

## REACTION TO GROWING NUMBER OF MILLIONAIRES

### Millionaires, they're everywhere!

For the 10th consecutive year, Spectrem's *Market Insights* report determined that there were more Millionaires in America than in the previous year. From 2017 to 2018, the number of Americans with at least \$1 million in net worth (not including the value of their primary residence) grew from 11.5 million to 11.8 million, a growth of 300,000 people, less than 3 percent growth. The increase from 2017 to 2018 was actually less than half the increase from 2016 to 2017, when there were 700,000 more Millionaire Americans over the 12-month period.

That's a large number of Millionaires. Remarkably, it is exactly double the number of Millionaires reported in 2008, when the Great Recession dropped the number of Millionaires in America from 8 million in 2007 to 5.9 million the following year. The last 10 years have been spent recovering those lost Millionaires and moving well past that 8 million number.

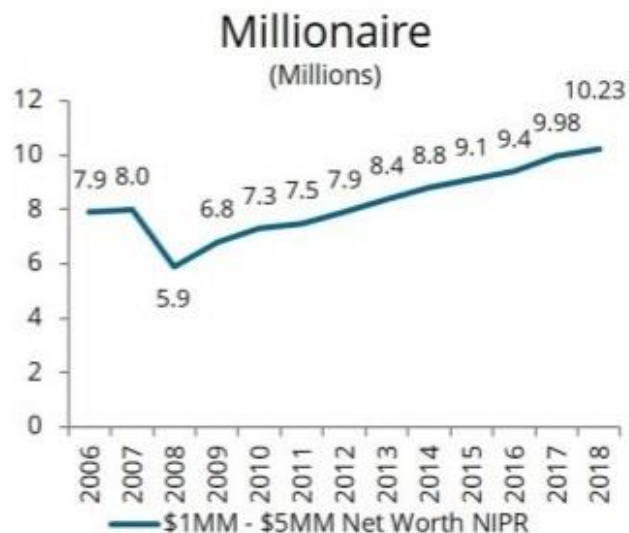
Every year, the news of additional Millionaires draws attention from the financial media. Bloomberg noted that the number of Millionaires was roughly the same as the entire population of European countries such as Sweden or Portugal.

Some observers noted that the increase from 2017 to 2018 was less than half of the increase from 2016 to 2017 to indicate that economic factors which produced additional growth stalled in 2018.

"Some of this slowing in wealth creation has to be expected due in part to softening equity markets, after almost a decade of very strong returns, coupled with the early effects of the tax reform on affluent households," said Greg Soueid, head of wealth management at advisory firm Treliant, as quoted in an article from *Bloomberg News*. "That said, the growth rate of wealthy households continues to outpace middle-class growth rates."

The article references the fact that the growth of Americans with a net worth between \$1 million and \$5 million (referred to as "Millionaires" in the Spectrem wealth segmentation) was 2.5 percent from 2017 to 2018, compared to a growth rate of 3.7 percent for the Ultra High Net Worth investors with a net worth between \$5 million and \$25 million.

### Total Households - 2006-2018



Byron Ellis, the managing director of United Capital Financial Advisors, noted the *Market Insights* research in his weekly blog while making the point that being a Millionaire ain't what it used to be.

"I remember a reporter asking me decades ago if someone could retire comfortably on one million dollars," Ellis wrote. "Back then I said it depends—and I still say the same thing. It is estimated that 5–6% of Americans are millionaires, according to Spectrem *Market Insights 2019*. While this is a small percentage, there are still many people who have hit that lofty number. But does that number guarantee you happiness? Does that number even get close to what you need to be financially independent? I say no, in most cases."

Beyond the sheer numbers, *ThinkAdvisor* pointed out that Spectrem demographics indicated that Millennials now make up the largest portion of the \$25 million segment. That information came from the 2018 biannual study of the \$25 million plus investor population, *The Wealthiest Americans*.

The *ThinkAdvisor* article also pointed out that the Millennials in the \$25 million segment have a notably higher net worth than the older counterparts, with an average net worth of \$164 million, slightly higher than the \$160 million reported from Gen X investors and almost double the \$85.6 million reported from Baby Boomers in the segment.

The 2019 *Market Insights* report shows that since 2008, there have been four years in which the total number of Americans with a net worth between \$1 million and \$5 million grew by at least half a million. In 2009, it grew by 900,000; the next year added another 500,000; from 2012 to 2013 the total grew again by 500,000 ; and then, in 2017, the total grew by almost 600,000, to 9.98 million Millionaires.

The study also looks at investors with a net worth over \$25 million, and there have been years when that population has grown significantly since 2008.

In 2008, the number of \$25 million plus investors dropped from 125,000 to 84,000, a decrease of almost 35 percent. It took five years to recover from the Great Recession as it is related to the wealthiest Americans; in 2013, the total rose by 15,000 to reach 132,000. It was not, however, the largest growth in the market in the 10 years following the Great Recession.

In 2017, the number of \$25 million plus investors grew from 156,000 to 172,000, an addition of 16,000 which translates to a 10-percent growth.

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