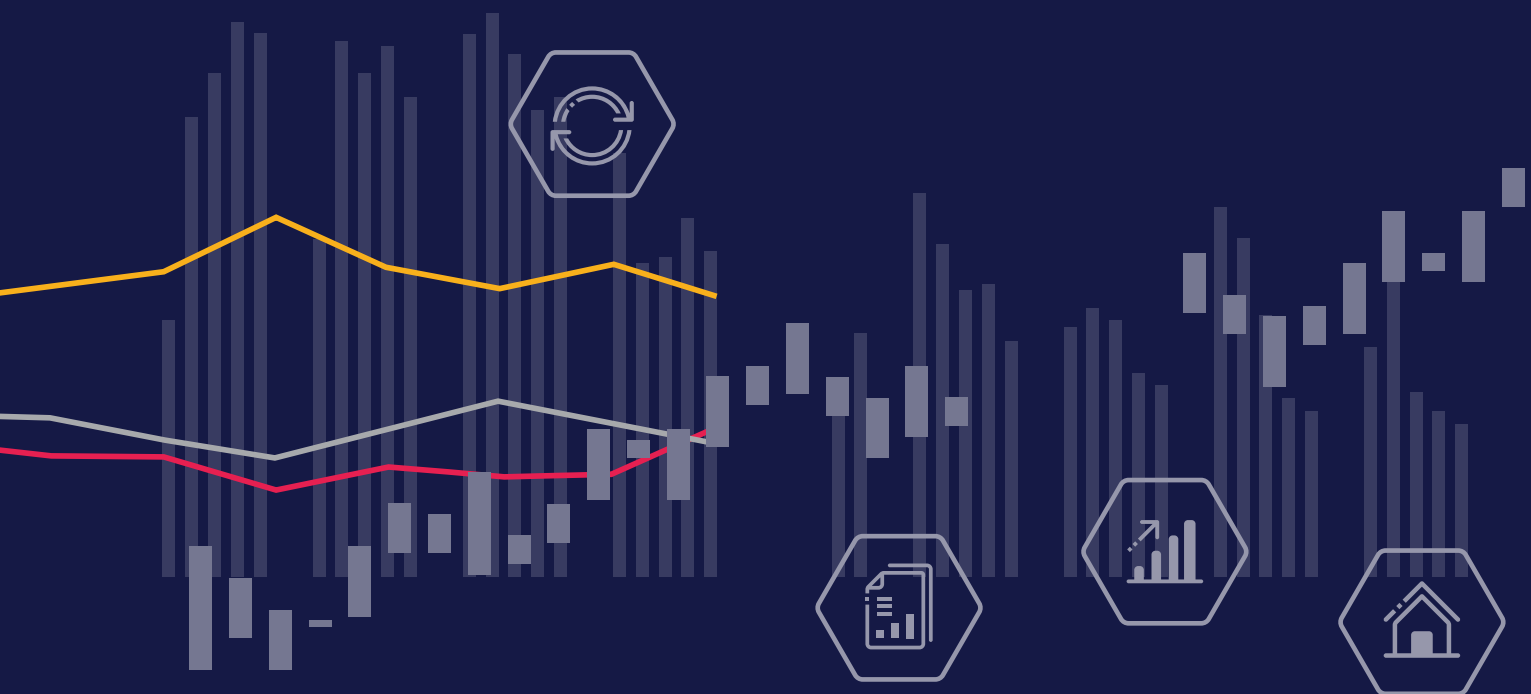


2021 Trends in Investing Survey



CONDUCTED BY:

Journal of
Financial Planning.

FPA

ONRAMP

About the 2021 Trends in Investing Survey

The 2021 Trends in Investing Survey was conducted by the *Journal of Financial Planning* and the Financial Planning Association® (FPA®), and supported by Onramp Invest. The survey was fielded in March 2021 and received 529 online responses from financial advisers who offer clients investment advice and/or implement investment recommendations.



Executive Summary

While advisers remain cautious on digital assets, or cryptocurrencies, it seems that they may be shifting to embracing them due to client demand, according to the 2021 Trends in Investing Survey, conducted by the *Journal of Financial Planning* and the Financial Planning Association® (FPA®), and supported by Onramp Invest. Cryptocurrencies were first added to the survey in 2018, when 1.4 percent of advisers indicated they were currently using or recommending cryptocurrencies with clients.

