

PrimeWealth Demand Research Summary

(Draft 3 - 03/12/2024)

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1. Wealth Distribution and Socioeconomic Performance

1.1 Socioeconomic Performance based on Ethnicity

Table 1.1. Indian and Chinese Immigrants' Socioeconomic Performance, Compared with the Total US population

Category	Indian Immigrants in the US	Chinese Immigrants in the US	Total US Population
Household Income			
Median household income	\$90,000	\$57,000	\$50,000
Average household size	3.1	2.6	2.5
Share of households with high incomes (\$90,000+)	53%	35%	25%
Share of households with very high incomes (\$140,000+)	28%	18%	10%
Employment			
Total population age 16 and older	1,710,000	1,537,000	239,386,000
Share in the labor force	73%	62%	64%
... that was employed	94%	95%	91%
... that was in a professional occupation	49%	43%	31%
Educational Attainment			
Total population age 25 and older	1,580,000	1,381,000	201,925,000
... with less than high school education	6%	16%	13%
... with high school or some college education	16%	35%	57%
... with a bachelor's degree	34%	21%	20%
... with an advanced degree	44%	27%	11%

Assets			
Total households	783,000	717,000	119,173,000
... that own or are buying their home	56%	56%	66%
... with income from dividends	17%	17%	15%
... with income from rent	5%	6%	5%
... with income from interest	51%	47%	43%
median income from interest (for recipients)	\$150	\$143	\$157
Share with more than \$500 in interest income	3%	13%	14%
Population Characteristics by Generation			
First and Second Generation Immigrant	2,662,000	2,472,000	77,138,000
First generation immigrant population	1,822,000	1,631,000	38,468,000
... that was working age (18-64)	84%	76%	81%
... that entered the US before 2000	49%	59%	64%
... naturalized US citizens	45%	54%	44%
Second generation population	840,000	929,000	38,670,000
... that was under age 18	69%	51%	46%
... that was working age (18-64)	30%	45%	43%
... with only one parent from India/China	16%	37%	-

Source: MPI analysis of 2010-12 ACS data and 2009-13 CPS data.

Wealth and Income

1. High Household Income:

- Indian immigrants have a median household income of \$90,000, significantly higher than Chinese immigrants (\$57,000) and the overall U.S. population (\$50,000).

- Over half (53%) of Indian immigrant households earn \$90,000 or more, and 28% earn \$140,000 or more, far surpassing the other groups.

2. Interest Income:

- 51% of Indian households earn income from interest, compared to 47% for Chinese households and 43% for the U.S. population, indicating strong savings or investment habits. However, the median interest income for Indians (\$150) is slightly lower than the U.S. average (\$157).

Employment

1. High Professional Occupation Share:

- Nearly half (49%) of employed Indian immigrants work in professional occupations, higher than the Chinese group (43%) and the U.S. population (31%).

2. Labor Force Participation:

- Indian immigrants have a higher labor force participation rate (73%) compared to the general U.S. population (64%), with a very high employment rate among those in the labor force (94%).

Educational Attainment

1. Advanced Degrees:

- Indian immigrants exhibit remarkable educational achievement, with 44% holding advanced degrees, more than quadruple the U.S. average (11%) and significantly higher than Chinese immigrants (27%).

2. Lower Basic Education Levels:

- Only 6% of Indian immigrants have less than a high school education, compared to 16% of Chinese immigrants and 13% of the U.S. population.

Assets

1. Homeownership:

- Indian households match Chinese households in homeownership rates (both at 56%) but lag behind the general U.S. population (66%).

2. Asset Income:

- Indian households show comparable participation in generating income from dividends (17%) and rent (5%) relative to other groups.

Population Dynamics

1. First Generation Dominance:

- A significant majority (84%) of the Indian first-generation immigrant population is of working age (18-64), slightly higher than the U.S. population (81%).

2. Recent Arrivals:

- 51% of Indian immigrants entered the U.S. after 2000, suggesting a more recent wave compared to Chinese immigrants (59%) and the U.S. total (64%).

1.2 The National Origin of Top Wealth Holders (%)

Table 1.2

Group	Subgroup	Top 1% Mean	Top 1% S.E.	Top 5% Mean	Top 5% S.E.
United States	Native White	91.53	0.89	90.40	0.69
	Native Black	0.92	0.19	1.07	0.19
	Native Latino	0.79	0.33	1.27	0.24
	Native Asian	1.21	0.35	1.18	0.29
Caucasian	European	2.76	0.71	2.88	0.53
	Canadian	0.61	0.35	0.63	0.26
Latin America	Mexican	0.43	0.20	0.27	0.12
	Cuban	0.05	0.09	0.10	0.12
Asia	HK/Taiwan	0.27	0.21	0.41	0.21
	Mainland Chinese	0.65	0.26	0.53	0.21
	Asian Indian	0.51	0.24	0.73	0.23
	Korean	0.12	0.14	0.27	0.17
	Filipino	0.15	0.17	0.27	0.17

Wealth Holders

- Representation Among Top Wealth Holders:
 - Asian Indians account for 0.51% of the top 1% wealth holders and 0.73% of the top 5% wealth holders, outperforming many other Asian subgroups but trailing groups like European Caucasians.

Note:

- Estimates are based on a weighted SCF synthetic dataset (replicates = 500, years 1995–2004).
- Cells indicate the percent of each wealth group from the specified national origin.

2. Financial Assets by Race/Nativity and Median Financial Asset Allocation

Table 2.1: Financial Assets by Type – Percentage of Those with Any, by Country of Birth

Race/Nativity	Any Financial Assets	Stocks/Mutual Fund	Interest-Earning Bank Account	IRA or Keogh	Life Insurance
Mainland Chinese	0.77	0.28	0.38	0.38	0.40
HK-Taiwan	0.88	0.42	0.50	0.47	0.48
Asian Indian	0.85	0.38	0.43	0.49	0.62
Other Asian	0.74	0.21	0.31	0.39	0.48
Native Asian	0.81	0.22	0.40	0.42	0.54
Mexican	0.45	0.03	0.22	0.13	0.22
Cuban	0.55	0.10	0.20	0.19	0.34
Other Latino	0.65	0.13	0.25	0.27	0.37
Native Latino	0.66	0.12	0.23	0.28	0.44
Other Immigrants	0.81	0.27	0.40	0.40	0.48
Native Black	0.70	0.10	0.20	0.24	0.60
Native White	0.87	0.32	0.44	0.49	0.67

2.1 Financial Asset Ownership (Table 2.1)

1. High Overall Financial Asset Ownership:

- **85%** of Asian Indians possess financial assets, slightly below native Whites (87%) and on par with Hong Kong-Taiwan immigrants (88%), indicating a strong financial foundation.
- 2. Stock/Mutual Fund Ownership:**
- **38%** of Asian Indians own stocks/mutual funds, higher than most groups, including native Asians (22%) and Mainland Chinese (28%), but slightly lower than HK-Taiwan (42%).
- 3. Interest-Earning Bank Accounts:**
- **43%** of Asian Indians have interest-earning bank accounts, surpassing Mainland Chinese (38%) and most other groups, comparable to native Whites (44%).
- 4. IRA or Keogh Accounts:**
- **49%** of Asian Indians hold IRA or Keogh accounts, among the highest alongside native Whites (49%) and HK-Taiwan immigrants (47%).
- 5. Life Insurance:**
- **62%** of Asian Indians own life insurance policies, outpacing all other groups, including native Whites (67%) and Mainland Chinese (40%).

Table 2.2: Total Financial Assets by Type – Median for Those with Any, by Country of Birth

Race/Nativity	Total Financial Assets	Stocks/Mutual Fund	Interest-Earning Bank Account	IRA or Keogh	Life Insurance
Mainland Chinese	66,404	17,915	9,351	18,180	133,590
HK-Taiwan	94,728	30,300	11,363	26,524	133,500
Asian Indian	145,250	30,300	12,630	28,054	156,300
Other Asian	75,750	21,210	6,315	22,725	133,590
Native Asian	53,860	32,688	3,978	21,210	75,750
Mexican	10,104	12,120	1,603	19,262	63,152
Cuban	42,420	6,060	3,340	28,054	75,783
Other Latino	34,733	18,180	3,789	26,524	75,750
Native Latino	35,401	18,635	2,526	18,150	75,750
Other Immigrants	62,713	42,420	7,578	33,307	66,795

Native Black	31,677	7,575	2,004	15,150	37,875
Native White	82,826	30,527	6,732	30,300	66,795

2.2 Median Financial Asset Allocation (Table 2.2)

1. High Total Financial Assets:

- Asian Indians have a **median total financial asset value of \$145,250**, significantly higher than native Whites (\$82,826), HK-Taiwan immigrants (\$94,728), and Mainland Chinese (\$66,404).

2. Stocks/Mutual Funds:

- The median value of stocks/mutual funds for Asian Indians is **\$30,300**, matching HK-Taiwan immigrants and native Whites, reflecting strong investment in equity markets.

3. Interest-Earning Bank Accounts:

- With a median value of **\$12,630**, Asian Indians lead most groups, including Mainland Chinese (\$9,351) and native Whites (\$6,732), suggesting robust liquidity management.

4. IRA or Keogh Accounts:

- Asian Indians hold a median of **\$28,054** in IRA or Keogh accounts, second only to other immigrants (\$33,307), demonstrating a strong focus on retirement savings.

5. Life Insurance:

- Life insurance median values for Asian Indians are **\$156,300**, the highest among all groups, indicating significant asset protection strategies.

