



Fidelity® Intra-Family Generational Finance Study Executive Summary

Introduction, Study Methodology and Respondent Profile

The Fidelity Personal Economy Intra-Family Finance Generational study was conducted online among U.S. parents and their adult children by GfK Public Affairs and Corporate Communication using GfK's KnowledgePanel® during the period of July 24 – August 29, 2012. To qualify, parents had to be at least 55 years of age, have an adult child older than 30 and have investable assets of at least \$100,000. Their children qualified if they were at least 30 years of age, had money saved in an IRA, 401(k) or other investment account. In addition, they must have at least \$10,000 saved.

The results for this executive summary compare 152 parents to one of their adult children. The total sample recruited for this study included 975 parents and 152 adult children.

The experience of the parents and adult children who responded to the survey may not be representative of the experiences of all families.

Key Findings: Adult children often take on financial and emotional stress due to lack of communication with parents

- Substantial disagreement exists within families over critical topics including inheritance, eldercare strategies and covering living expenses in retirement.
- Most parents (68%) and their adult children (60%) are more comfortable talking with their third-party financial professional than each other (55% and 47%).
- Ninety-four percent of adult children and their parents agree it is important to have frank conversations about wills and estate planning, eldercare or covering retirement expenses – however, these conversations often lack depth. As a result:
 - Ninety-seven percent of parents and children disagree on whether a child will take care of their parents if they become ill.
 - Children underestimate the value of their parent's estate by more than \$100,000, on average.
 - One-quarter (24%) of children believe they will have to help their parents financially, while nearly all (97%) of parents say they will not need help.

Comfort Level in Talking about Personal Financial Situation

- Essentially all parents and adult children say they are most comfortable talking to their spouse about the specifics of their financial situation and next most comfortable talking to their investment professional (68% and 60%, respectively).
 - They appear less comfortable talking to each other about their personal financial situation (only 55% of parents and 47% of children are very comfortable talking to each other).
- More than 7 in 10 parents and their adult children agreed it was not difficult to start a conversation about their own spending, budgeting, long-term savings or investing. However, these conversations are often not detailed and poorly timed.

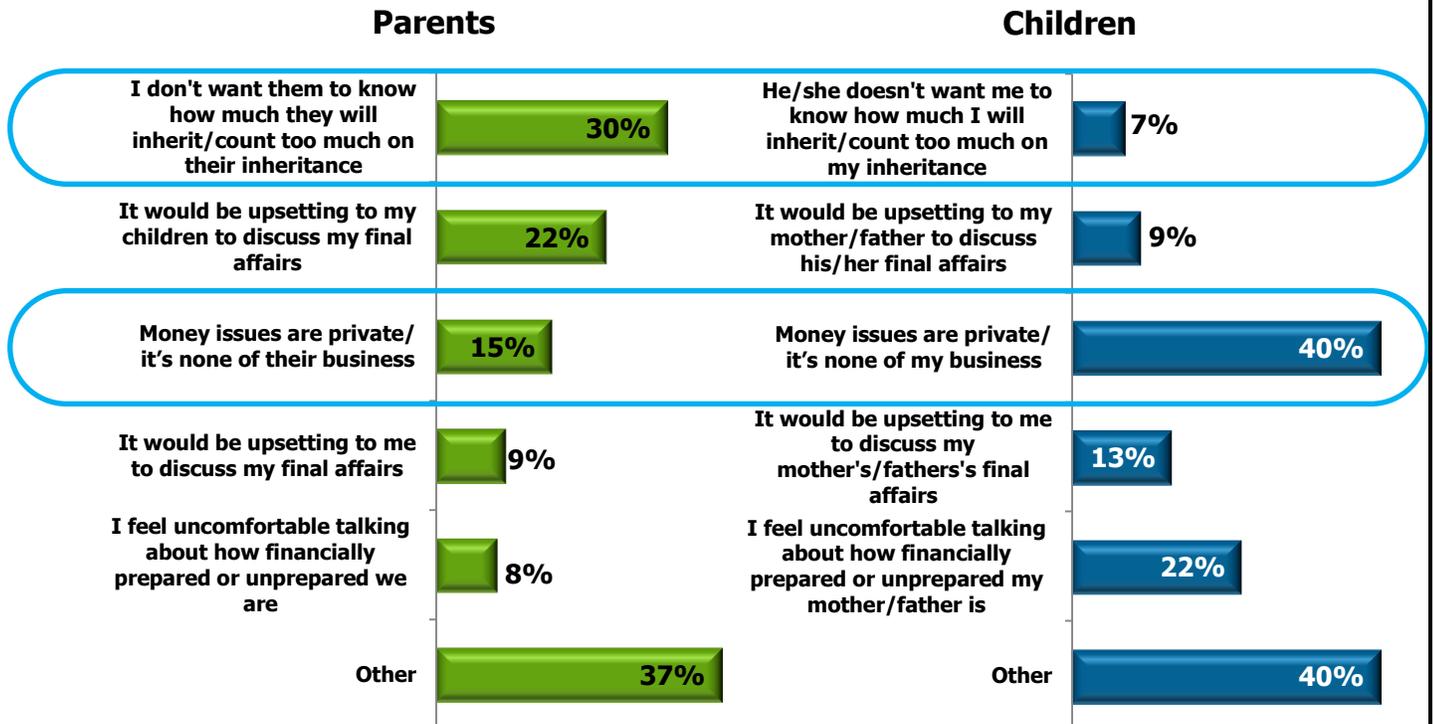
Families Disagree on the When these Conversations Should Occur and How Often Parents' Worry about Money

