

Financial Attitudes of the U.S. SEGMENTATION STUDY



Why We Conducted This Research

For years, financial services companies have used demographics, income or life events as a way to communicate to consumers. This approach assumes that if two people are the same age, similar incomes, or at the same stage of life, then they have the same attitudes and beliefs about finances. There is no doubt, with today's self-educating consumer, that this approach no longer meets the needs of people across the country. In addition, technology gives consumers the right to ask for more, and they do.

Western & Southern Financial Group and our family of companies recognized this ongoing shift and embarked on a study to uncover today's financial attitudes.

The study identified six attitudinal segments, including data on their:

- advice
- barriers
- behaviors
- drivers
- emotions
- motivations

We created an online tool Financial Style Quiz to help people to gain self-awareness in a fun way on a topic they might find fearful or overwhelming. The research taught us that by helping people understand themselves, we are better positioned to give them the confidence and value to reach a financial well-being state that best fits them.

We share the Financial Attitudes of the U.S. report and the Financial Style Quiz with you in hopes that we may help individuals, families, and the financial industry progress in continuing to grow the financial health of all people in the U.S.



A handwritten signature in white ink that reads "Jill McGruder".

Jill McGruder

Senior Vice President & Chief Marketing Officer



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Methodology

The Attitudinal Segmentation Research study consisted of a three-phase approach that incorporated both qualitative and quantitative methods. The objective of the research was to gain an understanding of what drives people in their relationship with finances.

PHASE

01

Uncover Needs & Motivations

The first phase of the research included one-on-one, in-depth interviews aimed at uncovering the key motivations and attitudes related to finances to provide key inputs for the quantitative survey. These interviews took place in three U.S. cities with a cross-sampling of demographics. Participants contributed to an online bulletin board and brought images that represented their views on finances.

PHASE

02

Segment the Target Market

The second phase of the research conducted a quantitative study of a representative sample of the U.S. to find groups with common attributes. The statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products. A cluster analysis resulted in six major segments that had distinct financial motivations and attitudes.

PHASE

03

Bring Target Segments to Life

In three cities, in-home interviews were conducted with participants, as well as qualitative interviews that were conducted in a research facility with groups of three participants. Researchers met with qualifiers in each segment to round out a deeper understanding of their beliefs, motivations and behaviors.



Key Findings

01

Ideal financial health is a mindset, not a dollar amount.

Most individuals believe or are hopeful that they will achieve their idea of financial freedom. While they do not have a strict deadline in place or even consider the deadline to be retirement, they have their very own definition of success. Customers feel that financial freedom will allow them to have more time doing what they want, which is more important than having more money. It is important to note that experiences outweigh tangible items.

“Life is short. I want to cram in as much as I can.”

02

It is not always a retirement plan, but a life plan.

In the minds of customers, the need to focus on financial services is not always to plan for retirement. Some want to plan for today and set short-term goals. Of course, there are segments that tend to be more retirement-focused, but we can't solely concentrate products and services on this one need state. Many simply want to take finances off of their minds and believe it should not be such a stressor in life.

03

The role of the advisor is changing, but not going away.

Within the six segments, there are many different ways that customers prefer to work with a financial advisor. Although we know that not everyone has an advisor

“One day I’d like to find someone to share finances with — to add structure and comfort.”

or even will in the future, most are open to the idea of working with one and see the value in them. The days of formal meetings with advisors once a year are not irrelevant, but people want a different level of access to their advisor. Options for several communication channels open the door for customers to choose how they would like to connect with their advisor. Some of the segments want the option to pick up the phone and validate a financial decision. Others prefer to always do business face to face.

04

Customers feel that they do not have enough money to require an advisor or enough for an advisor to consider working with them.

Consumers tend to have two viewpoints around this finding. In some cases, individuals believe they are able to manage their money and investments adequately, and don’t feel the need to hire a professional for help.

The more popular opinion is with the second group of consumers (many of whom are younger), who believe that their current financial situation does not warrant

a financial advisor’s time. These individuals do not believe that their assets are large enough for a financial advisor to even take the time to consider. The common misconception among consumers, who have not been exposed to financial planning services, is that these services are reserved for “well-established” individuals.

Individuals in these categories tend to also have a fear of talking about their financial health. In most cases, they avoid the idea of even starting the conversation. Much like the idea of avoiding the doctor, these consumers avoid the topic of their finances because they don’t want to know if something is wrong. These individuals also agree that a financial advisor could fill their knowledge gap. For many, they simply do not know where to start and feel overwhelmed. When they do begin a search to fill their gap, they turn to online sources, family or friends.

“I called a wealth management company and they said you need a minimum of \$100,000. Am I supposed to have that kind of money at this point in my life?”

05

The greatest driver of satisfaction is believing that they are moving forward.

Feeling financially secure is a top motivation across the six attitudinal segments. However, everyone has goals of feeling financially free. It's defined differently by different groups, but in the end it always means they want to have the worry of finances behind them. People feel "OK" about their financial health when they feel they are at least better off than they were yesterday. It doesn't matter the starting point, they simply find satisfaction knowing they are moving forward, rather than being stagnant or moving backwards.

Retirement or saving for the future also is a top motivator across segments. All segments have a different definition of how they are attempting to reach their goals. Some are putting off their non-essential wants now because their top goal is retirement. Others are willing to live a little now, but know that at some point they will have to save for the future.

06

Is there enough time to save appropriately?

A tension felt by many is having enough time. They question whether or not they have the time to fill the savings gaps, which range from paying the bills to retiring and everything in between. To them, time represents the opportunity to make and save money.

07

There is a general feeling that something will happen in life and cause a financial setback, but how they recover is what is most important.

Most believe that at some point in their life, something will happen and cause them to go backwards. Although they are fearful of this, they recognize that the recovery is more important than the event. Managing the riskiness of their investments is one way that they handle the concern.

"I have a handle on my finances, but still know there will be a rough road ahead. Things can throw a wrench in the plan."

Bringing the Segments to Life

The six financial segments were identified with distinct differences between their motivations for financial behaviors. Attitudes around personal finances, preferred level of financial advice, barriers, motivations and goals were evaluated. Subsequent pages provide a deep dive into each segments' attitudes in relationship to finances. Let's take a look!



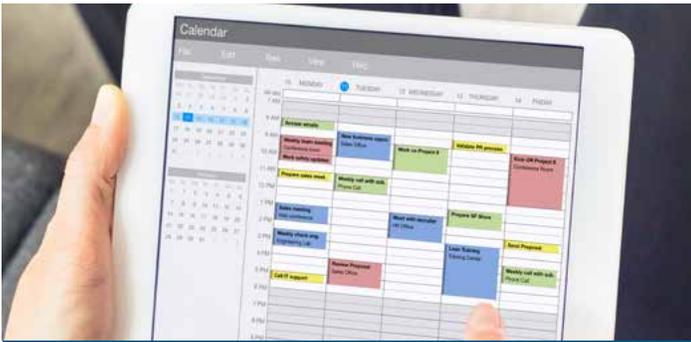
Prideful Explorer *life is curious*

Exploring new and uncharted territory is invigorating to the Prideful Explorer. They are engaged in their finances and optimistic about their future. Prideful Explorers are generous and enjoy when family and friends ask them for financial advice.



Advice Seeker *life needs help*

Advice Seekers are all about relationships and having a trusted partner in their finances. Advice Seekers are on top of their finances and are knowledgeable, but like to have someone to help in the decision-making. They lean more heavily on advisors than other segments.



Thoughtful Planner *life is under control*

The Thoughtful Planner is in control. They follow a plan, make lists, are on top of their finances and all aspects of their lives. They care about where their money is going and track the details. It's all about making the best decisions and staying on plan.



Active Provider *life is challenging*

Providing for their family is the Active Provider's top priority for financial goals. Active Providers have confidence in creating their short-term goals, but long-term goals may be a bit overwhelming. They can find themselves worrying more often about protecting their loved ones.



Enthusiastic Investor *life is a competition*

This financial style is passionate about finances and confident that the decisions they make will positively impact their future. Enthusiastic Investors limit their purchases, so they can save for that retirement they can't stop dreaming about. They greatly enjoy learning and are actively engaged in their money -- almost to the degree that it's their hobby.



Joyful Spender *life is fun*

Joyful Spenders are all about getting the most out of life and enjoying all that they can. Joyful Spenders probably don't follow a financial plan "to a T," but they do care about their finances and are motivated to maintain their lifestyle. Their approach to managing finances is to set it and forget because they prefer spending little time on finances.

Prideful Explorer

25% OF THE U.S. POPULATION ARE PRIDEFUL EXPLORERS*

By definition, Prideful Explorers like to explore new and uncharted financial territory. They get excited about taking financial leaps and want to try innovative products, but most importantly, they want to win. Winning doesn't always mean that they earn millions on investments — they tend to balance their winning mentality with being moderate on the financial risk scale. Prideful Explorers enjoy that their wise decisions have led others to look to them for financial advice and that they are remembered as generous.

What makes the Prideful Explorer different than other segments:

- Enjoys taking financial risks
- Most knowledgeable about annuities and life insurance

*Based on the statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products.



Personal Finances

Prideful Explorers tend to be engaged in their finances and are optimistic about the future of their finances. Although they're invested in saving for the future, as with most segments, this is also a top challenge for them. That being said, Prideful Explorers generally follow a financial plan and save for the future. Their basic needs, such as paying monthly bills, are typically covered, allowing them to focus on wants versus needs. This has given them permission to invest in themselves and use some money to enjoy life today. If they had extra money, not surprisingly, they would invest it. However, they realize it is also important to invest in their community.

Given Prideful Explorers' love of lifelong learning and quest for knowledge, they are more likely than the other segments to know not only what a financial product is, but also how it works. Seventy-three percent of Prideful Explorers already own life insurance and about a third own annuities, which is still higher than the average of those surveyed. In terms of mutual fund ownership, 47% currently own them, which is in line with the average survey response. They are interested in purchasing three core financial services products —

life insurance, annuities and mutual funds. They are the most aware and knowledgeable of all segments of financial services innovations. They feel like today's process can be overwhelming due to the number of

73% OF PRIDEFUL
EXPLORERS

ALREADY OWN LIFE INSURANCE

choices. The “dry” and “boring” format in which financial options are delivered only adds to the overwhelming nature of the process.

Managing personal finances is energizing to Prideful Explorers, but even they recognize they can't do it alone. They like to keep a small portion of their money that they feel they can afford to lose, which they refer to as “play money.” The money that is not for “play” is what they want to invest with an advisor. Play money may include investing small increments on investment applications or penny stocks. If they have a significant amount of extra cash, they may invest in real estate. They will not likely invest their play money in traditional



accounts because it's not as exciting. The tools they use allow them to interact with their investments, bank accounts and other finances regularly. This behavior is what makes Proudful Explorers unique to others. This part of their financial style keeps them excited.

Advice

Relationships are important to Proudful Explorers, including relationships with financial professionals. They value their personal relationships over institutions, but when faced with choosing an institution, they tend to prefer larger ones. Nearly half of Proudful Explorers have an advisor. Thirty-seven percent of those who don't have one plan to hire one in the next year. The barriers they have faced in finding an advisor are that they simply haven't had the time to get around to it or they are too busy to do the research required to find an appropriate one. Research is important to this segment, so this barrier will likely have to be overcome before an advisor is chosen.

