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The generation gap: changing attitudes to investing

February 2023

Introduction

Each generation approaches investing a little differently. This is evidenced in how each generation researches and chooses investments, their differing attitudes to risk, and the sliding scale of importance that they place on factors such as sustainability.

In 2019 we surveyed affluent millennials about their approach to their money. In November 2022, we surveyed affluent millennials, Gen X and baby boomers to find out how millennials' attitudes and approaches to finance and investing have changed following the pandemic, and how this compares to other generations' investment choices.

We've also asked individuals how the current increased cost of living has impacted the way they're choosing to invest their money and whether this has changed their attitude to risk. We believe that by gaining a more in depth understanding of the current mindset of investors across these generations, we'll be able to better support our current and future clients' investment priorities.

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

Christian Massey, Head of Private Wealth
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About the survey

Leading UK law firm, Michelmores, in collaboration with research company 3Gem, conducted a UK survey of 1,500 affluent millennials (26-41), Gen X (42-57) and baby boomers (58-76), defined as 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 100%. Where a NET is shown, this refers to when responses from multiple answer options have been combined to produce an overall figure.

section one

Finance and investing

Changing attitudes to risk see traditional investments take centre stage

Our research revealed that investors of all ages are looking for safe places to put their money.

Each of the surveyed generations – millennials, Gen X and baby boomers – had a high interest in traditional forms of investment, such as cash and property, and are very unlikely to invest in cryptocurrency in the coming year.

This was evidenced by the majority (58%) of survey respondents saying that they are fairly or very likely to invest in financial products or schemes within the next year, and of those likely to invest, cash (22%) and property (24%) are viewed as the best protected investments.

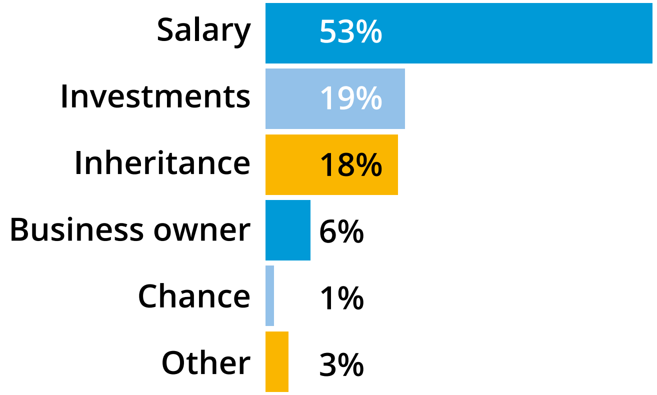
Equity funds (16%) and bonds (16%) are less popular and there is a low appetite for investment in cryptocurrency (9%) and commodities (9%), perhaps due to greater awareness of risk.

Overall return and profit were important for 38% of millennials, just slightly lower than was seen in 2019 (44%).

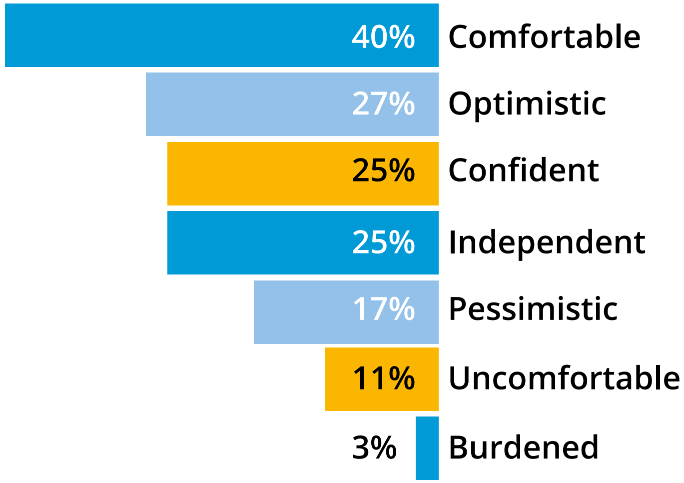
"With the rising cost of living, inflation and the sharp drop in desirability of cryptocurrency following the FTX collapse in November 2022, it is hardly surprising that there has been an increase in the number of people who are risk averse when investing their cash. It's interesting, however, that despite economic pressures the majority of respondents said they felt comfortable and even optimistic about their financial position."

Lynsey Blyth, Senior Associate, Employment

Source of investable assets



Description of current financial position



Risk is now the most important factor influencing investment decisions

Millennials have grown in confidence in making financial decisions, with decidedly less concern about whether family and friends have invested money in a similar venture before deciding to commit compared to 2019.

Attitudes to risk have also changed. 55% of millennials said that risk is important to them when investing money, compared to just 44% in 2019. Awareness of risk is high for all generations, with 69% of all respondents noting this as the most important factor when making investment choices. Other key factors included overall return/profit (47%), ease of withdrawing funds (46%) and fund management fees (27%).

Just over half (51%) of respondents said the cost of living crisis had decreased their appetite for risk to some degree in investment choices.

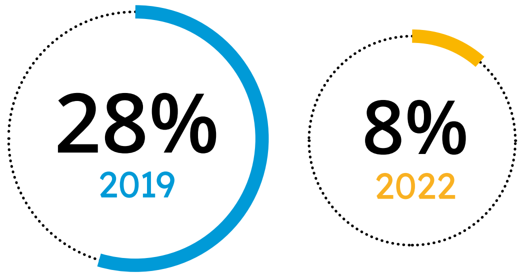
"Risk aversion has led to a notable decline in the number of people following the investment decisions of friends and family. Our data suggests that the majority of investors are seeing the value in seeking professional advice from lawyers and other advisors when making investment decisions which, in such a fast-evolving market, has never been more important."

James Frampton, Partner, Private Wealth

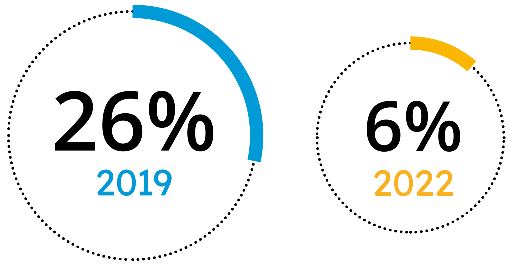
Q8. Which of the following are important to you when considering how to invest your money? Whether my family members have invested their money in a similar venture / Whether my friends or peers have invested their money in a similar venture. Base: Millennials (n=500)

Importance to millennials of investment choices made by others

Family



Friends



Security has overtaken other factors such as costs and liquidity for many investors

Just under a third of respondents (29%) stated that they have more than half of their investments in the UK, compared with overseas.

Around a quarter of respondents (23%) simply don't know where their investments are. The majority (91%) of those with at least half their investments in the UK stated that they have a proportion of their money in cash ISAs or savings accounts, 54% have money in a pension, 54% are invested in shares and 28% have life assurance or insurance and 27% of those invested more heavily in the UK said they were invested in property. Only 10% of those with more than half of their investments in the UK had money in bonds.

Millennials are placing less importance on the ease of withdrawing investments (liquidity) compared to Millennials are placing less importance on the ease of withdrawing investments (liquidity) compared to 2019 (34% now, 46% in 2019). However, for the baby boomer generation aged 58-76, the importance of liquidity (59%) is second only to risk.

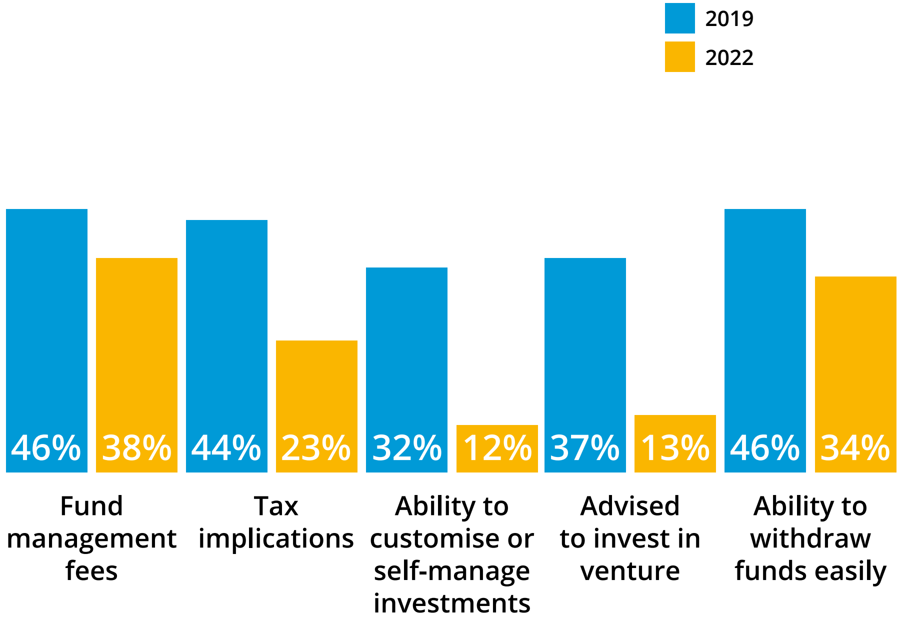
Only a small proportion (13%) of millennials said that being advised to invest in a venture was important, with many relying on their own research rather than professional advice. This reflects the 'advice gap' known to be a feature of this generation.

"The data shows a trend of millennials investing more on both life insurance and life assurance, showing that this generation, more than the previous two, looks ahead and plans long term. As this is also the generation anticipated to be the beneficiaries of the 'great wealth transfer' from the baby boomer generation, this research gives us great insight as to where the investment approaches differ."

Dhana Sabanathan, Partner, Private Wealth

Q8. Which of the following, if any, are / would be important to you when considering how to invest your money?
Base: Millennials (n=500)

Millennials' investment considerations



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Investors are looking for low risk investments to avoid market volatility

Investors are opting for more traditional, secure investments such as cash and savings accounts in response to the current economic environment. These options were seen as low risk in an unpredictable market.

Investors in equity funds believed that buying now would produce a healthy return when market conditions improve, relying on a rebound to safeguard assets in the longer term.

Property was also seen as a low risk option, which would offer 'the best return' on investment. With many expecting the stock market to be volatile for the next 1-3 years, many respondents clearly felt that placing funds in property would be a good way to avoid this instability.

Of those who have invested less in property, 19% said this was due to the rising cost of living, with some noting that the management of a rental property was becoming increasingly burdensome.

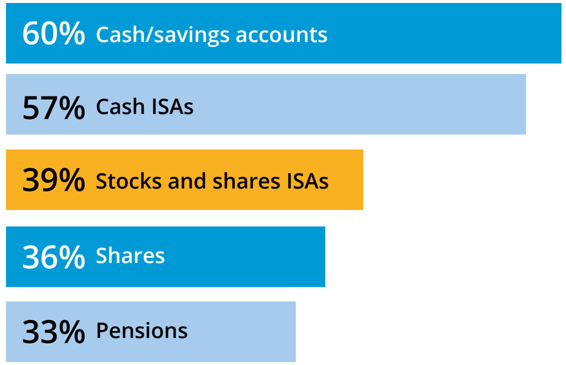
The majority of respondents stated that their money was held in cash or savings accounts, indicating that people are looking to benefit from the increased interest rates available on easy access and fixed term savings following years of low rates.

"Brexit, the pandemic, and the war in Ukraine – on top of a forecasted global recession - have no doubt affected investors' attitudes to risk and led to people looking for ways to protect their assets and get the best balance of risk and reward. On the flip side, more confident investors and those with a longer term outlook may seize the opportunity to buy up assets while the value is low and potentially reap the rewards."

Richard Cobb, Senior Partner

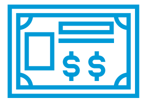
Q2. Which if any, of the following types of investments, do you currently have money invested in? Please include any held jointly with another person. Base: All respondents (n=1500)

Top five investments held by respondents

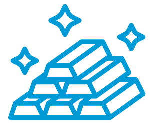


Perceptions of different investment options

Cryptocurrency
"Opportunities to maximise profits"



Bonds
"Safe and reliable"



Commodities
"Less affected by inflation, hold their value"

Cash
"Low risk, instant access"

Equity
"Buy now for higher returns when market rebounds"

Property
"Secure against volatile stock market"

We asked respondents why they had chosen to change their level of investment in cash, commodities and property

Cash investment divided respondents…

…"cash is king in times of recession"

…I need "instant access" with "no risk"

…Inflation rates are "eroding the value" of cash investments

…it "doesn't seem a valuable investment"

People increasing investment in commodities perceived them to…

…be "less affected by inflation"

…"hold their value in hard times"

…have "emerged as a strong force"

One respondent had seen "some success in 20th Century collectibles over the past three years"

Most respondents saw property as a low-risk option but for others, personal experience meant they were likely to invest less in this asset…

…Property is a "secure" and "safe" option that will "give the best return on my money"

…It's "more secure against a volatile stock market"

…Owning a rental property has "become a burden" and I have concerns about "rising costs e.g. mortgage, heating and other bills when the property is empty"

Q31A/B. We would welcome any comments on why you've chosen to invest more / less in cash / commodities / property at this time. Base: 303 respondents

Cryptocurrency is getting a mixed reception

Many investors have become disillusioned with cryptocurrency, but a core contingent still see it as having potential.

Attitudes to cryptocurrency are mixed in the millennial generation, with 27% now investing less due to the rising cost of living, while 23% are investing more. The total percentage of millennial investors with holdings in cryptocurrency has stayed approximately the same over the last three years, at 21% (20% in 2019). This is in stark contrast to baby boomers, of whom only 4% have money invested in cryptocurrency.

However, all respondents recognised the risks of cryptocurrency, with only 6% saying it would keep investments best protected, far behind cash, property, bonds and equity funds. A number of respondents stated that they 'didn't know' the best place to protect their assets right now, with some suggesting a 'diverse portfolio' would be a sensible choice.

"Cryptocurrency is a volatile asset class and, understandably, is currently suffering from a weakened level of confidence. However, cryptocurrency is still in its infancy and will no doubt form a significant part of the financial services industry in the future."

Christian Massey, Head of Private Wealth

Q31A/B. We would welcome any comments on why you've chosen to invest more / less in cryptocurrency at this time.
Base: 116 respondents

Perceptions of cryptocurrency

"It's the future of finance"

"I think it's risky"

"Not so heavily affected by the economic crisis in the UK"

"I don't understand cryptocurrency"

"Cryptocurrency is going to be huge in the next few years"

"It's an unregulated, unsafe concept"

Sustainability and investment

sectiontwo

Increased awareness of ESG isn't impacting individual investment choices

Major investors are focusing more on Environmental, Social & Governance (ESG) and sustainable assets, but this isn't yet being reflected in individual investment choices.

Our 2019 survey found that affluent millennials appeared to be conflicted over the value of impact investments and highlighted a considerable gap between their positive perceptions of them, and their actual levels of investment. Although a clear majority agreed that they felt a responsibility to use their money to have a positive impact on the world (73%), only 16% said that they have actually invested in sustainable or social impact funds.