Table 2.3: The National Origin of Top Non-Financial and Financial Asset Owners (for those in the One Percent)

Group	Non-Financial Mean	Non-Financial S.E.	Financial Assets Mean	Financial Assets S.E.
United States				
Native White	88.70	0.99	93.34	1.07
Native Black	1.30	0.25	0.21	0.11
Native Latino	0.86	0.28	0.52	0.22
Native Asian	1.63	0.48	0.93	0.37
Caucasian				

European	2.78	0.73	2.89	0.80
Canadian	0.57	0.35	0.67	0.38
Latin America				
Mexican	0.72	0.25	0.09	0.13
Cuban	0.06	0.10	0.04	0.09
Asia				
HK/Taiwan	0.53	0.34	0.25	0.22
Mainland Chinese	1.28	0.47	0.25	0.21
Asian Indian	0.89	0.41	0.56	0.24
Korean	0.31	0.23	0.12	0.16
Filipino	0.36	0.28	0.12	0.17

2.3 The National Origin of Top Non-Financial and Financial Asset Owners (One Percent)

1. Non-Financial Asset Ownership:

- **Mean Representation:** Asian Indians constitute **0.89%** of the top 1% in non-financial asset ownership, slightly lower than Mainland Chinese (1.28%) and native Asians overall (1.63%), but higher than many other Asian subgroups, such as Koreans (0.31%) and Filipinos (0.36%).
- **Standard Error:** The standard error for Asian Indians in non-financial asset ownership is **0.41**, indicating moderate variability in their representation compared to other groups.

2. Financial Asset Ownership:

- **Mean Representation:** Asian Indians account for **0.56%** of the top 1% in financial asset ownership, higher than Mainland Chinese (0.25%) and native Asians overall (0.93%), but lower than native Whites (93.34%) who dominate this category.
- **Standard Error:** The standard error for Asian Indians in financial asset ownership is **0.24**, reflecting a relatively stable representation within this category.

Note: Estimates based on weighted SCF synthetic dataset (replicates = 500, years 1995–2004). Cells indicate the percent of each financial group from the specified national origin, for those in the one percent.

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Table 2.4: Asset Allocation of Top Wealth Owners: Proportion of Assets in Real Estate and Financial Assets

Group	Real Estate Mean	Real Estate S.E.	Financial Assets Mean	Financial Assets S.E.
United States				
Native White	0.21	0.01	0.44	0.01
Native Black	0.17	0.05	0.26	0.07
Native Latino	0.20	0.08	0.34	0.13
Native Asian	0.24	0.05	0.43	0.09
Caucasian				
European	0.21	0.06	0.43	0.09
Canadian	0.20	0.11	0.46	0.18
Latin America				
Mexican	0.22	0.08	0.21	0.12
Cuban	0.14	0.20	0.38	0.29
Asia				
HK/Taiwan	0.22	0.13	0.38	0.18
Mainland Chinese	0.65	0.17	0.17	0.11
Asian Indian	0.20	0.08	0.46	0.11
Korean	0.22	0.20	0.35	0.27
Filipino	0.27	0.23	0.28	0.22

Note: Estimates based on weighted SCF synthetic dataset (replicates = 500, years 1995–2004). Cells indicate the proportion of total assets allocated to each asset class from the specified national origin.

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2.4 Asset Allocation of Top Wealth Owners

1. Real Estate Allocation:

- **Mean Proportion:** Asian Indians allocate **20%** of their total assets to real estate, aligning with groups like native Whites (21%), Mexicans (22%), and Europeans (21%).
- **Standard Error:** The standard error is **0.08**, reflecting moderate variability in their real estate allocation. This stability suggests a consistent approach to real estate investments among Asian Indian top wealth owners.

2. Financial Asset Allocation:

- **Mean Proportion:** Asian Indians allocate **46%** of their total assets to financial assets, tied with Canadians and higher than groups like native Asians (43%), HK/Taiwan (38%), and native Blacks (26%).
- **Standard Error:** The standard error is **0.11**, showing some variability in financial asset holdings but still reflecting a significant emphasis on this category.

2.5 Key Insights for Targeting HNI NRIs in the US

This analysis highlights the financial behaviors and needs of high-net-worth Indian diaspora members in the US, guiding financial advisory services tailored to this group.

1. Asset Ownership and Allocation

- **High Financial Sophistication:**

Asian Indians show significant financial asset ownership (85%) with substantial investments in stocks, mutual funds, and retirement accounts.

- **Balanced Allocation:**

Indian HNWIs allocate 20% to real estate and 46% to financial assets, signaling a need for diversification and risk management services.

2. Wealth Distribution Among HNWIs

- A niche segment of Indian HNWIs appears in the top 1% wealth category, offering opportunities for tailored services like tax optimization, estate planning, and wealth transfer strategies.

3. Comprehensive Wealth Needs

- **Older Clients (65+):** Focus on wealth preservation, tax-efficient retirement, and estate planning.
- **Younger Clients:** Prioritize growth strategies, portfolio management, and long-term financial planning.

4. Cultural and Geographic Context

- Strong interest in real estate and education investments.
- Cross-border financial needs, including US-specific tax laws and dual-country asset management.

2.6 Recommendations for Financial Advisory Firms

1. **Segment Services:** Tailor offerings for younger and older clients.
2. **Cross-Border Expertise:** Include asset repatriation, dual-country investments, and tax compliance.
3. **Real Estate Advisory:** Leverage the diaspora's interest in property investments.
4. **Cultural Sensitivity:** Align services with goals like education funds and family trusts.
5. **Digital Solutions:** Provide tech-enabled, personalized planning tools.

3. Market Sizing

1. There are around 173,010 Indian NRI, First-generation Millionaire Households.
2. Average Net-Worth of a Top 1% US Household - \$ 13.7 Million
3. Average Net-Worth of a Top 5% US Household - \$ 3.795 Million
4. Indians form 0.73% of the Top 5% US Households
5. The Total Number of Households with > \$1 Million in Assets is around 23.7 Million Households
6. The % share of Indian Households in the Wealthy strata increases as we move from the Top 1% → 5% → 10%
7. (Average Net-Worth of a Top 10% US Household - \$ 2.65 Million)
8. 1% (~ 0.95-1.1%) Composition in the top 5-10%
9. We take a 5-15-20-25-35 distribution between 1,2,3,4,5 % brackets

10. And taking a 20-30-50 Cumulative distribution of wealthy Indian households in the 1-5,5-10 and >10% wealthy households,
11. Thereby the total AUM in the 1-5% section comes to be : \$ 242,819 Million : \$ 2.428 Trillion (an average of \$ 7 Million per household in this strata)
12. The AUM in the 5-10% section comes to be : \$ 164,740 Million : \$ 1.646 Million (an average of \$ 3.174 Million per household in this strata)
13. The AUM in the > 10% section comes to be : \$ 157,871 Million : \$ 1.578 Trillion (Assumed average of \$1.875 Million in this strata)

Totalling the AUMs : \$ (2.428 + 1.646 + 1.578) Trillion = \$ 5.65 Trillion

4. Comprehensive Wealth Components (in 1000s of Year-2012 Dollars)

Table 4.1: Means of Comprehensive Wealth Components

Group	Financial Wealth	Non-Financial Wealth	Social Security	Comprehensive Wealth
Married				
65–74 Immigrant	378	475	322	1,407
65–74 Native	390	417	406	1,630
75–85 Immigrant	271	342	221	1,007
75–85 Native	349	384	258	1,246
Single Female				
65–74 Immigrant	89	161	124	449

65–74 Native	117	148	174	533
75–85 Immigrant	47	146	93	324
75–85 Native	126	180	116	483
Single Male				
65–74 Immigrant	174	236	157	639
65–74 Native	221	275	181	1,043
75–85 Immigrant	224	274	98	635
75–85 Native	219	204	114	644

Table 4.2: Medians of Comprehensive Wealth Components

Group	Financial Wealth	Non-Financial Wealth	Social Security	Comprehensive Wealth
Married				
65–74 Immigrant	111	163	306	685
65–74 Native	112	197	395	1,169
75–85 Immigrant	16	160	212	581
75–85 Native	108	188	238	838
Single Female				
65–74 Immigrant	0	13	115	200
65–74 Native	11	68	164	338
75–85 Immigrant	1	3	88	160

75–85 Native	16	71	109	281
Single Male				
65–74 Immigrant	1	20	148	240
65–74 Native	26	82	176	439
75–85 Immigrant	10	2	93	246
75–85 Native	38	88	108	346

Insights

This table provides a breakdown of comprehensive wealth components among married, single female, and single male households categorized by age and nativity (immigrant vs. native). Wealth is divided into **financial**, **non-financial**, **social security**, and **comprehensive wealth**. Key findings include:

- **Married Households** generally have higher wealth across all components, with natives consistently surpassing immigrants.
- **Single Females** show significantly lower comprehensive wealth, particularly among immigrants in both the 65–74 and 75–85 age groups.
- **Single Males** have lower medians and means compared to married households, but similar patterns of native dominance persist.

