

The Intersection of Well-Being and Advice

Millionaire Outlook 2019



Millionaires are currently quite satisfied with their lives

In our annual Millionaire Outlook Study, Fidelity polled millionaires about their overall life satisfaction, asking them for perspective on their lives now and looking back over the last year.

81% of millionaires are very satisfied with their lives.

1 in 4 millionaires are more satisfied with their lives than they were a year ago.

Fidelity has been tracking its Economic Confidence Index for over ten years based on investor assessment of five measures: **economy, stock market, value of real estate, consumer spending, and business spending**. This year millionaires had the highest ever Current Economic Confidence Index.

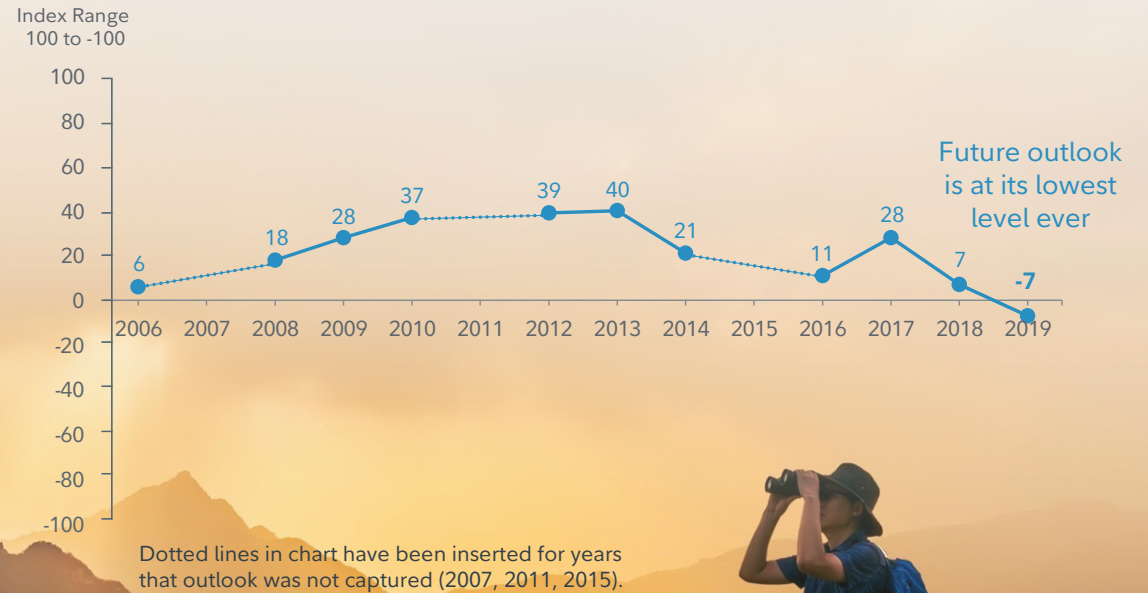


Looking to the future, millionaires do have concerns

Millionaires feel less optimistic about the future state of the economy.

