

# Georgia Investor Survey: Conducted For The Office of Secretary of State By the Survey Research Center at the University of Georgia

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# We wanted to know . . .

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- How do Georgians save and invest?
  - What do Georgians know about investing?
  - How do Georgians deal with risk?
  - What do Georgia investors do if there's a problem?
  - How can educational resources be allocated most effectively?
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## How we did it:

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- ❑ Random Digit Dial telephone survey of 2049 Georgians conducted Sept. 18<sup>th</sup> – November 7<sup>th</sup>, 2003
  - ❑ 45-item interview schedule
  - ❑ Sampling error of +/- 2.2% at the 95 percent confidence interval
  - ❑ Cooperation rate of 43.9%
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# Made Possible By:

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- ❑ Funded by Investor Protection Trust, an Independent Charitable Trust Directed by State Securities Regulators
  - ❑ Resources Provided By Georgia Portion of "Global Settlement" Of Research/Analyst Conflicts With Nine Investment Banking Firms
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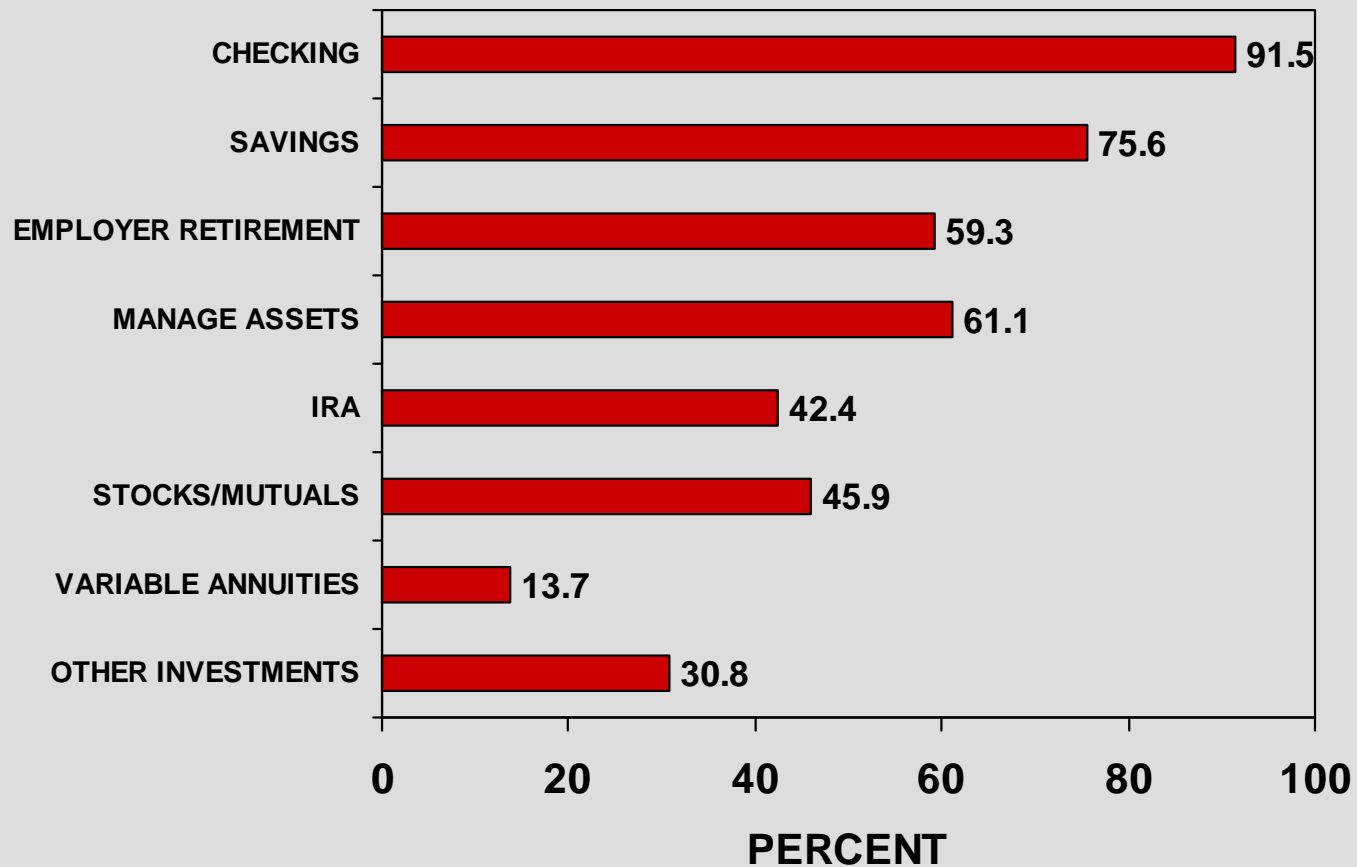
# Not a typical survey. . .

