Millennials - Different than Boomers

Millennials (also known as Generation Y) are individuals born between 1980 and 2000 and represent 30% of Canada's population.[1] Millennials have come of age during a time of dramatic technological advances, increased globalization and economic disruption which has given them a different set of behaviors and experiences than their parents.

How do they differ?

- Millennials focus on short term goals as opposed to building wealth in the long run. The #YOLO (You Only Live Once) lifestyle and work/life balance is very important.
- Millennials are beginning their adult lives with less wealth and more debt than their parents or grandparents. They are not earning as much money as their parents did when they were young and are hitting obstacles of finding suitable jobs after graduation.
- With less to spend, Millennials are delaying commitments like marriage and home ownership. The percentage of young people married and living on their own has dropped by more than 50% since the 1960s.[2]

By 2020, Generation X, the demographic cohort before, and Millennials will control more than half of all investable assets – about $30 trillion.[3]

Yet, nearly 80 percent of Millennials are not invested in the stock market.[4] By not taking a long-term focus on retirement, Millennials are missing out on the power of compounding. There are several reasons for the lack of investment by Millennials, but here are the main ones:

1. **No Disposable Income** – Growing up through one of the worst recessions of the last century, lack of job prospects, and a difficult economy has made it difficult to find money to save and invest.

2. **Not Financially-Savvy** – Many Millennials do not understand the basics of investing, thus can find it difficult to manage their money.

3. **Lack of Trust** – Millennials born between 1980 and 1990 graduated around the 2008-2009 recession. The stock market crash and the volatility that followed scared many. Witnessing tumultuous bear markets during their adult lives have made them more risk-averse and less confident about investing.

Investing doesn't need to be high risk. Alitis Investment Counsel utilizes alternative asset classes as a way to construct less risky, solid performing portfolios. Alternative Investments such as private real estate, private mortgages, commercial loan pools, commodities and carefully selected hedge funds can diversify risks, significantly dampen portfolio volatility and offer the potential for higher returns over the long run. Furthermore, as Portfolio Managers, we have a fiduciary duty to act with care, honesty and good faith, always in the best interest of our clients. Investment decisions therefore must be independent and free of bias.

Time is of the essence. Start investing today!

Natalie Nguyen is the Marketing Coordinator at Alitis Investment Counsel. As a Millennial herself, she recognizes the importance of financial literacy and investing at an young age.

1. Millennials at work, PWC, 2011 https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf
2. Home Is…Where the Parents Are? Young Adults Officially More Likely To Live with Mom than Mrs., Forbes, May 2016 http://www.forbes.com/sites/samanthasharf/2016/05/24/home-is-where-the-parents-are-young-adults-officially-more-likely-to-live-with-mom-than-mrs/#62a3d25a4c1a
3. PricewaterhouseCooper, Rebooting Wealth Management, February 2015 http://www.strategyand.pwc.com/perspectives/2016-wealth-management-trends
4. Harris Poll, March 2016 http://www.businesswire.com/news/home/20160331005749/en/Stock-Market-Investing-White-Men-Millennial-Women