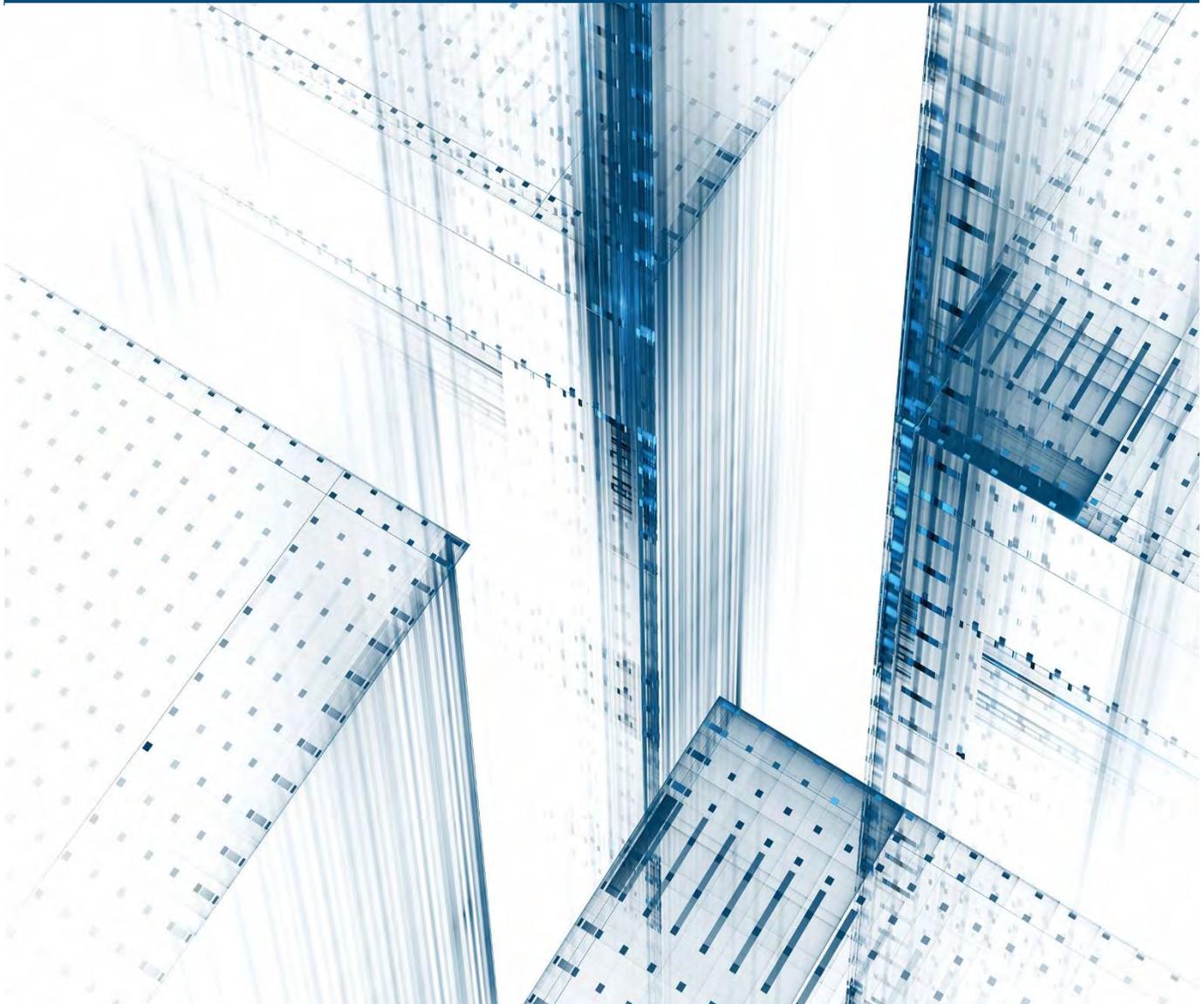


Aging and Retirement

Difficulties in Gaining Financial Security for Millennials



Across all generations, there is agreement that Millennials have a more difficult path to becoming financially established than others. This Society of Actuaries (SOA) report provides details on their concerns and responses to their financial situation compared to the four older generations: Gen X, Late Boomers, Early Boomers and the Silent Generation.

Millennials are not yet established in terms of home ownership and freedom from student debt and are worried about their financial future. Concerns around retirement, particularly regarding the value of their savings and the unknowns of health care expenses, outpace those of earlier generations, leaving Millennials more likely to feel overwhelmed by their financial situation. Millennial women especially feel overwhelmed, a difference prevalent across all generations. Interestingly, despite these difficulties, Millennials are also optimistic and are taking steps to address their financial priorities.

This report is the second in a series that analyzes financial priorities across generations. To gain insight on Millennials, the SOA conducted a survey, with Greenwald & Associates as part of its new Aging and Retirement Strategic Research Program, of 2,001 individuals, including 398 Millennials (ages 20–38), 399 Gen Xers (ages 39–53), 403 Late Boomers (ages 54–63), 401 Early Boomers (ages 64–72) and 400 members of the younger portion of the Silent Generation (ages 73–83). Key financial issues around financial goals, concerns and retirement preparedness are examined. A full report with data by generation can be found at <https://www.soa.org/research-reports/2018/financial-perspectives-aging-retirement/>.

Where They Are Now: Demographics

To fully grasp the financial priorities and concerns of Millennials, understanding their demographics is key. About half of Millennials are currently married while 15% are unmarried and live with a partner and another 36% are single—the latter two groups significantly higher than in older generations. Approximately six in 10 have no children and, of those who do, about half have one child. When it comes to education, 31% have completed some college or technical school, 28% hold a bachelor’s degree, 26% are high school graduates or less and 14% have graduate or professional degrees. Seven in 10 are currently working for pay and household income is fairly evenly distributed (Figure 1).

Figure 1
DEMOGRAPHICS OF MILLENNIAL RESPONDENTS BY GENDER

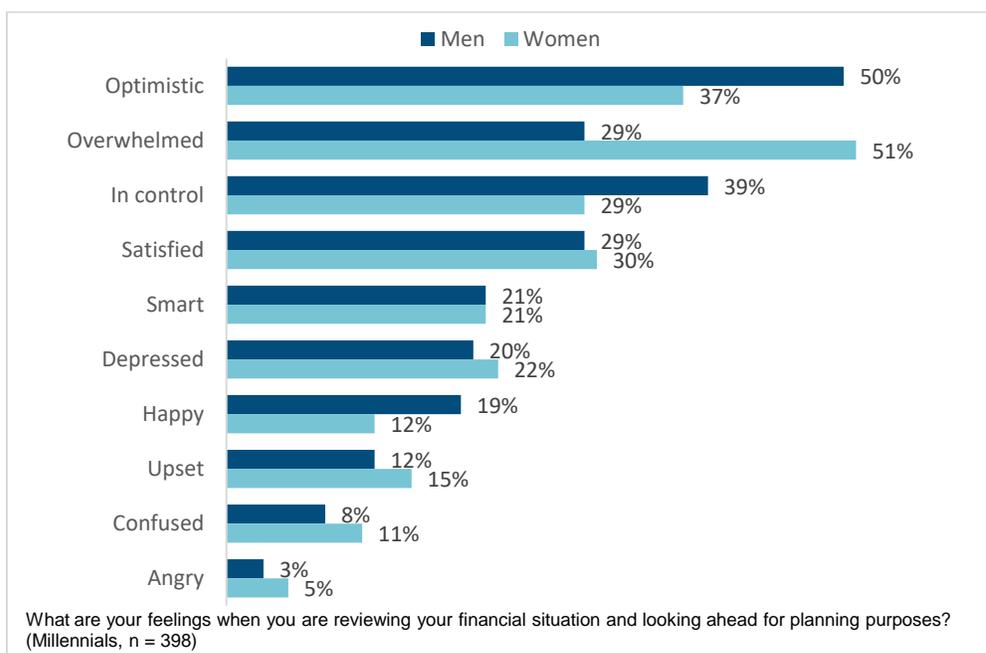
	All Millennials	Men	Women
Education	26% High school or less 31% Some college or technical school 28% Bachelor’s degree 14% Graduate or professional degree	28% High school or less 31% Some college or technical school 26% Bachelor’s degree 13% Graduate or professional degree	23% High school or less 32% Some college or technical school 31% Bachelor’s degree 14% Graduate or professional degree
Employment Status	71% Working for pay 13% Homemaker 7% Unemployed	77% Working for pay 4% Homemaker 11% Unemployed	65% Working for pay 22% Homemaker 4% Unemployed
Income	32% Less than \$50,000 34% \$50,000 to \$99,999 34% \$100,000 or more	30% Less than \$50,000 35% \$50,000 to \$99,999 35% \$100,000 or more	34% Less than \$50,000 33% \$50,000 to \$99,999 32% \$100,000 or more
Marital Status	47% Married 36% Single, never married 15% Living with partner 2% Separated or divorced	43% Married 44% Single, never married 11% Living with partner 2% Separated or divorced	52% Married 27% Single, never married 19% Living with partner 2% Separated or divorced
Children	58% None 20% One child 22% Two or more children	69% None 14% One child 17% Two or more children	47% None 25% One child 27% Two or more children