- Though the large majority of parents and their adult children (roughly 9 in 10) agree that having frank financial conversations are important, only one-third of parents and children are in agreement about exactly the right timing for these conversations.
 - While 37% of children believe these conversations should occur well before their parents retire or have health issues, only 27% of their parents agree with this. Parents are more likely to feel these conversations should occur as they near retirement or actually retire vs. their adult children (37% vs. 22%).
- Nearly two-thirds of parents (64%) and their adult children disagree on how often parents worry about money, with parents saying they worry less often than their children think they do. In fact, nearly half (46%) of adult children think their parents worry about their financial future at least once a month or more, compared to only one-third (32%) of parents who say they worry this often.

Barriers to Having Conversations about Personal Finances

- The top reason cited by parents for not discussing retirement plans with their adult children is that they do not want them to count too much on their future inheritance (30%), while the top reason cited by their adult children is that money issues are private/none of their business (40%).

Reasons for not Thoroughly Discussing Your Parents' Retirement plan

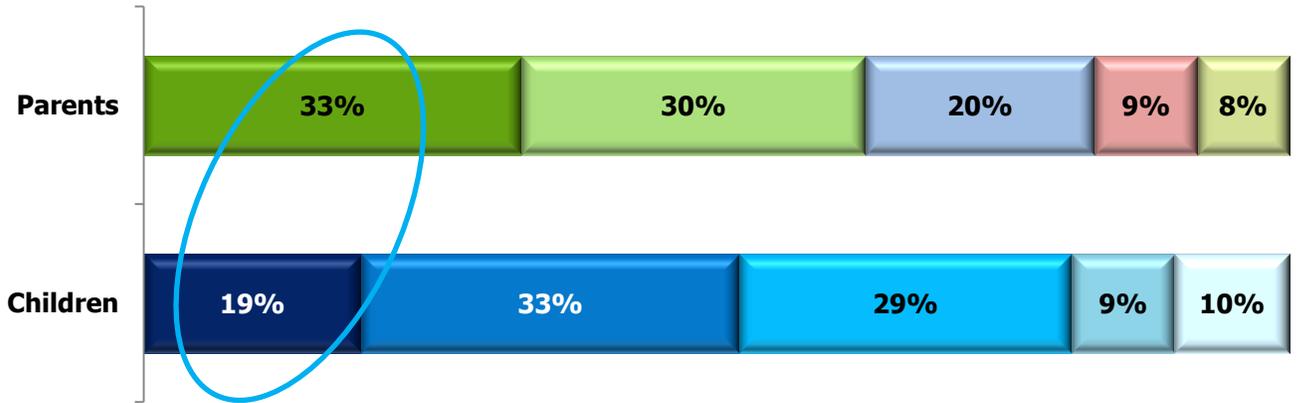


Failure to Have Detailed Conversations Creates Major Misconceptions within Families

