

# Active Wealth Millennials

## Presentation To Insurance Executives

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# Agenda

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Introduction

2

Who are the Active Wealth Millennials?

3

Forces shaping their financial approach

4

Opportunities for insurance companies

5

Discussion

# Introduction

## My Background

- Career market research professional
- Client side experience
  - Aetna Life & Casualty
  - CIGNA Individual Insurance / Financial Advisors
- Consulting side experience
  - Spectrem Group / NFO Worldgroup
  - Phoenix Marketing International

## Some of the brands I have consulted with:

- Lincoln Financial Advisors
- Travelers
- Bank of America
- Citibank
- PNC
- HSBC
- Visa
- MasterCard
- Morgan Stanley
- Northern Trust
- Toyota / Lexus
- Four Seasons
- Canyon Suites
- NetJets

# ACTIVE WEALTH MILLENNIALS

**New Opportunities  
For Life Insurance Companies**





# AWMs immerse themselves in most aspects of their lives.



## Affluent

- Minimum of \$100k or more in investable assets



## Money In Motion

- Added to or made new investments in 3+ asset categories in past 6 months



## Highly Engaged

- Investing and finances
- Technology
- World events
- Personal activities
- Health

# Demographically different from their peers. AWMs are:



**A small  
slice of U.S.  
households**

