MILLENNIALS WITH MONEY

October 2018
About this study

Millennials are the largest generation in the United States, making up more than a quarter of the nation’s living population. They are the most diverse and the most educated. They are the first “digital natives.” They have come of age in times of great economic prosperity and economic uncertainty. And they are incredibly nuanced.

Edelman’s Financial Services Sector team first studied this generation in 2016. Millennials & Money highlighted how different ethnic backgrounds influenced this diverse generation’s perspectives on money and financial services.

As they’ve grown up, Millennials have continued to grow their wealth and their families and are now occupying the heart of the financial services market. As is true whenever a generation ages up into a market, the organizations that serve that market will need to adjust their assumptions, communications and even their operations.

Millennials With Money is designed to give the financial services industry an understanding of how this generation differs from their Generation X predecessors and how they are likely to change the financial services landscape in the future.

OUR METHODOLOGY

• Online survey of 1,000 Affluent Millennials aged 24-38
• Affluence criteria: $50K in investable assets or $100K in individual or joint income
• In addition to this base sample, we also include the following comparison groups in the study:
  • 500 Non-Affluent Millennials (weighted to be similar demographically to the Affluent Millennials)
  • 500 Affluent Gen Xers aged 39-52
• The sample is representative of gender, region and ethnicity based on the latest U.S. Census information

Affluent Millennials  Non-Affluent Millennials  Affluent Gen Xers
Nearly 8-in-10 believed their American Dream was achievable

Only 51% felt in control of their finances

60% were not actively saving for the long term

Social responsibility was their #1 concern when choosing a financial services company
What you hear about Millennials

- Millennials only value experiences.
- Millennials don’t care about money.
- Millennials are screwed.
- Millennials only care about themselves.
### Millennials now: Coming into the heart of financial services

In this study:

<table>
<thead>
<tr>
<th>Product</th>
<th>2016*</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit cards</td>
<td>56%</td>
<td>68%</td>
</tr>
<tr>
<td>Peer to peer payment app</td>
<td>8%</td>
<td>59%</td>
</tr>
<tr>
<td>Life insurance</td>
<td>36%</td>
<td>49%</td>
</tr>
<tr>
<td>IRA</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>Personal financial planner/ advisor</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Robo-advisor</td>
<td>4%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: 2018 Edelman Millennials with Money Study. Q19: Which best describes your familiarity with the following list of products? *I currently have or use this product,* among all Millennials. S1: What is your current age? Q2: Do you have children? sum of “Yes, but they are financially independent and “Yes, and they are living in the household or still financially dependent”. Q3: sum of “I own my house outright” and “I have a mortgage.” Q5: Are you the decision maker on monthly household bills? “Yes, fully,” among Affluent Millennials. *Source: 2016 Edelman Millennials & Money Study.

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### Affluent Millennials

In this study:

- **AVERAGE AGE:** 33
- **HAVE CHILDREN:** 76%
- **HOMEOWNERS:** 84%
- **FINANCIAL DECISION-MAKERS:** 82%

Key insights into Affluent Millennials

1. Money means more than you know
2. They eagerly embrace disruption
3. Financially savvy but stressed
4. Much more skeptical
Money means more than you know

More than 8-in-10 Affluent Millennials consider themselves financially successful

Despite what we’ve been told, financial wealth is important to them

How important is wealth to their success?

“Family” and “Health/Wellness” rank as first- and second-most important factors to success for all groups, but “Financial Wealth” follows close behind for Affluent Millennials.
## Where they’re making progress against life goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Affluent Millennials</th>
<th>Non-Affluent Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finishing my education</td>
<td>65%</td>
<td>59%</td>
</tr>
<tr>
<td>Getting married</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>Starting a family</td>
<td>61%</td>
<td>56%</td>
</tr>
<tr>
<td>Owning my home</td>
<td>56%</td>
<td>58%</td>
</tr>
<tr>
<td>Getting my dream job</td>
<td>37%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Source: 2018 Edelman Millennials with Money Study. Q17: How close are you to completing your personal goals? Where 0% is no progress and 100% is where you’ve fully completed that goal, among Affluent Millennials and Non-Affluent Millennials. Q19: Which best describes your familiarity with the following list of products? “I currently have or use this product,” among Affluent Millennials.
Where they’re making progress against financial goals