Financial Outlook and Concerns

Compared to older generations, Millennials are most likely to report feeling overwhelmed, with 40% reporting they feel this way when reviewing their financial situation compared to 22% of all other generations. Additionally, there is a significant gender gap reporting feeling overwhelmed, with half of Millennial women saying this compared to 29% of men. This disparity is prevalent across all other generations, although to a lesser extent, with 16% of men and 27% of women in the upper four generations reporting feeling overwhelmed. In addition, Millennials were less likely to say they feel in control (34% vs. 44%) or satisfied (29% vs. 36%). Yet “optimistic” was the most common feeling among Millennials (43%), especially Millennial men (50%) (Figure 2).

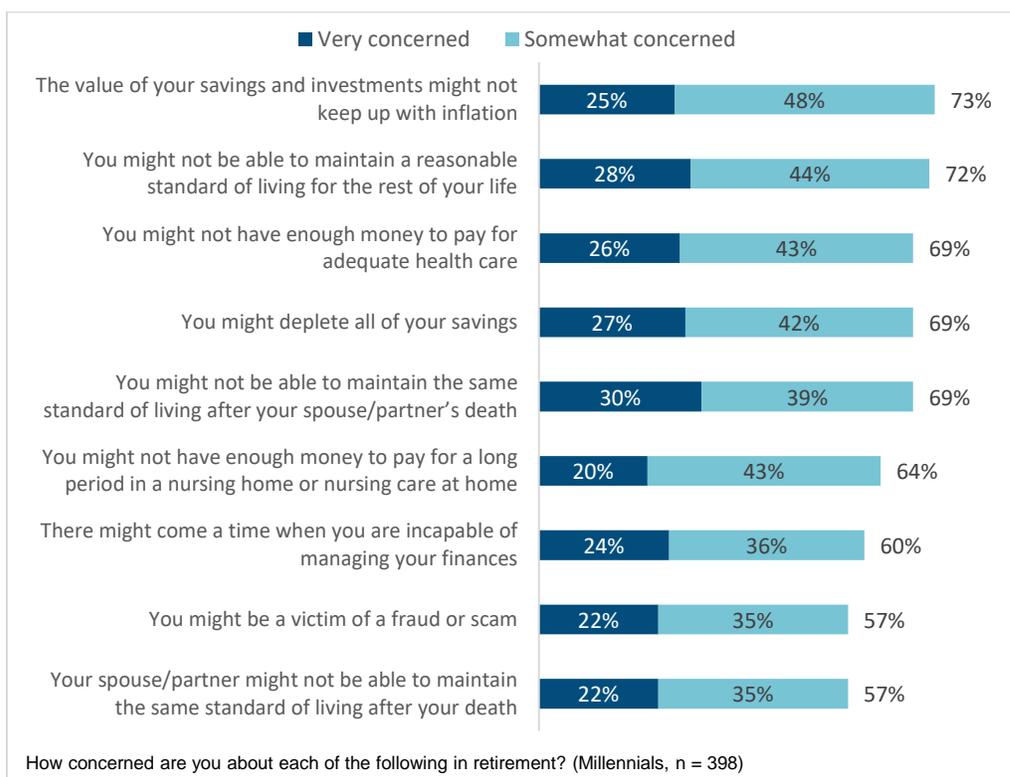
Figure 2

MILLENNIALS’ FEELINGS TOWARD FINANCIAL SITUATION BY GENDER



Despite the optimistic outlook, Millennials have substantial concerns when it comes to thinking about retirement. In particular, they are more concerned than older generations about the value of their investments keeping up with inflation, that they might not be able to maintain a reasonable standard of living, may deplete all of their savings, might not be able to leave money to their children or might not be able to maintain the same standard of living after the death of their spouse or partner (Figure 3).

