

SAY HELLO TO

The HENRY *Consumer*

2020



Defining the “HENRY” Segment

HENRY—*high earners, not rich yet*—describes consumers who are high earners but whose income is largely dedicated to **covering a high cost of living**. The term HENRY was originally coined to describe a segment of millennials who are just now hitting their peak income years and may be likely to attain higher assets and affluence over time.

HOWEVER, THERE ARE ALSO MEMBERS OF THE GEN X AND BOOMER GENERATIONS WHO SHARE A HIGH-EARNING, HIGH-COST LIFESTYLE.

HIGH
EARNERS
NOT RICH
YET

A High-Earnings, Low-Savings Lifestyle

HENRYs have been described as the “working rich.” They have **incomes within the top 20%** of U.S. households but also have **fewer assets saved and invested** compared to the ultra-affluent—meaning they would have little to fall back on if they were to stop working.

AVERAGE TOTAL CREDIT BALANCE: \$160K
AVERAGE NUMBER OF CREDIT ACCOUNTS: 10

ACCOUNT TYPE	AVERAGE BALANCE
MORTGAGE	\$126K
BANK/RETAIL CARD	\$9K
AUTO	\$10K
STUDENT LOAN	\$12K
CONSUMER FINANCE	\$1K
OTHER	\$2K

“

“I [used to think] if I could just make six figures, I would be good. But now that I’m there, life has changed and I’m not satisfied. I thought it would be enough but it is still not enough. I want more. And I’m not just talking about material goods. I’m talking about feeling secure and not worrying.”

—JENNY CASTILLO, 32-YEAR-OLD ATTORNEY,
THELADDERS.COM, 7.30.19

< \$1M

HENRYs HAVE YET TO AMASS
INVESTABLE ASSETS OF \$1M
DUE TO HIGH SPENDING

\$150-
\$250K

AVERAGE HENRY
CONSUMER’S YEARLY
INCOME BEFORE TAXES
AND PURCHASES

HENRYs Driven by Aspirational Spending Behaviors

The high costs of HENRY lifestyles are often a combination of their **elite education**, **residency in high-cost-of-living areas**, and **aspirational purchasing behavior**. Many are establishing families and purchasing products that reflect the lifestyle they hope to fully afford in the future.

SPENDING HABITS

HOME AND AUTO LOANS

Most are homeowners in higher-cost metro areas and also have relatively large auto loans

TUITION

May be paying off their own student loan debt, while financing kids' private education

