

Closing the Investor "Knowledge Gap"

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by Julie Domenick

Executive Vice President, Investment Company Institute

Successful investors are informed investors.

While technology has made it easier for individuals to gather information about their investments, experts remind investors that it is important to remember that information is not necessarily knowledge. And knowledge is the key to making informed investment decisions.

Current research indicates that despite some success, financial education needs are not being fully met among certain sectors of the population, specifically within the African-American community. A study conducted by Ariel Capital Management and Charles Schwab & Co. Inc., for example, found that a significant "knowledge gap" exists among middle-income Americans about the benefits of long-term investing.

While investor awareness among African-Americans has increased, the African-American community still appears to direct a smaller portion of its income to long-term investments than other ethnic groups with similar incomes. The reason? A lack of knowledge about the benefits of long-term investing.

To address this "knowledge gap," the Investment Company Institute Education Foundation and the National Urban League have joined forces to launch an extensive national investor education campaign—"Investing For Success"—aimed at promoting greater awareness about the benefits of long-term investing for middle-income Americans.

In response to the announcement Securities and Exchange Commission Chairman Arthur Levitt commended the ICI Education Foundation and the National Urban League for "jointly providing investors with easily accessible and useful information about investing."

The principal goal of the educational campaign is to inspire individuals to become more knowledgeable about investing for retirement and to take advantage of opportunities to accumulate wealth and to establish and reach economic self-sufficiency goals while maintaining realistic expectations about the markets.

This partnership will develop pilot "Investing for Success" programs throughout the nation. In addition to personal finance seminars, educational materials will include a series of investor awareness brochures and a video on an array of personal finance topics.

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