



Gen Z's Financial Priorities, Barriers & The Path Forward

As a follow up to Better Money Habit's 2021 research on older Gen Z, we conducted a survey to do a deeper dive into this generation's (ages 18-25) distinct approach to money—including their financial priorities, behaviors and challenges. With Gen Z being far more diverse than previous generations, the new research also examines ways in which race, ethnicity and gender may influence their financial priorities and challenges. This year, we explore these topics in the context of new challenges that come with the economic environment and inflationary headwinds.

As Gen Z looks to establish their financial footing, they have their sights set on ambitious goals. Bank of America's [Better Money Habits](#) platform connects people at all life stages, including [Gen Z](#), to relevant tools and resources that help build financial know-how and move them closer to their aspirations.

Key Findings Include:

Much of Gen Z know the financial basics, but struggle with more complex topics including investing and debt.

- Gen Z feels equipped to handle basic financial tasks, including budgeting (71%), managing day-to-day expenses (70%) and building/managing credit (65%).
- Preparedness levels decrease significantly when it comes to more complex topics critical to a more secure future, including building an emergency fund (54%), saving for retirement (43%) and investing (29%).
- Over one-third (38%) have no investments and of those, the top reasons for not investing include having no additional funds to spare (44%), not knowing where to start (31%) and feeling investing is too risky (23%).
- Nearly half (46%) of Gen Z already carries some form of debt, including through credit cards and student loans.
- Many are willing to go to extremes to pay it off, including sacrificing chocolate and pizza for a year (51%), babysitting twin toddlers for a week (50%) or giving up their cell phone for a month (39%).

The economic environment and inflation pose new and additional challenges.

- 73% say the current economic environment has made it more challenging to save – with 40% acknowledging it has made it much more challenging.
- When asked about the impact of inflation tied to their day-to-day, Gen Z say it has made it harder to save for financial goals (59%), pay down debt (43%) and created more financial stress (56%).
- 40% say surging rents/home prices have made it challenging to afford their day-to-day necessities.
- 42% went as far as to cite the economy and current rate of inflation as a top financial stressor.
- Gen Z isn't taking the higher cost of living sitting down – three-quarters (75%) are taking or considering steps to earn additional income, including changing jobs (34%), turning a passion into a source of income (31%) or taking on a second job (26%).

When it comes to success at work and in life, Gen Z is driven by the desire to achieve financial peace of mind (74%) and to comfortably afford the things that they want.

- Gen Z's top three priorities for the year ahead include furthering their education (40%), advancing their career/salary (32%) and getting a new job (31%).
- These priorities are followed closely by saving for retirement (25%), traveling (24%), in between retirement + buying a car (22%) and building good credit (20%).
- They're more likely than other generations to cite the desire to comfortably afford material items (45%) as a motivator to achieving financial success (vs. 34% of Millennials, 30% of Gen X, 30% of Boomers).
- However, splurging comes with regret – 29% say one of their biggest financial regrets is spending too much on material items and luxury goods.
- Gen Z say discipline (56%), being financial savvy (37%), organization (35%), motivation (34%), self-awareness (29%), frugality (20%) and confidence (20%) are key traits to achieving financial success.

Student Loan Spotlight

Of those with student loans, Gen Z and Millennials alike say the federal student loan freeze has brought some relief:

- 41% of Gen Z and 38% of Millennials say it allowed them to maintain their current standard of living.
- 23% of Gen Z and 21% of Millennials say it allowed them to contribute more to their savings.
- 21% of Gen Z and 23% of Millennials say they've been able to continue paying down their loan without collecting interest.
- 51% of Gen Z and 46% of Millennials acknowledge that while the student loan freeze was nice, more needs to be done.

Gen Z's Top Financial Barriers

85% of Gen Z have a barrier to financial success, including:

- High cost of living (59%)
- Not enough income to achieve financial goals (45%)
- The economy (39%)
- Housing/rent expenses (31%)
- Not being able to save (21%)
- Job stability (21%)
- Lack of financial education/know-how (19%)
- Debt (18%)
- Taxes (16%)

Despite challenges, Gen Z is investing in their financial futures and taking positive steps to strengthen their financial habits.

- Today, two-thirds (66%) are actively saving for financial goals.
- Despite the current environment, 58% are optimistic about their financial futures.
- 77% have also taken at least one positive financial action over the past year, including putting money toward savings (71%), talking openly about money with friends, family or colleagues (54%), contributing to a retirement account (28%) and/or investing in the stock market (25%).

Paving the way for open conversations.

- Growing up, 35% of Gen Z reported having open discussions with parents or guardians about financial topics (vs. 26% of Millennials, 23% of Gen X, 21% of Baby Boomers).
- At the same time, Gen Z still view money talk as a taboo topic of discussion early in romantic relationships. During the first six months of a new relationship, they feel more comfortable discussing religion (81%), politics (75%) and previous relationships (71%) than they do their income (69%) and debt (60%).
- Many also feel more comfortable meeting their partner's family (80%) and saying "I love you" (73%) within the first six months than they do talking about money.

