

**2015 National Financial Capability Study
Investor Survey Instrument**

Sample Characteristics:

- N = 2,000 investors who completed the 2015 NFCS State-by-State Survey
- All respondents screened to have:
 - Investments outside of retirement accounts
 - Primary or shared decision-making responsibility for investments in their household

Coding Notes:

- For all questions in the survey:
 - Code 98 = Don't know
 - Code 99 = Prefer not to say

Z) Thank you very much for participating in this research.

• Please be assured that **all of your answers will be completely ANONYMOUS and CONFIDENTIAL**. Therefore, please try to answer these questions as openly and honestly as possible.

A) [SECTION A: SCREENING]

A1) Which of the following best describes the situation in your household with regards to investments?

- I am the primary decision-maker when it comes to making investments for my household 1
- I share the decision-making responsibility when it comes to making investments for my household 2
- I do not participate in decisions when it comes to making investments for my household 3
- Don't know 98
- Prefer not to say 99

[IF Q.A1 = 3, 98, 99 (NOT DM/DK/PNTS); TERMINATE & SKIP TO QTERM]

A2) Do you have any investments in retirement accounts (e.g., 401(k), IRA, etc.)?

- Yes 1
- No 2
- Don't know 98
- Prefer not to say 99

A3) Not including retirement accounts, do you have any investments in stocks, bonds, mutual funds, or other securities?

- Yes 1
- No 2
- Don't know 98
- Prefer not to say 99

[IF Q.A3 = 2, 98, 99 (NO/DK/PNTS); TERMINATE & SKIP TO QTERM]

B) [SECTION B: INVESTMENTS]

B1) The following questions are about your investments that are not in retirement accounts. We will refer to these as “non-retirement accounts.”

B2) Which of the following types of investments do you currently own in non-retirement accounts?

[RANDOMIZE – ANCHOR B2_8]

	Yes	No	Don't Know	Prefer Not to Say
B2_1) Individual stocks	1	2	98	99
B2_2) Individual bonds	1	2	98	99
B2_3) Mutual funds	1	2	98	99
B2_4) Exchange Traded Funds (ETFs)	1	2	98	99
B2_5) Annuities (fixed, indexed, or variable)	1	2	98	99
B2_6) Whole life insurance or similar investment products	1	2	98	99
B2_7) Commodities or futures	1	2	98	99
B2_8) Other investments such as REITs, options, private placements, or structured notes	1	2	98	99

B3) In the past 12 months, how many times have you bought or sold investments in non-retirement accounts?

None.....	1
1 to 3 times.....	2
4 to 10 times.....	3
11 times or more	4
Don't know	98
Prefer not to say	99

B4) What is the approximate total value of all of your investments in non-retirement accounts?

Less than \$2,000	1
\$2,000 to less than \$5,000	2
\$5,000 to less than \$10,000.....	3
\$10,000 to less than \$25,000.....	4
\$25,000 to less than \$50,000.....	5
\$50,000 to less than \$100,000.....	6
\$100,000 to less than \$250,000.....	7
\$250,000 to less than \$500,000.....	8
\$500,000 to less than \$1,000,000.....	9
\$1,000,000 or more	10
Don't know	98
Prefer not to say	99

B5) Do any of your investment accounts allow you to make purchases on margin?

Yes 1
 No 2
 Don't know 98
 Prefer not to say 99

[IF Q.B5 = 1 (YES), ASK; OTHERWISE SKIP TO Q.B7]

B6) Have you made any securities purchases on margin?

Yes 1
 No 2
 Don't know 98
 Prefer not to say 99

B7) Are you an accredited investor?

Yes 1
 No 2
 Don't know 98
 Prefer not to say 99

B8) Have you heard of investment crowdfunding (also known as equity crowdfunding or crowd investing)?

Yes 1
 No 2
 Don't know 98
 Prefer not to say 99

[IF Q.B8 = 1 (YES), ASK; OTHERWISE SKIP TO Q.B10]

B9) Have you ever purchased an ownership stake in a company by investing via a crowdfunding website?

