Our latest Better Money Habits Millennial Report underscores the tricky balancing act that the millennial generation faces when it comes to their finances. On the whole, their habits are encouraging, and their savings are growing. But at the same time, they’re still carrying substantial debt and juggling competing responsibilities and pressures that make it hard for them to feel secure.

Building on a positive trend we’ve seen in recent years, we found that significantly more millennials (ages 24-41) are saving. Among those who are saving, one in four has $100,000 or more set aside – up from 16 percent in our 2018 survey. Millennials are also practicing positive day-to-day money habits and achieving financial goals – like boosting their credit scores and putting away more for retirement.

At the same time, we found that 27 percent are not saving at all. And more than three-quarters are weighed down by debt, with one in six millennials owing $50,000 or more, excluding home loans.

All this coincides with expensive life milestones for many millennials, like getting married, buying a home or starting a family. And they’re asking difficult questions and making tradeoffs to make it all work: how to plan for a child’s education while paying off your own student debt? Does it make sense to take a less desirable job with a higher salary or pursue a lower-paying career in an area of passion? What’s the wiser choice: spending frugally or living in the moment?

Overall, we’ve seen that millennials are being practical and reserved when facing these choices – perhaps a product of coming of age in the Great Recession. And, in general, their financial habits and prospects continue to improve.

However, they don’t necessarily feel that way; a significant portion say they feel behind in their overall financial situation (even those with six-figure household incomes). Many worry their peers are doing better than them. And they’re increasingly stressed: one-third worry often about their finances, up from a quarter in 2018.

At Bank of America, we conduct these reports to understand where young adults are and what they are experiencing, which ultimately informs additional ways our offerings and programs may help them. Through Better Money Habits®, we offer free, easy-to-understand tools and resources – on topics like paying down student debt, budgeting, saving, homeownership and more – to help people make sense of their money, increase their financial knowledge and take action toward the goals that matter most.

Andrew Plepler
Global Head of Environmental, Social and Governance
at Bank of America
More millennials are saving with retirement as the top priority

Nearly three in four millennials are saving, up 10 percentage points in two years. Roughly a quarter (24 percent) of millennials who are saving have $100,000 or more set aside, up from one in six (16 percent) millennials with $100,000 in savings in 2018. However, 27 percent said that they are still not saving at all.

Of millennials with savings, three-quarters are saving for retirement, more than half are building an emergency fund and one-third are saving to buy a home.

Homeownership is an even bigger goal for younger generations. Of those with savings, 41 percent of Gen Z and 40 percent of younger millennials are saving to buy a home.
Millennials are starting to save for retirement earlier than previous generations. Among those saving for retirement:

<table>
<thead>
<tr>
<th>Generation</th>
<th>Started Saving at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>24</td>
</tr>
<tr>
<td>Gen X</td>
<td>30</td>
</tr>
<tr>
<td>Baby boomers</td>
<td>33</td>
</tr>
</tbody>
</table>

Planning for the future is a priority - more so than spending freely now.

- 67% who have savings are utilizing employer-sponsored retirement plans
- 52% who have savings would rather work harder today and retire early, instead of working longer and having more free time now
- 48% put money into savings every month
- 28% who have savings are investing in the market
Millennials are practicing positive money habits – and they’re making progress on financial goals

Over the past year, millennials have achieved multiple financial goals.

- **Boosted their credit score**
  - **39%**
- **Secured a raise**
  - **29%**
- **Reduced monthly spending**
  - **27%**
- **Put away more toward retirement**
  - **24%**
- **Increased emergency savings**
  - **22%**
- **Started investing and/or grew their investments**
  - **15%**

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I always...

- **Check my account balances**
  - **74%**
- **Track my expenses**
  - **55%**
- **Pay my credit card bill in full**
  - **46%**
- **Plan a budget**
  - **31%**

**Of those who always plan a budget, 34% always stick to it.**
Millennials are taking a practical approach to their finances

Millennials are being practical and reserved when it comes to their financial choices. And while 63 percent say they have discretionary income each month, nearly half (47 percent) feel guilty about spending it on themselves.

