

UK Liquid Assets Up 50%, ...and the rich get even richer! HNWs up 54%; Ultra HNWs up 66% in Liquid Assets

Tulip's computerised Wealth Model estimated the UK's total liquid assets,¹ at £1.07 trillion in the year 2000, just over £1,000 billion. Liquid assets are privately owned assets easily convertible into cash: assets like savings accounts, shares, bonds, gilts, pooled investment funds, ISAs, and so on, but exclude pensions, insurance, homes & 2nd homes. **Now, in 2005, Tulip's model now shows that these have risen to £1.624 trillion, up by over 50%.**

These assets are at the core of the investment market: they are the assets competed for by investment banks, fund managers, private asset managers, stockbrokers and the like. They represent the money available for investments.

These assets are unequally distributed. Even in 2000 more than 70% of these assets were owned by 5% of the population, by 2.4 million people living in 1.7 million households. Tulip, like most of the UK's wealth industry, divides this 5% into three groups: the Mass Affluent, HNWs and Ultra HNWs. Now in 2005 these three groups, just 5% of the population, own 80% of UK liquid assets. The rich have got a lot richer.

Figure 1 below shows how liquid assets were divided across the three groups in 2000, and how they are divided in 2005. The Mass Affluent average £144,000 in liquid assets, up 53% since 2000, the HNWs average £665,000, up 54%, and the Ultra HNWs average £6.4 million, up 66%, whilst the Super Rich are up a massive 79%. The rich have got a lot richer!

Figure 1: Liquid Asset Ownership within the Wealthiest 5% of UK Adults

	2001	2005	
Base: The UK's wealthiest 5%	Average Liquid Assets: £s	Average Liquid Assets: £s	No. of individuals 000s
The Mass Affluent (4%)	£94,000	£144,000	1,880
HNWs (0.7%)-	£432,000	£665,000	335
Ultra HNWs (0.3%)	3,870,000	6,442,000	135
The UK Super-Rich	£39,000,000	£70,000,000	One

Source: Tulip Wealth Model 2001 Source: Tulip Wealth Model 2005

Figure 2 overleaf demonstrates the importance of these groups to financial product and service providers to the wealthy. Together they now own 81%+ of all UK liquid assets. And just on 50% are owned by the 135,000 Ultra HNWs alone, 0.3% of the UK population.

¹ A fuller definition is "the total amount of funds that are in the form of cash or can quickly be converted to cash. These include (1) cash; (2) demand deposits; (3) time and savings deposits; and (4) investments capable of being quickly converted into cash, either through their sale or through the scheduled return of principal at the end of the period remaining to maturity. The Tulip definition includes investment property excluding homes & second homes.



Figure 2: % Shares of UK Liquid Assets Owned by the UKs Wealthiest 5%

	2000	2005	
Base: The UK's wealthiest 5%	% of UK Liquid Assets Owned	% of UK Liquid Assets Owned	Population 000s
The Mass Affluent (4% - 1.88 million)	9.6%	15.5%	1,880
HNWs (0.7%-335,000)	13.6%	12.8%	335
Ultra HNWs (0.3%)	47.1%	48.8%	135
The UK Super-Rich	3.6%	4.0%	One

Source: Tulip Wealth Model 2001 Source: Tulip Wealth Model 2005

John Clemens, Managing Partner of Tulip Financial Research, commenting on these findings said:

“Liquid assets have always been concentrated within a relatively small group in the population, and this concentration shows no signs of abating. This group has clearcut demographics – they tend to be old, average age around sixty, and many already in retirement. And this concentration is growing.

They are or have been high earners, mostly in business and the professions, but including substantial numbers of entrepreneurs who set up and own or owned their own businesses. Their main sources of wealth have been savings from income, investment of those savings plus company share schemes and sales of businesses. Inheritance is also a source but of much less significance.

Until quite recently both the high earners and the investment decision makers were mainly male, but there is fast growing trend to joint decision making in the younger wealthy households. The gender factor is something that financial and product service providers need to be both aware of and to take serious account of.

For more information call John Clemens, Managing Partner, Tulip Financial Research Limited on 020 7582 6870 or email john.Clemens@tulipresearch.com