

PERSONAL CAPITAL

Affluent Family Finances Survey



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The Rise of the Affluent

We see the manifestations of wealth around us almost every day: the brand-new Tesla driving down the street, the designer handbags that go from runway to sidewalk, and the endless stream of fancy, high-tech gadgets.

But what about beyond the conspicuous consumption? How do those with money make long-term plans for their wealth and families, and how do they think about their finances in less commercially-driven and more responsible ways?

Even though many families are considered affluent - that is, they have investable assets of \$500,000 or more - not all are the same. Generational divides influence not only what parents are doing for their children, but also what they think their children want done for them. Geography and gender can account for some financial decisions, but doesn't seem to play into others. And how much money families have impacts not only what they do with their finances, but also how they talk about them.

Personal Capital commissioned a survey, conducted online by [ORC International](#), of 1,001 U.S. adults ages 18+ who are parents and have total investable assets of \$500,000 or more to help better assess how affluent Americans approach their families' financial futures. The following data reveal the results of the survey.

THE BOTTOM LINE. In an age of affluence, Americans are approaching finances and families differently, with **Millennials planning to give their children an unprecedented level and duration of financial support** not experienced by prior generations.

THE HANDHELD GENERATIONS

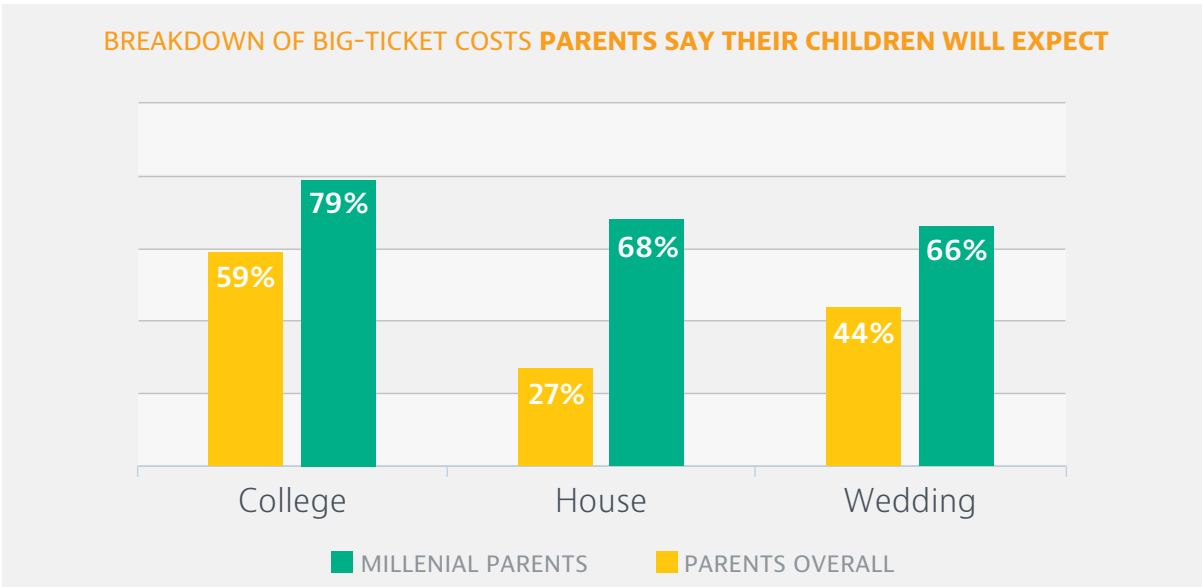
Millennial Parents & Their Gen Z Children

There are financial choices Millennial parents will make for their children. And then there are the choices parents *think* their children *want* them to make. Millennial parents think their children have even higher expectations than those raised by Gen X and Baby Boomers.

What may be surprising is the stark contrast among some parts of the Millennial generation themselves. Studies of Millennials overall, including a [Personal Capital study](#) conducted just last year, show that this group is grossly underprepared for retirement. In fact, 40% of Millennials don't have a single retirement account and expect to work for only 15 years, which means they will save less than \$450,000 for retirement. Yet, on the other end of the spectrum, affluent Millennials are singing a different tune — and plan to set up future generations in ways that haven't been done before.

FINANCIAL EXPECTATIONS ARE HIGH FOR BIG-TICKET PURCHASES

Nine in 10 Millennial parents say their child/children will expect them to pay for big-ticket items, like college, weddings and/or a house - compared to 69% of parents overall.



EDUCATION

When it comes to paying for their children’s undergraduate education, 56% of Millennials parents (and 42% of Gen X parents) expect to pay \$100,000 or more compared to 23% of Baby Boomers.

