

Gen Z and Millennial Survey

The Pandemic Perfect Storm —
One Year Later



Table of contents

Introduction	3
A snapshot of millennial financial wellness: Debt continues to impede financial security	5
Millennials make little headway on their financial goals	7
How millennials make financial decisions: Sources of financial advice	8
Top preferences in millennial financial decision-making	10
Gen Z and millennial attitudes toward workplace benefits	11
Attitudes of Gen Z and millennials toward workplace diversity	14
The road ahead	16
Methodology and references	17

This report was prepared for Bank of America by Georgetown University, McDonough School of Business.

Introduction

Gen Z and Millennial Survey

The Pandemic Perfect Storm — One Year Later

The financial well-being of millennials, already below that of older generations, has fallen further behind in the last year. This is one of the key findings in *The Pandemic's Perfect Storm — One Year Later*¹ (the “2021 survey”).

The 2021 survey follows a survey conducted one year earlier, “[The Pandemic's Perfect Storm: Examining COVID-19's Impact on Gen Z and Millennials](#)” (the “2020 survey”), to determine whether and to what extent the attitudes and goals of young adults regarding finances and work have changed in the past year, and whether young adults have made any progress on their 2020 goals.



The 2020 survey captured a snapshot of the hearts and minds of young adults in the middle of the pandemic, when many had lost their jobs, those who had jobs worked remotely, businesses and restaurants were closed, many left their expensive urban apartments to move back in with parents, and the timing of a vaccine was uncertain. With their daily routines upended and life plans (marriage, home purchase and more) put on pause, financial plans were tested, and young adults reported great uncertainty in their financial future. These young adults, and especially millennials who had entered the workforce during or just following the Great Recession, faced significant debt with little or no emergency savings and were behind in saving for retirement. The 2020 survey revealed one silver lining of the pandemic to be a positive change in many young adults' attitudes and behaviors regarding work and finances. Young adults reported increased appreciation of the support and benefits provided by their employers and vowed to pay down debt and save for retirement. This appreciation of workplace benefits and commitment to improving their finances, as well as the government assistance provided during the pandemic, provided some hope that young adults would get their financial houses in order and therefore

be well positioned to catch up or get back on track in preparing for their financial future as the pandemic eased and the economy improved. Unfortunately, when we checked in with young adults one year later, we found the opposite to be true — their financial well-being has worsened.

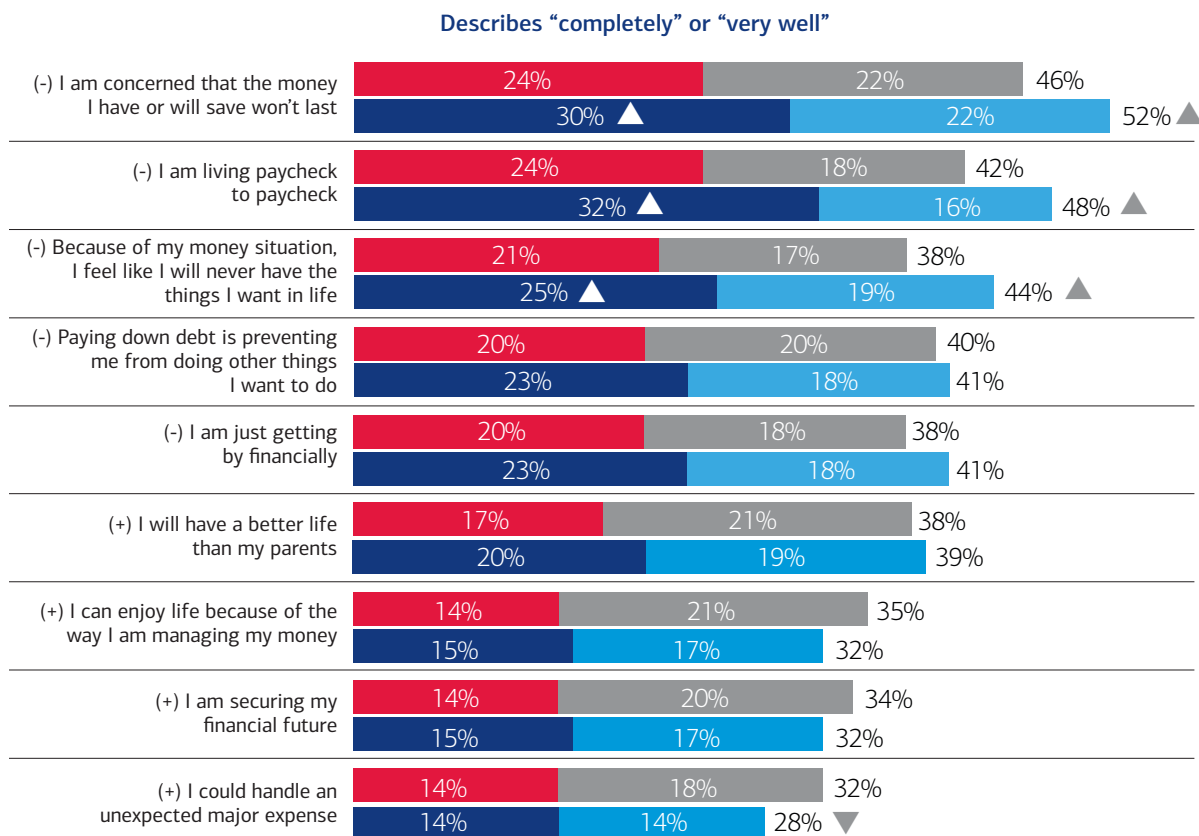
One year later, the vaccine was readily available, the labor market and economy were strong, and shops and restaurants had reopened. However, due to the prevalence of coronavirus variants, the need for booster shots and the number of individuals remaining unvaccinated, many social-distancing and mask restrictions had been reinstated, and remote work was still the norm. In addition, workplace and family demands during the pandemic felt by all generations of workers, as well as a delay in job changes in 2020, had resulted in many workers' leaving their jobs as part of the Great Resignation.² By all accounts, young adults were particularly and acutely feeling the lasting and deepening impact of the pandemic.

