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## "HENRYs" control \$8.3 trillion in savings: SBI

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By Editor Test      Wed, Oct 24, 2012

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*The 21.5 million "high-earning not rich yet" households control 31% of total financial assets in the United States—about \$8.3 trillion—and have a combined annual income of \$3.1 trillion, says Strategic Business Initiatives. (Left: O. Henry)*

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Financial services marketers are increasingly interested in a demographic that research firm Strategic Business Insights (SBI) calls HENRYs (High Earners Not Yet Rich), according to a recent report in SBI's MacroMonitor newsletter.

"We define *HENRYs* as households with a primary head between the ages of 20 and 70 who is not retired and with total household income between \$100,000 and \$249,999. No one can predict with certainty which of these households will become rich. Marketers who hope to profit from the success of HENRYs who emerge at the top of the wealth-accumulation ladder should cast the net broadly," according to MacroMonitor.

"HENRYs wield a disproportionate share of influence on the future of the US economy and the financial-services industry. The 21.5 million HENRY households constitute 22% of the not-yet-retired 20- to 70-year-old population and 17% of all households. Yet they control 61% of the financial assets in [that] group and 31% of total financial assets in the United States—\$8.3 trillion—and have annual income totaling \$3.1 trillion," SBI said in a release.

The demographics of the HENRY households are:

- Average age, 47. Nearly half (46%) have a primary head of household between the ages of 45 and 59.
- Average annual income, \$144,000. More than one in three (36%) have total annual household incomes greater than \$150,000.
- More than twice as likely as non-HENRY households (63% to 26%) to hold at least a four-year college degree; 29% hold a master's degree or higher. (Non-HENRY households are households with annual incomes below \$100,000.)
- Fewer than half of HENRY households have dependent children; nearly one in three have children older than 18 years.
- Only 13% of HENRYs are single-headed households (never married, divorced, or separated).
- Roughly three-quarters of HENRY households hold a first mortgage. About one-half have a vehicle loan; 61% carry credit-card balances. The average HENRY household has more than \$220,000 in total liabilities.
- Statistically, all HENRYs own insurance products. Specifically, 91% own vehicle insurance, 97% own homeowner's or renter's insurance, 95% own health insurance, and 50% own individual life insurance.

According to SBI, HENRY households are significantly more likely than non-HENRY households to own CDs, money market deposit accounts, mutual funds, stocks, bonds, or IRAs.

In particular, 14% of HENRYs have 529 education-savings accounts, 81% have a salary-reduction savings plan, and 90% own a home. They are slightly more likely than non-HENRYs to own a business (15% to 11%).

Although almost half (44%) of HENRYs place most of their savings and investment assets at banks, nearly one-third concentrate their money at a full-service brokerage, mutual fund company or financial-planning company. About one in eight (13%) have a defined benefit pension plan. Almost nine in 10 HENRY households report using online banking services, and 36% invest online.

- Over half of HENRY households name retirement as their most important saving and investing goal.
- Two in five HENRYs are not preparing for retirement.
- HENRYs' top-four areas of retirement focus are to manage assets (33%), to live within a fixed income (32%), to handle health issues (14%), and to put affairs in order (11%).
- The majority of HENRY households have a financial strategy; 13% do not.
- HENRY households are very confident in their financial responsibilities—38% indicate that they are "extremely" or "very" confident.
- Only 15% of Henry households say they have a written financial plan based on professional advice.

HENRYs are much more likely than non-HENRYs to:

- Favor technology, embrace investment risk, value and trust advisors.
- Consider themselves sophisticated and informed and express financial attitudes suggesting that they are satisfied and confident.
- Express a desire to consolidate and simplify their finances.