Adding Value in an Era of Uncertainty
Divergence in Current and Future Millionaire Sentiment Accentuates the Importance of Having an Advisor
Executive Summary

Fidelity’s Millionaire Outlook sentiment is at its most dramatic disconnect: highest ever current financial outlook and near-record lowest future financial outlook.

Given the changing needs of investors, as well as economically uncertain times, advisors need to provide fulfillment and peace of mind to prove their worth and to help calm investor anxiety.

Uncertain times highlight opportunities for the value an advisor provides...

- The value of real estate is mostly driving positive current outlook, compared to last year when stock market sentiment was most positive
- Millionaires are most skeptical about the future of both the economy and the stock market, signifying great uncertainty (more uncertainty since before the 2008 financial crisis)

Paid advisor usage among Millionaires is up since last year

Millionaires more often feel that their advisor has proven his / her worth compared to the previous year

Even millionaires without advisors are willing to pay for one who can help them take advantage of the recent tax reforms – a huge area of opportunity

...but there is more sustained value that an advisor can provide:

- Millionaire Advice and Non-Advice users are willing to pay more for many higher-level value services an advisor could provide.

Financial Planning
Developing a holistic financial plan based on investors’ long and short term goals

Peace of mind
Making financial decisions easy for investors

Fulfillment
Providing a roadmap for how investors can achieve their lifetime goals / dreams
Focus on IQ, EQ, DQ to Deliver Value

Advisors need to focus not just on IQ, but EQ and DQ* as well in order to deliver high levels of value to clients and prospects:

Advisors say listening / empathy skills and communication skills (or EQ) are ahead of sales ability as skills most useful to an advisor

Two-thirds mention problem solving ability is most useful (or IQ)¹

Half of Millionaires say if they were in the market for a new advisor, they’d be more likely to consider one that uses the latest technology (or DQ)

Advisors who perform well across IQ, EQ, and DQ areas are rewarded by their clients:

- Higher likelihood to recommend the advisor
- More referrals
- More likely to follow the advisor should they leave their current firm

*EQ = emotional quotient, such as listening and empathy skills, IQ = intelligence quotient, such as analytic and problem-solving skills, DQ = digital quotient, such as use of technology to support client interactions/collaboration as well as internal processes

¹2018 Fidelity Financial Advisor Community – Talent and Diversity Study
## What’s inside?

1. An Overview of the Millionaire Profile
2. An Introduction to the Millionaire Outlook
3. Uncertainty Can Mean Opportunity for Advisors to Provide Value
4. Focus on IQ, EQ, DQ to Deliver on Value Stack
Millionaire Profile
Facts at a Glance: Profile of Millionaires in the Study

About the Research
The 2018 Fidelity Millionaire Outlook Study was conducted during the period March 22nd through May 8th, 2018. It surveyed a total of 1,429 investors, including 639 Millionaires. The study was conducted via a 25-minute online survey, with the sample provided by Kantar, a third-party firm not affiliated with Fidelity. Respondents were screened for a minimum level of investable assets (excluding retirement assets and primary residence), age, and income levels. Statistics shown throughout this deck are from the 2018 Millionaire Outlook Study unless otherwise noted.
Millionaire Outlook
The Millionaire Outlook Confidence Index

Fidelity has been tracking Millionaire sentiment for over 10 years via its Millionaire Outlook Confidence Index, since prior to the 2008 financial crisis.

The Current Millionaire Outlook Confidence Index (‘Current Outlook’) consists of five measures based on millionaires’ assessment of the current strength or weakness of the following:

- Economy
- Stock market
- Value of real estate
- Consumer spending
- Business spending

The ‘Current Outlook’ aggregate index is compiled based on the five separate measures and can be positive or negative.

The ‘Future Outlook’ aggregate index consists of the same five measures based on Millionaires’ assessment of how much stronger or weaker they think each will be a year from now, compared to today.
Historically, the strongest current millionaire outlook is coupled with one of the weakest future millionaire outlooks. The current outlook is at all-time high among millionaires. Investors without advisors are more skeptical about the future.
The Importance of Having an Advisor is Evident During Periods of Market Volatility

S&P 500 and Future Outlook Comparison (by Advisor Usage)
During Fielding (Mar 22 - May 08, 2018)

Data collection occurred after a downswing in the market which likely helped to shape future outlook, but having an advisor mitigated concerns about the future to a degree.

