

Financial Advice and Retirement Savings*

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Abstract

We use a unique dataset from a large retail bank to examine the impact of financial advice on personal retirement savings. We document that retirement-related financial advice is associated with an increase in tax-exempt retirement accounts and equity investments, both at the extensive as well as the intensive margin. Our analysis suggests a causal link. We find no evidence that advisors particularly help typically disadvantaged clients (female, poorer, less-educated). Additional investments into retirement accounts and equities primarily come from external sources and checking accounts. The bank also benefits from the provision of retirement-related financial advice.

JEL Classification: D14, E21, G11, G51, J32

Keywords: financial advice, retirement savings, stock market participation

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1 Introduction

In past decades, many countries have reformed their pension system to cope with demographic change. These reforms have in common that responsibility for income during retirement is at least partially transferred from the state to individuals. Thus, individuals are required to make their own provisions for income in old age. In fact, personal pension provisions now account for a substantial fraction of retirement funding both in the U.S. and in Europe.¹ However, a strong dependence on personal retirement savings makes people financially vulnerable as many suffer from limited financial literacy, time-inconsistent preferences, and other behavioral biases (e.g., Madrian and Shea, 2001; Choi et al., 2011; Lusardi and Mitchell, 2011). Consequently, many individuals leave significant amounts of money on the table by not reacting to the strong tax incentives for retirement savings granted in many countries and many also do not participate in the stock market despite the positive equity market premium.² As a result, a large number of retirees state that they wish they had saved and invested more for their retirement (Schroders, 2017).

In this study, we use unique data from a large Swiss retail bank to investigate whether and how financial advice can help individuals to better prepare for retirement. Specifically, we investigate how holdings in tax-exempt retirement accounts and investments in equity (i.e., individual stocks and equity mutual funds) change after advisors pro-actively contact their clients to speak about retirement-related issues. To the best of our knowledge, ours is the first paper that uses actual retirement-related financial decisions to analyze the impact of financial advice on personal pension provisions.

We utilize a dataset providing information on the financial holdings of more than 20,000 clients of a large Swiss bank between January 2011 and June 2021. Retirement-related advice

¹In the U.S. (Europe), 10% (26%) of income in retirement comes from state pension schemes, 15% (19%) from company pension schemes, 33% (29%) from personal pensions and other savings and investments, and the remaining 42% (26%) from other sources such as part-time jobs and rental income (Schroders, 2017). The numbers for Switzerland, which is covered by our study, are similar to the numbers for Europe.

²In the U.S., 50.5% of households hold a retirement account, including individual retirement accounts, Keogh accounts, and certain employer-sponsored accounts such as 401(k), 403(b), and thrift savings accounts (Federal Reserve Board, 2020). In Europe, 33.0% of households have private pension provisions (European Central Bank, 2013). In Switzerland, 62.0% of employees hold a personal retirement account (Swiss Federal Statistical Office, 2020). Stock market participation is 48.9% in the U.S. and between 5.4% (Spain) and 66.2% (Sweden) in Europe (Guiso et al., 2008).

is available to all customers of the bank free of charge. The unique feature of our data is that we know when clients and advisors interact with each other, whether the contact was initiated by the client or by the advisor, and what the contact was about. In our empirical tests, we focus on *advisor-initiated retirement-related contacts*. This approach has three main advantages: First, by using these client-advisor contacts we can run a within-person analysis controlling for client characteristics that remain constant over time. Second, by analyzing retirement-related contacts we can make sure that the advisor indeed discussed retirement-related issues with the clients. Third, by focusing on advisor-initiated contacts we can make a big step towards establishing causality as our results are not driven by clients that approach advisors and that thus would probably have acted even in the absence of advice.

In our main analysis, we investigate whether advisors help clients to respond to retirement-related tax incentives in an optimal way and whether they help to overcome the low stock market activity among the population. We start our analysis by investigating the relation between advisor-initiated retirement-related contacts and the probability to open a retirement account. Investors can either allocate their money to a retirement savings account or a retirement fund account. Both types of accounts are attractive for individuals to save for retirement as they offer significant tax benefits. By not investing in these tax-exempt retirement accounts, the median Swiss employee loses the equivalent of nearly 2% of annual income every year. Nevertheless, only about 60% of employees in Switzerland hold a retirement account (Swiss Federal Statistical Office, 2020). In all our regressions, we control for variables that may influence both advisor-initiated retirement-related contacts and retirement savings, such as bank wealth levels and changes. Moreover, we include client fixed effects to account for all time-invariant observable and unobservable client characteristics. We also control for potential time trends and turn-of-the-year effects as well as other seasonal patterns by adding year-month fixed effects to all our regression specifications. We find that the probability to open a retirement account is significantly higher in months with advisor-initiated retirement-related contacts. The unconditional probability that a client without a retirement account opens such an account during our investigation period is 0.3% per month. Conditioning on an advisor-initiated retirement-related contact, this probability increases by 3.9

percentage points, i.e., more than ten-fold. For clients who already have a retirement account, we document significantly higher inflows in months with advisor-initiated retirement-related contacts. The unconditional average monthly percentage change in retirement accounts that results from new deposits during our investigation period is 1.7%. Conditioning on an advisor-initiated retirement-related contact, the average monthly percentage change is 3.8 percentage points higher, i.e., increases more than three-fold.

Although our approach of focusing on advisor-initiated retirement-related contacts should address most potential endogeneity concerns, to further support a causal interpretation of our results we also conduct a propensity score matching analysis and estimate instrumental variables regressions. We find qualitatively unchanged results. Overall, they clearly show that advisors help clients to better prepare for retirement and to take advantage of the tax exemption of retirement accounts, thus avoiding leaving substantial amounts of money on the table.

To address the question whether financial advisors also help to increase the generally low equity savings rates for retirement purposes, we then examine the relation between advisor-initiated retirement-related contacts and the probability to enter the stock market for the first time. Participating in the stock market is attractive for clients because of the positive equity market premium (e.g., Mehra and Prescott, 1985; Dimson et al., 2020). Nevertheless, only 24.9% of Swiss households participate directly and 31.9% participate either directly or indirectly in the stock market (Guiso et al., 2008). We show that the probability to hold individual stocks or equity mutual funds is significantly elevated after advisor-initiated retirement-related contacts. The unconditional probability that a client enters the stock market during our investigation period is 0.1% per month. An advisor-initiated retirement-related contact doubles this probability. For clients who already invest in equities, we find significantly higher inflows in months with client-advisor contacts. The unconditional average monthly percentage inflow into equity investments during our investigation period is 0.9%. In months with advisor-initiated retirement-related contacts, this number is 1.7 percentage points higher, totaling about three times the unconditional mean. We again find similar results in a propensity-score-matched sample and in instrumental variables regressions. Taken

together, we provide strong evidence that financial advisors play a key role in helping clients to prepare for retirement.

We also analyze whether the relation between financial advice and personal pension provisions varies in the cross-section of clients. Several studies document that women, poorer individuals, and less financially literate individuals are particularly at risk of undersaving for retirement (e.g., Sundén and Surette, 1998; Dynan et al., 2004; Lusardi and Mitchell, 2008, 2011; Niessen-Ruenzi and Schneider, 2019). We document that advisors are equally likely to approach male and female clients. However, they are more likely to initiate retirement-related contacts when clients are wealthier and better educated, i.e., they do not specifically target those investors with the highest need for help. Moreover, there is weak evidence that female clients and wealthier clients are more responsive to retirement-related advice than male clients and poorer clients, while differences in education levels do not change the responsiveness to advice.

We then shed light on the sources of funds used by clients to prepare for retirement. We document that funds typically come from external sources and from checking accounts. The funding of contributions to retirement accounts does not differ between contributions that were induced by financial advice and contributions that are self-directed. Thus, financial advisors do not simply induce clients to reallocate assets from existing savings to retirement savings, resulting in higher savings at the bank. In contrast, advisor-induced equity investments are somewhat more likely to substitute for payments into normal savings accounts.

Finally, we analyze whether retirement-related financial advice is also beneficial for the bank. We find that the bank generates significantly higher profits with clients who open a retirement account or start investing in equities. This points toward a win-win situation. While advisors help clients to better prepare for retirement and take advantage of tax benefits and the equity market premium, doing so also increases the profits the bank generates with these clients.

We contribute to three main strands of the literature. First, our study relates to the literature on retirement savings adequacy. Numerous studies document that a large fraction of the population is not saving enough for retirement (e.g., Poterba et al., 2012; Gomes et

al., 2020; Lusardi et al., 2020). We add to this literature by investigating the role of financial advice in adequately preparing individuals for retirement. Our results suggest that financial advisors can help individuals to make provisions for income in old age.³

Second, we contribute to the literature on tax-exempt retirement accounts. Existing work in this field argues that households can accumulate higher wealth levels at retirement by means of tax-exempt (or tax-preferred) retirement savings accounts (e.g., Shoven and Sialm, 1998, 2003; Poterba et al., 2001; Dammon et al., 2004). Nevertheless, many individuals do not take full advantage of these accounts (e.g., Barber and Odean, 2004; Amromin et al., 2007).⁴ Our study adds to this literature by analyzing whether financial advice can induce individuals to invest in tax-exempt retirement accounts. We show that financial advisors indeed help individuals to exploit tax advantages offered by such accounts.

Third, our paper is related to the growing literature on financial advice. Existing studies focus almost exclusively on the impact of financial advice on the performance of individual investors' securities portfolios and typically document that financial advice negatively affects performance (e.g., Bergstresser et al., 2009; Foerster et al., 2017; Hoechle et al., 2017, 2018; Chalmers and Reuter, 2020).⁵ This suggests that individuals are either unaware of the negative effect of financial advice on performance or that financial advisors provide other

³Burke and Hung (2015) provide a comprehensive review of the literature on the relationship between financial advice and (retirement) savings. However, they conclude that “[...] few papers attempt to address the endogeneity concerns of reverse causation, limiting insights into whether advisers are causing improvements in their clients’ savings behavior.” (p. 18) Indeed, all reviewed papers are survey-based and cannot address causality concerns. The only paper identified by Burke and Hung (2015) that “attempts to establish causality between usage of financial advice and savings” (p. 18) is a study by Marsden et al. (2011) who perform a simple matching analysis. However, they do not find a significant relationship between financial advice and clients’ savings behavior. In recent experimental work, d’Astous et al. (2022) show that financial advisors are significantly more likely to recommend a tax-preferred retirement savings account when the marginal tax rate at the time of contributions is higher than when withdrawals occur, pointing towards advice that is in the best interest of clients. However, this study does not shed light on how clients respond to retirement-related advice.

⁴One potential explanation for why individuals do not make use of tax-exempt retirement savings accounts are withdrawal restrictions that could lead to liquidity constraints (e.g., Amromin, 2003). However, recent empirical evidence suggests that mandatory retirement contributions do not increase financial distress (e.g., Beshears et al., 2022).

⁵Several studies show that financial advisors help clients to improve overall portfolio diversification (e.g., Shapira and Venezia, 2001; Kramer, 2012; von Gaudecker, 2015; Hoechle et al., 2017), to reduce the home bias (e.g., Kramer, 2012), the local bias (e.g., Hoechle et al., 2017), as well as the disposition effect (Shapira and Venezia, 2001; Hoechle et al., 2017). However, this usually does not overcompensate the negative performance effects.

benefits. Our study sheds light on some of these benefits of financial advice.⁶ Our evidence indicates that financial advisors help clients to prepare for retirement by directing funds into tax-exempt retirement accounts as well as into the stock market.

