

Is Millennial a Four-Letter Word?

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What follows is a rough manuscript of what I imagine my speech might sound like if I don't stutter, stammer, bumble, ramble, go off on any tangents, or change it entirely five minutes before going on. It's meant to be a reference after the conference, so please don't read it beforehand and ruin the ending.

On February 2 of last year, Mark and Christina Rotondo of Syracuse, NY sent a letter to their 30-year old son, who had been living in their basement for the past eight years. It read, "Michael, after a discussion with your Mother, we have decided that you must leave this house immediately...You have 14 days to vacate...We will take whatever actions are necessary to enforce this decision." The man-child did not budge. They sent him four more notices over the next two months, but Michael remained a failure to launch. They even offered him \$1,100 to help him find another place to stay. He quickly spent it, but didn't leave. Finally, they sued to evict him...and won. A month later their basement was finally free of their layabout millennial son.

And that's the word that was used in most of the media I saw about this story: *millennial*. The Millennial Generation would seem to be the most reviled generation of all time. So much so the word has become almost a pejorative term. Even Michael Rotondo tried to distance himself from it, actually claiming he wasn't part of the millennial demographic on a CBS News interview.

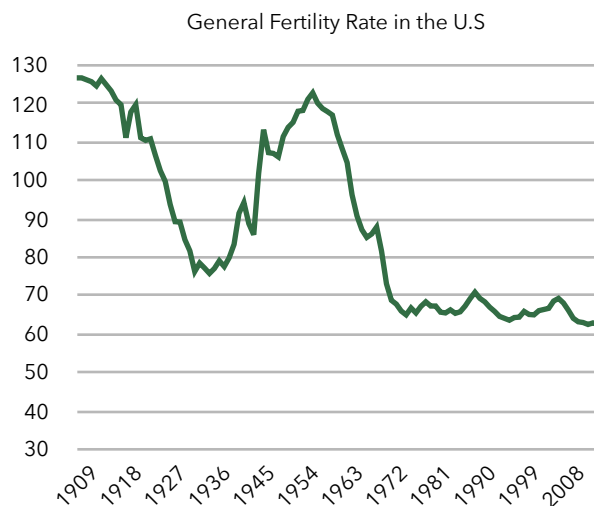
So let's start there by trying to define the demographic lines between generational cohorts. These are mostly unofficial social constructs, though, so this is not always easy. The naming is unofficial, too, and is a continuous battle between academics, media pundits, marketing mavens, and speakers at trust conferences to get their coined terms to stick, and these names usually tend to change over time as the generation forms its identity.

There are only a small number of them left, but let's go all the way back to the G.I. Generation, or as Tom Brokaw would later dub them, the "Greatest Generation". They were born from 1901 to 1927. They were alive during the roaring 20's, but soon faced the challenges of the stock market crash and the Great Depression that followed. What defined this generation most, however, was World War II.

The Silent Generation came next, and was born roughly between 1928 to 1945. They grew up during the Great Depression, but were too young to fight in WW2. Korea would be their war, which had far fewer casualties and was far less defining than the Great War was to the previous generation. They were young adults during the McCarthy Era when speaking out was

considered dangerous, so they kept their heads down, focusing more on their careers and less on activism.

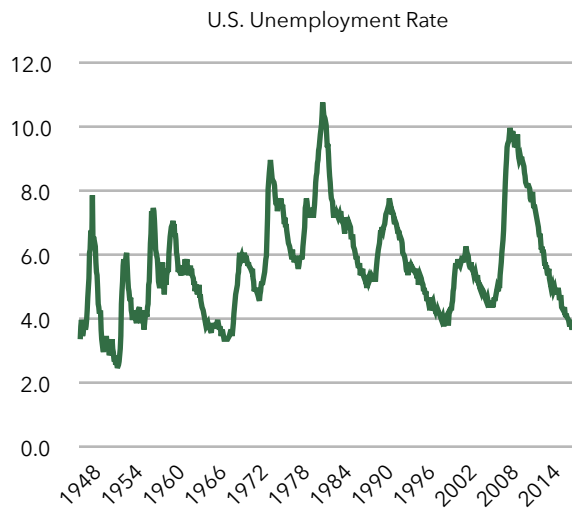
The most commonly cited range for the Baby Boom Generation — and the one the Census Bureau references — are those born from mid-1946 to mid-1964. They were so named because of the huge spike in the birthrate following the conclusion of WW2 (Japan surrendered September 2, 1945), which stood out even more because it was preceded by such a low birthrate for the Silent Generation. The general fertility rate increased by 18.6% in 1946 and another 11.2% in 1947. These are still the two largest single-year increases in birthrates in the U.S. in the data going back to 1909, and they happened back-to-back.