Investors with an advisor:

- 62% in 2017
- 66% in 2018

Sources: S&P Dow Jones Indices LLC, 2018 Fidelity Investor Insights Study
The economy and the stock market are the areas of biggest concern among investors without advisors. These are also areas where advisors can play more of a role in shaping sentiment, and may be an opportunity for you to reach non-advised investors.

Advisors Can Tailor Their Communications to Address Areas of Greatest Concern Among Millionaires

<table>
<thead>
<tr>
<th></th>
<th>Value of real estate</th>
<th>Consumer spending</th>
<th>Business spending</th>
<th>Economy</th>
<th>Stock market</th>
<th>Aggregate index</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Driving positivity</strong></td>
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<tr>
<td>Advice Users</td>
<td>62</td>
<td>53</td>
<td>46</td>
<td>45</td>
<td>37</td>
<td>49</td>
</tr>
<tr>
<td>Non-advice Users</td>
<td>66</td>
<td>55</td>
<td>36</td>
<td>45</td>
<td>32</td>
<td>47</td>
</tr>
<tr>
<td><strong>Current outlook</strong></td>
<td></td>
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<tr>
<td></td>
<td>-6</td>
<td>-6</td>
<td>&lt;0.05</td>
<td>-11</td>
<td>-19</td>
<td>-5</td>
</tr>
<tr>
<td><strong>Future outlook</strong></td>
<td></td>
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<tr>
<td></td>
<td>22</td>
<td>8</td>
<td>20</td>
<td>9</td>
<td>7</td>
<td>13</td>
</tr>
</tbody>
</table>

Driving negativity

Index: Range 100 to -100 (see slide 9)
Uncertainty Can Mean Opportunity for Advisors to Provide Value
Millionaires’ Perceptions of Their Advisor “Proving Their Worth” Continue to Strengthen

“My Primary FA has really proved his/her worth over the past year” (Advice users - % Agree, top 2 ratings)

The recent bull market run coupled with uncertainty about the future may be playing a role in Millionaires valuing their advisors even more.
Navigating the Latest Tax Reforms May Be a Key Opportunity to Develop New Client Relationships and Deepen Existing Ones

Most advice-users think having an advisor is important to understanding how to deal with the latest tax reforms. Given the Advice Users’ willingness to pay more for an advisor who can help with tax reform, advisors have an opportunity to deepen relationships with existing clients.

Additionally, nearly half of those without an advisor would be willing to pay more for an advisor who can help navigate the latest tax reforms.

Attitude towards financial advice

63% Agree (top 2)

“I feel a financial advisor is important to have to understand how to deal with the latest tax reforms”
(Millionaires with an advisor)

Reasons for paying more for an FA

55% Agree (top 2)

“Helps me take full advantage of the recent tax reforms and minimize taxes”
(All Millionaires)

59% with advisor, 46% without an advisor
59% of deca-millionaires*

Reasons for choosing an advisor:

“Was able to help me minimize my taxes / take advantage of tax reforms” 10% mentioned as one of the top 5 answers

* Definition of deca-millionaire: $10M + in investable assets, excluding employer-sponsored 401(k) assets and real estate.
But Many Advisors Seem to be Missing the Opportunity to Help Guide Investors in this Area

Primary advisor actions in response to tax reforms

- None/Nothing/NA: 39%
- I reached out first to my primary advisor to discuss the potential impact of tax reforms to my investments: 17%
- My primary advisor reached out to me by phone or in person to discuss the potential impact of tax reforms to my investments: 27%
- My primary advisor reached out to me via a personal email to discuss the potential impact of tax reforms to my investments: 11%
- Got a generic email from my primary advisor or his/her firm about the potential impact of tax reforms to clients’ investments: 4%

Most advisors have neglected bringing up tax reform, with 17% of Millionaires bringing it up on their own. Only 4 in 10 Millionaire Advice Users report that their FAs proactively reached out to them regarding the impact of tax reforms. This represents a huge missed opportunity given willingness to pay.