5. Wealth Bifurcation (Median) for Indian Americans:

5.1 Comprehensive Financial Asset Breakdown

- **Stocks:** \$55,146
- **Interest Earning Bank Accounts:** \$13,813
- **IRA:** \$51,576
- **Others:** \$117,510

- **Total Financial Assets:** \$238,045

Table: Descriptive Statistics for New Immigrants by Nationality and Visa Status

Category	All Immigrants	Indian Immigrants	Chinese Immigrants
Wealth (Median)		\$7,070	\$0
Home Country SES			
Years of foreign education	14.00	11.51	16.40
Father's education > 12 years	57.66	36.30	77.21
Visa Status			
Employment visa	0.58	0.33	1.00
Host Country SES			
Household income (logged)	7.63	5.85	10.17
U.S. education	0.12	0.19	0.21
Self-employed	0.08	0.06	0.02
Financial Institutional Access			
Home country asset ownership	0.29	0.13	0.23
U.S. tenure > 5 years	33.20	30.22	45.35
Proficient in English	0.69	0.26	0.96
Family Structure			
Married	0.91	0.87	0.95
Number of children	1.66	1.56	0.95
Male	0.42	0.41	0.53
Age	40.91	45.51	36.30
N	744	460	430

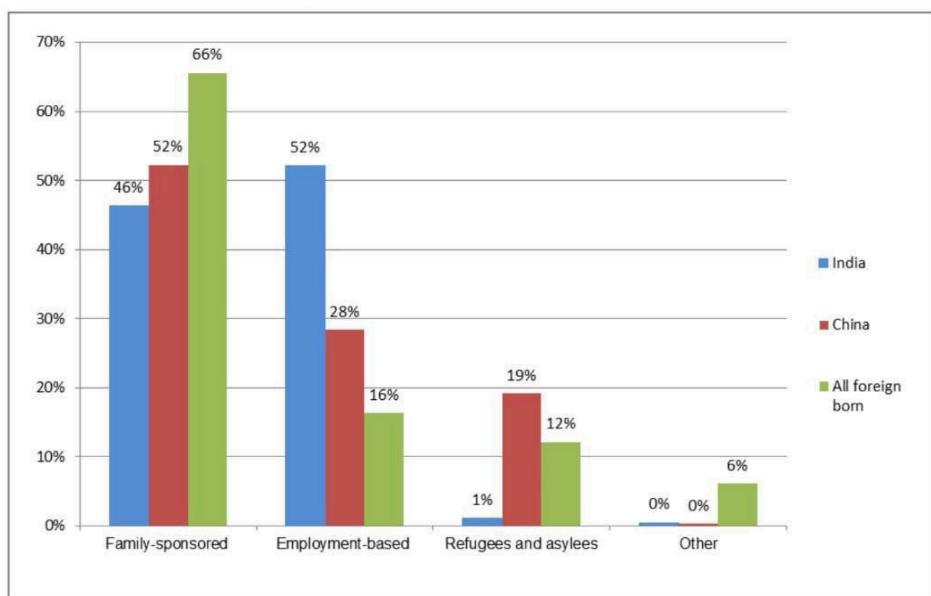
Table: Total Foreign-, Indian-, and Chinese-Born Populations in the United States, 1980 to 2013

Year	Foreign-Born Population	Indian-Born Population	Share of US Foreign-Born	Rank	Chinese-Born Population	Share of US Foreign-Born	Rank
1980	14,211,000	210,000	1.5%	15	375,000	2.6%	9
1990	19,724,000	446,000	2.3%	11	671,000	3.4%	5
2000	30,996,000	1,018,000	3.3%	4	1,179,000	3.8%	3
2010	39,956,000	1,780,000	4.5%	3	1,808,000	4.5%	2
2013	41,348,000	2,035,000	4.9%	2	2,018,000	4.9%	3

Source: MPI analysis of the US Census Bureau's 2013 and 2010 ACS 1-year estimates and the 1980, 1990, and 2000 Censuses. Estimates for China include Hong Kong and Macau, and exclude Taiwan.

A Comparative Analysis of the Migration and Integration of Indian and Chinese Immigrants in the United States

Figure 5. Chinese-, Indian-, and Foreign-Born Populations Granted LPR Status by Broad Class of Admission, FY 2013



Source: MPI analysis of data obtained from DHS, *Yearbook of Immigration Statistics*. Note that "family-sponsored" includes family-sponsored preferences and immediate relatives of US citizens, and "other" includes "other" and "diversity" categories.

- The graph highlights the dominant admission classes for Chinese and Indian immigrants in the U.S.
- A significant portion of Chinese and Indian immigrants gain entry through family-sponsored and employment-based visas.
- The employment-based route is especially notable for Indian immigrants, reflecting a high percentage of skilled professionals entering the U.S.
- The refugee and asylee categories are notably lower for these groups compared to other foreign-born populations.
- These patterns emphasize the skilled nature of the immigrant populations from India and China, which likely contributes to their economic impact and integration in the U.S.

5.2 Remittances and Other Transactional Services

Transactional Services Overview: Transactional services are often the first and most crucial financial services that immigrants use upon arriving in the United States. These services, provided mainly by MTAs (Money Transfer Agents) and other "fringe" financial service providers, commonly take the form of remittances.

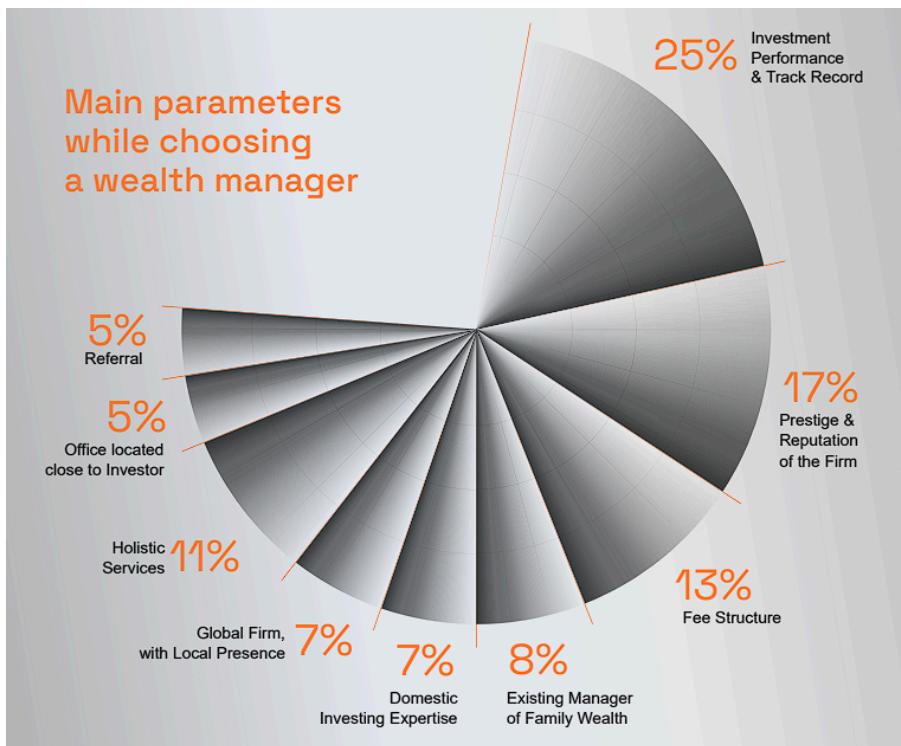
Remittance Volumes in 2010:

- Immigrants in the United States sent over \$35 billion to their home countries.
- The countries receiving the largest volumes of remittances worldwide were:
 - **India:** \$55 billion
 - **China:** \$51 billion
 - **Mexico:** \$22 billion
 - **Ecuador:** \$2.5 billion

Migration and Remittance Corridor:

- The United States-Mexico corridor was notably the largest migration corridor globally, with 11.6 million immigrants moving between the two countries in 2010.

6. IndianHNIs and UHNIs Investment Patterns



A recent Wealth Index report by rating agency Crisil and wealth management firm 360 ONE Wealth reveals that

Annual Return Goals:

- Most HNIs and UHNIs target annual returns of 12-15%.

Wealth Management Services Preferences:

- **Advisory Services:** 23% value advisory services the most.
- **Product Selection/Distribution:** 21% prioritize assistance with financial products.
- **Alternative Investments:** 19% seek diversification through alternative investments.
- **Succession Planning:** 10% focus on wealth transition.
- **Broking:** 9% are actively engaged in trading.
- **Family Office Services:** 8% manage broader family wealth.
- **Lending Solutions:** 3% prefer customized lending through NBFCs.
- **Servant Trust Management:** 2% show interest in niche wealth management areas.

Key Investment Priorities:

- **Tax Planning:** 47% prioritize efficient tax management.

- **Trust and Estate Planning:** 46% focus on securing wealth for future generations.
- **Health/Elder Care:** 35% consider long-term care planning essential.

Philanthropy and ESG Investments:

- **Philanthropy:** 82% are engaged or plan to engage in philanthropic activities, with those over 60 being particularly active.
- **ESG Investing:** 68% consider ESG principles critical, reflecting a focus on sustainability.

Investment Strategy:

- **Equities:** Preferred by 55% for capital appreciation.
- **Fixed Income and Alternatives:** Significant portions of portfolios include private equity and venture capital.
- **Real Estate and Cryptocurrencies:** Growing interest with 20% increasing real estate investments and cautious exploration of cryptocurrencies.

Investment Styles:

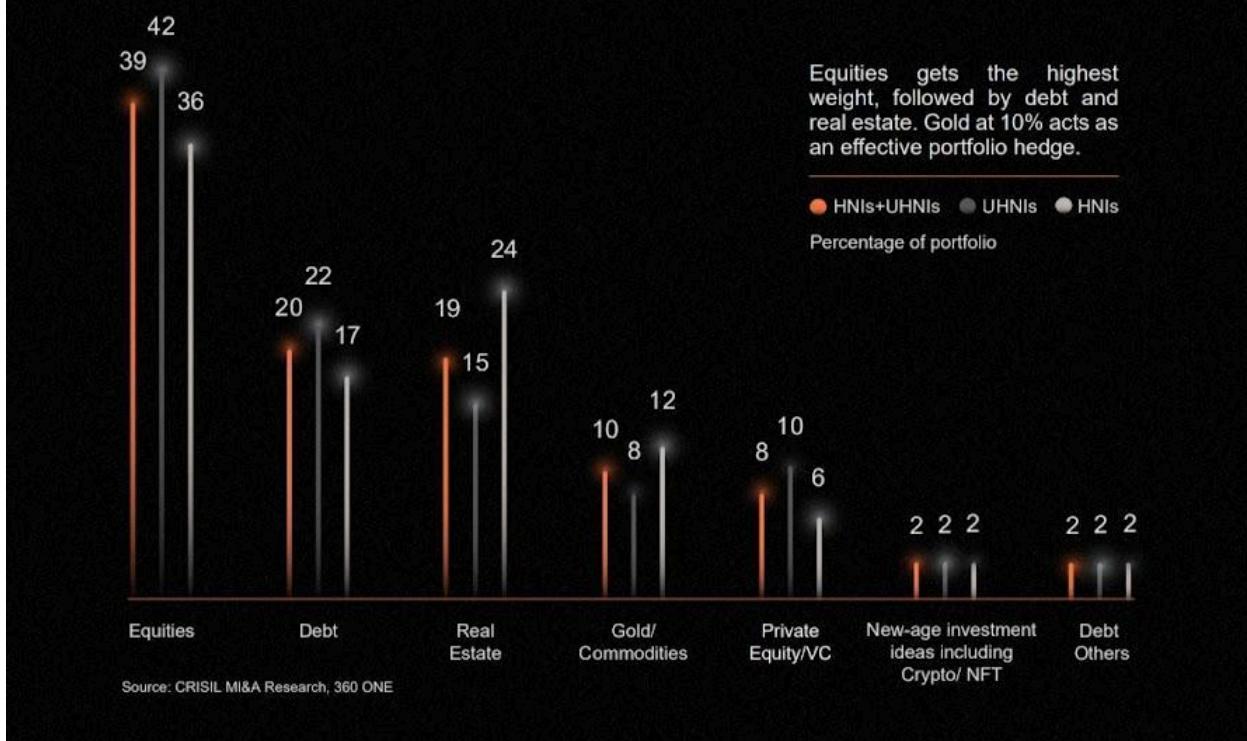
- Over 65% prefer a balanced investment approach, while 22% are open to higher-risk, higher-return investments.

