



# Young adults, their attitudes and outlook toward retirement and the future

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Our survey (the “Survey”) examines the attitudes and perceptions of working-age Gen Z young adults, age 24-26, and younger millennials, age 27-35 (collectively, “young adults”) regarding their role in global issues, financial health and retirement aspirations. When used in this report with respect to the Survey data, the terms “Gen Z” and “millennials” refer to working Gen Z adults and younger millennials within these age ranges.

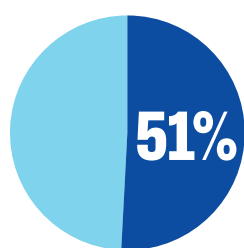
## Executive summary

Young adults are considered to be socially, environmentally, and politically conscious, and are fully connected to unlimited information at their fingertips. They have also experienced financial challenges in their short working lives resulting from an uneven job market, high housing costs, and both student loan and consumer debt. The Survey explores the connection between young adults’ activism on global issues and their own financial health and future outlook.

Following are key findings of the Survey:

### **Young adults are more optimistic about making a difference in global issues than in their own financial future**

Over one-half of young adults feel they can make a difference on global issues like social injustice and climate change. However, this optimism does not extend to their financial future. Less than one-half of young adults agree they are securing their financial future and don’t expect to do as well financially as their parents.



A majority of young adults don’t expect to do as well financially as their parents

Young adults are financially stressed. Two in five young adults agree that they are living paycheck to paycheck and that finances control their lives. Only one in three agree that they could handle an unexpected major expense. Despite their financial stress, one-third of young adults say they are saving on a regular basis and another third say they are saving when they can. Young adults who are saving are more likely to agree that they are securing their financial future.

Differences emerge along demographic lines. While Black/African American young adults are only slightly more likely than their white counterparts to say that they have a role to play on global issues, they are substantially more likely to say that they are securing their financial future (55% compared to 35% of white young adults) and that they can enjoy life because of the way they are managing their money (49% of Black/African American vs. 33% of white young adults).

Female and low-income young adults are more financially stressed than their male and high-income counterparts, with fewer reporting that they are securing their financial future (30% female and 32% low-income young adults compared to 50% male and 54% of high-income young adults).

### **Young adults expect or want to retire fully and prioritize saving for retirement**

The retirement confidence of young adults is linked to their future outlook and saving behavior. Over one-half of young adults expect/want to fully retire at a certain point, and even more high-income young adults expect or want to do so. Fewer than one in five young adults expect that they will never be able to afford to fully retire, and even more low-income young adults expect to not be able to fully retire.

One third of young adults list saving for retirement in their top three financial goals. However, saving for retirement drops in priority for low-income and female young adults, following saving for a short-term financial goal (e.g., a vacation or home renovation) and paying off consumer/personal debt.

Young adults who save for retirement do so either through their workplace retirement plan (48%), personal retirement plan (13%) or both (11%). Fewer Black/African American and Hispanic/Latino young adults (each 43%) and low-income young adults (35%) participate in a workplace retirement plan. However, they are more likely to save through a retirement plan they purchased on their own (16%, 17%, and 16% respectively). Not surprisingly, therefore, they are more likely to rely on personal savings than workplace retirement plan savings to finance their retirement.

**Young adults' risk tolerance and engagement in their retirement plan investments are not uniform, but are generally related to each other**

Over one-half of young adults are more likely to say they want to protect their savings from risk of loss while just over one-third are more likely to indicate that they are willing to take on more risk for higher returns on their investments. Those who are willing to take on more risk (males and high-income young adults) are also more likely to say they actively select their plan investments, while female and low-income young adults are more likely to say they want to protect their savings and that they allow the plan to choose their investments. Black/African American young adults are an anomaly in that they are both more likely to lean to wanting to protect their savings and to say that they actively invest their savings.

**Young adults believe their retirement plan provides guaranteed income, but relation to stated risk tolerance varies**

Young adults are confused as to whether their retirement plan provides for guaranteed minimum income at retirement. Over two in three young adults say that they are either confident or think that their retirement plan provides guaranteed minimum

income. Only 9% of young adults believe their retirement plan does not provide guaranteed minimum income and 22% say they are not sure.

Interestingly, male and high-income young adults, who are more likely to accept higher risk for higher returns and also more likely to actively invest their savings, are also more likely to say they are certain their retirement plan provides for a guaranteed minimum income at retirement (41% and 43%, respectively). Conversely, female and low-income young adults who are more likely to want to protect their savings and rely on the plan to pick their investments for them, are less certain about whether their retirement plan provides for guaranteed retirement income (73% and 70%, respectively). Again, Black/African Americans, who lean to being risk adverse and are the most likely demographic group to say they actively manage their money, are also the most likely demographic group to say they are certain that their retirement plan provides for a guaranteed minimum income (47%).



**Protecting  
savings  
from loss**

**51%** of young adults  
are risk adverse





## Introduction

Gen Z and millennials, like generations before them, have been shaped by the social, economic, and political climate in which they came of age. They do, however, share many of the same characteristics. Often described as digital natives, young adults are technologically savvy and fully connected, both to others and to unlimited information. They are socially, environmentally, and politically conscious and want to leave the world in a better place. Young adults are much more racially and ethnically diverse than generations before them and are committed to social and racial equity. They are accustomed to instant feedback and see the influence they have had on the world, through TikTok videos as well as social

and political activism. Gen Zers in particular are considered to be a “highly collaborative cohort that cares deeply about others and have a pragmatic attitude about how to address a set of inherited issues like climate change”.<sup>1</sup>

Young adults have also faced financial challenges in their short working lives. Inflation, the high cost of education, an uneven job market, and high housing costs have left many burdened with student loan and other debt and difficulty in making ends meet.

It is against this backdrop that the Survey seeks to understand and contrast young adults’ expectations and priorities regarding global challenges and their personal financial situation.



## Young adults are more optimistic about making a difference in global issues than in their own financial future

A majority of young adults believe they can make a difference when it comes to global issues. Over one-half of young adults (56%) across all demographic groups feel that they personally can play a role in solving global problems like climate change, social injustice, and political division. That said, 34% of young adults believe that such problems are mostly out of their hands.

### Making a difference in solving global problems

**56%** feel they personally have some role to play



Despite these global and personal financial challenges, young adults are split in their attitudes toward planning. Just under one-half of young adults (48%) identify with the statement that thinking about global challenges makes them want to just live for today. However, the percentage of young adults who

agree that thinking about the challenges they face in the world makes them want to plan and be prepared for an uncertain future (42%) does not fall far behind.

