
U.S. Trust Survey of Affluent Americans

Prepared For:
United States Trust Company

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Background and Purpose

United States Trust Company has been serving the investment and financial needs of wealthy Americans and their families for more than 150 years. In order to better understand the attitudes of this particular segment of the U.S. population, U.S. Trust began sponsoring a series of surveys of wealthy Americans' opinions on a variety of topics in 1993. The information collected in these surveys has been released to the media as a public service.

Those surveyed in this version of the study constitute Americans with an investable net worth greater than \$5 million, not including primary residence. In addition, included in this study is a special sub-sample of ultra high net worth Americans with total assets of \$25 million or more. Insights on this elite group of ultra high net worth individuals are highlighted in boxes throughout the report.

This sample differs considerably from earlier studies where respondents qualified based on a total household income of \$300,000 or a total net worth, including primary residence, of \$5.9 million or higher*. An income qualification was not used in the current version of the study and the overall qualification was based solely on investable assets. This leads to an overall wealthier sample, in terms of assets. Therefore, except for directional assessments, direct comparisons should not be made between this survey and earlier versions of this study.

* Both of these thresholds were adjusted for inflation over the course of this research.

Comparison between 2006 & 2007 Samples

	2006	2007
Number of Respondents	150	264
Annual household income		
Less than \$150,000	1%	3%
\$150,000 up to \$300,000	9%	23%
\$300,000 up to \$500,000	35%	21%
\$500,000 or more	54%	51%
Refused	1%	2%
Total assets		
Less than \$5 million (\$5.9 million in 2006)	54%	0%
\$5 million to less than \$10 million (\$5.9 million to less than \$10 million in 2006)	21%	54%
\$10 million or more	20%	45%
Refused	5%	0%

An independent marketing research firm was retained to conduct these surveys for U.S. Trust. Prior surveys have focused on baby boomers, charitable giving, retirement planning, investments, how the wealthy attained their economic status, their children, and their financial worries and concerns. This report presents the findings of the 26th U.S. Trust Survey of Affluent Americans and concerns itself with the top wealthiest Americans and their financial worries, investment behavior, wealth transfer and their children's inheritance.

Survey Highlights

This U.S. Trust Survey of Affluent Americans polled the top tier of wealthiest Americans about their economic outlook, investment behavior, wealth management, philanthropy and intergenerational wealth issues.

Key areas of questioning were:

- Economic Outlook
- Investment Behavior
- Attitudes toward Wealth Management
- Philanthropy
- Parents and their Children

Economic Outlook

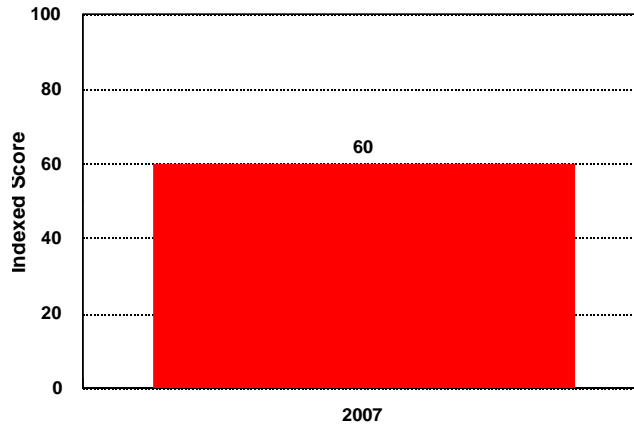
The economic outlook of most high net worth individuals is generally optimistic.

The U.S. Trust Affluent Investor Index gauges the investment expectations of survey respondents.

- Out of a possible score of 100, the 2007 U.S. Trust Affluent Investor Index stands at 60[†].

[†] Because of differences in sampling criteria for the 2007 study, it is not possible to make direct comparisons with the Affluent Investor Index from previous studies.

U.S. Trust Affluent Investor Index: 2007

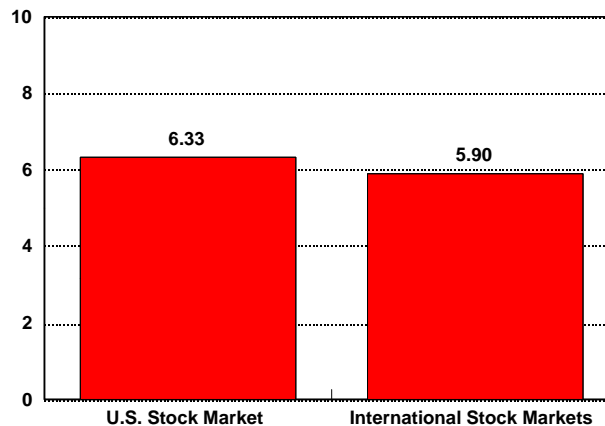


Overall optimism is higher for the U.S. stock markets than for international markets.

Separate, but randomly matched samples were asked their attitudes toward either the U.S. or international stock markets. Each sample was asked to evaluate their attitudes toward each of these markets on a scale of one to 10 where one means very pessimistic and 10 means very optimistic.

- The overall average for the U.S. stock market is a slightly optimistic 6.33.
- This compares to a somewhat lower average of 5.90 for those evaluating the investment performance of international markets.

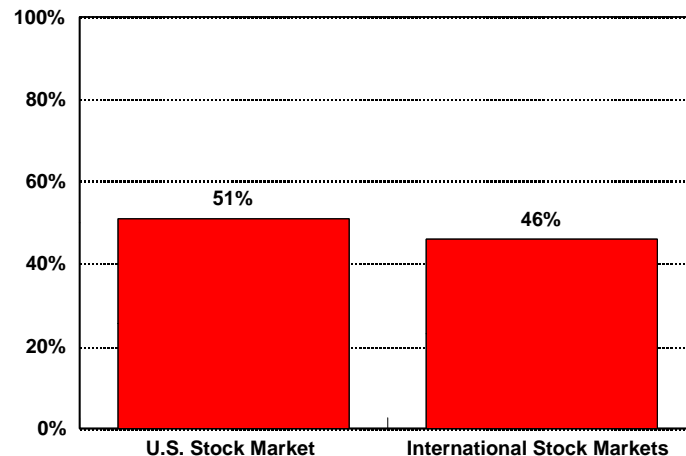
Level of Optimism toward Investing *U.S. versus International (means)*



At the same time however, the U.S. stock markets are seen as increasingly risky compared to international markets.

- 51 percent of high net worth individuals say the U.S. stock market is becoming riskier.
- 46 percent make the same observation about international markets.

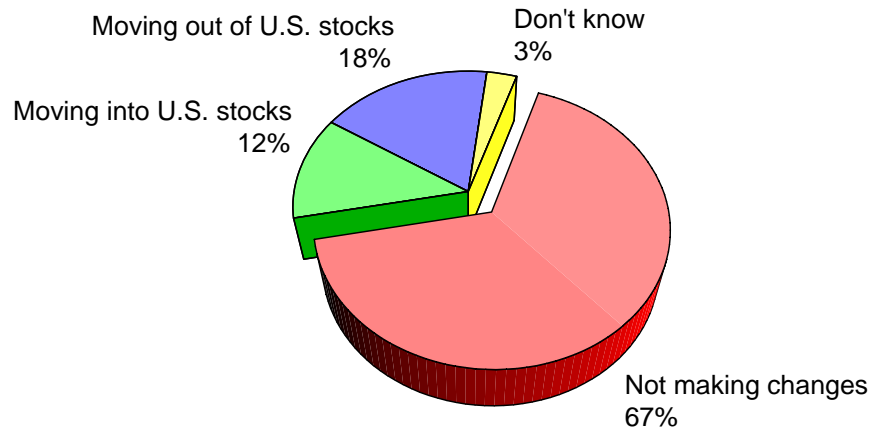
**Level of Risk in Investing
U.S. versus International
Those Saying Riskier**



The perception of increasing risk in U.S. markets is reflected in an anticipated shift in the distribution of U.S. and international equities within some portfolios.

- Two in three do not expect to make changes in either their U.S. (67%) or international portfolios (68%).
- However, a significant proportion (18%) of those who were asked to evaluate the U.S. stock market believes they will be moving out of U.S. stocks.

Current Attitudes toward Investing *U.S. Stock Market*



In the context of the current economic outlook, many worry about the future.

Approximately three in four participants worry that:

- The budget deficit will affect the economy in the long run (74%)
- The U.S. is losing its competitive edge in the world economy (74%)
- The next generation will have a more difficult time financially (73%)
- Taxes will rise significantly over the next few years (72%)
- High taxes will reduce the value of their estates (71%)

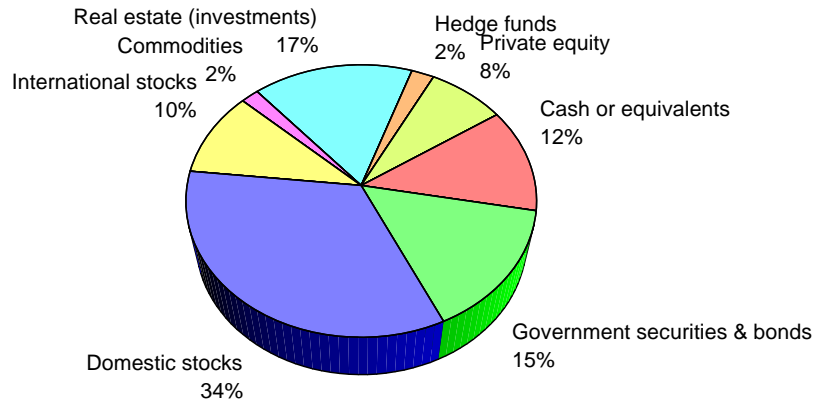
Similar proportions also express concern that environmental issues will require more government spending (72%).

Investment Behavior

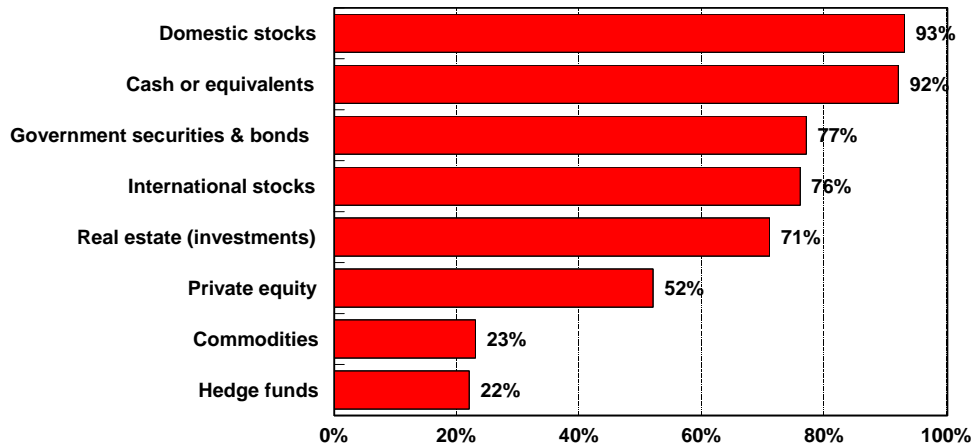
Stocks are reported as the single largest investment among high net worth individuals.