Demographic Trends:

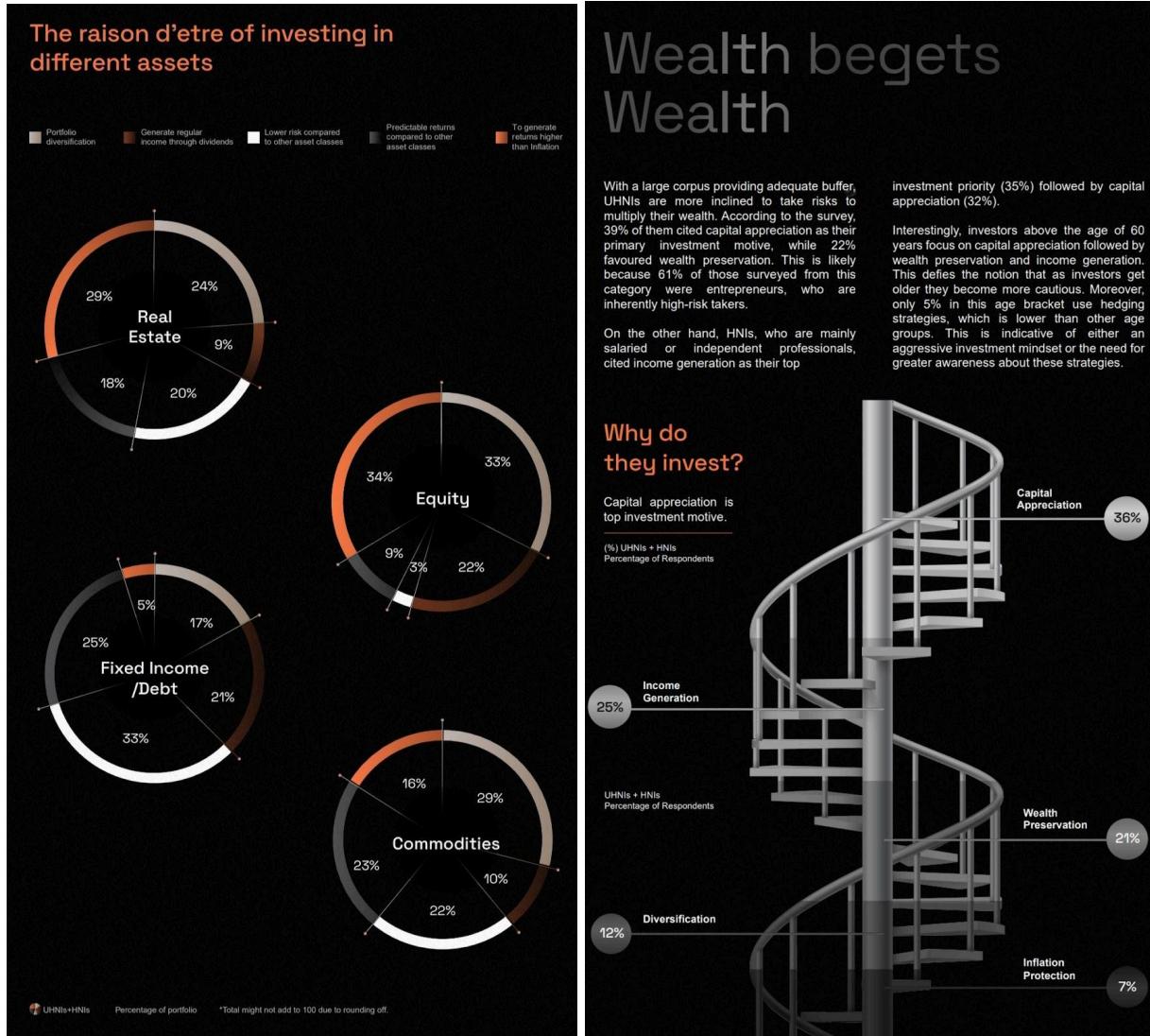
- Women, particularly those aged 51-60, are increasingly managing wealth and favor stable, lower-risk investments.

Conclusion: The share of equities in the portfolio was dominant, forming more than 39 percent (for both HNIs and UHNIs), followed by debt (20 percent), real estate (19 percent), gold and commodities (10 percent), etc.

Preferred portfolio distribution - equities take the cake



At least 48 per cent of HNIs and 36 per cent of UHNIs preferred to keep 10-15 percent in assets that can be easily liquidated in three to five days.



Investment Goals:

- UHNIs:** 39% prioritize capital appreciation, while 22% focus on wealth preservation.
- HNIs:** Prefer income generation (39%) and capital appreciation (32%).
- Investors over 60:** Lean towards capital appreciation, followed by wealth preservation and income generation.

Market Focus:

- Increasing interest in domestic stocks, particularly in sectors like technology, healthcare, and renewable energy.

Definition of Success:

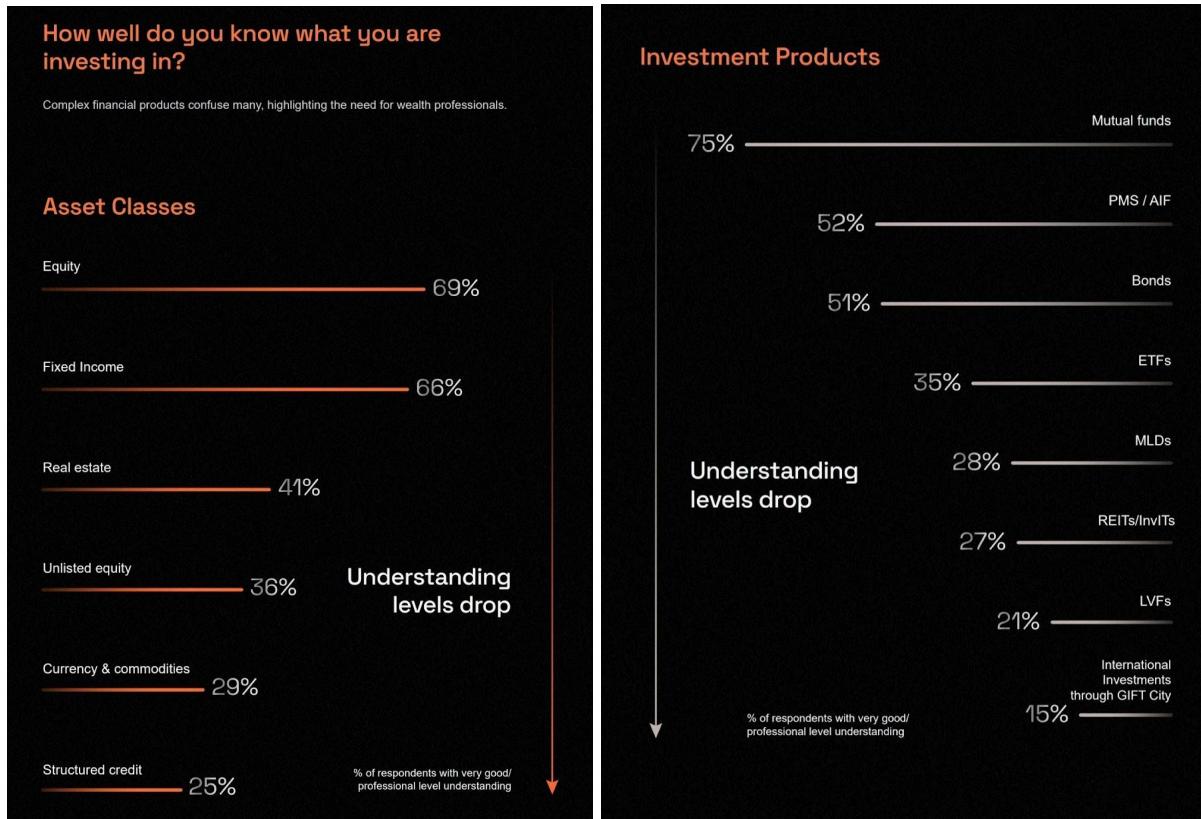
- 41% of investors define success as achieving positive returns under any market conditions.
- 37% aim for outperformance of indices.

Financial Confidence:

- Salaried and independent professionals are less worried about finances compared to entrepreneurs who face greater economic volatility.

Professional Dependence:

- Only 12% of all respondents make investment decisions independently.
- 77% require professional assistance, with 87% of UHNIs and 65% of HNIs relying on wealth advisors to varying degrees.
- High reliance on experts for areas like product selection and succession planning, with 93% underscoring the importance of external professionals.

