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FIDELITY INVESTMENTS® RESEARCH: AMERICANS READY TO BREAK THE CYCLE OF AVOIDING FAMILY DISCUSSIONS ON ONCE TABOO FINANCIAL TOPICS

More Than Half of Americans Never Spoke with Parents About Family Finances – Now They Want to Give Young People the Financial Education They Never Received

Four-in-10 Worry They Could Lose Their Wealth, Although Those with a Plan Have Significantly Higher Levels of Confidence

Fidelity Provides Resources to Help People Grow and Protect Wealth

BOSTON, November 19, 2024 – According to the Fidelity Investments® *State of Wealth Mobility* study, which examines how Americans are faring on building their wealth, respondents across income and asset levels agree people need to improve their comfort level about discussing family finances. More than half (56%) say their parents never discussed money with them, yet the majority (81%) would have benefited from financial education at an earlier age. Encouragingly, most Americans today are changing course, with 4-out-of-5 saying it's important to talk to the young people in their lives about the subject—and two-thirds are actively engaging in those conversations.

"Financial planning is often a deeply personal experience, so it's no surprise people have historically been uncomfortable talking about it," said Rich Compson, head of Wealth Solutions at Fidelity Investments. "However, it's important to start talking about family finances early to ensure the next generation is prepared, especially as life becomes more complicated. All too often, we see families hold off on engaging in these critical discussions until a crisis occurs, resulting in increasingly difficult conversations and decisions."

One reason many people may consider money to be a taboo subject is because most accumulate wealth on their own. The study finds 8-in-10 Americans identify as having "self-made" wealth, with only 5% identifying as inheriting it. This could help explain why many people, especially older Americans, may often be reluctant to engage their family in financial planning. In fact, one third of Baby Boomers don't even see the need for a financial plan—the most of any generation.

Generally, most Americans (89%) say they do not consider themselves wealthy—a feeling that extends across all income and asset levels—which could also play a role in why people haven't felt the need to discuss money as a family. However, three quarters (70%) of respondents are hopeful the next generation will attain a higher level of wealth than what they have today—perhaps as a result of increasing their discussions about money. Furthermore, for most

Americans, the definition of what it means to be wealthy is relatively modest. For many, a major criterion for feeling wealthy is simply the ability to not have to live paycheck to paycheck.

How do Americans identify what it means to be wealthy?

	All Americans	**High-Net-Worth Americans** [1]
Don't have to live paycheck to paycheck	71%	54%
Traveling and taking vacations	57%	65%
Able to pass on an inheritance	56%	53%
Able to own a home	49%	49%
Giving back to charities	41%	48%

However, with the 'Great Wealth Transfer' beginning, and Boomers poised to pass down trillions of dollars over the next few decades, financial planning as a family is key to preserving generational wealth. According to the Federal Reserve, American households inherit an average of $46,200[2], meaning many people across income and asset levels will have some form of an inheritance to pass down.

Unlocking the Keys to Financial Success

While the prospect of achieving wealth may feel unattainable, the basic advice provided by those who actually do consider themselves wealthy may seem surprisingly approachable to many Americans. For the one-tenth of Americans who consider themselves wealthy, the top ways they achieved their wealth include:

- Investing strategically, which could involve aligning asset allocation to an appropriate time horizon or selecting specific asset locations (40%)
- Saving from a young age, which is often encouraged from early family conversations (37%)
- Consistently allocating part of their paycheck to savings (32%)

One other secret to feeling financially successful: having a solid financial plan in place. In fact, many family conversations around money may not take place simply because most people feel insecure about their financial security, something they may not wish to admit to themselves, let alone discuss as a family. According to the study, regardless of income or asset level, most Americans have at least some concerns about money. Four-in-10 worry they could lose their wealth just as easily as it took to earn; and Americans are split 50/50 in confidence levels when it comes to having taken the right steps to build and protect their wealth, with roughly one quarter not feeling confident at all. In contrast, those who have a plan in place are significantly more confident they have taken the right steps to build their wealth (78% vs. 26%) and protect their wealth (78% vs. 27%) than those without a plan.

