

Generational views on financial advice, investing, and retirement



A Vanguard Digital Advisor™ survey

August 2020

Methodology

Vanguard conducted an online survey among a nationally representative sample of U.S. adults ages 18 to 64 with minimum household incomes of \$50,000. A total of 1,568 individuals participated, including 885 millennials ages 24 to 39. The survey was active from May 12 through May 21, 2020. It examined Americans' feelings about financial advice, investing, and retirement, as well as how perspectives have shifted in light of COVID-19 and the corresponding market volatility.

Key takeaways on millennials

Investing

Before the pandemic, millennials were most likely to associate investing with words such as cautious (32%), optimistic (29%), and motivated (23%). In light of COVID-19, they now associate investing with cautious (46%), fearful (28%), and skeptical (27%).

Nearly a quarter of millennials (23%) are more overwhelmed with the thought of investing amid the pandemic—a larger percentage than any other generation (20% of Generation Z, 16% of Generation X, and 11% for young baby boomers, aged 56-64).

Only one in ten millennials have canceled or postponed contributing to a retirement account because of COVID-19.

Retirement

Nearly two-thirds (63%) of millennials define a successful retirement as being able to do what they want when they want.

Bucking traditional retirement norms, more than six in ten millennials (61%) plan to retire before age 65 and 22% plan to retire before age 60.

For many millennials, retirement doesn't mean completely leaving the workforce; 39% intend to pursue a new career and 35% plan to start a business.

Financial advice

The majority of millennials have never received professional financial advice, but nearly half say COVID-19 has increased their interest in obtaining it, far more likely than Gen X (31%) or young boomers (26%).

Millennials are twice as likely as young boomers to consider using a robo-advisor (51% vs. 24%) and are far more likely than Gen X (36%) to do so.

Detailed findings

The impact of COVID-19 on Americans' finances

Six in ten Americans report that COVID-19 has had a negative impact on their personal finances. Young boomers are the hardest hit, with nearly two-thirds (64%) stating that their personal finances have been hurt. Among Gen Z, despite their being the most likely to be unemployed or furloughed, nearly a quarter (24%) indicate that the economic downturn has helped their finances.

HOW HAS THE ECONOMIC DOWNTURN IMPACTED YOUR PERSONAL FINANCES?					
% SELECTING*					
	All	Gen Z	Millennials	Gen X	Young boomers
Net: Negatively	60%	57%	57%	62%	64%
Net: Positively	12%	24%	17%	7%	4%
Very negatively	11%	10%	9%	13%	15%
Somewhat negatively	49%	47%	48%	49%	50%
Somewhat positively	8%	16%	12%	6%	3%
Very positively	4%	9%	5%	1%	<1%
Not at all	27%	19%	26%	31%	32%

*Net percentages may differ because of rounding.

As a result, most Americans (62%) are managing their finances more closely. Gen Z (77%) and millennials (69%) are most likely to say they are paying closer attention to their personal finances in light of COVID-19. Four in ten (39%) of Gen Z and just over one-third (35%) of millennials are paying much closer attention to their finances.

WHICH OF THE FOLLOWING BEST DESCRIBES HOW CLOSELY YOU ARE MANAGING YOUR FINANCES BECAUSE OF COVID-19?					
% SELECTING*					
	All	Gen Z	Millennials	Gen X	Young boomers
Net: More closely	62%	77%	69%	57%	54%
Much more closely than before	31%	39%	35%	28%	26%
Somewhat more closely than before	31%	38%	34%	29%	29%
About the same as before	35%	17%	29%	41%	45%
Not sure	3%	6%	2%	2%	<1%

*Net percentages may differ because of rounding.

The impact of COVID-19 on Americans' finances

Amid the pandemic, Americans' top financial concerns are the economy's impact on retirement plans and other investments. Four in ten (43%) identify the economy's impact on retirement plans as one of their top-three financial concerns, including about one-third (32%) of millennials. About one-third (32%) rank non-retirement investments as a top-three concern, including one-fourth (25%) of Gen Z and millennials, one-third (32%) of Gen X, and nearly half (46%) of young boomers.

