

Insights on Investment Attitudes and Behaviors Comparing Older and Younger Investors

The following is an excerpt of data from a national online multi-generational survey of 1,334 investors conducted June 18, 2007 – June 27, 2007 by Applied Research & Consulting LLC for FINRA.

Saving and Investing

- Older investors (55 and older) are more confident than younger investors (25 to 54) that available sources of investing information are objective and unbiased.
- Older investors are more likely to own annuities than younger investors.
- Investors who are 65 and older are more likely to talk to an investment professional when they are making a decision to buy or sell an investment than younger investors.

Investing Milestones

- Retirement is the most important milestone for a majority of investors, except those 65 and older.
- For investors ages 55-64 important saving and investing milestones include:
 - Retirement (82 percent)
 - Illness of a spouse/partner or parent (51 percent)
 - Providing for family in event of death (43 percent)
- For investors 65 and older important saving and investing milestones include:
 - Illness of a spouse/partner or parent (59 percent)
 - Providing for family in event of death (54 percent)
 - Retirement (53 percent)
- Investors who are 25-34 are the most likely to say that the purchase of a home is an important investing milestone (45 percent).
- Investors who are 35-44 are the most likely to say that paying for college or higher education is an important milestone (45 percent).
- 90 percent of investors who are 45-54 say retirement is an important investing milestone.

Investment Anxiety

- Older investors are less anxious than younger investors about:
 - Outliving their retirement savings
 - Having a portfolio that is concentrated in too few investments
 - Being pressured into a poor investment decision
 - Having a baby
 - Getting married
 - Buying a house
 - Paying for college
 - Losing a job

- Paying off debts
 - The complexity of financial products
 - Being defrauded
- Surprisingly, older investors are no more anxious about serious health problems than younger investors. However, 78 percent of all investors are at least somewhat anxious about health problems.
- Unlike younger investors, over 60 percent of investors 65 and older are not at all anxious about:
 - Saving for retirement
 - What to do with their retirement savings after they retire

Investment Solicitation and Fraud Risk

- The top three methods of receiving unsolicited investment offers among all respondents are (1) free seminars (68 percent), (2) spam email (64 percent) and (3) direct mail (61 percent). Cold calls are a distant 5th (27 percent) on the list of methods of solicitation.
 - Investors who are 45 and older are far more likely to be invited to free investment seminars than younger investors.
 - Investors who are 55 and older are more likely receive an offer for an investment opportunity in the mail than younger investors.
 - Investors who are 25-34, however, are more likely to buy an investment (15 percent) through these methods than older investors (nine percent).
 - Males (13 percent) are almost twice as likely as females (seven percent) to invest in response to these methods.

Online Resources

- Although a majority of older investors (55 and older) are interested in a variety of online resources, they are less interested than younger investors:
 - Checklists – 60 percent & 79 percent vs. 90-92 percent
 - Questions to ask your broker – 61 percent & 80 percent vs. 87-91 percent
 - Mutual fund fees and expenses – 58 percent & 77 percent vs. 88-92 percent
 - Information about common scams and frauds – 68 percent & 83 percent vs. 90-94 percent
 - Information on complicated investment products – 42 percent & 68 percent vs. 89-90 percent
 - Information on background of broker – 57 percent & 77 percent vs. 87-89 percent
 - Glossary of investment terms – 52 percent & 74 percent vs. 88-91 percent
- Older investors are more likely to visit brokerage firm Web sites to research investment than other Web sites, such as Yahoo and Morningstar.
- Few (25 percent) older investors buy or sell securities through Web sites.

For additional survey information, please visit FINRA at www.finra.org