Proudful Explorers tend to search online for an advisor, rather than ask for a recommendation. They are looking for an advisor who will help guide their decisions, but it is important that they still make their financial decisions independently. Proudful Explorers want to feel that there is a connection between their money and their advisor. Although not opposed to other channels of communication, 66% prefer to meet with financial advisors in person. Investing with an advisor does not make Proudful Explorers feel that they have given up control, but it makes them feel that they are being smart with their money. To maintain control, they prefer to use technology to keep tabs on their finances.

Proudful Explorers consider themselves fairly financially savvy. Most of them say that they are knowledgeable about their finances and have a good understanding of available financial products and services. Nearly half feel confident they are knowledgeable about

life insurance, and about one third feel they are knowledgeable about annuities and mutual funds.

66%

PREFER MEETING WITH FINANCIAL ADVISORS IN PERSON

Barriers & Motivations

Proudful Explorers are motivated to make intelligent financial decisions, which is likely one of the top drivers when they are working on their finances. Their end goal is to be financially independent, which may seem aspirational, but they're on their way to it! If they have a family, their family is of utmost importance to them. Proudful Explorers are very involved in their finances and are driven to save as much as they possibly can.

Opportunities for Financial Professionals

- Offer innovative products — Proudful Explorers want to be early adopters.
- Enable the use of online channels — this segment is younger and likes to do business online, when it makes sense.
- Provide access to out-of-the-box investment trends for their "play money" investments.

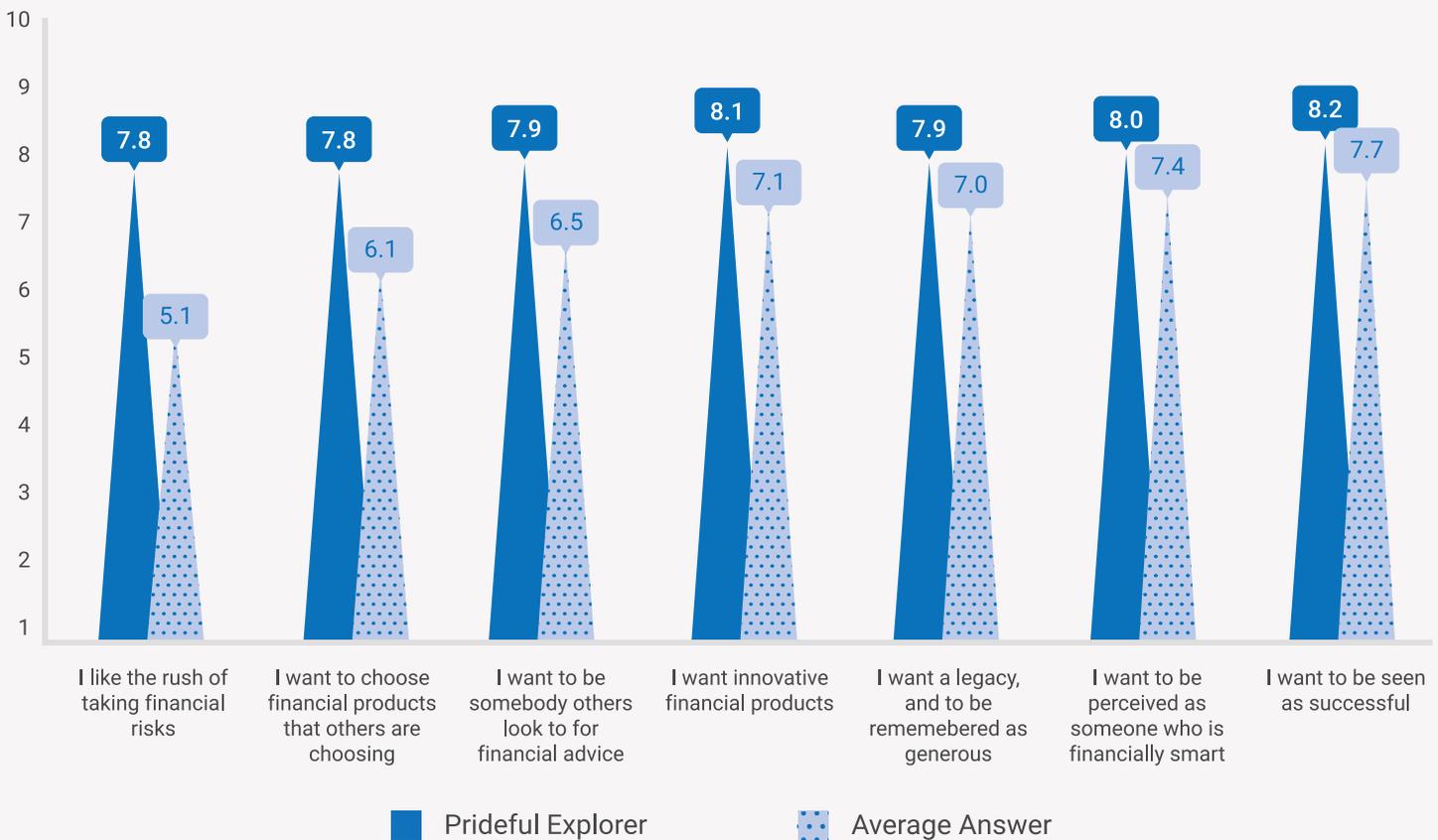
Like most Americans, they want a great return on investments. Life events, such as buying a home or children heading off to college are financial product purchase drivers.

Outside of Finances

Prideful Explorers are unsurprisingly early adopters of all new products, not only financial products. They are planners in all aspects of life and don't like things to be spur of the moment. Most consider themselves to be in a good place, personally and professionally. They are making it through life as they expected and hoped. They are focused on results, which has helped them move forward, rather than backward. They are healthy, young, tend to have children and are generally male. Nearly half of Prideful Explorers consider themselves to be living a healthy lifestyle, with no long-term health concerns.

Everything has its place in a Prideful Explorer's home. There isn't any clutter, their paperwork is well organized or non-existent, and it is clear that their physical space creates support for their sense of control. Prideful Explorers take pride in their homes and have invested in significant updates. They hope that they have created inviting and social spaces, which will inspire others and will become the hub of their social gatherings. Entertaining shows that they have worked hard and can also play hard.

Prideful Explorer's Attitudes Compared to Other Segments



Biggest Gaps: This graph compares Prideful Explorers (solid bar) against the other five segments (dotted bar). They are more likely than collective segments to like the rush of taking financial risks and to choose products that are already in market and being used by others. Using a scale of 1-10, respondents ranked their attitude toward each statement.



Thoughtful Planner

19% OF THE U.S. POPULATION ARE THOUGHTFUL PLANNERS*

Thoughtful Planners tend to be in control of everything — from their home life to their financial life. Although they may find this to be stressful and overwhelming, their personality dictates the need for control. The need for control is largely driven by the fear that something could go wrong at any time. Whether it's a health crisis, a financial issue or another unknown, they feel that something is bound to go wrong. Although fear is a significant driver for Thoughtful Planners, they're still optimistic about their financial future and feel like they're making progress toward their goals.

What makes the Thoughtful Planner different than other segments:

- Most likely to save or invest from each paycheck and claim to want to save as much as possible
- Overall most engaged in their finances

*Based on the statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products.

Calendar

File

Edit

Task

View

Help

December

Mo	Tu	We	Th	Fr	Sa	Su
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

January

Mo	Tu	We	Th	Fr	Sa	Su
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

	10 MONDAY	11 TUESDAY	12 WEDNESDAY	13 THURSDAY
All day				
7 AM				
8 AM	Answer emails			
9 AM	Weekly team meeting Conference room	New business oppor. Sales Office		Validate PR proce
10 AM	Work safety updates		Work on Project II	
11 AM	Prepare sales meet.	Weekly call with sub. Phone Call		
12 PM				
1 PM	Sales meeting Web conference			Prepare SF Show
2 PM			Meet with recruiter HR Office	
3 PM	Weekly check eng. Engineering Lab			Lean Training Training Center
4 PM				
5 PM	Call IT support	Review Proposal Sales Office		
6 PM				
7 PM				
8 PM				
9 PM				
10 PM				

Personal Finances

Thoughtful Planners are highly engaged in their finances, which is largely driven by their need to control them. Staying on top of their finances is something they're happy to do, and they regularly seek more information. This segment tends to have solid financial habits because they stick to a plan. They save and invest routinely, and track their spending and expenses. They are, however, willing to take financial risks with their investments.

Almost 80% review their financial plan annually, at a minimum. Their interest in finances allows them to select the investments they believe will help grow their savings. For some, they have reached their financial goals, but they want to continue moving in a positive direction. Seventy-eight percent of Thoughtful Planners save or invest out of each paycheck. More than half have investments in mutual funds and close to 60% have life insurance.

78% SAVE OR INVEST
FROM EACH PAYCHECK

Advice

Thoughtful Planners fall in the middle of managing their investments on their own and wanting someone to do it for them. They prefer phone and in-person contact, but half have also corresponded via email. Thoughtful Planners are more product-focused than relationship-focused. They are happy to conduct transactions online, but when it comes to more complex finances, such as allocating their portfolio, they like having someone affirm their decision. Thoughtful Planners are skeptical and leery of the financial services industry because they are concerned about scams, schemes and the fine print. They need transparency into the industry and are more likely to trust an FDIC institution.

The role of an advisor for this segment is to be consultative. Currently, 40% have a relationship with a financial advisor and another 20% plan to hire an advisor in the next year. Of those with an advisor, nearly 60% are with large/national investment companies. The Thoughtful Planner needs to be in control of the decisions that are being made. Asking for advice can feel like a sign of weakness to them because it takes away from their control. They prefer an advisor who is like them and allows them to lead the conversation. They like to collaborate and feel heard.



Overall, during their research, more than 60% of Thoughtful Planners would consult with a financial advisor. More than 20% use an advisor as their primary source of information and as the first person they consult when a new product piques their interest. The use of company websites is a close second during the research phase. A Thoughtful Planner will require information from more than one source, as they are likely to need verification on their decision before making it. This segment considers themselves knowledgeable about finances, so they are using other channels to confirm their understanding. They do not want to appear vulnerable when asking questions, so they are likely to have some understanding before making contact with an advisor.

Barriers & Motivations

Thoughtful Planners are waiting to save enough money to purchase a financial product. Though there is not always a minimum amount needed for investing in all products, the common misconception is that it takes a significant amount to invest in financial products.

About one in five Thoughtful Planners feel like they have yet to find a company they can trust with their money. Finding that perfect fit for a financial services company will involve a great deal of trust in the company safeguarding their information. They're

Opportunities for Financial Professionals

- Offer mutual funds and life insurance. They want a great return, but providing for their family is also a top concern.
- They've done their research, so focus on differentiating features and reasons to believe that will hold up to scrutiny.
- Help them trust you by providing the "fine print" in their language.

