

## VIDEO

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# Focus on Funds: Understanding Millennial Investors

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## Understanding Millennial Investors

The August 21, 2015, edition of *Focus on Funds* offers key takeaways on the mindset of Millennial investors, and how fund companies can most effectively engage with them.

### Transcript

**Stephanie Ortballs-Tibbs, ICI Director, Media Relations:** Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

How do you reach, engage with, and motivate Millennial investors? Some of the biggest experts in the country on this issue gathered at ICI's General Membership Meeting to discuss what they know.

**Adam Nash, President and CEO of Wealthfront:** For the first time in decades, the industry has to accept the fact that there's not one, but two very important generations moving through the system. The Baby Boom Generation has been the story for decades and with their retirement coming up, they will be the story for decades more. But the Millennial Generation is the largest cohort in American history and more and more of their economic weight will be felt. And the problem is that the same products and services that Baby Boomers are looking for, aren't necessarily the same that Millennials are looking for.

**Ortbals-Tibbs:** Well, you've really figured that out and that's been key to the growth of Wealthfront and the success of your company over the past few years, which has attracted so many Millennial investors. So based on your success, what do you have to offer as insights for the industry on how to reach Millennials?

**Nash:** Yeah, Wealthfront has grown. I mean, when I joined the company two and a half years ago we had less than \$100 million in assets under management, we're now over \$2.3 billion. We like to think that growth has happened for three reasons. (1) We find that Millennials are very skeptical about this idea of beating the market. They think that their economics are going to come from their careers and their success, not necessarily from how they manage their money. So they prefer index funds. (2) They care about price, but they care more about transparency. They're very sick and tired of extra fees, "gotchas,"

and gimmicks. They like the idea of one simple low price that they can understand. (3) And then of course there's automation. This generation grew up with technology. They have different feelings about it than previous generations and they have a lot of priorities in their life, whether it's their careers, family, or friends. They like this idea of having technology manage their money for them, automated, so that they can set it and forget it and then focus on the things in their life that they think provide more value.

**Ortbals-Tibbs:** So you have a lot of insight on how to not annoy Millennials. I think you say, "Do not call!"?

**Nash:** That's correct. I think that's probably the simplest piece of advice I could say. It's hard for many people to accept, but calling someone without cause who is under 35 is a great way to make them angry at you and the brand you represent. Our clients expect access 24-7, but it's on their terms. They interact when they want to interact through the medium that they want to interact with. I will say that the other advice I would give about Millennials is always do what you say. Money is a trust business and the surest way to earn trust is to tell someone what you're going to do and then do exactly that. The surest way to break it—and with this generation breaking it can be fatal—is to say one thing and then do another.

**Ortbals-Tibbs:** That's this week in funds. See you next week.

## **Additional Resources**

- [\*ICI Viewpoints: "How Millennials Are Shaping the Future of Investment Advice"\*](#)
- [\*Focus on Funds video: "Fresh Thinking for New Investors"\*](#)

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