

The Wisdom of  
the Crowd  
Celebrating Schwab's  
50<sup>th</sup> Anniversary

*charles*  
SCHWAB

*Own your tomorrow.*

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## Foreword

One of the joys of having served clients here at Schwab now for five decades is the many messages I receive from people telling me how important their journey of investing has been to them and their families. They are constantly reminding me that successful investing is a lifelong journey – a process, not a moment in time.

As you'll see in the results of our study, *The Wisdom of the Crowd*, that sentiment is shared both by investors just starting out, as well as those 50 years into the process. There are differences among the generations, for sure, but it's heartening to see the consistent sense of ownership, self-determination and optimism represented in these findings. As I've said many times, to be a successful investor, you have to be an optimist. You have to believe in the innovations that come from the human mind and human spirit that create growth and improvement over time. And you have to have confidence in yourself and those who help you along the way. The lifelong investor's solution is to keep at it through thick and thin. *The Wisdom of the Crowd* reminds us of this once again.

A handwritten signature in black ink that reads "Charles Schwab". The signature is fluid and cursive, with the first name being more prominent.

Charles Schwab  
Founder & Co-Chairman

# Methodology



The 50<sup>th</sup> Anniversary Survey 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 May 10<sup>th</sup> through May 15<sup>th</sup>, 2023 among a sample of Schwab clients.



- 3,006 Schwab clients completed the study
  - Must be shared or primary investment decision-maker
  - Must be at least somewhat engaged with their investments at Charles Schwab



- **Generational definitions**
  - Millennials: 1981-1996 (26-41)
  - Gen X: 1965-1980 (42-57)
  - Boomers: 1946-1964 (58-76)
  - Matures: 1945 and less (77+)
- **Tenure definitions**
  - Shorter-Tenured: Opened an account after 2000
  - Longer-Tenured: Opened an account before 2000

# Findings

Investors are remarkably steady and live by time-tested principles of investing.

“ *Time in the market beats timing the market.*”

“ *Start early.*”

“ *Start investing early, even if it is just a little bit of money.*”

# Patience and investing for the long term is most important advice investors have received.

What has been the best investment advice you have ever received?



1 in 5

say “be patient” has been the best investment advice they’ve received – the most frequently cited option.

In their own words...

- “Patience with investments is the best predictor of success.”
- “Be patient. Don’t look at investments during volatile times. It will get better.”
- “Be patient and invest for the long haul.”

More experienced investors are also less likely to let their emotions guide their investment decision-making.

Investing and emotions



86%

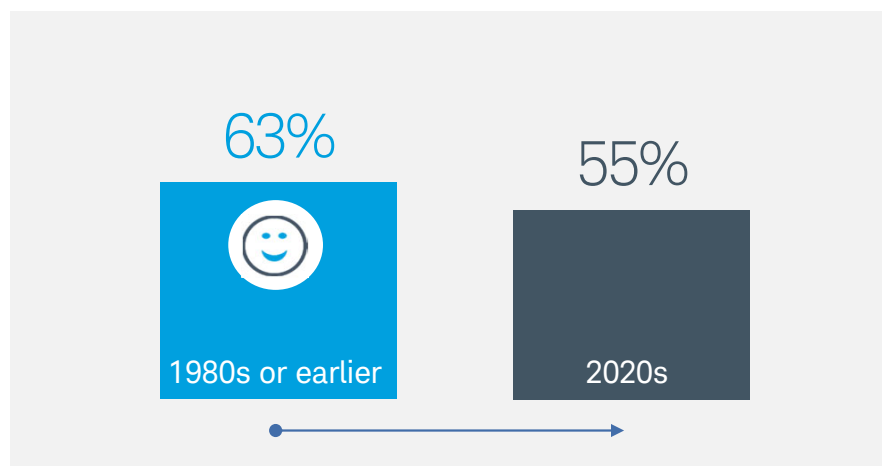
Don't let emotions get in the way of their investments now, compared to when they first began investing.

Q6: Choose the statement that best describes you now compared to when you first started investing. (Base: Longer-Tenured n=1139)

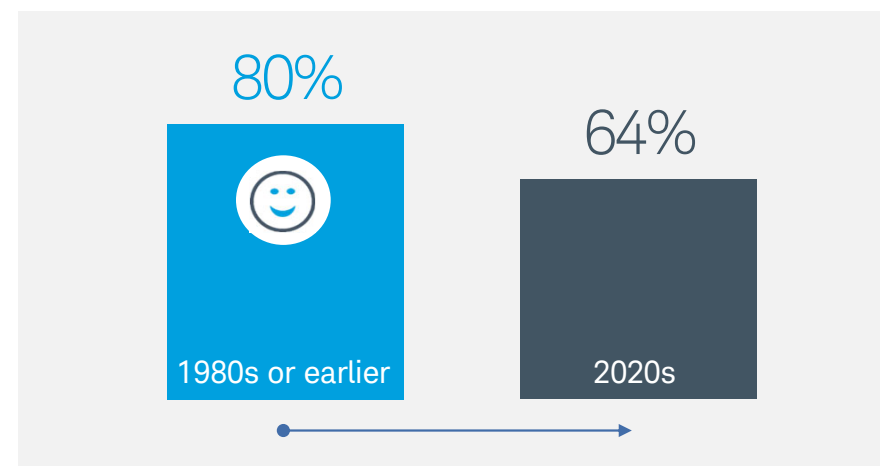


Investors who have been in the market the longest are having the most fun – and also feel the most pride.

Investors who are having more fun now than when they first began investing



Investors who feel proud of what they have accomplished



Q6: Choose the statement that best describes you now compared to when you first started investing.  
Q24: Are you proud of what you have accomplished as an investor?  
(Base: 1980s or earlier n=508, 2020s n=627)

Investors are  
adept at  
tuning out the  
noise.

“ *Be wise and slow.*”

“ *Invest in things that you have knowledge in and are passionate about. Don't invest in something you don't understand just because someone else is doing it.*”

“ *Knowledge is power. Wisdom is the tool you use to execute the knowledge.*”

Most investors identify with the tortoise – they’re more deliberate and steadier with their investing.

