



RATHBONES

# FINANCIAL WELLBEING RESEARCH

Managing uncertainty to maximise impact

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# INTRODUCTION

**OUR WEALTH MANAGEMENT DIVISION HAS BEEN RUNNING DEDICATED FINANCIAL WELLBEING RESEARCH WITH HIGH NET WORTH INDIVIDUALS (HNWIS) SINCE 2018. OVER THE INTERVENING YEARS, THE TEAM HAS EXPLORED WHAT THE CONCEPT OF FINANCIAL WELLBEING MEANS AND HOW THIS IMPACTS THE CONCERNS, PRIORITIES AND BEHAVIOURS OF HNWIS. THIS INCLUDES LOOKING AT THEIR POTENTIAL IMPACT ON THE WORLD, AND IF AND HOW HNWIS TALK ABOUT WEALTH WITH THEIR FAMILIES. THIS YEAR'S RESEARCH GENERATED OUR BIGGEST RESPONSE TO DATE WITH MORE THAN 1,000 RESPONDENTS TO OUR SURVEY.**

Over the years we have seen some trends fluctuate, including concerns around the impact of inflation and a potential change in government. So too, the definition of financial wellbeing has evolved from being a relatively broad concept to a more specific set of financial goals, often driven by more open conversations with advisers and self-reflection.

On the flip side, many of the findings and insights we identified several years ago still hold true today. General health and physical wellbeing is an integral part of financial wellbeing. HNWIs want to use their wealth to support beneficiaries but not in a way that demotivates them.

Delving deeper into the data, we have discovered several new findings in this year's research. Perhaps counter-intuitively, people who have taken no action over the last year with regards to their finances tend to be more optimistic in their outlook. In contrast, people who have taken an action - be that reviewing their portfolio or speaking to family or an adviser - tend to be slightly less optimistic.

Further research is needed, but our view is that by taking an action of some nature, HNWIs effectively become more aware of their financial reality. While, on occasion, that may be uncomfortable, greater awareness helps people to identify their financial goals and the actions required to achieve genuine financial wellbeing.

Interestingly, respondents from the highest wealth bracket tend to have slightly lower levels of optimism too. Again, this may be reflective of more realistic expectations about the natural ups and downs of economic and financial trends, and a concern about how to maintain high levels of wealth.

One assertion that came from the interviews we conducted as part of this research is that in a 'post-truth' world of information overload and uncertainty, it is very difficult to determine which way to turn. And, as many people have told us, it is not just having money, but being able to use it to achieve one's goals that brings a sense of wellbeing.

Speaking to a financial adviser can create peace of mind and improve your financial position.

Overall, we appreciate that while many HNWIs have things in common it is important to recognise that everyone has distinctive, individual motivations and goals. You want to use your money in a way that makes your life better.



# METHODOLOGY

**WE SURVEYED 1,052 RATHBONES CLIENTS, ALL HNWIS, DURING JUNE - AUGUST 2023 USING AN ONLINE PLATFORM AND CARRIED OUT A SERIES OF INTERVIEWS VIA VIDEO CALL.**

For this report, the definition of a HNWI is a person with a household net worth of £500,000\* or above.

68% of those surveyed were male, 31% female, and 1% said they prefer not to say.

Respondents' primary addresses were from across the country: 30% South East, 20% London, 17% Scotland, 11% South West, 7% Midlands, 5% North East, 4% North West, 1% Wales, 5% other.

Respondents were working, or had worked, in a wide range of industries including banking, healthcare, the legal sector and academia.

All percentages have been rounded to a whole number. For some statistics we've converted the score out of 5 into percentages. For example, combining scores of 4 (agree) and 5 (strongly agree) to determine the percentage of overall agreement with specific statements or questions.

*\*All assets minus liabilities.*



# 2023 FINDINGS AND KEY TRENDS

Our findings reveal the primary concerns of HNWIs in 2023, but also show how perceptions have evolved over time.

The definition of financial wellbeing has remained broadly similar since we started the research in 2018, with many respondents noting the importance of feeling confident and secure. However, fast forward to 2023 and there is more of a focus from those we spoke to this year on setting reasonable expectations and achieving personal goals. In 2018, respondents more readily acknowledged that some things are outside of personal control.

Similarly, our research suggests that general wellbeing is intrinsically linked to financial wellbeing. It has always been assigned high importance and consistently ranked as a top concern. In 2023, general wellbeing is once again the number one priority for HNWIs, chosen by 38% of respondents, jumping up from third position last year.

In contrast, a long-term rise in inflation is no longer the top ranking concern, with 37% of respondents regarding it as their main worry this year compared to 45% in 2022. Geopolitical instability is the third top option for HNWIs, chosen by 31%.

Interestingly, a change in Government was a top concern in 2019 prior to the general election, as participants worried about a potentially major change in taxation. While few survey participants selected a political change as a primary issue in 2023, our interviews suggested that this unease is rising to the fore once more.

