One-third of HNW investors have itch to change advisors

By Editor Test *Wed, Apr 27, 2011*

Investors under age 45 are keeping more than 40% of their money in cash or cash equivalents, according to a new survey by Northstar Research Partners and Sullivan, a communications strategy and design firm.

Most high net worth investors work with an advisor, but they don't necessarily intend to keep that advisor, especially if they have contact with that advisor only once a year or less. But they are more likely to be satisfied with their primary institution today than in 2009.

At the same time, the rich are feeling cautious. Twice as many of these wealthy investors described themselves as "conservative" in 2011 as did in 2009, and investors under age 45 say they are mattressing more than 40% of their money in cash or cash equivalents.

And, living comfortably in retirement is of greater concern to these investors than leaving a legacy or funding a child's education.

These are some of the findings of *Rebuilding Investor Trust*, a recent survey of 1,290 U.S. investors with more than $100,000 in investable assets (besides home and retirement accounts) by Northstar Research Partners and Sullivan, a communications strategy and design firm.

The survey showed that:

- 64% of high net worth investors currently work with an advisor.
- 43% are "very satisfied" with their primary financial institution (double the rate in 2009).
- 51% claim to be "very satisfied with their advisor.
- 36% says they consider moving assets from their primary institution, mainly to seek better investment performance.
- 25% say they will consider moving assets away from their advisor in the next year, up significantly from 2009.
- 25% of those without an advisor plan to see investment advice within the year.
- 74% trust their advisors, up from 61% in 2009.
- 41% of investors describe themselves as conservative, up from 22% in 2009.
- 42% of the portfolios of investors under age 45 is in cash or cash equivalents, such as CDs, savings accounts or money market accounts.
- 58% are focused on protecting principal.
- 39% are focused on long-term growth.
- 29% are focused on short-term gains.
- 19% are "very confident" of reaching their financial and retirement goals.
- 84% of those not very confident are "uncertain about where things are going."
- 90% of those not very confident are most worried about retiring comfortably.
- 68% of those not very confident are worried about maintaining a comfortable lifestyle.

- 57% of those not very confident are concerned about leaving a legacy.
- 37% of those not very confident are concerned about funding a child's education.
- 24% of investors who have with contact with advisor only once a year or less are very satisfied with the relationship.
- 63% of investors with more frequent contact with advisor are very satisfied with relationship.

The study sampled 1,290 individuals with affluent households ($100K+ investable assets, excluding real estate and workplace retirement plans) — including 15% with investable assets in excess of $1 million. The data is weighted to reflect the U.S. population of $100K+ investors, based on the 2007 Survey of Consumer Finance.

The study has a margin of error of +/- 2.5 percent. *Rebuilding Investor Trust* details specific action steps required by an institution to rebuild trust with its customer base. For more details, or to purchase the complete study, please email Suzanne Leff at sleff@sullivannyc.com.