

Letter from Andrew Plepler, Global Corporate Social Responsibility Executive

We are pleased to share the results from the second Bank of America/USA TODAY Better Money Habits Millennial Report, which measures millennials' attitudes and priorities around money. This report also reveals insights into the "money mindsets" of parents of millennials.

We found that, despite what we as parents may believe, our children are listening to us and watching our habits on the topic of money. In fact, nearly two-thirds of them say that their parents were their primary source of information on financial management skills. And the good news is that the majority feel like they did a pretty good job. Our research suggests that those whose parents taught them the importance of good financial skills and saving are better prepared to make wise money management choices later in life. We're encouraged to see that money and finances are regular topics of conversation among families. It seems that by making sure these conversations are occurring early and often, parents can continue to make an impact.

We also found that the Great Recession of 2008 has had a lasting impact on millennials — they grew up watching their family cut back on spending and saving and in turn, millennials are more apt to save for emergencies than anything else.

We also found that parents—even more so than millennials—believe that today's young adults have it harder when it comes to living within their means than when their parents were of a similar age. Parents seem to feel responsible for their millennial children, providing ongoing financial support well into their children's adulthood, and there seems to be a communication gap as to when that support will end.

We want people to feel empowered to make financial decisions at any stage in life. One way we do this is through BetterMoneyHabits.com — a free, objective, online education resource that delivers easy-to-understand information on a wide range of personal finance topics, developed in partnership with education nonprofit Khan Academy. We've recently added new content to help parents introduce money concepts and lessons to their elementary, middle-school and high-school aged children. Topics range from establishing allowances to setting up money rules and introducing children to banking.

We hope these findings create awareness and discussion for families around building strong financial habits. It's never too early to begin teaching your children the money basics that will help to secure their financial future.

Methodology

In follow-up research to a November 2014 report on millennials' financial habits, Bank of America and USA TODAY surveyed 1,000 millennials and 1,005 parents of millennial children to examine the parental influence on the money habits and views of today's young adults and to understand how these compare among generations. The survey was conducted online during the period of March 4 – March 11, 2015 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, millennial respondents had to be 18 to 34 years old and the parent sampling group had to have a child(ren) between the ages of 18 and 34. The margin of sampling error is +/- 3.4 percentage points at the 95 percent confidence level.



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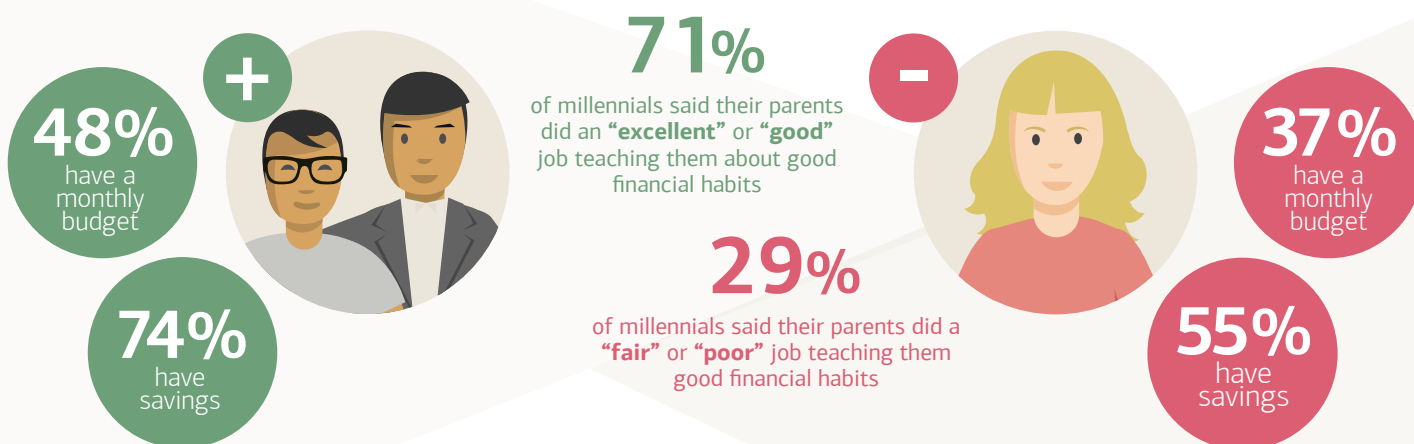
About the Bank of America/USA TODAY Better Money Habits Millennial Report ¹

