



Breaking Down Barriers: Learning About Investing

Dialogue with the
OSC
2•0•0•3

Breaking Down Barriers

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Investor Education Fund

- Mandate
- Product Development
 - www.investorED.ca
 - Taking Stock in your Future Teacher Resources and Institutes
- Sponsorship Program
- Research Program

Barriers to reaching investors

- Motivation
 - Teachable moments
 - Convenience
- Delivery
 - Literacy levels
- Content
 - Getting started
 - Q&A
 - Consumer view of world

A Look at Our Research

- The Starting Point
- Three studies – complementary aims
- Key Findings

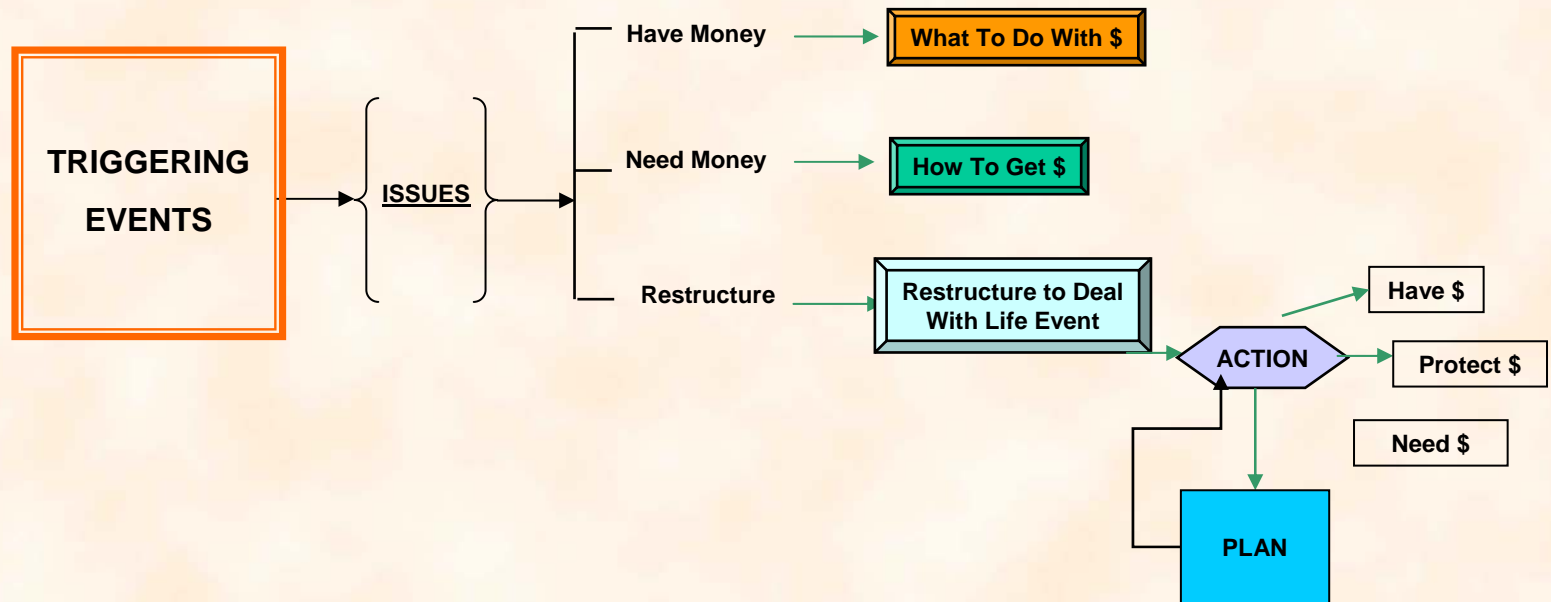
The Starting Point:

Research, Document & Website Review

- Focus on decision-making: public and private sources
- Four models guide decision-making & education
 - Reflect point-of-view and purpose of people funding research & education
 - Behaviour well-documented -- Reasons and early decisions a big gap
 - Little known prior to decision to buy or seek advice
 - No knowledge on real questions before deciding to save/invest

