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Millennials, money & myths

September 2019

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Introduction

There are perceptions held of each generation, and the millennial generation is no different. Their lifestyles and outlooks, their social and financial intentions and their attitudes to the modern world are often represented stereotypically in press, media and common culture.

In association with research consultancy ComRes, we have interviewed affluent millennials about their approach to their money. We asked participants a range of questions to establish their attitudes and approaches to their money, investing, work, lifestyle and future intentions.

Our research reveals trends that counter the age group's representation, challenging a number of commonly held myths around attitudes towards technology, investing, ethical imperatives and more.

At Michelmores, increasing our understanding of the millennial generation beyond the stereotypes, is key to enable us to recognise our current and future clients' priorities and to offer them seamless legal support, on their personal and business ventures alike.

I hope you find the insights from the research interesting. If you would like to discuss any of the findings, please do get in touch.

Tim Richards, Managing Partner
tim.richards@michelmores.com

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About Michelmores

As a leading UK law firm, Michelmores works with individuals and international families, entrepreneurs, family and privately owned businesses and large corporates across a variety of sectors in the UK and internationally.

We also act for private banks, financial institutions and wealth managers to ensure that they are well-equipped to advise their clients.

ComRes interviewed 501 UK 'affluent millennials', defined as:

- Individuals born between 1981 and 1996
- Individuals who have investable assets of £25,000 or more.

Investable assets were defined as anything of financial value that could easily be used to invest, including cash, bank account balances, money in retirement accounts, mutual funds, stocks, bonds or anything similar but not including properties, vehicles, art jewellery or collectables.

Please note that due to rounding results may not always add up to a 100%. Where a NET is shown, this refers to when responses from multiple answer options have been combined to produce an overall figure.

Social grades referred to in the report
The most recent occupation of the highest earning parent is used as an indicator of their 'social grade', categorised as follows:

Seg A: Higher managerial, administrative or professional roles
Seg B: Intermediate managerial, administrative or professional
Seg C: Supervisory, clerical and junior managerial, administrative or professional; skilled manual workers
Seg D: Semi and unskilled manual workers
Seg E: Casual or lowest trade workers; unemployed with state benefits only

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Section One

Finance & investing

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Affluent millennials tend to have saved their way to affluence

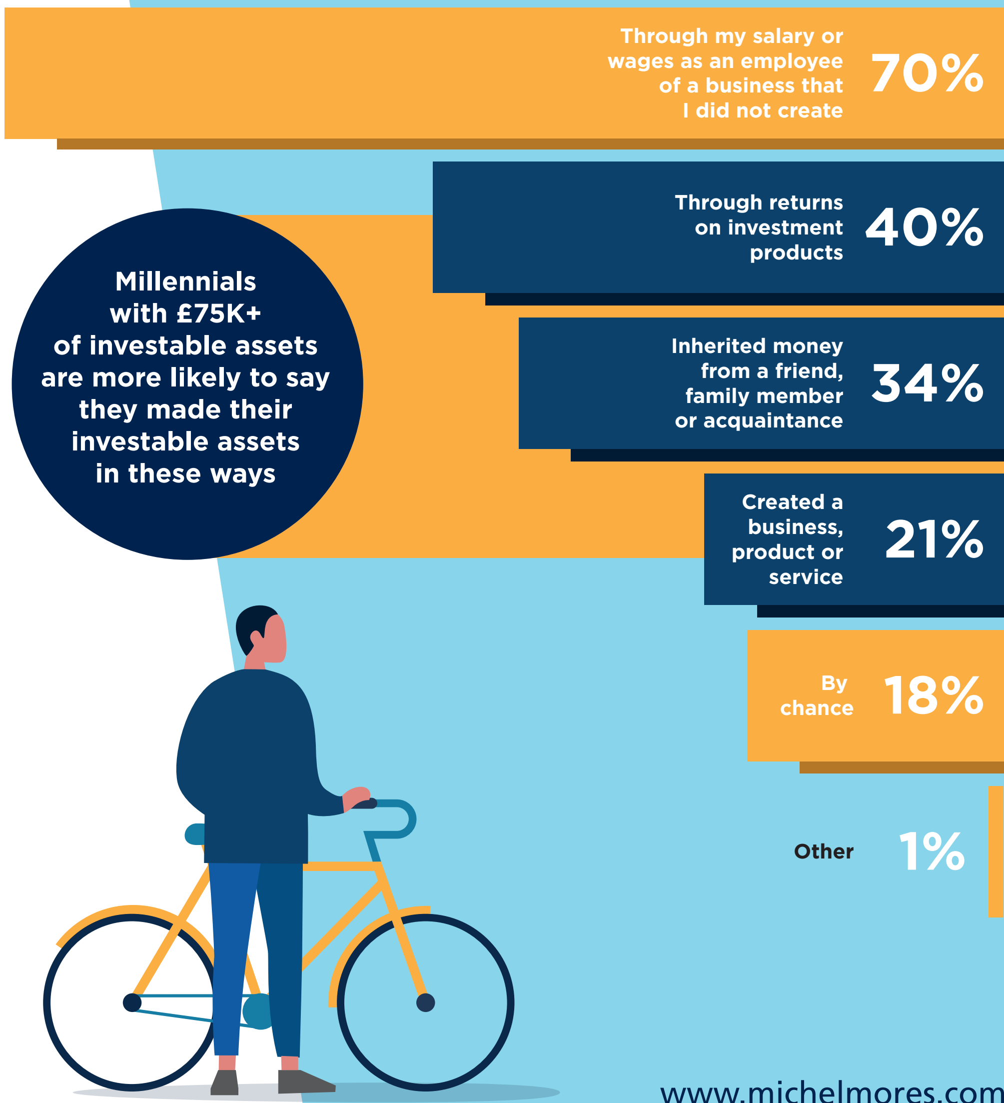
Perhaps contrary to the expectation that affluent millennials' investable assets are most likely to come from inherited wealth, or even through an innovative business venture, these findings indicate that many of those surveyed have most commonly saved their way to affluence.

70% say they generated these assets through their salary as an employee of a business they did not create. This is compared to two in five (40%) who say returns on investment products contributed these, and a third (34%) who say they received or inherited money.

This picture differs somewhat when comparing levels of affluence within this group.

For example, those with the highest amount of investable assets (£75,000 worth or more) are more likely than those with lower amounts (£25,000-74,999) to have gathered these through receiving or inheriting money (46% vs. 29% respectively). They are also considerably more likely to have profited from returns on investment products (56% vs. 34%) or from creating a business, product or service (36% vs. 15%).

Sources of investable assets
(showing % saying the following)



Q4. And which of the following, if any, best describes where your 'investable assets' have come from?
Base: All respondents (n=501)

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Personal stories about gathering investable assets

"All my investable assets came from my own salary… nobody gave me a single penny."

"I have made them by working since I was 16 and regularly saving money. I've put this into ISAs and saving accounts ever since I began working."

"I've worked hard since 18 and saved 20% of every pay cheque since which I have invested."

"I worked hard through my monthly salary and I also invested in cryptocurrency"

"Buying stocks and shares via e-Toro and via banking options."

"I won a nice amount on the National Lottery."

"I was privileged to make my investable assets through some inheritance from my family, and through the savings I have made from work and other investments."

"My dad's career was in banking and accounting and so he's got a good mentality towards this.

He set up accounts for me and purchased stocks and shares in my name."

"I created my own blog which is slowly growing to become a small business."

Q14a. We are really interested in your own personal story of about where your investable assets came from. In your own words, how would you describe how you made your 'investable assets'?
Base: All respondents (n= 501 responses)

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A desire for flexibility and risk-aversion is driving millennials' investment decision-making

Flexibility is a key consideration for affluent millennials when they are making their investment decisions.

Close to half (46%) say that the ease of withdrawing or liquidating investments is an important factor when considering how to invest their money in a venture. Overall, seven in ten (72%) selected factors relating to ease or simplicity.

Additionally, many affluent millennials are also sensitive to the level of risk (44%), and this ranks among the factors most likely to be considered important. Around nine in ten (87%) think that at least one factor relating to profit is important.

Only a quarter (25%) say that whether the venture is new or innovative is important to them.

Millennials with £75K+ of investable assets are more likely to say that fund management fees are, or would be important when considering investing

Important considerations when investing money
(showing % saying the following)

Q10. Which of the following, if any, are / would be important to you when considering how to invest your money in a venture?
Base: All respondents (n=501)

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Stocks, shares, pensions and annuities are the most popular financial products among affluent millennials - yet investment in cryptocurrency is higher than expected

Traditional forms of investment continue to be popular with affluent millennials, who most commonly invest in shares (37%), pensions or annuities (37%), or stocks (35%).

Similarly, at least a quarter say that they have invested in life insurance (30%), investment trusts (25%) or fixed income securities (23%).

Despite the widespread perception that affluent millennials have a preference for impact investments, millennial incidence of actually investing in sustainable or social investment funds is relatively low, with only 16% reporting that they have done so.
This is perhaps the result of a risk-averse investment attitude amongst this audience, and the perception of these investments as volatile.

Remarkably one in five (20%) say that they have invested in cryptocurrency. Meanwhile, one in ten (11%) have engaged in peer-to-peer lending.