Lessons for life: millennials mirror parents' habits on money management

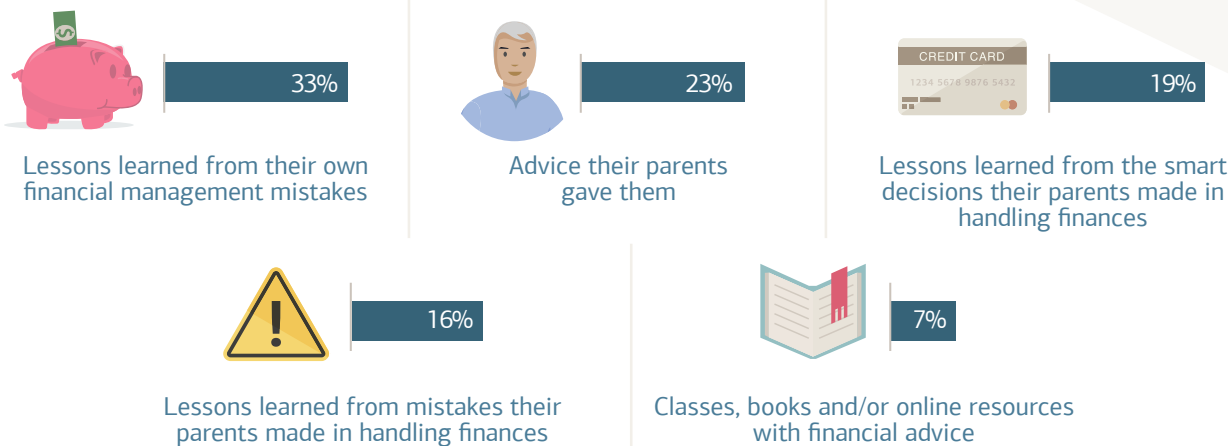
There is a strong association between young adults who say their parents did an "excellent" or "good" job teaching them about good financial habits and those who are currently saving and making a budget.

Habits of millennials with excellent/good parental influence

Habits of millennials with fair/poor parental influence



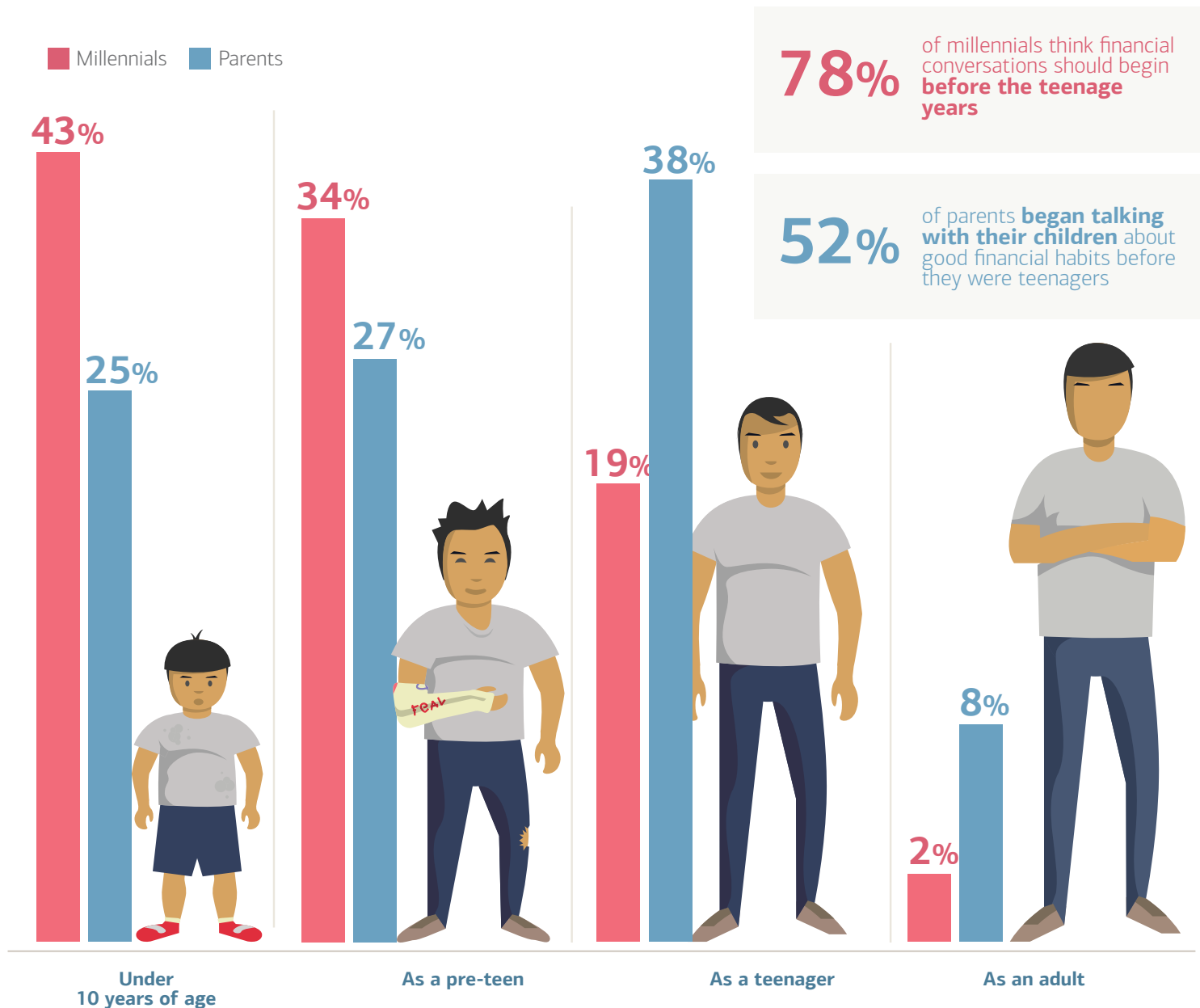
The majority of millennials (58 percent) indicate that their parents had the **greatest impact** on their own handling of finances, whether it was advice or lessons learned from their parents' smart decisions or mistakes.



Millennials

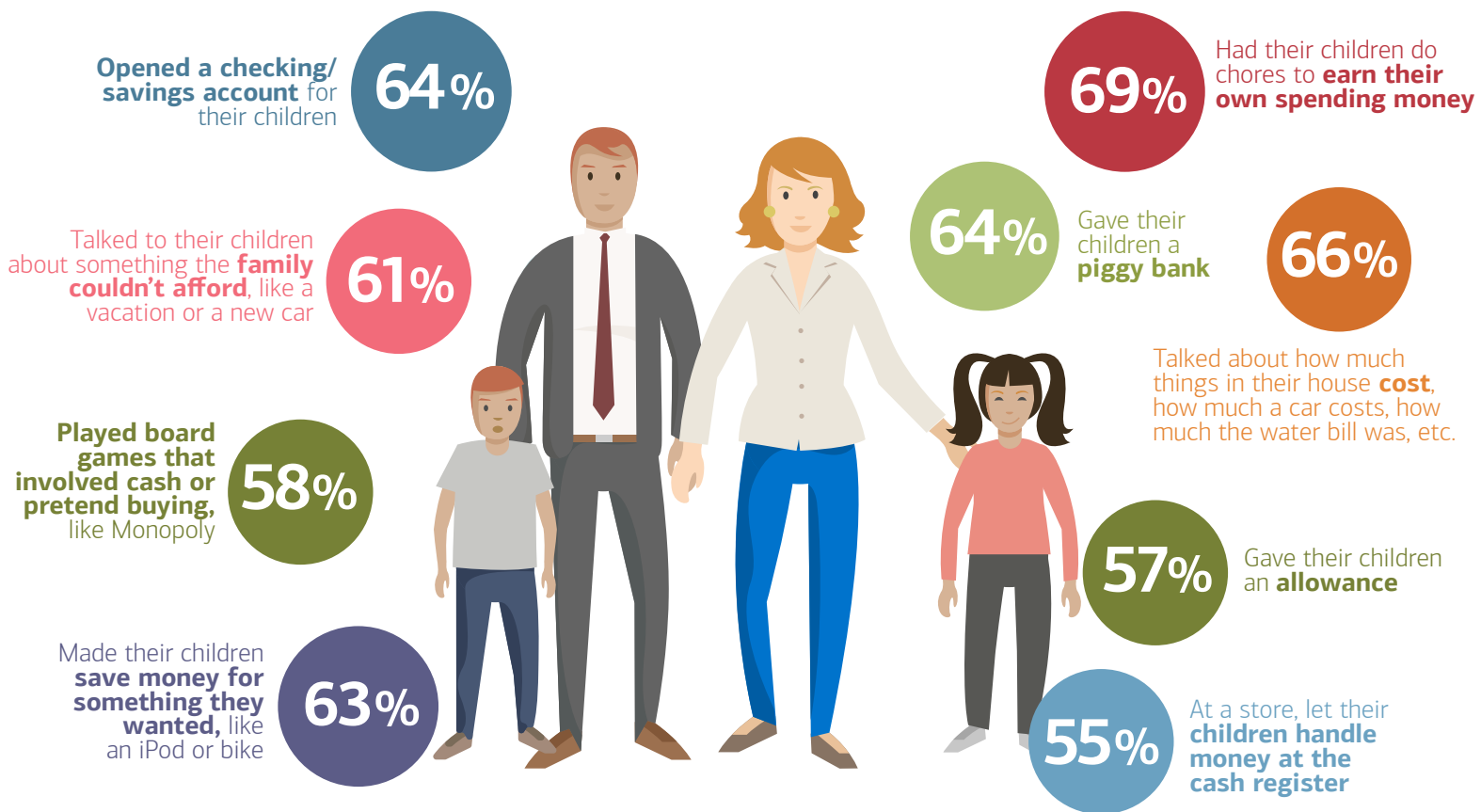
When should parents begin talking to their children about finances?

More than three-quarters of millennials think parent-child conversations about money should start before the teen years. Parents were more inclined to begin those conversations with their millennial children when they were older.



Kids see, kids do: how parents taught their millennial children about money

Parents used a variety of tactics to teach their millennial children about finances.*



In addition to parental guidance, both millennials and their parents say they get financial information from a variety of sources.*



Millennials

- 62% Parents
- 29% Friends
- 28% Other family members
- 27% School
- 13% Local bank
- 12% Personal finance websites



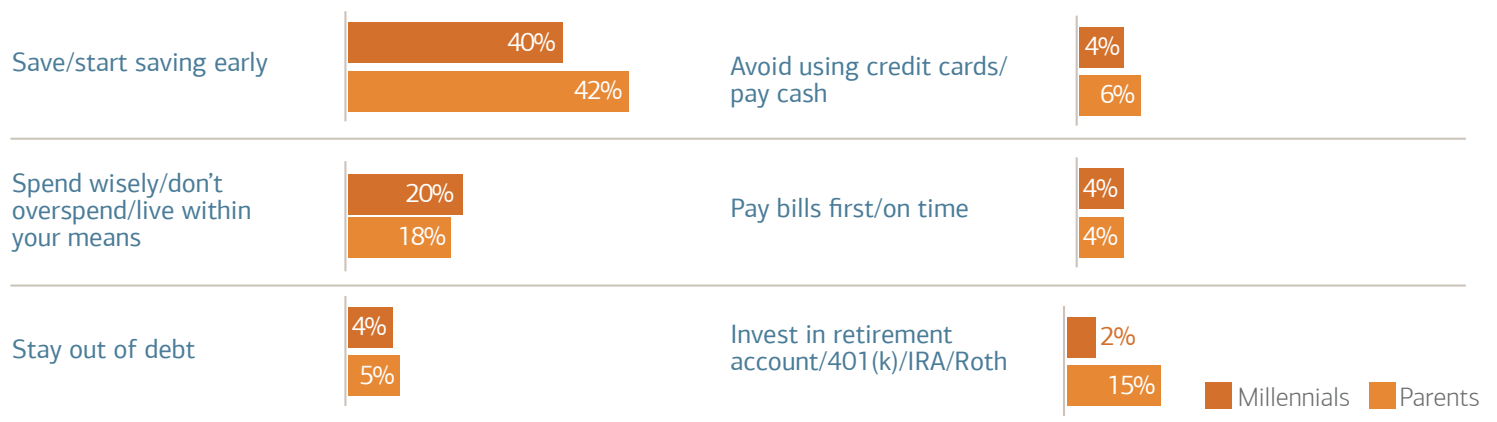
Parents

- 41% Parents
- 29% Other family members
- 25% Professional/financial advisor
- 22% Friends
- 19% Employer
- 18% Books on financial topics

Saving is important to everyone, but millennials put long-term goals on the backburner

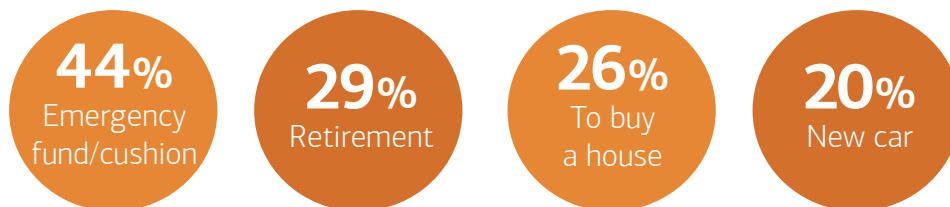
Parents and millennials agree that the most important piece of financial guidance parents can give to their children is to save and save early.

What is the most important financial guidance parents can give to their children?

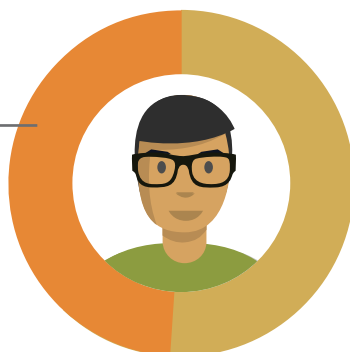


Savings gap for long term goals

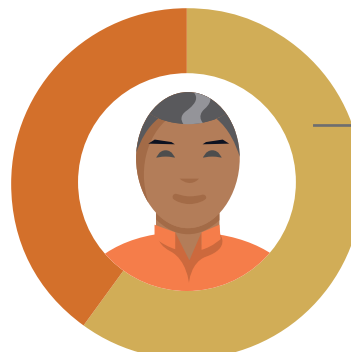
While saving early is a common piece of advice parents give their children, it's easier said than done. As a whole, millennials are saving for the following longer-term goals:*



