



# **Working with Financial Professionals:** Opinions of American Investors



CENTER FOR CAPITAL MARKETS  
COMPETITIVENESS®

# Goals



**Understand American investors' views on their relationships with financial professionals\***



**Gauge priorities when it comes to potential new requirements imposed by the SEC's proposed best interest standard rules**



**Measure perceptions of and openness to new best-interest standard rules**

# Methodology

## Who we surveyed

American Investors: Those with investments outside of a work sponsored 401k, pension, or personal real estate

## How many people we surveyed

801

## How we surveyed them

Online Survey

## Survey timing

May 15-16, 2018

\* Unless noted separately, the term “financial professional” used in this report includes both broker-dealers and investment advisers.

## Investor Archetypes

Throughout this report, we distinguish between four main “investor archetypes” – pre-established segments of the US investing population in various life stages in order to understand how one’s relationship with their financial professional evolves.

### Early Investor

18-29  
No Children at Home  
Single  
Renting

### Young Family

30-50  
Children at Home  
Married  
Home Owner

### Empty Nester

51-65  
No Children at Home  
Married / Single/ Widowed  
Home Owner

### Retirement Manager

66+  
No Children at home  
Married / Single/ Widowed  
Own or Rent

## Key Conclusion

In general, investors are happy with their financial professionals, but there is room for improvement and the SEC's proposed best interest rules have the potential to increase investor clarity and protection and preserve their opportunities and choices.

## Key Findings



Investors trust their financial professional



There is solid communication between financial professionals and investors, but room for improvement



Investors say more disclosure would boost transparency



## Key Finding 1

**Trusted Financial Professionals:** Not only do 96% of U.S. investors report that they trust their financial professional today, but 97% believe their financial professional has the investor's best interest in mind already. This trust generates several benefits, including peace of mind, achieving better returns, and the ability to navigate an increasingly complex investing environment.



## Key Finding 2

**Solid communication:** There is solid alignment between what matters to investors and financial professionals' current communication, but there is room for improvement.

- When it comes to communicating about fees, 89% of investors believe their financial professional is currently explaining fees and costs well.
- For conflicts of interest, 77% of investors say their financial professional is explaining them well.
- For compensation, 79% of investors say their financial professional is explaining this well.



## Key Finding 3

**Additional disclosures:** There is interest in reading the SEC's proposed four-page disclosure document, however investors who have been with their financial professional for many years are less inclined to see the benefits of the document. Those interested in reading the document say it will boost transparency, but do not necessarily think it will have an impact on how much they trust their financial professional.

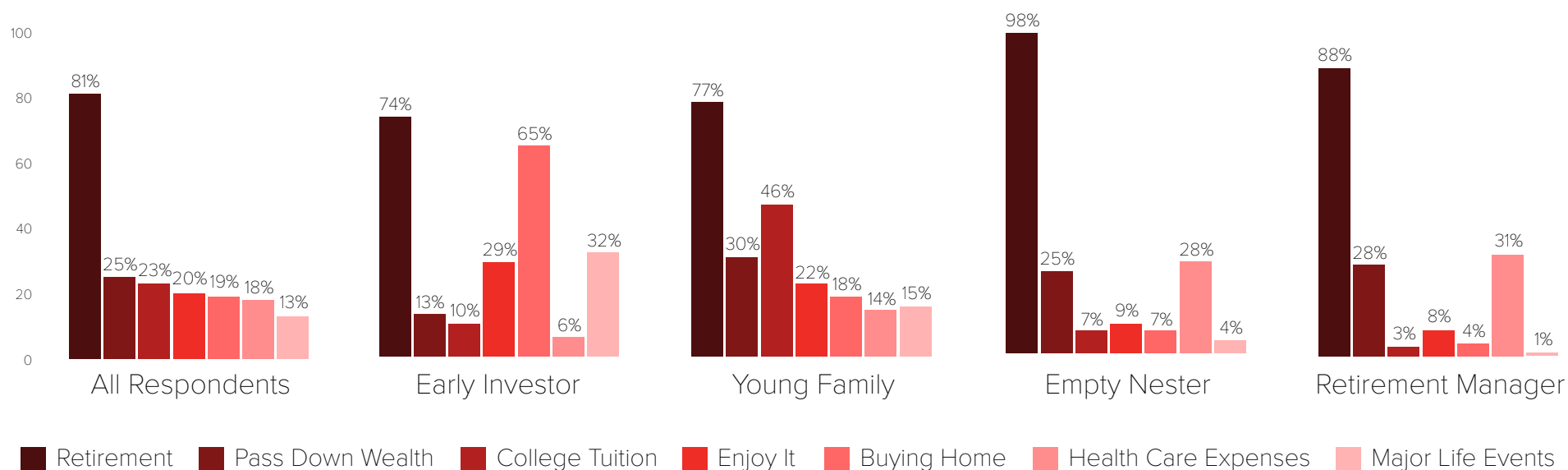
- 62% of investors would be interested in reading this document
- 72% of investors believe this will improve transparency
- 56% of investors say it won't have any impact on how much they trust their own financial professional



