

Millionaires favour IFAs, survey finds

19 August 2011 by Will Jackson

Wealthy Britons use IFAs more than any other form of third party financial advice, according to a survey of 500 millionaires.

Skandia's Millionaire Monitor report found that 73% of respondents take third party financial advice. Of these, 52% use IFAs, 20% consult stockbrokers, and 14% employ wealth managers.

Accountants were the second most popular source of third party financial advice with a 34% share, ahead of daily press and financial websites (31%) and banks (27%). Just 10% of millionaires said they used tied advisers linked to a life or insurance company.

Splitting the results by sex, wealthy men were more likely to seek independent advice, with 55% using an IFA, compared with 44% of women. Men were also more reliant on the press and websites. Women appeared to favour bank advice, meanwhile, with 44% using this channel.

The survey also measured the attitudes of respondents to risk. It found that one of the key considerations for millionaires is risk control. Two-thirds of those polled said their portfolios are built around managing risk, and 57% are paying more attention to risk "than ever before".

However, the survey, which was conducted in June, also found that millionaires have a higher than average appetite for risk, with over 40% estimating their risk tolerance at seven or eight out of ten (where ten was the highest rating).

"The pain of loss outweighs the pleasure of gain, and the fact that millionaires have a lot to lose means controlling risk is one of the most important elements they will seek advice about," said Graham Bentley, head of investment strategy at Skandia.

"Having said that, the majority of millionaires are still looking to grow their capital rather than just preserve it, and many are prepared to accept a relatively high level of risk to achieve that."

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