FOOD

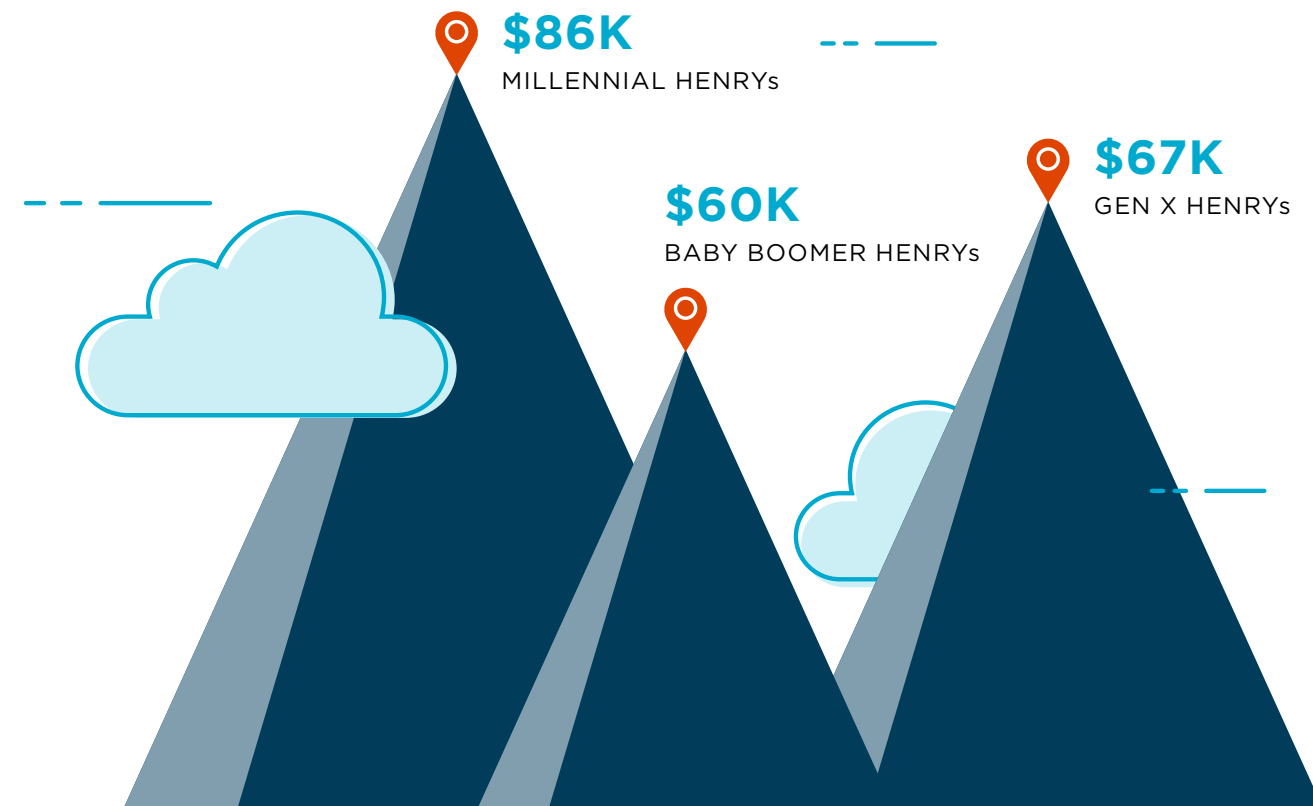
Dining out, nightlife, preference for organic foods

SELF-CARE

Frequent vacations and spending on personal services

GENERATIONAL BREAKDOWN

Average annual discretionary spending per HENRY household



Data from IXI Services. (2016) Meet Henry - High Earners Not Rich Yet.

Financial Services Catering to HENRYs

WEALTH MANAGEMENT

Today, the bulk of HENRYs' earnings go to **covering immediate costs rather than investing**—but this is likely to change as they become more affluent. In 2015, Goldman Sachs identified HENRYs as an underserved market of millennials and a **key consumer target** for new entrants into wealth management.

DISCOVERING AN UNDERSERVED SEGMENT IN WEALTH MANAGEMENT

67%

OF HENRYs EARNING \$150K+ PER YEAR
DO NOT WORK WITH A WEALTH ADVISOR

FIRMS CAN CONNECT WITH HENRYs BY PROVIDING:

- Personalized and accessible data
- Real-time education
- Automated advising strategies

FINTECH

HENRYs tend to share the broader millennial generation's **distrust of traditional financial institutions** and **interest in fintech and digital offerings**. Fintech companies and lenders are beginning to cater to HENRYs, viewing this life stage as a prime opportunity to become a part of these consumers' upcoming luxury lifestyle.

SoFi

Digitally savvy financial products, such as online lender SoFi, are building strong loyalty with HENRY consumers by taking their unique needs into account—for instance, by offering **loosened lending requirements** for those with high incomes but little cash available for down payments.

IN ITS INITIAL PERIOD AFTER LAUNCHING MORTGAGE PRODUCTS, 80% OF SoFi'S MORTGAGE LENDING WENT TO HIGH LOAN-TO-VALUE (LTV) JUMBO MORTGAGES WITH LOWER DOWN PAYMENTS AND HIGH APPRAISED HOME VALUE.