# **Investors trust their financial professional**

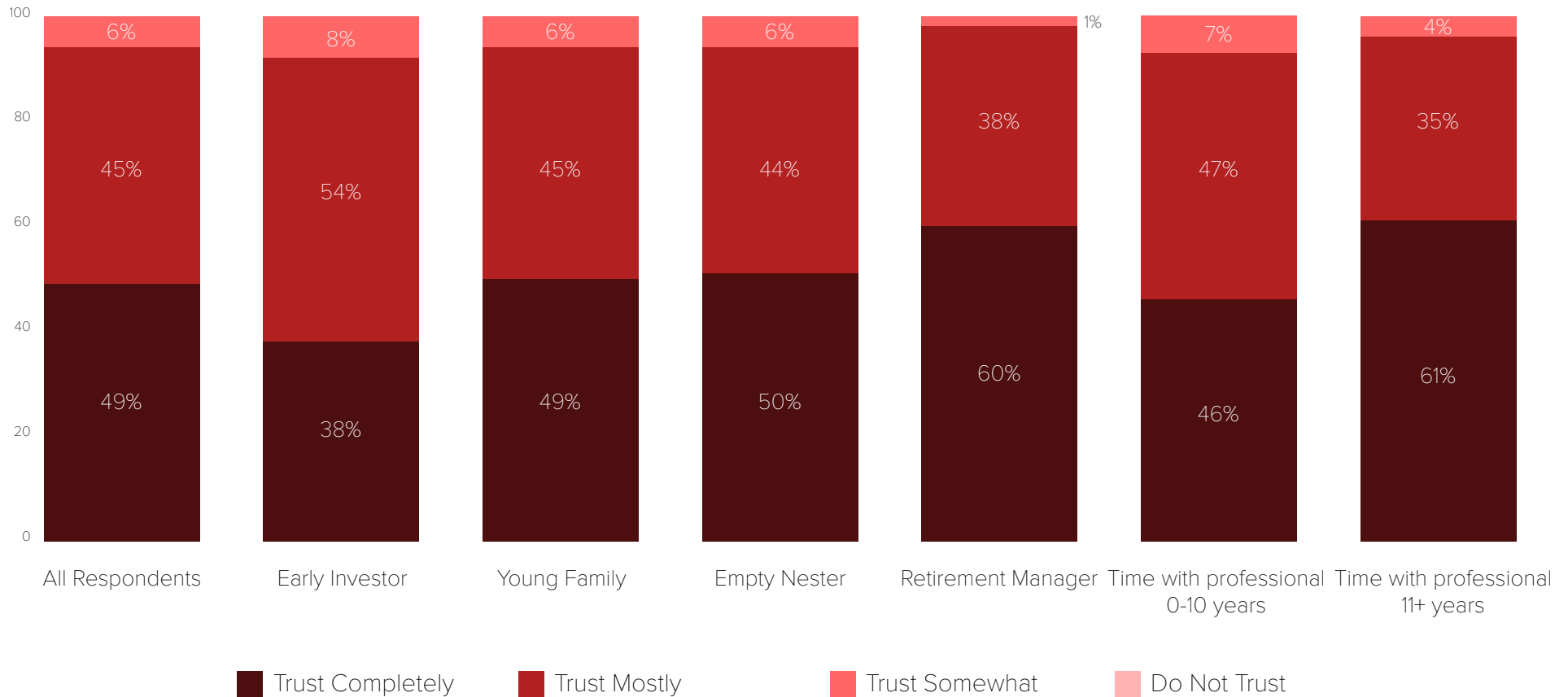
## Saving for retirement is the number one goal of American investors.

While all American investors are clearly focused on their retirement goals, priorities shift over the course of an investor's life; early investors are focused on buying a home, while older investors are also focused on health costs and passing down their wealth.



Q: Which of the following are your major objectives for investing? (please select up to three)

