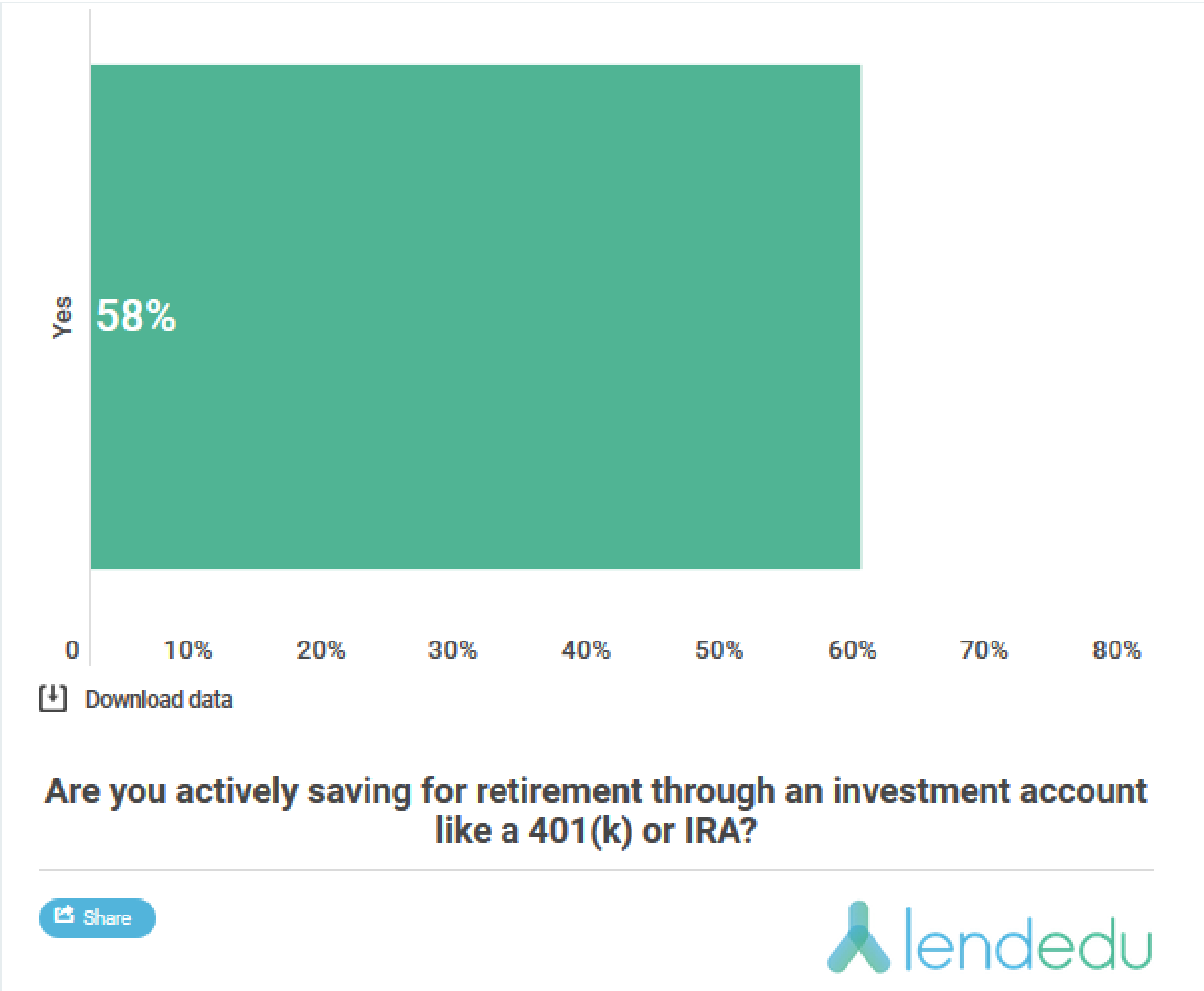

Millennials catch a lot of heat these days for the numerous things they do wrong. So the question remains, does this generation get anything right?

Well, according to a new LendEDU study, they might be getting at least one thing right: saving for retirement.

Through surveying 1,000 Americans aged 23 to 38, we found that the majority of the

The goal of this particular study was to capture a broad snapshot of millennial investing habits, from retirement savings to personal stock plays. The data was further broken down by income and age in order to more clearly define the finance spectrum that exists for millennials.

Continue reading to see the key findings of our survey or click here to jump to the full survey results.

Observations & Analysis

58% of Millennials Are Saving For Retirement Via Investing Account; $26,475 is Average Amount Saved

In the beginning of the survey we asked millennial respondents if they are actively saving for retirement through an investment account such as a 401(k) or Individual Retirement Account (IRA).

