Betterment

RETAIL INVESTOR SURVEY 2025

Navigating Financial Noise

Retail investors were cautiously optimistic about the economy early last year, but 2025 is a decidedly different environment.

Concerns about high interest rates persist, with tariffs and stock market volatility creating new challenges—and opportunities—for investors.

In Betterment's 2025 Retail Investor Survey, we dive into the new reality of today's market, focusing on how four generations of investors are feeling and behaving during an unpredictable period. Our findings show that during turbulent times investors want more control over their financial planning. They're also seeking more advice to find those bright spots, whether that be from a trusted expert like an advisor or technology like AI.

Certain demographics, especially younger generations, haven't lost faith in markets. Many still see upside potential as they navigate the largest wealth transfer in generations, with more time in the market before retirement than older investors.

Tech-savvy investors are another bright spot—a group that also skews younger. Nearly a quarter of retail investors currently use digital investing platforms, and those who do report higher optimism and portfolio performance, as well as confidence in their retirement strategy and ability to afford major purchases.

Gen Z and Millennials are more likely to use these platforms than Gen X or Boomers, signaling a broader shift as digital natives enter their wealth-building years. Younger investors are also more likely to use AI tools for financial purposes, and they report more positive financial outlooks compared to those who don't.

But it's not all about the technology. Investors with traditional financial advisors also report positive outlooks, highlighting the value of external guidance. Boomers are the generation most likely to have a traditional advisor, with many preferring a more hands-off investing approach, entrusting the details to a professional.

Here are the top four takeaways from the survey outlining the "why" behind retail investors' market perceptions, generational wealth-building principles, and investment philosophies in 2025.

Here's what we found:

Market pessimism is on the rise, but younger investors are less concerned.

Less than half (48%) of respondents have a positive financial outlook for 2025, down from 60% in 2024. Concerns about inflation (58%), a recession (41%), and politics (41%) are the top three stressors for investors this year.

Tech-forward investors and those who use advisors are more financially confident.

Twenty two percent of investors report using digital investing apps to manage their portfolios. They are significantly more confident in their retirement strategies (73% compared to 50% of non-users), more likely to report portfolio gains in the past six months (76% compared to 56% of non-users), and more proactive in managing investments with tax considerations in mind (66% compared to 32% of non-users). More than half (54%) of investors with a positive outlook work with a financial advisor, citing improved financial plans, advancement of long-term savings goals, and reduced financial stress as the top benefits of a human-guided approach.

Social media's financial influence is growing.

More than a third (36%) of investors say social media is a top source for financial news, up five percentage points from 2024. YouTube remains the most popular social media platform for financial topics, with Facebook dropping by 11 points, while other platforms like X (up 7%) and Reddit (up 6%) have seen gains.

The jury is still out on AI-powered financial advice.

Though more than half (53%) of respondents report using generative AI for financial purposes at least once a month, just 30% said they trust AI to give them financial advice, and just 26% would let AI manage their investments.

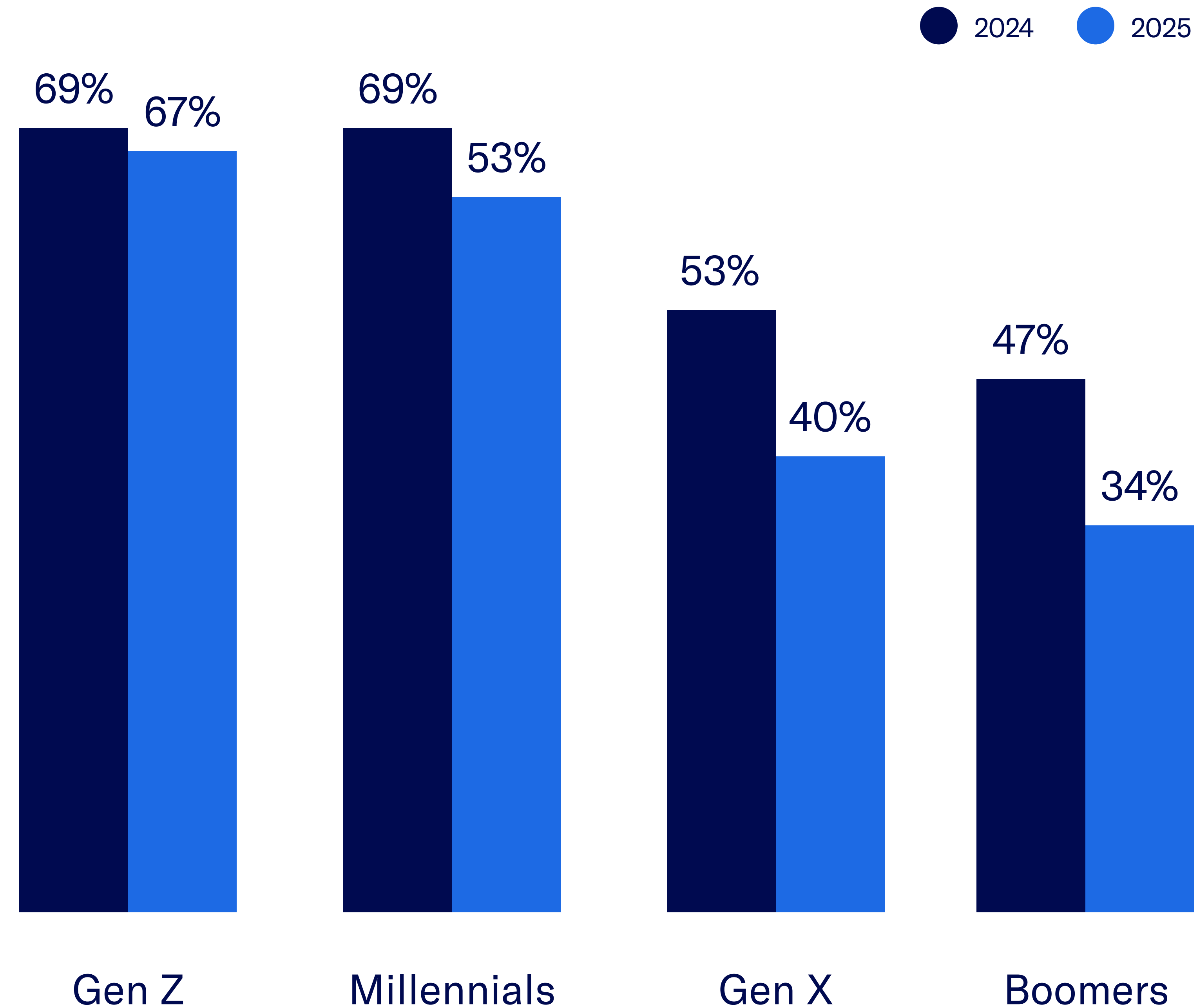
SECTION 01

Market Swing Reactions

Investor optimism dips, but Gen Z is unfazed by the latest market swings

A lot can happen in 12 months. Here are the most notable YoY shifts from our 2024 survey:

Positive financial outlook for 2025: 48%, down 12 percentage points YoY

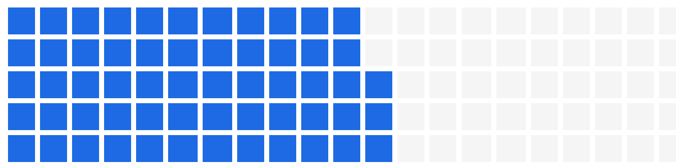


Gen Z and Millennial investors have much more positive financial outlooks compared to older generations. However, Millennials did have the largest percentage point drop (16 points) among generations.

TOP 3 FINANCIAL STRESSORS

Inflation

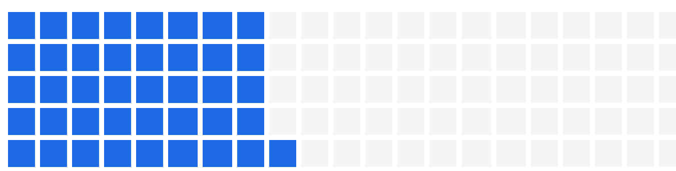
58%



Potential recession

41%

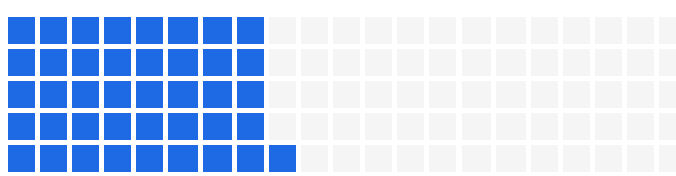
up 12 points YoY



Politics

41%

up 10 points YoY



Those with a negative outlook are more stressed by the political environment (30%), compared to those with uncertain (18%) or positive (13%) outlooks.

PORTFOLIO PERFORMANCE

51% said their portfolio was up over the last 12 months, down 17 percentage points YoY.

Millennial investor

"I think the market is pretty bad, and while I do expect things to be better at the end of the year, right now it's rough."

Gen X investor

"The market is responding to uncertain political concerns about tariffs. It is the 'uncertainty' that is steering the market."

Boomer investor

"The market conditions seem to be driven by fear lately, rather than fundamentals. The tariffs are causing uncertainty. I'm anticipating a slight downturn with more inflation but not a recession."

Investment behaviors

Though most respondents report feeling worse about the overall economic picture compared to last year, there are some interesting nuances when we look more closely at investment behavior. At Betterment, our advice has always been that by having a balanced portfolio, investors are able to weather the storm—and that sense of optimism is coming through.

