

# Affluents & Investments

Inside the Minds (and Investment Accounts) of Affluent Americans





# Why Affluents & Investing?

- Financial health – real and perceived – are central to Affluent lives, aspirations, media use and spending in every category
- Affluents have a disproportionately strong relationship with the financial markets
- Financial services one of the largest advertisers across platforms
- “Fintech” rapidly transforming the industry – new offerings, new brands, new target segments, etc.
- Financial services touch every part of modern life – investments, banking, spending, credit cards, mortgages, auto loans, insurance, etc.



**What does “success”  
mean to you?**

**#1 answer:  
financial security**

Source: *Women, Power & Money* – Hearst  
Communications & Fleishman Hillard

# Today's Agenda: Affluent Money Mindsets Across Time Horizons



Today



Near-term



Medium-term



Long-term

Attitudes into action: How Affluents make financial decisions

# American Balance Sheets Short on Liquid Assets

	Total US	Affluent	Ultra Affluent
<b>Income</b>	\$46,668	\$152,180	\$405,813
<b>Liquid Assets</b>	\$3,390	\$25,800	\$92,500
<b>Total Assets</b>	\$171,100	\$821,100	\$3,340,500
<b>Total Debt</b>	\$22,000	\$174,000	\$280,000
<b>Net Worth</b>	\$81,400	\$588,800	\$2,912,100

Even high income segments have median liquid assets of <\$100K

Six figures of debt (including mortgages)



# Affluents Over-Estimate HHI Needed To Be a “One Percenter”

Affluents		Ultra Affluents		“Reality” (SCF)	
May 2012	Q4 2015	May 2012	Q4 2015	2010	2013

1% HHI	\$1.5M	\$956K	\$1.8M	\$749K	\$325K	\$380K
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1% Net Worth	\$10.9M	\$7.3M	\$12.8M	\$8.1M	\$6.8M	\$7.6M
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# Joining the 1% Feels Less Likely; Ultra Affluents Feeling “Slippage”

	Affluents		Ultra Affluents	
	May 2012	Q4 2015	May 2012	Q4 2015
Do you believe you are currently in the top 1%?	6%	7%	25%	15% ↓
<b>If not currently...</b>				
Do you expect to be in 1% someday?	15%	8% ↓	37%	28% ↓
What % do you believe you are in?	38%	38%	21%	27% ↑

# What do you have to make in a year to be in the top 1% of your state?



Note: Data are for tax units.

Source: Adapted from Estelle Sommeiller and Mark Price, *The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012*, an Economic Analysis and Research Network (EARN) report published January 26, 2015.

[go.epi.org/unequalstates](http://go.epi.org/unequalstates)

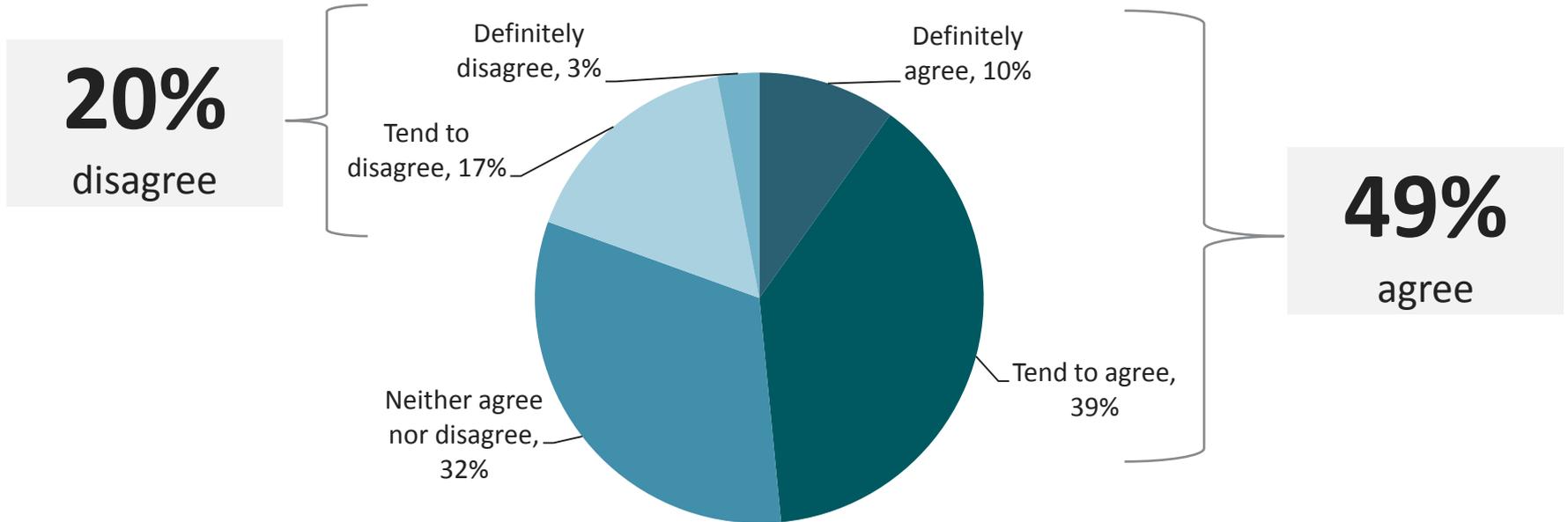


## Technology Infuses Into Financial Lives; Computers Still Key

Done digitally in past 30 days	Total	Computer	Smartphone	Tablet
Any financial activity	82%	79%	38%	17%
Pay bills	73%	70%	15%	8%
Check financial accounts	54%	49%	21%	10%
Check stock quotes	32%	26%	17%	7%
Make a mobile wallet payment	12%	5%	8%	1%