Given that these types of regulatory changes are consistently in the news cycle and may be top-of-mind with millionaires, advisors should consider starting the conversation to help alleviate any fears investors may have.
Clients’ perceptions of value are changing.

They are looking for advisors to provide multiple types of value, and they are willing to pay for them.

Managing the money well is foundational to any advisory relationship but has become ‘table stakes’ given the amount of information and online tools available to today’s investors. Investors today have more holistic needs including comprehensive planning, education, organization, and help with achieving their life goals.
Introducing The Advice Value Stack®

Fidelity introduced the Advice Value Stack® to capture the ways in which investor perceptions of value are changing in the advice industry.

The Advice Value Stack® suggests that advisors start by managing their clients’ money, build upon that to help clients achieve their goals and peace of mind, and then ultimately help clients reach fulfillment: a sense that they have accomplished their life’s purpose and are leaving a legacy.

Investment Management is Core to the Value Millionaires Perceive From Advisors, But Nearly Half Want Higher-Level Value Stack Services

Where would you get most value from a paid financial advisor?

- Helping you achieve not just your financial goals but your overall life goals / ambitions / dreams
- Peace of mind via providing overall roadmap and keeping you on track to achieve your financial goals
- Financial planning (related to financial goals ex. retirement, college savings, estate planning, etc.)
- Investment or portfolio management

Question: Please allocate 100 points across these areas, based on where you think you would get the most value from a paid financial advisor.

Non-Advice Users value higher level value stack services even more than Advice Users, as they’re more self-directed in investing. This represents an opportunity for advisors to develop and market these types of services.

Advice Users indicate their advisors spend more time on Investment Management than they necessarily value (62% vs. 57%).
Advice Users Value Advisors Who Offer Money Management and Planning More, But Even Non-Advice Users Find Value in These Areas

Reasons for Paying More for an Advisor (Agree, Top 2 Ratings)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Advice Users</th>
<th>Non-advice Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creates a holistic financial plan for me based on my long and short-term goals</td>
<td>23%</td>
<td>46%</td>
</tr>
<tr>
<td>Helps me on an ongoing basis as I try to stick to my financial plan to reach my goals</td>
<td>24%</td>
<td>53%</td>
</tr>
<tr>
<td>Helps me take full advantage of the recent tax reforms and minimize taxes I have to pay</td>
<td>46%</td>
<td>59%</td>
</tr>
<tr>
<td>Delivers investment returns above benchmark indices</td>
<td>47%</td>
<td>66%</td>
</tr>
</tbody>
</table>
Providing Millionaires Not Only Peace of Mind, But Fulfillment (Via a Clearly Defined Roadmap For Life Goals, For Example) is a Huge Opportunity

Reasons for Paying More for an Advisor (Agree, Top 2 Ratings)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Advice Users</th>
<th>Non-advice Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps motivate me to reach my life goals, not just my financial goals</td>
<td>12%</td>
<td>31%</td>
</tr>
<tr>
<td>Helps me think through the type of legacy I’d like to leave behind in the world</td>
<td>19%</td>
<td>32%</td>
</tr>
<tr>
<td>Provides a clearly defined roadmap of how I can financially achieve all of my lifetime goals / dreams</td>
<td>26%</td>
<td>53%</td>
</tr>
<tr>
<td>Makes sure that all of my family feels included in important decisions</td>
<td>16%</td>
<td>34%</td>
</tr>
<tr>
<td>Reduces my anxiety about money</td>
<td>21%</td>
<td>41%</td>
</tr>
<tr>
<td>Can help with end-of-life financial decisions and ensuring my loved ones are provided for</td>
<td>28%</td>
<td>43%</td>
</tr>
<tr>
<td>Helps me organize and simplify my financial life</td>
<td>25%</td>
<td>45%</td>
</tr>
<tr>
<td>Really goes out of their way to get to know me as a whole person, not just as a client</td>
<td>27%</td>
<td>54%</td>
</tr>
<tr>
<td>Makes financial decisions easy for me</td>
<td>29%</td>
<td>57%</td>
</tr>
<tr>
<td>Takes the time to educate me on all of my financial options</td>
<td>36%</td>
<td>58%</td>
</tr>
</tbody>
</table>
Focus on IQ, EQ, DQ to Deliver on the Value Stack
New Growth Engines

Now let’s move to a framework for how you can think about aligning your resources to deliver on the value stack.