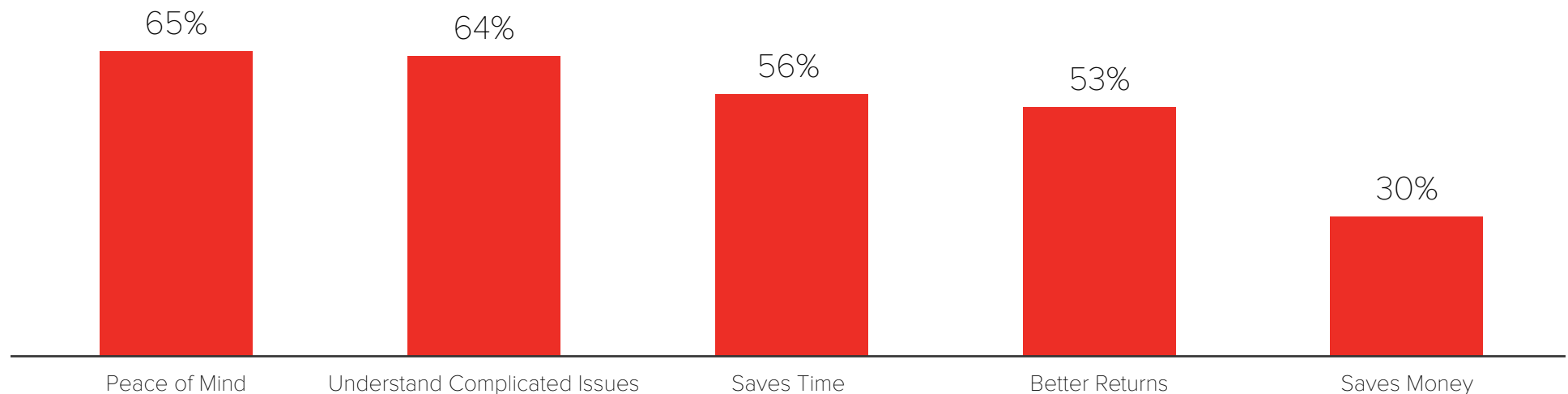
## American investors place a strong amount of trust in their own financial professional and that level of trust continues to grow over time.



Q: How much do you trust your current broker-dealer / investment adviser?

## Feeling secure in their relationship with their financial professional is key to investors.

Having peace of mind and being able to understand complicated issues are the top benefits American investors see to working with an financial professional; just a third say their financial professional saves them money.

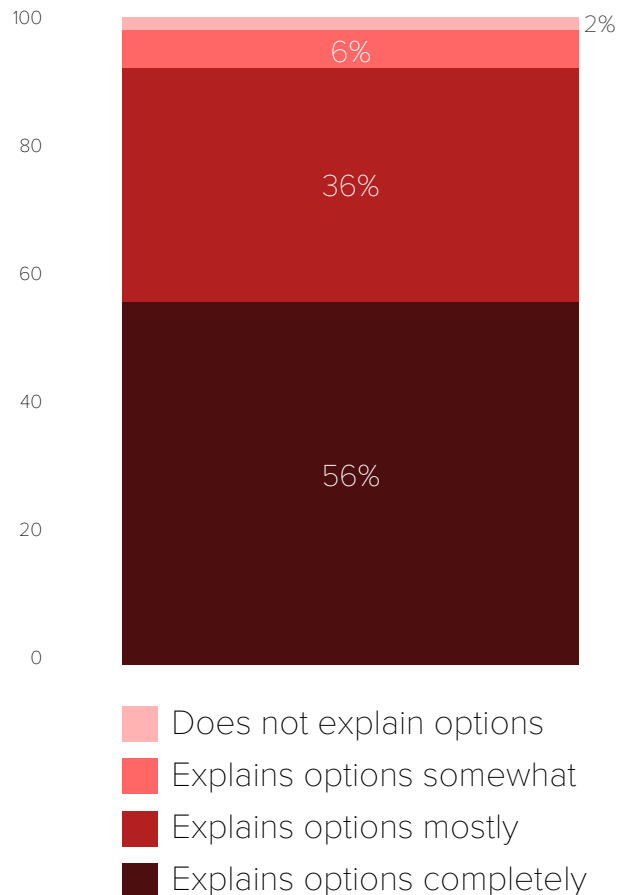


Q: What benefits do you get from working with a financial professional?

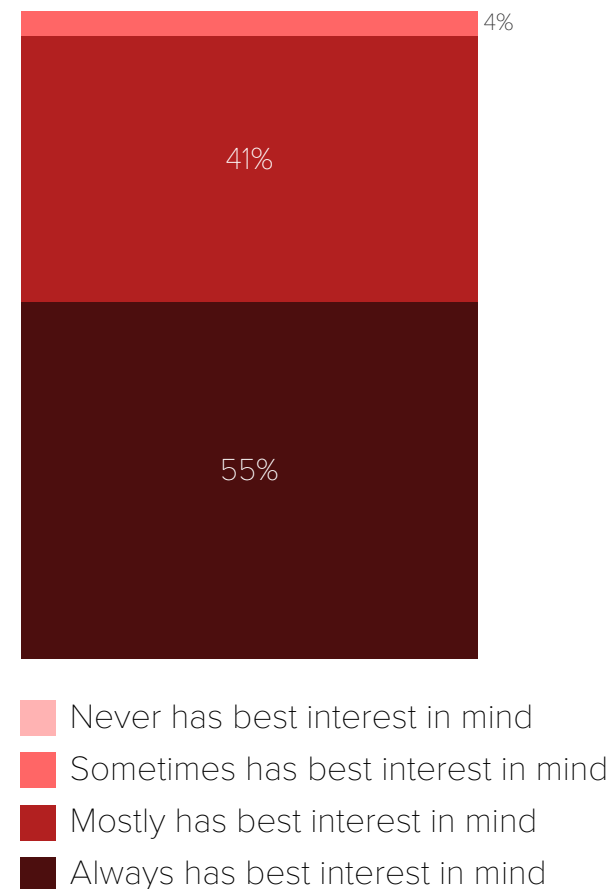
**There is solid communication between  
financial professionals and investors,  
but room for improvement**

## Most investors feel their financial professional is explaining investment options to them well and has their best interest in mind, but there is room for improvement.