Following are the 2021 survey results showing what we found when we checked in with young adults a year after our initial survey.

By all accounts, young adults were particularly and acutely feeling the lasting and deepening impact of the pandemic.

A snapshot of millennial financial wellness: Debt continues to impede financial security

The financial well-being of millennials,³ already lagging behind older generations,⁴ has declined further over the last year. Forty-one percent of millennials report that they are just getting by financially, and nearly half (48%) say they are living paycheck to paycheck—an increase of 6% since the 2020 survey. Just over one in four (28%) indicate that they could handle an unexpected major expense in the future—a 4% drop from 2020. In addition, just one-third (32%) say both that they can enjoy life because of the way they are managing their money and that they are securing their financial future.



■ 2020 Millennials (n=1,641) ■ 2021 Millennials (n=943)

(+) Positive indicator of financial well-being; (-) negative indicator.

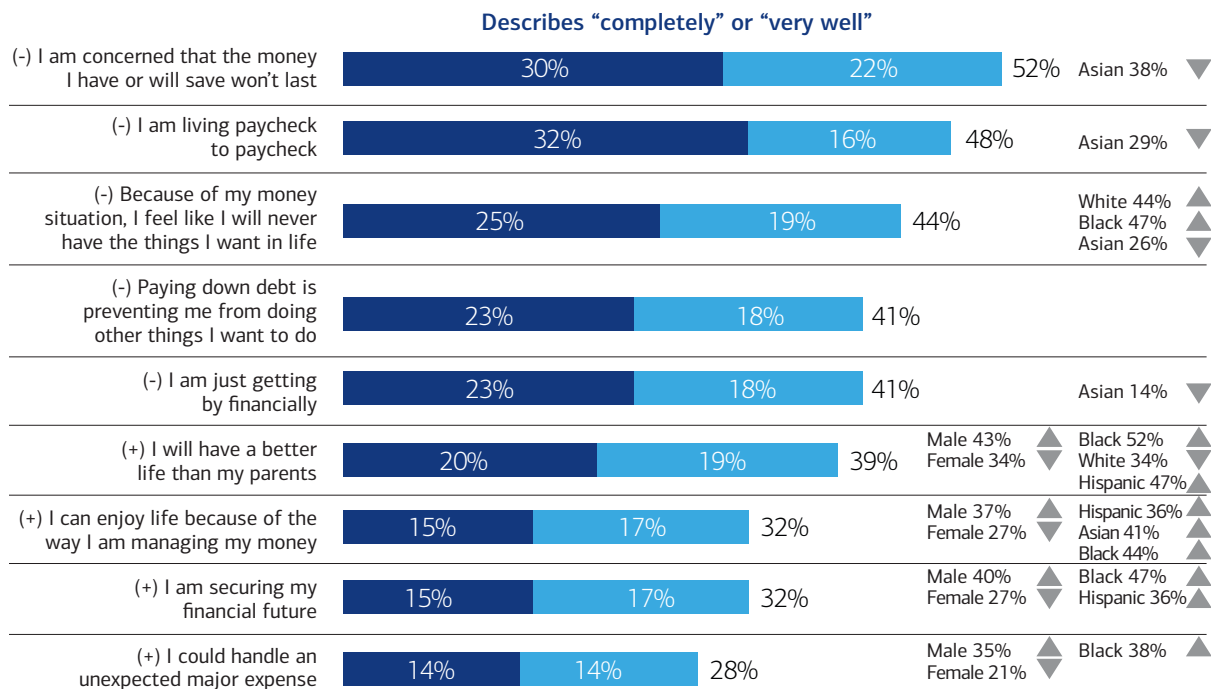
▲▼ Arrows indicate significantly higher/lower than 2020 at the 95% confidence level.

Definition of financial wellness according to the Consumer Financial Protection Bureau

Present		Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

Source: Consumer Financial Protection Bureau (CFPB) Financial well-being in America, September 2017.

Financial well-being scores are not uniform across generations and vary by race, ethnicity and gender, among other factors. Frequently, those with fewer resources and opportunities are more likely to fall further behind, as has been highlighted by various studies,⁵ and which is one of the underpinnings of the social and racial equity movement. However, according to the 2021 survey, and likely because of the social equity movement, racial and ethnic minorities, along with males, report a somewhat more positive outlook when it comes to their financial future than do White/Caucasian and female millennials. While only 39% of all millennials agree with the statement that they will have a better life than their parents, the percentage is higher among males (43%) as well as Black/African American (52%) and Hispanic/Latino (47%) millennials. In addition, while 32% of all millennials agree that they are securing their financial future, that figure increases among male (40%), Black/African American (47%) and Hispanic/Latino (36%) millennials and decreases among females (27%). Millennial females also report a worse current financial position: Only 21% reported being able to handle an unexpected major expense, and 29% reported having money left over at the end of the month, vs. 35% and 42% of males, respectively. In contrast, the financial position of Asian millennials is brighter than millennials overall: 29% report living paycheck to paycheck (vs. 48% for all millennials).