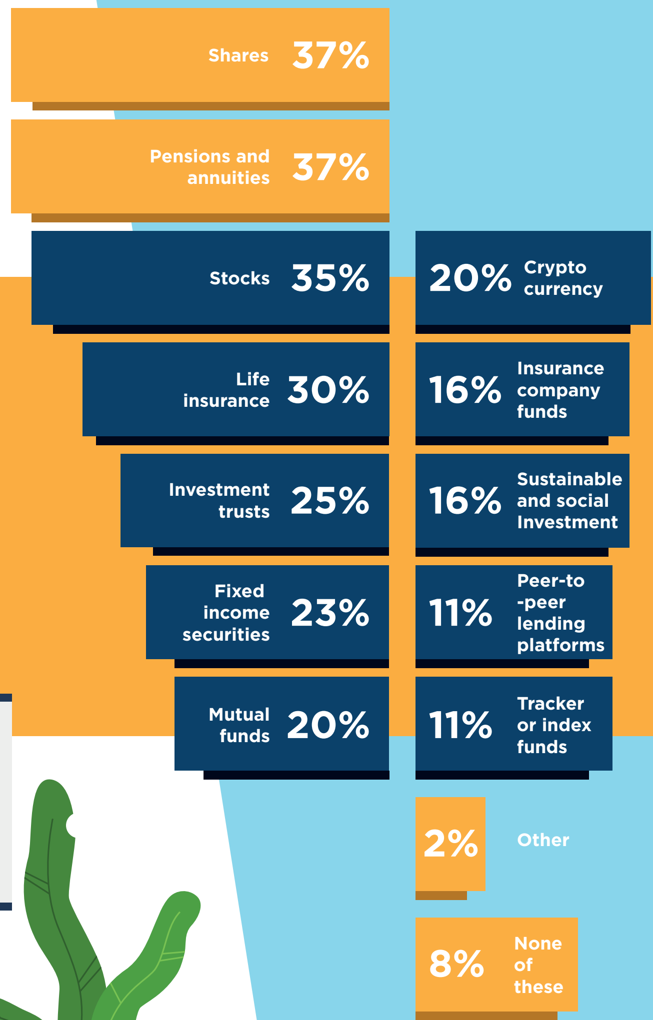
"The survey result that 20% of those interviewed have invested in cryptocurrencies contrasts with a recent survey by the FCA which suggested a figure of 3% across the general population.

This suggests a willingness amongst millennials to move away from traditional forms of investment and to embrace new technologies, almost regardless of the risks – perhaps part of a new identity for a new generation."

Andrew Oldland QC,
Senior Partner, Michelmores

Millennials with £75K+ of investable assets are more likely to say they have invested in each of these products or schemes

Investment in financial products or schemes
(showing % saying the following)



Q8. In which of the following financial products or schemes, if any, have you invested your money?
Base: All respondents (n=501)
*FCA cryptoassets consumer research, 2019.

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When considering impact investments, there is a disconnect between millennials' social values and their investment behaviour

Affluent millennials appear to be conflicted over the value of impact investments, with a considerable gap between their positive perceptions of them, and their actual levels of investment.

Although a clear majority agree that they feel a responsibility to use their money to have a positive impact on the world (73%), only 16% say that they have actually invested in sustainable or social impact funds.

This disconnect between perceptions and behaviour is underlined by the fact that three in five (62%) say that impact investments are less profitable than other types of investment, while 14% say they don't know how impact investments perform in this respect.

Levels of affluence impact millennial attitudes towards impact investments. For example, those who have acquired £75,000 or more investable assets are considerably more likely than those with fewer assets to agree that they feel a responsibility to use their money to have a positive impact on the world (82% vs. 69% £25,000-74,999), with around two in five (43%) strongly agreeing with this.

> **"Whilst affluent millennials have positive views of impact investments, it is interesting to see that this is not yet reflected in their investment behaviour. Numerous studies show that returns from impact investments are comparable to conventional investments, yet confidence to invest in a sustainable way is relatively low. We do though expect this to change in the near future as impact investing becomes more mainstream and data evidencing its positive financial return is more accessible."**
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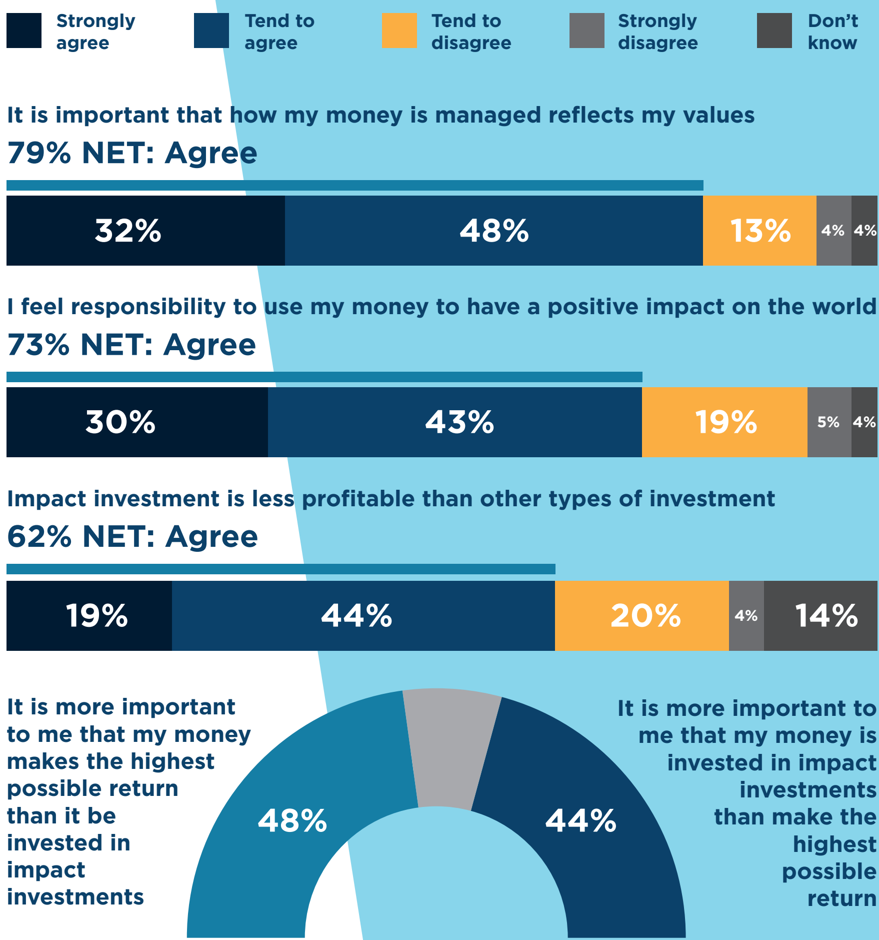
> **Harry Trick, Senior Associate in the Impact Investing team**

Perceptions of social investment
(Showing % saying the following)



Q14.'Social' or 'impact' investments are investments made with the intention of having a positive impact on society;
Q15. And to what extent do you agree or disagree with each of the following statements about social investment?
Thinking about your own 'investable assets', which of the following best reflects your view on these impact investments?
Base: All respondents (n=501)

Unknown levels of risk, lack of information and personal circumstance or experiences are cited as reasons for not making impact investments

Perceptions of impact ventures as risky or volatile are the most common reasons for not investing...

"...they do not make that much profit."

"...I consider them fast to fluctuate and rise up and down, I have very little trust in them."

"...I don't know much about any social impact investment and also as far as I know, the benefits of them are lower."

...and many also say that they don't know enough about these investments, or are currently researching them...

"...I'm unaware of what they are, and worried about level of risk involved."

"...I'm unfamiliar, I know a little bit but have a lack of knowledge about how this works, the risk, return and impact."

"...I am in the process [of investing] as we speak and will in the next couple of months. I am in the research stage."

...however, for some, personal experiences and circumstance mean that they are unlikely to invest in the near future.

"...I had a bad experience."

"...I have my own saving goals at the moment and they're not in my life plan."

"...I haven't had the opportunity to invest in them yet... however it is something that I plan to do once I have the money available."

Q14a. You mentioned that you do not have social impact investments, but that it is important to you when you are considering investing money into a venture / but that it is more important to you than making the highest possible return / but that it is important to you when you are considering investing money into a venture, and that it is more important than making the highest possible return. Please can you provide some detail on why you currently do not have social impact investments? Base: All those who do not have impact investments, but say it is important to consider social and environmental impacts when investing (n=210 responses)

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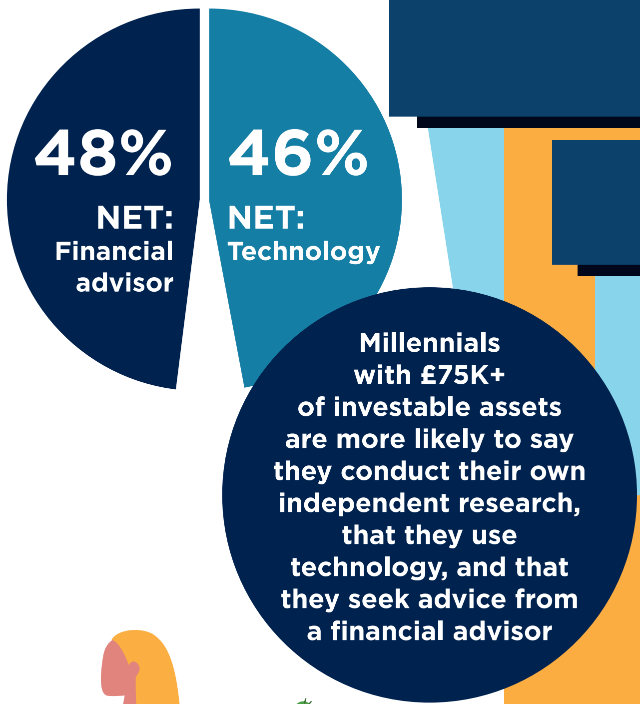
Affluent millennials are equally likely to research, use technology, and use financial advisors to manage their assets