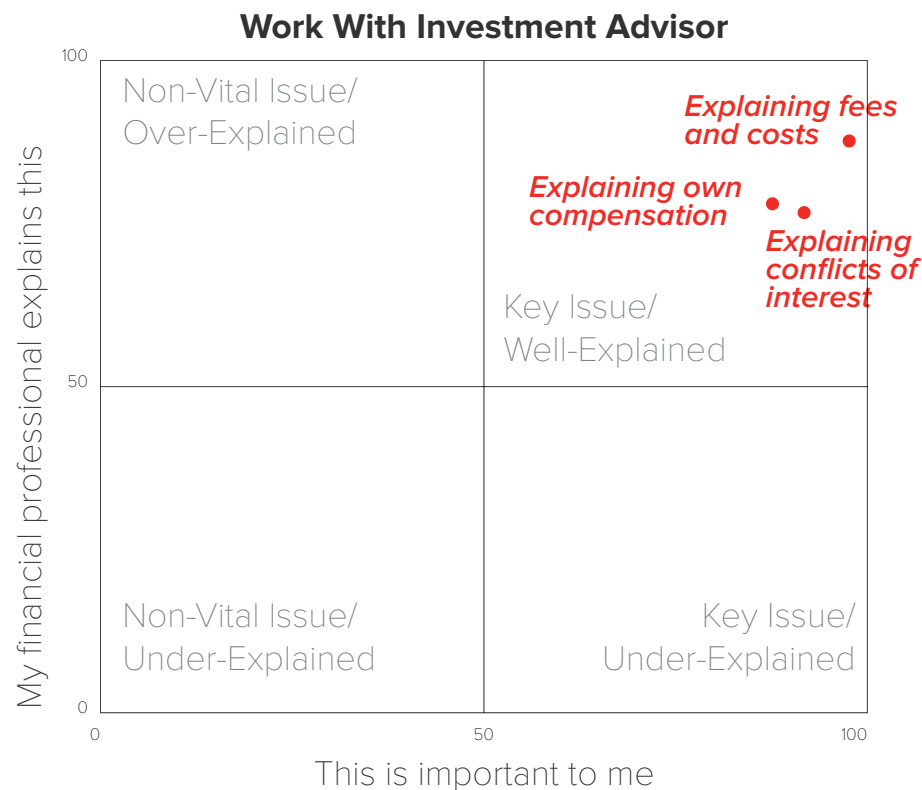
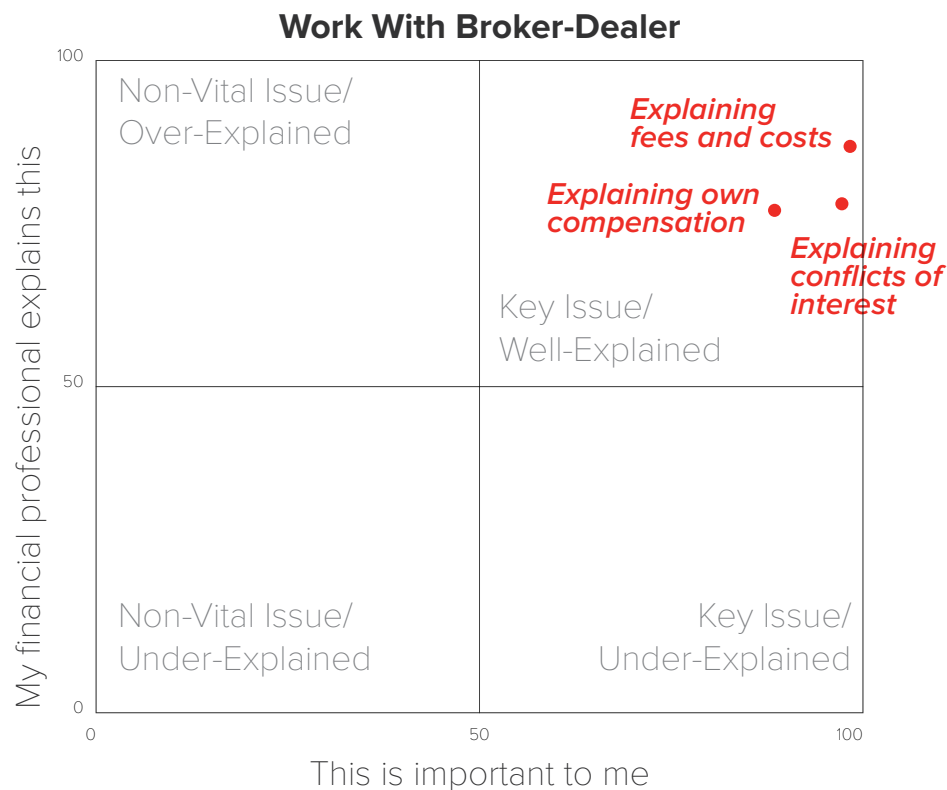
How well does your current broker-dealer / investment adviser explain your investment options to you?