That percentage dropped to below 1 percent in both 2019 and 2020, but increased to 14 percent of advisers currently using or recommending cryptocurrencies in 2021. More than a quarter (26 percent) of advisers indicated in the 2021 survey that they plan to increase their use/recommendation of cryptocurrencies over the next 12 months. And 49 percent of advisers indicated that, in the last six months, clients have asked them about investing in cryptocurrencies, up from 17 percent in 2020.

Survey results suggest that clients are concerned about the effect of tax reform on their portfolio, with 40 percent of advisers indicating clients have asked about this topic, up from 27 percent in the 2020 survey.

Another unique aspect of this year's survey was that we asked advisers about their and their clients' participation in the GameStop rally that dominated the news cycle in the early part of the year. Not surprisingly, most advisers indicated they didn't buy shares of GameStop, and neither did their clients. However, 34 percent said their clients did buy shares of GameStop and 20 percent themselves bought shares of GameStop.

This year's survey found a continued downward trend of a pure passive approach and also verified that a majority of advisers reevaluate the asset allocation they typically recommend or implement. It also found a continued interest in ESG funds and that advisers were somewhat bullish on their economic outlook for the next six to 12 months, but neutral on their economic outlook for the next two to five years.

Investments Used

Which investment vehicles do you currently use/recommend with your clients

	2020	2021
Exchange-traded funds (ETFs)	85%	64%
Cash and equivalents	75%	57%
Mutual funds (non-wrap)	75%	48%
Individual stocks	51%	44%
Individual bonds	37%	37%
ESG funds	38%	32%
Mutual fund wrap program(s)	30%	26%
Separately managed accounts	25%	24%
Variable annuities (immediate and/or deferred)	26%	23%
Fixed permanent life insurance products	24%	18%
Fixed annuities (immediate and/or deferred)	24%	17%
Indexed annuities	18%	16%
Cryptocurrencies	<1%	15%
Individually traded REITs (not held in mutual fund)	15%	13%
Variable permanent life insurance	13%	13%
Private equity funds	9%	12%
Precious metals	5%	9%
Non-traded REITs	10%	8%
Other alternative investments (if bought directly, not included in other investment vehicles)	8%	8%
Structured products	7%	6%
Options	7%	5%
Hedge funds (directly, not through mutual funds)	4%	5%
Other	2%	1%

Source: 2021 Trend in Investing Survey

In terms of increasing usage of investment vehicles in the next 12 months, 26 percent indicated they would increase their use of cryptocurrencies, up from a fraction of a percentage of respondents in the 2020 Trends in Investing Survey.

Key Finding: Advisers Show a Significant Shift to Embracing Cryptocurrencies

We've been asking the financial planning community about their interest in cryptocurrencies since 2018. The first time we asked, only 1.4 percent of the respondents said they currently use or recommend cryptocurrencies with clients. In that 2018 survey, there were 223 respondents.

Among the 529 respondents to the 2021 Trends in Investing Survey, 15 percent said they currently use or recommend cryptocurrencies with their clients (up from less than 1 percent in 2020), and 26 percent said they plan to increase their use or recommendation of cryptocurrencies in the next year. Also, 49 percent of respondents said their clients have asked about cryptocurrencies in the past six months.

Of the respondents, 48 percent read the occasional news stories on cryptocurrencies and are somewhat comfortable conversing about the topic, 33 percent actively educate themselves on cryptocurrencies and are comfortable conversing about the topic, and 4 percent say they don't know anything about cryptocurrencies and don't talk about them with their clients. In addition, 52 percent of respondents had not personally invested in cryptocurrencies, whereas 48 percent did.

In our 2018 survey, only 1.8 percent of respondents said cryptocurrencies were a viable investment option that has a place in a portfolio, versus 28 percent of respondents in 2021. In 2018, 18 percent said it was a fad that is best avoided, versus only 6 percent in 2021. But in 2021, 28 percent said it was a "gamble," up from 24 percent in 2018.

In terms of increasing usage of investment vehicles in the next 12 months, 26 percent indicated they would increase their use of cryptocurrencies, up from a fraction of a percentage of respondents in the 2020 Trends in Investing Survey.

Which investment vehicles do you expect to *increase* your use/recommendation of in the next 12 months?

