



Edelman

# 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

Flashback:

# Insights from Millennials & Money 2016



- ✓ 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



Millennials only value experiences



Millennials only care about themselves

# What you hear about Millennials



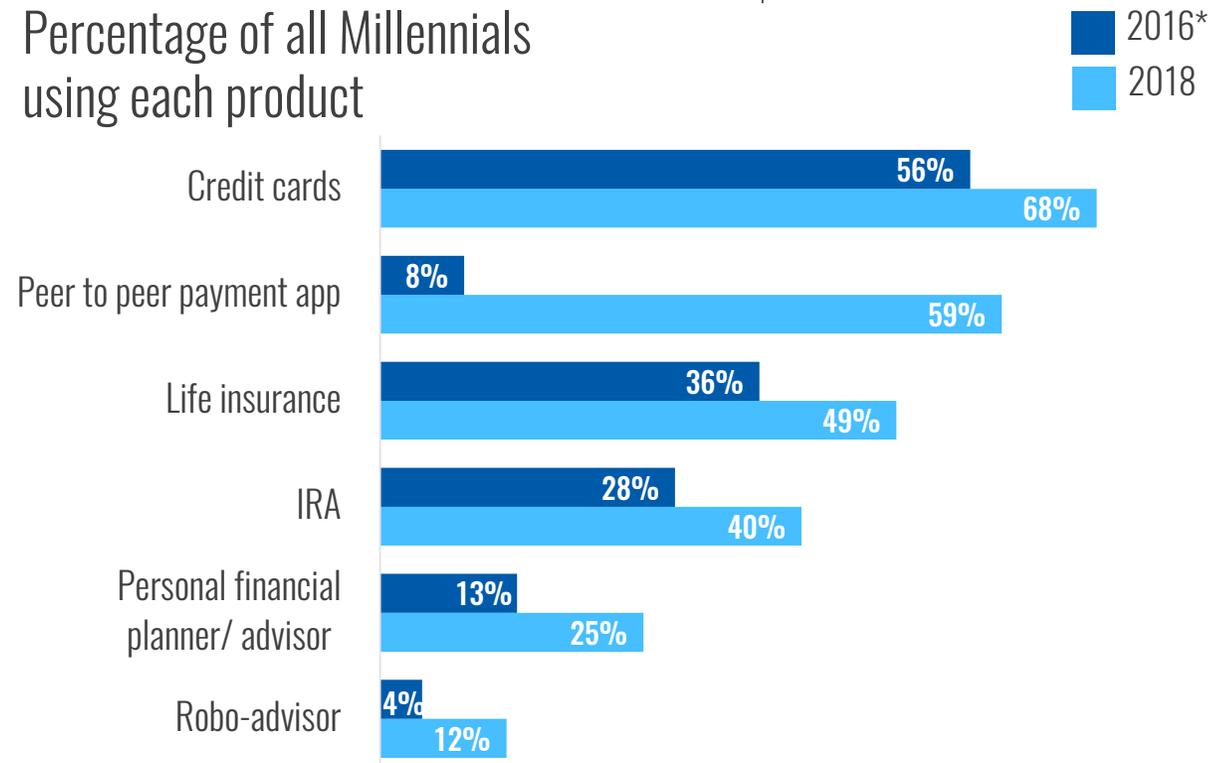
Millennials don't care about money



Millennials are screwed

# Millennials now: Coming into the heart of financial services

Percentage of all Millennials  
using each product



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.