# Skewing (modestly) Toward a Conservative Investment Approach

I would describe my approach to investing  
as conservative and risk-averse



# Financial News: Half Follow, No Platform Dominates

**53%**

I keep up with the financial news



**28%**

read Business/Finance publications



**40%**

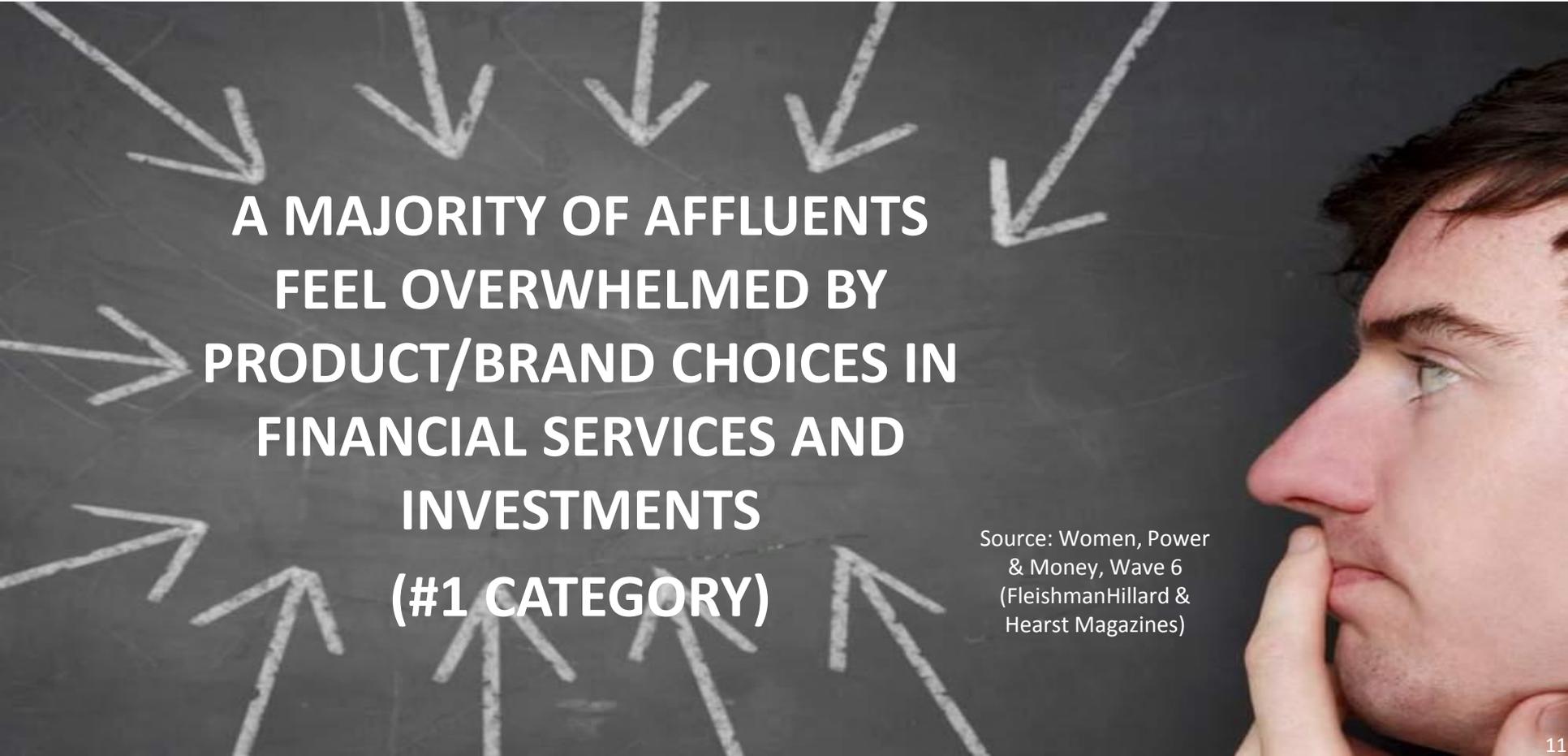
Visited Business/Investment website – past 30 days



**19%**

Watched Business/Finance/Economic News video content - Past 7 days

# “Option Overwhelm” Widespread and Rising



**A MAJORITY OF AFFLUENTS  
FEEL OVERWHELMED BY  
PRODUCT/BRAND CHOICES IN  
FINANCIAL SERVICES AND  
INVESTMENTS  
(#1 CATEGORY)**

Source: Women, Power  
& Money, Wave 6  
(FleishmanHillard &  
Hearst Magazines)



