
The Ariel Mutual Funds/Charles Schwab & Co., Inc.
Black Investor Survey:

Saving and Investing Among High Income
Black and White Americans

Publicly-Released Report

Prepared for:
Ariel Mutual Funds
and
Charles Schwab & Co., Inc.

Prepared by:
Yankelovich Partners Inc.

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Background and Study Purpose

Background

Ariel Mutual Funds and Charles Schwab & Co., Inc. commissioned Yankelovich Partners to conduct foundational research to identify the similarities and differences between high income (household incomes of \$50,000 or more) African Americans and whites in terms of their savings and investment knowledge, attitudes and behaviors. This study builds upon a similar study conducted for Ariel Mutual Funds and Charles Schwab & Co. in January, 1998.

Main Purpose

The main objectives of this research are:

- ❖ **To identify differences between African Americans and whites with similar incomes with regard to saving and investing**

More specific objectives include:

- ❖ **To characterize the similarities and differences between African Americans and whites in terms of attitudes and behaviors relating to financial services**
- ❖ **To examine which factors are important to African American investors**
- ❖ **Most importantly, to identify which factors will encourage more investing on the part of African Americans**

Background and Study Purpose

Purpose of the January 1998 Study

In January of 1998, a similar study for Ariel Mutual Funds and Charles Schwab & Co was conducted to profile savings and investing habits among African Americans and whites. This study revealed a number of interesting differences between the two groups surveyed, such as how, relative to whites, African Americans are:

- ❖ **Underinvested in the stock market, due to several social and cultural reasons**
- ❖ **Prefer more conservative investment vehicles, including life insurance and also regard real estate as the best investment overall**
- ❖ **Have less wealth than whites with similar incomes**
- ❖ **Are less likely than whites to rank retirement as their number one goal in terms of saving and investing**
- ❖ **Are less likely than whites to trust financial advisors**

Background and Study Purpose

Purpose of the January 1999 Study

The purpose of the study in January 1999 was to build upon the previous research in order to gain a stronger understanding of the differences between African Americans and whites by revealing *why* certain attitudes and behaviors are so divergent. The January 1999 study reveals reasons for the differences that include (but are not limited to):

- ❖ **African Americans were introduced to savings and investing tools later in life than whites**
- ❖ **African Americans are motivated to invest in conservative investment vehicles in general; they prefer real estate to other investments because of the feeling of security that type of investment provides**
- ❖ **African Americans feel that brokers' greed may influence the professional advice they receive**
- ❖ **African Americans say that a lack of knowledge of investing prevents them from making investments**
- ❖ **Spending patterns, beyond paying for basic necessities, are different between whites and African Americans**

Background and Study Purpose

Purpose of the January 1999 Study

At the same time, this study also uncovered heightened interest in investing among African Americans relative to whites.

- ❖ **African Americans are more likely than whites to have participated in a number of activities that increase one's knowledge of investing**
- ❖ **African Americans are more likely than whites to say that they will begin investing in the next year**

Other new areas explored in the January 1999 study include how women and men behave differently in terms of their investing habits.

- ❖ **Women are more likely than men to consider themselves beginners in terms of their investment behavior**
- ❖ **Women are relatively underinvested in comparison to men**
- ❖ **Women are more likely to own conservative investment vehicles than men**

Study Methodology

A total of 1,629 telephone interviews were conducted between October 30 and December 7, 1998 among adult African American and white respondents.

All respondents were screened for the following criteria:

- ❖ **Age 18 or older**
- ❖ **Have a total annual household income of \$50,000 or higher**
- ❖ **Primary or joint (volunteered by the respondent) decision-maker in the household in terms of financial investments**

A random-digit dialing technique was implemented in order to reach these respondents, ensuring an equal probability of contacting individuals with unlisted as well as listed numbers within the targeted area.

As a result, 813 interviews were completed among African Americans, and 816 interviews were completed among whites.

In this report, all percentages shown will refer to the total number of respondents interviewed (813 African Americans and 816 whites) unless otherwise specified. The margin of error for African Americans is $\pm 3.44\%$ and for whites it is $\pm 3.43\%$

Demographic Data

Some demographic differences between African Americans and whites may help explain certain attitudinal and behavioral differences in the study data. These differences include:

- ❖ **Age**: African Americans in the study are slightly younger than whites in the study (40 is the median age for African Americans, 44 is the median age for whites)
- ❖ **Income**: African Americans in the study have somewhat lower average incomes than whites in the study (101K vs. 121K, somewhat higher than in the study conducted in January 1998)
- ❖ **Employment**: More African Americans than whites in this study work for state or federal government (26% vs. 15%)

It is also important to note that African American household incomes must stretch further to support more people, on average, in comparison to white household incomes:

- ❖ **Children**: Among households with more than one resident, more African American households have children present under the age of 18 (53% vs. 46%)
- ❖ **Single Parents**: African American households, in comparison to white households, are more likely to be composed of a single parent with children (16% vs. 5%)
- ❖ **Extended Family**: 27% of African American households financially support friends or family outside of people in their immediate families (compared to 12% of whites)
 - ♦ Among those African Americans who do, 25% support three or more people

Study Highlights

Interest

While African Americans are underinvested relative to whites, they are more interested in investing and financial management.

- ❖ Compared to whites, *more* African Americans have read books about saving and investing (58% vs. 46%), gone to an investment seminar (28% vs. 22%) or have joined or participated in an investment club (10% vs. 5%)
- ❖ Equal numbers of African Americans and whites have talked to friends about how to save or invest (69% and 67% respectively) or have have watched TV or listened to radio programs about investing (also 69% and 67% respectively)
- ❖ 65% say that they “enjoy” taking care of their financial affairs (compared to 56% of whites)
- ❖ Three quarters (73%) of African Americans say that investing in the stock market is a great way to make money (equal to whites, 71%)
- ❖ Among African Americans with internet access, 44% have used their computer to obtain investment information and 34% have used it to check the balances of their savings or investment accounts (compared to 47% and 35% of whites, respectively)
 - ♦ Interestingly, African Americans have internet access at almost the same rate as whites (70% have it either at home or at work compared to 77% of whites).

Study Highlights

Interest

Even African Americans who are not investing at the present time are eager to begin investing:

- ❖ **48% of African Americans who do not own stocks or mutual funds say that they intend to begin investing within the next 12 months (compared to 34% of whites)**
- ❖ **The number one New Year's resolution among African Americans was to save or invest money (35%, compared to 20% of whites). For whites, the number one New Year's resolution was to take the time to relax (25%, compared to 18% of African Americans)**

Study Highlights

Investment Behavior

Despite their obvious interest in the topic of investing, compared to whites with similar incomes, fewer African Americans own the following types of investments.

- ❖ **IRA's (34% for African Americans vs. 51% for whites)**
- ❖ **Slightly fewer have employer sponsored retirement plans (67% vs. 72%)**

Fewer African Americans have accounts at the following types of institutions:

- ❖ **Mutual fund companies (42% vs. 55%)**
- ❖ **Full-service brokerages (20% vs. 37%)**
- ❖ **Discount brokerages (14% vs. 20%)**

And fewer African Americans own the following investment vehicles:

- ❖ **Stock or bond mutual funds (48% vs. 61%)**
- ❖ **Individual stocks (38% vs. 54%)**
- ❖ **Money market accounts (26% vs. 43%)**

Study Highlights

Investment Behavior

Last year's survey showed that African Americans have less overall wealth and are saving less money than whites.

- ❖ **This year, African Americans say they save \$173 per month (median) for non-retirement purposes; whites save \$208 per month (median)**

African Americans are also likely to take a different route if the market were to fall.

- ❖ **24% of African Americans would pull money out of market in the event of a downturn (compared to 10% of whites)**

Study Highlights

Barriers to Investing

Beyond a preference for conservative investment vehicles, African Americans express a number of attitudes that constitute true barriers to actually becoming active investors at the same level as their white counterparts. Among the barriers to investing are:

- ❖ **Lack of knowledge: 64% of African Americans who are not investors say that the lack of knowledge of investing is a reason they do not invest at this time (compared to 55% of whites); 13% say that lack of knowledge is the most important reason why they are not investing (equal for whites, 13%)**
- ❖ **Lack of money, even among this affluent group of African Americans, is also a barrier to investing:**
 - ♦ 45% say that brokerage fees are too high for them to begin investing (compared to 38% of whites)
 - ♦ 41% say that there is simply no money left over after paying expenses (compared to 42% of whites)

Study Highlights

Barriers to Investing

A lack of trust in financial advisors also constitutes a barrier for African Americans with regard to investing. The notion of using the services of a professional investment advisor such as a broker is met with mixed feeling by African Americans:

- ❖ **49% of African Americans say that brokers are more interested in making money than giving good advice (compared to 37% of whites)**
 - ♦ Although 73% of African Americans say that they would prefer to consult with a financial services professional when investing (compared to 62% of whites), both last year's and this year's surveys indicate that many do not

African Americans also regard themselves as novices in terms of investing.

- ❖ **42% of African Americans consider themselves to be “beginners” with regard to their investment experience (compared to 33% of whites)**

Study Highlights

Cultural Priorities

Lack of exposure to investments has roots in the family experience:

- ❖ **Only 36% of African Americans, as opposed to 54% of whites, opened their first savings account before they entered high school. Another 35% of African Americans opened these accounts after high school (compared to 20% of whites)**
- ❖ **24% of African Americans say their families had stocks when they were growing up, compared to 46% of whites**
- ❖ **34% of African Americans (vs. 46% of whites) say they have received investments as a gift or inheritance**

Study Highlights

Cultural Priorities

With regard to investing, African Americans have a strong “culture of conservatism.”

- ❖ **56% of African Americans believe that investing in stocks is just like gambling (compared to 35% of whites)**
- ❖ **44% of African Americans have most of their assets at a bank (compared to 31% of whites)**
- ❖ **26% of African Americans name a preference for investing in insurance as a reason why they are not investing in stocks at this time (compared to 16% of whites)**
- ❖ **53% of African Americans say that when you invest in real estate, you almost always make money (compared to 46% of whites)**
- ❖ **39% of African Americans name real estate as the best investment overall (compared to 30% of whites). Fewer African Americans, 32%, name stocks as the best investment overall (compared to 47% of whites)**
 - ◆ When asked why real estate is the best investment, 32% of African Americans say that it is “less risky” than other investments (compared to 30% of whites)
 - ◆ When asked about reasons for not investing (in stocks or mutual funds) at this time, 43% of African Americans say that it is because they “prefer to invest in real estate” (compared to 30% of whites). This is markedly higher among African American males (51%) than among any other group

Study Highlights

Cultural Priorities

- ❖ **Spending Habits**: 29% of African Americans say that their number one expense after necessities is their car payment followed by expenses for their children's education (25%). 31% of whites say their number one expense after necessities is investing, followed by their car payment (25%)
- ❖ **Commitment to Local Communities**: The majority of African Americans believe that it is important for an investment company to be active in programs that benefit the local community (86% vs. 69%)
- ❖ **Diversity**: 77% of African Americans believe that it is important for an investment company to be racially diverse (compared to 50% of whites). 67% of African Americans believe that it is important for an investment company to be owned or managed by African Americans (compared to 19% of whites).
- ❖ **Family**: African Americans are more likely than whites to say that their most important goal in saving or investing is to save for children's education (18% vs. 15%) or to leave money to heirs (10% vs. 4%). 43% of African Americans have a will or living trust (lower than whites, at 61%)
- ❖ **Environment**: 78% of African Americans are more likely to believe that it is important for a company not to invest in companies that harm the environment (slightly more likely than whites, at 74%)
- ❖ **Retirement**: Saving for retirement as a number one goal consistently ranks lower for African Americans than whites (33% vs. 54% in 1999, 37% vs. 58% in 1998)

Study Highlights

Gender

Study Highlights — Gender

Beyond the racial differences found in this study, certain differences in investment attitudes and behaviors are also found to be related to gender.

In terms of investment experience and ownership, the pattern repeatedly found in this study is:

- ❖ **First, with the most investments and investment experience: white males**
- ❖ **Second: white females**
- ❖ **Third: African American males**
- ❖ **Fourth: African American females**

The next pages help explain why females rank behind males in terms of investment experience, and also help illustrate why African American females are the most underinvested of all.

Study Highlights — Gender

Interest

African American females are clearly more *interested* in managing their financial affairs than white females (but women as a whole are less interested in financial affairs than either group of men).

- ❖ **More African American women than white women have watched TV programs about investing (66% vs. 62%) or read books about investing (56% vs. 42%)**
 - ♦ In contrast, African American men and white men participate in these activities more frequently than women — watch TV programs about investing (72% and 72% respectively) or read books about investing (60% and 51%)
- ❖ **More African American women than white women say that they enjoy managing their financial affairs (61% African American females vs. 49% white females)**
 - ♦ Again, less so than men (70% African American males vs. 63% white males)
- ❖ **African American women and white women are equally likely to have done things such as obtained investment information online (40% vs. 39%) or checked account balances online (32% vs. 30%)**
 - ♦ Compared to African American men and white men who have either: obtained investment information online (48% vs. 56%) or checked account balances online (37% vs. 40%)

Study Highlights — Gender

Investment Behavior

In terms of investment behavior, African American females tend to prefer conservative investments and prefer banks to investment companies more so than African American men and both groups of whites.

❖ **Nearly one half of African American females (47%) have most of their assets held at a bank**

- ♦ Compared to 41% of African American men, 33% of white women and 28% of white men

❖ **They are least likely to have a full-service broker (18%)**

- ♦ Compared to 23% of African American men, 37% of white women and 38% of white men

❖ **They are also least likely to have a discount broker (12%)**

- ♦ Compared to 15% of white women, 17% of African American men and 26% of white men

Study Highlights — Gender

Investment Behavior

- ❖ **African American females are the most likely to own whole life insurance (60%)**
 - ♦ Compared to 54% of African American men, 53% of white women and 40% of white men
- ❖ **African American females are the least likely to have money in a mutual fund company (38%)**
 - ♦ Compared to 46% of African American men, 53% of white women, and 58% of white men
- ❖ **African American females are the least likely to have money in an IRA account (29%)**
 - ♦ Followed by African American males (39%), white females (49%), and white males (53%)

Study Highlights — Gender

Barriers to Investing

One explanation for the lack of investing on the part of African American women relative to other groups may be related to stronger feelings of a lack of appropriate knowledge and lack of funds.

- ❖ **79% of African American women say that a low minimum investment (of \$50) is an important attribute in an investment company**
 - ♦ Compared to 67% of white women, 66% of African American men and 46% of white men
- ❖ **45% say that there is simply no money left over after paying expenses**
 - ♦ Compared to 42% of white women, 42% of white men and 35% of African American men
- ❖ **66% of African American women who are not investors say that the lack of knowledge of investing is a reason they do not invest at this time**
 - ♦ Compared to 63% of white women, 62% of African American men and 47% of white men

Study Highlights — Gender

Barriers to Investing

African American females in particular are much less likely to be familiar with certain basic pieces of financial information than are other groups.

- ❖ **The majority of African American females (85%) aren't able to correctly cite the average rate of return for a bank savings account**
 - ♦ Compared to 75% of African American men, 69% of white females, and 61% of white males
- ❖ **Even more are not able to correctly identify the average rate of return for the stock market (94% of African American females)**
 - ♦ Compared to 88% of African American males, 88% of white females and 76% of white males

Study Highlights — Gender

Barriers to Investing

Additional barriers to investing among women in general appear to be related to women's more conservative investing style relative to men:

- ❖ **62% of African American and 62% of white females consider themselves to be “somewhat” or “very” conservative**
 - ◆ Compared to 52% of African American males and 50% of white males
- ❖ **Nearly one half (47%) of African American females and 40% of white females consider themselves to be beginners in terms of investing**
 - ◆ Versus 37% of African American males and 26% of white males

Study Highlights — Gender

Barriers to Investing

Lack of trust in financial advisors is less of a potential barrier to investing for women than it is for men. Among all investors, it is African American men who are the most distrustful of investing and of the stock market in general.

- ❖ **57% of African American males agreed that stockbrokers and financial advisors are more interested in making money for themselves than they are in giving good advice, (compared to 46% of white males)**
 - ♦ Only 41% of African American females and 29% of white females agreed with this statement

Of all investors, African American women may actually be the most open to using advisors.

- ❖ **A strong majority of African American women say that they prefer to consult with a financial services professional when investing (79%)**
 - ♦ Compared to 68% for African American men, 68% for white women, and 56% for white men
- ❖ **Among women, there is no strong preference for female advisors over male advisors**
 - ♦ 77% of African American women say the gender of their financial advisor doesn't matter compared to 85% of white women

Detailed Findings

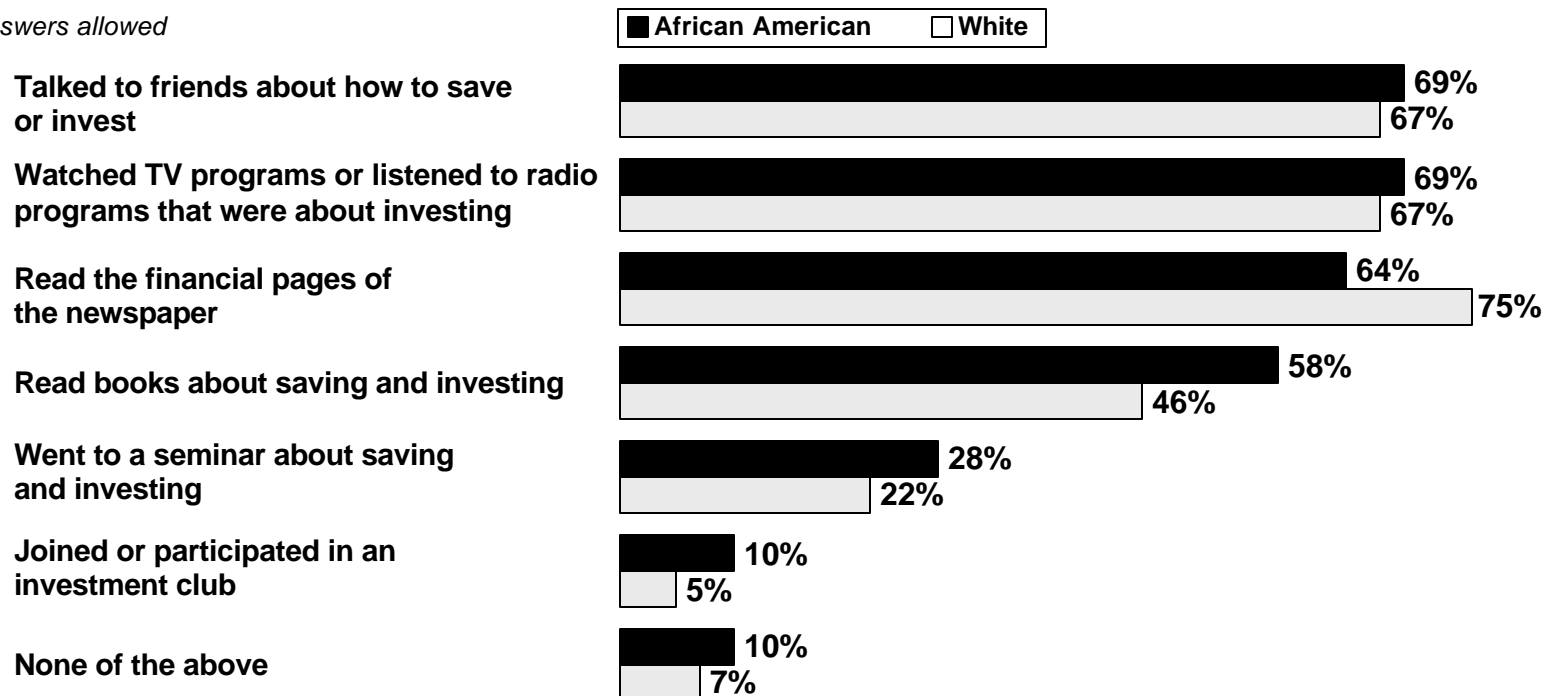
Interest: Activities to Increase Knowledge of Investing

Activities related to learning more about investing are prevalent among African Americans.

