
U.S. Trust Insights on Wealth and Worth™

Survey of High Net Worth and Ultra High Net Worth Americans
2012 Highlights



For additional information:

Media contact
Lauren Sambrotto
(646) 743-0812
lsambrotto@bankofamerica.com

Table of contents

I. Important Disclosures	2
II. Introduction	3
III. Key Findings	4
IV. Profile of Insights Respondents	36

Important Disclosures

U.S. TRUST 

Methodology

U.S. Trust 2012 Insights on Wealth and Worth is based on a nationwide survey of 642 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. Among respondents, 37 percent have between \$3 million and \$5 million in investable assets, 31 percent have between \$5 million and \$10 million and 32 percent have \$10 million or more. The survey was conducted online by the independent research firm Phoenix Marketing International in March of 2012. 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 percent confidence level.

U.S. Trust operates through Bank of America, N.A., and other subsidiaries of Bank of America Corporation. Bank of America, N.A., Member FDIC.

© 2012 Bank of America Corporation. All rights reserved.

12/ARN1X6X0

Introduction

U.S. Trust 2012 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, preferences, goals and needs of the high net worth and ultra high net worth in the United States. U.S. Trust has been periodically surveying the perspective of wealthy individuals and families since 1993.
- For the *2012 Insights on Wealth and Worth*, U.S. Trust commissioned an independent study of 642 high net worth and ultra high net worth individuals across the United States. Survey respondents all had a minimum of \$3 million in investable assets, including: 37 percent (\$3M - \$5M); 31 percent (\$5M - \$10M) and 32 percent (more than \$10 million).
- For the first time since it began surveying wealthy individuals and families, U.S. Trust looked at the differences and similarities among three generations of wealth in America:
 - The Baby Boom generation (ages 47 - 66)
 - The older generation that preceded Baby Boomers (age 67+)
 - The next generation of wealth creators (ages 18 - 46)
- The survey explored a variety of topics, including:
 - Roles, influence and social obligations of the wealth
 - Putting wealth to work for the family (elder care, estate planning, wealth transfer and next-generation financial empowerment)
 - Protecting family privacy and security
 - Approaches to growing and preserving wealth
 - Use of financial advisors
- As of the end of 2011, there are nearly 2 million households in the U.S. with more than \$3 million in investable assets, including 1,074,000 households with \$3M – \$4.9M, 654,000 households with \$5M – \$9.9M and 196,000 households with greater than \$10M [Phoenix Global Wealth Monitor].

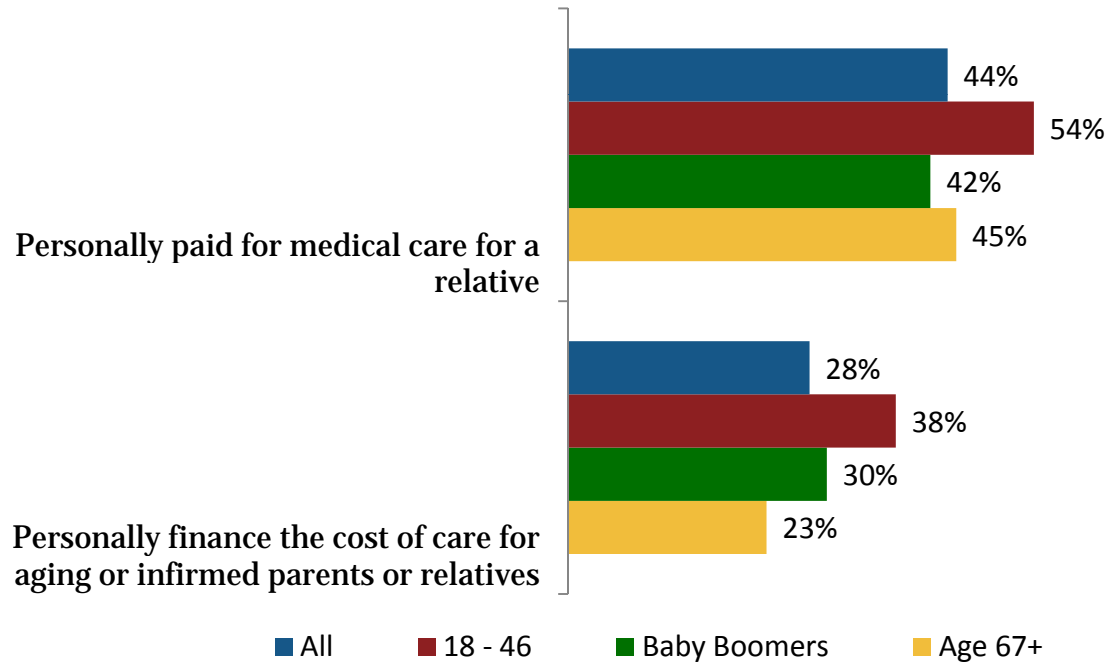
Key findings

- There are distinct generational differences in the way the wealthy are preparing to meet a host of financial challenges in response to new economic realities, uncertain financial security, a looming elder care crisis and dual financial responsibilities for both children and parents.
- The importance of family, the continuity of family wealth and social responsibilities are common denominators across all generations of wealth. Yet each generation is focused on different aspects of these goals and family responsibilities, and most wealthy Americans are not planning as well as they could be.
- The younger generation appears to have heightened awareness of potential threats to family wealth, such as long-term care costs and their children's ability to handle wealth responsibly, and they are ahead of Baby Boomers in taking action to address these concerns.
 - Fifty-four percent of young people ages 18 - 46 are paying medical costs for relatives, and 42 percent of Baby Boomers are paying medical costs for their parents or other relatives. Yet 40 percent of young people vs. 20 percent of Baby Boomers have established a financial plan for parents' elder care needs.
 - The younger generation is more closely aligned with the generation older than the Baby Boomers on the importance of intergenerational wealth transfer, with 76 percent of those 18 to 46 and 73 percent of those over the age of 67 saying it is important to leave a financial inheritance to their children. The primary reasons for leaving an inheritance are to preserve the continuity of family wealth and to influence their children's lives after they are gone. By comparison, only about half (55 percent) of Baby Boomers think it is important to leave a financial inheritance to their children. Among those who don't think it is important, one in three (31 percent) said they would rather leave money to charity than to their children.
- It is important for wealth managers to understand these generational differences. The younger generation, in particular, is seeking professional advice and relevant solutions at an earlier age to help them achieve their financial goals.

Taking on financial responsibility for family

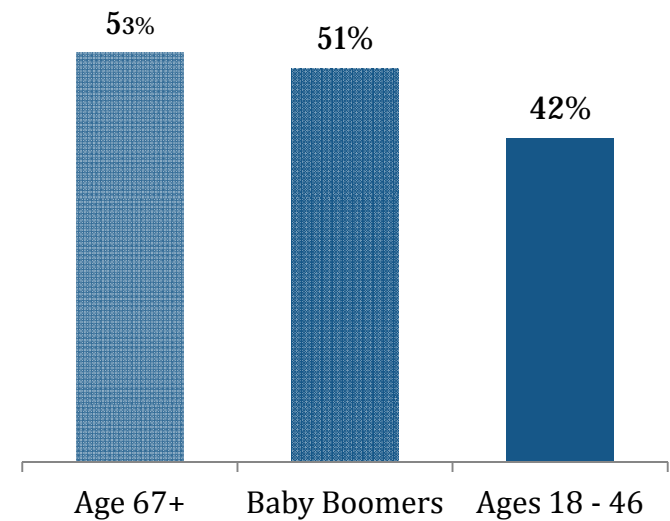
Fifty-four percent of young people ages 18 - 46 are paying medical costs for relatives, and 42 percent of Baby Boomers are paying for medical cost for their parents or other relatives.

Percent of respondents who have taken on the following financial responsibilities for family members



Q18. Which of the following have you ever done?

Percent who feel the wealthy have financial responsibility for less fortunate family members

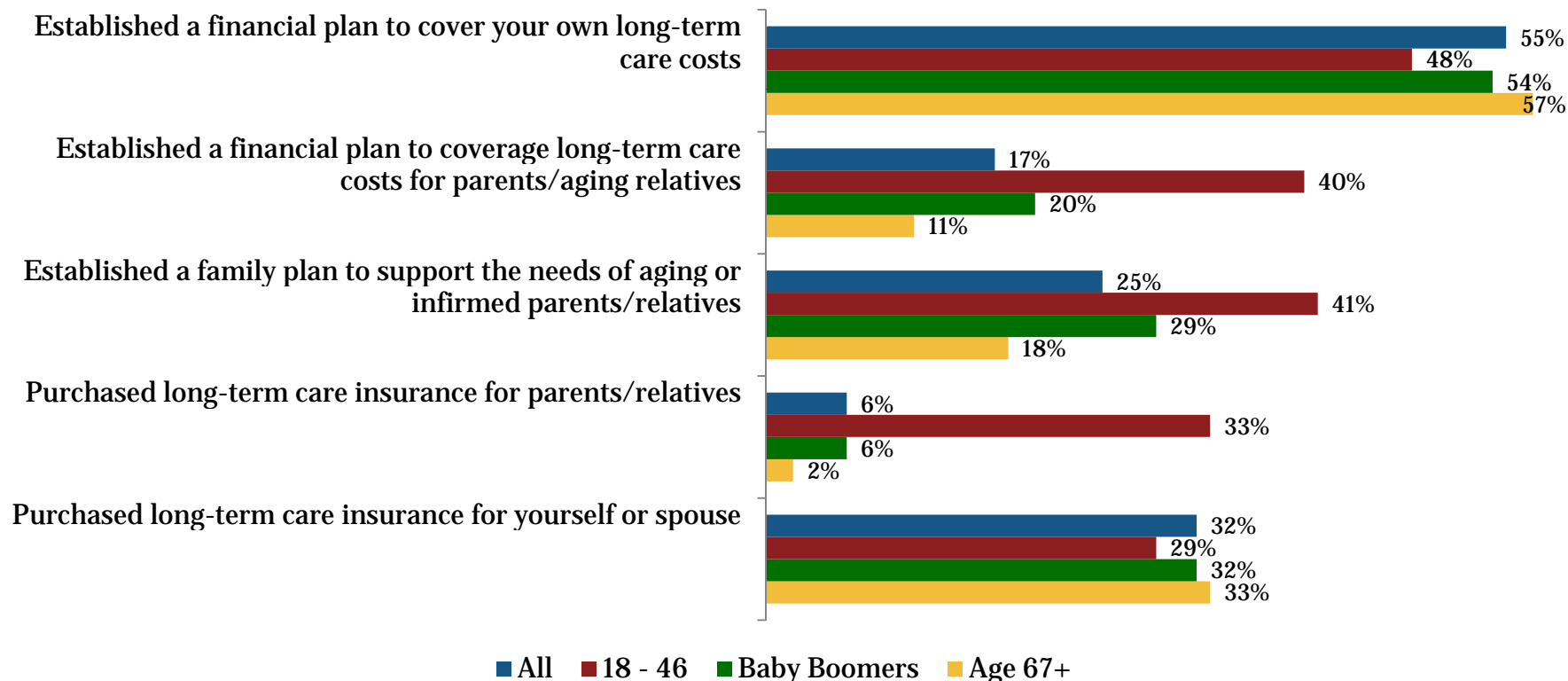


Q13. Which of the following do you feel is a responsibility of people who have achieved significant wealth?

Elder care affects the whole family, yet elder care planning isn't multigenerational

- More than half (55 percent) of people have established a financial plan to cover long-term care for themselves, but only 17 percent have a plan that incorporates support for aging parents and relatives.
- The youngest generation is far more likely to have a financial plan to support needs and long-term care costs of parents and aging relatives; one-third have purchased long-term care insurance for their parents.

Percent who have taken the following long-term care planning actions

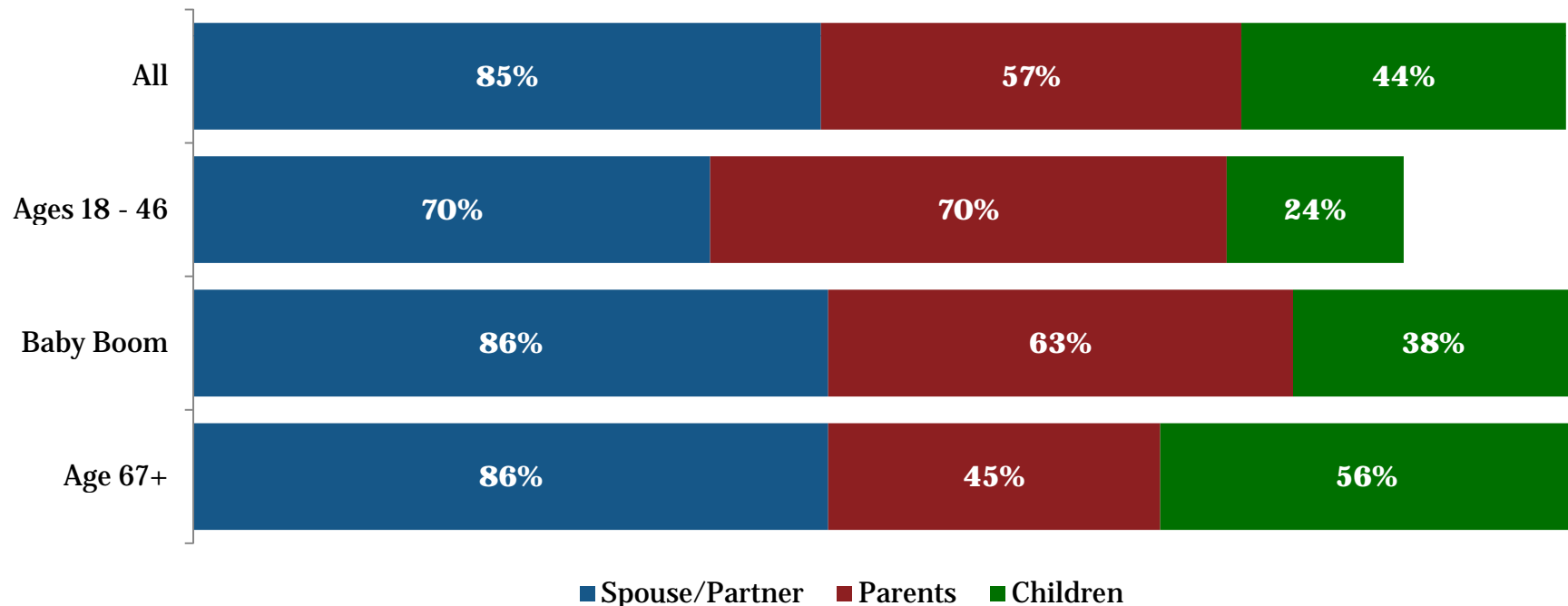


Q18. Which of the following have you ever done?