# Near-Term: Affluent Financial Perspectives for the Coming Year



Today



Near-term



Medium-term

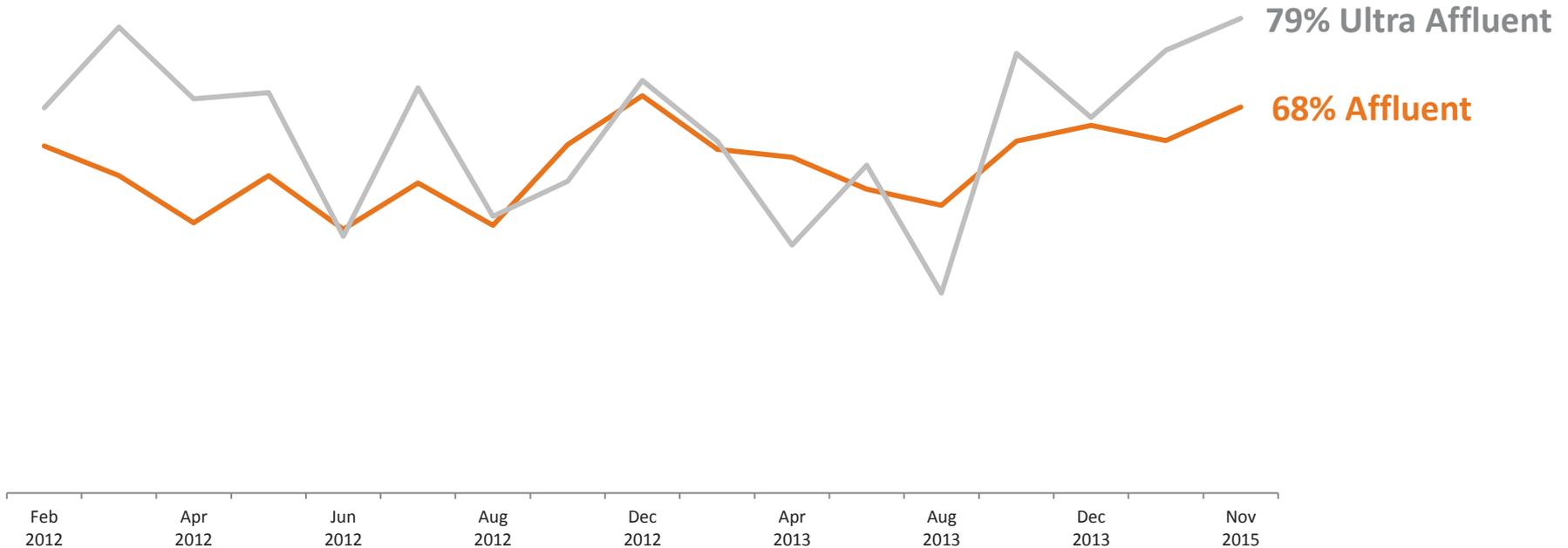


Long-term

Attitudes into action: How Affluents make financial decisions

# Intention To Invest at Reaching New Highs

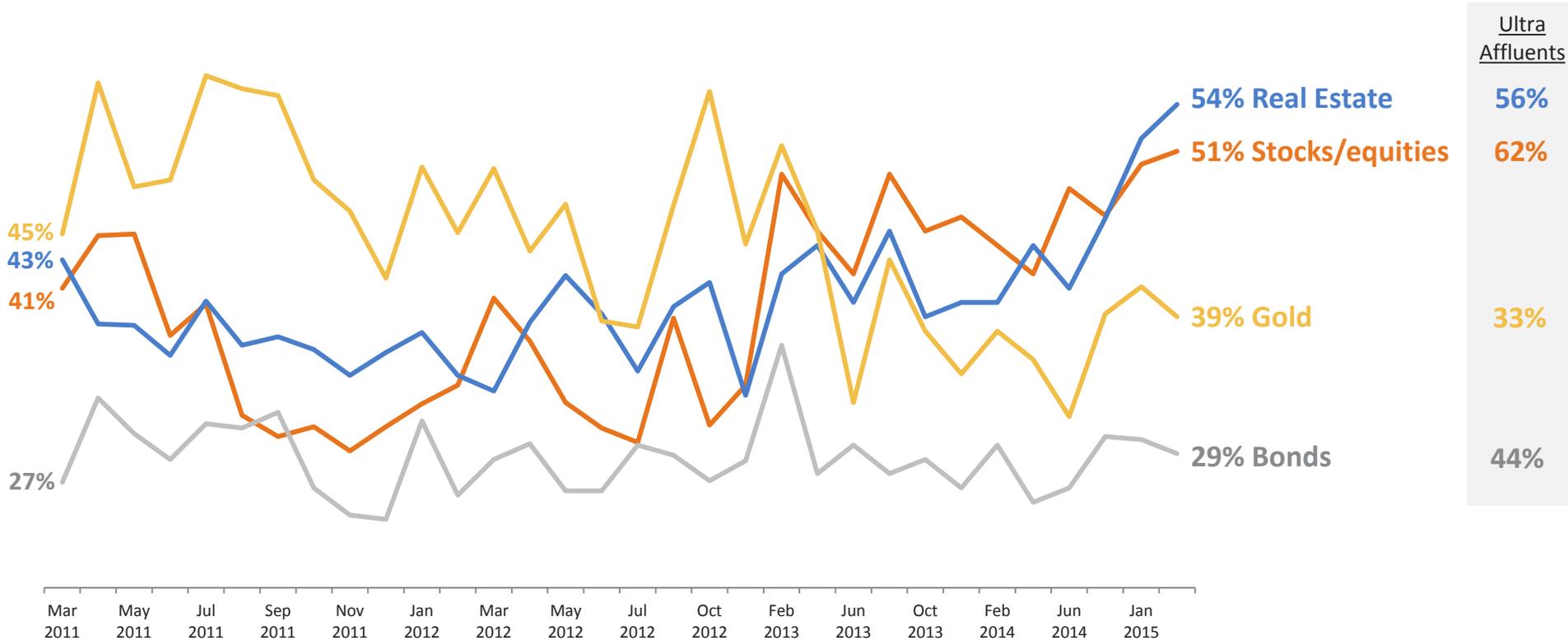
Plan to invest any money in any financial accounts in the next 12 months  
(including retirement investments like 401K, 403B, etc)





# Equities & Real Estate Investments Particularly Appealing

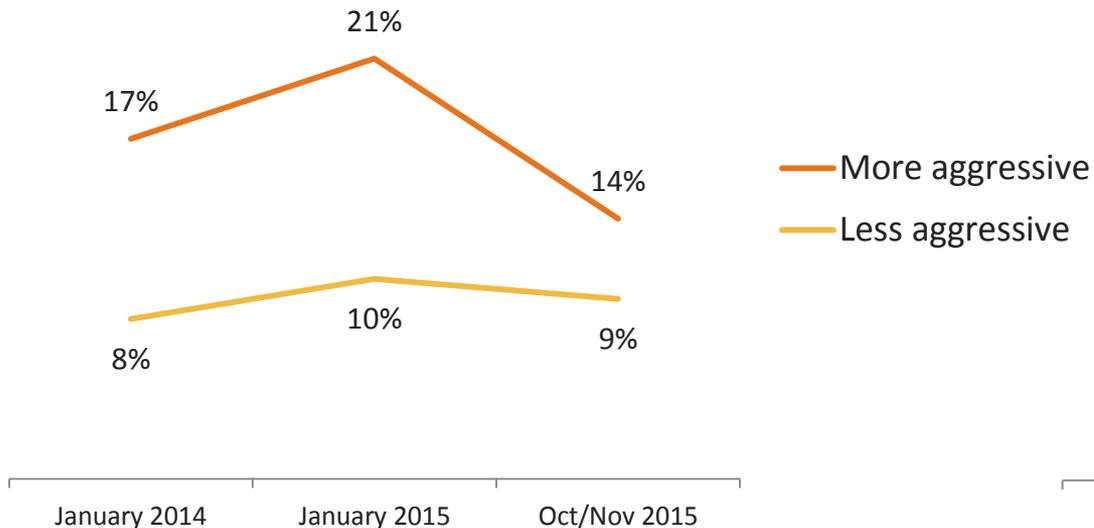
% considering each an excellent/good investment at this time