Differences regarding agency over their futures emerge along income,<sup>2</sup> age, and racial lines. A higher percentage of low-income young adults and younger young adults age 24-27 feel that thinking about the challenges they face in the world makes them want to just live for today (54% and 52%, respectively, compared to 39% of high-income young adults and 43% of older young adults age 32-35, respectively). Conversely, substantially more high-income adults feel that thinking about global challenges makes them want to plan and be prepared for an uncertain future (52% vs. 36% of low-income young adults).

Unfortunately, young adults' belief in their ability to make a difference on global issues does not carry through to their financial future. One-half of young adults (51%) feel that with the ways things are going today, they don't expect to do as well in life financially as their parents did. The percentage of young adults who don't expect to do as well as their parents increases for low-income young adults (60% vs. 34% of high-income young adults) and younger adults age 24-27 (56% vs. 46% for older young adults age 32-35). The differences between white young adults and young adults of color who don't expect to do as well as their parents is not as stark.

### Future outlook

#### Alignment with statements about the future



Alignment with statements about the future by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	\$100k+	White	Black	Hisp.
Thinking about the challenges we face in the world makes me want to just live for today	47%	49%	52%	50%	43%	54%	47%	39%	47%	54%	50%
Thinking about the challenges we face in the world makes me want to plan and be prepared for an uncertain future	43%	42%	42%	39%	45%	36%	43%	52%	44%	35%	39%
I personally have a role to play in solving problems like climate change, social injustice and political division	56%	57%	58%	57%	54%	57%	58%	54%	56%	62%	61%
Problems like climate change, social injustice and political division are out of my hands	35%	32%	33%	32%	36%	30%	34%	39%	36%	25%	30%
The way things are going today, I don't expect to do as well in life financially as my parents did	49%	53%	56%	51%	46%	60%	51%	34%	51%	50%	55%
I am confident that I will do as well or better in life financially than my parents did	43%	39%	38%	37%	47%	28%	41%	63%	41%	43%	36%

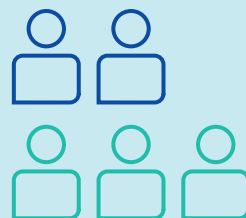




## Young adults are financially stressed, yet many say they are moving in the right direction

Young adults are struggling financially, and their financial situation is impacting their enjoyment of life. Two in five young adults generally agree that they are living paycheck to

paycheck (42%) and that finances control their lives (41%), and one in five completely agree (24% and 18%, respectively). Only one in three young adults generally agree that they could handle an unexpected major expense and just 14% completely agree. Young adults have also been found to possess low levels of knowledge about personal finance which exacerbates their financial fragility.<sup>3</sup>



**Two in 5 young adults agree they are living paycheck to paycheck**

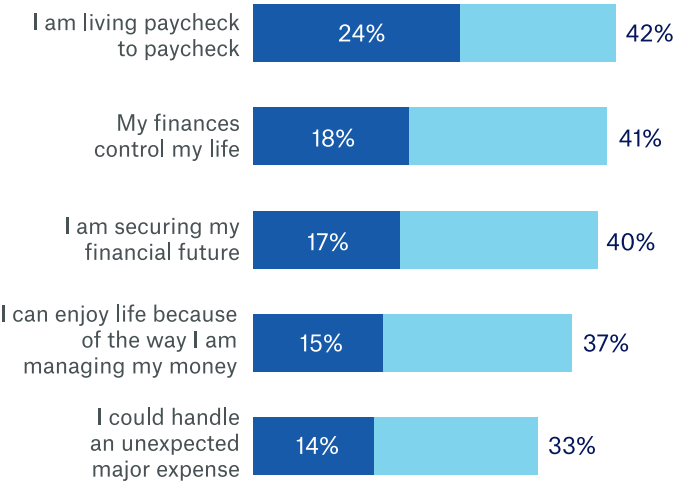


## Financial challenges intersect with gender and race, but optimism shows among people of color

Despite their financial challenges, two in five young adults (40%) generally agree that they are securing their financial future. However, only 17% completely agree that they are doing so. The good news is that the older young adults are, the more likely they are to agree that they are securing their financial future (46% of young adults age 32-35 generally agree vs. 38% of young adults age 24-27).

Substantial differences, however, appear along income, gender, and racial lines—the most surprising of which relate to differences in financial health between white young adults and young adults of color. White young adults are more likely than Hispanic/Latino young adults to say they are living paycheck to paycheck (44% vs. 34% Hispanic/Latino young adults). It follows that fewer white young adults say that they can handle an unexpected major expense (28% vs. 37% Hispanic/Latino young adults), that they are securing their financial future (35% vs. 47% Hispanic/Latino young adults) and can enjoy life because of the way they are handling money (33% vs. 44% Hispanic/Latino young adults).

### Financial situation



- Describes situation completely
- Describes situation very well



While Black/African American young adults are slightly more likely than white young adults to agree that they are living paycheck to paycheck (50% vs. 44% white young adults), they are substantially more likely than white young adults to say they can handle a major expense (43% vs. 28% white young adults) and are securing their financial future (55% vs. 35% white young adults) and can enjoy life because of the way they are handling their money (49% vs. 33% white young adults). Black/African American young adults may have greater confidence in their financial future relative to white young adults, despite being more likely to live paycheck to paycheck, because of increased attention to racial equity coming out of the social justice movement.<sup>4</sup> However, as noted in our discussion of saving habits, Survey results show a correlation between young adults’ saving habits and their belief that they are securing their financial future, and more Black/African American young adults are saving than white young adults. Survey results for low-income and female young adults are more along the lines of what is typically expected. Low-income young adults express substantially more financial

stress than high-income young adults. Over one-half of low-income young adults (52%) generally agree they are living paycheck to paycheck (vs. 35% of high-income young adults) and fewer than one-third of low-income young adults agree that they are securing their financial future and can enjoy life because of the way they are managing their money (32% and 30%, respectively vs. 54% of high-income young adults). Young women are more financially stressed than young men. Far fewer young women than young men agree that they can handle an unexpected major expense (26% vs. 40% men), that they are securing their financial future (30% vs. 50% men), and consequently can enjoy life because of the way they are managing their money (30% vs. 45% men). While the reasons for this gap are beyond the scope of this Survey, other research shows that in addition to the wage gap and additional time out of the workforce, women are found to be less confident than men in their financial knowledge, in their ability to achieve financial goals, and in dealing with day-to-day financial matters—all of which contribute to and exacerbate their financial stress.<sup>5</sup>

Financial situation by demographics

Describes situation completely/very well

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	\$100k+	White	Black	Hisp.
I am living paycheck to paycheck	41%	43%	41%	41%	44%	52%	37%	35%	44%	50%	34%
My finances control my life	41%	41%	38%	39%	45%	45%	36%	42%	42%	48%	37%
I am securing my financial future	50%	30%	38%	36%	46%	32%	40%	54%	35%	55%	47%
I can enjoy life because of the way I am managing my money	45%	30%	36%	36%	41%	30%	35%	54%	33%	49%	44%
I could handle an unexpected major expense	40%	26%	29%	31%	37%	23%	31%	52%	28%	43%	37%

## Saving habits of young adults vary but those who are saving are less financially stressed

Despite their financial stress, many young adults are saving. One-third of young adults (34%) are putting money into savings when they can, and another third (31%) are saving on a regular basis. The remaining one-third say that they are not saving right now because they are either just trying to make ends meet by paying for immediate expenses (rent, utilities, groceries, etc.) (21%) or are focused on paying down debt (14%).