■ 2021 Millennials (n=943)

(+) Positive indicator of financial well-being; (-) negative indicator.

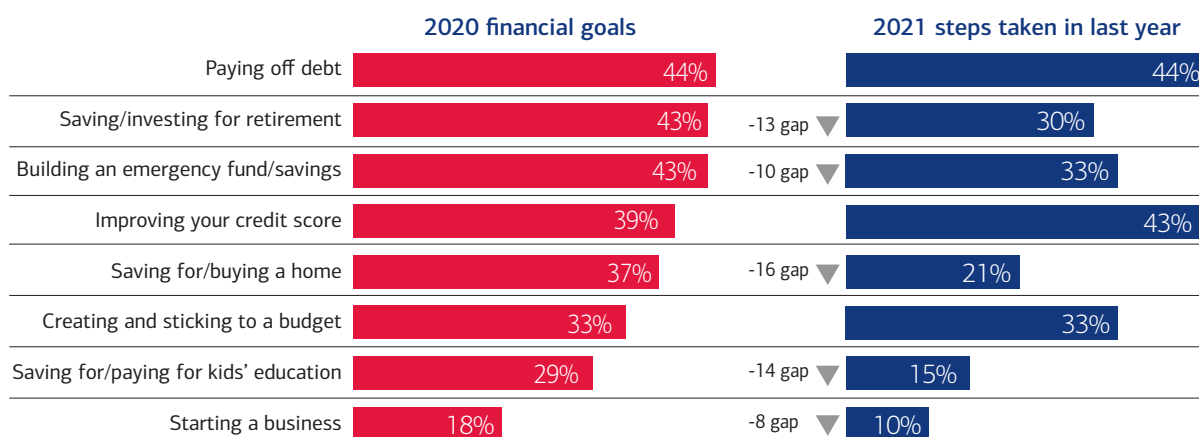
▲▼ Arrows indicate significantly higher/lower than other subgroups at the 95% confidence level.

The prevalence of debt in the lives of young adults is a continuing theme in the 2021 survey. Adults carrying student loan debt are found to have lower levels of financial well-being than similar adults who do not have outstanding debt.⁶

It is not surprising, then, that in the 2020 survey, paying off debt made the top-three list of financial goals in every life stage segment, from young singles starting out to older married couples raising children. Saving for retirement and building an emergency fund rounded out the top three goals for millennials in all life stages.

Millennials make little headway on their financial goals

The 2021 survey revealed a mismatch between millennials' 2020 stated priorities and action taken in the last year. While millennials reported taking steps to pay down their debt (a top financial goal in 2020), they have made little headway on saving for retirement and building emergency savings. In the 2020 survey, 43% of millennials cited saving for retirement and building an emergency fund as a top goal, yet in the 2021 survey, only 30% and 33%, respectively, reported taking steps toward those goals in the last year. A significant gap between intent and action also emerged for buying a home. In 2020, 37% of millennials stated a goal of saving for or buying a home, while only 21% report taking steps toward that goal. Home ownership is significant as it helps build financial assets that will grow over time.



■ 2020 Millennials (n=1641) ■ 2021 Millennials (n=943)

(+) Positive indicator of financial well-being; (-) negative indicator.

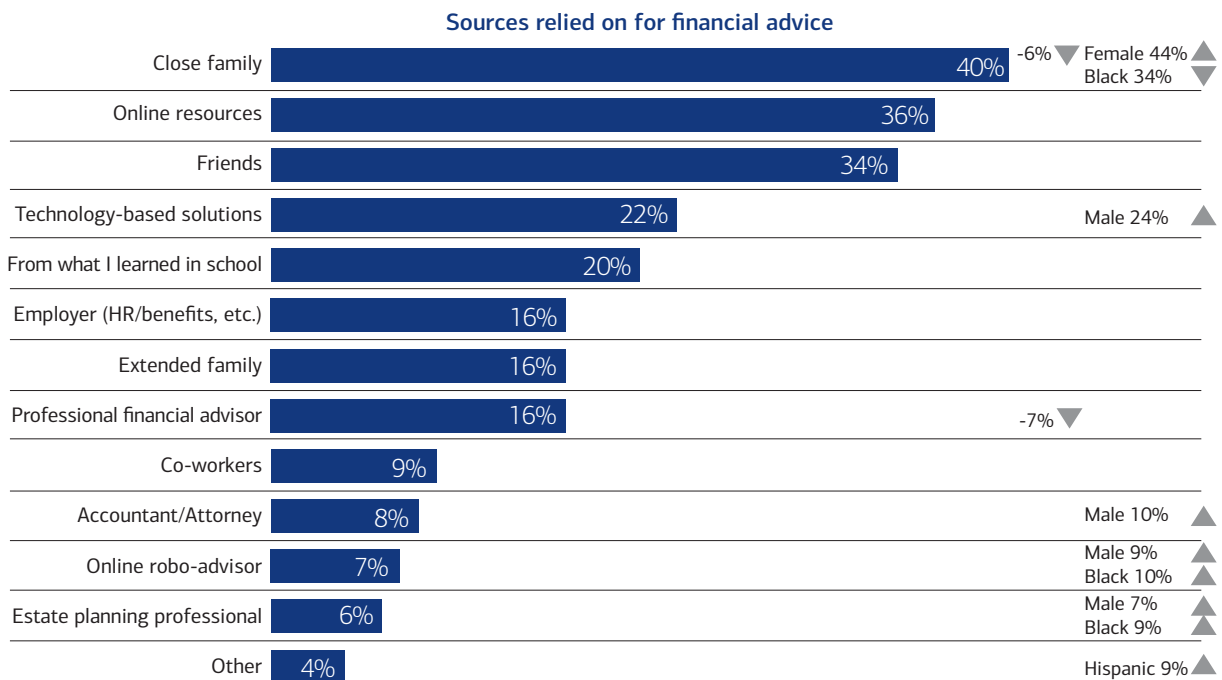
▲▼ Arrows indicate significantly higher/lower than 2020 at the 95% confidence level.

