

Affluents & Investments

Inside the Minds (and Investment Accounts) of Affluent Americans

Join the conversation!

#AffluentsInvest

@AffluentSurvey

@StephenKrausSF



The Longest-Running, Most Widely-Used Study of Affluents



N=24,424

Affluents (\$100K+ HHI)
Reflecting population of 75.5M adults

- Ultra Affluent \$250K+ HHI (N=3,076)
- \$5M+ net worth (N=1,215)

Transitioning to \$125K+
HHI in Fall 2017 Release

Heritage

40 years tracking
lifestyles, media &
spending

Platform

Online survey with
extensive recontact
capabilities

Timely




Continuous fielding;
two releases annually;
quarterly Barometers

Global

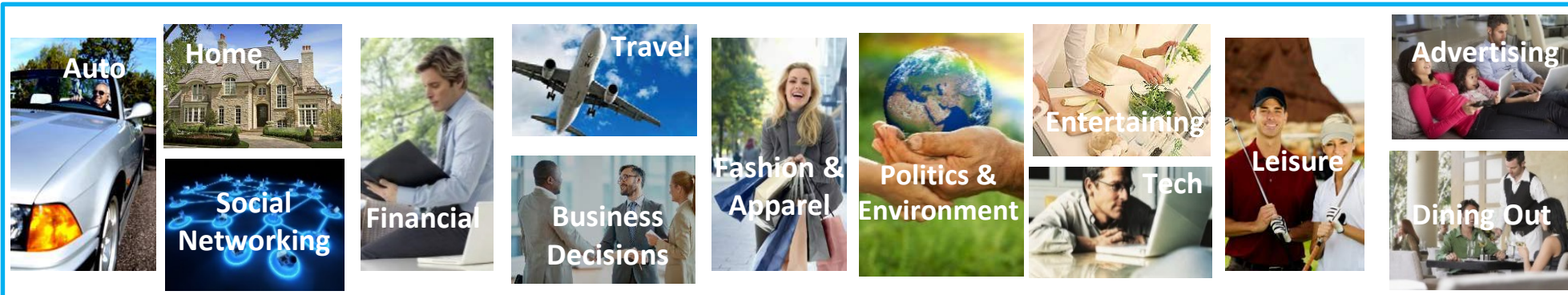
Complementary
study in 50
additional countries

Ipsos Affluent Survey Content: Media, Money & Mindsets

Extensive
survey
content
includes:

Media		<ul style="list-style-type: none">8 radio networks11 streaming services12 social networks38 advertising touchpoints	<ul style="list-style-type: none">102 television networks105 independent websites156 printed publications	290+ media brands measured cross-platform
Lifestyle		<ul style="list-style-type: none">12 public activities done16 major sports followed47 planned life events50 types of video content watched	<ul style="list-style-type: none">81 sports and leisure activities134 psychographic statements1,400+ brands measured	
Marketplace		<ul style="list-style-type: none">150+ categories of expendituresHousehold & personal incomesNet worth and liquid assetsOccupation, title, industry	<ul style="list-style-type: none">Age, gender, educationEthnicity & cultureHousehold compositionMarital status	

Category
deep
dives
include:



Today's Sources: Recontact Methodology for Quant & Qual Insights

Ipsos Affluent Survey USA
N=24,424 \$100K+ HHI



Recontact



- Quarterly
- Q1 2017 N=856
- Optimism
- Finances

Recontact



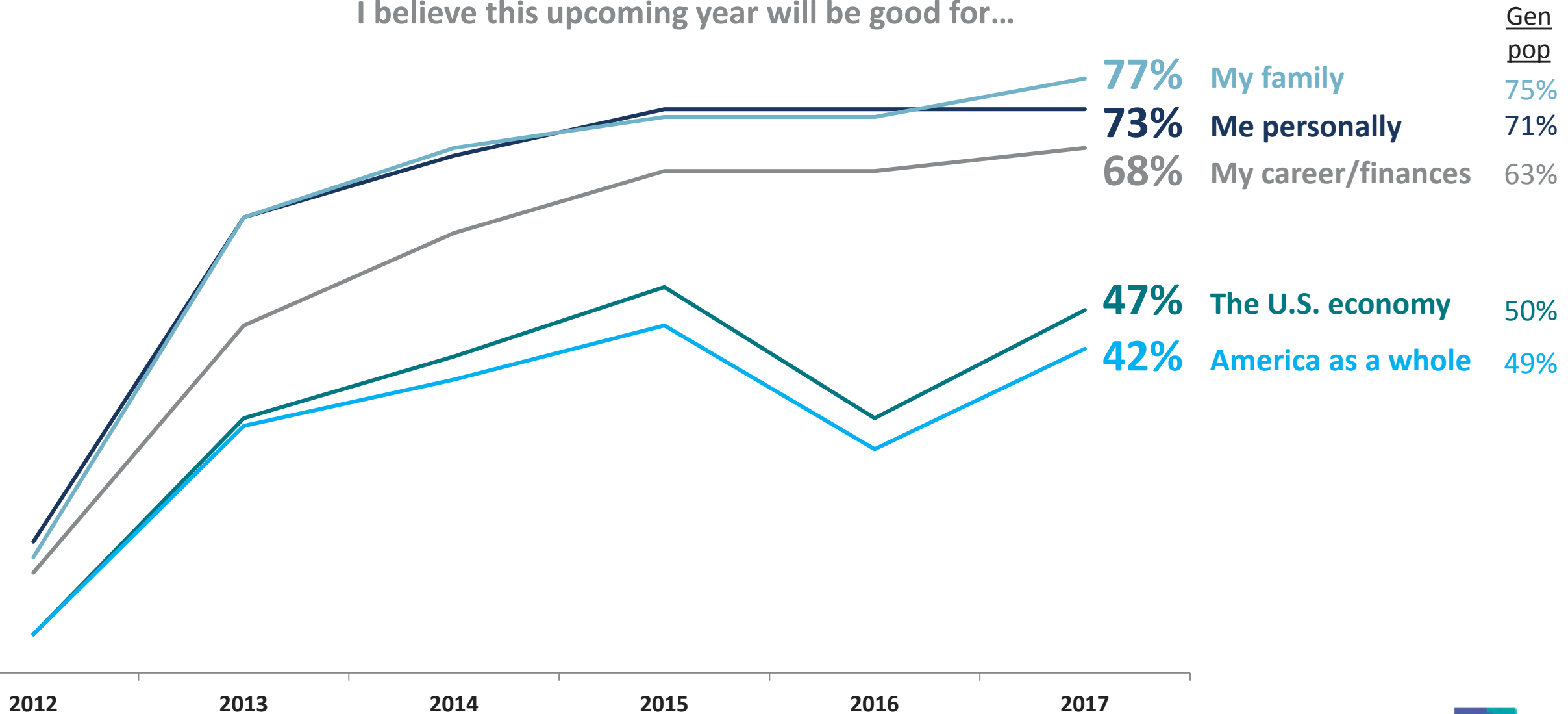
- In-depth telephone interviews
- N=12
- Deep dive on finances, including advisors, innovation & more