Our latest research found that less importance is being placed on the sustainability of investments, with only 14% of all respondents stating that social environmental impact is a primary consideration when investing.

The biggest gap was between millennials, where 22% noted it as a primary consideration, and baby boomers, where just 6% considered it a primary factor.

This generational gap was highlighted by 43% of baby boomers stating that social and environmental impact has never been a consideration in their investment decisions.

More people from the baby boomer generation stated sustainability was not a factor when choosing investments (39%) than millennials and Gen X combined (29%).

The data shows increasing positivity towards sustainable investing as generations get younger, possibly indicating a real opportunity for sustainable investing to come of age and be a deciding factor in investment choices of millennials and the generations that follow.

Well over half (62%) of all respondents stated that ESG credentials were an important factor when choosing a financial advisor (42% somewhat and 21% very important). This presents an opportunity for those financial management consultancies that are able to clearly demonstrate their ESG credentials to prospective clients.

"Clearly there is a significant importance placed by clients on ensuring that the people advising them are practising what they preach. At Michelmores we believe that sustainability is absolutely critical to our path for securing a positive future for our clients."

Jonathan Kitchin, Partner,
Commercial and Regulatory Disputes

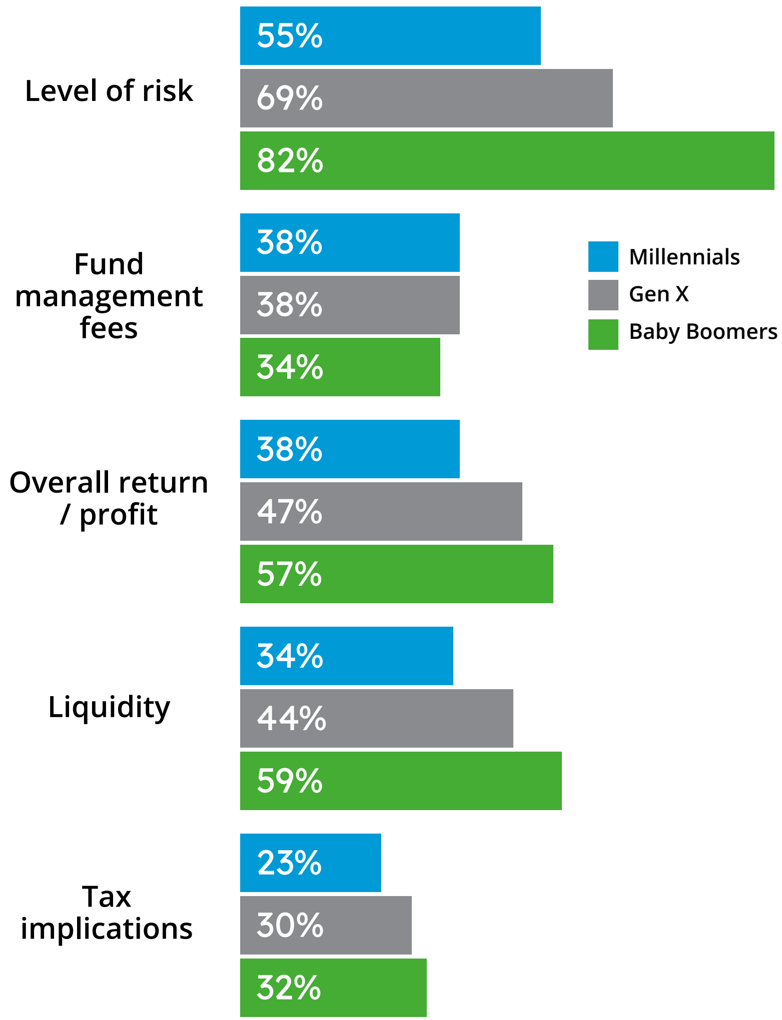
Attitudes to risk have moved social and environmental impact down millennials' consideration list

When looking at millennials, baby boomers and Gen X combined, 29% stated they had the same amount of funds with a social and environmental impact as two years ago.

However, if we look at how millennials are investing their money, almost half (49%) stated that they now invest more heavily in funds with a social and environmental impact than they did two years ago.

Despite millennials being the age group with the highest percentage noting social environmental impact as a primary consideration, and who are investing more heavily in social impact funds than two years ago, the research found that whether a venture will have a positive social or environmental impact is in fact less important to them (11%) than in 2019 (30%). Factors such as risk (55%), management fees (38%) and liquidity (34%) were all ranked as more important by millennials.

Most important factors when considering how to invest



Q8. Which of the following, if any, are / would be important to you when considering how to invest your money?
Base: All respondents (n=1500)

Investors are divided on the importance of investing in sustainable assets

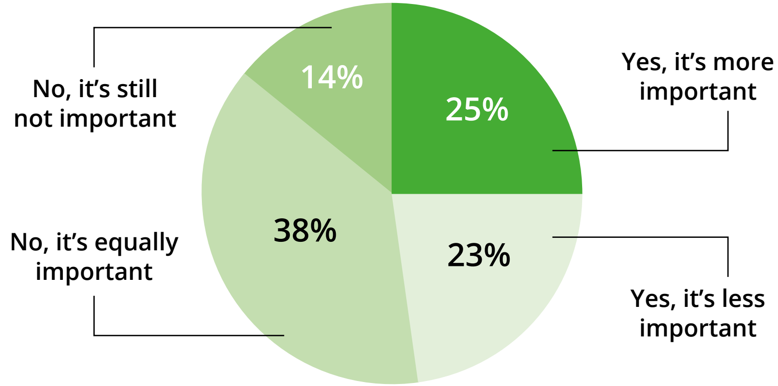
Almost half (48%) of respondents stated that the increased cost of living has changed how important it is that they're investing in sustainable assets, but respondents were divided in their attitudes.

The current cost of living increase has fuelled the debate about whether UK investors should be investing in sustainable businesses in the UK, for example those providing sources of renewable energy and sustainable food supplies. 21% of respondents said they're investing more in sustainable businesses in the UK due to the current situation.

"It's not surprising that people are less inclined to prioritise social impact investments when faced with economic uncertainty – it is hard to go green when in the red. Despite this, sustainability continues to rise up the agenda for corporates and consumers alike."

Charles Courtenay, Partner, Commercial and Regulatory Disputes

Has the current cost of living increase changed attitudes to investing in sustainable assets?



How has the increased cost of living affected the level of investment in sustainable businesses in the UK?

- **21%** Investing more in sustainable businesses
- **20%** Investing less in sustainable businesses
- **59%** Investing the same amount in sustainable businesses

Q20. Has the current cost of living crisis changed how important it is that you're investing in sustainable assets? Base: All respondents (n=1500)
Q21. Has the current cost of living crisis affected whether you would invest in sustainable businesses in the UK? For example, those providing sources of renewable energy and sustainable food supplies. Base: All respondents (n=1500)

Sustainable investments generate same return as other investments for majority of respondents

Just over half (52%) of respondents said they would choose to invest in sustainable assets only if the return is equal or higher compared to other investments.

For the majority of respondents (89%), sustainable investments have generated the same level of returns as their other investments (23% often and 59% occasionally). Despite only 11% stating that they had not received the same level of returns in sustainable investments as their other investments (and 7% of respondents not knowing), only 14% have over 21% of their portfolio in sustainable investments.

