

# On money, how the millennial generation is different

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Before we start talking about the millennials, let's take a brief look at history to set the foundation for discussing how the current generation views money.

Working with multiple generations, from the "Greatest Generation" through the millennials, we see definite emotional and behavioral traits that are distinct. One common theme we see is that most subsequent generations are instilled with the values of their parent's experiences.

For instance, the baby boomer generation (those generally born between 1946 to 1964) were raised by the "Greatest Generation" and the "Silent Generation," born between 1900 through 1946-ish. Those generations experienced the Great Depression and instilled in their offspring the torrents of those financial and life-changing experiences.

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When we speak to baby boomers about market volatility, inevitably a typical response is "it's not if the market will crash, but rather it's when the market will crash." Even if in their entire lives they never experienced the pain of the Depression, they still expect it. An indelible mark is passed on.

Self-described as narcissistic, self-absorbed and entitled, millennials are different than past generations, as all are. The millennials are also a product of both their parent's teachings as well as their environment. Both of these factors form the value and emotional foundation used in making financial decisions.

Building an emergency fund is the number one financial goal for millennials — surprisingly it's not retirement. This sheds some light on how strapped the millennial generation is.

Simon Sinek is a British/American author and speaker who studies the millennial generation. He says one characteristic is the desire for immediate gratification. He discusses this in relation to “having an impact” and the dopamine high one gets and subsequently seeks. Immediate gratification doesn’t work in the world of investing. The concept of time value of money goes right out the window and becomes a foreign arcane concept.

Millennials are not the sole culprits of immediate, always connected, instant-or-nothing gratification. However, this is the environment in which we now live and the only one millennials know. This has a profound effect on one’s physiological development and mindset.

In today’s world of internet connected smartphones, social media “friends,” and a continuous barrage of inputs prompting immediate results, a word of caution. I submit that the world doesn’t evolve in 30-second snippets. It takes time to develop, filled with important nuances — the subtleties. For the young, the world and time is on your side. To all, not just the millennials, time is your friend. Embrace it. The compounding effect of money—starting with a little disciplined savings now — will grow, and grow, and grow....

The key is discipline. Small amounts grow to large amounts over time. Buck the mindset of earning to spend — make retirement a high priority goal. Do not discount small contributions your employer may make to your retirement program. Keep in mind Albert Einstein’s quote, “Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”

Similar to the Great Generation, who were indelibly scarred by the Great Depression and who passed this pain to the subsequent generations, the Millennial Generation lived through and were scarred by the Great Recession. Some saw their parents lose their jobs, their homes and in the worst of cases their dignity. This is a deep-seated event that may be a silent emotional anchor. How one reacts to this reference point is key.

Realize the economy and markets are cyclical — just like life. As of this writing, we are at all time highs in the Dow Jones Industrial and S&P 500. The NASDAQ is above 5800 — something that hasn’t happened before and eclipses the Feb 2000 mark of 4696. It’s hard to comprehend back in 2008/2009 when emotional anchors were being set in the millennials’ foundation. However, in terms of the history of “The Market,” this is but a blip.

Your logical mind must expand your timeframe. This is hard to do in an environment of instant gratification where, by definition, timeframes are compressed.

Finally, with 62 percent of adults getting their news from social media sites, caution may be warranted to balance what is read — fake news is still fake! More than prior generations, millennials seek financial advice of their spouse/partner and significantly more advice from parents.

Seek council in those you trust — those that are emotionally unattached and have a different perspective. There are so many financial products in today's world. Seek those you understand and with whom you are comfortable.

Sounds like common sense. However, logic rarely wins in an emotional tussle.

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