J.D. POWER

Press Release

J.D. Power Finds Risks, Opportunities for Financial Advisors in Emerging Affluent Category

Charles Schwab & Co., Inc. Ranks Highest in Full Service Investor Satisfaction for Second Consecutive Year

COSTA MESA, Calif.: 6 April 2017 — Emerging affluent investors—defined as Millennials[1] with $100,000 in investable assets—currently control the largest portion of at-risk assets managed by full service financial advisors, according to the J.D. Power 2017 U.S. Full Service Investor Satisfaction Study,℠ released today. Surprisingly, half (48%) of emerging affluent investors currently working with an advisor say they "probably will" or "definitely will" leave their current firm, compared with just 8% among all other generations of investors.

"Wealth managers have been slow to focus on Millennials because they don't yet have the assets Boomers do, but when looking at potential money in motion—even in the short term—the picture looks quite different," said **Mike Foy, director of the wealth management practice at J.D. Power**. "With the emergence of robo-advisors and self-directed platforms, investors have more options than ever, both within and outside the traditional full-service channel."

The study captures the clearest evidence to date of a historic generational shift that is currently unfolding in the wealth management space. Noting distinct differences between Millennials and other generational groups on indicators such as overall satisfaction, economic outlook, advisor and firm loyalty, and advocacy/referrals, this year's study suggests that advisory firms will need to tailor their offerings to the unique needs of this growing customer base.

Following are some of the key generational findings in the study:

- **Millennial money in motion:** An alarming 48% of emerging affluent Millennials indicate they will definitely or probably leave their current provider in the next 12 months versus only 8% of other investors. While emerging affluent Millennials still represent just 8% of the overall available investable asset pool, they represent 55% of assets held by investors who are currently at risk of leaving their current investment firm.
- **Evolving investor needs:** Today, just 54% of full service investors have a documented financial plan and while those plans generally address retirement planning, these investors are much less likely to feel they are addressing other financial goals that are a higher priority for Millennials (e.g., major purchase or education planning) or for Boomers who are leaving the work force (e.g., capital preservation or estate planning).
- **Brave new world of referrals:** The firms that are able to create loyalty among Millennial clients today can expect significant ongoing rewards. Among those clients identified as highly likely to recommend, Millennials made more positive recommendations during the past 12 months (an average of 8.1 per client) than did Boomers (3.3 per client) and Gen X (3.7 per client) combined. But

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[1] J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946 to 1964); Gen X (1965-1976); and Gen Y (1977 to 1994). Xennials (1978-1983) and Millennials (1982-1994) are subsets of Gen Y.

advisors and firms need to actively cultivate this referral source: Millennials indicated they would be more likely to provide referrals if their advisor asked (40%) or they were incentivized to do so (39%).
- **Risk of channel defection:** One-fourth (25%) of full-service Millennial investors have either tried, or are actively using, a robo-advisor platform and 28% of them rate their satisfaction with this platform higher than for their full-service firm. Also, more than one-third (34%) have a secondary self-directed account, suggesting a flexibility and openness to a variety of service models not exhibited by investors in other generational groups.

Study Rankings

Charles Schwab & Co., Inc. (838) ranks highest in overall investor satisfaction for a second consecutive year, followed by **Fidelity Investments** (835) and **Edward Jones** (833).

The U.S. Full Service Investor Satisfaction Study, now in its 15th year, measures overall investor satisfaction with full service investment firms in seven factors (in order of importance): financial advisor; investment performance; account information; product offerings; commissions and fees; website; and problem resolution. This year, overall investor satisfaction is up 15 points to 819 (on a 1,000-point scale) from 2016.

The study was fielded in January 2017 and is based on responses from more than 6,500 investors who make some or all of their investment decisions with a financial advisor.

For more information about the 2017 U.S. Full Service Investor Satisfaction Study, visit http://www.jdpower.com/resource/us-full-service-investor-satisfaction-study.

See the online press release at http://www.jdpower.com/pr-id/2017037.

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. Those capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power is headquartered in Costa Mesa, Calif., and has offices serving North/South America, Asia Pacific and Europe.

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Note: Two charts follow.

