

## PRACTICE AND CLIENT MANAGEMENT

# 'Everyone's balling' — but is the industry ready for young wealth?

By [Tobias Salinger](#) March 08, 2024, 2:34 p.m. EST 7 Min Read



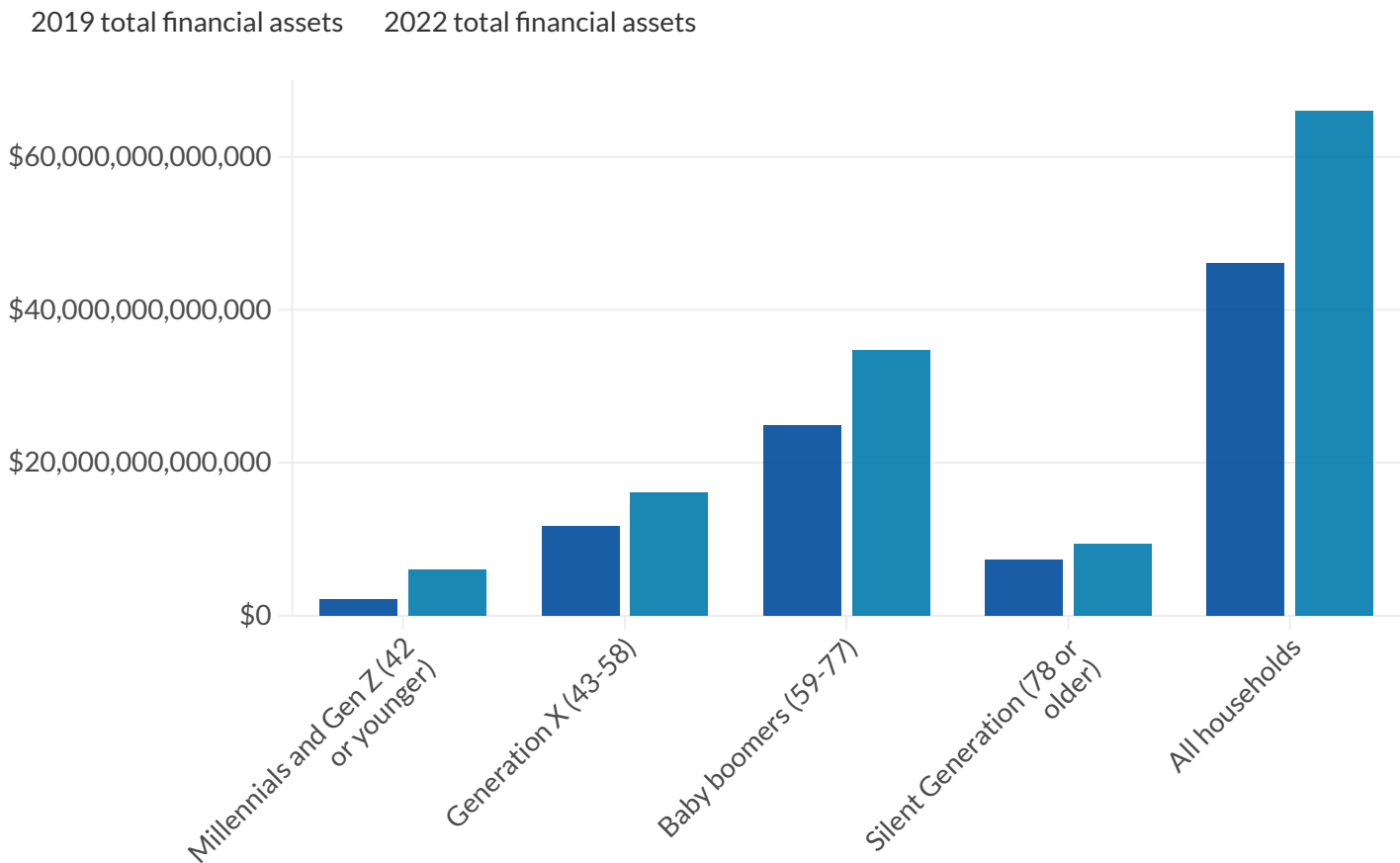
Millennial and Generation Z investors are building wealth so quickly that the "demographic is becoming impossible for financial advisors to ignore," according to a new study.

The wealth management industry has given these [potential customers many reasons to view it with skepticism: stereotypes about young people](#) spending too much on avocado toast and fancy coffee; practices [such as minimum investable-asset requirements](#); the lack of intuitive technology that [engages new generations of investors](#), to name just a few. However, Americans 42 years old or younger boosted their wealth at a higher rate than any other age group between 2019 and 2022, and a majority of millennials and Gen Zers now own homes or have retirement accounts, according to an analysis [of Fed data](#) last month [by research firm Cerulli Associates](#).

To be sure, many advisors and other financial professionals are already working with younger clients — especially [those who are from those generations](#). Millennials and Gen Zers work harder and achieve more success than the popular caricatures suggest, and their interest in long-term planning with [potential for relationships spanning decades of accumulation](#) make [them an attractive base of clients](#), according to five experts who spoke with Financial Planning.