Source: National Center for Health Statistics

This was the hippie generation, yes, but they were also the yuppie generation; criticized for their excessive consumerism. This generation can really be broken into two groups: the early boomers and the later boomers. The early boomers were the hippie generation that epitomized the cultural change of the 60's, with the Civil Rights Movement, the sexual revolution, and Woodstock. They were also the generation that were drafted or volunteered to fight the Vietnam War. They enjoyed and benefited from very low unemployment rates as they were matriculating from high school and college. The unemployment rate was about 5.5% when boomers first started turning 18 in 1963, and got as low as 3.4% by 1969.

Meanwhile, those in the latter half of the cohort were too young for war, too young for free love, and welcomed to adulthood with with an oil embargo, recession, runaway inflation, and higher unemployment rates, which had risen to 9% by 1975 and would get as high as 10.8% in 1982. For these reasons, many of them don't really identify as a baby boomer, and feel more akin to the generation that



Source: Bureau of Labor Statistics

followed. These late boomers are sometimes referred to as Generation Jones; Jones being a reference to the slang term "jonesing", which means to crave something.

While the start dates for the Silent Generation and Baby Boomer Generation are pretty easy to pinpoint, Generation X's is a little more loosely defined. 1965 is the most common start date. The Harvard Center, for example, uses 1965 to 1984 to define Gen X so that boomers, Xers, and millennials "cover equal 20-year age spans". Demographers William Strauss and Neil Howe reject this, however, because they believe the lines should be drawn more by cultural identity. They define the start date for X as 1961, which coincides with the first approval of birth control in 1960. The birthrate in the U.S. was still high at this time, at 118 births per 1,000 women aged 15 to 44, but would decline in 14 of the next 16 years before leveling off at around 66, where it has more or less stayed since.

The first Xers came of age in 1983, when unemployment was as high as 10.4%. However, the job market improved over the coming years and was below 6% by 1987, and, with the exception of a recession in 1990 followed by a jobless recovery, the employment market was fairly welcoming for most of this cohort.

A universal love of flannel notwithstanding, Generation X lacks a single unifying theme, which is perhaps why it is the only generation without a real name. The term Generation X isn't a numerical reference, as this was not the 24th generation in our nation's history — nor was it the 10th if we're going Roman numeral — it was the 13th. Generation X was actually the name of Billy Idol's first band in the late 70's, and was later popularized by author Douglas Coupland. We were once called the "Slacker Generation", but this was a misinterpretation that sprung about during that jobless recovery of the early 90's, and at the same time the eponymous independent film came out. "MTV Generation" was floated around for a while, too, but not everyone had cable growing up. They were called the "Latchkey Generation", as well, because of reduced

parental supervision as a result of more divorces and more mothers in the workforce, but this wasn't everyone's experience. Ultimately, the placeholder "Generation X" just stuck.

Because of the decreased parent involvement, many in this generation developed self-reliance and adaptability. But they were also more prone to substance abuse, behavior issues, and sexual promiscuity. They were the generation with the public service announcement: "It's 10pm: do you know where your children are?". They are entrepreneurial, but they do their own thing quietly without much desire for the spotlight, unlike boomers and millennials. While the late boomers enjoyed a lowered drinking age of 18 or 19, Generation X fell victim to the Drinking Age Act of 1984. And you wonder why they were considered disaffected, cynical, and bitter? They were the first generation to have a lower quality of life than the one before it (based on wealth accumulation, source: Federal Reserve Survey of Consumer Finances). They grew up during the AIDS epidemic and as such were the first generation taught that sex could kill you.

The Gen X end date is hotly debated, ranging anywhere from 1976 to 1984. But the line is really quite clear, in my opinion. I still remember it today. I was in the second grade at Latson Elementary. School had just let out and I was heading to the bus when I noticed all the first graders were wearing the same t-shirt. "Class of 2000" was emblazoned across the chests of these gleeful children. The first class of the coming new millennium, which was a big focus during this time. While I was working hard in class, these little darlings were treated to a day-long celebration about how special they were. And they got free t-shirts. And that's where the line was drawn. This is the day I began loathing millennials.

