Bank of America/USA TODAY

Better Money Habits Millennial Report

Letter from Andrew Plepler,
Global Corporate Social Responsibility Executive

We are excited to share the results from the Bank of America/USA TODAY Better Money Habits Millennial Report, which measures millennials' attitudes and priorities around money, taking a close look at how these relate to lifestyle choices.

Millennials are a group that will shape our nation's economic and political landscape for decades to come, which is why we took an opportunity to gain insight into their "money mindset."

What we found was fascinating: millennials are confident in their ability to manage their finances and are optimistic about the future, and many are taking steps to secure their finances in the short term. Yet, the long term paints a different picture—a staggering number are not saving for retirement and struggle with saving in general. They're living in the now, spending and saving for experiences rather than home ownership and retirement. Many live paycheck to paycheck, carry large amounts of student debt and are still receiving regular financial support from their families.

It is critical that millennials are set up for financial success, and that starts with making sure they have the right education and resources. Bank of America has partnered with Khan Academy – a non-profit with the mission of providing a free, world-class education for anyone, anywhere – to provide practical, actionable financial education through **BetterMoneyHabits.com**. Free, objective and open to all, this online education resource delivers easy-to-understand information on a wide range of personal finance topics. The content hits on the core issues this group faces, like tackling college debt, navigating a first paycheck and renting or buying a home.

We hope these findings create awareness and discussion around the issues facing this generation and that consumers utilize Better Money Habits™ as a resource to help inform these important financial milestones.

Methodology

The Bank of America/USA Today Better Money Habits Millennial Report was conducted online among 1,001 adults during the period of October 9 – October 20, 2014 by GfK Public Affairs and Corporate Communication, using GfK's KnowledgePanel®, a statistically representative sample source used to yield results that are projectable to the American population. To qualify, Millennials had to be 18 to 34 years old. The margin of sampling error is plus or minus 3.5 percentage points at the 95 percent confidence level.

Contents

Perception vs. reality: millennials express confidence and optimism, but realities paint another picture

Millennials are confident in their ability to manage their finances, with two-thirds saying they have good financial habits. Sixty percent say they are excellent or good at living within their means, and 62 percent report they believe they are more financially responsible than people give them credit for. **What does a millennial who self-identifies as having good financial habits look like?**

82% went to college

77% are saving every month

57% are financially independent

60% are excellent/good at living within their means

40% owed $0 on their credit cards after their most recent payments

Millennials also express optimism for the future:

80% believe they will be better off or as well off as their parents

20% think they will be worse off than their parents

The difference between perception and reality is striking; while many millennials believe they make sound short-term financial choices, a majority characterize their financial situation as fair/poor.

53% live paycheck to paycheck

50% no financial cushion if they lost their job

Bank of America/USA TODAY

Better Money Habits Millennial Report

Where the rubber meets the road: short-term good habits not necessarily translating to long-term stability

Millennials worry about their finances

Perhaps as a result, many display good financial behavior in the short term.

1 in 2 pay their credit card in full every month

35% limit their spending by only carring cash

59% of millennials who save are saving for an emergency fund

58% save regularly each month

53% say they are good at reducing their debt

...Yet many may not be taking key steps for the long term

Many find it difficult to pay off debts and to save.

1 in 5 haven't started saving

33% have a 401(k), 16 percent have an IRA

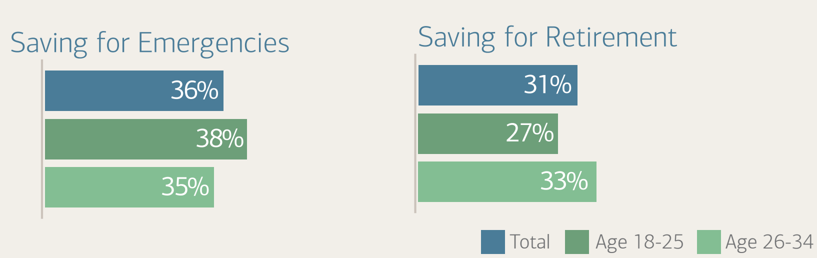
36% say spending more than they should is a top stressor

59% have less than $5,000 in savings

53% have a student loan

In rating their handling of various financial situations, most millennials believe they do a good job in reducing their debt, but far fewer feel they are doing well at saving for emergencies or saving for retirement.

