Alto

Tomorrow's retirement is here:

Why alternatives are no longer optional

altoira.com

A note from Eric Satz, Founder and CEO, Alto

Retirement planning isn't broken. But the tools we've been using to get there are long overdue for an upgrade. The old playbook of pensions, 401(k)s, and a heavy dose of public markets doesn't match people's desire for more investing options and greater freedom in how they spend their retirement. Whether they'e 25 or 65, today's investors are looking for more: more control, more opportunity, and more ways to align their money with their goals and values.

At Alto, we're not just talking about what's possible—we're building it. Access to alternatives is the starting point, but it's not the whole story. Without the right knowledge or guidance, it's hard to put that access to good use. That's why education has always been core to our mission. Because capital without knowledge could just be considered "dumb money".

The information in this paper confirms what we've seen firsthand: alternatives aren't "nice to haves" anymore: they're foundational. Two thirds of survey respondents are already invested in alternatives in some capacity and 82% of these folks plan to increase their allocations in the coming 6 months with almost a quarter of them looking to allocate 10% or more[1]. This is the new normal.

The future of retirement is already underway. But there's more work to do, and we're proud to be part of the momentum.

Eric Satz

This white paper draws on proprietary survey results, third-party market research, and industry insights to explore how retirement investors are reshaping their portfolios and why alternative assets are becoming a key part of the conversation.

In March and April 2025, Alto surveyed over 1,000 US adults, evenly distributed across generations and genders, including self-directed investors already engaged in alternative assets. This data is complemented by select third-party research and industry insights to provide a well-rounded view of today's retirement investing landscape.

Alto's self-directed IRA platform empowers individuals to diversify their retirement portfolios beyond public markets with access to private equity, venture capital, crypto, real estate, and more.

Start exploring at **altoira.com**

[1] *Alto Retirement & Alternatives Study, March 2025*

Overview

Traditional retirement strategies that were once anchored in pensions, employer-sponsored plans, and public markets are being reevaluated. As lifespans grow, markets evolve, and financial priorities shift, individuals are seeking more control, flexibility, and alignment with their personal values.

Each generation has entered the workforce under different economic conditions, shaping their attitudes toward saving. Boomers enjoyed economic stability and pension plans. Gen X watched pensions fade and 401(k)s rise amid market volatility. Millennials, armed with technology, explored every option while navigating the Great Recession. Gen Z is forging a new path amid inflation and uncertainty. Despite these varied experiences, one shared realization unites them: the conventional models may no longer address today's realities. Investors and advisors alike are rethinking what a modern retirement strategy should look like.

Today, more than half of investors (63% of Gen X, 56% of Millennials, and 69% of Gen Z-ers) are concerned that they will outlive their retirement savings[1]. Even Baby Boomers, already in or nearing retirement, remain uncertain about how much income they'll need.

At the same time, there's a clear shift in mindset: retirement is no longer just about having enough to get by, it's about achieving financial freedom and living with purpose. Many Americans want not only to retire comfortably, but to retire early enough to enjoy life on their own terms.

Meeting that ambition requires stronger, more flexible strategies for building wealth. As a result, alternative investments are gaining momentum, moving from the margins to the mainstream as essential tools for constructing resilient, future-ready portfolios.

INVESTOR CONFIDENCE IS WANING

Only 12%

are "very confident" the stock market will support retirement[1]

58%

expect market declines in the next 6 months[2]

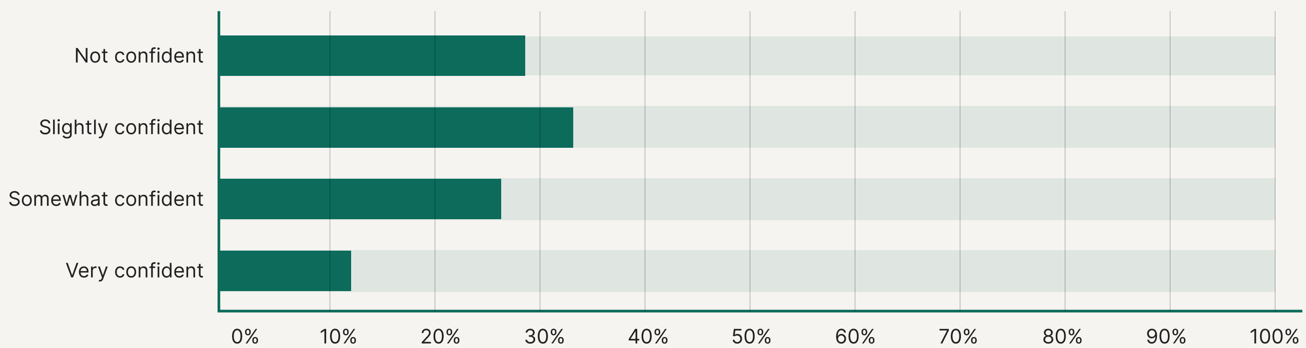
[2] Gallop Poll: Americans Pessimistic About Inflation, Stock Market

The Retirement Readiness Divide

Traditional Planning Is Falling Short

Confidence in traditional retirement strategies is shifting, and for good reason. A recent Gallup poll indicates that 58% of Americans expect market declines in the next six months[3], reflecting increased anxiety about market volatility and economic uncertainty. The widely held belief that steady 60/40 portfolios of stocks and bonds will reliably grow over time is being challenged by the real-world experiences of today's investors. Market volatility, economic shocks like the 2008 financial crisis and COVID, and recent inflationary pressures have left many Americans skeptical about relying solely on public markets.