However, Millennial parents have higher expectations for their children. In fact, among parents who don’t have a child who has attended grad school, 90% of Millennial parents vs. 64% of parents overall say it’s likely their child will go to graduate school. And, among those whose child has gone or is at all likely to go to grad school, almost all Millennial parents, (95%) say they will help pay for their child’s graduate school education, and 60% say they will pay \$100,000 or more - which makes them more than twice as likely as parents overall.

RETIREMENT VS. EDUCATION

70%

of Millennial parents vs. 48% of parents overall say they would prioritize saving for their child’s college education over their retirement. This could prove to be a big mistake if these children end up supporting their parents in old age. **Remember, you can always borrow for college - you can’t for retirement.**



HOUSING

Millennial parents expect to pay greater proportions of their children’s housing costs compared to overall parents, whether that means contributing to buying or renting a home. Millennial parents are also three times more likely to cover the entire cost of the house, and twice as likely to contribute a full down payment, compared to overall parents.

	MILLENNIAL PARENTS	OVERALL PARENTS
Entire House	46%	14%
Full Down Payment	16%	8%
Partial Down Payment	19%	25%
All of Rent	48%	18%
Most of Rent	18%	10%



WEDDING

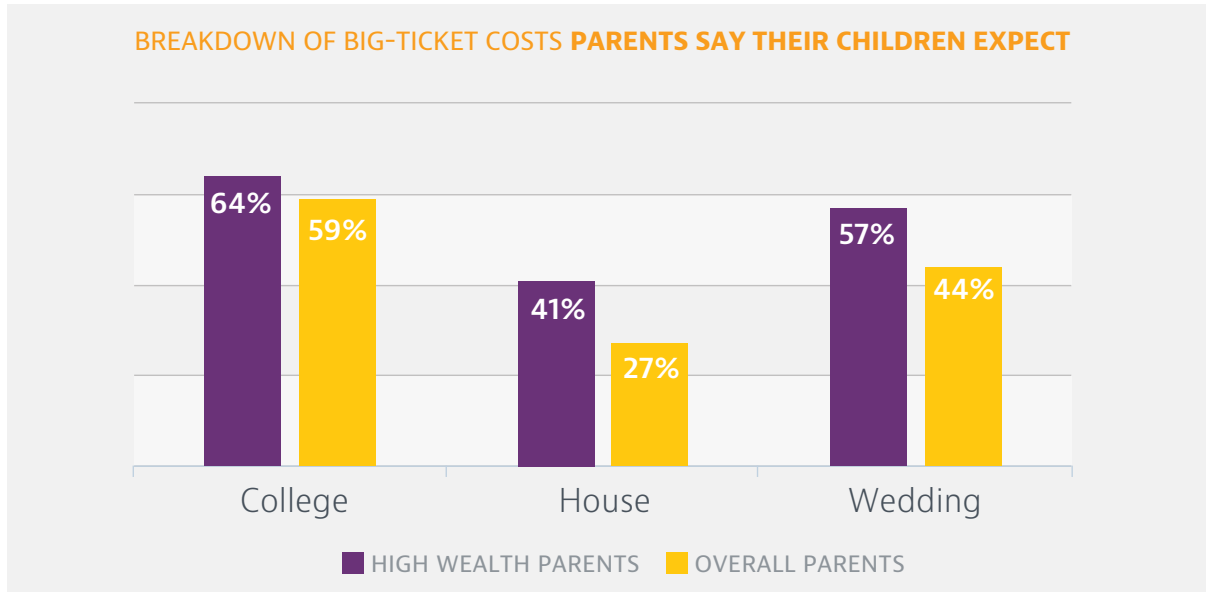
Planning a trip down the aisle doesn’t come cheap for Americans anymore. With the average wedding in the United States costing upwards of \$35,000, Millennial parents are planning to shell out the big bucks for their children’s nuptials. Ninety-nine percent (vs. 84% overall) of Millennial parents say they plan to contribute, with 45% of Millennial parents (vs. 13% overall) planning to pay \$50,000+, and 19% of them planning to pay \$100,000+ (vs. 5% overall).

The Children Of Affluent Parents

Across generations, parents feel the gravity of what they think their children will expect them to provide financially. In fact, nearly three-quarters of affluent parents (69%) say their children expected or will expect them to pay for at least one type of big-ticket purchase. It's simple. More money comes with more demands.

Affluent parents differ in perceptions of their financial expectations compared to those with "high wealth," i.e. those with \$3 million or more in investable assets.

