

Millennial Money

The Largest Generation Needs Unbiased Advice

By Ian Wild, CFP®
Financial Advisor



THE MAJORITY OF CLIENTS that financial advisors work with are couples looking for advice on how their investments and retirement assets, often a 401k or IRA, match up with their retirement goals. The “baby boomers” retiring today and for the next 10 or so years have little to no debt from their college years, significant equity in their homes, and at some point, only one working spouse. Many provide financial support for their children and grandchildren, paying for schooling or helping fund a down payment on a home, as well as fund their own care in an age when the family doesn’t live down the block anymore and can take turns checking on Grandma. Boomers’ financial challenges can be substantial, and financial advice for this generation is in high demand, if for no other reason than the size of this population entering retirement around the same time. However, as a younger advisor with numerous millennial clients, I find that our newly dubbed “largest generation” is in even greater need of financial advice.

Millennials, ages 23 to 38, as well as Generation Xers, ages 39 to 54, have the best opportunities to gain from good financial advice. Most financial advisors are solely compensated on investment recommendations; however, as a millennial or Gen Xer you have a laundry list of other financial decisions that almost all of you are making on your own — or with the help of bloggers.

Contributing to the need for expert financial advice is a debt landscape that is vastly different from that of your elders. For example:

- Credit cards are offered to you right out of high school.
- Student loans carry an average interest rate of nearly six percent.
- Mortgage rates are at historic lows.
- Borrowing standards allow you to put as little as five percent down on a home.
- Auto loans extend to eight years and sometimes longer.

Leveraging income and assets is easier than ever today. Aside from the standard conversation about saving for retirement, who is offering the advice about lifestyle choices during a time when just about any young family with two incomes can live like

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the rich and famous? Often, it is the financial bloggers who are compensated per click by a credit card company, lender, or investment fund.

Seeking unbiased fiduciary financial advice is more important today in a world where everything is sold: search history, voice data, financial data, etc. Advice on taking on and managing debt, saving and investing for short- and long-term goals, tax planning, different types of insurance, and making sure you aren't actively sabotaging your self-directed 401k isn't going to generate a commission or a "click profit," but should be provided by an expert who is paid by you — and only you.

Working with a Certified Financial Planner or a financial advisor who is acting as a fiduciary and therefore held to an ethical standard much higher than that of their commission-based peers is a start. Still, many CFPs will only work with clients with large amounts of money for them to manage, which has resulted in a shortage of fiduciary advisors working with our country's largest generation.

It is essential to find an advisor or firm that will work with you on a "fee-only" basis. This means that their compensation for advice doesn't revolve solely around managing investments or insurance transactions. A fee-only arrangement mitigates the conflicts of interest that exist in a traditional, commission-based relationship. Fee-only services are paid for directly by you, so you know exactly how much you are paying and what you are paying for. How is your financial advisor compensated?

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Ian Wild, CFP®
Financial Advisor

Ian is a financial advisor in the Pittsburgh, Pennsylvania, office of HBKS® Wealth Advisors. He is a professional football player and works mostly with fellow athletes to help them prepare for the "next chapter" of their careers, easing the transition from playing professional sports to whatever life brings next.

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