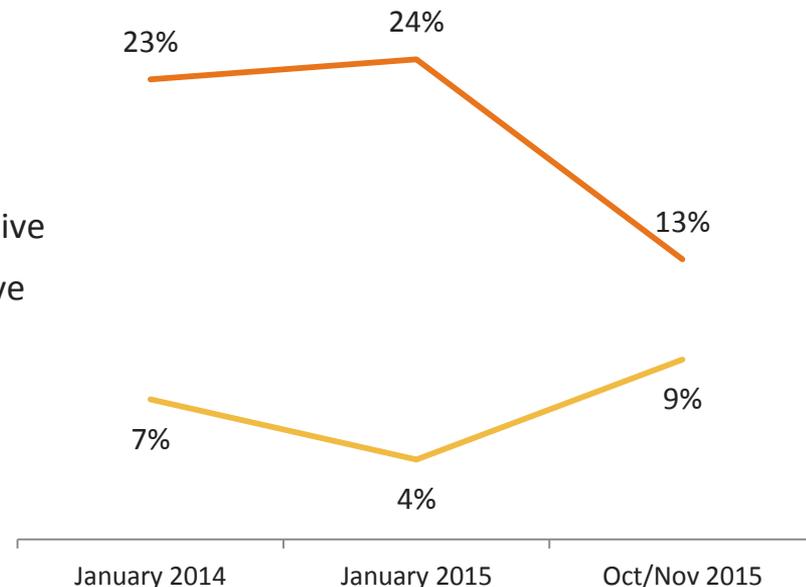
# Aggressiveness of Investment Approach Moderates

## Investment approach for the next 12 months (vs. last 12 months)

### Affluents



### Ultra Affluents



Q. Which statement best describes how your investment approach might be different in the coming year compared with the past 12 months?  
(not shown in charts: the 78% who expect no change in their approach)



Today



Near-term



Medium-term



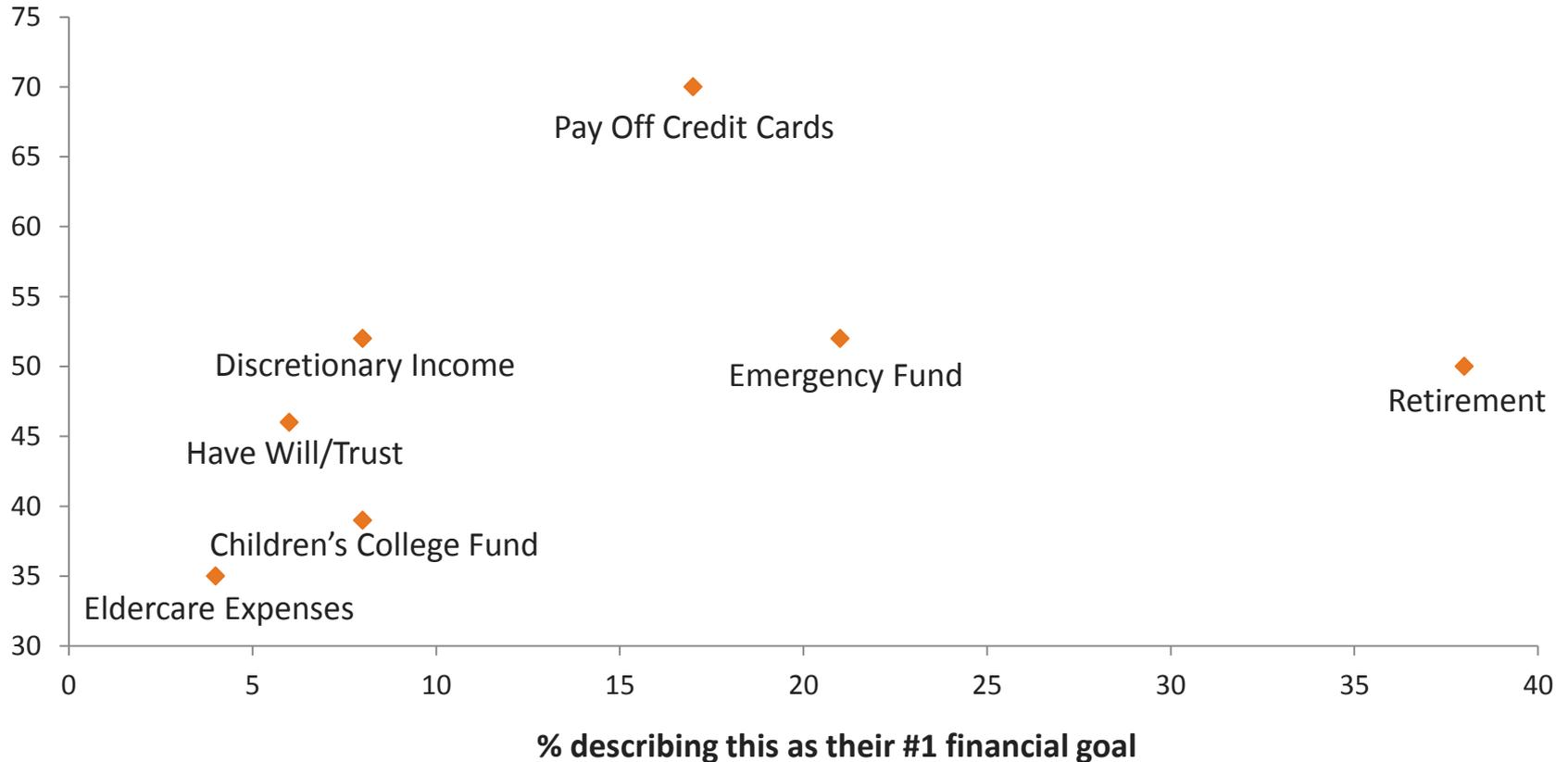
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# Retirement Is The #1 Goal; Only Half Satisfied with Their Progress