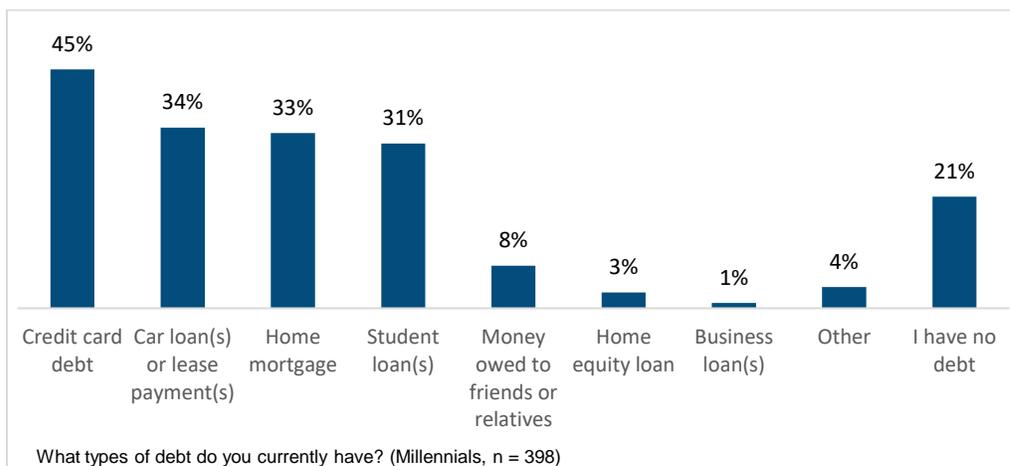
Figure 3
RETIREMENT CONCERNS OF MILLENNIALS



Debt and Homeownership

In addition to apprehension toward retirement, 34% of Millennials indicate that debt is complicating their ability to manage their finances today. In total, Millennials have similar rates of debt compared to all other generations. However, there are significant differences when it comes to student loans and mortgages. One in three have student loans—the highest of any generation (Figure 4). And not surprisingly, only one-third have a home mortgage, far short of the half of Gen Xers that currently do. Although the rates of debt are high, Millennials are not ignoring these issues, as 52% of Millennials are highly prioritizing paying off credit card debts and another 30% say the same for student loans.

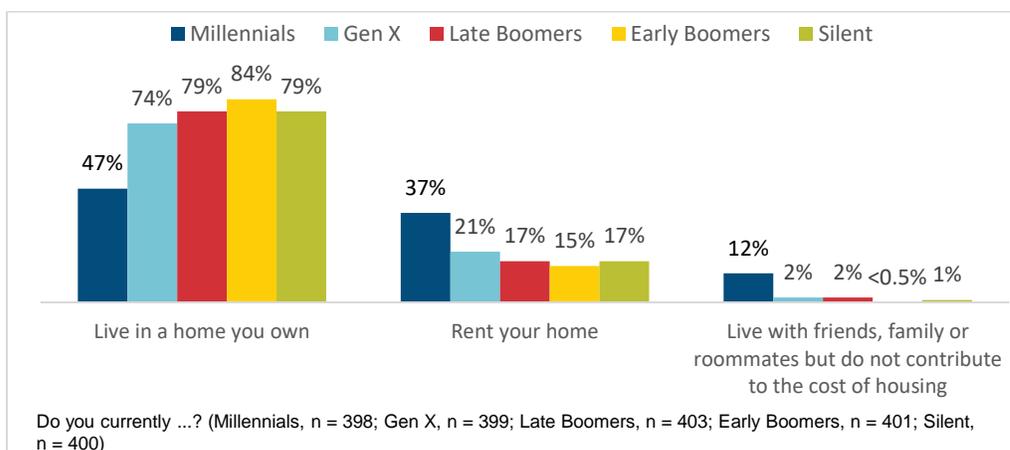
Figure 4
CURRENT DEBT OBLIGATIONS OF MILLENNIALS



Significantly, only one in five Millennials do not have any debt. Men and single Millennials are more likely to have no current debt obligations than women and married Millennials. Interestingly, whether a Millennial has debt has no influence on their optimism toward their financial status. Those having no debt, however, are much less likely to report feeling overwhelmed with only one in four reporting this compared to 45% of those with debt.

As expected, Millennials are the least likely generation to own a home with 47% indicating this (Figure 5). Instead, 37% rent a home and 12% live in an arrangement in which they do not contribute to the cost of housing—both meaningfully more than any other generation. Married Millennials are the most likely to live in a home they own with 62% reporting this compared to 33% of those living with a partner or single.

