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to Invest

High-Net-Worth Investors: New Research Reveals Emerging Trends

OppenheimerFunds 2019 Generations Project

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The data herein is based on a study conducted by OppenheimerFunds, which commissioned CoreData research LLC to survey U.S. investors to better understand investment behaviors and attitudes across all generations, the role of family dynamics, and how advisors engage investors. Additional analytical support was provided by Zeldis Research Associates. Conducted online from January 16 through February 4, 2019, the study includes 775 investors.

Presented By



fa-mag.com



Featuring



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The Generations Project: An Evolution

This is the fourth installment of The Generations Project, a research initiative aimed at building a deep library of insights on HNW investors:



UHNW
Millennial Investors
North America

UHNW
Millennial Investors
North America

HNW
Investors and
Advisors U.S. and UK

HNW
Investors
U.S.

The Generations Project: An Evolution

This is the fourth installment of The Generations Project, a research initiative aimed at building a deep library of insights on HNW investors:

1

2016



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Camden Research
A Division of Cambridge

Proving Worth
The Values of Affluent
Millennials in North America

3

2018



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The Generations Project

Our research reveals how high-net-worth investors
are rewriting the wealth advisory rules.
Will advisors be prepared?

2

2017



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Camden Research
A Division of Cambridge

**Coming of Age: The Investment
Behaviors of Ultra-High-Net-Worth
Millennials**

4

2019



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Women, Wealth, and Families

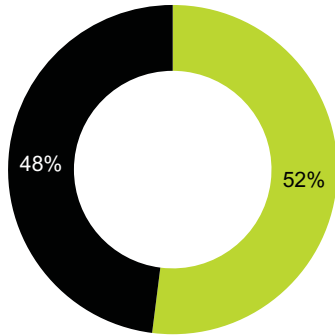
New Research Reveals What Advisors Need
to Know



Generations Project 2019 Respondent Profile

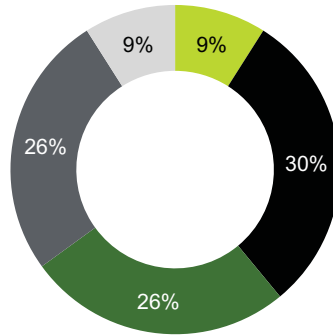
775 Respondents

Gender



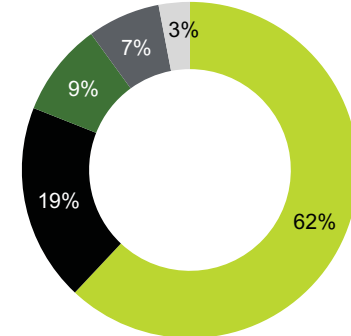
- Men (52%)
- Women (48%)

Age



- Young Millennials (9%)
- Older Millennials (30%)
- Gen X (26%)
- Baby Boomers (26%)
- Silents (9%)

Marital Status



- Married (62%)
- Living with partner (19%)
- Single (never married) (9%)
- Divorced/Separated (7%)
- Widowed (3%)

The survey was conducted from January 16th through February 4th, 2019



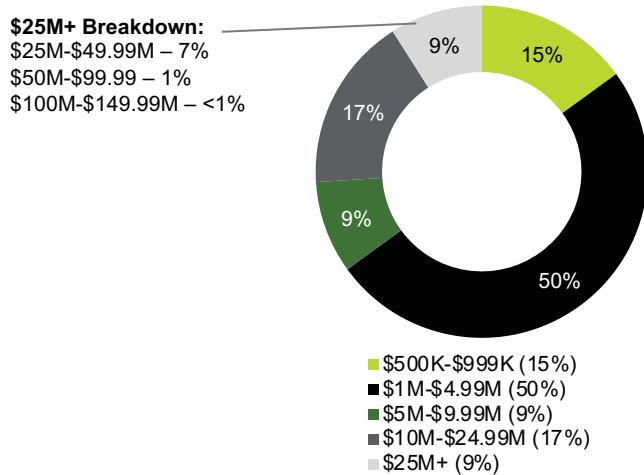
*Results may not add to 100% due to rounding



