

Wealth

Super Rich Americans Are Getting Younger and Multiplying

The average age is 47 for those with at least \$25 million, a study finds

By Ben Steverman

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Source: *vgajic/E+/Getty Images*

The rich are getting richer, and younger.

A survey of U.S. investors with \$25 million or more finds their average age dropped by 11 years since 2014, to 47. These fabulously rich Americans, whose ranks have more than doubled since the depths of the Great Recession, are younger than less wealthy millionaires. The average age of those with at least a mere \$1 million is 62, a number that hasn't budged in years.



Replay

The finding suggests a “vast generational transfer of wealth” is “just beginning,” said George Walper Jr., president of the Spectrem Group, which conducted the study. The sample size was small—185 Americans with more than \$25 million in net worth—but the findings are consistent with other economic research on the top 0.1 percent.

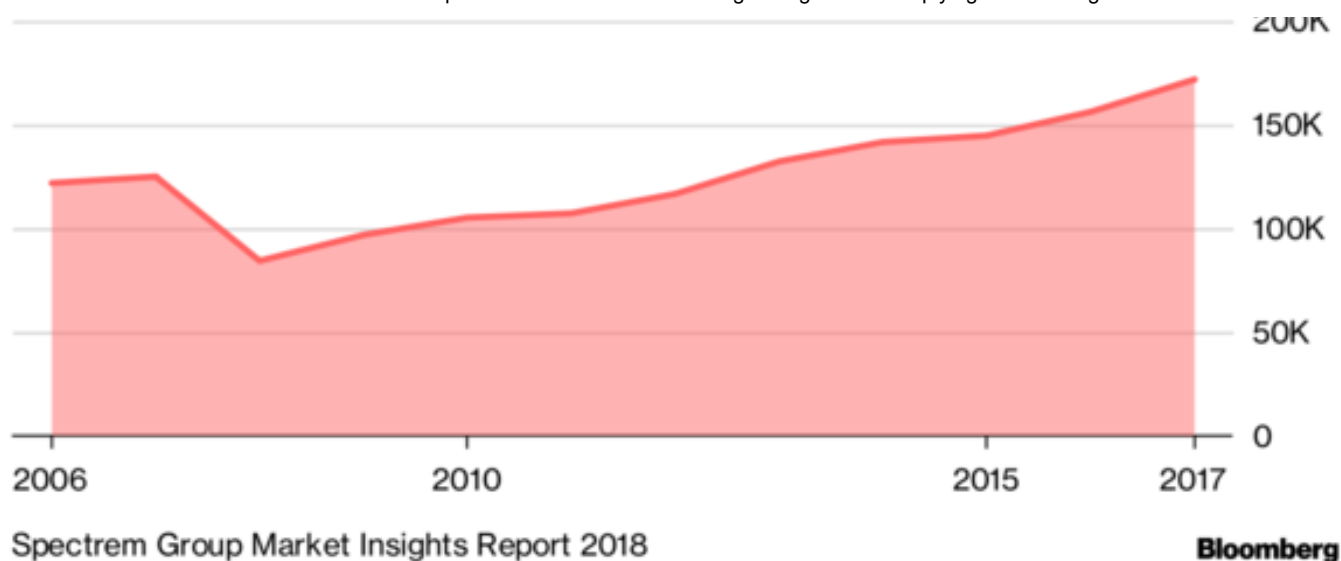
Those over 65 hold more than a third of U.S. wealth, a number that hasn’t risen as quickly as the share of elderly Americans in the population, University of California Berkeley economists Emmanuel Saez and Gabriel Zucman found in a 2016 paper. In fact the very wealthiest group of Americans “is actually getting younger.”

Where is this new money coming from? A new generation of millionaires and billionaires probably owe as much to inheritances as to self-made fortunes. “There may be more Mark Zuckerbergs at the top of the wealth distribution than in the 1960s, but also more Paris Hiltons,” Saez and Zucman wrote.

About 172,000 U.S. households have net worths of at least \$25 million, Spectrem estimated last year. That’s up from 84,000 in 2008.

The Rise of the Super Rich

The number of U.S. households with a net worth of \$25 million or more



About nine in ten investors under 38 attributed their success to “inheritance” and “family connections” in the Spectrem survey. But the same proportion also said “hard work” and “running my own business” played a role. About 70 percent of the richest investors said they’re still working.

The rise in super-wealthy young people shouldn't be all that surprising given the recent boom in Silicon Valley.