Average percent complete for each goal

<table>
<thead>
<tr>
<th>Goal</th>
<th>Affluent Millennials</th>
<th>Non-Affluent Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have achieved financial independence</td>
<td>57%</td>
<td>47%</td>
</tr>
<tr>
<td>Have an emergency fund that can cover six months’ living expenses</td>
<td>52%</td>
<td>30%</td>
</tr>
<tr>
<td>Have written a long-term financial plan for myself/family</td>
<td>46%</td>
<td>24%</td>
</tr>
<tr>
<td>Have maxed out annual 401(k) contributions</td>
<td>45%</td>
<td>20%</td>
</tr>
<tr>
<td>Saving for my children’s education</td>
<td>38%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: 2018 Edelman Millennials with Money Study. Q17: How close are you to completing your personal goals? Where 0% is no progress and 100% is where you’ve fully completed that goal, among Affluent Millennials and Non-Affluent Millennials. Q28: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means “strongly disagree” and nine means “strongly agree”. 9-point scale, top 4 box, agree., among Affluent Millennials. Q29: Which of the following are you doing with the extra money? Among Affluent Millennials whose take-home pay increased as a result of the 2018 Federal Tax Reform Law.
Optimistic about their financial future, but less so for their own children

% who think they will be more financially successful than their parents

- 81% among Affluent Millennials
- 51% among Non-Affluent Millennials
- 70% among Affluent Gen Xers

% who think their children will be more financially successful than them

- 71% among Affluent Millennials
- 59% among Non-Affluent Millennials
- 51% among Affluent Gen Xers


Flashback

- 79% of all Millennials believed their American Dream was achievable in 2016
- 78% of all Millennials believe that the American Dream is still achievable today
They eagerly embrace **disruption**

Affluent Millennials are bullish on new technologies and industry disruptors for achieving their goals.
They play the long game but have a healthy appetite for risk

“I will take risks with my finances”  “I’m cautious with my finances”

Q19: Which best describes your familiarity with the following list of products? “I currently have or use this product,” among Affluent Millennials and Non-Affluent Millennials.

Building Their Nest Egg

Nearly 3-in-5 Affluent Millennials have an Individual Retirement Account, compared with 1-in-4 of their non-affluent peers.
Disruptive tech is the new norm to help achieve goals

- 61% use peer-to-peer payment apps
- 25% use or hold cryptocurrency
- 31% interested in using cryptocurrency
- 74% say technological innovations like blockchain make the global financial system more secure

Source: 2018 Edelman Millennials with Money Study. Q19: Which best describes your familiarity with the following list of products? "I currently have or use this product," "Heard of and interested in having or using," among Affluent Millennials. Q28: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means "strongly disagree" and nine means "strongly agree". 9-point scale, top 4 box, agree.
54% of those struggling with financial decisions say thinking about money makes them stressed and anxious.

Source: 2018 Edelman Millennials with Money Study. Q10: Why is it difficult for you to make financial decisions? Among Affluent Millennials who said it was difficult to make financial decisions (Q9 4 or 5).
What makes financial decision-making difficult for them?

Feeling “stressed and anxious” about money and lack of confidence that “decisions are the right ones” are first- and second-most cited reasons for difficulty among all groups. Where they differ:

**“It’s all so confusing to me”**

**“I do not know where to get information to make an educated decision”**

**“I feel powerless and ineffective when it comes to finances, the system is rigged against people like me”**

**Affluent Gen-X**  
**Affluent Millennials**  
**Non-Affluent Millennials**

Source: 2018 Edelman Millennials with Money Study. Q10: Why is it difficult for you to make financial decisions? Among Affluent Millennials who said it was difficult to make financial decisions (Q9/4 or 5). Among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers.
Opportunity with DIY-ers: Many go it alone

I make all my financial decisions on my own without any help or advice

- Affluent Millennials: 35%
- Non-Affluent Millennials: 11%
- Affluent Gen Xers: 18%
- Affluent Millennials: 26%
- Non-Affluent Millennials: 32%
- Affluent Gen Xers: 31%

I seek the advice of financial professionals, but then I make my own decisions

- Affluent Millennials: 11%
- Non-Affluent Millennials: 26%
- Affluent Gen Xers: 32%
- Affluent Millennials: 11%
- Non-Affluent Millennials: 18%
- Affluent Gen Xers: 16%

I seek the advice of friends and family, but then I make my own decisions

- Affluent Millennials: 11%
- Non-Affluent Millennials: 26%
- Affluent Gen Xers: 32%
- Affluent Millennials: 11%
- Non-Affluent Millennials: 18%
- Affluent Gen Xers: 16%

