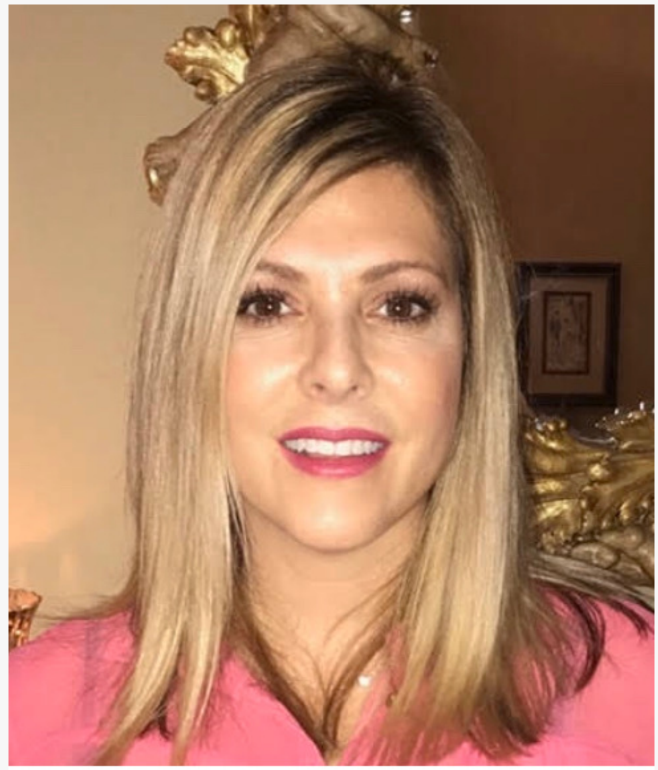
“Millennial Investing Today and Tomorrow”

Millennials have shown an undeniable difference in thought processes and focus when it comes to their investment style.



SILICON VALLEY, CA, USA, October 14, 2020 /EINPresswire.com/ -- In speaking with a lot of millennials about investing recently, it has become clear that they are bringing a new way of investing to the industry. Throughout my career I've mostly worked with those in the fourth quarter of their career or who have already reached retirement and have a more traditional view of investing. The millennials have shown an undeniable difference in thought processes and focus to the more senior generations, specifically surrounding the use of Robinhood-type investing apps as tools.

Often you hear retirees and more senior clients and Investment advisors talk about annuities. Broaching an annuity conversation with a millennial one would quickly find they feel like annuities are as outdated as having antennas on your television. Many stockbrokers and insurance sales people push annuities to replicate income for life. Perhaps this makes sense for a doctor or a dentist in their early career stage trying to shelter income, however, in zero circumstances does an annuity make sense to replicate income at age the of retirement. Does a product like an annuity really ever make sense though? As reinforced by the millennial mentality it really never makes sense to lock-up your money for a lifetime. Millennials loyalty to their employer is closer to three years than thirty years timeframe. Instant gratification and the “now” mentality rule. The same thought processes of hands-on and instant gratification is transferred to the way they invest.

> Millennials are bringing a new way of investing to the landscape.”
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> *Whitney Erin Johnson*

Millennials want to model what the insurance companies do (creating cash flow through dividends) and create cash flow through an investment portfolio whereby “avoiding the middlemen”, the sales person and the insurance company. You are theoretically a few percent ahead of the game already in cost savings. Annuities are loaded with commissions and fees paid to salespeople and insurance companies most of which the consumer does not see due to built in ‘loads’.

How does this work? It’s fairly simple. Hypothetically three dozen different companies paying you dividends of fifteen hundred dollars a year potentially creating a lifetime of income, especially if and when companies raise their dividends over time. The stocks can go up and down or sideways (it does not matter to income) and that year you’ve created cash flow for the millennial-type experiences so desired. Ideally, the next years will hopefully bring dividend increases thereby increasing cash flow. To summarize, millennials are already thinking of creating cash flow at their relatively young age as opposed to that being a ‘retirement’ conversation.

A recent conversation with a prospective Silicon Valley millennial client queried his viewpoint on stocks, bonds, retirement accounts and annuities. We discussed the timing of holding an asset. The timeframes were remarkable. Holding an asset long-term was referenced as three months to three years. For growth of his investments, he offset the portfolio with high flyers including technology, cloud, and high impact players, Fastly, Square, Dexcom, Tandem, Netcloud, and Tesla.

Out with the old, in with the new.

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