



# CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

## RETAIL INVESTOR PRODUCT USAGE 2010

Developed with *Phoenix Marketing International*, this annual report is a unique industry resource that connects distribution-focused research with retail investor trend data. It examines product usage, product preferences, and product awareness. Products covered include: mutual funds, annuities and insurance, banking, managed accounts, ETFs, hedge funds, and retirement and brokerage accounts.

### This report helps firms:

- Understand how investors' assets are distributed across product types and channels
- Develop a framework to gauge if a product will meet investor demand
- Create products that reflect how investor risk tolerance has changed
- Tailor ETF product messaging—different wealth tiers use ETFs in different ways
- Increase marketshare by bringing alternative strategies to retail clients
- Educate advisors and investors on the merits of annuities
- Create investment options for plan sponsors to support participants post-retirement

**This report contains 173 exhibits and 227 pages. It includes the following chapters:**

1. Retail Investor Market Sizing
2. Current Market: Retail Investor Reactions
3. Understanding Retail Investor Needs
4. Mutual Funds
5. Exchange-Traded Funds
6. Annuities and Insurance
7. Alternatives
8. Banking
9. Retirement
10. Managed Accounts
11. Discount Brokerage Accounts
12. Other Accounts

**Table of contents, user examples, and sample exhibits are included in this attachment.**

## INSIDE LOOK:

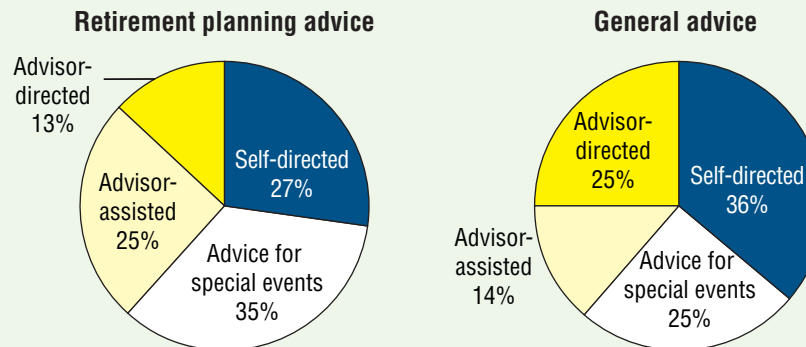
### Key findings:

- Advisors control 59% of the \$17 trillion of investments owned by retail households.
- Despite expectations that they would return to equities, investors show a continued preference for fixed income products.
- Level of household assets at retirement determines top concerns, distribution channel, and products used.
- Greater fee transparency is critical. Client fee sensitivity has increased and firms will likely experience pushback around fees in the future.

### Exclusive retail investor data:

- Assets by product and distribution channel
- Reasons for purchasing an investment product
- Sources of investment planning information
- Impression of retirement providers
- Reported change in financial behavior
- Most important financial goals

**Sample Exhibit: How Investors Prefer to Make Retirement Planning Decisions vs. General Financial Decisions, 2010**



Sources: Cerulli Associates, Phoenix Marketing International



CERULLI  
ASSOCIATES

**Phoenix.**



www.phoenixmi.com

### Report purchase includes:

- 5 hardcopies
- Online access
- Exhibits in Excel format
- Key findings in PDF format

**For pricing, please contact:**  
Marketing & Business Development  
CMarketing@cerulli.com  
+1 617-437-0084

**WWW.CERULLI.COM**

Quantitative Updates are now subscription-based and include online access to a database of prior annual releases of this report and related Thematic Reports.

**Cerulli Associates**  
Boston • Singapore • London

June 2010



# CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

## RETAIL INVESTOR PRODUCT USAGE 2010

### Phoenix Marketing International

Phoenix Marketing International's *Affluent Marketing Service* is the leading U.S. authority on affluent consumer attitudes and behaviors. Phoenix surveys over 7,800 consumers annually, more than any other firm, tracking changes that households anticipate making to their investment portfolios over the next three months.

### MORE INFORMATION:

To learn how to apply this report to your firm's unique needs, please contact:

Marketing & Business  
Development  
+1 617-437-0084  
CAmarketing@cerulli.com

### USER EXAMPLES:

The following are examples of how this report can be applied to business planning and strategic decision-making:

**Scenario 1:** A 401(k) provider is looking to create a retirement income product that allows participants to stay in their employer-sponsored plan post retirement. They need more information on the addressable marketplace and investor behavior five years before and after retirement. *Cerulli Quantitative Update: Retail Investor Product Usage 2010* answers the following questions:

- What percentage of investors are planning to keep their 401(k) assets in their employee-sponsored plan?
- Where do investors get their retirement planning advice?
- How many investors have a formal retirement income plan?
- What is the addressable retirement income market?

**Scenario 2:** An asset manager wants to create alternative products for retail investors. Senior management needs to understand the current demand for these products. *Cerulli Quantitative Update: Retail Investor Product Usage 2010* answers the following questions:

- What percentage of an investor's portfolio do asset managers recommend for alternative investments?
- What types of alternative products are investors most interested in?
- How can asset managers train and encourage advisors to use alternative products?
- What distribution channels use alternatives the most?