These are the new growth engines:

**Intelligence Quotient (IQ):**
- While the information advantage is gone, the ability to apply intelligence – and bring in specialty intelligence – will continue to be an unfair advantage for this industry.
- Robo-solutions and artificial intelligence (AI) may help advisors deploy IQ across the entire value stack.

**Emotional Quotient (EQ):**
- Leveraging EQ signifies a shift in the value advisors have historically delivered: from money management and science “core” to a human behavior “core”.
- The power to demonstrate value during the moments that matter most in your clients’ lives will help you deliver to the top levels of the value stack.

**Digital Quotient (DQ):**
- DQ is a must-have for investors and advisors alike.
- Having a digitally-savvy advisor is important to investors.
- Firms need infrastructure that enables investors and advisors to have a digital experience.

Our data on the following page shows that advisors who can deliver across these engines experience greater client loyalty.
Advisors Recognize the Need for EQ and IQ to Help Them Deliver at the Top Levels of the Value Stack

Advisors tell us they believe **EQ skills are as important as IQ skills** in their role.¹

<table>
<thead>
<tr>
<th>Skill</th>
<th>% of advisors that feel the skill has best served them</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem-solving ability</td>
<td>64%</td>
</tr>
<tr>
<td>Communication skills</td>
<td>66%</td>
</tr>
<tr>
<td>Interpersonal skills/sociability</td>
<td>62%</td>
</tr>
<tr>
<td>Sales ability</td>
<td>45%</td>
</tr>
<tr>
<td>Analytical/research/quantitative skills</td>
<td>32%</td>
</tr>
<tr>
<td>Listening skills/empathy</td>
<td>70%</td>
</tr>
</tbody>
</table>
Millionaires, Especially Younger and Wealthier Millionaires, Expect Their Advisors to Have High DQ Skills As Well

<table>
<thead>
<tr>
<th>Attitudes towards advisors’ use of technology</th>
<th>Younger millionaires (GEN X/Y)* are even more likely to agree with these statements</th>
<th>Deca-millionaires** are also somewhat more likely to agree with some of these statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>If I were in the market for a financial advisor I would be more likely to consider an advisor that uses the latest technology</td>
<td>If I were in the market for a financial advisor I would be more likely to consider an advisor that uses the latest technology</td>
<td>51%</td>
</tr>
<tr>
<td>I would change my financial advisor if he/she wasn’t using technology to enhance his/her services</td>
<td>I would change my financial advisor if he/she wasn’t using technology to enhance his/her services</td>
<td>28%</td>
</tr>
<tr>
<td>I have a significantly more positive impression of financial advisors who have a good website</td>
<td>I have a significantly more positive impression of financial advisors who have a good website</td>
<td>33%</td>
</tr>
<tr>
<td>I am more likely to relate to a financial advisor that has a social media presence</td>
<td>I am more likely to relate to a financial advisor that has a social media presence</td>
<td>8%</td>
</tr>
</tbody>
</table>

* Gen Y (Born 1981-1996), Gen X (Born 1965-1980), Boomers+ (Born Up To 1964)  
** Definition of deca-millionaire: $10M + in investable assets, excluding employer-sponsored 401(k) assets and real estate.
Millionaires With Strong Advisor Relationships* Identify Specific Areas Where Their Advisors Have Performed Well

IQ Advisor Skills
• Simplifies all the aspects of my financial life
• Frees me from having to make investment decisions so I can focus on other things
• Focuses more on the long-term health and growth of my investment portfolio
• Helps me take advantage of the recent tax reforms and minimize the taxes I have to pay

EQ Advisor Skills
• Offers more holistic financial planning services, not just investment management
• Makes sure my personal life is reflected in the investment strategy he/she has created for me
• Includes my spouse/partner in our financial conversations
• Includes my children in our financial conversations
• Helps me achieve my financial goals
• Understands my current life situation or life stage and advises appropriately
• Doesn’t talk over my head; explains investing options clearly
• Helps me think through how my financial decisions will ultimately impact my loved ones

DQ Advisor Skills
• Uses technology to enhance the services he/she provides to me
• Leverages technology to be more accessible
• Uses technology to encourage collaboration between us
• Has a strong online presence (e.g., website, social media pages, blog)

* Strong advisor relationships: millionaires who rate their advisor greater than average on all items shown. These advisors are identified as high IQ/EQ/DQ.
Greater Loyalty and Referrals are Outcomes for These High IQ/EQ/DQ Advisors

Advisors who highly deliver across these high IQ/EQ/DQ areas are more likely to be recommended and referred.

