Uncertain Futures: 7 Myths about Millennials and Investing, Full Report

October 2018

Table of contents

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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

Millennial (Born: 1981-1996)	No investment account	610	**1,814**
	Retirement account only	603	
	Taxable investment account	601	
Gen X (Born: 1965-1980)	Taxable investment account	505	
Baby Boomer (Born: 1946-1964)	Taxable investment account	509	

National recruit
from research panel
(Research Now)

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

To obtain the survey and the data set, please see the appendix

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.

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Debunking the myths

Conventional wisdom…	What we learned…	Implications…
• In general, **millennials have lofty goals** (e.g., start a business, retire at 40, etc.), which carry over to their financial goals and aspirations.	• Among those who expect to retire, **all groups expect to retire at 65.** • Non-investors are less likely to believe they will be able to retire. • Millennials with taxable investments have more ambitious goals when it comes to saving for retirement and travel compared to other millennials.	• Historically, retiring at 65 has not been seen as a lofty goal. However, for millennials, retiring at **65 may not be realistic in 2046** (when the oldest millennials turn 65) given trends in Social Security and life expectancy.
• **Income challenges and debt are the key barriers** to investing among millennials who do not invest.	• While debt and income are major barriers, **a lack of knowledge is also a major hurdle** to investing. • Access to **an employer-sponsored retirement account** is a key stepping stone to investing.	• **Financial education** should **acknowledge income and debt as challenges**, helping millennials recognize there are many people in the same boat and identifying a path to investing. • **More opportunities for employer-based 401(k) savings education**, even in part-time work, could help non-investing millennials begin to invest.

(continued)

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Debunking the myths

Conventional wisdom…	What we learned…	Implications…
• The millennial stereotype of being **overconfident would spill into their financial lives.**	• Millennials, regardless of segment, feel there is **still a lot to learn when it comes to investing**.	• **Millennial financial education may benefit by being tailored** to the different mindsets of non-investors, retirement-only investors, and taxable account investors. Each segment has an appetite to learn more but is at a different place in their education, resources, and experience.
• Millennials are wary of the financial services industry and by extension **skeptical of financial professionals**.	• Millennials who use a financial professional are **highly satisfied** and view the relationship as collaborative. Those not using a financial professional say the main reasons are perceived expense and lack of resources, not lack of trust.	• Financial professionals can expect to be **an important resource for many millennials**. Those opportunities and relationships can be strengthened by a collaborative approach. • Financial professionals' outreach to millennial non-investors should **address perceived expenses and resource needs**.

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Debunking the myths

Conventional wisdom…	What we learned…	Implications…
• Millennials **overestimate** the investable assets needed to work with a financial professional, which becomes a barrier to seeking one.	• Millennials **underestimate the investable assets needed** to work with a typical financial professional. Most believe they would need only $10K or less to work with one. • Millennials do not know the typical fees charged by financial professionals. They are **much more likely than Gen Xers or boomers to overestimate typical fees** at 5% or more of assets.	• Millennials would benefit from **education on industry averages** for typical fees and investable assets needed to work with a typical financial professional. • Investors with lower-asset levels would benefit from learning about **solutions potentially aligned with their** resources, e.g., robo-advisors or ways to find financial professionals who work with lower-asset investors.
• Being digital natives, millennials naturally **gravitate toward robo-advisors**.	• They have **limited awareness of robo-advisors**. • Interest/enthusiasm for robo-advisors is limited, even among those aware.	• The financial services industry has an **opportunity to educate many millennials about emerging financial products and services**, including robo-advisors.

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Debunking the myths

Conventional wisdom…

- **Millennials are a homogeneous group** and behave consistently across various sub-segments.

What we learned…

- **Certain millennial subgroups are being left behind** when it comes to investing and are less optimistic than their counterparts.
    - **Millennials from rural areas** are less likely to invest in the next five years, less confident in decision making about investing, and less likely to be full-time employed.
    - **Female millennials** are less confident in their decision making about investing, more interested in learning more about investing, and less likely to be full-time employed.
    - **Trailing millennials (22-29)** are less confident in their decision making about investing, less likely to be full-time employed, and struggle with lower income and savings.
    - **African-American millennials and Hispanic millennials** are more likely to be non-investors.

Implications…

- Education efforts should be **targeted to specific sub-segments** within the millennial population who may need more support in finding a path to investing.

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Meet the Millennials

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Research was conducted with three groups of millennials…

Millennials who do not hold investment accounts of any kind

Millennials with retirement accounts only

- 86% hold an employer-sponsored retirement account
- 40% hold an IRA

(Responses are not mutually exclusive so some can have an IRA and an employer-sponsored retirement account)

Millennials with taxable investment accounts – those with mutual funds/ETFs, stocks/bonds, etc., held outside of a retirement account.

- 63% also hold an employer-sponsored retirement account
- 55% also hold an IRA
- 21% do not hold either an employer-sponsored retirement account or an IRA

(Responses are not mutually exclusive so some can have an IRA and an employer-sponsored retirement account)

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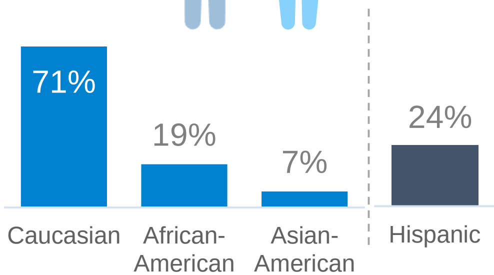
MILLENNIALS WHO DO NOT HOLD INVESTMENT ACCOUNTS OF ANY KIND

46% Male

54% Female

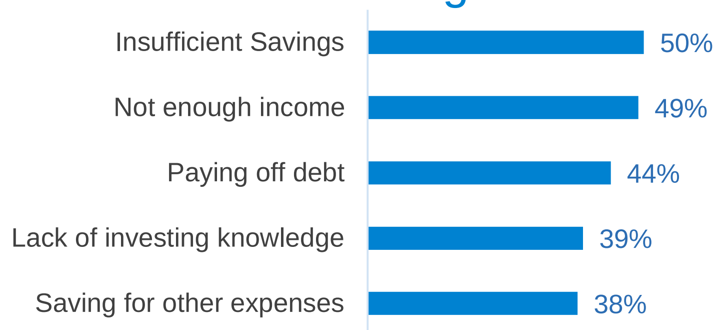


Average age **29**

53% Associate's degree or higher

30% have dependent children

Barriers to Investing



34% are likely to start investing in the next 5 years

Median Income

$35,000

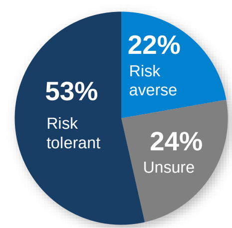
Financial **Attitudes, Influences**

21%

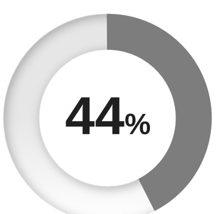
Are **very/extremely confident** in their investment decision-making abilities

39%

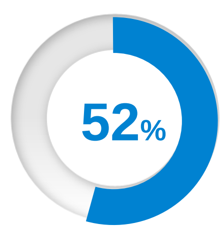
Spoke to their parents or other family members about investing



Over half are willing to take some risks with their money.



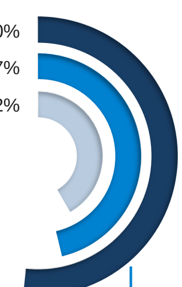
Full-time employed
Non-investors are significantly more likely to be unemployed (22%) vs. other millennials



Of those employed, only 52% have an employer that offers a retirement plan, limiting access to investment opportunities

Key **Financial Challenges**

Cost of living 50%
Unexpected expenses 47%
Employment/income 42%



Non-investing millennials are significantly more likely to consider these challenges versus other millennials

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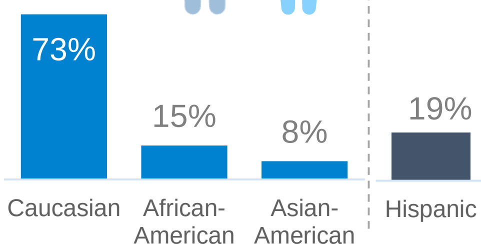
MILLENNIALS WHO HOLD ONLY RETIREMENT INVESTMENT ACCOUNTS

44% Male

56% Female

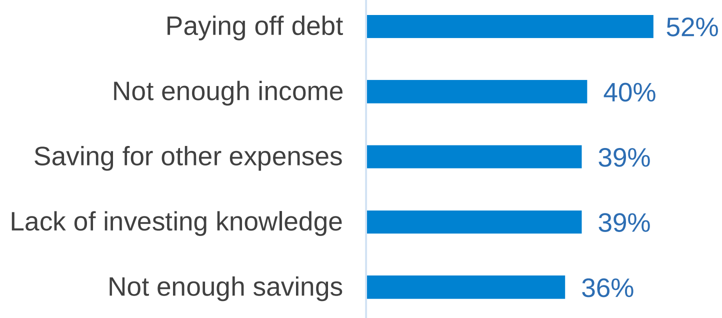


Average age **30**

85% Associate's degree or higher

32% have dependent children

Barriers to Investing Outside of Retirement Accounts



32% are likely to start investing outside of a retirement account in the next 5 years

Median Income

$54,000

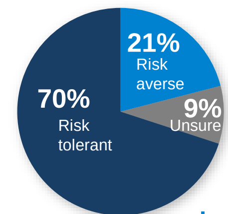
Financial **Attitudes, Influences**

21%

Are **very/extremely confident** in their investment decision-making abilities—on par with non-investors

57%

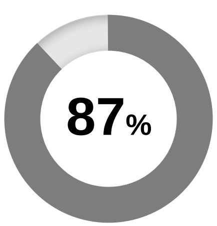
Talked to their parents or other family members about investing



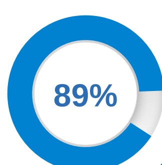
70% **are willing to take risks with their money**

$76,000

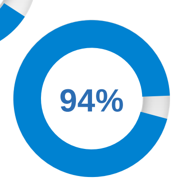
Median Average Investable Assets



Full-time employed – significantly more likely to be full-time employed vs. other millennials

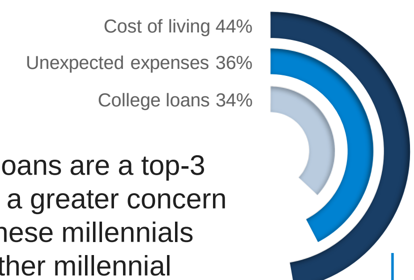


Of those employed, 89% have an employer that offers a retirement plan, allowing access to investment opportunities



94% participate in their current employer's retirement plan and contributed an average $3,500 in 2017

Key **Financial Challenges**



College loans are a top-3 concern; a greater concern among these millennials versus other millennial segments

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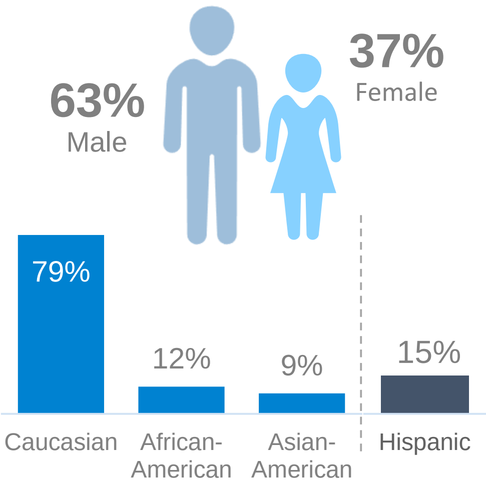
MILLENNIALS WHO HOLD TAXABLE INVESTMENT ACCOUNTS

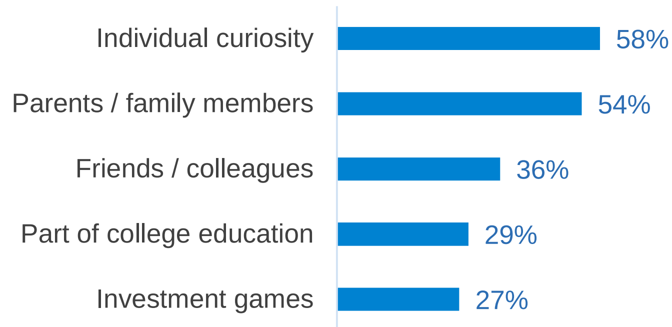


Average age **31**

89% Associate's degree or higher

41% have dependent children

Drivers to start investing



31% started investing before the age of 21

Median Income

$73,000

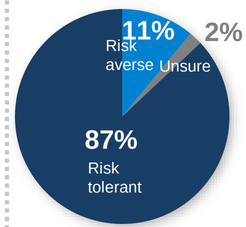
Financial **Attitudes, Influences**

47%

Are **very/extremely confident** in their investment decision-making abilities

69%

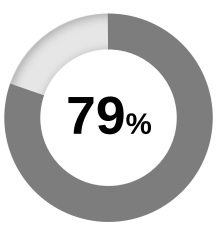
Spoke to their parents or other family members about investing



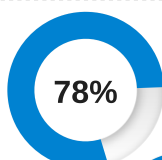
87% are willing to take risks with their money

$173,000

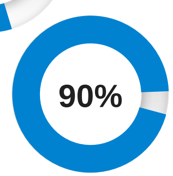
Median Average Investable Assets



Full-time employed – 6% are business owners, significantly more vs. retirement-only millennials

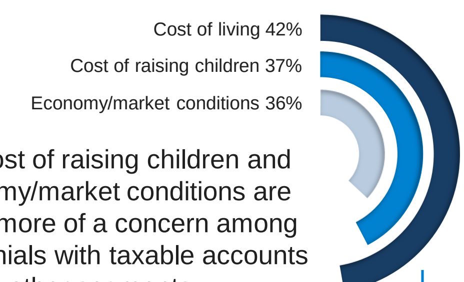


Of those employed, 78% have an employer that offers a retirement plan, allowing access to investment opportunities



90% participate in their current employer's retirement plan and contributed an average $5,000 in 2017

Key **Financial Challenges**



The cost of raising children and economy/market conditions are much more of a concern among millennials with taxable accounts versus other segments

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Millennial Financial Goals

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Millennials with taxable accounts have more aspirational financial goals compared to other millennials.

- The top financial goals of **millennials with taxable accounts largely mirror the current goals of Gen Xers and baby boomers with taxable accounts.**
- Non-investing millennials have very modest financial goals and are focused on surviving month-to-month. They are also more likely to say they don't expect to retire because they cannot afford it (17% versus 10% among millennials with retirement accounts only and 8% among millennials with taxable accounts).
- Among millennials who expect to retire, investors and non-investors expect to retire at the same age (65).

