

FROM SMARTPHONES TO SMART PLANNING

Millennials want and need digital and human experiences to achieve financial confidence

MILLENNIALS AND MONEY

Understanding What Drives Financial Confidence

Millennials (born 1981-1997) are the future and are a more nuanced generation than their pop culture stereotype.

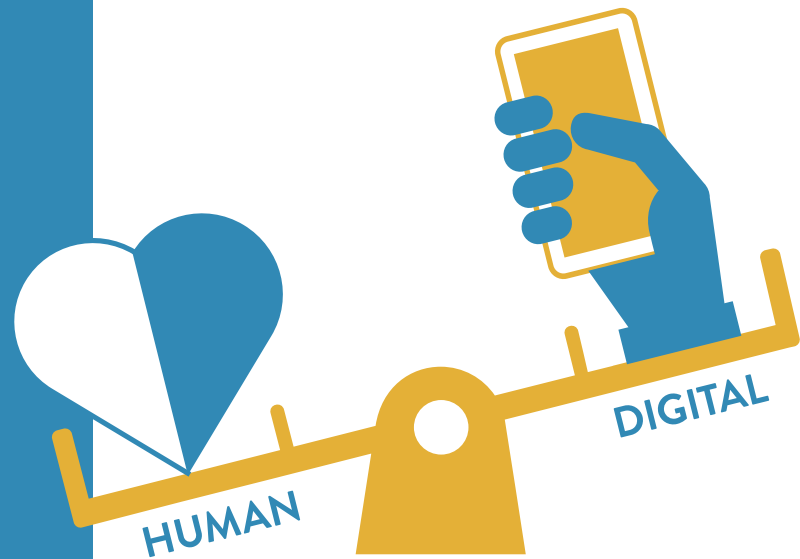
This diverse, educated and tech-savvy generation is already well-entrenched in the workplace and on its way to careers, relationships, child-rearing, home ownership and financial responsibility. Has the digital age really changed those fundamentals? And, how do they differ from previous generations with regards to financial planning, advice, priorities, and dreams?

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THE MILLENNIAL MINDSET:

Millennials are set apart by the technology that shapes our lives. But equally, they are drawn back to enduring and familiar truths that organize our financial priorities. Our research uncovered that to most effectively achieve financial success and confidence, the planning process for millennials requires a balance between digital and human experience; welcoming of parents into the financial planning process; and choosing the right professional strategic relationship in accordance with their values and passions.



This study illustrates how different from other generations — and how similar — working millennials really are. Far from homogeneous, millennials also divide starkly into four distinctive attitudinal clusters.

METHODOLOGY

Conducted in February 2018, this research is based on online interviews with 3,061 Americans with household incomes of \$50,000 or more, ages 21 to 72, working full or part-time and never retired. Results are weighted to U.S. Census Bureau parameters for such adults.



MILLENNIAL FAST FACTS

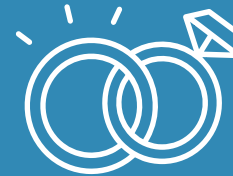


AVERAGE AGE = 30



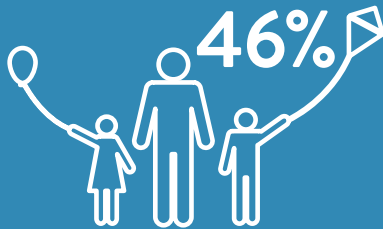
ARE MEN

52%



ARE MARRIED

48%



HAVE CHILDREN

46%



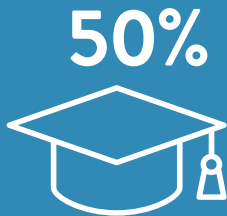
WORK FULL-TIME

88%



THE AVERAGE
HOUSEHOLD INCOME¹

\$142,000



HAVE A FOUR-YEAR
COLLEGE DEGREE OR MORE

50%



AGREE THEY FEEL
COMFORTABLE FINANCIALLY

53%



AGREE THEY ARE SATISFIED
WITH LIFE OVERALL

74%

73% PRACTICE FINANCIAL PLANNING, MEANING...