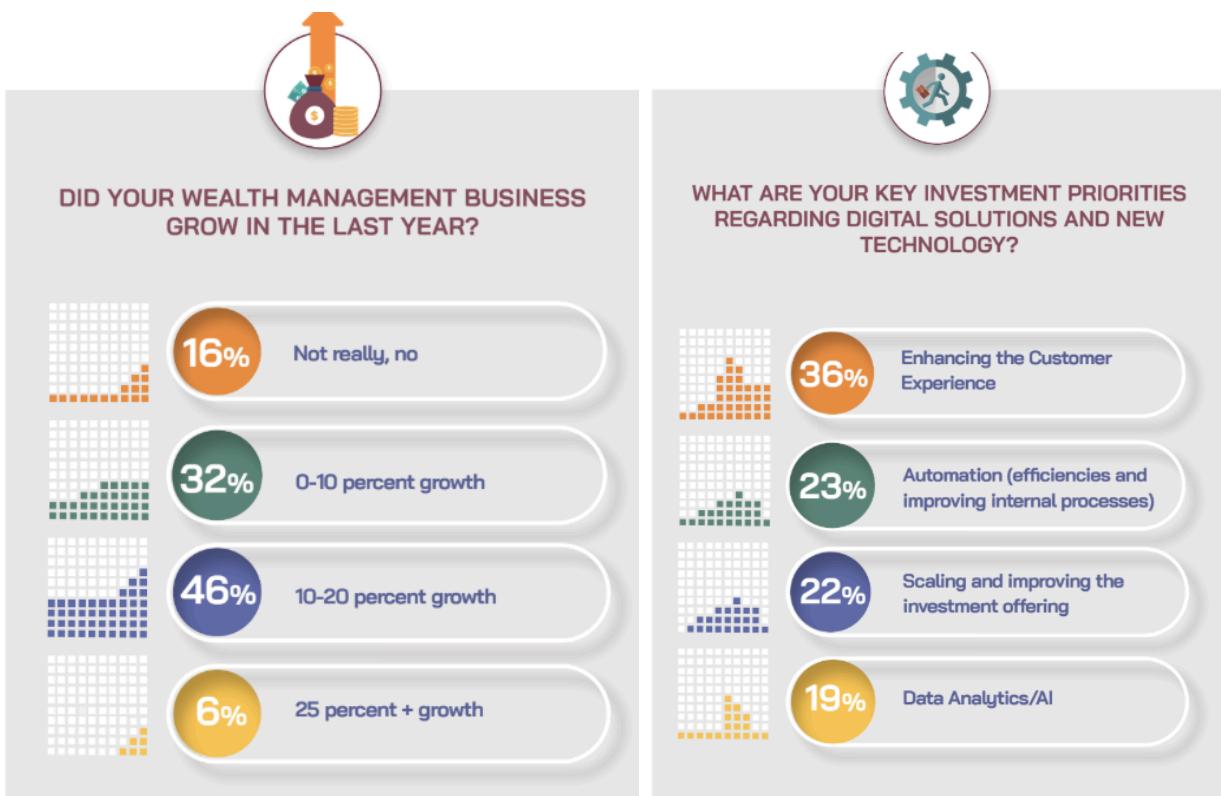


- **Familiarity with Asset Classes:** Respondents are well-acquainted with traditional asset classes such as equities, fixed income, and real estate, indicating a strong grasp of their fundamentals. Conversely, their understanding of alternative asset classes like unlisted equities, structured credit, and currency and commodities is notably lower.
- **Understanding of Investment Products:** There is a direct relationship between the complexity of investment products and investor understanding. Simpler products like

mutual funds are well-understood, attributed to thorough investor education. However, comprehension declines with more complex products such as Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), Market Linked Debentures (MLDs), Real Estate Investment Trusts (REITs), and Infrastructure Investment Trusts (InvITs), which are less familiar to investors.

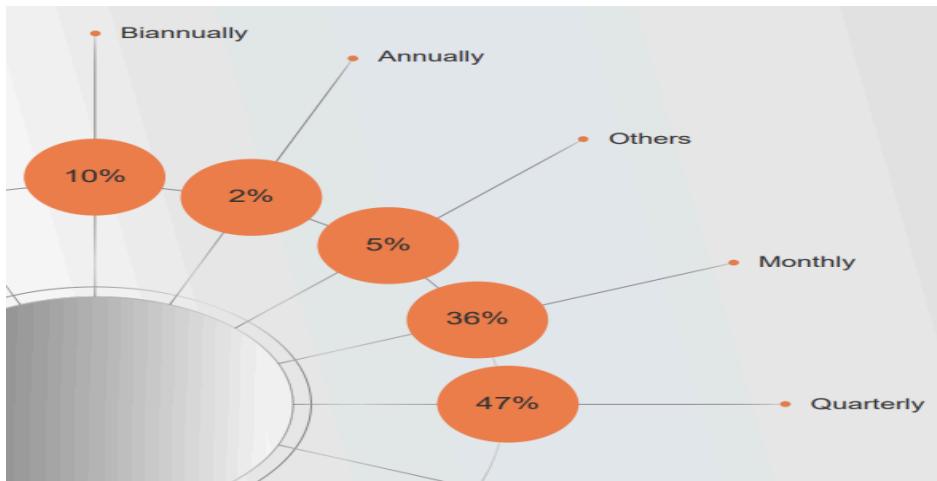
Paying for Financial Advice:

- Wealthy individuals prioritize the track record and performance of wealth management firms over cost.
- 30% prefer paying for advisory services, valuing the firm's reputation and the quality of service over the expense.



41% of respondents said they work with multiple wealth management firms. This practice is particularly common among those under the age of 40.36% - single advisor.

The wealthy are not often forthcoming in disclosing to one firm how much of their wealth is allocated to another firm.



46% of HNW investors plan to change/add wealth relationships in the next 12-24 months
39% of HNW investors have already switched/added a new relationship in the past 3 years

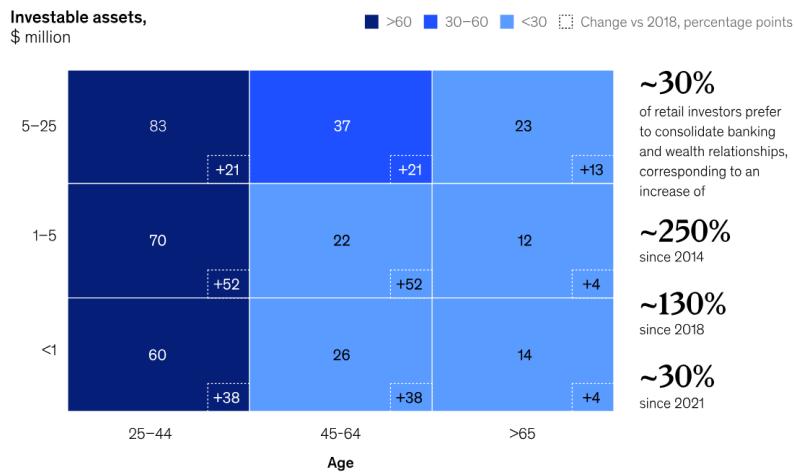
While half of them believe there is a need for periodic reviews, the other half prefer meeting their advisors on an as-needed basis or to discuss specific products, transactions, or queries.

- Younger clients tend to connect with wealth managers only when specific assistance is required, rather than having pre-scheduled conversations.

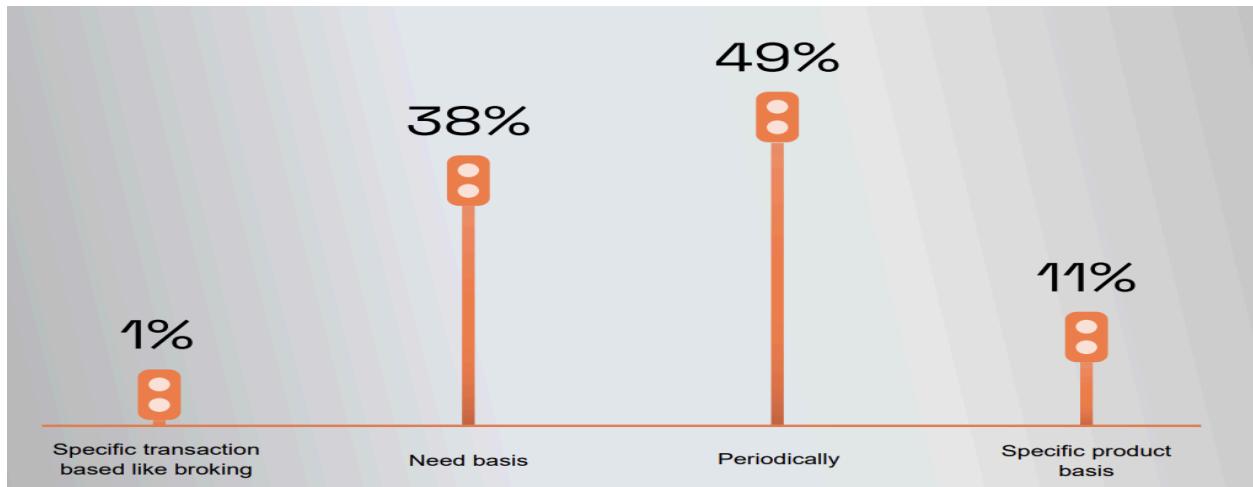
Exhibit 8

Younger and, to a lesser extent, wealthier consumers increasingly prefer to consolidate banking and investing.

Agreement with the statement 'I prefer to place investments with a firm where I also have a banking relationship,' % of consumers



- On the other hand, clients over 60 years of age prefer regular engagements with their wealth managers.



7. Factors Influencing Advisor Change:

- **Changing Financial Needs:** 28% of investors switched advisors due to non-adaptive strategies to evolving needs.
- **Product and Service Needs:** 27% changed advisors for access to different financial products and services.
- **Digital Capabilities:** 22% favored advisors with enhanced digital capabilities.