How much do you believe your current broker-dealer / investment adviser has your best interest in mind when making investment recommendations?



## On the issues that matter most, most investors see their adviser/broker explaining these topics well.



# **Investors say more disclosure would boost transparency**



*“A government agency is considering new rules for financial professionals that would require them to provide all new clients with a standardized, four-page, document that explains the relationship between the financial professional and clients, what obligation the financial professionals have to clients, what fees and costs are associated with their services, how various services and account types differ, conflicts of interest, additional information, and what questions clients should ask their investment adviser.”*

## Many investors are interested in the disclosure document and believe it will boost transparency. However, investors do not think it will impact how much they trust their financial professional.

“

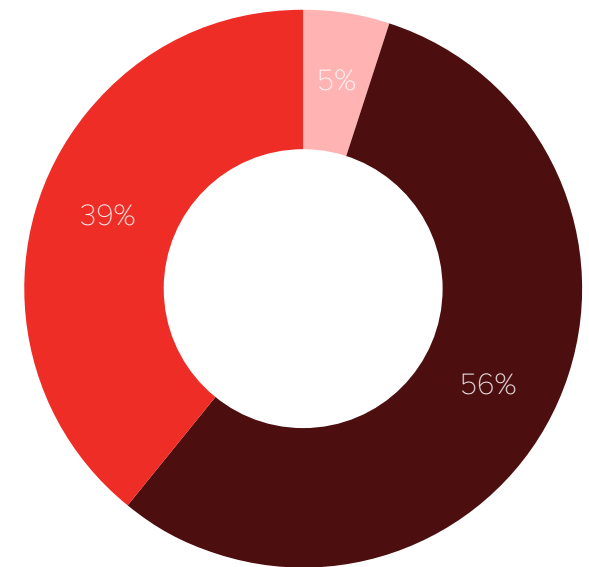
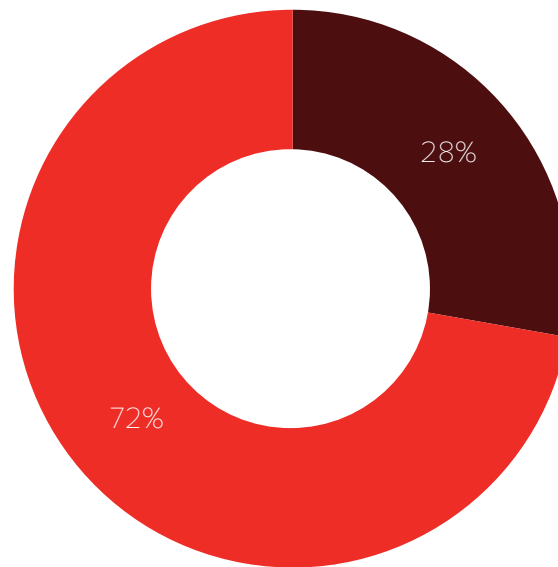
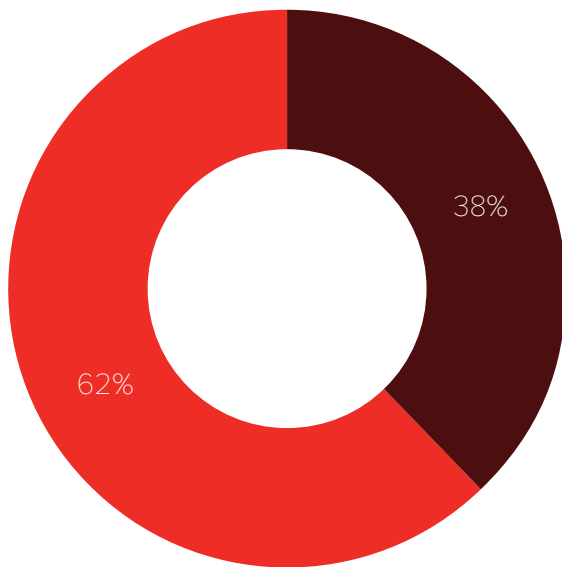
I am **very interested in reading** this new four-page document, it will help me better understand my investments

“

This new four-page form **will boost transparency** and help build stronger relationships between me and my financial professional

“

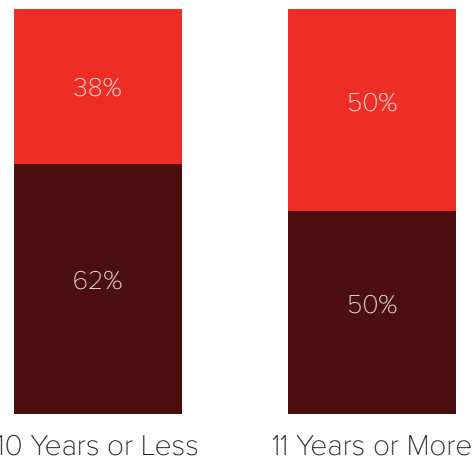
This new four-page form would make me **trust my financial professional more**



Q: The following are statements that some people have made about this potential requirement. Please indicate which statement is closer to your own view.

