

## Millennials Near Tipping Point: Are You Ready?

This generation of more than 80 million potential clients is beginning a transition phase, highlighted by buying their first homes



*Home ownership is a catalyst for many other financial milestones in millennials' lives.*

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“My whole practice is based on the hypothesis that millennials are too busy, finance is complicated and they are looking for an outsourced single quarterback to make their life easier with someone they can trust,” says a millennial financial planner based in the Cleveland area. He’s right.

Because he understands his audience, this advisor’s RIA business is booming. He was one of the

youngest attendees in a group of 400 incentive trip qualifiers recently in Las Vegas for a major insurance company.

His niche is the millennials and, like all aggressive salespeople, he wants more of them. We discussed some of the things he’s doing to continue to penetrate and deepen his network with his millennial clients. He’s targeting them in three main ways:

- Networking where he volunteers
- Encouraging client word-of-mouth
- Hosting creative, well-executed events

None of these is a distinctly millennial approach, until you look at the details.

Millennials are active volunteers, and his regular involvement in groups that are important to him builds relationships and trust—key to any advisor relationship. Word-of-mouth includes the careful use of social media to become involved in the conversation without controlling it. Events like wine tastings are not exclusive client benefits, but rather networking events where clients are encouraged to bring fun friends who would appreciate the event, exclusive of their potential interest in advisory services.

Attracting millennials always starts with building authentic relationships.

Despite his success, this advisor knows that even more of his millennial peers need his services. He was concerned he may not be doing enough, but he's positioned perfectly. He just needs to be patient. They're coming.

## **Home Purchases: The Tipping Point to Adulthood**

While plenty of millennials have followed traditional paths to adulthood, the bulk took a detour through "adulthood" —older than adolescents, but not quite adults. Data shows that they take longer to marry, have children, leave their parents' homes and become fully self-sufficient. For a while, they were also taking longer to buy homes, but recent reports show that this holdout is about to fall.

This generation of more than 80 million potential clients is beginning a transition phase: Redfin reports that home tours by first-time home buyers climbed to nearly 60% of all tours in January, 20 points over January 2014. Historically, the majority of first-time home buyers are young adults.

This is a big deal.

For financial services providers, the fact that millennials are now buying homes in significant numbers means that this generation is now looking further and further into their future. They'll soon realize that they'll need to prepare for the unknown and the unexpected. This new stage of thinking for millennials leads to opportunities for financial services, and advisors like our friend from Cleveland are perched to benefit.

If you haven't been taking the steps to connect with and build relationships with millennials, the time to do so is now.

Their buying patterns are showing an increased long-range view, and they will need help setting and reaching goals. The advisors who are already doing this work have demonstrated that subtle shifts to traditional tactics make a difference. Look at your marketing and sales mix and figure out where you need to make changes. It's not too late yet, but it soon will be.

Get ready. They're coming.

## **Why Millennial Home Purchases Are a Big Deal**

The data suggests that millennials are beginning to buy their own homes and get out of their parents'. Why is this so important? Buying a house leads to buying lawn and garden equipment; having a yard leads to having pets; having pets leads to buying pet supplies and veterinary services. Every step has a natural progression, and when the trigger is a home purchase, the natural progression is toward more long-term commitments. Are you paying attention, advisors?