



# REDEFINING WEALTH



**OLDMUTUAL**  
WEALTH

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# FOREWORD

**What makes us prosper? What makes us succeed, flourish, thrive and be happy? The search for answers to these questions began thousands of years ago; Aristotle proclaimed happiness is the central purpose of human life and a goal in itself. In his view happiness depends on the fulfilment of a broad range of conditions, including physical and mental well-being. Thousands of years later we continue to be fascinated by this topic; intuition tells us that in order to truly prosper we need to thrive in numerous dimensions simultaneously, not just in terms of our wealth, but also in terms of our health and happiness.**

To challenge our assumptions about wealth creation and what motivates, or inhibits, people to save and invest for the future we commissioned this research and are excited to share some insights here. Far from being self-interested and acquisitive, we have found that people are primarily motivated by an aspiration to support their families and pursue interests and experiences. The research identified people who feel wealthy beyond money, supporting our interpretation of prosperity as being more than money but a combination of wealth, health and happiness.

Old Mutual Wealth is committed to taking a leading role in creating and enhancing prosperity for this generation and those that follow. Achievement of this will require a collaborative approach from the savings and investment industry, policymakers and others. I believe that this research can provide a meaningful contribution to the debate and I hope it acts as a trigger for tangible action and progress to the achievement of prosperity for all.

**PAUL FEENEY**  
CEO, OLD MUTUAL WEALTH



# EXECUTIVE SUMMARY

**The search to understand what makes people succeed, flourish and achieve happiness has been an on-going quest throughout time and we continue to be fascinated today. Intuition tells us that in order to truly prosper we need to thrive in numerous dimensions simultaneously, not just in terms of our wealth, but also in terms of our health and happiness.**

As one of the UK's leading providers of saving and investment products we want to test this hypothesis and investigate what motivates people to accumulate wealth and what makes them feel secure, fulfilled and prosperous. We commissioned a survey of working age people and asked about their life goals, attitudes to wealth creation, life satisfaction and future financial preparedness. This paper shares some interesting insights from the survey and raises important questions and considerations for policymakers, the savings and investments industry and beyond.

The research shows that people interpret and measure wealth in terms far wider than just financial metrics. People see wealth as an enabler of social fulfilment and security, and their primary motivations for creating wealth are to support family and to pursue opportunities, experiences and interests. Wealth is also seen as a key to unlocking more free time, and as a result, the old adage that "time is money" may be flipped on its head; people want more time, and see money as a way to achieve this.

Over half of those surveyed feel wealthy beyond pure financial measures, in terms of their lifestyle and their ability to pursue what's important to them; we've identified these people as living 'prosperous lives'. A common trait being that they place greater emphasis on non-financial life goals than the survey population as a whole and appear to have reached a state of contentment and satisfaction. Those living prosperous lives don't necessarily consider themselves to be financially well-off but they're happy with the amount of time they're able to spend with friends and family and tend to be happier with their work-life balance.

**“ Time is the most important factor - time to pursue the things that bring you happiness. Travel, friends, family, experiencing “life” not just living it. ”**

(Male, 34-49)

**“ Money gives you the time and opportunity to do things. Money gets you the opportunity but you can't take the opportunity if you are working long hours or caring for children or elderly relatives. ”**

(Male, 50-65)

# EXECUTIVE SUMMARY

In addition to exploring attitudes around wealth creation we were also keen to understand whether the financial services industry is adequately positioned to respond to varying interpretations of wealth. With respect to financial planning we found a gap between theory and practice; despite strong recognition of the need to make a financial plan, a large portion of those surveyed have yet to make adequate provision. One possible barrier to better financial preparedness appears to be low levels of trust in the financial services industry itself and the sector's role in society is also under scrutiny. With longer working lives, new pensions freedoms and less dependence on state retirement provision it's unsurprising that the survey found consumers are looking to the financial services industry to design and offer products which reflect their evolving needs and enable them to enjoy 'prosperous lives'. Overall the findings of this research raise important questions for the savings and investments industry around consumer confidence in the financial services industry, attitudes towards wealth creation and financial planning. This research has provided a stimulus for us to further explore a number of challenges and questions such as:

- Is there a better measure of one's wealth, beyond money, which could measure our prosperity in terms of wealth, health and happiness?
- What action should be taken by Government and/or financial institutions to stimulate a long-term savings culture?
- How can the financial services industry re-build consumer confidence and trust?
- What tangible steps can the financial services industry take to have a more positive impact on society?