- ❖ Talking with friends, watching or listening to investment programs, reading the financial pages of the newspaper, and reading books are the most common means of obtaining investment information.

Which of the following activities have you participated in during the past 12 months to increase your knowledge of investing?

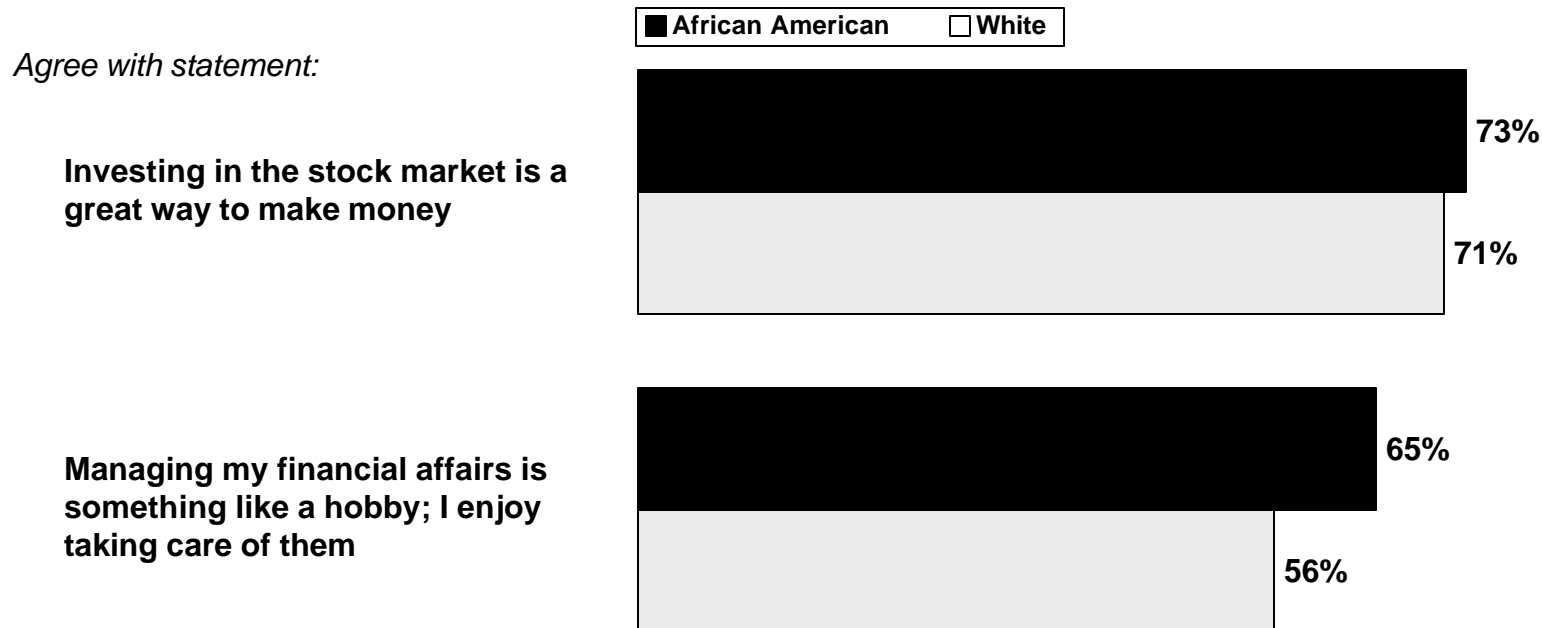
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Attitudes about Investing

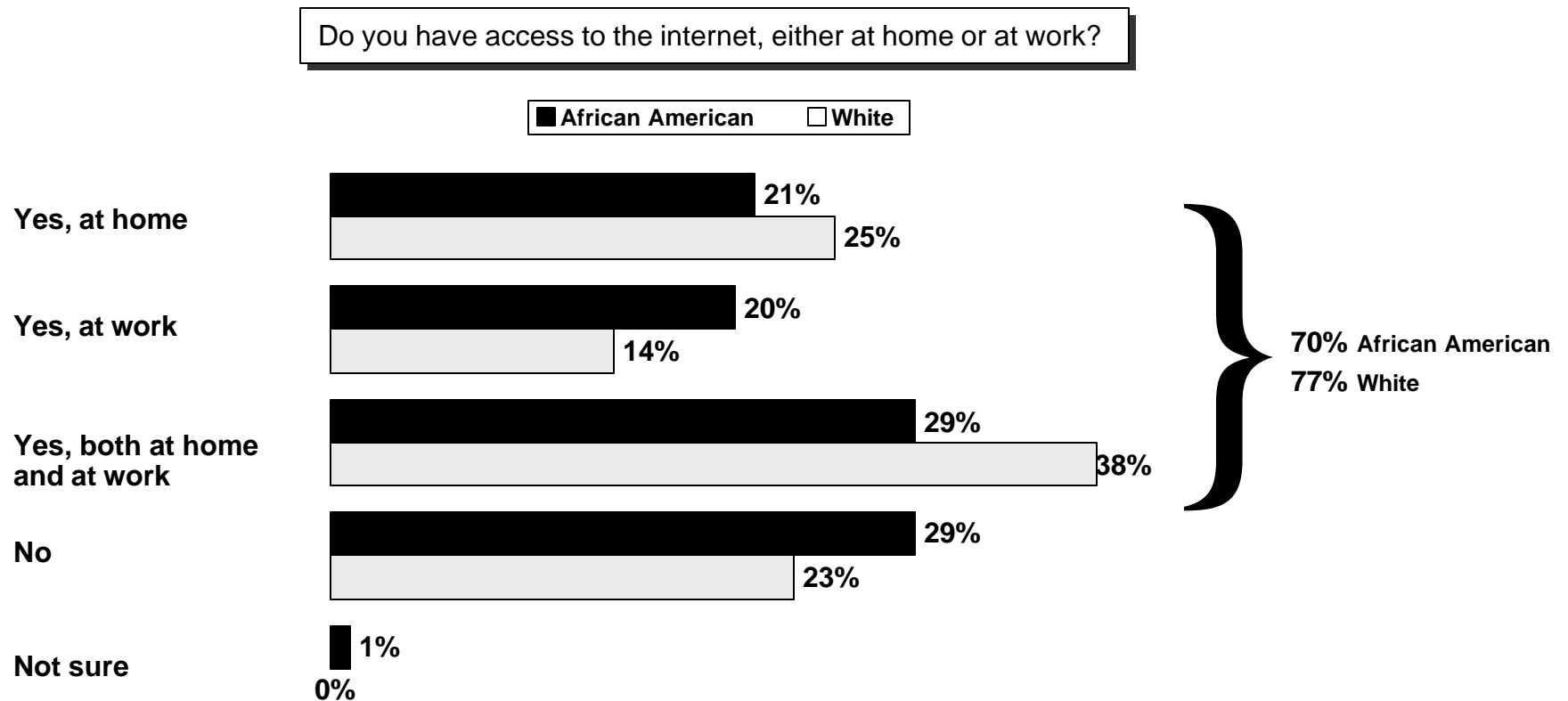
The majority of African Americans agree that investing in the market is a great way to make money. Even more African Americans than whites say managing their financial affairs is “like a hobby; something I enjoy.”

I'd like to read a list of statements, and for each one, I'd like you to tell me whether you agree or disagree. Let's start with (statement). Would you say you agree or disagree with that statement?



Access to Internet

Seventy percent of high income African Americans have access to the internet.



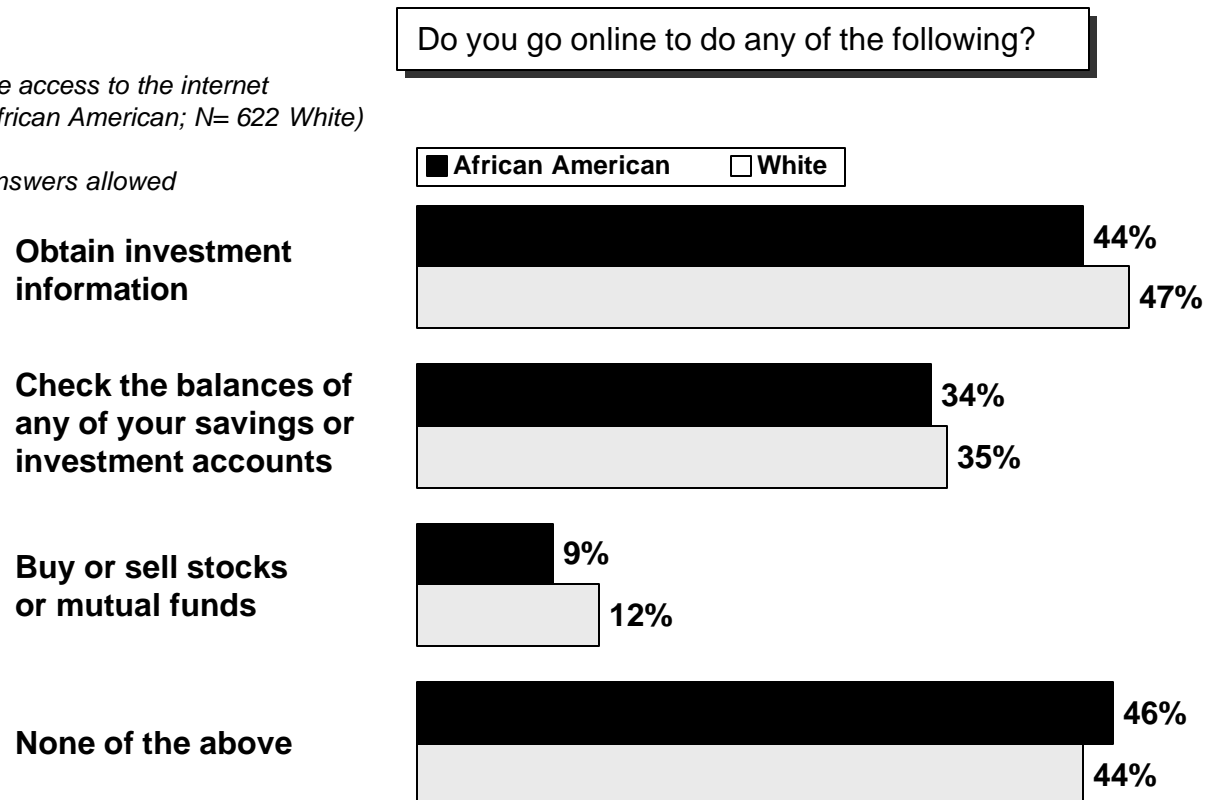
Online Activities

A majority of African Americans with internet access use it for investment purposes.

- ❖ **Nine percent of those with access — 6% of all high income African Americans — traded stocks online in the past year.**

Base: Have access to the internet
(N= 564 African American; N= 622 White)

Multiple answers allowed

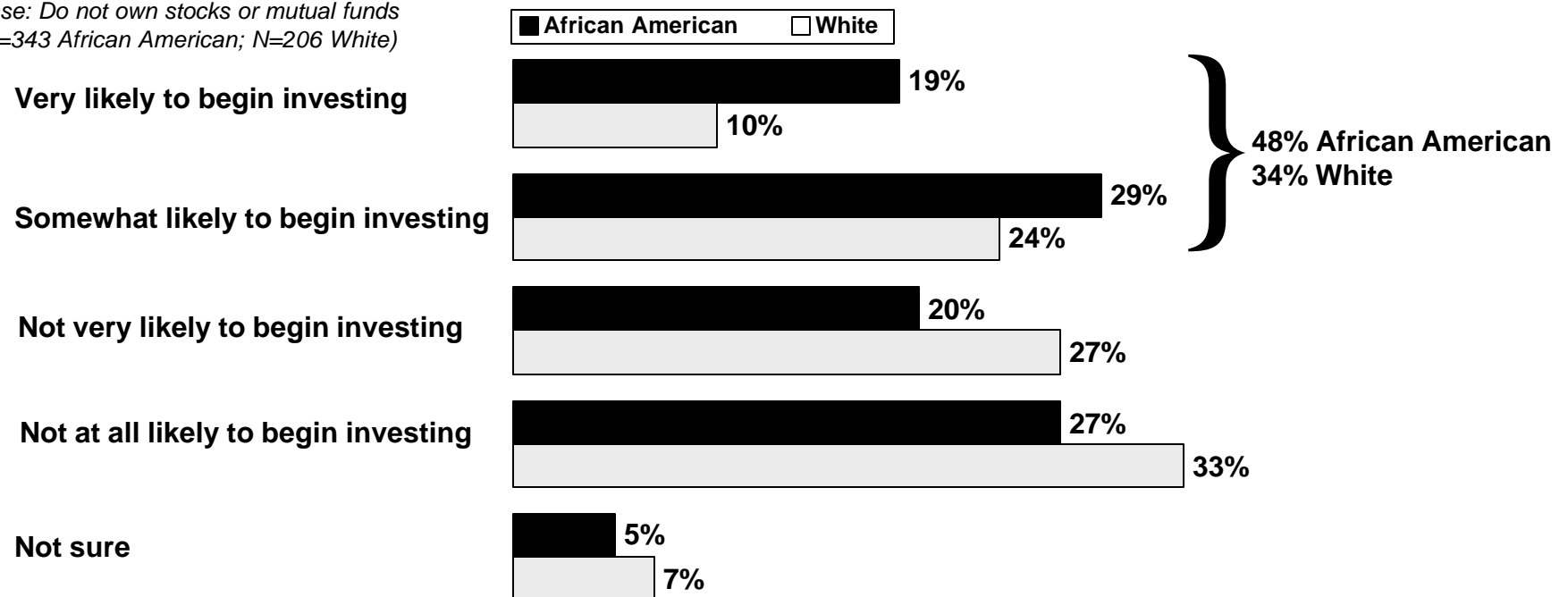


Likelihood of Beginning to Invest

Almost one half (48%) of African Americans currently not investing intend to begin investing the next year.

Excluding 401K plans, how likely would you say you are to begin investing in stocks or mutual funds during the next year?

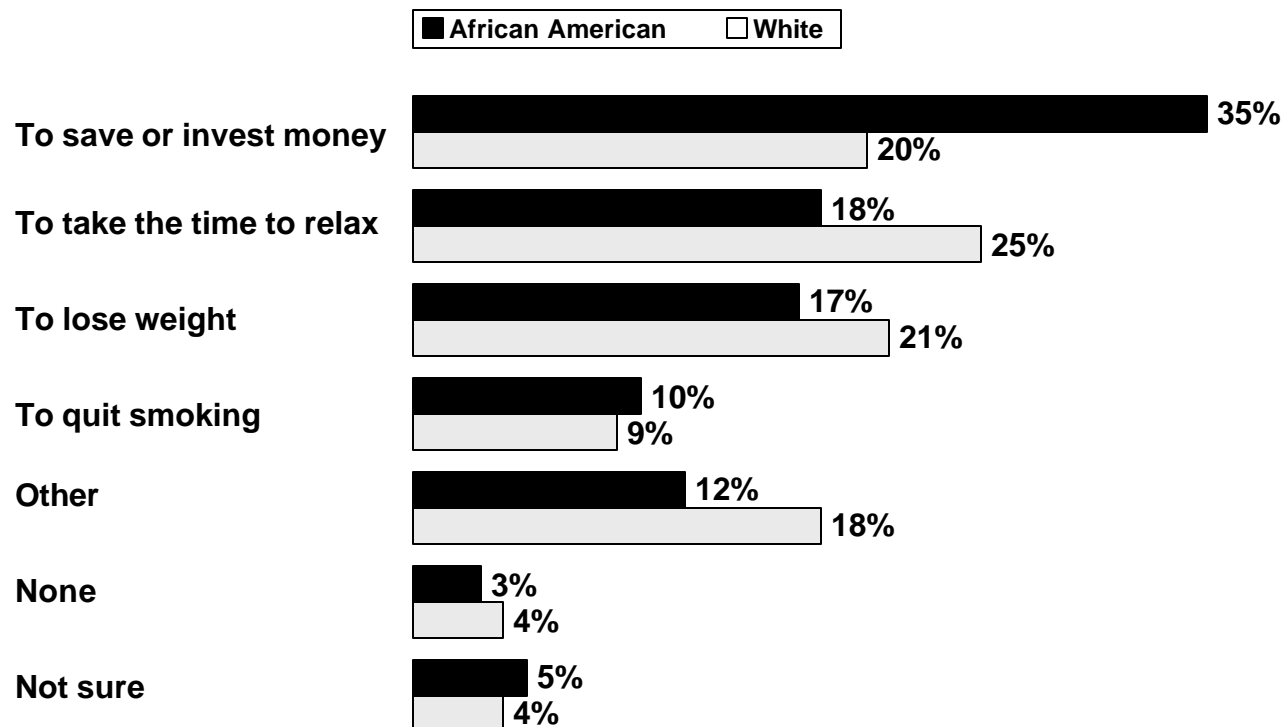
Base: Do not own stocks or mutual funds
(N=343 African American; N=206 White)



New Year's Resolution

In terms of their New Year's resolutions, African Americans express a stronger intent than whites to save or invest money than whites.

If you had to choose a New Year's Resolution this year, which of the following would it be?

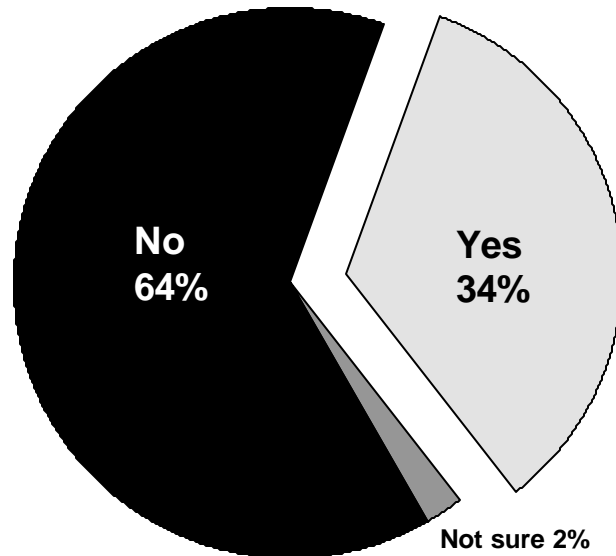


Investment Behavior: IRA Accounts

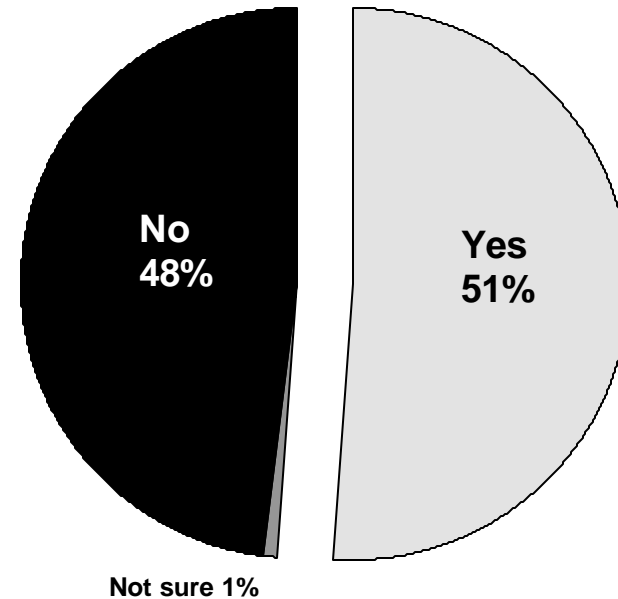
Significantly fewer African Americans (34%) have money in IRA's compared to whites.

