



Men & Wealth

SUMMARY OF KEY FINDINGS

GENSPRINGSM
FAMILY OFFICES

Introduction

Despite increased market volatility, potential instability in the global markets, and threats of inflation and recession, the age of affluence in the United States is upon us. The number of affluent families around the world continues to grow—there are approximately 8.7 million families globally with a net worth of \$1 million or greater. Combined, these families have assets totaling \$33.2 trillion, or one-third of the world's wealth. In the United States, an estimated 2.7 million families have a net worth of \$10 million or more.¹ Of these, 34,800 families have a net worth of \$25 million or greater.² Further, over the next few decades, an unprecedented transfer of wealth—estimated at between \$41–136 trillion—will transition from one generation to the next in the United States.³

Men play a central role in the decision making for most affluent families, and understanding their views, attitudes, and practices may help us better understand their intentions for their family's wealth. How families handle their decisions around wealth will significantly impact how this wealth is viewed, used, reserved, and passed on to future generations.

GenSpring Family Offices (GenSpring) is committed to exploring and understanding the views, needs, and intentions of enterprising families as they manage their wealth. In 2006, GenSpring conducted a study on Women & Wealth,

engaging over 100 affluent women to establish a better understanding of their views, attitudes, perceptions, wealth transfer intentions, and practices around managing their wealth. Deeper insights into women's concerns, areas of interest for further knowledge, perceptions of involvement and decision making, and hopes and dreams for the next generation of heirs were revealed.

In 2007, GenSpring followed this seminal study with the Men & Wealth study, which largely replicated the methodology of the women's study. The following presents a Summary of Key Findings, which reveals some of the insights shared from over 100 affluent men.

This Summary of Key Findings is intended to share highlights from the Men & Wealth Study gleaned from the affluent men who volunteered their time to participate in this study. A sincere thank you is extended to all the men who contributed to the findings presented herein.

Please contact GenSpring's Innovation & Learning Center at 1-800-338-3559 if you are interested in receiving either the full Report of Findings, which details the findings from the Men & Wealth study.

¹ Capgemini 2006 World Wealth Report 10th Anniversary. 1997-2006. (Available from Capgemini, visit www.capgemini.com/resources/thought_leadership/2006_world_wealth_report/ to download a copy of the report.)

² Global Trends in the Ultra-High-Net-Worth Segment. November 2006. VIP Forum; Corporate Executive Board.

³ Havens, J. & Schervish, P. 1999, "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy." Social Welfare Research Institute, Boston College.

Study Background

The Men & Wealth Study is a comprehensive research study conducted to explore men's views, attitudes, perceptions, practices, and wealth transfer intentions. The goal of this research is to create a better foundation of knowledge of what truly influences how men manage and think about their wealth. GenSpring Family Offices was the sole sponsor of this study.

Methodology

The Men & Wealth Study involved both quantitative and qualitative research. The first stage of this study was an online survey. A total of 681 men from across the United States were invited to participate, with a total of 103 men completing the survey, a 15% response rate. The 103 respondents represent almost equal proportions of GenSpring clients (53%, or 55 men) and non-GenSpring clients, (47%, or 48 men).

The survey examined men's behavior, attitudes, perceptions, and opinions regarding wealth management and their wealth advisors. The sampling strategy was to include a cross-section of adult men (18 years old or over) with a minimum of \$1 million in net worth or who are potential inheritors of significant wealth. Ninety-seven percent of the participants had a net worth of at least \$1 million, and 60% had a net worth between \$1 million and \$100 million. Three percent of the men having less than \$1 million in net worth were retained in the data as the respondents indicated in the survey that they were raised in upper-middle class households and it is presumed that they stand to inherit and/or earn substantial wealth. Safeguards were in place to ensure anonymity of all respondents for the survey. Confidential and randomized user names and passwords were also used for each participant and all survey data was reported in aggregate.

The second stage of the research included in-depth interviews and a focus group conducted by Kirby Rosplock, PhD, Director of Research & Development at GenSpring. In total 18% volunteered to participate in the qualitative

portion of the study. A total of eight in-depth interviews were conducted exploring select topics from the survey. Eleven men participated in the focus group, which addressed attitudes and perceptions of wealth. The study was conducted in accordance with GenSpring's Privacy Policy.

Significant findings are highlighted in blue or are called out in text boxes throughout the Key Findings.

Various quotes from the respondents are called out in text boxes throughout the Key Findings.



The principal researcher of this study was Kirby Rosplock, PhD, Director of Research & Development at GenSpring Family Offices.

Dr. Rosplock leads the corporate research efforts at GenSpring and is involved in the development of resources and tools to aid affluent families. She is a member of an enterprising family and is a co-trustee of her family's foundation. Her personal experiences growing up in an affluent family with multiple family businesses compliments her professional experience of advising and working with families of wealth.

Dr. Rosplock has an MBA from Marquette University and a PhD in Organizational Systems from Saybrook Graduate School.

For further information on this research study, please contact:

Kirby Rosplock, PhD
Director of Research & Development
GenSpring Family Offices, LLC
(561) 354-0863 or Kirby.Rosplock@GenSpring.com

Demographics

The men who participated in this study represent a good cross-section of affluent men, varying in age, education, and net worth. Men ranged in age from 18 to over 75 years of age, with most between 36 and 65 (80%) (See Figure 1). Most men had a college education (95%), however, the level of education varied between a BS/BA (36%), MBA (35%), or PhD or other advanced degree (20%) (See Figure 2).

The estimated combined net worth of these men's households is \$1.6 billion.

Figure 1: What age range do you fall in?

