


ONE-CLICK OPTIONS STRATEGIES ON TRADE ARCHITECT.

IMPORTANT INFORMATION ▼

- P&L graph displays
- Access to options video tutorials
- Nothing to download, never a platform or subscription fee



TRADE FREE FOR 60 DAYS

OPEN AN ACCOUNT ▶

WELCOME TO BETTER

TD Ameritrade

The Street

Try Jim Cramer's
Action Alerts PLUS

Managing Your Money

▶ [Return to Article](#)

ExecuSpeak Dictionary: High Net Worth

Carol Heiberger

12/05/11 - 08:45 AM EST

PHILADELPHIA ([MainStreet](#)) -- The meaning of high net worth? It depends. It's not the meaning of "net worth" that creates the variations, though; it's the meaning of the word "high."

The term, in its fullest expression, is *high net worth individual*. It's generally a description of people with money, property and other assets that greatly exceed their level of debt. But the exact amount of money that makes someone a high net worth individual varies by bank, investment adviser, marketing department, and the Securities Exchange Commission.



The SEC uses the measurement of net worth of \$1 million or more as one of many measures to define the phrase "accredited investor." Financial companies may offer services that are exempt from certain SEC rules to accredited investors and that, all by itself, creates a market segment.

High net worth individual is a market segment. Financial institutions of all types want to quantify the size of the market of people with investable assets. So the amount of net worth ascribed to a high net worth individual does not always include a primary residence, art, jewelry or any other asset that is not readily converted to cash. The marketing department's interest is typical:

- How big is the market? How many individuals? How many families?
- What services would be of interest and value to this market segment?
- How do we find them so that we may query them and learn of their interests?
- How do we communicate with them to sell our services?

And thus the absolute definition varies based on the marketing strategy of the financial services provider. That explains why **Schwab(SCHW)** offers its Private Client Services to those with \$500,000 in a Schwab account and **Morgan Stanley(MS)** sets the bar at \$5 million. A brokerage may consider any client with an account of \$100,000 or \$300,000 to be worthy of special

services but not call them "high net worth." A Cogent Research study evaluating the HNWI customers' opinion of warehouses, though, queried those with \$100,000 or more of investable assets. This highlights the need to look at the definition of the high net worth segment when looking at data.

So how many high net worth individuals are there in the United States? There is no one source of data, but various estimates. The most current estimate of 10.5 million people with a net worth over \$1 million is from a Deloitte global assessment this year that includes primary residence as a part of the calculation. (For those doing the arithmetic, ~3.4% of the U.S. population fits this definition.)

High net worth individuals are not to be confused with high-earning individuals. The book *The Millionaire Next Door* provided a clear analysis of the "average" millionaire as someone of moderate earnings who lived below their means and saved money. The typical HNWI is not "living large." That group has its own market segment: ultra high net worth individuals ... those with a net worth of \$30 million or more.

>To submit a news tip, email: tips@thestreet.com.

Follow *TheStreet* on [Twitter](#) and become a fan on [Facebook](#).

Visit TheStreet for more great features

THESTREET PREMIUM SERVICES

From the action-oriented investing ideas of *Action Alerts PLUS* by Jim Cramer to the expert technical trading strategies of Helene Meisler's *Top Stocks*, TheStreet.com offers a range of premium services to help boost your portfolio's performance. [View now](#).

EXPERT ADVISORS ALERTS DELIVERED TO YOUR INBOX

Action Alerts PLUS: Cramer's personal portfolio, emails before he acts.
RealMoney: 70+ experts share their top investing ideas and analysis.
Stocks Under \$10: Alerts identify undervalued stocks with profit potential.

FREE NEWSLETTERS

Get an edge on the market with the help of free email newsletters like Jim Cramer's *Daily Booyah!*. Learn about the day's major market events, companies that sizzled or fizzled and lots more that can help you make more profitable investing decisions. [Sign up](#).

Sponsored Links

E*TRADE Online Trading

Low Commissions & Free Research. Apply at E*TRADE Securities.
www.etrade.com

RN Degree Programs

Attend Class Anytime Day or Night! Earn Your Degree in Nursing Online
www.DegreePath.com

Apple iPads Sold as low as \$14.06?

Auction site sells 1,000s iPads for as low as \$14.06!
QuBids.com

[Buy a link here](#)

Brokerage Partners

[TheStreet Corporate](#) | [Home](#) | [About Us](#) | [Advertise](#) | [Reprints](#) | [Customer Service](#) | [Employment](#) | [Privacy Policy](#) | [Sitemap](#) | [Topic Archive](#) | [Video Archive](#) | [Stock Quotes Online](#) | [Terms of Use](#)

TheStreet's enterprise databases running Oracle are professionally monitored and managed by [Pythian Remote DBA](#).

Quotes delayed at least 20 minutes for all exchanges. Market Data provided by [Interactive Data](#). Company fundamental data provided by [Morningstar](#). Earnings and ratings provided by Zacks. Mutual fund data provided by Valueline. ETF data provided by Lipper. [Terms & Conditions](#). Powered and implemented by [Interactive Data Managed Solutions](#).

TheStreet Ratings updates stock ratings daily. However, if no rating change occurs, the data on this page does not update. The data does update after 90 days if no rating change occurs within that time period.

IDC calculates the Market Cap for the basic symbol to include common shares only. Year-to-date mutual fund returns are calculated on a monthly basis by Value Line and posted mid-month.

*Oil Data in Market Overview is Brent Crude Pricing

The Street

© 2011 TheStreet, Inc. All rights reserved.