Family discussions about long-term care

- Most people (85%) have discussed long-term care plans with their spouse, but far fewer have shared plans with their children or talked with their parents about their parents' plans.
- The youngest generation has been the most proactive about talking with parents about long-term care plans and they are as proactive about this as they are in planning for own spouse or partner. Because their children are typically younger, most have not yet discussed this with their children.

Discussions about long-term care plans spouse/partner versus children versus parents

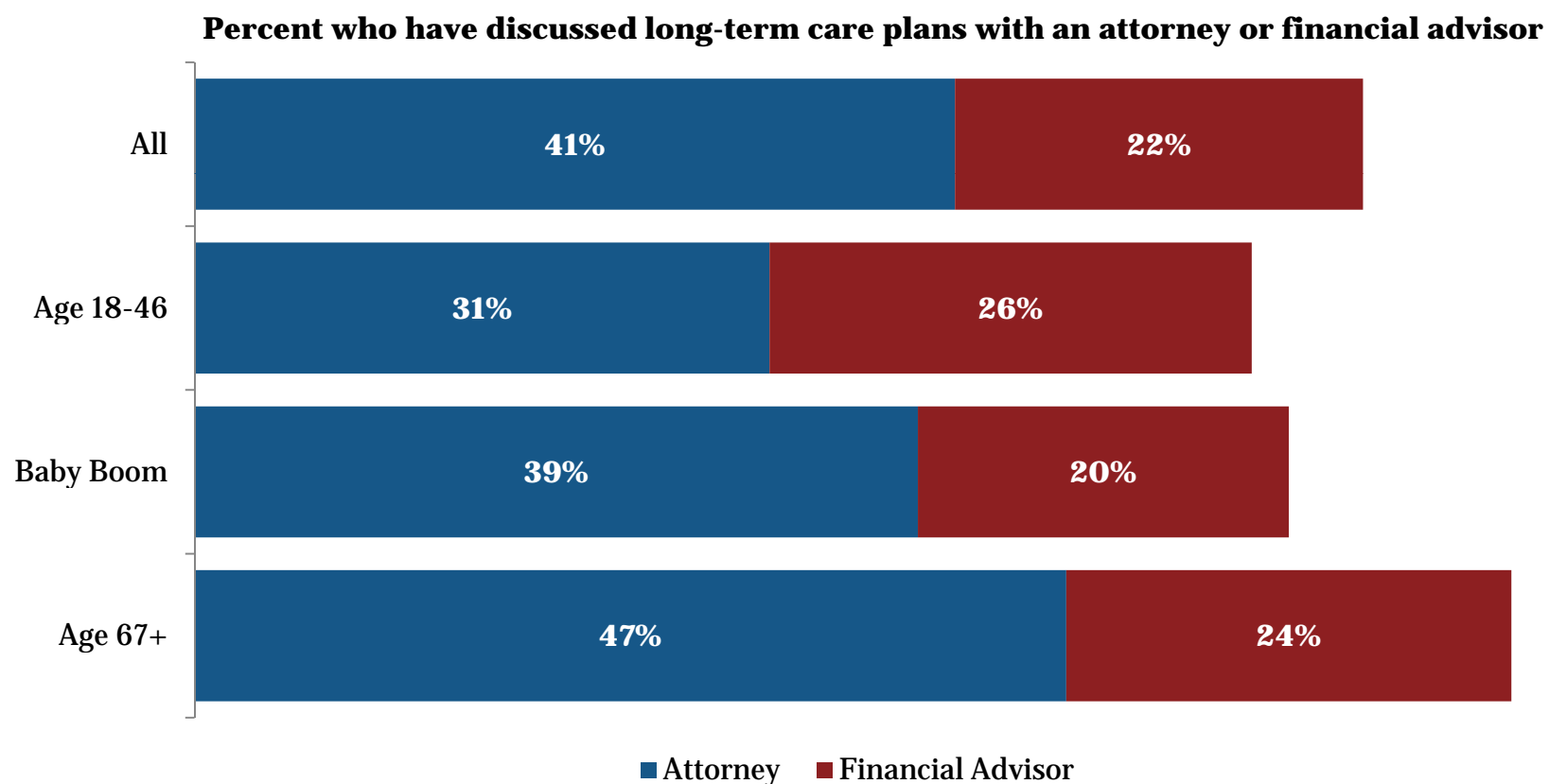


Q18. Which of the following have you ever done?

Q19. With whom have you discussed your wishes regarding long-term care and end-of-life healthcare decisions?

Professional discussions about long-term care

- Most of the wealthy have not discussed long-term care with an attorney or a financial advisor; however, the youngest generation, ages 18-46, is more likely to have talked with a financial advisor than Baby Boomers have.

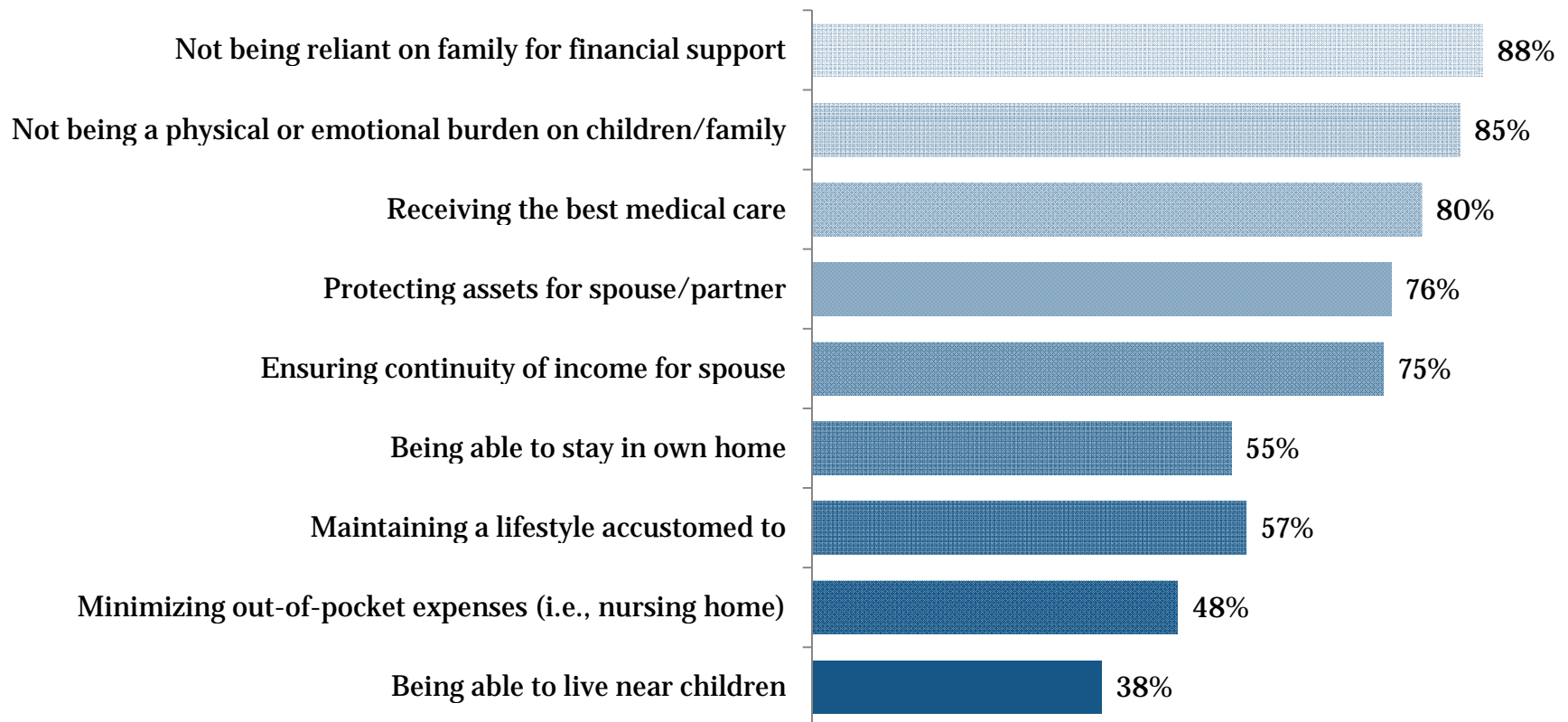


Q19. With whom have you discussed your wishes regarding long-term care and end-of-life healthcare decisions?

Priorities should long-term care be needed

- Nine in 10 said it is most important to not become a financial, physical or emotional burden on children or other relatives.
- Younger people feel more strongly about staying in their own home, near their children and minimizing out-of-pocket expenses for a nursing home.

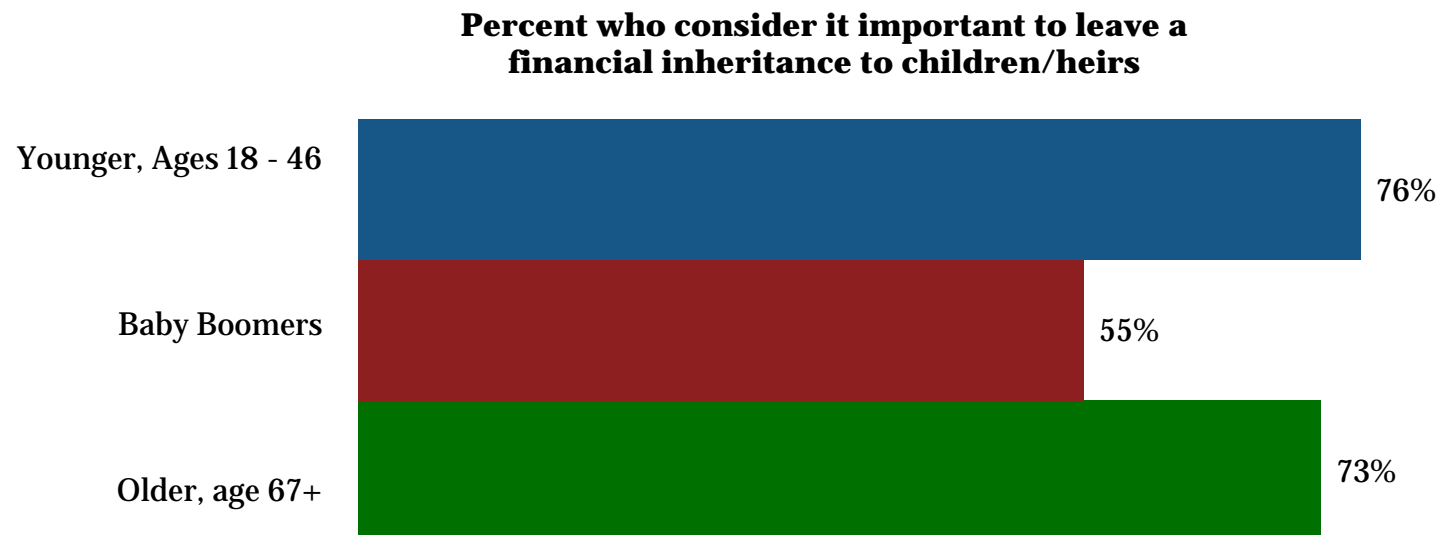
Very important priorities should long-term care be needed (all respondents)



Q20. How important is each of the following goals should you need long-term care in the event of a serious illness or disability?

Attitudes about inheritance vary by age

- Only about half (55 percent) of Baby Boomers consider it important to leave a financial inheritance to their children/heirs.
- By comparison, three-quarters (76 percent) of younger respondents and 73 percent of older respondents consider it important to leave an inheritance.

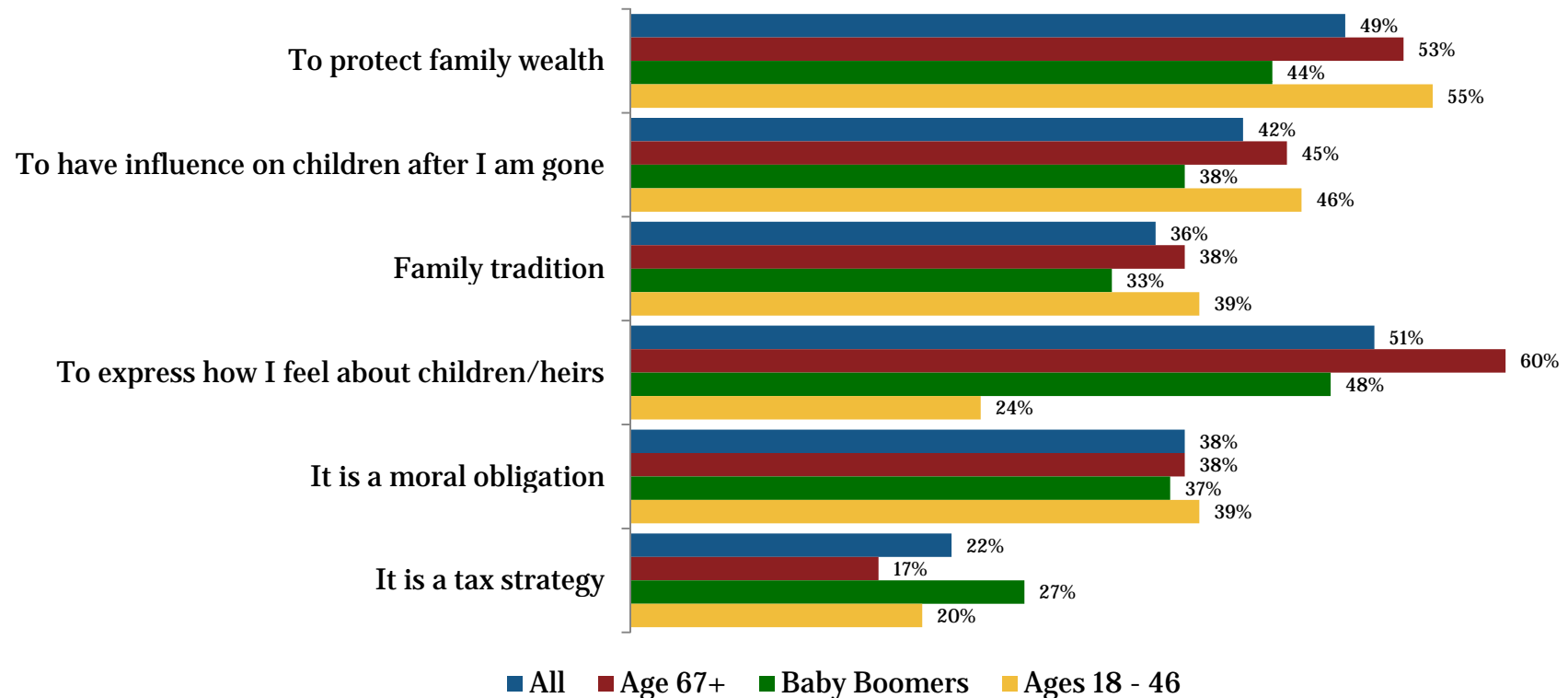


Q14. Do you consider it important to leave a financial inheritance to your children or heirs?

