

Investor Testing of Form CRS Relationship Summary

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1. Introduction

Background

Individual investors often rely on the advice of financial professionals in making investment decisions. Financial professionals who provide investment advice include broker-dealers (BDs), investment advisers (IAs), or professionals who are dually registered as both. However, past research has shown that investors are confused about how these types of financial professionals differ in terms of services offered, fees charged, and legal standards and obligations (e.g., see Hung et al. (2008) and Scholl et al. (2018)).

On April 18, 2018, the Securities and Exchange Commission (SEC) voted to propose a package of rules and interpretations intended to improve the quality and transparency of relationships that retail investors have with IAs and BDs, while preserving access to different types of advice relationships and investment products. As part of those proposed rules, the SEC would require IAs and BDs to provide a Relationship Summary to clients and customers to inform them about the relationships and services the firm offers, the standard of conduct, the fees and costs associated with those services, and conflicts of interest the firm may have.

Objective and Approach

The SEC's Office of the Investor Advocate engaged the RAND Corporation to conduct a nationwide survey and qualitative interviews of investors to gather feedback on a sample Relationship Summary (see Appendix 1 for the sample Relationship Summary). In particular, RAND researchers designed and fielded the survey through nationally representative American Life Panel (ALP) to collect information on the opinions, preferences, attitudes, and level of self-assessed comprehension of the U.S. adult population with regard to a sample Relationship Summary. As a complement to the survey, the RAND team also conducted qualitative interviews to obtain further insights related to the reasoning and beliefs behind individuals' attitudes toward the Relationship Summary. This report presents the results of those data collection efforts.

Chapter 2 presents results from the survey fielded using the RAND ALP. We discuss reported opinions about each section of the Relationship Summary, format and delivery preferences, likelihood of looking up disciplinary histories, and overall usefulness of the Relationship Summary.

Chapter 3 describes the results of a series of in-depth interviews conducted with investors in Denver, Colorado, and Pittsburgh, Pennsylvania. The interviews complement the survey data by providing qualitative feedback on the Relationship Summary to better understand the reasoning and beliefs that underlie individuals' reported preferences.

Chapter 4 summarizes the findings from Chapter 2 and 3.

2. Survey

Background

RAND researchers conducted a nationwide survey—henceforth, the “Relationship Summary Survey”—of households to gather feedback on a sample Relationship Summary. In particular, the RAND team designed and fielded the Relationship Summary Survey through RAND’s nationally representative American Life Panel (ALP) to collect information on the opinions, preferences, attitudes, and level of self-assessed comprehension of the U.S. adult population with regard to a sample Relationship Summary. We sampled the 1,816 panel members who previously completed the survey on the Retail Market for Investment Advice—henceforth, the “Investment Advice Survey”—described in Scholl et al. (2018).

In this chapter, we describe the ALP survey platform and design of the questionnaire used for the Relationship Summary Survey. We then discuss the sample design, response rates, and survey weights, before presenting the results of the survey.

ALP Survey Platform

The ALP is a nationally representative probability-based panel of approximately 3,400 active, regularly interviewed respondents, ages 18 and older. Respondents answer surveys online; through these surveys, the ALP is regularly used to provide a picture of the U.S. adult population.¹

Most ALP panelists have their own Internet access; those without access have been provided a computer and/or an Internet subscription by the ALP. Socioeconomic and demographic information is available and periodically updated for every panel member (e.g., age, race/ethnicity, education, marital status, household size, household income, and employment status). More than 450 surveys have been conducted using the ALP on a variety of topics, including financial decisionmaking, saving, and investing. One advantage of the ALP is that results can be linked to past surveys using the same respondents, as we do here, making use of responses to the Investment Advice Survey described in Scholl et al. (2018).

¹ For further details, see Pollard and Baird (2017) and Scholl et al. (2018).

Survey Questionnaire

The Relationship Summary Survey questionnaire began by asking the respondent to read a sample Relationship Summary for a fictitious, dually registered advisory firm. The text of the Relationship Summary was broken up into five separate screens, with the first four screens corresponding to the first four sections of the Relationship Summary—“Types of Relationships and Services,” “Our Obligations to You,” “Fees and Costs,” and “Conflicts of Interest”—and the final screen containing sections on “Additional Information” and “Key Questions to Ask.” In addition, the respondent could click on a hyperlink at any time while completing the survey to open up a copy of the entire Relationship Summary for further review. Respondents were then asked to provide their opinions and to assess their level of comprehension of the Relationship Summary. The survey was not designed to objectively assess comprehension of the document.

The survey questions covered the following subject areas:

- **Opinions about the length, importance, and ease of understanding of each section of the Relationship Summary**—that is, the six sections describing relationships and services, obligations, fees and costs, conflicts of interest, additional information, and questions to ask.
- **Preferences on the format and delivery of the Relationship Summary**, such as the question-and-answer format, side-by-side comparison, links to web pages, and the mode and timing of delivery.
- **Comfort level with and likelihood of asking key questions.**
- **Likelihood of looking up disciplinary history.**
- **Opinions about the usefulness of the Relationship Summary**, including in comparison to “longer documents (such as an investment adviser’s Form ADV or a broker-dealer’s account opening agreement).”

The text of survey questions and response categories is detailed in the discussion below. Screen shots from the survey for each section of the Relationship Summary are presented in Appendix 1 along with a printout of the questionnaire.

Sample Description

Sample Design, Survey Response, and Weights

The sample available for the Relationship Summary Survey consists of 1,816 adult individuals who were invited to participate in the Investment Advice Survey, were found to be eligible to complete the survey, and ultimately did complete the survey, as described in Scholl et al. (2018). Respondents to the Investment Advice Survey were screened to determine their suitability for answering that survey; in particular, only respondents who were “primarily responsible for making financial plans and decisions, including investment decisions,” either solely or along with other adults in the household, were eligible to complete the survey.

The results presented here largely use sample weights. The constructed weights are intended to provide reasonable approximations of values for the U.S. adult population and the various subpopulations of interest to the current study. The process of constructing the weights for the 1,816 respondents to the Investment Advice Survey in order to account for the sample design was described in detail in Scholl et al. (2018). For the present analysis, we revise the weights to account for nonresponses to this survey, as described below.

Of the 1,816 individuals who were invited to complete this interview, 1,624 logged in to start the survey, while 1,460 of them completed the survey, for a response rate of 80.4 percent. Of the 164 individuals who logged in but failed to complete survey, more than half dropped out before submitting an answer to the first question,² about half of the remainder dropped out before completing the second set of questions,³ and the rest dropped out at some point thereafter.

The median completion time for the survey as a whole was approximately 20 minutes and 30 seconds,⁴ with a median of more than 4 minutes spent going through the initial five screens of Relationship Summary Survey text.⁵ Respondents tended to spend more time on the first screen—“Types of Relationships and Services”—than on any other screen, with a median of 76 seconds, followed by the third screen (“Fees and Costs,” 46 seconds), the second screen (“Obligations,” 32 seconds), the final screen (“Additional Information and Key Questions,” 27 seconds), and the fourth screen (“Conflicts of Interest,” 22 seconds). Recall that, throughout the remainder of the survey, respondents were prompted to click on a hyperlink to review a copy of the entire Relationship Summary. Time spent reviewing the document via this hyperlink is not reflected in the timing statistics reported above.

To account for nonresponses to this survey interview, either from failure to log in to start the survey or from failure to complete it, we used the method of maximum likelihood to estimate a model of response probabilities that vary with the respondent’s sex, education, age, and household income, as well as whether the respondent participated in the Hung et al. (2008) ALP

² Question L1: “Is the Relationship Summary too long, too short, or about right?”

³ Question L2: “For each section listed below, please think about how the information is presented. Would you add more detail, keep as is, shorten, or delete?” followed by Questions L2a through L2f concerning each of the six sections of the Relationship Summary Survey.

⁴ This is full completion time, bearing in mind that such times are only indicative of online surveys because each respondent administers the survey questionnaire at his or her own pace.

⁵ The ALP computer server hosting the survey suffered a temporary malfunction that caused screen-specific timing information to be lost for 254 (or 17 percent) of the completed surveys. The median completion time of 4 minutes and 10 seconds for the Relationship Summary Survey screens pertains to the 1,206 respondents with complete information. The median completion time for the survey as a whole does not vary significantly across these two groups, with a median of 20 minutes and 1 second for the smaller group that is missing screen-specific timing information and a median of 20 minutes and 36 seconds for the larger group that has screen-specific timing available.

survey administered in 2007.⁶ We use these nonresponse weights to adjust the sample weights constructed in our previous study. The adjustment is small relative to the variation in the original sample weights, with no weight adjusted down by more than 9 percent or up by more than 27 percent.

Demographics

Respondent demographics for the Relationship Summary Survey sample are described below in the first two columns of Table 2.1. The ALP sample is older and more highly educated than the U.S. population as a whole. Therefore, the age and education distribution in the analysis sample changes notably in the third column when weights are applied in order to better match up the sample distribution to the population distribution. For comparison, the shaded column in the middle of the table reports Current Population Survey estimates of the U.S. adult population distribution. The age difference between the weighted and unweighted distributions arises in part because the Investment Advice Survey oversampled respondents to the 2007 survey. In 2011 and 2012, the ALP recruited a “Vulnerable Population Recruitment Cohort” of panel members drawn from vulnerable groups and minorities (Pollard and Baird, 2017). This cohort, which now constitutes about one-third of the active ALP sample, tends to be younger and have lower educational attainment than the remainder of the ALP sample.⁷ In the remainder of the analysis, except where noted, we focus on weighted distributions.

Table 2.1. Respondent Demographics

Attribute	Respondents Who Completed the <u>Relationship Summary Survey</u> (N=1,460)			Current Population Survey (CPS) Estimates ⁸	Sample Who Completed the <u>Investment Advice Survey</u> (N=1,816)		
	N	Unweighted	Weighted		N	Unweighted	Weighted

⁶ Respondents to this 2007 survey were oversampled in the Investment Advice Survey, as described in Scholl et al. (2018).

⁷ It is important to understand that weighting of survey responses is statistical in nature, not normative. It is related to the respondent’s probability of being selected into the panel and responding to an invitation, and it is conducted for the purposes of providing valid approximations to a given population or subpopulations. These weights do not ascribe normative notions of “importance,” but rather to help us to make reasonable statements about populations and subpopulations of interest. Thus, it is not that one observation has a higher weight than another because it is “more important,” but rather because the chances of completing the survey are different.

⁸ Current Population Survey estimates derived from “Table 1: Educational Attainment of the Population 18 Years and Over, by Age, Sex, Race, and Hispanic Origin: 2017” (U.S. Census Bureau, 2017) and from “HINC-01. Selected Characteristics of Households, by Total Money Income in 2016” (U.S. Census Bureau, undated) for household income.

Attribute	Respondents Who Completed the <u>Relationship Summary Survey</u> (N=1,460)			<i>Current Population Survey (CPS) Estimates⁸</i>	Sample Who Completed the <u>Investment Advice Survey</u> (N=1,816)		
	N	Unweighted	Weighted		N	Unweighted	Weighted
Gender							
Male	672	46%	48%	48%	819	45%	49%
Female	778	54%	52%	52%	997	55%	51%
Age							
30 or younger	57	4%	16%	23%	72	4%	15%
31–40	173	12%	21%	17%	232	13%	21%
41–50	178	12%	14%	16%	258	14%	15%
51–60	373	26%	20%	17%	448	25%	20%
61 or older	679	47%	29%	26%	806	44%	29%
Household Income							
Less than \$25,000	260	18%	21%	21%	329	18%	21%
\$25,000– \$49,999	352	24%	22%	22%	431	24%	23%
\$50,000– \$74,999	301	21%	21%	17%	385	21%	20%
\$75,000– \$99,999	158	11%	9%	12%	204	11%	10%
\$100,000 or more	387	27%	27%	28%	465	26%	26%
Educational Attainment							
High school diploma or less	206	14%	38%	40%	259	14%	38%
Some college	498	34%	27%	29%	627	35%	28%
Bachelor’s degree or more	756	52%	35%	31%	930	51%	34%

The entries in Table 2.1 indicate that the Relationship Summary Survey response rates did not vary much with these respondent attributes. In particular, the unweighted percentages for each category of sex, income, and education in the present survey are within one percentage point of the corresponding statistic for our previous survey, reported on the right side of the table. More variation is seen with age, where the representation of the 41–50 age group falls from 14 percent to 12 percent of the present sample, while the age 61-or-older group representation rises from 44 percent to 47 percent. These groups had response rates of 69 percent and 84 percent, respectively, whereas each of the other groups listed in the table had a response

rate in the range from 75 percent to 83 percent. The sample weights adjust for this variation in response rates, yielding weighted statistics in the third column of the table that differ from the corresponding entry for the Investment Advice Survey in the final column by no more than 1 percentage point.

Survey Results

In the following sections, we organize the discussion of results in line with the subject areas of the survey: opinions about each section, format and delivery preferences, disciplinary history, and usefulness of the Relationship Summary. In each section, we assess the distribution of survey responses given by the sample as a whole and we also present some comparison of response distributions across subgroups determined by responses given in previous interviews.

Appendix 2 contains a comprehensive set of results across subgroups. The general pattern is one of qualitatively similar findings across groups. Notable exceptions to this pattern are detailed below.

We define one set of subgroups according to indicators of investment and advice experience reported in the Investment Advice Survey. In particular, each respondent household is defined to be either an investor or a noninvestor. As in Scholl et al. (2018), we define *investors* as any respondent who identified their household as owning at least one type of investment account (i.e., an employer-sponsored retirement account; a nonemployer sponsored retirement account, such as an IRA; a college savings investment account; or some other type of investment account, such as a brokerage or advisory account), or owning at least one type of investment asset (i.e., mutual funds, exchange-traded funds or other funds, individual stocks, individual bonds, derivatives, or annuities).

According to our weighted estimates, about 74 percent of adults live in a household that invests.⁹ In many instances below, we compare survey responses given by investors with responses given by noninvestors.

We also compare responses across subgroups of investors. For that purpose, we divided investor group households into four mutually exclusive and exhaustive categories according to whether or not they (1) currently receive financial advice services¹⁰ and (2) report holding a nonemployer sponsored retirement account (e.g., an IRA or some other type of investment account, such as a brokerage or advisory account).¹¹ These divisions capture two different

⁹ The corresponding statistic from the Investment Advice Survey is 73 percent.

¹⁰ Those classified as currently receiving financial advice services reported in the Investment Advice Survey as using at least one of the following services: recommendations about investment strategies, recommendations about specific financial investment products, recommendations about what types of investment accounts to open, household financial planning, financial planning for retirement, or financial planning for educational expenses.

¹¹ This classification excludes the following two types of accounts reported in the Investment Advice Survey: employer-sponsored retirement account and college savings investment account.

dimensions of household investment experience—that is, experience with financial advice and experience with more involved types of investment accounts.

Table 2.2. Investor Groups

Investor Group		Investor	Has Nonemployer–Sponsored Retirement Account or Other Investment Account	Currently Receives Financial Advice	Respondents Who Completed the Relationship Summary Survey	
					N	Weighted
0	Noninvestor	No	No	Yes or No ¹²	329	26%
1	Investor Less Involved Account Types, No Advice	Yes	No	No	300	25%
2	Investor Less Involved Account Types, Receives Advice	Yes	No	Yes	159	14%
3	Investor More Involved Account Types, No Advice	Yes	Yes	No	295	16%
4	Investor More Involved Account Types, Receives Advice	Yes	Yes	Yes	377	20%

Table 2.2 describes the weighted distribution of survey respondents across these four investor groups, numbered 1 through 4, as well as the noninvestor group, labeled as group 0. Results in Appendix 2 are tabulated separately for each group. In the discussion below, we occasionally compare paired groups of investors, either those currently receiving advice (groups 2 and 4) versus those reporting no such advice (groups 1 and 3) or those with the more involved types of accounts (groups 3 and 4) versus those reporting no such accounts (groups 1 and 2).

We also report in the appendix on variation in response patterns with previously reported educational attainment of the respondent—high school diploma or less, some college education, or bachelor’s degree or more. We discuss notable findings on this variation below.

Opinions about Each Section of the Relationship Summary

After reviewing the Relationship Summary, respondents were asked to assess the length of each section. As reported in Table 2.3, the most common recommendation for each section is to keep the length “as is,” ranging from 43 percent to 62 percent of respondents. The share selecting “shorten” ranged from 23 percent to 36 percent, “add more detail” ranged from 9 percent to

¹² Among the 329 respondent households classified as noninvestors, 19 were classified as receiving financial advice service based on reports in the Investment Advice Survey.

29 percent, and “delete” never totaled more than 4 percent. We discuss these results in more detail below in the analysis of each section of the Relationship Summary.

Table 2.3. Opinions about Section Length

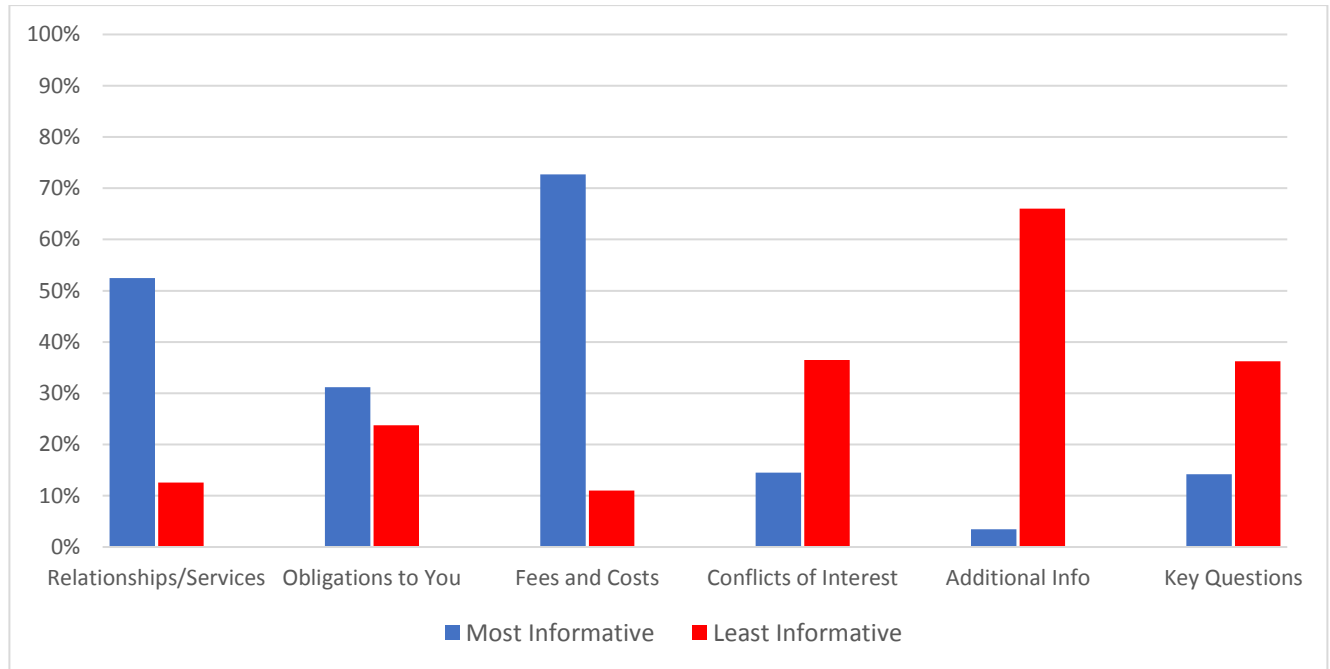
Please think about how the information is presented. Would you add more detail, keep as is, shorten, or delete?

Section	Add More Detail	Keep As Is	Shorten	Delete
Types of Relationships and Services	8.8% <i>1.2%</i>	56.2% <i>2.2%</i>	34.5% <i>2.2%</i>	0.6% <i>0.3%</i>
Our Obligations to You	16.4% <i>1.5%</i>	58.7% <i>2.2%</i>	23.7% <i>2.0%</i>	1.2% <i>0.5%</i>
Fees and Costs	29.7% <i>1.9%</i>	42.9% <i>2.2%</i>	26.3% <i>2.1%</i>	1.1% <i>0.4%</i>
Conflicts of Interest	22.0% <i>1.8%</i>	47.5% <i>2.2%</i>	28.3% <i>2.0%</i>	2.2% <i>0.6%</i>
Additional Information	9.3% <i>1.4%</i>	50.8% <i>2.2%</i>	35.9% <i>2.1%</i>	3.9% <i>0.8%</i>
Key Questions to Ask	12.0% <i>1.6%</i>	61.6% <i>2.3%</i>	23.5% <i>2.0%</i>	2.9% <i>0.7%</i>
NOTE: Weighted statistics presented (N=1,460). Standard errors are in italics				

After assessing the length of each section, respondents were asked to select the two most informative and two least informative sections with respect to “helping you decide which types of investment accounts and services are right for you.” Note that that this question asked about how informative each section is in its current form. Therefore, this assessment may not capture how informative a section on this topic could be if it were presented differently. Furthermore, a section may be helpful for making a decision without being perceived as informative *per se*, such as the “Key Questions to Ask” section, which asks questions intended to help the client acquire information from the financial professional rather than directly from the text of the section. The results are summarized in Figure 2.1 and discussed in detail below.

Figure 2.1. Opinions About the Most and Least Informative Sections

*In helping you decide which types of investment accounts and services are right for you, which two sections would be the **most/least** informative?*



NOTE: Weighted statistics presented (N=1460). Each respondent chose up to two “most informative” and two “least informative” sections.

Table 2.4 reports on respondent assessments of the difficulty of understanding each section. The most common response to each question is the neutral category of “just right,” which ranges from 39 percent to 51 percent of responses. The majority of the remaining respondents describe each section as either “easy” (19 percent to 29 percent) or “difficult” (10 percent to 31 percent), with 4 percent to 15 percent describing each section as “very easy,” and 1 percent to 5 percent describing each section as “very difficult.”

Table 2.4. Opinions about Section Difficulty

Please assess the ease or difficulty in understanding each of the sections.

Section	Very Easy	Easy	Just Right	Difficult	Very Difficult
Types of Relationships and Services	7.9% <i>1.2%</i>	24.4% <i>2.2%</i>	45.5% <i>2.2%</i>	20.7% <i>1.5%</i>	1.6% <i>0.4%</i>
Our Obligations to You	8.8% <i>1.6%</i>	22.3% <i>1.9%</i>	45.9% <i>2.2%</i>	21.5% <i>1.6%</i>	1.4% <i>0.4%</i>
Fees and Costs	4.8% <i>1.0%</i>	20.4% <i>2.1%</i>	39.2% <i>2.1%</i>	31.2% <i>1.9%</i>	4.3% <i>0.8%</i>
Conflicts of Interest	4.1% <i>0.6%</i>	19.3% <i>2.1%</i>	43.1% <i>2.2%</i>	31.0% <i>1.9%</i>	2.4% <i>0.6%</i>
Additional Information	8.9% <i>1.4%</i>	21.3% <i>1.7%</i>	50.7% <i>2.2%</i>	17.2% <i>1.4%</i>	2.0% <i>0.4%</i>
Key Questions to Ask	14.7% <i>1.6%</i>	28.4% <i>2.0%</i>	45.8% <i>2.2%</i>	9.6% <i>1.2%</i>	1.5% <i>0.5%</i>
Note: Weighted statistics presented (N=1,460). Standard errors are in italics.					

Opinions about section length and difficulty tend to be correlated across sections. For example, those who report that one section should be shortened or deleted tended to report that other sections should be shortened or deleted, and those who found one section to be difficult tended to find other sections to be difficult as well. These relationships may be summarized using correlation coefficients, which may range from -1 (perfect negative correlation) to $+1$ (perfect positive correlation). As reported in Table A1 in Appendix 2, the correlations range from 0.30 to 0.57 for responses to the questions on section length and from 0.22 to 0.65 for the questions on section difficulties. In each case, at least two-thirds of the statistics exceed 0.40.

Relative to these correlations across sections, weaker correlations are found between opinions about a section’s difficulty and opinions about that section’s length. Positive correlations—for example, reports of more difficulty are associated with reports that the section should be shortened or deleted—are found for the following four sections: “Types of Relationships and Services” (0.21), “Our Obligations to You” (0.12), “Additional Information” (0.19), and “Key Questions to Ask” (0.17).

In contrast, the correlations are negative and very close to zero for “Fees and Costs” (-0.03) and “Conflicts of Interest” (-0.01). Note that Table 2.3 indicates that these are the two sections most frequently suggested to have additional detail, and Table 2.4 indicates that these are also the two sections most frequently reported to be “difficult” or “very difficult.” Further illustrating the complexity of relationships among opinions about different aspects of a section, Figure 2.1 shows that the “Fees and Costs” section is also the most likely to be selected as one of the two

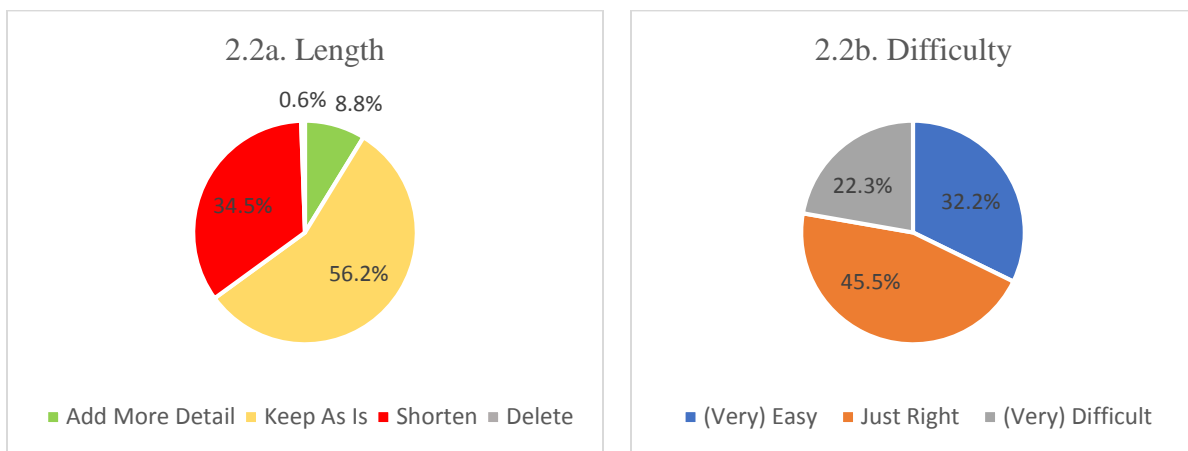
most informative sections, despite these perceptions of difficulty. Additional results presented in Appendix 2 indicate that (1) “Fees and Costs” is the only section for which those who found it to be “difficult” or “very difficult” were more likely to suggest adding more detail (41 percent) than shortening or deleting (31 percent)¹³ and (2) respondents who selected “Fees and Costs” as one of the most informative sections were more likely to find it to be difficult or very difficult (38 percent) than to find it to be “easy” or “very easy” (24 percent) to understand.

Next, we discuss the responses to these questions on section length, most and least informative sections, and section difficulty for each section in turn. This discussion proceeds according to the order in which each section is presented in the Relationship Summary. With respect to opinions about section difficulty, the discussion tends to highlight the proportion of respondents who found a section to be “difficult” or “very difficult,” although a majority of respondents did not find this to be the case for any section. We adopted this approach in order to highlight opportunities for possible revisions to the Relationship Summary to increase its usefulness to those investors who would find it difficult to understand in the form presented to the survey respondents.

Types of Relationships and Services

More than half of respondents (52 percent) selected the “Types of Relationships and Services” section as one of the most informative for deciding which types of investment accounts and services are right for them. While this result constitutes the second largest share for any section, about one-third of respondents reported that the section should be shortened or deleted and almost one-quarter described it as “difficult” or “very difficult.”

Figure 2.2. Length and Difficulty of Section on Types of Relationships and Services



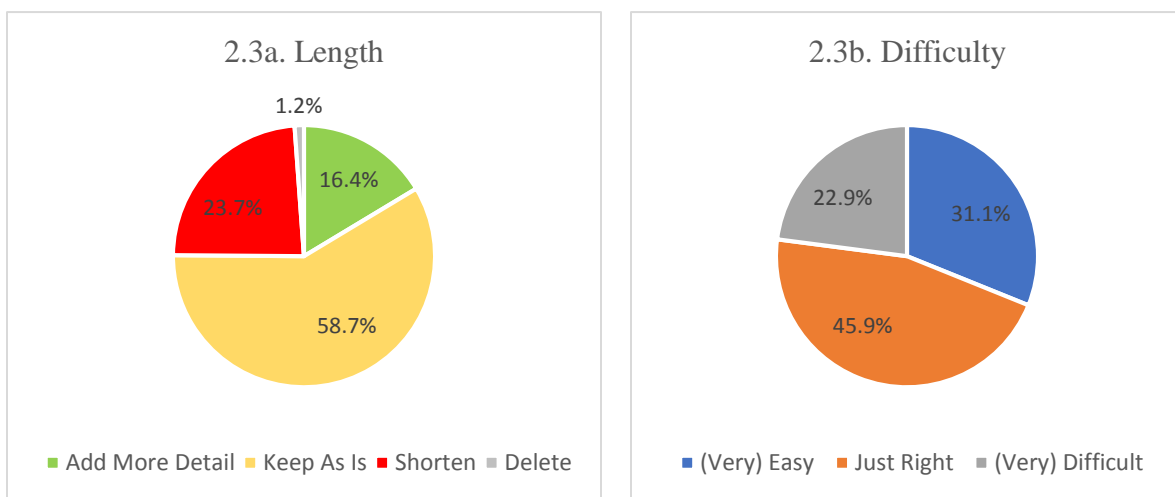
¹³ As discussed in Chapter 3, the in-depth interviews may provide insight on this survey finding. Some interview participants expressed that they found the “Fees and Costs” section to be long, but they also expressed that they would like to see information on the specific fees that they would owe.