While DQ should be considered ‘table stakes’ for all advisors, IQ and especially EQ are the stronger drivers for building loyalty:

1. Understands my current life situation or life stage and advises appropriately (EQ)
2. Helps me achieve my financial goals (EQ)
3. Simplifies all the aspects of my financial life (IQ)
4. Doesn’t talk over my head; explains investing options clearly (EQ)

By delivering on IQ, EQ, and DQ, advisors can provide millionaires the value that they seek and the support that they need.

* Strong advisor relationships: millionaires who rate their advisor greater than average on all items shown. These advisors are identified as high IQ/EQ/DQ.
Actions to Consider
Actions to Consider

Firms

1. Assess where your firm is in terms of delivering on the value stack
2. How can you support your clients in terms of improving IQ, EQ, and DQ at your firm?
   - Outsource non-core services, and specialty experience
   - Training for advisors
   - Optimizing firm for tech
   - Seek diverse talent to help support evolving investor demographic
3. Develop business and pricing models to support delivering value stack
4. Consider a client advisory board to target IQ, EQ improvements
5. Message to clients and prospects about higher end value stack services
Actions to Consider

Advisors

1. Take stock of IQ, EQ, DQ skill set
   - See next slide for checklist of IQ, EQ, DQ attributes

2. Seek education and further credentialing
   - Financial planning
   - Life coaching

3. Develop network for other referrals as needed to broaden services
   - Tax strategies
   - Estate planning

4. Utilize technology available at firm to the fullest – optimize CRM use, as well as tech communication and collaboration with clients

5. Message to clients about expanded holistic services to deepen relationships
Sample Advisor Checklist

**IQ**
- Simplify all the aspects of my clients’ financial lives
- Free clients from having to make investment decisions so they can focus on other things
- Focus on the long-term health and growth of your clients’ investment portfolios
- Help your clients take advantage of the recent tax reforms and minimize the taxes they have to pay

**EQ**
- Offer more holistic financial planning services, not just investment management
- Make sure clients’ personal lives are reflected in the investment strategy they have created with you
- Include clients’ spouse/partner in financial conversations
- Include clients’ children in financial conversations
- Help clients achieve financial goals
- Understand clients’ current life situations or life stages and advise appropriately
- Don’t talk over clients’ heads; explain investing options clearly
- Help clients think through how their financial decisions will ultimately impact loved ones

**DQ**
- Use technology to enhance the services you provide to clients
- Leverage technology to be more accessible
- Use technology to encourage collaboration between you and your clients
- Have a strong online presence (e.g., website, social media pages, blog)
Consider an advisor who can address needs beyond investment management

1. Discuss not only financial goals, but life goals, ambitions and dreams to best inform your advisor on how they can develop a specific roadmap to get you where you ultimately want to go.

2. Discuss your preferences for staying in touch with your advisor, learn the ways you can communicate/collaborate to help ensure that you stay on plan.
Explore these Fidelity resources for more information:

**Whitepapers:**
- New Engines of Growth
- The Value of Working with a Financial Advisor (available on institutional.fidelity.com)

**Article:**
- Climbing To The Top Of The Value Stack Pyramid

Visit clearingcustody.fidelity.com to access these resources
Appendix:
More About Millionaires
Mostly Self-Made, a Third of Millionaires’ Income is Devoted to Savings, and Most Have No Debt

**Income allocation**

- **Other Saving**
  - 13%
  - Cash, checking, savings, money market, CDs
- **Investment Savings**
  - 13%
  - Brokerage accounts, mutual funds, stocks, bonds, etc.
- **Retirement Savings**
  - 8%
  - 401K, IRA
- **Variable/discretionary expenses**
  - 38%
  - Entertainment, food, gasoline, clothing, credit card payments, etc.
- **Fixed expenses**
  - 28%
  - Mortgage, rent, car payments, real estate taxes, loan payments, etc.