**4.1**  
million

All Millennials

33mm  
households



**More likely to  
be married**

**52**  
percent

33%



**Having  
children**

**48**  
percent

36%



**Highly  
Educated**

**60**  
percent 4 yr  
degree +

44%



**Highly  
diverse  
(AWMs)**

**20** % Asian-American

**9** % African-American

**7** % Hispanic-American

**54** % Caucasian

**10** % Other

# Compared with their generation...

## Active Wealth Millennials



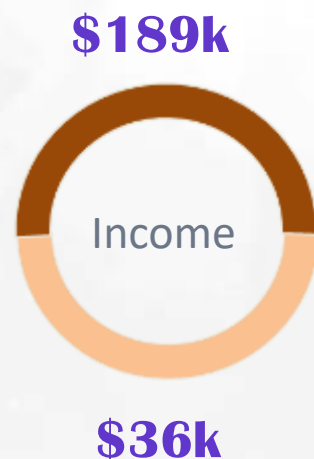
## Versus

## All Other



**MILLENNIALS**

## Wealthier...



## More likely to own business...



## And take investing risks.







# Key Forces Shaping Their Approach to Finances



# Key Forces

## Engagement



### Access & Empowerment



### Diversity

## Financial Control

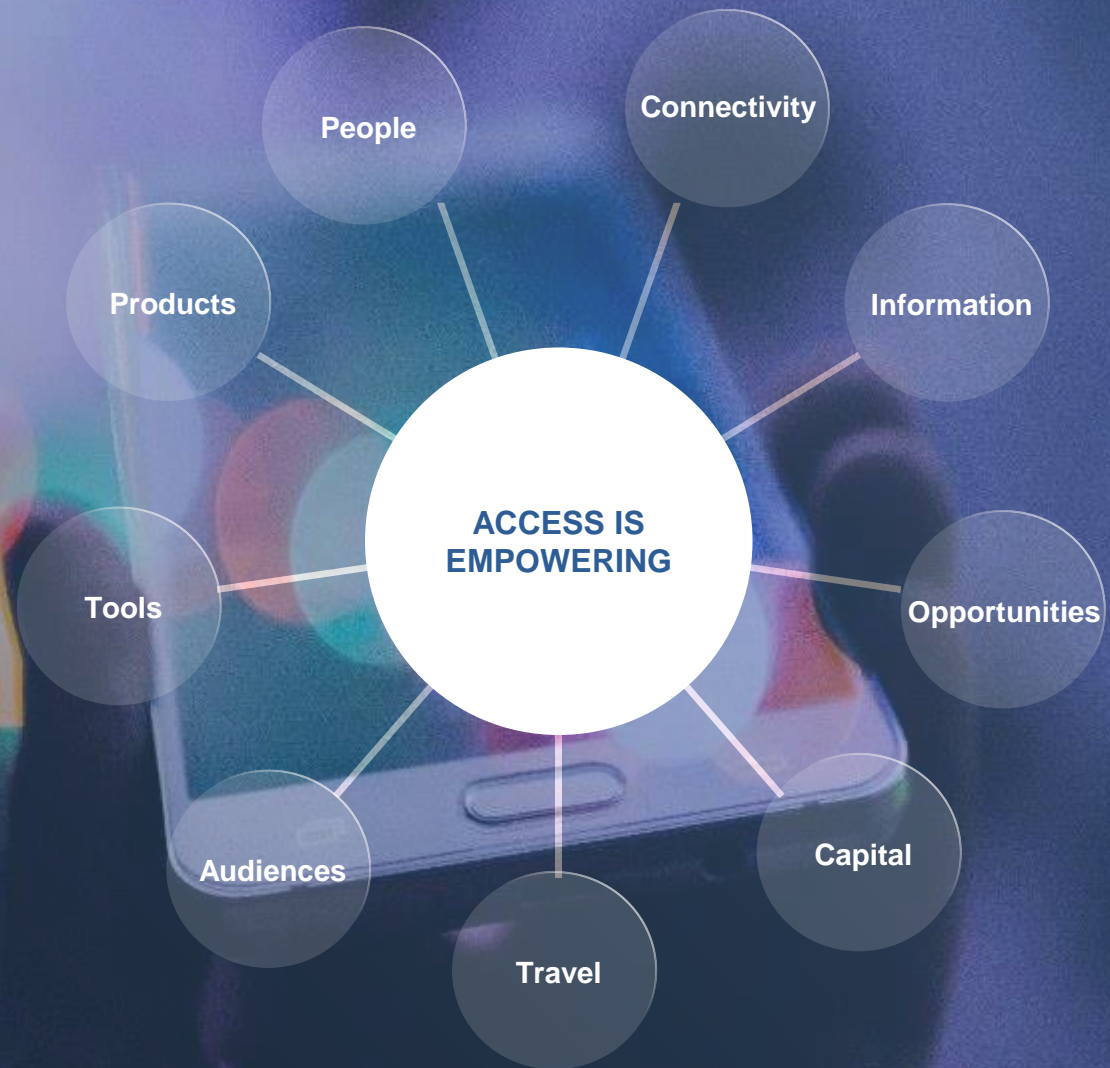


### Selective Use of Financial Advisors



### Holistic Approach

Millennials were the first generation to feel the impact of **access** from a very early age.





## Access & Empowerment

Access to diverse channels enhances knowledge and builds financial confidence.

### Active Wealth Millennials



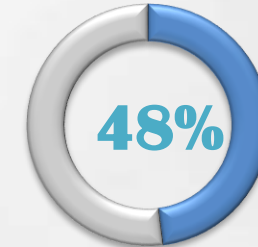
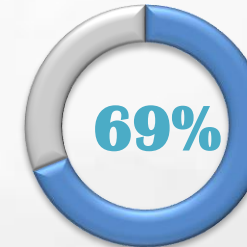
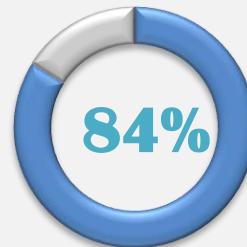
### Other



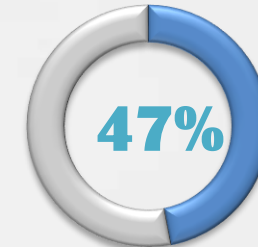
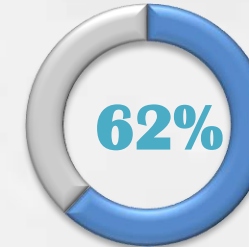
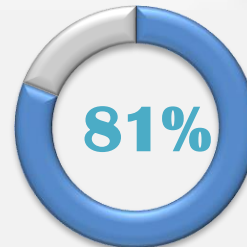
### Boomers




