Wealth in America 2007

Findings from a Survey of Millionaire Households

January 2007

Northern Trust

northerntrust.com

Background and Methodology

In November and December 2006, Northern Trust conducted its second annual ***Wealth in America*** study. This study, based on a nationwide survey of some 1,000 millionaire households, represents one of the fullest pictures available of U.S. millionaires and their finances. Major topics covered by the study include: attitude toward the stock market and investments, asset allocation plans, use of professional advisors, views on philanthropy and inheritance and plans for retirement.

Northern Trust commissioned Phoenix Marketing International to conduct the survey, which was done online and drew respondents from a panel associated with Phoenix's Affluent Market Services program. A total of 1,002 online questionnaires were completed; all respondents had stated liquid assets of $1 million or more.

The data cited in the study have a margin of error of +/- 3 percentage points at a 95% level of confidence.

Executive Summary

Entering 2007, the typical millionaire in the U.S. can best be described as a well-educated, confident, middle-aged professional, with liquid wealth in excess of $3 million. Based on an analysis of U.S. Federal Reserve data, Northern Trust estimates that at year-end 2006, there were approximately 4.1 million households in the U.S. with $1 million or more in investable assets.

The confidence of millionaire or high-net-worth households is reflected in their optimism towards the economy and the stock market in the coming year. Nearly half of the survey respondents felt that the stock market would rise 6-10% in 2007, thanks in large part to continued strong corporate earnings and economic growth. Relatively few, however, were optimistic that 2007 would bring a significant reduction in international tensions, a decline in inflation or in interest rates.

The confidence of these wealthy investors is also reflected in their expectations toward retirement. While only one-third are currently fully retired, in the next 10 years, nearly half of those who are currently working will be retiring. Their expectations toward retirement are ambitious, and reflect a high level of confidence that they can achieve their retirement goals. Not content to sit back and temper their lifestyles in retirement, wealthy households today place a high priority on ensuring a comfortable standard of living and a very active retirement that includes the pursuit of personal interests and hobbies, extensive travel and an active social life. At the same time, however, high-net-worth households are not without concerns about their retirement years, particularly regarding the rising cost of health care and their personal and family health in retirement.

Additionally, the confidence of millionaire investors is buttressed by expectations for future inheritances. While over one-third have already received what they call a “sizeable” inheritance, about one-quarter of these investors expect to receive sizeable inheritances in the future, averaging over $800,000 in value.

Perhaps as dictated by their high expectations in retirement, the most important investment goal of high-net-worth investors is to continue to increase their overall wealth. However, this does not mean abandoning fiscal discipline, as their second most important investment goal is to protect their current levels of wealth. This balanced approach is a function of their attitudes toward risk: most millionaire households are “buy-and-hold” investors with a “moderate” risk profile, meaning that they are willing to take some calculated risks but largely shun more aggressive investment strategies.

Continued next page

Executive Summary

In the past year, millionaire investors have made relatively minor changes in the allocation of their assets. Domestic equities dominate the portfolios of most of these investors, representing over 40% of their assets, up slightly from 2005. Responding to the downturn of the real estate market, wealthy households have reduced their exposure to investment real estate, from 13% percent of their portfolios to 8%. Despite robust advances of international equities markets over the past few years, high-net-worth investors maintain only 10% of their portfolios in this sector, up from 8% in 2005. Suggestive of their moderate approach to risk, these investors have 13% of their assets in cash positions, unchanged from a year earlier. Additionally, 7% of their portfolios is allocated to private equity and hedge funds, up only slightly from the previous year. Including real estate and commodities, wealth investors now have significant allocations to alternative assets—17% on average. The attraction of alternatives is largely driven by two things: a desire to improve overall portfolio diversification (and thus reduce risk) and a desire to earn higher returns than can be achieved in traditional asset classes.

Looking forward to 2007, millionaire households do not plan significant changes to their portfolios. The asset categories where changes are most likely to occur (a large percentage of investors planning slight increases) are domestic equities, cash and international equities. Few wealthy investors state that they will be making large changes to their investment real estate positions in the coming year.

While taking a moderate approach to risk, high-net-worth households—particularly younger ones in the Gen X segment—are open to investing in new or non-traditional product categories. For example, about one-third of Gen X millionaires have invested in emerging market funds, about 20% have investments in high-yield bond funds, managed future funds or manager-of-manager funds.

Traditional, full-service broker firms remain the provider of choice for millionaires. Forty percent of millionaire investors consider a full-service brokerage to be their primary provider, up seven percentage points from the previous year. Online or discount brokers are a distant second as primary provider. Relationships, in the form of referrals or a previous relationship within the firm, are the key reason for beginning the relationship with full-service brokers and most other providers.

Continued next page

Executive Summary

Millionaire investors have complex needs and embrace advice, as nearly six in 10 can best be described as "advisor-oriented," meaning having either a collaborative or discretionary relationship with their primary advisor. Nearly one-quarter prefer to use an advisor as needed for selected financial events, but do not have an ongoing advisory relationship. Two in 10 millionaire households are primarily self-directed.

High-net-worth households in 2006 reported charitable contributions of $17,400, on average, up from $14,400 in 2005. Going forward, however, current attitudes toward philanthropy suggest a modest pull-back by wealthy households. Entering 2007, fewer millionaires feel it is important to donate time and money to charitable causes, fewer want to be personally involved in their charities and fewer plan to increase their charitable donations in the coming year. With regard to specialized giving vehicles, charitable bequests are by far the most popular, being utilized by nearly one in four millionaire households.

Finally, mention must be made about the key differences in one segment of the millionaire market: decamillionaires (households with $10 million or more in investable assets). While there are fewer than 200,000 of these households in the U.S. (according to the Federal Reserve's Survey of Consumer Finances), their attitudes and behaviors set them apart from their less wealthy counterparts. With an average of over $20 million in investable assets, they have impressive liquidity and enormous spending potential. Their investing orientation is very focused and oriented toward building wealth and maximizing total returns, with 31% of their assets in alternative investments. Decamillionaires also place greater importance on achieving a legacy and leaving a sizable estate to their children. They are more philanthropically inclined than their less wealthy counterparts and, because of the complexity of their finances and their greater concern with their legacy, are much more likely to utilize specialized giving vehicles such as private foundations and charitable trusts.

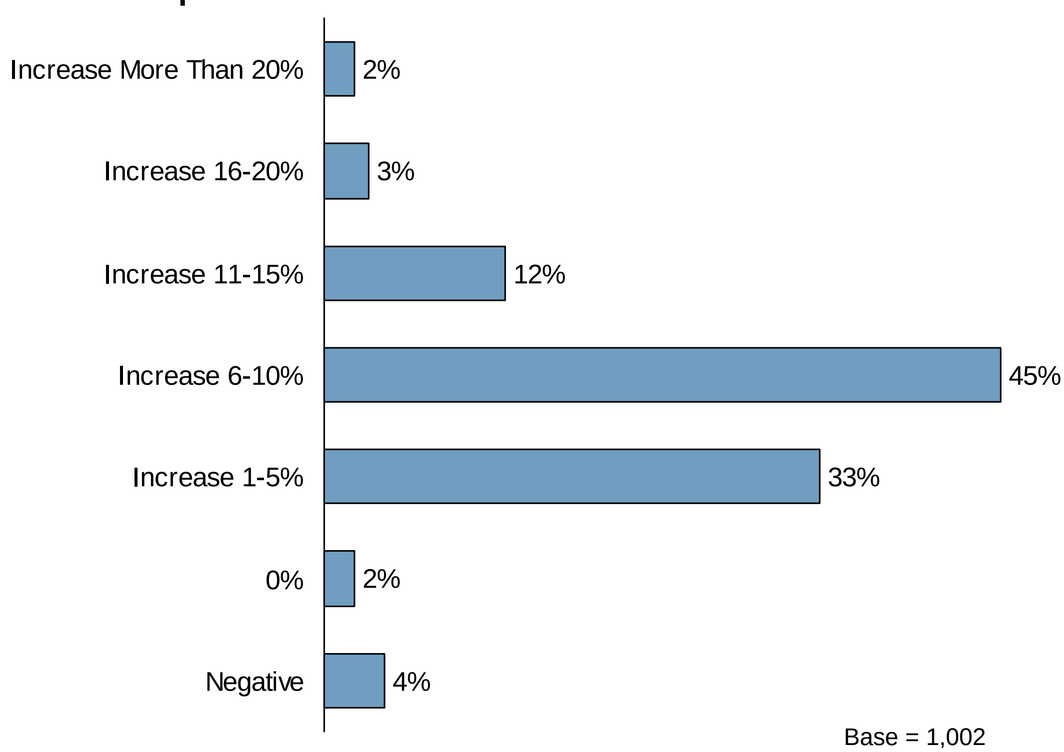
Key Findings

Key Findings
Expectations For Stock Market

On the whole, millionaires are quite optimistic about the 2007 stock market. More than three in five (62%) are “bullish,” with expectations that the stock market will increase by 6% or more. Only a very small minority (6%) could be classified as “bearish,” expecting market returns of 0% or less.

- Decamillionaires (households with $10 million or more in investable assets) tend to be more polarized in their outlook, with 27% being strongly bullish* (compared with 17% for all millionaires) and 13% bearish (compared with 6% of all millionaires).
- Gen X millionaires are similarly divided in their market outlook, with more “strong” bulls (24%) and more bears (10%) than the millionaire market as a whole.

Expectations For Stock Market Performance in 2007



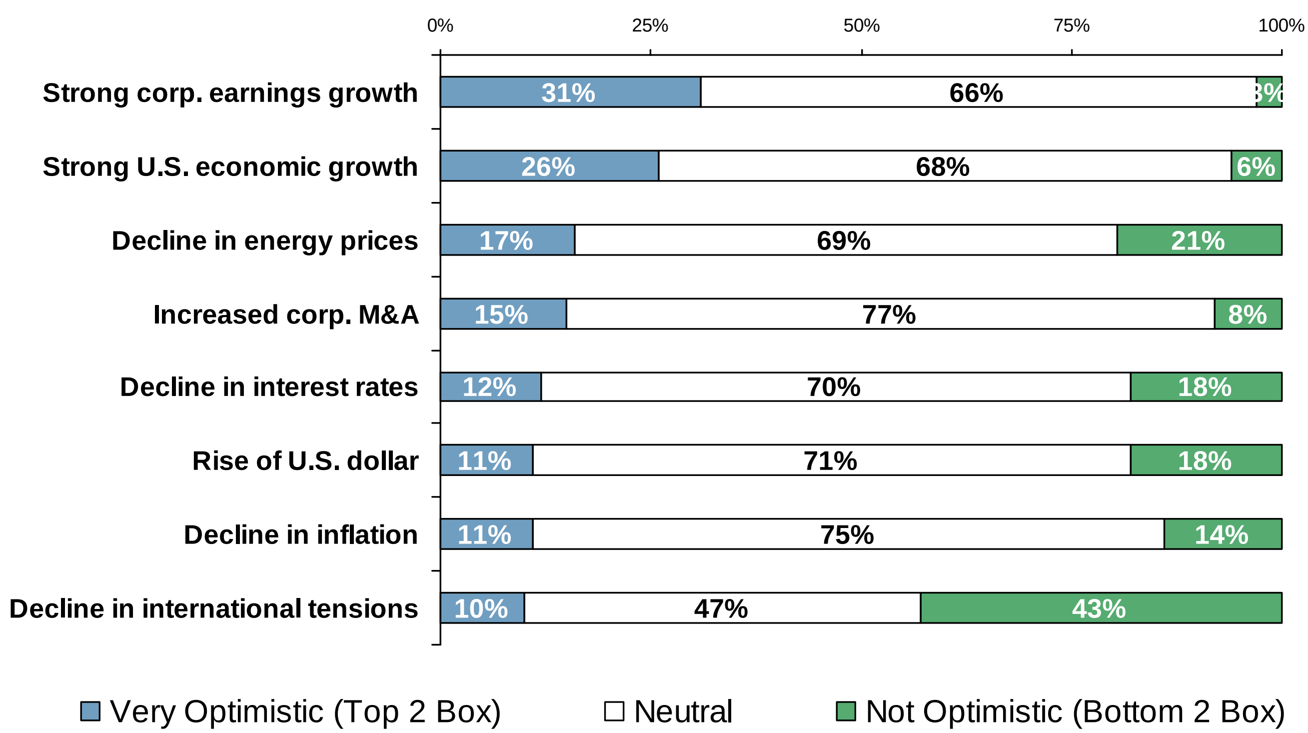
*Strongly bullish = expected market return of 11% or more.

Expectations For Stock Market

The positive market outlook of bullish millionaires (i.e. those expecting market gains of 6% gain or more) is due primarily to their optimism about two factors: their belief that corporate earnings growth will remain strong next year (31% "very optimistic") and that the U.S will continue to enjoy strong economic growth (26% "very optimistic").

- Gen X millionaires who are bullish are more optimistic than other millionaires about the positive market impact of increased merger and acquisition activity (22% "very optimistic" vs. 15%).
- Bullish millionaires are positive about the stock market in spite of being pessimistic about a decline in international tensions next year (43% "not optimistic").

Level of Optimism About Factors Positively Impacting 2007 Market
(Among Respondents Predicting Stronger Growth in 2007)



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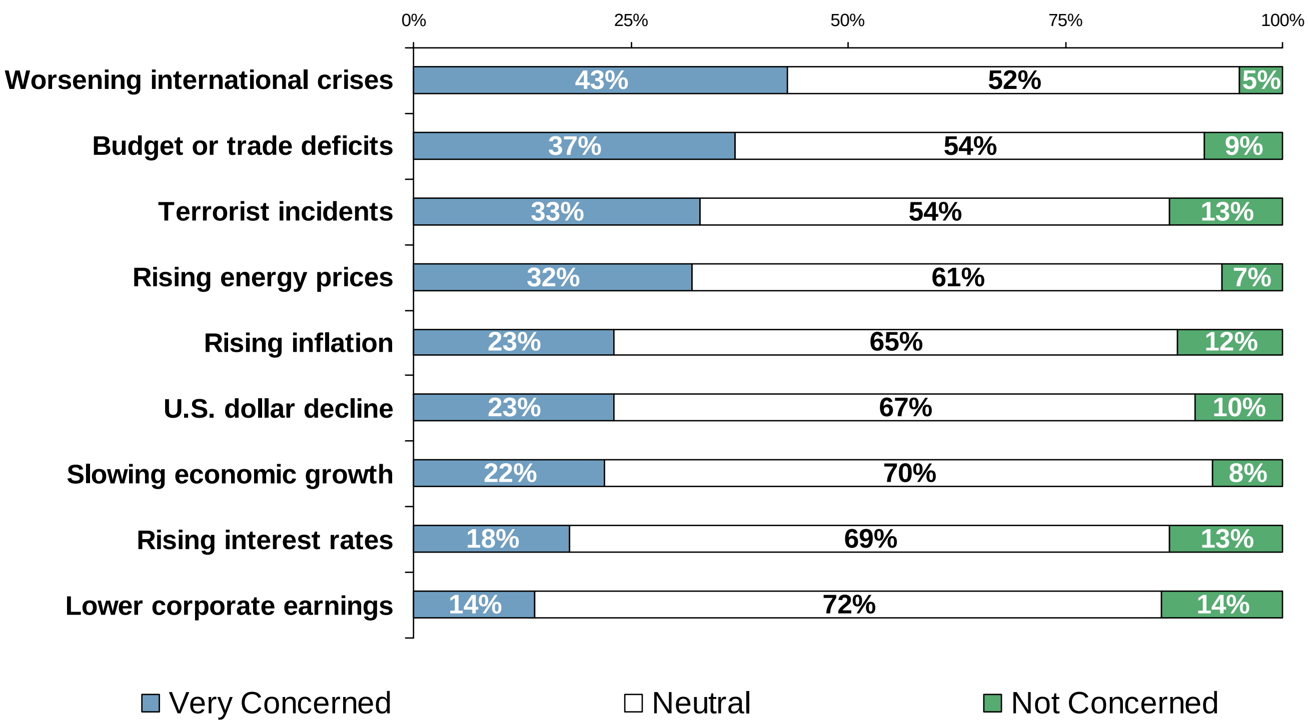
Key Findings
Expectations For Stock Market

The neutral or negative outlook of millionaire investors who expect less robust market returns (5% or less) in 2007 is due to their concern about four factors that could depress the stock market: heightened international tensions, increased federal budget and trade deficits, the risk of major terrorist incidents and rising energy prices.