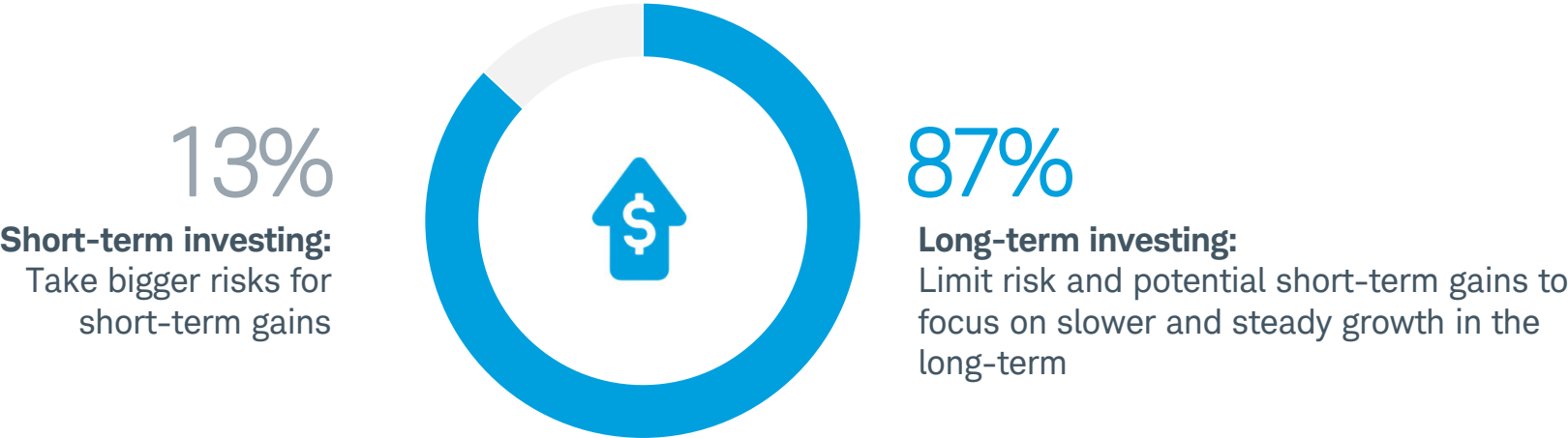
Which of the following best describes your approach to investing?



Q9: Which of the following best describes your approach to investing?  
(Base: Total n=3006)

If investors were handed \$100,000 to invest, the majority would limit risk and focus on long-term growth.

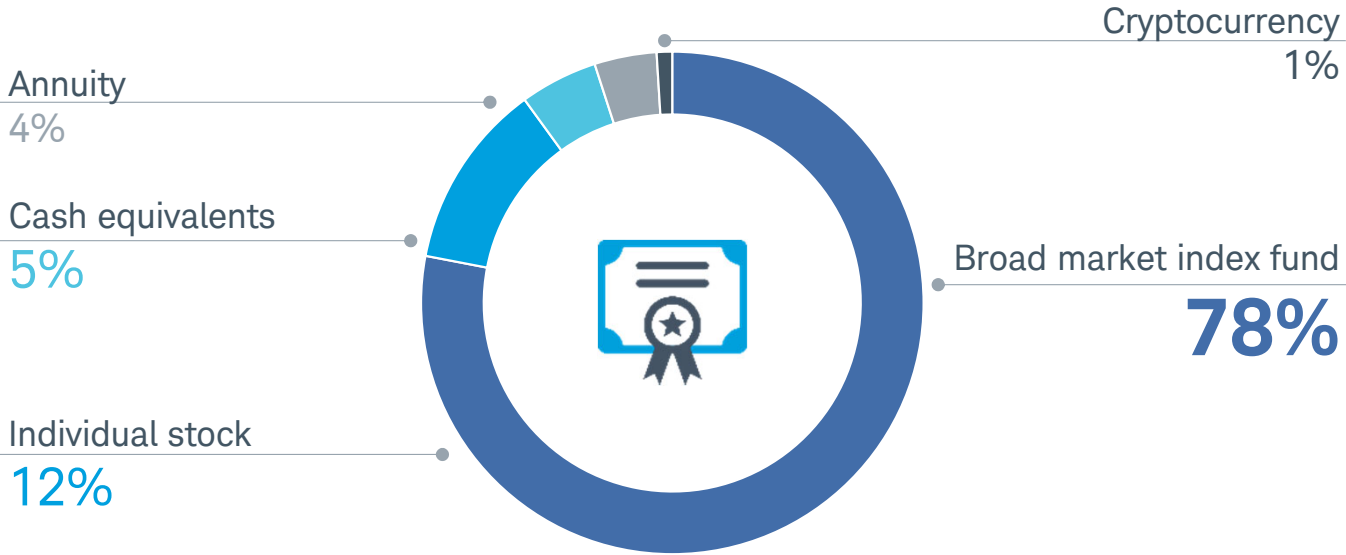
If you were given \$100,000 today for investing, what would you do with it?



Q11: If you were handed \$100,000 for investing, what would you do with it?  
(Base: Total n=3006)

Investors also prefer sensible, proven investment vehicles to trendier options.

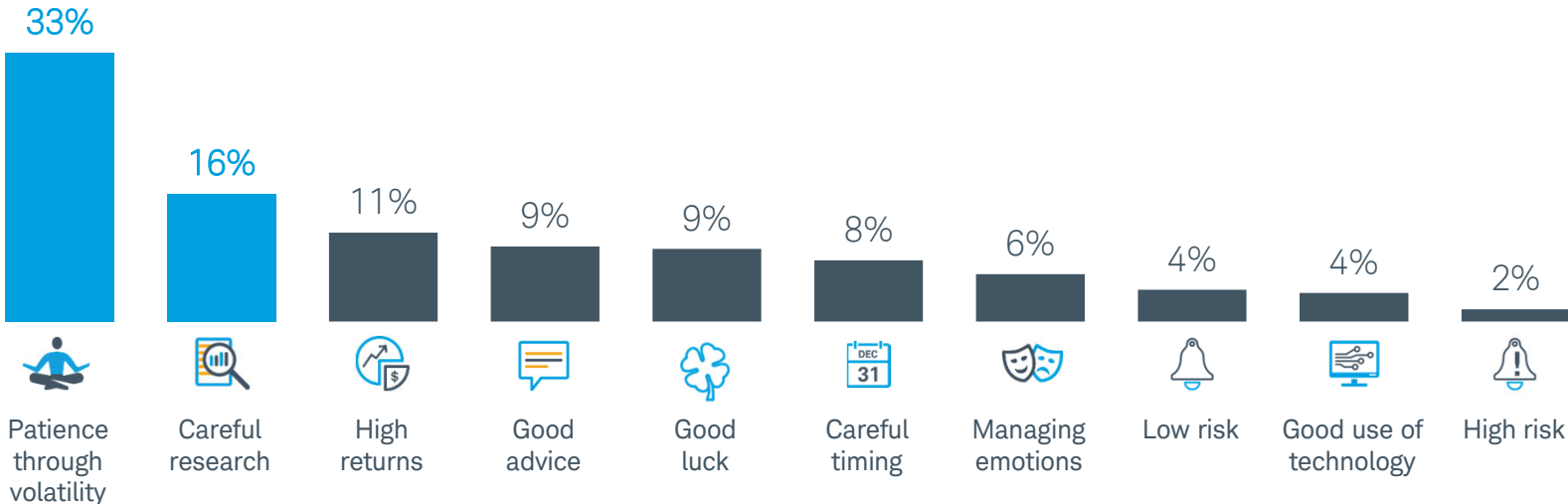
If you could only use one investment product for the rest of your life, which would you keep?