<table>
<thead>
<tr>
<th>Would you rather...</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stay in a less desirable job with a higher salary</td>
<td>57%</td>
</tr>
<tr>
<td>Buy a more affordable, smaller home</td>
<td>82%</td>
</tr>
<tr>
<td>Live a minimalist, frugal lifestyle in order to plan for the future</td>
<td>73%</td>
</tr>
<tr>
<td>Pay off debt quickly and make sacrifices along the way</td>
<td>68%</td>
</tr>
<tr>
<td>Take a more desirable job with a lower salary</td>
<td>38%</td>
</tr>
<tr>
<td>Buy a larger home at the top of my budget</td>
<td>12%</td>
</tr>
<tr>
<td>Live for today and spend money when I want, how I want</td>
<td>22%</td>
</tr>
<tr>
<td>Pay off debt slowly, but live the life I want</td>
<td>26%</td>
</tr>
</tbody>
</table>

Single millennials are more likely to choose to fund a down payment on a home (82 percent) over having their dream wedding (12 percent).
When millennials were asked what they would be most likely to do with a $10,000 windfall, this practical mindset held true. Paying down their debt was the strong winner, while hardly any said they would use it for vacation/travel or on material items.

How millennials spend their monthly income:

- Pay down debt: 40%
- Put it toward a new home/invest in their current home: 20%
- Put it toward their retirement fund: 11%
- Invest it: 10%
- Use it for vacation/travel: 4%
- Spend it on material items: 2%

Millennials with student loans spend 10 percent of their monthly income on these loans.
Balancing it all: The impact of debt and competing priorities

Debt is a serious financial obstacle for millennials. More than three-quarters (76 percent) carry debt of some kind, including student loans and credit card debt.

Excluding home loans, one in six (16 percent) millennials owe $50,000 or more. The types of debt millennials are dealing with include:

<table>
<thead>
<tr>
<th>Type of Debt</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto loans</td>
<td>40%</td>
</tr>
<tr>
<td>Credit card debt</td>
<td>37%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>36%</td>
</tr>
<tr>
<td>Student loans</td>
<td>25%</td>
</tr>
<tr>
<td>Personal loans</td>
<td>12%</td>
</tr>
<tr>
<td>Medical debt</td>
<td>11%</td>
</tr>
<tr>
<td>Student loans</td>
<td>11%</td>
</tr>
<tr>
<td>Credit card debt</td>
<td>12%</td>
</tr>
<tr>
<td>Medical debt</td>
<td>11%</td>
</tr>
</tbody>
</table>

Millennials are juggling substantial debt levels with near and long-term financial priorities – and are finding it difficult. In fact, 76 percent of millennials carrying debt say they can’t achieve their personal and financial goals because of it.

**Because I have debt, I feel like I currently can’t or can’t yet...**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy a first or nicer home</td>
<td>42%</td>
</tr>
<tr>
<td>Save for my future</td>
<td>40%</td>
</tr>
<tr>
<td>Welcome children or grow my family</td>
<td>21%</td>
</tr>
<tr>
<td>Get married</td>
<td>21%</td>
</tr>
<tr>
<td>Start my own business</td>
<td>19%</td>
</tr>
<tr>
<td>Switch careers to something more fulfilling</td>
<td>18%</td>
</tr>
<tr>
<td>Live without financial support from family and friends</td>
<td>18%</td>
</tr>
</tbody>
</table>
This balancing act is especially true for millennial parents

For millennial parents, money is affecting the shape of their families – even more so than prior generations. Millennial parents are also more likely to carry debt than millennials without children (80 percent vs. 72 percent), and they’re balancing this debt with near and long-term financial goals.

Finances were an important consideration when starting a family.

- 58% of millennials
- 49% of Gen X
- 46% of Baby boomers

Top financial stressors for millennial parents:

- 44% are stressed about not saving enough
- 37% are stressed about saving for retirement
- 36% are stressed about saving for their child’s education

If given a $10,000 windfall, millennial parents would be more likely to pay down current debts (44 percent) than to put it away for their child’s education (8 percent).
Millennial parents recognize the steep costs that come with starting a family

- 59% underestimated the cost of raising their children
- 48% feel restricted in what they can do financially because of the cost of raising children

As millennial parents juggle competing needs, women are still more likely to make career trade-offs due to childcare costs and responsibilities.

- 77% Millennial moms take on the majority of childcare in my marriage
- 38% Millennial dads take on the majority of childcare in my marriage
- 77% Millennial moms
- 29% Millennial dads

When I had my children, I wanted to stay home full-time but couldn't afford to not work

When I had my children, I wanted to work but it was more affordable to stay home due to childcare costs

- 47% Millennial moms
- 33% Millennial dads
- 38% Millennial moms
- 20% Millennial dads
Millennials are willing to make trade-offs to stay on track

Nearly all (90 percent) millennials are willing to make sacrifices to achieve a financial goal – ranging from smaller lifestyle changes to major personal and career trade-offs.

To achieve a financial goal, what sacrifices are you willing to make?

