
Affluent Still Nervous, Merrill Lynch Survey Shows

By Editor Test Wed, Apr 21, 2010

Almost three out of four affluent baby boomers ages 51-64 are concerned about whether their assets will last throughout their lifetime.

The percentage of affluent Americans who are concerned about the economy's impact on their ability to meet financial goals has fallen to 49% from 58% in October 2009, according to the third and latest Merrill Lynch Affluent Insights Quarterly survey.

But worries about health care costs in retirement and longevity risk appear to be rising. Of the 62% survey respondents who identified health care as a top concern, 56% felt unsure of how rising medical costs should factor into their retirement planning, up from 40% in January 2010. The number of those concerned about whether their assets will last throughout their lifetime rose to 61% from 53% during the last quarter.

The survey also showed:

- Two out of three affluent people over age 65 say they are spending more time with friends and family. About 45% plan to dedicate more time to philanthropic endeavors and the same percentage intend to spend more time traveling during retirement.
- 73% of affluent baby boomers ages 51-64 are concerned about whether their assets will last throughout their lifetime and 61% wonder if they will be able to live the lifestyle they had hoped to in retirement.
- 40% of survey respondents ages 51-64 expect to retire later than they did one year ago. Nearly one-third (31%) currently support both their children and parents to some extent.
- Of these members of the "Sandwich Generation," 45% have had to make lifestyle sacrifices to support the needs of their family, 44% have significantly cut back on personal luxuries, 26% percent are now saving less for retirement, and 19% have invited their adult-age children and/or parents to live with them to save money.
- Of all groups, 35 to 50-year-olds struggle most with balancing short-term financial priorities and concerns, such as funding their children's education (52%) and knowing how best to manage a proper cash flow and liquidity strategy (31%).
- Younger affluent individuals ages 18-34 say they lack the financial education needed to make the best decisions early in life to maximize their long-term savings and investments. In that group, 23% said they don't "know where to begin" while 24% said "understanding tax implications associated with retirement savings vehicles" was most challenging.
- 52% of survey respondents believe the government should do more to assist individuals in their retirement saving efforts. For instance, 50% of these respondents believe that health care coverage should be provided to all retirees, while 44% believe that more financial resources should be put toward Social Security.
- Nearly half (47%) of affluent Americans ages 35-50 assume Social Security will not play a role in their retirement, and nearly 70% are skeptical about the future availability of Medicare benefits.
- Nearly 65 percent of affluent Americans under the age of 50 would like to see higher contribution limits for IRAs and employer-sponsored retirement plans, and 44% want more retirement education

in the workplace. (such as a 401(k)) raised. More than 60% of those under the age of 64 either currently do or would take advantage of financial education or advice services if offered by their employer.

- Among the nearly half (44%) of affluent Americans working with a financial advisor, 75% engage with their advisor at least quarterly, and 41% at least monthly. While this frequency is fairly consistent with the previous two quarters, the number of individuals speaking with their financial advisor weekly has steadily risen from 8 to 13% during the last six months.
- Approximately 63% of affluent Americans who work with a financial advisor have been doing so for more than six years, and nearly 40% for more than 10 years. More than one quarter (27%) wish they had started working with their financial advisor earlier, indicating many affluent Americans believe financial planning should begin at an earlier stage in life. Among the 56% who do not work with a financial advisor, 25% believe they would benefit from such a one-on-one relationship.
- When asked about what they want from advisors, affluent Americans cited proactive investment advice, check-ins to help ensure they're on track, advice on maintaining their desired lifestyle, holistic planning, help with ensuring adequate liquidity and a plan for charitable giving.

Braun Research conducted the Merrill Lynch Affluent Insights Quarterly survey by phone in March 2010 on behalf of Merrill Lynch Global Wealth Management. Braun contacted a nationally representative sample of 1,000 Americans with investable assets in excess of \$250,000, and oversampled 300 affluent Americans in each of 14 target markets.