Q15. If you could only use one investment product for the rest of your life, which would you keep?  
(Base: Total n=3006)

# Patience in the face of market volatility is the leading contributor to successful investment outcomes, followed by research.

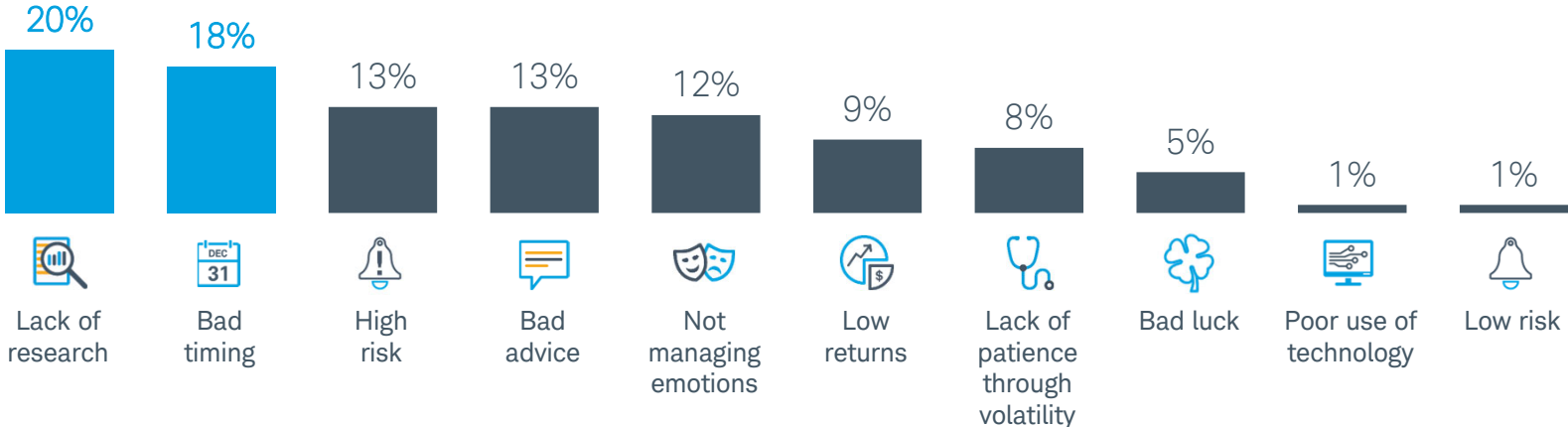
What contributed most to your most successful investment?



Q27: When you think about your most successful investment, what made that investment successful?  
(Base: Total n=3006)

# Investors cite a lack of research and bad timing for their least successful investments.

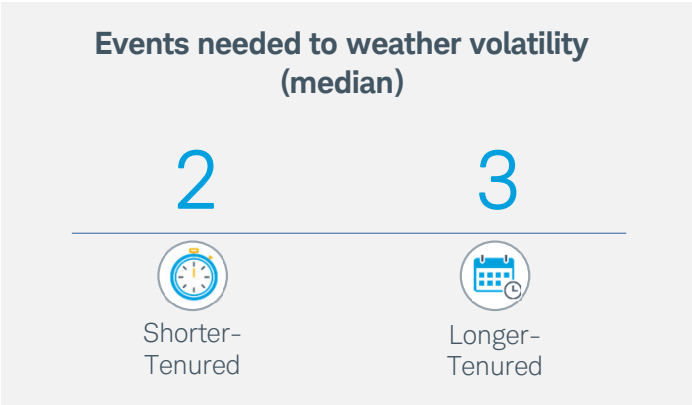
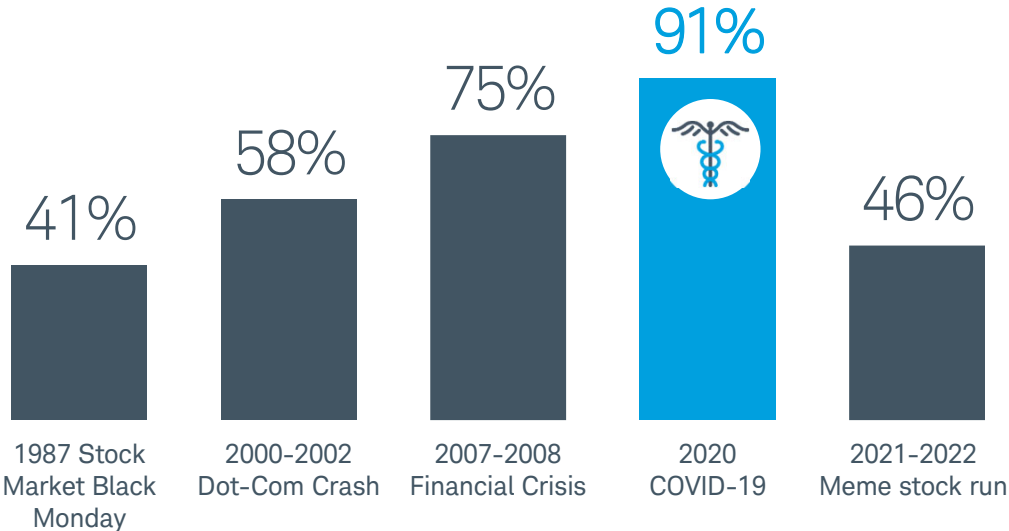
What made your least successful investment unsuccessful?



