

July 30, 2015



Serving America's Young Wealthy Requires an Industry Shift, According to SEI Report

Futurewealth Report Compares America's Young Emerging Wealthy With Global Peers and Older Counterparts

OAKS, PA -- (Marketwired) -- 07/30/15 -- As wealth management firms focus broadly on addressing the needs of the next generation, a new report explores the differences between America's youngest millionaires, their older counterparts, and their global peers. "[Generation Skeptic: Meeting the Millennial Standard](#)," released today by [SEI](#) (NASDAQ: SEIC), Scorpio Partnership, and NPG Wealth Management, uncovers the divide between generations with regard to wealth management and outlines the industry evolution needed to support the youngest Futurewealthy. The report highlights the impact of regulation on advice, top drivers for trust, and areas where wealth managers can improve to strengthen their relationships with young clients.

"Each generation tends to expect more from their wealth manager than the one prior. This remains true as the youngest Futurewealthy in America will require greater collaboration and attention from their advisors and wealth management firms," said [Al Chiaradonna](#), Senior Vice President, [SEI Wealth Platform\(SM\)](#), North America Private Banking. "Time will be a critical component of meeting and exceeding the needs of these clients. As firms and advisors redefine their approach for the next generation of clients, it is imperative that more time be spent with the client and less time spent checking administrative boxes."

The Regulatory Rut

In an increasingly regulated environment, wealth managers face new challenges and opportunities from increased transparency to relationship management. They also face challenges when it comes to how clients perceive advice as new regulations come to bear. Futurewealthy Americans under the age of 40 are more likely than their older counterparts to expect advice to become less personal as a result of increased regulation. Further, they are nearly twice as likely to expect this outcome as Futurewealthy who are 60 or older (41 percent versus 24 percent). Similarly, this young American group expects regulation will also lead to less tailored advice (32 percent). American Futurewealthy over the age of 50 are less pessimistic about the impact of regulation on how tailored advice will be.

Additionally, the young American emerging wealthy are more pessimistic about the impact of regulation on advice than their global peers. Thirty-four percent of global Futurewealthy under 40 expect advice to become less personal, compared with 41 percent of American Futurewealthy under 40. A quarter of young global Futurewealthy expect advice to be less tailored, while nearly a third of young American Futurewealthy expect the same.

Drivers of Trust

Another key differentiator between younger and older Futurewealthy in America is what affirms trust in the relationship between client and wealth manager. While certain factors, such as having a business model that meets their needs, hold relatively similar levels of importance across age groups, there are noteworthy age-related outliers. The most frequently cited drivers of trust for Futurewealthy 40 or younger in America were quality of products and services (42 percent), reputation of the firm (41 percent), quality of communications (37 percent), and quality of employees (37 percent). The most referenced drivers for trust among those 60 or older in America, on the other hand, were quality of products and services (63 percent), consistency (52 percent) and quality of communications (43 percent).

"While there are a number of differences between younger and older clients, it is clear that impactful products and services, and strong, frequent communication are universal client priorities," said [Kevin Crowe](#), Head of Solutions, [SEI Advisor Network](#). "Advisors should leverage all the tools at their disposal to better engage clients, from casual conversations over lunch to focused discussions facilitated by new technology platforms. A commitment to productive, strategic discussions can strengthen relationships and help advisors better understand their clients' goals."

Young Futurewealthy Americans are similar to their global peers in terms of what drives trust with wealth managers, placing highest value on quality of products and services. However, American respondents placed higher value than their peers on consistency (35 percent vs. 28 percent) and outsiders' opinions of the firm (16 percent vs. 14 percent). Global peers, however, places higher value than Americans on robustness of security (30 percent vs. 23 percent), profiling processes to understand their needs (21 percent vs. 17 percent) and a business model that meets their needs (27 percent vs. 27 percent).

Missing Links

Key interactions between wealth managers and young American Futurewealthy are generally going well. However, older emerging wealthy in America are roughly twice as likely as their young counterparts to report experiencing key interactions with wealth managers. For example, 20 percent of young Futurewealthy report their advisor has not asked them if they have questions or requests, compared to only 6 percent of older American Futurewealthy. There is a similar disparity when it comes to wealth managers' recommendations and actions. Fewer than 8 percent of older American Futurewealthy felt that wealth managers' recommendations and actions were not in their best interest, while 18 percent of younger emerging wealthy reported the same. Perhaps the most telling finding regarding age-related disconnects is tied to how well long-term needs are being addressed. Roughly three-times as many young emerging wealthy individuals report that their long-term needs and goals have not been understood and addressed as their older counterparts (17 percent and 5 percent respectively).

Despite experiencing these interactions less than older counterparts, the young Americans are typically experiencing these key interactions more often than their global peers. Specifically, young American Futurewealthy were far more likely than their global peers to

have received a full explanation about their investment strategy and how solutions will achieve long-term financial goals (82 percent vs. 75 percent respectively). They were also more likely to agree that their wealth manager's recommendations and actions have been in line with their financial risk tolerance (80 percent vs. 75 percent respectively). The only area where peers had a better experience with interactions is with regard to investment performance. Young Futurewealthy Europeans were more likely than their American counterparts to report that they received adequate explanation on how the investment performance has been generated (80 percent vs. 77 percent respectively).

"There is no question that wealth managers will need to adapt to the evolving needs of the Futurewealthy, particularly those who are a bit younger in age," added Crowe. "As technologically savvy as many of them might be, helping to identify short and long-term goals and providing true guidance around a tailored and holistic plan to achieve those goals will always be a need, regardless of delivery method."

This paper is the third in a four-part series delving into the findings of the The Futurewealth Report 2015, which maps the journey of the world's up-and-coming wealthy with their wealth manager. The [first report](#) examined the core functions of the relationship manager, while the [second report](#) examined the importance of the relationship manager. The remaining report will focus on understanding the extent to which clients feel their expectations have been met, and explore how the client experience affects the payment (fees) preferences of this highly valuable client group. For more information, please visit www.seic.com/2015Futurewealth3.

Methodology

The 3,113 respondents from around the world who were polled for the survey have an average net worth of \$2.7 million today and represent the up-and-coming demographic that will make up the ultra-high-net-worth investors of tomorrow.

About the SEI Wealth Platform(SM) The SEI Wealth Platform (the Platform) is an outsourcing solution for wealth managers encompassing wealth processing services and wealth management programs, combined with business process expertise. With the Platform, SEI provides wealth management organizations with the infrastructure, operations, and administrative support necessary to capitalize on their strategic objectives in a constantly shifting market. The SEI Wealth Platform supports trading and transactions on 128 stock exchanges in 50 countries and 35 currencies, through the use of straight-through processing and a single operating infrastructure environment. For more information, visit: seic.com/wealthplatform.

About SEI

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of June 30, 2015, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$661 billion in mutual fund and pooled or separately managed assets, including \$262 billion in assets under management and \$399 billion in client assets under administration. For more information, visit seic.com.

Company Contact:

Dana Grosser
SEI
+1 610-676-2459
dgrosser@seic.com

Media Contact:

Amanda Lake

Prosek Partners

+1 212-279-3115 x225

alake@prosek.com

Source: SEI