

# Investor Behavior Survey

November 2014



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## Methodology

This survey was conducted online from June 11, 2014 to June 30, 2014 among the U.S. online general population:

- 2,033 U.S. online general population adults aged 18 or older, who are:
  - Household financial decision makers
  - Have investable assets of \$50K or more
  - We refer to this group as Total, Consumers, or Overall
  
- Respondents are categorized into 5 additional demographic groups, which are not mutually exclusive:
  - Emerging Affluent Gen Y – Ages 18-35, referred to as “Gen Y,” (N=354)
  - Emerging Affluent Gen X – Ages 36-49, referred to as “Gen X,” (N=424)
  - High Net-Worth Investors with \$250K or more in investable assets (N= 811)
  - Pre-Retirees – retiring in the next 5 to 10 years (N=454)
  - Retirees/Retired – currently retired (N= 451)
  - All Others – consumers who fall outside of the categories above (N=356)

Research participants are drawn from the Harris Poll Online (HPOL) research panel.

- Because the sample is based on those who were invited to participate in the HPOL panel (and not random), we cannot calculate estimates of theoretical sampling error.
- Results are weighted to the U.S. General Online Population of adults by age, sex, race/ethnicity, education, region and household income.

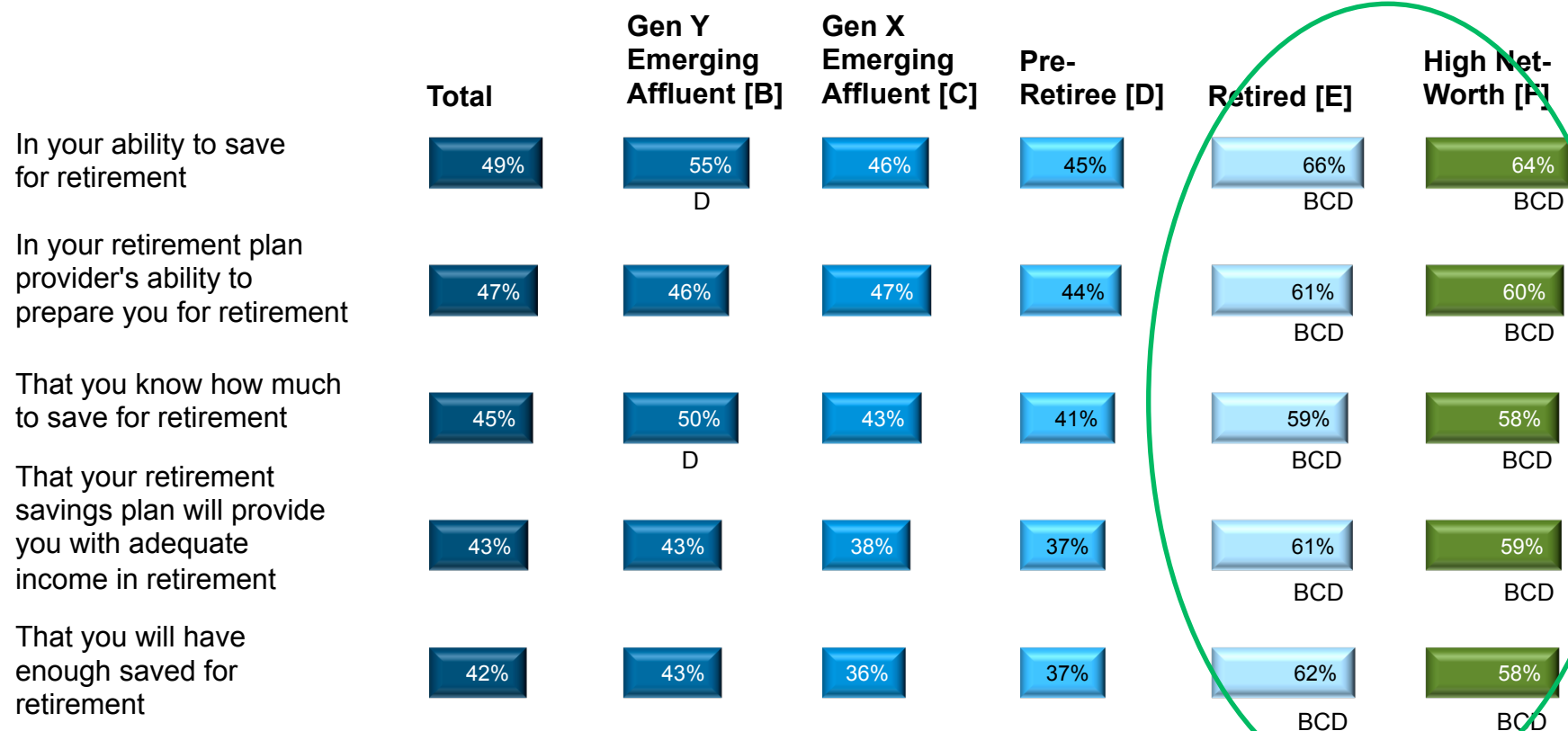
This study is for informational purposes only, does not constitute advice and is not intended and should not be relied upon as an offer or recommendation with respect to the purchase or sale of any security. In addition, this report does not consider the specific investment objectives, financial situation and particular needs of any person.

## Detailed Findings

Overall, fewer than half (42-49%) of consumers are confident in their financial preparedness for retirement

Retirees and High-Net Worth are more confident than Gen Y, Gen X and Pre-Retirees.