Q28: When you think about your least successful investment, what made that investment unsuccessful?  
(Base: Total n=3006)

# Investors say they needed to experience multiple economic events to learn to weather volatility.

## Most common events experienced



Q17: Which of the following market volatility events have you experienced as an investor?  
Q18: In your opinion, how many major financial events does an investor have to experience to really understand how to weather market volatility?  
(Base: Total n= 3006; Shorter/Longer-Tenured n=1867/1139)



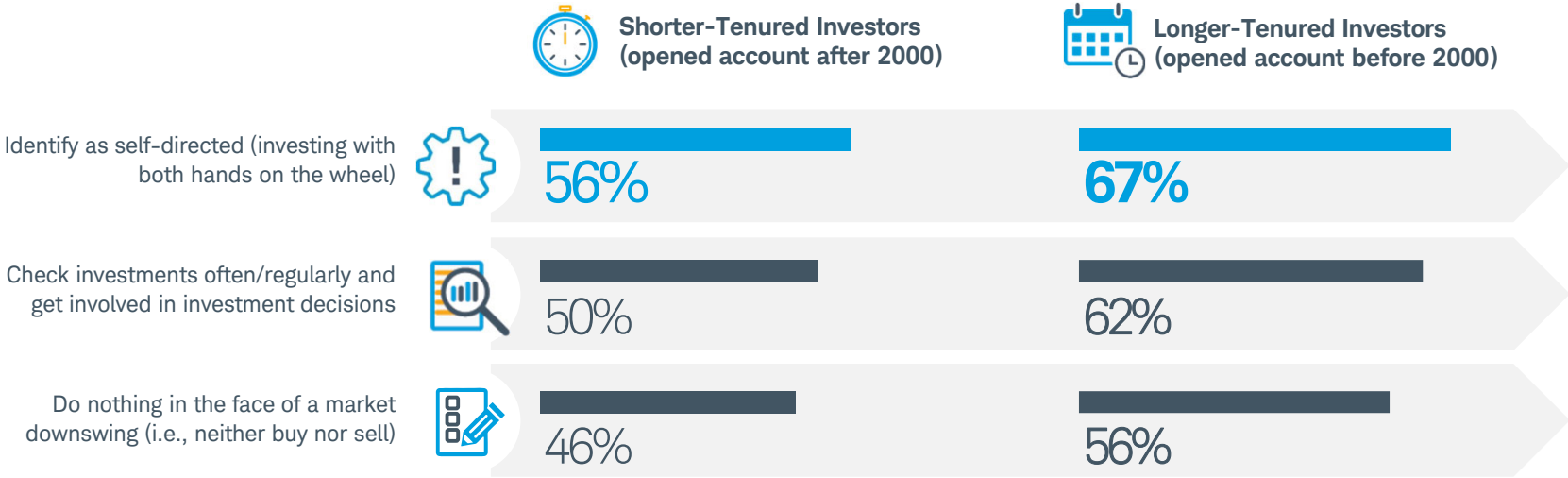
Generational experiences also shape investor attitudes and behaviors.

“ Don't worry about the economic downturns when you are young. You'll have time to recover those losses.”

“ Don't try to time the market. You will never win or be able to.”

“ Continue to invest no matter the general market conditions. Over time, it will average out.”

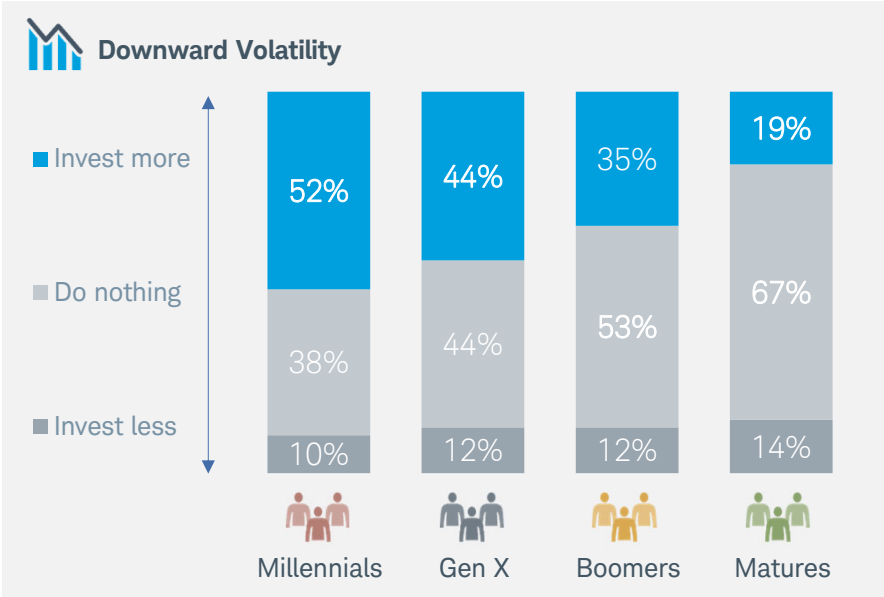
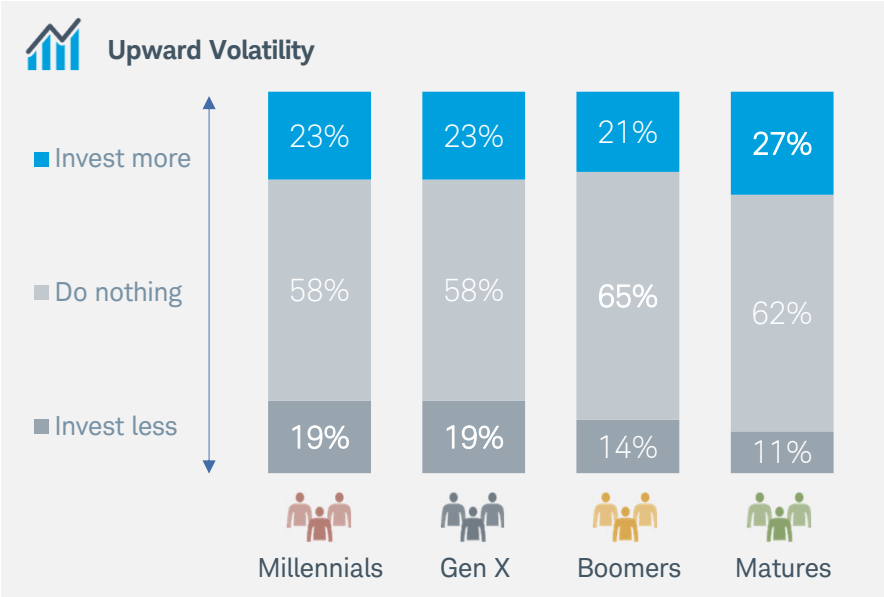
# Seasoned investors report a steadier personal engagement in investing, but they are also less inclined to react to market moves.



