

ICI VIEWPOINTS

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Fostering the Next Generation of Investors

By Edward Bernard

In the four years since the financial crisis started, investors have been challenged to progress toward their financial goals even as markets have twisted and turned. For the most part, even in the face of considerable fear and uncertainty, investors stayed the course.

As I explained in my [remarks](#) at ICI's General Membership Meeting, the biggest impact on investors seems to be their reduced appetite for risk. Though this reduced appetite is in evidence across all ages, what is particularly striking is that these trends are so strong among Americans born in the 1970s—today's 30-somethings. These young adults came of investing age in a daunting decade, starting with the tech-stock bust and ending with the financial crisis. In 2010, the share of households that own stock among 30-somethings was lower than in any other cohort born after the Great Depression.

This trend toward caution underscores the obligation our industry faces to help all Americans save, invest, and manage toward their financial goals.

Here are some challenges I laid before my colleagues:

- We must reach out to our investors—and to those who should be investing to meet their future financial needs.
- We must offer financial education to foster that younger generation whipsawed by two bear markets. We need to help them understand the power of long-term investing to overcome short-term setbacks and to outrun inflation over time.
- We must pursue policies that preserve and extend the incentives to save and invest that Americans rely upon. Among other things, that means demonstrating to policymakers that the tax incentives for 401(k) plans and individual retirement accounts make our country stronger.
- We must continue to serve our investors wisely and well—to give them the efficient and effective professional management they seek, always putting their interests first.
- Finally, we must use our knowledge of how investors think and behave to design new products and services that will help them achieve their goals.

If we meet these challenges—and if we always keep our shareholders first—we, and our investors, can look forward to a future that is bright indeed.

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