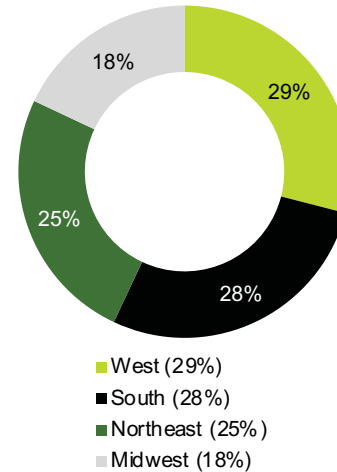
Generations Project 2019 Respondent Profile

775 Respondents

Household Investable Assets



Region



The survey was conducted from January 16th through February 4th, 2019



*Results may not add to 100% due to rounding



Agenda:

- **Five** HNW investor trends to watch
- **Four** Key insights on HNW women and the advisory relationship



HNW Investor Trends to Watch: Overview

Advisors are serving their HNW clients extremely well. Even after the recent market volatility, HNW investors are satisfied with their advisors.

Yet, our study uncovers important trends that advisors serving HNW clients should watch in order to best serve their clients.

The findings reveal that there is even more that you can do to improve your practice's longevity and your clients' financial futures.



Five HNW Investor Trends to Watch

1

HNW investors would like more – and earlier – engagement between their children and their advisors.

2

Helping HNW clients build portfolios that invest in causes near and dear to them is the next frontier.

3

One-quarter of HNW investors – including older investors – are not sure *when* they will retire.

4

Only one quarter of HNW clients have discussed tax planning with their advisor – and they feel it in their portfolios.

5

Robo advisor usage is low – even among younger HNW investors – and most HNW robo users are also working with a traditional advisor.



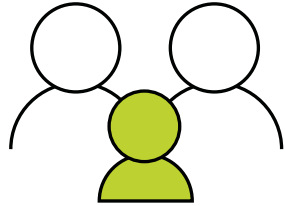
1

HNW investors want more engagement between their children and their advisors



1

The vast majority of HNW investors have kids, but only 17% of HNW parents are discussing finances with their kids



71% of HNW investors have children

...but only

17% of HNW parents are currently discussing their personal finances with their kids

% Selected.

S5. Do you have any children or grandchildren? Base: Total

Q4B. And with whom are you engaging in discussions now? Base: Have children

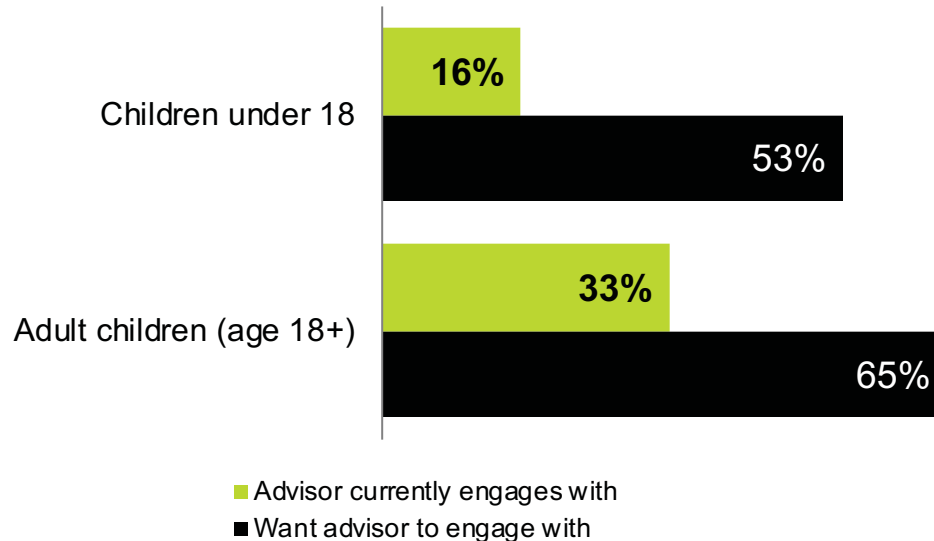


1

HNW parents would like their advisors to engage with their children more than they do today

This is true of both their younger and adult-aged children.