Millennials believe they are "good" or "excellent" at...



Student debt levels holding millennials back?

The amount of millennials' student loan debt is particularly pronounced, especially for those aged 26-29.

Average student loan debt by age

Student loan debt levels tend to be higher for millennials who:

Are older

8% of millennials aged 26-34 reported having

$100K or more

of student loan debt

Have a credit card

Student loan debt levels average

$19.3K vs. **$7.9K**

for those who have a credit card — for those who do not have a credit card

Live outside their parents' home

Average student loan debt levels by household

$17.7K vs. **$8.1K**

Live outside — Live at home

Live in urban environments

Average student loan debt levels by environment

$17.8K vs. **$14.2K** vs. **$9.5K**

Urban — Suburban — Rural

Make more money

Average student loan debt levels by income

$9.7K vs. **$17.2K** vs. **$17K**

making under $35k — making $35-74K — making $75K+

Fears and stress levels: millennials admit to worrying, but still remain hopeful in the short term

With many millennials coming of age during the financial crisis, concerns over their financial and professional futures are to be expected. Nearly three-quarters of millennials worry about their current financial situation -- almost one-third report worrying about it often. Career path and savings goals are the top causes of stress.

I feel stressed or anxious about...

My career path	41%
Not putting enough money into savings	41%
Not accomplishing what I think I should have by now	39%
Spending more than I should	36%
Facing adulthood or really 'being an adult'	26%
Debt from student loans/ college education	35%
Paying my rent/ mortgage	21%
Not planning and saving for retirement	21%
Credit card debt	20%
The costs of raising a child	20%
Losing my job	18%
Being in a committed relationship	13%

Bank of America/USA TODAY

Better Money Habits Millennial Report

Millennials redefining the American Dream

While they have many worries, millennials are still focused on the short term, with a tendency to prioritize positive life experiences instead of investing in the long term.

Millennials believe:

40% salary is more important than doing what they love

73% that when it comes to deciding what to study in school, the income they could make in that field of study was very/somewhat important

HAVING MADE IT MEANS...

70% being **able to afford anything** i.e. travel, treating friends/family, etc.

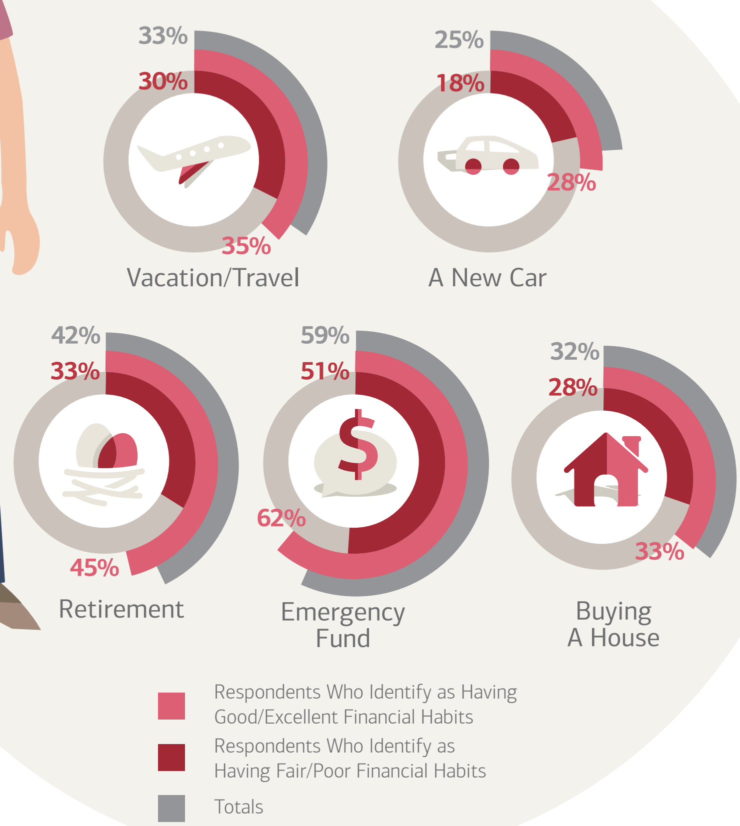
40% having their **dream home**

40% having a **career that does good for others**

SUCCESS IS...

24% **Rising to 'the top'** of their chosen career

THEY ARE SAVING FOR...



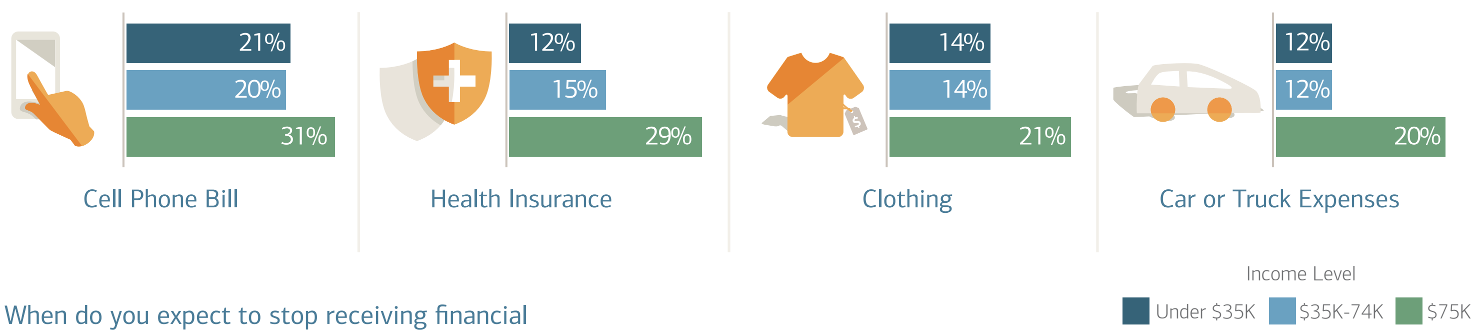
Short-term thinking related to parental support?

Millennials haven't completely left the nest

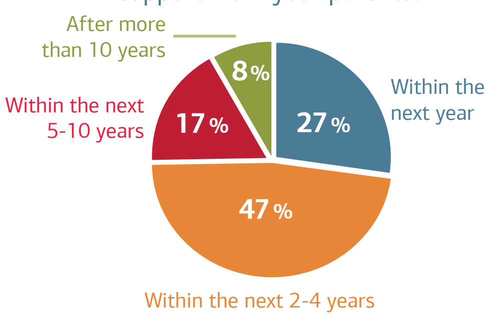
Many have labeled millennials as the "Boomerang" generation due to their propensity to move back in with their parents after college. With 35 percent of millennials receiving regular financial support from their parents or other family members, is this the new normal for the millennial generation? Eighty percent of those who receive support regularly said they "know a lot of friends their age" who are getting help from parents nd 55 percent of those who receive financial help openly and honestly discuss it with their friends.

It's not just younger millennials without jobs who are getting help. In fact, those making more than $75,000 per year were more likely to get help from their parents.

Millennials in various income brackets still receive parental support for...



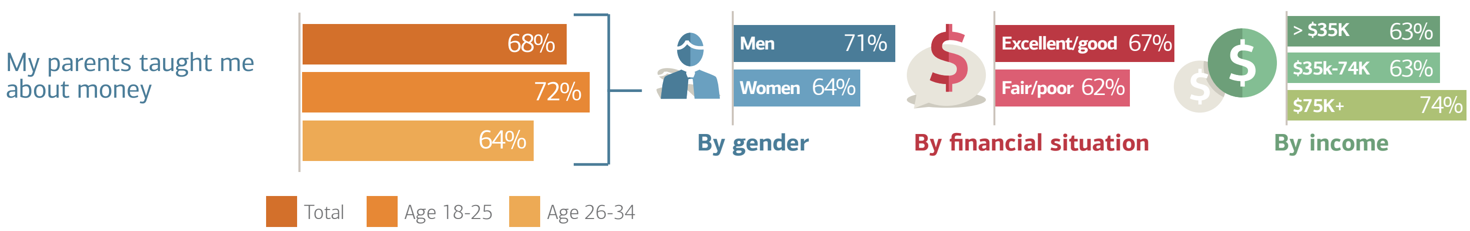
When do you expect to stop receiving financial support from your parents?