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- ❑ Large number of respondents – 2000+
  - ❑ Low margin of error – 2.2%
  - ❑ Varied demographics allows detailed analysis
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# Georgia Investing Behavior

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# Most Georgians have savings

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- ❑ Almost 5 million Georgians (91.5%) have a checking account
  - ❑ Almost 4 million Georgians (75.6%) have a savings account
  - ❑ Over 3 million Georgians (59.3%) have a retirement account through their employer
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# Many Georgians actively invest

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- ❑ Over 2 million Georgians (42.4%) have an IRA
  - ❑ Over 2 million Georgians (45.9%) have investments in stocks or mutual funds
  - ❑ Over 3 million Georgians (61.1%) actively manage their own assets
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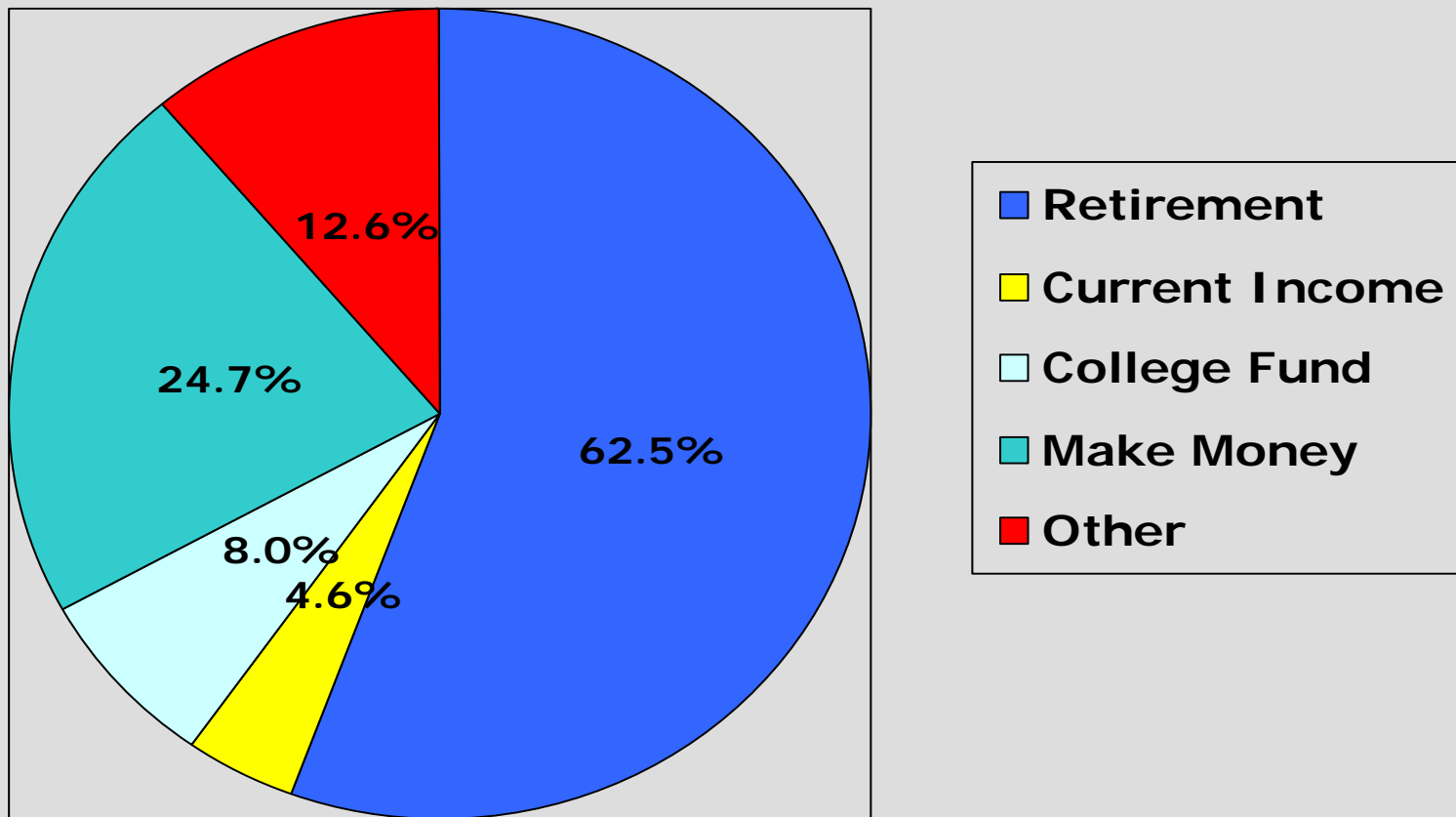
But many Georgians leave the driving to others . . .