One bright spot in the 2021 survey is that millennials did take steps to pay off debt, stick to a budget and improve their credit score. More millennials (43%) worked to improve their credit score compared to those stating it as a goal in 2020 (39%). An improved credit score can provide millennials with higher credit approval rates, lower interest rates on loans, better deals on financial products, and even access to jobs, as many employers run credit checks on applicants to help determine whether they can be trusted with company finances or other assets. Perhaps just as important as the outcome of improved credit scores are the actions required to lift those scores: paying bills on time, lowering credit utilization (ratio of balance to available credit) and not opening new accounts—all behaviors that, if continued, will help millennials to be better stewards of their finances.

Pandemic economic assistance for workers and families in the form of a moratorium on federal student loan repayment,⁷ rental assistance and unemployment compensation has no doubt helped millennials take steps to pay down their debt and start to get their financial house in order. However, they need to do more to avoid taking steps backward once the relief, some of which has been extended, runs out.

How millennials make financial decisions: Sources of financial advice

How do millennials make financial decisions in the face of competing financial goals? The 2021 survey found that millennials turn to close family (40%), online resources (36%) and friends (34%) as their top three sources of financial advice. Female millennials (44%) are more likely to turn to close family, while Black/African American millennials (34%) are less likely to do so. One in five (22%) reported reliance on technology-based solutions, and 7% include an online robo-advisor in the top three sources they rely on for financial advice. Lesser-used sources included employers (16%) and professional financial advisors (16%). One in five millennials reported having no reliable source for financial advice, an understandable finding given the proliferation of competing financial products and services and technology-based solutions today.

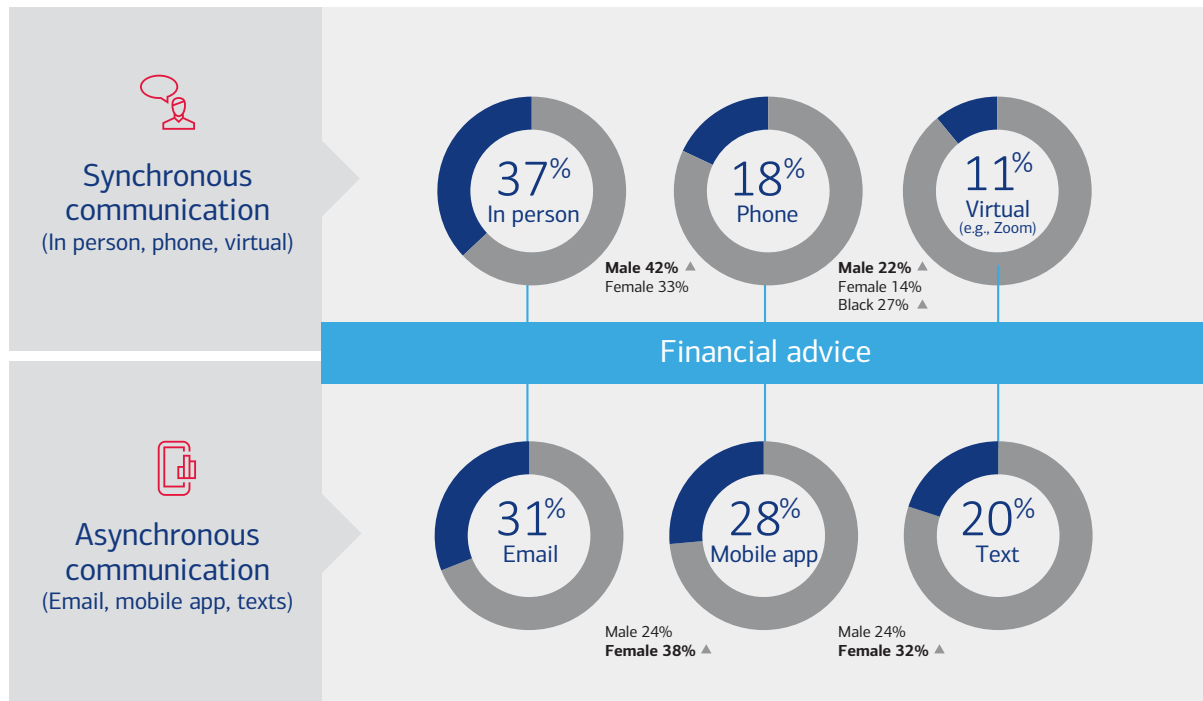


■ Millennials (age 25-40) (n=959)

▲▼ Arrows indicate significantly higher/lower than other subgroups at the 95% confidence level.

Millennials indicate a preference for receiving financial advice in person (37%); however, asynchronous communication is a more prevalent source of advice (mobile apps: 28%, email: 31%, and text messages: 20%).

Different preferences also exist along demographic lines: Female millennials prefer to receive financial advice through asynchronous communications (email: 38% and mobile app: 32%) vs. 24% of male millennials. Male millennials on the other hand prefer to receive financial advice in person (42% vs. female: 33%) or by phone (22% vs. female: 14%). Black/African Americans are more likely to state a preference for receiving financial advice by phone (27% vs. 18% overall).



