Base: Have two or more advisors = 292)

On average, primary financial advisor handles 43% of assets

Proportion of Investable Assets Handled by Primary Financial Advisor Advised Affluent Investors who have a Primary Financial Advisor



Q30 What proportion of your investable assets is handled by your primary financial advisor? (Base: Have a Primary Financial Advisor, Total = 942; Deciders = 551; Delegators = 367)

Methodology

Detailed Findings

Demographics

Demographics

	Advised Affluent Investors (n=1016)
Gender	
Male	53%
Female	47%
Age	
Under 35	2%
35-49	19%
50-66	37%
67+	43%
MEAN	62
Role in HH Financial Decisions	
I am the primary decision-maker for my household	49%
I share equally in decision-making for my household	50%
Someone else makes most of the decisions, but I am involved	1%
Age Plan to Retire	
MEAN	64.2
Children	
Have children	78%
Household Income in 2012	
Less than \$50K	5%
\$50K to less than \$100K	42%
\$100K to less than \$150K	30%
\$150K or more	23%
MEAN	\$124.8K
Region	
Northeast	23%
Midwest	24%
South	27%
West	26%

	Advised Affluent Investors (n=1016)
Investable Assets	
\$250K to less than \$500K	30%
\$500K to less than \$1M	37%
\$1M to less than \$2M	20%
\$2M or more	13%
MEAN	\$1.2M
Total Value of Retirement Savings	
Under \$500K	37%
\$500K to less than \$750K	19%
\$750K to less than \$1M	13%
\$1M to less than \$2M	17%
\$2M or more	11%
Not answered	3%
MEAN	\$1.1M
Employment Status	
Employed Full Time	27%
Employed Part Time	12%
Retired	53%
Unemployed	8%
Marital Status	
Couple (NET)	80%
Married	77%
Living with a partner	3%
Single (NET)	20%
Single	8%
Separated	7%
Widowed	4%