Source: PwC HNW Investor Survey 2022

7.1 Retirement: Typical Near-Retirement Individual Savings

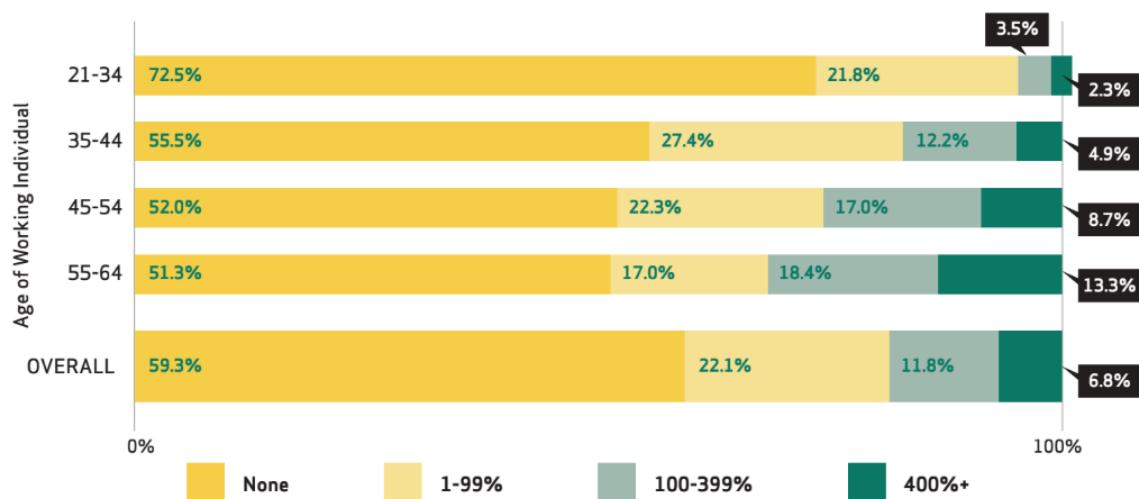
Table 2: Retirement Savings as a Percentage of Annual Income

Median Ratio	21-34	35-44	45-54	55-64
Retirement Account Balance to Income	0.00	0.00	0.04	0.08
Net Worth to Income	0.93	0.70	1.56	2.96

Source: Authors' analysis of the SIPP 2014, Wave 1 data. Universe includes working individuals aged 21-64.

Figure 8: Four out of Five Working Age Individuals Have Retirement Savings Less than One Times Annual Income

Retirement account balance as a percentage of income of individuals, age 21-64, in 2013

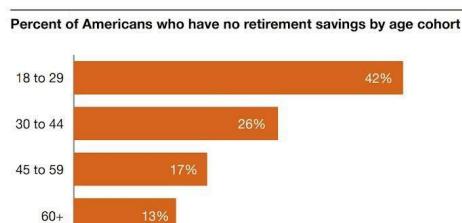


Source: Authors' analysis of SIPP 2014, Wave 1 data.

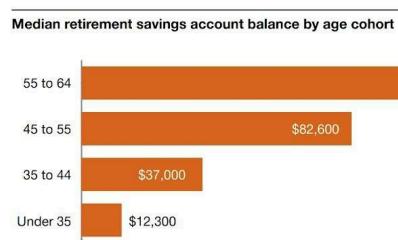
The income quartiles break as follows:

- Lowest quartile \$1-\$15,324
- Second quartile \$15,325-\$30,660
- Third quartile \$30,661-\$55,548, and
- **Highest quartile \$55,549 plus**

- Most working Americans are far behind in saving for retirement—not only in terms of their 401(k) and IRA balances but also in terms of their total assets.



Sources: PwC Market Research Centre, US Federal Reserve data



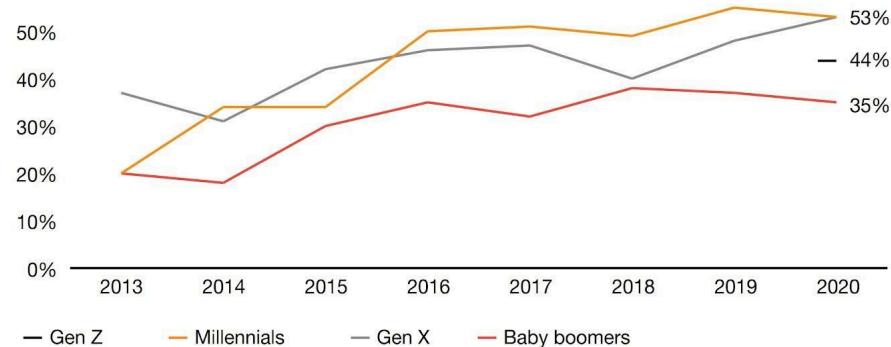
Sources: PwC Market Research Centre, US Federal Reserve data

¹ US Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2018, Last Update: January 27, 2020.

- Separate Tracking for Retirement Accounts and Mandatory Future Costs (example - kids' education, parental care, dues payment) :

On average, funding their kid's US education can take away as much as 12-15% of the wealth of the NRI parents' retirement funds.

Employees who think it's likely they'll need to use money held in retirement plans for expenses other than retirement



The Changing Realities of Retiring

The meaning of retirement is evolving and, with it, so are expectations for the future. It's no longer an idyllic final destination, but rather a modified working state.

Key Statistics:

- **83%** define retirement as stopping their "main" career and continuing part-time or volunteer work.
- **52%** say that money causes high amounts of stress.
- **77%** are concerned they will outlive their savings during retirement.

People want to maintain their current lifestyle, and know they need to do more in order to do that. In fact, **65%** say they would like to have extra money to fully enjoy their retirement.

Retirement Income Security:

- The savings target of **10 times income at age 67** is intended to enable income payments to last until age **93**. This is somewhat short of the future life expectancy level recommended by most financial planners and would leave a one-in-four chance of running short of funds.
- In contrast, we can consider retirement income security in terms of the ability to maintain one's standard of living for as long as one lives—if not until maximum life expectancy, then at least the 85th or 90th percentile.

Worried about the Future

Even though two-thirds of people in Singapore report having started saving for retirement, many do not always feel confident or prepared.

Key Concerns:

- **58%** find it difficult to balance paying bills with saving/investing for retirement.
- **37%** do not believe they are on the right path to achieve the income they want in retirement.
- **77%** are concerned that they will outlive their savings during retirement.
- **72%** think they will have to continue working in some capacity during retirement.

Expectations from Wealth Management:

- Affluent clients expect tailored financial solutions that address their unique goals, risk tolerance, and investment preferences.
- Wealth management firms must differentiate themselves through technology, personalized client services, and regional expertise. Advanced technological capabilities

are increasingly crucial as clients demand seamless digital experiences and data-driven insights.

Investor Preferences:

- A survey showed that advisory services (23%), product selection and distribution (21%), and alternative investment opportunities (19%) are at the top of investors' wishlist for wealth managers. This trend underscores the growing demand for diverse and innovative investment products.

7.2 Self-directed and single stock investors

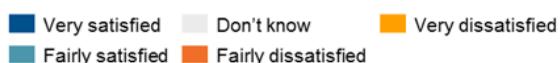
AAPi survey respondents prefer to make their own investment decisions and invest in individual stocks and mutual funds. Compared to 56% of the general market, 71% of AAPi respondents reported preferring self- directed accounts.



Some of this hesitation may have to do with the costs of American financial advisors as well

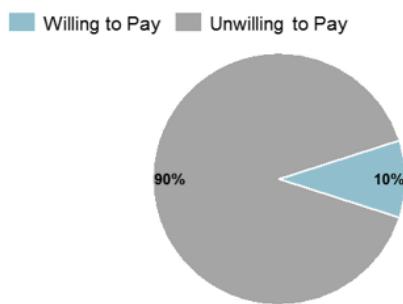
Satisfaction with Level of Advisor Service

2014, % of Mass Affluent



Willingness to Pay for Advice

2014, % of Mass Affluent



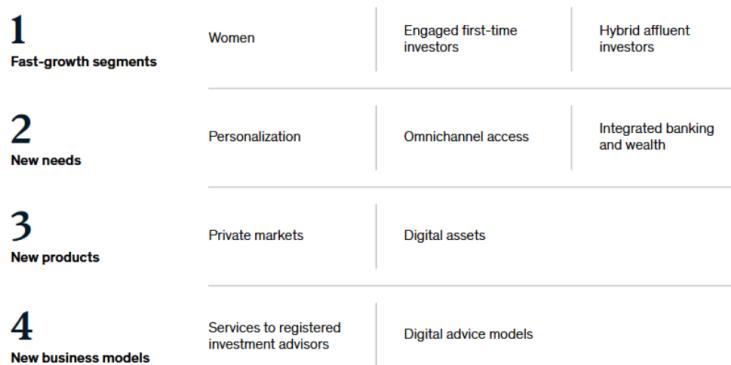
Most Important Services Rated by Mass Affluent

- Provide independent advice with my best interest in mind
- Provide transparent and understandable advice suited to my investment goals and needs
- Fully understand and appreciate my investment goals and financial needs
- Deliver returns that exceed my requirements and goals
- Help me better understand the wide range of financial products suitable for me before making an investment decision

8. Insights from McKinsey's Wealth Management Report on the Growing Trend of Wealth Management Firms

Exhibit 3

Contours of the new growth narrative.



Source: McKinsey Global Wealth and Asset Management Practice

- 40% increase in total direct brokerage accounts since the start of 2020—more than 25 million new accounts. (2022)
- **50% of clients think their primary wealth manager should improve their digital capabilities.**
- **2x faster annual revenue growth projected over the next five years for RIA channel versus industry overall.**

Exhibit 10

Referrals remain the largest source of new clients, but centralized lead generation is increasingly a major source.