Reasons for leaving an inheritance

- The youngest generation is more inclined to think that leaving an inheritance is important to protecting and preserving the continuity of family wealth (55 percent). They are also similar to the generation preceding Baby Boomers in seeing an inheritance as a family tradition and as a way to have an influence on their children’s lives after they are gone.
- More than one-quarter of Baby Boomers are motivated to leave an inheritance as a tax strategy.

Motivation for leaving an inheritance

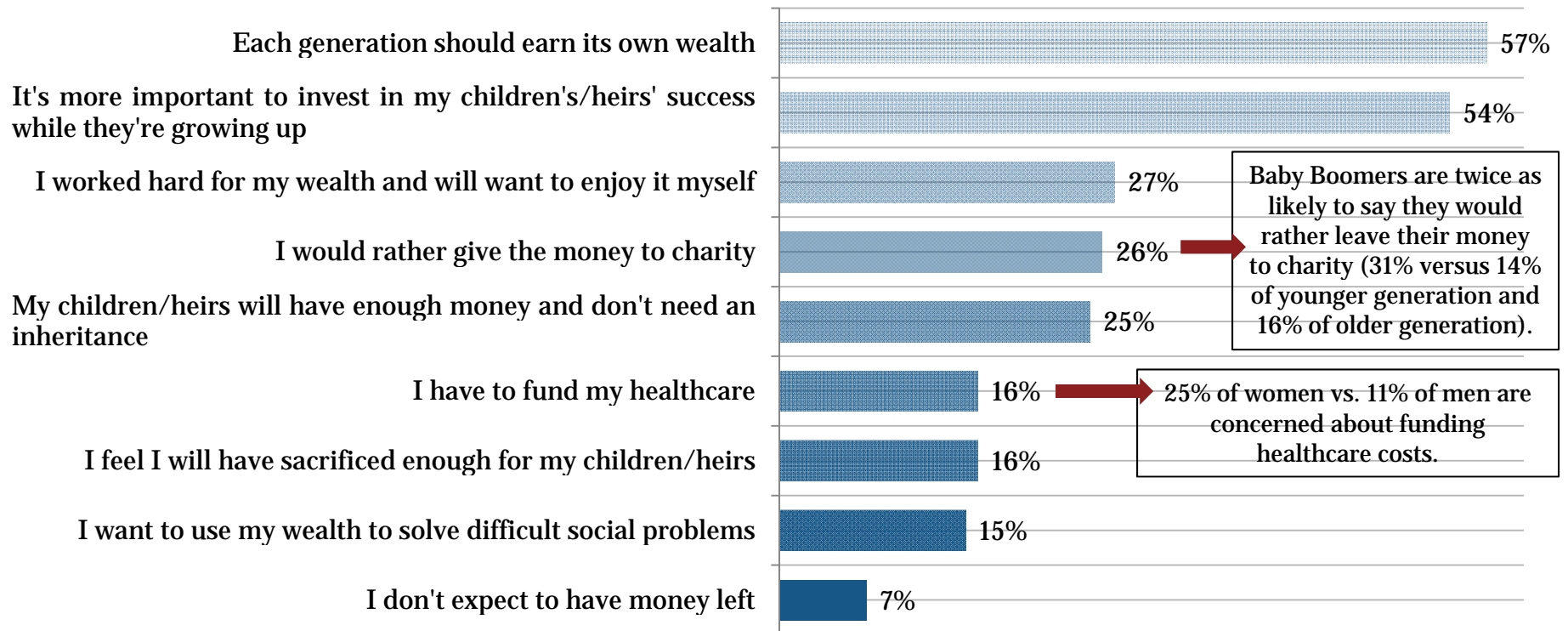


Q16. Which of the following best describes your motivation for leaving a financial inheritance for your children or future heirs?

Reasons for not leaving an inheritance

- The primary reasons for not leaving an inheritance is a belief that each generation should earn its own wealth and because it's better to invest in children's/heirs' success while they are growing up.
- One in three (31 percent) Baby Boomers—twice many as in the younger and older generations—would rather give the money to charity.

Reasons for not leaving an inheritance to children (among those who don't think it is an important financial goal)

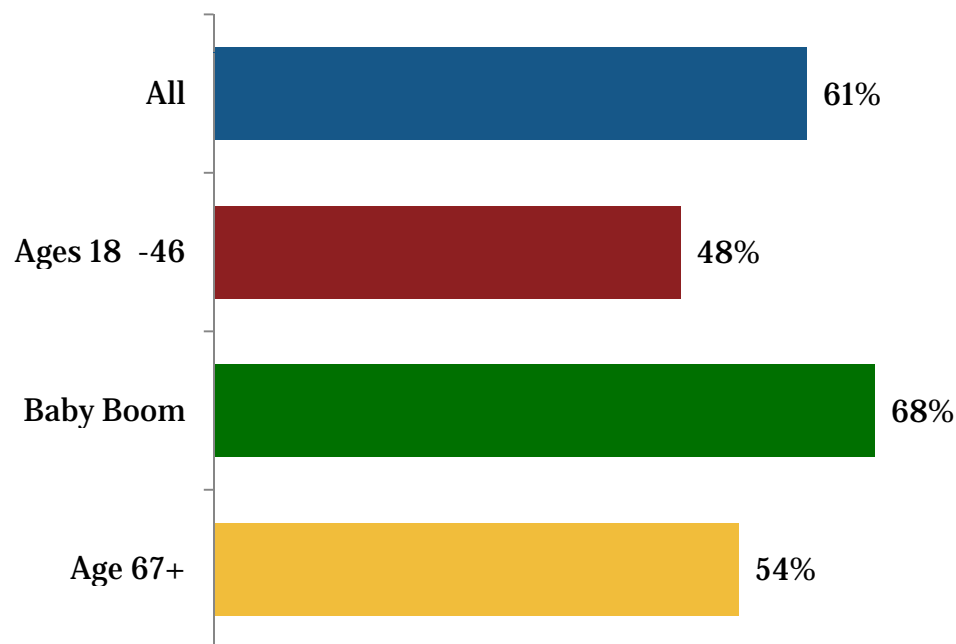


Q15. Why don't you think it is important to leave a financial inheritance to your children or future heirs? (Among respondents who do not think it is important to leave a financial inheritance to children).

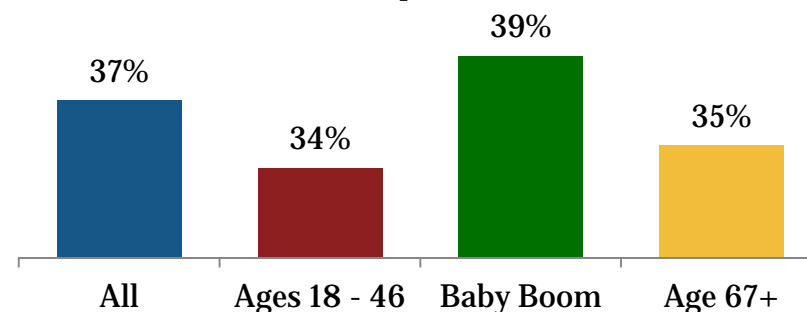
Preparing children to handle a financial inheritance

- Six in 10 HNW parents are not fully confident their children will be well-prepared to handle a financial inheritance. The younger generation is more likely to have full confidence in their children's preparedness.
- Nearly four in 10 parents strongly agree their children would benefit from discussions with a financial professional.

Percent of parents who are not fully confident their children will be well-prepared to handle a financial inheritance



Financial Empowerment
Percent of parents who strongly agree their children would benefit from discussions with a financial professional

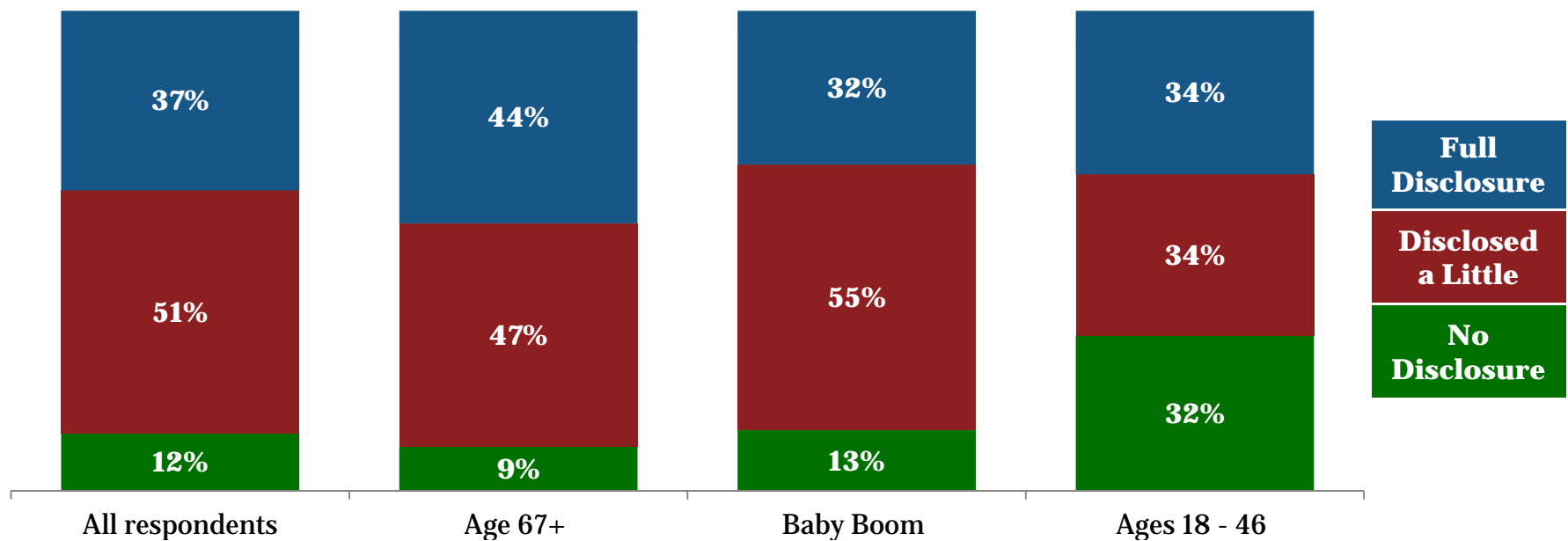


Q27. Please indicate the extent to which you agree or disagree with the following statement:
“My children will be well-prepared to handle the inheritance I plan to leave them.”

Disclosure of Wealth to Children

- Just over one-third of wealthy parents have fully disclosed their wealth to children, while half report having disclosed just a little regarding their financial status.
- Older generations are most likely to have fully disclosed their wealth to their children.

Extent of Disclosure of Level of Wealth to Children

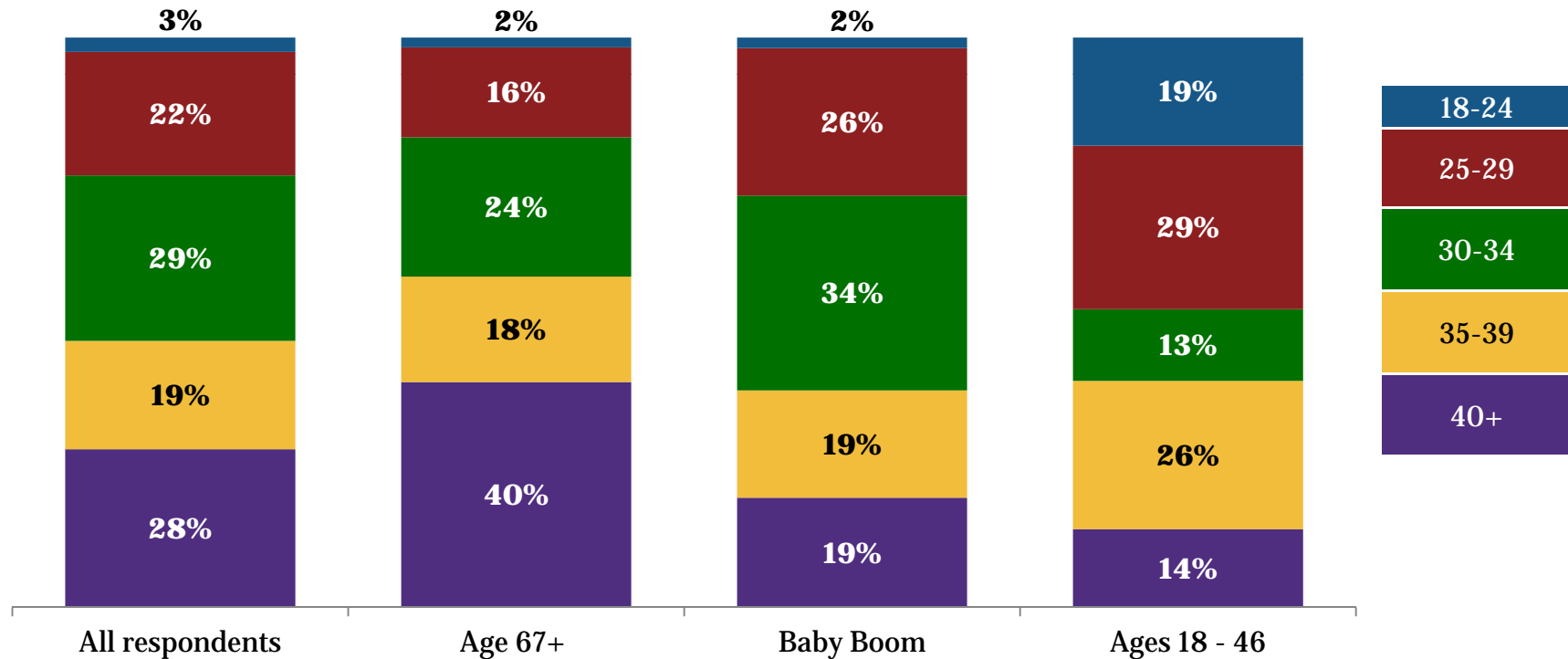


Q28. To what extent have you disclosed the level of your wealth to your [child/children]?

Age parents think children will be mature enough to handle wealth

- Few wealthy parents overall believe their children will be mature enough to handle their wealth before the age of 25.
 - Approximately half believe their children will be mature enough between 25 and 34 years old.
 - More than one-quarter think their children won't be mature enough to handle their wealth until they are 40+ years old.
- The younger generation is more inclined to think their children will be mature enough to handle wealth at an earlier age. Older parents are somewhat less likely than their younger counterparts to feel their children will be ready before they turn 35.