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- While 61.1% of Georgians report that they actively manage their assets...
  - That means over 2,000,000 do not (Nearly 40%)!
  - Only 57% of women actively manage their assets.
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# Primary Reasons for Investing (% Choosing)

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# Georgians want to save for their children's educations

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- ❑ Over 82% of Georgians with children say that their objectives include saving to fund college educations for their kids.
  - ❑ But over 34% of Georgians have not heard of a "529 Plan" (including 44% of rural Georgians and 53% of high school graduates).
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## Georgians are concerned about their retirement:

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- Over 70% of Georgians – regardless of education level - say they need to spend more time thinking about retirement.
  - And over 80% say they intend to rely upon something *other than Social Security* for their retirement income.
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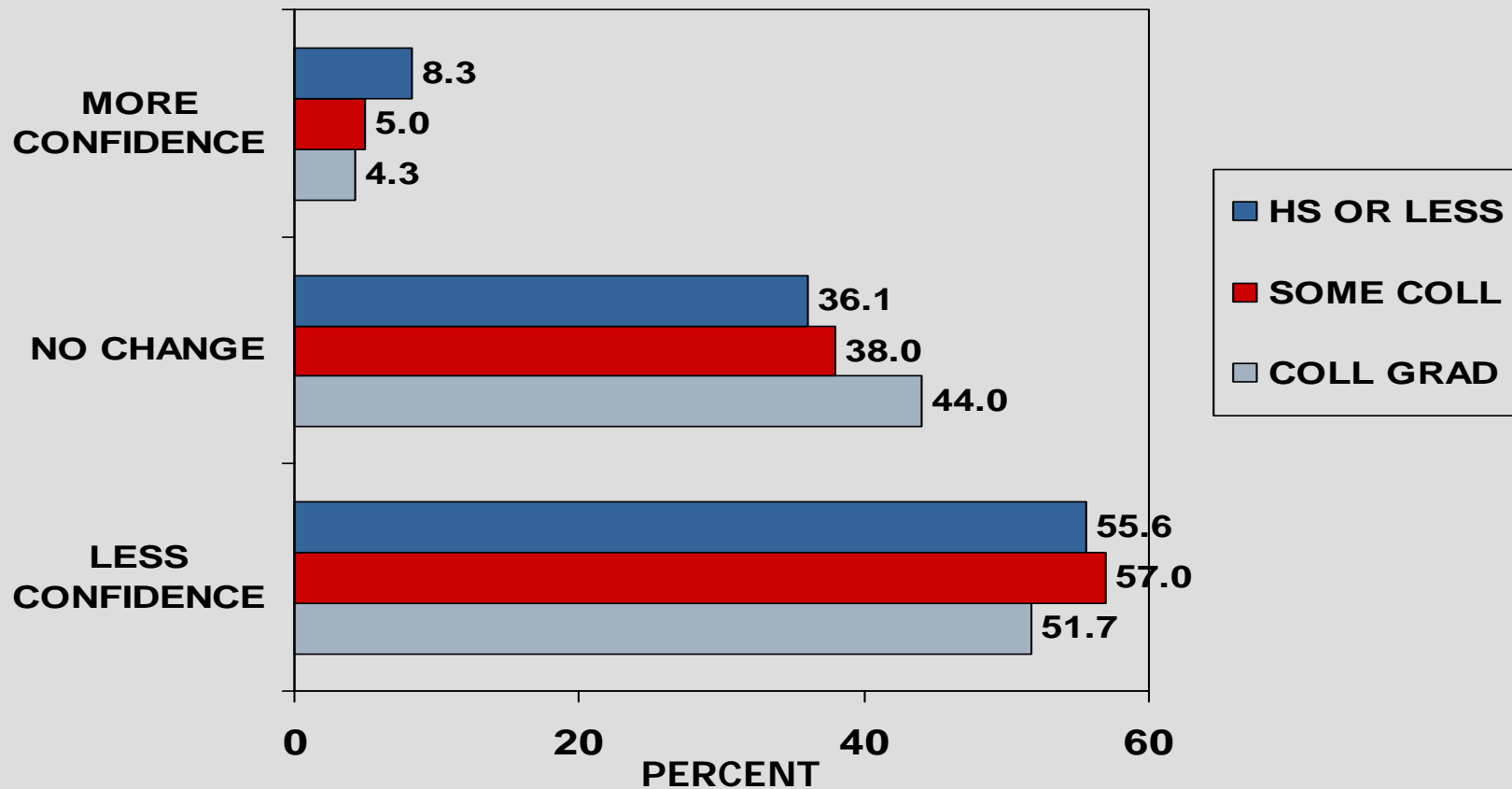
## But their confidence is shaken...

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- Over half of respondents (54.7%, representing over 2.8 million investing Georgians) expressed less confidence in financial markets and investing because of recent news events about some large companies . . .
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# ...Regardless of education level.