# 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



KEY INSIGHT

# 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

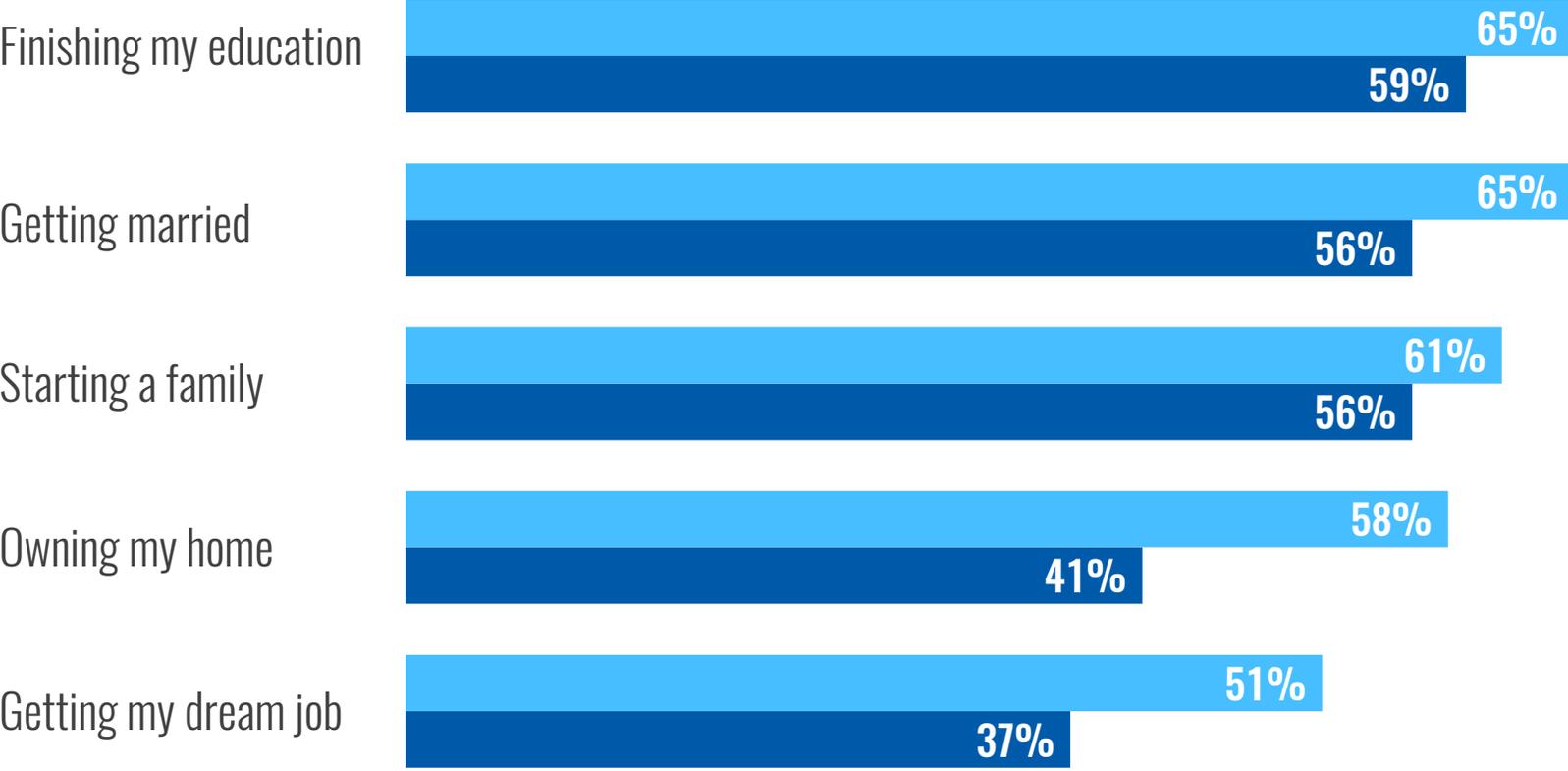
AFFLUENT MILLENNIALS	NON-AFFLUENT MILLENNIALS	AFFLUENT GEN-X
<b>Financial Wealth</b>	Education	Education
Education	Ability to support or assist family	<b>Financial Wealth</b>
Children	Faith	Ability to support or assist family

Source: 2018 Edelman Millennials with Money Study. Q12: Looking at the list below, which of the following do you believe make you successful? Top 3, 4, 5 shown, among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers.