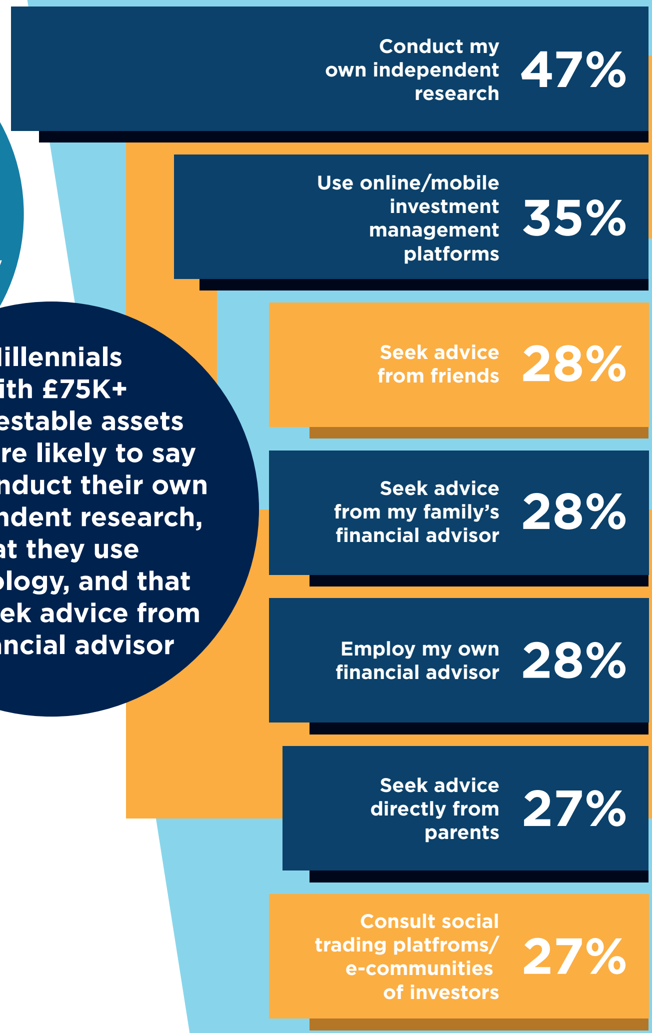
In line with how highly flexibility ranks in affluent millennials' investment decisions, independence is very important in how they go about managing their investments; close to half (47%) report that they conduct their own independent research.

Parents and family advisors are not relied on as strongly as other investment management methods, with only 27% and 28% reporting that they use these respectively. This suggests that affluent millennials are keen to explore investments independently, and to shift away from the financial behaviours of their parents.

These results reveal some insight into millennial relationships with technology and financial advisors; whilst millennials are likely to use technology for their simplicity, level of control and objectiveness, it cannot yet replace the level of assurance provided by an advisor. This is illustrated in that similar proportions say that they seek advice from financial advisors (48%) and use technology (46%).



Managing investable assets
(Showing % saying the following)



Q11. How do you go about managing your investable assets?
Base: All respondents (n=501)

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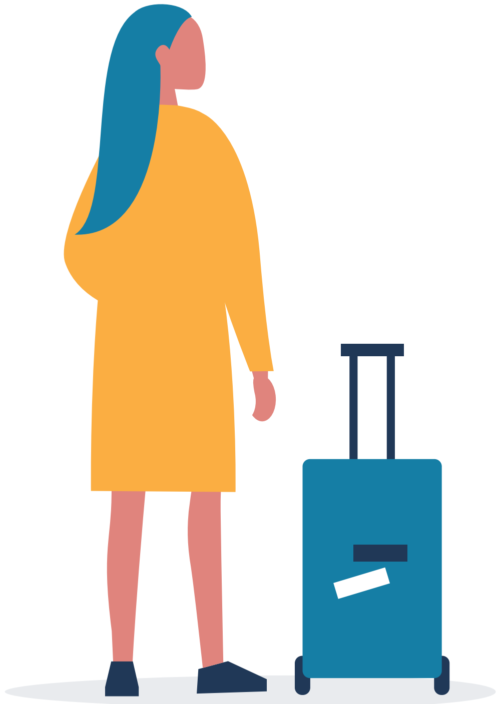
Affluent millennials tend to prefer to use their money to travel, but saving for their future is clearly a priority

When asked about how they prefer to use their money, affluent millennials are more likely to say they prefer to spend it on travel (49%).

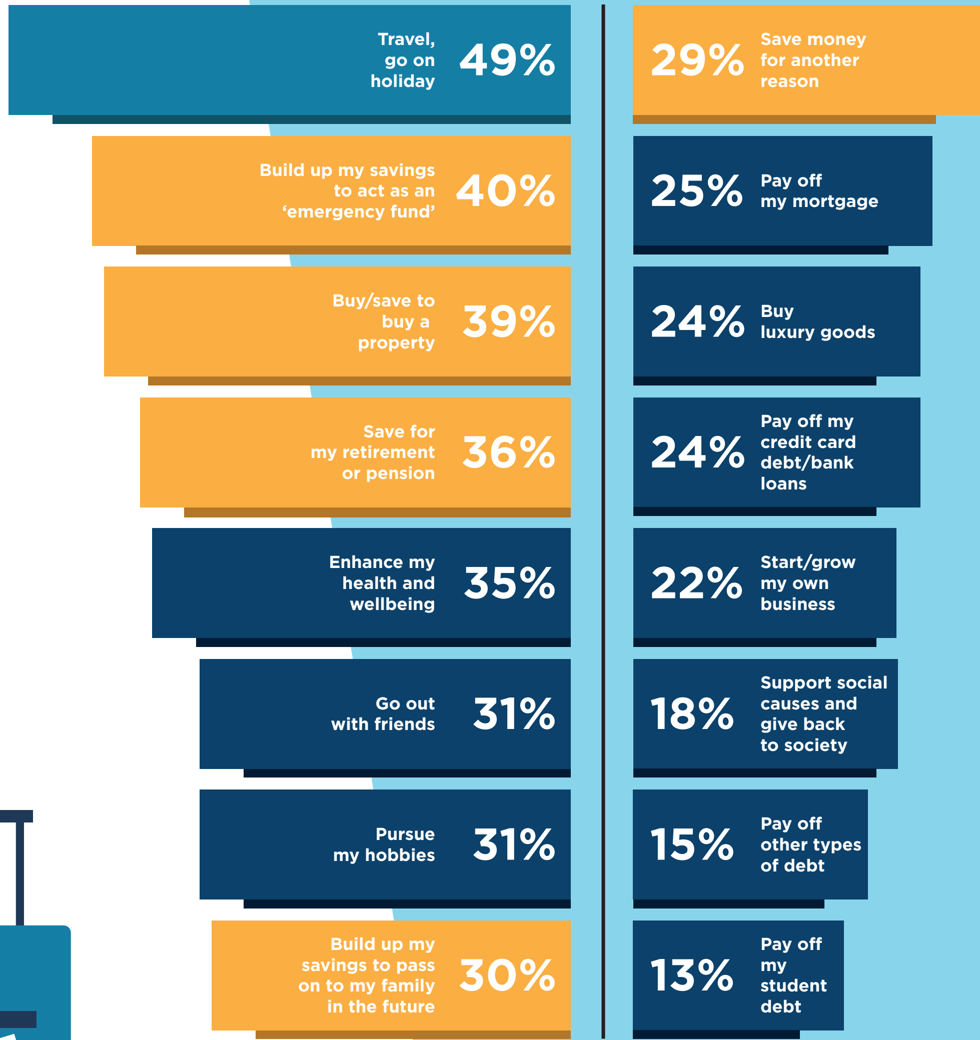
Supporting the trend that many of those surveyed have built their investable assets through saving, how they use their money also reflects this. 40% use their money to build up savings to act as an ‘emergency fund’.

Those with more investable assets have slightly different priorities in using their money. Buying or saving to buy property is more likely to be a priority for those with at least £75,000 in investable assets (49% £75,000+ vs. 36% £25,000-74,999), as is saving for their retirement (49% vs. 30% respectively).

They are also more likely to be focused on building up their savings to pass on to their family in the future (41% £75,000+ vs. 29% £25,000-74,999).



Using investable assets
(Showing % saying the following)



Q7. In general, how do you prefer to use your money?
Base: All respondents (n=501)

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The majority of affluent millennials plan to keep working in some capacity throughout their lifetime

Two thirds of affluent millennials plan to keep working in some capacity throughout their lifetime, either as long as they are able to (21%) or in some capacity once they have retired (43%).

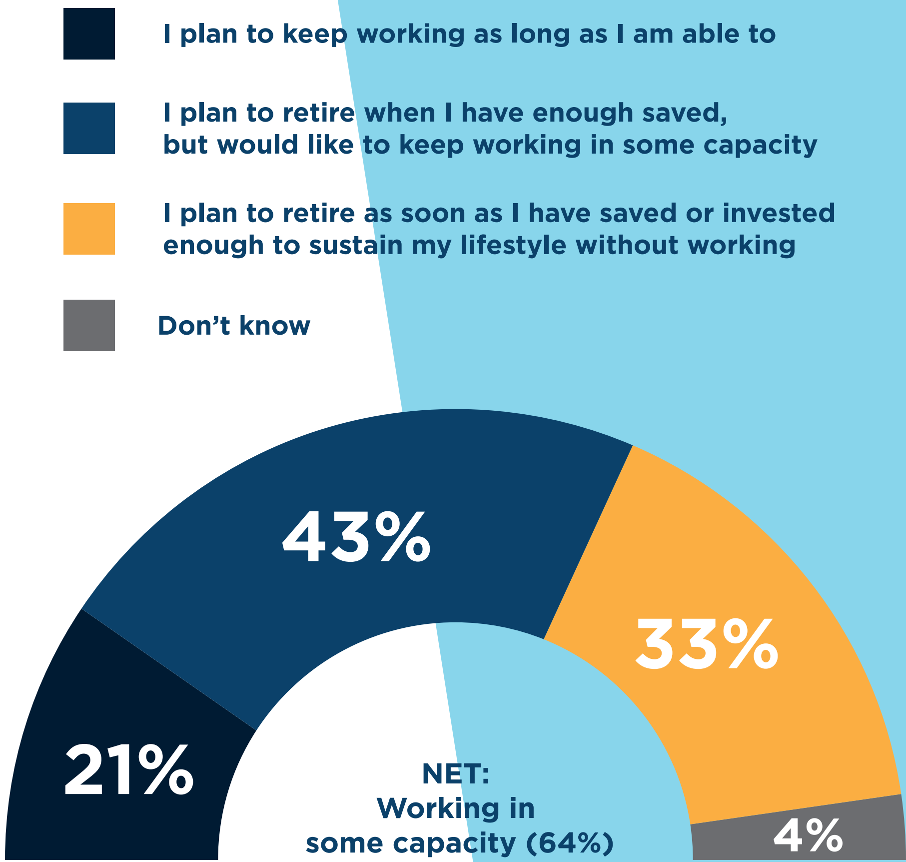
Nevertheless, a third (33%) say they plan to retire as soon as they have saved or invested enough to sustain their lifestyle without working.

