Charles Schwab Survey: Generation Investor
This is an online study conducted for Charles Schwab by Logica Research. Logica Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc. The online study was conducted from February 1st to February 16th, 2020 among a national sample of Americans aged 21 to 75 and an augment sample of 200 new investors who began investing in 2020 (Gen I).

- 1,200 adults completed the study
  - 1,000 adults nationally representative of the U.S. population
  - 200 oversample of new investors

- To qualify for the study, new investors had to
  - Be 21 to 75 years old
  - Have an investment/brokerage account or retirement plan (401(k), IRA,...)
  - Began investing in 2020

- Generational definitions
  - Boomers: 1946–1964 (56–74)
  - Matures: 1945 (75)
Generation Investor Profile
Generation Investor: 15% of U.S. stock market investors started investing in 2020

First put money into the stock market...

Pre-2020 Investor
- 85% Began investing before 2020

Generation Investor (Gen I)
- 15% Began investing during 2020

Q.S10: When did you first put money in the stock market? (Base: Total Investors = 476)
Generation Investor (Gen I) Profile

- $76K Mean income
- 59% Marital status: partnered
- 55% Have children
- 40% Female
- 59% Male
- 16% Gen Z
- 51% Millennials
- 22% Gen X
- 11% Boomers
- 54% Own their home
- 71% Education: Some college or more
- South 43%
- West 22%
- Northeast 19%
- Midwest 16%

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1 Generation Investor Key Findings
These new investors (Gen I) are more bullish about their financial future and market than pre-2020 investors.

**Investment mindset and plans**

- Optimistic about the U.S. stock market
- Think the stock market will increase in value in 2021
- Plan to invest more in the stock market
- Plan to spend more time managing portfolios

<table>
<thead>
<tr>
<th>Optimistic about the U.S. stock market</th>
<th>Think the stock market will increase in value in 2021</th>
<th>Plan to invest more in the stock market</th>
<th>Plan to spend more time managing portfolios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen I 72%</td>
<td>44%</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>P-2020 Investors 63%</td>
<td>57%</td>
<td>43%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Q.6: How are you feeling about each of the following for 2021: the U.S. Stock Market
Q.24: What do you think the stock market will do in 2021? Will it...?
Q.17: Which of the following financial activities will you do after the COVID-19 pandemic has subsided? Invest more in the stock market; Spend more time managing my investment portfolio.
(Base: Generation Investor = 270; Pre-2020 Investors = 406)
While Gen I is younger than pre-2020 investors, this new generation of investors spans all age groups.

**Gen I: median age**

- Gen Z: 16%
- Millennials: 51%
- Gen X: 22%
- Boomers: 11%

**P-2020 Investors: median age**

- Gen Z: 3%
- Millennials: 29%
- Gen X: 34%
- Boomers: 34%

Q.S2: What year were you born? (Base: Generation Investor = 270; Pre-2020 Investors = 406)
Gen I earns less than pre-2020 investors and has been hit financially harder by COVID-19

**Generation Investors**
- **Average HH income (mean)**: $75,900
- **51% Live paycheck to paycheck**
- **62% Financially impacted by COVID**

**COVID Experiences**
- Finances negatively impacted: 39%
- Salary cut or reduced hours: 31%
- Laid off or furloughed: 26%
- Had COVID-19: 27%

**Pre-2020 Investors**
- **Average HH income (mean)**: $93,700
- **33% Live paycheck to paycheck**

**COVID Experiences**
- Finances negatively impacted: 28%
- Salary cut or reduced hours: 27%
- Laid off or furloughed: 20%
- Had COVID-19: 21%

Q.57: Which one of these categories best describes your household income in 2020 before taxes?
Q.31: Please select which statement best describes you.
Q.41: Which of the following, if any, have you or a close family member experienced due to COVID-19?
(Base: Generation Investor = 270; Pre-2020 Investors = 406)
Gen I started investing to build an emergency fund and to gain an additional source of income.

### Top reasons to invest

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase savings in case of emergency</td>
<td>54%</td>
</tr>
<tr>
<td>Provide additional income</td>
<td>53%</td>
</tr>
<tr>
<td>Save for retirement</td>
<td>46%</td>
</tr>
<tr>
<td>To purchase a home</td>
<td>25%</td>
</tr>
<tr>
<td>To distribute wealth (family or charity)</td>
<td>22%</td>
</tr>
</tbody>
</table>

Q.23: Which of the following are the main 3 reasons you invest? (Base: Generation Investor = 263)
A vast majority of Gen I are confident they will reach their financial goals

Confidence in ability to reach financial goals

- Very confident: 30%
- Somewhat confident: 52%
- Not confident: 18%

Q.40: How confident are you that you will reach your financial goals? (Base: Generation Investor = 270)
Gen I turned the COVID challenge into an opportunity by keeping better track of their savings and finances in comparison to pre-2020 investors.