Three Different Need Groups

THREE NEEDS GROUPS



Four Models for Decisions

<u>MODEL</u>	<u>POINT OF VIEW</u>	<u>STRUCTURE</u>	<u>TRIGGERING EVENT</u>	<u>VALUE</u>
PROFESSIONAL	Expert/advisor	Content organized as an expert views it.	None	Teaching
SALES	FI salesperson	Steps in the sales & marketing process.	Sales contact	Maximize sales
MARKETING	Marketing dept.	Major decisions & the reasons for them.	Interest in buying	Marketing communications & delivery
PERSONAL	Consumer	A person's own process of coming to a decision -- focuses on actual questions & sources of information. Integrates other models.	Multiple	Demand Learning

Three Studies-Complementary Aims

- **Consumers in-depth**
 - 30 f2f individual
 - 9 groups
 - **Advisors in-depth**
 - 46 f2f individual
 - Full spectrum of clients
 - **Consumer by phone**
 - 501 interviews
 - Cross-section of Ontario
- Reaction to events
 - Questions they ask
 - Words they actually use
-
- What advisors are asked
 - Misunderstandings
 - Complement consumers
-
- Quantify questions asked
 - Quantify event-response

Results: Have Money

- Have questions about technicalities of investment
- Skepticism about the market and the industry
- Have need for advice that is not being met
- Two main concerns talking to advisors
 - How to plan/build a portfolio while preserving capital
 - How to plan/prepare for retirement
- Initial questions focus on safety of capital
- Curious how advisor/client relationship works

Consumer f2f

Advisor

Results: Have Money

- **Only 1/4 know what to do from the outset. Others ask:**
 - Should we save the extra money or enjoy it now? (2/3)
 - Where should we put the money while we figure out what to do? (4/10)
 - Who should I talk to about what to do with the money? (4/10)
- **Half get no advice. Those getting advice ask:**
 - Help us figure out where to put the money we have (2/3)
 - Help us deal with recent events (4/10)
 - Tell us what will happen to the economy/stock market (1/3)
- **Main investment questions are:**
 - What are the best investments for me?
 - How much will we get from different types of investments?
 - What are the safest investments?
 - How does this product work?

C-Phone

Results: Restructure

- Indecisiveness and lack of plan restrict knowledge
 - Ask if common investments can meet their needs
 - Question integrity of advisors & the industry
 - Aware of gaps in knowledge-Want help to fill them
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- Want advisors to help assess, organize & manage
 - Emphasize retirement plan & build steady portfolio
 - Many tried to do it themselves - Now want help

Consumer f2f

Advisor

Results: Restructure

C-Phone

- **Only 1/3 know what to do from the outset. Others ask:**
 - Who should I talk to about what to do with the money? (1/2)
 - Should we save the extra money or enjoy it now? (1/3)
 - Where should we put the money while we figure out what to do? (1/3)
- **4/10 get no prof. advice. Those getting advice ask:**
 - Help us figure out where to put the money we have (3/4)
 - Have we done the right thing with our money so far (1/2)
 - Help us deal with recent events (1/2)
- **Main investment questions are same as ‘have money’:**
 - What are the best investments for me?
 - How much will we get from different types of investments?
 - How does this investment/product work?
 - What are the safest investments?

Results: Need Money

Consumer f2f



- Overwhelming lack of financial knowledge
- Fearful of financial matters
- Believe you must have money to get information
- Unlike others, know what they want from advisor
- Main Questions
 - What is the best way for us to borrow?
 - How does the interest on the money work?
 - How do mortgages work?
 - How do I protect my family if I have problems paying it back?