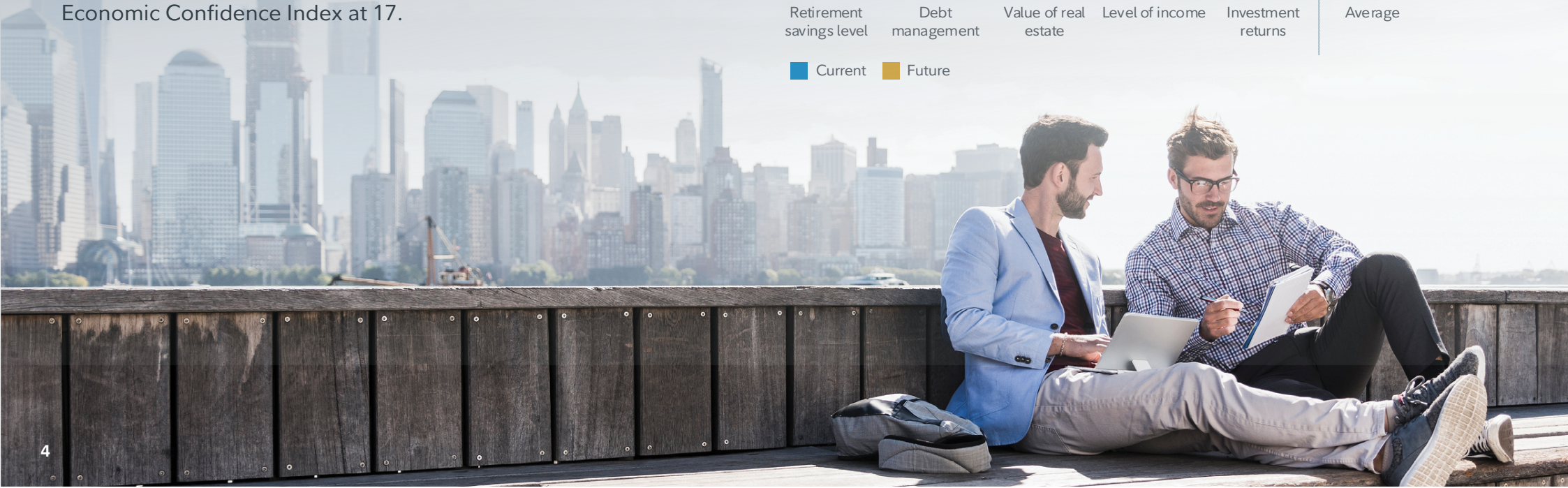
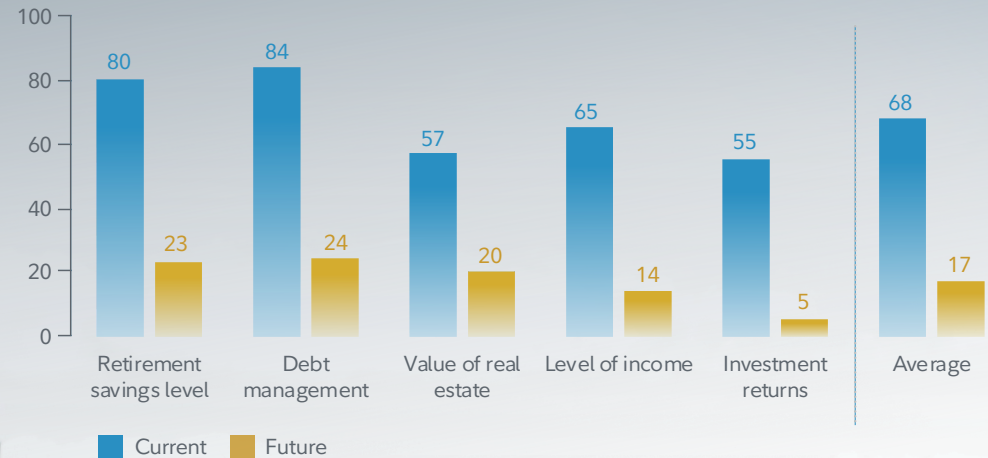
We asked the same questions for the Economic Confidence Index looking out 12 months from now. The results were the lowest levels recorded since our survey began in 2006 (before the financial crisis in 2008). The results for 2019 saw a drop of 14 points from 2018, and for the first time the Future Economic Confidence Index went into negative ratings.

Future Economic Confidence Index



Millionaires also feel greater unease about their future personal economic situation

The Personal Economic Confidence Index consists of five measures based on millionaires' assessment of the current strength or weakness of the following personal economic factors: **retirement savings level, debt management, value of real estate, level of income, and investment returns**. We saw a significant gap between their average Current Personal Economic Confidence Index of 68 and their much lower average Future Personal Economic Confidence Index at 17.



Our research sought to learn more about investor stress

We asked investors to indicate their current level of stress in multiple areas: health, life, work, and financial.

Health



Factors included their weight, health, and their family's health. We also asked about disabilities and significant health events.

Life



Questions included factors around their marital status, children, parents, friends, living situation, and personal life events (i.e., divorce, death of a spouse).

Work



Included questions about their job or business, their role, their plans for retirement, and their spouse/partner's job or business. Also asked about life events such as loss of a job or opening a business.

Financial



Questions covered their overall financial situation including saving, investing, debt, budgeting, and paying for health care.

Top Five Concerns for Millionaires

Health and life concerns are a primary source of worry for millionaires.




Paying for health care is connected to the top three worries.

Top Five Concerns for Millionaires-of-Tomorrow

When we asked the same question of investors with under \$1 million in investable assets, we saw the same top five worries.



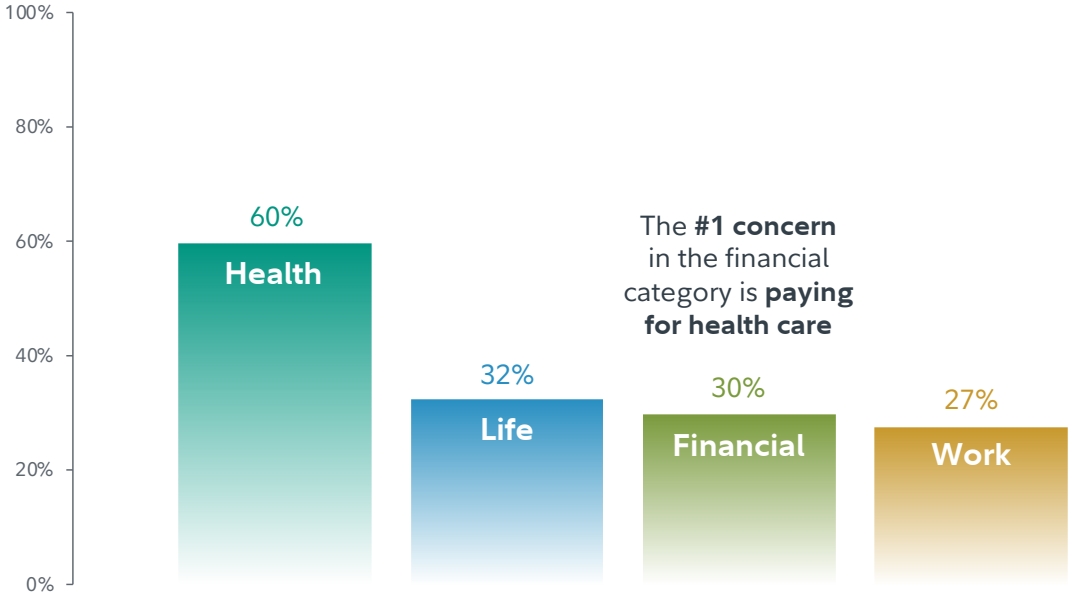
 Millionaires-of-Tomorrow rated their family's health as a higher worry than their personal health.