**Scenario 3:** A larger broker/dealer is starting to offer traditional banking services to its clients. They need help marketing these products to their investors and encouraging their advisors to promote them. *Cerulli Quantitative Update: Retail Investor Product Usage 2010* answers the following questions:

- What types of banking account will investors open in the next three months?
- What investors are most likely to use the same firm for both their cash management and investment needs?
- How can a broker/dealer encourage their advisors to offer banking solutions?
- What banking and investment providers are top-of-mind for investors?



# CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

## RETAIL INVESTOR PRODUCT USAGE 2010

### Report purchase includes:

- 5 hardcopies
- Online access
- Exhibits in Excel format
- Key findings in PDF format

**NEW:** Quantitative Updates are now subscription-based. Your purchase includes online access to a database of prior report releases and related Thematic Reports.

A subscription to *Cerulli Quantitative Update: Retail Investor Product Usage 2010* remains active through 9/15/2011 and includes online access to the six related reports below at no cost. See the green Purchase tab on [www.cerulli.com](http://www.cerulli.com) for more information on these reports.

- Cerulli Quantitative Update: Retail Investor Metrics 2009
- Navigating the Emerging Affluent Marketplace 2007
- Retirement Income: Positioning for Success 2007
- Wealth Transfer: Product and Advice Solutions 2005
- Mass Market Advice: Challenges and Opportunities 2005
- Funding Retirement Income: Impact on Managers and Distributors 2002

Please contact me about this report.  
Fax completed form to +1 617-437-1268.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Firm: \_\_\_\_\_

Division or Business Unit Name: \_\_\_\_\_

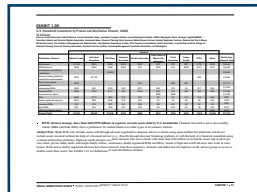
\_\_\_\_\_

Please contact **Marketing & Business Development** to learn more about pricing.  
+1 617-437-0084  
[CAmarketing@cerulli.com](mailto:CAmarketing@cerulli.com)

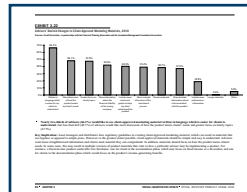
### Special Feature:

To view a thumbnail view of the contents of this report, please visit our website at [www.cerulli.com](http://www.cerulli.com).

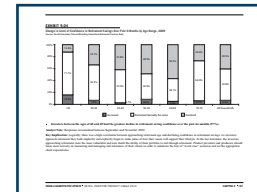
Go to Reports and click on 'view' next to the report title.



Page 31



Page 79



Page 167

Page 204

### CERULLI ASSOCIATES

One Exeter Plaza  
Boston, MA 02116  
Tel: +1 617 437 0084

28 Maxwell Road  
Singapore 069120  
Tel: +65 6327 4045

11-15 Betterton Street  
London WC2H 9BP  
Tel: +44 20 7470 8817

---

# TABLE OF CONTENTS

## TABLE OF CONTENTS - OVERVIEW

INTRODUCTION & METHODOLOGY .....	12
KEY THEMES & PROGNOSIS .....	14
<b>SECTION I: RETAIL CLIENT OVERVIEW</b>	
CHAPTER 1: RETAIL INVESTOR MARKET SIZING .....	25
CHAPTER 2: CURRENT MARKET: RETAIL INVESTOR REACTIONS .....	44
CHAPTER 3: UNDERSTANDING RETAIL INVESTOR NEEDS .....	57
<b>SECTION II: PRODUCTS</b>	
CHAPTER 4: MUTUAL FUNDS .....	82
CHAPTER 5: EXCHANGE-TRADED FUNDS .....	108
CHAPTER 6: ANNUITIES AND INSURANCE .....	124
CHAPTER 7: ALTERNATIVES .....	145
<b>SECTION III: ACCOUNTS</b>	
CHAPTER 8: BANKING .....	153
CHAPTER 9: RETIREMENT .....	162
CHAPTER 10: MANAGED ACCOUNTS .....	181
CHAPTER 11: DISCOUNT BROKERAGE ACCOUNTS .....	199
CHAPTER 12: OTHER ACCOUNTS .....	209

## TABLE OF CONTENTS - EXPANDED

<b>SECTION I: RETAIL CLIENT OVERVIEW</b>	
CHAPTER 1: RETAIL INVESTOR MARKET SIZING .....	25
Exhibit 1.01. Retail Distribution Matrix, 2009 - Part 1 .....	26
Exhibit 1.01. Retail Distribution Matrix, 2009 - Part 2 .....	27
Exhibit 1.02. U.S. Household Investments by Distribution Channel, 2008E .....	28
Exhibit 1.03. U.S. Household Investments by Product, 2008E .....	29
Exhibit 1.04. U.S. Household Investments by Distribution Channel Detail, 2008E .....	30
Exhibit 1.05. U.S. Household Investments by Product and Distribution Channel, 2008E .....	31
Exhibit 1.06. Change in Aggregate Net Worth, 2007E-2009E .....	32
Exhibit 1.07. Cerulli Wealth Tiers, 2009E .....	33
Exhibit 1.08. Household and Asset Distribution by Investable Asset Range, 2009E .....	34