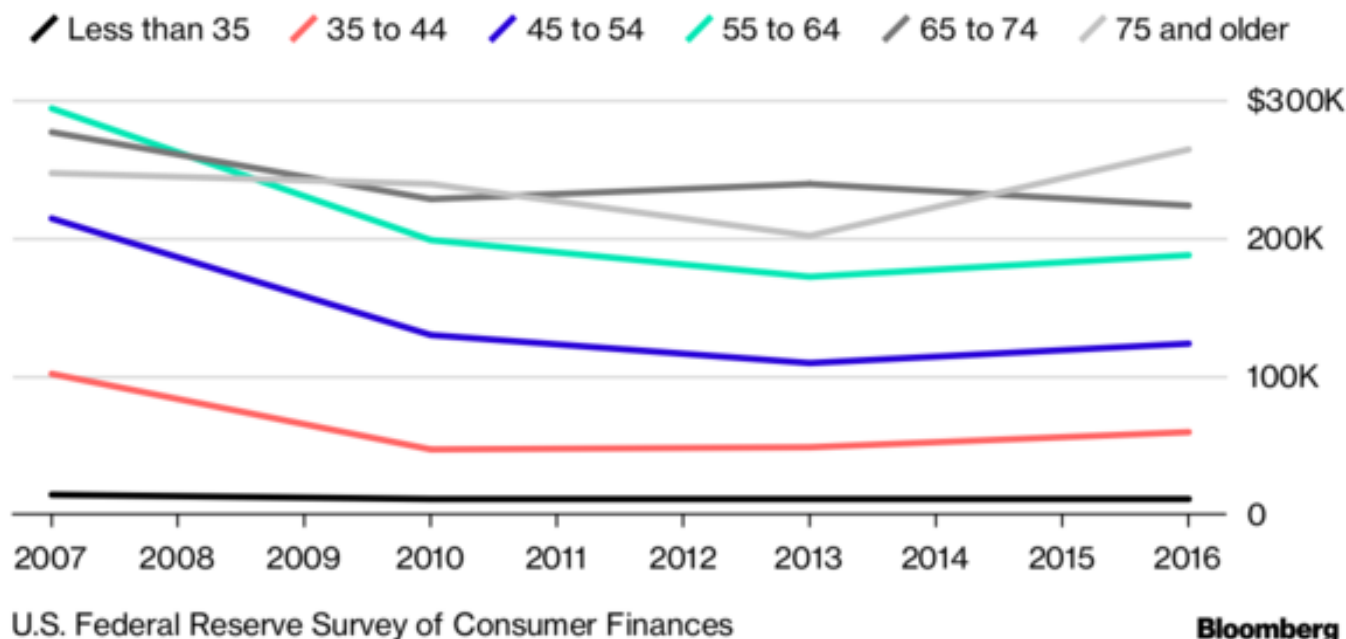
Technology and the ease of raising venture capital has created far greater numbers of new billionaires and multi-millionaires than ever before. An initial public offering or a rich funding round can mint a billionaire overnight whereas their predecessors often accumulated riches by building up empires over decades.

Adam Bowen and James Monsees, creators of the ubiquitous e-cigarette Juul, are in their early 40s and late 30s, respectively. Stanford classmates Baiju Bhatt and Vlad Tenev became billionaires at 33 and 31 last May after starting Robinhood Markets Inc., a financial services firm for millennials. And in September, a trio of cannabis-focused private equity investors in their 40s became billionaires after their bet on a Canadian pot firm surged.

Even as more young people entered the top 0.1 percent, most of their Millennial and Generation X compatriots were struggling. Americans 75 and older are the only age group whose median net worth rose from 2007 to 2016, according to the Federal Reserve Survey of Consumer of Finances released in July 2018. Typical Americans age 35 to 54 saw their wealth—heavily concentrated in housing—plunge by more than 41 percent in that time frame.

Waiting for the Recovery

Median net worth of U.S. families by age and by year



Meanwhile, the richest Americans are using complex estate planning techniques to transfer wealth to their children, grandchildren, and beyond. Ninety-one percent of investors with \$25 million or more keep assets in a trust, Spectrem found, and half have three or more trusts set up.

Charity is getting less attention. Although nearly 200 of the world's richest people have signed the Giving Pledge, the Spectrem survey suggests the typical rich person is much less generous, at least so far. Of respondents with at least \$25 million, just 15 percent give away \$100,000 or more annually.

– With assistance by Alexandre Tanzi, and Devon Pendleton

(Updated to include additional details on wealth in Silicon Valley.)

In this article

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The Wealthiest Americans: \$25 Million Plus Investors

PREVIEW



SpectremGroup
Voice of the Investor

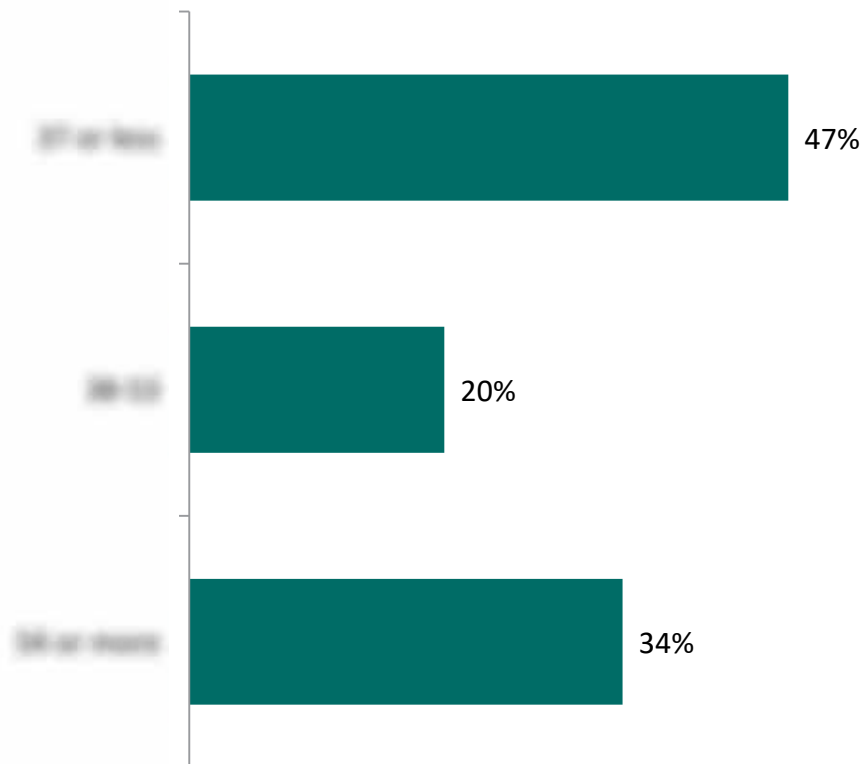
Key Topics

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Demographics

The average age of the wealthiest Americans continues to drop, and now a majority is well below 50 years old. The average age of the wealthiest investors is also well below the average age of less wealthy investors.