These challenges require a concerted collaborative effort across the financial services industry and as such we look forward to engaging openly and constructively with other market participants and other stakeholders to explore some of the possible solutions.

# INTRODUCTION

**The financial services landscape is undergoing enormous change, bringing unprecedented pension freedoms and flexibility but also much greater personal responsibility for retirement provision. At the same time, we know that the shadow of the financial crisis has left a high degree of mistrust in financial services.**

We, at Old Mutual Wealth, have been growing and evolving our business with a goal to build a responsible business that gives confidence to our customers, putting them in control of their finances to help them achieve their own personal financial goals. Listening to our customers and understanding what our current and future customers need is a fundamental part of this journey.

To help us understand more about what motivates people to accumulate wealth and what makes them feel secure, fulfilled and prosperous we commissioned a survey of over a thousand working age people across a range of income brackets and asked about their life goals and aspirations, attitudes to wealth creation, satisfaction and quality of life, and future financial planning\*.

This paper shares some interesting insights from the research and raises important questions and considerations for policy makers, the savings and investment industry and beyond.

**81%** Say supporting family with time and/or money is their primary motivation to create wealth

**72%** Have life goals far wider than making money

**55%** Feel wealthy beyond financial means, in terms of their lifestyle and ability to pursue what's important to them

**46%** Believe that mistrust of the financial services industry is stopping people making adequate retirement plans

**27%** Feel financially prepared for the future

**15%** Believe capitalism is a positive force for social good

\*More information about the survey methodology can be found at the end of the document.

# WEALTH BEYOND MONEY

**As one might expect, our research confirms that people interpret wealth in terms far wider than just financial success. Wealth is seen as an enabler of social fulfilment, security, opportunity and experience – but most crucially it is the key to unlocking one of the most valuable of commodities – time.**

46%

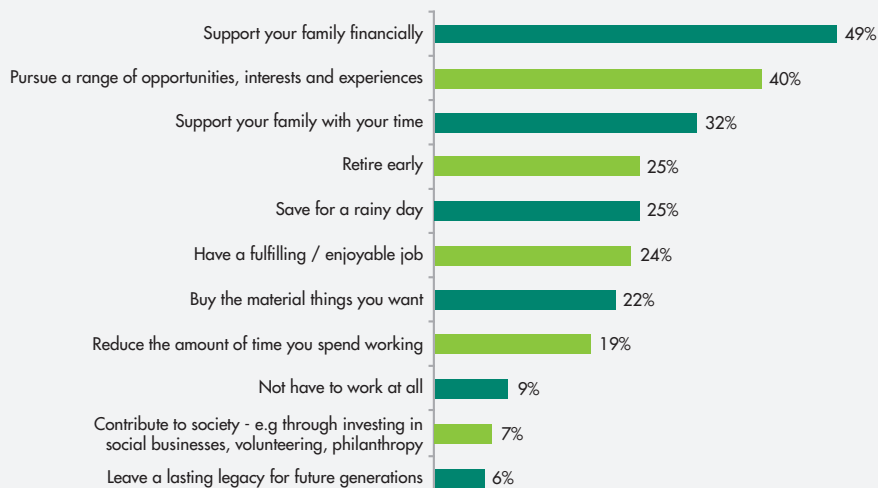
Want to ensure they are not a financial burden on their family

## MOTIVATIONS BEYOND MONEY

To understand a broader interpretation of wealth we must explore what motivates people to create wealth in the first place. Our research shows that people are not simply pre-occupied gathering money and material possessions, but tend to focus on social dimensions such as providing for family and enabling personal fulfilment and freedom.

Far from being self-interested and acquisitive, our research shows a population motivated by an aspiration to support family and pursue interests and experiences. Almost half are primarily motivated to make money in order to support their family, and nearly twice as many people are more motivated by having new experiences and opportunities (40%) than buying more possessions (22%). Three times as many people are more motivated by having time to support their family (32%) – especially those with grandchildren (43%) or young children (42%) – than by simply not having to work (9%). When it comes to interests and experiences, a significant majority (73%) cite travel and holidays as the main motivator to create wealth.