WHICH OF THE FOLLOWING PERSONAL FINANCIAL ISSUES CONCERN YOU MOST TODAY? PLEASE RANK YOUR TOP THREE.

% SELECTING (TOP THREE COMBINED)

	All	Gen Z	Millennials	Gen X	Young boomers
The economy's impact on my retirement plan	43%	24%	32%	52%	59%
The economy's impact on my non-retirement plan investments	32%	25%	25%	32%	46%
Losing my job or being furloughed	31%	40%	32%	33%	15%
Having my household's income reduced	27%	19%	28%	28%	26%
Being able to pay bills like rent, mortgage, or utilities	20%	27%	23%	17%	11%
The impact of COVID-19 on my parents' finances	16%	24%	25%	9%	6%
Being able to pay for necessities like food and medicine	16%	31%	18%	12%	9%
Having to take money out savings accounts to make ends meet	13%	15%	16%	11%	8%
The ability to pay off debt for credit cards and loans other than a mortgage	13%	14%	15%	15%	6%
Having to increase credit card debt to make ends meet	12%	17%	15%	11%	5%
Being able to help my parents or children who may need financial help	10%	15%	11%	6%	12%
Having to put my retirement on hold until the market recovers	9%	5%	8%	11%	10%
Having to take a loan from my retirement plan to make ends meet	7%	4%	10%	6%	3%

Three-quarters of Americans report having their normal lives disrupted by COVID-19.

By far the most common impact is canceling or postponing vacation travel (68%). Nearly one in ten (8%) have canceled or postponed contributing to a retirement account. More than one in ten millennials (11%) have postponed buying a home, more so than any other generation.

HAVE YOU CANCELED OR POSTPONED ANY OF THE FOLLOWING BECAUSE OF COVID-19?

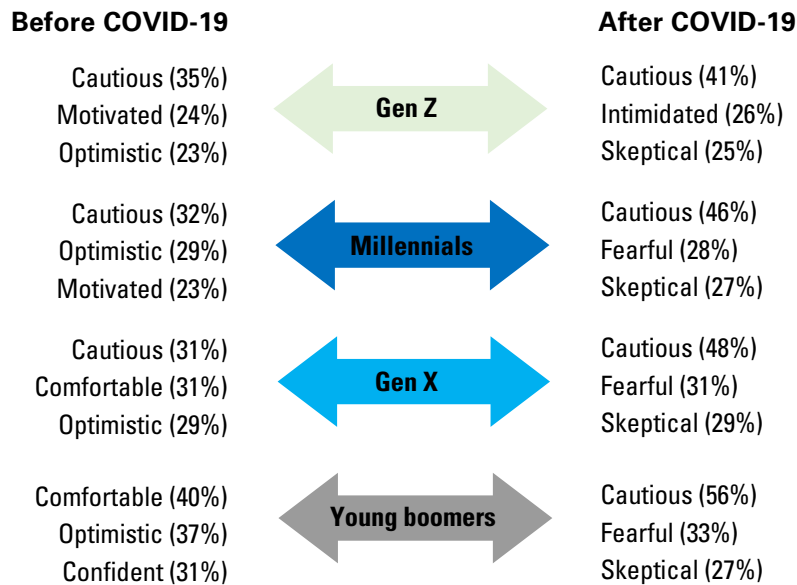
% SELECTING

	All	Gen Z	Millennials	Gen X	Young boomers
Net: Have cancelled or postponed	75%	80%	77%	69%	76%
Vacation travel	68%	66%	69%	66%	73%
Buying a car	16%	20%	17%	13%	11%
Contributing to a retirement account	8%	2%	10%	7%	7%
Buying a home	7%	9%	11%	3%	2%
Retirement	3%	<1%	2%	2%	5%
Starting a family	2%	2%	5%	<1%	<1%
Getting married	2%	5%	4%	<1%	1%