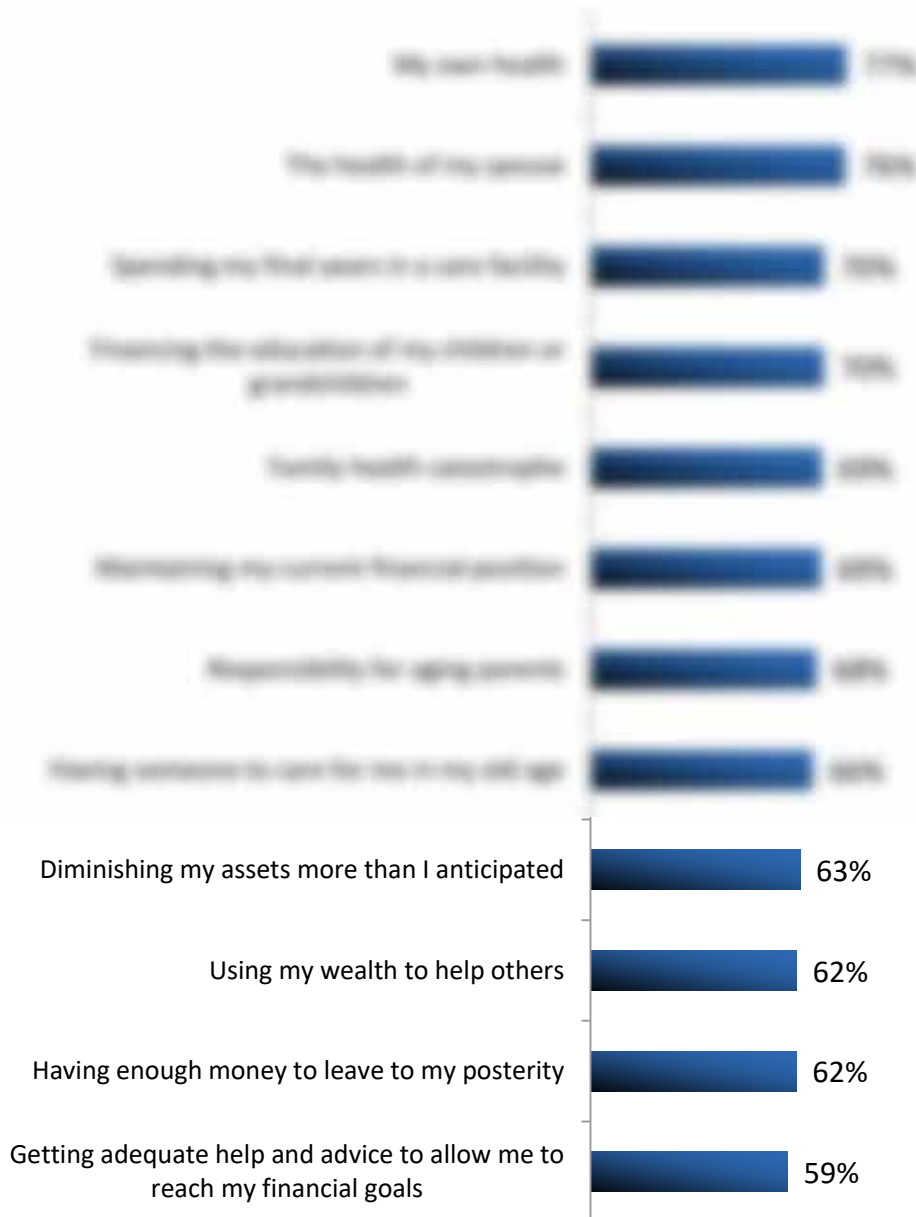
Age of Respondents



Attitudes and Concerns

Personal health, either that of themselves or their spouse, is most often cited as a personal concern among \$25 million plus investors. Only 59 percent identify any concern about obtaining the advice they need to deal with financial issues.

Personal Concerns



Investment Behaviors

Here is a chicken-or-egg question: which comes first, great wealth or investment knowledge? Almost all of the \$25 million plus investors believe themselves to be knowledgeable (23 percent) or very knowledgeable (70 percent) about investing.

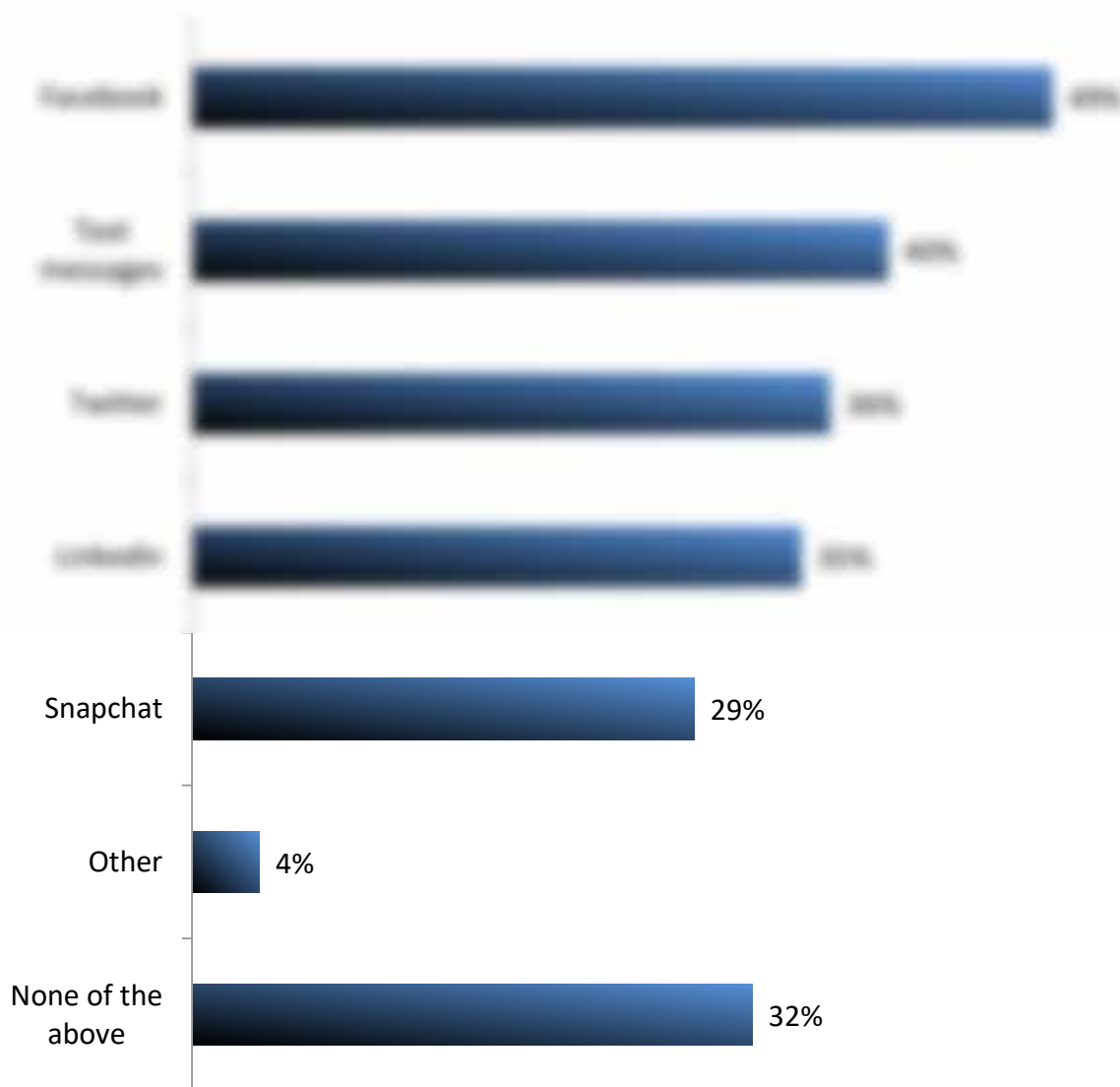
How Would You Rate Your Knowledge Level as an Investor?



