

# LEARNVEST, INC.

## Congressional Report Submission

*prepared for the Securities & Exchange Commission*

June 2011



**(1) Have you attended, or does your organization operate, organize, sponsor, promote, or host, any investor education programs?**

LearnVest.com is a national website that seeks to provide unbiased financial information and tools that aid women in making personal financial decisions, including programs to help build wealth through investing. Our website provides women with the content, tools, and support to help them make informed financial decisions at each life stage, with a specific focus on women between 20-40 years of age. With over half a million visitors every month, LearnVest's offerings include financial "Bootcamp" email programs, live webinars, financial checklists, and a daily financially-themed email, all of which focus on getting users to build their wealth and take financial control of their lives. Each of these offerings addresses a variety of financial questions that are specific to LearnVest's target demographic, such as leasing an apartment, preparing your finances for parenthood, and saving for retirement. For the purpose of this report, we will focus primarily on the Bootcamp product offerings.

**Please describe the program, including its duration, target audience, and any measurable goals and objectives aimed at changing investor behavior. What specific topics are covered in its curriculum?***Bootcamp Program*

LearnVest's Bootcamp programs have been widely recognized in the media (on *The TODAY Show*, in *The New York Times*, etc.) as an innovative approach to instilling financial literacy. More specifically, LearnVest's Bootcamps are structured as short-term, intensive behavior-modification programs, which are delivered to users via daily email. Each Bootcamp email contains a daily financial lesson, as well as tactical action items, communicated in a conversational and straightforward tone and style.

Current Bootcamp topics include:

- *Personal Finance Basics*: A 17-day instructional program that aims to educate women about financial basics. Topics include: getting bills organized, understanding financial accounts specific to users' needs, creating a personalized budget, learning the importance of your credit score and report, and getting on track for retirement.
- *Cut your Costs*: A 15-day program that assesses the users' spending patterns and suggests lifestyle categories where spending could be decreased. Topics include: powering a home for less, decreasing a cell phone bill, finding alternative uses for beauty products, and cutting costs in the kitchen.
- *Get Out of Debt*: A 15-day program that helps users recognize and take responsibility for their debt, and walks them through the process of regaining financial control. Topics include: facing and organizing debt, managing interest rates, and paying debt off entirely.
- *Build Your Wealth*: A 15-day program that offers a step-by-step guide to investing. This program focuses on getting women over the hurdle of beginning to invest, and demonstrates that investing is not just for the wealthy or risk-takers. Topics include: saving, inflation, net worth, investment priorities, stocks and bonds, and capital gain taxes.

LearnVest's multimedia approach to financial education allows users to learn at their own pace, which means that a LearnVest Bootcamp program can last anywhere from one hour to seventeen days. This flexibility has allowed more than 90,000 women to address one or more financial pain points. Users can sign up for a Bootcamp at any time, and can access all program materials through their online LearnVest profiles.

In their current state, the Bootcamp programs are intended to provide behavioral support to women specifically between the ages of 20 and 40. By speaking directly to a niche audience, LearnVest believes its materials will more deeply impact and motivate that audience to become financially aware and empowered.

### *Future Programming*

LearnVest continues to develop programs that educate users and inform their investing behavior. In addition to expanding the successful Bootcamp offerings this year, LearnVest has been working to develop interactive materials that will allow users to specifically craft a personalized financial plan. The details of this new product offering will be available in late July of this year.

## **(2) What do you consider the most important characteristics of an effective investor education program?**

### *User-Driven Content*

LearnVest differs from other investor education programs in that we not only instruct and educate our users, but we also recognize and help users challenge the emotional boundaries that keep many women from effectively managing their personal finances. Our personalized online platform allow us to provide our users with content that:

- *Is accessible:* LearnVest strives to create a welcoming environment for women to learn about their finances using tools and language that are familiar and easy-to-use (ex. conversational daily emails). Additionally, our website, which divides information into manageable sections, is designed to respect the time and patience of our readers.
- *Instills confidence:* LearnVest aims to inspire women who may be overwhelmed with the idea of mastering their personal finances, and empowers them to do so through encouraging and positive content and tone. Instilling confidence in our users and their financial knowledge allows us to better motivate and inspire effective financial actions.
- *Is customized and relevant:* LearnVest takes advantage of its narrow focus group by creating content that is relevant to our users' lifestyles and interests (ex. cutting costs through clothing repair, farmer's market produce, etc.).
- *Is varied:* Although LearnVest's target audience is very specific, our team still recognizes differences in users' learning styles and presents different methods by which users can learn about finance, ranging from daily emails, quizzes, webinars, and in the future, video tutorials.

