



**MONEYTRACK/IPT INVESTING SECRETS SURVEY:  
JUST 1 PERCENT OF U.S. INVESTORS GRASP FINANCIAL BASICS, ONLY ABOUT A THIRD  
KNOW MORE THAN HALF**

***2nd Season of MoneyTrack Public TV Series Addresses Investing Basics; Featured on Program, "Mr. Earl" of Baltimore Shows Investors With Modest Means Can End Up Well-off in Retirement.***

**WASHINGTON, D.C. and TIBURON, CA.//May 10, 2007//**Only one out of 100 American investors knows or puts into practice eight basic "investing secrets" and slightly more than a third (37 percent) get half or more of the fundamentals right, according to the new "*MoneyTrack/Investor Protection Trust Investing Secrets Survey*" conducted by Opinion Research Corporation (ORC).

The first-time-ever survey of more than 1,000 U.S. investors is being released today in conjunction with the second season of the *MoneyTrack* public television series that will be available to all PBS stations beginning May 11, 2007. (The series will air on different dates and times in each local market.) *MoneyTrack* is designed to help investors understand several of the investing secrets that are critical to success in personal finance. The nonprofit Investor Protection Trust (IPT) is a major supporter of the *MoneyTrack* public TV series.

The "*MoneyTrack/IPT Investing Secrets Survey*" reveals what U.S. investors know about eight basic principles and practices of sound investing: (1) how compound interest works; (2) the meaning of diversification; (3) having a comprehensive financial plan; (4) avoiding over-reliance on Social Security in retirement; (5) understanding that a sudden windfall (e.g., an inheritance, insurance settlement or winning the lottery) is not the surest path for a young person building a retirement nest egg; (6) understanding that stocks deliver the better returns over time than such alternatives as savings accounts and certificates of deposit (CDs); (7) how to avoid investment scams; and (8) checking out financial planners and brokers before entrusting your money to them.

Pam Krueger, co-host and executive producer of *MoneyTrack*, said: **"There is a reason why so many Americans do such a poor job of investing: They don't understand the basic secrets of how to succeed when it comes to their personal finances. These are not 'gotcha!' questions. We deliberately kept the questions on a simple level to get a full and fair sense of what U.S. investors know and do. *MoneyTrack* is seeking in its second season to arm investors with the knowledge they need to invest for the long term and enjoy comfortable retirements. As this survey shows, we definitely have our work cut out for us!"**

Don Blandin, president and CEO, Investor Protection Trust, said: **"Knowledge and action are crucial components of being a savvy investor. Too often investors are uninformed and don't take necessary action steps such as checking the background of the financial professionals to whom they entrust their money. To be safe and wise investors, Americans must learn the essentials and use that knowledge to make good investing decisions."**

Earl Crawley, a Baltimore parking lot attendant featured in Season Two of *MoneyTrack* who has never earned more than \$12 an hour but has accumulated a fortune investing in stocks, said: **"My motto is simple: 'Nickel and dime...nickel and dime. Stop working so hard and let the money work for you.' I use myself as living proof for others that investing even a small amount each month can add up considerably over time."**