Figures 2.2a and 2.2b describe the distribution of responses to these questions on the length and difficulty of this section. These results detail the weighted distribution of responses for the full sample of respondents. We also assessed variation with responses given in past surveys describing investor experience and educational attainment, as detailed in Appendix 2. The results on section importance, length, and difficulty are qualitatively similar across all of the respondent subgroups analyzed. The most notable, statistically significant variation arises with educational attainment, with the share selecting this section as one of the two most informative rising from 43 percent for those with no more than a high school diploma to 51 percent for those with some college education to 64 percent for those with a bachelor’s degree or more. In each case, the “Types of Relationships and Services” section constitutes the second most likely to be picked as one of the two most informative sections, trailing only the section on fees and costs.

Our Obligations to You

Almost one-third of respondents selected the “Obligations to You” section as one of the two most informative, while almost one-quarter select it as one of the two least informative. A similar difference of opinion arises across subgroups of the population, with some notable variation across levels of educational attainment. In particular, the likelihood of selecting this section as one of the most informative decreases from 37 percent for those with no more than a high school diploma to 32 percent for those with some college education but no bachelor’s degree to 24 percent for those with at least a bachelor’s degree.

Figure 2.3. Length and Difficulty of Section on Obligations



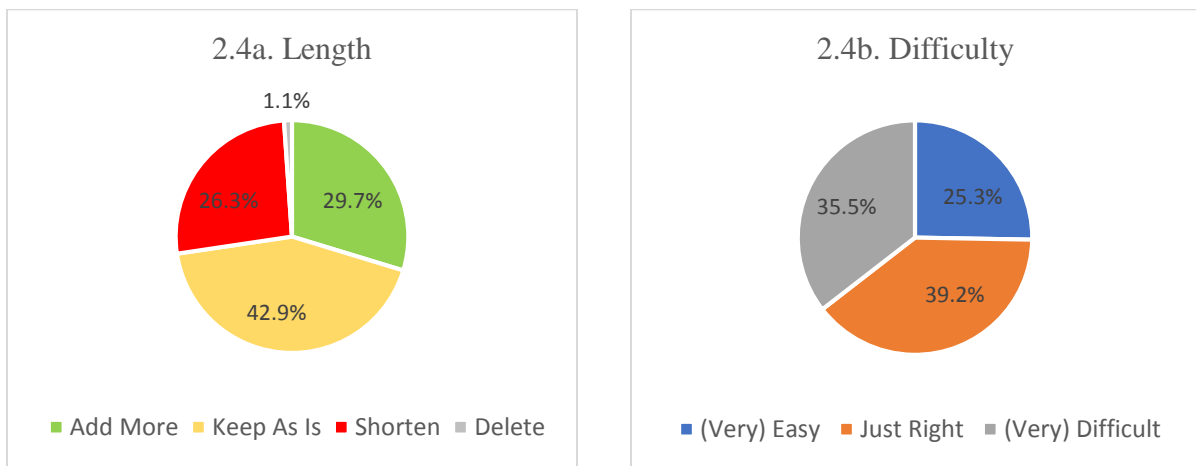
Figures 2.3a and 2.3b detail the weighted distribution of responses concerning the length and difficulty of the obligations section for the full sample of respondents. As with each of the other sections, the modal responses are “keep as is” and “just right,” respectively. The results on

section length and difficulty are qualitatively similar across all of the respondent subgroups assessed.

Fees and Costs

The “Fees and Costs” section is notable for being the most likely to be selected as one of the most informative (73 percent) and least likely to be selected as one of the least informative (11 percent). This pattern is strongest among those who reported having more involved types of investment accounts, such as a nonemployer–sponsored retirement account or other investment account (81 percent most informative versus 5 percent least informative), whereas the pattern is not as strong for other investors (70 percent versus 12 percent) and is weakest for noninvestors (66 percent versus 16 percent). These differences are statistically significant at the 5-percent level.¹⁴ Similar differences are found when comparing these opinions across groups defined by educational attainment, with the “Fees and Costs” section more likely to be selected as one of the most informative and less likely to be selected as one of the least informative by those with more education.

Figure 2.4. Length and Difficulty of Section on Fees and Costs



While the “Fees and Costs” section appears to be considered the most informative, it is also the section for which the largest share of respondents suggest adding more detail and the largest share find it to be either difficult or very difficult to understand. These results are detailed in Figure 2.4. Notably, investors were more likely than noninvestors to suggest adding more detail

¹⁴ Chi-square tests have *p*-values of 0.01 and less than 0.01 for “most informative” and “least informative,” respectively.

to the section on fees and costs (31 percent versus 25 percent) and to find the section to be difficult or very difficult to understand (38 percent versus 27 percent).¹⁵

Conflicts of Interest

The “Conflicts of Interest” section was more than twice as likely to be selected as one of the two least informative sections (36 percent) than as one of the two most informative (15 percent). This differential holds for almost all of the population subgroups analyzed.

Figure 2.5. Length and Difficulty of Section on Conflicts of Interest

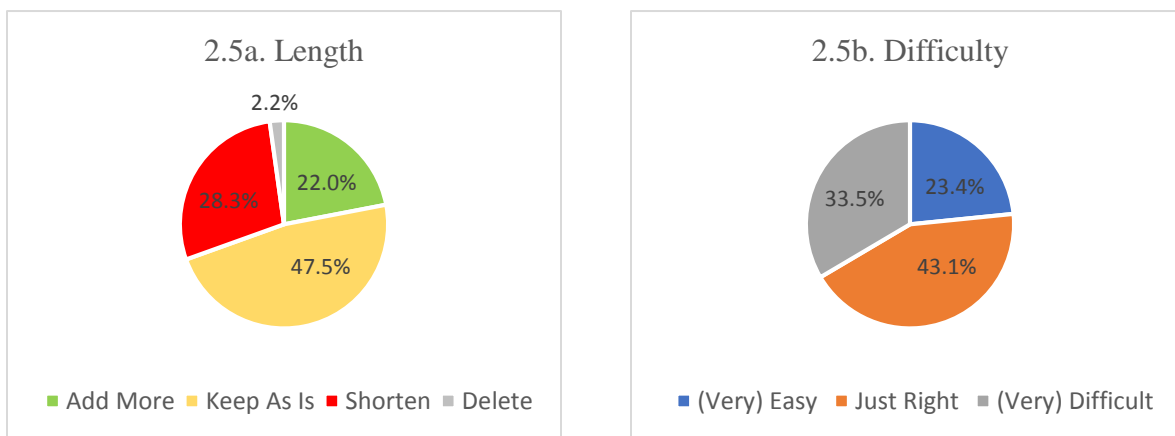


Figure 2.5a indicates that almost half of respondents suggest keeping the section length as is, and the majority of the remainder suggest shortening or deleting rather than adding more detail. Note that the share who suggest adding more detail is second only to the “Fees and Costs” section (22 percent versus 30 percent).

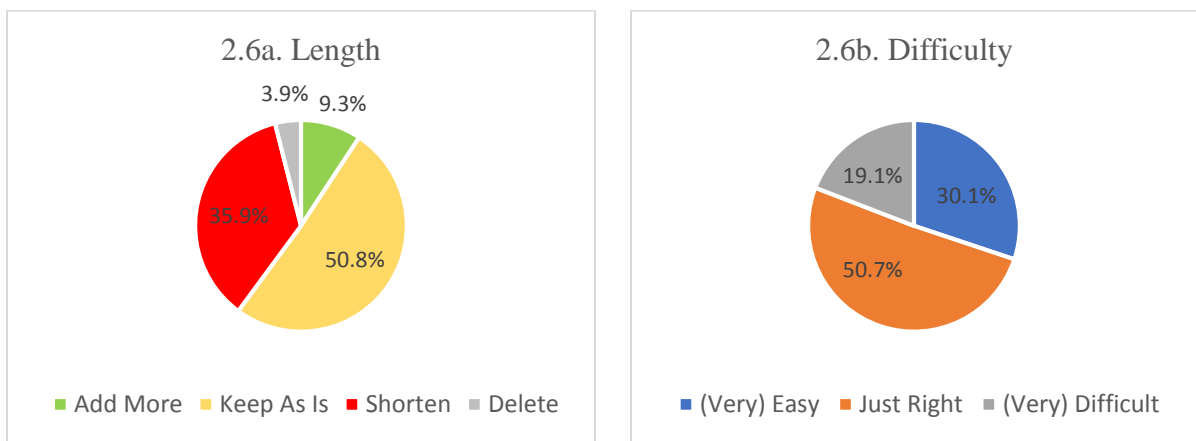
The “Conflicts of Interest” section is also second only to the “Fees and Costs” section in terms of reported difficulty. Figure 2.5b indicates that about one-third of respondents found the “Conflicts of Interest” section to be difficult or very difficult to understand. Investors are once again more likely to perceive difficulty (35 percent) than noninvestors (30 percent), but here there is notable variation within the investor group. In particular, this differential between investors and noninvestors arises because investors who did not report receiving financial advice were more likely to find this section to be difficult to understand (39 percent) than were either investors who did report receiving advice (30 percent) or noninvestors (30 percent).

¹⁵ Chi-square tests indicate that the difference in shares suggesting adding detail is not statistically significant at the 5-percent level (p -value of 0.13), whereas the difficulty differential is significant (p -value less than 0.01).

Additional Information

The “Additional Information” section is the most frequently selected as one of the two least informative sections (66 percent), nearly doubling the share selecting any other specific section. In fact, this section is selected as one of the least informative by a majority of members of each investor and education subgroup, whereas no other section is selected as one of the least informative by a majority of any such subgroup. Moreover, no more than 9 percent of any of these subgroups selected this section to be one of the two most informative, with only 3 percent of the full sample selecting it as one of the most informative.

Figure 2.6. Length and Difficulty of Section on Additional Information



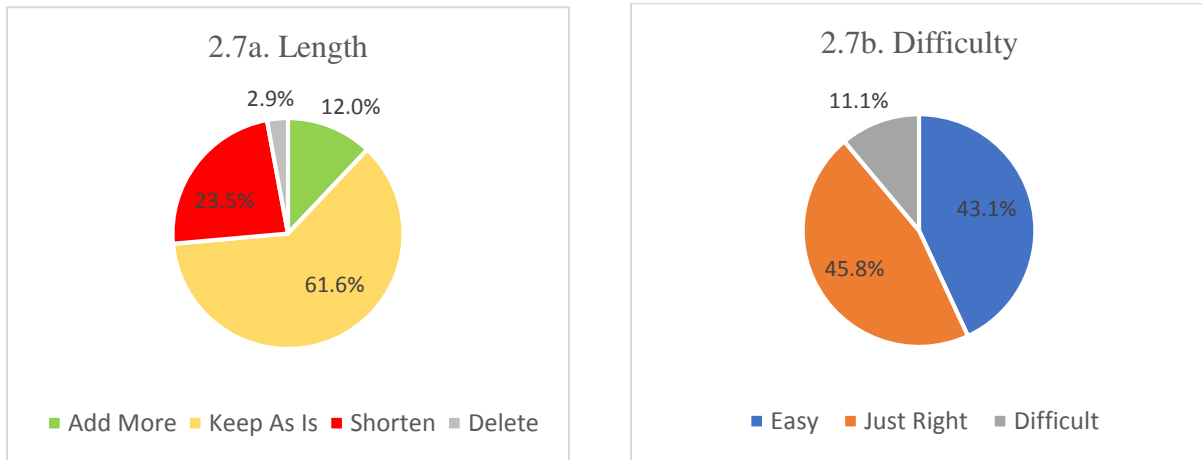
The results in Figure 2.6a on the length of the additional information section are consistent with the finding that it is considered to be one of the least informative sections, with 40 percent suggesting that the section be shortened or deleted, but still a majority suggest keeping the length as is. Figure 2.6b indicates that difficulty understanding the section is not the issue. Only 19 percent report that it is “difficult” or “very difficult” to understand, with little variation across subgroups.

Key Questions to Ask

The “Key Questions to Ask” section was more than twice as likely to be selected as one of the two least informative sections (36 percent) than selected as one of the two most informative (14 percent), and this differential holds for every investor and education subgroup analyzed. The share selecting it as one of the most informative increases with education level, from 12 percent for those with no more than a high school diploma to 14 percent for those with some college to 16 percent for those with a bachelor’s degree. Similarly, the share selecting it as one of the least

informative declines from 39 percent for high school group to 33 percent for those with some college education and 35 percent for those with a bachelor’s degree.¹⁶

Figure 2.7. Length and Difficulty of Section on Key Questions to Ask



While the survey responses do not indicate that the “Key Questions to Ask” section is particularly informative, Figures 2.7a and 2.7b indicate that only about one-quarter of respondents suggest that it should be shortened or deleted, and only 11 percent found it difficult to understand. The apparent incongruity may be explained by the purpose of the section—that is, to provide questions for the client to ask in order to elicit information from the financial professional rather than to directly provide information that will help the client make a decision.

To get a better sense of how useful these key questions would be in eliciting such information, the survey included questions about how comfortable the respondent would be to ask each of the key questions: “very comfortable,” “somewhat comfortable,” “neutral,” “somewhat uncomfortable,” or “very uncomfortable.” For those key questions in which the respondent gave a report of “uncomfortable” or “very uncomfortable,” follow-up questions were asked concerning the source of this discomfort. Figure 2.8 summarizes results from the opening set of questions.

At least two-thirds and up to 85 percent of respondents reported being “somewhat comfortable” or “very comfortable” asking any of the ten key questions, while no more than 14 percent of respondents reported being “somewhat uncomfortable” or “very uncomfortable.” In fact, the majority reported being “very comfortable” asking all but three questions, including

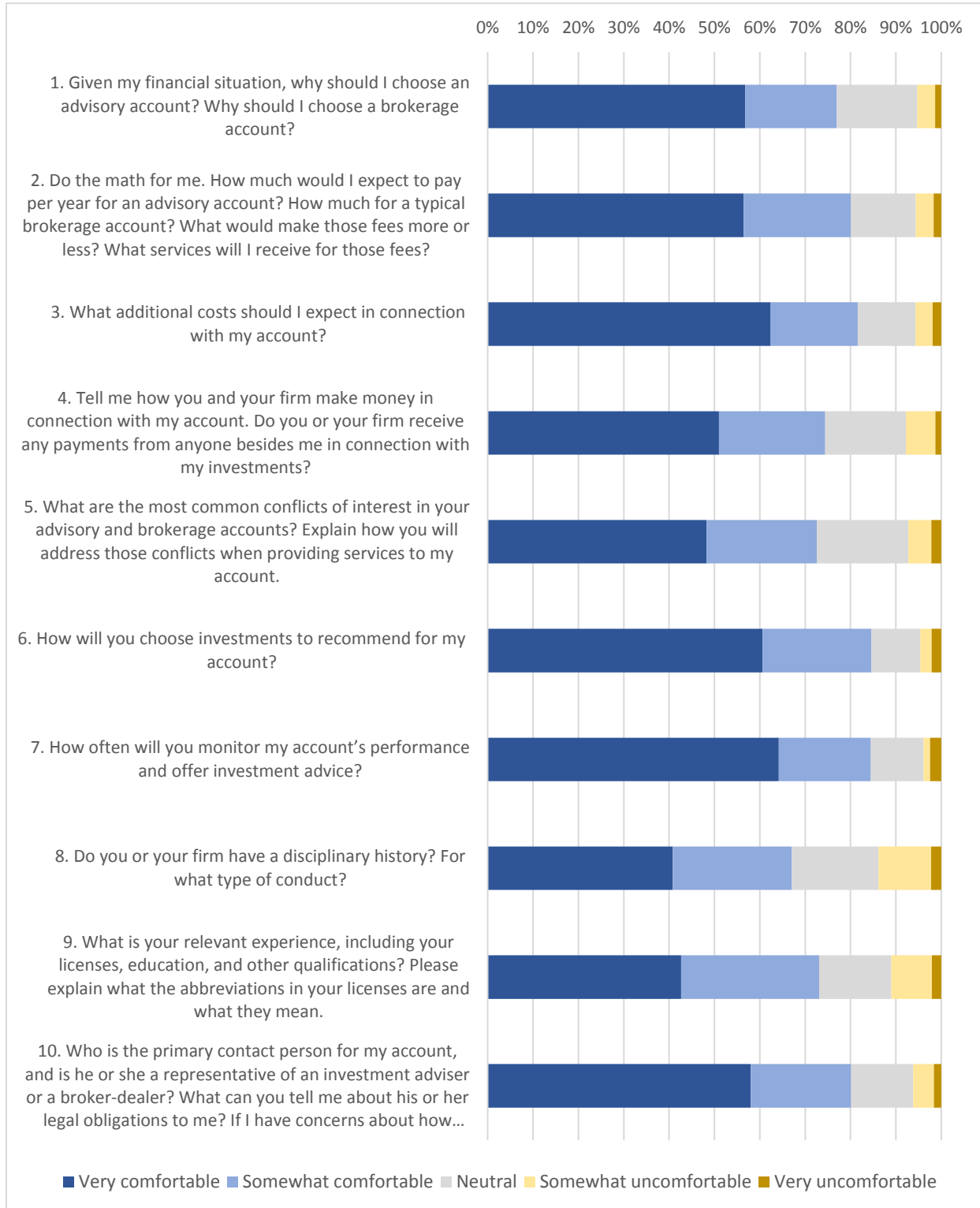
¹⁶ Chi-square tests indicate that the distributions are not statistically significant at the 5-percent level (*p*-values over 0.35).

the following two questions that also generated the biggest proportions being “somewhat uncomfortable” or “very uncomfortable”:

1. Do you or your firm have a disciplinary history? For what type of conduct? (41 percent very comfortable, 14 percent somewhat or very uncomfortable)
2. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean. (43 percent very comfortable, 11 percent somewhat or very uncomfortable).

Figure 2.8. Comfort Level with Key Questions to Ask

How comfortable would you be asking your financial professional the “Key Questions to Ask” provided in the Relationship Summary?



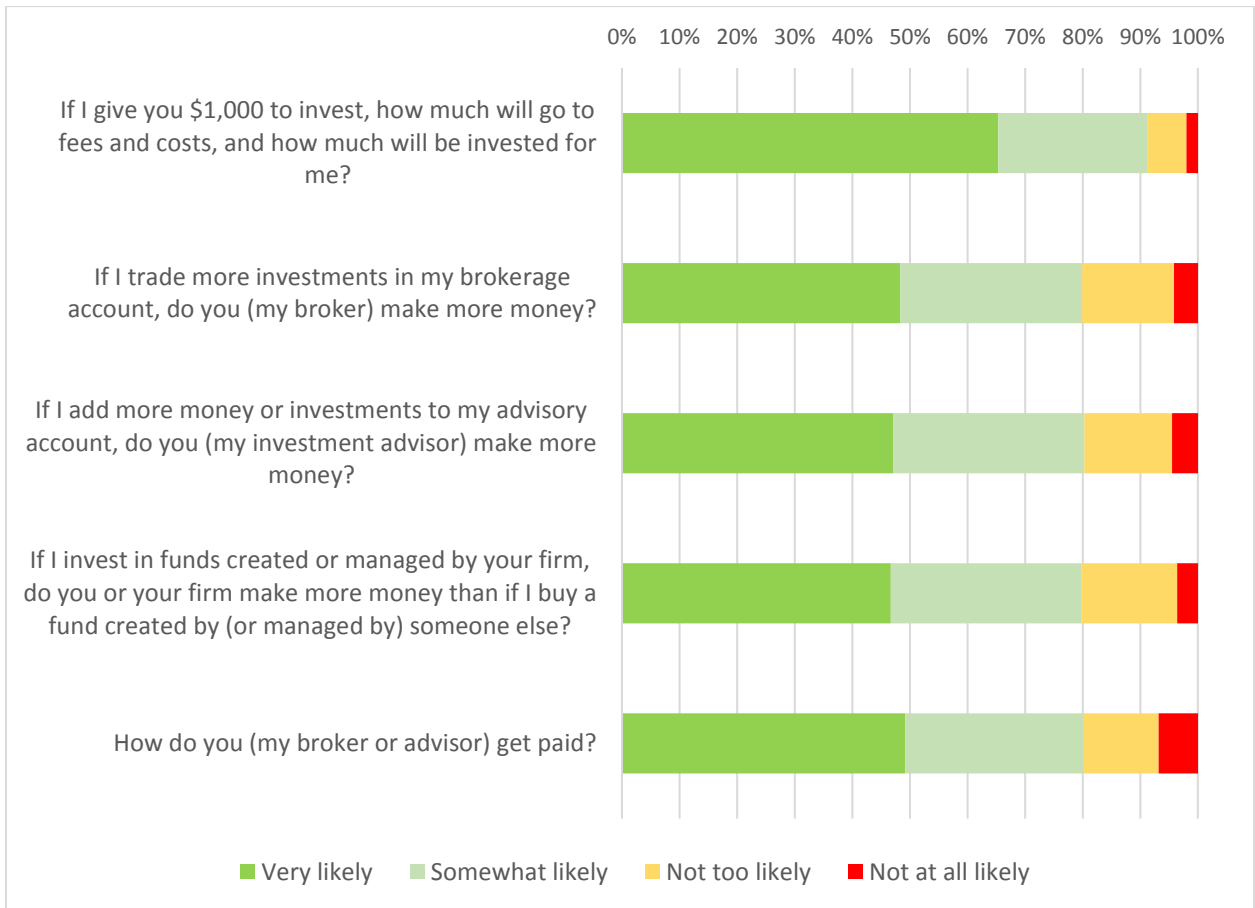
Respondents who reported being “somewhat uncomfortable” or “very uncomfortable” were asked to comment on the source of the discomfort, with response categories of “I don’t understand the question,” “I don’t think I would understand the answer,” “I don’t think it is an appropriate question to ask,” “I don’t know enough about investing to have a meaningful conversation about this issue,” or “Other reasons.” The modal response in almost every case was “I don’t know enough . . .” with response shares ranging from 25 percent to 43 percent.

Only one response category other than “Other reasons” was ever selected by more than 25 percent of respondents as a reason for not being comfortable asking the question. In particular, 37 percent of 176 queried respondents reported that question 8 regarding disciplinary history would not be “an appropriate question to ask,” whereas, in that case, only 25 percent reported “I don’t know enough . . .” Question 9 regarding qualifications generated somewhat similar responses from 135 queried respondents, with 25 percent indicating it would not be appropriate question to ask and 28 percent questioning whether they know enough about investing.

The survey also asked respondents to consider five supplemental key questions and report on the likelihood of asking each one. Figure 2.9 summarizes the results. In each case, the most common response is “very likely,” with response shares ranging from 47 percent to 65 percent. The first supplemental question, which addresses the amount of a \$1,000 investment that would go to fees and costs, rather than being “invested for me,” yielded the most positive set of responses, with a total of 91 percent selecting “very likely” or “somewhat likely.” The other four questions yielded similar sets of responses, with about 80 percent selecting “very likely” or “somewhat likely.”

Figure 2.9. Likelihood of Asking Supplemental Questions

How likely would you be to ask your financial professional each of the following questions if they were included in the “Key Questions to Ask” section of the Relationship Summary?



Preferences over Format and Delivery of the Relationship Summary

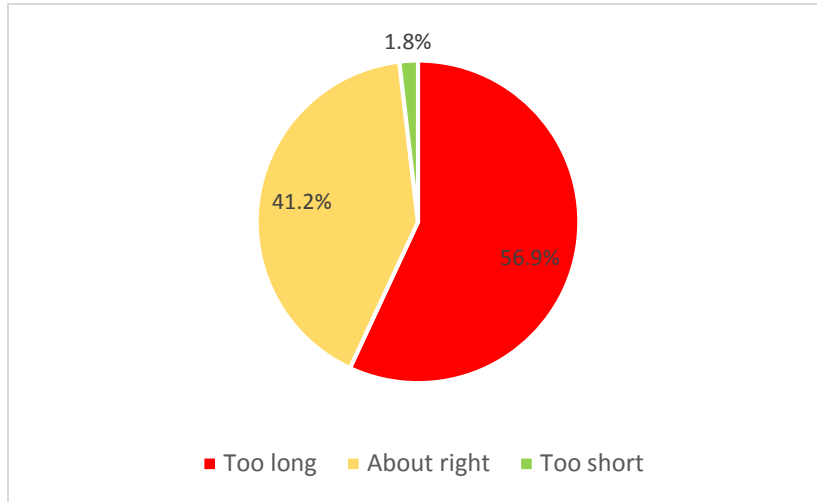
Respondents were asked several questions about the format and delivery of the Relationship Summary. Next, we summarize the results.

Format of the Relationship Summary

The questions about the format of the Relationship Summary concern its total length, potential use of a question-and-answer format, and side-by-side comparisons.

Figure 2.10. Length of the Relationship Summary

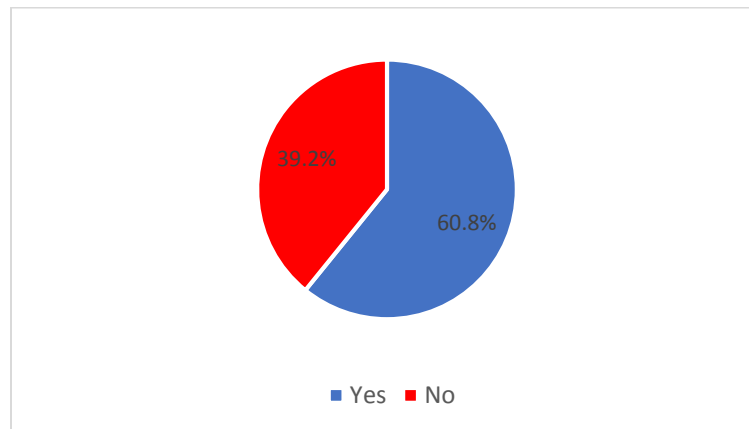
Is the Relationship Summary too long, too short, or about right?



The results in Figure 2.10 indicate that more than half of respondents believe the Relationship Summary is “too long,” with almost all of the remainder reporting that the length is “about right.” This pattern arises for each investor and education subgroup analyzed, with the share reporting “too short” as less than 3 percent.

Figure 2.11. Question-and-Answer Format

Would you prefer that the Relationship Summary be presented in a question-and-answer format? For example, the section titled “Types of Relationships and Services” would instead be titled “What Types of Services Does the Firm Provide?”



As depicted in Figure 2.11, about 60 percent of respondents favored a question-and-answer format instead of the current format of most of the Relationship Summary sections. This majority

opinion holds up across each investor and education subgroup. The percentage in favor decreases with education level, from 64 percent for those with no more than a high school diploma to 63 percent for those with some college to 55 percent for those with at least a bachelor’s degree.¹⁷

Figure 2.12. Helpfulness of the Side-by-Side Comparison Format

Does the side-by-side comparison in the Relationship Summary help you to decide whether a broker-dealer or investment adviser account would be right for you?

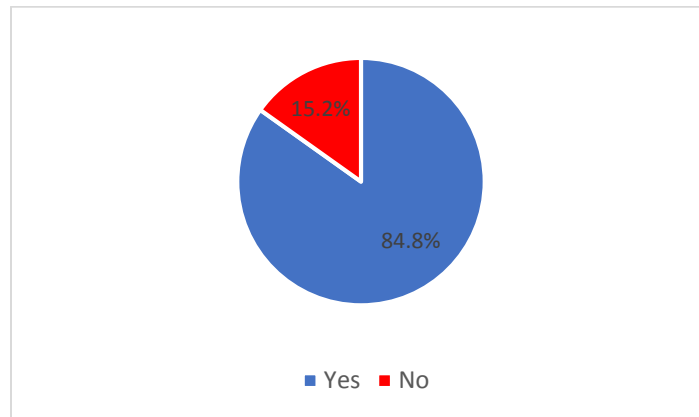


Figure 2.12 shows that 85 percent of respondents found the side-by-side comparisons to be helpful for the purposes of deciding between a BD and an IA. At least 77 percent of each investor and education subgroups responded affirmatively. Investors were more likely to respond affirmatively (88 percent) than were noninvestors (77 percent), and the percentage increases with education level, from 79 percent for high school diploma only to 86 percent for those with some college to 91 percent for bachelor’s degree or more.¹⁸

Use of Hyperlinks Contained in Relationship Summary

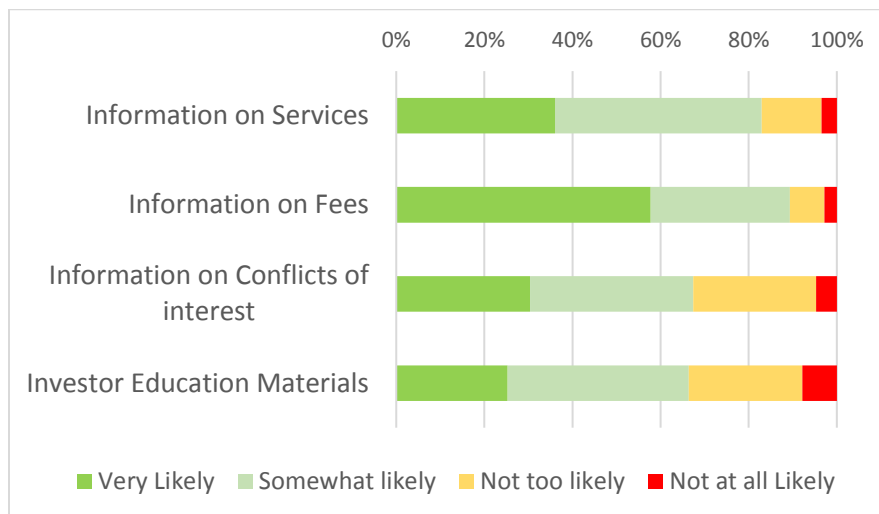
Respondents were also asked to consider whether they would use hyperlinks to additional information on financial professional services, fees, conflicts of interest, or to investor education materials. Figure 2.13 shows the results, which indicate that at least two-thirds of respondents reported being “somewhat likely” or “very likely” to use the hyperlink in each case.