Exhibit 1.09. Distribution of Households and Financial Assets by Investable Assets Range and Age Range, 2009E .....	35
Exhibit 1.10. Distribution of Household Investable Assets by Investable Asset Range, 2009E ..	36
Exhibit 1.11. Distribution of Household Investable Assets by Type of Asset and Investable Asset Range, 2009E .....	37
Exhibit 1.12. Distribution of Household Investable Assets by Age Range, 2009E .....	38
Exhibit 1.13. Household Investable Assets by Type of Asset and Age Range, 2009E .....	39
Exhibit 1.14. Household Non-Financial Assets by Type of Asset and Age Range, 2009E .....	40
Exhibit 1.15. Household Non-Financial Assets by Type of Asset and Age Range, 2009E .....	41
Exhibit 1.16. Household Debt by Type of Debt and Investable Asset Range, 2009E .....	42
Exhibit 1.17. Household Debt by Type of Debt and Age Range, 2009E .....	43
<b>CHAPTER 2: CURRENT MARKET: RETAIL INVESTOR REACTIONS .....</b>	<b>44</b>
Exhibit 2.01. Households' Trust of Financial Firms, 2008-2009 .....	45
Exhibit 2.02. Households' Trust of Financial Firms by Investable Asset Range, 2009 .....	46
Exhibit 2.03. Households' Trust of Financial Firms Databank, 2009 .....	47
Exhibit 2.04. Household Opinion of Financial Providers, 2009 .....	48
Exhibit 2.05. Household Opinion of Financial Providers Databank, 2009 .....	49
Exhibit 2.06. Investor Reported Changes to Financial Behavior, 2009 .....	50
Exhibit 2.07. Willingness to Pay for Advice, 2008-2009 .....	51
Exhibit 2.08. Willingness to Pay for Advice by Investable Asset Range, 2009 .....	52
Exhibit 2.09. Willingness to Pay for Advice Databank, 2009 .....	53
Exhibit 2.10. Percent of Conservative Risk Households by Investable Asset Range, 2008-2009 ..	54
Exhibit 2.11. Household Risk Level Databank, 2009 .....	55
Exhibit 2.12. Advisor-Reported Client Risk Level, 2010 .....	56
<b>CHAPTER 3: UNDERSTANDING RETAIL INVESTOR NEEDS .....</b>	<b>57</b>
Exhibit 3.01. Product Development Framework - Part 1 .....	58
Exhibit 3.01. Product Development Framework - Part 2 .....	59
Exhibit 3.02. Client Need Framework .....	60
Exhibit 3.03. Household's Most Important Financial Goal by Investable Asset Range, 2009 ...	61
Exhibit 3.04. Household's Most Important Financial Goal by Age Range, 2009 .....	62
Exhibit 3.05. Greatest Personal Concern Affecting Household by Life Stage, 2009 .....	63
Exhibit 3.06. Greatest Personal Concern Affecting Household Databank, 2009 .....	64
Exhibit 3.07. Greatest Economic Concern Affecting Household by Life Stage, 2009 .....	65
Exhibit 3.08. Greatest Economic Concern Affecting Household Databank .....	66
Exhibit 3.09. Household's Acceptable Annualized Rate of Return in the Next Five Years, 2009 ..	67
Exhibit 3.10. Household's Acceptable Annualize Rate of Return in the Next Five Years Databank, 2009 .....	68
Exhibit 3.11. Percent of Households That Have Set Target Allocation by Primary Provider Channel, 2009 .....	69

Exhibit 3.12. Percent of Households That Have Set Target Allocation Databank, 2009	70
Exhibit 3.13. Buy-and-Hold Strategy Use by Primary Provider Channel, 2009	71
Exhibit 3.14. Buy-and-Hold Strategy Use Databank, 2009	72
Exhibit 3.15. Interest in New Investment Ideas by Primary Provider Channel, 2009	73
Exhibit 3.16. Desire for Written Financial Plan by Investable Asset Range, 2009	74
Exhibit 3.17. Desire for Written Financial Plan Databank, 2009	75
Exhibit 3.18. Advisors' Concern for Clients' Personal Financial Well-Being, 2010	76
Exhibit 3.19. Advisors' Concern for Clients' Economic Well-Being, 2010	77
Exhibit 3.20. Unsolicited Client Questions to Advisor About Products by Type of Product, 2010	78
Exhibit 3.21. Advisor-Reported Client Objections to Products by Product Type, 2009	79
Exhibit 3.22. Advisors' Desired Changes to Client-Approved Marketing Materials, 2010	80
Exhibit 3.23. Advisor Product Mix by Clients' Investable Asset Range, 2009	81