*"It is important to have access to my investments anywhere through multiple channels"*



*"I look to multiple sources of advice including professionals, peer groups and social media"*



 % Agree / Strongly Agree

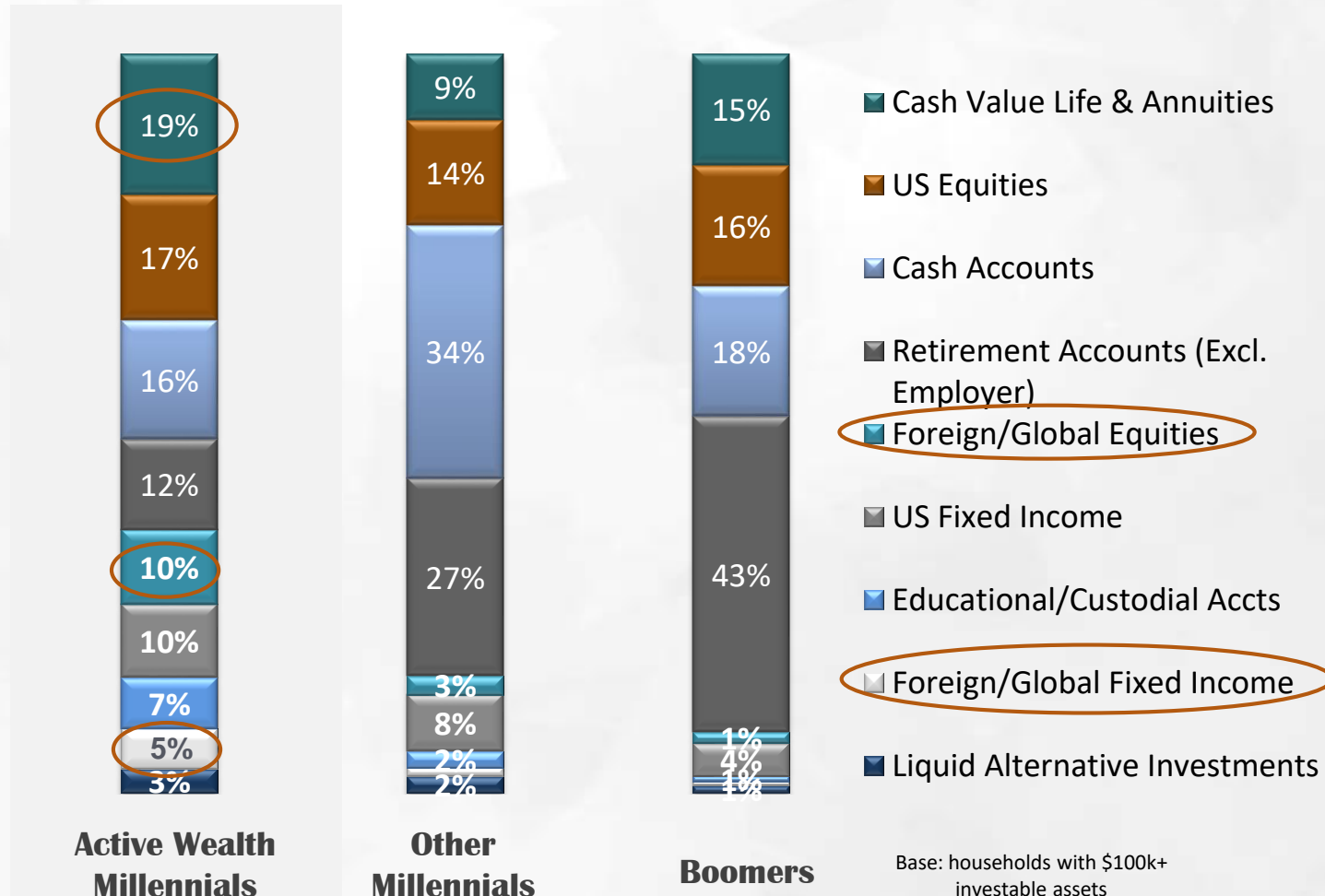
Base: households with \$100k+ investable assets



## Diversity

## Investable Asset Allocations

Active Wealth Millennial portfolios reflect a more diverse and global allocation approach.







