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Press Release

Millennial Investor Loyalty Hinges on Advisor Relationship, Not Technology, J.D. Power Finds

Charles Schwab Ranks Highest in Full Service Investor Satisfaction for Third Consecutive Year

COSTA MESA, Calif.: 29 March 2018 — Millennials, the generation poised to inherit a significant portion of the estimated $30 trillion great wealth transfer, are the least loyal group of full-service investors. According to the J.D. Power 2018 U.S. Full Service Investor Satisfaction Study,SM released today, the key to full-service firms not only attracting but retaining Millennial[1] wealth is not new technology or mobile offerings, but cultivating great relationships and human, goals-based advice.

"The financial services industry has been fixated on the idea that cracking the code on Millennial investors means huge investments in digital and mobile," said **Mike Foy, Senior Director of the Wealth Management Practice at J.D. Power**. "While our research confirms that a compelling digital experience will help inform investment firm selection and even increase satisfaction scores, real loyalty among Millennials is much more heavily influenced by frequent communication with an advisor in the context of a goals-based strategy."

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

- **Millennial attrition risk four times higher than other generations:** Among investors who are the most highly satisfied (overall satisfaction scores of 850 or higher on a 1,000-point scale), 29% of Millennials say they will consider leaving their current full-service advisory firm within the next 12 months, compared with just 4% of investors in older generations.

- **Tech may draw them in, but advisor relationships keep them**: While great digital experiences are important for attracting Millennial investors, technology alone will not keep them engaged. Millennials are most likely to indicate their intent to switch firms (44%) when they are using self-service mobile tools and advisor communication fails to meet their expectation. By contrast, when advisors deliver frequent, effective communication and show progress toward goals, Millennial likelihood of switching drops to just 17%.

- **Emerging affluent Millennials want more advisor contact:** Among the emerging affluent (i.e., Millennials with more than $100,000 in investable assets), 31% say they would like to have more contact with their financial advisors, compared with just 7% of older investors. Emerging affluents already average 4.5 advisor contacts per year vs. 3.6 contacts per year among other generational groups, so it's not that they are being ignored by advisors as much as they actually have a greater demand for interaction. A possible explanation is that older investors already feel they are on track and have established trust over time with their financial advisor.

[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 (1978-1981) and Millennials (1982-1994) are subsets of Gen Y.

- **Text me the prospectus:** Investors are responding positively to advisor communication via emerging channels, such as social media, texting and video, though these channels still show limited usage (10%, 7% and 5%, respectively). Investors who do receive communication through one or more of those channels are more satisfied with their investment firm, led by Millennials, among whom overall satisfaction is 58 points higher when their advisors use digital channels to communicate. Firms and advisors seeking to sustain or increase their contact frequency to meet increasing investor demands will need to incorporate digital channels into the mix, obviously in a way that reflects the unique preferences of individual clients.

Study Rankings

Charles Schwab & Co., Inc. (867) ranks highest in overall investor satisfaction for a third consecutive year, followed by **Edward Jones** (866) and **Stifel, Nicolaus & Company** (865). The industry average score is 839.

The U.S. Full Service Investor Satisfaction Study, now in its 16th year, measures overall investor satisfaction with full-service investment firms in eight factors (in order of importance): financial advisor; account information; investment performance; firm interaction; product offerings; commissions and fees; information resources; and problem resolution.

The study was fielded in December 2017 and is based on responses from 4,419 investors who make some or all of their investment decisions with a financial advisor.

For more information about the 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/2018037.

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NOTE: One chart follows.

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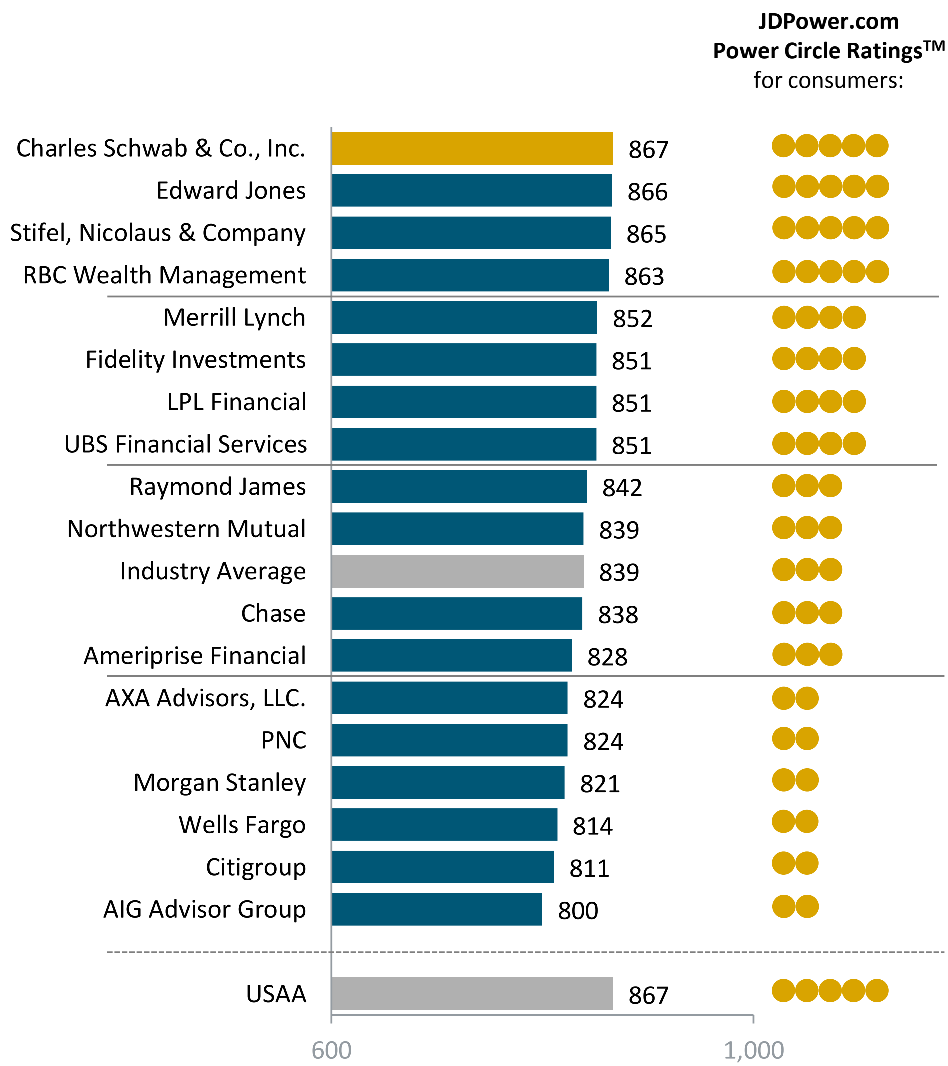
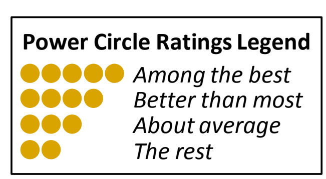
2018 U.S. Full Service Investor Satisfaction Study℠

Overall Investor Satisfaction Ranking

(Based on a 1,000-point scale)





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

Source: J.D. Power 2018 U.S. Full Service Investor Satisfaction Study℠

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