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**NATIONAL FINANCIAL STUDY REVEALS 60% OF BROKERS  
FIND OTHER TYPES OF FIRMS MORE APPEALING**

**Brokers Cite Investing Too Conservatively and Health Care Costs  
As Critical Concerns in Clients' Ability to Finance Retirement**

BOSTON, October 31, 2006 -- Despite U.S. brokers' overall career satisfaction rising slightly from 7.5 to 7.7<sup>i</sup> and the vast majority revealing they are committed to their broker/dealers, a majority (60 percent) would prefer moving to another type of firm if they were to leave their current firm, according to the second annual National Financial Broker Sentiment Index<sup>SM</sup> released today.

The Index, sponsored by National Financial, a Fidelity Investments<sup>®</sup> company and provider of Integrated Brokerage Solutions<sup>®</sup> to nearly 350 broker/dealers representing 70,000 brokers, is a national study that analyzes broker job satisfaction based on interviews with 1,017 U.S. brokers from a random sample of regional, bank, insurance, independent and wirehouse firms.

“In an environment where the total number of brokers has remained stable, competition for the best brokers is as fierce as ever,” said Sandra (Sandy) Metraux, executive vice president, National Financial. “With the majority of brokers indicating that if they were to move they would consider moving to another type of firm, it is critical that broker/dealers understand what is driving their brokers' satisfaction so they can do everything in their power to recruit and retain the strongest producers.”

### **Majority of Brokers Find Other Channels More Appealing**

According to the National Financial study, if brokers were to move to another firm, there would be a significant shift in the percentage of brokers comprising each broker/dealer channel. In fact, one-third (33 percent) of all brokers surveyed would prefer an independent broker/dealer and 18 percent would prefer a Registered Investment Advisor firm. While 22 percent of brokers currently work at wirehouse firms, only 11 percent of brokers surveyed would choose a wirehouse firm. It is important to note, however, that wirehouse brokers are less likely to switch than other channels.

### **Compensation and Professional Development Are Key Drivers**

The National Financial study reveals that compensation and professional development are two of the support areas where broker/dealers have the greatest opportunity to affect satisfaction.

- Compensation: A majority of brokers (58 percent) are very satisfied with their compensation plan, yet the appeal of fee-based compensation is rising, with 23 percent having a greater desire to be paid solely in asset-based fees, versus just 5 percent that are currently paid that way.
- Professional Development: The importance of professional development to satisfaction increased substantially (from 42 percent of brokers indicating this was important to them last year to 56 percent in 2006). Brokers say they highly value continuing education (62 percent) and advanced industry knowledge (58 percent).

The study also reveals that there are two additional factors that may affect broker satisfaction: the success of a broker's current firm (75 percent very satisfied) and the overall morale among brokers in a firm (73 percent very satisfied).

“Because broker/dealers are no longer competing for brokers only within their own channel, rather they are competing across channels, it is important that they look for ways to differentiate and position themselves as a viable alternative to all channels,” said Metraux.

“For example, to retain brokers who may find the RIA model appealing, firms should consider establishing a hybrid broker/dealer-RIA model to bring together the best of both worlds. By investing in such areas, firms can better position themselves to attract top producers, and create greater loyalty among their broker populations.”

### **Investing Too Conservatively and Health Care Costs Are Big Risks**

One in three brokers (33 percent) believes the single biggest mistake their clients make is investing their retirement money too conservatively. Additionally, 68 percent expect their client’s primary retirement expense will be out-of-pocket health care costs or health insurance (including Medicare premiums). This compares to the spring 2006 Fidelity Retirement Index<sup>SM</sup> that found 40 percent of working Americans feel retiree health care costs will be their biggest expense.

“Investing too conservatively is becoming an increasingly significant risk for investors given that they are shouldering the burden to finance a retirement that will likely be longer, involve greater health care costs and will need to factor in the growing uncertainty around pensions and Social Security,” said Metraux. “To address these factors, broker/dealers need to consider providing their brokers access to solutions-based products that can help them better address their clients’ asset allocation challenges, while also helping retirees navigate the complexities and risks associated with income distribution, including health care costs.”

About the National Financial Broker Sentiment Index

The National Financial Broker Sentiment Index is an analytical measurement of U.S. brokers' satisfaction with their profession and current broker/dealer firms that combines the content about satisfaction with the levels of support brokers feel they get from their firm in various areas. It includes content concerning brokers' satisfaction with their work/life balance in terms of having the time and ability to accomplish their personal financial, relationship and work goals. Data for the Index comes from a National Financial study of 1,017 U.S. investment professionals. A range of content from the survey was examined statistically for its suitability to be combined into the Index. This included variance analysis, simple and partial correlational analysis, principal components analysis and Cronbach alpha internal consistency reliability analysis.

The National Financial study was conducted by telephone interviews carried out by Richard Day Research, an independent market research firm, between June 28 and August 15, 2006. The study screening eliminated people with fewer than two years of experience. The respondents came from a mix of regional, bank, insurance, independent and wirehouse firms, weighted to accurately reflect the industry composition.

About National Financial

National Financial, a Fidelity Investments company, offers Integrated Brokerage Solutions<sup>®</sup> to approximately 350 clients ranging from retail broker/dealers to institutional investment firms. Collectively, National Financial's clients have more than 70,000 brokers. As of September 30, 2006, National Financial custodied over \$614 billion in assets representing more than 5.3 million customer accounts. Integrated Brokerage Solutions incorporates innovative technology, products and programs, supported by dedicated client service professionals and trusted industry partners. This holistic, solutions-oriented approach is designed to help client firms attain competitive advantage by driving growth, creating efficiency and managing risk. For more information about National Financial and Integrated Brokerage Solutions, please visit [www.nationalfinancial.com](http://www.nationalfinancial.com).

About Fidelity Investments

Fidelity Investments is one of the world's largest providers of financial services, with custodied assets of more than \$2.7 trillion, including managed assets of over \$1.3 trillion as of September 30, 2006. Fidelity offers investment management, retirement planning, brokerage, and human resources and benefits outsourcing services to more than 22 million individuals and institutions as well as through 5,500 financial intermediary firms. The firm is the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans, one of the largest mutual fund supermarkets and a leading online brokerage firm. For more information about Fidelity Investments, visit [www.Fidelity.com](http://www.Fidelity.com).

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<sup>i</sup> The 2006 National Financial Broker Sentiment Index is based on a scale of 0 – 10, adjusted from a 1 – 7 scale that was used for the 2005 National Financial Broker Sentiment Index.