



BEYOND BABY BOOMERS

—
7 Tips to Prepare for the Rise of Millennials and Gen X Investors

GLOBAL X

by Mirae Asset

—
Beyond Ordinary ETFs™

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BEYOND BABY BOOMERS

7 TIPS TO PREPARE FOR THE RISE OF MILLENNIALS AND GEN X INVESTORS

A seismic demographic shift is underway as the Swing and Baby Boomer generations yield to Gen X and Millennials as the engines of earning, spending, and saving in the US. The implications of this shift will broadly impact the economy from health care to real estate to consumption.

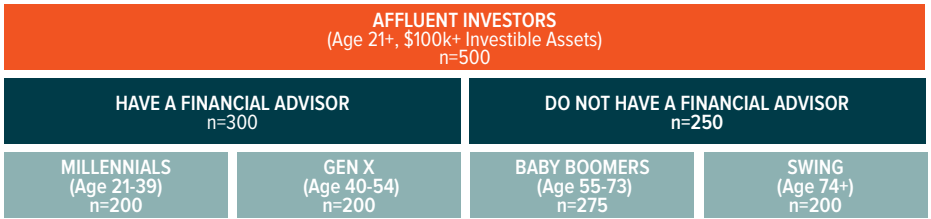
The wealth management industry sits at the intersection of these changes, as advisors must simultaneously cater to the needs of Swing and Baby Boomer retirees, while appealing to younger generations of clients who are set to inherit or build their wealth over the coming decades. Advisors looking to grow their business face a particular challenge where their wealthiest clients are likely now in, or will soon be entering, the decumulation phase of their portfolios. This presents a headwind that is further compounded by an expected \$30 trillion transfer to Gen X and Millennials from their parents.

To assist financial advisors with navigating these momentous changes, Global X partnered with Engine, a leading market research provider, to survey affluent investors in Q2 2019. Our goal was to shed light on the key differences of behavior, education, and outlook among generations when it comes to investing and financial advice. With this information, we believe advisors will be better prepared to serve the diverse needs of their increasingly multi-generational client base.

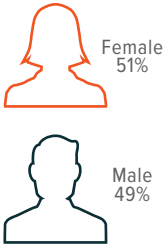


Survey Participants

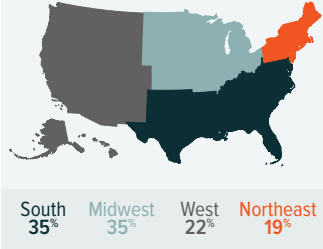
To gain a better understanding of affluent investors, we surveyed a representative group of 500 investors over the age of 21 and with more than \$100,000 in investable assets. We further surveyed 300 affluent investors with a financial advisor and 250 without to understand how preferences and financial education may vary based on whether an investor is currently working with an advisor or not. And last, our survey included 200 Millennials, 200 Gen Xers, 275 Baby Boomers, and 200 from the Swing generation, to gain a better understanding of intergenerational differences.



GENDER



REGION

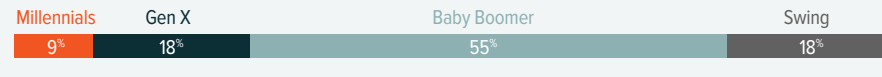


EDUCATION LEVEL

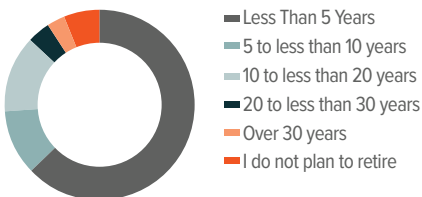
Q: "Which of the following best describes your level of education?"

Some High School	–
High School Graduate/GED	10%
Some College or Trade School	18%
Associate's Degree/Trade School or Junior College Graduate	7%
College Graduate	34%
Graduate Degree	30%

GENERATIONAL SEGMENT



EXPECTED TO RETIRE



INVESTIBLE ASSETS

Q: "Which of the following best describes your total investable assets, including any retirement-focused (e.g., 401K, IRA, etc.)?"

