



NEWS RELEASE

As Investors Navigate Their 30s and 40s, Most Feel Positive About Their Finances, According to New Research from Ameriprise Financial

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Millennials are busy juggling careers, families and other competing priorities in an uncertain economic environment – but six in ten still feel good about their financial situations

MINNEAPOLIS--(BUSINESS WIRE)-- Despite facing significant economic headwinds in their coming-of-age years, including the Dot-Com Crash, the Great Recession, and the Covid-19 pandemic, millennials – defined as investors ages 27 to 42 – have a solid financial foundation. Six out of 10 (61%) within this age group feel good about their finances, according to new research from Ameriprise Financial. Among millennials who work with a financial professional, three-quarters (76%) feel good about where they stand financially.

But that's not to say they're carefree. Nine out of 10 (90%) of those surveyed by Ameriprise say they are concerned about inflation, and eight out of 10 (80%) are worried about interest rates.

They're also in a busy season of life, often juggling careers, families and other responsibilities. More than half of millennials (56%) report feeling the pressure of balancing multiple financial priorities, which is markedly higher than older generations. Only 38% of Gen Xers and 23% of boomers said managing competing priorities is difficult.

Despite the complexities, most millennials think they are faring well relative to their age cohort. Nearly six in 10 (58%) say they believe they are doing better financially compared to their peers.

The study also uncovered:

- Millennials' financial priorities differ from previous generations. Over half of millennials said one of their top three money goals is "increasing my income" (54%) followed by "paying down debt" (42%). In comparison, 66% of Gen Xers surveyed said "saving for retirement" was their top goal, and boomers reported that "protecting accumulated wealth" (55%) is their No. 1 priority.
- They have received significant financial help from family – and many expect additional assistance in the future. Seventy-eight percent of millennials reported receiving money – including inheritances, college funds, and down payments on a car or home – from family members. Among those who recall the amount, more than a quarter (27%) of millennials said they received \$25,000 or more. And surprisingly, 41% of millennials expect to receive financial help in the future. Comparatively, 24% of Gen Xers and 5% of boomers expect family members to contribute to their financial well-being down the road.

"Most millennials are in their 30s and 40s, and their lives – including their finances – are busier and more complex than ever," said **Marcy Keckler, Senior Vice President of Financial Advice Strategy** at Ameriprise. "They've lived through major events in history and weathered the ups and downs of various economic cycles, which has informed their worldview and given them confidence that they will be able to tackle whatever the future holds."

But Keckler added a word of caution, noting that those who expect to receive financial assistance from family should have a Plan B in case the gifts don't come through or match their expectations in terms of size or timing. "Just as curve balls have been thrown at millennials in the past, the future will no doubt be full of surprises. The best thing investors of any age can do is to take control of what they can, and work toward their immediate and long-term goals with the help of a professional who can advise them along the way."

What keeps investors in their 30s and 40s up at night?

Despite their overall confidence, the Ameriprise study shows millennials may be losing sleep as they work to balance competing priorities for their time and money. Among their top concerns:

1. **Continued economic uncertainty.** Investors in this cohort are worried about global issues affecting their financial situation over the next year. An overwhelming majority (90%) say they are very or somewhat concerned about high inflation, tax increases (84%), a recession (83%), and high interest rates (80%). These macroeconomic issues may be undercutting their outlook on their personal finances. When asked to rank their top financial fears, 23% said "not being able to provide for my family," 15% said "losing my job" and 12% said "not having enough money to retire."
2. **The burden of debt.** As they take on more life responsibilities, millennials are feeling the strain of debt. The study found eight in ten (81%) millennial investors have debt and more than half of them (57%) report it is impacting their ability to achieve other goals. Among millennials with some form of debt, 62% have credit card debt

and 32% have student loans. Additionally, nearly one in five (18%) have some form of medical debt.

3. **Necessity of securing their own retirement.** The study reported only 29% of millennials have access to a pension compared to 48% of Gen X and 64% of boomers – a stark reminder that the retirement landscape has shifted over the decades, putting the onus on investors to save for their own retirements versus relying on funds from their employers. And although they have several decades before retirement, only one-quarter (27%) of millennials believe it's completely realistic they will be able to retire at their chosen time.

On a positive note, the study showed millennials are taking the responsibility to save for retirement seriously. Their generation started retirement investing earlier than older generations at a median age of 25 (compared to age 28 for Gen X and 30 for boomers), and one-third (36%) of millennials are already receiving passive income from sources including dividends, rental income, and royalties.

“Millennials today are in the intense yet rewarding period in life when it's common to be trying to make progress toward multiple important priorities all at once,” added Keckler. “Rather than letting their circumstances overwhelm them, millennials should know that no matter where they are along their individual financial journeys, there are ways they can feel more confident and in control.”

Steps investors can take to further bolster their finances

The Ameriprise research unveils three steps millennials can take to capitalize on their success so far and continue making progress toward their goals:

1. **Act to withstand current economic conditions:** Nearly all millennials (95%) surveyed say they have taken action to weather the present economic circumstances. Sixty percent report spending less and 48% say they are saving more.
2. **Take friends' advice with a grain of salt.** Nearly a quarter of millennials surveyed (22%) say they have sought advice from family members or friends. While this could be helpful, in reality, taking financial advice from an unqualified source could be costly. In fact, 37% of millennials who received bad financial advice from someone and acted on it said the tip came from a friend.
3. **Consider the tax treatment of retirement assets:** The Ameriprise survey shows millennials may be disproportionately missing key opportunities to save on their tax bill. Fewer than three in ten millennials (28%) consider tax diversification when investing for retirement, and more than one-quarter (27%) of millennials do not know the tax treatment of their investment accounts. This lack of awareness could cost millennials money-saving tax breaks and even result in penalties (contribution limits for certain retirement accounts depend on income) if they're not careful.

“Now is the time for millennials to crystalize their long-term financial goals,” said Keckler. “Instead of relying on well-meaning friends, take the next milestone step of consulting a seasoned financial advisor for qualified advice specific

to your unique circumstances.”

About the survey

The 2023 research was created by Ameriprise Financial Inc. and conducted online by Artemis Strategy Group from January 19 to February 14, 2023 among 3,518 Americans ages 27–77. Millennial respondents have \$25,000 or more in investable assets, and Gen X and boomer respondents have \$100,000 or more. The sample is weighted on region and by generation on age, gender, race/ethnicity, assets, and income based on the Federal Reserve 2021 Survey of Household Economics and Decisionmaking (SHED). To ensure sufficient response sizes for additional analysis, Ameriprise oversampled investors who identify as millennials. For further information and details about the study, including verification of data that may not be published as part of this report, please contact Ameriprise Financial or go to ameriprise.com/millennials.

About Artemis Strategy Group

Artemis Strategy Group (www.Artemisssg.com) is a communications strategy research firm specializing in brand positioning, thought leadership and policy issues.

About Ameriprise Financial

At **Ameriprise Financial**, we have been helping people feel confident about their financial future for more than 125 years. With extensive investment advice, asset management and insurance capabilities and a nationwide network of approximately 10,000 financial advisors¹, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs.

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¹ Ameriprise Financial Q4 2022 Earnings Release.

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