Affluents & Investments



Looking Ahead: Expectations Higher for 2017 Than for 2016

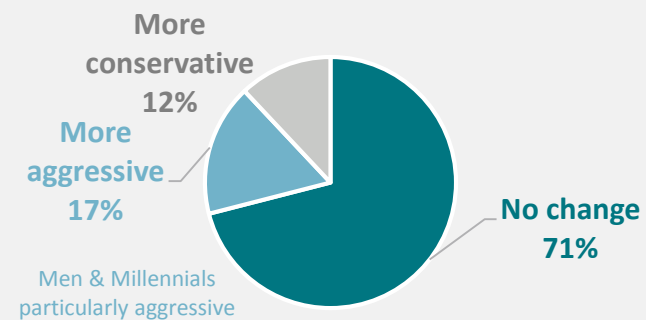
I believe this upcoming year will be good for...



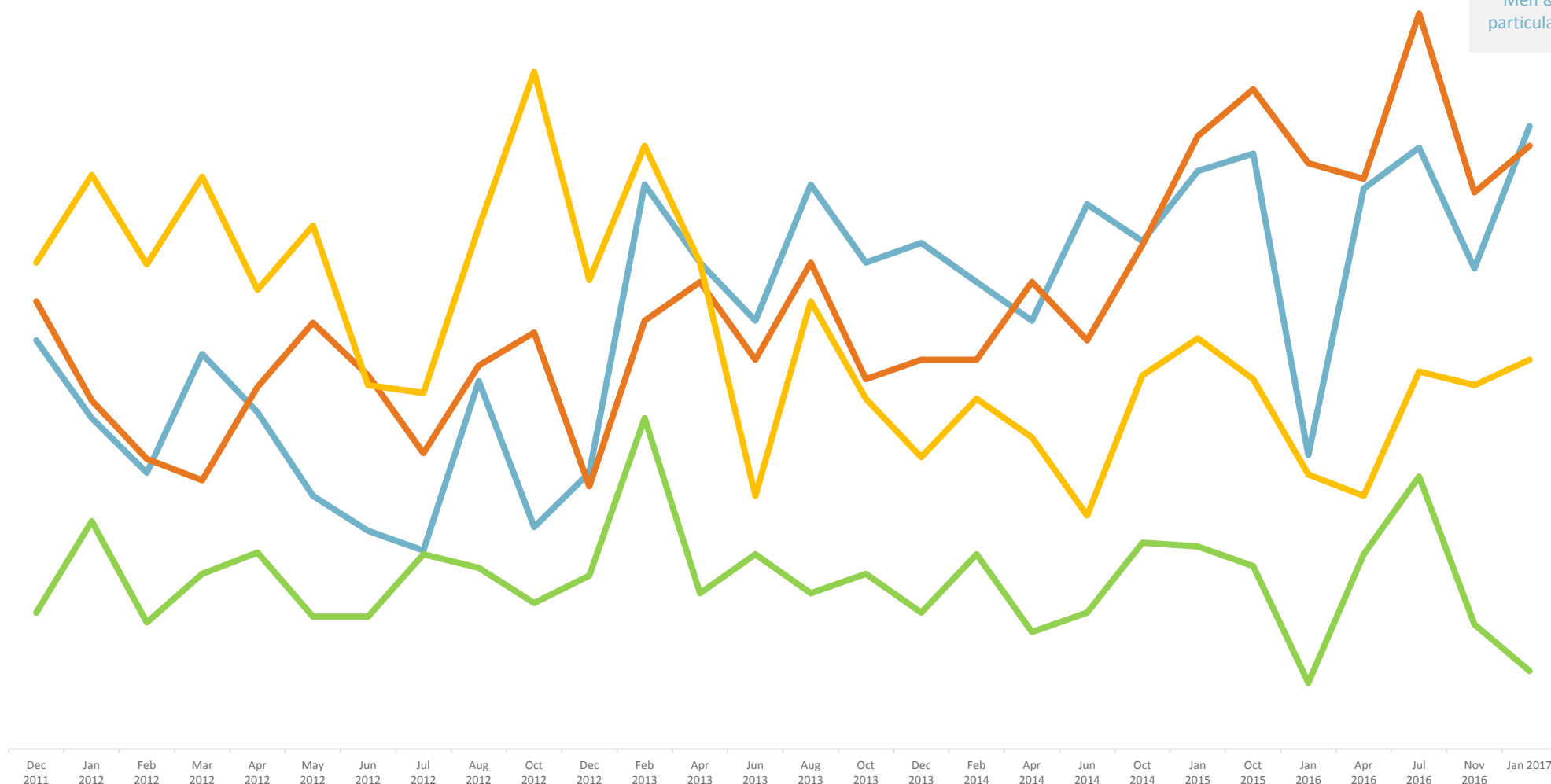
Bullishness Rebounding After Q4 Skittishness