## SECTION II: PRODUCTS

<b>CHAPTER 4: MUTUAL FUNDS</b>	82
Exhibit 4.01. Open-End Mutual Fund Assets and Number of Funds, 1999-2009	83
Exhibit 4.02. Open-End Mutual Fund Assets by Type of Fund, 1999-2009	84
Exhibit 4.03. Open-End Mutual Fund Net Flows by Type of Fund, 1999-2009	85
Exhibit 4.04. Open-End Mutual Fund Net Flows by Asset Class vs. Equity Market Performance, 1999-2009	86
Exhibit 4.05. Percent of Mutual Fund Assets Owned by Retail Clients by Mutual Fund Type, 2000-2008E	87
Exhibit 4.06. Largest Mutual Fund Managers by Mutual Fund Assets Under Management, 2009	88
Exhibit 4.07. Largest Mutual Fund Managers by Net Flows, 2009	89
Exhibit 4.08. Largest Equity Mutual Funds by Assets and Net Flows, 2009	90
Exhibit 4.09. Largest Bond Mutual Funds by Assets and Net Flows, 2009	91
Exhibit 4.10. Largest Money Market Mutual Funds by Assets and Net Flows, 2009	92
Exhibit 4.11. Mutual Fund Ownership by Type of Mutual Fund and Investable Asset Range, 2009	93
Exhibit 4.12. Mutual Fund Ownership by Type of Mutual Fund Databank, 2009	94
Exhibit 4.13. Equity Fund Balance by Type of Fund and Investable Asset Range, 2009	95
Exhibit 4.14. Equity Fund Balance by Type of Fund and Age Range, 2009	96
Exhibit 4.15. Equity Fund Balance by Type of Fund and Primary Provider Channel, 2009	97
Exhibit 4.16. Equity Fund Balance by Type of Fund and Household Risk Level, 2009	98
Exhibit 4.17. Bond Fund Balance by Type of Fund and Investable Asset Range, 2009	99
Exhibit 4.18. Bond Fund Balance by Type of Fund and Age Range, 2009	100
Exhibit 4.19. Bond Fund Balance by Type of Fund and Primary Provider Channel, 2009	101
Exhibit 4.20. Bond Fund Balance by Type of Fund and Household Risk Level, 2009	102

Exhibit 4.21. Money Market Fund Balance by Type of Money Market and Investable Asset Range, 2009	103
Exhibit 4.22. Taxable Money Market Balance Databank, 2009	104
Exhibit 4.23. Tax-Exempt Money Market Balance Databank, 2009	105
Exhibit 4.24. Importance of Socially Responsible Investing Databank, 2009	106
Exhibit 4.25. Top-Ranked Providers of Mutual Funds for Households Considering a Mutual Fund Purchase, 2009	107
<b>CHAPTER 5: EXCHANGE-TRADED FUNDS</b>	108
Exhibit 5.01. ETF Assets and Number of ETFs, 1999-2009	109
Exhibit 5.02. ETF Assets by Asset Class, 1999-2009	110
Exhibit 5.03. ETF Net Flows, 1999-2009	111
Exhibit 5.04. Top-ETF Asset Managers by Asset Under Management, 2009	112
Exhibit 5.05. Top-ETF Asset Managers by Net Flows, 2009	113
Exhibit 5.06. Top-25 ETFs by Assets and Net Flows, 2009	114
Exhibit 5.07. Advisor Allocation to ETFs, 2005-2010E	115
Exhibit 5.08. Advisor Allocation to Exchange-Traded Funds by Advisor Channel, 2009	116
Exhibit 5.09. Inhibitors to Advisors' Use of ETFs, 2Q 2009	117
Exhibit 5.10. ETF Ownership by Primary Provider Channel, 2009	118
Exhibit 5.11. ETF Ownership Databank, 2009	119
Exhibit 5.12. ETF Balance by Primary Provider Channel, 2009	120
Exhibit 5.13. ETF Balance Databank, 2009	121
Exhibit 5.14. Reasons Household Purchased ETF by Investable Asset Range, 2009	122
Exhibit 5.15. Reasons Household Purchased ETF Databank, 2009	123
<b>CHAPTER 6: ANNUITIES AND INSURANCE</b>	124
Exhibit 6.01. Fixed and Variable Annuity Assets, 1998-2009	125
Exhibit 6.02. Percent of Advisors Using Insurance and Annuity Products by Channel, 2009	126
Exhibit 6.03. Advisor Reported Expected Change in Annuity and Insurance Product Use, 2009	127
Exhibit 6.04. Household Opinion of Annuities, 2009	128
Exhibit 6.05. Household Opinion of Annuities Databank, 2009	129
Exhibit 6.06. Ownership of Annuity Products by Investable Asset Range, 2009	130
Exhibit 6.07. Ownership of Annuity Products Databank, 2009	131
Exhibit 6.08. Annuity Balance by Type of Annuity and Investable Asset Range, 2009	132
Exhibit 6.09. Percent of Households Planning to Purchase Annuity in Next Year by Investable Asset Range, 2009	133
Exhibit 6.10. Percent of Households Planning to Purchase Annuity in Next Year Databank, 2009	134
Exhibit 6.11. Reason Household Purchased a Variable Annuity by Investable Asset Range, 2009	135
Exhibit 6.12. Reason Household Purchased a Variable Annuity Databank, 2009	136
Exhibit 6.13. Method of Variable Annuity Purchase by Primary Provider Channel, 2009	137

