



Retirement Confidence Dips in 2017

Capital One Investing's Financial Freedom Survey Reveals Demand for Unbiased Human Advice and Digital Tools as Americans Work to Get on Track

McLean, VA — March 13, 2017 – Americans continue to lack confidence, experience and trust when it comes to retirement planning and investing, according to Capital One Investing's latest Financial Freedom Survey measuring current sentiment and behaviors related to investing and retirement, and tracking America's progress on the path to financial independence.

The annual survey found less than two thirds (62 percent) of Americans feel confident they're saving enough to retire comfortably – down from 64 percent a year ago and 72 percent in 2015 – and even fewer (49 percent) have established a long-term financial plan. Meanwhile, investors are seeking digital tools like financial aggregators and robo-advisors to help plan for the long-term, and unbiased human advice to help in times of market volatility and uncertainty.

"Today's investors need a combination of great digital tools and unbiased advice to navigate the markets and get on a path to action and confidence," said Yvette Butler, president of Capital One Investing. "We're committed to enabling smart investing habits by delivering straightforward, accessible tools and experiences that leverage the best of technology and human advice."

Following are key themes uncovered by the 2017 Financial Freedom Survey.

Limited knowledge and experience, and lack of trust and transparency, continue to hold many Americans back.

- The top factors impacting Americans' confidence in investing are: lack of knowledge and experience (51 percent), distrust of the markets and financial industry (49 percent), lack of pricing transparency (45 percent) and investing complexity (42 percent).
- Men tend to be more confident than women, with 65 percent feeling confident they're on track, compared to 59 percent of women. Men feel less concerned about complexity (37 percent men versus 45 percent women) and lack of pricing transparency (43 percent men versus 46 percent women).

Many Americans want to boost their retirement nest egg, but aren't taking action.

- About two-thirds (65 percent) of non-retired Americans say they're putting away *some portion* of their income for retirement, yet only half of Americans (49 percent) report having a long-term financial plan.
- Meanwhile, 39 percent of non-retired Americans believe they should contribute 15 percent or more of their income to retirement, yet only 13 percent are doing so (down two points from 2016).
- More than half of non-retired Americans (52 percent) are contributing 15 percent or less (consistent with 2016) and a third (32 percent) aren't saving anything at all (up two points from 2016).
- Seventy-one percent of working Americans have access to an employer-based retirement plan but only 55 percent of millennials with access are participating, compared to 83 percent of Generation X and 80 percent of Baby Boomers.

For investors, digital tools are useful, but human advice is critical in times of uncertainty.

- Among Americans who are investing,¹ 83 percent see value in information aggregators, as well as retirement calculators (73 percent), technology to connect with advisors (71 percent), digital-human “hybrid” solutions (69 percent) and robo-advisors (56 percent).
- But when markets are volatile, most (74 percent) investors would prefer engaging a financial advisor (consistent with 2016), with millennials the least likely to seek human advice during turbulent markets (69 percent) compared to Generation X (75 percent) and Baby Boomers (74 percent).
- Nearly half (44 percent) of investors would pay more for investing advice if it helped them reach their goals.

Having access to a financial advisor would provide financial peace of mind to many Americans, with millennials particularly optimistic about the power of human advice.

- Sixty-six percent of Americans believe access to a financial advisor can improve financial peace of mind, compared to 46 percent who say it can be improved by a robo-advisor.
- Millennials are most likely to think an advisor can improve financial peace of mind (78 percent) compared to Generation X (67 percent) and Baby Boomers (58 percent).
- Millennials also most value robo-advice, with 65 percent saying it can enhance financial peace of mind, compared to 53 percent of Generation X and 31 percent of Baby Boomers.

The “American dream” looks different to everyone, but for many, achieving financial freedom is a critical component.

- More than a quarter (28 percent) of Americans say their American dream is feeling financially secure, while the same percentage say it is living debt-free.
- Only nine percent of millennials aim to have a better financial position compared to their parents; rather, they are more likely to say it relates to living debt-free (27 percent), feeling financially secure (25 percent) or working because they want to, not because they have to (22 percent).
- Women are more likely to relate the American dream to feeling financially secure (33 percent of women vs. 23 percent of men) while men say it’s working because they want to, not because they have to (24 percent vs. 13 percent).
- Parents are more likely to say it’s leaving a financial legacy (18 percent) while non-parents are more likely to say it’s working because they want to, not because they have to (23 percent).

“It is fascinating to see how investors of different ages and backgrounds perceive, prioritize and engage in financial planning,” said Butler. “These insights help us build and deliver a broad set of solutions that are designed to meet investors on their terms, enabling them to pursue their dreams.”

Survey Methodology

This report presents the findings of a study fielded January 12-15, 2017 using ORC International’s Telephone CARAVAN® Omnibus Survey. The study was conducted using two probability samples: randomly selected landline telephone numbers and randomly selected mobile (cell) telephone numbers. The combined sample consists of 1,003 adults (18 years old and older) living in the continental United States. Of the 1,003 interviews, 503 were from the landline sample and 500 from the cell phone sample. The margin of error for the sample of 1,003 is +/- 3.09% at the 95% confidence level. Smaller subgroups will have larger error margins.

About Capital One Investing

¹ The 2017 Financial Freedom Survey found half (54 percent) of Americans are investors, with one-fifth (21 percent) only investing through a 401(k) or other employer-sponsored plan or IRA. One-fifth (19 percent) invest in an employee-sponsored plan and in other investments, while 14 percent invest independent of an employee-sponsored plan.

Capital One Investing is a full-service brokerage offering a range of investment services including fully self-directed digital accounts and advised accounts. At Capital One Investing, our goal is to provide a transparent, accessible, straightforward investing experience through both self-directed and advised accounts and educating and empowering individual investors to help them get on the path to financial freedom.

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