¹⁷ A chi-square test indicates that this variation is not statistically significant at the 5-percent level (p -value of 0.15).

¹⁸ Chi-square tests indicate that this variation is statistically significant at the 5-percent level (p -values of 0.01 or less).

Figure 2.13. Likelihood of Clicking on Hyperlinks

If the Relationship Summary contained hyperlinks to the following types of additional information, how likely would you be to click on them?



A potential hyperlink to information on fees generated the most interest, with 58 percent selecting “very likely” and another 32 percent selecting “somewhat likely” to click on it. A majority of both investors (60 percent) and noninvestors (53 percent) reported being very likely to click on a hyperlink to additional information on fees, as did a majority of respondents in each education subgroup (increasing with education level from 51 percent for the high school group to 60 percent for some college to 64 percent for college graduates).

No other potential hyperlink generated a majority with “very likely” usage among any investor or education subgroup. The lowest levels of “very likely” usage were for links to information on conflicts of interest (30 percent) and investor education materials (25 percent). In both of these cases, noninvestors were more likely to report being “very likely” or “somewhat likely” to use the hyperlink (78 percent and 75 percent, respectively) than were investors (64 percent and 63 percent, respectively).¹⁹

Delivery of the Relationship Summary

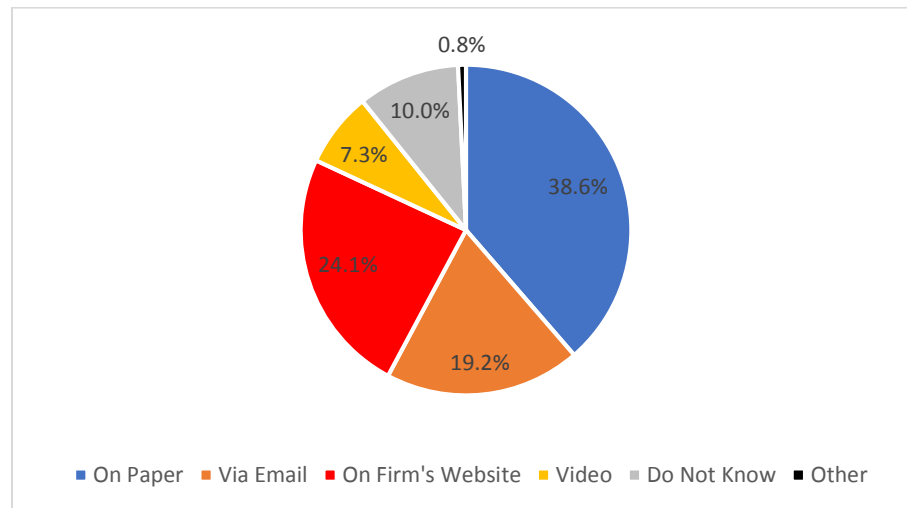
Respondents were also asked about how and when they would prefer to receive the Relationship Summary. Much variation across the population is evident in Figure 2.14, which shows opinions about which mode of delivery would most likely lead the respondent to review the information in the Relationship Summary. About two-fifths reported that they would be most

¹⁹ Chi-square tests indicate that this variation is statistically significant at the 5-percent level (p -values of less than 0.01).

likely to review a paper document, one-fourth selected the firm’s website, one-fifth selected email, one-tenth did not know which would be the most likely, and less than one-tenth selected video.

Figure 2.14. Mode of Delivery of the Relationship Summary

In which format would you be most likely to review the information in the Relationship Summary?



These distributions vary significantly across the investor and the education subgroups.²⁰ Investors who both currently receive financial advice and have consumer-directed types of investment accounts such as a nonemployer–sponsored retirement account or other investment account were the most likely to select paper (44 percent). Noninvestors were more likely to select “do not know” (18 percent) than were investors as whole (7 percent), or any subgroup of investors. Selecting “do not know” decreased with education level, from 17 percent for the high school diploma group to 8 percent for some college education 5 percent for the college graduates. On the other hand, selecting the firm’s website increased with education level, from 19 percent for the high school group to 23 percent for some college education to 30 percent for the college graduates.

²⁰ Chi-square tests indicate that this variation is statistically significant at the 5-percent level (*p*-values of 0.01 or less).

Figure 2.15. When to Receive the Relationship Summary

If you chose to work with a financial professional, when would you like to receive a copy of the Relationship Summary? Check all that apply.

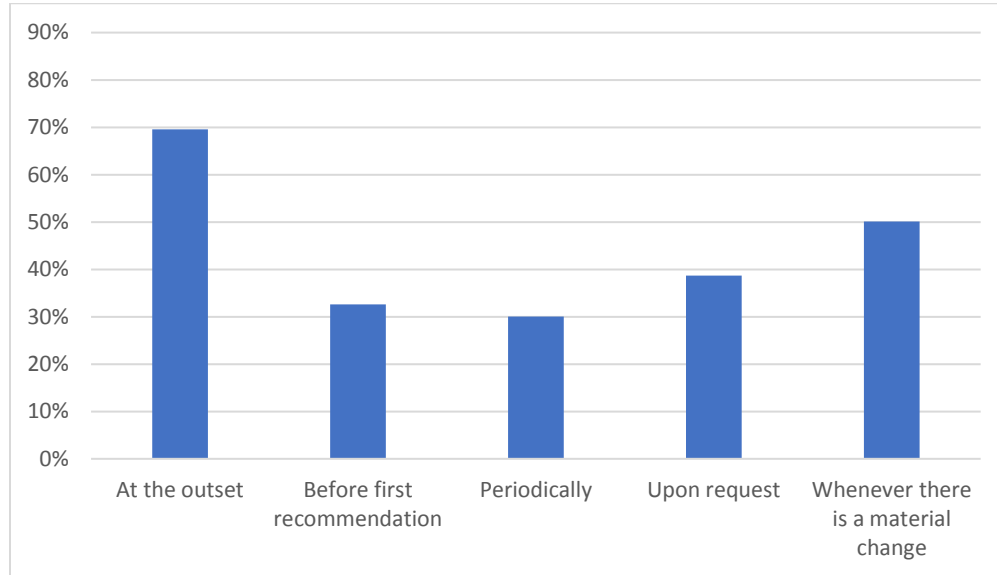


Figure 2.15 shows that 70 percent of respondents reportedly would prefer to receive the Relationship Summary at the outset of the relationship (“i.e., before or at the time you first engage the investment professional”) and 50 percent would also prefer to receive an updated summary “whenever there is a material change in the Relationship Summary, such as a change in fees or commission structure.” The share ranges from 30 percent to 40 percent for each of the other three choices: “before the investment professional first recommends a transaction or investment strategy,” “periodically (e.g., quarterly, semiannually or annually),” and “upon request.”

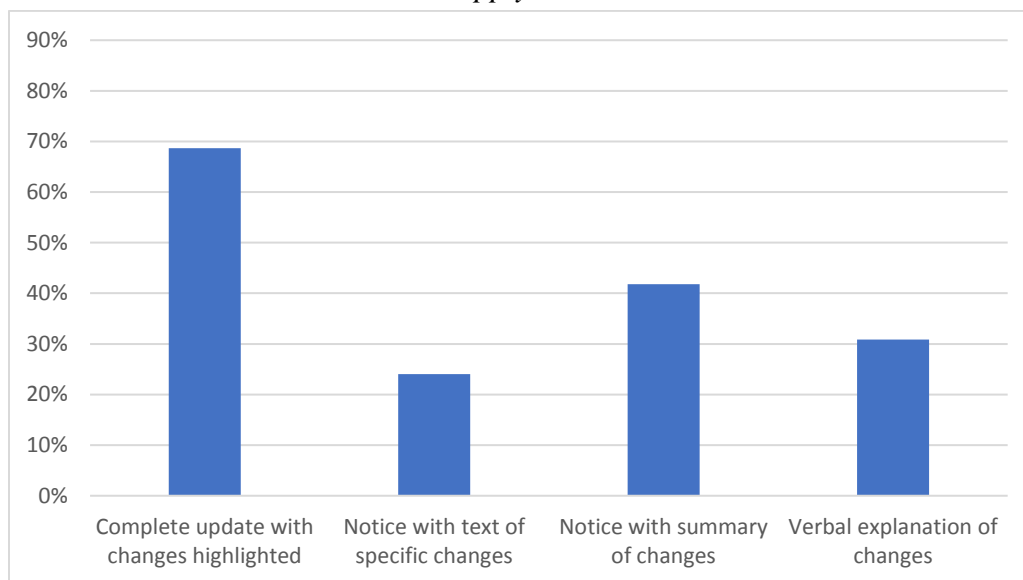
The shares for several of the response categories vary systematically with education level. Those with more education were more likely to prefer receipt at the outset of the relationship (56 percent for the high school group, 74 percent for some college education, 81 percent for college graduates), as well as to prefer receipt whenever there is a material change (39 percent for the high school group, 56 percent for some college education, 57 percent for college graduates).²¹

²¹ Chi-square tests indicate that this variation is statistically significant at the 5-percent level (p -values of less than 0.01).

Some notable variation is also found across investor subgroups. For example, investors were more likely to prefer receipt at the outset of the relationship (74 percent) than were noninvestors (57 percent).²² In contrast, noninvestors were more likely to prefer receipt upon request (46 percent) than investors (36 percent).²³

Figure 2.16. Delivery of Changes to the Relationship Summary

If you had an ongoing relationship with a financial professional, how would you like to be informed of material changes in the information in the Relationship Summary? Check all that apply.



As depicted in Figure 2.16, nearly 70 percent of respondents would like to be informed of material changes to the Relationship Summary via “a complete updated Relationship Summary with the changes highlighted.” Less than half of the respondents reported that they would also like to receive any of the other three offered types of notification: “a notice containing only the text of the specific changes” (24 percent), “a notice providing a summary of the changes” (42 percent), or “a verbal explanation of the changes from my investment professional” (31 percent).

Once again, the shares for several of the response categories vary systematically with education level. The share preferring receipt of a complete updated summary with changes

²² A chi-square test indicates that this variation is statistically significant at the 5-percent level (p -values of less than 0.01).

²³ A chi-square test indicates that this variation is statistically significant at the 5-percent level (p -values of 0.04).

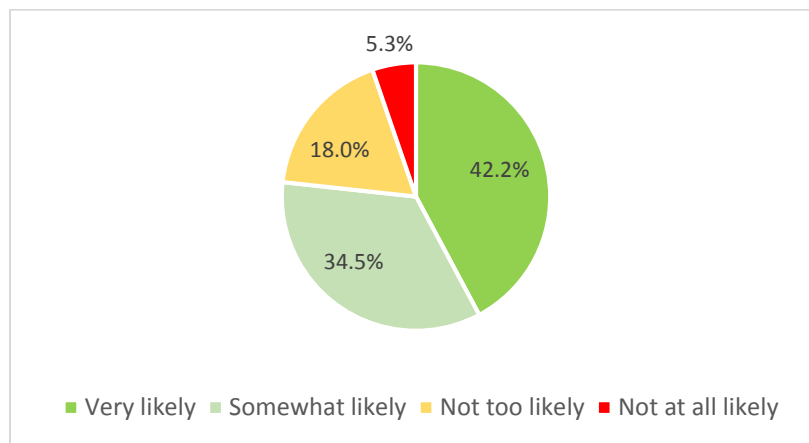
highlighted increases from 65 percent to 69 percent to 73 percent as educational attainment increases from high school diploma to some college to bachelor’s degree, as does the share preferring a notice providing a summary of changes, from 37 percent to 44 percent to 46 percent, respectively.²⁴ In contrast, the share preferring receipt of a notice containing only the text of the specific changes decreases with education, from 30 percent to 25 percent to 17 percent, respectively.²⁵

Disciplinary History

The survey asks a pair of questions about investigating the disciplinary history of the financial professional or firm. The results are summarized in Figures 2.17 and 2.18.

Figure 2.17. Likelihood of Looking Up Disciplinary History

How likely would you be to look up the disciplinary history of your financial professional or firm based on the information in the Relationship Summary?



More than 40 percent of respondents reported being very likely to look up the disciplinary history based on the information provided in the Relationship Summary, and another 35 percent reported being somewhat likely to look it up. Only 5 percent reported being not at all likely to do so.

A follow-up question elicited reasons why the respondent may not look up the disciplinary history. The three offered reasons were “I don’t know where to get it,” “It would take too much time or effort,” and “This information is not very important to me.” Respondents could select

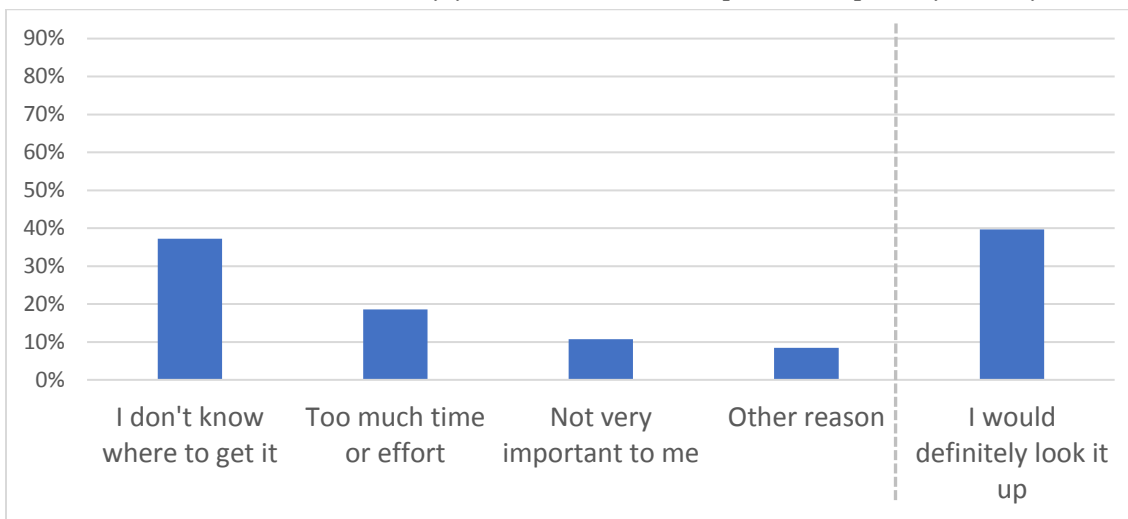
²⁴ Chi-square tests indicate that this variation is not statistically significant at the 5-percent level (p -values of 0.22 and 0.15, respectively).

²⁵ A chi-square test indicates that this variation is statistically significant at the 5-percent level (p -value of less than 0.01).

any or all of those responses, as well as an open-ended “Other reason” response, or could instead select “I would definitely look it up.” Figure 2.18 depicts the results.

Figure 2.18. Likelihood of Looking Up Disciplinary History—Reasons

What are some reasons why you would not look up the disciplinary history?



Two out of every five respondents reported that they would definitely look up the disciplinary history, but it is worth noting the one-quarter of those respondents had reported in the preceding question that they were something less than “very likely” to look it up. Among those respondents who did report a potential reason for not looking up the disciplinary history, more than 60 percent of them (37 percent of all respondents) cited a lack of knowledge about where to get the information and 30 percent of them (19 percent of all respondents) cited the time or effort required.

The results are qualitatively similar across investor and education groups. However, investors (37 percent) were less likely to report that they would definitely look it up than were noninvestors (47 percent),²⁶ and investors were more likely to cite the time or effort required as a reason for not looking it up (21 percent among investors versus 11 percent among noninvestors).²⁷ The share of respondents citing time or effort also increases with education level (from 15 percent for the high school group to 17 percent for some college education to

²⁶ A chi-square test indicates that this variation is statistically significant at the 5-percent level (p -value of 0.04).

²⁷ A chi-square test indicates that this variation is statistically significant at the 5-percent level (p -value of less than 0.01). Restricting attention to just those respondents who did not report “I would definitely look it up,” 34 percent of investors cited the time or effort required, while 21 percent of noninvestors did so.

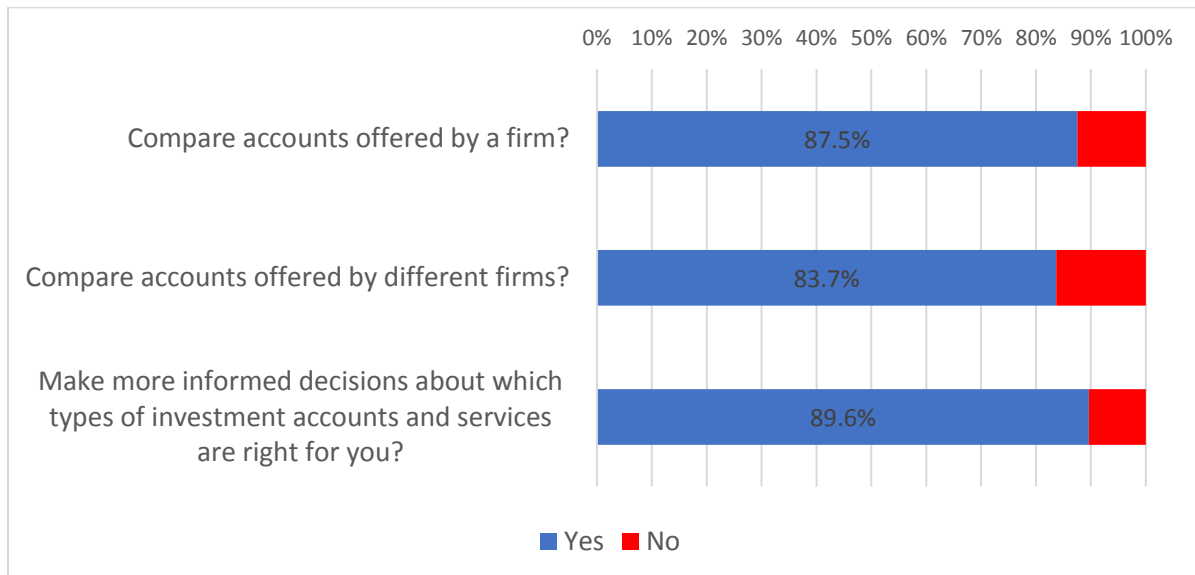
24 percent for college graduates), as does the share citing a lack of knowledge about where to get the information (from 31 percent to 37 percent to 44 percent).²⁸

Usefulness of the Relationship Summary

The survey concluded with a series of questions about how useful the Relationship Summary would be for the purposes of comparing accounts, making informed decisions, understanding key terms and conflicts of interest, and serving as the basis for a conversation. This section summarizes the results of responses to these questions.

Figure 2.19. Helpfulness of the Relationship Summary

If the SEC requires all BDs and IAs to provide this type of Relationship Summary to clients, would it help you . . .



As depicted in Figure 2.19, more than 80 percent of respondents indicated that the Relationship Summary would help to compare accounts offered by a firm, compare accounts offered by different firms, and make more-informed decisions about investment accounts and services. Comparable majorities arise for each and every investor and education subgroup analyzed. The lowest levels of support, yet still more than 77 percent affirmative, arise for

²⁸ Chi-square tests indicate that this variation is not statistically significant at the 5-percent level in the former case (p -value of 0.11) and is statistically significant in the latter case (p -value of 0.03).

noninvestors and for those with a high school diploma or less education regarding help to compare accounts offered by different firms.

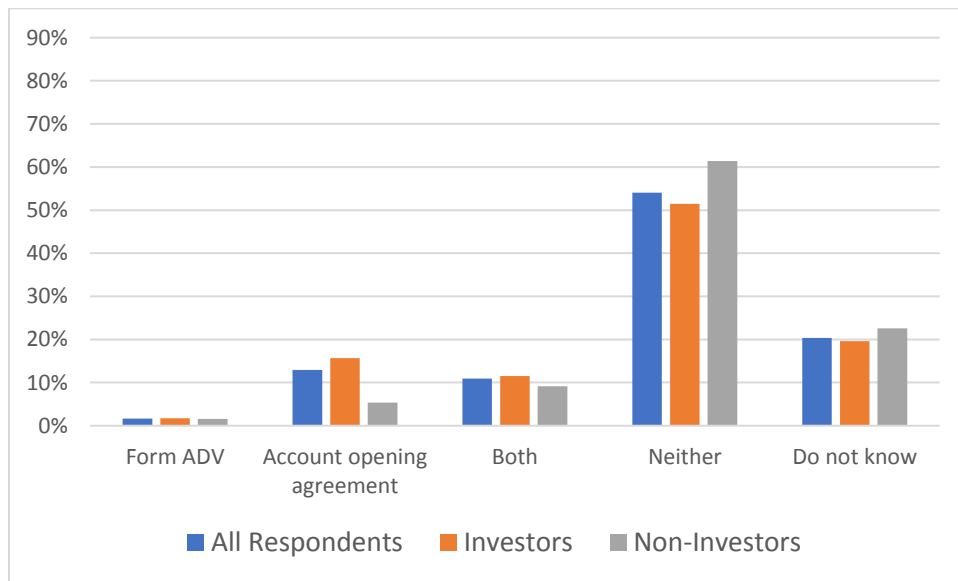
After answering these questions, respondents were given the following information:

Many of the topics included in the Relationship Summary are currently contained in longer documents (such as an investment adviser’s Form ADV or a broker-dealer’s account opening agreement) that give you more details about services, costs, conflicts of interests, and other matters.

Next, they were asked whether that had “ever reviewed an investment adviser’s Form ADV or a broker-dealer’s account opening agreement.” As depicted in Figure 2.20, more than half of all respondents (54 percent) indicated that had never reviewed either type of document, while another 20 percent did not know whether they had ever done so. This finding arises both for investors (51 percent neither document and 20 percent do not know) and for noninvestors (61 percent neither document and 23 percent do not know).

Figure 2.20. Prior Review of Documents

Have you ever reviewed an investment adviser’s Form ADV or a broker-dealer’s account opening agreement? Select one:



Among investors who had reported receiving financial advice, 39 percent reported that they had not ever reviewed either type of document and 24 percent reported that they did not know. Another 13 percent of this group of investors reported that they had reviewed both types of

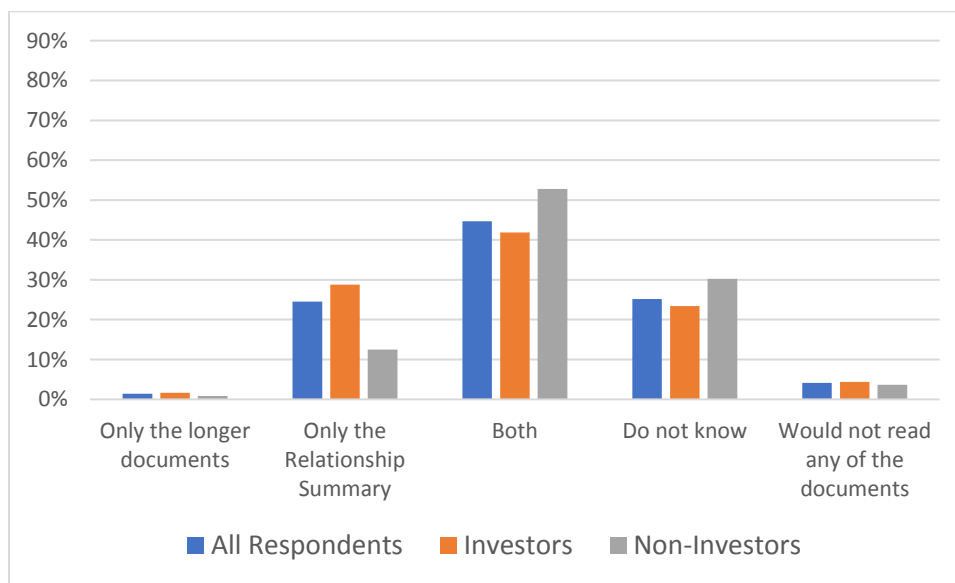
documents, 23 percent reported reviewing just an account opening agreement, and 2 percent reported reviewing just a Form ADV.

Among investors who reported holding more-involved investment account types, such as a nonemployer–sponsored retirement account or some other type of investment account, 48 percent reported that they had not ever reviewed either type of document and 19 percent reported that they did not know. Another 12 percent of this group of investors reported that they had reviewed both types of documents, 18 percent reported reviewing just an account opening agreement, and 2 percent reported reviewing just a Form ADV.

Putting these results together, it is clear that most respondents do not recall reviewing either of these types of documents.²⁹ After collecting this information, the survey asked which types of documents—longer ones, such as a Form ADV or account opening agreement, or the Relationship Summary—the respondent would be likely to read when choosing a financial professional, account type, or firm. Figure 2.21 summarizes the results.

Figure 2.21. Preferences over Types of Documents

When choosing a financial professional, account type, or firm, which of the documents are you likely to read?



Whereas Figure 2.20 shows that half of all investors reported having reviewed neither a Form ADV nor an account opening agreement in the past and another 20 percent reported not knowing whether they had ever done so, Figure 2.21 shows that about 70 percent of all respondents and of

²⁹ Note that a member of the household other than the respondent may recall having reviewed the documents.

all investors reported that they would be likely to read either both types of documents or only the Relationship Summary when choosing a financial professional in the future. Just 2 percent of investors and 1 percent of noninvestors reported being likely to read only the longer documents, whereas 29 percent of investors and 13 percent of noninvestors were likely to read only the Relationship Summary. Less than 5 percent of investors and of noninvestors reported that they would not read any of the documents.

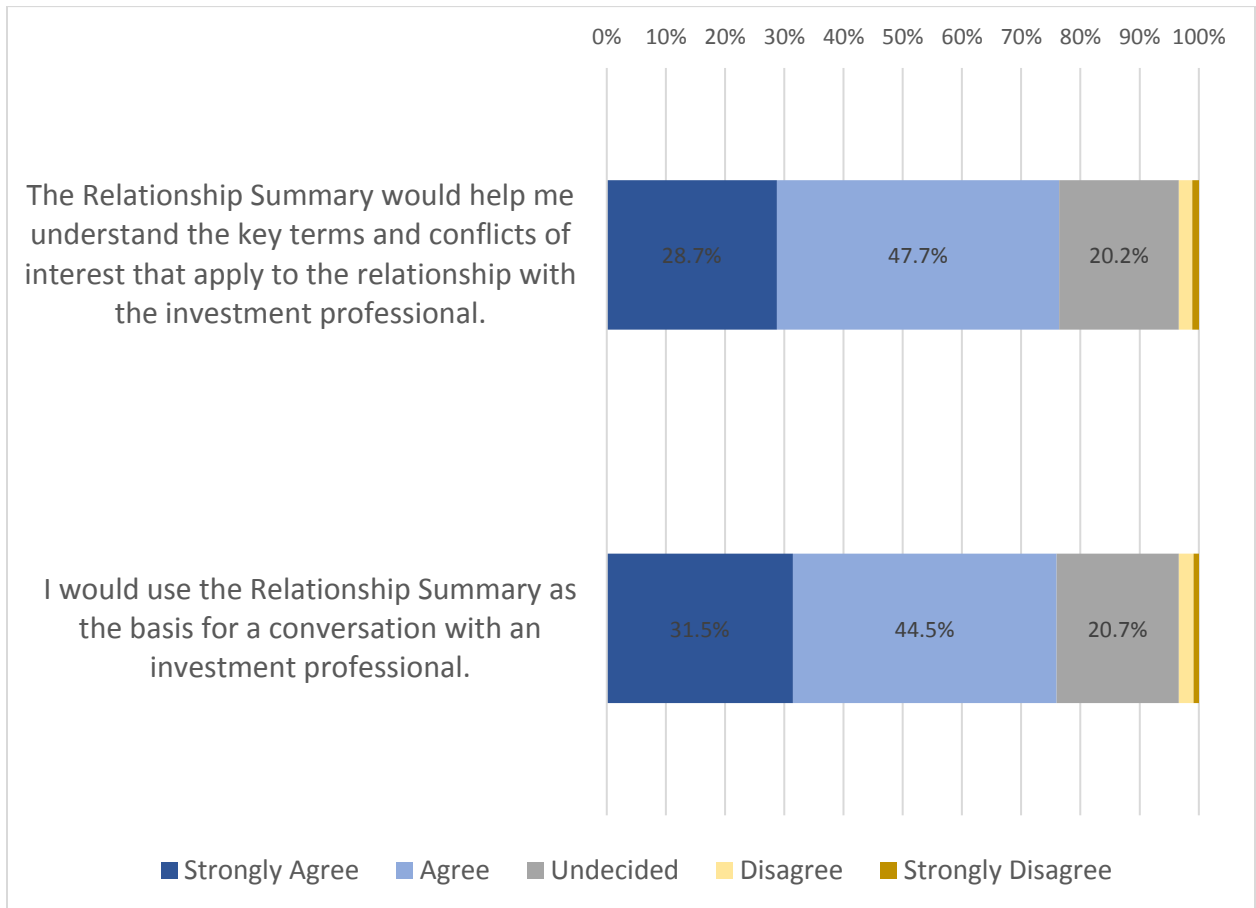
About one-quarter of respondents did not know which they were likely to read, including 20 percent of investors and 30 percent of noninvestors. This share decreases with education level, from 32 percent for those with a high school diploma to 25 percent of those with some college to 18 percent of those with a bachelor's degree. The group with the highest level of education has the largest share likely to read only the Relationship Summary at 35 percent, with the high school group at 17 percent and the group with some college education at 21 percent.³⁰

Finally, respondents were asked a pair of questions eliciting the extent to which they agree with statements that the Relationship Summary would help to understand key terms and conflicts of interest and that they would use it as a basis for a conversation. Figure 2.22 summarizes these results.

³⁰ A chi-square test indicates that the variation in response across education groups is statistically significant at the 5-percent level (p -value of less than 0.01).