Yes 1
 No 2
 Don't know 98
 Prefer not to say 99

B10) Which of the following statements comes closest to describing the amount of financial risk that you are willing to take when you save or make investments?

Take substantial financial risks expecting to earn substantial returns 1
 Take above average financial risks expecting to earn above average returns 2
 Take average financial risks expecting to earn average returns 3
 Not willing to take any financial risks 4
 Don't know 98
 Prefer not to say 99

B11) How much of your non-retirement portfolio is invested in stocks or mutual funds that contain stocks?

More than half.....	1
Less than half.....	2
None.....	3
Don't know.....	98
Prefer not to say.....	99

C) [SECTION C: INTERMEDIARIES]

C1) Which of the following best describes your current investment style?

I make all my investment decisions on my own without the help of a broker or professional adviser.....	1
I make some decisions on my own and some with the help of a broker or professional adviser.....	2
I let my broker or professional adviser make all my decisions for me.....	3
Don't know.....	98
Prefer not to say.....	99

C2) [IF Q.C1 = 2 OR 3 (USE ADVISOR), ASK; OTHERWISE SKIP TO Q.C5]
Is there a specific person who is your broker or investment adviser?

Yes.....	1
No.....	2
Don't know.....	98
Prefer not to say.....	99

C3) [DISPLAY C3 & C4 ON SAME SCREEN]
In the past 12 months, approximately how many times have you communicated with your broker/investment adviser [via phone or email](#) for financial recommendations or advice?

None.....	1
1 time.....	2
2-3 times.....	3
4-6 times.....	4
7 or more times.....	5
Don't know.....	98
Prefer not to say.....	99

C4) In the past 12 months, have you met [face to face](#) with your broker/investment adviser?

Yes.....	1
No.....	2
Don't know.....	98
Prefer not to say.....	99

C5) Below are some reasons that people might use a financial adviser. How important is each of the following to you, personally?

[RANDOMIZE]

	Not At All Important	Somewhat Important	Very Important	Don't Know	Prefer Not to Say
C5_1) To free up my time	1	2	3	98	99
C5_2) To help avoid losses	1	2	3	98	99
C5_3) To improve investment performance	1	2	3	98	99
C5_4) To learn about investment opportunities	1	2	3	98	99
C5_5) To have access to investments I couldn't get on my own	1	2	3	98	99

C6) If you were looking for a financial adviser, how important would the person's professional designations or certifications be in your decision to work with that person?

[RANDOMIZE PUNCHES 1 AND 3]

Not at all important.....	1
Somewhat important.....	2
Very important.....	3
Don't know	98
Prefer not to say	99

C7) Have you ever checked with a state or federal regulator regarding the background, registration, or license of a financial professional?

Yes	1
No	2
Don't know	98
Prefer not to say	99

[IF Q.C1 = 2 OR 3 (USE ADVISOR), ASK; OTHERWISE SKIP TO Q.C10]

C8) How clear of an understanding do you have of how your broker or investment adviser gets compensated?

Not At All Clear 1	2	3	4	5	6	7	8	9	Extremely Clear 10	Don't Know	Prefer Not to Say
1	2	3	4	5	6	7	8	9	10	98	99

C9) Have you ever asked your broker or investment adviser how he or she gets compensated?

Yes	1
No	2
Don't know	98
Prefer not to say	99

C10) How much do you think each of the following would affect the advice that a financial adviser gives to you?

[RANDOMIZE]

	Would not affect at all	Affect somewhat	Affect a great deal	Don't Know	Prefer Not to Say
C10_1) He/she receives a commission based on trading activity	1	2	3	98	99
C10_2) His/her firm pays an incentive for selling certain investments	1	2	3	98	99
C10_3) He/she receives compensation from third parties to sell their investment products	1	2	3	98	99

C11) Have you ever used an automated financial adviser that provides investment advice and makes trades on your behalf?

Yes 1
 No 2
 Don't know 98
 Prefer not to say 99

C12) Which of the following best describes what you usually do when you receive an account statement for your investments?

[RANDOMIZE PUNCHES 1 AND 3]

Do not read the statement 1
 Skim the statement 2
 Read the entire statement 3
 Don't know 98
 Prefer not to say 99

C13) How important to you were the fees and pricing structure when opening your non-retirement investment account(s)?

