



EVERYDAY WEALTH IN AMERICA

2022 REPORT: The Intersection of Life and Money

OVERVIEW



Now more than ever, our financial lives are deeply connected to our everyday lives. Family relationships, concerns about the economy, dreams shared with a partner, visions for retirement, the financial values we pass on to the next generation—these matters and many more relate to how we view money and what “wealth” really means to us.

To explore how Americans define wealth in the context of the world around them, Edelman Financial Engines (EFE) partnered with Greenwald Research to examine critical topics that sit squarely at the intersection of life and money, including attitudes and emotions about finances, relationships and communication issues, family dynamics, expectations about transferring wealth, retirement goals, and preferences for how a financial professional can provide comprehensive planning support.

The research looked across all wealth brackets, paying close attention to a sub-set of the upper middle class that may appear relatively comfortable based on their household net worth, yet may still not feel that they are financially secure or doing enough to achieve their goals despite the actions they are taking.

This is a group that we know is increasingly being squeezed by the competing financial demands they face at their distinct stage of life, specifically the responsibilities of working, raising families, paying for college tuition, supporting adult children, helping aging parents, and preparing for their own retirement. During the past year, these issues were magnified even further by the challenging domestic and global economic conditions caused by inflation, rising interest rates, political tensions, market volatility, and the worries of a recession.

“ At a time when inflation and stress levels are up, and markets and portfolios are down, our exploration into *Everyday Wealth in America* exposes a stark contrast between being wealthy and feeling wealthy. For many people, worries about money can override basic facts, which can often lead to confusion, frustration, and making financial decisions that are based on emotion rather than a sound, long-term plan. We conducted this research to uncover the beliefs and behaviors around the concept of wealth, and to use those insights to inform the support and action we provide to help more people achieve their wealth planning goals—especially those who have worked hard and may be doing many of the right things financially, yet still feel like it’s not quite enough. ”

JASON VAN DE LOO

HEAD OF WEALTH PLANNING AND MARKETING
EDELMAN FINANCIAL ENGINES



ABOUT THE SURVEY



The *Everyday Wealth in America* research was conducted for Edelman Financial Engines by Greenwald Research. Information was gathered through an online survey of 2,011 Americans who were at least 30 years old, from Aug. 30 to Sept. 7, 2022. The total sample included an oversample of 1,003 “affluent” respondents between the ages of 45-70, with household assets between \$500K-\$3M, and currently working with a financial professional or open to doing so.

Data was weighted to correct for the affluent oversample and was also weighted by household assets, age, gender, race, and education to reflect the broader national population. If randomly conducted, the survey would have a margin of error (at the 95% confidence level) of plus or minus 2 percentage points.

12%

Only 12% of Americans consider themselves wealthy, including just 29% of actual millionaires.

61% thought they'd be more financially comfortable at their current point in life.

80%

80% overall (and 75% of the affluent) are making sacrifices because of inflation.



63%

63% overall (and 65% of affluent) have made financial decisions based on emotions, and 35% who did say they regretted it.

50%

50% of those in their 40s and 50s admit their partner doesn't know everything about their spending.

HIGHLIGHTS FROM THE STUDY



HIGHLIGHTS FROM THE STUDY



83%

83% say communication helps resolve disagreements, and couples who discuss finances in detail are twice as likely to say their relationship has never been stronger.

85%

85% of parents emphasize the value of financial independence with their kids, but 40% of parents with adult children are supporting them financially. Affluent parents put more emphasis on independence (93%), and yet more provide support (50%).

47%

For affluent investors, nearly half (47%) said managing their money to minimize taxes is overwhelming.

35%

Despite the many reasons to get help from an advisor – especially in today’s climate – only 35% currently work with a financial professional.



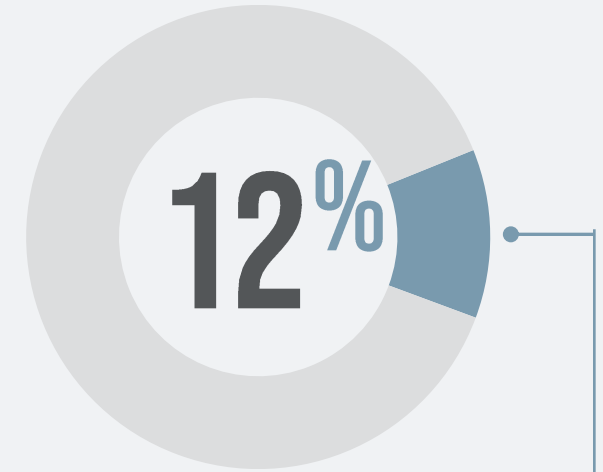
01: REFLECTIONS ON WEALTH

ONLY 12% OF AMERICANS IN GENERAL CONSIDER THEMSELVES “WEALTHY”

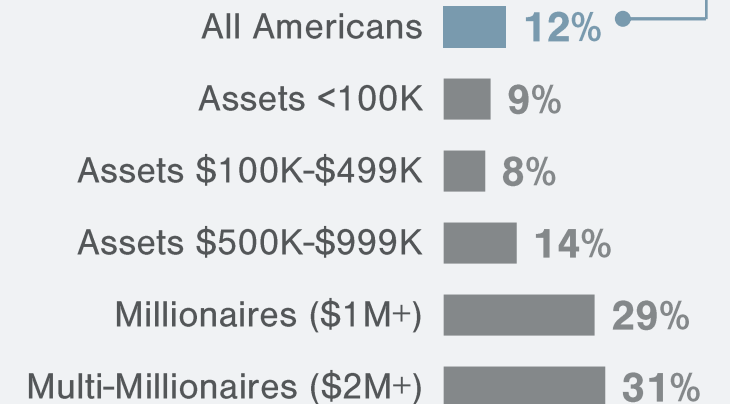
Wealth isn't just about money. Feeling wealthy is about more than just the amount of assets in your investment portfolio or savings accounts—it's about your dreams, goals, and how you want to live your life. Even among the objectively affluent, millionaires, and multi-millionaires, very few perceive themselves as wealthy. In fact, less than one quarter (23%) of total respondents and fewer than half of all millionaires (44%) feel “very comfortable” about their finances.