Top 3 Financial Goals
By Investment and Generational Segments

	Non-Investing Millennials (n=610)	Millennials with Retirement Accounts Only (n=603)	Millennials with Taxable Accounts (n=601)	Gen Xers with Taxable Accounts (n=505)	Baby Boomers with Taxable Accounts (n=509)
#1	**40%** not living **paycheck to paycheck**	**39%** having savings for **unexpected expenses**	**46%** saving enough to **retire when I want and live comfortably**	63%	56%
#2	**37%** being able to **pay monthly bills**	**39%** saving enough to **retire when I want and live comfortably**	**39%** having enough to **travel**	44%	59%
#3	**33%** having savings for **unexpected expenses**	**35%** having enough to **travel**	**37%** having savings for **unexpected expenses**	39%	57%

Q1. When thinking about your overall financial goals, please pick your top three financial goals. (BASE: all; n=2,828)

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Cumulatively, paying off debt ranks low on millennials' financial goals <u>even if they have high overall debt</u>; however, those with high student debt ($50k+) consider paying off school debt as their #1 financial goal.

	Millennials' Top Financial Goals Across millennials; n=1,814	Low Total Debt ($1-<$20k) n=339 (a)	High Total Debt ($100k+) n=195 (b)	Low Student Debt ($1-<$20k) n=212 (c)	High Student Debt ($50k+) n=139 (d)
Have savings for unexpected expenses	36%	**43% (b)**	31%	37%	32%
Have enough money to travel	35%	31%	36%	27%	35%
Save enough to retire when I want and live comfortably	33%	30%	**40% (a)**	26%	25%
Not live from paycheck to paycheck	33%	**36% (b)**	24%	35%	37%
Be able to pay monthly bills	30%	28%	25%	27%	33%
Buy a home	24%	**27% (b)**	17%	21%	22%
Pay off credit card, auto, medical debt	21%	30%	29%	29%	30%
Pay off student debt	20%	21%	34%	35%	**54% (c)**
Save for children's education	15%	13%	15%	12%	11%
Pay off mortgage debt	12%	9%	**31% (a)**	13%	7%

Q1. When thinking about your overall financial goals, please pick your top three financial goals. (BASE: all millennials; n=1,814) (a/b/c/d) = significantly higher than corresponding subgroup at 95% confidence.

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At age 27, Gen X and baby boomer investors' top priority was to buy a house, whereas home-buying falls further down the list of goals for millennials.

- For some of the other top goals, Gen X and baby boomers align more closely with non-investing millennials.

	Financial Goals at Age 27		Current Millennial Financial Goals		
	Gen Xers (n=505) (d)	**Baby Boomers** (n=509) (e)	**Non-Investing Millennials** (n=610) (a)	**Millennials with Retirement Accounts Only** (n=603) (b)	**Millennials with Taxable Accounts** (n=601) (c)
Buy a home	45%	46%	23%	26%	23%
Be able to pay monthly bills	44%	42%	37% (bc)	25%	24%
Not live from paycheck to paycheck	36%	42% (d)	40% (bc)	34% (c)	21%
Have savings for unexpected expenses	28%	35% (d)	33%	39%	37%
Save enough to retire when I want and live comfortably	21%	32% (d)	21%	39% (a)	46% (ab)
Have enough money to travel	27%	22%	31%	35%	39% (a)
Save for my children's education	11%	18% (d)	13%	15%	19% (a)
Pay off credit card, auto, medical debt	19% (e)	10%	20%	25% (c)	17%
Pay off student debt	17% (e)	8%	22% (c)	23% (c)	14%
Pay off mortgage debt	11%	12%	7%	15% (a)	17% (a)

Q1a. When thinking about your overall financial goals, please pick your top three financial goals. (BASE: all millennials; n=1,814)
Q1b. Pick the top 3 financial goals you had when you were 27 years old. (BASE: Gen Xers and baby boomers; n=1,014)
(a/b/c compared; d/e compared) = significantly higher than corresponding subgroup at 95% confidence.

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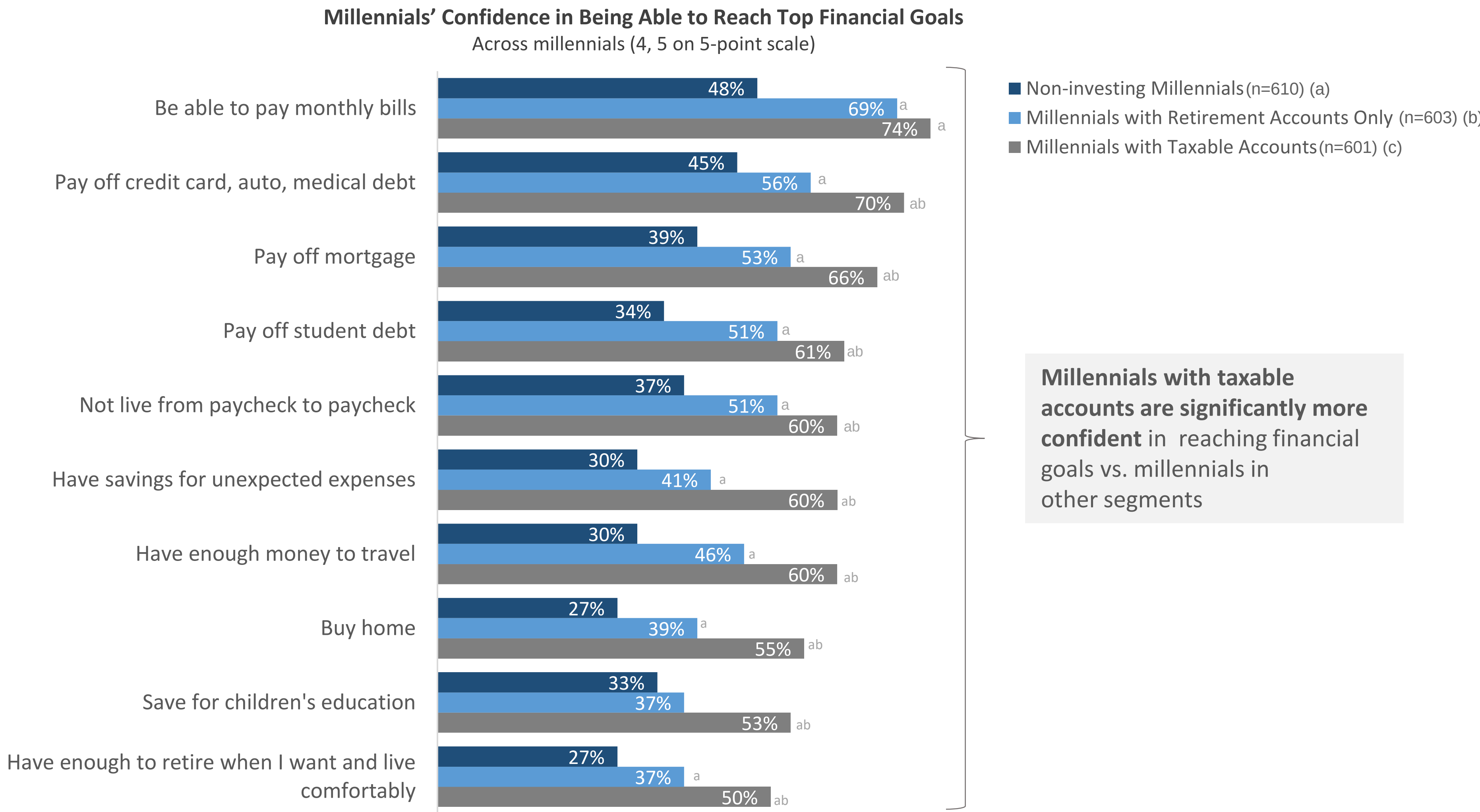
Overall, millennials are most confident in being able to pay monthly bills and paying off their debt; they are least confident in having enough money for retirement.



Millennials with taxable accounts are significantly more confident in reaching financial goals vs. millennials in other segments

Q2. And how confident are you that you will be able to do each of the following? (BASE: all millennials; n=1,814)
(a/b/c) = significantly higher than corresponding subgroup at 95% confidence.

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Non-investing millennials are less confident across select financial goals than Gen Xers and baby boomers were at age 27.

- Taxable millennial investors still emerge as very confident when compared to other generations when they were roughly the same age.

Percentage Extremely/Very Confident in Being Able to Reach Specific Financial Goals
(4, 5 on 5-point scale)

	Gen Xers at Age 27 (n = 505) (d)	Baby Boomers at Age 27 (n = 509) (e)	Non-Investing Millennials (n = 610) (a)	Millennials with Retirement Accounts Only (n = 603) (b)	Millennials with Taxable Accounts (n = 601) (c)
Not live from paycheck to paycheck	48%	49%	37%	51% (a)	60% (ab)
Buy a home	48%	50%	27%	39% (a)	55% (ab)
Have enough to retire when I want and live comfortably	33%	32%	27%	37% (a)	50% (ab)

Q2. And how confident are you that you will be able to do each of the following? (BASE: all millennials; n=1,814)
Q2a. How confident were you at age 27 that you would be able to reach each of the following goals? (BASE: all Gen Xers and boomers; n=1,014)
(a/b/c compared; d/e compared) = significantly higher than corresponding subgroup at 95% confidence.

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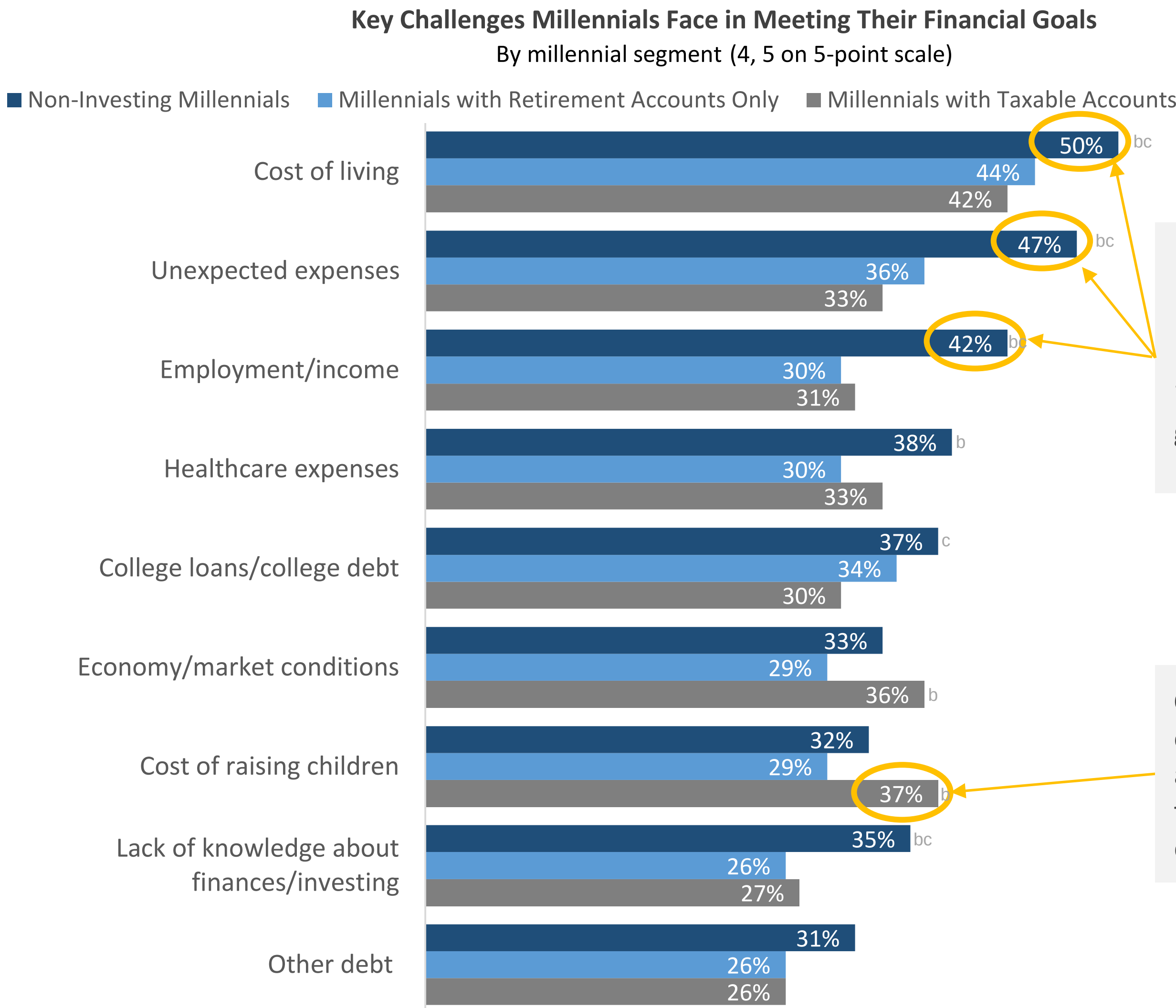
Cost of living, unexpected expenses, and employment/income are the key challenges millennials face as they try to meet their financial goals.



Non-investing millennials are significantly more likely to consider the cost of living, unexpected expenses, and employment/ income as challenges compared to their generational cohorts.

Cost of raising children is a primary concern among millennials with taxable accounts. This is not surprising since these millennials are more likely to have dependent children.

Q3. How much of a challenge is each of the following as you try to meet your financial goals? (BASE: all millennials; n=1,814)
(a/b/c) = significantly higher than corresponding subgroup at 95% confidence.

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In general, millennials with taxable accounts are more optimistic across statements about investing.

Opinions on Statements about Investing
% who agree (4, 5 on 5-point scale) across millennials

Non-Investing Millennials (n=610) (a)	Millennials with Retirement Accounts Only (n=603) (b)	Millennials with Taxable Accounts (n=601) (c)
38%	33%	**43% (b)**
36%	38%	38%
22%	**29% (a)**	**37% (a,b)**
14%	16%	**28% (a,b)**
14%	14%	**28% (a,b)**

Q38. Please indicate how much you disagree or agree with each statement. (BASE: all millennials; n=1,814)
(a/b/c) = significantly higher than corresponding subgroup at 95% confidence.
NOTE: This research was fielded during a bull market.

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Among millennials, those with taxable accounts are most likely to notice and be swayed by/relate to advertisements from investment companies.