Financial Planning as a Family—Fidelity Can Help

For those looking to feel more secure about their financial picture, Fidelity offers support for every type of investor, whether clients prefer a more self-led experience, digital advice, or full-service wealth management for those with more complex planning and investment needs.

For customers looking for help building and managing their family financial plan, Fidelity expanded access to its personalized wealth management offering enabled by the Unified Managed Household (UMH) platform, which provides goal-based planning and investment management across the household in a tax-smart[3] way. Highly regarded in the wealth management industry, UMH has historically been exclusive to only ultra-high-net worth individuals. However, today, all Fidelity Wealth Management clients (minimum investment of $500,000) and all Fidelity Advisory Services Team clients (minimum investment of $50,000) have access.[4]

For those unsure of where to start, Fidelity offers access to licensed financial advisors to help provide guidance. The Wealth Management Learning Center is also available for those looking to educate themselves on various wealth topics—including advice on how families can get critical money conversations started.

About the Fidelity State of Wealth Mobility Study

This study presents the findings of a national online survey, consisting of 1,900 adults age 18 plus who reside in the United States. Unless a specific subgroup is identified, the findings are based to a sample of 1,200 General Population respondents balanced on gender, age, income, geography, and race and ethnicity. High-Net-Worth (HNW) findings are based on a sample of individuals with $1 million or more in savings and investable assets, not including real estate or retirement funds. The generations are defined as: Baby Boomers (ages 60-78), Gen X (ages 44-59), Millennials (ages 28-43) and Gen Z (ages 18-27). Interviewing was conducted August 5-20, 2024 by a third-party market research firm not affiliated with Fidelity Investments. The results may not be representative of all adults meeting the same criteria as those surveyed.

About Fidelity Investments

Fidelity's mission is to strengthen the financial well-being of our customers and deliver better outcomes for the clients and businesses we serve. Fidelity's strength comes from the scale of our diversified, market-leading financial services businesses that serve individuals, families, employers, wealth management firms, and institutions. With assets under administration of $15.0 trillion, including discretionary assets of $5.8 trillion as of September 30, 2024, we focus on meeting the unique needs of a broad and growing customer base. Privately held for 78 years, Fidelity employs more than 75,000 associates across the United States, Ireland, and India. For more information about Fidelity Investments, visit https://www.fidelity.com/about-fidelity/our-company.

[1] High-net-worth (HNW) findings are based on a sample of individuals with $1 million or more in savings and investable assets, not including real estate or retirement funds.

[2] SOURCE: The Fed - Wealth and Income Concentration in the SCF: 1989–2019 (federalreserve.gov).

[3] Tax-smart (i.e., tax-sensitive) investing techniques, including tax-loss harvesting, are applied in managing certain taxable accounts on a limited basis, at the discretion of the portfolio manager, primarily with respect to determining when assets in a client's account should be bought or sold. Assets contributed may be sold for a taxable gain or loss at any time. There are no guarantees as to the effectiveness of the tax-smart investing techniques applied in serving to reduce or minimize a client's overall tax liabilities, or as to the tax results that may be generated by a given transaction.

[4] Optional investment management services provided for a fee through Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and a Fidelity Investments company. Discretionary

portfolio management provided by its affiliate, Strategic Advisers LLC, a registered investment adviser. These services are provided for a fee. Brokerage services provided by Fidelity Brokerage Services LLC (FBS), and custodial and related services provided by National Financial Services LLC (NFS), each a member NYSE and SIPC. FPWA, Strategic Advisers, FBS, and NFS are Fidelity Investment companies.

Keep in mind that investing involves risk, including the risk of loss. The value of your investment will fluctuate over time, and you may gain or lose money.

Fidelity does not provide legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Views expressed are of the date indicated, based on the information available at that time, and may change based on market or other conditions. Fidelity does not assume any duty to update any of the information.

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