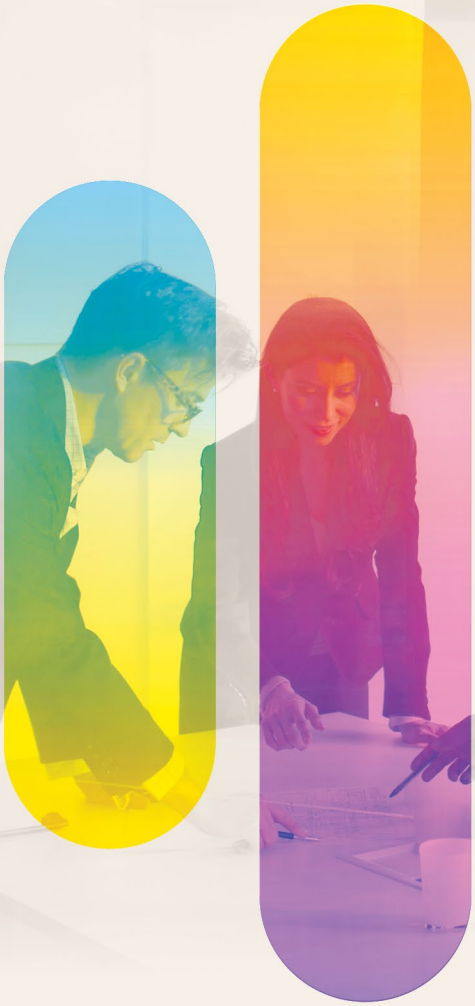
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Wealth in America, Part 1: The Ultra-High-Net-Worth

William Whitt



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Summary and Key Findings

This report is the first in a series of three that examines household wealth in the U.S. This report provides a detailed portrait of ultra-high-net-worth (UHNW) households, which Datos Insights defines as those with US$10 million or more in financial assets. Since 2010, this wealth segment has doubled in size, growing much faster than the other three major wealth segments.[1] Although the UHNW segment comprises only 0.6% of all U.S. households, it accounts for 30% of all financial assets owned by U.S. households. These households are the true "whales" of the wealth management industry, and wealth managers compete fiercely to win them as clients.

The figures and insights in this report are based on an analysis of the responses of 402 UHNW households that participated in the 2022 Survey of Consumer Finances (SCF), a triennial survey sponsored by the Federal Reserve. The SCF provides the most accurate and highest-quality data on the finances and financial behaviors of U.S. households, and it provides a unique window into wealthy households due to the extraordinary efforts the Fed makes to oversample the upper end of the wealth distribution and due to the large amount of data the Fed collects on each household (more than 2,000 data points). The key findings from this report follow:

- **The demographics of the UHNW segment are changing, but slowly:** UHNW households are much less diverse than the other wealth segments—the UHNW segment is overwhelmingly composed of old, white married couples. However, there are signs that this is now starting to change as ethnically Asian UHNW households have grown from 5% of the segment in 2010 to 8% in 2022.

- **Compared with other wealth segments, the UHNW are more knowledgeable about personal finance and more comfortable with investment risk:** Nearly two-thirds (63%) of UHNW households say they are "very knowledgeable" about personal finance, and nearly half (48%) say they would take on above-average or substantial risk to earn above-average returns—significantly higher percentages than seen in other wealth segments.

[1] The other three wealth segments are the high-net-worth (households with US$1 million to US$9.99 million in financial assets), the mass affluent (households with US$100,000 to US$999,000 in financial assets), and the mass market (households with less than US$100,000 in financial assets).

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- **The net worth of UHNW households consists predominantly of equity in closely held businesses, direct investments in public equities, and holdings of long-term mutual funds and exchange-traded funds (ETFs):** Of the US$33.1 trillion in net worth of UHNW households, US$8.0 trillion (24%) is in closely held businesses, US$7.5 trillion (23%) is in long-term mutual funds and ETFs, and US$5.2 trillion (16%) is in direct investments in public equities.
- **The asset allocations of UHNW investment portfolios tend to be relatively conservative:** The investment assets of the typical UHNW household are fairly conservative; the middle 50% of households have allocations to risky assets that range from 46% to 77%.
- **UHNW households face significant potential tax liabilities due to highly appreciated business assets and holdings of equities and due to their exposure to the estate tax:** UHNW households face potential capital gain taxes of more than US$2 trillion and a potential estate tax bill of US$7 trillion.

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