## Engagement

Millennial expectations are high for engaging and highly personalized relationships with all firms.

**“The mindset of the Millennial customer expects interactions with all organizations to be similar to what they receive from Google, Amazon, Apple and others.”**

William Sullivan, former Head of Global Financial Services Market Intelligence at Capgemini

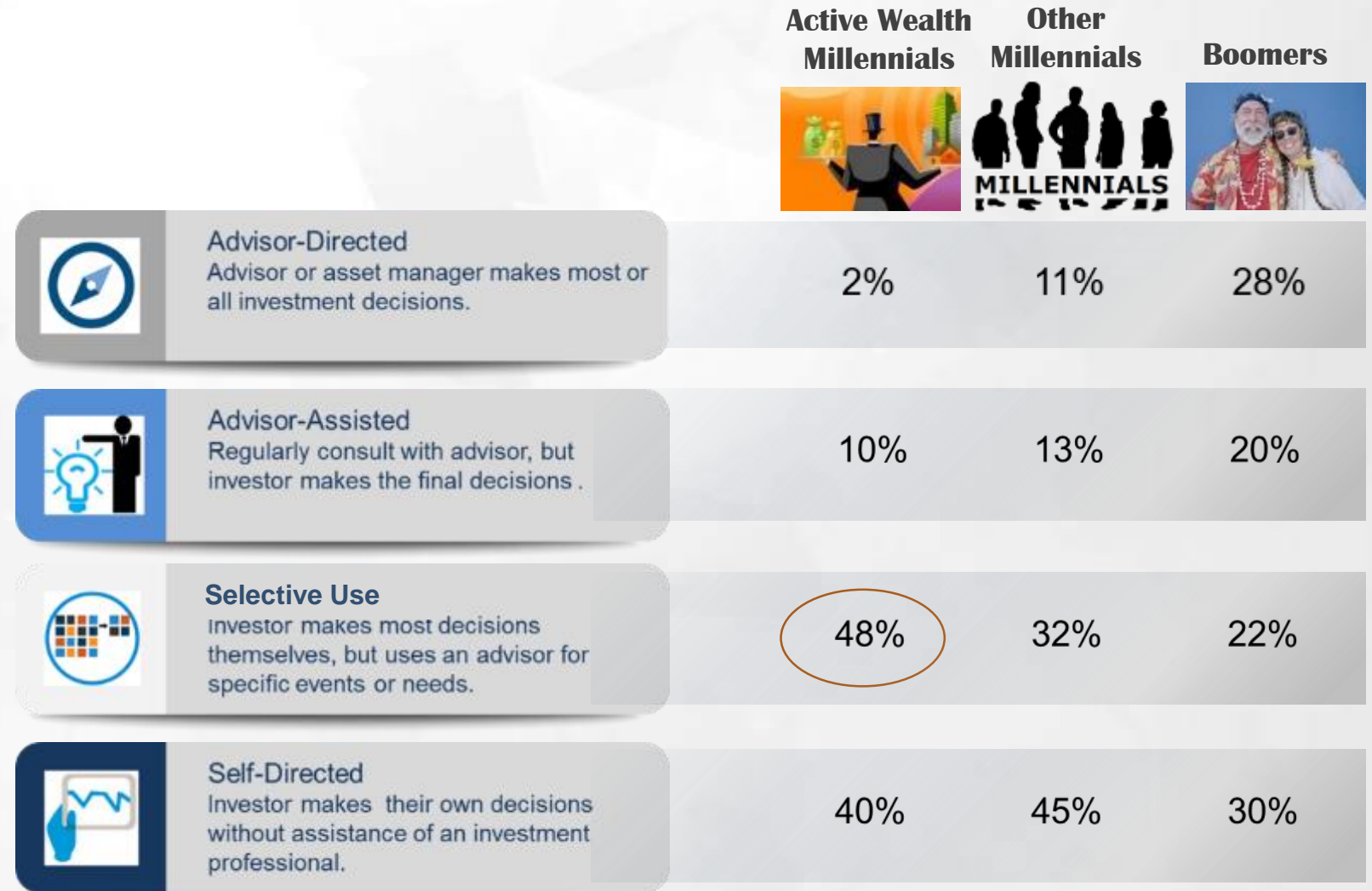


## Selective Use

### Advice Orientation Model

*“Which of the following best describes your preferred approach regarding advice and investment decision-making?”*

AWMs demand control over their finances, but are open to needs-based advice.



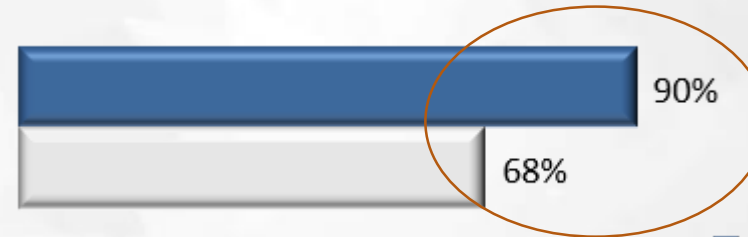


## Holistic Approach

*“My advisor looks at my entire financial picture (i.e. investments, insurance, credit, etc.)”*

A holistic approach to finances is highly important, but their advisors are falling short.

### Active Wealth Millennials



### Other Millennials



### Boomers



■ Importance  
■ Advisor Performance  
Top 2 Box



# Conclusions and Opportunities for Life Insurance Companies



# Conclusions & Opportunities

01

**For Active Wealth Millennials, an omnichannel customer experience is a given.**



## Advice

- ✓ Wealth managers and planners
- ✓ Insurance agents / brokers
- ✓ Accountants
- ✓ Digital
  - Knowledge bases
  - Social media
  - Peer groups

## Platforms

- ✓ Face-to-face / phone / email
- ✓ Social Media
- ✓ Digital – online only (Robo)
- ✓ Robo hybrid

**AWM expectations highlight the need to integrate new technologies into the insurance business model.**



- Overcome legacy system bottlenecks
- Better customer-centric products
- Enhanced transparency
- Partnerships with InsurTech and FinTech firms

# Conclusions & Opportunities

02

AWMs are looking for brands that understand their individual needs and can offer *intelligently personalized* products and services.