**“FINANCIAL WELLBEING MEANS FEELING SECURE ABOUT THE FUTURE AND FEELING THAT WHEN I EVENTUALLY GO, THERE’LL BE SOMETHING IN THE POT TO PASS ON TO THOSE I CARE ABOUT.”**

Retired NHS Psychologist

**“IT’S ABOUT HAVING ENOUGH MONEY TO DO WHAT I WANT TO DO WHEN I WANT TO DO IT WITHOUT FEELING ANY STRAIN.”**

Chartered Accountant

## RESPONDENTS’ DEFINITION IN 2018:

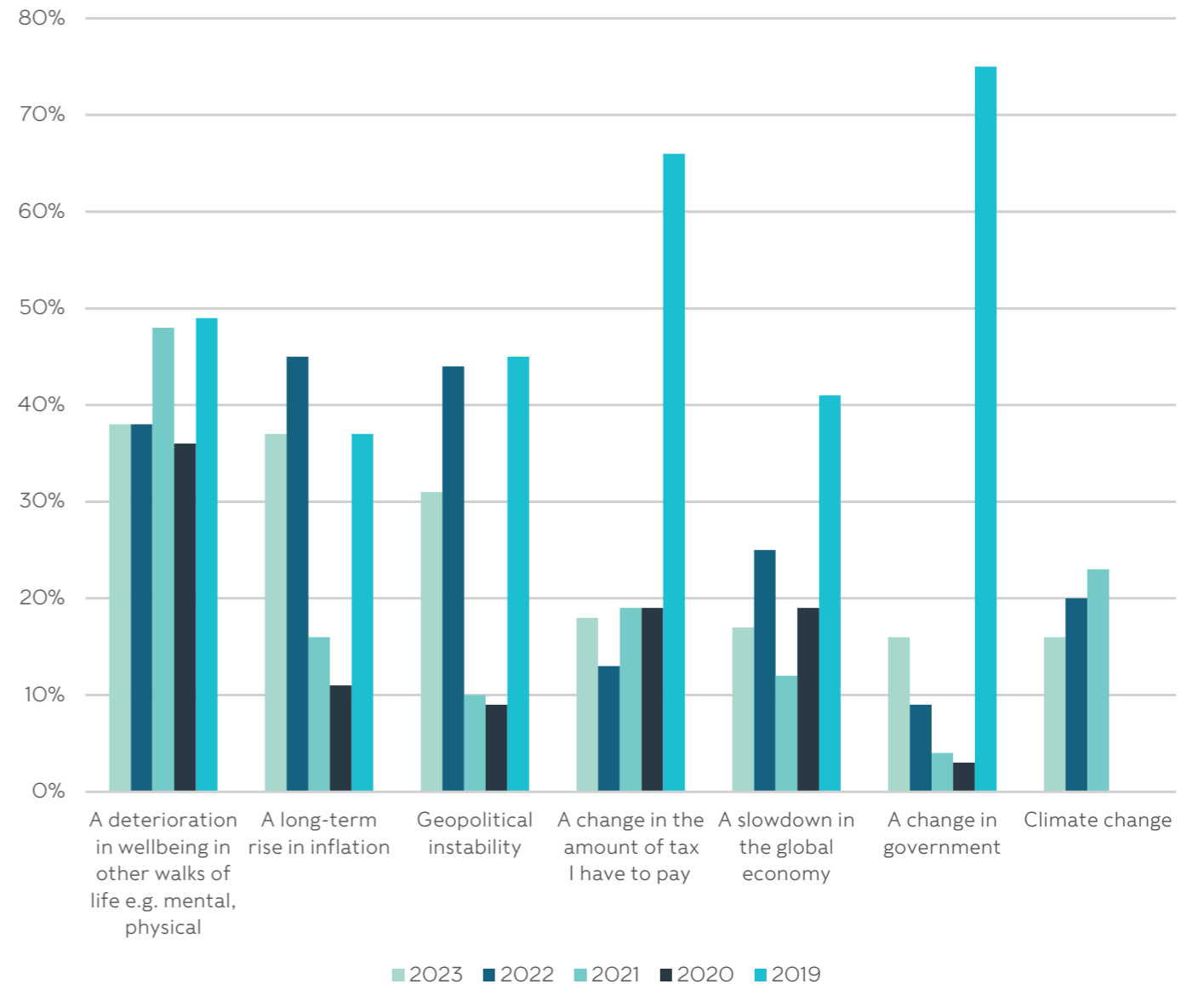
A sense of **happiness** and **confidence** with **current** finances and **future** financial plans, which supports broader **feelings of wellbeing**. It incorporates a plan to **address uncertainty**, while recognising there are some things that are **out of personal control**.

## RESPONDENTS’ DEFINITION IN 2023:

Feeling **confident** and **secure** in your finances, allowing you to live **comfortably** and sufficiently **meet or exceed** your **financial goals and expectations**, without feeling any strain. These goals may include having the ability to support family members, pay for long-term care or pass on wealth after death.

## FINANCIAL WELLBEING CONCERNS OVER TIME

% of respondents who selected each option as a concern



**“IT’S ABOUT FEELING CONFIDENT THAT YOU HAVE THE FUNDS TO LIVE COMFORTABLY AND ALSO THAT YOU’VE GOT SUFFICIENT FUNDING TO ASSIST YOUR CHILDREN WHERE NEEDED.”**

Retired client

**“MANAGING MY LIMITED RESOURCES AND MAKING SURE THAT OUR STANDARD OF LIVING IS MEETING EXPECTATIONS AND CERTAINLY EXCEEDING EXPECTATIONS WHEREVER POSSIBLE.”**

Former Insurance Broker

This year's research also looked closely at any actions people have taken and their general outlook for the year ahead.

In terms of actions taken over the last 12 months to improve financial wellbeing, significant proportions of respondents have paid closer attention to the family budget (30%) and the economy (26%). Similarly, just over a quarter of people (26%) have had more conversations with an adviser.

However, the most popular answer (36%) is 'no action'. This may be down to the fact that some people are content with their financial position and don't need to do anything. Our interviews suggest that inaction or inertia is often the result of uncertainty caused by information overload and lack of perceived agency.

More in-depth statistical analysis of the survey results found that those who took no action are generally more optimistic than people who have taken an action of some form. While on the surface this may appear counter-intuitive, it perhaps highlights that action creates greater awareness of financial reality.

Another striking finding from the research relates to long-term care. This year, 87% of HNWIs believe paying for long-term care is of significant importance, compared to 70% of respondents last year. Interviews with HNWIs reveal that they perceive financial wellbeing to be strongly linked with having sufficient funds to pay for later life care - an issue that is on a par with being able to pass on wealth to family members.