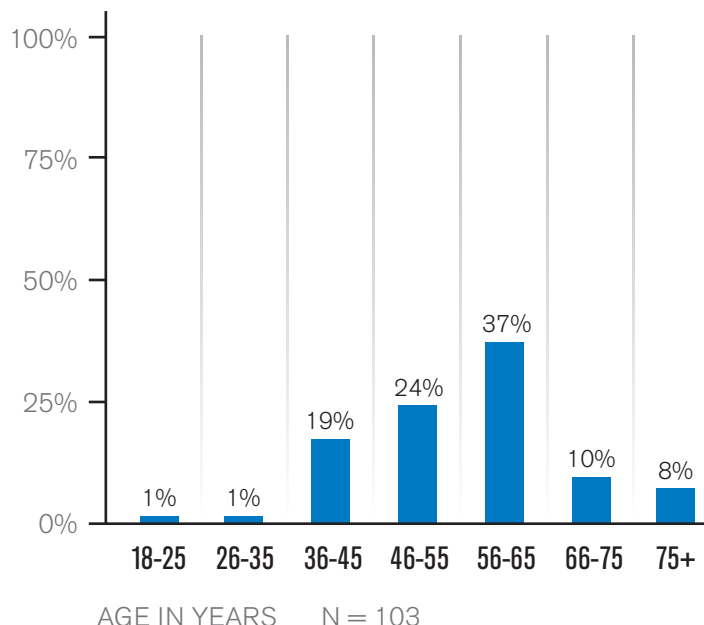
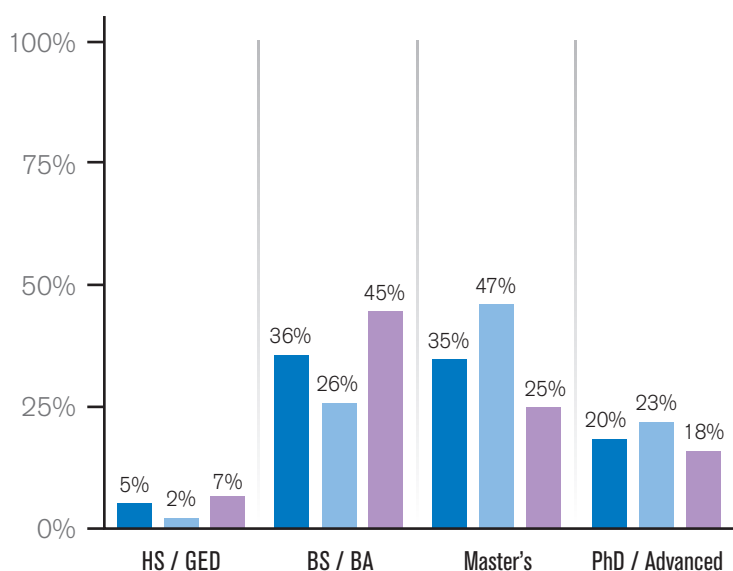


Figure 2: Please indicate the highest level of education you have achieved:

- TOTAL
- AGE 55 OR UNDER
- AGE 56 OR OVER



EDUCATION BY AGE
 N = 103
 55 or Under N = 47
 56 or Over N = 56

Who participated?

The men who participated in this study tended to be educated, in their late 50s, and married with two or three children.

They are more often employed full-time, usually in finance or other professional service industry. Their average household net worth is \$16.5 million, usually derived from personal employment or business, with just one-fourth inherited from family.

More often than not, the men were raised in an upper-middle or middle-class home, having married parents and two siblings.

In terms of their net worth, the men fell into one of three main groups—under \$10 million (37%), \$10 million to under \$25 million (30%), or over \$25 million (33%) (See Figure 3). More often than not, men’s wealth was earned (60%) rather than inherited (28%), although their net worth was derived from numerous sources (See Figure 4).

Employment is very important, as most men (64%) were working, usually full-time (54%). Those who were not employed were usually over 55 years of age (See Figure 5). Most men were raised in a middle or upper-middle class household (73%) with married parents (86%). Their fathers usually worked (99%) and worked full-time (73%). Over half of the men (57%) indicated that their mothers did not work.

Figure 3: What would you estimate your household net worth to be?