Figure 5
LIVING ARRANGEMENTS BY GENERATION

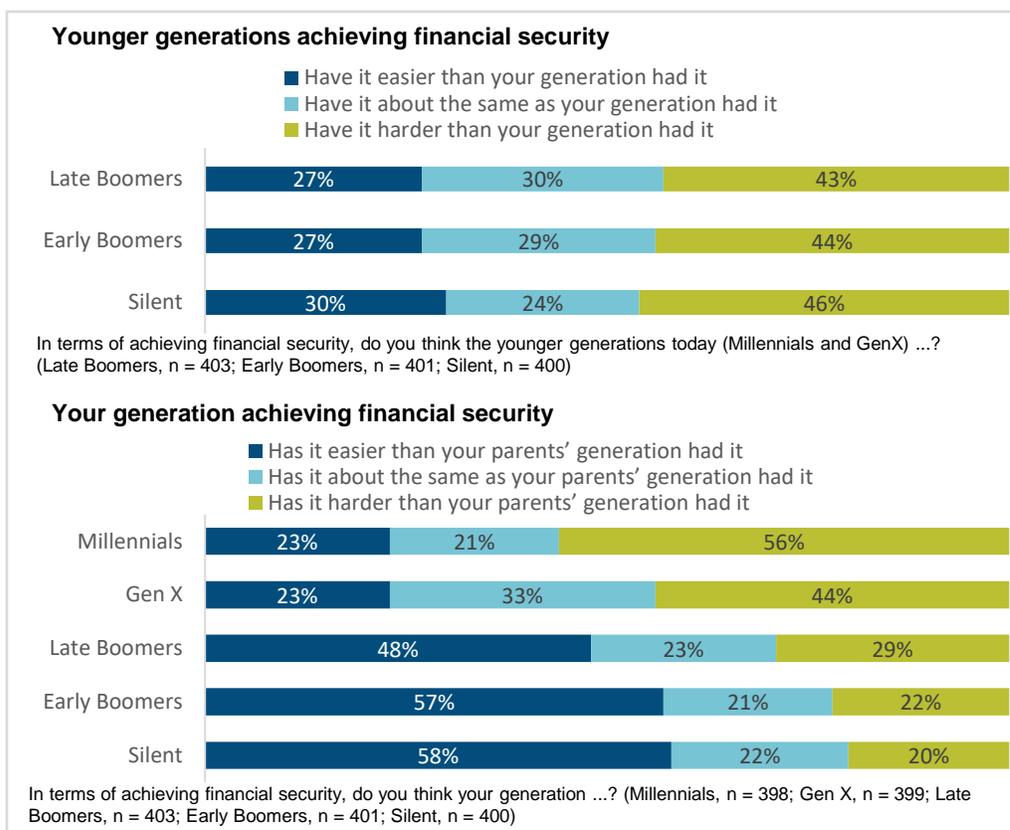


Student debt seems to play a part in homeownership as 50% of Millennials with no student loans owned a home compared to 41% of those with loans. Millennials are trying to change this narrative with 44% highly prioritizing saving for buying or upgrading a home.

Retrospective on Financial Security

Given the financial burdens Millennials currently have and the concerns they have for the future, it is not surprising that 56% say their generation has it harder than their parent’s generation in achieving financial security (Figure 6). But it isn’t just Millennials who think this. In total, 44% of Boomers and the Silent Generation think that younger generations have it harder than they did when it comes to financial security. In fact, these older generations view themselves as having an easier time than both their parents and grandparents, placing themselves at a peak of financial well-being.

Figure 6
FINANCIAL SECURITY VIEWS BY GENERATION



Methodology

The report presents the results of research conducted by Greenwald & Associates, on behalf of the Society of Actuaries. Using Research Now's panel, Greenwald conducted an online survey of 2,001 individuals: 398 Millennials, 399 Gen Xers, 403 Late Boomers, 401 Early Boomers and 400 Silent Generation. The survey was conducted from July 17 through July 27, 2018.

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The SOA supports actuaries and advances knowledge through research and education. As part of its work, the SOA seeks to inform public policy development and public understanding through research. The SOA aspires to be a trusted source of objective, data-driven research and analysis with an actuarial perspective for its members, industry, policymakers and the public. This distinct perspective comes from the SOA as an association of actuaries, who have a rigorous formal education and direct experience as practitioners as they perform applied research. The SOA also welcomes the opportunity to partner with other organizations in our work where appropriate.

The SOA has a history of working with public policymakers and regulators in developing historical experience studies and projection techniques as well as individual reports on health care, retirement and other topics. The SOA's research is intended to aid the work of policymakers and regulators and follow certain core principles:

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