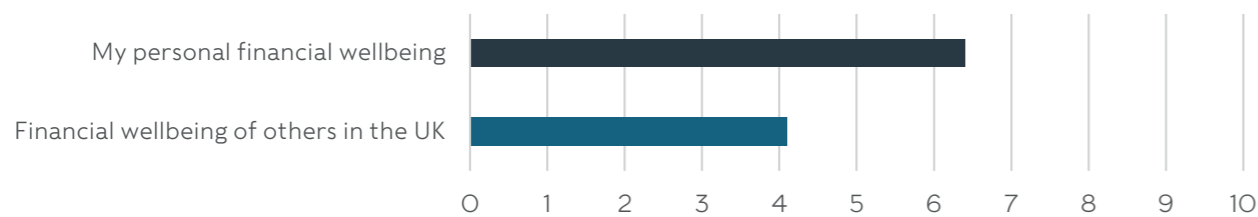
### ACTIONS TAKEN OVER THE LAST 12 MONTHS TO IMPROVE FINANCIAL WELLBEING

% of respondents who selected each option



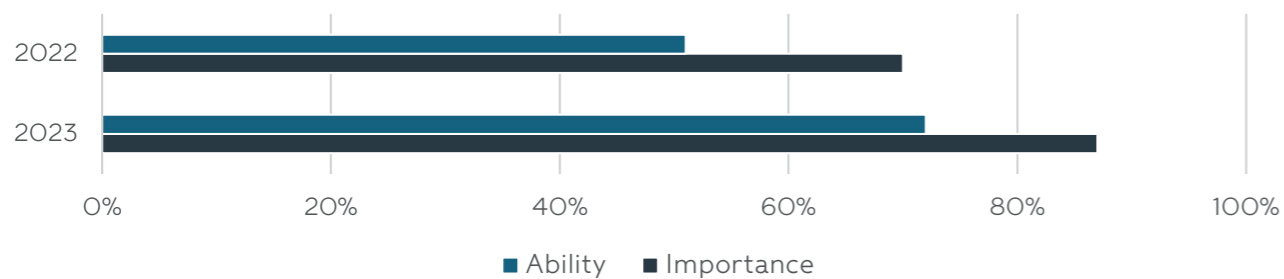
### OUTLOOK OF RESPONDENTS ON THEIR OWN AND OTHERS' FINANCIAL WELLBEING FOR THE NEXT 12 MONTHS

1 = highly pessimistic, 10 = highly optimistic



### LATER LIFE CARE – YEAR ON YEAR COMPARISONS

% of respondents who regard paying for later life care as important vs. % of respondents who feel able to pay for it



# FAMILY AND INHERITANCE PLANNING

Supporting beneficiaries remains a key financial goal for HNWI's.

When it comes to inheritance and estate planning, passing on wealth as tax efficiently as possible is the most important factor with 80% of HNWI's regarding this as important or very important. However, only 53% say that they are currently able to do so, demonstrating a wide gap between the perceived importance and current ability to pass on wealth tax efficiently.

The difference between ascribed importance and perceived ability, also known as the worry gap, extends to a number of different areas including knowing how to ensure that beneficiaries use wealth responsibly and ensuring any gifted money doesn't hinder motivation. HNWI's may want to encourage their dependents to take part in a course such as [Rathbones' financial awareness course for young people](#) to increase their financial literacy.

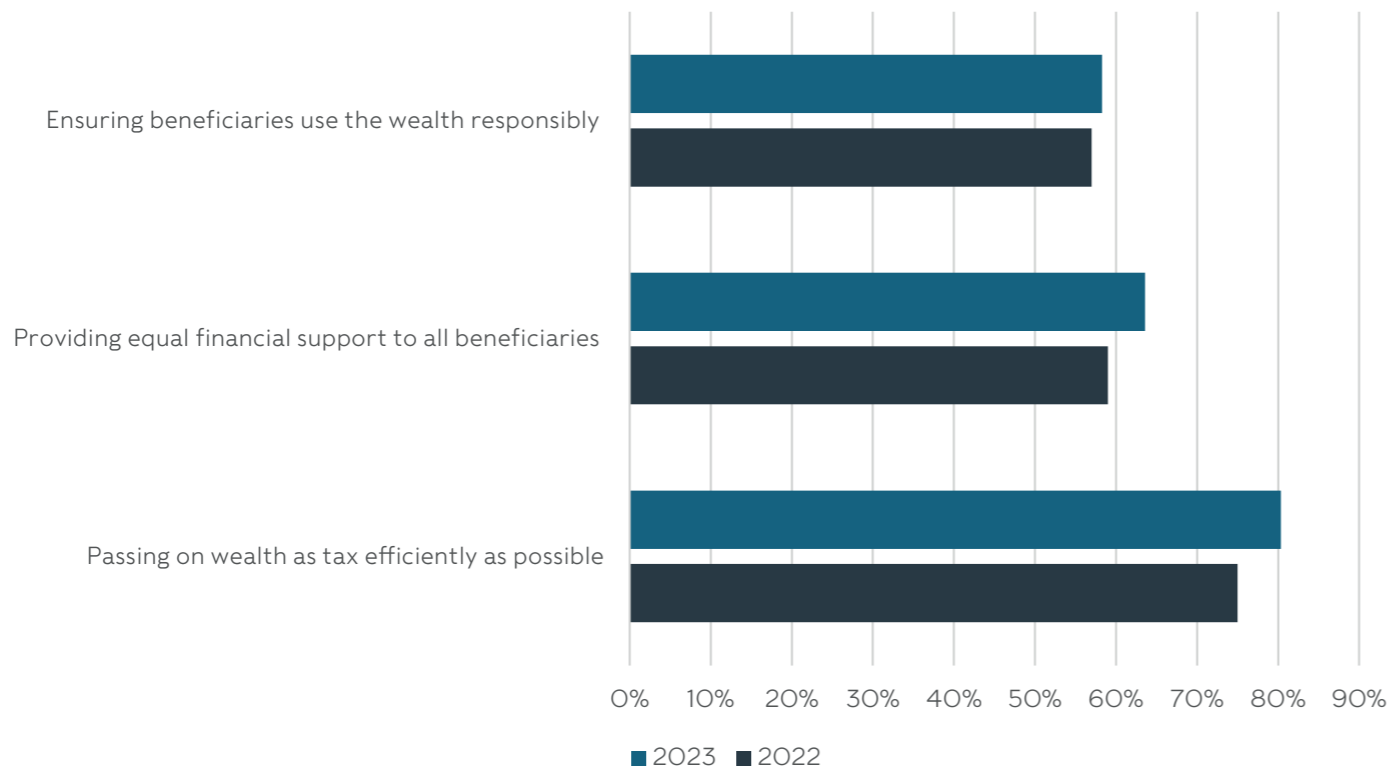
The most commonly selected form of financial support - a deposit for a home - reflects many HNWI's preference to 'feather-boost' their dependents (provide targeted interventions at key life stages) as opposed to 'feather-bed' i.e. providing ongoing and regular financial support.