1/5

FEEL LIKE THEY HAVE
YET TO FIND
A COMPANY THAT THEY CAN
TRUST
WITH THEIR MONEY

anticipating that something bad could happen in most aspects of life, so it makes sense that protecting their personal information is something they're hyper-sensitive to. When asked about the importance of choosing a company that safeguards their personal information, 93% of Thoughtful Planners rated a nine or 10 (on a 10-point scale). Also of high importance is the stability and security of the institution.

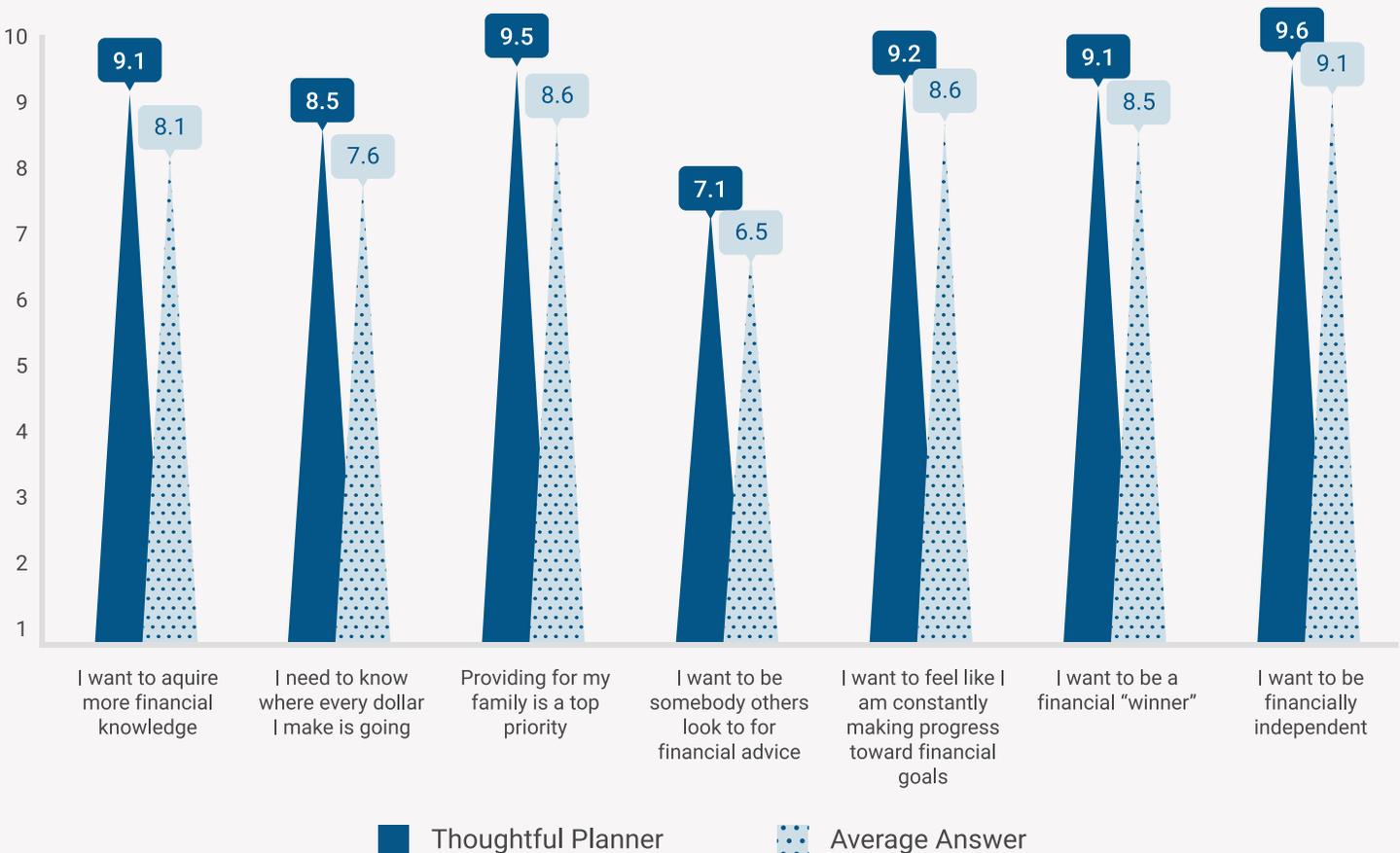
Motivating factors for purchasing a financial product include getting older and a change in income. This segment can be motivated to purchase based on price because they don't have to have an emotional connection to a product or a company. The top emotional motivation to purchase is to be financially independent. Because Thoughtful Planners generally are the household CFO, they also are motivated to provide for their family. From a functional perspective, they want to feel like they are constantly making progress toward their financial goals. They're also looking for a great return on investments.

Outside of Finances

Thoughtful Planners always keep their guard up, which is how they approach life at home. They are detail-oriented individuals who follow a routine, which allows them to limit the number of surprises that may pop up. They can't afford to forget things, so they like to make a list and follow a plan. Thoughtful Planners are likely to use trackers for calories, mileage and expenses — again, to limit any surprises. They're okay with maintaining the status quo because they don't want to embrace change. Their income is above average, and they tend to have kids. The financial decision-maker is likely male in this segment's households. They are very healthy or have minor health issues.

“Research is so important because the stakes are high – if you make wrong decision you may not be able to retire/support your family.”

Thoughtful Planner's Attitudes Compared to Other Segments



Biggest Gaps: This graph compares Thoughtful Planners (solid bar) against the other five segments (dotted bar). They are more likely than collective segments to want to acquire more financial knowledge and to need to know where every dollar they make is going. Using a scale of 1-10, respondents ranked their attitude toward each statement.



Active Provider

18% OF THE U.S. POPULATION ARE ACTIVE PROVIDERS*

This segment's approach to finances is all about relief from worry. They lack thorough knowledge of how finances work, and they also are not interested in learning. This segment is looking for security and protection for their family. Active Providers are the most likely of all segments to say that providing for their families is their top priority. Financial pressures, such as debt and paying monthly bills, are at the top of an Active Provider's mind.

What makes the Active Provider different than other segments:

- Find managing finances more stressful than any other segment
- Are the least optimistic they will ever be able to achieve their ideal financial situation

*Based on the statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products.



Personal Finances

Active Providers find that life can be quite challenging, particularly when it comes to their finances. Very few follow a financial plan, and some don't track their expenses. Their expenses are keeping them up at night wondering if they'll have enough money to make ends meet. It is difficult for Active Providers to think past finances for the next day, much less retirement or other large goals. They suffer from inconsistent streams of income, which adds to the stress because planning is difficult when you don't know what to expect.

When thinking about personal finances, Active Providers feel stagnant. They are pessimistic about their income ever allowing them to get ahead. Thinking long term is difficult because three in four are trying to solve short-term debt issues first. No Active Providers feel they have achieved their ideal financial situation, and

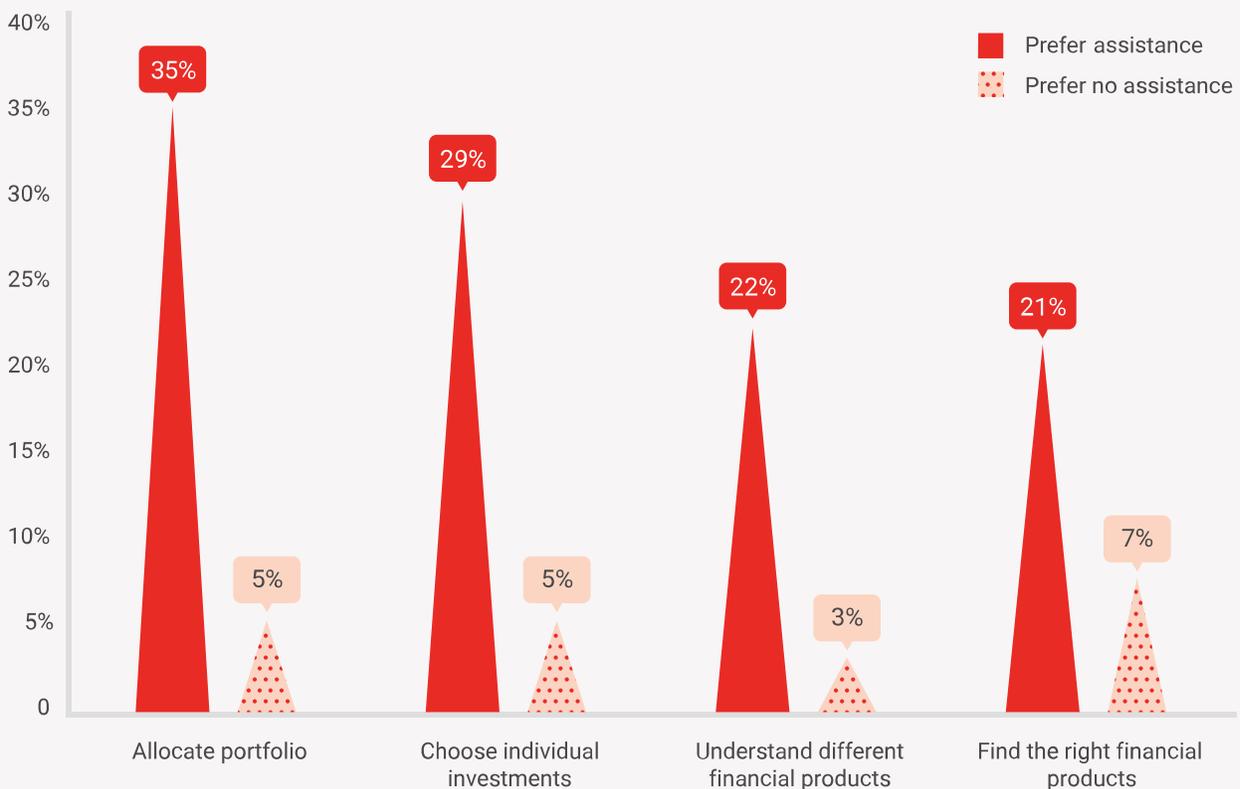
17% HAVE A FINANCIAL ADVISOR

getting there is difficult when most would prefer not to spend time on finances.

Advice

Although this segment is the least financially savvy, only 17% currently have a financial advisor. One in four Active Providers plan to hire an advisor in the next year, but they just don't know where to begin. Of those who have an advisor, they rely heavily on them to help allocate their portfolio and choose individual investments. Active Providers do feel more

How Active Providers Prefer to Work With Financial Advisor



Active Providers prefer to rely on their financial advisor to assist in most financial decisions, compared to those who prefer to do it on their own.



confident in determining short-term goals on their own though. Those with an advisor were referred by a friend. Those without one plan on asking family for recommendations.

Interestingly, 82% of Active Providers wish they knew more about planning for retirement. The largest issue is that they do not have the financial product knowledge to feel confident. More than 80% claim to have very little knowledge in annuities and mutual funds, while almost half have little knowledge in life insurance. Only half currently have life insurance, and the segment shows a good deal of interest in it. This not only shows a major gap in Active Providers' level of financial understanding, but it also shows an opportunity to educate an entire segment on the benefits of saving, investing and managing finances. When partnering with Active Providers on their finances, remember that they simply don't trust the system.

They are uneducated on financial products, so industry words and fine print feel like the industry is working against them.

