

2021 National Financial Capability Study Investor Survey Instrument

Note:

- Changes to the NFCS Investor Survey are footnoted in this document. Footnotes are labeled with the year that the change was implemented (2021 or 2018).

Sample Characteristics:

- N = 2,824 investors who completed the 2021 NFCS State-by-State Survey
- All respondents screened to have:
 - Investments outside of retirement accounts
 - Primary or shared decision-making responsibility for investments in their household

Coding Notes:

- For all questions in the survey:
 - Code 98 = Don't know
 - Code 99 = Prefer not to say

- # Z) Thank you very much for participating in this research.
- Please be assured that all of your answers will be completely ANONYMOUS and CONFIDENTIAL. Therefore, please try to answer these questions as openly and honestly as possible.
- # A) [SECTION A: SCREENING]
- # A1) Which of the following best describes the situation in your household with regards to investments?
- | | |
|---|----|
| I am the primary decision-maker when it comes to making investments for my household | 1 |
| I share the decision-making responsibility when it comes to making investments for my household | 2 |
| I do not participate in decisions when it comes to making investments for my household | 3 |
| Don't know | 98 |
| Prefer not to say | 99 |
- [IF Q.A1 = 3, 98, 99 (NOT DM/DK/PNTS); TERMINATE]
- # A2) Do you have any investments in retirement accounts (e.g., 401(k), IRA, etc.)?
- | | |
|-------------------------|----|
| Yes..... | 1 |
| No | 2 |
| Don't know | 98 |
| Prefer not to say | 99 |
- # A3) Not including retirement accounts, do you have any investments in stocks, bonds, mutual funds, or other securities?
- | | |
|-------------------------|----|
| Yes..... | 1 |
| No | 2 |
| Don't know | 98 |
| Prefer not to say | 99 |
- [IF Q.A3 = 2, 98, 99 (NO/DK/PNTS); TERMINATE]

- # B) [SECTION B: INVESTMENTS]
- # B1) The following questions are about your investments that are not in retirement accounts. We will refer to these as “non-retirement accounts.”
- # B2) Which of the following types of investments do you currently own in non-retirement accounts?

[CREATE TWO BLOCKS: BLOCK 1 = B2_1 THROUGH B2_20; BLOCK 2 = B2_21 through B2_25; ALWAYS DISPLAY BLOCK 1 FIRST AND THEN BLOCK 2, BUT RANDOMIZE WITHIN BLOCKS]

		Yes	No	Don't know	Prefer not to say
B2_1)	Individual stocks	1	2	98	99
B2_2)	Individual bonds	1	2	98	99
B2_3)	Mutual funds	1	2	98	99
B2_4)	Exchange Traded Funds (ETFs)	1	2	98	99
B2_5)	Annuities (fixed, indexed, or variable)	1	2	98	99
B2_7)	Commodities or futures	1	2	98	99
B2_20) ¹	Whole life insurance (not term life insurance)	1	2	98	99
B2_21) ²	REITs	1	2	98	99
B2_23) ³	Microcap stocks or penny stocks	1	2	98	99
B2_24) ⁴	Structured notes	1	2	98	99
B2_25) ⁵	Private placements	1	2	98	99

- # B30)⁶ When did you first start investing in non-retirement accounts?

Less than a year ago1

1 year to less than 2 years ago2

2 years to less than 5 years ago3

5 years to less than 10 years ago4

10 years ago or more5

Don't know98

Prefer not to say99

¹ 2018: New question. Replaces B2_6 from 2015.

² 2018: New question.

³ 2018: New question.

⁴ 2018: New question.

⁵ 2018: New question.

⁶ 2021: New question.

#	B31) ⁷	When did you <u>most recently</u> open a new non-retirement investment account?	
		[IF Q.B30 = 3, 4, 5, 98, 99 DISPLAY] 2018 or earlier.....	1
		[IF Q.B30 = 2, 3, 4, 5, 98, 99 DISPLAY] 2019	2
		2020	3
		2021	4
		Don't know	98
		Prefer not to say	99
#	B3)	In the <u>past 12 months</u> , how many times have you bought or sold investments in non-retirement accounts?	
		None.....	1
		1 to 3 times.....	2
		4 to 10 times.....	3
		11 times or more	4
		Don't know	98
		Prefer not to say	99
#	B32) ⁸	Compared to before the pandemic, did you trade more frequently during the pandemic?	
		Yes.....	1
		No	2
		Don't know	98
		Prefer not to say	99
#	B4)	What is the approximate total value of all of your investments in non-retirement accounts?	
		Less than \$2,000	1
		\$2,000 to less than \$5,000	2
		\$5,000 to less than \$10,000.....	3
		\$10,000 to less than \$25,000.....	4
		\$25,000 to less than \$50,000.....	5
		\$50,000 to less than \$100,000.....	6
		\$100,000 to less than \$250,000.....	7
		\$250,000 to less than \$500,000.....	8
		\$500,000 to less than \$1,000,000.....	9
		\$1,000,000 or more.....	10
		Don't know	98
		Prefer not to say	99
#	B5)	Do any of your investment accounts allow you to make purchases on margin?	
		Yes.....	1
		No	2
		Don't know	98
		Prefer not to say	99