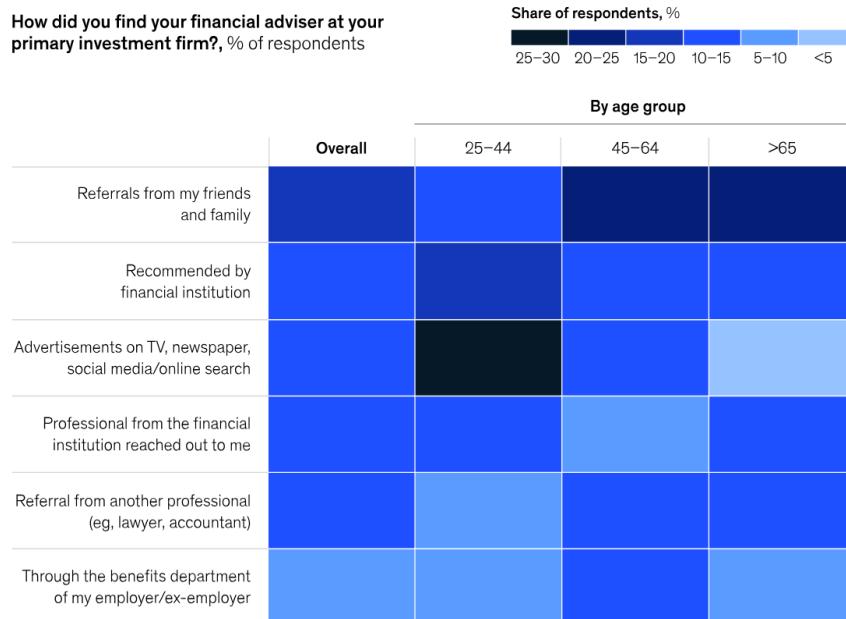


Exhibit 6

Younger and, to a lesser extent, wealthier segments have a strong preference for consolidating banking and investing.

Agreement with the statement “I prefer to place investments with a firm where I also have a banking relationship,” % of retail investors

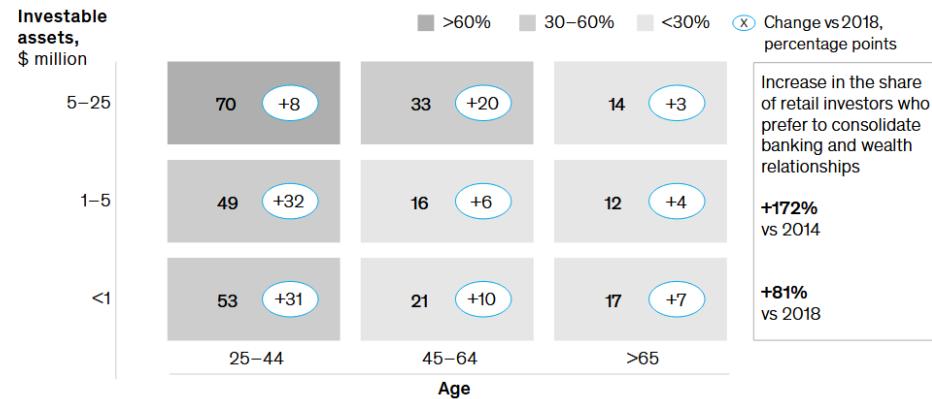
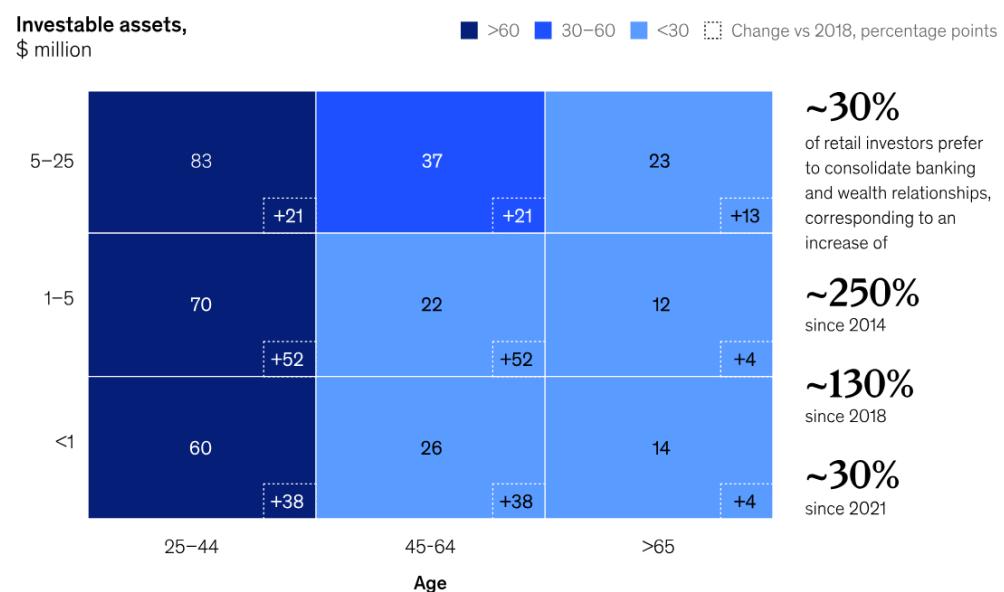


Exhibit 8

Younger and, to a lesser extent, wealthier consumers increasingly prefer to consolidate banking and investing.

Agreement with the statement ‘I prefer to place investments with a firm where I also have a banking relationship,’ % of consumers



8.1 Asset Levels at Relationship Start

- **\$2 million or more:** 75% of high net worth households began their advisory relationships with this level of assets, indicating that the majority were already wealthy when they first engaged with financial advisors.
- **\$1 million to less than \$2 million:** 18% of households fall into this category, representing a significant segment with substantial wealth, albeit less than the top tier.
- **Less than \$1 million:** Only 7% of households started with assets below this threshold, suggesting that it is relatively rare for moderate wealth households to initiate such advisory relationships.
- **Less than \$500,000:** A mere 3% began with this asset level, highlighting that those with lower assets are least likely to engage in or maintain high-value financial advisory relationships.

8.2 Impact on Financial Advisors

The data underscores the importance of maintaining a smaller proportion (ideally under 40%) of small households in an advisor's book. Targeting and retaining high net worth clients boosts productivity and effectiveness. Advisors focusing extensively on smaller households tend to experience a decrease in both the number and productivity of high net worth client engagements.

We found that the products and services clients are looking for beyond core investment management include:

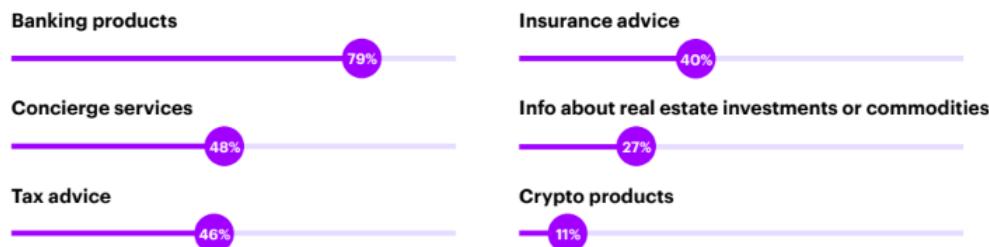
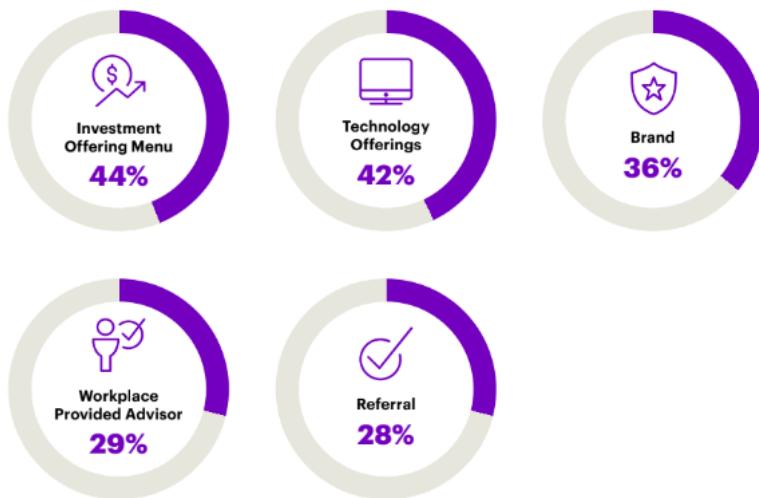


Figure 2: Top reasons for advisor selection



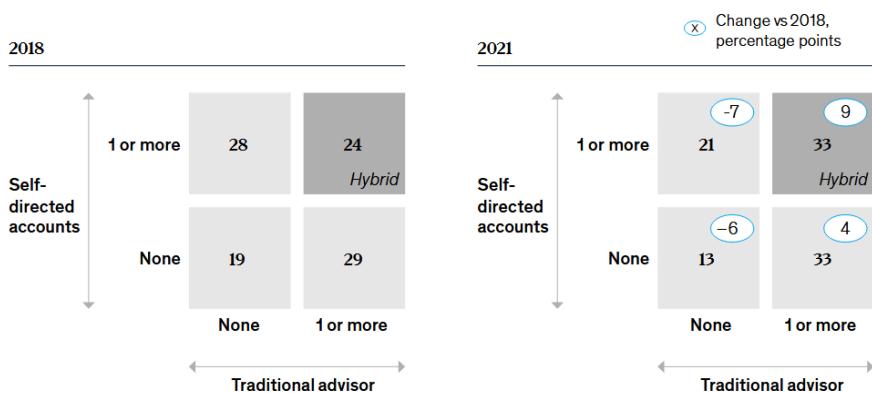
8.3 Willingness to Pay

HNIIs and UHNIs globally feel comfortable paying for advice on complex financial instruments and decisions.

Exhibit 4

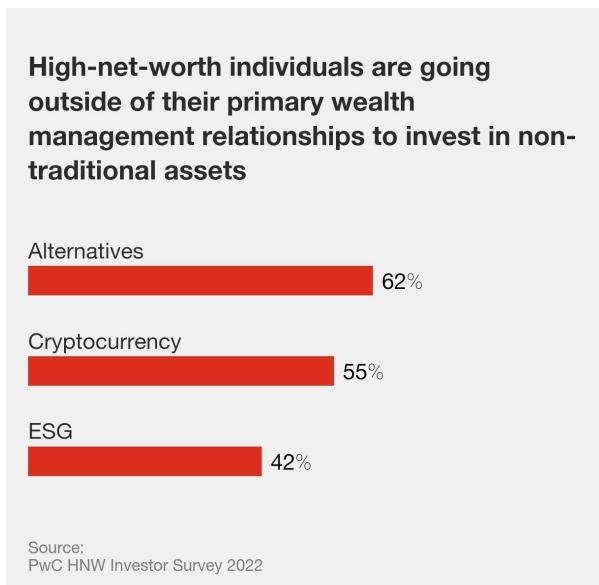
The fastest-growing segment of affluent investors is hybrid—those with self-directed accounts plus a traditional advisor.