THE CHILDREN OF AFFLUENT PARENTS



EDUCATION

Nearly three-quarters (72%) paid or expect to pay \$25,000 or more for their children's undergraduate college education. Parents from the Northeast feel more pressure in this regard, with 46% who have paid or expect to pay \$100,000-plus for their child's undergraduate education, compared to just 31% of parents overall.

Among parents whose child has gone or is at all likely to go to graduate school, 69% have contributed or expect to contribute to their child's graduate education. The western part of the United States feels the most pressure at 73% - edging out the Northeast (at 70%), the South (at 70%), and the Midwest (at 64%).



HOUSING

More than half (54%; 68% for high wealth) of parents have helped or plan to help their child financially when they buy a home. More specifically, these parents have paid or plan to pay for part of the down payment (25%), the entire house (14%), the full down payment (8%) and/or the mortgage (8%). When it comes to helping with rent, 45% of parents have paid or expect to pay some or all of their child's rent, with 18% paying or expecting to pay for all of it.



WEDDING

Interestingly enough, especially compared to the Millennial generation, nearly three-quarters (71%) of parents overall paid or plan to pay less than \$25,000 for their children's wedding - a dollar range significantly below the average national cost.

THE FUTURE ACROSS GENERATIONS

1 in 10

affluent Americans plan to support their children for their entire lives



Nearly two in 10 (19%) affluent Americans plan to support their children into their 30s and beyond.

On the other hand, instilling a work ethic early seems to resonate across all generations; 67% of parents believe kids should get their first job in middle or high school, with only 12% believing it should happen after college. Almost three-quarters of Baby Boomer parents (71%) believe kids should get their first job in high school, followed by 56% of Gen Xers and 40% of Millennials.



WHO'S MORE GENEROUS - MOM OR DAD?

In almost every category, female parents were more generous and more sensitive about helping their kids. From college to weddings to first homes, moms seem to be leading the charge in financial support, with 72% of women vs. 66% of men saying their children expected or will expect them to pay for big-ticket purchases.

	WOMEN	MEN
College	64%	55%
Wedding	46%	42%
House	29%	26%
Experiences guilt over leaving children with student loans	52%	42%
Likelihood of giving children extra money	38%	31%

We Need to Talk - About Our Finances

The amount of money - as well as the generation in which they belong - impacts how parents talk finances with their kids.

Half of affluent parents say their children know their salary, and just under half (47%) say their children know their net worth. Twenty-eight percent of affluent parents say they have discussed their salary with their kids when they finished high school or before. Those with high wealth, however, are less likely to spill the beans on how much they make than those with \$500,000 to \$1 million in investable assets.



A GENERATIONAL BREAKDOWN

Millennials are most likely to speak to their kids about their salary when their children finish high school or before (33%), compared to Baby Boomers at 26%.



LEAVING BEHIND A LEGACY

Almost all (97%) of affluent parents plan to leave an inheritance to their children, with 91% planning to leave their children \$100,000 or more.

However, 22% of parents never plan to tell their kids their net worth, even though of those planning to leave an inheritance, six in 10 think their children will be very responsible with the money. The rest believe their children will only be somewhat, not very, or not at all responsible with their inheritances.



CONCLUSION

The affluent American spans many ages, regions, and income brackets - all of which influences how they approach their finances in relation to their families.

- > Millennials have higher expectations for themselves and their children
- > Those with high wealth feel the highest expectations
- > Yet, there are some who don't seem comfortable about talking finances with their children
- > Women are more apt to provide financial support than men
- > Baby Boomers have different expectations for when kids should start working
- > Millennial parents seem to prioritize saving for their children's education over saving for retirement

But what they have in common is their long-term outlook: they all want to retire comfortably, leave a legacy, and provide for their families.

These goals can be challenging to reach without the correct knowledge and preparation. But the great news is that it's not too late for any parents who want to support their own futures as well as those of their children. Talking about finances, prioritizing correctly, and creating a roadmap can go a long way in helping families achieve their financial desires, regardless of affluence.

PERSONAL CAPITAL

The smart way to track & manage your financial life.



Personal Capital combines award-winning online financial tools that provide unprecedented transparency into your finances with personal attention from registered financial advisors. The result is real time financial visibility and management for 1.5 million registered users. The firm manages more than \$5 billion in assets on behalf of its clients and tracks \$350 billion in assets for registered users.

METHODOLOGY

This report presents the findings of an online study conducted among a sample of 1,001 respondents ages 18 or older who are parents, and have total household investable assets of \$500,000 or more. The sample for the study came from an online panel. Invitations to participate in the study were sent beginning on September 7, 2017 and data collection continued through September 13, 2017.

Respondents with multiple children were asked to focus on one child in the beginning of the survey, and were chosen through a random birthday selection. Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments.



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