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Objectives & Methodology

- This report presents the findings of a survey fielded on November 20-23, 2014 among a sample of 850 U.S. investors. For this survey:
  - Investors were defined as adults (18 years of age and older) with investable assets of $100,000 or more. The definition of investable assets specifically excludes the value of the respondent’s primary residence.
  - Respondents were screened to ensure they make or are significantly involved in making the household’s financial decisions.

- The survey was intended to quantify investor preferences and expectations for training and certification of financial advisors.

- Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including but not limited to sampling error, coverage error, error associated with nonresponse, and error associated with question wording and response options.
Executive Summary
Executive Summary

- Overall, investors responding to the survey prefer breadth of knowledge and certification backed by examination when selecting a financial advisor.
  - Generally, women, older/retired investors and those with assets at or above $500,000 place a slightly greater emphasis on breadth of knowledge.

Breadth of Knowledge and Training

- Four out of five (81%) prefer an advisor who takes all areas of their financial life into account as opposed to someone who only specializes in one or two areas.
- A plurality (48%) chose knowledge of multiple areas over an advisor’s investment track record or personal referrals as the most important element in selecting an advisor.
- Two thirds of respondents (66%) say they are prepared to abandon or not engage an advisor whose knowledge and training is limited largely to his or her company’s products or services.

Training, Certifications and Exams

- Nearly 90% of respondents see a potential advisor’s certifications as important, with three-fifths saying they are very important.
- Education alone is not enough. Eighty-six percent of investors responding to the survey prefer an advisor who has passed a certification exam in addition to a rigorous education program.
- One year is the minimum acceptable training for a financial advisor, with 72% saying that they expect a financial advisor to receive from 1 to 4 years of training in financial planning.
  - One quarter would expect 5 or more years of training, while only 3% would find training of less than a year acceptable.
- Most (82%) say it is important for a potential advisor to discuss his or her training and certifications. Thirty-nine percent say that it is very important an advisor do so before he or she is engaged.
Detailed Findings
Breadth of Knowledge and Approach

Most investors prefer an advisor who looks at and integrates all areas of their financial life over someone who specializes in one or two areas.

QC1: When you look for a financial advisor, do you prefer to work with someone who takes into account and integrates multiple areas of your financial life or one who specializes in one or two areas of your finances? (Base: Total=850)
Importance of Factors in Selecting an Advisor

QC2: Which one of the following is MOST IMPORTANT when selecting a financial advisor? (Bases: Total=850; Women=362; Men=488; Retired=329; Employed=469)
Importance of Certifications

Most investors see an advisor’s certifications as important

Most likely to say certifications are very important:
- Women (65%)
- 60 and older (64%)

QC4: How important is it to you that a financial advisor has certifications?
(Base: Total=850)
Comprehensive Training

Most would be concerned about an advisor whose only training is in the products/services of his or her company

Comprehensive training most valued by:
- Retirees (72%)
- Investors with $500K or more in assets (71%)

Somewhat concerned, but might still work with the advisor 28%

Very concerned, to the point of seeking another advisor 66%

Not concerned 5%

QC3: How concerned would you be if your financial advisor had not been given any formal training in comprehensive personal financial planning, but just in the products and services of his or her company?
(Base: Total=850)
Certification Exams

Nearly all investors prefer an advisor who has passed a comprehensive exam plus a rigorous education program as opposed to only having gone through an education program.

Percent Prefer:

- Certification exam and education program: 86%
- Only education program: 7%
- Not important: 7%

QC5: Do you prefer to work with an advisor who has a certification that requires passing a comprehensive certification exam AND a rigorous education program or ONLY having a rigorous education program? (Base: Total=850)
One Year is the Minimum Training Acceptable to Investors

Years training a new financial advisor is expected to have

- **LESS THAN 1 YEAR**: 3%
- **1-2 YEARS**: 38%
- **3-4 YEARS**: 34%
- **5-6 YEARS**: 12%
- **MORE THAN 6 YEARS**: 13%

**72%**

QC6: How many years of training in financial planning (insurance, investments, taxes, estate planning) would you expect a new financial advisor to receive? (Base: Total=850)
Discussing Training and Certifications

Eight out of ten investors want to discuss an advisor’s training and certifications before engaging him or her.