**Confidence in Saving for Retirement (Very/Extremely Confident)**



Letters indicate a statistically significant difference between lettered (B,C,D,E,F) groups at the 95% confidence level.

Base: All Qualified Respondents (N=2033), Gen Y Emerging Affluent (N=354), Gen X Emerging Affluent (N=424), Pre-Retiree (N=454), Retired (N=451), High Net-Worth (N=811)  
Q1005 How confident are you...?

All groups feel they should have more money saved at this point than they do

High Net-Worth believe they should be saving 32% more than they are currently while the other subgroups believe they should be saving between 67% and 100% more.

**Have Savings Account**

	Total	Gen Y Emerging Affluent [B]	Gen X Emerging Affluent [C]	Pre-Retiree [D]	Retired [E]	High Net-worth [F]
<b>Among those who have something in savings—amount currently in savings</b>						
Mean	\$73,900	\$59,200	\$91,400	\$73,700	\$97,600 B	\$127,000 BDE
Median	\$20,000	\$15,000	\$20,000	\$25,000	\$30,000	\$38,000
<b>Amount <i>believed</i> should be in savings</b>						
Mean	\$264,000	\$553,100 DE	\$229,900	\$197,400	\$136,600	\$334,400 E
Median	\$50,000	\$30,000	\$35,000	\$50,000	\$50,000	\$50,000
<i>% difference between amount currently in savings vs. amount believed should be in savings (median)</i>		100%	75%	100%	67%	32%

Letters indicate a statistically significant difference between groups at the 95% confidence level; outliers have been removed..

Base: Has Savings Account (N=1861), Gen Y Emerging Affluent (N=322), Gen X Emerging Affluent (N=395), Pre-Retiree (N=419), Retired (N=413), High Net-Worth (N=756)

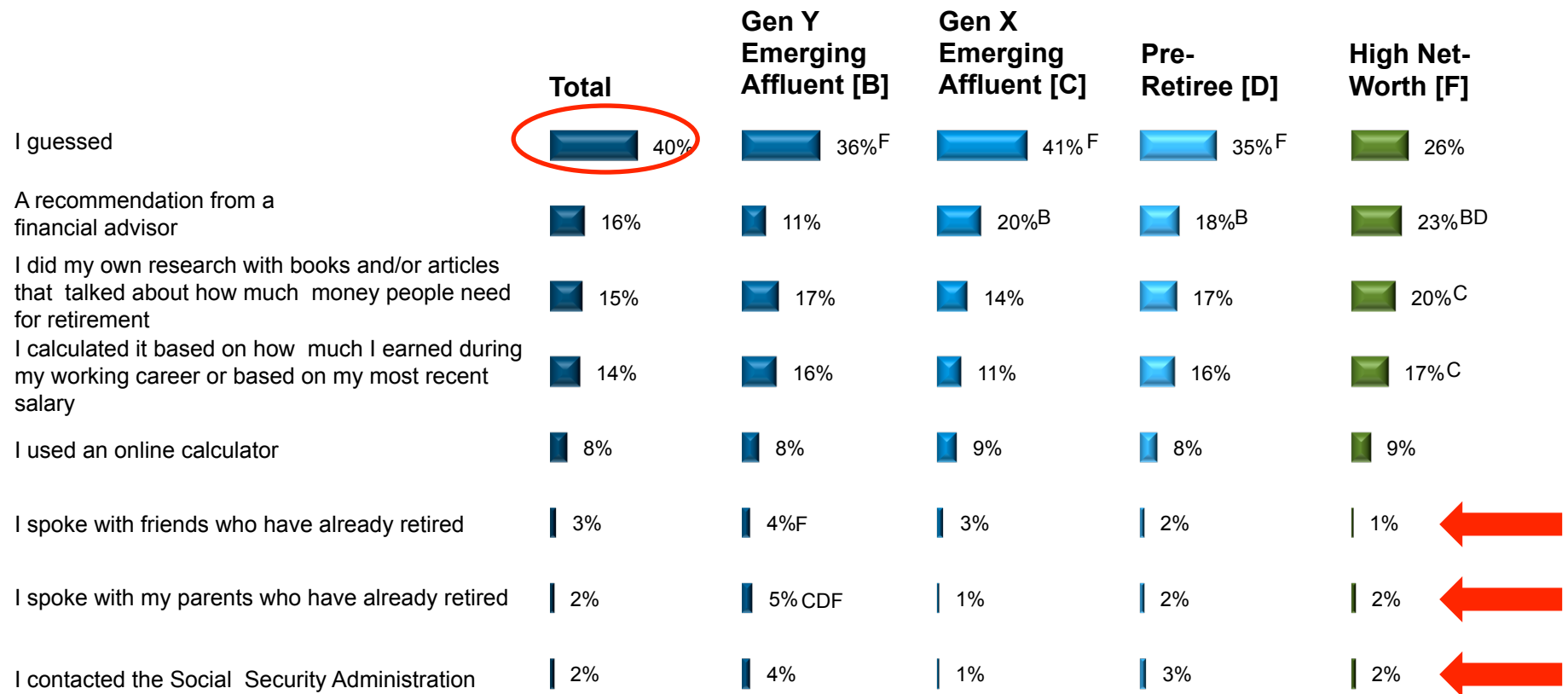
Q1015 Approximately how much do you have in your savings account(s)? Please use a whole dollar amount.

Q1020 Approximately how much do you *believe* you should have in your savings account(s)? Please use a whole dollar amount.

