Next Generation Thinking.

HERE’S HOW TO GET—AND KEEP—MILLENNIALS’ ATTENTION.

Our latest research, The Millennial Retirement Saving and Spending Study, offers revealing—and often surprising—information about the financial mind-sets and behaviors of working millennials who are saving in a 401(k) plan. The good news is that the tools to make a difference are already in place; advisors and plan sponsors can leverage existing savings and behavioral tendencies to reach the millennial audience more effectively.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>58%</td>
<td>58% indicate that they would benefit from someone helping them with their spending and debt management</td>
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<tr>
<td>38%</td>
<td>38% have used a paid advisor</td>
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<tr>
<td>47%</td>
<td>47% of auto-enrolled millennials wish they had been enrolled at a higher rate</td>
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<tr>
<td>27%</td>
<td>27% of millennials automatically enrolled in a 401(k) plan say they would not opt out of auto-enrollment until 10% or more</td>
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Based on working millennials who contribute to a 401(k) plan or who are eligible to contribute and have a $1,000 minimum balance.

DEFINED CONTRIBUTION IMPLICATIONS: Millennials Are Ready for Your Help. Are You Ready to Give It? Millennials savers are interested in planning their financial future and want your guidance. So how can you meet the needs of this group to drive retirement outcomes?

1. Embrace plan design 2.0—Many millennials will change jobs before plan auto-increases fully take effect. With 3% as the most common default rate, this can have a serious impact on their savings over time. Look to implement changes that can help them save more:
   - For plans with auto-enrollment, consider setting the default rate higher—at 5% or the maximum match level.
   - Add auto-increase at 2% (instead of 1%) as an opt-out feature.
   - Cap auto-increase at 15% or 20% of savings instead of at the maximum match level.
   - Consider stretching your match to encourage higher savings. For example, instead of $.50 on the dollar up to 6%, try $.25 on the dollar up to 12%.

![Stretch Matches Can Get Employees to Their Savings Goals](image-url)
2. **Validate information with guidance**—Financial information is no longer confined to an enrollment kit or a call center. Millennials have ample access to the information they need. Your value comes in the form of helping them distill that information and validate what they have read. Talking through the information available might just be what they need to take action. Topics include:

- The fact that **how much you save** is the single most important determinant of a successful retirement. This is the only variable over which participants have complete control, though they may need help to balance the trade-offs of saving for retirement while paying off debt, such as student loans.
- Strategies for establishing an emergency fund—after all, 57% of millennials who are saving in a 401(k) say they would rely on a credit card in an emergency.

For insights on how to put millennials' initial investment experience into context, read “**Optimize Millennial Investment Behavior.**”

3. **Engage with them on their terms**—Millennials are digital natives and always connected—67% use two or three devices at least once daily. Harness the power of digital as an engagement tool:

- 85% use Facebook, 68% use YouTube, 38% use Instagram, and 38% use Twitter. Social media is crucial to communicating with this group. Make sure educational messages are available and consistent in a variety of channels. If their social connections are talking about something, chances are, they’ll start to listen.
- The average millennial is connected to 700 contacts. The number of “likes” or views (e.g., the number of Twitter followers, Facebook friends, or LinkedIn connections) that they garner from online posts taps into their desire to compete. Leverage gamification, the art and science of applying game design, to engage and motivate plan sponsors and participants to make better retirement plan decisions.
- Peer recommendation can also influence savings decisions. Incorporate testimonials during enrollment meetings, or identify influential employees who can serve as plan advocates to motivate employees to take action.

For more information about how applying game design techniques to motivate millennials, read our brief on “**Gamification.**”

To learn more about deploying successful peer marketing techniques to engage millennials, read our brief on “**Peer Recommendation.**”

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**The Opportunity:** While millennials exhibit a high level of financial awareness, they want your help. Advisors and sponsors have a unique opportunity to create plans that support millennials’ need for direction and guidance and support their penchant for auto-services. Visit [troweprice.com/millennials](http://troweprice.com/millennials) to view more actionable ideas and useful tools.