Consider an excellent/good investment at this time

Investment approach for 2017



52% Stocks
51% Real estate
40% Gold
24% Bonds



Most Investors Are Buy-and-Hold; Seek Stability

Which statement better describes your investment approach?

I make investment choices
and stick with them

85%

15%

I actively move in and out
of different investments

I prefer to work with financial
companies that have been in
business for many years

74%

26%

I am very open to working
with financial companies
that are new and innovative

I prefer to work with financial
companies that I have worked
with in the past

66%

34%

I am very open to working
with financial companies that I
have not worked with before

Saving

59% ↓

41% ↑

Investing

Men, Ultra Affluents & Boomers skew higher on "investing"

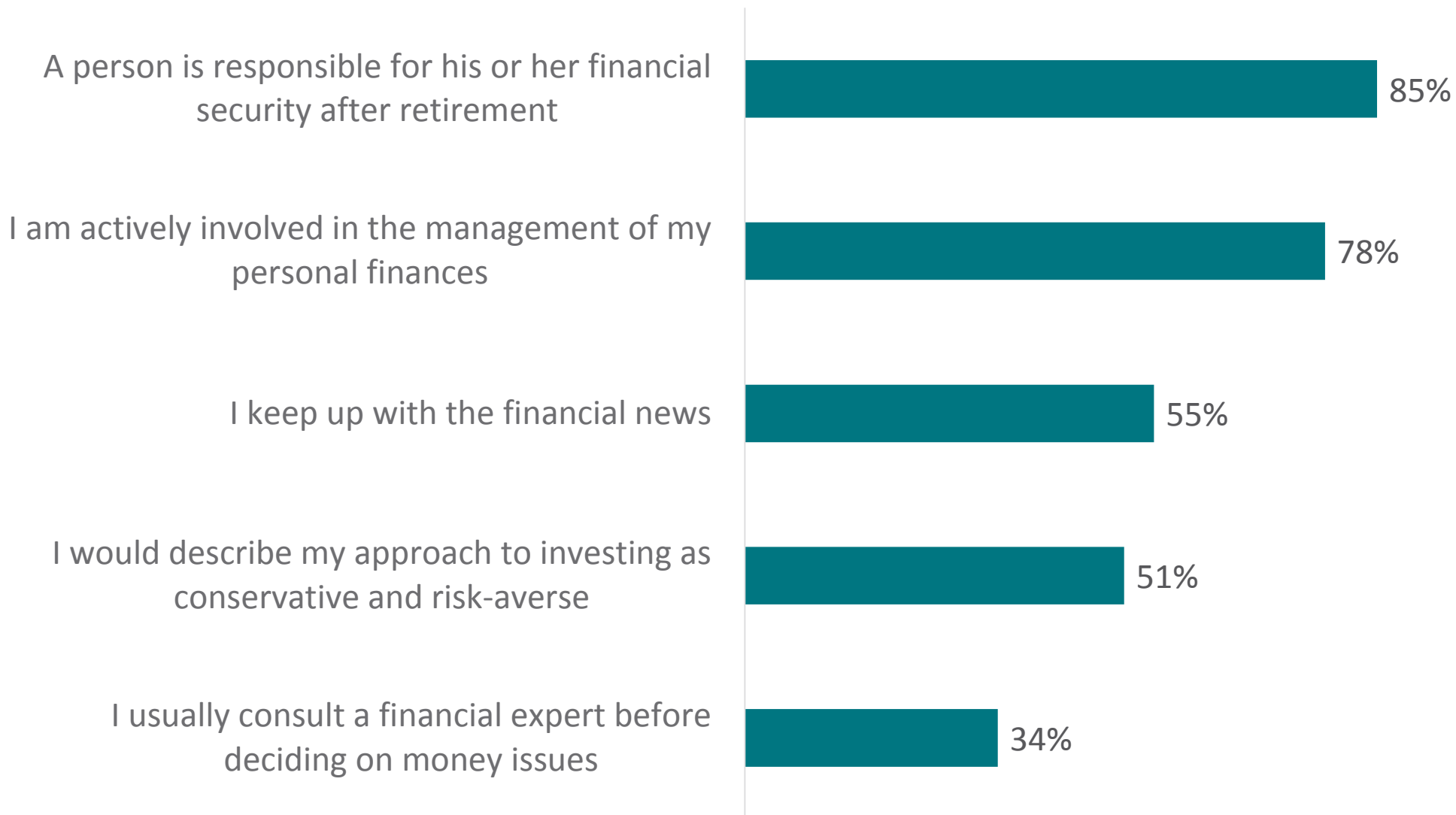
Half (or Less) Are Prepared to Transfer Their Wealth

