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Where the Money Is. And where it will stay.

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According to Ethos analysis, there is ~£5.3tn in investment assets in the UK. 63% of this ~£5.3tn is owned by people 55 and over. The "retirees". The "decumulators". The "aging population". As they are typically labeled.

These labels are incorrect:

- **They aren't retiring.** 65-year-olds are the fastest growing population of part-term and self employed workers.
- **They're chronologically older, for sure. But they aren't aging at nearly the rate they were a generation ago.** Which means they active, healthy, engaged for up to a decade longer than a generation ago.
- **They don't "decumulate."** Well, some in lower wealth bands might have to. But the myth of decumulation runs aground the reality of compounding. And income generation from DB pensions. Investment property. Dividends. Interest.

They own the majority of assets in the UK and will continue to do for the foreseeable future. Therefore, they are key to driving growth and value for wealth managers, life companies, banks, and PE firms seeking to hit return targets on exits. At this point, they are an open goal.

The majority of players we speak to are targeting Gen Z and Millennials (25-45 year olds) as their priority. The hypothesis being that they can help them save money and capture all of their future flows. This assumption, like "decumulation", also runs aground against the reality of compounding. Boomers and the Silent Generation (75+) own 2x the assets of Millennials. In the 15 years that we have been building our Customer Balance Sheet Models and analysing asset concentration by age and wealth band, this figure has changed very little. And it is increasingly difficult for large percentages of Zoomers and Millennials to save meaningful amounts. So a bird in the hand---a Boomer with assets—is worth two in the bush---Millennials who might or might not accumulate meaningful assets. And who might or might not keep them with the same institution over the long haul.

To take advantage of this open goal, here are some steps you need to take:

- **Review your segmentation models.** Do they enable you to sub-segment customers in groups of 55-65, 65-75, 75-85, 85+? The lifestyle, spending, and financial needs within these age groups are distinctly different. Wealth band is also a critical factor.
- **Analyse your customer base.** How many fit into these groups? How long have they been with you? What cash flows are you attracting from them? Have you seen attrition from these age groups? Why?
- **Align your IT and operational capabilities** to support easy payment of dividends and interest income. To capture and allocate income from different sources.
- **Assess your investment and advice propositions.** How well aligned are they to supporting consumers who are seeking portfolios that deliver different objectives over what could be a 30-year time horizon?

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- **Review your fee structures.** These age groups are highly fee sensitive due their impact on returns. Rewarding tenure and offering value is key to retaining valuable customers and preventing them from shopping around.
- **Have cash and tax capabilities.** The best investment returns get eaten by lack of an understanding of taxes if consumers don't understand the rules. This is more about information and awareness than providing advice. Cash and cash equivalents are 30-50% of an individual's asset allocation post 75.
- **Ensure you are well-placed to serve women.** While there is a lot of talk about inter-generational wealth transfer, the real transfer in inter-spousal.
- **Challenge the use of terms like "retirees", "decumulation" by your teams.** These terms have become embedded in the vocabulary used to describe a large, complex group of consumers who represent the largest percentage of households and assets in the UK. In most cases they are wrong.

We will be publishing the latest findings from the Ethos Customer Balance Sheet & Mapping of the UK investment sector in October.