WOMEN AND WEALTH

Highlights

As part of the 2014 *U.S. Trust Insights on Wealth and Worth®* survey, U.S. Trust surveyed high-net-worth women across the country to provide current insight into their perspectives and behavior related to wealth and wealth management. This research builds on a valuable body of proprietary research and third-party analysis conducted by U.S. Trust to understand the factors and life events that influence women's wealth plans.

OVERVIEW

Women create and control an increasing share of wealth and have a powerful economic influence in the home, workforce and community — as business owners, executives, investors, philanthropists, consumers, heads of household, caregivers and role models for the next generation.

The role of women is changing in high-net-worth families. In 2014 more than two-thirds of high-net-worth women said that they came into their relationships with as much or more in assets as their partners. Just under half (48%) are equal or primary income earners in their families. Women are taking a much larger role in family decision making. Yet women also contribute in non-monetary ways to family well-being. About three quarters (71%) have equal or primary responsibility for child care and 39% care for or share care for an elderly relative.

We find that all high-net-worth women are seeing shifts in their roles and increased responsibilities, but a subset of that group — made up of high-earning female executives, CEOs and business owners — faces particular challenges. Executive women are as likely as other women to be primarily responsible for child and elder care. They are also often disproportionately likely to financially support multiple generations of extended family. Nearly half of them say that their own financial situation has been negatively impacted because they provided for family members.

We also find that high-net-worth women as a group are investing differently than men. They are more likely to view investing as a way to express their values through socially innovative investment strategies. They are also slightly more risk-averse than their male peers and more sensitive to the impact of taxes.

SURVEY OVERVIEW

The 2014 *U.S. Trust Insights on Wealth and Worth* survey is based on a nationwide study of 680 adults with at least $3 million in investable assets, including 34% with $3M – $5M; 32% with $5M – $10M; and 34% with more than $10M.

As part of this research, U.S. Trust analyzed the responses of 292 high-net-worth women, including a subset of 84 female executives, CEOs and business owners.

	All women	Women business owners/execs.
Married or living with opposite/same sex partner	75%	77%
Single/never married; divorced/separated; widowed	25%	23%
Have children (biological or step)	63%	66%
Work FT; PT; own business; employed in family business	62%	99%
Retired	24%	0%

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 high-net-worth and ultra-high-net-worth individuals in the United States. U.S. Trust has conducted surveys of wealthy Americans periodically since 1993.

INCREASING POWER, GROWING RESPONSIBILITY

Women are playing an increasingly important role overseeing their extended families' financial and economic security.

That's partly because women own more in assets when they join their families — about two-thirds have assets equal to or greater than their partners' when they enter a relationship. It's also because women are earning more of the family's income. Slightly over a quarter earn more than their partners, while an additional 22% contribute equally to family income.

