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U.S. Trust Insights on Wealth and Worth® is one of the most in-depth studies of its kind to explore the wealth management challenges confronting 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.

This year’s survey looks at how wealthy individuals define a life well lived and how well they are progressing toward achieving that objective. In the 2015 survey, we find that high-net-worth individuals consider health, family and financial security essential to their well-being and examine ways that they are working to secure these cornerstones through health, investment, estate and charitable planning strategies. We also look at differences among genders and generations to gain a fuller picture of what it means to lead a life well lived.
OVERVIEW

Health is the number one element of a life well lived. The wealthy almost unanimously agree (98%) that the most valuable asset they have is their health, and investing in health is as important as investing in wealth.

In the event that long-term care is ever needed, one-half of the wealthy expect to remain in their own homes with care provided either by family or private health care providers. One-quarter expect to live in a luxury assisted living facility. Just over half of them have prepared for the expense of these two options; however, four in 10 have not.

Family represents the greatest source of enjoyment in life and is the motivator for financial success and security. While more than six in 10 wealthy parents say it is important to leave an inheritance to the next generation, only one in five agree strongly that their children will be prepared to handle the wealth they receive.

The vast majority of the wealthy consider giving back to society an important component of a life well lived. Most participate in charitable giving (78%) and volunteer time (66%) as a way to give back.

Survey respondents describe financial security as essential to a life well lived because it provides options and the freedom to live life as they choose. Interestingly, financial security increases with age but not necessarily with greater wealth.

High-net-worth investors are slightly more optimistic in their outlook on the markets this year than last, but their views remain mixed, with Millennials and women most uncertain and concerned about losses.

Wealthy investors who work with financial advisors are more likely to have important plans in place to help them fulfill a life well lived.
There are 1,821,745 households in the U.S. with $3 million or more, including 893,344 households with $3 million to $5 million, 679,242 households with $5 million to $10 million, and 249,159 households with more than $10 million in assets.¹

For our 2015 Insights on Wealth and Worth survey, we surveyed 640 individuals with at least $3 million in investable assets as follows:

- 55% have between $3 million and $5 million
- 32% have between $5 million and $10 million
- 13% have greater than $10 million

These wealthy individuals represented four distinct generations:

- Millennials or Generation Y (age 18–34): 16%
- Generation X (age 35–50): 23%
- Baby Boomers (age 51–69): 47%
- Mature (70+): 13%

Men represented 57% of our sample and women 43%. One hundred eighteen were business owners and 99 were senior executives.

In addition, 50 respondents who completed the online survey participated in one-on-one online conversations with a moderator, to gain a more qualitative understanding of each of the 10 elements of a life well lived. The sample for the qualitative interviews was 50 men and women aged 18+ who have $3 million or more in household assets.

¹ Cerulli Associates, Cerulli Lodestar — Retail Investor Subscription, 2013
The wealthy have a clear sense of purpose in life that’s not defined by, or dependent on, their wealth. They aspire to something richer and deeper—a meaningful, productive life, shared with family and friends, and connected to something beyond themselves in a way that will make a meaningful contribution to the world—through their work, accomplishments and by giving back to society.

The vast majority (94%) of wealthy people say they have a clear sense of purpose in life. Three-quarters (75%) agree that their life’s purpose would not change even if they were to lose their wealth, and about the same percentage (76%) tell us that more money gives them greater ability to create change to fulfill their life’s purpose.

**Essential elements are health, family and financial security**

Health, family and financial security come first as the foundation on which all other important elements of a life well lived rely. After these basic elements, the wealthy seek fulfillment of their life’s purpose and enjoyment through their connections with others and expression of their personal interests. Ultimately, they seek to make a meaningful contribution to and difference in the world through their gifts, work and talents.

The older one gets, the more important health and family become to the meaning of a life well lived. Younger respondents have different priorities: Millennials are most focused on meaningful work and financial security, and Generation X rates financial security highest as an essential element.
Wealthy individuals are far along the path
Most people feel they are fairly well on their way to a life well lived. On average, respondents estimated that they were 79% of the way to where they want to be right now. Not surprisingly, older respondents were farther along than younger ones. Mature respondents (aged 70 and up) said they were 89% of the way, Baby Boomers 83%, Gen Xers 74% and Millennials 67%.

But most fall short in one or more areas
Yet while respondents rated their progress positively overall, most recognized that they had work to do. Nearly eight in 10 (79%) identified at least one area of their lives in which they should be doing more or focusing greater attention—most frequently health, giving back to society, pursuing passions, family and connections with others. Health was cited most often by all age groups except Millennials. Financial security is on the minds of Millennials (30%) more than any other age group.