Exhibit 6.14. Method of Variable Annuity Purchase Databank, 2009 .....	138
Exhibit 6.15. Ownership of Insurance Products by Investable Asset Range, 2009 .....	139
Exhibit 6.16. Ownership of Insurance Products Databank, 2009 .....	140
Exhibit 6.17. Cash Value of Whole Life Insurance by Investable Asset Range, 2009 .....	141
Exhibit 6.18. Cash Value of Life Insurance Products by Investable Asset Range Databank, 2009 .....	142
Exhibit 6.19. Ownership of Long-Term Care Policy Databank, 2009 .....	143
Exhibit 6.20. Top-Ranked Providers of Annuities and Long-Term Care Insurance for Households Considering a Product Purchase, 2009 .....	144
<b>CHAPTER 7: ALTERNATIVES</b> .....	145
Exhibit 7.01. Asset Managers' Recommended Alternative Investments Allocation by Investable Asset Range, 2010 .....	146
Exhibit 7.02. Percent of Advisors Using Various Investment Products by Channel, 2009 .....	147
Exhibit 7.03. Percent of Advisors Planning to Change Allocation to Alternative Products by Product, 2009 .....	148
Exhibit 7.04. Hedge Fund and Fund-of-Hedge-Fund Ownership by Investable Asset Range, 2009 .....	149
Exhibit 7.05. Hedge Fund and Fund-of-Hedge-Fund Ownership by Primary Provider Channel, 2009 .....	150
Exhibit 7.06. Hedge Fund and Fund-of-Hedge-Fund Balances by Investable Asset Range, 2009 .....	151
Exhibit 7.07. Hedge Fund and Fund-of-Hedge-Fund Balances by Primary Provider Channel, 2009 .....	152
<b>CHAPTER 8: BANKING</b> .....	153
Exhibit 8.01. Banking and Brokerage Profile: Bank of America/Merrill Lynch .....	154
Exhibit 8.02. Banking Advice Orientation vs. General Advice Orientation, 2009 .....	155
Exhibit 8.03. Advice Orientation for Banking Decisions Databank, 2009 .....	156
Exhibit 8.04. Percent of Households Using Same Firm for Investment and Cash Management Needs by Advice Orientation, 2009 .....	157
Exhibit 8.05. Percent of Households Using Same Firm for Investment and Cash Management Needs Databank, 2009 .....	158
Exhibit 8.06. Planned Account Openings at Current Financial Institution in the Next Three Months by Type of Account, 2009 .....	159
Exhibit 8.07. Planned Account Openings at Current Financial Institution in the Next Three Months by Type of Account Databank, 2009 .....	160
Exhibit 8.08. Top-of-Mind Banking and Savings Providers by Provider, 2009 .....	161
Exhibit 8.09. Top-of-Mind Banking Product Providers by Provider Databank, 2009 .....	162
<b>SECTION III: ACCOUNTS</b>	
<b>CHAPTER 9: RETIREMENT</b> .....	163
Exhibit 9.01. Addressable Retirement Market by Investable Asset Range, 2009 .....	164
Exhibit 9.02. Retirement Advice Orientation vs. General Advice Orientation, 2009 .....	165

Exhibit 9.03. Change in Level of Confidence in Retirement Savings Over Past 6 Months by Investable Asset Range, 2009	166
Exhibit 9.04. Change in Level of Confidence in Retirement Savings Over Past 6 Months by Age Range, 2009	167
Exhibit 9.05. Retirement Market Segments, 2009	168
Exhibit 9.06. Retirement Market's Primary Financial Goal by Investable Asset Range, 2009	169
Exhibit 9.07. Retirement Market's Household Personal Concerns by Investable Asset Range, 2009	170
Exhibit 9.08. Percent of Retired Households with Formal Retirement Income Plan by Investable Asset Range, 2009.	171
Exhibit 9.09. Percent of Retired Households With Formal Retirement Income Plan Databank, 2009	172
Exhibit 9.10. Sources of Retirement Planning Information by Age Range, 2009	173
Exhibit 9.11. Reasons for Not Consult Financial Advisor for Retirement Income Plan by Advice Orientation, 2009	174
Exhibit 9.12. Percent of Households Moving Retirement Accounts by Retirement Date, 2009	175
Exhibit 9.13. Retirement Events Occurring in the Past 12 Months by Age Range, 2009	176
Exhibit 9.14. Investor Plans for Rolling Over Employer-Sponsored Assets at Retirement, 2009	177
Exhibit 9.15. Retirement Income Sources by Investable Asset Range, 2009	178
Exhibit 9.16. Top-of-Mind Retirement Product Providers by Provider and Age Range, 2009	179
Exhibit 9.17. Household Impression of Retirement Providers by Provider, 2009	180
<b>CHAPTER 10: MANAGED ACCOUNTS</b>	181
Exhibit 10.01. Managed Account Assets, 1999-2009	182
Exhibit 10.02. Managed Account Definitions	183
Exhibit 10.03. Managed Account Assets and Growth Rates, 2007-2009	184
Exhibit 10.04. Level of Discretion and Advice by Investable Asset Range, 2009	185
Exhibit 10.05. Level of Discretion and Advice Databank, 2009	186
Exhibit 10.06. Advisors' Expected Future Use of Fee-Based Managed Accounts By Channel, 2009	187
Exhibit 10.07. Mutual Fund Wrap Account Ownership by Age, 2009	188
Exhibit 10.08. Mutual Fund Wrap Account Ownership Databank, 2009	189
Exhibit 10.09. Mutual Fund Wrap Account Ownership Databank, 2009	190
Exhibit 10.10. Estimated Percent of Household Portfolio in Mutual Fund Wrap Account, 2009	191
Exhibit 10.11. Separate Account Ownership by Investable Asset Range, 2009	192
Exhibit 10.12. Separate Account Ownership Databank, 2009	193
Exhibit 10.13. Separate Account Balance Databank, 2009	194
Exhibit 10.14. Advisor Opinion of Managed Account Types, 2009	195
Exhibit 10.15. Desired Account Features by Investable Asset Range, 2009	196
Exhibit 10.16. Desired Account Features by Investable Asset Range, 2009 - Part 1	197
Exhibit 10.16. Desired Account Features by Investable Asset Range, 2009 - Part 2	198