Age at which parents think children will reach maturity necessary to handle an inheritance



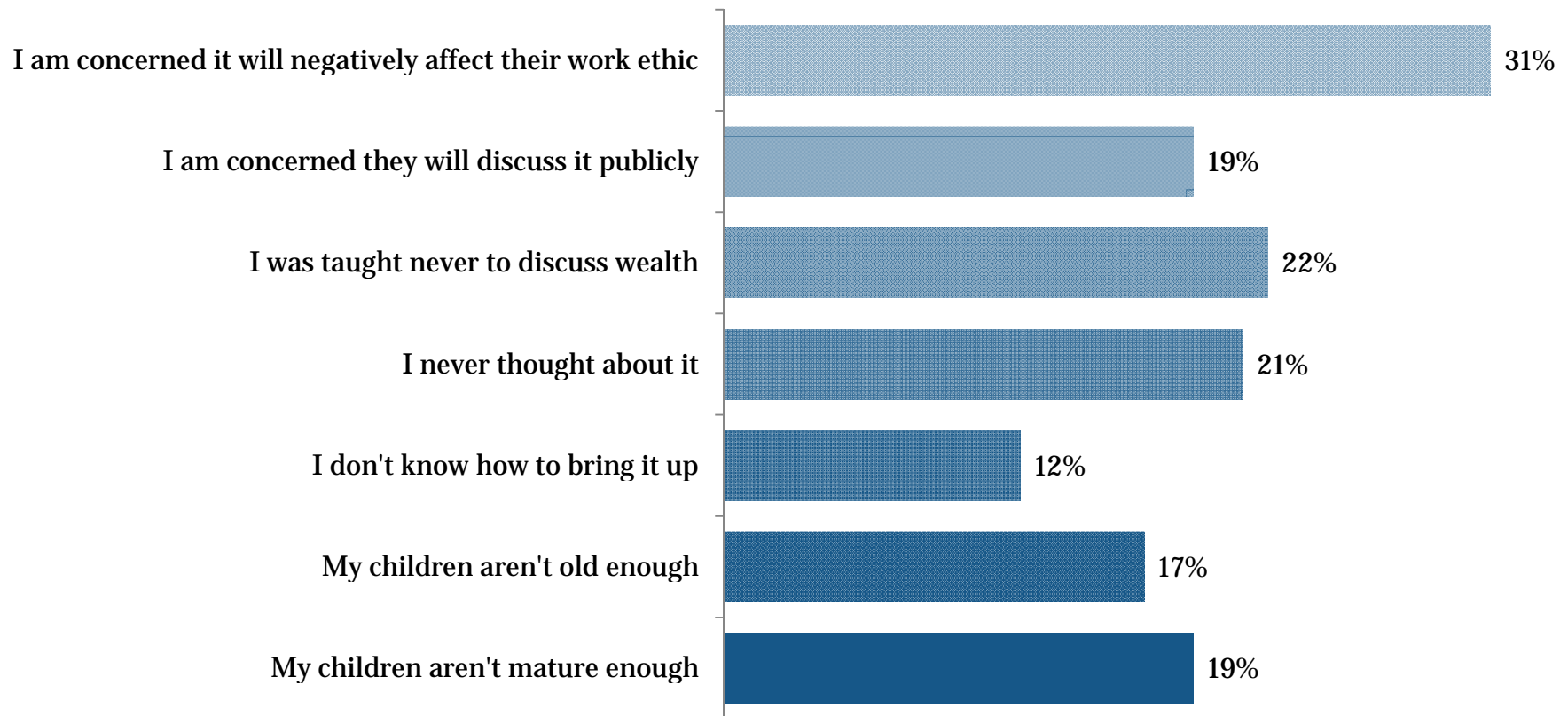
Q26. At what age do you think your [child/children] will have achieved the maturity necessary to handle the money they will receive?

Note: Due to rounding, totals may exceed 100%.

Reasons for not disclosing wealth

- Wealthy parents are most concerned that disclosing wealth to their children may negatively affect their work ethic.
- Nearly half (48 percent) of people over age 67 said, “I was taught never to discuss wealth.”

Percent of all respondents who have not fully disclosed wealth to their children

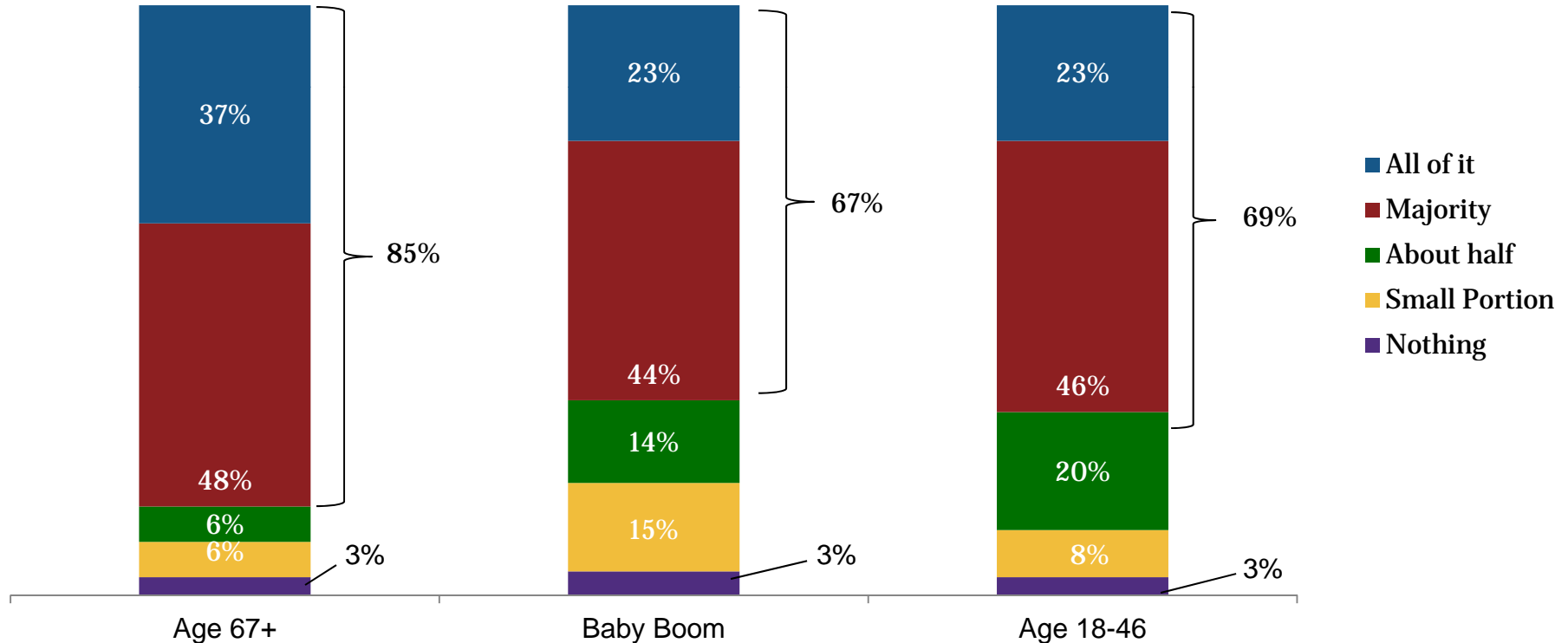


Q29. Which of the following best describes why you haven't fully disclosed your level of wealth with your [child/children]?

Passing on wealth

- Whereas the older generation is more inclined to pass most, if not all, of its wealth to children/family heirs, younger generations are more inclined to divide assets among family and other beneficiaries such as charities.
- Baby Boom parents are about twice as likely as those older and younger to say they will leave only a small portion or nothing at all to children.

Portion of wealth likely left to children/family versus other beneficiaries such as charities



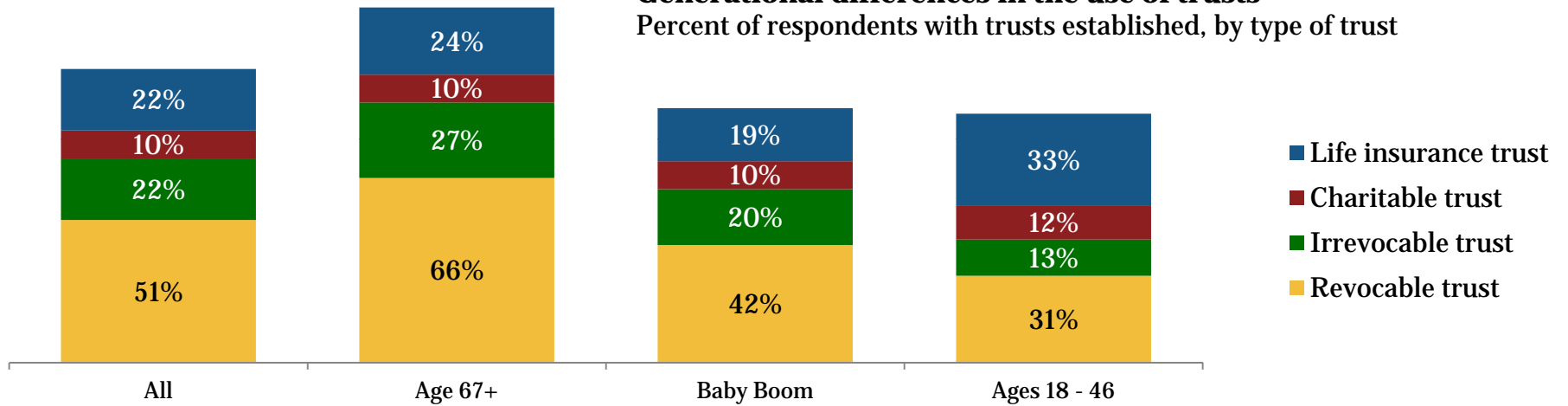
Q16A. What portion of your wealth, after settlement of your estate, are you likely to leave your children/children or heirs versus other beneficiaries, such as charities?

Trusts are being underused

- Trusts generally are being underused in most wealthy households, with only about half of all respondents saying they have a revocable trust and less than one-quarter saying they have an irrevocable trust.
- Both Baby Boomers and those who are younger are less likely than wealthy individuals over the age of 67 to have been using trusts. Younger people, ages 18 - 46, are notably more likely to have established a life insurance trust.

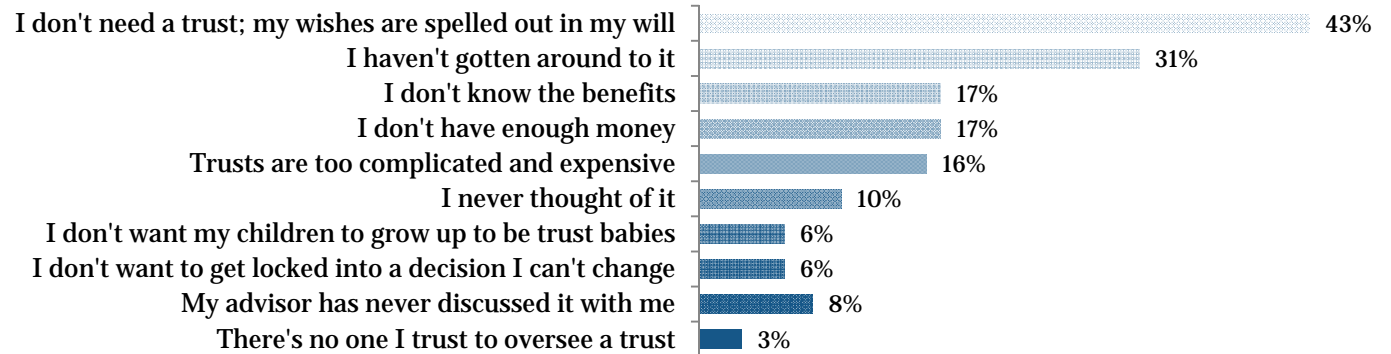
Generational differences in the use of trusts

Percent of respondents with trusts established, by type of trust



Reasons for not establishing a trust illustrate lack of knowledge, misperceptions and simple procrastination

Reasons given for not establishing a trust

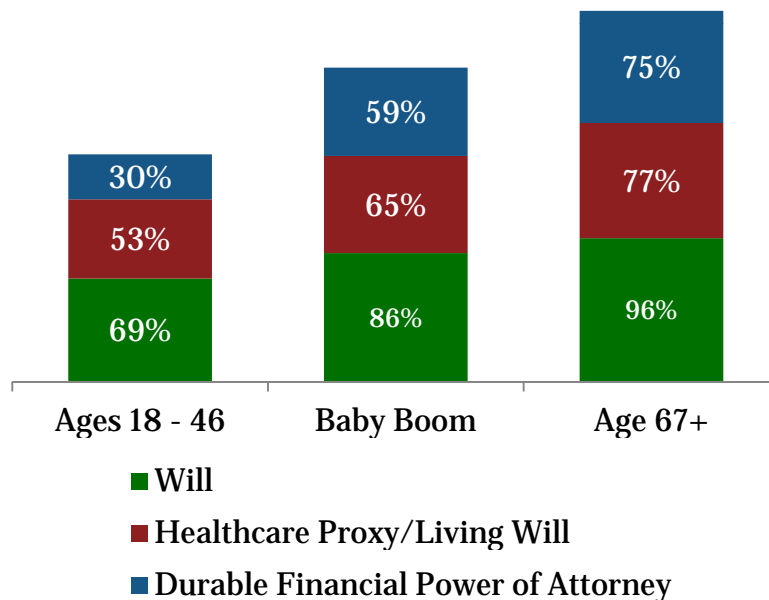


Q21. Which of the following documents do you have in place?