2 Institutional background

The Swiss pension system is based on three pillars: the state pension system, occupational pension provisions, and private pension provisions. Private pension provisions typically take the form of retirement savings accounts or retirement fund accounts. Contributions can be freely allocated to either the retirement savings account, which holds cash, or the retirement fund account, which includes funds eligible for retirement saving purposes.⁷ Both types of retirement accounts offer substantial tax benefits. The money allocated to retirement accounts is neither subject to income taxes nor wealth taxes. In Switzerland, the marginal income tax rate for an individual with an annual income of CHF 80,000 (equivalent to roughly USD 84,000 during our investigation period) is around 20%.⁸ In 2021, an employee could deposit as much as CHF 6,883 per year in retirement accounts.⁹ Hence, retirement accounts can result in tax savings of up to CHF 1,377 per year for such an individual, which is equivalent to 1.7% of the annual income. Moreover, retirement savings accounts also pay higher interest rates than normal savings accounts and checking accounts. In 2020, the average interest rate of retirement savings accounts available in Switzerland was 0.13%, whereas the average interest rate on normal savings accounts and checking accounts was 0.05% and 0.00%, respectively.¹⁰ In addition, there are no fees on retirement savings accounts. In contrast, clients (including those at our bank) usually have to pay fees on normal savings accounts and checking accounts.

⁶Another study that documents benefits of financial advice is Cici et al. (2016) who provide evidence that financial advisors help investors to reduce the tax burden. Moreover, Linnainmaa et al. (2021) use a regulatory change in Canada to show that financial advisors can facilitate stock market participation through equity mutual funds. However, neither of these studies analyses these decisions in the context of retirement savings.

⁷Retirement funds are usually balanced mutual funds that differ in their equity ratio.

⁸In 2020, the median annual salary in Switzerland was CHF 79,980 (Swiss Federal Statistical Office, 2022).

⁹During our investigation period, the maximum amount an employee could deposit in retirement accounts each year increased from CHF 6,682 in 2011 to CHF 6,883 in 2021. Self-employed individuals could deposit up to CHF 34,416 in retirement accounts.

¹⁰The website <https://www.moneyland.ch> provides a comprehensive overview of retirement savings accounts, normal savings accounts, and checking accounts available in Switzerland.

The money allocated to retirement accounts cannot be withdrawn until retirement (except for purchasing an owner-occupied dwelling, for starting an own business, or when leaving Switzerland for good). Upon retirement, the money has to be withdrawn. At that time, a one-off tax is due on the holdings in the retirement savings account and the retirement fund account. For an amount of CHF 100,000 (CHF 250,000), the one-off tax is around 5% (7%). Hence, this one-off tax is substantially below income taxes saved during employment and does not substantially alter the strong incentive to invest the maximum possible amount into retirement accounts.

In Switzerland and most other European countries, financial advice is typically provided by bank employees.¹¹ Retirement-related financial advice is usually offered free of any explicit charges by the banks.

3 Data and variables

3.1 Data and sample selection

The dataset used in this study was provided by a large Swiss retail bank, which we will simply call *the bank* henceforth. Our bank offers a broad range of financial products and services to its clients such as checking accounts, normal savings accounts, retirement savings accounts, normal securities accounts, retirement fund accounts, mortgages, and loans. It operates a network of bank branches in Switzerland and several branches abroad. The data cover the time period from January 2011 to June 2021.

The typical customers are traditional bank branch clients relying on a strong and long-lasting relationship with their bank. Thus, our bank is usually the main bank of its clients. This feature allows for a comprehensive view of the overall financial situation of the clients examined.

We have information on a random sample of the bank's private clients whose wealth at the

¹¹In Switzerland, 38% of individuals are reported to talk to their bank advisor and about 20% to other professional financial advisors when planning or reviewing their long-term finances (BlackRock, 2013). Numbers are similar for other European countries, such as France, Germany, and Italy. In the U.S., about 19% of individuals talk to their bank advisor and about 29% to other professional financial advisors.

bank exceeds CHF 75,000 (equivalent to roughly USD 79,000 during our investigation period) at least once during our sample period.¹² As our analysis focuses on the impact of financial advice on retirement provisions, we exclude clients who are already retired. Specifically, we exclude clients explicitly flagged as retired. Additionally, we drop female (male) clients who are 64 (65) years old or older as women’s (men’s) retirement age in Switzerland is 64 (65) years. Moreover, we focus on clients living in Switzerland and drop clients living abroad from our sample as they are likely subject to different pension and tax systems. This results in a final sample of 20,529 clients.

3.2 Descriptive statistics

Table 1 reports descriptive statistics. Panel A presents descriptive statistics on client characteristics. 57.5% of clients in our sample are male. On average, clients are 44.5 years old at the beginning of our sample period in January 2011. 16.7% of clients hold a university degree. 83.9% of clients are employed, 11.1% are self-employed, and the remaining 5.0% belong to other categories, such as ‘unemployed’ or ‘student’. On average, clients earn a yearly income of CHF 89,161 (equivalent to roughly USD 94,000 during our investigation period). The average client has been a customer of the bank for 6.8 years as of January 2011. The information on clients’ education, income, and account opening is only available for a subset of all clients. All client characteristics are collected by the bank upon account opening and updated according to new information provided by clients. The Appendix provides detailed descriptions of these and all other variables used throughout the study.

In Panel B, we report descriptive statistics on clients’ bank wealth. The average client holds CHF 155,940 (equivalent to roughly USD 165,000 during our investigation period) in financial wealth at our bank. Clients on average hold CHF 23,351 (15.0% of total bank wealth) in their retirement accounts. This amount includes retirement funds, which contribute CHF 4,171 (17.9%) to the holdings in retirement accounts. In January 2011, at the beginning of our sample period, 45.1% of clients have a retirement account. An additional 15.4% of clients

¹²The bank did not provide information on its complete customer base for confidentiality reasons. For robustness tests, the bank provided us with a smaller sample of clients whose wealth at the bank never exceeds CHF 75,000.

open a retirement account during our investigation period. Holdings in individual stocks and equity mutual funds contribute CHF 26,845 (17.2% of total bank wealth). Equity mutual funds account for CHF 3,849 (14.3%) of equity investments. 28.3% of bank clients participate in the stock market in January 2011 and another 8.0% start investing in individual stocks or equity mutual funds during our investigation period from January 2011 to June 2021. The rest of the bank wealth is held in checking accounts (CHF 45,046 or 28.9% of total bank wealth), normal savings accounts (CHF 39,784 or 25.5% of total bank wealth), and other securities, such as other funds, bonds, structured products, and derivatives (CHF 19,845 or 12.7% of total bank wealth).¹³

Panel C provides descriptive statistics on client-advisor contacts. There are 182,784 client-advisor contacts in our final sample, resulting in 1.2 contacts per client and year. Of all contacts, 17.3% are related to retirement, 29.0% are related to basic services of the bank, 28.8% are related to investments, and 14.1% are related to financing. About two-thirds of all contacts are advisor-initiated (62.6%). The fraction of advisor-initiated contacts is substantially higher among retirement-related contacts. 77.3% of retirement-related contacts are advisor-initiated. This results in clients being contacted by advisors on retirement-related issues every eighth year, on average. In our empirical tests, we will focus on these advisor-initiated retirement-related contacts.

3.3 Determinants of retirement-related contacts

By focusing on advisor-initiated contacts, we can rule out that our results are driven by clients who contact advisors because they intend to invest (more) for their retirement anyhow. However, a potential additional concern with our analysis is that advisor-initiated retirement-related contacts do not occur randomly but might be correlated with other variables that potentially impact retirement savings, too. Thus, we investigate the determinants of advisor-initiated retirement-related contacts. We conduct logit regressions and use a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact as

¹³Negative positions in securities accounts are possible because of short positions clients can hold in derivatives.

dependent variable. The explanatory variables are a dummy variable that equals one for male clients, the natural logarithm of clients' age, the natural logarithm of bank wealth, the percentage change in bank wealth, a dummy variable that equals one for clients who have a retirement account, and a dummy variable that equals one for clients who invest in individual stocks or equity mutual funds. Time-varying explanatory variables are lagged by one month. To control for potential time trends, turn-of-the-year effects, and other seasonal patterns, the regressions contain year-month fixed effects. We cluster standard errors at the client level.

Results are presented in Table 2. We report marginal effects. In Column 1, we find that male and female clients are equally likely to be contacted by financial advisors. Older clients, wealthier clients, clients whose bank wealth increased recently, clients with a retirement account, and clients who already invest in individual stocks or equity mutual funds are significantly more likely to be contacted by their financial advisors. In Column 2, we add a dummy variable that equals one for clients who hold a university degree as additional explanatory variable. As information about education is available for only 51.5% of clients in our sample, the sample size is substantially reduced if we add this variable. Nevertheless, all the results from Column 1 hold, except for the coefficient on the change in bank wealth that turns insignificant. Moreover, the coefficient estimate on the dummy variable that equals one for clients with a university degree is positive and statistically significant at the 5% level (t-statistic of 2.00), indicating that financial advisors are more likely to initiate retirement-related contacts when clients are better educated. Taken together, the evidence in Table 2 suggests that retirement-related advice does not in particular target individuals who face a larger risk to undersave, such as women, less wealthy individuals, and people with lower levels of education (e.g., Sundén and Surette, 1998; Dynan et al., 2004; Lusardi and Mitchell, 2008, 2011; Niessen-Ruenzi and Schneider, 2019).

Overall, we find that advisor-initiated retirement-related contacts do not occur randomly, but vary systematically across clients. Thus, we will control for these variables when investigating the influence of advisor-initiated retirement-related contacts on retirement savings.

4 Empirical analysis

Our dataset allows us to perform four sets of novel tests: First, we analyze the relation between advisor-initiated retirement-related contacts and holdings in retirement accounts (Section 4.1). Second, we shed light on the impact of such contacts on equity investments (Section 4.2). Then, in Section 4.3, we provide evidence on how clients fund increases in retirement accounts and equity investments. Finally, we analyze whether the bank also profits from providing retirement-related advice to clients (Section 4.4).

4.1 Financial advice and retirement accounts

4.1.1 Main results

We start by investigating the relation between advisor-initiated retirement-related contacts and the probability to open a retirement account. To do so, we restrict the sample to clients without retirement accounts. In Panel A of Figure 1, we show the fraction of clients who open a retirement account around these contacts. Contacts take place in month $t = 0$. They are clearly associated with an increased probability of account openings, both in the month of the contact as well as the subsequent months. The unconditional probability that a client opens a retirement account during our investigation period is 0.3% per month. Conditioning on an advisor-initiated retirement-related contact, the probability increases to 8.6%. This is a nearly 30-fold increase and provides first evidence that account openings are significantly elevated in months with client-advisor contacts.

We also examine the relation between financial advice and the probability to open a retirement account in a more formal way using regression analysis. To do so, we run logit regressions and use a dummy variable that equals one in months in which clients open a retirement account as dependent variable. The main explanatory variable is a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact. Standard errors are clustered at the client level.