<table>
<thead>
<tr>
<th>Sacrifice</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut back on dining out</td>
<td>70%</td>
</tr>
<tr>
<td>Take on a side job</td>
<td>44%</td>
</tr>
<tr>
<td>Cancel cable or streaming services</td>
<td>39%</td>
</tr>
<tr>
<td>Cancel gym memberships</td>
<td>36%</td>
</tr>
<tr>
<td>Eliminate vacations</td>
<td>35%</td>
</tr>
<tr>
<td>Stay in an unfulfilling job to pay the bills</td>
<td>33%</td>
</tr>
<tr>
<td>Stay in the workforce longer</td>
<td>32%</td>
</tr>
<tr>
<td>Downsize</td>
<td>21%</td>
</tr>
</tbody>
</table>
| More than one quarter (26 percent) of single millennials would cut back on a wedding budget.
Many millennials feel they’re falling behind - especially when compared to peers

More than half of all millennials say they feel behind in their overall financial situation – and 39 percent of those with household incomes of $100,000 or more feel the same.

Compared to where they think they should be, millennials feel behind in...

- The amount they have saved for retirement: 60%
- Their overall financial situation: 51%
- Their salary: 51%
- Their career path: 44%
- Paying down debt: 38%

38% don’t think they will retire until they’re 70 or older

Almost seven in 10 (67 percent) millennials compare themselves to their peers financially – and they tend to think their peers are doing better than they are.

My peers are...

- Making more money: 43%
- Further ahead in their careers: 43%
- Saving more: 35%
- Better off financially: 33%
- Living in nicer homes: 33%
Financial security still feels far away

Seventy-five percent of millennials are not confident about their current financial situation and 73 percent are not optimistic about their financial future. One-third worry often about their finances, up from 25 percent in 2018. In fact, they are nearly twice as likely as baby boomers (18 percent) to worry often about their finances.

Nearly four in five (77 percent) millennials define financial security by a dollar amount and, for many, it comes with a high price tag. More than a quarter (26 percent) feel they would need $1 million or more to be financially secure.

What net worth defines being financially secure to you?

- **36%** Millennials with household incomes of $100,000+ (Expressed as $1 million or more)
- **26%** All millennials

Top financial stressors for millennials:

- **44%** Not saving enough
- **38%** Planning and saving for retirement
- **32%** Not making a high enough salary
- **26%** Living beyond my means
- **25%** Credit card debt
- **20%** Saving for my child’s education
- **20%** Not being able to afford a home
- **19%** Losing my job
- **18%** Health costs
- **16%** Student loans
About Better Money Habits®

At Bank of America, we’re committed to helping people lead better financial lives by equipping them with the skills, knowledge and confidence to succeed. That’s why we created Better Money Habits, a financial education platform of tools and information that helps people make sense of their money and take action to improve. As a cornerstone of Better Money Habits, we offer free financial education content, resources and tools that help build know-how around topics such as paying down debt, budgeting, saving, homeownership, retirement and more. The content is tailored to audiences at different life stages – from those just starting out to those planning for retirement – and breaks down financial topics in a way that’s digestible and action oriented. In addition to BetterMoneyHabits.com, Better Money Habits resources span tools in Bank of America’s mobile app and integration with our AI-driven virtual financial assistant, Erica. They are also used by our own employee volunteers, Better Money Habits Champions, to improve the financial wellbeing of individuals and communities across the country.

With a mission to turn knowledge into action, Better Money Habits is driving people to make real, lasting change to financial behaviors. In fact, Better Money Habits users are showing signs that they are improving their personal finances: growing savings, growing checking balances and reducing debt. We continually look for ways to provide resources to as many people as possible and also offer BetterMoneyHabits.com in Spanish to help Spanish-speaking visitors take steps to improve their personal finances.

Better Money Habits® Report Methodology

Bank of America commissioned a survey of 1,903 respondents, ages 18-73 years old, to explore their views on personal financial matters. The survey was conducted online in English and Spanish during the period of September 12 – September 22, 2019. This survey was conducted using the Ipsos KnowledgePanel®, a probability-based online panel designed to be representative of the U.S. population. Panelists are scientifically recruited into this invitation-only panel via postal mailings to a random selection of residential addresses. To ensure that non-internet households are included, Ipsos provides a tablet and ISP connection to those who need them. Because of this probability-based sampling approach, KnowledgePanel findings can be reported with a margin of sampling error and projected to the general population. The margin of sampling error for national data is +/- 2.6 percentage points at the 95 percent confidence level.

Generational Breakdowns

For the purposes of this report, millennials were defined as ages 24-41, with younger millennials ages 24-30 and older millennials ages 31-41, Generation X ages 42-54 and baby boomers ages 55-73.