Letter from Andrew Plepler
Environmental, Social and Governance Executive

We are pleased to share the results of Young Americans & Money, a new Bank of America/USA TODAY Better Money Habits® report. With this report, we set out to understand how the nation’s rising generations are thinking about their financial futures.

In past reports, we surveyed all millennials, which includes today’s 35-year-olds. This year, we wanted to understand a younger mindset—those of young people who were still in school during the Great Recession (2008), those just starting out in the job market and many of whom are voting for the first or second time. To this end, we surveyed 18- to 26-year-olds, a smaller swath that includes both younger millennials (ages 22 to 26) and the older members of Generation Z (ages 18 to 21).

We learned that when it comes to financial matters, these young people are both cautiously optimistic and practical. They have positive feelings about their own financial futures but also have doubts about both the economy and the job market. With one in three carrying student debt, they are striving for independence but having trouble achieving it. Financial challenges are blocking their path to adulthood, and they’re not necessarily feeling prepared to deal with the practical challenges that lie ahead. Nearly all of those surveyed said they wish they had learned more about money matters in school – more so than any other subject.

Pragmatism may be driving their approach to the presidential election, too. For young Americans today, financial issues that affect them personally are top of mind: job growth, health care costs and college affordability/student debt. While pocketbook issues carry weight, at the end of the day, they will vote for the candidate who is best for the country over one who would improve their personal financial situation.

Having seen the fragility of the economy, young Americans are aware of the headwinds they may face and feel they may not be getting the support that they need. That is one reason we created Better Money Habits®. Through a partnership with the innovative education nonprofit Khan Academy, Bank of America offers free online resources that explain financial topics in a simple and conversational way.

Methodology

Bank of America and USA TODAY commissioned a survey of 2,180 18- to 26-year-olds to explore their views on personal financial matters. The survey was conducted online in both English and Spanish, during the period of July 1–July 21, 2016. Interviews were conducted by GfK Public Communications and Social Science, using GfK’s KnowledgePanel®, a statistically representative sample source used to yield results that are projectable to the American population. To qualify, respondents had to be 18 to 26 years old. The margin of sampling error for national data is +/- 3.5 percentage points at the 95 percent confidence level. Margin of error for the state of Ohio and the Charlotte, NC; Columbia, SC; Dallas, TX; Detroit, MI; Philadelphia, PA/Wilmington, DE; Phoenix, AZ; Seattle-Tacoma, WA; San Francisco, CA; Boston, MA; and Raleigh-Durham, NC DMA Augments are higher than that of the national sample.
Grounded optimism: Young Americans are realistic, proceeding with caution

As a group that came of age during the Great Recession, young Americans ages 18 to 26 are proceeding with caution when it comes to financial matters. While they are generally optimistic about their prospects, they tend to worry about jobs and the economy.

- 16% are very optimistic about their financial future
- 54% are somewhat optimistic about their financial future
- 24% are not too optimistic about their financial future
- 6% are not at all optimistic about their financial future
- 3% describe the economy as very good
- 41% describe the economy as somewhat good
- 43% describe the economy as somewhat poor
- 14% describe the economy as very poor
- 12% say the job market is very good
- 44% say the job market is somewhat good
- 34% say the job market is somewhat poor
- 9% say the job market is very poor

Nearly half (49%) of respondents are pessimistic about finding a career that they will really like.

A majority (59%) of respondents reported being worried about finding a job/career path that will support the lifestyle they’ve envisioned for themselves.
What’s age got to do with it? The new meaning of adulthood

For these rising generations, the definition of adulthood has changed. It is less about age and more about financial independence. In fact, the majority of young Americans (62 percent) don’t feel like adults when they turn 18.

Age that young Americans think of themselves as independent adults

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Younger than 18</td>
<td>9%</td>
</tr>
<tr>
<td>18 years old</td>
<td>27%</td>
</tr>
<tr>
<td>19 to 20 years old</td>
<td>15%</td>
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<tr>
<td>21 years old</td>
<td>15%</td>
</tr>
<tr>
<td>22 to 24 years old</td>
<td>17%</td>
</tr>
<tr>
<td>25 years old</td>
<td>9%</td>
</tr>
<tr>
<td>Older than 25</td>
<td>6%</td>
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</tbody>
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Education level makes a difference; parents play a significant role

Those without college experience were more likely to characterize themselves as adults at an earlier age. Thirty-six percent of those who had no college experience consider adulthood to begin at age 18, compared to 24 percent of those who attended college. For those who feel like adults, most say it’s because parents helped prepare them (60 percent), they have a job (60 percent) or they have good role models (49 percent). For those who do not feel like adults, the main reason—cited by about eight in ten—is because they still rely on their parents. For 57 percent, it’s because they do not make enough money. For nearly a quarter of 22- to 26-year-olds, it’s because they have too much debt.

Financial independence marks adulthood

When asked to define adulthood in their own words, their most common response was financial independence. Economic accomplishments outweighed more traditional life milestones like getting married, moving out on their own or graduating from high school or college.
The responsibilities that come with “adulting”

Achieving financial independence isn’t easy, and most young Americans are having trouble supporting themselves. Many do not pay their own rent, do their own taxes or have their own health insurance. Not surprisingly, hitting certain “adult” milestones tends to come with age, but that’s not the case when setting aside money in a savings account. Young Americans ages 18 to 21 were just as likely to be saving as those ages 22 to 26.