Social Media and Mobile Technology

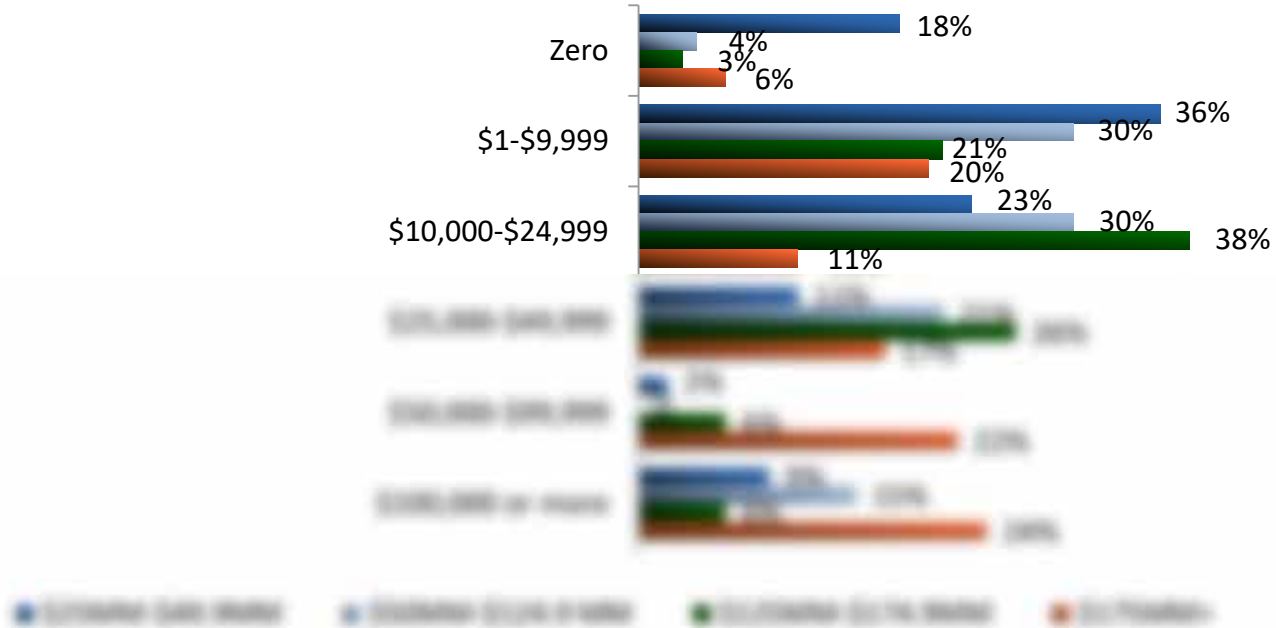
Forty percent of \$25 million plus investors have texted their advisor, and almost half have communicated with their advisor via Facebook. Only 36 percent have communicated with their advisor via Twitter, and 32 percent have not used social media to message or have a conversation with their advisor.

Have You Ever Communicated With Your Advisor Via the Following?