Financial Services Catering to HENRYs

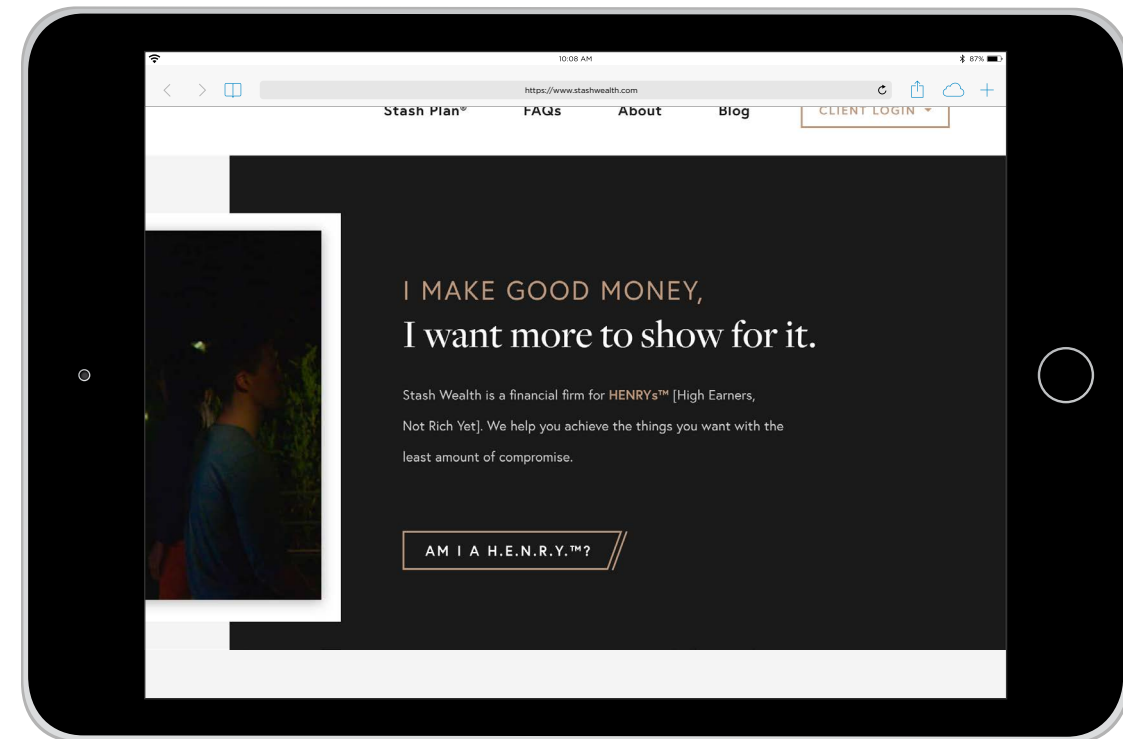
STASH WEALTH

Founded in 2013, Stash Wealth calls itself “a financial services firm designed with HENRYs in mind.” Clients meet with a dedicated advisor via videoconferencing to put together a financial plan. Unlike other investment firms that focus on long-term goals, Stash’s approach to financial planning is to put lifestyle first.



“Our clients don’t want to compromise their boozy brunch, SoulCycle, and avocado toast lifestyle, but they also don’t want to turn around in a few years kicking themselves because they didn’t get smart with their money sooner.”

**—PRIYA MALANI, FOUNDING PARTNER OF
STASH WEALTH, FORBES.COM, 3.28.19**



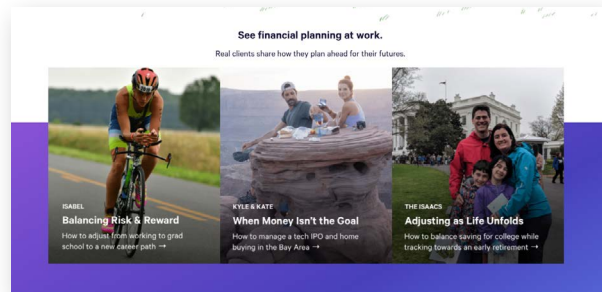
THE MOST COMMON QUESTIONS STASH WEALTH HEARS FROM MILLENNIALS:

- Should I invest or pay down my student loans?
- Should I merge finances with my significant other?
- How do I develop passive streams of income?
- Can I quit my job and start my own thing?