Key estate planning attitudes	
I have clear written instructions (such as a will or trust) that explain how I want my assets to be distributed when I pass away	46%
I have thought a great deal about how I want my assets to be distributed when I pass away	42%
I have spoken with a financial or legal professional about the best ways to distribute my assets when I pass away	31% ↓
I plan to distribute much of my wealth before I pass away	29%

Affluents & Advice



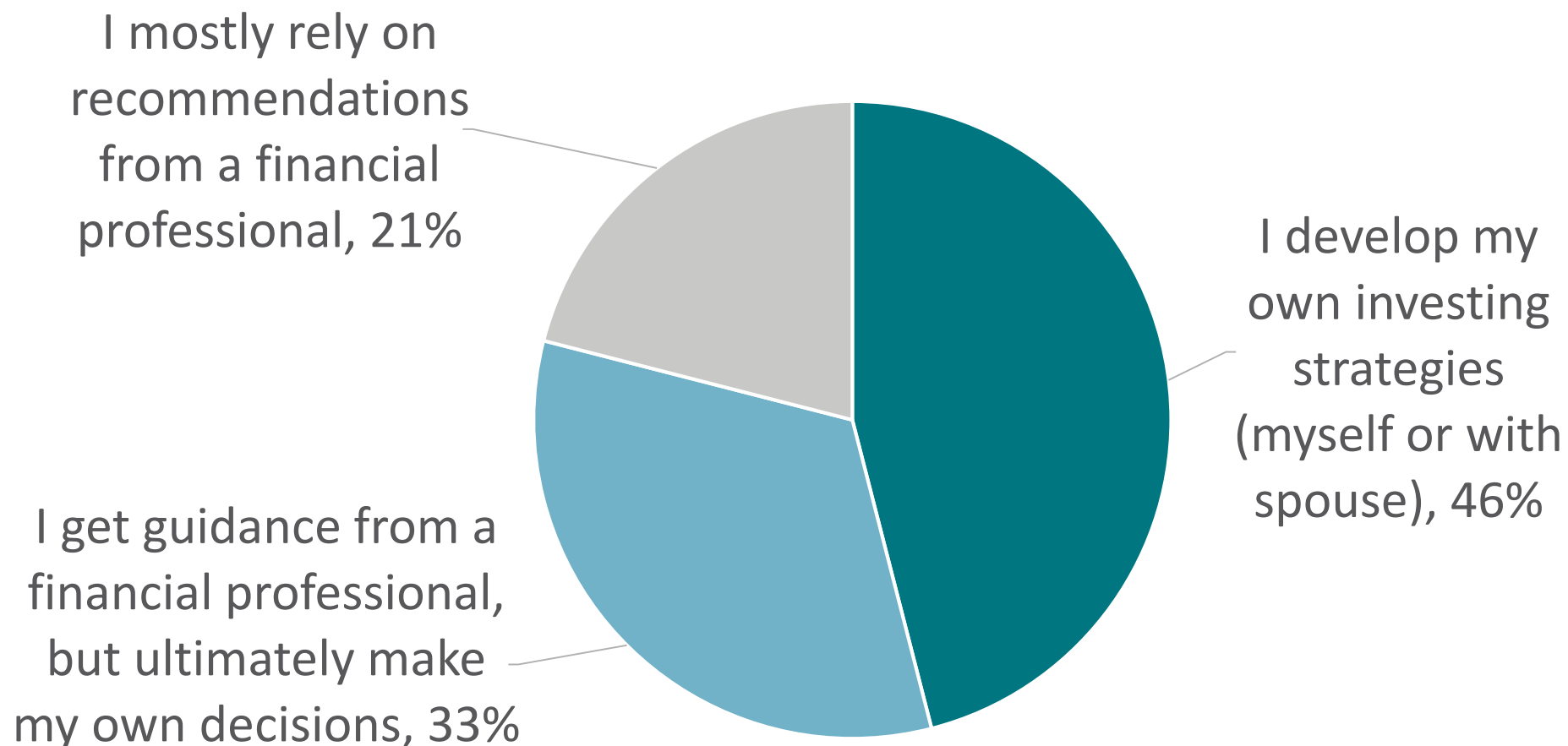
Affluent Investors Are Self-Directed and Advice-Seeking