6 IN 10 AMERICANS (61%)

and 4 in 10 of the affluent (41%) report that their younger selves believed they would feel more financially secure than they do today.



WHAT ABOUT THOSE WITH HIGHER ASSETS?



02: ACHIEVING WEALTH

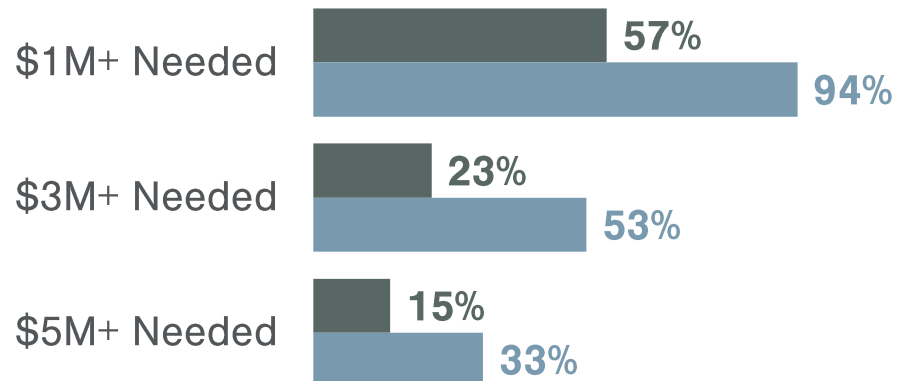
WHAT WOULD MAKE PEOPLE FEEL WEALTHY?

There's a number, but it's relative. For Americans in general, most would feel wealthy with \$1M in the bank. For those who are affluent, \$3M+ is the threshold for a majority and a third would need \$5M+.

Instead, what is more universal is the desire to not think about money, especially when that gets in the way of the things that are fun in life.

HOW MUCH MONEY WOULD IT TAKE?

- All Americans
- Affluent



BESIDES A DOLLAR AMOUNT, WHAT WOULD IT TAKE?



Being able to do more things you consider fun without considering the cost (43%)



Not having to think about money as much (43%)



Being debt free (39%)



Being able to travel more or go on bigger trips (32%)



Owning more than one piece of real estate (22%)

03: OUR GREATEST CONCERNS

NEARLY 9 IN 10 ARE WORRIED ABOUT INFLATION

The challenges of the past year have hit nearly everyone, regardless of age or level of wealth. Worries about inflation reflect this turn of events, but it's not the only concern. At least 8 in 10 are concerned about other macro-issues, such as a recession, politics, or global conflicts or crises.

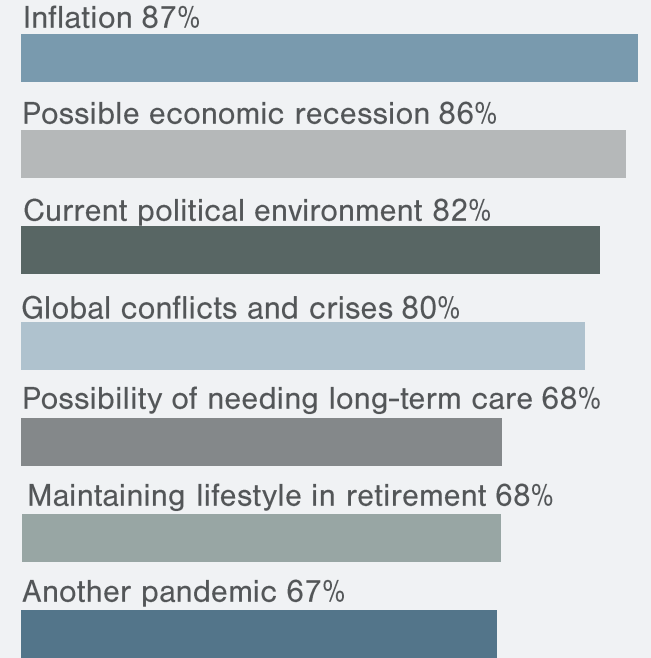
The net impact is that few feel on track with their financial goals and 81% believe the current environment has made it harder to stay on track.



Say the current economic environment has made it harder to stay on track with goals



TOP CONCERNS



TOP CONCERNS FOR THE AFFLUENT

- 1 Current political environment (88%)
- 2 Inflation (86%)
- 3 Possible recession (84%)

04: INFLATION SACRIFICES

8 IN 10 ARE MAKING SACRIFICES

Many report buying fewer things for themselves (49%), cutting back on recreation and entertainment (46%), and reducing what they spend on food (42%). Younger consumers are feeling the pressure even more, as 9 in 10 under 50 have had to find a way to adjust.

Affluent Americans are also cutting back: 75% say they've made a sacrifice of some type. In fact, 1 in 6 of the affluent say they've put less in retirement savings than they would otherwise because of inflation.