- Decamillionaires with neutral or negative market expectations were far more concerned about the potential impact of a number of factors: rising interest rates (51% “very concerned” vs. 18% for other millionaires); rising inflation (46% “very “concerned vs. 23% for other millionaires); decline of the dollar (41% “very concerned” vs. 23% for other millionaires); and slowing economic growth (41% “very concerned” vs. 22% for other millionaires).
- Millionaires in New York who had a neutral or negative outlook were significantly more concerned than other millionaires about the potential market impact of terrorist incidents (46% “very concerned” vs. 33% for other millionaires).

Level of Concern About Factors Negatively Impacting 2007 Market
(Among Respondents Predicting Slower Growth in 2007)



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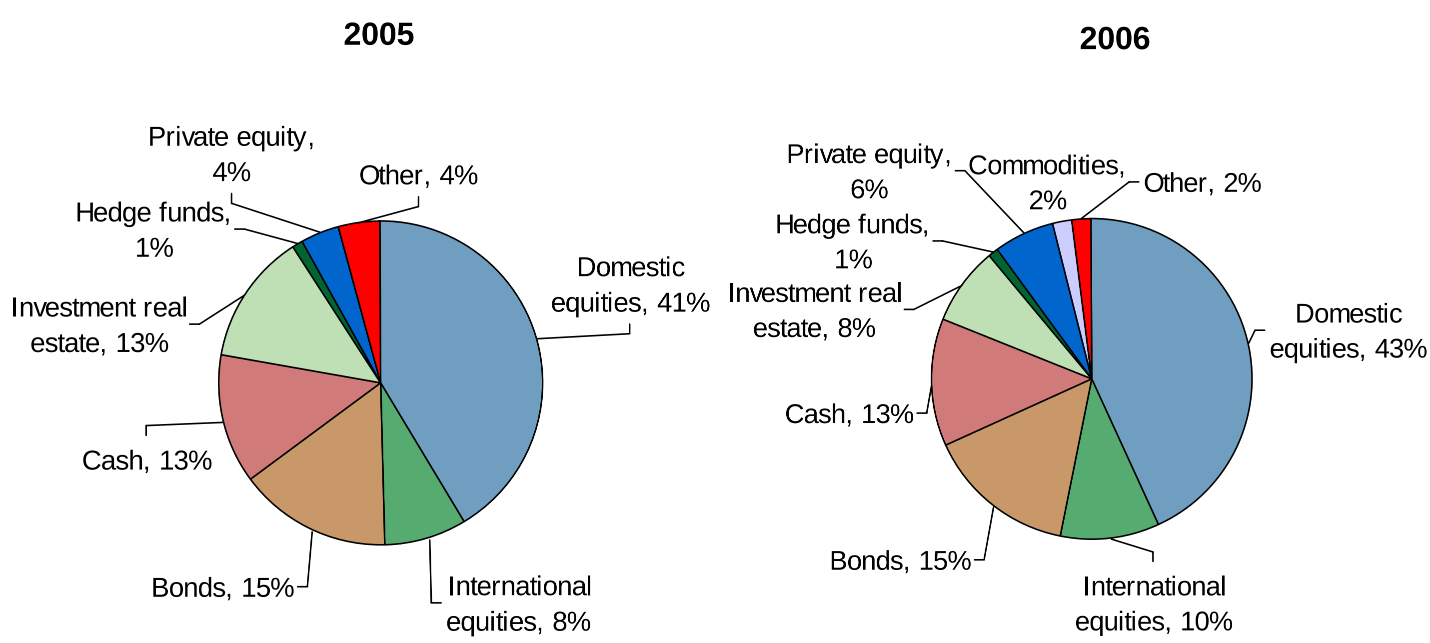
Key Findings
Asset Allocation

Millionaires made only modest changes to their investment portfolios in 2006.

- On average, millionaires reduced their exposure to investment real estate from 13% last year to 8% in 2006.
- With the assets that were freed up, they increased their allocation to domestic equities (43% in 2006, up from 41% in 2005), international equities (10%, up from 8% in 2005) and private equity (6%, up from 4% in 2005).
- Allocations to bonds and cash remained unchanged at 15% and 13%, respectively.

Portfolio Asset Allocation



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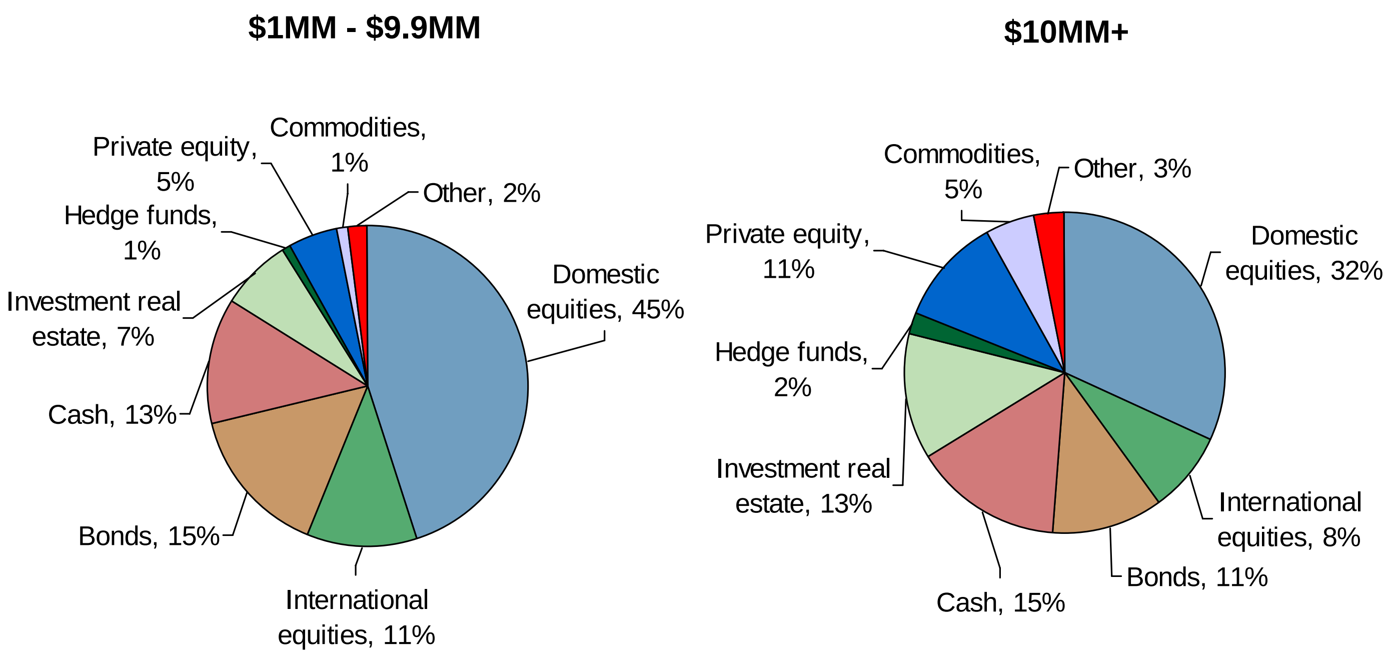
Note: "Commodities" not included in 2005 questionnaire

Asset Allocation

Decamillionaires allocate their portfolios quite differently than their less-wealthy counterparts, with a much greater emphasis on alternative asset classes (private equity, hedge funds, investment real estate and commodities) and greatly reduced exposure to domestic equities.

- Households with $10 million or more in investable assets report that 31% of their portfolios are allocated to alternative investments (private equity, hedge funds, investment real estate and commodities), compared with 14% for other millionaires.
- Domestic equities comprise 32% of the average decamillionaire's portfolio, compared with 45% for millionaires with less than $10 million.
- As a result of their large allocation to alternatives, decamillionaires also have relatively smaller allocations to international equities (8% vs. 11% for other millionaires) and bonds (11% vs. 15% for other millionaires).

Portfolio Asset Allocation - 2006



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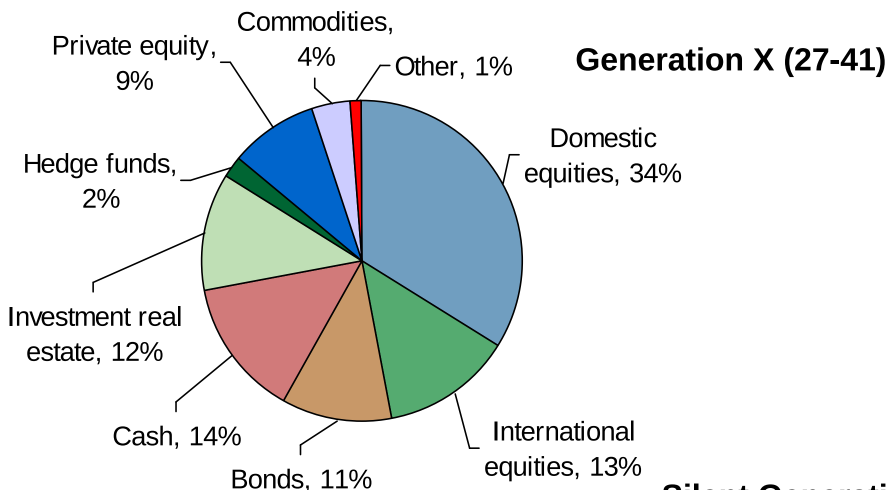
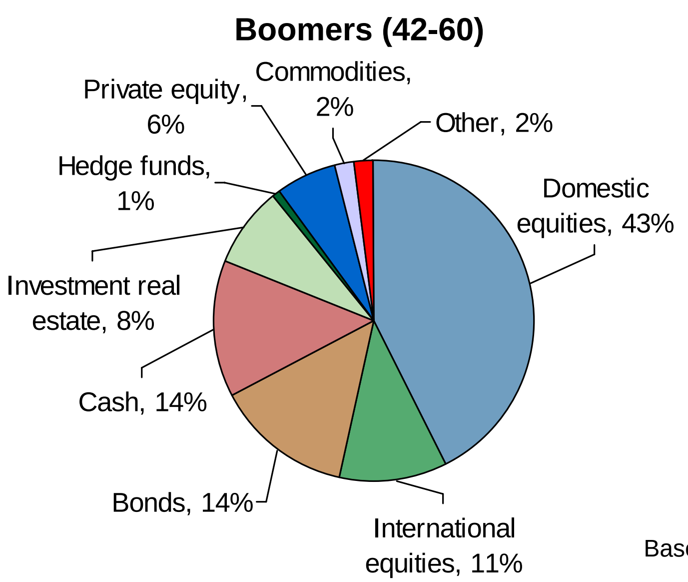
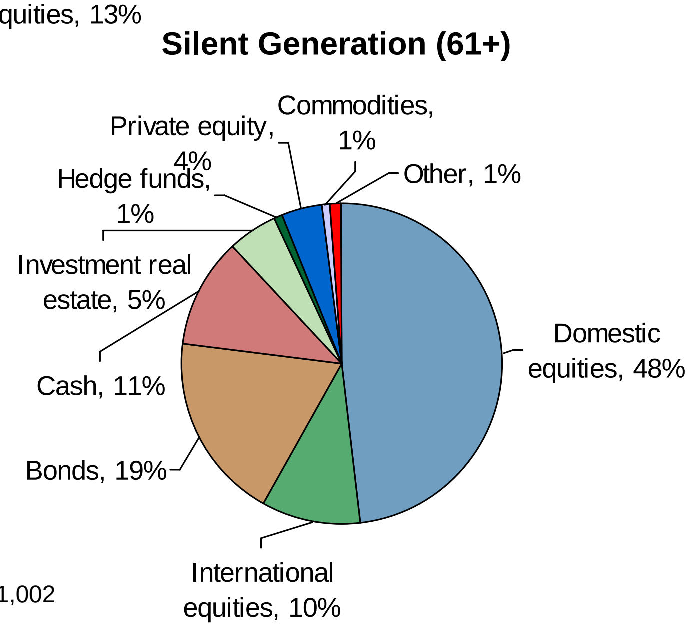
Asset Allocation

There are some striking generational differences in asset allocation preferences. Most significantly, there is a strong relationship between age and willingness to invest in alternative assets.

- Gen X millionaires, for example, have a much higher exposure to alternative investments (27%) than Baby Boomers (17%), who, in turn, have a higher allocation than the Silent Generation (11%).
- Because of younger millionaires' strong preference for alternatives, there is a corresponding bias against domestic equities. Gen X millionaires allocate only 34% to domestic equities, compared with 43% for Baby Boomers, and 48% for the Silent Generation.







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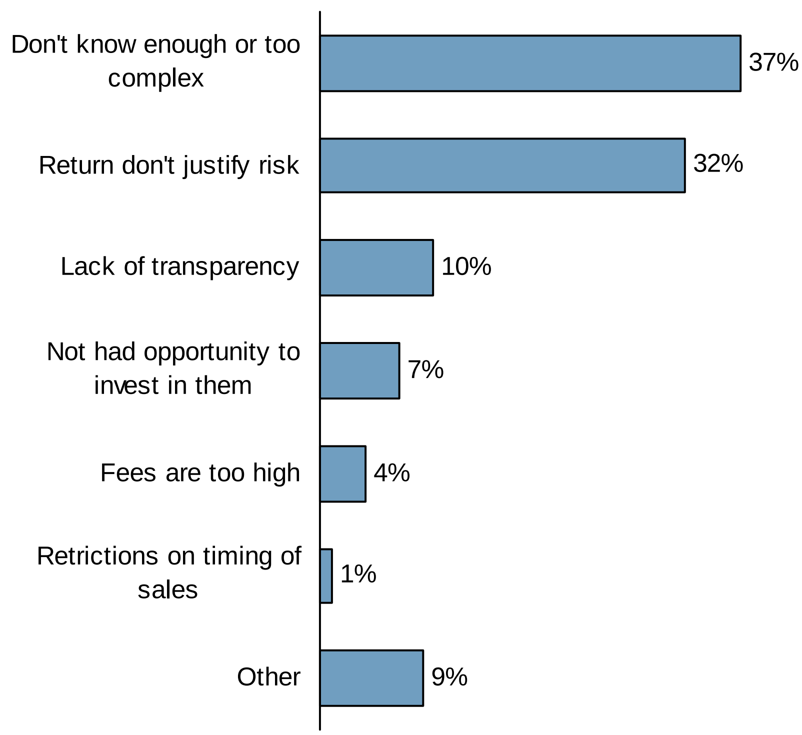
Asset Allocation

Forty percent of millionaire investors have no allocation whatsoever to alternatives, while an additional 12% have very modest exposure of 5% or less. When asked why they do not have a more significant allocation to alternatives, 37% cited concerns over product complexity and/or their own lack of understanding, and 32% cited a belief that the returns on these investments did not justify their risks.

- Generational differences are apparent here as well: Silent Generation millionaires (44%) were more likely than Boomer (33%) and Gen X millionaires (25%) to cite lack of knowledge or concerns over complexity as a reason for not investing more in alternatives.

Why Have 5% or Less of Assets In Alternative Investments?



Base = 523

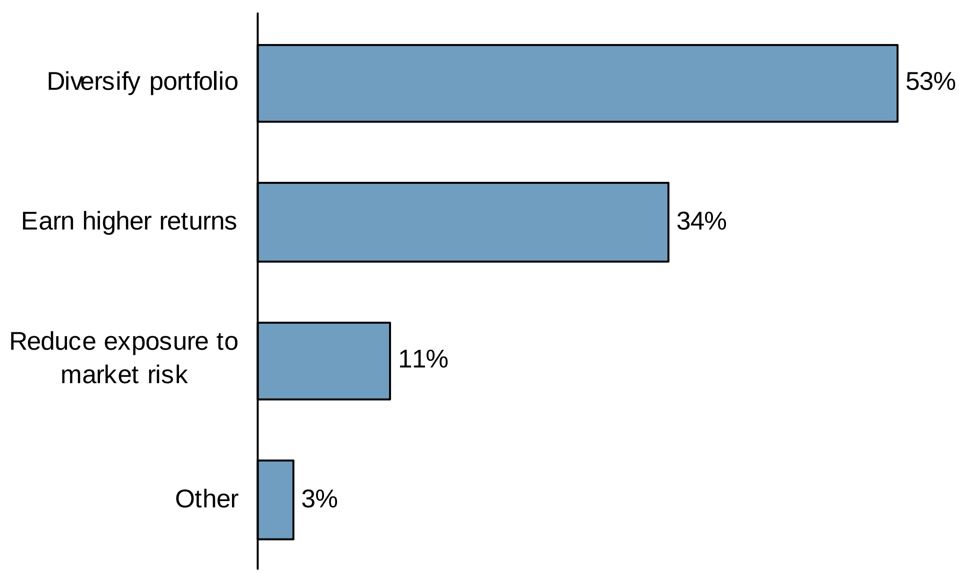
Asset Allocation

Nearly half (45%) of millionaires have 10% or more of their portfolio invested in alternative assets.