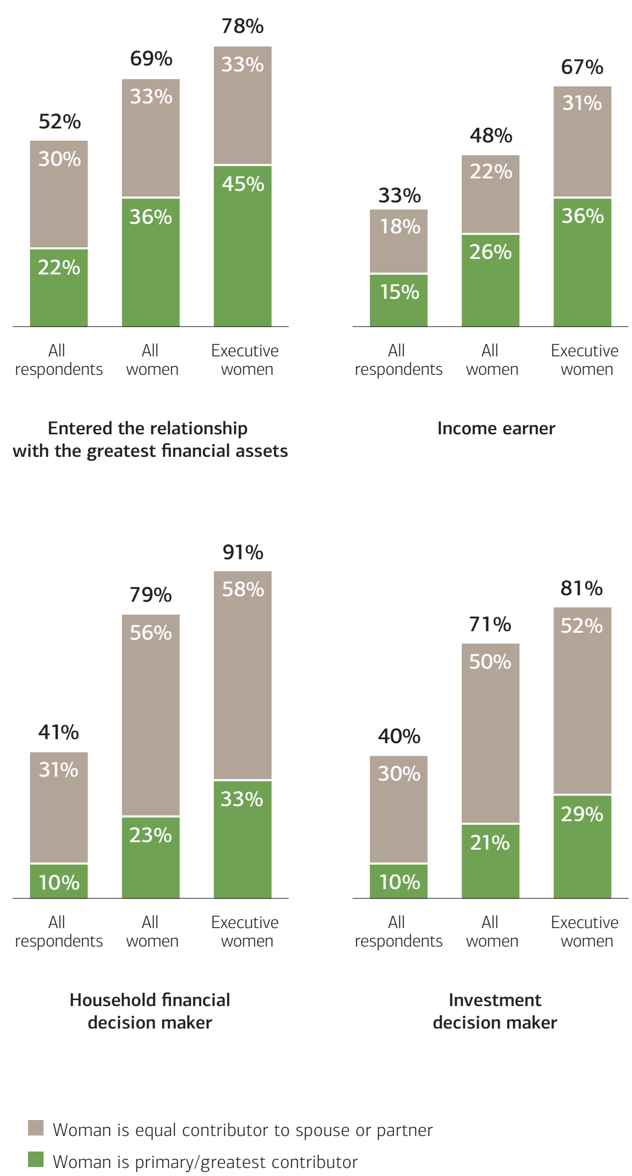
Female executives, CEOs and business owners have an even larger role in their families' finances. More than three-quarters entered their relationships with financial assets equal to or greater than their partners', and two-thirds earn as much as or more than their partners.

As a result, though all women are exerting more influence over family decision making than in the past, female executives are especially influential. Ninety-one percent of these women make or share equally in household decisions, versus 79% of all high-net-worth women. Eighty-one percent of executive women control or share equally in investment decisions, as compared to 71% of wealthy females overall.

Even as women reach the highest ranks in business, they continue to share family responsibilities. Their spouses are helping more, but even so about half of executive women say they have the main responsibility for child care, and 20% are the primary person overseeing care for an elderly relative. In both cases, this is the same percentage as for all high-net-worth women.

This growing power and responsibility means that wealthy women, in general, may need help in managing more substantial and complex assets — and in planning to help meet the needs of themselves, their children and their elderly relatives.

Contribution of women to family wealth and caretaking



SPECIAL CHALLENGES FOR FEMALE EXECUTIVES

This year's survey focused, for the first time, on a dynamic subset of wealthy women — corporate executives and business owners — who face a unique set of wealth management opportunities and challenges.

Significant wealth and income

Female executives have substantial assets from both income and inheritance. Twenty-nine percent have a total annual household income, before taxes, of more than $1 million, and 14% have household income greater than $3 million a year. Nearly one-third inherited a significant portion of their wealth. As a result, many have accumulated very substantial assets. Eighty-three percent have between $3 million and $25 million in investable assets, and 17% have greater than $25 million in investable assets. A slight majority came from modest backgrounds — with 42% growing up middle-class and 14% from lower-middle-class or poor families.

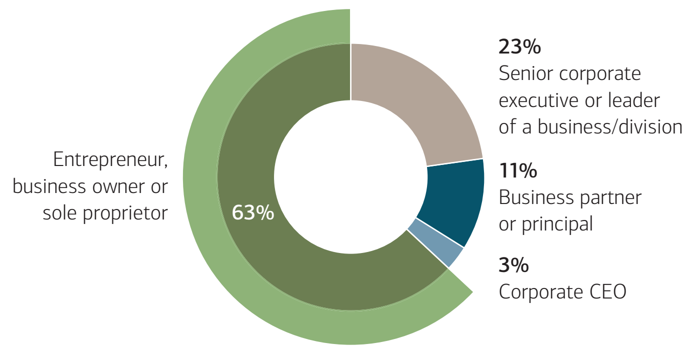
Female executives face heightened family pressures

Women business owners and senior executives are more likely than any other subcategory of high-net-worth investors to support multiple generations of extended family with financial resources. Sixty-five percent of female executives have provided financial assistance to an adult member of their family, and four in 10 have provided ongoing support. More than a third (36%) anticipate their parents or in-laws to rely on them for ongoing financial support or assistance to help meet their expenses and income needs. Yet, only 5% have a plan in place to provide ongoing financial assistance to adult family members.