% making extremely/very good progress toward goal

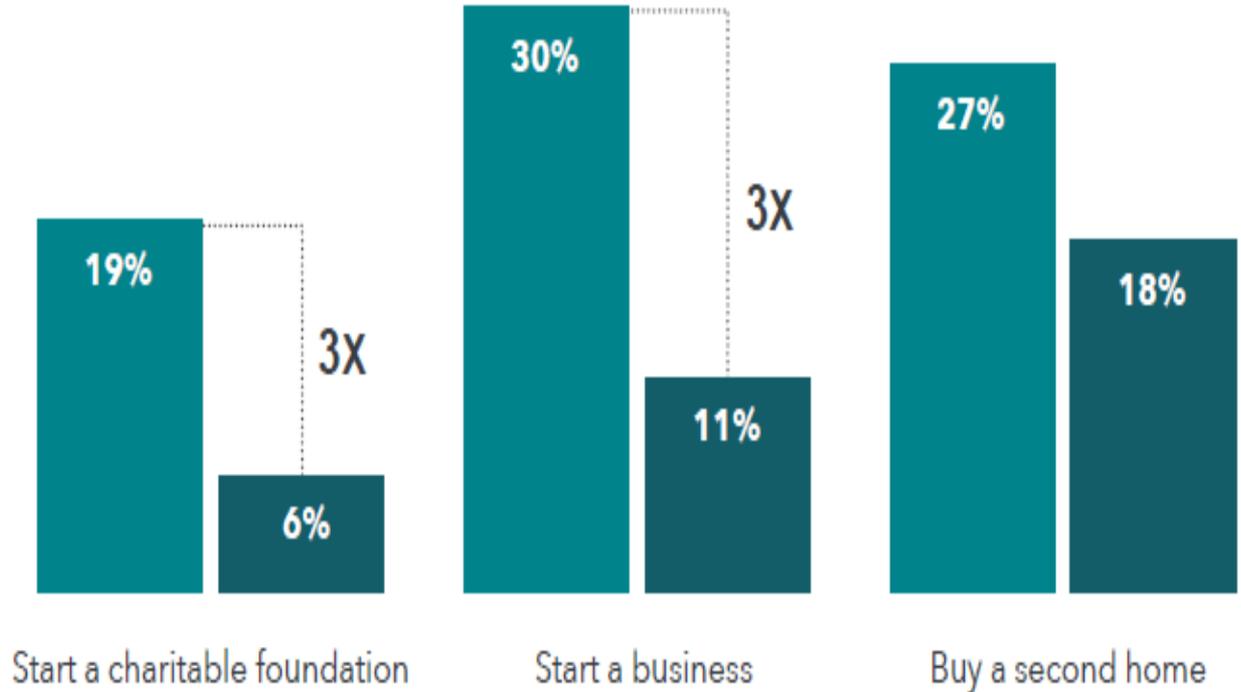




# The Changing Face of Affluents: Millennial Ambition

## AFFLUENT MILLENNIALS SET AMBITIOUS GOALS FOR THEIR LIVES

- Affluent Millennials
- Affluent GenXers





Ipsos **Long-term: The Financial End-Game**



Today

Near-term

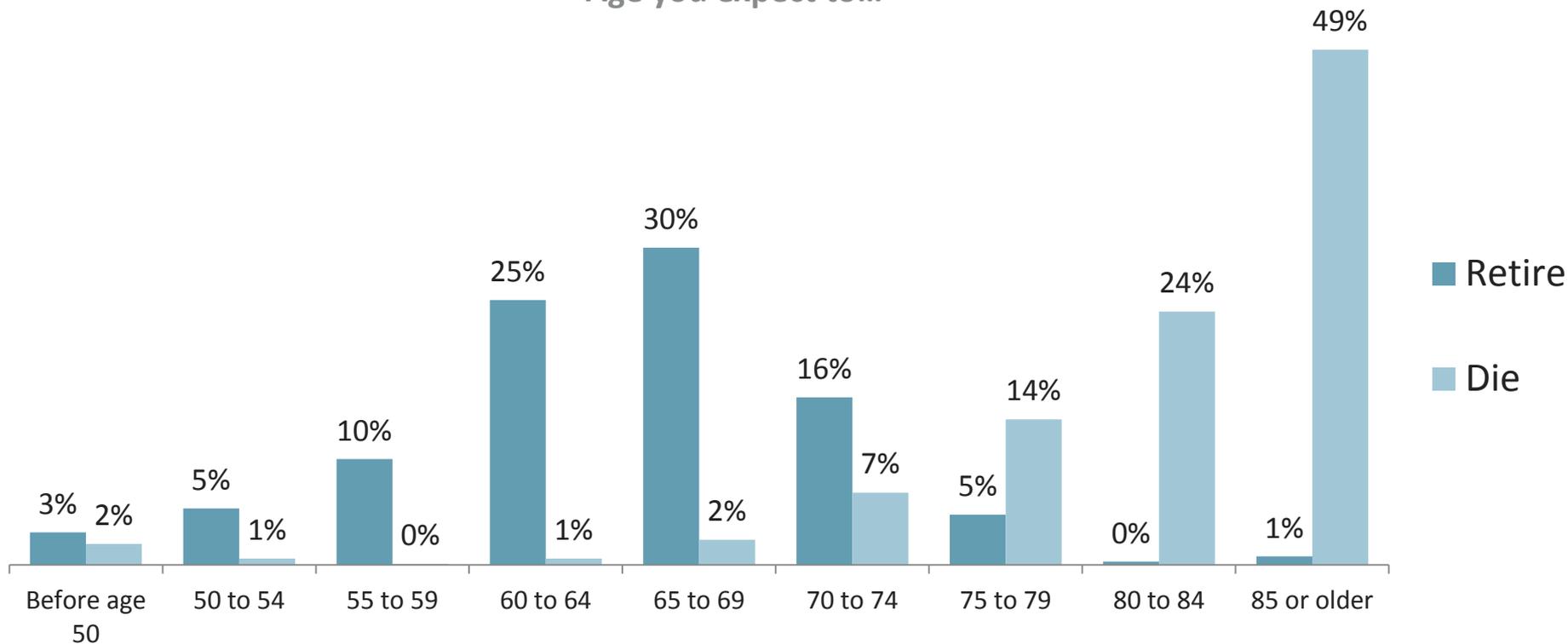
Medium-term

Long-term

Attitudes into action: How Affluents make financial decisions

# Better Save a Lot: Affluents Expecting Long Lives

Age you expect to...