MOST COMMON SPENDING CUTS

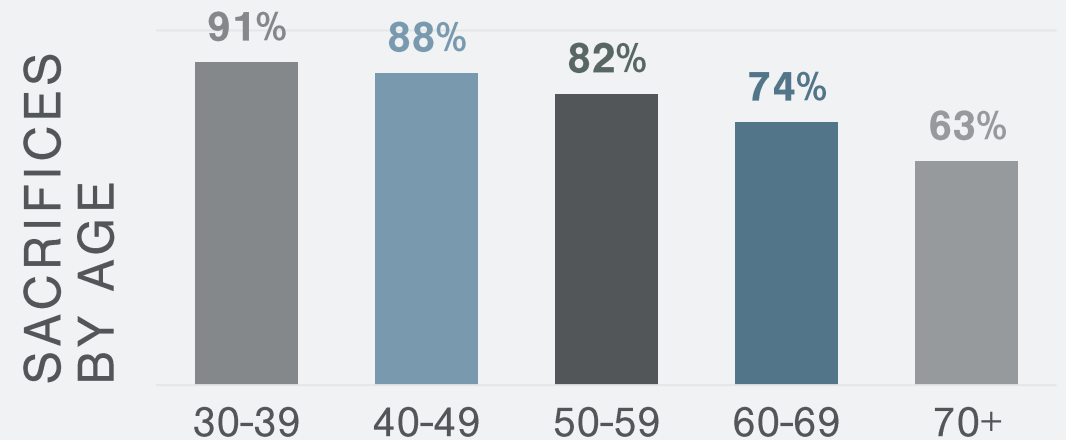
49% Buy fewer things for yourself (clothing, electronics, etc.)

46% Cut back on recreation/entertainment

42% Cut back on how much you spend on food

41% Drive less/cut back on spending for gas

26% Cancel vacation/travel plans (or find lower cost options)



05: FINANCIAL STRESSORS

3 IN 4 SAY MONEY ISSUES ARE A SOURCE OF STRESS

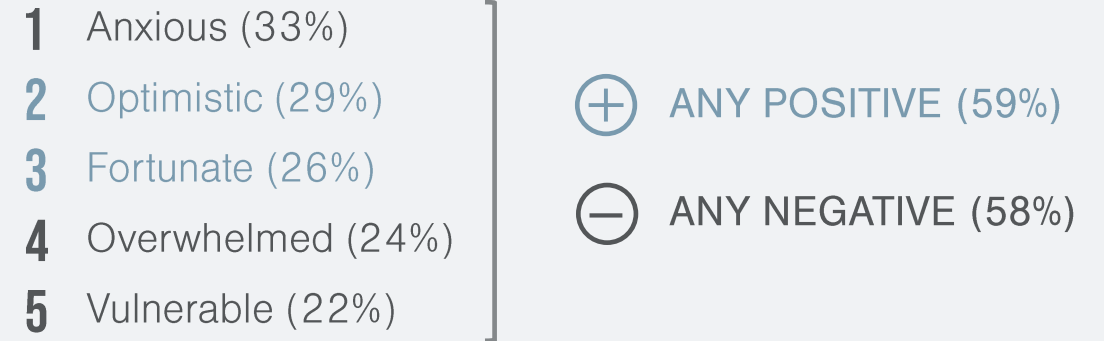
Nearly half of Americans in general (and 40% of the affluent) say they've been very or somewhat stressed in the past 6 months, and money (both in terms of personal finances and the economy in general) is by far the top source of their stress.

Overall, those who we surveyed are also just as likely to express negative emotions about their current finances as they are positive ones, with “anxious” leading the way. The affluent are more positive (and especially more likely to feel fortunate, stable and confident), but 44% of affluent Americans still express negative emotions about their finances.

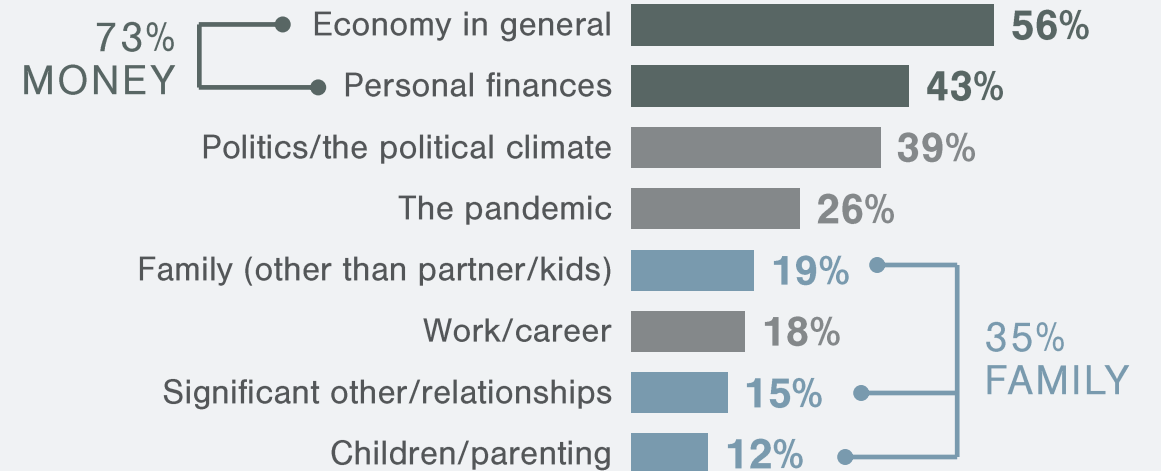
Fortunately, the future looks more optimistic: 67% of all Americans say positive emotions outweigh the negative when they think about their financial future.



TOP EMOTIONS ABOUT FINANCES



BIGGEST SOURCES OF STRESS



06: MONEY AND EMOTIONS

WHEN EMOTIONS IMPACT DECISION-MAKING

The challenging economic environment of the past year has been an emotional rollercoaster for many. As a result, sometimes those emotions get entangled in financial decisions.

Nearly two-thirds of all Americans say they have made a financial decision based on emotion and 35% say they've done so and regretted it.