⁷ 2021: New question.

⁸ 2021: New question.

[IF Q.B5 = 1 (YES), ASK; OTHERWISE SKIP TO Q.B33]	
#	B6) Have you made any securities purchases on margin?
	Yes.....1
	No2
	Don't know98
	Prefer not to say99
[IF Q.B6 = 1 (YES), ASK; OTHERWISE SKIP TO Q.B33]	
#	B20) ⁹ Have you ever had a margin call?
	Yes.....1
	No2
	Don't know98
	Prefer not to say99
#	B33) ¹⁰ Do any of your investment accounts allow options trading?
	Yes.....1
	No2
	Don't know98
	Prefer not to say99
[IF Q.B33 = 1 (YES), ASK; OTHERWISE SKIP TO Q.B10]	
#	B34) ¹¹ Have you ever purchased or sold options?
	Yes.....1
	No2
	Don't know98
	Prefer not to say99
#	B10) Which of the following statements comes closest to describing the amount of financial risk that you are willing to take when you save or make investments?
	Take substantial financial risks expecting to earn substantial returns.....1
	Take above average financial risks expecting to earn above average returns.....2
	Take average financial risks expecting to earn average returns.....3
	Not willing to take any financial risks4
	Don't know98
	Prefer not to say99

⁹ 2018: New question.

¹⁰ 2021: New question.

¹¹ 2021: New question. Replaces B2_22 from 2018.

- # B11)¹² How much of your non-retirement portfolio is invested in stocks or mutual funds/ETFs that contain stocks?
- More than half.....1
 Less than half.....2
 None.....3
 Don't know98
 Prefer not to say99
- # B35)¹³ Have you bought or sold shares of GameStop, AMC, or Blackberry this year (2021)?
- Yes.....1
 No2
 Don't know98
 Prefer not to say99
- # B23)¹⁴ Have you heard of cryptocurrencies (e.g., Bitcoin, Ethereum, or Litecoin)?
- Yes.....1
 No2
 Don't know98
 Prefer not to say99
- # B24)¹⁵ [IF Q.B23 = 1 (YES), ASK; OTHERWISE SKIP TO Q.C22]
 In your opinion, how risky are cryptocurrencies as an investment?
- Not at all risky.....1
 Slightly risky.....2
 Moderately risky.....3
 Very risky.....4
 Extremely risky.....5
 Don't know98
 Prefer not to say99
- # B25)¹⁶ Have you invested in cryptocurrencies, either directly or through a fund that invests in cryptocurrencies?
- Yes.....1
 No2
 Don't know98
 Prefer not to say99

¹² 2021: Minor wording changes (added “ETFs”).

¹³ 2021: New question.

¹⁴ 2018: New question.

¹⁵ 2018: New question.

¹⁶ 2018: New question.

#	B26) ¹⁷	Are you considering investing in cryptocurrencies in the future?	
		Yes.....	1
		No	2
		Don't know	98
		Prefer not to say	99

¹⁷ 2018: New question.

C) [SECTION C: ACCOUNTS & TRANSACTIONS]

C22)¹⁸ How often do you buy or sell investments for your non-retirement accounts in the following ways?

[DO NOT RANDOMIZE]

		Never	Sometimes	Frequently	Don't know	Prefer not to say
C22_1)	I contact a specific person (my financial advisor) and ask them to make the sale or purchase	1	2	3	98	99
C22_2)	I call my financial firm and speak to an available representative	1	2	3	98	99
C22_3)	I place orders online through a website	1	2	3	98	99
C22_4)	I place orders through a mobile app	1	2	3	98	99

C23)¹⁹ Do you pay any of the following types of fees for investing in your non-retirement accounts?