THE RESPONSE TO BARRIERS

- Motivation
- Delivery
- Content
- A few examples

Overcoming Barriers

- Motivation
 - Life events
 - Events identified through research

Overcoming Barriers

- Top Decision Paths

Have Money

Get a new job

Inheritance

Windfall

Paid off Mortgage

Restructure

Retirement

Death in family

Divorce/Separation

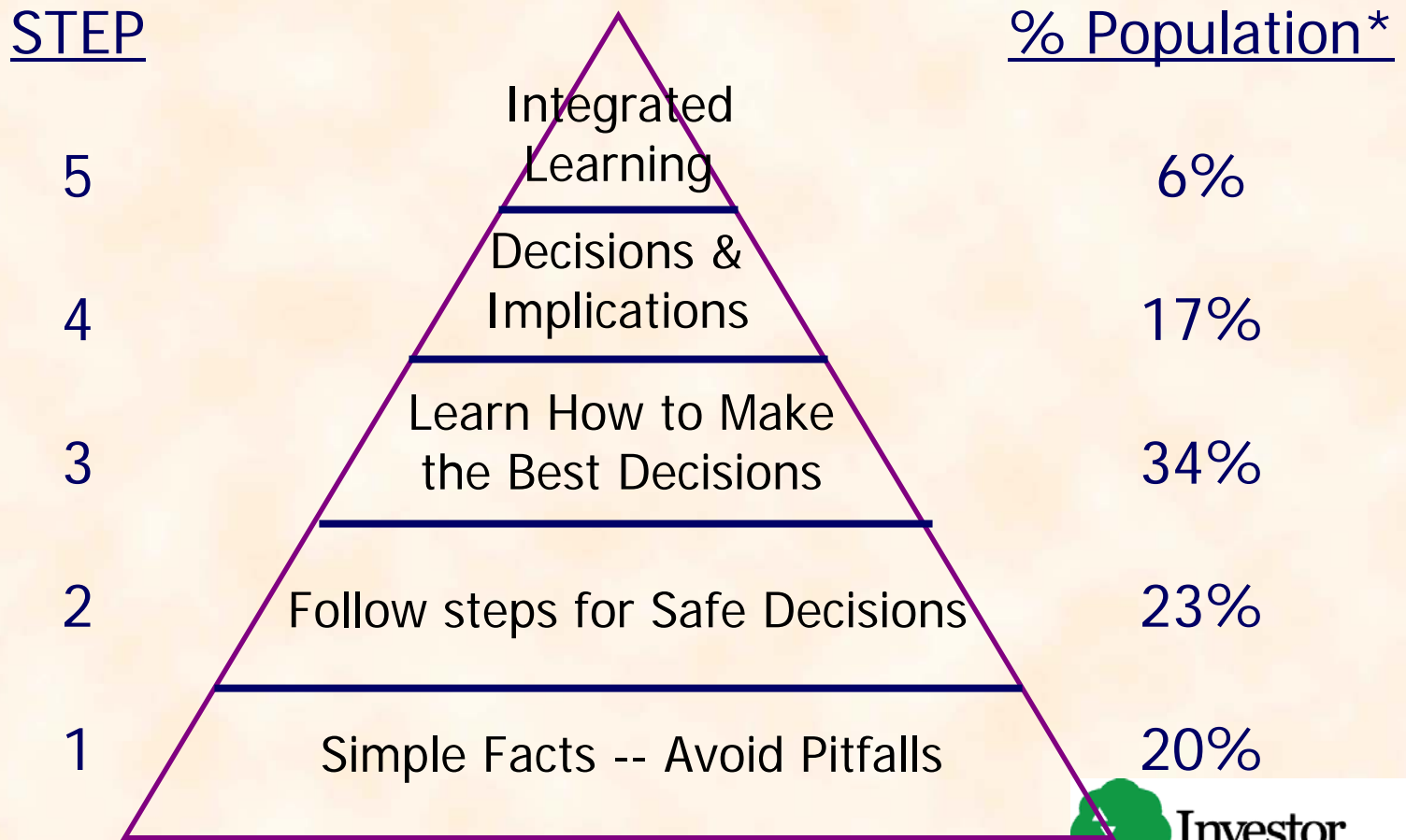
Marriage/New Baby

Kids Leave Home

Overcoming Barriers

- Delivery
 - Literacy levels
- 43% of Canadians are at Literacy Levels 1 or 2
- Level 3 is regarded as the level to be able to cope with everyday living
- Style Guide

The Learning Pyramid



* Source: International Adult Literacy Study, 1995.