Figure 2.22. Agreement with Statements about Use of Relationship Summary

Please indicate whether you agree with the following statements:



Respondents express considerable agreement with each of the two statements, with more than 75 percent reporting that they agree or strongly agree. Less than 4 percent disagree or strongly disagree with either statement.

The results are qualitatively similar across investor and education subgroups. The share expressing agreement tends to increase with education level but does not fall below 68 percent for any of the three education subgroups. The share expressing disagreement does not exceed 5 percent for any education or investor subgroup.

Summary

The Relationship Summary Survey was designed to collect information on the opinions, preferences, attitudes, and levels of self-assessed comprehension of the U.S. adult population with regard to a sample Relationship Summary. The survey was not designed to objectively assess comprehension of the document.

Several general findings emerged from our analysis of the survey responses. Respondents expressed generally positive assessments of the format and content of the Relationship Summary.

Nearly 90 percent of respondents opined that the Relationship Summary would help them make more-informed decisions about investment accounts and services. More than three out of every four respondents agreed with statements characterizing the Relationship Summary as helpful in understanding key terms and conflicts of interest and as serving as the basis for a conversation with an investment professional. Opinions of respondents with less education or less investment experience were less positive than those of respondents with more education or investment experience, but opinions from all groups were still generally positive.

Eighty-five percent of respondents found the side-by-side comparisons to be helpful for the purposes of deciding between a BD and an IA. Almost all of the respondents who reported that they would be likely to read any documents when choosing a financial professional or account type reported that they would read the Relationship Summary, alone or in addition to other documents. A majority of respondents reported that the Relationship Summary was too long. In the section-by-section questioning, however, the most common response was to keep the section length as is.

With respect to the different topics covered in the Relationship Summary, information on fees and costs tends to be perceived as potentially the most helpful. The current “Fees and Costs” section is the most likely to be selected as one of the two most informative sections (and least likely to be one of the least informative), yet it is also the most likely section to be found as the most difficult to understand in its current form and to be recommended to have more detail added. Among current and potential key questions to ask, questions concerning fees and costs tended to generate the most interest.

Respondents tended to express interest in the key questions more generally, typically reporting that they would be likely to ask the questions and would be comfortable doing so. Overall, respondents were split 60-40 in favor of using a question-and-answer format throughout the Relationship Summary.

3. In-Depth Interviews

To ascertain comprehension of the Relationship Summary and gain feedback from investors, we conducted a series of in-depth interviews with investors. In-depth interviews allow for a deeper dive into participants' understanding and reasoning. However, because interview samples are small, the results cannot provide much insight into how understanding varies by subgroups (e.g., different racial/ethnic groups, age groups). Furthermore, interview participants may be hesitant to fully disclose their confusion or lack of understanding to a stranger (i.e., the interviewers). However, this is of minimal concern given that the interviewers were highly experienced in conducting interviews and focus groups and skilled at putting participants at ease (as indicated by participants' willingness to indicate lack of knowledge at multiple points throughout the interviews). Notwithstanding these limitations, in-depth interviews allow us to obtain insights related to the reasoning and experiences behind individuals' preferences and behaviors, and these qualitative data are a valuable complement to the nationally representative quantitative survey.

We first describe our methodology for conducting the interviews (including our sample) and then describe our findings by section of the Relationship Summary, and then findings on the overall document.

Interview Methods

We conducted 16 interviews in Denver, Colorado, and 15 interviews in Pittsburgh, Pennsylvania, for a total of 31 interviews. To recruit our participants, we employed independent market research firms in each location. The market research firms used a standardized script we developed to invite investors by telephone to participate in an interview. We limited participation to those who currently hold stocks or mutual funds, and we set guidelines to achieve a sample that has a broad range of educational background, racial and ethnic characteristics, gender, age, and experience working with financial professionals (see Appendix 3 for script and eligibility criteria). Sixteen individuals were recruited to participate in each location.³¹ Upon arriving, participants completed a survey about their investment experience and experience with financial professionals, to provide descriptive information on the sample (see Appendix 4 for the full survey).

During each interview, the interviewer used cognitive interview methods (Beatty and Willis, 2007) to gather input from the participant. The interviewer presented the participant with a

³¹ One recruited participant in Pittsburgh, Pennsylvania, did not appear for the interview.

sample Relationship Summary (see Appendix 5 for the sample Relationship Summary), and explained that the participant would be asked to read through each section, and “think-aloud” as he or she read, sharing such thoughts as unfamiliar words or helpful phrases that he or she encountered while reading. If a participant had difficulty freely offering information, the interviewer would follow up with such questions as, “What do you believe this text is saying?” or “Were any parts of this section confusing? Which parts?” After the think-aloud exercise, the interviewer asked for feedback on the document as a whole, particularly asking about the organization of the document, the length of the document, the level of language used in the document, and the delivery method. Finally, the interviewer asked more general questions about comprehension and helpfulness of the form. As in the survey instrument, the interview protocol included some questions that provide a window into participants’ understanding of concepts introduced in the Relationship Summary, but the protocol was not designed to serve as a full assessment of participants’ objective understanding of the Relationship Summary. For example, the interviewer asked the participant to describe the differences between IAs and BDs based on the information in the Relationship Summary, and whether the information would be helpful in selecting a financial professional (see Appendix 6 for the full interview protocol).

Two interviewers conducted interviews at each location. The interviews were audio-recorded, and the recordings were transcribed. Immediately upon arriving, all participants were provided with information about the study and verbally consented to interview participation and audio-recording.

Participants

Sample characteristics, compiled based on responses to the recruiting script, are summarized in Table 3.1. The 31 participants in the two locations were 25 to 69 years old, with an average age of 44.3 years. Among these participants, 20 were female. The mix of racial and ethnic background included 24 white participants and seven participants from other racial and ethnic groups. Twenty participants hold a bachelor’s degree, and 16 are the sole financial decisionmaker in the household. Table 3.1 summarizes our sample.

Table 3.1: Sample Characteristics by Interview Location

Characteristic	Denver (N=16)	Pittsburgh (N=15)	Overall (N=31)
Age (mean)	40.2	48.7	44.3
Male	6	5	11
Female	10	10	20
White	12	12	24
Non-white and/or Hispanic	4	3	7
Bachelor’s degree or more	11	9	20
High school, some college, or associate’s degree	5	6	11
Sole financial decisionmaker in household	8	8	16
Shared responsibility for financial decisionmaking in household	8	7	15

Characteristic	Denver (N=16)	Pittsburgh (N=15)	Overall (N=31)
NOTE: Age cells correspond to mean in years; all other cells provide the number of participants indicating each response during recruitment.			

Participants were asked in the survey about the types of investment accounts owned in their households and asked again about their experience with financial professionals. Table 3.2 summarizes these financial characteristics by interview location.

Table 3.2. Investment Experience by Interview Location

Investment Type	Denver (N=16)	Pittsburgh (N=15)	Overall (N=31)
Employer-sponsored retirement account (e.g., 401(k), 403(b), SEP-IRA, or Thrift Savings Plan)	15	9	24
Other retirement investment account (e.g., traditional IRA or Roth IRA)	10	10	20
529 Plan (college savings plan)	3	4	7
Investment account not listed above (e.g., brokerage or advisory account)	8	9	17
NOTE: All cells provide the number of survey respondents indicating that they have that type of account.			

In our sample, 24 participants report that their households hold employer-sponsored retirement accounts, 20 report that they hold other retirement accounts, seven report that they hold college savings accounts, and 17 report that they hold other types of investment accounts.

When asked about working with financial service providers, 13 participants said that they currently work with a professional financial service provider for “advising, choosing, managing and/or planning your stock and/or mutual fund investments” and four participants said that they have in the past but not currently. When asked about the type of financial service provider they use or used, none reported that his or her financial service provider is a broker, seven reported that the financial service provider is an IA, four reported that the financial service provider is dually registered, and four reported that they do not know.³² Table 3.3 summarizes experience with financial professionals by interview location.

Table 3.3. Experience with Financial Professionals by Interview Location

Experience with Financial Professional	Denver (N=16)	Pittsburgh (N=15)	Overall (N=31)
Currently work with a professional financial service provider	5	8	13
Previously worked with a professional financial service provider	2	2	4
Financial professional that respondent works/worked with is			
• a broker-dealer	0	0	0
• an investment adviser	3	4	7
• both a broker-dealer and investment adviser	2	2	4

³² Two respondents reported “other.”

• don't know	1	3	4
• other	1	1	2
NOTE: All cells provide the number of survey respondents indicating that they worked with that type of professional.			

Analysis of Interview Discussions

The main goal of analyzing the interview discussions was to provide qualitative insight into some of the findings from the survey section. We used thematic analysis to extract concepts that emerged across multiple interviews (Boyatzis, 1998; Braun and Clark, 2006). The analysis was led by two members of our research team.³³ We extracted key information related to participants' understanding of and reactions to each section of the Relationship Summary, as well as the general organization and format of the document. Based on this key information, we then independently identified themes across the interviews. We each generated a memo summarizing the themes we had identified. We then reviewed the memos and transcripts again, identifying quotes supporting each theme and ensuring that no themes were overlooked. Finally, we generated a description of each theme and accompanying supporting evidence.

We did not calculate theme "prevalence" (i.e., a count of how many times a theme emerged across the interviews) for several reasons. First, the number of times that a theme is mentioned is not necessarily an indicator of how important or crucial it is (Braun and Clark, 2006). For example, two individuals could note a key point that is as important as one noted by 20 participants. Second, the sample for the in-depth interviews was not intended to be representative of the general population of investors. Thus, the prevalence of themes among the interview data set does not provide information on how prevalent the theme would be among the general population of investors. We do note that to qualify as a theme, we ensured that a pattern occurred in at least two interviews to avoid potentially highlighting points that were idiosyncratic to a single participant and his or her reaction to the Relationship Summary.

Themes Emerging from Section-by-Section Review of Relationship Summary and Comparison to ALP Survey Results

In this section, we present themes that arose during the think-aloud exercise and follow-up probes that participants engaged in while reviewing the Relationship Summary, and we compare them with ALP survey results. We provide quotes from participants to support each theme.

³³ These team members were Angela Hung and Jennifer Cerully. Both observed several of the interviews but did not conduct the interviews.

Throughout this chapter, direct quotes from interview transcripts appear in italics and within quotation marks, and our clarifications of a quote or phrase appear in brackets.

Types of Relationships and Services Section

As discussed in the previous chapter, more than half of ALP survey respondents named the “Types of Relationships and Services” section as one of the most informative sections of the Relationship Summary (see Figure 2.1), and more than 45 percent felt that the level of difficulty or ease of this section was “Just Right” (see Table 2.4). When we questioned interview participants about their interpretation of the “Types of Relationships and Services” section, participants had a general understanding that this section describes two different types of services or accounts that a client would choose. For example, one participant described the main point of this section as “. . . you can provide services in a brokerage account, an investment adviser account or, or both at the same time. So, I think it’s just laying out the options that are available.” Another participant similarly expressed, “they’re trying to breakdown the type of account that would be best for the consumer, a brokerage, or investment, um, advisory or both.”

However, more than 22 percent of ALP respondents reported that they found the “Types of Relationships and Services” section to be “difficult” or “very difficult” (see Figure 2.2 in Chapter 2). Some themes from the interview discussions provide insight on areas with which interview participants struggled.

Participants Reacted Strongly to the Notion of Being Offered Limited Investment Options

The last bullet point in each column in the Relationship Summary was most noteworthy to participants. On the “Brokerage Account” column, the last bullet point describes that the firm offers a limited selection of investments. On the “Advisory” Account column, the corresponding bullet point discloses that advice covers a limited selection of investments. Some participants felt that the phrase “limited selection” raised more questions, such as questions on what types of investments are not offered: “*Like what else am I missing then?*” This bullet point also raised questions on why the firm offers a limited selection: “*I would wanna know more about why there’s a limited selection,*” “*So I would be curious to know, um, especially on the brokerage side, you know, why do they offer limited selection?*” or “. . . *how did you pick your limited selection?*” Participants also wondered as to the motivation of the firm for disclosing the limited selection: “*why would they . . . it’s almost like they’re admitting . . . why would there be, um, other firms that provide a wider range of choices at lower costs?*” and “*I guess it’s good that they’re honest and say that you have a very limited range of investments and you, you have a, other options elsewhere.*”

Participants Noted Several Concerning Phrases or Phrases that Needed Further Definition

Some participants made particular mention of the third bullet on the “Broker-Dealer Services” column of the Relationship Summary, particularly the phrases “additional services”

and “might pay more.” For example, one participant said, *“Or they can also, in the third bullet, they can offer additional services to assist you and monitor the performance, but you may pay more. I would like to know up front what is included and what I’m gonna pay extra for.”* Another participant expressed *“I understand what this is about, but I think . . . but you might pay more . . . I think it, it should be said in a, a way that’s not so like unclear. . . . But when I hear something like, ‘But you might pay more,’ I’m concerned.”*

Some participants indicated that further definitions of the bold, italicized words in this section would be helpful: “transaction-based fee,” “asset-based fee,” “discretionary account,” and “non-discretionary account.”

“Our Obligations to You” Section

As with the “Relationships and services” section, almost half of ALP survey respondents found the “Our Obligations to You” section to be “just right” in terms of difficulty or ease in understanding (see Table 2.4 in Chapter 2). Interview participants generally understood that this section describes legal obligations of financial services firms. Participants expressed such thoughts as: *“This is their legal obligations to me as a client,”* or *“There are laws that they have to go by and . . . here is the laws that are protecting you.”*

Less than a third of ALP respondents named this section as one of the most important sections, and almost one-quarter named this section as one of the least important sections (see Figure 2.1 in Chapter 2). Furthermore, almost 23 percent found this section to be difficult or very difficult to understand (Figure 2.3 in Chapter 2). Interview discussions revealed that there were mixed interpretations to this section, and there was variation in the level of understanding of obligations and the term “fiduciary.”

Participants Had Mixed Interpretations to this Section

There were some mixed reactions to the interpretation of this section, with some participants feeling that the section was the company looking to protect itself, while others found it reassuring. Those who felt that the company was protecting itself said things like: *“To me it’s, it’s your, sorry to be so blunt but it’s your CYA . . .”* Some were skeptical about the conflicts of interest: *“I just find it hard to believe that if there’s conflicting interest, that someone is actually going to act in my best interest and place my interest [above theirs] . . . I mean because this is a business.”*

Other participants found this section reassuring and thought that clients’ best interests would be put first. For example, *“they’re wanting to treat their customers or whoever they’re working with, um, fairly and just making sure that they’re not putting their own interest above, um, for your own. Not acting, you know, in a malicious way . . . it’s good that they’re talking about conflicts of interest...and that they’re being cognizant of, of that happening. And...the kind of actions that they want to take in those situations.”* Another participant said *“. . . it seems like, for both of them, they’re kinda saying like, ‘We have your best interests at heart, and our . . .’ you*

know, 'You're . . . You're gonna be paying us to make sure that you get the . . . best service, and we help you make the best decisions that we . . . know how to make, and we won't just be . . . trying to make money off of you . . .'" Another said that ". . . I like it because it shows that there's an honesty, a truthfulness that is necessary."

Participants Varied in Their Understanding of Differing Obligations for Different Account Types

Some participants felt that both the "Brokerage Account" and "Advisory Account" columns in the Relationship Summary were essentially conveying the same message: *"I don't know, it's basically the same language, but um, the same but they just kind of word it differently. . . . Yeah, so it's pretty much the same. But it's just worded differently and they try to, to make the right side sound a little fancier."* However, other participants interpreted the section as conveying that advisory accounts have a different standard from brokerage accounts. For example, one participant said, *"I took [it] though as on the investment adviser service side, they seem to be held to a higher standard. In terms of protecting the investor, um, basically because of them saying they're held to a fiduciary standard. Whereas on the left side with the broker-dealer services, um you know, they're just saying that they're acting in your best interest."* Another participant, reading the last bullet point on how brokers will try to reduce conflicts of interest, said: *"So that just made me a little confused at first and skeptical, and then I started to compare and contrast with the advisory account. Um, and really liked the way it was worded to say that they were gonna eliminate them."*

Many Participants Did Not Understand the Meaning of the Word "Fiduciary"

Some participants had never heard of the word, whereas others had heard it but did not know what it meant in this context. Others thought that fiduciary implies acting in best interest, and were then confused by the second bullet point under the "Advisory Account" column. For example, one participant said: *"So, on the right, uh, um, my understanding of the word fiduciary is that the company would have to act in my best interest, which makes me question the second bullet point, which says that their interest and my interest could conflict."* Another participant said that he *"thought that IAs [investment advisers] had fiduciary: I thought that there was a law that said that, uh, the, uh, advisor, uh, must have your best interest, uh, and then I thought that may have been, um, that law may have been removed recently Um, so I'm a, I'm a little bit confused on that. And, uh, you know, it's the same with this second bullet point on the investment adviser."*

"Fees and Costs" Section

Results from the ALP survey show that the "Fees and Costs" section is most likely to be selected as one of the most informative and least likely to be selected as one of the least informative (see Figure 2.1). At the same time, this section was the most difficult for survey

respondents to understand: Less than 40 percent found it “just right” and 36 percent found it “difficult” or “very difficult” (see Figure 2.4).

Interview participants generally understood that this section provides information on the types of fees that they could possibly incur from brokerage or advisory accounts. They generally found the section to be important, but they also found the section to be overwhelming and had some difficulty with the language in the section.

Participant Reactions Were Conflicted, with Some Finding the Section Overwhelming and Others Wanting More Information

Many participants expressed that this section is overwhelming with the number of various types of fees, and at the same time felt that more information would be helpful. For example, one participant said, *“Yeah, no it’s just a lot I think, you know, somebody reading through this it’d be like, oh my gosh. So, basically the way it lands if you just read it and don’t know what you’re doing is, there’s just a lot of fees. You know, no matter what you do.”* The same participant later elaborated, *“Well, I think for the, um, your typical layperson who doesn’t know, I think they’re gonna obviously want some explanation, further explanation.”* Another participant said, *“I’m going to be fee’ed to death . . . that’s what I’m getting from this. I’m going to be fee’ed to death regardless of whether I’m asking you to do anything for me or not, there’s going to be some sort of a fee associated. I kind of am glad that there aren’t actual numbers in front of me cause that might confuse me even more. But then I kind of wish, okay, is this fee going to be this percentage or is this fee going to be that. But it might really overwhelm me, so”*

Approximately 90 percent of ALP survey respondents indicated that they would click on hyperlinks to additional information on fees if they were provided (see Figure 2.12). Several interview participants likewise expressed that they want more specific details on fees. In particular, they would like for fees to be quantified. As one stated: *“Just give me an amount for the commission. Is it five dollars a trade? Or does it depend on the amount of shares that I’m buying?”* Another said, *“I think the more clearly outlined the specific fees are, the better understanding you have of it because . . . fees are inherent . . . to the nature, I think, of the industry”* going on to compare the selection of an investment to other purchases, adding, *“you know, if you’re price comparing, if you’re on Amazon, if you’re on anything, you’re going to be looking at the specific price you’re paying.”*

Participants Expressed Some Confusion and Concern About Fees Being Negotiable

The bullet point about how fees are negotiable and may vary concerned participants, and many noted that it made them feel as if they may pay too much. For example, *“And then I have an [online brokerage] account, and I know that . . . well, unless I’m missing out on something, but I don’t think any of their fees are negotiable, so . . . Makes me kinda feel like . . . um . . . I don’t know. I might not always be getting . . . as good of a deal as other people that might work with you guys more.”* Another participant said: *“I think the word negotiable is interesting”*

Because like as I've been reading all of this, it seemed like everything would be very much like, if I make this percent of this sale, like very—like not really negotiable. Like that makes me feel like I could be like, well, you should get two percent of this. You know, like something where I could argue it—rather than that's just how it is.” And another participant said, *“I'm also curious why they're negotiable and how . . . what . . . if you're telling me they're negotiable, why? I wouldn't try to negotiate them down . . . and what type of skill it would require for me to negotiate them down . . . or how low you would go.”*

Participants Appreciated Guidance on Minimizing Fees

Several participants liked the final bullet points in each column in that they offer guidance on how to minimize fees: *“I like the last bullet for both, just that it's kind of like why something, why somebody might lean a certain way.”* Another participant said, *“Then the last bullet, from a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time. I think, again, that is refreshing”*

Participants Struggled with Terms in this Section

Participants tended to struggle over the language in this section, even those that had further explanations or definitions. Words that participants flagged include “markup,” “markdown,” “load,” “surrender charges,” “wrap fee,” and “custody.”

“Conflicts of Interest” Section

ALP survey respondents were more likely to choose the “Conflicts of Interest” section as one of the least informative sections than as one of the most informative sections (see Figure 2.1). Furthermore, more than one-third of survey respondents found the section to be difficult or very difficult to understand (Figure 2.5).

Interview participants generally understood that the purpose of this section is to inform the client about conflicts of interest. Some participants expressed appreciation that the firm was being transparent about its conflicts of interest, but many participants struggled with how to reconcile the information in this section with the previous “Our Obligations to You” section.

Participants Felt that this Section Conveyed a Sense of Transparency or Honesty on the Part of the Firm

Participants expressed that they appreciated that the firm was being transparent or honest about their conflicts of interest even if the conflicts made them feel uneasy. One participant, in reviewing the column on Brokerage Accounts, said, *“There's a lot there as far, um, a lot of transparency but also . . . it kinda makes me feel . . . a little bit concerned. Because like how do I know you're not gonna direct me to something because it's gonna benefit you.”* Another participant, when asked what the section was trying to convey, said, *“I think it's saying . . . We're gonna be upfront and honest with you that, uh . . . we can . . . we are earning money by*

. . . you know, convincing you to . . . buy and sell more, or especially to, um, buy certain products that might be managed by our firm, or, um, through accounts that are owned by our firm, so that we can make more money off of you.’’

Participants Felt that this Section Contradicts the “Our Obligations to You” Section

Many participants expressed confusion over how to reconcile “Conflicts of Interest” section with the earlier “Our Obligations to You” section. For example, one participant said, *“ . . . to me right away, I’d be like, hmm, like, what about that section where you said like, your obligations to me? Like this seems very contradicting.”* Another participant also brought up the earlier section, *“ ’Cause I think in the beginning it says something about . . . ‘So, we must act in your best interest and not place our interest ahead of yours when we recommend an investment.’ ”* She then said that this section then sounds as if the firm would not act in the client’s best interest: *“ [The firm is] going to recommend, um, certain investments, mutual funds, that’s being managed by someone, you know, related to the firm, or offered by companies that pay them money. So, they’re not really, um, looking out for your best interest they’re looking out for theirs.”* As another example, a different participant also noted that he felt the sections were contradictory: *“ I don’t know, it seems . . . It seems to go against, uh . . . ‘Our Obligations to You,’ statement . . . where they’re saying, you know, ‘We have your best interests at heart,’ and then you start reading this, and . . . they’re saying, ‘Well, we don’t actually have your best interests at heart. We’re kinda . . . doing things so that we get paid.’ ”*

Another participant pointed out that the obligations section had said that any conflicts of interest would be reduced and disclosed. However, the conflicts section does not mention disclosing or reducing conflicts of interest: *“ Um, what I’m not reading in this is, how it would be disclosed to me that they have this. I know in the beginning it talked about disclosures earlier in the document and how they were gonna reduce those conflicts But in reading this conflict of interest, while I appreciate they gave me the information, I don’t see how they were gonna tell me that you know, we can make a profit, we may recommend certain things that are financially beneficial to us.”* Likewise, another participant also expressed that more details on potential conflicts of interest would be helpful: *“ I think that . . . that it should be more specific as to how they’re . . . what . . . how, exactly, they’re benefiting from potential conflicts of interest.”*

Key Questions to Ask

Even though ALP survey respondents were more than twice as likely to choose this section as one of the least informative sections than as one of the most informative sections (see Figure 2.1), interview participants liked the questions. As noted earlier in Chapter 2, it is possible that the “Key Questions to Ask” section is chosen as “least informative” because the purpose of the section is not to introduce new information. Instead, it provides suggested questions to discussion with a financial service provider. Most interview participants said that they liked all

of the questions, that they would ask these questions in meeting with a financial service provider, and did not suggest dropping any of the questions.

Cross-Cutting Themes Applying to Multiple Sections or the Entire Relationship Summary

In addition to the section-specific themes described above, a number of cross-cutting themes emerged that applied to the entire Relationship Summary or to multiple sections of it.

Although Some Participants Identified Some Differences Between Brokerage and Advisory Accounts, Others Demonstrated Significant Misunderstanding.

When asked about the differences between brokerage and advisory accounts, or which type of account would be better for the participant, participants identified key differences between account types. For example, some felt that brokerage accounts are better for those with investment expertise and time to dedicate to investing, whereas advisory accounts are better for those who have less expertise and/or less time to monitor investments. As one participant stated, *“so it seems like the broker, broker dealer services are definitely more geared for someone who is wanting to kind of do it on their own . . . someone who, you know, feels comfortable, um, buying and selling on their own. the advisor services . . . are definitely more for someone who either doesn't understand the market or doesn't have the time to, you know, monitor their investments as much . . . so they want to hire someone that will basically do that for them.”* Others described brokerage accounts as more self-directed than advisory accounts, or that advisory accounts would be better for those with more assets. One participant said *“right now if . . . I had to pay for it, I would just go with a broker-dealer, because like I said, . . . I'm kinda . . . new to a career, and I don't have a lot of money, and I'm kinda interested in like, managing that stuff on my own...but I think, . . . as I get older, and closer to retirement and wanna make sure that I don't make any ... mistakes, 'cause I won't have time to recover from them, and I think it probably makes sense to, ... start getting a little bit more advice.”*

Misunderstanding was demonstrated in two ways. First, some people understood discrete sections of the Relationship Summary, but when questioned at the end of the interviews, they did not appear to have synthesized the information and be able to apply it. For example, one participant could clearly put differences in fees related to each type of account, saying that *“the transaction-based fee is based on like each individual transaction, every time that you trade you would be charged a fee based on whatever it was you were trading or the amount, or number of shares, or whatever, however they would charge. And then the asset based fee is just based on how much, what your assets are that are being managed.”* However, at the end of the interview, the same participant incorrectly responded to several questions. For example, when asked about which type of financial professional has an incentive to encourage investors to buy and sell

securities frequently, the participant incorrectly answered, *“I think there’s probably more incentive on the advisory account.”*

Others seemed to misunderstand the differences between account types and financial professionals from the beginning, never fully grasping it. For example, when asked what kind of investor would be better off with a BD and what kind of investor would be better off with an IA if the decision is based on cost alone, one participant could not provide great detail, answering: *“Now when you say investor would I just say someone like myself . . . like . . . normal everyday people individuals . . . I would say investment adviser is best. Um. I’m thinking like who would want that . . . I don’t know if businesses are better off with broker dealer services”*

Participants Demonstrated Evidence of Learning New Information from the Relationship Summary.

Some expressed their learning in a general way. For example, *“it’s definitely some good information here for me on a personal level, learning some things that I didn’t know before.”* Others expressed that they had learned specific terms and phrases. For example, one participant commented that *“you did teach me that acting as principal thing, um, and you defined it well without insulting my intelligence.”* Another said after reading the phrase *“wrap fee,”* *“. . . I’ve never heard . . . that’s a new term for me, personally.”*

Participants Varied in Their Understanding of What Constitutes Monitoring.

Participants were sometimes unclear on how a financial professional would monitor an account. For example, one participant made the statement below, demonstrating the lack of clarity on what monitoring would involve, saying that *“. . . I think I would be interested in a little more specifics on [monitoring]. Like, you know, um, it says, ‘We’ll contact you at least quarterly to discuss, but what does that look like? You know? . . . is it kind walking through things, talking about what’s happened with it? Is it just like a, you know, five minute ‘Hey,’ you know, check in call.”* In addition, some participants were unclear on how frequently monitoring would occur. For example, one described monitoring in this way: *“That means they are going to have in their Google calendar, I need to check up on Mr. Smith’s accounts every, whether it’s once a week or whatever. I don’t know if it would be predetermined or if it’s based on the person when they want to work their accounts or whatever. But I know, at least on a certain time frame, they’re going to be looked at and not just going to be thrown to the wayside.”* Another said that *“[continuous monitoring] could be anything. Could be quarterly. Could be yearly. Could be every five years.”*

Participants Generally Understood the Two-Column Format but Recommended Some Changes.

Some participants grasped that the document was organized into two columns, each corresponding to an account type. Some others did not realize this immediately but grasped it once it was pointed out by an interviewer. Some participants made other suggestions to make

reading the document easier, such as adding a glossary of terms and a graphic to help show the relationship of fees to accounts. For example, one said, *“I noticed that a lot of terms that, like, in theory, I might not know are bolded but then they’re not defined. So I think if there was either maybe a glossary of terms or like footnotes or something explaining the bold terms that would make it an easier read.”* Another participant suggested a graphic, saying, *“I think maybe some sort of graphic somewhere could be helpful.”*

Most Participants Preferred the Paper Version; Some Participants Indicated that They Would Prefer Electronic Copies, but Few Expressed Interest in an App

As with ALP survey respondents, interview participants generally liked having a paper version of the Relationship Summary. Participants who preferred electronic copies expressed some reasons for their preference. One viewed the electronic copy as preferable because *“I can, you know, search for key phrases if I think I need something...I can just quickly say ‘Oh do they provide that service? Let me just do a quick little search and see if it pops up.’”* As another stated, *“... I like to get a PDF so I can either view it online or I could print it.”* One participant pointed out another benefit of electronic or online versions is that *“... some of these things could be highlighted like I could just click on investor.gov and go directly to that.”* Reactions to apps were somewhat less positive, with one participant saying, *“I don't know if I would download an app just to read a document.”*

Summary

Several in-depth interviews were conducted to complement our understanding of ALP survey results. The interview findings provided deeper insight into the survey findings, particularly in areas that were confusing or where more detail would be helpful. While some interview participants developed a good understanding of the differences between account types, others demonstrated some confusion or misunderstanding. In reading through the Relationship Summary and sharing thoughts, participants had strong reactions to the idea of being offered limited investment options for either type of account. Participants felt that the “Fees and Costs” section was overwhelming, but at the same time could benefit from adding details about what fees the client would be paying. They also experienced some confusion about fees being negotiable. Participants had difficulty reconciling the information provided in the “Obligations to You” section and the “Conflicts of Interest” section. Participants found a number of financial terms throughout the Relationship Summary to be confusing (e.g., “fiduciary”), even terms that were defined or described.