Managing personal finances is overwhelming given all of the other stresses they have in life. Also, Active Providers don't enjoy managing their finances, so they

are more than happy to have someone do all of it for them. Doing any it of themselves is a concern because they don't feel like they have the knowledge or skills.

82%

WISH THEY KNEW MORE
— ABOUT —

PLANNING
FOR RETIREMENT

Opportunities for Financial Professionals

- Offer life insurance — providing for family is a top priority, and they show interest in life insurance already.
- Be proactive with Active Providers. They respond best to interactions with a personal touch.
- Celebrate small financial victories along the way. Reframe conversations around short-term versus long-term goals. Don't overwhelm them.

Barriers & Motivations

One of the top barriers to purchasing financial services products that was a theme across all segments is that Americans do not feel like they have enough money to even deserve the opportunity to work with an advisor. Active Providers are among the height of those who feel this way. Among those with the intention to purchase a product, 29% are waiting to purchase until they have accumulated enough money.

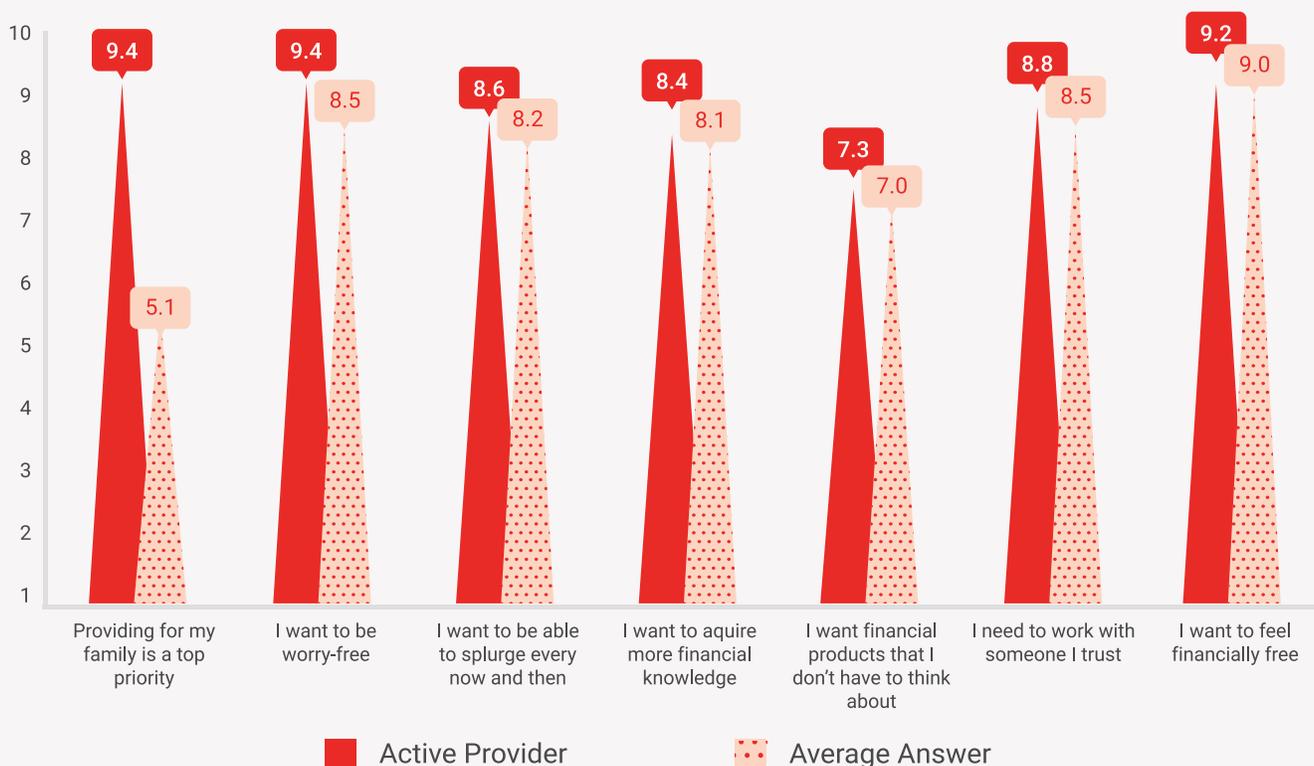
The motivations to purchase financial products are both emotional and functional. The top emotional motivators for Active Providers are to be worry-free and to provide for their families. They are also looking to be financially independent and free. From a functional perspective, this segment is looking for a good return on their investments and wanting to save as much as possible.

Outside of Finances

Active Providers are slower to adopt new products and many live moment to moment, rather than have a life plan. Family responsibilities are weighing heavily on them, both physically and mentally. This segment's family responsibilities extend beyond their household and into responsibilities with parents, cousins, siblings, grown children and more. They feel responsible for their entire family's well-being. Home isn't exactly a refuge for Active Providers, but more of a place to hang your hat.

Active Providers are slightly younger than other segments and tend to have children. The majority feel they could be healthier and have minor recurring health issues.

Active Provider's Attitudes Compared to Other Segments



Biggest Gaps: This graph compares Active Providers (solid bar) against the other five segments (dotted bar). They are more likely than collective segments to have providing for their family as a top priority and to want to be worry-free. Using a scale of 1-10, respondents ranked their attitude toward each statement.



Advice Seeker

17% OF THE U.S. POPULATION ARE ADVICE SEEKERS*

This segment is all about having a trusted partner in their finances. They highly value their relationship with an advisor who steers them in the right direction. Advice Seekers are on top of their personal finances but don't like to make decisions without their trusted resource.

What makes the Advice Seeker different than other segments:

- Feel the most confident they know where to begin with their finances
- Believe they will meet their short-term (five years) goals

*Based on the statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products.



Personal Finances

Advice Seekers are generally involved in their finances and feel knowledgeable about them. Some feel that finances can be a stressor. For the most part, they are working toward saving money for the future rather than focusing on what they want to purchase today. Most Advice Seekers are optimistic about the future and feel that they will achieve their ideal financial state.

Their number one priority is saving for retirement and the future. They are also concerned about leaving enough money for their partner to live comfortably if something were to happen to them. Advice Seekers say that their top challenge is growing their savings and investments. They are conservative with their investments and hold accounts at few financial institutions.

More than 70% of this segment saves or invests money out of each paycheck. They diligently track their expenses, but only one-third follow a financial plan. More than 60% review their finances at a minimum of once a year. Most Advice Seekers have life insurance, but they show low interest in mutual funds and annuities.

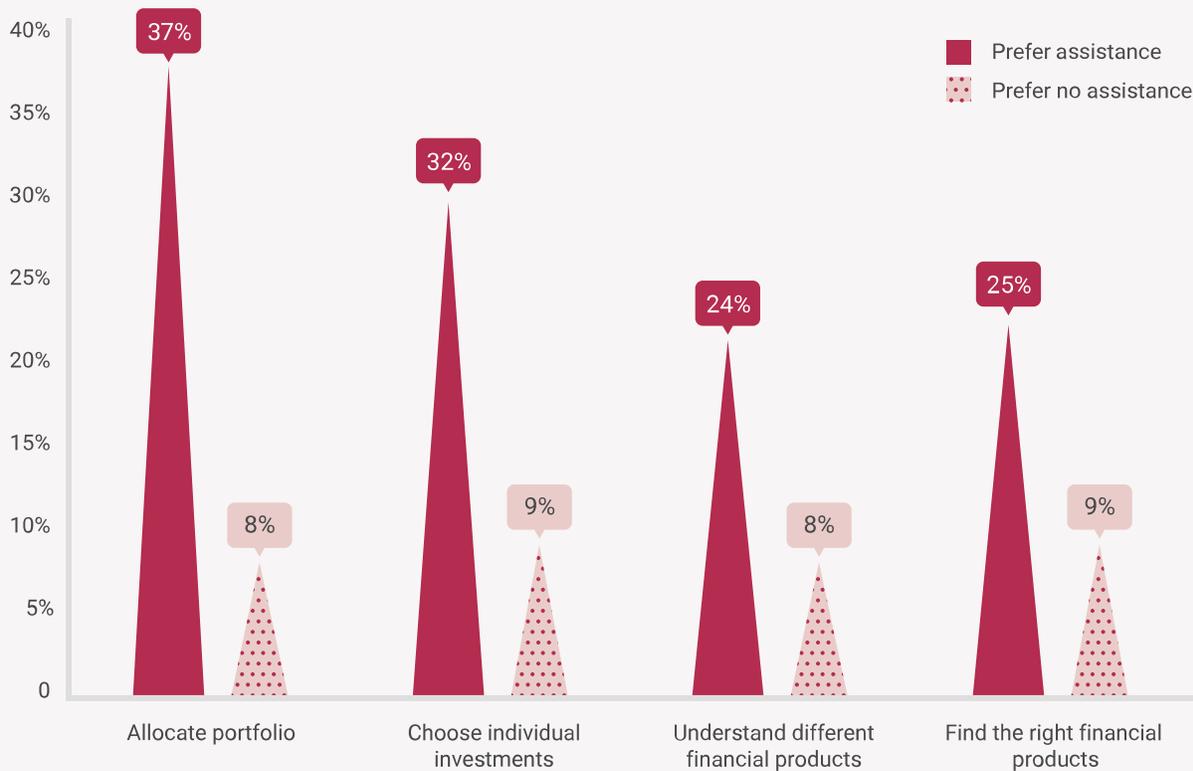
MORE THAN
70%
SAVES OR
— **INVESTS** —
MONEY FROM EACH PAYCHECK

Advice

Relationships and in-person interactions are extremely important to this segment. Fifty-four percent of Advice Seekers currently have an advisor and 18% plan to hire one in the next year. They are better at thinking than doing, which means they rely heavily on their advisor to allocate their portfolio and choose investment products for them. Advice Seekers do, however, feel they are capable of developing short-term financial goals on their own. They are confident in knowing how much to regularly contribute to retirement, but they still want to confirm their goals and contributions with an advisor.



How Advice Seekers Prefer to Work With Financial Advisor



True to their overall style, Advice Seekers are more likely to prefer assistance from their financial advisor when working managing most aspects of their finances. Particularly when it comes to making a decision, such as allocating their portfolio or choosing individual investments, they are more likely to lean on expertise from their advisor.

They have longstanding relationships with their advisor and prefer larger financial institutions. Although 54% of those who currently have an advisor are with a large Institution versus one-third of those without an advisor would consider a regional or local institution. Advice Seekers' primary source of information is their financial advisor, which is also who they consult first about a new product. They want to work with a financial institution that they feel will safeguard their personal information, is stable and secure, and is a brand that they trust. Unsurprisingly, the majority of Advice Seekers wants to do business in person or over the phone. They prefer to conduct this business in person, rather than using technology. Few Advice Seekers would even consider online chat or video. Face-to-face contact with an advisor is greatly preferred. A referral from a friend was the top source for finding an advisor. They also

use advisors at financial institutions where they already have accounts.

54% OF THOSE WHO **CURRENTLY** HAVE AN ADVISOR ARE WITH A **LARGE INSTITUTION**

Barriers & Motivations

Advice Seekers are motivated to feel secure about their finances and want to make intelligent financial decisions. Like most segments, they also want to be financially independent and free. Functionally, they are motivated to purchase if there is a great return on their investment, and they want to feel like they are constantly making progress toward financial goals.