The savings behavior of the various demographic groups of young adults varies commensurate with their financial situation. Low-income young adults are half as likely as

high-income adults to save on a regular basis (24% low-income vs. 49% high-income) and are more likely to say they are not saving right now, either because they are just trying to make ends meet (28% low-income vs. 12% high-income) or paying down debt (14% low-income vs. 10% high-income).

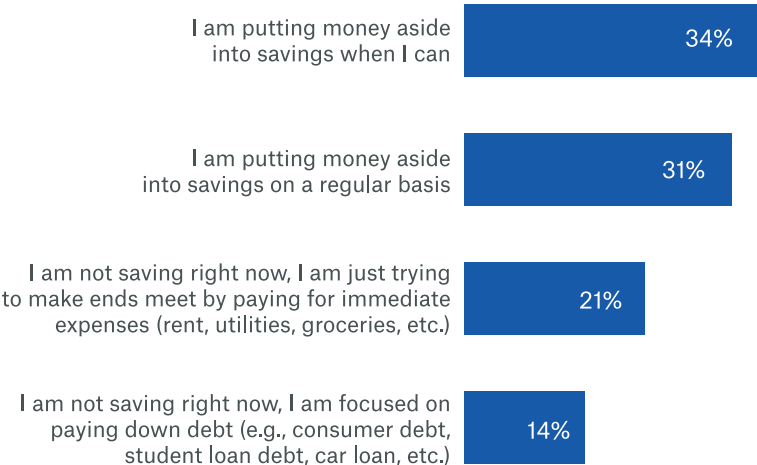
Young women are more likely than young men to say they are not saving right now because they are focused on paying down debt (17% women vs. 10% men). Young women are also less likely to put money aside into savings when they can (30% women vs. 38% men).

Young adults of color are less likely than white young adults to say that they are not saving right now and are just trying to make ends meet (16% Black/African American and 17% Hispanic/Latino vs. 24% white young adults).

### Saving mindset

Just 1 in 3 are regularly putting money aside into savings, while another 1 in 3 are saving when they can.

### Saving behavior





Saving behavior by demographics

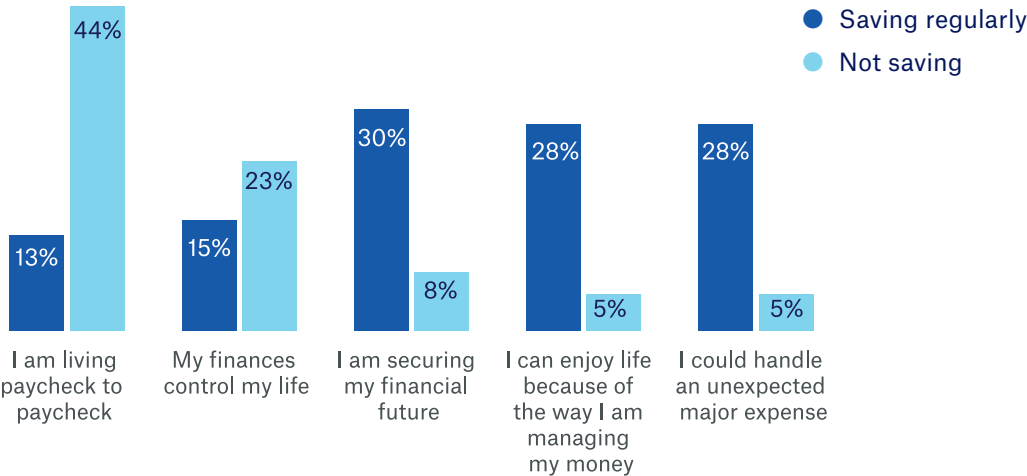
	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	\$100k+	White	Black	Hisp.
I am putting money aside into savings when I can	38%	30%	32%	35%	36%	34%	37%	29%	33%	39%	31%
I am putting money aside into savings on a regular basis	34%	29%	34%	28%	31%	24%	28%	49%	29%	33%	36%
I am not saving right now, I am just trying to make ends meet by paying for immediate expenses	19%	23%	18%	23%	22%	28%	19%	12%	24%	16%	17%
I am not saving right now, I am focused on paying down debt	10%	17%	17%	14%	11%	14%	16%	10%	14%	12%	16%

Young adults who are saving are more likely to feel that they are securing their financial future, are enjoying life because of the way they are managing their money, and can handle an unexpected expense. Those who are saving on a regular basis feel substantially more so. On the other hand, those who aren’t saving and are just trying to make ends meet are more likely to feel that their finances control their lives. Three in 10 young adults who are saving on a regular basis feel like they

are securing their financial future, compared to just one in 10 who are not saving, either because they are paying down debt or just trying to make ends meet. One in four young adults (28%) who are saving on a regular basis feel they can handle an unexpected expense. The same percentage who are saving regularly also feel that they can enjoy life because of the way they are managing money, compared to only one in 20 who are not saving.

Financial situation by saving mindset

Those who are saving regularly are more likely to feel they are securing their financial future, enjoying life, and can handle an unexpected expense. Those who are just making ends meet are more likely to feel their finances control their life.



Financial situation by saving mindset

	Saving Mindset			
	Regularly	When I Can	Not Saving, Paying Down Debt	Not Saving, Making Ends Meet
I am living paycheck to paycheck	13%	15%	24%	57%
My finances control my life	15%	14%	18%	27%
I am securing my financial future	30%	14%	12%	6%
I can enjoy life because of the way I am managing my money	28%	12%	5%	6%
I could handle an unexpected major expense	28%	11%	6%	4%

