Here’s Why More Than 87% of Canada’s Young Investors Are Smarter Than Their Parents

Description

By now, we all know the list of stereotypes surrounding millennials and Gen Z. They’re said to be impulsive, self-entitled (but socially conscientious), lazy, absorbed in technology, and prefer to work to live rather than live to work

And yet, as they get older, these two generations are constantly breaking out of stereotypes, taking control of their own narratives, and redefining what it means to be a millennial or Gen Zer. Contrary to popular belief, they’re not impulsive; they’re good with money. They’re retiring faster than their parents, and, according to an **RBC** Direct Investing Poll, they might have more investment smarts than their parents.

And let me tell you — the numbers in this poll are staggering. For one, these generations are entering the investment space in droves: around half of those surveyed said they started investing during the pandemic. And if you think this was a habit born out of lockdown-induced boredom, you’d be wrong. Nearly 87% of those surveyed said they started investing to reach long-term financial goals, with over half claiming they wished their parents would have taught them how to invest sooner.

Another 86% believe DIY investing is an important part of their financial security, and here’s the icing on the cake: around one in every five young investors believe they understand investing better than their parents.

What can investors learn from this study?

No matter your age, this poll highlights some investing tenets that every investor, no matter your age, would do well to follow.

The first is keeping a long-term perspective. In this regard, young investors are crushing it. They're not expecting to get rich quick, nor are they chasing short-term gains. They're taking a buy-and-hold approach, buying quality investments that accrue significant gains over long periods of time.

A buy-and-hold strategy requires patience and fortitude. It requires a steely approach to your investment portfolio — neither panicked when your investments do poorly, nor greedy when your investments do well. Investors who buy and hold don't try to time the market but rather buy quality investments that will stand the test of time.

At the same time, young investors aren't impassive toward investments. In fact, they're *worried* about them. This is perhaps why around 77% of those surveyed claim they take their time before acting on investing decisions. They do their research, because they want to get it right. In fact, around 87% said they enjoy the challenge of researching as well as the feeling of acting on what they've learned.

Many DIY investors get caught up in investing fads. They might start with good intentions — like investing for retirement — but FOMO (fear of missing out) gets the better of them, and they start buying popular investments they don't understand. Take NFTs (non-fungible tokens), for example. You could buy a quality NFT that becomes more valuable over time. But if you don't have an eye for NFTs, if you're jumping on the bandwagon, you could also buy one that sinks in value.

But young investors have it right: they're doing their research *before* buying investments. They're putting emotion aside and taking a well-informed approach to stocks. No matter your age, that is something you can emulate: take a long-term approach to your investments and don't get caught looking for short-term gains.

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