The worries that are keeping people up at night are universal.

43% of millionaires scored their stress levels above average across multiple factors

We call this cohort **Stressed Millionaires**.

Stressed Millionaires are also most concerned with **health** and **life** stressors.



Average % of Stressed Millionaires who have worries in each category

The top worries of Stressed Millionaires mirrored those of all millionaires.



The Less-Stressed Millionaire tended to score lower stress levels across the factors



They are **much more positive** about the future: their future economic and future personal outlooks are considerably higher than those who are stressed.



94% of Less-Stressed Millionaires are very satisfied with their lives, while **33%** believe their life is better than it was a year ago.



While their weight, personal health, and family health remain top concerns, they are **half as concerned** about these factors than the Stressed Millionaire.



Overall, **the Less-Stressed Millionaire-of-Tomorrow** behaves similarly: compared to Stressed Millionaires-of-Tomorrow they have a higher personal and economic confidence index and are more satisfied with their lives.



Contrary to expectations,
Less-Stressed Millionaires
are not:

**Less-Stressed
Millionaires**

vs.

**Stressed
Millionaires**

Younger

67

Average age

66

Wealthier

\$1.75M

Investable assets

\$1.75M

More likely to be retired

59%

Retired

59%

More likely to have children

78%

Have children

75%

Clustered in one geography

**Live throughout
the U.S.**

**Live throughout
the U.S.**

What can we learn from Less-Stressed Millionaires?

Health

Life

Work

Financial



Less-Stressed Millionaires feel confident about their health

Less-Stressed Millionaires are less likely to be managing disabilities for themselves or a loved one.¹

Stressed Millionaires are two times more likely to personally have a physical disability² than their less-stressed counterparts. When they don't personally have a disability, Stressed Millionaires are still more likely to live in a household with a disability.¹ (31% vs. 22%).

Fewer **Less-Stressed Millionaires** have experienced serious health issues.

35% of **Stressed Millionaires** have experienced a serious health issue or serious illness at some point in their lives, slightly more than Less-Stressed Millionaires at 31%.

Less-Stressed Millionaires are more likely to turn to a professional for help when dealing with a significant health issue.

When they do turn to a professional, Less-Stressed Millionaires are not looking for someone to take over: **Stressed Millionaires** are more likely to want someone to fully manage and implement services in dealing with a significant health issue.



The **Less-Stressed Millionaires-of-Tomorrow** also feel confident about their health and are more likely to seek professional help when faced with a serious health issue.

Health

While **86%** of Less-Stressed Millionaires feel confident about their health, less than **50%** of Stressed Millionaires do.



I hope my husband and I stay healthy to avoid big medical costs.

MILLIONAIRE, BOSTON

Less-Stressed Millionaires don't have different life experiences, but may have established different priorities

Less-Stressed Millionaires were **NOT** significantly more likely to have experienced positive life events (including marriage, birth of a child, or inherited money). Conversely, **Stressed Millionaires** were **NOT** significantly more likely to have experienced negative life events (including death of a loved one, divorce, or a legal issue).

- Those Less-Stressed Millionaires who are still working are more likely to **take time off** before retirement to pursue personal interests such as travel, family, volunteering, and education.
- Less-Stressed Millionaires are more likely to have a **partner** (83% vs. 76%).
- Although both cohorts tend to have adult children (21+), Less-Stressed Millionaires are more often thinking about the financial well-being of their families. Less-Stressed have stated "**passing wealth** to my children, grandchildren, or other heirs" among their top five investment goals.



The **Less-Stressed Millionaire-of-Tomorrow** is slightly more likely to have experienced positive events, and the **Stressed Millionaire-of-Tomorrow** is no more likely to have experienced negative events.

Life



I'm not as worried that I'll be OK financially, I'm worried about how I'll spend my time.