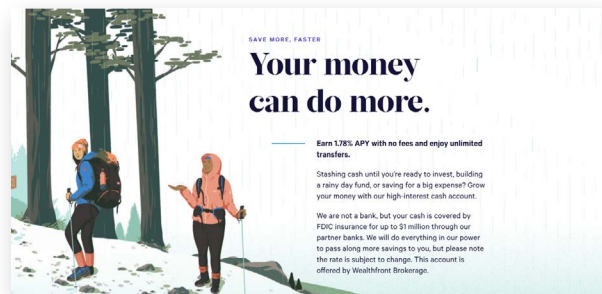
Financial Services Catering to HENRYs

WEALTHFRONT

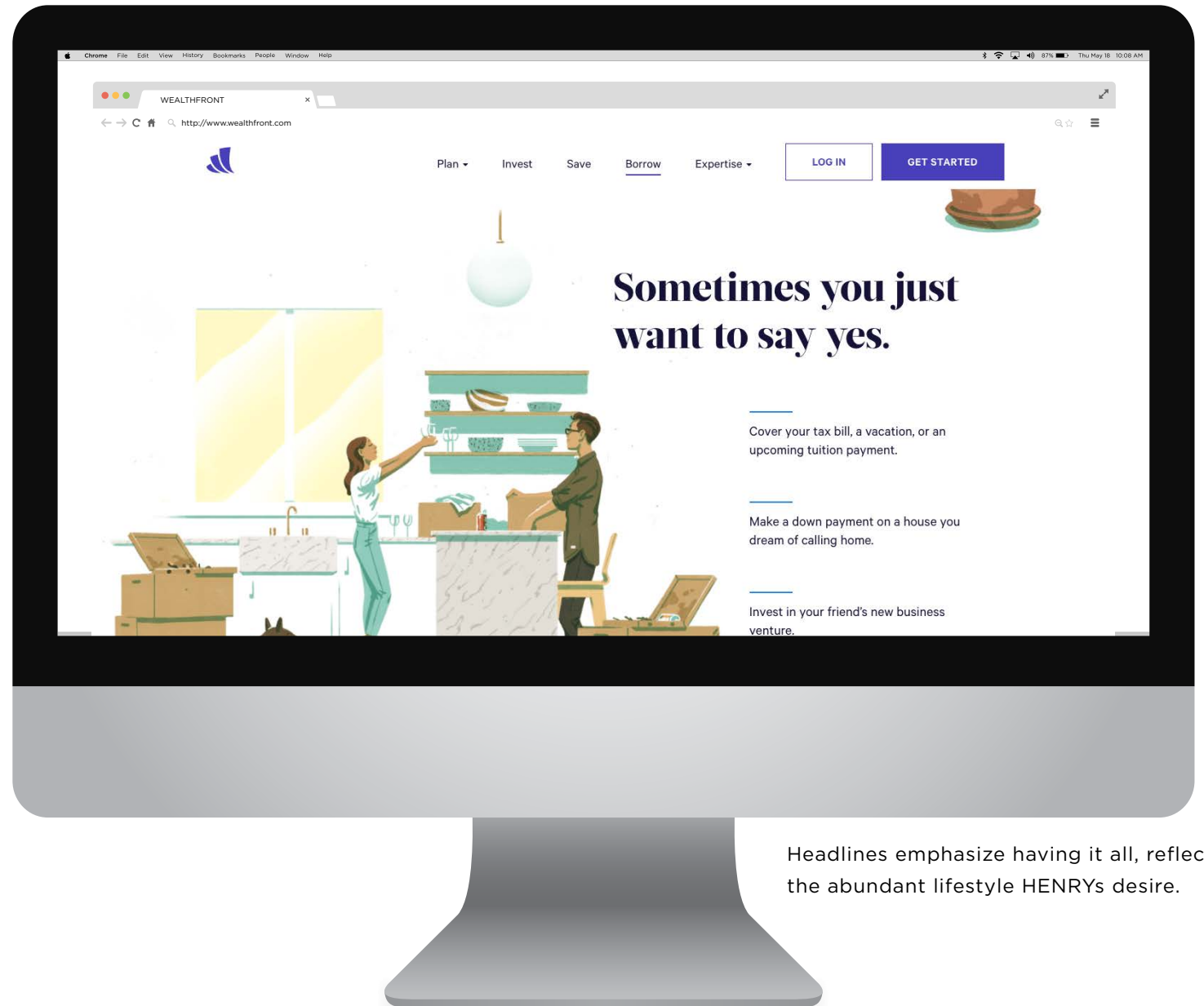
Named “Best Robo Advisor” in 2019 by Investopedia and NerdWallet, Wealthfront is delivering on its mission to democratize financial advice. And while the service isn’t limited to HENRYs, the messaging and visuals are certainly relevant to the HENRY crowd.