INVESTOR CONFIDENCE IN THE STOCK MARKET'S ABILITY TO SUPPORT RETIREMENT



Source: Alto

Note: Figures are self-reported and do not reflect comprehensive retirement balances (e.g., pensions, Social Security entitlements, or spousal assets). Individual financial needs and retirement timelines vary significantly.

When surveyed, only 12% of respondents said they were "very confident" in the stock market's ability to support their retirement. Nearly half of Americans expect market declines in the next six months. This eroding trust is leading investors to rethink how they build wealth and how they define retirement preparedness and success.

Meanwhile, the structure of work and retirement itself is changing. Pensions have all but disappeared. Fewer workers stay with a single employer long enough to build significant 401(k) savings, and over 56 million Americans lack access to an employer-sponsored retirement plan altogether[4]. The rise of contract work and the gig economy has left many without the benefits previous generations relied on to prepare for retirement. On top of this, concerns about the sustainability of social security over the next ten years have increased concerns that benefits may run out as soon as the next ten years[5].

Even for Baby Boomers, who entered the workforce when pensions and employer-sponsored plans were more common, the landscape is shifting. While they are generally better positioned than younger cohorts, many still report uncertainty about how much income they'll need and how long it will last.

[3] Jeffrey M. Jones, "Americans' Economic and Financial Expectations Sink in April," Gallup, May 2, 2024
[4] David John, Manita Rao, and Gary Koenig, Payroll Deduction Retirement Programs Build Economic Security (Washington, DC: AARP Public Policy Institute, December 12, 2024)
[5] Aimee Picchi, "Social Security Trust Fund on Track to Be Insolvent in 2035, Trustees Say," CBS News, May 6, 2024,

The State of Retirement Savings

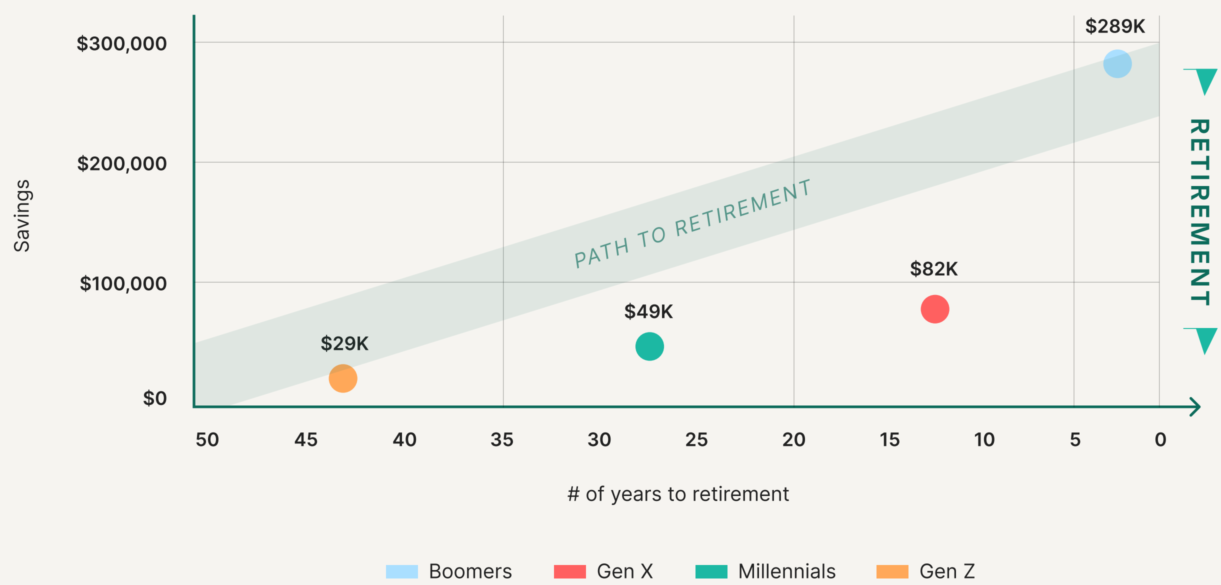
Across generations, building sufficient retirement savings has become increasingly complex. Economic shifts over the past few decades such as rising housing, education, and healthcare costs have made it more challenging for individuals to consistently prioritize long-term savings. For instance, the average cost of a college education has more than doubled since 2000, and home prices have risen significantly, putting additional pressure on household budgets[6].

Survey data shows that each generation is approaching retirement with different levels of savings, influenced by the financial environment they've experienced and the stage of life they're in. While Baby Boomers tend to report higher median savings, Gen X, despite being closer to retirement, generally reported lower savings than might be expected given their proximity to retirement age[1].

This may reflect competing financial priorities common in midlife, such as family support or other obligations. Still, Gen X has time to make progress, and increasing awareness, access to diverse investment options, and evolving retirement planning strategies are helping more individuals take active steps toward their goals.

This data also underscores the importance of personalized, forward-looking planning, particularly for Gen X and Millennials, who may need to accelerate savings in the years ahead. Tools such as self-directed IRAs and diversified alternative investment strategies may support some investors in building retirement resilience.

THE PATH TO RETIREMENT: SAVINGS VS. YEARS TO RETIREMENT AGE



Source: Alto

Note: Figures are self-reported and do not reflect comprehensive retirement balances (e.g., pensions, Social Security entitlements, or spousal assets). Individual financial needs and retirement timelines vary significantly.

