Financial Industry Regulatory Authority

2017 FINRA Annual Conference
Washington, DC | May 16 – 18, 2017

Millennials: Trends and Challenges of New Clientele
Thursday, May 18
9:00 a.m. – 10:00 a.m.

One of the largest generations in history is about to move into its prime spending years. Millennials with unique experiences and behaviors are poised to reshape how the financial industry conducts business. Join FINRA staff and industry practitioners as they discuss changing client demographics and steps their firms are taking to cater to the next generation of financial consumers.

Moderator:

Patricia Albrecht
Senior Director
FINRA Member Relations and Education

Panelists:

Dana Schmidt
Chief Compliance Officer
LOYAL3 Securities, Inc.

Gerri Walsh
President, FINRA Foundation and Senior Vice President
FINRA Office of Investor Education

Sue Zhou
General Counsel and Chief Compliance Officer
WiseBanyan Securities LLC

Millennials: Trends and Challenges of New Clientele Panelist Bios:

Moderator:

Patricia Albrecht is a senior director with FINRA's Member Relations and Education Department and manages the FINRA Institute at Wharton for the Certified Regulatory and Compliance Professional™ (CRCP™) program and FINRA's Half-Day Compliance Boot Camp program. Previously, she was an associate general counsel in FINRA's Office of General Counsel, and served in the same role at NASD before its 2007 consolidation with NYSE Member Regulation, which resulted in the formation of FINRA. She also has worked at the U.S. Securities and Exchange Commission in various offices and departments, including the Office of General Counsel and the Division of Trading and Markets, and serving as a counselor to Commissioner Norman Johnson. In addition, Ms. Albrecht worked for several years as a staff attorney at the U.S. Federal Fifth Circuit Court of Appeals and completed a federal judicial clerkship with U.S. District Court Judge Harry Lee Hudspeth.

Panelists:

Dana Schmidt is Chief Compliance Officer for LOYAL3 Securities, Inc., a San Francisco-based self-clearing online broker offering IPOs, other opportunities for fee-free investing, and Stock Rewards, a program which allows business to turn their customers into shareholders. Ms. Schmidt, who joined the firm in 2014, holds the Series 7, 24, 63, 79, and 99 licenses. Prior to joining LOYAL3, she served as CCO and CAO of MicroPlace, an eBay/PayPal broker-dealer platform offering investments benefitting microfinance organizations worldwide. She also served as a Trustee of the PayPal Mutual Funds. Prior to MicroPlace, Ms. Schmidt, as Integration Manager, managed and oversaw Wells Fargo Funds' $29 billion acquisition of Strong Financial. Prior to Wells Fargo, she spent 13 years as CCO and CAO for Montgomery Asset Management following several years at Morgan Stanley. She has a BA in Economics from Haverford College and an MBA in Finance from Duke University.

Gerri Walsh is Senior Vice President of Investor Education at the Financial Industry Regulatory Authority (FINRA). In that capacity, she manages FINRA's investor education initiatives, including developing and implementing new programs, creating interactive tools for investors, publishing print and online educational materials, and coordinating with government and non-profit partners. She also serves as President of the FINRA Investor Education Foundation, where she manages the Foundation's grant making and programmatic efforts to educate and protect investors. Her work focuses especially on research to advance understanding of the relationships among financial literacy, financial capability and financial well-being; leveraging distribution channels to distribute effective, unbiased financial education resources; and incubating scalable, sustainable programs focused on traditionally underinvested groups of Americans, including young adults, women, Native Americans and members of the U.S. military. She joined FINRA in May 2006. Prior to joining FINRA, Ms. Walsh was Deputy Director of the Securities and Exchange Commission's Office of Investor Education and Advocacy (OIEA) and, before that, Special Counsel to the Director of OIEA. She also served as a senior attorney in the SEC's Division of Enforcement, investigating and prosecuting violators of the federal securities laws. From 1989 to 1994, Ms. Walsh was an associate with Hogan & Hartson (now Hogan Lovells LLC), a Washington, DC law firm. She received her J.D. from NYU School of Law in 1989 and her B.A. from Amherst College in 1985. She is a member of the New York and District of Columbia bars. She volunteers on the Board of Gifts for the Homeless, Inc. (a non-profit organization dedicated to helping the homeless in the greater DC area).

Sue Zhou is General Counsel and Chief Compliance Officer at WiseBanyan, an online automated investment advisor. WiseBanyan is making advisory services accessible to everyone by removing high fees, account minimums, and jargon. As General Counsel and CCO, Ms. Zhou is responsible for WiseBanyan's regulatory compliance and legal concerns, and works closely with the Product, Operations, and Engineering teams. Prior to joining WiseBanyan, Ms. Zhou was in house counsel at a global multi-strategy hedge fund. Before moving in house, Ms. Zhou acted as counsel for financial institutions in securities litigation matters. Ms. Zhou is a FINRA District Committee member. She holds the Series 7, 63, and 24 licenses.

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Millennials: Trends and Challenges of New Clientele

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To Access Polling

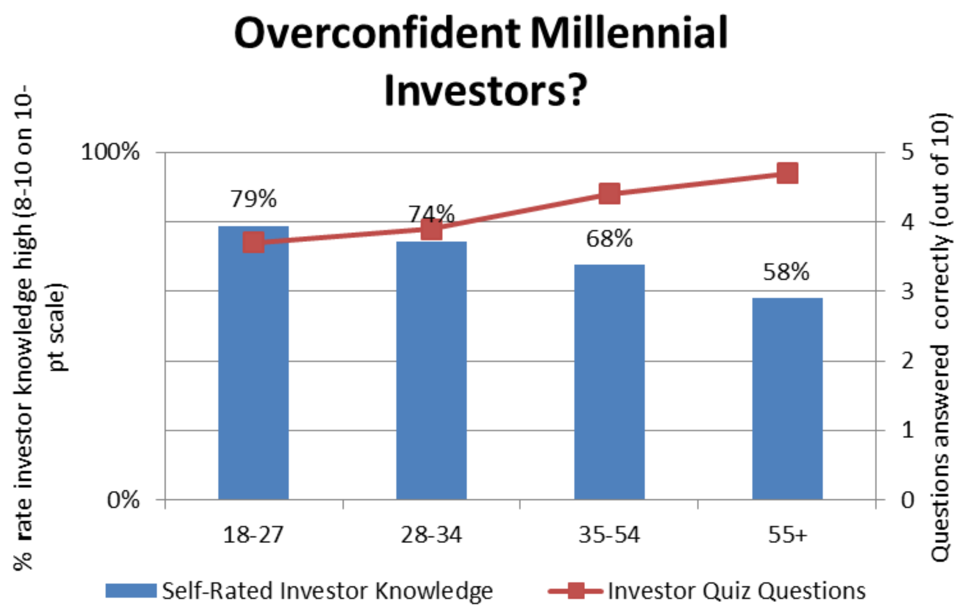
- Under the “Schedule” icon on the home screen,
- Select the day,
- Choose the Millennials: Trends and Challenges of New Clientele session,
- Click on the polling icon: 

Millennials: Who are they?

- Born between 1982 – 2000 (Source: U.S. Census)
- General characteristics:
  - Risk averse.
  - Lack of Trust.
  - Student debt.
  - Most ethnically diverse generation.
  - Lack financial and investment knowledge.
  - Have financial goals.

FINRA Foundation Investor Literacy Quiz

- **US investors correctly answered only 4.4 of 10 questions:**
  - **18-27 year-olds: 3.7**
  - **28-24 year-olds: 3.9**
  - **35-54 year-olds: 4.4**
  - **55+ year-olds: 4.7**



Millennials: Polling Question

1. In your experience, what is the number one savings goal of your millennial customers:
    a. Paying off student loans
    b. Buying a home
    c. Financial security in later life
    d. Having enough money to get married
    e. Other
    f. Don’t know

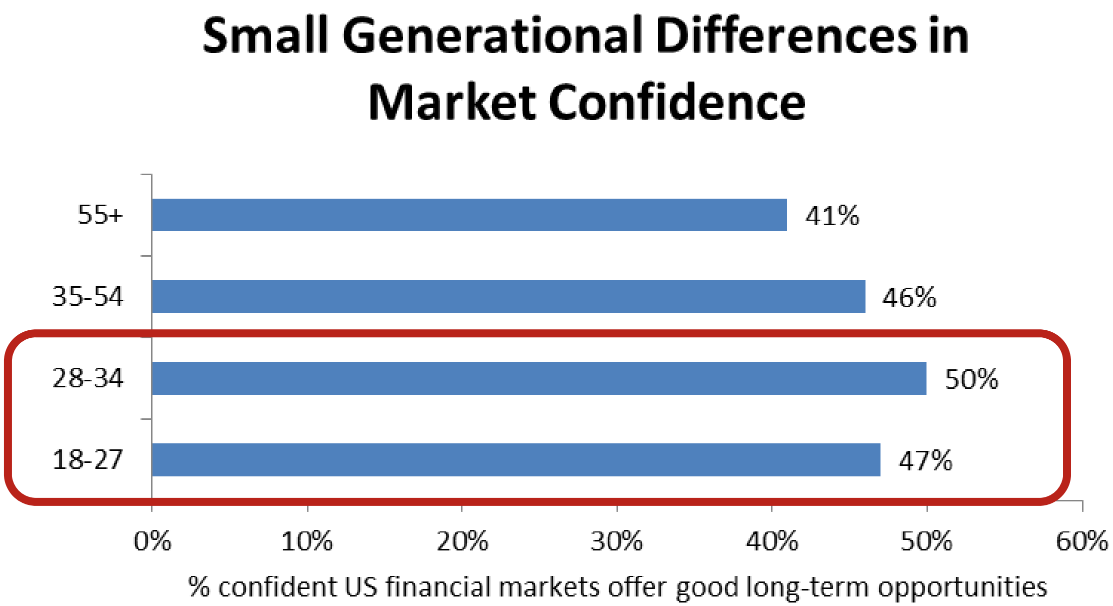
Millennials: Polling Question

2. **What percentage of the overall student debt do millennials have?**
   a. 30%
   b. 40%
   c. 60%

Millennials: Polling Question – Answer

- **Answer: 40% (Source: Federal Reserve Bank of Cleveland study (October 1, 2015))**

Millennials Who Invest Believe in the Markets



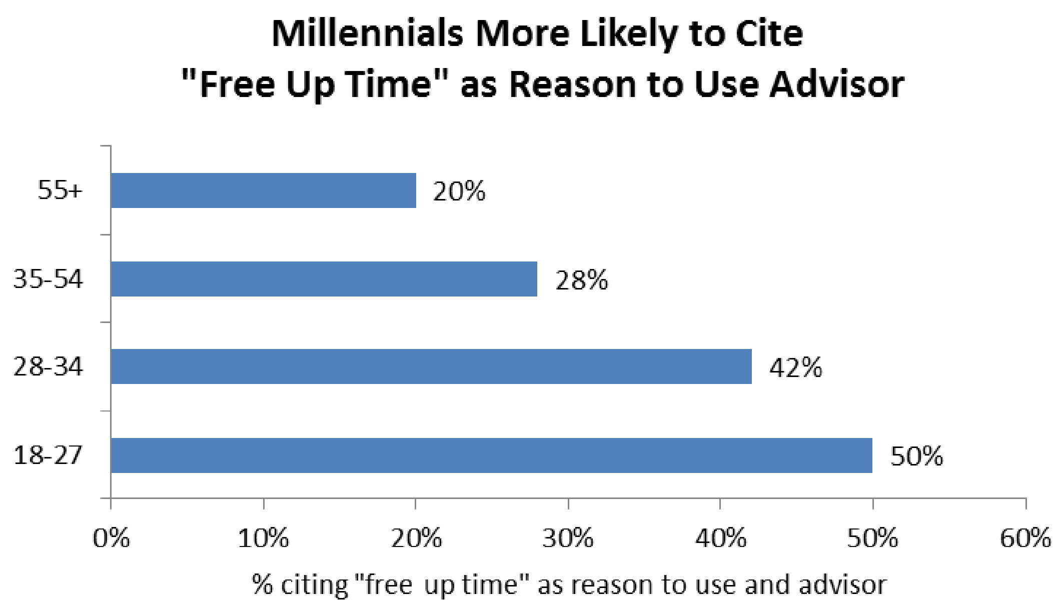
Millennials: Polling Question

3. Millennials and Generation Xers will have the largest wealth transfer in history. How much will it be?
    a. $100 billion
    b. $3 trillion
    c. $30 trillion

Millennials: Polling Question – Answer

- **Answer: $30 trillion in financial and non-financial assets (Source: SEC Office of Investor Advocate 2016 Objectives Report (citing Accenture Study))**

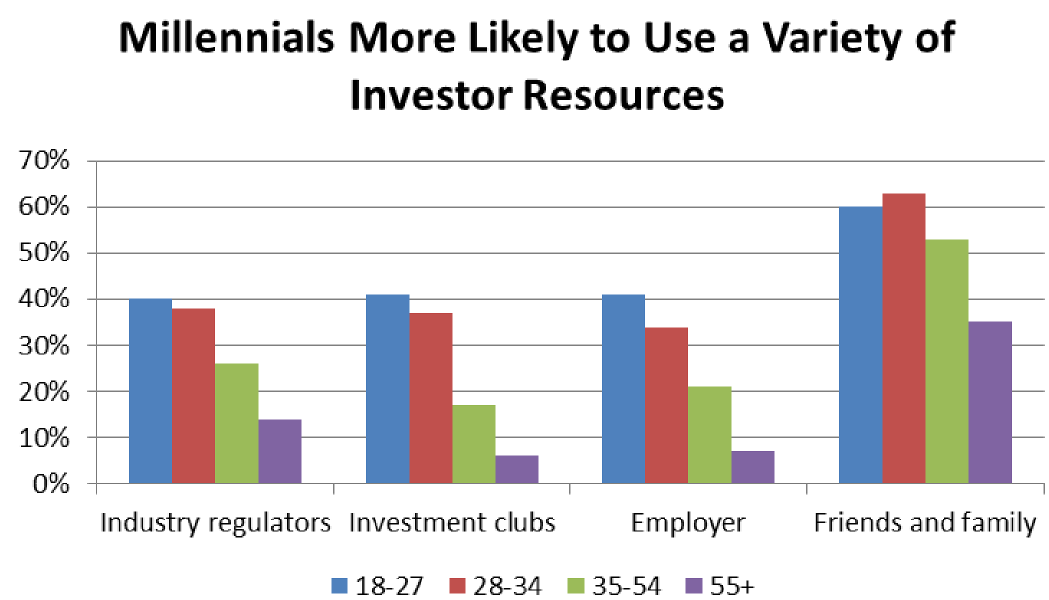
Why Do Millennials Use Investment Pros?



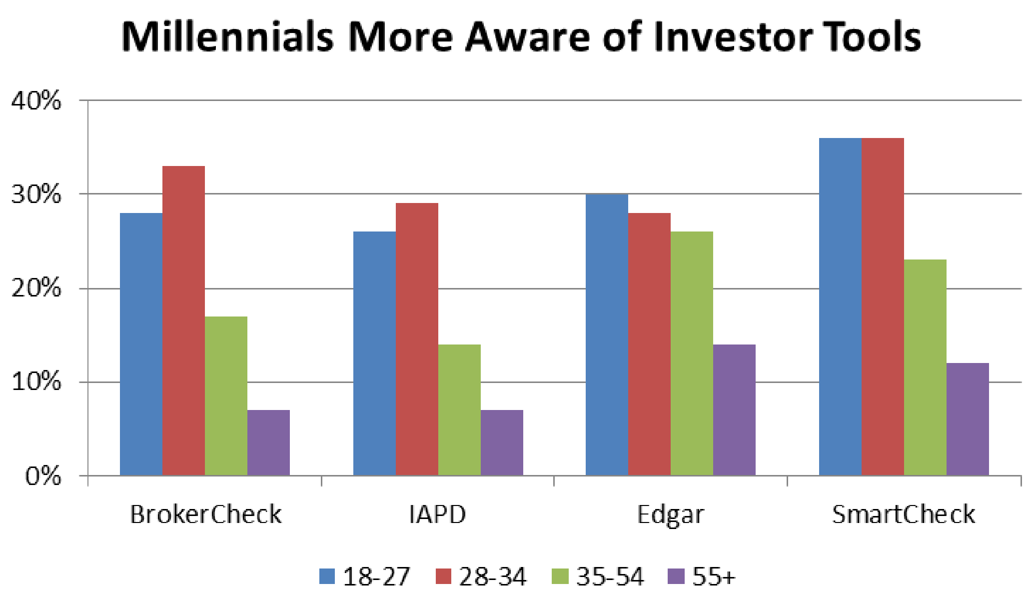
Millennials: Polling Question

4. **What has been the most successful marketing tool for your firm to attract millennial customers?**
    a. Website
    b. Social media
    c. Print ads
    d. Other

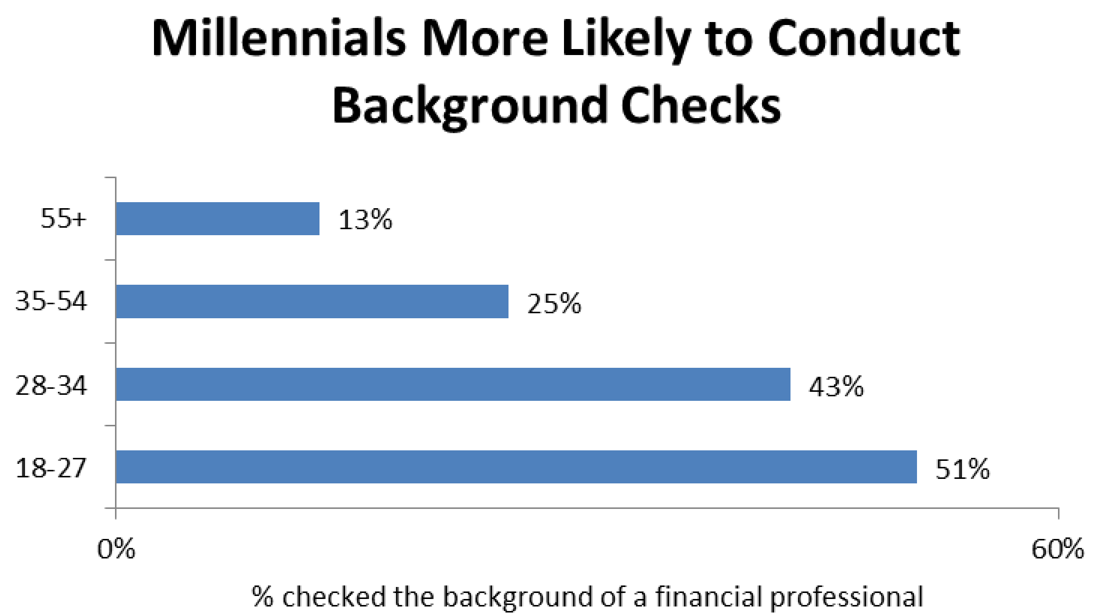
Millennials & Investing Info Sources



Awareness of Regulatory Tools



Do Millennials Check Out Financial Pros?



Millennials: Reference Materials

- U.S. Census Report News Release, Millennials Outnumber Baby Boomers and Are Far More Diverse, June 25, 2015
- FINRA Foundation, Investors in the United States, December 2016
- FINRA Foundation, Financial Capability in the United States, July 2016
- FINRA Foundation, The Financial Capability of Young Adults—A Generational View, Gary Motorola, March 2014

Millennials: Reference Materials

- Executive Office of the President, Council of Economic Advisers, 15 Economic Facts about Millennials, October 2014
- Pew Research Center, Millennials in Adulthood, 2014
- Federal Reserve Bank of Cleveland Economic Commentary, Are Millennials with Student Loans Upwardly Mobile?, Stephan Whitaker, October 1, 2015

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Resources

Reports

- The Financial Capability of Young Adults – A Generational View

  www.finrafoundation.org/web/groups/sai/@sai/documents/sai_original_content/p457507.pdf

- Federal Reserve Bank of Cleveland: Are Millennials with Student Loans Upwardly Mobile?, (October 2015)

  www.clevelandfed.org/en/newsroom-and-events/publications/economic-commentary/2015-economic-commentaries/ec-201512-are-millennials-with-student-debt-upwardly-mobile.aspx

- United States Census Bureau: Millennials Outnumber Baby Boomers and Are Far More Diverse, Census Bureau Reports (June 2015)

  www.census.gov/newsroom/press-releases/2015/cb15-113.html

- National Financial Capability Study: 2015 Full Report of National Findings (July 2016)

  www.usfinancialcapability.org/downloads/NFCS_2015_Report_Natl_Findings.pdf

- Investors in the United States 2016 (December 2016)

  www.usfinancialcapability.org/downloads/NFCS_2015_Inv_Survey_Full_Report.pdf

- PewResearchCenter: Millennials in Adulthood Detached from Institutions, Networked with Friends (March 2014)

  www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/

- The Council of Economic Advisers: 15 Economic Facts About Millennials (October 2014)

  https://obamawhitehouse.archives.gov/sites/default/files/docs/millennials_report.pdf

FINRA Investor Education FOUNDATION

FINRA Foundation Financial Capability Insights

March 2014

Author:
Gary R. Mottola, Ph.D.

This brief was produced in consultation with the United States Department of the Treasury and in support of the President's Advisory Council on Financial Capability for Young Americans.

What's Inside:

The Financial Capability of Young Adults—A Generational View

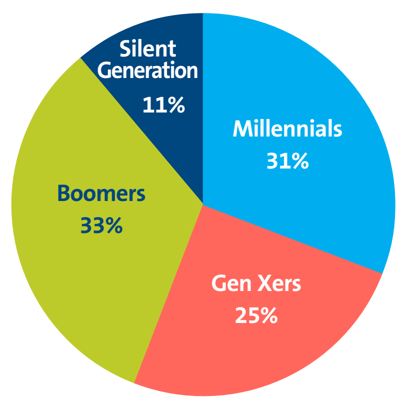
Summary

An examination of data from the FINRA Investor Education Foundation's National Financial Capability Study (State-by-State Survey) found that millennials are struggling financially. In particular, they exhibit a number of problematic financial behaviors, display low levels of financial literacy and express concerns about their debt. Within the millennial generation, females and minorities display signs of lower financial capability relative to males and whites, but it is millennial households with dependents that struggle the most. Despite the higher financial strain that millennials face, they express levels of financial satisfaction that are on par with gen Xers and boomers, but significantly lower than the silent generation.

Background

Americans born between 1978 and 1994—commonly referred to as millennials—came of age in an America that is different than it was for previous generations. Millennials grew up in a country characterized by more racial diversity,[1] a narrower gender gap in educational attainment,[2] large increases in the cost of higher education[3] and the defining events of September 11, 2001. In addition, millennials faced the Great Recession early in their lives and/or careers. In its wake, they continue to wrestle with the financial challenges of a struggling post-recession economy. Making up nearly a third of the population, millennials are a significant force in the U.S. economy **(Figure 1)**.[4]

Figure 1. Generation Size



Source: 2012 National Financial Capability Study (State-by-State Survey)

1. Hobbs and Stoops, 2002; Humes, Jones and Ramirez, 2011.
2. Theodos, Kalish, McKernan and Ratcliffe, 2014.
3. College Board, 2013.
4. Barton, Koslow and Beauchamp, 2014.

Given the financial challenges they face, the ability to make well-informed and effective financial choices is important for millennials. Evidence suggests, however, that younger Americans lack the financial knowledge to make well-informed decisions, and that they engage in behaviors that are detrimental to their financial health.[5] This issue brief uses data from the FINRA Investor Education Foundation's National Financial Capability Study (NFCS) to provide researchers, practitioners and policy makers with a better understanding of the financial capability of millennials.