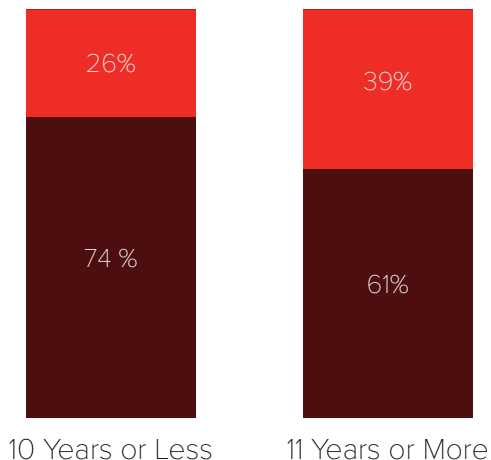
**While there is broad interest among investors in reading the SEC's proposed four-page disclosure document, it will likely help newer or early investors the most. Those who have been with their financial professional for many years are less inclined to see the benefits of the document.**

Interest in Reading Document



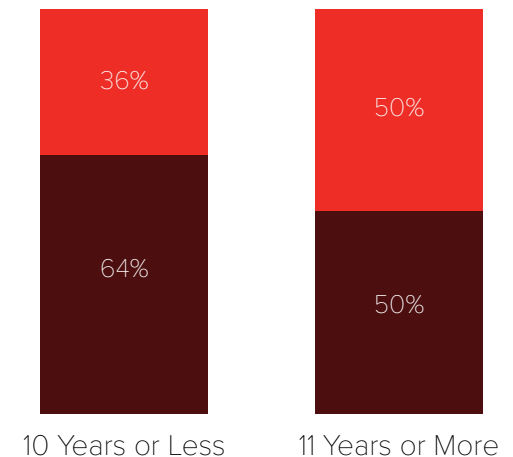
- I am not too interested in reading this new four-page document, I already understand my investments.
- I am very interested in reading this new four-page documents, it will help me better understand my investments.

Transparency vs Paperwork



- This new four-page form will create unnecessary paperwork and be a barrier to building stronger relationships between me and my financial professional
- This new four-page form will boost transparency and help build stronger relationships between me and my financial professional

Help Me Understand How My Financial Professional Operates



- While this new four-page form may be helpful to some investors, I already understand how my personal financial professional operates.
- This new four-page form would better help me with the things I don't currently understand about how my financial professional operates.

# Conclusions

In general, **investors are happy** with their financial professionals, **trust them**, and appreciate the **peace of mind** their financial professionals provide.

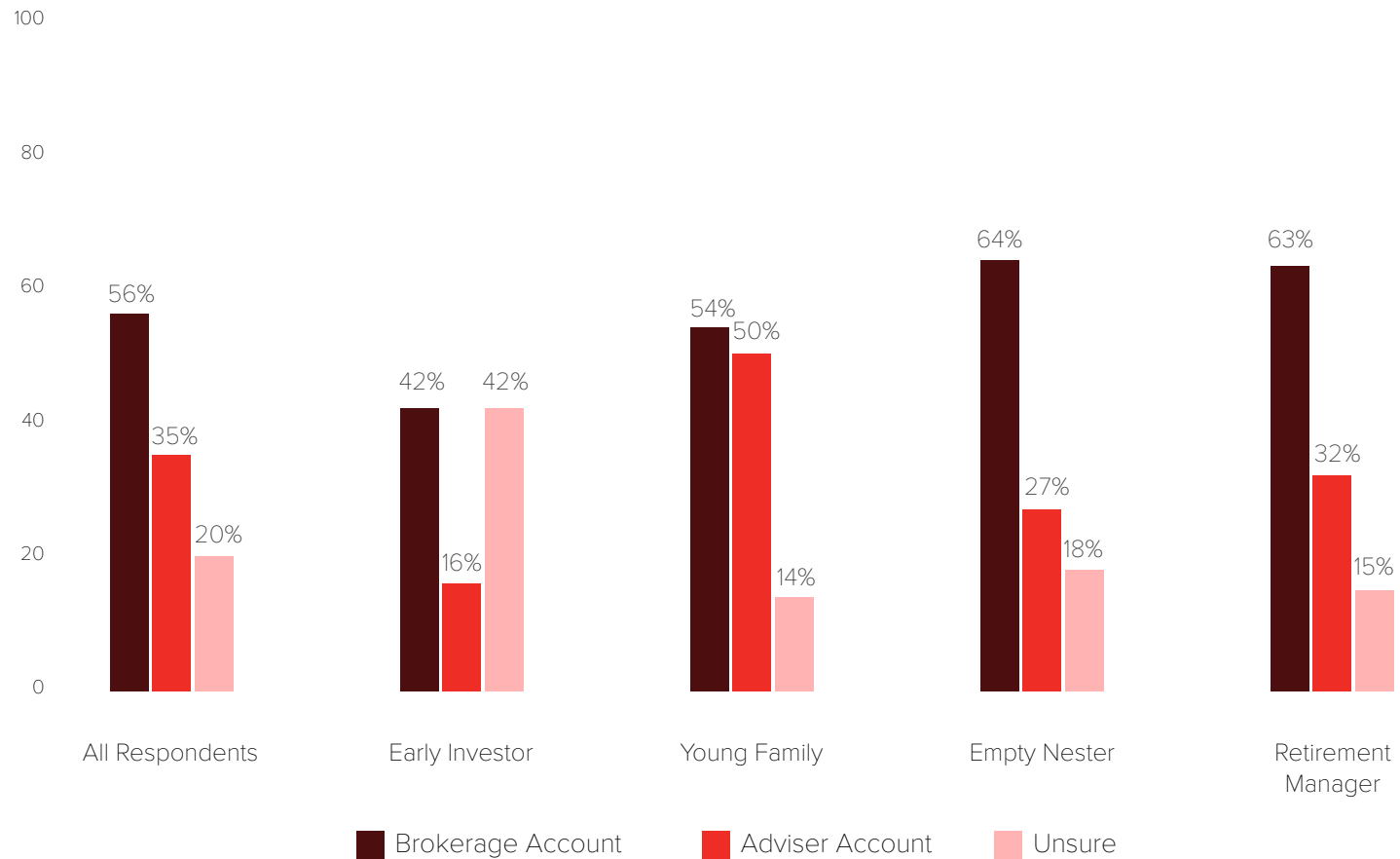
Most investors feel their financial professionals are explaining fees and conflicts of interest, but not everyone. **We want to close that information gap.**