Current Engagement with the Family Advisor vs. Desired Engagement with the Family Advisor *(Among HNW Parents)*



% Selected.

Q23. Aside from yourself, which, if any, of the following family members does your advisor engage with? And, which, if any, of the following family members would you want your advisor to engage with, regardless of whether or not your advisor is currently engaging with the person. Base: Currently uses a financial advisor and has young/adult children



1

HNW investors want more engagement between their children and their advisors

Take-aways:

- HNW investors are not engaging their children in conversations about money
- Establishing relationships with your HNW clients' children can ensure the continuity of service

Practical Guidance:

- Advise your clients on the benefits of discussing personal finances with their children
- Provide your clients with tools on how to talk about money with their children
- Discuss with your clients when and how they would like you to engage with their children
- Offer to facilitate family conversations about personal finance



2

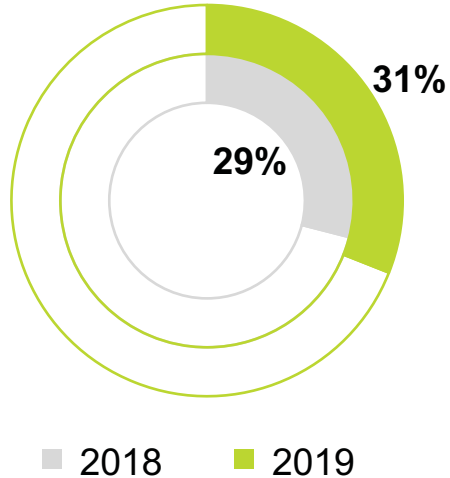
HNW clients need more help investing in causes that are near and dear to them



2

Similar to 2018, nearly one-third own sustainable investments and on average, these investments make up 47% of their portfolios

Currently Invested in Sustainable Investments



Proportion of Personal Investment Portfolio Comprised of Sustainable Investments

2018

43%

Average

2019

47%

Average

(Among those who own sustainable investments and know how much they own)

% Selected.

Q30. Which, if any, of the following investment categories are you currently invested in? Please select all that apply. Base: Total

Q31. What percent of your personal investment portfolio by investable assets is comprised of sustainable investments (i.e., socially responsible (SRI), Impact, Environmental and Social Governance (ESG), etc.)? Base: Invested in sustainable investments



2

Just one-fifth who work with advisors believe their portfolios are set up extremely well to invest in causes they believe in

In comparison, around half or more think their portfolios are designed extremely well to reach their long-term financial goals and achieve a diversified portfolio of investments

“My investment portfolio is designed extremely well to...”

% who work with an advisor:

Invest in causes I believe in
6th (Last)

22%

Reach my long-term financial goals
1st

57%

Achieve a diversified portfolio of investments
2nd

47%

% Selected.

Q35. How well do you believe your investment portfolio is designed to do each of the following things?

Base: Work with an advisor and have investment portfolio



2

HNW clients need more help investing in causes that are near and dear to them

Take-aways:

- HNW clients may need help designing their portfolios around their beliefs and values
- This is an opportunity for advisors to know clients on a deeper level – their values, beliefs, priorities

Practical Guidance:

- Develop a strategy to dig deeper into what your clients value
- Look for opportunities to align client values with investment decisions and incorporate client values into investment policies when constructing their portfolios
- Consider studying up on sustainable investing if you are not as familiar with it



3

One-quarter of HNW investors – including older investors – are not sure *when* they will retire.



3

One-quarter of HNW investors are not sure when they will retire – this is even true among older HNW investors

24% of non-retired HNW Investors don't know when they will retire full-time



* Small base

% Selected.