Of these, 53% cited improved portfolio diversification as the main reason that they have made such a significant allocation to alternatives. Another 34% cited the attraction of higher returns as the main reason for making significant investments in alternatives. Only 11% are attracted to these products for the purposes of hedging market risk.

- Differences in generational attitudes toward risk and return show up clearly in the reasons why millionaires say they have significant investments in alternatives.
- Gen X millionaires are more likely to cite alternatives' return potential (50%) than their diversification benefits (38%). By contrast, Silent Generation millionaires are more likely to cite alternatives' diversification benefits (58%) than their return potential (19%).

Why Have 10% or More of Assets In Alternative Investments?



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Key Findings
Asset Allocation

The large majority of millionaire investors plan to make few if any changes to their asset allocation in the coming year. Among asset classes, the largest increases are anticipated for international equities.

- The asset classes where changes are most likely to occur are domestic equities (37% plan to make some changes), cash (34%) and international equities (31%).
  - In all three asset classes, investors were more likely to increase than decrease their allocations
  - Most anticipated changes were relatively minor, in the +/- 10% range
- Decamillionaires were, on average, more likely than other groups to anticipate portfolio adjustments.

Percent of Millionaires Anticipating No Change to Their Allocation

Hedge funds	92%
Commodities	91%
Private equity	88%
Real estate	81%
Bonds	74%
International equities	69%
Cash	66%
Domestic equities	63%

Base = 1,002

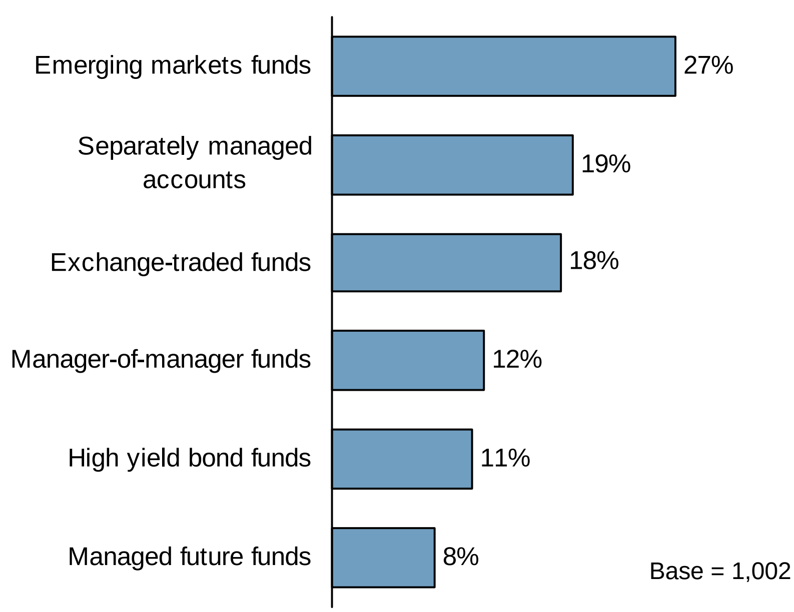
Ownership of Selected Products

The survey asked about a variety of relatively new or non-traditional investment products—such as separately managed accounts and exchange-traded funds—that have become popular in recent years.

Somewhat surprisingly, less than one-fifth of millionaires own a separately managed account (19%) or exchange-traded fund (18%), despite the tremendous amount of press these products have received.

- For a number of these products, there are—again—significant generational differences, with Gen X millionaires being on the whole more open to these products than the Silent Generation, and with Baby Boomers occupying a middle ground.
- In particular, Gen X millionaires are more likely than Silent Generation millionaires to own:
    - Emerging markets funds (33% vs. 22%)
    - Manager-of-manager funds (17% vs. 9%)
    - Managed futures funds (16% vs. 4%)
    - High-yield bond funds (16% vs. 10%)

Own Product

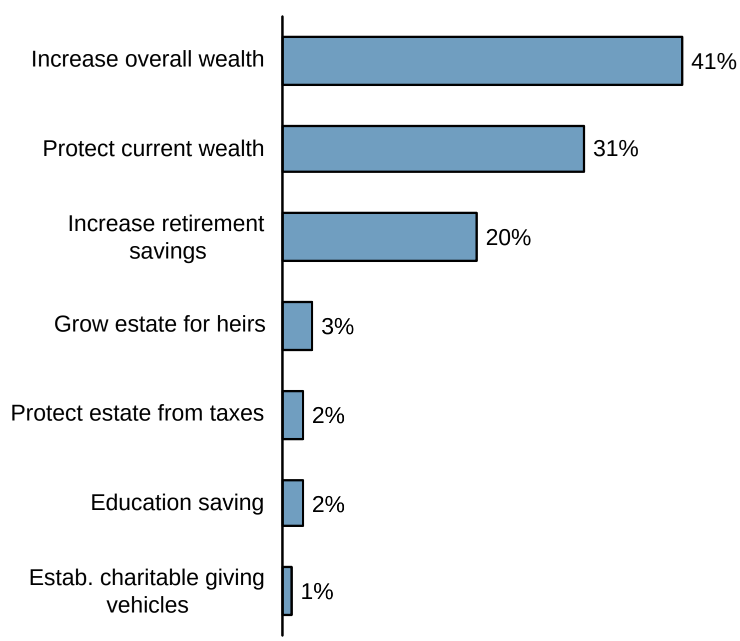


Investment Goals

Despite the considerable wealth that they have already accumulated, millionaire households say that their most important investment goal is to increase their wealth. Protecting their current wealth and growing their retirement savings rank next in importance.

- Increasing overall wealth is an especially strong goal for decamillionaires (56% rating it most important).
- Senior executives are more likely than professionals to place most importance on protecting current wealth. More than one-third of senior executives (36%) say this is their most important investment goal, compared with one-fourth of professionals (25%). Business owners occupy a middle ground, with 30% rating this as their top investment goal.
- There are also some notable gender differences in investment goals: men are more likely than women to place greatest importance on increasing overall wealth (45% vs. 35%), while women are more likely to make increasing retirement savings their top goal (27% vs. 15%).

Most Important Investment Goal



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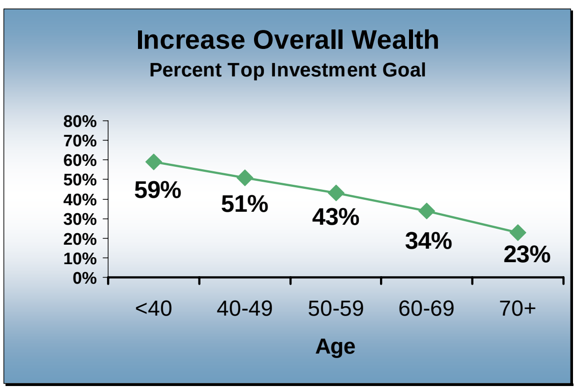
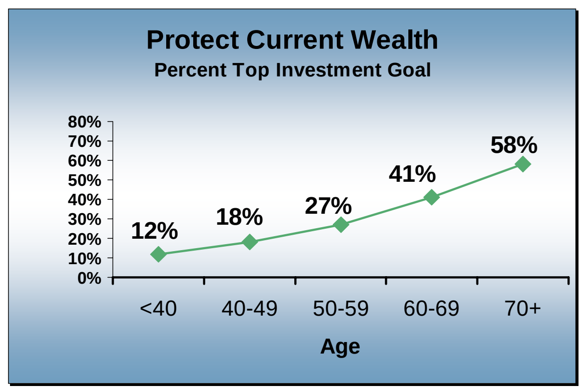
Investment Goals

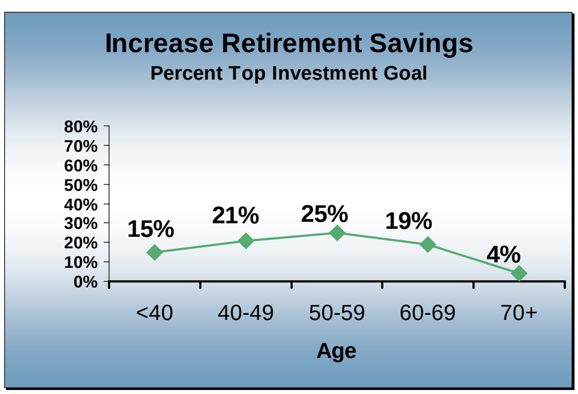
Not surprisingly, there is a strong relationship between life-stage and investment goals. The goal of increasing overall wealth declines in importance as wealthy investors grow older, while the need to protect wealth increases with age.

- Age is also a major factor in how investors view retirement savings as an investment goal; increasing retirement savings peaks in importance in the 50-59 age bracket and then declines sharply after that.
- Life-stage factors also help explain differences between the West Coast and the Northeast. The West Coast, with its higher concentration of young millionaires, places more importance on increasing overall wealth (51% West Coast vs. 36% Northeast), while the Northeast, with its higher proportion of older millionaires, is more focused on protecting current wealth (34% Northeast vs. 23% West Coast).

Impact of Age on Investment Goal







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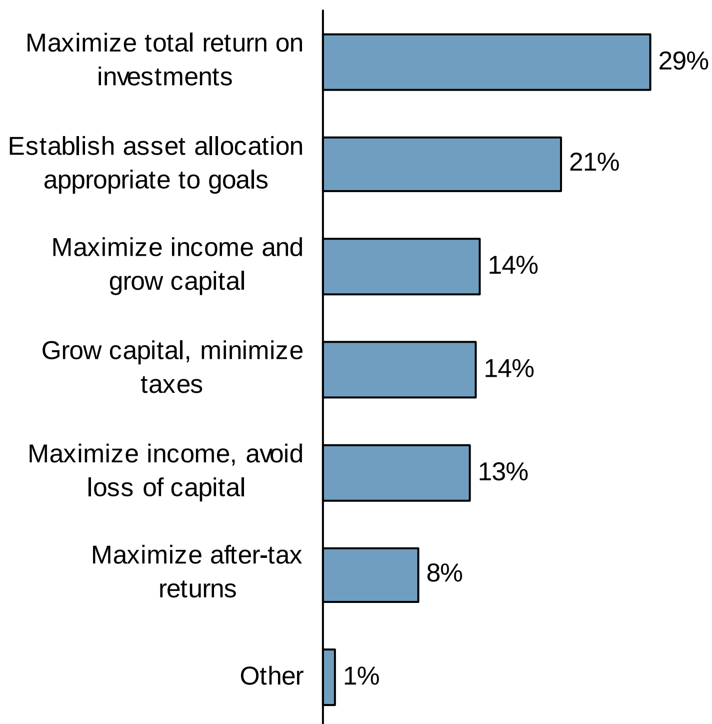
Investment Goals

With regard to their overall investment strategy, millionaires cite a wide variety of approaches, with no one strategy dominating. Nearly three in 10 (29%) of millionaires are focused on maximizing total return, while another one in five (21%) place greatest emphasis on establishing an asset allocation that enables them to reach their goals.

- As one might expect, generational and life-stage differences do have an effect on the strategy adopted: Gen X millionaires (41%) were more likely to employ a total return approach than either Baby Boomers (30%) or the Silent Generation (24%). Conversely, Baby Boomers (22%) and the Silent Generation (25%) are more likely to focus on asset allocation than Gen X millionaires (10%).
- Self-directed investors (who tend to be younger) are more likely than other segments to emphasize total return (cited by 35%); advisor-directed investors, who tend to be older, are more likely than other segments to focus on asset allocation (28%).
- Decamillionaires (44%) are more likely than other segments to adhere to a total return strategy.

Investment Strategy



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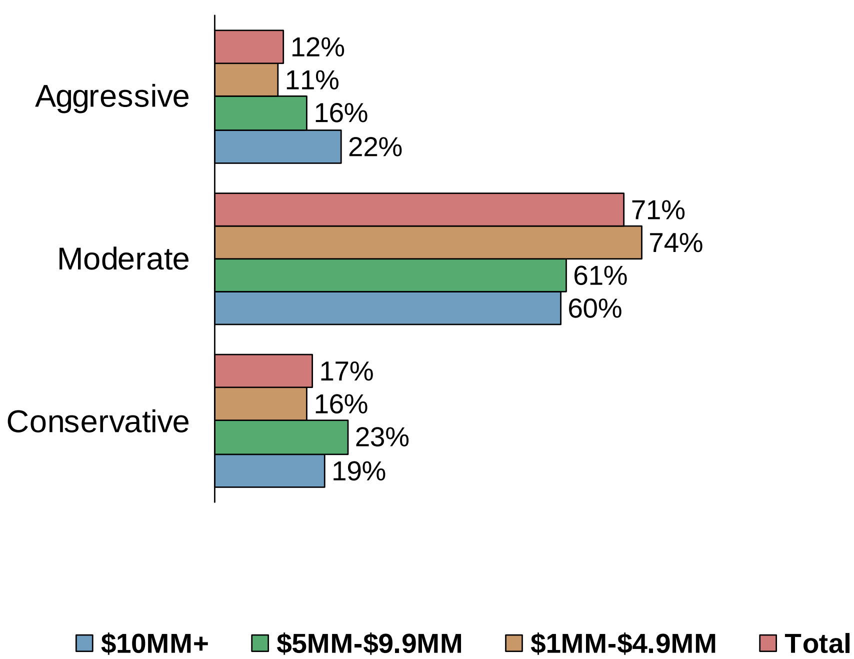
Key Findings
Investment Goals

When asked to describe their risk tolerance, millionaire investors overwhelmingly considered themselves to be moderate, meaning that they are risk neutral or willing to take some risk.

- Decamillionaires, in keeping with their total return focus, are more willing than their counterparts to take substantial risks, with 22% describing their investment approach as “aggressive.”
- In general, younger investors, self-directed investors and male decision makers are more willing to take substantial risks than their counterparts.

Risk Tolerance
Total Market and By Investable Assets



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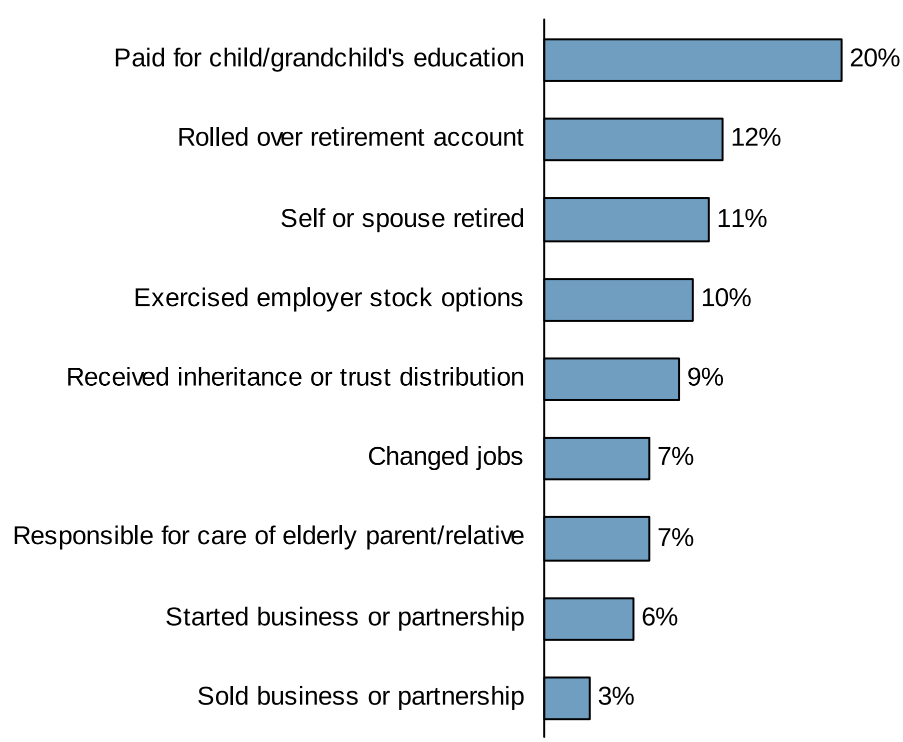
Key Findings
Financial Events

The leading financial events among millionaire households in the past year included paying for a child's education, rolling over a retirement account, retirement of a household member and exercising employer stock options. However, nearly half (48%) of these households did not have a significant financial event in the past year.

