Hearts&Wallets
The source for retail investor data & insights

Ages 55-Plus Control Three Quarters of U.S. Investable Assets, but Assets Aren't Main Driver for Retirement

Net Equity in Real Estate Jumps; Taxable Now Outpaces Retirement Assets

(June 28 2023, Rye, NY) – U.S. households ages 55-plus control 74% of investable assets, but whether these households are retired has little to do with their asset levels, according to a new market sizing report by Hearts & Wallets, the independent research and benchmarking firm that specializes in saving, investing and financial advice.

Portrait™ of U.S. Households Wealth 2023: The Foundation of Market Sizing Reveals the 55+ Opportunity and Wealth Market Targets provides data on growth and concentration trends for U.S. household assets and includes a special sizing and profiling of the Wealth Market. The 5.5 million households with $2 million-plus are broken into 3 segments: $2M-<$5M Not Retired, $2M-<$5M Retired and $5M+. The report synthesizes the latest data from Federal Reserve Financial Accounts of the United States ("Z.1"), U.S. Census Bureau population estimates, Survey of Consumer Finances ("SCF") and the Hearts & Wallets Investor Quantitative™ (IQ) Database, recognized as the largest single dataset with over 120 million data points on saving, investing and advice behaviors from 70,000 U.S. households dating back to 2010.

Where the Wealth Is

The 130 million households in the U.S. control nearly $70 trillion in investable assets. Concentration of wealth has increased markedly since 2011. In 2011, 23% of total investable assets were controlled by households with under $500,000 in assets. Now, these households control only 12%. In addition, today –

- <1% of households with $10 million-plus control 32% ($22.0 trillion) of assets
- 1.5% of households with $5 million-plus control 48% ($33.4 trillion) of assets
- 4% of households with $2 million-plus control 65% ($45.3 trillion) of assets

Dominance of 55-plus

74% of U.S. investable assets are controlled by households ages 55-plus, despite only 46% of U.S. households being ages 55-plus. Among households with under $5 million, retirees dwarf all other lifestages in both assets and households. Whether households are retired or not has little to do with investable assets. Households in all age ranges with more assets are not more likely to be retired than households in the same age range with less assets. Households ages 55 to 64 are evenly split among retired (36%), within 5 years of stopping full-time work (27%) and not within 5 years of stopping full-time work (37%).

"Firms should dust off retirement income ideas from 10 years ago, as the market size not only justifies but now requires them," Laura Varas, CEO and founder of Hearts & Wallets, said. "Recognize not all older households are retired. Retirement is more about having the financial house in order by paying off debt and scaling back lifestyle than reaching an asset target."

-more-

Hearts&Wallets
The source for retail investor data & insights

Changes in Household Wealth Components

Households hold 2 of 3 dollars in taxable accounts and 1 in 3 in retirement accounts. Growth is faster in taxable than retirement accounts the past 5 years, reversing the historical trend and being related to the increasing concentration of wealth.

The leading component of household wealth is investable assets at $69.7 trillion, followed by real estate net equity at $31.0 trillion, equity in non-corporate business at $17.2 trillion and defined benefit pensions at $10.7 trillion. Net equity in real estate shows much faster growth than investable assets with 3- and 5-year compound annual growth rates (CAGRs) of more than double – and for 3-year, triple – the CAGRs for investable assets.

"Real estate plays an important, and growing, role in household wealth," Amber Katris, Hearts & Wallets Subject Matter Expert and report co-author, said. "Consumers could benefit from advice on how to allocate assets between real estate and investment assets. Hearts & Wallets Inside Advice® Benchmarking finds 80% of advice experiences do not cover real estate, despite relocation being tied as the No. 1 most frequent life event and real estate being one of the top 10 saving and investing goals."

Wealth Market Opportunities

The Wealth Market of $2 million-plus reveals diverse attitudes and behaviors among the 3 segments profiled: $2M-<$5M Not Retired, $2M-<$5M Retired and $5M+. The $2M-<$5M Not Retired tend to live in major metro areas. Driven to delegate by time constraints, $2M-<$5M Not Retired are also unsure whether their financial advisors are partners to them. Advice-seeking behaviors of the 3 groups within $2M+ are quite different. $2M-<$5M Retired are a little needier in terms of wants, placing higher importance on having a financial services firm that is unbiased and has made me money. For investment products, $5M+ are most likely to hold individual bonds, while both $2M-<$5M Not Retired and $5M+ use ETFs more than $2M-<$5M Retired.

Methodology
The *Portrait™ of U.S. Households Wealth 2023: The Foundation of Market Sizing Reveals the 55+ Opportunity and Wealth Market Targets* report is drawn from various government sources and the Hearts & Wallets Investor Quantitative™ Database (IQ Database) to provide a comprehensive understanding of household wealth by asset level, age and lifestage. The latest survey wave fielded August 15 – September 15, 2022, with 5,993 participants. The full IQ™ Database is recognized as the largest single dataset with over 120 million data points on consumer buying patterns from over 70,000 U.S. households.

About Hearts & Wallets
Hearts & Wallets is the independent research and benchmarking firm that specializes in saving, investing and financial advice. Leading firms rely upon Hearts & Wallets research reports, software and benchmarking to make strategic decisions that lead to growth by improving products, distribution, pricing, positioning and targeting. For more information visit www.heartsandwallets.com.

Media Contact
Lynn Walters lynn@heartsandwallets.com
800-930-0966 ext. 704

Hearts & Wallets, CEO & Founder
Laura Varas laura@heartsandwallets.com
800-930-0966 ext. 700

###