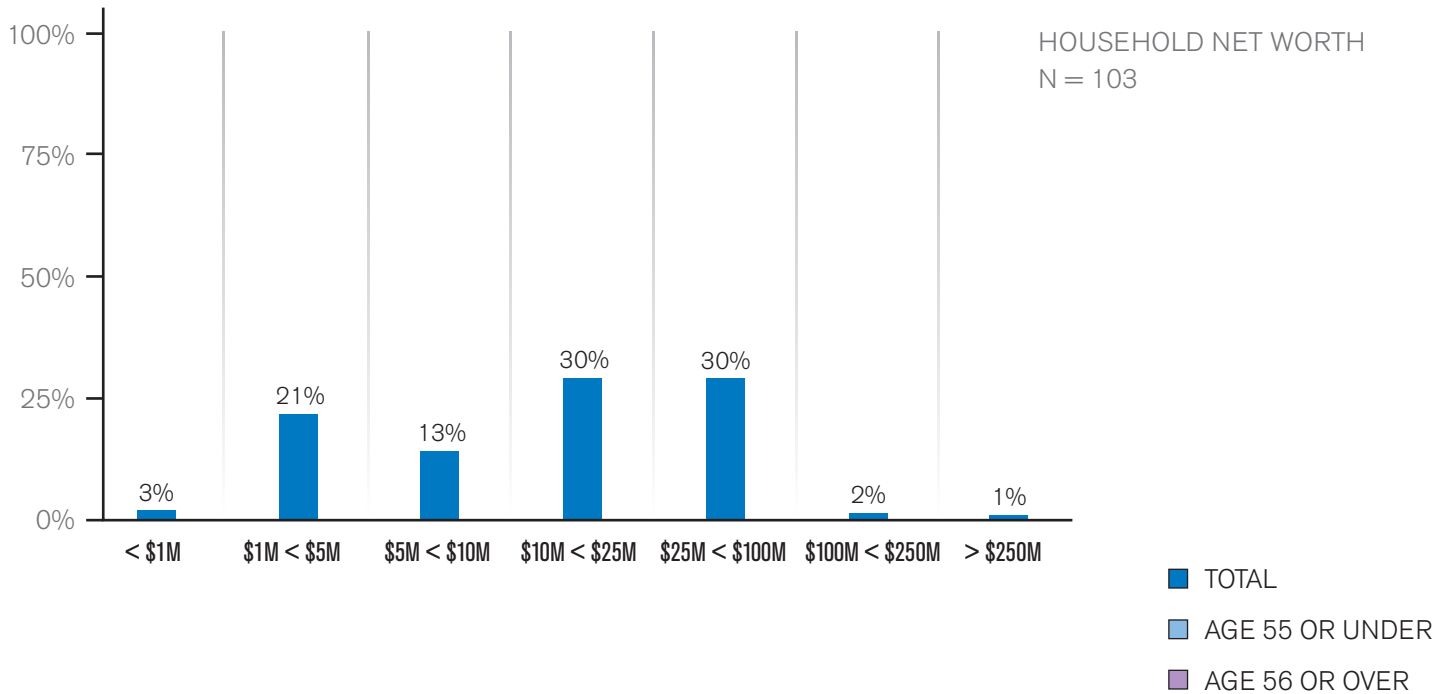
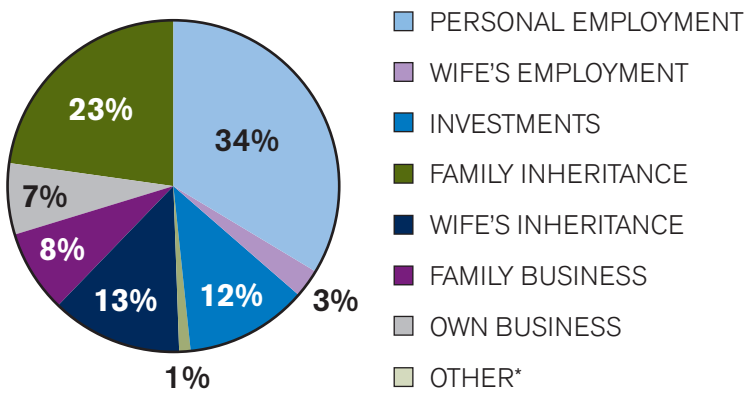


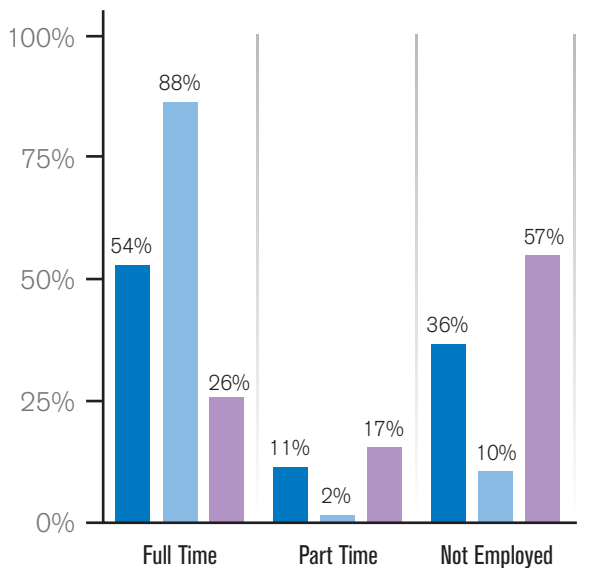
Figure 4: What percentage of your wealth would you estimate comes from the following?



N = 103

*"Other" includes: defined contribution plans, stock options, lawsuit, windfall from lottery, and wife's real estate holdings.

Figure 5: I am currently employed:



EMPLOYMENT TYPE BY AGE N = 95 (excludes those in the family business or "other") 55 or Under N = 42 / 56 or Over N = 53

Awareness, Involvement & Decision Making

Men have a high level of involvement in managing their wealth. Most men feel in control (90%), they understand their family investment strategy (87%), and they are actively involved with the management of their wealth (80%). Fewer men, although still a large majority, agree their wealth affairs are in order (75%) and they have clearly articulated goals for their wealth (70%) (See Figure 6).

Most men (81%) consider themselves to be more involved in managing wealth than their spouse. Further, most men (68%) feel they are more interested in management of their wealth than their spouse (See Figure 6). Men perceive that this lesser involvement could be due not only to a lack of spousal interest, but also a lack of knowledge (or comfort level) or a feeling of security that the family wealth is already well handled.

Men track their wealth like a game. Focus group respondents offered that men track their wealth in different ways, with approximately half of participants agreeing they “keep score.” By “keeping score” men referred to studying financial statements, looking at relative benchmarks, and determining how the overall markets are doing relative to their performance.

Seventy-six percent of men feel they make the majority of the wealth decisions. Spouses do have a role in the wealth decisions, as 66% of men work with their spouses when making wealth decisions. Less than half of respondents (44%) feel they make the majority of the daily household decisions.

Figure 6: Please rate the following statements using a seven-point scale, where “1” means “Strongly Disagree” and “7” means “Strongly Agree.”

