



The “Experience Divide” Pre-/Post Retirees Hearts & Wallets Explore™ Qualitative Report

Report Overview

The “Experience Divide:” *How Beliefs and Truths About Investing Experience Affect Loyalty and Attitudes to Active-Passive, HSAs and Descriptions of Advice* examines the variable of **experience in investing**, which is more important than previously understood. Part of the Hearts & Wallets Explore™ Qualitative series, this report probes perceived experience in investing and how it affects consumer attitudes toward the **hot topics** of today, including **HSAs**, **intergenerational wealth transfer**, **expectations for advice** and developing the full potential of the **home office**.

Select Key Findings

- **Experience and assets don’t go hand and hand:** 28% of households with \$500K-<\$2M consider themselves inexperienced investors.
- **Myths about experience** are barriers to investment success for inexperienced investors.
- Investors who consider themselves *Experienced* are more likely to see **value in active management**.
- **Grandparents** welcome information about wealth transfer to **fund education**

“Rarely does any content that I’ve read over the years reach the level of sophistication and credibility that Hearts & Wallets produces.” – Consumer Insights Professional, major diversified firm

How This Report Helps

Marketing, product and advice/digital design professionals will benefit from the actionable data and insights in this report to:

- Understand how **level of experience and interest in investing** are key segmentations to craft solutions and communications
- **Differentiate advice and guidance** experiences with the most effective language
- Fulfill consumer expectations for how the **home office** adds value, including opportunities to incorporate advisor techniques through **technology**
- **Productize** an approach consumers are already using with “**Hybrid Active-Passive Fund**”
- Market **Health Savings Accounts (HSAs)** to receptive consumers

About Hearts & Wallets

Hearts & Wallets is the resource for retail investor data and insights, combining a consumer marketing framework with financial services operating experience. The company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets data and insights are used by leading financial services firms to improve the effectiveness of their marketing communications, solution design and service delivery for retail investors.

Each report is created by subject matter experts with exceptional academic credentials and years of experience in product management and development, marketing, advice design and delivery who provide insights into the marketplace and the competition that you won’t find anywhere else.



The “Experience Divide” Pre-/Post Retirees

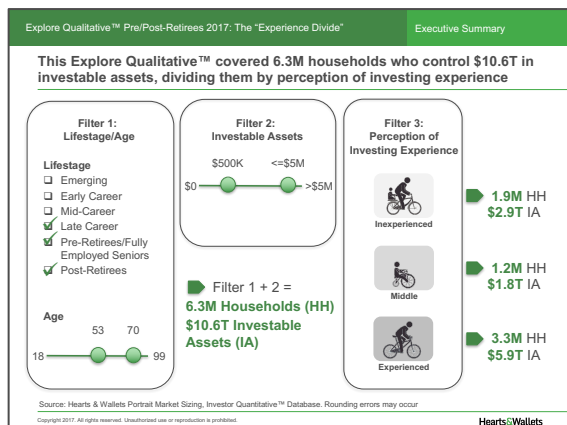
Hearts & Wallets Explore™ Qualitative Report

Table of Contents/Directory of Exhibits

Goals & Methodology	Page
Background and Research Questions	5
Research Target	8
Exercises and Concept Tests	9
Executive Summary	
Big Ideas	16
Segment Sizing	24
Segment Field Guides: <i>Inexperienced, Middle, Experienced</i>	25
Overview of Concept Tests	28
Go-To-Market Considerations	30
Chapters	
Sentiment: Beliefs and Truths about Investing Experience	34
Exercise: Loyalty to Firm vs. Advisor	56
Exercise: Expectations from Different Levels of Advice	71
Concept Test: “Investment Account for Future Health Care Expenses”	97
Concept Test: “Educational Funding for Grandchildren”	116
Concept Test: “Hybrid Active and Passive Fund”	131
Concept Test: “Change in Mutual Funds Available”	145

Sample Report Pages

Published January 11, 2018. This 161-page report features hundreds of consumer quotes and 26 data-intensive exhibits.