However, there is **room for improvement**, especially with early investors to **ensure they understand their options** and have the tools they need to start saving for their futures.

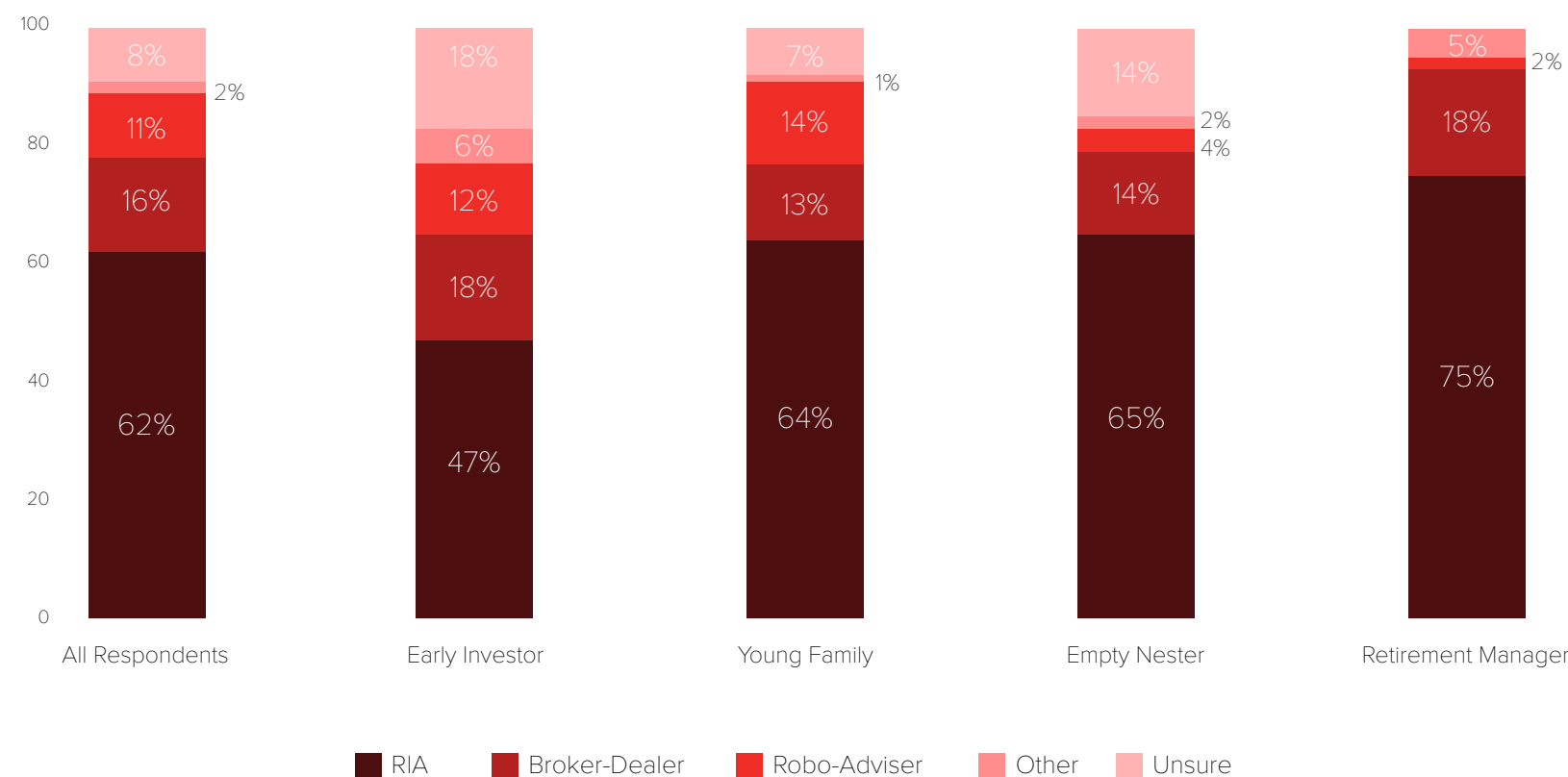
The SEC's proposed **Form CRS could be a good way to start a conversation** with investors. We just need to **make sure it doesn't get too complicated** and create more confusion.

