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E*TRADE STUDY SUGGESTS YOUNG INVESTORS WANT PROFESSIONAL GUIDANCE AS MUCH AS DIGITAL CONTENT



Interest in both channels rose throughout the pandemic, bucking traditional wisdom that young investors prefer going it alone in trading and investing

ARLINGTON, Va., September 28, 2021 — E*TRADE Financial Holdings, LLC today announced results from the most recent wave of StreetWise, the E*TRADE quarterly tracking study of experienced investors. As more young investors become engaged with the market, results reveal that interest in professional investment guidance matches interest in learning from digital tools:

- **Young investors seek both professional advice and DIY digital tools.** Investors under the age of 34 note the best ways they have found to learn about investing is from a financial advisor or investment professional (56%), closely followed by online educational content and tools (55%). And interest in both increased—over half (57%) said that over the past three months they have become more likely to use sophisticated software like a dedicated trading platform and nearly half (49%) said they're more likely to seek out professional investment advice.
- **And taking a class on the market interests them more than any other finance subject.** For the first time in the history of the question, young investors are the most interested in taking a class on the markets (43%) over one on saving for retirement (38%). This opinion shift comes amid increased retail engagement among young investors.
- **But financial jargon continues to confound.** Nearly three out of four (74%) Gen Z and Millennial investors note that financial jargon hinders their ability to invest on their own, increasing 8 percentage points from last year.

- **And barriers to save loom large.** Almost two in three (61%) young investors said education costs or paying down student loans are the biggest barriers to retirement, tied with health care costs (61%).

“Young investors are true digital natives and have high expectations for any web or mobile experience, but it’s clear that they’re also open to a bit more traditional support when it comes to their finances,” said Mike Loewengart, Managing Director of Investment Strategy at E*TRADE Financial. “So while it’s encouraging to see the next generation taking a greater interest in the market, it’s critical for them to understand the basics before going all in. After building a strong financial foundation and knowledge base, investing a little can go a long way for this generation, especially with time on their side.”

Mr. Loewengart offered additional advice to young investors who are at the early stages of their financial journeys:

- **Take stock of your risk tolerance and goals.** It’s easy to get caught up in the latest stock fad, so keeping emotions in check and remaining aligned to long-term goals is key. Risk tolerance will change over time, so it’s important to reconsider periodically especially after major life events.
- **Don’t attempt to time the market.** Chasing performance is a risky business—you’re always looking in the rear-view mirror. While historical data can be helpful, it bears repeating that past performance does not guarantee future results. So while we’ve mostly experienced a bull market over the past year, consider that the market cannot go up forever. And at the end of the day, market volatility is part of a healthy market, so becoming comfortable with the ups and downs is crucial.
- **Consider automatic investing.** One way to build good financial habits is to set up automatic deposits into a retirement or brokerage account. While you cannot control the market or your investing returns, you can control how much you add to your account. By enabling automatic investing, you can also reduce risk in your portfolio through dollar-cost averaging—potentially benefiting from the inevitable ups and downs of the market.¹

About the Survey

This wave of the survey was conducted from July 1 to July 9 of 2021 among an online US sample of 898 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.20 percent at the 95 percent confidence level. It was fielded and administered by Dynata. The panel is broken into thirds of active (trade more than once a week), swing (trade less than once a week but more than once a month), and passive (trade less than once a month). The panel is 60% male and 40% female, with an even distribution across online brokerages, geographic regions, and age bands. The <34 (Gen Z and Millennial) data set comprises 236 investors between the ages of 18 and 34.

About E*TRADE Financial Holdings, LLC and Important Notices

E*TRADE Financial Holdings, LLC and its subsidiaries provide financial services including brokerage and banking products and services to retail customers. Securities products and services are offered by E*TRADE Securities LLC (Member SIPC). Commodity futures and options on futures products and services are offered by E*TRADE Futures LLC (Member NFA). Managed Account Solutions are offered through E*TRADE Capital Management, LLC, a Registered Investment Adviser. Bank products and services are offered by E*TRADE Bank, and RIA custody solutions are offered by E*TRADE Savings Bank, both of which are national federal savings banks (Members FDIC). More information is available at www.etrade.com.

- Automatic Investing and dollar-cost averaging do not ensure a profit or protect against loss in declining markets. Investors should consider their financial ability to continue their purchases through periods of low price levels.

The information provided herein is for general informational purposes only and should not be considered investment advice. Past performance does not guarantee future results.

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E*TRADE Financial engages Dynata to program, field, and tabulate the study. Dynata provides digital research data and has locations in the Americas, Europe, the Middle East and Asia-Pacific. For more information, please go to www.dynata.com.

Referenced data:

<i>Which of the following have you personally found to be the best way to learn about investing? (Select top 3)</i>	
	AGE <34
	Q3'21
From a financial advisor or other investment professional	56%
Online through education content or tools	55%
On your own through trial and error	40%
From a trusted friend, family member, or colleague	40%
Shadowed a professional	30%
Online through social media	27%
Online through news or blogs	26%
Listening to podcasts	15%
Through traditional printed materials like books or magazines	9%
From a formal in-person class at school or otherwise	4%
Other	--

<i>Within the last three months of the pandemic, when it comes to managing your accounts, have you found yourself... (Top 2)</i>	
	AGE <34
	Q3'21
More likely to rely on a mobile app to trade	67%
More likely to use a sophisticated software like a dedicated trading platform	57%
More likely to seek out financial advice from an investment professional	49%
More likely to use an automated investment solution like a robo advisor	15%
None	6%
Other	--

<i>If you could take one finance class, which would you take?</i>				
	AGE <34			
	Q3'18	Q3'19	Q3'20	Q3'21
Understanding the Markets	25%	27%	28%	43%
Saving for Retirement	37%	42%	44%	33%
Active Trading 101	27%	23%	18%	14%
Introduction to Asset Classes & Derivatives	9%	7%	9%	8%
Other	2%	1%	1%	2%

<i>Please rate how much you agree with the following statement: Financial jargon hinders my ability to understand how to invest on my own.</i>		
	AGE <34	
	Q3'20	Q3'21
Top 2	66%	74%
Strongly agree	28%	31%
Somewhat agree	38%	43%
Somewhat disagree	24%	20%
Strongly disagree	10%	6%
Bottom 2	34%	26%

<i>When it comes to your personal ability to save for retirement, how much of a barrier is each of the following?</i>	
	AGE <34
	Q3'21
Health care costs	61%
Education costs or paying down student loans	61%
Living expense like food or utilities	54%
Wanting to live for today	52%
Rent or mortgage	51%
Having a parent live with you	50%
Retail shopping and/or eating at restaurants	49%
Having an older child live with you	48%
Childcare	48%

Gen Z and Millennials (young investors) are defined as age 18–34 years old