

UBS Investor Watch

Analyzing investor
sentiment and behavior

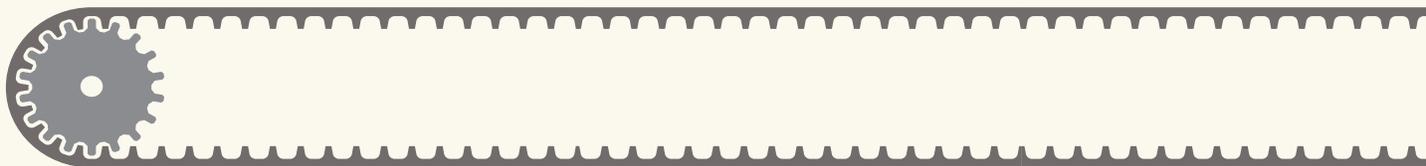
2Q 2015

When is enough... enough?

Why the wealthy can't **get off the treadmill**



The pressure to keep going



Millionaires enjoy a great deal of happiness and appreciation for what they've earned. But many feel compelled to strive for more, spurred on by their own ambition, their desire to protect their families' lifestyle and an ever-present fear of losing it all. With memories of the financial crisis still lingering, most millionaires don't have enough wealth to feel secure. As a result, many feel stuck on a treadmill, without a real sense of how much wealth would make them satisfied enough to get off.

Millionaires' constant striving comes mainly from pressure they feel to maintain the high standard of living they have established for their families, whom they value above all else. At the same time, millionaires worry this very lifestyle may be spoiling their children,



causing them to lack motivation and feel entitled. Ironically, millionaires believe they sacrificed too much time with family to get where they are, and their biggest regrets relate to mistakes they made with spouses and family members.

While millionaires have become accustomed to a more indulgent lifestyle, they still relate more to the so-called 99% than the 1%. Most millionaires came from ordinary beginnings and attribute their rise to hard work. Three-quarters grew up middle class or below, and now the same proportion feel upper middle class or above. They are concerned about growing wealth inequality and fear the opportunity they had for upward mobility is in real danger—not only for their own descendants but for all Americans.

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Millionaires feel stuck on a treadmill they can't get off...

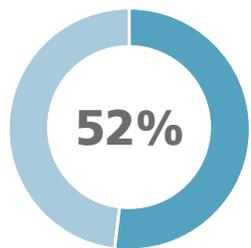
Millionaires have worked hard to achieve their success, but few are satisfied or secure enough to stop striving for more. Many millionaires, particularly those with children at home, feel pressure to keep working hard to improve or just maintain their family's lifestyle. Half of these millionaires feel stuck on a treadmill where slowing down at work would mean giving up the lifestyle to which the whole family has grown so accustomed.

Though two-thirds of millionaires say achieving financial security is the whole point of working to build wealth, only the very wealthy (those with \$5 million or more) feel they have enough to be secure. Half of millionaires with less than \$5 million—and 63% of those working with children at home—believe that one wrong move, such as a job loss or market crash, would have a major impact on their lifestyle. For individuals with at least \$5 million, only 34% feel they couldn't withstand a setback.

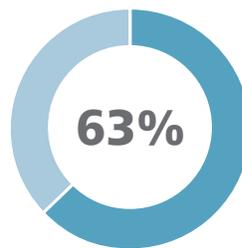
Working millionaires with children at home feel lifestyle pressure

Question: "Please indicate whether you agree or disagree with the following statements:"
(Percentages show those who strongly or somewhat agree.)

In my work, I sometimes feel stuck on a treadmill. But I can't get off without giving up my family's lifestyle



One major setback (e.g., lost job, market crash) would have a major impact on my lifestyle



“If I could get down to part-time that would be nice. But I would lose a big chunk of my paycheck. It wouldn't be feasible. I want my kids to go to the best colleges possible.”