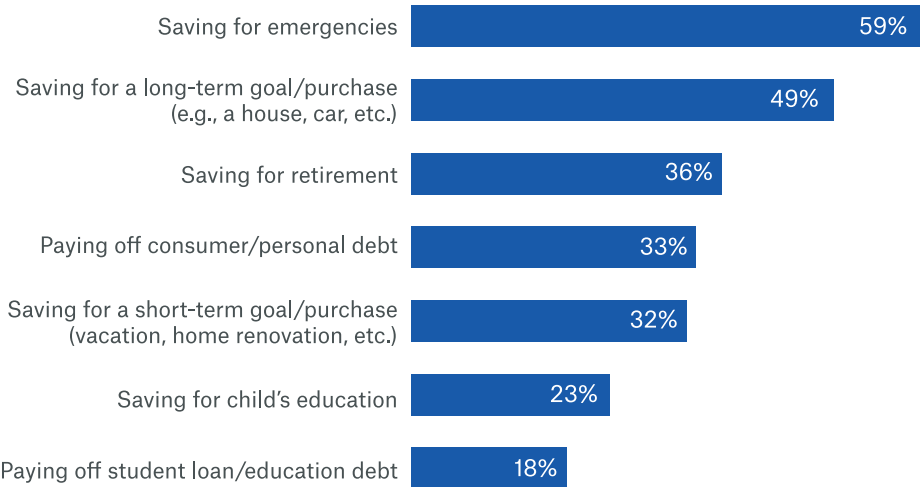


## Young adults prioritize saving over paying down debt, but retirement saving as a priority is mixed

The top three financial goals cited by young adults are saving for emergencies (59%), saving for a long-term goal/purchase (e.g., house, car) (49%), and saving for retirement (36%). Paying off consumer debt (33%) followed closely as the fourth financial goal while paying off student loans (18%) lagged behind saving for a short-term goal (e.g., vacation, house renovation) and saving for children’s education. It is likely that

student loan repayment falls far behind repayment of credit card debt as a top financial goal because the percentage of young adults holding student loan debt is outweighed by those holding credit card and other personal debt. In addition, young adults may have benefited from the suspension of student loan payments during the pandemic or are waiting to see if the U.S. Supreme Court upholds the legality of the White House loan forgiveness plan. It is also possible that young adults consider the prospect of paying off student loans unrealistic and therefore do not prioritize their repayment.<sup>6</sup>

### Financial goals



While saving for emergencies and long-term purchases were the top two most widely cited financial goals for young adults across the board, differences among demographic groups emerge. High-income young adults rank saving for retirement (53%) above saving for a long-term goal/purchase. Female and low-income young adults rank saving for retirement fifth on their list of financial goals (29% and 24%, respectively), and prioritize saving for a short-term goal (e.g., vacation, home renovation, etc.) (36% and 35%, respectively) and paying off

consumer/personal debt (32% and 31%, respectively) over saving for retirement. Paying off student loans, however, while a lower priority for all young adults, was most widely cited as a priority by young women and the youngest adults surveyed (age 24-27) (22% and 26%, respectively) than it was by young adults in general (18%)—likely because women are found to have a heavier student loan debt burden than men and the youngest adults are just beginning to pay off their student loan debt.<sup>7</sup>



Financial goals by demographics

Prioritizing retirement savings as a goal reveals differences by gender, age and income levels.

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k- \$100k	\$100k+	White	Black	Hisp.
Saving for emergencies	58%	61%	59%	61%	58%	61%	60%	55%	59%	58%	60%
Saving for a long-term goal/purchase	48%	49%	53%	50%	44%	46%	53%	45%	51%	43%	44%
Saving for retirement	44%	29%	32%	33%	44%	24%	39%	53%	36%	31%	37%
Paying off consumer/personal debt	34%	32%	34%	35%	31%	31%	37%	31%	37%	27%	29%
Saving for a short-term goal/purchase	28%	36%	32%	33%	31%	35%	29%	32%	33%	28%	31%
Saving for child’s education	25%	21%	17%	21%	30%	18%	25%	28%	20%	24%	30%
Paying off student loan/education debt	14%	22%	26%	15%	15%	17%	18%	22%	21%	15%	13%



## Young adults' confidence in a full retirement is not strong and is linked to their saving behavior and future outlook

About half (54%) of young adults across the board say they expect or want to completely retire from working at a certain age or point in time. However, high-income young adults are substantially more confident in a full retirement (75%), while female, younger adults age 24-27, and low-income young adults are the least confident (50%, 50% and 40%, respectively). High-income and male young adults are also more likely to save on a regular basis (49% high-income and 34% male young adults vs. 24% low-income and 29% female young adults). Black/African American and Hispanic/Latino young adults are more confident in a full retirement (59%) than white young adults (53%). Young adults of color are also

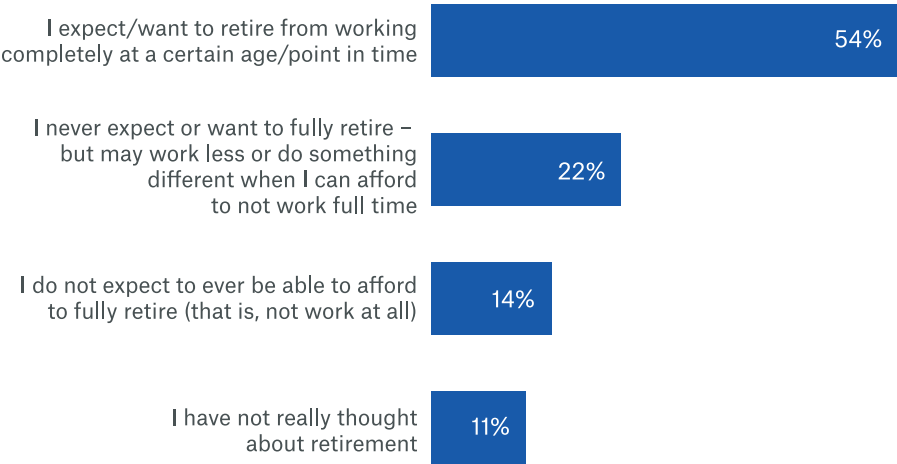
more likely to save on a regular basis (33% of Black/African American and 36% Hispanic/Latino young adults vs. 20% of white young adults).

One in five young adults (22%) indicate that they never expect to fully retire, but instead may work less or do something different when they can afford to not work full-time, while 14% of young adults do not expect to ever be able to afford to fully retire. High-income and Black/African American young adults are substantially less likely to say they do not expect to ever be able to fully retire (5% and 6%, respectively).

Young adults' retirement confidence is also linked to their future outlook and attitudes toward planning for an uncertain future. Those with a planning mindset in face of today's global challenges are more likely to say they want or expect to retire completely (59% vs. 51% who say that thinking about the global challenges makes them want to live for today).