- Forty-four percent report that portfolios are made up of this type of investment:
 - A plurality of these stocks (34%) is domestic.
 - 10 percent are international stocks.

Distribution of Investments[‡]



Proportion Owning Each Type of Investment



Most say they are satisfied with their investment portfolios.

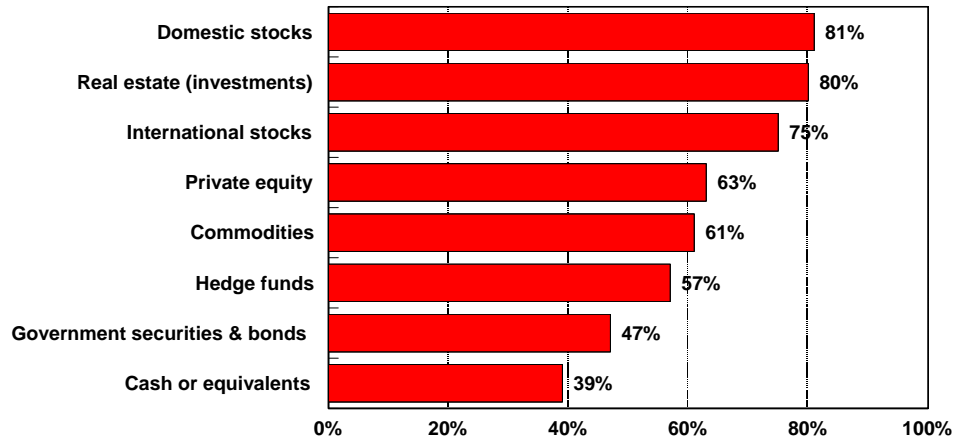
- Eighty-five percent report their portfolios met (45%) or exceeded (40%) their expectations during the past fiscal year.
- Only 13 percent felt their investments fell short of expectations.

Domestic stocks and real estate are seen as generating the greatest returns on investment.

- A vast majority (81%) say the impact of each of these investments is significant in generating wealth.

[‡] Numbers have been scaled to 100%

Impact of Specific Investments in Generating Wealth
Those Who Say Significant
Those Owning Each Type of Investment

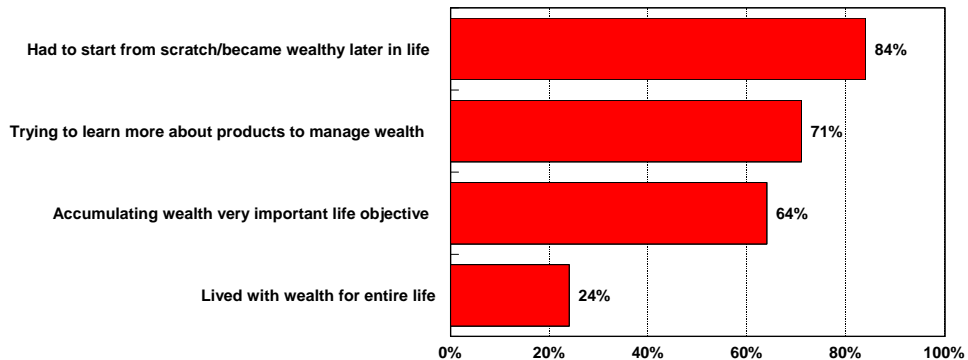


Attitudes toward Wealth Management

Most high net worth individuals say they are self made.

- The vast majority of those participating in the study (84%) say they had to start from scratch and became wealthy only later in life.

Attitudes toward Personal Wealth
Those Who Agree with Each Statement

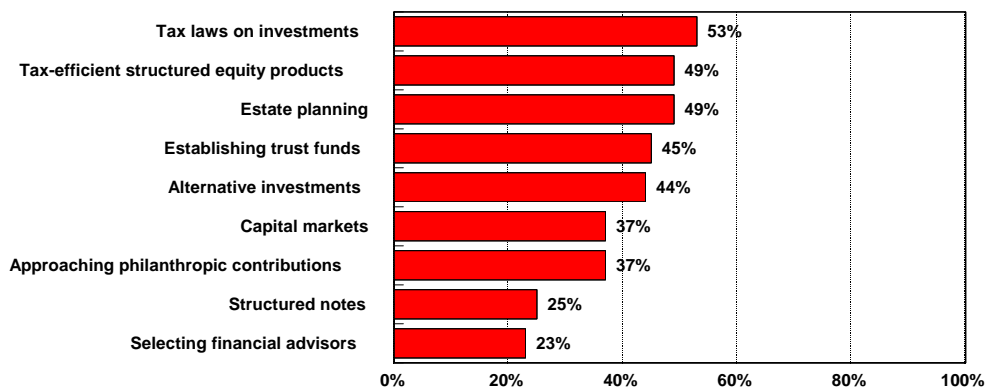


- By contrast, only one in four (24%) claim to have lived with wealth for their entire lives.

Protecting wealth is the area of greatest interest.

- The vast majority of those with a high net worth claim to be self made.
- Consequently, the areas of greatest interest in learning more about managing wealth are in protecting wealth they have accumulated.

Level of Interest in Learning More about Managing Wealth *Those Who Say Interested*

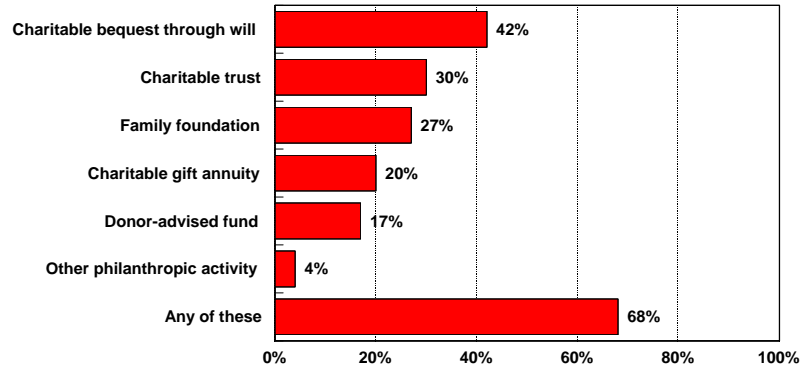


Philanthropy

Most high net worth individuals are actively involved in giving back to society.

- Almost seven in ten (68%) have undertaken specific actions that indicate their commitments to these causes.
- The most popular activity is a charitable bequest through a will. Forty-two percent say they have made this commitment.
- Three in ten have set up a charitable trust or a family foundation (27%).
- Charitable gift annuities and donor-advised funds are used by one in five high net worth individuals.

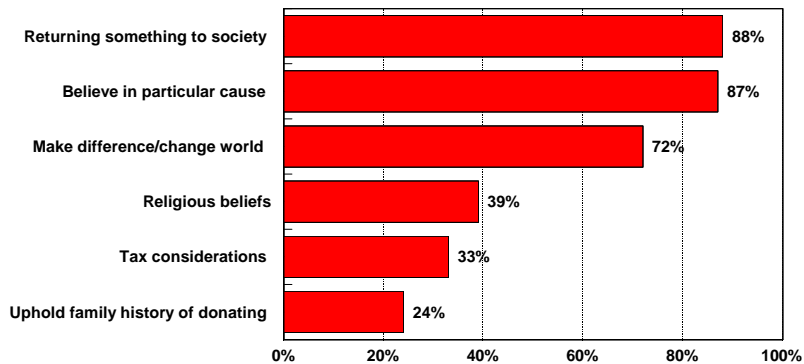
Philanthropic Involvement



Tax considerations are among the least cited reasons for making charitable donations.

- While these donations are generally tax deductible, only 33 percent claim this as a reason for their donations.
- The primary motivations appear not for their own material advantage, but are a result of a desire to return something back to society (88%) and their beliefs in particular causes (87%).
- Three in four (72%) say they want to make a difference in the world.

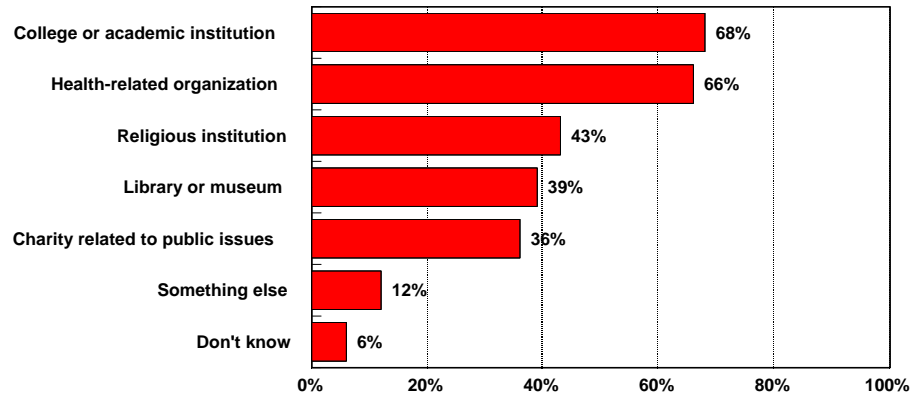
Reasons for Donating to Charities



Academic institutions and health-related organizations are most likely to be the beneficiaries of charitable bequests.

- About two in three say academic institutions (68%) or health-related organizations (66%) are the charities they would consider leaving money to.
- Religious institutions are cited by less than half (43%) of high net worth individuals.
- Thirty-nine percent will consider leaving money to a library or museum.
- Only 36 percent are considering leaving money to a charity related to public issues, like the environment or politics.

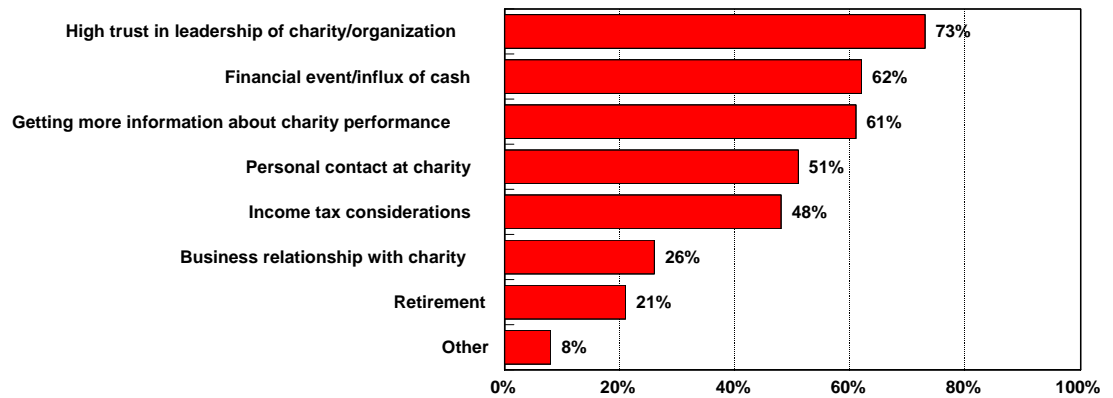
Charitable Donations High Net Worth Individuals Would Consider



Ethical concerns play a significant role in willingness to increase charitable giving.