When respondents were asked why they did not currently have any sustainable investments when they had suggested they would accept some reduction in returns to invest in sustainable assets, several stated that they were not currently in a position to do so financially, perhaps indicating they saw sustainable assets as higher risk.

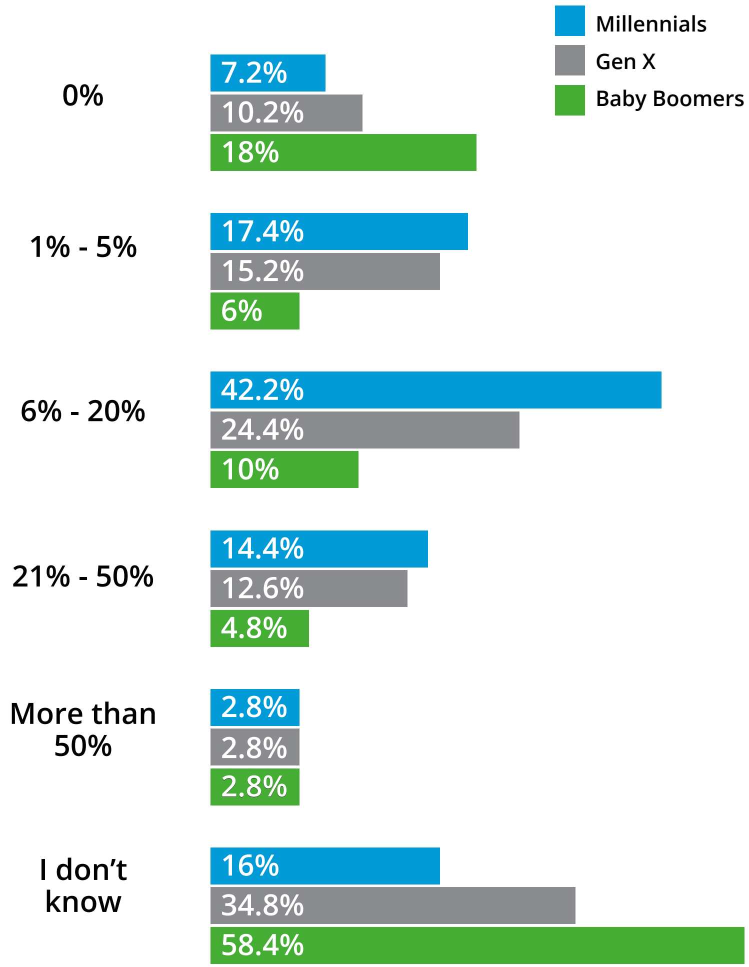
Millennial women were more likely than men of the same age group to accept some reduction in returns when investing in sustainable assets. This indicates that younger women are more likely to be motivated by value-based investing, with less concern about any potential negative impact on fund performance.

"Educating investors about the past performance of impact investments and understanding their goals beyond just financial return is ongoing, and will be aided by more transparent reporting and anti-greenwashing regulations. Investors should have an increasingly clear picture of what they are investing in."

Jonathan Kitchin, Partner, Commercial and Regulatory Disputes

Q16. What proportion of your investment portfolio is in sustainable investments? For example, investments in companies that meet specific environmental, social and governance (ESG) requirements or companies that have a measurable positive social or environmental impact. Base: All respondents (n=1500)

Proportion of investment portfolio in sustainable investments



sectionthree

Property and business

A quarter of respondents see property as the best protected investment in the current economic climate

While only 32% of respondents have a mortgage on the property they live in, 56% of respondents have a mortgage, suggesting that 24% have a mortgage on an additional property or properties. Two thirds of mortgages are due for renewal in the next two years, potentially facing increased lending costs if inflation rates remain high.

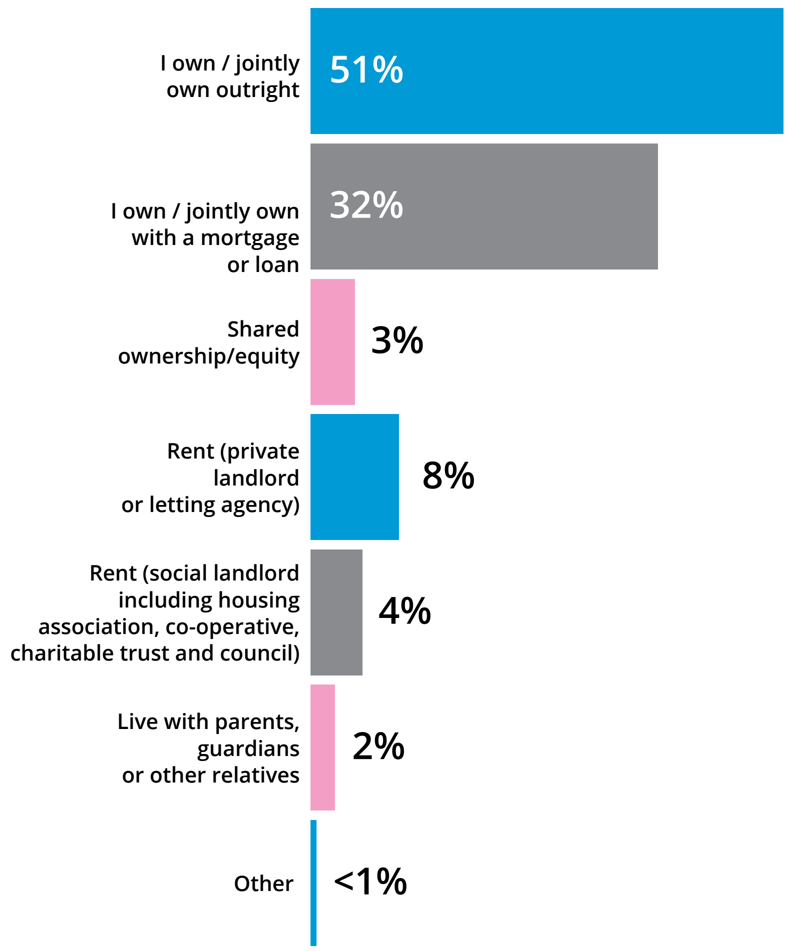
51% of respondents own the property they live in outright. As expected, baby boomers make up half of this number (55%) with less than a fifth (18%) being millennials. Unsurprisingly, those who own their homes outright are most likely to feel comfortable with their financial situation (49% versus an average of 40%). They are, however, also more likely to be risk averse when it comes to making investments (75% versus an average of 69%), most likely due to their reliance on investments as income.

The small minority (3%) of those who own property through shared ownership, on the other hand, are more likely to be millennials (75%), have families with young children (35%) and live in London (41%). They are far less likely to have investable assets from their salary (just 18% versus an average of 53%), are less concerned about investment risk (only 45%) and how easily their investments can be withdrawn or liquidated (just 20% versus 52% of outright homeowners).

The increased cost of living and rising inflation have led to 16% of respondents investing more in property, but also 19% investing less – most likely in order to release equity to provide financial flexibility.

D2. Which of these best describes where you currently live? Base: All respondents (n=1500)

Respondents' current living situation



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The majority of people with investable assets would consider helping friends or family to buy a property. Over a third of respondents (34%) have already helped their children (19%) or other family members (15%) to buy a property. Another two fifths said that they would help their children (32%) or other family members (12%) to buy a property.