Financial capability encompasses multiple aspects of behavior related to how individuals manage their resources and make financial decisions. Therefore, this brief presents data explicating many dimensions of financial capability, including how respondents make ends meet, plan ahead, manage financial products and demonstrate financial knowledge.

"Millennials grew up in a country characterized by more racial diversity, a narrower gender gap in educational attainment, large increases in the cost of higher education and the defining events of September 11, 2001."

Before exploring these aspects of financial capability, it is important to gain an understanding of the demographic characteristics of each generation so that data can be interpreted in the appropriate context. **Figure 2** contains demographic profiles of four American generations—millennials, gen Xers, boomers and the silent generation.

Figure 2. Demographics by Generation

	Millennials	Gen Xers	Boomers	Silent Generation
Birth Years	1978 to 1994	1963 to 1977	1946 to 1962	Less than or equal to 1945
Age Range[6]	18 to 34	35 to 49	50 to 66	67 and older
Sample Size	6,865	6,642	8,951	3,051
Percent				
Female	49%	51%	53%	54%
Minority	47%	37%	26%	9%
Household Income < $50,000	65%	47%	48%	47%
Married	36%	60%	62%	66%
Dependents	45%	63%	26%	8%
Unemployed	13%	9%	8%	2%
College Degree	25%	29%	26%	21%
Community College Student	7%	2%	1%	0%
Four-year College Student	13%	2%	0%	0%

Source: 2012 National Financial Capability Study (State-by-State Survey)

5. FINRA Investor Education Foundation, 2013.
6. Ages are as of 2012.

Not All Millennials Are the Same

As with all generations, there is demographic and behavioral diversity among millennials. Young millennials (ages 18 to 26) face different circumstances than the older millennials (ages 27 to 34). For example, only 20 percent of young millennials are married, compared to 52 percent of older millennials. Similarly, nearly one-third of young millennials have dependents compared to 57 percent of older millennials, and the younger respondents in this generation are 35 percent more likely to have household incomes under $50,000 than the older respondents. Strikingly, only 18 percent of young millennials exhibit high levels of financial literacy—that is, they can answer four or five questions on a five-question financial literacy quiz correctly—compared to 30 percent for their older counterparts.

Source: 2012 National Financial Capability Study (State-by-State Survey)

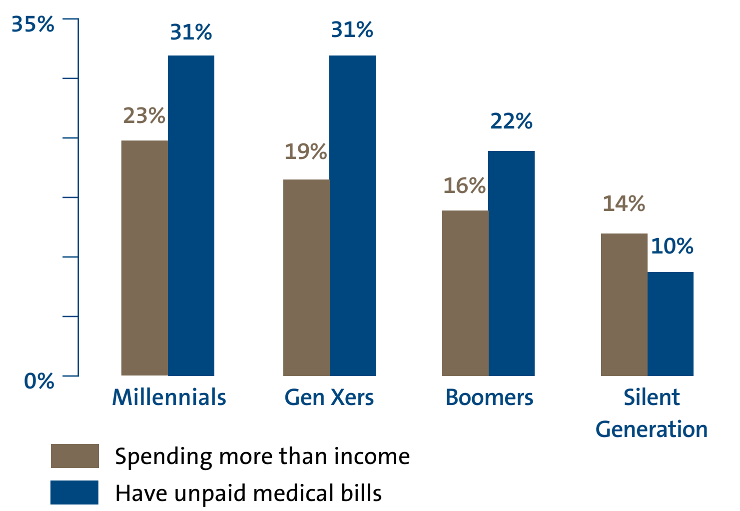
Demographically, millennials differ from previous generations on a number of dimensions. For example, they are a much more racially diverse generation—47 percent are minority, compared to 26 percent for boomers and 9 percent for the silent generation. Further, about a third are married, nearly half have dependents and nearly two-thirds, or 65 percent, make less than $50,000 a year in household income. One quarter of millennials have college degrees, which is on par with the other generations, and 20 percent are currently enrolled in either a community college or a four-year college (either full- or part-time). The combination of millennials with degrees and those pursuing degrees suggests that millennials will likely be the most-educated generation in American history.[7]

Financial Capability by Generation

Given the younger age and lower household incomes of millennials, it is understandable that they are struggling a little more than older generations to pay their bills and make ends meet. As **Figure 3** shows, 23 percent of millennials spend more than their income, and 31 percent have unpaid medical debts—a figure that is three times higher than the 10 percent of the silent generation with unpaid medical debt.

Millennials are also less likely to plan ahead—but given their youth, this is not entirely unexpected. Thirty-three percent of millennials have rainy day funds, a figure that is actually higher than gen Xers (32 percent), but lower than boomers and the silent generation. And only about four in 10 millennials are saving for retirement, which is significantly lower than all the other generations.

Figure 3. Making Ends Meet



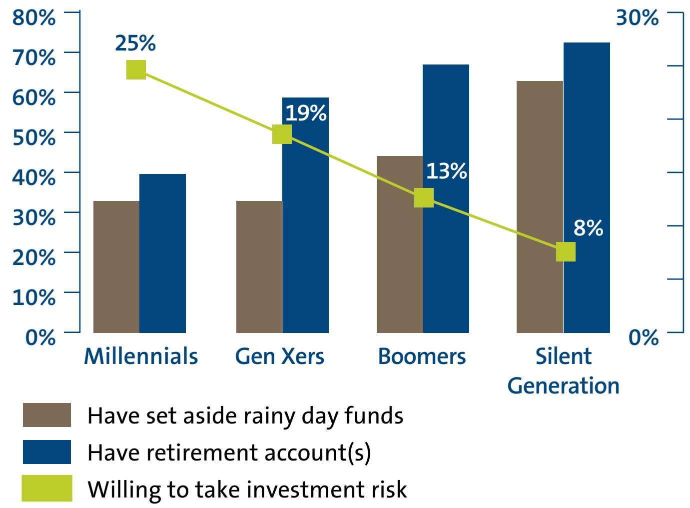
Source: 2012 National Financial Capability Study (State-by-State Survey)

7. A 2010 Pew report entitled *Millennials: A Portrait of Generation Next* also projects that millennials will be the most-educated American generation.

Saving for a rainy day or retirement often involves using investments that contain some degree of risk—like mutual funds in a 401(k) plan. The line in **Figure 4** shows the percentage of all respondents in each generation that said they were very willing to take risk with their investments.[8] While the overall willingness to take investment risk is fairly low, there is a clear linear relationship between generation and risk. One in four millennials is willing to take on investment risk compared to 19 percent for gen Xers, 13 percent for boomers and 8 percent for the silent generation—a finding that likely reflects the millennial's younger age and potential ability to recover from stock market shocks.

In the management of financial products, millennials do differ from the other generations on some important measures (**Figure 5**). Twelve percent of millennials are unbanked—a figure that is more than double the boomers' and silent generation's unbanked rates.

Figure 4. Planning Ahead



Source: 2012 National Financial Capability Study (State-by-State Survey)

Figure 5. Managing Financial Products

	Millennials	Gen Xers	Boomers	Silent Generation
Banking Status				
Unbanked (neither checking nor savings)	12%	7%	4%	1%
Used non-bank borrowing methods[9]	43%	35%	21%	8%
Credit Card Behavior				
Owns at least one credit card	62%	69%	76%	88%
Engaged in three or more costly credit card behaviors[10]	34%	33%	24%	13%
Loans				
Have mortgage	22%	43%	40%	31%
Have auto loan	28%	37%	30%	24%
Have student loan	36%	21%	10%	2%
Payment Methods				
Uses pre-paid debit cards	31%	26%	16%	9%
Uses mobile payments	13%	7%	2%	1%

Source: 2012 National Financial Capability Study (State-by-State Survey)

8. Respondents were classified as willing to take on investment risk if they chose an 8, 9 or 10 on a 10-point Likert scale, where 1 indicated they were not at all willing to take risks and 10 indicated they were very willing. All respondents were asked about their investment risk, regardless of whether or not they indicated that they had investment accounts.
9. Used at least one method in the last five years.
10. Over a 12-month period, and among credit card holders.

Non-bank borrowing—that is, using typically costly forms of borrowing like payday loans, pawn shops, rent-to-own stores, auto title loans and tax refund services—is fairly common. Forty-three percent of millennials have used one of these five forms of non-bank borrowing in the last five years. And non-bank borrowing is not just an issue for low-income millennials. While 47 percent of respondents with less than $50,000 in household income engage in non-bank borrowing, a substantial 37 percent of respondents with household incomes of $50,000 or greater use these high-cost services. Further, when compared with the relatively low rates of non-bank borrowing among the older generations, namely boomers and the silent generation, millennials appear to be a generation that relies less on traditional banking services than previous generations.

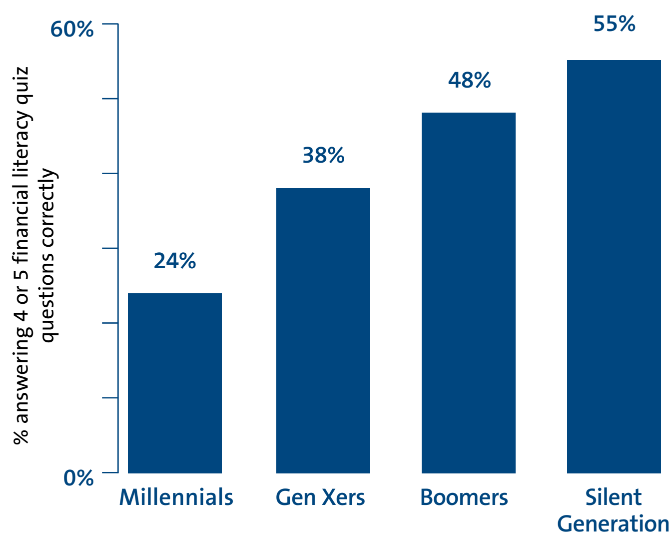
"Millennials are also much more likely to use newer forms of payment—including pre-paid debit cards and mobile payments."

While fewer millennials have credit cards, their credit card behavior is similar to that of the gen Xers and somewhat more problematic than the behavior of boomers and the silent generation. More specifically, there are several credit card behaviors that can be costly for card holders. These include carrying a balance, paying only the minimum, being charged late fees, being charged over-the-limit fees and taking out a cash advance. Survey results suggest that millennials and gen Xers engage in more costly credit card behaviors than the older generations. Thirty-four percent of millennials participating in the NFCS survey engaged in three or more of these costly credit card behaviors over a 12-month period, similar to the 33 percent figure for gen Xers. Compare this with boomers and the silent generation, among whom only 24 percent and 13 percent, respectively, engage in costly credit card behaviors.

Millennials are less likely than the other generations to have a mortgage, but more likely to have student loans. Millennials are also much more likely to use newer forms of payment—including pre-paid debit cards and mobile payments.

To evaluate financial knowledge, respondents were asked five questions covering fundamental concepts of economics and finance expressed in everyday life, including calculations involving interest rates and inflation, principles relating to risk diversification, the relationship between bond prices and interest rates, and the impact that a shorter term can have on total interest payments over the life of a mortgage.[11] Millennials exhibit very low levels of financial literacy—only 24 percent can answer four or five questions correctly on a five-question financial literacy quiz. As seen in **Figure 6**, the financial literacy level rises in a steady fashion across the generations, peaking at 55 percent for the silent generation.

Figure 6. High Financial Literacy by Generation



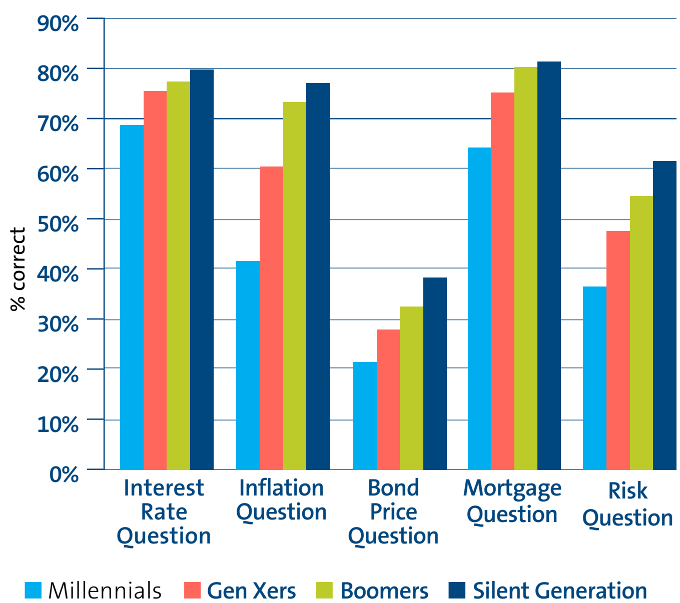
Source: 2012 National Financial Capability Study (State-by-State Survey)

11. The five-question financial literacy quiz can be found at *www.USFinancialCapability.org*.

> *"Millennials exhibit very low levels of financial literacy—only 24 percent can answer four or five questions correctly on a five-question financial literacy quiz."*

A closer look at each generation's performance shows that, for the most part, this linear generational pattern holds true for the individual questions (**Figure 7**). However, millennials tend to be further behind the other generations on the inflation question—perhaps because millennials came of age in an era when inflation was under control, so their low score on this question may reflect the fact that inflation has not been a salient issue in the U.S. economy in recent years.[12] Conversely, millennials performed best on the interest rate question, and keeping interest rates low has been a prominent issue in the post-recession economy.

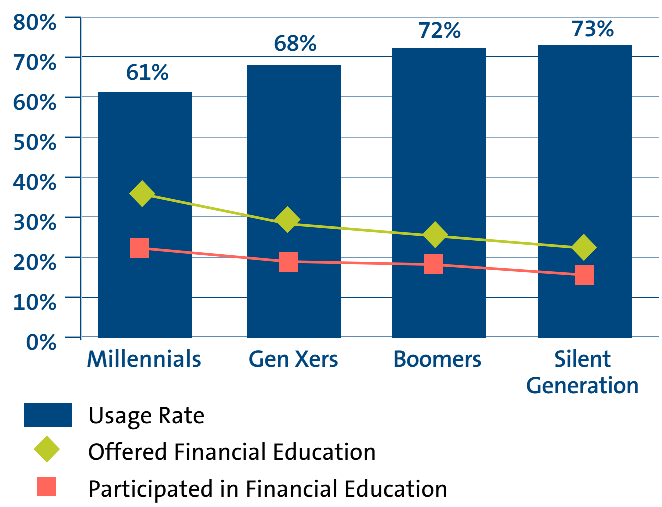
Figure 7. Financial Literacy Quiz Questions by Generation



Source: 2012 National Financial Capability Study (State-by-State Survey)

Millennials are more likely to have been offered financial education and to have participated in it. Thirty-six percent of millennials were offered financial education either in high school or college, or by an employer, and 22 percent availed themselves of this opportunity (**Figure 8**). The percentage of respondents who have participated in financial education decreases in a steady fashion for the older generations—a sign that formal financial education may be more common in America now than in past years.

Figure 8. Financial Education by Generation



Source: 2012 National Financial Capability Study (State-by-State Survey)

However, a smaller proportion of millennials take advantage of financial education opportunities when such opportunities are offered to them—61 percent of millennials participated in financial education that was offered to them compared to 68 percent, 72 percent and 73 percent of gen Xers, boomers and the silent generation, respectively. Opportunities may exist to make financial education more attractive to millennials so that both the demand for it and participation levels can be increased.

12. Lusardi (2013) found that knowledge of inflation correlates with an individual's financial experiences.

Debt Concerns

Millennials and gen Xers share similar worries about their debt levels. Fifty-five percent of millennials with student loans are concerned that they may not be able to pay off their debt, a figure that is identical to gen Xers, and only slightly higher than the 50 percent figure for boomers. Beyond student loan debt, there are concerns across the generations about too much debt in general. Almost half, or 46 percent, of millennials are concerned that they have too much debt, slightly less but on par with gen Xers (50 percent)—but much higher than the 38 percent of boomers and 23 percent of respondents from the silent generation who feel they have too much debt.

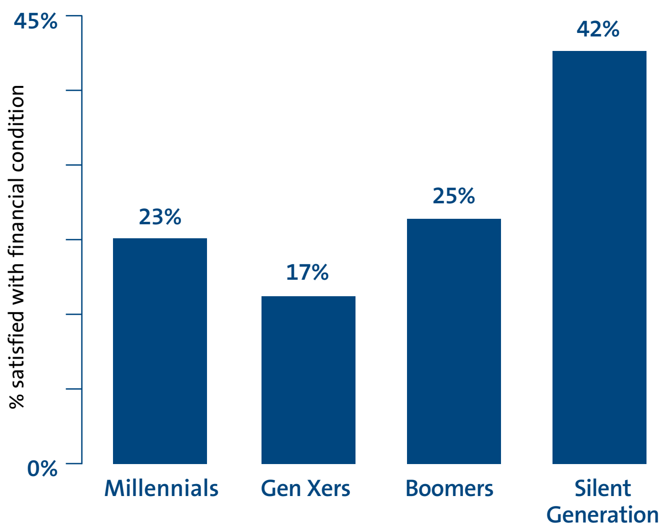
Source: 2012 National Financial Capability Study (State-by-State Survey)

Despite the many differences among the generations regarding financial capability, the generations show similar levels of satisfaction with their personal financial situation—except for the silent generation, which is much more financially satisfied than the younger generations. As seen in **Figure 9**, 23 percent of millennials are satisfied with their personal financial condition—which is higher than the 17 percent for gen Xers, but slightly lower than the 25 percent value for boomers.[13] Over four in 10 respondents from the silent generation are satisfied with their financial condition—much higher than the generally low levels of financial satisfaction found in the younger generations.

Demographic Differences among Millennials

Millennials are not a monolithic group, and there is a fair amount of variability in financial capability levels among the different demographic subgroups within the generation. Millennial females and minorities display signs of lower financial capability, but it is lower-income households and households with dependents that struggle the most.

Figure 9. Financial Satisfaction by Generation

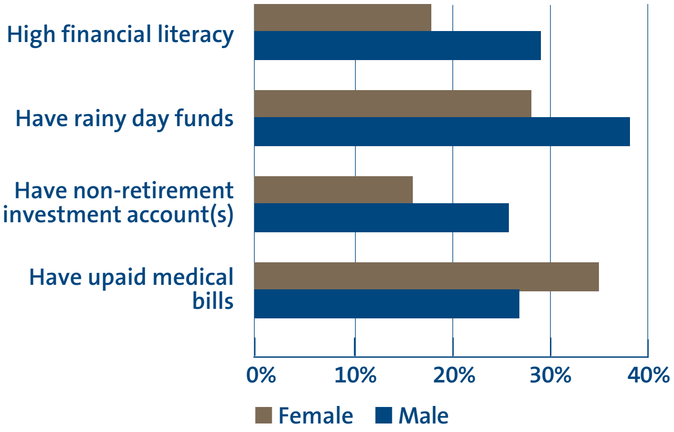


Source: 2012 National Financial Capability Study (State-by-State Survey)

13. Respondents are classified as satisfied with their financial condition if they respond with an 8, 9 or 10 on a 10-point Likert scale that assesses satisfaction with their personal financial condition (1=Not at All Satisfied and 10=Extremely Satisfied).

Figure 10 shows several measures where men and women tend to differ—ordered with the greatest absolute difference between the genders on top and the smallest difference on the bottom. Like males in general, male millennials have higher financial literacy levels than female millennials—29 percent of males have high financial literacy compared with 18 percent for females. The good news is that the gender gap in financial literacy is smaller for millennials than other generations—an 11 percentage-point gap for millennials compared to a 21-point gap for gen Xers, 25-point gap for boomers and a 21-point gap for the silent generation. Women are also less likely to have rainy day savings and investment accounts outside retirement. Further, they are less likely to have been offered financial education—perhaps because women are more likely than men to spend time outside the workforce during child-rearing years, so they have fewer opportunities to receive financial education through the workplace.

Figure 10. Gender and Financial Capability among Millennials

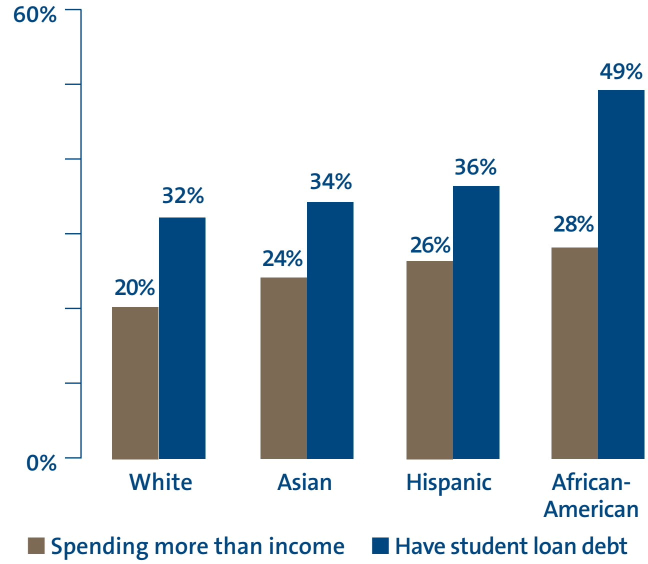


Source: 2012 National Financial Capability Study (State-by-State Survey)

Note: Sample size is 2,799 for males and 4,066 for females. Sample sizes vary slightly depending upon response rates to the questions.

Most financial capability measures do not vary by race much within the millennial generation, with two exceptions: minorities are more likely to spend more than their income and have student loan debt (**Figure 11**). Twenty percent of millennials who are white spend more than their income, but this figure rises slowly across the minority groups and peaks at 28 percent for millennials who are African-American. African-American millennials also have high levels of student loan debt relative to the other racial groups—49 percent for African-Americans compared to 36 percent for Hispanics, 34 percent for Asians and 32 percent for whites.

Figure 11. Financial Strain by Race among Millennials



Source: 2012 National Financial Capability Study (State-by-State Survey)

Note: Sample size for white is 4,163, African-American is 915, Hispanic is 1,091 and Asian is 362. Sample size for each race varies slightly depending upon response rates to the questions.

As noted earlier, 20 percent of millennials are currently enrolled in either a community college or a four-year college. Financial capability levels for those in college are similar to those who are not attending college, but they do vary in some meaningful ways. As seen in **Figure 12**, while about the same percentage of students and workers spend more than their income, full-time students are much less likely to have medical debt—perhaps because they are still on their parents' health insurance plans. Full-time workers, regardless of whether they are attending school part-time, are more likely than other groups to save for emergencies and save for retirement. Over 50 percent of respondents in school, both part-time and full-time, have student loan debt.

"Over 50 percent of respondents in school, both part-time and full-time, have student loan debt."

Financial literacy levels are fairly low across the board for students and workers, but full-time workers have the highest level of financial literacy, with 32 percent being classified as high financial literacy—compared to a low of 15 percent for respondents who are both part-time workers and part-time students.