"The best wealth-building strategies I've learned are consistently making smart choices and staying disciplined. Start early. Take advantage of tax-advantaged accounts. Always keep some kind of money flow."

Millennial investor

Digital investing app users

Respondents who use digital investing platforms or "robo-advisors" to manage their finances have a significantly more positive financial outlook (71%) compared to those who don't (42%). They show higher confidence in their retirement strategies (73%) and are more likely to know how their portfolios are performing (95% vs. 75%).

Notably, app users are not relying solely on technology for guidance. In fact, they are almost **twice as likely** to work with a financial advisor (62%) compared to those who don't use investing apps (34%).

APP USERS ARE ALSO

66%
More proactive in managing investments with tax considerations in mind (34 points higher than non-users).

72%
More likely to report investment gains over the past 12 months (27 points higher than non-users).

59%
Finding it easier to afford major purchases than those who don't use investing apps (31 points higher than non-users).

Financial advisors

Many retail investors rely on traditional financial advisors to help them effectively navigate the markets, pairing them with technology for access, ease of use, and cost.

Forty percent of respondents currently work with a financial advisor, with Boomers leading at 50%. Though younger generations are less likely to have an advisor, they are more likely to think they would benefit from working with one (Gen Z: 64%, Millennials: 54%, Gen X: 37%, Boomers: 15%).

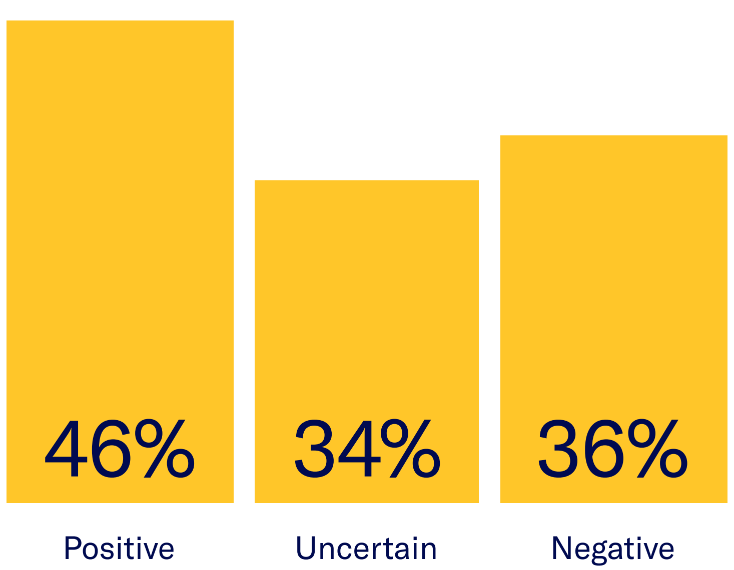
TOP 3 BENEFITS OF A FINANCIAL ADVISOR

67%
Improve my financial plan/budget

56%
Advance my long-term savings goals

53%
Reduce my stress about finances

INVESTOR OUTLOOK



Investors with a positive outlook (46%) on their financial situation are more likely to have an advisor than those with an uncertain (34%) or negative outlook (36%).

Respondents with a financial advisor are also more confident (55%) in knowing how much they pay in taxes on investment gains compared to investors without an advisor (36%).

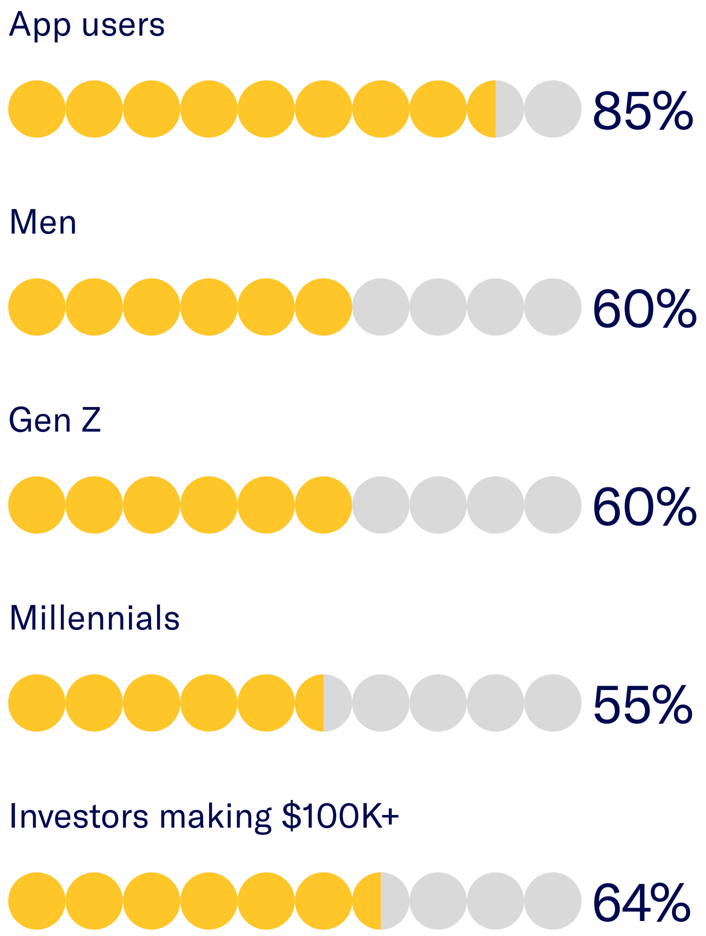
Single stock investing

The rise of digital investing apps may be part of what's driving the rise of single stock investing.

Younger and wealthier investors prefer single stocks for short-term gains and perceived higher returns, with 60% of Gen Z and 55% of Millennials holding single stocks compared to 47% of Gen X and 44% of Boomers. Nearly two-thirds of investors making more than $100K a year invest in single stocks, compared with just 39% of investors who make less than $50K a year.

51%

of all respondents invest in single stocks, including:



"Don't go chasing the hot stocks. Invest in tried and true [strategies], and stay the course for a long time."

Millennial investor

> "At Betterment, we always encourage a diversified approach. While single stock investing should never be your only investment strategy, having modest exposure to individual stocks is fine."