- Limited Agreement about Caring for Ill Parents:** While nearly nine in 10 (89%) adult children and parents agree that health and eldercare is an important topic of conversation, 63% disagree on the level of detail that has been covered to date. In fact, only 10% of children believe the conversations were very detailed. As a result, 97% of parents and children disagree on whether a child will take care of their parents if they become ill.
 - In addition, though more than two-thirds (67%) of parents surveyed say they have already factored in potential healthcare costs into their retirement strategy, they have not fully communicated their eldercare strategy to their adult children.
- Adult Children Vastly Underestimate Inheritance:** Almost nine in 10 (89%) adult children and parents agree estate planning is an important topic to discuss, but 70% disagree on the depth of the conversations that have taken

place and only one in five (19%) children say the discussions have been very detailed. The outcome is that parents and their adult children disagree on the ultimate value of the parent's estate. In fact, their children underestimate the value by more than \$100,000, on average.

Level of Detailed Conversations about Parents' Will/Estate



■ Very detailed ■ Somewhat detailed ■ Not very detailed ■ Not at all detailed ■ Have not had any conversations

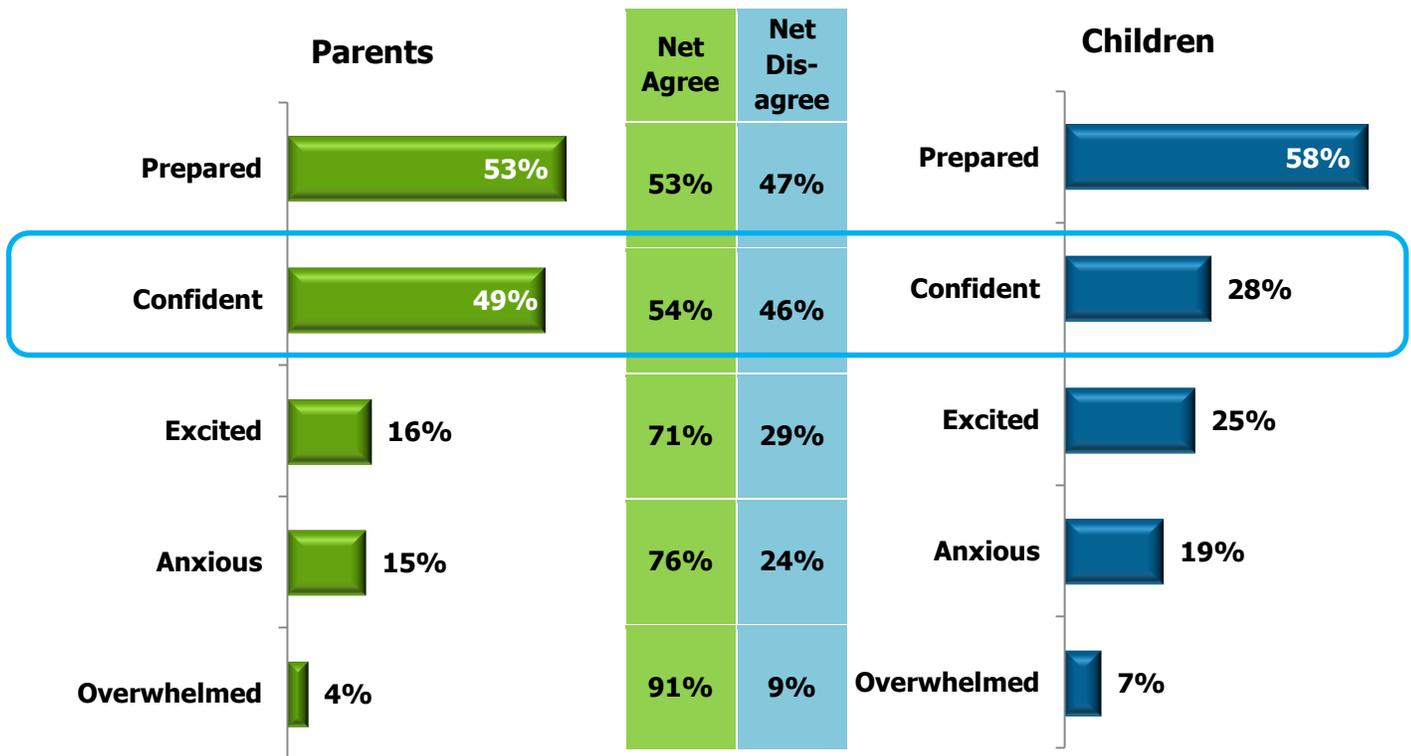
Net Agree	Net Disagree
30%	70%

- In addition, while the majority of parents who've had conversations (55%) feel they have shared both the logistics and details about their will/estate planning; only 38% of children say this. Children feel these conversations have focused more on logistics (36%) vs. only 26% of their parents who say this.
- **Children Anticipate Supporting Parents Financially, But Parents Say It's Not Needed:** Sixty-five percent of adult children and parents agree that discussing retirement readiness is an important topic, but 72% disagree on the level of detail that has been covered to date; and only 11% of children believe the conversations were very detailed. As a result, one-quarter (24%) of children believe they will have to help their parents financially, while nearly all (97%) of parents say they will not need help, revealing a significant disconnect.