- Having a high level of trust in the leadership of a charity or similar organization is of particular concern in the decision to increase charitable donations.
- A plurality of those with a high net worth will also consider increasing their donations if they have access to increased information on the performance of the charity and how it is using the donations it receives.

Factors That Would Increase Charitable Donations



Parents and Their Children

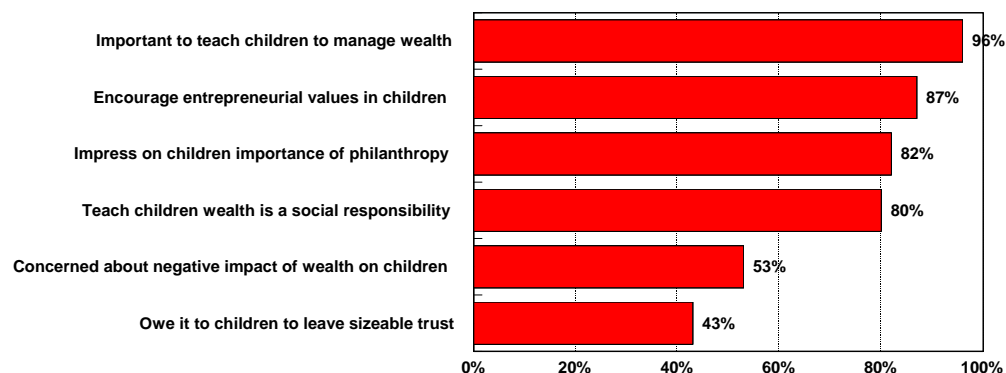
Most parents report that their children are actively involved in managing their wealth.

- Six out of ten (61%) parents say their children are actively involved in this area.
- The average age when children who are managing their own money assumed this responsibility was 27.4 years.
- This average age is similar to the average age when those not currently managing their own money will likely assume this responsibility (28.4 years).

Encouraging entrepreneurial values in children is a top priority for parents.

- A vast majority agree about the importance of encouraging entrepreneurial skills (87%) in their children.
- Other important values parents think are important to teach include the importance of philanthropy and giving (82%) and that wealth also brings with it social responsibilities (80%).
- Consistent with these attitudes is that over half (53%) of parents agree they are concerned about the negative impact of wealth on their children.

Attitudes toward Children and Personal Wealth *Those Who Agree with Each Statement*

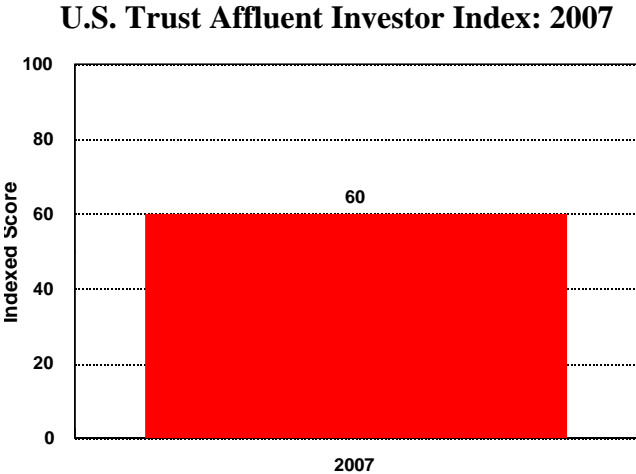


Findings

Economic Outlook

The economic outlook of most high net worth individuals is generally optimistic.

The U.S. Trust Affluent Investor Index[§] gauges the investment expectations of survey respondents. Out of a possible score of 100, the 2007 U.S. Trust Affluent Investor Index stands at 60.



[§] The U.S. Trust Affluent Investor Index is a weighted calculation based on two measurements –respondents’ expected rate of return over the next year and their degree of optimism with regard to investing in the U.S. stock market over the next 12 to 24 months. U.S. Trust Affluent Investor Index = (% responding 6/7/8/9/10 on optimism for the stock market X .6 weight) + (% responding that rate of return would be 8% or better X .4 weight).

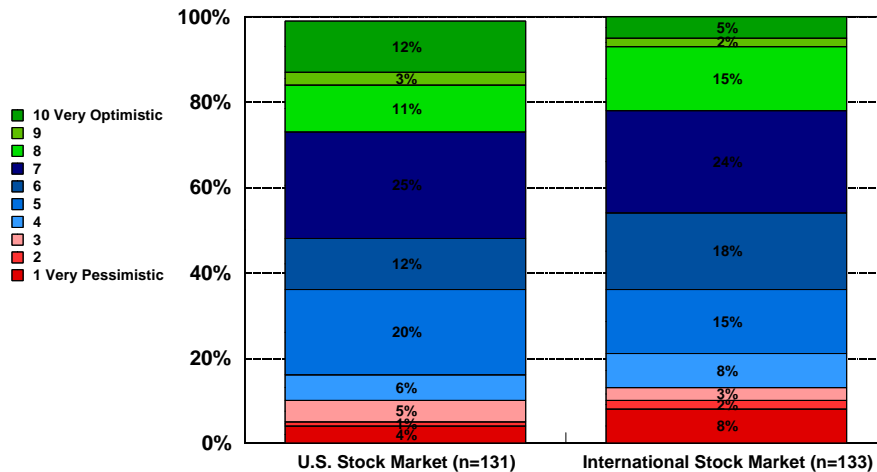
A Look at Ultra High Net Worth: This outlook is shared by even the wealthiest—those with total assets of \$25 million or more. Among these individuals the Investor Index is virtually identical at 61 (compared to overall high net worth individuals at 60).

Because of differences in sampling criteria for the 2007 study, it is not possible to make direct comparisons with the Affluent Investor Index from previous studies. Taking this factor into consideration, however, the overall level of optimism appears directionally similar to the study conducted in 2006 when the Index was 63.

Overall optimism is higher for the U.S. stock markets than for international markets.

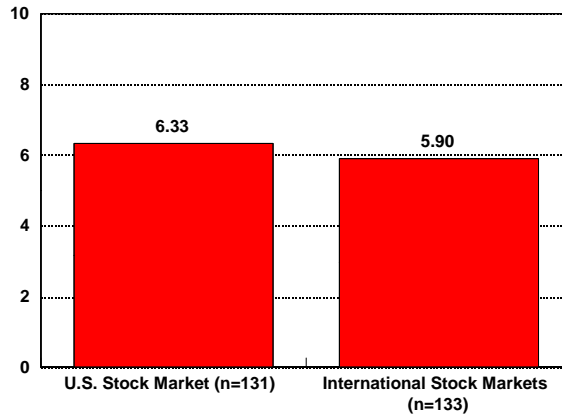
Separate, but randomly matched samples were asked their attitudes toward either the U.S. or international stock markets. Each sample was asked to evaluate their attitudes toward each of these markets on a scale of one to 10 where one means very pessimistic and 10 means very optimistic. In an examination of the overall responses, those evaluating the U.S. stock markets were somewhat more optimistic about investing in that market than those evaluating international markets.

**Attitudes toward Investing
U.S. versus International
Optimism versus Pessimism**



The overall average for the U.S. stock market is a slightly optimistic 6.33. This compares to a somewhat lower average of 5.90 for those evaluating the investment performance of international markets.

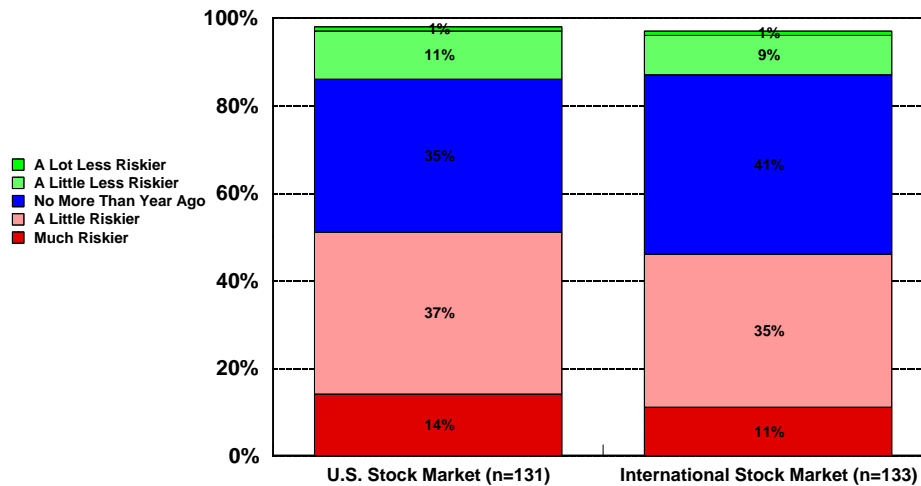
Level of Optimism toward Investing
U.S. versus International (means)



At the same time however, the U.S. stock markets are seen as increasingly risky compared to international markets.

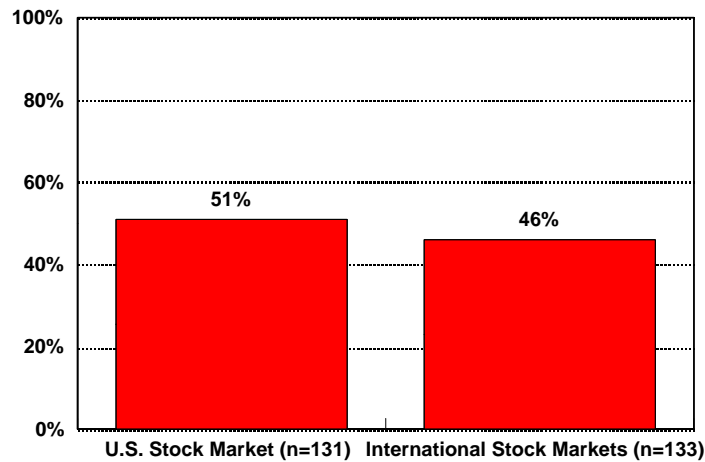
Even though optimism about the U.S. stock markets is higher than for international markets, high net worth individuals are increasingly concerned about risk and correspondingly say the risks in the domestic marketplace are increasing.