Figure 12. Financial Capability among Millennial Students and Workers

	Full-time Student (n=968)	Full-time Worker (n=2,753)	Full-time Worker and Part-time Student (n=328)	Part-time Worker (n=634)	Part-time Worker & Part-time Student (n=217)
Making Ends Meet					
Spending more than income	22%	20%	26%	26%	27%
Have unpaid medical bills	16%	30%	38%	29%	29%
Planning Ahead					
Have rainy day funds	34%	41%	52%	28%	39%
Have retirement account(s)	16%	59%	58%	32%	28%
Managing Financial Products					
Have mortgage	10%	34%	34%	15%	15%
Have student loan debt	53%	37%	52%	29%	56%
Unbanked (neither checking nor savings)	10%	7%	3%	11%	4%
Financial Knowledge					
Offered financial education	47%	39%	60%	34%	45%
Participated in financial education	29%	24%	36%	20%	27%
High financial literacy	25%	32%	24%	17%	15%

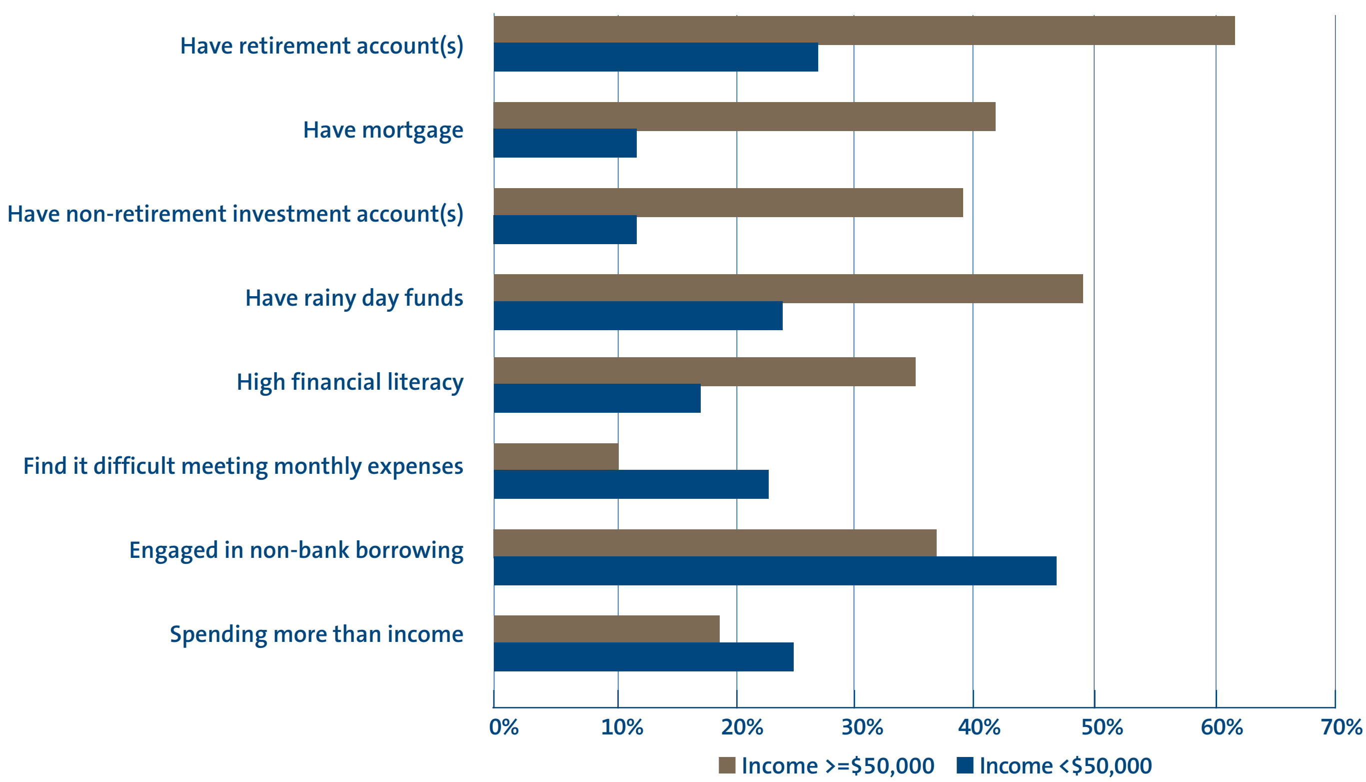
Source: 2012 National Financial Capability Study (State-by-State Survey)

Note: Sample sizes reported in this table vary slightly depending upon the response rates to the questions.

> *"Lower-income milliennial households are much less likely to have retirement accounts, non-retirement investment accounts and rainy day funds."*

More pronounced differences in financial capability among millennials emerge when you look at financial capability by household income. **Figure 13** shows several key financial capability measures split by millennials who make less than $50,000 in household income and those who make $50,000 or more in household income. The variables in the figure are ordered from largest to smallest based on the absolute difference between high- and low-income households on the measures. As is evident in **Figure 13**, lower-income millennial households are much less likely to have retirement accounts, non-retirement investment accounts and rainy day funds. Their financial literacy levels are substantially lower—17 percent of lower-income millennials exhibit high levels of financial literacy compared to 35 percent for higher-income millennials. Households with less than $50,000 are more likely to feel financial strain than households with $50,000 or more. For example, 23 percent of millennials with less than $50,000 in household income have difficulty meeting their monthly expenses, compared to 10 percent for their more affluent counterparts. Similarly, 25 percent of lower-income households spend more than their income compared to 19 percent for higher income households.

Figure 13. Differences in Financial Capability among Millennials, Based on Household Income



Source: 2012 National Financial Capability Study (State-by-State Survey)

Note: Sample size is 4,479 for the household income < $50,000 group and 2,386 for the household income >= $50,000 group. Sample size for each group varies slightly depending on response rates to the questions.

Like household income, marriage and the presence of dependents in the household tend to be strongly related to performance on financial capability measures. For example, twice as many married respondents with dependents spend more than their income compared to married respondents without dependents, 27 percent and 13 percent respectively (**Figure 14**). Unmarried respondents with dependents display even more worrisome behavior—for instance, 64 percent of unmarried respondents with dependents engage in non-bank borrowing and nearly half (48 percent) engage in three or more costly credit card behaviors. This is particularly concerning given that millennials are more likely to have dependents and not be married, relative to the other generations (see Figure 2). One bright spot for married respondents is that they are more likely to have retirement accounts and rainy day savings.

Conclusion

Each generation in America faces its own unique challenges and opportunities, and millennials are no exception. Millennials grew up in a country and financial environment that was very much shaped by the Great Recession, and many of their behaviors and attitudes reflect this fact. Millennials—particularly lower-income households and households with dependents—are under a fair amount of financial strain. Further, the financial literacy level of millennials is low, and as such, they may not be fully prepared for many of the financial challenges they may face. Despite their financial situation, millennials report levels of financial satisfaction that are very similar to the gen Xers and boomers, which may reflect different financial expectations for millennials in the wake of the Great Recession.

Figure 14. Financial Capability by Marital Status and Dependents among Millennials

	Married		Not Married	
	Dependents (n=1,892)	**No Dependents** (n=681)	**Dependents** (n=1,226)	**No Dependents** (n=3,066)
Making Ends Meets				
Spending more than income	27%	13%	30%	20%
Have unpaid medical bills	43%	22%	45%	20%
Planning Ahead				
Have retirement account(s)	55%	59%	32%	29%
Have rainy day funds	34%	44%	25%	33%
Managing Financial Products				
Have mortgage	40%	36%	16%	12%
Engaged in non-bank borrowing	51%	32%	64%	33%
Engaged in three or more costly credit card behaviors	40%	26%	48%	27%
Financial Knowledge				
Offered financial education	36%	38%	32%	38%
Participated in financial education	21%	25%	20%	23%
High financial literacy	23%	37%	13%	25%

Source: 2012 National Financial Capability Study (State-by-State Survey)

Note: Sample sizes reported in this table vary slightly depending upon the response rates to the questions.

Looking to the future, it is promising that more millennials report being offered financial education and participating in financial education programs relative to the other generations. Of course, financial education is only one contributing factor to financial capability—for example, age and experience contribute to overall financial capability as well—but it is encouraging that financial education may be more common today than it has been in the past.

About the Report

This brief uses data from the State-by-State Survey of the 2012 National Financial Capability Study. The National Financial Capability Study was funded by the FINRA Investor Education Foundation and conducted by Applied Research and Consulting. The study used a sample of 25,509 adults age 18 and older (approximately 500 per state plus the District of Columbia) obtained from Research Now, SSI (Survey Sampling International) and EMI Online Research Solutions via proprietary, online panels of individuals who have agreed to participate in the panel and who are compensated for completing surveys. Nonprobability quota sampling was used to obtain the sample.

All statistics reported are weighted, but the sample sizes reported are unweighted. The weights make the data representative of the U.S. adult population (age 18 and up) based on age by gender, ethnicity, education and census division. Data from the U.S. Census Bureau's American Community Survey were used to construct the weights. The survey was fielded from July 2012 through October 2012, and the average time to complete the survey was 15 minutes. A pure probability sample of this size would have an estimated margin of error of half a percentage point (*i.e.*, plus or minus 0.5 percent), with the margin of error increasing somewhat for sub-groupings of the sample. As in all survey research, there are possible sources of error, such as coverage, nonresponse and measurement error that could affect the results. More information about the National Financial Capability Study—including the questionnaire and detailed methodology documents—can be found at *www.USFinancialCapability.org*.

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1735 K Street, NW
Washington, DC 20006-1506
www.finrafoundation.org

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ECONOMIC COMMENTARY

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Are Millennials with Student Loans Upwardly Mobile?

Stephan Whitaker

Students have been amassing ever growing levels of debt to attend college. The situation has raised concerns about whether the debt is high enough that the benefits of borrowing—in terms of students' future socioeconomic outcomes—are compromised. This *Commentary* investigates relationships between student debt, mobility, and upward social mobility. The findings suggest that student debts have not become so burdensome that they undo the advantages of higher skills. However, the advantages enjoyed by heavily indebted millennial students relative to nonborrowers have declined substantially from the advantages enjoyed by the heaviest borrowers in Generation X.

Student debt has ballooned to unprecedented levels in recent years. The growth has affected not only the total amount of debt outstanding, but also the proportion of students taking out loans and the average amount of debt taken on by individuals. From 2007 to 2015, outstanding debt rose 116 percent and now amounts to $1.19 trillion. The share of people between the ages of 26 and 32 who have student loan balances increased from 23 percent to 37 percent, and their median balance rose 36 percent (adjusted for inflation) to $16,808. Moreover, the share of borrowers with balances in excess of $25,000 has more than doubled--rising from 12 percent to 34 percent.

We might be concerned that debts this large would offset or delay the benefits of attending college. In this *Commentary*, we investigate relationships between student debt, mobility and upward social mobility. In general, we would expect student-loan borrowing to be positively correlated with measures of upward mobility, because young people who attend college or earn a degree are generally higher-skilled than those who do not. The differences in skills should lead to differences in upward mobility regardless of the amount of debt students have taken on. But perhaps there is a critical point at which the debt becomes too large.

This analysis focuses on several measures of mobility and social mobility, including household formation, moving between metro areas, moving to better neighborhoods, and homeownership. The findings suggest that student debt has not become so burdensome that it is undoing the advantages of higher skills. Young people who borrowed heavily during the recent expansion of student loan debt have been more likely to move up to higher-status neighborhoods than their peers who borrowed less or borrowed nothing. While students who borrow more do delay purchasing a home, they are not substantially more likely to continue living with their parents. Millennials with student loans are still likely to be upwardly mobile. However, if we examine the same measures for Gen-Xers, we find that student loan borrowers used to be more upwardly mobile and experience greater advantages over nonborrowers than is the case for today's heavily indebted millennials.

The Data

The data used in this analysis are from the Federal Reserve Bank of New York/Equifax consumer credit panel. It is a sample that includes approximately 5 percent of all Americans with credit histories. Although all identifying information is removed, the data do indicate the individual's census tract. Using the tract, it is possible to see if the person moved to a different neighborhood or metro area. The neighborhoods can be linked to tract-level estimates of educational attainment and income from the American Community Survey.

The analysis focuses on 932,005 individuals born from 1983 through 1989. In 2007, these young people were between the ages of 18 and 24, and in 2015 they were 26 to 32. These cohorts are young enough to have participated in the large increase in student loans and old enough to have their upward-mobility outcomes observed.

Each individual's measure of student-loan balances is the maximum of their balance in 2007 and 2015. For the older cohorts, the 2007 balance is probably close to their lifetime high, while their 2015 balance may have been paid down significantly. For the younger cohorts, they may be just starting to accumulate loans in 2007 but would be near their lifetime high in 2015. Individuals are grouped into four categories. First, there are nonborrowers, which includes about 51 percent of the sample. Individuals with any student loan balance are categorized into three equal-sized groups with low, medium, and high balances. The loan balance categories are separated at $9,396 and $26,605.

Household Formation and Migration

Among the first concerns accompanying the rise of student debt is the dampening effect the debt burden could have on household formation. We can get a sense of how many millennials might not yet have started their own household by noting whether they are living with someone who is old enough to be their parent. The credit panel data includes the ages of other people who are living at the same address with the millennials in the sample. We know from census data that when we observe a young adult (26 to 32) living with a substantially older adult (16 or more years older), the older adult is the young person's parent in eight cases out of ten.

Figure 1 shows the percentage of borrowers of each age who are not living with their parents, grandparents, or another older adult. While this estimate of household formation displays a strong relationship to age, there are only small differences between those who have borrowed nothing, a small amount, or a large amount via student loans. At each age, borrowers carrying more than $26,605 in student-loan debt are more likely to have formed their own household than people who are just one year younger and have no student debts. In other words, a heavy student loan burden might be delaying household formation by a year at most.

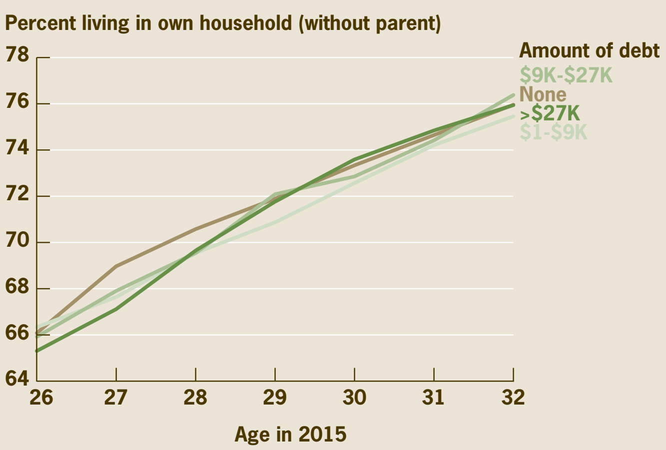
As millennials move out to form their own households, their student debts do have a relationship with how far away they land. Those with more debt are more likely to move farther away. Twenty-five percent of the individuals with $0 in student-loan debt moved to a different metro area between 2007 and 2015 (table 1), while 39 percent of those with over $26,605 in student-loan debt did.

Moving to Better Neighborhoods

By observing the characteristics of the neighborhoods in which both movers and nonmovers live, we can investigate whether the millennials in the sample have realized some degree of socioeconomic mobility. To measure upward mobility, we focus on two characteristics of neighborhood quality—the share of residents with a college degree and median neighborhood income.

Of the young people who were living in highly-educated neighborhoods in 2007 (where over 32 percent of adults held a college degree), a large majority were still living in highly-educated areas eight years later (figure 2). For these people, there appears to be little relationship between borrowing and movement to other types of neighborhoods. In contrast, for young people who were living in areas with either midrange or low levels of educational attainment, there is a

Figure 1. Household Formation



Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; author's calculations.

Table 1. Within and between Metro-area Mobility, 2007-2015

Amount borrowed	Same neighborhood	Different neighborhood	Different metro area
None	36.3	38.7	25.0
$1-$9K	30.7	40.0	29.3
$9K-$27K	27.5	39.2	33.3
> $27K	25.8	34.8	39.4

Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; author's calculations.

clear positive correlation between student-loan borrowing and moving to a neighborhood with more educated neighbors.

If we repeat the same exercise with income levels, we find that the mobility impacts of student loans are more concentrated among young people who started off in low-income neighborhoods (figure 3). To do this calculation, we first divide neighborhoods into three categories based on median household income: a bottom quarter, a middle half, and a top quarter.

For young people who were living in an upper-income neighborhood in 2007, the percentages in each category of neighborhood in 2015 are roughly the same regardless of the individuals' student loan balances. For young people who were in middle-income neighborhoods, the share that has moved up a category rises from 15 percent to 20 percent as the student loan balances rise. For young people from low-income neighborhoods, the probability of moving to a middle- or upper-income neighborhood is higher if the individual borrows more.

It is notable that all subgroups except one have a greater than 50 percent chance of living in the same type of neighborhood at the beginning and end of the period: Students who were living in a low-income neighborhood in 2007 and who borrowed more than $26,605 for school are able to leave their low-income neighborhood 56 percent of the time. Overall, the percentage of young people who take on student debt and move out of a low-income neighborhood is quite small. They are only 5.1 percent of the sample and only 0.18 percent of the general population.

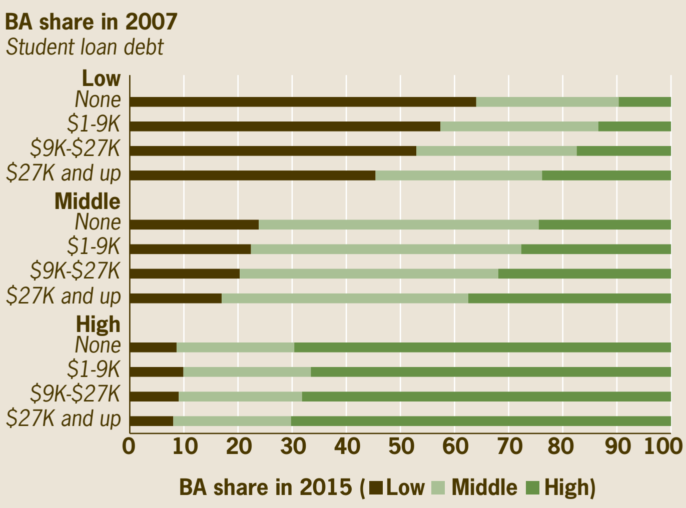
The discussion of mobility leads to a question of geographic variation. Are there some regions where this upward socioeconomic mobility is more likely to happen? A look at figure 4 shows that higher shares of these upwardly mobile borrowers are found in the South and some parts of the Midwest (Columbus, Indianapolis, Kansas City). Relatively few upwardly mobile millennials are found in the Northeast corridor and California despite the high median household incomes in those areas. Of the country's large metro areas (above 500,000 people), those with the highest shares of upwardly mobile millennials are Lexington (0.36 percent), Little Rock (0.37 percent), and Des Moines (0.38 percent).

Over this same time period we have been investigating, most neighborhoods' median real incomes fell. The typical census tract decline in real median income was $3,293. Young people who stayed in the same neighborhood from 2007 to 2015 experienced declines in their neighborhood's real income that reflect the declines seen nationwide, regardless of student borrowing. Young people who moved to another neighborhood in the same metro area actually experienced an additional decrease in the median household income of their neighborhood.

Given the varying labor markets in different metro areas, we might ask if investing in human capital is a substitute or complement for migration. That is, can people improve their neighborhood incomes as much by moving as they can by getting more education, or can they improve even more by doing both?

As measured by differences in neighborhood income, it appears that moving and studying are complementary. Individuals who borrowed for school and moved

Figure 2. Student Loans and Transitions between Neighborhoods, by Level of College Attainment



Note: Cutoffs for low, middle, and high BA shares are: Low is less than 0.17, middle is 0.17 to 0.32, and high is 0.32 and above. Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; American Community Survey; author's calculations.

Figure 3. Transitions between Neighborhoods by Median Household Income

Note: Cutoffs for low, middle, and high income levels are: Low is less than $40,000, middle is $40,000 to $70,000, and high is $70,000 and above. Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; American Community Survey; author's calculations.

to another metro area realized a gain of $1,758 in neighborhood median income between 2007 and 2015 over people who did neither. Those who borrowed but did not leave their metro area realized an average gain of just $250 more.

At the same time, migration appears to be a substitute for education for some. Individuals who did not borrow but who moved did slightly better—in that their neighborhood incomes fell less—than those who borrowed heavily and did not move. Migrants with no debt experienced a decline of $2,708 in neighborhood median income, while high-level borrowers who did not move experienced a decline of $3,417 (figure 5). However, this difference could be driven in part by interregional migrants who managed to complete their degrees with no student debt.

Homeownership

Another of the concerns voiced about the increase in student loans is that the debt burden will prevent borrowers from purchasing homes. Mortgage balances are reported in the credit panel data, and positive balances can serve as a measure of homeownership.

Among the 26 to 32 year-old cohorts, people with no student debt have the highest homeownership rates. We might suspect that this advantage is based on timing. People who start their careers after high school might soon be ready to commit to a location and a mortgage payment. Young people who pursue graduate degrees and professional careers that require relocation would delay home buying.

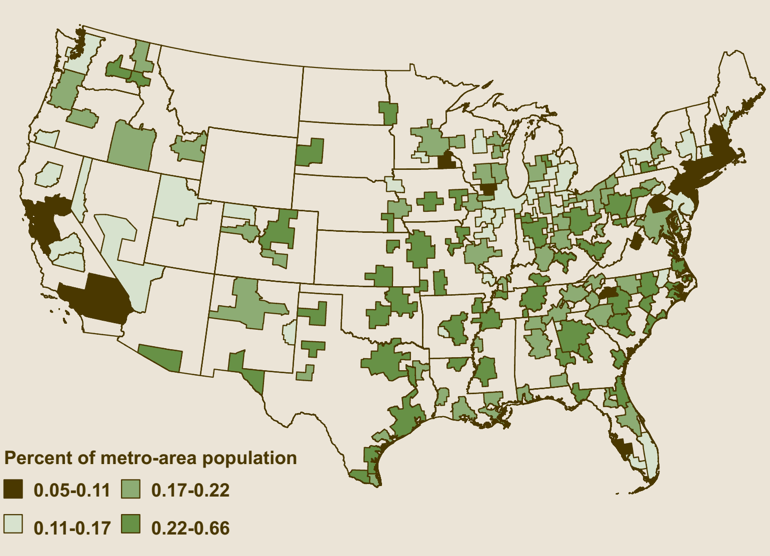
Figure 6 below extends the comparison to people who are older than the oldest millennials. For cohorts in their late twenties, lower student loan balances are associated with a higher likelihood of having a mortgage. The ordering completely reverses between the ages of 30 and 40. However, while people with mid and high levels of student-loan debt catch up to people with small balances, the age trends suggest that nonborrowers may have a permanent advantage in homeownership. The share of individuals with a mortgage is continuing to increase for nonborrowers over age 40, but it plateaus for borrowers. As we will see below, this was not the case a decade ago.

Have Advantages for Student Borrowers Risen as Much as Debt Levels?

So far, we have looked at differences between millennials who took out student loans and those who did not. However, we do not know whether or not the favorable outcomes for student borrowers have been improving as the debt levels have grown.

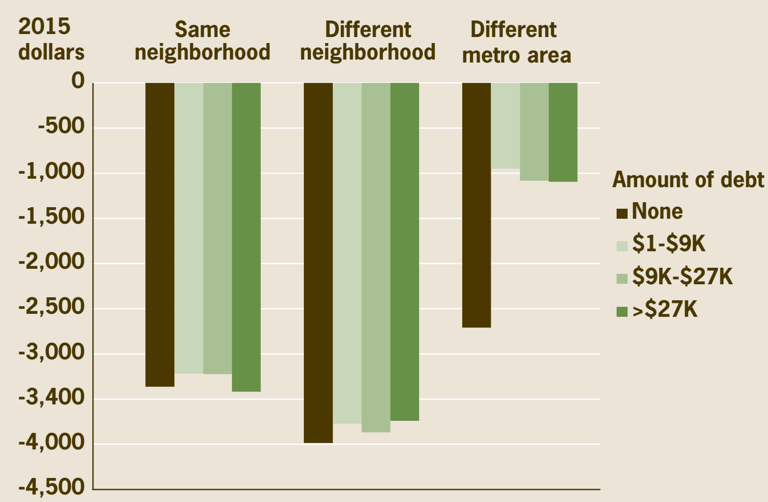
To observe a cross section with lower levels of debt throughout the distribution, we repeat the analysis with earlier cohorts who borrowed less. If the gaps in outcomes between heavy borrowers and nonborrowers have shrunk from earlier to later cohorts, it would suggest that the higher levels of debt carried by the later cohorts could be creating a drag on borrowers' upward mobility. The limitation of this comparison is that the earlier cohorts graduated into a much stronger economy, so it is not clear what portion of the differences are due to student loans specifically. The results suggest that heavy student loan borrowers are still better off by most measures, but their advantages over nonborrowers have declined. Table 2 summarizes several of the main findings for both sets of cohorts.