### WHEN IT COMES TO MAKING MONEY/WEALTH CREATION WHICH OF THE FOLLOWING REASONS MOTIVATE YOU MOST?



# WEALTH BEYOND MONEY

**Unsurprisingly, our survey found that the main motivation for wealth creation is to support family financially or by giving time (81%). Furthermore, people want to avoid being a financial burden on their family (46%), help with their children or grandchildren's education (33%) and help them get on the property ladder (29%).**

“ I want to make sure my children inherit everything my husband and I have worked for and not forced to sell everything we have worked hard for to pay for care if we need it ”  
(Female, 50-65)

## FULFILMENT THROUGH SOCIAL IMPACT

Beyond the boundaries of family, contributing to society more broadly is important for some and this is not confined to financial contribution. 53% of those surveyed believe that everyone can have a positive impact on society, and it's not the amount of your resources you have that's important, it's how you direct them.

Only a small group of those surveyed said that contributing to society - through investing in social businesses, volunteering or philanthropy – is a motivating factor for wealth creation. The research shows that having financial freedom to make charitable contributions (40%) and having flexibility to spend time volunteering (37%) are seen as the key routes to contributing to society in the present day, allowing them to see the contributions they have made.

## TIME AS THE NEW CURRENCY

Throughout the research, we have come across time, in various forms, as a recurring motivator to pursue wealth.

Having the flexibility to enjoy more leisure or family time is seen as a key motivator of wealth creation (58%) and twice as many people (52%) cited time as the key determinant of one's ability to have a positive impact on society, over expertise (25%) or money (23%). As a result, the old adage that "time is money" may have been flipped on its head; people want more time, and see money as a way to achieve this.



Want to pursue wealth to have flexibility to enjoy more leisure / family time



Ranked 'giving your time' as most important for having a positive impact on society



# WEALTH BEYOND MONEY

## TOMORROW'S WEALTH

Our survey paints a picture of younger people (18-33) being more financially constrained and less prepared for their financial future than the 50+ group. Despite this, the younger group is not solely motivated by money and place importance on quality of life and flexibility. The 18-33 age group does recognise that with people living longer, reduced state pension provision and the decline in defined benefit pension funds, it's more important than ever to plan for their financial future. However, the younger group feels less financially prepared for the future (17%) than the over 50s (40%) and yet only 38% would like to put (more) plans in place for future finances. Only a third (33%) of 18-33 year olds say they're happy with the amount of money they expect to be able to leave family / loved ones when they pass away, compared to 70% of over 50s. Less than a third (28%) of 18-33 year olds said they consider themselves to be financially well-off, and do not worry about money, compared with 52% of 50-65 year olds.



Agree that making money enables people to live happier and more fulfilling lives

Interestingly only a third (36%) agree that making money enables people to live happier and more fulfilling lives and it seems that quality of life and flexibility are highly valued by this age group. For example almost half (48%) agree that feeling satisfied in your work is as important as the amount of money you earn and a fifth of the younger group are looking for more flexibility to pursue a career change. When asked about the opportunities, interests and experiences that motivate them to pursue wealth, the younger group is twice as interested in learning a new skill or going back into education than the older respondents. Of the 18-33 group one in ten put money into social impact investments compared with 5% and 4% in the 34-49 and 50-65 age groups respectively. One in four (28%) would be interested in starting their own business to help contribute even more directly to society.