### Retirement expectations and goals

#### Work expectations for retirement



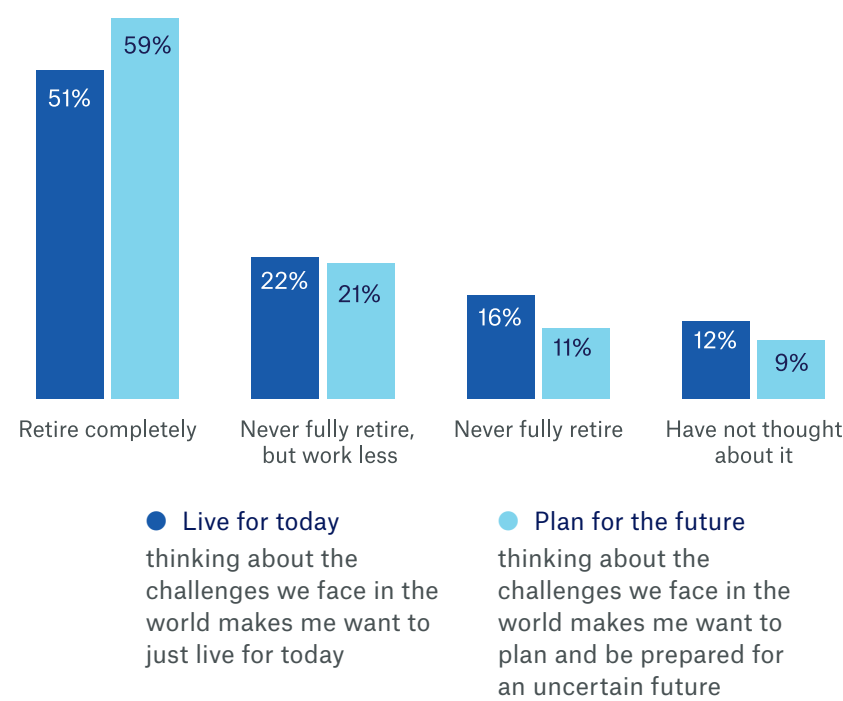
Work expectations for retirement by demographics

Expectations for a “full” retirement are correlated with being male, older, higher income and of color.

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	\$100k+	White	Black	Hisp.
I expect/want to retire from working completely at a certain age/point in time	59%	50%	50%	54%	58%	40%	57%	75%	53%	59%	59%
I never expect or want to fully retire – but may work less or do something different when I can afford to not work full time	21%	22%	25%	17%	22%	26%	21%	14%	21%	23%	19%
I do not expect to ever be able to afford to fully retire (that is, not work at all)	11%	16%	14%	16%	11%	20%	12%	5%	16%	6%	11%
I have not really thought about retirement	9%	13%	11%	12%	9%	14%	10%	6%	10%	12%	11%

Retirement expectations by future outlook

Those who are planning for the future are more likely to expect to fully retire.





## Young adults expect to fund retirement from multiple sources

Young adults do not expect a single or even a main source of income in their retirement, but instead expect to draw from multiple savings and investment vehicles. Personal savings and workplace retirement plan savings are the two most widely expected sources of retirement income for young adults across the board (56% and 51%, respectively). However, differences emerge along demographic lines. Substantially fewer low-income, Black/African American, and Hispanic/Latino young adults (34%, 35%, and 41%, respectively) indicate they expect to rely on workplace retirement plan savings as a source of retirement income compared to high-income and white young adults (74% and 59%, respectively). Young men are also less likely to rely on retirement plan savings than young women

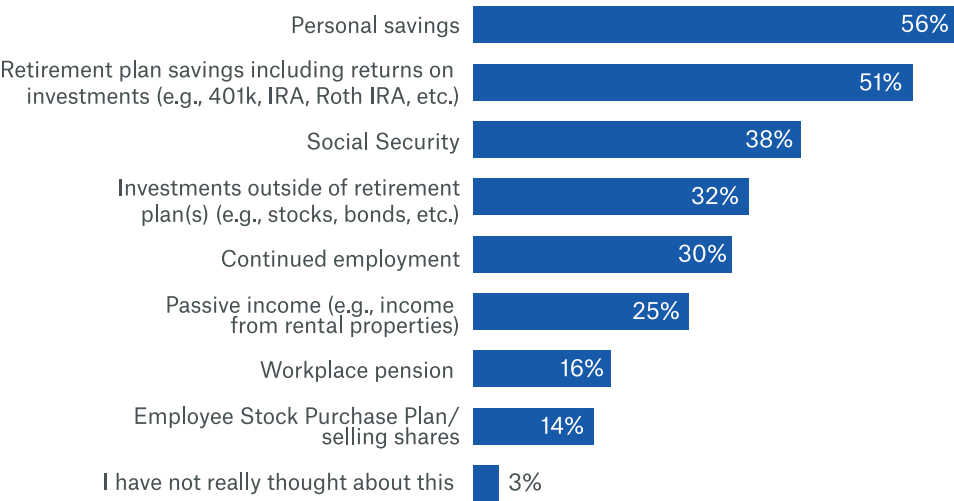
(44% vs. 58%). Reliance on investments (e.g., stocks, bonds) outside retirement plans as a single or main source of income in retirement is cited more by male, high-income, and older young adults (ages 32-37) (40%, 50%, and 37%, respectively) than young adults as a whole (32%). Finally, low-income young adults are more likely than high-income young adults to say they have not really thought about how to fund their retirement (7% vs. 1%).

Guaranteed income falls below personal and retirement savings as an expected source of retirement income. Social Security is cited by over one in three young adults (38%) as an expected source of retirement income, while only 16% expect to rely on a workplace pension. One in three young adults expect to rely on continued employment as an income source, though employment is not guaranteed.

### Expectations for financing retirement

This generation does not expect a single or even a “main” source of retirement income. Rather they expect to draw from multiple savings and investment vehicles.

#### Financing retirement



(n=902 have thought about retirement)

Financing retirement by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k- \$100k	\$100k+	White	Black	Hisp.
Personal savings	58%	54%	55%	58%	55%	48%	61%	61%	55%	52%	57%
Retirement plan savings including returns on investments	44%	58%	49%	51%	54%	34%	54%	74%	59%	35%	41%
Social Security	38%	38%	33%	43%	38%	33%	40%	42%	38%	30%	39%
Investments outside of retirement plan(s)	40%	25%	28%	31%	37%	19%	35%	50%	33%	31%	28%
Continued employment	31%	28%	29%	29%	31%	34%	30%	22%	32%	24%	26%
Passive income	31%	21%	27%	23%	27%	19%	27%	33%	23%	25%	28%
Workplace pension	19%	14%	14%	15%	20%	13%	18%	18%	16%	16%	21%
Employee Stock Purchase Plan/selling shares	18%	10%	12%	15%	15%	8%	15%	23%	13%	17%	11%
I have not really thought about this	2%	5%	4%	4%	3%	7%	2%	1%	3%	5%	3%

(n=902 have thought about retirement)