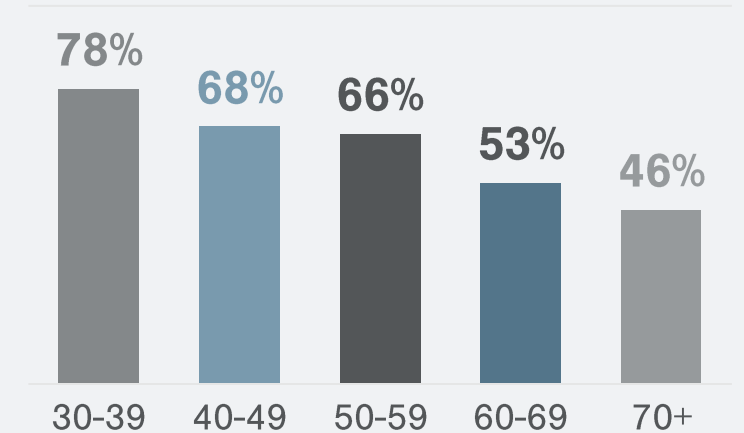
Emotional decision-making is also much more likely among younger consumers: 78% of those in their 30s have done so, versus just 46% of their counterparts over 70.



63% Made a financial decision based on emotion

35% Regretted that emotional decision

EMOTIONAL DECISIONS BY AGE



07: FAMILY DISCORD

FINANCIAL STRESS CAN TEST RELATIONSHIPS

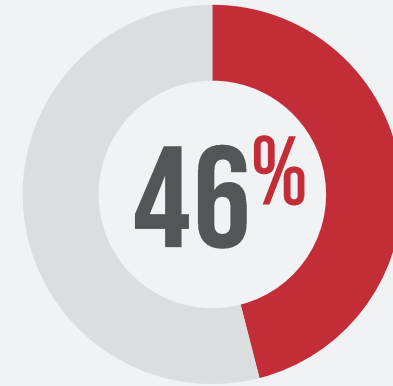
Money issues are a known source of conflict in relationships, and they affect Americans across all ages and wealth brackets. Our findings reinforce this point. Nearly half say they've had fights with their partner about money and about 1 in 5 say unhealthy money issues are a threat to their relationship.

It's also notable that less than two-thirds of those in their 60s agree with their significant other about what they want their retirement to look like. 11% haven't even discussed it.

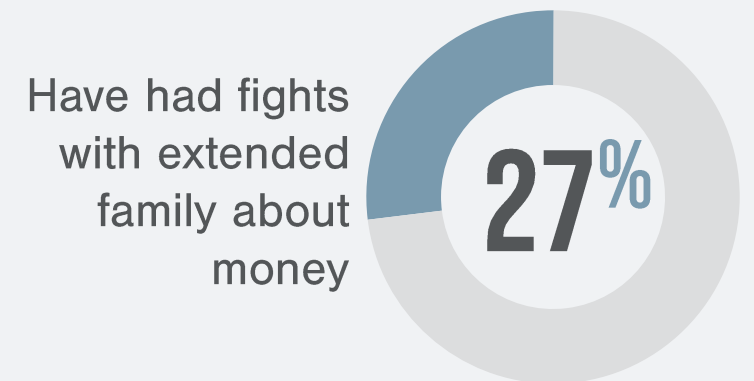
1 IN **5** See unhealthy money issues and disagreements about money as a threat to the relationship



1 IN **3** Couples in their 60s don't consistently see eye-to-eye on their retirement dreams



Have had fights with partners about money



Have had fights with extended family about money

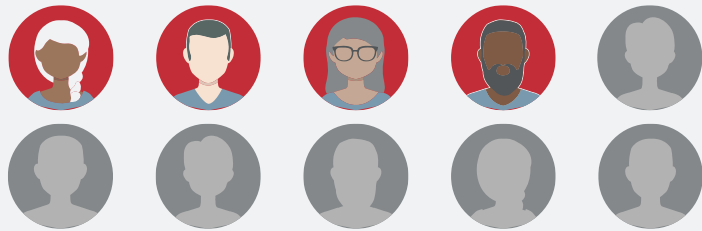
08: FINANCIAL INFIDELITY

COMMUNICATION ISSUES LIE AT THE HEART OF A LOT OF FINANCIAL CONFLICT

Very few couples talk earnestly about important topics. Only 35% have discussed spending habits in detail and just 37% have discussed future financial goals to that degree. It's no surprise then that 43% of Americans also admit that their partner doesn't know

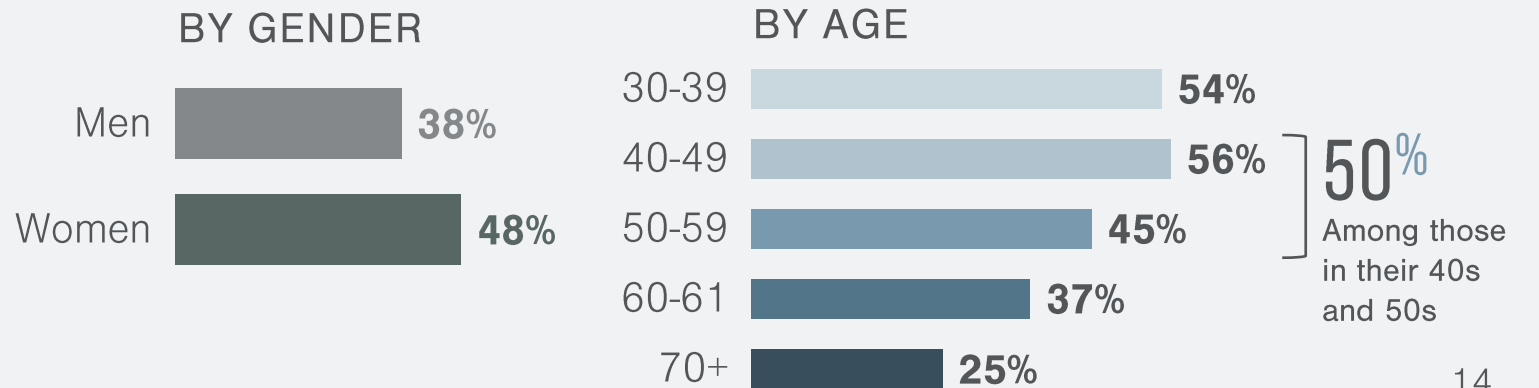
everything about their spending. Younger couples are particularly reluctant to share: 54% of those in their 30s and 50% of those in their 40s and 50s (Gen X, essentially) are not transparent about spending.