There is variation in the most popular financial support for dependents from HNWI's in different geographical regions. Respondents in London are more likely to help with a property deposit, whereas respondents in the North of England are more likely to help with pension contributions.

Interviewees also highlighted the increase in the number and type of complex family structures which naturally encourages a more bespoke approach to financial planning.

## ATTITUDE TO WEALTH AND ESTATE PLANNING – 2022 VS. 2023

% who rate each of the below goals as important / very important



## IMPORTANCE-ABILITY GAP FOR WEALTH AND INHERITANCE PLANNING

We asked respondents to rate how important certain factors are when it comes to inheritance planning. We then asked respondents to rate their ability to achieve these factors. The difference between these is what we term the 'importance-ability gap'.



**“FOR BOTH MY SON AND MY STEPSON, FOR EXAMPLE, I HELPED PROVIDE A SUBSTANTIAL DEPOSIT WHEN THEY WERE BUYING THEIR FIRST HOUSES, AND I PROVIDE A CERTAIN AMOUNT OF INCOME TO MY SON.”**

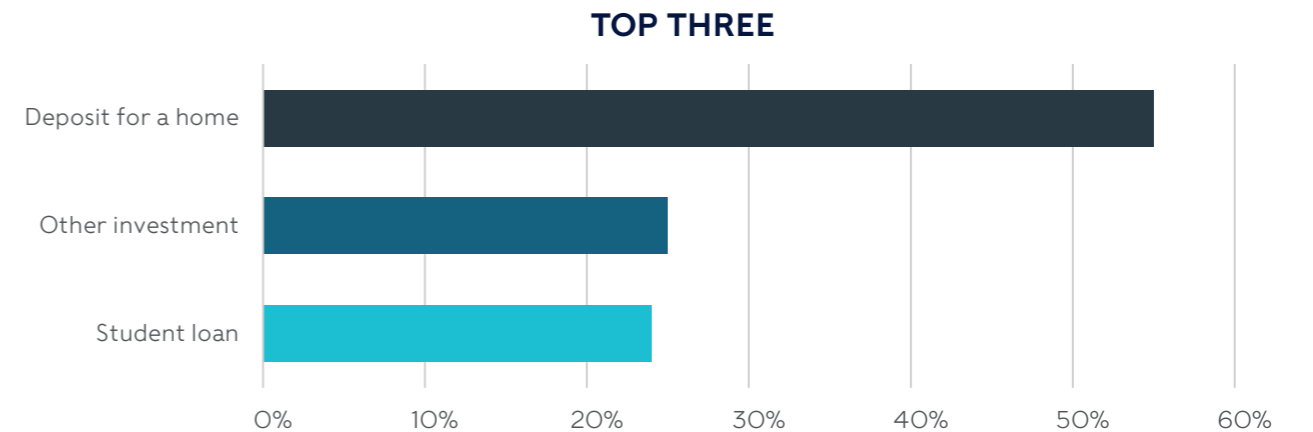
Retired Clinical Psychologist

**“I'M TREATING BOTH [OF MY CHILDREN'S] FAMILIES EQUALLY, EVEN THOUGH ONE OF THEIR NEEDS IS PERHAPS A BIT MORE THAN THE OTHER'S NEEDS.”**

Former Accountant

## WHICH OF THE FOLLOWING FORMS OF FINANCIAL SUPPORT HAVE YOU PROVIDED / ARE PLANNING TO PROVIDE TO DEPENDENTS?

% of respondents who selected each option



# GENDER DIFFERENCES

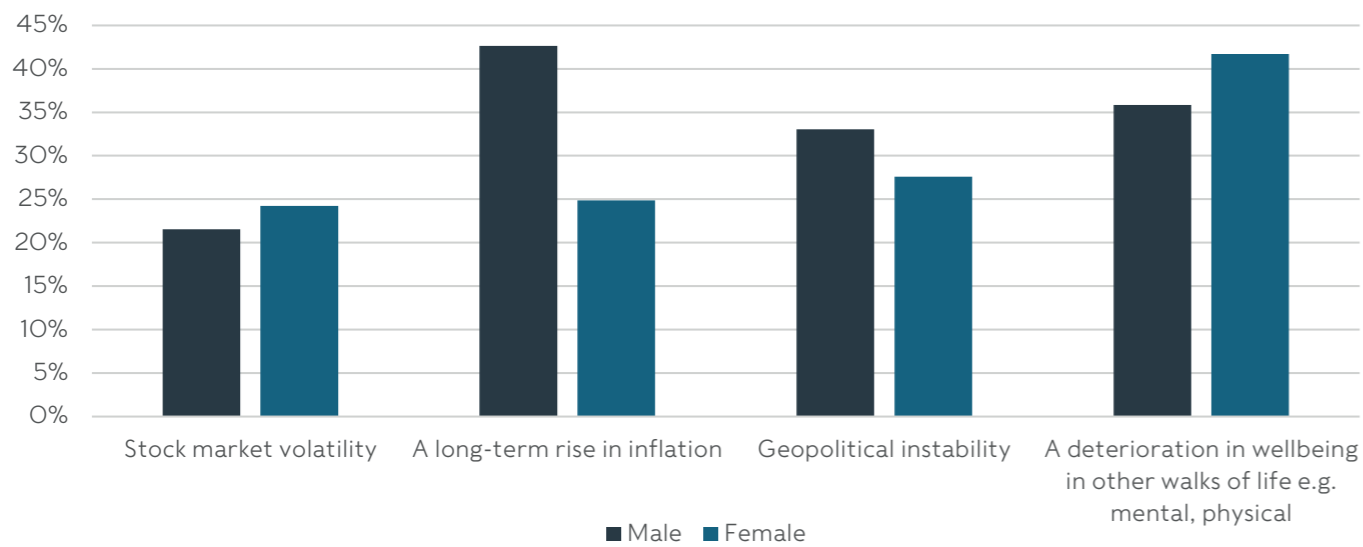
While there are consistent concerns and motivations expressed by all HNWI, there are some distinct differences between genders.

The most important concern for women is a deterioration in wellbeing in other walks of life, with 42% of women saying they are most worried about this compared to 36% of men. In contrast, men are more concerned about a long-term rise in inflation than women, with 43% of men regarding this as a key concern compared to only 25% of women.

The proportion of men and women who have taken no actions in the past 12 months to improve their financial wellbeing is roughly equal at 36% of women and 37% of men. However, among those who have taken action, differences emerge.

## TOP FINANCIAL WELLBEING CONCERNS – FEMALE VS. MALE

% of respondents who selected each option as a concern



**“WHEN MAJOR EXPENDITURES COME UP, WE’VE GIVEN A HAND. THE ELDEST GRANDCHILD IS JUST GOING OFF TO UNIVERSITY THIS YEAR, AND I WAS PLANNING TO GIVE HER A REGULAR, SMALL AMOUNT, JUST TO HELP OUT A BIT.”**

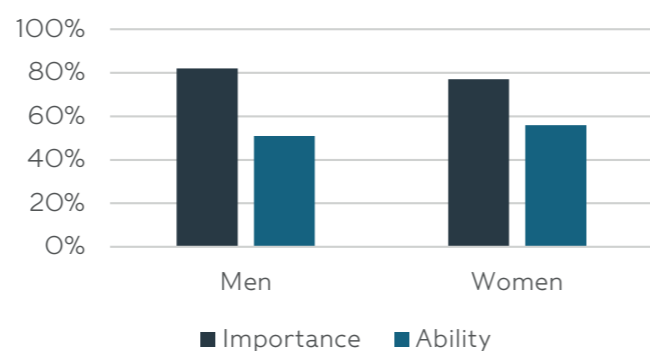
Female, semi-retired

Our research suggests that women tend to value family financial conversations, whereas men are more likely to speak to their adviser. We found that a greater share of HNWI men (28%) have had more conversations with their adviser over the past year compared to HNWI women (21%), whilst more women (19%) have had more family financial conversations compared to men (16%).

When it comes to passing on wealth as tax efficiently as possible, our research shows that the importance-ability gap for women (21%) is lower than men (31%), with a higher percentage of women feeling able to pass on their wealth tax efficiently.

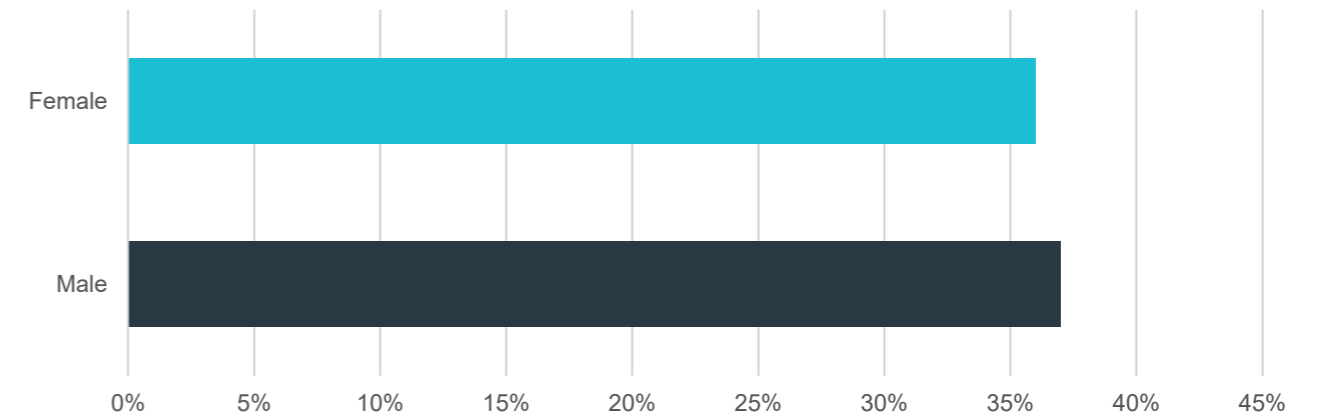
## IMPORTANCE OF PASSING ON WEALTH AS TAX EFFICIENTLY AS POSSIBLE

% of respondents who view this as important / are able to do this

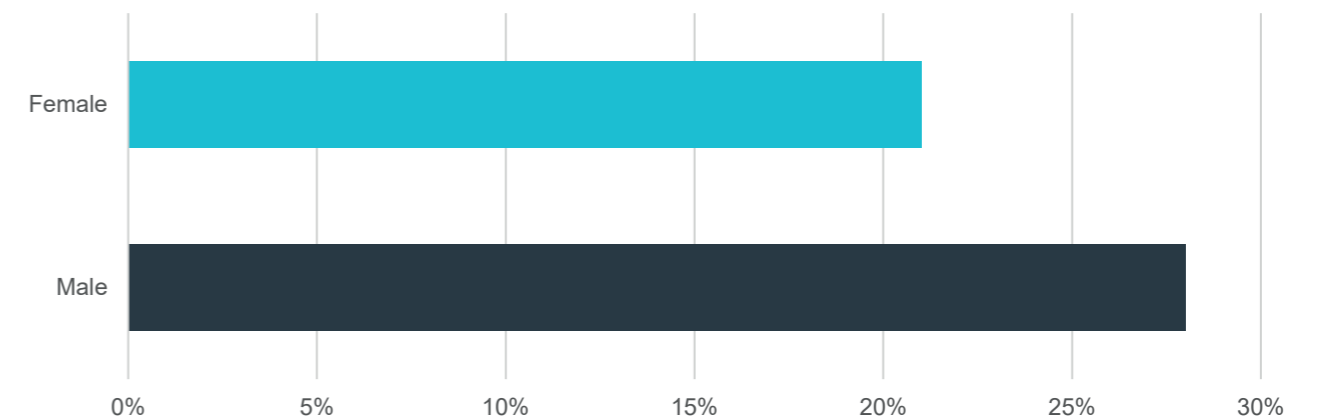


## ACTIONS TAKEN OVER THE LAST 12 MONTHS TO IMPROVE FINANCIAL WELLBEING

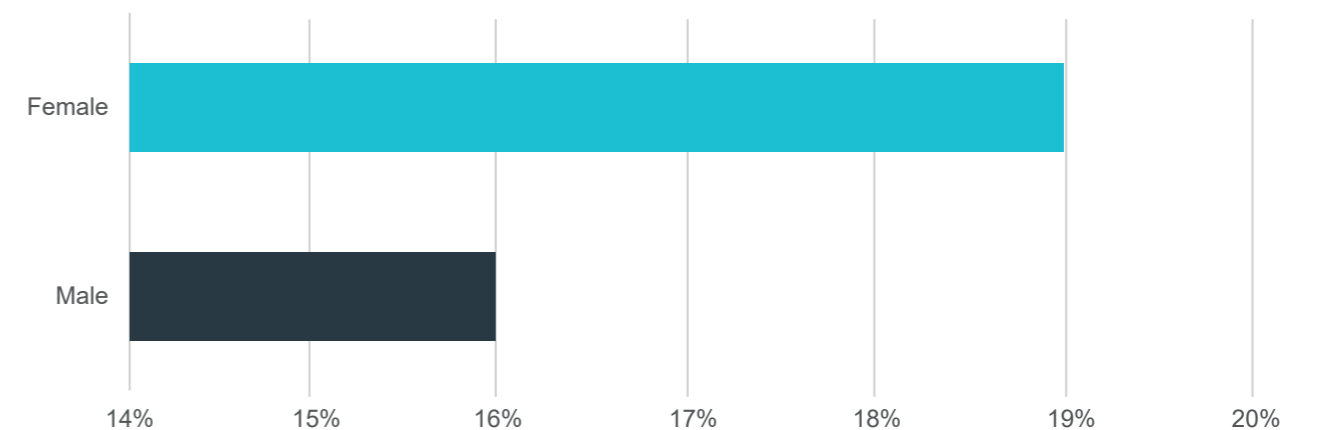
% of respondents who selected 'I've taken no actions'



% of respondents who selected 'more conversations with my adviser'



% of respondents who selected 'more family conversations without an adviser present'





# GEOGRAPHY AND OCCUPATION DIFFERENCES

The 2023 research highlights some interesting and important differences based on regional and occupation splits.

HNWIs based in the North are more concerned about geopolitical instability and a slowdown in the global economy. Wealthy individuals based in the South are more concerned about the amount of tax they have to pay and a potential collapse in the UK property market.

Southern HNWIs view themselves as less able to pay for later life care compared with their Northern counterparts. Whilst 87% of Northern HNWIs regard paying for later life care as important and 74% believe they have the ability to do so, 61% of Southern HNWIs regard this as important and only 28% believe they have the ability.

Providing a deposit for a home is the most common form of financial support provided by all HNWIs to beneficiaries (selected by 55% of respondents), but this rises to 61% of respondents from London compared to 44% of respondents from Scotland.

