



Regulatory Affairs
1 North Jefferson Ave
St. Louis, MO 63103
HO004-11D
314-955-6851 (t)
314-955-4308 (f)

Via Email: rule-comments@sec.gov

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: File No. 4-626, Comment Request on Existing Private and Public Efforts to Educate Investors

Dear Ms. Murphy:

Wells Fargo Advisors, LLC (“WFA”)¹ files this comment in connection with a study by the Securities and Exchange Commission’s (“SEC” or “the Commission”) regarding financial literacy among investors as mandated by Section 917 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). WFA believes that the investor education arena is one of the more important aspects of the securities industry’s investor protection mission and we appreciate this opportunity to share thoughts concerning the present state of affairs in this area. For ease of discussion, we organize the letter to track the question format of the SEC’s request for comments.

1. Investor Education Programs

- Our firm web site is a great free source for investor education. There are free videos, podcasts and current articles posted to help investors (not just clients) educate themselves and make good decisions.

¹ WFA is a non-bank affiliate of Wells Fargo & Company (“Wells Fargo”), a diversified financial services company providing banking, insurance, investments, mortgage, and consumer and commercial finance across North America and internationally. Wells Fargo has \$1.2 trillion in assets and more than 278,000 team members across 80+ businesses. Wells Fargo’s brokerage affiliates also include HD Vest Financial Services with 5,100 independent advisors and First Clearing, LLC which provides clearing services to 98 correspondent clients and WFA. For the ease of discussion, this letter will use WFA to refer to all of those brokerage operations.

- We post at least 25 different free Investor Education Guides on topics like choosing a financial advisor, on financial protection for older investors, on understanding products and on effectively reading a client statement.
- We educate investors in detail about what they can expect in the investment process.
- Free financial articles are posted for investors on real-time risk topics – recent articles covered the risk of municipal bonds and the risk of investing in the dollar.
- Client education events are held across the country, bringing in speakers to educate clients; clients and FAs can attend these events together. We have partnered with a renowned expert on personal financial management to do large events with our clients.

2. Most important characteristics of investor education programs

- Plain-English materials – investor education materials should be easy to understand for investors at any level of sophistication.
- Timely – Investors are bombarded with news in the media, and they need help making sense of it. It's important for firms to use web technology and other real-time mechanisms to ensure that investors can get informed and balanced explanations when the news media discusses popular products and investment strategies.
- Able to reach a high volume of investors – While seminars and education workshops are very effective, e-learning and web-based education tools (e.g., podcasts, e-learning courses, YouTube-like video content, webinars) are the most efficient ways to reach a high volume of investors and make a meaningful impact.
- Full-service financial advisor – We believe that education is part of the benefit of having a full-service financial advisor. Wells Fargo Advisors University holds extensive financial advisor education sessions covering risk topics; requires mandatory training on an annual basis on product risks; and makes a significant investment in our investment planning process to ensure our advisors understand clients' priorities and know whether clients understand the products they are investing in.

3. What programs are most effective?

- Live presentation programs where financial advisors can attend with their clients can be very effective in starting a dialogue on key risk issues regarding economic trends, market trends and financial products.
- The delivery of educational material to clients in one-on-one meetings with their financial advisor is most important to the client relationship and education. During these meetings, clients are able to share their concerns, goals and are provide explanations for any questions the clients may have. This type of education is personal and specific to the client's knowledge base and financial needs.
- Podcasts and web-based videos on our web site are very useful because they allow us to get consistent messages out nationally to a geographically dispersed population of clients.
- Delivering education to employees about their 401(k) or other retirement plans is a natural way to move the needle on investor education. The country faces a huge risk as it moved in breakneck fashion from defined benefits plans to defined contribution plans, but failed to insure that employees received enough education about how to make wise investment choices. It is apparent that even the most rudimentary education of these employees probably could have measurable impact. It is essential that employees should

have access to financial planning tools and other tools to educate themselves, to define financial goals for retirement and to make decisions that help move toward those goals.

4. Has your organization or an independent third party evaluated any of the organization's programs?

- Our organization has finished #1 among full-service brokerage firms in an independent agency's study of client advocacy; this study directly surveys our clients.²
- Our firm was also highly ranked in a recent national magazine ranking on client trust and client statements.
- Our senior leadership team reviews client loyalty data and feedback from our clients – gathered through third-party partners - on a monthly basis.

5. Are any of our organization's programs national in scope?

- Web-site investor education is national in scope.
- Our national bank affiliate has a very robust financial literacy program nationwide. We offer many tools to help our clients be as financially literate as possible. Tools include: My Spending Reports (sorts every dollar a client spends); Budget Watch (online family budget tool); My Savings Plan (an online goal-tracker); online account alerts to help customers manage their deposit and credit accounts; and Hands-On Banking, a free financial literacy website that teaches the basics of smart money management.

6. What types of investor behaviors or other topics should investor education programs focus on?

- Protecting identity; identity theft is likely to be one of largest sources of losses to investors and education on this issue needs to increase significantly.
- How to tell your financial advisor you don't understand an investment or an investment concept—it is an essential part of investor education that individuals find the “voice” to let others know when there is a gap in understanding.
- How to make sense of investment/market news generated by the media.
- How to prepare for an annual portfolio review – questions to ask your professional will make the meeting with a professional both educational and meaningful.
- Company education sessions – Employers will simply have to take on greater responsibility in aiding their employees' efforts to make sense of their 401(k) or retirement plan. How to make investment decisions and how investment decisions are made by professionals is a part of the educational background that the average 401(k) participant will need.

7. What best describes you or your organization?

- Private sector/Business

² Forrester Research, Inc, Independent Survey: “*Customer Advocacy 2011: How Customers Rate U.S. Banks, Investment Firms, and Insurers.*”

8. Other comments?

- General investor education can only go so far. We believe the best investor education process is one that starts with listening and understanding a client's financial goals, dreams and priorities. One cannot ignore the financial professional because this process requires a well-educated financial advisor who has access to planning tools that can track client investments against the client's unique goals and family situation.
- We would encourage the SEC to conduct testing with investors about financial education. Testing should include their knowledge base, where they gather educational material and their use of educational material.
- The SEC should consider the role and importance social media could play with investors, industry and regulators in investor education. Investors have an increased desire for the accessibility that social media offers.
- Legal disclosures can be quite lengthy and quite confusing, especially for our older investors. Several years ago, there was a movement in the mutual fund industry toward plain-English disclosures in prospectuses. We believe scaling back on disclosures and outlining the benefits and risks of investments in plain English goes a lot farther in enabling investors to make informed decisions than the continued push toward more legal disclosures. It is likely that a major factor in investor education is to have investors receive digestible information at a time and in a form that can be most accessible by the majority of investors.

Conclusion

The concept of investor education has been a major goal of regulators, consumer groups and the industry for well over twenty five years. The coming wave of retirees makes it critically important that there is a clear understanding of what gaps exist in investor education and a sober selection of goals that can be achieved measurably, reasonably, timely and efficiently. WFA looks forward to working with the SEC as it strives to create a fair and efficient investor education program.

If you have any questions regarding this comment letter, please do not hesitate to contact us.

Sincerely,

Ronald C. Long
Director, Regulatory Affairs