Not At All Important 1	2	3	4	5	6	7	8	9	Extremely Important 10	Don't Know	Prefer Not to Say
1	2	3	4	5	6	7	8	9	10	98	99

C14) How clear of an understanding do you have of the fees you pay for your non-retirement investment account(s)?

Not At All Clear 1	2	3	4	5	6	7	8	9	Extremely Clear 10	Don't Know	Prefer Not to Say
1	2	3	4	5	6	7	8	9	10	98	99

C15) How strongly do you agree or disagree with the following statement?

Please give your answer on a scale of 1 to 7, where 1 = “Strongly Disagree,” 7 = “Strongly Agree,” and 4 = “Neither Agree Nor Disagree”. You can use any number from 1 to 7.

	Strongly Disagree 1	2	3	Neither Agree nor Disagree 4	5	6	Strongly Agree 7	Don't Know	Prefer Not to Say
The fees I pay for my non-retirement investment account(s) are reasonable	1	2	3	4	5	6	7	98	99

C16) Which of the following types of fees do you pay for your non-retirement investment account(s)?

[RANDOMIZE]

	Yes	No	Don't Know	Prefer Not to Say
C16_1) A commission on trades	1	2	98	99
C16_2) A percent of the total value of assets managed	1	2	98	99
C16_3) A fixed monthly or annual fee	1	2	98	99

D) [SECTION D: SECURITIES MARKET]

D1) How confident are you that U.S financial markets...

[RANDOMIZE]

	Not At All Confident 1	2	3	4	5	6	7	8	9	Extremely Confident 10	Don't Know	Prefer Not to Say
D1_1) Offer good long-term opportunities for investors	1	2	3	4	5	6	7	8	9	10	98	99
D1_2) Are fair to all investors	1	2	3	4	5	6	7	8	9	10	98	99

D2) What do you expect the approximate average annual return of the S&P 500 stock index to be over the next 10 years (without adjusting for inflation)?

Less than 0% (a negative return)	1
0% to 4.9%.....	2
5% to 9.9%.....	3
10% to 14.9%.....	4
15% to 19.9%.....	5
20% or more.....	6
Don't know	98
Prefer not to say	99

D3) Over the next 12 months, how well do you expect your portfolio of investments to perform?

[RANDOMIZE PUNCHES 1 AND 3]

- Worse than the market as a whole1
- About the same as the rest of the market as a whole2
- Better than the market as a whole3
- Don't know98
- Prefer not to say99

D4) How strongly do you agree or disagree with the following statement?

Please give your answer on a scale of 1 to 7, where 1 = “Strongly Disagree,” 7 = “Strongly Agree,” and 4 = “Neither Agree Nor Disagree”. You can use any number from 1 to 7.

	Strongly Disagree 1	2	3	Neither Agree nor Disagree 4	5	6	Strongly Agree 7	Don't Know	Prefer Not to Say
I am worried about being victimized by investment fraud	1	2	3	4	5	6	7	98	99

E) [SECTION E: DISCLOSURE & REGULATION]

E1) How confident are you that...

[RANDOMIZE]

	Not At All Confident 1	2	3	4	5	6	7	8	9	Extremely Confident 10	Don't Know	Prefer Not to Say
E1_1) U.S. financial markets are effectively regulated to protect investors from fraud and abusive sales practices	1	2	3	4	5	6	7	8	9	10	98	99
E1_2) U.S. financial regulators are able to keep up with new market developments, investment vehicles and investment technologies	1	2	3	4	5	6	7	8	9	10	98	99
E1_3) The regulators of U.S. financial markets are looking out for ordinary investors	1	2	3	4	5	6	7	8	9	10	98	99

E2) Have you ever received any disclosures regarding your investments (such as mutual fund summary prospectuses, potential conflict of interest disclosures, disclosures of risks of specific financial products, etc.)?