45% of **MILLENNIALS** recall talking with their parents about retirement savings



62% of **PARENTS** talked to their children about the importance of putting money into a retirement fund

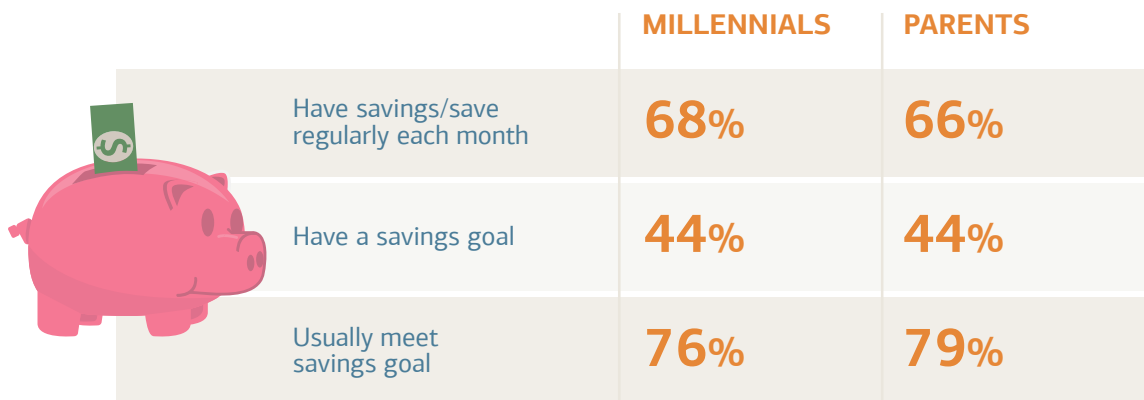


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Importance of setting savings goals

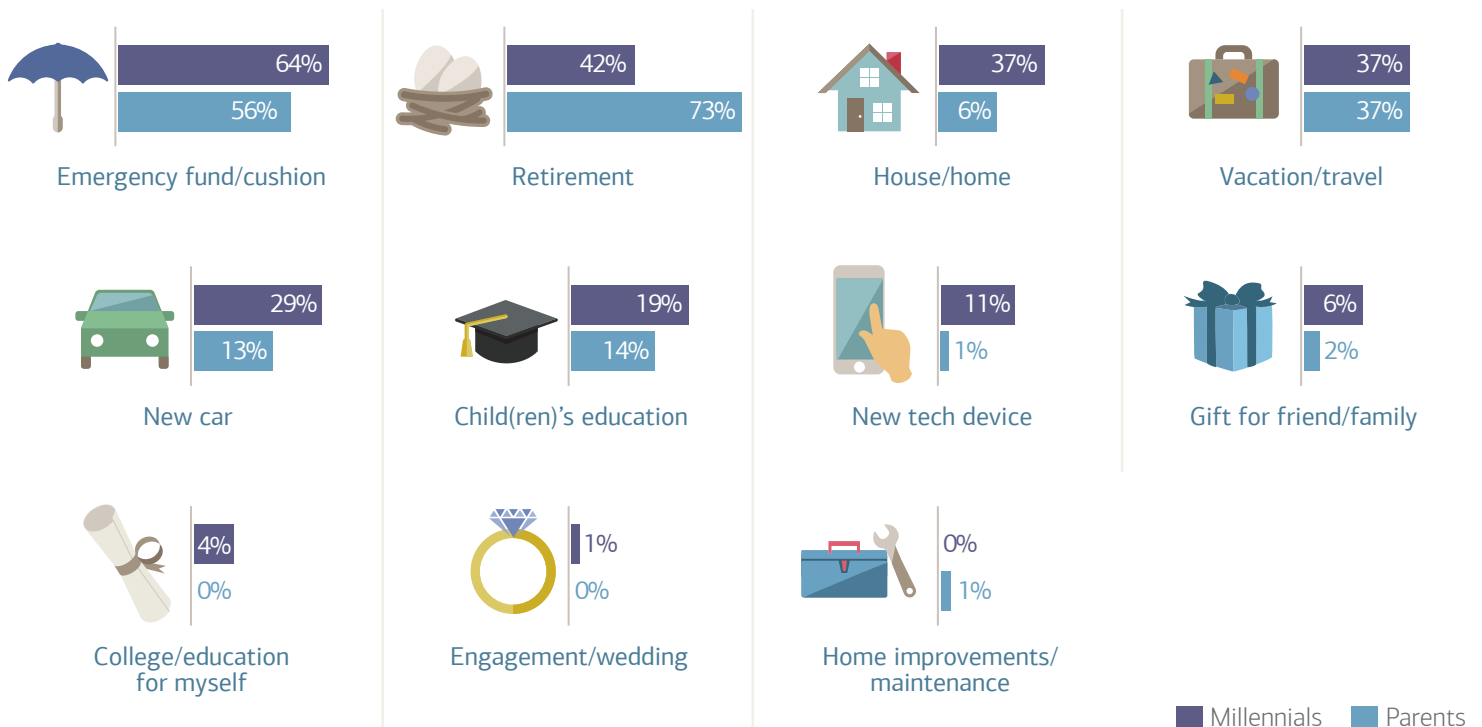
Around two-thirds of both groups have savings, and those who set a savings goal tend to meet it.