# Appendix

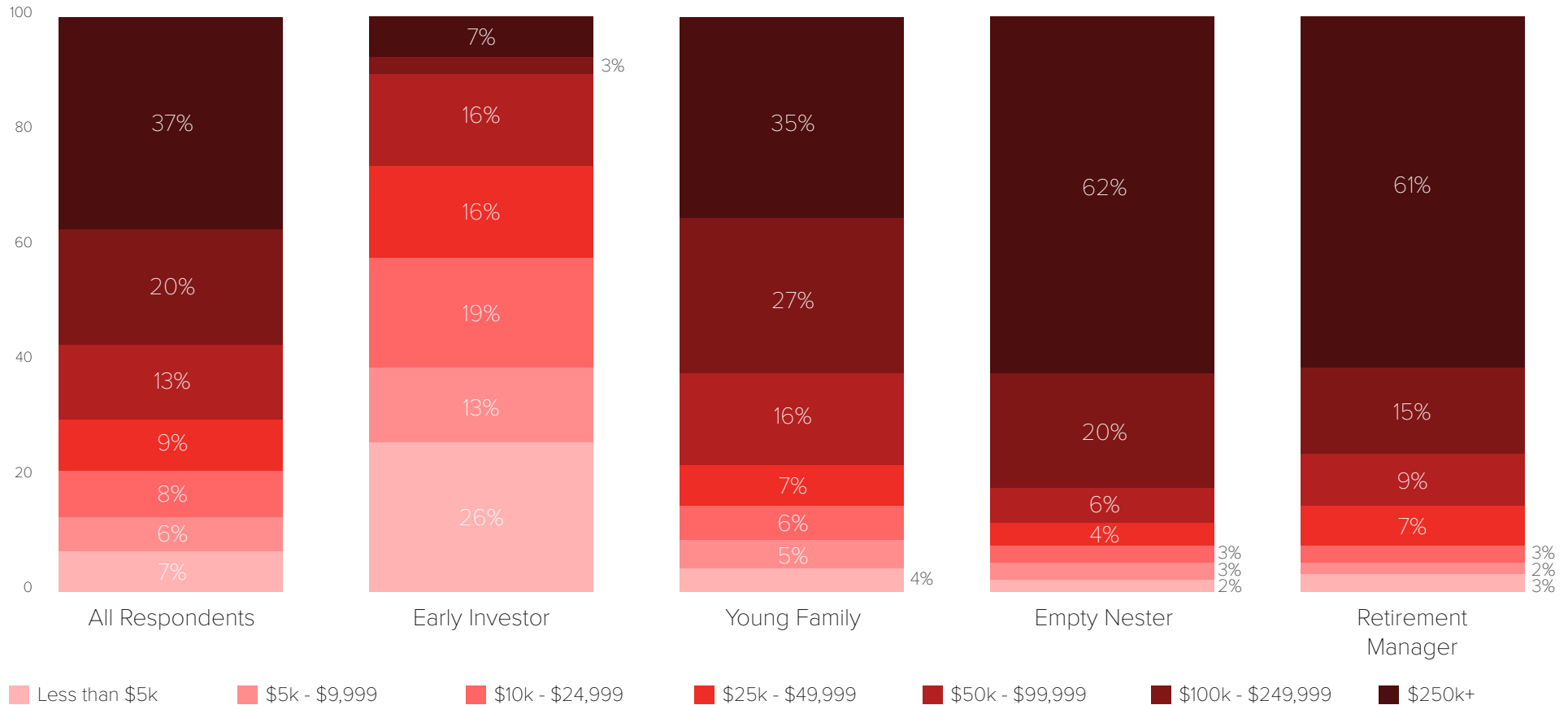
## What type of investment accounts do you currently have?



**What type of financial professional** are you currently working with to manage your investments?



**When including investments in retirement accounts,** a 401k, stocks, bonds, mutual funds, ETFs, and separately managed accounts, what is the approximate total value of your investments?







CENTER FOR CAPITAL MARKETS  
COMPETITIVENESS®

Twitter: @USChamberCCMC | [CenterForCapitalMarkets.com](http://CenterForCapitalMarkets.com)