Attitudes toward Investing
U.S. versus International
Stock Market Risk



Overall, 51 percent say the U.S. stock market is becoming riskier. This compares to 46 percent of those who make the same observation about international markets.

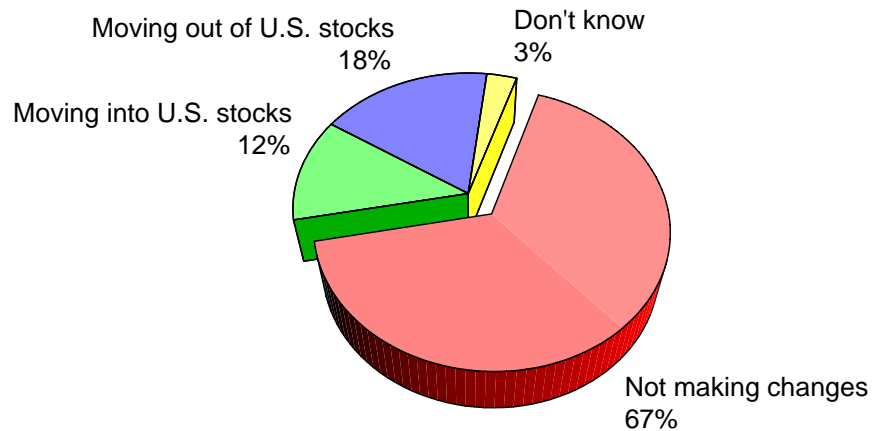
**Level of Risk in Investing
U.S. versus International
Those Saying Riskier**



This perception of increasing risk in U.S. markets is reflected in an anticipated shift in the distribution of U.S. and international equities within some portfolios.

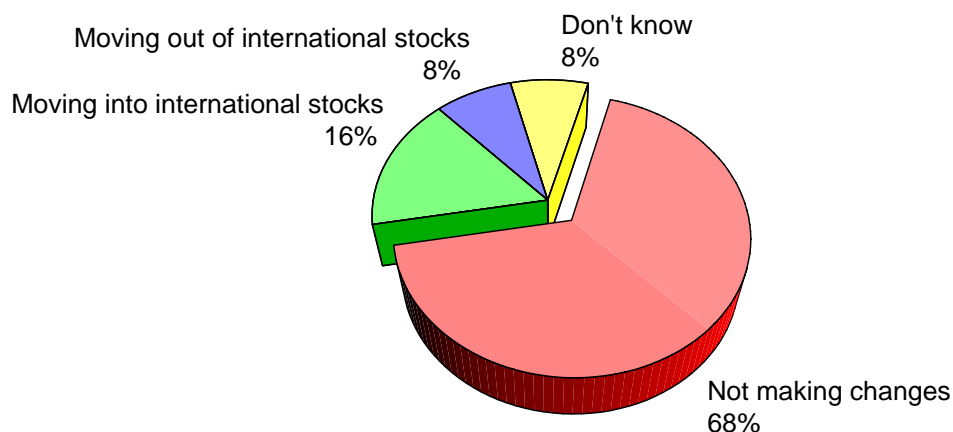
Overall, two in three high net worth individuals do not expect to make changes in either their U.S. (67%) or international portfolios (68%). While most of these individuals are maintaining the current investment allocations, a significant proportion (18%) of those who were asked to evaluate the U.S. stock market believe they will be moving out of U.S. stocks.

**Current Attitudes toward Investing
U.S. Stock Market
n=131**



By comparison, only eight percent of those evaluating international stocks expect to take similar actions with their international investments.

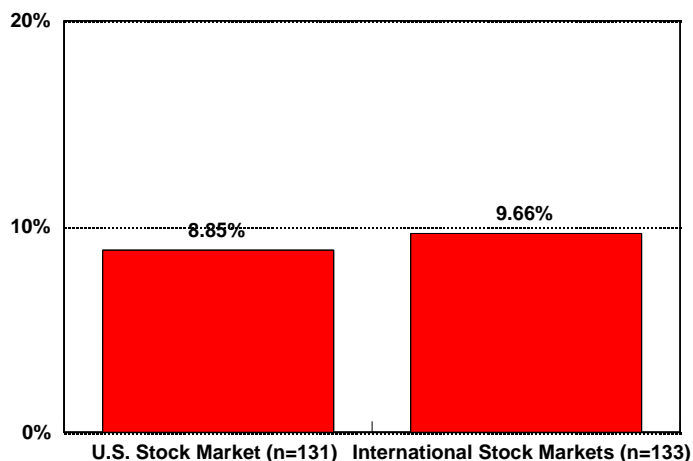
**Current Attitudes toward Investing
International Stock Market
n=133**



An additional factor that may be fueling this shift in interest from domestic to international equities is the expectation of higher rates of return among international stocks.

The average expected rate of return for U.S. stocks is 8.85 percent. This expected rate of return compares unfavorably to an average expected rate of return of just under 10 percent for international stocks.

**Expected Annual Average Rate of Return
U.S. versus International**



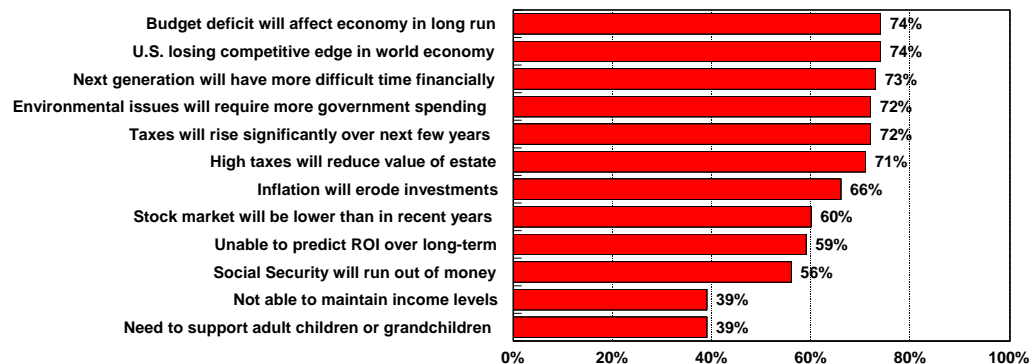
In the context of the current economic outlook, many worry about the future.

Approximately three in four worry that:

- The budget deficit will affect the economy in the long run (74%)
- The U.S. is losing its competitive edge in the world economy (74%)
- The next generation will have a more difficult time financially (73%)
- Taxes will rise significantly over the next few years (72%)
- High taxes will reduce the value of their estates (71%)

Similar proportions also express concern that environmental issues will require more government spending (72%). While we cannot draw direct comparison between the last wave of research and the current wave, this worry about taxes appears to be somewhat higher than in previous studies among high net worth Americans** and could be a reflection of the even higher net worth of the individuals in this year's study(see appendix).

Concerns about Economic Issues Those Who Worry †† About Each Issue n=264



An additional directional finding is that even with their increasing concerns, fewer high net worth individuals in 2007 seem to worry about stock market gains. About seven in ten (72% in 2005 and 69% in 2006) reported worrying about this issue in earlier studies. Interestingly, 60 percent worry about the stock markets now. This difference between this year's finding and those from earlier research is likely to be a reflection of the recent rebound in the U.S. equities markets and not a result of the differences between the groups studied.

** In 2006, 64 percent worried that taxes would rise sharply and 58 percent worried those high taxes would decimate their estates.

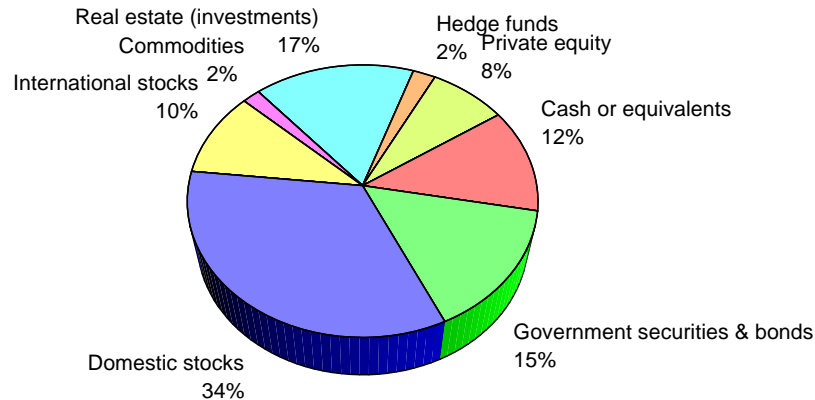
†† Worry defined as rating of 4, 5, 6, 7, 8, 9 or 10 on 10 point scale where 1 = "Does not worry about this issue at all" and 10 = "Worry about this issue a lot".

Investment Behavior

Stocks are reported as the single largest investment among high net worth individuals.

Forty-four percent report that portfolios are made up of this type of investment, with the plurality of these stocks being domestic (34%) and 10 percent being international stocks.

Distribution of Investments^{††}
n=264



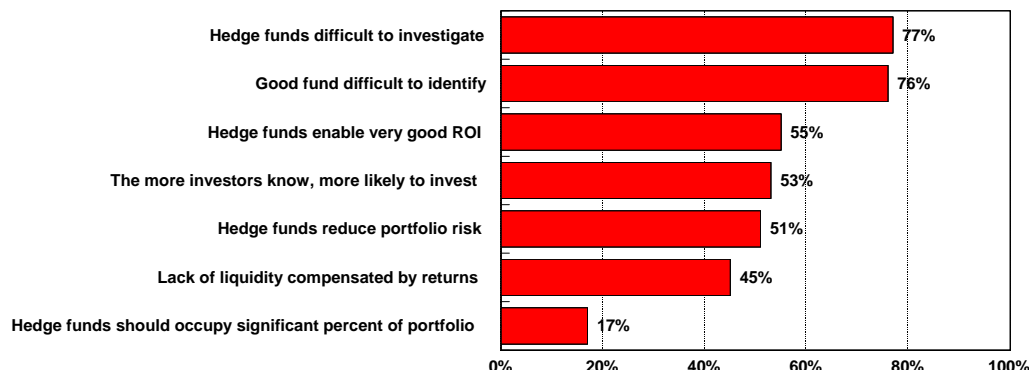
Investment real estate, government securities and bonds are the other significant proportions of the typical high net worth portfolio, closely followed by cash or its equivalent representing 12 percent of investments.

This relatively low level of investment in hedge funds is reflected in the fact that a majority of these individuals say it is difficult to investigate these funds in order to determine which funds will meet their investment needs. They also appear suspicious of these funds with only 17 percent agreeing that hedge funds should occupy a significant proportion of their portfolios, but more than half (55%) agree that hedge funds offer a good return on investment.