When asked why they had or would help their children buy a property, most suggested they helped with a deposit:

- As it was the 'right thing to do'
- To help get them 'on the property ladder'
- To give them 'the best possible start'
- Because 'they wouldn't have been able to afford it' otherwise
- Because 'they didn't want to see them struggle'

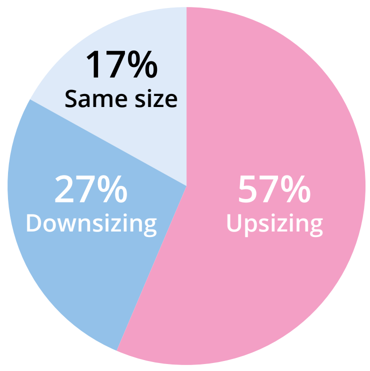
The temporary increase in the stamp duty threshold looks set to unlock property investment

Half of respondents have already bought or invested in property in the last two years. Of these, 8% stepped onto the property ladder for the first time. The rest either invested in their existing property (16%), moved up the property ladder (12%) or bought another property (16%).

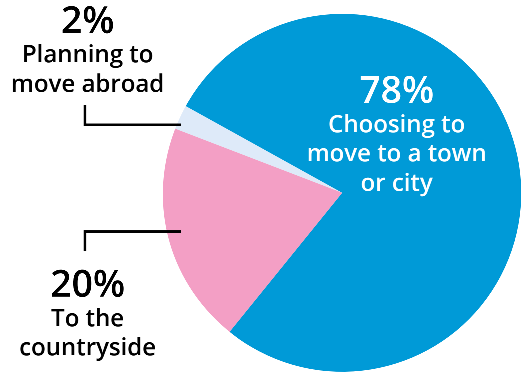
Almost a third of respondents (28%) intend to move house in the next two years with 68% of movers saying that this decision was fully or to a large extent driven by the increased stamp duty threshold announced in the November 2022 budget. Only 23% were already planning to move.

Of those that plan to move, 57% are choosing to upsize indicating that the policy has made investing in a larger house more attractive for a whole new tier of people whose next step properties sat above the previous threshold. 27% intend to downsize, potentially moving to a smaller home in order to cut costs.

Plans to move



Location



Q25b. Which of the following areas do you intend to move to? Base: all respondents stating intention to move house in the next 2 years (n=417)
Q25c. Which of the following best describes the size of the house you're intending to buy? Base: all respondents stating intention to move house in the next 2 years (n=417)

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Economic uncertainty and high London property prices are driving the release of capital

16% of respondents have released equity from property in the last six months, with another 17% stating an intention to do so in the next six months.

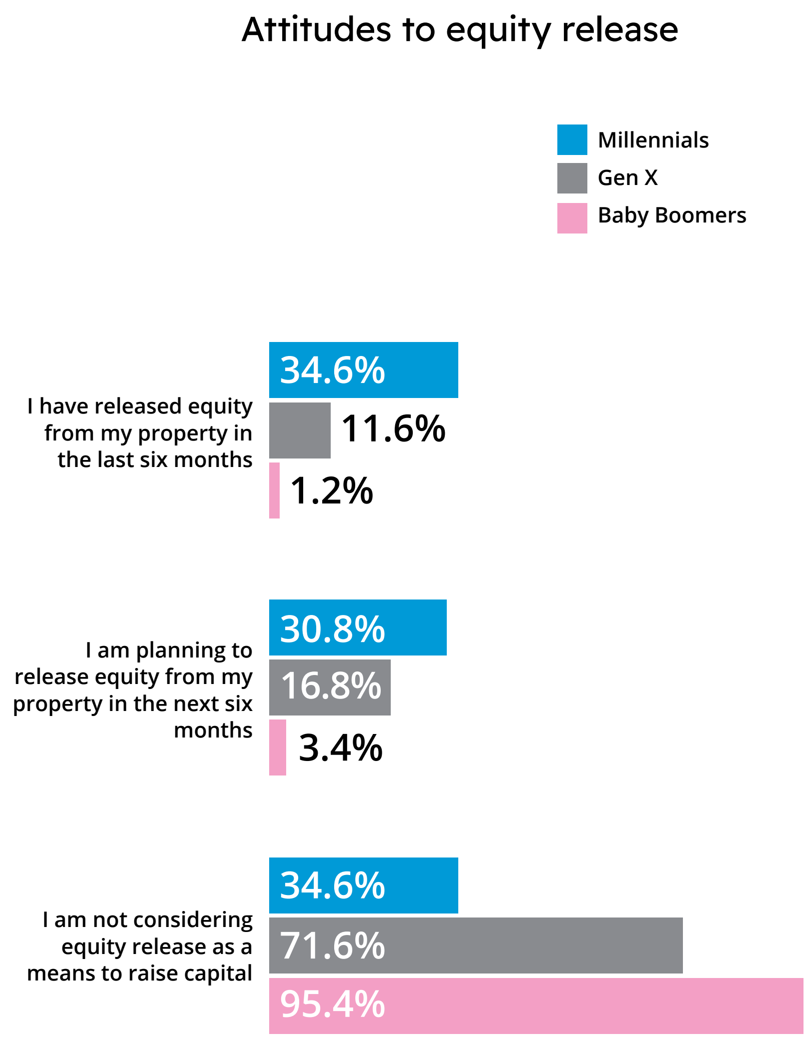
When asked why they had released equity from their property, many respondents stated that the increased cost of living or inflation was a factor and they wanted 'money in the bank', while others needed the cash for renovations or repairs. Several had released equity to allow them to buy a new property.

44% of those who have released equity from their property in the last six months live in London where prices remain well above the national average. The greatest proportion of those saying they'll release equity in the next six months are also in London (24%).

"The data suggests that many view now as a good time to take equity out of their properties to either renovate existing property or invest in additional properties – further evidencing that traditional property investment is viewed as 'safe' in the current climate."

Stevie Wilson, Associate, Private Wealth

Q26. Which of the following statements reflects your views on using equity release as a way to raise capital from your property?
Base: All respondents (n=1500)



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Those with shared ownership of their property are significantly more likely to have either released equity in the last six months (41.2%) or are planning to release equity in the next six months (47.1%). There is likely to be a high correlation here with the cost of property in the capital.

60% of those who have released equity in the last six months have their mortgage up for renewal in the next two years. This high level of short term contracts might reflect high interest rates and a desire for flexibility amid ongoing uncertainty.

"Despite the press over the past few months, the mortgage market isn't as bleak as it can appear, and it is advisable to speak to your financial advisor who can assess the bigger picture in terms of assets held and cash required and advise on the most suitable products and terms."

James Frampton, Partner, Private Wealth

Appetite for business investment is highest among the millennial generation

Almost half (49%) of respondents have invested in a business in the last two years, often citing motivations that go beyond pure financial return.

Although only 6% of respondents own their own business, 49% of respondents have invested in either their own business (28%), an established business (15%) or a start-up (6%) in the last two years.