Figure 4. Share of Population that Borrowed for School and Moved out of Low-income Neighborhoods



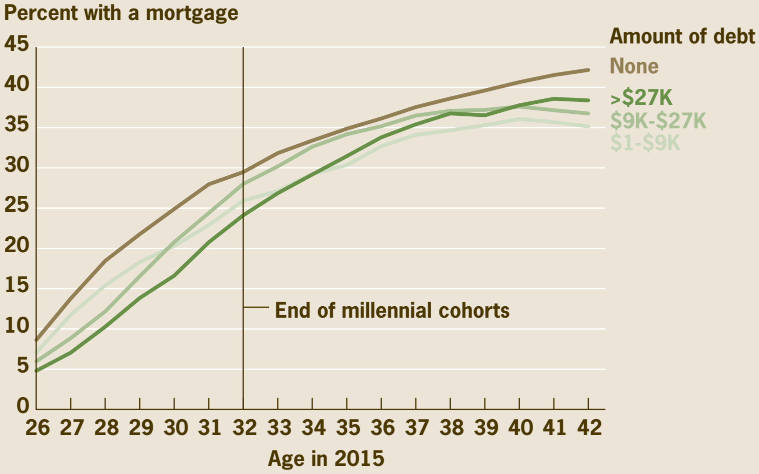
Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; American Community Survey; author's calculations.

Figure 5. Average Difference in Neighborhood Median Household Income from 2007 to 2015



Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; American Community Survey; author's calculations.

Figure 6. Percent of Cohort with an Outstanding Mortgage



Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; American Community Survey; author's calculations.

Young people who started off in neighborhoods with lower levels of education in the later cohorts were much less likely to move to neighborhoods with higher levels of education. Again, borrowers in early cohorts, who borrowed less than those in later cohorts, were more likely to move up to more educated neighborhoods. Moving from a low-income neighborhood to a middle- or upper-income neighborhood also appears to have become more difficult for the later cohorts. The decline in movement to higher-income neighborhoods was greater for top-tier borrowers, and their advantage over nonborrowers declined by 2.6 percentage points (compared to 17.9 percent in the earlier cohorts).

Changes in neighborhood income were more advantageous for people who moved from one metro area to another in both cohorts, but the increase in income obtained by moving fell in the later cohort (in inflation-adjusted terms). The increase in neighborhood income realized by young people who both borrowed heavily and migrated was $7,644 in 2007 (end of the earlier cohort), and that was $2,965 more than the gains of the nonborrowers who migrated. By 2015, that difference had declined to $1,614.

Finally, there is an interesting reversal that coincides with the unraveling of the housing boom. People aged 26 to 32 in 2007 were more likely to own a home if they also had high students debts. By 2015, this relationship had reversed, and people with the highest student loans were less likely to own a home compared to nonborrowers by 3.9 percentage points. If we disaggregate the early cohorts (as in figure 6), all types of borrowers catch up to nonborrowers between the ages of 26 and 30. In 2007, student loan borrowers older than 30 consistently had higher rates of homeownership.

The rate of household formation fell for high-level borrowers across the two sets of cohorts (from 82 percent to 73 percent), but the difference between these borrowers and nonborrowers in each set of cohorts remains less than one percentage point. In terms of the probability of moving to another metro area, the gap between nonborrowers and high-level borrowers was greater for the earlier cohorts.

Table 2. Outcomes for Earlier and Later Cohorts

	1975–1981 cohorts (observed in 1999 and 2007)			1983–1989 cohorts (observed in 2007 and 2015)		
	Top third of borrowers	Nonborrowers	Difference	Top third of borrowers	Nonborrowers	Difference
Household formation (percent with no coresident adult 16+ years older)	82.2	82.3	–0.1	72.9	72.2	0.8
Migrated to a different metro area, percent	52.9	32.5	20.4	39.5	25.0	14.5
Percent of those initially in a low-education neighborhood who moved up	71.5	53.5	18.0	54.6	36.0	18.6
Percent of those initially in a low-income neighborhood who moved up	69.2	51.3	17.9	56.1	41.0	15.2
Change in neighborhood household income (in dollars) for migrants to a different metro area	7,644	4,679	2,965	–1,094	–2,708	1,614
Homeownership (percent with an outstanding mortgage)	31.2	29.9	1.3	16.0	19.8	–3.9

Sources: Federal Reserve Bank of New York Consumer Credit Panel/Equifax; American Community Survey; author's calculations.

Federal Reserve Bank of Cleveland
Research Department
P.O. Box 6387
Cleveland, OH 44101

Returning to the question of whether the gains realized by student borrowers have improved as levels of student debt have risen, the evidence is not encouraging. By every measure examined here, today's most endebted student borrowers are less mobile and upwardly mobile than the top-third borrowers of the last decade. The observed advantages of heavy borrowers over nonborrowers have either remained steady or declined.

Conclusion

In general, we would expect student-loan borrowing to be positively correlated with measures of mobility and upward social mobility, since student debt supports the acquisition of skills and education. The analysis presented here suggests that this continues to be the case, despite the heavy debt burdens young adults are now carrying.

As measured by household formation and moving to better neighborhoods, our findings here suggest student debts have not become so burdensome that they undo the advantages of higher skills. Millennials with student loans are still more likely to be upwardly mobile than nonborrowers. However, the advantages do seem to have declined somewhat since 2007. Student-loan borrowers are now less likely to purchase a home than nonborrowers. These challenges may be caused by the debt itself, or they may reflect the relatively weak economic recovery.

Stephan Whitaker is a research economist at the Federal Reserve Bank of Cleveland. The views he expresses here are his and not necessarily those of the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System, or Board staff.

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Newsroom

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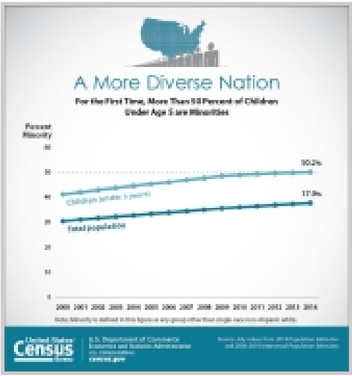
Millennials Outnumber Baby Boomers and Are Far More Diverse, Census Bureau Reports

June 25, 2015
Release Number: CB15-113



JUNE 25, 2015 — Millennials, or America's youth born between 1982 and 2000, now number 83.1 million and represent more than one quarter of the nation's population. Their size exceeds that of the 75.4 million baby boomers, according to new U.S. Census Bureau estimates released today. Overall, millennials are more diverse than the generations that preceded them, with 44.2 percent being part of a minority race or ethnic group (that is, a group other than non-Hispanic, single-race white).

These latest population estimates examine changes among groups by age, sex, race and Hispanic origin nationally, as well as in all states and counties, between April 1, 2010, and July 1, 2014.

Even more diverse than millennials are the youngest Americans: those younger than 5 years old. In 2014, this group became majority-minority for the first time, with 50.2 percent being part of a minority race or ethnic group.

Reflecting these younger age groups, the population as a whole has become more racially and ethnically diverse in just the last decade, with the percentage minority climbing from 32.9 percent in 2004 to 37.9 percent in 2014.

Five states or equivalents were majority-minority: Hawaii (77.0 percent), the District of Columbia (64.2 percent), California (61.5 percent), New Mexico (61.1 percent) and Texas (56.5 percent). Among the remaining states, Nevada is the closest to crossing this threshold, with a population 48.5 percent minority. More than 11 percent (364) of the nation's 3,142 counties were majority-minority in 2014. Five reached this milestone during the year beginning July 1, 2013: Russell, Ala.; Newton, Ga.; Eddy, N.M.; Brazoria, Texas; and Suffolk city, Va.

Other highlights from the estimates:

The 65-and-older population

- The nation's 65-and-older population grew from 44.7 million in 2013 to 46.2 million in 2014. This group, which now contains the oldest four years of the baby boom generation (born between 1946 and 1964), is 21.7 percent minority, less diverse than younger age groups.
- Between 2010 and 2014, the only two counties to add more than 100,000 people 65 and older to their total populations were **Los Angeles, Calif.** (167,000) and **Maricopa, Ariz.** (103,000).
- **San Juan, Colo.**, had the highest rate of increase in the 65-and-older population of any county between 2010 and 2014 (70.9 percent). Two other Colorado counties (**San Miguel** and **Douglas**) were also in the top five.
- **Florida** had the highest percentage of its population age 65 and older among states in 2014 (19.1 percent), followed by **Maine** (18.3 percent). **Alaska** had the lowest percentage (9.4 percent), followed by **Utah** (10.0 percent).
- **Sumter, Fla.**, was the nation's only majority 65-and-older population county in 2014 (52.9 percent). **Chattahoochee, Ga.**, had the lowest percentage of its population in this age group (4.1 percent).

Some states and counties become younger

- In contrast to most states, five experienced a decline in median age between July 1, 2013, and July 1, 2014: **North Dakota**, **Hawaii**, **Montana**, **Wyoming** and **Iowa**.
- Median age declined in 434 counties over the period, with **McKenzie, N.D.**, leading the way (32.9 to 31.6).
- **Maine** experienced the largest increase in median age among states, rising from 43.9 to 44.2 over the period.
- **St. Helena, La.**, experienced the largest rise in median age among counties or equivalents, climbing from 40.2 to 41.3.
- There was a greater than 13-year difference between the state with the highest median age (**Maine** at 44.2) and that with the lowest (**Utah** at 30.5).
- There was a more than 42-year difference between the county with the highest median age (**Sumter, Fla.**, at 65.9) and that with the youngest (**Madison, Idaho**, at 23.1). There were 74 counties where the median age was greater than 50, and 57 counties where it was less than 30.

States with more males than females (and vice versa)

- There were only 10 states where males made up a majority of the population in 2014. **Alaska** had the highest male percentage (52.6 percent), followed by **North Dakota** (51.3 percent).
- The **District of Columbia** had the highest percentage of females of any state or equivalent (52.6 percent), followed by **Delaware** (51.6 percent).

Births versus deaths

- All race and ethnic groups except single-race, non-Hispanic whites had more births than deaths between 2013 and 2014. This group had 61,841 more deaths than births.

Hispanics

- The nation's Hispanic population totaled 55.4 million as of July 1, 2014, up by 1.2 million, or 2.1 percent, since July 1, 2013.
- **California** had the largest Hispanic population of any state in 2014 (15.0 million). However, **Texas** had the largest numeric increase within the Hispanic population since July 1, 2013 (228,000). **New Mexico** had the highest percentage of Hispanics at 47.7 percent.
- **Los Angeles** had the largest Hispanic population of any county (4.9 million) in 2014 while **Harris, Texas**, had the largest numeric increase since 2013 (45,000). **Starr** — on the Mexican border in Texas — had the highest share of Hispanics (95.8 percent).

Blacks

- The nation's black or African-American population totaled 45.7 million as of July 1, 2014, up by 578,000, or 1.3 percent, since July 1, 2013.
- **New York** had the largest black or African-American population of any state or equivalent in 2014 (3.8 million); **Texas** had the largest numeric increase since July 1, 2013 (88,000). The **District of Columbia** had the highest percentage of blacks (50.6 percent), followed by **Mississippi** (38.2 percent).
- **Cook County, Ill.** (Chicago) had the largest black or African-American population of any county in 2014 (1.3 million), and **Harris, Texas**, had the largest numeric increase since 2013 (21,000). **Holmes, Miss.**, was the county with the highest percentage of blacks or African-Americans in the nation (82.5 percent).

Asians

- The nation's Asian population totaled 20.3 million as of July 1, 2014, up by 631,000, or 3.2 percent, since July 1, 2013.
- **California** had both the largest Asian population of any state (6.3 million) in July 2014 and the largest numeric increase of Asians since July 1, 2013 (162,000). **Hawaii** was the nation's only majority-Asian state, with people of this group comprising 56.2 percent of the total population.
- **Los Angeles** had the largest Asian population of any county (1.7 million) in 2014 and the largest numeric increase (29,000) since 2013. **Honolulu** and **Kauai,** both in **Hawaii**, were the nation's only majority-Asian counties.

American Indians and Alaska Natives

- The nation's American Indian and Alaska Native population totaled 6.5 million as of July 1, 2014, up by 93,000, or 1.4 percent, since July 1, 2013.
- **California** had the largest American Indian and Alaska Native population of any state in 2014 (1.1 million) and the largest numeric increase since 2013 (13,000). **Alaska** had the highest percentage (19.4 percent).
- **Los Angeles** had the largest American Indian and Alaska Native population of any county in 2014 (235,000), and **Maricopa, Ariz.**, the largest numeric increase (4,700) since 2013. **Shannon, S.D.** — on the Nebraska border and located entirely within the Pine Ridge Indian Reservation — had the highest percentage (93.4 percent).

Native Hawaiians and Other Pacific Islanders

- The nation's Native Hawaiian and Other Pacific Islander population totaled 1.5 million as of July 1, 2014, up by 33,000, or 2.3 percent, since July 1, 2013.
- **Hawaii** had the largest population of Native Hawaiians and Other Pacific Islanders of any state (370,000) in 2014 and the highest percentage (26.0 percent). **California** had the largest numeric increase since 2013 (7,000).
- **Honolulu** had the largest population of Native Hawaiians and Other Pacific Islanders of any county (239,000) in 2014, and **Hawaii County** had the highest percentage (34.4 percent). **Clark, Nev.**, had the largest numeric increase since 2013 (1,100).

Non-Hispanic white alone

- The nation's non-Hispanic white alone population totaled 197.9 million in 2014, up by 94,000, or 0.5 percent, since 2013.
- **California** had the largest non-Hispanic white alone population of any state in 2014 (14.9 million). **Texas** had the largest numeric increase in this population group since 2013 (79,000). **Maine** had the highest percentage of the non-Hispanic white alone population (93.8 percent).
- **Los Angeles** had the largest non-Hispanic white alone population of any county (2.7 million) in 2014. **Maricopa, Ariz.**, had the largest numeric increase in this population since 2013 (23,000). **Leslie, Ky.**, comprised the highest percentage (98.1 percent) of single-race non-Hispanic whites.

Unless otherwise specified, the statistics refer to the population who reported a race alone or in combination with one or more races. Censuses and surveys permit respondents to select more than one race; consequently, people may be one race or a combination of races. The detailed tables show statistics for the resident population by "race alone" and "race alone or in combination." The sum of the populations for the five "race alone or in combination" groups adds to more than the total population because individuals may report more than one race. All references to age, race, and Hispanic origin characteristics of counties apply only to counties with a 2014 population of 10,000 or more. The federal government treats Hispanic origin and race as separate and distinct concepts. In surveys and censuses, separate questions are asked on Hispanic origin and race. The question on Hispanic origin asks respondents if they are of Hispanic, Latino, or Spanish origin.

Starting with the 2000 Census, the question on race asked respondents to report the race or races they consider themselves to be. Hispanics may be of any race. Responses of "some other race" from the 2010 Census are modified in these estimates. This results in differences between the population for specific race categories for the modified 2010 Census population versus those in the 2010 Census data.

-X-

Contact

Public Information Office

301-763-3030

pio@census.gov

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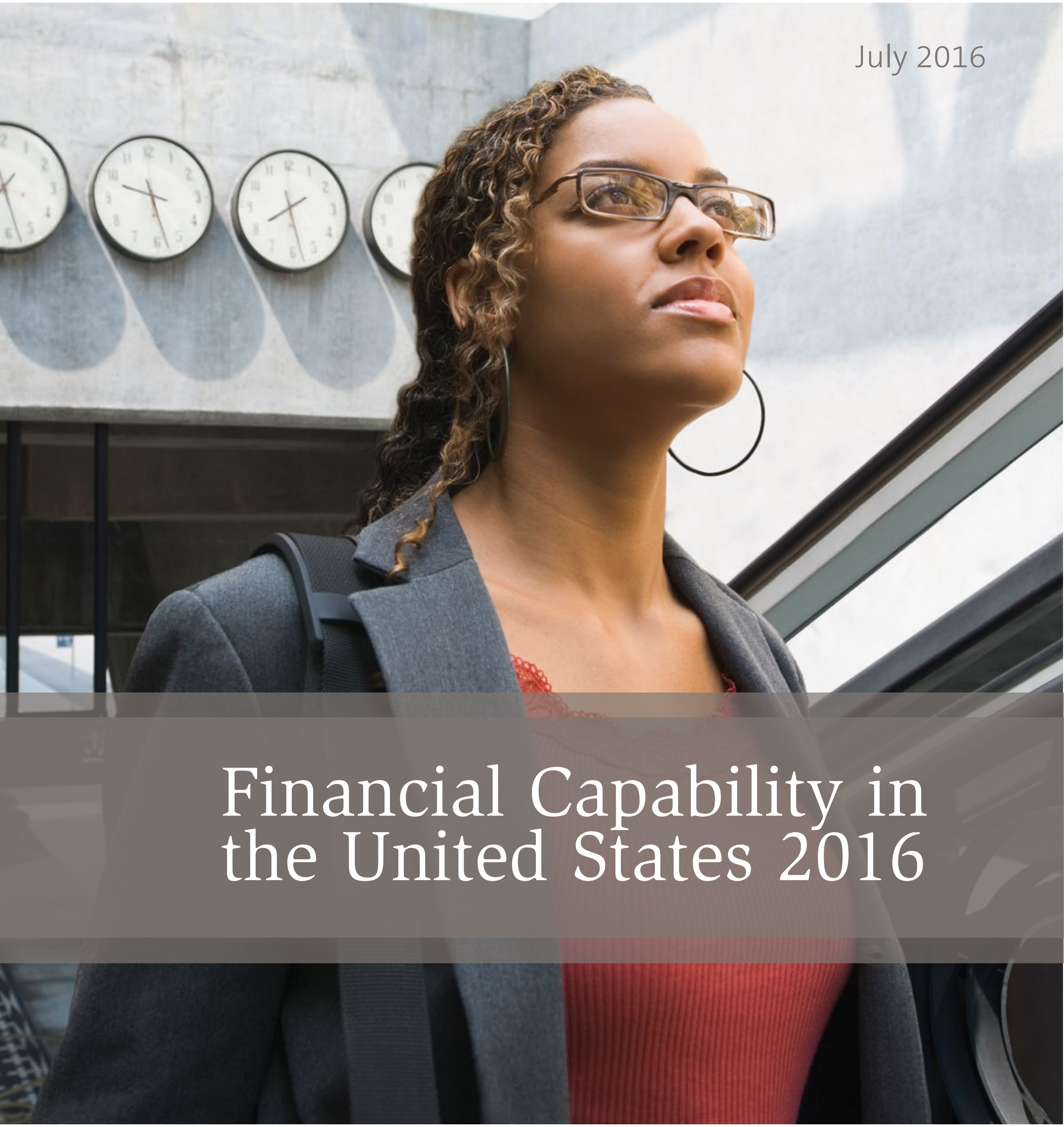


July 2016

Financial Capability in the United States 2016

Contents

While many Americans are benefiting from the economic recovery of recent years, real *median* household income is still catching up to its pre-recession level. The 2015 NFCS shows that large segments of society continue to face financial difficulties, particularly minority populations and those without a college education.

Introduction

The U.S. economy has grown slowly but steadily over the six years since the first National Financial Capability Study (NFCS) was conducted in 2009. And in the three years since the 2012 NFCS, the private sector has added jobs at an average rate of about 200,000 per month. At the time of the fielding of the current NFCS, which took place from June through October of 2015, unemployment and inflation were both low by historical standards. Meanwhile, the U.S. stock market reached new highs in mid-2015 while interest rates remained generally low.

Against this relatively positive economic background, it is not surprising that the 2015 NFCS shows evidence of diminished financial stress and improved financial satisfaction among American adults in comparison to the 2012 and 2009 studies. For example, the percentage of Americans who find it difficult to make ends meet has declined, as has the number of homeowners whose home values are "underwater" (*i.e.*, worth less than they owe in mortgage debt).

Wealth and income inequality in the United States, however, is at an extreme not seen since before World War II.[1] Because of this, it is necessary to look beyond the mean statistics in order to understand the complete picture of Americans' financial status. While many Americans are benefiting from the economic recovery of recent years, real *median* household income is still catching up to its pre-recession level. The 2015 NFCS shows that large segments of society continue to face financial difficulties, particularly minority populations and those without a college education.

Financial capability is a multi-dimensional concept that encompasses a combination of knowledge, resources, access, and habits. The NFCS is designed to understand and measure a rich, connected set of perceptions, attitudes, experiences, and behaviors across a large, diverse sample in order to provide a comprehensive analysis. As with previous waves, the 2015 NFCS has been updated to include questions on additional topics that are relevant today, such as student loans and medical costs, while maintaining key measures to enable tracking comparisons over time.

1. Chad Stone, Danilo Trisi, Arloc Sherman, and Brandon DeBot, "A Guide to Statistics on Historical Trends in Income Inequality," Center on Budget and Policy Priorities, October 26, 2015.

Consistent with previous years, the 2015 NFCS finds that measures of financial capability continue to be much lower among younger Americans, those with household incomes below $25,000 per year, and those with no post-secondary educational experience.

Drawing on data from the 2015, 2012, and 2009 NFCS State-by-State Surveys, each of which were nationwide online surveys of more than 25,000 American adults[2], this report[3] focuses on the following four key components of financial capability:

1. **Making Ends Meet.** The 2015 study shows a continuation of some of the positive trends observed in 2012. Fewer Americans find it difficult to cover their expenses and pay their bills, and more are satisfied with their overall financial condition. However, new questions in the 2015 NFCS indicate that over a quarter of Americans have avoided some kind of medical service in the past year due to cost concerns.
2. **Planning Ahead.** The percentage of Americans who say they have set aside three months worth of living expenses in case of an emergency is up to 46% from 40% in 2012. But only 39% report having ever tried to figure out how much they need to save for retirement, and over half worry about running out of money in retirement.
3. **Managing Financial Products.** New homebuyers are less leveraged: the percentage of recent home buyers (past 5 years) who made a down payment of over 20% of the purchase price is up to 33%, from 29% in 2012 and 24% in 2009. Also, for the first time since the NFCS was fielded, more than half of credit card users say they always pay their balance in full each month. However, among student loan holders with payments due, 37% have been late with a payment at least once in the past year, and 25% more than once.
4. **Financial Knowledge and Decision-Making.** The percentage of respondents who are able to answer at least 4 of 5 financial literacy quiz questions correctly shows a slight downward trend since 2009, despite the fact that Americans' perceptions of their own financial knowledge have become more positive over the same time period.

Consistent with previous years, the 2015 NFCS finds that measures of financial capability continue to be much lower among younger Americans, those with household incomes below $25,000 per year, and those with no post-secondary educational experience. African-Americans and Hispanics, who are disproportionately represented among these demographic segments, also show signs of lower financial capability, making them more vulnerable.