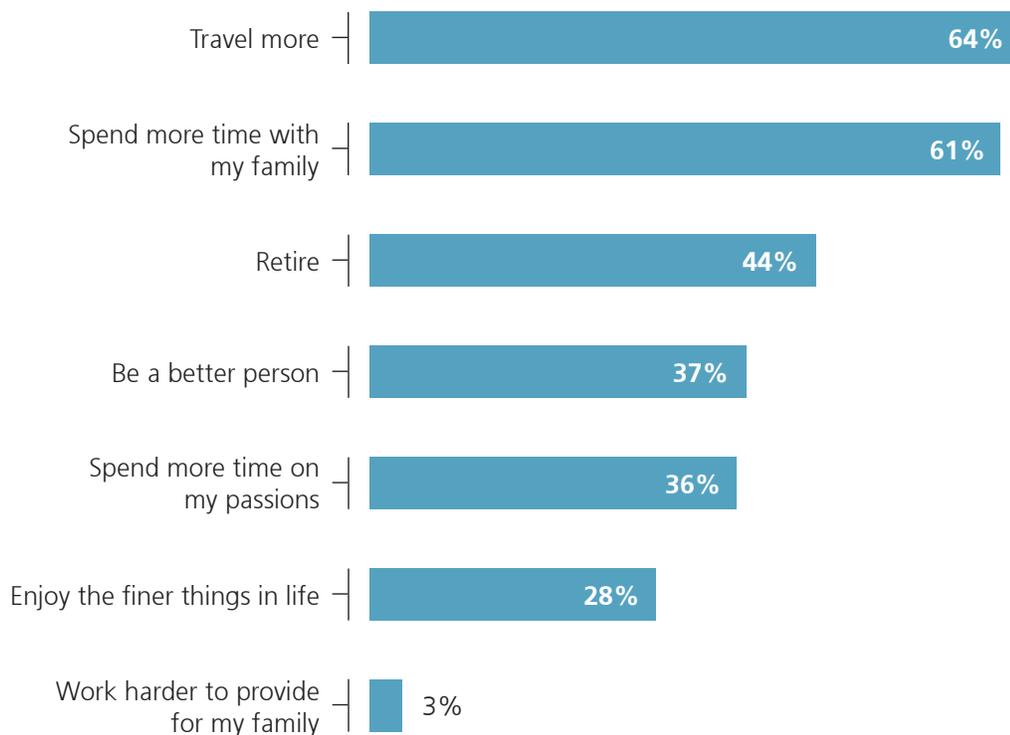
– Female, age 42, \$1 million – \$2 million

...but if they could step off, they would pursue their personal passions

If they only had five years to live, the overwhelming majority of millionaires (87%) would do things differently. As much time and energy as they spend on their careers, they would rather enjoy a wider range of experiences, such as traveling and spending time with family. They would also be more likely to take chances, since many regret not taking enough chances in the past. Ultimately, millionaires are unlikely to step off the treadmill unless faced with a major life event (e.g., a health scare, retirement).

If they only had five more years to live, millionaires would act differently

Question: "What would you do differently if you only had five more years to live?"



"I cannot do all the things that I want to do or travel to all the places I would like to go."

– Female, age 53, \$5 million – \$10 million

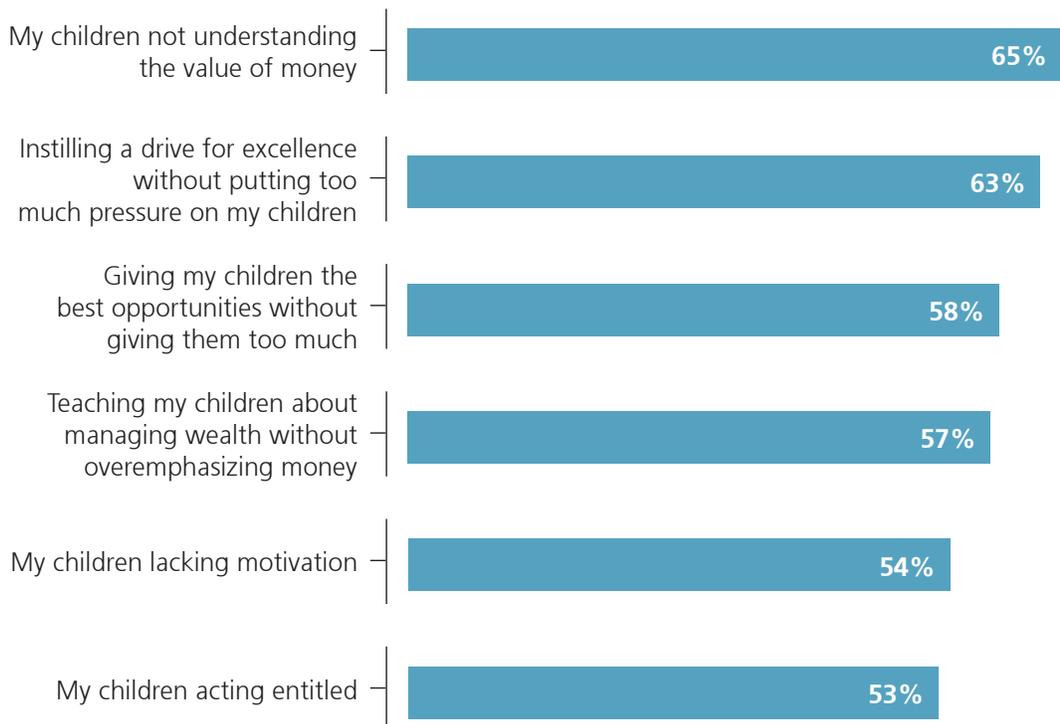
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Millionaires worry that wealth will spoil their children