	STRONGLY DISAGREE					STRONGLY AGREE		MEAN
	1	2	3	4	5	6	7	
I have control over my wealth	0%	1%	5%	4%	24%	23%	43%	5.92
I understand the investment strategy for my family	0%	2%	4%	7%	18%	32%	37%	5.85
I am actively involved with the management of my wealth	0%	3%	3%	15%	13%	28%	39%	5.77
My wealth management affairs are in order	0%	2%	7%	17%	24%	28%	22%	5.37
I have clearly articulated goals for my wealth	0%	4%	9%	18%	22%	22%	24%	5.23
I am more involved with wealth management issues than my wife / significant other	2%	4%	5%	7%	12%	16%	54%	5.85
I am more interested with wealth management issues than my wife / significant other	8%	5%	2%	17%	16%	17%	36%	5.20

N = 115

PERCENTAGE WHO GAVE EACH RATING

Attitudes & Influences Toward Wealth

Men are generally proud of the wealth they and their families have acquired. This sense of pride is more often found among men who have primarily earned their wealth compared to those who primarily inherited wealth (88% versus 65%, respectively). While men are proud, many (62%) prefer that others remain unaware of their wealth. Few men feel they are at risk of being taken advantage of due to their wealth (19%). Instead, men in the focus group indicated the less affluent are more at risk, as they likely have limited resources and less education to “fight the battle.”

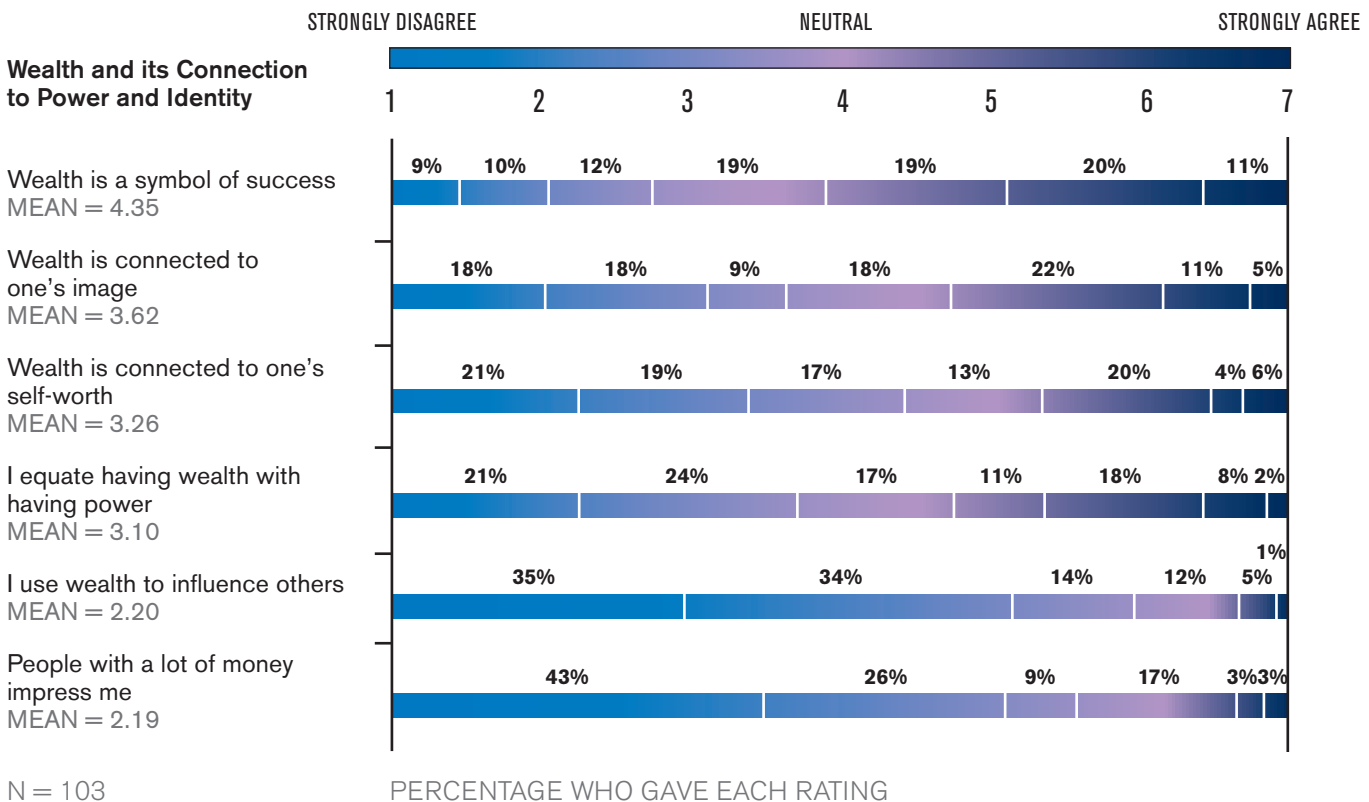
Men are not impressed by those with a lot of money, although they differ on whether wealth is a symbol of success. While 50% of men agree that wealth is a symbol of success, 31% disagree. Men are more impressed with how wealth was earned and how it is used (See Figure 7).

Wealth does not equate to power, nor does their wealth define them. A minority feel wealth is associated with power (28%) or is connected to a person’s image (38%) or self-worth (30%) (See Figure 7). Focus group insight suggests that a person is instead defined by their behavior or their treatment of others. One focus group member shared...

“That is an interesting paradox. Who do you think more of...Mother Theresa or Bill Gates? One has wealth and the other doesn't.”

Eighty-three percent of men disagreed that they use wealth to influence others. Although some men perceived using wealth to influence others as being negative, men in the focus group discussed that wealth can be used to influence others positively, such as advancing philanthropic causes or promoting a positive change in society.