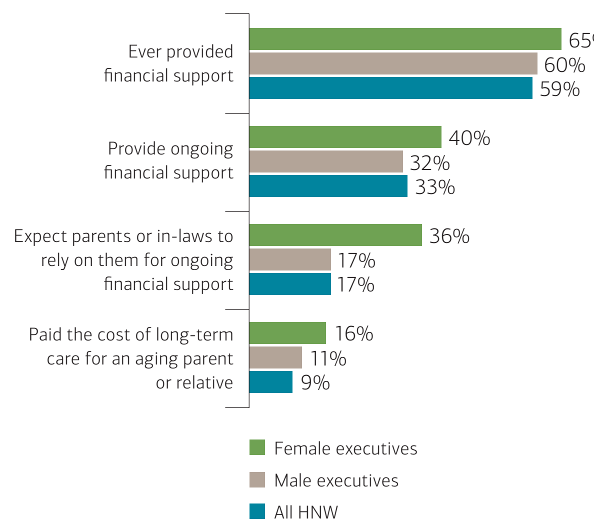
High-earning women often put their own needs last, sacrificing their financial security to provide financial and nonfinancial support to family members. Nearly half say their own personal financial goals have been negatively affected by the financial assistance they have provided to an adult member of their family.

Wealthy female executives and business owners face particularly complex wealth planning challenges because of the multiple demands on their time and financial resources. Complex family structures add to the challenges, as these investors struggle to meet the needs of multiple generations and, in some cases, children from more than one marriage. A comprehensive wealth plan can help them provide for their loved ones, while helping to ensure lasting financial security for themselves as well.

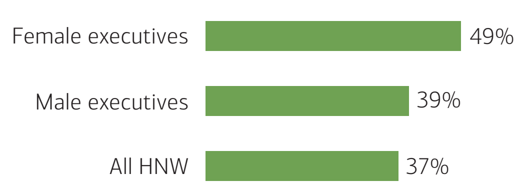
Business profile of HNW power women executives



Percent who have provided financial support or a substantial loan to an adult family member



Percent whose personal financial goals have been negatively affected by the financial assistance they have provided to an adult member of their family



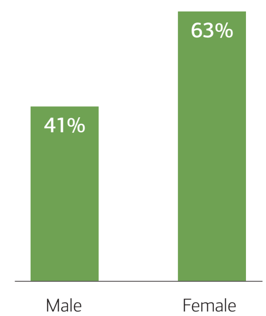
INVESTING FOR SOCIAL IMPACT

As women earn higher incomes and control more substantial assets, they are putting their own mark on investment management. Our 2014 survey showed measurable differences between men and women investors in a number of areas. Women were more risk-averse than men, though female executives were less risk-averse than any other group. Women were also more willing to hold significant cash positions and more aware of the impact of taxes on investment returns than men. Women were more committed to social impact investments than any other demographic group except Millennials. Almost two-thirds of women consider the social, political or environmental impact of their investment decisions.