	2020	2021
Exchange-traded funds (ETFs)	52%	36%
Cryptocurrencies	0%	26%
ESG (environmental/social/governance) funds	29%	24%
Individual stocks	25%	24%
Mutual funds (non-wrap)	24%	16%
Mutual fund wrap program(s)	19%	16%
Cash and equivalents	22%	15%
Separately managed accounts	9%	15%
Individual bonds	11%	14%
None. I do not plan to increase the use/ recommendation of any investment vehicles	19%	12%
Variable annuities (immediate or deferred)	11%	11%
Fixed annuities (immediate and/or deferred)	11%	9%
Private equity funds	5%	9%
Indexed annuities	12%	7%
Fixed permanent life insurance products	8%	7%
Precious metals	4%	6%
Other alternative investments (if bought directly, not included in other investment vehicles)	4%	5%
Individually traded REITs (not held within a mutual fund)	2%	5%
Options	5%	4%
Variable permanent life insurance	3%	4%
Hedge funds (directly, not through mutual funds)	1%	4%
Structured products	7%	3%
Non-traded REITs	4%	3%

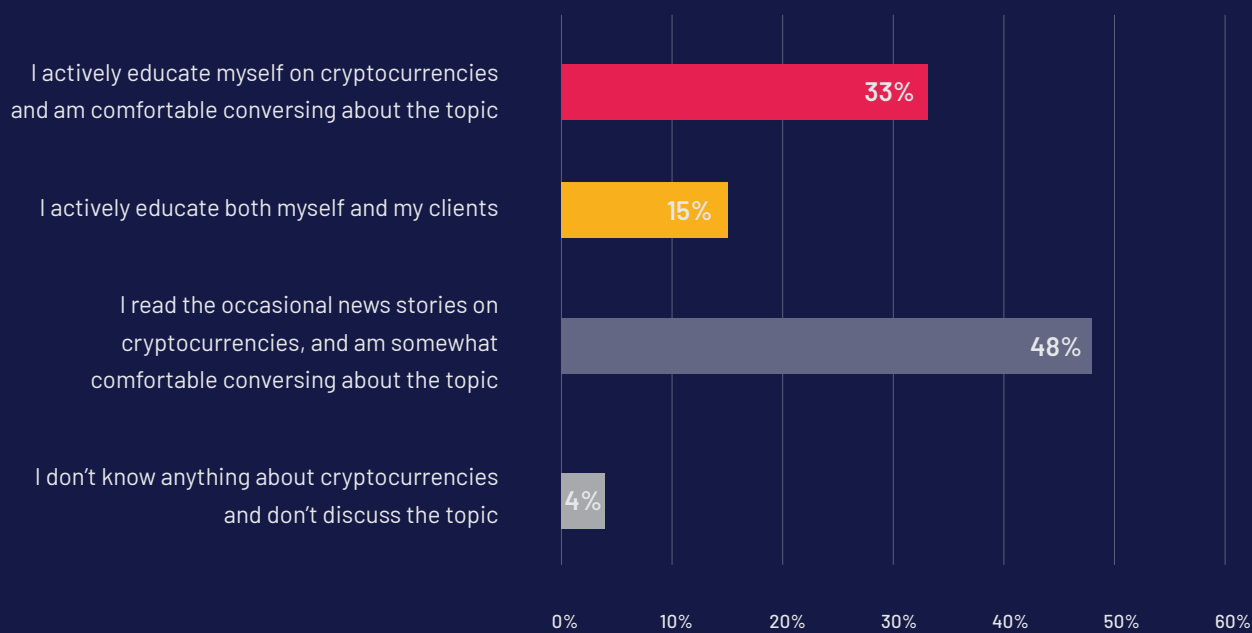


Other Findings: A Move Toward SMAs?

Among the 2021 survey respondents, 15 percent said they plan to increase their use/recommendation of separately managed accounts, up from 9 percent in 2020.

Also, 36 percent of respondents said they plan to increase their use of ETFs, which is down from 56 percent of respondents who said the same in the 2020 survey. Twenty-four percent said they planned to increase their use of ESG funds. Twenty-one percent of respondents said they plan to decrease use/recommendation of individual bonds in the next 12 months, up from 15 percent in 2020.

Q: How would you describe your knowledge level with cryptocurrencies?



Which investment vehicles do you expect to decrease your use/recommendation of in the next 12 months?