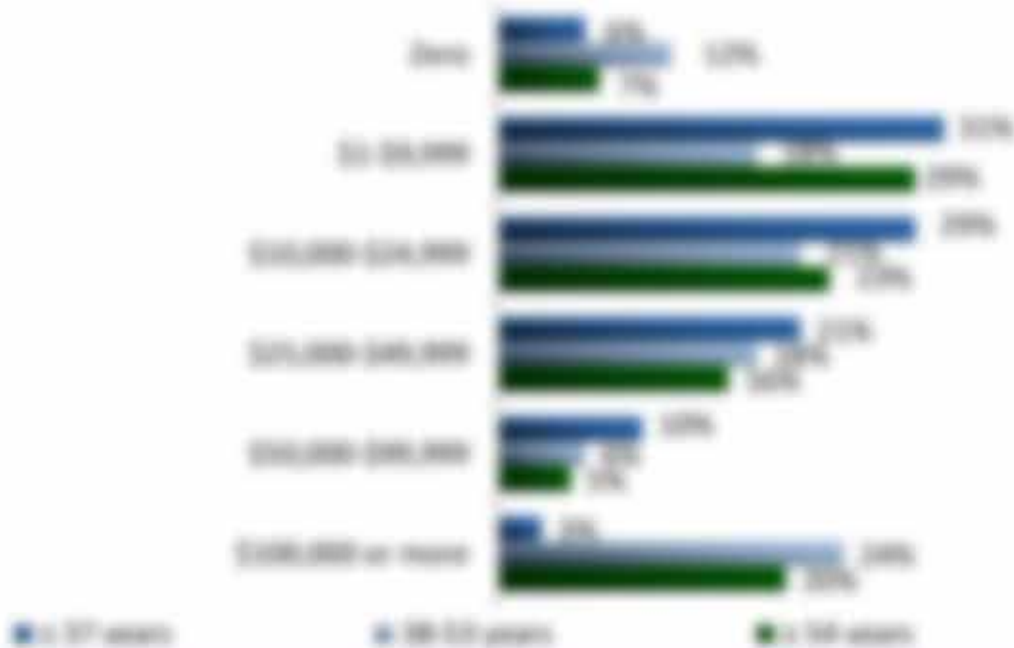


Spending Habits

How Much do You Spend Per Year on the Following: Charitable Contributions -By Wealth