Dan Egan
VP of Behavioral Finance and Investing at Betterment

SECTION 02

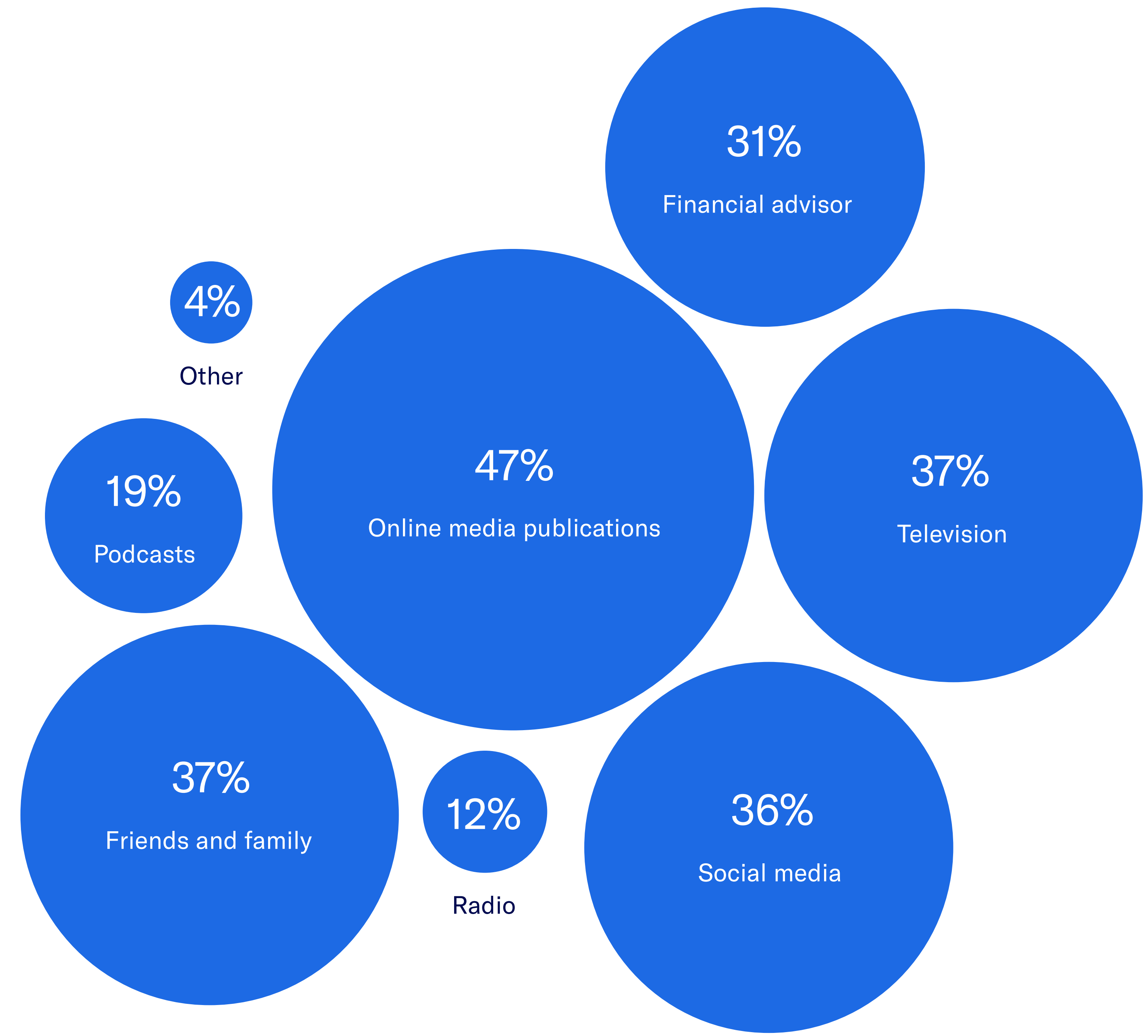
Navigating the New Information Space

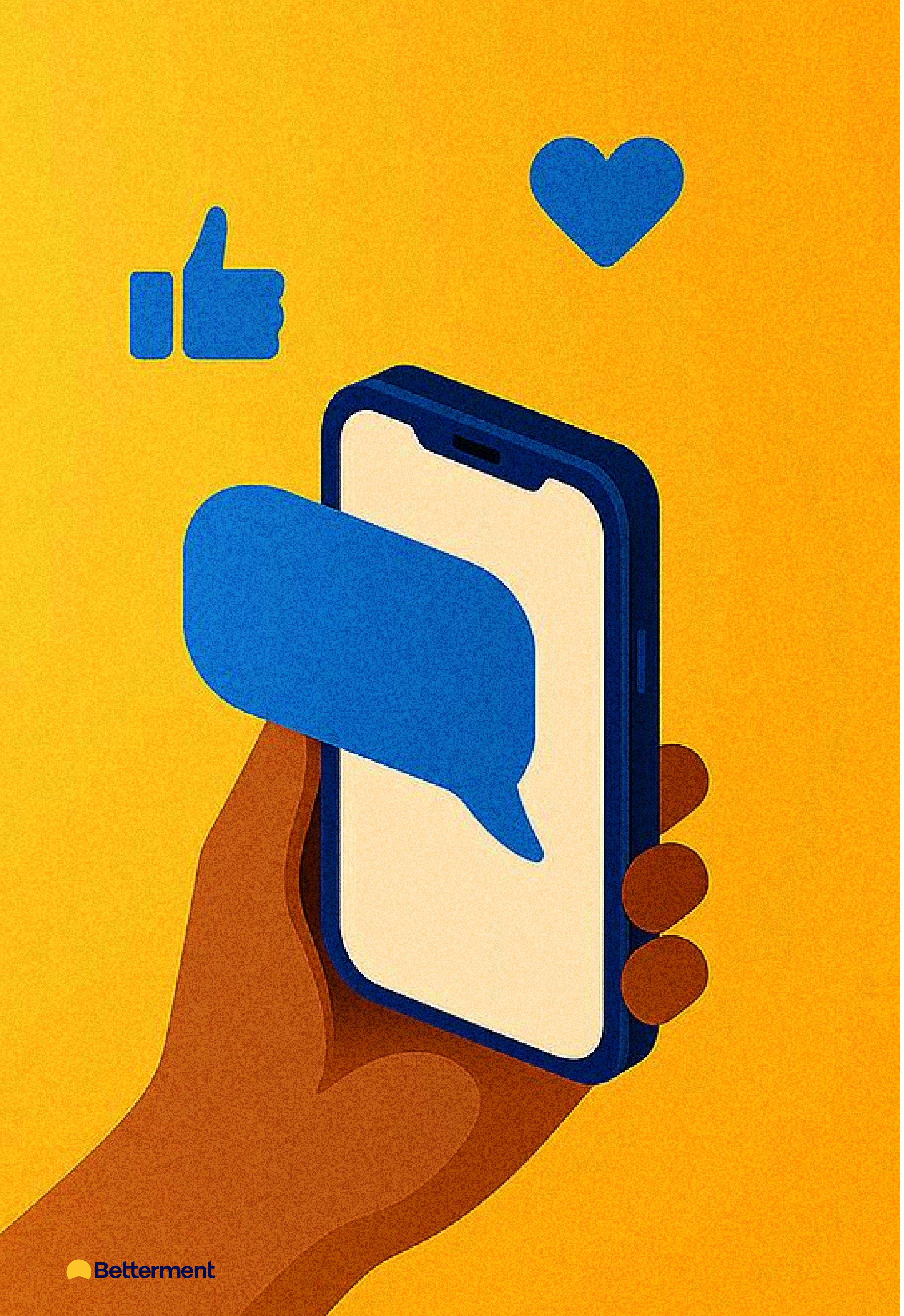
Many believe social media exaggerates economic fears, yet more than half of Gen Z depend on it for financial news

Navigating market hype, advice, and information sources

With so much uncertainty in the market, investors are looking for information they can trust. Not everyone can afford a traditional advisor, so more people are seeking guidance from a wide range of free or low-cost sources. But wading through so many opinions and deciding which ones to listen to can complicate how investors perceive the market and influence their financial decisions—for better or worse.

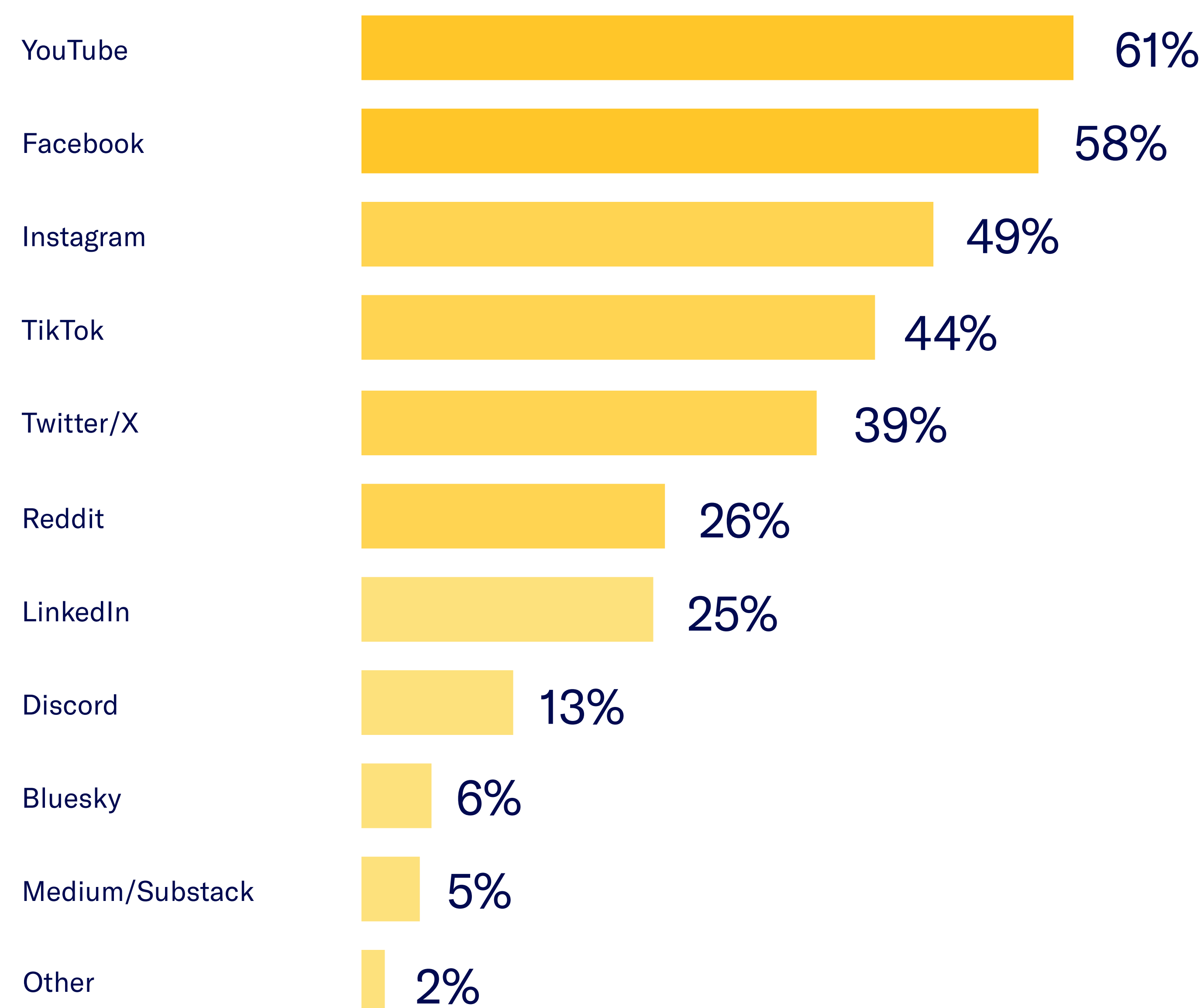
TOP FINANCIAL NEWS SOURCES





Social media is a key information source, especially among younger generations (Gen Z: 58%, Millennials: 49%), though traditional news outlets still hold more sway in influencing investment decisions among all investors (63%).