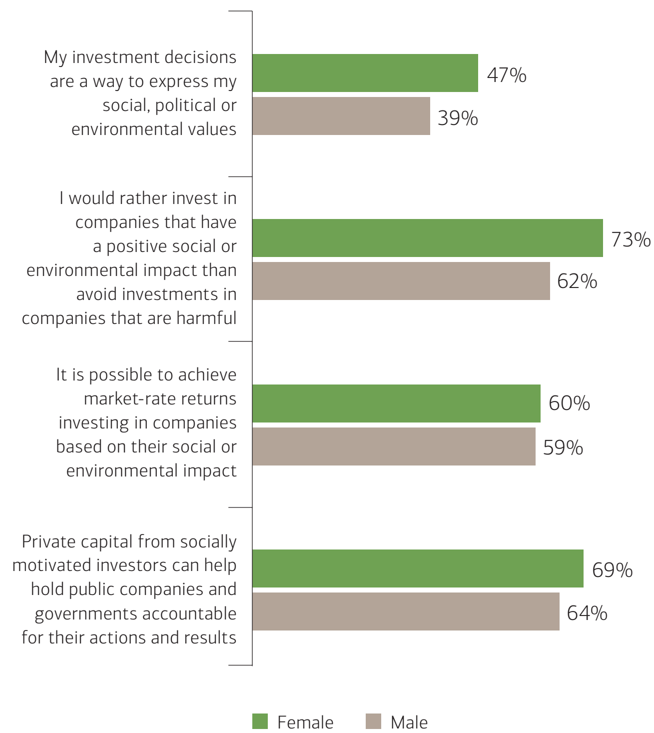
Nearly half (47%) of women, compared to 39% of men, say that their investment decisions are a way to express their social, political or environmental values. Women are also more likely than men to prefer a proactive, positive approach to social impact investing. Seventy-three percent of women, versus 62% of men, say that they would rather invest in companies that have a positive social or environmental impact than avoid investments in companies that are harmful.

Advisors can help women who are interested in values-based investing explore strategies that help meet their needs for capital preservation, growth and tax management, while also seeking positive social impact.

Percent who consider social, political or environmental impact important



Percent who agree



OVERSEEING THE FAMILY LEGACY AS WELL AS FAMILY HARMONY

Women will largely control much of the intergenerational transfer of wealth in the coming years. Statistically, they are more likely to outlive men, and wives are most likely to be named as executor and/or trustee with responsibility for passing on a financial legacy to the next generation and other beneficiaries.

Given their role as executors and trustees, women's involvement and perspective as part of the planning process is supremely important. Most people say they name an executor or trustee based on their trustworthiness, and in most cases, they name their spouse. But fewer than 20% also consider the emotional state of the person during the time he or she must fulfill the responsibilities of the role, and only one in four have sufficiently considered health status or longevity. Women who have previously served as an executor or trustee say the most difficult challenges they faced were the commitment of time required, not having sufficient legal and financial knowledge, not having access or knowledge about the whereabouts of records and information, and managing expectations and disagreements among heirs or beneficiaries.

To reduce the burden of these responsibilities, women who serve as trustee or executor (and couples planning their estates) should consider appointing a co-trustee, co-executor, agent for trustee or agent for executor who has the requisite technical skills and knowledge to complement their own knowledge of the family.

Disagreements within the family about the use of wealth and distribution of family assets represent a significant risk to family wealth. Women are more likely than men to feel that wealth complicates relationships and can negatively affect families (34% of women compared to 22% of men). Women also tend to worry about family harmony, with 20% saying that keeping family relationships intact is the most important use of their wealth.

Most difficult part of serving as executor (among women who have served)

MANAGING YOUR WORTH WITH U.S. TRUST

Your wealth is not measured by numbers alone, but by the extraordinary opportunities and complex challenges that define your life. At U.S. Trust, we apply our deep insight and broad expertise to help you make the most of the things that matter most to you.

We begin by listening to you, learning about your life, and we work with you to understand your priorities. Your advisor and your team of specialists then build a wealth plan that aligns with your personal values and family goals.

When we serve as your fiduciary, whether we are managing your portfolio or administering a trust, our focus is on what best meets your objectives and expectations. Together, we develop personalized solutions that address the dimensions of your worth today and the legacy you're building for future generations.

Additional survey findings from the 2014 *U.S. Trust Insights on Wealth and Worth®* survey can be found at www.ustrust.com/survey.

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Study methodology

The 2014 *U.S. Trust Insights on Wealth and Worth®* survey is based on a nationwide survey of 680 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. Respondents were equally divided among those who have between $3 million and $5 million, $5 million and $10 million, and $10 million or more in investable assets. The survey was conducted online by the independent research firm Phoenix Marketing International in February and March of 2014. 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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