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## 10<sup>th</sup> Annual Ariel-Schwab Black Investor Survey Shows Blacks Moving Backward, Not Forward; Leaders Convene to Take Action

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**New York, NY, Oct. 11, 2007** – Ariel Mutual Funds and The Charles Schwab Corporation released today their 10<sup>th</sup> annual Black Investor Survey at the first-ever Ariel-Schwab Black Investor Summit. The two financial services companies convened the summit in New York City at NASDAQ in response to the survey's findings, which show that African-Americans save far less money than Whites and are no more likely to be investors today than they were a decade ago. Panels featuring government, business, and community leaders covered such topics as financial literacy, the role of employers in promoting saving and investing, and the need for individuals to take greater responsibility for securing their retirement.

“The truth is that many Americans are not saving enough to ensure a comfortable retirement,” said Schwab Founder, Chief Executive Officer and Chairman Charles R. Schwab. “The problem is broad-based; but the 10<sup>th</sup> anniversary of this research and today's summit serve as important reminders that the need to better prepare for their financial futures is even more pressing among this underserved segment of our population.”

According to this year's just-released Ariel-Schwab Black Investor Survey of 500 Blacks and 500 Whites earning more than \$50,000 annually, the median amount of money saved by Blacks surveyed is less than half of their White counterparts (\$48,000 versus \$100,000). On a monthly basis, median savings is \$182 for Blacks versus \$261 for Whites.

The survey was first conducted by the two companies in 1998, when 57% of Blacks and 81% of Whites said they owned individual stocks or stock mutual funds. A decade later, still just 57% of Blacks are stock investors, compared to 76% of Whites. During the past ten years, the number of Blacks who own stocks or mutual funds rose as high as 74% (in 2002) only to fall again, while White participation has consistently hovered within a few percentage points of 80%.

“The data is troubling because it suggests that barriers to investing are just as formidable as they were a decade ago. Our industry and our community must address this challenge aggressively,” said Ariel President Melody Hobson, adding, “Government and employers also play a crucial role.”

### **Black Retirees Need More but Save Less for Retirement**

This year, Ariel and Schwab also conducted a first-of-its-kind survey of middle and upper income Black and White retirees to assess their investing behavior and how well they prepared for retirement. The survey shows that retired Blacks have median savings of just \$73,000 compared to \$210,000 for Whites. Blacks, on average, also retired earlier than Whites (59 vs. 61) and are more likely to be relying on a pension or Social Security rather than a defined contribution plan, such as a 401(k) plan.

Lisa Toppin, vice president of employee development and inclusion with Charles Schwab, said the retiree survey confirms that retired Blacks may be facing far greater financial challenges than Whites because of their saving and investing behavior during their working years.

“Most Americans’ first, and sometimes only, exposure to investing is through their workplace,” said Toppin. “Employers need to find ways to get the message out about how to take charge of our finances, and we need to start building understanding and awareness at an early age.”

According to the Ariel-Schwab retiree survey, fewer Blacks than Whites have gone through some of the basic steps of retirement planning, such as calculating the amount of money they need to live comfortably in retirement. However, those who consulted with financial professionals were much more likely to have saved more than \$100,000 by the time they retired, and were much less likely to have retired early.

“With the right combination of planning, discipline and patience, a retirement goal can go from dream to reality,” said Toppin.

### **First-Ever Ariel-Schwab Black Investor Summit—A Call to Action**

In response to the survey’s findings, Charles R. Schwab and Ariel Founder, Chairman and Chief Executive Officer, John W. Rogers, Jr. invited leaders in business, academia, government and the non-profit sector to discuss measures aimed at spurring wealth building and responsible retirement planning among African-Americans. They were joined by United States Treasurer Anna Escobedo Cabral, who addressed the actions that the federal government is taking to encourage financial literacy for all Americans. For the conference, Ariel and Schwab published “*The Ariel-Schwab Black Paper: A Decade of Research on African-American Wealth Building and Retirement Planning.*” Interested parties can visit [www.arielmotualfunds.com](http://www.arielmotualfunds.com) or [www.aboutschwab.com](http://www.aboutschwab.com) to download a copy of the paper.

The panelists and invited guests discussed proposals to expand financial literacy programs with schools and community groups and encouraged employers to analyze employee 401(k) participation by race. Two Fortune 500 companies, McDonald’s Corporation and Exelon Corporation, shared how they took the initiative to track investment patterns by ethnicity, which revealed a savings gap between Black and White employees at their respective organizations. Exelon just recently completed the tracking, while McDonald’s, which began this initiative three years ago, has subsequently enhanced its 401(k) program and increased participation and saving rates among all employees. Of note, African-American employee participation increased 21% or double the rate of White employees.

John W. Rogers, Jr., commented, “We can no longer afford to simply admire this problem; it calls for action,” said Rogers. “Today we took steps to change the course of our country’s financial future and to close the savings gap that exists between Black and White Americans. My hope is that a decade from now, both Blacks and Whites will be equally well prepared for retirement and that there will be no need for us to continue this survey.”

*The random sample survey of 500 Black and 500 White households earning over \$50,000 annually is the tenth for Ariel-Schwab. It was administered by telephone between June 23 and July 14, 2007. The margin of error is approximately 4.5%. The retiree research conducted this year surveyed 300 Blacks and 300 Whites within the first ten years of their retirement who earned over \$50,000 annually before retiring. The survey was administered by telephone between June 22 and July 11, 2007. Both surveys were conducted by Argosy Research.*

**Ariel Capital Management, LLC and The Charles Schwab Corporation are separate entities, but co-sponsor the “Black Investor Survey.”**

**Ariel Capital Management, LLC** is a Chicago-based investment management firm and mutual fund company with over \$14 billion in assets under management. Ariel serves individual investors through its no-load Ariel Mutual Funds and manages separate accounts for institutional clients. Ariel’s web site is [www.arielmotualfunds.com](http://www.arielmotualfunds.com). Before investing, you should carefully consider the investment objectives, risks, management fees, charges and expenses. Please read the prospectus carefully before investing. Call 800-292-7435 for a prospectus. ©2007, Ariel Distributors, LLC, 200 East Randolph Drive, Chicago, IL 60601.

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*To access the 2007 Black Investor Survey, log onto [www.arielmotualfunds.com](http://www.arielmotualfunds.com) or [www.aboutschwab.com](http://www.aboutschwab.com).*

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