Professional advice may help to reach these goals
Although most respondents have a financial advisor (66%), they tend to use these professionals in narrow, tactical ways, rather than to help them meet broader, strategic goals. Still, those who have a financial advisor are somewhat more likely to feel financially secure and less likely to struggle with balancing conflicting priorities across different areas of their lives. They tend to have greater agreement with their spouse about the use of wealth and a healthier overall relationship with money.

“I do not think I would be comfortable or be able to enjoy life as much knowing that I wasn’t doing the most I could for the future of my family.”
— A 2015 survey respondent

Most-cited areas of life where people feel they should be giving more attention

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<tbody>
<tr>
<td>1</td>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Giving back to society</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pursuing passions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Connections with others</td>
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WHAT TO CONSIDER

• Talk to your advisor about your goals for yourself and your family, and work together to identify and address gaps in your planning so you can put a strategy in place. Make sure he or she understands not just your investment objectives, but also your longer-term goals for personal growth and family life. Together, you can craft a plan that helps provide the resources to pursue your vision for a life well lived.

• Consider a personal or family mission statement. You may not have defined, even to yourself, the elements that you consider essential to a life well lived. This statement of purpose can guide your wealth plan and help you pursue your goals.
Good health is the cornerstone of a life well lived

The vast majority of survey respondents view health as critical to their overall well-being. In fact, 98% either agree or strongly agree that health is their most important personal asset. Almost all (99%) say that investing in health is as important as investing in financial assets, but older generations have a stronger commitment to this idea than younger ones. While 91% of wealthy people are willing to spend more than they currently do to maintain good health, fully one in three of the Mature generation (70+) say there is “no limit” to what they would spend to maintain their desired health status.

**Wealthy people give themselves only a B− grade for health**

High-net-worth individuals of all ages recognize that health is critical, but they also know that they are not doing all they can to maintain it. On average, the wealthy give themselves a B−, or average GPA of 2.88, for their efforts. Overall, they rate themselves lowest for stress reduction and mental relaxation and highest for getting annual checkups and not smoking.

Different genders and generations pursue good health in different ways. Millennials, women and ultra-high-net-worth individuals give themselves notably higher grades for practicing meditation and yoga. Millennials are also most likely to give themselves a failing grade for getting annual exams and not smoking.

“Investing in good health is as important as investing to build wealth”

% over current expenses willing to spend to maintain good health

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Gen X</th>
<th>Baby Boomers</th>
<th>Mature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>1%–10%</td>
<td>38%</td>
<td>21%</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>11%–25%</td>
<td>41%</td>
<td>51%</td>
<td>48%</td>
<td>34%</td>
</tr>
<tr>
<td>26%–75%</td>
<td>15%</td>
<td>4%</td>
<td>8%</td>
<td>31%</td>
</tr>
<tr>
<td>No limit</td>
<td>8%</td>
<td>3%</td>
<td>8%</td>
<td>7%</td>
</tr>
</tbody>
</table>
More interest than action in many health services

The wealthy invest in their mental, physical and emotional health and are willing to seek the best care, coaches and counselors to assist them. However, our survey respondents were far more likely to be interested in pre-emptive, preventive health services — like getting a full body scan or genetic testing — than to have obtained them.

High-net-worth individuals are interested in concierge-level, on-demand medical care, but few are willing to pay for it. Four in 10 either use or are considering this type of service, but few are willing to pay a significant amount for it. Millennials, business owners and those with the greatest wealth were most likely to have sought concierge health care.

Younger respondents are more likely to invest in proactive, preventive measures to maintain good health whereas older respondents are more likely to be focused on medical and restorative health measures. The Millennial generation is driving interest in fresh, organic foods and nutrition, and there is significant interest among those 50 or younger in holistic or alternative medicine.