The impact of COVID-19 on Americans' outlook on investing

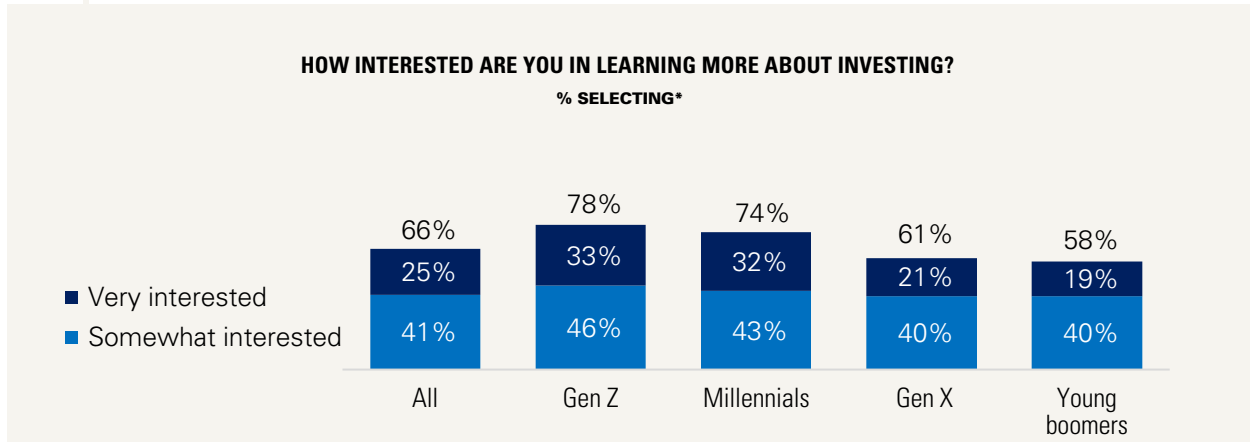
Confidence in investing has taken a hit across all generations. COVID-19 has undermined confidence, optimism, and motivation, and has made investors more cautious, fearful, and skeptical.

WHICH OF THE FOLLOWING BEST DESCRIBES YOUR FEELINGS TOWARD INVESTING BEFORE COVID-19/AFTER COVID-19?										
% SELECTING										
	All		Gen Z		Millennials		Gen X		Young boomers	
	Before	After	Before	After	Before	After	Before	After	Before	After
Cautious	33%	48%	35%	41%	32%	46%	31%	48%	31%	56%
Optimistic	30%	14%	23%	10%	29%	17%	29%	12%	37%	12%
Comfortable	28%	10%	14%	16%	22%	10%	31%	8%	40%	10%
Motivated	23%	12%	24%	17%	23%	14%	21%	9%	23%	9%
Confident	23%	12%	22%	16%	20%	11%	19%	11%	31%	8%
Intimidated	15%	18%	19%	26%	20%	21%	14%	16%	7%	10%
Overwhelmed	15%	17%	23%	20%	19%	23%	13%	16%	7%	11%
Excited	15%	7%	22%	11%	17%	8%	12%	5%	9%	3%
Confused	14%	16%	14%	19%	19%	19%	15%	16%	6%	11%
Skeptical	13%	28%	19%	25%	16%	27%	11%	29%	9%	27%
Fearful	10%	29%	16%	24%	11%	28%	8%	31%	7%	33%



The impact of COVID-19 on Americans' outlook on investing

Younger Americans are significantly more interested in learning about investing than older generations.



*Net percentages may differ because of rounding.

Americans' outlook on retirement

A successful retirement is most often defined by flexibility—the ability to do what you want when you want. That may mean having more time to spend with friends and family, or to travel (which stands out as more important among millennials and older generations), or to pursue hobbies (which is more important to younger generations).

