



Prudential Investment Managers  
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## Millennials and Investing: What you need to know

*'Millennial' is the term used to describe people born near the dawn of the 21st century – the new millennium. While we're well aware of the dangers of stereotyping generational groups, some revealing truths underlie the generalities. If you fall into the 19 – 36 age bracket (or if you know someone who does), read on to see if you're typical of your generation, and can recognise some of your own spending and investing behaviour.*

### Getting to know yourself

Millennials are now the largest generation in the Western world. In the US they account for 23% of the population, having recently knocked Baby Boomers off the top spot. As there are so many Millennials, and because they live such multi-faceted lives, it's dangerous to make too many generalisations about this group.

It's important, though, to make a distinction between older Millennials (aged 28 – 36) and younger Millennials, with the main difference between the two being the way in which they experience (devour!) technology. While the older group grew up with personal computers and video games, the youngsters were weaned on smartphones and apps.

## Most of these traits tend to apply to the generation as a whole:

- They value family, community and creativity
- They love to participate in the transformation of communication
- They're environmentally friendly
- They've invested more in human capital than previous generations
- They're more likely to study social science or applied arts
- They need to pay off student loans
- They take risks and pursue dream jobs in the early part of their careers
- They value a good balance between work and pleasure
- They love their careers and may even plan not to retire
- They don't wait to travel
- They're less likely to own their homes
- They can favour Bitcoin due to the social element attached to cryptocurrencies

## How do Millennials invest?

Interestingly, Millennials are generally very careful investors as they don't want to experience the same financial losses they've seen their parents and grandparents go through. On average they put away more than previous generations (on average, 18% of their income as opposed to 11% by Baby Boomers, according to a US survey done by BlackRock in 2017). To avoid losses, Millennials can fixate on saving rather than investing – which means they may be too conservative and miss out on the long-term opportunities offered by the higher compound growth from equities and listed property.

Millennials take advantage of social networking platforms, websites, online calculators and mobile apps to do everything from unearthing investment tips to finding financial planners (although they are somewhat sceptical of financial planning professionals). They interpret online information intelligently and quickly, and – with a

few taps of their smartphone screen – commit to investments of their choice.

Millennials tend to be loyal to brands that are technologically savvy. They take responsibility for their own finances and can dedicate up to seven hours every month to monitoring their investments. However, there is a downside to all this technology too: Millennials pay attention to the latest news and can change tack quickly based on current information – not often advisable when it comes to building your wealth.

Millennials will love Prudential's array of online calculators designed to assist in investment decision making:

- [Our Retirement Calculator](#) will assist you to determine how much you need to save every month to make your dream retirement a reality.
- [Our Goal Calculator](#) works out what monthly contributions you need to make to achieve a variety of different goals (car, home, overseas holiday) within a specified period of time.
- [Our Fund Selector Tool](#) helps you select an appropriate fund (or funds) based on your risk appetite and investment time horizon.
- [Our Tax-Free Investment Calculator](#) will show how much tax you could save over the course of your investment by investing in one of our tax-free funds.

And, of course, our online chat box is always there to help should you need any explanations or assistance.

Just remember: our calculators don't provide financial advice. Instead, they are there to foster learning and make you aware of all the variables.

### **The value of precious time (in the investment market)**

We know how precious your time is, but please do consider spending some of it with a financial adviser rather than trying to do your investment planning on your own. Robo advisors can never understand all the nuances of your personal circumstances, with potentially disastrous consequences. By all means check out all of our tools and apps (that's what they're there for), but after you've

done so, set up that appointment with an adviser. They've seen it all before and, like Prudential, they know that often you're better off riding out the storm, rather than abandoning ship at the first sign of inclement weather.

*Prudential has an array of funds for investors at every stage of their financial lives. For more information about our products, simply drop us a line on [query@prudential.co.za](mailto:query@prudential.co.za).*