MILLIONAIRE, CHICAGO

According to recent research by Fidelity Charitable, **3/4** of all millionaires volunteer each month and **44%** of all millionaires have increased their charitable donations over the last 5 years.³



Less-Stressed Millionaires work to achieve personal fulfillment

While a majority of millionaires are retired from their primary profession, Stressed and Less-Stressed Millionaires have equally experienced job loss/change or been business owners. Working Less-Stressed Millionaires are **three times less worried** about their job or business. **The difference may lie in the reasons why they work.**

Working for financial need

Less-Stressed Millionaires may not be driven by a financial need to work—Stressed Millionaires are **three times more likely to feel behind on their financial goals.**

Stressed Millionaires who don't plan to retire are **significantly more likely to say it is because they cannot afford to.** This may be driven in part by their household income: they have a lower median annual household income.

Working for fulfillment

One in ten millionaires do not ever plan to retire. Those who are less-stressed appear to make this decision independent of their financial situation: **63% enjoy working and don't want to stop.**

Those Less-Stressed Millionaires are less worried about how they will spend their time in retirement. In fact, they are slightly more likely to take steps to retire early so they can **focus on what they want to do in life** (52% vs 45%).

Work



...we'd like to be able to see if we can enhance other people's lives, because we've done fairly well ourselves at this point.

MILLIONAIRE, BOSTON



The Millionaires-of-Tomorrow are more likely to be working but the **Less-Stressed Millionaires-of-Tomorrow are three times less worried** about their jobs or businesses than their stressed counterparts.

Less-Stressed Millionaires have less financial worry and better financial habits

Even though they have the same average wealth (investable assets of \$1.75M), **100%** of Less-Stressed Millionaires are confident with their overall financial situation, vs. only **8 in 10** Stressed Millionaires.

	Less-Stressed Millionaires	Stressed Millionaires
Tighter control over spending habits...	Less income tied to fixed expenses	30% of their income tied to fixed expenses
Less likely to hold debt...	Tend to hold less debt overall: Just 12% hold credit card debt.	10x more likely to be worried about paying off their debt: 1 in 5 hold credit card debt.
Take an active role in investing...	6 in 10 enjoy investing. They tend to make greater contributions of their monthly income to investment savings (16% vs 10%) and partake in aggressive investing.	Only 1 in 10 focus their contributions on investment savings, and just 25% consider themselves to be aggressive investors.
Have higher financial literacy...	74% consider themselves to be knowledgeable about investing, and more than half manage some of their investments on their own.	Rate themselves lower on their knowledge of investing (58% vs 74% for Less-Stressed) and their ability to be able to handle investing on their own (41% vs. 52% for Less-Stressed).



91% of Less-Stressed Millionaires-of-Tomorrow are confident with their overall financial situation and generally follow the same habits as their millionaire counterparts.

Financial



The question is how sufficient will (my savings) be in light of potential health problems, increasing cost of living, things like that. So I'm somewhat comfortable but I would not say I'm confident.

MILLIONAIRE, SAN FRANCISCO

The convergence of health and wealth: Less-Stressed Millionaires are more confident about their health, so they are less worried about paying for health care

Less-Stressed Millionaires are less worried about paying for health care.

Stressed Millionaires are over 6x more concerned about paying for health care than their counterparts (45% vs 7%).

Less-Stressed Millionaires are less focused on planning for health care expenses in retirement.

Stressed Millionaires more often state an investment goal focused on planning for health care expenses in retirement (20% vs. 12%). Both Stressed and Less-Stressed Millionaires invest in HSAs and are planning to increase their contributions or usage in the coming year.

According to the *Journal of the American Medical Association*, health care spending in the United States rose nearly a trillion dollars between 1996 and 2015. Between 2006 and 2016, out-of-pocket costs for Americans with health coverage rose faster than the insurer's costs.⁴ While there are ongoing efforts to reduce health care costs, it's no wonder that "paying for health care" was the No. 1 financial concern across all millionaires.

Paying for health care is the No. 1 financial concern across all investors.

Can an advisor help manage stress?

The quality of the advisor relationship plays an important role





2/3 of all millionaires are working with an advisor.

This has remained relatively consistent for several years and is similar for Millionaires-of-Tomorrow (63%).



Working with a financial advisor does not necessarily result in lower stress...

Stressed investors—both millionaires and millionaires-of-tomorrow—are just as likely to work with an advisor as their less-stressed counterparts.



The quality of the relationship with the advisor does.

Stressed Millionaires have greater concerns about the quality of their relationship with their advisor: **reduced services, lack of support, and greater disconnect.**

There is a disconnect in services expected, services desired, and services delivered for Stressed Millionaires.



Stressed Millionaires receive fewer services from their advisor

Stressed Millionaires tend to choose their advisor based on whether they take a comprehensive approach to their financial goals; however, they are less likely to receive as many services from their advisor and less likely to feel ahead on their goals.

Services received less often by **Stressed Millionaires**:

Estate planning

Stock planning services

Trust services

Specialized investment management
(e.g., fixed income, alternative investments, commodities)

In addition, Stressed Millionaires have their financial plans updated less frequently.



The Stressed Millionaire-of-Tomorrow is also **likely to receive fewer services** from their advisor. In addition to these reduced services, they are also less likely to receive tax planning and long-term care planning.

Life events are pivotal in someone's life - and the support of the advisor can make a great difference.