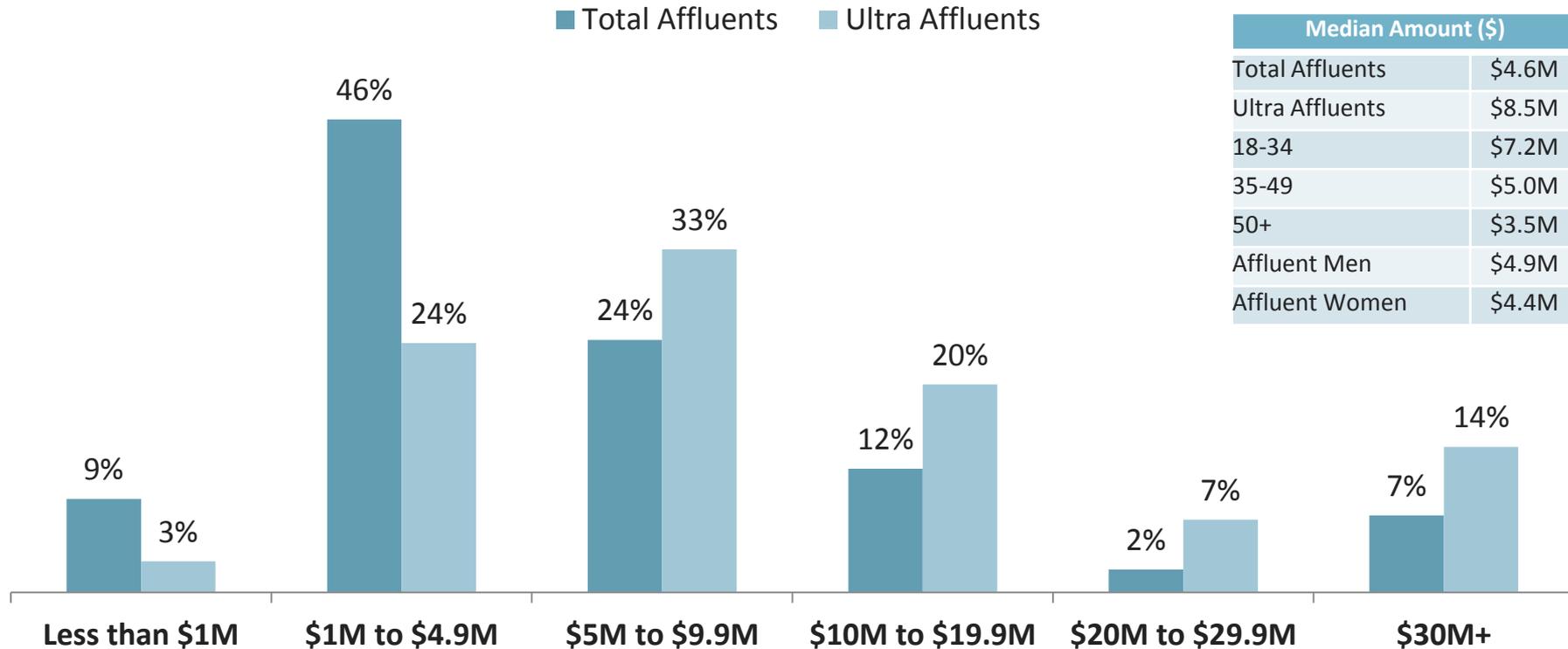


Q. At what age do you expect to retire?

Q. If you had to guess, how old do you think you will be when you die?

# About \$5 Million Would Make Affluents Feel “Set for Life”

How much money would you need to have in order to feel that you are ‘set for life’?





# One-Third of Boomers “Winging” Transfer of Wealth

**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**

**44%**

**Affluents**

**49%**

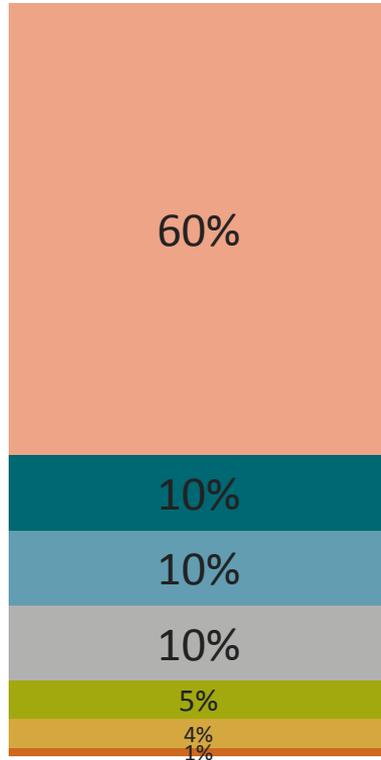
**Ultra Affluents**

**67%**

**Affluent  
aged 50+**

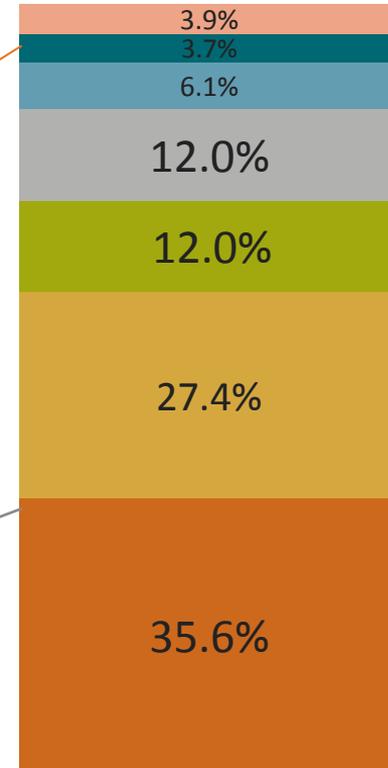
# Transfer of Wealth: Large but Concentrated

% of U.S. population



60% of pop has  
3.9% of wealth

% of U.S. net worth



1% of pop has  
35.6% of wealth



# The Changing Face (and Wealth Sources) of Affluents

Compared to Affluent GenXers, Affluent Millennials are:

**4x**

more likely to  
have gained  
assets from their  
family's business

**3x**

more likely to  
have gained  
assets from their  
own business

**2x**

more likely to  
have gained  
assets from an  
income property

**2x**

more likely to  
have gained assets  
from inheritance,  
clearly reflecting  
the ongoing \$59  
trillion generational  
wealth transfer  
projected from  
1998 to 2052



[Download "Winning Affluent Millennials"](#)

Affluent Millennials particularly likely to expect the future will be – a cashless society, a sharing-based economy, and a time when banks are not the primary financial institutions