---

<b>CHAPTER 11: DISCOUNT BROKERAGE ACCOUNTS</b> .....	199
Exhibit 11.01. Household Ownership of Individual Securities by Type of Security and Investable Asset Range, 2009 .....	200
Exhibit 11.02. Individual Securities Balance by Type of Security and Investable Asset Range, 2009 - Part 1 .....	201
Exhibit 11.02. Individual Securities Balance by Type of Security and Investable Asset Range, 2009 - Part 2 .....	202
Exhibit 11.03. Ownership of Discount Brokerage Account by Investable Asset Range, 2009 ..	203
Exhibit 11.04. Ownership of Discount Brokerage Account Databank, 2009 .....	204
Exhibit 11.05. Value of Discount Brokerage Account by Investable Asset Range, 2009 .....	205
Exhibit 11.06. Value of Discount Brokerage Account Databank, 2009 .....	206
Exhibit 11.07. Number of Online Trades in Last Year by Investable Asset Range, 2009 .....	207
Exhibit 11.08. Number of Online Trades in Last Year Databank, 2009 .....	208
<b>CHAPTER 12: OTHER ACCOUNTS</b> .....	209
Exhibit 12.01. Personal Trust Account Ownership Databank, 2009 .....	210
Exhibit 12.02. Personal Trust Account Balance Databank , 2009 .....	211
Exhibit 12.03. UGMA/UTMA Balance, 2009 .....	212
Exhibit 12.04. UGMA/UTMA Ownership Databank, 2009 .....	213
Exhibit 12.05. 529 Savings Account Balance, 2009 .....	214
Exhibit 12.06. 529 Savings Account Ownership Databank, 2009 .....	215
Exhibit 12.07. Pre-Paid Tuition Account Balance, 2009 .....	216
Exhibit 12.08. Pre-Paid Tuition Account Ownership Databank, 2009 .....	217
Exhibit 12.09. Coverdell ESA Account Balance, 2009 .....	218
Exhibit 12.10. Coverdell ESA Ownership Databank, 2009 .....	219
<b>GLOSSARY</b> .....	220
<b>COMPANY INDEX</b> .....	223

## INTRODUCTION & METHODOLOGY

*Cerulli Quantitative Update: Retail Investor Product Usage 2010* is the second report in an annual series, which is the outcome of a partnership between Cerulli Associates and Phoenix Marketing International.

*Cerulli Quantitative Update: Retail Investor Product Usage 2010* is designed to help product manufacturers and distributors understand the end investor's product preferences, product use, and product needs to better inform product development and distribution initiatives. The report leverages Cerulli's expertise in intermediated retail markets and overlays Phoenix's expertise in end-investor research. Information includes product market sizing, distribution market sizing, investor profiles, and investor product use. Each exhibit contains charts and commentary, including the important tactical ramifications for asset managers, broker/dealers, and advisors. *Cerulli Quantitative Update: Retail Investor Product Usage 2010* includes multiple sources of data which are described in detail below.

**Phoenix Marketing International Affluent Study:** Phoenix fields the largest affluent study in the United States completing online surveys of 7,800 households throughout the year. The data which appears in this report comes from surveys run in three waves between August of 2009 and December 2009. The target market for this survey is affluent and near-affluent households with more than \$50K in annual income or more than \$250K in investable assets. While less wealthy households are included for comparison purposes, the respondent base is wealthier and slightly younger than the American population overall. The charts below compare the distribution of households by age and investable assets across U.S. households and across the Phoenix sample.

Age Range	Phoenix Affluent Market Respondents	U.S. Households
<40	29.4%	30.72%
40-49	22.0%	21.52%
50-59	24.1%	19.13%
60-69	18.2%	13.34%
70-79	5.5%	8.42%
≥80	0.7%	6.88%

Investable Asset Range	Phoenix Affluent Market Respondents	U.S. Households
\$100K or less	22.1%	72.21%
>\$100K-\$500K	50.6%	20.28%
>\$500K-\$2m	21.9%	5.84%
>\$2m-\$5m	3.8%	1.20%
>\$5m-\$10m	1.0%	0.32%
>\$10m	0.6%	0.15%

---

**Phoenix Marketing International Retirement Services Study:** Phoenix fields the Retirement Services Study which aims to address the target market of retirement providers. The study surveys households with more than \$100K in household income who are between the ages of 35 and 64.

**Phoenix Marketing International Retail Banking Study:** Phoenix fields the Retail Banking Study which is designed to address the target market for deposit banking institutions. The study includes households with at least \$25K in household income, ages 25 and older who own a checking account and a savings and/or retirement account.

**Cerulli Advisor Surveys:** CA surveys more than 1,800 financial advisors throughout the year through partnerships with the Financial Planning Association, Investment Management Consultants Association, College of Financial Planning, and Morningstar. This advisor data is meant to underlay and support the investor data and appears throughout the report.

