



Definitions of **bolded key terms** are at the end of this article.

JULIE M. ANDERSON

MBA, MPP, is the founder and a principal of AG Strategy Group, a strategic consulting and writing services firm. Previously, she was the Chief Operating Officer and a Managing Director at Civitas Group, as well as an Associate Partner at IBM Global Business Services. Anderson has served as Acting Assistant Secretary and Deputy Assistant Secretary for Policy and Planning at the U.S. Department of Veterans Affairs. Anderson earned her Master of Business Administration from Duke University, has a Master of Public Policy from the University of Chicago, and is a graduate of Nebraska Wesleyan University in Lincoln, where she was named a Harry S. Truman Scholar.

Authors, Titles and Publication Dates of the Articles Addressed in the Insight

Emily Huang, Réka Anna Lassu, and Kenneth K. Chan. 2018. "User-Source Fit and Financial Information Source Selection of Millennials." *Journal of Financial Counseling and Planning* 29 (2): 272–89. doi:10.1891/1052-3073.29.2.272

Emily Huang is Associate Professor, Department of Finance and Marketing, at California State University, Chico.

Réka Anna Lassu is Instructor and PhD candidate, Department of Management, at the University of Central Florida.

Kenneth K. Chan is Professor, Department of Finance and Marketing, at California State University, Chico.

Who Should Read This Insight:
Annuity providers

Institute Research Agenda Topic:
Understanding differences in consumer behavior and decision-making.

Insight: WHAT INFORMATION SOURCES MILLENNIALS SEEK TO IMPROVE THEIR FINANCIAL WELL-BEING

IDEAS IN THE INSIGHT YOU CAN PUT INTO ACTION

Annuity plan providers should implement three recommendations to improve the fit of their financial information to Millennials' preferences. First, annuity providers should involve Millennials in cocreating financial information. Second, companies should tailor their communication channels to better fit Millennials' attributes. Third, providers should increase accessibility to their financial information by enhancing their mobile technology interfaces.

PRINCIPAL INSIGHTS

Today, only 41 percent of college attendees report that their formal education taught them good financial management practices. In addition, Millennials (those born between 1980 and 2000) report feeling more stressed about finances than other age groups; that stress makes them more likely to miss work to deal with financial challenges. Because Millennials made up about 40 percent of the U.S. workforce in 2020, employers have tried to address their employees' concerns by offering more financial information, seminars, and other financial wellness programs. But the majority of Millennial employees assign a low rating to their employers' financial education efforts. The purpose of the article by Emily Huang, Réka Anna Lassu, and Kenneth K. Chan is twofold: first, to examine where Millennials look for their financial information as they attempt to improve their financial well-being, and second, to recommend ways for financial services firms to better reach this group.

Previous studies show that Millennials seek a variety of financial information sources. They prefer asking parents and family members for information instead of turning to traditional financial tools. And they choose online peer bloggers because bloggers' advice appears to them to be more genuine. Millennials' preferences are influenced by the nature of the financial information source's content, as well as by how well the individual's and the source's attributes mesh. Finally, past research indicates that individuals value certain attributes of financial information, including expertise, accessibility, usefulness, trustworthiness, personal nature or tailoring, interestingness (i.e., how exciting and engaging a source is), and whether a source protects their privacy and sensitive information.

Huang, Lassu, and Chan's study uses data from an online survey of nearly 500 business students at a U.S. university in which they rated different sources of financial information across multiple attributes. The researchers designed the survey to answer four questions: (1) Are Millennials' perceptions of information source attributes related to that source's use? (2) What sources of financial information are most popular among Millennials? (3) Which attributes do Millennials value the most for the sources they use? (4) How are personal characteristics

related to perceptions of source attributes and the sources Millennials choose?

The answers to those questions show that Millennials use multiple sources when looking for financial information, but that they consider only sources with the attributes that they perceive will fit their inclinations.

The survey results show that Millennials rated financial information from family and employer or university as their top two most-favored choices, and financial services firms third highest. Millennials perceived financial services firms as a valuable source but were less likely to consult them than other sources. They rated social media and advertisements as their two least-favored choices.

Both men and women prefer different financial information sources, with women choosing government and family while men choose knowledge websites, peers, and life advisors over other options. They also expressed different personal attributes, with men reporting much higher levels of personal financial well-being and involvement in financial issues. Additional analysis shows that Millennials select multiple sources for different reasons when looking for financial information, which is consistent with the understanding that the fit between the source and the individual's needs is important when someone seeks information to improve their financial well-being.

Moreover, the results show that improving the degree to which the source of financial information meets an information seeker's needs is the best way to influence how Millennials select financial information sources. Specifically, the researchers suggest that financial services companies can take three steps to improve the fit of their financial information to Millennials' needs. First, firms can involve Millennials in cocreating financial information by involving them in identifying which financial topics are more important to them and in collaborating with **advisors** in decision-making. Second, because Millennials prefer sources that fit their unique needs, companies can tailor communication channels to match Millennials' characteristics by using algorithmic-driven content. This tailored content could address specific problems faced by Millennials. Alternatively, users could rank the most important information to help find **financial professionals** who can work with them most effectively. Importantly, financial services firms should look to social media only as a way to engage Millennials rather than as a sales channel. Third, Millennials expect to access information effortlessly and quickly, and prefer virtual interactions. Financial services firms that enhance their mobile technology interfaces can improve Millennials' accessibility to financial source information. In addition, firms can look to in-person options using on-site financial counseling sites at employers' locations to better reach Millennials.

To learn more, visit the Retirement Income Institute at www.protectedincome.org/retirement-income-institute

KEY TERMS ARE SOURCED FROM THE ALLIANCE FOR LIFETIME INCOME'S ANNUITIES LANGUAGE GLOSSARY AND INVESTOPEDIA

advisor: *A qualified person who can help you understand your options and make financial decisions to work toward your financial goals.*

financial professional: *A qualified person who can help you understand your options and help you make financial decisions to work toward your financial goals.*

For industry use only.