These attitudes are fairly consistent across different demographic groups. However, those from the most affluent background are more likely to say they plan to retire as soon as they are able to (39% SEG A vs. 27% SEG B-E).

> **"There has definitely been a shift in perception of working life, particularly from previous generations who tended to secure a job for the long-term. Now, people seem much more focused on flexibility and being able to balance work and home life. Many employers are prioritising retaining talent, whilst employees are more discerning about the work they do, and seem to move between jobs much more readily. These shifts in working practices may be a contributor to people choosing to work longer in some capacity"**

Bethan Jones, Senior Associate in the Employment team

Plans to retire
(Showing % saying the following)



Q16. Which of the following best reflects your plans for working in the future?
Base: All respondents (n=501)

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Section Two

Technology & investment

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Affluent millennials are commonly using technology to manage their investable assets

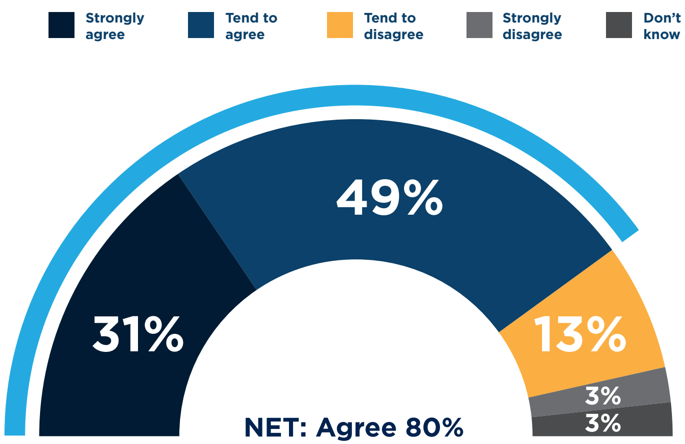
The clear majority of affluent millennials agree that they are familiar with the technology they can use to manage their investments (80%), with just under a third (31%) strongly agreeing with this statement.

In line with high levels of familiarity with the investment technology available to them, affluent millennials are commonly using technology to manage their investable assets. Just under half (46%) are using some form of technology to manage their investments, similar to the proportion who are seeking advice from a financial advisor (48%) or from friends and / or parents (46%).

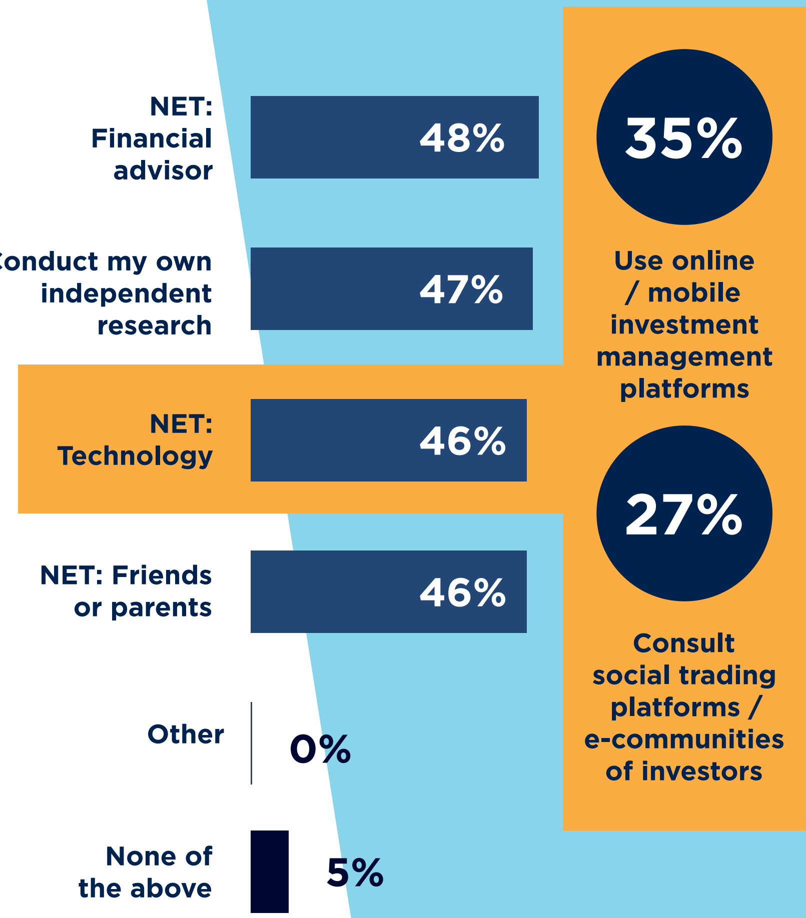
More specifically, a third (35%) are using online / mobile investment platforms, making this the single most popular way of managing investable assets for affluent millennials, after independent research (47%).

Further to this, a quarter (27%) consult social trading platforms / e-communities of investors as a way to manage their money.

"I am familiar with technology that I can use to manage my investments"
(Showing % saying the following)



Managing investable assets
(Showing % saying the following)



Q11. How do you go about managing your investable assets? Base: All respondents (n=501);
Q13. To what extent do you agree or disagree with each of the following statements about using technology (such as apps or online platforms) to manage your investments? Base: All respondents (n=501)

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Digital solutions are likely to be seen as the most agile strategy for managing investments

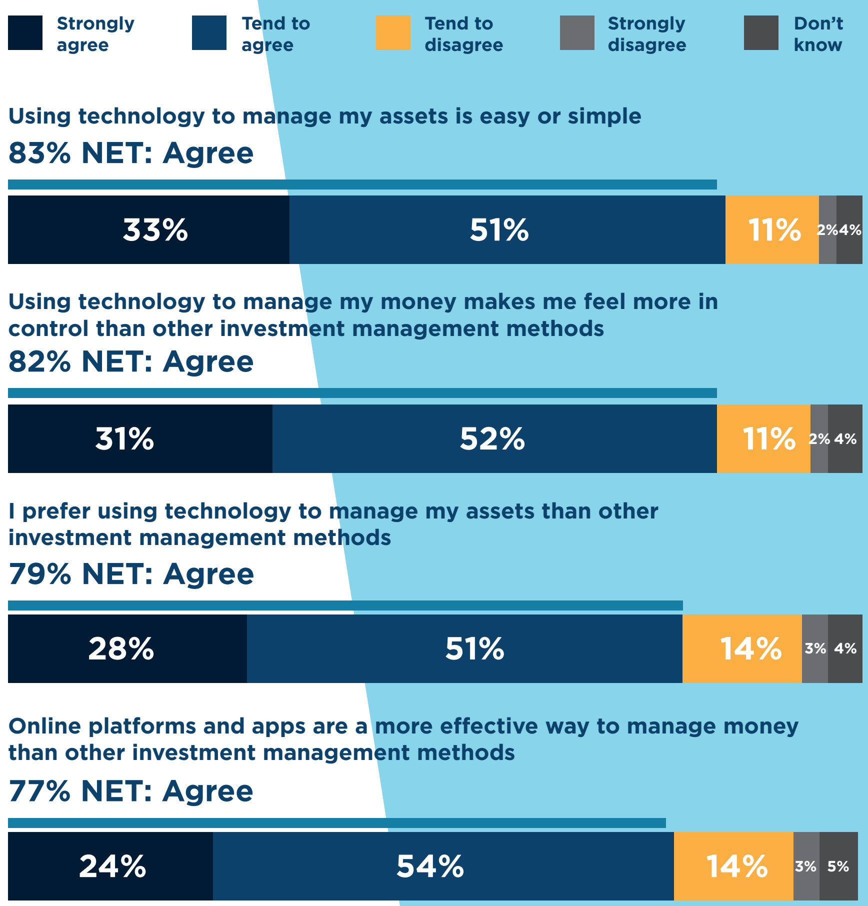
As discussed earlier in this report, flexibility is among millennials' primary considerations when deciding how to invest their money, in particular how easily funds can be withdrawn, whilst how straight-forward the process is and whether they can manage and easily customise the investments themselves are also relatively important factors.

Reflecting their popularity, the clear majority of millennials are positive towards using technologies to manage their assets. More specifically, four in five (79%) say they prefer using technology to manage their assets than other investment management methods, while three quarters (77%) say online platforms and apps are a more effective way to manage money.

Delving deeper into this, around four in five think that using technology to manage their assets is easy and simple (83%), while the same proportion (82%) agree that it makes them feel more in control than other methods, underscoring millennials' desire to have flexibility when investing.

These findings therefore indicate that affluent millennials are embracing the rise of self-service investing, which satisfy their desire for agile asset management.

Attitudes towards using technology to manage investments
(Showing % saying the following)



Q13. To what extent do you agree or disagree with each of the following statements about using technology to manage your investments?
Base: All respondents (n=501)

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Affluent millennials are increasingly comfortable taking advice from a 'robo-advisor' than a financial advisor

Millennials are more likely to agree than disagree that they would rather take investment advice from a 'robo-advisor' than from a financial advisor, albeit by a relatively close margin (53% agree vs. 40% disagree).