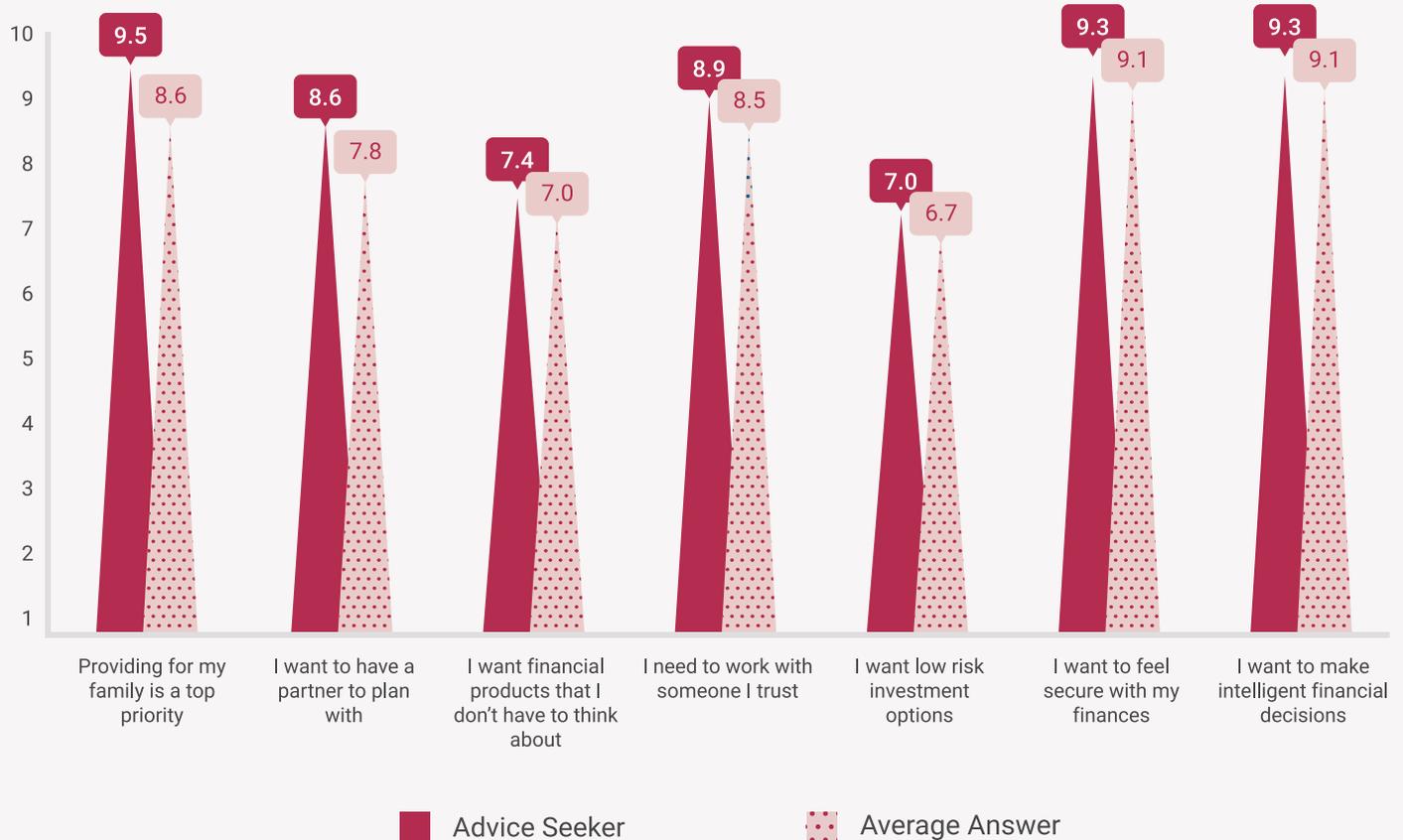
Outside of Finances

Advice Seekers tend to wait for new products to become mainstream before adopting them. They plan out their lives, are on the older side and are relatively healthy. Advice Seekers' income is slightly above average, investable assets are in the mid-range and they tend to not have kids in the household.

Opportunities for Financial Professionals

- Be the partner and steady information source that Advice Seekers need.
- Offer products that not only fulfill their priority to save for retirement, but also can protect their spouse.

Advice Seeker's Attitudes Compared to Other Segments



Biggest Gaps: This graph compares Advice Seekers (solid bar) against the other five segments (dotted bar). They are more likely than collective segments to have providing for their family as a top priority and to want a partner to plan with. Using a scale of 1-10, respondents ranked their attitude toward each statement.



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do not wait for
from the year
Art? → activ
Sport → sports
in timent

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Fax: 674 2121
E-mail: info@...
Website: www...
2005

Enthusiastic Investor

12% OF THE U.S. POPULATION ARE ENTHUSIASTIC INVESTORS*

This segment is passionate about their finances. Personal gratification comes in the form of spending time understanding and managing finances. Although they consider themselves to be highly educated on finances, they still desire to learn more. They are motivated to beat the market and spend time researching. One may call them financial hobbyists because that's just how much they enjoy it.

What makes the Enthusiastic Investor different than other segments:

- Set long-term goals, rather than short-term goals
- Feel they will definitely meet their retirement goals

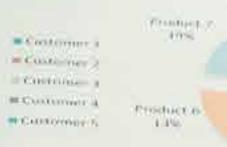
*Based on the statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products.



SUMMARY REPORT



Summary Report



Personal Finances

Enthusiastic Investors are completely engaged in their finances and consider themselves knowledgeable on the topic. They are focused on saving for retirement and selecting the right products to help them meet their goals. Enthusiastic Investors work today to save for the future. Retirement is their number one focus, so they do not spend money on things they want now. The future is more important. More than three out of four within this segment said their top financial goal is saving for retirement, and, similarly, 70% said their goal is to save for the future. Many believe they have already achieved their financial situation, so they are optimistic, but remain focused on the future.

Sixty-three percent of Enthusiastic Investors consider their top financial challenge to be growing their savings and investments. This speaks to their dedication to learning more and always bettering their investment decisions.

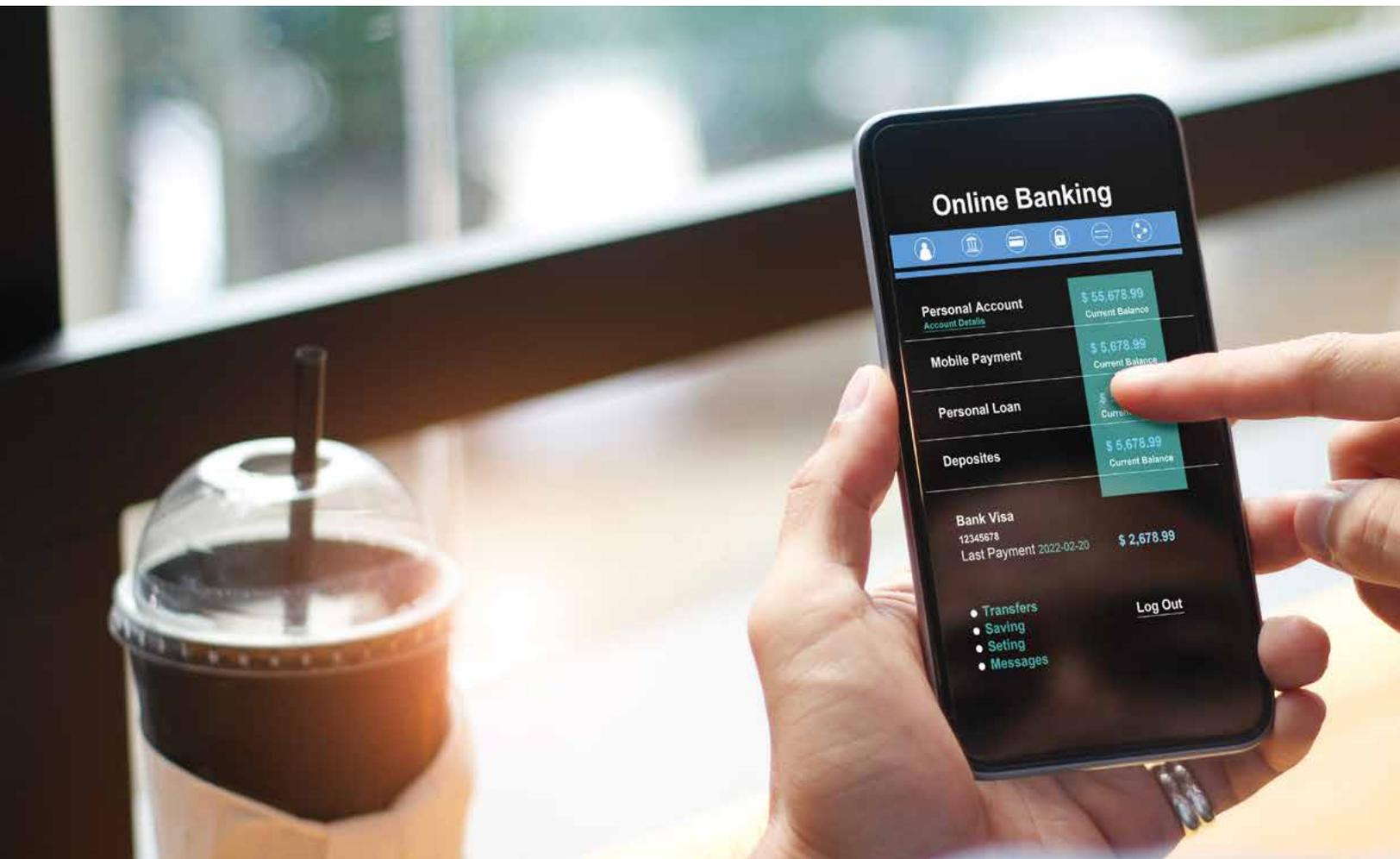
78%

SAID THEIR TOP PRIORITY
IS

SAVING

FOR RETIREMENT

This segment has established financial habits, and they follow a financial plan. They review their financial situation annually, save or invest out of each paycheck and track their spending. They are incredibly focused on investments and are willing to take financial risks. More than 50% of Enthusiastic Investors say that if they had an extra \$50,000 they would invest in stocks, bonds, mutual funds or ETFs. Currently, three out of four already own mutual funds and more than half own



life insurance. Most intend to buy more mutual funds in the next year.

Advice

Nearly half in this segment have a financial advisor. Enthusiastic Investors value the advice they receive from their advisors, but when it comes to the final decision, they make it on their own. They prefer to choose individual investments and allocate their portfolios themselves. They also understand many financial products and are confident in their ability to find the right products for their situation. However, more than 60% find it important to validate their decision on how to invest money. This means that Enthusiastic Investors do the research and make the decisions, but like to complete the actual transaction with an advisor. They prefer to receive advice over the phone, but their second choice is in-person.

