

## Simplification Trend Drives Money Movement as Younger Consumers Take the Lead in Transactions

### “Simple” Means Different Things to Various Consumer Groups

(August 27, 2019, Rye, NY) – Over a third of consumers involved in money movement seek to “simplify my finances” with younger consumers leading in number of transactions during the past three years, according to the latest report by [Hearts & Wallets](#), the source for retail investor data and insights.

The **Money Movement: Tap into Consumer Motivations to Drive Trial and Transfers** Report provides actionable analysis and greater visibility into money movement transaction dynamics both at their origin and destination for a full picture of opportunity and potential threats. The report covers new deposits in new accounts, cash-outs, transfers and rollovers.

Written by Hearts & Wallets subject matter experts with decades of operating experience in retail finance, consumer packaged goods and technology development, and acumen honed at the nation’s finest business schools, the report is drawn from the latest fielding of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The IQ™ Database is recognized as the largest single dataset with 72,000 million data points on consumer buying patterns from over 45,000 U.S. households.

#### Easy Driver

At the national level, “to simplify my finances” is the No. 1 factor motivating money movement, cited by 37% of Americans. The factor of “to consolidate for better retirement planning” was second at 28% with a tie for third at “to get more involved myself” and “to put more money at the firm that offers me better results” at 22%.

Transaction size influences motivations. Smaller transactions of under \$250,00 are driven by factors of “simplify my finances” and “get more involved myself.” Factors like “because I was dissatisfied with my employer-sponsored plan provider” are more common in bigger transactions and other factors that indicate a desire for better service.

“Different groups of consumers define ‘simple’ differently and that has major implications for product development and communications,” Laura Varas, founder and CEO of Hearts & Wallets said. “For consumers with smaller transactions, simple can be about the ease of making the transaction by themselves, aided by technology and support staff. Consumers who are making larger transaction often have more complex needs and are looking for more of the traditional service model where the financial professional does it for them.”

#### The Young and the Restless

Younger consumers are the most active money movers with nearly half (48%) of consumers ages 21 to 28 and 43% of consumers ages 29 to 39 having executed transactions in past 3 years. For the youngest group, ages 21 to 28, the transaction of preference is opening new accounts funded with new deposits as 41% have taken this action in the past 3 years.

## Simplification, the Young and Money Movement/2

"Younger consumers will continue to be the most active group in the future," said Beth Krettecoc, subject matter expert and co-author of the report. "In all, 4 out of 10 consumers ages 21 to 28 are considering a transaction within the next year. When looking at this market from the standpoint of size, that translates into 5.4 million households. That's an important opportunity now, and a chance to build loyalty long-term for a firm."

## Moving Money out of Plan

Most consumers are uncomfortable leaving money in a previous employer's retirement plan. "To simplify my finances" and "better retirement planning" are the main motivators for rollover. Outright dissatisfaction with former employer-sponsored plans is a motivator in about 1 in 10 rollovers.

"Firms are recognizing the folly in attempting to retain former employees in their old plans," Varas said. "Consumers who need greater depth and breadth of advice may need to seek advice outside of employer plans, which are limited to one-size-fits-all offerings because of regulatory requirements. Firms can facilitate rollover, if not to IRAs, then to new employer-sponsored plans, in response to the consumer desire for simplicity. A differentiated approach to rollover based on balance size will pay dividends and address consumer needs."

### Methodology

*Money Movement: Tap into Consumer Motivations to Drive Trial and Transfers* is drawn from the section of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database) that analyzes transaction dynamics both at their origin and destination for a full picture of opportunity and potential threats. The report covers new deposits in new accounts, cashouts, transfers and rollovers.

### About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit [www.heartsandwallets.com](http://www.heartsandwallets.com).

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