**“ I’m planning for not only my future but also my kids and their kids. So it’s important to manage wealth, not to waste it, so that even my grandkids will benefit ”**  
(Male, 18-33)

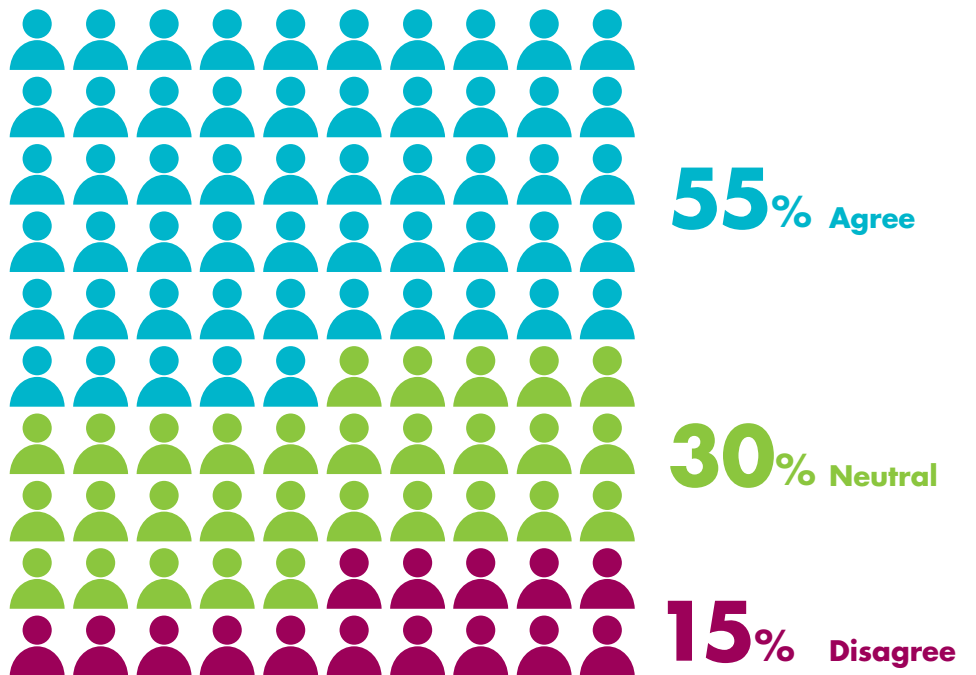
**“ Travelling, seeing the world, gives you a wealth of knowledge and experience and you feel enriched by the things you do/see and the people you meet. ”**  
(Female, 18-33)

# PROSPEROUS LIVES

Over half of all those surveyed say they feel wealthy beyond straightforward financial means, in terms of their lifestyle and their ability to pursue what is important to them. For the purposes of this paper, we refer to these people as living 'Prosperous Lives'. Yet what characterises these people and how did they reach this state? They appear to have achieved a sense of purpose, by reaching their personal and professional potential and by having a fundamental sense of stability.

## TO WHAT EXTENT DO YOU AGREE/DISAGREE WITH THE FOLLOWING STATEMENT?

I think of myself as wealthy, not in a purely financial sense but with my lifestyle and my ability to pursue what's important to me.



## WHEN WE LOOK AT THIS GROUP IN ISOLATION WE FIND THAT:



The majority (82%) say their life goals are far wider than making money



59% say they have no significant financial constraints on living life the way they want



They don't necessarily consider themselves to be financially well-off; in fact only around half do (53%)



There's no material bias towards the higher income bracket and older age group

# PROSPEROUS LIVES

**When we take a closer look at those living prosperous lives, we uncover specific types of people who feel 'wealthy' in different ways. When comparing this group with the whole population surveyed we find those living prosperous lives tend to feel they have fulfilled or will fulfil their personal potential (73%). They are more satisfied with the amount of time they're able to spend with friends and family (69%) and are happier with their work-life balance (66%).**

Those living prosperous lives embody various aspirations in life, motivations to pursue wealth and approaches to financial services and planning. While their unifying characteristic is their contentment with what they have, they differ in how they use their time and money and how they plan for the future. Here we illustrate groups of people with similar motivations and attitudes.

## 1. SOCIAL IMPACTERS

These people are savvy, driven and unselfish – they want to make their mark on the world. They are typically younger and most likely to have young children. Societal impact is important to them and they agree that everyone can have an impact on society with the right resources. One of the most important reasons they pursue wealth is to leave a legacy behind them, for example by leaving their children a property and supporting charities. They want to challenge and better themselves as they seek to learn new skills and embark on career changes.

They see financial services as a facilitator to help them make a contribution to society, and while they feel the industry has improved since the global financial crisis, they would also like to see a new breed of financial institutions focussed on sustainability not just short-term profit. As a consequence they are more likely to make ethical or social impact investments than the average and have a strong belief that making money is not just about the here and now, but also the impact it will have on future generations.