Do you or your spouse have money in IRA accounts?

African American



White

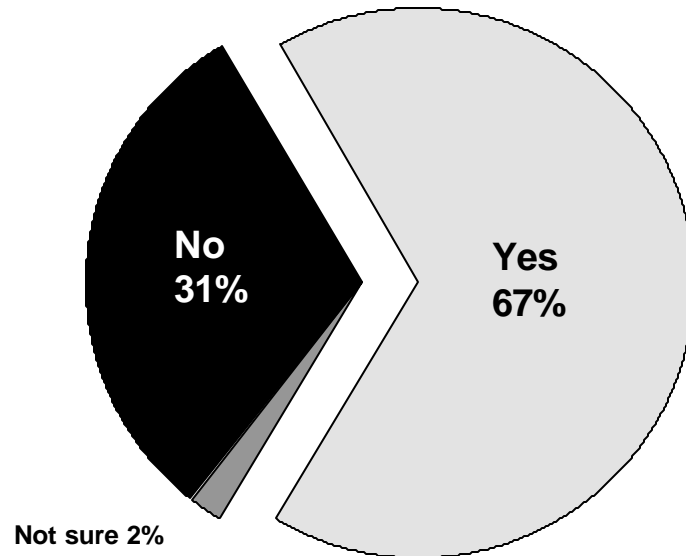


Employer-Sponsored Retirement Plans

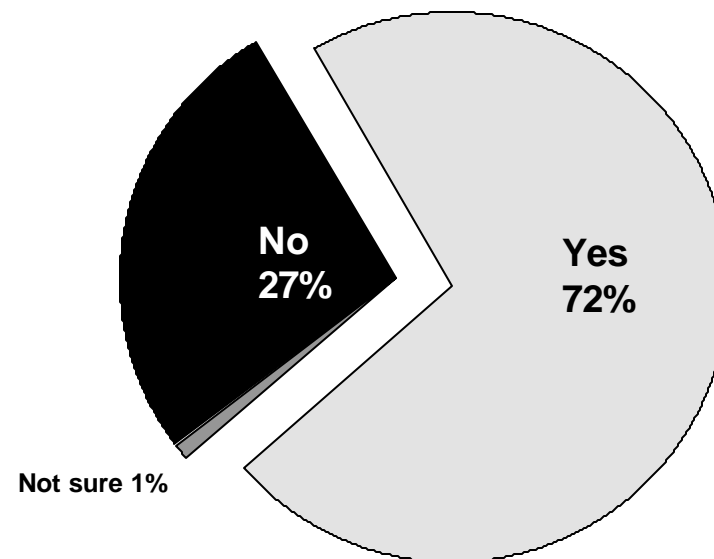
Two thirds of high income African Americans have money in employer-sponsored retirement programs, compared to 72% of whites. Since this type of account often is the gateway to investing, African Americans who are not participating in employer-sponsored plans are not gaining the same level of exposure to investment vehicles as are whites.

Do you or your spouse have money invested in employer-sponsored retirement programs, such as a 401k, 403B, 457, or Keoghs?

African American



White



Accounts at Institutions

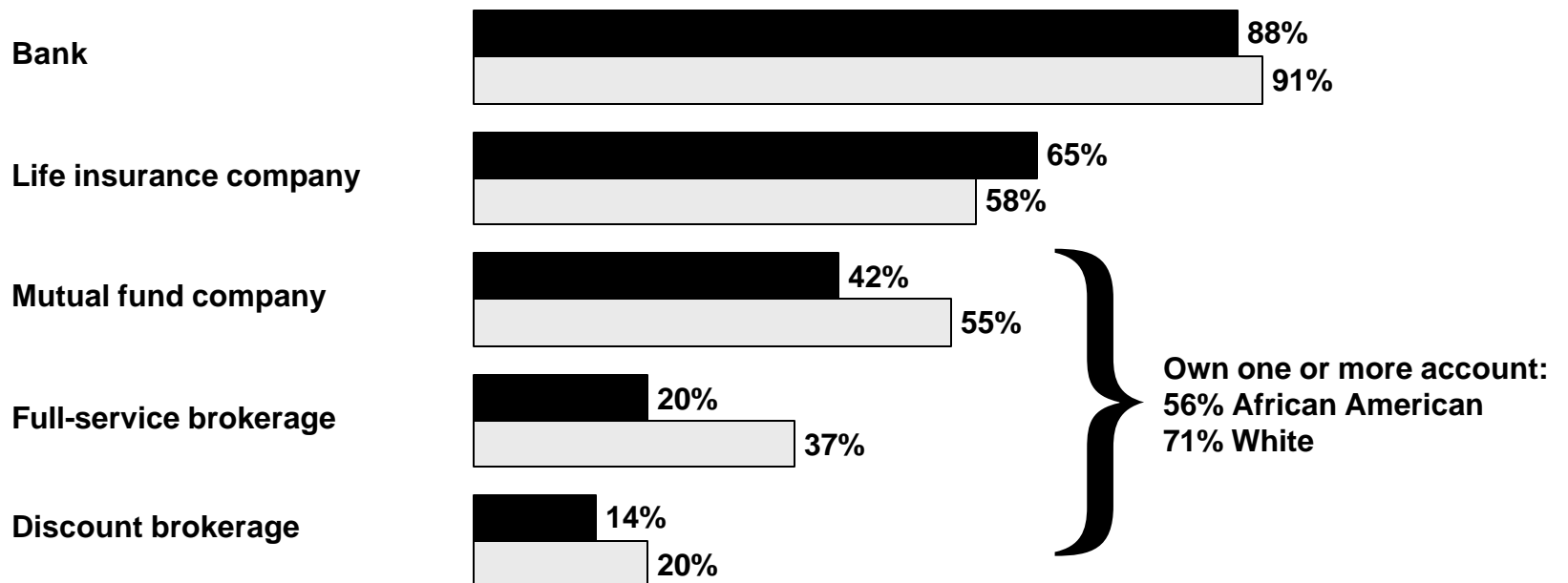
High income African Americans are as likely as whites to have an account at banks—and are *more* likely to patronize life insurance companies.

- ❖ However, they are much less likely to have accounts at companies that sell true investments, such as mutual fund companies or brokerage houses, in comparison to whites (56% vs. 71%).

With which of the following institutions do you have any accounts?

Multiple answers allowed

■ African American □ White

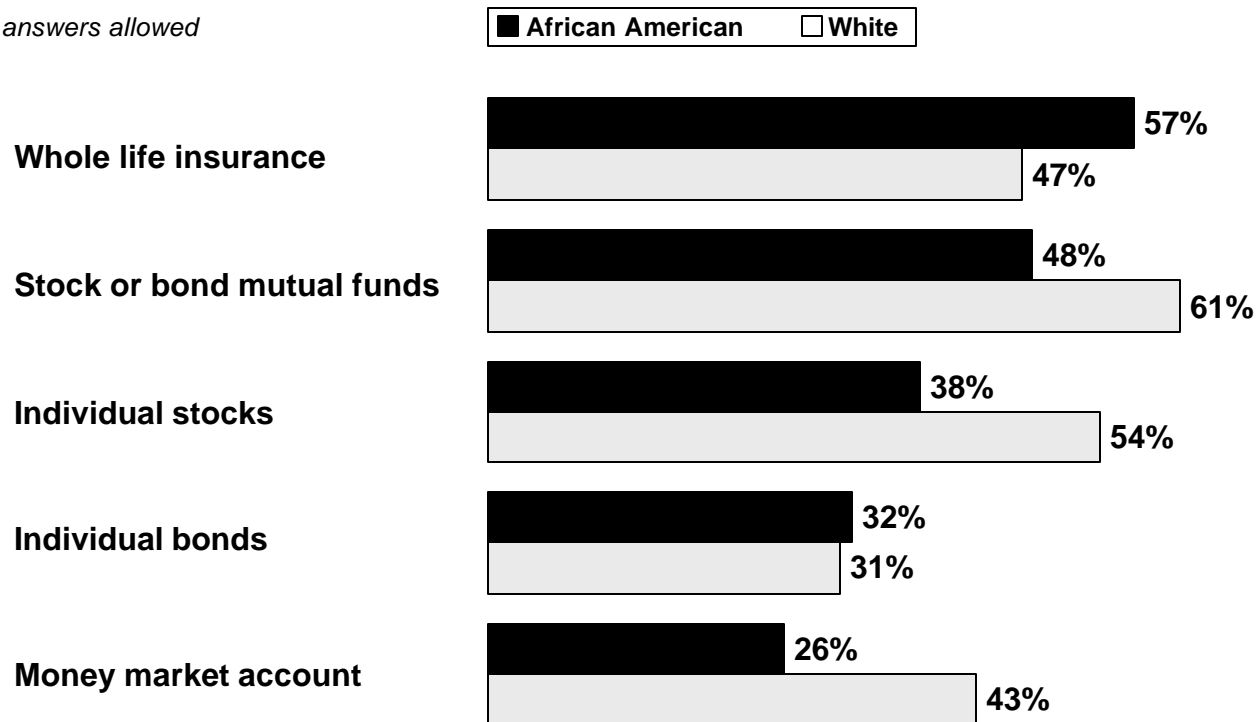


Investment and Account Ownership

Outside of retirement savings, relative to whites, ownership of investment vehicles such as mutual funds, individual stocks and money markets is lower among African Americans.

Outside of a 401K plan or other defined contribution plan, do you own any of the following types of investments or accounts, either alone or jointly?

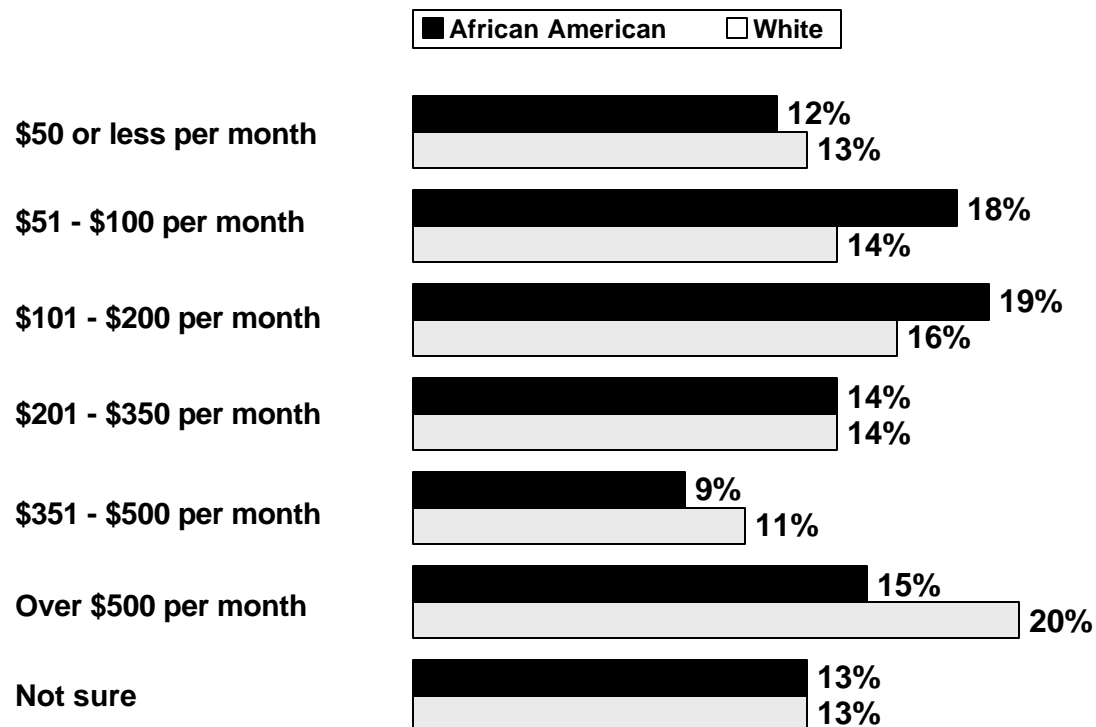
Multiple answers allowed



Monthly Saving or Investing

On average, African Americans are saving less on a monthly basis in comparison to whites.

Not counting any money you are saving specifically for retirement, how much money are you saving or investing per month? Even if you may not save on a monthly basis, we would like your answer in dollars per month. Is it...

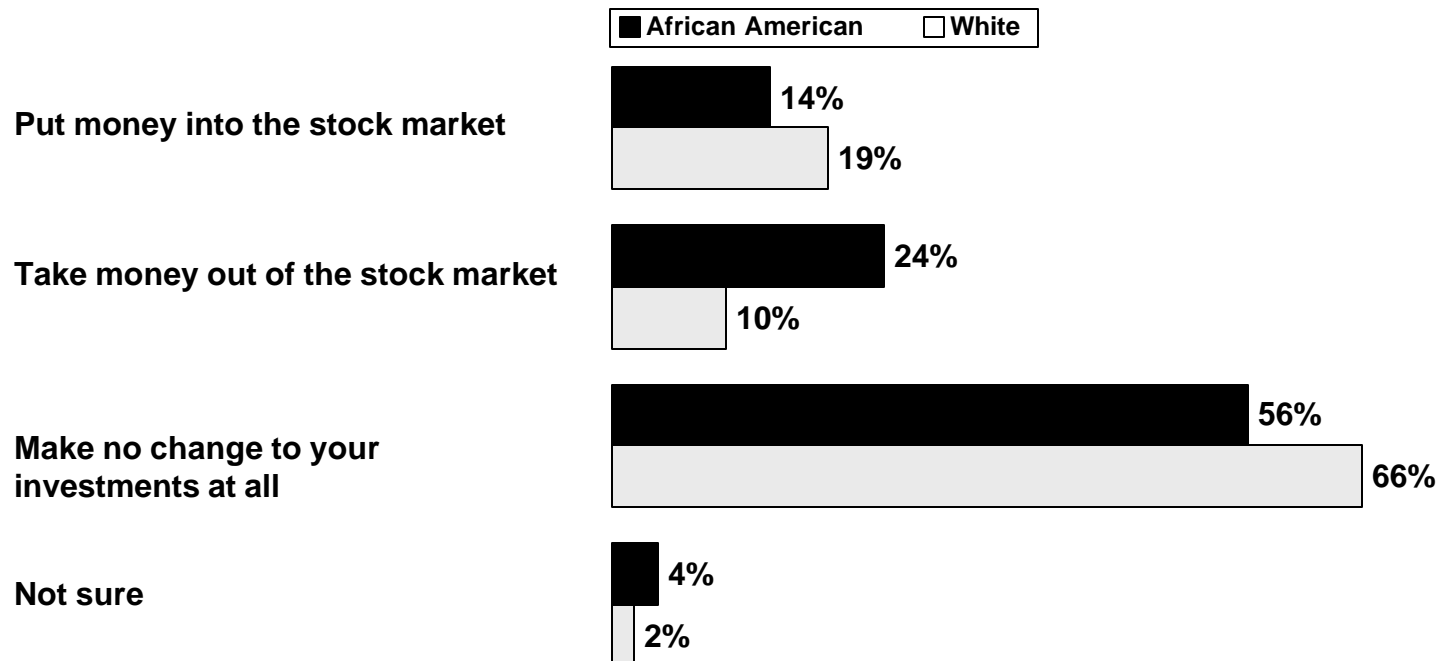


Per Month		
	Mean	Median
African American	\$313	\$173
White	\$364	\$208

Downturn in the Market

One quarter of African Americans say they would adopt the strategy of cashing out of the market if there were a major downturn.

If there were a major downturn in the market, which of the following would you be most likely to do?
Would you say you would:



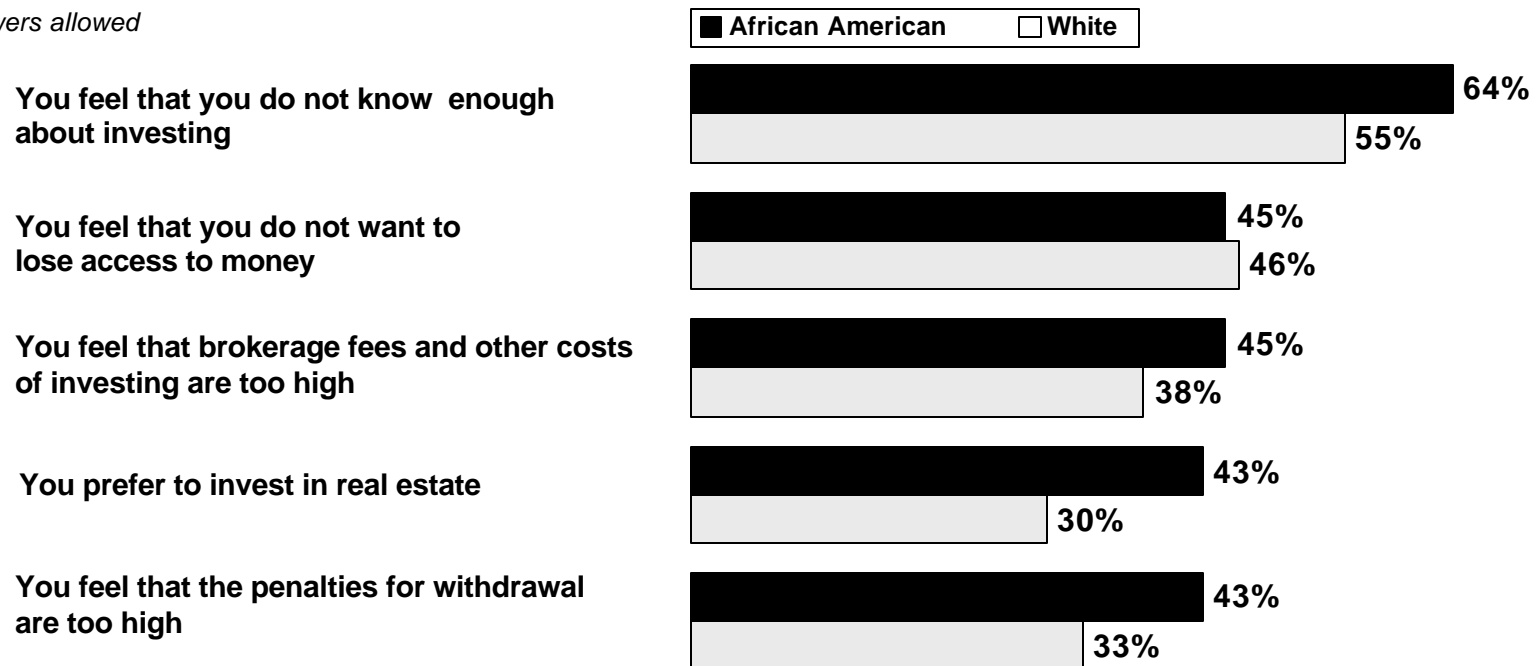
Reasons for Not Investing in Stocks or Mutual Funds

Lack of knowledge is the number one reason African Americans give for not investing money in stocks or mutual funds at this time.