35%



USE ONLY ONLINE
TOOLS USE

9%



USE ONLY A PAID
ADVISOR

29%



USE BOTH



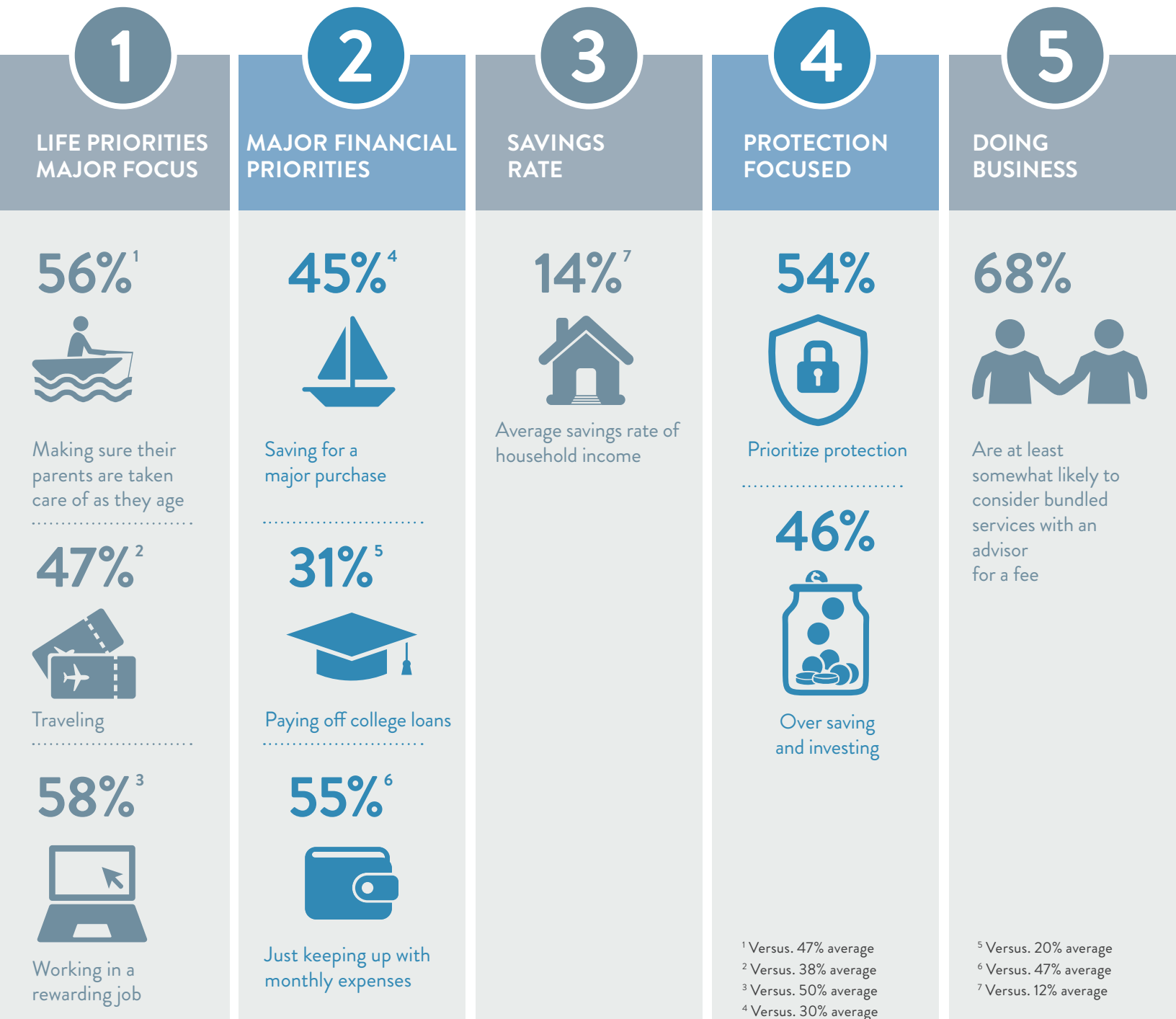
HAVE A FINANCIAL PLAN

41%

For all millennials with household incomes of \$50,000 or more

5 TRAITS OF WORKING MILLENNIALS

While millennials share similar hopes, dreams and priorities of previous generations, they do place outsized, unique importance on certain issues.