*Strong Customer Relationships*

In addition to developing personalized content, LearnVest is also committed to developing trusting relationships with its user base, and does so by providing users with programs that are straightforward, unbiased, and never security-specific. Our users trust our recommendations, especially when it comes to investing; of the survey respondents from our February investing (“Build Your Wealth”) Bootcamp, 61% stated that they signed up in order to invest based on their Bootcamp learnings.

Perhaps more importantly, LearnVest views user relationships as two-way interactions, and our team frequently asks users for input on everything from programming to their individual financial goals. Users can share with us using a variety of channels, including online feedback, customer surveys, live or in-person interviews, and social media outlets such as Facebook and Twitter. As our customers continue to share their challenges, feedback, and successes with us, LearnVest is able to better develop and deliver relevant content and programming.

**(3) What programs do you view as most effective?**

To date, LearnVest’s Bootcamp program remains our most popular offering, and has motivated our team to roll out five additional Bootcamp offerings by the end of this year. So far in 2011, LearnVest has received over 90,000 Bootcamp subscriptions, and intends to put a total 300,000 subscribers through the program before the end of the year.

The effectiveness of the Bootcamp program is strongly linked to the approach our team uses to develop our content. We believe this program has grown in subscriptions because it recognizes users’ limited time and varied interests, and incorporates those into the product offering development. Examples of this approach include:

- *Theme:* Each LearnVest Bootcamp addresses a broad problem that many users have, e.g. how to juggle multiple financial priorities at once.
- *Timing:* Our team divides this topic into manageable action items that span 15-17 days. Each daily email provides easy-to-understand material that is designed to be read in a short amount of time.
- *Regularity:* We believe that sending a daily email to our users reinforces their positive financial behaviors, and eventually modifies the way in which they view their finances.

**(4) Has your organization or an independent third party evaluated any of your organization’s programs?**

Yes, LearnVest is currently being studied by the RAND Corporation<sup>1</sup> to identify the impact of our programming.

---

<sup>1</sup> The RAND (Research ANd Development) Corporation is a nonprofit think tank that helps improve global policy and decisionmaking through research and analysis. [www.rand.org](http://www.rand.org)

**If yes, please describe the findings of the evaluation, including any statistical evidence of how your program effectively changed one or more investor behaviors among participants.**

RAND Corporation's evaluation is an ongoing study funded by a grant from the Financial Literacy Center, and is set to conclude in the fall of 2011. Although RAND's findings are preliminary, they indicate that LearnVest users find both our site design and content delivery format (email) appealing, which suggests that LearnVest is finding new and unique ways to deliver critical financial information to our users. RAND expects to conduct more analyses this summer that will point toward our more quantitative impact. For more information on this work, please refer to the appendix.

In addition to RAND's current evaluation, LearnVest has collected a number of user testimonials received from Bootcamp and other content subscribers, and included a few samples below:

"I opened up an IRA at Charles Schwab after using the LearnVest IRA calculator...I had been meaning to open an account like this, but LearnVest made the importance of these savings accounts extremely clear... [This year] I want to make my second contribution to my IRA and open a portfolio."

*Molly, Washington D.C.*

"Thanks to Bootcamp, I...learned that I haven't devoted enough attention to my savings. Given that time is the greatest asset in being financially responsible down the road, now is the time to start opening longer-term savings account and a Roth IRA."

*Elena, Princeton, NJ*

"With Bootcamp, I've created the most detailed budget I've ever had...This is critical for me, as I am planning to buy a house in the next few months."

*Geneva, Southfield, MI*

"[Bootcamp] is extremely easy to relate to and...broken down in a very accessible way. My favorite part is the... 'Action Times' for each step, so you can't really rationalize not doing it, as it usually takes 2 minutes!"

*Merrin, Columbus, OH*

**(5) Are any of your organization's programs national in scope? If not, could any of these programs be replicated or expanded to reach a national audience?**

Yes, LearnVest fully recognizes the advantages of our website's broad reach, and tailors its programming and products so that they are national in reach and able to be effectively scaled to a large user base. From the self-reported data of our daily subscribers, we know that LearnVest has achieved national representation in all 50 states.

**(6) What types of investor behaviors or other topics do you think investor education programs should focus on? Why?**

When developing programming for or speaking to LearnVest users about effective investment management, LearnVest aims to achieve the following:

- Build lifelong habits by encouraging users to start saving and investing early
- Build users' understanding of basic investment concepts, such as risk tolerance, diversification, and compounding growth over time
- Demystify investing by clarifying common financial misconceptions and reinforcing that:
  - Investing is not just for the rich
  - Anyone can begin investing with even a small amount of principal
  - Investing is a long-term activity, not a daily task

We believe that investor education programs should focus on both the financial and emotional value created through saving and investing in order to drive better and safer consumer practices throughout the market.

**(7) Which best describes you or your organization?**

LearnVest is a venture-backed start-up company based in NYC.