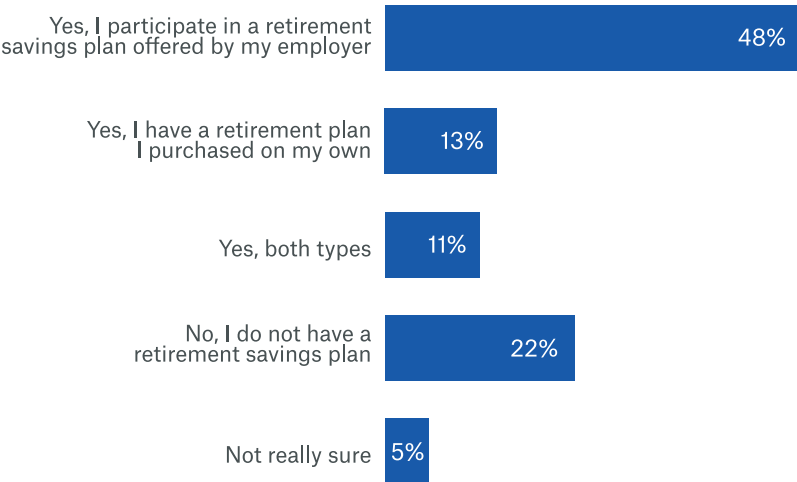
## Most employed young adults are saving through a workplace or personal retirement plan, though their level of engagement and risk tolerance varies

Almost three in four young adults (72%) indicate they are saving either in a retirement plan through their workplace (48%) or in one they purchased on their own (13%), or both (11%). It is not surprising that the demographic groups most likely to rely on retirement savings as a source of income in retirement (high-income and white young adults) are also the most likely to participate in a workplace retirement

savings plan. Substantially fewer low-income young adults say they participate in a workplace retirement savings plan than middle- or high-income young adults (35% vs. 55% middle-income and 60% high-income young adults) and one in three low-income young adults (34%) say they don't have any retirement savings plan at all (vs. 22% of young adults overall). Over one-half of female young adults participate in a workplace retirement savings plan. This is a positive finding. However, their savings rate may not be sufficient for a secure retirement. Women overall earn less than men and are more likely to take on caregiving responsibilities for family members, often reducing hours or taking time out of the workforce to do so, which substantially impacts their earning potential and savings rate.<sup>8</sup>

### Their current retirement plan

Three in 4 young adults have a retirement savings plan, most through their employer.





Their retirement plan by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	\$100k+	White	Black	Hisp.
Yes, I participate in a retirement savings plan offered by my employer	46%	50%	48%	49%	46%	35%	55%	60%	52%	43%	43%
Yes, I have a retirement plan I purchased on my own	15%	12%	13%	11%	16%	16%	12%	11%	12%	16%	17%
Yes, both types	15%	8%	9%	11%	14%	6%	11%	21%	10%	16%	10%
No, I do not have a retirement savings plan	21%	23%	23%	22%	21%	34%	19%	7%	22%	20%	21%
Not really sure	4%	6%	7%	6%	3%	9%	4%	0%	4%	6%	8%

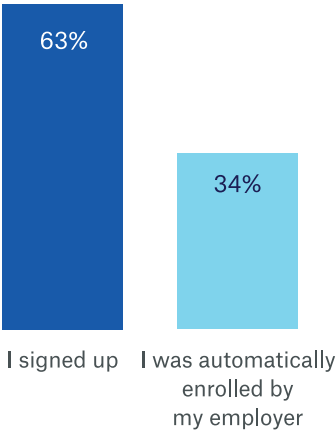
Two in three young adults (63%) who participate in their workplace retirement savings plan indicate that they actively chose to participate while the other third (34%) say they were automatically enrolled. Once enrolled in the plan, one-third of young adults (36%) say they actively manage how their savings are invested, another third (33%) indicate that they allow the plan to pick their investments based on their age, risk tolerance, etc., and the remaining third indicate that they either rely on a combination of active and passive investments (24%) or don't know how their savings are invested (7%). Black/ African American, male, and high-income young adults, as well as young adults age 32-35, are substantially more likely to say they actively manage the investments in their workplace retirement plan (56% Black/African American, 46% male and high-income young adults, and 45% young adults age 32-35). Female and young adults age 24-27 are more likely to allow their retirement plan to pick the funds/investments for them based on age/risk tolerance, etc. (38% each) or weren't sure how their retirement savings are invested (8%-11%).



Retirement plan engagement

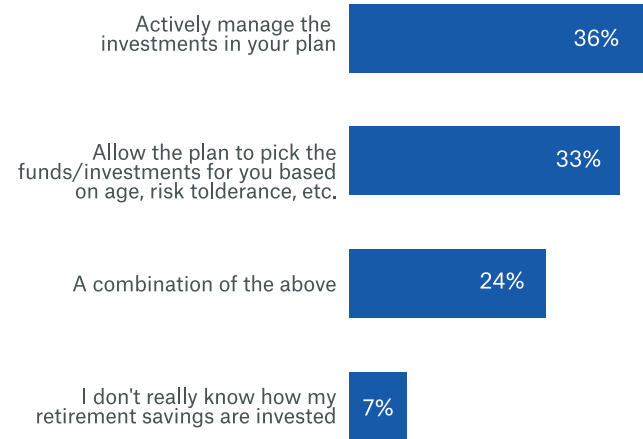
For many, this is a passive approach for now.

Signed up vs. auto-enrolled



(n=598 among those who participate in savings plan offered by employer)  
No significant differences between subgroups.

Current retirement plan management



(n=732 have retirement savings plan)

Retirement plan engagement by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	>\$100k	White	Black	Hisp.
Actively manage the investments in your plan	46%	26%	31%	33%	45%	32%	32%	46%	33%	55%	36%
Allow the plan to pick the funds/investments for you based on age, risk tolerance, etc.	28%	38%	38%	33%	29%	33%	36%	28%	34%	27%	33%
A combination of the above	22%	25%	23%	26%	22%	25%	26%	19%	24%	15%	27%
I don't really know how my retirement savings are invested	3%	11%	8%	9%	4%	9%	6%	7%	9%	3%	4%

(n=732 have retirement savings plan)

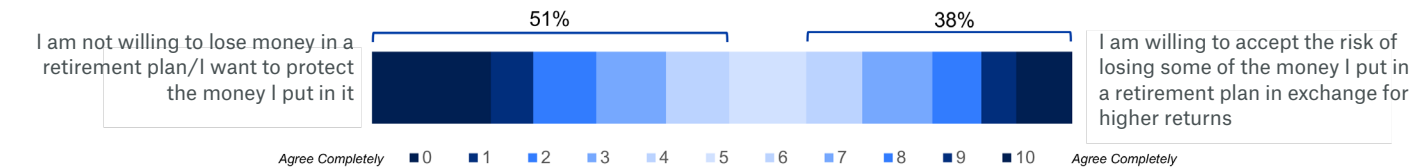
Over one-half of young adults (51%) lean toward not being willing to lose money or wanting to protect the money they put into their retirement savings plan compared to 38% who are willing to accept some risk in exchange for higher returns. However, young adults stated risk tolerance also varies by demographic group and is generally linked to their investment engagement. High-income and male young adults, both of whom are more likely to say they actively manage their

money, also say they are willing to accept some risk of losing some of the money they put into a retirement plan in exchange for higher returns (52% and 44%, respectively). An exception to the link between investment behavior and risk tolerance is Black/African American young adults who say they actively manage their investments (55% vs. 36% for all young adults) and also lean toward being more risk-averse (56%).

