

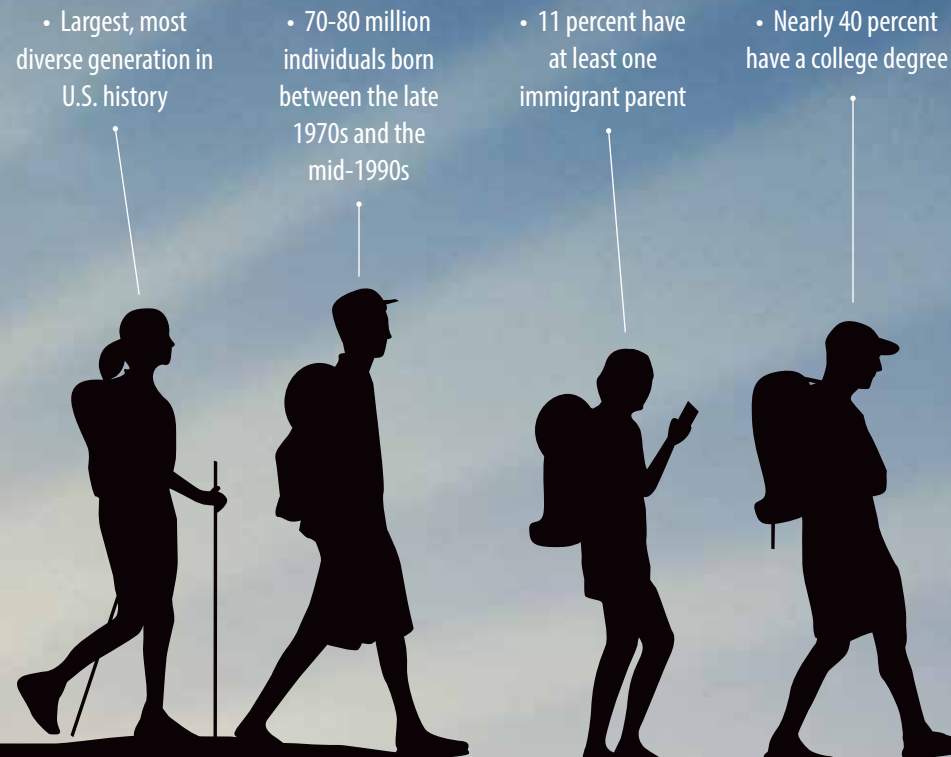
The "SPECIAL" Generation

Where prior generations were preferably seen and not heard, Millennials grew up in an era that placed unprecedented value on children. Their parents prioritized personal development and self-esteem, leading many in this generation to possess buoyant optimism and supreme confidence in their own abilities. This means that Millennials have loftier dreams — and the potential for steeper disappointments — than their predecessors.

Shifting Responsibilities

Millennials are going to need that confidence to tackle the myriad financial challenges they face. Where their parents entered adulthood with hardly any debt, or with "good" debts such as home mortgages that quickly became assets, many Millennials now take their first steps into independence already saddled with huge amounts of student loan debt, which only becomes an asset if it can be turned into a profitable career. Faced with a big debt management problem from the get-go, Millennials also now must handle their own retirement planning and health care costs, benefits that traditionally were covered by employers. Finally, record-high living costs in many American cities and slow wage growth mean that many in this generation struggle just to make ends meet, let alone pay down debt and save for the future.

Who are Millennials?



Millennials' Financial Engagement

- 88 percent have a checking or savings account.
- 51 percent have a retirement account.
- 40 percent own homes.
- 38 percent have a college degree (and significantly higher income).
- 68 percent have at least one credit card.

(And Risks...)*

- Nearly 30 percent overdraw an account in the past year.
- 22 percent took loans or hardship withdrawals from their accounts in the past year.
- More than 70 percent have mortgages.
- 32 percent believe they owe more than their homes are worth.
- 24 percent have been late on a mortgage payment in the past two years.
- 55 percent carry student loans.
- 54 percent worry they will never be able to pay off their student loans.
- 1 in 5 has four or more credit cards.
- 52 percent carried a balance — and were charged interest — in the past year.
- 45 percent make only minimum payments.
- 35 percent have unpaid medical bills.
- 42 percent used alternative financial services (AFS) such as payday loans, auto title loans, tax refund loans, rent-to-own stores or pawn shops in the past five years.

*Risk stats apply only to Millennials with the corresponding financial engagement, i.e., those who have credit cards, own homes, etc.

The Financial Knowledge Gap

What Millennials think they know ...

- **74 percent** agreed with the statement, "I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses."
- **Nearly 70 percent** rated themselves as having high financial knowledge (and 75 percent of men ranked themselves as "highly knowledgeable").
- **21 percent** reported that they are "very satisfied" with their current financial situation.

What Millennials actually know ...

- Out of five financial literacy questions, only **8 percent** answered all questions correctly.
- **Only 24 percent** answered 3 out of 5 questions correctly, indicating basic financial literacy.
- **Only 37 percent** of college-educated respondents correctly answered the most basic financial literacy questions.

The Financial Education and Help Gap

- **Only 22 percent** of Millennials (and 29 percent of those with college degrees) have ever received financial education from an educational institution or workplace.
- **41 percent** sought at least one form of financial advice in the past five years.
- Those with higher financial literacy tend to trust financial professionals more than those who are less financially literate (**46 percent vs. 39 percent**).
- **60 percent** think financial professionals are too expensive for them, and 35 percent think it is hard to find the right financial professional for their situation.

Unless otherwise noted, data comes from *Financial Capability Among Young Adults and NEFE-Sponsored Research in Perspective*, a study by the Global Financial Literacy Excellence Center at George Washington University. This study analyzed data from the 2012 National Financial Capability Study (NFCS). View the final report at www.nefe.org/research.