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\*  $p \leq 0.05$

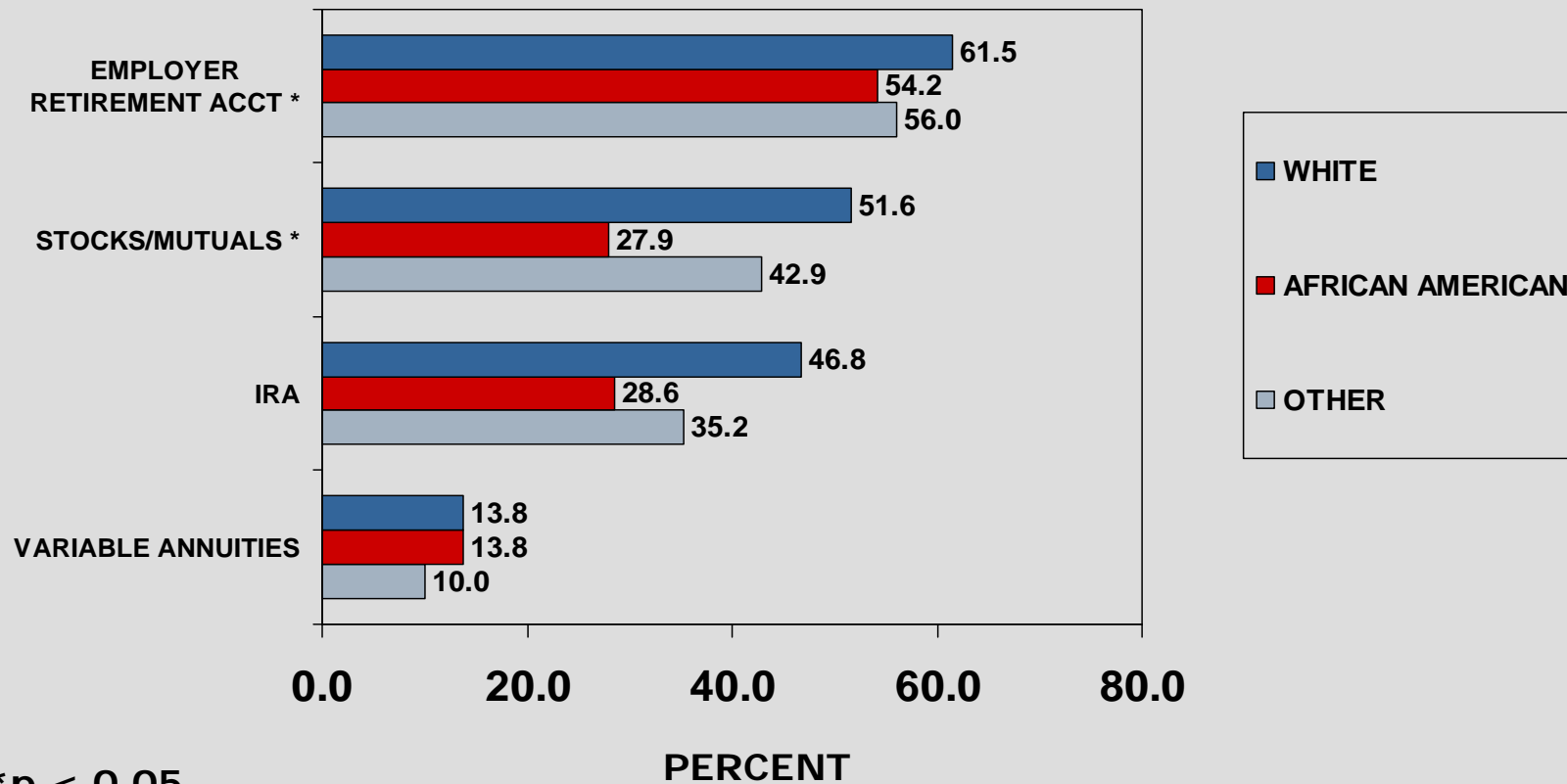
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# Georgians invest and manage their money in different ways

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- ❑ African-Americans are significantly less likely to report having an IRA or investments in stocks and mutual funds, but nearly as likely to invest in a company-sponsored plan.
  - ❑ Women are less likely than men to have stocks or other investments, but slightly more likely to have savings and checking accounts.
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# Investing Behavior, by Ethnicity



