



Preparing for Their Future:

A Look at the Financial State of Gen X and Gen Y

PRESENTED TO

ASEC Partners

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Mathew Greenwald & Associates, Inc.



Introduction & Methodology

- Online survey with 1,752 young adults age 19 to 39 about their attitudes toward their own financial lives
 - Topics included, but not limited to, feelings of financial independence, savings and debt levels, financial literacy, and views toward retirement and workplace savings vehicles.
- Respondents represent two generations: Gen X (born 1968 to 1979) and Gen Y (born 1980 to 1988)
- Data were weighted to reflect the makeup of the U.S. population ages 19 to 39 by age, sex, education, and race/ethnicity



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Overall Findings – The Story

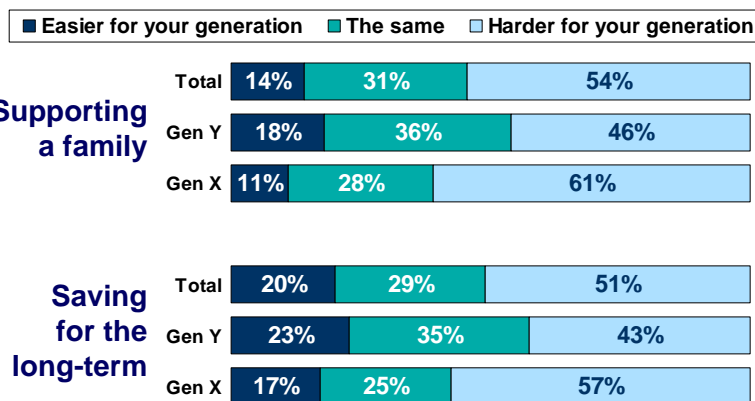
- Young adults see certain adult responsibilities as harder for them than for prior generations.
- Many say they are struggling financially, and a surprisingly large share do not consider themselves financially independent.
- Still, they describe themselves as optimistic and hard working. They have financial goals that they are confident they can reach.
- Large percentages of young people know they should be saving and investing more, both in general and specifically for retirement.
- However, financial literacy appears lacking and savings rates are relatively low.



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Young adults perceive that certain responsibilities are harder for them than for their parents' generation.

- Older Gen Xers are more likely to feel this way.



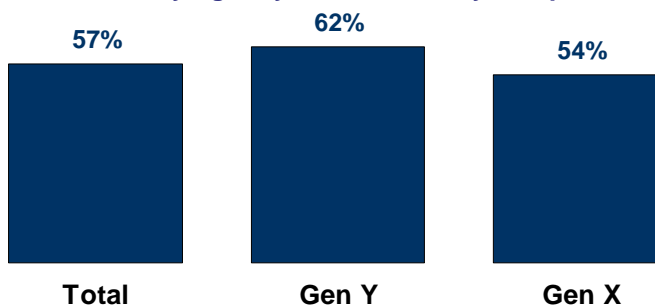
Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752)

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Interestingly, many do not consider themselves to be financially independent.

- Indicating that financial independence may be perceived differently at different life stages, the older Gen Xers are actually less likely to see themselves as independent.

Percent saying they are “financially independent”

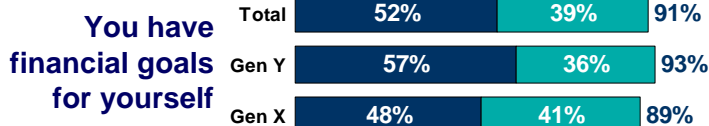
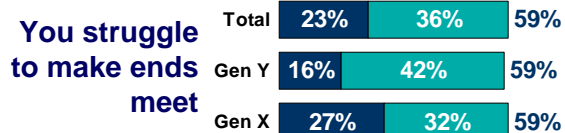


Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 5

Although the majority believe they are struggling, virtually all say they have financial goals for the future.

- Younger Gen Yers are more likely to strongly agree that they have goals for themselves.

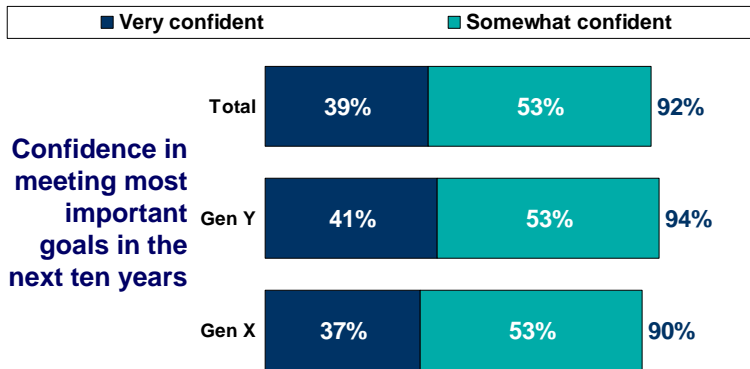
■ Strongly agree with statement ■ Somewhat agree with statement



Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 6

Those who identify financial goals for the future are, by and large, confident they will reach them.