<table>
<thead>
<tr>
<th>Interest in health-related activities</th>
<th>Have done</th>
<th>Interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seek the best doctors no matter where they are located</td>
<td>33%</td>
<td>47%</td>
</tr>
<tr>
<td>Buy fresh, organic food</td>
<td>46%</td>
<td>27%</td>
</tr>
<tr>
<td>Get a full body scan</td>
<td>15%</td>
<td>45%</td>
</tr>
<tr>
<td>Take a genetic test to predict risk of disease</td>
<td>10%</td>
<td>45%</td>
</tr>
<tr>
<td>See a nutritionist</td>
<td>16%</td>
<td>36%</td>
</tr>
<tr>
<td>Hire a personal trainer/wellness coach</td>
<td>17%</td>
<td>33%</td>
</tr>
<tr>
<td>Seek advice from a holistic or alternative medicine practitioner</td>
<td>12%</td>
<td>29%</td>
</tr>
<tr>
<td>Retain a concierge physician</td>
<td>14%</td>
<td>26%</td>
</tr>
<tr>
<td>See a therapist or counselor</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Hire a personal chef</td>
<td>5%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Annual amount willing to pay for concierge medical care

- <$500: 26%
- $500–$999: 26%
- $1,000–$2,500: 31%
- $2,500+: 17%
A health crisis can realign priorities

Though most feel they already are focusing on what’s most important in life, four in 10 (44%) would realign their life goals and priorities in the event of a health crisis. More than one-quarter would create or modify their financial and estate plans if they or a family member became seriously ill.

Most plan for ordinary care, not unexpected demands

Most of the wealthy consider themselves financially prepared for out-of-pocket health care costs, a long life expectancy and the cost of long-term care for themselves and their spouses. However, they are not prepared for the unexpected, including a health crisis of their own or the possibility of events that would require them to assist extended family. Only one-half feel prepared for income loss due to a health crisis. Surprisingly, those with highest incomes ($3M+) are least prepared (at 31%).

“\textit{A life well lived enables one to control that which is controllable and be in better shape to cope with other health problems that can arise.}”

— A 2015 survey respondent
Few are planning for costly long-term care

In the event that long-term care is ever needed, one-half of the wealthy expect to remain in their own homes with care provided either by family or private health care providers.

One-quarter expect to live in a luxury assisted living facility. However, only four in 10 have prepared for the expense of these two options.

WHAT TO CONSIDER

- High-net-worth individuals who are currently unprepared to pay for long-term care may wish to begin a conversation with their financial advisors about how they would like to spend their later years, whether at home, with children or other relatives or in an assisted living facility. Once these goals have been articulated, the advisor can help structure a financial strategy that accounts for them. These strategies may include specialized tools such as long-term care insurance.

- For high-earning individuals, advisors can assist in developing a plan to address the potential loss of their clients’ income, via insurance or investment strategies, should they become temporarily or permanently disabled.

- If they have not yet begun this process, wealthy families may wish to talk to their advisors about articulating individual family members’ wishes about their health and end-of-life care and assigning responsibility for decision-making on their behalf. Ensure that key documents are in place, including a health care proxy, Health Insurance Portability and Accountability Act (HIPAA) waivers, and a living will.

- If they haven’t already done so, wealthy individuals should consider asking their financial advisors to help them develop a detailed plan to provide the financial and organizational support they may need to offer their parents and other family members.

Expectations for long-term care if needed

<table>
<thead>
<tr>
<th>Expectation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remain in own home with private home health care</td>
<td>32%</td>
</tr>
<tr>
<td>Remain in own home with care provided by spouse or other family member</td>
<td>22%</td>
</tr>
<tr>
<td>Move to a luxury assisted living facility that reflects the lifestyle accustomed to</td>
<td>23%</td>
</tr>
<tr>
<td>Move from current home to be close to family members</td>
<td>8%</td>
</tr>
<tr>
<td>Move in with children or other family members</td>
<td>2%</td>
</tr>
<tr>
<td>Children or other family members move from their home to be close to you</td>
<td>2%</td>
</tr>
</tbody>
</table>

Percent who are financially prepared for costs of long-term care

(Among those who expect private health care or a luxury assisted living facility)

<table>
<thead>
<tr>
<th>Preparation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remain in home with private home health care</td>
<td>56%</td>
</tr>
<tr>
<td>Move to luxury assisted living facility</td>
<td>56%</td>
</tr>
</tbody>
</table>
Family and legacy give life meaning

Wealthy individuals continue to derive great satisfaction and meaning from their relationships with loved ones and to seek a legacy both within and outside the family.

Families share responsibilities and decisions
In wealthy households, as elsewhere, family relations are changing to reflect more fluid gender roles and greater sharing of responsibilities. That’s partly because both partners in many families contribute significantly to wealth. One-third of high-net-worth couples overall say both partners contributed equally to the household’s initial financial assets. Although men are the primary earners in six out of 10 high-net-worth households, women are making gains among younger generations. Women are the primary, or equal, income earners in more than one-half (51%) of Millennial relationships.

