

Inland Empire Wealth Study 2005 Results Overview

Presented by:



The Right Solution For Quality Wealth Management

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Introduction: Why Study Inland Empire Wealth?

Although many studies have been conducted on wealth in the United States and various regions of California, this is the only comprehensive study regularly published on affluence in the Inland Empire.

Viewed by some as simply “greater Los Angeles,” the Inland Empire is often ignored by researchers. Since this is one of the fastest growing metropolitan areas in the United States, data and statistics that specifically pertain to the Inland Empire are vital to understanding this dynamic market.

Glencrest underwrites this primary research study every two years. It allows us to better understand the unique needs, interests and concerns of the wealthy in the Inland Empire. It also helps us develop tools that make a real difference to wealthy investors.

For companies that want a better understanding of affluent individuals in the Inland Empire, customized survey result profiles may be obtained by calling 800-257-6650.

Thomas J. Steffanci
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Methodology: How was the Study Conducted?

Using a mailing list built from Claritas’s proprietary financial behavioral model, Wilkin Guge Marketing sent surveys to 10,617 individuals within San Bernardino county, Riverside county and Claremont.

The survey requested participation and included questions on types of investments owned and investing patterns. To help predict trends, questions were also asked about attitudes toward future investing and the equity market.

A total of 408 surveys were completed and analyzed. Additionally, respondents were asked to confirm their total and liquid assets in order to be included in the final results. The survey results

also confirmed national data indicating the Inland Empire has a higher percentage of residents aged 65 and older than the national average, with the highest percentage of affluent respondents living in the Coachella Valley.

Research compilation for the Inland Empire Wealth Study 2005 was conducted by Wilkin Guge Marketing, Inc., an independent research firm located in Claremont, California. Data analysis was conducted by Glencrest Investment Advisors, Inc. and Wilkin Guge Marketing. The study was conducted during the month of March 2005. The identities of those who participated will be kept confidential.



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Demographic Overview

The results below provide a demographic overview of all responses. Cross-tabulated analysis, however, shows that the more affluent the individual, based on total assets, the more likely he or she is to be over 61, married and living in the Coachella Valley area. Also, it is more likely he or she will have lived in the Inland Empire for more than 10 years.

DEMOGRAPHIC SNAPSHOT	%
Caucasian	92.4%
Married	83.8%
Age 61 or older	78.8%
Resident of the Inland Empire for 10+ years	65.8%
Retired	63.0%
Coachella Valley resident	43.4%
Graduate/Postgraduate degree	37.3%

What is your gender?

Male	79.4%
Female	19.6%

What is your age?

71 or older	47.0%
61-70	31.8%
51-60	15.0%
41-50	4.9%
31-40	1.0%
22-30	<1.0%

What is your ethnicity?

Caucasian (Non-Hispanic/White)	92.4%
Hispanic/Latino	2.9%
Asian-American/Pacific Islander	1.7%
Other	1.2%
African-American/Black (Non-Hispanic)	1.0%
American Indian/Alaskan Native	<1.0%

What is your level of education?

Graduate/Postgraduate degree	37.3%
Some college	24.8%
Bachelor's degree	19.9%
Some graduate school	12.0%
High school	5.9%

What is your marital status?

Married	83.8%
Widowed	9.6%
Divorced	2.9%
Single	2.0%
Domestic Partnered	1.7%

In which of the following areas do you live?

Coachella Valley area	43.4%
Claremont/Upland area	11.0%
Temecula/Murrieta area	8.6%
Riverside city	8.3%
Riverside vicinity/Moreno Valley area	6.6%
Ontario area	5.6%
Redlands, Yucaipa, Highland area	5.4%
Other city	5.4%
Greater San Bernardino area	3.7%
High Desert	1.7%
Mountain area	<1.0%

How long have you lived in the Inland Empire?

More than 20 years	43.7%
11-20 years	22.1%
5-10 years	21.4%
Less than 5 years	12.8%

Psychographic Overview

To gain insight into how affluent individuals in the Inland Empire spend their time and to learn more about their values in life, the survey included a number of psychographic questions. In each area, the top responses have been provided. Based upon cross-tabulated analysis, the more affluent the individual, the more likely he or she is to play golf, watch cable news on television, listen to talk radio and spend time with family and friends.