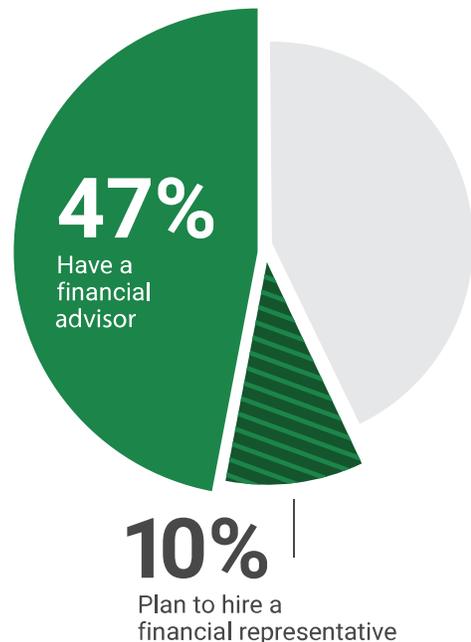
Enthusiastic Investors strongly favor large/national investment companies. More than 70% are currently

MORE THAN
60%
FIND IT IMPORTANT TO
GET ADVICE
WHEN DECIDING HOW TO
INVEST
THEIR MONEY

working with a large company. Sixty-four percent of those without an advisor are open to working with a large company. When looking for an advisor, 25% chose

an advisor at an institution where they had existing accounts established. Another 25% were referred by a friend. Of those who do not have an advisor, one in 10 say they plan to hire someone in the next year.

How Enthusiastic Investors Prefer to Work With Financial Advisor



Opportunities for Financial Professionals

- Consider products or incentives that fuel their love of competition. Maybe even have a bonus for their self-directed investments.
- Give them VIP access to reaching an advisor when they're ready to make an investment.

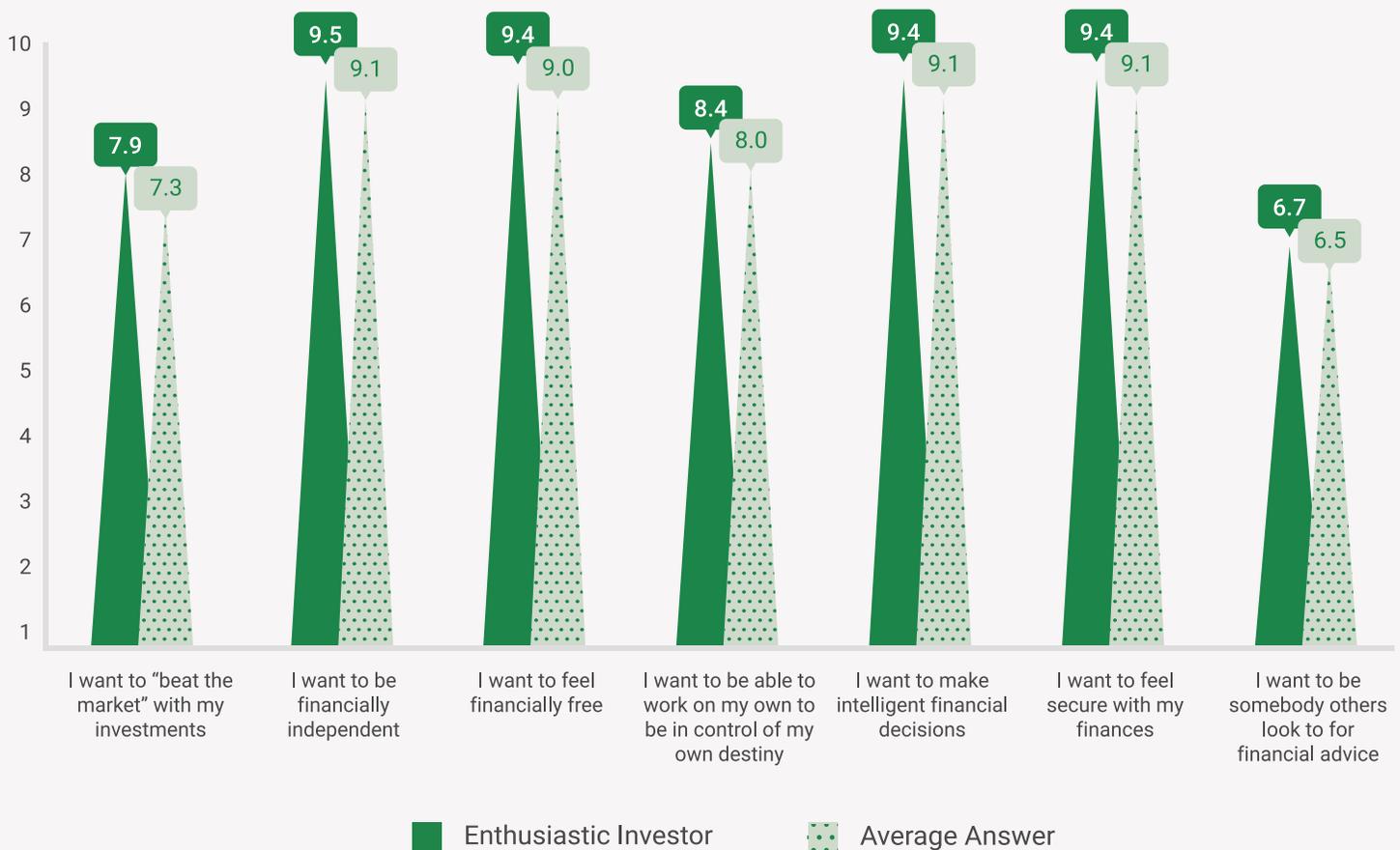
Barriers & Motivations

Among those planning to buy life insurance, annuities and mutual funds, 20% are waiting to accumulate a certain amount of money before committing. They believe that all products are not created equally, so they are searching for a product or company they feel good about. Enthusiastic Investors are motivated to be financially independent and to make intelligent financial decisions. From a functional perspective, they want a great return on their investment and to feel they are constantly making progress toward financial goals.

Outside of Finances

They tend to plan out all aspects of their lives, rather than taking life as it comes. They are not early adopters of new products, but they are also not laggards. Enthusiastic Investors are the oldest of all segments and have the highest income and assets. Most do not have children in the household. They generally report that they are healthy, but admit they could have a healthier lifestyle.

Enthusiastic Investor's Attitudes Compared to Other Segments

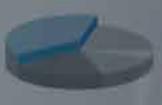


Biggest Gaps: This graph compares Enthusiastic Investors (solid bar) against the other five segments (dotted bar). They are more likely than collective segments to want to "beat the market" with their investments and to be financially independent. Using a scale of 1-10, respondents ranked their attitude toward each statement.



FINANCIAL REPORT

3.45
2.58
1.25
4.89
3.67
2.46
1.34
4.00



Joyful Spender

9% OF THE U.S. POPULATION ARE JOYFUL SPENDERS*

This segment is all about enjoying life. They don't want to spend time on their finances — they're just not interested. They want it taken care of, so they can splurge and be financially free to enjoy life. This doesn't make the individuals in the Joyful Spender segment irresponsible, it just means they would rather have someone else do the heavy lifting on finances.

What makes the Joyful Spender different than other segments:

- Least engaged in their personal finances
- Don't feel the need to know where every dollar is going

*Based on the statistically relevant population within the U.S. market was surveyed within the following parameters: Ages 25-70, minimum household income of \$40,000, primary or shared financial decision-makers, and openness to the idea of financial products.



Personal Finances

More so than other segments, Joyful Spenders are more focused on living in the present. They tend to consider themselves to be spenders rather than savers. Joyful Spenders care about their finances and the stability of their finances, but they don't enjoy managing them and would rather have someone else do it for them. In fact, they are the least engaged in their finances of all segments. They are educated about finances, but don't want to spend a lot of time dealing with them. Many are looking for financial stability, but getting out of debt and paying for a vacation hold the same level of importance.

Joyful Spenders rank their top challenge as growing their savings and investments. They're also challenged with saving for the future and reaching financial stability. True to their nature, 30% of Joyful Spenders find it difficult to maintain their current lifestyle while

30%

SAID THEIR TOP CHALLENGE

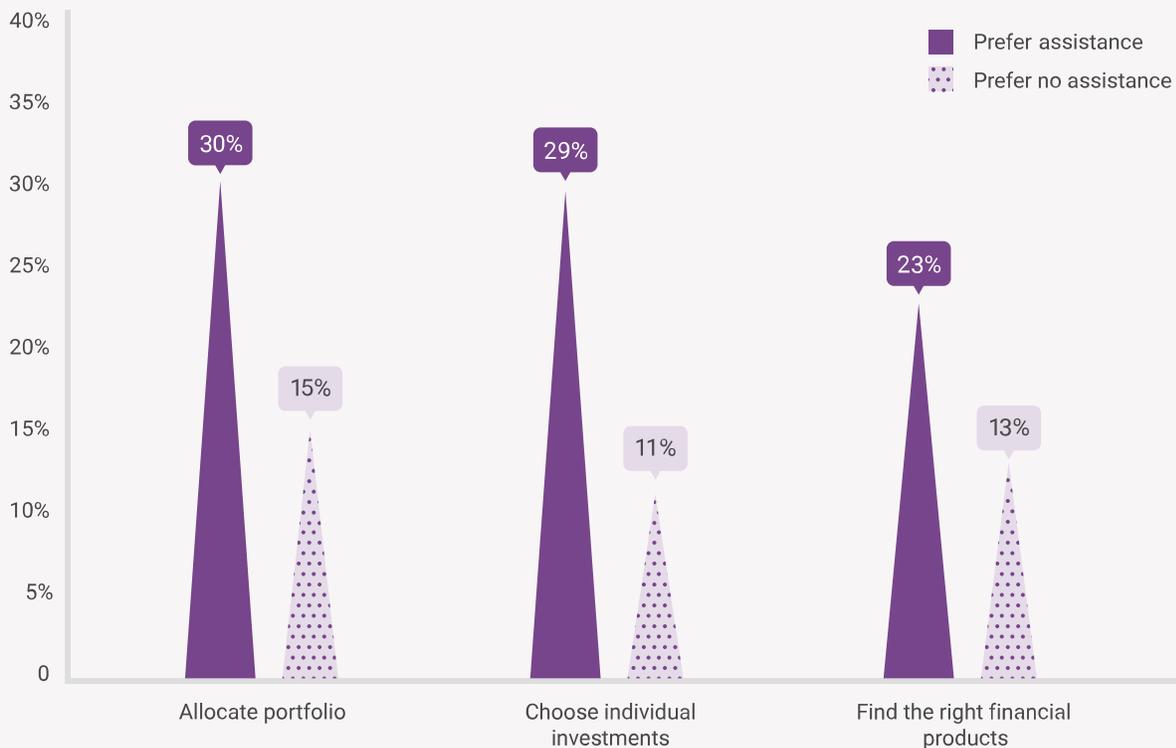
IS

MAINTAINING

THEIR LIFESTYLE

also saving for the future. For instance, paying for a vacation is almost as important as saving for the future. Most of this segment does not follow a financial plan. However, 60% say they review their financial situation at least annually. Their investment style is on the conservative side, and they want to have accounts

How Joyful Spenders Prefer to Work With Financial Advisor



Joyful Spenders do prefer assistance from their financial advisor over doing it on their own. However, this graph is indicative that when compared to other segments, Joyful Spenders do like to be involved in their financial decision making, but we know they just don't want to think about it too much after the decision has been made.



at few institutions. Joyful Spenders are split between wanting relationships and being open to self-service channels.