**Household Debt (% reporting each type of debt)**

- **Auto Loan**
  - 12%
- **Credit Cards**
  - 15%
- **Mortgage**
  - 23%
- **None**
  - 59%

**Source of Wealth**

- **Inherited / increased by others**
  - 19%
- **Self earned / increased**
  - 81%
Goals vary in the short and long-term, but a key focus is supporting retirement lifestyles

Top short-term investment goals (n=639)

- **30%** Home improvement / repairs
- **27%** Saving for a vacation
- **26%** Contributing more to retirement savings/investments

### Top investment goals

- **Supporting the lifestyle I want in retirement** 42%
- **Maintaining my household’s wealth** 36%
- **Increasing my household’s wealth** 26%
- **Supporting the lifestyle I have today** 24%
- **Providing for my family’s financial security** 24%
- **Planning for healthcare expenses in retirement** 20%
- **Minimizing my tax bill** 20%
- **Passing wealth to my children, grandchildren, or other heirs** 19%
- **Estate planning/Effectively manage my trust and estate** 17%
- **Protecting against future inflation** 10%

△ **36%** Increase in a desire to support retirement lifestyle compared to last year
Individual Stocks, Mutual Funds, And ETFs Are The Most Common Investment Products Among Millionaires; On Average, Each Investor Holds 5 Products

Average # of products: 5.1

Compared to last year, less domestic blended bond and equity mutual funds, international securities, venture capital, derivatives, foreign currency, charitable products or other (precious metals/collectibles)

Individual stocks, mutual funds, and ETFs are the most common investment products among millionaires

- **Equity Exchange Traded Funds (ETFs)**: 31%
- **Bond Exchange Traded Funds (ETFs)**: 15%
- **Domestic equity mutual funds**: 52%
- **Domestic bond mutual funds**: 41%
- **Domestic blended bond and equity mutual funds**: 30% ▼ 2017: 39%
- **International mutual funds**: 30%
- **Individual domestic stocks**: 68%
- **CDs/MMA/Cash equivalents**: 47%
- **Individual domestic bonds**: 31%
- **Real estate investments**: 31%
- **Managed accounts**: 27%
- **International/emerging individual securities**: 12% ▼ 2017: 20%
- **Alternative investments**: 11%
- **Venture capital investments**: 4% ▼ 2017: 9%
- **Derivatives**: 3% ▼ 2017: 8%
- **Foreign currency**: 2% ▼ 2017: 7%
- **Charitable products (e.g., DAFs)**: 2% ▼ 2017: 7%
- **Cryptocurrencies (e.g., Bitcoin, Ether)**: 2%
- **Annuities**: 37%
- **Other (e.g., precious metals, collectibles)**: 12% ▼ 2017: 18%

About 2% indicate they have invested in cryptocurrencies

△▼ - Significantly higher/lower than 2017
### Millionaires are Big Savers, Not Spenders

<table>
<thead>
<tr>
<th>Agree (top two)</th>
<th>Disagree (bottom two)</th>
</tr>
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<tbody>
<tr>
<td><strong>51%</strong></td>
<td><strong>52%</strong></td>
</tr>
<tr>
<td>“I often put off buying big ticket items until I have enough cash to purchase in full”</td>
<td>“Reducing my debt is more important than increasing my savings”</td>
</tr>
<tr>
<td><strong>78%</strong></td>
<td><strong>70%</strong></td>
</tr>
<tr>
<td>“I started saving or investing for retirement later in life than I should have”</td>
<td>“I am concerned about not having enough money to live comfortably when I get older”</td>
</tr>
<tr>
<td><strong>61%</strong></td>
<td><strong>77%</strong></td>
</tr>
<tr>
<td>“I prefer saving over investing because I don’t want to tie up my money”</td>
<td>“I am a spender not a saver”</td>
</tr>
<tr>
<td><strong>84%</strong></td>
<td></td>
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<tr>
<td>“I am not in a position to save money due to expenses (e.g. cost of living, health)”</td>
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Half of Millionaires Are Focused On an Early Retirement So They Can Pursue Their Life Goals

