



**Tulip Press Release Monday, 26th September, 2005**

## **The Rich Get Richer..... HNW Sector Now Owns 75% of UK Liquid Wealth: Up from 64%**

Tulip Financial Research Ltd. is the UK expert on how the wealthy handle their financial affairs, from investment and asset allocation to banking, from saving to retirement. Tulip has also led the way in quantifying the importance of the wealthy to financial institutions and companies. One of the Tulip's main research tools has been the development and application of a computer model<sup>1</sup> of the distribution of wealth within the UK. The model was developed in 2000 and showed in 2001 that wealth within the top wealthiest 5% of UK adults was distributed as shown in Figure 1 below.

**Figure 1: Liquid Asset Ownership Of the Wealthiest 5% of UK Adults 2001**

<b>Base: The UK's wealthiest 5%</b>	<b>Average Liquid Assets: £s</b>	<b>Population 000s</b>	<b>% of UK Liquid Assets Owned</b>
The Mass Affluent (4%)	£94,000	1,880	9.6%
HNWs (0.7%)	£432,000	335	13.6%
Ultra HNWs (0.3%)	3,870,000	135	47.1%
The Super-Rich	£39,057,000	One	3.6%

Source: Tulip Wealth Model 2001

The definitions, established in 2001, and used since are:

Mass Affluent: £50-£250,000 liquid assets (average £94k)

HNWs: £250-£500,000 liquid assets (average £432k)

Ultra HNWs: Over £500,000 liquid assets: Average ££3.87 million

Super Rich: The Top 1000 (average £39m liquid assets)

Tulip has continued with these definitions, as they have proved acceptable to most of the financial institutions for whom we work: and, of course, the model has enabled us to select samples or to provide analyses based on different definitions of wealth as and when required. Tulip has not changed these definitions annually as we feel that consistency is valuable, and constantly changing definitions would prove confusing.

We are now publishing – and will in future use for most purposes: new population estimates against the same criteria. The choice was either to restrict the data to the wealthiest 5% and show how their wealth has increased, or to maintain the same definition and show the greater numbers now meeting the established liquid wealth criteria. Figure 2 shows that the total with the minimum qualification of £50,000 in

<sup>1</sup> A description of the Tulip Wealth Model methodology is available on request. The model enables personal wealth and liquid assets to be quantified for any sub-group defined by wealth ownership with the UK: e.g. it can provide an estimate of the population numbers holding, say, between £50,000 and £250,000 in liquid assets – the so-called Mass Affluent.

liquid assets has risen from 2.35 million individuals to 3.11 million: from 5% of the population to 6.5%. These now break out as follows:

**Figure 2: Liquid Asset Ownership Of the Wealthiest 6.5% of UK Adults 2005**

<b>Base: The UK's wealthiest 5%</b>	<b>Average Liquid Assets: £s</b>	<b>Population 000s</b>	<b>% of UK Liquid Assets Owned</b>
The Mass Affluent (4.6%)	£94,000	2,200	11.9%
HNWs (0.1.6%)	£432,000	767	19.0%
Ultra HNWs (0.3%)	3,870,000	129	28.7%
The Super-Rich (.025%)	£39,057,000	12	26.8%

Source: Tulip Wealth Model 2005

The core findings are as follows:

- The number of individuals with over £50k in liquid assets has risen from 2.351 million to 3.11 million – a rise of 32% or an additional 759,000
- These 3.11 million/6.5% now own 86% of UK liquid assets.
- The comparative figures for the top 5% are 81% of all liquid assets now compared with 74% in 2001

**NB There are two ways of presenting the change: keeping the numbers in each of the groupings constant, and showing the increased average wealth: or keeping the wealth definitions constant and showing the increased numbers.**

**Which is best for a press release: doing both is too complex. Numbers probably.....**

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