

# U.S. TRUST

## 2017 U.S. TRUST INSIGHTS ON WEALTH AND WORTH<sup>®</sup>

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### Detailed Findings

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### ABOUT U.S. TRUST INSIGHTS ON WEALTH AND WORTH®

*U.S. Trust Insights on Wealth and Worth®* is one of the most in-depth studies of its kind to explore the attitudes, behavior, goals and needs of high-net-worth and ultra-high-net-worth individuals and families in the United States.

U.S. Trust has been periodically surveying wealthy households since 1993. The 2017 *U.S. Trust Insights on Wealth and Worth* is the seventh annual survey in a continuation of *Wealth and Worth* studies first conducted in 2011.

Each year, the findings build on previous learnings, adding additional detail or insight on trends to previously explored topics, as well as identifying new topics of emerging interest in these areas:

- Markets, economy and investing
- Wealth structuring and strategy
- Family dynamics and multigenerational wealth
- Giving back and generating impact
- Planning and advice

### ABOUT THE 2017 STUDY

- U.S. Trust commissioned an independent, nationwide survey of 808 high-net-worth and ultra-high-net-worth households across the country.
- This year's study includes a focus on the experiences, perspectives and behavior of four distinct generations:
  - Millennials: Ages 21-36 (Born 1981-1996)
  - Generation X: Ages 37-52 (Born 1965-1980)
  - Baby Boomers: Ages 53-72 (Born 1946-1964)
  - Silent Generation: Ages 73+ (Born before 1946)
- The findings reveal a **Generational Collide** – emerging issues as the effects of increasing longevity, policy, social and economic forces are felt where multiple generations intersect in four areas of their financial lives: Money, Family, Work, Community.
- Analysis of the quantitative data is augmented by qualitative insights. In-depth conversations were conducted with 40 survey participants who agreed to anonymously share their personal perspectives and experience.

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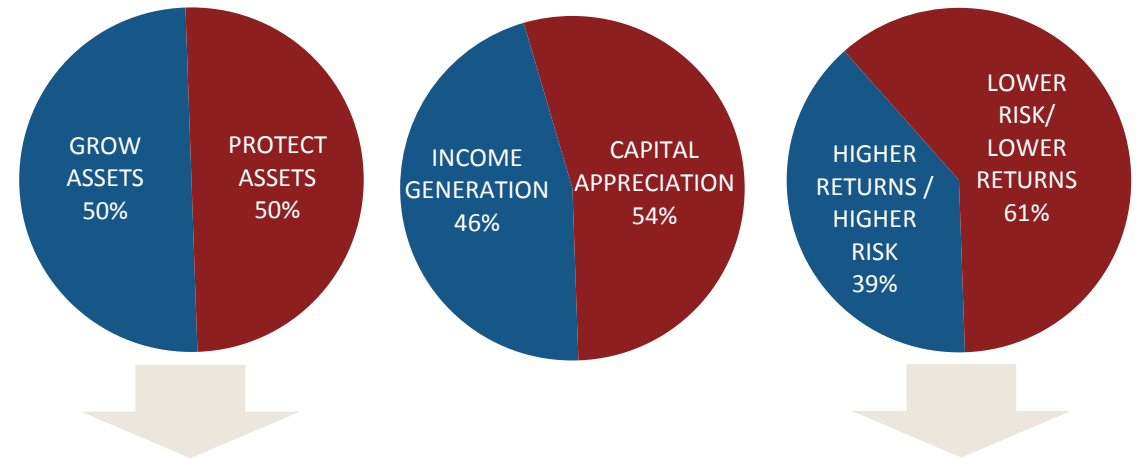
## MARKETS AND INVESTING STRATEGY

### Key Findings

## THE GAP NARROWS BETWEEN RISK AND RETURN GOALS

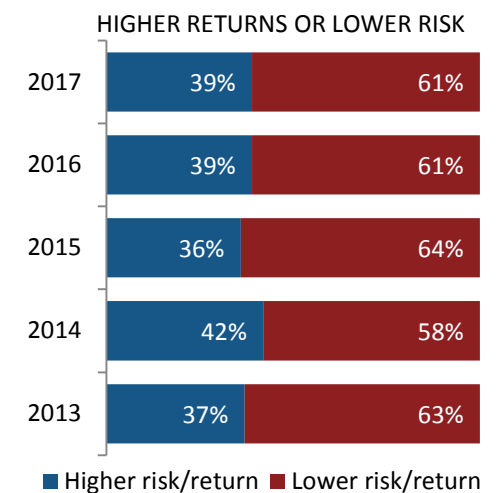
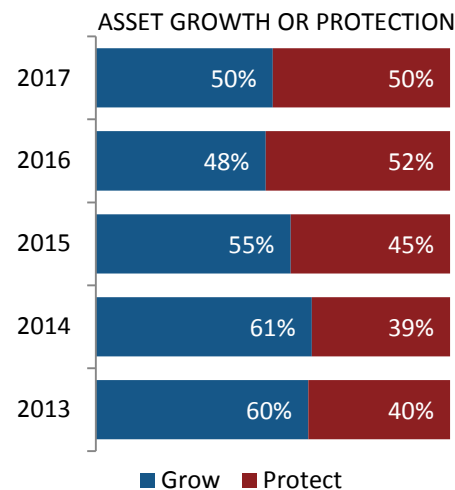
- High-net-worth investors are equally focused on growing and protecting their assets
- Overall, they place slightly greater importance on reducing their risk of losses, even if it means lower returns, than on achieving higher returns with higher-risk assets
- Over the past five years, the gap between investment goals and risk tolerance has narrowed, with investors who place greater importance on asset protection also placing greater importance on risk-managed returns
- Slightly more investors are focused on capital appreciation than income generation, though this is driven by age

### PERCENT OF HNW INVESTORS WHOSE SAY THEIR HIGHER INVESTMENT PRIORITY IS: ALL RESPONDENTS



### INVESTMENT PRIORITIES YOY CHANGE (2012-2017)

ALL RESPONDENTS

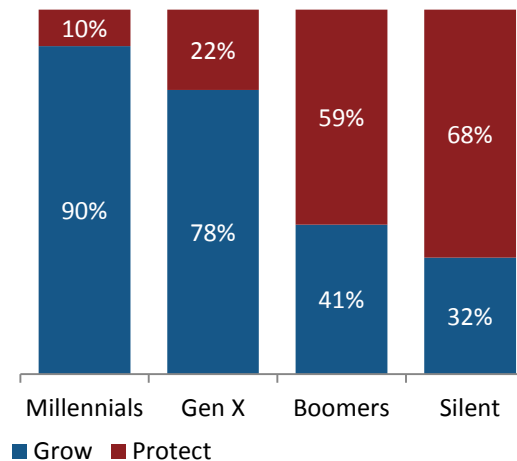


## YOUNGER INVESTORS FOCUSED ON GROWTH AND INCOME

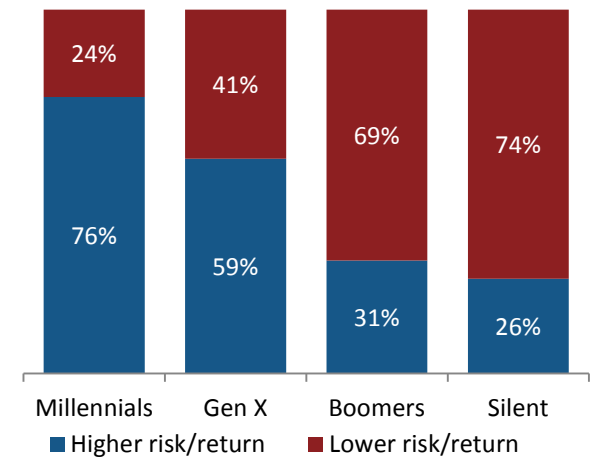
- Younger generations – Millennials and Gen Xers – are focused on growing their wealth while older generations are more focused on preservation of assets
- Millennials, in particular, are willing to take on greater risk to achieve higher returns
- Seven in 10 Millennials also are focused on generating income versus long-term capital appreciation. This could be a reflection of their age and near-term financial goals, including funding a business start-up, buying a house or paying down debt

### PERCENT OF HNW INVESTORS WHOSE SAY THEIR HIGHER INVESTMENT PRIORITY IS:

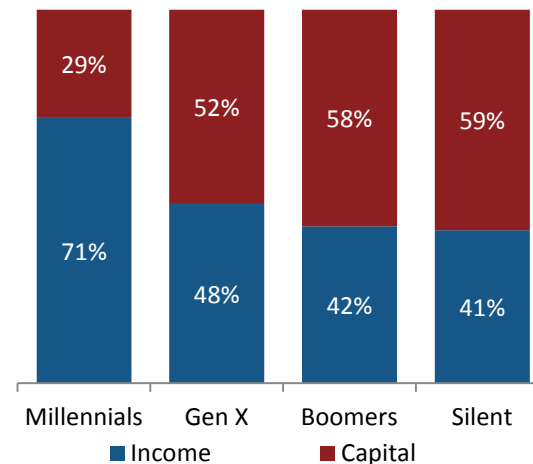
#### GROWTH OR PROTECTION



#### RISK OR RETURN

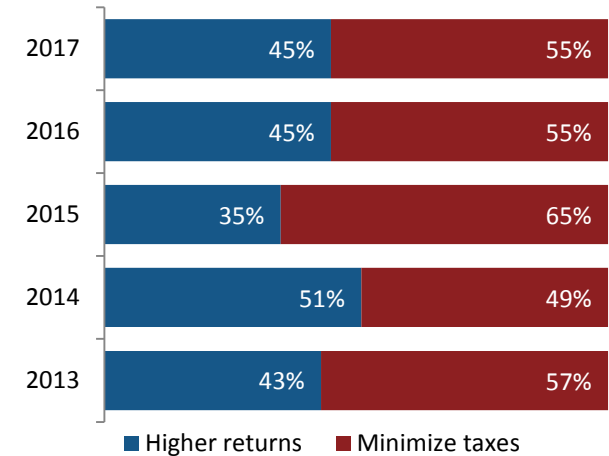
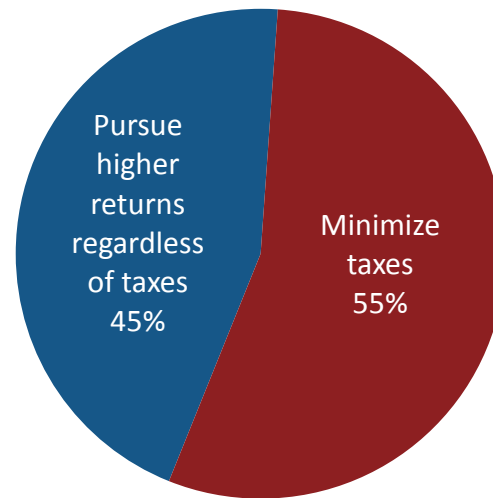


#### INCOME OR CAPITAL

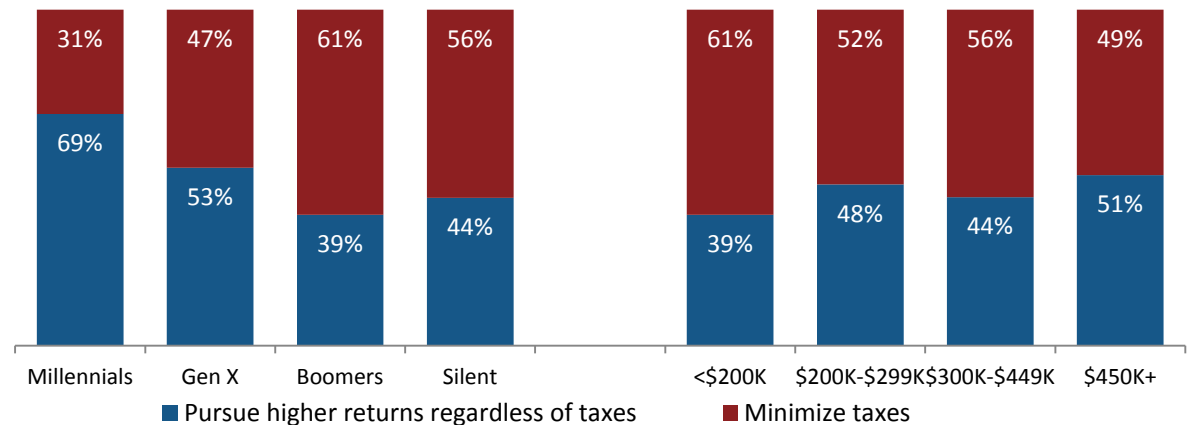


- High-net-worth investors are keenly aware of the negative effect taxes can have on the real return of their investments
- Slightly more than one-half (55%) say it's more important to minimize the impact of taxes when making investment decisions than it is to pursue the highest possible returns regardless of the tax consequences
- As has been the case for the past three years, high-net-worth investors with lower household incomes (less than \$300K) are more likely than those with higher incomes to be conscious of the impact of taxes on investments

## PERCENT WHO CONSIDER / DON'T CONSIDER TAX IMPACT OF INVESTMENT DECISIONS ALL RESPONDENTS



## TAX CONSIDERATIONS BY AGE AND INCOME LEVEL

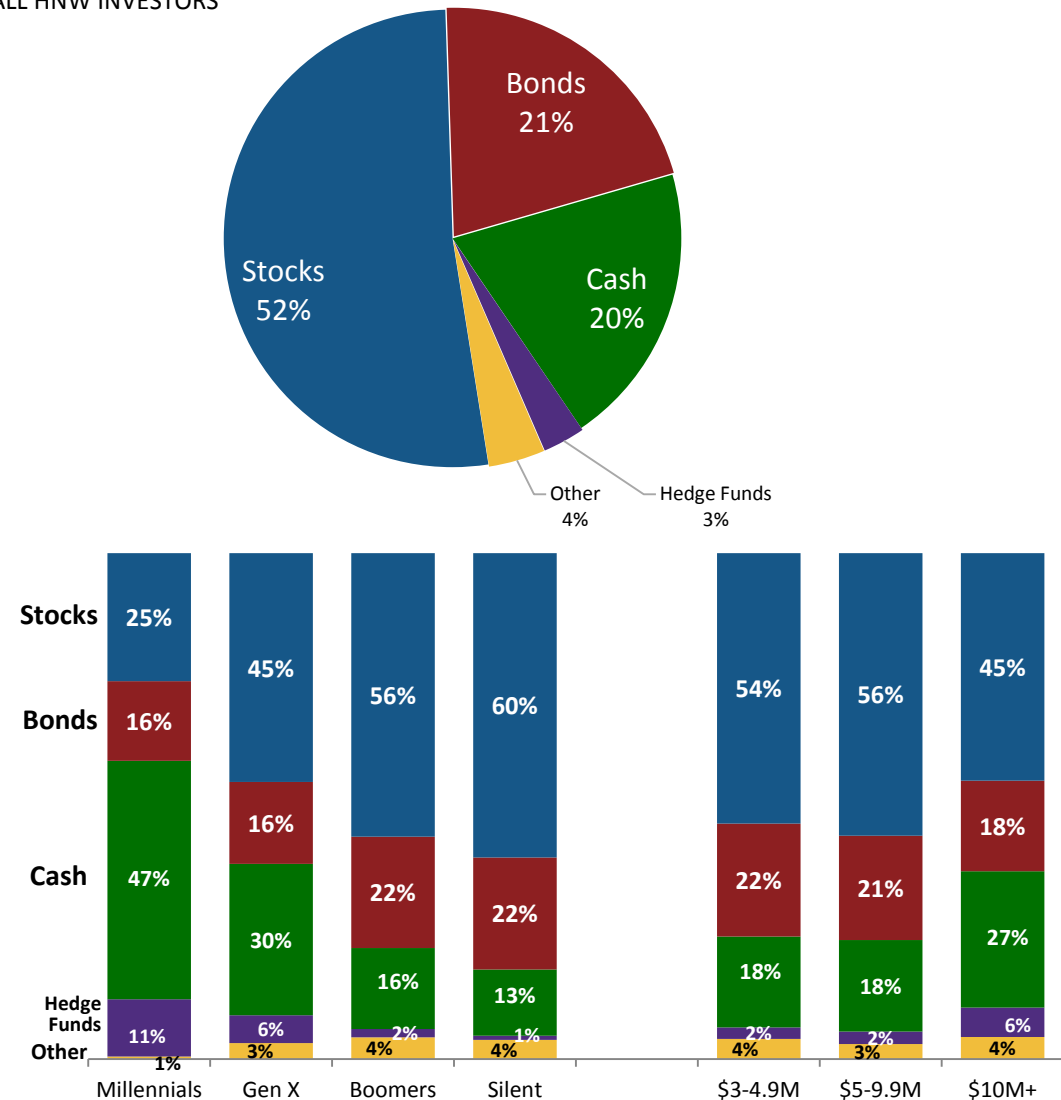


## MOST HNW INVESTORS USING TRADITIONAL ASSET ALLOCATION

- Overall, high-net-worth investors have, and continue, to rely on traditional asset classes in their investment portfolios
- About half their portfolios are in stocks, with 21% in bonds and 20% in cash
- A closer look at allocations by age reveals that two key trends:
  - (1) Younger investors are pursuing growth with nontraditional assets, including alternatives such as tangible assets
  - (2) While older investors are reliant on traditional stocks and bonds, they may be taking on too much risk in light of their risk tolerance. This possibly is to make up for missing out on market rallies by having overly conservative, cash-heavy weightings in their portfolios

### AVERAGE ASSET ALLOCATION

ALL HNW INVESTORS



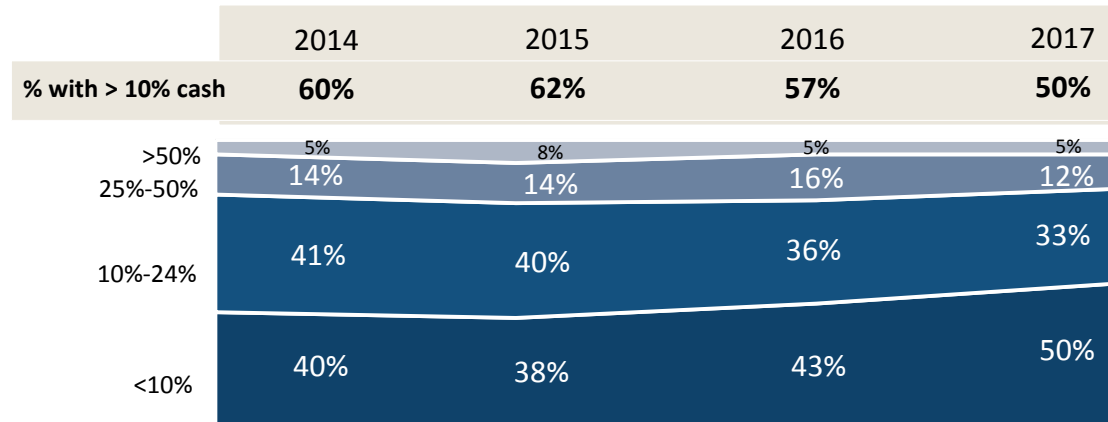


## LARGE CASH POSITIONS CONTINUE TO BE HELD IN HNW PORTFOLIOS

- Half of high-net-worth investors have more than 10% of their investment portfolios in cash positions
- The total amount of cash held has nudged down from 57% in 2016, 62% in 2015 and 60% in 2014
- Overall, two in five (17%) have more than 25% in cash
- Nearly half (48%) of Millennials have more than 25% of their investment portfolios in cash positions

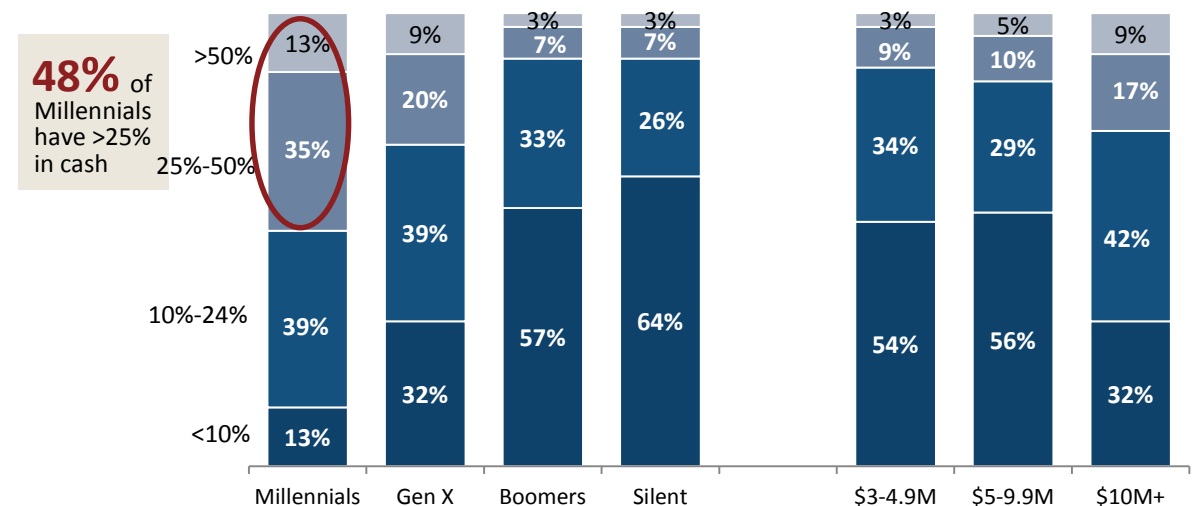
### PERCENT OF PORTFOLIO HELD IN CASH

ALL RESPONDENTS, BY YEAR (2014-2017)



### CASH HOLDINGS

BY AGE



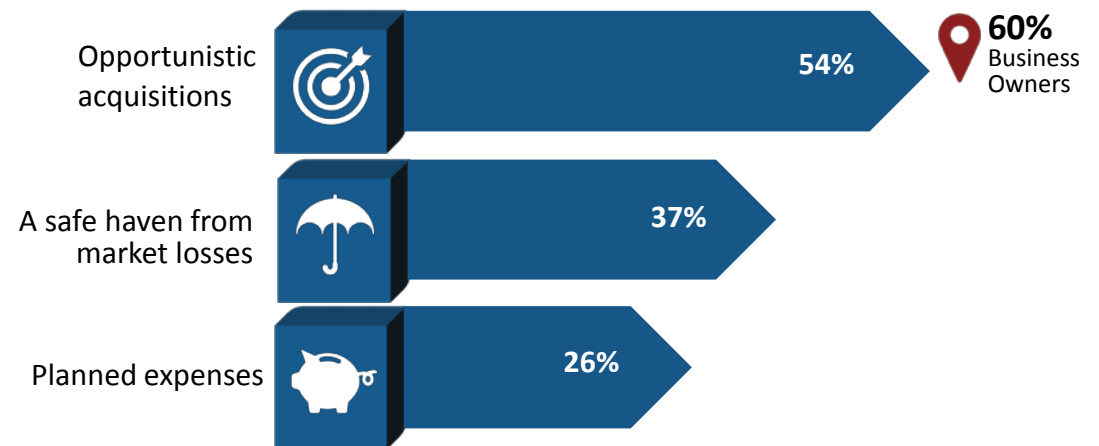
Q3. Approximately what percentage of your portfolio is currently held in cash, a money market account, savings account or other type of cash accounts?

## CASH ON HAND IS FOR OPPORTUNISTIC REASONS

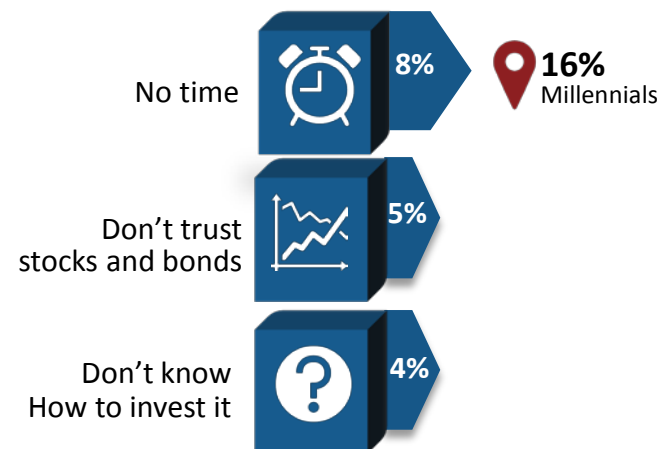
- While substantial amounts of cash might appear to a sign of conservatism and uncertainty in the markets, high-net-worth investors keep cash on hand for opportunistic reasons
- The top reason for keeping substantial cash positions is to be able to act quickly to changes in the market and opportunistic acquisitions
- Nearly four in 10, however, do keep cash on the sidelines out of an abundance of caution to protect against market losses
- Very few keep cash because they either don't know how to invest it or don't trust the stock market
- Millennials are twice as likely as other investors to lack the time needed to invest cash holdings

### TOP REASONS FOR KEEPING CASH ON HAND

ALL RESPONDENTS



### LESS LIKELY REASONS FOR KEEPING CASH ON HAND

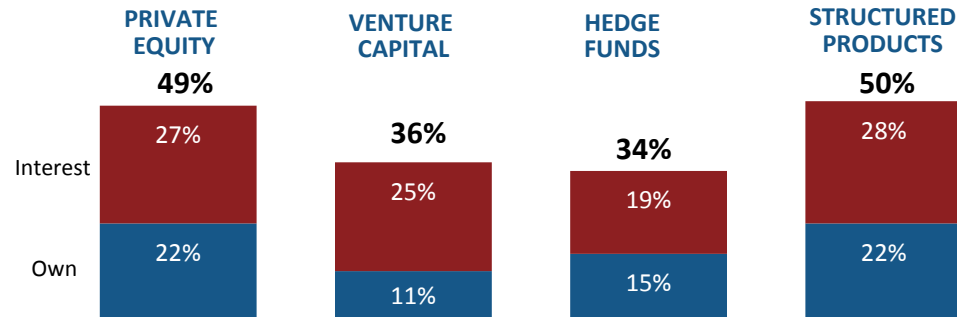


## USE OF MORE SOPHISTICATED INVESTING STRATEGIES

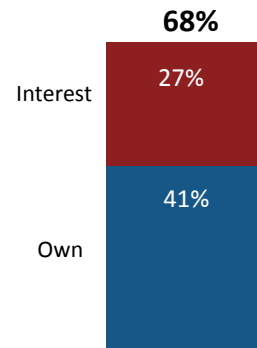
- Nearly half of high-net-worth investors own or are interested in private equity investments
- About one-third also own or are interested in venture capital and hedge funds
- Four in 10 currently own, and another 27% are interested in, tangible assets, particularly residential investment real estate and commercial property
- The youngest and wealthiest investors are more likely to invest in more sophisticated, nontraditional assets such as private equity funds, venture capital and structured products

### PERCENT OF HNW WHO OWN OR ARE INTERESTED IN ADDING TO THEIR PORTFOLIOS

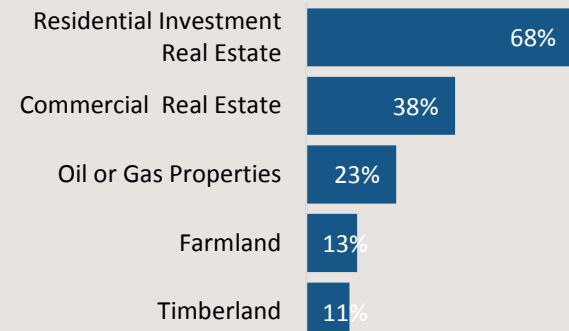
ALL RESPONDENTS



#### TANGIBLE ASSETS



#### TYPES OF TANGIBLE ASSETS OWNED OR INTERESTED IN

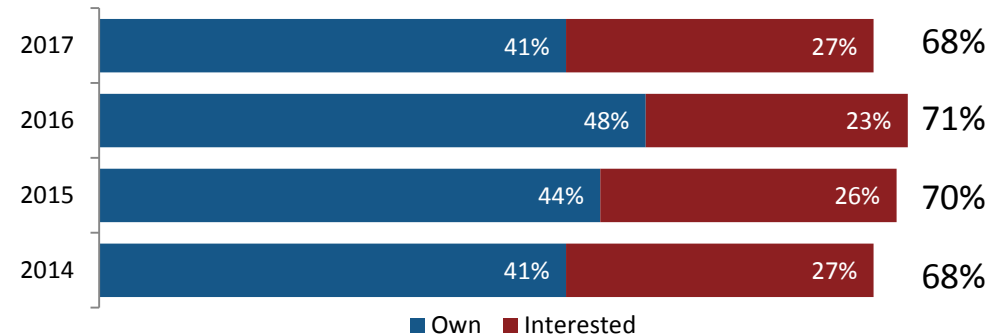


## ABOUT SEVEN IN 10 OWN OR ARE INTERESTED IN TANGIBLE ASSETS

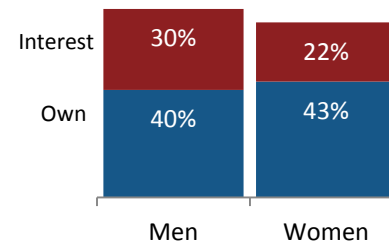
- Over the past four years, ownership and interest in tangible assets has remained fairly steady, with the greatest ownership by business owners and Gen Xers and the greatest interest coming from Millennials
- Slightly more than half of business owners own tangible assets, much of which is commercial property