\*  $p \leq 0.05$

# Many Georgians don't have IRA's

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- ❑ Nearly 6 in 10 Georgians don't have an Individual Retirement Account (IRA)
  - ❑ College graduates are nearly 3 times as likely to have an IRA as high school grads.
  - ❑ Georgians aged 55-64 are nearly twice as likely to have an IRA as Georgians under 34.
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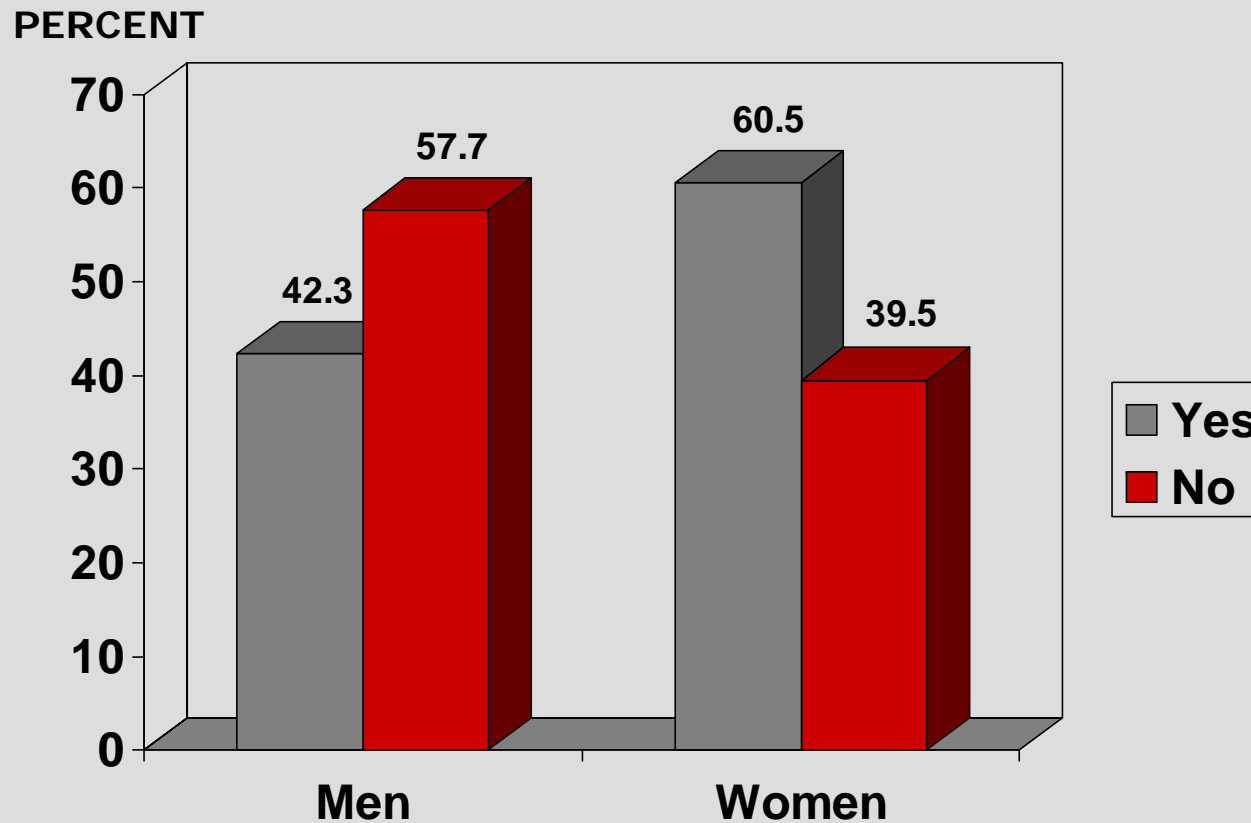
“I have a problem with an investment, but what can I do?”

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- About 750,000 Georgians (18% of investors) have had a problem with an investment at some time.
  - Yet, 52.1% of them did not tell anyone they had a problem.
  - Women were 1 ½ times more likely than men to tell someone about the problem.
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# Complain About Problem Investment, by Gender \*