	2020	2021
None. I do not plan to increase the use/ recommendation of any investment vehicles	44%	28%
Individual bonds	15%	21%
Mutual funds (non-wrap)	17%	20%
Individual stocks	15%	14%
Cash and equivalents	14%	13%
Mutual fund wrap program(s)	6%	9%
Fixed annuities (immediate or deferred)	6%	9%
Variable annuities (immediate or deferred)	7%	8%
Precious metals	2%	8%
Indexed annuities	5%	7%
Hedge funds (directly, not through mutual funds)	3%	7%
Exchange-traded funds (ETFs)	4%	6%
Private equity funds	2%	6%
Structured products	1%	6%
Non-traded REITs	4%	4%
Separately managed accounts	3%	4%
Cryptocurrencies	3%	4%
ESG funds	2%	4%
Fixed permanent life insurance products	2%	4%
Variable permanent life insurance	2%	3%
Individually traded REITs (not held in mutual fund)	2%	3%
Options	1%	1%
Other alternative investments (if bought directly, not included in other investment vehicles)	1%	3%

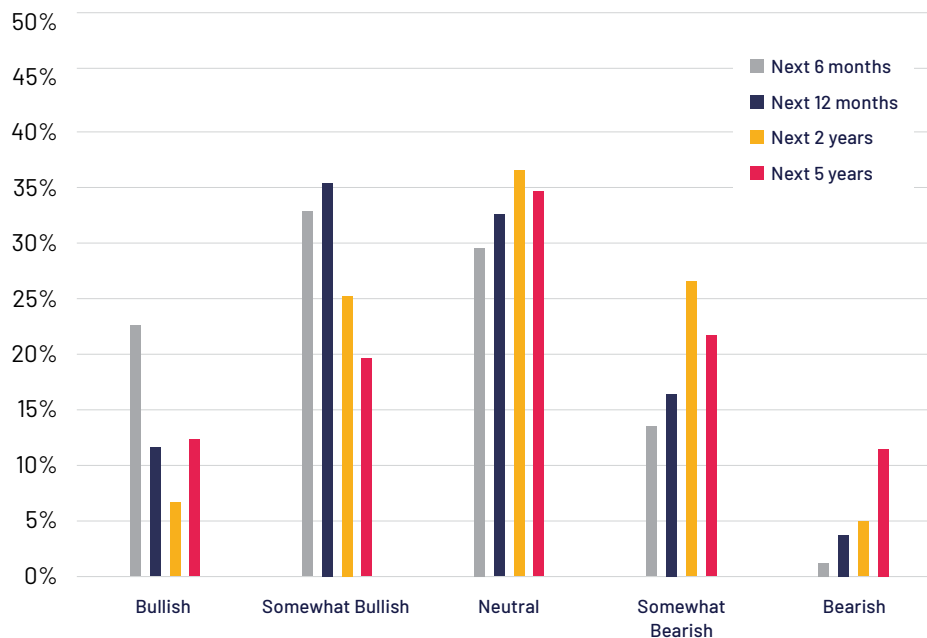
Playing in the Rally

Advisers were asked about their participation in the GameStop rally that dominated the news cycle in the early part of the year. The majority (59 percent) did not buy shares in GameStop, and neither did a majority of their clients (50 percent). However, 34 percent of respondents said their clients purchased shares of GameStop, and 20 percent of respondents themselves purchased shares of GameStop.

Economic Outlook

In March 2021, advisers were asked about their economic outlook for the next six months, 12 months, two years, and five years. For the next six to 12 months, advisers are somewhat bullish in their economic outlook—33 percent for the next six months and 35 percent for the next 12 months. Respondents were mostly neutral on their economic outlook for the next two to five years.

What Is Your Economic Investment Outlook?





Clients Concerned About Tax Reform

Likely due to the change in leadership in Washington, D.C., clients are concerned about the effects of tax reform on their portfolio. Forty-nine percent of clients inquired about that topic in the past six months, up from 27 percent in 2020.

Which topics have clients inquired about in the past six months?

	2020	2021
Effects of general volatility on their portfolio	76%	52%
Effects of the coronavirus on their portfolio	70%*	62%
Effects of the SECURE Act on their portfolio and/or their overall retirement plan	52%*	40%
Fees and other costs of investments	43%	26%
Investing in ESG/socially responsible investing	39%	39%
Investing in marijuana or cannabis stocks/companies	34%	27%
Effects of tax reform on their portfolio	27%	49%
Investing in cryptocurrencies	17%	49%
Direct indexing	N/A	4%**

*Coronavirus and the SECURE Act were added to the survey in 2020.