Figure 7: Please rate the following statements using a seven-point scale, where “1” means “Strongly Disagree” and “7” means “Strongly Agree.”



Nearly all men (94%) agree it is important to take care of their family's financial needs. This opinion is common among all men regardless of age, total assets, source of wealth, or age of children.

Men generally feel financially secure, with most (79%) feeling that they have enough wealth to sustain their needs. Financial security is correlated to level of assets, as men with higher assets (\$10 million or more) are more likely to agree they “have enough” compared to those with lower assets (97% versus 47%, respectively).

Although some men are concerned about losing their wealth (44%), their concern is not attributed to over-spending or macroeconomic issues. Few agree that they (20%), their wife (19%), or their family (23%) spend too much. Focus group results find instead these men may feel they spend too little.

When asked “what keeps them awake at night,” men in the telephone interviews rarely mentioned concerns for global or geopolitical instability or other macro-economic issues or risks. Instead, men’s concerns more often surround their children’s ability and/or preparedness to manage their wealth. Over half (56%) express concern for their children’s ability to manage their wealth, and 56% of fathers do not agree that their children are prepared to do so. However, few men (33%) show concern for their children’s behavior related to wealth or their materialistic values. This could be attributable to insufficient communication about wealth and wealth transfer intentions. One-third of men (34%) show less concern in the ability of their spouse to manage the family wealth should men predecease them, although concern is higher among men over 55 (44%) compared to those 55 and under (20%) (See Figure 8).

Figure 8: Please rate the following individual statements pertaining to your Family of Origin or Current Family using a seven-point scale, where “1” means “Strongly Disagree” and “7” means “Strongly Agree.”

	Current Family Mean	Current Family Top 3 Box	Current Family N
It is important to take care of my family financial needs	6.42	94%	102
I am concerned about my children’s ability to manage their wealth	4.44	56%	90
My children are prepared to manage their wealth	4.17	44%	87
If I predecease my wife/significant other, I am concerned about their ability to manage the family wealth	3.66	34%	98
I am concerned about my wife’s/significant other’s ability to manage their wealth	3.59	40%	97
I am concerned by the material values that are expressed by my children	3.43	33%	90
When it comes to money, I am concerned by the behavior of one or more of my children	3.33	33%	87

Family Values

Men's values and attitudes toward wealth are most often influenced by their parents together or their father alone. Few mention their mother as a primary influence.

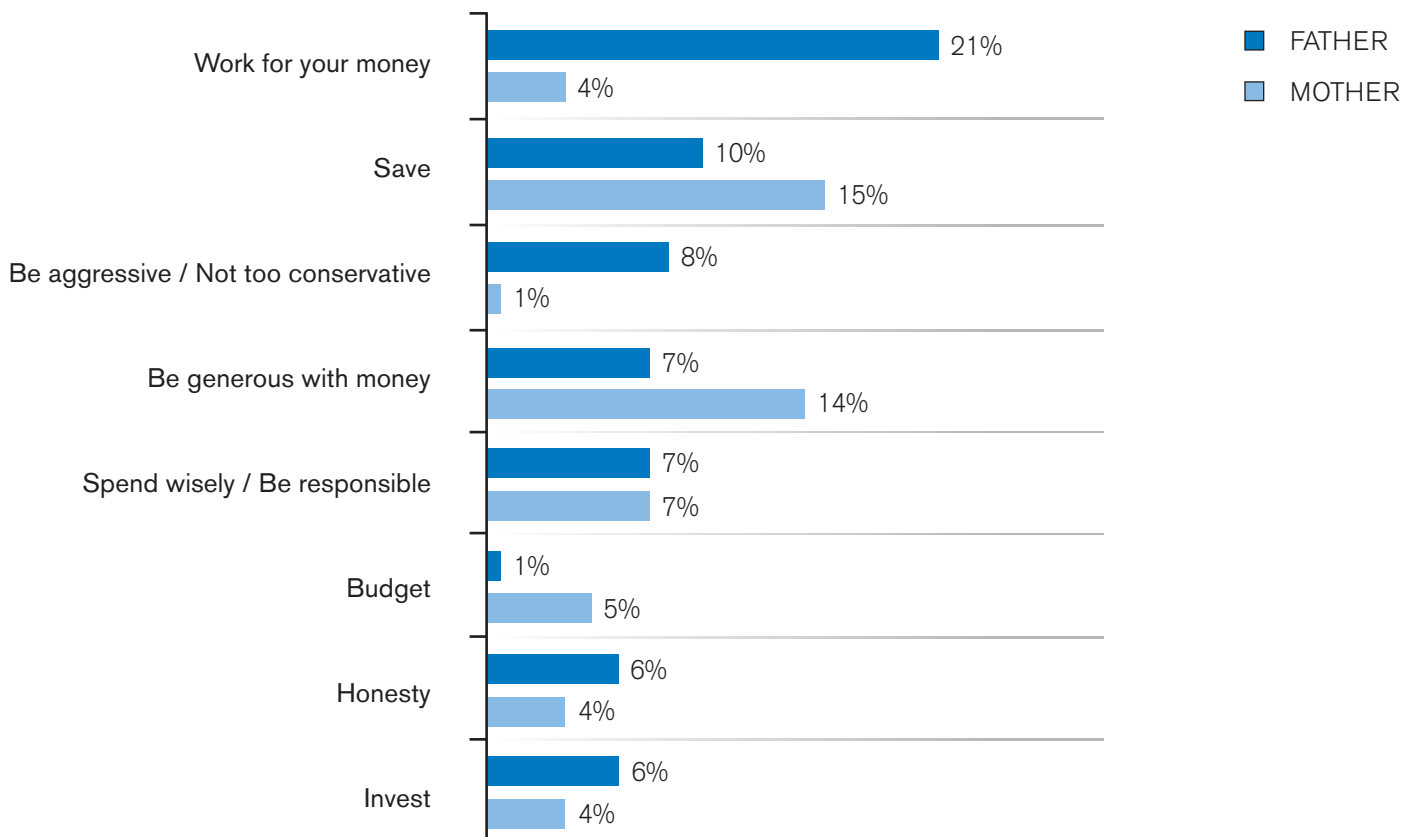
Over one-third (36%) of men said their values and attitudes toward wealth are more like their parents, with only slightly fewer (31%) who say their father was the primary influence. About two-thirds of men agree that both parents were considered good role models for managing money.

