NATIXIS CENTER FOR INVESTOR INSIGHT

Five financial truths about Millennials at 40

Executive Summary

NATIXIS
INVESTMENT MANAGERS

Millennials get a bad rap.

They're not 20-something hipsters obsessed with avo-toast and Instagramable experiences anymore.

In fact, this generation born between 1981 and 1996 is knocking on the door of middle age. As the first Millennials turn 40, it's time for the "grown-up" world to put away the clichés and face up to who they really are.

Results from the 2021 Natixis Global Survey of Individual Investors reveal how Millennials are changing. They're getting married. Starting families. Building careers, growing businesses and running global corporations. Focused on Millennials with $100,000+ in investable assets, this report explores how, with new responsibilities, new opportunities, and a new financial reality, they're setting a new standard for investing.

Truth

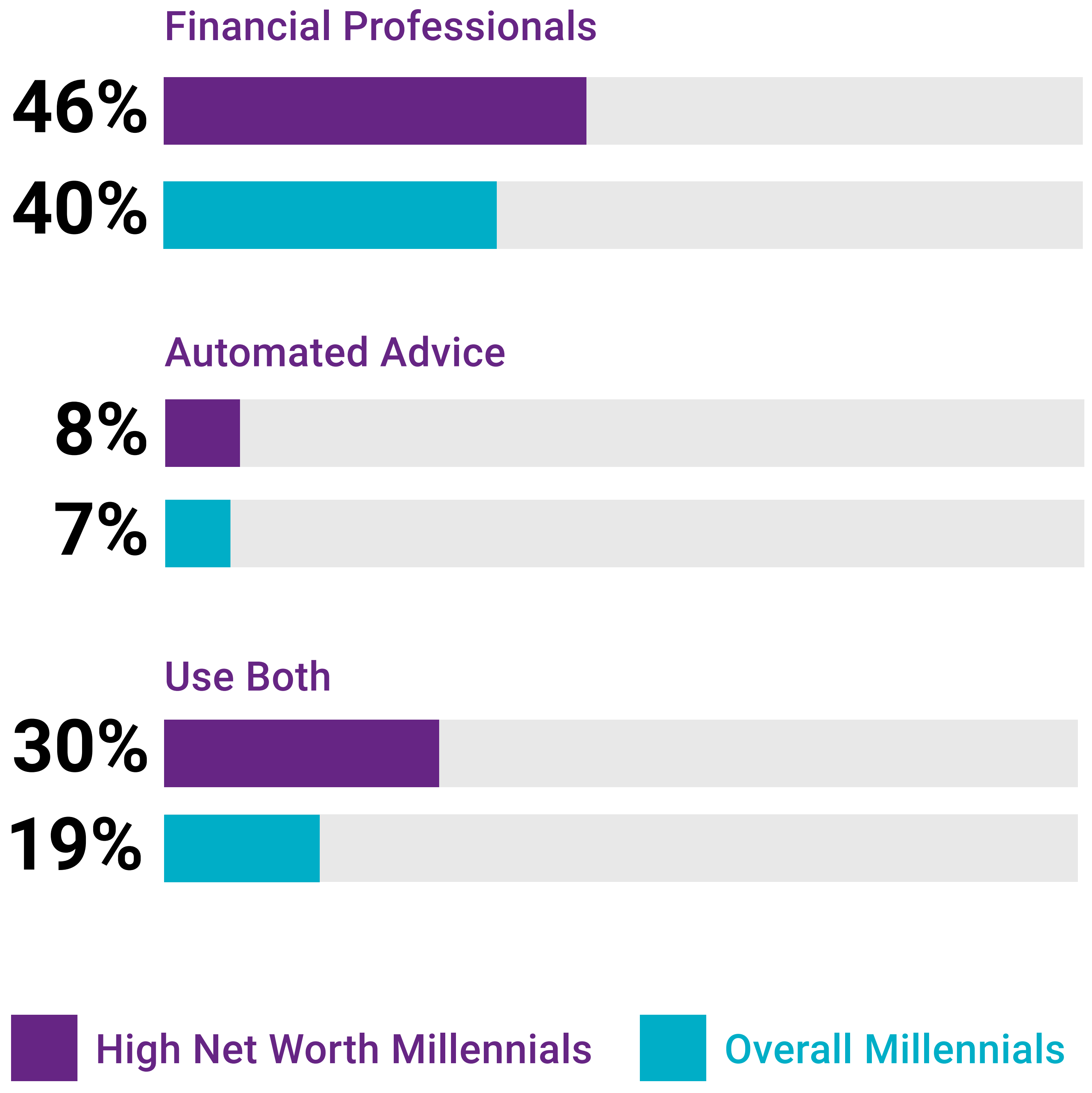
01

Algorithms can't solve every financial problem

Don't assume the digital generation will automatically settle for robo-advice. They're actually more traditional than you might think. Our survey shows that 40% of Millennials choose in-person advice, while only 7% rely on automated advice.

The turn to personal advice may be related to where Millennials are in life. Many are getting married later in life and half of those surveyed have multiple sources of income. Who do they turn to for advice? Nine in ten say they trust their financial advisor. Fewer (81%) trust their family, and only 68% trust close friends. And less than a quarter trust social media for reliable information – surprising for such a digital generation.