Opinions on Statements about Investment Advertising
% Who Agree (4, 5 on 5-point scale)

	Non-Investing Millennials (n=610) (a)	**Millennials with Retirement Accounts Only** (n=603) (b)	**Millennials with Taxable Accounts** (n=601) (c)	**Gen Xers with Taxable Accounts** (n=505) (d)	**Baby Boomers with Taxable Accounts** (n=509) (e)
I regularly see and pay attention to advertisements from investment companies	11%	12%	**25% (a,b,d,e)**	**17% (a,b,e)**	8%
I feel advertisements from investment companies are relevant to me	14%	11%	**22% (a,b,d,e)**	**15% (e)**	9%
I have seen ads from an investment company that caused me to take action	11%	11%	**22% (a,b,d,e)**	**16% (a,b,e)**	8%

The impact of advertising on Gen Xer and baby boomer taxable investors is mixed. Advertising has a stronger influence on Gen Xers than baby boomer investors; <u>however</u>, neither group is as influenced by advertisements as millennials with taxable accounts are.

Q38. Please indicate how much you disagree or agree with each statement. (BASE: all respondents; n=2,828)
(a/b/c/d/e) = significantly higher than corresponding subgroup at 95% confidence.

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Why Some Millennials Are Not Investing

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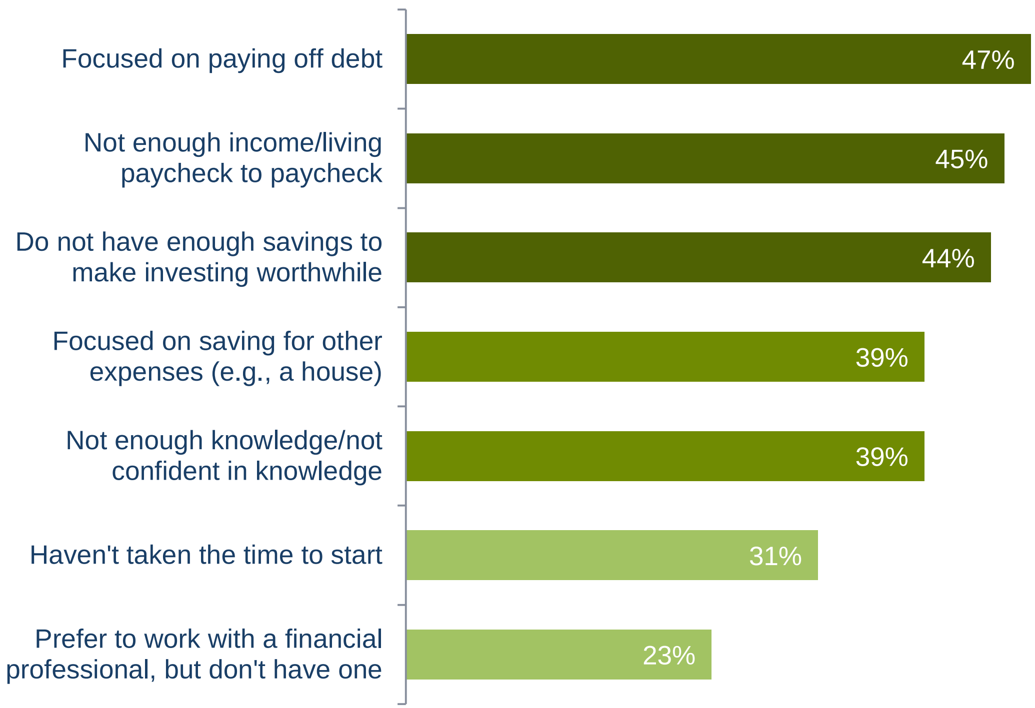
Debt is significantly more likely to be a barrier among millennials who only hold retirement accounts, while those with no investments are more likely to be held back by a lack of money and savings.

Barriers to Investing in Taxable Accounts
(4, 5 on 5-pt scale)
Across millennials with no taxable accounts (n=1,213)



Top 2 Box (4, 5 on 5-point scale)			
Non-Investing Millennials n=610 (a)	Millennials with Retirement Accounts Only n=603 (b)	Trailing Millennials (22-29 yo) n=559 (c)	Leading Millennials (30-37 yo) n=654 (d)
44%	**52% (a)**	48%	46%
49% (b)	40%	**49% (d)**	41%
50% (b)	36%	**47% (d)**	40%
38%	39%	37%	40%
39%	39%	40%	36%
34% (b)	28%	32%	30%
22%	22%	27%	32%

Among millennials who only hold retirement accounts, putting as much as they can into their retirement account is not a major barrier, as only 30% indicate this as a top barrier (4, 5 on a 5-point scale).

Q24. How much of a factor is each of the following in why you do not currently invest (outside of your retirement account)? (BASE: millennials with no taxable investments; n=1,213) (a/b/c/d) = significantly higher than corresponding subgroup at 95% confidence.

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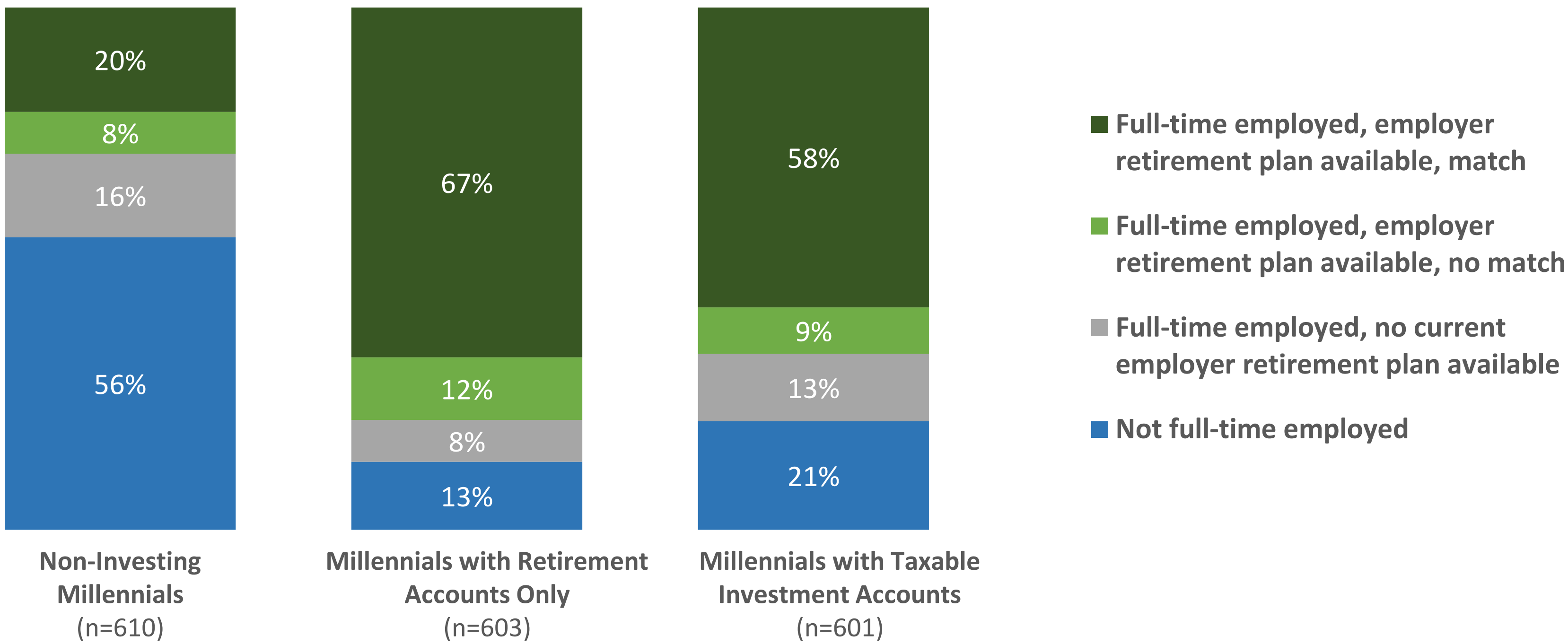
Non-investing millennials have limited access to an employer-sponsored retirement plan, diminishing their exposure to investing.

- 56% of non-investing millennials are not employed full-time, reducing access to a retirement plan.
- Another 16% are full-time employed but their employer does not sponsor a retirement plan.
- Only 20% are full-time employed and have access to an employer-sponsored plan with a contribution match. This is a much lower rate than among millennials with retirement accounts only (67%) or those with taxable investment accounts (58%), eliminating a motivation to participate.



D6. Which of the following best describes your current employment situation?
Q16. Whether or not you participate, does your current employer offer a retirement plan?
Q18a. Does your employer provide a contribution into your retirement plan?

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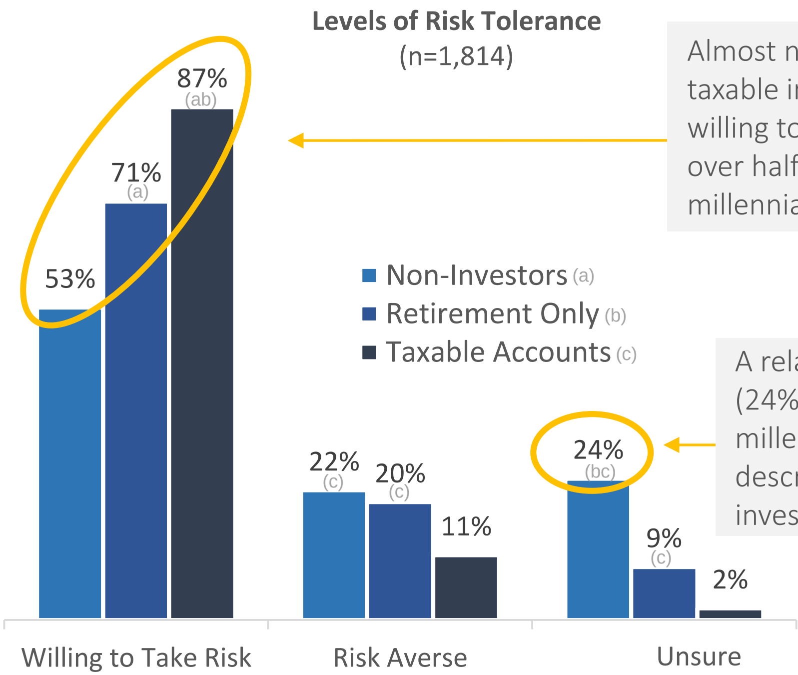
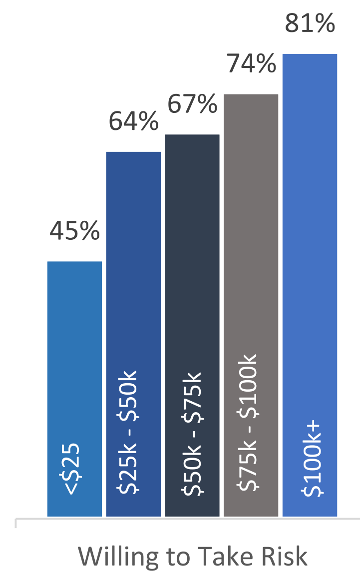
Non-investing millennials are significantly less open to taking on risk than millennials with taxable accounts.



Almost nine in ten millennials with taxable investments say they are willing to take on risk, whereas just over half of non-investing millennials are open to risk.

A relatively large percentage (24%) of non-investing millennials are unsure how to describe their risk tolerance for investing.

Those with high household income are also significantly more risk tolerant.



Q39. How would you best describe your risk tolerance for investing? (BASE: all millennials; n=1,814)
(a/b/c) = significantly higher than corresponding subgroup at 95% confidence.

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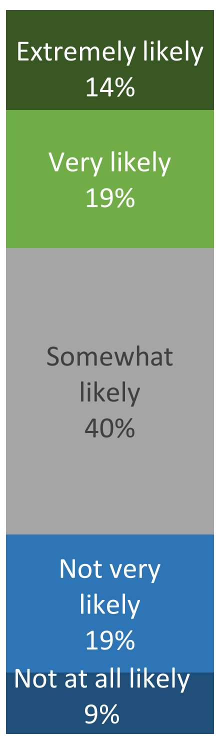
One-third of millennials who currently have no taxable investments say they are highly likely to start investing in the next five years.

- There is no significant difference in the likelihood that non-investing millennials (34%) and millennials with only retirement accounts (32%) will start investing in taxable accounts in the next five years.
- Significant differences emerge based on millennial household income (HHI), risk tolerance, and debt levels, as well as life stage and where they live.

Likelihood to Start Investing in the Next Five Years



Likelihood to Start Investing
(n=1,213)

33% of millennials who currently have no taxable investments are **very/extremely likely to start investing in the next five years**

Millennials significantly more likely to start investing are:

- HHI $100k+ (41%) vs. HHI <$25k (21%)
- Risk tolerant (46%) vs. risk averse (25%)
- No debt (38%) vs. high debt ($100k+) (30%)
- Married (38%) vs. single (29%)
- Have children (38%) vs. no children (30%)
- Urban (34%)/suburban (35%) vs. rural (24%)

Q25. How likely are you to start investing? [if retirement-only investors "outside of your retirement account"] in the next five years? (BASE: millennials with no taxable investments; n=1,213)

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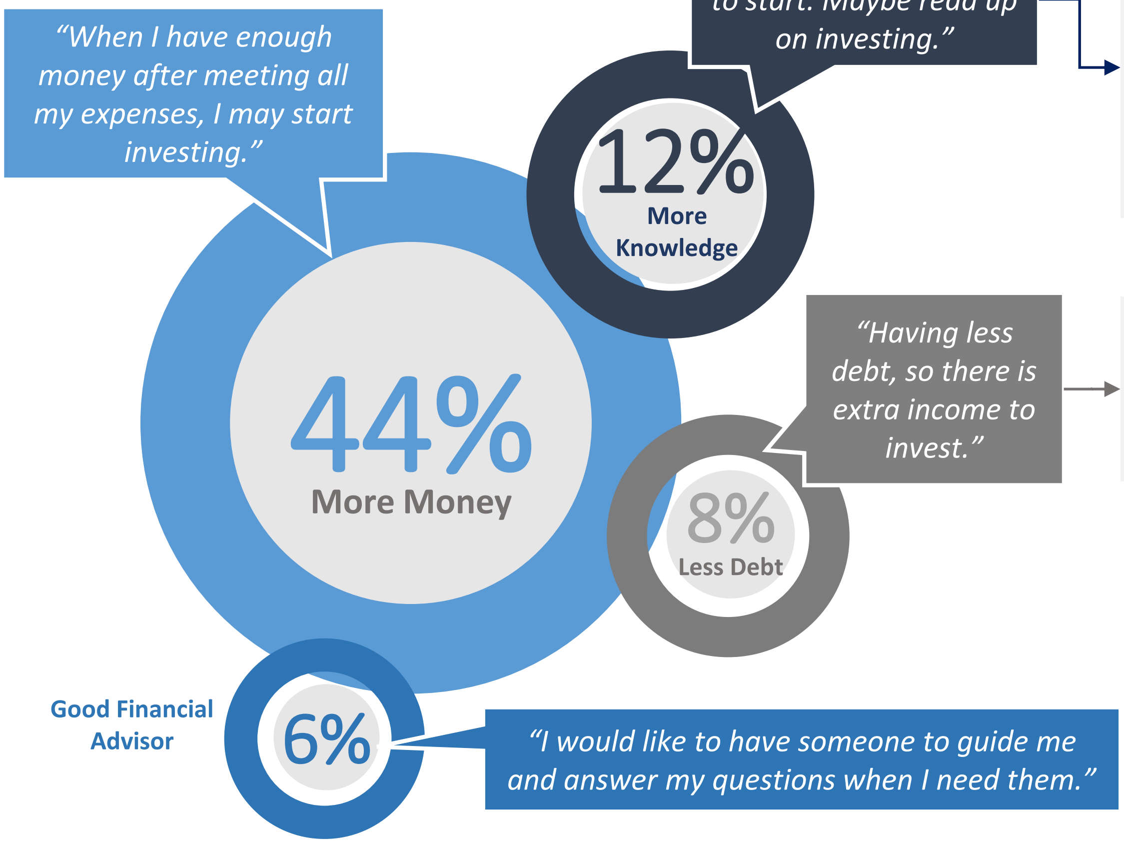
Logically, having more money and a better-paying job would enhance millennials' likelihood to start investing.

