U.S. TRUST
Bank of America Private Wealth Management

May 23, 2016
Reporters May Contact:
Julia Ehrenfeld, U.S. Trust, 1.646.855.3267
julia.ehrenfeld@bankofamerica.com

U.S. Trust Study Finds 10 Common Success Traits for Building and Sustaining Wealth

77 Percent of HNW Surveyed Came From Low- to Moderate-Income Families

NEW YORK – The 2016 U.S. Trust Insights on Wealth and Worth® survey released today found 10 common success traits that create a picture of modern day wealth in America.

"Perceptions of the wealthy in history and popular culture have been painted with a broad brush that doesn't reflect the majority of financially successful people in society," said Keith Banks, president of U.S. Trust. "The insights we've gained through extensive research over the years give us a more accurate portrait of the modern day wealthy. It's an increasingly diverse group of men and women of all ages and backgrounds. Their advantage in life is not rare financial privilege but rather basic values, discipline and sense of potential shaped by family from an early age, which equipped them to make the most of every opportunity."

Based on a nationwide survey of 684 high net worth (HNW) individuals with at least $3 million in investable assets, the 2016 U.S. Trust Insights on Wealth and Worth survey explores who the wealthy are, where they came from, how they built and are sustaining their wealth and what they want to do with it.

When asked what they themselves attribute most to their success, the top three responses were: Hard work, ambition and family upbringing. Through extensive analysis of survey findings, U.S. Trust found these similar characteristics about the wealthy:

1. They built wealth over time: 77 percent of those surveyed came from middle class or lower backgrounds, including 19 percent who grew up poor. They earned wealth over time, most of it through income from work and investing.
2. Basic, long-term approach to investing: 86 percent of HNW investors made their biggest investment gains through long-term buy and hold strategies, traditional stocks and bonds (89 percent) and a series of small wins (83 percent) versus taking big investment risks. Their use of more sophisticated investments grows as their wealth increases.
3. Opportunistically optimistic investors: More HNW investors are optimistic than pessimistic about investment returns over the next 12 months. Nearly three in five keep more than 10 percent of their investment portfolios in cash positions, including one in five with more than 25 percent in cash on hand. Their top reason

for doing so is for opportunistic purposes, including being in a position to invest on a sudden market downturn or rising trend.

4. Use credit strategically: Nearly two-thirds consider credit as a means to strategically build their wealth. Four in five say they know when and how to use credit as financial advantage.
5. Make tax-conscious investment decisions: HNW investors know that real investment returns are really negative returns if they are gobbled up by taxes. Fifty-five percent agree investment decisions that factor in potential tax implications is better than pursuing higher returns regardless of the tax implications.
6. Invest in valuable tangible assets: 48 percent of HNW investors invest in tangible assets, such as farmland, investment real estate and timber properties that can produce income and grow over time with legacy value. One in five collects fine art, including one in three ultra high net worth art collectors who are now using art as an alternative asset class and a core part of their wealth structuring and philanthropic giving strategies.
7. Disciplined savers; opportunistic buyers: 81 percent of HNW investors say that investing to reach long-term goals is more important than funding current wants and needs. This disciplined approach to saving and investing was instilled at an early age and becomes easier with the financial freedom that wealth affords.
8. Advantage in life is family values and upbringing: Four in five wealthy people came from families where their parents encouraged them to pursue their own talents and interests, but set firm disciplinary boundaries and, for the most part, were tolerant of failures and mistakes along the way. The five family values most strongly stressed during their formative years were: Academic achievement, financial discipline, work participation, family loyalty and civic duty.
9. Strong family tradition of philanthropy: 65 percent say there is a strong tradition of philanthropy and giving back to society within their family.
10. Marriage is a life-long partnership: 86 percent of the wealthy surveyed are married or are in a long-term relationship. Most stayed married to the same person, avoiding the financial setback that divorce often creates. They tend to divide, rather than share, roles and responsibilities at home, including financial and non-financial contributions to family wealth, such as caretaking for children. Almost all discuss important goals and values about the use of money.

While the survey found common traits across all ages and wealth levels, U.S. Trust also found distinct generational differences suggesting the next generation of young, high net worth millennials is taking its own approach to building and managing wealth.
The findings portray millennials are highly optimistic, opportunistic and knowledgeable investors, who are especially entrepreneurial and confident in their ability to improve their own circumstances while making the world a better place for themselves and others.

“It is noteworthy that while the survey uncovered several examples of generational differences, the one common thread that cut across all generations was the importance and impact of family values as key contributors to success,” said Chris Heilmann, chief fiduciary executive of U.S. Trust. “As such, today’s advisors should be mindful of that focus to engage in values based planning conversations with their clients.”