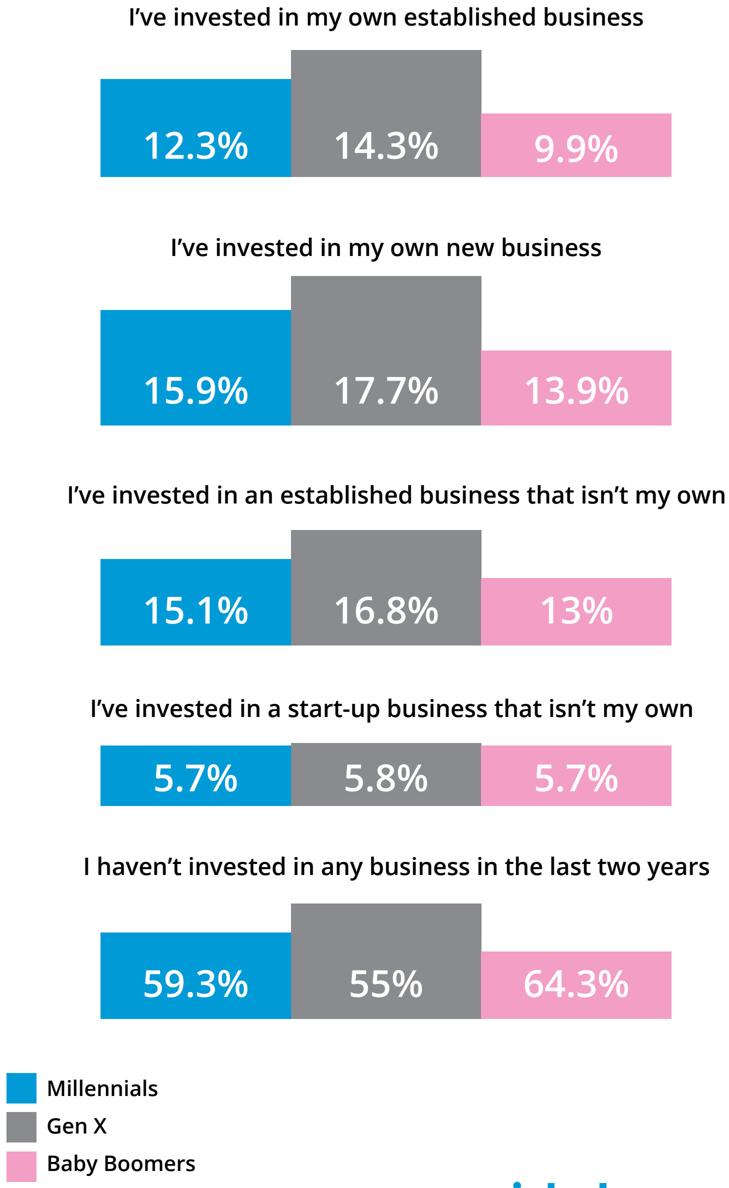
Entrepreneurial millennials were significantly more likely than older generations to have invested in a business, whether it be their own established business (21%), their own new business (32%) or another established business (28%).

When asked about their motivations for investing in a business, reasons stated included:

- Taking the opportunity "to support new businesses in a small way and the chance of possibly making a profit in the future"
- Support for "a renewable venture and so I think that it is the right thing to do and it will offer good returns"

Q5. In the last two years, have you invested more than £1,000 in your own business, a start-up (for example via crowdfunding or an IPO), or an established business?
Base: All respondents (n=1500)

Business investments



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On the other hand, 59% of Gen X and 89% of baby boomers have not invested in any business in the last two years.

The majority (60%) of respondents would consider angel investing, yet only 2% said they are already an angel investor. Perhaps unsurprisingly, interest in angel investing waned in the older generations, with more millennials stating they would definitely consider it (27%) versus 15% of Gen X and just 2% of baby boomers.

More Gen X respondents were already angel investors than the other generations surveyed, but this figure was still low (just 16 people overall). Several respondents noted that they didn't know what angel investments were and a handful of older respondents suggested they were 'too old' to 'wait for a new investment to blossom' and didn't 'take risks' with their money at their age.

"Angel investment is such a fascinating asset class, offering incredibly valuable opportunities for the investor and the investee company. The perception is that angel investment is reserved for the wealthy elite, despite individual investments in a single venture starting from £5,000 - and sometimes as little as £1,000 with the right special purpose vehicle in place. Like anything, raising awareness is key to growing this asset class and making it more accessible to individual investors and potential investors and to start-up and scale-up businesses. The data suggests that businesses seeking investment should target their efforts at affluent millennials, who are most likely to have a longer-term outlook and the appetite to become an angel investor."

Chloe Vernon-Shore, Senior Associate, Commercial

Age and investment behaviour

While similarities remain, our data reveals that each generation takes a different approach to choosing and managing their investments

Millennials are far more confident in their investment knowledge than the older generations, with 46% describing themselves as 'expert' or 'advanced' compared with just 26% of Gen X and 13% of baby boomers.

This might be due to younger generations seeking advice from a broader range of sources than those aged 56-78, and in turn feeling more well-informed in their decision making process. Our research found that 64% of baby boomers conduct their own independent research. With 47% of the older generation describing their investment knowledge as 'rudimentary' or 'beginner', and only 33% seeking advice from financial advisors, it's possible that by not reaching out for advice, many baby boomers are missing out on potential investment gains.

In contrast, while almost half of our millennial respondents conduct their own research (43%), they also seek advice from family and friends (49%), use online/mobile investment management platforms (41%), seek professional advice from other advisors, such as lawyers (22%) and consult social trading platforms/e-communities (11%).

"The data suggests that millennials are more likely to be drawing information from multiple sources, potentially allowing them to make more informed choices. Now more than ever, investors should be proactive about seeking professional advice to ensure they are getting the right balance of risk and reward and that their investments are tailored to their needs."

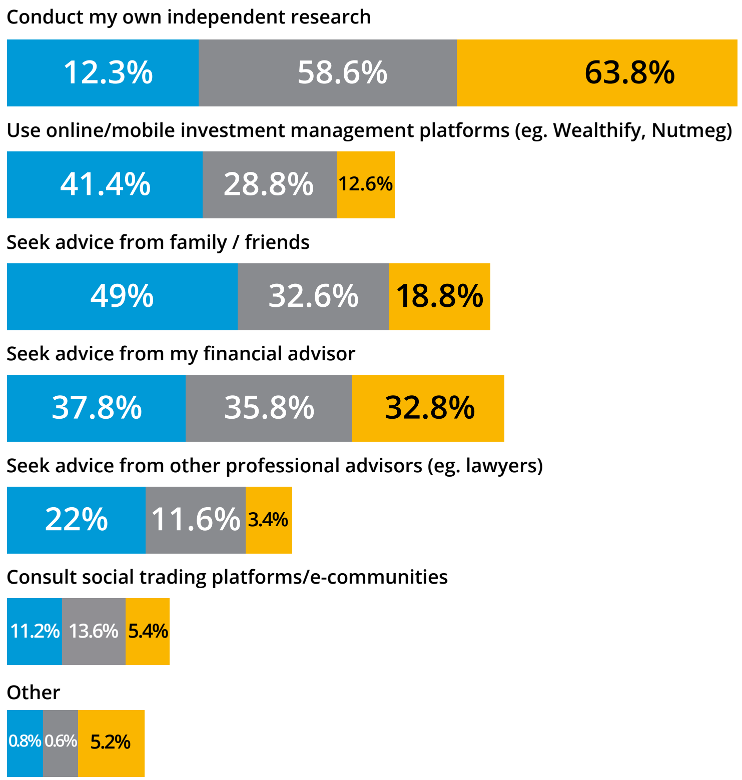
Richard Cobb, Senior Partner

Q9. How do you select which investments to make? Base: All respondents (n=1500)

49%
Almost half of investors used a single source to select which investments to make

This was also subject to a generational divide:
62% of baby boomers used a single source compared to 47% of Gen X and 38% of millennials

How each generation selects their investments



Millennials are more likely to use technology to manage their investible assets

One third (32%) of respondents use a digital platform to select investments, for example an online or mobile management system, social trading platform or e-community.

A much higher proportion of younger investors used tech in this way compared to investors aged 58-76.