Which of the following reasons describe why you are not investing money in stocks or mutual funds at this time?

Base: Do not own stocks or mutual funds
(N=343 African American; N=206 White)

Multiple answers allowed



Reasons for Not Investing in Stocks or Mutual Funds

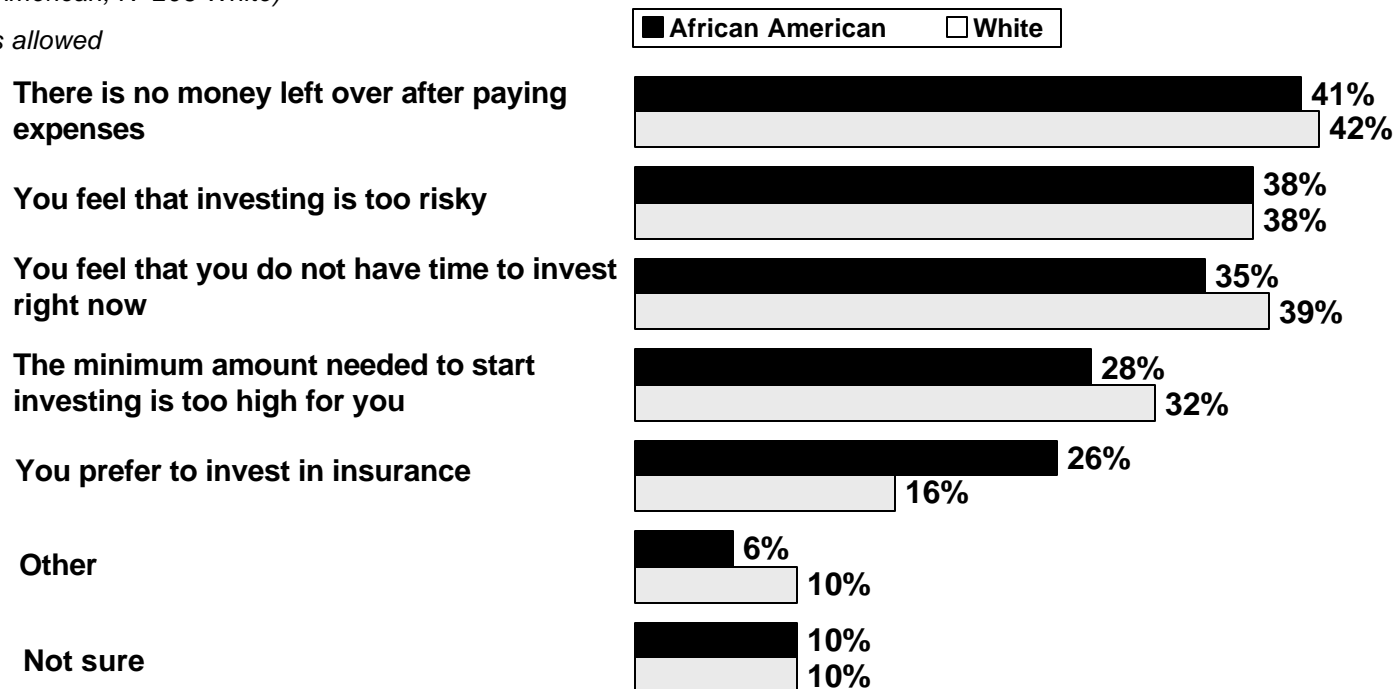
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One quarter (26%) of African Americans say that they aren't investing in stocks or mutual funds because they prefer to invest in insurance.

Which of the following reasons describe why you are not investing money in stocks or mutual funds at this time?

Base: Do not own stocks or mutual funds
(N=343 African American; N=206 White)

Multiple answers allowed

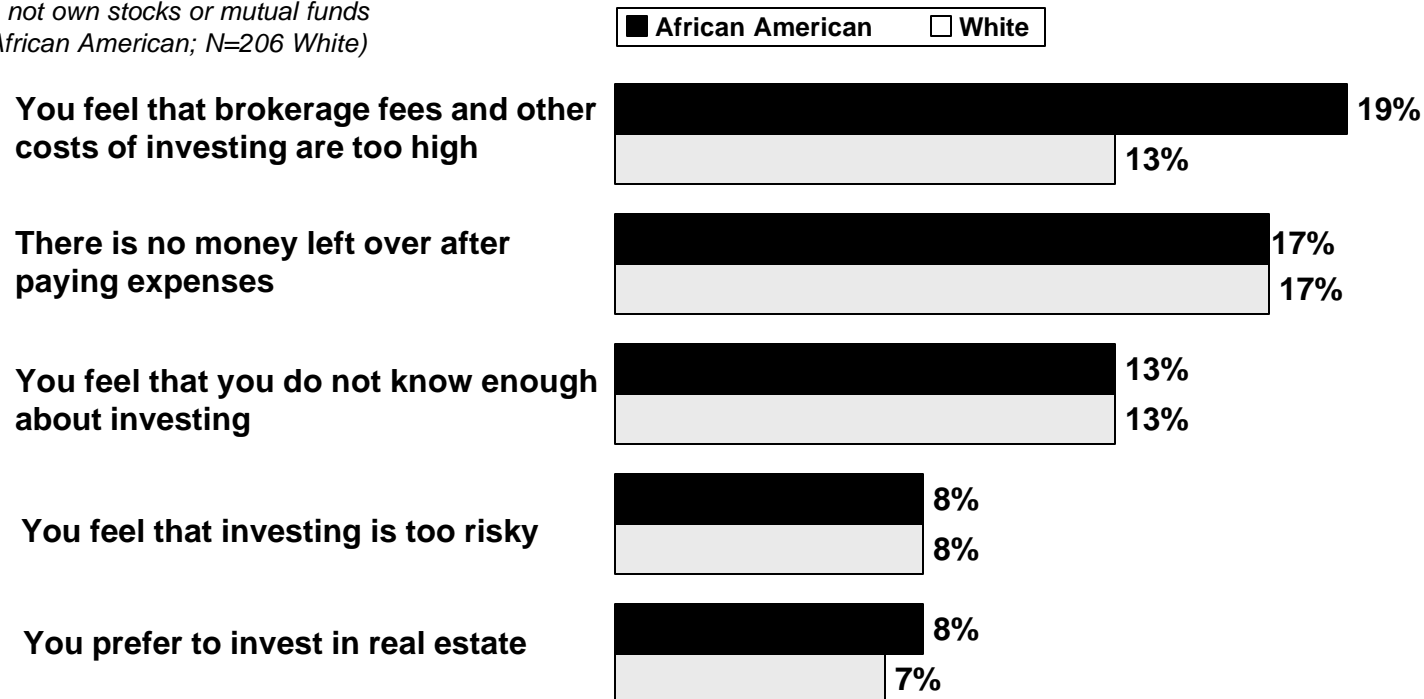


Most Important Reason

But when asked which of those reasons is the most important, African Americans are most likely to cite fees and lack of money over lack of knowledge.

Which one of the reasons you just mentioned is the most important reason?

Base: Do not own stocks or mutual funds
(N=343 African American; N=206 White)

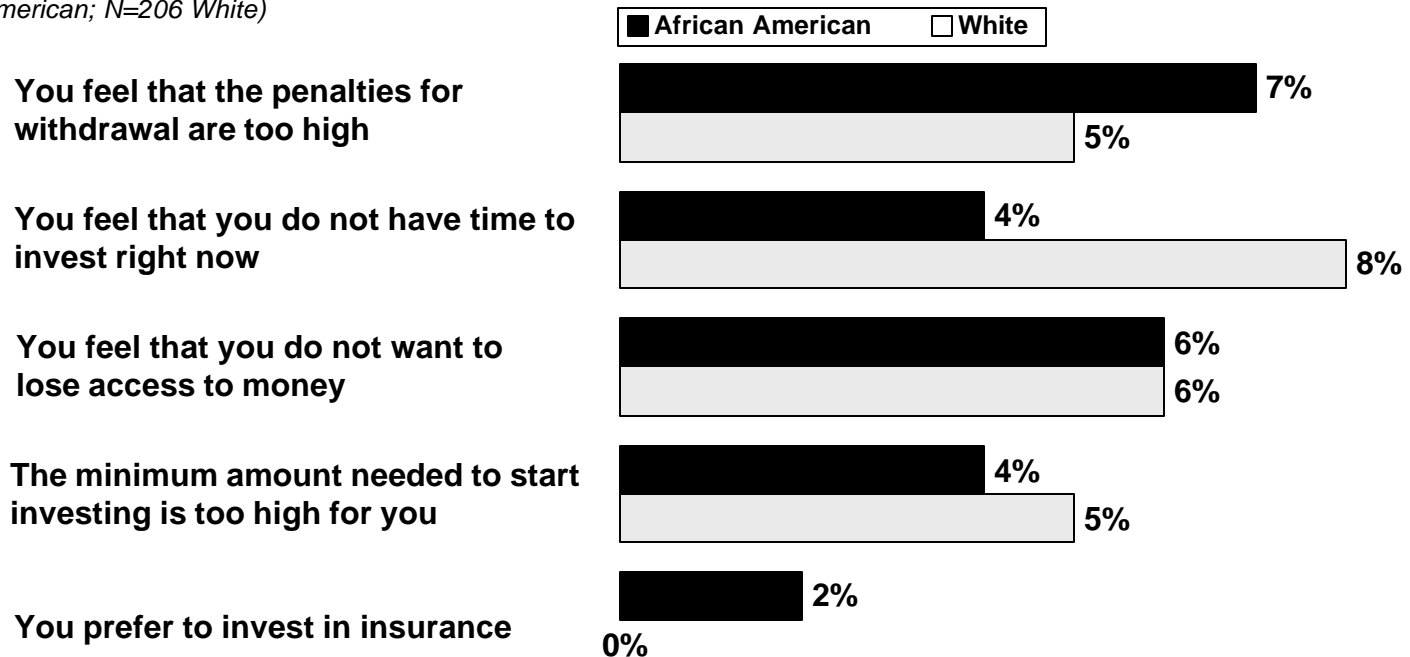


Most Important Reason

(Continued)...

Which one of the reasons you just mentioned is the most important reason?

Base: Do not own stocks or mutual funds
(N=343 African American; N=206 White)



Attitudes about Investing

Three quarters (73%) of African Americans express a desire to consult with a professional for investment advice, yet half (49%) say that they have concerns about the motivations of such professionals.

I'd like to read a list of statements, and for each one, I'd like you to tell me whether you agree or disagree. Let's start with (statement). Would you say you agree or disagree with that statement?

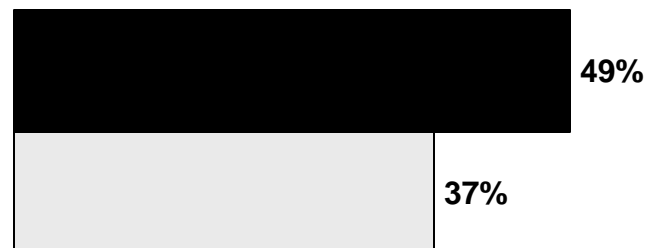
Agree with statement:

I prefer to consult with a financial services professional when investing

■ African American □ White



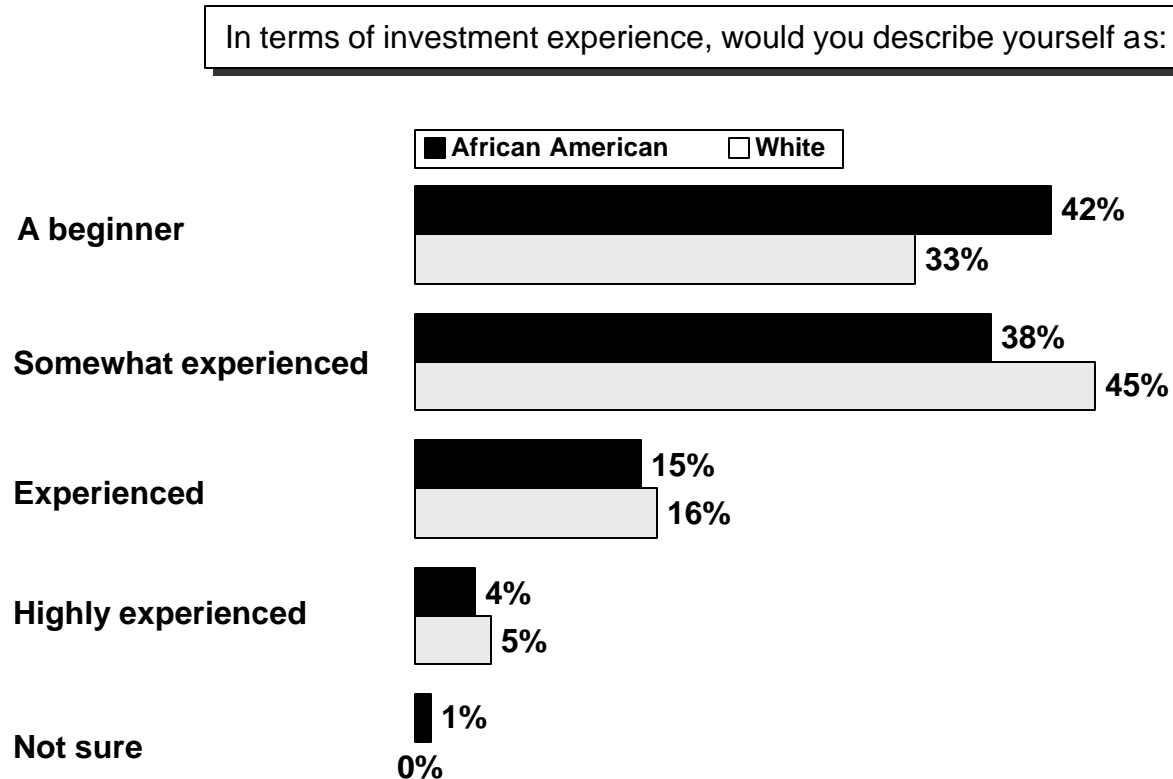
Stockbrokers and financial advisors are more interested in making money for themselves than they are in giving me good advice



Investment Experience

Relatively few high income African Americans and whites consider themselves to be “experienced” investors — about one in five among each racial group.

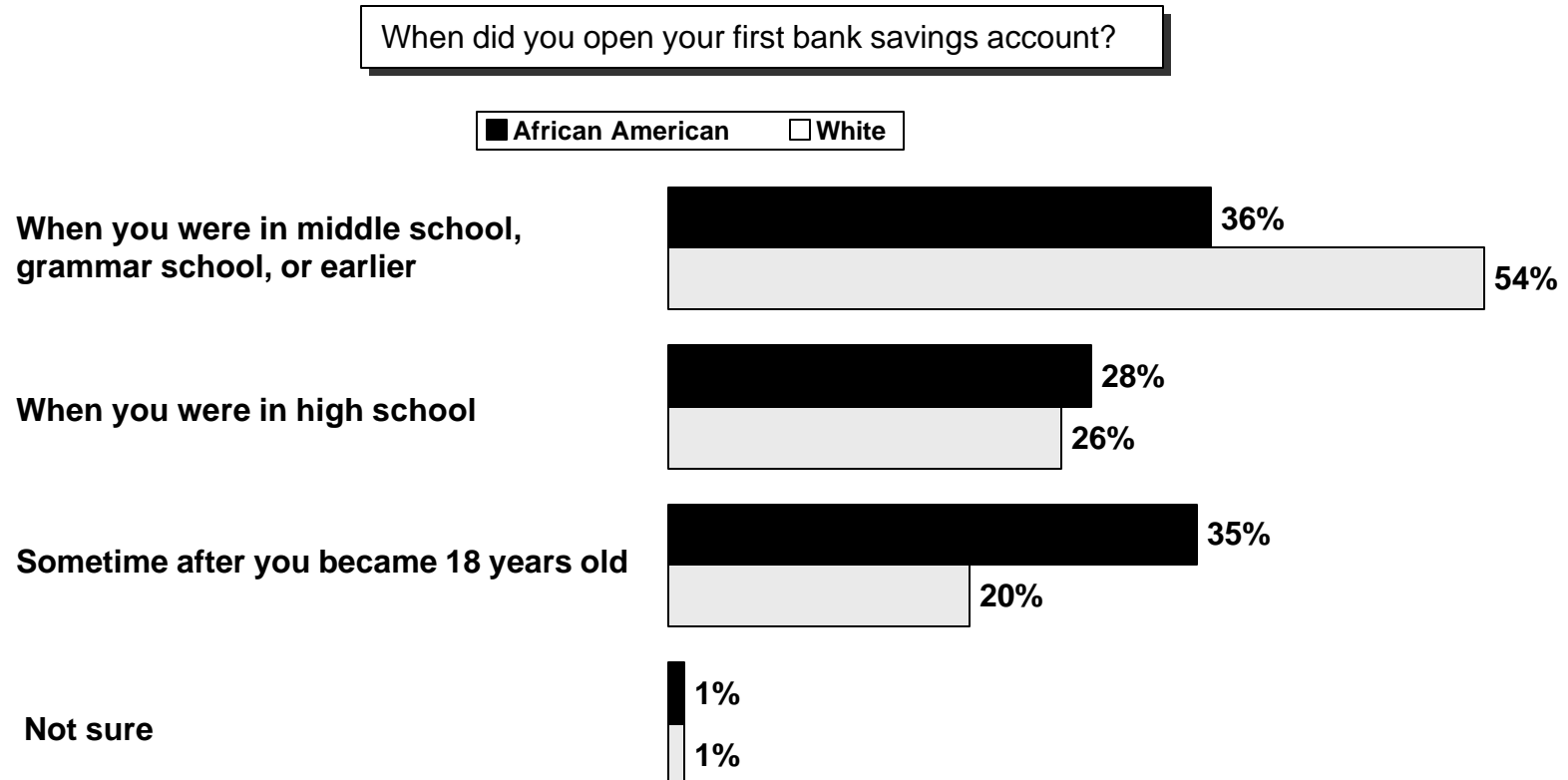
- ❖ **However, more African Americans — 42%— than whites describe themselves as beginners in terms of investment experience.**



First Bank Savings Account

Whites were much more likely to have opened a bank savings account while in grammar or middle school.

- ❖ **Thirty-five percent of African Americans did not have a bank savings account until they became adults.**



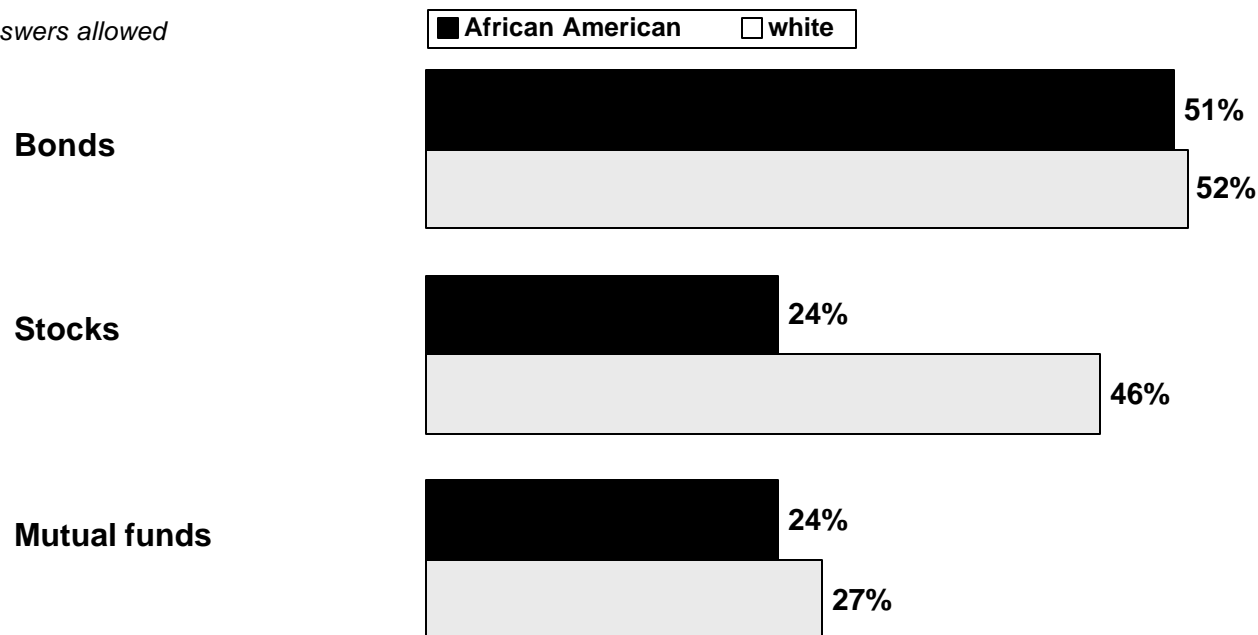
Investment Instruments Owned/Used by Family

African Americans had less exposure to saving and investment instruments when growing up, especially stocks.

- ❖ Equal percentages of each group say they grew up with bonds (perhaps including savings bonds). But only 24% of high income African Americans say their families owned stocks, compared to 46% of high income whites.
- ❖ Ownership of mutual funds is partly explained by investors aged 18-34, whose experience with mutual funds while growing up is more common (36% African American, 45% white).

Which of the following things were owned or used by your family when you were growing up?

Multiple answers allowed

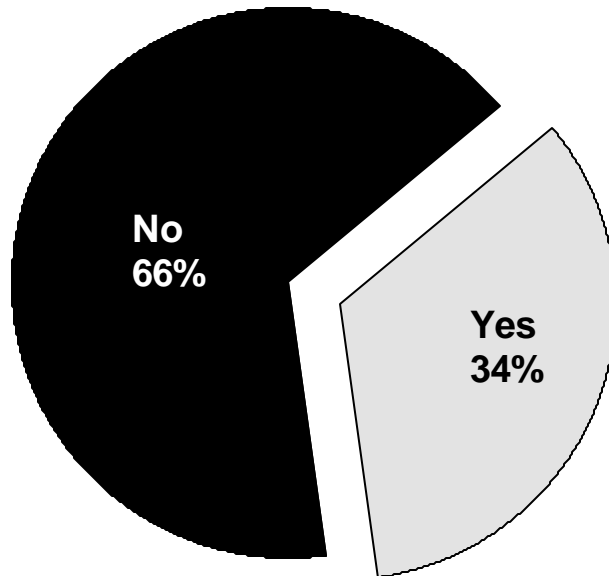


Investments Gifted or Inherited

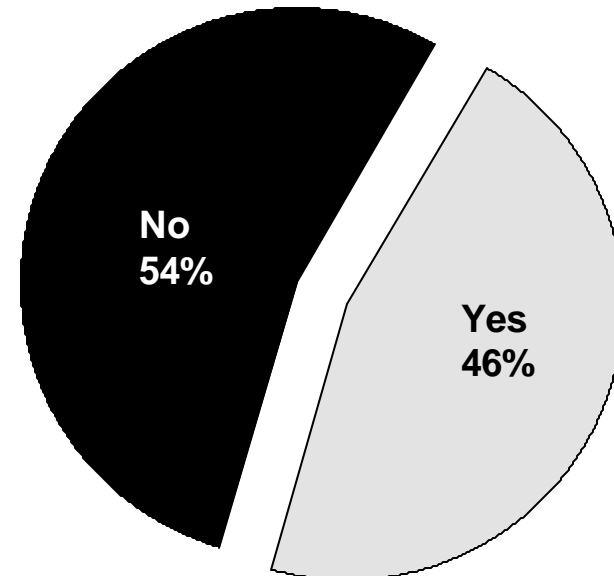
Thirty-four percent of African Americans report receiving investments as a gift or inheritance, compared to 46% of whites.

Have you ever received stocks, bonds, mutual funds or other investments as a gift or have you ever inherited investments like them?

African American



White



Attitudes about Investing

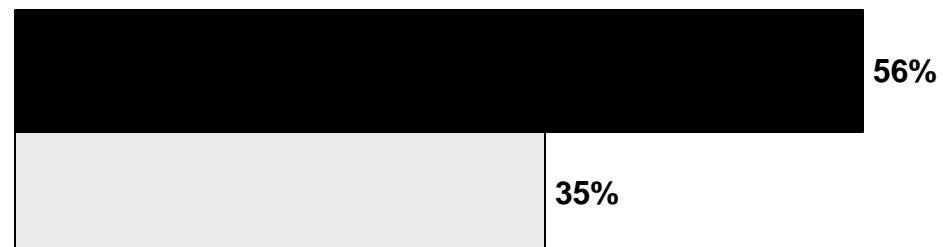
The majority of African Americans express some concern that investing in stocks involves more risk than they are comfortable with.

I'd like to read a list of statements, and for each one, I'd like you to tell me whether you agree or disagree. Let's start with (statement). Would you say you agree or disagree with that statement?

☒ African American ☐ White

Agree with statement:

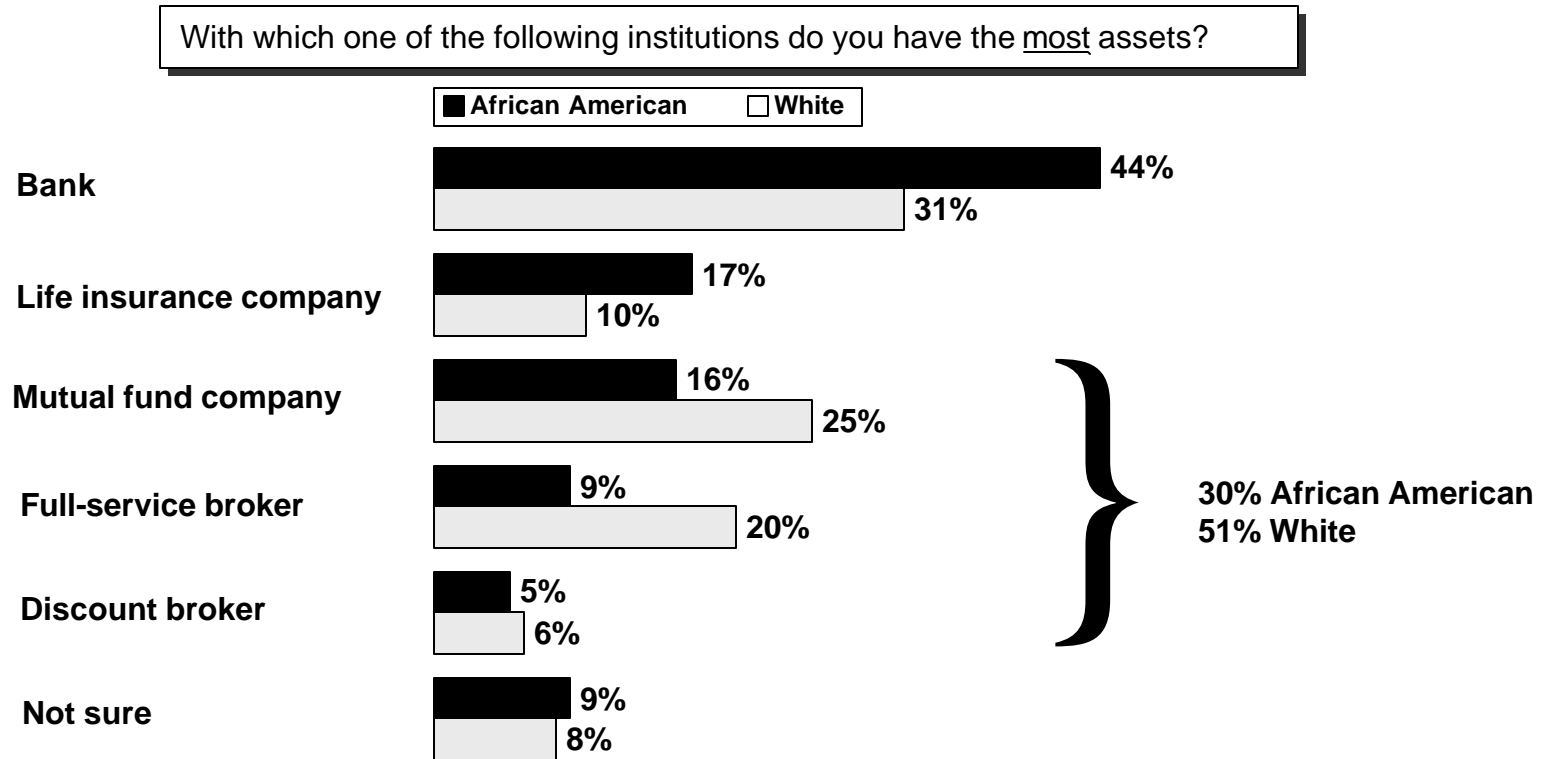
Investing in stocks is just like gambling



Institution Where Most Investment Assets are Held

High income African Americans and whites differ sharply in where they have most of their investment assets.

- ❖ Although more often the case for African Americans than whites, banks still control a great deal of money for both African Americans and whites, 44% and 31% respectively
- ❖ However, half of whites, compared to 30% of African Americans, have most of their assets in an investment company



Attitudes about Investing

African Americans are more likely than whites to have faith in real estate investments.

I'd like to read a list of statements, and for each one, I'd like you to tell me whether you agree or disagree. Let's start with (statement). Would you say you agree or disagree with that statement?

☒ African American ☐ White

Agree with statement:

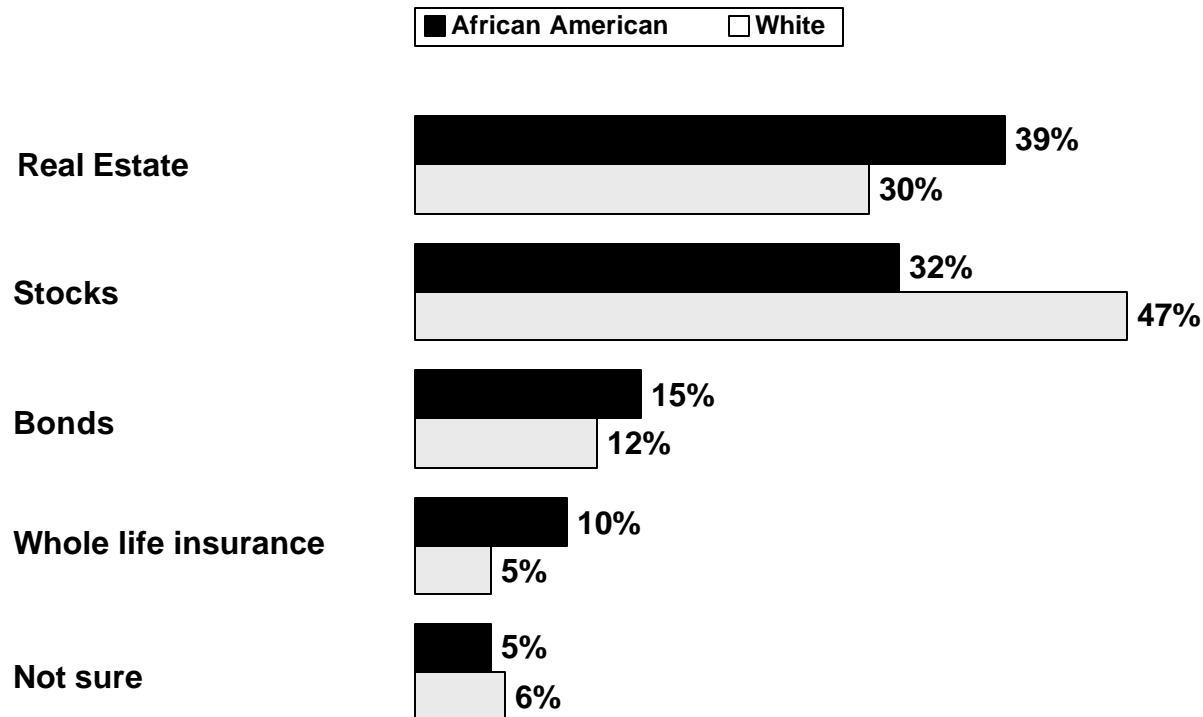
When you invest in real estate, you almost always make money



Best Investment Overall

Real estate is the preferred investment among African Americans, followed by stocks. Among whites, almost half (47%) say that stocks are the best investment overall.

Which of the following do you think is the best investment overall?



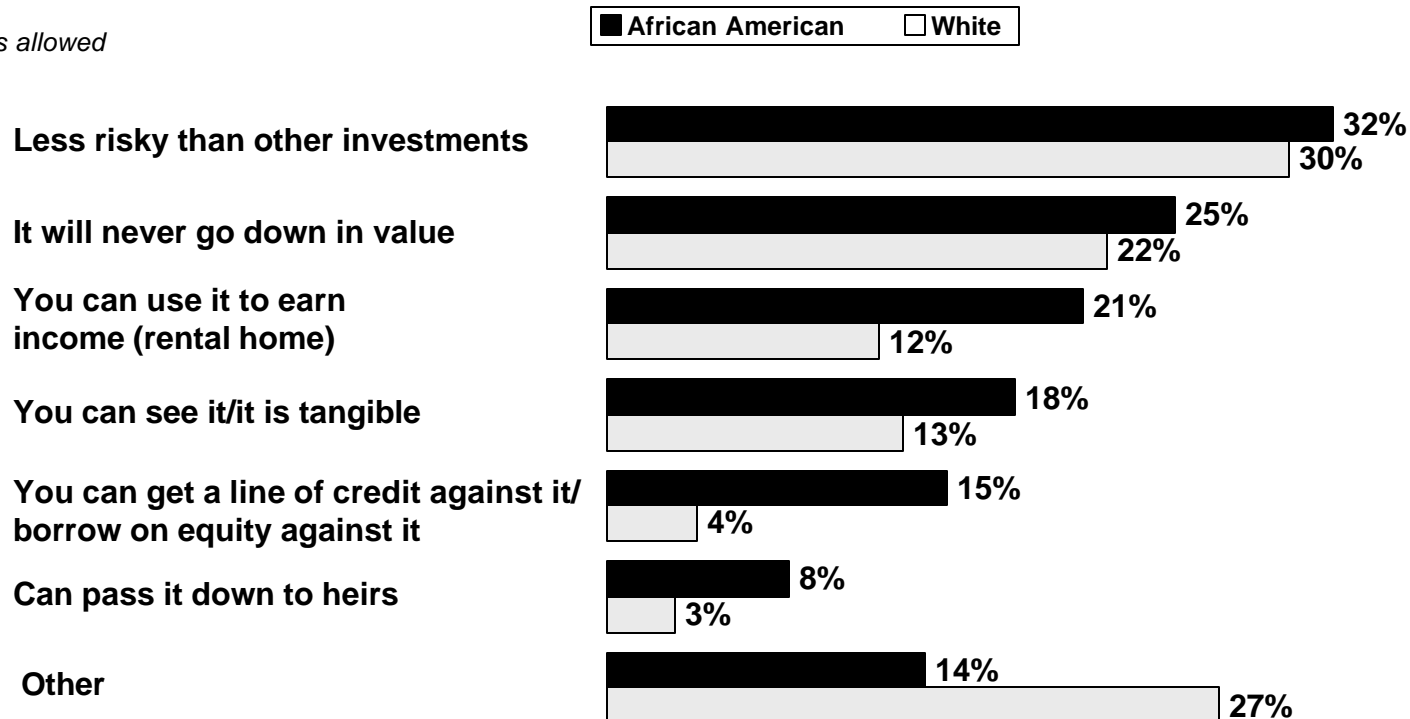
Why Real Estate is the Best Investment

Security and real estate's potential as a source of income are reasons why African Americans say that real estate is the best investment overall.

Why do you feel real estate is the best investment overall?

Base: Say that real estate is the best investment overall
(N=325 African American; N=243 White)

Multiple answers allowed

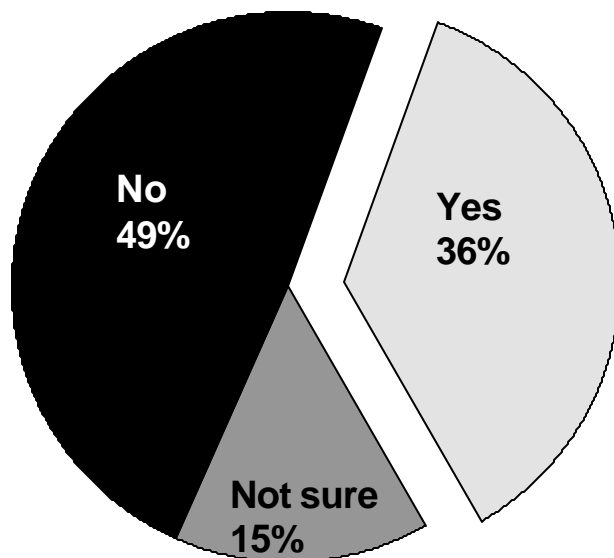


Investing Social Security in the Stock Market

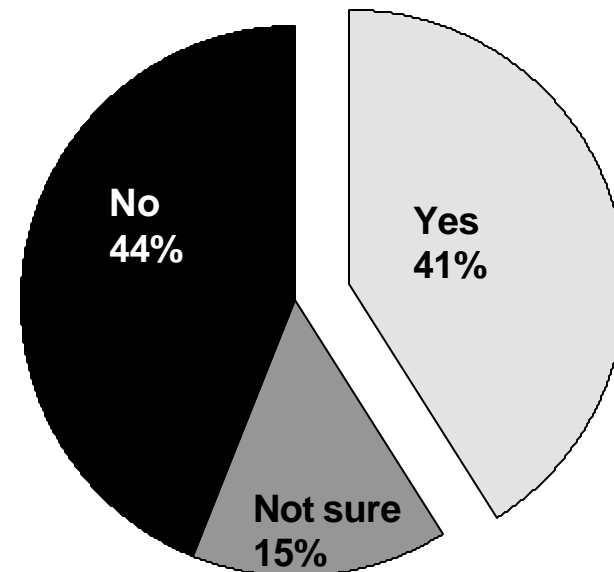
About four in ten respondents feel that investing Social Security funds in the stock market is a good idea.