Talking about finances can be even more challenging in light of current events and heightened anxiety levels. More than a quarter (27%) say inflation is making them less likely to share spending habits with their partner.



43% Of Americans admit that their partner doesn't know everything about their spending

PARTNER DOESN'T KNOW EVERYTHING ABOUT SPENDING



09: TALKING CAN HELP

ADDRESSING THE ISSUE HEAD-ON

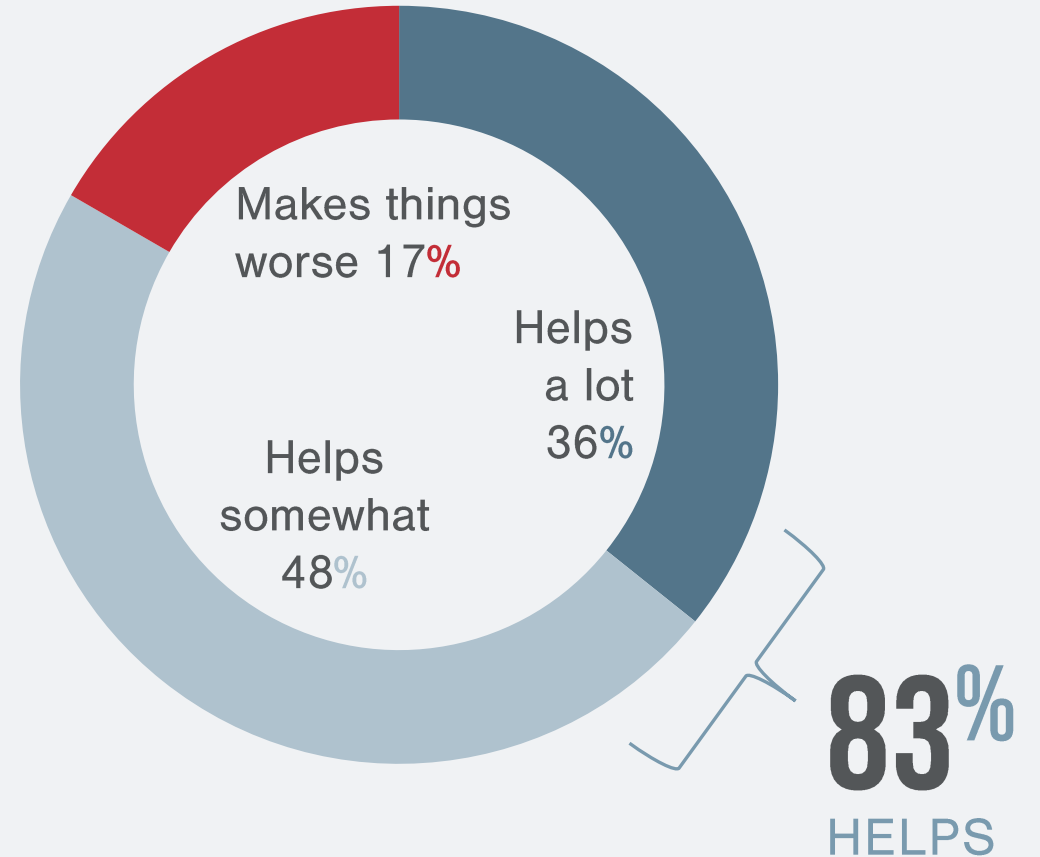
Although disagreements about money can be hard to avoid, having open, healthy discussions about finances can prevent further troubles down the road. In fact, 83% of couples say talking about finances more can help resolve disagreements. More than a third say it helps a lot.

There's also a recognition of this need for many Americans. Overall, 38% of those in a relationship say they wish they talked more about finances. Younger couples see it as more of a need: more than half of those under 50 say they wish it was more of a discussion in their relationship.

38% Of Americans wish they talked more with their partner about finances and financial goals



DOES TALKING ABOUT FINANCES HELP RESOLVE DISAGREEMENTS OR MAKE IT WORSE?



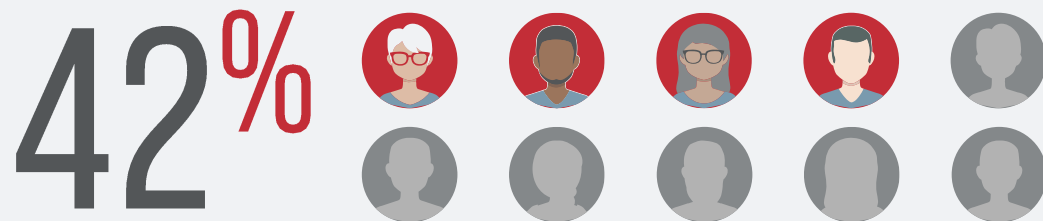
10: BUILDING STRONGER RELATIONSHIPS

COMMUNICATION IS KEY

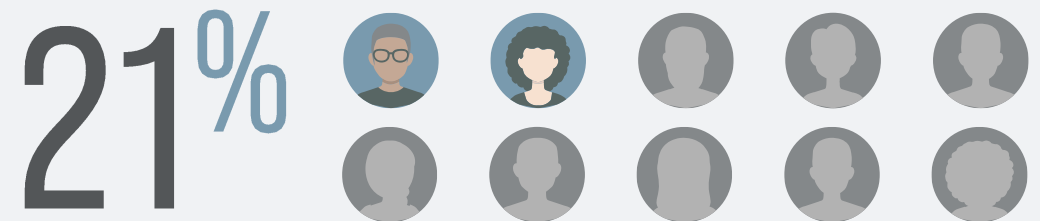
Having open communication about money can help resolve disagreements in the short term, but it also lays the foundation for stronger relationships in the long term.