HOW IMPORTANT ARE EACH OF THE FOLLOWING TO YOU PERSONALLY FOR A SUCCESSFUL RETIREMENT?

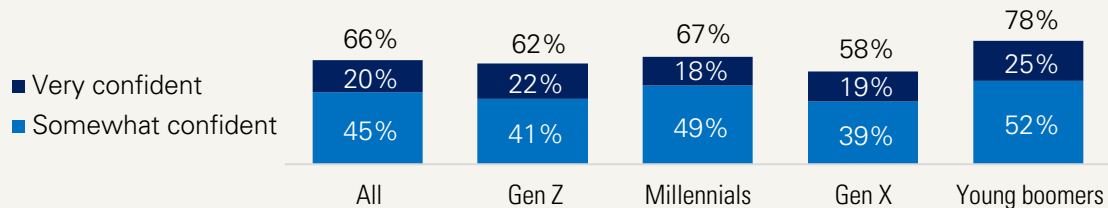
% SELECTING "VERY IMPORTANT"

	All	Gen Z	Millennials	Gen X	Young boomers
Flexibility to do what you want when you want	64%	42%	63%	69%	70%
More time with family and friends	60%	56%	62%	65%	54%
Pursuing hobbies	46%	52%	52%	43%	37%
Travel	57%	47%	56%	61%	59%
Maintaining my pre-retirement lifestyle	40%	29%	38%	45%	45%
Donating money to causes i care about	23%	29%	24%	20%	22%
Volunteer work	22%	28%	21%	22%	21%
Taking classes and learning new things	22%	30%	27%	19%	12%

Most Americans are fairly confident they are saving enough for retirement, but there is room for improvement. Two-thirds of Americans (66%) are at least somewhat confident they are putting away enough money to be financially secure in retirement. Looking across generations, young boomers (78%) and millennials (67%) are the most confident, while Gen X (58%) trails. Although these numbers appear relatively strong, only one in five Americans (20%) consider themselves "very confident."

HOW CONFIDENT ARE YOU THAT YOU'RE CURRENTLY SAVING ENOUGH TO BE FINANCIALLY SECURE IN RETIREMENT?

% SELECTING*



*Net percentages may differ because of rounding.

Americans' outlook on retirement

COVID-19 has distinctly affected views of financial security in retirement.

Nearly eight in ten (77%) are either less confident or unsure of the pandemic's economic impact on their future retirement security. Confidence is notably more eroded among young boomers and Gen X compared with younger generations. Despite the current environment, nearly a third of both Gen Z (32%) and millennials (31%) are optimistic, expressing even greater feelings of confidence about their future retirement prospects.

HOW HAS THE ECONOMIC CLIMATE DURING THE COVID-19 PANDEMIC AFFECTED YOUR CONFIDENCE THAT YOU WILL BE FINANCIALLY SECURE IN RETIREMENT?					
% SELECTING					
	All	Gen Z	Millennials	Gen X	Young boomers
More confident	24%	32%	31%	18%	17%
Less confident	52%	46%	45%	57%	61%
Unsure	25%	22%	24%	25%	22%

Younger generations plan to retire earlier. Although most Americans plan to retire around age 65, a growing number of those under 40 are targeting an earlier retirement. With time on their side, most of Gen Z (67%) and millennials (61%) plan to retire before age 65, and nearly a third of Gen Z (31%) and nearly a quarter of millennials (22%) plan to retire before 60.

AT WHAT AGE DO YOU PLAN TO RETIRE?					
% SELECTING*					
	All	Gen Z	Millennials	Gen X	Young boomers
Net: Before 60	20%	31%	22%	22%	7%
Net: Before 65	56%	67%	61%	54%	39%
Under 40	1%	3%	2%	<1%	<1%
40–49	3%	7%	3%	4%	<1%
50–59	16%	21%	17%	18%	7%
60–65	35%	36%	39%	32%	33%
Over 65	25%	16%	25%	29%	28%
I will never retire	3%	4%	2%	4%	4%
I am already retired	7%	<1%	<1%	4%	26%
Not sure	9%	13%	12%	9%	4%

*Net percentages may differ because of rounding.

