

*Key Driving Factors Research Report Series*

# Total Wealth: Understanding the \$50 Trillion Market

---



*April 2011*

## TABLE OF CONTENTS

<u>INTRODUCTION, KEY FINDINGS, &amp; EXECUTIVE SUMMARY</u> .....	6
<u>EVOLUTION OF THE TOTAL WEALTH MARKET</u> .....	39
Market History .....	39
Early Phase .....	39
Middle Phase.....	39
Recent Phase .....	39
Market Definition .....	39
Consumer Wealth .....	39
Institutional Markets.....	39
Market Growth.....	39
Accounts.....	39
Assets.....	40
Liabilities.....	40
Net Worth .....	40
Leading Investment Managers .....	40
Clients .....	40
Accounts.....	40
Assets Under Management.....	40
Revenues .....	40
Net Profits.....	40
<u>MARKET SEGMENTATION</u> .....	42
Consumer Wealth .....	42
Evolution of Consumers & Their Savings Objectives .....	42
Market History .....	42
Development Phase .....	42
World Dominance Phase.....	42
Maturation Phase .....	42
Market Growth.....	42
Consumers.....	42
Consumer Households .....	44
Financial Concerns & Saving Goals.....	44
Financial Concerns.....	44
Saving Goals.....	44
Baby Boomers & the Perceived Baby Boomer Savings Crisis.....	45
Concentration of Consumer Wealth .....	46
Decline in Pension Plans & Retiree Benefits.....	47
Social Security & Medicare Challenges .....	47
Social Security Challenges .....	47
Medicare Challenges.....	48
Stagnant Savings Rate .....	48
Increased Contribution Limits .....	49
Pension Protection Act .....	49
Lack of Significant World War II Generation Wealth Transfer .....	49
Longer Life Expectancies .....	49
Female Life Expectancies .....	49
Male Life Expectancies.....	49
65 Year Old Life Expectancies .....	49

Couples Life Expectancies .....	50
Affluent Life Expectancies .....	50
<i>Consumer Wealth Facts &amp; Figures</i> .....	<i>50</i>
Investable Assets .....	50
Products .....	50
Checkable Deposits & Currency.....	50
Currency .....	50
Bank Accounts .....	50
Time & Savings Deposits .....	50
Money Market Funds.....	51
Other Bank Accounts .....	51
Brokerage Accounts.....	51
Equities .....	51
Bonds.....	51
Mutual Funds .....	51
Annuities .....	51
Life Insurance .....	51
Other Direct Investment Vehicles .....	52
Channels .....	52
Discount Brokers.....	52
Bank Brokers .....	52
Full-Service Brokers.....	52
Fee-Based Financial Advisors .....	52
Independent Reps.....	52
Insurance Agents .....	52
Upscale Channels .....	52
Accounts .....	52
Taxable .....	52
Non-Taxable .....	52
Individual Retirement Accounts.....	52
Financial Assets .....	53
Retirement Plan Assets.....	53
Household Assets .....	53
Personal Assets .....	53
Other Illiquid Assets .....	53
Household Liabilities.....	53
Home Mortgages.....	54
Personal Credit .....	54
Other Household Liabilities .....	54
Household Net Worth .....	54
<i>Future Predictions for Consumer Wealth</i> .....	<i>54</i>
Consumers & Consumer Households Growth .....	54
Consumers.....	54
Consumer Households.....	55
Consistent Financial Concerns & Savings Goals .....	55
Financial Concerns.....	55
Savings Goals .....	55
Increased Consumer Savings Rate in Response to Market Declines.....	55
Clarifying the Consumer Savings Rate .....	55
Baby Boomers Liquidations .....	55
Retirement Plan Rollovers.....	56

Stock Option & Restricted Share Plan Exercises .....	56
Residential Real Estate Sales .....	56
Private Business Sales.....	57
Substantial Immigrant Impacts.....	57
Social Security.....	57
Housing, Private Businesses, & Stock Markets .....	57
<i>Institutional Markets .....</i>	<i>57</i>
<i>Evolution of the Institutional Markets.....</i>	<i>57</i>
Market History .....	57
Introduction of Defined Benefits Plans.....	57
Growth of Defined Benefit Plans.....	57
Growth of Defined Contribution Plans.....	58
Market Definition.....	58
Defined Benefit Plans.....	58
Defined Contribution Plans.....	58
Endowments & Foundations.....	58
Corporate Cash & Treasury Services .....	58
Sovereign Wealth Funds & Other Foreign Institutions .....	58
Market Growth .....	58
Institutional Clients .....	58
Institutional Mandates.....	59
Underlying Client Accounts.....	59
Assets Under Management .....	59
Revenues .....	59
Net Profits .....	59
Separate Account Managers .....	59
Leading Institutional Plan Providers & Separate Account Managers.....	59
Institutional Clients .....	60
Institutional Mandates.....	60
Underlying Client Accounts.....	60
Assets Under Management .....	60
Revenues .....	60
Net Profits .....	60
<i>Market Segmentation.....</i>	<i>60</i>
Defined Benefit Plans .....	60
Market Definition .....	60
Market Growth.....	60
Leading Plan Providers & Separate Account Managers .....	60
Defined Contribution Plans .....	61
Market History .....	61
Market Definition .....	61
Market Growth.....	61
Leading Plan Providers & Separate Account Managers .....	62
Endowments & Foundations.....	70
Market Definition .....	70
Market Growth.....	70
Leading Plan Providers & Separate Account Managers .....	70
Market History .....	71
Corporate Cash & Treasury Services .....	71
Market History .....	71
Market Definition .....	71

Market Growth.....	71
Leading Plan Providers & Separate Account Managers .....	71
Sovereign Wealth Funds & Other Foreign Investors .....	71
Market History .....	71
Market Definition .....	71
Market Growth.....	72
Leading Plan Providers & Separate Account Managers .....	72
Future Predictions for the Institutional Markets .....	72
Continued Institutional Client Growth.....	72
Continued Assets Under Management Growth.....	72
Shift in Investment Holdings .....	72
<u>FUTURE PREDICTIONS FOR THE TOTAL WEALTH MARKET</u> .....	<u>73</u>
<i>Consumer Wealth to Rebound</i> .....	<i>73</i>
<i>Institutional Wealth to Slowly Increase</i> .....	<i>73</i>
<u>APPENDIX</u> .....	<u>74</u>
<i>Profiles of Investment Managers</i> .....	<i>74</i>
<i>Profiles of Investment Manager Service Providers</i> .....	<i>74</i>

Duplication or distribution of this report, and/or the data in this report, is strictly prohibited without the written consent of Tiburon Strategic Advisors, LLC™