Advisor Services

What advisors need to know about Generation Now investors

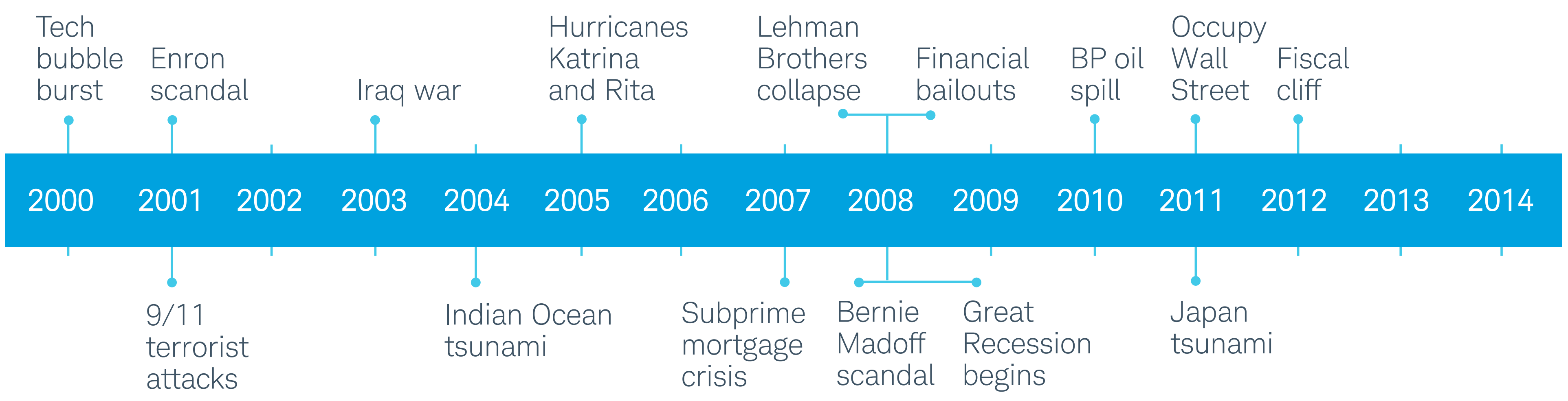
Your most important clients might be younger than you think. High-net-worth investors ages 30-45 represent one of the most significant growth opportunities for RIAs in the next decade.[1] Schwab took a closer look at a sample of this cohort, which we are calling Generation Now, to find out how they view the world. Here's what the study revealed.

Generation Now investors control

$3.5 trillion

in investable assets[1]

Instability and uncertainty have shaped their lives



2000	Tech bubble burst	
2001	Enron scandal	9/11 terrorist attacks
2002		
2003	Iraq war	
2004		Indian Ocean tsunami
2005	Hurricanes Katrina and Rita	
2006		
2007		Subprime mortgage crisis
2008	Lehman Brothers collapse Financial bailouts	Bernie Madoff scandal Great Recession begins
2009		
2010	BP oil spill	
2011	Occupy Wall Street	Japan tsunami
2012	Fiscal cliff	
2013		
2014		

How do they feel?

Anxious

Worry and doubt dominate their thinking

- Feel the economy, employment, home values, healthcare, and Social Security are unstable
- Struggle with how to balance investing for the future while providing for today
- Wonder how to best care for their children and protect aging parents