MILLENNIALS ARE TURNING TO ADVISORS OVER ALGORITHMS



Truth

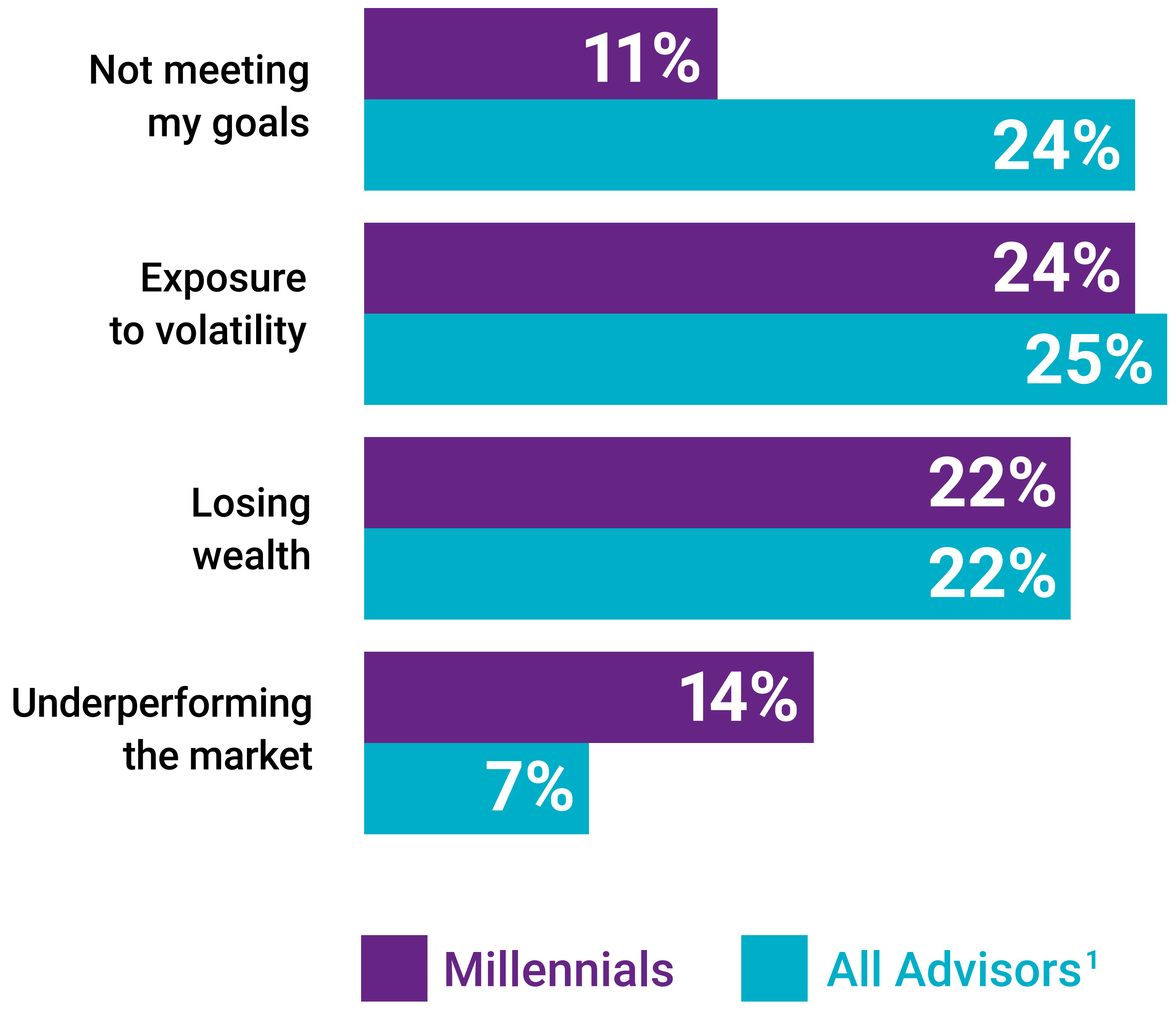
02

Risk is real when there's more on the line

While Millennials report that they're comfortable with more investment risk, that may not be true when the rubber hits the road. Markets have been booming for the last 10 years, and Millennials expect investment returns of 16.3% above inflation. Given that, they may find themselves overexposed to portfolio risk – and get caught by surprise when markets get rocky.