However, most life insurers don't know when a consumer might need their services or what products they are most interested in.



**Life insurers must improve their data capture and analytics capabilities that will:**

- Uncover opportunities for personalized touchpoints based on life needs;
- Facilitate proactive outreach with highly relevant offers
- Demonstrate to AWMs an engaging and sophisticated experience across the value chain.



# Conclusions & Opportunities

03

Having achieved a high level of wealth at an early age, AWMs' financial needs are more complex than the average Millennial household.

They realize the importance of balancing risk with careful planning and protection. A holistic approach to life planning will resonate.



However, barriers must be overcome for life insurers to become major contributors to holistic solutions.



- Many fee-based RIAs avoid recommending insurance products due to barriers in sales (licensed agents) and commission-based structures.
- Fee-based insurance products are becoming more popular, featuring greater simplicity, transparency and better integration with existing wealth management platforms.
- The latest digital account aggregation tools will need to be integrated into the solutions.

# Conclusions & Opportunities

04

With their balanced risk approach, AWMs offer a strong market for cash value life products.

With higher incomes, AWMs often max out their 401k and IRA options and need tax-advantaged alternatives.



Position life and annuity products as financial tools offering value across life stages.



- “Opportunity reserve” – help fund life events with no withdrawal penalties
- Lifetime protection for family
- Optimize retirement income
- Immediate liquidity for succession planning



# Discussion



THANK YOU