- However, investing knowledge/knowing where to start could also play a sizeable role in jumpstarting investing among millennials who currently have no taxable investments.

What Would Make You Invest?
(Open-ended question; n=1,213)



A desire for **more knowledge** highlights an appetite among non-investing millennials for a better understanding of investing.

- Women are twice as likely as men to say more knowledge would help them start investing (14% vs. 7%).

Non-investing millennials also confirm in this open-end question that reducing their debt would help them start investing.

Q26. What would make you more likely to start investing [if retirement account only investors "outside of your retirement account"]? (BASE: millennials with no taxable investments; n=1,213)

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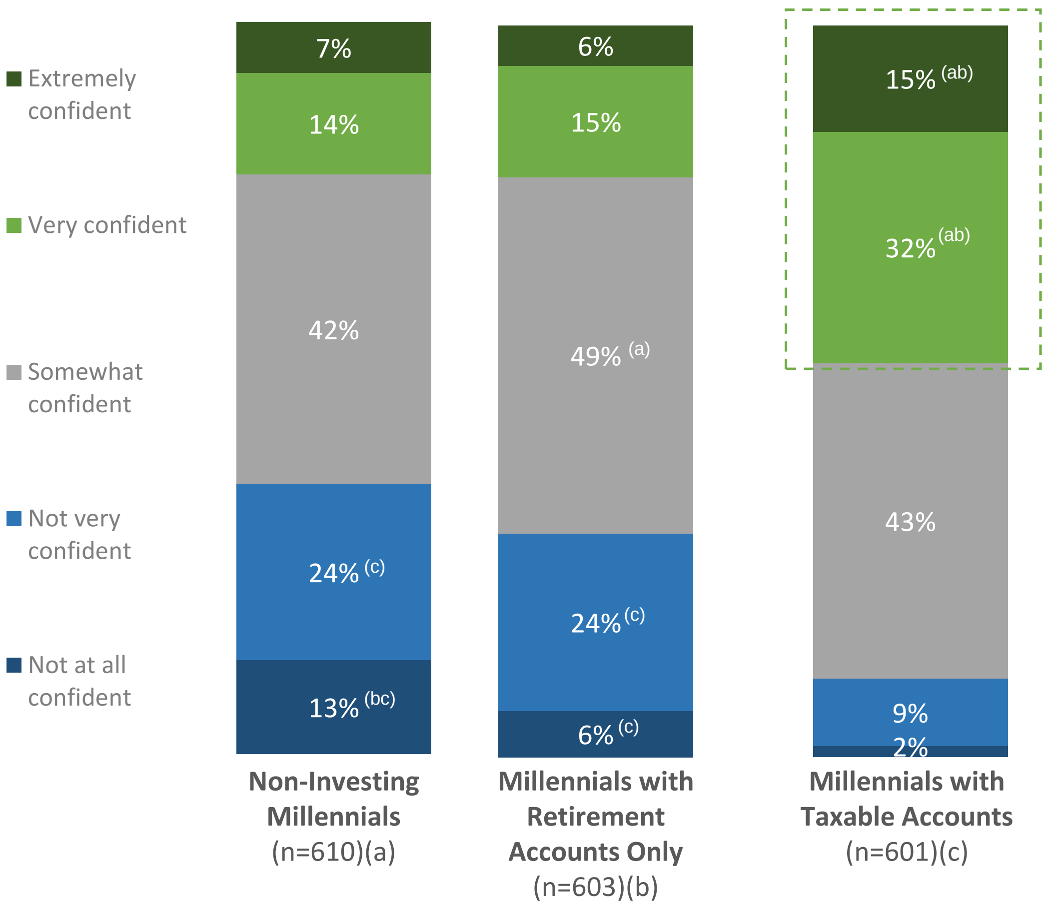
Millennials with taxable accounts are most confident in the ability to make decisions about investing.

- Confidence levels in financial decision-making are roughly the same among millennial non-investors and millennial retirement account only investors.

Confidence Levels in Investment Decision-Making Across Millennials



Which Millennials Are Most Confident?

Looking across millennials, significant gaps exist between millennial subgroups that consider themselves extremely/very confident:

- Men 33% vs. women 23%
- Leading millennials (30-37 years old) 31% vs. trailing millennials (22-29) 24%
- Northeast 34% vs. West 25% and Midwest 25%
- Urban 32% vs. suburban 25% vs. rural 22%
- Those who are more educated (bachelor's degree, 31% vs. associate's degree or less, 24%), but there are diminishing returns once past bachelor's degree (31% vs. 28% for graduate school)

Q30. How confident are you in your ability to make decisions about investing? (BASE: all millennials; n=1,814)
(a/b/c) = significantly higher than corresponding subgroup at 95% confidence.

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Online searches and financial professionals are top information sources for millennials, in general; however, preferences vary by millennial segment.

% Ranked 1st, 2nd, 3rd: Information Sources for Making Financial Decisions

	Total Millennials n=1,814	**Non-Investing Millennials** n=610 (a)	**Millennials with Retirement Accounts Only** (n=603) (b)	**Millennials with Taxable Accounts** (n=601) (c)
Online search	**59%**	**66% (b,c)**	53%	55%
Financial professional	**55%**	52%	**61% (a,c)**	53%
Parent/family member	**49%**	48%	**53% (c)**	46%
Friends/colleagues	**42%**	40%	**46% (a,c)**	40%
Financial company website	**41%**	39%	41%	44%
Books	**23%**	22%	20%	**27% (b)**
Media (TV, blogs, publications)	**18%**	**19% (b)**	14%	**22% (b)**
Advertisements from financial services companies	**14%**	15%	12%	14%

Non-investors lean most heavily on online searches with **66% ranking it a top resource for financial decision-making.**

Millennials with retirement accounts only are significantly more likely vs. other millennials to consider a financial professional a top resource.

Advertising is not considered a top information resource across millennial investment segments.

- Not surprisingly, millennials who work with a financial professional (41% of millennials with taxable and/or retirement accounts) are more likely to seek out a financial professional (74%) than to turn to other sources for information (e.g., parent/family member 48%, friends/colleagues 42%, or an online search 42%.)

Q29. Thinking about the following possible resources/information sources to help you make decisions around investing, please rank the top three sources you do or would use. (BASE: all millennials; n=1,814) (a/b/c) = significantly higher than corresponding subgroup at 95% confidence.

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Investors with Taxable Accounts

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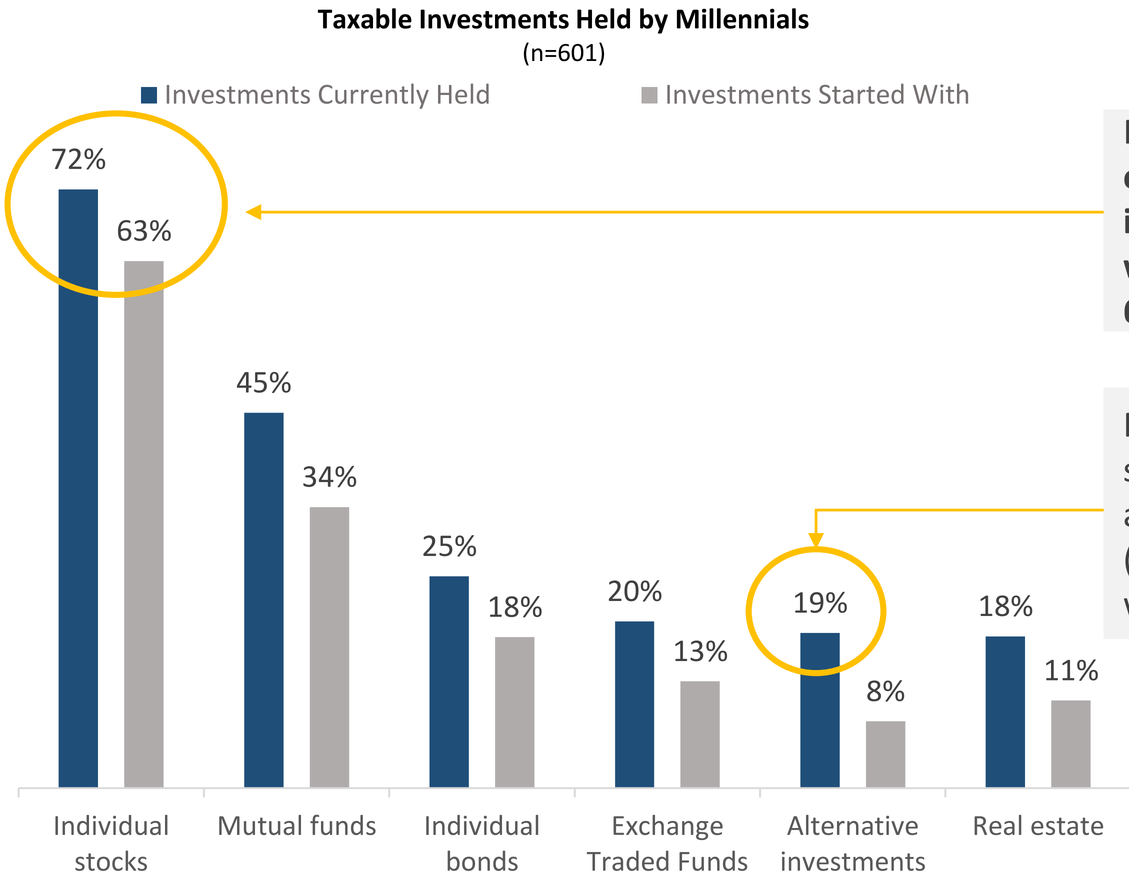
Individual stocks are the most common investment held by millennials with taxable accounts.

- Stocks are also the type of investment that most investing millennials start with.
- A preference for individual stocks is universal, regardless of millennials' risk tolerance.



Millennials with taxable accounts are **even more likely to currently hold individual stocks than baby boomers with taxable accounts are (72% vs. 65%)**.

Millennials with taxable accounts are significantly more likely to invest in alternative investments than Gen Xers (19% vs. 10%) and baby boomers (8%) with taxable accounts are.

Q6. What type of investments do you currently own that are not held in a retirement account? (BASE: millennials with taxable investments; n=601)
Q8. What type of investment(s) did you first start out with? (BASE: millennials with taxable investments; n=601)

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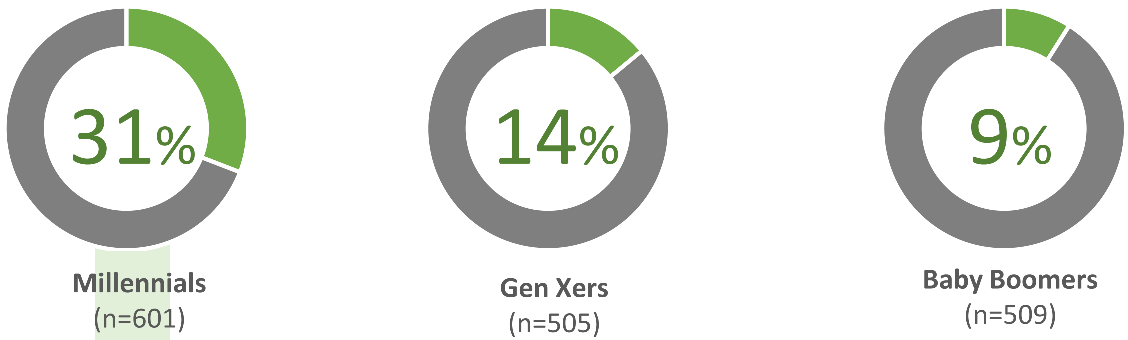
Almost a third of millennials with taxable accounts were under 21 years old when they started investing.

- Millennials with taxable accounts are significantly more likely to have started investing before their 21st birthday than taxable account holders from other generations.

Percentage Under 21 When Starting to Invest (among Those with Taxable Accounts)
(n=1,615)



If parents or family members talk to them about investing before age 18, millennials are even more likely to invest before age 21.

Parent or other family members talk about investing…		
Before 18 years old	As an adult	Did not speak to parents
50%	23%	12%

- Interestingly, millennials are more likely than Gen Xers or baby boomers to report their parents talking to them about investing before 18 years old (42% versus 29% and 21%, respectively). This could be a recall difference, but it may also reflect the democratization of investing and parents' role in mediating it.