Risk tolerance

Risk tolerance is individual but those with high incomes are more likely to tolerate higher risk.

Tolerance for risk vs. return



Tolerance for risk vs. return by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k-\$100k	\$100k+	White	Black	Hisp.
I am not willing to lose money in a retirement plan/I want to protect the money I put in it	45%	55%	52%	54%	46%	56%	52%	38%	47%	56%	55%
I am willing to accept the risk of losing some of the money I put in a retirement plan in exchange for higher returns	44%	33%	36%	36%	42%	33%	36%	52%	41%	35%	34%

## Young adults believe their retirement plan provides for a guaranteed minimum income, regardless of their risk tolerance

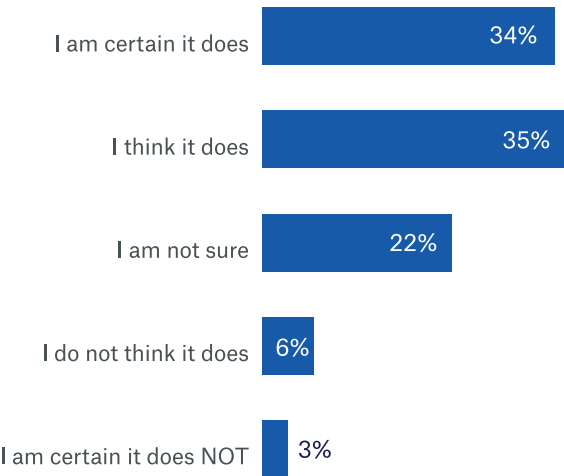
Despite their stated risk tolerance, young adults are uncertain as to whether their retirement plan provides a guaranteed minimum income. Over two-thirds of young adults are either certain that their retirement plan provides a guaranteed minimum income (34%) or think it does (35%). The remaining third are not sure (22%), do not think it does (6%), or are certain that it does not (3%).



### Guaranteed income

There is uncertainty about whether their retirement plan provides a guaranteed minimum income.

#### Know whether their retirement plan provides a guaranteed minimum income



(n=732 have retirement savings plan)

Young adults’ uncertainty about whether their workplace retirement savings plan provides guaranteed minimum income is troubling and also begs the question of whether they fully understand their retirement plan features.

Interestingly, male and high-income young adults, who are the most likely demographic groups to say they both actively manage their investments and are willing to accept higher risk for potentially higher returns, are also more likely to say their workplace retirement plan provides guaranteed minimum income (41% and 43%, respectively, compared to 27% female

and 30% low-income young adults). Female young adults, who are more likely to say they want to protect their money, are evenly split as to whether their workplace retirement plan provides for guaranteed minimum income (27% are certain, 31% think it does and 31% are unsure). Black/African American young adults, who lean to being risk-adverse and are the most likely of any demographic group to say they actively manage their investments, are also the most likely of any demographic group to say with certainty that their retirement plan provides for a guaranteed minimum income (47%).

Know whether their retirement plan provides a minimum guaranteed income by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k- \$100k	\$100k+	White	Black	Hisp.
I am certain it does	41%	27%	33%	31%	38%	30%	32%	43%	31%	47%	41%
I think it does	38%	31%	33%	33%	38%	38%	36%	29%	32%	37%	37%
I am not sure	15%	31%	25%	24%	18%	23%	24%	19%	26%	13%	16%
I do not think it does	3%	9%	5%	8%	4%	6%	7%	4%	7%	2%	3%
I am certain it does NOT	3%	3%	3%	3%	2%	4%	1%	5%	4%	1%	2%

(n=732 have retirement savings plan)





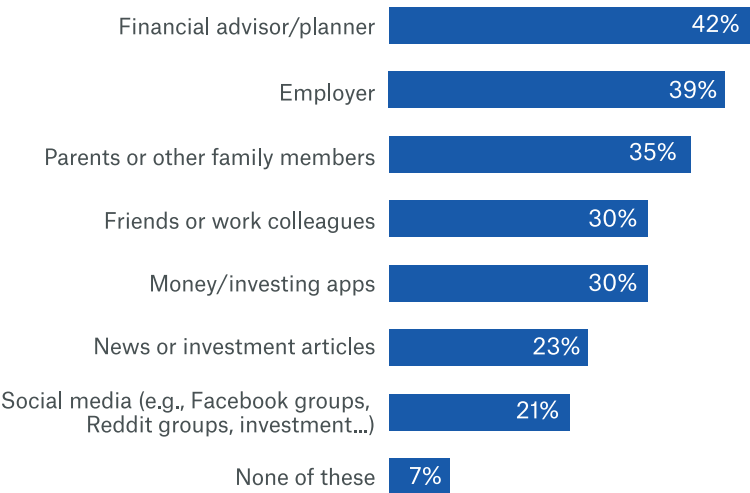
## Young adults cite many trusted sources for retirement planning information

Young adults vary as to their trusted sources for retirement planning information. There are no standout authoritative sources. Two in five young adults (42%) identify financial advisors/planners as a trusted source, followed by employers (39%), parents/other family members (35%), and friends or work colleagues (30%). Black/African American young adults are less likely than white young adults to identify either financial advisors/planners as a trusted source (32% vs. 44%) or parents/family members (22% vs. 39%) and are more likely than their white counterparts to rely on social media (29% Black/African American vs. 19% white young adults). Young

women are more likely than young men to rely on parents/family members (41% vs. 30% men) and substantially more high-income than low-income young adults are likely to identify either financial advisors (56% vs. 30% low-income young adults) or employers (44% vs. 32% low-income young adults) as a trusted source. Male and high-income young adults who are more likely than female and low-income young adults to say they actively manage their retirement plan savings are also more likely to cite money/investing apps (37% male and 43% high-income young adults vs. 25% female and 26% low-income young adults) and news or investment articles (28% male and 37% high-income young adults vs. 18% female and 17% low-income young adults) as trusted sources.