■ Millennials (age 25-40), (n-959)

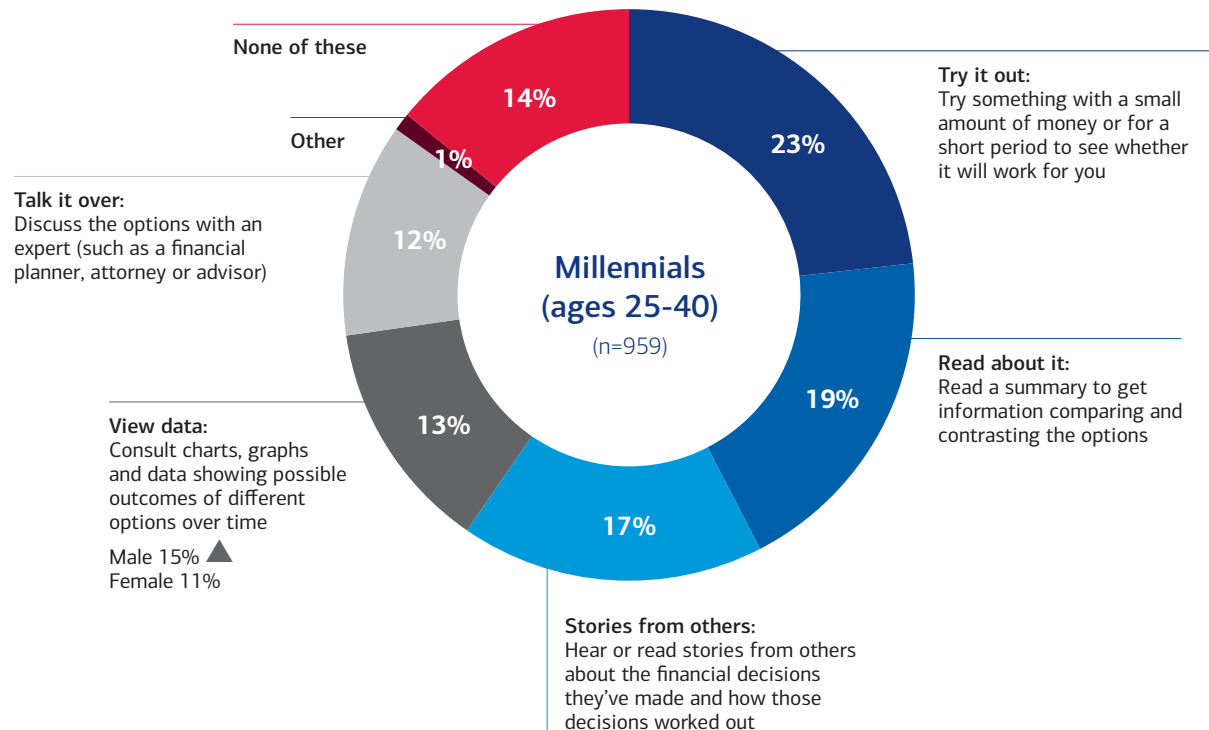
Data is consistent across age bands. New question in 2021 survey.

▲▼ Arrows indicate significantly higher/lower than other subgroups at the 95% confidence level.



Top preferences in millennial financial decision-making

The 2021 survey found that millennials make financial decisions in a variety of ways — from discussing options with an expert (attorney, financial planner) (12%) to taking into consideration stories heard from others (17%). One in four millennials (23%) say that experimenting with a small amount of money before committing is the best way for them to make a financial decision.



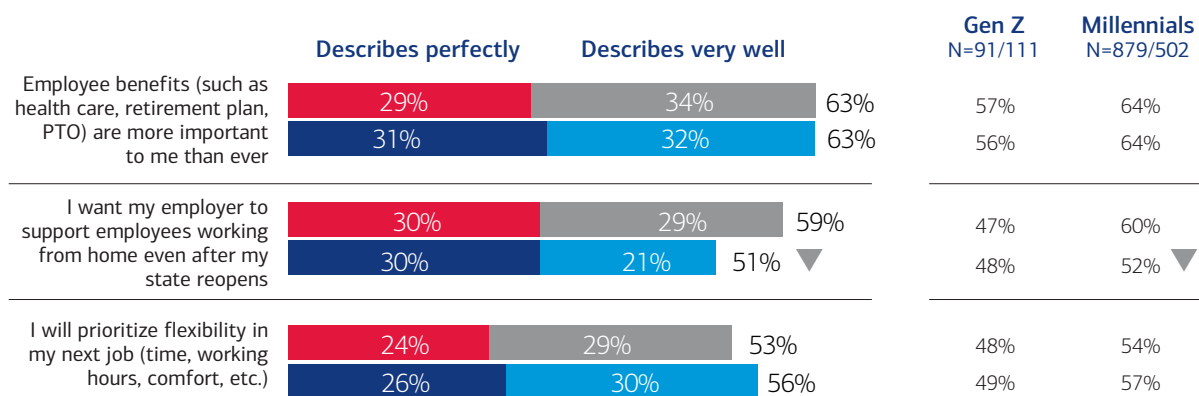
Data is consistent across age bands. New question in 2021 survey.