Millennials have come to investing when passive investments like index funds became top sellers based on the proposition of delivering market returns at a lower fee. 7 in 10 understand that passive will give them market returns, but many may still be making the wrong assumptions about what they can do.

MILLENNIALS AND FINANCIAL ADVISORS THINK DIFFERENTLY ABOUT RISK



Truth

03

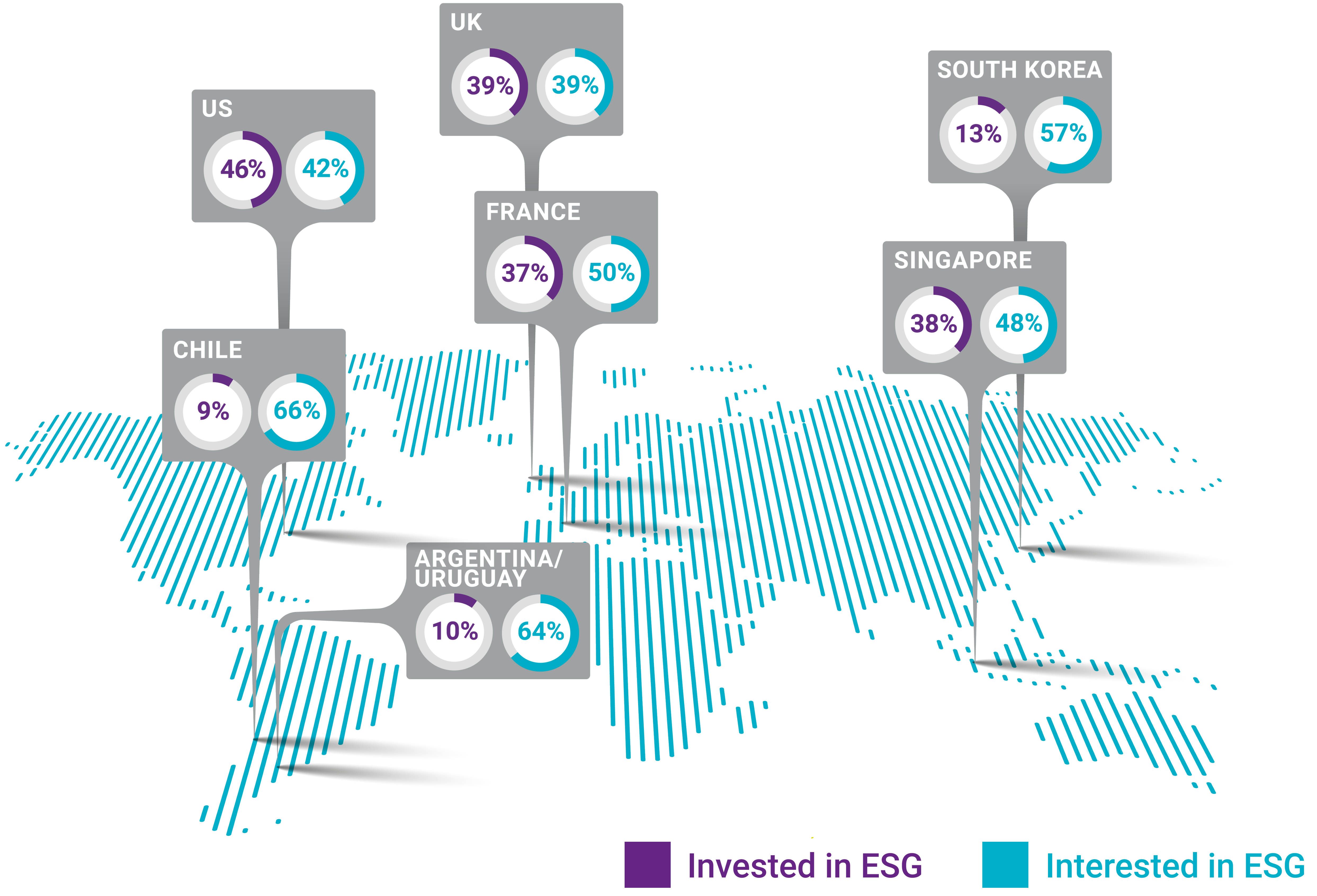
You don't have to sell out to be a capitalist

When Millennials think sustainable investing, they want to change the world – but they also want returns. They think ESG (environmental, social, and governance) is a better way to invest, one that creates better opportunities. But while many are interested in ESG investing, 41% say they need more information before they commit.

Overall, 78% of Millennials consider investing a way to make an impact. 63% believe they have a responsibility to use their investments to help fix societal issues. Eight in ten say companies share that responsibility.

Activism isn't the only lens that Millennials apply to ESG investing. In fact, only 36% say they ask their financial professionals to screen out companies they don't want to invest in because they conflict with their personal values. They actually view ESG factors alongside fundamental analysis of financial factors.

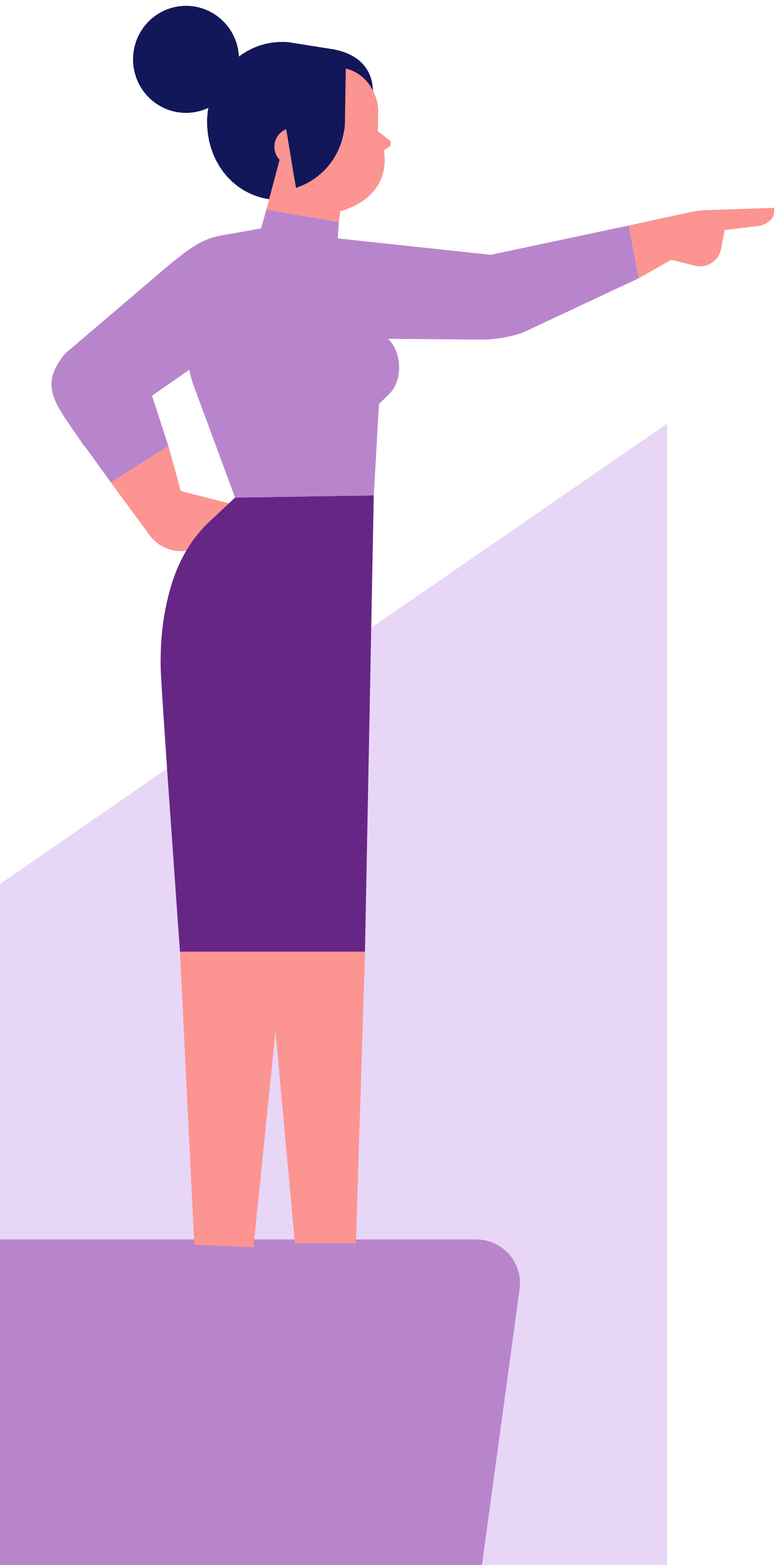
ESG: FOR EVERY MILLENNIAL INVESTED ANOTHER IS INTERESTED



Truth

04

Retirement feels a lot closer at 40



Millennials have saved a lot, and they're feeling confident. And rightfully so. Despite this, they're still worried about everything from inflation to how long they'll be able to hold their job. In fact, 48% of high net worth Millennials say "It'll take a miracle" to retire securely – and those are investors who have amassed median assets of $2 million.

While they're optimistic and plan to retire early at 60, they have their share of concerns. 76% of Millennials say they are responsible for funding their own retirement. 47% believe they'll never have enough money to retire.

That said, they have median retirement savings of $150,000, with balances among affluent Millennials trending higher in the UK ($350,000) and Singapore and the US ($250,000).

MILLENNIALS HAVE A LOT TO BE CONFIDENT ABOUT WITH RETIREMENT

Plan to retire at 60

Save 17% of annual income for retirement

70% are confident they'd be financially secure in retirement

BUT THEY ALSO HAVE REASON FOR CONCERN

72% are worried about inflation

66% say they might need to work longer than they thought

63% worry they won't be able to generate income

55% worry they won't stay employed as long as they want

72% say that high public debt may result in reduced benefits

51% are so stressed, they avoid thinking about retirement entirely

Overall, Millennials estimate only living 23 years in retirement, which may be low

Truth

05

Pandemic habits are reminders of financial basics

The pandemic has Millennials reevaluating their financial behavior and habits. In fact, 22% experienced a serious financial setback as a result of it. 12% lost their job or lost business, and 28% lost income. Those with less than $300,000 in assets felt the sting more, with 31% losing income.

From keeping spending in check to creating an estate plan, many say they relearned fundamental lessons in savings and investing. The good news? Despite their losses, only 9% reported tapping into their retirement assets to fill gaps in income.