### GROWTH IN OWNERSHIP / INTEREST IN TANGIBLE ASSETS (2014 – 2017)

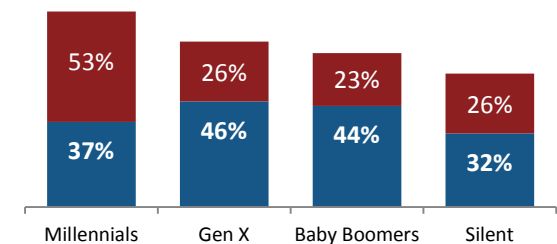
ALL RESPONDENTS



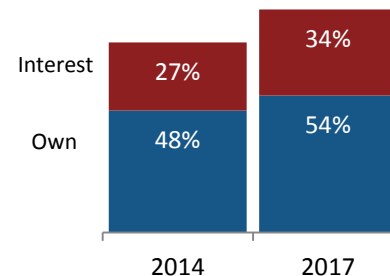
#### GENDER



#### AGE



#### BUSINESS OWNERS



#### NEARLY HALF OF BUSINESS OWNERS OWN COMMERCIAL REAL ESTATE



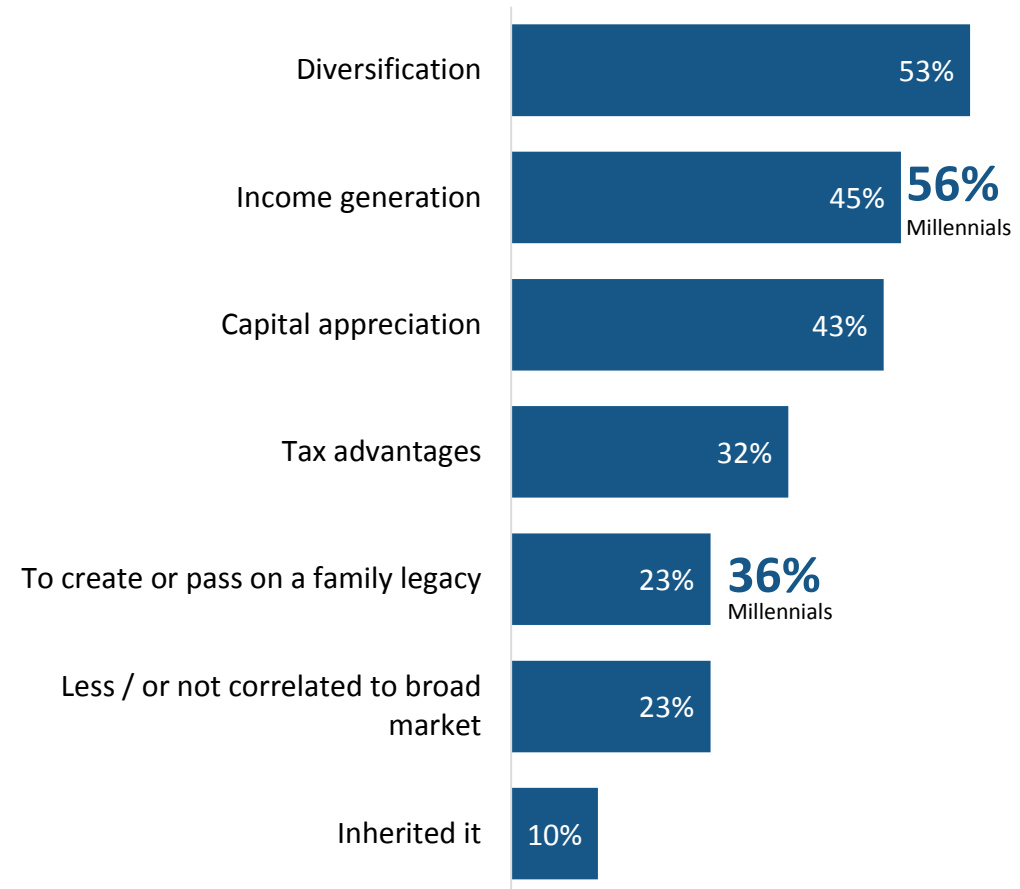
Q6. For each of the following assets, investments or strategies, please indicate if you currently own, don't own but are interested in, or have no interest.

Q7a Which of the following tangible assets do you own or are most interested in owning?

## MULTIPLE REASONS FOR OWNING TANGIBLE ASSETS

- Ownership and interest in tangible investment assets are for a variety of reasons
- Nearly half use them for diversification of their investment holdings
- Nearly half (45%), including 56% of Millennials, who own tangible assets are using them to generate income
- Millennials also are notably more likely to have inherited tangible property and to want to create or pass on a family legacy to the next generation

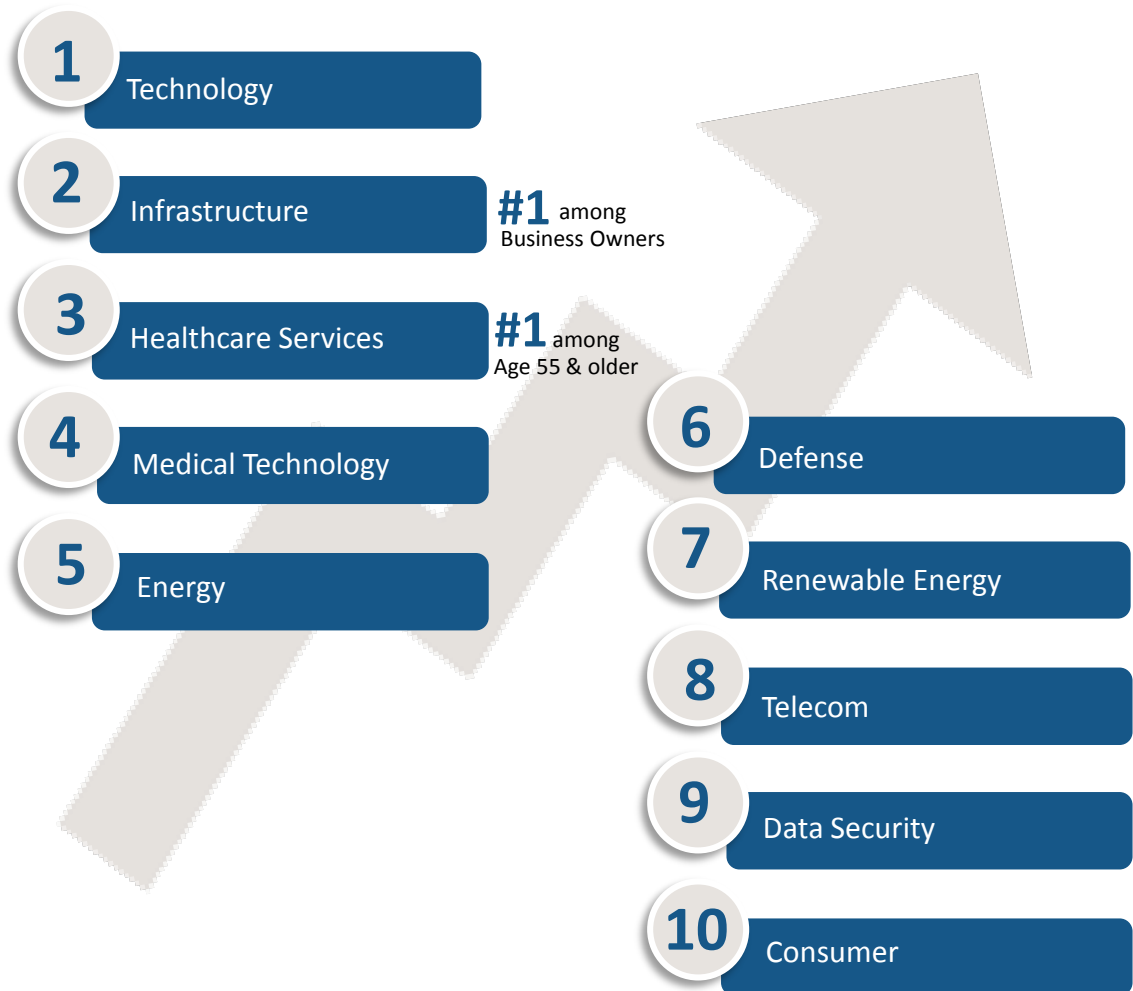
### PERCENT OF HNW WHOSE TOP REASONS FOR OWNING TANGIBLE ASSETS ARE... ALL RESPONDENTS



## HNW INVESTORS EXPECT GREATEST RETURNS FROM INNOVATION, INFRASTRUCTURE AND HEALTH SECTORS

- Thinking about long-term political, environmental and demographic trends and investment opportunity, high-net-worth investors think technology, infrastructure and healthcare investments offer the best potential for investment returns
- Baby Boomers and older investors are particularly optimistic about new innovation in healthcare services and medical technology
- Business owners consider infrastructure to be the best area for investment growth

### HNW INVESTORS RANK SECTORS WITH BEST LONG-TERM RETURN POTENTIAL ALL HNW INVESTORS



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## GENERATIONAL COLLIDE

Key Findings

Family matters in the creation and use of wealth. **Making wealth last over multiple generations is an important goal for families**, but some aren't entirely confident in each generation's capacity to use family money responsibly.

**Generational issues are emerging as the effects of increasing longevity and demographic shifts** mean increased engagement among three, and in some cases four, generations within families and the workforce. **Generational diversity is seen as valuable, but also is a source of tension** when generational personas collide and preconceived notions are limiting.

Each generation has its own ideas and approach that reflect a mix of upbringing, social norms, circumstance and outlook. Younger generations, especially Millennials, are redefining conventional notions of wealth, work, family roles, giving and investing. **Understanding and valuing distinct generational views**, and new or different approaches, **can lead to growth, innovation and opportunity**.

Unifying around commonalities – core values, goals, traditions, legacy – and empowering each generation to interpret, innovate and contribute in its own way – is a way for families to be enriched, rather than divided by generational differences. **Philanthropy, impact investing and shared passions serve to connect generations** and strengthen family unity.

**Many of the wealthy are not having meaningful discussions** or getting professional advice for their own financial goals or **for structuring and managing multigenerational wealth** and related family dynamics. Those who are advised are more likely to have proactive plans and more relevant or sophisticated strategies in place than those who are non-advised.





### MILLENNIALS

Older generations label Millennials as entitled. They are viewed as fickle job hoppers who are connected 24/7, but also highly educated, and more socially and environmentally minded than prior generations



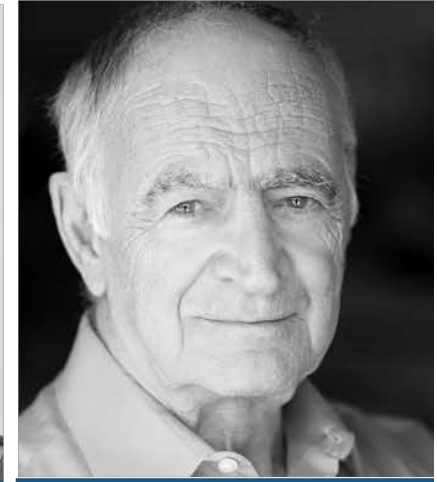
### GENERATION X

Independent, self-reliant and well educated, those in Generation X are identified as valuing work-life balance, being techno-literate and more adaptable than preceding generations.



### BOOMERS

Boomers carry passed down values from their parents – they are hard working, socially and financially conservative and loyal to one career – but have higher income professions, are willing to take risks, and question authority more than the Silent Generation



### SILENT GENERATION

Universally admired by other generations for enduring a post-Depression America and WWII, those in the Silent Generation are obedient, have a strong work ethic, are savers, and view work as a means to an end.

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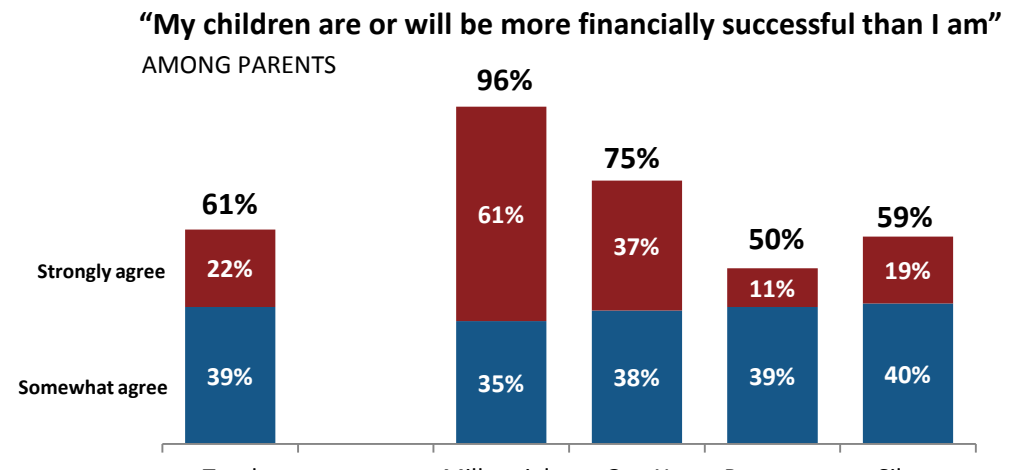
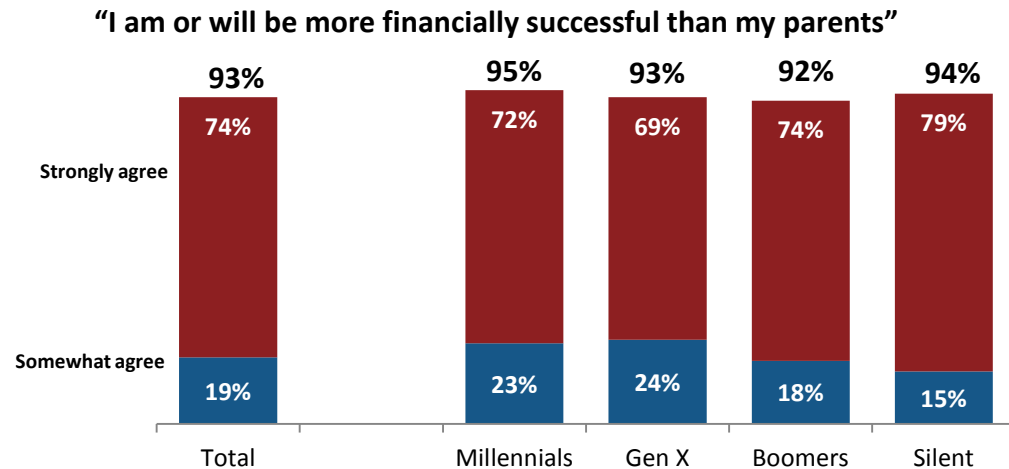
## FAMILY MATTERS: MAKING WEALTH LAST

Key Findings

## HIGH HOPES AND EXPECTATIONS FOR THE NEXT GENERATION

- Every generation hopes to be as successful, if not more so, than the generation before it
- Almost all (92%) believe they will be more financially successful than their parents are (or were)
- Fewer believe that their children will achieve the same level of success. Overall, six in 10 expect their children to be more successful
- Millennials are most likely to believe they will surpass their parents, and, in turn, that their children will surpass them in financial success. This is consistent with the characteristic Millennial optimism tracked by *Wealth and Worth*. It also could reflect the age of their children and the hopes of young parents
- One-half of Baby Boomers and nearly six in 10 of the Silent Generation agree at least somewhat that their children will be more successful

### PERCENT WHO AGREE: AMONG ALL



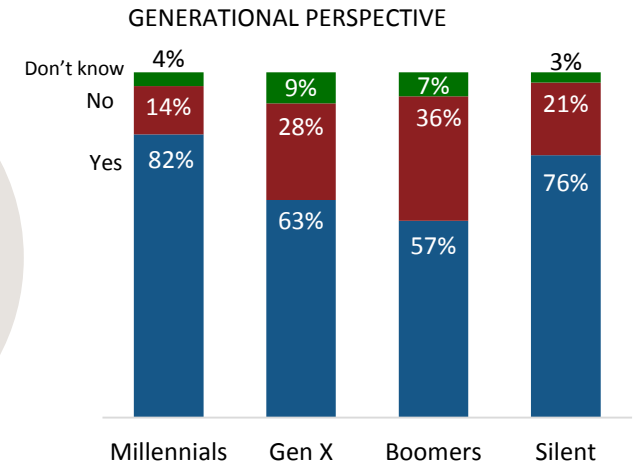
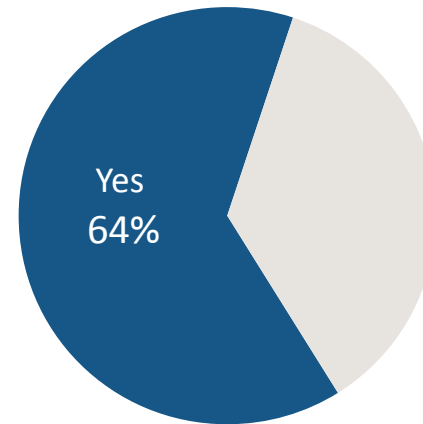
Q41 To what extent do you agree with the following?

Leaving a financial legacy to the next generation is an important financial goal for two-thirds (64%) of the wealthy overall

- Three-quarters of the Silent Generation say this is important
- Consistent with previous *Wealth and Worth* studies, Baby Boomers are least likely of all generations to think it's important to leave a financial inheritance to their children
- Only 57% of Baby Boomers consider it an important goal
- Eight in 10 (82%) Millennials do want to leave an inheritance to their children, perhaps reflecting awareness of the benefit of family money to their own lives
- On average, the wealthy plan to pass about 80% of their remaining wealth to family members, with about 16% going to philanthropy (including among Baby Boomers)

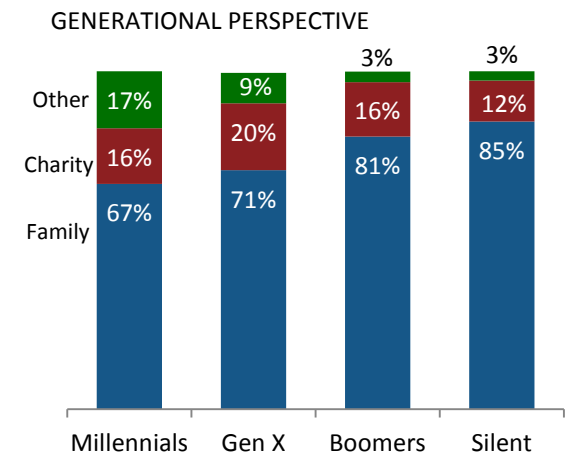
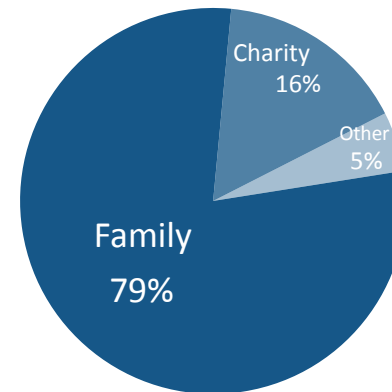
## PERCENT WHO THINK PASSING ON A FINANCIAL INHERITANCE IS AN IMPORTANT FINANCIAL GOAL

ALL HNW



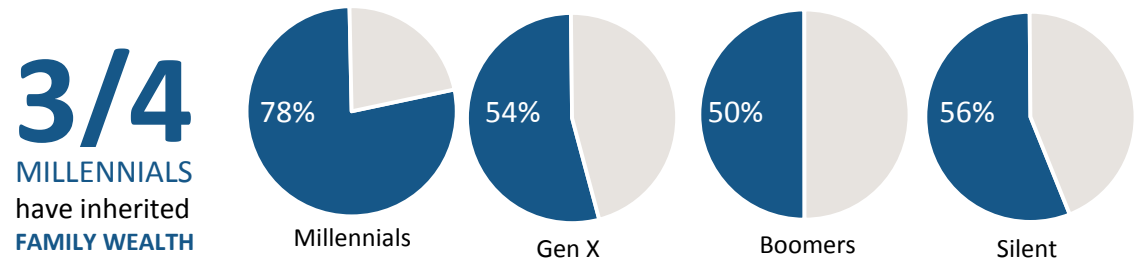
## SHARE OF WEALTH LEFT TO FAMILY

ALL HNW

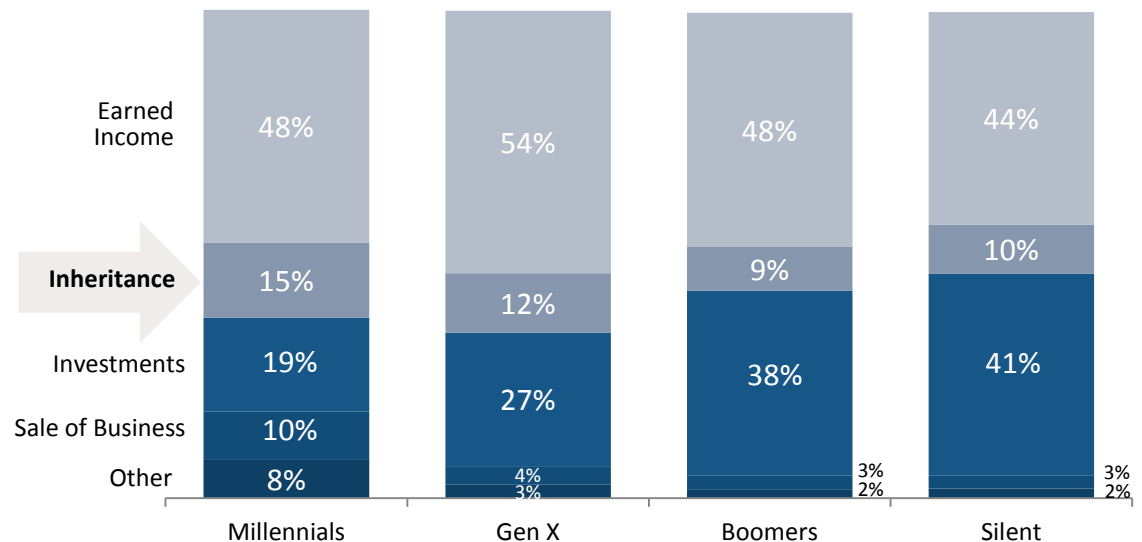


- Though the majority of wealth in high-net-worth households is accumulated through earned income and investing, about 10% overall comes from the wealth handed down from one generation to the next
- At least half of the Gen X, Baby Boom and Silent generations attribute some portion of their wealth to family money that they have inherited or received as a gift
- Far more Millennials – 78% – attribute a portion of their wealth to receipt of an inheritance
- Family money also accounts for a greater share of Millennials' overall wealth – 15% – compared to 9% to 10% among older generations

## PERCENT WHO ATTRIBUTE A PORTION OF WEALTH TO A FAMILY INHERITANCE



## PERCENT OF TOTAL WEALTH ATTRIBUTED TO:

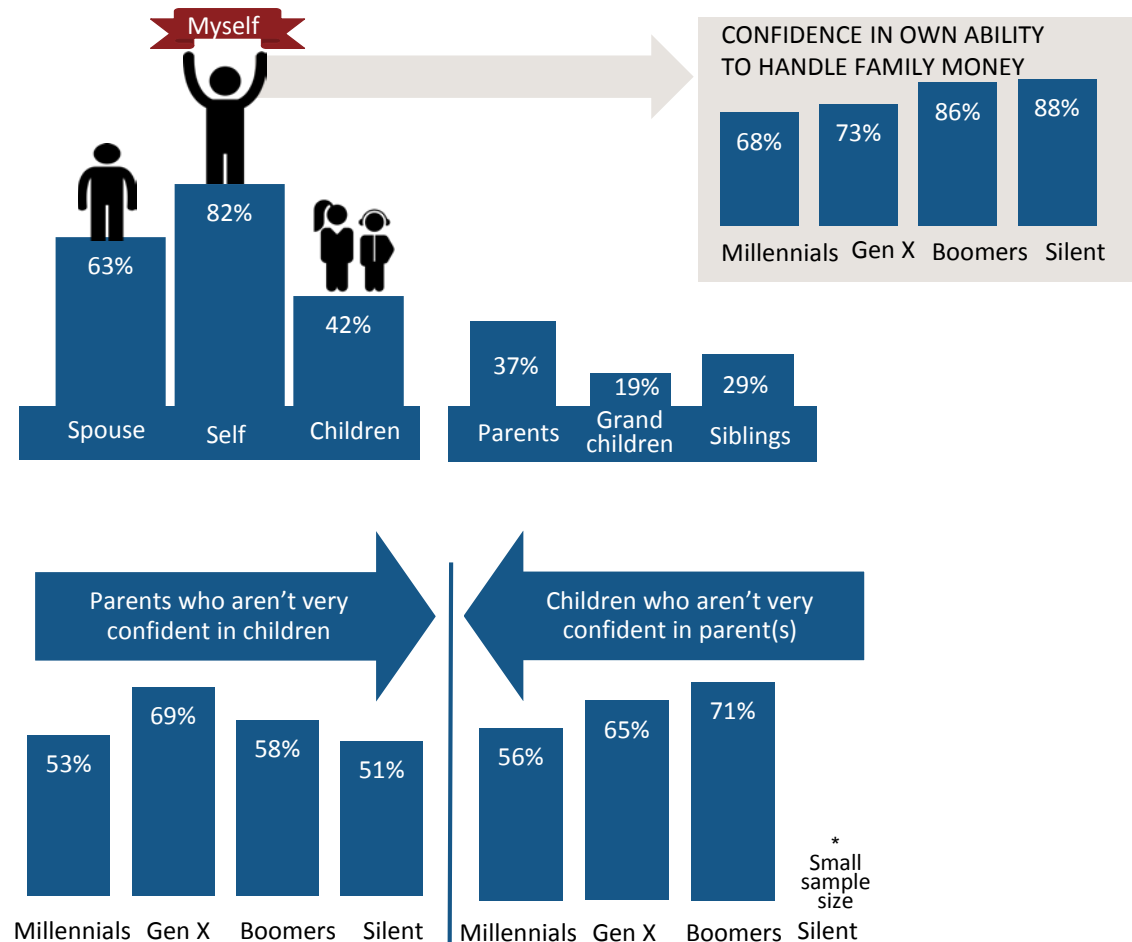


## SOME QUESTION THE CAPACITY OF FAMILY TO HANDLE FAMILY MONEY

- Eight in 10 of the wealthy are very confident in their own ability to handle family money responsibly
  - Millennials are somewhat less self-confident than older generations
- Only four in 10 (42%) overall – including about half of the Silent generation (49%) – are very confident that their children will use the money they receive responsibly
- Even fewer – 19% – are very confident in their grandchildren and adult siblings (29%)
- Yet skepticism goes both ways. Many adult children question their parents.
  - Fifty-six percent of Millennials, 65% of Gen Xers and seven in 10 Baby Boomers aren't very confident that one or both parents has the capacity to handle family money responsibly

### PERCENT WHO ARE VERY CONFIDENT IN FAMILY MEMBERS' CAPACITY TO RESPONSIBLY HANDLE FAMILY MONEY

ALL RESPONDENTS



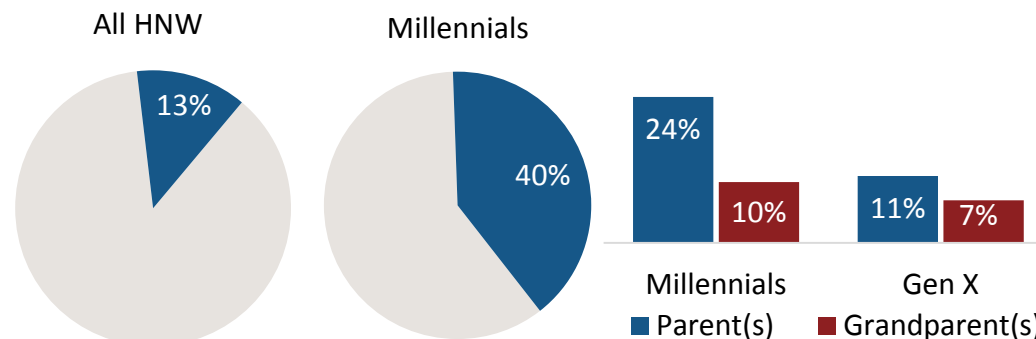
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## EMERGING GENERATIONAL ISSUES