Ipsos **How Affluents Make Financial Decisions**



Today



Near-term



Medium-term

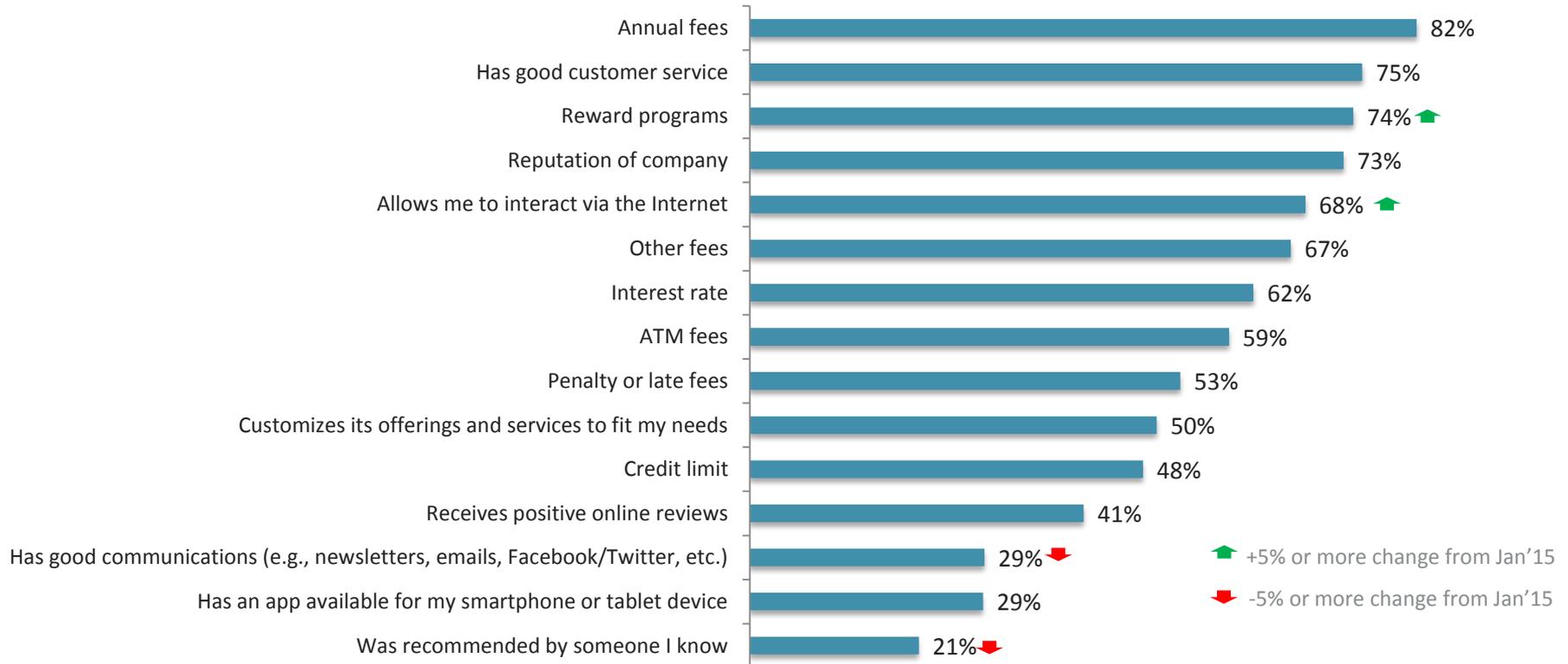


Long-term

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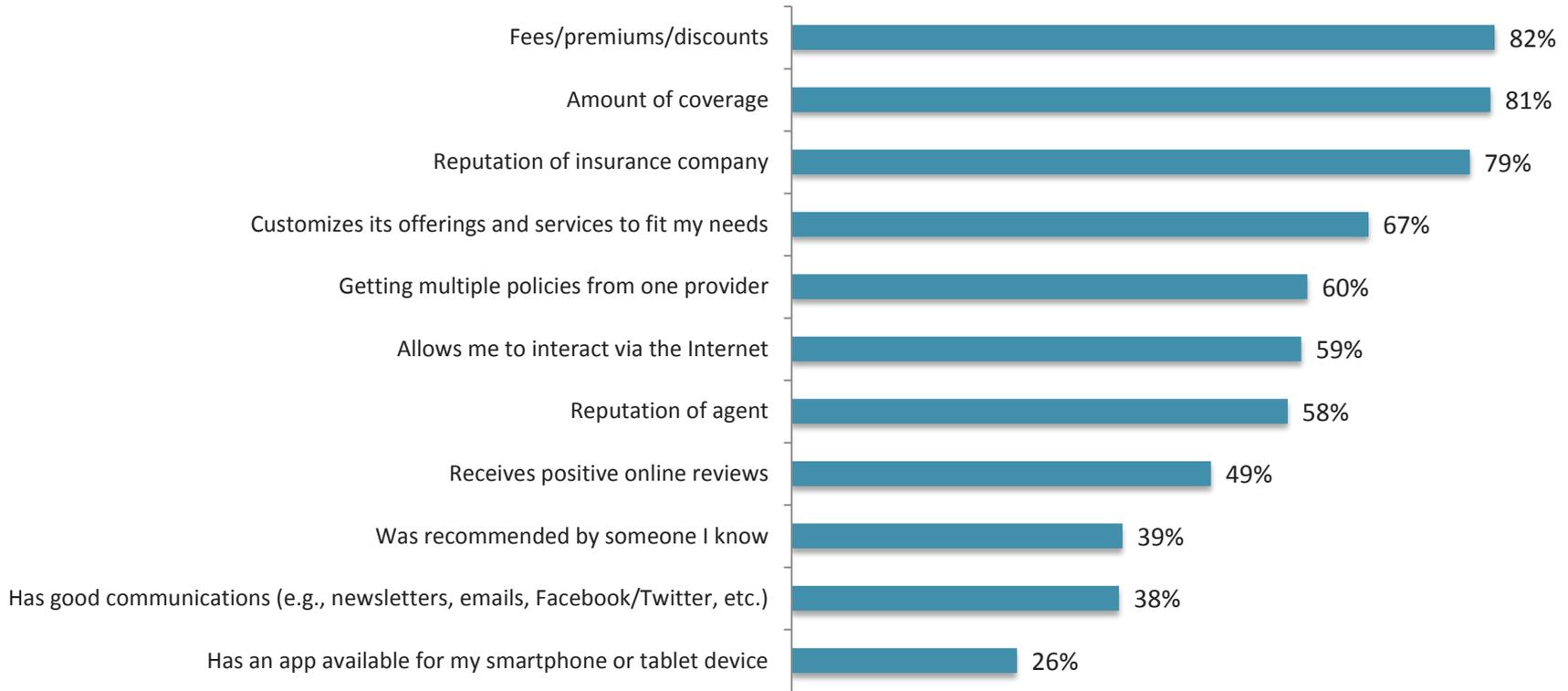
# Credit Card Considerations: Fees Top List, Rewards Rising

