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## Younger investors' faith in equities remains low: T. Rowe Price

By Editor Test     *Mon, Nov 19, 2012*

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Long-term retirement investors have not regained their faith in equity investing, according to a new survey from T. Rowe Price, which polled 850 investors ages 50 and under and found that only 61% believed that stocks are important for achieving retirement savings goals.

Only about half of investors (51%) surveyed said that their risk tolerance remains the same as before the financial crisis, and 37% say they are now avoiding stocks because of current economic or market conditions.

Through September 2012, net new cash flow into stock mutual funds was negative in 30 of the last 48 months and in 15 of the last 16 months, according to the Investment Company Institute. Other findings of the T. Rowe Price survey included:

- 37% of investors say that they are currently not investing in stocks. Factors cited include the pace of the U.S. recovery, general market volatility, political uncertainty, rising health care costs, actual or potential unemployment, the pace of the global economic recovery, the pace of the U.S. housing market's recovery, the Eurozone debt crisis, and potentially higher taxes next year on income, dividends, and capital gains.
- 76% of investors say they are only "somewhat or not at all" willing to take on more credit risk to obtain a potentially higher yield from bonds.
- 81% of investors say they are saving about the same or more than they were before 2008.