Some people in Washington are talking about investing Social Security reserves in the stock market. Do you think this is a good idea?

African American

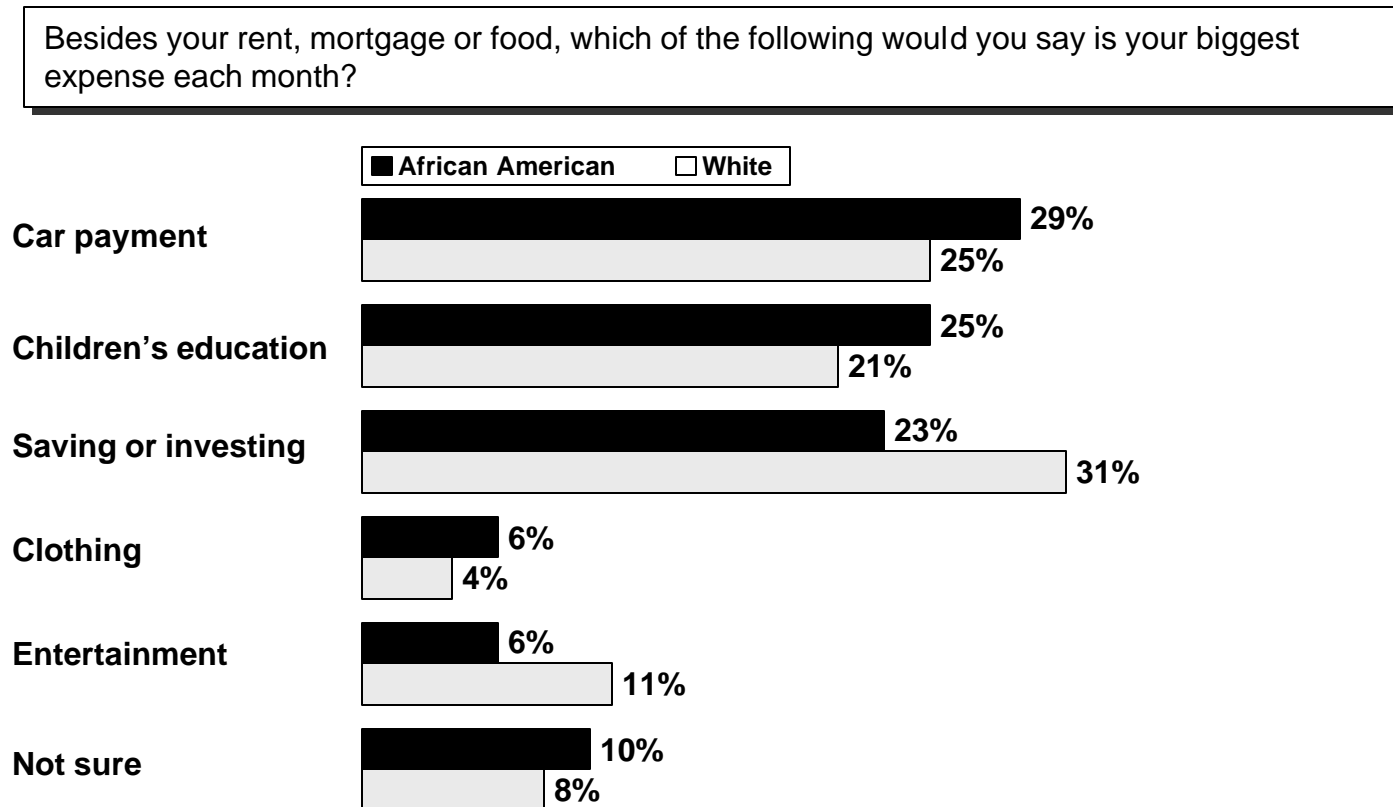


White



Biggest Monthly Expense

African Americans are most likely to mention a car payment as their biggest expense after necessities.

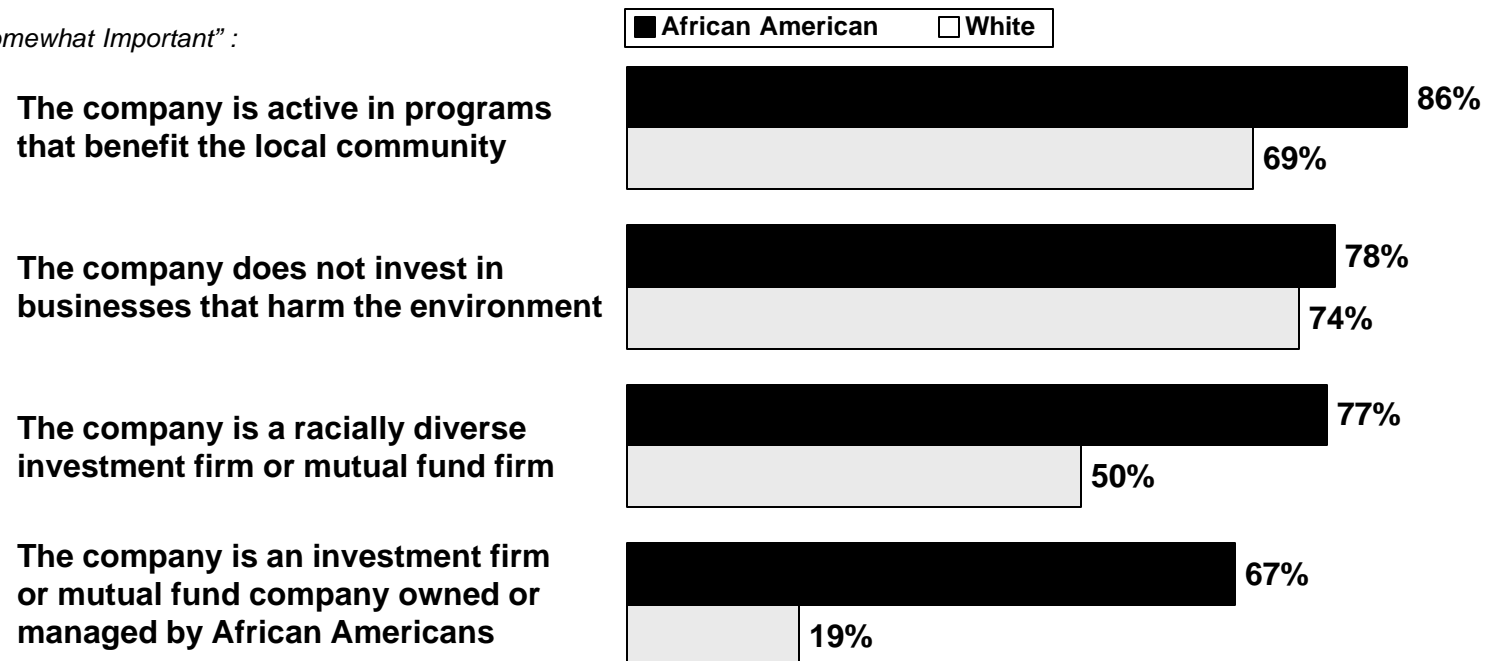


Important Factors in an Investment Company

African Americans respond more strongly than whites to investment companies that have practices that benefit society.

As I read each of the following statements, please tell me how important each of these things is to you in a company where you would have an investment account of any kind. Let's start with (item). Is that very important, somewhat important, or is it not important to you?

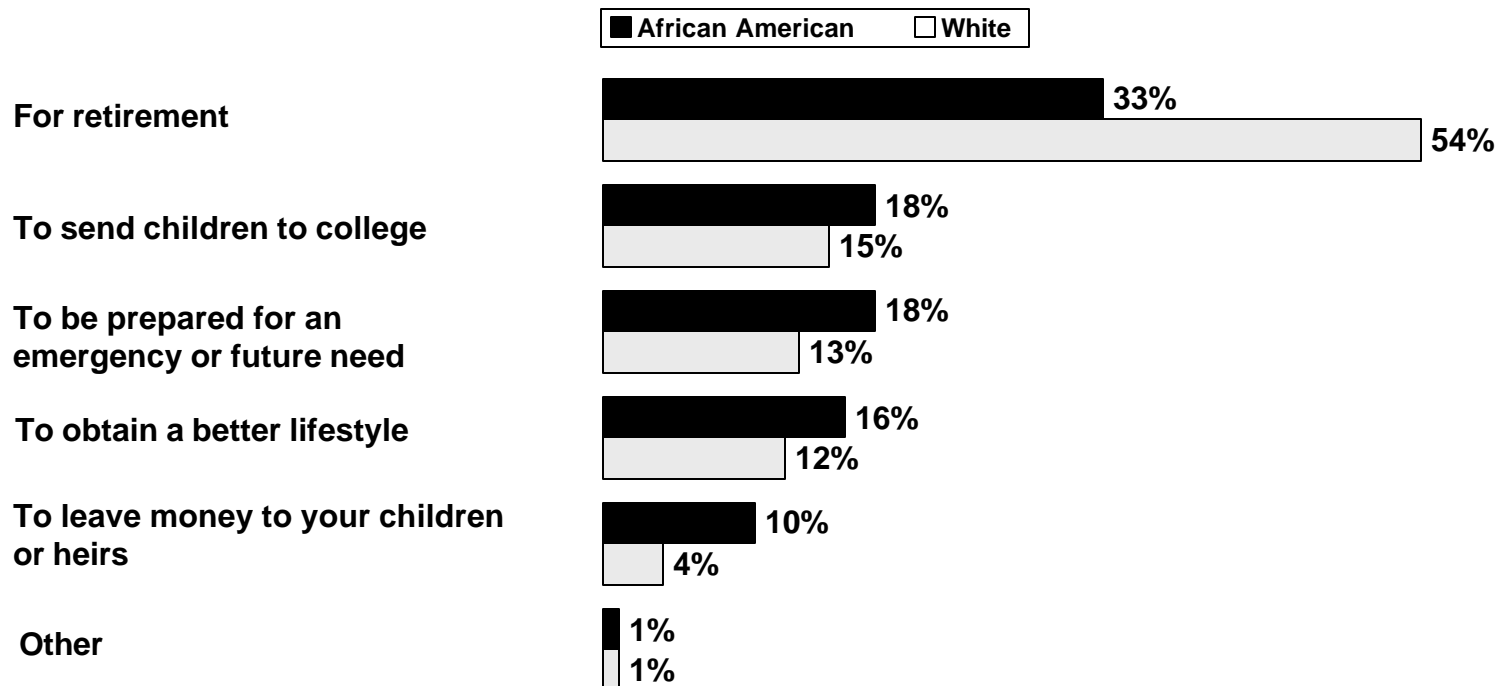
"Very" or "Somewhat Important" :



Financial Goals

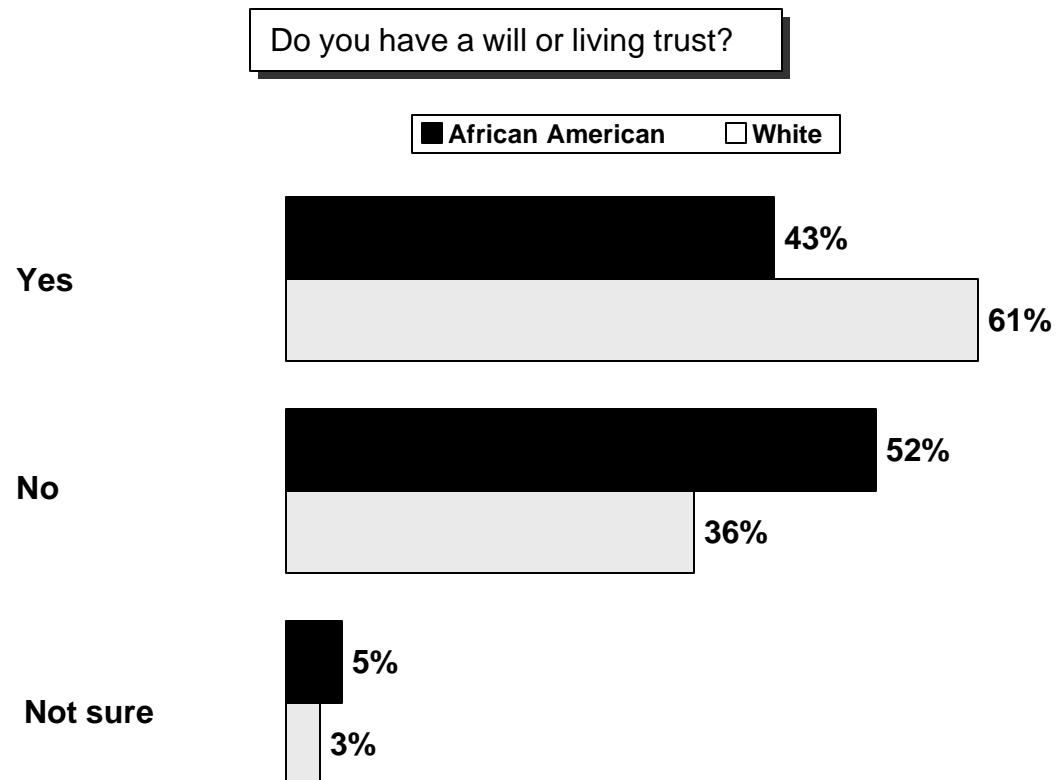
Although African Americans and whites both rank retirement as their number one goal when saving or investing money, in comparison to whites, far fewer African Americans name retirement as their most important goal.

Of the following, which would you say is your most important goal in saving or investing money?

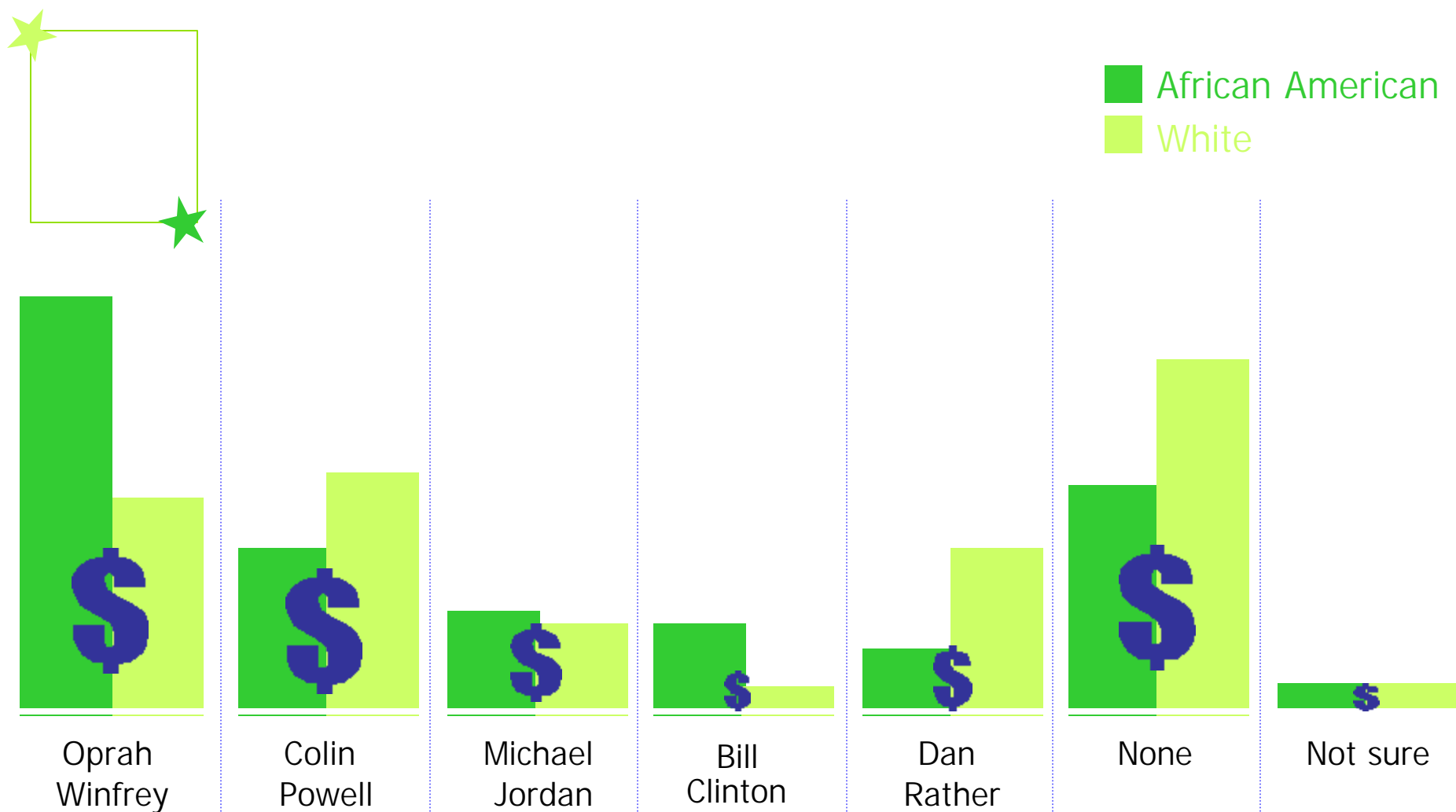


Have Will or Trust

About two in five African Americans have a will or living trust.



From which of the following people would you be most likely to take investment advice?