# Many consumers (40%) are guessing about the amount of money they will need to retire

All groups rarely reach out to retired friends (1-4%), family (1-5%) or the Social Security Administration (1-4%).

## Amount of money needed for retirement determined by...



Letters indicate a statistically significant difference between groups at the 95% confidence level.

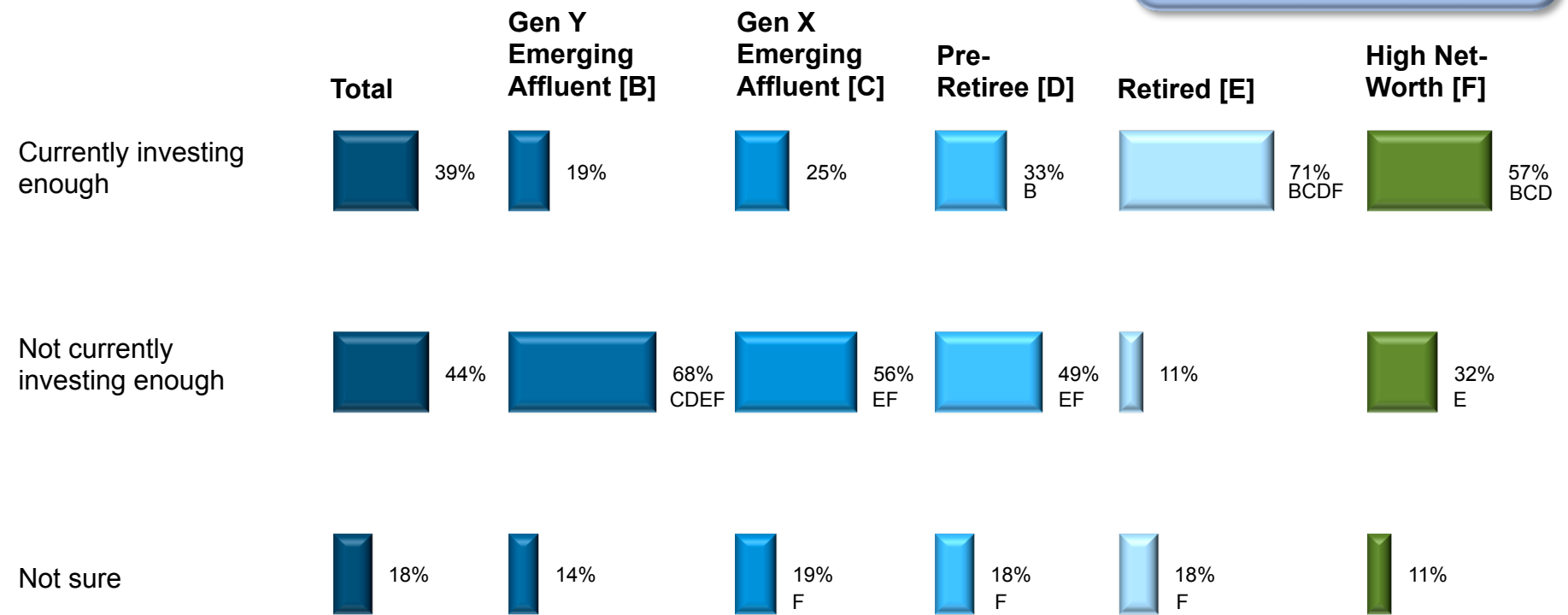
Base: Provided Amount Needed To Retire (N=1561), Gen Y Emerging Affluent (N=349), Gen X Emerging Affluent (N=410), Pre-Retiree (N=448), Retired (NA), High Net-Worth (N=539)  
Q1040 How did you determine the amount of money you will need to retire?

Overall, nearly a fifth (18%) of consumers are not sure if they are investing enough for retirement

Gen Y is more likely (68%) than other consumers (11-56%) to report they are not currently investing enough for retirement.

Gen Y is more likely (14%) than other consumers (2-8%) to report they should be investing 60% or more for retirement than they are now.

**Amount of money should be investing vs. amount currently investing**



Letters indicate a statistically significant difference between groups at the 95% confidence level.