Advice

Slightly more than 40% of Joyful Spenders have an advisor, and 13% plan to hire an advisor in the next year. Advisors are, in large part, delegated to managing the Joyful Spender's financial plan. They prefer to delegate almost all of their financial duties to their advisor, including portfolio allocation, choosing investments and finding the right products for them. Joyful Spenders generally have advisors through large companies, but 40% use independent advisors or those from a regional or local company. This segment interacts with their advisor in person, on the phone and over email, but does not use online chat or video chat. Joyful Spenders with an advisor were referred by a family member or a friend. When asked how those

without an advisor plan to find one, most said they would visit a company's website, ask friends, check if their employer offers an advisor or recommends one, and they would also check consumer reviews. Like most segments, the top barrier to finding an advisor is they simply don't know where to begin to find one.

40% USE INDEPENDENT ADVISORS OR THOSE FROM A **REGIONAL** OR **LOCAL** COMPANY

Opportunities for Financial Professionals

- Offer mutual funds. It's a way for Joyful Spenders to feel proactive with their finances.
- Deliver completely hands-off solutions, but update them with small snippets of information.

Barriers & Motivations

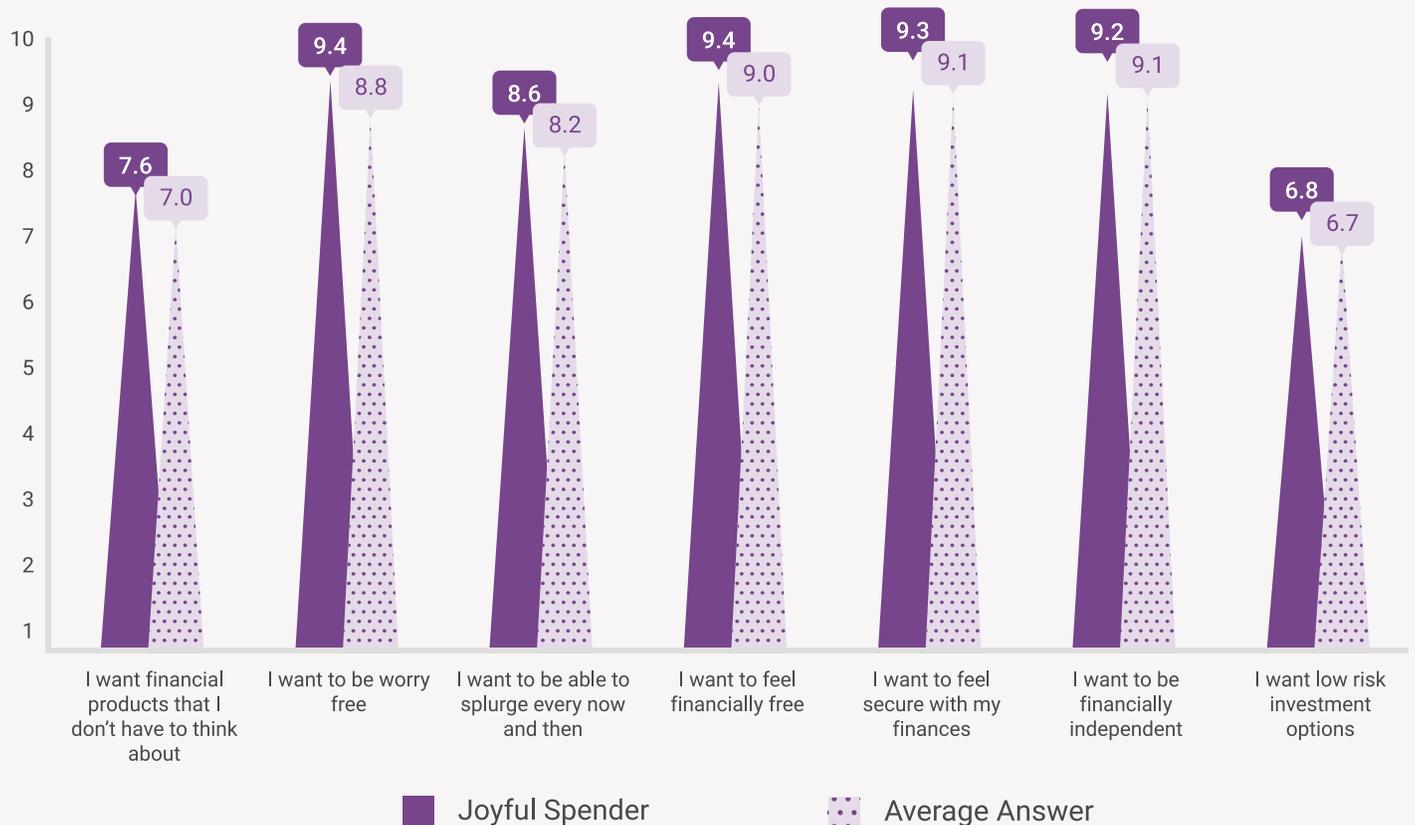
Like we see across many of our segments, the top barrier to purchase a life insurance, annuity or mutual fund product is waiting to accumulate a certain amount of money. They also haven't gotten around to researching products or companies in order to invest. Joyful Spenders are motivated to feel financially free and to be worry-free. Also, they feel a strong need to splurge every now and then, which is a characteristic of their overall personality.

Outside of Finances

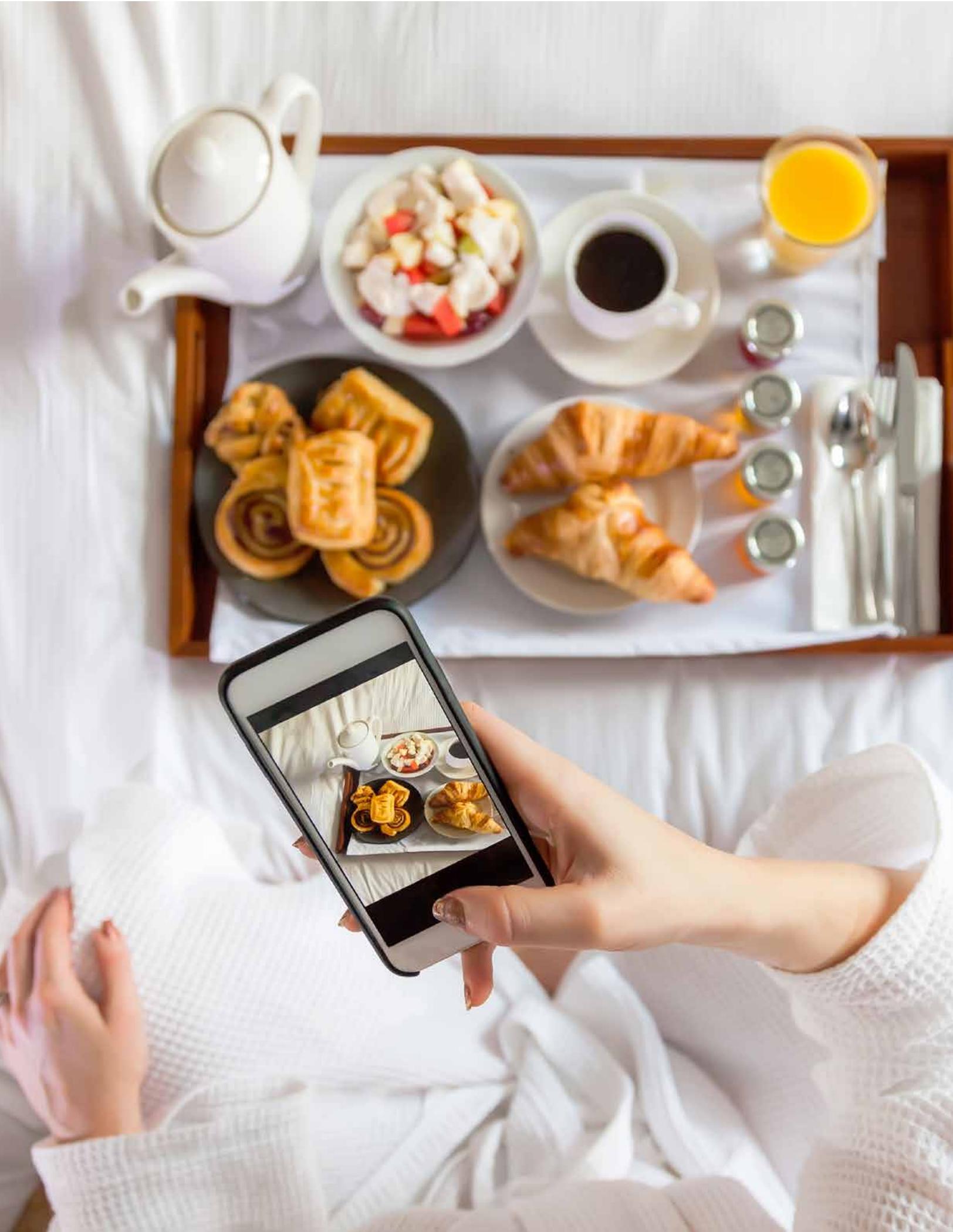
Joyful Spenders are not the first to adopt new products because they generally like to wait for others to do it first. Although Joyful Spenders live for the moment, they

do like to plan out their lives to a degree. They skew slightly older than other segments, and most feel that they could be a bit healthier. Income is on the lower side and very few in this segment have children in the household. Fewer than half have life insurance or mutual funds, but they do show some interest in them. Only 17% have an annuity.

Joyful Spender's Attitudes Compared to Other Segments



Biggest Gaps: This graph compares Joyful Spenders (solid bar) against the other five segments (dotted bar). They are more likely than collective segments to want financial products that they don't have to think about and to be worry free. Using a scale of 1-10, respondents ranked their attitude toward each statement.



Comparing the Segments

While there are obvious differences across the segments, there are also some striking similarities.

All segments are aware that saving and planning out their finances are an important part of their lives. Differences lie in the urgency that some feel to save and plan. All segments feel that basic principles such as covering their families' needs must come first, but they know that saving and investing in the future is also a necessity.

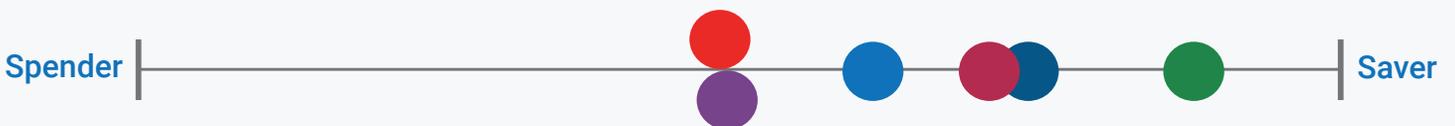
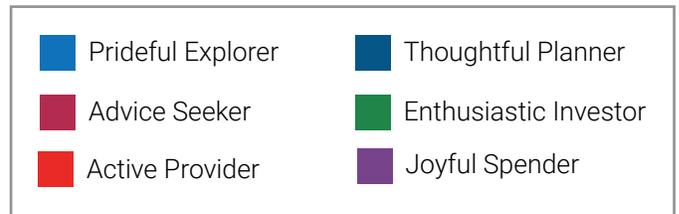
However, two segments stood out as struggling more with savings. In the case of Active Providers, their ability to make ends meet often times impacts their long-term goals. Joyful Spenders want to live an active lifestyle, which may negatively affect their finances.