Results are presented in Panel A of Table 3. We report marginal effects. In Column 1,

consistent with Panel A of Figure 1, the coefficient on the dummy variable for advisor-initiated retirement-related contacts is positive, suggesting that advisor-initiated retirement-related contacts are associated with a higher probability of retirement savings account openings. This effect is highly statistically significant (t-statistic of 16.53). In Column 2, we add a male dummy, the natural logarithm of clients' age and of lagged bank wealth as well as the lagged percentage change in bank wealth. Adding these controls reduces the size of the coefficient estimate by approximately 20%. However, it remains highly economically and statistically significant (t-statistic of 15.79). Column 3 additionally includes year-month fixed effects. The size of the coefficient estimate in Column 3 suggests that the probability to open a retirement account is 3.9 percentage points higher in months with an advisor-initiated retirement-related contact compared to months without such a contact. Hence, the size of the coefficient estimate is about half the size of the coefficient estimate in Column 1. Still, the effect remains economically large, more than 10 times the unconditional sample mean, and highly statistically significant (t-statistic of 13.12). Finally, in Column 4, we add client fixed effects. Client fixed effects control for all client characteristics that are constant over time. Logit regressions with client fixed effects do not allow us to estimate marginal effects. Hence, the coefficient estimate in Column 4 is not comparable to the coefficient estimates in Columns 1 to 3. However, the coefficient on the advisor-initiated retirement-related dummy variable in Column 4 remains highly statistically significant (t-statistic of 15.00). Overall, these findings show a strong impact of advice on investments in retirement accounts at the extensive margin.

In the next step, we analyze the impact of advice at the intensive margin. Thus, we now focus on clients who already have a retirement account and analyze the relation between client-advisor contacts and percentage changes in retirement accounts. Panel B of Figure 2 presents the monthly percentage change in the amount held in retirement accounts around advisor-initiated retirement-related contacts. We winsorize monthly percentage changes at the 1% level and the 99% level to eliminate the effect of outliers. The figure shows that inflows clearly peak in the month of the client-advisor contact and the month immediately following the contact. The unconditional average monthly percentage change in retirement accounts

during our investigation period is 1.7%. Conditioning on an advisor-initiated retirement-related contact, this average monthly percentage change increases to 8.6%. Thus, in months with a contact, net flows into retirement accounts are around five times higher.

We also run panel OLS regressions where we use the monthly percentage change in the amount held in retirement accounts as dependent variable. The main explanatory variable is again a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact. We double-cluster standard errors at the client and month level.¹⁴

Results are presented in Panel B of Table 3. We estimate the same four specifications as in Panel A. In either case, the coefficient on the dummy variable for advisor-initiated retirement-related contacts is positive, suggesting that client-advisor contacts are associated with an increase in retirement account balances. This result is statistically significant at least at the 5% level. These findings show that advice not only has a strong impact at the extensive margin but is also important at the intensive margin of retirement accounts.

So far, we run all our analyses at the client-month level. The reason is that information on retirement savings accounts is only available on a monthly frequency in our dataset. However, for trades in retirement funds, we observe precise time stamps, allowing us to also run tests on retirement funds at the client-day level. Thus, in Panel C of Figure 1, we show the number of trades in retirement funds on each day around advisor-initiated retirement-related contacts. Contacts take place on day $t = 0$. Retirement fund trades are clearly elevated on the day of the advisor-initiated retirement-related contact. The number of purchases is higher than the number of sales, resulting in positive net flows into retirement funds. Retirement fund trades are highest on the day right after the client-advisor contact and stay elevated for several days thereafter. However, we do not observe any pre-trend on the days before the client-advisor contact. This observation lends further support to a causal interpretation of the relation between receiving advice and investing for retirement.

¹⁴In the previous analysis, logit regressions do not allow us to double-cluster standard errors.

4.1.2 Cross-sectional results

We also investigate how our results vary in the cross-section of clients. To do so, we reproduce the regressions from Column 3 of Panels A and B of Table 3 and interact the advisor-initiated retirement-related contact dummy variable with a dummy variable that equals one for male clients, the natural logarithm of bank wealth, and a dummy variable that equals one for clients who hold a university degree.

Results are presented in Table IA1 in the Internet Appendix. In both panels, all coefficient estimates on the interaction terms are statistically insignificant, suggesting that the impact of financial advice on retirement accounts does not vary in the cross-section of clients. Hence, conditional on receiving advice, disadvantaged clients, i.e., female clients, less wealthy clients, and less educated clients, are not more likely to follow this advice than other client groups.

Our main sample consists of clients whose wealth at the bank exceeds CHF 75,000 at least once during our sample period. To investigate whether our results differ for clients whose wealth never exceeds CHF 75,000, the bank provided us with a sample of 9,012 clients with less than CHF 75,000. We replicate our tests from Table 3 for these clients.

Results are reported in Table IA2 in the Internet Appendix. The documented effects are somewhat smaller than in Table 3, both at the extensive and the intensive margin, suggesting that poorer clients are less responsive to retirement-related financial advice.

4.1.3 Propensity score matching

To address potential concerns that there is a non-linear factor that distinguishes months with contacts and months without contacts that is not adequately controlled for in our linear regression specifications, we also apply propensity score matching to further support a causal interpretation of our findings. To do so, we run a logit regression similar to the one in Column 1 of Table 2 to generate a propensity score for each observation. We then employ these propensity scores to match client-months with advisor-initiated retirement-related contacts to client-months without such contacts using the nearest-neighbor matching method without replacement. We run the matching separately for clients who do not yet have a retirement ac-

count and for clients who already have a retirement account. For clients without a retirement account, the matching results in the pairing of 3,326 months with client-advisor contacts with the same number of months without such contacts. For clients with a retirement account, the matching results in the pairing of 18,693 months with client-advisor contacts with months without such contacts.

To evaluate the matching procedure, we compare client-months with contacts to client-months without contacts before and after the propensity score matching. Results are presented in Table IA3 in the Internet Appendix. While observations with contacts differ significantly from those without contacts along several dimensions before the matching, we do not find any significant differences after the matching. This finding suggests that observations with contacts and propensity-score-matched ones without contacts are very similar across observable dimensions.

We then rerun the regression specifications from Column 3 of Panels A and B of Table 3 using the matched sample. We report results in Table IA4 in the Internet Appendix. We again find a highly statistically significant relation between financial advice and the probability to open a retirement account and between financial advice and changes in retirement accounts.

4.1.4 Instrumental variables regressions

Even though we focus on advisor-initiated contacts and include numerous control variables as well as time and client fixed effects in our regressions (and despite the fact that we obtain very similar results based on a propensity score analysis), there is still a hypothetical possibility that an omitted variable that influences both, the probability that an advisor contacts a client with retirement-related advice and the probability that a client makes retirement investments even absent of such advice, drives our findings. Thus, to further strengthen the identification of our analysis, we additionally run instrumental variables regressions. As our instrument, we use a dummy variable that equals one in months in which the financial advisor contacts fellow clients that were contacted in the same month as the client of interest within the last three years. We conjecture that advisors generally approach clients in a similar order. Thus, if we observe an advisor-initiated retirement-related contact for fellow clients that the advisor

typically contacted at the same time as our client of interest in the past, we expect the advisor to also approach the client of interest with a higher probability. This variable is likely to satisfy the exclusion restriction because contacts of fellow clients are unlikely to directly affect retirement savings of the client of interest, except through the effect via advisor-initiated contacts.

Results from the instrumental variables regressions are reported in Table IA5 in the Internet Appendix. In Panel A, we investigate the relation between financial advice and the probability to open a retirement account. In Column 1, we report results from the first-stage regression, which is a panel OLS regression of a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact on our instrument and controls. We find the coefficient estimate on the instrument to be positive, suggesting that advisors indeed approach clients in a similar order. The coefficient estimate on the instrument is also highly statistically significant (t-statistic of 6.30), indicating that the instrumental variables design does not suffer from a weak instruments problem. In the second-stage regression in Column 2, we find a positive and statistically significant coefficient estimate on the instrumented advisor-initiated retirement-related contact dummy, which is consistent with prior results.

In Panel B, we analyze the relation between financial advice and changes in retirement accounts using our instrument. Results for the first-stage (second-stage) regression are reported in the first (second) column. As before, the coefficient on the instrument is highly statistically significant in the first-stage regression (t-statistic of 7.88). In the second-stage regression, the coefficient on the instrumented advisor-initiated retirement-related contact dummy is again significantly positive, which lends further support to the conjecture that clients increase their holdings in retirement accounts following advisor-initiated retirement-related contacts.

Taken together, our analyses in this section suggest that financial advisors help clients to set up and invest in retirement accounts. Various identification strategies indicate that this relation is likely to be causal.

4.2 Financial advice and equity investments

Next, we analyze the relation between retirement-related financial advice and the probability to start participating in the stock market as well as changes in equity investments. While equity investments can also occur for reasons other than retirement savings, our focus on trades after contacts explicitly labelled as retirement related lets us believe that most of the investments we observe are done by clients as part of their private retirement savings strategy. We perform the same set of tests as in the previous section.

In Panel A of Figure 2 and in Panel A of Table 4, we investigate the impact of advisor-initiated retirement-related contacts on the probability to start investing in individual stocks or equity mutual funds. We find strong evidence that clients are more likely to start investing in equities in months with advisor-initiated retirement-related contacts. The unconditional probability that a client without equity investments starts participating in the stock market during our investigation period is 0.1% per month. The coefficient estimate in Column 3 of Panel A of Table 4, which includes the full set of controls as well as time fixed effects, suggests that this probability increases by 0.3 percentage points in months with advisor-initiated retirement-related contacts, i.e., after such a contact, clients are between two and three times more likely to enter the stock market. The effect is also highly statistically significant in Column 4, where we additionally add client fixed effects.

Focusing on the intensive margin, in Panel B of Figure 2 and in Panel B of Table 4, we analyze flows into and out of equity investments. We again find statistically significant and economically meaningful effects. The unconditional average monthly percentage change in equity holdings due to new investments during our investigation period is 0.9%. According to our most conservative regression specification reported in Column 4, an advisor-initiated retirement-related contact increases the average monthly percentage change in equity holdings by 1.7 percentage points, i.e., the increase triples after the advisory contact.

In Panel C of Figure 2, we plot the number of trades in individual stocks and equity mutual funds on each day around advisor-initiated retirement-related contacts. We do not find any pre-trend on the days before the contact. However, the number of trades increases

substantially on the day of the contact and the subsequent days, suggesting that advisors induce clients to trade. Furthermore, they are significantly more likely to buy rather than sell equities, i.e., advisors help them to accumulate higher equity positions as part of their retirement savings strategy.

In the cross-sectional tests shown in Table IA6, we document that the relation between advisor-initiated retirement-related contacts and equity investments is significantly stronger for female clients and for wealthier clients. Thus, while female clients are not more likely to be contacted by advisors, as shown in Table 2, they seem to be more responsive. Moreover, wealthier clients are both, more likely to be contacted and more likely to react.¹⁵

To further strengthen a causal interpretation of our main results on retirement-related financial advice and equity investments, in Tables IA7 and IA8 in the Internet Appendix, we again apply propensity score matching. Results do not materially change. We find that advisor-initiated retirement-related contacts have a positive and at the 5% (1%) level statistically significant impact on the probability to start investing in equities (on the percentage of new money invested in equities) in our matched sample analysis.

