

Characteristics of the Millionaires Next Door

The habits and values of wealthy Americans.

Just how many millionaires does America have?

By the latest estimation of Spectrem Group, a research firm studying affluent and high net worth investors, it has more than ever before. In 2015, the United States had 10.4 million households with assets of \$1 million or greater, aside from their homes. That represents a 3 percent increase from 2014. Impressively, 1.2 million of those households were worth between \$5 million and \$25 million.¹

How did these people become rich?

Did they come from money? In most cases, the answer is no. The 2016 edition of U.S. Trust's *Insights on Wealth and Worth* survey shares characteristics of nearly 700 Americans with \$3 million or more in investable assets. Seventy-seven percent of the survey respondents reported growing up in middle class or working class households. A slight majority (52 percent) said the bulk of their wealth came from earned income; 32 percent credited investing.²

It appears most of these individuals benefited not from silver spoons in their mouths, but from taking a particular outlook on life and following sound financial principles. U.S. Trust asked these multi-millionaires to state the three values that were most emphasized to them by their parents. The top answers? Educational achievement, financial discipline, and the importance of working.²

Is education the first step toward wealth?

There may be a strong correlation. Ninety percent of those polled in a recent BMO Private Bank millionaire survey said they had earned college degrees. (The National Center for Education Statistics notes that in 2015, only 36 percent of Americans aged 25-29 were college graduates.)³

Interestingly, a lasting marriage may also help.

Studies from Ohio State University and the National Bureau of Economic Research (NBER) both conclude that married people end up economically better off by the time they retire than singles who have never married. In fact, NBER finds that on average married people will have 10 times the assets of single people by the start of retirement. Divorce, on the other hand, often wrecks finances. The OSU study found that the average divorced person loses 77 percent of the wealth he or she had while married.³

Most of the multi-millionaires in the U.S. Trust study got off to an early start.

On average, they began saving money at 14, held their first job at 15, and invested in equities by the time they were 25.²

Most of them have invested conventionally.

Eighty-three percent of those polled by U.S. Trust credited buy-and-hold investment strategies for part of their wealth. Eighty-nine percent reported equities and debt instruments had generated most of their portfolio gains.²

Many of these millionaires keep a close eye on taxes & risk.

Fifty-five percent agreed with the statement that it is *more important to minimize the impact of taxes when making investment decisions than it is to pursue the highest possible returns regardless of the tax consequences*. In a similar vein, 60 percent said that lessening their risk exposure is important, even if they end up with less yield as a consequence.²

Are these people mostly entrepreneurs?

No. The aforementioned Spectrem Group survey found that millionaires and multi-millionaires come from all kinds of career fields. The most commonly cited occupations? Manager (16 percent), professional (15 percent), and educator (13 percent).⁴

Here is one last detail that is certainly worth noting.

According to Spectrem Group, 78 percent of millionaires turn to financial professionals for help managing their investments.⁴

[Contact us](#) for help in financial planning.

CEFCU Investment Services & Wealth Management is a marketing name used by CEFCU. Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with the financial institution to make securities available to members. Trust services available through Members Trust Company, a federal thrift regulated by the Office of the Comptroller of the Currency. Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution. FR-1631405.1-1016-1118

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations.

1 - cnbc.com/2016/03/07/record-number-of-millionaires-living-in-the-us.html [3/7/16]

2 - forbes.com/sites/maggiemcgrath/2016/05/23/the-6-most-important-wealth-building-lessons-from-multi-millionaires/ [5/23/16]

3 - businessinsider.com/ap-liz-weston-secrets-of-next-door-millionaires-2016-8 [8/22/16]

4 - cnbc.com/2016/05/05/are-you-a-millionaire-in-the-making.html [5/5/16]