

# Wealth Intelligence Digest



PROSPECTING FOR GOLD LTD  
Wealth Intelligence Services™

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# UK Millionaires



## Prospecting for Gold

Prospecting for Gold's Wealth Intelligence and Legacy Prospect Databases are the leading source of factual information in the UK on wealthy and influential people. We have compiled information from sources on around 600,000 individuals over the last 20 years and are uniquely qualified to provide information and comment on the composition and depth of both liquid assets and property wealth in the UK.

Prospecting for Gold aims to provide further insight into some of the most widely discussed questions about wealth. In this edition, we update the information held in our largest database of liquid asset wealth, 'The Wealth Intelligence Database' and recent published wealth reports to revisit the question: **How many UK millionaires are there?**

## What do the latest reports say?

[£500,000 in investable assets has been the benchmark used by the wealth management industry to define a millionaire.](#) This definition is used by all the recognised research organisations to calculate the number of individuals who qualify as millionaires.

In 2010 two new reports were published with revised estimates of the number of 'millionaires' in the UK. These reports draw different conclusions about the number of high net worth individuals in the UK.

Capgemini and Merrill Lynch in their 2010 World Wealth report put the figure at 448,000, a reduction of 495,000 since 2007 as a result of the global recession. MDRC in their 2010 High Net Worth Market report arrived at an estimate of 575,000 individuals despite the recession.

Why is the range so large? Are these definitions missing out people who are millionaires or are they including people who are not millionaires respectively?

## What makes a millionaire?

Does £500,000 in investable assets make you a millionaire? Are they wealthier than someone who lives in a house with a value in excess of £1 million which they own outright?

What about a director of a public company with share options worth a million? Are they not a millionaire?

Should property be included in defining a millionaire or should it be just liquid assets?

Is £500,000 in investable assets enough to define a millionaire if that is the total value of their assets?

All of these are fair questions and need to be considered when reaching a conclusion about what should define a millionaire.

## Defining a millionaire

The considered view is that a millionaire is someone with at least £1 million of liquid assets. These liquid assets are cash, shares or other investments, which could be turned into cash within a time period of less than one year. Some widely argue that property should be included in this calculation even where it is owned outright. Prospecting for Gold would exclude directors of private limited companies even where they may generate significant profits and pay out significant dividends each year.

One area of wealth, which is factored into Prospecting for Gold's estimate of the number of UK millionaires, is public company directors (PLC directors). This is where directors hold shares in these companies which have a current market value of £1 million or more or where they have share options which they can exercise realising the same £1 million or more.



Prospecting for Gold

# Millionaires

Prospecting for Gold currently holds or accesses factual information on around 350,000 UK based individuals with sufficient liquid assets to meet this definition of a UK millionaire. These liquid assets include a combination of:

- cash
- investments
- shares
- remuneration
- other holdings
- property - aside from their main home

What about people who live abroad and hold all of their assets overseas? What about people who invest only through intermediaries and keep their business affairs and wealth away from prying eyes? How many of these individuals might there be?

The estimates of the number of people who fall into this category (quoted in published sources) vary but there is widespread agreement that a figure of 150,000 is realistic. Whilst many will undoubtedly meet the definition of a millionaire, in the absence of actual information to support this assumption, Prospecting for Gold does not include them.

## What if PLC directors were included?

Prospecting for Gold has analysed the assets/profitability/ remuneration and dividend policies of all UK PLC companies in partnership with leading UK recognised information sources on UK company information.

We have identified around 40,000 individuals who are PLC directors with sufficient profits, dividends and remuneration to indicate that the total income will meet the definition of a millionaire.

The income figure is a combination of salary and bonus as well as the current value of their shareholding or options.

If these individuals were included, the total estimated number of UK millionaires increases to 390,000 individuals.

## What if private company directors were included?

Prospecting for Gold has undertaken detailed research on the assets of private companies. In most cases, the financial information about their activities is limited. Often, private companies are family run where the board of directors is made up of predominately family members.

We have also researched company information data on the net profitability and dividends of all UK private companies to identify those generating sufficient profits to make their directors already millionaires or potential millionaires in the medium term.

Our research identifies 35,000 individuals who are directors of private limited companies, within our asset and net profit criteria. If these individuals are included in our definition, the total number of UK millionaires reaches 425,000.

## What if owned property was included?

**Property is the most debated type of asset, when it comes to someone's wealth. Even if they own the property outright, should this be included?**

Over the past year, Prospecting for Gold has gathered property ownership data from across the UK. Using actual house sale information and council tax banding, we have been able to identify the number of single or dual-occupancy of houses owned and worth in excess of £1 million. The important definition is ownership. There are thousands of individuals living in £1 million houses with mortgages. These people are not considered.

Our findings indicate that there are at least 32,000 sole or dual occupants living in houses they own outright which are valued in today's property market at £1 million or more.

Interestingly, if property values start to rise once more and grow by 20% over the next 3-5 years (which would be considered quite modest), another 52,000 single or dual occupants would meet the £1 million criteria. It could be argued that the majority of these people are likely to have other investments which push their total assets over £1 million already. As this factual information is not available, they are excluded. The inclusion of the 32,000 people living in houses worth over £1 million which they own outright, brings the new total number of UK millionaires identified from public information sources to 457,000.

“If property values start to rise once more and grow by 20% over the next 3-5 years (which would be considered quite modest) another 52,000 single or dual occupants would meet the £1 million criteria”

## Finding the invisible millionaires?

What of the invisible millionaires? How many are there and if we include these in our calculations, what might be the final total?

We referred to the estimated 150,000 UK citizens living abroad. What about UK based individuals who keep their assets and investments secret through the use of offshore arrangements and the use of UK intermediaries? How many of these are there?

Reports from the wealth management industry provide detailed current information on the total number of millionaire client accounts and average number of client accounts held by an individual. This information provides a robust basis for estimating the number of additional people who are invisible to us. It is not unrealistic, based on these reports, to assume that there could be 100,000 people who manage and invest their asset wealth in this way.

We assume only a minority of the UK individuals live abroad and UK individuals investing via wealth managers have sufficient assets to meet our definition. Adding these people brings the grand total of millionaires in the UK to over 500,000 people.

## Looking to the future

If we have 500,000 UK millionaires today, what might the figure be in 10 years time? If we include property, then surely we can expect perhaps as many as 100,000 additional people to become millionaires.

Will we see the same growth in the numbers of people joining the millionaire club as we have seen in the past decade or will the recession and the new era of austerity slow this trend?

Has the banking crisis turned the clock back on how people invest their money and safeguard their assets making it even harder for us to identify who is a millionaire?

What we can be certain of is that the number of millionaires will continue to grow. It is just a question of how fast.

# Prospecting for Gold

For 20 years, Prospecting for Gold has been helping organisations learn more about the wealth and influence of their supporters, clients and customers. Once identified, Prospecting for Gold helps these organisations to develop successful relationships with these wealthy individuals. Prospecting for Gold also uses its data sources to compile new prospect lists from criteria provided by the organisation. Since launching, Prospecting for Gold has helped its clients raise over £200 million.



For further information contact;

Andrew Thomas, Founder  
Prospecting for Gold Ltd  
01491 577311

[andrew@prospectingforgold.co.uk](mailto:andrew@prospectingforgold.co.uk)

James Redhead  
Prospecting for Gold Ltd  
07785273765

[james@prospectingforgold.co.uk](mailto:james@prospectingforgold.co.uk)