- Millionaires under 40 appear to be far more entrepreneurial than those in any other age group: 18% say they started a business in the past year, while 10% sold a business.
- Nearly one-quarter (24%) of Boomer millionaires had child education expenses in the past year.
- 16% of senior executives exercised employer stock options.
- The top income earners ($500k+) were more likely than their counterparts to have undertaken a number of financial events, including education funding (26%), exercising employer stock options (20%), starting a business (15%) or selling a business (12%).

Top Financial Events in Past Year



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Key Findings
Primary Provider Channel

Full-service brokers remain the dominant provider channel among millionaire investors. Forty percent (40%) of millionaires consider a full-service brokerage to be their primary provider, up from 33% in 2005.

- Online and discount brokerages are a distant second, with just 16% of millionaires citing them as their primary provider to millionaires.
- Advisor-assisted households, in particular, prefer full-service brokers (57%).
- 44% of self-directed investors utilize an online or discount broker as their primary provider.
- Younger investors, under age 40, utilize banks/private banks more frequently than other age groups (14%).

Primary Provider Channel
(Company With Largest Portion of Investments)

PRIMARY PROVIDER CHANNEL	2005	2006
FULL-SERVICE BROKERAGE	33%	40%
ONLINE/DISCOUNT BROKER	19%	16%
INVESTMENT MANAGER/ADVISORY FIRM	9%	11%
MUTUAL FUND COMPANY	10%	10%
FINANCIAL PLANNING FIRM	11%	9%
BANK/PRIVATE BANK	8%	6%
TRUST COMPANY	2%	2%
INSURANCE COMPANY	1%	1%
DO NOT HAVE PRIMARY PROVIDER	8%	6%

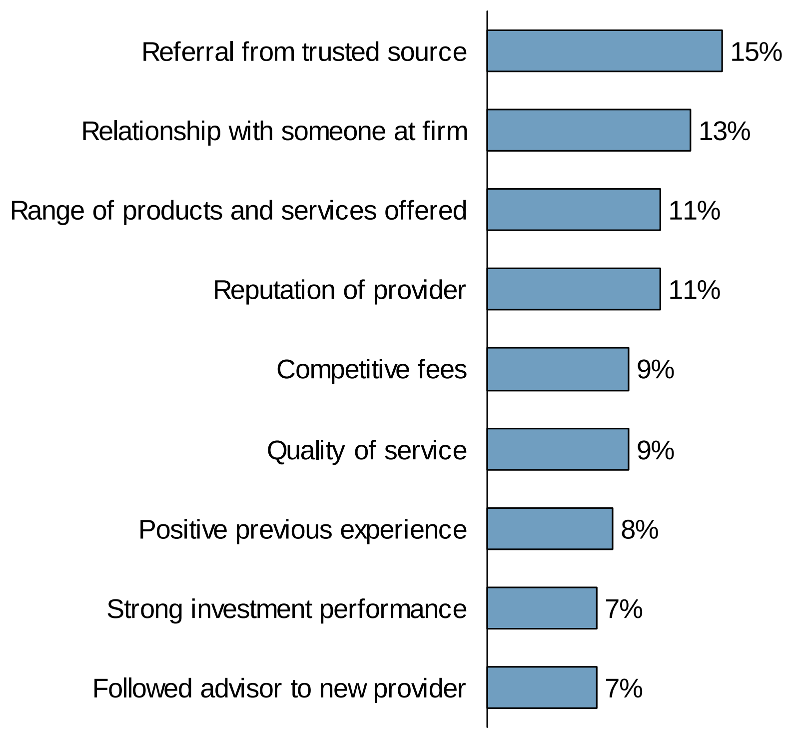
Base = 1,014 Base = 1,002

Key Findings
Primary Provider Channel

While their reasons are numerous for why they initially selected their primary provider, first and foremost, relationships are key in the high-net-worth arena. Overall, referrals or an existing relationship at the provider are the top reasons why millionaire investors began their relationship.

- Referrals are particularly important in establishing a relationship with advisor-directed millionaires (27%).
- For self-directed investors, competitive fees (25%) and the range of products and services offered (21%) are most important.
- Of note among age groups, 17% of investors age 40 or less cited competitive fees as the top reason for selecting their primary provider.

Top Reasons For Beginning Relationship With Primary Provider



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Key Findings
Primary Provider Channel

Unsurprisingly, given the different kinds of clients that each type of firm attracts, millionaires are attracted to different types of providers for very different reasons.

- For households utilizing full-service brokerages, a previous relationship at the firm (20%) is most important, followed by referrals (16%).
- Among those relying on online/discount brokerages, fees are most important (34%), followed by the range of products and services offered (23%).
- Referrals are most important for those using financial planners (29%) and investment management firms (28%).
- For clients of mutual fund companies, product and service selection is key (22%).
- No one reason stands out as to why millionaires choose banks as their primary provider; relationships (13%), product/service range (12%) and referrals (12%) are all equally important.

Reasons For Beginning Provider Relationship – By Channel

Full-Service Broker

#1.	Prev. relationship at firm	20%
#2.	Referral	16%
#3.	Followed advisor	12%

Online/Discount Broker

#1.	Fees	34%
#2.	Range products/services	23%
#3.	Quality service	11%

Financial Planner

#1.	Referral	29%
#2.	Prev. relationship at firm	17%
#3.	Reputation	14%

Mutual Fund Company

#1.	Range products/services	22%
#2.	Reputation	16%
#3.	Investment performance	15%

Investment Manager/Adv. Firm

#1.	Referral	28%
#2.	Prev. relationship at firm	11%
#3.	Investment performance	10%

Bank/Private Bank

#1.	Prev. relationship at firm	13%
#2.	Range products/services	12%
#3.	Referral	12%

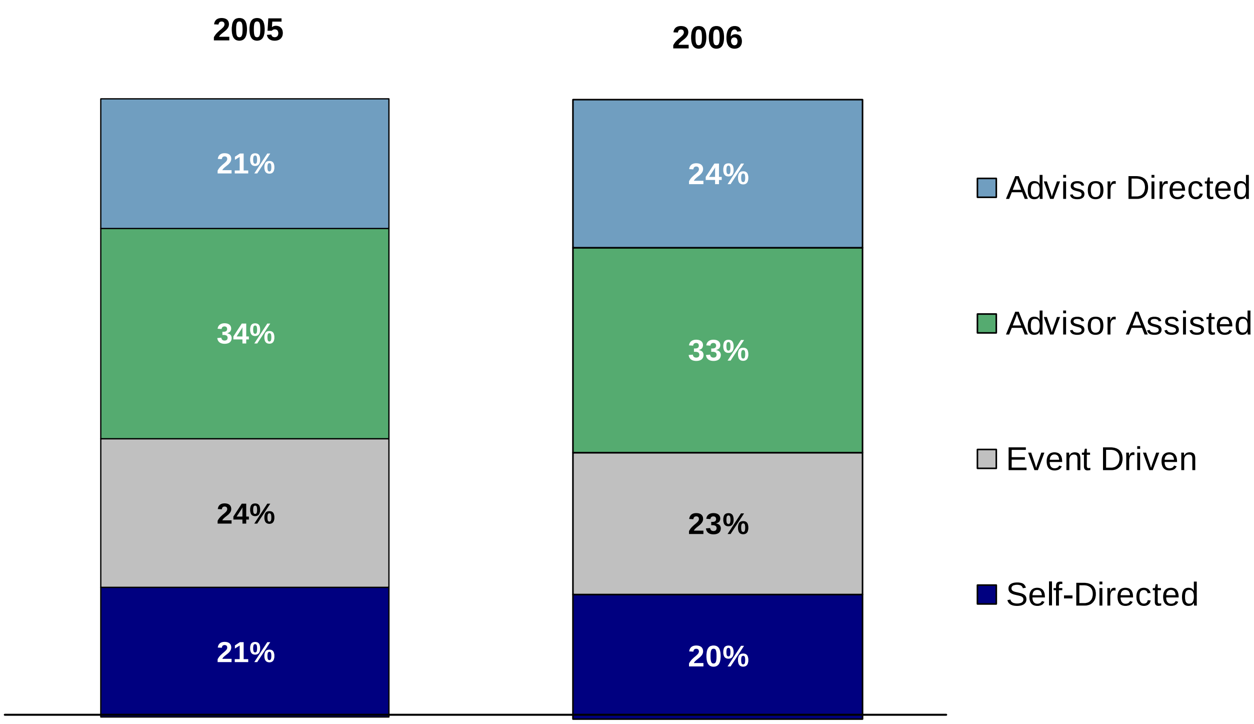
Base = 1,002

Advisors and Advice

Befitting their complex financial affairs, the majority of millionaire investors can be described as "advisor-oriented," meaning having either a collaborative relationship with their advisor (advisor-assisted), or a discretionary relationship (advisor-directed). The advice orientation distribution was virtually unchanged from 2005.

- About one-quarter of millionaire households use advisors for special events in their life, but do not have an ongoing relationship with an advisor.
- Two out of 10 millionaire investors consider themselves to be "self-directed," meaning that they make their own investment decisions without the assistance of an advisor.

Orientation Towards Advice



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Key Findings
Advisors and Advice

Overall, there was little change between 2005 and 2006 in the types of advisors consulted by millionaires households. Two-thirds of millionaires say that they do have a primary advisor; most commonly, millionaires rely on brokers/investment advisors and financial planners (used by 30% and 19% of millionaire households, respectively).

- As one might expect, the advice orientation of millionaires has a strong influence on the types of advisors they consult.
- Advisor-directed investors prefer brokers/investment advisors (41%), financial planners (32%) and portfolio managers (16%).
- Advisor-assisted investors prefer brokers/investment advisors (43%) and financial planners (28%).
- Those using advisors only for special events rely first on themselves for advice (53%), followed by brokers/investment advisors (24%).
- 88% of self-directed investors consider themselves as their primary advisor.

Primary Advisor for Investments

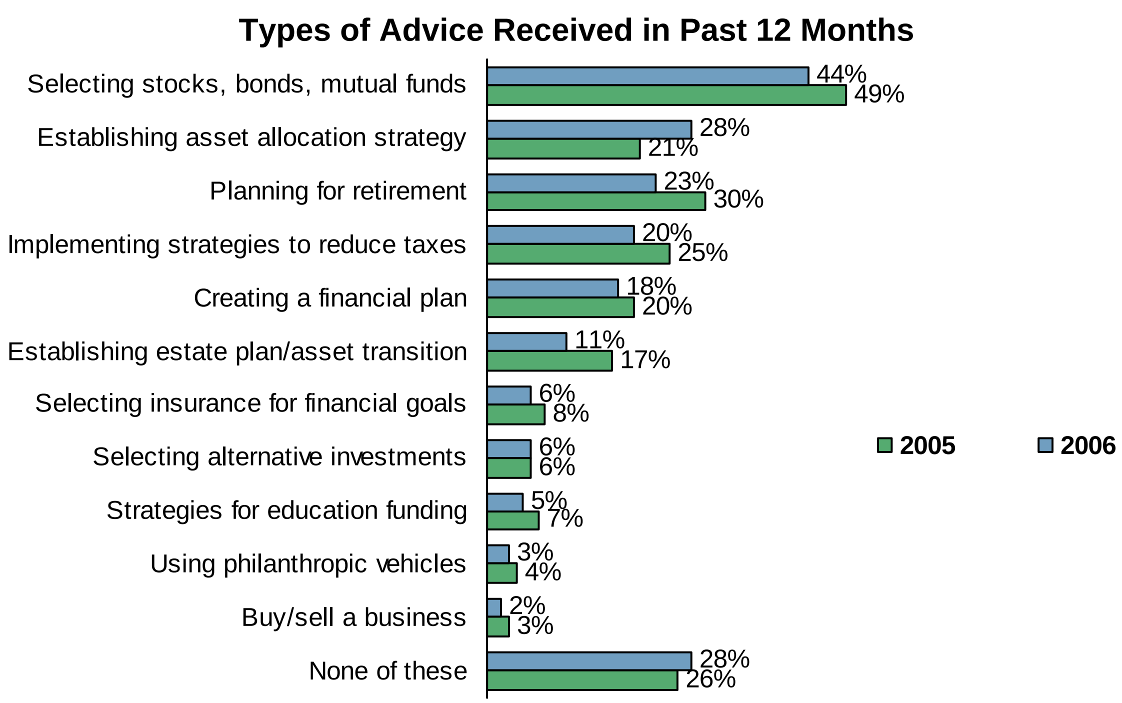
PRIMARY ADVISOR	2005	2006
MYSELF (NO PRIMARY ADVISOR)	36%	33%
BROKER / INVESTMENT ADVISOR	27%	30%
FINANCIAL PLANNER	22%	19%
PORTFOLIO MANAGER	5%	7%
FRIEND OR RELATIVE	4%	3%
PRIVATE BANKER/BANKER	3%	4%
ACCOUNTANT	2%	2%
TRUST ADMINISTRATOR	1%	1%
ATTORNEY	1%	1%

Base = 1,014 Base = 1,002

Key Findings
Advisors and Advice

Despite the range of services offered by many financial advisors and the complexity of needs of high-net-worth investors, stock, bond and mutual fund selection is still the most utilized advisory service by millionaire households (used by 44% in 2006).

- The type of advice that millionaires receive underwent a subtle shift in 2006, with relatively more households seeking advice on asset allocation (increase of 7% over 2005) and relatively fewer getting advice on security selection, retirement planning and tax and estate planning (declines of 5% or more for each category).
- The are some interesting generational differences in the types of advice that millionaires receive. Gen X millionaires are more likely to seek advice related to financial planning and selecting alternative investments, while the Silent Generation millionaires primarily look for advice on security selection.
- Similarly, occupation can have an effect on the type of advice millionaires seek. For example, business owners (30%)—because of the complex interplay between their business finances and personal finances—are much more likely than professionals (17%) or senior executives (18%) to receive tax-planning advice.



2005 Base = 1,014
2006 Base = 1,002

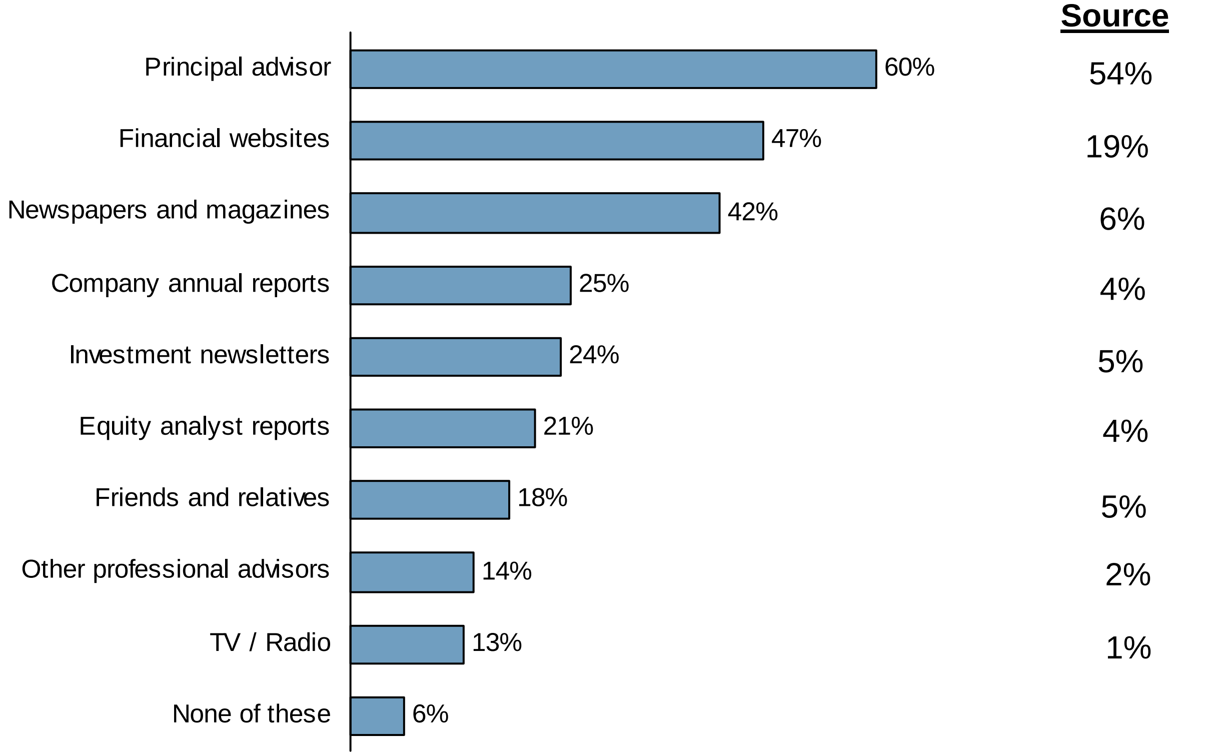
Advisors and Advice

When making decisions about investing, millionaires rely most heavily on the advice of their principal advisor (60% consult, 54% view as the most important source). Second in importance are financial websites, which are consulted by a little less than half of millionaires (47%) and are the most important source for nearly one-fifth (19%).

