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# **EMBARGO**

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## **WISCONSIN RESIDENTS ARE HEAVILY INVESTED IN THE STOCK MARKET**

*They Believe That the Stock Market Has a Major Effect on the U.S. Economy*

*They Also Believe That the Stock Market is a Very Risky Investment*

82% of Wisconsin residents are now invested in the stock market through mutual funds, individual stocks or pension plans. In addition, 71% of our residents now believe that the stock market has a great deal of effect on the United States economy. They also believe that the stock market is a risky investment.

These are among the key findings about statewide policy issues from the most recent survey of 600 Wisconsin residents conducted by the Wisconsin Policy Research Institute, Inc. and Diversified Research between November 9 and 10, 2008.

Investment in the stock market continues to grow among Wisconsin residents. In our most recent survey 82% said that they personally or jointly with a spouse have money invested either in mutual funds, individual stocks or pension plans. This is the highest number since we began asking this question in 1971. It has risen from 77% when last asked in 2006. Investment seems to be spread across all demographic groups, but there are some exceptions. The least number of investors would be found in LaCrosse where 69% said they had investments and the City of Milwaukee where 68% said they were invested. The highest areas would be Southeast Wisconsin and Green Bay where 87% of respondents said they were invested in the stock market. Of younger residents (between 18 and 24), 63% said they had investments, while 71% of our senior citizens (65 and older) also had investments.

Perhaps the most striking gap in the respondents was between Wisconsinites who were married or single. Among married respondents, 90% were invested in the stock market, while only 55% were invested in the stock market. Among our respondents who own their residence, 88% were invested in the stock market, while only 57% of renters were in the stock market. Finally, another very large gap was based on income. Only 49% of our respondents making under \$15,000 a year said they were invested in the stock market while 97% of those making \$75,000 a year or more said they had stock investments.

### ***The Risk of Investing in the Stock Market***

71% of our respondents believe now that the stock market is a very risky investment. Only 25% believe that it is a safe investment. This is a change from when we last asked this question in June 2006 when 65% said it was a risky investment while 30% said it was a safe investment. Actually these numbers are not the highest we have seen on this question. In September 2002, 73% of Wisconsinites felt that the stock market was a risky investment while only 21% thought it was a safe investment. Among those who own their own homes, 70% thought that stocks were a risky investment, while 81% of those who rent thought it was risky. Of Wisconsinites with an income of \$15,000 or less, only 10% the stock market was a safe investment, while 30% of our respondents who earned more than \$75,000 thought it was a safe investment.

There was also a political gap – 32% of Republicans thought that stocks were a safe investment, while only 21% of Democrats thought they were safe. Finally among single respondents, 17% thought they were a safe investment, while 29% of married Wisconsinites thought stocks were a safe investment.

### ***The Impact of the Stock Market on the U.S. Economy.***

71% of our respondents in this survey now believe that the stock market has a great deal of influence on the health of the U.S. economy. Only 2% told us that it did not have much of an impact on our economy. This is a major difference from when this question was asked ten years ago in 1998. At that time only 48% thought that it had a great deal of influence, while 5% thought it had not much of an influence. Demographically there were some changes. In LaCrosse only 58% thought that it had a great deal of influence, followed by 59% in Waukesha County and 61% in Madison. However, in out state Wisconsin 81% of the respondents thought that it had a great deal of influence followed by 77% in Southeast Wisconsin.

Among respondents with some or less than a high school education only 40% thought that it affected the economy a great deal, while 78% of those who attended college or technical school thought that it had a great deal of impact on our economy. Finally, of residents with incomes below \$15,000, only 58% thought it had an impact on our national economy while 74% of those earning over \$75,000 believe the stock market has a great influence on the health of the United States economy.

### ***Charitable Giving***

In this survey, 51% of Wisconsin residents said that with the economy declining it would reduce the amount they would give to charity. However, 48% said that the declining economy would not affect their charitable giving. Some of the demographic changes in this were very enlightening. Only 35% of Milwaukee residents said that they would give less, while 62% of residents in Milwaukee suburbs said that they would. 46% of Republicans said they would give less to charity, while 58% of Democrats responded that the economy would impact their giving. Of low income residents (earning \$15,000 a year or less), 61% said that the economy would affect their donations, while only 43% of those making \$75,000 or more said that they would reduce their contributions. Finally, 45% of men said they would reduce the amount they give to charity, while 56% of women said they would give less to charity with a declining economy.