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Source: [Cerulli Associates analysis of Federal Reserve data from 2022 "Survey of Consumer Finances," February 2024](#)

## How advisors and other experts view younger clients

Many younger people are looking for a financial "coach" rather than an investment manager, said Raman Singh of Phoenix-based [Singh Private Wealth Management](#).

"I like working with younger clients – the Gen Zers and the millennials – simply because the idea of financial planning is a lot different for them than the baby boomers," Singh said in an interview. "They like the idea of working with a financial planner who keeps them accountable."

Advisor Palash Islam has built his advisory practice, San Ramon, California-based [Synergy Financial Group](#), to more than \$225 million in client assets [from \\$21 million just over 10 years ago](#) by winning business from young SpaceX engineers, Silicon Valley entrepreneurs, doctors, lawyers and consultants, the former [professional basketball executive said in an interview](#).

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"I went after people like 20 years ago who were high-performance professionals," Islam said. "That's the advantage of building these relationships over 20 years, because now we're in our 40s, and everyone's balling."

At Bedford, Massachusetts-based [American Private Wealth](#), advisor Kashif Ahmed derives more than two-thirds of his business from clients 50 or younger while aiding many aspiring planners in breaking into the field as a lecturer in finance at Suffolk University, he noted in an interview.

"Back in the day, the financial advice industry had to pursue and cold-call people, and today a lot of people recognize that doing financial planning is important," Ahmed said. "They haven't even reached peak accumulation yet. They're starting in their career — meaning they're going to be accumulating for decades — and as their lives become more complex, there are going to be more things you're going to be doing with them."

The findings that younger generations' wealth is expanding came as no surprise to [Erika.com](#) founder Erika Kullberg, a lawyer and personal finance expert [with more than 21 million followers across social media platforms](#). Millennials and Gen Zers are "actively seeking out opportunities to increase their wealth through various means," even though they're "facing formidable economic challenges such as student loan debt and stagnant wages relative to the rising cost of living," Kullberg said in an email.

"I've observed a strong entrepreneurial spirit and a willingness to explore alternative avenues for financial growth. Many are leveraging technology and digital platforms to start businesses, invest in stocks and cryptocurrencies and engage in side hustles," she said. "The increasing accessibility of financial education resources, both online and offline, has empowered them to make informed decisions about their money and investments. Younger generations have endless financial advice and information at their fingertips."

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## By the numbers

Between 2019 and 2022, overall household wealth climbed 13% to \$66.06 trillion, the Cerulli report showed. Over that span, the total financial assets of millennial and Gen Zers soared by 40% to \$5.98 trillion, while their

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and live independently," the numbers display "a strong rise in overall wealth," according to the Cerulli report.

"What drove a lot of the financial growth in that time is people got into the stock market in a big way," John McKenna, a Cerulli research analyst in the firm's [retail investor practice](#), said in an interview. "We're talking about potential 30- and 40-year relationships, so the opportunities to attract this market are increasing and will only continue to increase."

Other key findings from the report include:

- The share of millennials and Gen Zers who own homes increased by five percentage points over three years to 53%, marking the first time that a majority own their primary residence since Cerulli has been tracking the data about them.
- At least 55% participate in a 401(k) plan, hold individual retirement accounts or are saving up a nest egg for after their careers in some other way, compared to 49% three years earlier.
- The percentage of millennials and Gen Zers who own individual stocks surged by nine points to 22%, while those holding pooled investment assets such as mutual funds or ETFs ticked up by three points to 9%.
- Higher levels of debt remain a concern for this age group: Total debt shot up 53% to \$6.07 trillion, and average debt escalated 33% to \$137,910.
- "At 44 million households strong—and counting—this younger cohort increasingly is becoming impossible to ignore. With their financial wealth growing at a massive rate alongside the complexity of their assets, they are prime candidates for formal advice relationships beyond just a brokerage account and a local bank teller," the report said.

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## Lessons for the future

With more young advisors coming into the profession and adding to "a slowly increasing push to bring on millennial clients," the wealth management industry is coming around to millennial and Gen Z clients, McKenna said. The generations will push the industry to put more emphasis on ESG-tied investing and, possibly, develop more expertise in cryptocurrency, he said.

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Ahmed rejects the idea of cryptocurrency, but he takes the approach of trying to speak directly to younger investors on social media with an approach of "Let me tell you why it's stupid" rather than a dismissive tone, he said. He often reminds college students pursuing a career in planning to be "a farmer, not a hunter" because the "business is about relationships," Ahmed noted. Younger clients could forge change in the industry over time.

"The industry still is almost hostile to women, certainly to minorities. The industry is evolving reluctantly at a glacial pace," he said. "Hey, industry, if you're listening, you dummies, you need to hire the young people so you can work with young people."

Advisors seeking younger clients should be moving away from "just talking about investments" to a long-term, goals-based outlook that is "giving them their options of what they can do and what they should do and what they should not do," Singh said.

"The days of an advisor charging [1% of AUM to manage money](#), they're going to be long gone," he said.

They may also need to learn "to serve them for what their needs are" and "meet them where they are," Islam said. For him, that means serving a diverse base of people from many religious and ethnic backgrounds and being willing to discuss topics like the Israel-Hamas war with clients.

"The ability to build deep, meaningful relationships is there," Islam said. "My job as an advisor is to have uncomfortable conversations. That's why people come, and that's why people stay."

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