- Yes 1
- No 2
- Don't know 98
- Prefer not to say 99

[IF Q.E2 = 1 (YES), ASK; OTHERWISE SKIP TO Q.E5]

E3) Which of the following best describes what you usually do when you receive a disclosure regarding your investments?

[RANDOMIZE PUNCHES 1 AND 3]

- Do not read the disclosure..... 1
- Skim the disclosure..... 2
- Read the entire disclosure 3
- Don't know 98
- Prefer not to say 99

E4) In general, how valuable do you find the disclosures you receive?

- Very valuable..... 1
- Somewhat valuable 2
- Not at all valuable..... 3
- Don't know 98
- Prefer not to say 99

E5) What do you believe is the purpose of disclosures?

- Protecting investors..... 1
- Protecting the institutions that manage investments..... 2
- Both..... 3
- Neither 4
- Don't know 98
- Prefer not to say 99

E6) By which method would you prefer to receive mandatory disclosures regarding your investments?

- In-person meetings with a broker or adviser..... 1
- Paper documents physically mailed to you..... 2
- Documents delivered to you electronically by email..... 3
- Documents that you access on the Internet (not via email) 4
- None of the above..... 5
- Don't know 98
- Prefer not to say 99

F) [SECTION F: INFORMATION SOURCES]

F1) Which of the following information sources do you use when making an investment decision?

[RANDOMIZE – ALWAYS PAIR F1_1/F1_2 TOGETHER IN THAT ORDER]

	Yes	No	Don't Know	Prefer Not to Say
F1_1) Stockbrokers	1	2	98	99
F1_2) Financial advisers other than stockbrokers	1	2	98	99
F1_3) Information from the company you are investing in (e.g., annual reports, company websites)	1	2	98	99
F1_4) Information from brokerage firms, mutual fund companies, or other financial services companies (e.g., analyst reports, brochures, newsletters, seminars, websites)	1	2	98	99
F1_5) The media (i.e., TV, radio, newspapers, magazines, online news sources and financial information websites)	1	2	98	99
F1_6) Industry regulators (e.g., FINRA, SEC, state securities regulators)	1	2	98	99
F1_7) Investment clubs or investor membership organizations	1	2	98	99
F1_8) Your employer	1	2	98	99
F1_9) Friends, colleagues, or family members	1	2	98	99

F2) In the past 12 months, which of the following have you used for information about investing?

[RANDOMIZE – ALWAYS PAIR F2_3/F2_4 AND F2_6/F2_7 TOGETHER IN THAT ORDER]

	Yes	No	Don't Know	Prefer Not to Say
F2_1) Brochures or newsletters	1	2	98	99
F2_2) Newspapers, magazines, or books	1	2	98	99
F2_3) Free seminars or group meetings	1	2	98	99
F2_4) Paid seminars or group meetings	1	2	98	99
F2_5) Television/radio programs	1	2	98	99
F2_6) Free online services	1	2	98	99
F2_7) Paid online services	1	2	98	99

F3) Have you heard of any of the following consumer information tools?

[RANDOMIZE]

	Yes	No	Don't Know	Prefer Not to Say
F3_1) BrokerCheck	1	2	98	99
F3_2) IAPD (Investment Adviser Public Disclosure) database	1	2	98	99
F3_3) EDGAR (Electronic Data-Gathering, Analysis, and Retrieval) database	1	2	98	99
F3_4) CarFax	1	2	98	99
F3_5) FreeCreditReport.com	1	2	98	99
F3_6) AnnualCreditReport.com	1	2	98	99
F3_7) SmartCheck	1	2	98	99
F3_8) Investor.gov	1	2	98	99

F4) [IF Q.F3_1 = 1 (YES, HEARD OF BROKERCHECK), ASK; OTHERWISE SKIP TO Q.F5]
Have you ever used BrokerCheck?

Yes	1
No	2
Don't know	98
Prefer not to say	99

F5) [IF Q.F3_4 = 1 (YES, HEARD OF CARFAX), ASK; OTHERWISE SKIP TO Q.G1]
Have you ever used CarFax?

Yes	1
No	2
Don't know	98
Prefer not to say	99

G) [SECTION G: QUIZ & SELF-PERCEPTION]

G1) How comfortable are you when it comes to making investment decisions?