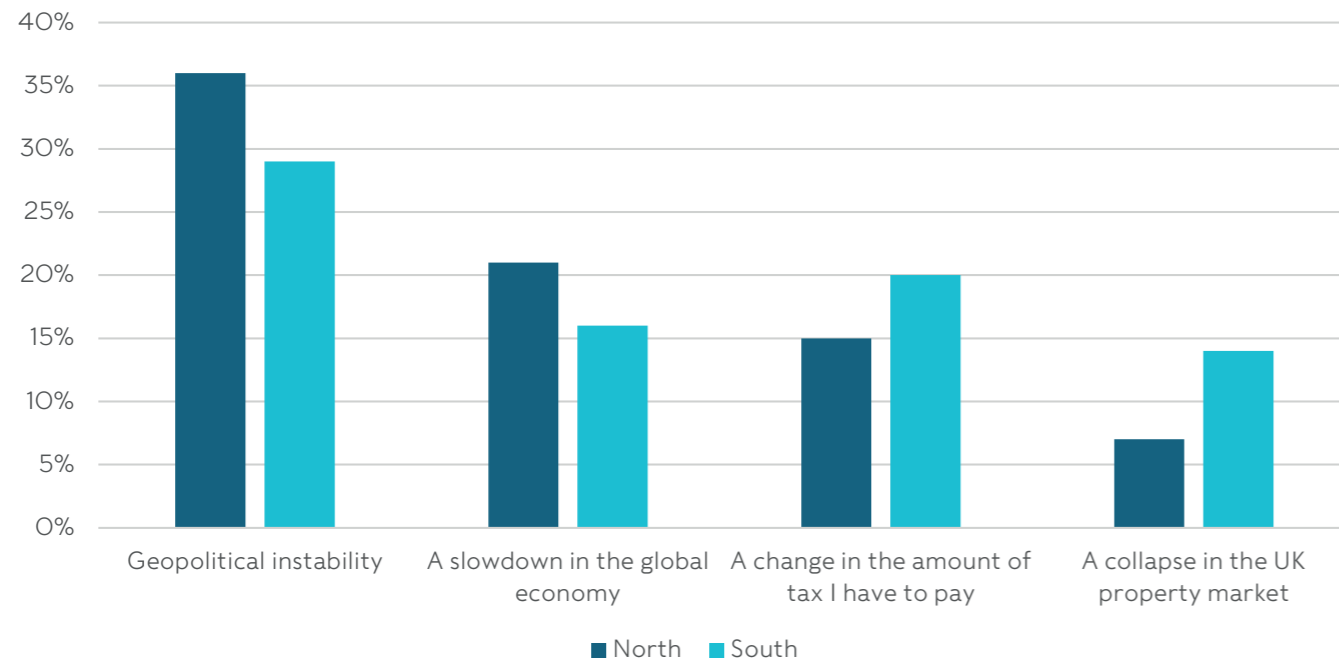
HNWIs from London are the group that cares least about creating a legacy (23%) in comparison to Scotland and the North of England.

When we look at occupation, three quarters (77%) of accountants feel they have enough time to control their finances compared to two thirds (63%) of lawyers.

More widely, our research shows that the biggest concern for accountants is a deterioration in general health and wellbeing, whereas for lawyers it is a long-term rise in inflation.

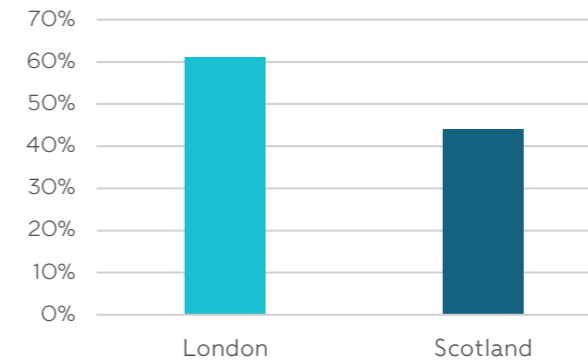
## TOP FINANCIAL WELLBEING CONCERNS – NORTH VS. SOUTH

% of respondents who selected each option as a concern



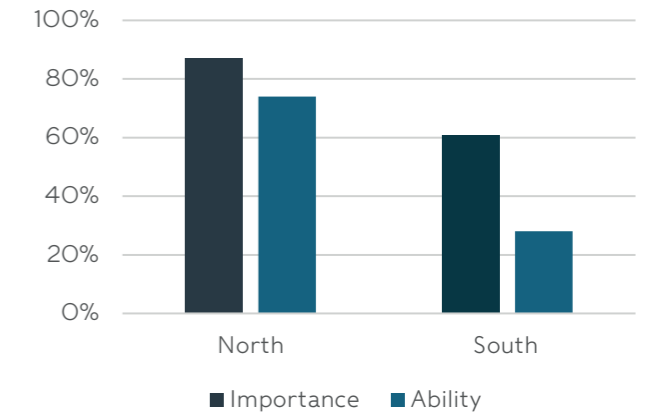
## DEPOSIT FOR A HOME – REGIONAL SPLIT

% of respondents who selected 'deposit for a home' as most common form of financial support



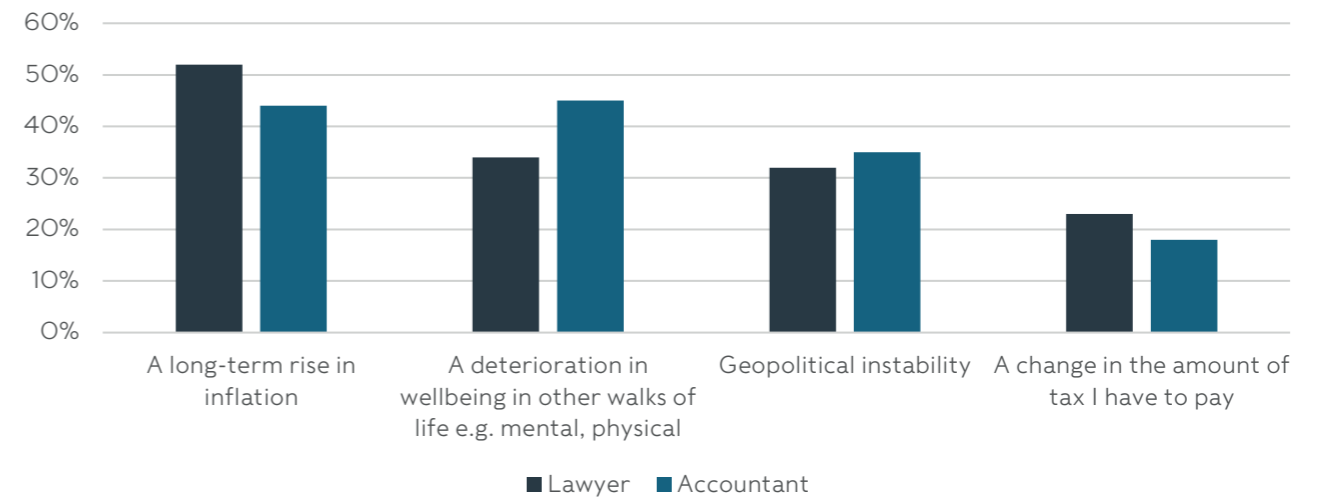
## LATER LIFE CARE – IMPORTANCE VS. ABILITY