Millionaires struggle to provide the best for their children while instilling the right values. Two out of three millionaires believe their children take things for granted, and most (54%) believe their children don't recognize the sacrifices they've made for them. Nearly half of millionaires believe their children fail to take full advantage of the opportunities they've been given and worry they will end up on an unstable career path.

Millionaires worry about the impact of wealth on their children

Question: "How worried are you about each of the following regarding your children?"
(Percentages show those with children at home who responded extremely worried, very worried or somewhat worried.)



“We do try to keep our son more grounded, but I’m always afraid that it’s not enough. He sometimes adopts a superior attitude to kids from families who may not be as well off.”

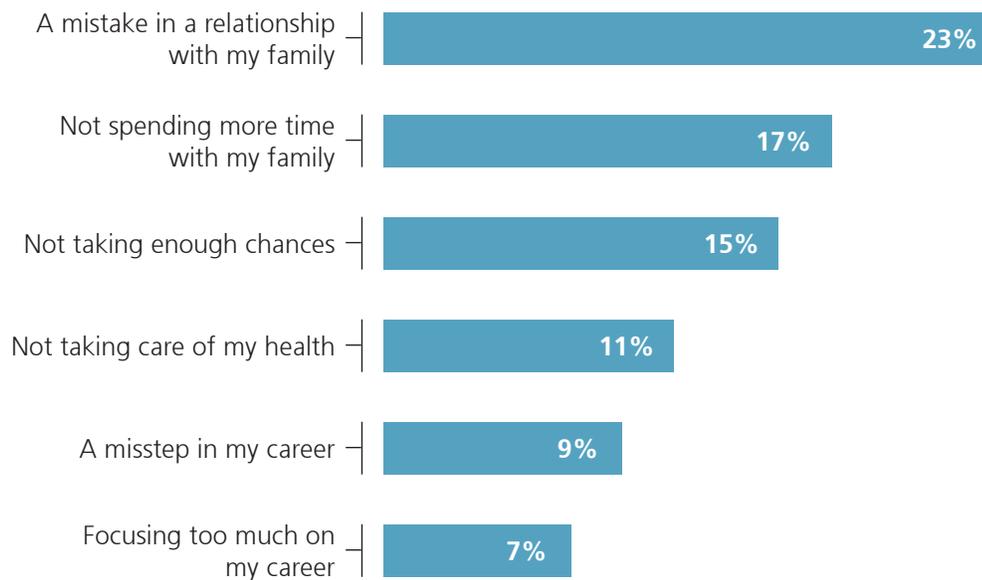
– Male, age 52, \$2 million – \$5 million

They regret relationship mistakes and not spending enough time with family

Millionaires spend a lot of time and effort working to build wealth, but in the end their biggest regrets aren't about career or money. Instead, they regret missteps in their relationships with loved ones and not spending enough time with family. While nearly two-thirds of millionaires enjoy their careers, 64% of millionaires with children feel they sacrificed time with their family in order to get where they are.

Millionaires' biggest regrets relate to family

Question: "What is your biggest regret in life?"



When asked to rank life aspirations in order of importance, family came first and career came last for millionaires. They want to be remembered for the importance they place on family and being a good person overall.

“During my middle years, I was spending too much time at work, less with family. I pushed myself too much.”