# Where they're making progress against life goals

Average percent complete for each goal

■ Affluent Millennials  
■ Non-Affluent Millennials



*Protecting Their Future*



**62%**

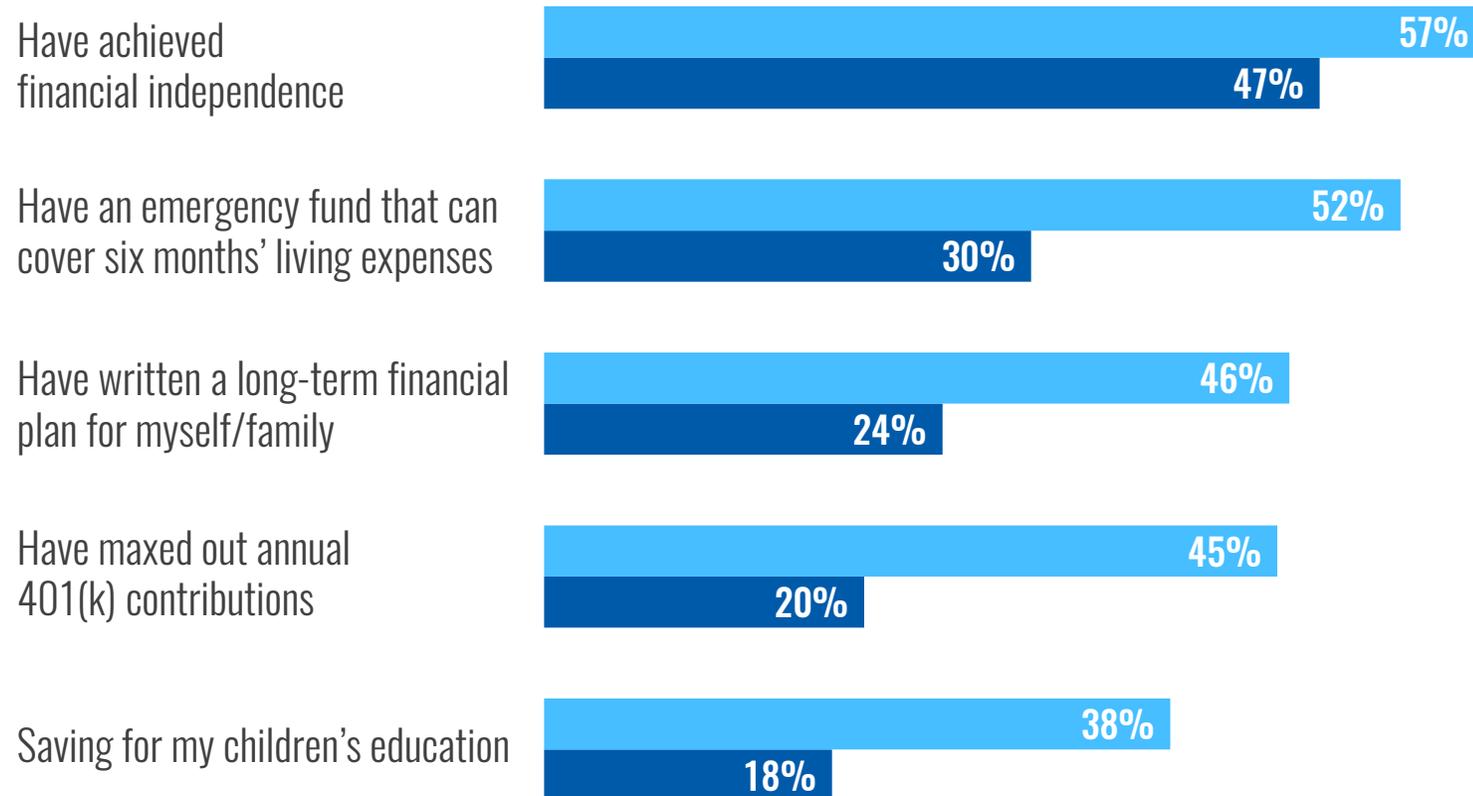
Affluent Millennials covered by life insurance

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

■ Affluent Millennials  
■ Non-Affluent Millennials





## Tax Advantage

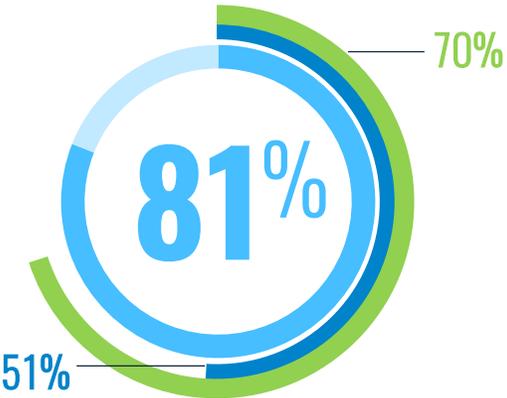
67% of Affluent Millennials say the 2018 Federal Tax Reform Law significantly increased their take-home pay. What they say they're doing with the extra money:

- Building up my emergency fund 43%
- Increasing my retirement savings amount 44%
- Paying off more debt 43%