Millennials were asked if they have savings; parents were asked if they save monthly.

What millennials and their parents are saving for

Saving for an emergency fund is a top savings goal for millennials, while parents' top goal is saving for retirement. There is also a difference between the two groups on saving for things such as a car, a house or a new tech device.*

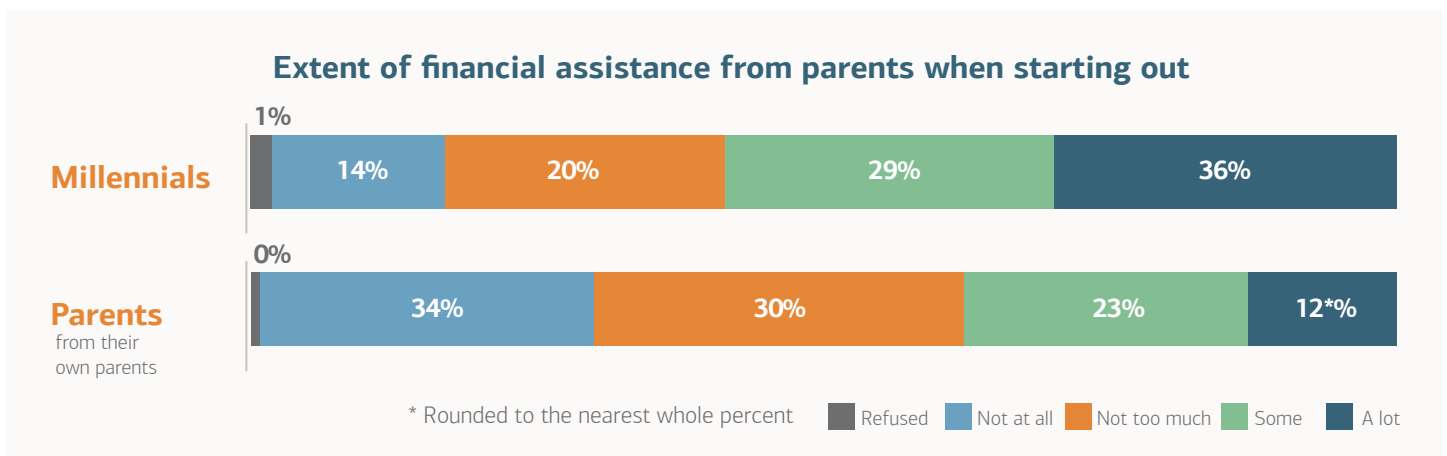


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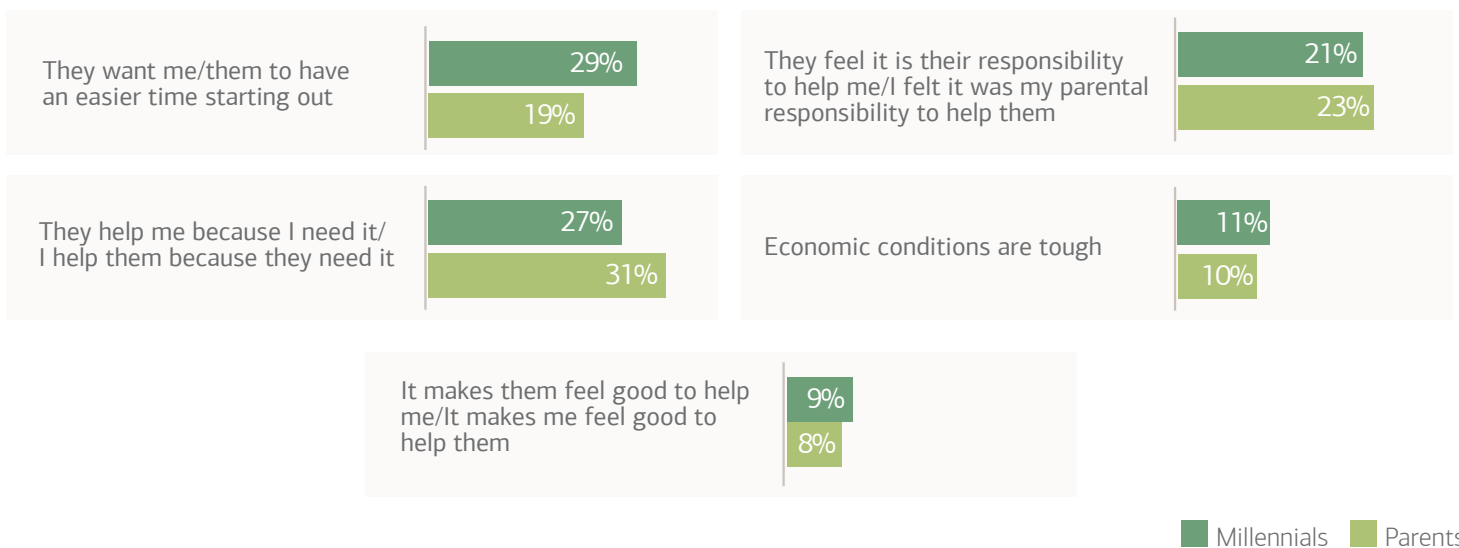
Today's parents are more likely to provide more financial support to their adult children than they received

