

How Boomers and Millennials Differ

We are in the midst of an unprecedented transfer of wealth, with trillions of dollars being moved from one generation to the next. This transfer challenges many commonly held notions as new values and interests become more prominent. In short, the economy is changing, and while some of these new practices might raise an eyebrow or two, not all of these ideas are without merit.

For someone from the boomer generation, it might be easy to become upset with or confused by millennials' differing points of view. However, taking note of the differences between the two generations can foster better communication and understanding.

The younger generations, including millennials, Gen Z, zoomers, and whatever else you call them, have a different perspective on wealth than their forebears. As these generations reach middle age, an interesting trend has emerged in emphasizing YOLO (You Only Live Once). Now that these generations have the steering wheel, they seem to be stepping on the gas and running full force into exciting, once-in-a-lifetime experiences.

At this point, it bears looking at the “why” of the YOLO economy. In other words, why do these forty-somethings spend as if there is no tomorrow?

Less money: Your average 40-year-old earns about \$49,000 a year. While this is more than the 40-year-olds of the previous generation, the rising cost of living has taken a significant bite out of that difference.¹

Less control: This generation also holds a smaller piece of the pie. While the post-WWII cohort controlled 22 percent of wealth in the United States once it reached middle age, millennials only controlled seven percent.²

Perhaps the biggest factor is less marriage: Middle-aged millennials are less likely to be married or start families than prior generations. Only 44 percent of millennials have walked down the aisle by age 40, compared to 61 percent for Generation X and 53 percent for baby boomers. Only 30 percent of millennials live with a spouse and at least one child, far lower than prior generations. This means that the expenses that come with a family are also off the table. If you aren't married, the costs of a possible divorce are simply gone. Without children, you don't have to pay for school clothes each fall, braces, and everything else that comes with helping a child grow up.³

The result is a very different economic picture for today's middle-aged individuals. Consequently, all of these differences have informed a different set of values. Among millennials, 78 percent prefer spending money on experiences rather than material things. While prior generations may have placed more importance on things like home ownership, car purchases, and investments, millennials are looking at a different future with disparate priorities. For these reasons, spending on travel, exclusive events, and entertainment has become a priority.⁴

Of course, many boomers today find themselves in similar situations as middle-aged millennials. Most of the boomer generation is in their retirement, with their children growing and perhaps finding themselves needing further stimulation in their golden years. While many keep working part-time, start businesses, or help their families with childcare, there may be a pang of that YOLO spirit in them as well, and a similar yearning for adventure.

And for good reason. While their middle-age experiences may have been very different, there is no better time than now to take that big trip you've always thought about. Maybe it's time to splurge on those expensive concert tickets or challenge yourself through a special adventure that always seemed impractical, like learning to SCUBA dive or skydive.

This might be too far for some, but it's important to remember that wealth can serve us in two ways: providing security and allowing us to enjoy life. If you've been working hard with your financial professionals to pursue that security, maybe it's time to talk to them about your need for enjoyment.

It's also possible that the younger people in your family have done too much YOLO and not enough saving and investing. A conversation with a trusted financial professional may help them understand how to balance living for today and preparing for tomorrow.

1. Businessinsider.com, February 22, 2023
2. Fortune.com, March 22, 2023
3. Pewresearch.org, October 19, 2023
4. Harris Interactive, October 19, 2023

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