This is more pronounced among younger millennials, with around three in five (60%) of those born in the 1990s agreeing with this statement compared to only half (49%) of those born in the 1980s. Those with larger sums of investable assets are also more likely to look to a 'robo-advisor' than a financial advisor (61% £75,000+ vs. 50% £25,000 - 74,999).

The appeal of 'robo-advisors' is likely to be derived from affluent millennials desire for a flexible, self-service approach to investment management.

While this could indicate the start of a broader transition away from more traditional forms of financial advice, a significant proportion of this group still see the value of this advice. Financial advisors should therefore consider how they communicate their 'value-add' and differentiate themselves from online platforms, especially for the wealthiest millennials.

*Defined as an investment platform that uses algorithms to help investors manage their money
Q13. To what extent do you agree or disagree with each of the following statements about using technology to manage your investments?
Base: All respondents (n=501)

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Although investment technology is being embraced, financial advisors still have a key role in providing trusted advice

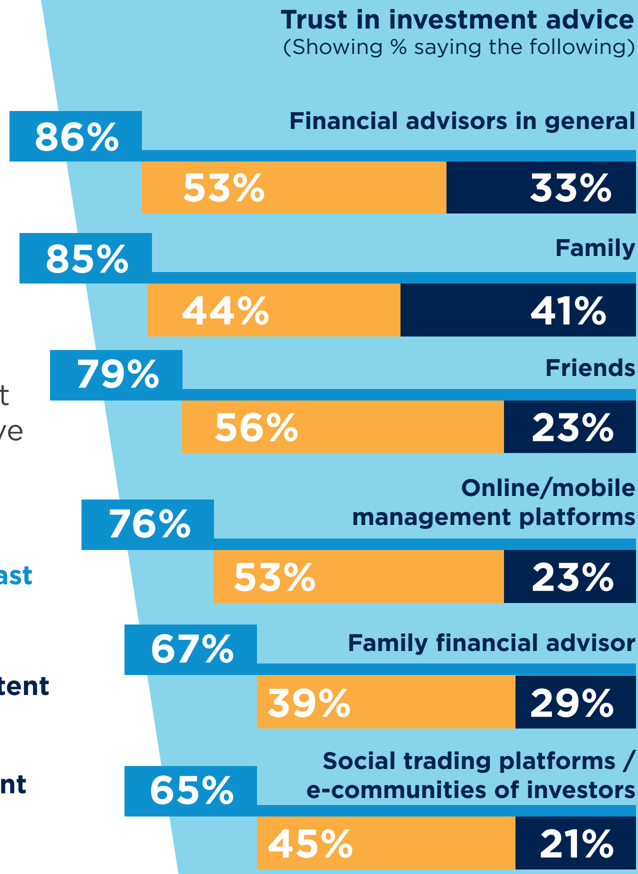
Given their apparent popularity, it's perhaps unsurprising that three quarters (76%) of affluent millennials say they trust online / mobile investment management platforms to at least some extent.

A quarter (23%) say they do so to a great extent, rising to a third among the youngest cohort of millennials (32% among those born 1992-1996). The wealthiest of those surveyed are also more likely to trust these platforms to a great extent (36% £75,000+ vs. 18% £25,000-74,999).

Affluent millennials are more comfortable with this type of technology than social trading platforms or e-communities of investors, although two thirds (65%) of those surveyed still say they would trust advice from these sources.

Nevertheless, affluent millennials are still most likely to trust more traditional forms of investment advice. Although they show comparatively low levels of trust in their family's financial advisor (67%), they are most likely to trust financial advisors in general (86%) or family (85%) to advise them on how to invest their money.

Those who are the most affluent within this group are also more likely to trust financial advisors to a great extent (42% £75,000+ vs. 29% £25,000-74,999).
These high levels of trust in financial advisors and family members, along with the two fifths of affluent millennials who would not prefer to take investment advice from a 'robo-advisor' than a financial advisor, demonstrate that financial advisors still have a key role in providing trusted advice.



NET: Trust to at least some extent

Trust to a great extent

Trust to some extent

Jonathan Riley, Partner and Co-Head of Private Wealth

"Whilst many of our clients benefit from using investment technology, the nuances that often accompany the management of individual or family wealth can require multifaceted solutions. It is therefore perhaps to be expected that a majority of more affluent millennials place greater trust in face-to-face advice – it will be interesting to see whether this result changes in the years ahead."

Q12. To what extent, if at all, would you trust each of the following to provide you with advice on how to invest your money?
Base: All respondents (n=501)

Age only plays a minor role in affluent millennials’ attitudes towards technology

Overall, age makes very little difference in affluent millennials’ attitudes towards technology, which is influenced to a greater extent by other factors such as gender, having children, levels of affluence or socio-economic grade.

Although millennials born in the 1990s are more likely to have high levels of trust in online / mobile investment management platforms (28% 1990s vs. 20% 1980s) and to say that they would rather take investment advice from a ‘robo-advisor’ (60% 1990s vs. 49% 1980s), this is unlikely to be a sentiment influenced directly by age.

This is evident in the fact that millennials of all ages are equally likely to say that they use technology to manage investments (47% 1980s and 45% 1990s), to agree that they prefer to use technology to manage their investments (76% and 83%) and that they are familiar with technology that they can use to manage investments (81% and 79%).

Furthermore, they are equally likely to say that using technology to manage their assets is easy or simple (81% 1980s and 87% 1990s), that online platforms and apps are a more effective way to manage money (77% and 78%) and that using technology to manage money makes them feel more in control (81% and 85%).

This is then reflected in the fact that there is no difference across age groups in terms of investing in crytpocurrency (20% 1980s and 18% 1990s).

Attitudes towards technology by age
(Showing % saying the following)

	1980s	1990s
Trust online/ mobile investment management platforms to a great extent	20%	28%
Agree (NET) than ‘I would rather take investment advice from a ‘robo-advisor’ than from a financial advisor’	49%	60%
Invest in cryptocurrency	20%	18%

Q8. In which of the following financial products or schemes, if any, have you invested your money?;
Q12. To what extent, if at all, would you trust each of the following to provide you with advice on how to invest your money?;
Q13.To what extent do you agree or disagree with each of the following statements about using technology to manage your investments?
Q11. How do you go about managing your investable assets? Base: All respondents (n=501); 1981-1985 (n=186); 1986-1991 (n=206); 1992-1996 (n=109)

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Section Three

Family & money matters

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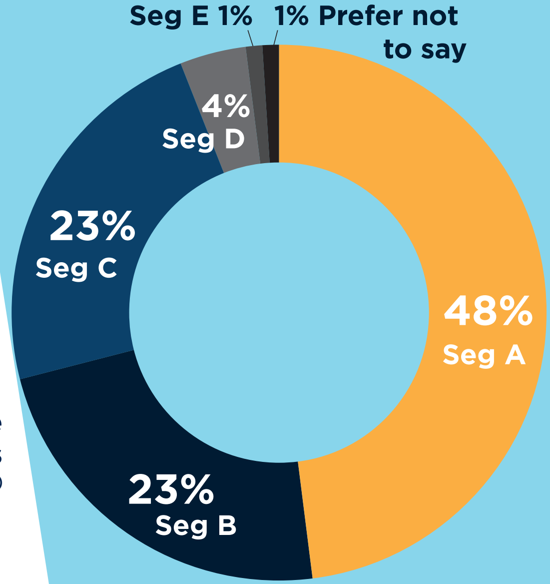
Affluent millennials tend to have affluent parents, belonging to the highest social grade

Affluent millennials tend to be from an affluent background; their highest earning parent is likely to be a senior individual in a profession that requires extensive training and education, or to run their own business of more than 25 employees.

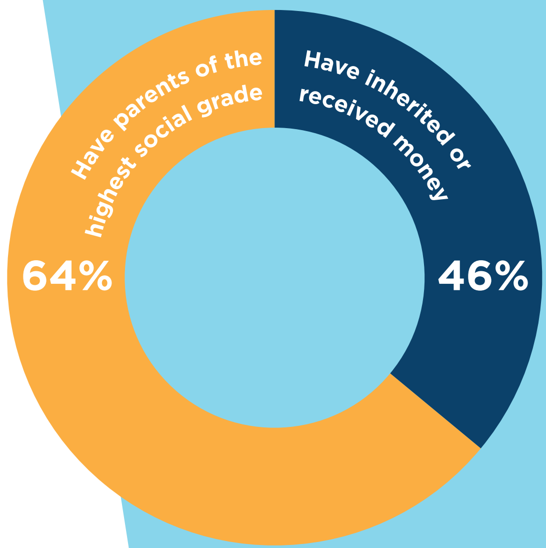
More specifically, half (48%) of affluent millennials surveyed identify their parents as belonging to the highest social grade. In comparison, only 1% of affluent millennials say their highest earning parent's last occupation placed them in the lowest social grade.

This is even more apparent among the wealthiest millennials. Two thirds (64%) of those with £75,000 or more in investable assets come from the most affluent family backgrounds. Moreover, although not the most common source of their assets, two in five (39%) millennials with parents from the highest social grade have gathered their investable assets through inheriting or receiving money. This compares to just three in ten (29%) of those whose parents belong to social grade CDE*.

Overall, these characteristics suggest that a large amount of intergenerational wealth is being transferred by families.



Social grade of parents
(Showing % saying the following)



Affluent millennials with £75,000+ in investable assets
(Showing % saying the following)

Q4. And which of the following, if any, best describes where your 'investable assets' have come from?;
Q22. Which of the following best describes the most recent occupation of your highest earning parent? Base: All respondents (n=501)

*This social grade includes, but is not limited to, those whose highest-earning parent's employment is best described as: junior management, owner of a small establishment(s), or skilled, semi-skilled and unskilled manual worker; long-term recipient of state benefits; unemployed or off sick for more than six months.