Women tend to be more financially independent than men

- 61% have set aside savings vs. 55% of men
- 34% do their own taxes vs. 28% of men
- 33% have their own health insurance plan vs. 25% of men
- 38% pay their own rent vs. 32% of men
High school, college degrees don’t guarantee financial smarts

More than four in 10 young Americans who attended college either somewhat or completely disagreed when asked if college had prepared them for the “real world.” That’s a daunting number considering that one in three currently hold student debt.

With so many things to teach, high schools and colleges may be falling short when it comes to financial education, and there is a need to fill the gap. Of those who attended college, only 41 percent said their college education did a good job of teaching them good financial habits, and only 31 percent said their high school education did so. When asked what they wish they had learned more about in school, financial topics occupied the top of the list.

What young Americans wish they had learned more about in school

Young Americans are often looking beyond the classroom to fill this gap. In past research, we found that nearly two-thirds of them say that their parents were their primary source of information on financial management skills.
Young voters prioritizing pocketbook issues

With worries about finding jobs, uncertainty about the economy and the stress of student debt, it’s no wonder young Americans are voting with financial matters on their mind. When voting, the majority of first- and second-time voters in this age group said economic issues (65 percent) were more important to them than social issues (34 percent)—contrary to popular belief.

When considering presidential candidates, job growth tops the list of the three most important issues 18- to 26-year-olds would like to hear candidates’ positions on. Health care costs (25 percent) and student debt/college affordability (24 percent) follow closely to round out the list of top three issues.

### Economic issues most important

- Job growth/unemployment: 27%
- Health care costs: 25%
- Student debt/college affordability: 24%
- National security: 23%
- National economy: 22%
- Education: 20%
- Immigration: 20%
- Gun safety/control: 19%
- Taxes: 17%
- Civil rights: 14%
- Federal spending/deficit: 13%
- Social equality: 11%
- Energy and the environment: 11%
- Foreign policy: 11%
- Wage inequality: 10%
- Retirement/Social Security: 7%
- Personal safety: 5%
- Inflation: 4%
- Privacy and data surveillance: 4%
- Paid family leave: 3%
- Other: 3%
Young voters expect election to impact their finances

Young voters are feeling personally invested in the presidential election—more than three-quarters expect the outcome to affect them financially.

At the same time, 18- to 26-year-olds favor the greater good, saying they would rather pick a presidential candidate who would improve the country as a whole (79 percent) and not just their own personal financial situation (21 percent).

Student debt driving voting decisions

The majority of 18- to 26-year-olds who have student debt (57 percent) said it will impact their voting decision, with 22 percent reporting that it’s impacting their decision a great deal.
Across the country, young voters have different priorities and concerns when it comes to the election.

**SAN FRANCISCO, CA**
Young Americans in San Francisco said student debt will impact how they vote—either somewhat or a great deal.

84% San Francisco vs. 57% National

**SEATTLE, WA**
Job growth/unemployment is the top financial concern in the election for young Americans in Seattle.

30% Seattle vs. 14% National

**DALLAS, TX**
Young Americans in Dallas said that taxes are the most important issue to them when voting.

26% Dallas vs. 17% National

**DETROIT, MI**
Health care costs are the top financial concern in the election for young Americans in Detroit.

20% Detroit vs. 12% National

**PHOENIX, AZ**
National security is the most important issue to young Americans in Phoenix when choosing how to vote this election.

70% Phoenix vs. 51% National

**COLUMBIA, SC**
Young Americans in Columbia said a candidate’s position on social issues is more important than economic issues.

61% Columbia vs. 34% National

**PHILADELPHIA, PA**
Young Americans in Philadelphia ranked social equality as the most important issue on which to know a candidate’s position.

66% Philadelphia vs. 28% National
About Better Money Habits®

Bank of America has made a substantial commitment to address the need for better financial education by partnering with Khan Academy—a nonprofit with the mission of providing a free, world-class education to anyone, anywhere. Together, we’ve developed Better Money Habits®, a free, objective online financial resource that pairs Khan Academy’s expertise in online learning with the financial know-how of Bank of America. Better Money Habits® delivers simple, easy-to-understand information on a wide range of personal finance topics, including saving, budgeting, building credit, paying down debt, paying for college and buying a house.

About Bank of America Environmental, Social and Governance

At Bank of America, our focus on Environmental, Social and Governance (ESG) factors is critical to fulfilling our purpose of helping make people’s financial lives better. Our commitment to growing our business responsibly is embedded in every aspect of our company. It is demonstrated in the inclusive and supportive workplace we create for our employees, the responsible products and services we offer our customers, and the impact we help create around the world in helping local economies thrive. An important part of this work is forming strong partnerships across sectors—including community and environmental advocate groups, as well as nonprofits—in order to bring together our collective networks and expertise to achieve greater impact. Learn more at www.bankofamerica.com/about and connect with us on Twitter at @BofA_News.