Stressed Millionaires lack support from their advisor

Stressed Millionaires were less likely to agree that their advisor understood their current life situation and advised them accordingly.

They also stated that they were **underserved by their advisor during critical life events:**

Major gain or loss of income or assets

Death of a loved one

Significant health issues

Started or sold a business

Purchased or sold a home

Investors across the wealth spectrum expressed a lack of support from their advisor during a major gain/loss of income or assets—typically a time when the advisor would play a pivotal role.



The **Stressed Millionaires-of-Tomorrow** also felt less support during life events, but because they tend to be younger those events included birth or adoption of a child, divorce, and job loss or change.

A personal connection is foundational to a high-quality advisor relationship

Stressed Millionaires have greater disconnect in their advisor relationship

Relationships with strong personal connection include understanding, communication, transparency, consistency, and trust.

Unfortunately **Stressed Millionaires are lacking these connections** with their advisors. Stressed Millionaires shared that they are:

Less likely to feel their advisor considers their unique needs

More likely to complain that advisor talks over their head and doesn't explain options clearly

Less likely to be aware of their advisor's fee structure

Less aware whether their advisor has a continuity or succession plan in place

Less likely to trust their advisor



The **Stressed Millionaire-of-Tomorrow** is often more likely to state that they don't trust their advisor and express concern that their advisor talks over their head.

A lower-quality relationship may pose challenges for an advisor.

1

Stressed Millionaires **rate their advisors much lower** than Less-Stressed Millionaires (Net Promoter Score® 23 vs. 57).

2

Stressed Millionaires are **less likely to follow their advisor** to a new firm.

3

More than half of Stressed Millionaires have **never referred their advisor** to others.

Key Takeaways for Advisors

Advisors have a role in both wealth and well-being and can directly impact clients via services offered, support given during life events, and personal connection. Consider the following actions to drive greater value to clients:

Health

- Deepen partnerships with health care organizations (diabetes, heart health, cancer, child development, senior care) to advance literacy.
- Expand your network of planning services for estate, insurance, and long-term care to help clients to feel more in control of their health.
- Consider expanding your product offerings to include insurance and health savings accounts to help address concerns about paying for health care.

Life

- Focus on the client's values, not their valuables: engage them in exercises to identify their personal values and philanthropic passions.
- To deepen understanding of the whole person and personal relationships, collect data around family, occupation, community, and recreation interests. One way you can use the information is to engage with clients compassionately around challenging holidays and anniversaries.

Work

- Scenario plan with clients around common life and work events to reduce stress around unknowns. That may include work with career coaches to help clients think about their career or services to help business owners think about the transition of their business.

Financial

- Deepen your understanding of the client family tree. Drive frictionless engagement across generations by facilitating inclusive conversations.
- Personalize client communication, be straightforward, and reduce financial jargon. Remove vocabulary or phrases that are commonly used in our industry, but that may be misinterpreted by your audience.
- Deliver financial literacy boot camps to clients' children between the ages of 12–22.



For some time now, the dialogue has been about how financial advisors can empower their clients to live a richer life, and money is part of the fuel to get there. As we go forward, investors are also looking for help leading less stressful and healthier lives. Advisors can play an instrumental role in this arena.

DAVID CANTER
HEAD OF REGISTERED INVESTMENT ADVISOR SEGMENT
FIDELITY INSTITUTIONAL



Appendix

Important Information



Facts at a Glance: Profile of Millionaires in the Study

About the Research

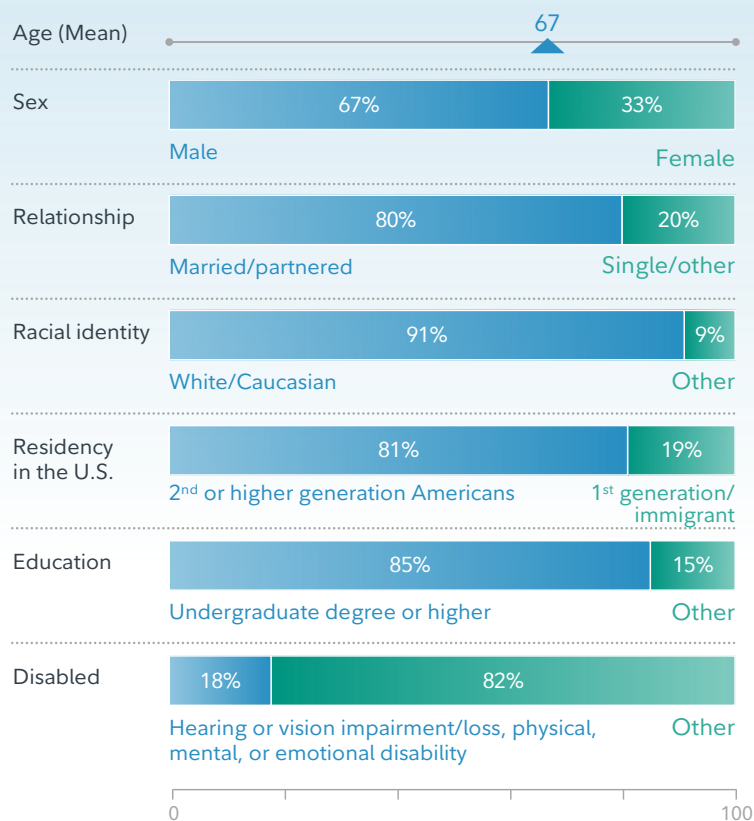
The 2019 Fidelity Millionaire Outlook Study was conducted during the period August 6 through August 26, 2019.