## DETAILED SURVEY FINDINGS

- Only 1 percent of American investors appear to understand and/or put to use all eight of the investing basics in the “*MoneyTrack*/IPT Investing Secrets Survey”. The balance of investors fall into the following groups: 59 percent (one-four correct answers) and 36 percent (five–seven correct answers). In addition, 4 percent of investors got none of the secrets right.
- Roughly half of investors (47 percent) admit that they have never worked up a comprehensive financial plan with a financial professional. Over 61 percent of investors in households with income of \$50,000 or less have no comprehensive financial plan in place. African American (59 percent) and Hispanic (57 percent) investors are among those most likely to have not developed such a plan.
- More than two out five investors (43 percent) say that they would be likely to invest in at least one of three investment schemes presented as typical “can’t lose” investment swindles. Respondents were presented with the following scenario: “You are contacted by someone in your church or workplace and told about an opportunity to invest in what is described as a ‘can’t lose’ opportunity in one of three new technologies:... first: a new fuel-cell technology that would allow cars to run on tap water ... or, second: an options trading system with guaranteed returns of 100 percent or more ... or, third: a company with a new laser that kills lung cancer cells in smokers.” In fact, all three of these “no risk opportunities” are typical of investment scams that try to get investors to ignore the fact that there is no such thing as a risk-free, “can’t lose” investment. In fact, the “new fuel-cell technology” and “options trading system” are actual swindles featured on the second season of *MoneyTrack*.
- Fewer than two in five U.S. investors (39 percent) understand that a penny doubled in value every day for a month is worth more at the end of that period than a million dollars today (58 percent). Men (48 percent) were considerably more likely than women (31 percent) to opt for the compounded penny.
- About two out of five investors (39 percent) understand that diversification is “balancing both risk and return in pursuit of financial returns.”
- Only a third of investors who use or have used a financial planner or stockbroker checked out the background of that person (or persons) with state, federal or industry regulators or self-regulators.
- Slightly more than half of investors (56 percent) understand that stocks had “the best returns over the last 20 years.” Nearly a quarter (24 percent) incorrectly thinks that savings accounts and CDs (at 12 percent of respondents each) returned the most and 10 percent said bonds. Men (64 percent) were considerably more likely than women (49 percent) to know that stocks returned the most. Those aged 18-24 were more than three times as likely to identify savings accounts as better for returns than stocks. African Americans (37 percent) and Hispanics (42 percent) were considerably less likely than whites (61 percent) to know that best long-term return comes from stocks.
- Almost two out of five investors (37 percent) are relying on Social Security for “the biggest part” or “a fairly big part” of their retirement picture. Only 23 percent of college graduates are expecting to rely heavily on Social Security versus 51 percent of those with only a high school degree.
- Over a third of investors (35 percent) incorrectly “think a 25-year-old American is MOST likely to come up with a half-million dollar or one-million dollar nest egg for retirement” via an inheritance (21 percent), winning the lottery (10 percent) or a major insurance settlement (4 percent). Fewer than three in five investors (58 percent) know that “investing in the stock market over the time” is the best path to a comfortable retirement.

Of all those American adults surveyed by ORC, 63 percent identified themselves as investors.

To see the full “*MoneyTrack*/IPT Investing Secrets Survey”, go to <http://www.moneytrack.org> on the Web.

## **SURVEY METHODOLOGY**

The “*MoneyTrack*/IPT Investing Secrets Survey” was conducted by ORC among a national probability sample of 2,086 adults (1,030 men and 1,056 women) 18 years of age and older, living in private households in the continental United States. Interviewing for this CARAVAN® Survey was completed during the period April 26-30, 2007. The survey was weighted by four variables: age, sex, geographic region and race to ensure reliable and accurate representation of the total population. The margin of error at the 95 percent confidence level is plus or minus 3 percentage points. Smaller sub-groups will have larger error margins.

## **ABOUT MONEYTRACK AND IPT**

*MoneyTrack*® is a national public television series that teaches and inspires viewers on how to invest wisely and avoid common financial scams. Each 30-minute episode features real people who overcome real problems to become successful investors. Co-hosted by former KGO-TV and TechTV financial reporter Pam Krueger and nationally-recognized on-air talent Jack Gallagher, *MoneyTrack* is an original public television series produced by NETworth Television Productions in Tiburon, CA. *MoneyTrack* is made possible by funding from the Investor Protection Trust with support from state securities regulators. KTEH Public Television in San Jose is the presenting station of *MoneyTrack*. American Public Television in Boston is the national distributor. To learn more about *MoneyTrack*, visit <http://www.moneytrack.org>.

The Investor Protection Trust (IPT) is a major supporter of *MoneyTrack*. IPT is a nonprofit organization devoted to investor education. The primary mission of IPT is to provide independent, objective information needed by consumers to make informed investment decisions. Founded in 1993 as part of a multi-state settlement, IPT serves as an independent source of non-commercial investor education. IPT operates programs under its own auspices and uses grants to underwrite important initiatives carried out by other organizations. You can find IPT on the Web at <http://www.investorprotection.org>.

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**EDITOR'S NOTE:** A streaming audio replay of this news event will be available on the Web at <http://www.moneytrack.org> as of 6 p.m. EDT/3 p.m. PDT May 10, 2007. For a copy of the “Mr. Earl” episode or other *MoneyTrack* episodes, please contact Variny Paladino at (510) 243-1622 or via e-mail at: [variny.paladino@comcast.net](mailto:variny.paladino@comcast.net).

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