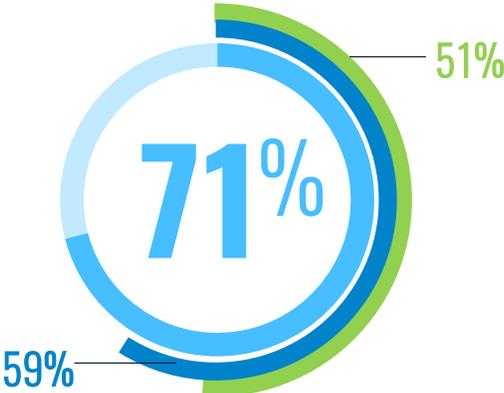
Source: 2018 Edelman Millennials with Money Study. Q17: How close are you to completing your personal goals? Where 0% is no progress and 100% is where you've fully completed that goal, among Affluent Millennials and Non-Affluent Millennials. Q28: Below is a list of statements. For each one, please rate 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



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



- Affluent Millennials
- Non-Affluent Millennials
- Affluent Gen Xers

*Flashback*

**79%** of all Millennials believed their American Dream was achievable in 2016

2016	
2018	

**78%** of all Millennials believe that the American Dream is still achievable today

Source: 2018 Edelman Millennials with Money Study. Q15: Do you think you will be more financially successful than your parents? Among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers. Q16: Do you think your children will be more financially successful than you?; among Affluent Millennials, Non-Affluent Millennials, and Affluent Gen Xers. Q13: Do you believe your "American Dream" is achievable? Yes, among All Millennials.

KEY INSIGHT



# They eagerly embrace **disruption**

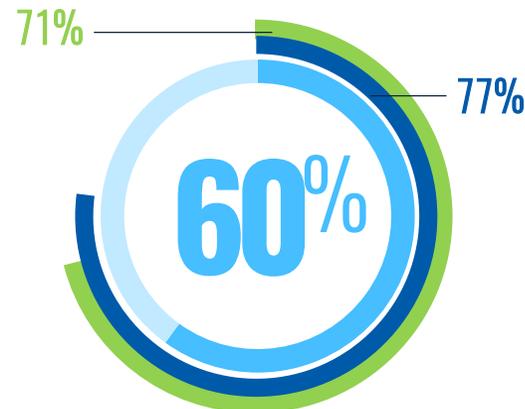
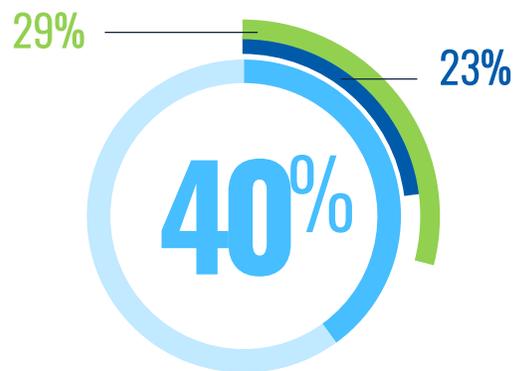
Affluent Millennials are bullish on new technologies and industry disruptors for achieving their goals



# 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”



- Affluent Millennials
- Non-Affluent Millennials
- Affluent Gen Xers

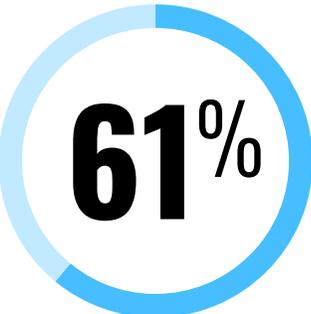
## Building Their Nest Egg



Nearly 3-in-5 Affluent Millennials have an Individual Retirement Account, compared with 1-in-4 of their non-affluent peers

Source: 2018 Edelman Millennials with Money Study. Q6: Which of the following best describes you? Among Affluent Millennials, Non-Affluent Millennials, 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 and Non-Affluent Millennials.

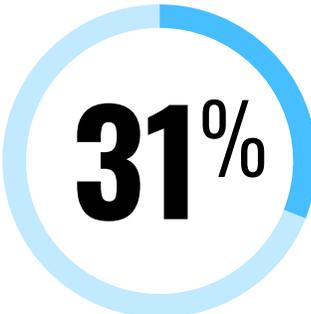
# Disruptive tech is the new norm to help achieve goals



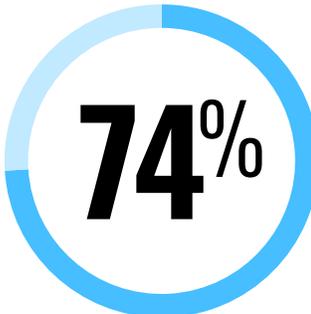
use **peer-to-peer** payment apps



use or hold **cryptocurrency**



interested in using **cryptocurrency**



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.