The type of influence or lessons imparted from parents together, or fathers and mothers separately, are different. Parents imparted wisdom such as how to live, having a work ethic, getting an education, achieving financial

independence, and self-sufficiency. Men indicated that their fathers more often taught them how to earn or manage wealth, whereas mothers influenced them in how to use their wealth, such as saving and spending (See Figure 9).

Men moderately agree their values are similar to their parents...and their own children have values similar to theirs. Men may differ from their parents when it comes to open communication and involvement with philanthropy, both of which were more important to participants than how they perceived it was when they were growing up (See Figure 9).

Figure 9: Identify at least one value, belief, or practice that you learned about money from your [father/mother].



Includes only those responses with 5% or more mentions or those mentioned by 4% or more for both their mother and father.

Communication about money matters and inheritance intentions has improved among men and their children, although there is an opportunity for increased dialogue.

About half of men in this study are talking to their children about their inheritance, estate plans, and other money matters, while only about one-third of men say their parents did this. Conversely, discussions on wealth and wealth transfer intentions are not as common, as only about one-third of men have discussed these issues with their children. Men are typically holding these discussions with their spouse or wealth advisor (approximately 85%).

Philanthropy

Most men feel it is important to give money (83%) or their time (70%) to philanthropic causes/community.

Interviews revealed that some men take a more direct approach to their philanthropy by giving to persons or organizations in need of assistance with whom they share personal involvement.

One man shared, “I think when someone is having a problem, helping them and taking direct action [is important]. If I see someone, like an employee that has a problem I just give him or her \$5,000. Or they have a child and need something. Just sort of taking direct action rather than giving into a black hole.” Far fewer (40%) find socially responsible investing important.

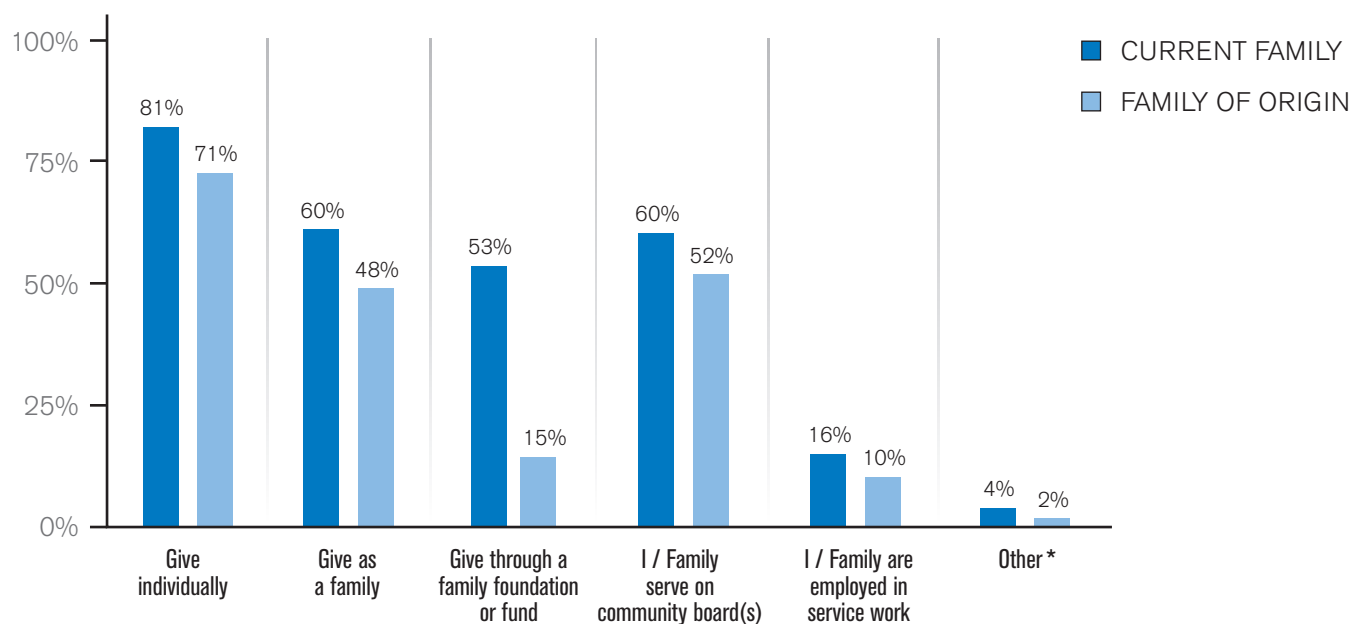
Men consider philanthropy more important (63%) than they perceived it was to their parents (30%).

Men also more often consider their Current Family more philanthropic (75%) than their Family of Origin (47%).

Men typically give as an individual (81%) and as a family (60%).