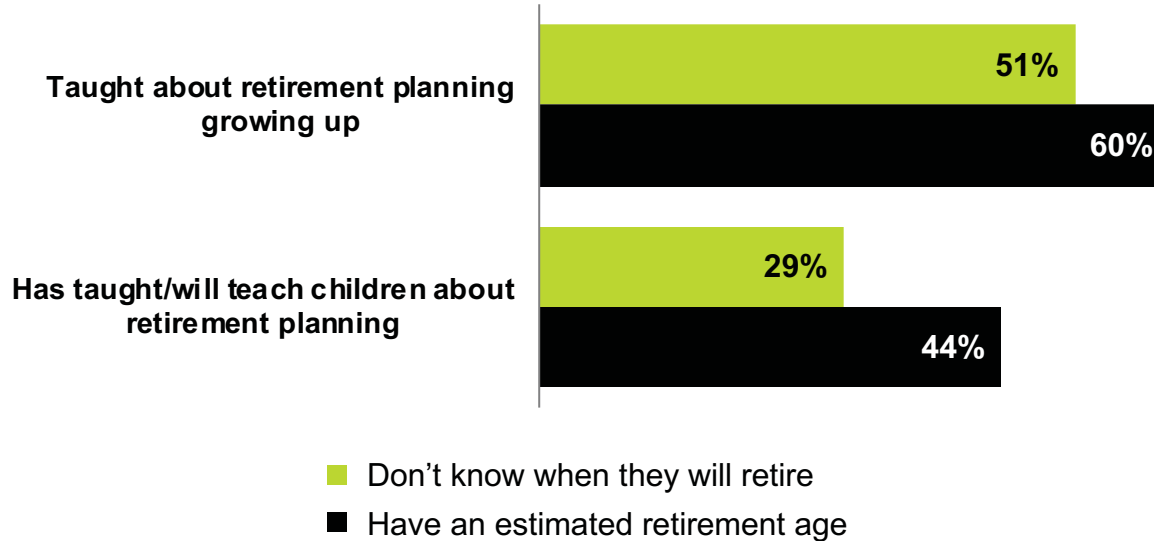
D3. At what age do you personally plan to retire full-time (i.e. stop working for pay)? Please choose from the drop down list below. If Not Fully Retired (Millennials: n=303. Gen X n=199. Boomers n=129. Silent Generation n=26.)



3

Those unsure of when they'll retire are less likely to have received an early education on retirement – and more likely to perpetuate the issue

Connection between education and retirement planning



% Selected.

Q9. Which, if any, of the following financial concepts were taught to you by your parents or third parties? And which ones have you taught or plan to teach to your children (% selected either: taught by parents/grandparents OR a third party) Base: Total / Parents



3

One-quarter of HNWI investors are not sure when they'll retire

Take-aways:

- A faction of HNWI investors have focused on saving for retirement – but not the “how” and “when”
- This group is less likely to have been educated on retirement planning – and less likely to educate their children about it

Practical Guidance:

- Check in with clients who are at or nearing retirement age to see if they have a plan and how you can help - including details on the “how” and “when” if needed
- Instill the value of an early education on retirement planning so that your clients' children are more prepared



4

Only one quarter of HNW clients have discussed tax planning with their advisor – and they feel it in their portfolios.



4

Few HNW investors have discussed tax planning with their advisor

Have Discussed Tax Planning with an Advisor

% who work with an advisor:

24%

19% of those who don't know when they will retire

vs.

27% of those who know when they plan to retire



4

Just a third of HNW investors with an advisor believe their portfolios are extremely well designed to optimize tax savings

“My investment portfolio is designed extremely well to...”

Reach my long-term financial goals	57%
Achieve a diversified portfolio of investments	47%
Manage my risk exposure	39%
Optimize for tax savings	35%
Reach my short-term financial goals	35%
Invest my money in causes I believe in	22%

% who work with an advisor:

% Selected.

Q35. How well do you believe your investment portfolio is designed to do each of the following things? Please use a scale from 0 to 10, where 0 means you believe your investment portfolio is not designed to do the activity well at all and 10 means you believe your investment portfolio is designed to do the activity extremely well. Base: Works with a financial advisor and has investment portfolio



4

Three-quarters have never discussed tax planning with their advisor

Take-aways:

- Only one in three believe their portfolios are optimizing potential tax savings
- Despite the recent tax reform, tax planning is not a topic that most HNW clients have discussed with their advisors

Practical Guidance:

- For advisors who have articulated a value proposition that includes other services like tax planning, be sure to follow through on it.
- For those who don't provide these types of services, consider creating strategic alliances to expand your network of expertise
- Engage HNW clients in conversations around tax planning – and how taxes may impact their financial goals and overall finances