– Male, age 65, \$1 million – \$2 million

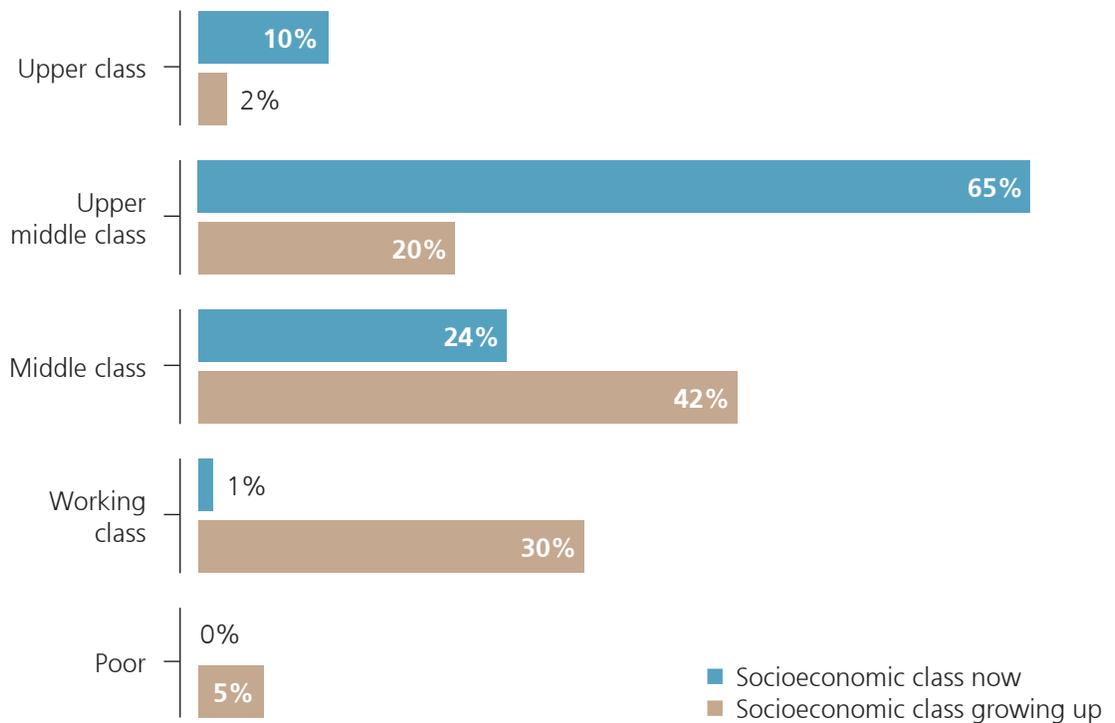
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Millionaires believe they've "made it" through hard work, rising up the ladder from humble beginnings...

Individuals with at least \$1 million in net worth feel like they've "made it" (74%). The very wealthy are even more likely to feel that way (86%). Millionaires feel they've earned their wealth, citing hard work as the single most important reason for getting where they are today. Three-quarters grew up middle class or below, but now the same proportion consider themselves either upper middle class or even upper class. The majority of millionaires (77%), and an even higher proportion of the very wealthy (86%), believe they have worked harder than the average American.

Millionaires have moved up the socioeconomic ladder

Question: "Which socioeconomic class do you consider yourself now? What socioeconomic class were you while growing up?"



Another key driver of millionaires' success seems to be education. Nearly half of millionaires with less than \$5 million have advanced degrees (master's, doctorate or professional degree). The number rises to 65% for millionaires with more than \$5 million. In contrast, only 12% of American adults have advanced degrees, according to 2014 data from the U.S. Census Bureau.

"I grew up very middle class and now have significant net worth. We live in a fairly high-end community, with a lot of very wealthy couples."

– Male, age 64, \$5 million – \$10 million

...but they are concerned about the decline of upward mobility for future generations

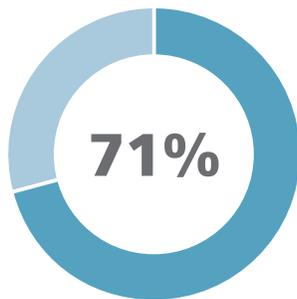
Virtually all millionaires feel fortunate for what they have and feel the average American household faces much bigger financial challenges than they do. While millionaires live far better now than they did growing up, they haven't forgotten their roots. Three out of four millionaires relate more to the so-called 99% than they do to the 1%. Even those who are technically part of the 1%* relate more to the 99%. If millionaires had more money, the thing they would be most likely to do differently is donate more.