TOP SOCIAL MEDIA PLATFORMS FOR FINANCIAL NEWS AND ADVICE



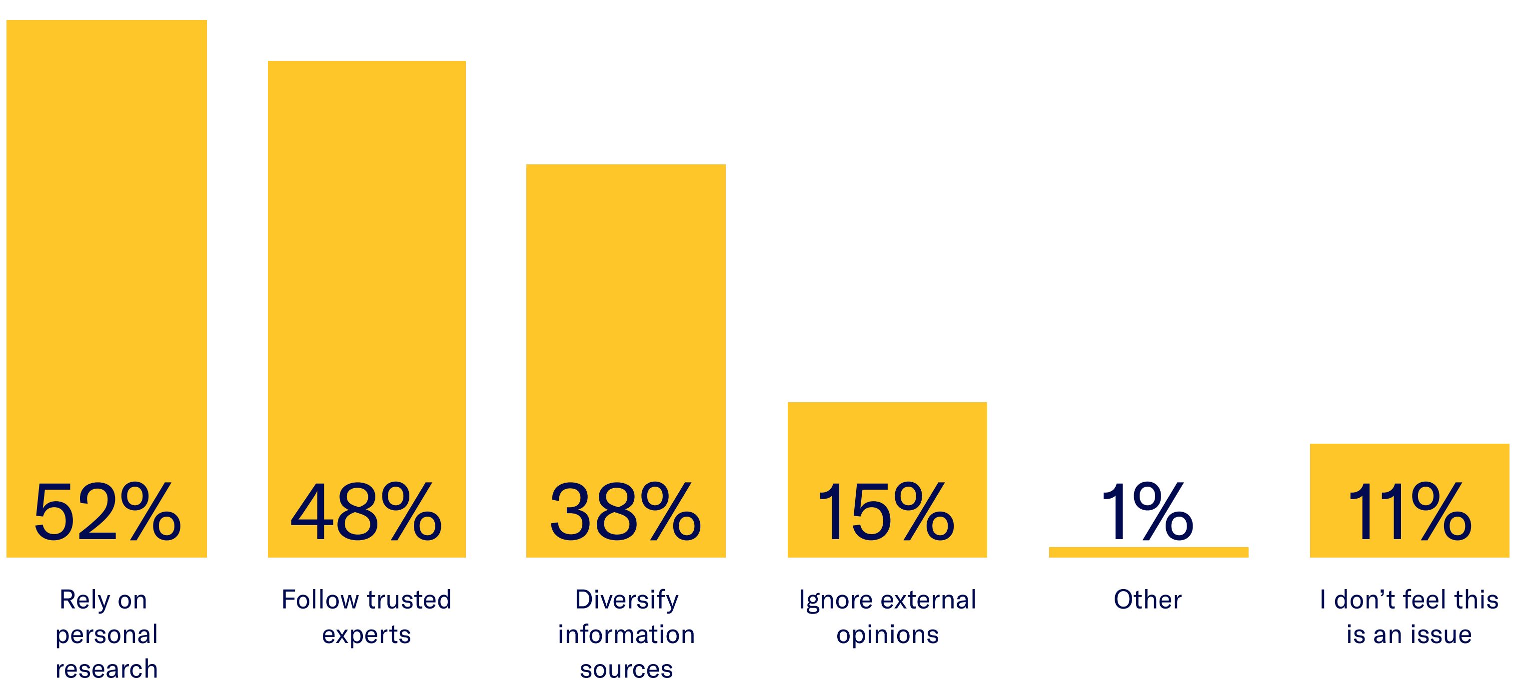
Most investors say they are somewhat skeptical of all financial news sources. Across generations, 77% of respondents believe social media exaggerates economic uncertainty, while 64% say the same about traditional media.

Half (52%) say they rely on personal research to sort through conflicting financial advice, indicating that investors are taking ownership of their financial education.

> “When I was younger, I just invested based on friends. Now I make sure to do research and see if there is a short-term play or a long-term play.”

Millennial investor

HOW INVESTORS NAVIGATE CONFLICTING ADVICE



“

Americans have faced a barrage of headlines that would give even the most seasoned investors whiplash.

That said, it’s important to maintain a healthy dose of reality: The markets are more stable than they were the last time major tariffs were implemented in 2007/2008. It’s encouraging that many investors have been able to see through that noise and remain steady. Investors should take advantage of the volatility through strategies such as tax-loss harvesting and rebalancing, while also making sure they have adequate cash reserves.”

Nick Holeman
Director of Financial Planning

$2B

Over the first two weeks of April, Betterment executed over $2 billion in tax-loss harvesting trades, resulting in nearly $60 million in losses harvested.

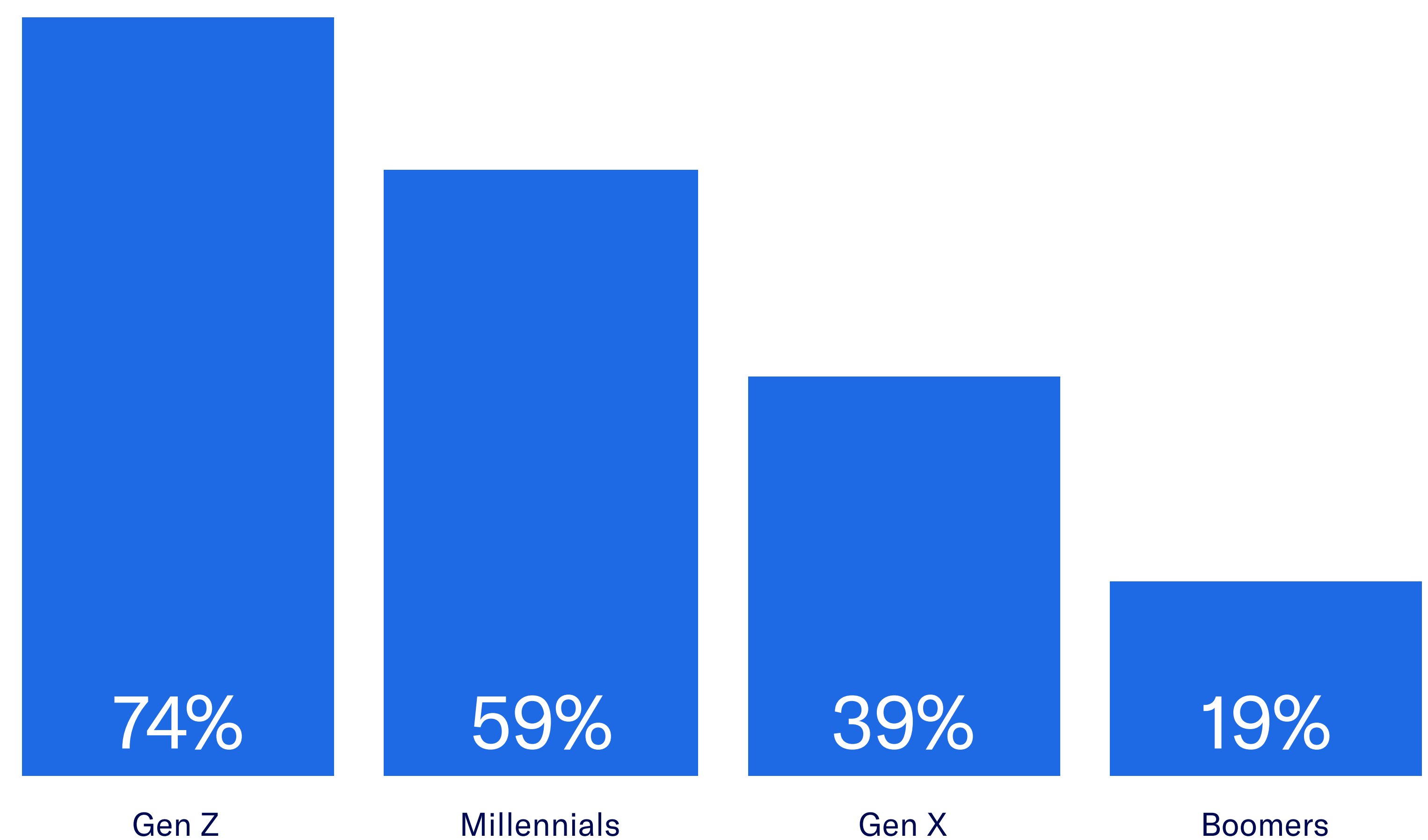
Generative AI

More investors are using generative AI for financial advice, adding yet another input to investment decisions.

For younger generations in particular, the growing desire for easily accessible financial advice is fueling new use cases for emerging technologies like AI. More than half (53%) of respondents report using generative AI for financial purposes at least once a month, with 38% using it weekly. Gen Z investors are getting financial advice from generative AI significantly more than other generations, with 74% using it at least monthly compared to 59% of Millennials, 39% of Gen X, and 19% of Boomers.

However, there is still a lot of uncertainty about incorporating AI tools into investment strategies.

DO YOU GET FINANCIAL ADVICE FROM AI AT LEAST ONCE A MONTH?



Trust in AI for financial purposes

Only 30% of investors said they would moderately or completely trust AI to give them financial advice, and just 26% said the same for letting AI manage their investments.

TOP REASONS TO LET AI MANAGE INVESTMENTS

51%
Eliminates emotional bias in investing

49%
Access to automated decision-making

47%
Better diversification and risk management

“Betterment is a fiduciary, which means we must act in our customers’ best interests.

Mike Reust
President

With that in mind and based on our current understanding of the space and what we’ve seen—from basic mathematical mistakes to an inability for AI to understand the full nuance of any particular client’s financial picture—AI is not yet ready to manage money.

That said, AI tools are improving quickly and could someday become more useful for financial planning. Our advice is to use AI to augment your own process and knowledge but don’t get swept up in the hype. At this stage, generative AI can be valuable as an educational source to back up your own thinking, or inform discussions with trusted sources like advisors, but it shouldn’t be the only resource you rely on for financial decisions.”

