

Wealth Intelligence Digest

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PROSPECTING FOR GOLD LTD
Wealth Intelligence Services™

UK Millionaires

Prospecting for Gold Ltd is the leading source of factual information in the UK on wealthy and influential people. Over 20 years, Prospecting for Gold has compiled information from factual sources on over 900,000 individuals. Prospecting for Gold is uniquely qualified to provide information and comment on the composition and depth of both liquid asset and property wealth in the UK.

The Wealth Intelligence Digest aims to provide further insight about some of the most widely discussed questions about wealth. In this first edition, Prospecting for Gold draws on the information held in its largest database of liquid asset wealth, 'The Wealth Intelligence Database' and other associated databases to draw some conclusions about the question most frequently asked: **How many millionaires are there in the UK?**

What everyone else says?

£500,000 in investable assets seems to be 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 meet this definition.

Each year sees reports published with new estimates of the number of 'millionaires' in the UK. The variety and range of these estimates is growing.

Barclays Wealth in their 2007 report 'The true value of wealth' estimated that there were 405,000 individuals who met this definition. Capgemini and Merrill Lynch in their 2008 World Wealth report put the figure at 495,000. Most recent of all, MDRC in their 2009 High Net Worth market report arrived at an estimate of 575,000 individuals even after the financial mayhem of last year.

Why is the range so large? Is this definition missing people out who are millionaires or including people who are not millionaires?

What should be included?

Does £500,000 of 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 normally being either 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 also would exclude Directors of private limited companies even where they may generate significant profits and pay out significant dividend each year.

However, one area of wealth, which is factored into Prospecting for Gold's estimates of UK millionaires is public company directors (PLC Directors) where the Director 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 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

These individuals are UK based where sufficient information exists in the public domain to arrive at a reliable and accurate estimate of their wealth. This is a good starting point for estimating the number of UK millionaires who are UK residents.

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 people is realistic. Whilst many of these people 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 public limited companies in partnership with leading UK recognised information sources on UK company information.

Prospecting for Gold has identified around 40,000 individuals who are directors of public companies with sufficient profits, dividend and remuneration to indicate that the total income of these individuals 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?

Private Limited Companies are often difficult to value and the financial information about their activities is more limited. Often, private companies are family run companies where the board of directors is made up of predominately family members.

Prospecting for Gold has also researched company information data on the assets and 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 at least 30,000 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 420,000.

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 -occupants of houses owned and worth in excess of £1 million. The important definition for even considering these individuals 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 they own outright worth over £1 million, brings the new total number of UK millionaires identified from public information sources to 452,000.

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Finding the invisible millionaires?

If 452,000 people are only the total of millionaires, which can be identified from available factual publicly available information sources. What of the invisible millionaires and how many are there and 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 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.

If we assume only a minority of the UK individuals living abroad and UK individuals investing via wealth managers have sufficient assets to meet our definition, adding these people brings the total 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 becoming 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. Is it 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 the 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 it's clients raise over £200 million.

To find out more about work:



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