Across all of the segments, retirement and saving for the future is on everyone's minds. Day-to-day life,

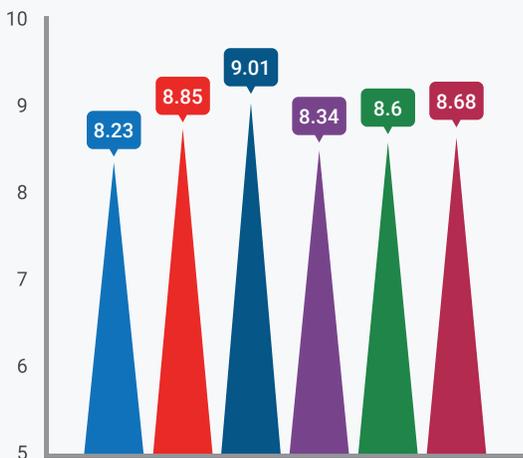
however, takes priority of their mindshare and their wallet. Some segments have their long-term goals in check, but this is the exception.

Interestingly, all segments value the idea of a financial advisor. Each segment has unique barriers that keep them from engaging an advisor or committing to working with one. A barrier felt across all segments was the thought that they had to save a certain dollar amount before they could make an investment.

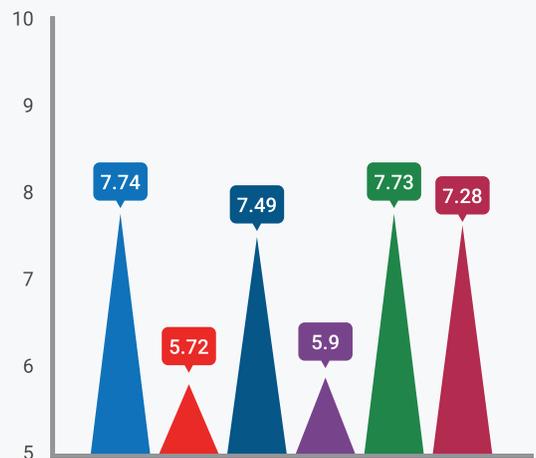
Most segments didn't feel the need to have highly innovative products in the financial services space. More flexible product options that meet their attitudinal preferences was more prevalent.



“I want to save as much as possible.”



“I work to save money for the future, rather than spend it on things I want now.”



Following a financial plan is another area that was explored. Three segments — Enthusiastic Investor, Thoughtful Planner and Proudful Explorer — are far more likely to follow a financial plan than the other segments. On the other hand, only about one-third of Advice Seekers follow a plan. They are on top of their finances and desire to have an advisor guide them through all aspects of finances, which makes this fact seem a bit odd. However, they are likely to review finances at least annually. While they may not have a true financial plan, Advice Seekers are working to meet goals and maintain control of their financial situation.

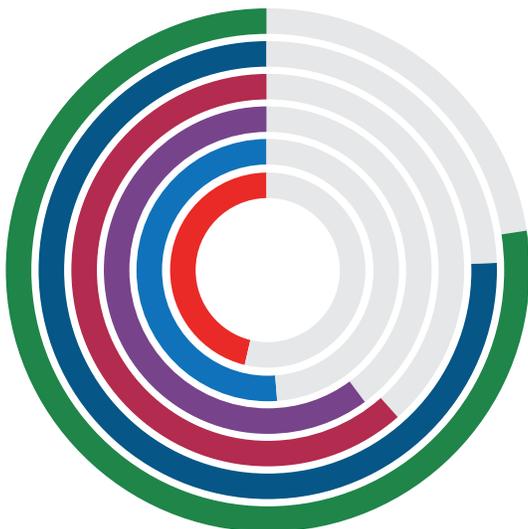
On average, more than three out of four Enthusiastic Investors and Thoughtful Planners review their financial situation or plan at least annually. Both of these segments are more involved in their finances than the other segments and have the same top three financial goals (saving for retirement, saving for the future and selecting the right investments).

Follow a Financial Plan



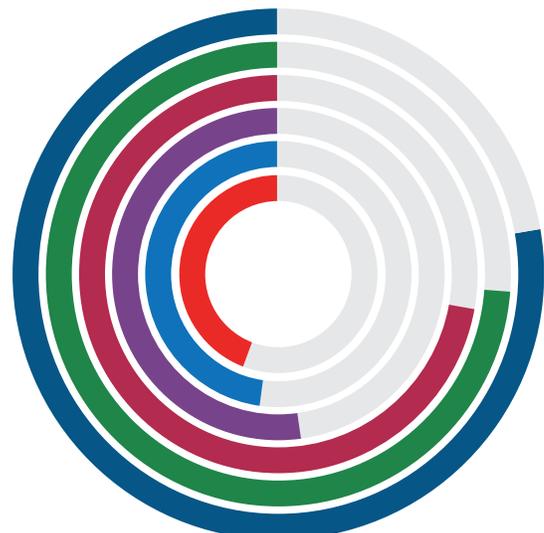
- 64.3% - Enthusiastic Investor
- 60.6% - Thoughtful Planner
- 58.3% - Proudful Explorer
- 34.3% - Advice Seeker
- 19.5% - Joyful Spender
- 14.4% - Active Provider

Save or Invest Out of Each Paycheck



- 77.4% - Enthusiastic Investor
- 75.5% - Thoughtful Planner
- 61.6% - Advice Seeker
- 60.2% - Joyful Spender
- 51.3% - Proudful Explorer
- 46.4% - Active Provider

Review Financial Situation at Least Annually



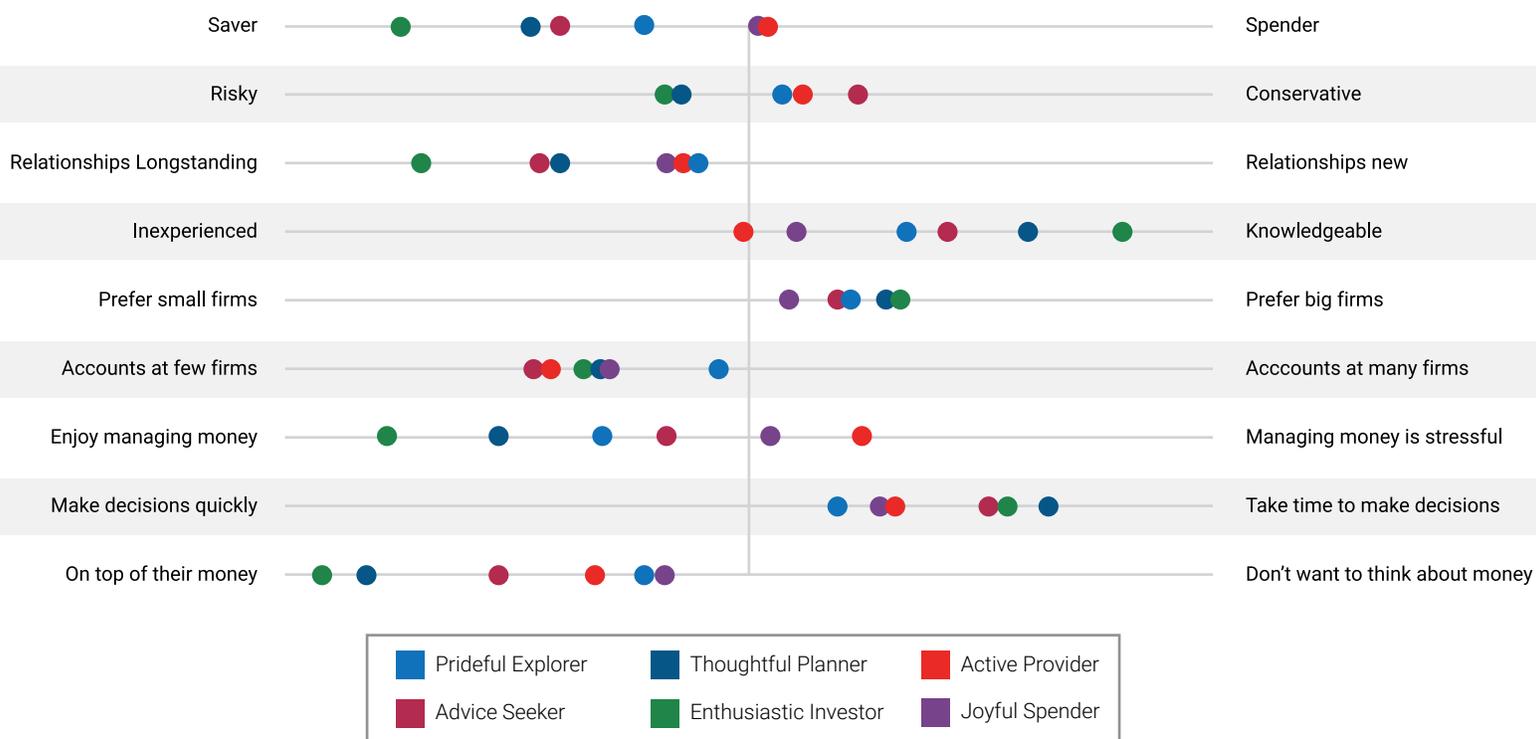
- 77.7% - Thoughtful Planner
- 73.8% - Enthusiastic Investor
- 72.2% - Advice Seeker
- 52.3% - Joyful Spender
- 47.9% - Proudful Explorer
- 44.4% - Active Provider

Primary Source for Financial Product Information

Americans are obtaining information about financial services products from a variety of sources. Though most people are researching through other sources first, financial advisors are still considered a relevant and broadly used source.



Financial Attitudes Summary





Moving Forward

This research supports the fact that motivations and behaviors are driven by factors outside of age and income. Americans evaluate finances by family situations and personal interests. It is up to us, as an industry, to proactively engage customers in the style they prefer. It will not only make the personal finance discussion less intimidating, it will also allow us to connect on a more emotional and human level.

Financial Style Quiz

Grounded in this research, Western & Southern Financial Group developed an online financial style quiz to allow people a fun way to identify and find out in which segment they fall. By answering a few questions about their own financial attitudes, their primary segment is identified. Users of the tool are encouraged to learn more about their type and share their results with their advisor, and are provided resources to learn more about topics that may be of interest to them. This tool may be highly useful to financial advisors to get to know new or existing clients in a different way. The tool may also be beneficial for advisors to understand their own style, in order to identify potential biases they may bring into their client relationships.

To take the quiz, visit
westernsouthern.com/learn/financial-style-quiz

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Research study conducted in 2018 by Western & Southern Financial Group. Quantitative and qualitative study of financial attitudes of the U.S. within ages 25-70; \$40K+ household income; and openness to financial products. Six categories emerged based upon cluster analysis of a variety of attitudes regarding financial motivations. An algorithm guides the placement of participants into a segment based upon answers to the key differentiating data points.

Cincinnati, OH

All statistics and comparisons based on data collected from research participants.

Quotes throughout were collected from research participants.

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