5

Robo-advisors are not stealing HNW clients any time soon

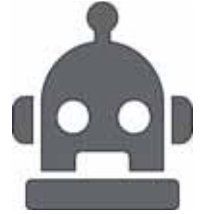
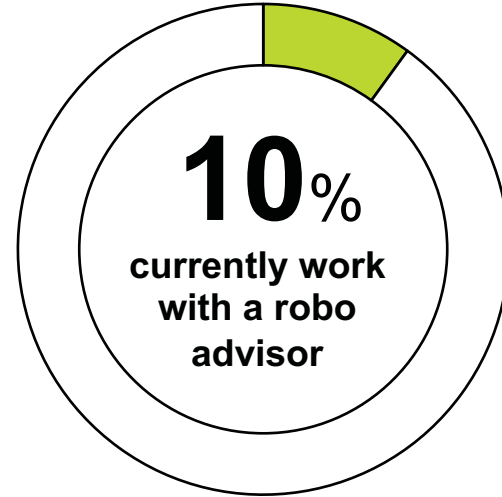


5

Few HNW investors work with robo advisors – and when they do, it is frequently in conjunction with a financial advisor



...but only



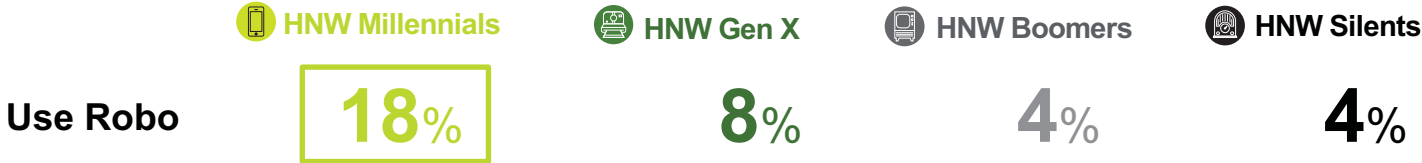
Among the 10% who are working with a robo, two-thirds are also working with a financial advisor – this leaves 3.5% of HNW investors who are using a robo *without* an advisor.



5

Even HNW Millennials who use robos are typically using them alongside financial advisors, rather than on their own

Use a Robo Advisor: By Generation



Among the 18% of **HNW Millennials** who are using a robo-advisor, 60% also use a financial advisor



5

Robo-advisors are not stealing HNW clients any time soon

Take-aways:

- HNW investors are not replacing advisors with robos (in their current form) anytime soon
- While robos may not be stealing clients, they are stealing assets
- This is just the first generation of robo-advisors. Future innovation may make robos more of a threat
- HNW clients may be using a robo advisor in tandem with their advisors

Practical Guidance:

- Talk with your HNW clients about if – and how – they are using robo advisors
- Understand and discuss how you can leverage robos together



Q&A



Appendix



Defining the Generations



	Younger Millennials	Older Millennials	Generation X (Gen X)	Baby Boomers (Boomers)	The Silent Generation (Silents)
Birthdate	1988-1996	1981-1987	1965-1980	1946-1964	1928-1945
Age Range	23-31	32-38	39-54	55-73	74-91
U.S. Population	82M		60M	80M	75M
Global Population	2B		1.5B	1.1B	300M

1. Chart Source: Lancaster, L., and D. Stillman, 2014. BridgeWorks BridgeBuilder Manual (Training Certification) BridgeWorks, Minneapolis, MN. via IMCA research Why Financial Advisors Should Learn About Generations.

2. Source: New Kids on the Block - Millennials & Centennials Primer August 30, 2016 (Sarbjit Nahal of Bank of America Merrill Lynch).



Methodology

This is the fourth annual high-net-worth study conducted by OppenheimerFunds, which commissioned CoreData Research to survey U.S. investors to better understand investment behaviors and attitudes across all generations, the role of family dynamics, and how advisors engage investors. Additional analytical support was provided by Zeldis Research Associates.

This year's findings include a special focus on HNW women.

Conducted online from January 16 through February 4, 2019, the study includes 775 investors. The minimum net investable assets to qualify for the study was \$500,000 for Millennials and \$1 million for all other investors.





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