It surveyed a total of 2,026 investors, including 1,102 millionaires. The study was conducted via a 25-minute online survey, with the sample provided by Brookmark, a third-party firm not affiliated with Fidelity.

Respondents were screened for a minimum level of investable assets (excluding retirement assets and primary residence), age, and income levels.

Statistics shown throughout this deck are from the 2019 Millionaire Outlook Study unless otherwise noted.

Demographics



Financial Profile:

Median Household Income of:
\$200K

Median Retirement (Workplace) Assets of:
\$750K

Median Investable Assets of:
\$1.75M

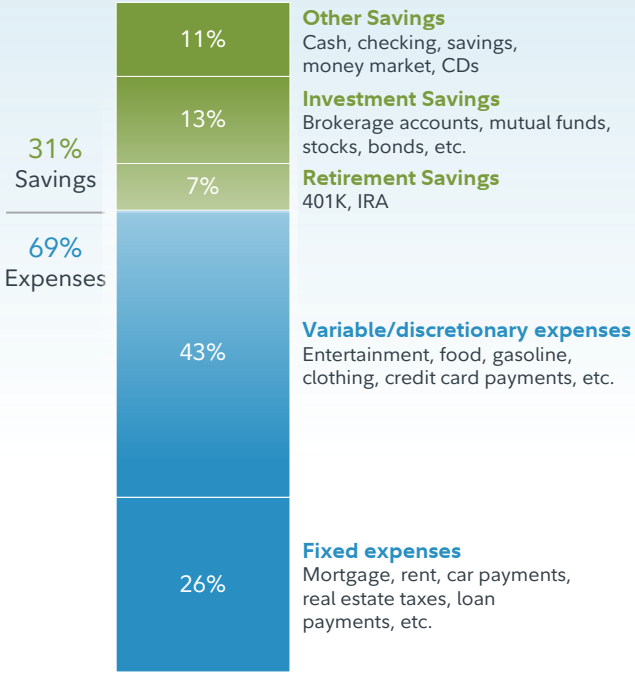
Work Profile:

37%
Employed (full time, part time, business owners, self-employed)

Top professions:
Medical/Health Care
IT
Finance/Insurance

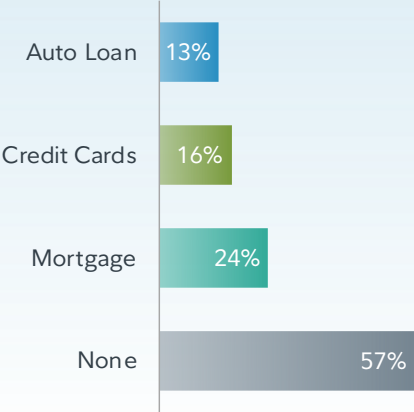
Mostly self-made, a third of millionaires' income is devoted to savings, and most have no debt

Income allocation

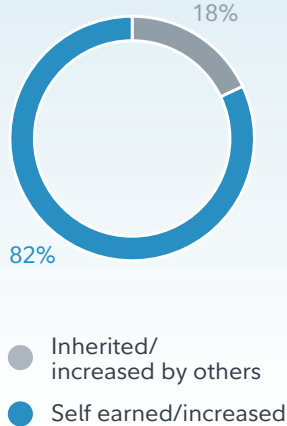


Household Debt

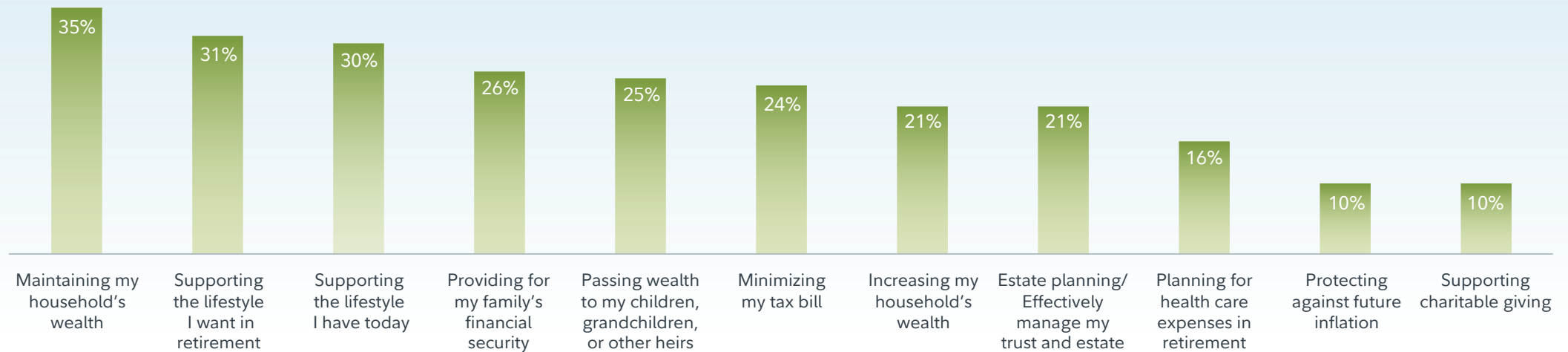
(% reporting each type of debt)