Those who discuss finances in detail are twice as likely as those who only discuss it in passing to report that their relationship has never been stronger.

PEOPLE SAYING THAT THEIR RELATIONSHIP HAS NEVER BEEN STRONGER



Among those who discuss finances in detail



Among those who only discuss finances in passing

11: MIXED SIGNALS ON FINANCIAL INDEPENDENCE

4 IN 10 PARENTS SUPPORT ADULT CHILDREN

Although 85% of parents say they emphasize the value of financial independence with their kids, 4 in 10 parents of adult children admit they are supporting them financially. Among affluent parents, there is more of an emphasis on independence (93%), and yet more provide support (50%).

Parents also take a cue from their own upbringing: those who received support from their own parents are almost three times as likely to do the same with their kids.

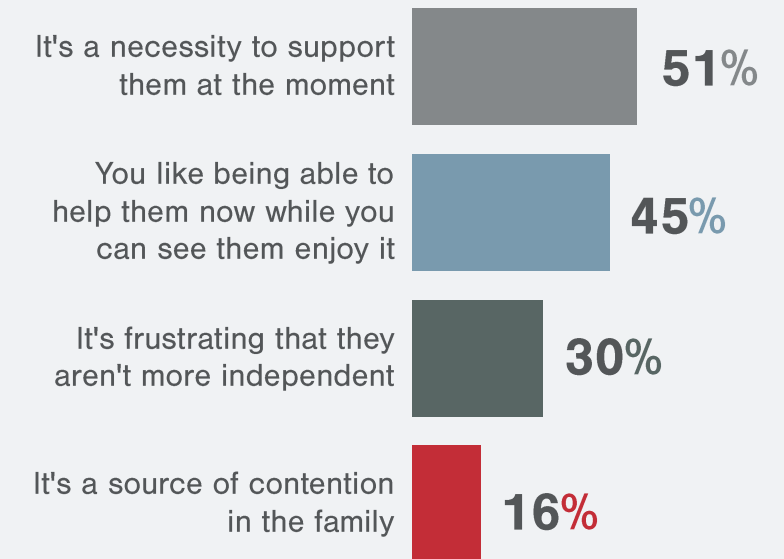
The most common forms of support: paying for general living expenses, paying the cell phone bill, and helping with special purchases.

While stepping in to provide financial help may seem to undermine their wishes, parents are more likely to view the support as a necessity at the moment or as a nice way to help their kids while they can see them enjoy it, rather than a source of frustration or contention.

85% Of parents emphasize the value of financial independence with their kids

40% Of parents with adult children provide financial support

HOW SUPPORTING ADULT CHILDREN FEELS

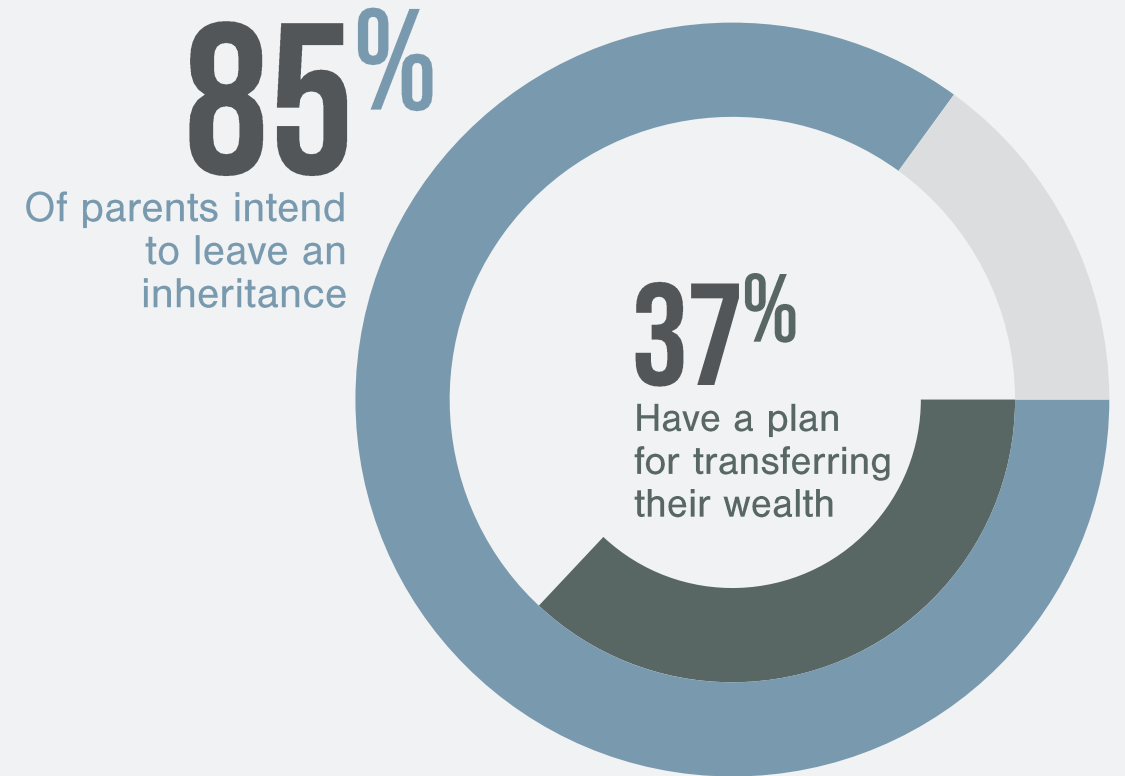


12: LEGACY ISSUES LURK FOR MANY

1 IN 5 SAY THEIR PARENTS' INHERITANCE HAS BEEN A SOURCE OF FAMILY CONFLICT

What specifically do families fight over? According to the research, it's not just fighting about how the money is split (39%). Fights over who is put in charge are just as common (38%).