\$100k to less than \$250k	23%
\$250k to less than \$500k	26%
\$500k to less than \$1M	19%
\$1M to less than \$5M	30%
\$5M or more	2%

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1 Build Retirement Planning Confidence

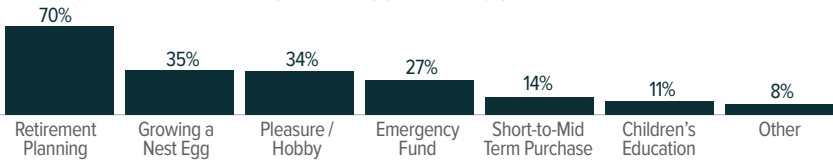


While the vast majority (70%) of affluent investors are focused on retirement planning, they have the least confidence in successfully reaching this goal. By comparison, they have among the highest confidence in reaching their goals for investing in pleasure/as a hobby.

This demonstrates a clear area for an FA to provide value to his or her clients: help affluent investors reduce their overconfidence in pleasure/hobby investing and formulate a well-constructed retirement plan to alleviate retirement concerns.

PRIMARY INVESTMENT/SAVINGS GOALS

Q: "Currently, which of the following are among your primary goals?"



CONFIDENCE IN REACHING PRIMARY GOAL (EXTREMELY / VERY CONFIDENT)

Q: "How confident are you about meeting your primary objectives?"



2 Be There to Help During Major Life Events

Among major life events, affluent investors view receiving an inheritance as the most important catalyst for having more assets professionally managed, regardless of whether they already work with an FA or not. Ranked just below inheritance are major career milestones such as retirement or selling one's business.

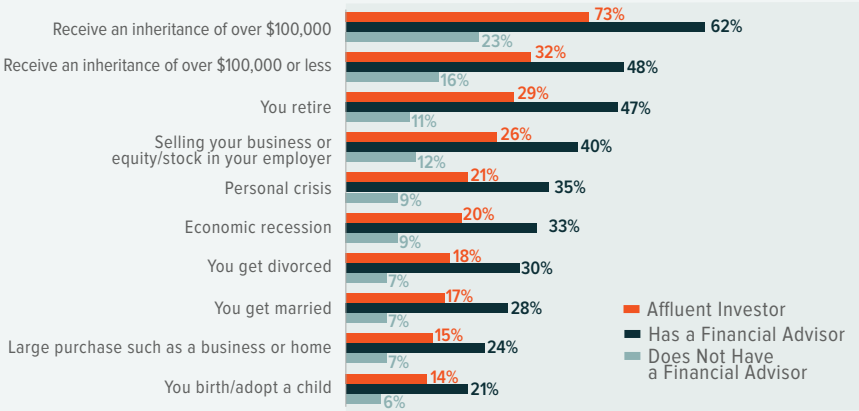
Selling a business or receiving an inheritance can come at various stages of life and often occur in short order. FAs who maintain close relationships across multiple generations of the clients' family, may be best positioned to help during and after these unexpected major events.



IMPACT OF LIFE EVENTS ON FA USAGE

Q: “How likely would you be to significantly increase the percentage of your investable assets managed by a financial advisor during the following life events?”

% DEFINITELY / PROBABLY WOULD INCREASE



3 Don't Sleep on Millennials

Despite the assumption that Millennials may shy away from using financial advisors in favor of apps or robos, they show more interest than other generations in engaging with an advisor after other major life events such as getting married, having a kid, or making a large purchase. Additionally, 1 in 6 Millennials would seek an advisor at any level of investable assets, while nearly half would do so up to \$1 million, showing that they are eager to begin engaging with an FA early in their financial planning.

IMPACT OF LIFE EVENTS ON FA USAGE

Q: “How likely would you be to significantly increase the percentage of your investable assets managed by a financial advisor during the following life events? At what amount of investable assets do you believe having a financial advisor is necessary?”