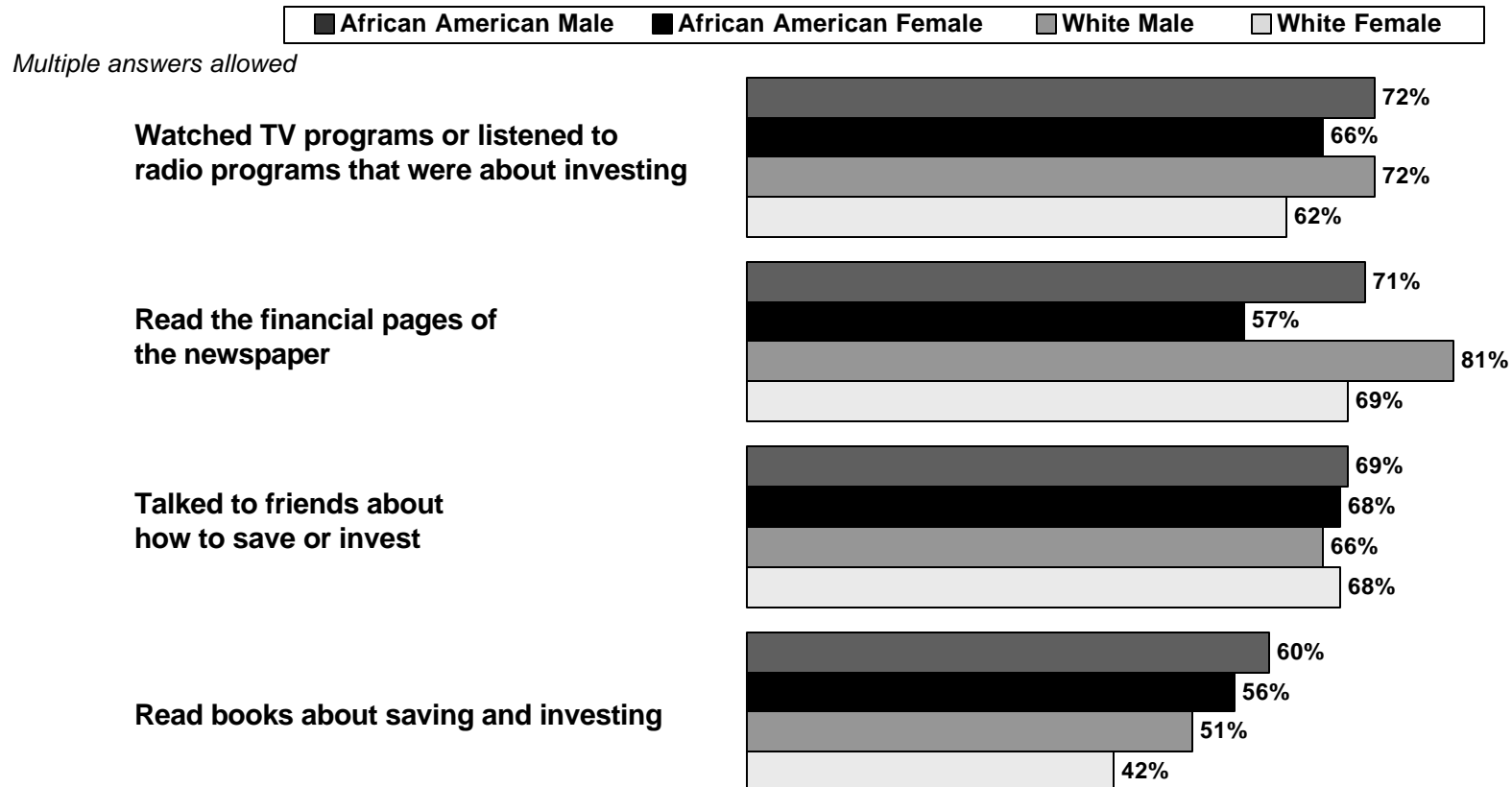


Gender

Activities to Increase Knowledge of Investing

African American men, relative to African American women, are more likely to have participated in activities related to learning more about investing.

Which of the following activities have you participated in during the past 12 months to increase your knowledge of investing?



Attitudes about Investing

More often than any other group, African American men say that they enjoy taking care of financial affairs.

I'd like to read a list of statements, and for each one, I'd like you to tell me whether you agree or disagree. Let's start with (statement). Would you say you agree or disagree with that statement?

■ African American Male ■ African American Female ■ White Male ■ White Female

Agree with statement:

Managing my financial affairs is something like a hobby; I enjoy taking care of them



Online Activities

Men are more likely than women to say that they have performed the investment-related activities listed online.

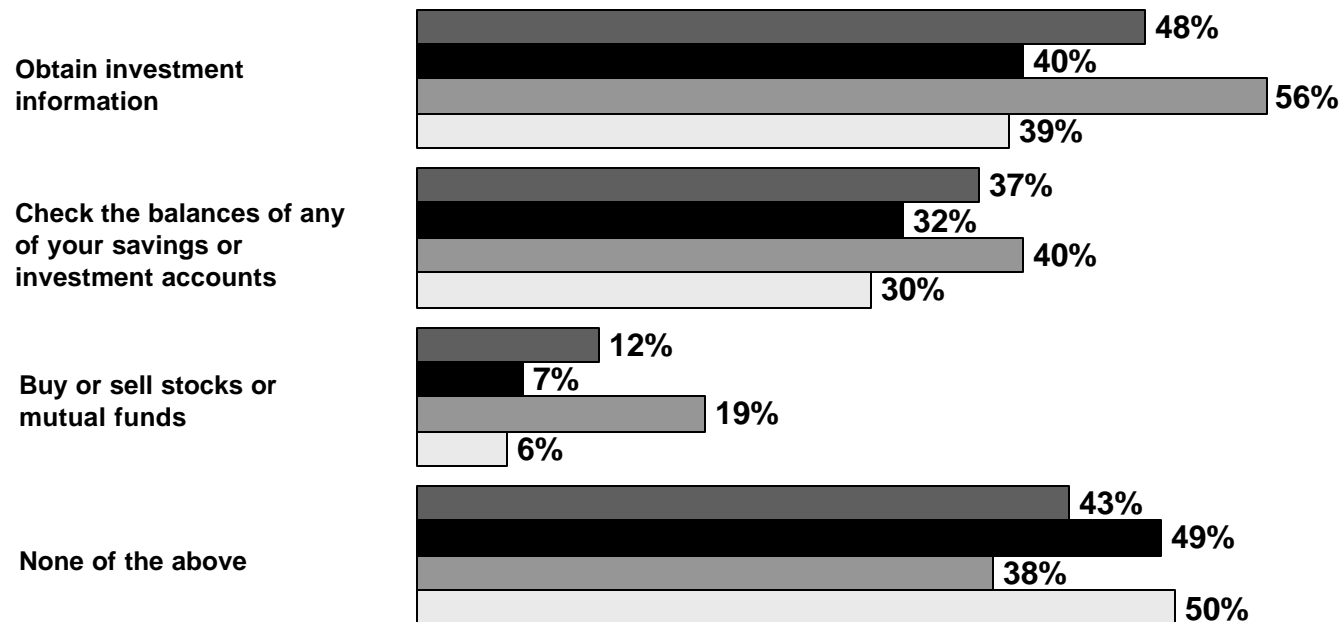
Do you go online to do any of the following?

■ African American Male ■ African American Female ■ White Male ■ White Female

Base: Have access to the internet

(N=266 African American male; N=298 African American female; N=351 white male; N=271 white female)

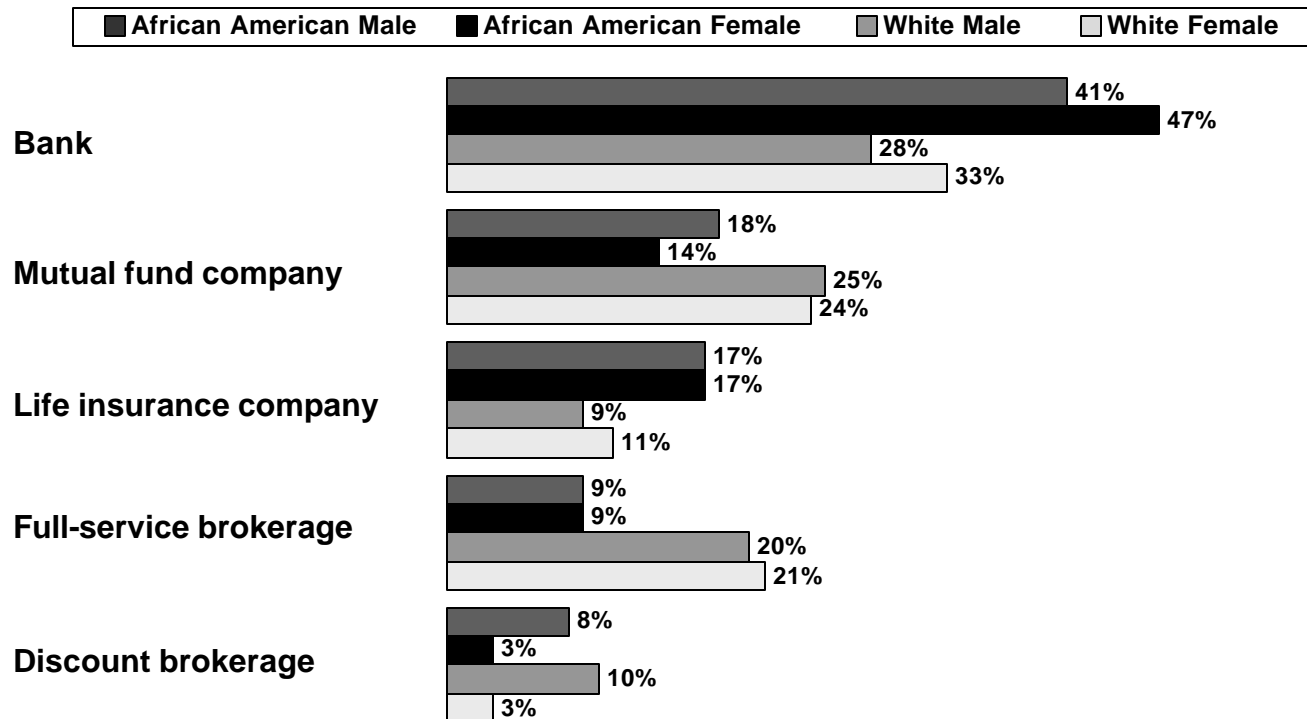
Multiple answers allowed



Institution With Most Assets

African American women are most likely of all to have most of their assets held at a bank, followed by African American men. For whites, men and women alike are about as likely to have all their assets at a bank as they are at a mutual fund company or full-service brokerage.

With which one of the following institutions do you have the most assets?



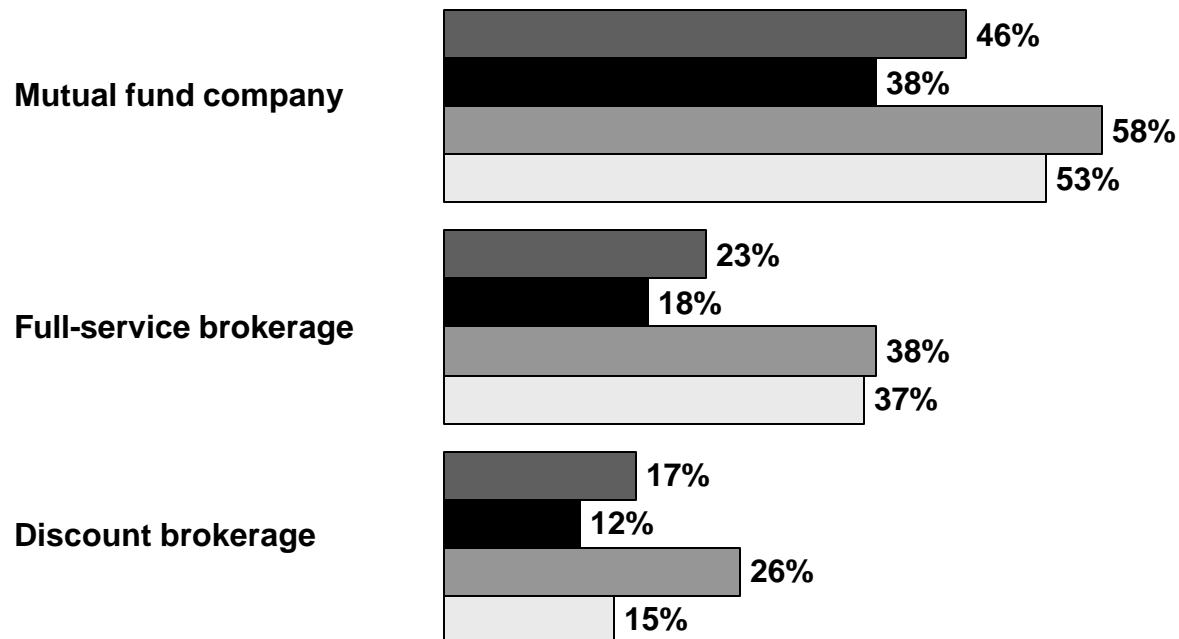
Accounts at Institutions

African American women, relative to African American men, are less likely to have money in investment companies such as mutual fund companies or brokerages.

With which of the following institutions do you have any accounts?

■ African American Male ■ African American Female ■ White Male ■ White Female

Multiple answers allowed



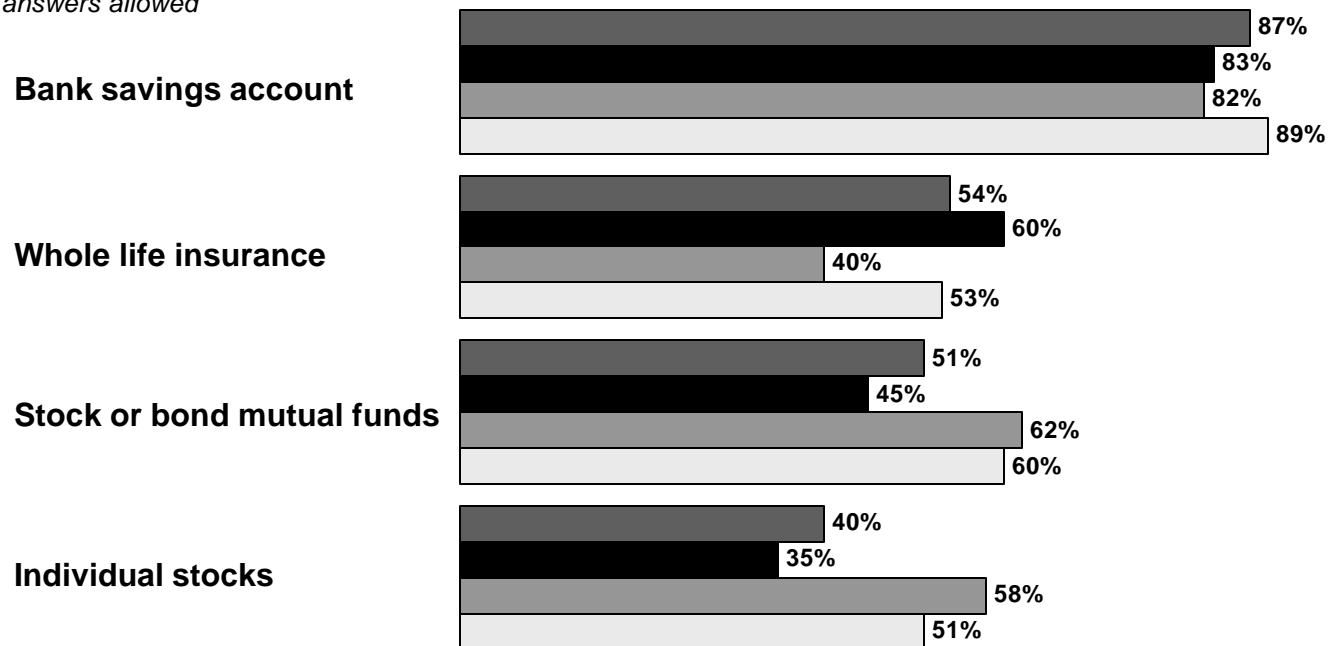
Investment and Account Ownership

African American men, relative to women, are more likely to own investments, with the exception of conservative vehicles such as life insurance policies, bonds and CD's. African American women are the least likely of all to own investments such as stocks or mutual funds.

Outside of a 401K plan or other defined contribution plan, do you own any of the following types of investments or accounts, either alone or jointly?

■ African American Male ■ African American Female ■ White Male ■ White Female

Multiple answers allowed

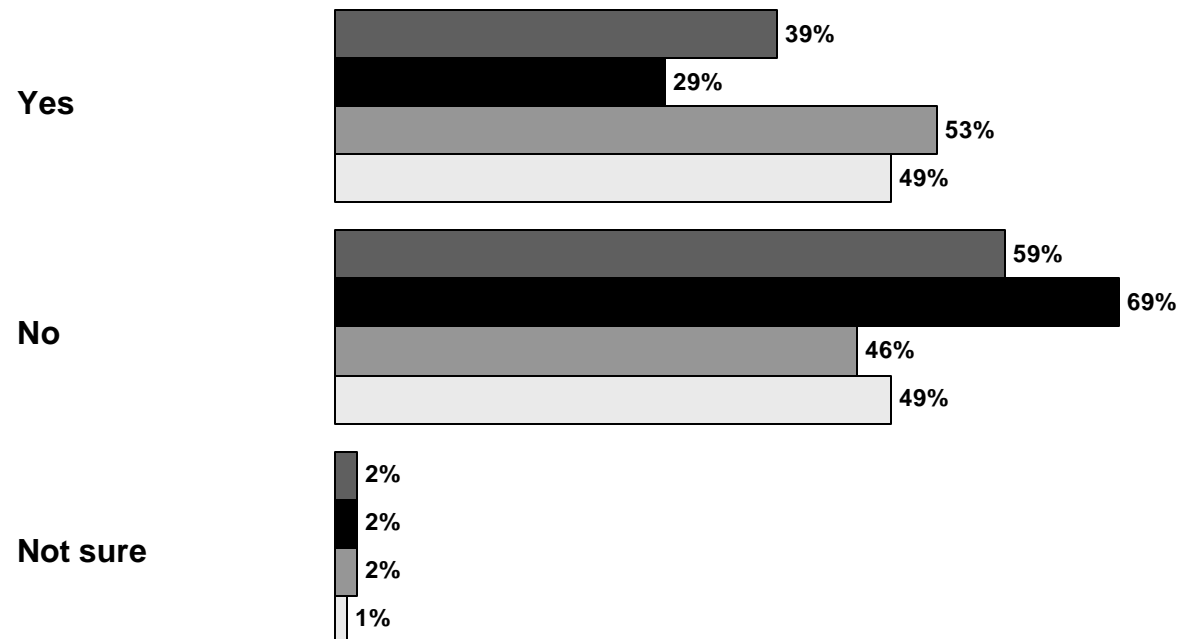


IRA Accounts

Least likely of all to have money in IRA's are African American women.

Do you or your spouse have money in IRA accounts?

■ African American Male ■ African American Female ■ White Male ■ White Female



Important Factors in an Investment Company

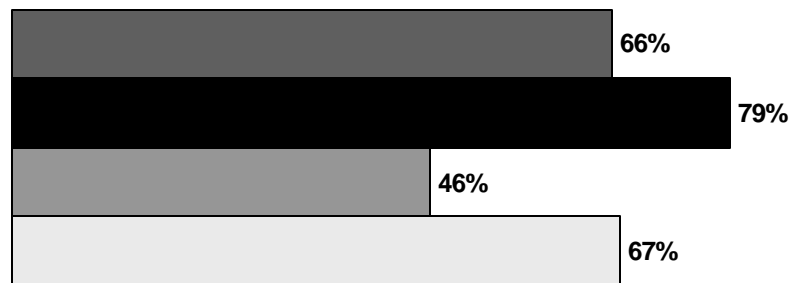
A strong majority of African American women respond to the notion of a low minimum investment.

As I read each of the following statements, please tell me how important each of these things is to you in a company where you would have an investment account of any kind. Let's start with (item). Is that very important, somewhat important, or is it not important to you?

■ African American Male ■ African American Female ■ White Male ■ White Female

"Very" or "Somewhat Important" :

The company offers a low minimum investment of as little as \$50



Reasons for not Investing in Stocks or Mutual Funds

Lack of knowledge, followed by the preference for real estate are the reasons mentioned most often as reasons for not investing among African American men.