Americans' outlook on retirement

Younger generations are also more likely to plan to pursue a new career or start a business once they reach retirement age. Nearly four in ten millennials (39%) plan to pursue a new career in retirement, and 35% plan to start a business. Millennials' top reason for planning to continue to work is "to stay active and alert," while Gen Z will continue working because they "enjoy what they do."

HOW LIKELY ARE YOU TO DO EACH OF THE FOLLOWING ONCE YOU REACH RETIREMENT AGE?
% SELECTING "VERY" OR "SOMEWHAT" LIKELY

	All	Gen Z	Millennials	Gen X	Young boomers
Continue to work in the same field	46%	55%	56%	45%	29%
Pursue a new career	31%	47%	39%	27%	16%
Start a business	24%	43%	35%	14%	8%

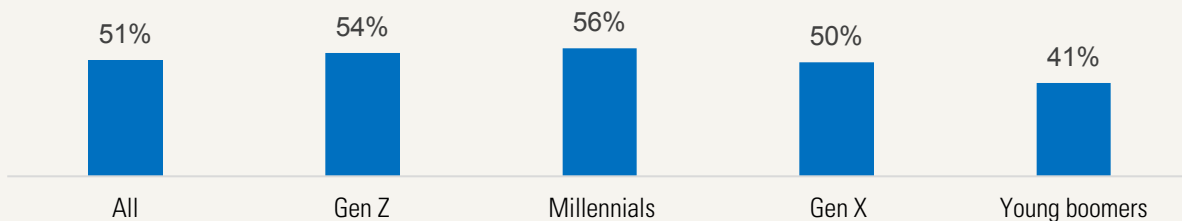
WHAT ARE THE REASONS YOU ARE LIKELY TO CONTINUE WORKING ONCE YOU REACH RETIREMENT AGE?
% SELECTING

	All	Gen Z	Millennials	Gen X	Young boomers
To stay active and alert	54%	45%	50%	57%	67%
I enjoy what I do	46%	60%	46%	41%	51%
To have a sense of purpose	44%	52%	43%	39%	52%

Americans' perceptions of professional financial advice amid COVID-19

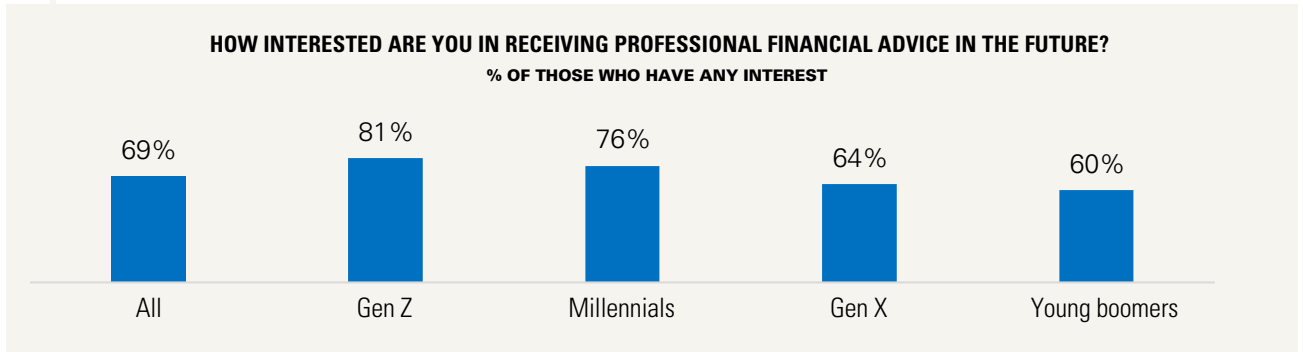
Half of Americans have never received professional financial advice. Younger Americans are less likely to have received financial advice, particularly Gen Z (54%) and millennials (56%).