A Look at Ultra High Net Worth: Those with the highest net worth – \$25 million or more in total assets – appear more likely to invest in hedge funds, with their portfolios consisting of six percent of these funds (compared to only two percent for high net worth individuals with investable assets under \$25 million).

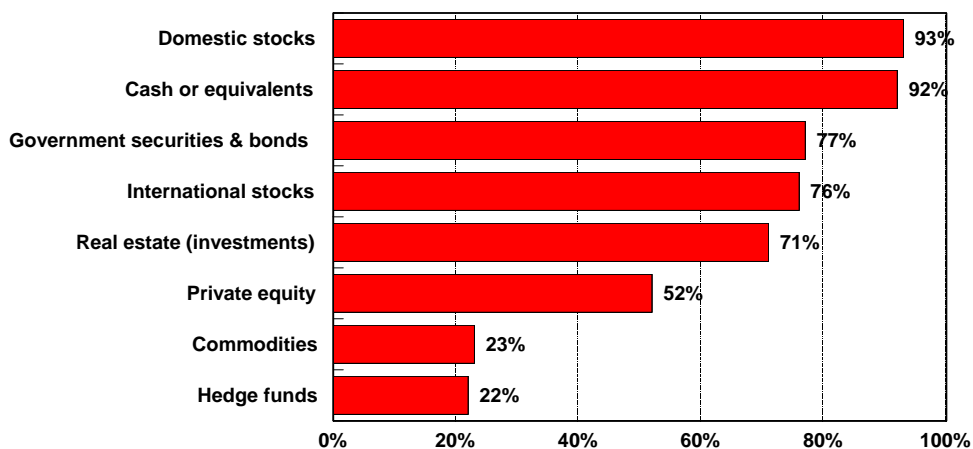
^{††} Numbers have been scaled to 100%

Attitudes toward Hedge Funds
Those Who Agree with Each Statement
n=264



Overall, 22 percent report investing in hedge funds, the same proportion that has invested in commodities. By comparison, 93 percent say they own domestic stocks and 76 percent own international equities. Seven in ten (71%) high net worth individuals report owning real estate as part of their investment portfolio.

Proportion Owning Each Type of Investment
n=264

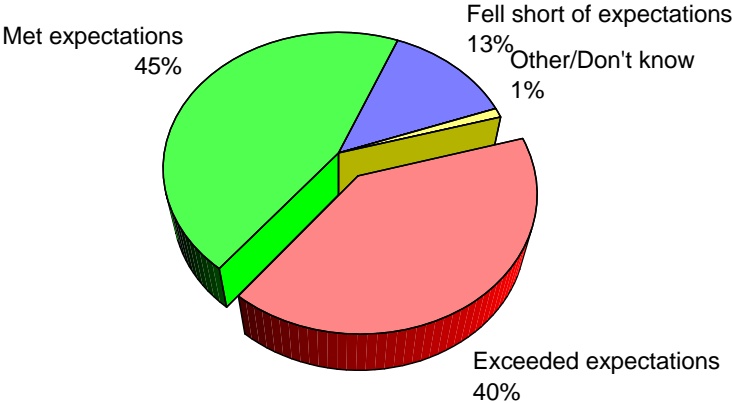


A Look at Ultra High Net Worth: 40 percent of those with total assets of \$25 million or more are invested in hedge funds, compared to only 17 percent of high net worth individuals with investable assets under \$25 million.

Most say they are satisfied with their investment portfolios.

Eighty-five percent of high net worth individuals report their portfolios met (45%) or exceeded (40%) their expectations during the past fiscal year. Only 13 percent felt their investments fell short of expectations.

Evaluation of Current Portfolio
Last Fiscal Year
n=264

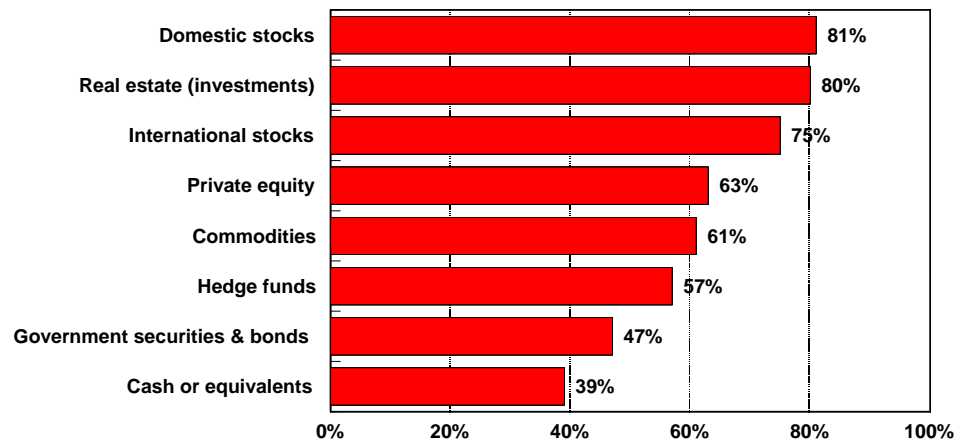


This evaluation of the overall performance of portfolios is consistent regardless of the size of the portfolio.

Domestic stocks and real estate are seen as generating the greatest returns on investment.

A vast majority (81%) say the impact of each of these investments is significant in generating wealth. An almost equally high proportion (75%) gives the same evaluation to international stocks. Hedge funds are cited by 57 percent as having a significant impact in generating wealth. Government securities, bonds and cash are seen as typically having the least impact in generating wealth.

Impact of Specific Investments in Generating Wealth
Those Who Say Significant
Those Owning Each Type of Investment

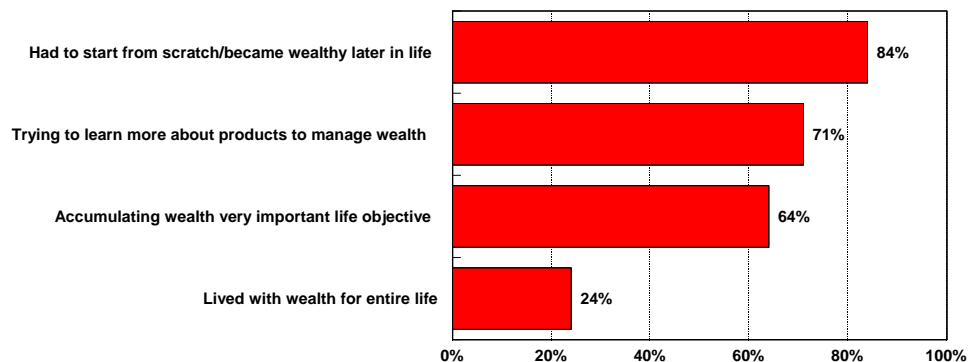


Attitudes toward Wealth Management

Most high net worth individuals say they are self made.

The vast majority of those participating in the study (84%) say they had to start from scratch and became wealthy only later in life.

Attitudes toward Personal Wealth
Those Who Agree with Each Statement
n=264

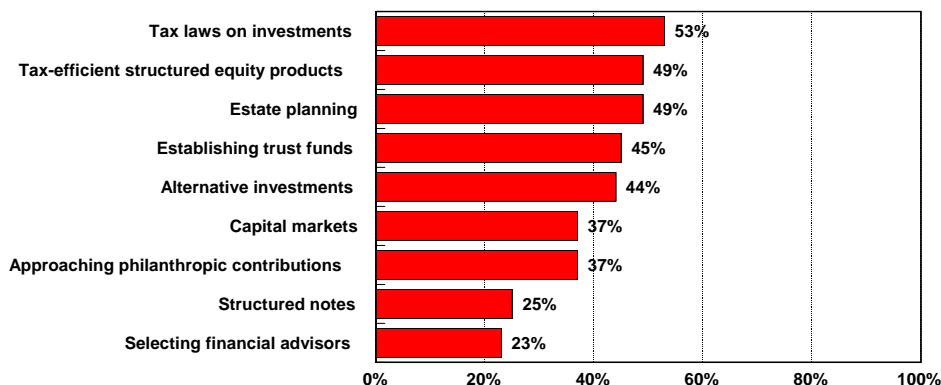


By contrast, only one in four (24%) claim to have lived with wealth for their entire lives. Many of these wealthy individuals (71%) continue to want to learn more about products and services to help manage their wealth. Much of this appears to be due to the overall importance of wealth accumulation among this segment of the population.

Protecting wealth is the area of greatest interest.

As noted earlier, the vast majority of those with a high net worth claim to be self made (*see page 22*). Consequently, the areas of greatest interest in learning more about are tax laws, estate planning and trust funds, which can be seen as ways to protect wealth they have accumulated.

Level of Interest in Learning More about Managing Wealth *Those Who Say Interested* *n=264*

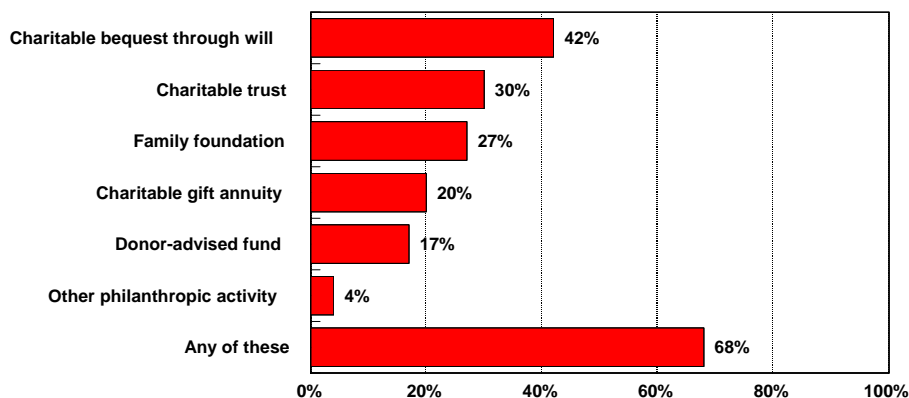


Philanthropy

Most high net worth individuals are actively involved in giving back to society.

Almost seven in ten (68%) say they have undertaken specific actions that indicate their commitments to charitable causes. The most popular activity is a charitable bequest through a will. Forty-two percent say they have made this type of commitment.

Philanthropic Involvement *n=264*



Many others have also made significant philanthropic commitments. Three in ten have set up a charitable trust or a family foundation (27%). Charitable gift annuities and donor-advised funds are used by one in five high net worth individuals.

Two factors appear to be significant in influencing the decision to use these philanthropic instruments: (1) overall level of investable assets, and (2) age.

Variation by Investable Assets: Those with \$20 million or more in investable assets are more likely to be involved in charitable giving (78%) than those with investable assets between \$10 and \$19.9 million (75%) and those between \$5 and \$9.9 million (64%).

Many in this group of \$20 million and up are also more likely to use foundations (39%), likely due to the fact that people in this group tend to be from families with long-established assets.

