

Millennial Money Mindset Report

2017

In Partnership with:



JENNINGS A. JONES COLLEGE OF BUSINESS

Data Analysis support by



Executive Summary

Previous studies have shown that the expectations of Millennials are pushing financial institutions to innovate and improve the services they offer to this digital savvy generation. Our objective with this 2017 study was to delve deeper into the mindset of Millennials regarding their financial goals and challenges and to see how their wants and behaviors are continuing to shape the financial industry.

The results collected in this study show that Millennials are looking for more comprehensive and in-depth solutions to help improve their financial situations. The largest challenges they face are prioritizing multiple goals and financial needs at the same time as well as developing a financial plan. However, there is a large gap between the technologies that Millennials have used (such as online and mobile banking), and technologies that could address these challenges.

The study also shows that Millennials want personalized solutions that meet their individual needs. Their profile status correlates strongly to the type of goals they have and challenges they face. They expect their financial institution to address their individual financial goals, give them access to the appropriate products, and provide professional advice and planning. Institutions that can adapt to and meet the needs of Millennials in a customized way will have a distinct competitive advantage.

Finally, Millennials seem to be gaining a more positive perspective on their financial institution. In fact, they would likely take recommendations or purchase products from institutions that help them reach their financial goals. This provides institutions with the opportunity to deepen customer relationships as well as build loyalty among this generation.

As we did in 2015 and 2016, we have made the results of this study public. The goal is to help the financial services industry better understand the mindset, needs, and behavior of Millennials to spur development and adoption of solutions that are appropriate for this generation of consumers.

Method

The results released in this report are based on a nationwide online survey of 500 randomly selected Americans between the ages of 21 and 35, collected February 16 -20, 2017. Respondents were randomly selected using a nationwide sample panel. With a sample of 500 respondents, we can say with 95% confidence that the amount of survey error due to taking a random sample instead of surveying all members of the population is $\pm 4.4\%$.

Key Observations

Though the top two goals for 2017 were the same for all Millennials, their other goals varied significantly according to profile status.

- Top goals for all Millennials in 2017 include:
 - Pay down debt (58.3%)
 - Increase my income (43.7%)
- Significant variances in goals according to profile status were evident:
 - Going back to school was a priority for *single* Millennials (with or without kids).
 - Millennials *with kids* selected saving for their child's education as a top goal (whether single or married).
 - Retirement was a top goal for those who were *married* (with or without kids).
 - Travel was a high priority for Millennials *without kids* (whether single or married).

Debt is still having an impact, but it is not their biggest challenge.

- Top challenges for Millennials in 2017 include:
 - Prioritizing multiple goals and financial needs at the same time (44.7%)
 - Developing a financial plan (39.7%)
 - Managing my debt (32.3%)
 - Knowing where to start to accomplish my financial goals (32.1%)
- 58% selected Pay down debt as a goal for 2017, but only 32% selected Managing debt as their biggest challenge.
- Average debt was \$62,541.62.
- Debt was highest for Millennials who are married.

Personalization is critical.

- 54% of Millennials selected Personalized (specific to your financial situation and resources) as the most important factor to financial planning.
- 37% of respondents stated that they interact with their institution in the way that they prefer.

There is a gap between the technology Millennials have used and what they need to improve their financial situation.

- 80.6% of Millennials use Online Banking technology, but only 8.2% have used Financial Planning Software.
- 49.9% stated that comprehensive planning which covers multiple goals, debts, and insurance needs would be important to them.

Millennials are willing to purchase products that help them reach their financial goals.

- The top three products Millennials would be willing to open or purchase if recommended by their financial institutions:
 - Savings Accounts (55.9%)
 - Retirement Accounts (47.1%)
 - Life Insurance (29.3%)

Millennials are indicating a more positive view of their primary financial institution.

- 55% stated it was trustworthy and reliable.
- 36% stated they would refer their friends and family to their institution.

Shifts in priority for both goals and challenges are evident across three years of survey results.

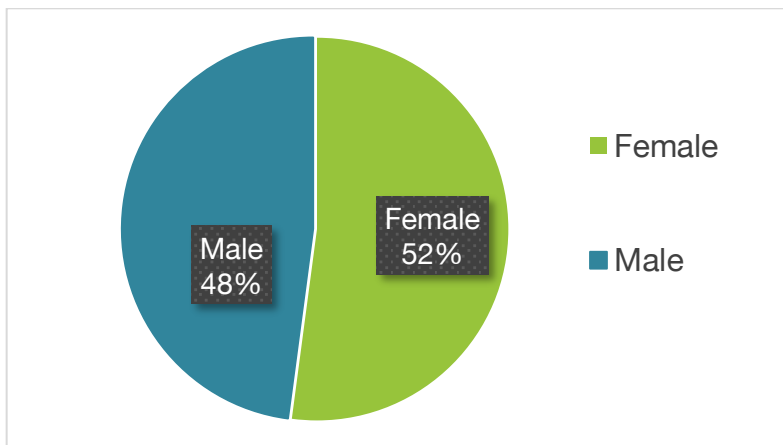
- Paying Down Debt and Increasing Income were higher priorities in 2017 compared to previous years.
- Goals that have decreased significantly from previous years:
 - Buying a Car
 - Relocation
 - Saving for a Large Purchase
 - Having a Baby
- Overall, the financial challenges Millennials face have increased from previous years.
 - Knowing Where to Start to Accomplish My Financial Goals showed over a 15% increase.
 - Developing a Financial Plan showed over an 11% increase.