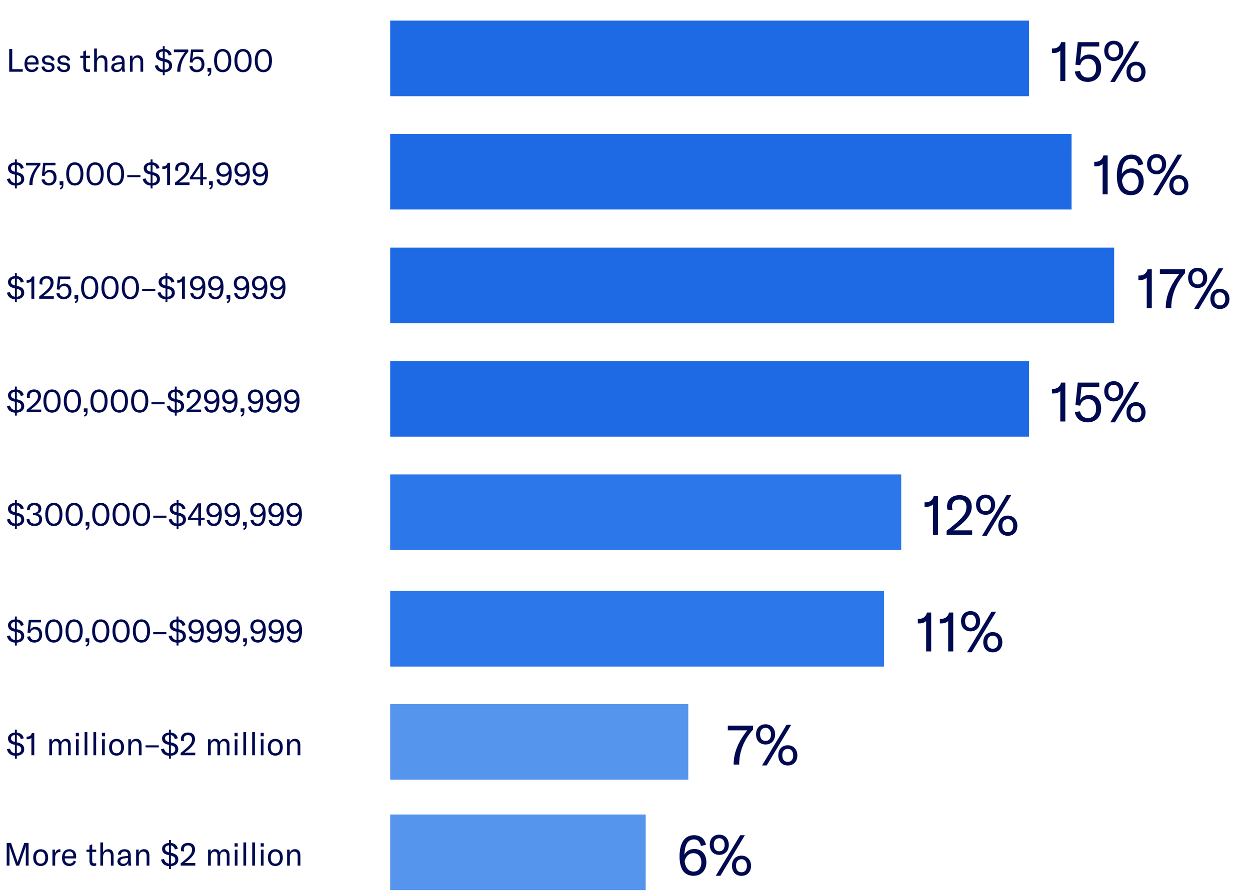
Defining and building wealth

With affordability concerns top of mind for many this year, retail investor attitudes around wealth are also shifting. Investors are reconsidering what it means to be wealthy, their strategies for building wealth, and their plans to pass wealth on to future generations.

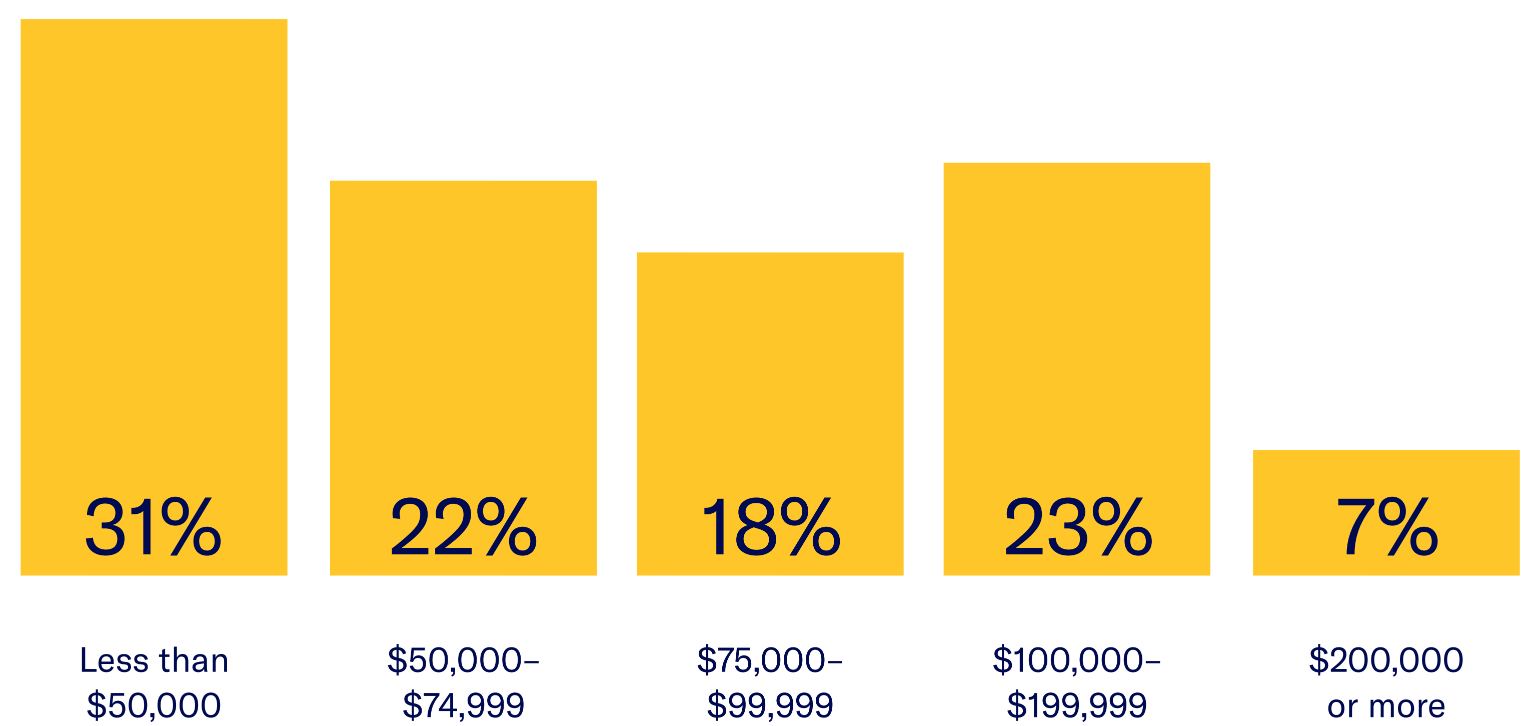
Over one-third (36%) feel they would need a pre-tax income of at least $300,000 to feel wealthy, an increase from 28% in 2024. This figure steadily increases as respondents get older, with 43% of Gen X and 45% of Boomers selecting $300K or more.

7% of respondents actually reported income of $200,000 or more, with 71% saying they make less than $100,000 a year.

INCOME NEEDED TO BE WEALTHY



REPORTED ANNUAL GROSS INCOME



“

In this inflationary environment, I’m not surprised to see more investors envisioning a higher benchmark for what ‘wealthy’ means.

Dan Egan
VP of Behavioral Finance and Investing at Betterment

It also tracks that older investors see higher base incomes as the benchmark for being wealthy. While younger generations have at least a few decades left in the workforce and market, older generations are closer to retirement (or already retired), and their wealth expectations are much more tangible. My advice is always to try to keep a healthy distance between what social media tells you ‘wealthy’ is, and what lifestyle you’re actually trying to achieve. Public perception always trends to extremes but analyzing your own needs and what you would consider ‘wealthy’ for yourself will allow you to set more realistic benchmarks and goals.”

Wealth-building obstacles

Respondents across generations listed the costs of everyday items (63%) as the top obstacle to building wealth, with saving for long-term goals trailing at 36%, followed by credit card debt and inconsistent income at 29% each.

A third (35%) of all respondents believe it's easier for them to afford major life purchases like buying a home compared to other generations, driven largely by Gen Z (48%) and Boomers (30%).

Interestingly, Millennial (44%) and Gen X (41%) investors, squarely in the middle of the age groups, are more likely to feel they have it harder.

TOP EXPENSES

52%
Housing (including improvements and maintenance)

45%
Health and wellness (medical expenses, gym, therapy, etc.)

40%
Saving for retirement

> "I'm not feeling confident about anything financial right now and am incredibly glad I bought my car before the tariff increase discussion started."

Millennial investor

Wealth-building strategies

The rise of alternative assets like cryptocurrency and real estate is changing the wealth-building equation for many investors.

Younger generations (Gen Z: 87%, Millennials: 83%, Gen X: 72%) are significantly more likely to feel this way than Boomers (58%).

75%

feel their generation has a fundamentally different approach to wealth-building than previous generations.

Wealth transfer planning

Nearly two-thirds (65%) of respondents are planning to pass down some or the majority of their wealth to their children, with most focusing on traditional estate planning (49%) through wills and trusts.

However, almost a quarter of investors report prioritizing financial education for heirs (24%) and strategic gifting during their lifetimes (23%), with digital investment app users leading the charge at 46% and 38%, respectively. This suggests that younger, tech-savvy investors are determined to give their children the investment knowledge they wanted but may not have gotten from their own parents.