HAVE YOU EVER RECEIVED PROFESSIONAL FINANCIAL ADVICE?
% OF THOSE WHO HAVE *NOT* RECEIVED ADVICE



Americans' perceptions of professional financial advice amid COVID-19

Most Americans are interested in receiving professional financial advice in the future, but younger generations are particularly interested, and many say COVID-19 has increased their interest. Four in five Gen Z members (81%) and three in four millennials (76%) are interested in receiving professional financial advice in the future, more than Gen X (64%) and young boomers (60%). Nearly half of Gen Z (49%) and millennials (46%) say COVID-19 has increased their interest in receiving professional financial advice, significantly more than Gen X (31%) or young boomers (26%).



HOW HAS COVID-19'S IMPACT ON THE ECONOMY AFFECTED YOUR INTEREST IN RECEIVING PROFESSIONAL FINANCIAL ADVICE?
 % SELECTING*

	All	Gen Z	Millennials	Gen X	Young boomers
Net: Increased	37%	49%	46%	31%	26%
Net: Decreased	13%	16%	13%	12%	13%
Increased a great deal	10%	11%	13%	6%	8%
Increased somewhat	28%	38%	33%	25%	19%
Decreased somewhat	10%	12%	11%	9%	9%
Decreased a great deal	3%	4%	2%	3%	4%
No impact	50%	34%	41%	57%	60%

*Net percentages may differ because of rounding.

Gen Z and millennials are more likely than older Americans to believe that robo-advisors are convenient and are significantly more likely to consider using them.

BASED ON WHAT YOU KNOW ABOUT ROBO-ADVISORS, HOW STRONGLY DO YOU AGREE OR DISAGREE WITH EACH OF THE FOLLOWING STATEMENTS?					
% SELECTING "STRONGLY" OR "SOMEWHAT" AGREE					
	All	Gen Z	Millennials	Gen X	Young boomers
A robo-advisor would be a convenient way to invest	54%	57%	61%	48%	47%
I would consider using a robo-advisor for my investments	41%	54%	51%	36%	24%
A robo-advisor would be a safe way to invest	38%	49%	47%	33%	24%
A robo-advisor would be ideal in a volatile market	35%	46%	43%	30%	22%
I would feel more confident investing my money if an automated service was making personalized decisions for me	34%	45%	44%	29%	15%

Gen Z and millennials also find specific capabilities of robo-advisors significantly more useful than older Americans do. Nearly three-quarters of Gen Z and millennials would find asset allocation across accounts, savings goals, an aggregate view of debt, planning for emergency savings, and guidance on paying down debt to be useful. Only about half of older Americans would find any of these capabilities useful.

HOW USEFUL WOULD YOU FIND EACH OF THE FOLLOWING CAPABILITIES OF A ROBO-ADVISOR?					
% SELECTING "VERY" OR "SOMEWHAT" USEFUL					
	All	Gen Z	Millennials	Gen X	Young boomers
Analyzes and recommends where I should place extra money across debt, emergency savings, and retirement accounts	64%	75%	74%	55%	55%
Helps me plan and save for any goal I have (e.g., a new home or a big trip)	62%	74%	74%	52%	48%
Helps me plan for emergency savings	60%	76%	73%	51%	47%
Provides an aggregate view of my debt across accounts (e.g., credit cards, loans, or otherwise)	60%	72%	70%	53%	48%
Offers guidance on how to best pay down my debt with the money I have	58%	71%	71%	48%	46%

Definitions of Generations:

Gen Z: born 1997-2002

Millennials: born 1981 to 1996

Gen X: born 1965 to 1980

Young boomers: born 1956 to 1964

All investing is subject to risk, including the possible loss of the money you invest.

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