Demographics

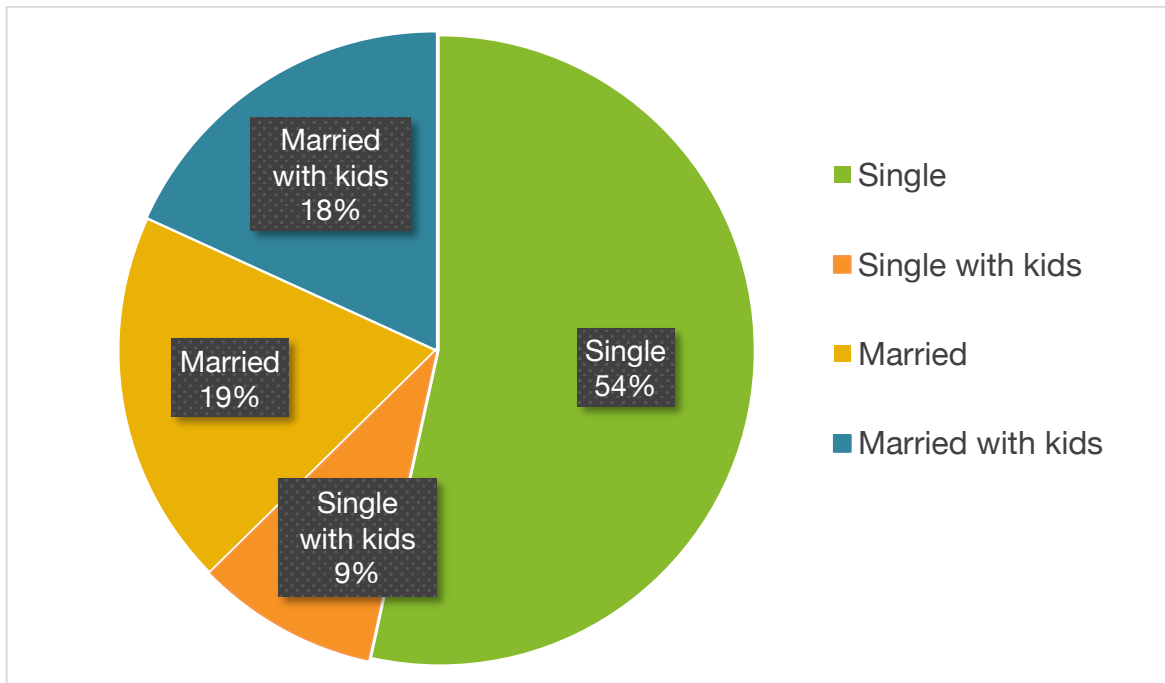
1. What year were you born?

Age Range	%
22-26	27.3%
27-31	39.5%
32-36	33.2%

2. What is your gender?



3. What is your profile status?



4. What is your total household income?

Income Range	%
Less that \$25,000	29.1%
\$25,001-\$50,000	28.5%
\$50,001-\$75,000	16.8%
\$75,001-\$118,000	15.2%
\$118,001-\$186,000	7.4%
\$186,001-\$250,000	1.6%
\$250,001+	1.4%

Profile Status Breakdown:

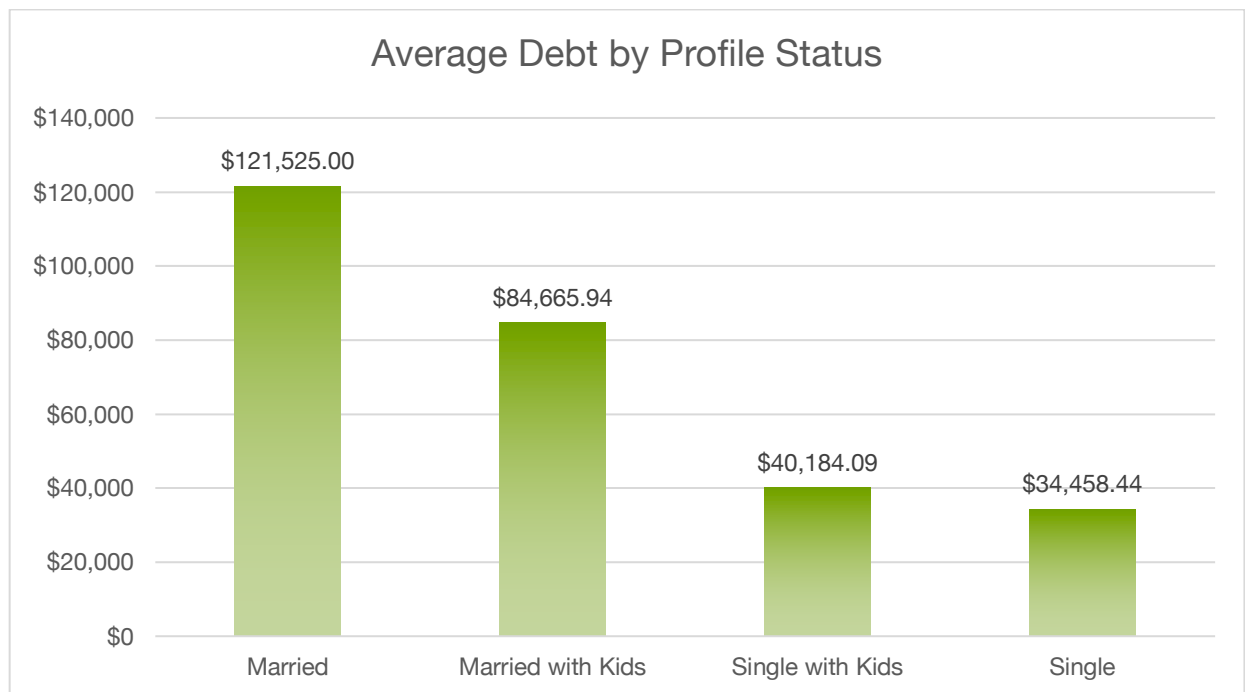
Income Range	Single	Single with kids	Married	Married with kids
Less that \$25,000	40.3%	41.3%	11.5%	8.8%
\$25,001-\$50,000	31.0%	41.3%	17.7%	26.4%
\$50,001-\$75,000	11.2%	6.5%	24.0%	30.8%
\$75,001-\$118,000	10.4%	6.5%	30.2%	17.6%
\$118,001-\$186,000	4.9%	2.2%	12.5%	12.1%
\$186,001-\$250,000	0.4%	0.0%	4.2%	3.3%
\$250,001+	1.9%	2.2%	0.0%	1.1%

