

## Business Column: High net worth investors maintain bullish outlook

By [Kevin Peters](#) on October 20, 2014

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A national investor poll says tri-state investors are optimistic.

Amidst continued strong performance by the U.S. stock market, 77% of high net worth (HNW) investors in our tri-state region surveyed by Morgan Stanley Wealth Management believe the U.S. economy will be the same or better 12 months from now.



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When it comes to the local economy, it seems, they are equally optimistic, with 78% saying they believe the local economy will be the same or better in a year.

Investors are even more bullish on the prospects for their own investment portfolios. Fully 89% of tri-state respondents expect their investment portfolios to be better or the same in the next 12 months.

Clearly, investors are feeling the benefits of two consecutive years of strong performance in U.S. equities. Nevertheless, the debate continues over the length and durability of the current bull market, and the impact and timing of higher interest rates. Rising interest rates have been the talk of Wall Street for months.

The survey also disclosed that, despite the generally high taxes on income, property and retail purchases in the New York metropolitan region, the vast majority (89%) of the area's HNW investors have not

changed, nor have they started the process to change, their state of residence for the purpose of reducing their tax burden.

Regarding plans for retirement: tri-state HNW investors are slightly less optimistic than investors nationally. Eighty-two percent of those not yet retired say they are confident in their retirement planning efforts (compared to 85% nationally).

This confidence is in spite of the fact that, nationally, only 15% of HNW investors have reached their planned retirement savings goal (i.e. fully funded). Seventy-eight percent estimate they are at most three-fourths funded and only 21% have a specific retirement date, leaving room for additional changes and planning. This is in contrast to retirees, 40% of whom feel they've been able to meet their retirement savings goal.

HNW investors in New York feel they will need \$4.1 million to retire comfortably — more than those residing in Connecticut (\$2.7 million) or New Jersey (\$2.3 million). If they learned in the last year or two before retiring that their savings would be less than expected, NYC Metro HNW investors are more inclined to cut back on discretionary spending or adjust their lifestyle expectations for retirement than change their charitable contributions or inheritance for their heirs. Few would consider changing their living accommodations or selling their vehicle.

Armed with this new information of investor confidence, what should an individual consider?

There are a number of industry sectors worthy of investor research and potential investment. One, in particular, that deserves a closer look: cloud computing.

On the transportation front, Morgan Stanley looked at railroads as an energy-efficient alternative to trucking. Associated providers of turbochargers and other products to improve automotive fuel efficiency were also given due consideration.

Further, some analysts favor companies that help reduce energy use and upgrade efficiency in lighting, heating, ventilation, and air-conditioning.

The Standard and Poor's 500 Index recently hit an all-time high (again). The fourth quarter typically is a good time to be fully invested; given 12 months of rolling corrections, earlier is generally better than later. Of course, history is no guarantee of future results.

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