		Millennials	Gen X	Baby Boomers	Swing
IMPACT OF LIFE EVENTS ON FA USAGE	Receive an inheritance of over \$100,000	50%	52%	42%	35%
	Receive an inheritance of over \$100,000 or less	41%	38%	29%	25%
	You retire	45%	42%	27%	21%
	Selling your business or equity/stock	35%	34%	27%	20%
	Personal Crisis	27%	24%	19%	21%
	Economic Recession	29%	26%	19%	20%
	You get divorced	26%	19%	18%	19%
	You get married	32%	20%	16%	14%
	Large purchase	37%	26%	13%	10%
	You birth/adopt a child	29%	17%	11%	10%
INVESTMENT ASSETS NECESSARY TO WORK WITH AN FA	Any Amount	17%	17%	23%	18%
	Under \$1MM	48%	42%	38%	40%
	Over \$1MM	26%	25%	21%	23%
	No Amount	10%	17%	19%	20%

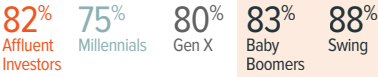
BEYOND BABY BOOMERS

4 Education is Key

As investors age, their experience with managing their finances and tracking the markets and news results in higher levels of understanding investing and risk. While this means Millennials often need more coaching than Baby Boomers, all investors could benefit from more education on the impact of powerful macro level themes relating to global economic growth, the rise of China, the development of disruptive technologies, the global shift towards populism and isolationism, and rising corporate and sovereign debt. In addition, investors without FAs perceive themselves as being more knowledgeable of these trends, highlighting the importance of an FA understanding clients and prospects' financial literacy and comfort.

PERCEIVED KNOWLEDGE (EXPERT/FAMILIAR)

Q: "How knowledgeable would you say you are about investing and risk?"



PERCEIVED KNOWLEDGE (EXPERT/FAMILIAR)

Q: "How knowledgeable would you say you are about each of the following trends? How much of an impact, if any, do the following trends have on the financial market?"

	Overall	Have FA	No FA
Interest rates and central bank policies	70%	70%	71%
Global economic growth	58%	55%	64%
China's influence in the global economy	55%	52%	61%
Populism and isolationism	42%	39%	48%
Disruptive technologies	41%	35%	51%
Sovereign and corporate debt	31%	28%	37%

5 Consider Investors' Opinions and Expectations

Each investor is different; not just with their financial plans, but also in their world view and where they see opportunities and risks. While investors who are neutral on certain topics can possibly be swayed to either see positive or negative aspects, it is unlikely that they will flip entirely from a positive outlook to a negative outlook, or vice versa.

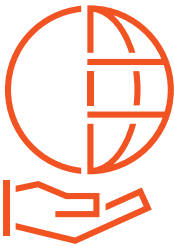
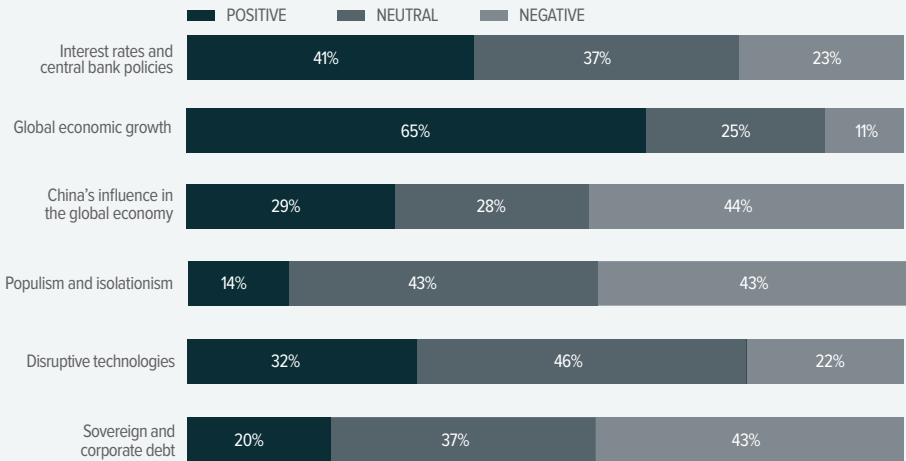
Based on aggregate data, investors are most confident in the positive impact that global economic growth will have on the financial markets at 65%, followed by interest rates and central bank policies at 41%. Investors are most bearish on the impact of China's influence on the global economy, with 44% viewing it negatively.



An opportunity for persuasion may exist in how investors view disruptive technologies. 46% have a neutral opinion on how this will impact the markets, yet many believe that revolutionary tech like robotics and artificial intelligence, electric vehicles, FinTech, and the Internet of Things will play a powerful role in generating long term economic growth.