Like Generation Jones, I'm actually a cusper, sitting near the edge of two generations. The Oregon Trail Generation, as we are often called due to our affinity for the game, have one foot in the analog world and one foot in the digital world. We grew up without social media, and had to ask girls out over the phone — or God forbid, in person. My parents were authority figures to hide stuff from, not best friends to share everything with. I was one of those latchkey kids, and, for better or worse, I was largely a free-range child that learned things from my friends, rather than my parents.

I used to have a rotary phone. It didn't even have a pound sign on it. Or what used to be called a pound sign, but is now called a hashtag (this was actually done by Chris Messina, who, like me, was born in 1981 and is technically an Xer). I know what it means to actually "dial" a phone number, and how unfortunate it was that my best friend had an inordinate amount of 8's, 9's, and 0's in his phone number. I still buy canned tuna and mayonnaise and I never wore a bike helmet growing up. I remember the Cold War and unfortunately still have an innate

distrust of Russians because of it. Unemployment was at 5% when I graduated college in 2004, and the interest rate on my student loans was locked in at 1.625%. So I can't complain.

However, like millennials, I prefer experiences over things, and have so far avoided the traditional pitfalls of marriage and children. This is probably why, like millennials, I've never bought a diamond, with their foolishly high prices set by artificial scarcity. Similarly, I think napkins and facial tissue — two other products millennials are accused of killing — are redundant when you've already got select-a-size Viva paper towels and a more absorbent bathroom tissue at the ready. I also delayed becoming a homeowner until I was 35. Unfortunately it's a condo in a city and state that will eventually crumble under the weight of their unfunded pension liabilities, but that's a whole other topic.

Ultimately, I believe those on the cusp of any two generational cohorts are free to identify with whichever generation they choose, or create their own. As one of my younger clients put it, millennial is a state of mind, not an age group.

So onto the main event: the Millennial Generation. Being the offspring of baby boomers, they are sometimes called echo-boomers. Or Generation Y because, hey, that comes after X in the alphabet. But names based on previous generations don't usually stick. Psychologist Jean Twenge came up with the "Me Generation", but it was Strauss and Howe that had coined "millennial", which was solidly entrenched at that point. The end date for millennials is fluid at the moment, but will likely become more defined as the iGen comes of age. That's the name that's currently being floated for the generation after millennials, but I prefer to call them the Tide POD Generation. It's anywhere from 1994 to 2004, depending on the source. 2001 makes a compelling argument, as 9/11 was a pivotal moment in society, while others point to 1996 because they figure that would make them old enough to comprehend the events of that tragic day. Either way, all millennials are now, at least legally, adults.

Young People Have Always Sucked

So what are some of the traits that come to mind when you think about millennials? Or more specifically, what are some of the negative perceptions of this generation — rightfully deserved or otherwise?

They still live at home with their parents. They won't grow up, or what used to be called growing up but is now called "adulting". Baby boomers created the financial crisis and then condescendingly ask why so many millennials live at home. It is true, however. According to U.S. Census data, in 2018, 16.81% of all 25 to 34 year-olds still lived at home. This is a 55% increase from 2005, the last full year without

millennials, when the rate was only 10.84%. The sentiment is nothing new, though.

"A few [35-year-old friends] just now are leaving their parents' nest. Many friends are getting married or having a baby for the first time. They aren't switching occupations, because they have finally landed a 'meaningful' career — perhaps after a decade of hopscotching jobs in search of an identity. They're doing the kinds of things our society used to expect from 25-year-olds." — *Not Ready for Middle Age at 35, Wall Street Journal, 1984, (baby boomers)*

"Xs seem to take far longer to cut the cord than did previous generations... young adults who have trouble growing up and leaving the security of their parent homes..." — *Doug Coupland, Vista Magazine, 1989*

They are self-absorbed narcissists. Taking all those selfies for the 'gram, right?

"there is, as never before, an attitude on the part of young folk which is best described as grossly thoughtless, rude, and utterly selfish." — *The Conduct of Young People, Hull Daily Mail, 1925 (G.I. Generation)*

"a race of effeminate, self-admiring, emaciated fribbles..." — *Letter in Town and Country magazine republished in Paris Fashion: A Cultural History, 1771*

They don't work hard and are not willing to pay their dues. They've worked at a company for eight months and don't understand why they haven't been promoted to the C-Suite yet.