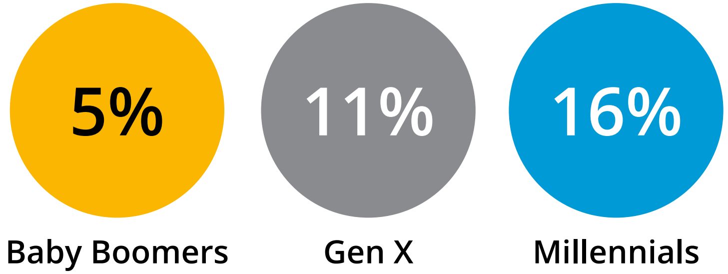
However, it is interesting to note that fewer millennials (11%) are consulting social trading platforms or e-communities than in 2019, when a quarter (27%) of respondents said they used this as a way to manage their money.

“Millennials are digital migrants but Gen Z and the generations which follow them are digital natives who are unlikely to have the same degree of loyalty to providers of financial services as earlier generations and will increasingly rely on non-traditional means of advice and recommendation. Providers of financial and legal services will need to evolve their offerings to recognise the flexibility and choice demanded by future generations as well as significant changes in career patterns. They will also need to adapt to greater risk of churn in their customer base.”

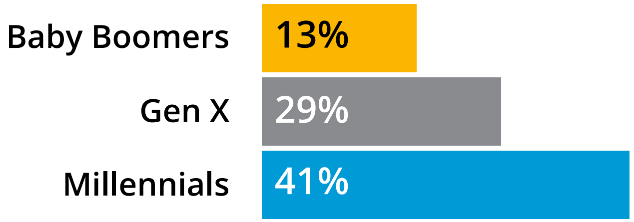
Anne Todd, Partner, Commercial

Q9. How do you select which investments to make? Base: All respondents (n=1500)

Use of digital platforms to manage assets



Use of mobile investment management platforms (eg Wealthsimple, Wealthify, Nutmeg) to select investments



The gender divide

27% More men than women use a digital platform to select investments

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Family and friends remain influential on investment decisions

Over one third (38%) of respondents say that their parents / their parents' generation are most influential on their investment decisions, though this increases in younger generations, with the majority (53%) of millennials making this statement. Baby boomers were the least likely generation to seek advice from family and friends (19%) versus 33% and 49% of Gen X and millennials respectively.

Looking specifically at the Millennial generation, who are most influenced by the older generations, almost all (91%) of those informed by their parents also seek advice from financial advisors, which demonstrates that younger investors still view advisors as important but are seeking both a personal and trusted source of information when making investment decisions.

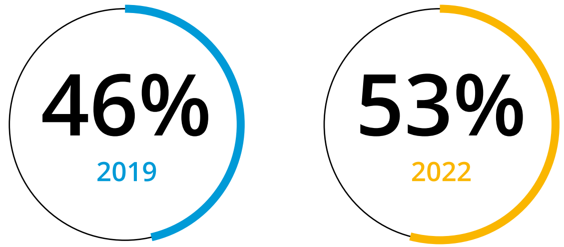
61% of baby boomers are more likely to be influenced by their peer group, while Gen X are influenced fairly equally by both their peer group and their parents (44% and 40% respectively).

Millennials are likely to be influenced by their children to a greater extent than the older generations, at 23%, with the majority of that number (60%) having children aged five to 16 at home.

The news was a more important influence for younger investors, informing decisions of 21% of millennials compared to 15% of Gen X and just 4% of those aged 58-76.

Q10. To what extent, if at all, do parents / friends inform how to invest your money? Base: All respondents (n=1500)

Millennials' investment decisions influenced by friends or parents



80% A large majority of those influenced by their parents also state that a personalised approach to investments is important to them

The gender divide

Women are 36% more likely to want a personalised approach to their investments. This is particularly true of millennials, where 85% of women said it is fairly or very important to them

Types of investment differ by age, with risk a likely factor in decision-making

Baby boomers are more likely to have money in cash or savings accounts (80%) than Gen X (59%) or millennials (43%).

Though despite having the cash available, millennials (70%) and Gen X (59%) are much more likely to invest in financial products and schemes in the next year than the older generation (44%). Of those choosing to invest, there was real disparity between the types of investment chosen between each generation.

The level of risk of investments is noted as the most important factor by respondents of all generations but this is especially evident in the Baby Boomer generation, where 82% of respondents selected this as an important consideration.

Peer to Peer lending platforms are more popular with the younger generations, waning to just 1% of baby boomers from 8% of millennials. Additionally, only 1% of baby boomers have money invested in crowdfunding versus 5% of Gen X and 9% of millennials. While these numbers aren't high, it demonstrates that younger generations are more willing to take a risk with their investments.

Investments in life insurance dropped as respondents got older, from 38% of millennials, to 25% of Gen X to just 1% of baby boomers. Take up of life assurance followed a similar pattern.

"It is understandable that the older generation are more likely to stick to traditional investments with proven returns while, in contrast, millennials and Gen X are more likely to show interest in newer forms of investment."

Christian Massey, Head of Private Wealth

Q8. Which of the following, if any, are / would be important to you when considering how to invest your money?
Base: All respondents (n=1500)