- The importance of information sources differs considerably by orientation towards advice.
- For advisor-directed and advisor-assisted investors, their principal advisor is by far their most important source of investment information (cited by 91% and 72%, respectively, as their most important source).
- Self-directed investors are most likely to view the internet as their most important source of investment information (41%), followed by newspapers/magazines (16%).
- Events-driven investors place greatest importance on the internet (34% view as most important source) and their principal advisor (24%).

Percent of Millionaires Consulting Source for Investment Information

Most Important Source

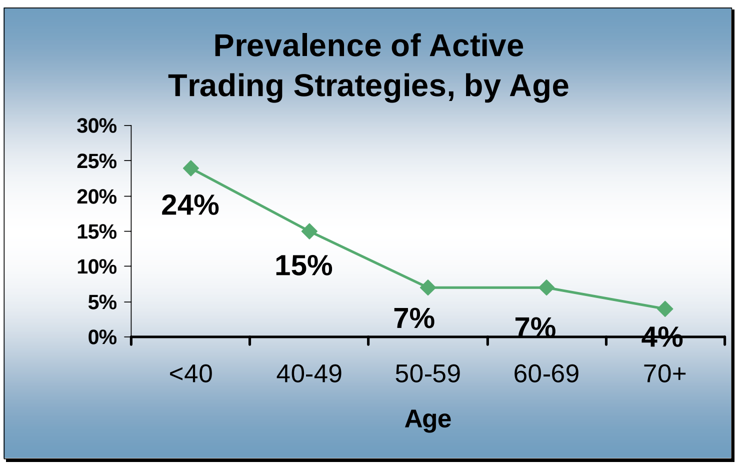


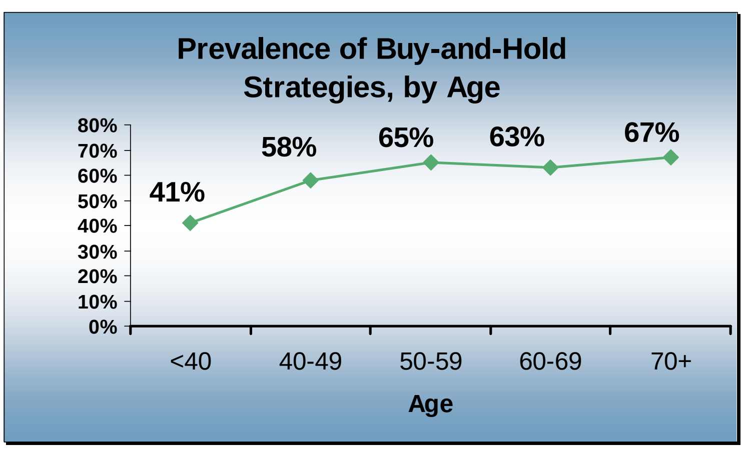
Base = 1,002

Attitudes Toward Investing

Three-fifths (60%) of millionaire households follow a buy-and-hold investment strategy, 10% can be classified as active traders and the remaining 30% occupy a middle ground.

- Millionaires' propensity to follow buy-and-hold or active-trading strategies is strongly affected by age.
- Active trading strategies are most common among younger millionaires and progressively less common in older age groups.
- Similarly, buy-and-hold strategies are most common among older millionaires and are progressively less common in younger age groups.



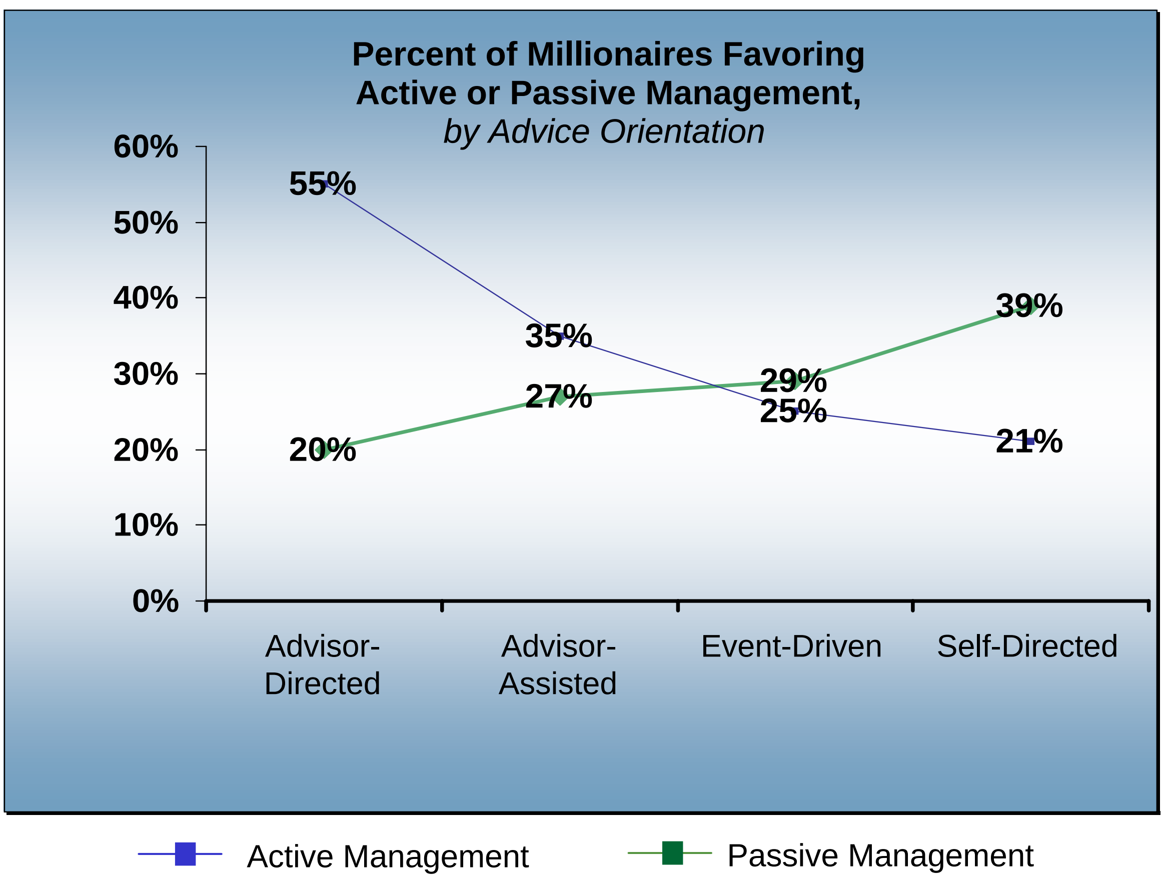


Base = 1,002

Attitudes Toward Investing

Millionaire households are relatively evenly split in their views on "active" versus "passive" management. Slightly more than one-third (35%) are proponents of active management, while nearly three in 10 favor passive approaches to investing (28%). The remainder (37%) do not feel strongly one way or the other about the debate over active versus passive management.

- There is a strong relationship between advice-orientation and the position individuals take on the active vs. passive management debate.
- Millionaires who rely least on advisors are more likely to be proponents of passive investing, while millionaires who rely most on advisors are more likely to be proponents of active investing.



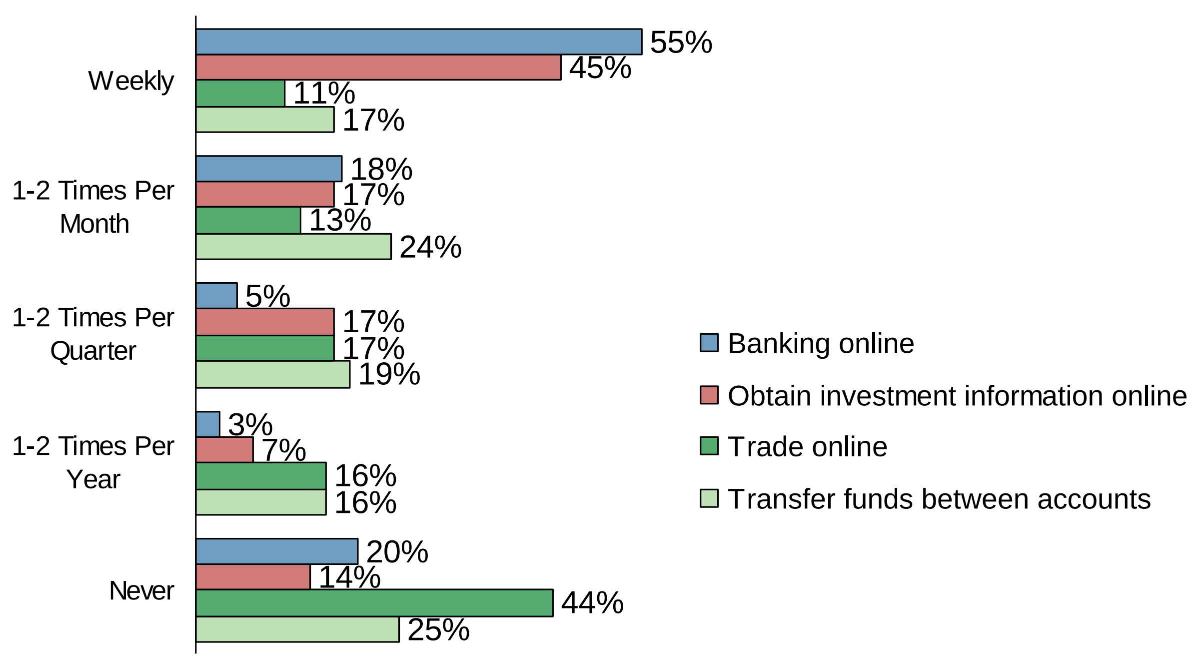
Base = 1,002

Key Findings
Online

Millionaires, like their less wealthy counterparts, rely heavily on the internet in managing their finances.

- About 80% of millionaire households perform banking activities online, such as bill paying or wire transfers.
- 86% obtain investment information online on a periodic basis.
  - Self-directed and special needs-oriented investors are the most frequent online information users (64% and 53%, respectively, performing this activity weekly)
- About one-quarter (24%) actively trade online, meaning weekly or monthly.
  - 40% of self-directed investors are active traders.

Frequency of Online Financial Activities

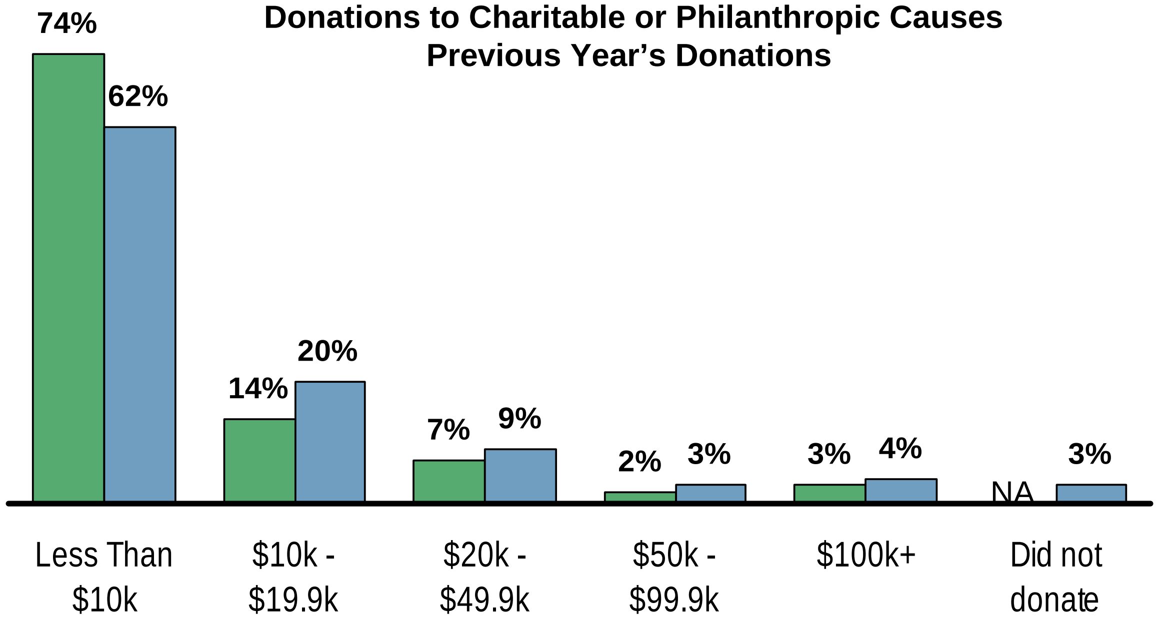


Base = 1,002

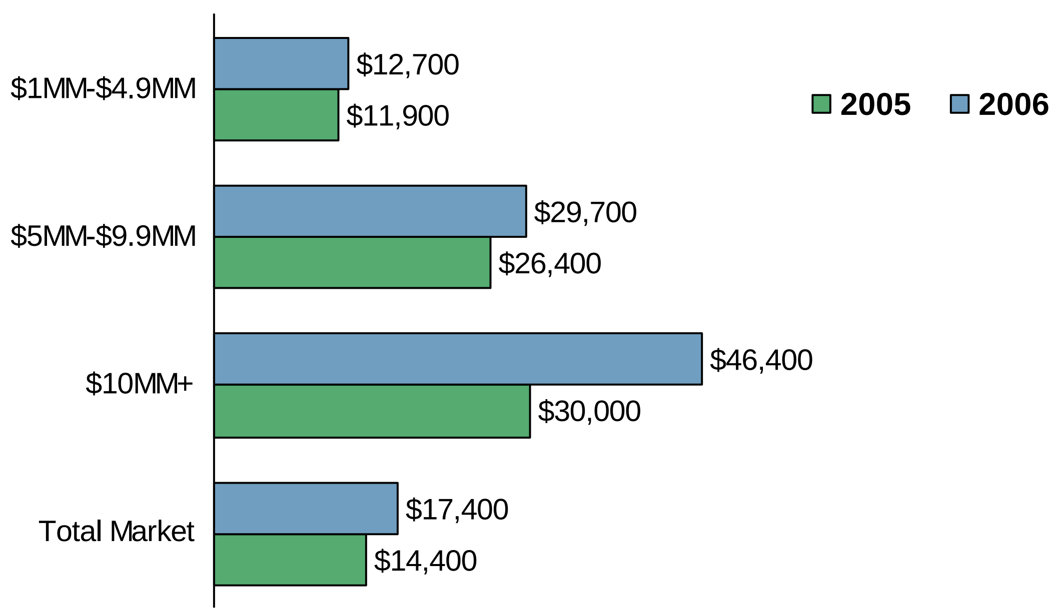
Key Findings
Philanthropy

Millionaire households increased their charitable donations by over 20% in 2006 from the previous year. The largest increases were made by the wealthiest households, in the $10 million+ segment, where donations increased by an average of over 50%.