"In particular, they want to avoid 'low-level jobs that aren't keeping them intellectually challenged.'" — *Meet Generation X, Financial Times, 1995*

"A group of people who feel no job is ever creative or flexible enough to fulfill their sense of entitlement..." — *Doug Coupland, Vista Magazine, 1989 (Gen X)*

They also constantly need praise, right?

In the same article, Doug Coupland said, "Give Xs praise -- more than you would give other employees — and over small things, too. Because of their dependence on parents...they are used to it..."

They are sheltered, delicate little snowflakes. Raised by helicopter parents, these young adults take fewer risks. As a group, they drink less, drive less, and combine the two less. According to analysts at Bernstein, young millennials are also only two-thirds as likely to ride a motorcycle as their elders were at this stage in life. Which all seems pretty smart to me.

"...elders who five years ago feared that we might come trooping home full of foreign radical ideas are now afraid that the opposite might be too true, and that we could be lacking some of the old American gambling spirit and enterprise." — *The Care and*

Handling of a Heritage: One of the "scared-rabbit" generation reassures wild-eyed elders about future, Life, 1950 (G.I. Generation)

"...in youth clubs were young people who would not take part in boxing, wrestling or similar exercises which did not appeal to them. The 'tough guy' of the films made some appeal but when it came to something that led to physical strain or risk they would not take it." — *Young People Who Spend Too Much, 1945 (Silent Generation)*

They can't speak/write/communicate with people and use too many emojis and acronyms.
The poor eggplant. What did it ever do to deserve this? And by the way, "B-T-W" has two more syllables than "by the way", so stop saying it out loud.

"They could not put their meaning into words, and found the same difficulty when it came to writing." — *Unable to Express Thoughts: Failing of Modern Young People, Gloucester Citizen, 1936 (G.I. Generation)*

Yeah, but this generation is different.

"Probably there is no period in history in which young people have given such emphatic utterance to a tendency to reject that which is old and to wish for that which is new." — *Young People Drinking More, Portsmouth Evening News, 1936*

And my personal favorite:

"The children now love luxury; they have bad manners, contempt for authority; they show disrespect for elders and love chatter in place of exercise. Children are now tyrants, not the servants of their households. They no longer rise when elders enter the room." — Socrates.

He would've been referring to either Plato or Aristotle's generation, presumably. Which is funny because Aristotle later went on to say "They think they know everything, and are always quite sure about it." in reference to the generation that succeeded him.

[Many of the quotes above were pulled from an October 2017 article on BBC Capital titled "People have always whinged at young adults. Here's proof," written by Amanda Ruggeri.]

The message I'm trying to convey here is that there has long been a propensity for the older generations to criticize the younger ones. The universal truth is young people suck, and they have always sucked.

Each of us wants to think that our generation is irreplaceable, but it's not. Douglas Adams put it this way: "Anything that is in the world when you're born is normal and ordinary and is just a natural part of the way the world works. Anything that's invented between when you're fifteen and thirty-five is new and exciting and revolutionary and you can probably get a

career in it. Anything invented after you're thirty-five is against the natural order of things."

How terrible are we to do this? Jason Feifer put it best in an article he penned in Medium last year. "What monsters we become. We bring a new generation into this world, only to convince them of their shortcomings so they can wield the same charges against their peers. We send children off into the future, telling them the greatest moments have already passed."

Sadly, millennials will probably go on to criticize the Tide POD Generation, for they will never know what it was like to have to wait for Netflix DVDs in the mail, or to have to pay with something other than their phone, or to have to hail a taxi.

How are Millennials Different and Why?

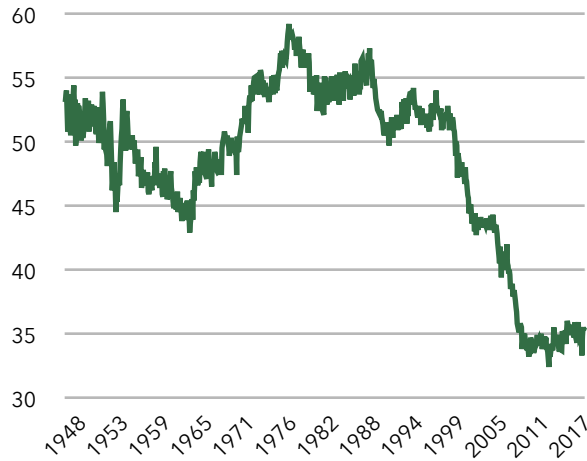
They are narcissistic, but also tolerant and accepting. They are confident, but that comes with a sense of entitlement. They are passionate, educated, high-achievers. Millennials are simply the product of helicopter parenting, which is a term that became mainstream in the 90's.