### ***Summary***

It is clear now that the stock market is having an enormous impact on Wisconsin residents. 82% have told us that they now own some stocks, mutual funds or a retirement account. On the other hand, 71% believe that it is a very risky investment. More to the point 71% now believe that the stock market has a great deal of impact on the U.S. economy. The declining stock market will not only adversely affect government investments, but also almost every resident of the state.

One can see a scenario where stock prices may very well replace gas prices as the biggest economic concern of Wisconsinites over the next several years.

Finally, one number that also paints an interesting picture of the people who live in Wisconsin is that, with all the economic uncertainty and facing a major recession, almost 50% of those asked said they would not cut their charitable giving because of the downturn. This is a rather impressive number considering the bad economic news that all of us have been seeing for the past six months.

## ABOUT THE STUDY

This study of 600 Wisconsin residents was conducted by telephone between November 9 and November 10, 2008. A total of 600 Wisconsin residents were interviewed. The survey has a margin of error of plus or minus 4% for percentages of the whole sample. For a percentage near 50%, for example, this means that repeated samples would produce results between 47% and 53%, 95 times out of 100.

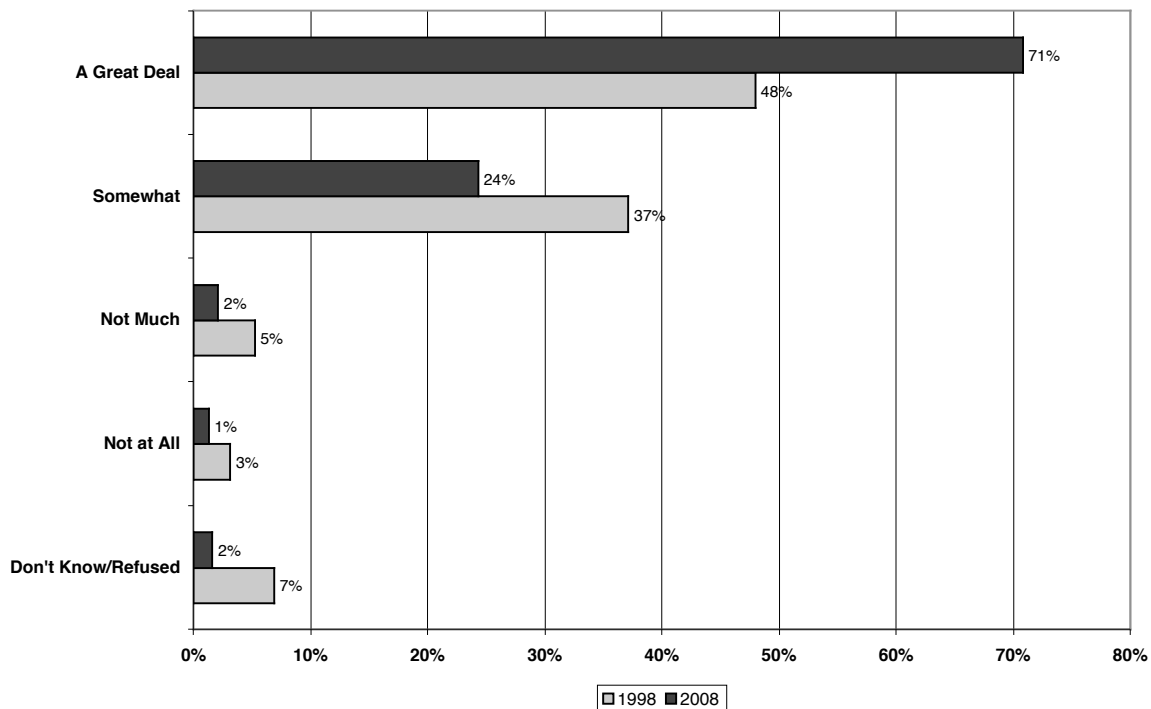
This study was commissioned by the Wisconsin Policy Research Institute, Inc. The Institute was founded in 1987, and its mandate is to examine issues of public policy facing Wisconsin, using a non-partisan approach.

