

Market Profile

Young Professionals



OVERVIEW

The millennial generation (also known as Generation Y) is defined as people ages 18-35. They make up 25 percent of today's population.

- Many of them entered the workforce during a time of economic uncertainty and are more risk averse and mindful of their money than previous generations.
- They face student loan debt as they start their professional careers post-college.

The young professional market is largely untapped. With their future earning potential and conservative approach to finances, they make good candidates for income protection and other financial products.

TARGET MARKET

- Ages 22 to 35
- College graduates
- Incomes of \$45,000 a year or more
- Professional occupations: medical, law, engineering, financial services and business management
- Living independently with fixed expenses

KEY CHARACTERISTICS



Technically savvy



Rely on referrals and recommendations from friends and family



Base consumer decisions on values over brand loyalty



Will switch jobs for the right opportunity



Leery of big business and risk adverse

Did you know?

- The national **AVERAGE STARTING SALARY** for graduates with bachelor degrees is **\$45,473**.¹
- In 2011, millennials launched almost **160,000 START-UPS** each month; **29% OF ALL ENTREPRENEURS** were 20-34 years old.²
- Millennials have over **\$200 BILLION IN PURCHASING POWER** and another **\$500 BILLION IN INDIRECT SPENDING POWER**.³
- Over **75%** of college graduates have an average of **\$25,000 IN STUDENT LOAN DEBT**.⁴

CONNECTING WITH YOUNG PROFESSIONALS

This generation has grown up with technology. They are optimistic about the future and care about their local communities. They also seek instant gratification and open, honest relationships. To most effectively work with these individuals, you should build trust, connect electronically (and in person) and praise them for doing the right thing, such as taking care of their financial futures.

unique
trust post
connect customize
refer relate
tweet impress
follow

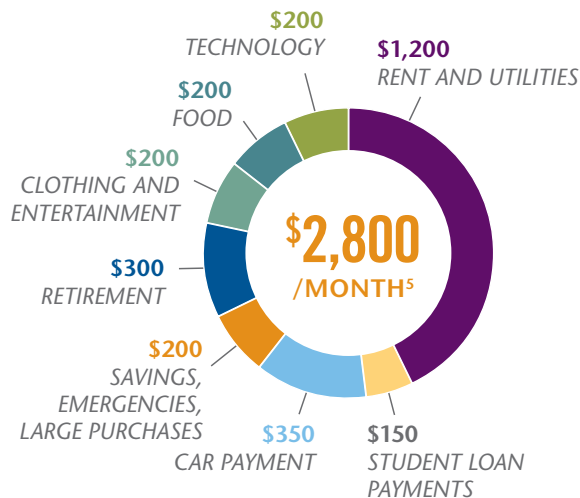
TIP: Visit www.principal.com/youngprofessionals for free contact sources, approach tips and other materials.

SALES TIPS



- **Emphasize the portability and convenience of having their own income protection coverage.** It's estimated that millennials will change jobs every three years.⁴ Explain how they are in control to make decisions about their coverage. Plus, individual disability coverage goes with them – no matter their location or occupation.
- **Ask your existing client base about their children and their financial needs.** Make sure you become part of their financial conversation by asking pertinent questions. Millennials rely on recommendations and their parents are great sources for information.
- **Use social media and videos to communicate the need for income protection.** It's important to build a presence on websites that millennials frequent.
- **Seek out volunteer opportunities in your community.** Young professionals are looking for ways to connect with their local community and businesses. Volunteering is a great way to connect and make a difference.
- **Focus on the affordability of income protection.** In many cases, the cost can be less than \$20 a month. Yet it protects people's greatest asset – their income.

Explain that monthly premiums are often less than they spend on other expenses. You can compare premiums to these typical expenses for someone earning \$2,800/month:



SAMPLE POLICY DESIGN

When designing **Individual Disability Income (DI) insurance** policies for young professionals, emphasize that a policy from Principal Life Insurance Company is customizable to meet their changing needs.

Below is a sample policy design that works well for young professionals. It provides meaningful coverage at an affordable cost of \$19/month.



- \$1,000 in monthly benefits
- 90-Day Elimination ("Waiting") Period
- To Age 65 Benefit and Your Occupation Periods
- Residual and Recovery Benefit rider
- Future Increase riders
- Supplemental Health Benefit rider

Assumptions: Male, age 25, Michigan resident, 5A occupation class, non-tobacco status.

