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SPECIAL REPORT

REACHING MILLENNIALS A CHALLENGE

Financial planners honing pitch

BY BEA QUIRK

Millennials represent a great untapped market for financial planners. Trouble is, most of them don't have much wealth to invest. Yet handling investments is where most financial planners earn their living.

"Our industry has a challenge – how to best serve millennials," says Kris Carroll, chief investment officer at Carroll Financial Associates. "We're working on it."

In addition, millennials tend to focus on the here and now, not contemplate retirement.

"They're so busy getting their careers going and starting a family, they are just blocking and tackling the basics in front of them rather than developing a long-term strategy," says Andrew Savant, wealth adviser at Rinehart Wealth Management.

Andrew Savant

Yet, according to a study by The Principal Financial Group, 63% of millennials say they began saving for retirement by the time they were 25. One reason is that they no longer have any faith the Social Security system will still be in place when they reach 65, says Chris William, financial adviser at Wells Fargo Advisors Private Client Group.

In addition, many of them entered the job market during the Great Recession, an experience William says will color their attitudes about money for the rest of their lives. For one thing, those dark years have made them skeptical about society and the financial-services industry in particular. They also carry an inordinate amount of debt, more than any other living generation.

Even getting in front of millennials can pose a challenge for financial planners. Often, their younger clients are the children and grandchildren of their well-established clients. A good rule of thumb, William says, is for financial planners to spend about 20% of their time with this age group, a rate he says he achieves.

"I like this demographic; I like their energy," William says. "They have new ideas and ask a lot of questions – they make me think. Studies show that about 80% of them believe you can earn a good return on an investment while still having a positive social impact. But, as with any client, there needs to be a personality fit."

Because millennials require lots of time and hand-holding to educate them and overcome their skepticism with few immediate results, many financial-services firms turn to their junior staffers to handle this age group.

Having grown up with the Internet and now immersed in social media, millennials don't feel much of a need to meet face to face. They're comfortable with phone conversations, interactions over Skype or email exchanges.

Kris Carroll

That suits Carroll. "Most people this age don't need comprehensive financial-planning services, but can benefit from some basic advice, like figuring out how much they should be saving. And even though we live in the information age, they need help figuring out what is good information. Sometimes they feel so overloaded they avoid thinking about financial planning altogether. An annual checkup with a financial planner can help."

Marriage and children add impetus to engaging with an adviser. While a couple may consider turning to a financial planner for help if their attitudes about money differ greatly, it's a must once they start a family. "That changes your DNA," William says.

Becoming a parent will prompt many millennials to consider estate planning and look at savings differently. "Children are expensive, and they reshuffle the deck," Carroll notes.

▸ MOBILE BANKING A KEY

MILLENNIALS' VIEWS OF DOING BUSINESS WITH A BANK

The Independent Community Bankers of America undertook *American Millennials and Banking — A Cross-Generational Study* to better understand the perception millennials, Gen Xers and baby boomers have of independent community banks. The study reflects the change in demands on financial services in the U.S. The study focused on millennials (aged 19 to 37), but also included some Gen Xers (aged 38 to 49) and baby boomers (aged 50 to 68). Research partners Conversion and The Center for Generational Kinetics developed a 10-minute survey that was deployed online (including cellphones) to a sample universe of more than 1 million Americans. The survey used opt-in and stream sampling to provide the study with a statistically accurate end-sample size. Here are highlights from the study: