A study that explores investors in their 30s and 40s finances, money management, and how they are navigating the current environment compared to Generation X and baby boomer investors.
Millennials are no strangers to economic challenges. Investors in their 30s and 40s have encountered numerous economic challenges throughout their coming-of-age years, from the Dot-Com Crash to the Great Recession, the Covid-19 pandemic, housing shortages, not to mention today’s market environment characterized by rising inflation, rate hikes and recessionary fears. Yet many millennials are on more solid financial footing than they’re given credit for.

The oldest of the millennial generation are now in their early 40s and entering their peak earning years, with the remainder of the generation closely following.

As millennials continue to accumulate wealth, grow their assets, and take on more complex life responsibilities, they are poised to become an important client segment for wealth management and advice.

Ameriprise set out to uncover greater insight into millennials’ financial situations and outlook in comparison to older generations, asking respondents questions like: How do you feel about your financial situation? What are the top sources of your wealth? How confident are you that you’ll achieve your top financial priorities? How have you navigated the current economic challenges?

Ameriprise explored these questions amongst others in brand new research, fielded in January 2023.

The study surveyed more than 3,500 Americans between the ages of 26–77. The millennial respondents have $25,000 or more in investable assets, and Generation X and baby boomer respondents have $100,000 or more.
As investors enter their 30s and 40s, most feel *positive about their finances.*

Many millennials have made good financial choices, and they started making those decisions earlier in life compared to previous generations.

- **6 out of 10 (60%)** millennials surveyed feel good about their current financial situation and...
- **6 in 10 (58%)** survey participants feel they are better off financially, compared to their peers.
- **Nearly 8 in 10 (76%)** who employ the guidance of a financial professional, feel good about where they stand financially.

**Average age started to save for retirement:**
- **25 years old**

**Average age started working with financial advisor:**
- **27 years old**

**Average age when purchasing a home:**
- **27 years old**

**Millenials** started saving for retirement earlier than older generations at a median age of 25, compared to age 28 for Generation X and age 30 for baby boomers.

**Millenials** began working with a financial advisor at age 27, while Generation X and baby boomers waited until ages 36 and 45, respectively.

Among those **millenials** who purchased a home (63%), they did so at a **median age of 27** — nearly 3 to 3.5 years earlier, on average, than their Generation X and **baby boomer** counterparts.
Financial Priorities

While more millennials indicate they are doing well financially, the volatile economic environment is still breeding uncertainty.

Concerns:

- High inflation (90%)
- Tax increases (84%)
- Recession (83%)
- High interest rates (80%)

An overwhelming majority (90%) said they are very or somewhat concerned about high inflation, tax increases (84%), a recession (83%), and high interest rates (80%).

Goals

Over half of millennials said one of their top three money goals are “increasing my income” (54%) followed by “paying down debt” (42%).

In comparison, 66% of Generation X surveyed say “saving for retirement” is their top goal, and baby boomers reported that “protecting their accumulated wealth” (55%) is their top priority.

Millennial Money Fears

- “Not being able to provide for my family” (23%)
- “Losing my job” (15%)
- “Not having enough money to retire” (12%)

Millennials reported their top financial fears as “not being able to provide for my family” (23%), “losing my job” (15%), and “not having enough money to retire” (12%).

A balancing act

More than half of millennials (56%) reported feeling the pressure of balancing multiple financial priorities.

A similar number (57%) reported spending less than they earn to balance competing priorities.
As investors navigating their 30s and 40s take on more complex life responsibilities, they are feeling the strain of debt.

Eight in 10 millennial investors have some form of debt, with an average of $127,000.

More than half of them (57%) reported that debt is impacting their ability to achieve their financial goals.

Among millennials with debt, more than six in 10 (61%) have credit card debt, nearly half (47%) have a mortgage, one-third have student loan debt (32%) and about two in 10 (18%) have medical debt.
Among the 63% of millennials who have purchased real estate, the median age, 27 years old, is younger than other generations.