Goals and Debts

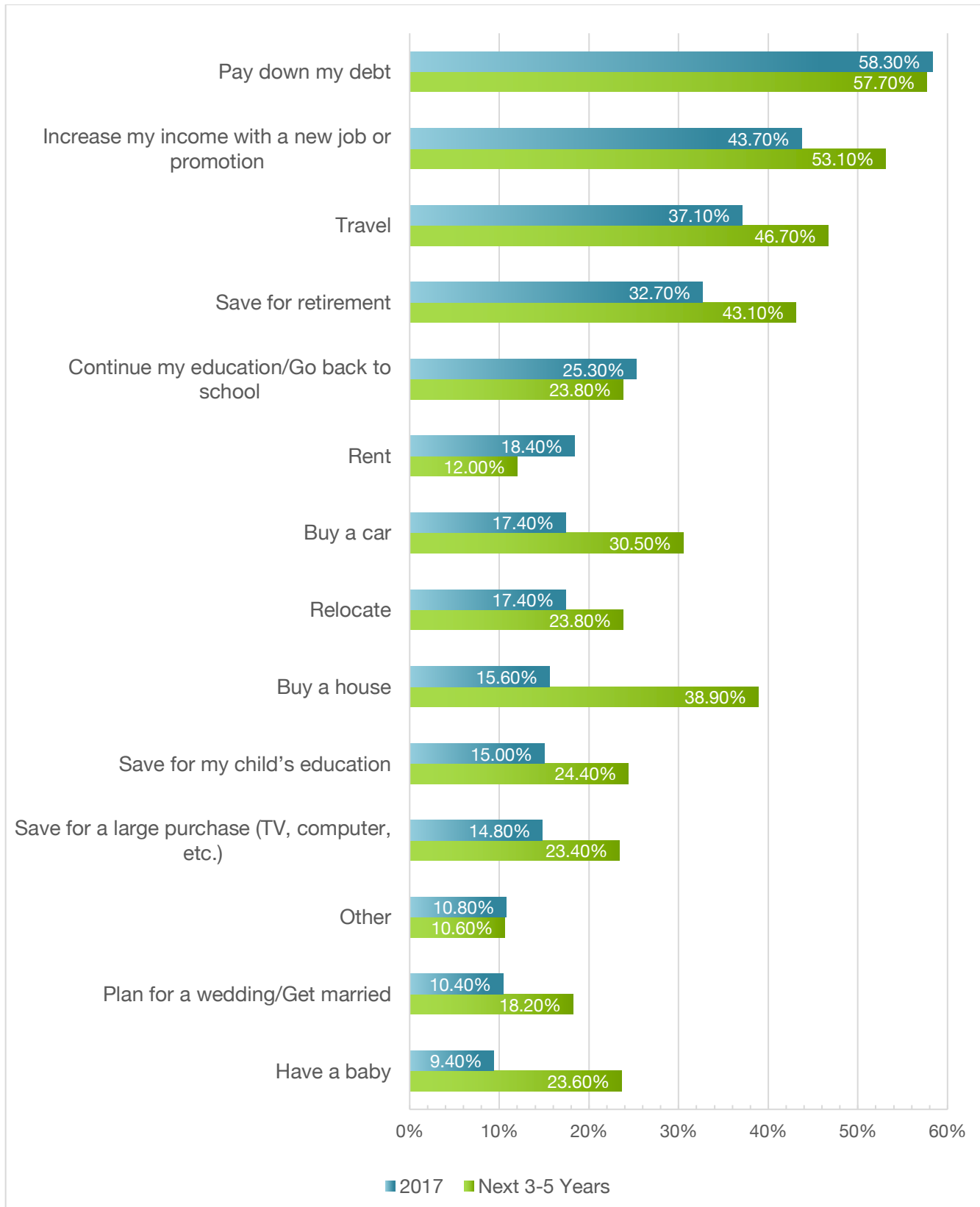
5. What is the **APPROXIMATE** amount of your total current debt (Including student loans, credit cards, mortgage, etc.) If none, enter 0.

Age Range	Average Debt
22-26	\$42,905.18
27-31	\$63,569.27
32-36	\$77,152.02

Profile Status Breakdown:



6. What are your financial goals for 2017? As well as your financial goals for the next 3-5 years? Select all that apply.