**Types of Philanthropic Giving Involved With
By Level of Investable Assets**

	\$5 million to \$9.9 million <i>n=150</i>	\$10 million to \$19.9 million <i>n=60</i>	\$20 million or more <i>n=54</i>
Any type of philanthropic giving	63%	75%	78%
Family foundations	25%	25%	39%

Those who are younger (*under 55 years old*) also have different levels of involvement in philanthropy. They are significantly more likely than those who are older to use a variety of mechanisms to finance their philanthropic activities and also have a higher level of overall participation than many of those who are older. Sixty-nine percent of those under age 55 are involved in one of these forms of charitable giving. By contrast, only 63 percent of those 55 to 64 years old have taken the same initiative.

**Philanthropic Involvement
By Age**

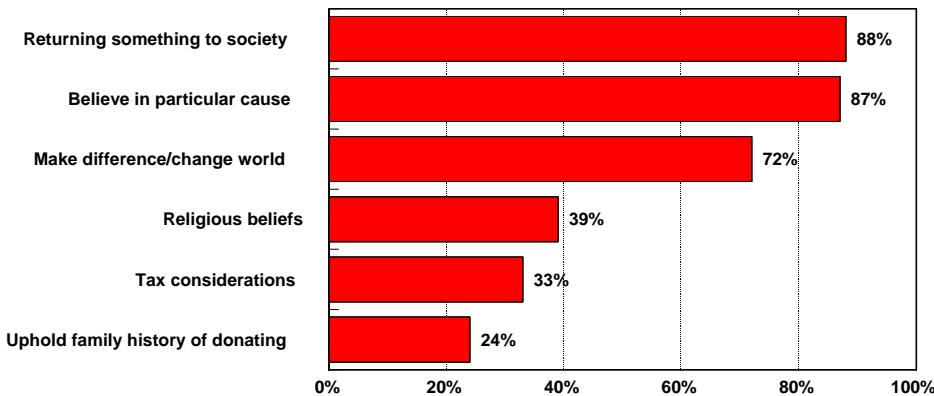
	Under 55 <i>n=81</i>	55 to 64 <i>n=90</i>	65 or Older <i>n=93</i>
Any type of philanthropic giving	69%	63%	71%
Family foundations	35%	20%	26%
Donor-advised funds	22%	16%	13%
Charitable trusts	35%	27%	29%
Charitable gift annuities	26%	16%	20%

While a high proportion of the giving by younger high net worth individuals appears to be through family foundations, they are also more likely to be involved in donor-advised funds, charitable trusts and charitable gift annuities.

Tax considerations are among the least cited reasons for making charitable donations.

While these donations are generally tax deductible, only 33 percent of high net worth individuals claim this as a reason for their donations. The primary motivations appear not for their own material advantage, but are a result of a desire to return something back to society (88%) and their beliefs in particular causes (87%). Three in four (72%) say they want to make a difference in the world.

Reasons for Donating to Charities
n=264



This desire to support specific causes and to want to create a better world goes beyond family traditions and appears to be a direct reflection of the personal values of these individuals. Overall, only one in four (24%) report their reasons for donating are part of upholding family history.

Directionally, this attitude toward giving holds less strongly among those individuals who come from *old money* families, where 42 percent say this is a reason why they give.

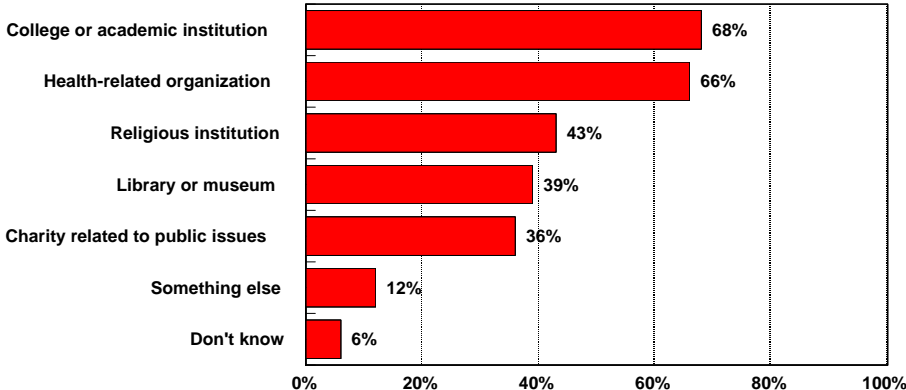
Reasons for Donating to Charities

	Old Money <i>n=22</i>	New Money <i>n=180</i>
Uphold family traditions	42%	17%

Academic institutions and health-related organizations are most likely to be the beneficiaries of charitable bequests.

About two in three say these are the charities they would consider leaving money to. Religious institutions are cited by less than half (43%) of these wealthy individuals, while 39 percent will consider leaving money to a library or museum.

Charitable Donations High Net Worth Individuals Would Consider
n=264



Only 36 percent are considering leaving money to a charity related to public issues, like the environment or politics. However, this interest in donating to these types of causes is strongly affected by the age of the potential donor. Those under age 55 are significantly more likely than those who are older to consider leaving a legacy to these types of organizations, with almost half (48%) sharing this attitude. This belief reflects the social consciousness and awareness of many younger Americans.

Charitable Donations High Net Worth Individuals Would Consider
By Age

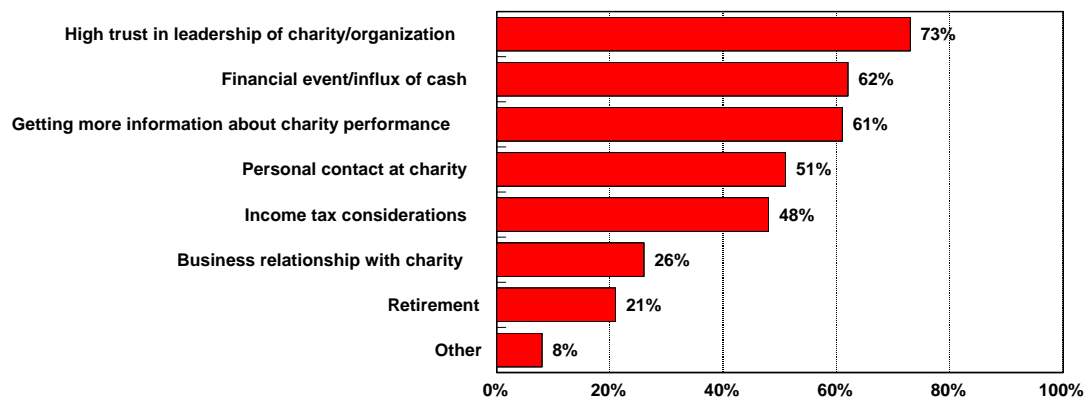
	Under 55 <i>n=81</i>	55 to 64 <i>n=90</i>	65 or Older <i>n=93</i>
Charity related to public issues like the environment or politics	48%	34%	29%

Ethical concerns play a significant role in willingness to increase charitable giving.

Having a high level of trust in the leadership of a charity or similar organization (73%) is of particular concern in the decision to increase charitable donations. Accordingly, a plurality of participants will also consider increasing donations if they have access to increased information on the performance of the charity and how it is using the donations it receives (61%).

Factors That Would Increase Charitable Donations

n=264



While these ethical concerns are critically important in the decision-making process, other factors also play a key role. These factors include having a personal contact at the charity (51%) as well as a financial event that results in a sudden influx of money (62%). This willingness to increase charitable donations as a result of an increase in wealth can be seen as a direct reflection of the high level of importance high net worth individuals place on giving back to society, particularly among those who are younger (*see page 24*).

Factors That Would Increase Charitable Donations

By Age

	Under 55 <i>n=81</i>	55 to 64 <i>n=90</i>	65 or Older <i>n=93</i>
A financial event/influx of cash ^{§§}	75%	68%	44%

^{§§} This is defined as a large influx of cash as a result of an inheritance or the sale of a business.

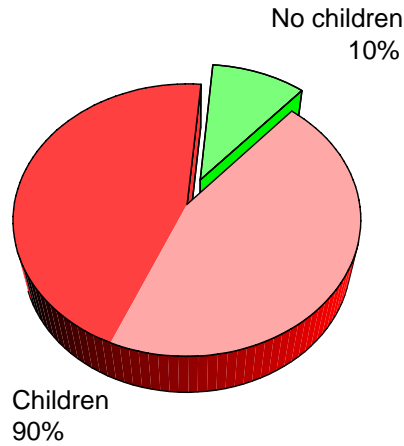
Parents and Their Children

High net worth individuals have larger families.

Nine in ten participants report having children, with an average of 2.45 children in each family. This is higher than the average number of children living at home in a U.S. household, which is 1.82.***

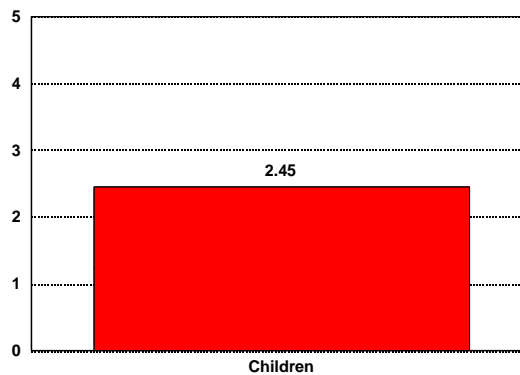
Children in Family

n=264



Average Number of Children

n=264

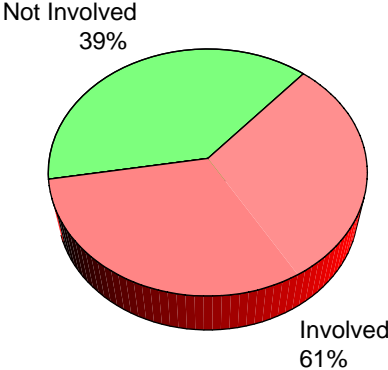


*** This represents children at home, not total number of children. However, this is a strong indication that high net worth households are likely to have more children than the typical household. SOURCE: U.S. Census Bureau, "America's Families and Living Arrangements: 2006"

Most parents report that their children are actively involved in managing their wealth.

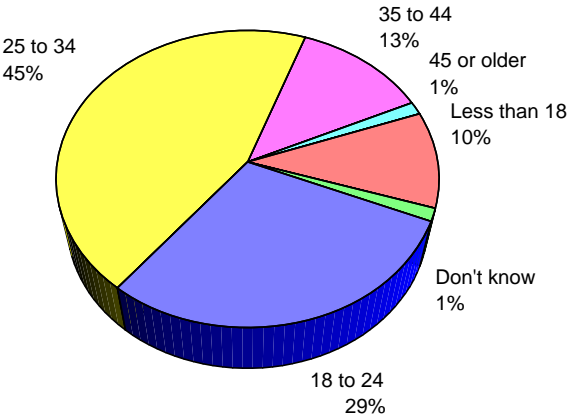
Six out of ten (61%) parents say their children are actively involved in this area.