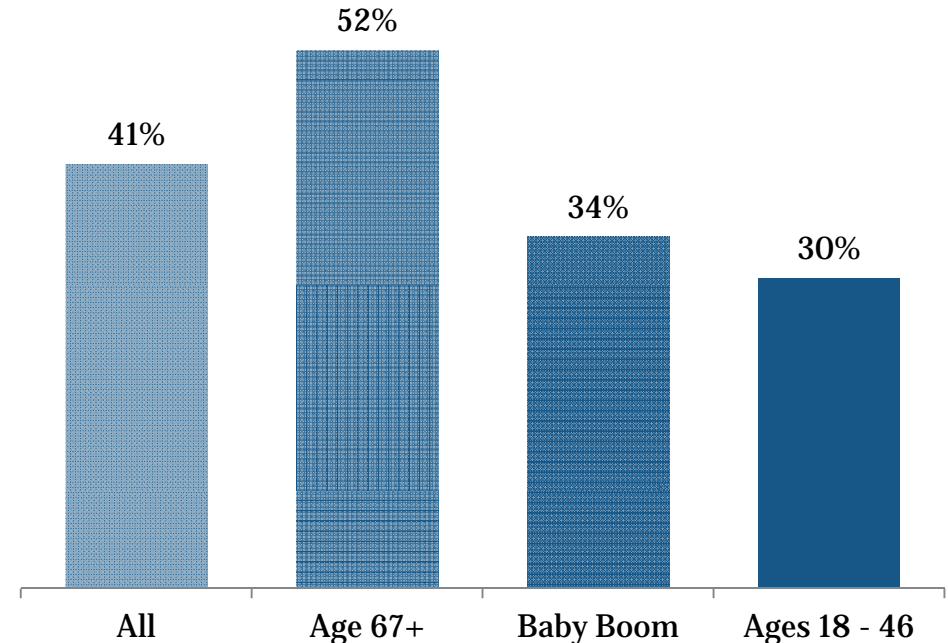
Comprehensive estate planning begins at a young age

- Only four in 10 wealthy respondents, overall, say they have a comprehensive estate plan.
- Young wealthy individuals, ages 18 - 46, are nearly as likely as Baby Boomers to already have established a comprehensive estate plan.

Percent of respondents with basic elements of estate plan



Percent of respondents who have a comprehensive estate plan

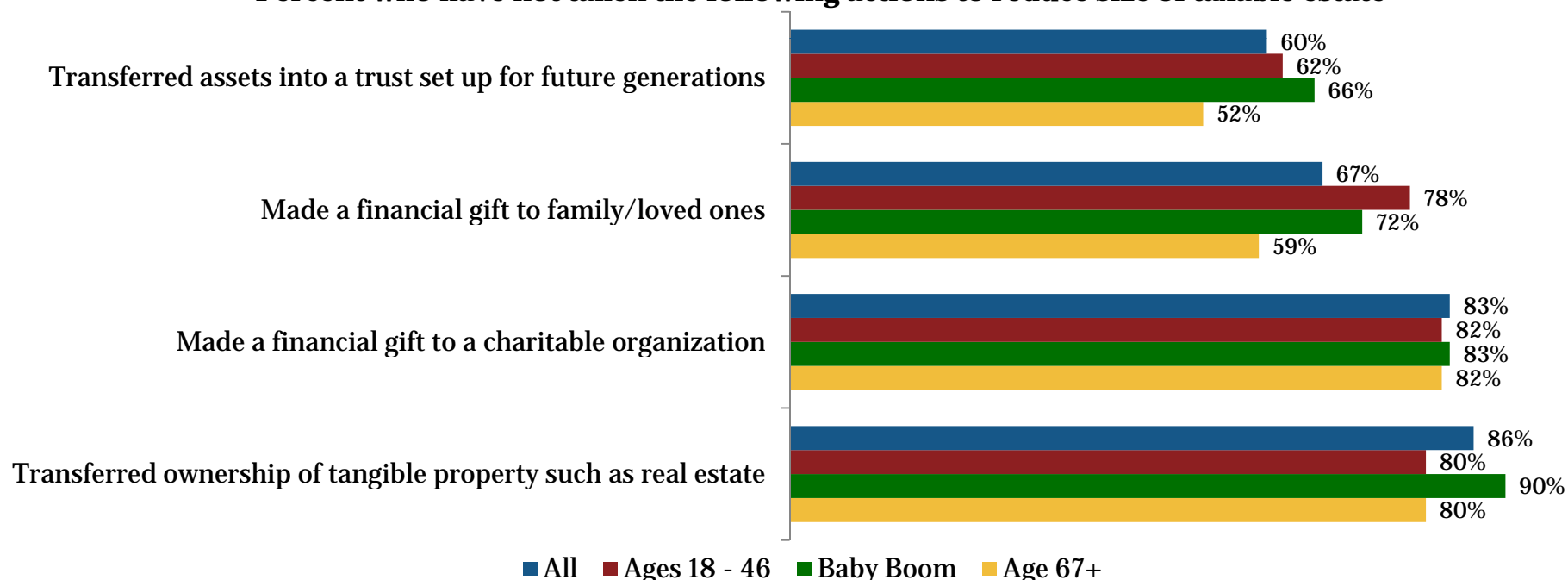


Q21. Which of the following documents/vehicles do you currently have in place?

Most of the wealthy have not reduced the size of their taxable estate in advance of tax law changes

- Two-thirds of all respondents have not made, nor do they have plans to make, a financial gift to family members to reduce the size of their taxable estate before the end of 2012, when tax laws are expected to change.
- Older and younger generations are similar in being more likely than Baby Boomers to have transferred ownership of real estate and other tangible property out of their taxable estate.
- Wealthy individuals over the age of 67 are most likely to have gifted assets to family/heirs and to have transferred assets into a trust for future generations.

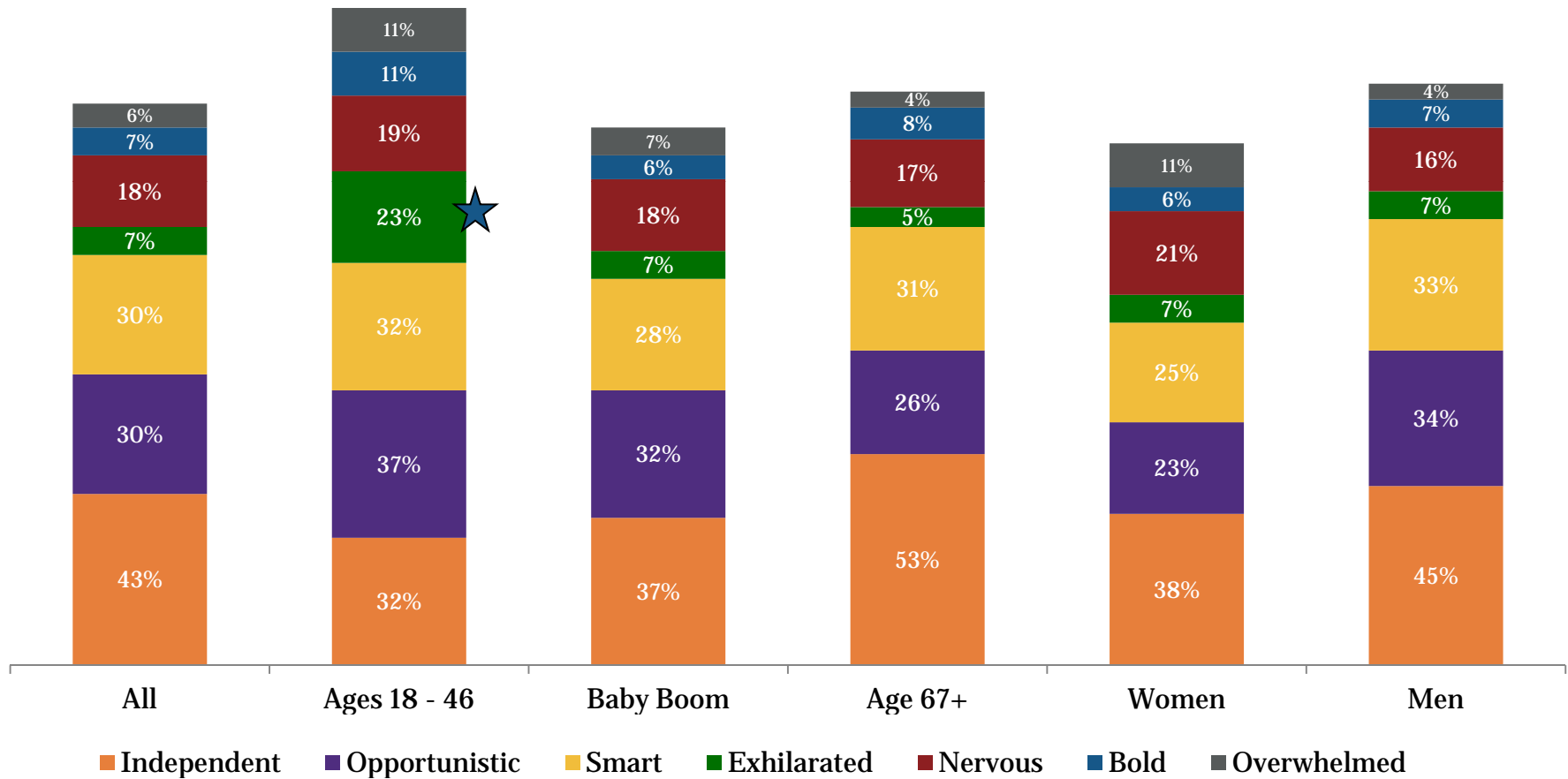
Percent who have not taken the following actions to reduce size of taxable estate



Q17. Which, if any, of the following actions have you taken or are you likely to take to reduce the size of your taxable estate before the end of 2012?

Feelings when making investment decisions

- High net worth investors feel independent, opportunistic and smart when making investment decisions.
- The youngest generation is more likely to feel exhilarated.

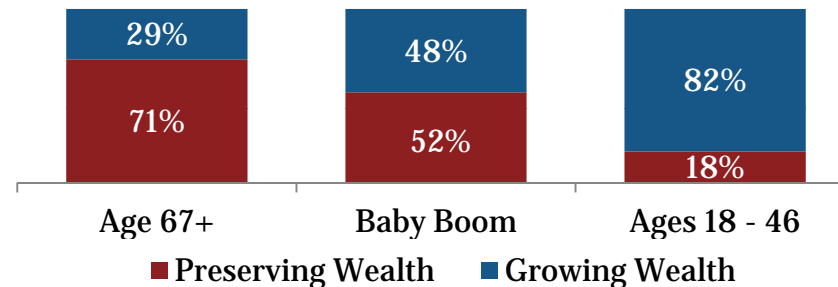


Q6. Which of the following describes how you feel when making investment decisions?

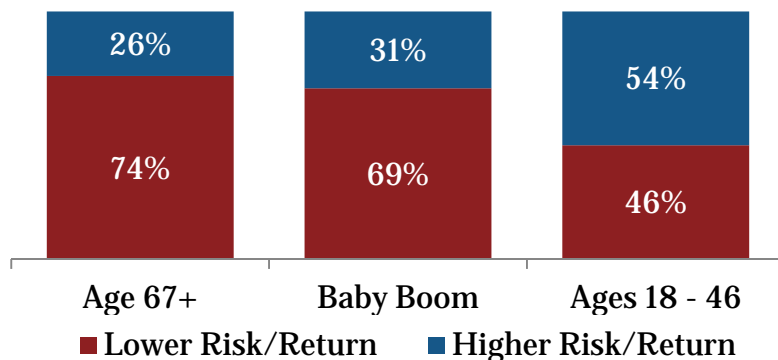
Investment priorities

- The youngest generation is more inclined to seek higher risk and higher returns, a reflection of the fact that they place a higher priority on growth than on asset protection.
- The Baby Boom generation is split on growth versus asset protection, but they are less willing to take risks to achieve higher returns.

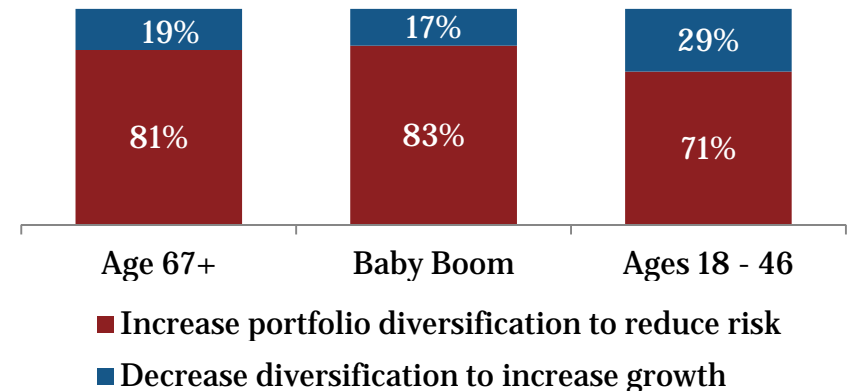
Investment priority: Growth versus preservation



Investment priority: Risk/Return



Investment Priority: Diversification

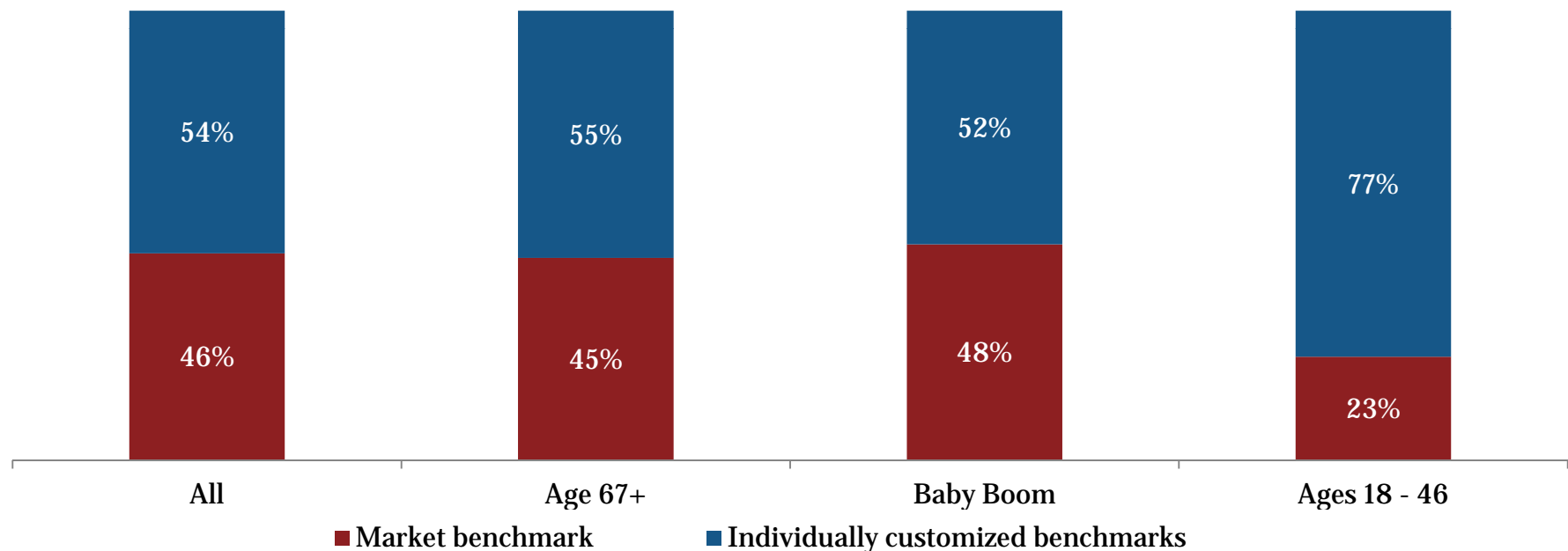


Q3. When it comes to managing your wealth and investment portfolio, which of the following is closest to your investment priority?