IMPACT ON THE MARKET

Q: "How much of an impact, if any, do the following trends have on the financial market?"



6 Each Generation Views the World Differently

Millennials and Baby Boomers or those from the Swing generation have quite different opinions of the positive and negative drivers of the market. In general, Baby Boomer and Swing investors are more negative, particularly on China, populism/isolationism, disruptive tech, and sovereign and corporate debt. By contrast, many Millennials are more optimistic and view

these trends as neutral or positive catalysts, with a particular affinity for disruptive technologies. This could present a challenge for intergenerational planning, as FAs may need to formulate a financial plan that aligns family members across generations or help educate those who hold out-of-consensus ideas.

BEYOND BABY BOOMERS

IMPACT ON THE MARKET

Q: "How much of an impact if any, do the following trends have on the financial market?"

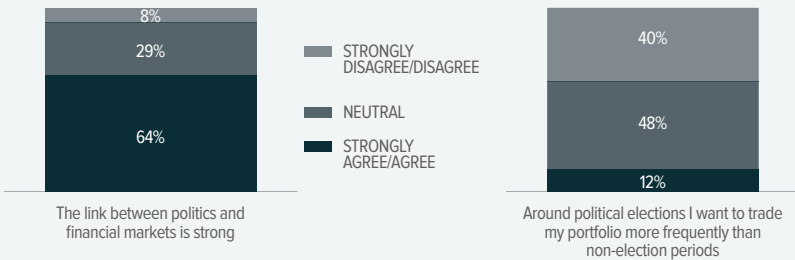
	Positive Impact				Negative Impact			
	Mill.	Gen X	Baby Boomers	Swing	Mill.	Gen X	Baby Boomers	Swing
Interest Rates and Central Bank Policies	40%	37%	40%	52%	17%	23%	26%	18%
Global Economic Growth	61%	68%	61%	73%	5%	8%	13%	6%
China's Influence in the Global Economy	27%	26%	25%	34%	28%	44%	47%	46%
Populism and Isolationism	28%	16%	9%	9%	29%	40%	48%	52%
Disruptive Technologies	44%	36%	27%	32%	13%	15%	26%	26%
Sovereign and Corporate Debt	26%	19%	17%	17%	35%	39%	50%	46%

7 Politics is Top of Mind

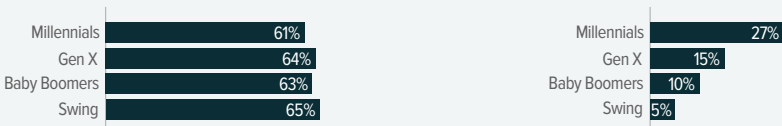
Across generations, investors predominately believe politics has a strong influence on market performance. Yet Millennials feel much more strongly about trading around political elections than older generations. This could again be an opportunity for FAs to educate their clients on sticking to their long-term investment goals and ignoring the day-to-day news and volatility.

POLITICS AND INVESTING

Q: "To what extent do you agree with each of the statements below."



BELIEF BY GENERATION (STRONGLY AGREE/AGREE)





CONCLUSION

As wealth transfers from Baby Boomers and the Swing Generation to Gen X'ers and Millennials, there are both substantial challenges and opportunities for FAs. This year's Beyond Baby Boomers Survey sheds light on a few key takeaways for FAs, including:



Focus financial planning efforts on developing a comprehensive retirement plan and instilling confidence in your clients that these goals will be met.



Key life events, including receiving an inheritance, selling a business, retiring, or getting married, are all invaluable opportunities to help clients and prospects get their financial lives in order.



Millennials are not against working with FAs. In fact, they are quite open to working with advisors early in their adult lives.



Educating clients and prospects on key financial principles and the impact of major macro drivers is often helpful, if not necessary, for clients to better understand their finances and stick to their long-term financial goals.



Consider the biases and predispositions across clients and generations, as many hold different opinions on geopolitical, technological, and macroeconomic trends.

Investing involves risk, including the possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations.

The information provided is not intended for trading purposes and should not be considered investment advice.