PSYCHOGRAPHIC SNAPSHOT	%
Enjoys movies	45.5%
Reads <i>The Los Angeles Times</i>	43.1%
Reads <i>The Desert Sun</i>	36.8%
Reads <i>Time</i> and/or <i>Newsweek</i>	36.1%
Watches crime shows	25.2%
Watches cable news (Fox, CNN)	22.3%

Which television shows do you watch most often?

(Respondents were asked to select three.)

Sports (golf, ESPN)	14.9%
Fox News	13.4%
CSI	12.8%
Law & Order	12.4%
Jeopardy	10.2%
CNN	8.9%
60 Minutes	7.0%
Everybody Loves Raymond	5.1%
JAG	4.8%
Wheel of Fortune	4.8%

Which magazines do you read on a weekly basis?

(Respondents were asked to select three.)

Time	22.0%
Newsweek	14.1%
Reader's Digest	11.2%
Golf-related magazines (GOLF, Golf Digest, etc.)	10.8%
Sports	9.5%
Sunset	9.5%
National Geographic	9.5%
Money	6.6%
Forbes	6.6%
People	6.3%
Business Week	5.9%
U.S. News & World Report	4.9%

What are the top recreational or cultural activities in which you and/or your family participate?

(Respondents were asked to select three.)

Movies	45.5%
Golf	45.0%
Church/Charities	35.6%
Theater/Performing Arts	33.9%
Sporting events or activities	28.7%
Shopping	26.3%
Music/Symphony	17.9%
Museums	13.3%
Sailing/Boating/Yachting	7.6%
Zoos	5.2%
Amusement Parks	3.7%

Attitudes Toward Finances and Investments

The survey also investigated the attitudes of the affluent in the Inland Empire toward investment and current trends in the stock market. Affluent individuals were more likely to attribute their wealth to earnings from corporate employment, real estate investments and securities such as stocks and bonds. They were also concerned about retirement, reducing taxes and estate planning. Retirement was a particularly significant concern for those 61 years of age and older.

The respondents' top financial worry is that the next generation will have a more difficult time than they did. They are also worried educational costs will rise sharply and the war in the Middle East and terrorism here and abroad will have a negative effect on the economy and the securities markets.

Compared to two years ago, respondents are less concerned that stock market gains will be lower. Only 24% believe that lower gains are likely, compared to 38% in 2003.

The majority of respondents did not change their investment allocations over the past 12 months.

Finally, the affluent are likely to have a significant percentage of their investments in domestic blue chips, cash and real estate.

Which of the following do you feel contributed significantly to your financial success?

(Respondents were asked to rate on a scale of 1 to 5.)

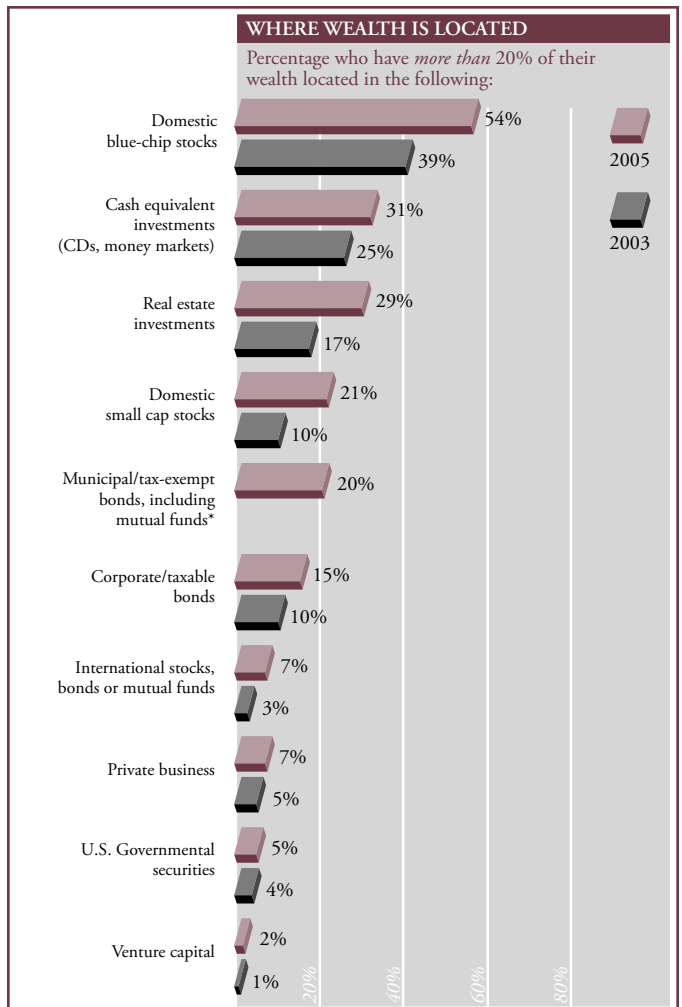
Earnings from corporate employment	37.4%
Real estate.	32.6%
Securities such as stocks, bonds or mutual funds . . .	29.0%
Earnings from a business owned by you or your family .	21.2%
Earnings from a professional practice such as law or medicine.	17.3%
Inheritance	6.4%

Which of the following financial issues are of most concern to you?

PREDOMINANT CONCERNS BY AGE	51-60	61-70	71 & older
Retirement	74%	73%	59%
Estate Planning	48%	38%	41%
Reducing Taxes	54%	58%	46%

By what percentage have your U.S. stock investments increased or decreased in value since March 2003?

Increased 1% to 19%	64.4%
No Change	14.4%
Increased 20% or more.	10.4%
Decreased 1% to 19%.	8.6%
Decreased 20% or more	2.1%



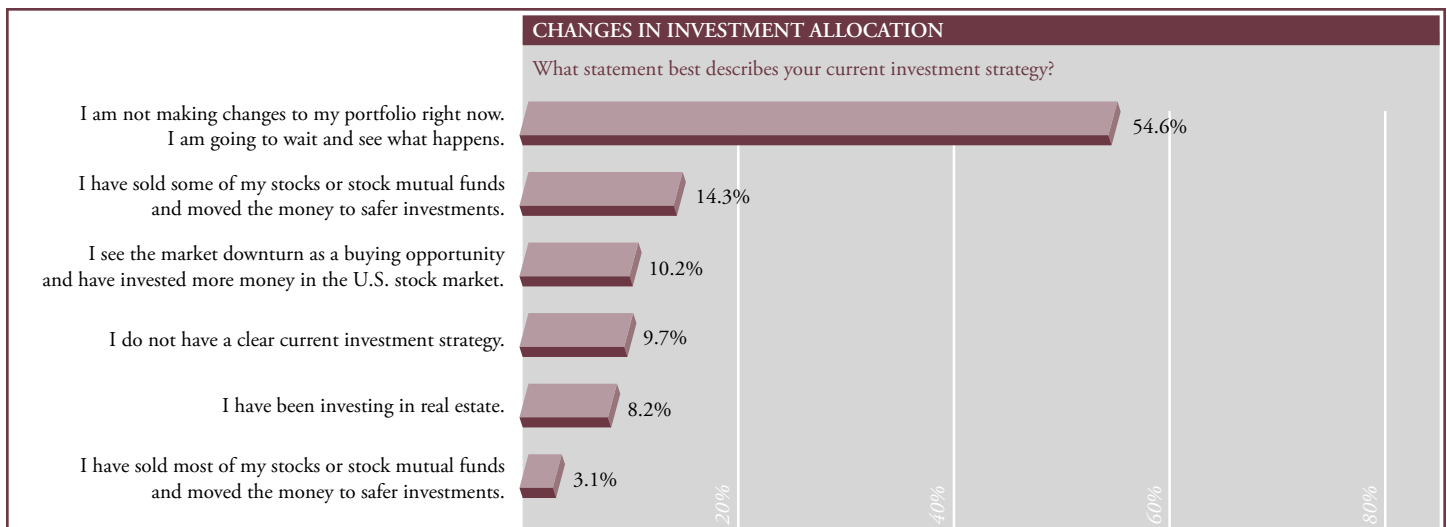
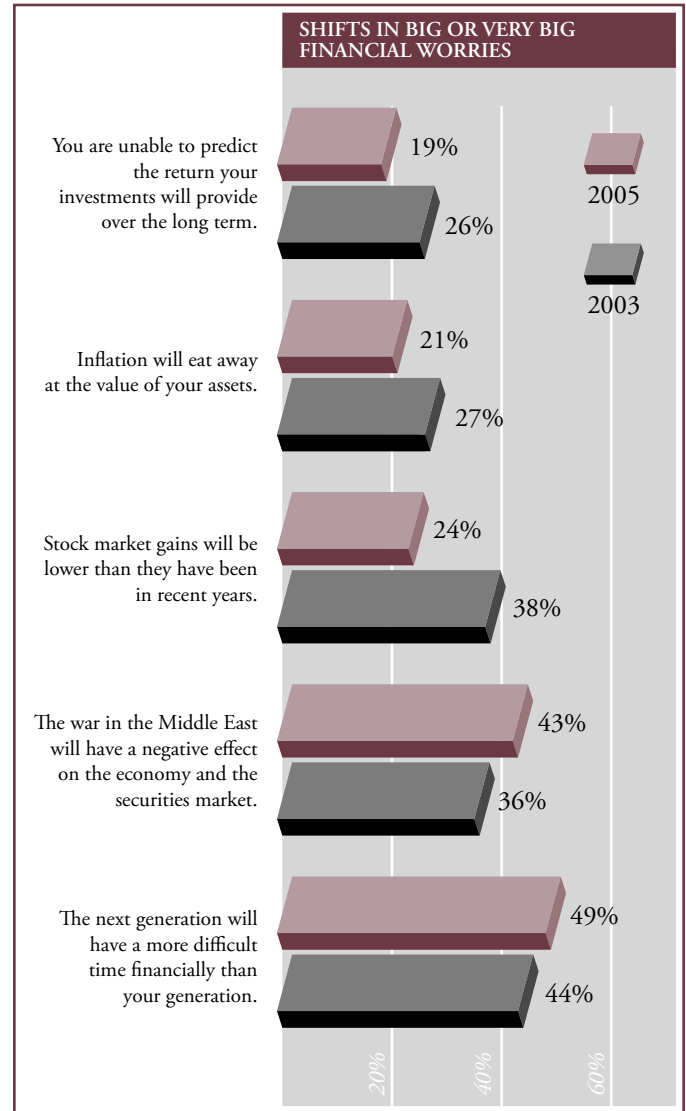
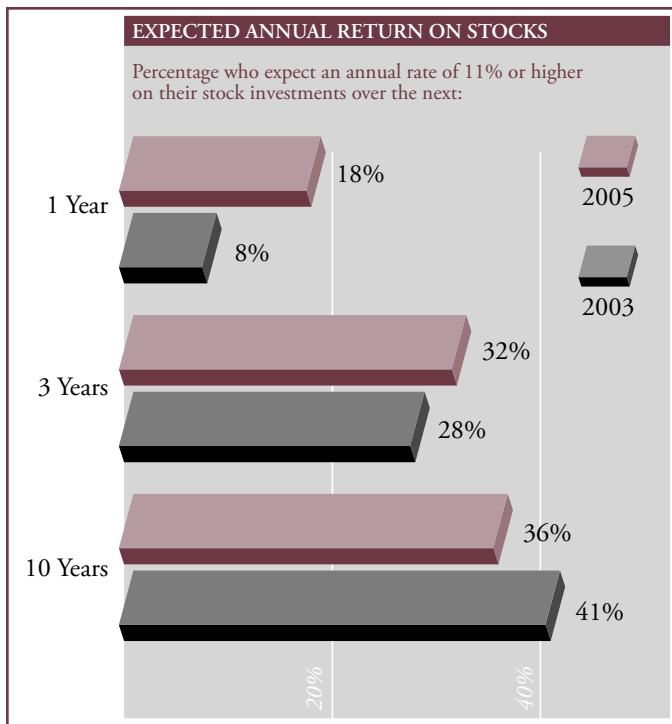
* Response not included in 2003 study

Attitudes Toward Finances and Investments (continued)

Over the last 12 months, which statement(s) reflect(s) your attitude toward investment?

