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Speaking financial language of millennials

OP-ED

By Lori Sackler July 30, 2018

As a baby boomer with two millennial-aged sons, I've learned a bit of their lingo.

For example: “Rents” refers to parents, and “perf” means perfect. And as a financial advisor as well as a mom, I can’t help but notice that these truncated expressions offer a clue as to the very different millennial mindset. This is a generation that wants to make sweeping changes to the language, society and the old way of doing things.

Part of their approach, I believe, has to do with technology. Millennials were raised on technology. Their ease in handling cutting-edge gadgetry, and in understanding esoteric concepts, boggles me. Because it is so prevalent in their lives, millennials have grown up believing that technology is omnificent; they often believe the internet is the source for all solutions. Accordingly, they seek digital applications to manage most aspects of their lives.

This approach has inevitably filtered down to money management as well: Many millennials are not only well-versed and comfortable with online money management applications, but many do not see much benefit to looking elsewhere for financial solutions. They are an exceptionally resourceful generation, adept at finding answers rather than being spoon-fed them. They cut their teeth on technology; plugging numbers into an algorithm is second nature.

Millennials came to understand that life can be uncertain.

So for parents like me who are concerned about their kids' ability to manage their money, relating to millennials presents an interesting challenge. On the one hand, we need to cultivate more trust in a system we know works. For a generation whose only interaction with a financial institution to date may have been vis-à-vis the process of borrowing for college, or hearing the advisor's name as part of a passing dinner conversation, some may feel ambivalent about financial institutions as a whole.

I understand. Saddled with the combined national burden of college loans to the tune of $1.48 trillion, the conversation about America's college debt crisis may have helped shape their thinking about money.

I also believe that struggling through a major economic recession further shaped their thinking. Many millennials witnessed, or were directly impacted by, the Great Recession. They saw us, their parents, struggling through. Thus, millennials came to understand that life can be uncertain.

Money may not necessarily be their priority. Many value social and experiential consumption over the material "stuff" accumulated by their parents and earlier generations, such as big houses and fancy cars. In fact, the common acronym – "YOLO" – says it all. Even many of us baby boomers use this one: "You only live once."

All of this combined with millennials' ingrained inclination to use technology means it isn't always easy for us to learn to relate to them about money.

In my opinion, what we can best offer millennials is financial literacy and experience. There are many ways in which our children can receive this information. For example, the New Jersey Department of Education outlines standards and requirements for the implementation of financial literacy topics in the school curriculum at the middle and high school levels.

We advisers, parents and educators have valuable advice and insights to share with the next generations that they may not be able to obtain online, whether on how to invest their 401(k) plans or how to build a portfolio, because we are talking to them as individuals, not as parts of an algorithm.

We can help them understand issues beyond asset allocation, such as risk and volatility and the role they play in portfolio management. We can help them define their potential financial milestones. And we can counsel them about the importance of insurance, taxes and wills, and once the prospect of grandchildren arises, legacies and beneficiaries.

It seems to me that in many ways our generations are aligned. Maybe we're not that different – after all, we just need to learn each other's language.

Lori Sackler, CFP, CIMA, is a family wealth director; senior vice president; senior investment management consultant; and financial advisor with Morgan Stanley Wealth Management in Paramus.