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\*  $p \leq 0.05$

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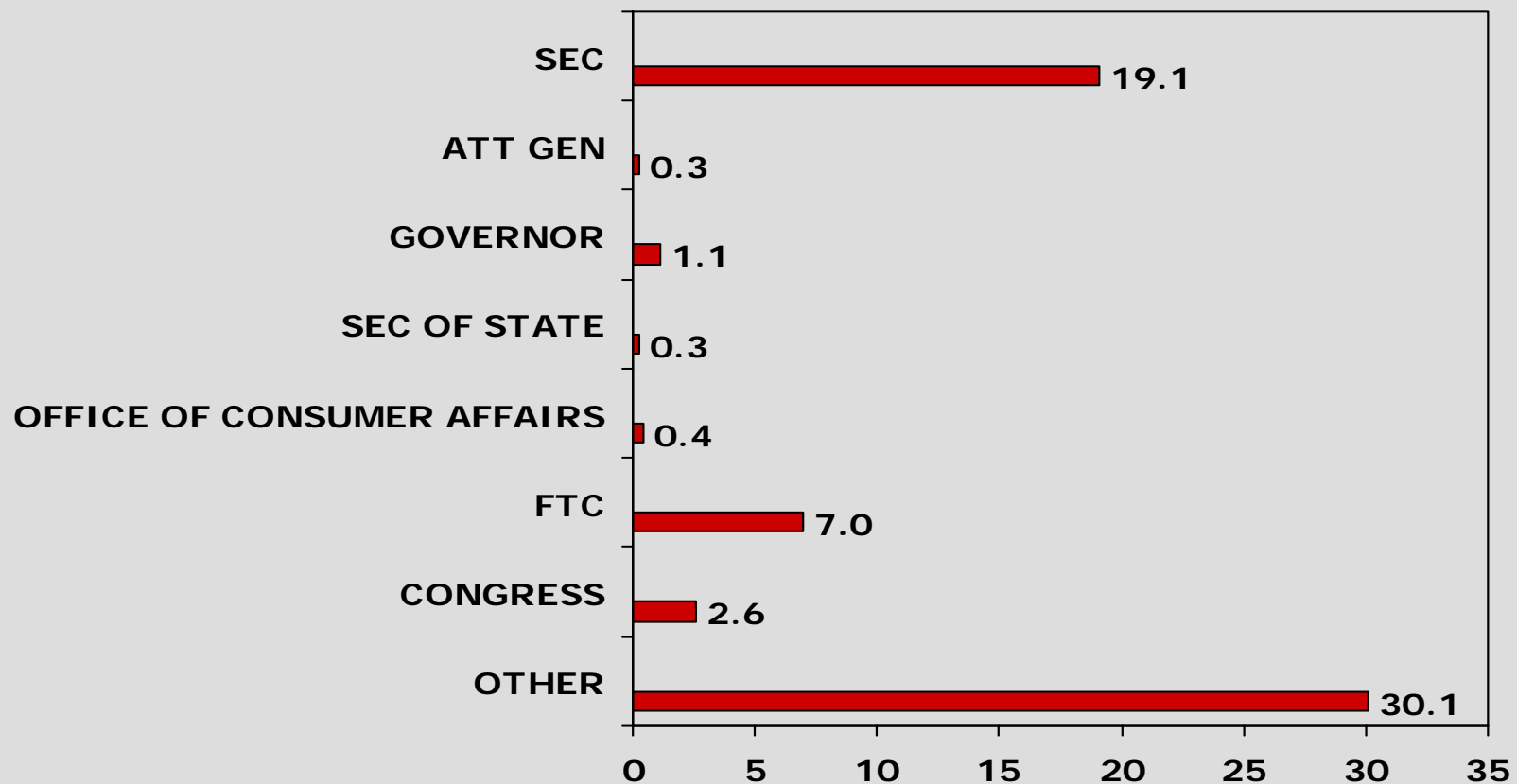
# Who Regulates Investments? Most Georgians Don't Know