### Young adults’ trusted sources of retirement planning information

#### Trusted sources for retirement planning information



Young adults’ trusted sources of retirement planning information by demographics

	Gender		Age			Income			Race		
	Male	Female	24-27	28-31	32-35	<\$50k	\$50k- \$100k	\$100k+	White	Black	Hisp.
Financial advisor/planner	42%	42%	40%	42%	42%	30%	45%	56%	44%	32%	42%
Employer	38%	41%	38%	39%	42%	32%	44%	44%	41%	38%	37%
Parents or other family members	30%	41%	37%	36%	32%	35%	36%	34%	39%	22%	31%
Friends or work colleagues	30%	29%	34%	28%	27%	26%	31%	33%	32%	26%	27%
Money/investing apps	37%	25%	31%	27%	34%	26%	27%	43%	29%	31%	32%
News or investment articles	28%	18%	21%	21%	26%	17%	21%	37%	23%	22%	21%
Social media	26%	17%	21%	21%	23%	18%	21%	27%	19%	29%	22%
None of these	6%	7%	7%	7%	7%	12%	5%	1%	7%	10%	5%



## Conclusion

Most young adults believe they can make a difference on global issues like climate change. However, this optimism does not extend to their personal financial situations. Young adults are struggling financially, and too many are living paycheck to paycheck. While most cite saving as a top financial goal, many, especially women and low-income young adults, are not saving habitually. Those who are saving, however, are more likely to believe they are securing their financial future, enjoying life, and can handle a major expense. Although most young adults participate in some kind of a retirement savings plan, expectations of fully retiring and how to finance retirement differ among various demographic groups. High-income young adults, who are the most optimistic about fully retiring when they expect or want, are also among the most likely to say they both participate in a workplace retirement plan and expect to finance their retirement through their retirement plan savings. Of particular note is the disconnect between the level of risk young adults are willing to take with their retirement savings and their engagement in and understanding of their plan investments and features, including whether the plan provides any guaranteed minimum income in retirement.



Those who save are more likely to believe they are securing their financial future, enjoying life, and can handle a major expense

Young adults are our future and, overall, they are committed to making a difference on global issues. We owe it to them to help with their own financial future. Employers, family members, advisors, and financial institutions all have a role in recognizing the particular financial challenges facing various demographic groups. They can help young adults establish short- and long-term financial plans that include paying down debt, budgeting, and saving habitually for retirement and other financial goals. Employers should provide financial wellness programs to help young adults plan and reduce their financial stress, establish auto plan features, and auto-enroll young adults into their workplace retirement savings plan. Employers also need to help young adults increase their understanding of appropriate diversification of retirement savings investments and whether their workplace plan provides for minimum income guarantees at retirement, as well as provide default options and tools to help young adults with their investments and guaranteed forms of payment at retirement. Finally, employers must educate young adults about these benefits in ways most likely to reach them, and also schedule periodic check-ins.

Young adults can help themselves by taking the time to understand and participate in their workplace benefits. They should take advantage of their retirement plan tools, such as retirement income calculators and lifecycle funds, to help them determine the appropriate savings rate and investment options to achieve their retirement savings goals. Young adults without access to a workplace retirement savings plan or financial wellness program should contact their bank, an advisor, or another financial services provider for help setting up a personal retirement savings plan and investment strategy. Taking these actions will go a long way toward helping young adults manage their financial stress and secure their own financial and retirement future.

## Methodology and references

The Young Adults Personal and World Outlook Survey was conducted by the AgingWell Hub, part of Business for Impact at Georgetown University's McDonough School of Business, in partnership with TIAA. It was fielded March 2-7, 2023, and designed and executed by Edge Research utilizing an online panel to produce a nationally representative sample across the U.S. with 1,009 full-time employed respondents, ages 24 to 35, across all genders, age bands, geographies, and education and income levels. Sufficient samples of races/ethnicities and marital, parent, and student statuses were collected.

## Endnotes

- 1 Indeed Editorial Team. (2022). *Gen Z vs. millennials: Definitions and key differences*. Indeed.com Canada <https://ca.indeed.com/career-advice/career-development/gen-z-vs-millennials>
- 2 For the purposes of this Survey, low-income is defined as less than \$50,000 household income, middle income is defined as between \$50,000 and \$100,000 household income, and high-income is defined as over \$100,000 in household income.
- 3 Yakoboski, P.J., Lusardi, A., & Hasler, A. (2023). *Financial well-being and literacy in a high-inflation environment: The 2023 TIAA Institute-GFLEC Personal Finance Index*. TIAA Institute; Global Financial Literacy Excellence Center. <https://www.tiaa.org/public/institute/publication/2023/financial-well-being-and-literacy-in-a-high-inflation-environment> pps. 11, 16
- 4 Crutchfield, L. R. (2020). *Black Lives Matter: From protests to lasting change*. Business for Impact; Georgetown University, McDonough School of Business <https://businessforimpact.georgetown.edu/uncategorized/black-lives-matter-from-protests-to-lasting-change/>
- 5 Tang, N. (2022). Build women's financial confidence to improve their financial wellness. *Women's Voices of Expertise and Experience*. TIAA Institute. <https://www.tiaa.org/public/institute/publication/2022/build-womens-financial-confidence-improve-their-financial-wellness-ning-tang-san-diego>
- 6 According to Lending Tree's analysis of three million anonymized credit reports of users who lived in the 100 largest metropolitan statistical areas in 2021, 52.8% of Gen Zers and 69.7% of millennials carry credit card debt, compared with 28.5% and 37.5%, respectively, who carry student debt. McNair, K. (2021). *Debt by generation: How non-mortgage debt breaks down for Gen Zers, millennials, Gen Xers, and baby boomers*. Lendingtree.com. <https://www.lendingtree.com/debt-consolidation/debt-by-generation-study/#keyfindings>
- 7 Baum, S. (2022). Student debt: Do women bear a heavier burden? *Women's Voices of Expertise and Experience*. TIAA Institute. <https://www.tiaa.org/public/institute/publication/2022/student-debt-do-women-bear-heavier-burden-sandy-baum-senior-fellow-urban-institute>
- 8 According to the U.S. Census Bureau, "in 2021, full-time, year-round working women earned 84% of what their male counterparts earned." However the earnings gap was narrower for young adults. (Aragão, C. (2023). Gender pay gap in U.S. hasn't changed much in two decades. Pew Research Center. <https://www.pewresearch.org/short-reads/2023/03/01/gender-pay-gap-facts/>  
The number of female caregivers also exceeds the number of male caregivers, 61% to 39%. National Alliance for Caregiving. (2020). Caregiving in the US. <https://www.caregiving.org/research/caregiving-in-the-us/>

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## About the AgingWell Hub

The AgingWell Hub is committed to harnessing the power of business and cross-sector collaboration to help individuals of all generations age well, with a special focus on the nexus of financial security, good health, and connected communities.

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