

Clients' Changing Risk Preferences

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We investigate the extent to which hypothetical advice from a certified financial planner (as compared to a stock broker) changes investment decisions. We also explore whether individuals invest differently in hypothetical education accounts compared to retirement accounts, given the same time horizon. Forty-six participants from Columbia, Missouri participated in this study and small monetary amounts were used as investment payouts. Statistically significant results indicate that when participants made investment decisions using education funds and received hypothetical advice from a certified financial planner who was held to a fiduciary standard, the mean expected value of their investments was \$43,913, compared to \$25,870 given advice from a stock broker. Investment decision making was found to be different between education and retirement savings accounts as well. When advice was rendered by a certified financial planner, the mean expected value of investments was \$43,913 for the education account compared to \$53,424 for the retirement account.

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