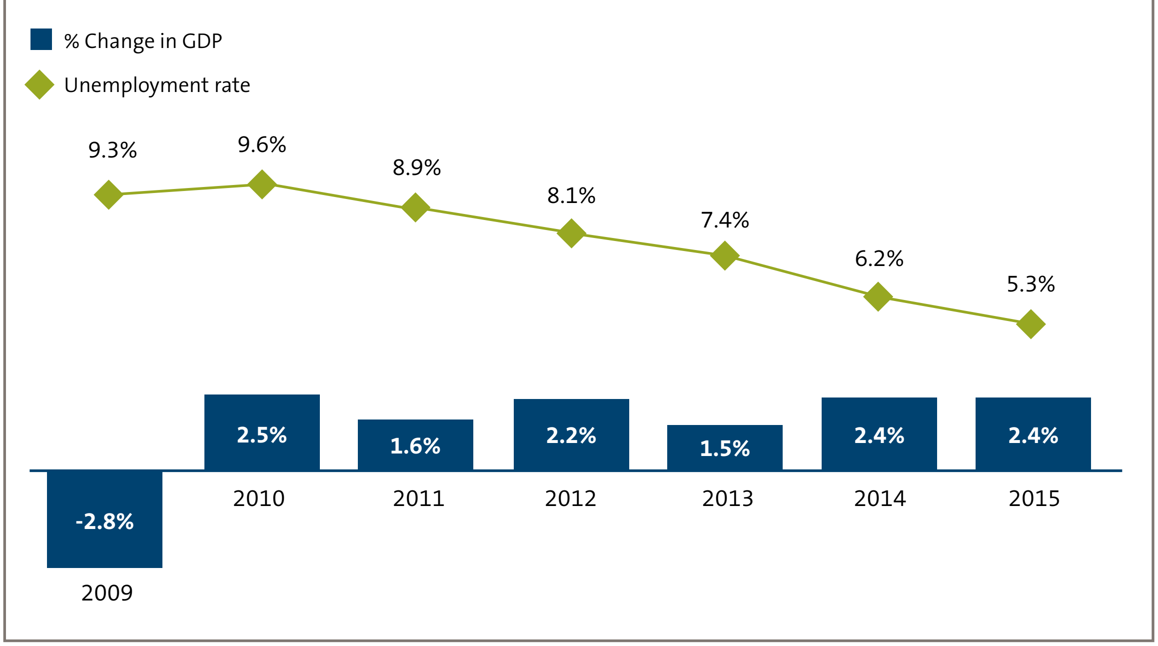
2. Selected findings are also presented for sub-samples (*e.g.*, by age, gender, ethnicity, etc.). In all such cases, each sub-sample consists of at least 100 respondents or more.
3. Percentages shown in this report may not always add up to 100% due to rounding and/or "Don't know" and missing responses.

The ability to make ends meet is a central component of financial capability, encompassing the extent to which people balance monthly income and expenses, and how they deal with everyday financial matters.

1. Making Ends Meet

The ability to make ends meet is a central component of financial capability, encompassing the extent to which people balance monthly income and expenses, and how they deal with everyday financial matters. Findings from the National Financial Capability Study suggest that Americans' ability to make ends meet is at least partly influenced by general economic conditions. When the first NFCS was conducted in 2009, the U.S. was still in the grip of the Great Recession. During that year, GDP shrank and unemployment rose to levels not seen in the U.S. in over 25 years, as the figure below shows. By 2012, the U.S. economy was growing modestly, and continued to do so through 2015. Unemployment rates have declined steadily from their peak in 2010.

Gross Domestic Product[4] and Unemployment[5] 2009 – 2015

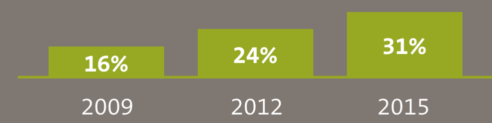


4. Source: U.S. Department of Commerce Bureau of Economic Analysis, Percent Change from Preceding Period in Real Gross Domestic Product, Annual Data from 2009 to 2015.

5. Source: U.S. Department of Labor Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Annual Average Unemployment Rates from 2009 to 2015.

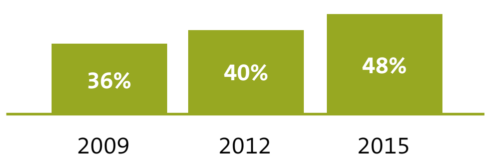
Satisfaction with personal financial condition

Mirroring the improvement in Americans' ability to make ends meet, satisfaction with one's personal finances has nearly doubled from 2009.

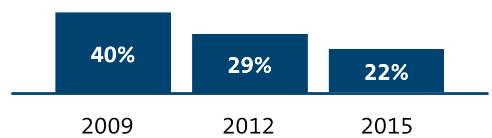


Reflecting the overall economic climate in the United States, results from the 2015 NFCS show continuing improvement with regard to Americans' ability to make ends meet. The percentage of respondents reporting no difficulty in covering monthly expenses and bills has increased from just over a third in 2009 (36%) to nearly half in 2015 (48%). Conversely, the percentage of respondents indicating they had experienced a large unexpected income drop in the past year has decreased considerably from two-fifths in 2009 to less than one quarter (22%) in 2015.

Find it not at all difficult covering expenses and paying bills



Have experienced unexpected income drop



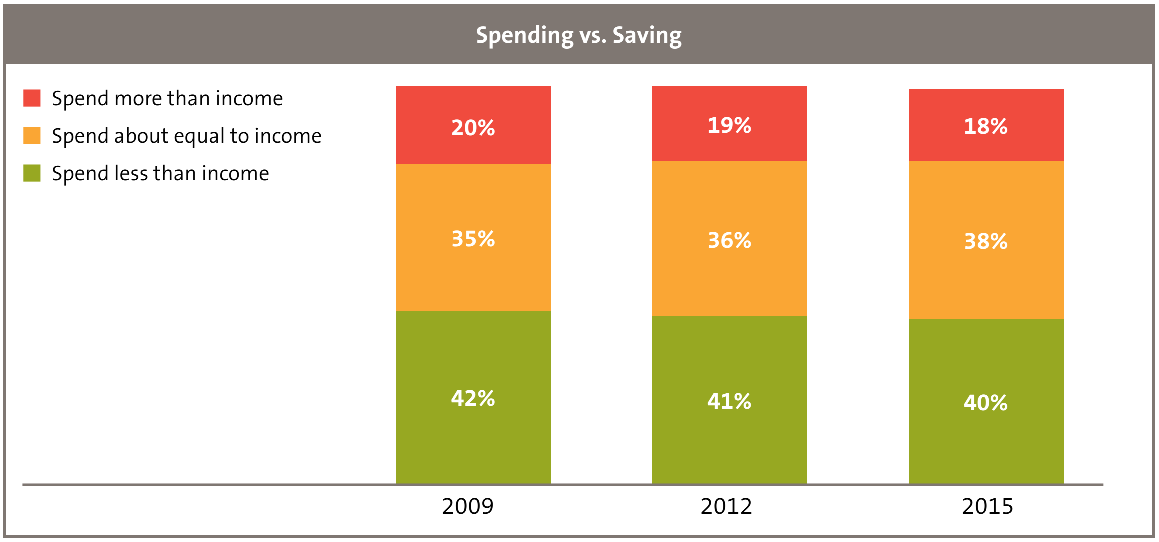
Income and education are correlated with ability to make ends meet. Those with higher income and education levels are more likely than those with lower income and education levels to have no difficulty covering their monthly expenses. Men are also more likely than women to have an easier time making ends meet.

		Gender		Income			Education		
	Total	Male	Female	<$25K	$25-75K	$75K+	HS or less	Some college	College or more
Find it not at all difficult covering expenses and paying bills	48%	52%	43%	25%	46%	70%	39%	45%	60%

Mirroring the improvement in Americans' ability to make ends meet, satisfaction with one's personal finances has nearly doubled from 2009. Thirty-one percent of respondents in the 2015 NFCS report being very satisfied with their current personal financial condition (8 to 10 on a 10-point scale), compared to only 16% in 2009. As expected, those who have no difficulty making ends meet are much more likely to be satisfied with their personal finances than those who find it very difficult to make ends meet (49% vs. 14%).

Spending vs. Saving

Despite the improvements in making ends meet and satisfaction with personal finances, there does not appear to be a corresponding increase in Americans' propensity to save. Two-fifths of respondents (40%) report spending less than their income, 38% spend about equal to their income, and 18% spend more than their income. These percentages have not shifted meaningfully from 2009.



Respondents who save are more likely to be satisfied with their personal finances than those who spend more than their income (40% vs. 21%). Not surprisingly, those with higher income and education levels are more likely than those with lower income and education levels to save.

		Income			Education		
	Total	<$25K	$25-75K	$75K+	HS or less	Some college	College or more
Spend less than income	40%	31%	37%	53%	36%	39%	48%

Indicators of Financial Stress

The study includes several indicators of financial stress. For example, 13% of non-retired respondents with retirement accounts report having taken a loan from their account in the past year, and 10% a hardship withdrawal. These percentages are consistent with 2012. Sixteen percent of mortgage holders report having been late with a mortgage payment at least once in the past year[6] (7% only once, and 9% more than once).

	2009	2012	2015
Have taken a loan from their retirement account	10%	14%	13%
Have taken a hardship withdrawal from their retirement account	8%	10%	10%
Have been late with mortgage payments	--	--	16%

6. Direct comparisons to 2012 and 2009 NFCS data are not possible because this question was asked differently in 2015.

Younger Americans, especially those 34 and under, are more likely to show these signs of financial stress, as are African-American and Hispanic respondents.

Younger Americans, especially those 34 and under, are more likely to show these signs of financial stress, as are African-American and Hispanic respondents.

		Age			Ethnicity				
	Total	18-34	35-54	55+	White	Afr.-Amer.	Hisp.	Asian	Other[7]
Have taken a loan from their retirement account	13%	22%	12%	6%	11%	21%	18%	15%	10%
Have taken a hardship withdrawal from their retirement account	10%	20%	8%	4%	8%	20%	15%	13%	8%
Have been late with mortgage payments	16%	29%	16%	7%	13%	29%	20%	20%	15%

Among respondents with checking accounts, 19% occasionally overdraw their checking accounts. Incidence of overdrawing has decreased somewhat relative to 2012 (22%) and 2009 (26%). Younger respondents, African-Americans, and those with financially dependent children are more likely to overdraw their checking accounts.

		Age			Ethnicity					Financially dependent children	
	Total	18-34	35-54	55+	White	Afr.-Amer.	Hisp.	Asian	Other	Yes	No
Overdraw checking account	19%	26%	21%	11%	16%	29%	23%	19%	22%	27%	14%

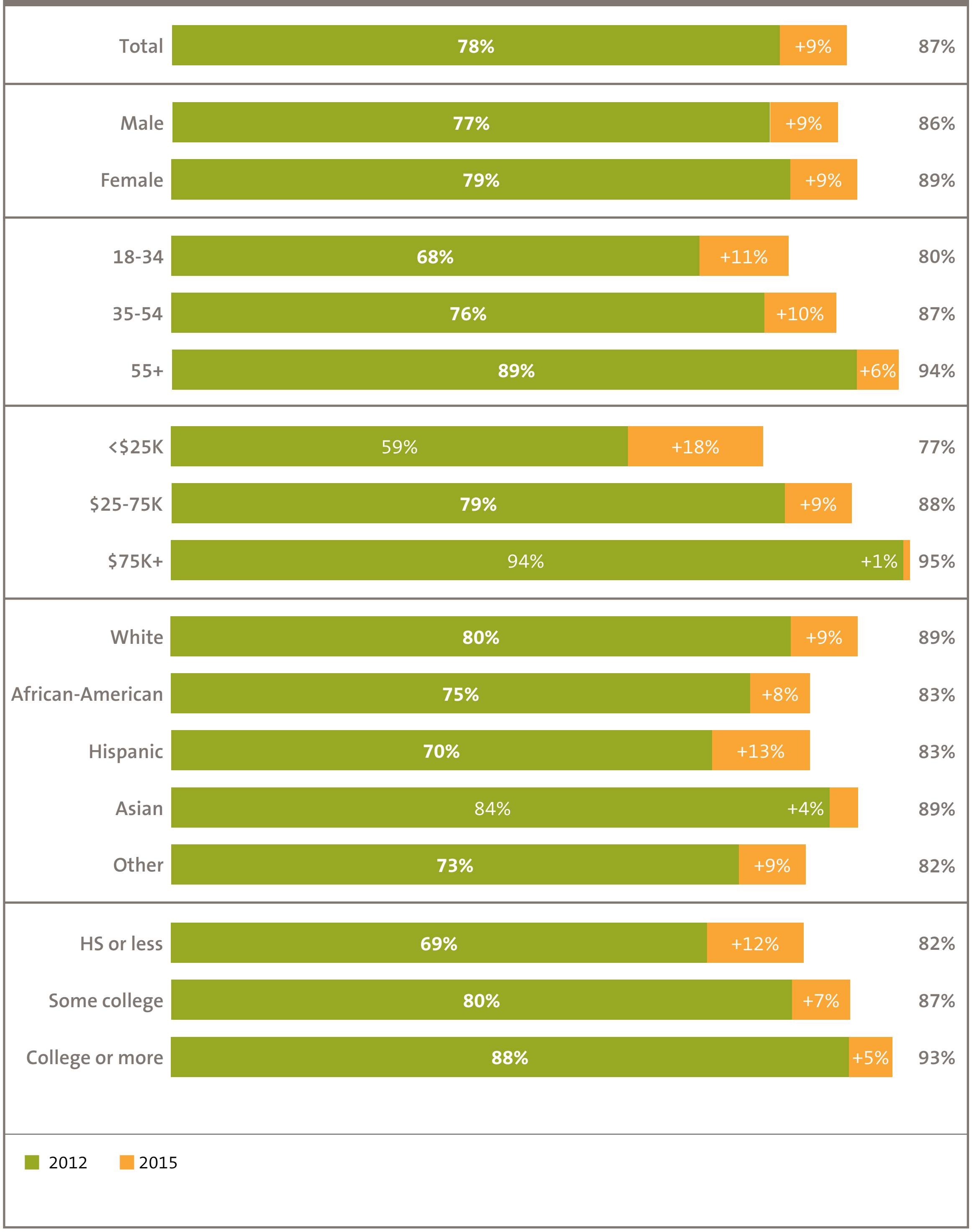
Overdrawing checking accounts appears to be a symptom of difficulty making ends meet. Among those who overdraw their checking accounts, a third (33%) report spending more than they earn, compared to 14% of those who do not overdraw. Similarly, 26% of Americans who overdraw their checking accounts feel it is very difficult to cover all their monthly bills, while only 7% of those who do not overdraw have the same difficulty. Finally, the data reveal a correlation between overdrawing checking accounts and satisfaction with personal finances. Those who overdraw are less likely to feel satisfied than those who do not (26% vs. 34%, respectively).

7. Includes non-Hispanic respondents who self-identified as Native American or Alaska Native, other, or two or more ethnicities.

Medical Expenses

The percentage of Americans who report having health insurance has increased substantially from 78% in 2012 to 87% in 2015. This change is likely due primarily to the implementation of the Affordable Care Act in 2014. The largest gains in healthcare coverage are among groups that typically have the lowest rates of being insured, including young Americans (34 and under), those with incomes of less than $25,000, Hispanics, and those without at least some college education.

Change in healthcare insurance from 2012 to 2015



However, more than one in five Americans (21%) report having unpaid, past-due bills from a healthcare or medical service provider, a slight decrease from 26% in 2012. Among those without health insurance, the number rises to 29%. Younger respondents are more likely than older respondents to have unpaid medical bills. This is likely due to the lower incidence of health insurance among younger Americans and the ubiquity of Medicare among those 65 and older. Women are more likely than men to have medical debt, though they are not less likely to be insured.

		Gender		Age		
	Total	Male	Female	18-34	35-54	55+
Have past-due medical bills	21%	18%	23%	24%	24%	14%

Respondents with unpaid medical bills are more likely than those without to report spending more than their income (30% vs. 15%, respectively), and to find it “very difficult” to cover their expenses and bills each month (25% vs. 7%, respectively). Having unpaid medical bills is also correlated with decreased financial satisfaction. Respondents with medical debt are less likely to feel satisfied with their personal finances (20% vs. 34%, among those who have no medical debt).

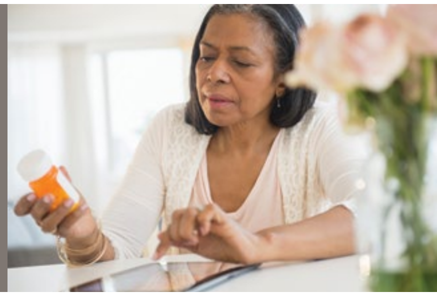
In the 2015 NFCS, a new set of questions was added to assess whether cost considerations are a deterrent to seeking or receiving medical services. The results show that medical expenses are also a source of financial distress for many respondents. More than a quarter of Americans (28%) have avoided some kind of medical service (visiting a doctor, following through with doctors’ recommendations, and filling prescriptions) because of cost concerns.

In the past year...	Total
Did not fill a prescription for medicine because of the cost	15%
Skipped a medical test, treatment or follow-up recommended by a doctor because of the cost	17%
Had a medical problem but did not go to a doctor or clinic because of the cost	19%
Had any of the above medical cost difficulties	28%

Women are more likely than men to have financial difficulty with the cost of medical services, as are younger respondents, those with lower income levels, and those with financially dependent children.

		Gender		Age			Income			Financially dependent children	
	Total	Male	Female	18-34	35-54	55+	<$25K	$25-75K	$75K+	Yes	No
Had medical cost difficulties	28%	24%	31%	36%	30%	18%	34%	30%	18%	35%	24%

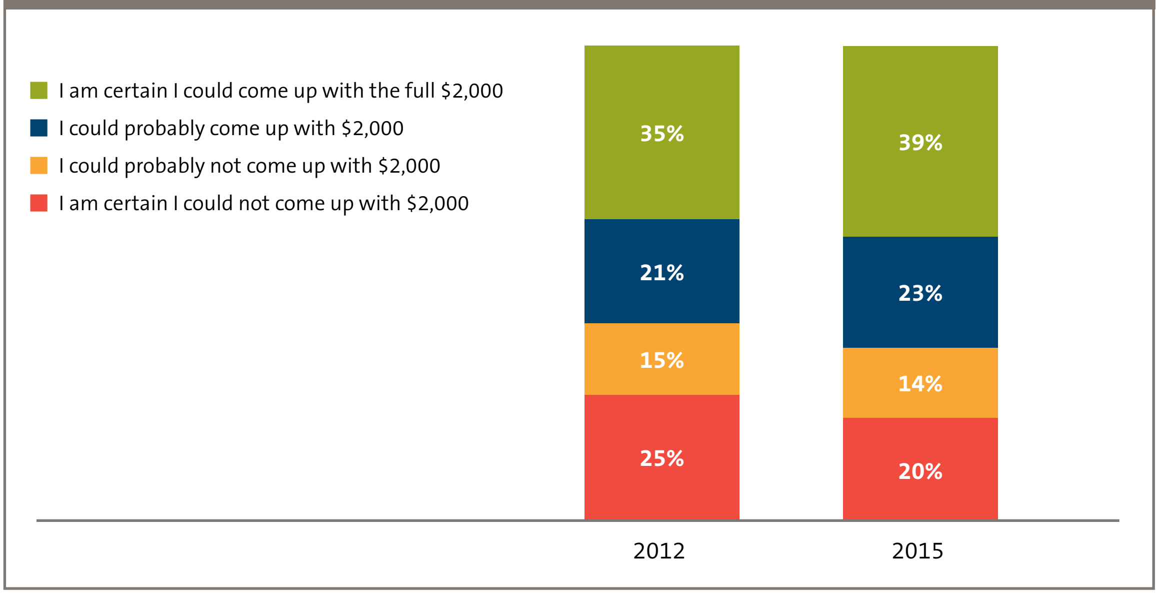
The difference between insured and uninsured Americans is quite striking. While a quarter of respondents with health insurance say they have avoided medical services because of the cost, nearly half (49%) of those uninsured have done so. Among respondents who find it very difficult to cover all their monthly bills, 56% have avoided medical services, compared to 14% of those who have no difficulty making ends meet.



There are considerable demographic differences in financial fragility. Women, younger respondents, those with lower income and education levels, and African-American and Hispanic respondents are more likely to have difficulty handling a short-term unexpected expense.

Financial Fragility

How confident are you that you could come up with $2,000 if an unexpected need arose within the next month



Another indicator of difficulty is financial fragility, specifically the lack of liquidity to deal with an unexpected challenge (*e.g.*, a major car or housing repair). Liquidity could arise from tapping into savings, selling valuables, or borrowing.

When asked if they would be able to come up with $2,000 if an unexpected need arose in the next month, over a third of respondents (34%) said they probably or certainly could not, a slight improvement over 39% in 2012.[8]

There are considerable demographic differences in financial fragility. Women, younger respondents, those with lower income and education levels, and African-American and Hispanic respondents are more likely to have difficulty handling a short-term unexpected expense.

8. Percentages in the chart do not add up to 39% due to rounding.

Probably/certainly could not come up with $2,000		
	Total	34%
Gender	Male	28%
	Female	39%
Age	18-34	43%
	35-54	35%
	55+	25%
Income	<$25K	63%
	$25-75K	33%
	$75K+	11%
Ethnicity	White	30%
	African-American	48%
	Hispanic	39%
	Asian	24%
	Other	44%
Education	HS or less	45%
	Some college	36%
	College or more	18%

Sources of Income

The majority of American adults (64%) receive income from employment (*i.e.*, salaries, wages, freelance pay, or tips). Just over a quarter (26%) say they receive Social Security retirement benefits, a slight increase from 24% in 2012, reflecting the aging Baby Boomer generation.

Types of income received over the past 12 months	2012	2015
Salaries, wages, freelance pay, or tips	63%	64%
Social Security retirement benefits	24%	26%
Payments from a pension plan	19%	20%
Money from family members who do not live in your household	19%	19%
Other federal or state benefits (*e.g.*, unemployment, disability, SSI, TANF)	19%	16%
Income from a business	14%	15%
Withdrawals from retirement accounts (*e.g.*, 401(k), IRA, Keogh)	13%	14%

Employment income is correlated with education level, such that 76% of those with college degrees or higher receive income from employment, compared to 64% of those with some college, and 52% of those with high school or less. Not surprisingly, adults 65 and older are far less likely to receive employment income.

		Age						Education		
	Total	**18-24**	**25-34**	**35-44**	**45-54**	**55-64**	**65+**	**HS or less**	**Some college**	**College or more**
Receive salaries, wages, freelance pay, or tips	64%	68%	75%	77%	72%	60%	32%	52%	64%	76%

Respondents who receive retirement income (pension plans, social security, or withdrawals from retirement accounts) are the most likely to have no difficulty making ends meet. This may be due in part to the higher likelihood of having multiple income sources among these respondents. For example, among those receiving pension payments, 95% have at least one other additional source of income (out of the seven listed in the survey). In contrast, among those receiving salaries or wages, only 55% have more than one source of income.

Among respondents who receive...	**% with no difficulty making ends meet**
Payments from a pension plan	65%
Social Security retirement benefits	57%
Withdrawals from retirement accounts (*e.g.*, 401(k), IRA, Keogh)	55%
Income from a business	52%
Salaries, wages, freelance pay, or tips	49%
Other federal or state benefits (*e.g.*, unemployment, disability, SSI, TANF)	34%
Money from family members who do not live in your household	30%

The survey reveals that younger Americans are much more likely to be receiving money from family members than older Americans. More than a third (36%) of respondents 18-34 receive financial help from family members not residing with them, compared to only 7% of those 55 and up. These findings suggest that even among those young adults who no longer live with their parents, many are not yet financially independent. The percentage of young people receiving help from family members is slightly higher than in 2012 (32%).