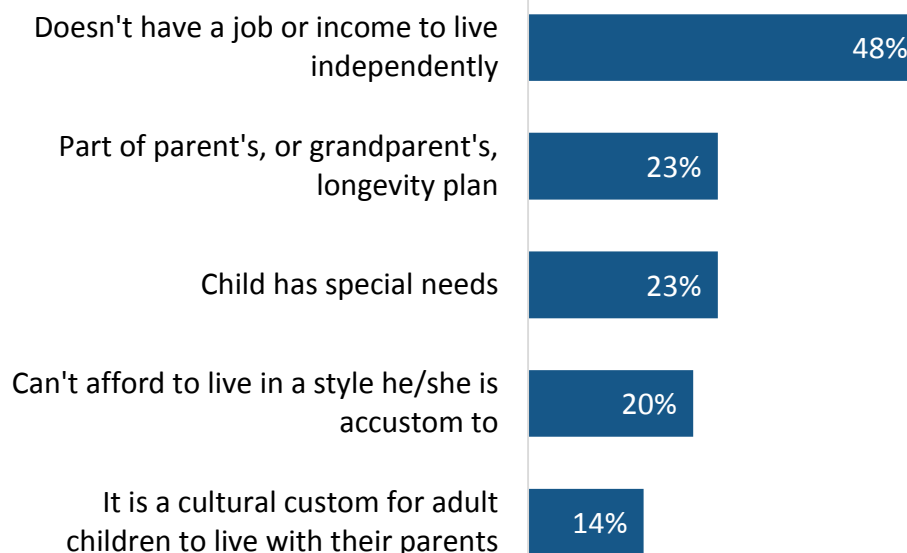
### Key Findings

- Four in 10 Millennials are currently living with other adult family members and in multigenerational households
  - One-quarter live with their parents and another 10% live with one or more grandparents
  - Nearly one in five Gen X adults also lives with parents or grandparents
- The reasons are varied, including lack of sufficient income to either live independently or in a style to which they are accustomed
- For nearly one-quarter, multigenerational living arrangements are a part of longevity planning
- As people live longer, multiple generations are supporting each other by living near or with younger or older family members

## PERCENT LIVING IN ADULT/MULTIGENERATIONAL HOUSEHOLDS



## REASONS WHY ADULT CHILDREN LIVE WITH PARENTS / GRANDPARENTS



Q42 Which, if any, of the following family members do you currently live with in the same house or property

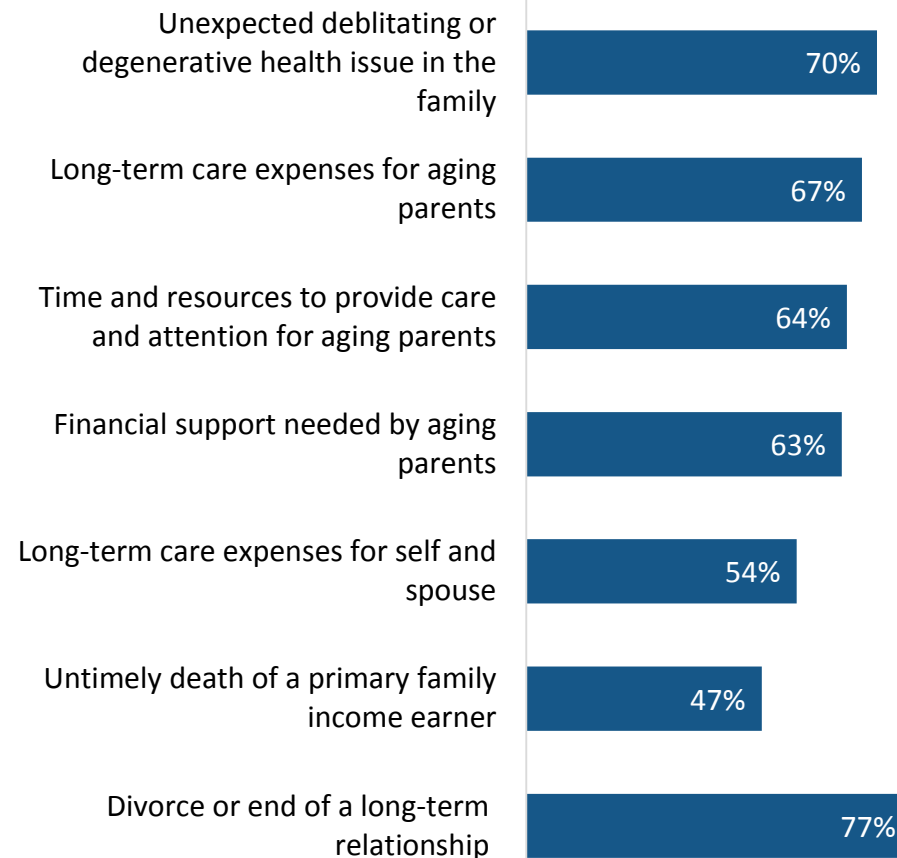
Q43 Which of the following are reasons why you and your adult children live together?



- About half of high-net-worth investors overall don't feel well prepared for the financial implications of increasing longevity
- More than six in ten aren't well prepared for the financial implications of providing financial support needed by aging parents (63%), giving the time and attention needed by aging parents (64%) or the long-term care expenses aging parents might incur (67%) and how that affects their parents' financial security or their own

### PERCENT WHO ARE NOT VERY PREPARED FOR THE FINANCIAL IMPLICATIONS OF FAMILY CRISES OR NEEDS

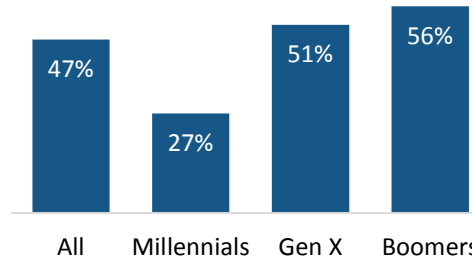
ALL HNW



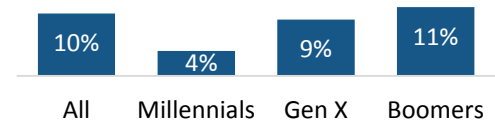
## MULTIGENERATIONAL WORKFORCES ARE THE NEW REALITY

- With increasing longevity and more people choosing – or needing – to work longer in life – there are now three, four and five different generations working side by side in the workforce
- Nearly half (47%) say they work on a daily basis with three or more generations
- One in 10 works with four or more generations, including the incoming Generation Z (adults under the age of 21 now entering the workforce)
- Despite workplace diversity, people tend to work with others their own general age, more than other age groups

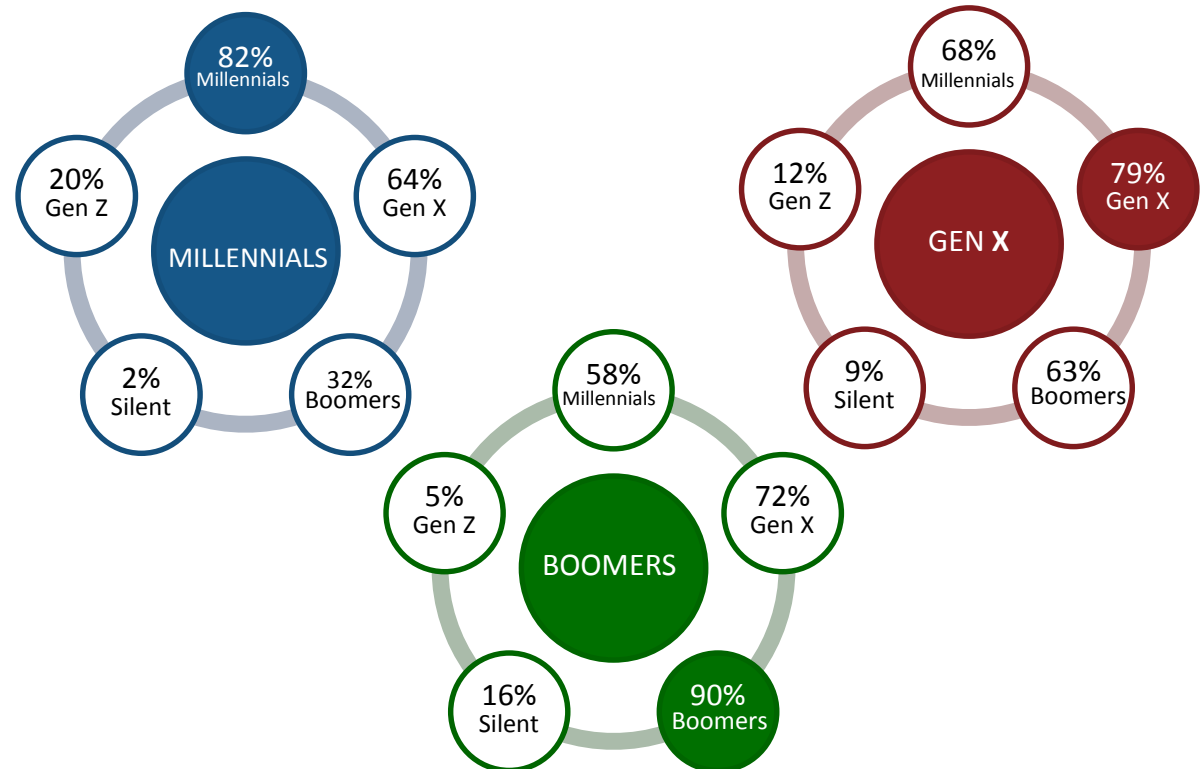
**PERCENT WHO WORK WITH  
THREE OR MORE GENERATIONS**



**PERCENT WHO WORK WITH  
FOUR OR MORE GENERATIONS**



**PERCENT WORKING WITH PEOPLE OF THE SAME OR DIFFERENT AGES**



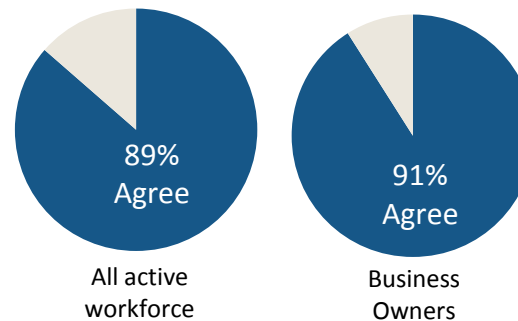
## TENSION IN A CROWDED, MULTIGENERATIONAL WORKPLACE

- Though almost all agree that a diversity of generational perspectives can lead to better results, the reality is that most people prefer to work with people the same age
- Millennials, especially, say they prefer to work with other Millennials
- At least half of Millennials and one-third of Gen X – in the prime of their lives – feel they can't advance in their career because of older colleagues who are working longer
- Nearly half overall feel they are competing for the same jobs with people who are a generation older or younger than they are

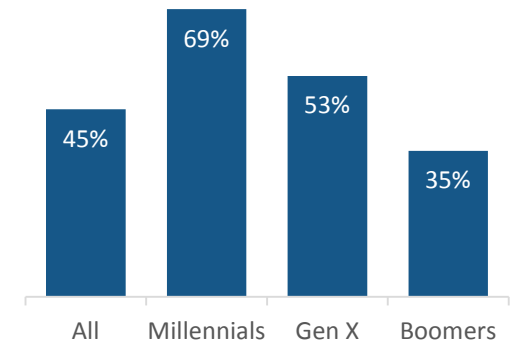
### PERCENT WHO AGREE:

AMONG THOSE CURRENTLY WORKING

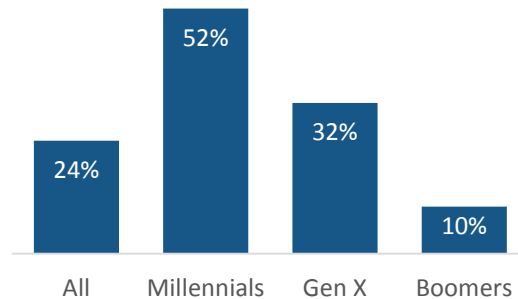
**"A DIVERSITY OF GENERATIONAL PERSPECTIVES CAN LEAD TO BETTER RESULTS"**



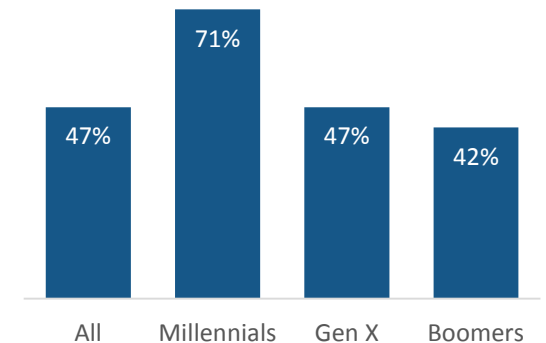
**"I PREFER TO WORK WITH PEOPLE WHO ARE APPROXIMATELY THE SAME AGE AS ME"**



**"I CAN'T ADVANCE IN MY CAREER BECAUSE OLDER PEOPLE STAY IN JOBS LONGER THAN THEY SHOULD"**



**"I AM COMPETING FOR THE SAME JOBS WITH PEOPLE WHO ARE A GENERATION YOUNGER OR OLDER THAN I AM"**



# U.S. TRUST

## GENERATIONAL DIFFERENCES:

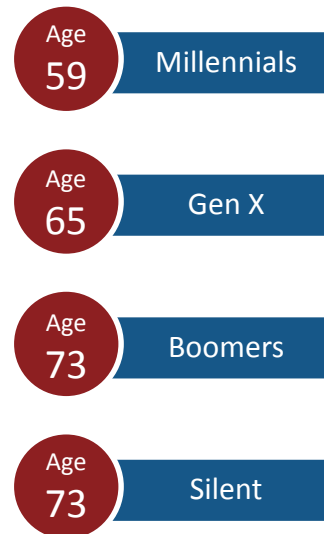
### AGE AND GENERATIONAL PERCEPTIONS FAMILY STRUCTURE AND ROLES

Key Findings

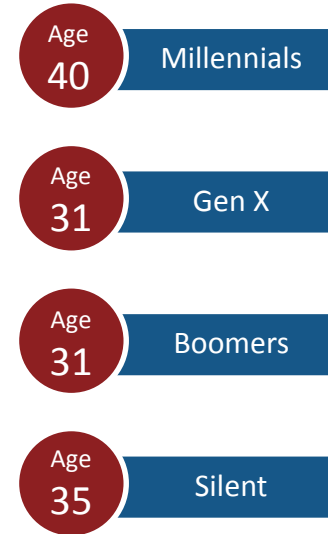
There are notable generational differences in perceptions of old age and youth:

- High-net-worth investors generally perceive young adulthood ending in the early thirties, old age beginning at 70
- They view the prime of life being in the mid-forties – in terms of peak earnings years, health and productivity
- When asked when old age begins, Millennials said age 59; they also view the prime of life as being at the younger age of 36
- Gen Xers also view the prime of life and old age beginning earlier in life than their older counterparts

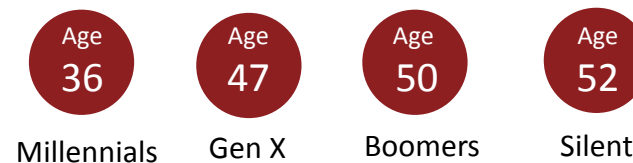
## WHEN DOES OLD AGE BEGIN?



## WHEN DOES YOUTH END?

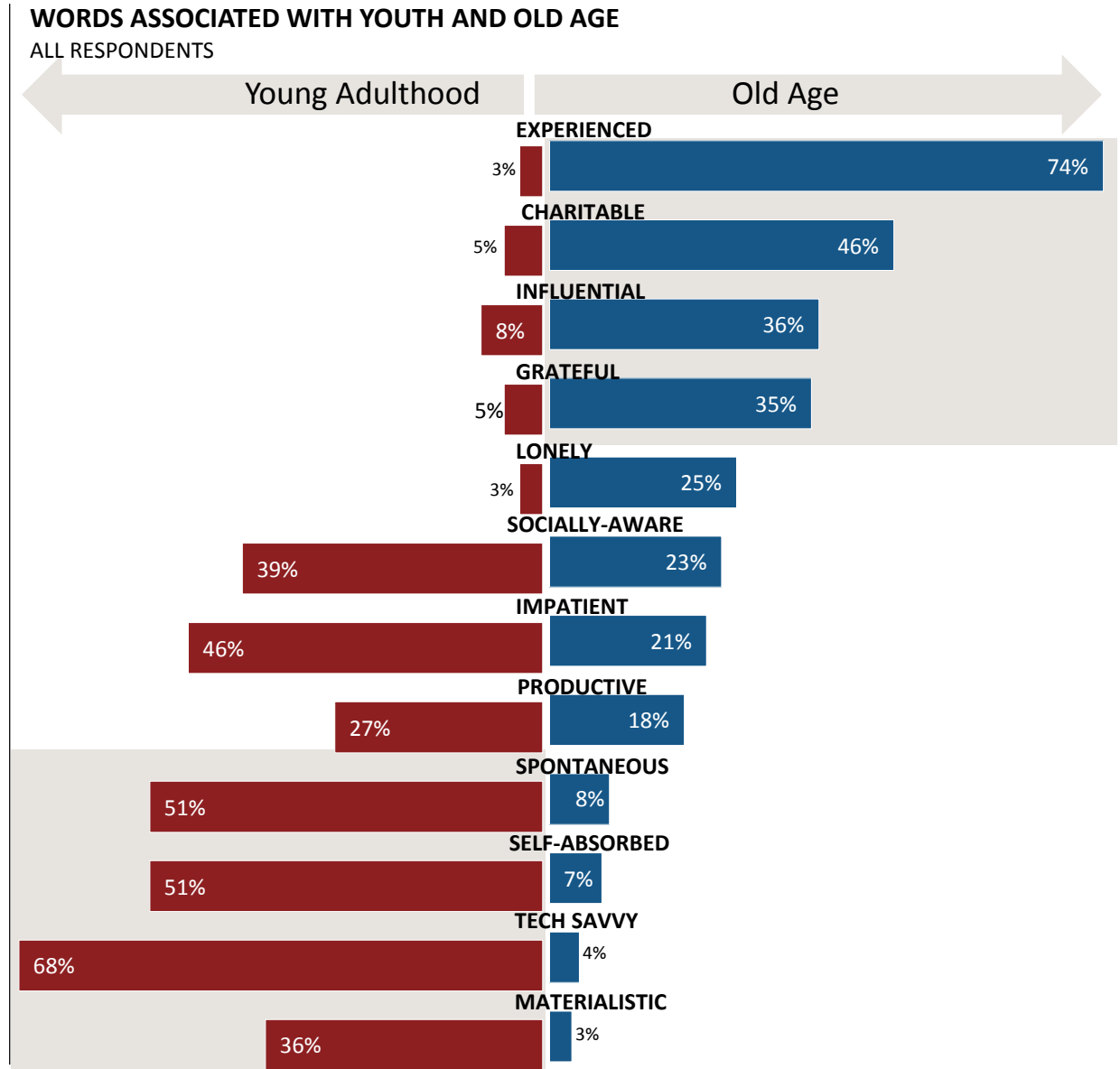


## AT WHAT AGE DO YOU CONSIDER THE PRIME OF LIFE?



## PRE-CONCEIVED PERCEPTIONS OF AGING AND YOUTH MAY BE LIMITING

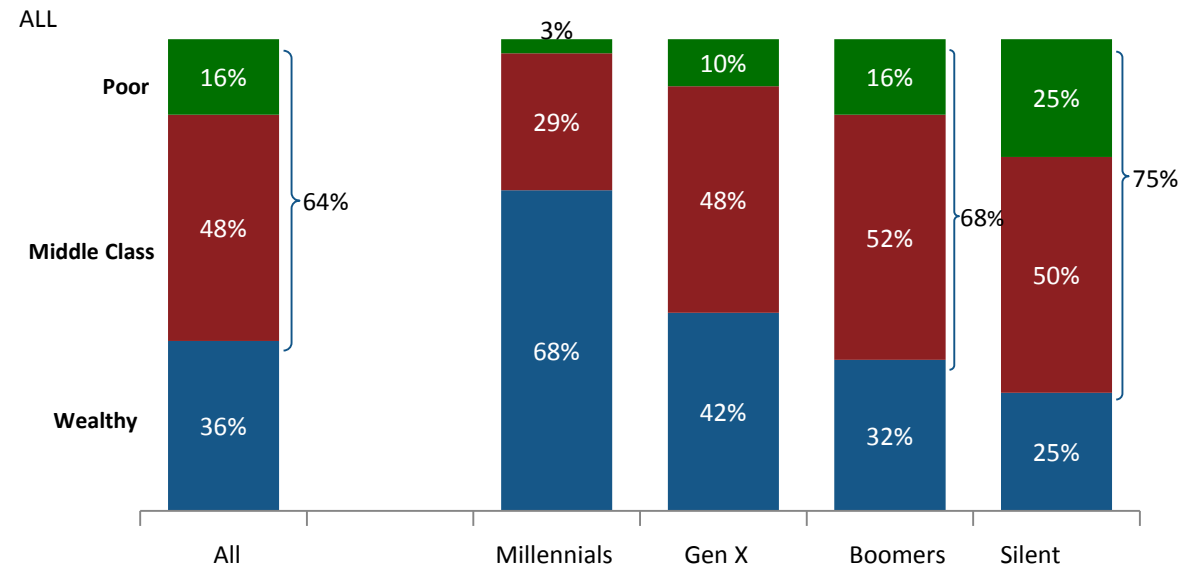
- Generally, most people appreciate the fact that with age comes wisdom. They generally associate advanced age with experience
- The word least associated with young adults is “experience,” despite younger generations’ exposure to a much larger universe through the Internet and technology than older generations experienced at the same age
- For the most part, the younger generation is perceived as technology savvy but also self-absorbed, spontaneous and impatient
- Few – 18% – associate age with productivity – a possibly limiting perception that underestimates the potential of older family members and co-workers



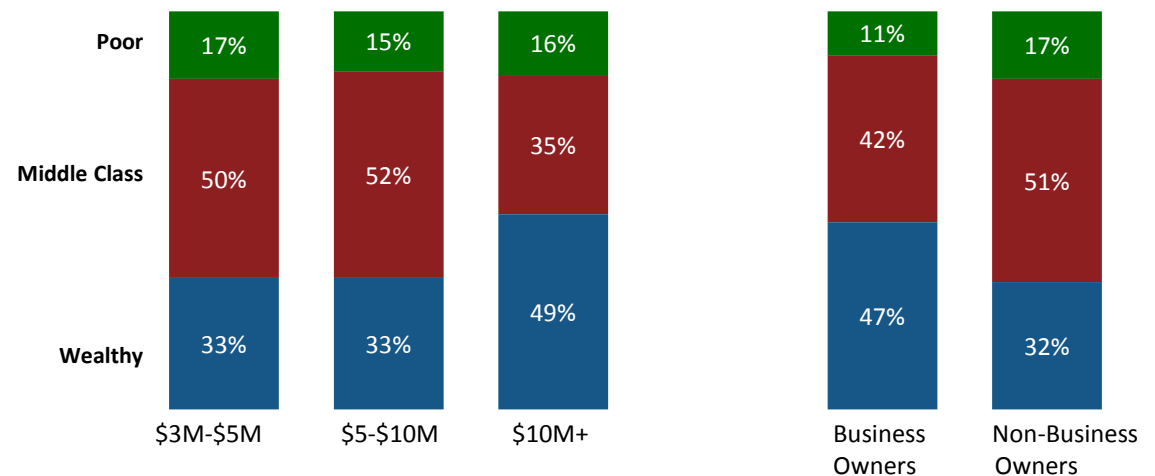
## GROWING UP WEALTHY: MILLENNIALS' EXPERIENCE DIFFERS FROM OLDER GENERATIONS

- Approximately two-thirds of all those surveyed grew up middle-class or lower, including 16% who grew up poor, particularly among older generations
- Approximately seven in 10 Baby Boomers (68%) and the Silent Generation (75%) came from middle-class or lower backgrounds
- In contrast, Millennials are more likely to have grown up in families with higher levels of wealth
- Nearly seven in 10 (68%) Millennials come from upper middle class or wealthy households
- Business owners also are more likely to have grown up in a family of wealth than non-business owners

### SOCIOECONOMIC STATUS GROWING UP



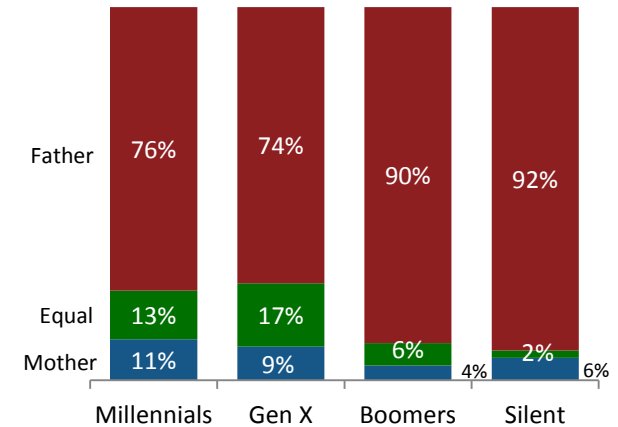
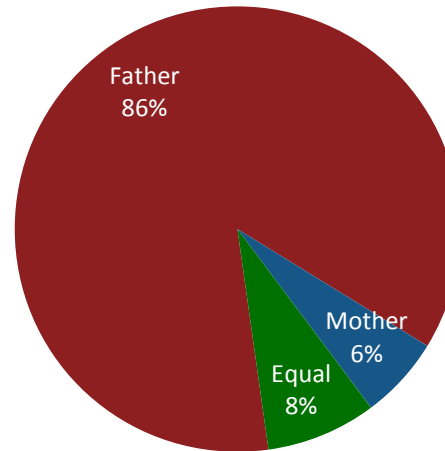
### BY WEALTH LEVEL



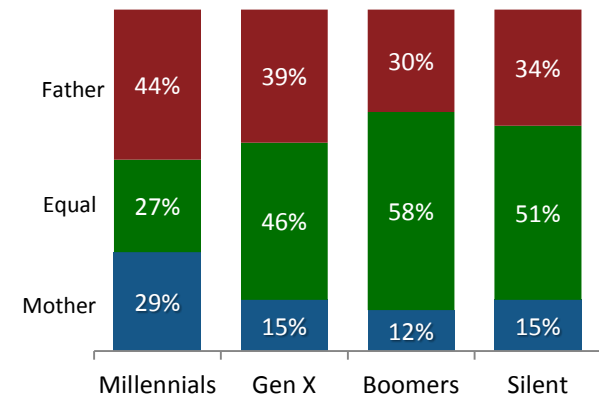
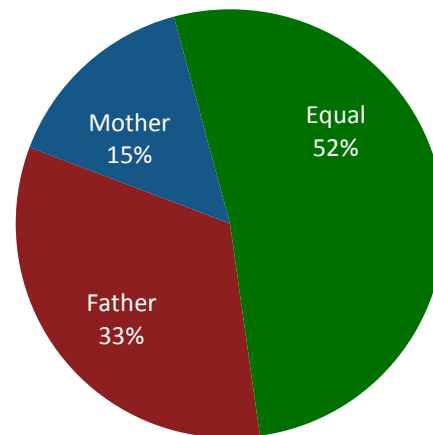
## MOST GREW UP IN TRADITIONAL PATRIARCHAL HOUSEHOLDS

- The majority of people today grew up in families where their father was the primary income earner, though this has gradually shifted with each subsequent generation
- Nine in 10 Baby Boomers and older generations say their father was the primary income earner
- By comparison, about one-quarter of Millennials and Gen Xers grew up in households where income was either jointly shared by their mother and father or primarily by their mothers
- Most say their parents jointly came into the relationship with equal assets
- Among older generations, this is more than likely a reflection of lack of assets, having come from little or nothing financially