Donations to Charitable or Philanthropic Causes
Previous Year's Donations



Average Donations By Wealth Segment

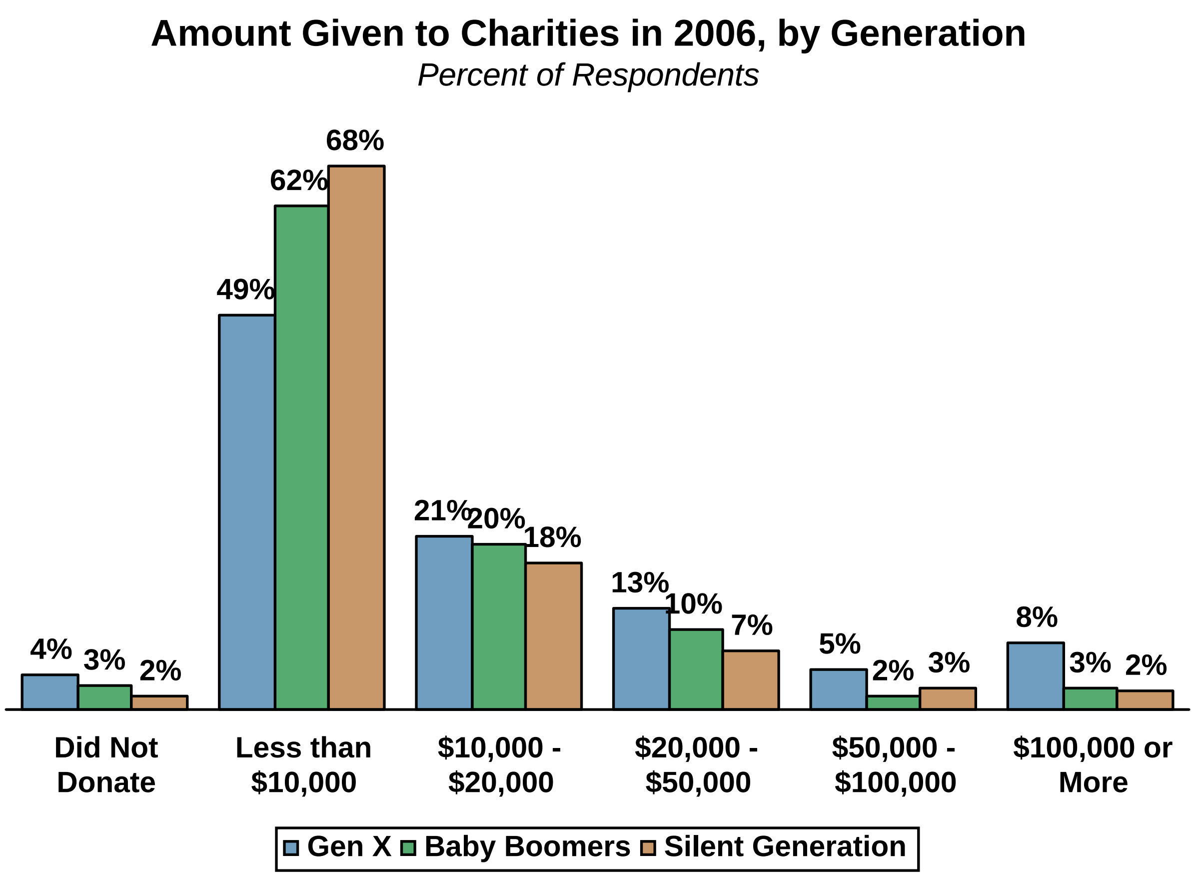


2005 Base = 1,014
2006 Base = 1,002

Key Findings
Philanthropy

The survey revealed some interesting generational and occupational differences in charitable giving. Gen X millionaires, for example, tend to be more philanthropically inclined than either Baby Boomers or Silent Generation millionaires. Similarly, business owners are stronger proponents of charitable giving than either corporate executives or professionals.

- More than one-fourth (26%) of Gen X millionaires made charitable contributions last year in excess of $20,000, compared with just 15% of Baby Boomer millionaires and 12% of Silent Generation millionaires.
- In 2006, 27% of business owners gave $20,000 or more to charities, compared with 19% of corporate executives and 17% of professionals.



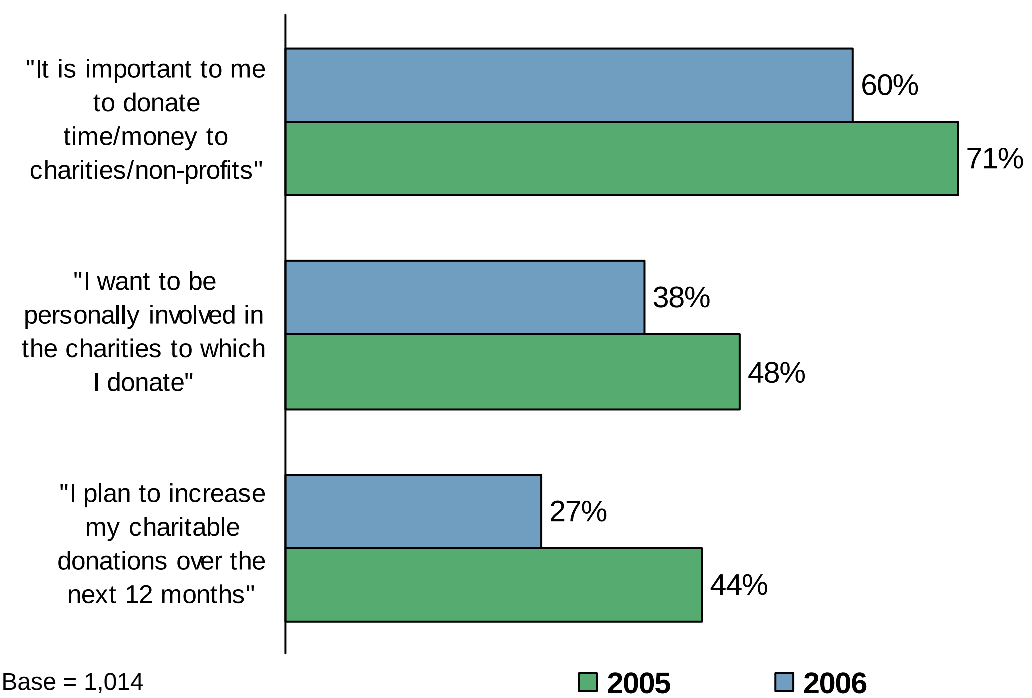
Base = 1,002

Despite the increased contributions from 2005 to 2006, millionaires' attitudes toward charitable giving have actually grown more negative over the past year: they attach somewhat less importance to making charitable donations now than they did a year ago, fewer want to be personally involved in their charities and fewer plan to increase their charitable contributions in the coming year.

- While they donate the most on average, decamillionaires place less importance (50%) on charitable donations than their less wealthy counterparts.
- Female millionaires place a higher level of importance on charitable donations (66%) than male millionaires (57%).
- Younger households, aged 40 or less (40%) were more likely their other age groups to plan on increasing their charitable donations in the coming year and have a stronger desire to be personally involved in the charities to which they donate (45%).

General Attitudes Toward Philanthropy

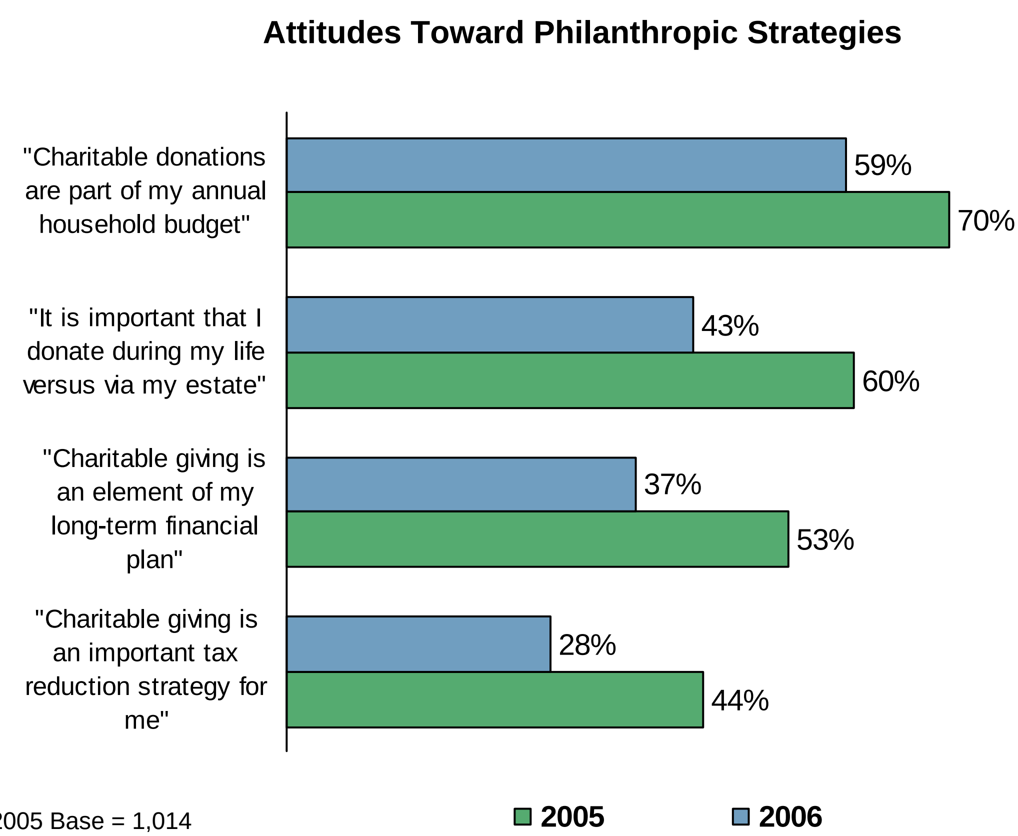
Percent of Respondents Agreeing That…



2005 Base = 1,014
2006 Base = 1,002

In 2006, wealthy investors also pulled back from their strategic commitment to charities and philanthropy from a year ago. Fewer now make charitable donations part of their household budget or long-term financial plan, fewer view donations as an important tax reduction strategy and there has been a decline in the importance they place on donating during their lifetime versus via their estate.

- Female decision makers were more interested on current life-donations (48%) than were men (40%).
- Younger households, aged 40 or less, placed greater importance (37%) than other age groups on the value of charitable donations in reducing their taxes.

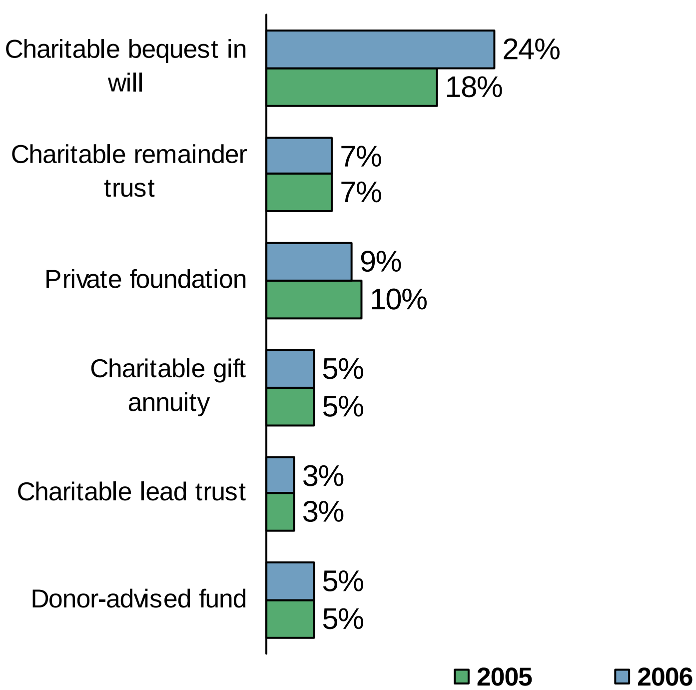


2005 Base = 1,014
2006 Base = 1,002

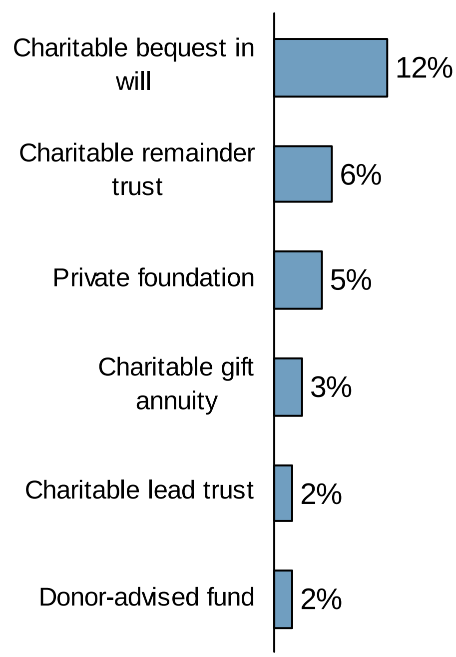
Charitable bequests within a will are by far the most common type of giving vehicle used by millionaires. In 2006, nearly one-quarter of millionaire households reported that their will contains a charitable bequest, up from less than 20% a year ago. In addition, over 10% of millionaire households plan to set up a charitable bequest in the future. Current and planned use of other giving vehicles is relatively small.

- Given the complexity of their financial affairs and interest in legacy planning, it is not surprising that decamillionaires make much more frequent use of all types of giving vehicles than other wealth segments. Decamillionaires are roughly three to four times more likely to use private foundations (25%), charitable gift annuities (18%), donor-advised funds (16%) and charitable lead trusts (12%).

Current Use of Giving Vehicles



Planned Use of Giving Vehicles in the Future

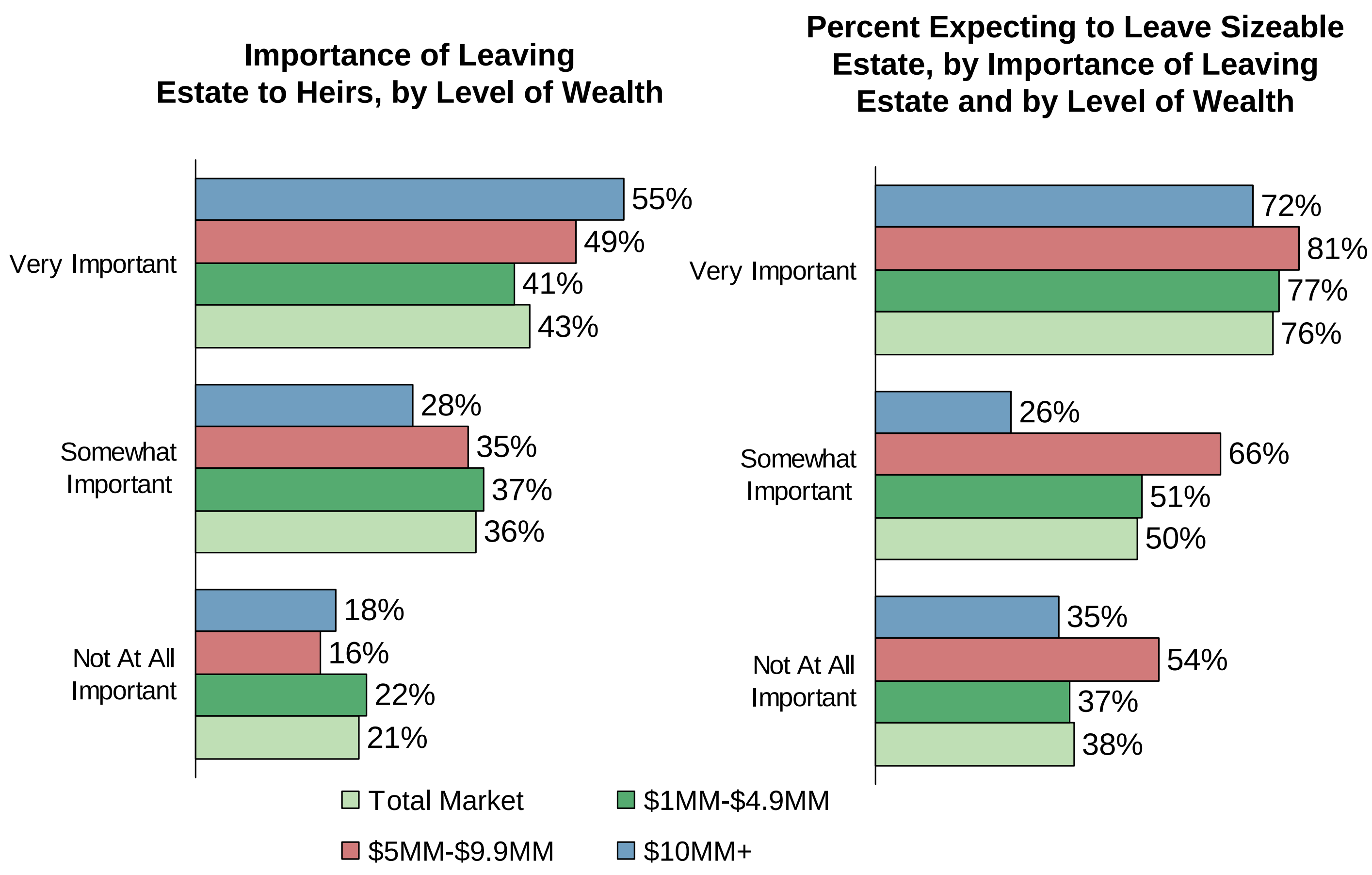


2005 Base = 1,014
2006 Base = 1,002

Inheritance

Given their interest in legacy planning and the absolute level of their wealth, it is not surprising that decamillionaires place more importance on leaving an estate to their heirs than do other wealth segments. Among millionaire households that place a high level of importance on leaving an estate, about three-quarters expect to leave a sizeable estate to others.