Q7. At about what age did you start investing (outside of a basic retirement account)? (BASE: millennials, Gen Xers and baby boomers with taxable accounts; n=1,615)

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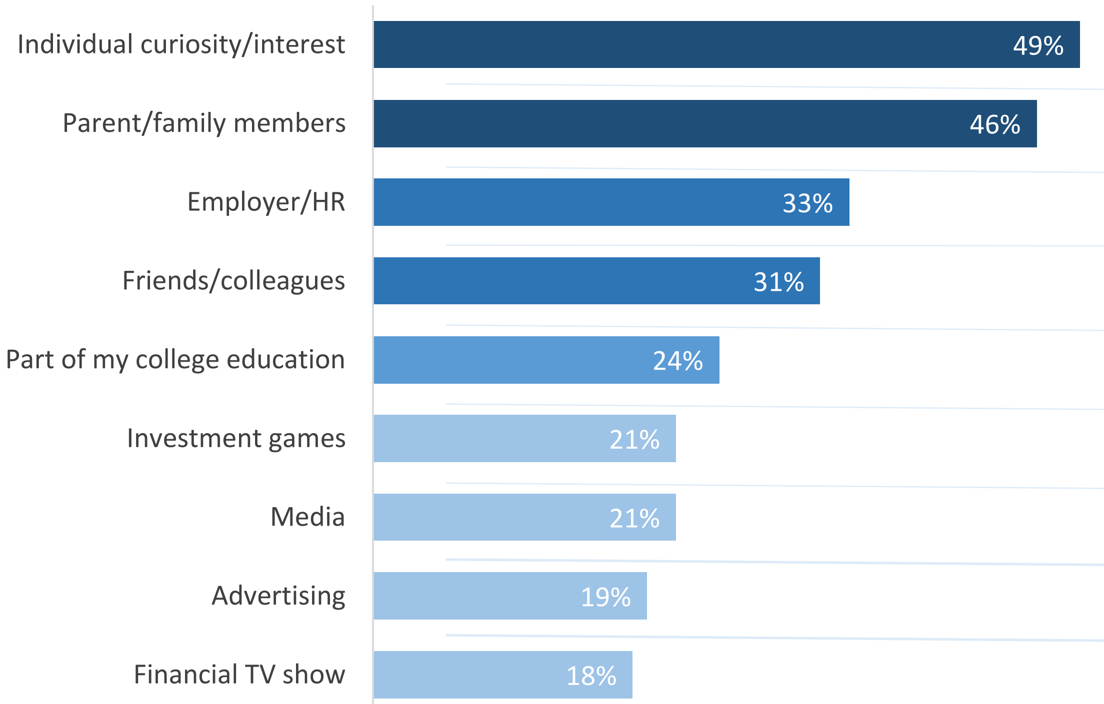
Curiosity and the influence of parents/family members are key reasons why millennials start investing; however, the impact of each varies by segment.

- Millennials with taxable investment accounts are more likely to be influenced by parents/family members, whereas employers/HR are key influencers among millennials who hold retirement accounts only.
- Millennials with taxable accounts also have a wider range of factors influencing their decision to start investing.

Key Factors Influencing Millennial Investors' Decision to Start Investing
% considering a major factor (4, 5 on 5-point scale) n=1,204



% Considering a Major Factor (4, 5 on 5-point scale)	
Retirement Accounts Only n=603 (a)	Taxable Account n=601 (b)
41%	**58% (a)**
39%	**54% (a)**
37% (b)	29%
26%	**36% (a)**
20%	**29% (a)**
17%	**27% (a)**
16%	**26% (a)**
14%	**25% (a)**
13%	**24% (a)**

Q9. How much of a factor was each of the following in your decision to start investing? (BASE: millennials with investments either taxable and/or retirement; n=1,204) (a/b) = significantly higher than corresponding subgroup at 95% confidence.

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Retirement Plan Experience

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Over nine in ten millennials with taxable and/or retirement investment accounts participate in their current employers' retirement plans, if one is available.

- Millennials with retirement accounts only are more likely to participate in employer-sponsored retirement plans and tend to start contributing earlier.
- However, the median amount they contribute to their plans is lower vs. millennials with taxable accounts, both in absolute terms ($3,500 versus $5,000) and as a percentage of personal income (5.8% versus 7.5%).
- Interestingly, taxable account millennials participate at a rate similar to taxable account Gen Xers and baby boomers.

	Millennials* with Retirement Accounts Only (n=517)	**Taxable Account Millennials*** (n=444)
% participating in current employer's retirement plan	94%	90%
Time before starting to participate in current employer's retirement plan**	68% within 1 year 24% 1-5 years 8% 5+ years	62% within 1 year 30% 1-5 years 8% 5+ years
Median amount contributed in 2017	$3,500	$5,000

While participation is high across millennials whose employers offer retirement plans (93% overall), some gaps exist…

- **Education**: Those with bachelor's degrees or higher are more likely to participate vs. those with a high school diploma (94% vs. 79%).
- **HHI**: Those with higher household income ($100k+) are more likely to participate vs. those with <$25k HHI (96% vs. 80%).
- **Ethnicity**: Asian-Americans are most likely to participate, with a 99% participation rate. The lowest participation is among African-Americans (89%).

Q19. Do you participate in your current employer's retirement plan (for example, 401(k), 403(b), 457)? (BASE: current employer offers retirement plan; n=961) Q20. When did you start investing in your employer-sponsored retirement account (401(k), 403(b), 457)? (BASE: participate in current employer's retirement plan; n=888) Q21. In 2017, approximately how much money did you contribute to your employer-sponsored retirement account (401(k), 403(b), 457)? (BASE: participate in current employer's retirement plan; n=888) *Current employer offers retirement plan ** After becoming eligible

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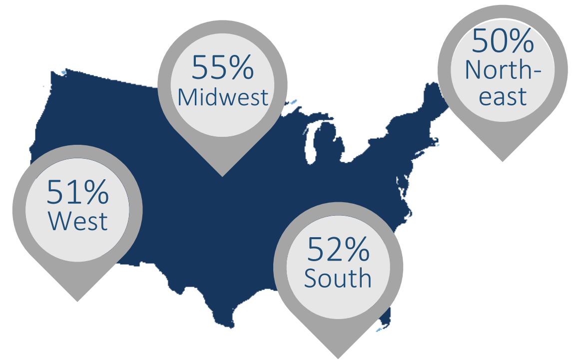
More than half of millennials with retirement plans have an auto-enrollment policy; those with auto-enrollment tend to have positive attitudes toward the policy.

52% of millennials whose employers offer a retirement plan have plans with an **auto-enrollment policy**. Gen Xers and baby boomers are much less likely to report company-sponsored retirement plans with an auto-enrollment policy (39% and 36%, respectively).

Auto-enrollment is **directionally higher in the Midwest**.



75% of millennials with an auto-enrollment policy have a **positive attitude** toward this policy; **however, attitudes vary based on investor group.**

	Millennials with Auto-enrollment (n=611)	Non-Investing Millennials* (n=109) (a)	Millennials with Retirement Accounts Only (n=269) (b)	Millennials with Taxable Accounts (n=233) (c)
Positive (4,5 on 5-pt scale)	**75%**	65%	75%	**84% (a,b)**
Neutral (3 on 5-pt scale)	**21%**	26% **(c)**	21%	16%
Negative (1,2 on 5-pt scale)	**4%**	9% **(c)**	4%	1%

Q17. Does your employer auto-enroll employees in the retirement plan? (BASE: current employer offers retirement plan, not including pension; n=1,179) Q18. How do you feel about your employer's policy of auto-enrolling employees in the retirement plan? (BASE: those who have auto enrollment; n=611) (a/b/c) = significantly higher than corresponding subgroup at 95% confidence.
*It is assumed these non-investors opted out of enrollment or their employer's policy changed after they joined the company.

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Almost half of millennials chose initial investments for their employer-sponsored retirement plan, but rarely or never make changes afterwards.

Involvement with Investments in Employer-Sponsored Retirement Account

Contribute the money, but **do not do anything with how it is invested**

Chose an initial plan for the investments, **but have rarely or never made changes since**

Actively manage the investments in their retirement account and change them regularly

Work with a financial professional to help with the investments in their retirement plans

Millennials with taxable accounts are significantly more likely to actively manage their retirement plan investments vs. retirement account only millennials (36% vs. 17%).

Similarly, when it comes to **knowledge of investments and allocations in the retirement accounts**, millennials with taxable accounts are much more likely to consider themselves knowledgeable, and have perceived knowledge levels in line with older investors.

Extremely/highly knowledgeable	15% Millennials with Retirement Accounts Only (n=488)	43% Millennials with Taxable Accounts (n=400)	48% Gen X Investors (n=331)	35% Baby Boomer Investors (n=173)

** Those who chose an initial plan for the investments but rarely/never made changes may include those who opted to keep the default investment option, and are likely to have a very similar mind set to those who contribute money and do not do anything with how it is invested.*

Q22. Which of the following best describes your involvement with the investments in your current employer-sponsored retirement account (401(k), 403(b), 457)? (BASE: participate in current employer's retirement plan; n=1,392) Q23. How knowledgeable are you about the investments and allocations in your current employer-sponsored retirement account (401(k), 403(b), 457)? (BASE: participate in current employer's retirement plan; n=1,392)

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Usage of and Attitudes toward

Financial Professionals

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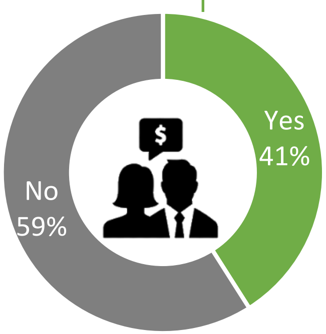
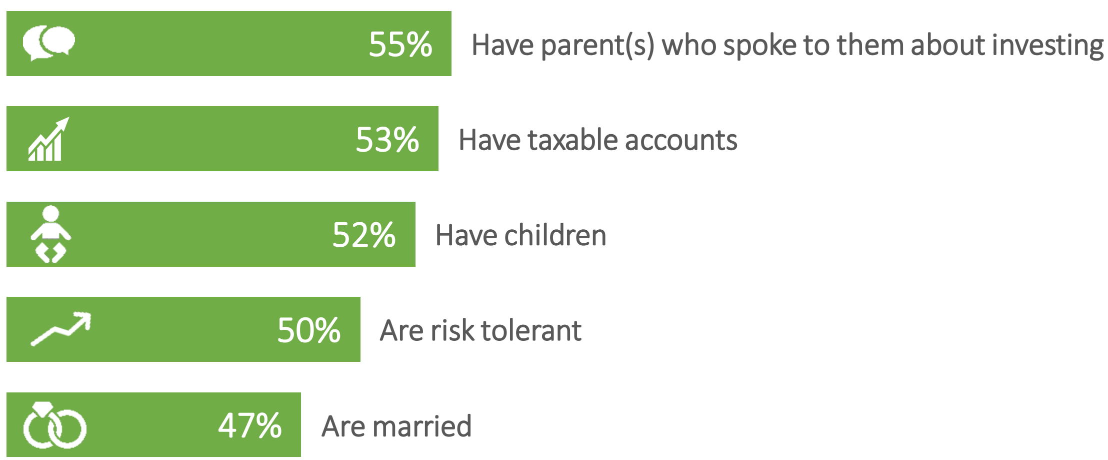
Just over four in ten investing millennials work with a financial professional.

41% of millennials with taxable and/or retirement accounts work with a financial professional.

Millennials most likely to be working with a financial professional …



% of Millennial Investors Using a Financial Professional
(n = 1,204)



Q10. Do you currently work with a financial professional? (BASE: millennials with taxable and/or retirement accounts; n=1,204)

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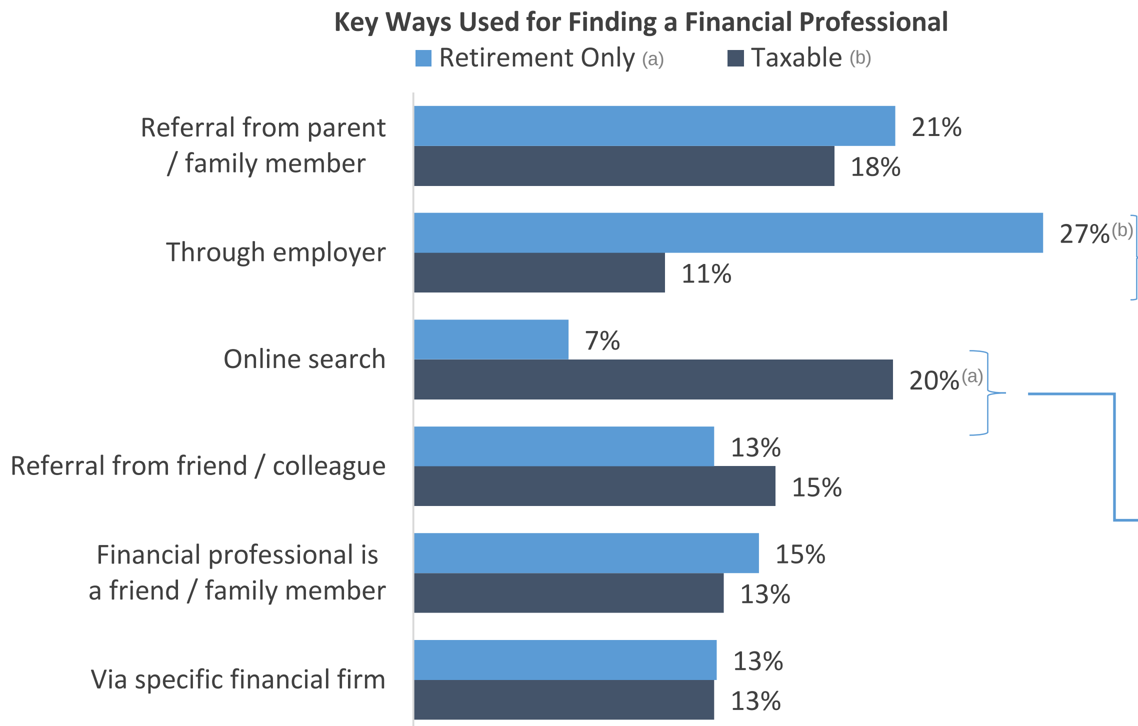
Factors influencing how millennials found their current financial professional vary by investor segments.

- While referrals from family members are consistently important across millennial segments, the role employers and online searches play varies by segment.



Millennials with only retirement accounts are most likely to have **found their financial professional through an employer.**

Leveraging their employer is also a common way to find a financial professional among risk-averse millennials (29% vs. 20% of those who are risk tolerant).

Online searches are much more common among millennials holding taxable accounts.

Millennials who are **most confident in their financial decision-making** are more likely to have found their financial professional via an online search (22%).