### PARENT WHO WAS THE PRIMARY INCOME EARNER WHEN GROWING UP



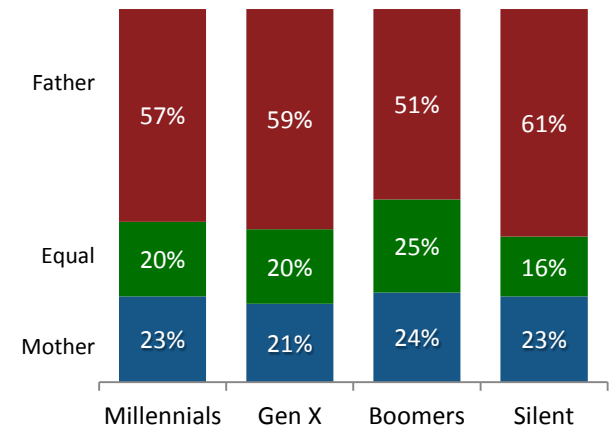
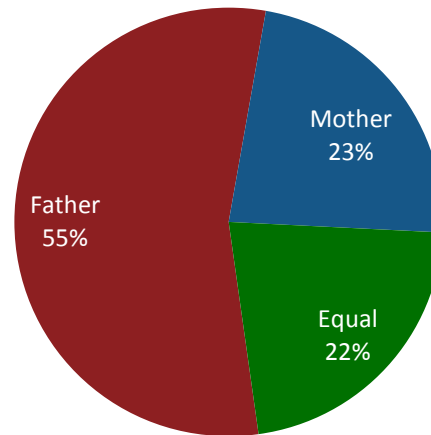
### PARENT WHO ENTERED THE RELATIONSHIP WITH THE MOST FINANCIAL ASSETS



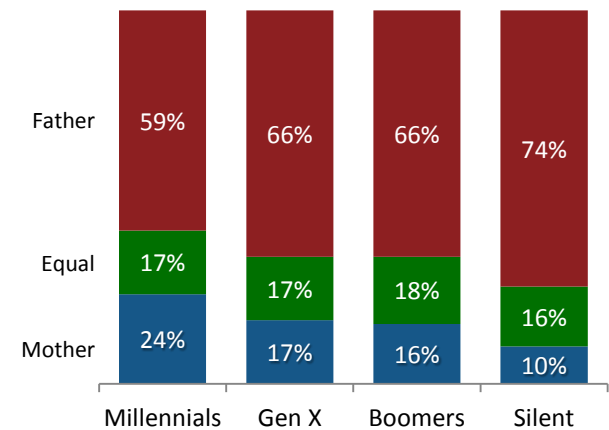
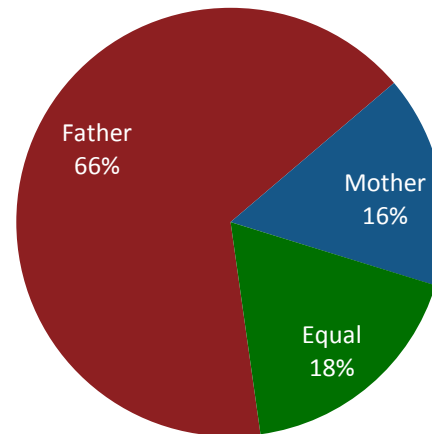


- When growing up, the father was primarily responsible for both household decision-making and investment decision-making
- This was even more prevalent among the Silent Generation
- As women of the Baby Boom generation entered the workforce in greater numbers, they began playing a larger role in investment decision-making and planning, either jointly or on their own

## PARENT WHO WAS THE DOMINANT FINANCIAL DECISION-MAKER WHEN GROWING UP



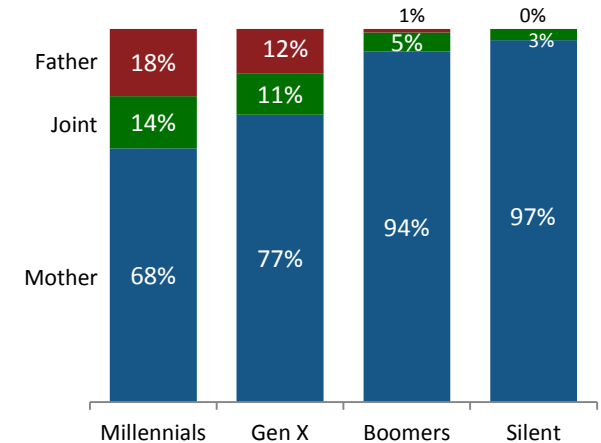
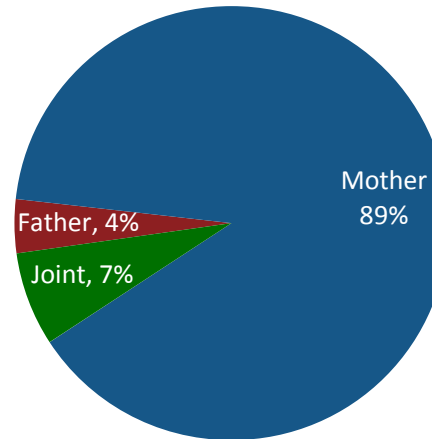
## PARENT WHO WAS THE DOMINANT INVESTMENT DECISION-MAKER WHEN GROWING UP



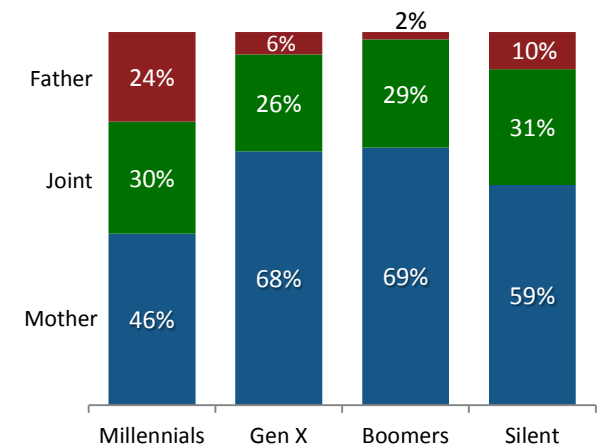
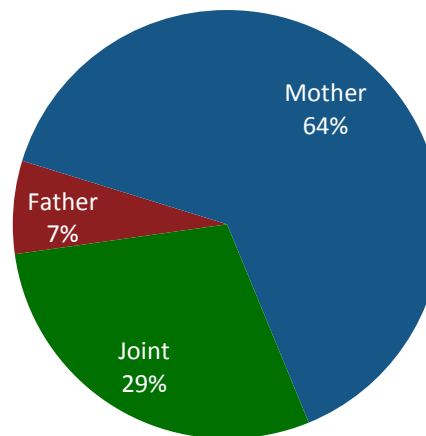
## GROWING UP WITH MOM

- Women have contributed significantly to family wealth as a primary caregiver for both children and aging parents and grandparents
- In the vast majority of households, Mom was the primary caregiver when growing up, including nine of 10 households in which Baby Boomers grew up
- Millennials and Gen Xers experienced a greater sharing of family roles and responsibility between their parents
- Dads were the primary caregiver for 18% of Millennials and 12% of Gen Xers when they were young

### PARENT WHO WAS THE PRIMARY CAREGIVER TO CHILDREN WHEN GROWING UP



### PARENT WHO WAS THE PRIMARY CAREGIVER OF PARENTS/AGING FAMILY MEMBERS WHEN GROWING UP

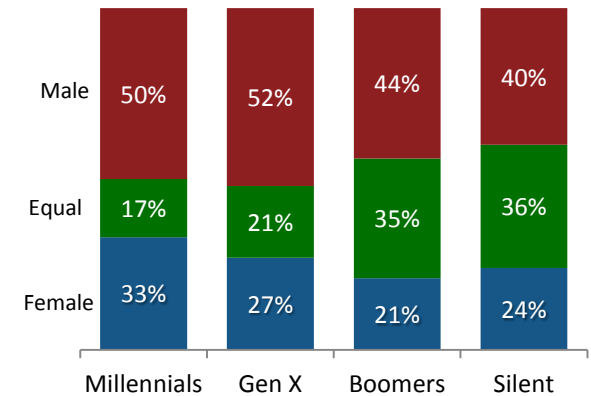
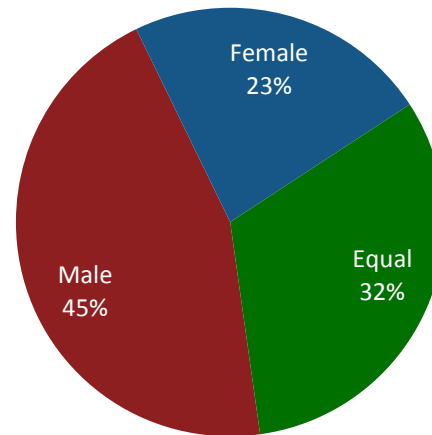


## CONTRIBUTION TO FAMILY WEALTH IS INCREASINGLY SHARED

- About one-third of couples today say both partners contributed equally to the household's initial financial assets
- One in four women now enters the relationship with greater financial assets and, in nearly one in five households, women are now the primary income earner
- In six in 10 high-net-worth households overall, men continue to be the primary income earner

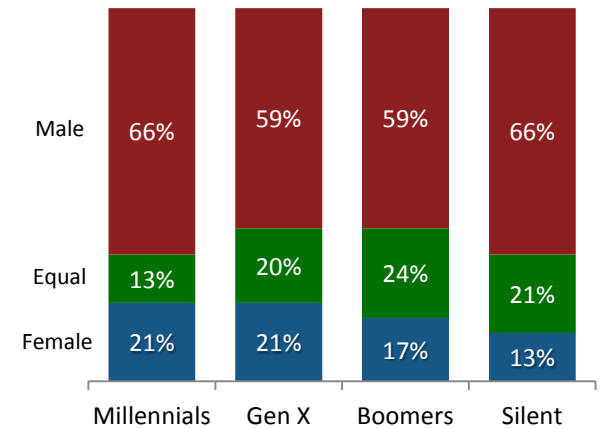
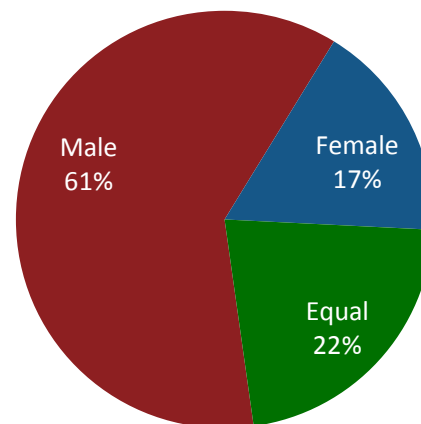
### PERSON WHO ENTERED THE RELATIONSHIP WITH THE MOST FINANCIAL ASSETS

AMONG THOSE MARRIED/IN A PARTNERSHIP



### PERSON IN THE HOUSEHOLD WHO IS THE PRIMARY INCOME EARNER

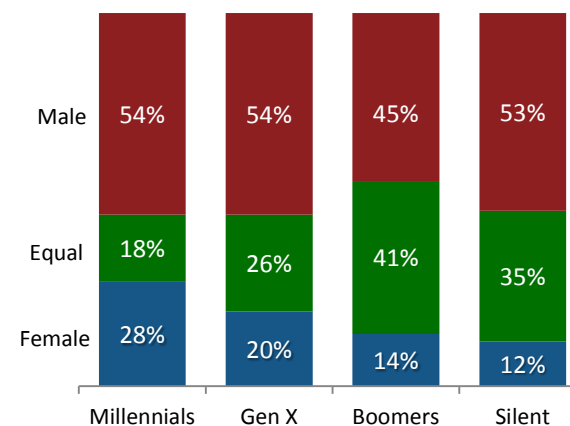
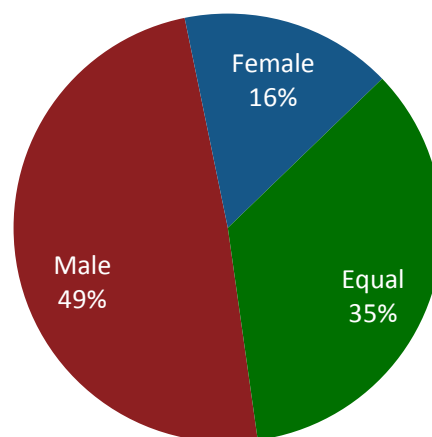
AMONG THOSE MARRIED/IN PARTNERSHIP



- Men and women share decision-making about household finances and investments in more than one-third of all high-net-worth households
- There is generally joint decision-making on household financial decisions across all generations, though less among Millennials (perhaps because they keep their finances separate)
- Men continue to dominate investment decisions in older families. The percentage of older households in which joint decision-making is taking place has increased in recent years
- In Millennial and Gen X households, men and women are more likely to take the lead on their own investment decisions
- One in four women in Millennials households and two in five Gen X households are the dominant investment decision-maker

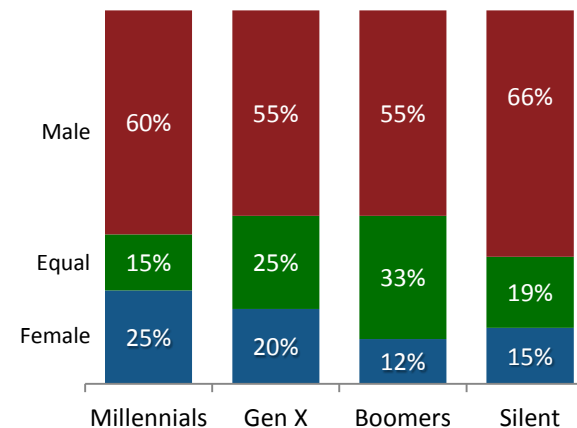
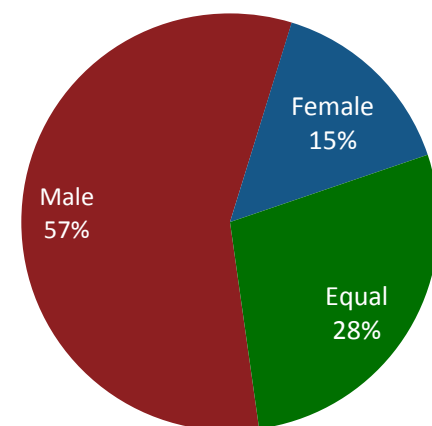
## PERSON IN HOUSEHOLD WHO IS THE DOMINANT HOUSEHOLD FINANCIAL DECISION-MAKER

AMONG THOSE MARRIED/IN A PARTNERSHIP



## PERSON IN THE HOUSEHOLD WHO IS THE DOMINANT INVESTMENT DECISION-MAKER

AMONG THOSE MARRIED/IN PARTNERSHIP

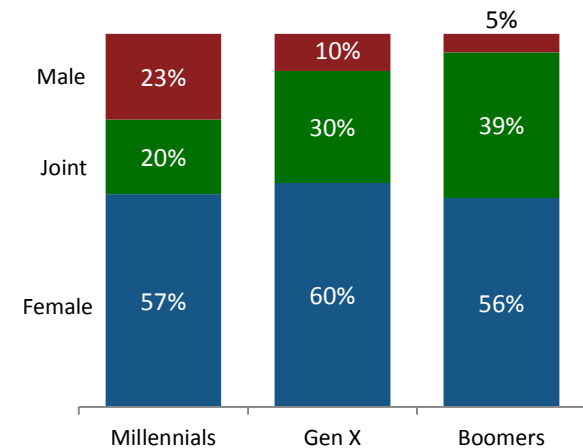
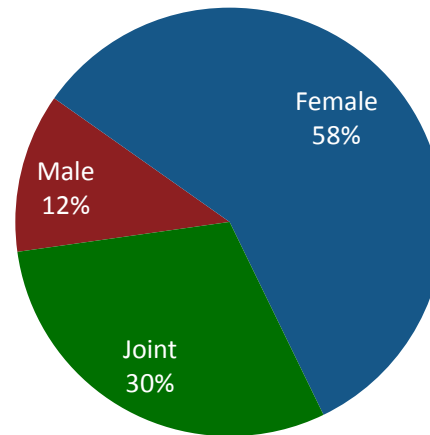


# MILLENNIAL MEN MORE THAN OTHER GENERATIONS ASSUME PRIMARY RESPONSIBILITY FOR CHILDREN

- Younger women today continue to be the primary caretaker for children and the needs of the family, even if they work full-time
- Women are the primary caregiver for children in nearly six in 10 high-net-worth households with children under the age of 25
- Similarly, women with adult children were primarily responsible for taking care of the children when they were young (in 78% of households)

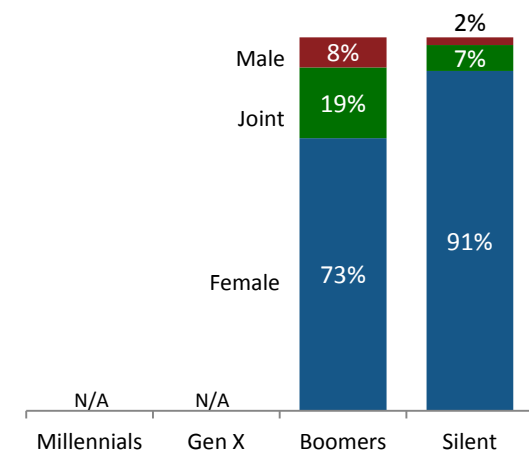
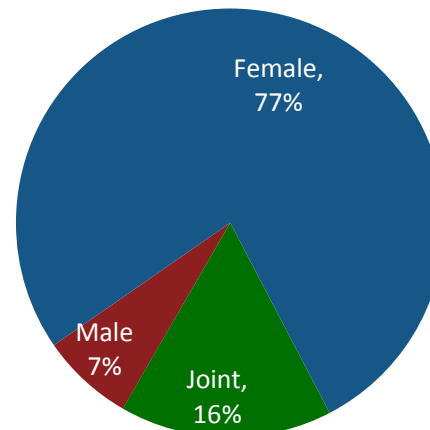
## PERSON IN HOUSEHOLD WHO IS PRIMARY CAREGIVER TO CHILDREN

AMONG PARENTS WHO ARE MARRIED/IN PARTNERSHIP WITH CHILDREN YOUNGER THAN AGE 25



## PERSON IN HOUSEHOLD WHO IS PRIMARY CAREGIVER TO CHILDREN WHEN CHILDREN WERE YOUNG

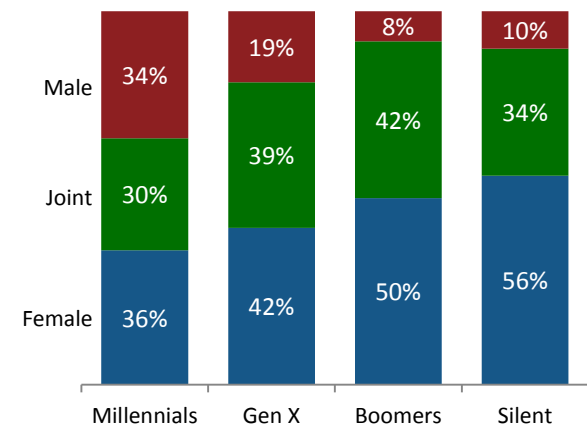
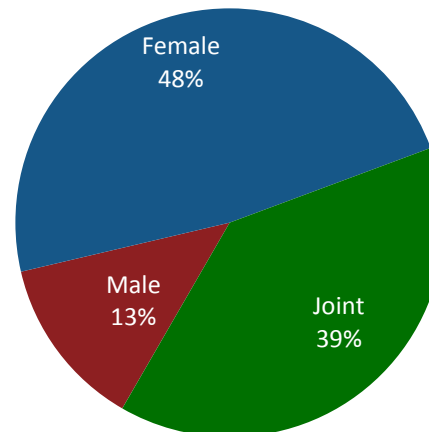
AMONG PARENTS WHO ARE MARRIED/IN PARTNERSHIP WITH CHILDREN OLDER THAN AGE 25



- In nearly half (48%) of high-net-worth households, women assume primary responsibility for the needs of aging parents and grandparent
- However, across all generations, the responsibility of caring for parents is shared in at least one-third of households, including four in 10 Baby Boomer and Gen X households who are most likely to be dealing with aging parents

### PERSON IN THE HOUSEHOLD WHO IS PRIMARY CAREGIVER TO AGING PARENTS/ GRANDPARENTS

(AMONG THOSE MARRIED/IN PARTNERSHIP WHO SAY CIRCUMSTANCE APPLIES)

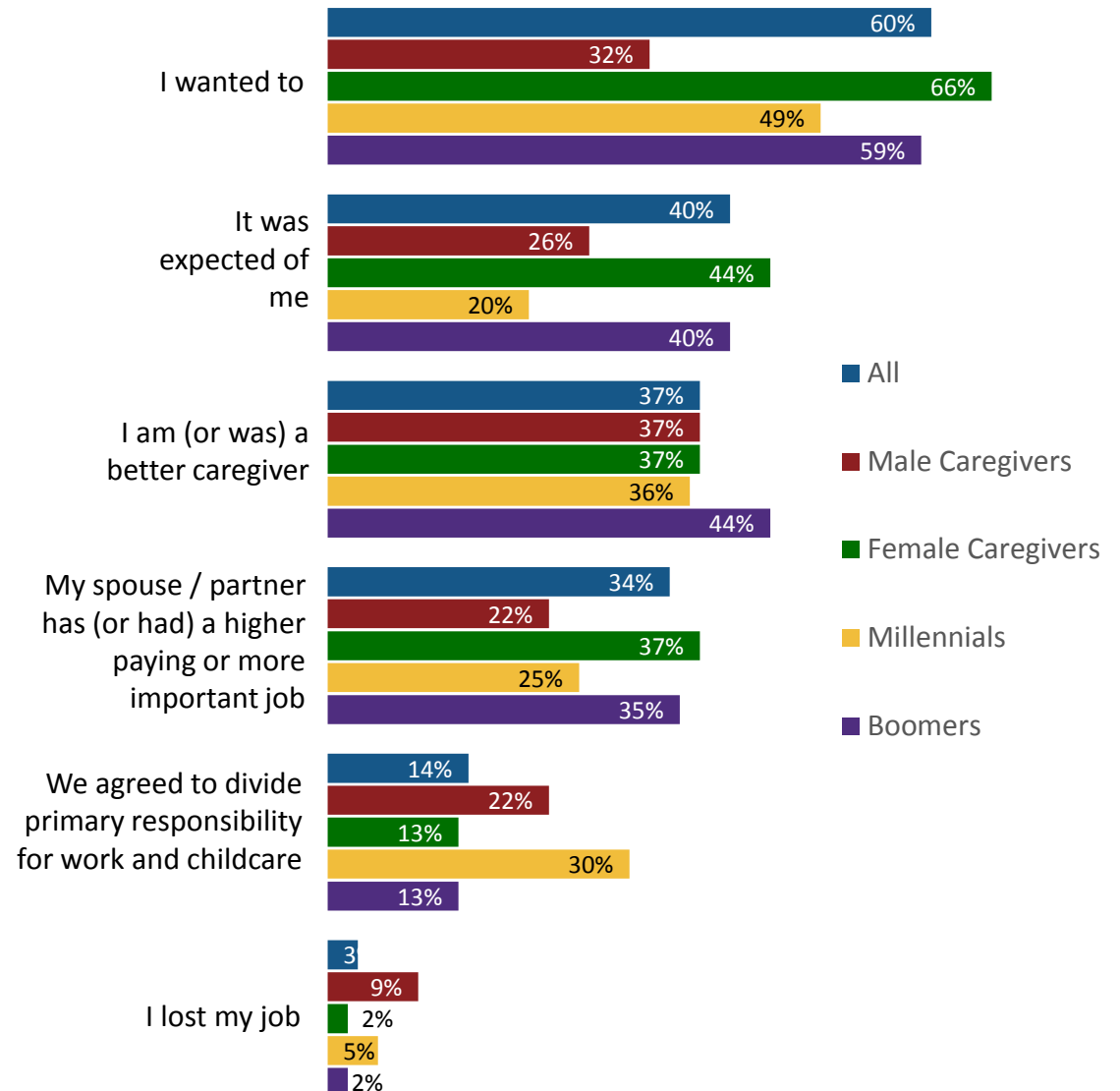


## REASONS FOR BEING PRIMARY CAREGIVERS

- Most women who are the primary caregivers to children say they want/wanted this responsibility
- However, women and those of the Baby Boom generation are twice as likely as Millennials to say caring for children was simply expected of them
- Millennial couples also are twice as likely as Baby Boomer couples to have agreed to a division of family roles and responsibilities

### REASONS FOR BEING PRIMARY CAREGIVER

PERCENT WHO AGREE AMONG THOSE WHO ARE PRIMARY CAREGIVER TO CHILDREN



# ATTITUDES TOWARDS STAY-AT-HOME PARENTING

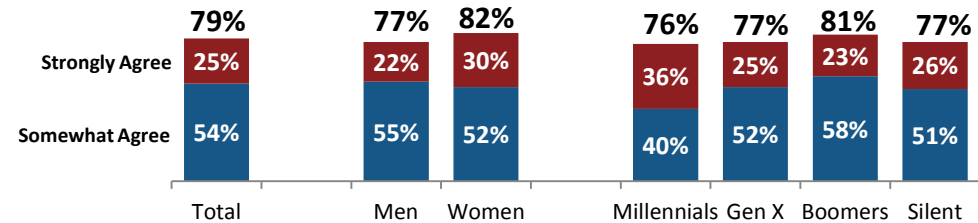
- There is general consensus among more than three-quarters of men and women that society devalues the traditional role of a stay-at-home parent
- Most couples disagree that whoever earns the most has the most influence
- Two-thirds of women and 58% of men agree that having children makes it harder to advance in a career
- Three-quarters (74%) of these younger working Moms agree that they are or were a better parent because they worked outside the home

[Not shown]

Among households with kids under 25 years old, 62% of the moms work full-time today

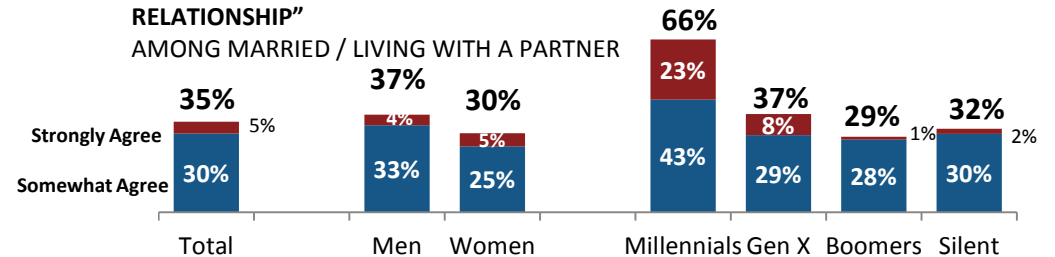
## PERCENT WHO AGREE:

### "SOCIETY DEVALUES THE TRADITIONAL ROLE OF A STAY-AT-HOME PARENT"

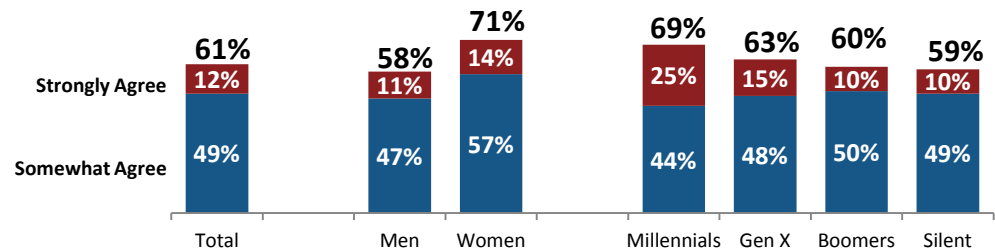


### "WHOEVER EARNS THE MOST MONEY HAS THE MOST INFLUENCE IN THE RELATIONSHIP"

#### AMONG MARRIED / LIVING WITH A PARTNER

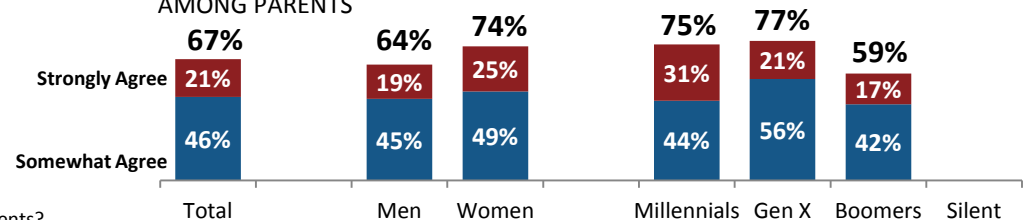


### "HAVING CHILDREN MAKES IT HARDER TO ADVANCE IN A CAREER"



### "I AM/WAS A BETTER PARENT BECAUSE I WORK OUTSIDE THE HOME"

#### AMONG PARENTS

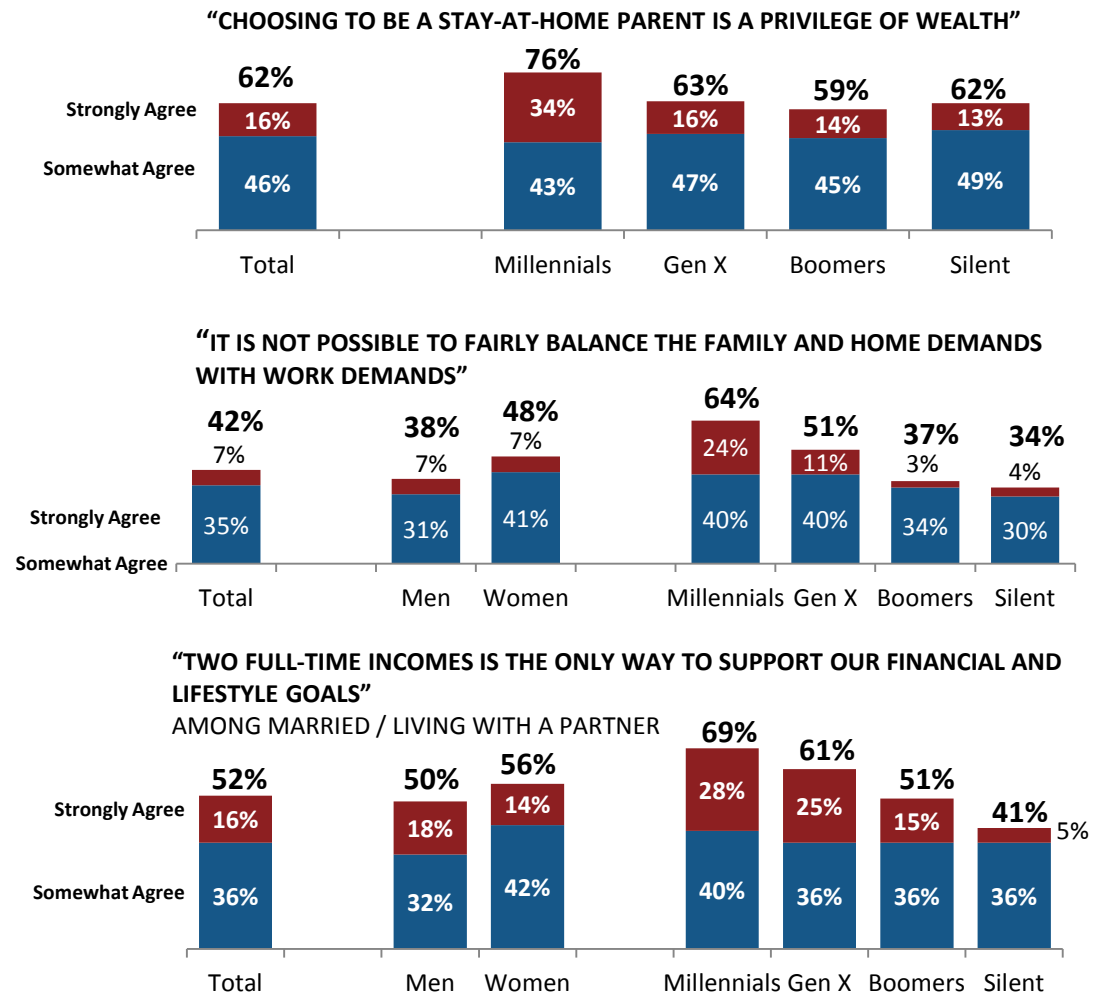




## PRIVILEGE OF BEING A STAY-AT-HOME PARENT

- In more than half of high-net-worth households, two full-time incomes is the only way to support the family's needs and lifestyle goals
- The decision to be a stay-at-home parent is now considered a privilege of wealth in an age in which two-income households are the norm. This is somewhat reflective of an earlier time when a woman working outside the home was viewed as a sign of financial hardship. The difference today is that, in younger households, either parent may choose to stay at home

### PERCENT WHO AGREE:

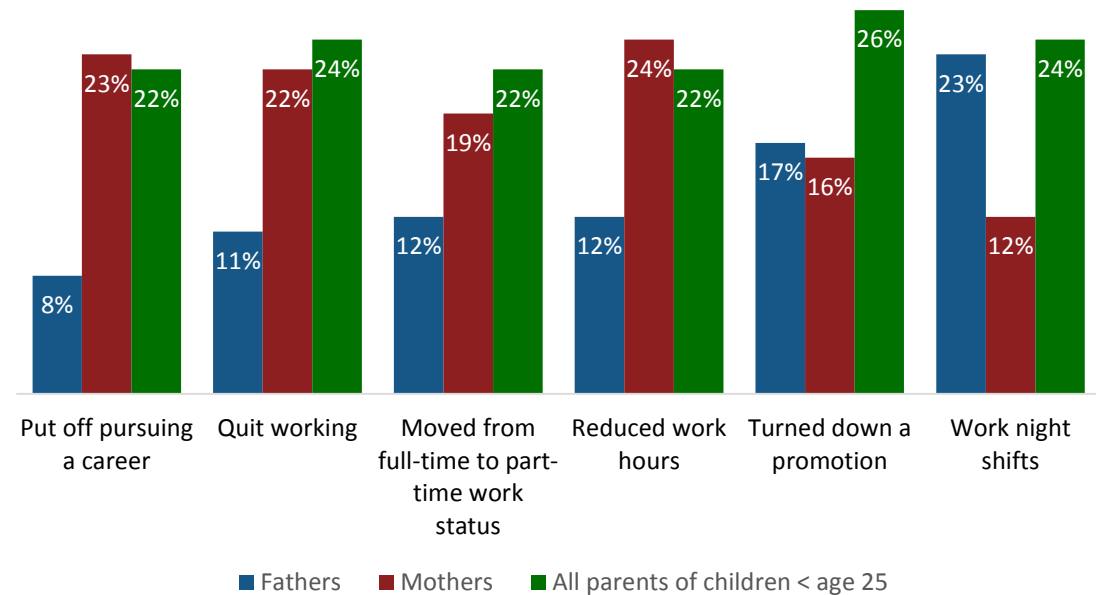


## BALANCING ACT IN SUPPORT OF CAREER AND FAMILY WEIGHTS MOST HEAVILY ON WOMEN

- Women tend to make more career concessions than men do, often putting off the pursuit of their careers to raise children or, alternatively, quitting their jobs once they have kids
- Both mothers and fathers turn down promotions and work longer hours outside of normal business hours in order to balance the needs of their career and family

### PERCENT WHO HAVE MADE THE FOLLOWING CHOICES TO MEET THE NEEDS OF CHILDREN AND FAMILY AT HOME

AMONG ALL PARENTS AND PARENTS WITH CHILDREN UNDER THE AGE OF 25



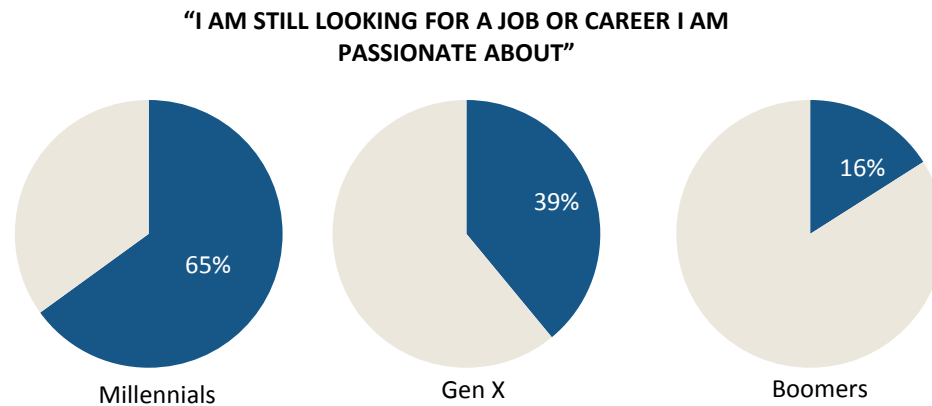
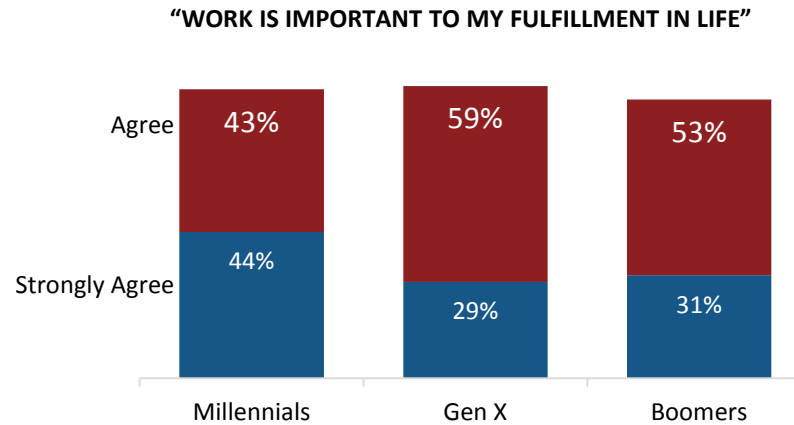
# U.S. TRUST

## GENERATIONAL DIFFERENCES – WORK

### Key Findings

- The vast majority of people feel that work is important to their fulfillment in life; however, Millennials are somewhat more likely to feel strongly about this
- While work is a means of income for Millennials, they also want to work at something they are passionate about
- Two-thirds of Millennials and one-third of Gen Xers are still looking for a career they are passionate about

## PERCENT WHO STRONGLY AGREE:



Q36. To what extent do you agree or disagree with each of the following?

Q31. At how many different companies or organizations have you worked during your career (including companies you may own)?

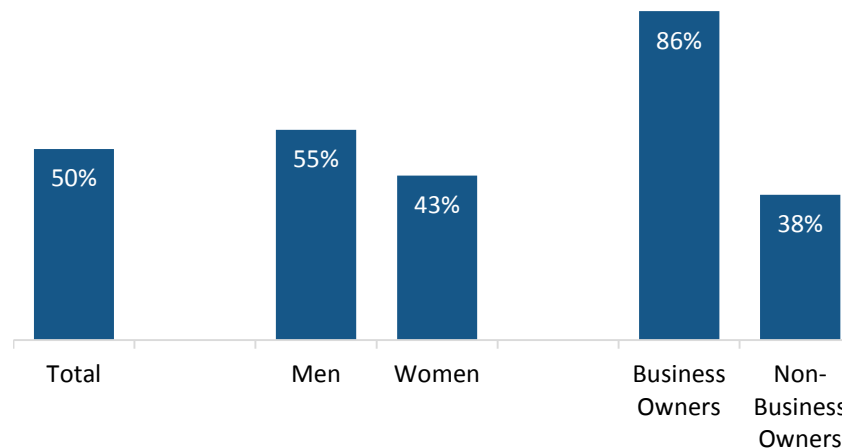
## MILLENNIALS ARE LOOKING FOR EXPERIENCE

- Seven in 10 Millennials would prefer to own their own business, compared to half overall
- At this point in their lives, however, Millennials are looking to gather as much experience and wealth as they can
- In an ideal world, Millennials would choose to work at a large, established company versus an smaller company or start-up
- With age, people tend to prefer smaller companies
- By far, business owners say that owning a business is their top career choice in an ideal world. Only 38% of people who aren't business owners feel the same burning desire

### PREFERENCE IN TYPE OF ORGANIZATION TO WORK FOR

	SIZE		ESTABLISHED	START-UP	COMPANY OWNED	FAMILY OWNED	OWN BUSINESS	WORK FOR SOMEONE ELSE
	Small	Large						
MILLENNIALS	30%	70%	63%	37%	49%	51%	72%	28%
GEN X	51%	49%	63%	37%	72%	28%	53%	47%
BOOMERS	59%	41%	77%	23%	76%	24%	44%	56%
SILENT	63%	37%	83%	17%	77%	23%	55%	45%

### DESIRE TO OWN A BUSINESS



## WORK PREFERENCES AND GOALS EVOLVE OVER TIME

- At each stage of life, there are distinct goals and preferences in where to work
- Millennials, who are just starting out, are looking to make the most money and to learn the most
- They are notably more interested in the company's reputation as a good corporate citizen than older generations
- Flexibility tops the list of reasons to work somewhere among older generations, followed by the desire to lead and control one's own destiny
- Business owners value being able to lead or being a decision-maker more than others

### RANKING: WHAT'S MOST WANTED WHEN DECIDING WHERE TO WORK

BY AGE SEGMENT

	MILLENNIALS	GEN X	BOOMERS
1	Make the most money	Flexibility in how / when to work	Flexibility in how / when to work
2	Learn the most	Make the most money	Ability to control destiny
3	A cool or interesting experience	Ability to lead/ make decisions	Ability to lead/ make decisions
4	Reputation as a good corporate citizen	Ability to control destiny	Belief in the mission
5	Ability to lead/ make decisions	A cool or interesting experience	A cool or interesting experience
6	Flexibility in how / when to work	Ability to make a positive impact	Make the most money
7	Ability to control destiny	Belief in the mission	Ability to make a positive impact
8	Ability to make a positive impact	Learn the most	Learn the most
9	Belief in the mission	Reputation as good corporate citizen	Reputation as a good corporate citizen

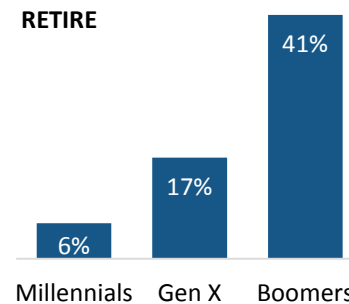
## CAREER PATHS ARE FLUID, ESPECIALLY FOR MILLENNIALS

- The Baby Boom generation is retiring in droves. Four in 10 plan to retire within the next three years
- Of those remaining in the workforce, about half overall – and two-thirds of Millennials – plan to make a job or career change over the next three years
- About one in three Millennials will leave their current job or company to move to a better or comparable position at a different company
- One in four plans to make a big life change within the next three years that doesn't involve their current field
- Thirty-five percent of Millennials plan to start their own business in the next three years

### PERCENT WHO PLAN TO MAKE THE FOLLOWING CAREER CHANGES WITHIN THE NEXT THREE YEARS

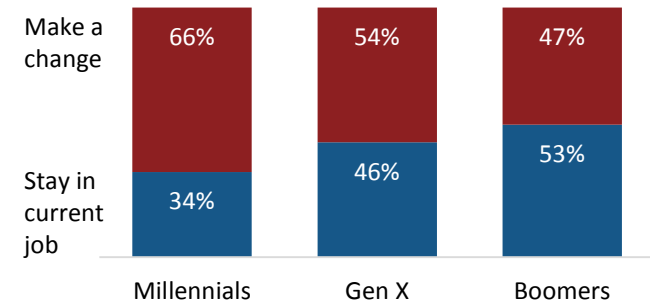
#### ALL CURRENTLY WORKING

##### RETIRE



#### AMONG THOSE STAYING IN THE WORKFORCE

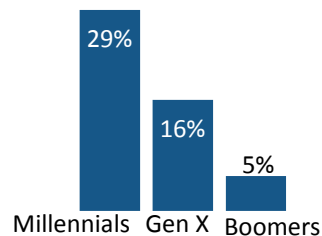
##### Make a change



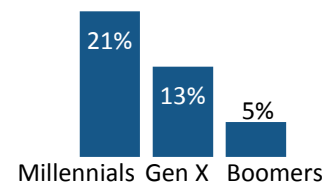
##### Stay in current job

#### AMONG THOSE STAYING IN THE WORKFORCE

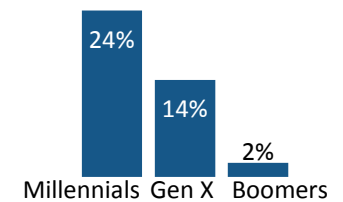
##### BETTER POSITION AT DIFFERENT COMPANY



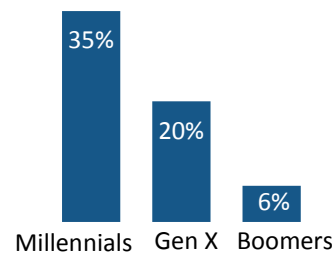
##### COMPARABLE POSITION AT DIFFERENT COMPANY



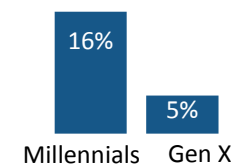
##### BIG CAREER OR LIFE CHANGE NOT IN CURRENT FIELD



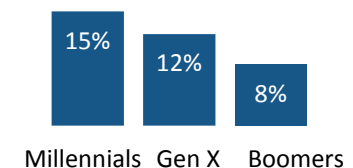
##### START OWN BUSINESS



##### PARENTAL LEAVE



##### MOVE FROM FULL-TIME TO PART-TIME HOURS



# U.S. TRUST

## GENERATIONAL DIFFERENCES – MAKING A DIFFERENCE

Key Findings



# THE WEALTHY CONTRIBUTE TO SOCIETY AND THE ECONOMY IN ALL AREAS OF THEIR LIVES

- As in past years, most high-net-worth households participate in charitable giving and volunteer time as a way to give back
- In addition to outright volunteering, many give of their time by raising funds, serving on boards and providing free business expertise
- Nearly one in three serves on the board of a nonprofit organizations and about one in 10 works for a nonprofit organization
- Many of the wealthy, particularly Millennials, also feel they are giving back and making a positive difference through the opportunities they create for others, in the companies they create and/or invest in

## PERCENT WHO GIVE BACK/GENERATE IMPACT ALL RESPONDENTS

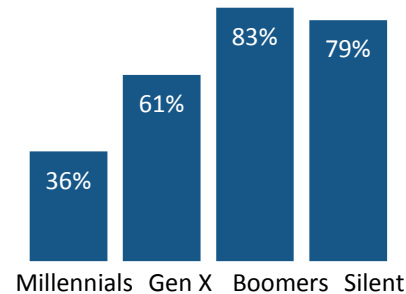


## MILLENNIALS VIEW GIVING AND IMPACT DIFFERENTLY

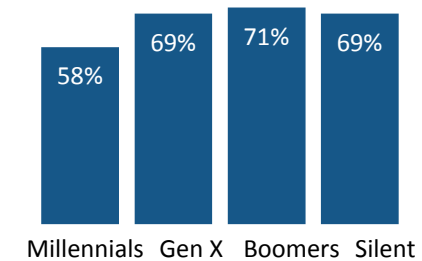
- The wealthy, across all generations, want to make a positive difference in the world, and do so by giving back financially and through their time, talent and resources
- Millennials are less likely to make financial charitable donations than their older counterparts do. They are inclined to see the way they live, work and invest as giving back and making a positive impact in the world
- Millennials are twice as likely as Baby Boomers and those in the Silent Generation to consider investing based on positive impact, social entrepreneurship and business ownership among the many ways they give back to society

### GENERATIONAL DIFFERENCES IN GIVING/IMPACT

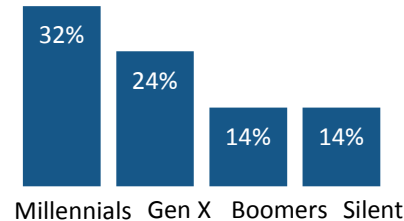
MAKE CHARITABLE FINANCIAL DONATIONS



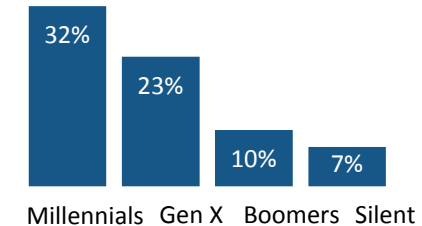
VOLUNTEER



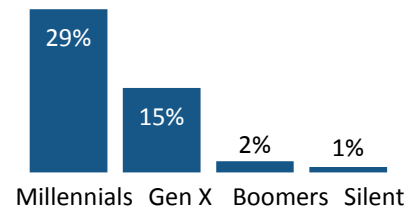
INVEST IN COMPANIES BASED ON POSITIVE IMPACT



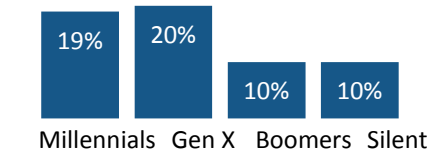
BUSINESS OWNERSHIP/CREATE JOBS AND OPPORTUNITIES FOR OTHERS



SOCIAL ENTREPRENEURISM



WORK FOR A NONPROFIT



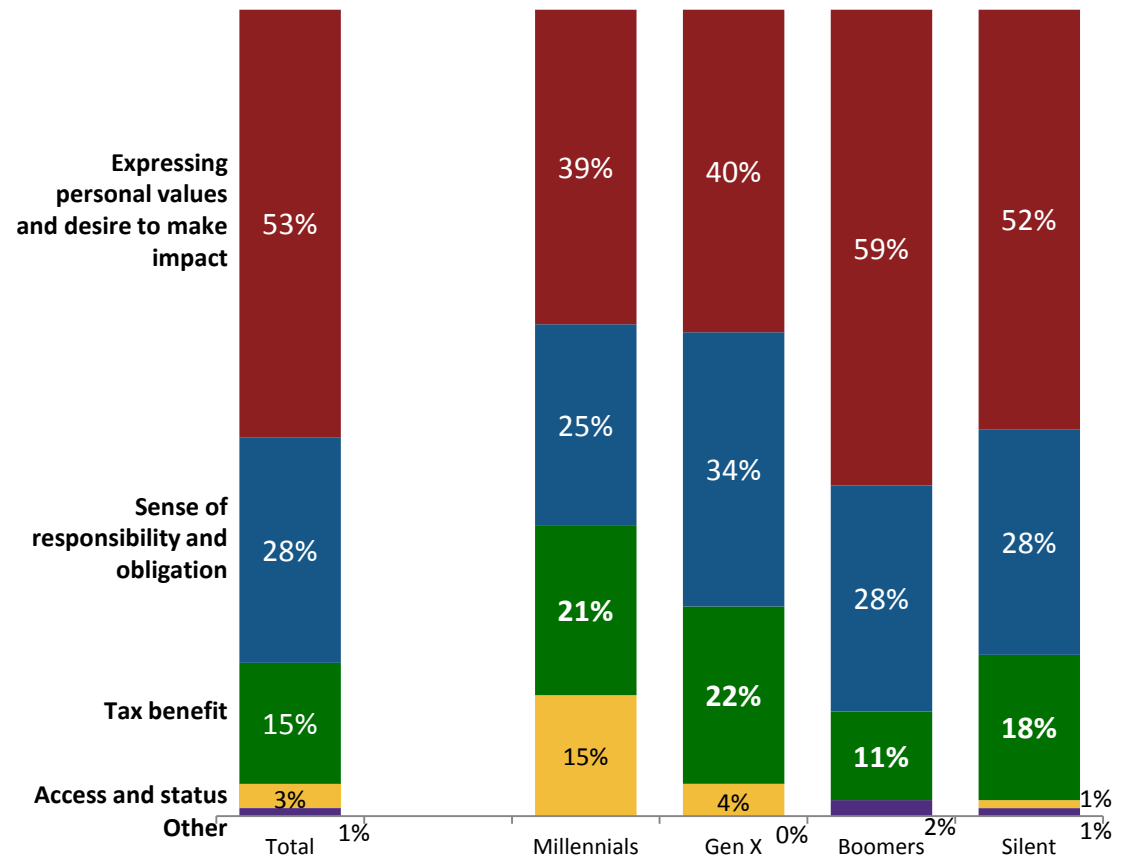
Q63 In which of the following ways do you give back to society?  
Q68 Which of the following, if any, do you currently do?

## MILLENNIALS ARE MOTIVATED TO GIVE BACK FOR DIVERSE REASONS

- About half of the wealthy give back primarily to express their personal values and to make an impact
- The next primary reason for giving back is as a duty/obligation
- Boomers and the Silent Generation more often view charitable giving as a way to express their values and make an impact; this is also a top reason for younger respondents, but the tax benefit and potential for access and status are more in their mindset as well

### GIVING MINDSET

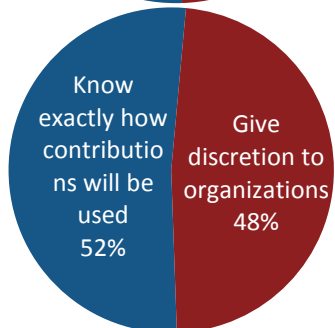
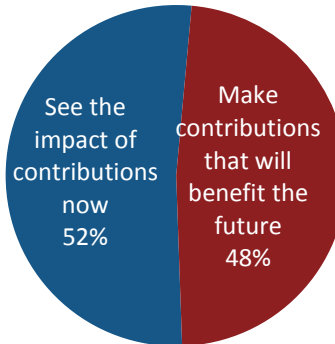
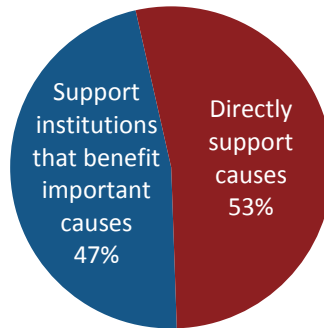
ALL RESPONDENTS



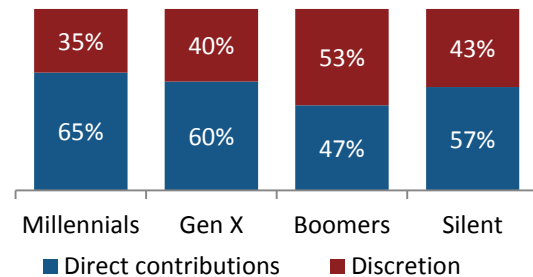
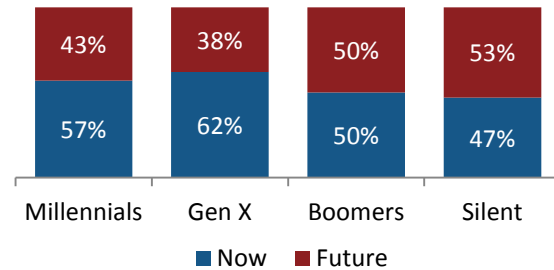
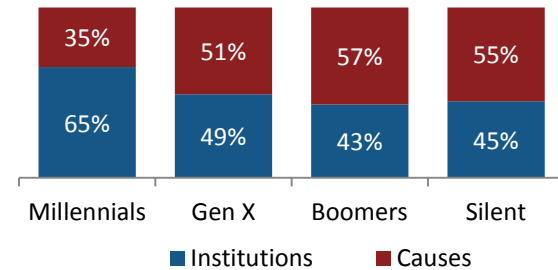
- A little over half of the wealthy prefer to directly support causes they care about, whereas just under half prefer to support institutions
  - Unlike older generations, Millennials are more likely to prefer giving financial support to institutions
- Both Millennials and Gen Xers prefer to see the impact of their contributions now, whereas older generations are comfortable making contributions that bring benefits in time
- Millennials, more so than any other generation, want to know how their financial contributions will be used. Baby Boomers are more likely to give discretion to the organizations they support financially