REACHING THE MARKET

Here's where to find young professionals:

- Large employers that boast flexible work schedules and local community involvement
- Young professional groups

TIP: Start with a YNPN (Young Nonprofit Professionals Network™) local chapter. Find a listing of local chapters at www.ynpn.org.

- Local chamber of commerce events

TIP: Many chambers now have Young Professional sub-committees.

- Graduate programs for Select Professionals, such as engineers, architects, pharmacists and attorneys, etc. Find schools near you at www.50states.com.



FOUR WAYS TO GET STARTED

- 1 Identify groups to approach and network with.** Start to build your credibility by offering to host or sponsor events (such as lunch or a cocktail hour), providing financial literacy tips or hosting a financial seminar.
- 2 Leverage Principal Life's digital assets** to build your online presence.

TIP: Integrate the video series featuring financial advisor Jenny Smith into your digital footprint. Jenny speaks candidly on the importance of income protection and the difference it can make in clients' lives. Find the series and more at www.principal.com/protectincome.
- 3 Use a variety of media and referrals to approach young professionals.** Like most consumers, young professionals need to see/hear your message several times. Principal Life offers a variety of tools to help.
- 4 Obtain referrals from your existing client base.** Ask parents of young professionals if they worry about their children's financial security. Talk to them about protecting their children's financial responsibilities with an income protection policy.

TIP: Many advisors have found success suggesting parents pay the premiums for the first year of their children's policies. For less than \$300 a year, they can protect up to \$477,000 in future income!⁶

DIGITAL TOOLKIT

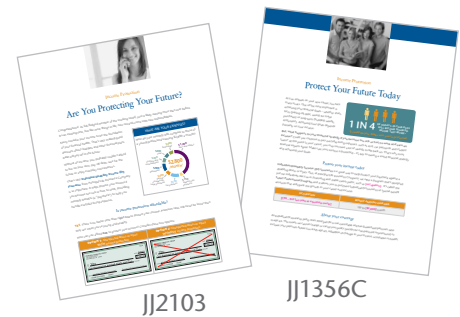
Get started working with young professionals today. Use these tools to start the conversation with them:

Start with a quick hit

- Leverage Principal Life's social media bank for posts (DI9162) on LinkedIn, Facebook and Twitter.
- Share the infographic (JJ2089) with clients as a conversation starter.

Need more context?

- Use our email series (DI9141-DI9144) to reach out and drive home the importance of income protection. We suggest staggering email sends once every two weeks.
- Use fliers as leave-behinds.














Provide additional information for them to research on their own

- Share the DI Flipchart (JJ1151). It's also available in a digital format at www.principal.com/diflipchart. Find videos and other resources at www.principal.com/protectincome.
- Encourage them to check out the Principal Financial Group® channel on YouTube.



COMMUNICATION

Like other age groups, this generation wants to connect. The use of social media and texting (when approved through your compliance area) are key.

 Write me	 Call me	 Email me	 Text me
 Seniors b. 1920-1945	 Baby Boomers b. 1946-1965	 Gen Xers b. 1966-1979	 Gen Yers b. 1980-2000
  			

Offer young professionals Principal Life's **Select Professional program** which allows these individuals to purchase Individual DI insurance at special benefit amounts. It's available to a specific group of occupations known for quick career advancement. Use flier JJ1356C with them to explain the benefits.



FOR MORE INFORMATION

Contact your local representative or visit principal.com/youngprofessionals.

¹ National Association of Colleges and Employers, 2013.

² Ewing Marion Kauffman Foundation and Young Invincibles (2011) *Young Invincibles Policy Briefing*.

³ Barkley, SMG, Boston Consulting Group (September 2011) *American Millennials: Deciphering the Enigma Generation*.

⁴ U.S Chamber of Commerce Foundation, The Millennial Generation Research Review, 2012.

⁵ National Association of Colleges and Employers, 2013. National average salary for graduates with bachelor degrees is \$45,327. After taxes (assuming 25% rate), it is \$34,000/year or \$2,800/month.

⁶ \$1,000 monthly benefit, male, age 25, Michigan resident, 5A occupation class, non-tobacco, 90-day elimination period, to age 65 Benefit Period and Your Occupation Period, Residual and Recovery Benefit rider.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

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