Most millionaires are worried their grandchildren will not have the same opportunities as their children. Beyond that, they are concerned about where the country is headed for everyone. Seven out of ten feel the American dream of upward mobility through hard work is in danger, and nearly two in three are concerned about the growing wealth inequality in the country.

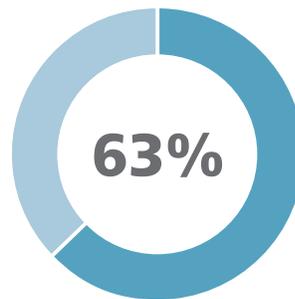
Millionaires believe the American dream is in danger

Question: "Please indicate if you agree or disagree with each of the following statements:"
(Percentages show those who strongly agree or somewhat agree.)

The American dream of upward mobility through hard work is in danger



I'm concerned by the growing wealth inequality in the U.S.



“There is wealth inequality driven by poor education and reduced job opportunities. It is much more difficult to be upwardly mobile in today’s economic environment.”

– Female, age 68, \$5 million – \$10 million

* Estimates for the 1% by net worth range from \$2.5 million to \$8 million. In this report, we are considering the 1% to be those with \$5 million or more, the approximate midpoint of those estimates.

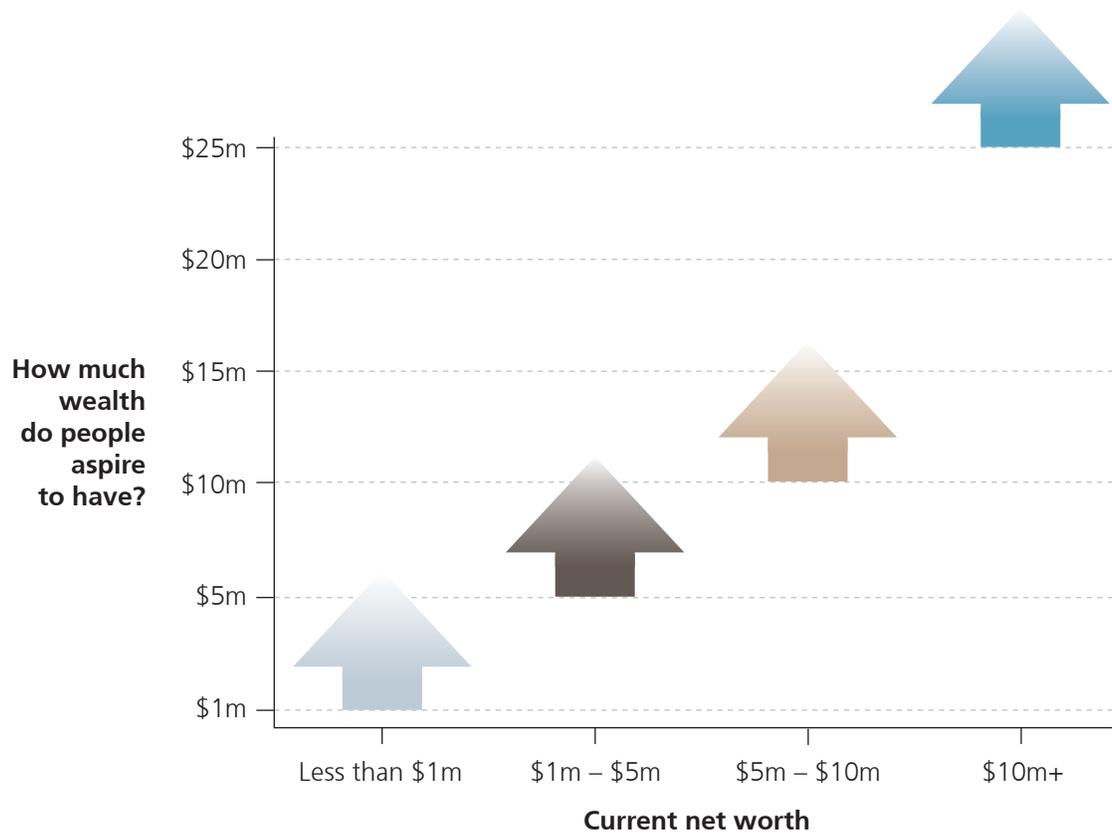
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Despite their success, millionaires keep striving for more

Satisfaction goes up as net worth increases, reaching 85% for those with \$5 million or more. But enough is not enough for many millionaires to be fully satisfied, because lifestyle expectations rise along with net worth. Fifty-eight percent of millionaires say their expectations for their standard of living have increased in the last 10 years. Those whose wealth has increased significantly during this time period are even more likely to feel their standard of living expectations have gone up (64%). As a result, the majority of millionaires want more. Those with \$1 million want \$2 million; those with \$10 million want \$25 million.