Overcoming Barriers

- **Style Guide**
 - Levels 1&2
 - No jargon – or explained
 - Short, simple, declarative sentences
 - Question and answer format
 - Check lists
 - Limited detail
 - Charts to visualize concept
 - Flesch-Kincaid – Grade 6

Overcoming Barriers

- **Style Guide**
 - Level 3
 - Common terms only – uncommon explained
 - Simple, reasonably short declarative sentences
 - Separate independent clauses into 2 sentences
 - Use case studies and “people” examples
 - Tables, graphs, charts
 - Flesch-Kincaid – Grade 8

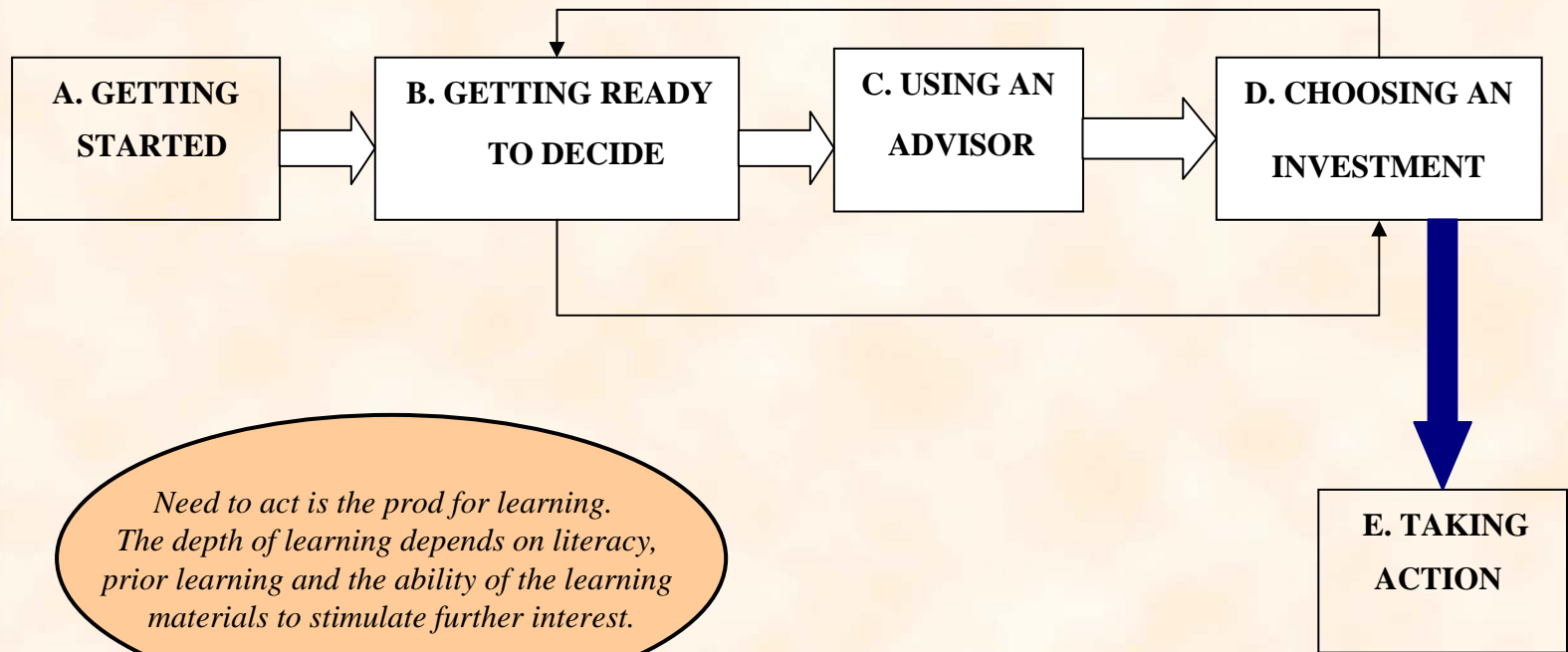
Overcoming Barriers

- **Style Guide**
 - Level 4/5
 - Most content currently available
 - Explain jargon at first mention
 - Tables, graphs, charts
 - Flesch-Kincaid – Grade 10