There is a major generational shift on the issue of parental financial support for adult children. Nearly two-thirds of millennials say their parents helped them out “a lot” or “some” when they were just starting out, compared to 36 percent of parents who say they received the same degree of financial help at the same stage in life.



Parents may be comfortable providing financial assistance because they believe their children truly need it.

Reasons for helping kids out financially

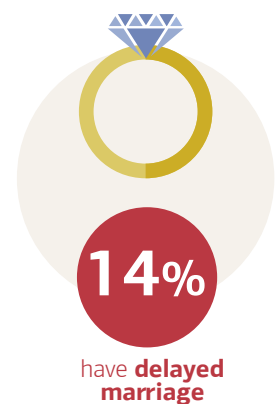
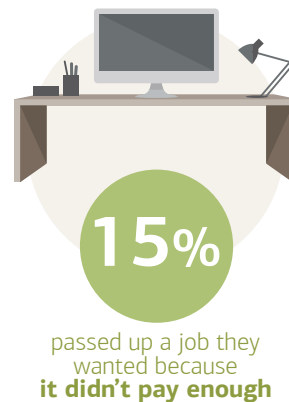
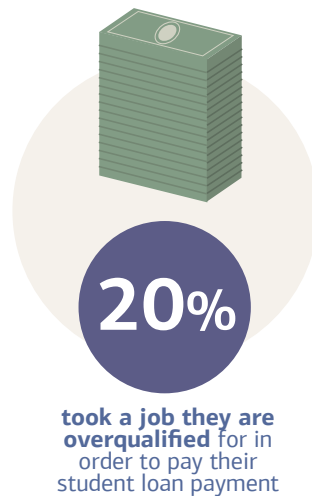
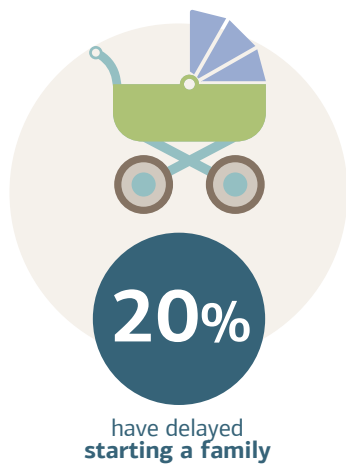


Student loan pressures are inhibiting personal lives and career goals



Nearly half of respondents noted their family has a student loan that the millennial pays, one in five has a student loan that the parent pays, and approximately one in ten parents has taken out an additional loan to pay for their children's education. More than half (54 percent) of millennials with a student loan say it has a lot or some impact on their ability to save.

Additionally, these student loans are impacting some millennial life decisions



Among millennials who are in or went to college a majority (66 percent) felt at least somewhat prepared to make financial decisions about how to fund it; a similar proportion (70 percent) of parents with college-educated kids also felt prepared.