LESSONS FROM THE PANDEMIC

46% **Keep spending in check**

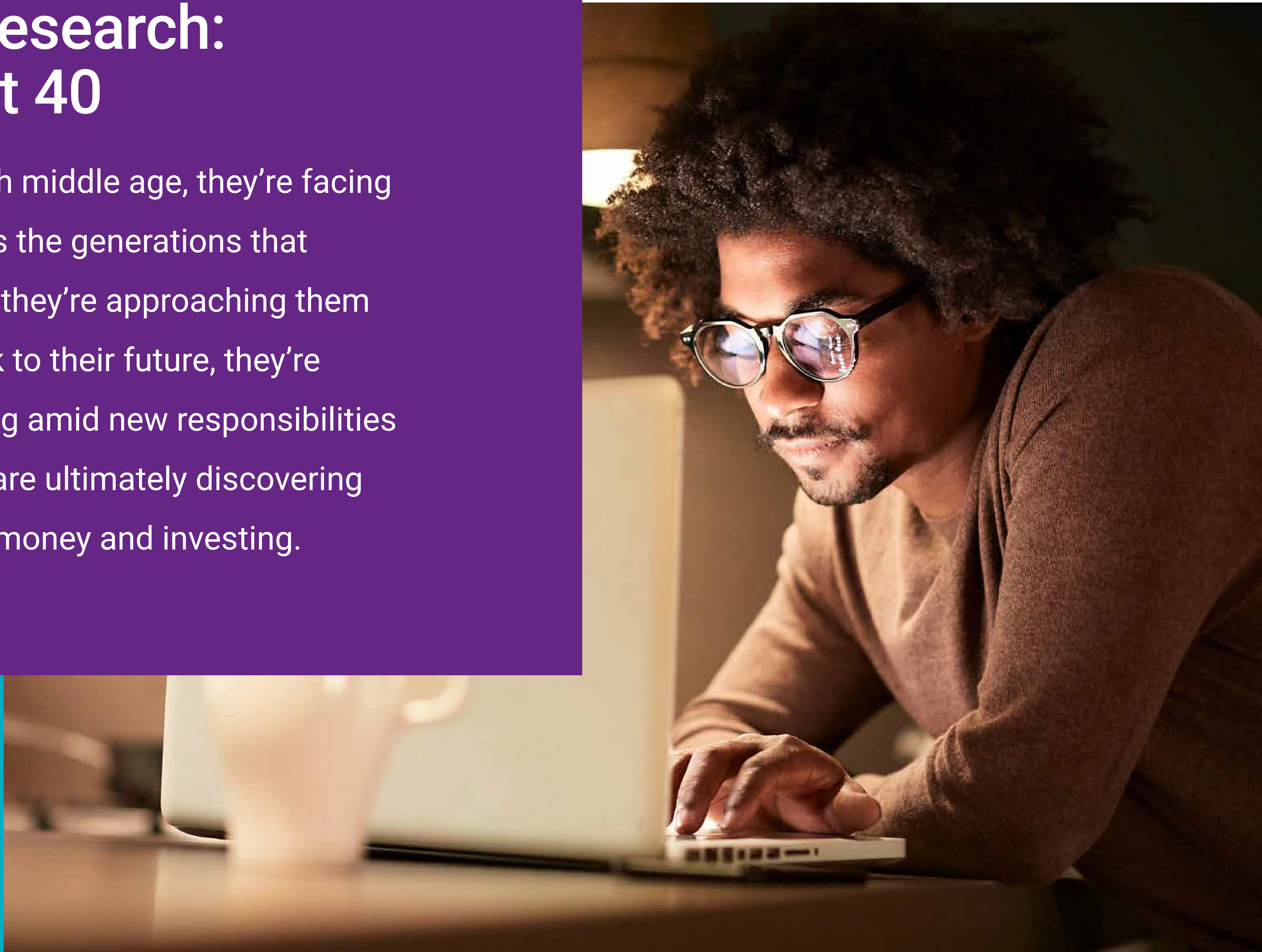
38% **It's critical to have emergency savings**

26% **It's important to have an estate plan**

29% **Realized the importance of rebalancing their portfolio**

Explore the research: Millennials at 40

As Millennials approach middle age, they're facing the same challenges as the generations that came before them, but they're approaching them differently. As they look to their future, they're finding their own footing amid new responsibilities and opportunties, and are ultimately discovering their own truths about money and investing.



About the Natixis Center for Investor Insight

The Natixis Center for Investor Insight is a global research initiative focused on the critical issues shaping today's investment landscape. The Center examines sentiment and behavior, market outlooks and trends, and risk perceptions of institutional investors, financial professionals and individuals around the world. Our goal is to fuel a more substantive discussion of issues with a 360° view of markets and insightful analysis of investment trends.

Learn More

Meet the team

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About the survey: Natixis Investment Managers surveyed 8,550 investors globally across 24 countries in March and April 2021, with the goal of understanding their views on the markets and investing. An online quantitative survey of 43 questions was hosted by CoreData Research. Each of the 8,550 individual investors had minimum net investable assets of US $100,000 (or Purchase Price Parity [PPP] equivalent).

1. Natixis Investment Managers, Global Survey of Financial Professionals, conducted by CoreData Research in March-April 2020. Survey included 2,700 financial professionals across 16 countries.

Sustainable investing focuses on investments in companies that relate to certain sustainable development themes and demonstrate adherence to environmental, social and governance (ESG) practices; therefore the universe of investments may be limited and investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. This could have a negative impact on an investor's overall performance depending on whether such investments are in or out of favor.

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