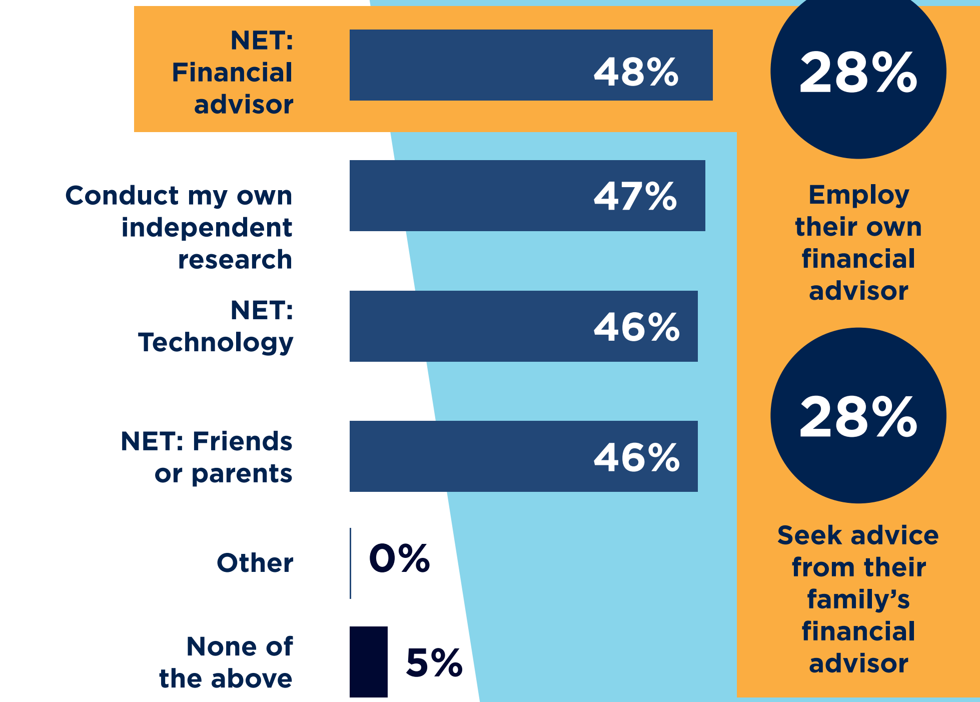
Overall, affluent millennials are just as likely to be using a financial advisor in some form to manage their money as they are to be using other methods

Financial advisors are still an important source of advice, and a significant minority are using their family's advisor or employing their own financial advisor (both 28%).

Nevertheless, these results indicate that those with affluent parents are more likely to be receiving professional advice. Millennials from affluent backgrounds are no more likely to seek investment advice directly from their parents (30% SEG A vs. 24% SEG B-E). However, they are more likely than those from less affluent backgrounds to be using a financial advisor. This could be either one they have employed themselves (38% SEG A vs. 18% SEG B-E) or, perhaps more notably, their family's (34% vs. 22% respectively), who may be working with them to retain their family's wealth.

Further to this, they are also more likely to trust their family's advisor (75% SEG A vs. 61% SEG B-E); in comparison, a quarter (26%) of those from less affluent backgrounds don't know the extent to which they trust their family's advisor, intuitively suggesting many of these individuals may not have access to this form of advice.

Managing investable assets
(Showing % saying the following)



Emma Rudge,
Private Wealth Lead

"These findings offer real food for thought for advisors in the private wealth sector. Whilst advisors are still viewed as important by millennials, it is interesting to see that many do not use their family's advisor.

Therefore, it is critical that the way advice is delivered is flexible enough to cater to the needs of our clients, regardless of their age or stage in life."

Q11. How do you go about managing your investable assets? Base: All respondents (n=501);
Q12. To what extent, if at all, would you trust each of the following to provide you with advice on how to invest your money? Base: All respondents (n=501)

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A desire for independence has led some to separate their finances from their family's

When asked why they do not use their family's financial advisor, affluent millennials identified three key reasons for moving away from this method of managing investments: a need to source independent and unbiased financial advice, a desire for independence from family or family advisor influences in favour of new innovation, and also wanting to make independent, and personally researched, investment decisions.

Independent advice

Some millennials question whether the advice provided by family advisors is objective or trustworthy considering their often long-standing relationships with their family. A few also mentioned having personal bad experiences with the advisor in question.

"My family may have an influence over him or her which may influence his or her financial advice for me and personally I would like such advice to be independent."

Independence from family

Other millennials are using family advisors less in order to move away from methods that they consider to be older or dated, and instead to invest in more innovative ventures, or utilise modern investment management methods.

"The world is diverse and my old man's methods may be out-dated."

Independent decision-making

Millennials also reported that they enjoy spending time educating themselves and learning about investment methods, and therefore do not seek the advice of their family financial advisor.

"I enjoy carrying out my own research.

Q11b. You said that you do not seek advice from your family's financial advisor. Why is this?
Base: All those who do not seek advice from their family's financial advisor (n=139 responses)

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Those who have children are more likely to invest and do so responsibly

Affluent millennials who have children are more likely than those without to invest in the next year (82% parents vs. 70% non-parents), and along with this appear to give greater consideration to the environmental and social impacts of their investments than those who aren't parents.

Whilst equal proportions of parents and non-parents say that it is important to consider the social or environmental impact of a venture when investing (30% for both), those with children are more likely to say it is important that a venture is new or innovative (29% parents vs. 17% non-parents) and are also less likely to take level of risk into consideration (41% vs. 50% respectively) suggesting that they may be more amenable to making impact investments.

This is born out in how millennial parents say they have spent and invested their money. One in five (21%) say they use their money to support social causes (vs. 11% non parents) and a similar proportion (19%) say the have invested in sustainable or social investment funds (vs. 10% non-parents).

Alongside their tendency to invest in social causes, millennial parents also place responsibility on the older generation to make impact investments. Overall, approaching two thirds (63%) of affluent millennials agree that older generations should be more responsible for making impact investments than their generation, and parents are much more likely to agree with this than non-parents (69% vs. 53% respectively).

Q8. In which of the following financial products or schemes, if any, have you invested your money?;
Q9. And to what extent are you likely or unlikely to invest any amount of money in financial products or schemes in the next year?;
Q10. Which of the following, if any, are / would be important to you when considering how to invest your money in a venture?;
Q15. To what extent do you agree or disagree with each of the following statements about social investment?;
Base: All respondents (n=501): Parents (n=326); Non-parents (n=175)

Affluent millennials with children
(Showing % saying the following)

82%
Are likely to invest in the next 12 months (vs. 70% non-parents)

29%
Say whether the venture is new or innovative is an important factor in their investment decisions (vs. 17% non-parents)

19%
Currently invest in sustainable / social investment funds (vs. 10% non-parents)

'Older generations should be more responsible for making impact investments than my generation'
(Showing % saying the following)

"Having children is a life-changing event with significant financial consequences.

It is interesting that the research shows a change in priorities and greater focus on investing and doing so responsibly, from that stage onwards."

Richard Cobb, Partner and Co-Head of Private Wealth

www.michelmores.com

The vast majority of affluent millennials expect to pass on money to their family, either upon death or over their lifetime

Equal proportions say that they plan to do this gradually over their lifetime (47%) and / or upon death (46%).

Those with a greater value of investable assets are more likely to expect to pass on money over their lifetime (58% £75,000+ vs. 42% £25,000-74,9999), as are those who have children (50% vs. 39% non-parents).

Decisions over how to pass on wealth are most likely to be influenced by the family member's relationship with them (51%), although this would not necessarily need to be an immediate family member as in comparison only a third (33%) say this would be important.

The financial circumstances of the family member would also impact the decision for a considerable proportion of affluent millennials (40%). The more affluent among this group appear to be more protective over their wealth and attach more stringent conditions to transferring their wealth, as their decision to pass this on to family is more likely to be influenced by the financial circumstances of the family member (49% £75,000+ vs. 37% £25,000-74,999) or their previous financial behaviour (42% vs. 29%) respectively.

Overall, respondents' views on this topic are diverse; while only 3% say that none of the factors tested would influence their decision, no more than half select any one of the factors tested. This suggests that respondents were very selective when indicating which factors would impact their decision, and therefore that how wealth is passed on is highly personal.

Q17. How, if at all, do you plan to pass on money and assets to your family in the future?
Base: All respondents (n=501); Q18. Which of the following, if any, would impact your decision to pass on money to your family in the future?
Base: All respondents who expect to pass on money (n=408)

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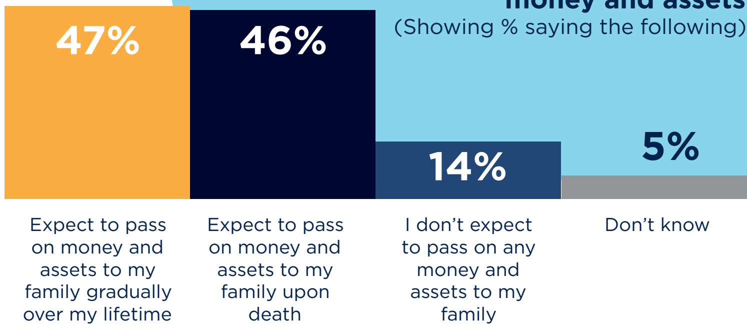
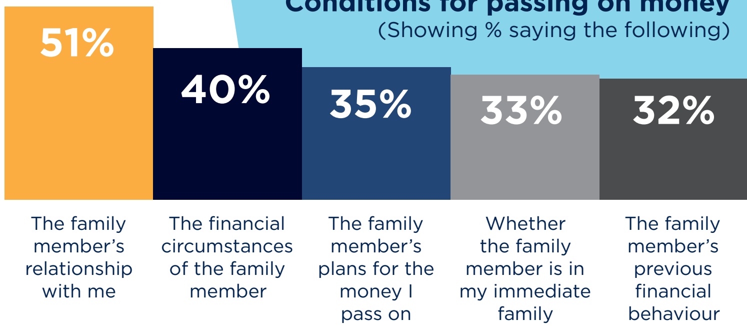
Expectations for passing on money and assets
(Showing % saying the following)



Conditions for passing on money
(Showing % saying the following)



Sandra Brown, Partner in the Private Wealth team

"At different stages in our lives, gifting becomes more of an option for many. Looming tax liabilities on death usually mean that as people get older they are more inclined to consider whether any of their wealth is surplus to their own needs. As many will be uncomfortable making outright gifts, the use of Trusts in estate planning is still a popular way of enabling someone to make a gift whilst retaining some control of the gifted assets."