[6] *U.S. Bureau of Labor Statistics, "College Tuition and Fees Price Inflation, 2000–2025," U.S. Inflation Calculator, accessed June 16, 2025*

Tax-Deferred, Underutilized, and Often Overlooked

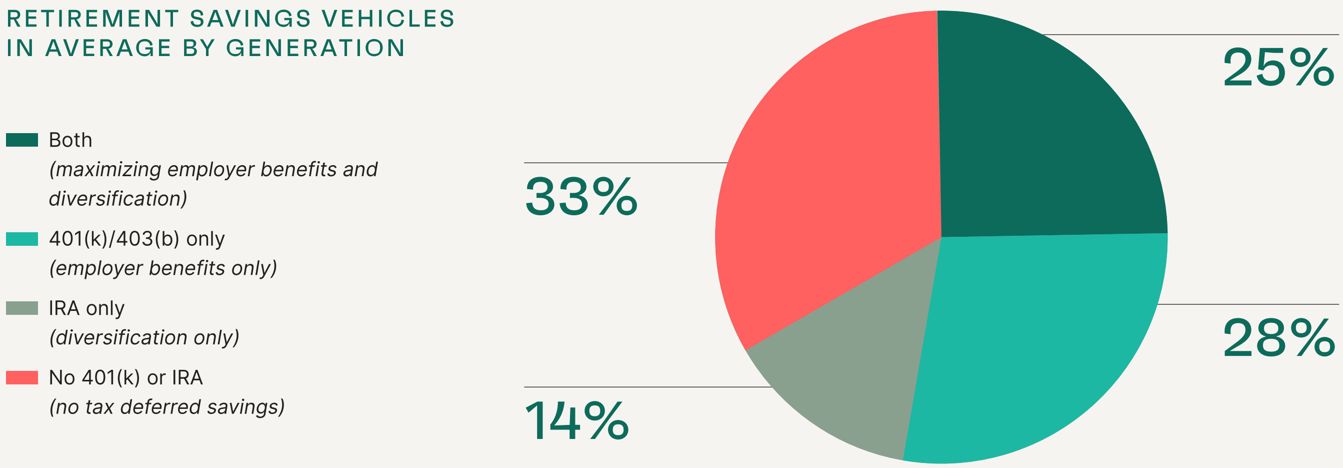
Tax-advantaged retirement accounts, such as employer-sponsored plans and IRAs, are designed to help individuals grow their savings through tax-deferred or tax-free benefits. Employer-sponsored plans like 401(k)s and 403(bs)s offer a structured, automated way to save, often with higher contribution limits and the added benefit of employer matching. IRAs, on the other hand, provide flexibility and a wider range of investment options. Self-directed IRAs (SDIRAs) extend that flexibility even further by allowing investments in alternative assets like real estate, private equity, and digital assets —beyond the traditional public markets.

Despite these advantages, relatively few people are taking full advantage of the benefits of both account types. According to mid-2024 data from the Investment Company Institute, only 54% of U.S. households hold any type of tax-advantaged retirement account[7]. Alto's research found that about one-quarter of each generation uses both an IRA and an employer plan. Some rely on just one, and many have neither, potentially missing opportunities to diversify, maximize tax benefits, and strengthen their long-term financial strategy.

While 44% have IRAs, many investors rely solely on their workplace plans, missing the expanded investment choices and potential tax benefits that come with combining both strategies. By taking fuller advantage of the tools available, especially employer matches, individuals can dramatically improve their long-term financial outlook.

Generational patterns reveal stark differences in usage. Baby Boomers are more likely to hold IRAs (24%), while Gen X is more likely to use 401(k)s or 403(b)s (34%), and yet only 9% of Gen X report having IRAs. This skewed usage means many investors, especially those in Gen X, Millennials, and Gen Z, are not benefiting from the diversification or alternative investment access that IRAs can offer.

RETIREMENT SAVINGS VEHICLES IN AVERAGE BY GENERATION



Source: Alto

Note: Self-directed IRAs (SDIRAs) may provide additional diversification benefits but come with specific IRS rules and risks. Investors should review eligibility and consult with tax or financial professionals before using multiple account structures.

In fact, over 60% of non-Boomers are not using an IRA at all, limiting their ability to expand their portfolios beyond traditional stocks and bonds. With the rise of SDIRAs, this gap also means missed opportunities to explore private market investments within a tax-advantaged framework.

Expanding IRA participation, especially among younger and mid-career investors, represents one of the most accessible and effective ways to improve long-term retirement outcomes.

[7] *Investment Company Institute, "IRAs Play a Key Role in US Households' Retirement Planning," news release, February 29, 2024*

Retirement Preparedness: A Different Picture Across Generations

No two generations are approaching retirement from the same starting point. Shaped by different economic cycles, employment trends, and levels of access to benefits, today's retirement investors vary widely in how prepared they are and in what they need to move forward.

Whether it's navigating mid-career catch-up or building early momentum, Gen X, Millennials, and Gen Z are at a pivotal point in shaping their retirement futures. These groups face the greatest need (and still have the time) to adopt new strategies that better reflect today's economic realities. As Boomers approach retirement with valuable experience and lessons, younger generations are charting their own paths, adapting to today's economic realities with the opportunity to course-correct, optimize their strategies, and take greater control of their outcomes. Below are the key themes for Gen X, Millennials and Gen Z.