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- ❑ When asked who regulates investments, over 80% of Georgians did not name the correct agency – state or federal.
  - ❑ When provided a list of state agencies, less than 7% gave the correct answer – the Secretary of State.
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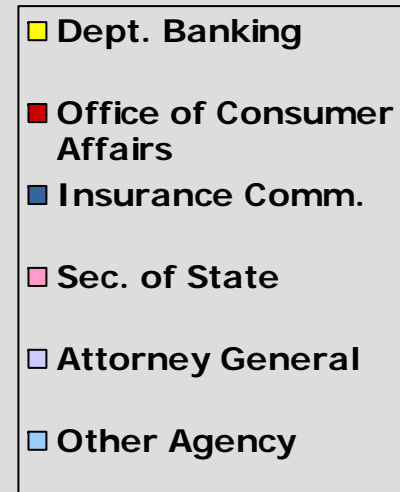
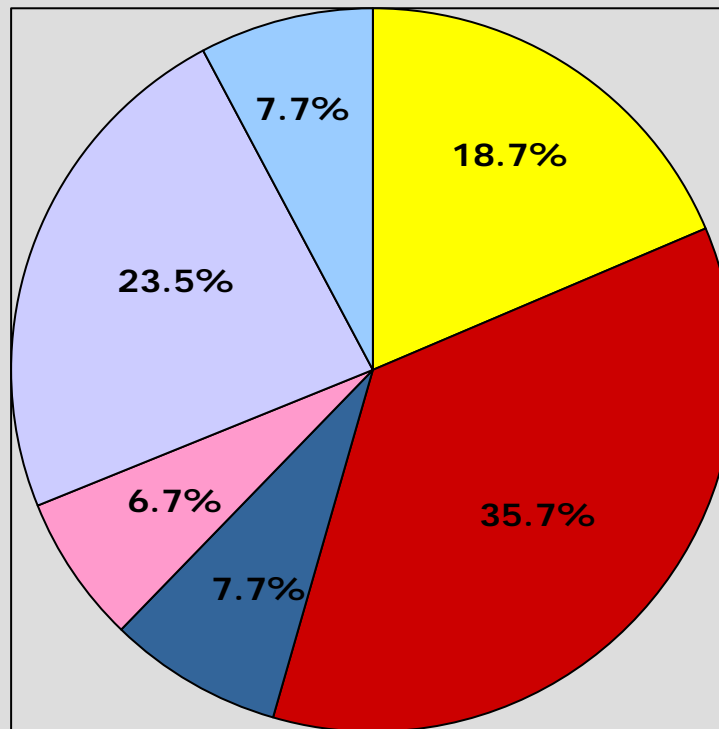
# Who Regulates Investments?

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# Best Agency to Report Investing Problems

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# Did you know ... ?

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- "If an investment is registered with the SEC, that means they have reviewed it to make sure it's safe."

57% of respondents agreed with this statement, including almost 75% of high school graduates.

**It's not true!**

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# Did you know ... ?

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- ❑ "Day trading is a good way to make money quickly."

Almost 23% percent of respondents, or over 1 million Georgians, agreed with this statement.

**Studies show the opposite is true!**

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# Did you know ... ?

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- “There really is no way to check out a stockbroker; you just have to rely upon your instincts or a friend’s recommendation.”

Nearly 43% of older Georgians agree with this statement.

**In fact, information is on the Internet or available from the Sec. of State.**

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# Did you know ... ?

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- ❑ “Variable annuities are usually good investments, no matter what your age.”

About 37% of Georgians agree.

**Most investment advisers disagree!  
Variable annuities are often not  
appropriate for older investors.**

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# Did you know ... ?

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- "If you're smart and invest in the right things, you can make a lot of money quickly without much risk."

Over 26% percent of respondents, or over 1.3 million Georgians, agreed with this statement (including almost 40% of high school graduates)!

**That is 26% too many!**

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# Did you know ... ?

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- "A very high rate of return is okay as long as the investment is guaranteed or bonded."

Almost 73% percent of respondents, or over 3.7 million Georgians, agreed with this statement!

**This is the scammer's favorite pitch!**

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# Questionable Investments:

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- ❑ 228,000 Georgians have had an insurance agent who has offered to sell them a promissory note;
  - ❑ 430,000 Georgians would consider investing based on a telephone or email solicitation; and
  - ❑ Over 650,000 Georgians would rely on Internet chat rooms for investment information.
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# Georgians Need to Learn More About:

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- The need to save and invest for their future.
  - How to invest wisely.
  - What investments are right for them.
  - Who to go to when something goes wrong.
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