## PRIORITIES FOR PHILANTHROPIC IMPACT

ALL HNW



BY AGE

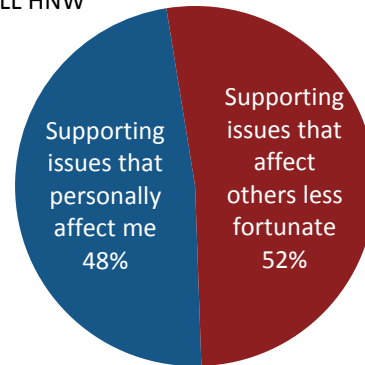


## DIFFERENCES IN APPROACHES TO ADDRESSING IMPORTANT ISSUES

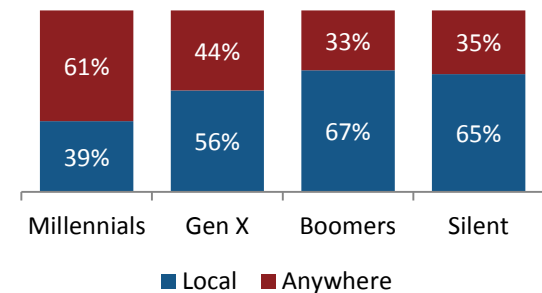
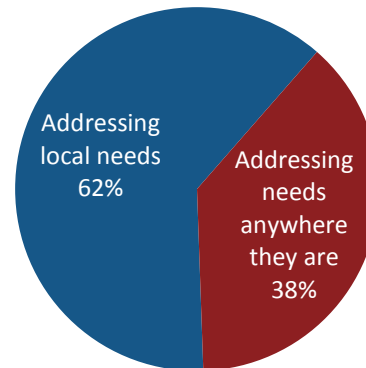
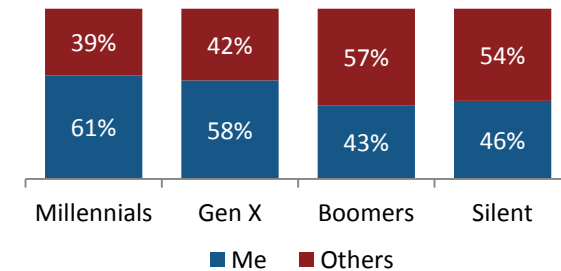
- About half of high-net-worth households prefer to see their contributions make a difference now, with younger respondents prioritizing this more than their counterparts
- Millennials, the wealthiest and business owners prioritize knowing exactly how contributions will be used versus giving organizations discretion to direct contributions
- Older parents with older or adult children are more likely to disagree about investing based on social, environmental or governance impact

### PRIORITIES AROUND PHILANTHROPIC IMPACT

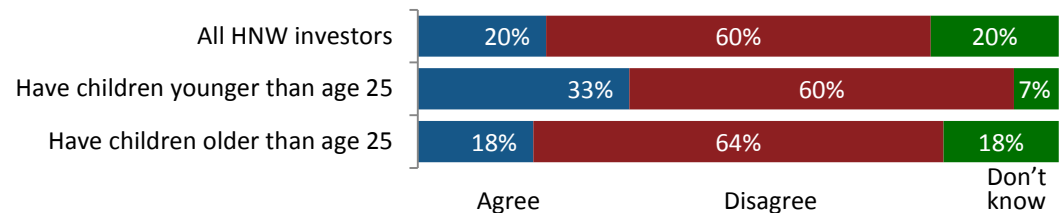
ALL HNW



BY AGE



“MY CHILDREN (OR YOUNGERS MEMBERS OF THE FAMILY) AND I DISAGREE ABOUT THE IMPORTANCE OF INVESTING BASED ON IMPACT”

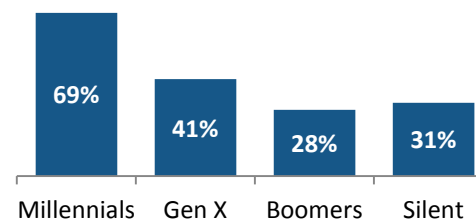


# ATTITUDES ABOUT GIVING BACK AS A FAMILY

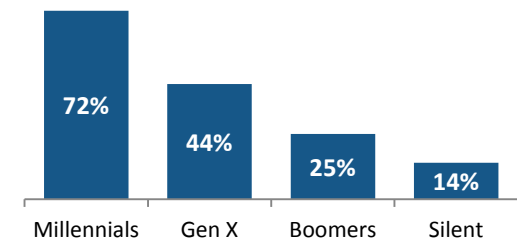
- About one in three of the wealthy feel that either older or younger generations do not share their same commitment to giving
- Nearly seven in 10 Millennials think their parents aren't as committed to giving back as their own generation is
- Nearly one in three Baby Boomers and Silent Generation members think their children and younger family members aren't equally committed to giving back
- These perspectives may be rooted in the fact that, while different family members may support similar issues, they give differently in ways that younger or older family members may not appreciate or understand

## PERCENT WHO AGREE:

**"My children/younger family members don't share the same commitment to giving back that my generation does."**

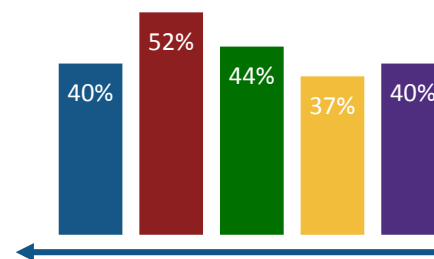


**"My parents/older family members don't share the same commitment to giving back that my generation does."**

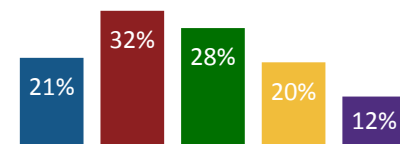


## GENERATIONAL APPROACHES TO GIVING BACK (SELF COMPARED TO FAMILY)

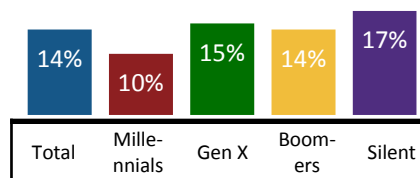
SUPPORT SIMILAR ISSUES  
AND GIVE IN SIMILAR WAYS



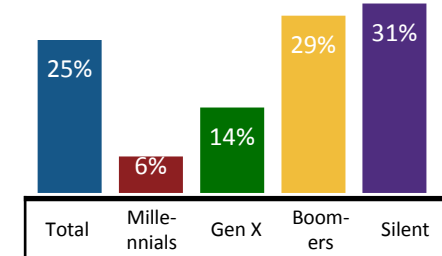
SUPPORT SIMILAR ISSUES  
BUT GIVE IN DIFFERENT WAYS



SUPPORT DIFFERENT ISSUES  
BUT GIVE IN SIMILAR WAYS



SUPPORT DIFFERENT ISSUES  
AND GIVE IN DIFFERENT WAYS



# U.S. TRUST

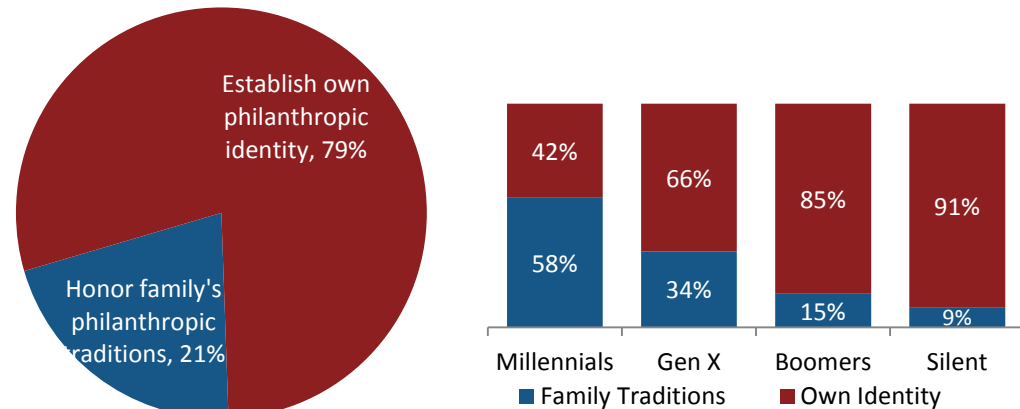
## UNIFYING COMMON GROUND

Key Findings

- Nearly eight in 10 feel it's important to establish their own philanthropic identity – a point most seem to agree on
- Among Millennials, particularly those who come from a family with a strong tradition of philanthropy, two out of five feel it's even more important to honor the family tradition than to break from tradition
- Nearly one in three (28%) of high-net-worth investors say their children or other younger members of their family have made them more likely to use impact investing
- Parents of younger children feel this way in particular, a likely reflection of their natural concern as parents for the wellbeing of the next generation and future world in which they will live

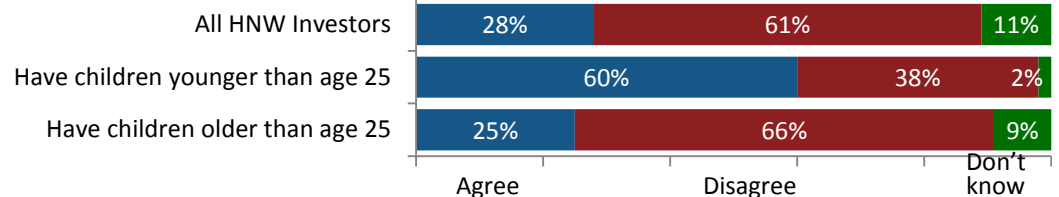
## PRIORITIES AROUND PHILANTHROPIC IMPACT

ALL HNW



## % WHO AGREE OR DISAGREE

"MY CHILDREN (OR YOUNGER MEMBERS OF THE FAMILY) HAVE MADE ME MORE LIKELY TO ADD IMPACT INVESTMENTS TO MY PORTFOLIO"



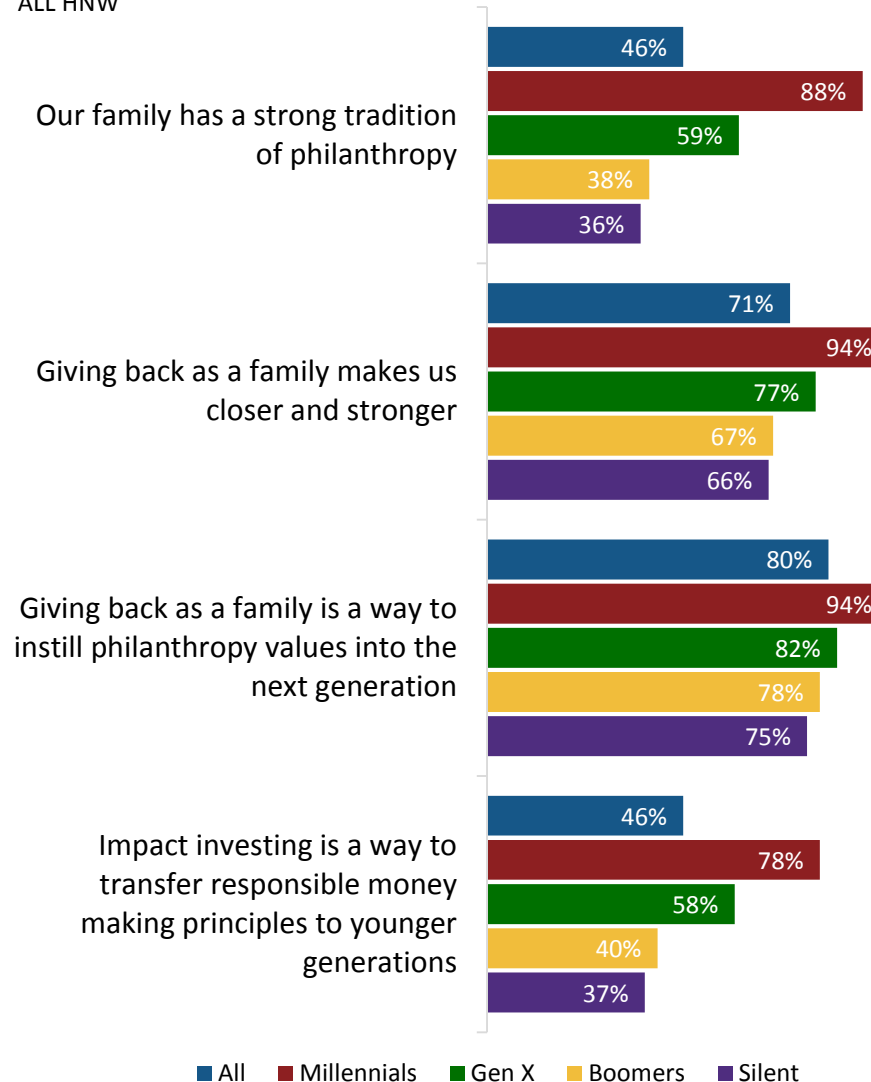


## DESPITE DIFFERENT APPROACHES, GIVING BACK IS A SHARED GOAL

- Nearly half of all wealthy individuals, including 88% of Millennials, say they come from a family with a strong tradition of philanthropy
- This strong family tradition of giving back as a family is something most agree makes families stronger and brings them together
- Furthermore, giving back as a family is a way teach younger members of the family and instill philanthropic values and family traditions into the next generation
- Nearly half of wealthy families also are finding that impact investing serves as a way to empower the next generation with financial decision-making and can help transfer responsible money-making principles to younger generations

### PERCENT WHO AGREE OR DISAGREE:

ALL HNW



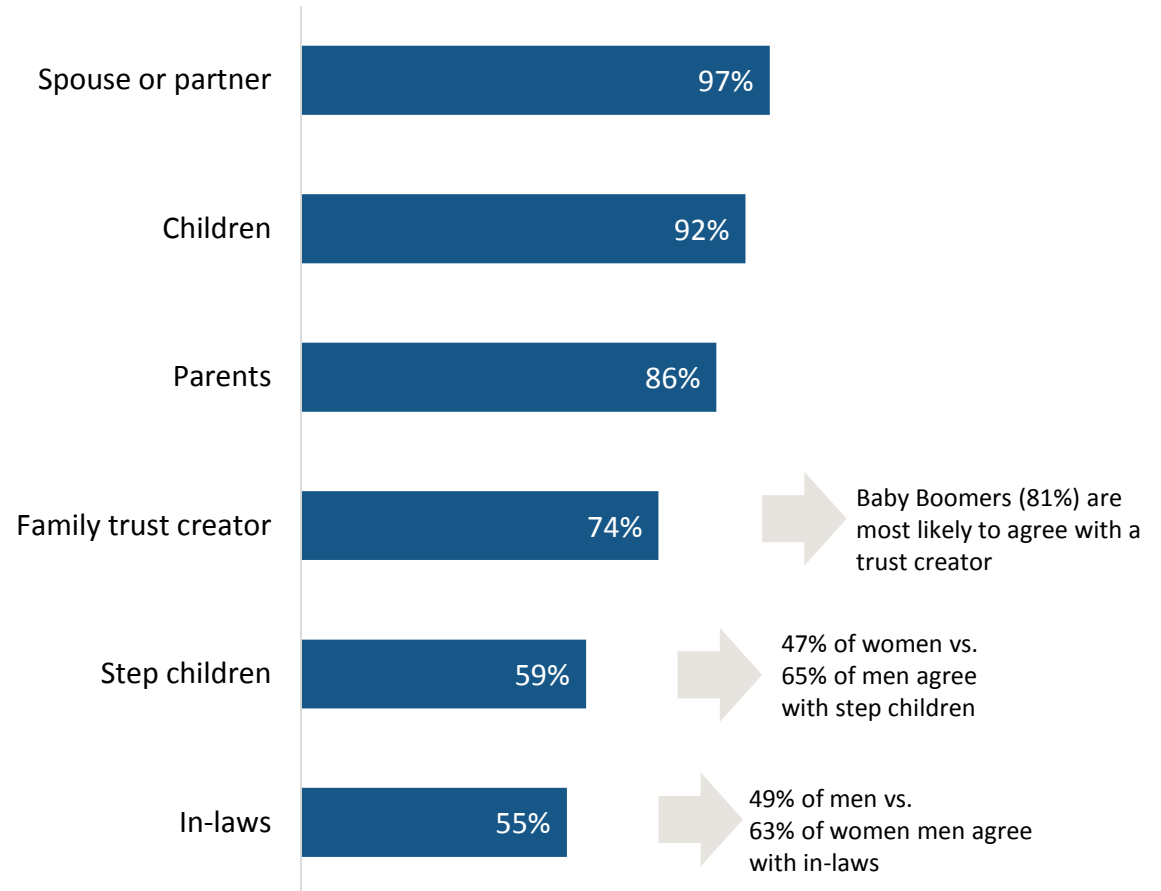
Q65 How much do you agree or disagree with the following statements about giving back as a family?

Q11 To what extent do you agree with each of the following statements about investing that aims to create social and environmental benefits alongside financial gain?

## MOST FAMILIES SAY THEY AGREE ON THE PURPOSE OF WEALTH

- Almost universally, respondents say they agree with their spouse and children about the use and purpose of wealth; agreement with parents is very high as well, at 86%
- Agreement with step-children and in-laws is notably lower at 59% and 55%, respectively
- Women more often are in agreement with in-laws and men more often agree with step-children
- Agreement with family trust creators is high, at 74%

### PERCENT WHO AGREE ON THE USE AND PURPOSE OF WEALTH



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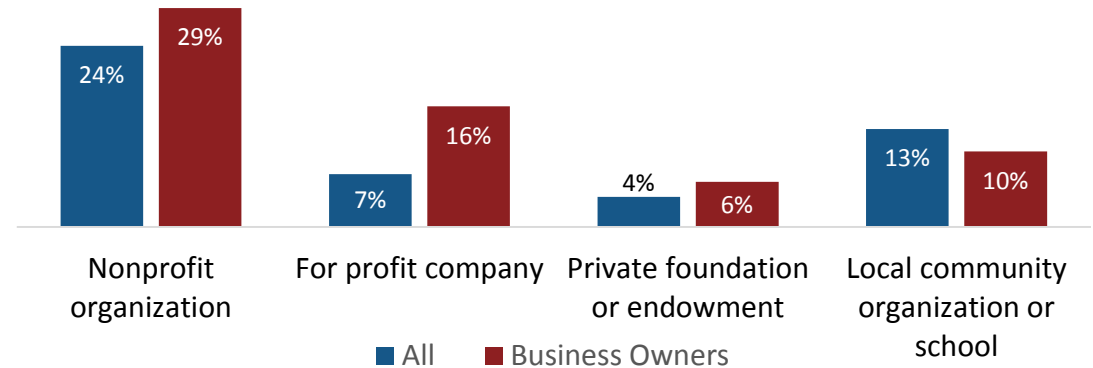
## BOARD PARTICIPATION

### Key Findings

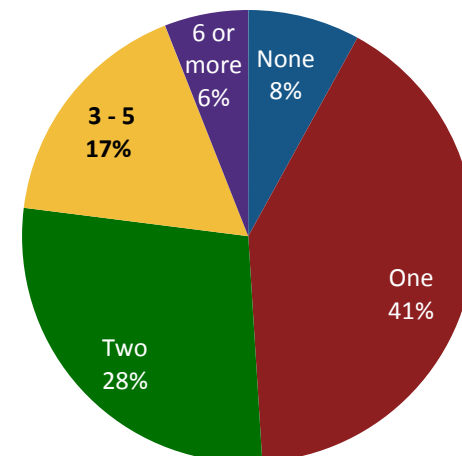
## MULTIPLE GOVERNANCE ROLES

- About one-quarter of all respondents, and one in three business owners, serve in a leadership capacity on nonprofit boards.
- Of those who serve on nonprofit boards, at least half currently serve on more than one board

**PERCENT WHO HAVE SERVED ON GOVERNANCE BOARD**  
ALL HNW AND HNW BUSINESS OWNERS



**NUMBER OF NONPROFIT BOARDS CURRENTLY SERVING ON**



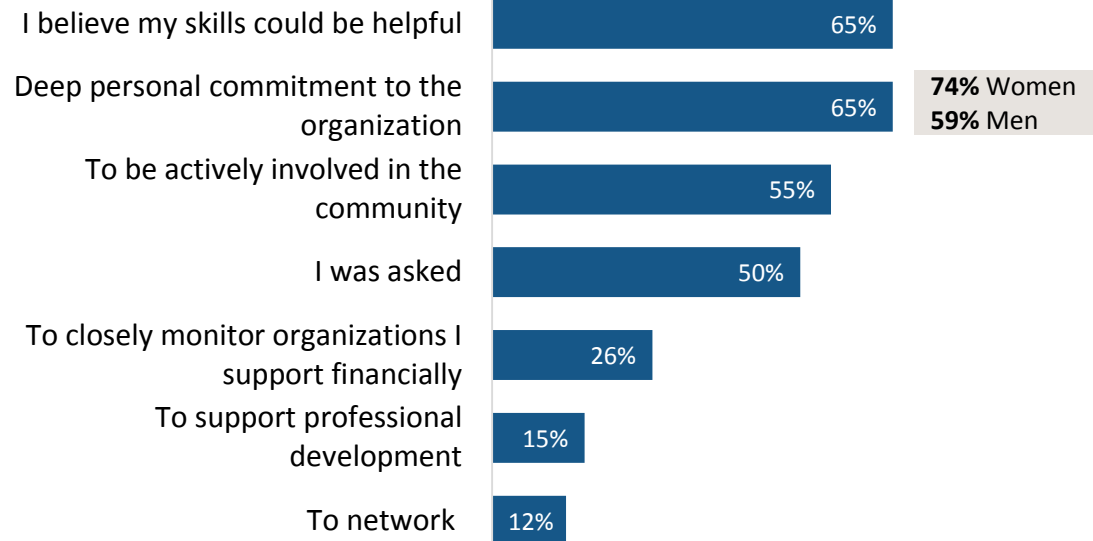
Among those who serve as a board member, trustee, or on a committee

## REASONS FOR SERVING ON NONPROFIT BOARDS

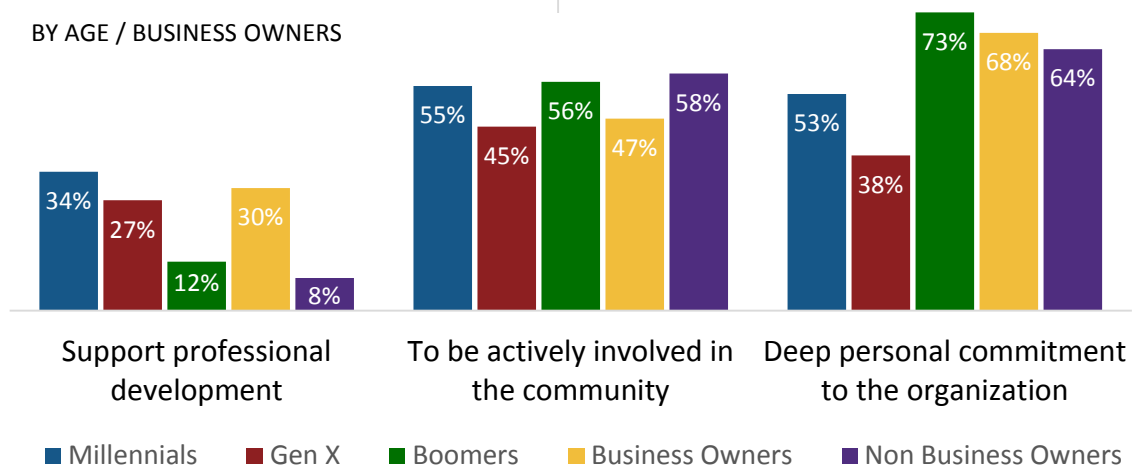
- One in four of the wealthy serve as a board member for a nonprofit organization
- Their reasons are multiple and varied but primarily driven by a desire to make a meaningful difference and because they have specific skills they believe the organization needs
- Those who serve on a for-profit board are more likely to consider the value it adds to their own stature and visibility
- Like all high-net-worth respondents, business owners' top reason for serving on a board is to make a positive impact; however more business owners than other segments say that networking, building their personal brand and increasing their visibility is a reason to serve

### REASONS FOR SERVING ON NONPROFIT BOARDS

ALL CURRENTLY SERVING BOARD MEMBERS



BY AGE / BUSINESS OWNERS



- The majority of high-net-worth respondents understood very well the responsibilities of serving including the time involved, financial commitment and personal liabilities/risks. And most also were clear on the integrity of the organization and leaders before accepting the position

### PERCENT WHO DIDN'T UNDERSTAND RESPONSIBILITIES VERY WELL BEFORE ACCEPTING BOARD POSITION

AMONG THOSE WHO SERVE ON NONPROFIT BOARDS



# U.S. TRUST

## IMPACT INVESTING

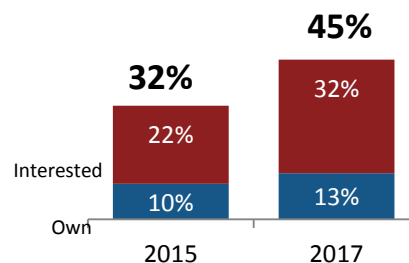
### Key Findings

Interest in impact investing continues to steadily increase

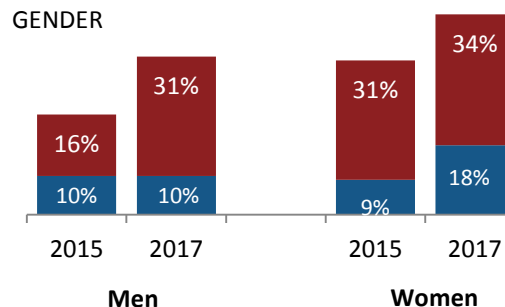
- 45% of high-net-worth investors own or are interested in impact investments. While overall use (13%) has remained flat, directionally, both use and interest are slowing inching upward
- Women and Millennials continue to drive growth and interest in impact investments
- Interest in impact investing by men has doubled in the past two years
  - 31% of men in 2017 are interested in impact investing, up from 16% in 2015
  - Ownership among Baby Boomers and the Silent Generation has remained fairly constant (10%), yet their interest has steadily increased (from 17%/13% in 2015 to 29%/24% in 2017 )

## PERCENT WHO OWN OR ARE INTERESTED IN IMPACT INVESTMENTS

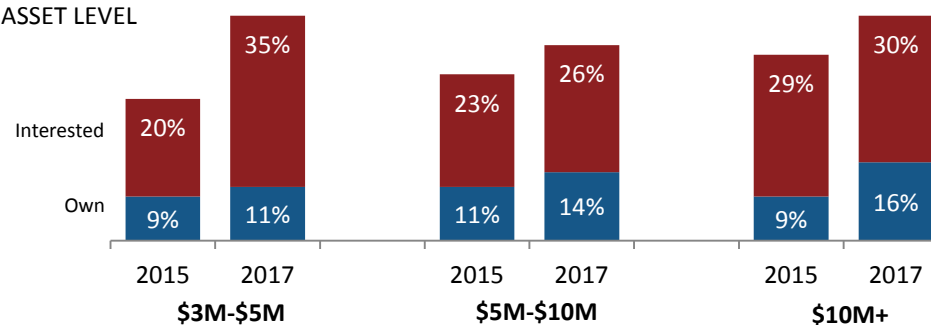
ALL HNWI INVESTORS



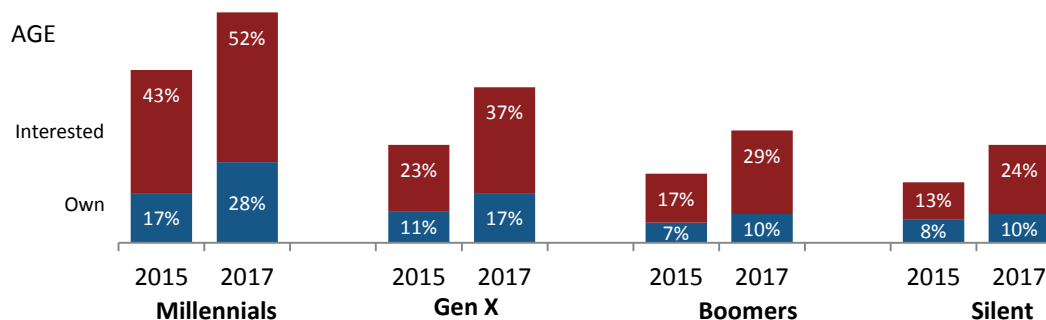
GENDER



ASSET LEVEL



AGE

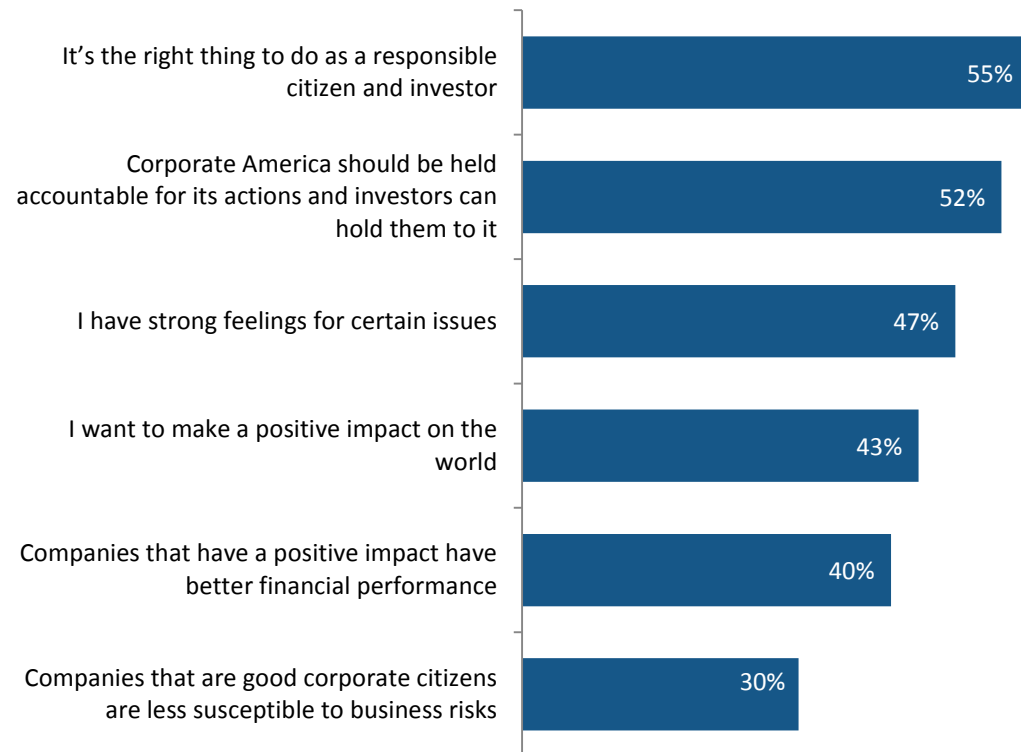




- More than half (55%) say they invest based on impact simply because it's the right thing to do as a responsible citizen and investors
- Nearly as many, however, also believe that Corporate America should be held accountable for its actions
- Four in 10 investors agree that companies that have a positive impact also have better financial performance
- One in three agrees that companies that do well as good corporate citizens are less susceptible to headline risks

## REASON FOR IMPACT INVESTING

AMONG THOSE WHO OWN OR ARE INTERESTED IN OWNING



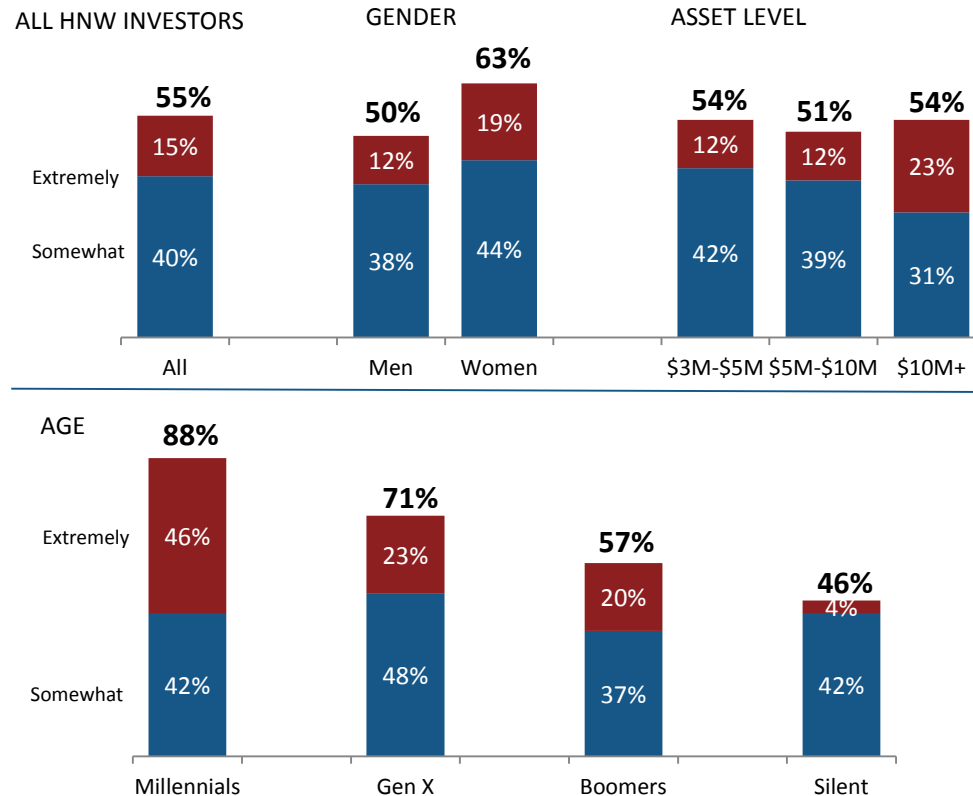
Q8a Why are you currently invested in, or interested in investments based on their environmental, social, or governance impact?