The proprietary data in this report is supplemented with government sources (FDIC, Federal Reserve, Department of Labor, etc.), as well as third-party sources (Strategic Insight/SIMFUND, Morningstar, etc.).

In general, CA's opinions and perspective are shaped by a robust methodology that includes:

**1) Industry understanding:** All Cerulli analysts come to the firm with a background shaped by relevant experience at leading financial services firms, which contributes to the internal pool of industry knowledge fed by more than 15 years of proprietary research.

**2) Quantitative analysis:** CA maintains an online, password-protected survey engine as part of a voluntary, information-sharing relationship whereby participants complete confidential surveys in exchange for an aggregate summary of key findings. All information is presented in aggregate form, and proprietary survey information is not directly attributed to participants.

**3) Qualitative research:** Cerulli analysts annually conduct background research interviews with industry executives and advisors in a confidential manner, which allows for candid commentary regarding the state of the advisor markets and potential future trends.

**Other Notes:**

- **Scales:** Cerulli and Phoenix employ a top-two box grouping to define satisfaction and other measures asked on a seven point scale. For example, an investor would be considered satisfied if they chose the highest or second highest level on a scale. The middle three rankings are considered neutral, while the bottom two are considered dissatisfied.
- **Databank Format:** To give a detailed look at each measure, Cerulli employs a databank format in which a topic is analyzed using multiple segmentations (age, investable assets, risk level) which appear on consecutive charts and pages. When databanks are used, analysis of the data and key implications will generally be consolidated on the same page as the primary chart.

**SAMPLE SECTION**

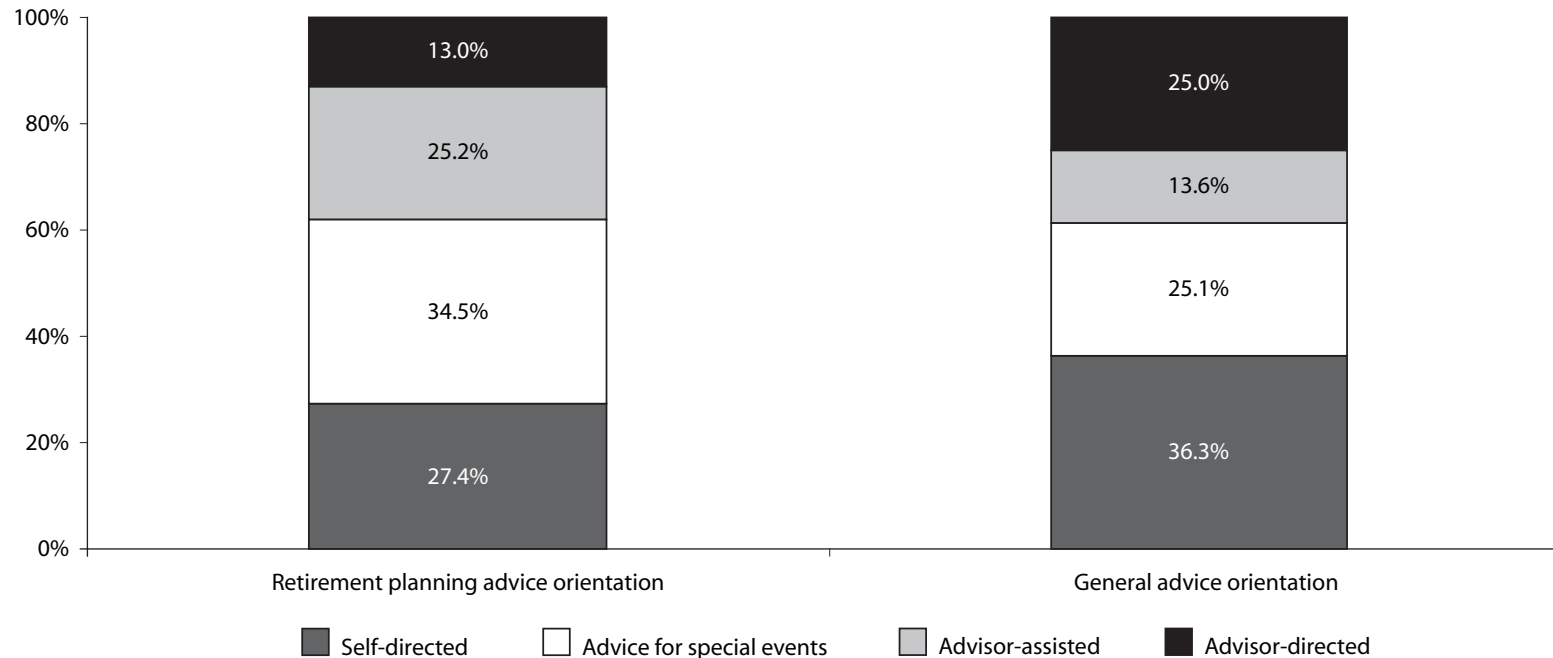
**from**

**CERULLI QUANTITATIVE UPDATE:  
RETAIL INVESTOR PRODUCT USAGE 2010**

## EXHIBIT 9.02

### Retirement Advice Orientation vs. General Advice Orientation, 2009

Sources: Cerulli Associates, Phoenix Marketing International Retirement Services Study



- **Only 27.4% of investors consider themselves self-directed with respect to their retirement accounts**, while more than 36% of investors consider themselves self-directed with respect to investing in general.