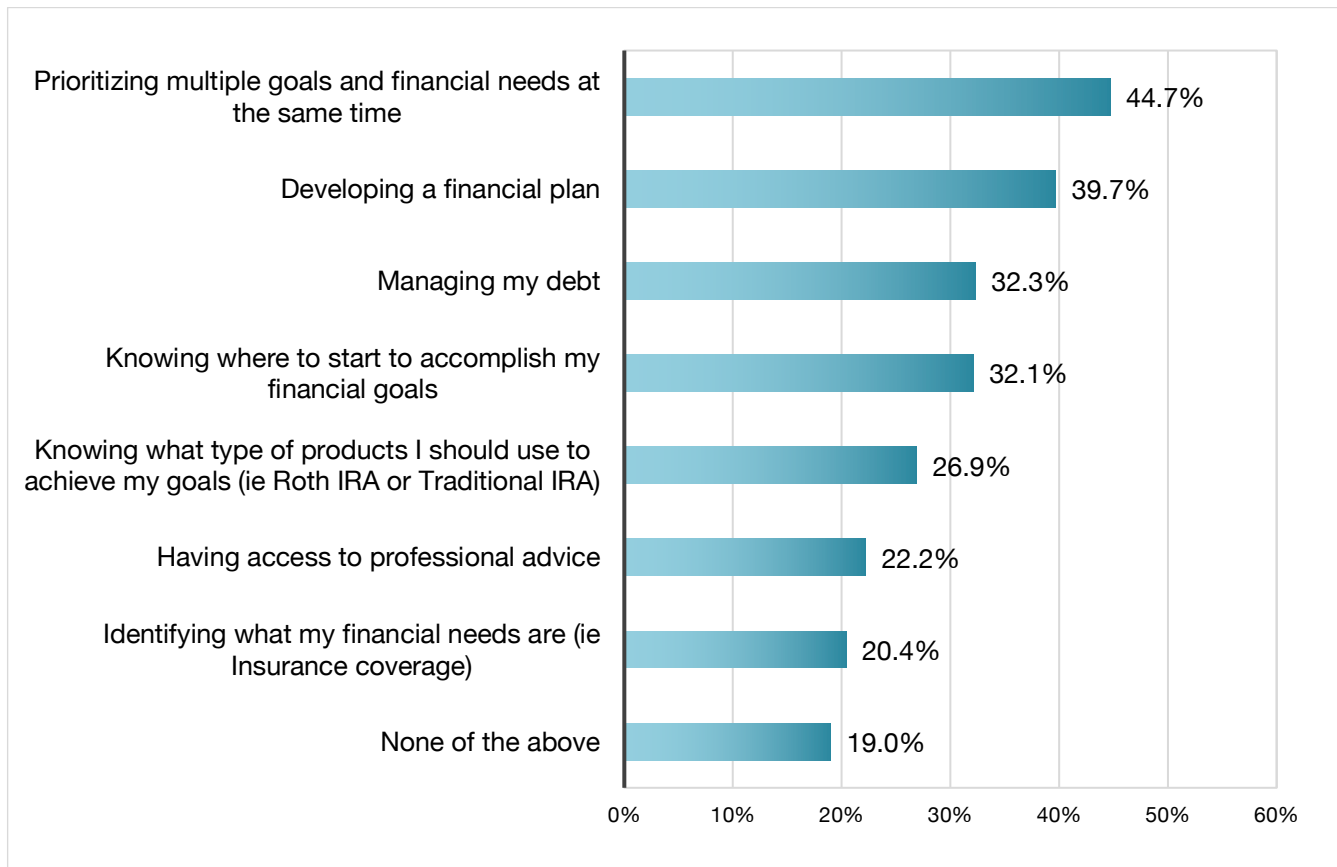


Profile Status Breakdown:

Financial Goals for 2017	Single	Single with kids	Married	Married with kids
Pay down my debt	50.7%	71.7%	61.5%	70.3%
Increase my income with a new job or promotion	46.3%	52.2%	32.3%	44.0%
Travel	42.9%	21.7%	35.4%	29.7%
Save for retirement	25.7%	19.6%	49.0%	42.9%
Continue my education/Go back to school	31.0%	30.4%	13.5%	18.7%
Rent	26.9%	15.2%	7.3%	6.6%
Buy a car	15.3%	30.4%	12.5%	22.0%
Relocate	19.4%	19.6%	15.6%	12.1%
Buy a house	10.8%	26.1%	16.7%	23.1%
Save for my child's education	1.9%	41.3%	3.1%	52.7%
Save for a large purchase (TV, computer, etc.)	14.2%	17.4%	14.6%	15.4%
Other	14.2%	2.2%	7.3%	8.8%
Plan for a wedding/Get married	12.3%	21.7%	6.3%	3.3%
Have a baby	2.6%	10.9%	22.9%	14.3%

Financial Goals for the Next 3-5 Years	Single	Single with kids	Married	Married with kids
Pay down my debt	51.5%	65.2%	61.5%	68.1%
Increase my income with a new job or promotion	54.5%	56.5%	45.8%	54.9%
Travel	51.9%	39.1%	41.7%	40.7%
Save for retirement	38.8%	41.3%	46.9%	52.7%
Continue my education/Go back to school	25.4%	32.6%	17.7%	23.1%
Rent	18.7%	10.9%	4.2%	1.1%
Buy a car	28.7%	32.6%	33.3%	31.9%
Relocate	25.0%	28.3%	21.9%	19.8%
Buy a house	37.7%	58.7%	35.4%	36.3%
Save for my child's education	11.2%	50.0%	17.7%	57.1%
Save for a large purchase (TV, computer, etc.)	23.9%	13.0%	21.9%	28.6%
Other	13.1%	4.3%	11.5%	5.5%
Plan for a wedding/Get married	27.2%	28.3%	2.1%	3.3%
Have a baby	18.3%	21.7%	40.6%	22.0%