Overcoming Barriers

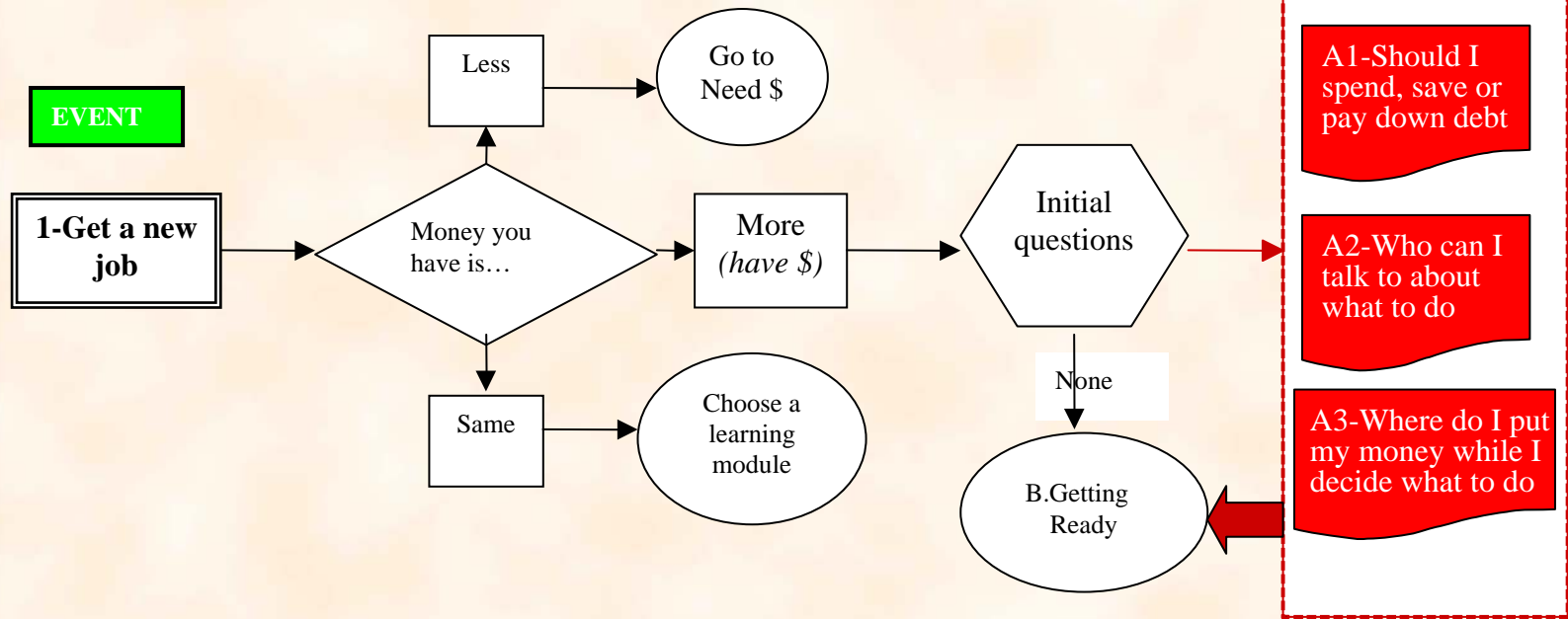
- Content
 - Helping them get started
 - Decision paths