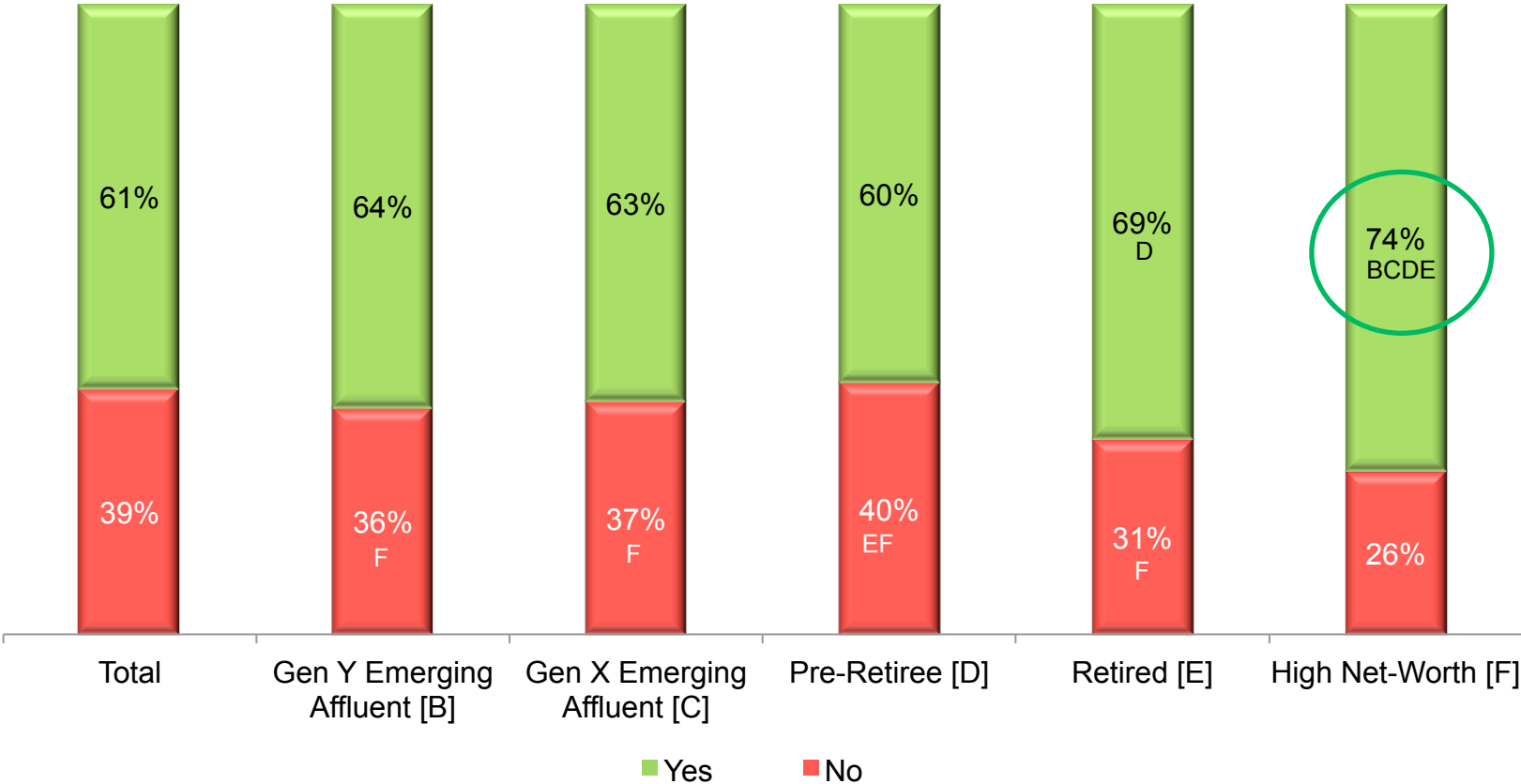
Base: All Qualified Respondents (N=2033), Gen Y Emerging Affluent (N=354), Gen X Emerging Affluent (N=424), Pre-Retiree (N=454), Retired (N=451), High Net-Worth (N=811)  
 Q1045 Overall, how much money do you think you should be investing versus how much you are investing for retirement purposes?



Overall, three out of five consumers (61%) have a financial plan

High Net-Worth consumers are the most likely to have a financial plan (74%).