GEN X

Falling Behind at the Worst Time

1/3
have no IRA or employer-sponsored retirement account

1/3
rely solely on an employer plan

9%
have IRAs, despite 34% contributing to 401(k)s

Gen X is facing a critical inflection point. They are closest to retirement after Boomers, yet have the lowest median retirement savings of any generation at just $82,000, compared to $289,000 for Boomers. This generation came of age during a fundamental shift in the retirement landscape, entering the workforce as pensions disappeared and 401(k)s were still new.

Without a clear roadmap, many Gen Xers underinvested in their early careers. Today, one-third lack any IRA or employer-sponsored retirement account, and another third rely solely on their employer plan. They are more likely to contribute to 401(k)s than IRAs (34% vs. 9%) but are missing out on the diversification and flexibility that dual participation offers.

They also lack guidance: 70% of Gen Xers don't use a financial advisor, and many are navigating retirement planning solo. As a result, their portfolios are often under-diversified, underperforming, and ill-equipped to handle volatility or growth.

Despite this, retirement remains a top priority for Gen X. In fact, 80% cite it as their primary financial goal and, among those who do work with advisors, retirement planning is the most common service used. But time is running short. For Gen X, diversification through alternatives and smart use of tax-advantaged vehicles is no longer optional—it's essential.

MILLENNIALS GEN Z

Time and Tech on Their Side

MEDIAN SAVINGS

$49,000
for Millennials

$29,000
for Gen Z

Millennials are planning for longer lifespans but have a long runway to build wealth

Gen Z is more on track with savings and more open to tech-first advice platforms

Millennials and Gen Z hold a key advantage in retirement planning: time. With several decades ahead of them, even relatively modest savings today can grow substantially with consistent contributions and the strategic use of tax-advantaged accounts. According to survey data, Millennials report a median retirement savings of $49,000, while Gen Z stands at $29,000, figures that reflect their early career stages and the long runway they have to build wealth.

These generations are also highly familiar with digital financial platforms and tools, giving them a level of comfort and confidence when managing their money online. With technology deeply embedded in their daily lives, they're bringing a new set of resources to the table, ones that can streamline how they learn, save, and invest. Reflecting this shift, 41% of Millennials and Gen Zers say they would entrust an AI assistant to manage their investments, which ia nearly three times the rate of Baby Boomers and demonstrates a strong openness to leveraging emerging technologies in their financial journey[8].

At the same time, both generations face notable financial headwinds: rising housing costs, student debt, and a job market that offers less built-in retirement security than in the past. Longer lifespans add another layer of complexity, potentially requiring them to fund retirements that could span 30 years or more. Still, by starting early, staying informed, and remaining engaged, Millennials and Gen Z are well-positioned to build strong financial foundations over time.

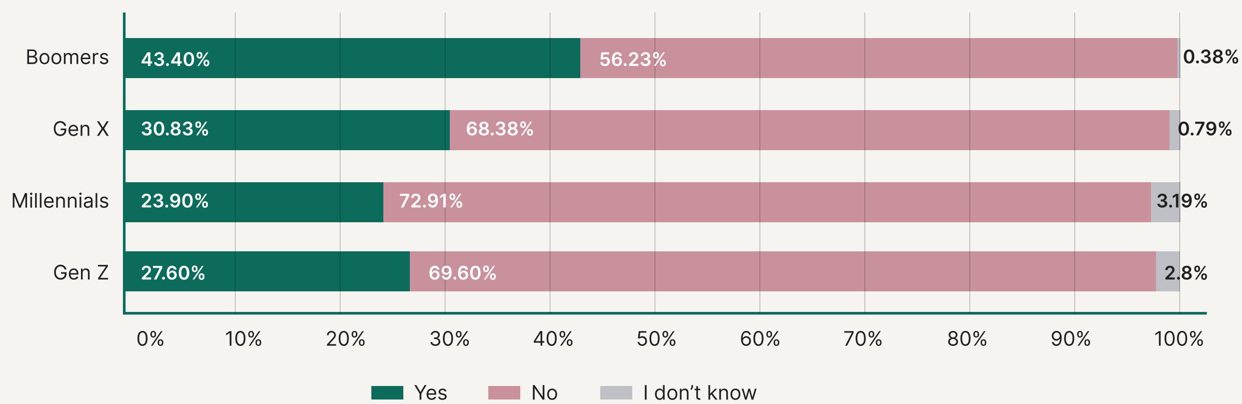
[8] *John Egan, "Millennials and Gen Z Are Using AI to Improve Their Investing," Investopedia, July 11, 2024.*

Where Generations Go for Financial Information and Advice

How and where people learn about their investment options is evolving just as rapidly as the retirement landscape itself. For decades, financial advisors were the default source of guidance. But today, that dynamic is shifting, especially among younger generations who favor control, immediacy, and flexibility over traditional advisor relationships.

Engagement with professional advisors now varies widely by generation, shaped by trust, access, and expectations. While some investors still rely on personalized advice, others are forging their own paths, turning to social platforms, peer content, and digital tools to navigate critical financial decisions. This shift isn't just a matter of preference; without trusted sources, many investors risk overlooking opportunities to build more resilient, diversified portfolios.

USE OF A FINANCIAL ADVISOR BY GENERATION



Source: Alto

Note: Figures are self-reported and do not reflect comprehensive retirement balances (e.g., pensions, Social Security entitlements, or spousal assets). Individual financial needs and retirement timelines vary significantly.

BOOMERS

Traditional Advice Still Dominates

Baby Boomers remain the most likely to seek out financial advisors. 43% of Boomers report working with an advisor, reflecting their comfort with established financial institutions and one-on-one guidance. Many in this generation built their retirement strategies alongside pensions, employer-sponsored plans, and professional input, resources that younger generations often lack or opt not to participate in.

