

# The financial planning views of the youth

Young people today are navigating a complex financial environment, characterised by ambition and anxiety.



**Florbela Yates, Managing Director, Equilibrium**

Florbela Yates is the Managing Director of Equilibrium in the Momentum Metropolitan group. Equilibrium is an independent discretionary fund manager that partners with financial advisors to help them enable their advice outcomes. Equilibrium brings balance to an advice practice by delivering services and investment solutions to help clients achieve their defined investment goals.

Their views on financial planning diverge significantly from those of older investors, primarily due to their evolving relationship with money. A prevalent trait among younger investors is the “save-to-spend” mindset. While many are aware of the importance of financial discipline, their priorities lean towards immediate gratification, often overshadowing longer-term investment strategies. At Equilibrium, we have recognised these differences and have invested heavily in behavioural analysis to supplement our offering to financial planners and our combined investors. We categorise our younger investors into three broad groups:

**Planners** tend to have clear financial goals and are happy to work with financial advisors.

**Dreamers** aspire to financial success but often lack the concrete plans to get them there.

**Drifters** neither set goals nor make plans, often defaulting to family for financial support.

One of the most notable distinctions between the youth and older investors is their mistrust of traditional financial channels. Growing up in an era of instant answers and on-demand information, young people prefer the immediacy of online tools over face-to-face interactions with advisors. Psychologically, while many young people recognise the importance of budgeting and saving, they often lack confidence in managing money and making financial decisions.

This is compounded by a gap in financial education, which is critical for building budgeting skills, saving habits and overall financial confidence. In South Africa, this is exacerbated by our youth facing a uniquely tough financial landscape, shaped by systemic and economic challenges:

**High unemployment.** Nearly 50% of young South Africans are unemployed.

**Low financial literacy.** Fewer than 30% of young people have a solid monthly budget, and over 50% struggle with financial management.

**Limited access to financial tools.** Despite having AI at their disposal, research shows that products like life insurance, retirement plans and emergency funds are underutilised.

Industry statistics show only 35% of people under 30 have life insurance, just 13% have critical illness cover and a mere 18% have disability cover.

**Social media misinformation.** Over 45% of youth get financial advice from social media, which can be misleading or incomplete. This contributes to misconceptions about wealth-building tools and risky financial behaviour.

**Lack of savings culture.** Many young South Africans grew up in households without a savings tradition. For them, the idea of saving is unfamiliar and often undervalued.

**Lifestyle pressures.** Keeping up appearances leads to spending on branded goods and lifestyle upgrades rather than savings or investments, which undermines long-term financial stability.

**Digital disconnect.** Only 39% of youth feel confident using digital financial tools. This limits their ability to engage with modern banking, investing and budgeting platforms.

As investment managers, we have a vital role in partnering with financial advisors to help younger investors meet their long-term financial goals. Investors who use a financial advisor tend to have three times the financial outcomes as those who don't. But it's up to us to work together with financial advisors to educate the youth, ensure that they see the value of advice and saving and that we encourage them throughout the journey to:

- Invest regularly
- Review their changing needs regularly and adjust their plans to help them accordingly
- Show them how we help them build trust, meet their short-term needs while remaining focused on their longer-term financial goals

I challenge our industry to work together to remain relevant and empower South Africa's youth to grow their wealth. After all, they are our future clients, and their financial success is our shared responsibility. As an independent discretionary fund manager (DFM), we enable you to do what really matters – spending more time with your clients and building your business. To find out more, visit [eqinvest.co.za](https://www.eqinvest.co.za).