“ **[Wealth is about] giving back and contributing to your community.** ”  
(Female, 18-33)

“ **It's important to understand that wealth is a tool to help others, not just myself and my family** ”  
(Female, 34-49)

## 2. FUTURE-PROOF FAMILIES

Future-proof families are not necessarily driven by a desire to give back to wider society, or by placing their own personal stamp on the world, but instead are driven by a motivator much closer to home – their family. Family prosperity, in terms of time spent together, is very important. Many of them have young children and thinking about their future is also key, for example, being able to support their children to get on the property ladder, or contributing towards their education. These people tend to future-proof their family's prosperity through tangible 'investments' such as property or education.

“ **A happy, healthy family, with the ability to spend time with them. Holidays are particularly good at creating wealth without the distraction of work and the daily life.** ”  
(Male, 34-49)

“ **My attitudes to money have changed since I've had children – before, my savings were just for me. Now I have to think of my children.** ”  
(Female, 34-49)

# PROSPEROUS LIVES

## 3. HAPPY SHOPPERS

Happy shoppers are independent and often single; this group of people are confident in their future wealth but are also enjoying spending their money today. The lifestyle they lead is important to them, and they see money as the enabler for such happy and fulfilling lives. They're more interested in buying clothes, accessories and cars and have less value in assets than the average. However, interestingly, they're more likely than average to want to put financial plans in place to prepare for and secure their financial future, allowing them to continue living such lifestyles.

“ **[Wealth is about] contentment, relationships, family, possessions, a job, luxury holidays, eating at expensive restaurants, buying designer handbags.** ”

(Female, 34-49)

## 4. REWARD REAPERS

Reward reapers are often older, more likely to be retired, and less likely to have dependants (young children or dependent parents) to take care of. They have completed a working life, or are close to retirement, and they are looking for stability, enjoyment and, perhaps most importantly, some “me-time”. Travel and holidays, leisure time and creativity are important facets of life at this stage.

As they are reaping the rewards of their own planning, and they have more assets than average, they feel very strongly that it is more important than ever for people to plan for their financial future and that individuals have a responsibility to themselves as well as wider society to plan for retirement. However, they also have a strong sense that financial services should work harder for the majority, and that it needs to keep up with evolving needs.

“ **[Wealth is] freedom to live where ever I like, ability to pick and choose the work I do, ability to travel to practically anywhere in the world and experience other cultures.** ”

(Female, 50-65)

“ **Being healthy. Having children and a fulfilling domestic and social life. A stable marriage. Having time to pursue interests outside work e.g. visiting art galleries, the theatre, cinema and reading.** ”

(Female, 50-65)

# FINANCIAL SERVICES: ENABLING PROSPEROUS LIVES?

**Our research has highlighted some interesting insights into peoples' attitudes to wealth and their motivations for saving and investment. In addition to exploring opinions around wealth creation we're also keen to understand whether the financial services industry is adequately positioned to respond to varying interpretations of wealth.**

“ I've learned to not rely on the guidance of financial institutions and the government as they are not dependable ”  
(Female, 34-49)

“ As a result of starting work I realise the impact of working hard to earn money... With people living longer now, there is a larger burden to society that we can all address. ”  
(Female, 18-33)

## LIMITED TRUST IN FINANCIAL SERVICES

The research shows that people are sceptical about the financial services industry and a greater focus on its societal impact is needed. Only a small group (15%) agreed that capitalism is a positive force for social good and one in four people (28%) believe that financial services providers are just out to make money by whatever means. Around half (48%) feel that it's not enough for businesses to just make money, they have to consider their impact on society, but less than a third (32%) agreed that the financial industry plays an important role in society.



Say it's not enough for businesses to just make money; they have to consider their impact on society

## BARRIERS TO FINANCIAL PLANNING

In spite of this level of scepticism there is strong recognition that with people living longer, reduced state pension provision and the decline of defined benefit pension funds, it's more important than ever that people plan for their financial future. But almost half of those surveyed (46%) believe that mistrust of the financial services industry is stopping people making adequate plans for retirement.