¹ Versus. 47% average

² Versus. 38% average

³ Versus. 50% average

⁴ Versus. 30% average

⁵ Versus. 20% average

⁶ Versus. 47% average

⁷ Versus. 12% average

UNDERSTANDING THE DRIVERS OF FINANCIAL CONFIDENCE

Millennial Mindset: What the Research Revealed

1. MILLENNIALS ARE NOT DIGITAL ZOMBIES; THEY'RE LOOKING FOR LOCAL, COMMUNITY-BASED HUMAN EXPERIENCES.

Millennials have grown up with technology as an integral part of carrying out their day-to-day lives. So when it comes to finding, receiving, and acting on financial advice, is it all digital, all the time? Quite the contrary.

Yes, millennials value tech-driven solutions and dashboards in their financial planning but they also want the face-to-face advisor experience. What's more, texting and social media trail far behind as preferred methods for advice.

As for education? Technology, namely social media, facilitates learning and researching products and services; it does not replace an in-person learning environment.

GET LOCAL

What sets an advisor apart in the eyes of a millennial? Trustworthiness, knowledge, experience, listening skills, and understanding the millennial's financial position are important traits; millennials attach disproportionate importance to several external factors such as: an attractive office setting, community event involvement, philanthropy, having successful clients, and local connection.

TRAITS WANTED IN ADVISOR

Millennials working with a financial advisor (38% of all millennials) attach disproportionate importance to having an advisor with...



COMMUNITY INVOLVEMENT



AN ATTRACTIVE OFFICE SETTING



SUCCESSFUL CLIENTS

WHEN IT COMES TO FINANCIAL ADVICE, IS OLDER REALLY WISER? MILLENNIALS THINK SO.

More than four millennials in 10 (41%) say their ideal advisor would be considerably older while about a third (32%) say it doesn't matter. A similar pattern holds among the unadvised, with four in 10 millennials saying the age of an advisor doesn't matter and 39% focusing on an advisor who is considerably older.

BEST WAYS FOR AN ADVISOR TO STAY IN TOUCH WITH MILLENNIALS:



45%
FACE-TO-FACE



20%
PHONE



23%
EMAIL



8%
TEXTING

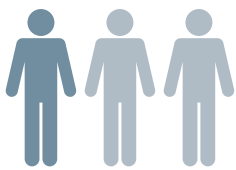


55%

More than half of millennials that work with an advisor think that having their parents join them in a meeting is a great idea.

2. A GENERATION RECEPTIVE TO ADVICE

Driven primarily by their high use of online tools, millennials are somewhat likelier than other generations to do financial planning (73% of millennials vs. 69% and Gen Xers and 66% of Boomers). And while any financial planning is better than none, those millennials that have created a financial plan with an advisor are more confident that they are on track to achieve their financial goals.



1 IN 3 LOOKING TO WORK WITH AN ADVISOR IN THE NEXT 12 MONTHS

Is success contagious? Of those not currently using an advisor, millennials are the likeliest generation to begin doing so.

Having a detailed financial plan and knowing more about financial products & services is as important as a bonus at work to contributing to improving confidence (at least somewhat). By generous margins, millennials give advisors the benefit of the doubt when it comes to doing the right thing for their clients. Understanding overall financial position and expertise are key for millennials.

Overall, millennials see professional financial advisors as a source of sound financial advice in helping them achieve their short- and long-term financial objectives.

OUTLOOK ON ADVISORS IS POSITIVE

Millennials generally give advisors the benefit of the doubt on major issues although sizable minorities harbor concerns.



By **64% to 36%**, millennials say advisors take the big view in helping their clients versus just trying to move product out the door



By **70% to 30%**, millennials assert that advisors take the longer view of market cycles instead of just chasing short-term performance



But millennials only narrowly perceive advisors as always acting in the client's interest (**54%**) versus their own (**46%**)



41% of millennials who created a financial plan with an advisor feel very comfortable that they are on track to meet their financial objectives vs. 22% of millennials that feel on track to meet their financial goals who did not create a plan with an advisor



The likelihood of engaging an advisor over the next 12 months: versus 28% for Gen Xers and only 16% for Boomers

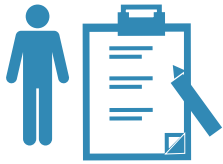


Millennials are likelier than all generations to say they would attend “an educational seminar on a topic of interest to you” offered by a “reputable local advisor.”