7. What are the biggest challenges to improving your financial situation? Select all that apply.

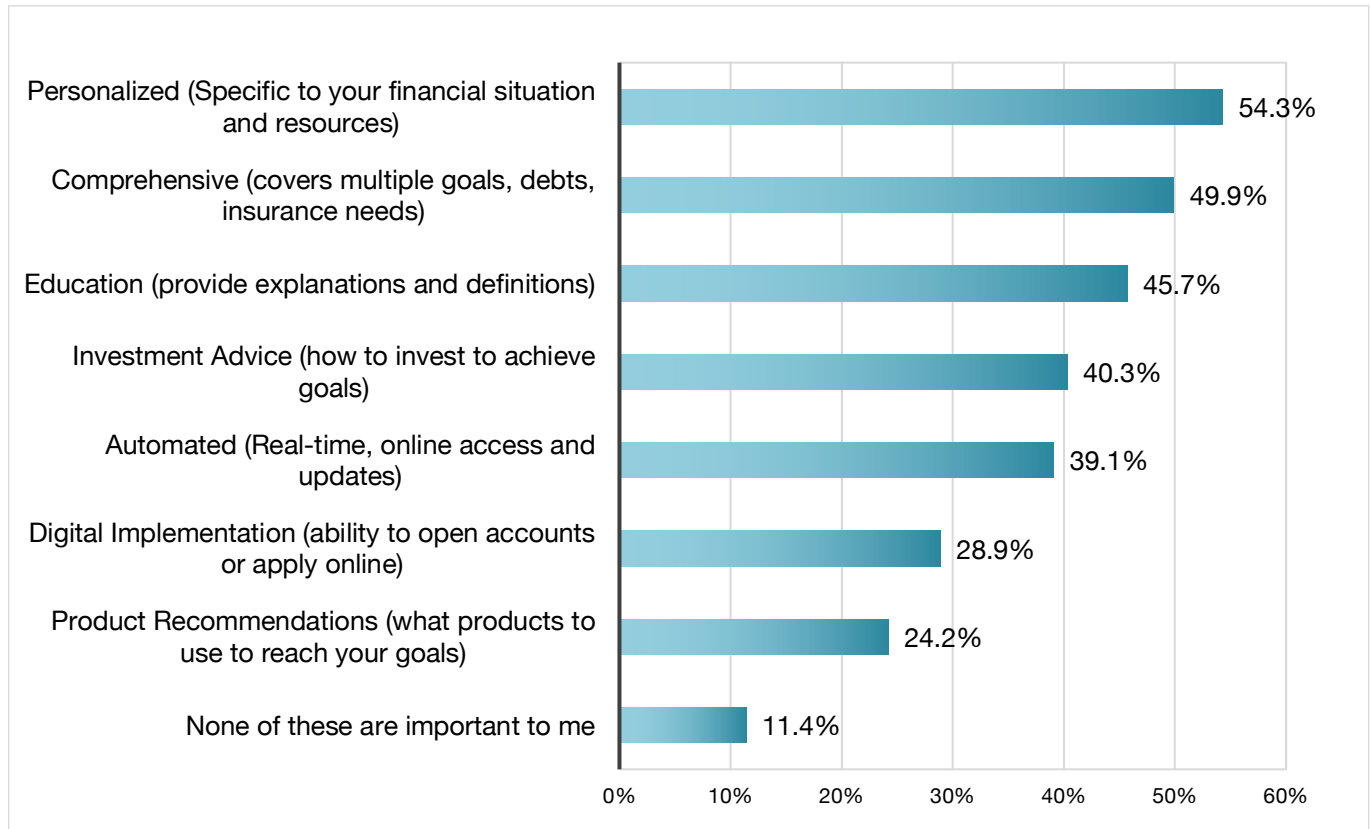


Profile Status Breakdown:

Biggest Challenges	Single	Single with kids	Married	Married with kids
Prioritizing multiple goals and financial needs at the same time	41.8%	56.5%	49.0%	42.9%
Developing a financial plan	41.8%	47.8%	33.3%	36.3%
Managing my debt	29.9%	56.5%	22.9%	37.4%
Knowing where to start to accomplish my financial goals	36.2%	43.5%	21.9%	25.3%
Knowing what type of products I should use to achieve my goals (ie Roth IRA or Traditional IRA)	26.5%	26.1%	34.4%	20.9%
Having access to professional advice	21.6%	30.4%	21.9%	19.8%
Identifying what my financial needs are (ie Insurance coverage)	23.1%	28.3%	18.8%	9.9%
None of the above	19.4%	8.7%	18.8%	23.1%

Products and Technology

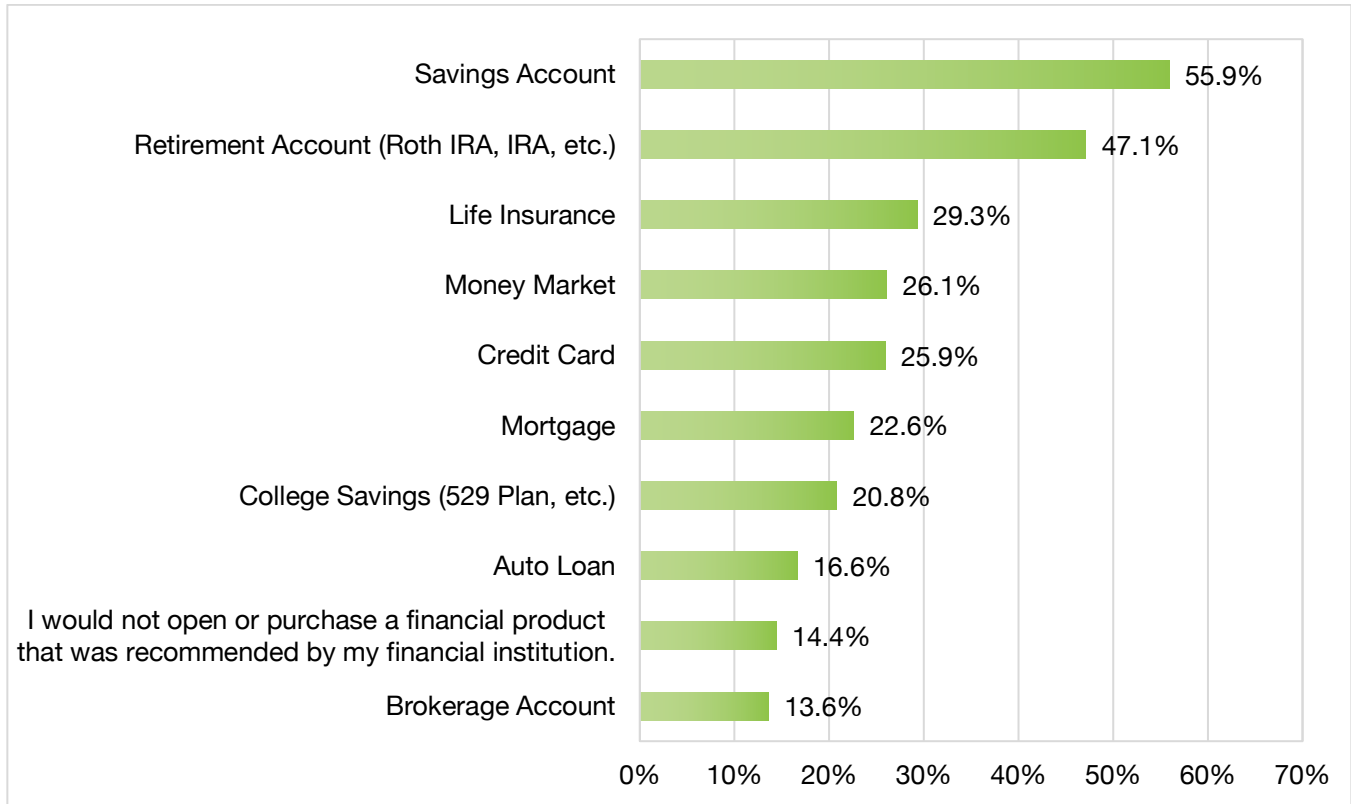
8. If your institution offered goal-based financial planning, which of the following things would be most important to you? Select all that apply.