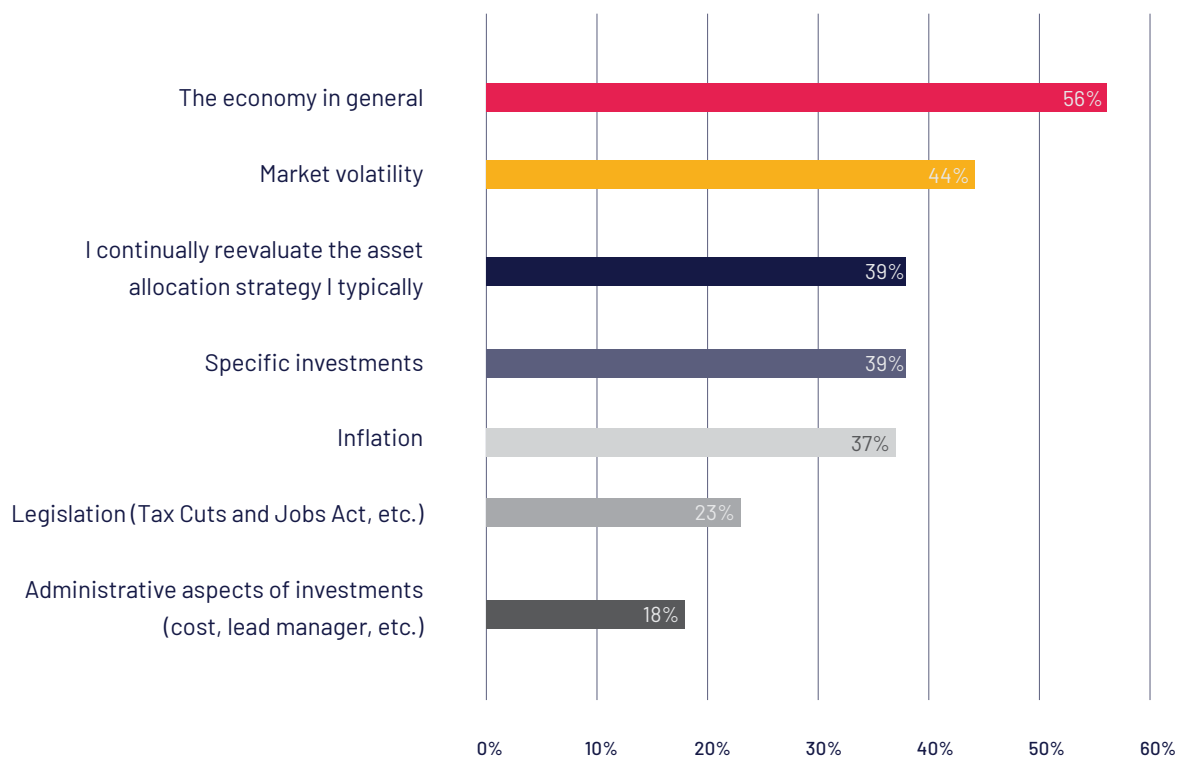
**Direct indexing was added to the survey in 2021.

Asset Allocation and Active vs. Passive

Taking Another Look at Asset Allocation

Similar to previous years, this year's survey found that in the three months prior to taking the survey, which was in the field during March 2021, 74 percent of advisers reevaluated the asset allocation they typically recommend or implement. The majority of respondents (57 percent) said they did so because of the state of the economy in general, 44 percent said it was because of market volatility, and 39 percent of respondents said they did so because they continually reevaluate their asset allocations (see the table below).

Q: I reevaluate the asset allocation strategy I typically recommend/ implement because of anticipated/existing changes in (select all that apply):