Say that with people living longer and reduced pension funds, it's more important than ever that people plan for their financial future

Over half (53%) agreed that people have a responsibility to themselves, their family, community and society to have a financial plan for their retirement but with only 18% saying they think that most people take a responsible approach to their financial planning, it seems we could all be doing more to uphold this responsibility.



Say that mistrust of the financial services industry is stopping people making adequate plans for retirement

## FINANCIAL SERVICES: ENABLING PROSPEROUS LIVES?

### BARRIERS TO FINANCIAL PLANNING (CONTINUED)

Less than half (46%) said they're putting in financial plans for the future and only 27% said they feel financially prepared for the future. Around a third of those asked said they would like to put (more) financial plans in place and a similar number said they'd be more likely to use financial services if they felt reassured the sector would behave ethically. Around a third also said if they had a better financial understanding it would help them to plan their financial future.



Only 27% said they feel financially prepared for the future

Looking at consumer needs, the research found that over half the respondents felt that financial products should be more flexible to accommodate their evolving needs and aspirations, such as living longer and having career breaks, and a similar number (46%) said there should be more options available to cater for people with smaller amounts of money to invest.



Believe that financial products should be flexible in order to accommodate consumers' evolving needs and aspirations

It's clear that whilst there's strong recognition of the need for people to plan for their financial future, barriers exist to making this widespread. Some of the issues which need to be overcome rely on building more trust between consumers and the financial services industry and creating financial products which cater for consumers' changing needs.

# CONCLUSION

**The survey indicates that for many, the scale of one's wealth is not a goal in itself and can't be measured by financial metrics alone. People are primarily motivated to build wealth to support family and to pursue opportunities, interests and experiences and a large majority have life goals far wider than making money. Time is also a recurrent motivator for people to create wealth, giving them flexibility to spend time with family or pursuing interests.**

We identified a group amongst those surveyed who feel wealthy beyond straightforward financial means, in terms of their lifestyle and their ability to pursue what is important to them. They have a holistic view of wealth and we identified them as living 'prosperous lives'. They place greater emphasis on non-financial life goals and don't necessarily consider themselves to be financially well-off. They tend to be content and satisfied with the amount of time they're able to spend with friends and family and are happier with their work-life balance than the survey population as a whole.

When it comes to financial planning we find many people have yet to make adequate retirement provision. One barrier appears to be low levels of trust in the financial service industry itself and the sector's role in society is under scrutiny. The survey also implies that consumers are looking to the financial services industry to design and offer products which reflect their evolving needs.

Overall the findings of this research raise important questions for the savings and investments industry around consumer confidence in the financial service industry, attitudes towards wealth creation and financial planning.

## CONSIDERATIONS

This research has provided a stimulus for us to explore a range of questions such as those set out here:

1

The survey found that for many, one's wealth can't be measured by financial metrics alone.

**Is there a better measure of one's wealth, beyond money, which could measure our prosperity in terms of wealth, health and happiness?**

2

When it comes to making future financial plans there appears to be a gap between theory and practice. 69% of those surveyed agreed that it's more important than ever that people plan for their financial future, however only 27% feel financially prepared for the future.

**What action could be taken by Government and/or financial institutions to stimulate a long-term savings culture?**

3

Confidence and trust levels in the financial services industry is low and 46% believe that this mistrust is stopping people making adequate plans for retirement.

**What action can the financial services firms and/or regulators take to re-build trust with consumers?**

4

Respondents said businesses need to consider their impact on society but less than a third felt that the financial services industry plays an important role in society.

**What tangible steps can the financial services industry take to have a more positive impact on society?**

These challenges require concerted collaborative efforts across the financial services industry and as such we look forward to engaging openly and constructively with other market participants and stakeholders to explore possible answers and solutions.

## METHODOLOGY

This survey was commissioned by Old Mutual Wealth and conducted by Freuds during June 2015. Unless otherwise stated, all statistics in this report are based on the responses of 1,148 people who completed the online survey. The respondents represented a broad spectrum of people in the UK aged 18 to 65 years from different socioeconomic groups, regions and income brackets.

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Your clients' investments may fall as well as rise in value and they may not get back what they put in.

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November 2015