

Nearly Half of Baby Boomers Don't Know When to Add Fixed Income Investments to Their Portfolios According to National Research Study from BNY Mellon Investment Management

"Fixed Income, Not Fixed Thinking" Study Finds Millennials May Have Deeper Understanding of Fixed Income Investing than Boomers

NEW YORK, NEW YORK, November 18, 2019 — A major research study from BNY Mellon Investment Management, one of the largest asset managers in the world with \$1.9 trillion in AUM as of September 30, 2019¹, revealed millennials have a greater level of understanding over their older cohorts regarding the role fixed income plays in retirement planning and how the asset class responds to market cycles.

When asked "At what point in time should the average investor consider adding fixed income to their investment portfolios?" just over a third (36%) of millennials² responded "I don't know" compared with nearly half (45%) of Baby Boomers³, who are much closer to retirement age if not already in their retirement years. Perhaps even more surprising, a much greater percent of surveyed millennials reported having any fixed income allocations in their portfolios compared with Baby Boomers (43% and 32%, respectively).

Divergent thinking persists among age brackets in the role fixed income investing can play when it comes to retirement planning and how the asset class responds to risk. For example, a vast majority (80%) of Baby Boomers reported that "fixed income investing is intended *only* for retirement planning" compared with 70% of millennials and 70% of Gen-Xers⁴, suggesting a younger generation of investors may see more opportunity in the fixed income space beyond long-term retirement planning. And, while 65% of millennials surveyed stated "all bonds provide the same level of risk," more than two-thirds (76%) of Boomers believe the same.

"This research demonstrates that regardless of age there remains confusion around fixed income investing, as well as the important role it can play in long-term financial planning," said Liz Young, Director of Market Strategy for BNY Mellon Investment Management, the world's third-largest fixed income manager by assets⁵. "The data also suggests the role financial advisors can play to more effectively communicate how a fixed income allocation can help provide a steady stream of income for a variety of personal circumstances and across economic cycles."

BNY Mellon Investment Management's "Fixed Income, Not Fixed Thinking" national research study surveyed 2,007 Americans age 18 or older. The study examined respondents' knowledge, attitudes, and behaviors about fixed income assets and how they are shaped by their risk tolerance, past and present investing performance, and experience engaging with professional financial advisors. Complete research study findings are available at the [link](#).

¹ BNY Mellon earnings as of September 30, 2019.

² Defined by the study as those between the ages of 21-38.

³ Defined by the study as those between the ages of 55-73.

⁴ Defined by the study as those between the ages of 39-54.

⁵ As of 12-31-2018, *Pension & Investments*.

Nearly Half of American Women Surveyed Say They Do Not Understand Fixed Income At All

The study also demonstrated some gender differences around fixed income and the appetite for risk between men and women. Men appear to invest more heavily in fixed income than women, with nearly half (49%) of men surveyed reporting having some percentage of their investment portfolios with an allocation toward fixed income compared to just 29% of women.

While just 29% of men reported they “do not understand [fixed income investing] at all” nearly half of women (49%) said the same. Likewise, 46% of women expressed they didn’t know at what point in time the average investor should consider adding fixed income to their investment portfolios, but only a third of men (33%) said the same.

According to the research findings, men and women expressed varying levels of uncertainty related to how fixed income strategies react to changing interest rate environments and market volatility. In the event of lowered interest rates, just 24% of men said they “wouldn’t know what to do” compared with 42% of women. And in the event of a stock market sell-off, defined here as a rapid selling of securities beyond the daily ebb and flow of market prices, 28% male vs. 50% female said they didn’t know what they’d do. This relative lack of awareness about fixed income investing across gender appeared to reflect itself in survey respondents’ approach to risk, with only a quarter (24%) of men expressing “no appetite for risk” when it came to investing compared to 39% of women.

“People often find it as difficult—if not more so—to talk about money and financial planning than they do about politics, religion, personal relationships, and other emotionally charged subjects,” said Young. “It’s imperative for the industry to provide clear information that’s free of jargon, work to understand individual client goals, and create alongside clients tailored plans that enables them to invest with purpose.”

BNY Mellon Investment Management “Fixed income. Not fixed thinking” National Research Study Methodology

ENGINE Insights CARAVAN Surveys, on behalf of BNY Mellon Investment Management, fielded the “Fixed income. Not fixed thinking” national survey from July 8-14, 2019. This online omnibus study was conducted among a sample of 2,007 adults comprised of 1,003 men and 1,004 women 18 years of age and older. The sample captured a broad range of respondents by age, gender, geographic location, education level, ethnicity, and household wealth. The survey sample of 2,007 has $\pm 2.19\%$ Margin of Error (MoE) at 95% confidence at the “All Respondent” level and $\pm 3.09\%$ to 4.4% MoE at 95% confidence for demographic, behavioral, attitudinal and other subgroups. ENGINE Insights is not affiliated with BNY Mellon.

About BNY Mellon Investment Management

BNY Mellon Investment Management is a leading investment manager and one of the top U.S. wealth managers, with US \$1.9 trillion in assets under management as of September 30, 2019. Through an investor-first approach, the firm brings to clients the best of both worlds: specialist expertise from eight world-class investment managers offering solutions across every major asset class, backed by the strength, stability, and global presence of BNY Mellon, one of the world’s most trusted investment partners.



BNY Mellon Investment Management is a division of BNY Mellon, which has US \$35.8 trillion in assets under custody and/or administration as of September 30, 2019. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of the Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com. Follow us on Twitter @BNYMellon or visit our newsroom at www.bnymellon.com/newsroom for the latest company news.

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