Preference for investment benchmarks

- Younger high net worth investors prefer individually customized benchmarks for assessing investment performance over market benchmarks such as the S&P 500 (77 percent, compared to about half of Baby Boomers and older individuals).

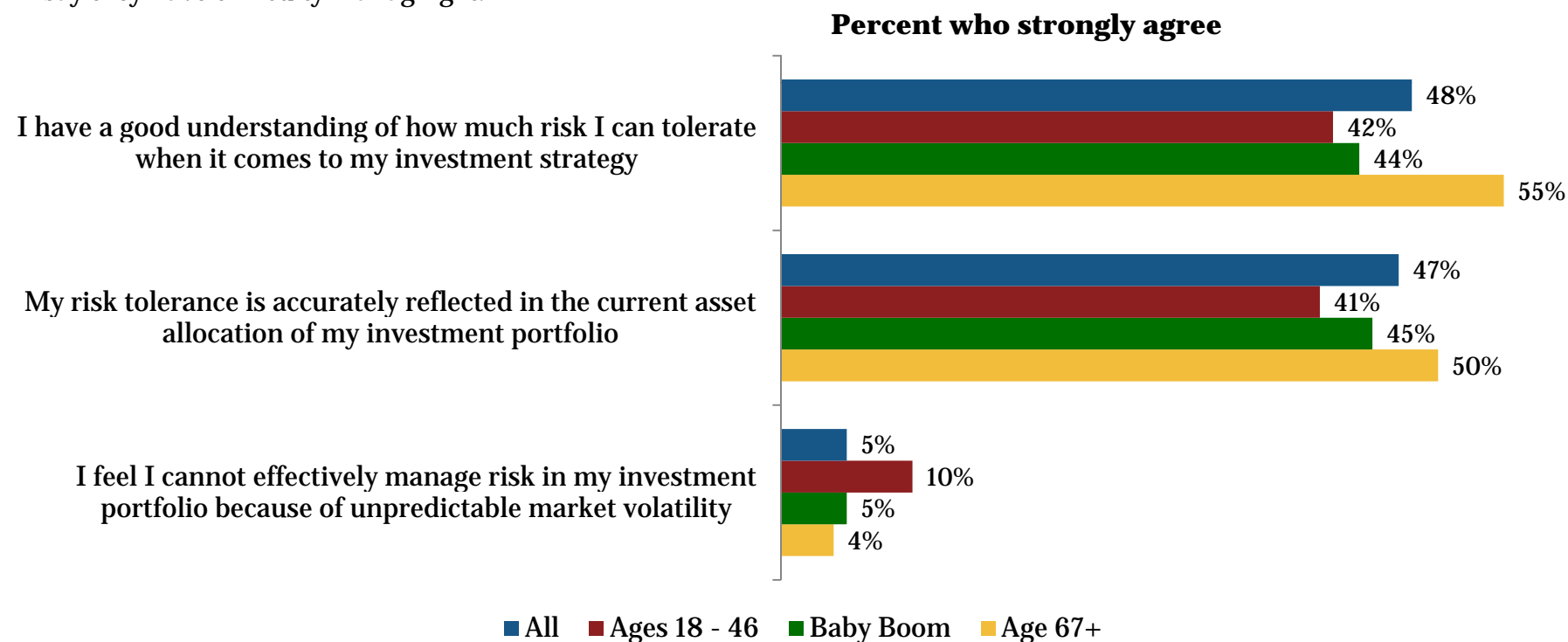
Generational preference for market benchmarks versus individually customized benchmarks for assessing investment performance



Q5. What is more important to you when assessing the performance of your investments: market benchmarks such as the S&P 500 or a customized benchmark that reflects your circumstances and investment goals?

Confidence regarding investment risk

- Fewer than half (48 percent) of high net worth investors feel they have a good understanding of how much investment risk they can tolerate.
- Confidence in risk tolerance has declined somewhat from 2011, when 62 percent felt they had a good understanding of their risk tolerance and 59 percent felt their tolerance was accurately reflected in their portfolio allocation.
- Younger investors, ages 18-46, are more likely to feel they understand their risk tolerance, but they also are twice as likely to say they have difficulty managing it.

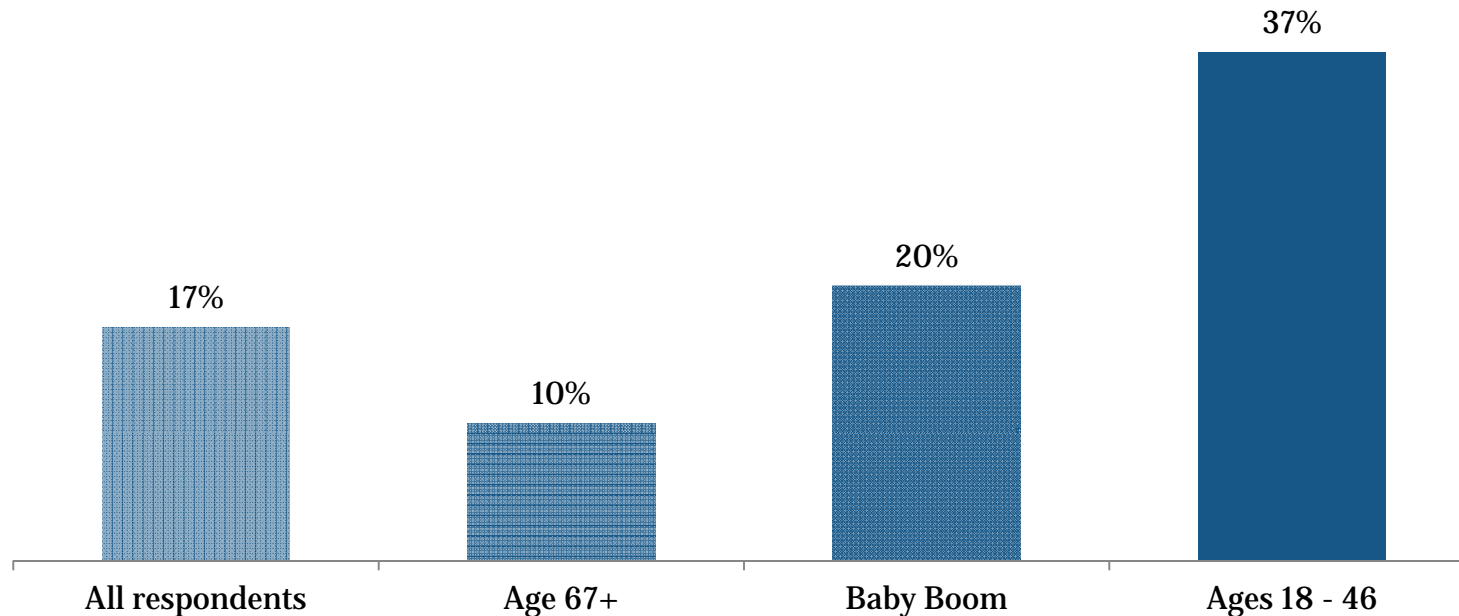


Q7. Please indicate the extent to which you agree or disagree with each of the following statements?

Concerns about privacy and security

- Privacy and safety are issues that the youngest generation is far more concerned about, particularly with the proliferation of social networking and amount of personal information now available online.
- Only 17 percent of respondents say that their level of concern is not directly correlated to their wealth; Baby Boomers are twice as concerned about this as the generation that preceded them, but only about half as concerned as the younger generation coming up behind them.

Percent of respondents worried by privacy and safety because of their wealth



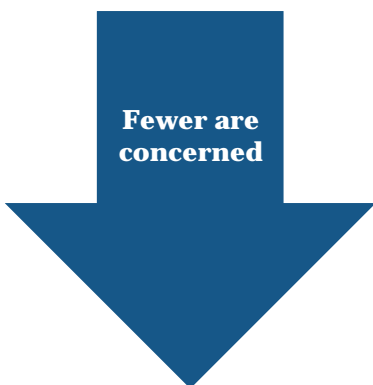
Q35. Do you worry about the privacy, safety and well-being of you or your family because of your wealth?

Concerns about privacy and security

- All generations share similar concerns about the protection of their assets, privacy and safety, but the number, range and level of concern increase with age.
- Younger respondents' biggest concerns are primarily in their physical environment (privacy, physical safety, trusting the wrong people), whereas Baby Boomers and the older generation have a higher level of concern related to the digital world.



Ages 18 - 46	Baby Boom	Age 67+
Intrusion on privacy (60%) Physical safety (53%) Financial ID theft (52%) Trusting the wrong persons (50%)	Financial ID theft (60%) Online theft (59%) Information security breach (57%) Intrusion on privacy (52%) Frivolous creditors/lawsuits 51%)	Financial ID Theft (92%) Intrusion on privacy (91%) Information security breach (86%) Online theft (82%) Vandalism/theft of property (76%) Frivolous creditors/lawsuits (75%) Trusting the wrong persons (56%)



Ages 18 - 46	Baby Boom	Age 67+
Frivolous creditors/lawsuits (49%) Online theft (41%) Information security breach (35%) Damage to reputation (26%) Vandalism/theft to property (19%)	Vandalism/theft of property (47%) Trusting the wrong person (30%) Physical safety (28%) Damage to reputation (12%)	Physical safety (47%) Damage to reputation (27%)

Q36. What types of concerns do you have about your family's privacy, safety or well-being?

Awareness of factors increasing privacy and security risks

- One in three high net worth households overall considers social media and the availability of personal information online as increasing their safety and security risks.
- The younger generation has a higher awareness of the range of factors that increase risks to their family’s safety, security and well-being, particularly those that threaten physical safety and personal privacy. Forty-two percent of those ages 18 - 46, compared to 25 percent of Baby Boomers and older, see GPS-enabled tracking devices that reveal the physical whereabouts of themselves or family members as raising the threat level.
- Younger respondents are more inclined to be concerned about their personal health information in electronic health records (37 percent) versus Baby Boomers (26 percent) and those age 67+ (22 percent).



Ages 18 - 46	Baby Boom	Age 67+
<ol style="list-style-type: none"> 1. GPS-enabled tracking (42%) 2. Personal health information stored in electronic health records (37%) 3. Access to personal information and photos on the Internet (36%) 4. Use of social media by members of the family (35%) 	<ol style="list-style-type: none"> 1. Access to personal information and photos on the internet (34%) 2. Use of social media by members of the family (33%) 	<ol style="list-style-type: none"> 1. Access to personal information and photos on the Internet (33%)



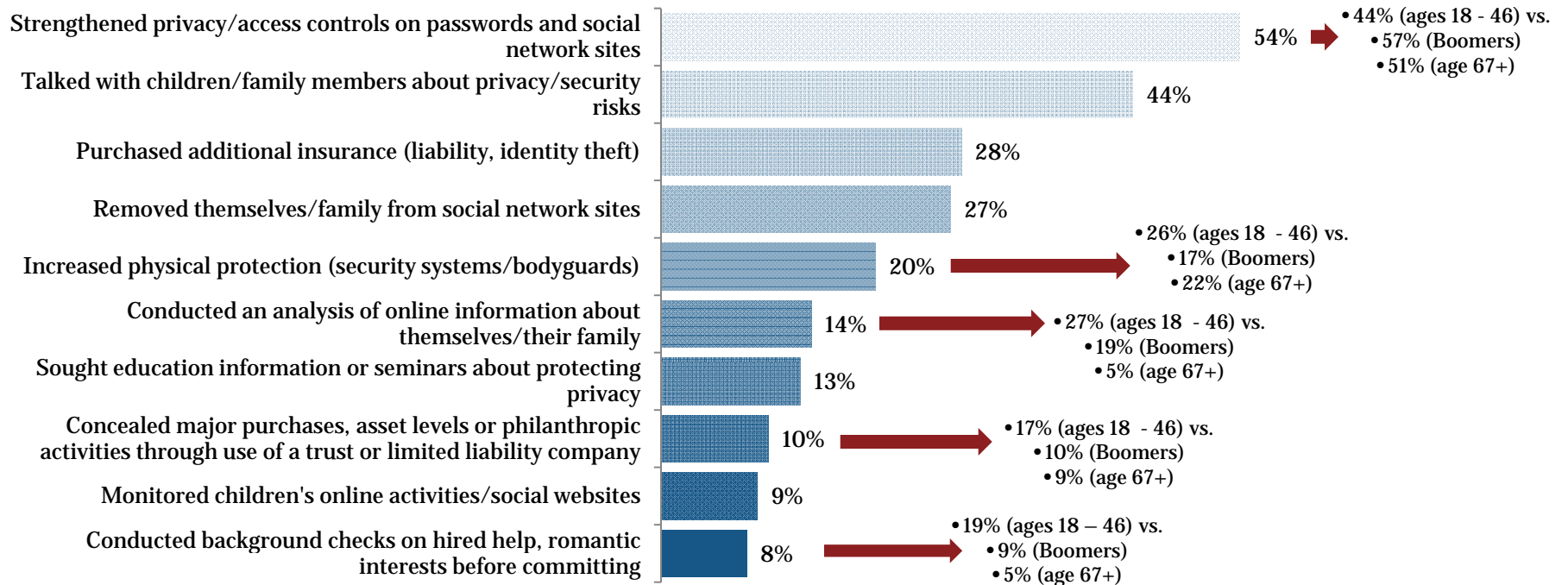
Ages 18 - 46	Baby Boom	Age 67+
<ol style="list-style-type: none"> 5. Use of social media by people outside the family (28%) 	<ol style="list-style-type: none"> 3. Use of social media by people outside the family (27%) 4. Personal health information stored in electronic health records (26%) 5. GPS-enabled tracking (25%) 	<ol style="list-style-type: none"> 2. Use of social media by members of the family (28%) 3. GPS-enabled tracking (25%) 4. Personal health information stored in electronic health records (22%) 5. Use of social media by people outside the family (21%)

Q37. To what extent do you think each of the following raises the risk to your family’s safety, security and well-being?

Proactively protecting privacy and security

- The youngest generation is more likely to have taken advanced, actionable steps to protect privacy/security such as analyzing their online presence/information, increasing physical security, conducting background checks. By comparison, those in older generations are primarily focused on strengthening online passwords and access controls.
- Twenty-eight percent of respondents across all generations have purchased additional insurance, e.g., liability and ID theft.
- Nearly one in five (19%) of the youngest generation has conducted background checks before hiring help, committing to a romantic relationship, etc., compared to one in 10 (9 percent) Baby Boomers and one in 20 (5 percent) people age 67+.