“

There’s been a lot of discussion over the past few years about ‘the great wealth transfer,’ and that’s something we’re seeing echoed by our clients.

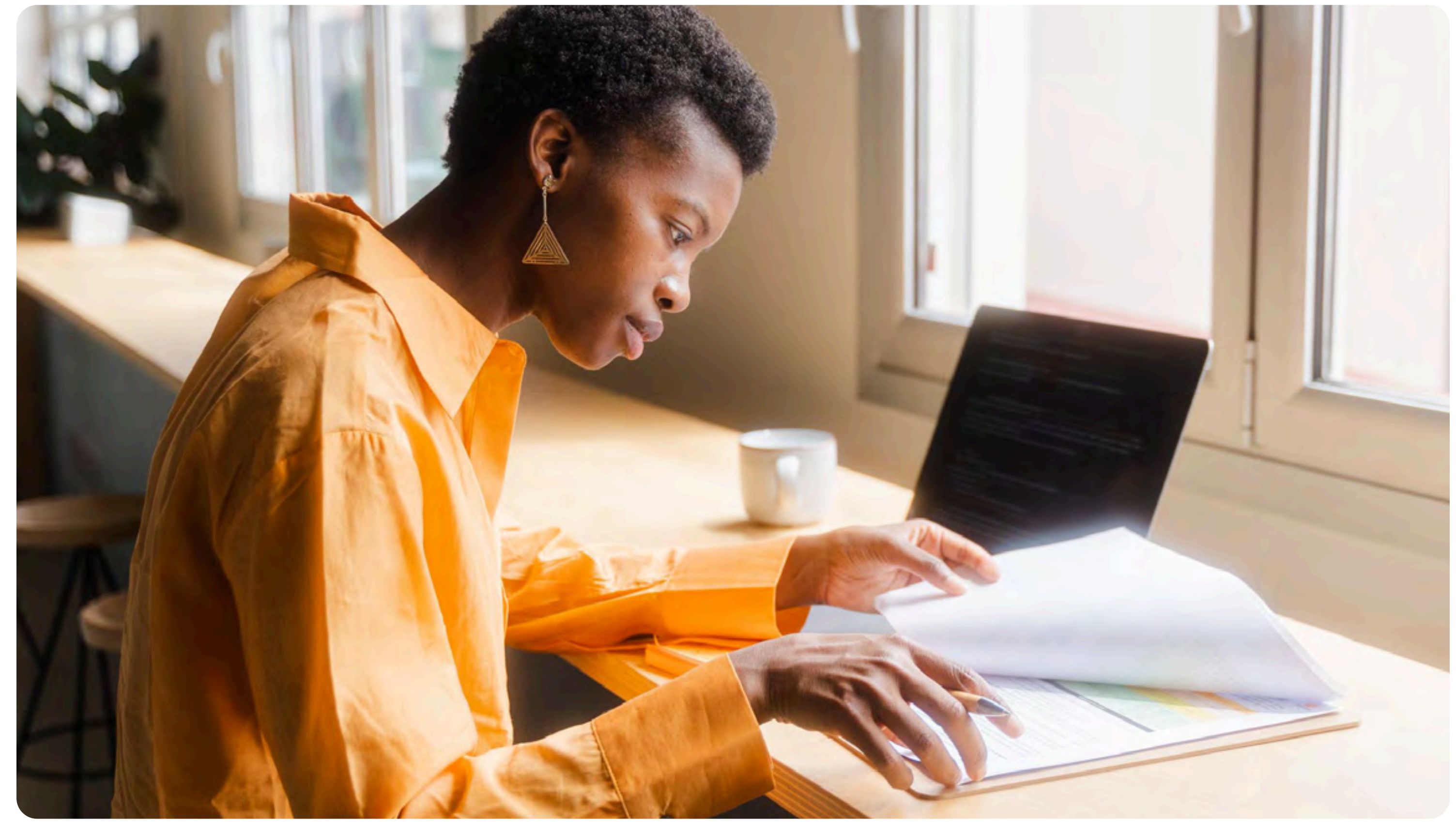
It’s encouraging to see financial education coming through as a top priority, particularly for investors who may be more tech-savvy. A consistent theme I’ve heard from clients, which we also saw reflected in the qualitative survey responses, is a desire for earlier financial education that allows them to take more control of their financial lives. As more information and tools continue to become available to young investors, I’m hoping to see that start to become a reality.”

Nick Holeman
Director of Financial Planning

Gen Z is engaging with their finances at a younger age than Millennials.

At age 25, Gen Z Betterment customers have roughly twice the assets on Betterment than older millennials at the same age (and roughly 25% higher than younger millennials).

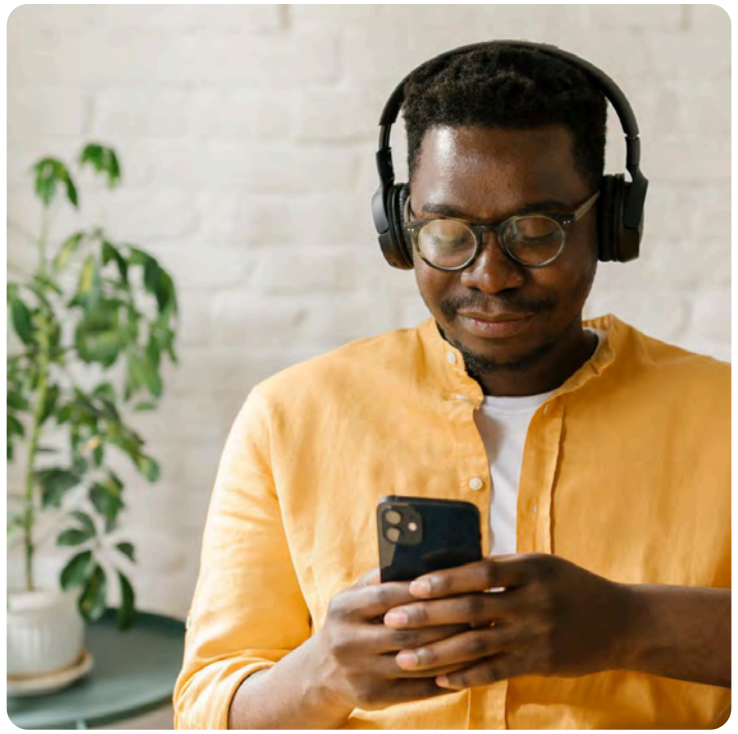
Among users that were funded on Betterment by the time they were 25, the average starting age to be funded has decreased from about 25 years to about 22.5 years



WHAT FINANCIAL LESSONS DO YOU WISH YOU HAD LEARNED EARLIER IN YOUR INVESTMENT JOURNEY?

> "I think the market is pretty bad, and while I do expect things to be better at the end of the year, right now it's rough."

Millennial investor



WHAT, IF ANYTHING, WOULD YOU CHANGE ABOUT YOUR PREVIOUS WEALTH MANAGEMENT STRATEGY WITH THE KNOWLEDGE YOU HAVE NOW?

"I wish I had learned to not be so scared. Taking calculated risks is not a bad strategy."

Gen Z investor

WHAT ARE SOME OF THE BEST WEALTH-BUILDING STRATEGIES YOU'VE LEARNED?

"Just to save money. Don't spend when you don't really need to. And my Nana taught me to save half of everything I make."

Gen Z investor

EXPENSES INVESTORS WOULD TAKE ON FOR ADULT-AGED CHILDREN

34%
Education expenses

25%
Medical bills

23%
Day-to-day expenses

23%
Transportation (vehicle, public transit, etc.)

21%
Rent assistance

20%
Down payment for a house

SECTION 03

Risk Appetite Declines Overall, but Gen Z Leads the Charge

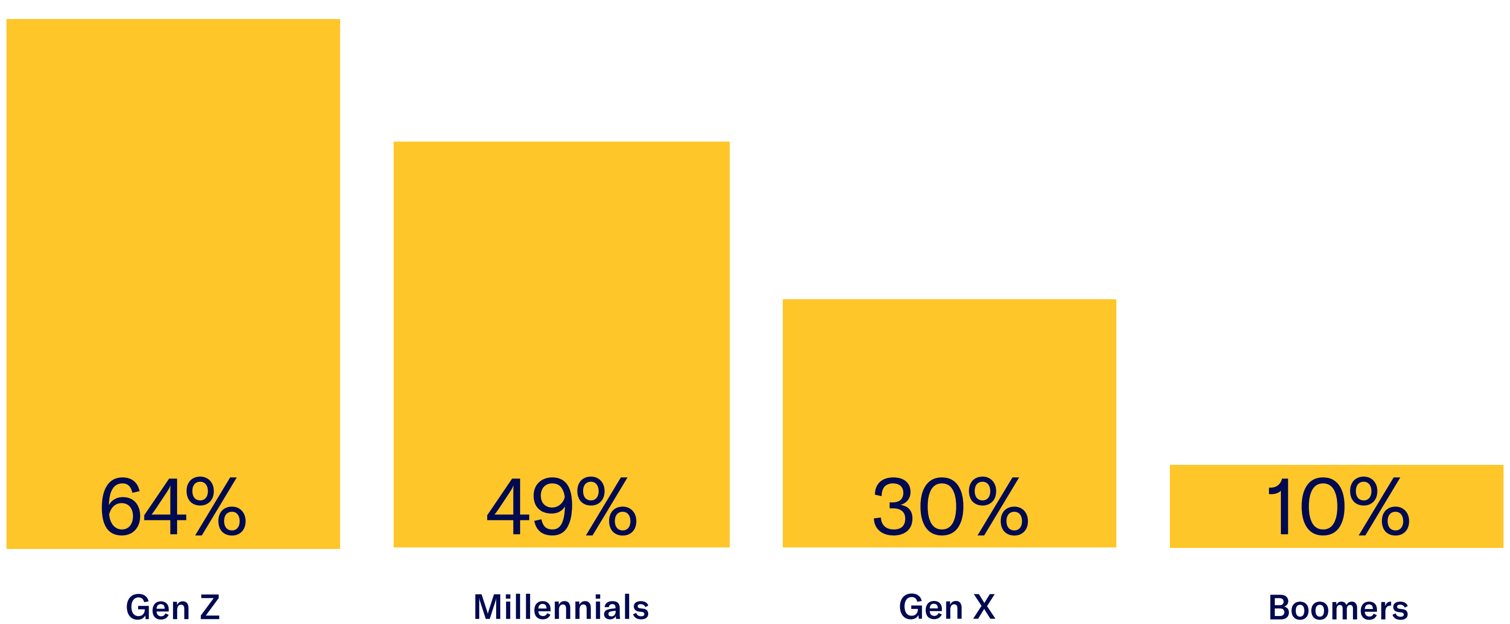
Risk appetite

With more context on the mixed messages investors are fielding from both human and technology sources, we can better understand the financial decisions they are making right now.