67%
used a financial
professional in
the past year

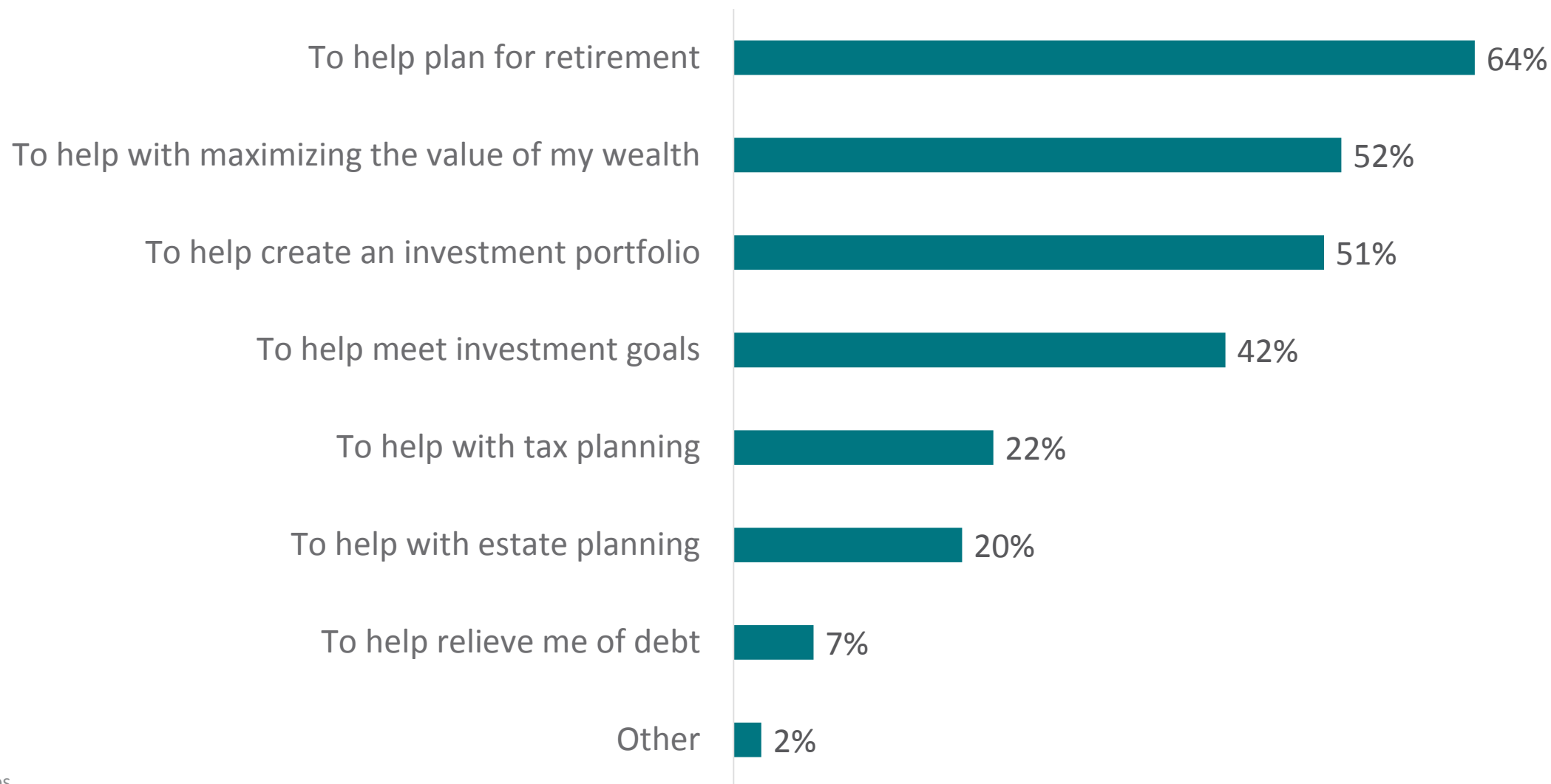
Most Get Financial Advice; One-Fifth Have Deep Advisor Relationships

How do you develop your personal investing and financial strategies?



Retirement, Growth & Portfolio Management Top Reasons for FA Use

Among FA Users: Reasons for using



Fees & Trust Are Top Barriers Among Non-FA Users

Among Non-Users of FAs: Reasons for not using



Qualitative Close-Up: Barriers to FA Use

- “Trust”, “best interests” and “better job” mirror the survey as key factors in choosing an advisor
 - Trust is sacred and is on par with any important life relationship – once violated, trust is difficult to regain
 - There is skepticism about what incents a financial advisor
 - Compensation structure emerged as best way to ensure interests are aligned: flat-fee vs. commission
 - How a firm treats their employees is a marker of the firm’s compensation system
 - Some feel they can do as good or a better job than an advisor
 - They have sufficient expertise due to their education or job
 - They are satisfied with the returns they get
 - They rely on secondary sources of information that they trust (Warren Buffet, Dave Ramsey, financial media)

“It’s like a marriage; need to make sure it’s the right fit.”

-- Male, 48 years



Siddharth Gopinath
Vice-President
Ipsos Understanding Unlimited

“I think I can manage my own money - I’m big on being self-educated; I do a lot of research.”

--Male, 36 years



Siddharth Gopinath
VP, IUU (Qual Expert)

Qualitative Close-Up: Barriers to FA Use (con't)

- **Social stigma and age are potential emerging barriers**
- Social stigma is related to poor personal money management practices and size of portfolio
 - Using an FA requires that you share your financial history, which can be embarrassing if negative
 - Some feel they don't have "enough" money for a FA to manage and that they would be turned away
- Age of the FA can be a barrier, especially among older respondents (45+)
 - There was a real reluctance to work with an advisor who is *"the same age as my kids"*
 - They want an advisor with empathy and who can relate to their financial circumstances/goals

"For a long time my credit rating wasn't that good, so I was embarrassed to use an advisor."

-- Male, 55 years

"This is something for an old, rich, white man who is rich enough he doesn't have to worry...I would say about \$1MM."