Actions taken to protect privacy and security

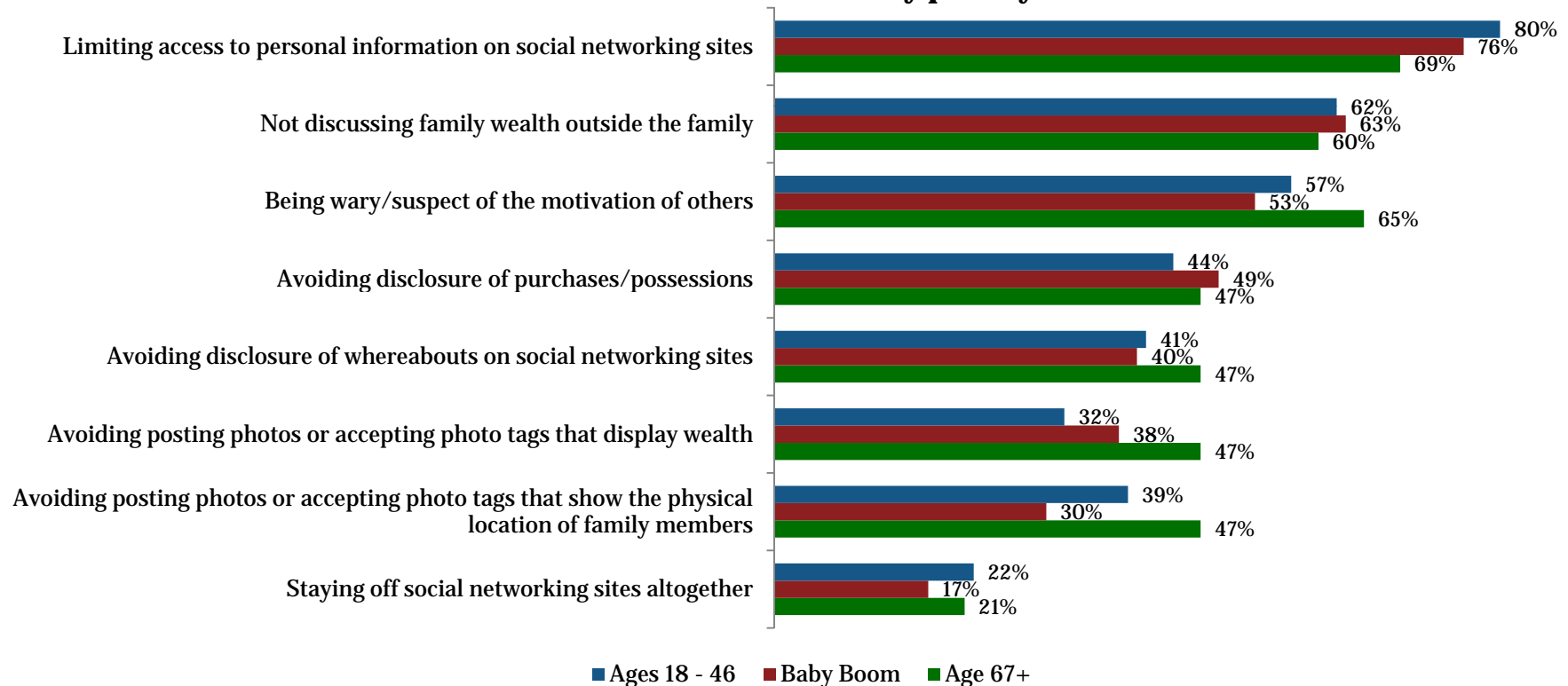


Q38. Which of the following actions have you taken to protect your personal privacy/security and your assets?

Wealthy families talk about the importance of privacy

- Privacy is a hallmark of families with significant wealth, and the majority of wealthy parents have told their children not to reveal family wealth or personal information outside the family, both in-person and online.
- The youngest generation is more suspicious of the motivations of other people and is more concerned about information disclosing the physical location of family members than disclosing the amount of wealth.

Discussions about family privacy

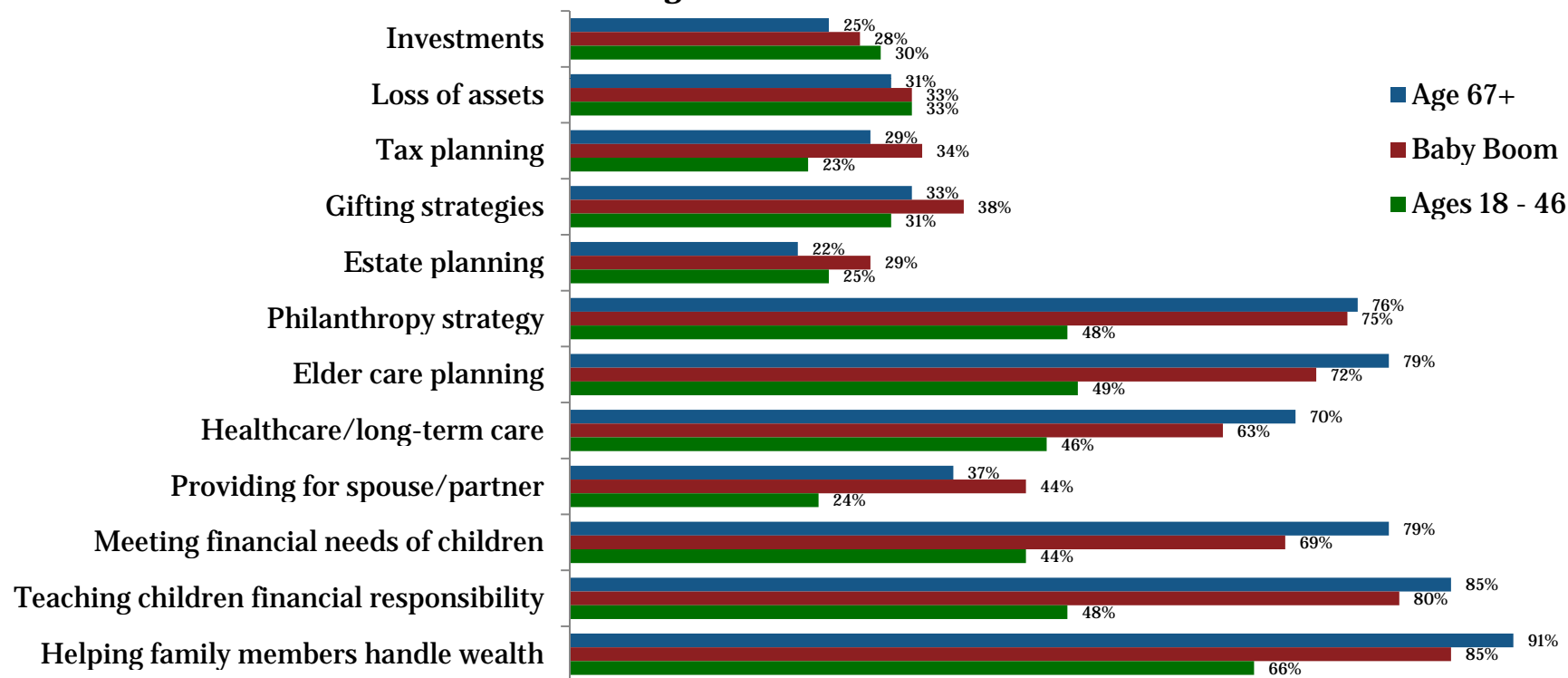


Q39. Of people who have talked with family members about privacy/security risks, which of the following privacy/related discussions have you had?

The youngest generation of wealth creators is seeking professional advice early on

- Most wealth respondents have a professional advisor for investment management, tax planning and estate planning, but do not have anyone advising them on more complex, emotional intergenerational issues and legacy planning.
- The youngest generation is the most likely to have sought professional advice in almost every aspect of wealth management except investment management.

Percent of respondents who do not have any advisor for the following wealth management concerns

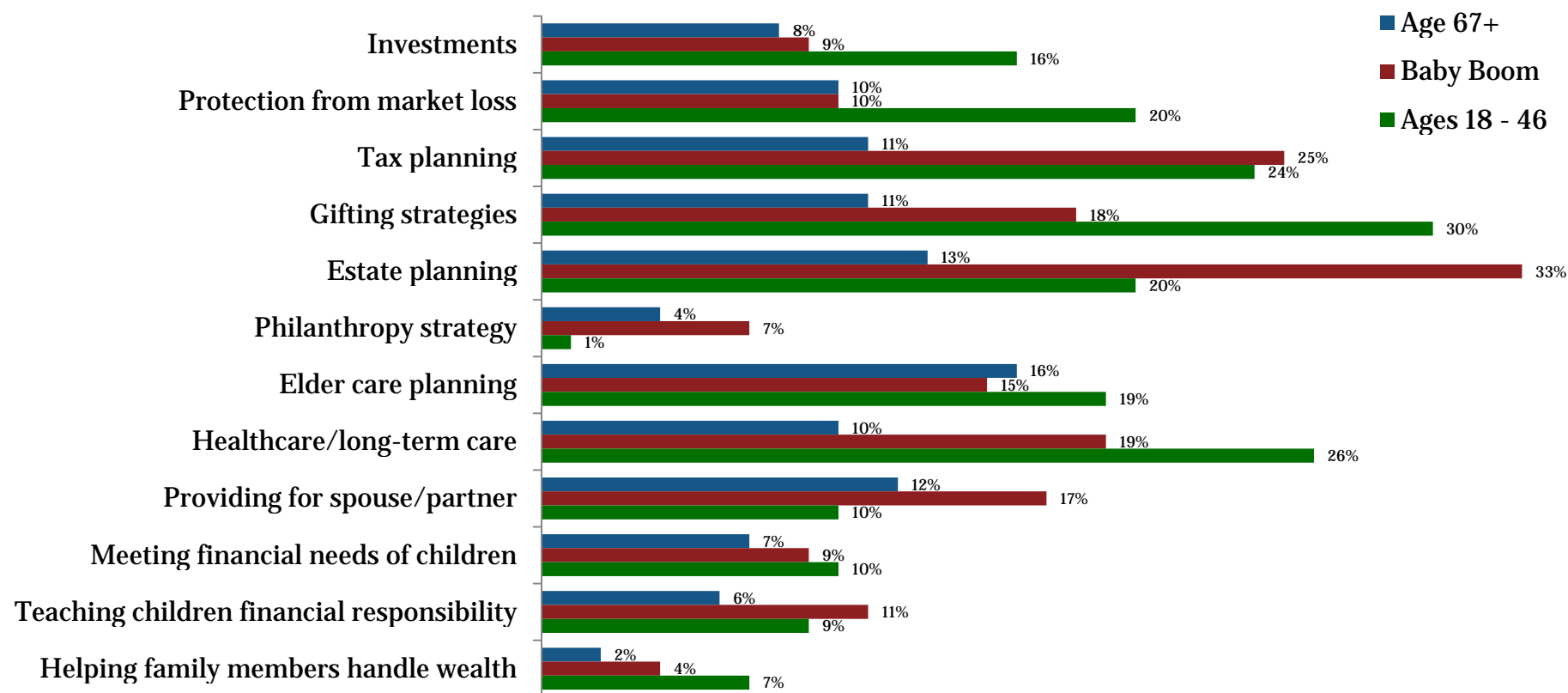


Q40. Who is your primary advisor for each of the following?

The next generation of wealth is looking for professional advice

- The youngest generation is most open to the idea of receiving professional advice in most areas, particularly on investment management and protection from asset losses as well gifting strategies and healthcare/long-term care planning.
- Baby Boomers have the greatest demand for estate planning advice.

Percent of respondents who would like to discuss the following with an advisor

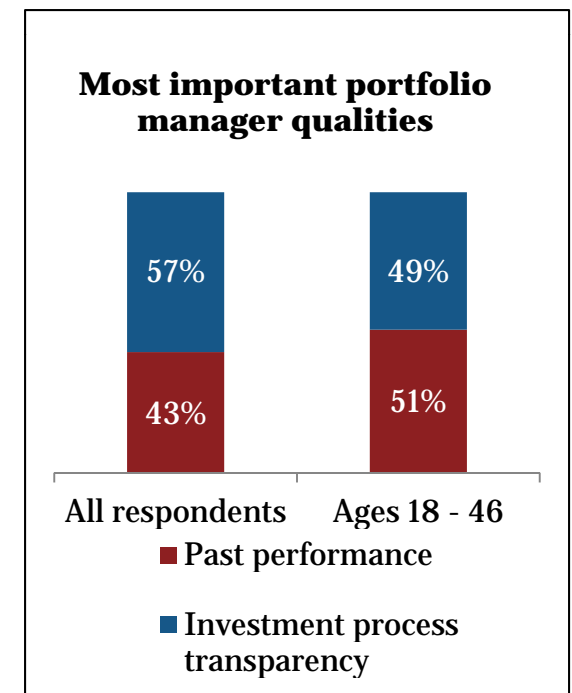
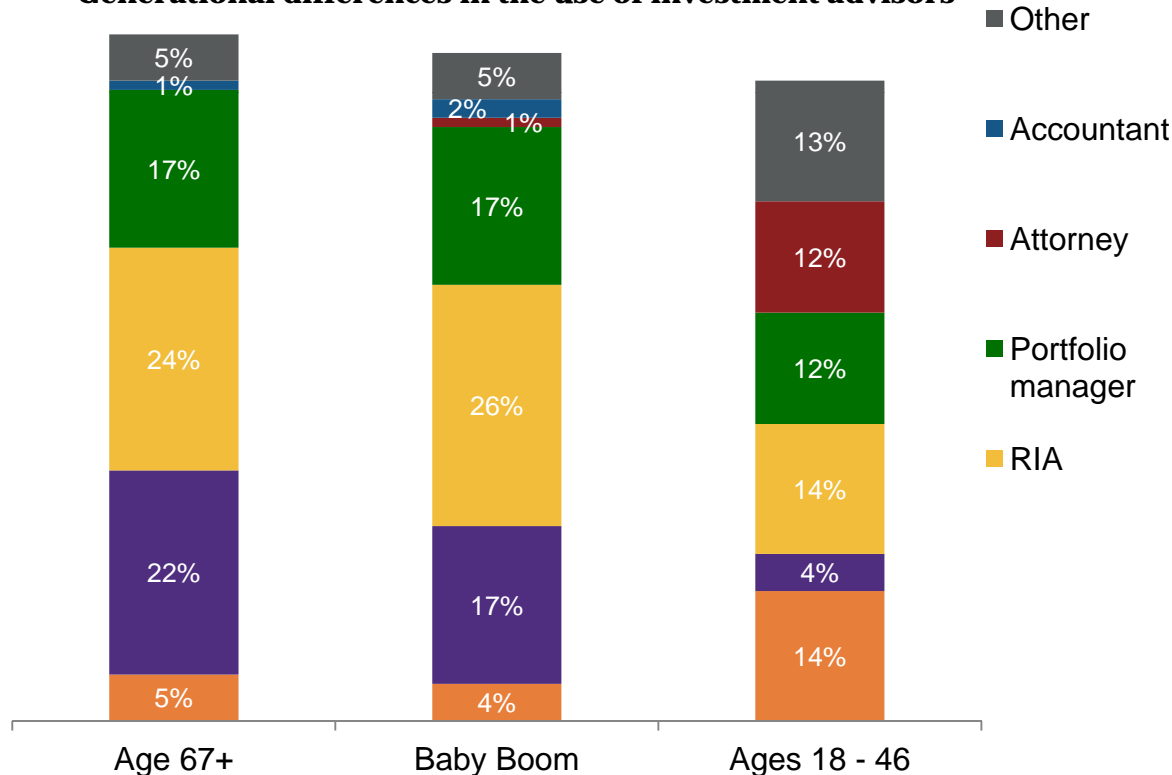


Q40. Who is your primary advisor for each of the following?