¹ At least somewhat likely

3. MILLENNIAL ENTREPRENEURIAL SPIRIT DRIVES FINANCIAL CONFIDENCE

In our search to understand what drives financial confidence among millennials, one group stands out: business owners. Millennials are not only business owners at higher rates than other generations, but millennial business owners are doing well by most standards.



60%

Millennial business owners are slightly more likely than all business owners to use a professional advisor (60% versus 57%) and are much more likely to do so than all millennials (38%).



67%

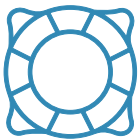
They are the likeliest generation of business owners to have a financial plan (67% versus 50% for older business owners) and are higher as well than all millennials (41%)



82%

Millennial business owners are likelier than all millennials to consider themselves comfortably on track to meet their financial goals (82% versus 68%) but are also likelier than older business owners to view their financial future confidently (82% versus 76%)

There is also room for improvement in their financial plans, which are thin in some critical areas compared to those of older business owners, especially when it comes to having clearly stated financial objectives and an expression of risk tolerance.



53% vs. 55%

They are about as likely as all millennials to consider “just keeping up with monthly expenses” a major financial priority



53% vs. 41%

vastly more concerned about monthly expenses than older business owners



48% are slightly more concerned than all millennials and much more concerned than older business owners with paying off credit card debt

THE MILLENNIAL MIND:

Attitudinal Contours in the Financial Landscape

Not all millennials are created equal. In fact, this is a generation that has been raised to celebrate their individualism and embrace their unique contributions to our world. And this independent spirit shows up in the four distinct segments that sprung up in our research.



CLASSIC COMFORTABLES

29%

Are Classic Comfortables



Homeowners



45%

Work with an Advisor



Earn average incomes and see themselves on track to achieve their financial goals



Predominantly male



Choose protection over investing by 64% to 36%



Average educational attainment



Married with children



Are unadvised

43%

Have a strong financial plan



CLIFF CLINGERS

29%

Are Cliff Clingers



Conspicuously low incomes and savings



13%

Work with an Advisor



Much less likely to own a home and by more than two to one are not comfortable that they are on track financially



Predominantly female



Choose protection over investing by 65% to 35%.



Lower educational attainment



Less likely to be married or have children

THE MILLENNIAL MIND:

Attitudinal Contours in the Financial Landscape *(continued)*



UNTETHERED ACHIEVERS

10%

Are Untethered Achievers



Much less likely to be married or have children



28%

Work with an Advisor



Earn average incomes. Below average on savings and home ownership



Predominantly female



See themselves on track financially by almost 3:1.



High educational attainment



Choose investing over protection by an overwhelming 73% to 27%



Stand out for their high reliance on online tools



OUTER-DIRECTED ENTREPRENEURS

32%

Outer-directed Entrepreneurs



Married with children. Have the highest incomes



56%

Work with an Advisor



Highest savings and levels of home and business ownership of all millennials and see themselves on track financially by 87% to 14%



Overwhelmingly male (69%)



Choose investing over protection by 55% to 45%. Outer-directed Entrepreneurs have the highest mean household savings rate at 17%



High educational attainment



Are unadvised

70%

have financial plans, they are thin on critical dimensions like clearly stated objectives, life insurance and retirement income planning

CONCLUSION: THE 4P'S OF HELPING MILLENNIALS ACHIEVE FINANCIAL CONFIDENCE

So, what differentiates this generation in how they go about achieving financial confidence? The differences lie in the four P's: priorities, planning, parents and passion.



1. PARENTS

Parents play a more significant role in planning than for any other generation, and it's a two-way street. The desire to include Mom and Dad in their own planning process, the added validity of a recommended advisor, and ensuring that a plan includes how to take care of aging parents means that not including them in the financial planning conversation could be a major miss and derail the ability to achieve confidence.

2. PASSION

Millennials want to see their own values mirrored in a professional partnership. This means choosing a professional partnership will be highly influenced by community involvement, philanthropic causes and by building a sense of community within and beyond their office culture.

3. PLANNING

It's all about balancing the digital with analog, code for human. It's important to provide the personal connection along with access to on-demand planning tools and financial information.

4. PRIORITIES

Acknowledging that this generation is more focused on short-term financial goals and highly motivated by external life priorities as compared to GenXers and Boomers keeps the front door to helping millennials to achieve financial confidence open. Even if that means helping them plan their next vacation on budget.

For more information visit www.livingconfidently.com

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