Q.14: Over the past year, what are the biggest changes you have experienced since the onset of the COVID-19 pandemic? (Base: Generation Investor = 270; Pre-2020 Investors = 406)
Gen I members are hungry for access to investing education and advice

<table>
<thead>
<tr>
<th>Importance when selecting investments</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having access to information and tools to do my own research</td>
<td>94%</td>
</tr>
<tr>
<td>Have a platform to execute my trades that is easy to use</td>
<td>91%</td>
</tr>
<tr>
<td>Having access to educational information to help improve my investing/trading skills</td>
<td>90%</td>
</tr>
<tr>
<td>Having access to an investment professional to provide periodic or ongoing help and guidance</td>
<td>82%</td>
</tr>
</tbody>
</table>

Q.27: When selecting investments, how important is each of the following for you? (Base: Generation Investor =270)
Looking ahead, Gen I members plan on keeping track of their finances, saving more, investing more, reducing their debt and building an emergency fund.

Q.15: As you reassess your priorities coming out of the COVID-19 pandemic, do you plan to make any of the below lifestyle shifts in 2021?

Q.17: Which of the following financial activities will you do after the COVID-19 pandemic has subsided?

(Base: Generation Investor = 270)
Gen I’s biggest surprise during their first year of investing was learning that investing is more about long-term gains than short-term wins.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Surprise</th>
</tr>
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<tbody>
<tr>
<td>36%</td>
<td>Investing is more about long-term gain than short-term wins</td>
</tr>
<tr>
<td>34%</td>
<td>How much time it takes to research</td>
</tr>
<tr>
<td>30%</td>
<td>How much money I made</td>
</tr>
<tr>
<td>27%</td>
<td>How important diversification is</td>
</tr>
<tr>
<td>25%</td>
<td>When I lost money</td>
</tr>
<tr>
<td>21%</td>
<td>How low my risk tolerance is</td>
</tr>
<tr>
<td>18%</td>
<td>Capital gains taxes</td>
</tr>
</tbody>
</table>

Q.30: What came as a surprise during your first year of investing? (Base: Generation Investor = 270)
When it comes to an investing strategy, Gen I is currently buying to hold for the long-term and more plan to shift to this strategy in 2021.

Q.28: When you invested in 2020, did you...?
Q.29: In 2021, when you invest will you...?
(Base: Generation Investor = 270)
More than one-third of Gen I has a written financial plan

Approach to financial planning

Q.32: Which of the following best describes your approach to financial planning?
(Base: Generation Investor = 270)
More than 40 percent of Gen I members admit they have not thought about the tax-efficiency of their investment portfolio

Q.26: When making investment choices, do you consider the tax implications? (Base: Generation Investor = 270)

- Make investment choices taking tax implications into consideration: 59%
- Do not make investment choices taking tax implications into consideration: 41%

Tax considerations:
- Hold on to investments long enough so they can be taxed at the lower long-term capital gains rates: 27%
- Choose tax-advantaged accounts when possible: 26%
- Regularly meet with tax advisor or financial advisor to find ways to minimize taxes: 17%
- Use tax-loss harvesting as a strategy to help lower my tax bill: 17%
More than half of Gen I members say they do not fully understand how basic investing fees and costs work

Understanding of fees and costs of investments

49% I understand how basic investing fees and costs like commissions, transactions and advisory or management fees work, and I know what I pay

39% I know I pay some fees but I’m not completely sure what they’re for or how much they add up to

12% I don’t pay much attention to the fees I pay

Q.38: Are you aware of the fees and costs of your investments? (Base: Generation Investor = 270)
Gen I members are having important life events as they reassess their priorities coming out of the pandemic

Planned lifestyle shifts coming out of pandemic...

- **24%** Seek a new career or job
- **21%** Move to a new state or home that better fits my needs
- **14%** Prepare to have a baby

Q.15: As you reassess your priorities coming out of the COVID-19 pandemic, do you plan to make any of the below lifestyle shifts in 2021? (Base: Generation Investor = 270)
Demographic Snapshot

### Generation Investor (Gen I)

- **Gender**
  - Male: 59%
  - Female: 40%

- **Generations**
  - Gen Z: 16%
  - Millennials: 51%
  - Gen X: 22%
  - Boomers: 11%

- **HH income**
  - Mean: $76K
  - Median: $55K

- **Investable assets**
  - Mean: $191K
  - Median: $75K

- **Employment**
  - Working full-time: 63%
  - Working part-time: 16%
  - Retired: 4%
  - Other: 17%

### Pre-2020 Investors

- **Gender**
  - Male: 65%
  - Female: 35%

- **Generations**
  - Gen Z: 3%
  - Millennials: 29%
  - Gen X: 34%
  - Boomers: 34%

- **HH income**
  - Mean: $94K
  - Median: $88K

- **Investable assets**
  - Mean: $424K
  - Median: $175K

- **Employment**
  - Working full-time: 63%
  - Working part-time: 12%
  - Retired: 17%
  - Other: 8%
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