Getting ahead of these issues through proactive estate planning can help, but many haven't gotten started on it. Among parents, 85% intend to leave an inheritance (94% for affluent parents). Despite that, only 37% say they have an actual plan for transferring their wealth.



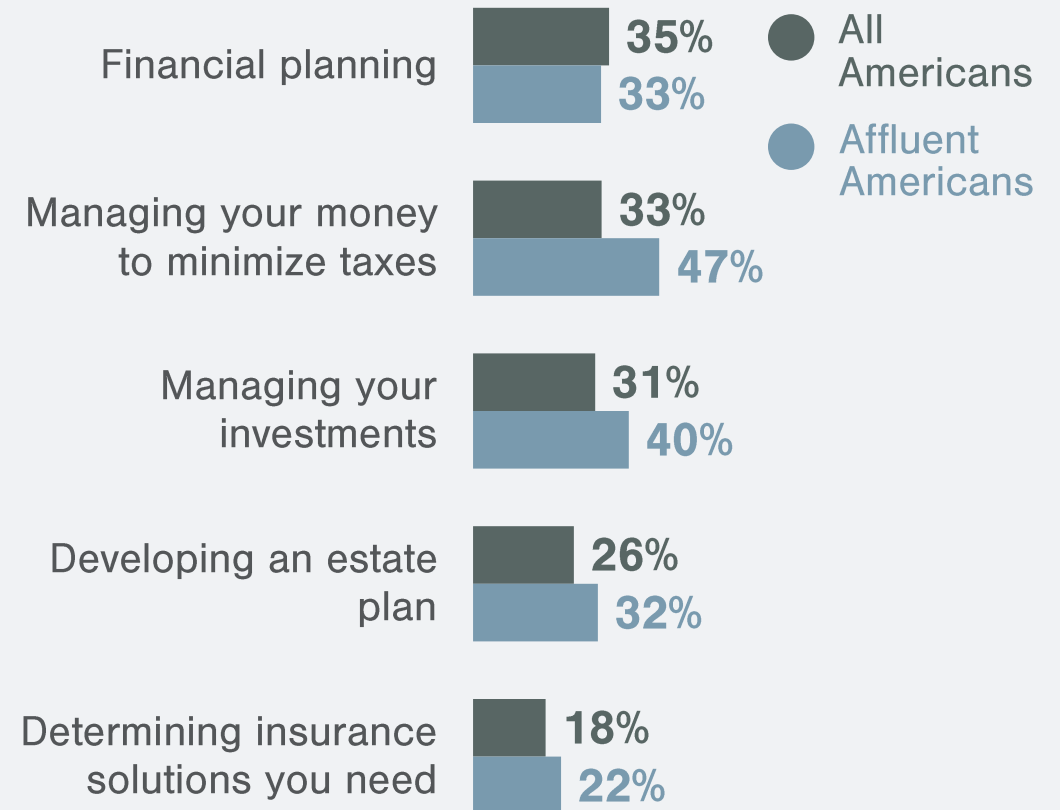
13: SOME TASKS FEEL OVERWHELMING ON YOUR OWN

FIND THE RIGHT HELP

For Americans in general, the most overwhelming financial tasks to tackle on their own are financial planning, managing taxes effectively, and handling investments. For affluent investors, nearly half (47%) say managing their money to minimize taxes is overwhelming.

These are all things that financial professionals can help with, but it's important to find the right one for your needs. Even among those currently working with a financial professional, tax guidance is reported as the number one unmet need.

FINANCIAL TASKS THAT ARE OVERWHELMING TO DO ON YOUR OWN



14: WHERE THE UNADVISED NEED THE MOST HELP

INTERESTS ARE VARIED; TAX GUIDANCE STANDS OUT FOR THOSE WITH HIGHER ASSETS

Among the unadvised, the most appealing topics to get help on include retirement income planning, advice on Social Security and Medicare, and developing a financial plan.

Tax guidance comes in fourth for Americans in general, but it is number one for the wealthy. Those with at least \$500K are twice as likely to list it as a topic of interest (40%).

Budgeting, developing a strategic approach to investing, and planning for healthcare and long-term care costs in retirement are also topics of interest to 1 in 5 of the unadvised.

WHAT THE UNADVISED ARE INTERESTED IN RECEIVING HELP ON

- 1 Retirement income planning (27%)
- 2 Social Security/Medicare advice (22%)
- 3 Developing a financial plan (22%)
- 4 Tax guidance (21%)



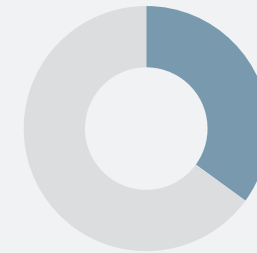
15: FEW GET HELP FROM A PROFESSIONAL

ONLY 1 IN 3 WORK WITH AN ADVISOR

Despite the many reasons to want professional guidance in this economic environment, only a third of Americans currently do work with a financial professional.

According to those who don't, the biggest barrier is the perceived cost of advice. Others believe they don't have sufficient assets or complicated enough finances to warrant the help. 1 in 6 enjoy doing it on their own.