- Male decision makers (61%) were more likely than female decision makers (54%) to expect to leave a sizeable estate to others.
- Millionaire households in New England placed the highest level of importance (51%) on leaving an estate to their heirs.

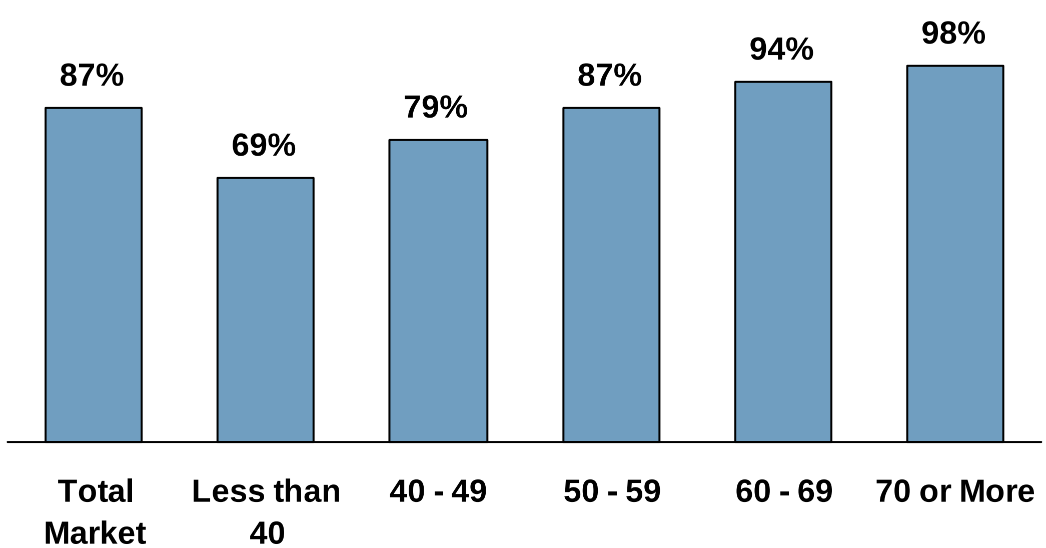


Base = 1,002

As one might expect, the vast majority of millionaire households have a will. Unsurprisingly, the prevalence of wills varies sharply by age, with older millionaires far more likely to have a will than younger millionaires.

- Of those with a will, three in five have updated it within the past three years.
- Over three-quarters of decamillionaires have updated their will within the past three years, highest of the wealth segments.
- Older millionaires are least likely to have recently updated their will: one-fourth of those 70 or older had not updated their will within the past five years.

Prevalence of Wills, by Age Segment



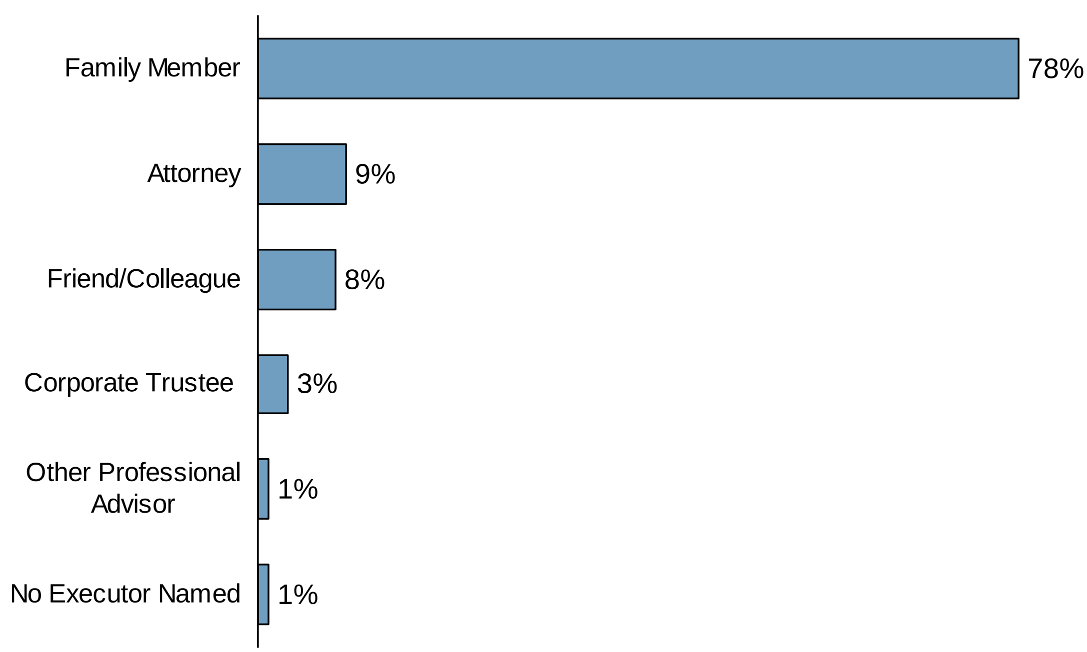
Base = 1002

Key Findings
Inheritance

More than three in four millionaire households name a family member as an executor of their estate. After family members, millionaires are most likely to name either their attorney (9%) or a friend or colleague (8%) as executor. Only 3% of millionaires name a corporate trustee (i.e. a bank or trust company) as executor.

- Nearly one in five (18%) business owners name an attorney or other professional advisor as executor. By contrast, just 11% of professional and 7% of senior corporate executives choose an attorney or other professional advisor as executor.
- Senior corporate executives are much more likely to name a corporate trustee as executor than business owners or professionals (8% vs. 2% vs. 2%).
- As millionaires age, there is an increasing tendency to name a family member as executor; younger millionaires, less than 40 (69%), are least likely and older millionaires, 70 or more (86%), are most likely to choose a family member as executor of their estate.

Selection of Executor of Estate
Percent of Respondents



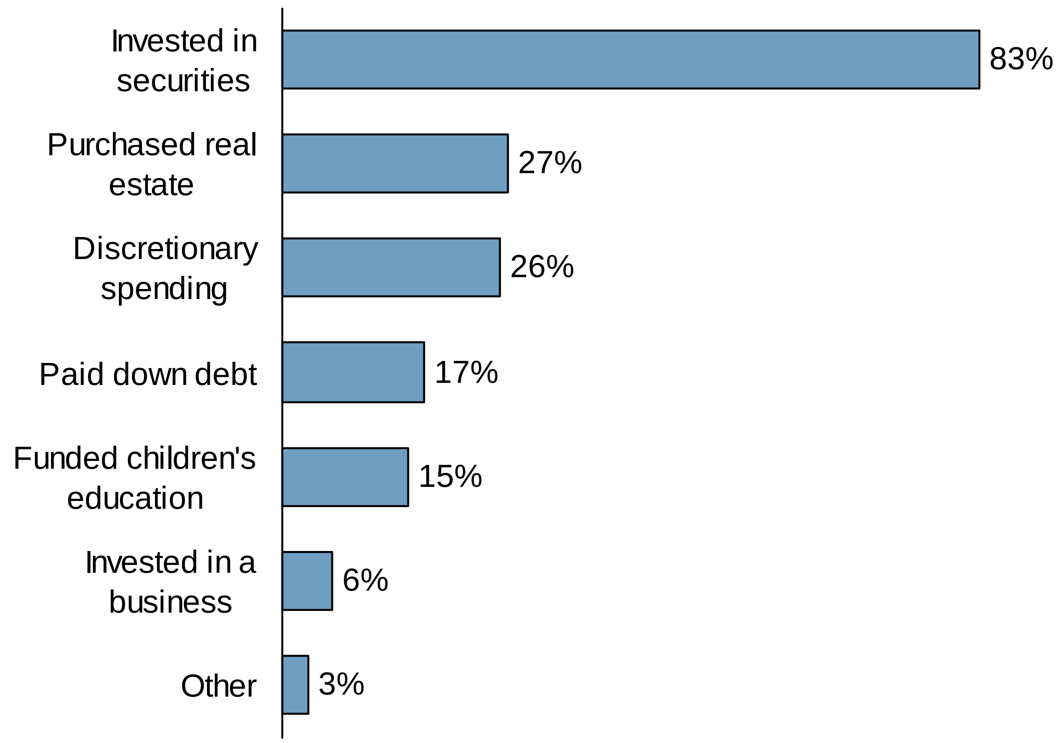
Base = 873

Inheritance

Slightly over one-third of millionaire households (35%) have received a sizeable inheritance. Their inheritances average in excess of $200,000, with nearly 25% valued at $1 million or more.

- Over 80% of these households invested their inheritance in the securities markets; 27% purchased real estate and 26% used it for discretionary spending.
- Decamillionaire inheritors were less likely to have invested their inheritance in the securities markets (59%) and more likely to have invested it in real estate (41%) or paid down debt (35%).
- Millionaires under 40 were more likely to put their inheritance to a wide range of uses: 40% used it to pay down debt, 30% used it to fund their children's education and 27% used it to invest in a business.

How Inheritance Spent*



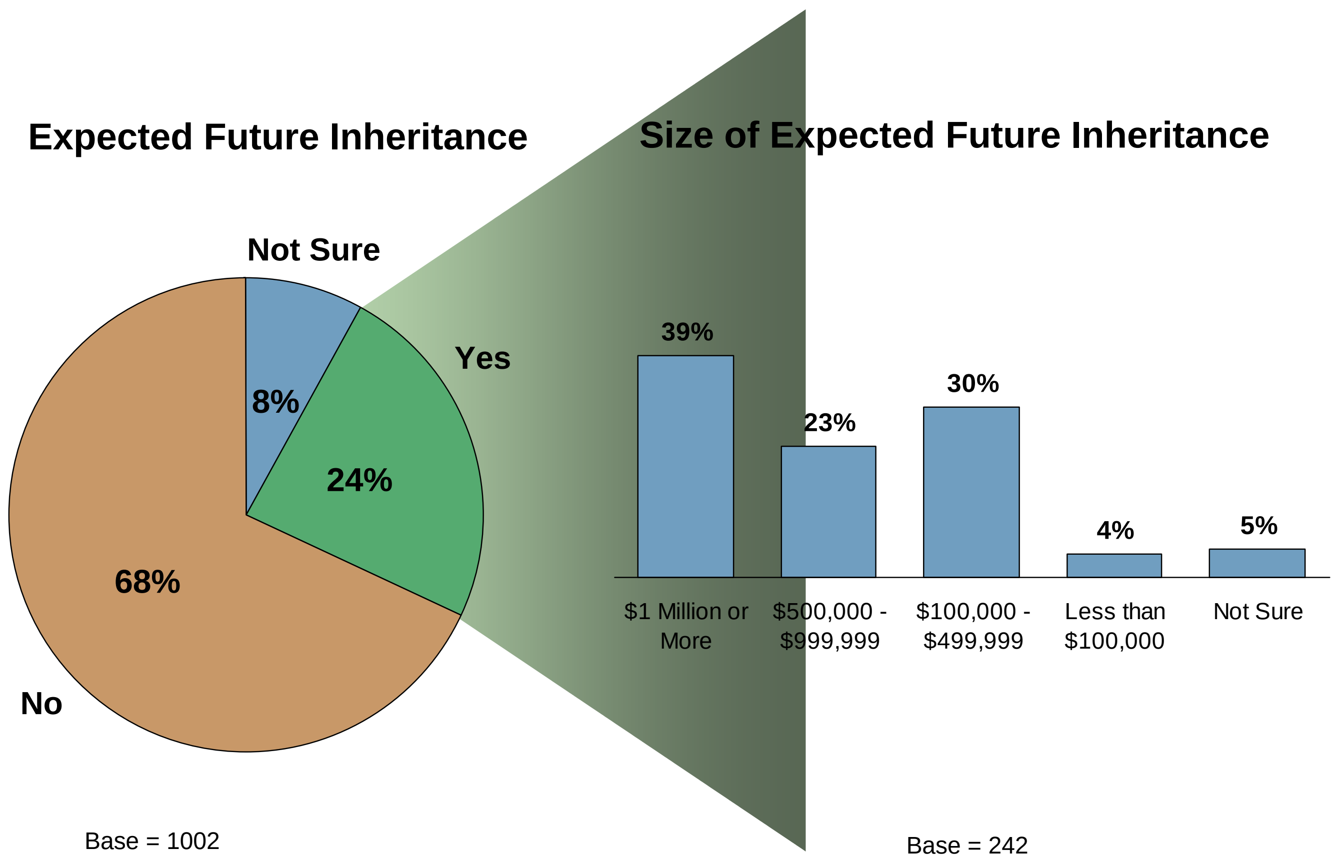
*Multiple responses allowed.

Base = 355

Inheritance

Expectations for future inheritances are relatively strong among millionaire households. About one-quarter expect to receive a sizeable inheritance, averaging close to $850,000.

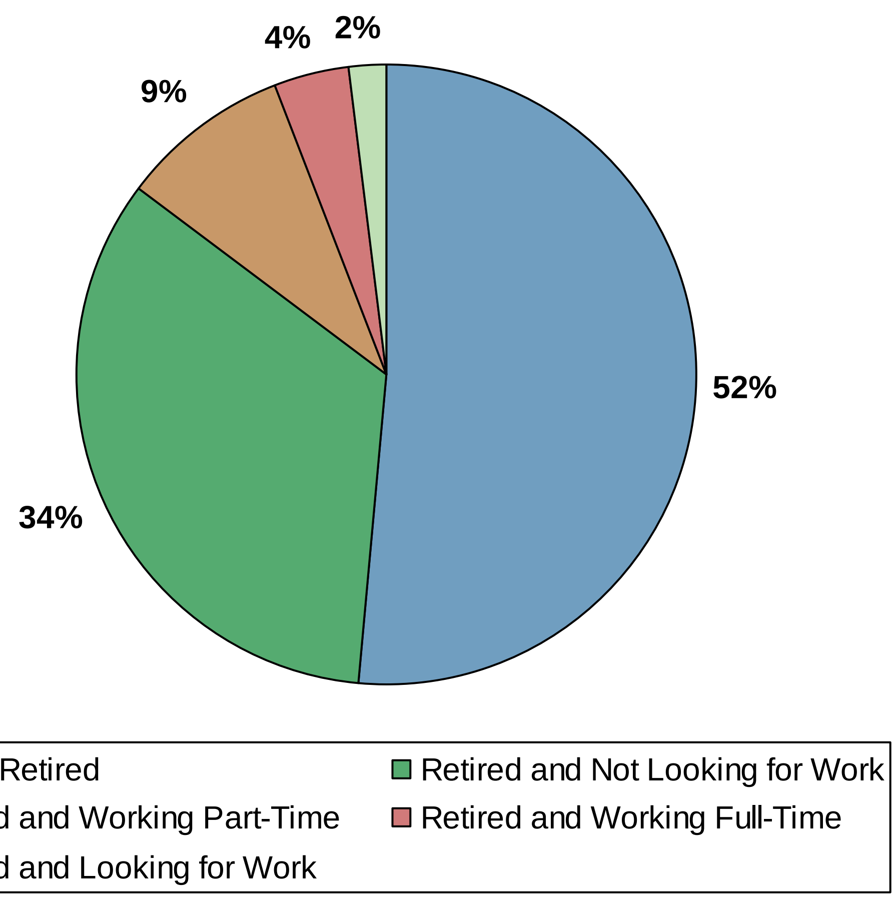
- Inheritance expectations are strongest among decamillionaires, where over one-third expect to receive a sizeable inheritance, averaging close to $1 million.
- Expectations for inheritances are also stronger Gen X millionaires (42%) than Baby Boomer millionaires (27%)—which is not surprising, given that the former are more likely to have parents who are still living.
- There are generational differences in the size of the expected inheritance as well, with would-be Gen X inheritors expecting to receive larger inheritances than would-be Baby Boom and Silent Generation inheritors. For example, 44% of would-be Gen X inheritors expect that sum to be more than $1 million, compared with 38% of would-be Baby Boom inheritors and 23% of would-be Silent Generation inheritors.



The survey results confirm the recent trend toward a more active and flexible retirement, in which retirees increasingly are reentering the work force on a full- or part-time basis.

- Nearly half (48%) of all millionaires say that they are retired. However, of those who are retired, 29% have returned to the work force in some capacity: 18% are working part-time, 7% are working full-time and 4% are looking for work.
- Even among the oldest millionaires, there is a notable percentage who have remained in the work force. One out of every six millionaires who are 70 or older remain in the work force; 10% are retired but are now working full- or part-time, while 7% say they have never retired.

