

# Many Wealthy Americans Have Done Nothing to Protect Assets and Are Worried About Financial Security, Family Values, According to Largest Study of Its Kind Released Today

## PNC Advisors Survey Finds that Wealth Brings Complication, Added Responsibilities

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Many of America's wealthiest individuals have not taken basic steps to protect their assets, leaving their legacy and the financial security of their families to chance, according to the findings of a study released today by PNC Advisors, one of the largest and oldest wealth management firms in the nation. The nationwide survey on attitudes about wealth among high net worth individuals found that with wealth comes added complications, including concerns that children will grow up spoiled, pressure to meet philanthropic obligations, anxiety over appropriate care for older parents -- even uncertainty about future financial security -- all made worse by lack of planning and poor communication.

The nationwide survey of 792 affluent (1) American adults, including nearly 500 high net worth individuals with more than \$1 million in investable assets, found that:

- A surprising number of people with \$10 million or more in investable assets have done nothing to protect their assets. More than one-third (37 percent) of them do not have a will or healthcare proxy; they do not have a trust, despite its importance to privacy and wealth transfer, and they have not named a trustee or administrator for their estate. The excuse cited by 56 percent of all respondents who do not have a will is procrastination. Twelve percent said they did not want to confront their own mortality and 5 percent did not feel they had enough money to justify a will.
- Fewer than half (46 percent) of survey respondents say that they have become happier as they have accumulated more money. Nearly one third (29 percent) of respondents with more than \$10 million in investable assets agree that having a lot of money brings more problems than it solves, and 33 percent agree that having enough money is a constant worry in their life.
- Half (49 percent) of survey respondents with children at home worry that their kids will grow up feeling "entitled" and nearly as many (44 percent) believe their children are spoiled. While nine out of 10 respondents with children agree that it is important for children to learn the value of money through hard work, half (50 percent) of these respondents say they do not believe kids today know the true value of a dollar. Only one third (29 percent) of respondents encourage their children to take after school jobs. Seventeen percent of survey respondents have done none of the most common activities to teach their kids about money, hard work or giving.
- More than half (53 percent) of survey respondents feel obligated to share the family's wealth with charitable causes, but the wealthiest are concerned about the details of their giving. Among people with \$10 million or more, one-third (28 percent) said that deciding which financial charity to donate to was one of their top three financial worries.

"Wealthy families are finding that money can bring unexpected challenges along with the obvious rewards, and each generation faces a new set of issues and dynamics," said Joan Gulley, chief executive officer of PNC Advisors, the wealth management unit of The PNC Financial Services Group. "This survey confirms

our experience that affluent individuals need far more than investment advice; they want to manage the impact of money on their personal relationships and establish a legacy of which their family can be proud."

The survey findings paint a picture of high net worth individuals and families who, despite their wealth, are troubled by financial matters and need to work to address them.

- While having money today makes life less stressful, increased longevity has created new anxieties about financial security in the future. Approximately one in five (19 percent) respondents with \$10 million in investable assets and 21 percent of those with assets from \$1 million to \$4.9 million worry that they will not have enough money to support the lifestyle they want to have in retirement.
- When asked how much they needed to feel financially secure in the future, respondents consistently cited a need to approximately double their current level of assets. Those with \$10 million or more felt they needed a median of \$18.1 million; those with \$5 million or more needed \$10.4 million, and those with a half million to \$1 million said they needed \$2.4 million.

When it comes to communication, however, the survey found that the more money one has, the less likely one is to discuss it or deal with its implications.

- Many of American's richest individuals are not communicating their plans, even with those closest to them. More than half (58 percent) of survey respondents have never discussed the transfer of wealth with family members, and one in five (23 percent) who have plans feel no need to discuss them. More than one in 10 (14 percent) said they never even thought to have the discussion.
- The wealthy are worried about Mom and Dad, but avoid talking about it. One third (37 percent) of respondents overall, and a full 61 percent of those with \$10 million or more, said that planning for the care of older relatives is a top financial goal for their family. In addition, they are concerned about the financial plans of older parents. One third (36 percent) of ultra high net worth respondents with living parents, those with \$5 million or more in investable assets, say they are greatly or moderately concerned about the quality of their parents' estate planning. In spite of concerns, less than half (43 percent) of these respondents have had thorough discussions of their parents' financial situation. Only 4 percent said they intend to ever have these discussions with parents in the future.

"When money is a taboo subject that people prefer to avoid discussing, even with those closest to them, the burdens of wealth become that much greater to bear," added Gulley. "Planning ahead, making difficult decisions, talking about money and leaving clear instructions are the best ways to ensure long-term family wealth, while fear and procrastination are the enemies of that legacy."

PNC Advisors commissioned the survey to identify attitudes about wealth among high net worth individuals, how it affects their lives, and their needs in managing wealth. The survey was conducted in November 2004 by HNWI, Inc., a leading provider of wealth marketing software and solutions to financial services companies and intermediaries seeking to capture and serve the high net worth market. The results for the overall sample have a sampling error of plus or minus 4 percentage points.

PNC Advisors, a member of The PNC Financial Services Group, Inc. (NYSE: PNC), is one of the nation's largest wealth managers, providing services and advice to affluent individuals and families, including full-service brokerage through Hilliard Lyons. In addition the Hawthorn division advises ultra high net worth families. The roots of PNC Advisors date back more than 150 years to two of the nation's oldest and largest investment management and trust companies.

(1) Note: All respondents have at least \$500,000 in assets, including retirement accounts. The asset breaks above \$1,000,000 all exclude retirement accounts. 478 respondents had investable assets of \$1 million or more and 148 had investable assets of \$5 million or more. All respondents were screened for minimum household incomes of \$150,000, except for retirees with investable assets over \$1 million.

SOURCE: The PNC Financial Services Group, Inc.

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