

# Young Investor Priorities

## Why Charitable Planning Matters



### Younger investors are looking to their advisors for charitable planning.

Millennials (Gen Y) and Gen Z inherit an estimated \$550 billion a year—30% of the wealth transferred annually—and that percentage is only projected to grow.<sup>1</sup> On the heels of Gen X and poised to inherit a significant share of the \$84 trillion in wealth transfer between now and 2045,<sup>2</sup> these young investors ages 21-41, represent 42% of the U.S. population, with Millennials surpassing Baby Boomers as the largest generation.<sup>3</sup>

With such shifts in population and wealth, **it is vital for financial advisors to successfully attract the next generation of clientele.** To do so, Fidelity Charitable® has determined they will need to go beyond traditional investment management and financial advice to offer holistic wealth management expertise that considers their clients' values, purpose, and life goals.

**As their wealth and financial complexity grows, the number of advised young investors may continue to grow, too. And as Baby Boomers age and continue to transfer their wealth, young investors can be a key growth opportunity for advisors. Now is the time for advisors to connect with this promising demographic and nurture these relationships in a meaningful way—leading with impact, purpose, and philanthropy.**

A 2022 Fidelity Investor Insights survey of 2,490 investors, including Gen YZ and Boomers+ (age 58 and over), found that one important way to differentiate could be to offer **charitable planning services.** Compared to their Boomer+ counterparts, younger investors with an advisor are:

- More likely to seek help planning for and achieving overall life goals and peace of mind.
- Twice as likely to view their advisor's support in achieving their life's purpose and leaving a legacy that benefits the world as a valuable part of advice.
- Almost three times as likely to say that their advisor is helping them achieve their charitable giving goals.

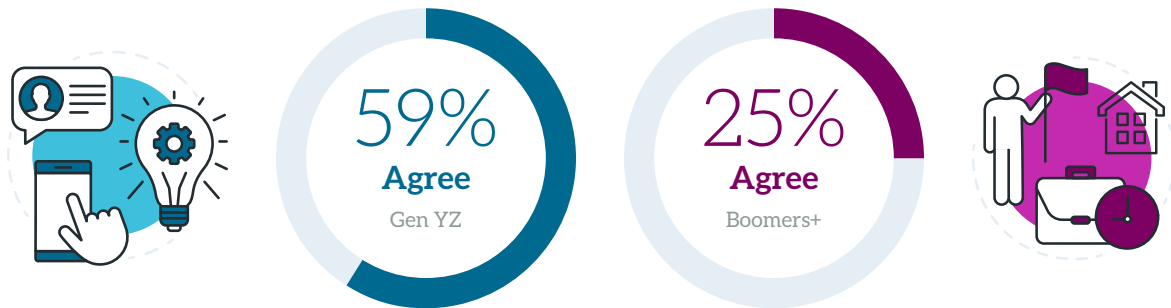
Gen YZ investors who currently are not working with a financial advisor are twice as likely to say that they would prefer to start working with a financial advisor who helps them with their charitable giving goals.

## Younger investors are more likely to seek a level of guidance from advisors that goes beyond traditional asset management, including help with planning for and achieving overall life goals and peace of mind.

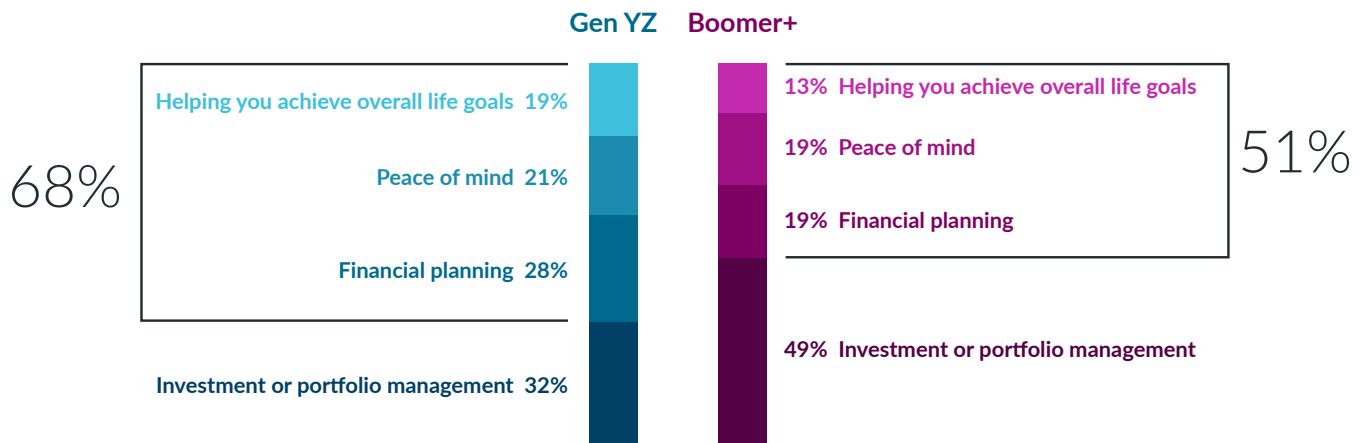
Fifty-nine percent of Gen YZ agree they want or expect their primary financial advisor to provide services beyond financial advice and investment management, compared to 25% of Boomers+.

