

Half of Investors Now Use Digital—Especially the Young and Rich As Americans Struggle with Investment Choices

*More Receptivity for Financial Professionals Seen in Latest Reports from 2016
Investor Quantitative Database™*

(Rye, NY) – Half of all American households now consult digital resources for investment information and advice, with the highest activity among younger and wealthier households, as investors also show renewed receptivity for financial professionals, according to new research by **Hearts & Wallets**, the source for retail investor data and insights.

Americans are increasing the number of advice sources of all types they consult in 2016 with a growing dual preference for digital tools and financial professionals. Nearly three-quarters (71%) of consumers use a financial professional of any type, up from 66% last year, and 42% use a paid professional, up from 40% in 2012, a statistically significant increase given the margin of error with a sampling size of over 5,000 U.S. households. The increase in sources comes as Americans struggle with investment and retirement planning decisions and show a greater determination to save. Nearly 1 in 2 households say they are challenged by investment selection.

“After weathering financial storms, Americans are signaling a readiness to act,” Laura Varas, Hearts & Wallets founder and CEO, said. “Two-thirds say they are self-directed investors, but their actions show a desire for help to make decisions and a new appreciation of paid professional advice. Financial services providers have a bigger than ever opportunity to engage consumers by better understanding how they blend advice inputs, both digital and human, answer their most pressing pain points. This is especially critical when shaping Next-Gen strategies given that many younger investors haven’t yet bonded with providers.”

The latest analyses are drawn from the 2016 Investor Quantitative Database™, an annual survey of over 5,000 U.S. households revealing the keys to retail investor decision-making through the lenses of demographics, behaviors, attitudes and investor ratings. The *Advice and Technology* and *Pain Points and Actions* reports, both part of the *Mindset and Behaviors* series, are now available.

The Young, the Rich & the Mobile

Hearts & Wallets found significant growth in overall technology use, jumping 7 percentage points year over year and increasing from 34% in 2011 to 50% in 2016. **Mobile is the fastest growing segment**, more than doubling in use since 2011, going from 10% to 24%. **One in 5 users consults digital resources weekly** with the young (ages 21 to 39) and rich (\$2 million-plus in investable assets) more likely to be frequent users.

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Digital Advice and Pain Points/2

The wealthiest and youngest Americans lead the way with the biggest jumps in online usage. The most popular online activities nationally are check accounts, use planning tools and calculators, and gather information and shopping. For younger investors (ages 21 to 39), the most popular online activities are check accounts, use tools and watch investing videos or podcasts.

Feeling the Pain...and Attempting to Address

The *Pain Points and Actions* report reveals retirement planning is difficult for over half of Americans (58%), up from 49% in 2012. Half (51%) have difficulty deciding where to put their savings. Almost two-thirds of young Americans (ages 21 to 39) struggle with choosing appropriate investments as do one-third of the wealthiest Americans. Pre-retirees and retirees had less difficulty with financial tasks overall with one exception – over one-quarter (26%) found estate planning difficult. In a new post-crash high, 40% of Accumulators say they intend to save for retirement this year, in contrast to percentages hovering in the mid-30s from 2010 through 2014.

“Even as bolstering emergency funds remains a top goal, the renewed intention to save for retirement is another encouraging sign regarding the reemergence of investors to address their longer-term savings and investment goals,” said Todd Hiller, Hearts & Wallets Vice President.

“The opportunity is to credibly help consumers figure out where to put their new savings.”

The Elusive Young Investor

Younger investors can be an elusive customer for financial service providers given their mobility. In the last three years, about 1 in 2 younger Americans has changed jobs. Adding to this 1 in 4 has suffered a job loss during this same period.

“Younger investors are searching for their baby steps now to get comfortable with savings and investing,” Varas said. “They are consulting a wide range of advice sources and looking for help to choose appropriate investments. Today, many young consumers lack traditional paths that once occurred through bank savings accounts or employer-sponsored retirement plans. The dynamics of mobile and mobility make it even more important for providers to better understand the unique qualities of their client segment opportunities to enhance their marketing initiatives.”

Methodology

Advice and Technology is drawn from the Hearts & Wallets Investor Quantitative Database™ (IQDB) and captures the preferences, sources and uses of financial advice and information and their frequency for retail savers and investors. *Pain Points and Actions* examines the financial difficulties, actions taken or planned, contributing factors and life events of retail savers and investors and how these have changed from prior years.

About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company's mission is to be a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery aimed at retail investors. For more information visit www.heartsandwallets.com.

Media Contact

Lynn Walters lynn@heartsandwallets.com
800-930-0966 ext. 704

Hearts & Wallets, CEO & Founder

Laura Varas laura@heartsandwallets.com
800-930-0966 ext. 700