		Age		
	Total	**18-34**	**35-54**	**55+**
Receive money from family members who do not live in your household	19%	36%	15%	7%

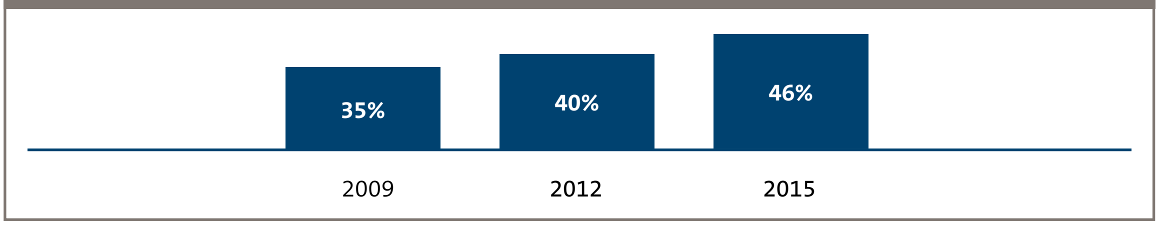
2. Planning Ahead

Many Americans experience certain predictable life events that require planning, including financing one's retirement and funding the cost of a child's post-secondary school education. Additionally, because the future is inherently uncertain, individuals and families also need to make provisions to buffer themselves against financial emergencies or shocks. Being able to weather shocks not only contributes to financial stability at the individual and family level but also increases the stability of the economy as a whole.

Rainy Day Funds

Emergency savings or "rainy day" funds are an important element of planning for the financial future. While the percentage of respondents with emergency funds (46%) has increased considerably since 2009, still half of respondents (50%) have not set aside funds sufficient to cover expenses for three months in case of sickness, job loss, economic downturn, or other emergency. As a result, many individuals and families would not be able to draw on personal financial resources if they were faced with an economic shock.

Have set a side three months worth of emergency funds



Predictably, respondents with higher incomes are much more likely to have an emergency fund, as are older respondents (55 and up) and those with higher levels of education.

		Age			Income			Education		
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	HS or less	Some college	College or more
Have set aside three months' worth of emergency funds	46%	40%	41%	56%	24%	44%	67%	36%	43%	62%

Budgeting and Planning

The 2015 NFCS includes several new questions on household budgeting and planning. Over half of respondents (56%) report having a household budget to decide what share of income will be used for spending, saving, or paying bills. The percentage of respondents who have a household budget is fairly consistent across gender, age, and income groups.

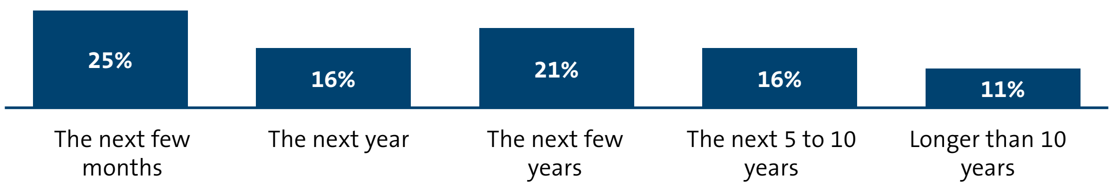
		Gender		Age			Income		
	Total	Male	Female	18-34	35-54	55+	<$25K	$25-75K	$75K+
Have a household budget	56%	55%	57%	59%	56%	54%	54%	57%	56%

Over half of respondents (56%) report having a household budget to decide what share of income will be used for spending, saving, or paying bills.

Those with household budgets are somewhat more likely than those without to be spending less than their income (44% vs. 37%), and considerably more likely to have set aside emergency funds (52% vs. 41%). However, there is little difference between budgeters and non-budgeters in being able to make ends meet (48% and 49% respectively say they have no difficulty covering monthly expenses), and no difference in likelihood to overdraw their checking account (19% each).

When budgeting household finances, many Americans focus on relatively short-term time periods. Forty-one percent of respondents say that the most important time period for their planning and budgeting purposes is the next few months to a year; only 27% of respondents consider periods of 5 years or more to be most important.

In planning or budgeting your saving and spending, which of the following time periods is most important to you?



Notwithstanding this apparent focus on budgeting for the short term, the majority of Americans (57%) agree with the statement "I set long-term financial goals and strive to achieve them." Those with higher income and education levels are more likely to agree.

	Total	Income			Education		
		<$25K	$25-75K	$75K+	HS or less	Some college	College or more
"I set long-term financial goals and strive to achieve them" (5 to 7 on 7-point scale)	57%	41%	56%	73%	47%	55%	70%

The data reveal some notable correlations with setting long-term financial goals. Respondents who report working towards long-term goals are much more likely than those who do not to be satisfied with their personal finances (43% among those who agree, vs. 11% among those who disagree). They are also much more likely to spend less than their income (48% vs. 26%), to have no difficulty making ends meet (57% vs. 28%), and to have set aside emergency funds (61% vs. 17%).

While individuals increasingly have to take responsibility for their financial security after retirement, the majority of Americans do not appear to have done much retirement planning.

Planning for Retirement

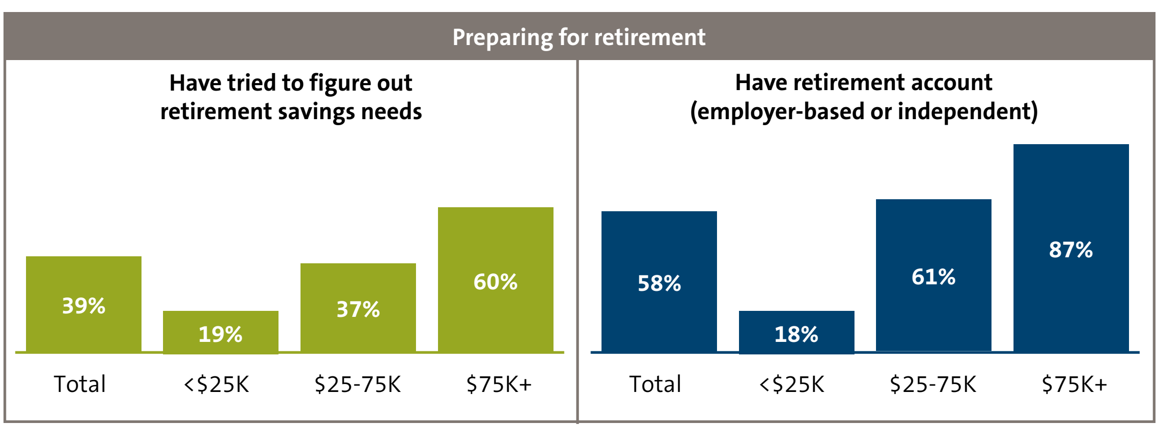
While individuals increasingly have to take responsibility for their financial security after retirement, the majority of Americans do not appear to have done much retirement planning. Thirty-nine percent of respondents have tried to figure out how much they need to save for retirement, while 56% have not. The act of planning for retirement has been shown to be a strong positive indicator of retirement wealth.[9]

Recognizing that many Americans are not familiar with the technical terms and distinctions used to describe various types of retirement plans, the survey employed a few "plain language" questions to assess whether respondents have a retirement plan through an employer, and if so, which type (specifically, a defined benefit plan or a defined contribution plan, such as a 401(k)). In addition, the survey asked whether individuals have retirement accounts they set up on their own, such as an Individual Retirement Account (IRA), Keogh, SEP, or other type of retirement account. Just over half of all non-retired respondents (58%) have some kind of retirement account, either employer-based (*e.g.*, 401(k), pension) or independent (*e.g.*, IRA).

Despite the improvement in Americans' ability to make ends meet, the percentages of those who have planned for retirement or have a retirement account are little changed since 2009.

	2009	2012	2015
Have tried to figure out retirement savings needs	37%	37%	39%
Have retirement account (employer-based or individual)	57%	54%	58%

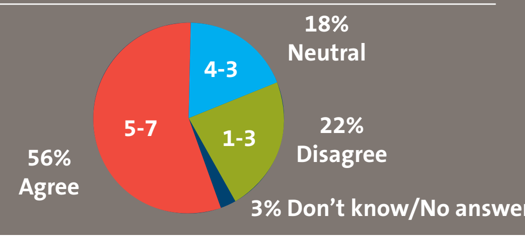
Respondents with lower income levels are much less likely to be prepared for retirement than those with higher incomes. Only 19% of those with incomes under $25,000 have tried to plan for retirement, compared to 60% of those with $75,000 or more income. Similarly, likelihood to have a retirement account increases dramatically with income, such that only a small minority of respondents with less than $25,000 income have a retirement account (18%), while the vast majority of respondents with $75,000 or more income have one (87%).



9. Annamaria Lusardi, "Information, Expectations, and Savings for Retirement," in Henry Aaron, ed., *Behavioral Dimensions of Retirement Economics* (Washington, DC: Brookings Institution Press and Russell Sage Foundation, 1999), 81-115.

I'm worried about running out of money in retirement

In the decades since the introduction of defined contribution plans, and the related decrease in prevalence of defined benefit pensions, most plan participants have failed to defer enough of the income from their working years to assure a secure retirement.



Respondents who feel they are working towards long-term financial goals are much more likely than those who do not to have calculated retirement savings needs (53% vs. 17%) and to have a retirement account (67% vs. 42%). Among respondents who reported planning for time horizons of more than 10 years, over half (57%) have tried to calculate their retirement needs, and almost three quarters (73%) have a retirement account.

Many studies have warned that the U.S. faces a retirement savings crisis. In the decades since the introduction of defined contribution plans, and the related decrease in prevalence of defined benefit pensions, most plan participants have failed to defer enough of the income from their working years to assure a secure retirement. The National Institute on Retirement Security reports that 62% of workers between the ages of 55 and 64 have retirement savings that are less than one times their annual income.[10] Given this, it is not surprising that the 2015 NFCS finds that more than half of Americans (56%) are worried about running out of money in retirement.

Women are somewhat more likely than men to be worried about retirement. Respondents ages 35-54 are the most likely to be worried, followed by those 18-34. While those in the highest income group ($75,000 or more) are less likely than those with lower incomes to be worried about retirement, over half of them are worried.

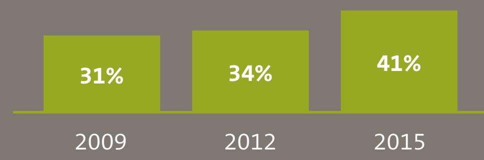
		Gender		Age			Income		
	Total	Male	Female	18-34	35-54	55+	<$25K	$25-75K	$75K+
"I worry about running out of money in retirement" (5 to 7 on 7-point scale)	56%	53%	59%	57%	65%	47%	58%	59%	51%

Among non-retired respondents, those who have tried to calculate retirement savings needs are slightly more likely than those who have not to be worried about having enough money in retirement (64% vs. 59%). Non-retired respondents with retirement accounts are just as worried as those without retirement accounts (62% vs. 60%).

10. Nari Rhee and Ilana Boivie, "The Continuing Retirement Savings Crisis," National Institute on Retirement Security, March 2015.

Setting aside money for children's college

The percentage of Americans saving for college has increased considerably from 31% in 2009 to 41% in 2015. Still, less than half of those with financially dependent children are setting aside money for their children's college education.



Planning for College

Tuition and fees at four-year public colleges and universities have increased by 13% over the past five years (adjusted for inflation).[11] Even if this trend is slowed, an average American family with children can expect to allocate a sizable share of their resources to paying college tuition.

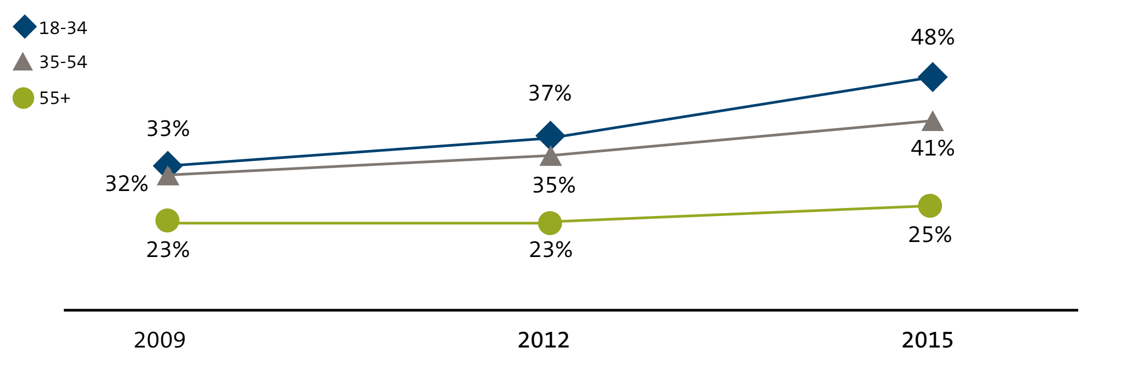
The percentage of Americans saving for college has increased considerably from 31% in 2009 to 41% in 2015. Still, less than half of those with financially dependent children are setting aside money for their children's college education.

Asians are more likely than other ethnic groups to be setting aside money for college.

Respondents with financially dependent children who...	Total	Ethnicity				
		White	African American	Hispanic	Asian	Other
Are setting aside money for children's college	41%	39%	39%	45%	54%	33%

Saving for college has increased most among young respondents (18-34), suggesting that parents are beginning to save while their children are at a younger age.

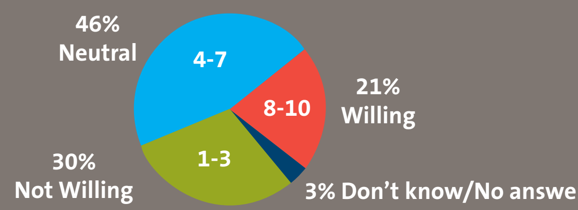
Setting aside money for children's college



11. Source: College Board (Tuition and Fees and Room and Board over Time, 1975-76 to 2015-16, selected Years).

When thinking of your financial investments, how willing are you to take risk?

An important determinant of how people choose to invest their savings and retirement wealth is their attitude towards financial risk. As the chart shows, only about one in five Americans (21%) say they are willing to take financial risks.



Investments

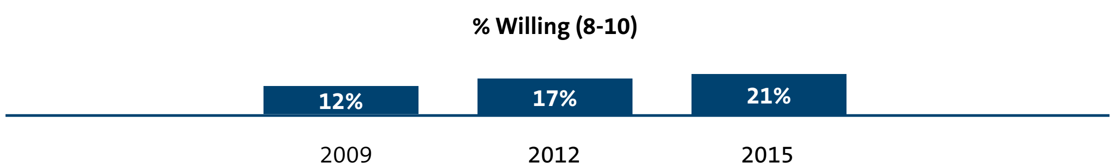
One of the most concrete indicators of planning ahead is investing.[12] Just under a third of respondents (30%) have investments in stocks, bonds, mutual funds, or other securities outside of retirement accounts, continuing a very slight downward trend from 32% in 2012 and 34% in 2009. Not surprisingly, those with higher incomes and higher education levels are much more likely than those with lower incomes and lower education levels to have non-retirement investments.

		Income			Education		
	Total	<$25K	$25-75K	$75K+	HS or less	Some college	College or more
Have non-retirement investments	30%	10%	27%	53%	18%	27%	48%

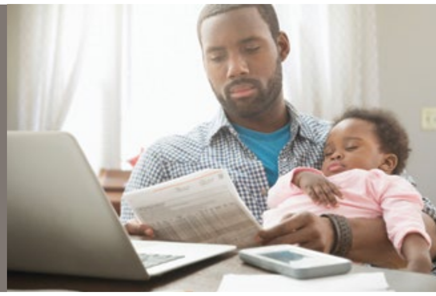
Risk Preferences

An important determinant of how people choose to invest their savings and retirement wealth is their attitude towards financial risk. As the chart below shows, only about one in five Americans (21%) say they are willing to take financial risks. However, risk tolerance has increased considerably relative to 2009, when 12% of respondents reported being willing to take risks. Men are much more likely than women to say they are willing to take risks in financial investments (28% vs. 14% respectively).

When thinking of your financial investments, how willing are you to take risk?



12. In 2015, a follow-up survey was conducted among investors with non-retirement accounts, to provide additional detail on investor-specific topics such as types of securities owned, usage of advisers, perceptions of the securities market, and investment-specific financial literacy questions. Findings from this survey will be released in a separate report.



Making informed decisions about which products to use and how to use them can determine whether one experiences successful financial outcomes or encounters serious financial distress.

3. Managing Financial Products

Every individual and household must manage a potentially confusing range of financial products in the course of their lives, including saving and investing vehicles, payment tools, and credit products. Making informed decisions about which products to use and how to use them can determine whether one experiences successful financial outcomes or encounters serious financial distress. Further complicating the challenges of financial management, access to appropriate financial products is not assured for all consumers.

Banking and Payment Methods

The vast majority of respondents in the NFCS report having a bank account (93%); only 5% are unbanked, defined as having neither a checking account nor a savings account. The unbanked are typically underrepresented in survey research, partly due to lower levels of access to landline phones and the Internet. The 2013 FDIC National Survey of Unbanked and Underbanked Households conducted as part of the U.S. Census Bureau's Current Population Survey (CPS) estimated that 7.7% of American households are unbanked.

Nearly a quarter of respondents (24%) use reloadable prepaid debit cards to make payments (8% frequently and 16% sometimes).[13] Usage of reloadable prepaid debit cards is far more common among unbanked respondents (52% compared to 22% among banked respondents). Those who receive government benefits are also more likely to use prepaid debit cards (39% vs. 20% among those who do not receive such benefits). Younger respondents, lower income respondents, and non-white respondents are also more likely to use reloadable prepaid debit cards.

		Age			Income			Ethnicity				
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	White	Afr.-Amer.	Hisp.	Asian	Other
Use reloadable prepaid debit cards	24%	39%	24%	10%	31%	24%	18%	18%	41%	32%	32%	25%

Slightly more than one in five respondents (22%) use mobile phones to pay at the point of sale (5% frequently and 17% sometimes).[14] Younger respondents, particularly those under 35, and non-white respondents are much more likely to use mobile payments. In contrast to prepaid debit cards, mobile payment usage trends upward with higher income levels.

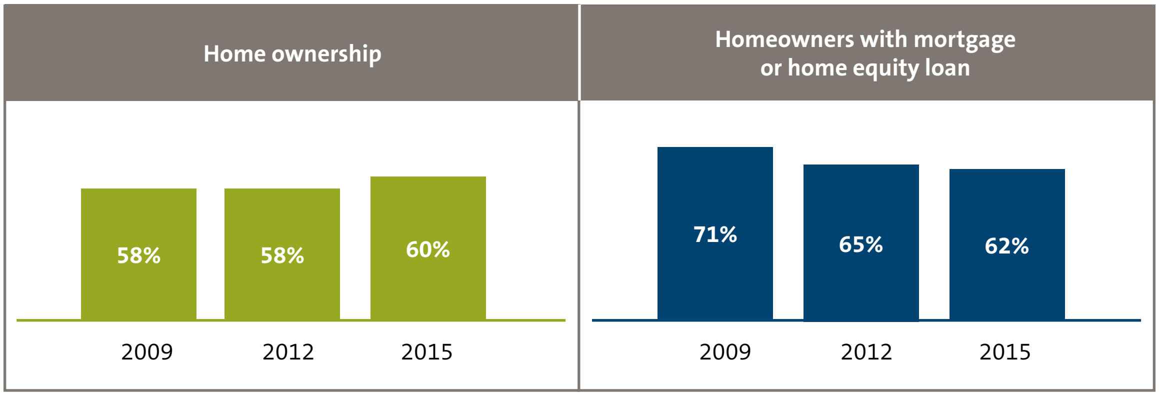
		Age			Income			Ethnicity				
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	White	Afr.-Amer.	Hisp.	Asian	Other
Use mobile payments	22%	40%	23%	6%	19%	22%	26%	17%	30%	35%	34%	21%

13. Direct comparisons to 2012 NFCS data are not possible because this question was asked differently.

14. Direct comparisons to 2012 NFCS data are not possible because this question was asked differently.

Home Ownership and Mortgages

Many Americans borrow money in order to purchase a home. Three-fifths of respondents surveyed are homeowners, little changed from 2012 (58%). Among homeowners, more than three out of five (62%) have a mortgage or home equity loan. This percentage declined sharply from 71% in 2009 to 65% in 2012, as the housing and mortgage markets reeled in the aftermath of the financial crisis, and has continued to decline slightly from 2012 to 2015, reflecting ongoing caution among lenders even eight years after the crash.



Home ownership varies greatly among demographic groups. Younger respondents, those with lower incomes, and African-American and Hispanic respondents are less likely to own a home.

		Age			Income			Ethnicity				
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	White	Afr.-Amer.	Hisp.	Asian	Other
Home ownership	60%	38%	64%	76%	30%	61%	84%	67%	43%	47%	57%	46%

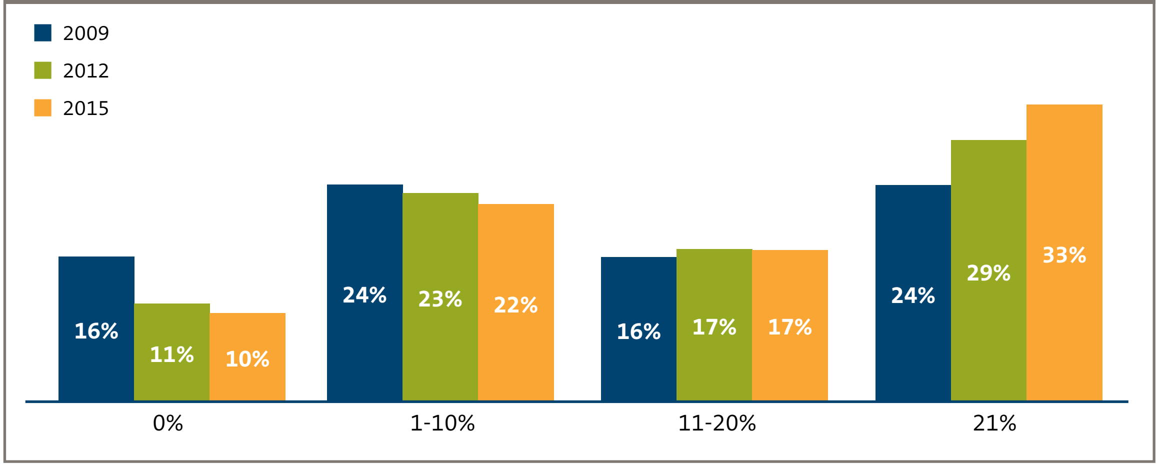
Because self-reported home values are often inaccurate—making it difficult to calculate the exact amount of equity respondents have in their homes—the NFCS uses a simple measure of home equity that asked participants "Do you currently owe more on your home than you think you could sell it for today?" In response to this question, 9% of homeowners report being "underwater," down from 14% in 2012. This change likely reflects the continued rise in home values during this period, as measured by the S&P/Case-Shiller U.S. National Home Price Index.

Being underwater shows a strong correlation with the age of the homeowner. Eighteen percent of homeowners aged 18-34 are underwater, compared to only 4% of those 55 and older. Interestingly, there is little difference by income, suggesting that the bursting of the housing bubble affected all tiers of the market.

		Age			Income			Ethnicity				
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	White	Afr.-Amer.	Hisp.	Asian	Other
Homeowners "underwater"	9%	18%	11%	4%	9%	10%	9%	8%	16%	13%	12%	10%

Relative to 2009, the number of down payments of 10% or less continues to decrease, while the number of respondents who put down more than 20% continues to increase. This may reflect stricter requirements imposed by lenders in recent years.