4. Review of Findings

The SEC’s Office of the Investor Advocate engaged RAND researchers to conduct a nationwide survey and qualitative interviews of investors to gather feedback on a sample Relationship Summary. We designed and fielded the survey through RAND’s nationally representative ALP to collect information on the opinions, preferences, attitudes, and level of self-assessed comprehension of the U.S. adult population with regard to a sample Relationship Summary. The survey was not designed to objectively assess comprehension of the document. As a complement to the survey, we also conducted qualitative interviews with investors to obtain further insights related to the reasoning and beliefs behind investors’ attitudes toward the Relationship Summary. The larger survey sample allows us to distinguish differences across key subgroups, such as education level, but the interview sample is small and cannot provide insight into how understanding varies by subgroups.

Several general findings emerged from our analysis of the survey responses and interview discussions. Survey respondents expressed generally positive assessments of the format and content of the Relationship Summary. Nearly 90 percent of survey respondents opined that the Relationship Summary would help them make more informed decisions about investment accounts and services. More than three out of every four respondents agreed with statements characterizing the Relationship Summary as helpful for understanding key terms and conflicts of interest and as serving as the basis for a conversation with an investment professional. Interview participants also expressed that the Relationship Summary improved their understanding, but interview discussions revealed that there were areas of confusion for participants, including differences between types of accounts or financial professionals. Opinions of survey respondents with less education or less investment experience were less positive than those of respondents with more education or investment experience, but opinions for all groups were still generally positive.

Eighty-five percent of respondents found the side-by-side comparisons to be helpful for the purposes of deciding between a BD and an IA. Almost all of the respondents who reported that they would be likely to read any documents when choosing a financial professional or account type reported that they would read the Relationship Summary, alone or in addition to other documents. A majority of respondents reported that the Relationship Summary was too long. In the section-by-section questioning, however, the most common response was to keep the section length as is.

With respect to the different topics covered in the Relationship Summary, information on fees and costs tends to be perceived as of the most potential help. The current “Fees and Costs” section is the most likely to be selected as one of the two most informative sections (and least likely to be least informative) by survey respondents, yet it is also the most likely to be found to

be difficult to understand in its current form and to be recommended to have more detail added. Among current and potential “key questions to ask,” questions concerning fees and costs tended to generate the most interest. Interview participants felt that the “Fees and Costs” section was overwhelming, but at the same time could benefit from adding details about possible fees for the client. Interview participants also experienced some confusion about fees being negotiable.

Survey responses indicated that the “Relationships and Services” and “Our Obligations to You” sections were the second and third most likely to be chosen as informative sections, respectively. Interview participants also viewed these sections favorably. However, interview participants had difficulty reconciling the information provided in the “Our Obligations to You” section and the “Conflicts of Interest” section.

ALP survey respondents tended to express interest in the key questions more generally, typically reporting that they would be likely to ask the questions and would be comfortable doing so. Likewise, most interview participants said that they liked all of the questions, that they would ask these questions in meeting with a financial service provider, and did not suggest dropping any of the questions.

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Appendix 1: Relationship Summary Screen Shots from ALP Survey

Figure A1: First Screen of Relationship Summary from ALP Survey

Relationship Summary
ABC Financial and Wealth Management Services, Inc.
A Registered Investment Adviser and Broker-Dealer

Which Type of Account is Right for You — Brokerage, Investment Advisory or Both?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

Depending on your needs and investment objectives, we can provide you with services in a brokerage account, investment advisory account, or both at the same time. This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions on the last page.

<i>Broker-Dealer Services</i> Brokerage Accounts	<i>Investment Adviser Services</i> Advisory Accounts
Types of Relationships and Services. <i>Our accounts and services fall into two categories.</i>	
<ul style="list-style-type: none"> If you open a brokerage account, you will pay us a transaction-based fee, generally referred to as a commission, every time you buy or sell an investment. You may select investments or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours. We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account but you might pay more. We will deliver account statements to you each quarter in paper or electronically. We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs. 	<ul style="list-style-type: none"> If you open an advisory account, you will pay an on-going asset-based fee for our services. We will offer you advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account. We will contact you (by phone or e-mail) at least quarterly to discuss your portfolio. You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a "discretionary account") or we may give you advice and you decide what investments to buy and sell (a "non-discretionary account"). Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs.

Figure A2: Second Screen of Relationship Summary from ALP Survey

Relationship Summary
ABC Financial and Wealth Management Services, Inc.
A Registered Investment Adviser and Broker-Dealer

<i>Broker-Dealer Services</i> Brokerage Accounts	<i>Investment Adviser Services</i> Advisory Accounts
Our Obligations to You. <i>We must abide by certain laws and regulations in our interactions with you.</i>	
<ul style="list-style-type: none"> We must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis. Our interests can conflict with your interests. When we provide recommendations, we must eliminate these conflicts or tell you about them and in some cases reduce them. 	<ul style="list-style-type: none"> We are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we are required to monitor your portfolio, investment strategy and investments on an ongoing basis. Our interests can conflict with your interests. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them.

Figure A3: Third Screen of Relationship Summary from ALP Survey

Relationship Summary

*ABC Financial and Wealth Management Services, Inc.
A Registered Investment Adviser and Broker-Dealer*

<i>Broker-Dealer Services Brokerage Accounts</i>	<i>Investment Adviser Services Advisory Accounts</i>
Fees and Costs. Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.	
<ul style="list-style-type: none"> • Transaction-based fees. You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account. With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a "mark-up" or "mark-down"). With mutual funds, this fee (typically called a "load") reduces the value of your investment. • Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "surrender charges" to sell the investment. • Our fees vary and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. • We charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees. • The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions. • From a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time. 	<ul style="list-style-type: none"> • Asset-based fees. You will pay an ongoing fee at the end of each quarter based on the value of the cash and investments in your advisory account. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account. For some advisory accounts, called wrap fee programs, the asset-based fee will include most transaction costs and custody services, and as a result wrap fees are typically higher than non-wrap advisory fees. • Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "surrender charges" to sell the investment. • Our fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. • For accounts not part of the wrap fee program, you will pay a transaction fee when we buy and sell an investment for you. You will also pay fees to a broker-dealer or bank that will hold your assets (called "custody"). Although transaction fees are usually included in the wrap program fee, sometimes you will pay an additional transaction fee (for investments bought and sold outside the wrap fee program). • The more assets you have in the advisory account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee quarterly even if you do not buy or sell. • Paying for a wrap fee program could cost more than separately paying for advice and for transactions if there are infrequent trades in your account. • An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice or want someone to make investment decisions for you. You may prefer a wrap fee program if you prefer the certainty of a quarterly fee regardless of the number of transactions you have.

Figure A4: Fourth Screen of Relationship Summary from ALP Survey

Relationship Summary

*ABC Financial and Wealth Management Services, Inc.
A Registered Investment Adviser and Broker-Dealer*

<i>Broker-Dealer Services Brokerage Accounts</i>	<i>Investment Adviser Services Advisory Accounts</i>
Conflicts of Interest. We benefit from the services we provide to you.	
<ul style="list-style-type: none"> • We can make extra money by selling you certain investments, such as mutual funds, either because they are managed by someone related to our firm or because they are offered by companies that pay our firm to offer their investments. Your financial professional also receives more money if you buy these investments. • We have an incentive to offer or recommend certain investments, such as mutual funds, because the manager or sponsor of those investments shares with us revenue it earns on those investments. • We can buy investments from you, and sell investments to you, from our own accounts (called "acting as principal"). We can earn a profit on these trades, so we have an incentive to encourage you to trade with us. 	<ul style="list-style-type: none"> • We can make extra money by advising you to invest in certain investments, such as mutual funds, because they are managed by someone related to our firm. Your financial professional also receives more money if you buy these investments. • We have an incentive to advise you to invest in certain investments, such as mutual funds, because the manager or sponsor of those investments shares with us revenue it earns on those investments. • We can buy investments from you, and sell investments to you, from our own accounts (called "acting as principal"), but only with your specific approval on each transaction. We can earn a profit on these trades, so we have an incentive to encourage you to trade with us.

Figure A5: Fifth Screen of Relationship Summary from ALP Survey

Relationship Summary
ABC Financial and Wealth Management Services, Inc.
A Registered Investment Adviser and Broker-Dealer

<p>Additional Information. <i>We encourage you to seek out additional information.</i></p> <ul style="list-style-type: none"> • We have legal and disciplinary events. Visit Investor.gov for a free and simple search tool to research our firm and our financial professionals. • For additional information about our brokers and services, visit Investor.gov or BrokerCheck (BrokerCheck.Finra.org), our website ABCFinServ.com, and your account agreement. For additional information on advisory services, see our Form ADV brochure on IAPD, on Investor.gov, or on our website (ABCFinServe.com/FormADV) and any brochure supplement your financial professional provides. • To report a problem to the SEC, visit Investor.gov or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, visit www.FINRA.org/complaints. If you have a problem with your investments, account or financial professional, please contact us in writing.
<p>Key Questions to Ask. <i>Ask our financial professionals these key questions about our investment services and accounts.</i></p> <ol style="list-style-type: none"> 1. Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account? 2. Do the math for me. How much would I expect to pay per year for an advisory account? How much for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees? 3. What additional costs should I expect in connection with my account? 4. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments? 5. What are the most common conflicts of interest in your advisory and brokerage accounts? Explain how you will address those conflicts when providing services to my account. 6. How will you choose investments to recommend for my account? 7. How often will you monitor my account's performance and offer investment advice? 8. Do you or your firm have a disciplinary history? For what type of conduct? 9. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean. 10. Who is the primary contact person for my account, and is he or she a representative of an investment adviser or a broker-dealer? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?

Relationship Summary Survey Questionnaire

L1 L1 CRS length

Is the Relationship Summary too long, too short, or about right? Select one.

- 1 Too long
- 2 Too short
- 3 About right

[The following questions are displayed as a table]

L2_Intro L2_Intro

For each section listed below, please think about how the information is presented. Would you add more detail, keep as is, shorten, or delete?

L2a L2a

Types of Relationships and Services

- 1 Add more detail
- 2 Keep as is

- 3 Shorten
- 4 Delete

L2b L2b

Our Obligations to You

- 1 Add more detail
- 2 Keep as is
- 3 Shorten
- 4 Delete

L2c L2c

Fees and Costs

- 1 Add more detail
- 2 Keep as is
- 3 Shorten
- 4 Delete

L2d L2d

Conflicts of Interest

- 1 Add more detail
- 2 Keep as is
- 3 Shorten
- 4 Delete

L2e L2e

Additional Information

- 1 Add more detail
- 2 Keep as is
- 3 Shorten
- 4 Delete

L2f L2f

Key Questions to Ask

- 1 Add more detail
- 2 Keep as is
- 3 Shorten
- 4 Delete

[End of table display]

N1 N1 Most Informative

In helping you decide which types of investment accounts and services are right for you, which two sections would be most informative? Please select two.

- 1 Types of Relationships and Services
- 2 Our Obligations to You
- 3 Fees and Costs
- 4 Conflicts of Interests

5 Additional Information

6 Key Questions to Ask

N2 N2 Least Informative

In helping you decide which types of investment accounts and services are right for you, which two sections would be least informative? Please select two.

1 Types of Relationships and Services

2 Our Obligations to You

3 Fees and Costs

4 Conflicts of Interests

5 Additional Information

6 Key Questions to Ask

[The following questions are displayed as a table]

D1_Intro D1_Intro

Please assess the ease or difficulty in understanding each of the sections of the Relationship Summary.

D1a D1a

Types of Relationships and Services

1 Very easy

2 Easy

3 Just right

4 Difficult

5 Very difficult

D1b D1b

Our Obligations to You

1 Very easy

2 Easy

3 Just right

4 Difficult

5 Very difficult

D1c D1c

Fees and Costs

1 Very easy

2 Easy

3 Just right

4 Difficult

5 Very difficult

D1d D1d

Conflict of Interests

1 Very easy

- 2 Easy
- 3 Just right
- 4 Difficult
- 5 Very difficult

D1e D1e

Additional Information

- 1 Very easy
- 2 Easy
- 3 Just right
- 4 Difficult
- 5 Very difficult

D1f D1f

Key Questions to Ask

- 1 Very easy
- 2 Easy
- 3 Just right
- 4 Difficult
- 5 Very difficult

[End of table display]

D2 D2 Question format

Would you prefer that the Relationship Summary be presented in a question and answer format? For example, the section titled "Types of Relationships and Services" would instead be titled "What Types of Services Does the Firm Provide".

- 1 Yes
- 2 No

D3 D3 Open-ended format

Is there another format for the Relationship Summary that you would prefer?

Open

D4 D4 Side-by-side format

Does the side-by-side comparison in the Relationship Summary help you to decide whether a broker-dealer or investment adviser account would be right for you?

- 1 Yes
- 2 No

[The following questions are displayed as a table]

D5_intro D5 Links intro

If the Relationship Summary contained links to the following types of additional information, how likely would you be to click on them?

D5a D5a

Information on services

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

D5b D5b

Information on fees

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

D5c D5c

Information on conflicts of interest

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

D5d D5d

Investor education materials

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

[End of table display]

[The following questions are displayed as a table]

D6 D6 Review format

In which format would you be most likely to review the information in the Relationship Summary? Select one.

- 1 On paper
- 2 Via email
- 3 On firm's website
- 4 Video
- 5 Do not know
- 6 Other, please specify: \$Answer2\$

D6_other D6 other format

String

[End of table display]

IF D6 Review format = Other, please specify: \$Answer2\$ AND D6 other format =EMPTY

THEN

| **error_other** error_other

| You answered the previous question, but did not specify the requested information. Your answers are important to us. Please return to the previous question and answer it to the best of your ability.

|
ENDIF

D7 D7

If you chose to work with a financial professional, when would you like to receive a copy of the Relationship Summary? Check all that apply.

- 1 At the outset of the relationship (i.e., before or at the time you first engage the investment professional)
- 2 Before the investment professional first recommends a transaction or investment strategy
- 3 Periodically (e.g. quarterly, semi-annually or annually)
- 4 Upon request
- 5 Whenever there is a material change in the Relationship Summary, such as a change in fees or commission structure.

D8 D8

If you had an ongoing relationship with a financial professional, how would you like to be informed of material changes in the information in the Relationship Summary? Check all that apply.

- 1 I would like to receive a complete updated Relationship Summary with the changes highlighted
- 2 I would like to receive a notice containing only the text of the specific changes
- 3 I would like to receive a notice providing a summary of the changes
- 4 I would like to receive a verbal explanation of the changes from my investment professional

[The following questions are displayed as a table]

Q1_Intro Q1 Question comfort

How comfortable would you be asking your financial professional the "Key Questions to Ask" provided in the Relationship Summary?

Q1a Q1a

Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1b Q1b

Do the math for me. How much would I expect to pay per year for an advisory account? How

much for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1c Q1c

What additional costs should I expect in connection with my account?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1d Q1d

Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1e Q1e

What are the most common conflicts of interest in your advisory and brokerage accounts? Explain how you will address those conflicts when providing services to my account.

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

[End of table display]

[The following questions are displayed as a table]

Q1_Intro Q1 Question comfort

How comfortable would you be asking your financial professional the "Key Questions to Ask" provided in the Relationship Summary?

Q1f Q1f

How will you choose investments to recommend for my account?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral

- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1g Q1g

How often will you monitor my account's performance and offer investment advice?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1h Q1h

Do you or your firm have a disciplinary history? For what type of conduct?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1i Q1i

What is your relevant experience, including your licenses, education, and other qualifications?
Please explain what the abbreviations in your licenses are and what they mean.

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

Q1j Q1j

Who is the primary contact person for my account, and is he or she a representative of an investment adviser or a broker-dealer? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?

- 1 Very comfortable
- 2 Somewhat comfortable
- 3 Neutral
- 4 Somewhat uncomfortable
- 5 Very uncomfortable

[End of table display]

IF (Q1a = Somewhat uncomfortable or Q1a= Very uncomfortable) OR (Q1b = Somewhat uncomfortable

or Q1b= Very uncomfortable) OR (Q1c = Somewhat uncomfortable or Q1c= Very uncomfortable) OR

(Q1d = Somewhat uncomfortable or Q1d= Very uncomfortable) OR (Q1e = Somewhat uncomfortable

or Q1e= Very uncomfortable) OR (Q1f = Somewhat uncomfortable or Q1f= Very

uncomfortable) OR (Q1g = Somewhat uncomfortable or Q1g= Very uncomfortable) OR (Q1h = Somewhat uncomfortable or Q1h= Very uncomfortable) OR (Q1i = Somewhat uncomfortable or Q1i= Very uncomfortable) OR (Q1j = Somewhat uncomfortable or Q1j= Very uncomfortable) THEN

| [The following questions are displayed as a table]

| **Q2_Intro** Q2_Intro

| In the previous question, you indicated that you would not be comfortable asking certain questions. Please tell us more about why you would not be comfortable. For each row, check all that apply.

| IF Q1a = Somewhat uncomfortable or Q1a= Very uncomfortable THEN

|| **Q2a** Q2a

|| Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account?

|| 1 I don't understand the question

|| 2 I don't think I would understand the answer

|| 3 I don't think it is an appropriate question to ask

|| 4 I don't know enough about investing to have a meaningful conversation about this issue

|| 5 Other reason

| ENDIF

| IF Q1b = Somewhat uncomfortable or Q1b= Very uncomfortable THEN

|| **Q2b** Q2b

|| Do the math for me. How much would I expect to pay per year for an advisory account? How much || for a typical brokerage account? What would make those fees more or less? What services will I

|| receive for those fees?

|| 1 I don't understand the question

|| 2 I don't think I would understand the answer

|| 3 I don't think it is an appropriate question to ask

|| 4 I don't know enough about investing to have a meaningful conversation about this issue

|| 5 Other reason

| ENDIF

| IF Q1c = Somewhat uncomfortable or Q1c= Very uncomfortable THEN

|| **Q2c** Q2c

|| What additional costs should I expect in connection with my account?

|| 1 I don't understand the question
|| 2 I don't think I would understand the answer
|| 3 I don't think it is an appropriate question to ask
|| 4 I don't know enough about investing to have a meaningful conversation about this issue
|| 5 Other reason

||
| ENDIF

| IF Q1d = Somewhat uncomfortable or Q1d= Very uncomfortable THEN

|| **Q2d** Q2d

|| Tell me how you and your firm make money in connection with my account. Do you or your firm || receive any payments from anyone besides me in connection with my investments?

|| 1 I don't understand the question
|| 2 I don't think I would understand the answer
|| 3 I don't think it is an appropriate question to ask
|| 4 I don't know enough about investing to have a meaningful conversation about this issue
|| 5 Other reason

||
| ENDIF

| IF Q1e = Somewhat uncomfortable or Q1e= Very uncomfortable THEN

|| **Q2e** Q2e

|| What are the most common conflicts of interest in your advisory and brokerage accounts?
|| Explain how you will address those conflicts when providing services to my account.

|| 1 I don't understand the question
|| 2 I don't think I would understand the answer
|| 3 I don't think it is an appropriate question to ask
|| 4 I don't know enough about investing to have a meaningful conversation about this issue
|| 5 Other reason

||
| ENDIF

| IF Q1f = Somewhat uncomfortable or Q1f= Very uncomfortable THEN

|| **Q2f** Q2f

|| How will you choose investments to recommend for my account?

|| 1 I don't understand the question
|| 2 I don't think I would understand the answer
|| 3 I don't think it is an appropriate question to ask
|| 4 I don't know enough about investing to have a meaningful conversation about this issue
|| 5 Other reason

||
| ENDIF

```

| IF Q1g = Somewhat uncomfortable or Q1g= Very uncomfortable THEN
| |
| | Q2g Q2g
| | How often will you monitor my account's performance and offer investment advice?
| | 1 I don't understand the question
| | 2 I don't think I would understand the answer
| | 3 I don't think it is an appropriate question to ask
| | 4 I don't know enough about investing to have a meaningful conversation about this issue
| | 5 Other reason
| |
| | ENDIF
|
| IF Q1h = Somewhat uncomfortable or Q1h= Very uncomfortable THEN
| |
| | Q2h Q2h
| | Do you or your firm have a disciplinary history? For what type of conduct?
| | 1 I don't understand the question
| | 2 I don't think I would understand the answer
| | 3 I don't think it is an appropriate question to ask
| | 4 I don't know enough about investing to have a meaningful conversation about this issue
| | 5 Other reason
| |
| | ENDIF
|
| IF Q1i = Somewhat uncomfortable or Q1i= Very uncomfortable THEN
| |
| | Q2i Q2i
| | What is your relevant experience, including your licenses, education, and other qualifications?
| | Please explain what the abbreviations in your licenses are and what they mean.
| | 1 I don't understand the question
| | 2 I don't think I would understand the answer
| | 3 I don't think it is an appropriate question to ask
| | 4 I don't know enough about investing to have a meaningful conversation about this issue
| | 5 Other reason
| |
| | ENDIF
|
| IF Q1j = Somewhat uncomfortable or Q1j= Very uncomfortable THEN
| |
| | Q2j Q2j
| | Who is the primary contact person for my account, and is he or she a representative of an
| | investment adviser or a broker-dealer? What can you tell me about his or her legal obligations
| | to me? If I have concerns about how this person is treating me, who can I talk to?
| | 1 I don't understand the question
| | 2 I don't think I would understand the answer
| | 3 I don't think it is an appropriate question to ask

```

```
|| 4 I don't know enough about investing to have a meaningful conversation about this issue
|| 5 Other reason
||
| ENDIF
|
|[End of table display]
| Q2_followup Q2_followup
| Is there another reason you would not be comfortable asking these types of questions?
| Open
|
| ENDIF
```

[The following questions are displayed as a table]

Q3_Intro Q3_Intro

How likely would you be to ask your financial professional each of the following questions if they were included in the "Key Questions to Ask" section of the Relationship Summary?

Q3a Q3a

If I give you \$1,000 to invest, how much will go to fees and costs, and how much will be invested for me?

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

Q3b Q3b

If I trade more investments in my brokerage account, do you (my broker) make more money?

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

Q3c Q3c

If I add more money or investments to my advisory account, do you (my investment advisor) make more money?

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

Q3d Q3d

If I invest in funds created or managed by your firm, do you or your firm make more money than if I buy a fund created by (or managed by) someone else?

- 1 Very likely
- 2 Somewhat likely

- 3 Not too likely
- 4 Not at all likely

Q3e Q3e

How do you (my broker or advisor) get paid?

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

[End of table display]

Q4 Q4

Are there other questions that you think should be included in the Relationship Summary?

Open

Q5 Q5 Discipline i

How likely would you be to look up the disciplinary history of your financial professional or firm based on the information in the Relationship Summary? Select one.

- 1 Very likely
- 2 Somewhat likely
- 3 Not too likely
- 4 Not at all likely

[The following questions are displayed as a table]

Q6 Q6 Discipline ii

What are some reasons why you would not look up the disciplinary history? Check all that apply.

```
$(function(){ $('input[name="qQ6[]"][value="5"]').change(setBoxes); function setBoxes(){
var $control = $('input[name="qQ6[]"][value="5"]'); $('input[name="qQ6[]"][value!="5"],
input[name="qQ6_other"]').each(function(){ $this = $(this);
if($control.prop('checked'))$this.prop('checked', false); $this.prop('disabled',
$control.prop('checked')); }); } setBoxes(); });
```

- 1 I don't know where to get it
- 2 It would take too much time or effort
- 3 This information is not very important to me
- 4 Other reason you would not look up history \$Answer2\$

Or

- 5 I would definitely look it up

Q6_other OTHER Discipline ii

String

[End of table display]

IF (I don't know where to get it IN Q6 Discipline ii Discipline ii Discipline ii Discipline

ii Discipline ii OR It would take too much time or effort IN Q6 OR This information is not very important to me IN Q6 OR Other reason you would not look up history \$Answer2\$

Or

IN

Q6) AND (I would definitely look it up IN Q6) THEN

| **Q6_error_other** Q6_error_other

| You stated you would not look up disciplinary history and also selected that you did. Your answers are important to us. Please return to the previous question and answer it to the best of your ability.

ENDIF

IF (Other reason you would not look up history \$Answer2\$

Or

IN Q6 Discipline ii)

AND (OTHER Discipline ii =EMPTY) THEN

| **error_other** error_other

| You answered the previous question, but did not specify the requested information. Your answers are important to us. Please return to the previous question and answer it to the best of your ability.

ENDIF

[The following questions are displayed as a table]

R1_Intro R1_Intro

If all broker-dealers and investment advisers were required to provide this type of Relationship Summary to clients, would it help you:

R1a R1a

Compare accounts offered by a firm?

1 Yes

2 No

R1b R1b

Compare accounts offered by different firms?

1 Yes

2 No

R1c R1c

Make more informed decisions about which types of investment accounts and services are right for you?

1 Yes

2 No

[End of table display]

IF R1a = No or R1b = No or R1c = No THEN

|

| **R2** R2 CRS not helpful

| If the Relationship Summary would not be helpful to make these comparisons and decisions, why

| not?

| Open

|

ENDIF

R3 R3 Other documents

Many of the topics included in the Relationship Summary are currently contained in longer documents (such as an investment adviser's Form ADV or a broker-dealer's account opening agreement) that give you more details about services, costs, conflicts of interests, and other matters.

Have you ever reviewed an investment adviser's Form ADV or a broker-dealer's account opening agreement? Select one.

1 Form ADV

2 Account Opening Agreement

3 Both

4 Neither

5 Do Not Know

R4 R4 Read documents

When choosing a financial professional, account type, or firm, which of the documents are you likely to read?

1 Only the Longer Documents

2 Only the Relationship Summary

3 Both

4 Do Not Know

5 Would Not Read Any of the Documents

[The following questions are displayed as a table]

R5_Intro R5_Intro

Please indicate whether you agree with the following statements.

R5a R5a

The Relationship Summary would help me understand the key terms and conflicts of interest that apply to the relationship with the investment professional.

1 Strongly agree

2 Agree

- 3 Neither agree nor disagree
- 4 Disagree
- 5 Strongly disagree

R5b R5b

I would use the Relationship Summary as the basis for a conversation with an investment professional.

- 1 Strongly agree
- 2 Agree
- 3 Neither agree nor disagree
- 4 Disagree
- 5 Strongly disagree

[End of table display]

R6 R6

Do you have any additional suggestions to improve the Relationship Summary?