Young investors use a diverse range of investment advisors

- The youngest generation of wealth creators is seeking primary investment advice from a diverse mix of professionals. They are three times more likely to use a private bank/trust and attorney than Baby Boomers and older investors who primarily use stock brokers, registered investment advisors and portfolio managers for investment advice.
- Overall, wealthy investors more often feel that investment process transparency is more important than past performance in a portfolio manager; however, younger investors are more likely to give equal weighting on both qualities.

Generational differences in the use of investment advisors

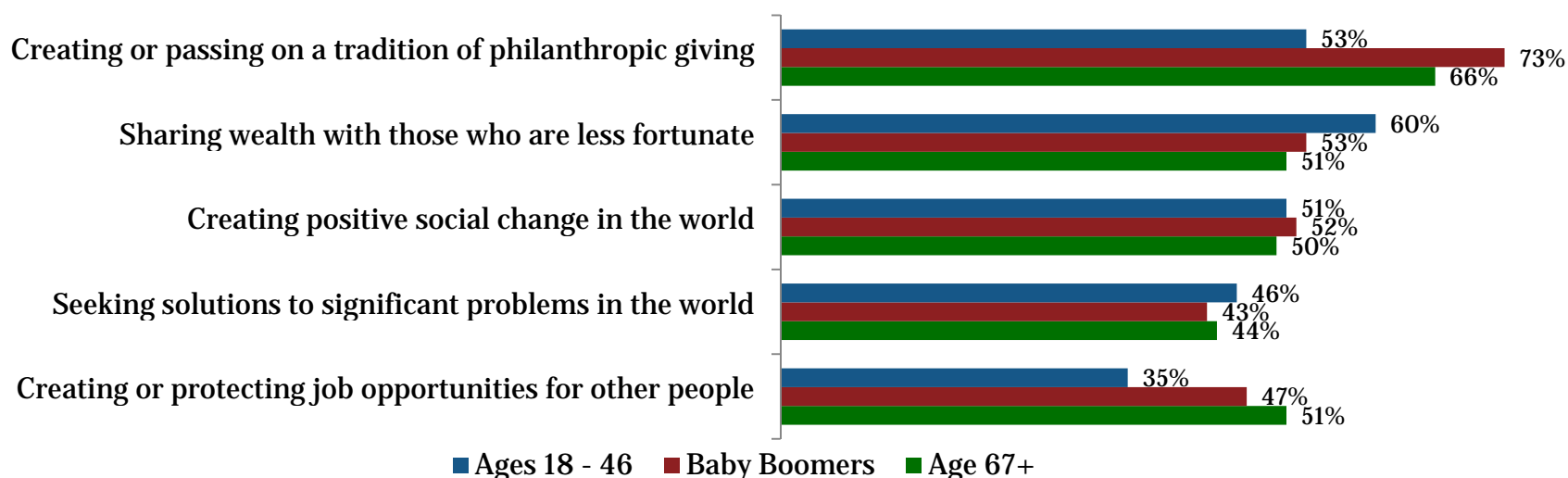


Q40. Who is your primary advisor for the following investments?

The wealthy feel a strong sense of social responsibility and want to drive positive change

- Most wealthy individuals feel there are social responsibilities that come with achieving significant wealth.
- Among the youngest generation, six in ten feels that the wealthy have a responsibility to share their wealth with those less fortunate, and 35 percent believe that creating or protecting job opportunities for other people is a social contribution for which the wealthy are responsible.
- Philanthropy is an important social responsibility for all generations; however, Baby Boomers are particularly committed to this idea. Nearly three-quarters (73%) of Baby Boomers compared to two-thirds (66%) of older respondents and approximately half (53%) of younger respondents feel there is a responsibility to be philanthropic.
- At least half of all respondents feel the wealthy have a responsibility to try to create positive social change in the world, which for at least 44 percent includes seeking solutions to significant world problems.

Percent of wealthy who feel the following are responsibilities of people who have achieved significant wealth

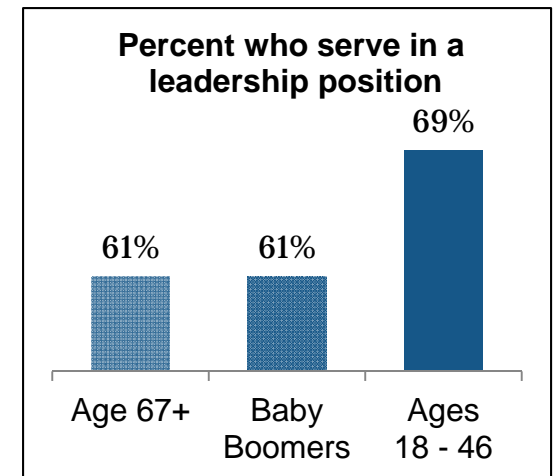
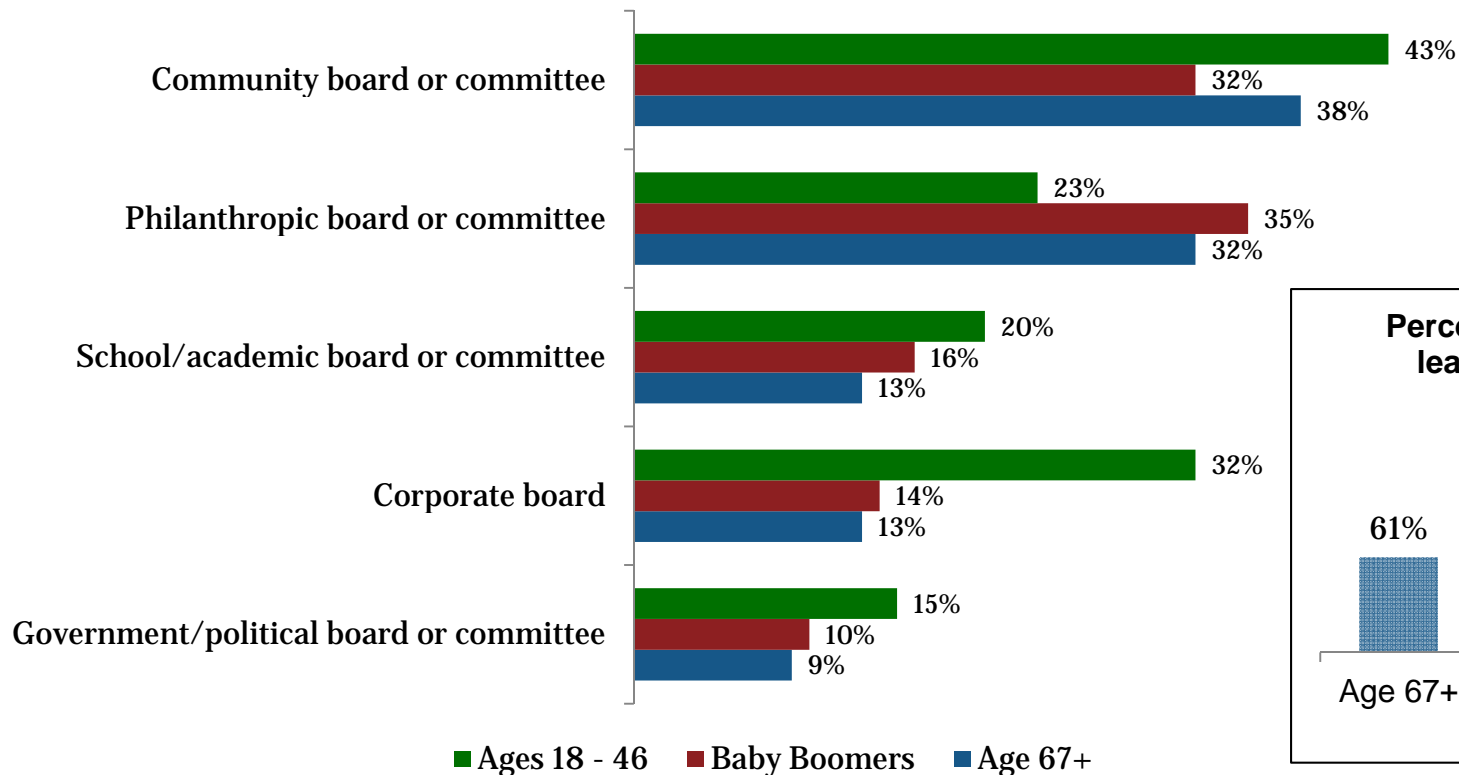


Q13. Which of the following do you feel is a responsibility of people who have achieved significant wealth?

Most of the wealthy devote time to civic and philanthropic leadership

- Six in ten wealthy individuals serve in some type of leadership position, with one in three serving on a community or philanthropic board or committee.
- Baby Boomers (35%) and those who are older (32%) are the most likely to serve on a philanthropic board.

Percent of wealthy respondents who serve in a leadership position

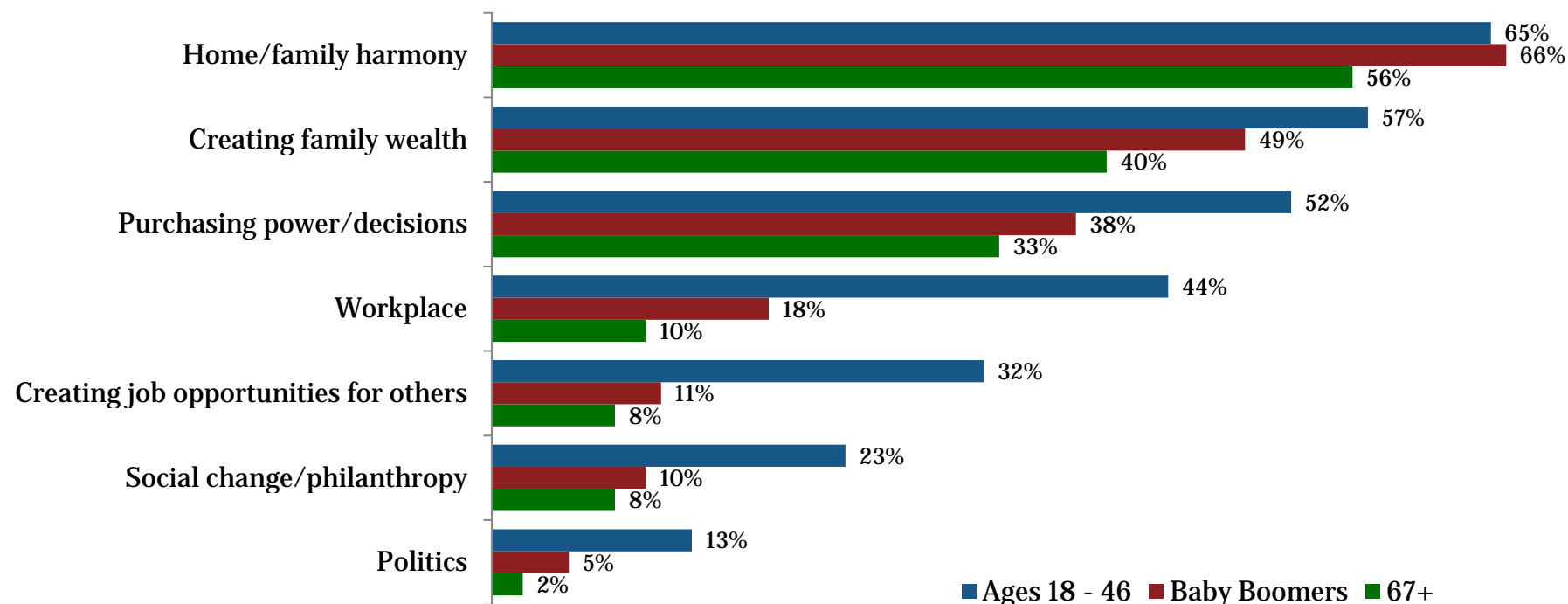


Q. In which of the following ways do you serve in a leadership position?

Young, wealthy and empowered to create change

- Within the home and family is where there is the greatest power and influence to effect change.
- The younger generation feels most empowered to effect change—to create family wealth, positive social change, jobs and opportunities for others, in the workplace and through their purchasing decisions.
- Despite a sense of responsibility to create social change, few wealthy households feel influential in doing so.
- There is almost no sense that the wealthy feel any particular political power and influence.

Percent indicating great power to effect change in these areas



Q11. To what extent do you feel you have great power and influence to effect change?

Profile of Insights Respondents

U.S. Trust surveyed 642 HNW and UHNW individuals for its *2012 Insights on Wealth and Worth*.

- **Investable Assets**
 - 235 with \$3M – \$5M (37%)
 - 200 with \$5M – \$10M (31%)
 - 207 with \$10 million or more (32%)
- **Gender: 243 women (38%) and 399 men (62%)**
- **Age:**
 - 211 over age 67 (33%)
 - 359 are Baby Boomers, ages 47 – 66 (56%)
 - 72 are 18 – 46 years old (11%)
- **Marital status (85% married)**
 - 546 are married or living with a partner, including 409 in first marriage and 137 remarried
 - 96 are single, divorced, widowed or separated
- **Parents: 507 (79%) have children, including 16% with children age 21 or younger and 84% with grown children age 22 or older**
- **Source of the majority of their wealth**
 - 500 earned their wealth through work and investments (78%)
 - 142 inherited their wealth (22%)
- **Annual Household Income**
 - 292 with less than \$250K (46%)
 - 246 with \$250K – \$999K (39%)
 - 91 with \$1 million or more (15%)
- **Employment**
 - 128 are business owners or work in a family business (including 72% men and 28% women)
 - 148 work full-time
 - 78 work part-time or aren't employed
 - 290 are retired