--Female, 50 years

Trust in Short Supply, but Advisors & Some Brands Deliver

Please list the one financial company/brand you trust most



"I work with a private advisor, but trust Schwab"

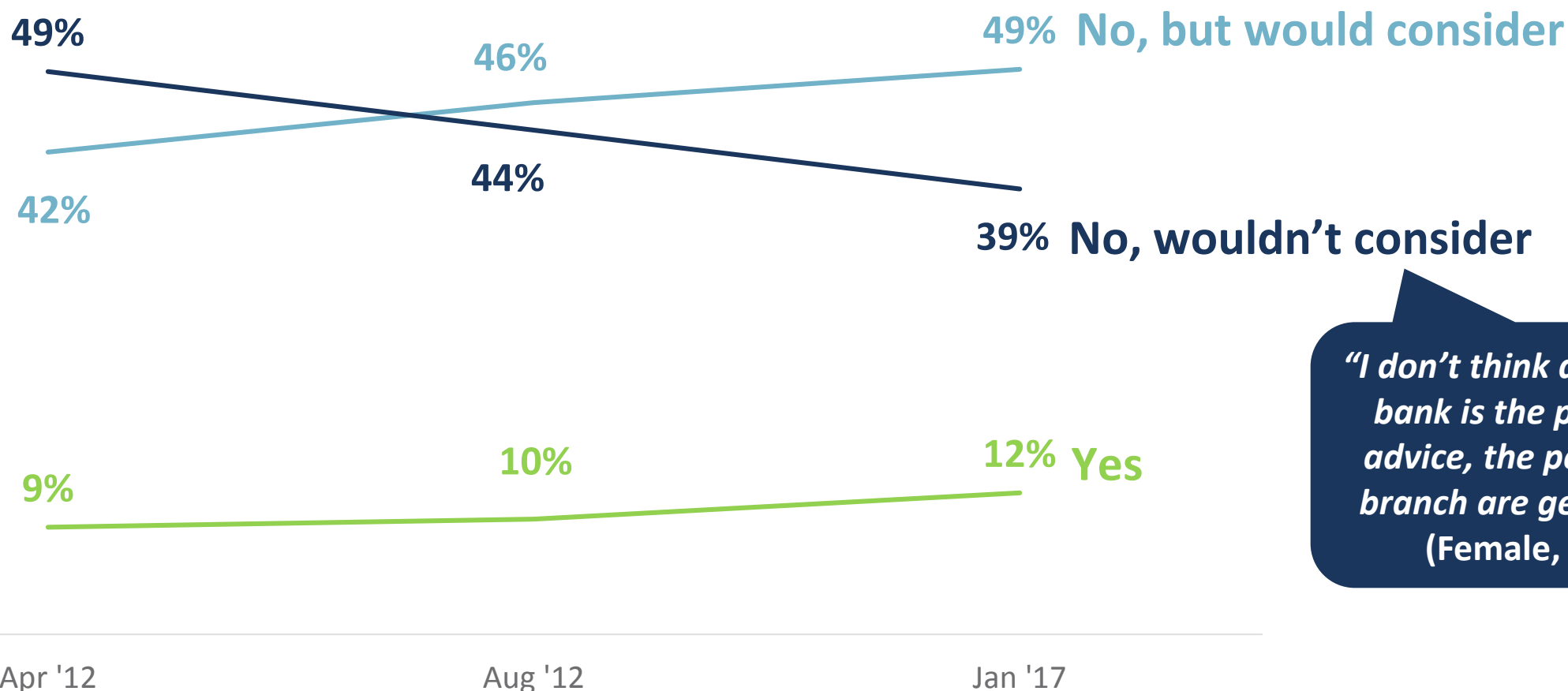
Please describe the sources of financial information that you trust most



"My financial advisor, backed up by my research"

Few Use Banks for Investment Purposes, But Openness Growing

Do you use your bank for investment purposes, such as buying stocks, bonds or mutual funds?



"I don't think a commercial bank is the place to get advice, the people in the branch are generalists..."
(Female, Age 50)

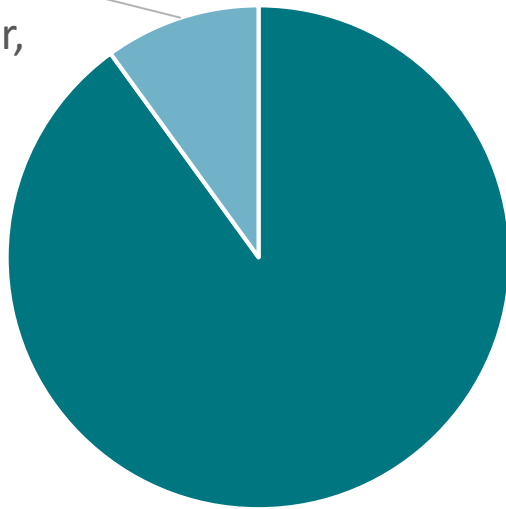
Affluents & Innovation



Robo-Brokers Still Early in the Adoption Curve

When it comes to a specific investment recommendation, which kind of financial advice would you be most likely to follow?