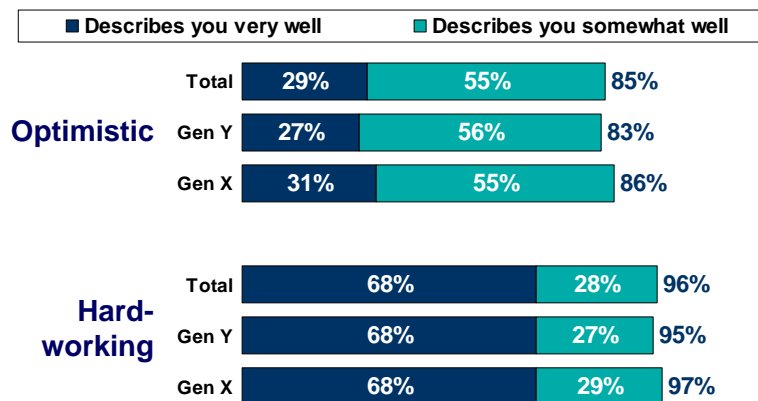
- Gen Yers are more likely to be at least somewhat confident they can meet their most important goals.



Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752)

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More than four out of five say they are optimistic, and nearly all describe themselves as hard-working.

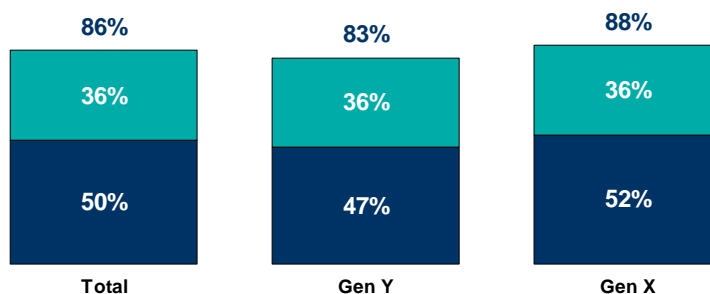


Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752)

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More than four out of five young adults admit that they should be better prepared for a “rainy day.”

■ Strongly agree with statement ■ Somewhat agree with statement



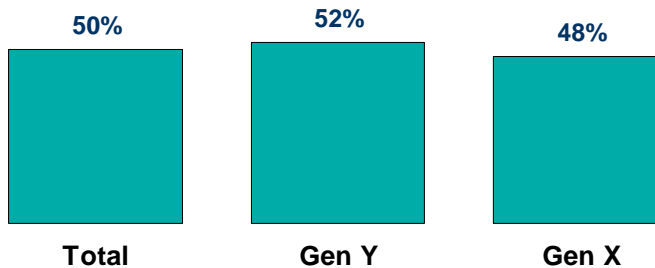
You feel you should be more prepared for a “rainy day”

Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) ⁹

And yet, only half say they currently save money on a regular basis.

- Interestingly, savings rates are highest among the youngest portion of the survey population (those ages 19 to 24).

Percent saying they save on a regular basis

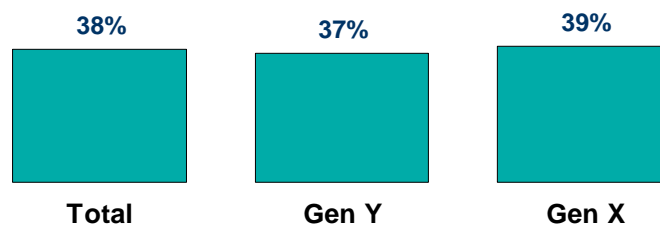


Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) ¹⁰

Fewer indicate that they have funds set aside specifically for emergencies and the unexpected.

- Across both generations, fewer than four in ten say they have an “emergency savings” fund.

Percent saying they have an “emergency savings” fund

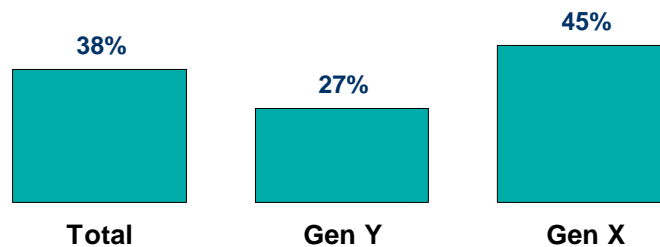


Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 11

Just as few report that they have saved any money for retirement.

- Not including Social Security taxes and employer-provided money, roughly four in ten say they have personally saved for retirement.
- Gen Xers are more likely to have saved for retirement.

Percent saying they have personally saved for retirement

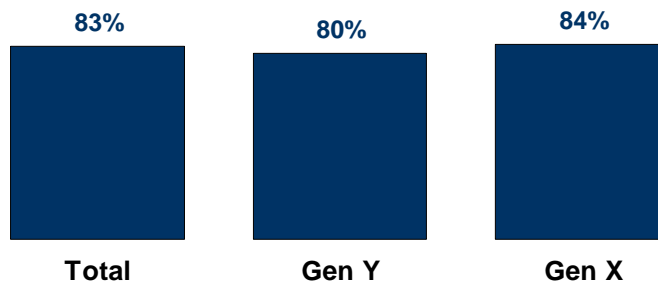


Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 12

Still, young adults know they should be saving more for the future.