Decisions regarding financial matters can lead to a sound short-and long-term financial plan or exacerbate financial challenges and lead to significant financial insecurity and stress. The manner in which individuals navigate the myriad financial decisions, along with their ability to make sound financial decisions, depends to a great extent on their financial literacy, measured by a basic understanding of financial matters relating to earning, saving, spending, investing, borrowing (debt) and risk.⁸ In a recent survey, fewer than one-quarter of millennials were found to have a basic level of financial literacy, which has been consistently linked to greater financial well-being.⁹ Indeed, in the 2021 survey, only 20% of millennials (or one in five) say they rely on what they learned in school when it comes to finances.

Understanding the financial literacy, attitudes, challenges, goals and decision-making behaviors of millennials is important to helping them improve their financial well-being. Equipped with this understanding, financial advisors and planners, employers and financial services providers can better develop communication strategies to reach millennials and help them develop the skills and behaviors to reach their financial goals.

Gen Z and millennial attitudes toward workplace benefits

Young adults' attitudes toward the workplace were largely consistent from 2020 to 2021. The 2021 survey found that young adults — both Gen Z and millennials who are in the workforce — continue to place a high value on employer benefits, with 63% indicating that benefits (retirement plan, health care, time off) are more important than ever. It's notable, however, that despite the value placed on employer benefits overall, the 2021 survey finds that only 30% of millennials reported saving for retirement, while 16% reported relying on their employer for financial advice, even though retirement savings plans and financial wellness programs are increasingly considered a core workplace benefit and source of financial education. Flexibility in working hours and conditions continues to be important in 2021 (56%), yet working from home is now less of a priority (51% in 2021 vs. 59% in 2020). Possibly many employees miss the social aspects of the in-person work environment, and working from home may no longer be as significant as it was prepandemic due to technological improvements and changing patterns of work.

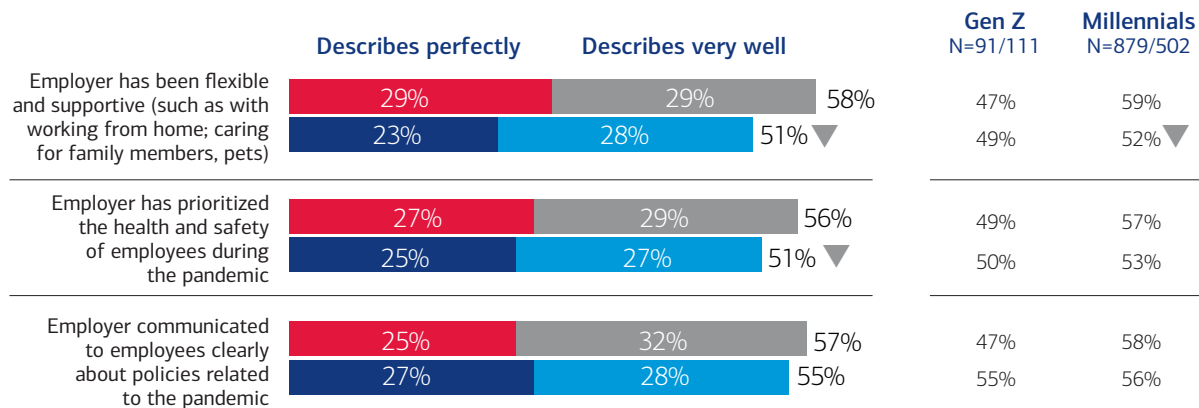


■ 2020 Full-time employed (n=949) ■ 2021 Full-time employed (n=613)

▲▼ Arrows indicate significantly higher/lower than 2020 at the 95% confidence level.



Despite their continued appreciation of workforce benefits, young adults in the 2021 survey rated employer support lower than they did in 2020. In 2021, just over half of young adults indicated that their employers have been flexible and supportive of working from home and taking time off to care for family members and pets; this is a 7% decrease from 2020 (51% in 2021 vs. 58% in 2020). They also rated their employers lower on prioritizing the health and safety of employees (51% in 2021 vs. 56% in 2020) and slightly but not significantly lower on communicating workforce policies during the pandemic (55% in 2021 vs. 57% in 2020). In each of these categories, millennials, who are more likely than members of Gen Z to be married and have young children, rated employer support more highly than Gen Z adults.



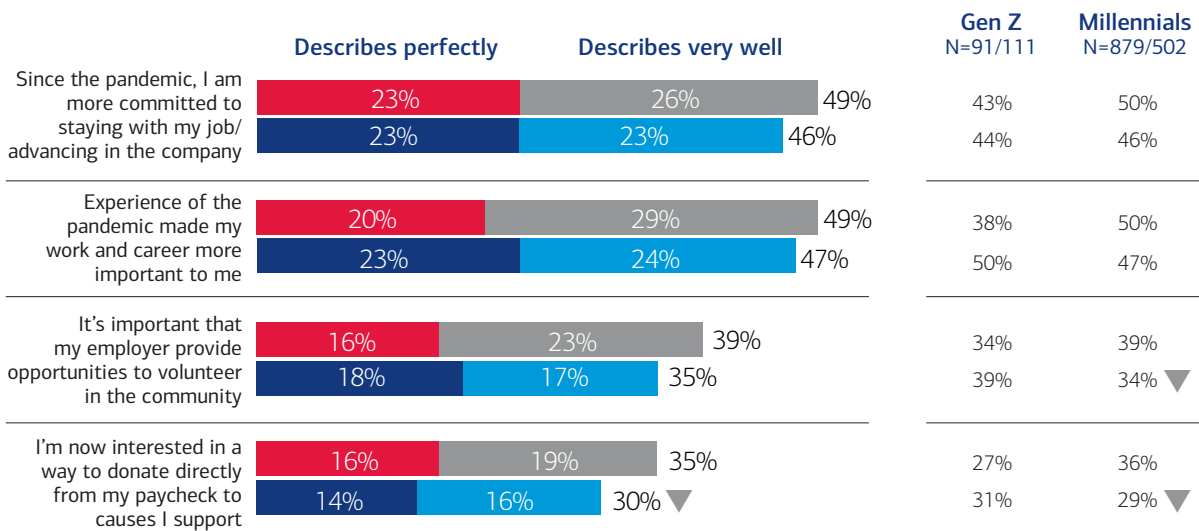
■ 2020 Full-time employed (n-949) ■ 2021 Full-time employed (n-613)

▲▼ Arrows indicate significantly higher/lower than 2020 at the 95% confidence level.