Finally, using the same instrument as above, we conduct two-stage least squares regressions and present results in Table IA9 in the Internet Appendix. Results in Panel A focus on the probability to start investing in equities and show that the coefficient on the instrumented retirement-related contact variable in Column 2 is significantly positive, suggesting a causal link. When focusing on changes in equity holdings in Panel B, the coefficient on the instrumented contact variable is still positive but no longer statistically significant at conventional levels.

Taken together, our findings hitherto show that financial advisors not only support clients in setting up and managing tax-exempt retirement accounts, but they also induce clients to start participating in the stock market and to increase equity investments as part of their retirement savings strategy. Hence, financial advisors seem to help clients to prepare for retirement.

¹⁵We cannot rerun the analysis on equity investments for clients whose wealth never exceeds CHF 75,000 because these clients rarely invest in equities. This provides further evidence that financial advisors do not help poorer clients to enter the stock market.

4.3 How do clients fund retirement accounts and equity investments?

For policy makers, it is crucial to understand how pension programs such as tax-exempt retirement accounts that aim at increasing retirement savings affect other savings and thus the overall financial wealth of households. Some studies provide evidence that households simply reshuffle assets from existing savings to retirement savings (e.g., Attanasio and DeLeire, 2002), thereby reducing the efficiency of these programs that are intended to increase retirement savings rates. Others show that households finance their contributions to retirement savings by actually reducing consumption and thereby increasing their savings rates and eventually overall financial wealth (e.g., Gelber, 2011). Therefore, in this section, we shed light on the sources of funds used to save via tax-exempt retirement accounts. To do so, we focus on months with advisor-initiated retirement-related contacts in which clients increase the amount held in retirement accounts. For these months, we compute average changes in total bank wealth and average changes in the different accounts of clients.

Results are presented in Panel A of Figure 3. In months with advisor-initiated retirement-related contacts in which clients increase the amount held in retirement accounts, they on average allocate CHF 3,225 to retirement accounts. Increases in retirement accounts go hand in hand with increases in normal savings accounts (CHF 828), increases in equity investments (CHF 455), and increases in other investments (CHF 290). Approximately 70% of that money comes from external sources (CHF 3,371).¹⁶ The remaining 30% stem from the checking account (CHF 1,399). Hence, we do not find any evidence that clients reshuffle assets from existing savings to retirement savings following advisor-initiated retirement-related contacts, suggesting that tax incentives are efficient in fostering retirement savings rates.

In Panel B of Figure 3, we conduct the same analysis for equity investments. Clients invest on average CHF 28,381 in equities in months with advisor-initiated retirement-related contacts in which they increase their equity holdings. We again do not observe a shift from existing savings to equity investments, but increases in equity investments are typically funded by an external increase in bank wealth and a decrease in the checking account. While descriptive

¹⁶Changes in bank wealth can come from the regular income or discretionary additional income, such as inheritances. Unfortunately, we do not have data on the specific sources of inflows of new money.

in nature, the evidence so far shows that advisor-initiated retirement savings are not simply due to a reshuffling out of other forms of savings, but are associated with increased savings.

We next examine whether the sources of funds used to open or contribute to retirement accounts are different when the contributions are induced by advisor-initiated retirement-related contacts versus contributions that are self-directed. To this end, we focus on months in which clients increase the amount held in retirement accounts and we estimate regressions of the monthly change in the total wealth a client holds at our bank, the monthly change in the checking account, and the monthly change in the savings account (all scaled by the monthly change in the amount a client holds in retirement accounts) on a dummy variable that equals one for client-months with an advisor-initiated retirement related contact as well as the same control variables and fixed effects as above.

Results are reported in Panel A of Table 5. The coefficient on the contact dummy is insignificant across all three columns. This finding suggests that the funding of the contributions to retirement accounts is no different when these contributions are motivated by financial advice rather than self-directed.

In Panel B of Table 5, we use a similar analysis to test whether the sources of funds used to invest in the stock market are different when the contributions are induced by advisors rather than self-directed. We estimate the same regressions as in Panel A, but restrict the sample to client-months with positive net investments in individual stocks or equity mutual funds and we scale the dependent variables by the monthly net new money invested in individual stocks and equity mutual funds. The coefficient on the contact dummy is insignificant in Columns 1 and 2, suggesting that advised clients use new external funds to the same extent as when they conduct self-directed trades and that they do not fund these purchases to a larger or smaller extent by drawing on the checking account. However, the coefficient on the contact dummy is negative and significant in Column 3, indicating that financial advisors are somewhat more likely to draw from the normal savings account than self-directed investments in the stock market.

In summary, the findings in this section suggest that the funds invested in retirement accounts and equities mainly stem from external sources and the checking account. The funding

of contributions to retirement accounts does not differ between contributions that were induced by advisors and contributions that were self-directed. However, equity investments induced by financial advice are somewhat more likely to substitute for payments into normal savings accounts.

4.4 Retirement accounts, equity investments, and bank profits

Financial advisors employed by banks are often subject to a conflict of interest. On the one hand, they are supposed to help clients to manage their finances. Consistent with this conjecture, we document that financial advisors help clients to set up and manage retirement accounts and equity investments, funded primarily by external sources and the checking account. However, on the other hand, financial advisors are bank employees and are also expected to help maximize bank profits. Thus, in this section, we examine whether the documented findings are also consistent with profit-maximizing behavior of financial advisors. To this end, we use internal managerial accounting data provided by the bank and regress monthly profits the bank generates with each client on a dummy variable that equals one for clients who have a retirement account and a dummy variable that equals one for clients who invest in individual stocks or equity mutual funds. We include lagged bank wealth and lagged changes in bank wealth as control variables. We also add year-month and client fixed effects. Hence, this within-client analysis informs us about whether bank profits increase upon clients opening a retirement account or entering the stock market.

Results are reported in Table 6. The coefficient estimates on the retirement account dummy and the equity investments dummy are positive and highly statistically significant across all specifications. Thus, both retirement accounts and equity investments are associated with higher profits to the bank.

The results in this section point towards a win-win situation. On the one hand, advisors help clients to better prepare for retirement and take advantage of the tax benefits and the risk premium earned on equity investments. On the other hand, the bank also increases its profit when doing so successfully.

5 Conclusion

In this paper, we shed light on the role of financial advice for personal retirement savings. We document that clients are more likely to open a tax-exempt retirement account and direct more money into these accounts after being approached by their financial advisor to talk about retirement. They are also more likely to start investing in equities and to increase their equity investments. Various identification checks suggest a causal interpretation of our findings.

However, we also show that such beneficial advice does not primarily target women, less wealthy individuals, and people with lower levels of education, i.e., financial advice does not particularly help groups of individuals who are more at risk of undersaving for retirement to improve their financial situation. When contacted, women are somewhat more likely to act upon advice, while poorer clients are somewhat less likely to respond to advice.

We also provide evidence that clients and financial advisors do not reallocate assets from existing savings to retirement savings, but mainly use external sources and checking accounts for funding.

Finally, we show that opening a retirement account or start investing in equities is associated with a significant increase in the profits the bank generates with clients, pointing towards a win-win situation for clients and the bank.

Taken together, our results show that besides the many negative consequences of financial advice documented in previous research, there is also a bright side of financial advice. It helps people to better prepare for retirement.

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Tables

Table 1: Descriptive statistics

This table presents descriptive statistics on client characteristics (Panel A), bank wealth characteristics (Panel B), and contact characteristics (Panel C). The Appendix provides detailed descriptions of all variables used throughout the study.

	Mean	Min.	Median	Max.	Std. dev.	N
Panel A: Client characteristics						
Male (d)	0.575	0.000	1.000	1.000	0.494	20,529
Age (years)	44.51	18.00	46.00	64.00	11.19	20,529
University degree (d)	0.167	0.000	0.000	1.000	0.373	10,576
Employed (d)	0.839	0.000	1.000	1.000	0.368	20,529
Self-employed (d)	0.111	0.000	0.000	1.000	0.314	20,529
Income (CHF)	89,161	45,000	45,000	200,000	53,748	14,980
Length of bank relationship (years)	6.82	0.00	5.08	24.25	6.68	14,191
Panel B: Bank wealth characteristics						
Avg. bank wealth (CHF)	155,940	0	81,256	5,601,885	304,666	20,529
Avg. retirement account (CHF)	23,351	0	4,443	744,680	36,418	20,529
- thereof retirement funds	4,171	0	0	693,117	16,664	20,529
Has retirement account in 2011 (d)	0.451	0.000	0.000	1.000	0.498	15,900
Opens retirement account (d)	0.154	0.000	0.000	1.000	0.361	20,529
Avg. equity investments (CHF)	26,845	0	0	5,336,301	140,695	20,529
- thereof equity mutual funds	3,849	0	0	2,473,788	31,191	20,529
Has equity investments in 2011 (d)	0.283	0.000	0.000	1.000	0.451	15,900
Starts to invest in equity (d)	0.080	0.000	0.000	1.000	0.271	20,529
Avg. checking account (CHF)	45,046	0	15,572	4,340,524	130,439	20,529
Avg. savings account (CHF)	39,784	0	11,902	2,870,633	93,798	20,529
Avg. other investments (CHF)	19,845	-142,055	0	3,598,620	105,387	20,529
Panel C: Contact characteristics						
Avg. # contacts p.a.	1.18	0.00	0.76	45.33	1.70	20,529
Avg. # retirement-related contacts p.a.	0.13	0.00	0.00	5.45	0.23	20,529

Table 2: Determinants of retirement-related contacts

This table presents the results from logit regressions with time fixed effects. The dependent variable is a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact, and zero otherwise. The Appendix provides detailed descriptions of all variables used throughout the study. We report marginal effects. Standard errors are clustered at the client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

	Retirement-related contact (d) _t	
	(1)	(2)
Male (d)	0.000 (0.80)	-0.000 (-0.44)
Log(age) _t	0.002*** (10.88)	0.003*** (9.25)
Log(bank wealth) _{t-1}	0.001*** (16.21)	0.001*** (13.46)
Δ% bank wealth _{t-1}	0.000* (1.79)	-0.000 (-0.40)
Has retirement account (d) _{t-1}	0.008*** (56.38)	0.007*** (39.58)
Has equity investments (d) _{t-1}	0.000*** (4.78)	0.000*** (2.91)
University degree (d)		0.000** (2.00)
Year-month fixed effects	Yes	Yes
Pseudo R ²	0.278	0.252
N	1,998,161	1,048,303

Table 3: Financial advice and retirement accounts

This table presents the results from logit regressions with time and client fixed effects (Panel A) and OLS regressions with time and client fixed effects (Panel B). In Panel A, the dependent variable is a dummy variable that equals one in months in which clients open a retirement account, and zero otherwise. In Panel B, the dependent variable is the monthly percentage change in the amount a client holds in retirement accounts. In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts. The Appendix provides detailed descriptions of all variables used throughout the study. In Columns 1 to 3 of Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to open a retirement account

	Opens retirement account (d) _t			
	(1)	(2)	(3)	(4)
Retirement-related contact (d) _t	0.080*** (16.53)	0.067*** (15.79)	0.039*** (13.12)	1.746*** (15.00)
Male (d)		-0.000*** (-3.24)	-0.000*** (-3.34)	
Log(age) _t		-0.004*** (-27.51)	-0.002*** (-22.17)	
Log(bank wealth) _{t-1}		0.000*** (2.90)	0.000*** (2.78)	0.449*** (7.36)
Δ% bank wealth _{t-1}		0.001*** (6.80)	0.000*** (4.67)	-0.067 (-1.10)
Year-month fixed effects	No	No	Yes	Yes
Client fixed effects	No	No	No	Yes
Pseudo R ²	0.034	0.049	0.119	0.432
N	953,849	953,849	953,849	142,931