**Has a Financial Plan**

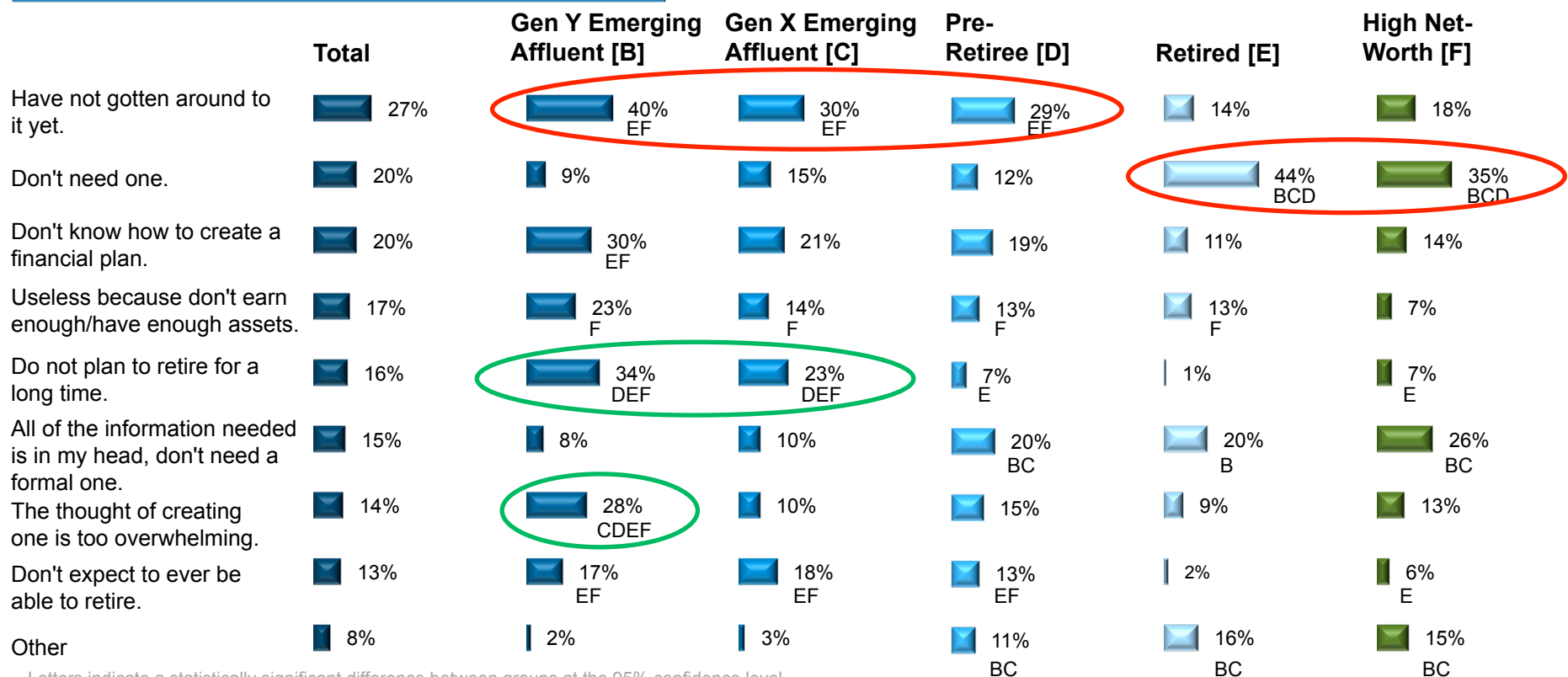


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Q727 Do you have a financial plan?

Overall, a quarter (27%) of those who don't have a financial plan "have not gotten around to it." In addition, a fifth (20%) say they don't need one and the same amount don't know how to create one.

- Gen Y (40%), Gen X (30%) and Pre-Retirees (29%) are most likely to have not created a financial plan because they are procrastinating.
- Retirees (44%) and High Net-Worth (35%) are more likely than Gen Y (9%), Gen X (15%) or Pre-Retirees (12%) to say they don't need one.
- The thought of creating one is more overwhelming to Gen Y (28%) compared to the other subgroups (9%-15%).

### Reasons for Not Having a Financial Plan

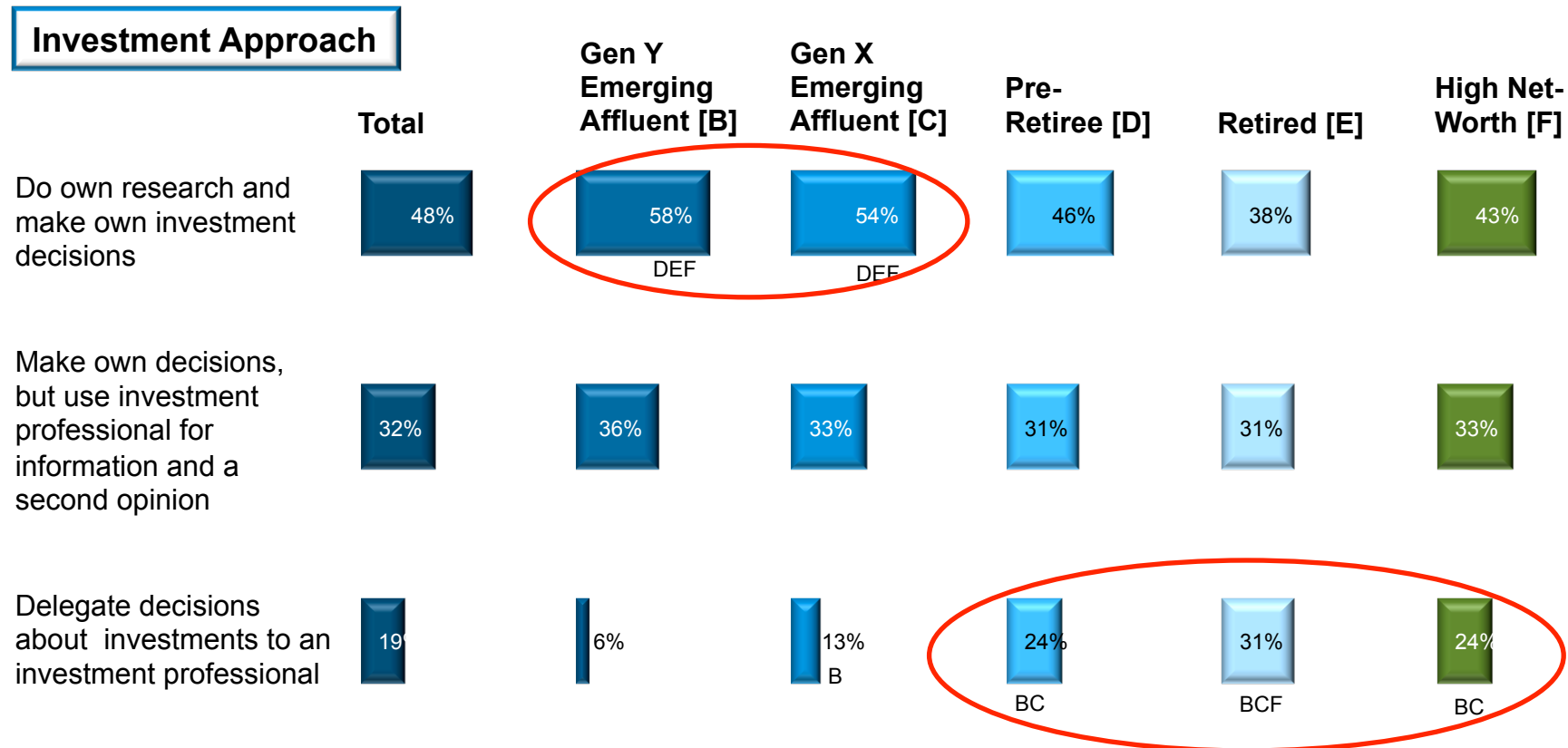


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Base: Does Not Have A Financial Plan (N=833), Gen Y Emerging Affluent (N=137), Gen X Emerging Affluent (N=187), Pre-Retiree (N=185), Retired (N=139), High Net-Worth (N=221)  
 Q730 What are the reasons you do not have a financial plan? Please select all that apply.