The change in parenting style has been attributed to the self-esteem movement, which was started by a 1969 paper by Nathaniel Brandon entitled "The Psychology of Self-Esteem". The paper declared that "feelings of self-esteem were the key to success in life". The movement took a while to gain traction, but in 1986 the State of California actually formed the Task Force to Promote Self-Esteem. The group's final report was published in 1990 and sold 60,000 copies, making it the best-selling state document of all time. And so the "trophy generation" began.

Helicopter parents raised their millennial children with a watchful eye, micro-managing every aspect of their lives. They wanted to build confidence in their children, so they created competitions that replaced what used to be called "losing" with something called "participation". Helicopter parents filled their children's schedules with increasingly more opportunities to feel special. With piano lessons, soccer practice, and swim meets, there was not enough time for after-school jobs, and the labor force participation rate for teenagers fell from about 53% for Generation X to a low of 32.5% for millennials. Thus, robbing a generation of valuable life lessons and experience in an attempt to shield them from a bruised ego.

When they finally did try to enter the workforce the financial crisis was in full swing. The unemployment rate quickly rose to 10% and would not fall below 6% again until 2014. This has had a major impact, with the typical American born in the 1980s having 34% less family wealth than earlier generations had at the same age, according to data from the Federal Reserve Bank of St. Louis. Later millennials, however, have enjoyed a much better job market.

Civilian Labor Force Participation Rate: 16 to 19

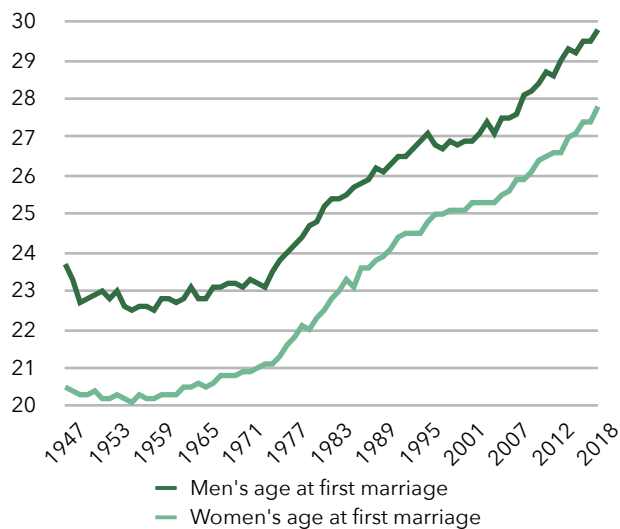


Source: U.S. Bureau of Labor Statistics

They are not getting married. This is true. They either don't do it or are delaying it. According to Gallup, just 27% of millennials were married in 2014. According to historical U.S. Census Bureau data, 36% of Generation Xers, 48% of baby boomers and 65% of the Silent Generation were married when they were the age that millennials were then. The median age for first marriage has gone from 21 and 23 for boomer women and men, respectively, to about 27 and 29 in 2018.

However, in doing so they are helping to reduce the incidence of divorce. In the past 18 years (2000-2017) the divorce rate has fallen 28%, according to data from the CDC/NCHS National Vital Statistics System.

Estimated Median Age at First Marriage



Source: U.S. Census Bureau

Fewer marriages mean fewer children, as well. American adults, on average, are having sex about nine fewer times per year in the 2010s compared to adults in the late 1990s, according to a team of scholars led by the psychologist Jean Twenge. That's a 14 percent decline in sexual frequency. With age and time period controlled, those born in the 1930s (Silent Generation) had sex the most often, whereas those born in the 1990s (millennials) had sex the least often. The positive side effect of this prudish behavior is that teenage pregnancy is down substantially, with birthrates for 15- to 19-year-olds falling 51% since 2007, according to the CDC.

