

Factors Determining Equity Allocation (Wealthy vs. Norm)

By No Author *Tue, Mar 30, 2021*

Factors Determining Equity Allocation		
Representative US Adults vs. Wealthy Investors, ranked by importance)		
What determines your equity allocation?	W.I.	Rep. US
Advice from adviser	1	23
Years left until retirement	2	1
My investing experience	3	26
Living thru stock returns	4	21
Rare disaster risk	5	4
Risk of illness/injury cost	6	2
Need for cash on hand	7	3
Lack of trustworthy advisor	8	12
Religion	9	27
Expect higher stock returns	10	29
Return covariance with marginal utility of money	11	15
Stock mean-reversion	12	32
Risk of long-run aggregate consumption	13	14
Risk of long-run aggregate consumption volatility	14	25
Lack of trust in market participants	15	6
Source: "Millionaires Speak: What Drives Their Personal Investment Decisions," NBER Working Paper No. 27969, October 2020.		