Pre-retirees (24%), Retirees (31%) and High Net-Worth (24%) groups are more likely than either Gen Y (6%) or Gen X (13%) to delegate investment decisions

Gen Y (58%) and Gen X (54%) are more likely than the other subgroups (38-46%) to do their own research and make their own investment decisions.



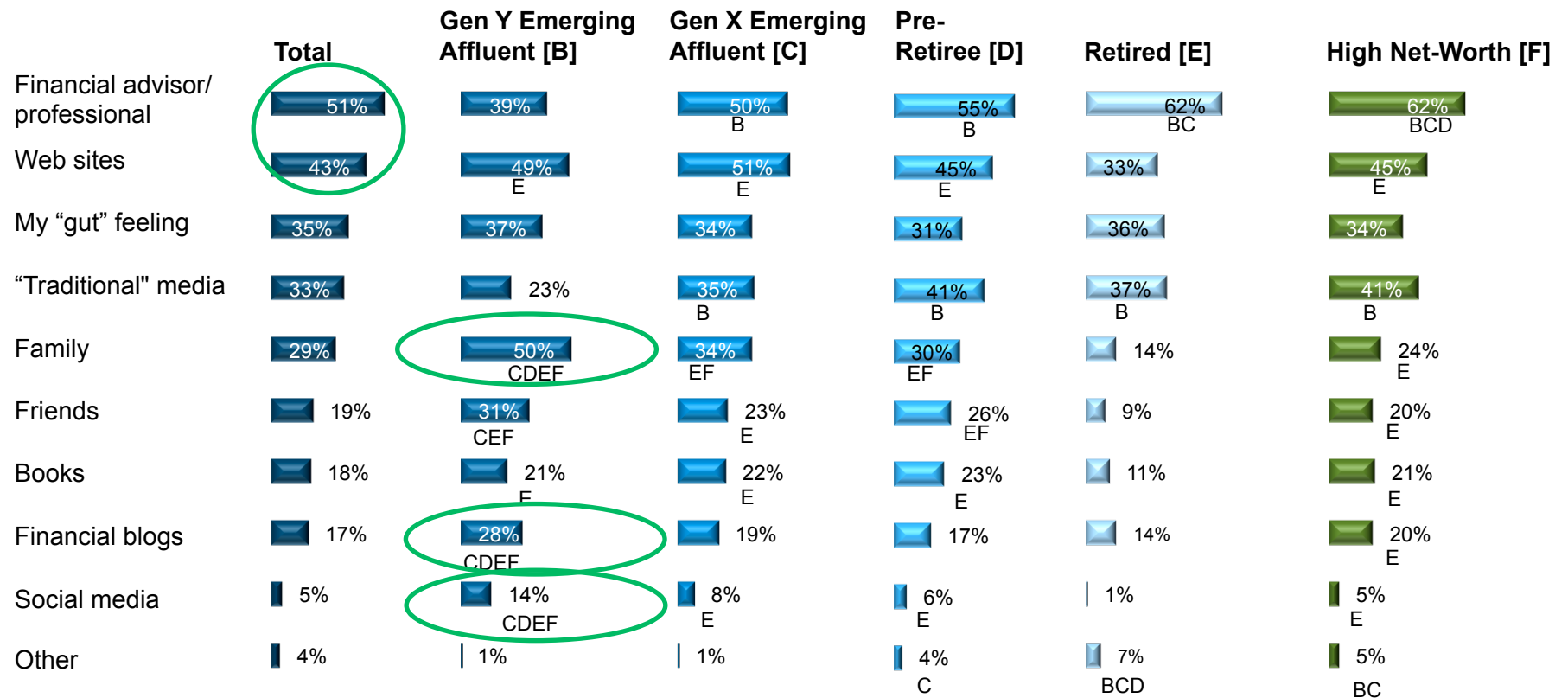
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Q1000 To help us understand your approach to investing, please indicate which one of the following statements comes closest to describing you right now.

Overall, half of consumers (51%) use an advisor for planning needs, followed by the web (43%)

Gen Y are more likely than other subgroups to turn to family (50% vs. 14-34%), financial blogs (28% vs. 14-20%) and social media (14% vs. 1-8%) for financial planning.

### Resources Used for Financial Planning Needs



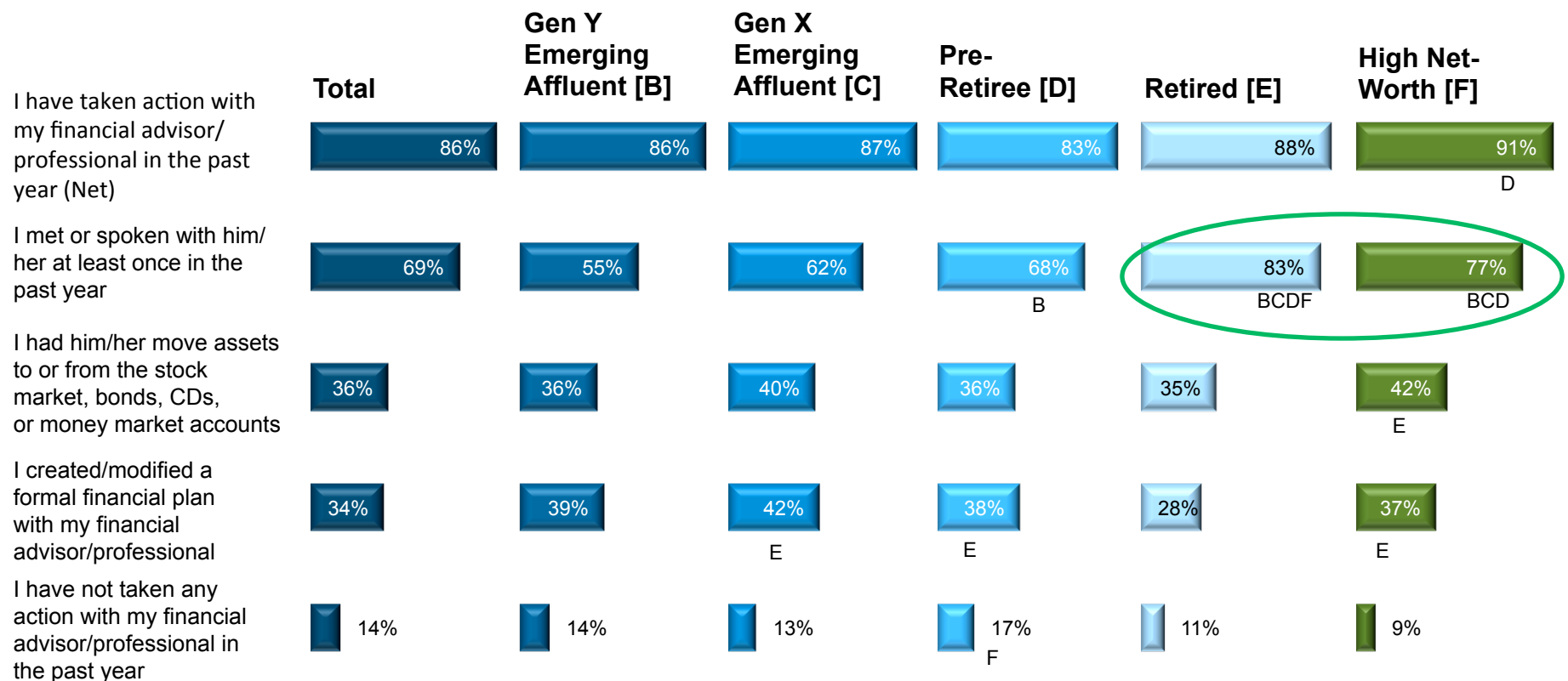
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Q703 (Q12) Which, if any, of the following resources do you use for your financial planning needs?

Overall, a large majority (86%) have taken at least one of the actions presented (with their financial advisor) in the past year

Retirees (83%) and High-Net Worth (77%) are more likely than Gen Y (55%), Gen X (62%) and Pre-Retirees (68%) to have met with/spoken to their advisor in the past year.

### Activities Done with Financial Advisor/Professional in Past Year



Letters indicate a statistically significant difference between groups at the 95% confidence level.

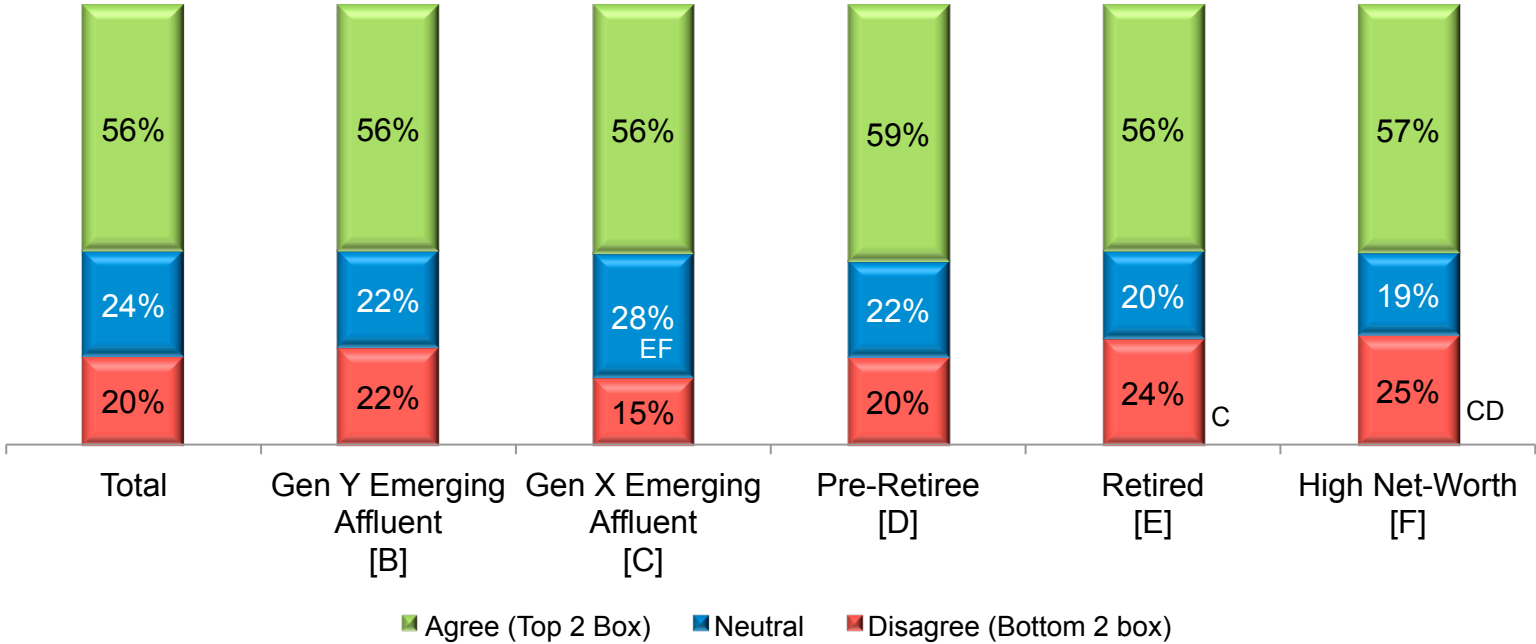
Base: Currently Works With A Financial Advisor/Professional (N=1180). Gen Y Emerging Affluent (N=192). Gen X Emerging Affluent (N=238). Pre-Retiree (N=271). Retired (N=301). High Net-Worth (N=545)

