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Survey of wealthy finds gender divide on health care, infrastructure

By Bill Fallon

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The top concern of high-net-worth individuals is the cost of health care, according to a national Morgan Stanley survey of 1,000 such persons taken this summer that included 300 regional respondents.

Women were nearly 20 percentage points more concerned about health care than men, the survey found.

But on infrastructure issues, about which nearly eight in 10 respondents said regional infrastructure requires “major upgrades,” women were behind men on the need for fixes by 24 percent.

Ninety-four percent of high-net-worth investors regionally, including in Fairfield County, said health care costs were their top concern. That was followed by terrorism at 91 percent; war at 84 percent; energy prices at 83 percent and Social Security solvency at 80 percent.

The so-named Morgan Stanley Wealth Management Investor Pulse Poll surveyed 1,000 U.S. households with at least $100,000 in investible assets over the course of June and July. Thirty-three percent had investible assets of $1 million or more.

Females surveyed were more concerned than males about health care costs, with 58 percent saying they are “very concerned” about them, compared with 39 percent of males.

Previous surveys in this series were released in April 2013, January 2014, September 2014 and January 2015. The new poll saw investors’ confidence in their portfolios up for the third straight survey, with the number now at 92 percent expecting the status quo or better on returns.

Other findings included:

Seventy-nine percent of regional high-net-worth investors feel major upgrades in infrastructure for their respective states are needed.

Ninety-one percent of men believe investments in infrastructure are needed in the New York metropolitan area, compared with 67 percent of women.

Seventy-eight percent of Democrats believe infrastructure investments are needed compared with 83 percent of Republicans.

And 94 percent — what Morgan Stanley called “an overwhelming number” — said upgrades were needed on roads and bridges.

Despite wide acknowledgment infrastructure investments are needed, “most are not considering investing in industries related to infrastructure,” the survey reported.

“Only 4 percent are already investing in industries related to infrastructure improvement (i.e. construction, steel, concrete, water sanitation),” the report said.

In a daunting asterisk for infrastructure investment, 78 percent of respondents would not consider investing in infrastructure, including 69 percent of men and 89 percent of women.

Forty-nine percent of those polled expect the Federal Reserve to raise interest rates between now and mid-2016. However, there is no consensus on whether that is a good or bad idea, with 27 percent aligning with a rate hike; 24 percent saying it’s a bad idea; 25 percent saying neither; and 24 percent uncertain.

Forty percent of men favored an interest-rate hike, but only 10 percent of women.

Asked how Federal Reserve Chairwoman Janet Yellen, who took office in 2014, was doing, 43 percent of high-net-worth investors approved of her handling of the job; 40 percent neither approved nor disapproved. Her approval metrics remained within single-digit spreads among Democrats and Republicans and among men and women, with all numbers falling in the 43 percent to 49 percent range.

Twenty-seven percent of women polled said the U.S. is in recession, versus 7 percent of men. Those numbers flip when asked if there will be a recession in 2016, with 23 percent of the men saying yes versus only 3 percent of women.

Ninety-two percent of respondents expect their portfolios to be the same or improve over the next 12 months — up from 85 percent in April 2013 and 89 percent in May 2014. And ٨٤ percent expect the overall investment climate to be the same or improve over the next 12 months — up from 76 percent in January 2014 and 79 percent in January 2015.

On the down side of the survey, 77 percent of respondents said they will achieve their long-term financial goals, down from 85 percent in May 2014 and January 2015. Democrats, 22 percent, and Republicans, 25 percent, were equally “very confident” of reaching their financial goals.

In the next 12 months, 85 percent expect their local economy will be the same or improve — up from a low of 79 percent in September 2014.

The recent devaluation of Chinese currency and the shockwaves it created reflected market internationalism, a trend backed up by Morgan Stanley data. Thirty-five percent of respondents said they have international investments, such as non-U.S. stocks and bonds. Of those without foreign investments, 52 percent of the Republicans said it was because they prefer to invest in U.S. companies, with 33 percent of Democrats citing the same reason.

Despite the growing presence of casinos in the region — with a new gaming facility planned for Sullivan County, New York — 82 percent of investors are “not too” or “not at all” favorable toward casino stocks, with 23 percent viewing them as high risk or simply “not for me,” at 62 percent.

Financial professionals remain an important resource for high-net-worth investors, with 62 percent seeking the counsel of a financial professional. The most desired assistance among those with financial advisers is guidance on asset allocation, 88 percent, followed by clear communication about how assets can contribute to a retirement income stream, 82 percent, and market analysis, 81 percent.

The survey also touched upon water needs, discovering more than half of respondents, 57 percent, concerned with shortages across the next 10 years, but only 3 percent investing in water-based conservation funds. Eighty-eight percent said, to date, water woes have not affected their investments.

Said Peter Chieco, Morgan Stanley senior vice president and wealth adviser in the company’s Greenwich office, “The important thing I focus on is the lack of confidence in reaching financial goals. This really struck me. Compared to previous polls, fewer people surveyed were confident they would achieve long term financial goals. That's a pretty sad statement. Baby boomers are not prepared for retirement and it was reflected in this poll. This is at a time when more and more people are reaching retirement age.

"For those in Westchester and Fairfield counties, a particularly affluent area, the decline in confidence in reaching personal financial goals is particularly noteworthy.

"The other result that is timely concerned interest rates with about half saying they expect the Federal Reserve to raise interest rates within a number of months. That tells me the fed is doing a good job telegraphing its plans so people really should not be surprised when it happens.

"For me, the concern about health care costs was not surprising nor was the expressed need to upgrade roads and bridges.

"The results should be wake-up call to our politicians that they should begin to increase their focus on this. You don't have to drive too far to see we can definitely do with improved infrastructure. It was not surprising to me that the same people seemed hesitant to invest in infrastructure improvement companies because most of these firms are large international companies that could well have exposure to the economic problems stemming from China."