As women bring an increasing share of income and assets to their families, they are increasingly involved in managing family wealth. Men and women share decision-making about household finances and investments in one out of three high-net-worth households, though it is far less common among older couples than younger ones. Men, too, are taking on nontraditional responsibilities, especially in younger households. Although women are still the main source of childcare in two-thirds of high-net-worth households, a growing share of Millennial men are taking on primary responsibility for their children.

A financial legacy is important
More than six in 10 wealthy people overall consider it important to leave a financial inheritance to the next generation. Most (76%) of the people we surveyed felt that their wealth had a positive impact on their families, though Millennials and the very high net worth were somewhat more likely to worry about a negative impact than other groups.
**Children may not be ready for wealth**

Some parents still have significant concerns about their children’s readiness for wealth. Only 16% of high-net-worth parents believe their children will achieve the same level of financial success as they have. Only one in five strongly agree that their children will be well prepared to handle family wealth they are likely to inherit, and fewer than one in three have discussed details of an inheritance with their children. In fact, only a little more than a third of wealthy parents have fully disclosed their wealth to their children, while just under half have disclosed only a little.

The primary reasons for not discussing family wealth are concerns about negative repercussions on work ethic and family privacy and the fact that they were taught never to discuss wealth. Nearly 20% of parents with children over age 25 haven’t discussed family wealth because they think their children aren’t old enough or mature enough.

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**Extent of disclosure of level of wealth to children**

- Little disclosure: 47%
- Full disclosure: 36%
- No disclosure: 17%

**Reasons parents have not fully disclosed level of wealth**

- I am concerned it will negatively impact their work ethic: 34%
- I was taught never to discuss wealth: 20%
- I am concerned they will discuss it publicly outside the family: 19%
- My child/ren aren’t mature enough to handle it: 17%
- I never thought about it: 15%
- My child/ren aren’t old enough: 5%
- I don’t know how to bring it up: 6%

**Age at which parents think children will reach maturity necessary to handle family wealth**

- Millennials: 26%
- Gen X: 19%
- Baby Boomers: 16%
- Mature: 5%

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Legacy goes beyond family, and includes giving back to society

More than half of the wealthy consider giving back to society important to a life well lived. Most participate in charitable giving (78%) and volunteer time (66%) as a way to give back, and these activities are most often considered the primary ways to be philanthropic.

More than half of survey respondents (55%) said that they gave back to society to support the interests and causes that matter most to them, while an additional one-third were motivated by wanting to change the world for the better. Four in 10 (43%) wealthy parents feel that giving back is an important example to set for children.

WHAT TO CONSIDER

• High-net-worth individuals who have not already talked to their children about their wealth and their children’s future inheritance should consider setting up a family meeting with a financial advisor. The advisor might be able to facilitate a productive discussion about the resources that will someday be available to the children and about the responsibilities that come with substantial wealth.

• A family mission statement can reinforce your family’s values and communicate to your children about the values that are important to you. A conversation with your financial advisor can help you clarify your priorities and create a document that reflects your philosophy about family and wealth.

• Involving loved ones in charitable activities can help strengthen family relationships, create a shared sense of purpose and ensure a lasting legacy for your family. Talk to your financial advisor about whether a family foundation or endowment may make sense for you.

“We donate to children’s charities throughout the year in lieu of birthday gifts. I shop weekly to donate to the local food pantry. The feeling we get from giving is far better than any feeling we get from receiving anything.”

— A 2015 survey respondent
Financial security provides a foundation for living meaningfully

Financial security is not an end in itself, but rather an essential contributor to the kind of engaged, connected, meaningful lives that high-net-worth individuals seek. Our survey shows that nearly all (93%) of the wealthy people we surveyed consider themselves financially secure. Interestingly, financial security increases with age but not necessarily with greater wealth. Households with the greatest assets are less likely—by 15 points—than those with fewer assets to feel financially secure.

**A new sense of optimism**

A recent bull market has more high-net-worth investors feeling optimistic—45% in 2015, up from 40% in 2014. Yet volatility has left many, especially Millennials, feeling uncertain, even fearful. Only one-quarter (26%) of Millennials had a bullish outlook. Women were also cautious even after market gains; more women than men described themselves as fearful of losing money.

**Growth is important, but only while managing risk**

High-net-worth investors remained focused on growth, with more than half (55%) reporting that as their main investment objective. This was down slightly from previous years. In 2014, 61% of investors emphasized growth over asset protection, while in 2013 that figure was 60%. Investors 50 or younger are particularly likely to see growth as a priority, while households that derive more than their income from investments were likely to favor asset preservation.