Involvement of Children in Managing Their Wealth
Those Who Have Children
n=239

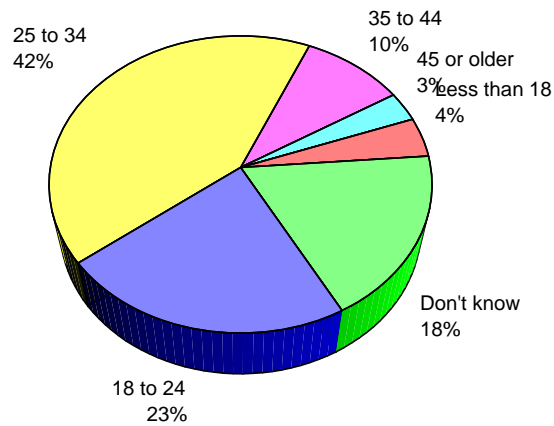


Whether or not their children are currently managing their own wealth, most high net worth parents agree on the appropriate age for children to take on the responsibility. Almost half of those with children already managing their wealth say they started between the age of 25 and 34 (45%). For those whose children do not currently manage their wealth, a similar proportion say that the age range of 25 to 34 is when their children will likely assume the responsibility (42%).

Age Children Became Involved in Managing Their Wealth
Children Who Manage Their Wealth
n=145

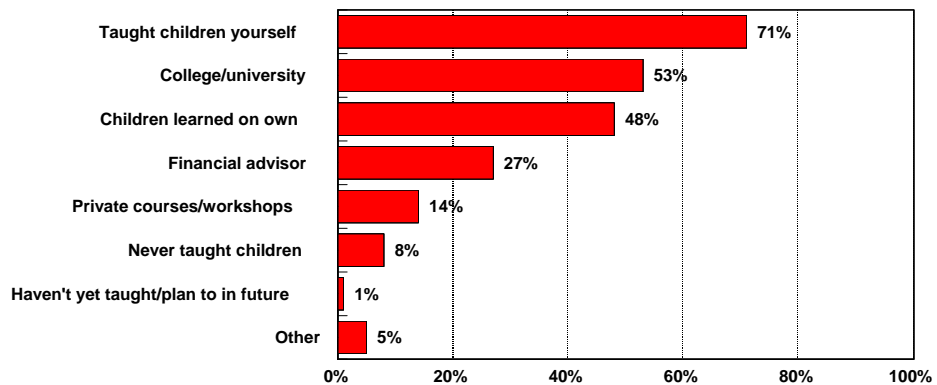


Age Parents Would Consider Children Being Involved in Managing Wealth
Children Do Not Manage Their Wealth
n=92



The vast majority say that they taught their children how to manage their wealth themselves (71%).

Sources Relied on to Teach Children about Managing Wealth
Those Who Have Children
n=239

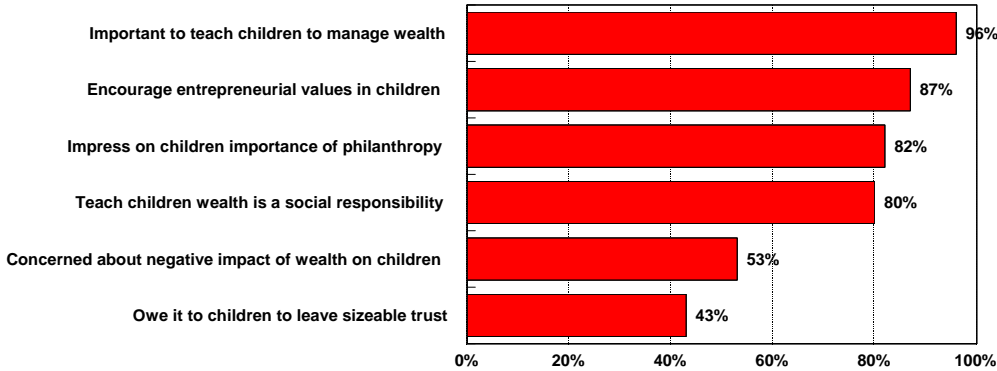


Encouraging entrepreneurial values in children is a top priority for parents.

While almost all (96%) agree it is important to teach children how to manage wealth, they are almost equally concerned with other values and skills that are closely linked to wealth. In particular, they agree about the importance of encouraging entrepreneurial skills (87%) in their children. Additionally, they agree on the importance of teaching children about philanthropy and giving (82%) and that wealth also brings with it social responsibilities (80%).

Consistent with these attitudes is that over half (53%) of parents agree they are concerned about the negative impact of wealth on their children.

Attitudes toward Children and Personal Wealth
Those Who Agree with Each Statement
n=239



Concerns with the social aspects of wealth are also reflected in the fact that only 43 percent of these parents say they owe it to their children to leave a sizeable trust. This reflects parental values that the value of wealth goes beyond simply providing an advantaged lifestyle.

Appendix A: Methodology

Sampling

For the purposes of this study, affluent Americans were defined as those Americans whose investable net worth is \$5 million or greater. Primary residence is not included in this definition and is excluded from this threshold in this study.

Previous Studies

In previous studies, qualification for inclusion in the study was a net worth of \$5.9 million or higher, including primary residence^{†††} or a household income of \$300,000 or more^{‡‡‡}. The Internal Revenue Service data was used to determine the income cutoff because it is the most complete, unbiased source of income data in the country. It is empirical data and takes into account all households who file a tax return.

An income cutoff was not used this year and the overall qualification for the study was based solely on investable assets. The overall average income for the 2007 study is \$402,500. As noted earlier, by not including the option between household income and total assets, and qualifying respondents solely on their investable assets, the sample in this year's study is significantly wealthier than previous years.

A table chart comparing the samples from 2006 and 2007 appears at the end of this section.

^{†††} The net worth thresholds for these earlier studies were based on a paper entitled 'A Rolling Tide: Changes in the Distribution of Wealth in the U.S., 1989-2001,' written by Arthur Kennickell of the Federal Reserve. This paper, based on data from the 2001 Survey of Consumer Finances, estimates the cut-off for the top one percent of U.S. households to be \$5.865MM. Therefore, the \$5.9MM cut-off used in earlier surveys ensured that respondents qualified as part of the top one percent of U.S. households for net worth

^{‡‡‡} According to the Internal Revenue Service, the amount that delineated the top one percent of U.S. households for adjusted gross income in 2003 was \$295,495. This cutoff has been updated at various times over the past 10 years in order to keep pace with Internal Revenue Service figures on income.

List Development

Since, the natural random incidence of qualified respondents for this survey would likely fall just within one percent, a specialized list was used to recruit respondents. This list was developed in order to increase the incidence of qualified respondents while ensuring that the survey would represent a random sample of Americans who fall within the top tier for income and/or net worth. A well known, respected market research company developed this list. The list was comprised of randomly generated listed phone numbers within zip codes in the United States known for high median household incomes and/or net worth. The number of phone numbers included for each zip code was proportional to the number of households included in the total zip code area.

Interviewing

A total of 264 telephone interviews were conducted from March 19-April 8, 2007 among households included in the recruit lists. Tallies were kept throughout the interviewing of the geographic distribution of the interviews to ensure that respondents were included from all regions of the country.

Included in this overall sample, was a sub-sample of 50 ultra high net worth respondents, with total assets of \$25 million or higher, which were analyzed separately in this study.

This group was deliberately over sampled in order to provide an analyzable group of these respondents. Statistical weights were applied to the final data, however, so that this group of ultra high net worth Americans would be represented in their correct proportions in the overall sample.

Statistical Reliability of Data

Data presented in this report are accurate up to ± 8 percent at the 95 percent confidence level. Reliability of the data for subgroups within the sample varies depending on the total number of respondents included in each subgroup.

United States Trust Company, N.A., is a subsidiary of U.S. Trust Corporation, which is a wholly owned subsidiary of The Charles Schwab Corporation.

Comparison between 2006 & 2007 Samples

	2006	2007
Number of Respondents	150	264
Annual household income		
Less than \$150,000	1%	3%
\$150,000 up to \$300,000	9%	23%
\$300,000 up to \$500,000	35%	21%
\$500,000 or more	54%	51%
Refused	1%	2%
Total assets		
Less than \$5 million (\$5.9 million in 2006)	54%	0%
\$5 million to less than \$10 million (\$5.9 million to less than \$10 million in 2006)	21%	54%
\$10 million or more	20%	45%
Refused	5%	0%

Appendix B: Data Tables

**Financial Decision Maker in the Household
(Percent Who Responded)**

No. of Respondents	264
Primary Decision Maker	61
Shared Decision Maker	39

**Current Employment Status
(Percent Who Responded)**

No. of Respondents	264
Retired	34
Self Employed or business owner	39
Employed full-time	17
Employed part-time	5
Not employed but not retired	6

**Range Of Yearly Household Income
(Amount Declared On Tax Return)
(Percent Who Responded)**

No. of Respondents	264
Up to \$150, 000	3
More than \$150, 000 to \$300, 000	23
More than \$300, 000 to \$500, 000	21
More than \$500, 000	51
Don't Know/ Refused	2

**Total Value of Assets
(Percent Who Responded)**

No. of Respondents	264
More than \$5 million to \$10 million	54
More than \$10 million to \$15 million	21
More than \$15 million to \$20 million	8
More than \$20 million to \$25 million	5
More than \$25 million	11

**Total Value of Investable Assets
(Without Primary Residence)
(Percent Who Responded)**

No. of Respondents	264
More than \$5 million to \$10 million	62
More than \$10 million to \$15 million	18
More than \$15 million to \$20 million	7
More than \$20 million to \$25 million	4
More than \$25 million	10

Attitudes toward Investing
(Percent Who Were Asked About US Market)
(On a 1 to 10 Scale where 10 = Very Optimistic and 1 = Very Pessimistic)

Optimism With Regard to Investing in the US Stock Market Over the Next 12- 24 Months	(n=131)
8-10	27
4-7	62
1-3	10
Don't know/ Refused	2

Attitudes toward Investing
(Percent Who Were Asked About International Market)
(On a 1 to 10 Scale where 10 = Very Optimistic and 1 = Very Pessimistic)

Optimistic With Regard to Investing in the International Stock Market Over the Next 12- 24 Months	(n=133)
8-10	22
4-7	65
1-3	13
Don't know/ Refused	1

Attitudes toward Investing – Stock Market Risk
(Percent Who Were Asked About US Stock Market)

No. of Respondents	131
Much riskier	14
A little riskier	37
No more or less risky	35
A little less risky	11
A lot less risky	1
Don't know/Refused	2