Panel B: Changes in retirement accounts

	Δ% retirement account _t			
	(1)	(2)	(3)	(4)
Retirement-related contact (d) _t	0.070** (2.49)	0.071*** (2.63)	0.037*** (2.80)	0.038*** (2.83)
Male (d)		-0.000 (-1.61)	-0.000 (-1.60)	
Log(age) _t		-0.025*** (-11.07)	-0.023*** (-11.65)	
Log(bank wealth) _{t-1}		-0.008*** (-10.74)	-0.008*** (-11.13)	-0.016*** (-12.96)
Δ% bank wealth _{t-1}		0.018*** (8.97)	0.013*** (8.92)	0.012*** (8.49)
Year-month fixed effects	No	No	Yes	Yes
Client fixed effects	No	No	No	Yes
Adj. R ²	0.011	0.025	0.063	0.088
N	1,043,512	1,043,512	1,043,512	1,043,488

Table 4: Financial advice and equity investments

This table presents the results from logit regressions with time and client fixed effects (Panel A) and OLS regressions with time and client fixed effects (Panel B). In Panel A, the dependent variable is a dummy variable that equals one in months in which clients start investing in individual stocks or equity mutual funds, and zero otherwise. In Panel B, the dependent variable is the monthly net new money invested in individual stocks and equity mutual funds as a percentage of the amount invested in individual stocks and equity mutual funds at the beginning of the month. In Panel A (Panel B), we restrict the sample to clients without (with) individual stocks or equity mutual funds. The Appendix provides detailed descriptions of all variables used throughout the study. In Columns 1 to 3 of Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to start investing in equity

	Starts investing in equity (d_t)			
	(1)	(2)	(3)	(4)
Retirement-related contact (d_t)	0.004*** (7.05)	0.003*** (6.86)	0.003*** (4.68)	1.207*** (7.83)
Male (d)		0.000 (0.73)	0.000 (0.67)	
Log(age) $_t$		-0.000*** (-3.69)	-0.000*** (-3.20)	
Log(bank wealth) $_{t-1}$		0.000*** (15.05)	0.000*** (15.18)	0.821*** (7.95)
$\Delta\%$ bank wealth $_{t-1}$		0.001*** (10.73)	0.000*** (10.21)	-0.050 (-0.63)
Year-month fixed effects	No	No	Yes	Yes
Client fixed effects	No	No	No	Yes
Pseudo R ²	0.005	0.023	0.047	0.229
N	1,409,132	1,409,132	1,409,132	79,933

Panel B: Net new money in equity

	% net new money in equity $_t$			
	(1)	(2)	(3)	(4)
Retirement-related contact (d_t)	0.013*** (2.75)	0.013*** (2.69)	0.016*** (3.91)	0.017*** (4.09)
Male (d)		0.004*** (5.31)	0.004*** (5.34)	
Log(age) $_t$		-0.007*** (-4.92)	-0.009*** (-5.94)	
Log(bank wealth) $_{t-1}$		0.002*** (4.12)	0.001*** (3.36)	-0.001 (-1.14)
$\Delta\%$ bank wealth $_{t-1}$		0.035*** (8.66)	0.036*** (8.66)	0.031*** (8.00)
Year-month fixed effects	No	No	Yes	Yes
Client fixed effects	No	No	No	Yes
Adj. R ²	0.000	0.001	0.003	0.020
N	587,810	587,810	587,810	587,754

Table 5: How do clients fund retirement accounts and equity investments?

This table presents the results from OLS regressions with time and client fixed effects. The dependent variable is either the monthly change in the total wealth a client holds at our bank (Column 1), the monthly change in the amount a client holds in the checking account (Column 2), or the monthly change in the amount a client holds in the savings account (Column 3). In Panel A, monthly changes are scaled by the monthly change in the amount a client holds in retirement accounts. In Panel B, monthly changes are scaled by the monthly change in the amount of money a client invests in individual stocks and equity mutual funds. In Panel A, we restrict the sample to months in which clients increase the amount held in retirement accounts. In Panel B, we restrict the sample to months in which clients invest in individual stocks or equity mutual funds. The Appendix provides detailed descriptions of all variables used throughout the study. Standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: How do clients fund retirement accounts?

	External funds	Internal funds	
	Δ bank wealth _t (scaled by Δ retirement account _t)	Δ checking account _t (scaled by Δ retirement account _t)	Δ savings account _t (scaled by Δ retirement account _t)
	(1)	(2)	(3)
Retirement-related contact (d) _t	-0.236 (-0.36)	0.803 (1.30)	-0.471 (-1.33)
Log(bank wealth) _{t-1}	-6.806*** (-12.65)	-5.725*** (-12.22)	-0.893*** (-4.36)
$\Delta\%$ bank wealth _{t-1}	-12.953*** (-10.60)	-17.046*** (-10.81)	2.379*** (6.59)
Year-month fixed effects	Yes	Yes	Yes
Client fixed effects	Yes	Yes	Yes
Adj. R ²	0.096	0.091	0.086
N	300,885	300,885	300,885

Panel B: How do clients fund equity investments?

	External funds	Internal funds	
	Δ bank wealth _t (scaled by Δ equity investments _t)	Δ checking account _t (scaled by Δ equity investments _t)	Δ savings account _t (scaled by Δ equity investments _t)
	(1)	(2)	(3)
Retirement-related contact (d) _t	0.175 (0.42)	0.106 (0.30)	-0.437** (-2.24)
Log(bank wealth) _{t-1}	-1.634*** (-10.64)	-1.129*** (-9.37)	-0.289*** (-4.50)
$\Delta\%$ bank wealth _{t-1}	-0.915*** (-3.62)	-1.030*** (-4.19)	-0.001 (-0.02)
Year-month fixed effects	Yes	Yes	Yes
Client fixed effects	Yes	Yes	Yes
Adj. R ²	0.027	0.007	0.092
N	28,334	28,334	28,334

Table 6: Retirement accounts, equity investments, and bank profits

This table presents the results from OLS regressions with time and client fixed effects. The dependent variable is the monthly profit the bank generates with each client. The Appendix provides detailed descriptions of all variables used throughout the study. Standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

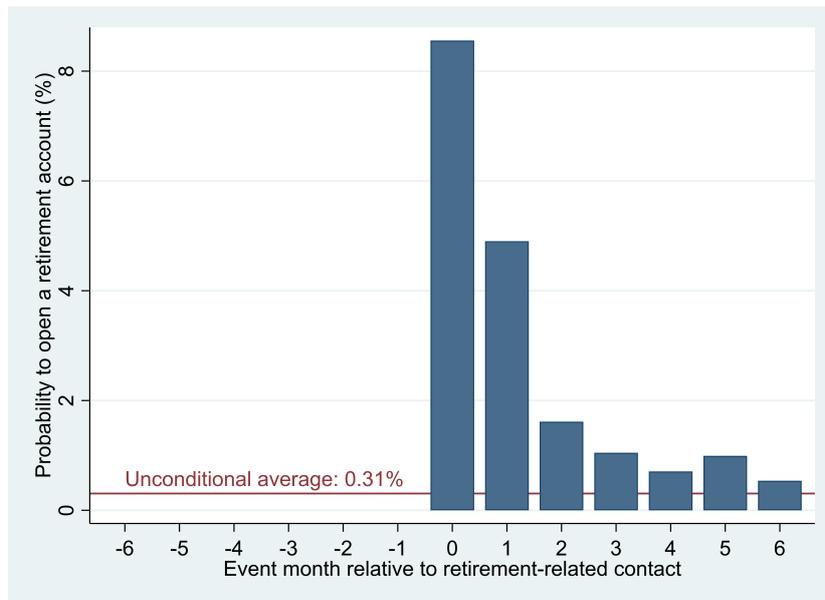
	Profit (CHF) _t		
	(1)	(2)	(3)
Has retirement account (d) _t	5.991*** (2.65)		5.643** (2.50)
Has equity investments (d) _t		24.514*** (6.22)	24.400*** (6.18)
Log(bank wealth) _{t-1}	6.999*** (9.93)	6.407*** (9.33)	6.135*** (9.23)
Δ% bank wealth _{t-1}	-1.533* (-1.92)	-1.270 (-1.57)	-1.115 (-1.39)
Year-month fixed effects	Yes	Yes	Yes
Client fixed effects	Yes	Yes	Yes
Adj. R ²	0.586	0.587	0.587
N	1,998,118	1,998,114	1,998,114

Figures

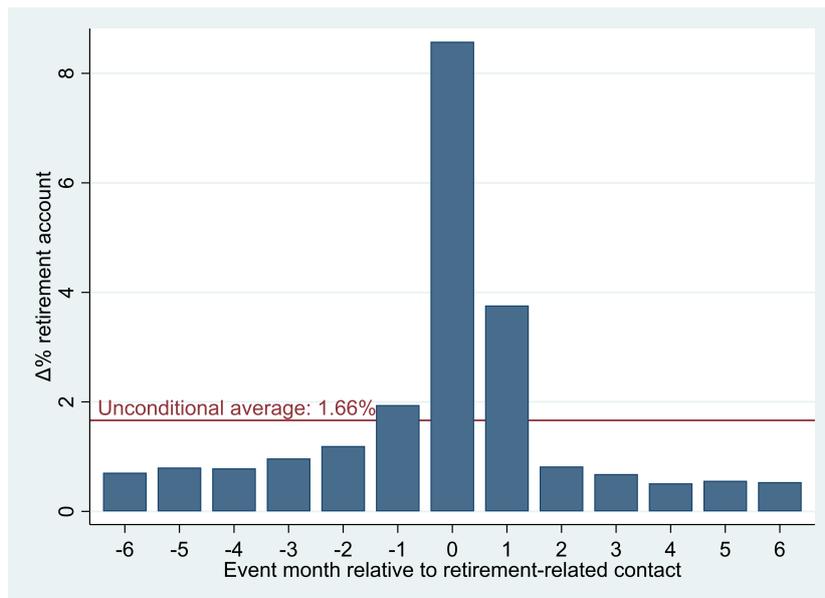
Figure 1: Financial advice and retirement accounts

This figure shows the fraction of clients who open a retirement account around advisor-initiated retirement-related contacts (Panel A), the monthly percentage change in the amount a client holds in retirement accounts around advisor-initiated retirement-related contacts (Panel B), and the number of trades in retirement funds around advisor-initiated retirement-related contacts (Panel C). In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts.