Explore Qualitative™ Pre/Post-Retirees 2017: The “Experience Divide” Sentiment: Beliefs and Truths about Investing Experience

All believe a downside of inexperience may be worse results, due to panicking, being too cash heavy, or jumping into rallies at the top

You could invest all your money tomorrow morning, and the market crashes then, and then what are you going to do? You bought at the top. Somebody has to buy at the top. Every single time there's been a crash, somebody's been - so it's nervousness. At our age - [Moderator: Do you keep more of your assets liquid as a result?] Yes.
— Inexperienced, Chicago (Male)

You earmark money for certain things in life, and you would hope that you're not investing with money that is earmarked for rent, food, and other expenses. The risk/return concept of, if I'm going to invest - risk a dollar to only make 10 cents, is it worth risking the dollar? What's the downside, what's the upside? It's hard to evaluate. It's hard to get your arms around that. We may be on the verge of a crash. We may be on the verge of six more months of moving up. No one really knows. We can look at historical information, but that's not always right.
— Inexperienced, Chicago (Male)

A good manager watches your funds and moves them around so that when it does come down, you're not stuck at the bottom. You have some bonds, you have some alternative products to make it less risky, so you're not killed when it does go down.
— Inexperienced, Chicago (Female)

I'd say [experienced investors are] knowledgeable, prone to - open to taking risks. And a person who's inexperienced is maybe a lot more conservative. And happy with a 1% return.
— Experienced, Chicago (Male)

Preserving my capital is key at this stage of my life. But it's really a mindset. It's whether you're going to panic or not. There's an old saying: Bears make money, bulls make money, and pigs get slaughtered. Inexperienced investors are your pigs.
— Experienced, Chicago (Male)

About the Hearts & Wallets Explore™ Qualitative Series

The Hearts & Wallets Explore™ Qualitative initiative is on the **leading edge of consumer insights** and **industry developments**. Each spring and fall, Hearts & Wallets conducts this qualitative research to discover new insights straight from consumers and obtain feedback on new concept tests. Subscriber input shapes the concept tests, ensuring the Explore™ forum probes the most important new developments facing the industry.

For deeper insights, Explore studies specific consumer groups divided into **homogenous behavioral and attitudinal segments** around key factors such as experience, use of digital or live advice, attitudes to pricing, or parenthood, building on segmentation insights from prior years.



Hearts & Wallets Reports Order Form and Agreement

Select the desired report(s) and send a signed copy of this form to info@heartsandwallets.com or fax to 800-930-0966. We will prepare a separate invoice for payment. The standard investment for each Explore™ Quantitative report is \$30,000. Each Insight Module is \$20,000. Packages are available; ask your Account Executive or Relationship Manager.

Explore™ Qualitative

- Pre-/Post Retirees, *The "Experience Divide:" How Beliefs and Truths About Investing Experience Affect Loyalty and Attitudes to Active-Passive, HSAs and Descriptions of Advice* – published January, 2018
- Accumulators, *Envisioning the State of Advice and Guidance: What Consumers of Different Service Models Value and Views on Future Pricing* – published May, 2017

Investor Quantitative™ Database

- Advice & Technology: Rise of Mobile and New Thinking on the "Hybrid Investor"* – published December 14, 2017
- Timely Topic: From Retirement Income Planning to Goals-Based Wealth Management* – published December 5, 2017
- Pain Points & Actions: Inspirations for Helping Younger Savers and Consumer in Phases of Retirement* – published November 7, 2017

Consider a 12-month Hearts & Wallets Trends subscription to get the most out of our annual research cycle. With a steady flow of incisive consumer, market and competitive trend data and insights, Trends immerses your whole organization in consumer-centric and competitive-savvy thinking, delivering the information and ideas you need to make business decisions.

As a subscriber, you'll receive advance access to all reports published, plus hands-on support through Monthly Subscriber Briefings from Hearts & Wallets experts and content licensing for courtesy external use. You'll also enjoy input to qualitative Hearts & Wallets Explore™ research, discounts to Inside Advice™ advice and guidance consultative benchmarking, options for Custom Analysis Service Hours custom briefings, and access to powerful, easy-to-use interactive software.

Name: _____

Email: _____

Company: _____

Phone: _____

Signature: _____

Date: _____

By signing above, I certify that I am authorized to make this purchase on behalf of my company ("Customer") and that Customer agrees to the following terms. Hearts & Wallets grants Customer a limited, non-exclusive, non-assignable license to use the Hearts & Wallets' report for Customer's private, internal use only. Customer shall not use any portion of the report for external use. Customer shall not share the report with any third-party, shall not permit other persons to use the report, shall not create derivative works based upon the report, and shall not sell, lease, or otherwise transfer rights to the report. Any such forbidden use shall immediately terminate Customer's license to the report. All title, ownership, rights, and intellectual property rights in the report shall at all times remain vested in Hearts & Wallets. Customer does not receive any ownership rights or intellectual property rights in the report. Upon receipt of this report, Customer accepts the report and agrees to pay the amount specified.