Attitudes toward Investing – Stock Market Risk
(Percent Who Were Asked About International Stock Market)

No. of Respondents	133
Much riskier	11
A little riskier	35
No more or less risky	41
A little less risky	9
A lot less risky	*
Don't know/Refused	4

Current Attitudes toward Investing
(Percent Who Were Asked About US Stock Market)

No. of Respondents	131
I am not making any changes to my portfolio right now	67
I am moving money into the US stock market from other investments	12
I am moving money out of the US stock market and into other investments	18
Don't know/Refused	3

**Current Attitudes toward Investing
(Percent Who Were Asked About International Stock Market)**

No. of Respondents	133
I am not making any changes to my portfolio right now.	68
I am moving money into international stock markets from other investments	16
I am moving money out of international stock markets and into other investments	8
Don't know/Refused	8

**Expected Annual Average Rate of Return
US Stock Market Investments over the Next Year
(Percent Currently Invested in the US Stock Market)**

No. of Respondents	131
0-4	9
5-9	47
10-14	24
15-19	7
20+	4
Don't know/Refused	9

**Expected Annual Average Rate of Return
International Stock Market Investments over the Next Year
(Percent Currently Invested in the International Stock Market)**

No. of Respondents	133
0-4	13
5-9	31
10-14	28
15-19	7
20+	5
Don't know/Refused	16

**Evaluation of Current Portfolio
(Percent Who Responded)**

No. of Respondents	264
Exceeded respondents expectations'	40
Met respondents' expectations	45
Fell short of respondent's expectations	13
Don't know/Refused	1
Other	*

**Distribution of Investments
(Mean Responses, Scaled to 100%)**

No. of Respondents	264
Cash equivalent investments such as CDs and money market instruments, including mutual funds	12
Government securities, municipal bonds or corporate taxable bonds including mutual funds	15
Domestic stocks, including mutual funds	34
International stocks or emerging markets securities including mutual funds	10
Real Estate held for investment purposes including REITS	17
Hedge Funds	2
Private equity including venture capital	8
Commodities	2

**Impact of Specific Investments in Generating Wealth
(Percent Who Have Invested In Various Portfolio Types)**

Investment Type	Very Significant	Somewhat Significant	Not very Significant	Not at all significant	Don't Know/ Refused
Cash equivalent investments such as CDs and money market instruments, including mutual funds (n=232)	7	32	38	22	2
Government securities, municipal bonds or corporate taxable bonds including mutual funds (n=193)	10	37	34	16	3
Domestic stocks, including mutual funds (n=234)	39	42	12	5	3
International stocks or emerging markets securities including mutual funds (n=191)	27	48	15	6	3
Real Estate held for investment purposes including REITS (n=176)	39	41	10	8	2
Hedge Funds (n=47)	18	39	22	16	5
Private equity including venture capital (n=125)	35	28	16	13	7
Commodities (n=49)	15	46	22	17	-

**Those Who Intend to Increase Investments in Each Area
(Percent Who Responded)**

No. of Respondents	264
Domestic stocks, including mutual funds	53
International stocks or emerging markets securities including mutual funds	40
Government securities	35
Cash equivalent investments such as CDs and money market instruments, including mutual funds	34
Real Estate held for investment purposes	33
Private equity including venture capital	27
Hedge Funds	11
Commodities	9
None of these	14

**Attitudes toward Hedge Fund
(Percent Who Responded)**

Hedge Funds... (n=264)	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Neither	Don't Know/ Refused
Historically, hedge funds enable very good return on investment	19	36	14	10	6	15
When properly used, hedge funds reduce portfolio risk	19	32	17	16	5	11
Good hedge funds are difficult to identify	53	23	7	4	3	9
Hedge funds are difficult to thoroughly investigate	56	21	5	5	3	9
Hedge funds should occupy a significant percentage of wealth-building portfolios	2	15	30	38	5	10
The more high-net-worth investors know about hedge funds, the more likely they are to invest in them	20	33	13	11	9	15
The lack of liquidity resulting from Hedge fund investments, is well compensated by the returns	8	37	18	16	8	13

**Level of Interest in Learning More about Managing Wealth
(Percent Who Responded)**

More Info On... (n=264)	Very Interested	Somewhat Interested	Not Very Interested	Not At All Interested	Don't Know/ Refused
Selecting financial advisors	7	16	26	51	-
Estate planning	14	35	16	35	1
Tax laws relating to investments	17	36	16	30	1
Alternative Investments	10	34	18	36	2
Structured Notes	7	18	23	47	4
How to approach philanthropic contributions	10	27	25	37	1
Establishing trust funds for family/loved ones	14	31	15	38	1
Capital Markets	9	28	24	37	1
Tax-efficient structured equity products	11	38	13	36	2

**Attitudes toward Personal Wealth
(Percent Who Responded)**

Wealth Management (n=264)	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Neither	Don't Know	Not Applicable
I am increasingly trying to learn more about the products available to me to manage my wealth	29	42	18	10	1	*	-
I have lived with significant wealth for my entire life	11	13	19	57	-	-	-
I had to start from "scratch" and became wealthy later in life due to my own success	65	19	7	8	1	-	-
Accumulating wealth is a very important life objective for me. I devote significant time to thinking, discussing and working on accomplishing this objective	30	34	18	15	2	1	1

**Concerns About Economic Issues
(Percent Who Responded)**

(On a 1 to 10 Scale where 10 = a Very Big Worry and 1 = Not at all a Worry)

No. of Respondents	264
Over the next few years, your taxes will rise significantly.	
8-10	28
4-7	44
1-3	27
The next generation will have a more difficult time financially than your generation has had	
8-10	36
4-7	37
1-3	26
Inflation will erode the value of your investments	
8-10	15
4-7	51
1-3	33
You are unable to predict the return your investments will provide over the long-term	
8-10	14
4-7	45
1-3	41
High taxes will significantly reduce the value of your estate	
8-10	29
4-7	42
1-3	29
You'll need to support adult children or grandchildren	
8-10	12
4-7	27
1-3	59
Does not apply	2
Don't Know/Refused	1
The US budget deficit will affect the US economy in the long run	
8-10	37
4-7	37
1-3	25
Does not apply	*
Don't Know/Refused	1
The US is losing its competitive edge in the world economy	
8-10	33
4-7	41
1-3	25
Does not apply	1
Don't Know/Refused	1
Social Security will run out of money before current contributors can collect everything they are due	
8-10	23
4-7	33
1-3	43
Don't know/Refused	1
You will not be able to maintain the income level to which you have become accustomed	
8-10	10
4-7	29
1-3	61
Stock market gains will be lower than they've been in recent years	
8-10	11
4-7	49
1-3	38
Does not apply	1
Don't Know/Refused	2
Environmental issues are going to require increasing government investment	
8-10	31
4-7	41
1-3	28

**Philanthropic Involvement
(Percent Who Responded)**

No. of Respondents	264
A donor-advised fund	17
A family foundation	27
Charitable trust (s)	30
Charitable gift annuities	20
A charitable bequest through your will	42
Other	4
None of these	32

**Reasons for Donating to Charities
(Percent Who Responded)**

No. of Respondents	264
Income tax considerations	33
Religious beliefs	39
You want to make a difference/help change the world	72
You believe strongly in supporting a particular cause	87
To uphold your family history of donating to certain charitable organizations	24
The feeling of returning something to society and humanity	88
Other	2
None of these	1
Don't Know/Refused	*

**Charitable Donations High Net Worth Would Consider
(Percent Who Responded)**

No. of Respondents	264
College or academic institution	68
Health-related organization	66
Religious institution	43
A charity related to public issues like the environment or politics	36
Library or museum	39
Other	12
Don't know/Refused	6

**Factors That Would Increase Charitable Donations
(Percent Who Responded)**

No. of Respondents	264
A financial event (i.e., a large influx of cash as a result of an inheritance or the sale of a business)	62
Having a personal contact at a charitable organization	51
Having a business relationship with a charitable organization	26
A high level of trust in the leader or board of a charity or other organization	73
Getting more information on how a charity or other organization is performing or using its donations	61
Retirement	21
Income tax considerations	48
Other	8
Don't know/Refused	4

**Number of Children in Family
(Percent Who Responded)**

No. of Respondents	264
0	10
1	13
2	39
3	21
4	9
5	4
6 or more	4

**Children Involved in Managing their Own Wealth
(Percent Who Have Children)**

No. of Respondents	239
Yes	61
No	39
Don't know/Refused	*

**Age Children Became Involved in Managing Their Wealth
(Percent Who Responded Children Already Managing Their Wealth)**

No. of Respondents	145
Younger than 18	10
18 to 24	29
25 to 34	45
35 to 44	13
45 or older	1
Don't know/ Refused	1

**Age Would Consider Children Being Involved in Managing Wealth
(Percent Who Responded Children Not Managing Their Wealth)**

No. of Respondents	93
Younger than 18	4
18 to 24	23
25 to 34	42
35 to 44	10
45 or older	3
Don't know/ Refused	18

**Sources Relied On to Teach Children about Managing Wealth
(Percent Who Have Children)**

No. of Respondents	239
Financial Advisor	27
You taught your child/children yourself	71
Your child/children learned on their own	48
College/university	53
Private courses/workshops	14
You never taught your children how to manage their wealth	8
You haven't yet taught your children how to manage their wealth but plan to in the future	1
Other	5
None of these	1

**Attitudes toward Children & Personal Wealth
(Percent Who Have Children)**

Children and Wealth Management (n=239)	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Neither	Don't Know/ Refused	Not Applicable
I am concerned about the possible negative impact of my wealth on my children	23	30	14	32	1	*	-
I am encouraging entrepreneurial values in my children	63	24	7	4	1	1	*
It is important to teach children how to manage their wealth	83	13	3	1	*	-	-
I owe it to my children to leave them with a sizeable trust	21	22	27	29	1	-	-
I am teaching my children that having wealth is not only a personal advantage, but also a significant social responsibility	59	21	11	5	1	1	1
I impress upon my children that philanthropy is an important responsibility of a wealthy person	54	28	7	7	1	1	1

Demographics (Percent Who Responded)

Number of Respondents	264
Financial decision-maker	
Primary	61%
Shared	39%
Gender	
Male	82%
Female	18%
Parent Still Living	
Both	18%
One	22%
Neither	60%
Age	
Under 45	8%
45 to 54	22%
55 to 64	34%
65 to 74	23%
75 and older	13%
Average yearly household income	\$402,500
Average investable assets	\$11.78 million
Employment Status	
Retired	34%
Self-employed/business owner	39%
Employed full-time	17%
Employed part-time	5%
Not employed but not retired	6%
Marital Status	
Married for first time	65%
Married, not first time	24%
Widowed	4%
Single, never married	4%
Divorced	2%
Number of children (average)	2.45