360 degrees of positive impact: A common denominator

Overall, 72 percent of people surveyed said they have greater confidence in the private sector’s ability to solve tough social and environmental issues than in the government’s. Sixty percent believe that private money invested in public works and social programs can produce superior outcomes.

A common denominator among all those surveyed is the importance they place on contributing in a meaningful and positive way to society, the economy and strong communities, and they look to do so in as many areas of their lives and in as ways as they can

U.S. Trust found that the use of impact investments grew by double digits over the past year among high net worth millennials and women, with the greatest one-year increase among the ultra high net worth, 27 percent of whom now use social and environmental impact in their investing strategies, up from 9 percent in 2015.

Twenty-eight percent of millennials surveyed now use impact investments, up from 17 percent a year ago. Another 57 percent are interested, up from 43 percent a year ago. Fully 85 percent of millennials say they consider their investment decisions as a way to express their social, political and environmental values, and 93 percent indicate that a company’s impact in these areas is an important consideration when they make investment decisions.

Investing is one of many ways the HNW are using their wealth to contribute to society. The study found:

- Nearly three-quarters give financially to nonprofit organizations and causes, and they consider philanthropic giving the No. 1 way they make the greatest contribution. Another 61 percent actively volunteer their time, skills and services to nonprofit organizations. Sixteen percent work for a nonprofit organization.
- Approximately one in four serves as a board or committee member at a nonprofit organization; of those who serve, 57 percent serve on two or more boards or committees for local community groups, schools, nonprofits or for-profit organizations.
- Eighty-seven percent believe that businesses and individuals are most effective at creating better economic opportunities and a higher standard of living for more people, with small businesses most cited most.
- From a national policy perspective, the most effective ways to stimulate the economy are considered by all those surveyed to be: comprehensive tax reform (60 percent), investments in infrastructure (46 percent), increasing the rate of business start-ups (40 percent), and investments in new innovation and research (40 percent).

- Only 10 percent believe the government is most effective at creating economic opportunities, and 65 percent believe no matter who wins the presidential election in 2016, economic equality in the country will be worse or no better if left entirely to government to address.
- While 70 percent are confident in the growth of the national economy, more are confident about their own local economies, where they can more directly make a difference as business owners and through local leadership, involvement and philanthropy.

When asked why making a contribution is so important, the top five reasons given were: To support their values and interests; belief that the wealthy have a moral obligation to share their good fortune with those less fortunate; a strong desire and sense of potential to change the world for the better; a family of giving back; and a sense of gratitude for the support they were given in a time when they had less and needed the help.

The complete 2016 U.S. Trust Insights on Wealth and Worth survey findings can be found at www.ustrust.com/survey.

Survey Methodology

The 2016 U.S. Trust Insights on Wealth and Worth® survey is based on a nationwide survey of 684 high net worth and ultra high net worth adults, of which, 242 are business owners, with at least $3 million in investable assets, not including the value of their primary residence. Respondents were equally divided among those who have between $3 million and $5 million, $5 million and $10 million, and $10 million or more in investable assets. The survey was conducted online by the independent research firm Phoenix Marketing International and completed in February 2016. Asset information was self-reported by the respondent. Verification for respondent qualification occurred at the panel company, using algorithms in place to ensure consistency of information provided, and was confirmed with questions from the survey itself. All data have been tested for statistical significance at the 95 percent confidence level.

U.S. Trust

U.S. Trust, Bank of America Private Wealth Management is a leading private wealth management organization providing vast resources and customized solutions to help meet clients' wealth structuring, investment management, banking and credit needs. Clients are served by teams of experienced advisors offering a range of financial services, including investment management, financial and succession planning, philanthropic and specialty asset management, family office services, custom credit solutions, financial administration and family trust stewardship.

U.S. Trust is part of the Global Wealth and Investment Management unit of Bank of America, N.A., which is a global leader in wealth management, private banking and retail brokerage. U.S. Trust employs more than 4,000 professionals and maintains 93 offices in 31 states.

As part of Bank of America, U.S. Trust can provide access to a broad range of banking solutions for individuals and businesses, and an extensive retail banking platform.

Bank of America
Bank of America is one of the world's leading financial institutions, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 47 million consumer and small business relationships with approximately 4,700 retail financial centers, approximately 16,000 ATMs, and award-winning online banking with approximately 33 million active users and approximately 20 million mobile users. Bank of America is a global leader in wealth management, corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 3 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico and more than 35 countries. Bank of America Corporation stock (NYSE: BAC) is listed on the New York Stock Exchange.

Visit the Bank of America newsroom for more Bank of America news, and click here to register for news email alerts.

www.bankofamerica.com

U.S. Trust operates through Bank of America, N.A., and other subsidiaries of Bank of America Corporation.

Bank of America, N.A., Member FDIC.

© 2016 Bank of America Corporation. All rights reserved.

###