[RANDOMIZE]

		Yes	No	Don't know	Prefer not to say
C23_1)	Fees for investment advice	1	2	98	99
C23_2)	Fees or commissions for trades	1	2	98	99
C23_3) ²⁰	Mutual fund/ETF fees or expenses	1	2	98	99
C23_4)	Account service fees	1	2	98	99

C24)²¹ Considering all the various types of fees, approximately what percentage of your invested assets do you pay annually in fees for your non-retirement accounts?

Do not pay any fees	1
Less than 0.5%	2
0.5% to less than 1%	3
1% to less than 2%	4
2% to less than 4%	5
4% or more	6
Don't know	98
Prefer not to say	99

¹⁸ 2018: New questions.¹⁹ 2018: New questions. These replace C16 from 2015.²⁰ 2021: Minor wording changes (added "ETF").²¹ 2018: New question. Replaces C14 from 2015.

C25)²² [IF Q.C24 = 1 – 6, ASK; OTHERWISE SKIP TO Q.C26]
How confident are you in the answer you just provided?

Not At All Confident 1	2	3	4	5	6	7	8	9	Extremely Confident 10	Don't know	Prefer not to say
1	2	3	4	5	6	7	8	9	10	98	99

C26)²³ [DISPLAY Q's C26 AND C30 ON SAME SCREEN]
A **trusted contact** is a person you authorize your investment firm to contact if the firm has trouble reaching you or suspects financial exploitation.

Have you authorized a trusted contact for any of your investment accounts?

Yes.....1
No2
Don't know98
Prefer not to say99

C30)²⁴ Have you been named as a trusted contact for someone else's investment account(s)?

Yes.....1
No2
Don't know98
Prefer not to say99

C7) Have you ever checked with a state or federal regulator regarding the background, registration, or license of a financial professional?

Yes.....1
No2
Don't know98
Prefer not to say99

²² 2018: New question. Replaces C14 from 2015.

²³ 2018: New question.

²⁴ 2021: New question.

D) [SECTION D: SECURITIES MARKET]

D1) How confident are you that U.S financial markets...

[RANDOMIZE]

	Not At All Confident 1	2	3	4	5	6	7	8	9	Extremely Confident 10	Don't know	Prefer not to say
D1_1) Offer good long-term opportunities for investors	1	2	3	4	5	6	7	8	9	10	98	99
D1_2) Are fair to all investors	1	2	3	4	5	6	7	8	9	10	98	99

D2) What do you expect the approximate average annual return of the S&P 500 stock index to be over the next 10 years (without adjusting for inflation)?

Less than 0% (a negative return)	1
0% to 4.9%.....	2
5% to 9.9%.....	3
10% to 14.9%.....	4
15% to 19.9%.....	5
20% or more.....	6
Don't know	98
Prefer not to say	99

D3) Over the next 12 months, how well do you expect your portfolio of investments to perform?

[RANDOMIZE ORDER FROM 1, 2, 3 TO 3, 2, 1; ANCHOR CODES 98, 99]

Worse than the market as a whole.....	1
About the same as the rest of the market as a whole	2
Better than the market as a whole.....	3
Don't know	98
Prefer not to say	99

[RANDOMIZE Q.D21 AND Q.D30]

D21)²⁵ If the stock market were to drop by 20% over a short period of time, what would you do in response?

[RANDOMIZE – ANCHOR CODES 3, 98, 99]

Buy stocks or stock funds	1
Sell stocks or stock funds.....	2
Neither	3
Don't know	98
Prefer not to say	99

²⁵ 2018: New question.

- # D30)²⁶ If the stock market were to increase by 20% over a short period of time, what would you do in response?

[RANDOMIZE IN SAME ORDER AS D21 – ANCHOR CODES 3, 98, 99]

Buy stocks or stock funds1
 Sell stocks or stock funds.....2
 Neither3
 Don't know98
 Prefer not to say99

- # D31)²⁷ How strongly do you agree or disagree with the following statement?

Please give your answer on a scale of 1 to 7, where 1 = “Strongly Disagree,” 7 = “Strongly Agree,” and 4 = “Neither Agree Nor Disagree”. You can use any number from 1 to 7.

	Strongly Disagree 1	2	3	Neither Agree nor Disagree 4	5	6	Strongly Agree 7	Don't know	Prefer not to say
I am worried about losing money due to investment fraud	1	2	3	4	5	6	7	98	99

²⁶ 2021: New question.

²⁷ 2021: New question. Replaces D4 from 2018.

E) [SECTION E: DISCLOSURE & REGULATION]

E1_1)²⁸ How confident are you that U.S. financial markets are effectively regulated to protect investors from fraud and abusive sales practices ?

Not At All Confident 1	2	3	4	5	6	7	8	9	Extremely Confident 10	Don't know	Prefer not to say
1	2	3	4	5	6	7	8	9	10	98	99

E20)²⁹ Do you feel that investment industry disclosures regarding topics such as fees, risks of investing, and potential conflicts of interest are adequate?

Yes.....1
No2
Don't know98
Prefer not to say99

E5) What do you believe is the purpose of disclosures?

Protecting investors.....1
Protecting the institutions that manage investments.....2
Both.....3
Neither4
Don't know98
Prefer not to say99

E6) By which method would you prefer to receive mandatory disclosures regarding your investments?

In-person meetings with a broker or advisor1
Paper documents physically mailed to you.....2
Documents delivered to you electronically by email.....3
Documents that you access on the Internet (not via email)4
None of the above5
Don't know98
Prefer not to say99

²⁸ 2018: Changed format of question from a grid with multiple items in 2015 to a single question in 2018.

²⁹ 2018: New question. Replaces E4 from 2015.

F) [SECTION F: INFORMATION SOURCES]

F30)³⁰ How much do you rely on each of the following when making decisions about what to invest in?
[RANDOMIZE]

		Not at all	Somewhat	A great deal	Don't know	Prefer not to say
F30_1)	Recommendations from financial professionals who advise you personally	1	2	3	98	99
F30_2)	Investment research and tools provided by your brokerage or financial advisory firm	1	2	3	98	99
F30_3)	Popular investments displayed on a mobile trading app you use	1	2	3	98	99
F30_4)	Business and finance articles in print or on the Internet	1	2	3	98	99
F30_5)	TV programs about business and finance	1	2	3	98	99
F30_6)	Radio programs about business and finance	1	2	3	98	99
F30_7)	Online videos about business and finance	1	2	3	98	99
F30_8)	Podcasts about business and finance	1	2	3	98	99
F30_9)	Social media groups or message boards where people post investment ideas	1	2	3	98	99
F30_10)	Financial newsletters or online resources that you pay for	1	2	3	98	99
F30_11)	Investment clubs or investor membership organizations	1	2	3	98	99
F30_12)	Information from friends, family, colleagues	1	2	3	98	99

F31)³¹ Which, if any, of the following do you use for information about investing?

[RANDOMIZE]

		Yes	No	Don't know	Prefer not to say
F31_1)	YouTube	1	2	98	99
F31_2)	Facebook	1	2	98	99
F31_3)	Reddit	1	2	98	99
F31_4)	TikTok	1	2	98	99
F31_5)	Instagram	1	2	98	99
F31_6)	Twitter	1	2	98	99
F31_7)	Discord	1	2	98	99
F31_8)	Twitch	1	2	98	99
F31_9)	Clubhouse	1	2	98	99
F31_10)	LinkedIn	1	2	98	99
F31_11)	Stocktwits	1	2	98	99

³⁰ 2021: New questions. These replace C20, F1 and F2 from 2018.

³¹ 2021: New questions.

G) [SECTION G: QUIZ & SELF-PERCEPTION]

G1) How comfortable are you when it comes to making investment decisions?

Not At All Comfortable 1	2	3	4	5	6	7	8	9	Extremely Comfortable 10	Don't know	Prefer not to say
1	2	3	4	5	6	7	8	9	10	98	99

G2) On a scale from 1 to 7, where 1 means very low and 7 means very high, how would you assess your overall knowledge about investing?

Very Low 1	2	3	4	5	6	Very High 7	Don't know	Prefer not to say
1	2	3	4	5	6	7	98	99

G30)³² How well does each of the following describe why you invest?

[RANDOMIZE; PAIR G30_1 & G30_2]

		Does not describe at all	Describes somewhat	Describes very well	Don't know	Prefer not to say
G30_1)	To make money in the <u>short term</u>	1	2	3	98	99
G30_2)	To make money in the <u>long term</u>	1	2	3	98	99
G30_3)	For entertainment/excitement/fun/playing a game	1	2	3	98	99
G30_4)	My peers are doing it/social activity/connecting with others	1	2	3	98	99
G30_5)	To make a difference in the world/support values I care about/be socially responsible	1	2	3	98	99
G30_6)	To learn about investing	1	2	3	98	99

G31)³³ How important is ESG (environmental, social, and corporate governance issues) to you when making investment decisions?