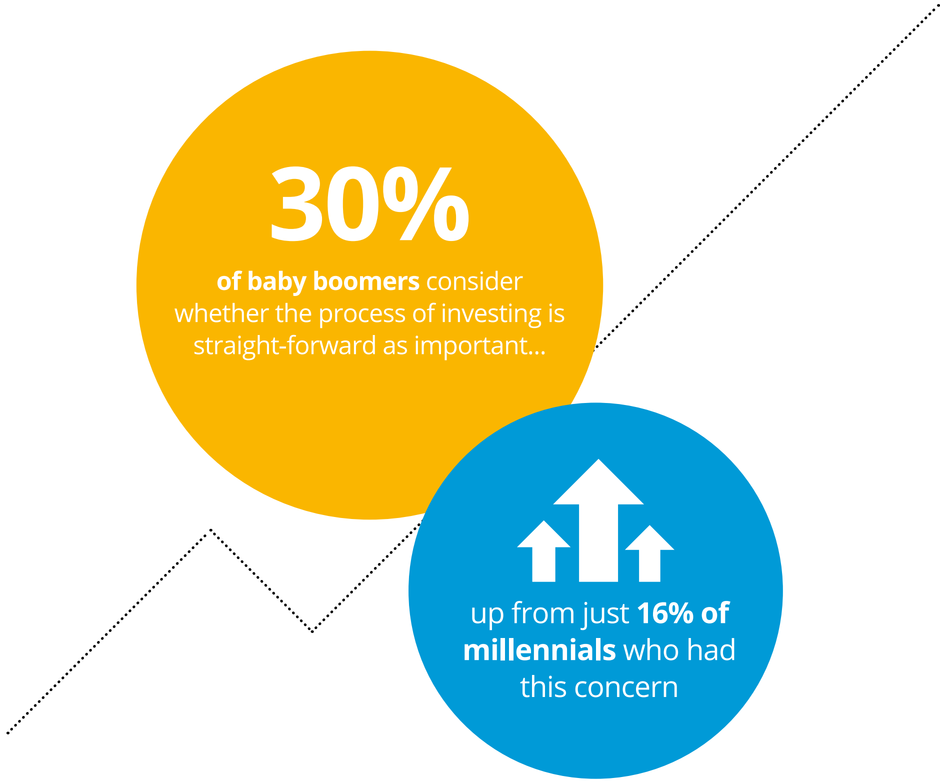


Table showing where each generation currently has money invested

	Total	Millennials	Gen X	Baby Boomers
Cash/savings accounts	60.4%	42.6%	59.0%	79.6%
Cash ISA's	56.9%	55.0%	56.2%	59.4%
Stocks and shares ISAs	39.1%	42.4%	39.4%	35.6%
Shares	36.1%	37.2%	36.6%	34.6%
Pension – where somebody else (e.g. your company) makes all the investment decisions	33.3%	23.6%	40.2%	36.2%
Pension - where you personally make at least some of the investment decisions about it yourself	29.1%	21.8%	36.2%	29.4%
Life insurance (i.e. cover for a specific term, e.g. a year)	23.6%	38.2%	25.2%	7.4%
Property	23.4%	24.0%	25.6%	20.6%
Life assurance	21.3%	31.8%	20.2%	11.8%
Investment trusts	17.3%	18.0%	18.2%	15.6%
Cryptocurrency	15.6%	21.2%	22.0%	3.6%
Mutual funds	11.3%	13.0%	13.8%	7.2%
Fixed income securities	7.7%	13.2%	7.0%	3.0%
Equity funds	7.4%	9.8%	7.6%	4.8%
Corporate or Government bonds	7.4%	7.6%	6.0%	8.6%
Private investments (i.e. unlisted companies, a friend's business)	7.3%	10.2%	9.0%	2.8%
Commodities, e.g. gold or silver, fine wine, art	6.5%	6.2%	9.0%	4.2%
Insurance company funds	5.5%	9.2%	5.4%	1.8%
Tracker/Index funds	5.5%	6.6%	6.8%	3.0%
Peer-to-peer lending platforms	5.1%	7.8%	6.0%	1.4%
Crowdfunding	5.0%	9.4%	4.8%	0.8%
Sustainable/social investment funds	4.3%	7.0%	4.6%	1.2%

Perceptions of investment options

"Interest rates are rising so bonds are a good option"
Female, aged 68

"Equity funds offer better prices and more opportunity for real returns and dividends"
Male, aged 44

"I invested in a new business because I have seen a gap in the market and the potential to make money"
Male, aged 38

"I invested in cash to have more of an emergency fund to cover the rising cost of living and reduction in investment performance"
Female, aged 42

"I see greater returns opportunities within the crypto world"
Male, aged 55

"I believe my assets will be best protected in a well-diversified portfolio containing alternative assets as well as equities and bonds. i.e. property, commodities, infrastructure, renewable assets, gold (all via investment trusts or ETFs)"
Male, aged 39

Summary

The insights into changing attitudes to money and investing that we've explored in this report highlight the differing approaches to money between generations and how millennials' attitudes to investing are driving future investment trends.

Since our millennial wealth report in 2019, we've come through a global pandemic and are looking at a very different world. One positive to come of the pandemic was that it drove more people to get their financial house in order, for example arranging wills and taking a more future-focused approach to their financial decisions.

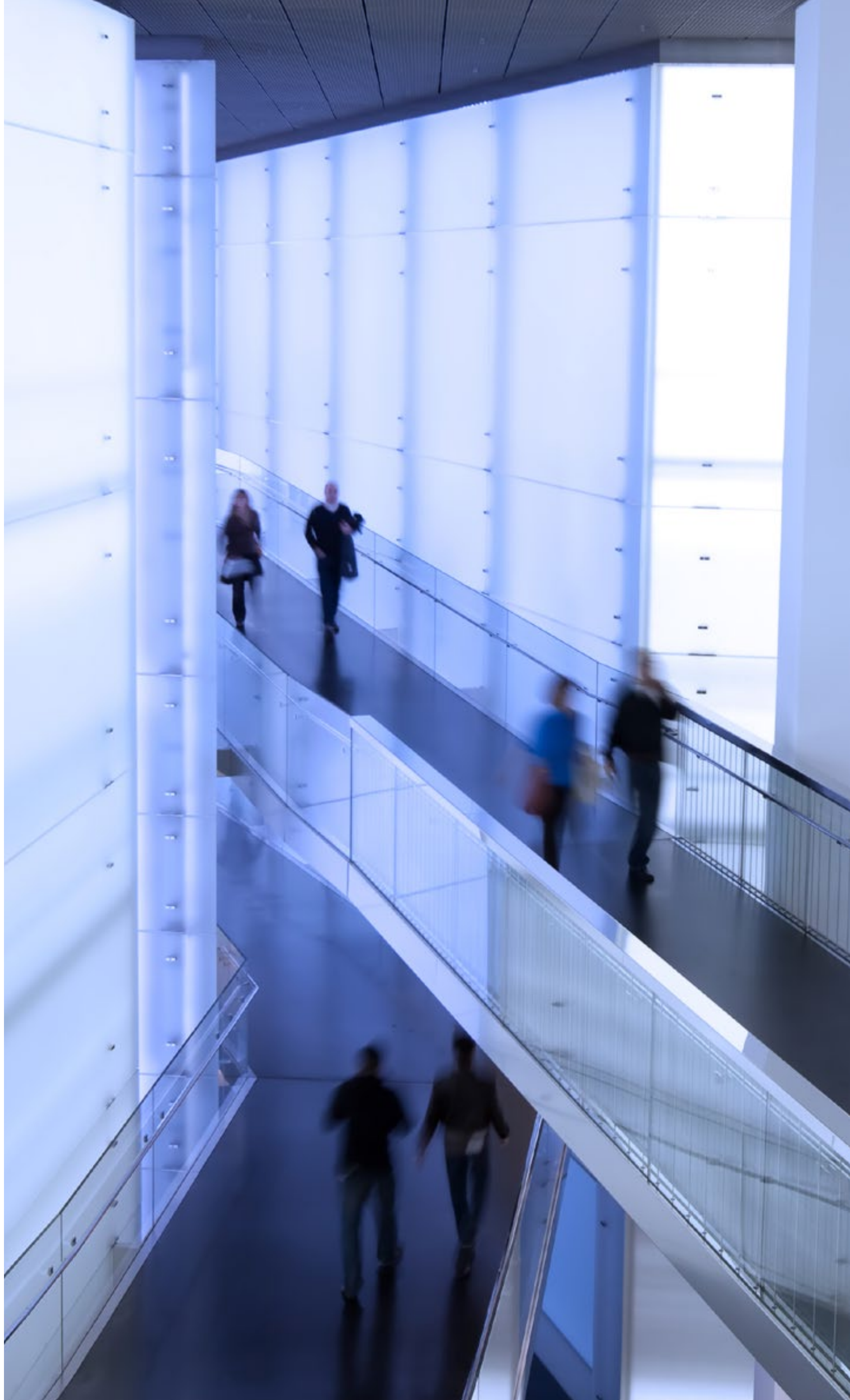
However, it's interesting to see how the forecasted global recession has impacted even those who have money available to them – following the crowd by changing purchasing habits and scaling back on what might be perceived as riskier investments. For millennials, this is likely to be the first time they have faced a major shift in the economic climate when their money was at stake, meaning they will be less aware of the cyclical nature of such events and therefore how best to ride the storm.

It's therefore unsurprising that assets seen as more secure are of most interest in the short term, but it will be important for advisors not to let investors of any generation forget about their longer term plans. Now, more than ever, seeking professional advice to inform investment choices is fundamentally important.

We hope that the information provided in this report leaves advisors well placed to give rounded advice to help investors see the bigger picture and take an open-minded and future-focused approach to their investments.

If you would like to discuss any of the findings in the report, please do get in touch.

Christian Massey, Head of Private Wealth



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