Q8: Which of the following best describes your investment style currently?  
 QS2: How engaged are you with your investments at Charles Schwab?  
 Q20: How do you typically respond when the markets experience downward volatility?  
 (Base: Shorter/Longer-Tenured n=1867/1139)  
**Bold** indicates group significantly higher than other tenure at 95% confidence

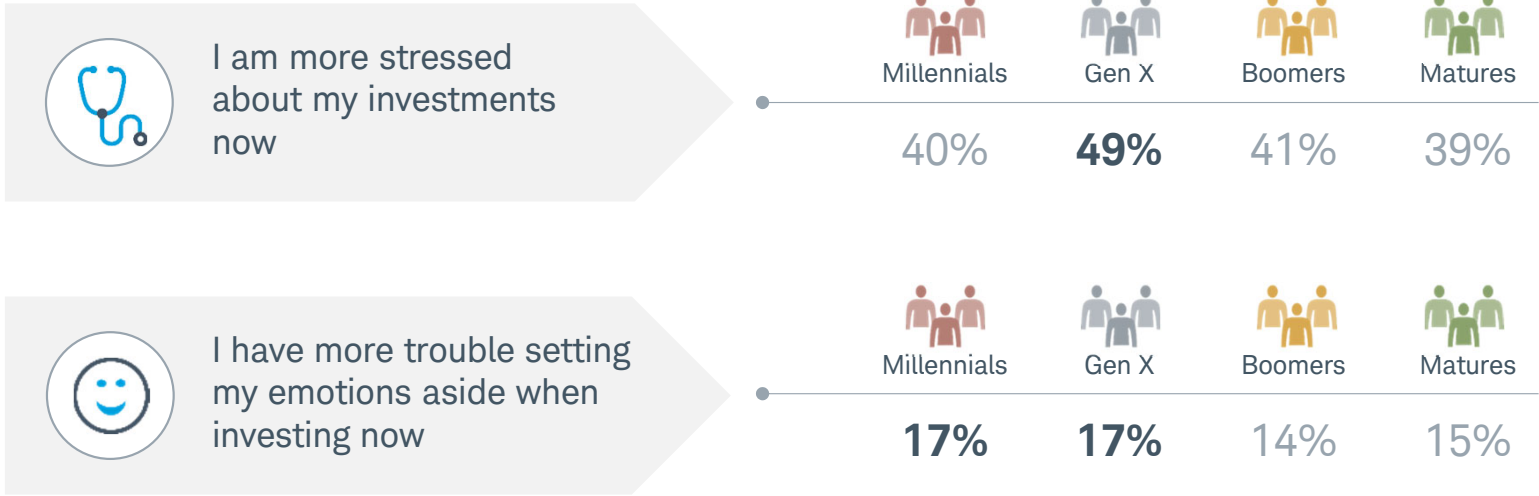
During upward volatility, most investors hold their investments; during downward volatility, Millennials are more likely to act and invest more.

Reactions to volatility



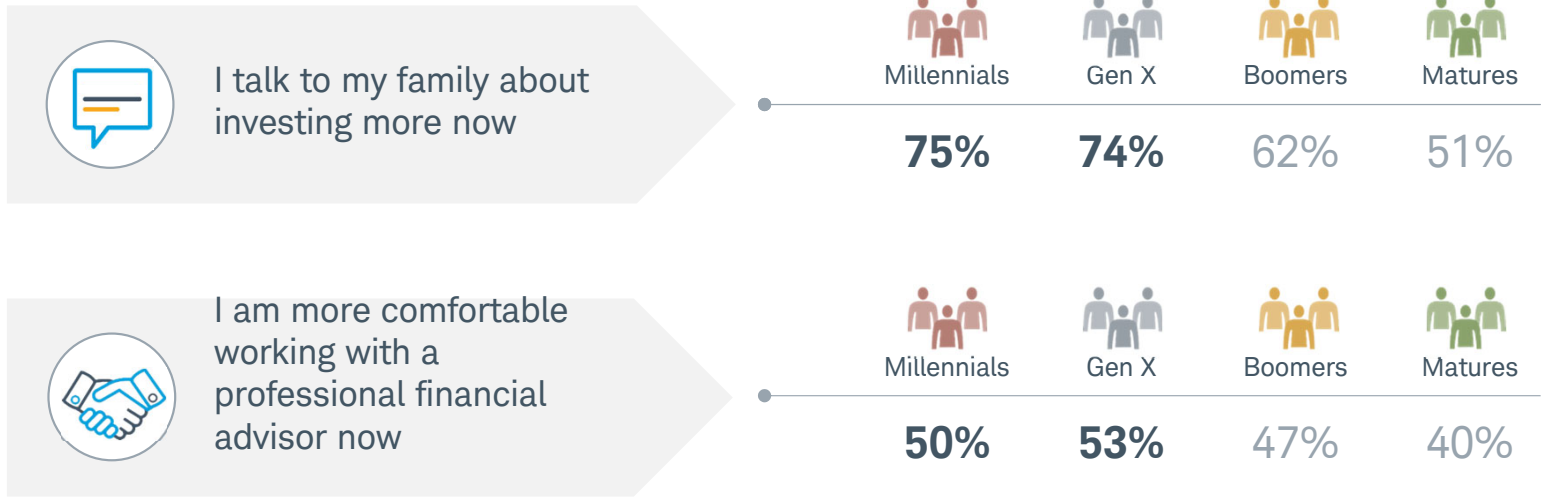
Q19: How do you typically respond when the markets experience **upward** volatility?  
 Q20: How do you typically respond when the markets experience **downward** volatility?  
 (Base: Millennial/Gen X/Boomer/Mature n=630/606/1373/338)  
**Bold** indicates group significantly higher than other tenure at 95% confidence