Among those who work with a financial professional, **millennials with taxable accounts are most likely to have checked their current financial professional's background in a regulator's database**.

54%	38%	38%	26%
Millennials with Taxable Accounts	Millennials with Retirement Accounts Only	Gen Xers with Taxable Accounts	Baby Boomers with Taxable Accounts

Q14. How did you find your current financial professional? (BASE: millennials who work with a financial professional; n=494)
Q15a. Did you check your current financial professional's background in a regulator's database? (BASE: millennials who work with a financial professional; n=494)
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Millennials across segments have largely positive views of financial professionals, although some question their value.

Words Millennials Associate with Financial Advisers

From Qualitative Focus Groups

Non-Investing Millennials	Millennials with Retirement Accounts Only	Millennials with Taxable Investment Accounts
Knowledgeable	Knowledgeable	Knowledgeable
Reassuring	Savvy	Dependability
Experienced	Experienced	Can ask questions
Trustworthy	Expert	Available
Less risky	Strategist	Truthful/trusted
Guides me	Investor	Experience
Right intuition	Skeptical/my interests?	Secure
Understands finances	Sketchy	Guru/master
Gives options	For people with more money	Professional
Unnecessary added expense		Specialist
Unneeded middlemen		Degree
Worth extra 1-3%?		Personal relationship/friend
		Astute
		Skeptical/my interests?
		Wary
		Mistrust
		Unaffordable

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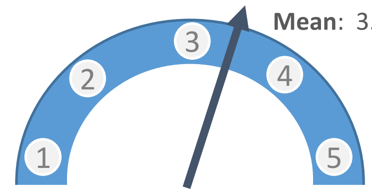
In general, millennial investors prefer to share investment decision-making with their financial professionals.

On average, millennial investors across segments prefer to collaborate with their financial professionals on investment decisions



Average number of years worked with current financial professional…

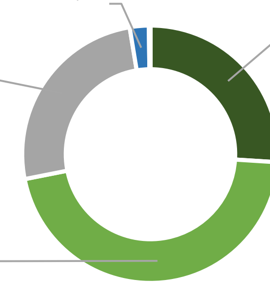
4.06 years

Retirement Accounts Only
(n=183)

5.65 years

Taxable Account
(n=311)

72% of millennial investors across segments are highly satisfied with their current financial professionals



Q11. When working with a financial professional, where would you put yourself on the scale below to describe your approach to investment decisions? (BASE: millennials who work with a financial professional; n=494) Q13. For how long have you worked with your current financial professional? (BASE: millennials who work with a financial professional; n=494) Q15. How satisfied are you with your current financial professional? (BASE: millennials who work with a financial professional; n=494)

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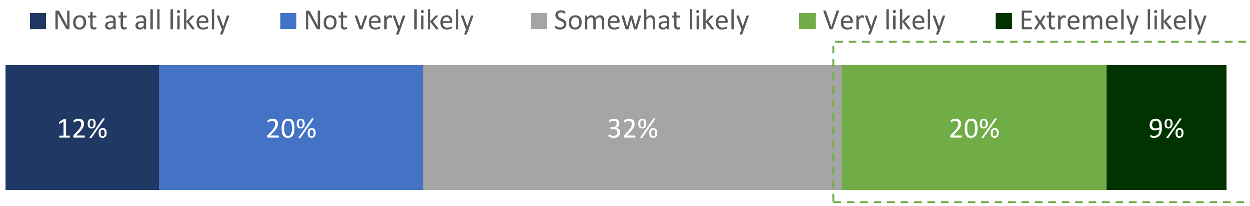
Interest in using a financial professional among millennials who do not invest in taxable accounts is mixed.

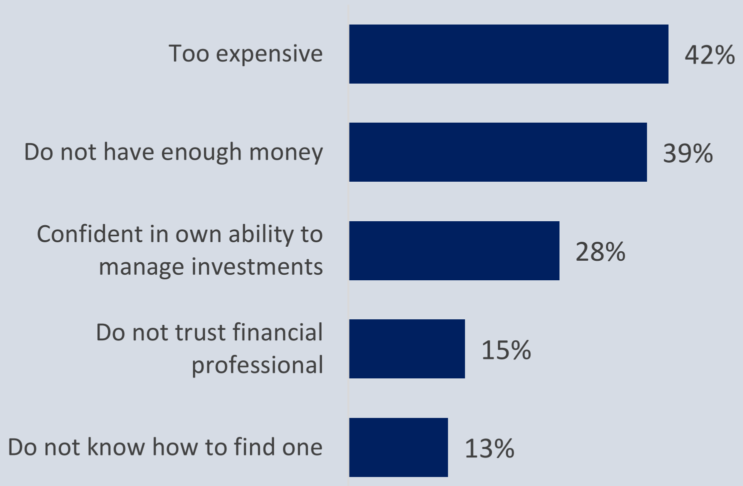
Likely to Use a Financial Professional

Among millennials who currently do not invest in taxable accounts (n=1,213)



Millennials MOST confident in their financial decision-making are also most likely to consider using a financial professional were they to start investing (51% vs. 25% among those with little/no confidence)

Key reasons **diminishing interest** in working with a financial professional…



Key reasons **driving interest** in working with a financial professional…

Q27. How likely would you be to use a financial professional if you were to start investing in the next five years? (BASE: millennials who do NOT work with a financial professional; n=1,213)
Q28. Why are you NOT likely to use a financial professional? (BASE: millennials not likely to work with a financial professional or do not currently use one; n=937)
Q28a. Why are you likely to use a financial professional? (BASE: millennials likely to work with a financial professional or currently use one; n=1,161)

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Among millennials not currently using a financial professional, online searches are considered the key resource for finding one.

- Referrals from family and friends are also important when looking for a financial professional, but level of importance varies by segment.

Key Resources for Finding a Financial Professional

		Millennials who <u>do not</u> use a financial professional (n=1,320)		
		Non-Investing Millennials n=610 (a)	**Millennials with Retirement Accounts Only** n=420 (b)	**Millennials with Taxable Accounts** n=290 (c)
Online Search	40%	42%	36%	42%
Referral from parents	31%	28%	**36% (a)**	33%
Referral from friend/colleague	30%	25%	**40% (a,c)**	32%
Via specific financial firm	26%	28%	23%	24%
Friend/family member who is a financial professional	22%	23%	22%	23%
Through my employer	18%	12%	**30% (a,c)**	15%
Webinar/seminar	9%	9%	8%	7%
Advertisement	8%	**9% (b)**	5%	6%

Q31. If you were looking for a financial professional, how would you most likely try to find one? (BASE: millennials who do not use a financial professional; n=1,320)
(a/b/c) = significantly higher than corresponding subgroup at 95% confidence.

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Cost/fees and industry experience are the most important factors millennials take into consideration when selecting a financial professional; gender is given minimal consideration.

Most important factors in selecting a financial professional…

55% **Cost/fees:** Not surprisingly, fees are an even greater consideration among millennials with lower HHI (<$25k; 64%), as well as those with fewer investable assets (<$25k; 64%)

55% **Industry experience:** Especially among female millennial consumers (59% female millennials vs. 50% male millennials)

44% **Past performance:** Especially among trailing millennials (22-29 years old), 48% vs. leading millennials (30-37 years old) 41%

41% **A referral from a trusted source** is even more important among risk-averse millennials (51%)

18% **Company affiliation**

17% **Professional designation**

10% **Age**

5% **Gender**

Millennials have little knowledge as to the cost of using a financial professional.

42% say they don't know what type of fee financial professionals charge for their services.

Of those who do estimate a fee, **77% believe it is five percent or more** of invested assets (compared to 46% of Gen Xers and 31% of boomers).

Q32. For you, what is/are the most important factor(s) in selecting a financial professional? (BASE: all millennial respondents; n=1,819)
Q35a. Some financial professionals are compensated by taking a straight percentage of the amount their clients have invested. What percentage do you think the average financial professional charges for his/her services? Please make your best estimate. If you cannot estimate, please use the "do not know" option. (BASE: all millennial respondents; n=1,819)

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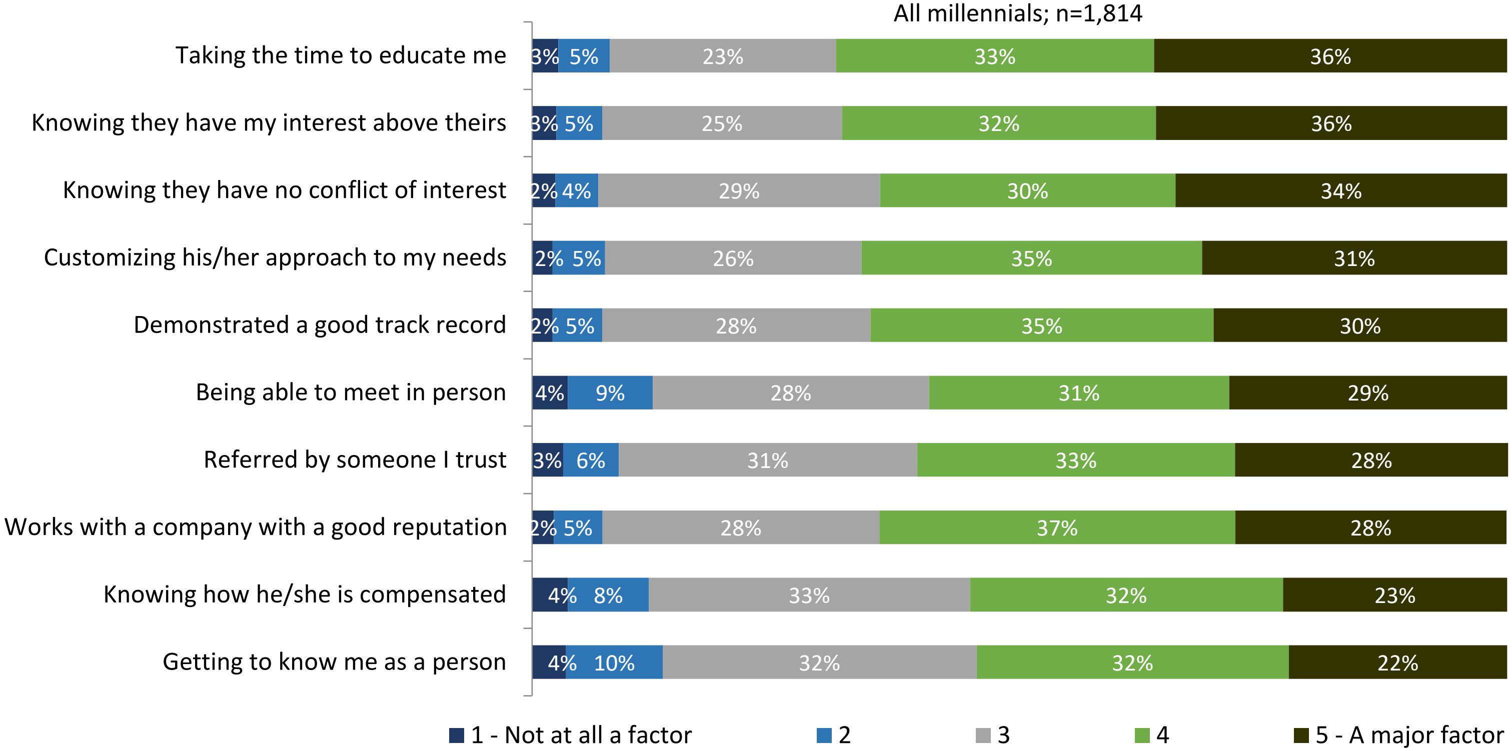
Taking the time to educate and reassuring that client interests are paramount are factors that millennials say are important for building trust with financial professionals.

Key Ways in Which a Financial Professional Can Build Trust

All millennials; n=1,814



- These results are also consistent with earlier qualitative research:*

"If they **reached out to me regularly** and they didn't just do things with my money but they actually **explained to me** what they were doing…"*

"Look out for **my best interests** rather than making the most money they can…"*

58% of millennials agree (5, 6 or 7 on a 7-point scale) that when it comes to **working with a financial professional, they prefer to work face to face.**

Q35. How much of a factor is each of the following in how a financial professional can build trust with you? (BASE: millennials; n=1,814)
Q38f. When it comes to working with a financial professional, I would prefer to work face to face. (BASE: millennials; n=1,814)
*Quotations are from a qualitative research study preceding the current online survey.