Q715 (Q7) Which, if any, of the following have you done with your financial advisor/professional within the past year? Please select all that apply.

Overall, more than half (56%) agree that professional financial advice will help them be more successful than going it alone

High Net-Worth (25%) and Retirees (24%) are more likely than Gen X (15%) to *disagree* that professional financial advice is better than going it alone.

*I think professional financial advice will help me be more successful in meeting my goals than going it alone.*

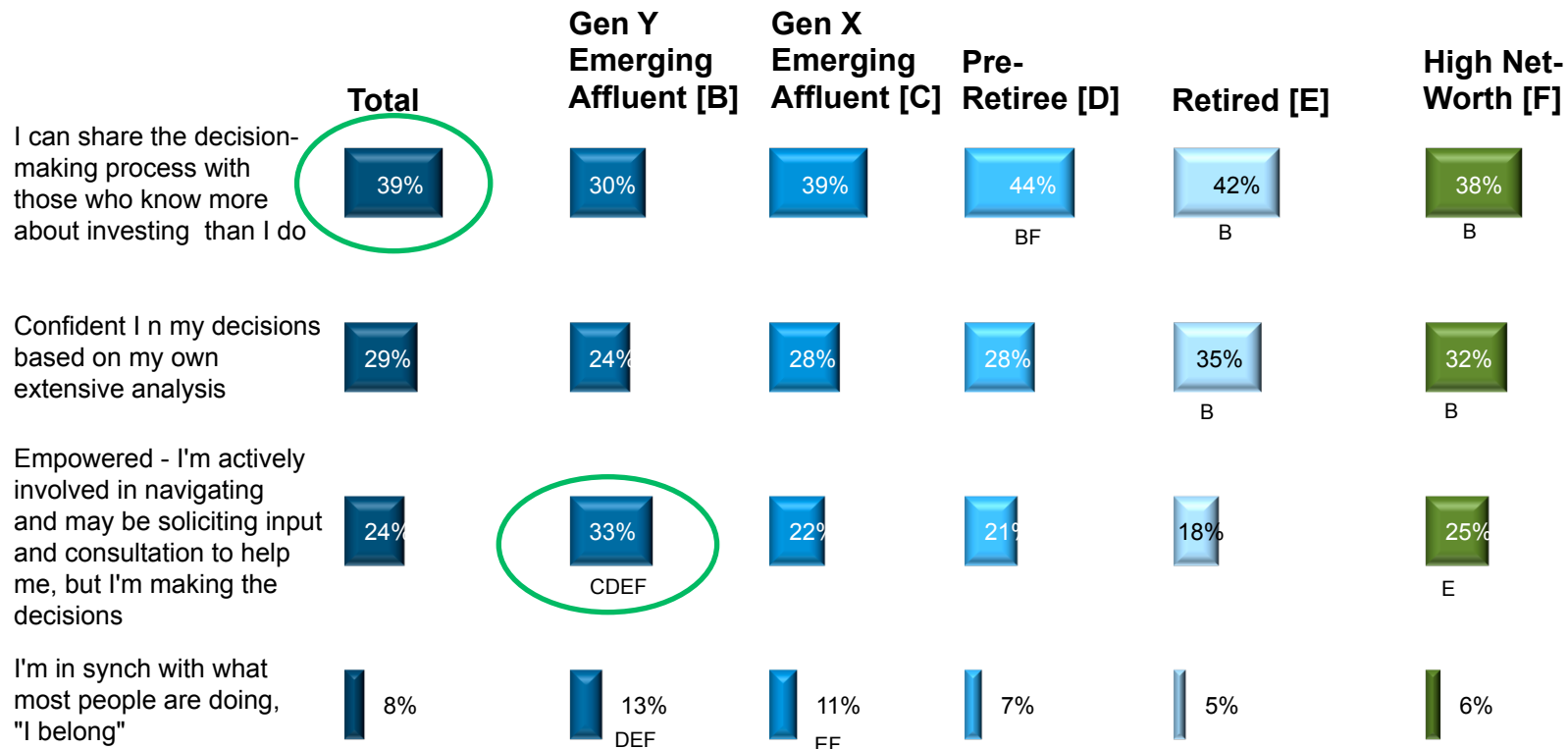


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 Q1110 How much do you agree with this statement?

Overall, consumers are most comfortable sharing decision-making with those who know more about investing than they do (39%)

Gen Y is more likely (33%) than any other subgroup (18-25%) to be most comfortable when they feel “Empowered.”

### Comfort Level with Finances



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Q1105 Regarding my finances, I am most comfortable when I feel....