Because of broader market uncertainty, fewer investors (38%) are willing to take on more portfolio risk over the next 12 months. However, 55% of those with a positive financial outlook, 68% of those who use digital investing apps, and 71% of those who use AI for financial reasons feel comfortable with more risk.

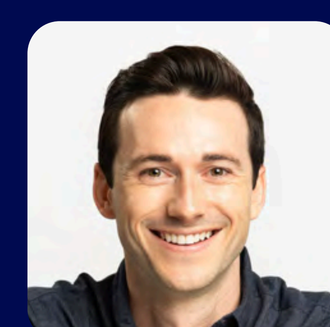
Younger generations (Gen Z: 64%, Millennials: 49%) are also more willing to take on more risk compared to Gen X (30%) and Boomers (10%), likely because they have more time in the market before retirement.

WILLINGNESS TO TAKE MORE PORTFOLIO RISK BY GENERATION



It's interesting to see that 68% of digital investing app users and 71% of those leveraging AI in their financial strategies are open to taking on more risks than those who don't leverage these technologies.

Technology undoubtedly boosts investor confidence. It's just a matter of ensuring that confidence comes to life through strategic investment choices. From our work with clients, I often see firsthand how human advice combined with technology helps empower individuals to make informed decisions, which can foster a mindset that thrives on smart risk-taking."



Nick Holeman
Director of Financial Planning

Capital allocations

Since the 2024 presidential election, some investors have fled to cash, but the largest concentration of respondents reported no change in their allocations for each asset class, signaling that most investors are staying the course despite uncertainty.

WHERE INVESTORS ARE MOVING THEIR MONEY

29%
Traditional savings account

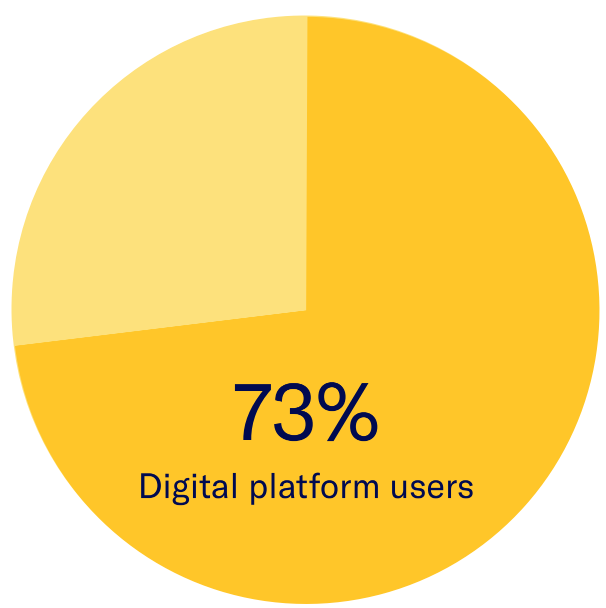
27%
Cash holdings

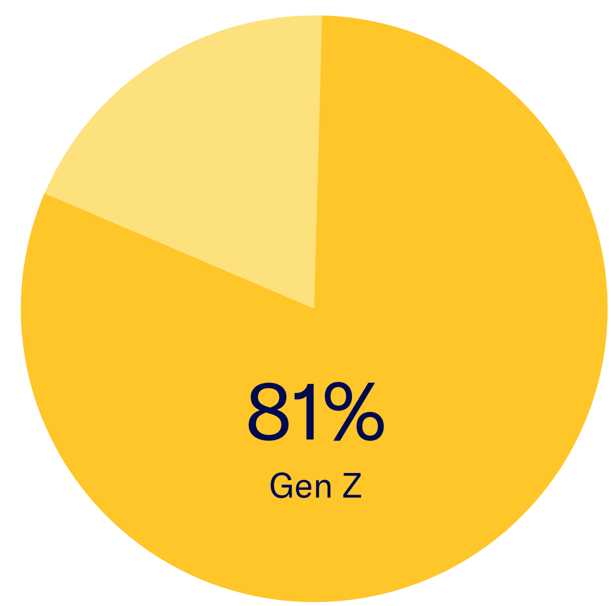
25%
High-yield savings account

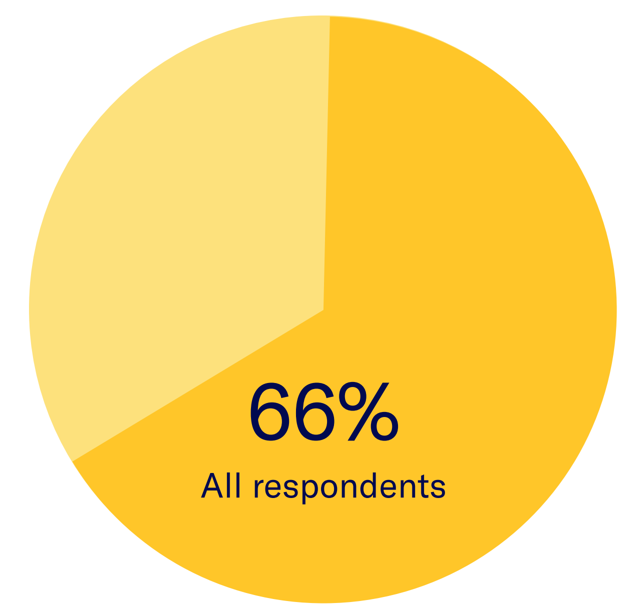
Alternative assets

A third (34%) of respondents are currently invested in alternative assets, including cryptocurrency, private equity, commodities, and real estate. Interest in these asset classes is growing, especially among digital platform users (73%) and younger generations (81% for Gen Z). Across all respondents, 66% say they became somewhat or much more interested in alternative assets over the past six months.

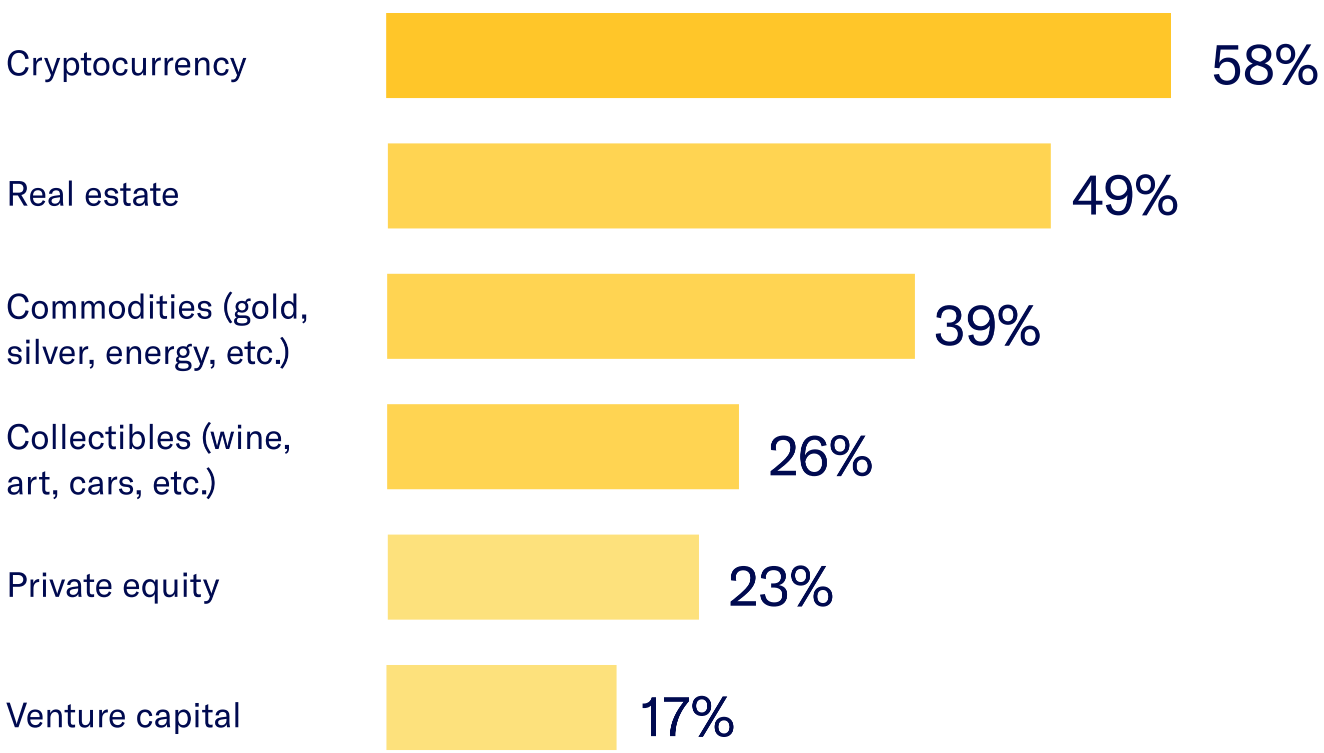
INTEREST IN ALTERNATIVE ASSETS







TOP ALTERNATIVE ASSETS AS STORE OF VALUE OVER TIME



WHAT'S MOST IMPORTANT TO YOU WHEN IT COMES TO INVESTING?