Retirement Status



Base = 1002

Overall, investments in the form of stocks, bonds, employer-sponsored accounts and IRAs constitute two-thirds of the income sources for millionaire households that are fully or partially retired.

- As one might expect, occupation has a major influence on the composition of one's retirement income. For example, business owners are much more likely to receive income in retirement from a family business (a source of income for 28%), real estate investments (a source of income for 36%) and personal trusts (a source of income for 21%).
- Professionals, on the other hand, are much more likely in retirement to be employed part- or full-time (a source of income for 39%).

Income in Retirement
(Among those fully or partially retired)

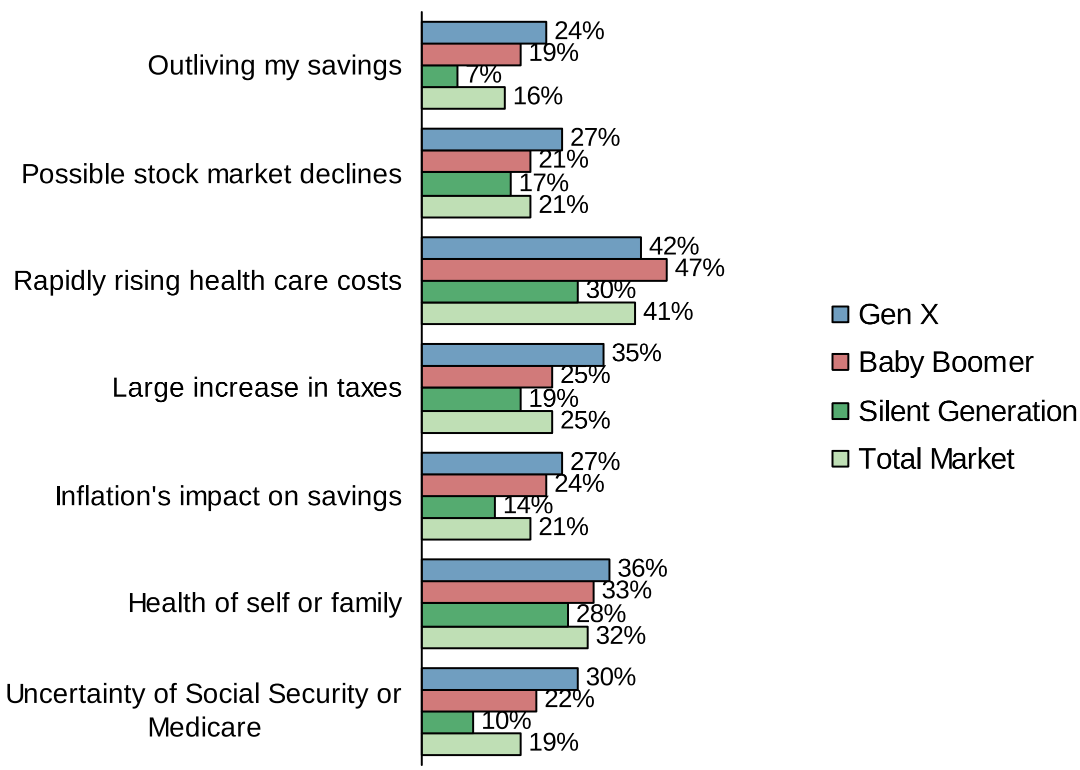
	Average Percent of Total Income	Percent Using as Source of Income
Stocks and bonds	27%	75%
401k, pension, other employer savings acct	26%	59%
Individual IRAs	13%	45%
Employment	10%	29%
Social security	9%	56%
Annuity income	4%	19%
Income from real estate	4%	18%
Income from family business	3%	10%
Income from personal trusts	3%	13%

Base = 483

Most millionaire households, while well-positioned for a comfortable retirement, nevertheless have concerns about issues or events that might harm their finances at retirement. Health-related issues, in the form of rising health care costs and their personal or family health, are the top retirement concerns of wealthy households.

- With a much longer time horizon until retirement, Gen X households are particularly concerned about such issues as rising health costs (42%), their personal/family health (36%), tax increases (35%) and the viability of Social Security and Medicare (30%).
- With retirement either a reality or close at hand, millionaire Boomers are most concerned about health care costs (47%) and their personal/family health (33%).
- With two-thirds already in retirement, the Silent Generation place significantly less concern on most of the issues covered in the study.

Concerns in Retirement

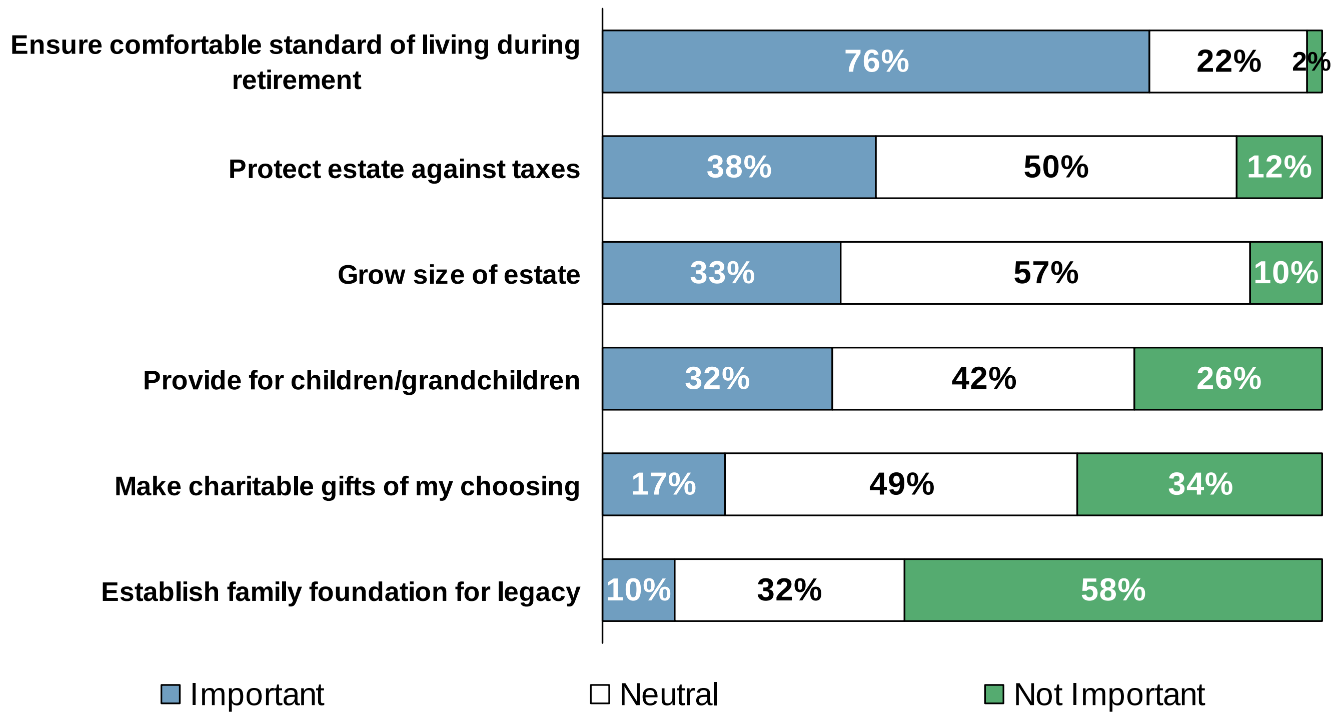


Top 2 Box, scale 1-7
Base = 1,002

As is always the case among affluent households, their number one goal in retirement is to ensure a comfortable standard of living. After this, the next most important retirement goals of millionaires are protecting their estate from taxes, growing the size of their estate and providing for their children and grandchildren.

- Over three-quarters of millionaire households selected ensuring a comfortable standard of living during retirement as the most important goal in retirement.
- Business owners are more focused than other occupational segments on building and protecting their wealth in retirement. Half (50%) of business owners place a high level of importance on growing their state; almost as many (47%) place a similar importance on protecting their estate against taxes.
- Decamillionaires also tend to place more value on growing and protecting their wealth in retirement: 44% say it is important to grow their estate, while 45% say it is important to protect it from taxes.

Importance of Financial Goals in Retirement



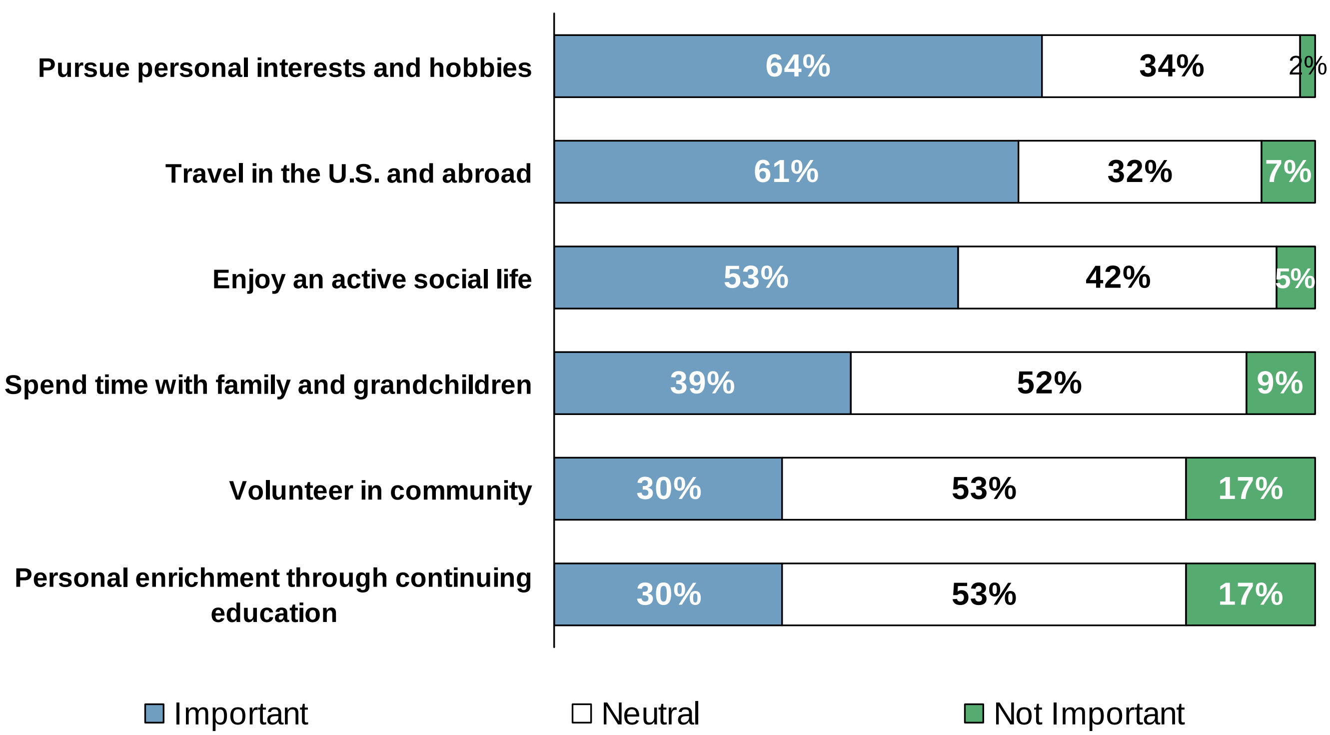
Base = 1,002 *Scale 1-7.

Key Findings
Retirement

With regard to non-financial goals, millionaires in retirement first and foremost seek an active lifestyle: they want to pursue their hobbies and personal interests, travel and enjoy an active social life. These pursuits are rated considerably higher than spending time with family, volunteering or seeking intellectual enrichment through education.

- Baby Boomers have a particularly strong interest in pursuing personal interests (71%) and travel (66%) during retirement.

Importance of Non-Financial Goals in Retirement



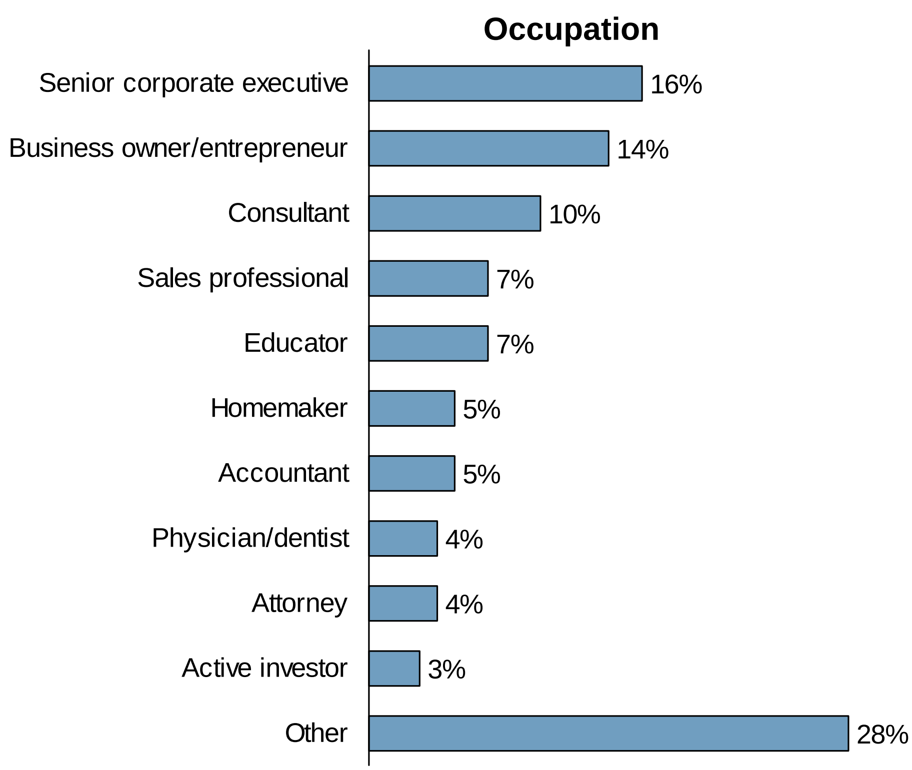
Base = 1,002

APPENDIX

Demographic Profile

The top three occupations among millionaire respondents were senior corporate executive (16%), business owner (14%) and consultant (10%).

- Business owners/entrepreneurs were particularly prevalent in Florida (24%) and California (21%)
- Among business owners, the top industries represented in the study were:
  - Business and professional services: 17%
  - Financial services: 15%
  - Retail trade: 12%
  - Manufacturing: 10%
  - Information services: 7%
- Owner's businesses are organized in a variety of ways; most common were:
  - Sole proprietorship: 28%
  - Chapter C: 22%
  - Subchapter S: 21%
  - LLC: 15%



Base=1,002

Appendix
Demographic Profile

Over 40% (43%) of millionaire households participating in the study had $200,000 or more in income for 2005. Of note, 43% of Decamillionaires had $500,000 or more in income. Nearly 70% of these respondents have a four-year college degree or higher.

Income Ranges

INCOME	TOTAL MARKET	$1MM-$4.9MM	$5MM-$9.9MM	$10MM+
Less than $100K	13%	15%	7%	1%
$100K - $149K	21%	23%	8%	14%
$150K - $199K	20%	21%	13%	11%
$200K - $249K	13%	13%	18%	8%
$250K - $499k	18%	17%	24%	16%
$500k+	12%	7%	24%	43%
Prefer not to answer	4%	3%	5%	6%

Education

HIGHEST LEVEL EDUCATION	TOTAL MARKET	$1MM-$4.9MM	$5MM-$9.9MM	$10MM+
Less than high school	1%	<1%	<1%	4%
High school graduate	9%	10%	3%	5%
Some college - no degree	17%	17%	17%	11%
2-year college degree	7%	8%	<1%	7%
4-year college degree	36%	35%	34%	45%
Post graduate degree	28%	27%	37%	25%
Prefer not to answer	3%	3%	9%	2%

Base = 1,002

Appendix
Demographic Profile

Most respondents were in their 50s or 60s (37% and 24%, respectively). Approximately two-thirds of respondents were male.

Age Ranges Represented in Survey

AGE	TOTAL MARKET	$1MM - $4.9MM	$5MM - $9.9MM	$10MM+
<40	10%	10%	11%	21%
40-49	18%	16%	17%	30%
50-59	37%	37%	39%	36%
60-69	24%	26%	23%	8%
70+	11%	12%	11%	5%

Gender Represented in Survey

AGE	TOTAL MARKET	$1MM - $4.9MM	$5MM - $9.9MM	$10MM+
Female	35%	35%	29%	42%
Male	65%	65%	71%	58%

Base = 1,002

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