Client stories feature scenarios and goals that would be relatable to a HENRY, like transitioning out of graduate school or planning for early retirement.



Trendy illustration and typefaces are used to appeal to millennials.



Headlines emphasize having it all, reflecting the abundant lifestyle HENRYs desire.

Opportunities

01

UNDERSTAND HENRYs AND THEIR UNIQUE CHARACTERISTICS

HENRY is a tech-savvy, goal-oriented, and status-conscious consumer defined not necessarily by age but rather by income and purchasing behavior.

02

CONNECT WITH HENRYs VIA THEIR ASPIRATIONAL LIFESTYLE

If your brand is fighting for HENRYs' discretionary dollars, emphasize values like experience, style, quality, and luxury.

03

HELP HENRYs TAKE STEPS TOWARD BUILDING LASTING WEALTH

In the financial services space, "easy does it" is a mantra for reaching out to HENRYs. They're hesitant to make short-term compromises but have a lot to gain by creating a smart long-term plan.

FOR MORE REPORTS LIKE THIS,

VIEW OUR LIBRARY AT
[FUSIONHILL.COM/INSIGHTS](https://fusionhill.com/insights)



Sources

- Danziger, P. (2015, July). Meet the HENRYs, an important demographic you've probably never heard of. <https://www.quirks.com/articles/meet-the-henrys-an-important-demographic-you-ve-probably-never-heard-of>
- Dua, T. (2015, June 17). WTF is a millennial 'Henry'? <https://digiday.com/marketing/wtf-millennial-henry/>
- Equifax. (n.d.). Meet HENRY—High Earners, Not Rich Yet. <https://datadrivenmarketing.equifax.com/uberflip/infographics/2017/03/meet-henry-high-earners-rich/>
- Kenton, W. (2019, April 6). High Earners, Not Rich Yet (HENRYs). <https://www.investopedia.com/terms/h/high-earners-not-yet-rich-henrys.asp>
- Lauriston, U. (2019, July 30). How this high earner spends her cash. <https://www.theladders.com/career-advice/how-this-high-earner-spends-her-cash>
- Martin, A. (2016, February 11). On jumbo home loans, lower down payments for high earners. <https://www.wsj.com/articles/on-jumbo-home-loans-lower-down-payments-for-high-earners-1455206440>
- Martin, A. (2015, April 29). Young adults going for jumbo loans. https://www.wsj.com/articles/young-adults-going-for-jumbo-loans-1430321276?mod=article_inline
- Silvio, A. & Orlando, L. (2016, August 21). How the average HENRY pays for dinner. <https://www.cbsnews.com/news/60-minutes-why-the-average-henry-uses-venmo/>
- Sweeney, D. (2019, March 28). Have your avocado toast and eat it, too: How Stash Wealth is shaping the future of wealth in America. <https://www.forbes.com/sites/deborahsweeney/2019/03/28/have-your-avocado-toast-and-eat-it-too-how-stash-wealth-is-shaping-the-future-of-wealth-in-america/#290ea2ac9222>
- Terry, H.P., Schwartz, D., & Sun, T. (2015, March 13). The Socialization of Finance. Goldman Sachs, The Future of Finance, Part 3.
- Tully, S. (2019, October 24). The HENRYs—High Earners, Not Rich Yet—may finally be having their moment. <https://fortune.com/2019/10/24/henrys-high-earning-not-rich-millennials/>