Q11 To what extent do you agree with each of the following statements about investing that aims to create social and environmental benefits alongside financial gain?

- Eight in 10 high-net-worth investors overall agree that all public companies have an impact on society or the environment in some way
- A little more than half (55%) consider the external impact of their investments an important consideration when they are evaluating investment opportunities
- The importance of impact investing to investment decision-making is greatest among women, Millennials and Gen Xers, but also for more than half of all segments except for those in the Silent Generation



## PERCENT WHO CONSIDER IMPACT IMPORTANT IN INVESTMENT DECISIONS

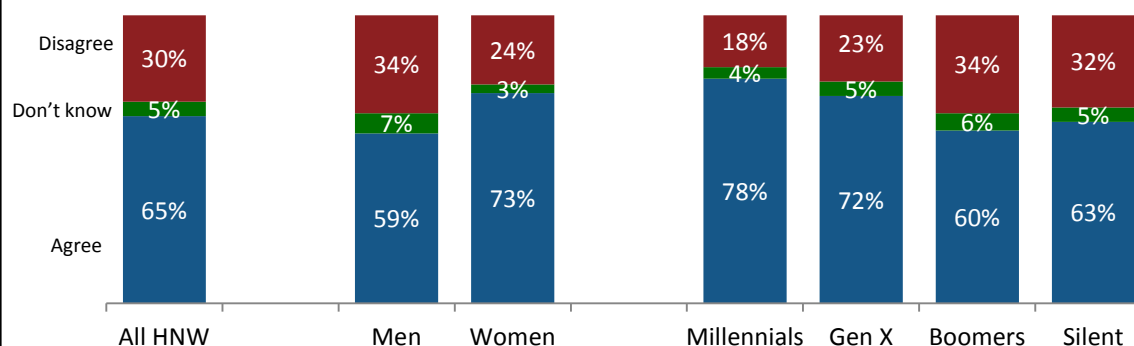


## POSITIVE IMPACT IS MORE IMPORTANT THAN AVOIDING NEGATIVE IMPACT

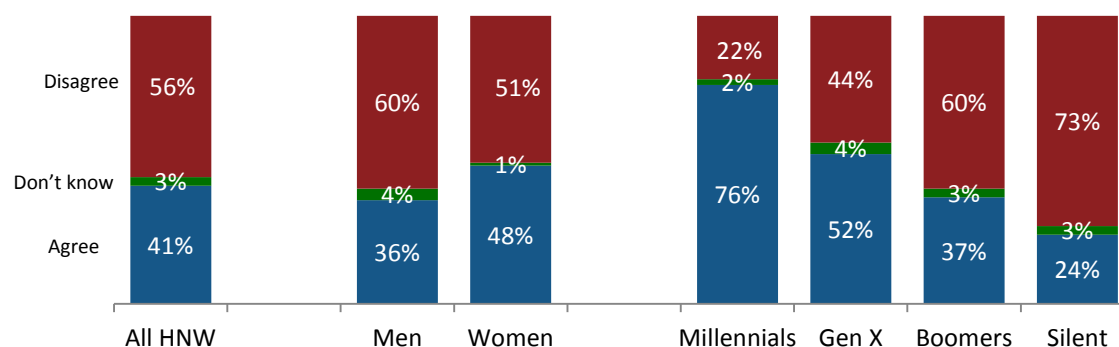
- The majority of respondents would rather invest in companies that make a positive impact than avoid harmful ones
- Younger, women and the wealthiest investors are the most likely to feel that investment decisions are a way to express values
- Two-thirds of Baby Boomer and three-fourths of mature investors don't consider investing as a way to express their social, political or environmental values

### PERCENT WHO AGREE OR DISAGREE:

"I WOULD RATHER INVEST IN COMPANIES THAT HAVE A POSITIVE SOCIAL OR ENVIRONMENTAL IMPACT THAN AVOID INVESTMENTS IN COMPANIES THAT ARE HARMFUL"



"MY INVESTMENT DECISIONS ARE A WAY TO EXPRESS MY SOCIAL, POLITICAL OR ENVIRONMENTAL VALUES."

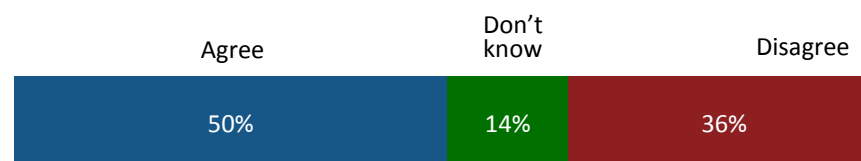


- A slightly declining percentage of investors are convinced it's possible to achieve market rate returns
- 50% agree, down 8 points from 58% in 2016
- However, investors who currently invest based on impact are convinced whereas skeptics remain increasingly skeptical
- Eight in 10 investors who currently invest based on impact, compared to 44% who don't, agree that it's possible to achieve market rate returns
- Investors who invest based on impact also are far more likely to agree that a company's impact is an important consideration in their investment decisions and that investing is one way of expressing their personal values

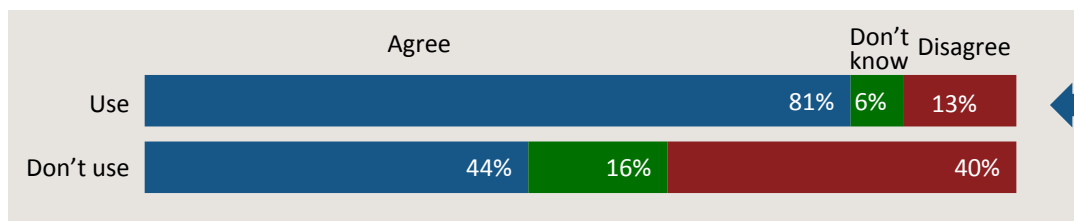
## PERCENT WHO AGREE OR DISAGREE:

ALL HNW INVESTORS

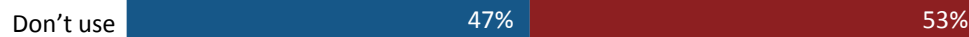
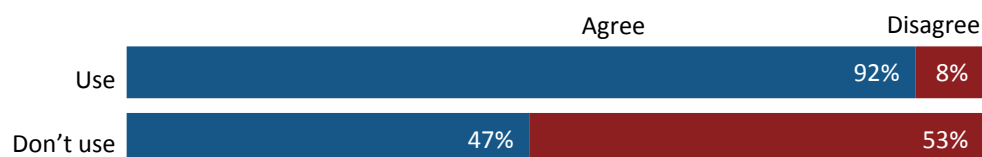
**"IT IS POSSIBLE TO ACHIEVE MARKET RATE RETURNS INVESTING IN COMPANIES BASED ON THEIR SOCIAL OR ENVIRONMENTAL IMPACT"**



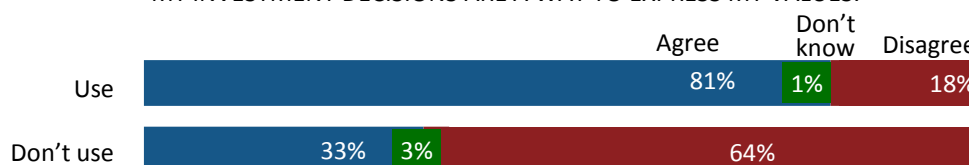
AMONG INVESTORS WHO USE / DON'T IMPACT INVESTMENTS



**"A COMPANY'S SOCIAL, POLITICAL AND/OR ENVIRONMENTAL IMPACT IS IMPORTANT TO MY DECISION ABOUT WHETHER OR NOT TO INVEST IN IT."**



**"MY INVESTMENT DECISIONS ARE A WAY TO EXPRESS MY VALUES."**



## MORE INVESTORS ARE REVIEWING THEIR PORTFOLIOS FOR IMPACT

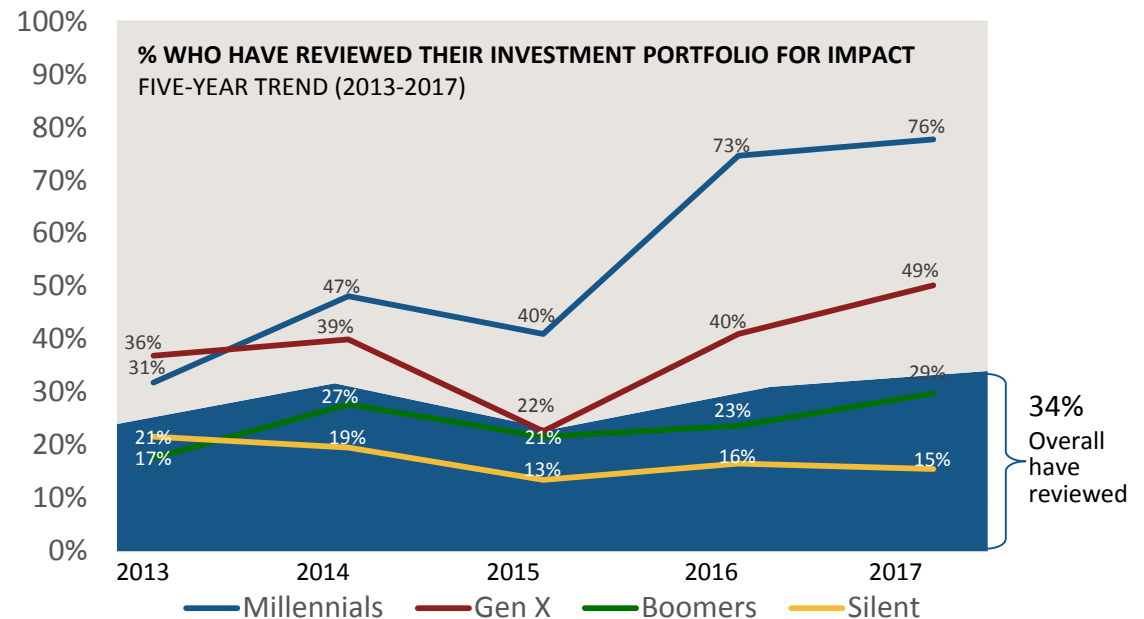
- The number of high-net-worth investors who have reviewed their investment portfolio for the environmental, social or governance impact of companies they invest in has increased to 34%, up from 23% in 2015
- Millennials are most likely to have conducted a portfolio review for the impact of their investments (76%)
- Investors who invest based on impact are more likely to have conducted a review of their investment portfolio for the impact of their holdings

### PERCENT WHO HAVE REVIEWED THEIR INVESTMENT PORTFOLIO FOR IMPACT

ALL HNW INVESTORS

**68%** vs **27%**  
of those who **USE** impact investments vs of those who **DON'T USE** impact investments

Have conducted a review of the impact of their investment holdings



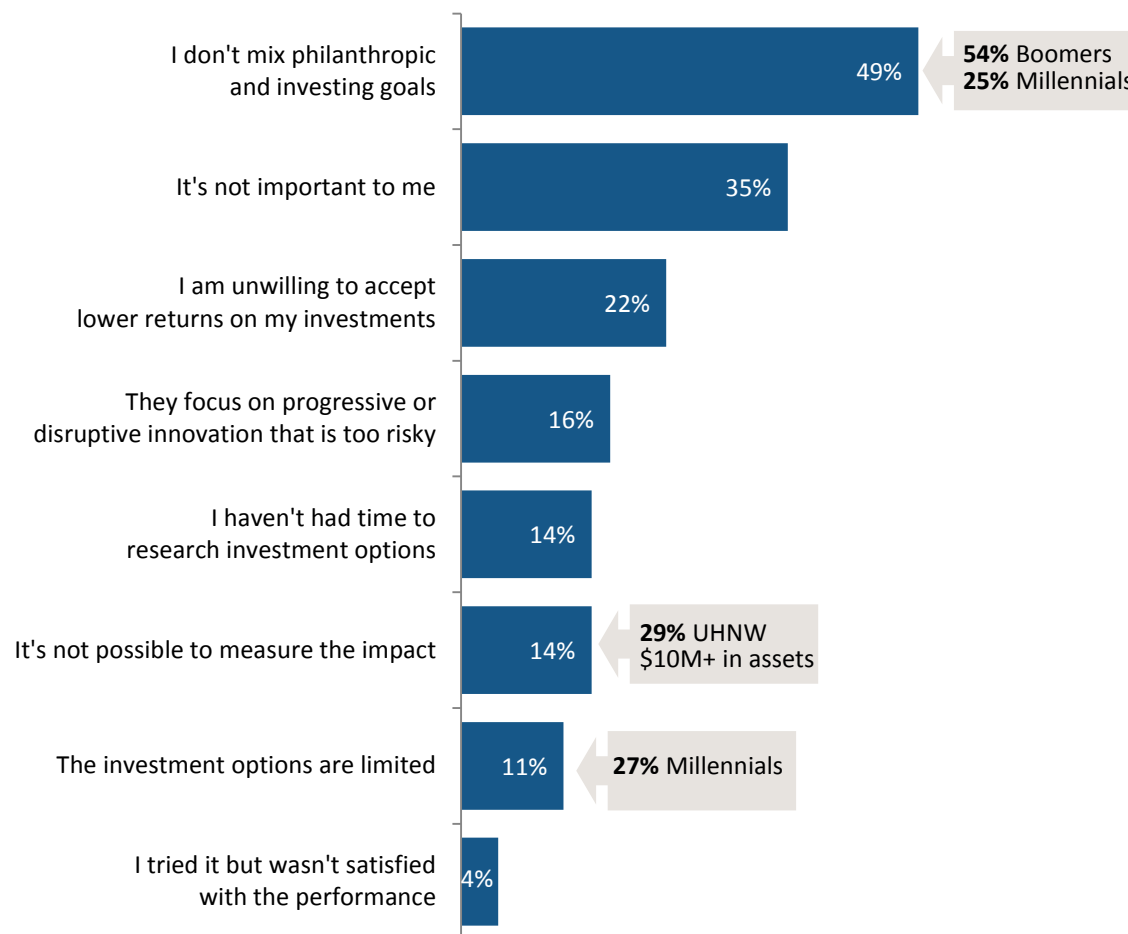
## EDUCATION AND COMMUNICATION ARE KEY TO ADOPTION

Communication, education, advice, reporting are key for growth and greater adoption of impact investing:

- The biggest barrier to adoption continues to be the belief that doing well (investment performance) and doing good (philanthropy) are separate goals (49%), a sentiment felt most strongly among older high-net-worth investors
- Millennials feel investment options are limited

### REASONS FOR NOT USING IMPACT INVESTMENTS

AMONG THOSE WHO DON'T OWN/AREN'T INTERESTED IN IMPACT INVESTMENTS

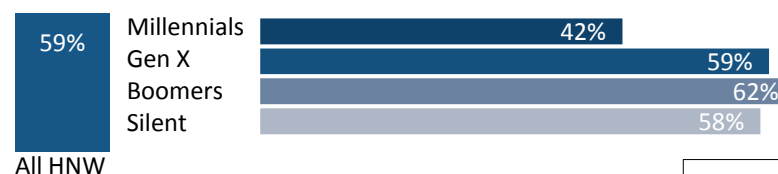


## WOULD BE MOTIVATED TO IMPACT INVEST/INVEST MORE

- There is a small group of investors – 15% – who are completely close-minded on the idea of investing for positive impact
- The vast majority, however, would be motivated to invest, or invest more, based on impact if they had a better understanding of what to expect
- The top three ways to increase adoption:
  1. Proof of financial performance
  2. Evidence of impact
  3. Advisor recommendation
- Four in 10 investors say they would start investing based on impact, or invest more of their assets this way, if their advisor recommended it

### PERCENT WHO WOULD BE MOTIVATED BY THE FOLLOWING TO START OR INCREASE IMPACT INVESTING

#### PROOF OF PERFORMANCE



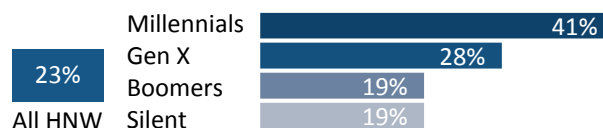
#### EVIDENCE OF POSITIVE CHANGE



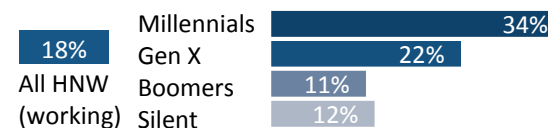
#### A BETTER UNDERSTANDING OF SHORT- AND LONG-TERM PERFORMANCE EXPECTATIONS




#### A SIMPLE, TRUSTWORTHY SEAL OF APPROVAL FOR COMPANIES THAT MEET CRITERIA I CARE ABOUT



#### ACCESS TO IMPACT INVESTMENTS IN MY RETIREMENT PLAN



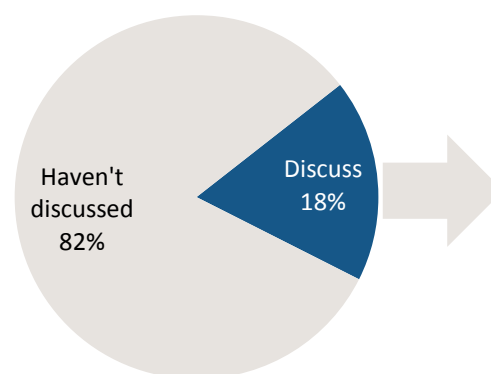
**THREE**  **in ten** would use **IMPACT INVESTMENTS** if their advisor recommended

**15%** “Nothing would convince me to use impact investments.”

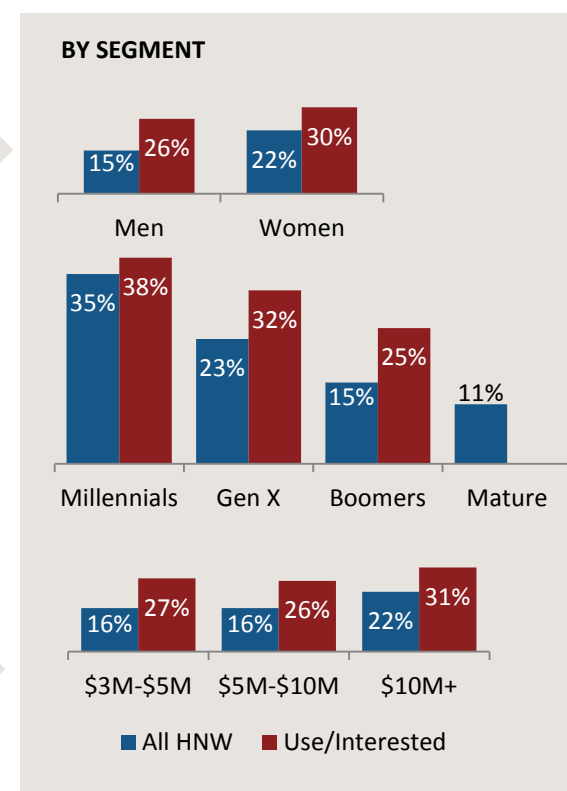
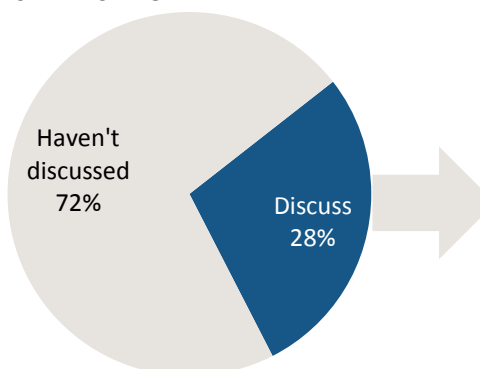
- Only 18% of investors surveyed discuss impact investments with their financial advisor. However, this is an increase from 11% a year ago
- Despite strong interest and importance placed on the social, environmental and/or governance impact of companies invested in, only about one-quarter of women and ultra-high-net-worth investors talk with their advisor about it
- Millennials are most likely to talk with an advisor about impact investing – about one-third of high-net-worth Millennials have done so

## PERCENT WHO DISCUSS OR HAVEN'T DISCUSSED IMPACT INVESTMENTS WITH THEIR FINANCIAL ADVISOR

HNW INVESTORS WHO HAVE A FINANCIAL ADVISOR



HNW INVESTORS WHO HAVE A FINANCIAL ADVISOR AND INVEST OR ARE INTERESTED IN IMPACT INVESTING



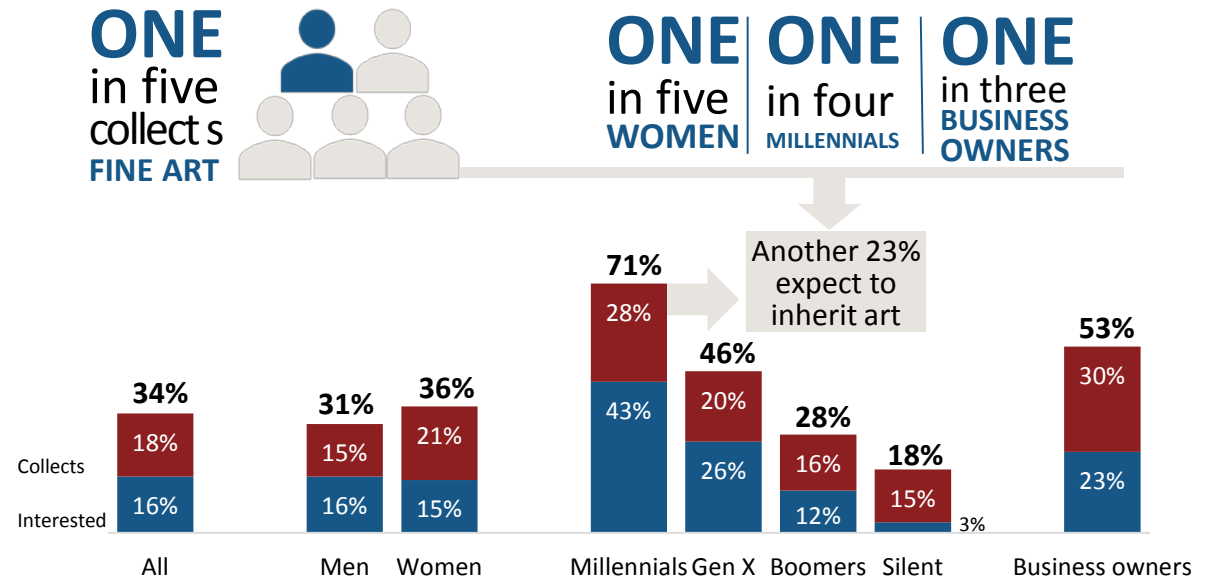


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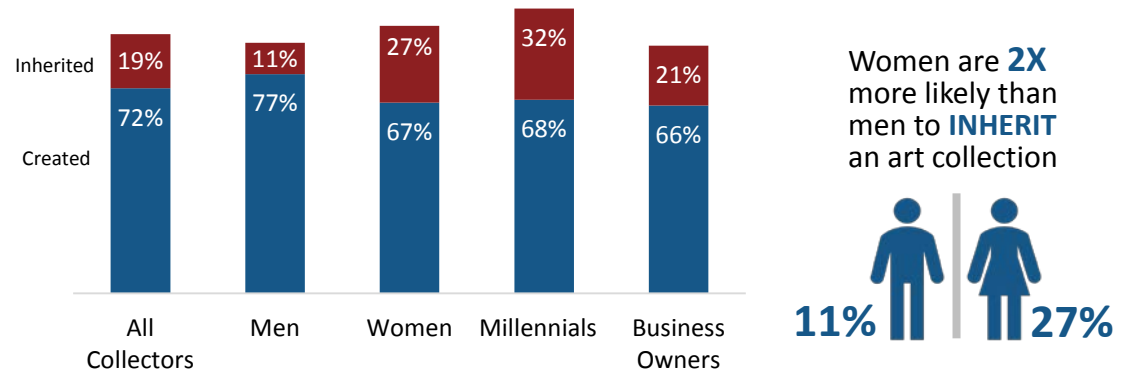
ART COLLECTING

## NEW GENERATION OF ART COLLECTORS

- One in five high-net-worth investors currently collects art, and another 16% are interested
- Women, Millennials, Gen Xers and business owners are most likely to collect art; however, the greatest interest comes from Millennials
- Nearly one-quarter (23%) of high-net-worth Millennials expects to inherit art from a family member
- Most (72%) created their own collection
- Overall, 19% inherited their collection, though 27% of women, 32% of Millennials and 21% of business owners inherited much of their collection
- Women are twice as likely as men to inherit art



### PERCENT WHO INHERITED VERSUS CREATED THE MAJORITY OF THEIR FINE ART COLLECTION AMONG CURRENT ART COLLECTORS



Q6. For each of the following assets, investments or strategies, please indicate if you currently own, don't own but are interested in, or have no interest  
Q23. Which best describes you?