Open

Appendix 2: Supplemental Tables

Table A1. Correlations Among Opinions about Section Length and Section Difficulty

Correlation Coefficient Matrix		Section Length ¹						Section Difficulty ²						
		Services & Relationships	Obligations	Fees & Costs	Conflicts	Additional Info	Key Questions	Services & Relationships	Obligations	Fees & Costs	Conflicts	Additional Info	Key Questions	
Section Length	Services & Relationships	1.00												
	Obligations	0.49	1.00											
	Fees & Costs	0.30	0.45	1.00										
	Conflicts	0.40	0.55	0.57	1.00									
	Additional Info	0.43	0.48	0.38	0.57	1.00								
	Key Questions	0.37	0.41	0.40	0.44	0.45	1.00							
Section Difficulty	Services & Relationships	0.21	0.04	0.07	0.10	0.12	0.04	1.00						
	Obligations	0.20	0.12	0.14	0.15	0.19	0.08	0.65	1.00					
	Fees & Costs	0.05	-0.04	-0.03	-0.02	0.05	0.02	0.56	0.55	1.00				
	Conflicts	0.19	0.03	0.02	-0.01	0.09	0.04	0.53	0.51	0.55	1.00			
	Additional Info	0.19	0.18	0.08	0.17	0.19	0.10	0.49	0.50	0.35	0.53	1.00		
	Key Questions	0.20	0.14	0.10	0.17	0.09	0.17	0.37	0.38	0.22	0.37	0.63	1.00	

Table A2. Opinions about Section Length Conditional on Opinions about Section Difficulty

Section	Section Length Response			
	Add more detail		Shorten or Delete	
	Conditional on (Very) Easy	Conditional on (Very) Difficult	Conditional on (Very) Easy	Conditional on (Very) Difficult
Services & Relationships	11.6%	5.8%	31.2%	59.8%
	2.6%	1.8%	5.1%	3.7%
Obligations to You	15.6%	21.4%	18.0%	39.9%
	3.0%	3.1%	3.2%	3.9%
Fees & Costs	26.5%	41.3%	31.4%	31.3%
	4.6%	3.1%	5.7%	2.9%
Conflicts of Interest	18.8%	31.3%	33.0%	37.8%
	4.1%	3.2%	5.8%	37.8%
Additional Information	9.6%	6.7%	33.4%	68.5%
	2.0%	1.7%	3.7%	3.4%
Key Questions	12.5%	11.7%	22.0%	60.0%
	2.2%	3.2%	2.9%	6.2%

Table A3. Opinions about Section Length and Difficulty Conditional on Being Most or Least Informative

Section	Section Length Response				Section Difficulty Response			
	Add more detail		Shorten or Delete		(Very) Easy		(Very) Difficult	
	Conditional on Most Informative	Conditional on Least Informative	Conditional on Most Informative	Conditional on Least Informative	Conditional on Most Informative	Conditional on Least Informative	Conditional on Most Informative	Conditional on Least Informative
Services & Relationships	9.3%	7.3%	29.3%	48.7%	32.6%	34.1%	18.7%	32.8%
	1.6%	3.5%	2.6%	7.4%	2.7%	5.9%	1.9%	5.8%
Obligations to You	16.4%	18.3%	27.6%	20.9%	29.6%	33.2%	21.1%	21.4%
	2.7%	3.5%	4.6%	3.7%	4.1%	5.5%	2.9%	3.3%
Fees & Costs	33.5%	25.8%	25.5%	26.3%	24.0%	17.9%	37.7%	29.5%
	2.3%	4.9%	2.1%	5.2%	2.3%	4.5%	2.3%	5.5%
Conflicts of Interest	25.5%	15.6%	28.6%	35.5%	26.3%	21.8%	32.8%	33.9%
	5.2%	1.9%	8.3%	2.8%	8.3%	2.7%	6.2%	2.7%
Additional Information	21.6%	6.7%	30.5%	42.6%	35.5%	33.8%	20.5%	19.6%
	9.0%	1.5%	11.0%	2.5%	10.9%	2.5%	10.2%	1.8%
Key Questions	12.2%	6.9%	18.1%	38.3%	42.2%	41.2%	9.5%	8.5%
	2.5%	1.5%	4.1%	4.2%	4.6%	3.8%	2.3%	1.7%

Table A4. Opinions about Section on Types of Relationships and Services

A4a. Section Length: Types of Relationships and Services

Respondent Group	<u>Add More</u>	<u>Keep</u>		
	<u>Detail</u>	<u>As Is</u>	<u>Shorten</u>	<u>Delete</u>
All Respondents	8.8%	56.2%	34.5%	0.6%
	1.2%	2.2%	2.2%	0.3%
<u>By Investor Group</u>				
(0) Not an Investor	9.1%	54.1%	36.2%	0.6%
	2.3%	4.3%	4.2%	0.5%
(1) Investor, Less Involved Account Types, No Advice	4.2%	59.5%	35.2%	1.1%
	1.8%	4.3%	4.2%	0.9%
(2) Investor, Less Involved Account Types, Advice	16.6%	45.0%	38.0%	0.4%
	5.6%	8.1%	8.9%	0.4%
(3) Investor, More Involved Account Types, No Advice	11.9%	52.8%	34.9%	0.5%
	3.1%	4.7%	4.9%	0.3%
(4) Investor, More Involved Account Types, Advice	6.8%	64.7%	28.5%	0.0%
	1.9%	3.8%	3.5%	0.0%
<u>Education</u>				
HS Diploma or Less	11.4%	52.2%	35.6%	0.8%
	2.8%	4.8%	4.8%	0.6%
Some College	6.1%	58.7%	34.4%	0.8%
	1.4%	3.0%	2.9%	0.5%
Bachelor's Degree or More	8.1%	58.5%	33.3%	0.1%
	1.5%	2.9%	2.8%	0.1%

A4b. Most or Least Informative Section: Types of Relationships and Services

Respondent Group	<u>Most</u>	<u>Least</u>
	<u>Informative</u>	<u>Informative</u>
All Respondents	52.5%	12.6%
	2.3%	1.7%
<u>By Investor Group</u>		
(0) Not an Investor	48.2%	18.7%
	4.3%	3.2%
(1) Investor, Less Involved Account Types, No Advice	56.1%	6.4%
	4.3%	1.4%
(2) Investor, Less Involved Account Types, Advice	48.2%	16.5%
	8.5%	9.1%
(3) Investor, More Involved Account Types, No Advice	53.7%	13.7%
	4.7%	3.0%
(4) Investor, More Involved Account Types, Advice	55.5%	8.7%
	4.3%	1.7%
<u>Education</u>		
HS Diploma or Less	43.0%	14.6%
	4.6%	3.9%
Some College	50.8%	13.1%
	3.1%	1.9%
Bachelor's Degree or More	64.1%	10.0%
	2.6%	1.5%

A4c. Section Difficulty: Types of Relationships and Services.

Respondent Group	<u>Very</u>	<u>Easy</u>	<u>Just Right</u>	<u>Difficult</u>	<u>Very</u>
	<u>Easy</u>	<u>Easy</u>	<u>Just Right</u>	<u>Difficult</u>	<u>Difficult</u>
All Respondents	7.9%	24.4%	45.5%	20.7%	1.6%
	1.2%	2.2%	2.2%	1.5%	0.4%
<u>By Investor Group</u>					
(0) Not an Investor	7.3%	15.8%	53.6%	21.2%	2.1%
	2.0%	3.7%	4.3%	3.0%	0.9%
(1) Investor, Less Involved Account Types, No Advice	6.9%	20.8%	43.5%	26.4%	2.4%
	3.0%	3.4%	4.3%	3.7%	1.3%
(2) Investor, Less Involved Account Types, Advice	5.9%	33.0%	45.3%	15.4%	0.4%
	2.9%	9.4%	8.2%	3.6%	0.4%
(3) Investor, More Involved Account Types, No Advice	12.0%	30.4%	33.4%	22.9%	1.3%
	2.9%	5.1%	4.0%	3.5%	0.6%
(4) Investor, More Involved Account Types, Advice	7.9%	29.9%	47.0%	14.5%	0.7%
	1.8%	4.2%	4.2%	2.3%	0.3%
<u>Education</u>					
HS Diploma or Less	6.6%	25.4%	45.4%	20.1%	2.4%
	2.4%	4.9%	4.7%	3.1%	1.0%
Some College	9.5%	19.9%	49.1%	20.2%	1.4%
	2.0%	2.5%	3.1%	2.1%	0.6%
Bachelor's Degree or More	8.0%	26.7%	42.8%	21.6%	0.9%
	1.4%	2.6%	2.8%	2.3%	0.3%

Table A5. Opinions about Section on Obligations to You

A5a. Section Length: Obligations to You

Respondent Group	<u>Add More</u>	<u>Keep</u>	<u>Shorten</u>	<u>Delete</u>
	<u>Detail</u>	<u>As Is</u>		
All Respondents	16.4%	58.7%	23.7%	1.2%
	1.5%	2.2%	2.0%	0.5%
<u>By Investor Group</u>				
(0) Not an Investor	18.8%	55.1%	24.8%	1.2%
	3.3%	4.2%	3.4%	0.9%
(1) Investor, Less Involved Account Types, No Advice	18.4%	60.0%	20.5%	1.1%
	3.3%	4.2%	3.4%	0.9%
(2) Investor, Less Involved Account Types, Advice	11.8%	52.3%	35.5%	0.4%
	3.5%	8.5%	9.3%	0.4%
(3) Investor, More Involved Account Types, No Advice	15.6%	56.4%	25.3%	2.7%
	3.3%	4.8%	4.7%	2.2%
(4) Investor, More Involved Account Types, Advice	14.1%	67.9%	17.6%	0.3%
	2.8%	3.6%	2.4%	0.2%
<u>Education</u>				
HS Diploma or Less	17.3%	56.5%	24.9%	1.3%
	3.2%	4.7%	4.5%	0.8%
Some College	17.6%	60.6%	19.7%	2.1%
	2.4%	3.0%	2.3%	1.4%
Bachelor's Degree or More	14.4%	59.6%	25.6%	0.3%
	2.1%	2.8%	2.6%	0.2%

A5b. Most or Least Informative Section: Obligations to You

Respondent Group	<u>Most</u>	<u>Least</u>
	<u>Informative</u>	<u>Informative</u>
All Respondents	31.2%	23.7%
	1.5%	1.5%
<u>By Investor Group</u>		
(0) Not an Investor	28.0%	25.4%
	3.3%	
(1) Investor, Less Involved Account Types, No Advice	31.6%	22.0%
	3.3%	4.3%
(2) Investor, Less Involved Account Types, Advice	37.8%	28.0%
	8.9%	8.7%
(3) Investor, More Involved Account Types, No Advice	30.6%	26.7%
	4.9%	4.1%
(4) Investor, More Involved Account Types, Advice	30.8%	18.4%
	4.3%	2.8%
HS Diploma or Less	37.4%	25.9%
	4.8%	4.5%
Some College	32.2%	20.3%
	2.9%	2.7%
Bachelor's Degree or More	23.6%	24.0%
	2.3%	2.4%

A5c. Section Difficulty: Obligations to You

Respondent Group	<u>Very</u>		<u>Just</u>		<u>Very</u>
	<u>Easy</u>	<u>Easy</u>	<u>Right</u>	<u>Difficult</u>	<u>Difficult</u>
All Respondents	8.8%	22.3%	45.9%	21.5%	1.4%
	1.6%	1.9%	2.2%	1.6%	0.4%
<u>By Investor Group</u>					
(0) Not an Investor	5.9%	19.2%	51.7%	20.7%	2.5%
	1.7%	3.8%	4.3%	3.0%	0.9%
(1) Investor, Less Involved Account Types, No Advice	8.4%	20.0%	41.9%	27.8%	1.9%
	1.7%	3.8%	4.3%	3.0%	0.9%
(2) Investor, Less Involved Account Types, Advice	12.2%	17.1%	52.0%	18.0%	0.7%
	7.5%	6.0%	8.7%	4.9%	0.5%
(3) Investor, More Involved Account Types, No Advice	9.9%	32.0%	37.7%	19.3%	1.0%
	2.6%	5.1%	4.3%	2.9%	0.6%
(4) Investor, More Involved Account Types, Advice	10.1%	25.0%	45.8%	18.8%	0.4%
	3.7%	3.5%	4.1%	3.3%	0.2%
<u>Education</u>					
HS Diploma or Less	11.5%	19.9%	46.4%	19.8%	2.4%
	3.9%	4.0%	4.8%	3.0%	1.0%
Some College	6.8%	22.2%	50.0%	19.9%	1.0%
	1.6%	2.5%	3.1%	2.4%	0.4%
Bachelor's Degree or More	7.6%	25.0%	42.2%	24.6%	0.6%
	1.4%	2.5%	2.7%	2.7%	0.3%

Table A6. Opinions about Section on Fees and Costs

A6a. Section Length: Fees and Costs

Respondent Group	<u>Add More</u>	<u>Keep</u>		
	<u>Detail</u>	<u>As Is</u>	<u>Shorten</u>	<u>Delete</u>
All Respondents	29.7%	42.9%	26.3%	1.1%
	1.9%	2.2%	2.1%	0.4%
<u>By Investor Group</u>				
(0) Not an Investor	25.1%	46.1%	27.6%	1.2%
	3.4%	4.4%	3.5%	0.7%
(1) Investor, Less Involved Account Types, No Advice	29.5%	44.6%	23.2%	2.7%
	4.0%	4.3%	3.7%	1.5%
(2) Investor, Less Involved Account Types, Advice	31.5%	37.1%	31.0%	0.4%
	6.8%	7.6%	9.4%	0.4%
(3) Investor, More Involved Account Types, No Advice	32.6%	34.5%	32.6%	0.3%
	3.9%	4.3%	5.0%	0.2%
(4) Investor, More Involved Account Types, Advice	32.6%	47.1%	20.3%	0.0%
	4.3%	4.2%	3.0%	0.0%
<u>Education</u>				
HS Diploma or Less	29.2%	40.6%	27.8%	2.4%
	4.2%	4.6%	4.5%	1.1%
Some College	28.8%	49.6%	20.9%	0.7%
	2.6%	3.1%	2.6%	0.5%
Bachelor's Degree or More	30.9%	40.3%	28.8%	0.0%
	2.4%	2.8%	2.7%	0.0%

A6b. Most or Least Informative Section: Fees and Costs

Respondent Group	<u>Most</u>	<u>Least</u>
	<u>Informative</u>	<u>Informative</u>
All Respondents	72.7%	11.0%
	2.2%	1.4%
<u>By Investor Group</u>		
(0) Not an Investor	65.9%	16.5%
	4.2%	3.6%
(1) Investor, Less Involved Account Types, No Advice	74.5%	16.3%
	3.8%	3.3%
(2) Investor, Less Involved Account Types, Advice	61.9%	5.4%
	9.5%	1.9%
(3) Investor, More Involved Account Types, No Advice	81.4%	7.0%
	3.2%	1.7%
(4) Investor, More Involved Account Types, Advice	80.0%	4.3%
	2.8%	1.2%
<u>Education</u>		
HS Diploma or Less	66.8%	14.9%
	4.9%	3.1%
Some College	74.5%	13.3%
	2.7%	2.3%
Bachelor's Degree or More	77.9%	5.1%
	2.3%	0.9%

A6c. Section Difficulty: Fees and Costs

Respondent Group	<u>Very</u>		<u>Just</u>		<u>Very</u>
	<u>Easy</u>	<u>Easy</u>	<u>Right</u>	<u>Difficult</u>	<u>Difficult</u>
All Respondents	4.8%	20.4%	39.2%	31.2%	4.3%
	1.0%	2.1%	2.1%	1.9%	0.8%
<u>By Investor Group</u>					
(0) Not an Investor	4.1%	13.5%	55.3%	22.4%	4.7%
	1.4%	2.6%	4.1%	3.0%	1.3%
(1) Investor, Less Involved Account Types, No Advice	2.8%	18.3%	31.4%	41.3%	6.2%
	1.0%	4.0%	3.8%	4.2%	2.4%
(2) Investor, Less Involved Account Types, Advice	0.9%	38.8%	28.4%	28.6%	3.3%
	0.6%	9.1%	6.7%	6.4%	2.0%
(3) Investor, More Involved Account Types, No Advice	8.8%	24.7%	36.6%	26.5%	3.3%
	2.5%	5.1%	4.3%	3.4%	1.1%
(4) Investor, More Involved Account Types, Advice	7.8%	17.3%	36.8%	35.5%	2.5%
	3.7%	3.1%	3.9%	3.9%	1.1%
<u>Education</u>					
HS Diploma or Less	4.2%	22.2%	38.8%	28.9%	5.9%
	2.1%	4.7%	4.6%	3.7%	1.9%
Some College	5.1%	17.8%	43.5%	30.4%	3.2%
	1.3%	2.5%	3.1%	2.7%	0.9%
Bachelor's Degree or More	5.3%	20.6%	36.3%	34.4%	3.4%
	1.2%	2.6%	2.6%	2.7%	0.8%

Table A7. Opinions about Section on Conflicts of Interest

A7a. Section Length: Conflicts of Interest

Respondent Group	<u>Add More</u>	<u>Keep</u>	<u>Shorten</u>	<u>Delete</u>
	<u>Detail</u>	<u>As Is</u>		
All Respondents	22.0%	47.5%	28.3%	2.2%
	1.8%	2.2%	2.0%	0.6%
<u>By Investor Group</u>				
(0) Not an Investor	23.4%	46.9%	25.8%	3.8%
	3.5%	4.4%	3.3%	1.5%
(1) Investor, Less Involved Account Types, No Advice	24.1%	47.1%	26.5%	2.4%
	3.9%	4.3%	3.7%	1.4%
(2) Investor, Less Involved Account Types, Advice	13.9%	45.1%	38.0%	3.0%
	3.8%	8.2%	9.0%	1.9%
(3) Investor, More Involved Account Types, No Advice	24.8%	43.7%	30.6%	1.0%
	3.9%	4.5%	4.8%	0.8%
(4) Investor, More Involved Account Types, Advice	20.3%	53.5%	25.9%	0.4%
	3.9%	4.2%	3.3%	0.2%
<u>Education</u>				
HS Diploma or Less	23.1%	47.2%	25.5%	4.1%
	3.8%	4.7%	4.4%	1.4%
Some College	22.0%	46.0%	30.6%	1.4%
	2.4%	3.1%	2.9%	0.6%
Bachelor's Degree or More	20.7%	49.1%	29.4%	0.8%
	2.3%	2.8%	2.7%	0.6%

A7b. Most or Least Informative Section: Conflicts of Interest

Respondent Group	<u>Most</u>	<u>Least</u>
	<u>Informative</u>	<u>Informative</u>
All Respondents	14.5%	36.5%
	2.0%	2.0%
<u>By Investor Group</u>		
(0) Not an Investor	16.6%	31.2%
	3.9%	3.6%
(1) Investor, Less Involved Account Types, No Advice	16.3%	37.9%
	3.4%	4.0%
(2) Investor, Less Involved Account Types, Advice	14.9%	35.7%
	9.2%	7.3%
(3) Investor, More Involved Account Types, No Advice	9.7%	38.4%
	1.8%	4.4%
(4) Investor, More Involved Account Types, Advice	13.2%	40.9%
	3.1%	3.9%
<u>Education</u>		
HS Diploma or Less	17.4%	30.7%
	4.5%	3.8%
Some College	13.9%	37.3%
	2.5%	2.9%
Bachelor's Degree or More	11.8%	42.2%
	1.8%	2.8%

A7c. Section Difficulty: Conflicts of Interest

Respondent Group	Very		Just Right	Very	
	Easy	Easy		Difficult	Difficult
All Respondents	4.1%	19.3%	43.1%	31.0%	2.4%
	0.6%	2.1%	2.2%	1.9%	0.6%
<u>By Investor Group</u>					
(0) Not an Investor	4.2%	13.6%	52.1%	26.6%	3.5%
	1.1%	2.5%	4.2%	3.3%	1.1%
(1) Investor, Less Involved Account Types, No Advice	3.2%	14.2%	41.2%	38.5%	2.9%
	1.1%	3.0%	4.2%	4.3%	1.7%
(2) Investor, Less Involved Account Types, Advice	2.8%	35.7%	34.6%	26.6%	0.3%
	1.2%	9.5%	7.2%	5.9%	0.3%
(3) Investor, More Involved Account Types, No Advice	6.9%	24.4%	34.0%	32.2%	2.6%
	2.2%	5.1%	3.9%	4.2%	1.2%
(4) Investor, More Involved Account Types, Advice	3.6%	19.0%	46.2%	29.4%	1.7%
	1.3%	3.8%	4.2%	3.8%	0.7%
<u>Education</u>					
HS Diploma or Less	2.4%	21.2%	44.4%	28.9%	3.1%
	0.9%	4.7%	4.7%	3.8%	1.4%
Some College	4.7%	18.3%	42.7%	31.7%	2.7%
	1.1%	2.6%	3.1%	2.9%	0.8%
Bachelor's Degree or More	5.4%	18.1%	42.1%	32.8%	1.5%
	1.1%	2.3%	2.8%	2.8%	0.4%

Table A8. Opinions about Section on Additional Information

A8. Section Length: Additional Information

Respondent Group	Add More		Keep	
	Detail	As Is	Shorten	Delete
All Respondents	9.3%	50.8%	35.9%	3.9%
	1.4%	2.2%	2.1%	0.8%
<u>By Investor Group</u>				
(0) Not an Investor	10.1%	51.6%	34.7%	3.7%
	2.2%	4.3%	3.8%	1.3%
(1) Investor, Less Involved Account Types, No Advice	12.2%	50.6%	31.1%	6.0%
	3.7%	4.3%	4.0%	2.0%
(2) Investor, Less Involved Account Types, Advice	13.0%	36.6%	48.9%	1.4%
	6.1%	7.1%	8.4%	0.7%
(3) Investor, More Involved Account Types, No Advice	8.3%	52.5%	34.7%	4.6%
	2.4%	4.7%	4.7%	2.4%
(4) Investor, More Involved Account Types, Advice	2.9%	57.8%	36.5%	2.8%
	0.8%	4.1%	3.9%	1.5%
<u>Education</u>				
HS Diploma or Less	13.7%	48.8%	34.6%	2.9%
	3.5%	4.7%	4.6%	1.1%
Some College	8.8%	51.2%	34.1%	5.9%
	1.7%	3.1%	2.8%	1.9%
Bachelor's Degree or More	5.0%	52.7%	38.8%	3.5%
	1.0%	2.9%	2.9%	1.1%

A8b. Most or Least Informative Section: Additional Information

Respondent Group	<u>Most</u>	<u>Least</u>
	<u>Informative</u>	<u>Informative</u>
All Respondents	3.4%	66.0%
	1.2%	2.3%
<u>By Investor Group</u>		
(0) Not an Investor	4.9%	52.3%
	1.7%	4.3%
(1) Investor, Less Involved Account Types, No Advice	1.3%	68.1%
	0.5%	3.8%
(2) Investor, Less Involved Account Types, Advice	8.8%	57.5%
	7.5%	9.4%
(3) Investor, More Involved Account Types, No Advice	3.1%	72.3%
	1.5%	3.9%
(4) Investor, More Involved Account Types, Advice	0.8%	82.2%
	0.4%	2.6%
<u>Education</u>		
HS Diploma or Less	6.6%	54.2%
	3.0%	4.9%
Some College	2.6%	67.7%
	0.8%	2.9%
Bachelor's Degree or More	0.6%	77.6%
	0.3%	2.2%

A8c. Section Difficulty: Additional Information

Respondent Group	<u>Very</u>				<u>Very</u>
	<u>Easy</u>	<u>Easy</u>	<u>Just Right</u>	<u>Difficult</u>	<u>Difficult</u>
All Respondents	8.9%	21.3%	50.7%	17.2%	2.0%
	1.4%	1.7%	2.2%	1.4%	0.4%
<u>By Investor Group</u>					
(0) Not an Investor	11.0%	16.0%	54.4%	16.3%	2.3%
	3.6%	2.6%	4.3%	2.7%	0.9%
(1) Investor, Less Involved Account Types, No Advice	7.7%	23.4%	49.0%	18.5%	1.3%
	2.3%	3.8%	4.3%	3.0%	0.9%
(2) Investor, Less Involved Account Types, Advice	7.9%	16.3%	56.7%	19.1%	0.0%
	4.1%	4.5%	7.7%	4.6%	0.0%
(3) Investor, More Involved Account Types, No Advice	11.2%	24.9%	43.6%	15.9%	4.3%
	2.9%	4.8%	4.5%	3.1%	1.6%
(4) Investor, More Involved Account Types, Advice	6.4%	25.6%	49.8%	16.3%	1.8%
	1.6%	3.4%	4.2%	2.9%	0.7%
<u>Education</u>					
HS Diploma or Less	8.3%	15.7%	55.6%	17.7%	2.6%
	2.9%	3.2%	4.6%	2.9%	1.0%
Some College	8.8%	26.3%	45.6%	17.3%	2.0%
	2.0%	2.9%	3.1%	2.2%	0.7%
Bachelor's Degree or More	9.6%	23.2%	49.6%	16.4%	1.3%
	1.8%	2.4%	2.8%	1.9%	0.4%

Table A9. Opinions about Section on Key Questions to Ask

A9a. Section Length: Key Questions to Ask

Respondent Group	<u>Add More</u>	<u>Keep</u>		
	<u>Detail</u>	<u>As Is</u>	<u>Shorten</u>	<u>Delete</u>
All Respondents	12.0%	61.6%	23.5%	2.9%
	1.6%	2.3%	2.0%	0.7%
<u>By Investor Group</u>				
(0) Not an Investor	12.4%	58.5%	25.6%	3.5%
	2.4%	4.1%	3.5%	1.3%
(1) Investor, Less Involved Account Types, No Advice	10.3%	67.9%	17.5%	4.3%
	2.3%	4.0%	3.2%	2.0%
(2) Investor, Less Involved Account Types, Advice	23.0%	48.2%	28.3%	0.4%
	8.4%	8.5%	8.9%	0.4%
(3) Investor, More Involved Account Types, No Advice	10.5%	58.5%	27.1%	3.9%
	3.0%	4.9%	4.8%	1.8%
(4) Investor, More Involved Account Types, Advice	7.5%	69.1%	22.1%	1.3%
	1.5%	3.7%	3.5%	0.6%
<u>Education</u>				
HS Diploma or Less	15.1%	58.1%	25.2%	1.7%
	3.6%	4.8%	4.4%	0.8%
Some College	10.2%	64.5%	20.3%	5.0%
	1.5%	2.9%	2.4%	1.7%
Bachelor's Degree or More	10.1%	63.1%	24.2%	2.7%
	1.9%	2.9%	2.7%	1.1%

A9b. Most or Least Informative Section: Key Questions to Ask

Respondent Group	<u>Most</u>	<u>Least</u>
	<u>Informative</u>	<u>Informative</u>
All Respondents	14.2%	36.2%
	1.3%	2.2%
<u>By Investor Group</u>		
(0) Not an Investor	16.1%	35.6%
	3.0%	3.9%
(1) Investor, Less Involved Account Types, No Advice	14.6%	35.2%
	2.9%	4.2%
(2) Investor, Less Involved Account Types, Advice	8.3%	35.1%
	2.3%	8.8%
(3) Investor, More Involved Account Types, No Advice	14.7%	34.7%
	3.0%	4.7%
(4) Investor, More Involved Account Types, Advice	14.6%	40.3%
	2.3%	4.5%
<u>Education</u>		
HS Diploma or Less	12.0%	39.2%
	2.5%	4.8%
Some College	14.5%	33.4%
	2.0%	2.9%
Bachelor's Degree or More	16.3%	35.1%
	2.0%	2.9%

A9c. Section Difficulty: Key Questions to Ask

Respondent Group	<u>Very</u>	<u>Easy</u>	<u>Just Right</u>	<u>Difficult</u>	<u>Very</u>
	<u>Easy</u>	<u>Easy</u>	<u>Just Right</u>	<u>Difficult</u>	<u>Difficult</u>
All Respondents	14.7%	28.4%	45.8%	9.6%	1.5%
	1.6%	2.0%	2.2%	1.2%	0.5%
By Investor Group					
(0) Not an Investor	13.9%	21.0%	52.4%	11.0%	1.8%
	3.6%	3.0%	4.3%	2.2%	0.8%
(1) Investor, Less Involved Account Types, No Advice	12.3%	28.9%	45.0%	11.6%	2.2%
	2.8%	4.1%	4.2%	3.3%	1.5%
(2) Investor, Less Involved Account Types, Advice	18.0%	32.4%	42.2%	7.0%	0.4%
	5.7%	7.5%	8.7%	2.2%	0.4%
(3) Investor, More Involved Account Types, No Advice	18.6%	38.5%	33.4%	7.8%	1.8%
	3.7%	5.0%	3.8%	2.0%	1.0%
(4) Investor, More Involved Account Types, Advice	13.5%	27.2%	50.3%	8.5%	0.4%
	2.2%	3.3%	4.2%	2.2%	0.2%
Education					
HS Diploma or Less	12.4%	25.4%	45.1%	14.5%	2.7%
	3.1%	4.0%	4.8%	3.0%	1.2%
Some College	14.4%	28.9%	48.6%	7.5%	0.5%
	2.3%	3.0%	3.1%	1.2%	0.2%
Bachelor's Degree or More	17.3%	31.2%	44.4%	6.2%	0.9%
	2.4%	2.6%	2.8%	1.0%	0.3%

Table A10. Comfort with Asking Key Questions

A10a. How comfortable would you be asking your financial professional the "Key Questions to Ask" provided in the Relationship Summary?

All respondents	Very	Somewhat	Neutral	Somewhat	Very
	Comfortable	comfortable		uncomfortable	uncomfortable
a. Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account?	56.8%	20.2%	17.8%	3.9%	1.3%
	2.2%	1.6%	2.1%	1.0%	0.5%
b. Do the math for me. How much would I expect to pay per year for an advisory account? How much for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?	56.4%	23.7%	14.3%	3.9%	1.7%
	2.2%	1.8%	2.0%	1.0%	0.5%
c. What additional costs should I expect in connection with my account?	62.4%	19.2%	12.7%	3.8%	1.9%
	2.3%	1.7%	2.0%	0.8%	0.8%
d. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?	51.0%	23.4%	17.8%	6.5%	1.3%
	2.2%	1.8%	2.2%	1.1%	0.4%
e. What are the most common conflicts of interest in your advisory and brokerage accounts? Explain how you will address those conflicts when providing services to my account.	48.3%	24.3%	20.2%	5.1%	2.2%
	2.2%	1.8%	2.1%	0.8%	0.9%
f. How will you choose investments to recommend for my account?	60.6%	24.0%	10.8%	2.5%	2.1%
	2.3%	2.0%	1.6%	0.8%	1.2%
g. How often will you monitor my account's performance and offer investment advice?	64.2%	20.3%	11.6%	1.5%	2.4%
	2.3%	2.0%	1.6%	0.4%	1.3%
h. Do you or your firm have a disciplinary history? For what type of conduct?	40.8%	26.3%	19.1%	11.6%	2.2%
	2.1%	1.9%	1.8%	2.0%	0.5%
i. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.	42.6%	30.5%	15.9%	9.0%	2.1%
	2.1%	2.2%	1.8%	1.4%	0.5%
j. Who is the primary contact person for my account, and is he or she a representative of an investment adviser or a broker-dealer? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?	58.0%	22.1%	13.7%	4.6%	1.6%
	2.3%	2.0%	1.8%	1.3%	0.5%

A10b. In the previous question, you indicated that you would not be comfortable asking certain questions. Please tell us more about why you would not be comfortable. For each row, check all that apply

All respondents who reported "Somewhat uncomfortable" or "Very uncomfortable."	Understand	Would	Not	Don't Know	Other
	Question	Understand	Appropriate	Enough	
a. Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account?	4.3% 2.5%	22.6% 12.8%	20.2% 8.0%	35.2% 8.9%	17.8% 6.4%
b. Do the math for me. How much would I expect to pay per year for an advisory account? How much for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?	4.6% 2.9%	22.7% 11.9%	17.2% 8.8%	34.1% 8.7%	21.4% 6.8%
c. What additional costs should I expect in connection with my account?	7.7% 4.6%	19.9% 11.7%	15.6% 7.6%	43.0% 10.3%	13.8% 5.2%
d. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?	3.1% 1.8%	16.7% 8.9%	17.6% 4.3%	42.9% 7.6%	19.7% 4.9%
e. What are the most common conflicts of interest in your advisory and brokerage accounts? Explain how you will address those conflicts when providing services to my account.	13.4% 9.6%	13.6% 4.2%	14.2% 6.2%	42.5% 7.9%	16.3% 4.6%
f. How will you choose investments to recommend for my account?	18.4% 14.7%	13.7% 6.6%	5.9% 3.1%	31.6% 12.5%	30.4% 18.1%
g. How often will you monitor my account's performance and offer investment advice?	21.8% 17.1%	6.0% 4.2%	4.6% 2.9%	27.1% 11.7%	40.4% 19.5%
h. Do you or your firm have a disciplinary history? For what type of conduct?	1.0% 0.8%	9.9% 5.4%	37.1% 8.4%	25.6% 5.4%	26.4% 7.3%
i. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.	3.5% 1.7%	12.6% 4.8%	24.7% 5.6%	29.1% 5.2%	30.1% 8.4%
j. Who is the primary contact person for my account, and is he or she a representative of an investment adviser or a broker-dealer? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?	7.3% 5.3%	13.1% 7.6%	10.2% 4.4%	27.8% 7.6%	41.6% 12.5%

Table A11. Likelihood of Asking Other Key Questions

Question Q3. How likely would you be to ask your financial professional each of the following questions if they were included in the "Key Questions to Ask" section of the Relationship Summary?