They don't buy homes. Well, back in the boomer's day every 22-year-old had a job and could afford a house. In the 50 years since 1967, home prices are 15 times higher (\$337,900 vs. \$22,900, according to the U.S. Census Bureau) and tuition, fees, room, and board at a public 4-year university are up 23 fold (\$26,593 in 2016-17 vs. \$1,171 in 1966-67, according to the National Center for Education Statistics). Yet average hourly earnings during that time were up less than 8x (\$22.31 vs. \$2.92, according to data from the U.S. Bureau of Labor). So, boomers, before you criticize millennials for not owning a home, imagine that your first one had costed you twice as much as it actually did, and you had been saddled with debt because your college education costed you three times as much as it actually did. Couple that with the lower marriage rates and lower birthrates, and it's no surprise the median first-time home buyer is now 32.5 years old, according to Zillow, which is about three years older than it was in 1980-84.

Do Millennials Want to Work With Us?

Many in the industry are afraid that millennials don't see the value in working with an advisor, but research suggests this might not be true. According to a study by UBS, only 9% of the cohort made their last key financial decision without consulting someone. They value advice and seek it out from multiple sources before making a decision, including their spouses, parents, mentors, and friends.

The study also found they were no more likely to use online resources than any other generation. They have access to a wealth of information; a lot of it conflicting and some of it bad. They aren't looking for product pushers. Our value is in sorting through all the information for them and putting the best advice in front of them. They are willing to pay for our services if we can show them the value in working with us.

Despite being the digital generation, one thing that a number of surveys agree on is that millennials actually prefer face-to-face communication with their advisor over other means of communication. It is harder for them to form deep, meaningful relationships. They don't have as strong of bonds with friends. Tragically, in my opinion, one poll conducted by the Benenson Strategy Group found that 55% of millennials consider

their parents to be their best friends. I think this means the relationship side of the business is even more important.

They have trust issues, though. According to Pew Research, millennials were the least trusting of any generation, with only 19 percent agreeing with the statement that "most people can be trusted," which was about half of all other older generations. Moreover, according to a survey by Accenture, they really don't trust large financial institutions. I think this makes the millennial generation a better opportunity for smaller community bank trust departments and independent wealth management groups.

Their parents are often overly involved in their financial lives, so boomer clients could be a good referral source for millennial clients.

How to Work With Millennials

First off, don't call them millennials. According to a Pew survey most don't care for the label. Nobody likes being told who they are and lumped into a group. And it certainly doesn't help that we've spent years besmirching that label.

It shouldn't have to be said, but don't talk down to them, either. They want to take more of an active role in the process. They have a lot of information at their fingertips, and they come loaded with questions. They want to learn, and they are looking to us to guide them.

What about all the apps? Before the millennials and their smartphone apps, there was Gen X and their internet trading, and baby boomers and their phone calls to their wirehouses, and the Silent Generation and there...I don't know, going to the bank to get another CD. The point is that just because there is more technology available doesn't mean that a trusted advisor doesn't add value. We do need to be aware of emerging technology trends and prepared to talk about them intelligently, however.

Take Venmo, for example. What used to be called paying somebody back is now called "Venmoing". Whereas most of us learned that talking about money was impolite, this app has turned splitting a restaurant bill into a social media event. Millennials are the most transparent generation when it comes to discussing their finances.

Digit is another popular tool. It uses an algorithm that monitors your spending habits and upcoming bills, then a robot steals money from your checking account whenever it feels like it, I guess, and puts it into a Digit savings account that is allocated between different savings goals, which, according to their marketing department, should definitely include Coachella. Because being surrounded by 250,000 vapid, narcissistic, ditzes and morons snapping selfies

for the 'gram at an overpriced concert in the desert is the most important thing for any millennial. If you do this regularly they'll pay you 1% annualized every three months. But they also charge you \$2.99 per month for the privilege of giving them your money. Or you could, you know, just move the money yourself for free, perhaps into a Marcus account where you'll get 2.25% interest with only \$1 minimum.

Acorns is a micro-investing tool that has a solid bench of advisors, including Harry Markowitz and behavioral finance legends Richard Thaler and Shlomo Benartzi. My criticism of this platform, though, that rounds all your purchases up and invests the difference, is that the median balances are so low that the \$1 to \$3 per month fees end up being a rip-off for most of the users. It feels gimmicky, too, and in the end is not accomplishing anywhere near adequate savings rates, with the company reporting average users only putting away roughly \$50 to \$60 per month.

