INVESTING

A Closer Look: The Millennial Investor

For some observers, the juxtaposition of the words "investor" and "millennial" is an oxymoron. How can this huge swath of under-35-year-olds settle down and look past their endless stream of selfies and inconsequential "life updates" to even think about investing?

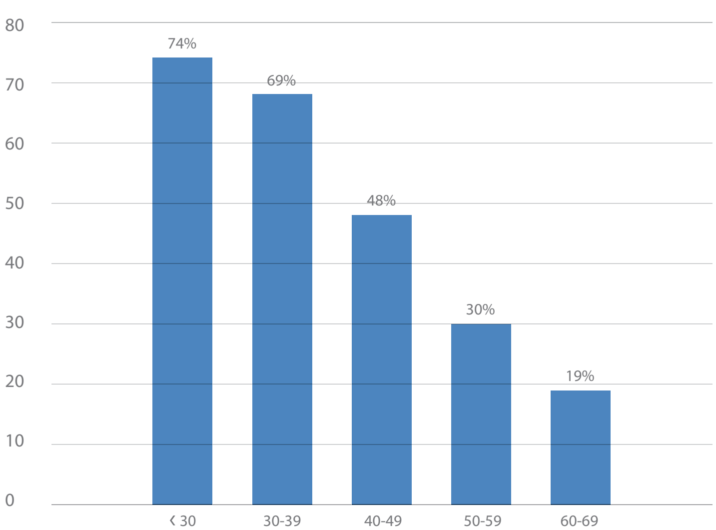
They can and they do.

Remember when we thought GenX was going to be a wild and crazy demographic? With time, its behavioral and attitudinal peccadillos smoothed out, not unlike its predecessor Boomers. The 84 million Americans among us who are younger than 35 and older than 21—and will be 50%+ of our workforce by 2020—still eat and sleep, work and play, raise children, and support life styles.

Are Millennials Wired Differently?

Does tolerance for risk come with youth? If you simply factor a millennial's time till retirement, there should be more latitude for the highs and lows of investment performance associated with riskier investments.

Hands-on Millennials
Seeking a more active investment role (%)



Source: Cerulli Research, courtesy of Envestnet 2017

But does that mean that millennial investors embrace risk? Perhaps, but they're living in a new environment. Let's consider:

It's the software that counts. Millennials expect to be engaged in a real-time, transparent relationship with their money. They can do research without losing a step, diving well beyond the first Google screen to find out what it is that they're buying.

Doing right by their investments. Socially responsible investing (SRI) factors into many a headline about millennials. Younger folk want to do good—do right—by their investments. Investing that focuses on returns and environmental, social and governance factors is today's watchword for millennial investors. They expect their hard-earned dollars to reflect their perspectives and priorities.

Millennials are educated. They are worldly and they know how to explore financial topics—from mortgage rates to the fees in their 401(k) plans. They're much less intimidated by traditional authority (e.g., the banker, the investment manager) than were their parents. They ask questions and challenge the answers.

They're employed and they're serious. Appearances can be deceiving. "Young" doesn't mean "irresponsible." Many millennials have families, careers, commitments, and the familiar roster of responsibilities—earning a living; paying their way via mortgages, savings, credit cards, and loans; funding their children's educations; and investing for retirement.

More than other age cohorts, they 'own' their own time. A Millennial's relationship to time may defy the traditional norm. They control it—working from home: texting in real time; P2P banking; binge watching via Netflix. They'll research investments and banking options when they want. They might take a face to face meeting, but they might prefer to test ideas out over a long back-and-forth with an advisor.

Time matters. So, when the millennial does sit down with an advisor, a banker, a mortgage specialist, she expects the time to be well spent. She's less inclined to accept the teachings of her elders without first questioning and exploring options.