# Millennials and Gen X are also more likely to feel anxiety related to their investments.



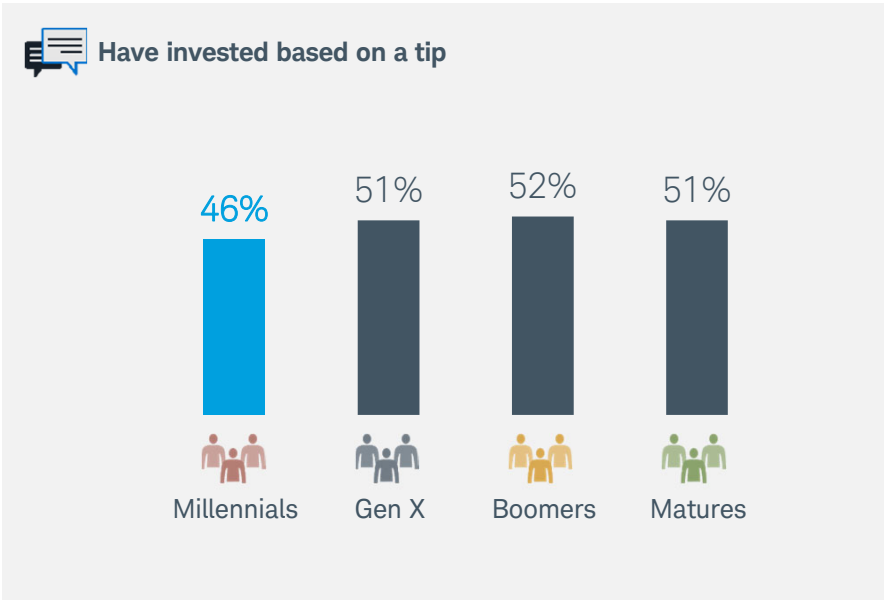
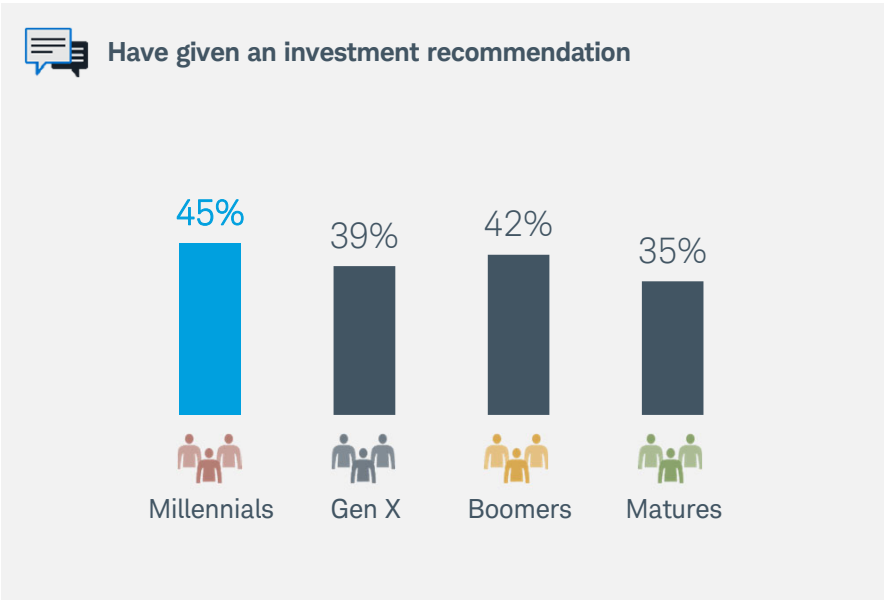
Q6: Choose the statement that best describes you now compared to when you first started investing. (Base: Millennial/Gen X/Boomer/Mature n=630/606/1373/338)  
**Bold** indicates group significantly higher than other tenure at 95% confidence

However, uncertainty may also encourage collaboration, with Gen X and Millennials more inclined to involve others in their decision-making.



Q6: Choose the statement that best describes you now compared to when you first started investing. (Base: Millennial/Gen X/Boomer/Mature n=630/606/1373/338)  
**Bold** indicates group significantly higher than other tenure at 95% confidence

# Millennials are happy to influence – but are the least likely to be influenced themselves.



Q21: Have you ever...?  
Q26: How have you influenced others to invest, if at all?  
(Base: Millennial/Gen X/Boomer/Mature n=630/606/1373/338)  
**Bold** indicates group significantly higher than other tenure at 95% confidence

Digital tools  
and resources  
create savvy  
investors.

“ I've always been told to use as many resources as possible when making a decision.”

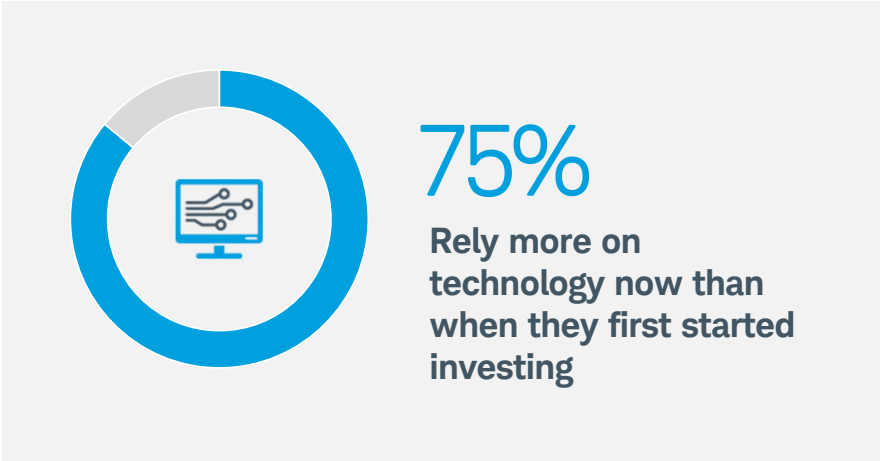
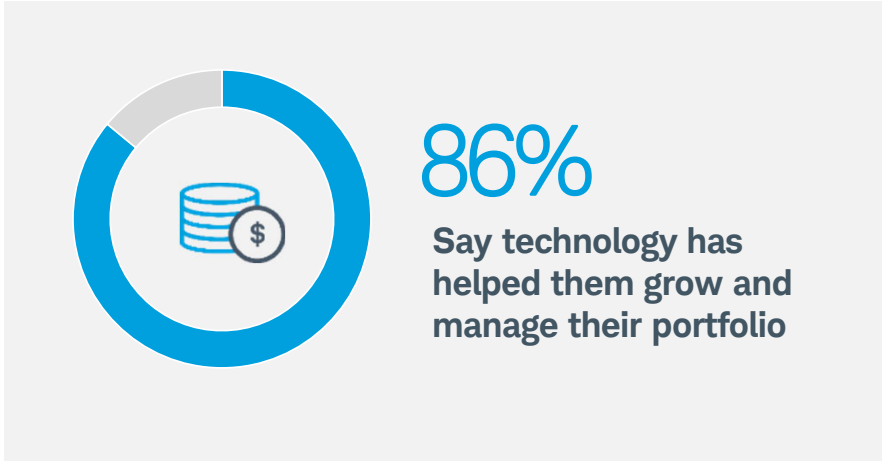
“ Online information can help with investing.”