GEN X

Cautious, Independent, and Under-Advised

Gen X finds itself in a particularly vulnerable position. Only 30% of Gen Xers work with financial advisors, and unlike Millennials and Gen Z, they are less likely to rely on social media or digital platforms for financial advice. This generation tends to operate independently but without consistent or clear guidance, either professional or digital.

This cautious, under-advised mindset is mirrored in Gen X's financial behavior: lower IRA adoption, limited diversification, and low confidence in long-term preparedness. Many are planning for retirement in isolation, without access to or trust in the resources that could help them improve outcomes.

MILLENNIALS GEN Z

DIY, Digital, and Distrustful of Institutions

Millennials and Gen Z are actively reshaping the financial learning landscape. These generations prioritize accessibility, community-driven learning, and digital fluency over traditional advisor relationships.

Where younger generations get financial advice[7]

	MILLENNIALS	GEN Z
TikTok	13%	34%
YouTube	22%	33%
ADVISOR	26%	24%

Note: Figures are self-reported and do not reflect comprehensive retirement balances (e.g., pensions, Social Security entitlements, or spousal assets). Individual financial needs and retirement timelines vary significantly.

These numbers reflect a broader trend: younger investors are less likely to trust financial institutions or view advisors as accessible. Instead, they prefer fast, flexible information they can consume on their own terms, which often means peers or creators who speak their language and share their experiences. The challenge is that many of these online sources are not professionals; in fact, only 3% of financial advisors share information on TikTok[9].

The Rise of Self-Directed Retirement Planning

Alongside these generational shifts in how people seek financial guidance, self-directed investing is gaining traction, particularly among Gen X, Millennials, and Gen Z. Self-serve investment platforms appeal to investors who want more autonomy, lower barriers to entry, and access to alternative investments outside the public markets.

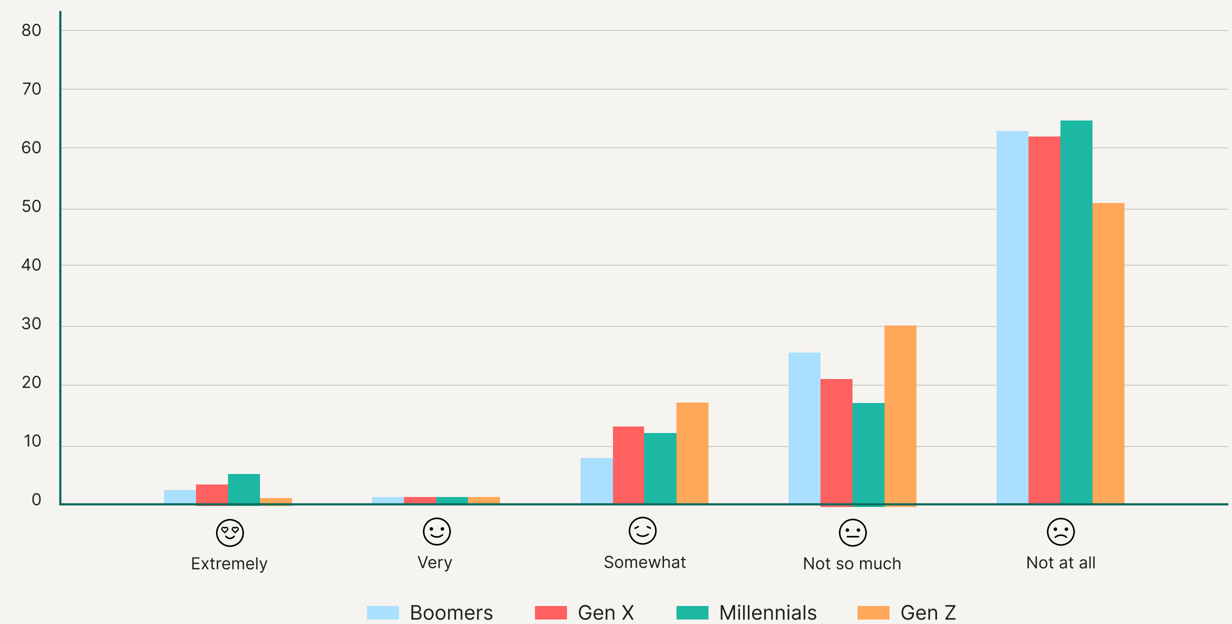
This self-directed approach resonates with today's digitally savvy, values-driven investors building personalized retirement strategies that reflect their goals, timelines, and risk tolerance. They are seeking tools that adapt to their expectations, rather than relying solely on conventional financial models.

[9] Patrick Villanova, "Advisors Take to TikTok to Reach Gen Z and Millennials," SmartAsset, April 25, 2024

From Niche to Necessary: The Role of Alternatives in Modern Retirement Planning

Retirement success today demands more than what public markets alone can offer. For Gen X, time is becoming a more limited resource for building the growth and diversification needed to close the gap. For Millennials and Gen Z, access and education remain key barriers to long-term planning. Yet across all age groups, there's a growing recognition that traditional models may no longer be enough—and alternative investments are increasingly viewed as part of the solution.

HOW FAMILIAR ARE YOU WITH ALTERNATIVE INVESTMENTS?



Source: Alto

Note: Figures are self-reported and do not reflect comprehensive retirement balances (e.g., pensions, Social Security entitlements, or spousal assets). Individual financial needs and retirement timelines vary significantly.