Then there is Robinhood, the trading app that targets millennials and lets them buy and sell stocks and cryptocurrencies all they want for free until they've day-traded away all their money. Robinhood can offer this because they are earning money off uninvested cash balances, fees and interest on margin accounts, and selling customer order flow to high frequency trading shops like Citadel so they can in turn take advantage of Robinhood's users. This has turned investing into a smartphone game. According to co-founder Baiju Bhatt, Robinhood's users with positions check the app an average of 10 times per day. And that's a bad thing. It means users aren't evaluating their investment decisions over years or decades, as they should, but rather over the time it takes between trips to the bathroom. This narrow-framing can cause investors to lose sight of their long-term goals and trade way too frequently. As Gene Fama once said, "Your money is like soap. The more you handle it, the less you'll have." As a generation, they want immediate feedback, but as investors they should be coached to reduce the frequency in which they check on their investments so they can enjoy the emotional benefits of broad framing. I tell clients to look at their accounts no more than once per quarter.

There are Robo-advisors like Betterment and Wealthfront, that only charge 0.25%, that are better solutions for younger investors just starting out. However, with only short questionnaires that take less than a minute to fill out, a robo-advisor doesn't even scratch the surface of proper financial planning and advice. It doesn't come close to replicating a skilled professional who is going to take the time to sit down with them and walk them through everything. It simply can't get a clear picture of their investment goals or their risk comfort zone. It won't delve down into their tax situation to better manage their portfolio towards it. It doesn't understand who they are or take into consideration any of their investment preferences. It isn't available to answer their questions or provide trust and estate planning. And most importantly, it isn't there to guide them through market extremes

where investors are most inclined to make emotional mistakes.

Think less about financial goals and investment objectives, and more about experiential goals and emotional objectives. Millennials want to live enriched lives while they are young, not just when they are retired. Having a happy family and living a meaningful life filled with an amazing variety of experiences are more important than hitting a specific wealth goal. For some, their planning requirements are going to be a little different than the standard. Instead of getting married, buying a house, and funding their children's education, they might be more interested in saving for a mid-career break, or starting a business, or becoming a digital nomad. A study conducted by GfK, in conjunction with Airbnb, revealed that millennials are more interested in spending money on experiences and travel than on big ticket purchases like a home. Many millennials may want an advisor that will help them reach these experiential goals.

Delaying buying a house and delaying marriage also correlates to delaying retirement saving. Paying down student loans and other debt is typically a much higher priority to them than investing. They don't really view retirement as a number; it's not an age or a specific dollar amount in retirement savings. If they think about retirement at all, they might view it as a stage in life where they transition away from a career-focused income to a more supplemental one that relates more to their passions. They also don't see why they have to wait until they are 65. They like the idea of mini-retirements throughout their career, and I've met a number of them on my travels that were doing just that.

When a client tells me they lost their job, the first thing I usually do is congratulate them. I reassure them they have nothing to panic about, and because we planned for these types of situations they have time to explore their new freedom instead of rushing to take the first job offer they get. One went off to Costa Rica for a few months, and got a better job when he came back. Another enjoyed the summer concert season in Chicago before taking on steady contract work that pays her more and gives her more freedom. I myself chose to take a year off in 2014, and ended up starting my own RIA after I got back. The first blog post I wrote was titled *A Career Break as a Tax Planning Strategy*. It was ostensibly about taking advantage of a zero-income year to convert traditional retirement assets into Roth assets, but mostly it was just to make me feel better about the year of salary I had just given up.

The majority of them do not think money and wealth are the best measures of success, and aren't as concerned with material possessions as boomers are. They are more likely to accept significantly lower pay to pursue their passions. An Intelligence Group study found that almost two-thirds of millennials said they would rather make \$40,000 a year at a job they love

than \$100,000 a year at a job they think is boring. This is somewhat attributable to boomer parents who encouraged their millennial children to find a job that makes them happy and fulfilled, rather than one that provides a decent income. And now we call them irresponsible for it.

Get them comfortable with risk. I think one of the biggest challenges we have is to get millennials comfortable with risk. One study by Vanguard showed millennials who started investing after the financial crisis were more than twice as likely to hold zero-equity portfolios as those who started investing before (22% vs. 10%). Most millennials are investing appropriately, but this group needs special attention. Another survey conducted by mutual fund company MFS Investment Management, found that nearly half of millennials said they "never feel comfortable investing in the stock market." The survey also showed millennials keep more of their assets in cash, less in stocks, and have a shorter time horizon—less than five years—for their investments than boomers or Gen Xers.

According to a study conducted for Bankrate.com by market-research firm GfK SE, almost 1 in 3 millennials said cash instruments, such as savings accounts and certificates of deposit, are the best place to invest money they won't need for the next 10 years. That compares with only 21 percent of older generations—most of whom prefer the stock market. Cash is fine for an emergency savings account, but we need to get millennials comfortable with the stock market for their longer-term investments.