A11a. If I give you \$1,000 to invest, how much will go to fees and costs, and how much will be invested for me?

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
	All Respondents	65.4%	25.9%	6.7%
	2.3%	2.3%	1.2%	0.8%
<u>By Investor Group</u>				
(0) Not an Investor	60.6%	31.4%	5.6%	2.4%
	4.4%	4.4%	1.5%	1.0%
(1) Investor, Less Involved Account Types, No Advice	65.8%	26.3%	6.1%	1.8%
	4.4%	4.2%	2.3%	1.0%
(2) Investor, Less Involved Account Types, Advice	57.6%	32.7%	9.7%	0.0%
	9.4%	9.9%	5.6%	0.0%
(3) Investor, More Involved Account Types, No Advice	70.3%	16.7%	7.3%	5.7%
	4.8%	3.4%	1.9%	4.4%
(4) Investor, More Involved Account Types, Advice	72.5%	20.8%	6.5%	0.1%
	3.4%	2.8%	2.2%	0.1%
<u>Education</u>				
HS Diploma or Less	60.2%	29.3%	6.6%	3.9%
	5.0%	5.0%	2.4%	2.1%
Some College	66.6%	26.9%	5.7%	0.9%
	3.2%	3.0%	2.0%	0.4%
Bachelor's Degree or More	70.1%	21.4%	7.6%	0.8%
	2.6%	2.4%	1.5%	0.4%

A11b. If I trade more investments in my brokerage account, do you (my broker) make more money?

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
	All Respondents	48.3%	31.6%	16.0%
	2.2%	2.1%	1.9%	1.0%
<u>By Investor Group</u>				
(0) Not an Investor	49.1%	35.0%	10.1%	5.7%
	4.3%	4.3%	2.2%	1.7%
(1) Investor, Less Involved Account Types, No Advice	49.5%	32.9%	15.7%	1.9%
	4.3%	4.0%	3.0%	1.0%
(2) Investor, Less Involved Account Types, Advice	45.0%	23.3%	29.7%	2.1%
	8.2%	7.6%	9.7%	1.5%
(3) Investor, More Involved Account Types, No Advice	48.4%	27.8%	14.5%	9.3%
	4.6%	3.8%	2.8%	4.8%
(4) Investor, More Involved Account Types, Advice	48.1%	34.0%	15.8%	2.1%
	4.2%	4.2%	3.0%	1.2%
<u>Education</u>				
HS Diploma or Less	46.8%	34.4%	13.3%	5.5%
	4.8%	4.6%	4.1%	2.2%
Some College	51.1%	32.0%	14.0%	2.9%
	3.1%	2.8%	2.7%	1.2%
Bachelor's Degree or More	47.9%	28.1%	20.5%	3.6%
	2.8%	2.5%	2.5%	1.3%

A11c. If I add more money or investments to my advisory account, do you (my investment advisor) make more money?

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
	All Respondents	47.1%	33.2%	15.2%
	2.2%	2.2%	1.9%	1.0%
<u>By Investor Group</u>				
(0) Not an Investor	47.1%	40.1%	6.5%	6.3%
	4.3%	4.3%	1.5%	1.8%
(1) Investor, Less Involved Account Types, No Advice	48.5%	32.4%	16.4%	2.7%
	4.3%	4.4%	3.0%	1.2%
(2) Investor, Less Involved Account Types, Advice	47.8%	26.0%	23.8%	2.4%
	8.5%	7.7%	9.7%	1.6%
(3) Investor, More Involved Account Types, No Advice	47.4%	25.3%	18.1%	9.2%
	4.6%	3.7%	3.5%	4.8%
(4) Investor, More Involved Account Types, Advice	44.6%	36.4%	16.8%	2.2%
	4.1%	4.4%	3.1%	1.2%
<u>Education</u>				
HS Diploma or Less	42.6%	38.4%	13.2%	5.8%
	4.6%	4.7%	4.1%	2.2%
Some College	53.5%	32.1%	11.3%	3.1%
	3.1%	3.0%	2.1%	1.2%
Bachelor's Degree or More	47.1%	28.5%	20.4%	4.1%
	2.8%	2.6%	2.4%	1.3%

A11d. If I invest in funds created or managed by your firm, do you or your firm make more money than if I buy a fund created by (or managed by) someone else?

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
	All Respondents	46.7%	33.1%	16.7%
	2.2%	2.3%	1.6%	1.0%
<u>By Investor Group</u>				
(0) Not an Investor	46.7%	36.1%	12.3%	4.9%
	4.3%	4.3%	2.2%	1.6%
(1) Investor, Less Involved Account Types, No Advice	48.2%	31.3%	18.3%	2.2%
	4.3%	4.1%	3.1%	1.0%
(2) Investor, Less Involved Account Types, Advice	39.7%	34.9%	24.6%	0.8%
	7.6%	9.7%	7.3%	0.5%
(3) Investor, More Involved Account Types, No Advice	48.8%	27.8%	13.4%	10.0%
	4.6%	3.8%	3.0%	4.8%
(4) Investor, More Involved Account Types, Advice	47.9%	34.4%	17.4%	0.3%
	4.2%	4.4%	3.1%	0.2%
<u>Education</u>				
HS Diploma or Less	40.6%	40.1%	14.9%	4.4%
	4.6%	4.9%	3.0%	2.1%
Some College	54.4%	28.2%	14.2%	3.2%
	3.1%	2.7%	2.5%	1.2%
Bachelor's Degree or More	47.3%	29.2%	20.5%	2.9%
	2.8%	2.6%	2.5%	1.2%

A11e. How do you (my broker or advisor) get paid?

Respondent Group	<u>Very</u> <u>Likely</u>	<u>Somewhat</u> <u>likely</u>	<u>Not too</u> <u>likely</u>	<u>Not at all</u> <u>Likely</u>
All Respondents	49.2%	31.0%	13.0%	6.8%
	2.2%	2.2%	1.5%	1.7%
<u>By Investor Group</u>				
(0) Not an Investor	47.4%	35.4%	10.8%	6.4%
	4.3%	4.3%	2.1%	1.8%
(1) Investor, Less Involved Account Types, No Advice	48.8%	33.2%	14.3%	3.7%
	4.3%	4.3%	3.0%	1.4%
(2) Investor, Less Involved Account Types, Advice	44.2%	27.0%	13.4%	15.3%
	8.1%	7.8%	6.2%	9.3%
(3) Investor, More Involved Account Types, No Advice	55.0%	21.7%	14.2%	9.1%
	4.7%	3.6%	2.7%	4.5%
(4) Investor, More Involved Account Types, Advice	50.8%	32.6%	12.9%	3.7%
	4.2%	4.4%	3.1%	1.6%
<u>Education</u>				
HS Diploma or Less	45.6%	33.0%	9.7%	11.6%
	4.7%	4.7%	2.7%	4.1%
Some College	52.0%	30.2%	13.4%	4.4%
	3.1%	3.0%	2.3%	1.5%
Bachelor's Degree or More	50.8%	29.4%	16.3%	3.4%
	2.9%	2.7%	2.4%	0.9%

Table A12. Opinions about Length of Relationship Summary

Question L1. Is the Relationship Summary too long, too short, or about right? Select one.

Respondent Group	<u>Too long</u>	<u>Too short</u>	<u>About right</u>
All Respondents	56.9%	1.8%	41.2%
	2.2%	0.6%	2.2%
<u>By Investor Group</u>			
(0) Not an Investor	57.0%	2.1%	40.9%
	4.5%	1.2%	4.5%
(1) Investor, Less Involved Account Types, No Advice	55.6%	2.3%	42.0%
	4.4%	1.5%	4.3%
(2) Investor, Less Involved Account Types, Advice	65.3%	0.3%	34.4%
	8.1%	0.3%	8.0%
(3) Investor, More Involved Account Types, No Advice	53.9%	1.8%	44.3%
	4.6%	0.9%	4.6%
(4) Investor, More Involved Account Types, Advice	55.1%	2.0%	42.8%
	4.3%	1.4%	4.3%
<u>Education</u>			
HS Diploma or Less	54.4%	2.2%	43.4%
	4.8%	1.3%	4.8%
Some College	59.7%	1.5%	38.8%
	3.1%	0.6%	3.0%
Bachelor's Degree or More	57.5%	1.7%	40.8%
	2.8%	0.8%	2.8%

Table A13. Preference for Question-and-Answer Format

Question D2. Would you prefer that the Relationship Summary be presented in a question and answer format? For example, the section titled "Types of Relationships and Services" would instead be titled "What Types of Services Does the Firm Provide".

Respondent Group	<u>Yes</u>	<u>No</u>
All Respondents	60.8%	39.2%
	2.2%	2.2%
<u>By Investor Group</u>		
(0) Not an Investor	62.3%	37.7%
	4.3%	4.3%
(1) Investor, Less Involved Account Types, No Advice	62.5%	37.5%
	4.2%	4.2%
(2) Investor, Less Involved Account Types, Advice	66.0%	34.0%
	7.5%	7.5%
(3) Investor, More Involved Account Types, No Advice	52.1%	47.9%
	4.7%	4.7%
(4) Investor, More Involved Account Types, Advice	60.1%	39.9%
	4.1%	4.1%
<u>Education</u>		
HS Diploma or Less	64.1%	35.9%
	4.6%	4.6%
Some College	63.5%	36.5%
	3.0%	3.0%
Bachelor's Degree or More	55.2%	44.8%
	2.8%	2.8%

Table A14. Helpfulness of Side-by-Side Comparison

Question D4. Does the side-by-side comparison in the Relationship Summary help you to decide whether a broker-dealer or investment adviser account would be right for you?

Respondent Group	<u>Yes</u>	<u>No</u>
All Respondents	84.8%	15.2%
	<i>1.8%</i>	<i>1.8%</i>
<u>By Investor Group</u>		
(0) Not an Investor	76.9%	23.1%
	<i>3.5%</i>	<i>3.5%</i>
(1) Investor, Less Involved Account Types, No Advice	91.0%	9.0%
	<i>2.5%</i>	<i>2.5%</i>
(2) Investor, Less Involved Account Types, Advice	77.0%	23.0%
	<i>8.6%</i>	<i>8.6%</i>
(3) Investor, More Involved Account Types, No Advice	92.4%	7.6%
	<i>2.0%</i>	<i>2.0%</i>
(4) Investor, More Involved Account Types, Advice	87.0%	13.0%
	<i>3.6%</i>	<i>3.6%</i>
<u>Education</u>		
HS Diploma or Less	79.1%	20.9%
	<i>4.1%</i>	<i>4.1%</i>
Some College	85.5%	14.5%
	<i>2.3%</i>	<i>2.3%</i>
Bachelor's Degree or More	90.7%	9.3%
	<i>1.9%</i>	<i>1.9%</i>

Table A15. Likelihood of Clicking on Hyperlinks

Question D5. If the Relationship Summary contained links to the following types of additional information, how likely would you be to click on them?

A15a. Information on services

Respondent Group	<u>Very</u> <u>Likely</u>	<u>Somewhat</u> <u>likely</u>	<u>Not too</u> <u>likely</u>	<u>Not at all</u> <u>Likely</u>
All Respondents	36.0%	46.9%	13.6%	3.5%
	2.0%	2.2%	1.8%	0.9%
<u>By Investor Group</u>				
(0) Not an Investor	36.3%	50.5%	10.7%	2.6%
	4.2%	4.3%	2.2%	0.9%
(1) Investor, Less Involved Account Types, No Advice	39.4%	45.2%	11.0%	4.4%
	4.3%	4.3%	2.7%	1.7%
(2) Investor, Less Involved Account Types, Advice	29.0%	43.4%	26.8%	0.9%
	6.0%	8.1%	9.7%	0.6%
(3) Investor, More Involved Account Types, No Advice	41.8%	39.1%	11.7%	7.4%
	4.5%	4.4%	2.9%	4.4%
(4) Investor, More Involved Account Types, Advice	31.3%	52.9%	13.8%	2.0%
	3.5%	4.1%	2.7%	0.8%
<u>Education</u>				
HS Diploma or Less	36.3%	47.3%	11.7%	4.7%
	4.4%	4.7%	3.9%	2.2%
Some College	33.8%	52.0%	11.6%	2.5%
	2.8%	3.1%	1.9%	0.8%
Bachelor's Degree or More	37.4%	42.5%	17.1%	3.0%
	2.6%	2.8%	2.6%	0.8%

A15b. Information on fees

Respondent Group	<u>Very</u> <u>Likely</u>	<u>Somewhat</u> <u>likely</u>	<u>Not too</u> <u>likely</u>	<u>Not at all</u> <u>Likely</u>
All Respondents	57.8%	31.6%	7.8%	2.8%
	2.3%	2.2%	1.1%	0.9%
<u>By Investor Group</u>				
(0) Not an Investor	52.8%	33.4%	11.2%	2.6%
	4.3%	4.3%	2.4%	1.0%
(1) Investor, Less Involved Account Types, No Advice	57.0%	31.8%	8.0%	3.3%
	4.3%	4.2%	2.4%	1.5%
(2) Investor, Less Involved Account Types, Advice	42.3%	47.3%	9.6%	0.9%
	7.7%	8.6%	3.4%	0.6%
(3) Investor, More Involved Account Types, No Advice	71.4%	19.6%	2.6%	6.3%
	4.7%	3.3%	0.9%	4.4%
(4) Investor, More Involved Account Types, Advice	64.2%	28.6%	6.1%	1.1%
	4.0%	3.8%	1.7%	0.4%
<u>Education</u>				
HS Diploma or Less	51.0%	34.6%	9.7%	4.7%
	4.8%	4.8%	2.2%	2.2%
Some College	59.4%	29.0%	9.5%	2.1%
	3.2%	3.0%	2.2%	0.8%
Bachelor's Degree or More	63.6%	30.5%	4.5%	1.4%
	2.9%	2.9%	0.8%	0.5%

A15c. Information on conflicts of interest

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
All Respondents	30.4%	37.1%	27.8%	4.7%
	1.9%	2.1%	2.1%	1.1%
<u>By Investor Group</u>				
(0) Not an Investor	34.5%	43.2%	19.0%	3.3%
	4.2%	4.3%	2.8%	1.2%
(1) Investor, Less Involved Account Types, No Advice	29.7%	40.6%	23.1%	6.5%
	3.9%	4.2%	3.7%	2.3%
(2) Investor, Less Involved Account Types, Advice	23.8%	25.6%	49.1%	1.5%
	5.5%	5.8%	8.5%	0.8%
(3) Investor, More Involved Account Types, No Advice	32.7%	38.1%	21.1%	8.1%
	4.1%	4.4%	3.2%	4.8%
(4) Investor, More Involved Account Types, Advice	28.2%	30.9%	37.1%	3.8%
	3.8%	3.4%	4.4%	1.0%
<u>Education</u>				
HS Diploma or Less	32.2%	33.1%	29.7%	5.0%
	4.2%	4.2%	4.9%	2.2%
Some College	29.0%	39.4%	26.9%	4.7%
	2.6%	3.2%	2.6%	1.7%
Bachelor's Degree or More	29.5%	39.4%	26.6%	4.5%
	2.6%	2.8%	2.4%	1.3%

A15d. Investor education materials

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
All Respondents	25.3%	41.1%	25.8%	7.8%
	1.8%	2.1%	2.0%	1.4%
<u>By Investor Group</u>				
(0) Not an Investor	29.2%	45.9%	19.4%	5.5%
	4.1%	4.3%	2.9%	1.5%
(1) Investor, Less Involved Account Types, No Advice	30.3%	37.1%	22.0%	10.6%
	3.8%	4.1%	3.4%	3.4%
(2) Investor, Less Involved Account Types, Advice	17.5%	35.4%	45.1%	2.1%
	4.6%	7.2%	8.8%	1.0%
(3) Investor, More Involved Account Types, No Advice	23.0%	42.3%	22.3%	12.4%
	3.3%	4.6%	3.4%	4.8%
(4) Investor, More Involved Account Types, Advice	20.4%	42.8%	29.5%	7.2%
	2.9%	4.3%	3.8%	2.4%
<u>Education</u>				
HS Diploma or Less	26.8%	37.5%	25.4%	10.3%
	3.9%	4.5%	4.6%	3.1%
Some College	28.2%	42.7%	24.5%	4.6%
	2.7%	3.1%	2.6%	1.0%
Bachelor's Degree or More	21.3%	43.8%	27.2%	7.7%
	2.0%	2.8%	2.5%	1.9%

Table A16. Preference for Relationship Summary Format

Question D6. In which format would you be most likely to review the information in the Relationship Summary? Select one.

Respondent Group	<u>On Paper</u>	<u>Email</u>	<u>Firm Site</u>	<u>Video</u>	<u>Don't Know</u>	<u>Other</u>
All Respondents	38.6%	19.2%	24.1%	7.3%	10.0%	0.8%
	2.1%	1.8%	2.1%	1.3%	1.4%	0.2%
<u>By Investor Group</u>						
(0) Not an Investor	33.8%	21.8%	19.5%	6.3%	18.4%	0.2%
	3.7%	4.0%	3.9%	1.5%	3.3%	0.1%
(1) Investor, Less Involved Account Types, No Advice	38.9%	19.8%	25.4%	7.2%	8.2%	0.5%
	4.1%	3.9%	3.9%	1.9%	2.5%	0.3%
(2) Investor, Less Involved Account Types, Advice	39.6%	15.0%	24.1%	15.4%	5.7%	0.2%
	8.0%	4.7%	9.1%	7.7%	2.1%	0.2%
(3) Investor, More Involved Account Types, No Advice	39.1%	14.9%	28.9%	6.0%	9.2%	2.0%
	4.4%	3.2%	3.9%	1.9%	4.4%	0.8%
(4) Investor, More Involved Account Types, Advice	43.8%	21.1%	24.8%	4.3%	4.7%	1.3%
	4.1%	3.9%	3.9%	1.3%	1.8%	0.5%
<u>Education</u>						
HS Diploma or Less	34.1%	20.4%	19.2%	9.6%	16.6%	0.0%
	4.1%	4.1%	4.6%	3.1%	3.2%	0.0%
Some College	42.1%	19.3%	23.1%	6.7%	7.6%	1.2%
	3.0%	2.6%	2.8%	1.7%	1.9%	0.4%
Bachelor's Degree or More	40.9%	17.7%	30.2%	5.3%	4.7%	1.3%
	2.8%	2.0%	2.7%	1.0%	0.8%	0.4%

Table A17. Preference for Receipt of Relationship Summary

Question D7. If you chose to work with a financial professional, when would you like to receive a copy of the Relationship Summary? Check all that apply.

- 1 At the outset of the relationship (i.e., before or at the time you first engage the investment professional)
- 2 Before the investment professional first recommends a transaction or investment strategy
- 3 Periodically (e.g. quarterly, semi-annually or annually)
- 4 Upon request
- 5 Whenever there is a material change in the Relationship Summary, such as a change in fees or commission structure.

Respondent Group	<u>At the</u>	<u>Before a</u>		<u>Upon</u>	<u>Whenever</u>
	<u>Outset</u>	<u>recommendation</u>	<u>Periodically</u>	<u>Request</u>	<u>there is a</u>
All Respondents	69.5%	32.6%	30.1%	38.7%	50.1%
	2.1%	2.0%	2.0%	2.2%	2.2%
<u>By Investor Group</u>					
(0) Not an Investor	56.6%	36.3%	30.2%	46.1%	48.7%
	4.3%	3.9%	4.1%	4.4%	4.3%
(1) Investor, Less Involved Account Types, No Advice	69.9%	33.6%	31.6%	33.7%	49.1%
	4.3%	4.1%	4.1%	4.0%	4.3%
(2) Investor, Less Involved Account Types, Advice	68.4%	30.3%	36.6%	32.3%	39.0%
	7.6%	6.7%	7.7%	6.9%	7.5%
(3) Investor, More Involved Account Types, No Advice	75.5%	30.3%	26.4%	45.2%	59.5%
	4.6%	4.0%	4.1%	4.8%	4.7%
(4) Investor, More Involved Account Types, Advice	82.1%	30.0%	26.4%	34.4%	53.6%
	3.3%	3.8%	3.7%	4.4%	4.2%
<u>Education</u>					
HS Diploma or Less	55.8%	29.3%	31.5%	36.2%	39.0%
	4.7%	3.8%	4.4%	4.6%	4.5%
Some College	73.8%	36.8%	32.9%	41.6%	56.3%
	2.8%	3.1%	3.0%	3.1%	3.1%
Bachelor's Degree or More	81.3%	33.1%	26.2%	39.1%	57.4%
	2.3%	2.8%	2.5%	2.9%	2.8%

Table A18. Preference for Receipt of Material Changes to Relationship Summary

Question D8. If you had an ongoing relationship with a financial professional, how would you like to be informed of material changes in the information in the Relationship Summary? Check all that apply.

- 1 I would like to receive a complete updated Relationship Summary with the changes highlighted
- 2 I would like to receive a notice containing only the text of the specific changes
- 3 I would like to receive a notice providing a summary of the changes
- 4 I would like to receive a verbal explanation of the changes from my investment professional

Respondent Group	<u>Complete changed Relationship Summary</u>	<u>Notice containing changes</u>	<u>Notice summarizing changes</u>	<u>Verbal explanation of changes</u>
All Respondents	68.6%	24.1%	41.8%	30.8%
	2.2%	2.0%	2.1%	2.1%
<u>By Investor Group</u>				
(0) Not an Investor	66.2%	30.2%	40.9%	31.6%
	4.3%	4.2%	4.0%	4.2%
(1) Investor, Less Involved Account Types, No Advice	73.1%	24.7%	46.8%	27.3%
	4.1%	3.7%	4.4%	3.7%
(2) Investor, Less Involved Account Types, Advice	70.0%	17.6%	32.2%	34.9%
	8.4%	6.4%	6.8%	8.2%
(3) Investor, More Involved Account Types, No Advice	73.4%	16.6%	42.4%	27.4%
	3.3%	2.8%	4.5%	3.6%
(4) Investor, More Involved Account Types, Advice	61.6%	25.4%	42.8%	34.2%
	4.3%	4.4%	4.2%	4.0%
<u>Education</u>				
HS Diploma or Less	64.7%	30.2%	36.7%	33.0%
	4.8%	4.4%	4.3%	4.5%
Some College	68.8%	24.8%	43.7%	27.9%
	2.9%	2.8%	3.1%	2.6%
Bachelor's Degree or More	72.8%	16.7%	45.8%	30.8%
	2.2%	2.1%	2.8%	2.6%

Table A19. Likelihood of Looking Up Disciplinary History

Question Q5. How likely would you be to look up the disciplinary history of your financial professional or firm based on the information in the Relationship Summary? Select one.

Respondent Group	<u>Very Likely</u>	<u>Somewhat likely</u>	<u>Not too likely</u>	<u>Not at all Likely</u>
All Respondents	42.2%	34.5%	18.0%	5.3%
	2.2%	2.1%	1.6%	1.7%
<u>By Investor Group</u>				
(0) Not an Investor	44.9%	34.9%	14.2%	6.1%
	4.3%	4.1%	3.0%	1.8%
(1) Investor, Less Involved Account Types, No Advice	43.7%	38.2%	15.7%	2.3%
	4.3%	4.2%	3.1%	1.5%
(2) Investor, Less Involved Account Types, Advice	40.2%	30.7%	16.8%	12.3%
	8.3%	7.5%	4.6%	9.4%
(3) Investor, More Involved Account Types, No Advice	44.5%	28.4%	20.6%	6.5%
	4.5%	3.9%	3.7%	4.4%
(4) Investor, More Involved Account Types, Advice	36.3%	36.9%	24.8%	2.0%
	4.3%	3.9%	3.5%	1.2%
<u>Education</u>				
HS Diploma or Less	45.9%	30.3%	13.2%	10.6%
	4.8%	4.2%	2.8%	4.1%
Some College	41.5%	38.0%	17.2%	3.3%
	3.0%	3.1%	2.4%	1.5%
Bachelor's Degree or More	38.6%	36.4%	24.0%	1.1%
	2.7%	2.8%	2.5%	0.4%

Table A20. Reasons Why Would Not Look Up Disciplinary History

Question. What are some reasons why you would not look up the disciplinary history? Check all that apply.

- 1 I don't know where to get it
 - 2 It would take too much time or effort
 - 3 This information is not very important to me
 - 4 Other reason you would not look up history _____
- Or
- 5 I would definitely look it up

Respondent Group	<u>Don't know</u> where to get it	<u>Too much</u> time/effort	<u>Info is not</u> important to me	<u>Other</u>	<u>I would</u> look it up
All Respondents	37.2%	18.6%	10.7%	8.4%	39.7%
	2.1%	1.8%	1.3%	1.7%	2.1%
<u>By Investor Group</u>					
(0) Not an Investor	34.7%	11.2%	14.5%	1.4%	47.2%
	3.9%	2.3%	3.0%	0.6%	4.3%
(1) Investor, Less Involved Account Types, No Advice	36.3%	20.7%	12.1%	7.5%	40.2%
	4.1%	4.1%	2.9%	2.5%	4.1%
(2) Investor, Less Involved Account Types, Advice	40.6%	20.9%	10.5%	14.2%	28.6%
	8.5%	6.8%	4.0%	9.3%	6.0%
(3) Investor, More Involved Account Types, No Advice	36.0%	26.7%	4.9%	15.3%	37.4%
	4.5%	4.4%	1.3%	4.7%	4.1%
(4) Investor, More Involved Account Types, Advice	40.4%	17.6%	8.9%	9.4%	38.6%
	4.2%	3.3%	1.9%	1.8%	4.2%
<u>Education</u>					
HS Diploma or Less	30.6%	14.6%	15.7%	7.5%	40.6%
	4.3%	3.5%	2.8%	4.0%	4.6%
Some College	37.4%	17.5%	10.0%	7.4%	43.4%
	3.3%	2.8%	2.0%	1.7%	3.0%
Bachelor's Degree or More	44.2%	23.7%	5.8%	10.2%	35.8%
	2.9%	2.7%	1.3%	1.9%	2.6%

Table A21. Helpfulness of Relationship Summary

Question R1. If all broker-dealers and investment advisers were required to provide this type of Relationship Summary to clients, would it help you:

R1a. Compare accounts offered by a firm?

R1b. Compare accounts offered by different firms?

R1c. Make more informed decisions about which types of investment accounts and services are right for you?

Respondent Group	<u>Compare</u>	<u>Compare accounts</u>	<u>Make informed</u>
	<u>accounts offered</u>	<u>offered by different</u>	
	<u>by a firm</u>	<u>firms</u>	
All Respondents	87.5%	83.7%	89.6%
	1.6%	1.8%	1.5%
<u>By Investor Group</u>			
(0) Not an Investor	80.5%	78.2%	83.3%
	4.0%	4.2%	3.9%
(1) Investor, Less Involved Account Types, No Advice	90.8%	86.5%	91.1%
	2.4%	2.7%	2.4%
(2) Investor, Less Involved Account Types, Advice	88.5%	85.5%	94.0%
	5.7%	5.9%	2.7%
(3) Investor, More Involved Account Types, No Advice	87.7%	84.6%	88.3%
	4.5%	4.4%	4.5%
(4) Investor, More Involved Account Types, Advice	91.8%	85.3%	94.1%
	1.8%	3.1%	1.7%
<u>Education</u>			
HS Diploma or Less	81.7%	77.4%	84.1%
	3.8%	4.1%	3.4%
Some College	87.0%	85.2%	90.0%
	2.5%	2.6%	2.4%
Bachelor's Degree or More	94.2%	89.3%	95.3%
	1.0%	1.4%	1.0%

Table A22. Past Review of Documents

Question R3. Many of the topics included in the Relationship Summary are currently contained in longer documents (such as an investment adviser’s Form ADV or a broker-dealer’s account opening agreement) that give you more details about services, costs, conflicts of interests, and other matters. Have you ever reviewed an investment adviser’s Form ADV or a broker-dealer’s account opening agreement? Select one.