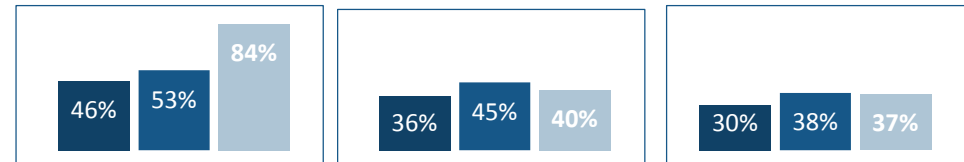
- The top reason for collecting art is for its aesthetic value; this is the biggest motivation by far for Baby Boomers who collect art
- Though aesthetics are still their top motivation, Millennials and Gen Xers also collect for other reasons
- Younger collectors also enjoy being part of the community of artists (38% of Millennials and 28% of Gen Xers)
- These younger investors also are more likely to see art as an asset, one that will hold its value and thus is a safe haven in volatile markets, or as an asset that can be leveraged to build wealth
- About one in four Millennials and nearly as many Gen Xers see art as an asset to sell for a quick profit
- To some extent, collecting art is a status symbol, a visible sign of wealth and success to others for one-quarter of Millennials and 21% of Gen Xers

## TOP REASONS FOR COLLECTING FINE ART

AMONG COLLECTORS OR THOSE INTERESTED IN COLLECTING



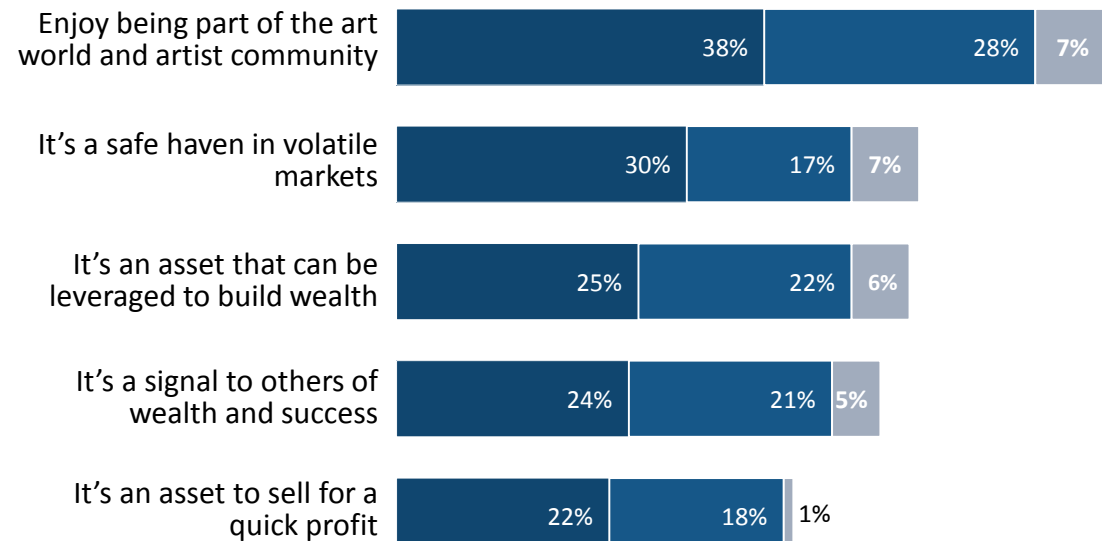
BY AGE



■ Millennials ■ Gen X ■ Boomers

## OTHER MOTIVATION FOR COLLECTING ART

BY AGE

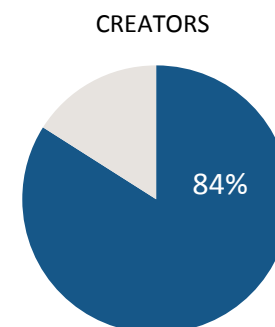
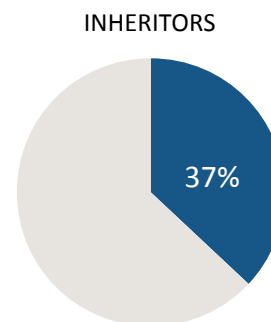
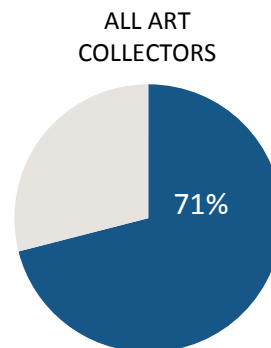


■ Millennials ■ Gen X ■ Boomers

## MISSED OPPORTUNITY FOR MOST TO INTEGRATE ART INTO WEALTH STRATEGY

- Most high-net-worth art collectors (71%) have not integrated their art collection into their overall wealth strategy, which mirrors the fact that their primary reason for collecting art is for its aesthetic value
- Those who inherited their art are more likely to think of their collection as part of their wealth strategy, whereas 84% of those who created their collection don't
- Ways in which collectors consider art as part of their wealth planning and management includes factoring it into their charitable giving strategy (18%), as a way to access capital by borrowing against their art (12%) and as a way to minimize estate taxes or capital gains tax

### PERCENT WHO DON'T THINK OF FINE ART AS PART OF THEIR WEALTH STRATEGY

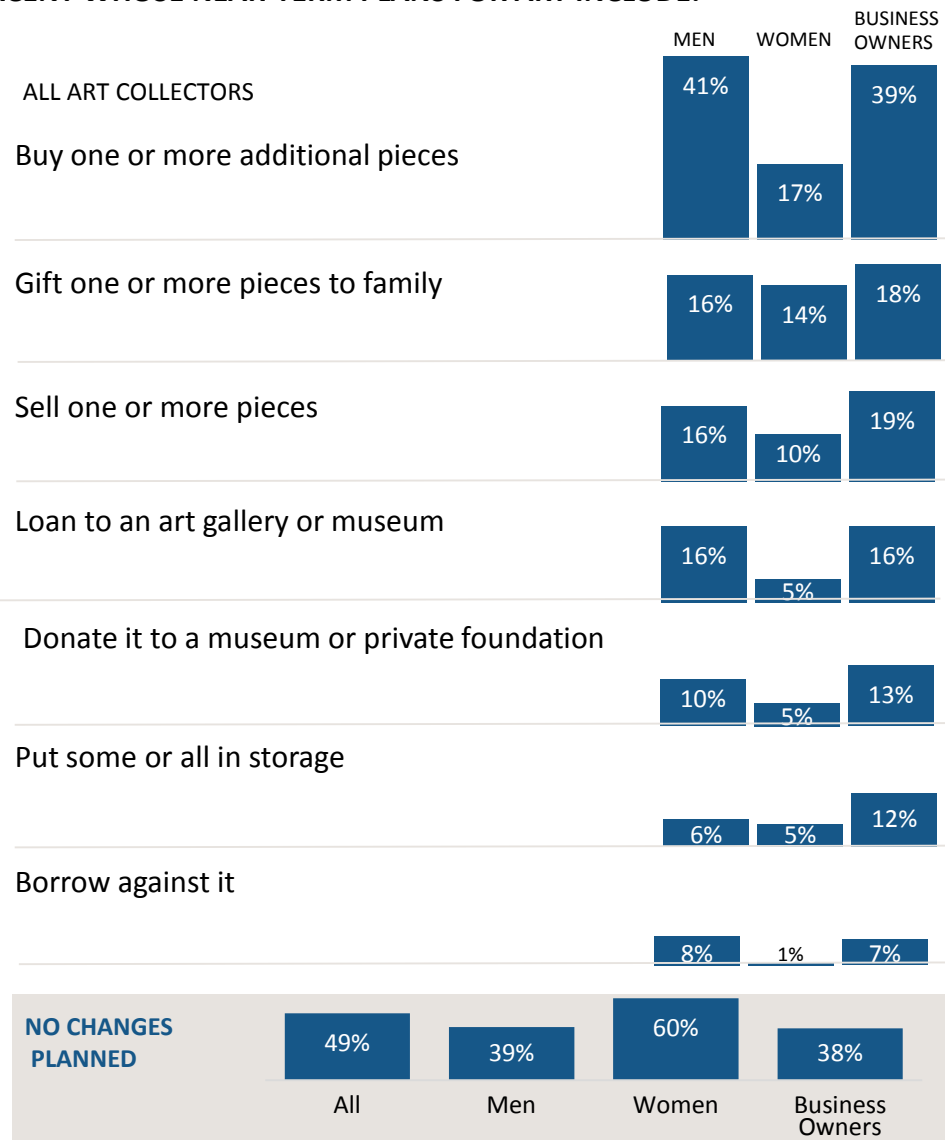


### PERCENT WHO INTEGRATE FINE ART INTO WEALTH PLANNING AND MANAGEMENT



- About half (51%) of art collectors plan some action for their art within two years, including one in three who plan to buy additional pieces
- Men are more likely than women to have plans to buy art. Business owners also are active acquirers
- Few plan to donate their art and very few plan to borrow against their art collection
- Collectors who have a professional advisor are more likely than those who are non-advised to finance art with a bank-structured loan, and to strategically leverage, loan or gift art [Not shown]

### PERCENT WHOSE NEAR-TERM PLANS FOR ART INCLUDE:

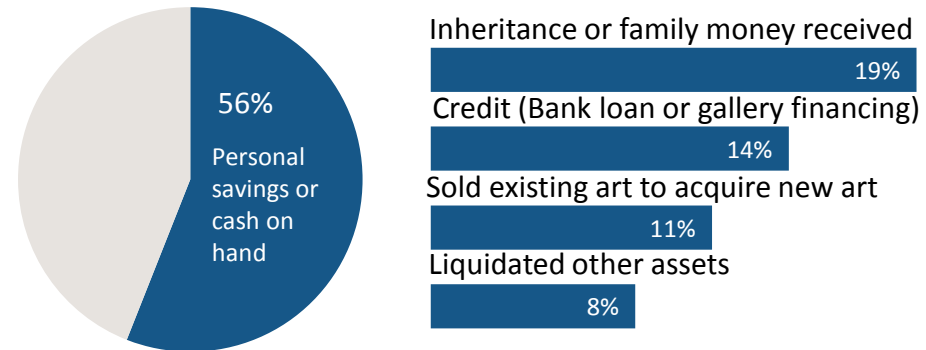


## ART IS ACQUIRED WITH AVAILABLE FUNDS

- When acquiring art, slightly more than half use their personal savings or cash on hand rather than financing it
- About two in five use their inheritance or family money gifted to them to acquire new art
- One in four overall have bought their art online, including nearly seven in 10 Millennials and four in 10 business owners
- Men are nearly twice as likely as women to buy art online
- Of those who have purchased art online, there is a fairly high comfort level to do so, with 56% willing to spend more than \$10,000 for an online acquisition

### FUNDING SOURCES FOR FINE ART ACQUISITIONS

ALL ART COLLECTORS

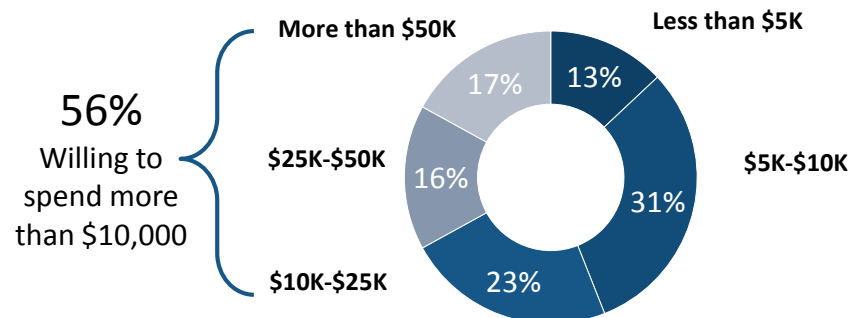


### PERCENT WHO HAVE BOUGHT ART ONLINE WITHIN THE PAST YEAR



### COMFORTABLE SPENDING AMOUNT FOR ONLINE ART PURCHASES

AMONG THOSE WHO HAVE PURCHASED ART ONLINE IN THE PAST 12 MONTHS



Q20. Which of the following sources have you used to finance fine art acquisitions?

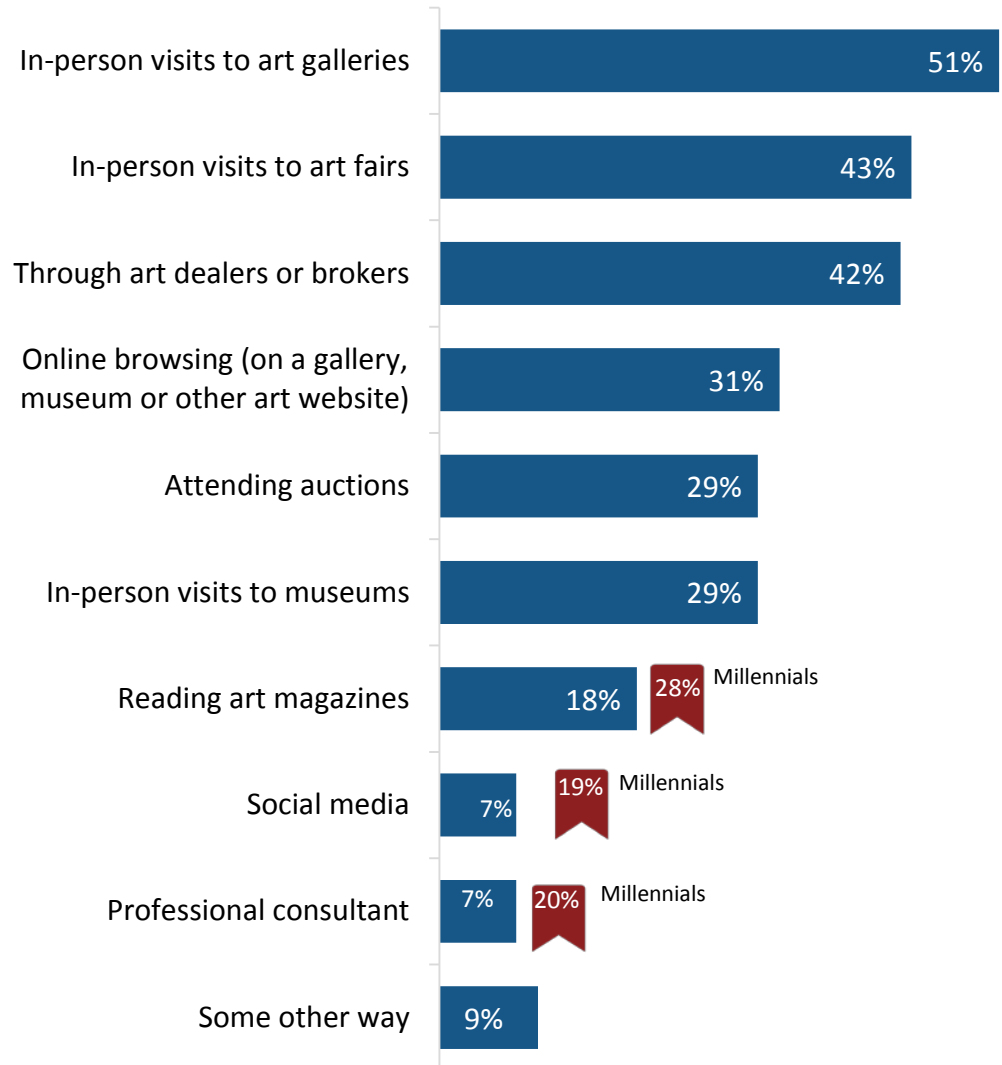
Q18. Have you bought fine art online in the past 12 months?

Q18A. What is the largest amount you would feel comfortable spending on a work of art online?

- When looking for art to purchase, most collectors are relying on traditional methods of discover – in-person visits to galleries, art fairs, attending auctions and in-person visits to museums.
- One in three browses online for art
- Millennials are more apt than other collectors to follow social media and to read art magazines, a reflection, perhaps, of their engagement with the art community and influencers
- Twenty percent of Millennials have a professional consultant who helps them discover art

### WAYS OF DISCOVERING ART FOR POTENTIAL ACQUISITION

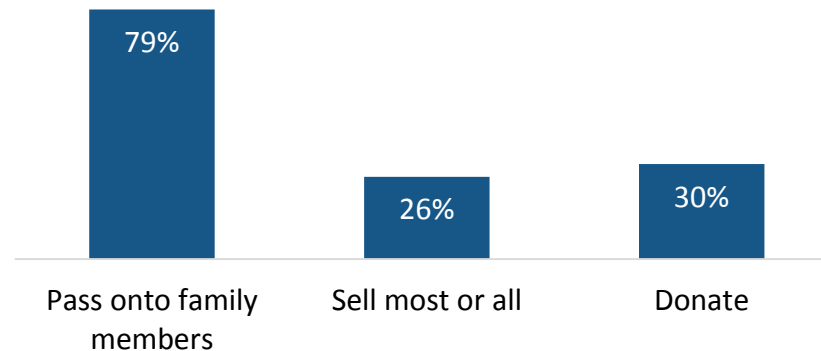
PERCENTAGE OF ALL ART COLLECTORS



## MOST COLLECTORS PLAN TO PASS ART TO FAMILY MEMBERS

- Eight in 10 collectors (79%) plan to pass art to family heirs, about one-quarter plan to sell their some or all of their collection or donate it
- About two-thirds of inheritors and collectors who plan to pass their collection on to family members have discussed the responsibilities of caring for art
- While eight in 10 who have inherited or expect to inherit art have discussed their interest, only 40% have discussed their lack of interest as well

### FUTURE PLANS FOR ART ALL ART COLLECTORS



### PERCENT WHO HAVE HAD DISCUSSIONS WITH FAMILY MEMBERS

AMONG INHERITORS OR THOSE WHO EXPECT TO INHERIT FINE ART

"The responsibilities of properly caring for the art I **expect to receive or pass on.**"

64%

"My **interest** in fine art I have inherited or expect to inherited."

79%

"My **lack of interest** in art that was inherited or is expected to be inherited."

54%

40%

AMONG ART COLLECTORS WHO PLAN TO PASS COLLECTION ON TO FAMILY

"The responsibilities of properly caring for the art I **expect to receive or pass on.**"

53%

"My future heirs' **interest in or passion** for the art I have gifted or intend to pass on to them."

54%

40%

Q22. Which of the following do you eventually plan to do with your art collection?

Q24. Have you had discussions with family members about the following:



- The lack of conversation among family members giving and receiving art is that two-thirds of collectors aren't very confident their heirs will have the capacity to properly maintain the art they receive
- Eight in 10 say they would rather sell or donate their collection if they knew heirs would not appreciate it
- Six in 10 art collectors are not fully confident they have up-to-date records about their art, which could have significant tax implications for future heirs and their estate
- Only about one-quarter of art collectors have had discussions with family members about the tax implications of inheriting or passing on art



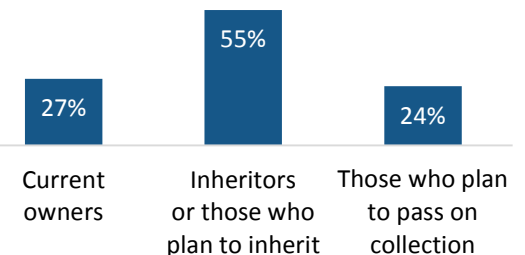
Are not fully confident in their children's or heirs' ability to **PROPERLY MAINTAIN** an art collection



**EIGHT**  
in ten Would **RATHER SELL OR DONATE** their collection if they knew family or heirs would not appreciate it



## PERCENTAGE WHO HAVE DISCUSSED THE TAX IMPLICATIONS OF INHERITING OR PASSING ON ART



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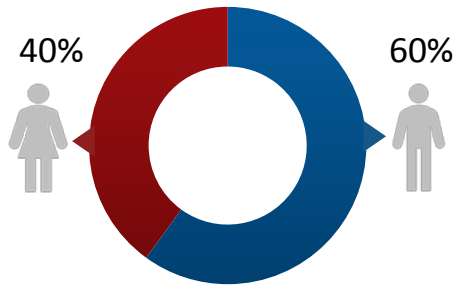
## APPENDIX

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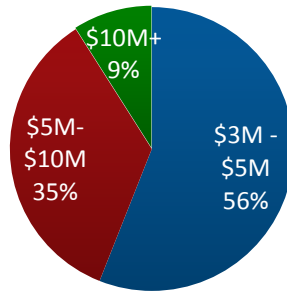
Respondent profiles

## RESPONDENT PROFILE

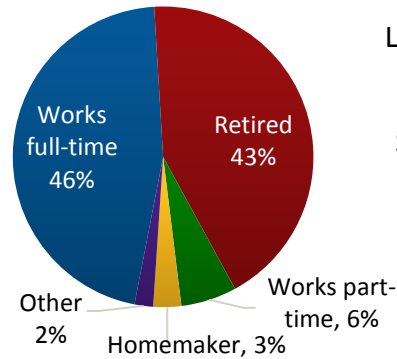
### GENDER



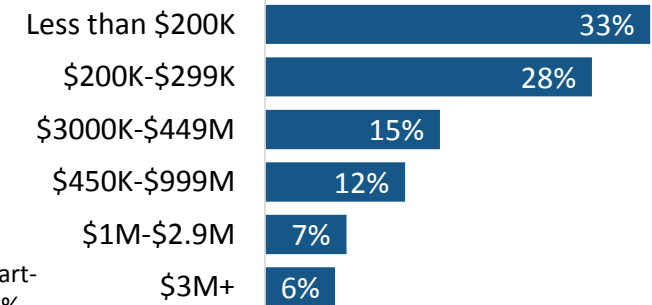
### HOUSEHOLD WEALTH (investable assets)



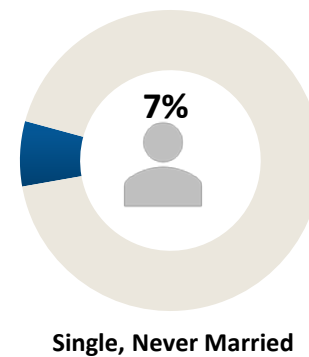
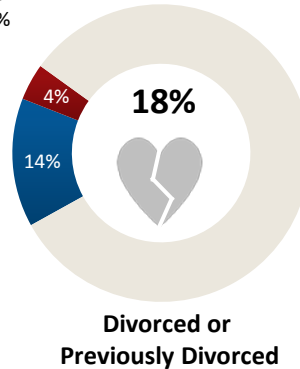
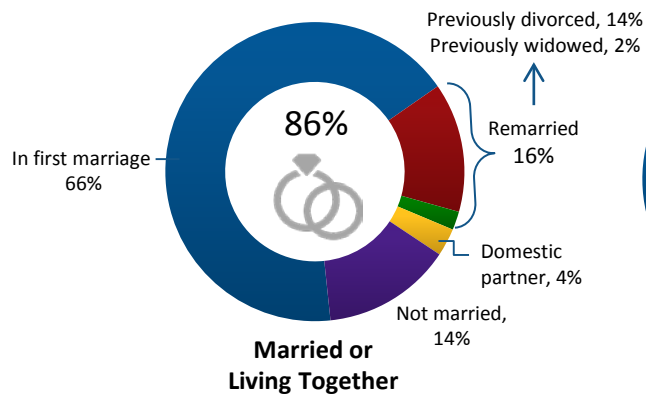
### EMPLOYMENT STATUS



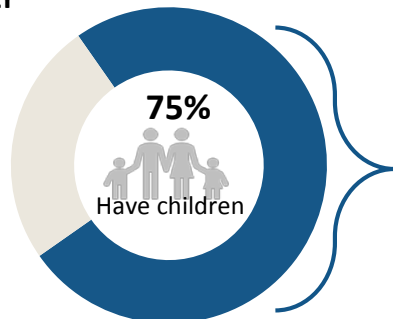
### ANNUAL HOUSEHOLD INCOME



### RELATIONSHIP STATUS



### FAMILY



29%

Oldest child under age 25

71%

Oldest child over age 25

11%

One or more stepchildren

## GENERATIONAL SNAPSHOT



### MILLENNIALS

#### Family Background growing up:

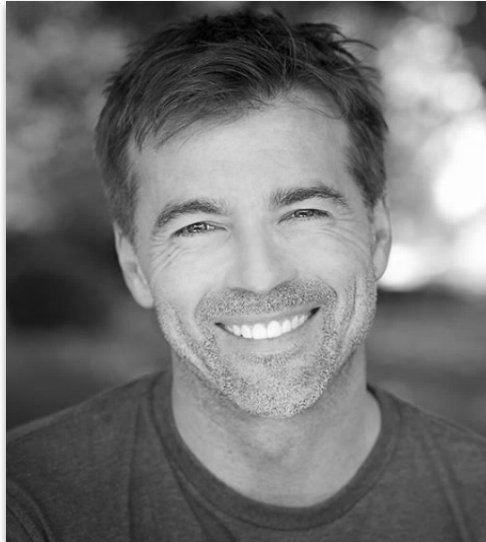
Wealthy/Upper middle class:	68%
Middle class	29%
Poor	3%
Mother worked	86%

#### Current Household/Family

Married	85%
Divorced	2%
Have children	78%
Blended family (stepchildren)	4%
Lives with parent or grandparent	33%

#### Work and income

Entrepreneur/business owner	49%
Two-income household	90%
Inherited family money	78%
HH income more than \$1M	30%



### GENERATION X

#### Family Background growing up:

Wealthy/Upper middle class:	42%
Middle class	48%
Poor	10%
Mother worked	74%

#### Current Household/Family

Married	84%
Divorced	11%
Have children	69%
Blended family (stepchildren)	9%
Lives with parent or grandparent	14%

#### Work and income

Entrepreneur/business owner	44%
Two-income household	90%
Inherited family money	54%
HH income more than \$1M	19%



### BOOMERS

#### Family Background growing up:

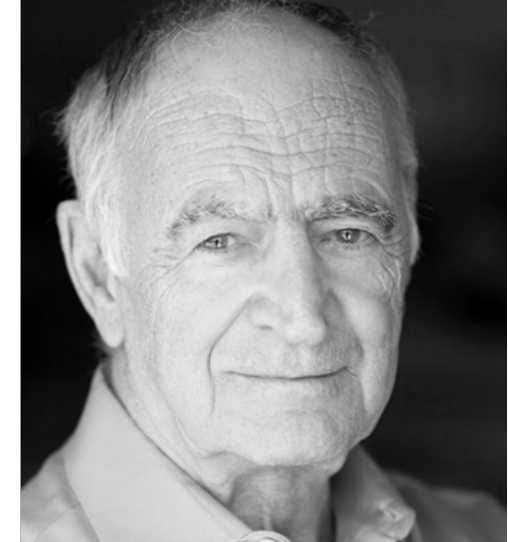
Wealthy/Upper middle class	32%
Middle class	52%
Poor	16%
Mother worked	56%

#### Current Household/Family

Married	87%
Divorced	22%
Have children	66%
Blended family (stepchildren)	8%
Lives with parent or adult children	8%

#### Work and income

Entrepreneur/business owner	21%
Two-income household	90%
Inherited family money	50%
HH income more than \$1M	10%



### SILENT

#### Family Background growing up:

Wealthy/Upper middle class	25%
Middle class	50%
Poor	25%
Mother worked	48%

#### Current Household/Family

Married	84%
Divorced	21%
Have children	86%
Blended family (stepchildren)	10%

#### Work and income

Retired:	76%
Previous business owner	25%
Entrepreneur/business owner	10%
Inherited family money	56%
HH income more than \$1M	6%

The 2017 *U.S. Trust Insights on Wealth and Worth*® survey is based on a nationwide survey of 808 high-net-worth and ultra-high-net-worth adults with at least \$3 million in investable assets, not including the value of their primary residence.

U.S. Trust commissioned the independent research firm Phoenix Marketing International to conduct the survey and compile findings. The double-blind survey was administered online over a six-week period, beginning in January and completed in February 2017. Quotas were established by age, investable asset size and for business owners to ensure sufficient representation of groups of interest. The final sample was weighted to the true representation of high-net-worth households by age, asset level and business ownership and are not representative of U.S. Trust clients.

Asset information was self-reported by the respondent. Verification for respondent qualification occurred at the panel company, using algorithms in place to ensure consistency of information provided, and was confirmed with questions from the survey itself. All data have been tested for statistical significance at the 95% confidence level.

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