Men also give their time by serving on community boards (60%). This is similar to their parents' generation. Over half indicated that they give through a family foundation in this generation (53%), compared to only 15% in their Family of Origin (See Figure 10).

Figure 10: How [does/did] your [Current Family/Family of Origin] practice charitable giving? (Select all that apply)



CURRENT FAMILY N = 77

FAMILY OF ORIGIN N = 48

*Those that specified “other” for their Current Family noted giving their time to charities and giving through their church. Those that specified “other” for their Family of Origin noted giving through their church.

Wealth Preservation

Men consider sustaining their wealth and their present lifestyle needs as being very important. The main approach to ensure their wealth is sustained for and in the next generation is educating all family members on financial matters (93%), mentoring heirs (89%), and instilling drive in their children to achieve financial independence (89%) (See Figure 11). Men in the telephone interviews shared that they are relying upon their children to continue the family wealth by using the family values, morals, and beliefs they have worked to instill.

Leaving a legacy is also important to men (87%); this includes not only leaving an inheritance but also instilling their values and beliefs. Men want to be remembered for how they lived and worked as guided by the “moral compass” of their values and beliefs. They want others to know how they used their inherent talents and resources to enhance the greater good by making a difference in the lives of others or in society.

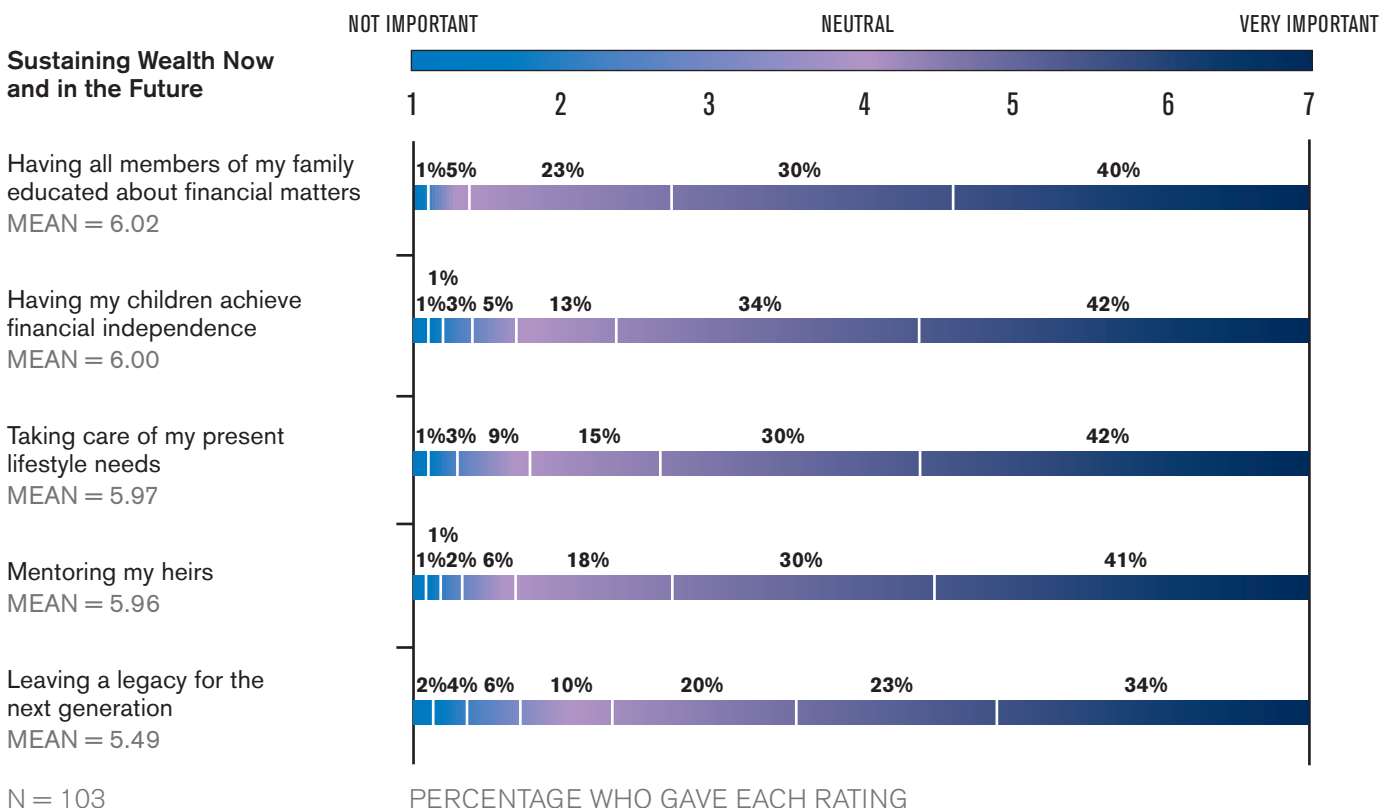
Men also find financial independence as an important factor for themselves and their children when it comes to successful wealth preservation. Although some might consider that study participants are at a level of affluence such that they do not have to work, men consider earning an income to be important. Further, they indicated that it is important for their children to earn their own wealth.

Legacy Intentions

Legacy planning, or having a say in where their wealth goes when they are no longer alive, is important to most men (87%). Financial education, which can support or guide them in this plan, is important to many men as well (77%). One interviewee shared...

“Legacy is much more than just about money. It is about transferring values and morals; there is an inherent responsibility, especially when it comes to long-term wealth transfer.”

Figure 11: Please rate the following statements using a seven-point scale, where “1” means “Not Important” and “7” means “Very Important.”



Nearly all men (97%) indicated that they would like their children to inherit their wealth equally.