Financial Motivations, Priorities and Barriers Among Diverse Young Adults

Black/African American and Hispanic Gen Z are split on how the racial wealth gap has evolved.

- Reflecting on the last five years, about two-in-five Black/African American (41%) and Hispanic (42%) Gen Z say some or significant progress has been made to close the racial wealth gap, while others in these groups say no progress has been made (both 30%).
- Looking to the next five years, about half of Black/African American (47%) and Hispanic (54%) Gen Z believe some or significant progress will be made to close the gap, while others say no progress will be made (28% and 24%, respectively).

Black/African American Gen Z are paving the way toward financial independence and embracing a hustle culture...

- 60% of Black/African American Gen Z identify as mostly or fully financially independent – more so than their non-Black/African American peers (45%).
- Four-in-five (80%) are currently taking or considering routes to earn supplemental income – more so than their non-Black/African American peers (75%) – including taking on a second job (35% vs. 25%), turning a passion into a source of income (33% vs. 31%) and taking a gig economy job (29% vs. 25%).
- They are 3x as likely to prioritize starting or growing a business in the year ahead compared to non-Black/African American Gen Z (15% vs. 5%).
- Black/African American Gen Z are nearly 2x as likely than non-Black/African American Gen Z to say they currently or are considering investing in cryptocurrencies (22% vs. 12%).

...though barriers persist around debt and saving.

- While Black/African American Gen Z are more likely to have debt than their counterparts (60% vs. 44%), this is down from 70% year-over-year.
- Black/African American Gen Z are more likely to cite taking on too much student loan and/or credit card debt as their biggest financial regret (30% vs. 17%) and more likely to cite student loans and/or credit card debt as a top financial stressor (27% vs. 18%).
- 40% contributed to their savings over the last year (vs. 56% of non-Black/African American Gen Z), however two-thirds (67%) don't have enough emergency savings to cover three months of expenses.
- One-third (32%) of all Black/African American Gen Z say their biggest financial regret is not setting aside enough for an emergency.

Family is at the cornerstone of Hispanic Gen Z's financial lives; equate homeownership with financial success.

- Over half (54%) of Hispanic Gen Z aren't financially independent and still rely on family for financial support.
- Family is a financial motivator, with 36% of Hispanic Gen Z hoping to pass down wealth to the next generation (vs. 27% of their non-Hispanic counterparts) and to succeed financially to make their parents proud (36% vs 23%).
- Of the 72% that had their first job from 15-18, Hispanic Gen Z were more likely than their non-Hispanic counterparts to do so to earn money for essential purchases (40% vs. 28%) and support their family financially (15% vs. 6%).
- 57% feel that being able to provide for their family's future is part of their definition of financial success, and 64% say it's important to educate their family and/or community on financial matters.
- Despite an emphasis on family support, nearly two-thirds (65%) say their parents did not talk about finances openly when they were growing up.
- Education gaps remain a barrier for this community when it comes to investing. 42% don't have any investments, and when asked why, the top reason is not knowing where to start (42% vs. 27% of non-Hispanic Gen Z).
- Hispanic Gen Z is prioritizing homeownership. Nearly half (45%) say fully paying off a home/mortgage aligns with their definition of financial success and they're more likely to prioritize buying a home in the year ahead (22% vs. 14% of non-Hispanic Gen Z).

Gen Z women's financial literacy gaps and lack of investing, relative to men, may negatively impact their near and long-term financial wellness.

- Gen Z women and men feel fairly equally equipped to build/maintain credit (64% vs. 66%) and stick to a budget (69% vs. 73%).
- However, Gen Z women feel less equipped to manage day-to-day expenses (63% vs. 76%) and to build an emergency fund (48% vs. 61%).
- Just 38% of Gen Z women have enough emergency savings to last three months, compared to 48% of Gen Z men.
- In terms of longer-term planning and investing, Gen Z women's financial knowledge has them feeling less equipped than Gen Z men to save for retirement (37% vs. 49%) and to invest (22% vs. 35%).
- 41% of Gen Z women have not yet begun investing, compared to 34% of men, and are less likely to even be considering individual investments (36% vs. 47%) or retirement savings vehicles such as a 401(k) (39% vs. 46%).
- Debt also remains a challenge for Gen Z women. They are more likely than men to cite credit card and/or student loan debt as a top financial stressor (23% vs. 17%) and say taking on too much student loan and/or credit debt is their top financial regret (22% vs. 15%).

Methodology The study was conducted June 24 - July 13, 2022, by Ipsos in both English and Spanish and is based on nationally representative probability samples of 1,098 general population adults (age 18 or older), and a partially overlapping sample of 921 Gen Z adults (age 18-25), including 124 Gen Z adults from a non-probability sample. This survey was conducted primarily using the Ipsos KnowledgePanel®, the largest and most well-established online probability-based panel that is representative of the adult US 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 access to a tablet and internet 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 the general population sample is +/- 3.2 percentage points at the 95 percent confidence level.