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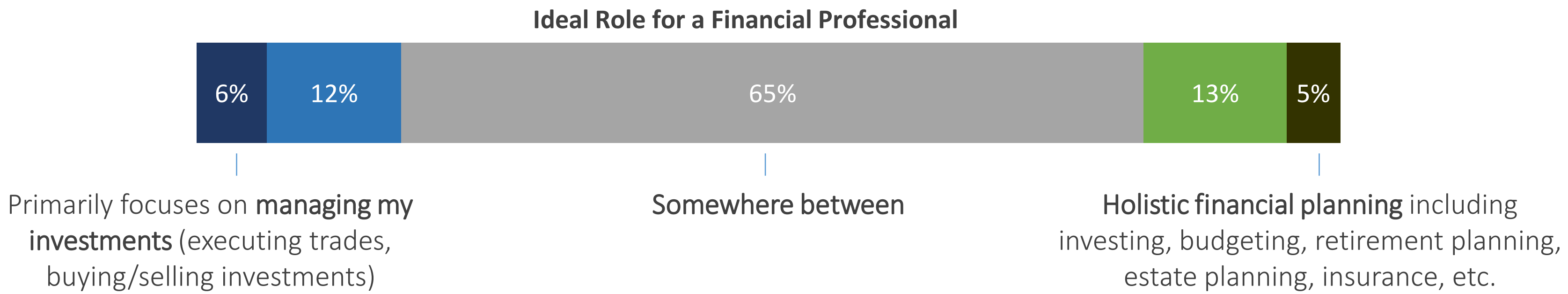
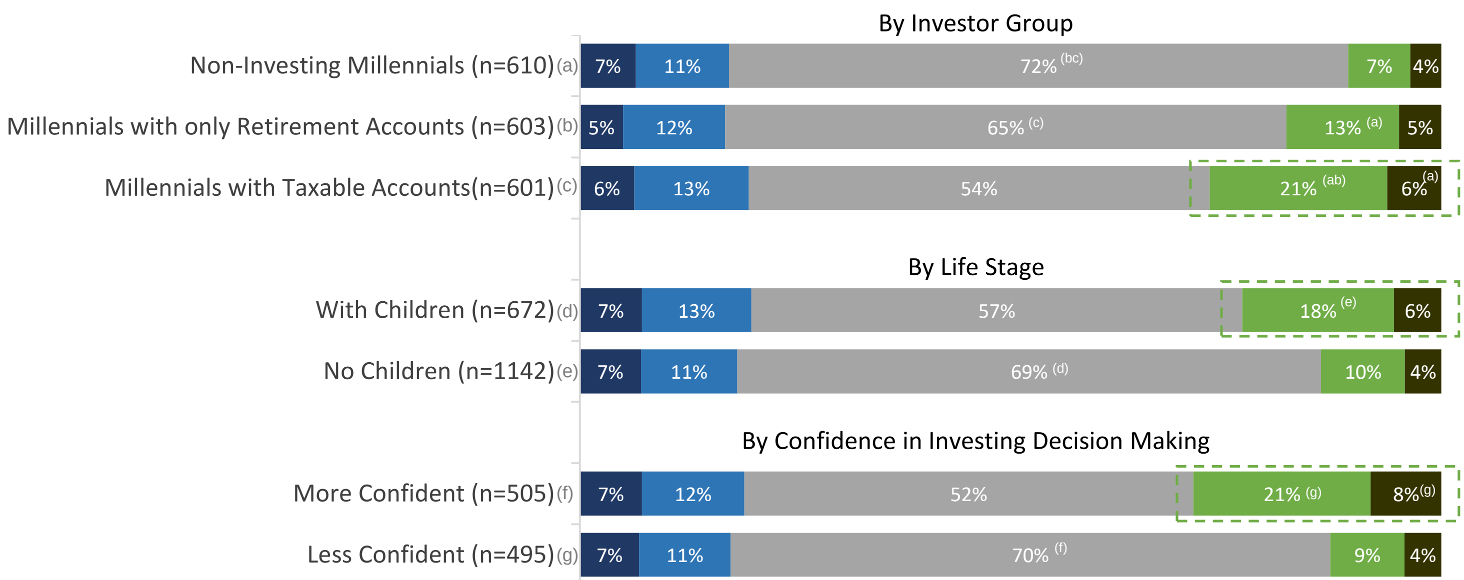
In general, millennials think the ideal role for a financial professional is between holistic financial planning and a focus on investment management.



However, preferences for a more holistic approach vary based on millennial segment, life stage, and confidence level:



Q34. What do you think is the ideal role of a financial professional? (BASE: millennials; n=1,814)
(a/b/c compared; d/e compared; f/g compared) = significantly higher than corresponding subgroup at 95% confidence.

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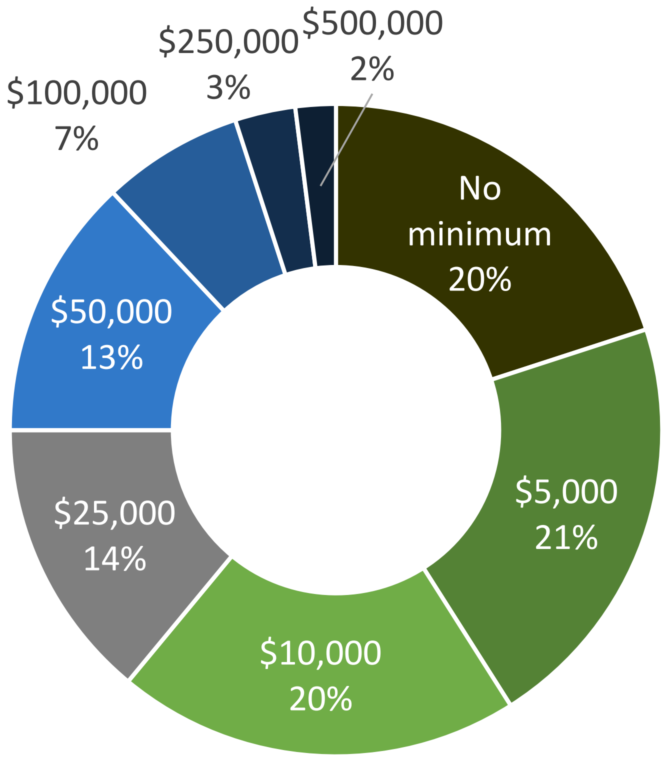
Millennials underestimate the amount of money they need to make working with a financial professional worthwhile; roughly 60% think they need $10,000 or less.

Minimum Amount Needed to Make Working with a Financial Professional Worthwhile



20% of millennials feel that there is **no minimum amount of money** that they would need to make working with a financial professional worthwhile.

This feeling is most significant among:

- Non-investing millennials (24% vs. 14% of millennials with taxable accounts)
- Those with lowest annual household income (35% vs. 14% of those with HHI of $100k+)
- Risk-averse millennials (24% vs. 17% of those willing to take risk)
- Those less confident in financial decision-making (26% vs. 12% confident in financial decision-making)

Q33. What do you feel is the minimum amount of money available for investing that someone would need to have in order to make working with a financial professional worthwhile? (BASE: millennials; n=1,814)

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Familiarity and Interest in Investment Innovations

Familiarity with various emerging products and services is limited among millennials.

Familiarity and Interest in Various Financial Products and Services

	FAMILIARITY			INTEREST	
	Have Used	**Very Familiar, but Have Not Used** (4 on 5-point scale)	**Have Not Heard of** (1 on 5-point scale)	**Very/Extremely Interested in Using/ Investing** (4, 5 on 5-point scale)	**Not Very/Not at All Interested in Using/ Investing** (1,2 on 5-point scale)
Robo-advisors	**3%**	11%	37%	16%	46%
Socially responsible investments	**3%**	14%	33%	23%	36%
Cryptocurrencies	**6%**	16%	14%	18%	50%
Investment crowdfunding	**2%**	16%	26%	19%	41%

Q36a-d. How familiar are you with each of the following investment products and services? (BASE: all millennials n=1,814)
Q37a-d. How interested would you be in using/investing in each of the following investment products and services? (BASE: millennials who have not invested in specific product or service; n=1,716-1,773)
Note: Products and services were described as follows:

- Digital Investment Advice Providers (aka Robo-advisors): automated financial planning services with little to no human supervision and lower fees (for example, Betterment, Wealthfront, Bloom).
- Socially responsible investing: an investment strategy that seeks to combine financial return and social/environmental good. Sometimes called values-based investing or ethical investing.
- Cryptocurrency: a digital or virtual currency that uses cryptography for security (for example, Bitcoin).
- Investment crowdfunding: a way for a company to ask a large number of backers to each invest a relatively small amount. In return, backers receive equity shares of the company.

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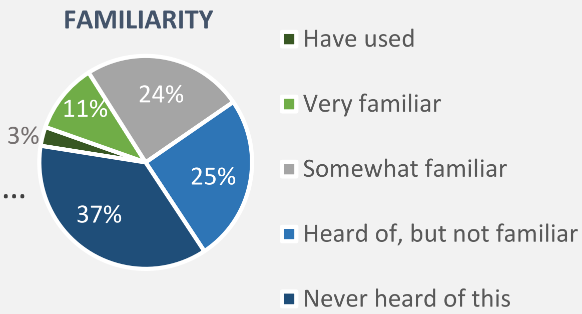
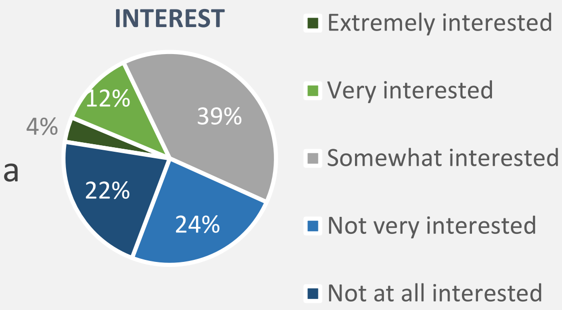
Over a third of millennials have never heard of robo-advisors, nor do they express much interest.

Only **3%** of millennials have used robo-advisors…

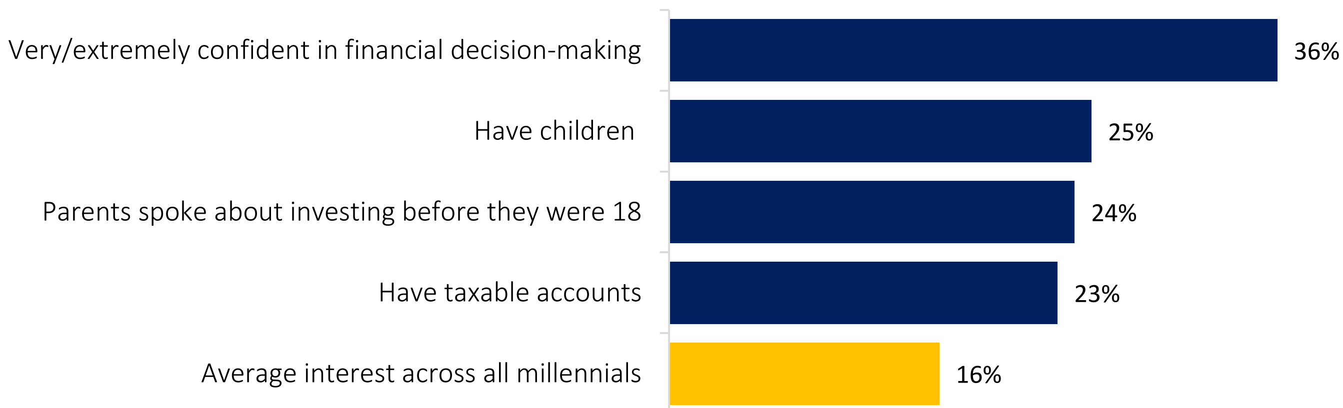


16% are extremely/very interested in using a robo-advisor…



Millennials Who Are Most Interested in Using a Robo-Advisor

% very or extremely interested (4,5 on 5-pt scale)



Q36a. How familiar are you with each of the following investment products and services? Digital Investment Advice Providers (aka Robo-advisors): automated financial planning services with little to no human supervision and lower fees (for example, Betterment, Wealthfront, Bloom). (BASE: all millennials; n=1,814)
Q37a. How interested would you be in using/investing in each of the following investment products and services? Digital Investment Advice Providers (aka Robo-advisors): automated financial planning services with little to no human supervision and lower fees (for example, Betterment, Wealthfront, Bloom). (BASE: millennials who have not used robo-advisors; n=1,756)

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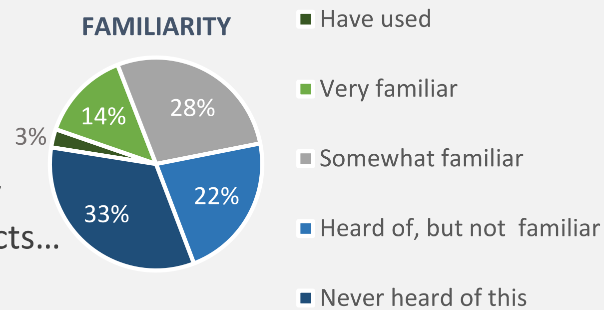
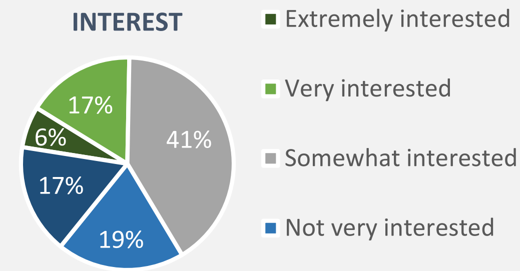
One-third of millennials have never heard of socially responsible investing, but one in five expresses considerable interest.

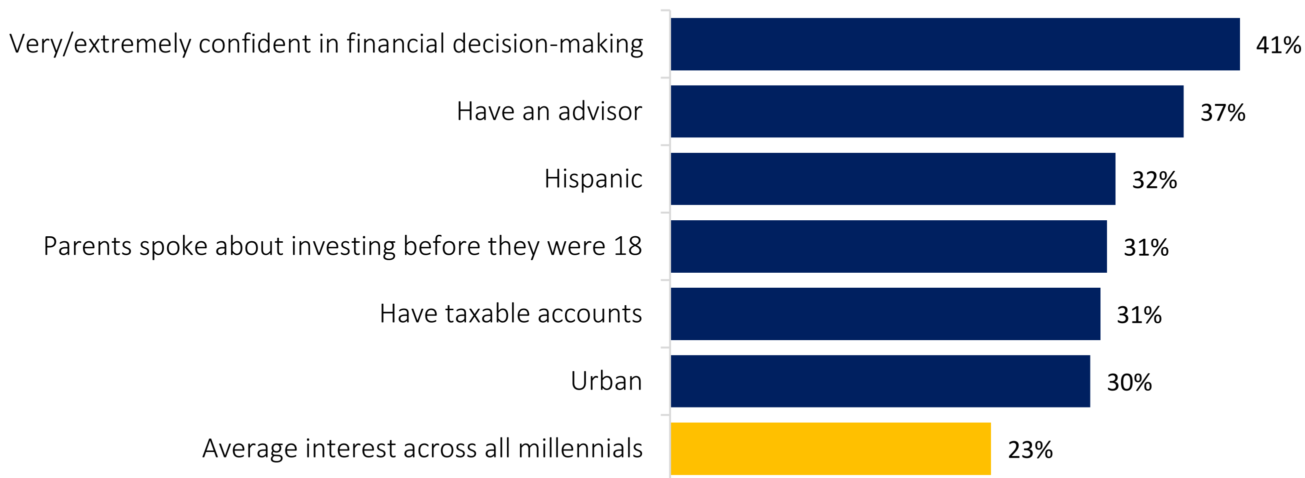
Only **3%** of millennials have invested in socially responsible products…



23% are extremely/very interested in socially responsible investments…



Millennials Who Are Most Interested in Socially Responsible Investments
% very or extremely interested (4,5 on 5-pt scale)



Q36b. How familiar are you with each of the following investment products and services? Socially responsible investing: an investment strategy that seeks to combine financial return and social/environmental good. Sometimes called values-based investing or ethical investing. (BASE: all millennials; n=1,814)
Q37b. How interested would you be in using/investing in each of the following investment products and services? Socially responsible investing: an investment strategy that seeks to combine financial return and social/environmental good. Sometimes called values-based investing or ethical investing. (BASE: millennials who have not invested in socially responsible products; n=1,762)

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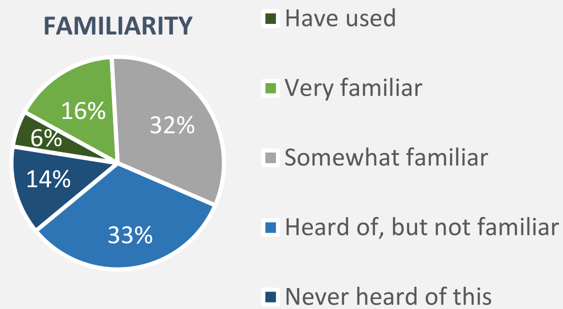
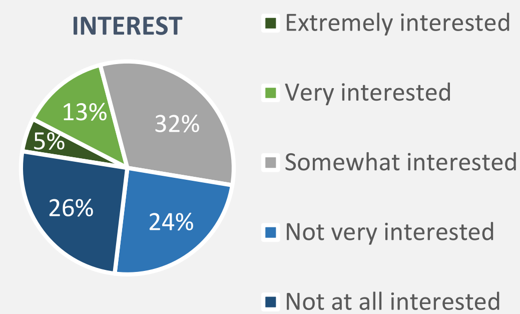
6% of millennials have invested in cryptocurrency and 16% are very familiar with this investment category.