How much do you agree or disagree with the following statement?

**“I want/expect my primary financial advisor to provide services beyond financial advice and investment management.”**



## Over two-thirds of Gen YZ seek guidance and advice that goes beyond portfolio management, in contrast to just over half of Boomers+.



Source: 2022 Fidelity Investor Insights Study



**Compared to their Boomer+ counterparts, Gen YZ are twice as likely to view their advisor’s support in achieving their life’s purpose and leaving a legacy that benefits the world as a valuable part of advice.**

Seventy-one percent of Gen YZ says their advisor "helps me think through the type of legacy I'd like to leave behind in the world," compared to 36% of Boomers+.

My primary advisor ...	Gen YZ	Boomer+
Provides a clearly defined roadmap of how I can financially achieve all of my lifetime goals or dreams	77%	66%
Helps motivate me to reach my life goals, not just my financial goals	74%	41%
Helps me think through the type of legacy I'd like to leave behind in the world	71%	36%

Source: 2022 Fidelity Investor Insights Study

**Thirty-one percent of Gen YZ rank “help me achieve my life’s purpose” in their top five factors that are most important in determining the value of an advisor for fees paid, compared to 14% of Boomers+.**

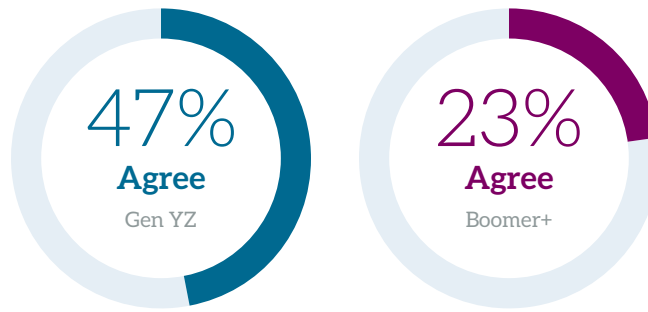
Most important aspects of an advisor’s support in determining the value of their advice	Gen YZ	Boomer+
Help me achieve my life’s purpose	31%	14%
Help me leave a legacy behind that benefits the world in some meaningful way	21%	10%

Source: 2022 Fidelity Investor Insights Study

**Gen YZ investors who are not currently working with a financial advisor are twice as likely as similar Boomer+ investors to state a preference for establishing a relationship with a financial advisor who helps them with their charitable giving goals.**

Forty-seven percent of Gen YZ non-advised investors agree that they would like to work with a financial advisor who “helps me achieve my charitable giving goals,” compared to 23% of Boomer+ non-advised investors.

**I would like to work with a financial advisor who helps me achieve my charitable goals.**



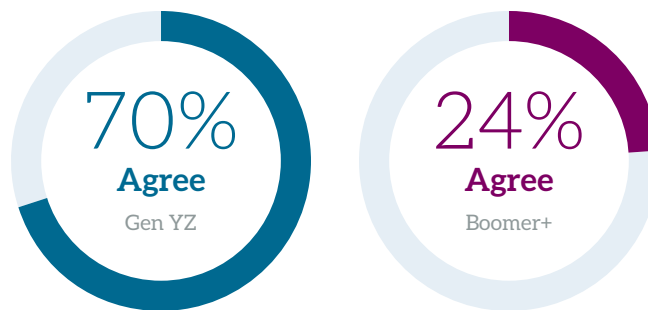
Source: 2022 Fidelity Investor Insights Study

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**Charitable conversations appear to be more prevalent between younger investors and their advisors. In fact, younger investors are almost three times as likely as older investors to say that their advisor is helping them achieve their charitable giving goals.**

Seventy percent of Gen YZ advised investors agree that their advisor “helps me achieve my charitable giving goals,” compared to 24% of Boomers+ advised investors.

**My primary advisor helps me achieve my charitable goals.**



Source: 2022 Fidelity Investor Insights Study

## Methodology

This report is based on data from the 2022 Fidelity Investor Insights Study, conducted during the period of August 8 through September 2, 2022. It surveyed a total of 2,490 investors age 21 and older, including 368 members of Gen YZ and 1,602 Boomers+, as well as 673 millionaires and 1,520 investors with advisors. In this paper, references to “Gen YZ” reflect the combined results for those born between 1981 and 2012, and references to “Baby Boomers” and “Boomers+” reflect the combined results for those born in 1964 or before. The study was conducted via an online survey, with the sample provided by Brookmark, a third-party firm not affiliated with Fidelity. Respondents were screened for a minimum level of \$50,000 in investable assets (excluding retirement assets and primary residence), with additional quotas by age and affluence levels.

## ENDNOTES

<sup>1</sup> Cerulli Associates, Federal Reserve Board, U.S. Census Bureau, Internal Revenue Service, Bureau of Labor Statistics, and the Social Security Administration.

<sup>2</sup> Cerulli Associates, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2021.

<sup>3</sup> Ibid.

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