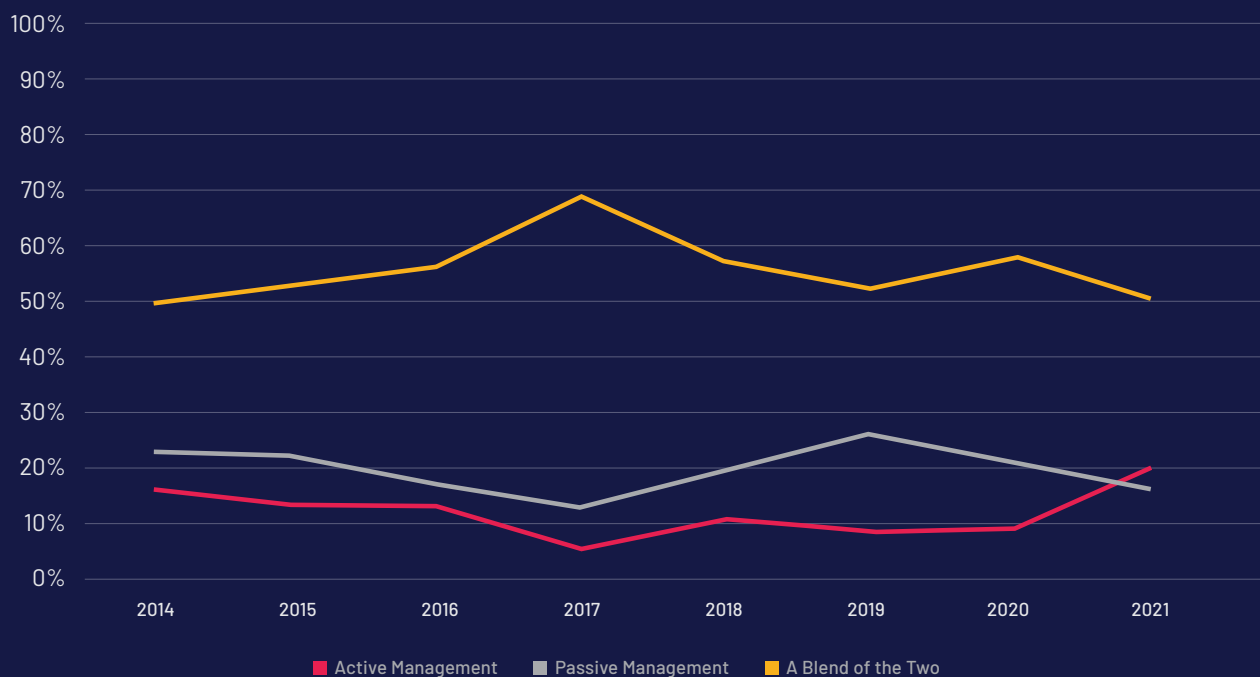




Active Vs. Passive

The majority of advisers (58 percent) continue to favor a blend of active and passive management, as has been the trend for the past several years. However, the 2021 results showed a continued decline in a purely passive approach. Eighteen percent of survey respondents said passive management provides the best overall investment performance (taking costs into account), down from 24 percent in 2020 and 29 percent in 2019.

Q: In general, which type of management do you think provides the best overall investment performance taking into account costs associated with each management style?



About the Respondents

How are you compensated by your clients for your investment services?

42%	41%	17%
Fee only	Fee and commission	Commission only

What is your primary practice model/registration status?

Independent IAR/RIA	40%
Registered rep, independent adviser affiliated with a B-D	22%
Dually registered adviser	15%
Registered rep, employee for a B-D	10%
Registered rep working for a bank, credit union, or savings & loan	7%
Unregistered planner/adviser	5%
Other	1%

What designations do you hold?

54%	34%	23%	21%	20%	9%	5%
CFP®	FINRA registered rep	Other	ChFC®	AIF®	CFA	None

How many years have you been in the financial services profession?

33%	26%	19%	13%	9%
6 to 10	21 or more	11 to 15	5 or less	16 to 20

Partners

About the *Journal of Financial Planning*

First published in 1979, the mission of the *Journal of Financial Planning* is to expand the body of knowledge in the financial planning profession. With monthly feature articles, interviews, columns, and peer-reviewed technical contributions, the *Journal's* content is dynamic, innovative, thought-provoking, and directly beneficial to financial advisers in their work. [Learn more.](#)

About the Financial Planning Association

The Financial Planning Association® (FPA®) is the principal membership organization for CERTIFIED FINANCIAL PLANNER™ professionals, educators, financial services professionals and students who are committed to elevating the profession that transforms lives through the power of financial planning. With a focus on the practice, business, and profession of financial planning, FPA advances financial planning practitioners through every phase of their careers, from novice to master to leader of the profession. Learn more about FPA at financialplanningassociation.org and follow on Twitter at twitter.com/fpassociation.

About Onramp Invest

Onramp Invest is a iPaaS (integration as a platform) technology company providing access to cryptoassets for registered investment advisors.

Our comprehensive cryptoasset management solution will enable advisers to help their clients safely, confidently, and intelligently invest in the new age all within their existing workflows and billing models.

Invest with purpose. Learn more at onrampinvest.com.

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