Most millennials feel good about their home purchase: two-thirds (67%) are very happy with their decision and 86% said it’s easy or very easy to make their mortgage payments on time and in full.

Among millennials who do not own a home, nearly half (45%) rent because home ownership isn’t feasible.
Investors in their 30s and 40s are **hungry for advice.**

Millennials are most likely to receive financial advice from family and friends, yet they need to be careful. Among those who received bad money advice, the most common source was a friend (31%).

**One third (34%) of millennials use a financial advisor.** Those who work with an advisor identified three reasons as the catalyst for starting a relationship with a professional:

- **24%** Recommendation or referral by a family member
- **23%** New job or increased income
- **18%** Purchase a new home/vehicle/home remodel

**According to the study** — The items millennials raised their hands to say they need advice on include:

- **Investment strategies** 16%
- **Retirement planning** 16%
- **Taxes** 16%
- **Estate planning** 14%

Fewer than three in 10 millennials (28%) consider **tax diversification** when investing for retirement, and more than one-quarter (27%) of millennials do not know the tax treatment of their investment accounts.

**Other helpful financial advice called out by all respondents:**

- “My colleague told me to start saving for retirement before I got my first check so I would never miss the money.”
- “My grandfather told me that investing early is a key.”
- “The best advice I received was to save for an emergency.”
Ameriprise's study identified two key differences between generations.

1. The onus is on millennial investors to save for their own retirement instead of relying on funds from their employers.

2. Millennials have received significant financial help from family – and many expect additional assistance in the future.

Less than one-third (29%) of millennials have access to a pension, compared to 48% Generation X and 64% baby boomers.

Access to a pension:
- **29%** Millennials
- **48%** Gen X
- **64%** Baby Boomers

Millennials are much less likely to rely on Social Security (18%) and know they will need to rely on investments for their financial future.

Comparatively, 24% of Generation X and 5% of baby boomers expect family members to contribute to their financial wellbeing down the road.

Expect financial help from family:
- **41%** Millennials
- **24%** Gen X
- **5%** Baby Boomers

78% of millennials reported receiving money—including inheritances, assistance paying for education, and help purchasing a car or home—from family members.

27% of millennials said they received $25,000 or more.

41% expect to rely on family for future financial needs.

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**KEY TAKEAWAY**

Seek *professional guidance.*

A financial professional can play an important role in helping you focus on what you can control and develop a financial plan that moves you towards your goals.

**One third (34%) of millennials in our study use a financial advisor.** Among those who do, the results are powerful. Investors who have a financial advisor are:

- **31% more confident** than those who don’t use a financial advisor.
- Find **balancing** multiple financial priorities significantly **less challenging**.
- Feel more **positive, in control and successful** about their financial situation compared to those without an advisor.
- More likely to say they are **doing better financially** compared to others their age.
About the survey
The 2023 research was created by Ameriprise Financial Inc. and conducted online by Artemis Strategy Group from Jan. 19 – Feb. 14, 2023, among 3,518 Americans ages 26–77. Millennial respondents have $25,000 or more in investable assets, and Gen X and boomer respondents have $100,000 or more. The sample is weighted on region and by generation on age, gender, race/ethnicity, assets, and income based on the Federal Reserve 2021 Survey of Household Economics and Decision making (SHED). To ensure sufficient response sizes for additional analysis, Ameriprise oversampled investors who identify as millennials. For further information and details about the study, including verification of data that may not be published as part of this report, please contact Ameriprise Financial or go to ameriprise.com/millennials

About Artemis Strategy Group
Artemis Strategy Group (www.Artemissg.com) is a communications strategy research firm specializing in brand positioning, thought leadership and policy issues.

About Ameriprise Financial
At Ameriprise Financial, we have been helping people feel confident about their financial future for more than 125 years. With extensive investment advice, asset management and insurance capabilities and a nationwide network of approximately 10,000 financial advisors, we have the strength and expertise to serve the full range of individual and institutional investors’ financial needs.

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