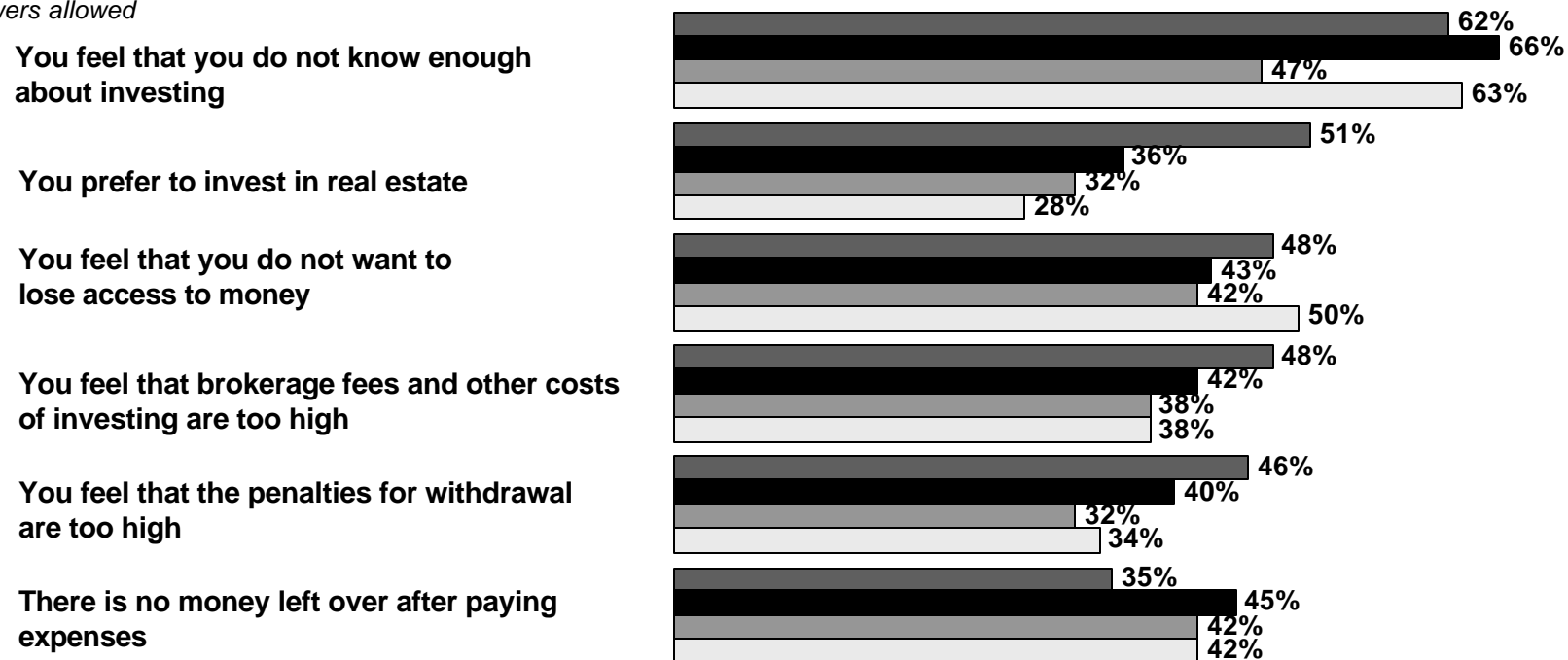
Which of the following reasons describe why you are not investing money in stocks or mutual funds at this time?

■ African American Male ■ African American Female ■ White Male ■ White Female

Base: Do not own stocks or mutual funds

(N=154 African American male; N=189 African American female; N=116 white male; N=90 white female)

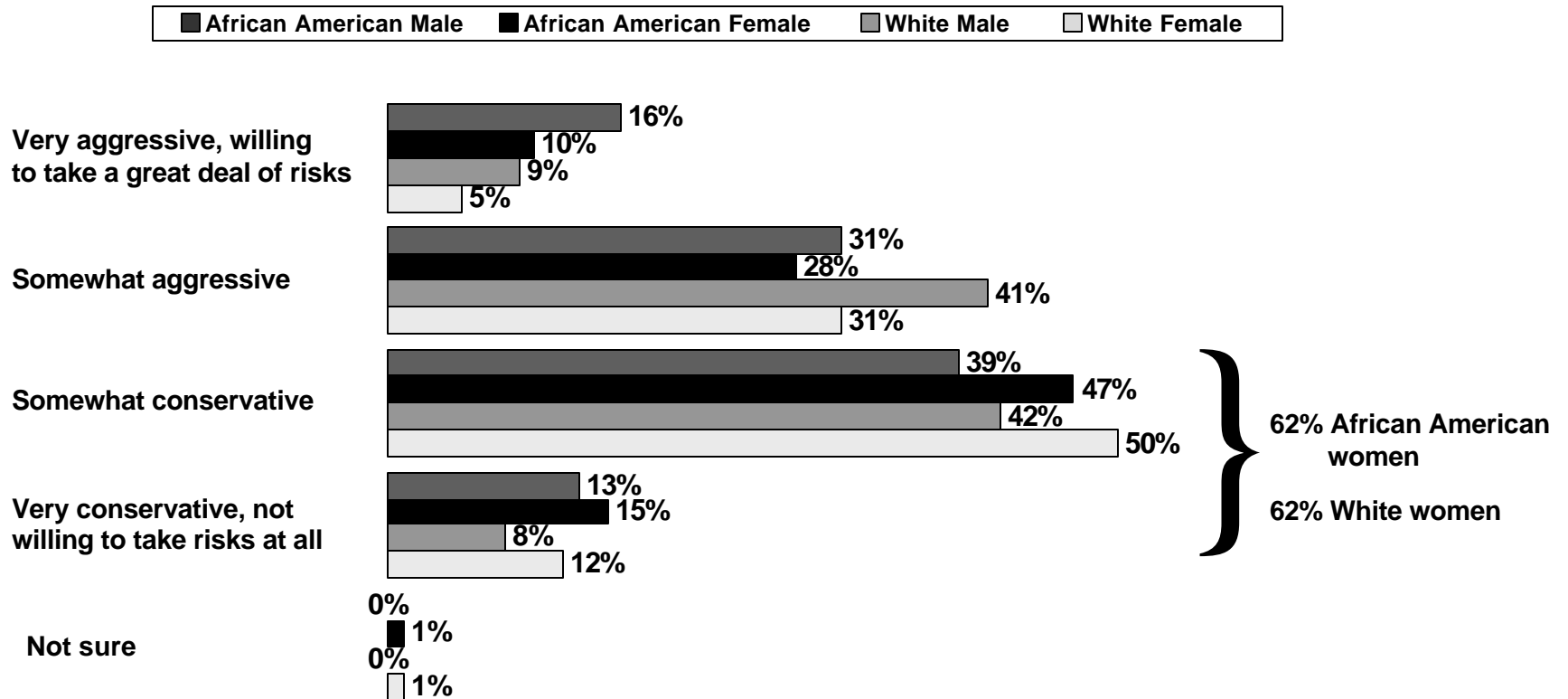
Multiple answers allowed



Investing Style

More males than females describe their investment style as aggressive.

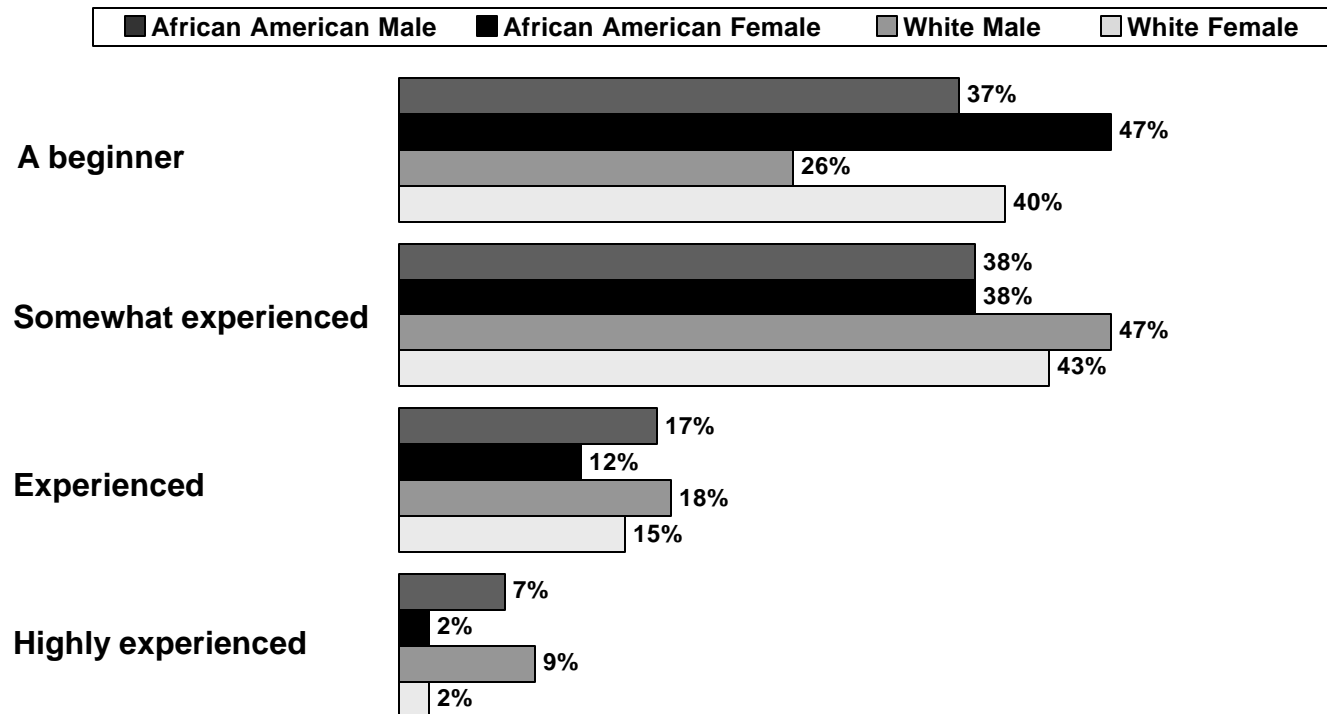
As an investor, would you describe yourself as:



Investment Experience

Nearly one half of African American women (47%) and two in five white women consider themselves to be beginners in terms of investing. Men, on the other hand, are more confident in their investment experience.

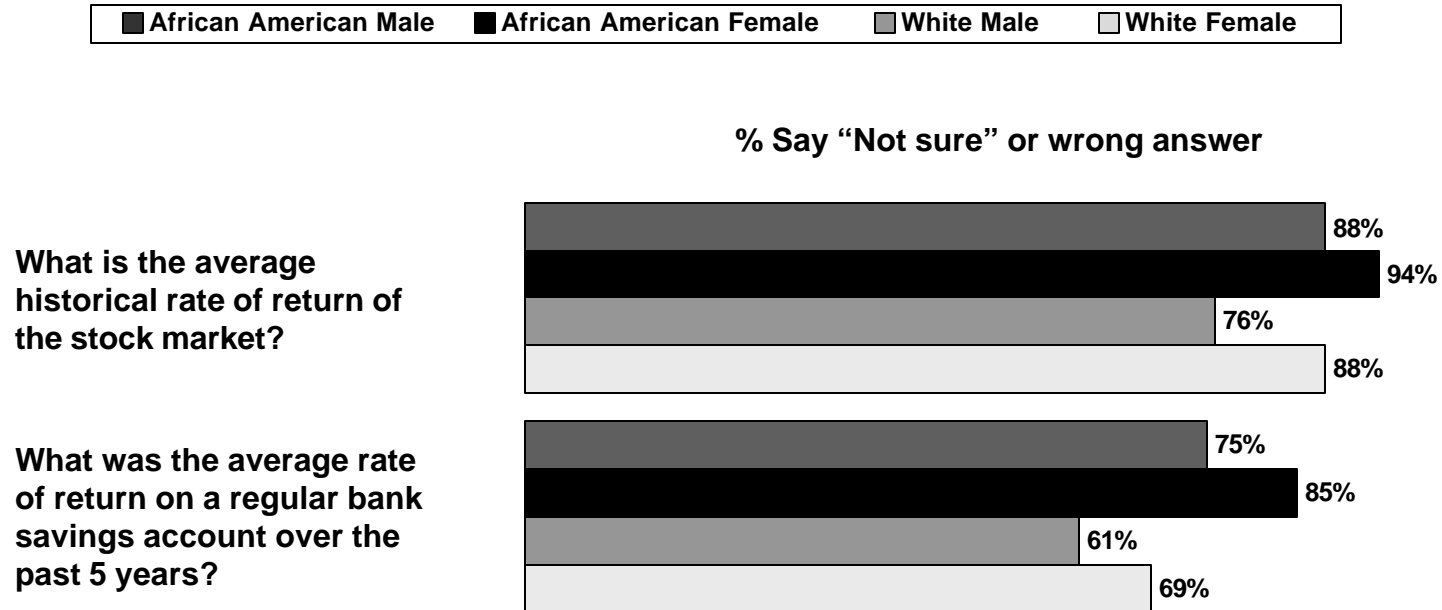
In terms of investment experience, would you describe yourself as:



Average Rate of Return

Strong majorities of African American women don't know the historical rates of return for two important measures in personal financial management: bank accounts and the stock market.

What was the average rate of return on a regular bank savings account over the past 5 years?



Attitudes about Investing

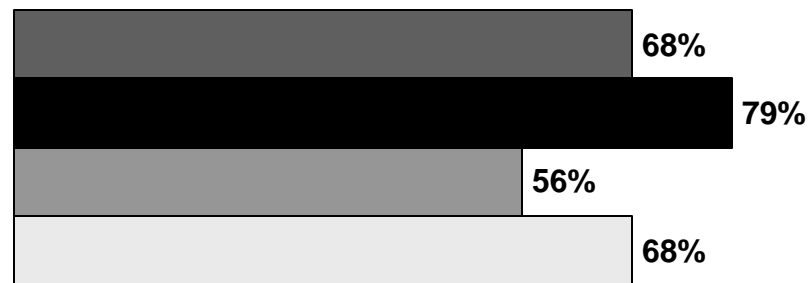
The desire for a financial advisor is stronger among women than men and trust in advisors is greater for women than for men.

I'd like to read a list of statements, and for each one, I'd like you to tell me whether you agree or disagree. Let's start with (statement). Would you say you agree or disagree with that statement?

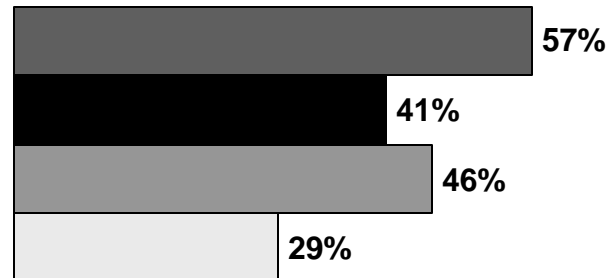
■ African American Male ■ African American Female ■ White Male ■ White Female

Agree with statement:

I prefer to consult with a financial services professional when investing



Stockbrokers and financial advisors are more interested in making money for themselves than they are in giving me good advice

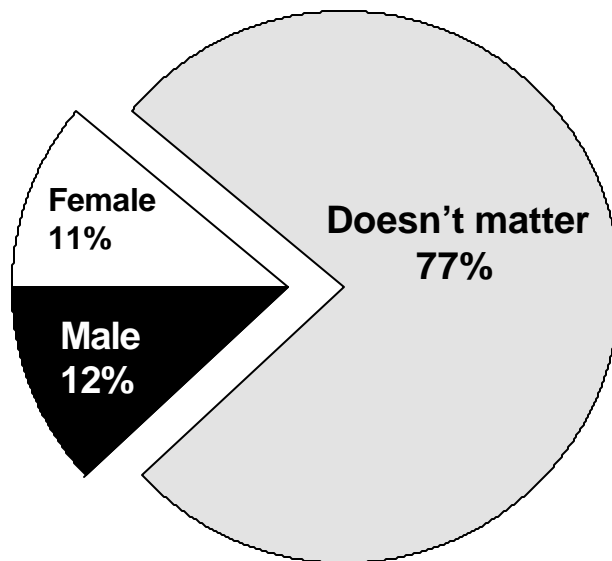


Preference for a Male or Female Advisor

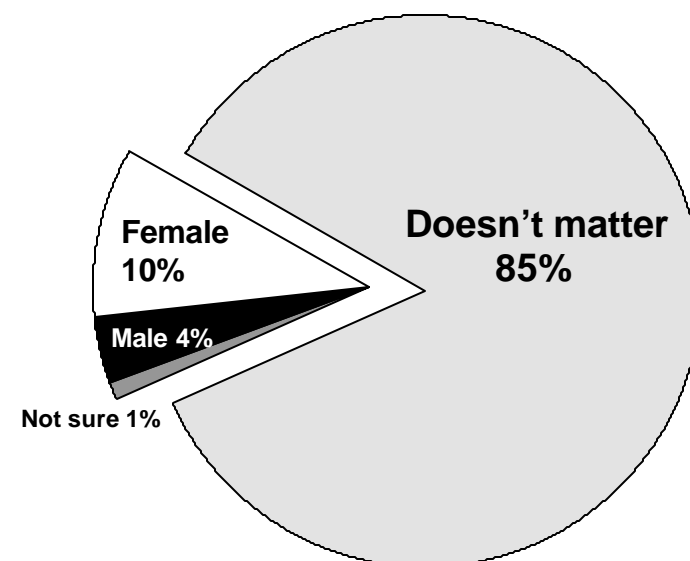
Although most say that the gender of their financial advisor doesn't matter, 12% of African American women say they would prefer a male financial advisor.

Would you prefer to work with a male or female financial advisor?

African American Females N=409



White Females N=350



Demographic Data

<u>Age</u>	African American	
	%	%
18-24	6	3
25-29	12	9
30-34	15	12
35-39	18	15
40-49	24	29
50-64	20	24
65+	5	9
Mean	42	45
Median	40	44

<u>Gender</u>	African American	
	%	%
Male	49	48
Female	51	52

<u>Education</u>	African American	
	%	%
8th grade or less	1	1
Some high school	2	1
High school graduate	17	14
Some college	26	22
College graduate	29	34
Postgraduate study	20	26
Refused	5	2

<u>HH Description</u>	African American	
	%	%
Husband and wife, with children	48	50
Husband and wife, without children	15	24
Single parent and children, no other adults present	10	4
Single parent and children, other adults present	6	1
Live alone	11	12
Live with non-relative	4	6
Refused/No answer	6	3

	African American	
	%	%
<i>Base: More than one person in HH</i>		
# Kids Under 18 in HH		
0	47	54
1	21	17
2 or more	32	29

<u>Region</u>	African American	
	%	%
Northeast	27	28
North Central	20	27
South	51	31
West	2	15

Demographic Data

<u>Family Income</u>	African American %	White %
\$50,000 - \$74,999	53	42
\$75,000 - \$99,999	20	22
\$100,000 or more	14	23
Refused/No answer	13	13
Average (000's)	\$101.4	\$121.1

<u>Financial Support of Others</u>	African American %	White %
Yes	27	12
No	68	87
Refused	5	1
<u>Number Support Financially</u>	%	%
1	46	59
2	28	24
3+	25	16

<u>Employment Category</u>	African American %	White %
Private company	43	53
State or fed government	26	15
Not-for-profit	11	8
Other	8	9
Refused	12	16

<u>Employment Status</u>	African American %	White %
Full-time	81	71
Part-time	4	5
Temporarily unemployed	2	2
Housewife/Househusband	2	4
Student full-time	1	1
Retired	8	11
Self-employed	3	6

<u>Property Ownership</u>	African American %	White %
Primary residence	74	87
Second home	22	17
Land for business	13	13
Land for investment	20	19
Refused	22	11