Data may not add up to total due to rounding.



Young adults' lower level of perceived support from their employers is consistent with their expressed level of commitment to their job (46%) and career (47%), both down from 49% in 2020. These results are not surprising given the general "burnout" of employees coping with workforce challenges leading to the Great Resignation. Young adults' interest continues to rate low when it comes to volunteerism opportunities at work (35% in 2021 vs. 39% in 2020) and financial support of charitable causes directly through their paychecks (30% in 2021 vs. 35% in 2020).

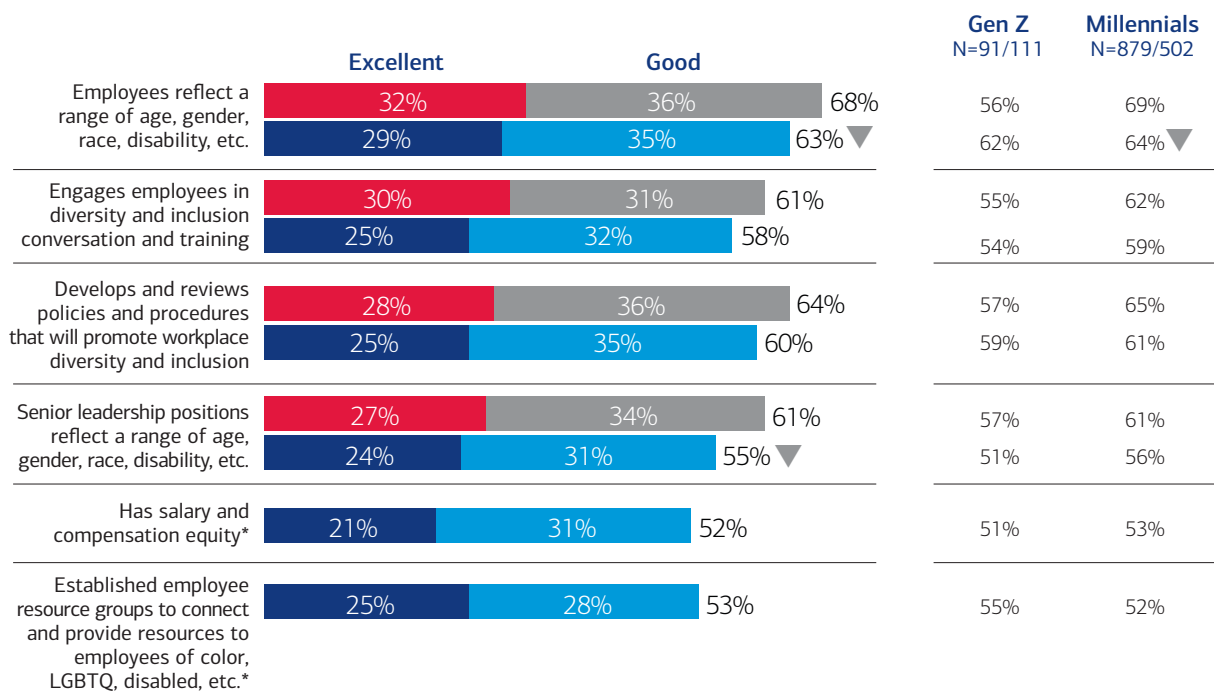


■ 2020 Full-time employed (n=949) ■ 2021 Full-time employed (n=613)
 ▲ ▼ Arrows indicate significantly higher/lower than 2020 at the 95% confidence level.



Attitudes of Gen Z and millennials toward workplace diversity

While young adults continued to give high marks overall to their employers' commitment to workforce diversity and inclusion, the marks dropped slightly in the last year. In the 2021 survey, young adults agreed that their employer did a good or excellent job at: supporting a diverse workforce (in terms of race, ethnicity, gender) (63% vs. 68% in 2020); diversity and inclusion conversation and training (58% vs. 61% in 2020); and developing and reviewing policies and procedures promoting workforce diversity and inclusion (60% vs. 64% in 2020). Young adults were also less likely to agree in 2021 that their employer supported diversity and inclusion in senior leadership positions (55% vs. 61% in 2020). Just over one-half of young adults gave their employer high marks in compensation equity and providing resources to LGBTQ+ employees, racial minorities and disabled employees (52% and 53% in 2021, respectively).



■ 2020 Full-time employed (n-949) ■ 2021 Full-time employed (n-613)

▲▼ Arrows indicate significantly higher/lower than 2020 at the 95% confidence level.

*New question in 2021 survey.

Data may not add up to total due to rounding.

While young adults continued to give high marks overall to their employers' commitment to workforce diversity and inclusion, the marks dropped slightly in the last year.