As the graphic above depicts, more than half of millennials, 58%, are currently saving for their retirement through an investment account like a 401(k).

Interestingly, income appeared to have the biggest impact on *if* a millennial was saving for retirement as the result range (34% to 77%) was wider when the results were broken down by income compared to when the same answers were classified by age (41% to 65%).

However, age was definitely the biggest factor in terms of *how much* the average millennial was stowing away for retirement.

Age holds much more weight in determining how much millennials have saved for retirement rather than individual annual income. This could be attributed to two things:

Compound Interest

First, is the power of compounding interest. The sooner one begins to save, the greater that power becomes. Compound interest is the interest generated based on the initial principal amount, in addition to the interest accumulated over time. Essentially, an investor is earning interest on interest, which can lead to a rapid snowballing of wealth.

Time is the greatest ammunition for compound interest, not amount saved each month. For example, Susie invests $5,000 per year into her 401(k) from the age of 23 until the age of 33, at which point she stops with a total of $50,000 invested. On the other hand, similarly-aged Bobby also invests $5,000 per year, but Bobby starts

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High-Earning Millennials Not Contributing as High of a Percentage of Income

It was a tad surprising that there was such little disparity in average amount saved for retirement when the results were segmented by income level.

Between low-income millennials and high-income millennials, the average amount put away for retirement only differed by $188. Considering that the groups were separated in annual income by $50,000, one would think wealthier millennials would have a bit more stowed in their 401(k) or IRA.

It is entirely possible that high-earning millennials are not contributing a high enough percentage of their recurring paycheck proportional to their individual annual income. Most financial planners recommend saving between 10% and 15% of annual income for retirement.

The Big Three For the *Few* Millennial Investors? Finance, Tech, & Healthcare

We also wanted to see if we could uncover any other millennial investing trends not specifically geared towards retirement.

We first asked millennials if they invested in the market through a personal brokerage account.

As a whole generation, millennials do not appear to be very keen on making personal plays in the stock market outside of retirement contributions. In not one instance, did more than half of any cohort indicate that they were investing in the market through a personal account.

For example, 30% of the overall respondent pool said they were personally invested, while 15% of low-income millennials were as well, which is not surprising as they may not have the additional income available. However, a mere 35% of older millennials aged 33 to 38 were making any type of Wall Street play.

This lack of involvement in the stock market could stem from a deep-seeded mistrust of Wall Street as millennials grew up in the midst of the 2008 financial crisis.

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In nearly every breakdown of the results – overall, by age, and by income level – millennials were most heavily invested in financial stocks, followed by technology and healthcare.

Finance stock plays were overwhelmingly the most common investment amongst millennials across all income levels and age groups. As government regulations have been gone through a considerable rollback, financial stocks have prospered which spells healthy returns for millennial investors.

Additionally, it is none too surprising to see this generation so interested in gambling on tech stocks. Millennials have grown up as tech giants like Apple, Alphabet, and Facebook have become dominant players on Wall Street.

While millennial involvement in the stock market is minimal, the ones that are

advisor, while 21% of middle-income millennials do the same. Only 11% of low-income members of this generation said they use a financial advisor, likely due to a lack of funds to pay for advising fees.

Finally, 19% of younger millennials stated that they used a financial advisor, while 32% of middle-aged millennials and 35% of older millennials did the same.

While the numbers don't exactly jump off the page, they are relatively strong when one considers that the same survey indicated scarcely any millennials are invested in the stock market outside of their retirement account.

And, the Vast Majority of Millennials Think Their Advisor is Worth It

In an even more promising result for traditional financial advisors, those millennials that do employ traditional financial advisors overwhelmingly believe they are worth the cost.

Throughout all breakdowns of the data, the lowest percentage of millennials that believed their financial advisor was worth the cost was 84%, and that belonged to low-income millennials. So, even those consumers that might be scraping buy to afford their advisor still believe they are getting good value for their money.

This all bodes well for traditional financial advisors, who have been battling uphill in recent times as technological advances have increasingly made the financial advising industry more automated and affordable. This *should* subsequently make paying high advisory fees for a traditional human advisor harder to justify.

And, there was one last bit of good news for those who work in the financial advisement space.

Millennials Still Want Human Advisors Over Robo-Advisors

As noted in the introduction, the common theme in 2019 is that human advisors are

While 19% of millennials had no preference between a human advisor and a robo-advisor, only 16% opted for a robo-advisor, while 65% wanted the traditional financial advisor.

Furthermore, the data remained incredibly consistent relative to the overall results when age and income breakdowns were implemented.

While robo-advisors are certainly making headway and may continue to do so, human financial advisors should not worry too much as they are still much the preferred option for tech-savvy millennials. Even when it comes to data-driven investing, consumers still want that human touch. We also found similar trends in a previous survey we conducted.