Respondent Group	<u>Form ADV</u>	<u>Account opening agreement</u>	<u>Both</u>	<u>Neither</u>	<u>Don't know</u>
All Respondents	1.7%	13.0%	10.9%	54.1%	20.4%
	<i>0.5%</i>	<i>1.7%</i>	<i>1.4%</i>	<i>2.3%</i>	<i>1.9%</i>
<u>By Investor Group</u>					
(0) Not an Investor	1.5%	5.3%	9.1%	61.4%	22.6%
	<i>1.4%</i>	<i>1.9%</i>	<i>2.3%</i>	<i>4.2%</i>	<i>3.5%</i>
(1) Investor, Less Involved Account Types, No Advice	0.9%	5.3%	10.3%	66.8%	16.6%
	<i>0.9%</i>	<i>1.4%</i>	<i>3.6%</i>	<i>4.2%</i>	<i>2.9%</i>
(2) Investor, Less Involved Account Types, Advice	2.8%	27.9%	11.3%	32.3%	25.7%
	<i>1.8%</i>	<i>8.8%</i>	<i>4.2%</i>	<i>6.6%</i>	<i>8.9%</i>
(3) Investor, More Involved Account Types, No Advice	2.4%	17.4%	10.8%	54.5%	14.9%
	<i>1.3%</i>	<i>3.4%</i>	<i>2.8%</i>	<i>4.6%</i>	<i>2.5%</i>
(4) Investor, More Involved Account Types, Advice	1.4%	18.9%	13.8%	43.0%	22.9%
	<i>0.6%</i>	<i>2.9%</i>	<i>2.3%</i>	<i>4.4%</i>	<i>3.1%</i>
<u>Education</u>					
HS Diploma or Less	1.1%	10.5%	9.4%	51.9%	27.0%
	<i>0.8%</i>	<i>3.8%</i>	<i>2.8%</i>	<i>4.8%</i>	<i>4.3%</i>
Some College	2.5%	10.9%	9.8%	59.7%	17.1%
	<i>1.6%</i>	<i>1.9%</i>	<i>1.6%</i>	<i>3.0%</i>	<i>2.2%</i>
Bachelor's Degree or More	1.7%	17.2%	13.4%	52.0%	15.7%
	<i>0.5%</i>	<i>2.1%</i>	<i>2.2%</i>	<i>2.8%</i>	<i>1.7%</i>

Table A23. Prospective Review of Documents

Question R4. When choosing a financial professional, account type, or firm, which of the documents are you likely to read?

Respondent Group	<u>Only the longer documents</u>	<u>Only the Relationship Summary</u>	<u>Both</u>	<u>Do not know</u>	<u>Would not read any of the docs</u>
All Respondents	1.4%	24.5%	44.7%	25.2%	4.2%
	0.5%	2.0%	2.2%	2.1%	0.8%
<u>By Investor Group</u>					
(0) Not an Investor	0.9%	12.5%	52.8%	30.2%	3.6%
	0.9%	3.5%	4.3%	3.7%	1.3%
(1) Investor, Less Involved Account Types, No Advice	1.2%	27.5%	45.9%	21.0%	4.4%
	0.9%	4.3%	4.2%	3.3%	1.9%
(2) Investor, Less Involved Account Types, Advice	2.9%	23.1%	37.0%	32.7%	4.2%
	2.0%	6.1%	7.7%	9.9%	1.9%
(3) Investor, More Involved Account Types, No Advice	1.6%	34.1%	37.5%	21.6%	5.1%
	1.4%	4.5%	4.2%	4.5%	1.6%
(4) Investor, More Involved Account Types, Advice	1.3%	30.0%	43.4%	21.4%	3.9%
	0.8%	3.9%	4.2%	3.0%	1.5%
<u>Education</u>					
HS Diploma or Less	1.8%	17.1%	44.9%	32.0%	4.2%
	1.0%	3.9%	4.7%	4.8%	1.3%
Some College	1.7%	21.4%	46.7%	24.7%	5.5%
	1.0%	2.5%	3.1%	2.7%	1.8%
Bachelor's Degree or More	0.9%	35.1%	42.8%	18.2%	3.1%
	0.5%	2.9%	2.8%	1.9%	0.9%

Table A24. Agreement with Statements about Helpfulness of Relationship Summary

Question R5. Please indicate whether you agree with the following statements.

A23a. The Relationship Summary would help me understand the key terms and conflicts of interest that apply to the relationship with the investment professional.

Respondent Group	<u>Strongly</u>		<u>Neither</u>		<u>Strongly</u>
	<u>Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Disagree</u>	<u>Disagree</u>
All Respondents	28.7%	47.7%	20.2%	2.2%	1.1%
	1.9%	2.2%	2.1%	0.5%	0.4%
<u>By Investor Group</u>					
(0) Not an Investor	26.1%	44.5%	26.1%	2.3%	1.1%
	3.2%	4.4%	3.8%	1.1%	0.5%
(1) Investor, Less Involved Account Types, No Advice	27.7%	53.0%	14.8%	2.4%	2.2%
	3.8%	4.3%	3.4%	1.3%	1.5%
(2) Investor, Less Involved Account Types, Advice	22.2%	44.2%	33.2%	0.4%	0.0%
	5.6%	8.5%	9.5%	0.4%	0.0%
(3) Investor, More Involved Account Types, No Advice	34.6%	46.8%	16.3%	2.1%	0.2%
	4.6%	4.5%	4.4%	0.9%	0.2%
(4) Investor, More Involved Account Types, Advice	33.5%	48.1%	13.6%	3.6%	1.1%
	4.1%	4.2%	2.9%	1.6%	0.7%
<u>Education</u>					
HS Diploma or Less	27.8%	40.4%	28.5%	2.3%	0.9%
	3.9%	4.7%	4.8%	1.1%	0.4%
Some College	25.1%	54.3%	17.2%	1.1%	2.3%
	2.7%	3.1%	2.4%	0.5%	1.4%
Bachelor's Degree or More	32.6%	50.4%	13.6%	3.0%	0.5%
	2.6%	2.8%	2.2%	0.9%	0.4%

A23b. I would use the Relationship Summary as the basis for a conversation with an investment professional.

Respondent Group	<u>Strongly</u>		<u>Neither</u>		<u>Strongly</u>
	<u>Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Disagree</u>	<u>Disagree</u>
All Respondents	31.5%	44.5%	20.7%	2.5%	0.9%
	2.0%	2.2%	2.1%	0.7%	0.3%
<u>By Investor Group</u>					
(0) Not an Investor	28.0%	42.6%	25.8%	1.6%	2.0%
	4.0%	4.3%	3.7%	1.0%	1.0%
(1) Investor, Less Involved Account Types, No Advice	34.2%	46.1%	14.7%	4.2%	0.7%
	4.3%	4.3%	2.7%	2.0%	0.4%
(2) Investor, Less Involved Account Types, Advice	22.1%	47.7%	26.8%	3.0%	0.4%
	5.2%	8.6%	9.6%	1.9%	0.4%
(3) Investor, More Involved Account Types, No Advice	34.7%	38.2%	25.0%	1.7%	0.3%
	4.6%	4.1%	4.9%	0.7%	0.3%
(4) Investor, More Involved Account Types, Advice	36.4%	47.7%	13.8%	1.8%	0.2%
	4.0%	4.2%	3.2%	0.8%	0.2%
<u>Education</u>					
HS Diploma or Less	30.6%	40.1%	25.4%	2.5%	1.5%
	4.3%	4.7%	4.6%	1.1%	0.7%
Some College	27.7%	48.0%	21.0%	2.5%	0.8%
	2.7%	3.1%	2.7%	1.5%	0.4%
Bachelor's Degree or More	35.4%	46.6%	15.3%	2.5%	0.2%
	2.7%	2.8%	2.1%	0.9%	0.2%

Appendix 3: Interview Recruiting Script

RAND Recruitment Screener: Investment Advice Interview

PARTICIPANT NAME: _____

ADDRESS: _____

PHONE NUMBER(S): DAY: _____ EVENING: _____

RECRUITED FOR: DATE: _____ TIME: _____

REMINDER PHONE CALL? DATE: _____

BROKER DEALER OR INVESTMENT ADVISER EXPERIENCE: YES / NO

GENDER: M / F

AGE: 18-45 / 46 OR OLDER

RACE: WHITE, NON-HISPANIC / OTHER

EDUCATION: UP TO BACHELOR'S / MORE THAN BACHELOR'S

Recruitment Goals and Quotas:

- Recruit for 12-15 individual interviews.
- Interviews are expected to last no longer than 1 hour.
- **LOCATION:** TBD
- **DATES:** TBD
- **CRITERIA FOR INTERVIEWS:**
- Respondents should not have participated in an interview within the last 6 months.
- **Overall, participants should meet the following:**
 - Education: at least 1/4 with no bachelor's, but no more than 3/4 with no bachelor's
 - Gender: at least 1/3 women, but no more than 2/3
 - Race: at least 1/3 white, non-Hispanic, but no more than 4/5
 - Age: at least 1/3 aged 45 or younger, but no more than 2/3
 - Broker Dealer or Investment Adviser experience: at least 1/3 have experience working with an investment professional (broker-dealer or investment adviser), but no more than 2/3

INTRO WHEN PERSON ANSWERS THE PHONE:

Hello, my name is _____ from _____, a local research firm here in _____. We are working with the RAND Corporation³⁴ on a project about the financial services industry. I'm calling today about a project that we are doing to find out how representatives of the financial services industry interact with individuals in providing information regarding potential investments.

If you are interested in helping with the project and you meet its requirements, we will invite you to come to an interview at {**LOCATION**}. Your opinions will help us to understand how representatives from the financial services industry interact with individual investors and what individual investors understand about the roles and responsibilities of various financial representatives. It would take about one hour of your time, and we would pay you \$XX for participating. May I ask you a few questions to see if you qualify to participate?

If needed, explain further: Since we need to include people who are a mix of different backgrounds and experiences, there are some requirements that I have to check on for all of the people that we bring in to participate. I need to ask you a few questions to see if you meet the requirements for participating in the interview.

YES → *Continue*

NO → *Thank & end*

1. Have you participated in an interview in the last 6 months?

YES → *Ineligible, Thank & end*

NO

2. Do you currently work in the financial services industry? For example, do you work for a company such as an investment advisory firm, an investment management firm, a brokerage firm, or a financial planning?

YES → *INELIGIBLE - Thank & end*

NO

³⁴ *If recruit asks about RAND Corporation, please say the following: RAND is a non-profit research center based in Santa Monica California.

DON'T KNOW

3. Are you involved with your household financial decisionmaking?

YES, solely responsible

YES, shared responsibility along with my spouse/partner

NO, my spouse/partner takes prime responsibility with little involvement from me →
INELIGIBLE - Thank & end

4. Do you currently have any investments in stocks or mutual funds? Please include any stocks or mutual funds held in dedicated retirement accounts, such as an IRA or 401(k) plan.

YES → *Go to Question 5*

NO → *INELIGIBLE - Thank & end*

DON'T KNOW → *INELIGIBLE - Thank & end*

5. Do you currently use any professional financial service providers for advising, choosing, managing and/or planning your stock and/or mutual fund investments?

YES → *Code as BD/IA Experience, Go to Question 7*

NO → *Go to Question 6*

DON'T KNOW → *Go to Question 6*

6. In the past, have you used any professional financial service providers for advising, choosing, managing and/or planning your stock and/or mutual fund investments?

YES → *Code as BD/IA Experience*

NO → *Code as No BD/IA Experience*

DON'T KNOW → *Code as No BD/IA Experience*

7. What is your gender?

FEMALE

MALE

8. What is your birth date?

_____/_____/_____
MONTH DAY YEAR

CODE:

IF UNDER AGE 18 → *Ineligible, Thank & end*

IF R REFUSES TO GIVE BIRTHDATE, ASK RANGE:

Under age 18 --→ *Ineligible, Thank & end*

18 – 39 --→ *Continue,*

40 or older --→ *Continue*

9. What is the highest level of school you have completed or the highest degree you have received? {Do not read options.}

LESS THAN 1st GRADE

1st, 2nd, 3rd, or 4th GRADE

5th OR 6th GRADE

7th OR 8th GRADE

9th GRADE

10th GRADE

11th GRADE

12th GRADE NO DIPLOMA

HIGH SCHOOL GRADUATE HIGH SCHOOL DIPLOMA
OR THE EQUIVALENT (FOR EXAMPLE: GED)

SOME COLLEGE BUT NO DEGREE

ASSOCIATE DEGREE IN COLLEGE
OCCUPATIONAL/VOCATIONAL PROGRAM

ASSOCIATE DEGREE IN COLLEGE ACADEMIC PROGRAM

BACHELOR'S DEGREE (FOR EXAMPLE: BA, AB, BS)

MASTER'S DEGREE (FOR EXAMPLE: MA, MS, MENG, MED, MSW, MBA)

PROFESSIONAL SCHOOL DEGREE (FOR EXAMPLE: MD, DDS, DVM, LLB, JD)

DOCTORATE DEGREE (FOR EXAMPLE: PHD, EDD)

10. Do you consider yourself Hispanic or Latino?

YES

NO

11. Do you consider yourself primarily white or Caucasian, Black or African American, American Indian, or Asian?

WHITE/CAUCASIAN

BLACK/AFRICAN AMERICAN

AMERICAN INDIAN OR ALASKAN NATIVE

ASIAN OR PACIFIC ISLANDER

OTHER

INVITATION IF INDIVIDUAL MEETS RECRUITING CRITERIA:

Thank you for answering all of my questions. It looks like you meet the requirements to participate in a session to discuss **investors' expectations and actual experiences with the financial services industry**. We are conducting interviews on (OFFER DATES/TIMES). Would you like to take part in this research?

YES → *Continue*

NO → *Thank & end*

I will send you a letter with the date, time, and location of the interview, including directions.

I will call you a few days before the interview to confirm the date and time. Again, this should take no more than one hour of your time. You will receive \$XX as a thank you for your participation.

Let me just mention three things:

- 1) If you wear reading glasses, please be sure to bring them, as you will be asked to read some materials;
- 2) Please be aware that we have a no-smoking policy; and
- 3) If you care for children please do not bring them with you because there is no child-care available at the facility.
- 4) Interviews will be audio-recorded. The recordings will be transcribed and we will destroy the recordings once the transcripts are completed.

Now, let me just get the spelling of your name, address, and phone number in case we need to get in touch with you. *{Record respondent's information.}*

Name: _____ Telephone: _____

Address: _____

City, State: _____ Zip: _____

If you have any questions or find that you can't attend, please call us right away at *{insert phone number}* so that we can find a replacement. Thank you for your time and for agreeing to help.

Appendix 4: Interview Survey

INTERVIEW – PRE-SURVEY

1. We would like to know about the types of investment accounts your household owns. Which types of accounts does your household own?

	Yes	No	Don't know
Choose one per row:			
Employer-sponsored retirement account (for example, 401(k), 403(b), SEP-IRA, or Thrift Savings Plan)			
Other retirement investment account (for example, Traditional IRA or Roth IRA)			
529 Plan (college savings plan)			
Investment account not listed above (for example, brokerage or advisory account)			

2. In the phone call inquiring about your interest in participating in this interview, you were asked whether you currently work with a financial professional or have worked with one in the past. Do you currently work with, or have you in past worked with, professional financial service providers for advising, choosing, managing and/or planning your stock and/or mutual fund investments?

Check one:

- Currently
 In the past
 No

3. If you currently or in the past have worked with a financial professional:

There are two general categories of professional who help investors with investments, broker-dealers and investment advisers, although some representatives may be both. Are you aware of which category your financial professional falls into?

Check one:

- Broker Dealer
 Investment Adviser
 Both Broker Dealer and Investment Adviser
 Don't Know
 Other _____

Appendix 5: Sample Relationship Summary for Interviews

Which Type of Account is Right for You — Brokerage, Investment Advisory or Both?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

Depending on your needs and investment objectives, we can provide you with services in a brokerage account, investment advisory account, or both at the same time. This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions on page 4.

<i>Broker-Dealer Services</i> Brokerage Accounts	<i>Investment Adviser Services</i> Advisory Accounts
Types of Relationships and Services. <i>Our accounts and services fall into two categories.</i>	
<ul style="list-style-type: none"> If you open a brokerage account, you will pay us a transaction-based fee, generally referred to as a commission, every time you buy or sell an investment. You may select investments or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours. We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account but you might pay more. We will deliver account statements to you each quarter in paper or electronically. We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs. 	<ul style="list-style-type: none"> If you open an advisory account, you will pay an on-going asset-based fee for our services. We will offer you advice on a regular basis. We will discuss your investment goals design with you a strategy to achieve your investment goals, and regularly monitor your account. We will contact you (by phone or e-mail) at least quarterly to discuss your portfolio. You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a “discretionary account”) or we may give you advice and you decide what investments to buy and sell (a “non-discretionary account”). Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs.
Our Obligations to You. <i>We must abide by certain laws and regulations in our interactions with you.</i>	
<ul style="list-style-type: none"> We must act in your best interest and not place our interests ahead of yours when 	<ul style="list-style-type: none"> We are held to a fiduciary standard that covers our entire investment advisory

<p align="center">Broker-Dealer Services Brokerage Accounts</p>	<p align="center">Investment Adviser Services Advisory Accounts</p>
<p>we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis.</p> <ul style="list-style-type: none"> • Our interests can conflict with your interests. When we provide recommendations, we must eliminate these conflicts or tell you about them and in some cases reduce them. 	<p>relationship with you. For example, we are required to monitor your portfolio, investment strategy and investments on an ongoing basis.</p> <ul style="list-style-type: none"> • Our interests can conflict with your interests. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them.
<p align="center">Fees and Costs. <i>Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.</i></p>	

Broker-Dealer Services Brokerage Accounts	Investment Adviser Services Advisory Accounts
<ul style="list-style-type: none"> • <i>Transaction-based fees.</i> You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account. With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a “mark-up” or “mark down”). With mutual funds, this fee (typically called a “load”) reduces the value of your investment. • Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as “surrender charges” to sell the investment. • Our fees vary and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. • We charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees. • The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions. • From a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time. 	<ul style="list-style-type: none"> • <i>Asset-based fees.</i> You will pay an on-going fee at the end of each quarter based on the value of the cash and investments in your advisory account. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account. For some advisory accounts, called wrap fee programs, the asset-based fee will include most transaction costs and custody services, and as a result wrap fees are typically higher than non-wrap advisory fees. • Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as “surrender charges” to sell the investment. • Our fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. • For accounts not part of the wrap fee program, you will pay a transaction fee when we buy and sell an investment for you. You will also pay fees to a broker-dealer or bank that will hold your assets (called “custody”). Although transaction fees are usually included in the wrap program fee, sometimes you will pay an additional transaction fee (for investments bought and sold outside the wrap fee program). • The more assets you have in the advisory

<p align="center">Broker-Dealer Services Brokerage Accounts</p>	<p align="center">Investment Adviser Services Advisory Accounts</p>
	<p>account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee quarterly even if you do not buy or sell.</p> <ul style="list-style-type: none"> • Paying for a wrap fee program could cost more than separately paying for advice and for transactions if there are infrequent trades in your account. • An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice or want someone to make investment decisions for you. You may prefer a wrap fee program if you prefer the certainty of a quarterly fee regardless of the number of transactions you have.
<p>Conflicts of Interest. <i>We benefit from the services we provide to you.</i></p>	
<ul style="list-style-type: none"> • We can make extra money by selling you certain investments, such as mutual funds, either because they are managed by someone related to our firm or because they are offered by companies that pay our firm to offer their investments. Your financial professional also receives more money if you buy these investments. • We have an incentive to offer or recommend certain investments, such as mutual funds, because the manager or sponsor of those 	<ul style="list-style-type: none"> • We can make extra money by advising you to invest in certain investments, such as mutual funds, because they are managed by someone related to our firm. Your financial professional also receives more money if you buy these investments. • We have an incentive to advise you to invest in certain investments, such as mutual funds, because the manager or sponsor of those investments shares with us revenue it earns on those investments.

Broker-Dealer Services Brokerage Accounts	Investment Adviser Services Advisory Accounts
<p>investments shares with us revenue it earns on those investments.</p> <ul style="list-style-type: none"> We can buy investments from you, and sell investments to you, from our own accounts (called “acting as principal”). We can earn a profit on these trades, so we have an incentive to encourage you to trade with us. 	<ul style="list-style-type: none"> We can buy investments from you, and sell investments to you, from our own accounts (called “acting as principal”), but only with your specific approval on each transaction. We can earn a profit on these trades, so we have an incentive to encourage you to trade with us.
<p>Additional Information. We encourage you to seek out additional information.</p>	
<ul style="list-style-type: none"> We have legal and disciplinary events. Visit Investor.gov for a free and simple search tool to research our firm and our financial professionals. For additional information about our brokers and services, visit Investor.gov or BrokerCheck (BrokerCheck.Finra.org), our website ABCFinServe.com, and your account agreement. For additional information on advisory services, see our Form ADV brochure on IAPD, on Investor.gov, or on our website (ABCFinServe.com/FormADV) and any brochure supplement your financial professional provides. To report a problem to the SEC, visit Investor.gov or call the SEC’s toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, visit www.FINRA.org/complaints. If you have a problem with your investments, account or financial professional, please contact us in writing. 	
<p>Key Questions to Ask. Ask our financial professionals these key questions about our investment services and accounts.</p>	
<ol style="list-style-type: none"> Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account? Do the math for me. How much would I expect to pay per year for an advisory account? How much for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees? What additional costs should I expect in connection with my account? Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments? What are the most common conflicts of interest in your advisory and brokerage accounts? Explain how you will address those conflicts when providing services to my account. How will you choose investments to recommend for my account? How often will you monitor my account’s performance and offer investment advice? Do you or your firm have a disciplinary history? For what type of conduct? What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean. Who is the primary contact person for my account, and is he or she a representative of an investment adviser or a broker-dealer? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to? 	

Appendix 6: Interview Protocol

READ COMPLETE INFORMED CONSENT STATEMENT:

We are holding these discussions so that we will have a better understanding of how investors interact with financial professionals.

This is part of a public policy study being conducted by the RAND Corporation and funded by the federal government. Your participation in this interview is voluntary and should take approximately 60 minutes. You do not have to answer any questions you do not wish to. RAND will keep your answers completely private. The information you provide will be kept confidential and will be used for research purposes only. RAND will not include your name in any summary reports.

The session will be audio taped so that we make sure we capture the full discussion. The recordings will be stored on a secure computer. They will be transcribed and we will destroy the recordings once the transcripts are completed. Are you OK with this session being tape recorded?

There are no anticipated risks to participating in this study. The anticipated benefit to participating in this study is gaining knowledge about financial professionals. If you have questions about the study, please contact Angela Hung at ahung@rand.org or 310-393-0411 x6081.

If you have questions about your rights as a research participant or need to report a research-related concern, you may contact RAND's Human Subjects Protection Committee at 1-866-697-5620 or hspcinfo@rand.org

[PROVIDE PARTICIPANT WITH PRINTED COPY OF FORM CRS.]

[DESCRIBE TO PARTICIPANT:]

- Thank you for participating in today's interview. Before we begin, let me briefly describe what we will do today.
 - First I'm going to have you to read a document and I'll ask you what you are thinking when you read through each section of it. Once you are done reading, I will ask you some general questions about the section you read. After we have read through the entire document, we'll look back at it together and discuss how this form relates to your own personal experiences.
 - There are no right or wrong answers for any of the questions I ask, we just want to know your thoughts about the document.

- Do you have any questions? [ANSWER AS NEEDED.] Great, let's get started.

A. REVIEW FORM SECTION-BY-SECTION TO ASSESS INTERPRETABILITY

1. THINK-ALoud METHOD – PARTICIPANTS SHOULD BE ASKED TO TELL YOU WHAT THEY ARE THINKING AS THEY LOOK OVER EACH SECTION.
 - I'd like to start by having you to read this document. We will refer to this document as the Relationship Summary. The Relationship Summary is an example of a document that a broker or investment adviser might provide to a client before opening an account.
 - As you read through each section of the document, I want you to "think aloud." That means I want you to say out loud any thoughts that come to mind as you are reading.
 - For instance, you might come to a word that is unfamiliar and saying out loud "I've never heard that word used before" is something that is helpful for us to hear. Or if you have to read something twice, saying "I need to read that again," is helpful.
 - Let's go section by section. As you read through each section, please tell me what comes to mind. I may remind you to do that as you read it.
 - If you have any questions, please feel free to ask me at any time. Do you have any questions now? [ANSWER AS NEEDED]
 - Let's start with the first section [NAME].
 - Please take as much time as you need to read the section, let me know when you are finished.
 - PROBE AS NEEDED: Please keep talking.
 - NOTE: USE PROBES FROM #2 VERBAL PROBES [BELOW] IF PROBE NOT SPONTANEOUSLY ADDRESSED DURING THINK ALOUD.
 - Thank you let's go on to the next section, [NAME].
 - Again, please take as much time as you need to read the section, let me know when you are finished.
 - PROBE AS NEEDED: Please keep talking.
 - NOTE: USE PROBES FROM #2 VERBAL PROBES [BELOW] IF PROBE NOT SPONTANEOUSLY ADDRESSED DURING THINK ALOUD.
 - INTERVIEWER GO THROUGH EACH SECTION.

2. VERBAL PROBES:

- APPLICABLE TO ANY SECTION: THESE PROBES WILL BE USED AT THE END OF THINK ALOUD FOR EACH SECTION. CAN BE APPLIED TO ANY SECTION AND USED IF THIS INFORMATION IS NOT OFFERED BY THE RESPONDENT DIRECTLY THROUGH THE THINK ALOUD METHOD.
 - What do you believe this text is saying?
 - Were any parts of this section confusing? Which parts?
 - Were any specific words/statements unclear or hard to understand?
 - What do you think are the main points of this section?

- AFTER THE THINK ALOUD WORK, ASK PROBES THAT HAVE NOT ALREADY BEEN ADDRESSED : SECTION-SPECIFIC – Thanks for your help with that. Let’s go back now and talk about the document one section at a time.
 - First of all, what do you think are the main differences between the types of financial professionals being compared here?
 - Let’s look at the section on “types of relationships and services” where it says: “*We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs.*”
 - What do you think this section is trying to tell you?
 - What additional questions do you have about the types of investments that the FP offers?
 - Let’s look at the section on “fees and costs,” where it says: “*An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice or want someone to make investment decisions for you.*”
 - What is the difference between the two types of fees?
 - What additional questions do you have about fees?
 - Let’s look at the section on “conflicts of interest.”
 - What does this mean to you?
 - How could conflicts of interest affect you?
 - What additional questions do you about conflicts of interest?
 - Let’s look at the section on “additional information”.
 - What do you believe this text is saying?
 - What do you think are the main points of this section?
 - Were any parts of this section confusing? Which parts?

- Let's look at the section on "key questions to ask".
 - Which questions on this list are most important to you?
 - Which questions would you be most likely to ask of a financial professional?
 - Which of these questions are confusing or don't make sense to you?

- If a financial professional is supposed to monitor your investments on an on-going basis, what does that mean to you?

REVIEW FORM AS A WHOLE TO UNDERSTAND PARTICIPANT REACTIONS AT HIGH LEVEL.

Now let's talk about the whole document.

- PROBES:
 - ORGANIZATION - "Please take a moment to look at what the different sections of the form are, and what order they come in. Consider also the use of tables, bullet points, bold text, etc"
 - What aspects of the organization of the form do you like?
 - Which aspects of the organization of the form could use improvement?
 - LENGTH - "Consider the length of the form, as a whole, and in different sections."
 - Does the form seem too short, too long, or just right in terms of length?
 - What about the sections? Which feel too short? Too long? The right length?
 - LANGUAGE
 - What did you think of the language used throughout the form?
 - Were there specific terms or phrases that you wish had been defined or explained more thoroughly?
 - What parts were easy to understand?
 - What parts were more difficult to understand?
 - METHOD OF DELIVERY – "We're looking at a paper version of this form for now."
 - Would you rather have this form in another format? (*Can probe for online, mobile app, printed but different size*).
 - What are your reactions to viewing it in this form? What other ways could it be provided to you, and how would you react to those ways?")

QUESTIONS ON PARTICIPANT APPLICATION OF FORM CONTENT, E.G.:

Now let's talk about how this form would apply to you.

1. What information in the form was the most helpful to you?
2. What was the least helpful?
3. What information in the form was most surprising to you?
4. What information do you wish had been included in the form?
5. KNOWLEDGE OF FINANCIAL PROFESSIONALS
 - a. In your own words, can you tell me the difference between a broker-dealer and an investment adviser?
 - b. Which of the two do you think would:
 - i. Monitor your investments on an on-going basis? If so, what do you think they monitor in your account?
 - ii. Have an incentive to encourage you to buy and sell securities frequently?
 - c. Charge me a fee even if I don't buy or sell any securities?
6. ABILITY TO MAKE INFORMED DECISIONS USING THIS INFORMATION
 - a. How helpful would this information be in making a decision about what type of financial professional to use (e.g., an investment adviser vs. a broker-dealer)?
 - b. How helpful would it be in making a decision about the type of account to use?
7. HOW IT INFORMS THEIR SEARCH PROCESS
 - a. What is your current situation—do you have a financial professional or FP now; if so, how did you find the FP?
 - b. How do you think this form would inform your search process for a financial professional or account type?
8. COMPARISON TO EXISTING INFORMATION
 - a. Have you ever reviewed an investment adviser's Form ADV or a broker-dealer's account opening agreement?
 - b. Many of the issues disclosed in the form are currently contained in these longer documents that give you more details about services, costs, conflicts of interests, and other matters. Do you think you would review those longer documents from your FP, would you review this form, or both or neither?
 - c. Which document would you like to use as the basis for a conversation with an investment professional?
9. How helpful would the form be in comparing information across financial professionals?
 - a. After receiving this form, would you change anything about what you are looking for in an FP?

- b. Would you seek out additional information about a firm's disciplinary history as suggested in the form? (*note: this relates to the additional information and key questions to ask sections of the form*)
 - c. Are there questions you would want to ask your (prospective or current) FP after reading this form? What questions?
10. If you had to choose a brokerage or advisory account now on the basis of this form, which do you think you would choose?
- a. Why?
 - b. What led you to that answer?
11. If someone was making the decision based on cost alone, what kind of investor do you think would be better off with a broker?
- a. What kind of investor would be better off with an investment adviser?
12. RECOMMENDATION – “If somebody in your life, perhaps a friend, family member, or coworker, were considering working with a financial professional, how likely would you be to recommend that they read this form?”