“ Gain as much education as possible.”

“ Do not believe what you hear or read on social media.”

# Investors feel technology has helped them in their financial journey and have increasingly relied on it to inform their investing approach.

## Impact of technology on investing

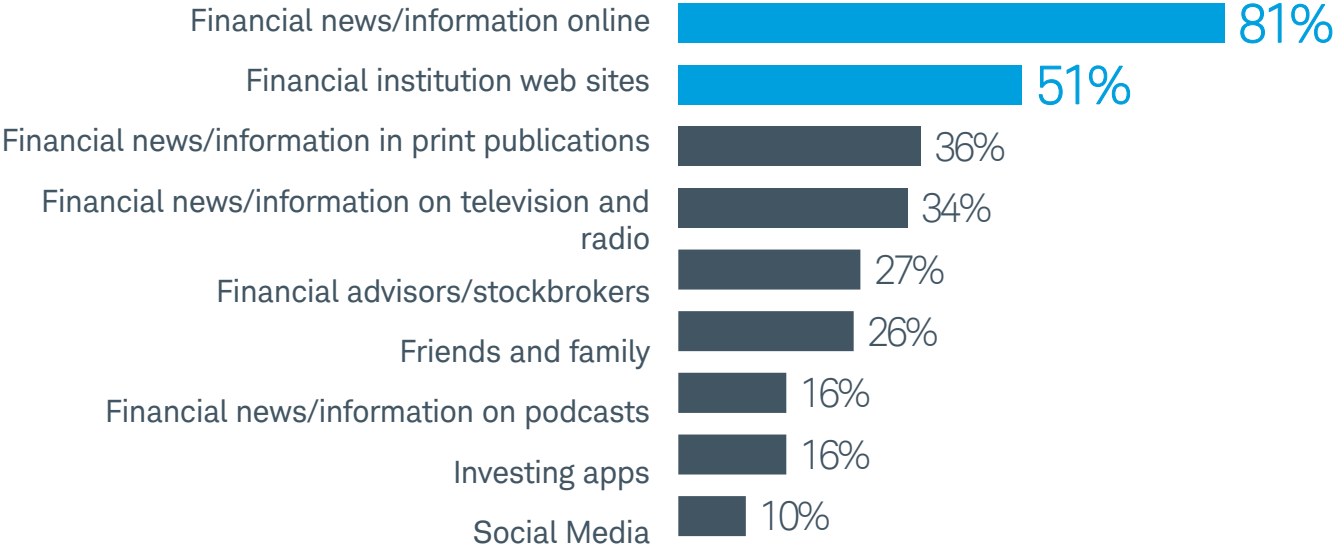



Q6: Choose the statement that best describes you now compared to when you first started investing.  
Q23: What impact has technology had on the success of your portfolio?  
(Base: Total n=3006)



# Online information and research is playing an increasingly prominent role in investor education and successful investments.

## Current sources of investing news and information



 **31%**  
Say their most successful investment was influenced by financial news/information online.

Q14: Which of these are your top 3 sources for information about investing currently?  
Q25: When you think about your most successful investment, what influenced you to make that investment?  
(Base: Total n=3006)

Online trading is believed to be the most important change in investing in the last 50 years – democratizing investing and trading.



61%

Say online trading is the most important change in investing over the past 50 years.

Q16: What would you say has been the most important change in investing during the last 50 years?  
(Base: Total n=3006)

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Investing has  
the power to  
transform  
lives.

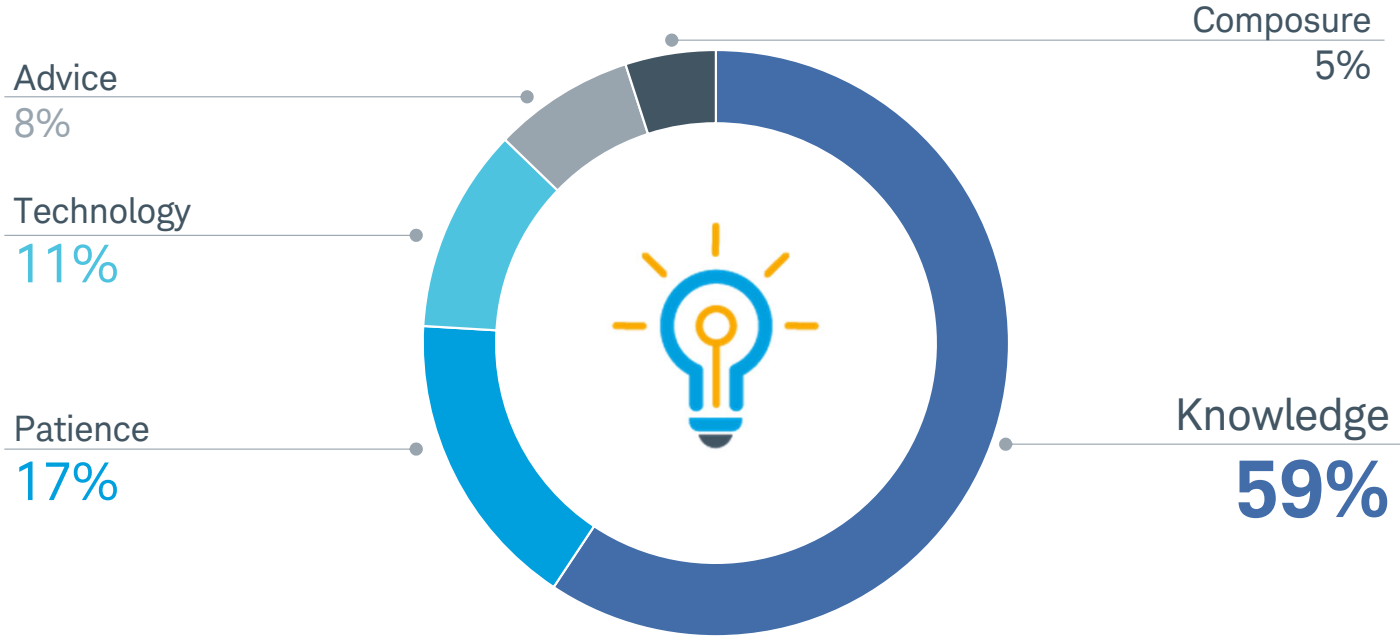
“ *Don't just save your money. Invest it.*”

“ *Give it a try. Don't let fear prevent you from making your money work for you.*”

“ *I had a friend who helped me choose investments based on years of experience in investing. That person chose excellent investments for me that have stood the test of time, and let me know that no one is more interested in my funds than I am.*”

Overwhelmingly, investors wish they had more knowledge when they first started investing.