Generic High-Level Path

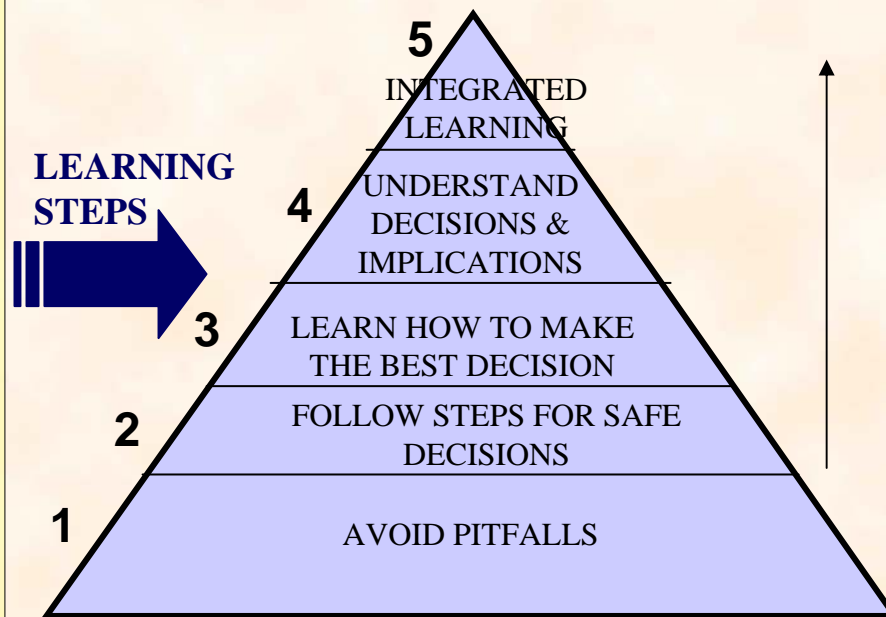
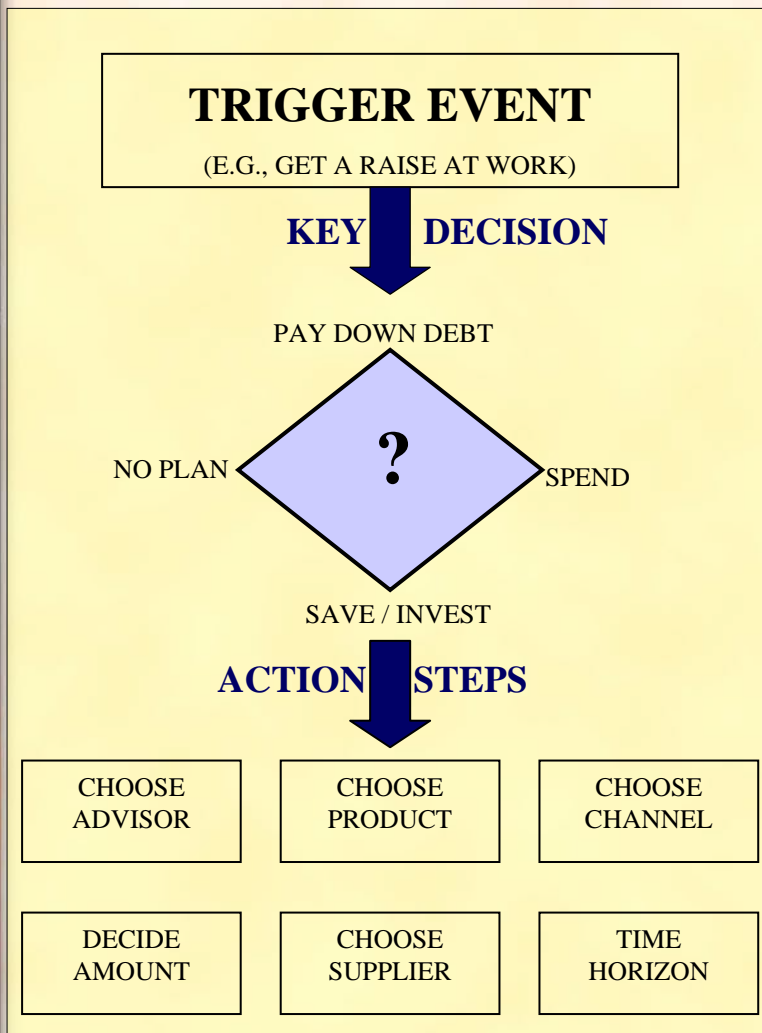


Overcoming Barriers – Getting Started

A. GETTING STARTED



Learning tied to Events, Decisions and Ability



Pension Decisions

- Research Findings
 - Growing number of CAP plans
 - Small employees have less access to investor education
- Breaking Down Barriers
 - Focus On...Pension Decisions
 - Events – joining a plan, leaving a plan
 - Literacy levels 2-3
 - Q&A, graphics, scenarios

Thank you

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