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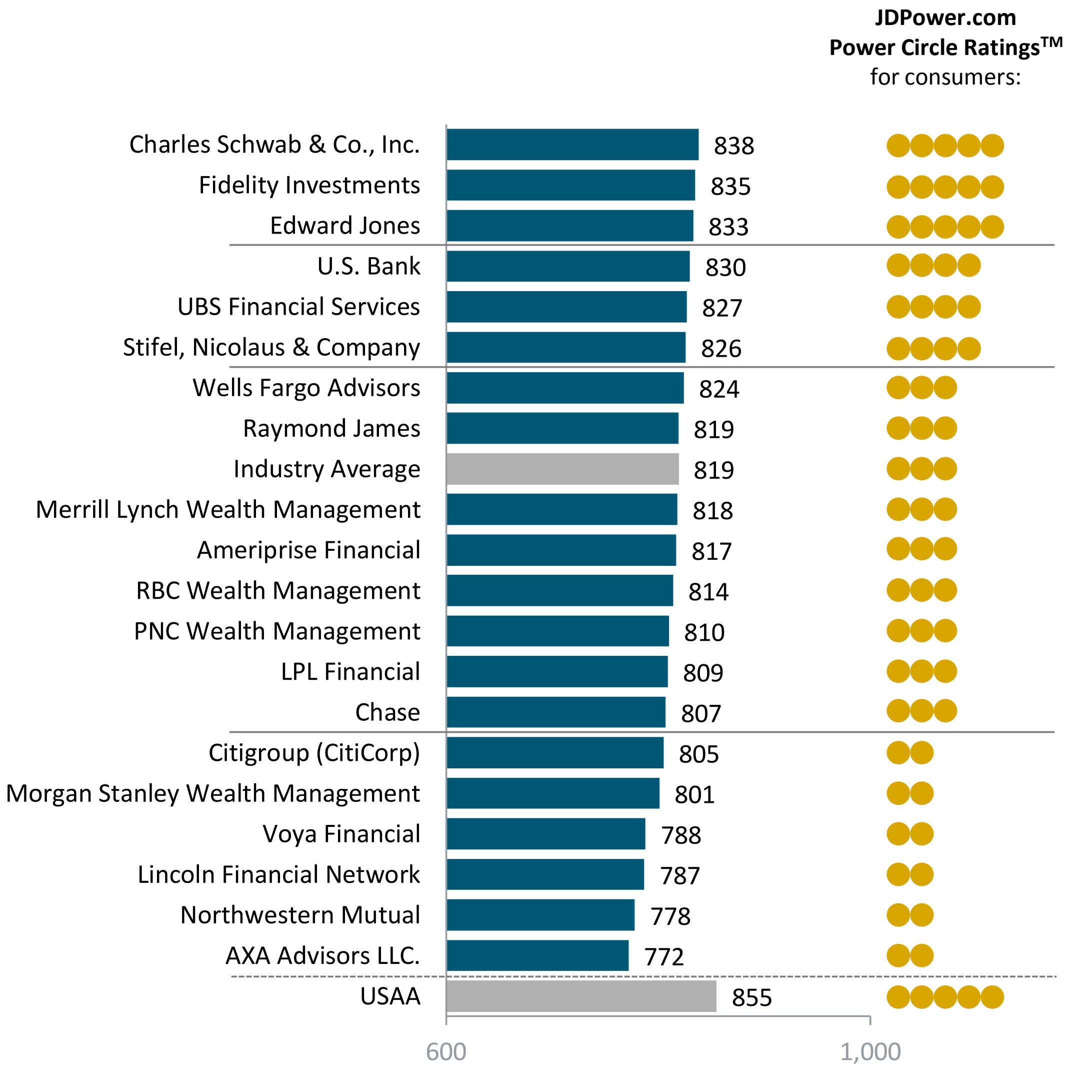
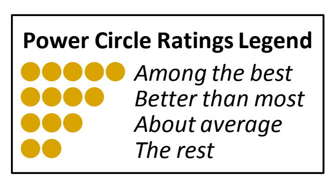
2017 U.S. Full Service Investor Satisfaction Study℠

Overall Investor Satisfaction Ranking

(Based on a 1,000-point scale)





Note: USAA is profiled, but not rank eligible, because they do not meet the study award criteria.

Source: J.D. Power 2017 U.S. Full Service Investor Satisfaction Study℠

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2017 U.S. Full Service Investor Satisfaction Study[SM]

Award-Eligible Wealth Management Companies Included in the Study

Company	Key Executive	Company Location
Ameriprise Financial	James Cracchiolo	Minneapolis, Minn.
AXA Advisors LLC	Mark Pearson	New York , N.Y.
Charles Schwab & Co., Inc.	Walter Bettinger II	San Francisco, Calif.
Chase Investment Services	James Dimon	New York, N.Y.
Citigroup (CitiCorp)	Michael Corbat	New York, N.Y.
Edward Jones	James Weddle	St. Louis, Mo.
Fidelity Investments	Abigail P. Johnson	Boston, Mass.
Lincoln Financial Network	Dennis Glass	Radnor, Pa.
LPL Financial	Dan Arnold	Boston, Mass.
Merrill Lynch Wealth Management	Brian Moynihan	New York, N.Y.
Morgan Stanley Wealth Management	James Gorman	New York, N.Y.
Northwestern Mutual	John Schlifske	Milwaukee, Wis.
PNC Wealth Management	William Demchak	Pittsburgh, Pa.
Raymond James	Paul Reilly	St. Petersburg, Fla.
RBC Wealth Management	Michael Armstrong	Minneapolis, Minn.
Stifel, Nicolaus & Company	Ronald Kruszewski	St. Louis, Mo.
U.S. Bank	Andrew Cecere	Minneapolis, Minn.
UBS Financial Services	Tom Naratil	New York, N.Y.
Voya Financial	Rodney Martin, Jr.	New York, N.Y.
Wells Fargo Advisors	Timothy Sloan	St. Louis, Mo.

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