Profile Status Breakdown:

Important Factors	Single	Single with kids	Married	Married with kids
Personalized (Specific to your financial situation and resources)	54%	61%	55%	52%
Comprehensive (covers multiple goals, debts, insurance needs)	47%	59%	52%	53%
Education (provide explanations and definitions)	48%	46%	46%	40%
Investment Advice (how to invest to achieve goals)	43%	43%	33%	37%
Automated (Real-time, online access and updates)	40%	30%	46%	33%
Digital Implementation (ability to open accounts or apply online)	31%	24%	27%	27%
Product Recommendations (what products to use to reach your goals)	25%	22%	28%	20%
None of these are important to me	13%	0%	13%	10%

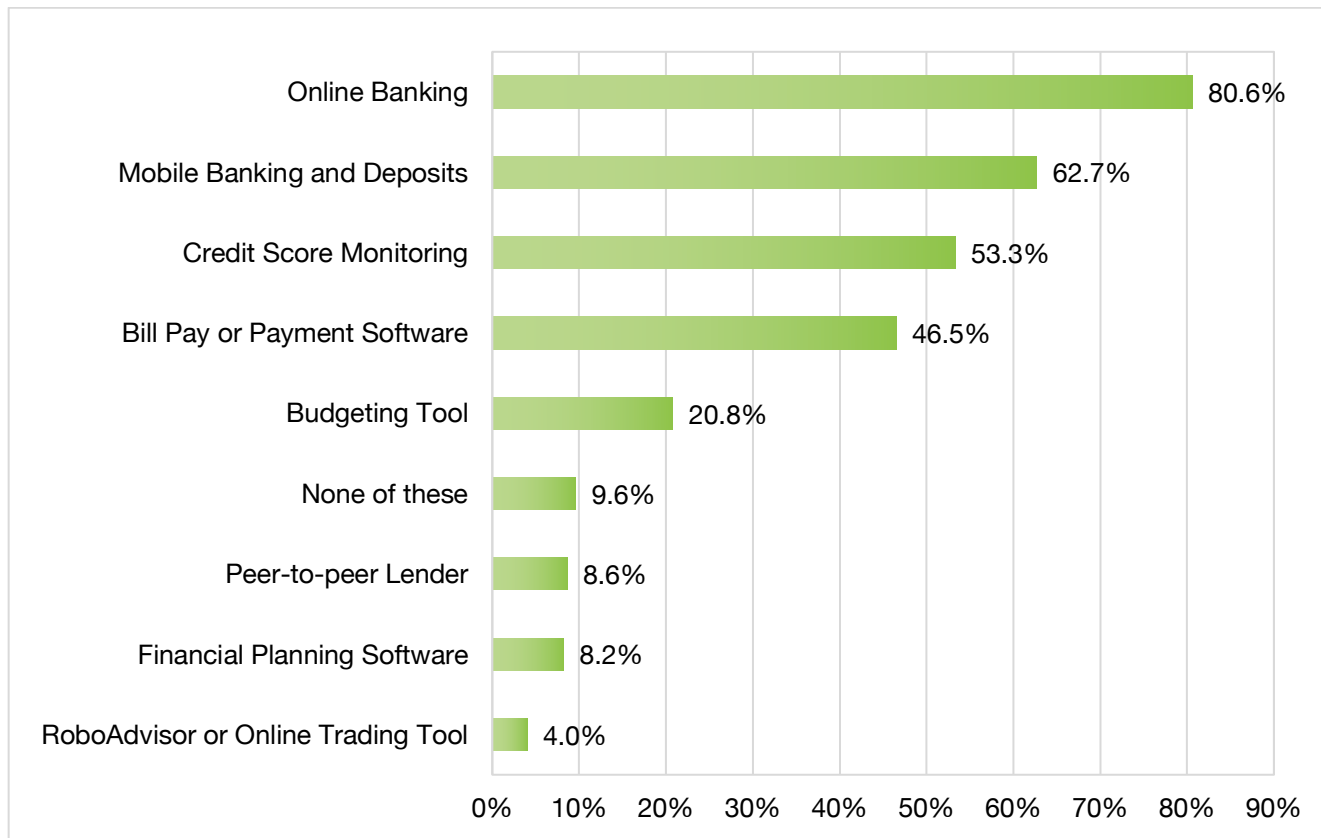
9. Which of the following financial products would you be willing to open or purchase if it was recommended by your financial institution to help you reach your goals? Select all that apply.



Profile Status Breakdown:

Products	Single	Single with kids	Married	Married with kids
Savings Account	60.4%	60.9%	46.9%	49.5%
Retirement Account (Roth IRA, IRA, etc.)	44.4%	41.3%	55.2%	49.5%
Life Insurance	26.5%	37.0%	28.1%	35.2%
Money Market	24.6%	26.1%	32.3%	24.2%
Credit Card	28.7%	32.6%	19.8%	20.9%
Mortgage	20.1%	19.6%	25.0%	28.6%
College Savings (529 Plan, etc.)	17.5%	28.3%	15.6%	31.9%
Auto Loan	14.2%	19.6%	21.9%	16.5%
I would not open or purchase a financial product that was recommended by my financial institution.	14.2%	10.9%	14.6%	16.5%
Brokerage Account	13.4%	10.9%	15.6%	13.2%