Employers should take note of young adults' attitudes, financial stress and needs as they strive to attract workers in the face of the Great Resignation. Millennials have been reported to have the highest level of financial stress of any generation in the workforce (72%), followed closely by Gen Z adults (68%).¹⁰ Financial stress affects worker productivity — employees whose financial stress has increased due to the pandemic are nearly four times as likely to admit that their finances have been a distraction at work.¹¹ Young adults can benefit from workforce financial wellness programs and other programs to increase their financial literacy, improve their finances and reduce their financial stress.

Overall millennial financial wellness

1. Financial wellness scores have declined.
2. Few steps have been taken toward financial goals, especially saving for retirement and buying a home. Progress has been made on paying down debt, sticking to a budget and improving credit scores.
3. Family and friends are primary sources of financial advice, while employers and financial advisors are ranked sixth as a source of information.
4. Preferences for receiving financial advice and making financial decisions vary widely and should be taken into account by employers and financial advisors in communicating with millennials.

Gen Z and millennial attitudes toward work and employee benefits

1. The importance of employee benefits continues to be ranked highly and has remained consistent year over year.
2. In terms of “return to work,” the research here is clear: Flexibility is highly valued.
3. The millennial and Gen Z workforce continues to give employers positive ratings on diversity and inclusion efforts, though across-the-board declines on these measures suggest that younger workers are watching and will hold employers accountable for making real change.

The road ahead

As the pandemic and restrictions on community and work drag on, young adults will continue to struggle and evolve in response. Now is the time for young adults to seize the opportunities of a strong labor market and economy to make headway on their career and income. They should also take advantage of workforce benefits such as retirement savings plans and financial wellness programs to save for retirement and get their financial house in order — pay down debt, establish an emergency savings fund and make a financial plan. Employers, financial service providers and advisors all have a role in recognizing the particular challenges and supporting the needs of Gen Z and millennial adults, both as generational cohorts and, within each generation, as individuals whose gender, race, ethnic background, education and family obligations are powerful factors in their financial lives.

Employers in particular need to develop strategies to normalize the use of workplace benefits beyond health care and help these generations understand how financial wellness programs and access to advisors can provide the knowledgeable and confidential guidance they may be missing in their own families and social networks. The financial services industry needs to meet young adults where they are, taking into consideration their desire to experiment before committing to a strategy, their comfort level with digital tools, and their need to reduce or eliminate debt. Only then can they develop products, solutions and communication strategies to effectively reach these next generations.



Methodology and references

- ¹ *The Pandemic Perfect Storm—One Year Later* was fielded October 14 to October 20, 2021, and was conducted by the AgingWell Hub at Georgetown University's Business for Impact at the McDonough School of Business in partnership with Bank of America. It was designed and executed by Edge Research utilizing an online panel to produce a nationally representative sample across the U.S. with 1,174 respondents, ages 22 to 40, across all genders, age bands, geographies, and education and income levels. Sufficient samples of races/ethnicities and marital, parent and student statuses were collected. Two generations are analyzed in this report: respondents ages 22 to 24 as leading-edge Gen Zers, and respondents ages 25 to 40 in the millennial cohort.
- ² The Great Resignation is a term coined by Prof. Anthony Klotz, a professor of business administration and an associate professor of management at Texas A&M University. barrons.com/articles/the-great-resignation-was-inevitable-says-the-texas-a-m-professor-who-coined-the-term-heres-what-comes-next-51640853004
- ³ The Consumer Financial Protection Bureau (the "CFPB") defines financial well-being according to the following: (1) Have control over day-to-day, month-to-month finances; (2) Have the capacity to absorb a financial shock; (3) Be on track to meet your financial goals; and (4) Have the financial freedom to make the choices that allow you to enjoy life. https://files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-in-America.pdf
- ⁴ In 2017, the CFPB reported the financial well-being score of all American adults to be 54 out of 100 (Millennials: 51, Generation X: 53, Baby Boomers: 56, and the Silent Generation: 60). https://files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-in-America.pdf In its 21st Annual Retirement Survey (2021), Transamerica Center for Retirement Studies reported that millennials (71%), Generation Z (69%) and Generation X (59%) are more likely to have made adjustments due to pandemic-related financial strain than baby boomers (40%). https://transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2021_sr_four-generations-living-in-a-pandemic.pdf
- ⁵ Federal Reserve Board Report on the Economic Well-Being of U.S. Households in 2020–May 2021. <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-overall-financial-well-being-in-2020.htm>
- ⁶ <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-student-loans.htm>
- ⁷ Section 1106 of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"); moratorium extended to May 1, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/22/statement-by-president-joe-biden-extending-the-pause-on-student-loan-repayment-an-additional-90-days/>
- ⁸ Surveys between TIAA and the George Washington University and Global Financial Literacy Excellence Center ("GFLEC") have proven the strong link between financial literacy and financial well-being. Financial literacy matters because financial wellness depends, in part, on an individual's financial decisions and practices. Financial literacy and well-being in a five-generation America; the 2021 TIAA Institute-GFLEC Personal Finance Index. tiaainstitute.org/sites/default/files/presentations/2021-10/TIAA%20Institute_GFLEC_P%20Fin%20Index%20Finacial%20literacy%20and%20wellbeing%20in%20a%20five%20generation%20America_TI_Yakoboski_October%202021.pdf
- ⁹ pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-millennials-and-financial-literacy.pdf
- ¹⁰ 2021 PwC Employee Financial Wellness Survey. pwc.com/us/en/services/consulting/workforce-of-the-future/library/employee-financial-wellness-survey.html
- ¹¹ Ibid.