Still, even as they continued to reach for growth, high-net-worth investors placed significant emphasis on risk protection. This year only about a third (36%) said they would be willing to take on higher risk to achieve higher returns. This is fewer than a year ago, when 42% were willing to take on greater risk.
Many investors are still holding cash

More than half of high-net-worth investors (62%) have 10% or more of their portfolio in cash, indicating continued uncertainty about market risk. Women and Millennials were most likely to allocate a larger portion of their investments to cash.

Younger high-net-worth individuals favor nontraditional investments

Yet while large cash positions hint at caution, many wealthy investors are incorporating less liquid, nontraditional assets into their portfolios as well. About one-half of the high-net-worth investors we surveyed owned or were considering private equity, venture capital investments or structured products. Younger investors were particularly likely to diversify into nontraditional asset classes. Eight in 10 of those under the age of 50 either owned or were interested in owning tangible assets with an underlying value that is uncorrelated to the broader markets.

Most understand the value of credit

High-net-worth investors are adept at integrating credit into their wealth strategies, with nearly four in 10 (39%) saying that borrowing allows them to put their money to better use. This has dropped some since last year, when 50% strongly or somewhat agreed.

Wealthy individuals were most likely to use credit to make an investment/purchase or to gain temporary liquidity, though there were some differences among age groups. Generation X was most likely to have accessed credit to make opportunistic investments and for starting a business, while, not surprisingly, Millennials have the greatest amount of student loan debt.
Mortgage and credit card balances comprise more than half of personal household debt for high-net-worth individuals overall, though, logically, Millennials have a higher exposure to student loan debt (14%) than any other generation.

**Preparing for rising interest rates**
A large majority (79%) of high-net-worth investors expected interest rates to rise this year, though so far only about a sixth (17%) have modified loans or investments to adapt to these changes. This may change as rates begin to increase. About a third of the high-net-worth individuals we surveyed plan to change allocations to fixed income investments this year to reflect rising rates, while another quarter expect to move assets to cash.

**Tax considerations are gaining in importance**
After a decline in 2014, investors’ focus on minimizing taxes returned in 2015. About two-thirds (65%) said that minimizing taxes was an investment priority, while one-third (35%) sought higher returns without regard to tax implications.

**Steady interest in social investing**
Approximately one in three high-net-worth investors either owns or is interested in owning social impact investments, about the same as in previous years. Millennials, women and those with the greatest level of wealth are most committed to this asset class.

“Financial security means an ongoing ability to have an open choice as to how one would spend the next hour, next week, next year without being constrained by financial requirements linked to providing shelter, food, etc.”

— A 2015 survey respondent
A portion of wealthy investors indicate interest in social investing. Nearly six in 10 said that the social and environmental impact of the companies they invest in is important to their investment decisions. A majority agreed that they would rather invest in companies that make a positive impact than avoid harmful ones. Most also think that they can achieve market-rate returns investing in these types of companies. Younger investors, women and the wealthiest investors are most likely to feel that investment decisions are a way to express values.

Reasons to invest in impact investments

43% My investment decisions are a way to express my social, political or environmental values.

71% I would rather invest in companies that have a positive social or environmental impact than avoid investments in companies that are harmful.

62% It is possible to achieve market-rate returns investing in companies based on their social or environmental impact.

WHAT TO CONSIDER

- If you have not reviewed your wealth plan in several years, it may be time to revisit it and have a conversation about changes in your income, business, family situation, life goals and investment portfolio — as well as changes in the market environment — that should be reflected in your strategy. This new information can help you draw a road map for achieving your objectives.

- Alternative investments like private equity, venture capital, structured products and tangible assets may enhance your portfolio’s growth potential while increasing diversification and reducing risk. If you are interested in exploring these investments, you may wish to ask your financial advisor to set up a meeting with specialists in this asset class.

- Credit can be an integral part of your wealth management strategy, enabling you to access liquidity or take advantage of market opportunities. Lending specialists can advise you on opportunities to borrow against many different types of assets, including stocks and bonds, real estate and fine art, to pursue your goals.

- If you are interested in socially responsible investments, you can talk to your advisor about how to incorporate them into your portfolio.
Please visit ustrust.com/survey for more information.
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.

Whether we are managing your portfolio, serving as trustee, or administering an estate, our focus is 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.