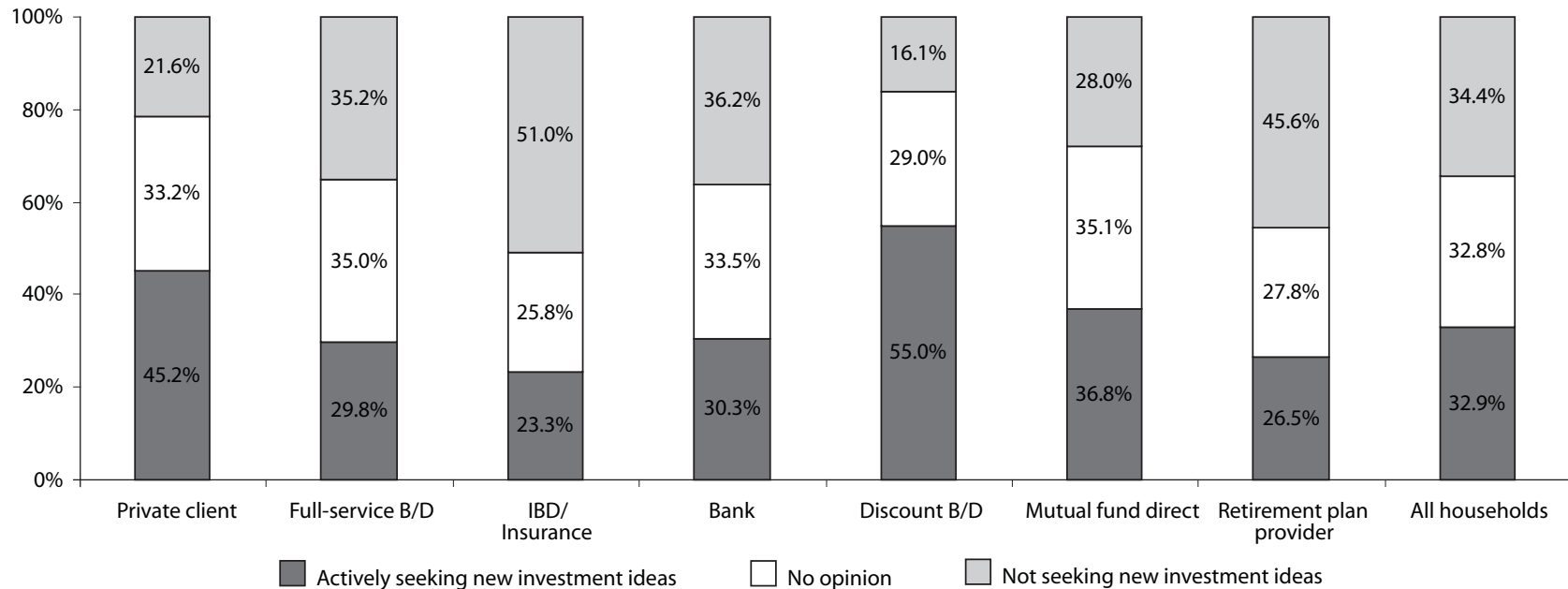
**Analyst Note:** For comparison purposes, both the general and retirement-orientated groups only include households with more than \$100,000 in investable assets. To determine general advice orientation respondents were asked how they prefer to make financial decisions; for retirement advice orientation respondents were asked their preferred method for making retirement decisions.

**Key Implication:** When it comes to advice on their retirement accounts, investors are much more likely to get some advice. Just less than 60% of investors fall into the advisor-assisted or advice for special events categories when it comes to their retirement accounts, but only 39% of investors classify themselves this way when it comes to investment advice in general. Investors seeking retirement advice have one common concern regardless of their age, advice orientation, or investable asset range: households want to understand if their assets will last through retirement. They are likely to seek an advisors' help to answer that question and develop investment strategies to ensure their assets last.

## EXHIBIT 3.15

### Interest in New Investment Ideas by Primary Provider Channel, 2009

Sources: Cerulli Associates, Phoenix Marketing International



- **Just less than one-third (32.9%) of households are actively seeking new investment ideas.** Client using private client advisors (45.2%) and clients using discount B/Ds (55%) are more likely to be seeking new investment ideas than clients using other distribution channels.

**Key Implication:** Households using private client groups tend to be wealthier households and tend to take a more active role in their investment management. As a result, these households want their advisors to present new investment ideas to stay on top of trends. In contrast, less wealthy clients who use advisors (in the bank, independent and full-service B/D channels) are more interested in seeing how their portfolio has performed and how they are progressing toward their financial goals. They may be turned off by a product pitch of the next best investment strategy. The discount B/D distribution channel tends to attract more active traders who may be using a mix of ETFs, mutual funds, individual securities, and options to carry out a self-directed investment strategy. Sites such as Morningstar cater to these types of investors who are interested in swapping strategies with each other in online forums. For example, Morningstar.com offers a “discuss” tab, which allows users to post questions and receive responses from other users.