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Wealthy Baby Boomers Set Standard For Millennials' Wealth Management, According To SEI Survey

OAKS, Pa., Oct. 27, 2016 (GLOBE NEWSWIRE) -- Wealthy Americans have distinct generational approaches to financial decision-making and management, with baby boomers setting a financial standard for millennials, according to new data released today by SEI (NASDAQ:SEIC). The survey, which focuses on Americans with an average $27.7 million of investible assets, reveals that wealthy millennials can learn from their older counterparts when it comes to what influences their investment decisions, priorities, and goals, as well as how they measure investment performance.

A video accompanying this announcement is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/12822cb7-669c-46b6-ab7c-b4e8c9e29b23

Decision Influencers

Successful individuals and families often rely on several sources for advice before making difficult financial decisions. Roughly one-fifth to one-quarter of all respondents feel most confident with a do-it-yourself approach, making their own tough financial decisions; while two-thirds turn to either their families or a wealth advisor. However, the data shows that there is a significant shift away from family and toward wealth advisors as these Americans age. Fifty-seven percent of wealthy millennial respondents feel most confident getting advice from family, compared to only six percent of baby boomers. Meanwhile, 58 percent of baby boomer respondents feel most confident getting advice from a wealth advisor when making financial decisions, compared to just eight percent of millennials.

"It's not surprising that millennials rely primarily on trusted family members after experiencing the post-2007 economy in their early years of financial independence," said Michael Farrell, Managing Director of SEI Private Wealth Management. "Millennials need to learn to trust and verify professional advice and therefore, understand the difference between biased and unbiased advice in order to successfully navigate complex financial decisions."

Measuring Investment Performance

Wealthy millennials and baby boomers fall on opposite ends of the spectrum with regard to their focus on short- versus long-term goals. Despite millennials having the longest investment horizon, the survey found that they are the generation least likely to focus on long-term financial goals. In fact, only 28 percent are committed to long-term goals, while nearly 38 percent are concerned about short-term performance. Baby boomers, on the other hand, are not concerned about short-term performance and are instead focused on long-term goals (52 percent); only 12 percent are concerned about short-term performance.

“There is a level of instant gratification and a false sense of control when you focus on short-term goals, and we see that manifest itself in the approach wealthy millennials take to investment management and measuring performance,” said Jeff Ladouceur, Director of SEI Private Wealth Management. “The reality: Focusing on the short-term is not the strategic way to manage your wealth for a number of reasons, and these survey results point to the complexity of financial decisions for both millennials and baby boomers.”

Priorities, Confidence and Goals

When it comes to defining goals and priorities, there is a distinct difference between wealthy millennials and boomers. An overwhelming 71 percent of baby boomers ranked a comfortable retirement as one of their top three priorities when it comes to setting investment goals. Wealthy millennial respondents were most likely to cite having a better lifestyle for themselves and their families as a top-three priority (49 percent).

“This divergence in priorities is reflective in how each generation measures its investments,” said Farrell. “Boomers are thinking longer term, while millennials are thinking more about their immediate future. The level of wealth these respondents have amassed might suggest that prioritizing retirement isn’t necessary, but it is critical to plan for the unexpected and invest toward long-term goals, as well as short-term priorities.”

When asked what factors hold them back from reaching their financial goals, baby boomer and millennial respondents cited a lack of confidence in their investment skills as the top reason (37 percent and 41 percent, respectively). Furthermore, only 29 percent of millennials and 27 percent of baby boomers take full responsibility acting on their personal investment plan through a do-it-yourself approach.

“Wealthy baby boomers understand their personal wealth management limitations and the value of trusted advice – particularly given the influx of new financial technology and solutions,” said Farrell. “Meanwhile, wealthy millennials lack experience and, often, the guidance of an advisor. It is important for individuals, regardless of their generation, to find a trusted source for data, support and education that can be applied to their own financial situation.”

This is the ninth assessment, co-led by SEI and Scorpio Partnership since 2011, that looks at the issues facing ultra-high-net-worth investors. There will be two more sets of findings in this series that examine the concerns and financial behaviors of high-net-worth Americans, as well as their financial family dynamic surrounding goal setting and decision-making.

Methodology

The digital survey was conducted among 282 ultra-high-net-worth individuals. Forty percent of respondents were younger than 35 years old, 43 percent were between the ages of 35 and 59, and 16 percent were over the age of 60.

About SEI Private Wealth Management
SEI Private Wealth Management helps individuals and families build and execute wealth management strategies based on their unique goals. By leading clients through our proprietary discovery process, SEI helps them identify, articulate and prioritize goals; track financial resources; and organize those resources against their stated goals. SEI tracks clients' progress towards their goals so they are empowered to make effective and impactful decisions around their wealth. As of September 30, 2016, SEI Private Wealth Management has assets under advisement of $1.5 billion. SEI Private Wealth Management is an umbrella name for various wealth advisory services provided by SEI Investments Management Corporation (SIMC). SIMC is a subsidiary of SEI. For more information about SEI Private Wealth Management, visit seic.com/privatewealth.

About SEI
SEI (NASDAQ:SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of September 30, 2016, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $751 billion in mutual fund and pooled or separately managed assets, including $281 billion in assets under management and $470 billion in client assets under administration. For more information, visit seic.com.

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