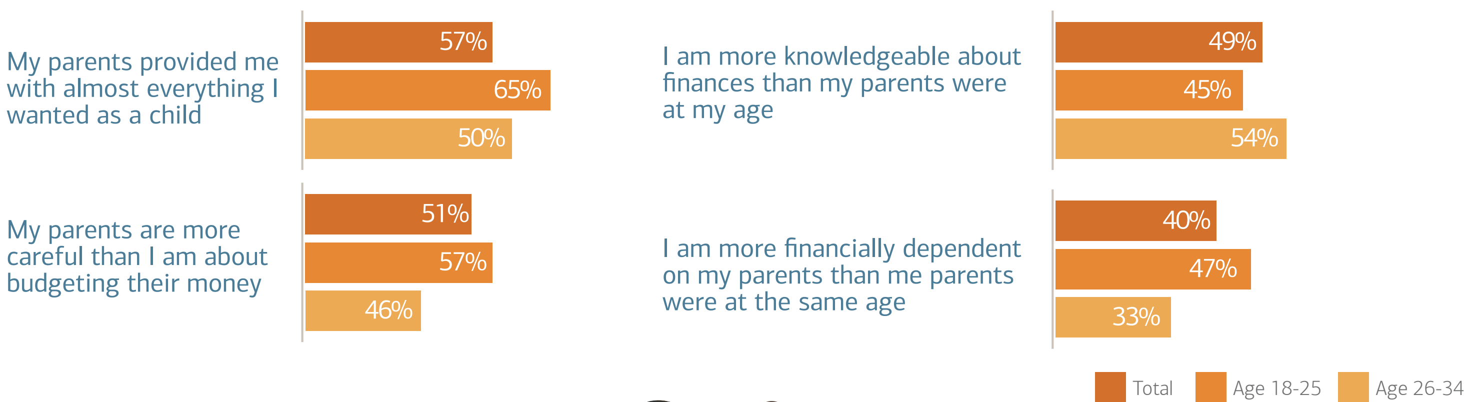
Is their dependence on their parents causing them to delay certain adult decisions? The majority (59 percent) don't worry that they aren't doing more adult things, like having kids or saving for a home. While many don't plan to stay dependent, staying in their parents' care is appealing.

Many agree that parents prepared them to manage their finances, but could have started earlier

Parents have had a large influence in how their millennial children think about money. Interesting differences in attitudes toward parents exist between older and younger millennials: Older millennials, much more than younger ones, believe they are more knowledgeable about money than their parents were at their age.

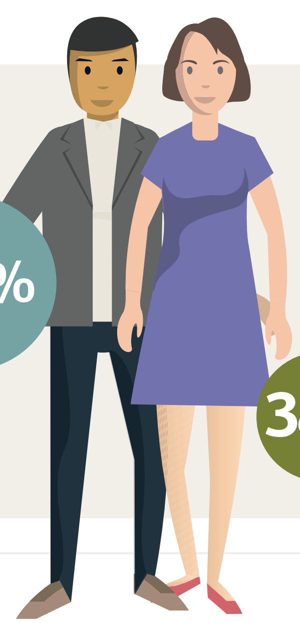


Of those who stated "My parents taught me about money..."



MOST THINK THEIR PARENTS DID A GOOD JOB

60% feel that their parents have prepared them to manage their own finances



SOME THINK THEIR PARENTS COULD HAVE DONE MORE

47% wish their parents had started talking to them about money sooner

38% agree their parents should have prepared them better to manage their own finances

About Better Money Habits™

Bank of America has made a substantial commitment to address the need for financial knowledge by partnering with Khan Academy – a non-profit with the mission of providing a free, world-class education for anyone, anywhere. Together, they've developed BetterMoneyHabits.com – a free, objective online financial resource that pairs Khan Academy's expertise in online learning with the financial expertise of Bank of America. The customizable experience breaks down concepts and provides practical, actionable steps to strengthen the connection between financial knowledge and behavior.

Bank of America

Bank of America is one of the world's largest financial institutions, serving individual consumers, small businesses, middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 48 million consumer and small business relationships with approximately 4,900 retail banking offices and approximately 15,700 ATMs and award-winning online banking with 31 million active users and more than 16 million mobile users. Bank of America is among the world's leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 3 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations in more than 40 countries. Bank of America Corporation stock (NYSE: BAC) is listed on the New York Stock Exchange.

Visit the Bank of America newsroom for more Bank of America news.

www.bankofamerica.com