<table>
<thead>
<tr>
<th>Among investors not retired or homemakers:</th>
<th>Among investors who are retired:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average age of millionaires who are still working:</td>
<td>57</td>
</tr>
<tr>
<td>Want to retire at the age of (avg):</td>
<td>66</td>
</tr>
<tr>
<td>Realistic estimation (avg):</td>
<td>66</td>
</tr>
<tr>
<td>Average age of retired millionaires:</td>
<td>70</td>
</tr>
<tr>
<td>Actual age they retired:</td>
<td>61</td>
</tr>
</tbody>
</table>

47% Plan to save as much as possible now so I can retire early and focus on what I really want to do in life

64 Average age they want to retire
Appendix:
More About IQ, EQ, DQ
Intelligence Quotient

Fidelity research shows that FAs will continue to rely on intelligence to help investors make decisions, but the industry should expect to see fundamental shifts in how they demonstrate IQ.

Rather than interpreting complex information, FA “intelligence” will help to address the choice, complexity and time poverty that investors face.

FAs will become information curators and decision drivers which we have just shown Millionaires are willing to pay more for.

FAs will actively seek out specialty IQ in key areas where they explicitly choose not to differentiate their firms, from investment management, to taxes, to college selection.

Leverage outsourced intelligence

From interpreting information to curating and driving decisions

- Choice
- Complexity
- Time poverty

Firms should deploy IQ across the entire value stack

- Fulfillment
- Peace of Mind
- Achieving Goals
- Managing the Money
Emotional Quotient

Emotional Quotient or EQ is the ability to recognize, understand and manage our own emotions.

Fidelity research shows that the main reason advisors enter the field of wealth management is to help people.

We’re simply evolving to meet investors with where we believe they value help.

Many pundits in the wealth management industry suggest that a pivot from a money management and science “core” to a human behavior “core” will be difficult for this industry.

In the context of the wealth management industry, we see EQ as the power to demonstrate value during the moments that matter in our clients lives.

67% of Advisors wanted a job/career that allowed them to help people (#1 answer on why they became an FA)

Source: 2018 Fidelity Financial Advisor Community – Talent Study
Now, let's talk about the last element, DQ. McKinsey explains that digital quotient is a measure of an organization’s performance across four key indicators.

1. **Strategy**: That alignment around a digital vision

2. **Culture** … or fostering the mindsets and behaviors critical to capturing digital opportunities

3. **Capabilities**: the systems, tools, digital skills, and technology to achieve your digital goals

4. **Organization** -- the right structures, processes, and talent in place to execute

Think of DQ as your scalable systems across your strategy, people and technology.
The 2018 Millionaire Outlook Study (aka the Fidelity Investor Insights Study) was an online, blind study conducted during the period March 22nd through May 8th, 2018. It involved a total of 1,429 25-minute (on average) online interviews, with the sample provided by Kantar, a third-party research firm not affiliated with Fidelity. The study was focused on understanding affluent investors’ attitudes, goals, behaviors and preferences related to investing, wealth management, and advice. Target sample included respondents across affluence levels, from $50,000 to more than $10 million in total investable assets, excluding any real estate or investments in 401(k), 403(b), pensions, or other employer-sponsored retirement plans.

The 2018 Fidelity Talent and Diversity Study was conducted in two phases;

Phase 1: The 2018 Fidelity Talent and Diversity Study was conducted with Fidelity’s Financial Advisor Community (FAC), an online blind survey panel (Fidelity not identified) managed by an independent firm not affiliated with Fidelity Investments. The study was fielded from March 27th through April 4th, 2018. 464 active panelists completed the study. The advisors on the panel manage or advise upon client assets either individually or as a team, and work primarily with individual investors. Advisor firm types included a mix of banks, independent broker-dealers, insurance companies, regional broker-dealers, RIAs, and national brokerage firms (commonly referred to as wirehouses), with findings weighted to reflect industry composition. The results of the study are weighted to reflect the target populations based on channel and AUM, according to Cerulli data.

Phase 2: Qualitative research was fielded August 1 through August 8, 2018 in three cities (Boston, Chicago, and San Francisco). Participants included 25 financial advisors. Participants included a mix of genders, ethnicities, sexual orientation, industry tenures, firm types, and career paths.

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