Disconnect on How Parents are Feeling About Retirement

- One-half (51%) of parents and children disagree on the lifestyle their parents expect during retirement. While nearly 4 in 10 (38%) of children think their parents will have a very comfortable lifestyle only 2 in 10 of their parents think so.
- When asked to describe their parents' feelings about retirement there was a high level of disagreement between parents and their children (about 46%) regarding how confident they are feeling. While 49% of parents would describe themselves as confident, only 28% of their children would say this about their parents.

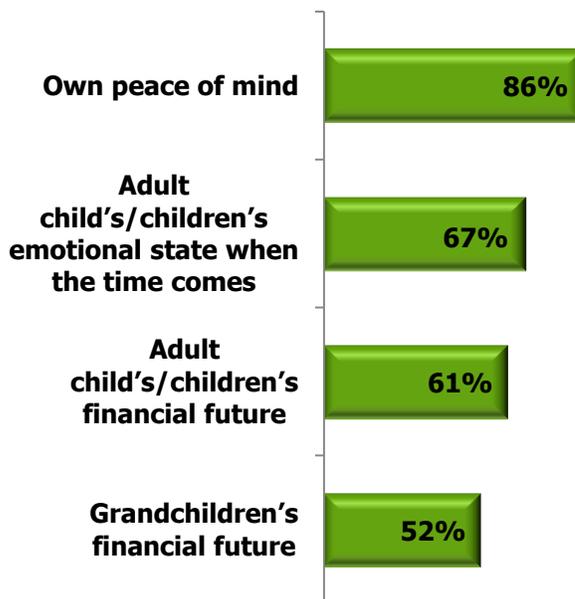
Words that Describe Feelings towards Parents' Retirement



Emotional Benefit of Having Frank Conversations

- When adult children and parents had conversations about these critical topics, 83% agree the other was willing to talk about wills and estate planning, eldercare and covering retirement expenses.
- When there have been *detailed* conversations about parents' retirement, the large majority of parents admit to feeling more at ease about their own peace of mind.
 - In fact, comparing those parents who had *detailed* conversations with their children about their will/estate vs. those parents who did not demonstrate the emotional benefits are significantly higher.

Benefits of Detailed Conversations with Children



	Had detailed conversations	
	Yes	No
Adult child's/children's emotional state when the time comes	74%	35%
Adult child's/children's financial future	68%	30%
Grandchildren's financial future	58%	27%

Parents who've had detailed conversations with their kids are more aware of the benefits of the conversations

Key Demographics of Sample:

	<u>Parents</u>	<u>Adult Children</u>
Male	50%	39%
Female	50%	61%
Mean Age	69.5	41.6
Mean HH Income	\$100.0K	\$127.2K
Mean Assets	\$528.4K	\$81.2K

Works with an advisor	45%	37%
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Oldest Child	NA	47%
Middle Child	NA	15%
Youngest	NA	38%

Employed	21%	77%
Not Employed	2%	20%
Fully or Partially Retired	77%	3%

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