Approximately what percentage of the purchase price was your down payment?
(among homeowners who have purchased within past 5 years)



Credit Cards

A common way in which many Americans borrow is through the use of credit cards. A large majority of Americans (77%) have at least one credit card, and over a quarter (26%) report having four or more cards. Credit card usage has increased slightly relative to 2012 (71%).

Among the 21% of respondents who do not have credit cards, prepaid debit card usage is more common (32% use prepaid debit cards, compared to 22% among those with credit cards).

The percentage of respondents saying they always paid their credit cards in full has increased over the three waves of the NFCS. Correspondingly, several of the individual credit card behaviors that generate interest or fees show a downward trend since 2009. However, more than half of credit card holders (56%) engage in at least one behavior that results in either interest or fees, and a third (33%) engage in two or more such behaviors.

In the past year...	2009	2012	2015
I always paid my credit cards in full	41%	49%	52%
In some months, I carried over a balance and was charged interest	56%	49%	47%
In some months, I paid the minimum payment only	40%	34%	32%
In some months, I was charged a late fee for late payment	26%	16%	14%
In some months, I was charged an over the limit fee for exceeding my credit line[15]	15%	8%	8%
In some months, I used the cards for a cash advance	13%	11%	11%

15. The CARD Act, which went into effect in 2010, has made over the limit fees more uncommon, however respondents may still believe they pay these fees.

Considering the subset of behaviors that are likely to generate sizeable interest or fees (paying the minimum payment, paying late fees, paying over the limit fees, or using the card for cash advances), we find that 39% of credit card holders engage in at least one of these expensive practices. Younger respondents, those with lower incomes, and African-American respondents are particularly likely to use costly credit card borrowing methods.

		Age			Income			Ethnicity				
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	White	Afr.-Amer.	Hisp.	Asian	Other
Engage in expensive credit card behaviors	39%	52%	44%	24%	49%	42%	29%	35%	56%	47%	30%	48%

Just over a third of respondents (35%) report that they compared information about different cards from more than one company when obtaining their most recent credit card, while the majority (58%) say they did not. Younger respondents are much more likely than older respondents to have shopped around for credit cards.

		Age		
	Total	18-34	35-54	55+
Compared credit cards	35%	46%	36%	26%

Student Loans

Student loan debt is an area of growing concern to both individuals and policy makers. The 2015 NFCS provides more detail on student loans than was available in previous waves, including the types of student loans respondents have, as well as behaviors and attitudes regarding student loans.

Just over a quarter (26%) of American adults in the 2015 NFCS report that they currently have a student loan for themselves or a family member.[16] Among those with student loans, the majority (73%) took out the loans for their own education.

Not surprisingly, student loan debt is highly correlated with age. While nearly half of respondents 18-34 have student loans (45%), only 9% of those 55 and older do. Interestingly, student loan debt appears to be consistent across income levels. Among ethnic groups, White and Asian respondents are less likely than others to have a student loan.

		Age			Income			Ethnicity				
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	White	Afr.-Amer.	Hisp.	Asian	Other
Have student loan	26%	45%	27%	9%	27%	26%	26%	22%	38%	34%	25%	33%

Students currently enrolled in four-year colleges or universities are much more likely than those currently enrolled at two-year community colleges or vocational/technical schools to have a student loan (60% vs. 42% have a student loan for themselves).

16. Direct comparisons to 2012 NFCS data are not possible because this question was asked differently.

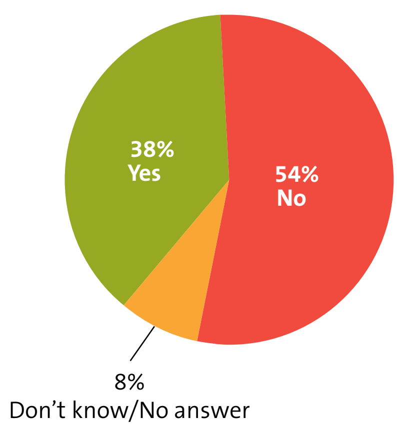
Student loan debt is an area of growing concern to both individuals and policy makers. Just over a quarter (26%) of American adults in the 2015 NFCS report that they currently have a student loan for themselves or a family member. Among those with student loans, the majority (73%) took out the loans for their own education.

More than half of student loan holders (57%) report having only federal loans, just under a quarter (22%) say they have both federal and private loans, and 12% report having only private loans.[17] Over a third (35%) of student loan holders believe they have a loan where the monthly payments are determined by their income (*e.g.*, Income-Based Repayment Plan, Pay As You Earn Plan, or Income-Contingent Repayment Plan).[18] However, nearly one in five (19%) did not know whether they had these types of loans.

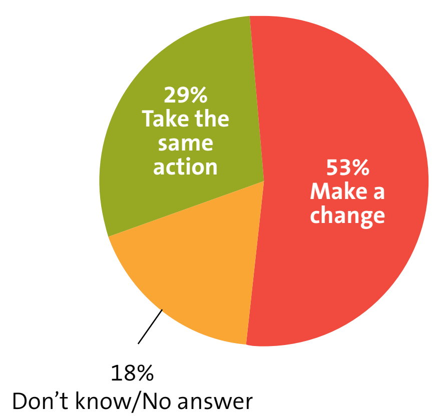
Findings from the NFCS seem to suggest that many student loan holders did not fully understand what they were getting into when they took out their loans. The majority of student loan holders (54%) say they did not try to estimate monthly payments when obtaining their most recent student loan, while 38% report they did. Among those with student loans, about half (48%) are concerned that they will not be able to pay off their loans.[19]

When student loan holders were asked whether, given the chance to do it all over again, they would make the same choices about student loans or do something different, more than half (53%) said they would take a different course of action.

Before you got your most recent student loan, did you try to figure out how much your monthly payments would be?



If you could go through the process of taking out loans to pay for your education all over again, would you take the same actions or make a change?



17. Some respondents may understandably be confused about the type of loan they have because the Health Care and Education Reconciliation Act of 2010 changed the manner in which loans were distributed in 2010.
18. The large and increasing number of income-based repayment plans may be a source of confusion for some respondents.
19. Direct comparisons to 2012 NFCS data are not possible because of changes to the student loan question.

Among student loan holders with payments due, 37% have been late with a payment at least once in the past year,[20] and 25% more than once. Incidence of late student loan payments is particularly high among debtors with annual incomes of less than $25,000 and among African-American and Hispanic respondents. Respondents with financially dependent children are also more likely to have missed student loan payments than those without.

Have been late with student loan payments		
	Total	37%
Gender	Male	37%
	Female	37%
Age	18-34	38%
	35-54	37%
	55+	31%
Income	<$25K	47%
	$25-75K	40%
	$75K+	26%
Ethnicity	White	32%
	African-American	49%
	Hispanic	41%
	Asian	31%
	Other	40%
Education	HS or less[21]	42%
	Some college	41%
	College or more	29%
Financially dependent children	Yes	42%
	No	31%

Among respondents with student loans for themselves, more than a quarter (28%) report that they did not complete the educational program for which they borrowed money. Respondents with lower income levels are even more likely to have dropped out of their educational program, perhaps because of competing demands such as working.

		Income		
	Total	**<$25K**	**$25-75K**	**$75K+**
Did not complete education for which loan was taken out	28%	32%	29%	20%

Student loan holders who did not complete their education are more likely than those who did to say they would make a change in the way they borrowed if given the chance to do it again (67% vs. 54%). They are also more likely to have been late with a student loan payment in the past year (53% vs. 38% among those who finished their education).

20. Though not directly comparable, these findings are in line with data from the U.S. Department of Education on the federal student loan portfolio. See *https://studentaid.ed.gov/sa/about/data-center/student/portfolio*.

21. Only 15% of respondents in this category have student loan debt.

Non-Bank Borrowing

A sizable share of Americans engage in alternative forms of borrowing, such as taking out an auto title loan or a payday loan, using a pawn shop, or using a rent-to-own store. These borrowing methods may be likely to charge higher interest rates than those charged by banks, credit unions, or credit card companies. Moreover, as widely reported in financial literacy literature, use of these products often indicates individuals have limited or poor credit histories, lack of access to more traditional sources of credit, or both.

Over a quarter of respondents (26%) have used at least one alternative borrowing method within the past five years, and 12% have used two or more. Among the four [22] types of alternative borrowing measured in the survey, pawn shops are the most commonly used. Among those who have used a pawn shop, the vast majority (78%) have sold or pawned an item.

Non-bank borrowing methods used at least once in the past five years	2012	2015
Pawn shop	18%	16%
Short-term "payday" loan	12%	12%
Rent-to-own store	10%	10%
Auto title loan	9%	10%
Used one or more	28%[23]	26%

Usage of non-bank borrowing methods is highest among 18-34 year olds, those with incomes of less than $25,000, African-American and Hispanic respondents, and those with high school or less than high school education.

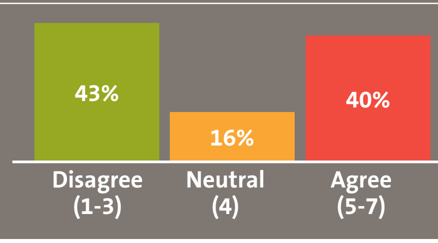
Used one or more non-bank borrowing methods		
	Total	26%
Gender	Male	27%
	Female	24%
Age	18-34	38%
	35-54	27%
	55+	13%
Income	<$25K	33%
	$25-75K	28%
	$75K+	16%
Ethnicity	White	21%
	African-American	39%
	Hispanic	34%
	Asian	21%
	Other	33%
Education	HS or less	30%
	Some college	27%
	College or more	18%

22. Tax refund advance was removed from the 2015 NFCS.

23. The 2012 percentage has been recalculated based on the four items in the 2015 NFCS, and therefore differs from the figure cited in the 2012 report.

"I have too much debt right now"

Two out of five respondents (40%) report feeling that they have too much debt, showing little change from 2012.



Debt

Looking across the total population of respondents, we see that various types of debt are fairly common, ranging from nearly two-fifths with home debt (*i.e.*, mortgage or home equity loan) to over one-fifth with medical debt. Almost four out of five Americans have at least one of the six types of debt measured in this study, and over a quarter (28%) have three or more types of debt.[24]

	Percent of total sample
Have a mortgage or home equity loan	37%
Carried a credit card balance in the past year	36%
Have an auto loan	30%
Have a student loan	26%
Used non-bank borrowing in the past five years	26%
Have unpaid medical bills	21%
1 or more types of debt	79%
2 or more types of debt	52%
3 or more types of debt	28%
4 or more types of debt	12%

According to the Federal Reserve Bank of New York, total household debt in dollars has been on the rise over the past few years, after falling steadily from 2008 to 2013. Much of the increase has been in the categories of student loans and auto loans, each of which rose about one quarter of 1 trillion dollars from mid-year 2013 to year-end 2015.[25] In the 2015 NFCS, two out of five respondents (40%) report feeling that they have too much debt (5 to 7 on a 7-point scale), showing little change from the 42% in 2012. Among those with three or more types of debt, more than two thirds (68%) feel they have too much debt.

Younger respondents and those with lower incomes are more likely to feel burdened by debt. In contrast to other measures of financial stress, self-perception of debt does not vary greatly by education level.

		Age			Income			Education		
	Total	18-34	35-54	55+	<$25K	$25-75K	$75K+	HS or less	Some college	College or more
"I have too much debt right now" (5 to 7 on 7-point scale)	40%	45%	47%	29%	43%	42%	34%	39%	42%	38%

Feelings of over-indebtedness and satisfaction with personal finances are inversely correlated. Among respondents who feel they have too much debt, only 18% are satisfied with their personal finances, compared to nearly half (47%) among those who do not feel they have too much debt.

24. Direct comparisons to 2012 NFCS data are not possible because of changes to the student loan and non-bank borrowing questions.

25. Source: Federal Reserve Bank of New York, comparing data from Q2 2013 to Q4 2015.

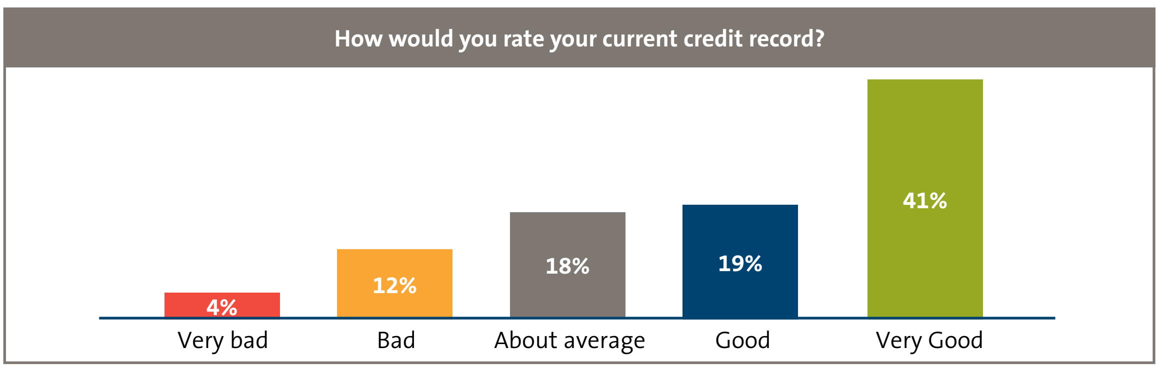
Eighteen percent of respondents say they have been contacted by a debt collection agency in the past year. Incidence of being contacted by a debt collector is particularly high among those with incomes of less than $25,000 (25%) and African Americans (31%). Respondents with unpaid medical bills are the most likely to have been contacted by a debt collector, followed by those who use non-bank borrowing.

Among respondents who...	% have been contacted by debt collection agency in past year
Have unpaid medical bills	55%
Use non-bank borrowing	41%
Have student loan	31%
Have auto loan	23%
Carry credit card balance	22%
Have mortgage or home equity loan	15%

Experience with debt collectors is correlated with self-perceptions of debt and satisfaction with personal finances. Respondents who have been contacted by a debt collection agency are much more likely than those who have not to feel that they have too much debt (77% vs. 31%), and less likely to be satisfied with their personal finances (19% vs. 34%).

Credit Scores

Despite feelings of being overwhelmed by debt, a majority of Americans (60%) believe they have above average credit, and the plurality (41%) rate their credit as "very good."[26]



Older respondents and White and Asian respondents are more likely to rate their credit as "good" or "very good."

		Age			Ethnicity				
	Total	18-34	35-54	55+	White	Afr.-Amer.	Hisp.	Asian	Other
Good/very good credit	60%	50%	57%	72%	65%	40%	53%	70%	45%

Self-assessment of credit score is correlated with a number of variables. Respondents who rate their credit as "good" or "very good" are much less likely to feel they have too much debt than those who give themselves "bad" or "very bad" scores (30% vs. 71%), and more likely to be satisfied with their finances (43% vs. 10%). They are also much less likely than those with bad/very bad credit scores to use non-bank borrowing (16% vs. 53%), to have unpaid medical debt (10% vs. 53%), to have missed student loan payments (24% vs. 62%), to have missed mortgage payments (9% vs. 45%), and to have been contacted by a debt collection agency (6% vs. 59%).

26. While it is not possible to check the accuracy of respondents' self-assessments, actual FICO scores appear to be similarly skewed, such that 38% of the population have scores of 750 or higher (as of April 2015). See Ethan Dornhelm, "US Credit Quality Continues To Climb – But Will It Level Off?", FICO Blog, August 18, 2015.

4. Financial Knowledge and Decision-Making

In order to make sound financial decisions, individuals need to be equipped not only with at least a rudimentary level of financial knowledge, but also with the skills to apply what they know to actual financial decision-making situations. As the survey data demonstrate, all too often, a gap exists between self-reported knowledge and real-world behavior.

Financial Literacy

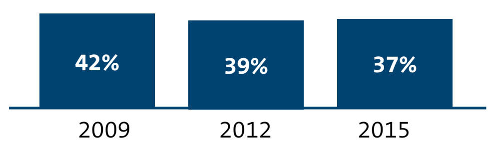
To evaluate financial knowledge, respondents were exposed to a series of questions covering fundamental concepts of economics and finance that may be encountered in everyday life, such as calculations involving interest rates and inflation, principles relating to risk and diversification, the relationship between bond prices and interest rates, and the impact that a shorter term can have on total interest payments over the life of a mortgage. As illustrated in the table below, the survey reveals relatively low levels of financial literacy among Americans as measured by these standard questions.

	Correct	Incorrect	Don't know
Interest rate question	75%	13%	12%
Inflation question	59%	20%	20%
Bond price question	28%	33%	38%
Mortgage question	75%	8%	16%
Risk question	46%	10%	44%

While the correct response to some individual questions reaches 75%, only 14% of respondents are able to answer all five questions correctly, and 37% are able to answer at least four questions correctly.

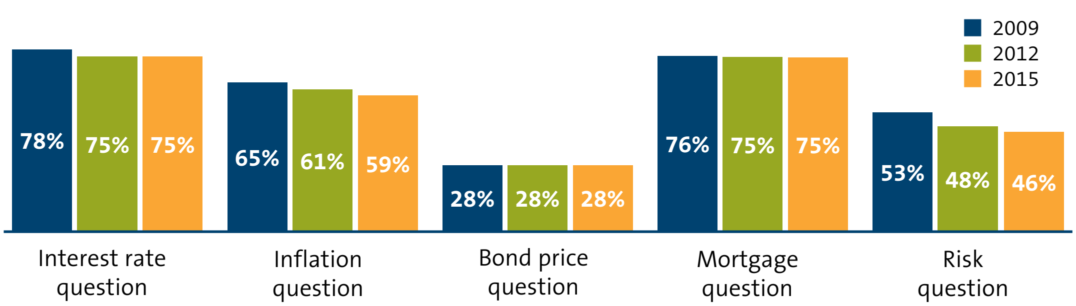
Percentage who answered 4 or more quiz questions correctly (out of 5 questions)

In contrast to the improvements in many measures of financial capability mentioned earlier in this report, financial literacy shows a slight downward trend since 2009.

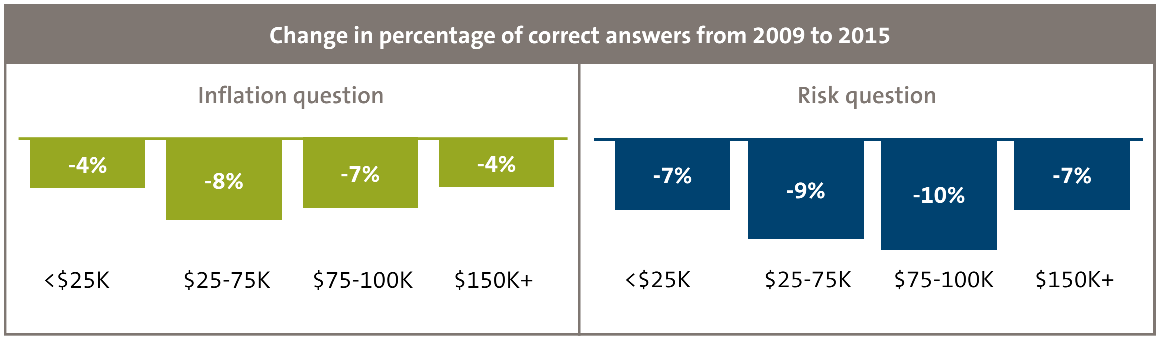


The largest performance decreases occur on the inflation and risk questions, which are in the middle in terms of difficulty – not as easy to answer correctly as the interest rate and mortgage questions, and not as difficult as the bond price question.

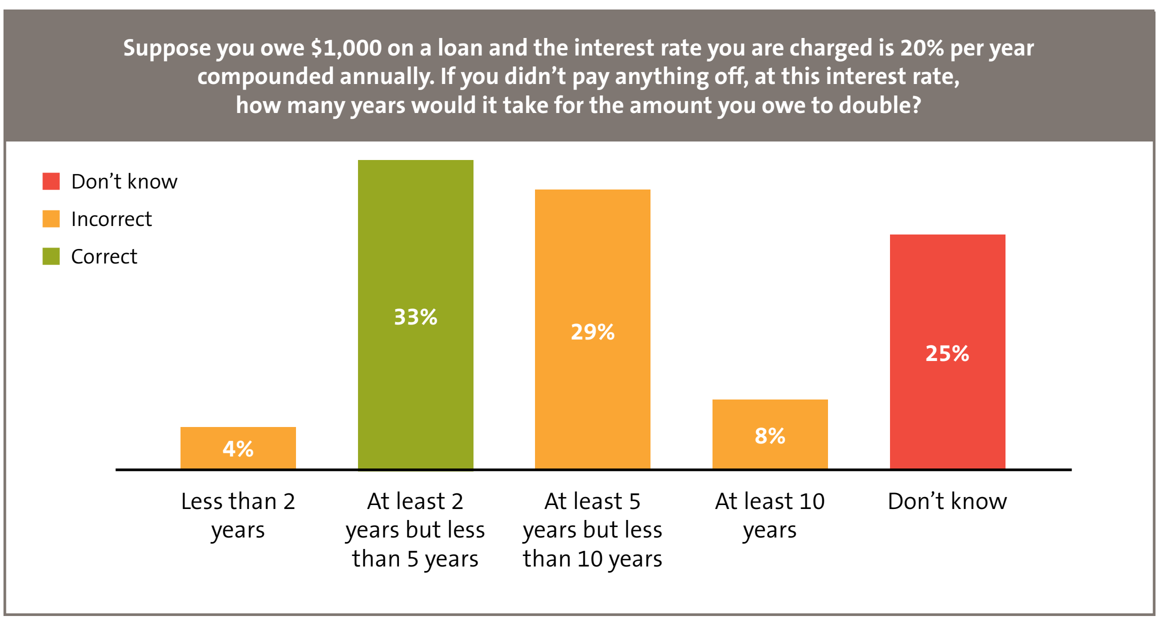
Percentage of correct answers by year



Upon further inspection, the biggest drops in performance on the inflation and risk questions are among respondents in the middle income groups, relative to the poorest and wealthiest Americans. While speculative, the trends in financial literacy scores suggest a shrinking class of moderately financially literate citizens, just as growing income inequality has led to a shrinking middle class.