I have a professional money manager who makes these sorts of decisions for me

- Affluent Millennials: 2%
- Non-Affluent Millennials: 15%
- Affluent Gen Xers: 9%
- Affluent Millennials: 15%
- Non-Affluent Millennials: 16%
- Affluent Gen Xers: 16%

Source: 2018 Edelman Millennials with Money Study. Q8: Which of the following best describes how you make important financial decisions? Among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers. Q19: Which best describes your familiarity with the following list of products? "I currently have or use this product," among Affluent Millennials.
KEY INSIGHT

Affluent Millennials: far more skeptical

More so than their less affluent peers and affluent Gen Xers
They’re finding the customer experience difficult and confusing

### Shopping for financial services products...

<table>
<thead>
<tr>
<th>Statement</th>
<th>Affluent Millennials</th>
<th>Non-Affluent Millennials</th>
<th>Affluent Gen Xers</th>
</tr>
</thead>
<tbody>
<tr>
<td>...is a lot more <strong>difficult</strong> than shopping for most other types of products</td>
<td>76%</td>
<td>66%</td>
<td>60%</td>
</tr>
<tr>
<td>...is a lot <strong>less fun</strong> than shopping for most other types of products</td>
<td>76%</td>
<td>68%</td>
<td>59%</td>
</tr>
<tr>
<td>...leaves me <strong>feeling unsure</strong> and out of my depth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Financial services companies...

<table>
<thead>
<tr>
<th>Statement</th>
<th>Affluent Millennials</th>
<th>Non-Affluent Millennials</th>
<th>Affluent Gen Xers</th>
</tr>
</thead>
<tbody>
<tr>
<td>...do not use data and technology to <strong>customize</strong> my customer experience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...lag far behind <strong>other businesses</strong> when it comes to the <strong>quality of the experience</strong> they offer their customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...make the purchasing process <strong>unnecessarily confusing/frustrating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>

Source: 2018 Edelman Millennials with Money Study. Q26: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means “strongly disagree” and nine means “strongly agree.” 9-point scale, top 4 box, agree, among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers.
Affluent Millennials’ outlook paints a dark picture

- **The whole financial system is designed to favor the rich and powerful** at the expense of ordinary people like me
  - 77% of Affluent Millennials
  - 61% for Non-Affluent Millennials
  - 65% for Affluent Gen X

- **I worry that the global financial system will be hacked** and my personal information will be stolen
  - 75% of Affluent Millennials
  - 59% for Affluent Gen X
  - 58% for Non-Affluent Millennials

- **It is just a matter of time before the bad behavior of the financial industry leads us into another global financial crisis**
  - 77% of Affluent Millennials
  - 58% for Affluent Gen X
  - 58% for Non-Affluent Millennials

- **I am suspicious of recommendations made by someone in financial services who makes a commission**
  - 80% of Affluent Millennials
  - 71% for Affluent Gen X
  - 63% for Non-Affluent Millennials

*Source: 2018 Edelman Millennials with Money Study. Q28: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means “strongly disagree” and nine means “strongly agree”. 9-point scale, top 4 box, agree, among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers.*
TOP INFLUENCES FOR PICKING FINANCIAL SERVICES PRODUCTS:

1. Best value for their money
2. It was the company I trusted most
3. I did research and chose the one that best fit my needs and goals
4. It allowed me to do everything I needed on my own
5. I picked the one that was recommended by someone I respect

Where we’re going

ACT WITH CERTAINTY

“We believe that reputation and marketing are inextricably linked. We are guided by our conviction that trust is at the core of every aspect of commerce. We see that companies and brands must ACT, not simply communicate.”

— RICHARD EDELMAN
Insights to actions

1. Money means more than you know: Communicate with precision
2. They eagerly embrace disruption: Lead with innovation
3. Financially savvy but stressed: Insist on simplicity
4. Much more skeptical: Do something real and important
Insight:
Money means more than you know

Action: Communicate with precision

- Find them where they are, know what they want and tailor your offer accordingly
- Create compelling content that speaks to them directly and confronts their specific challenges
- Tap into real-time data to respond to their immediate needs and concerns and show you’re always on for them

Bottom line:
Engage and earn their loyalty before your competitors do

Remember:
- More than 8-in-10 consider themselves financially successful
- 46% have long term plan in place
- 38% already saving for kids’ education