- Eight in ten young adults believe they should be saving more

Percent who feel they are NOT saving enough money for the future, given their current income and living situation

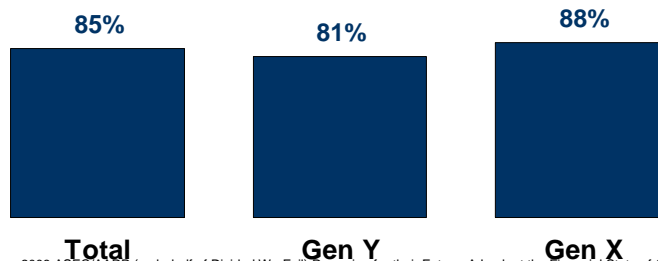


Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 13

Debt is likely impacting savings behavior, as the vast majority have some form of non-mortgage debt.

- Overall, Gen Xers are more likely to have debt
- Specifically...
 - Six in ten young adults have credit card debt (63%)
 - About half have a car loan (48%)
 - Three in ten have a student loan (31%)
 - More than a quarter have medical debt (27%)

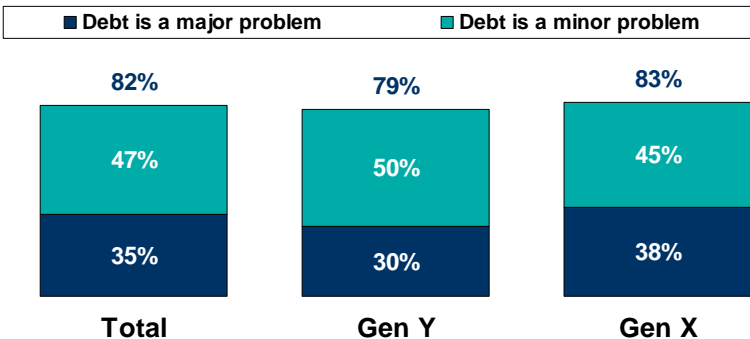
Percent with some type of non-mortgage debt



Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 14

Young adults with debt tend not to see it as a major problem.

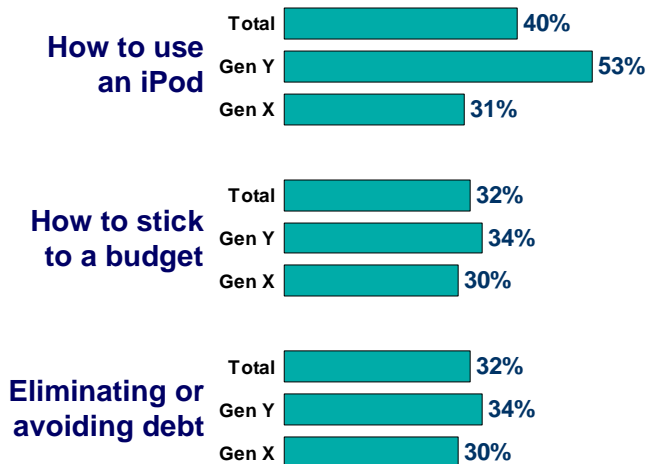
- Most see their debt level as just a minor problem
- Gen Xers are more likely than younger Gen Yers to see their debt as a major problem



Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 15

Many say they know more about their iPods than managing debt and budgeting.

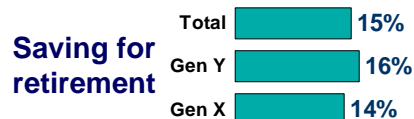
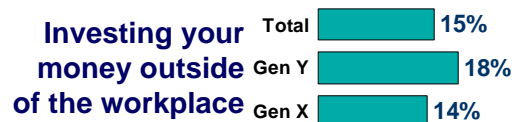
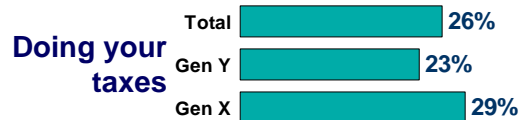
Percent saying they feel very knowledgeable



Source: 2008 ASEC/AARP (on behalf of Divided We Fail) Preparing for their Future: A Look at the Financial State of Gen X and Gen Y (Total n=1,752) 16

Just fifteen percent say they are very knowledgeable about investing their money or saving for retirement.

Percent saying they feel very knowledgeable



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Key Points

- Non-mortgage debt is pervasive.
- Young adults seem to be having trouble establishing a savings and investment program for themselves.
- Their financial sophistication appears low. Many don't feel knowledgeable about basic financial tasks.
- Look for ways to turn optimism and goal-orientation into effective savings and investment habits.

Questions?



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