**(8) Do you have any other comments regarding the effectiveness of existing private and public efforts to educate investors?**

LearnVest was founded on the belief that there is a dearth of available and easy-to-understand information for women about managing personal finances and investing in their future. While other financial institutions such as retail banks and independent companies like Mint.com have begun to offer money management and investment tools to mass audiences, LearnVest is unique in its tailored approach to women's personal finance education. Few other organizations offer their users personalized tools with organized and simple recommendations for improving their financial situation and lifestyle. We believe our original approach is unique to both the private and public sectors, and is necessary in order to enact individual change and financial empowerment in the United States.

We are happy to provide further information upon request.

Respectfully submitted,

Debbie Wissel

Director of Product Strategy, LearnVest, Inc.

[debbie@learnvest.com](mailto:debbie@learnvest.com)

212-675-6711

Appendix:

- “Build Your Wealth” Investing Bootcamp curriculum overview:
  - Day 1 - Why We Invest: Inflation & Your Net Worth
  - Day 2 - The Five-Year Rule
  - Day 3 - Your Investing Priorities
  - Day 4 - Your Brokerage Account
  - Day 5 - Understanding Stocks, Bonds, & Other Key Terms
  - Day 6 - Striking the Right Balance (in Your Portfolio)
  - Day 7 - Your Goals & Your Risk Tolerance
  - Day 8 - Understanding Your Asset Allocation
  - Day 9 - Active vs. Passive Management
  - Day 10 - Choosing Your Funds
  - Day 11 - How Much Where?
  - Day 12 - How You Should Buy
  - Day 13 - Buy Day
  - Day 14 - Taxes & Investing
  - Day 15 - Portfolio Rebalancing

Appendix:

- “Build Your Wealth” Investing Bootcamp sample screenshot (Day 7)

# Day 7

## Your Goals & Your Risk Tolerance

We want you to enter the world of investing with your eyes open: Stock market plunges do happen, but in the long run, your returns are expected to be better than if you hadn't invested at all. And, since you should be investing for the long term, that's what matters.

Next on the menu: Deciding how able you are to look the other way when the markets do dip.

Critical Lesson
You'll actually have different risk tolerances for each of your savings goals. If, for example, you've got 30 or 40 years to save for retirement, you'll want to be more aggressive with your risk. If you're working on savings goals that are five to 10 years away, you'll want to be more conservative. We'll help you figure it out.

### Why Knowing Your Risk Tolerance Is So Important.

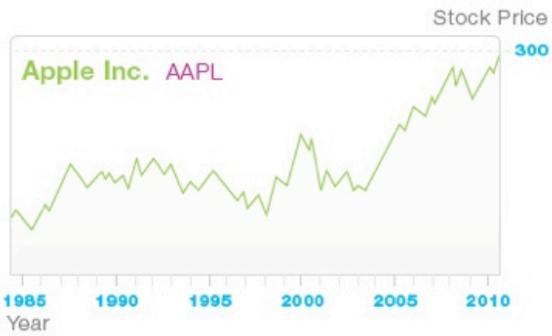
Let's take the case of Apple. Imagine that you owned Apple back in 2000. In September 2000, it was worth less than \$27, but it had dropped to around \$7 by December of the same year. If you're the sort of person who'd panic at something like that, you may have been tempted to sell it then... Today, however, that same stock is worth over \$300. LearnVest doesn't advocate picking individual stocks (we'll get to our suggested methods soon), but this same technique still applies for index funds. Investing will always come with ups and downs, and your risk tolerance will help you understand how willing you are to endure them.



Subscribe Now

### Your LV Tip

Surveys show that women are better investors than men. In a wide scale



Stock Price  
300  
Apple Inc. AAPL  
1985 1990 1995 2000 2005 2010  
Year

## Appendix:

- RAND Corporation analysis summary:

Funded by a grant from the Financial Literacy Center, the researchers from RAND Corporation and George Washington University School of Business are undertaking a study that will evaluate the impact of LearnVest's free Financial Basics Bootcamp. In initial exploratory qualitative interviews, LearnVest users cited program design, particularly email delivery, as important and appealing aspects of the program.

The next stage of this project will more rigorously explore the impact of Bootcamp using an experimental design with randomly-determined treatment and control groups. The experiment will be preceded by a baseline survey on financial knowledge and behaviors. After the randomly selected treatment group undergoes Bootcamp, researchers will compare changes in financial knowledge and behavior between the baseline and a follow up survey relative to a control group. The planned experiment will be conducted on two separate groups of subjects: a sample of actual LearnVest users as well as approximately 3000 individuals in RAND's American Life Panel, a representative sample of American households. The design of the study will allow for multiple treatment groups to test different aspects of the Bootcamp program, and will also enable comparison of effects between participants of different genders, levels of education, ages and personality types. We anticipate the experiments to be conducted in summer of 2011 and early results to be available shortly after.