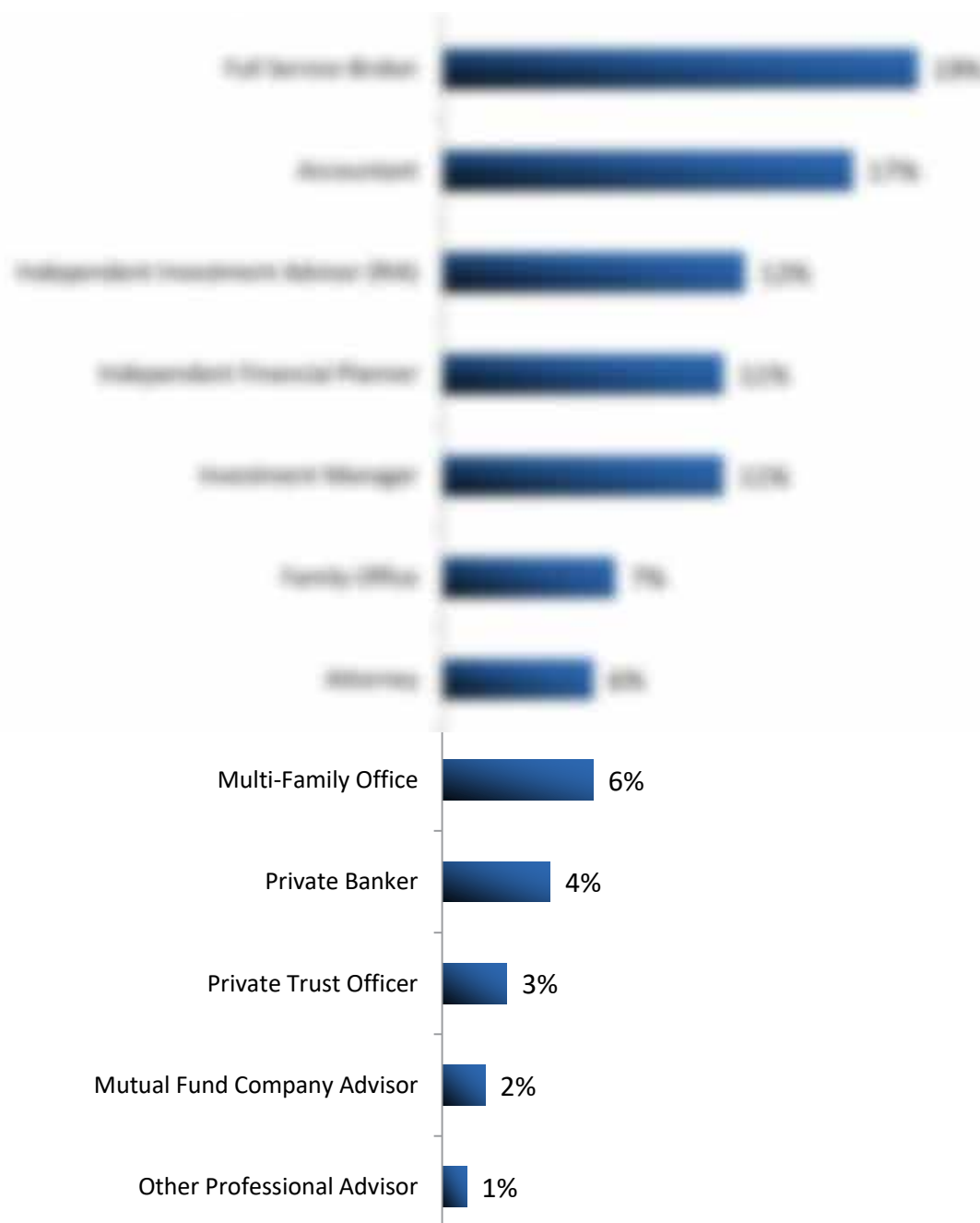
-By Age



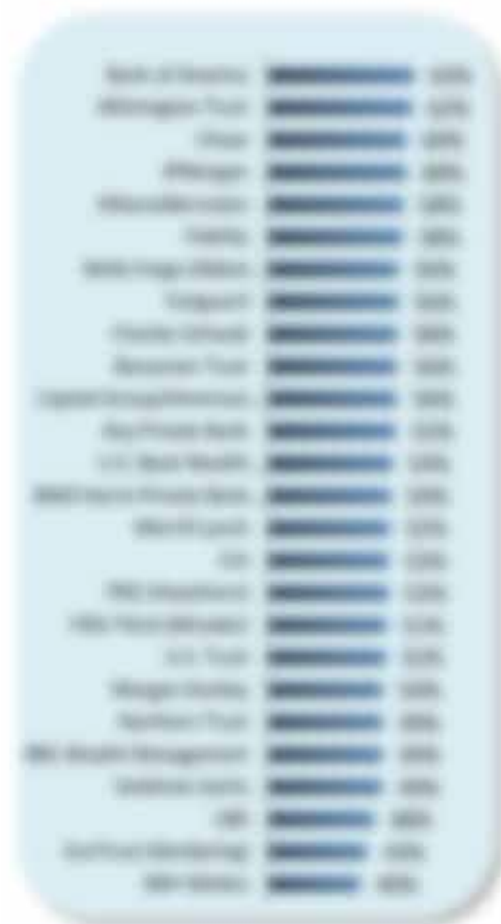
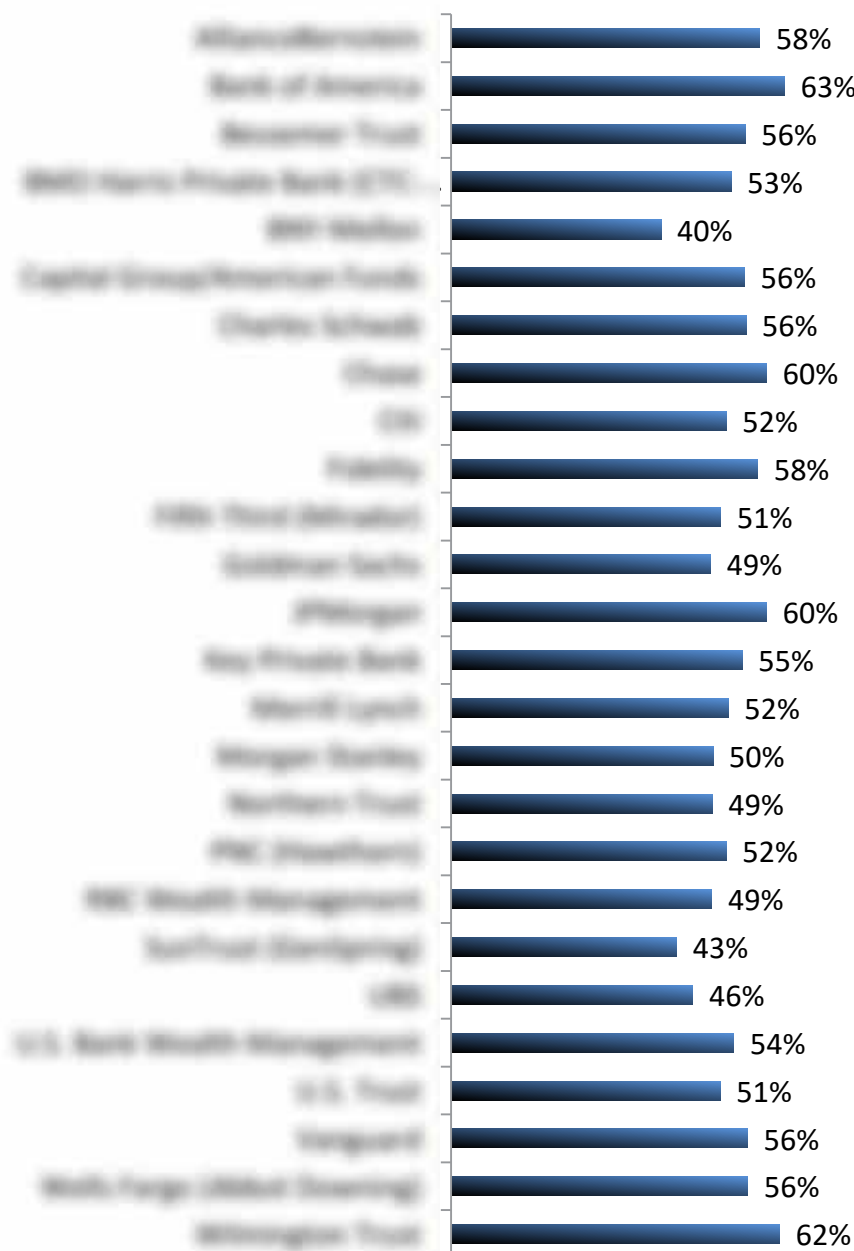
Advisor Usage

Asked to describe their primary financial advisor, 19 percent of \$25 million plus investors use a Full Service Broker, and 17 percent consider their Accountant to be their primary advisor.

Who do You Consider to be Your Primary Advisor? (Among Those That Identify a Primary Advisor)