Cautious

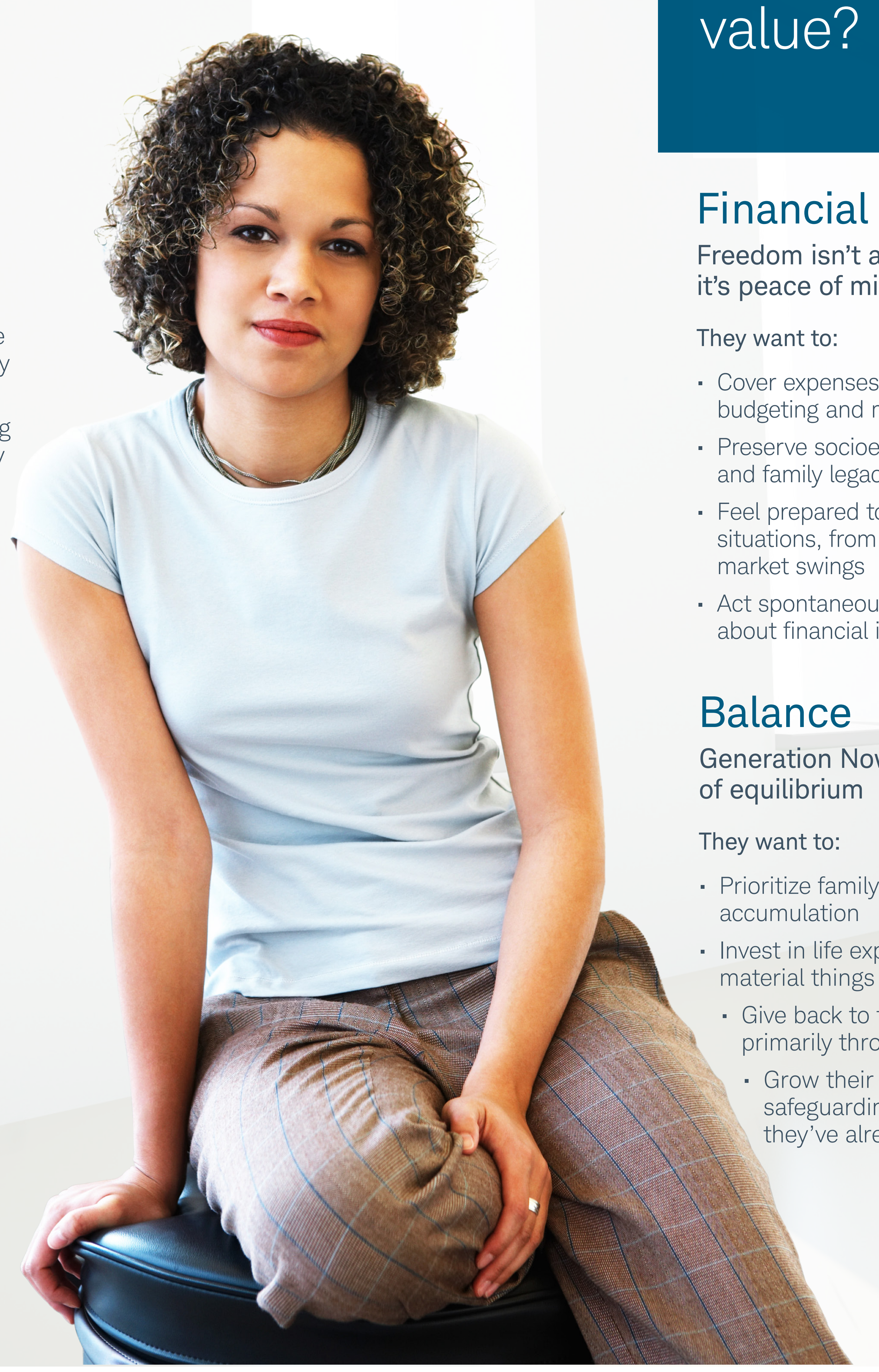
Hedging against personal or financial upheaval is top of mind

- Constantly monitor investments and assess life achievements
- Keep a high percentage of savings in cash
- Reluctant to touch the principal of inherited money
- Live on a budget—even millionaires

Distrustful

They are skeptical of the market and financial institutions

- Doubtful of buy-and-hold strategies
- Trust family, friends, colleagues—and themselves—over experts
- May prefer secure returns over big market wins



What do they value?

Financial freedom

Freedom isn't a number—it's peace of mind

They want to:

- Cover expenses confidently, without budgeting and monitoring
- Preserve socioeconomic status and family legacy
- Feel prepared to meet unexpected situations, from medical bills to stock market swings
- Act spontaneously, without worrying about financial impact

Balance

Generation Now is in search of equilibrium

They want to:

- Prioritize family over wealth accumulation
- Invest in life experiences over material things
- Give back to their communities, primarily through donating time
- Grow their assets while safeguarding the wealth they've already achieved

What do they want from an advisor?

Generation Now investors are looking for a partner they can trust, someone who knows them as individuals. To connect with this cohort, advisors must:

- Understand that collaboration is key to success
- Know their values—not just their financial goals
- Let them get to know you as a person as well
- Give them control over decisions that impact their future
- Be available, and communicate in ways that work for them
- Demonstrate deep financial expertise
- Partner with other professionals for broad financial planning solutions

Want to learn more?

Get a summary of the study or watch the Generation Now video at advisorservices.schwab.com/insights.

For a more detailed analysis, Schwab clients can consult their Relationship Manager. Not currently a Schwab client? Learn how Schwab can support you. Please call 877-687-4085.

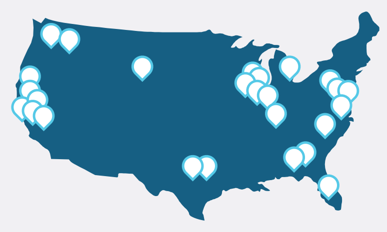
Methodology

Schwab took a progressive approach to the research, engaging Generation Now through the channels they prefer, and providing valuable insights into their feelings and values. In the first phase, we used search data to identify this cohort's key behaviors and apply those learnings to the qualitative phase. In the second phase, participants shared their highly personal views by answering questions via self-recorded videos and photos. In the final phase, a subset of participants completed in-depth, face-to-face interviews, allowing researchers to better understand the drivers behind Generation Now's views and behavior.

About the participants

30–45
years old

$500,000+
Investable assets



Investors by region

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[1] Cerulli Lodestar 2012E.

For informational purposes only. Charles Schwab Generation Now Study for RIAs was conducted for Schwab Advisor Services™ by Egg Strategy, a strategic research firm. The study, which was released in 2014, included 40 participants, men and women ages 30-45 with earned or inherited investable assets of $500,000 (excluding real estate and business holdings), or a household income of at least $150,000. The term Generation Now reflects the immediate opportunity that this incoming cohort of high-net-worth investors may represent for RIAs. All data was self-reported by participants and not validated or verified. Egg Strategy is not affiliated with nor employed by Charles Schwab & Co., Inc. Investors participated in this study between March 24, 2014, and April 11, 2014.

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AHA (0614-3860) MKT83338-01 (06/16)

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