Institutional investors, including endowments, pension funds, and family offices, have played a leading role in adopting broader portfolio diversification strategies over the past two decades. These organizations have significantly increased their exposure to private markets as part of long-term growth and risk-adjusted returns strategies. For example, as of 2024, the Harvard Endowment reportedly allocates approximately 78% of its portfolio to alternative assets according to its *Chief Investment Officer* (April 2024).

While institutional models may not serve as a blueprint for individual investors due to the differences in liquidity needs, time horizons and risk capacity, the guiding principle is clear: broader diversification has the potential to create resilient returns. Reflecting this evolving mindset, BlackRock CEO Larry Fink noted in his 2024 shareholder letter that the traditional 60/40 portfolio may be giving way to something closer to 50/30/20—stocks, bonds, and alternatives[10]. It's a shift that underscores the growing alignment between institutional thinking and the needs of everyday investors.

Note: References to institutional portfolios are illustrative and not intended as investment advice. Individual investors should consider their financial circumstances, liquidity needs, and risk tolerance before allocating to alternative assets.

[10] *Laurence D. Fink, "2025 Annual Chairman's Letter to Investors," BlackRock, March 2025*

Why Alternatives Are Taking Center Stage

Once considered a niche strategy for institutions and high-net-worth individuals, private markets and alternative investments are increasingly viewed as a strategic component of diversified retirement portfolios. From private equity and venture capital to real estate, infrastructure, and private credit, these asset classes are helping investors pursue growth, manage volatility, and hedge against risks that public markets struggle to address.

The potential benefits are clear:

Potential for higher long-term returns
Some alternatives may offer greater return potential than traditional public market assets. This may appeal to investors looking to enhance savings or address funding shortfalls.

Enhanced diversification
Alternatives tend to have low correlation with public markets, helping to smooth returns over time and reduce reliance on stock market cycles.

Potential inflation mitigation
Tangible assets, such as real estate and infrastructure, are sometimes used to help manage inflation risk, as their income streams may rise in tandem with inflation.

Earlier-stage access to value creation
As more companies stay private longer, alternatives give investors the opportunity to tap into growth before the IPO stage.

Values-based alignment
Many private investments are rooted in sectors like clean energy, affordable housing, or mission-driven innovation—giving investors more control over how their capital is deployed.

Tax-advantaged integration
When held in IRAs or SDIRAs, alternative assets may grow tax-deferred or tax-free, depending on account type and compliance with IRS rules.

These trends are already reflected in investor behavior. Forty-five percent of Alto's investors currently allocate 10% or more of their portfolios to alternatives, with another 33% planning to follow suit within the next six months. This points to a growing shift toward more diversified strategies that include exposure to private markets and alternative assets. Understanding how each generation views and engages with alternative investments is essential to understanding where retirement planning is headed next.

Investors aren't just hearing the message, they're acting on it, signaling a powerful momentum shift toward alternative investments as a core component of the modern retirement strategy.

INVESTORS PLANNING TO MOVE TOWARDS MORE ALTS

Comparison of current alternatives allocation as compared to expected alternatives allocation in 6 months by generation.

Current Allocation   Projected Intent

Around **10%** of Boomers invest **20–30%** in alternatives, but shifting markets are prompting allocation changes.

Generations	0% to alts	<5% to alts	5-10% to alts	10-20% to alts	20-30% to alts	> 30% to alts	> 30% to alts
Boomers	56 → 30	17 → 27	73 → 57	12 → 23	10 → 12	4 → 3	2 → 4
Gen X	30 → 14	29 → 34	59 → 48	18 → 29	13 → 12	4 → 5	6 → 6
Millennials	37 → 16	26 → 31	63 → 47	20 → 33	11 → 11	4 → 7	2 → 2
Gen Z	27 → 15	29 → 33	56 → 48	30 → 31	11 → 16	2 → 4	2 → 1

Millennials are solidifying alternatives as a long-term strategy, not just an experiment. With **one in five** already allocating **10–20%**, this generation is using alternatives as a key pillar in their wealth-building strategy.

Source: Alto

TOP THREE ALTERNATIVE ASSET CLASSES OF INTEREST OVER THE NEXT 6 MONTHS

Cryptocurrency

29%

Real Estate

28%

Private Equity

18%

Source: Alto

Note: Self-directed IRAs (SDIRAs) may provide additional diversification benefits but come with specific IRS rules and risks. Investors should review eligibility and consult with tax or financial professionals before using multiple account structures. Data represented here is internal data and does not include outside sources.

How Alternatives Are Reshaping the Retirement Landscape

While motivations and starting points vary, with Gen X seeking growth and stability, Millennials and Gen Z pursuing control and long-term opportunity, and Boomers exploring selective diversification, all generations share a common need for better access and clearer guidance. As interest in alternative investments grows across all generations, the path forward is clear: education and technology will be essential to broader adoption.