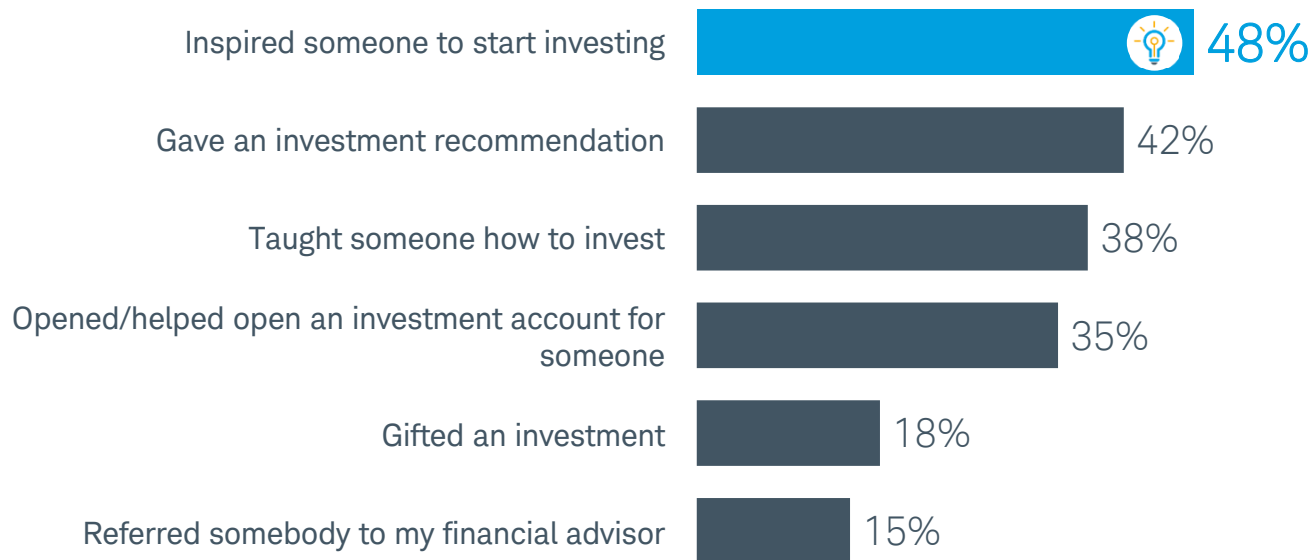
Which of the following do you wish you had more of when you first started investing?



Q29: Think back to when you started investing, which of the following do you wish you had more of?  
(Base: Total n=3006)

As a result, investors are eager to “pay it forward” and help others in their investment journey.

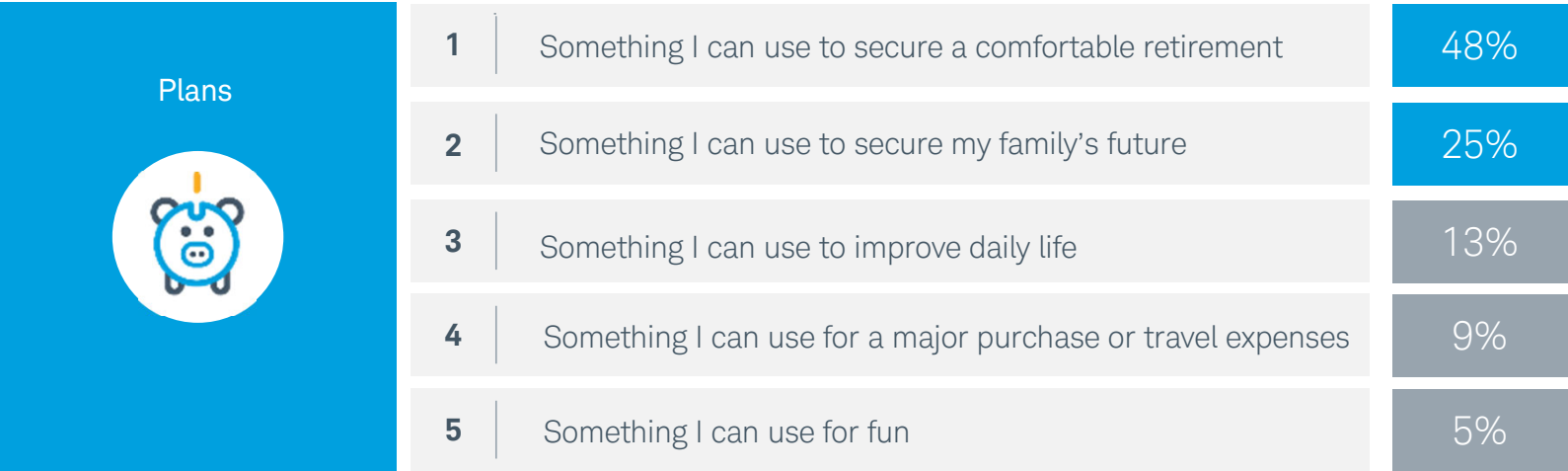
### Ways investors have influenced others



Q26: How have you influenced others to invest, if at all?  
(Base: Total n=3006)

Investors are thinking about the long game, and how they can secure both their own and their families' futures.

Plans for First dollar(s) Invested



Q4: Think about the first dollar(s) you invested: what were you most hoping that dollar would grow into?  
(Base: Total n=3006)

# Investors also want others to understand that investing is more accessible than it may seem.

## Myths investors want to debunk for others



Q7: Which of these myths would you want to debunk most for other investors? In other words, which one of these do you think is the least true about investing.  
(Base: Total n=3006)



For more information, click [here](#).