Source of Wealth



Goals vary over the long term, but a key focus is maintaining wealth



27 Based on survey question: "Which of the following, if any, are your/your household's financial/investment goals?" The % rating in each of their top 3 goals is shown.

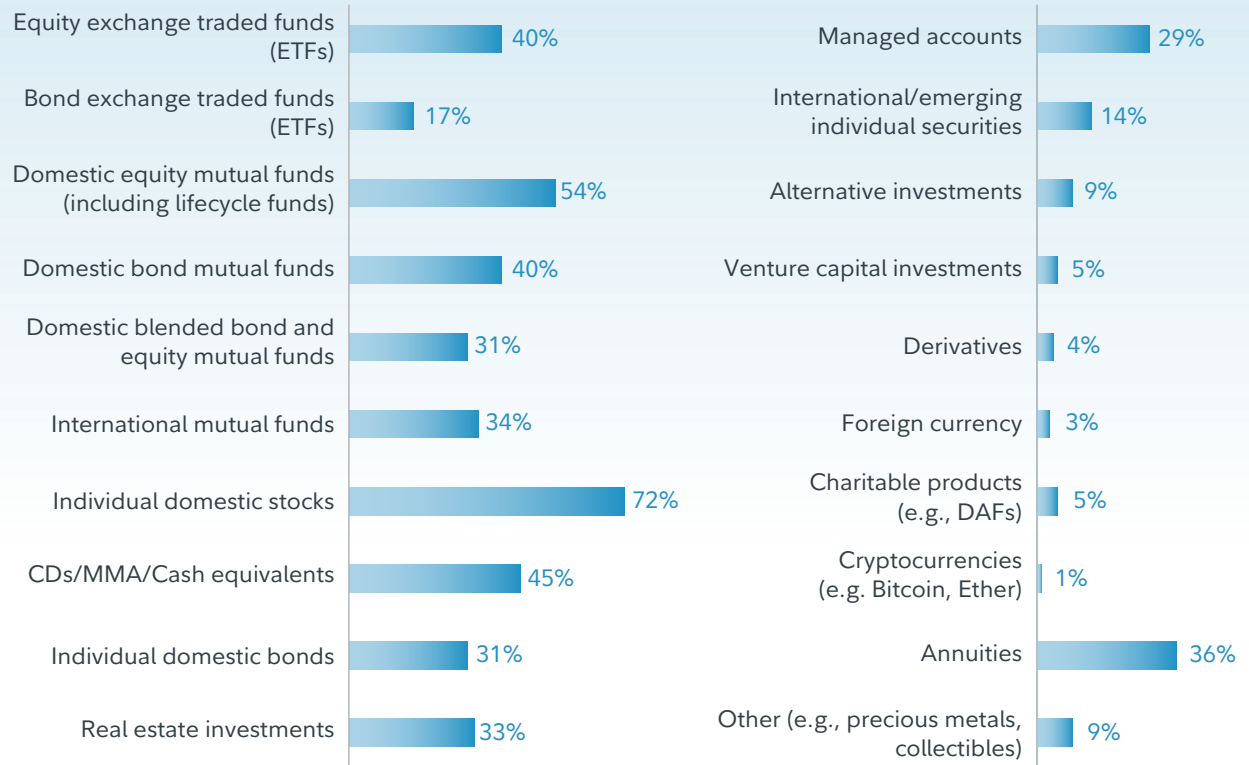
Millionaires on average hold five products