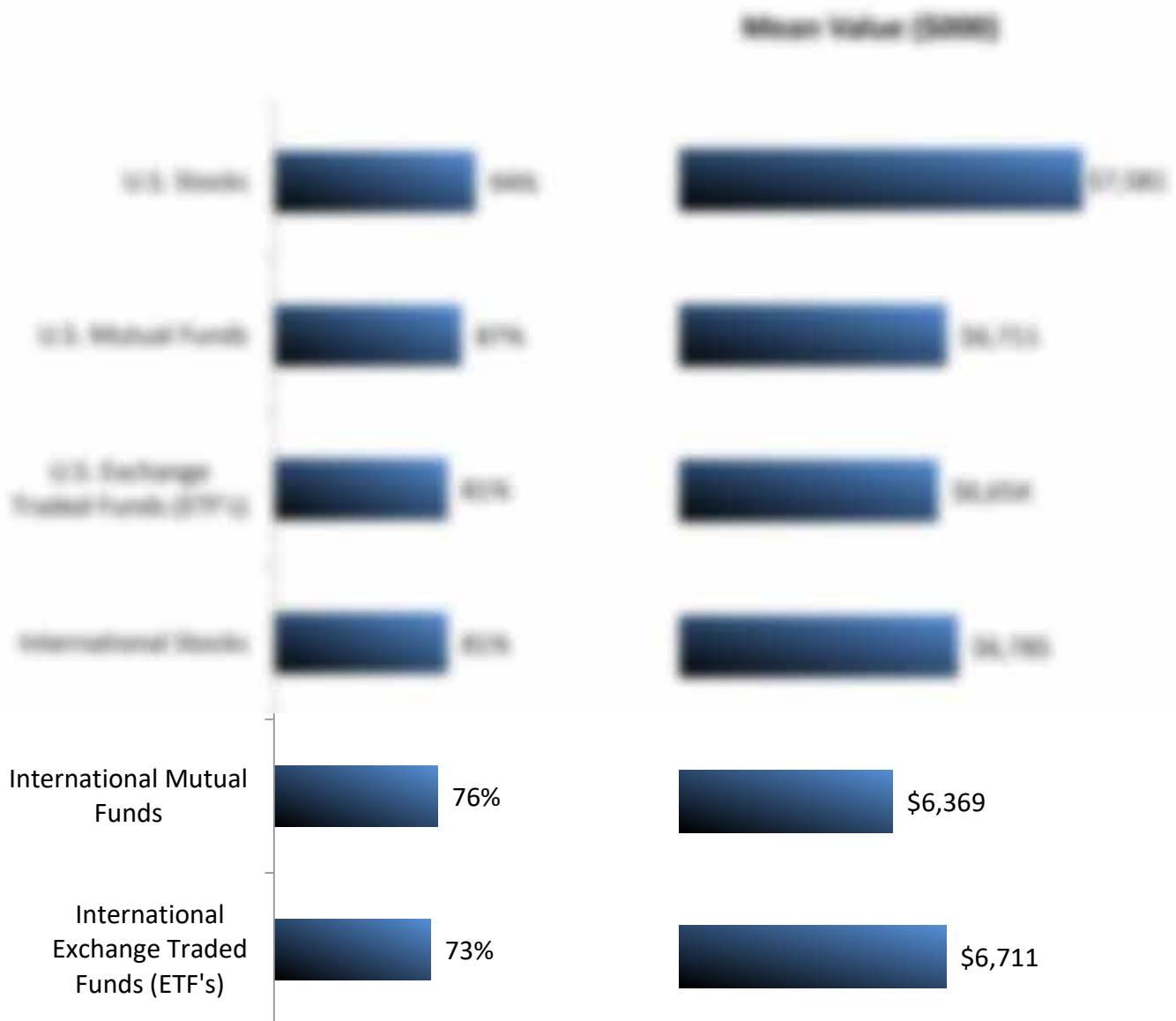
Bank of America leads the list of providers \$25 million plus investors plan to use in the future. Bank of America is closely followed by these other banks. Fidelity and Vanguard, former leaders, have fallen slightly in popularity..



Investments and Product Ownership

Ninety-four percent of \$25 million plus investors own individual U.S. stocks, with an average investment of \$7.5 million, while 87 percent are invested in stock mutual funds, and 81 percent are invested in U.S. exchange traded funds and international stocks.

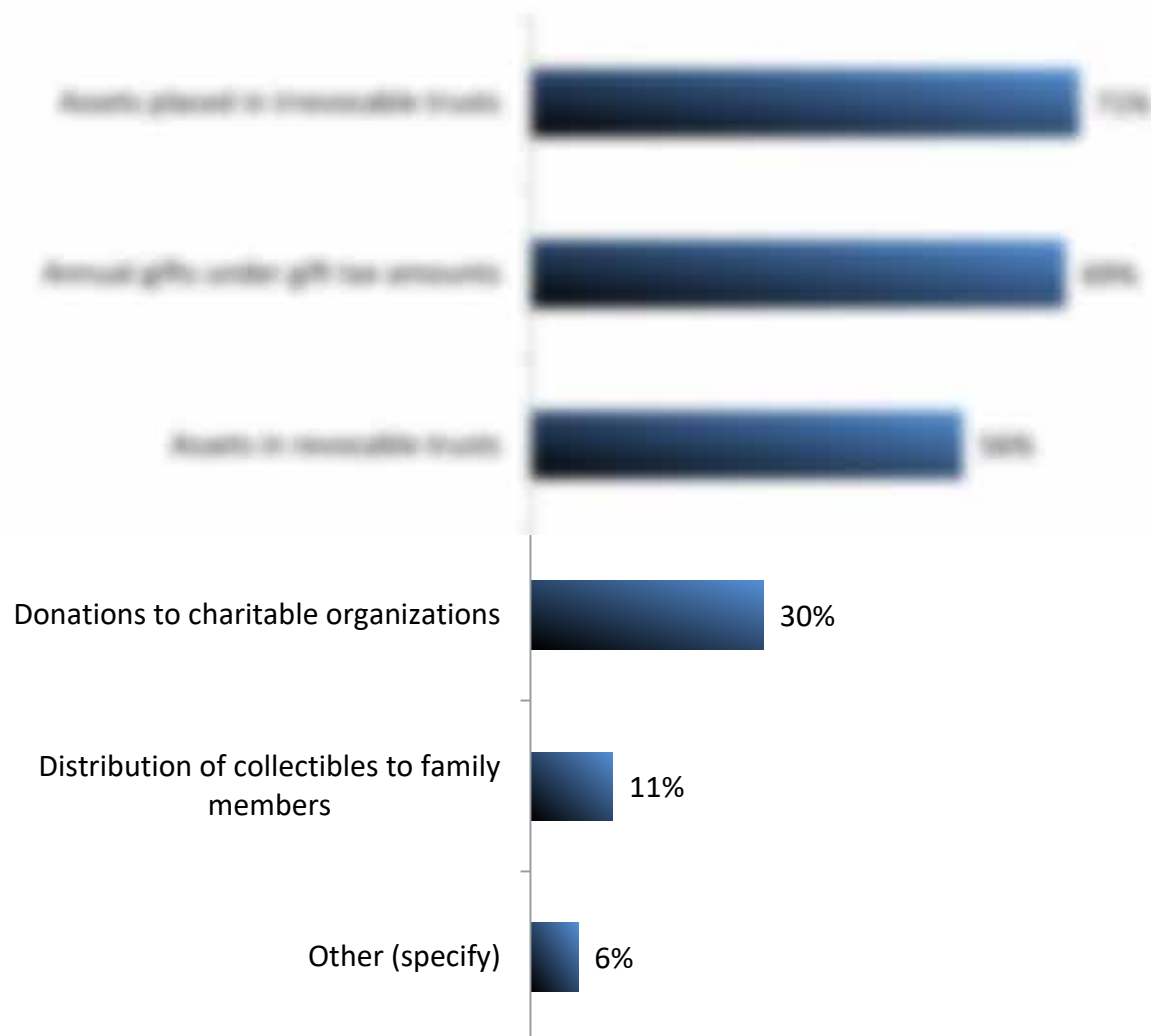
Product Ownership- Equity Products



Family Matters

Seventy-one percent of investors who have started transferring their wealth have done so by placing assets in an irrevocable trust, and 69 percent are making annual monetary gifts within the limits of tax laws. Thirty percent have started donating money to charity.

