

Economic fears declining among the affluent **Younger high-income individuals don't want to miss market turnaround**

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While still worried about the economy, affluent individuals are becoming less anxious, according to a study by New York-based research firm Ipsos Mendelsohn.

Conducted at the end of April, the online survey of 1,000 adults with at least \$100,000 of household income found that 46% of those polled cited the economy as their top concern. This compares with 60% of respondents who worried about the economy in December, when the previous quarterly poll was conducted.

Concerns about health care and unemployment also eased. The former was cited by 31% of those polled, down from 33%, and the latter by 28%, down from 32%. Respondents were asked to identify their top worries and could choose more than one.

“I was surprised that these concerns dropped as quickly as they did,” said Bob Shullman, president of Ipsos Mendelsohn and architect of the survey. “The pulse is things aren't getting worse. The economy is still a primary issue, but less so. That to me and to a lot of our clients is a good thing.”

On average, Mr. Shullman noted, one out of eight households with annual income over \$100,000 has liquid net worth of \$1 million or more, although respondents to his firm's recent survey were not asked about assets.

When asked when they thought the recession would end, 39% of respondents said it would end in 2010. Younger respondents — those ages 18 to 34 — were even more certain of an imminent turnaround than the group as a whole, with 55% predicting the recession would end next year.

“They want to be the first one out when it's turning,” Mr. Shullman said.

Advisers corroborate this mood shift, noting that they have been approached by clients who wonder whether it's now time to start aggressively buying stocks.

“As human beings, no matter how smart and sophisticated we become, we still tend to act today on our most immediate past experiences. When the market was in a freefall everyone panicked; when it's going up they want in,” said Joe Heider, an adviser with Dawson Wealth Management, a Cleveland firm that manages \$400 million in assets.

He believes his clients' mood in the past six months or so has gone from panic to being cautiously optimistic. But he is now reminding clients not to make drastic decisions because things are looking up.

Mr. Heider said he received a panicked call two months ago from a retired physician who wanted to liquidate all of his equities. Mr. Heider persuaded him to stay invested. Recently, the investor said he is eager to buy more stocks.

“I had to remind him that I had to talk him out of doing the exact opposite thing just a few months ago,” Mr. Heider said. He also met recently with a small church foundation that chose to increase the foundation's allocation in equities.

“There's still unease, but we're seeing hope and greed overcoming fear,” Mr. Heider said. Meanwhile, clients are becoming more confident, agrees David H. Lamp, a certified financial planner with BBS Financial Advisors LLC, a Seattle firm with \$37 million in assets under management.

“You see people hoping that things are working and that the stimulus stuff is taking effect,” he said. “We haven't made any big moves. We think fundamentally things haven't changed.”

Mr. Lamp said clients who stayed fully invested are starting to murmur about buying more stocks, while newer clients are content to wait.

“But they're definitely upbeat,” he said. “Without a doubt, there's more optimism in the air.”

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