Dr. Michael LaVelle, President of Diversified Research, a nationally known survey research company supervised the project. Dr. LaVelle has a Ph.D. and has taught statistics and social research methods at the university level. He has been President of Diversified Research since 1982 and has over thirty years experience in survey research.

### WISCONSIN RESIDENTS AND INVESTING BEHAVIOR 1998-2008

	Aug 1998	July 1999	June 2000	Aug 2001	Sept 2002	Oct 2003	Sept 2004	Oct 2005	June 2006	Nov 2008
<b>Stock Market Is Generally A:</b>										
Safe Investment	41%	38%	40%	35%	21%	28%	35%	32%	30%	25%
Risky Investment	53%	56%	50%	59%	73%	64%	61%	61%	65%	71%
Not sure/Decline to Answer	6%	5%	9%	6%	7%	7%	4%	7%	5%	4%
<b>Wisconsin Residents With Money Invested in Mutual Funds, Individual Stocks, or Pension Plans</b>	71%	71%	72%	72%	69%	67%	69%	70%	77%	82%

Wisconsin Residents' Opinions on How Much What Happens in the Stock Market Affects the Health of the United States Economy Overall



**Do you personally or jointly, with a spouse, have any money invested in mutual funds, individual stocks or pension plans?**

	Total	City of Milwaukee	Milwaukee Suburb	Waukesha County	Green Bay Area	La Crosse Eau Claire	Madison	South East	Rest of State
<b>Yes</b>	<b>82%</b>	68%	81%	81%	87%	69%	80%	87%	86%
<b>No</b>	<b>16%</b>	31%	16%	19%	8%	28%	18%	13%	12%
<b>Don't Know/Refused</b>	<b>2%</b>	1%	3%	0%	5%	3%	2%	0%	2%

**Do you think of investment in the stock market as generally a Safe investment or generally a Risky investment?**

	Total	City of Milwaukee	Milwaukee Suburb	Waukesha County	Green Bay Area	La Crosse Eau Claire	Madison	South East	Rest of State
<b>Safe</b>	<b>25%</b>	24%	26%	37%	23%	22%	23%	24%	23%
<b>Risky</b>	<b>71%</b>	68%	70%	59%	72%	64%	74%	76%	76%
<b>Don't Know/Refused</b>	<b>4%</b>	9%	5%	4%	5%	14%	3%	0%	1%

**How much do you think what happens in the stock market affect the health of the United States economy overall – a great deal, somewhat, not much, or not at all?**

	Total	City of Milwaukee	Milwaukee Suburb	Waukesha County	Green Bay Area	La Crosse Eau Claire	Madison	South East	Rest of State
<b>A Great Deal</b>	<b>71%</b>	74%	63%	59%	76%	58%	61%	77%	81%
<b>Somewhat</b>	<b>24%</b>	24%	31%	35%	16%	36%	33%	22%	16%
<b>Not Much</b>	<b>2%</b>	0%	3%	6%	1%	5%	2%	1%	1%
<b>Not At All</b>	<b>1%</b>	1%	1%	0%	2%	1%	4%	0%	1%
<b>Don't Know/Refused</b>	<b>2%</b>	1%	3%	0%	5%	0%	0%	0%	1%

**When the economy declines, do you reduce the amount you give to charity?**

	Total	City of Milwaukee	Milwaukee Suburb	Waukesha County	Green Bay Area	La Crosse Eau Claire	Madison	South East	Rest of State
<b>Yes</b>	<b>51%</b>	35%	62%	55%	51%	58%	48%	62%	41%
<b>No</b>	<b>48%</b>	60%	38%	45%	47%	41%	49%	38%	57%
<b>Don't Know/Refused</b>	<b>2%</b>	6%	1%	0%	2%	1%	3%	0%	2%