A recommendation from a robo-broker or robo-advisor, 10%



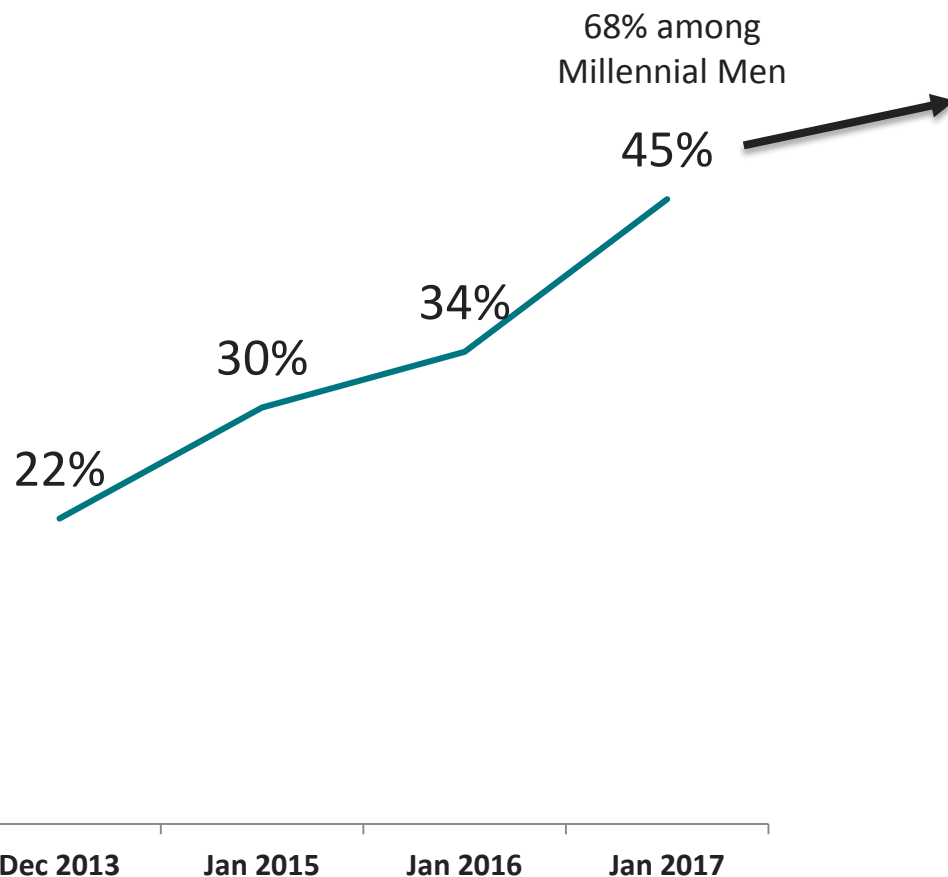
A recommendation from a human financial advisor, 90%

Key metrics re: robo-brokers	
Extremely/very familiar	12%
Used	4%
Extremely/very likely to use in next 12 months	7%
Extremely/very interested in learning more	12%

Familiarity nearly 2X among ultra Affluents

Nearly Half Have a Mobile Wallet App

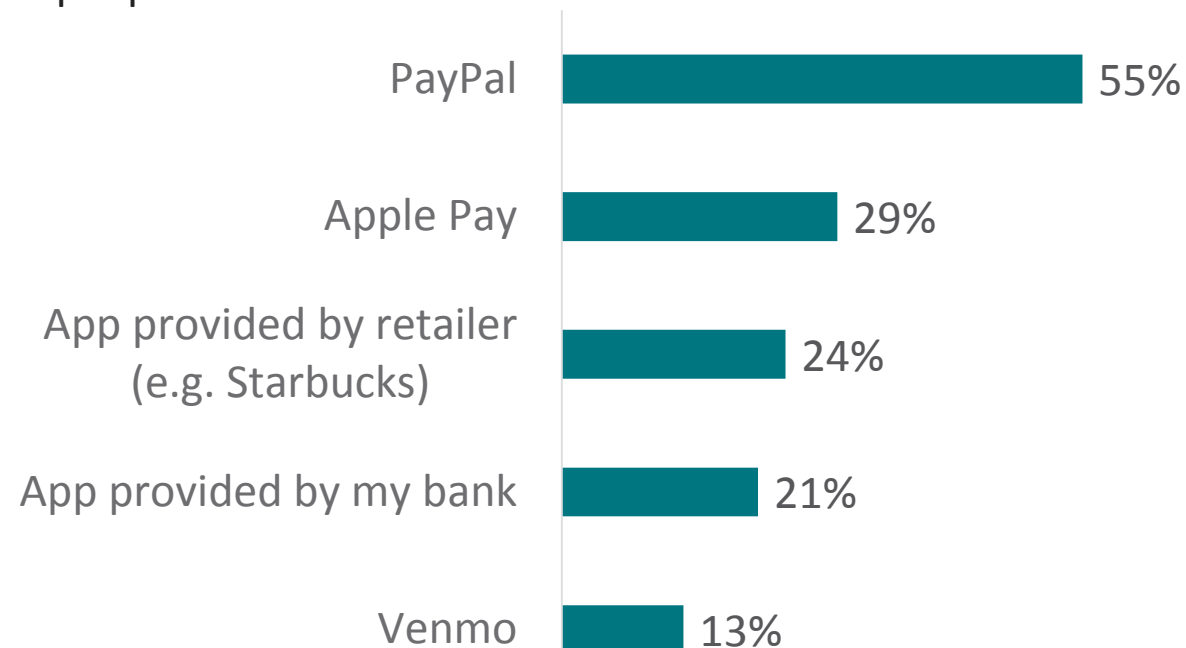
Have a mobile wallet app



68% among
Millennial Men

Among those with mobile wallet apps...