Not At All Important 1	2	3	4	5	6	7	8	9	Extremely Important 10	Don't know	Prefer not to say
1	2	3	4	5	6	7	8	9	10	98	99

³² 2021: New questions.

³³ 2021: New question.

- # G3) You will now see a set of questions regarding various aspects of investing. This is not a test, and you will not be “graded” on your responses. If you do not know an answer or are not sure, please feel free to indicate that.
- # G4) If you buy a company’s stock...
- | | |
|--|----|
| You own a part of the company | 1 |
| You have lent money to the company | 2 |
| You are liable for the company’s debts | 3 |
| The company will return your original investment to you with interest..... | 4 |
| Don’t know | 98 |
| Prefer not to say | 99 |
- # G5) If you buy a company’s bond...
- | | |
|---|----|
| You own a part of the company | 1 |
| You have lent money to the company | 2 |
| You are liable for the company’s debts | 3 |
| You can vote on shareholder resolutions | 4 |
| Don’t know | 98 |
| Prefer not to say | 99 |
- # G6) If a company files for bankruptcy, which of the following securities is most at risk of becoming virtually worthless?
- | | |
|-------------------------------------|----|
| The company’s preferred stock | 1 |
| The company’s common stock..... | 2 |
| The company’s bonds | 3 |
| Don’t know | 98 |
| Prefer not to say | 99 |
- # G7) In general, investments that are riskier tend to provide higher returns over time than investments with less risk.
- | | |
|-------------------------|----|
| True | 1 |
| False | 2 |
| Don’t know | 98 |
| Prefer not to say | 99 |
- # G21)³⁴ The past performance of an investment is a good indicator of future results.
- | | |
|-------------------------|----|
| True | 1 |
| False | 2 |
| Don’t know | 98 |
| Prefer not to say | 99 |

³⁴ 2018: New question.

- # G8) Over the last 20 years in the US, the best average returns have been generated by:
- | | |
|-----------------------------|----|
| Stocks..... | 1 |
| Bonds | 2 |
| CDs | 3 |
| Money market accounts | 4 |
| Precious metals | 5 |
| Don't know | 98 |
| Prefer not to say | 99 |
- # G22)³⁵ What is the main advantage that index funds have when compared to actively managed funds?
- | | |
|---|----|
| Index funds are generally less risky in the short term..... | 1 |
| Index funds generally have lower fees and expenses | 2 |
| Index funds are generally less likely to decline in value | 3 |
| Don't know | 98 |
| Prefer not to say | 99 |
- # G11) Which of the following best explains why many municipal bonds pay lower yields than other government bonds?
- | | |
|--|----|
| Municipal bonds are lower risk..... | 1 |
| There is a greater demand for municipal bonds..... | 2 |
| Municipal bonds can be tax-free..... | 3 |
| Don't know | 98 |
| Prefer not to say | 99 |
- # G12) You invest \$500 to buy \$1,000 worth of stock on margin. The value of the stock drops by 50%. You sell it. Approximately how much of your original \$500 investment are you left with in the end?
- | | |
|-------------------------|----|
| \$500 | 1 |
| \$250 | 2 |
| \$0 | 3 |
| Don't know | 98 |
| Prefer not to say | 99 |
- # G13) Which is the best definition of “selling short”?
- | | |
|--|----|
| Selling shares of a stock shortly after buying it..... | 1 |
| Selling shares of a stock before it has reached its peak | 2 |
| Selling shares of a stock at a loss..... | 3 |
| Selling borrowed shares of a stock | 4 |
| Don't know | 98 |
| Prefer not to say | 99 |

³⁵ 2018: New question.

G23)³⁶ If you own a call option with a strike price of \$50 on a security that is priced at \$40, and the option is expiring today, which of the following is closest to the value of that option?

- \$101
- \$02
- \$103
- Don't know98
- Prefer not to say99

³⁶ 2018: New question.

- # H) [SECTION H: MISCELLANEOUS QUESTIONS]
- # [DISPLAY Q's H30 AND H31 ON SAME SCREEN]
- # H30) This final question is for statistical purposes only. As with the rest of this survey, your answers are completely confidential and anonymous.
- # H31)³⁷ Do you currently have a will?
- | | |
|-------------------------|----|
| Yes..... | 1 |
| No | 2 |
| Don't know | 98 |
| Prefer not to say | 99 |
- # 999) [POINT OF COMPLETE]

³⁷ 2021: This question was removed from the State-by-State Survey and added to the Investor Survey.