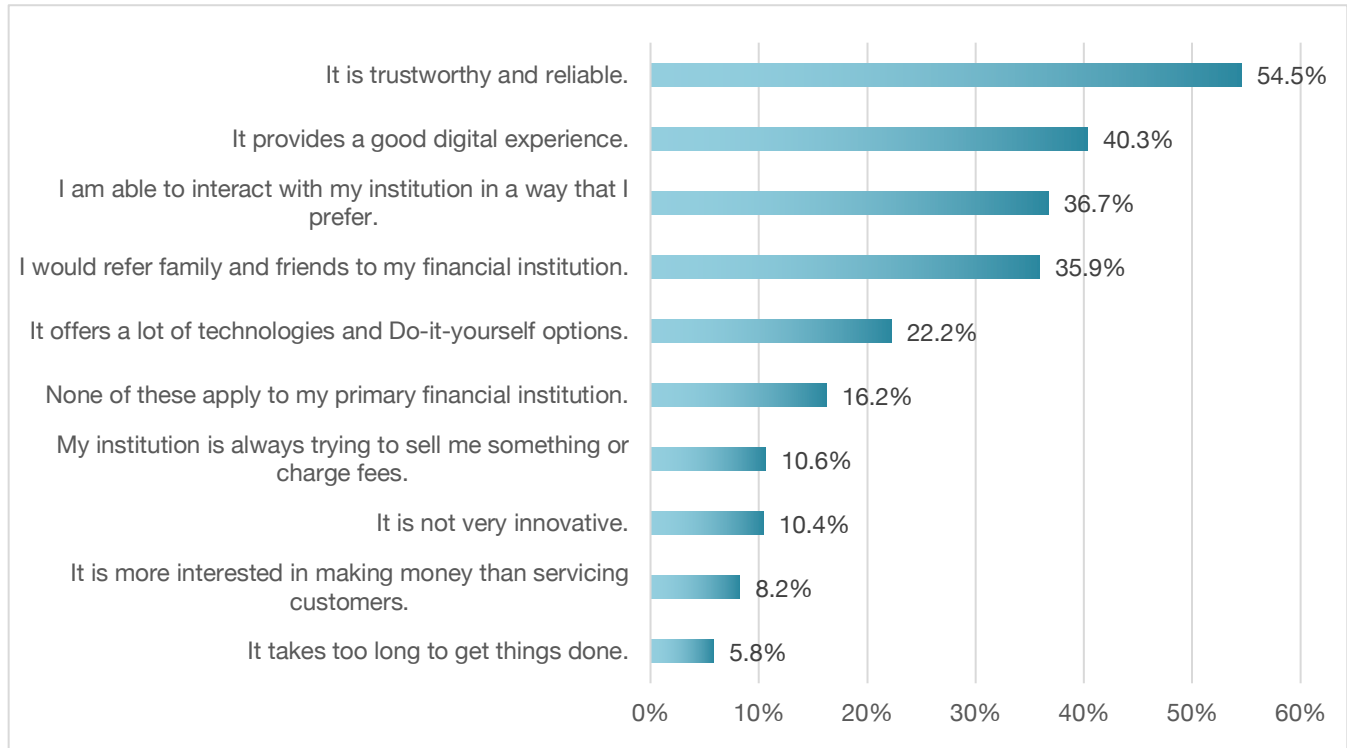
10. Which one of the following financial technologies have you used? Select all that apply.



Profile Status Breakdown:

Products	Single	Single with kids	Married	Married with kids
Online Banking	77.6%	73.9%	81.3%	92.3%
Mobile Banking and Deposits	58.2%	54.3%	71.9%	70.3%
Credit Score Monitoring	47.8%	60.9%	51.0%	68.1%
Bill Pay or Payment Software	43.3%	43.5%	53.1%	50.5%
Budgeting Tool	19.4%	13.0%	22.9%	26.4%
None of these	12.7%	10.9%	8.3%	1.1%
Peer-to-peer Lender	6.7%	10.9%	11.5%	9.9%
Financial Planning Software	6.0%	10.9%	12.5%	8.8%
RoboAdvisor or Online Trading Tool	3.4%	4.3%	2.1%	7.7%