The Great Recession significantly impacted parents' and millennials' money mindsets

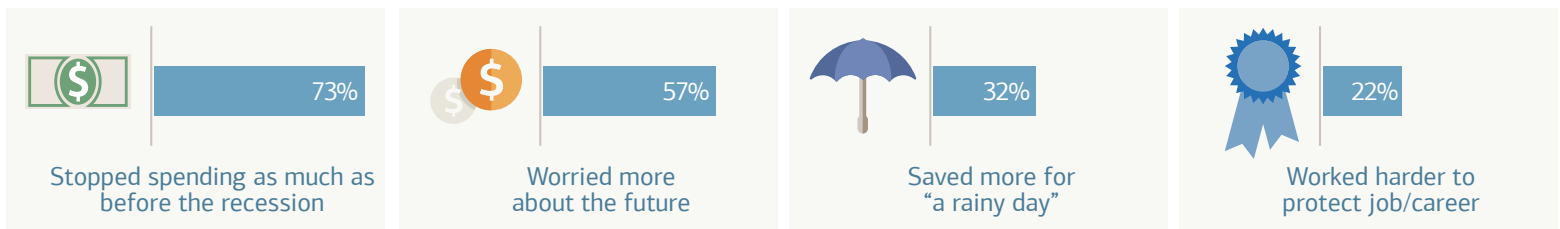
Parents and millennials both report lasting financial impacts from the Great Recession - another reason why parents may think their adult children need continuing financial support.

One-half of millennials and nearly two-thirds of parents say the **Great Recession of 2008 had a direct impact on their family's finances**

Majorities of millennials and parents feel that **young adults today have struggled to find jobs and are still impacted by the economic downturn**, with about one-third "completely agreeing"

The effects of the Great Recession continue to impact how people spend and plan for their future. Sixty-three percent of parents and 32 percent of millennials say the Great Recession personally affected them; of millennials directly affected, nearly half said it was hard to find a job.

Parents curtailed spending, have increased worries about future



*Of those who said the Great Recession changed their financial outlook or behavior ■ Parents

Millennials also feel pressures from Great Recession

The Great Recession changed the way 49 percent of all millennials think about saving/investing/spending. Among those whose financial mindsets have changed, it has made them **more reluctant to:**

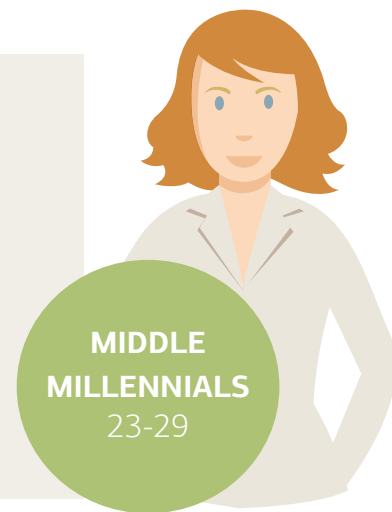


Profiles of millennial age groups



Millennials in the 18-22 year old range are mostly single and are currently going to school. This group goes to their parents for financial advice more often than their older counterparts. A large number still receive financial support from their parents. Those who are saving are not likely to have a 401(k) or IRA. They are saving for a house, a vacation, and their own education. Most are going or went to college. One third have student loans that they pay. They get their financial information from their parents and from their coursework at school.

The middle group of millennials is split between being single and married. Most are employed. They are more likely to make a budget than either of the other age groups and are saving to buy a house more than others. They are also saving for vacations, and half have a savings goal. More than half who went to college are paying for their own student loans. Some have delayed starting a family due to these loans. They still use what they learned in school and from their parents for financial guidance, but are also more likely than younger millennials to turn to a professional advisor or their employer.



Millennials 30 and older are mostly married and employed. They have more money saved than younger millennials and are more likely to be saving for retirement and their children's education. Half make a monthly budget and have a savings goal. More than half who went to college still have student loans that they pay themselves and have suffered the ill effects of these loans by having to delay starting a family or taking a job that did not suit them. This group uses a wider variety of financial information. Aside from their parents, they turn to professional advisors, employers and books for financial information.

About the Bank of America/USA TODAY Better Money Habits™ Millennial Report

The Bank of America/USA TODAY “Better Money Habits Millennial Report” was conducted online among 2,005 adults during the period of March 4 – March 11, 2015 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, millennial respondents had to be 18 to 34 years old and the parent sampling group had to have a child(ren) between the ages of 18 and 34. The margin of sampling error is +/- 3.4 percentage points at the 95 percent confidence level.

About Bank of America

At Bank of America, we have a clear purpose to help make financial lives better. This includes ensuring people have the access to the knowledge and resources they need to make the right financial decisions and achieve their personal goals. Among the ways we do that is through BetterMoneyHabits.com, our online financial education resource developed in partnership with Khan Academy, a nonprofit with the mission to provide a free world-class education for anyone, anywhere. The site – free, objective and open for all – pairs Khan Academy’s expertise in online learning with our financial know-how to deliver, easy-to-understand information on a wide range of personal finance topics including saving, budgeting, building credit, paying down debt, paying for college, buying a house, families and money. Since the site launched in 2013, we’ve connected millions of people to information to help them make more confident financial decisions. So far, we’ve seen more than 6.4 million visits the site and our content has been viewed more than 36.2 million times. To learn more, visit BetterMoneyHabits.com.

**Denotes responses that exceed 100% as multiple answers were allowed.*