This aversion to risk draws parallels with the Silent Generation who, having grown up during the Great Depression in the aftermath of the stock market crash, had a greater preference towards safer investments like CDs. However, thanks to a much higher prevalence of company pensions and a more reliable promise of social security, there wasn't as much need to invest in the stock market for them. It was seen as a playground for the rich. That's not the case for millennials, though.

Perhaps millennials shy away from stocks because they were entering the work force in and around the Great Financial Crisis. This certainly makes sense, but perhaps there is more to it than that. A generation with a mantle adorned with participation trophies may simply not be comfortable with the prospect of losing. A generation that expects instant gratification, doesn't have an appropriately long enough time horizon for investing in stocks. Or maybe it's because we are living so long that retirement seems further away now than ever. What we do know is that on average they are not as comfortable investing in stocks. It is our job as advisors to educate them about the pitfall of this myopic loss aversion. If it helps, tell them they didn't lose money in the stock market, but rather they participated in a downturn. They like participation, right?

Understand their investing fads, and keep them away from them. All I keep hearing about from millennials is cryptocurrency this, and weed stocks that. The earlier part of my generation got caught up in dot-com stocks, and later it was can't-lose real estate. Boomers kept buying anything with "tronics" in the name. The G.I. Generation was falling over themselves to buy closed-end funds in 1928. Those all worked out well. I was successful in talking a lot of my clients out of jumping into cryptocurrencies and weed stocks when their respective prices went parabolic, and I was able to do that because I understood them well enough to make a compelling argument for avoiding them.

They want socially responsible investments, right? Millennials are more socially conscious than the "whatever" generation that came before them. Or what at least used to be called "socially conscious", but is now called "woke AF", whatever that means. Don't just assume they want socially responsible investments, though. Also, keep in mind that it can mean vastly different things to different investors. I had one client that was only interested in avoiding for-profit prisons, but another that just wanted to invest a little more into organic food companies. So we do want to be prepared with a flexible offering to meet their specific preferences, but only if they have them.

Lastly, I want to talk about estate planning needs. Changes in lifestyle trends for this generation create different planning needs that we can help address. Those who don't intend to get married or do not have or want children may overlook the importance of estate planning. For example, a discussion about giving medical power of attorney to a trusted friend in case something happens. I am not confident my parents would follow my life-support wishes, so I asked my best friend to have medical power of attorney over me. He'll know when it's time to pull that plug.

Those who aren't having kids probably still have legacy goals, but they might be a little less obvious.

Do they want to leave money to their nieces and nephews, friends, godchildren, or perhaps a charity of some kind? If an unmarried person with no children dies without a will or designated beneficiaries on their investment accounts, their assets will be distributed based on the laws of the state in which they reside in. This usually means the assets will go to their closest relative, which would be their boomer parents, who are probably already loaded, or siblings if they have them. If there are no living relatives the assets may go to the state.

Many of them expect to be part of a "sandwich generation", meaning they will be taking care of their aging parents at the same time they are raising their own children. They may want to discuss planning for the challenges this presents.

The selection of executor of their will is also important. This person will not only be responsible for handling the estate settlement, but also funeral arrangements. I, for one, want an Irish wake with a Scottish bagpiper playing *Amazing Grace*, followed by a viking funeral.

Welcome to Adulthood

I think this generation presents a great opportunity for us. Millennials have received a lot of ridicule from older generations, and I am by no means innocent in that respect. But I hope in the past hour I have shown you that they are not all that bad, and are arguably even better than the rest of us. Well, maybe not better than Generation X—we're way too cool—but certainly better than the baby boomers. So let's once and for all put our pitchforks down and finally welcome millennials into the fold of adulthood. Perhaps together we can break the cycle and try to leave the incoming Tide POD Generation alone, even though I think we can all agree they are the ones that suck now.

About EmeraldSpark

EmeraldSpark Investments, LLC is a Registered Investment Adviser based in Chicago, IL. We were founded by Ryan P. Layton, CFA in 2015 to provide outsourced investment management services, as well as fiduciary investment management for select individuals. Our investment process blends the foundations of Modern Portfolio Theory with the latest research in the field of behavioral finance. We specialize in asset allocation and investment due diligence to help provide our clients with investment strategies personalized to match their specific goals and risk comfort zone.

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