11. Which of the following statements apply to your financial institution? Select all that apply.

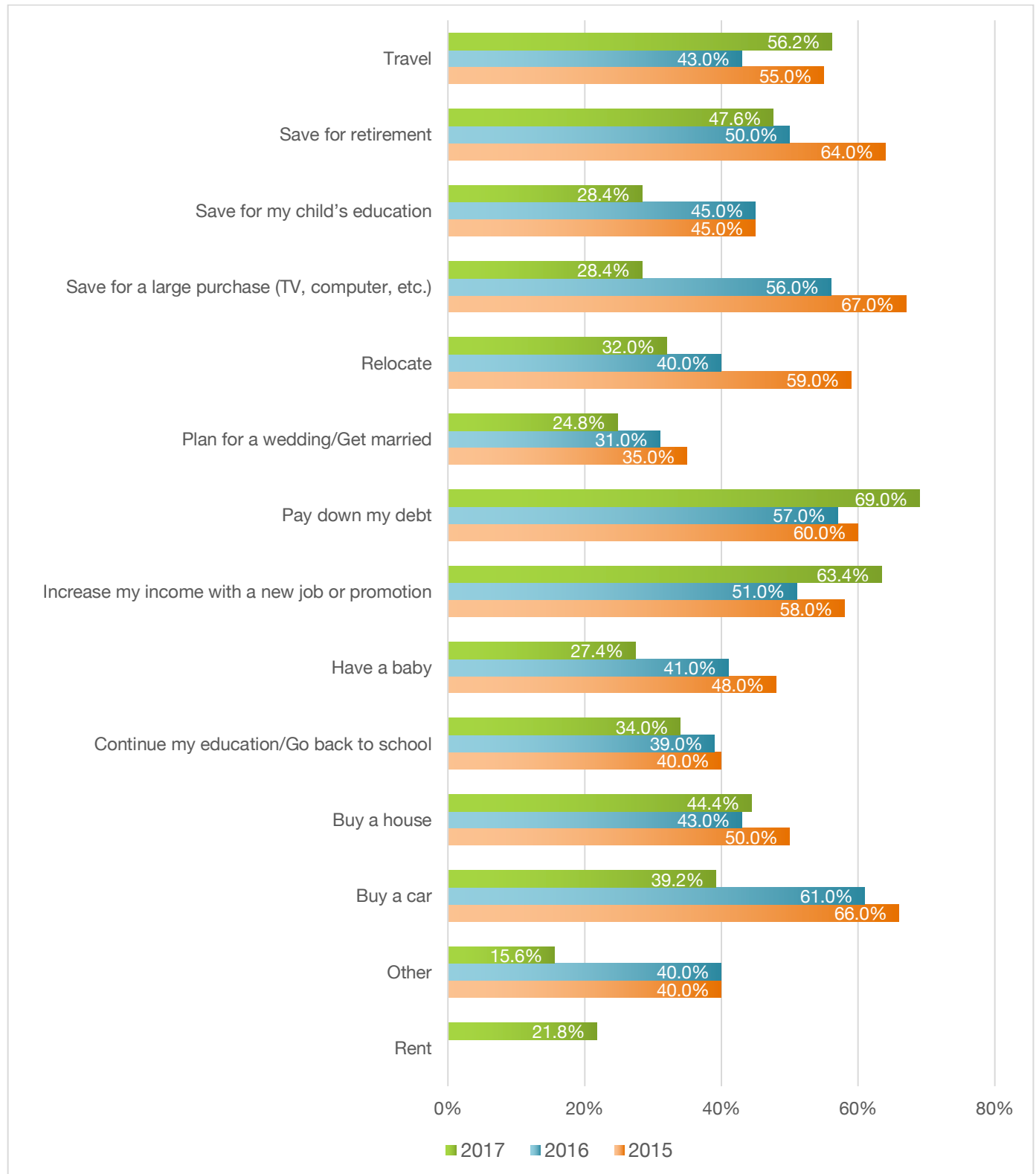


Profile Status Breakdown:

Important Factors	Single	Single with kids	Married	Married with kids
It is trustworthy and reliable.	56%	37%	58%	56%
It provides a good digital experience.	41%	24%	46%	42%
I am able to interact with my institution in a way that I prefer.	38%	26%	36%	38%
I would refer family and friends to my financial institution.	36%	17%	41%	41%
It offers a lot of technologies and Do-it-yourself options.	19%	22%	29%	24%
None of these apply to my primary financial institution.	17%	22%	11%	15%
My institution is always trying to sell me something or charge fees.	10%	11%	14%	10%
It is not very innovative.	9%	17%	10%	11%
It is more interested in making money than servicing customers.	8%	15%	9%	4%
It takes too long to get things done.	6%	13%	3%	4%

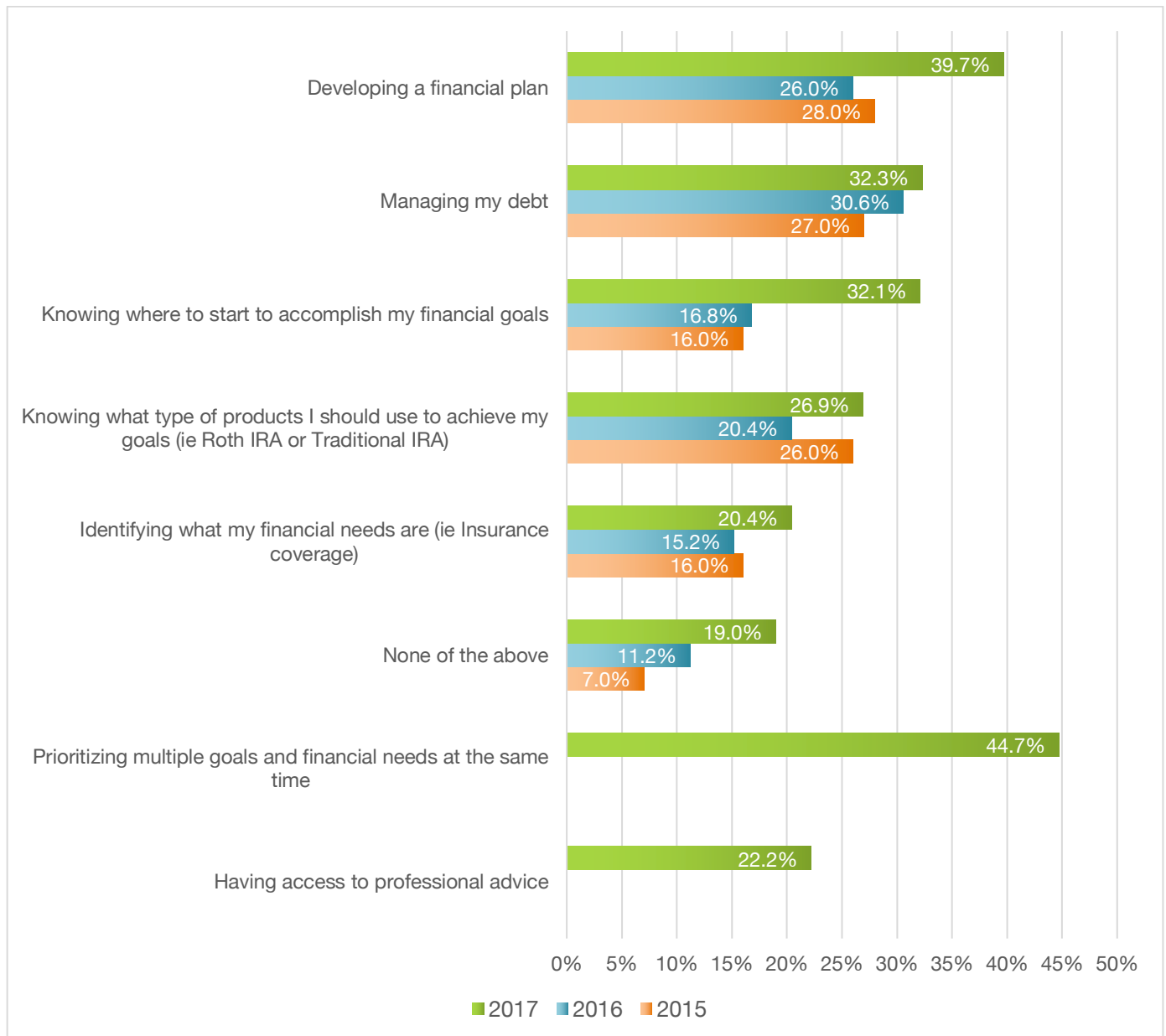
Tracking and Analysis

Three year tracking of Millennial Financial Goals in the next five years:



* "Rent" was not included in the 2015 or 2016 studies.

Three year tracking of Millennial Financial Challenges in the next five years:



***“Prioritizing multiple goals and financial needs at the same time” and “Having access to professional advice” were not included in the 2015 or 2016 studies.*