Panel A: Probability to open a retirement account



Panel B: Changes in retirement accounts



Panel C: Retirement fund trades

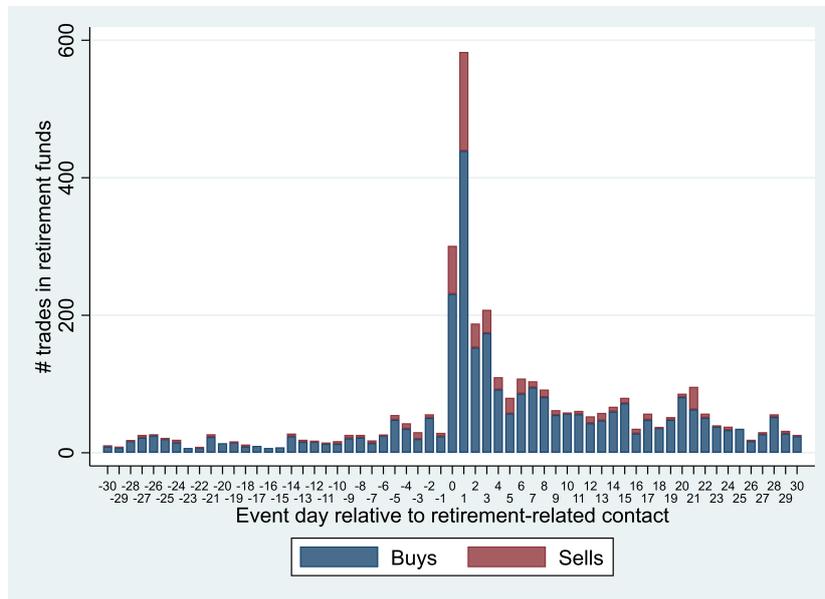
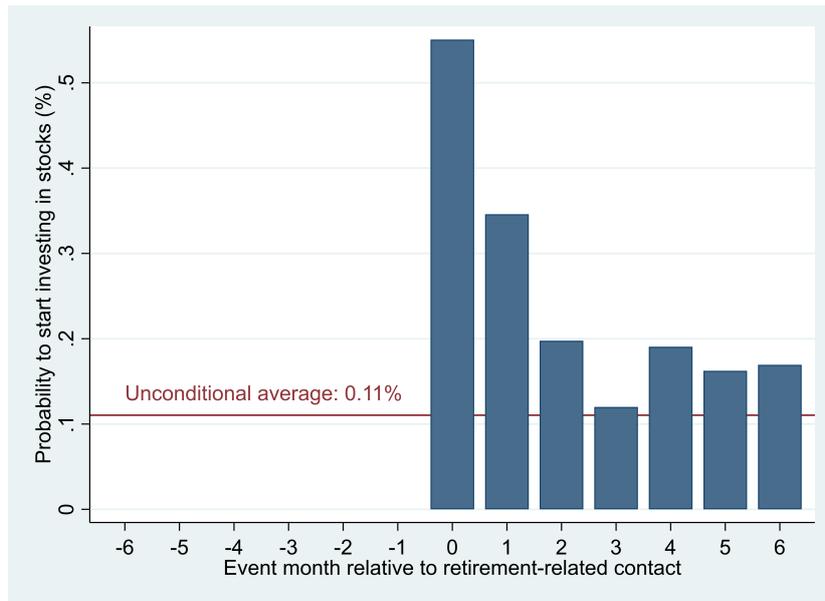


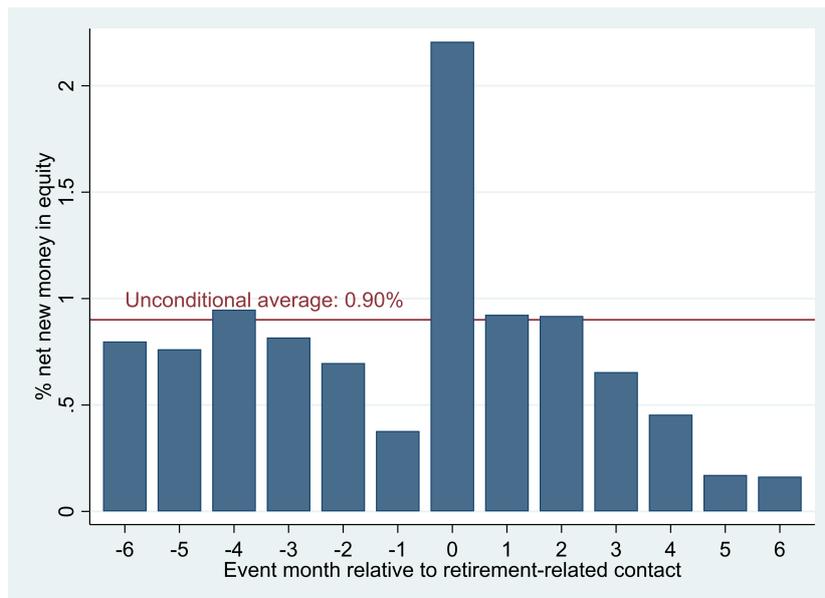
Figure 2: Financial advice and equity investments

This figure shows the fraction of clients who start investing in individual stocks or equity mutual funds around advisor-initiated retirement-related contacts (Panel A), monthly net new money invested in individual stocks and equity mutual funds as a percentage of the amount invested in individual stocks and equity mutual funds at the beginning of the month around advisor-initiated retirement-related contacts (Panel B), and the number of trades in individual stocks and equity mutual funds around advisor-initiated retirement-related contacts (Panel C). In Panel A (Panel B), we restrict the sample to clients without (with) individual stocks or equity mutual funds.

Panel A: Probability to start investing in equity



Panel B: Net new money in equity



Panel C: Equity trades

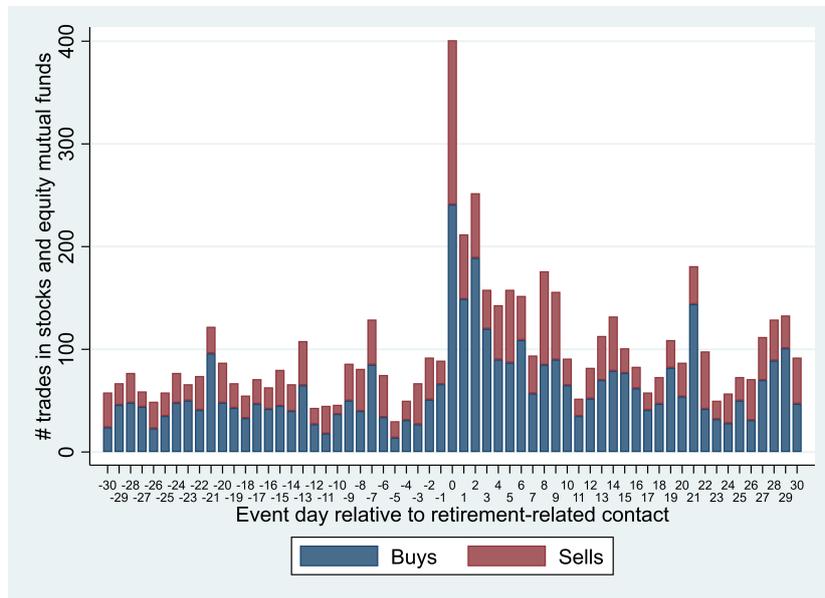
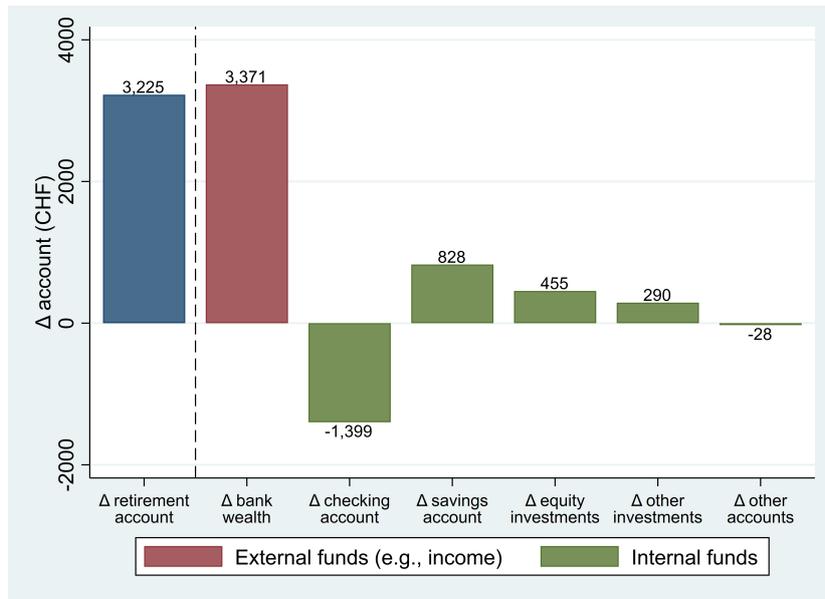


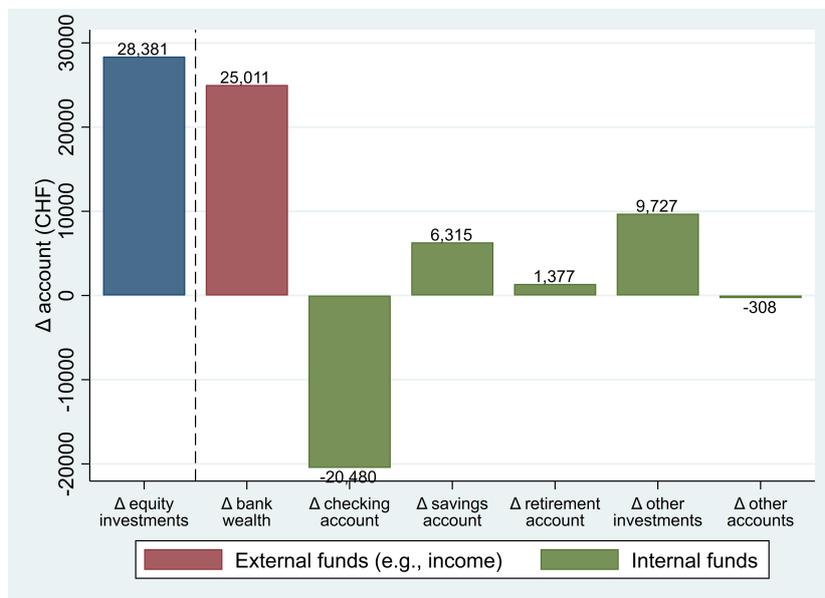
Figure 3: How do clients fund retirement accounts and equity investments?

This figure shows how clients fund retirement accounts (Panel A) or equity investments (Panel B). We focus on months with at least one advisor-initiated retirement-related contact. In Panel A, we further restrict the sample to months in which clients increase the amount held in retirement accounts. In Panel B, we further restrict the sample to months in which clients invest in individual stocks or equity mutual funds.

Panel A: How do clients fund retirement accounts?



Panel B: How do clients fund equity investments?



Appendix: Variable descriptions

Variable	Description
Client characteristics	
Male (d)	Dummy variable that equals one for male clients and zero for female clients
Age (years)	Client's age (in years)
Log(age)	$Ln(age)$
University degree (d)	Dummy variable that equals one for clients who hold a university degree, and zero otherwise
Employed (d)	Dummy variable that equals one for employed clients, and zero otherwise
Self-employed (d)	Dummy variable that equals one for self-employed clients, and zero otherwise
Income (CHF)	Client's annual income (in Swiss Francs)
Length of bank relationship (years)	Number of years since account was opened (in years)
Bank wealth characteristics	
Bank wealth (CHF)	Total wealth a client holds at our bank (in Swiss Francs). This position is not netted against mortgages and loans
Log(bank wealth)	$Ln(bank\ wealth + 1)$
Δ bank wealth	Monthly change in the total wealth a client holds at our bank (in Swiss Francs)
$\Delta\%$ bank wealth	Monthly percentage change in the total wealth a client holds at our bank. This variable is winsorized at the 1% level and the 99% level
Retirement account (CHF)	Amount of money a client holds in the retirement savings account or invests in retirement funds (in Swiss Francs)
Has retirement account (d)	Dummy variable that equals one if the client has a retirement savings account or invests in retirement funds, and zero otherwise
Opens retirement account (d)	Dummy variable that equals one in the month in which the client opens a retirement savings account or starts investing in retirement funds, and zero otherwise. We only consider clients who did not have a retirement savings account or retirement funds in the 12 months before the account opening and who keep the retirement savings account or the retirement funds for at least 12 months
$\Delta\%$ retirement account	Monthly change in the amount a client holds in the retirement savings account plus the monthly net new money a client invests in retirement funds as a percentage of the amount of money a client held in retirement accounts at the beginning of the month. This variable is winsorized at the 1% level and the 99% level
Δ retirement account	Monthly change in the amount a client holds in the retirement savings account and invests in retirement funds (in Swiss Francs)
Retirement funds (CHF)	Amount of money a client invests in retirement funds (in Swiss Francs)
Equity investments (CHF)	Amount of money a client invests in individual stocks and equity mutual funds (in Swiss Francs)
Has equity investments (d)	Dummy variable that equals one if the client invests in individual stocks or equity mutual funds, and zero otherwise

Starts investing in equity (d)	Dummy variable that equals one in months in which the client starts investing in individual stocks or equity mutual funds, and zero otherwise. We only consider clients who did not have any equity investments in the 12 months before they start investing in equity and who keep the equity investments for at least 12 months
% net new money in equity	Monthly net new money a client invests in individual stocks and equity mutual funds as a percentage of the amount of money a client invested in individual stocks and equity mutual funds at the beginning of the month. This variable is winsorized at the 1% level and the 99% level
Δ equity investments	Monthly change in the amount of money a client invests in individual stocks and equity mutual funds (in Swiss Francs)
Equity mutual funds (CHF)	Amount of money a client invests in equity mutual funds (in Swiss Francs)
Checking account (CHF)	Amount of money a client holds in the checking account (in Swiss Francs)
Δ checking account	Monthly change in the amount a client holds in the checking account (in Swiss Francs)
Savings account (CHF)	Amount of money a client holds in the normal savings account (in Swiss Francs)
Δ savings account	Monthly change in the amount a client holds in the savings account (in Swiss Francs)
Other investments (CHF)	Amount of money a client invests in other securities, such as other funds, bonds, structured products, and derivatives (in Swiss Francs)

Contact characteristics

# contacts p.a.	Number of contacts between the client and the advisor per year
Retirement-related contact (d)	Dummy variable that equals one in months with at least one advisor-initiated retirement-related contact between the client and the advisor, and zero otherwise
# retirement-related contacts p.a.	Number of advisor-initiated retirement-related contacts between the client and the advisor per year
At least one contact within last 36 months (d)	Dummy variable that equals one if there was at least one advisor-initiated retirement-related contact between the client and the advisor within the last 36 months, and zero otherwise
Advisor contacted fellow clients (d)	Dummy variable that equals one in months in which the advisor contacts fellow clients that were contacted in the same month as the client within the last 36 months, and zero otherwise

Bank profit characteristics

Profit (CHF)	Monthly profit the bank generates with each client (in Swiss Francs)
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Internet Appendix to
“Financial Advice and Retirement Savings”

Table IA1: Financial advice and retirement accounts – cross-sectional analysis

This table presents the results from logit regressions with time fixed effects (Panel A) and OLS regressions with time fixed effects (Panel B). In Panel A, the dependent variable is a dummy variable that equals one in months in which clients open a retirement account, and zero otherwise. In Panel B, the dependent variable is the monthly percentage change in the amount a client holds in retirement accounts. In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to open a retirement account

	Opens retirement account (d) _t		
	(1)	(2)	(3)
Retirement-related contact (d) _t	0.040*** (8.73)	0.037** (2.04)	0.037*** (8.97)
Male (d)	-0.000*** (-3.12)	-0.000*** (-3.34)	-0.000*** (-2.62)
Retirement-related contact (d) _t × Male (d)	-0.000 (-0.17)		
Log(bank wealth) _{t-1}	0.000*** (2.78)	0.000*** (2.70)	0.000*** (2.64)
Retirement-related contact (d) _t × Log(bank wealth) _{t-1}		0.000 (0.12)	
University degree (d)			-0.000 (-0.68)
Retirement-related contact (d) _t × University degree (d)			-0.000 (-0.18)
Log(age) _t	-0.002*** (-22.17)	-0.002*** (-22.16)	-0.002*** (-15.51)
Δ% bank wealth _{t-1}	0.000*** (4.67)	0.000*** (4.66)	0.000*** (3.92)
Year-month fixed effects	Yes	Yes	Yes
Pseudo R ²	0.119	0.119	0.121
N	953,849	953,849	475,315

Panel B: Changes in retirement accounts

	$\Delta\%$ retirement account $_t$		
	(1)	(2)	(3)
Retirement-related contact (d) $_t$	0.039*** (3.15)	0.183 (1.45)	0.039*** (2.95)
Male (d)	-0.000 (-1.41)	-0.000 (-1.58)	-0.000 (-0.40)
Retirement-related contact (d) $_t$ \times Male (d)	-0.003 (-1.31)		
Log(bank wealth) $_{t-1}$	-0.008*** (-11.13)	-0.008*** (-11.14)	-0.008*** (-10.11)
Retirement-related contact (d) $_t$ \times Log(bank wealth) $_{t-1}$		-0.013 (-1.27)	
University degree (d)			0.002*** (3.68)
Retirement-related contact (d) $_t$ \times University degree (d)			0.005 (0.74)
Log(age) $_t$	-0.023*** (-11.65)	-0.023*** (-11.64)	-0.026*** (-12.14)
$\Delta\%$ bank wealth $_{t-1}$	0.013*** (8.92)	0.013*** (8.87)	0.012*** (6.84)
Year-month fixed effects	Yes	Yes	Yes
Adj. R ²	0.063	0.063	0.062
N	1,043,512	1,043,512	572,470

Table IA2: Financial advice and retirement accounts – clients with less than CHF 75,000

This table presents the results from logit regressions with time and client fixed effects (Panel A) and OLS regressions with time and client fixed effects (Panel B). We focus on clients whose bank wealth never exceeds CHF 75,000 during our investigation period. In Panel A, the dependent variable is a dummy variable that equals one in months in which clients open a retirement account, and zero otherwise. In Panel B, the dependent variable is the monthly percentage change in the amount a client holds in retirement accounts. In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Columns 1 to 3 of Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to open a retirement account

	Opens retirement account $(d)_t$			
	(1)	(2)	(3)	(4)
Retirement-related contact $(d)_t$	0.065*** (8.91)	0.039*** (7.94)	0.024*** (6.85)	2.164*** (9.59)
Male (d)		-0.000 (-1.50)	-0.000 (-1.49)	
Log(age) $_t$		-0.001*** (-5.59)	-0.000*** (-4.78)	
Log(bank wealth) $_{t-1}$		0.000*** (17.46)	0.000*** (15.30)	0.379*** (5.08)
$\Delta\%$ bank wealth $_{t-1}$		-0.000** (-2.21)	-0.000** (-2.31)	-0.016** (-2.22)
Year-month fixed effects	No	No	Yes	Yes
Client fixed effects	No	No	No	Yes
Pseudo R ²	0.030	0.053	0.107	0.400
N	701,683	701,683	697,099	53,920

Panel B: Changes in retirement accounts

	$\Delta\%$ retirement account $_t$			
	(1)	(2)	(3)	(4)
Retirement-related contact $(d)_t$	0.059*** (2.69)	0.058*** (2.68)	0.033** (2.60)	0.037*** (3.05)
Male (d)		0.001 (0.90)	0.001 (0.87)	
Log(age) $_t$		-0.032*** (-10.25)	-0.032*** (-10.29)	
Log(bank wealth) $_{t-1}$		-0.012*** (-9.17)	-0.013*** (-9.31)	-0.031*** (-13.57)
$\Delta\%$ bank wealth $_{t-1}$		0.003*** (3.99)	0.003*** (3.63)	0.003*** (4.51)
Year-month fixed effects	No	No	Yes	Yes
Client fixed effects	No	No	No	Yes
Adj. R ²	0.002	0.022	0.050	0.129
N	128,874	128,874	128,874	128,858

Table IA3: Evaluation of propensity score matching for clients with (without) retirement accounts

The table presents univariate comparisons of client and bank wealth characteristics in months with at least one advisor-initiated retirement-related contact and months without advisor-initiated retirement-related contacts before and after propensity score matching. In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. Means of the subgroups are tested for equality using a standard t-test. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Clients without retirement accounts

	Retirement- related contact (d) _t = 1	Retirement- related contact (d) _t = 0	Difference	t-value	N
Male (d)					
Before propensity score matching	0.588	0.567	0.020**	2.38	953,849
After propensity score matching	0.588	0.596	-0.008	-0.67	6,652
Log(age)_t					
Before propensity score matching	3.744	3.808	-0.064***	-12.92	953,849
After propensity score matching	3.744	3.746	-0.001	-0.18	6,652
Log(bank wealth)_{t-1}					
Before propensity score matching	11.093	10.657	0.437***	13.38	953,849
After propensity score matching	11.093	11.094	-0.000	-0.00	6,652
Δ% bank wealth_{t-1}					
Before propensity score matching	0.068	0.053	0.015**	2.17	953,849
After propensity score matching	0.068	0.073	-0.005	-0.52	6,652

Panel B: Clients with retirement accounts

	Retirement- related contact (d) _t = 1	Retirement- related contact (d) _t = 0	Difference	t-value	N
Male (d)					
Before propensity score matching	0.600	0.593	0.007**	1.97	1,043,512
After propensity score matching	0.600	0.601	-0.002	-0.31	37,386
Log(age)_t					
Before propensity score matching	3.869	3.845	0.024***	14.43	1,043,512
After propensity score matching	3.869	3.869	-0.000	-0.09	37,386
Log(bank wealth)_{t-1}					
Before propensity score matching	11.523	11.454	0.069***	9.81	1,043,512
After propensity score matching	11.523	11.529	-0.007	-0.64	37,386
Δ% bank wealth_{t-1}					
Before propensity score matching	0.024	0.018	0.006***	5.31	1,043,512
After propensity score matching	0.024	0.022	0.002	1.20	37,386

Table IA4: Financial advice and retirement accounts – propensity score matching

This table presents the results from a logit regression with time fixed effects (Panel A) and a OLS regression with time fixed effects (Panel B). We focus on a subsample after propensity score matching. In Panel A, the dependent variable is a dummy variable that equals one in months in which clients open a retirement account, and zero otherwise. In Panel B, the dependent variable is the monthly percentage change in the amount a client holds in retirement accounts. In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to open a retirement account

	Opens retirement account (d) _t
	(1)
Retirement-related contact (d) _t	0.055*** (12.28)
Male (d)	-0.001 (-0.83)
Log(age) _t	-0.012*** (-3.81)
Log(bank wealth) _{t-1}	0.000 (0.28)
Δ% bank wealth _{t-1}	0.000 (0.11)
Year-month fixed effects	Yes
Pseudo R ²	0.225
N	6,652