Top 3 reasons for not investing in alts by generation:

BOOMERS

# RANK	REASONS
1	Regulatory concerns
2	Not informed enough to make a decision
3	Risky

GEN X

# RANK	REASONS
1	Researching is difficult and time consuming
2	Risky
3	I don't know what my options are

MILLENNIALS

# RANK	REASONS
1	Regulatory concerns
2	Not informed enough to make a decision
3	Risky

GEN Z

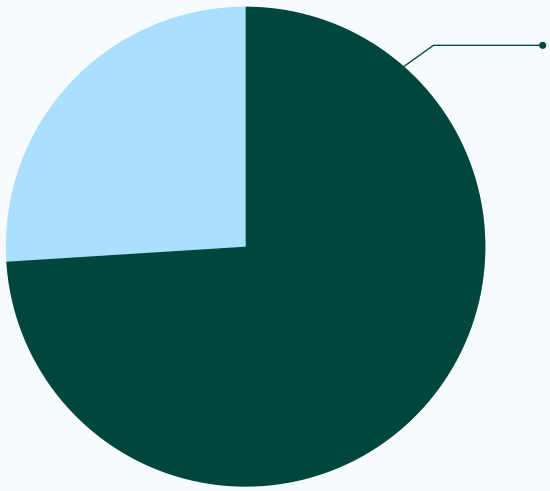
# RANK	REASONS
1	Regulatory concerns
2	Not informed enough to make a decision
3	Risky

BOOMERS

Cautious but Curious

Boomers are entering retirement with a stronger financial footing, having benefited from favorable economic conditions, widespread pension access, and professional financial advice during their working years.

Their strong foundation has allowed many to approach retirement with a level of financial security that is not as common among younger generations.



74%

of Boomers allocate less than 5% of their portfolios to alternatives

When it comes to alternative investments, Boomers tend to take a conservative stance. A significant majority (74%) allocate less than 5% of their portfolios to alternatives, and only 2% report any investment in crypto.

Key reasons include concerns about regulation (80%), perceived risk (45%), and limited access to clear information (47%).

Yet despite limited current participation, there are signs of curiosity. Nearly half of Boomers report at least some familiarity with alternatives, and there is growing openness, particularly among those looking for strategies to generate income, protect against inflation, or diversify beyond traditional holdings in retirement.

If presented with clear, tailored education that aligns with their financial goals and risk tolerance, many Boomers may consider integrating select alternatives to enhance long-term portfolio resilience.

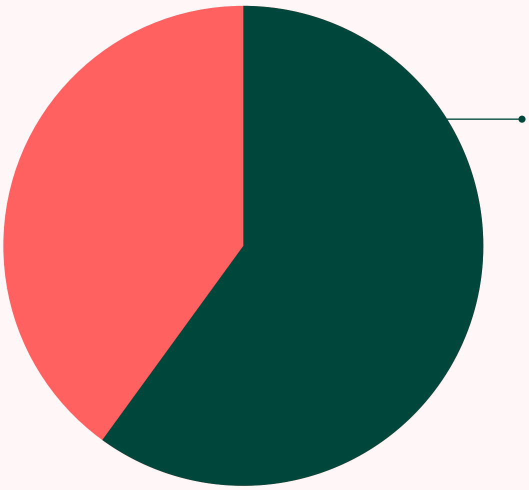
Boomers' top 3 reasons for not investing in alternatives:

1 Regulatory concerns	**2** Not informed enough to make a decision	**3** Risky

GEN X

Diversify Now or Miss the Window

Gen X is at a pivotal moment in their financial journey. Despite being next in line for retirement, this generation reports the lowest median retirement savings of any age group, and many have not yet diversified their portfolios beyond traditional public market strategies.



60%

of Gen X allocate less than 5% of their portfolios to alternatives

In fact, 60% of Gen X investors currently allocate less than 5% to alternatives. This limited diversification, combined with modest savings and an approaching retirement horizon, puts Gen X in a uniquely vulnerable position.

Yet intent data points to a growing awareness that change is needed. Only 14% of Gen X investors say they plan to maintain a sub-5% allocation to alternatives, while 29% intend to shift to 5–10%, and 23% aim to exceed a 10% allocation. This signals a desire to adapt and explore new strategies, even among a generation that has often been hesitant to seek formal financial advice (only 30% report working with an advisor) and tends to find investment research time-consuming and difficult.

Adding to the urgency, Gen X is likely to experience longer retirements than previous generations. With life expectancies stretching into the 80s and 90s, retirement funds will need to last longer, making portfolio resilience and long-term growth even more critical. Alternatives can offer the diversification and return potential needed to help extend the value of those dollars over time.

For Gen X, access to education on building more diversified strategy is essential for securing financial longevity in the years ahead.

Gen X's top 3 reasons for not investing in alternatives:

1
Researching is difficult and time consuming

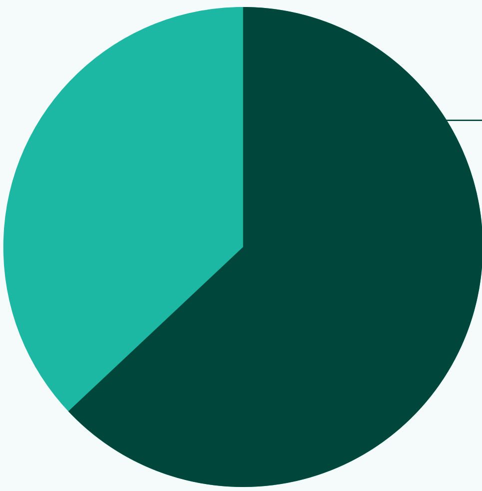
2
Risky

3
I don't know what my options are

MILLENNIALS

Positioned to Pivot, Held Back by Access

Millennials are better positioned than Gen X when it comes to retirement planning. Shaped by Boomer parents, the digital age, and a more proactive, self-directed investment mindset, most prefer to manage their own finances, turning to platforms like TikTok and YouTube for financial education. They've also come of age during multiple economic disruptions, from the Great Recession to the pandemic, which has made them more skeptical of traditional investing models and more open to exploring alternative strategies.