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Section Four

Gender & investment behaviour

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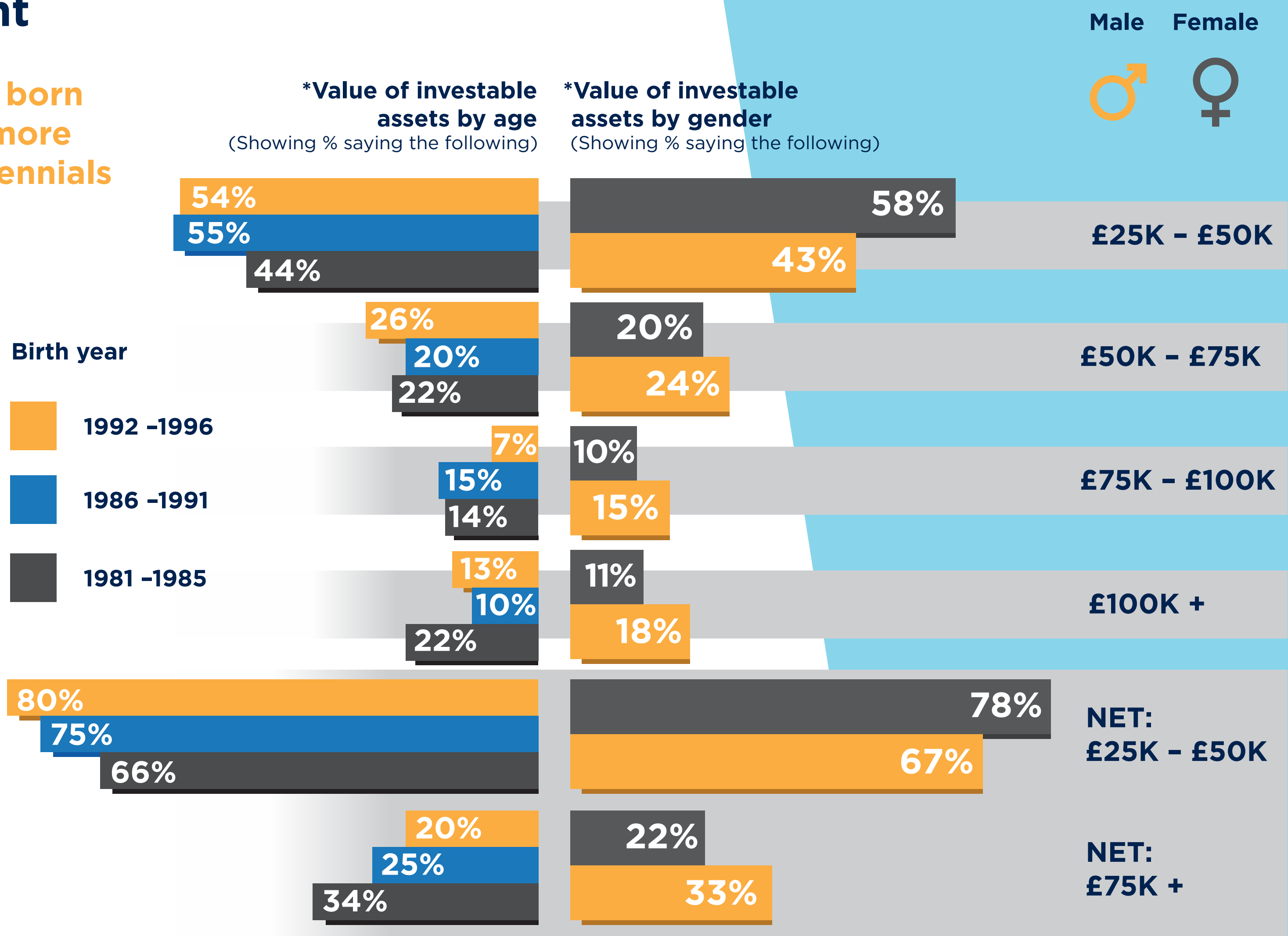
Older millennials, and men, are more likely to be the most affluent

The oldest millennials (those born between 1981 and 1985) are more likely to be wealthy than millennials of other age groups.

A third (34%) report that they have assets of £75,000 or more compared to a quarter (25%) of those born between 1986 and 1991, and one in five (20%) of those born between 1992 and 1996.

Generally speaking, male affluent millennials are wealthier than their female counterparts, as they are more likely to say that have £75,000 or more worth of investable assets (33% vs. 22%).



Q3. To the best of your knowledge, what is the value of all your personal 'investable assets'?
Base: All respondents (n=501); 1981-1985 (n=186); 1986-1991 (n=206); 1992-1996 (n=109); Men (n=244); Women (n=255)

*Values within the asset bands have been rounded to the nearest £10.

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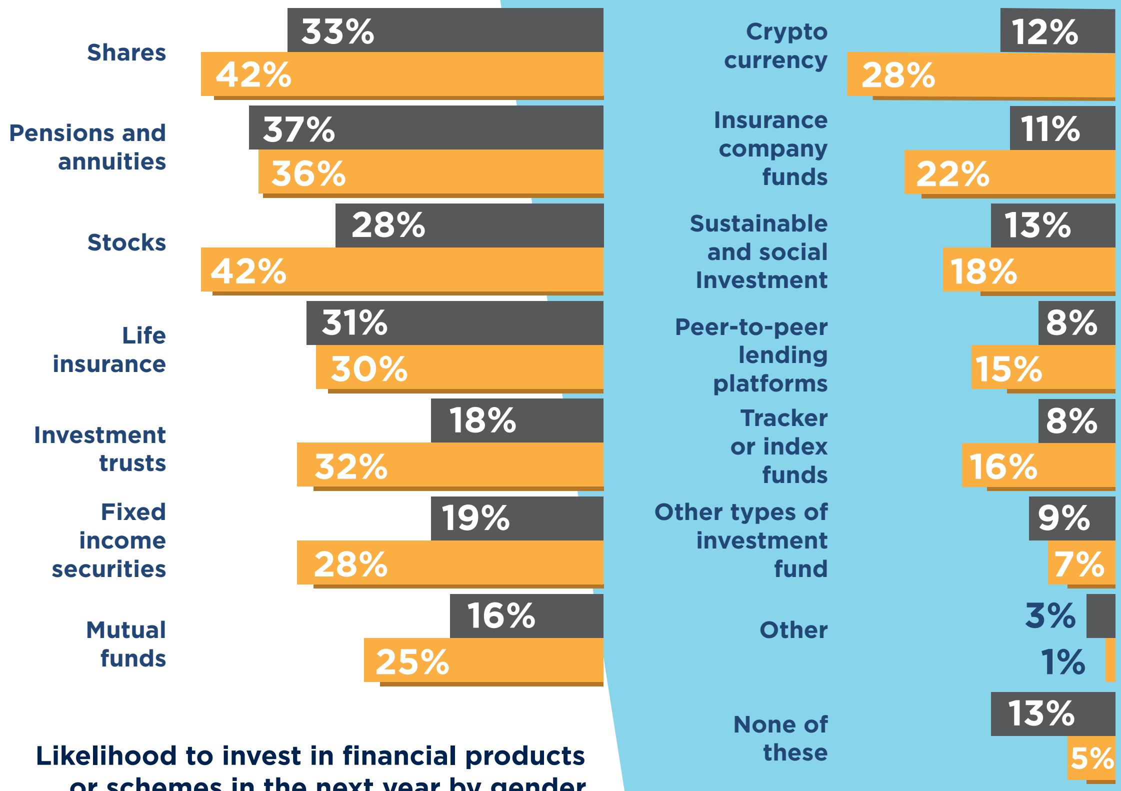
Women are both less likely to currently hold investments, and to be likely to invest in the next year

More than one in ten (13%) affluent millennials who are women don't currently invest in any financial products or schemes.

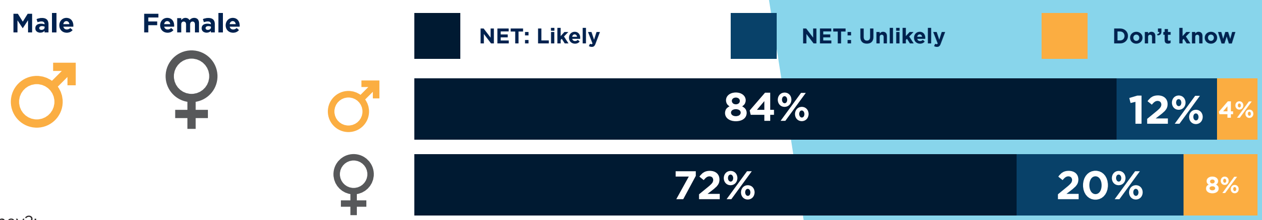
While women are just as likely as men to have invested in pensions and annuities (37% women vs. 36% men) and life insurance (31% vs. 30%) respectively, affluent millennial men appear to have a much more diverse portfolio of investments.