6% of millennials have invested in cryptocurrencies…

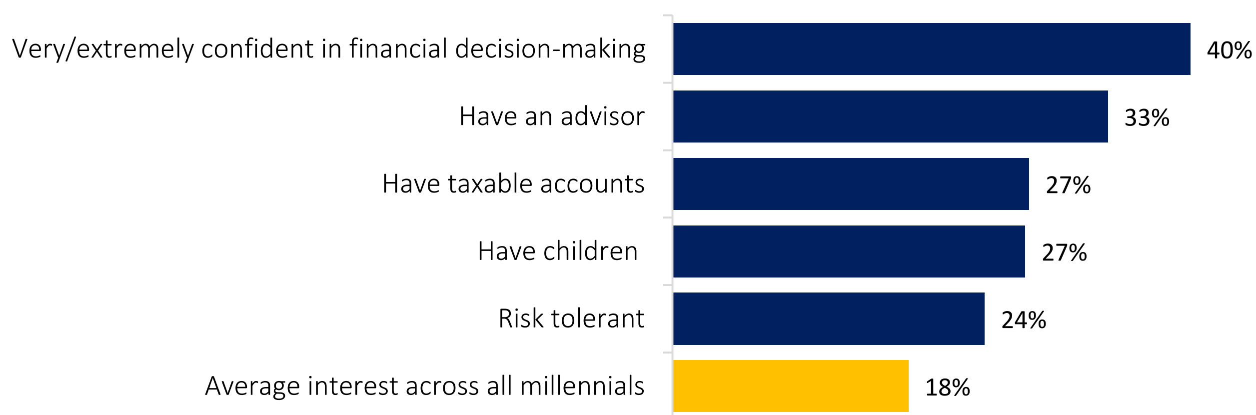


18% are extremely/very interested in cryptocurrencies …



Millennials Who Are Most Interested in Using Cryptocurrencies

% very or extremely interested (4,5 on 5-pt scale)



Q36c. How familiar are you with each of the following investment products and services? Cryptocurrency: a digital or virtual currency that uses cryptography for security (for example, Bitcoin). (BASE: all millennials; n=1,814)

Q37c. How interested would you be in using/investing in each of the following investment products and services? Cryptocurrency: a digital or virtual currency that uses cryptography for security (for example, Bitcoin). (BASE: millennials who have not invested in cryptocurrencies; n=1,716)

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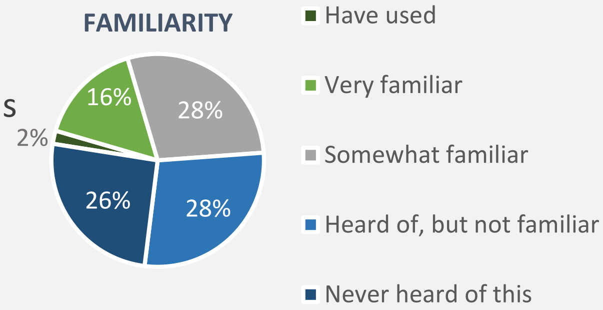
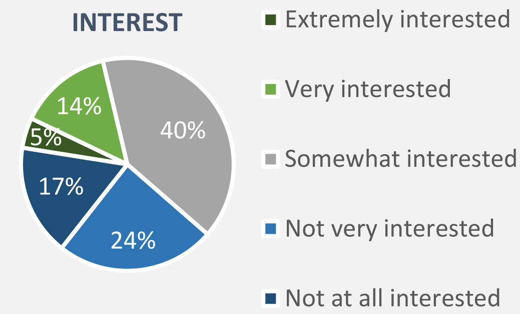
Millennials have limited familiarity with investment crowdfunding.

2% of millennials have used investment crowdfunding…

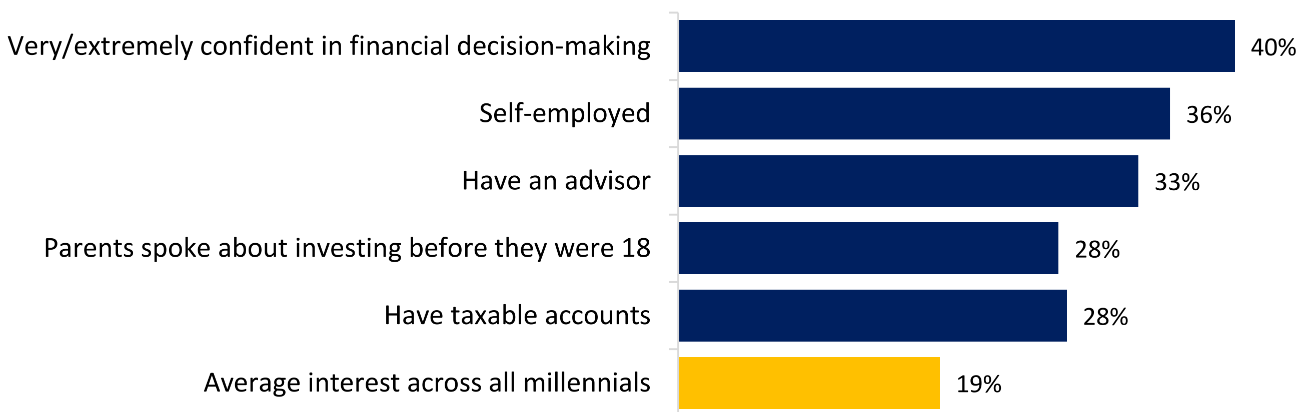


19% are extremely/very interested in investment crowdfunding…



Millennials Who Are Most Interested in Using Investment Crowdfunding

% very or extremely interested (4,5 on 5-pt scale)



Q36d. How familiar are you with each of the following investment products and services? Investment Crowdfunding: a way for a company to ask a large number of backers to each invest a relatively small amount. In return, backers receive equity shares of the company. (BASE: all millennials; n=1,814)

Q37d. How interested would you be in using/investing in each of the following investment products and services? Investment Crowdfunding: a way for a company to ask a large number of backers to each invest a relatively small amount. In return, backers receive equity shares of the company. (BASE: millennials who have not used crowdfunding; n=1,773)

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Some millennial sub-segments have relatively greater interest in investment innovations, but even among these, interest is limited.

Millennial Sub-Segments Significantly More Interested in Investment Innovations

	Robo-advisors	Socially responsible investments	Cryptocurrencies	Investment crowdfunding
Taxable investors	☑	☑	☑	☑
Confident in investment decisions	☑	☑	☑	☑
Parents discussed investing	☑	☑		☑
Work with a financial professional		☑	☑	☑
Have children	☑		☑	
Hispanic		☑		
Urban		☑		
Self-employed				☑
Risk tolerant			☑	

Q36a-d. How familiar are you with each of the following investment products and services? (BASE: all millennials n=1,814)
Q37a-d. How interested would you be in using/investing in each of the following investment products and services? (BASE: millennials who have not invested in specific product or service; n=1,716-1,773)

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Millennial Sub-Segment Differences

Rural millennials are at risk of being left behind; fewer invest now and less than one in four are very likely to start investing in the next five years.

Millennials	Rural	Urban
Taxable investor	18%	27%
Plan to invest in the next five years	24%	34%
Employed full-time	50%	70%
Extremely/very confident in their decision making about investing	22%	32%
Extremely/very confident in reaching key financial goals…		
Be able to pay monthly bills	54%	64%
Pay off/reduce mortgage debt	45%	59%
Not live paycheck to paycheck	39%	49%
Strongly agree…		
I will be better off financially than my parents	21%	33%
My children will be better off than me financially	25%	51%
I am optimistic about the financial markets	13%	21%

Differences among urban and rural millennials remain consistent even when controlling for education…

- Urban millennials are more likely than rural millennials to hold a bachelor's or more advanced degree (68% versus 51%). However, controlling for education does not eliminate the difference in investment planning or confidence. For example, among those holding a bachelor's or more advanced degree:
  - Only 21% of rural millennials plan to invest in the next five years versus 38% of urban millennials.
  - Only 26% have high confidence in their financial decision making versus 35% among urban millennials.

D12. Which of the following best describes the location where you live? Urban, Suburban, Rural. (Base: varies depending on the question, from 457 to 687 urban millennials; 181 to 242 rural millennials) All comparisons shown between rural and urban millennials are statistically significantly different. Results for suburban millennials (not shown) fall in between, but tend to be closer to urban.

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Women are less likely to be taxable investors and have lower confidence in making investment decisions; they are more likely to say knowledge might help them invest.

Millennials	Women	Men
Taxable investor	20%	34%
Employed full-time	63%	70%
Extremely/very confident in their decision making about investing	23%	33%
Extremely/very confident in reaching key financial goals…		
Have savings for unexpected expenses	34%	48%
Pay off/reduce mortgage debt	48%	56%
Not live paycheck to paycheck	43%	50%
Strongly agree…		
I am optimistic about the economy	15%	22%
I am optimistic about the financial markets	14%	21%
Cite lack of knowledge as a barrier to investing	41%	35%
Say more knowledge would make them more likely to invest	14%	7%

All comparisons shown between female and male millennials are statistically significantly different.

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Trailing millennials are less likely to be taxable investors, as they are less likely to be employed full-time and struggle with lower income and savings.

Millennials	Trailing (22-29)	Leading (30-37)
Taxable investor	21%	32%
Employed full-time	62%	71%
Extremely/very confident in their decision making about investing	24%	31%
Cite as a major barrier to investing…		
Not enough income	49%	41%
Not enough savings	47%	40%
Strongly agree…		
I am optimistic about the economy	15%	22%
I am optimistic about the financial markets	15%	21%
I will be better off financially than my parents	26%	31%

- It is difficult to disentangle the extent to which these differences are due to age and life stage versus potential sub-generational experiences. Even when looking at more narrow age cuts within each group, it is not possible to clearly state whether differences are due simply to age or something more.

All comparisons shown between trailing and leading millennials are statistically significantly different.

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Compared to their counterparts, African-American millennials and Hispanic millennials are more likely to be non-investors.

Millennials	Caucasian/ White* (n=1395)	African-American/ Black* (n=223)	Asian/ Asian-American* (n=169)	Hispanic**	
				Yes (n=293)	No (n=1521)
Non-Investing	42%	52%	38%	51%	41%
Retirement Accounts Only	30%	28%	33%	29%	31%
Taxable Accounts	28%	20%	29%	20%	28%

- While there are some differences by race and ethnicity, they are inconsistent and relatively infrequent in this study. One clear difference is in the racial and ethnic makeup of the millennial investment segments, as shown above.
- In addition, while participation in employer sponsored retirement plans is high across millennials whose employers offer retirement plans (93% overall), some gaps exist, as noted earlier: Asian-Americans are most likely to participate, with a 99% participation rate; African-Americans are least likely to participate, with an 89% participation rate.
- Hispanic millennials also have higher interest than non-Hispanic millennials in socially responsible investing (32% versus 21% extremely/very interested).

*S6. Which of the following best describes your race? (Select all that apply)
**S7. Are you Hispanic or Latino?

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Appendix

Key statistical drivers differentiating millennial investment groups

- A statistical model was generated to identify the predictors that most differentiate (1) millennial non-investors versus investors and (2) millennial retirement account only investors versus taxable account investors. Based on this model, the top predictors are:

Millennial Non-Investors Versus Investors

(Non-Investors Versus Retirement-Only and Taxable Investors)

Tier 1	(most important)	Having an employer who offers a retirement plan
		Education Level
Tier 2	(next most important)	Owning a home
		Confidence in saving enough to retire
		Having retirement as a financial goal
		Parents having a retirement or taxable investment account
		Confidence in paying off/reducing student debt/college loans

Millennial Retirement Account Only Investors Versus Taxable Account Investors

Tier 1	(most important)	Income
Tier 2	(next most important)	Having an employer who offers a retirement plan
		Parents having a retirement or taxable investment account
		Amount of investable assets
		Familiarity with cryptocurrency and digital investment advice providers (aka robo-advisors)
		Confidence in ability to make decisions about investing

Note: The statistical key driver model is based on discriminant function analysis. Discriminant function analysis is a statistical technique used to determine which variables discriminate between two or more naturally occurring groups.

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About the data

- Within generation, results are weighted on age, region, race/ethnicity, and gender (based on the American Community Survey's 5-year rolling average). In addition, results among millennials are weighted on income.
- The relative size of the millennial investment segments was estimated by permitting the first 1,000 millennial surveys to fall out naturally (balanced on age, region, race/ethnicity, gender, and income). This estimate was used in weighting total millennial results (43% with no investment accounts, 30% with retirement accounts only, and 26% with taxable investment accounts).
- All statistics in this report are weighted, but the sample sizes are unweighted. Figures may not always sum to 100% due to rounding.
- As noted earlier, the study used a sample obtained from Research Now, a proprietary online panel of individuals who have agreed to participate in the panel and who are compensated for completing surveys. As in all survey research, there are possible sources of error, such as sampling, coverage, nonresponse, and measurement error that could affect the results.

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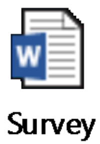
Research Materials



- The survey instrument is available from the research contacts at the FINRA Investor Education Foundation (Gary.Mottola@finra.org) and the CFA Institute (Rebecca Fender Rebecca.Fender@cfainstitute.org, Robert Stammers Robert.Stammers@cfainstitute.org). You may also be able to access the survey instrument by double-clicking on the embedded document.
- For the full data set, please contact Gary.Mottola@finra.org.

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