As wealth increases, so do aspirations for more

Question: "About how much wealth do you aspire to eventually have?" (Most popular answer choices shown.)



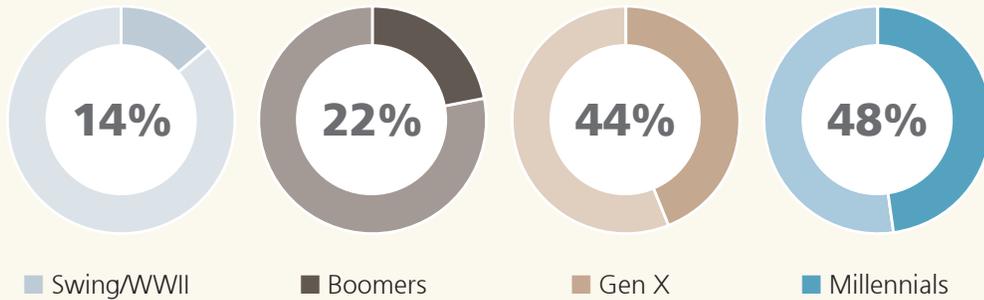
Generational spotlight

Millennial millionaires are most affected by pressure to measure up and fit in

Millennials are more insecure and conscious about how their wealth compares to that of peers (68% of Millennials vs. 53% of Baby Boomers). With so much of their peers' lifestyle and spending information available online and through social media, Millennials are most likely to say they feel pressure to "keep up with the Joneses." This sense of competition manifests itself in their career decisions and personal behavior. For example, Millennials are more likely to feel pressure to work long hours (49% of Millennials vs. 28% of Boomers). Three-quarters of Millennials have checked online for their peers' salary, career history, home price or purchases (74% for Millennials vs. 57% for Boomers).

Millennials are most likely to feel pressure to "keep up with the Joneses"

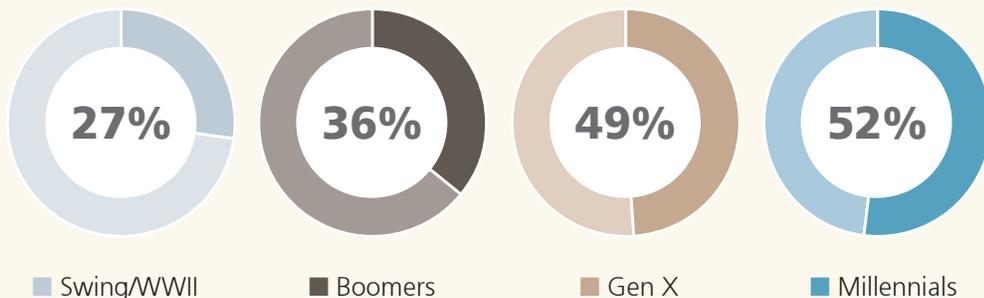
Question: "How much pressure do you feel to 'keep up with the Joneses'?" (Percentages show those who feel at least some pressure.)



Even though Millennials who are already millionaires are typically very successful, only 48% believe they've "made it." They are the least content with their wealth and most likely to fear losing it. They also worry more about not having enough wealth to live the life they want.

Millennials are most likely to fear losing their wealth

Question: "How much do you fear losing your wealth?" (Percentages show those who responded a great deal or somewhat.)



About the survey: UBS Wealth Management Americas surveys U.S. investors on a quarterly basis to keep a pulse on their needs, goals and concerns. After identifying several emerging trends in the survey data, UBS decided in 2012 to create the *UBS Investor Watch* to track, analyze and report the sentiment of affluent and high net worth investors.

UBS Investor Watch surveys cover a variety of topics, including:

- Overall financial sentiment
- Economic outlook and concerns
- Personal goals and concerns
- Key topics, like aging and retirement

For this eleventh edition of *UBS Investor Watch*, 2,215 U.S. millionaires responded to our survey from March 11 – 19, 2015. These investors have at least \$1 million in net worth, including 610 with at least \$5 million in net worth. With 90 survey respondents, we conducted qualitative follow-up interviews.

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