Panel B: Changes in retirement accounts

	Δ% retirement account _t
	(1)
Retirement-related contact (d) _t	0.024*** (7.69)
Male (d)	-0.001 (-0.99)
Log(age) _t	-0.035*** (-4.44)
Log(bank wealth) _{t-1}	-0.010*** (-3.32)
Δ% bank wealth _{t-1}	0.014* (1.86)
Year-month fixed effects	Yes
Adj. R ²	0.149
N	37,386

Table IA5: Financial advice and retirement accounts – instrumental variables regressions

This table presents the results from instrumental variables regressions with time and client fixed effects. In Panel A, the dependent variable is either a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact, and zero otherwise (Column 1) or a dummy variable that equals one in months in which clients open a retirement account, and zero otherwise (Column 2). In Panel B, the dependent variable is either a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact, and zero otherwise (Column 1) or the monthly percentage change in the amount a client holds in retirement accounts (Column 2). In Panel A (Panel B), we restrict the sample to clients without (with) retirement accounts. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to open a retirement account

	First stage	Second stage
	Retirement-related contact (d) _t	Opens retirement account (d) _t
	(1)	(2)
Retirement-related contact (d) _t		0.187* (1.81)
Log(bank wealth) _{t-1}	0.001*** (10.03)	0.001*** (7.74)
Δ% bank wealth _{t-1}	0.000 (0.46)	0.000 (0.57)
At least one contact within last 36 months (d) _{t-1}	-0.011*** (-17.03)	0.007*** (5.68)
Advisor contacted fellow clients (d) _t	0.019*** (6.30)	
Year-month fixed effects	Yes	Yes
Client fixed effects	Yes	Yes
N	953,530	953,530
F-statistic	52.188	

Panel B: Changes in retirement accounts

	First stage	Second stage
	Retirement-related contact $(d)_t$	$\Delta\%$ retirement account $_t$
	(1)	(2)
Retirement-related contact $(d)_t$		0.069* (1.79)
Log(bank wealth) $_{t-1}$	0.002*** (3.78)	-0.016*** (-13.08)
$\Delta\%$ bank wealth $_{t-1}$	0.000 (0.22)	0.012*** (8.50)
At least one contact within last 36 months $(d)_{t-1}$	-0.010*** (-6.79)	0.000 (0.38)
Advisor contacted fellow clients $(d)_t$	0.028*** (7.88)	
Year-month fixed effects	Yes	Yes
Client fixed effects	Yes	Yes
N	1,043,488	1,043,488
F-statistic	62.050	

Table IA6: Financial advice and equity investments – cross-sectional analysis

This table presents the results from logit regressions with time fixed effects (Panel A) and OLS regressions with time fixed effects (Panel B). In Panel A, the dependent variable is a dummy variable that equals one in months in which clients start investing in individual stocks or equity mutual funds, and zero otherwise. In Panel B, the dependent variable is the monthly net new money invested in individual stocks and equity mutual funds as a percentage of the amount invested in individual stocks and equity mutual funds at the beginning of the month. In Panel A (Panel B), we restrict the sample to clients without (with) individual stocks or equity mutual funds. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to start investing in equity

	Starts investing in equity (d) _t		
	(1)	(2)	(3)
Retirement-related contact (d) _t	0.004*** (4.14)	-0.001*** (-11.24)	0.002*** (3.34)
Male (d)	0.000 (1.11)	0.000 (0.66)	0.000 (0.14)
Retirement-related contact (d) _t × Male (d)	-0.000*** (-2.72)		
Log(bank wealth) _{t-1}	0.000*** (15.19)	0.000*** (14.42)	0.000*** (11.19)
Retirement-related contact (d) _t × Log(bank wealth) _{t-1}		0.000** (2.47)	
University degree (d)			0.000** (2.31)
Retirement-related contact (d) _t × University degree (d)			-0.000 (-0.05)
Log(age) _t	-0.000*** (-3.20)	-0.000*** (-3.26)	-0.000*** (-2.68)
Δ% bank wealth _{t-1}	0.000*** (10.21)	0.000*** (10.05)	0.000*** (6.67)
Year-month fixed effects	Yes	Yes	Yes
Pseudo R ²	0.047	0.047	0.058
N	1,409,132	1,409,132	729,651

Panel B: Net new money in equity

	% net new money in equity _t		
	(1)	(2)	(3)
Retirement-related contact (d) _t	0.023*** (3.35)	-0.049 (-1.14)	0.019*** (3.44)
Male (d)	0.004*** (5.57)	0.004*** (5.34)	0.004*** (4.66)
Retirement-related contact (d) _t × Male (d)	-0.011 (-1.58)		
Log(bank wealth) _{t-1}	0.001*** (3.36)	0.001*** (3.25)	0.001*** (2.78)
Retirement-related contact (d) _t × Log(bank wealth) _{t-1}		0.005 (1.50)	
University degree (d)			0.002* (1.79)
Retirement-related contact (d) _t × University degree (d)			0.006 (0.42)
Log(age) _t	-0.009*** (-5.94)	-0.009*** (-5.97)	-0.011*** (-5.23)
Δ% bank wealth _{t-1}	0.036*** (8.66)	0.036*** (8.66)	0.041*** (7.20)
Year-month fixed effects	Yes	Yes	Yes
Adj. R ²	0.003	0.003	0.004
N	587,810	587,810	317,933

Table IA7: Evaluation of propensity score matching for clients with (without) equity investments

The table presents univariate comparisons of client and bank wealth characteristics in months with at least one advisor-initiated retirement-related contact and months without advisor-initiated retirement-related contacts before and after propensity score matching. In Panel A (Panel B), we restrict the sample to clients without (with) individual stocks or equity mutual funds. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. Means of the subgroups are tested for equality using a standard t-test. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Clients without equity investments

	Retirement- related contact (d) _t = 1	Retirement- related contact (d) _t = 0	Difference	t-value	N
Male (d)					
Before propensity score matching	0.585	0.569	0.016***	3.84	1,409,132
After propensity score matching	0.585	0.587	-0.002	-0.29	27,804
Log(age)_t					
Before propensity score matching	3.823	3.809	0.014***	6.38	1,409,132
After propensity score matching	3.823	3.824	-0.000	-0.09	27,804
Log(bank wealth)_{t-1}					
Before propensity score matching	11.063	10.710	0.352***	26.98	1,409,132
After propensity score matching	11.063	11.061	0.001	0.11	27,804
Δ% bank wealth_{t-1}					
Before propensity score matching	0.038	0.043	-0.005*	-1.78	1,409,132
After propensity score matching	0.038	0.033	0.005*	1.70	27,804

Panel B: Clients with equity investments

	Retirement- related contact (d) _t = 1	Retirement- related contact (d) _t = 0	Difference	t-value	N
Male (d)					
Before propensity score matching	0.620	0.608	0.012**	2.25	587,810
After propensity score matching	0.620	0.613	0.007	0.93	16,294
Log(age)_t					
Before propensity score matching	3.896	3.872	0.023***	9.44	587,810
After propensity score matching	3.896	3.897	-0.001	-0.37	16,294
Log(bank wealth)_{t-1}					
Before propensity score matching	12.127	11.935	0.192***	15.81	587,810
After propensity score matching	12.127	12.126	0.001	0.04	16,294
Δ% bank wealth_{t-1}					
Before propensity score matching	0.018	0.014	0.004**	2.06	587,810
After propensity score matching	0.018	0.018	-0.000	-0.13	16,294

Table IA8: Financial advice and equity investments – propensity score matching

This table presents the results from a logit regression with time fixed effects (Panel A) and a OLS regression with time fixed effects (Panel B). We focus on a subsample after propensity score matching. In Panel A, the dependent variable is a dummy variable that equals one in months in which clients start investing in individual stocks or equity mutual funds, and zero otherwise. In Panel B, the dependent variable is the monthly net new money invested in individual stocks and equity mutual funds as a percentage of the amount invested in individual stocks and equity mutual funds at the beginning of the month. In Panel A (Panel B), we restrict the sample to clients without (with) individual stocks or equity mutual funds. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Panel A, we report marginal effects. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to start investing in equity

	Starts investing in equity (d) _t
	(1)
Retirement-related contact (d) _t	0.001** (2.02)
Male (d)	-0.000 (-1.01)
Log(age) _t	-0.000 (-1.04)
Log(bank wealth) _{t-1}	0.000** (2.05)
Δ% bank wealth _{t-1}	0.000 (1.21)
Year-month fixed effects	Yes
Pseudo R ²	0.227
N	27,804

Panel B: Net new money in equity

	% net new money in equity _t
	(1)
Retirement-related contact (d) _t	0.021*** (4.12)
Male (d)	0.002 (0.45)
Log(age) _t	-0.014 (-1.33)
Log(bank wealth) _{t-1}	0.000 (0.12)
Δ% bank wealth _{t-1}	0.032 (1.31)
Year-month fixed effects	Yes
Adj. R ²	0.003
N	16,294

Table IA9: Financial advice and equity investments – instrumental variables regressions

This table presents the results from instrumental variables regressions with time and client fixed effects. In Panel A, the dependent variable is either a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact, and zero otherwise (Column 1) or a dummy variable that equals one in months in which clients start investing in individual stocks or equity mutual funds, and zero otherwise (Column 2). In Panel B, the dependent variable is either a dummy variable that equals one in months with at least one advisor-initiated retirement-related contact, and zero otherwise (Column 1) or the monthly net new money invested in individual stocks and equity mutual funds as a percentage of the amount invested in individual stocks and equity mutual funds at the beginning of the month (Column 2). In Panel A (Panel B), we restrict the sample to clients without (with) individual stocks or equity mutual funds. The Appendix in the main paper provides detailed descriptions of all variables used throughout the study. In Panel A, standard errors are clustered at the client level. In Panel B, standard errors are double-clustered at the time and client level. t-statistics are provided in parentheses. ***, **, * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Probability to start investing in equity

	First stage	Second stage
	Retirement-related contact $(d)_t$	Starts investing in equity $(d)_t$
	(1)	(2)
Retirement-related contact $(d)_t$		0.042** (1.99)
Log(bank wealth) $_{t-1}$	0.001*** (16.57)	0.000*** (8.82)
$\Delta\%$ bank wealth $_{t-1}$	-0.001*** (-3.95)	0.000*** (3.27)
At least one contact within last 36 months $(d)_{t-1}$	-0.010*** (-24.98)	0.001*** (4.05)
Advisor contacted fellow clients $(d)_t$	0.025*** (10.43)	
Year-month fixed effects	Yes	Yes
Client fixed effects	Yes	Yes
N	1,408,924	1,408,924
F-statistic	108.811	

Panel B: Net new money in equity

	First stage	Second stage
	Retirement-related contact $(d)_t$	% net new money in equity $_t$
	(1)	(2)
Retirement-related contact $(d)_t$		0.047 (0.54)
Log(bank wealth) $_{t-1}$	0.003*** (6.60)	-0.001 (-1.21)
$\Delta\%$ bank wealth $_{t-1}$	0.000 (0.49)	0.031*** (8.00)
At least one contact within last 36 months $(d)_{t-1}$	-0.010*** (-3.76)	0.001 (0.62)
Advisor contacted fellow clients $(d)_t$	0.033*** (6.37)	
Year-month fixed effects	Yes	Yes
Client fixed effects	Yes	Yes
N	587,754	587,754
F-statistic	40.633	