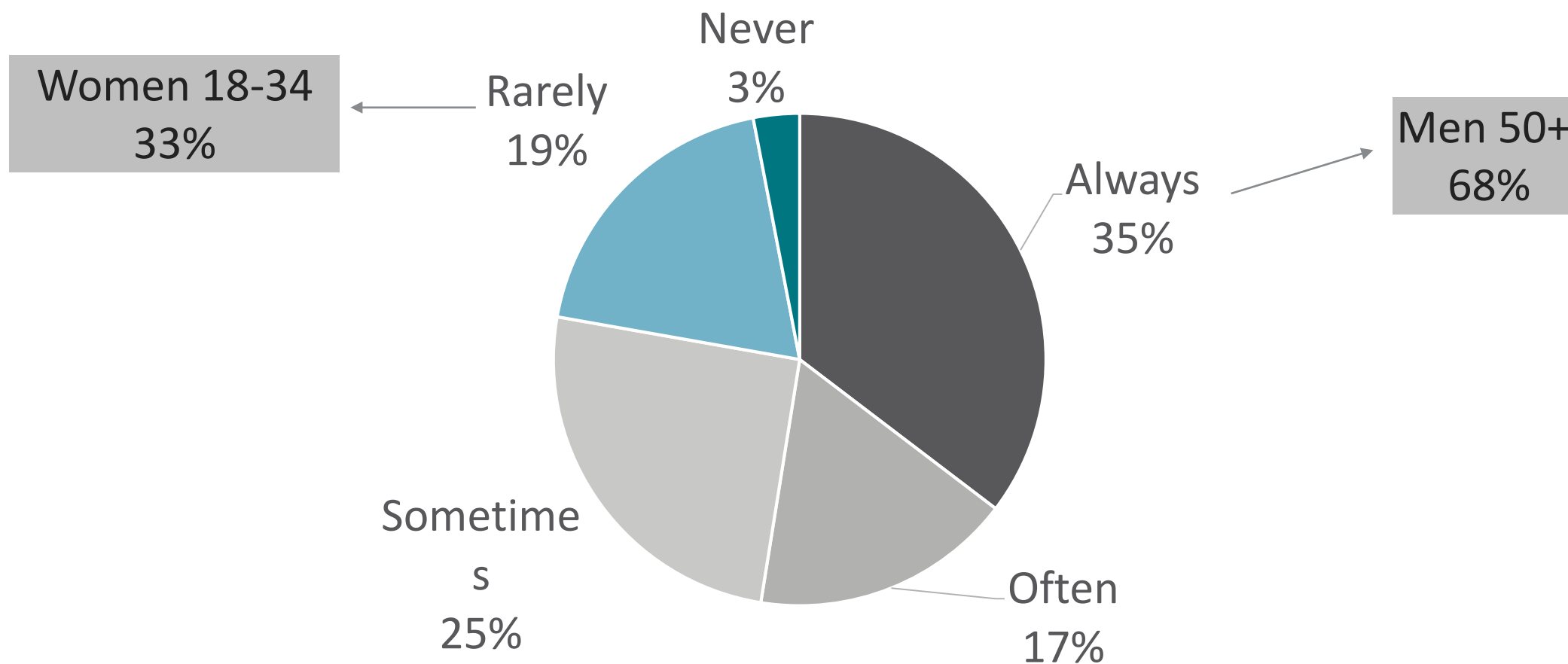
- \$376 mean spend* in past six months – down 6% from Jan 2016
- Top 5 providers:



* among the 86% who used

Nearly One-Fourth Rarely or Never Carry Cash

How often, if at all, do you carry cash with you?



Final Thoughts & Next Steps



Key Take-Aways

- **Affluent outlook:** Opportunity ahead despite an uncertain future
- **Investment approach:** Self-directed and advice-seeking
- **Unfulfilled need:** Someone/something to trust
- **Trend leaders:** Often (but not always) skew male, Millennial, Ultra Affluent

Thought Starters for Digger Deeper

- **Asset insights:** Ownership & balances across 15 different account types
- **Segment profiles:** \$5+ million net worth, \$1+ million liquid assets, etc.
- **B-to-B:** Profiling financial advisors (younger, heavier readers, distinct attitudes, etc.)
- **Recontact research:** Custom research with our 24,000+ respondents
- **Global perspective:** The Ipsos Affluent Survey covers 51 countries

Thank You!



Stephen Kraus

Chief Insights Officer

Steve.Kraus@Ipsos.com

Steve brings more than two decades of experience in understanding human behavior, and his insights on media use and consumer behavior are regularly cited in the media. Author of three books on affluence, Steve holds a Ph.D. in social psychology from Harvard University.



Maria Cole

Director Marketing Sciences

Maria.Cole@Ipsos.com

With over 10 years of applied research experience, Maria's background is in quantitative analysis, including segmentation, predictive modeling, and other statistical methods. An ARF award winner, Maria holds an M.A. in psychometrics from Fordham University and a B.A. in economics & psychology from the University of Pennsylvania.



Category Leads



Donna Den Braven

Vice President, Ipsos Connect
Lead contact for publishers

Donna.DenBraven@Ipsos.com

646-313-6143



Ashley Hoskinson

Vice President, Ipsos Connect
Lead contact for agencies & advertisers

Ashley.Hoskinson@Ipsos.com

347-330-8064