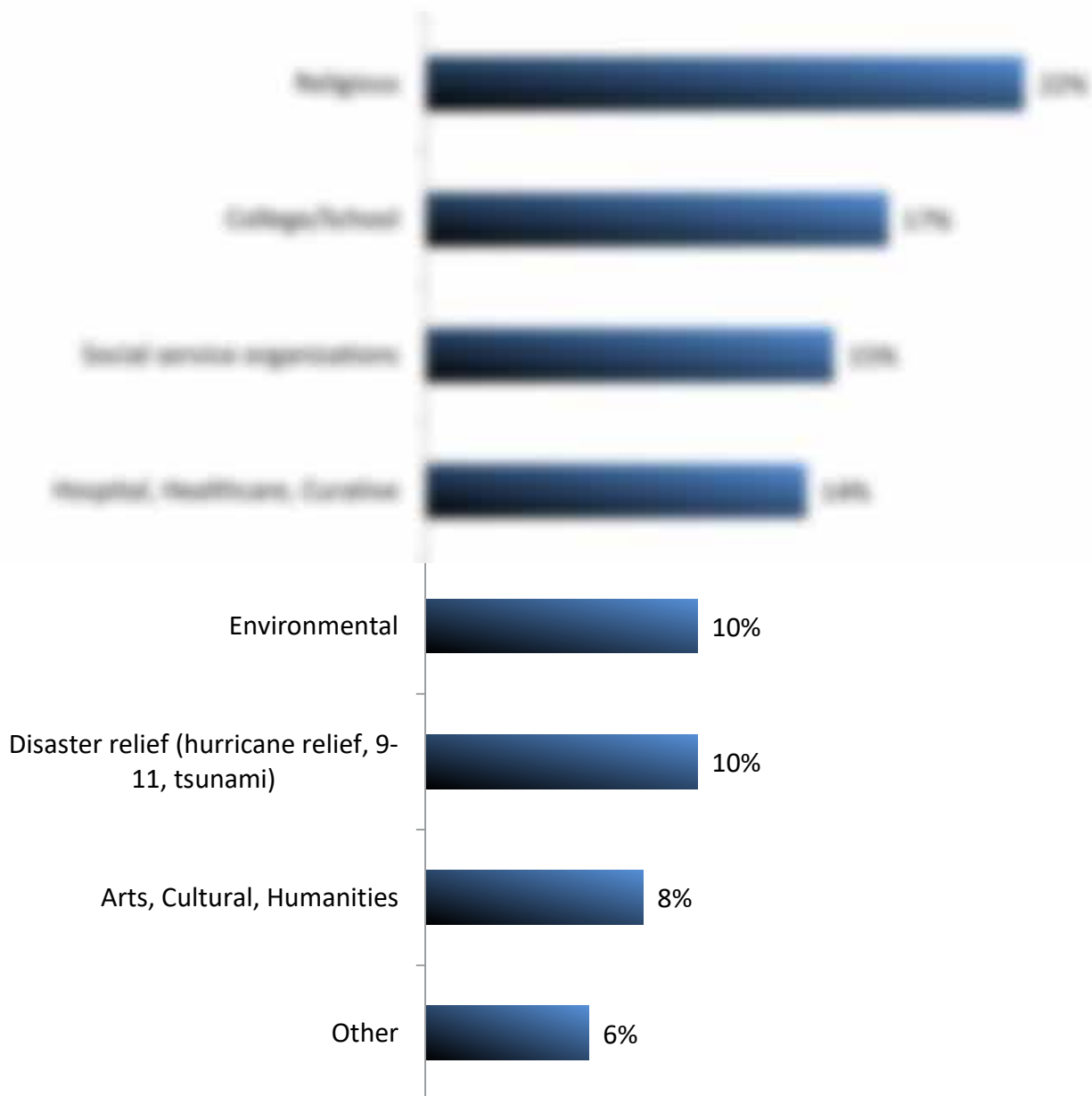
Method of Transferring Wealth



Charitable Giving and Impact Investing

On average, 22 percent of charitable giving among \$25 million plus investors goes to religious groups, and 17 percent go to colleges. Ten percent goes to environmental causes, 10 percent goes to disaster relief, and 8 percent goes to the arts.

How Would You Allocate Your Donations Over the Past Three Years?



About This Study

METHODOLOGY:

This report provides insights into some of the wealthiest and most financially active households in the United States –those with over \$25 million in Net Worth, not including primary residence (NIPR).

Spectrem's \$25 Million PlusInvestor 2018 (\$25MM+) was fielded in 2018. A total of 185 individuals qualified based on the aggregate total of the household's indicated assets and liabilities. The surveys were completed by the person primarily responsible for making the day-to-day financial decisions within the household. The \$25MM+ study's data collection was through mail and on-line survey.

Respondents are compared based upon their age, net worth (NIPR) and advisor-dependency. Some of these sample sizes are low, but they do show some general directions based upon these variables. Furthermore, with some of the questions dependent on the answers to other questions, sample sizes may be even lower. However, to show directional data, even with the low number of respondents, these questions were included in the report.

Questions?

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