63%

of Millennials report no current allocation to alts

Still, many haven't yet taken the leap. While slightly more invested in alternatives than Gen X, 63% of Millennials report no current allocation to alts. Among the top reasons: high entry costs (43%), a lack of clarity around available options (31%), and long investment timelines (25%). Yet interest is strong, with only 16% saying they plan to stay at zero allocation going forward.

As Millennials enter their peak earning years, their appetite for growth, diversification, and tax efficiency is expected to increase. In fact, by 2035, Millennials are projected to make up 55% of individuals in their peak earning years, amplifying their influence on the investing landscape[11]. What they need are tools and platforms that lower barriers to entry, increase transparency, and help them build portfolios that align with both their long-term goals and present-day financial constraints.

With better access and support, Millennials are well-positioned to reshape how retirement portfolios are built.

Millennials' top 3 reasons for not investing in alternatives:

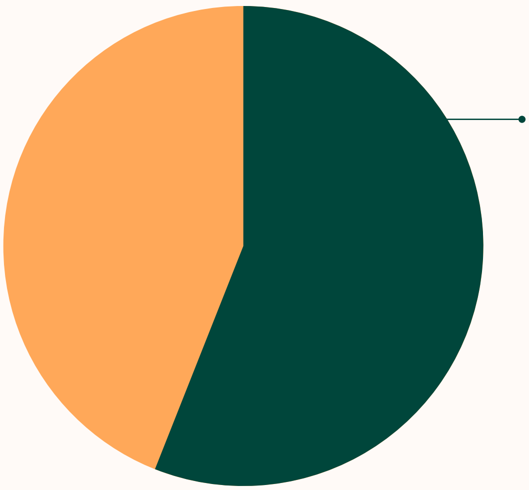
1	2	3
Regulatory concerns	Not informed enough to make a decision	Risky

[11] *Sandy Kaul et al., The Future of Investing: 2024/25 Edition—Overview (San Mateo, CA: Franklin Templeton, October 2024)*

GEN Z

Early Momentum, Strong Intent

Gen Z, though early in their financial journeys, is already showing encouraging signs of engagement with alternative investments.



56%

of Gen Z report no current allocation to alts

At 44%, Gen Z leads all generations in allocating more than 5% of their portfolios to alternative assets—a strong signal of early adoption. Gen Z shares several behaviors with Millennials such as preferring autonomy and digital tools, but surpasses them in both early adoption of alternatives and advisor engagement (28% vs. 24%)

Despite having less access to employer-sponsored retirement plans, likely due to participation in the gig economy, Gen Z shows an awareness of the need to save independently. They have the second-highest IRA usage across generations, behind only Boomers, demonstrating a proactive mindset toward long-term planning.

Like Millennials, Gen Z faces familiar barriers: high entry costs (29%), long investment timelines (25%), and lack of clarity about options (26%). Additionally, 42% say they are "not so" or "not at all" familiar with alternatives, indicating room for education and guidance. However, their comfort with digital tools and financial platforms positions them well to engage if they have access to resources that make it easier to explore alternative investments independently and strategically.

With time on their side and a willingness to learn, Gen Z has the potential to lead a generational shift in how retirement portfolios are built.

Gen Z's top 3 reasons for not investing in alternatives:

1
Regulatory concerns

2
Not informed enough to make a decision

3
Risky

Reimagining What Retirement Can Be

The traditional retirement playbook, which was built for an era of pensions, lifelong employment, and steady markets,may no longer be enough. Today's environment is defined by longer lifespans, greater market volatility, and the growing burden on individuals to plan, save, and invest independently.

Alts + IRAs: A Powerful Yet Underutilized Pairing

Despite the growing relevance of alternatives, many investors are leaving this opportunity on the table. Among prospective Alto users, 68% aren't using any tax-advantaged accounts to hold alternative assets. Nearly half (47%) don't know what options are available, and 19% feel unclear on how to even get started.

68%
aren't using tax-advantaged accounts for alternatives

47%
say they don't know what options exist

19%
feel under-informed about how to get started

The need to rethink retirement spans generations. Boomers must stretch savings further and can benefit from aligning long-term investments with long-term needs. Gen X faces a time-sensitive challenge to rebalance and close savings gaps. Millennials and Gen Z, though early in their journeys, must navigate high costs, economic uncertainty, and a changing workforce. Across all age groups, retirement planning now demands a more flexible, personalized approach.

One powerful tool remains largely overlooked: the SDIRA. Unlike traditional IRAs, SDIRAs open the door to a wider range of assets like private equity, real estate, and other alternatives. But usage remains low, largely due to limited awareness and accessibility.

There are encouraging signs. Among Alto's IRA investors, 80% have amassed $200,000 or more in retirement savings, compared to just 22% of those not using Alto. Early engagement, diversification, and the use of tax-advantaged accounts appear to be key contributors.

Rethinking Retirement Starts Here

While private markets have traditionally been more complex and less accessible, investor-friendly platforms are helping to simplify the process of learning about participating in these opportunities. These tools can help explore investment options that align with retirement goals, personal values, and risk tolerance. While growth is a potential outcome, it is important to consider the associated risks.

The future of retirement won't follow a one-size-fits-all formula. It will be diversified, technology-enabled, and investor-driven. Empowered by better tools and clearer education, today's savers are rewriting the script: asking better questions, exploring broader options, and building retirement strategies that are more resilient, more dynamic, and ultimately, more tailored to their individual needs.

Ready to Diversify Your Retirement Portfolio?

Be ready to act when opportunities arise—open your Alto IRA. Learn more at altoira.com.