In terms of allocation to people or entities other than their children (56%), most of the remaining wealth will go to other family members—either siblings (20%) or grandchildren (10%). Of the remaining 14% of wealth, men projected half to go to taxes. Only 4%, respectively, is expected to go to charities or other extended family members, friends, or the family trust. Based on their current intentions and the average net worth of these men, each child stands to inherit \$3.7 million with another \$1.4 million expected to go to charitable causes. In addition to financial wealth, one man interviewed expressed the importance of passing on values. He said...

"I will do the best I can to teach values and prudence to the kids. In the end they will do what they choose to do and I won't be here to complain about it."

Wealth Advisor Characteristics

The top characteristics sought in a wealth advisor are by far investment expertise (82%), trust (78%), and financial expertise (72%). Men also indicated that estate planning (47%) and tax expertise (45%) are important as well, although just as important as other "soft skills" such as communication (43%), attention to detail (40%), and interpersonal skills (30%) (See Figure 12).

Men shared that they seek wealth advisors who proactively serve the whole family. Further, interviews with participants revealed that men value an advisor who is also aware of the current and future/potential needs of the family.

Selecting a wealth advisor was more often an individual decision (44%) or decision made with their spouse (25%). Referrals from another advisor (21%) or a friend (18%) were often part of the decision.

Figure 12: The top five characteristics I seek in my wealth advisor(s) are:

	FIRST MENTION	SECOND MENTION	THIRD MENTION	FOURTH MENTION	FIFTH MENTION	TOTAL MENTIONS
Investment expertise	24%	23%	17%	10%	9%	82%
Trust	39%	9%	14%	10%	7%	78%
Financial expertise	12%	27%	14%	9%	11%	72%
Estate planning expertise	7%	8%	17%	5%	11%	47%
Tax expertise	1%	5%	7%	27%	5%	45%
Communication	3%	11%	13%	9%	8%	43%
Attention to detail	--	6%	5%	10%	19%	40%
Interpersonal skills	4%	5%	4%	7%	11%	30%
Having many years of experience	1%	3%	4%	5%	4%	17%
Promptness	2%	--	4%	4%	6%	16%
Professional credentials	2%	2%	2%	2%	3%	11%
Friendliness	1%	--	2%	1%	4%	8%
Politeness	--	1%	--	2%	1%	4%

PERCENTAGE OF RESPONDENTS

N = 103

Conclusion

We hope that the findings presented here have provided greater insights and understanding of men's knowledge, awareness, involvement, decision making, attitudes, and influences related to wealth.

Not surprisingly, **men have a leadership role in their families when it comes to wealth management decisions and planning.** They are confident in their knowledge of the various wealth management disciplines and are actively involved in the planning and decision making for the wealth in their families. The focus group also revealed that **many men often enjoy “tracking” their wealth,** as they benchmark performance. Men also expressed that they are in control, understand their family investment strategy, and are actively involved with the management of their wealth. **Over half indicated that they work with their spouses to make the decisions around the wealth.**

When asked in the interviews what issues keep these men awake at night related to their wealth, their responses did not include fears of a turbulent economy, possible recession, rising inflation, or other geopolitical issues; rather, **men indicated the greatest concerns for the well-being of their families and mentoring the next generation to be prepared to handle the responsibilities that come along with wealth.**

Communication has shifted as well, as men are more inclined now to discuss the family wealth and wealth transfer intentions with not only their spouse, but their heirs as well. **Men indicated that they intend for the majority of their wealth to be divided equally among their children.**

The impact and influences of their childhood and from family members, especially their fathers and mothers, had a profound influence in shaping many of their views, values, and attitudes toward wealth. **Men expressed many core life values—including modesty, generosity, honesty, practicality, preparedness, and fostering a strong work ethic—that were passed on from other family members.**

The success of this study is a result of the voluntary participation of men across the country. A sincere thank you is extended to all who participated in and supported the research effort. Without the considerable involvement of both participants and advisors, this study would not have been possible.

Please contact GenSpring's Innovation & Learning Center if you are interested in learning more about this study and its findings or the findings from the Alignment Study, which will compare findings from both the Women's and Men's research and is scheduled for release in the fall of 2008.

For further information on how to participate in a future GenSpring research study, please contact Kirby Rosplock, PhD, Director of Research & Development at Kirby.Rosplock@GenSpring.com or by phone at 1-800-338-3559.

The information contained herein is obtained from sources that are believed to be reliable and is provided for general reference purposes only. No representation is made as to its accuracy. The presentation should not be construed as legal or tax advice and should not be used as a substitute for the advice of a professional legal or tax advisor. Furthermore, in no event shall GenSpring Family Offices, LLC be liable for consequential, incidental, or punitive damages to any person or entity for any matter relating to this report. GenSpring Family Offices, LLC will not disclose the name of any respondent without their prior approval and under no circumstances will GenSpring Family Offices, LLC disclose individual entity data.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written consent of GenSpring Family Offices, LLC.



Sole Sponsor | GenSpring Family Offices

About GenSpring

GenSpring Family Offices operates a network of 13 family offices with combined assets of more than \$15 billion.

Working together with one of our dedicated teams of professionals, high net worth families are able to efficiently organize their own family office by sharing common resources and benefiting from the collective knowledge and best practices we have gained from working with more than 600 of America's wealthiest families for nearly 20 years.

This cumulative learning has been incorporated into a patent pending wealth management process designed to help families leverage their financial, human, and intellectual capital to sustain wealth for generations to come.

Contact John Elmes at (240) 482-1404 • John.Elmes@GenSpring.com



www.GenSpring.com

© 2008 GenSpring Family Offices, LLC. All Rights Reserved.



Printed on recycled paper. *Sustaining resources for future generations*