Not At All Comfortable 1	2	3	4	5	6	7	8	9	Extremely Comfortable 10	Don't Know	Prefer Not to Say
1	2	3	4	5	6	7	8	9	10	98	99

G2) On a scale from 1 to 7, where 1 means very low and 7 means very high, how would you assess your overall knowledge about investing?

Very Low 1	2	3	4	5	6	Very High 7	Don't Know	Prefer Not to Say
1	2	3	4	5	6	7	98	99

G3) You will now see a set of questions regarding various aspects of investing. This is not a test, and you will not be “graded” on your responses. If you do not know an answer or are not sure, please feel free to indicate that.

G4) If you buy a company’s stock...

You own a part of the company.....	1
You have lent money to the company.....	2
You are liable for the company’s debts	3
The company will return your original investment to you with interest.....	4
Don’t know	98
Prefer not to say	99

G5) If you buy a company’s bond...

You own a part of the company.....	1
You have lent money to the company.....	2
You are liable for the company’s debts	3
You can vote on shareholder resolutions	4
Don’t know	98
Prefer not to say	99

G6) If a company files for bankruptcy, which of the following securities is most at risk of becoming virtually worthless?

The company’s preferred stock.....	1
The company’s common stock	2
The company’s bonds	3
Don’t know	98
Prefer not to say	99

G7) In general, investments that are riskier tend to provide higher returns over time than investments with less risk.

True.....	1
False.....	2
Don’t know	98
Prefer not to say	99

G8) Over the last 20 years in the US, the best average returns have been generated by:

Stocks.....	1
Bonds	2
CDs	3
Money market accounts	4
Precious metals	5
Don’t know	98
Prefer not to say	99

G9) What has been the approximate average annual return of the S&P 500 stock index over the past 20 years (not adjusted for inflation)?

-10%.....	1
-5%.....	2
+5%.....	3
+10%.....	4
+15%.....	5
+20%.....	6
Don't know	98
Prefer not to say	99

G10) Which of the following best explains the distinction between nominal returns and real returns?

Nominal returns are pre-tax returns; real returns are after-tax returns.....	1
Nominal returns are what an investment is expected to earn; real returns are what an investment actually earns	2
Nominal returns are not adjusted for inflation; real returns are adjusted for inflation	3
Nominal returns are not adjusted for fees and expenses; real returns are adjusted for fees and expenses.....	4
Don't know	98
Prefer not to say	99

G11) Which of the following best explains why many municipal bonds pay lower yields than other government bonds?

Municipal bonds are lower risk.....	1
There is a greater demand for municipal bonds.....	2
Municipal bonds can be tax-free.....	3
Don't know	98
Prefer not to say	99

G12) You invest \$500 to buy \$1,000 worth of stock on margin. The value of the stock drops by 50%. You sell it. Approximately how much of your original \$500 investment are you left with in the end?

\$500	1
\$250	2
\$0	3
Don't know	98
Prefer not to say	99

G13) Which is the best definition of "selling short?"

Selling shares of a stock shortly after buying it.....	1
Selling shares of a stock before it has reached its peak	2
Selling shares of a stock at a loss.....	3
Selling borrowed shares of a stock	4
Don't know	98
Prefer not to say	99

G14) How can financial advisers get compensated when selling bonds to an investor?

Select **all** that apply.

[DO NOT RANDOMIZE; CODES 4, 98, 99 EXCLUSIVE]

	[M]
By charging a commission.....	1
By marking up the price of the bond	2
By some other means of compensation	3
They don't get compensated for selling bonds to investors.....	4
Don't know	98
Prefer not to say	99

H) [SECTION H: MISCELLANEOUS QUESTIONS]

H1) There are two questions left, and the survey will be complete.

H2) Have you ever read customer reviews online (e.g. Yelp, TripAdvisor) before deciding to eat at a particular restaurant?

Yes	1
No	2
Don't know	98
Prefer not to say	99

H3) Have you ever purchased a used car?

Yes	1
No	2
Don't know	98
Prefer not to say	99

999) [POINT OF COMPLETE]