



Quick Takeaways

Financial Capability Among Young Adults

George Washington University

Principal Investigator: Annamaria Lusardi, Ph.D.

Primary Purpose: To analyze financial capability among young adults, including indicators to assess important determinants of young adults' financial behavior.

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Key Findings

- Millennials overwhelmingly are banked, more than half have some sort of retirement account, over 40 percent own their homes, and over one-fourth have investments in stocks, bonds or mutual funds. Additionally, nearly 40 percent of Millennials have a college degree.
- Two-thirds of Millennials have at least one source of long-term debt, and 30 percent have more than one source of outstanding long-term debt.
- Millennials may be compromising their futures by making withdrawals from retirement accounts. About 20 percent of those with a self-directed retirement account either took a loan or made a hardship withdrawal in the prior 12 months. Furthermore, nearly 30 percent of those with bank accounts had overdrawn their account in the prior 12 months.
- A college education is associated with higher levels of debt across all categories.
- Nearly 70 percent of Millennials have at least one credit card, and more than half of cardholders have engaged in potentially expensive credit card behaviors. More than half of cardholders carried over a balance and were charged interest.
- Despite high education levels, 42 percent of Millennials use alternative financial services (AFS).
- Even among those with bank accounts, 39 percent have used an AFS product.
- Over half of Millennials feel they have too much debt, and many Millennials are not satisfied with their current financial condition.
- Millennials are unprepared to handle sudden economic shocks. Even among those with retirement accounts, emergency funds are rare.
- Millennials are very confident about their financial knowledge and their financial management skills, but this high confidence does not match actual financial literacy levels. Only one-quarter of respondents show basic financial literacy and only 8 percent show a high level of knowledge.
- Even though their financial literacy is low, most Millennials do not seek advice from financial professionals.
- Key determinants of financial capability include financial literacy, general education and the ability to deal with income shocks.
- Only 22 percent of Millennials have received some form of financial education.

For more information and to read the executive summary and final report, visit www.nefe.org.