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What's News —

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WealthTrends: The 2012 Wealth Management Landscape

Taxation and the 30-Plus-Year Retirement
Top the List of Trends Shaping the Future of Wealth Management

NEW YORK (August 13, 2007) – Planning for the 30-year retirement and keeping taxes at bay are two leading issues that will shape wealth management in the years ahead.

These are two key results of the latest WealthTrends survey from the Dow Jones Wealth Management Advisory Council, a group of top wealth managers dedicated to promoting the practice of wealth management, facilitating industry discussion and representing the needs and concerns of the profession.

"Given the changes we will be seeing in areas such as taxation and longer retirements, wealth managers must take a more comprehensive approach to addressing their client's total financial needs," said Michael Sawyer, managing director – wealth management, Smith Barney. "As their financial lives become more complex and regulated, we need to be prepared to address their growing planning and investments concerns."

According to the WealthTrends survey, the five key trends that will shape wealth management over the next five years are:

- Taxation

"Taxation has always been a top concern of high-net-worth clients, but if the planned 2010 sunset to tax provisions occurs it will change the way people invest," said James A. Covell, senior vice president – financial consultant, RBC Dain Rauscher. "Tax concerns will no longer take a back seat to returns if the capital gains tax doubles. The first priority for wealth managers will be to find tax-efficient investments that ensure clients hold onto their returns."

- The 30-Plus-Year Retirement

"No one can live on relative returns," said Joseph W. Montgomery, managing director of investments, Wachovia Securities. "With each passing year, life expectancy increases and retirement age decreases. With baby boomers hitting retirement age, wealth managers are faced with the daunting challenge of ensuring that their clients can afford their lifestyle for 30, 40 or even 50 years of retirement. Wealth managers will need to ensure that their clients consistently gain real returns rather then getting pulled into investments that follow the swings of the market."

- Complexity of Investments

"Investment opportunities are both structurally and geographically more complicated then ever, and this will only increase in the future," said George J. Schietinger, director, Credit Suisse Private Banking USA. "Tomorrow's wealth managers will not only need to understand intricate investment options, they will also need to explain the risks and rewards associated with these opportunities."

- The Wealth Management Team

"The stand-alone wealth manager faces challenges," said Mr. Montgomery. "The future of wealth management lies in a team approach involving disciplines such as law, accounting, trust advisory and financial planning. Each team member must bring a specialty to support the wealth manager."

- Diversity Among Advisors

"Wealth managers are becoming more reflective of their clientele," said Mr. Sawyer. "The next five years will see an increase in women and minorities entering the wealth management field and reflect the make-up of the high-net-worth market. This will allow wealth managers to better understand and handle the needs and concerns of their clients."

The Council members agreed that the next five years will see a shift in the wealth management industry requiring professionals to be more responsive and knowledgeable. Clients' need for advice will continue to grow due to an increasingly complicated financial landscape. Tomorrow's successful wealth managers will have the support of an expert team to provide both the information and attention to detail that clients require.

WealthTrends is a regular survey of the Dow Jones Wealth Management Advisory Council designed to provide insight into key issues affecting the Wealth Management industry and high-net-worth clients. Previous WealthTrends surveys have examined what makes a good wealth manager, taboo topics advisors must discuss with clients and hurdles for high-net-worth clients.

For more information about the Dow Jones Wealth Management Advisory Council and past surveys, visit www.djwmac.com.

About the Dow Jones Wealth Management Advisory Council

The Dow Jones Wealth Management Advisory Council is an industry group dedicated to promoting the practice of wealth management, facilitating industry discussion, driving innovation, and representing the needs and concerns of the profession. The Council draws its members from the most successful practitioners in wealth management, as well as experts from leading research and consulting organizations, including academia. The Council is hosted by Dow Jones Newswires. Information about the Council is available at www.djwmac.com.

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