## Extremely/Very Important Considerations when choosing new credit card



# Insurance Considerations: Fees, Coverage, Reputation

## Extremely/Very Important Considerations when choosing new insurance







# Advice-Seeking vs. Self-Directed a False Dichotomy

## Financial attitudes

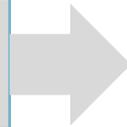
A person is responsible for his or her financial security after retirement **85%**

I am actively involved in the management of my personal finances **80%**

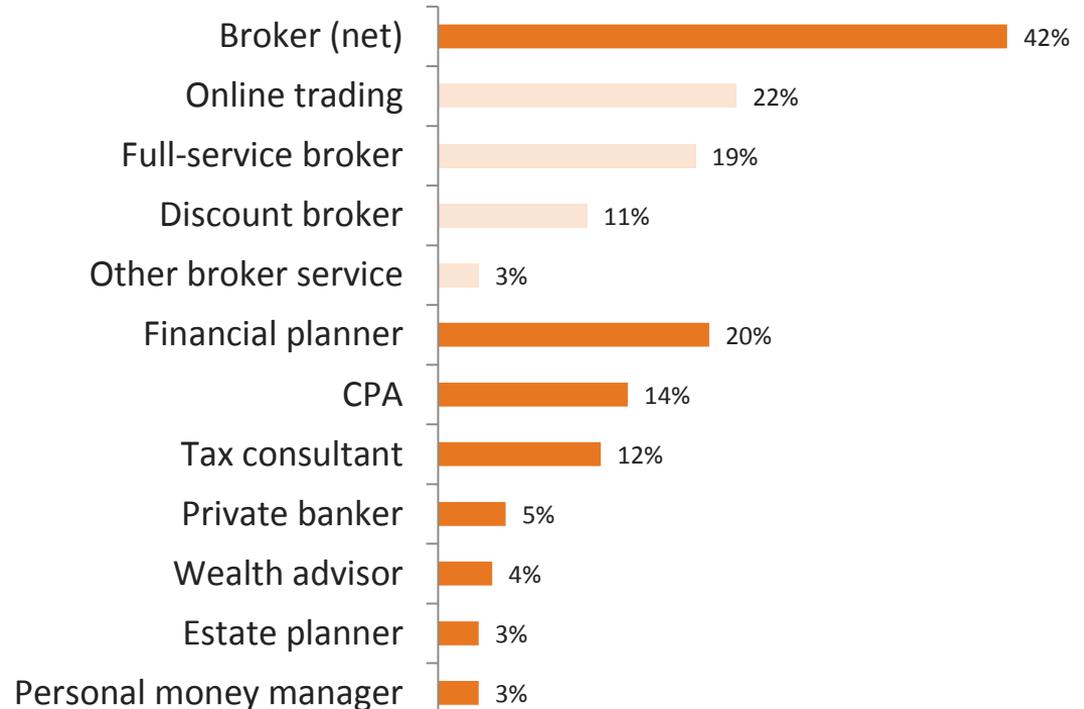
Used a financial professional in the past 12 months **67%**

I usually consult a financial expert before deciding on money issues **31%**

Have a managed account **31%**



## Used in past year



# Trust Tops a Long List of Considerations for New Advisors

Extremely/Very important when choosing new financial professional/companies





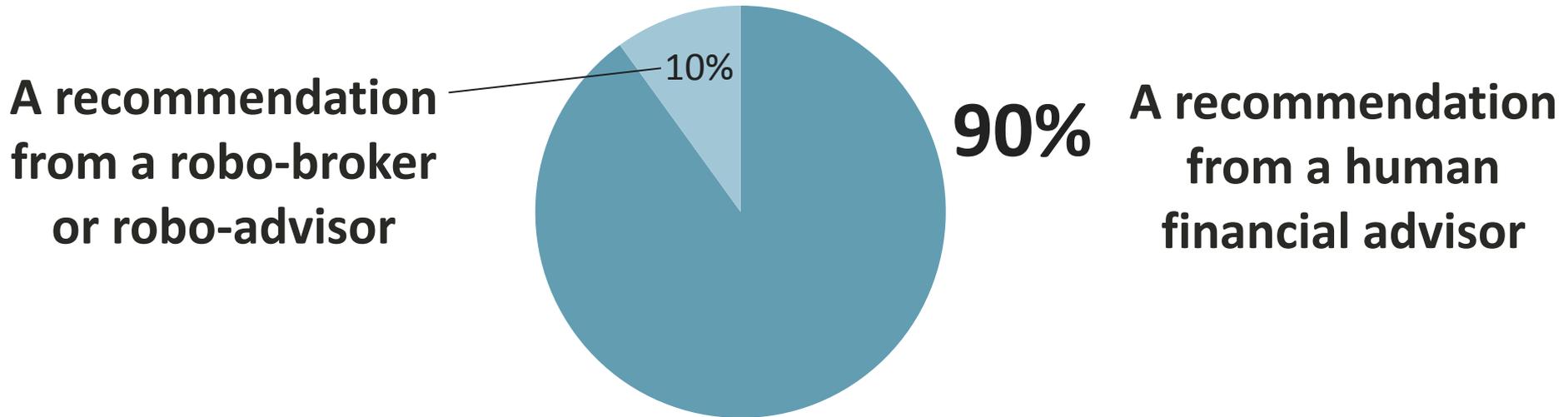
# Trust Tops a Long List of Considerations for New Advisors

These days, some financial services companies make investment recommendations based on computer algorithms and statistical analyses, rather than on judgments from human financial advisors. Sometimes these services are called 'robo-brokers' or 'robo-advisors'.

	Affluent	Ultra Affluent
Extremely/very familiar	11%	24%
Have used	4%	3%
Extremely/very likely to use in next 12 months	5%	11%
Extremely/very interested in learning more	12%	19%

# Human Experience vs. Big Data: Which Is Trusted More?

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





**For more information:**

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