(Respondents were asked to select all that apply.)

- I did not change my investment behavior 57.6%
- I consulted with my advisor more frequently to better diversify 28.1%
- I read more about investment strategies 20.0%
- I looked for buying opportunities 19.5%
- I did little buying, but sold some investments to lock in gains 10.1%

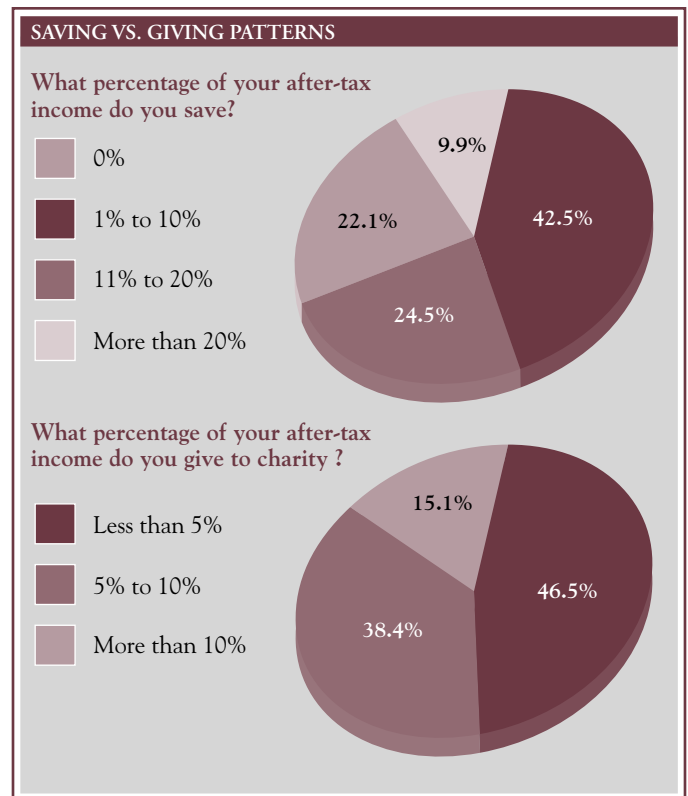


Patterns of Saving and Giving

For the majority of respondents, savings patterns have not changed. Charitable giving among those who give more than 10% of their after-tax income, however, increased slightly from 13% in 2003 to 15.1% in 2005. Favorite charities include churches, other religious organizations and various health causes including cancer and arthritis. The adjacent chart compares respondents' charitable giving, as a percentage of their overall after-tax income, with their saving habits.

What are the top charitable organizations that you support? (Respondents were asked to select three.)

Churches/Religious	54.4%
Cancer (American Cancer Society, others)	24.0%
Salvation Army/Goodwill/United Way	21.8%
Miscellaneous Health (MS, CP, Blind, Arthritis, etc.)	18.2%
Education	17.9%
Youth (YMCA, Girls & Boys Club, etc.)	17.9%
American Red Cross	11.5%
American Heart Association	9.6%



Conclusion: What are the Strategic Implications?

The majority of respondents, even those 71 and older, said retirement was their primary financial concern. This suggests not only insecurity about whether sufficient assets will be available to fund their retirement, but unease about outliving their investments' ability to continue to secure their current living standards.

Compared to the first Wealth Study in 2003, respondents are more optimistic about investment returns over the next year with 17% expecting gains of 11% or higher compared to 8% in the earlier study, and they are less concerned that future returns will be lower than those in the recent past.

However, they are less optimistic than before that 10-year returns will be greater than 11% per year. Clearly, positive stock market returns since the 2003 Wealth Study have affected near-term expectations, but respondents think higher returns in the short run are being borrowed from the future. Nearly 60% of our respondents said that did not change their investment strategy – a perspective virtually identical to our last survey.

We, at Glencrest, appreciate the care with which our respondents completed our survey. For more information about the 2005 Wealth Study, please call us at 800-257-6650.

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