3

KEY INSIGHT

They're savvy  
but stressed

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”

**Affluent Gen-X**

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

**Affluent Millennials**

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

**Non-Affluent Millennials**

# Opportunity with DIY-ers: Many go it alone



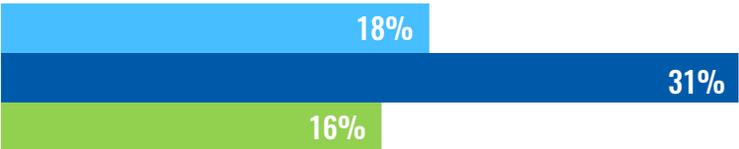
I make all my financial decisions on my own without any help or advice



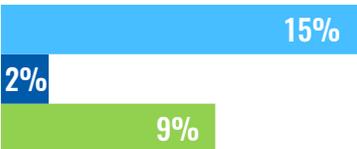
I seek the advice of financial professionals, but then I make my own decisions



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



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



**Real vs. Robo**

**41%** of Affluent Millennials have a personal financial planner

**23%** of Affluent Millennials are using robo-advisors for financial advice

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.

4

KEY INSIGHT

# Affluent Millennials: far more **skeptical**

More so than their less  
affluent peers and  
affluent Gen Xers



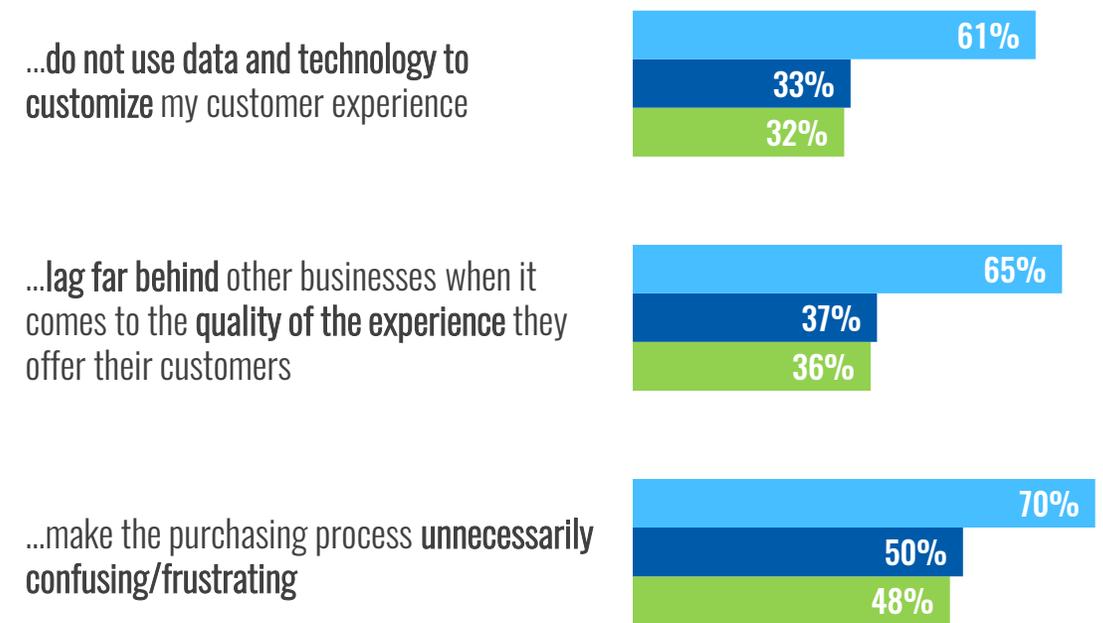
# They're finding the customer experience difficult and confusing



## Shopping for financial services products...



## Financial services companies...

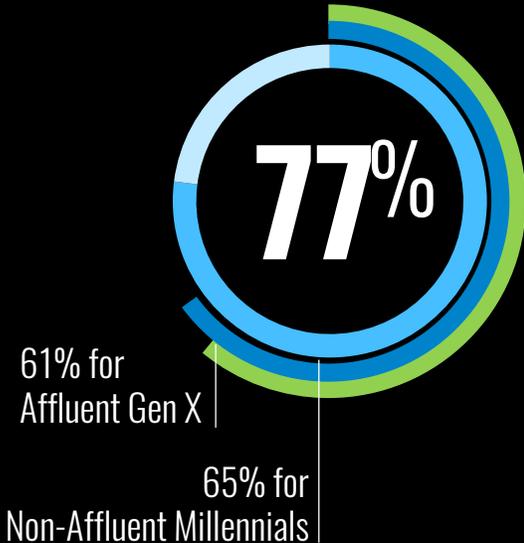


Source: 2018 Edelman Millennials with Money Study. Q26: Below is a list of statements. For each one, please rate how much you agree or disagree with that statement using a nine-point scale where one means "strongly disagree" and nine means "strongly agree," 9-point scale, top 4 box, agree, among Affluent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