Average number of products: **5.3**

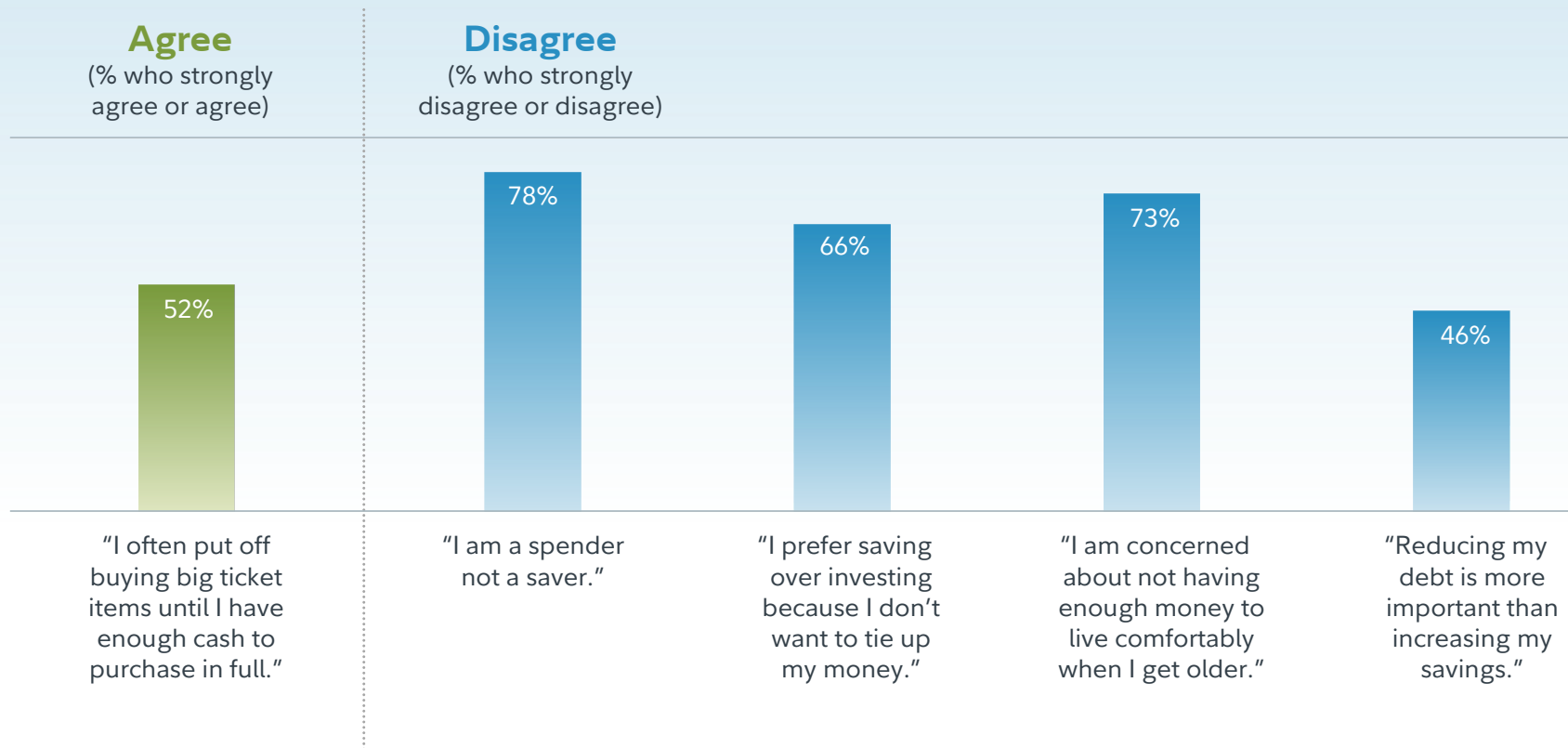
Compared to last year, more **equity ETFs** (up from 31%) and **charitable products** (up from 2%)

Individual stocks, mutual funds, CDs, and ETFs are the most common investment products among millionaires

19% of millionaires have a **Health Savings Account (HSA)**



Millionaires are big savers, not spenders



Important Information

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Millionaires are defined as investors with over \$1 million in investable assets outside employer-sponsored retirement plans and real estate. Millionaires-of-Tomorrow are defined as investors with \$50,000 to \$999,999 in investable assets outside employer-sponsored retirement plans or real estate. They include both Mass Affluent and Emerging Affluent Investors. Mass Affluent investors are aged 21–54 with Investable Assets of \$250K to less than \$1M OR aged 55+ with Investable Assets of \$500K to less than \$1M. Emerging Affluent investors are aged 21–49 with Investable Assets of \$50K to less than \$250K and household income of \$100K or more.

¹ Disabilities or impairments that limit daily life activities include: hearing impairment/deafness, vision impairment/blindness, Physical disability—any condition that substantially limits one or more basic physical activities (such as breathing, walking, climbing stairs, reaching, lifting, carrying, or self-care), Any emotional disability (e.g., significant mood or anxiety disorders, PTSD, etc.), Any mental or intellectual disability (e.g., difficulty learning, remembering, or concentrating—may include autism, cerebral palsy, ADHD, or Alzheimer’s depending on severity).

² Any condition that substantially limits one or more basic physical activities (such as breathing, walking, climbing stairs, reaching, lifting, carrying, or self-care).

³ 2018 Fidelity Charitable Study: This report is based on a 2018 survey of 1,165 consumers with \$1 million or more in investable assets outside of retirement. Respondents donated to charity and all itemized charitable deductions on their 2017 federal income tax returns. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), an independent research firm, on behalf of Fidelity Charitable.

⁴ Probasco, Jim. (October 16, 2019) *Why do Healthcare Costs Keep Rising?* Retrieved from Investopedia.com

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