Use of self-directed accounts and traditional advisors, % of affluent investors¹



THERE IS A PRONOUNCED NEED FOR SIMPLIFIED INFORMATION. FIRMS MUST FOCUS ON MAKING THE FINANCIAL RECOMMENDATIONS LUCID AND EASY-TO-FOLLOW FOR THEIR CLIENTS.

62% say that they find investment information difficult to understand. As they are investing more in alternative assets, they require specialized support.



The demands from shareholders and owners of asset management firms for more growth have helped trigger the AWM industry's current focus on offering private market products to HNW investors. At the same time, retail investors are demanding more access to private market products that have traditionally been off-limits due to high investment minimums and illiquid structures. However, enhanced technology, heightened investor interest, and new and proposed regulations, have made private market products more accessible to broader investor pools.

Client Concerns and Peace of Mind:

- Nearly 90% of respondents are concerned about the impact of external events on their wealth.
- Those over 60 years old feel less worried than younger generations, possibly due to life experience and financial resilience provided by wealth managers.

Demand for Expertise:

- 44% of respondents seek full advisory and product selection services, while 63% seek some level of professional assistance.
- A significant focus is on alternative investment opportunities and succession planning, with 93% emphasizing the importance of external professionals in these areas.

Investment Products and Understanding:

- Stocks, mutual funds, and fixed-income securities are the most familiar asset classes.

- Lesser understanding in areas like Alternative Investment Funds (AIFs) and Portfolio Management Services (PMS), indicating the need for greater awareness and education.

Professional Dependency:

- While more than half of the respondents are somewhat dependent on wealth managers, 77% still require professional assistance to navigate complex financial landscapes.

9. Opportunities for PrimeWealth

PrimeWealth being a seasoned Financial Planners, has extra ‘capability’, and hence has greater customisation possibilities and customer-centricity, as shown in the illustrations below.

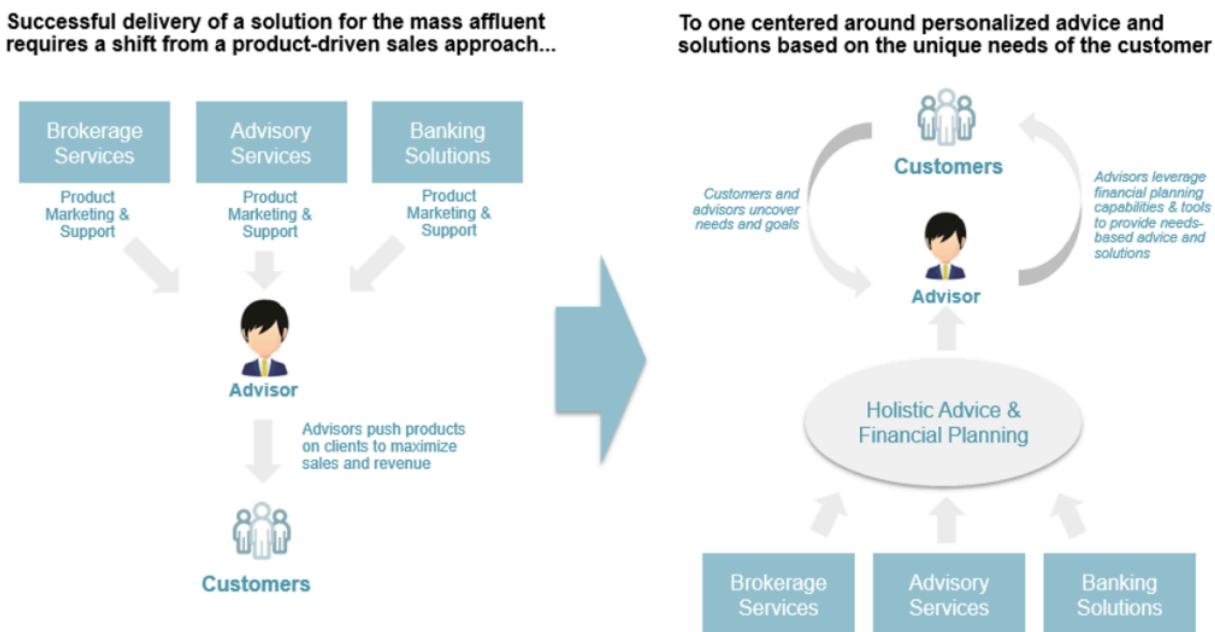


Exhibit 6: The Value in Upskilling Advisors to be Financial Planners



Combined with this is the fact that a [vast majority of Asian Americans](#) prefer to make their own investment decisions and invest in individual stocks and mutual funds.

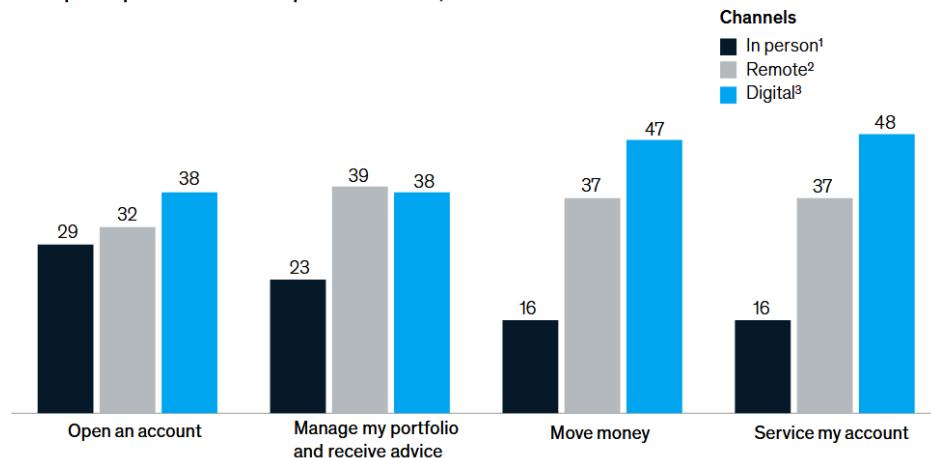
More than 30% get their information from websites and online articles and 29% rely on social media or family.

9.1 Influence of Digitization on FA Firms

Exhibit 5

Investors anticipate a more modest role for in-person channels than for digital and remote when the pandemic recedes.

Anticipated preferred channel post-COVID-19, % of investors



Participants now expect the same always-on technology and highly convenient experiences they find from other industries.

In the retirement sector, this means customer service isn't measured only on traditional factors such as average call time. **Success also depends on delivering the right customer experience at the right time.** And with retirement plans consisting of participants in multiple life stages, one experience does not fit all.

Digitization Benefits

- **Ease of Access:** 61% in Singapore value the ease of access technology provides to their money at any moment.
- **More Options:** 51% believe technology gives more options for managing their finances.

Digitization helps firms strike the right balance between reducing costs and creating engaging experiences. Prioritizing digital investments by impact and value is crucial, particularly for younger investors who trust algorithm-generated financial advice significantly more than older generations:

- **Generation Z:** 96%
- **Millennials:** 79%
- **Baby Boomers:** 38%

AI-Driven Communications

AI-driven communications remind participants to increase contributions and savings, offering both cost reductions and enhanced user access and convenience.

Cloud-First Platforms

For recordkeepers, transitioning to a cloud-first platform is vital for leveraging digitization benefits. Cloud systems support predictive analytics, enhancing financial service delivery and optimizing ROI.

Human Element

Despite technological advances, human interaction remains critical. Today, a hybrid model of technology and human support is preferred, but there's a noticeable shift towards technology-based preferences for the future:

- **Today:** 59% prefer a balance of technology and human interaction.
- **Future Preference:** 40% favor technology-based solutions.

9.2 Tech Needs in Wealth Management

Growing Demand for Enhanced Digital Capabilities

- **Client Expectations:** 50% of clients believe their primary wealth manager should bolster digital capabilities (Source: McKinsey Wealth Management Trends Report 2024).

Preferences of Younger Clients

- Younger clients prefer tech-driven, seamless experiences such as mobile apps and real-time portfolio access. Currently, 36% of firms are focusing on improving customer experiences through digital tools.

Influence of Young Millionaires

- The emergence of younger, tech-savvy millionaires, who are either inheriting wealth or earning it, is significantly shaping the demand for more digital and personalized wealth management solutions.

Key Focus Areas for Firms

- **Personalization and Expertise:** Firms need to concentrate on delivering personalized services and local expertise while utilizing advanced technologies like AI and data analytics.
- **Digital Transformation and Cybersecurity:** Essential for maintaining trust and operational efficiency, ensuring that client data is secure and that services are uninterrupted and reliable.

9.3 Enhancing Personalization in Wealth Management

2022 Trends Report Insights:

- **Personalization Demand:** Significant growth in demand for personalized services to retain clients.
- **Investor Feedback:** Two-thirds want more personalization, especially in financial planning and investment strategy.
- **Satisfaction Levels:** Only one-third are satisfied with the personalization level, indicating a gap in expectations vs. services.

Emerging Wealth Management Trends:

- **AI in Financial Planning:** AI is refining financial planning with better analytics and personalized strategies.
- **Private Capital Markets:** Increased interest in private markets for potentially higher returns and lower correlation with public markets.
- **ESG Investing:** Rising popularity of ESG investing due to its positive social and environmental impacts.
- **Philanthropic Giving:** 80% of US-based Indian NRIs focus on investments with philanthropic impacts.

9.4 Our ESG Investing and Gen-AI Research (ongoing) :

 ESG Research.pdf

 Data from Reports (1).pdf