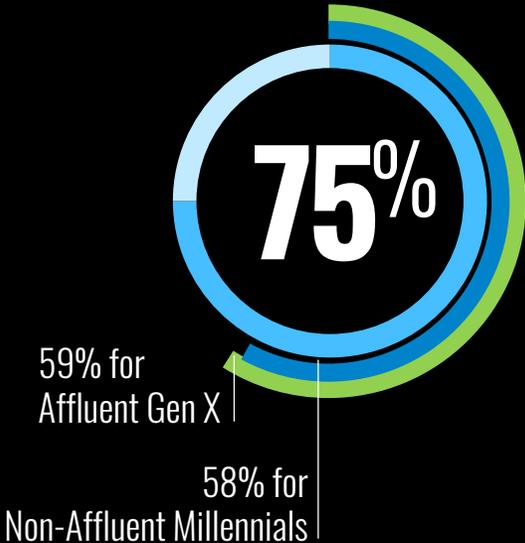
# Affluent Millennials' outlook paints a dark picture

- Affluent Millennials
- Non-Affluent Millennials
- Affluent Gen Xers

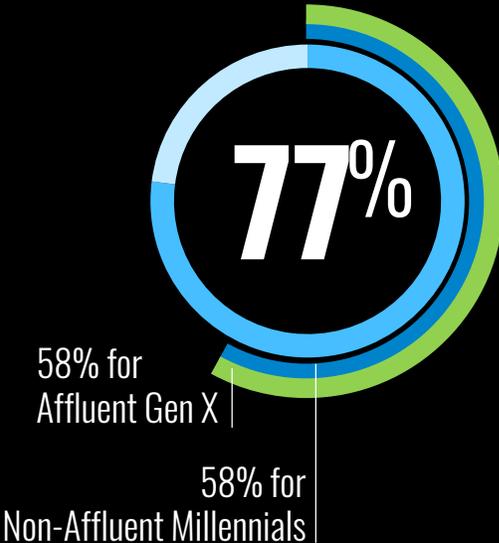
The whole financial system is **designed to favor the rich and powerful** at the expense of ordinary people like me



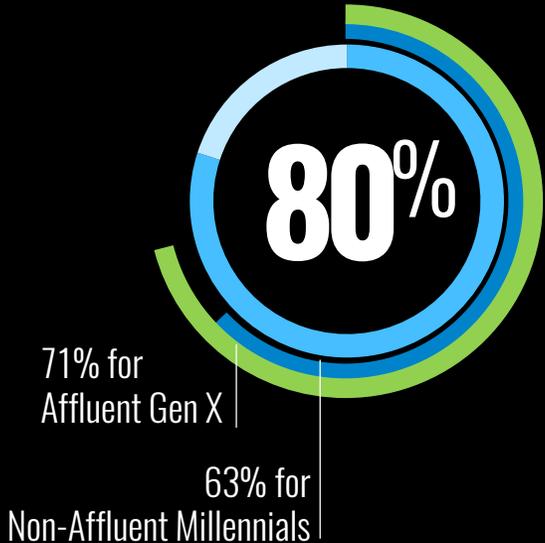
I worry that the **global financial system will be hacked** and my personal information will be stolen



It is just a matter of time before the **bad behavior** of the financial industry **leads us into another global financial crisis**



I am **suspicious** of recommendations made by someone in financial services who **makes a commission**



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.

# Where we are

## 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

Money means more than you know

1

Communicate with precision

They eagerly embrace disruption

2

Lead with innovation

Financially savvy but stressed

3

Insist on simplicity

Much more skeptical

4

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.

# 4 *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](mailto: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.

## ADVISORY

Solving business challenges through global C-suite counsel

## BRAND

Connecting Belief-Driven buyers with purposeful business

## DIGITAL

Ideas that reach beyond the screen and inspire real-world action

## REPUTATION

Evolving, promoting and protecting brands' most important asset

## RESEARCH

Unlocking powerful connections between brands and audiences