Men are considerably more likely than women to invest in shares (42% men vs. 33% women) or stocks (42% vs. 28%), and are almost twice as likely to currently hold investments in the form of investment trusts (32% vs. 18%), cryptocurrency (28% vs. 12%), insurance company funds (22% vs. 11%) or peer-to-peer lending platforms (15% vs. 8%). Moreover, a lower proportion of affluent millennial women are likely to invest in the next year (72% women vs. 84% men); one in five (20%) say they are unlikely to do so, while almost one in ten (8%) don't know if they will.

Investment in financial products or schemes
(Showing % saying the following)



Likelihood to invest in financial products or schemes in the next year by gender
(Showing % saying the following)



Q8. In which of the following financial products or schemes, if any, have you invested your money?;
Q9. And to what extent are you likely or unlikely to invest any amount of money in financial products or schemes in the next year?
Base: All respondents (n=501); Men (n=244); Women (n=255)

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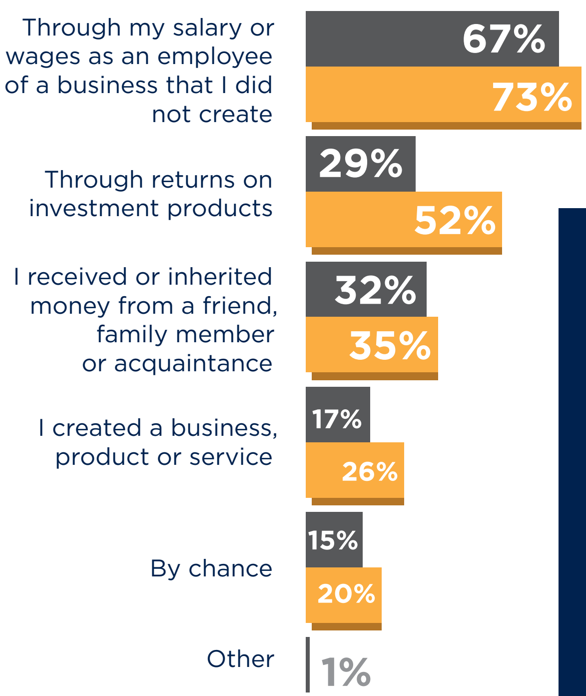
Men are more likely to have generated their assets from returns on investments or from their personal business venture

Men are considerably more likely than women to have generated their investable assets through returns on investment products (52% men vs. 29% women).

More men are also likely to have amassed these through a business, product or service that they created (26% vs. 17% respectively).

Men are more likely than women to feel positively about their current financial position, particularly with regards to feeling confident (34% men vs. 22% women) or successful (34% men vs. 19% women). On the other hand, women are more likely than men to feel stressed about their financial position (18% women vs. 11% men).

Sources of investable assets by gender
(Showing % saying the following)



Feelings about current financial position by gender
(Showing % saying the following)

	♂	♀
Confident	34%	22%
Successful	34%	19%
Content	31%	21%
Wealthy	17%	11%
Influential	14%	4%
Stressed	11%	**18%**

Colette Stevens, HR Director, Michelmores

“Whilst women are investing to a similar level as men in pensions and life assurance schemes, our research highlights that women are much less likely to invest in financial products such as stocks, investment trusts, and cryptocurrency.

This risk-averse approach amongst women is therefore impacting on the value of their long-term investments.

Access to high-quality financial information can boost knowledge and confidence surrounding investing, often increasing the value of assets held. As an employer we focus on financial wellbeing through pension education workshops and financial one-to-ones, to help women to make proactive investment choices.”

Q4. And which of the following, if any, best describes where your ‘investable assets’ have come from?;
Q5. Which of the following words, if any, describe how you feel about your current financial position?
Base: All respondents (n=501); Men (n=244); Women (n=255)

Men are more likely to be misinformed about impact investment

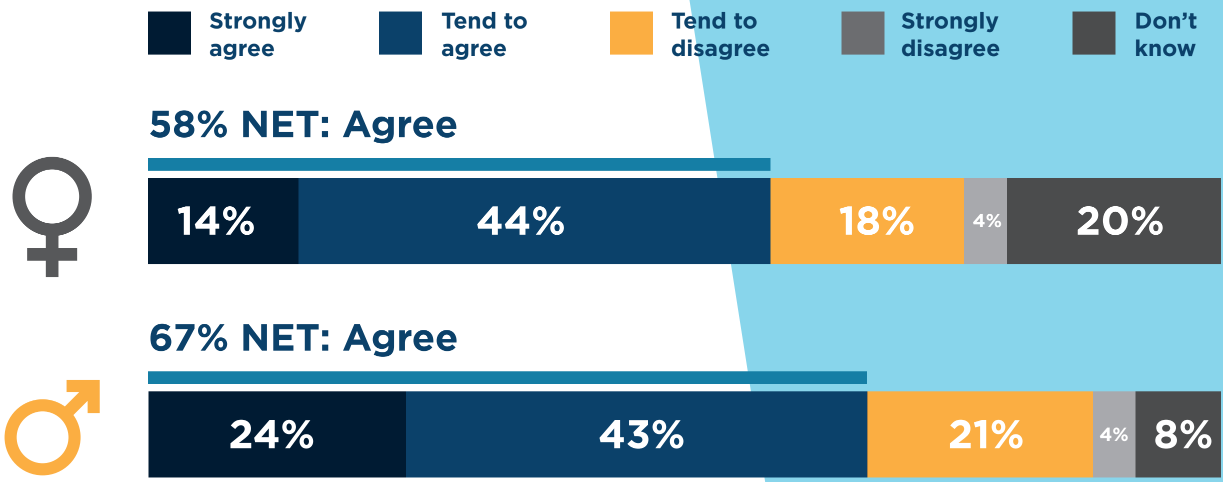
Interestingly, there is little difference between men and women when it comes to the current incidence of impact investing (18% vs. 13%).

This is despite the fact that men are more likely than women to agree that impact investment is less profitable than other types of investment (67% vs. 58%), and women are more likely to say that they don't know in this regard (20% vs. 8%).

This is further supported by the fact that men and women are equally likely to say that it is more important that their money is invested in impact investments than make the highest possible return (43% vs. 44%).

This suggests that male affluent millennials are more likely to be misinformed about the risk-levels of impact investments, whilst their female counterparts are more likely to be uninformed, although both are equally likely to take the risk of investing.

'Impact investment is less profitable than other types of investment'
(Showing % saying the following)



Q15. To what extent do you agree or disagree with each of the following statements about social investment?
Base: All respondents (n=501); Men (n=244); Women (n=255)

Men are more likely to be positive towards the role of technology in managing investments

Whilst men and women are equally likely to say that they are familiar with the technology available to manage investments (82% and 78% respectively) and agree that managing investments in this way is easy and simple (85% and 82% respectively), men are more likely than women to be positive towards the role of technology in investment management.

From a functional perspective, they are more likely to say that using technology to manage their money makes them feel more in control than other investment management methods (89% men vs. 76% women), and also that online platforms and apps are a more effective way to manage their money (83% vs. 76% respectively).

It is therefore unsurprising that men are more likely than women to agree that they would rather take investment advice from a 'robo-advisor' than from a financial advisor (59% vs. 47%), with only just over a third (36%) of men disagreeing with this statement.

Attitudes towards technology by gender
(Showing % saying the following)

	♂	♀
'Using technology to manage my money makes me feel more in control than using other investment management methods'	89%	76%
'Online platforms and apps are a more effective way to manage money than other investment management methods'	83%	72%
'I would rather take investment advice from a 'robo-advisor' than from a financial advisor'	59%	47%

Q13. To what extent do you agree or disagree with each of the following statements about using technology to manage your investments?
Base: All respondents (n=501); Men (n=244); Women (n=255)

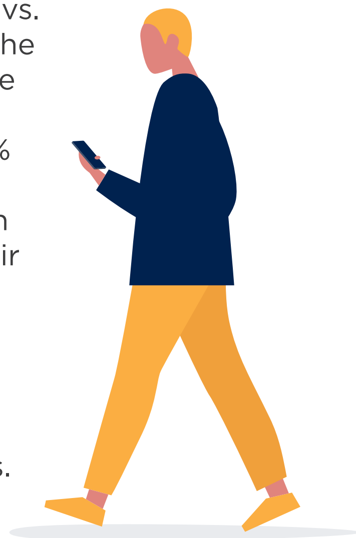
Trust and usage of investment technologies is higher among men

In line with their tendency to be more positive towards the role of technology in investing, men show higher levels of trust than women in both online / mobile investment management platforms (83% men vs. 70% women) and social trading platforms / e-communities of investors (74% vs. 58% respectively).

In comparison one in five (21%) women say they trust online / mobile investment management platforms to no extent, while this rises to three in ten (28%) regarding social trading platforms / e-communities of investors.

Along with being more likely to hold investments, men are also more likely than women to be using some form of technology to manage their investable assets (54% men vs. 38% women). Two in five (42%) are using online / mobile investment management platforms (vs. 28% women), while a third (34%) consult social trading platforms / e-communities of investors (vs. 19% women). Coupled with the fact that men and women are equally likely to seek advice from a financial advisor (49% men and 47% women), this ultimately suggests that men are more independent in their approach to investing.

Finally, men are more than twice as likely as women to invest in technology, namely cryptocurrency (28% men vs. 12% women).



Attitudes towards technology by gender
(Showing % saying the following)

	♂	♀
Trust online / mobile investment management platforms at least to some extent (NET)	83%	70%
Trust social trading platforms / e-communities of investors at least to some extent (NET)	74%	58%
Use technology (NET*) to manage their investable assets	54%	38%
Invest in cryptocurrency	28%	12%

Q12. To what extent, if at all, would you trust each of the following to provide you with advice on how to invest your money?; Q11. How do you go about managing your investable assets?; Q8. In which of the following financial products or schemes, if any, have you invested your money?
Base: All respondents (n=501); Men (n=244); Women (n=255)