Interestingly, perceived cost is even the top barrier for millionaires who don't work with a financial professional (42%). Other roadblocks for millionaires include enjoying doing it themselves (38%), a lack of trust (28%), and a belief that you can find the info you need elsewhere (27%).



35%

Only a third of Americans work with a financial professional

TOP BARRIERS TO WORKING WITH A FINANCIAL PROFESSIONAL

- 1 Perceived cost of advice (38%)
- 2 Don't have enough money (33%)
- 3 Finances are simple enough (27%)
- 4 Enjoy doing it yourself (17%)

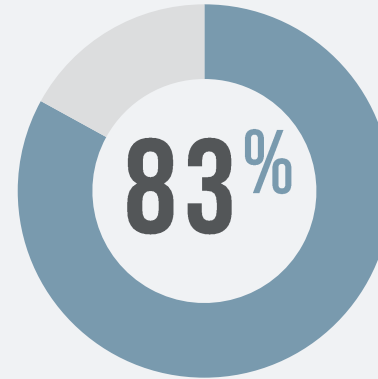
16: SOLVING FOR EVERYDAY WEALTH ISSUES

FINANCIAL PROFESSIONALS ARE HERE TO HELP

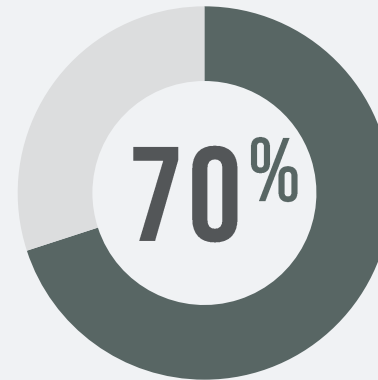
The vast majority of those who work with a financial professional say they stress less specifically because of the help they receive.

This translates to lower anxiety overall, even amidst a challenging economic year. 52% of the non-advised report feeling very/somewhat stressed in the past six months. Only 39% of those working with a financial professional say the same.

In addition, 7 in 10 of those working with a financial professional believe the professional helps them and their family address the difficult and emotional topics related to finances.



“ You stress less about finances and money than you would if you didn't work with a financial professional ”



“ The financial professional helps you and your family address difficult and emotional topics related to finances ”

AN EVERYDAY CHALLENGE

The intersection of life and money can be challenging to navigate, and this is especially true in the complex economic environment we're experiencing today. As the *Everyday Wealth in America* findings illustrate, Americans are now juggling worries about macro-level issues, such as inflation and global crises, with the more personal money and relationship issues that confront all families. Even affluent investors are facing pressures that come with competing responsibilities and heightened financial stress.



WHAT ARE THE NEXT STEPS?

The research highlights several ways to tackle this challenge:

- 1. Define Your Wealth Goals and Set a Plan to Get There:** How do you define wealth, and what are your goals to enjoy life? Knowing these answers is a critical step that often gets overlooked in financial planning. Once you identify what makes you happy, the next step is to develop a personalized plan with a long-term view—this can help keep you on the right path to wealth no matter what’s happening in the world around you.
- 2. Keep Emotions in Check:** Control what you can control—don’t fall victim to anxiety, emotions, and impulsive behavior—which can be especially difficult when there’s a constant stream of negative headlines in the news. Achieving your wealth goals requires attention and discipline, and that means making sure your decisions aren’t influenced by the wrong forces.
- 3. Revisit, Rebalance, and Refine:** Diversifying your investments, rebalancing your portfolio, and re-visiting your plan regularly to validate or adjust it—due to macro-forces or personal life changes—is important for your plan to remain current and relevant to your goals. Life isn’t static, and planning for your financial future shouldn’t be a “set-it-and-forget-it” process.
- 4. Communication is Critical:** Address important financial topics early and often with spouses, partners, and extended family members. These conversations can be emotionally charged and difficult to bring to the table. But the complexity and problems they create down the road can be much greater if you ignore them now. If you find yourself at an impasse because of relationship issues or family dynamics, this could be a signal you need some assistance.
- 5. Get Help from a Professional:** Wherever you are in your wealth-building journey, working with a trusted advisor can help you navigate challenges, alleviate stress, and provide the extra support to reduce your financial planning burden so you can focus on your goals. Open discourse and proactive planning with an expert can help you move your financial life forward—no matter what wealth means to you.



LEARN MORE OR CONNECT WITH A PLANNER

As one of the nation's leading independent financial planning and investment advisory firms¹, the mission of Edelman Financial Engines (EFE) is to help more people move their financial lives forward.

For over 25 years, EFE has been providing objective financial advice to individuals at home and through the workplace, always acting as a fiduciary in the best interests of clients. EFE was founded on the belief that all investors deserve access to personal, comprehensive financial planning, and investment advice.

Our unique approach combines advanced investment methodology and proprietary technology with the attention of a dedicated personal financial planner. With this powerful fusion of high-tech and high touch, we're able to deliver the personal planning support and financial confidence that everyone deserves.

With the insights gained from *Everyday Wealth in America*, our goal is to continue to understand the opportunities, challenges, and needs that Americans face each day, so that we can better support them on their personal journeys to wealth.

www.edelmanfinancialengines.com

or call: (833) PLAN-EFE



¹The *Barron's* 2022 Top 100 RIA Firms list, a seven-year annual ranking of independent advisory firms, is qualitative and quantitative, including assets managed by the firms, technology spending, staff diversity, succession planning and other metrics. Firms elect to participate but do not pay to be included in the ranking. Ranking awarded each September based on data within a 12-month period. Compensation is paid for use and distribution of the rating. Investor experience and returns are not considered. The 2018 ranking refers to Edelman Financial Services, LLC, which combined its advisory business in its entirety with Financial Engines Advisors L.L.C. (FEA) in November 2018. For the same survey, FEA received a pre-combination ranking of 12th.