Source: 2018 Edelman Millennials with Money Study.
Q14: How financially successful do you feel you are personally? 10-point scale, top 4 box, successful. Q17: How close are you to completing your personal goals? Where 0% is no progress and 100% is where you’ve fully completed that goal, among Affluent Millennials.
Insight:
They eagerly embrace disruption

Action: Lead with innovation

- Reinforce your latest technology and tools with innovation at the center of your master narrative
- Strike unexpected partnerships that demonstrate innovation through the company you keep
- Innovate communications through new formats and channels

Bottom line:
Don’t just keep up, but lead with technological innovation

Remember:

- A quarter are using cryptocurrency, another 31% are considering it
- 61% do not believe companies use technology to customize user experience
- 23% use robo-advisors

Source: 2018 Edelman Millennials with Money Study.
Q19: Which best describes your familiarity with the following list of products? “I currently have or use this product,” or “Heard of and interested in having or using.” Q26: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means “strongly disagree” and nine means “strongly agree.” 9-point scale, top 4 box agree. Among Affluent Millennials.
3 Insight: They’re savvy but stressed

Action: Insist on simplicity

- Communicate in plainspoken terms with a human touch
- Lean on simplicity in description of products, services and fees
- Don’t underestimate the role of financial education – bring them learning opportunities by integrating engaging educational features with your products and services

Bottom line:
Build trust by showing them, not telling them, your value as a partner

Remember:

- 60% say they’re cautious with finances
- 54% of those struggling with financial decisions say thinking about money makes them stressed and anxious
- 35% are DIY-ers with finances

Source: 2018 Edelman Millennials with Money Study. Q6: Which of the following best describes you? Among Affluent Millennials. Q10: Why is it difficult for you to make financial decisions? Among Affluent Millennials who said it was difficult to make financial decisions (Q9/4 or 5). Q8: Which of the following best describes how you make important financial decisions? Among Affluent Millennials.
Insight:
They’re much more skeptical

Action: Do something real and important

- Find ways to connect shared interests and values with stakeholders through company action
- Bring values to life through your employees – your #1 brand ambassadors
- Continue evolving the platform central to the company’s positioning

Bottom line:
Do the right thing for your customers and their communities

Remember:

- 70% say companies make purchasing process unnecessarily confusing
- 80% suspicious of recommendations by commission-based salespeople
- 77% believe bad behavior in the industry will lead to another financial crisis

Source: 2018 Edelman Millennials with Money Study
Q26: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means “strongly disagree” and nine means “strongly agree,” 9-point scale, top 4 box, agree. Q28: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means “strongly disagree” and nine means “strongly agree,” 9-point scale, top 4 box, agree, among Affluent Millennials.
Edelman’s Global Financial Services Sector Team

In a time where the industry is facing societal and economic uncertainty, regulatory upheaval and unprecedented innovation, Edelman partners with financial services companies around the world to help them navigate an increasingly crowded, cross-border marketplace to evolve their brand positioning and communications in a way that fosters reputation and credibility.

Our team is comprised of more than 350 executives located in 33 offices across the world. They are former corporate executives from multinational firms; journalists from leading on- and off-line media; and bankers and lawyers with deep technical understanding of the sector. We bring top advisory, digital and media talent who understand regulated environments. Edelman thinking is grounded in research and analytics to innovate, learn and solve.

To learn more about our team, capabilities and intellectual capital, email FinancialServices@Edelman.com
Act With Certainty

For the past five years, Edelman has steadily advanced in its ambition to become a Communications Marketing firm. We believe that reputation and marketing are inextricably linked. We are guided by our conviction that trust is at the core of every aspect of commerce. We see that companies and brands must act, not simply communicate.

We have evolved our firm because the operating environment demands a broader set of skills. More than 50 percent of Americans now get their information outside of traditional media, making the use of social media platforms and direct communications with consumers a necessity. There are broader expectations of companies and brands to speak up on issues of the day, from sustainability to innovation. The classic pyramid of influence, with elites on the top and mass on the bottom, has turned upside down. Peers and social influencers are now more credible than authority figures.

We have made a serious commitment to helping our clients solve their problems in new ways, collaborating with them and supporting them as they Act With Certainty. We are privileged to work with chief communications officers and chief marketing officers who entrust us with their brands and reputations. The adventure, which began in 1952 with Richard Edelman and three people at the Merchandise Mart in Chicago, continues.