"Conservative long-term investments in established securities that can be easily bought/sold—i.e., not in real estate or 'collectibles.'"

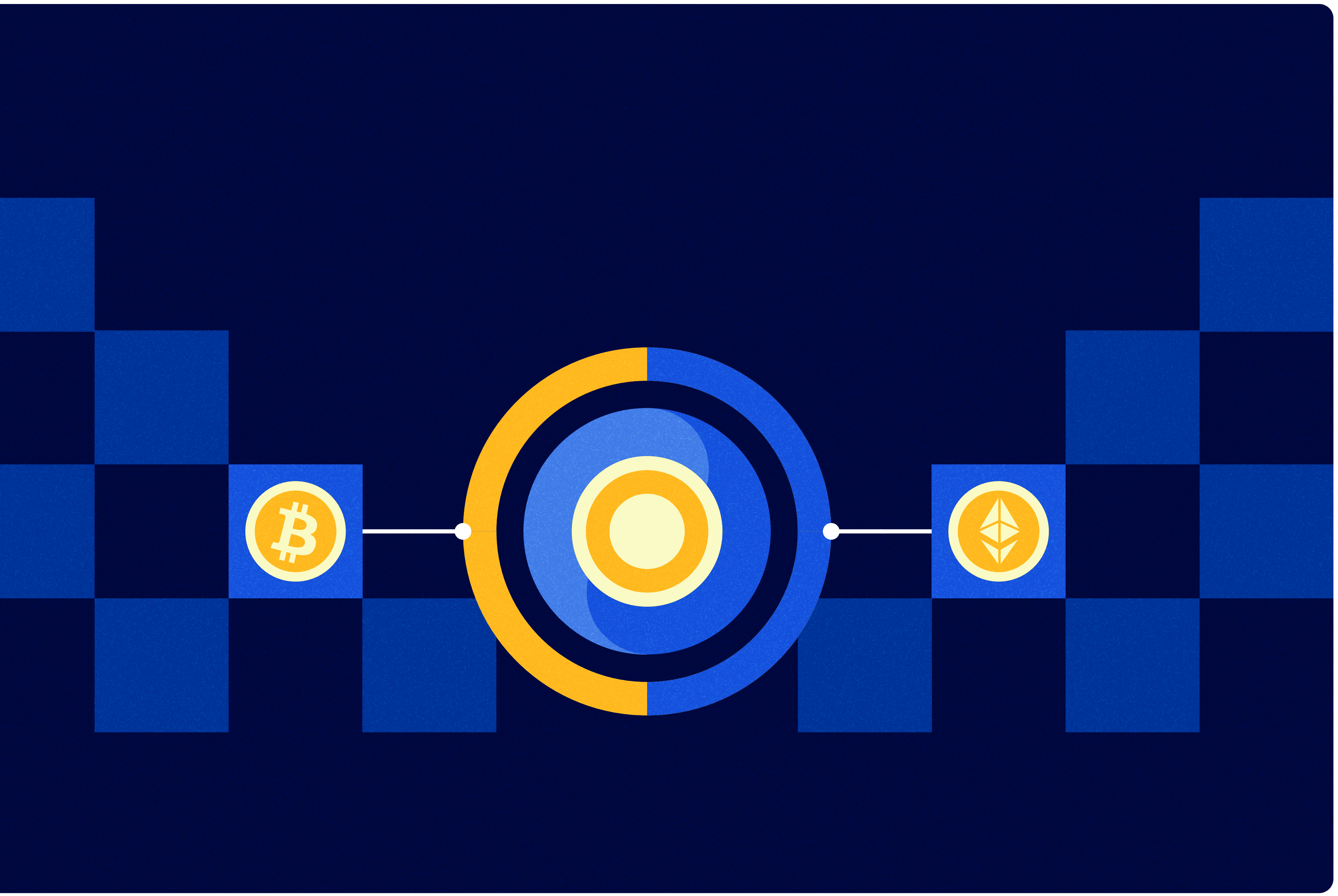
Gen X investor

“

After several years of declining interest, there may be a couple of reasons we're seeing new enthusiasm for alternative assets. Chief among them is that when market uncertainty is on the rise, investors (particularly those with more experience) are likely to seek new ways to diversify their portfolios.

Alternative assets can provide more stability because they have lower correlation to public market swings. For those looking to get into alternative assets for the first time, start by understanding your goals and risk tolerance, and reserve a small portion of your portfolio to experiment with an asset class that interests you."

Dan Egan
VP of Behavioral Finance and Investing at Betterment



Cryptocurrency

Though crypto is viewed more favorably than other alternative assets, less than a third of respondents (31%) have crypto holdings.

Nearly half (43%) of those who do invest in crypto have held it for less than a year. About a quarter of younger respondents (Gen Z: 28%, Millennials: 24%) have increased their holdings in crypto since the 2024 election, compared to 10% of Gen X and just 2% of Boomers.

Cryptocurrency is still not well understood by the majority of investors (55%), with many respondents citing security risks (42%) and volatility (38%) as key concerns.

31%

of respondents have crypto holdings.

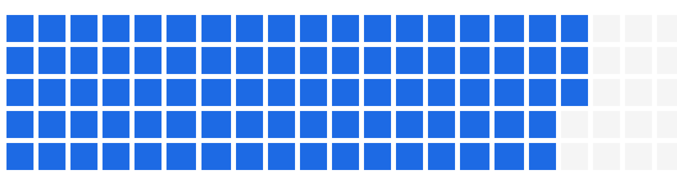
ESG and values-based investing

Most respondents (83%) said it is at least somewhat important that their investments reflect their values and morals.

However, actual ESG holdings remain low. Only 10% said they currently hold ESG-themed investments, with another 13% saying they used to.

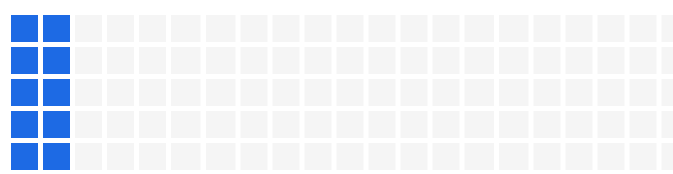
This jumps to 32% for those who use digital investing apps, compared to 4% of those who don't.

Younger generations have more ESG-themed holdings: 42% of Gen Z and 29% Millennials currently hold or have held ESG investments. By contrast, only 5% of Gen X and 8% of Boomers hold or have held ESG investments.



83%

said it is at least somewhat important that their investments reflect their values and morals.



10%

currently hold ESG-themed investments.

> "I invest to make money to pay for my retirement. My investments thus need to produce income, not just keep their values."

Boomer investor

CONCLUSION

Market uncertainty may be the headline for 2025, but most investors are not panicking.

Technology has made accessing financial advice and education easier than ever, giving investors greater confidence, even in shaky markets. Investors are more cautious and actively seeking support and advice from trusted sources—human or otherwise—to guide their strategies.

Though attitudes vary by generation, most investors are choosing to keep their investments steady, with some notable shifts into alternative assets and cash holdings. Young, tech-savvy investors are more optimistic about their financial outlook and more likely to seek out external guidance from both human and digital sources. Older investors rely more on traditional financial advisors and have an understandably lower appetite for risk as they approach retirement.

Social media continues to inform younger generations' investment strategies, with growing generative AI use for financial purposes, adding more complexity to the mix. Single stock investing is on the rise, particularly for younger investors and those who use digital investing apps.

At the same time, ESG investments have fallen out of favor, despite investors saying they want investments to reflect their values.

In next year's survey, we'll continue tracking investor sentiment in these areas to better understand where investors are moving money, how technology is influencing their decisions, and how they feel about their financial futures. We'll explore how 2025's global trade shifts will affect investors in 2026 and what they mean for long-term wealth-building and retirement strategies.

Each year, we'll review and analyze the investing trends shaping—and shaped by—the market, highlighting how investor priorities evolve with the times.

To get started on investing for your goals with Betterment, follow the link here.

METHODOLOGY

An online survey was conducted with a panel of potential respondents from April 2, 2025, to April 14, 2025. The survey was completed by a total of 1,200 respondents, evenly split between the four generations (Gen Z, Millennials, Gen X, and Baby Boomers). They each had to have some kind of financial investment to qualify for the survey. The only exception was if they only had a 401(k). A follow-up survey of open-ended questions was completed by 100 respondents. The same screeners were applied. The sample was provided by Sago, a research panel company. All respondents were invited to take the survey via an email invitation. Panel respondents were incentivized to participate via the panel's established points program regardless of positive or negative feedback.

Betterment