



NEWS RELEASE

Spending and Saving Differences Surface Between Millennials, Gen Xers and Boomers in Ameriprise Financial Trade-Offs Study

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Ninety-three percent of survey respondents* say they make trade-offs in order to save more, but Millennials are struggling to find a balance

MINNEAPOLIS--(BUSINESS WIRE)-- More than half of Americans surveyed say they are saving up to an average of \$185 per month by consciously cutting back on eating out, entertainment and clothing, according to the Financial Trade-Offs study released today by Ameriprise Financial (NYSE:AMP). The survey found encouraging insights that indicate people are making a conscious effort to spend less discretionary income in order to save more. However, it also uncovered that many Americans haven't cut back on areas that can make the biggest impact on their savings. The multi-generational study surveyed Americans ages 25 to 67 with at least \$25,000 in investable assets and access to an employer-sponsored retirement plan.*

The survey found that while many Americans are spending less on smaller items, fewer respondents said they are scaling back on big expense areas such as mortgage payments/rent (24% of those with this expense have cut back), college education for their family (25%) and vacations (49%). However, cutting back on these types of expenses is likely to generate the most savings – up to an average of \$475 per month according to these respondents.

"It can be difficult to make adjustments to your expenses in order to save more, but the extra cash can really add up over time to make a big impact," said Suzanna de Baca, vice president of wealth strategies at Ameriprise Financial. "Whether you're saving for retirement, building an emergency fund or earmarking a stash for future healthcare costs, cutting back today in order to save more for tomorrow can be rewarding both financially and

emotionally.”

Millennials rein in spending but fail to save diligently

The study found that Millennials (born after 1980) are more likely than both Boomers and Gen Xers to be consciously cutting back on all 18 discretionary expense categories listed in the survey. This includes things like electronics (69% of Millennials say they've cut back on this compared to 57% of Gen Xers and 45% of Boomers) and car payments (32% of Millennials have scaled these back – more than any other generation surveyed).

Despite making prudent trade-off choices, the study reveals that younger Americans are still likely to take on a large amount of debt while trying to balance other financial goals. Of those who own a car, 76% feel that their car payments have been a stretch (significantly more than older Americans who are making payments on an auto loan). A similar proportion (78%) says their credit card or other miscellaneous bills has made them feel stretched financially.

Even more concerning is that far fewer Millennials (59%) than Boomers (75%) admit they have a monthly savings plan and an underwhelming 57% with access to an employer-sponsored retirement plan are contributing enough to take full advantage of their employer's match. Additionally, it's possible that younger Americans are anticipating financial hurdles down the road; more than two-thirds (69%) say they have either reduced their contributions to their employer-sponsored plan or would consider doing so in the future. Surprisingly, despite these financial hardships, one in four (27%) Millennials hopes to buy a vacation home someday and two in five (40%) would like to fund private K-12 education for their children.

Boomers and Generation X commit to saving

The Financial Trade-Offs study demonstrates that as Americans age, their attitude toward saving may improve; four in five (81%) Boomers and 75% of Gen Xers consider themselves to be more of a saver than a spender compared to 65% of Millennials. This perspective is supported by the fact that 45% of Boomers and 38% of Gen Xers are maxing out their 401(k) contributions and more than two-thirds of respondents from these generations say they have a monthly savings plan.

However, older Americans can pad their savings even more by cutting down on discretionary spending. Boomers and Gen Xers were less likely than Millennials to be scaling back their purchases in every expense category indicated in the survey. For example, 79% of Millennials have cut back on eating out – the most popular (and arguably the easiest) expense that Americans can spend less on. However, significantly fewer Boomers (51%) and Gen Xers (70%) admit they've consciously made an effort to spend less in this area.

Mortgages still stretch younger Americans' wallets

Despite tighter lending limits, it appears that many young homeowners have still borrowed beyond their means to afford their homes. Three in five (60%) Gen Xers and 77% of Millennial homeowners admit that their mortgage payments have been a stretch. This becomes even more concerning considering that for those respondents who say their mortgage has been a stretch, a significant portion describes it as a big financial stretch (32% of Millennials and 21% of Gen Xers).

"The good news is that some Americans have taken action to reduce their housing expenses," said Pat O'Connell, executive vice president of the Ameriprise Advisor Group. "Still, 60 percent of all survey respondents say they have not – and don't plan to – adjust the amount they're spending on housing in order to save more. Spending less on a mortgage or rent isn't easy, but it's important that Americans looking to move to a new home keep in mind their savings goals and set a realistic budget."

For more information about the study, see our [Financial Trade-Offs research page](#). To hear additional insights from Suzanna de Baca, visit [YouTube.com](#).

* About the survey

The Financial Trade-Offs study was created by Ameriprise Financial utilizing survey responses from 3,002 employed Americans with access to an employer sponsored retirement plan (or with a spouse that has access to an employer sponsored plan) ages 25-67 who are primary financial decision makers or share in financial decisions in their household. All respondents ages 25 – 49 have investable assets of at least \$25,000 while those over 50 have at least \$250,000 (including employer retirement plans, but not real estate). The survey was commissioned by Ameriprise Financial, Inc. and conducted via online interviews by Koski Research from November 25 – December 16, 2013.

About Koski Research

Koski Research is focused on having better conversations with key stakeholders – customers and clients, influencers, business peers and the general public. The firm combines high level proprietary custom research with research conducted for public release. All of this research relies on asking engaging questions, applying research acumen to create solid study designs and using marketing smarts to produce executive-ready reports that lead to action.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel confident about their financial future for 120 years. With

outstanding asset management, advisory and insurance capabilities and a nationwide network of approximately 10,000 financial advisors, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs. For more information, or to find an Ameriprise financial advisor, visit ameriprise.com.

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For further information and detail about the Financial Trade-Offs study including verification of data that may not be published as part of this report, please contact Ameriprise Financial.

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