Uncertain Futures: 7 Myths About Millennials and Investing

WISER
New Perspectives: An Intergenerational Discussion on Retirement Solutions

June 19, 2019
Myth One: Millennials have lofty financial goals.

Reality: Millennials’ financial goals are modest.

Millenial investors and non-investors expect to retire at 65, the traditional retirement age. 13% of all millennials reported that they will never retire because they cannot afford it. 17% of non-investing millennials reported that they will not retire because they cannot afford it.

Top Financial Goals Among Non-investing Millennials

- 40% Not living paycheck to paycheck
- 37% Being able to pay monthly bills
- 33% Having savings for unexpected expenses
Myth Two: Income and debt are key barriers to investing.

Reality: While both are major barriers to investing, not having enough knowledge about investing is critical.

39% cite lack of knowledge as a major barrier to investing.

External sources like parents or family members are key factors influencing millennials’ decision to start investing.

- 69% of Millennials with taxable accounts spoke to their parents or other family members about investing.
- 39% of Millennials with no investment accounts spoke to their parents or other family members about investing.
Myth Three: Millennials are overconfident, generally and with regard to saving and investing.

Reality: When it comes to making decisions about investing, millennials are not so self-assured.
Myth Four: Millennials are wary of the financial services industry and, by extension, financial professionals.

Reality: Millennials **acknowledge and respect** the expertise that financial professionals can provide.
Myth Five: Millennials overestimate the investable assets needed to work with a financial professional.

Reality: In fact, millennials **underestimate** the investable assets needed.

And millennials lack guideposts for pricing financial advice:

- **42%** say they don’t know what type of fee financial professionals charge
- **77%** of those who estimate believe it is 5% or more of invested assets
Myth Six: Millennials gravitate toward electronic communication and robo-advisors.

Reality: Despite coming of age in a digital world, **58% of millennials prefer to work face to face** with a financial professional.
Myth Seven:
All millennials are the same and have similar investing attitudes and behaviors.

Reality: **There are disparities** along geographical, gender and racial lines.

- **Rural At Risk**: Urban millennials are 50% more likely than rural millennials to own taxable investment accounts.
- **Less Confident**: Fewer female millennials are confident making investment decisions compared to male millennials. (23% female, 33% male)
- **Falling Behind**: African-Americans and Hispanics are about 29% less likely than whites to own taxable accounts.
Thank you
### Millennials who do not hold investment accounts of any kind

- **Gender Distribution**:
  - **46% Male**
  - **54% Female**

- **Age**: 29 years

- **Education**:
  - **53%** have an Associate’s degree or higher

- **Children**: 30% have dependent children

- **Income**:
  - **Median Income**: $35,000

### Millennials with retirement accounts only

- **Gender Distribution**:
  - **44% Male**
  - **56% Female**

- **Age**: 30 years

- **Education**:
  - **85%** have an Associate’s degree or higher

- **Children**: 32% have dependent children

- **Income**:
  - **Median Income**: $54,000

### Millennials with taxable investment accounts (NOTE: these investors typically also hold retirement accounts)

- **Gender Distribution**:
  - **63% Male**
  - **37% Female**

- **Age**: 31 years

- **Education**:
  - **89%** have an Associate’s degree or higher

- **Children**: 41% have dependent children

- **Income**:
  - **Median Income**: $73,000
Methodology

Online survey

Median interview length was 13 minutes

Fielded over a 3-week period: May 15 to June 5, 2018

2,828 Total consumer respondents

<table>
<thead>
<tr>
<th></th>
<th>No investment account</th>
<th>Retirement account only</th>
<th>Taxable investment account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennial (Born: 1981-1996)</td>
<td>610</td>
<td>603</td>
<td>601</td>
</tr>
<tr>
<td>Gen X (Born: 1965-1980)</td>
<td>505</td>
<td>509</td>
<td></td>
</tr>
<tr>
<td>Baby Boomer (Born: 1946-1964)</td>
<td>509</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

National recruit from research panel (Research Now)

FINRA Investor Education Foundation and CFA Institute were not identified as the research sponsors

A copy of the survey and a link to the data set are in the full report

Note: A qualitative study was completed in April 2018. This qualitative study included eight webcam focus groups with the consumer segments above, as well as one webcam focus group with millennial financial advisers.