QC7: When meeting a new financial advisor, how important is it to you to discuss his/her training and certifications before you engage?
(Base: Total=850)
INVESTOR CARAVAN SPECIALIZED DEMOGRAPHICS

Demo15
Which one of the following best describes you? [Select one answer]

01 I am the sole financial decision maker for my household
02 I equally share the financial decision making responsibility for my household
03 I have some influence on the financial decision making for my household but don’t make decisions
04 I have no say in the financial decision making for my household

PROGRAMMING NOTE: ASK DEMO16-18 IF DEMO15 (01-02)

Demo16
Which of the following investments and/or investable assets do you and other members of your household currently own? [Select as many as apply 01-11. Randomize 01-10, keeping 07-08 together as one block. Rotate within 07-08 block]

01 Real estate investment properties that are NOT your primary residence
02 Cash/Currencies
03 Stocks
04 Bonds
05 Mutual funds
06 Bank savings / Fixed Deposits / Money Market Accounts / CDs
07 Employer-sponsored retirement accounts (401(k), 403(b), pension, etc.)
08 IRAs, Annuities or other retirement accounts
09 Alternatives (hedge funds, private equity, derivatives, etc.)
10 Commodities - precious metals (gold or silver), oil, gas, minerals, grains, livestock, etc.
11 Other investments [Please specify]
01 None of these/Do not own any investments

[ASK IF DEMO16 (01-10)]

Demo17
We would like to get a broad sense of the total amount of these investments and/or investable assets held by you and other members of your household.

As a reminder, these assets include any held in cash, checking and/or savings accounts, money market accounts, CDs, employer-sponsored retirement accounts, IRAs, annuities, stocks, bonds, mutual funds, commodities, alternatives, real estate investment properties, etc.

When you think about these total investable assets, please DO NOT include the value of your primary residence. [Select one answer]

01 Less than $50,000
02 $50,000 to $99,999
03 $100,000 to $149,999
04 $150,000 to $199,999
05 $200,000 to $249,999
06 $250,000 to $499,999
07 $500,000 to $749,999
08 $750,000 to $999,999
09 $1,000,000 to $2,499,999
10 $2,500,000 to $4,999,999
11 $5,000,000 or more

Demo18
Do you currently use an advisor to whom you pay a fee or commission for financial planning or investment advice? This might include a financial advisor, financial planner, investment advisor, investment manager or wealth manager. [Select one answer]

01 Yes, I currently use an advisor
02 No, I don’t currently use an advisor, but I have in the past
A. No, I have never used an advisor
On another subject . . .

The next few questions concern elements important in selecting and working with financial advisors. If you have never worked with a financial advisor, please answer for what you would consider important in an advisor.

C1 When you look for a financial advisor, do you prefer to work with someone who takes into account and integrates multiple areas of your financial life or one who specializes in one or two areas of your finances? [Select one answer. Rotate 01-02]

01 Entire financial situation
02 Specializes in one or two areas

C2 Which one of the following is most important when selecting a financial advisor? [Select one answer. Randomize 01-03]

01 The financial advisor will be knowledgeable about multiple areas of my financial life
02 The person was referred to me by someone I know
03 Their track record of investment performance
04 Other [Please specify]

C3 How concerned would you be if your financial advisor had not been given any formal training in comprehensive personal financial planning, but just in the products and services of his or her company? [Select one answer]

01 Very concerned, to the point of seeking another financial advisor
02 Somewhat concerned, but might still work with the financial advisor
03 Not concerned at all

C4 How important is it to you that a financial advisor has certifications? [Select one answer]

01 Very Important
02 Somewhat important
03 Neutral
04 Somewhat unimportant
05 Very unimportant

C5 Do you prefer to work with an advisor who has a certification that requires passing a comprehensive certification exam and a rigorous education program or only having a rigorous education program? [Select one answer]

01 Certification exam and education program
02 Only education program
01 Not important

C6 How many years of training in financial planning (insurance, investments, taxes, estate planning) would you expect a new financial advisor to receive? [Select one answer]

01 Less than 1 year
02 1-2 years
03 3-4 years
04 5-6 years
05 More than 6 years

C7 When meeting a new financial advisor, how important is it to you to discuss his/her training and certifications before you engage? [Select one answer]

01 Very Important
02 Somewhat important
03 Neutral
04 Somewhat unimportant
01 Very unimportant