% of respondents who regard later life care as important vs. % who feel able to pay for it



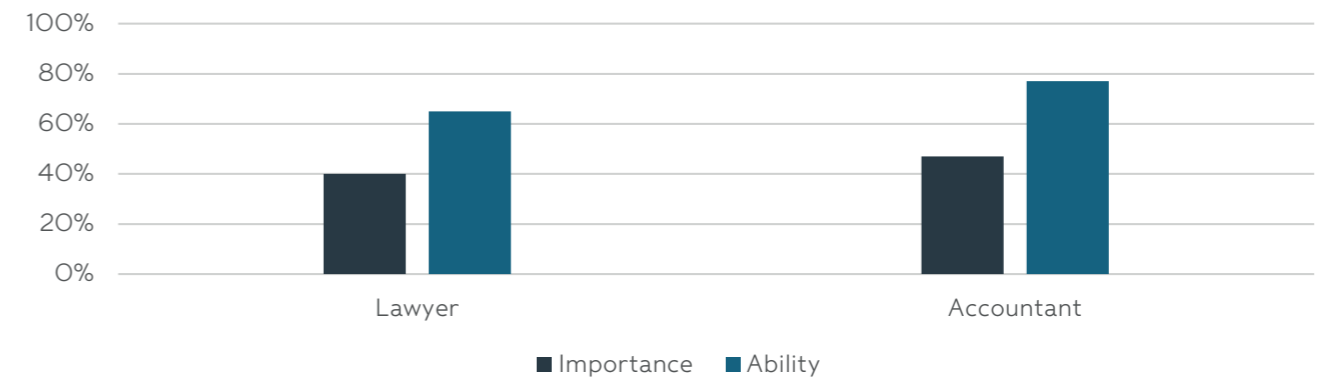
## TOP FINANCIAL WELLBEING CONCERNS – LAWYERS VS. ACCOUNTANTS

% of respondents who selected each option as a concern



## HAVING ENOUGH TIME TO TAKE CONTROL OF MY FINANCES – LAWYERS VS. ACCOUNTANTS

% of respondents who view having enough time to take control of finances as important vs. being able to do it



# SUMMARY AND RECOMMENDATIONS

## GENERAL WELLBEING IS A TOP PRIORITY FOR HNWIS.

One constant from our research over the last six years is that positive financial wellbeing is intrinsically linked to good general wellbeing.

A financial adviser can embody many roles, and talking to an adviser could help with more than you think.

Financial planning can add value not only to your investments, but to your general wellbeing, and adds a human element to your wealth management services.

## TARGETED SUPPORT AT KEY LIFE STAGES IS THE MOST COMMON FORM OF SUPPORT TO DEPENDENTS.

As with previous years of research, the most common form of financial support is targeted support at important life stages, with a deposit for a house being the most picked option.

Regular discussions with family members and speaking to your adviser alongside other members of your family can help with managing ways to financially support family members.

It is also sensible to review your inheritance tax plan, after the last few years of uncertainty.

## PAYING FOR LONG-TERM CARE AND PENSION PLANNING ARE A TOP CONCERN.

In general, life expectancy is increasing and therefore some HNWIs are having to support, or plan to support, multiple generations. This can include paying for long-term care for a spouse, partner or parent, while also providing financial support to children.

Even if you're not yet approaching retirement age, it is sensible to review your pension plan and ensure that you are in a good position to provide for yourself and your beneficiaries in later life.

The value of investments and the income from them may go down as well as up and you may not get back what you invested.

## FINANCIAL UNCERTAINTY IS NOT LEADING TO EXTENSIVE ACTION.

Many interviewees spoke to us about their concern over the general uncertainty in the financial markets, but also said that they weren't taking action in terms of their financial arrangements. For some this was because of information overload, for others a sense of caution.

A financial adviser can help create awareness of your financial reality. Doing nothing doesn't help, but delegating accountability to a financial adviser can help achieve peace of mind.

## FINANCIAL WELLBEING IS PERSONAL.

This research highlights some of the common themes and trends that we've identified among HNWIs in 2023 and over the last few years.

While it's helpful to see how other people like you think, it's important to recognise that everyone is different. And, perhaps most importantly, financial goals and priorities often change over time.

Speaking to a financial adviser about your specific situation will allow you to discuss your individual anxieties, challenges and opportunities. By doing so, the process will help you determine financial goals and support your journey to financial wellbeing.



# GET IN TOUCH

**WHATEVER YOUR CURRENT SITUATION OR LONG-TERM GOALS, OUR FINANCIAL PLANNING SERVICES CAN HELP YOU CHART A COURSE TO REACH THEM.**

**GET IN TOUCH TO SPEAK TO ONE OF OUR FRIENDLY TEAM AND FIND OUT HOW WE CAN SUPPORT YOUR FINANCIAL WELLBEING.**

The first step for most people is to meet one of our professionals to discuss your needs. Meetings can be held at one of our offices across the UK or at a location to suit you.

If you would like further information or to arrange an initial meeting, please visit [www.rathbones.com/contact-rathbones](http://www.rathbones.com/contact-rathbones)

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