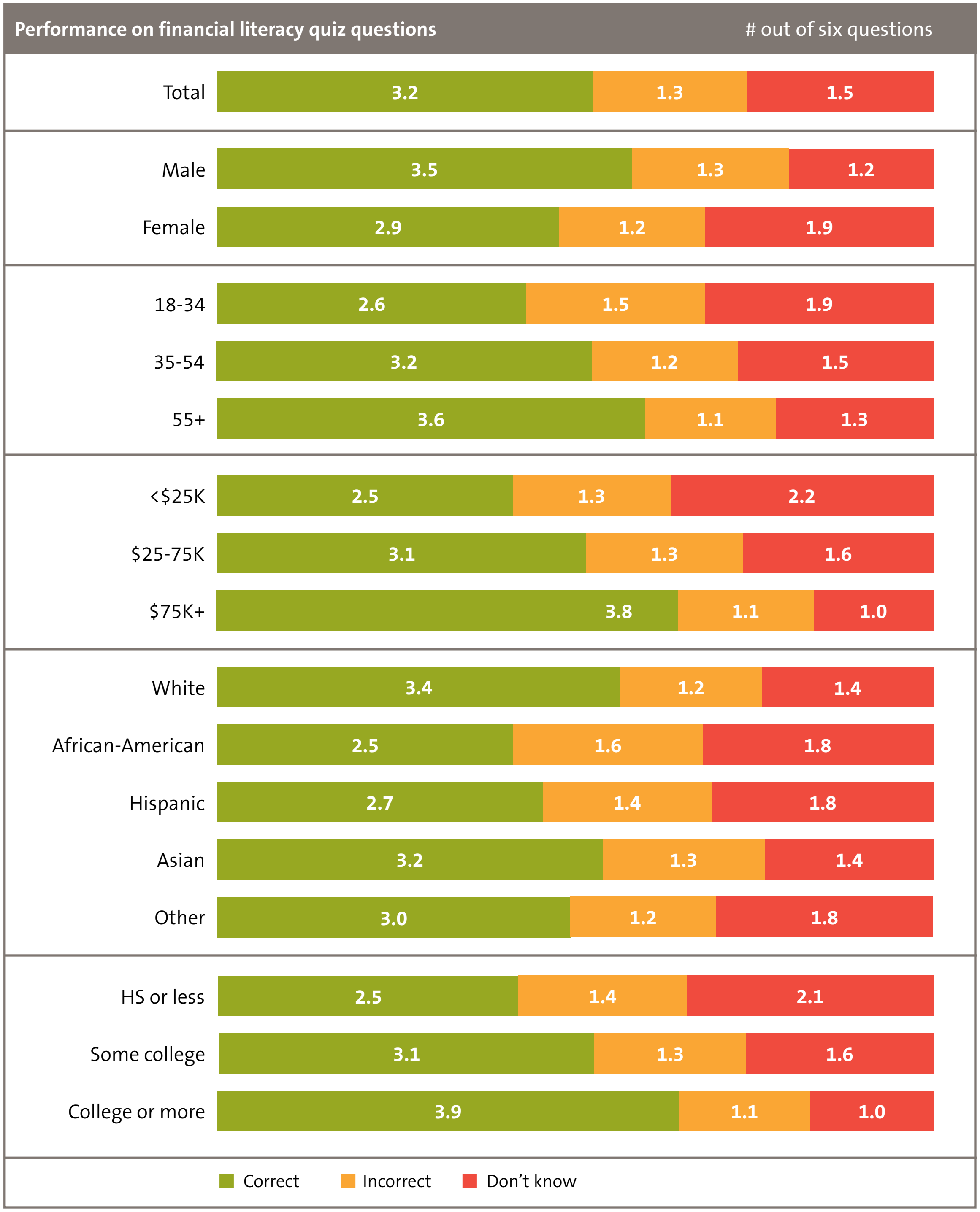


In the 2015 NFCS, a new financial literacy quiz question was added to test the concept of interest compounding in the context of debt. Findings from this question are consistent with Lusardi and Tufano (2015), although the wording of the question itself differs slightly.[27] As the chart below shows, only a third of respondents are able to answer the question correctly. This question generates more incorrect answers (41%) than any of the five previous quiz questions. Of the respondents who answer incorrectly, the vast majority of them overestimate the amount of time it would take for their debt to double, illustrating that many Americans simply do not understand the potential power of compounding. The risks of this misunderstanding may be somewhat mitigated in today's generally low interest rate environment, but it could easily lead to financial shocks for individuals using high interest debt products.



27. Annamaria Lusardi and Peter Tufano, "Debt Literacy, Financial Experiences and Overindebtedness," Journal of Pension Economics and Finance. October 2015, 14(4), pp. 329-365.

There are considerable demographic differences in overall financial literacy levels.[28] Males, older respondents, White and Asian respondents, and those with college or higher education levels are more likely to answer the quiz questions correctly.



28. Financial literacy quiz scores for 2015 are based on the set of six questions, and are therefore not comparable with previous years.

While younger respondents (18-34) score lower overall, they perform particularly poorly on the inflation question, with only 39% answering correctly, compared to 61% of those 35-54, and 75% of those 55 and over. This may be because Millennials have never lived through inflationary times.

Financial literacy is found to be strongly correlated with behavior that is indicative of financial capability. Specifically, those with higher literacy are more likely to plan for retirement and to have an emergency fund, and less likely to engage in expensive credit card behaviors.

Self-Perceptions of Financial Knowledge

Despite relatively low levels of financial literacy as measured by the quiz questions, Americans tend to have positively biased self-perceptions of their financial knowledge. When asked to assess their own financial knowledge, over three-quarters of respondents (76%) gave themselves high marks (5 to 7 on a 7-point scale where 1="very low" and 7="very high"). In contrast to the decline in performance on the financial literacy quiz questions shown above, self-perceptions of financial knowledge have become more positive relative to the 67% in 2009 who rated themselves highly.

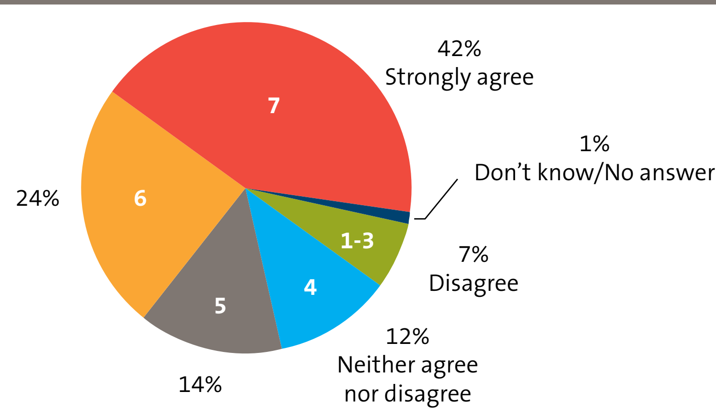
	2009	2012	2015
"High" self-assessment of financial knowledge (5 to 7 on 7-point scale)	67%	73%	76%

Because many financial decisions require some knowledge of math, respondents were also asked to evaluate their math skills. Nearly four out of five respondents (79%) gave themselves high scores (5 to 7 on a 7-point scale), and 39% gave themselves the highest rating of "7." But even among respondents who gave themselves the highest rating, less than two-thirds (64%) are able to do two simple calculations involving interest rates and inflation, and only 40% are able to correctly calculate compound interest in the context of debt.

Self-Perceptions vs. Financial Behavior

The survey data also show a potential disconnect between perceptions and actions in day-to-day financial matters. When asked how good they are at dealing with day-to-day financial matters (such as managing checking accounts and credit cards), a large majority of Americans rated themselves positively (81%). However, even among the 42% of respondents who gave themselves the highest score (7 on a 7-point scale), nearly three out of ten (29%) engage in costly credit card behaviors (paying the minimum payment, paying late fees, paying over the limit fees, or using the card for cash advances), 18% use non-bank borrowing methods, and 12% overdraw their checking account.

"I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses"



Financial Education

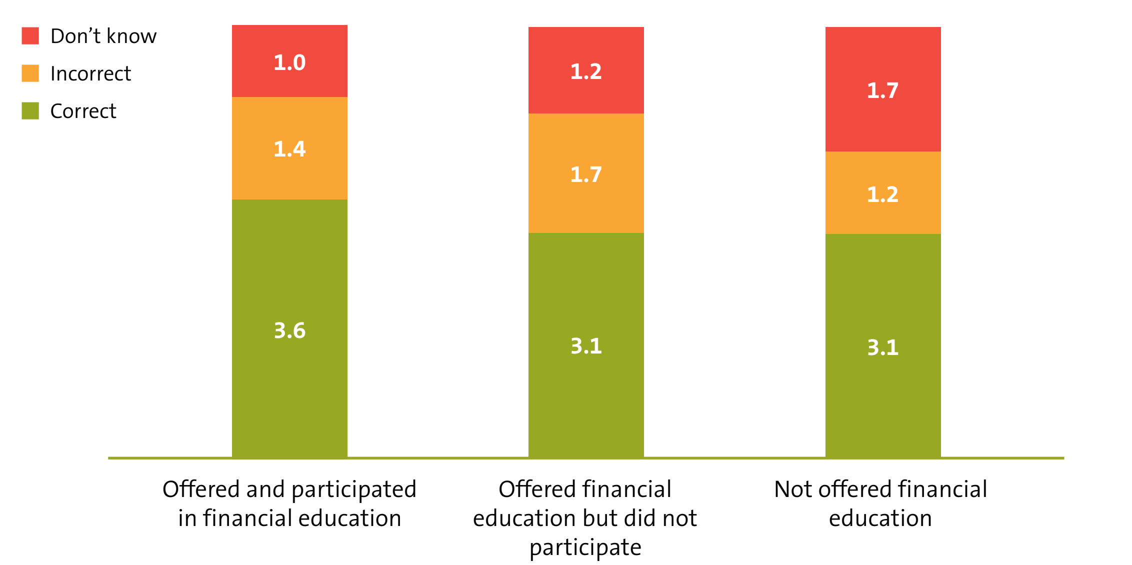
Because of the importance of financial literacy in achieving and maintaining financial capability—whether for individuals or for society as a whole—many efforts have been launched by colleges, workplaces, not-for-profits, and government agencies to provide financial education resources to the American people. Measuring the efficacy of these educational efforts is very challenging,[29] but the NFCS is able to show some correlations between exposure to financial education and financial literacy levels.

Slightly less than a third of respondents (31%) report having been offered financial education at a school, college, or workplace, and 21% say they participated. Rates of exposure to financial education are largely consistent with 2012.

Was financial education offered by a school or college you attended, or a workplace where you were employed?	2012	2015
Yes, but I did not participate in the financial education offered	10%	10%
Yes, and I did participate in the financial education	19%	21%
No	60%	59%
Don't know/No answer	11%	10%

On the surface, exposure to financial education appears to be associated with better performance on the financial literacy quiz questions. Respondents who stated that they participated in financial education score higher than those who were offered but did not participate, who in turn score higher than those who were not offered financial education. It is important to note that these findings do not imply a causal relationship between financial education and financial literacy, and may be entirely attributable to differences in education, employment, and other demographic factors. It is also possible that those who are more interested in financial literacy might be more likely to seek out financial education.

Performance on financial literacy quiz questions # out of six questions

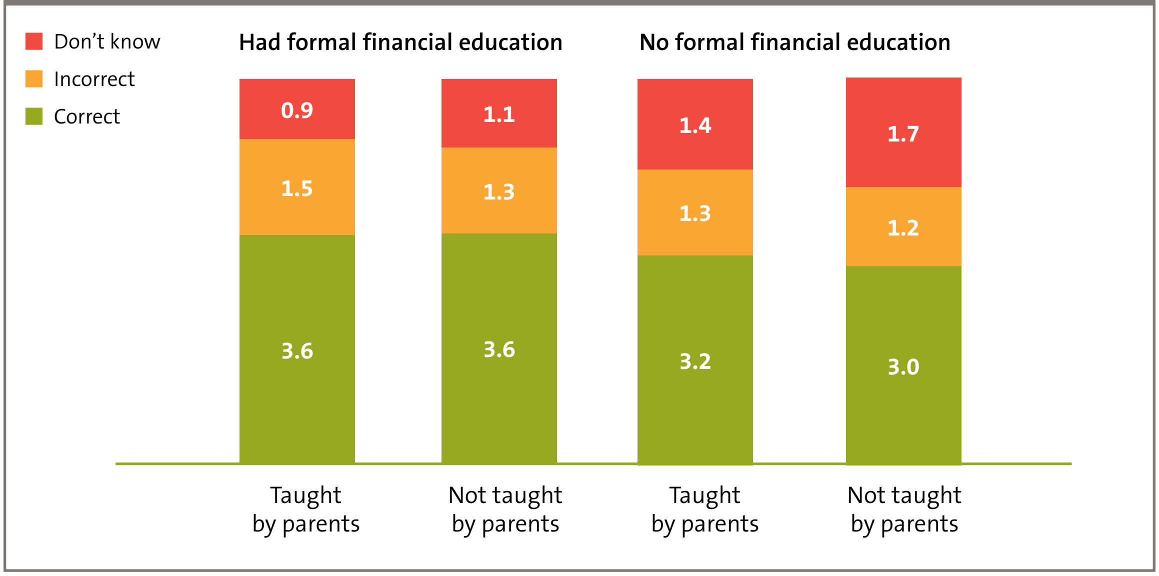


29. Carly Urban, Maximillian Schmeiser, J. Michael Collins, Alexandra Brown, "State Financial Education Mandates: It's All in the Implementation," FINRA Investor Education Foundation, January 2015.

In addition to exposure to formal financial education, the 2015 NFCS asked respondents whether their parents or guardians taught them how to manage their finances. The sample is fairly evenly split, with 44% of respondents saying “Yes,” and slightly more than half (52%) saying “No.”

Respondents whose parents or guardians taught them how to manage finances do slightly better on the financial literacy quiz (averaging 3.29 correct out of six questions, vs. 3.11 among those whose parents/guardians did not). However, formal education appears to have a relatively larger correlation with financial literacy scores. Respondents who participated in formal financial education tend to perform better than those who have not, regardless of whether their parents/guardians taught them about managing finances. Among respondents with no formal financial education, teaching from parents/guardians has a smaller but positive correlation with financial literacy scores.

Performance on financial literacy quiz questions | # out of six questions



Meeting these overall challenges and, more specifically, addressing the inequalities in financial capability requires a combination of far-sighted public policies and well-designed financial education programs.

Conclusion

Six years after the Great Recession of 2007-2009, the 2015 National Financial Capability Study shows some enduring signs of recovery from the financial shocks of that period. Fewer Americans are having difficulty making ends meet, more have put aside emergency funds, homeowners are on a firmer financial footing, and financial satisfaction levels are higher. However, there is not much evidence to suggest that more Americans are saving for the long term. Participation rates in retirement savings accounts have not improved appreciably since 2009. And, while more young people are saving for college, the burdens of student loan debt are becoming heavier.

Furthermore, the signs of improvement in financial capability are not universal. Many demographic groups—including African-Americans, Hispanics, members of the Millennial generation, and those without a college education—are at a disadvantage when it comes to making ends meet, planning ahead, managing financial products, and financial knowledge. This means that these groups face greater risks and have fewer opportunities to overcome them, making them especially vulnerable.

Meeting these overall challenges and, more specifically, addressing the inequalities in financial capability requires a combination of far-sighted public policies and well-designed financial education programs. Both policy and education are needed to broaden access to financial products, protect consumers from predatory practices, and foster greater participation in healthy, life-long financial practices.

Background and Methodology

In consultation with the U.S. Department of the Treasury and the President's Advisory Council on Financial Literacy, the FINRA Investor Education Foundation commissioned the first national study of the financial capability of American adults in 2009. The overarching research objectives of the National Financial Capability Study were to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal, and financial literacy characteristics.

The 2009 NFCS consisted of three linked surveys:

- **National Survey:** A nationally-projectable telephone survey of 1,488 American adults
- **State-by-State Survey:** A state-by-state online survey of 28,146 American adults (roughly 500 per state, plus the District of Columbia)
- **Military Survey:** An online survey of 800 military service members and spouses

In 2012, a second wave of the NFCS was conducted in order to assess changes in key measures from the 2009 Study. The 2012 NFCS replicated two of the three components of the original baseline study:

- **State-by-State Survey:** A state-by-state online survey of 25,509 American adults (roughly 500 per state, plus the District of Columbia)
- **Military Survey:** An online survey of 1,000 military service members

In 2015, a third wave of the NFCS was conducted to continue tracking key measures from the 2009 and 2012 Studies, and to incorporate additional topics that are highly relevant today. The 2015 NFCS replicates the two components of the 2012 study, and adds a supplemental survey of investors:

- **State-by-State Survey:** A state-by-state online survey of 27,564 American adults (roughly 500 per state, plus the District of Columbia).[30]
- **Military Survey:** An online survey of 1,500 military service members
- **Investor Survey:** An online survey of 2,000 Americans who have investments outside of retirement accounts

The survey instruments were designed by a multi-disciplinary team of researchers, policy makers, and practitioners in the financial capability field. The Studies were funded by the FINRA Investor Education Foundation and conducted by Applied Research & Consulting.

This report outlines the findings of the 2015 State-by-State Survey administered to respondents between June and October 2015, with comparisons to the 2012 State-by-State Survey fielded from July to October 2012, and the 2009 State-by-State Survey fielded from June to October 2009. Data from each survey are weighted to be representative of the national population as a whole in terms of age, gender, ethnicity, and education, based on the Census Bureau's American Community Survey. However, breakdowns of sub-populations may not necessarily be representative.

More information about the National Financial Capability Study, including the survey instrument and detailed methodological information, can be found at *www.USFinancialCapability.org*.

30. The 2015 State-by-State Survey includes oversamples for four states (CA, IL, NY and TX).

Authors:

Judy T. Lin, Christopher Bumcrot, Tippy Ulicny
Applied Research & Consulting LLC

Annamaria Lusardi
George Washington University

Gary Mottola, Christine Kieffer, Gerri Walsh
FINRA Investor Education Foundation

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FINRA Investor Education FOUNDATION

A copy of this sumary and the full report can be found on *www.USFinancialCapability.org* or by calling (202) 728-6964.

www.finrafoundation.org

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FINRA Investor Education FOUNDATION

DECEMBER 2016

Investors in the United States 2016

Contents

▶ The Investor Survey explores topics such as relationships with investment brokers and advisors, understanding and perceptions of fees charged for investment services, usage of investment information sources, attitudes towards investing in general, and investor literacy.

Introduction

The National Financial Capability Study (NFCS) is designed to measure perceptions, attitudes, experiences, and behaviors on a wide variety of topics. The largest component of the NFCS, the State-by-State Survey, is conducted across a large, diverse sample in order to provide a comprehensive analysis of the financial capability of the national population as a whole. As such, the breadth of subject areas covered in the State-by-State Survey necessarily limits the depth to which any individual subject can be explored, particularly in areas such as investing outside of retirement accounts, which applies to only a minority of the population. To provide more insight on investing decisions, a separate follow-up survey of investors was conducted as part of the 2015 NFCS. The Investor Survey explores topics such as relationships with investment brokers and advisors, understanding and perceptions of fees charged for investment services, usage of investment information sources, attitudes towards investing in general, and investor literacy.

This report[1] outlines findings from the 2015 Investor Survey, an online survey conducted among a sample of 2,000 respondents[2] who completed the 2015 State-by-State Survey and indicated that they have investments held in non-retirement accounts. A large majority of these respondents (87%) also have investments in retirement accounts, though retirement investments are not specifically addressed in the survey.

Please note that all of the data collected in this survey are self-reported by the respondents themselves and are not independently checked or corroborated by other sources (*e.g.*, account statements, follow-up interviews with third parties). Therefore, while the survey can be reasonably assumed to present an accurate reflection of investors' opinions, beliefs, knowledge, and attitudes, it does not necessarily present a precise reflection of behaviors or of the valuations of assets and liabilities.

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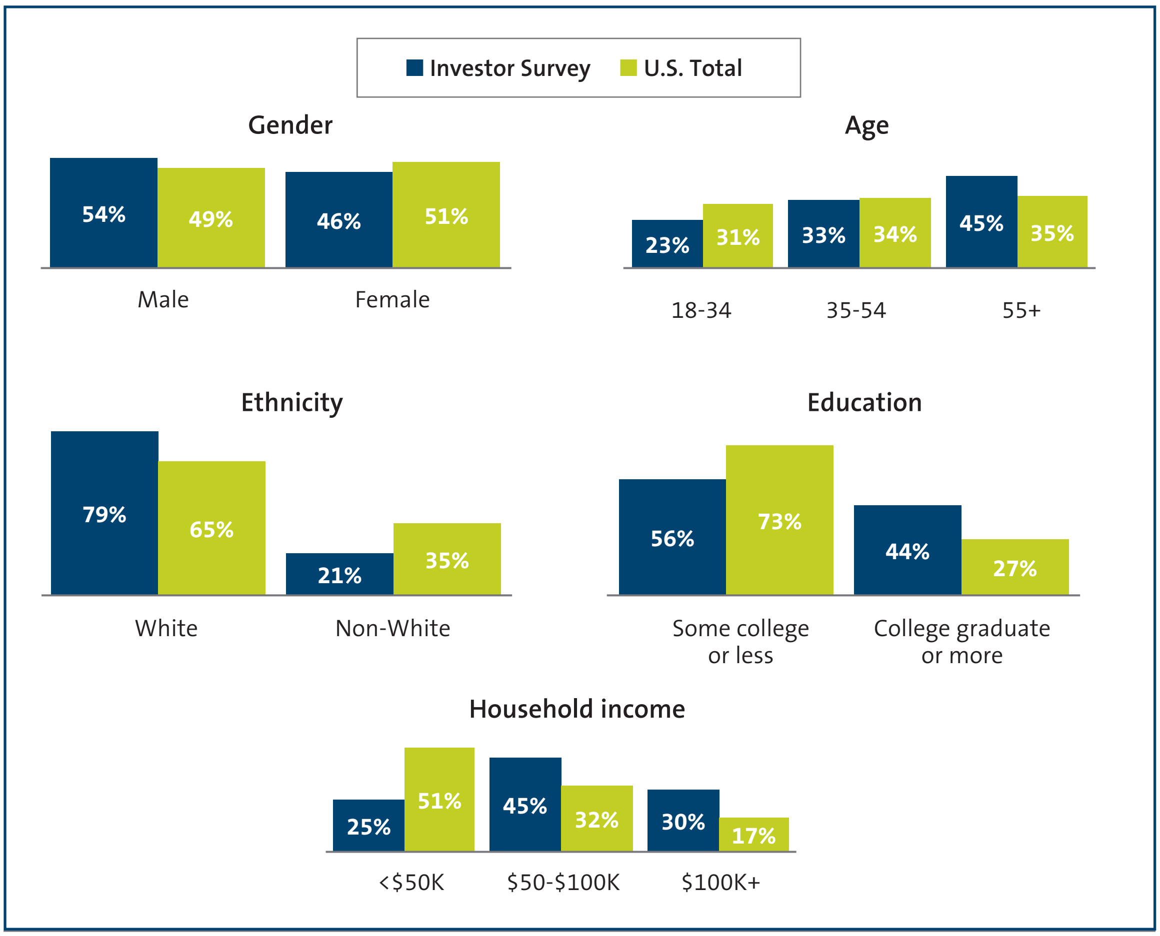
1. Percentages shown in this report may not always add up to 100% due to rounding and/or "Don't know" and missing responses.
2. Selected findings are also presented for sub-samples (*e.g.*, by those who use a financial advisor vs. those who do not, etc.). In all such cases, each sub-sample consists of at least 100 respondents or more.

Comparing the demographics of Investor Survey respondents to national estimates from the 2015 NFCS State-by-State Survey, we see that investors differ from the overall population in some important, but not surprising, ways. Investors are slightly more likely to be male, and considerably more likely to be older, white, and college educated.

Research Findings

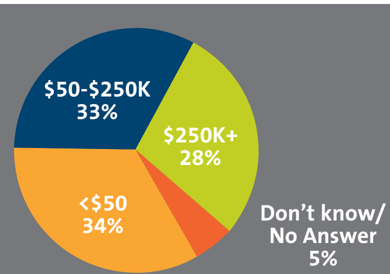
Profile of Investors

Individuals with non-retirement investment accounts constitute less than a third (30%) of the national adult population.[3,4] Comparing the demographics of Investor Survey respondents to national estimates from the 2015 NFCS State-by-State Survey, we see that investors differ from the overall population in some important, but not surprising, ways. Investors are slightly more likely to be male, and considerably more likely to be older, white, and college educated. Predictably, investors are likely to have higher incomes than the population at large. Three-quarters of respondents in the Investor Survey have household incomes of $50,000 or more, compared to just under half (49%) of State-by-State Survey respondents.



3. Source: 2015 NFCS State-by-State Survey.

4. A large majority of these investors (87%) also have investments in retirement accounts.



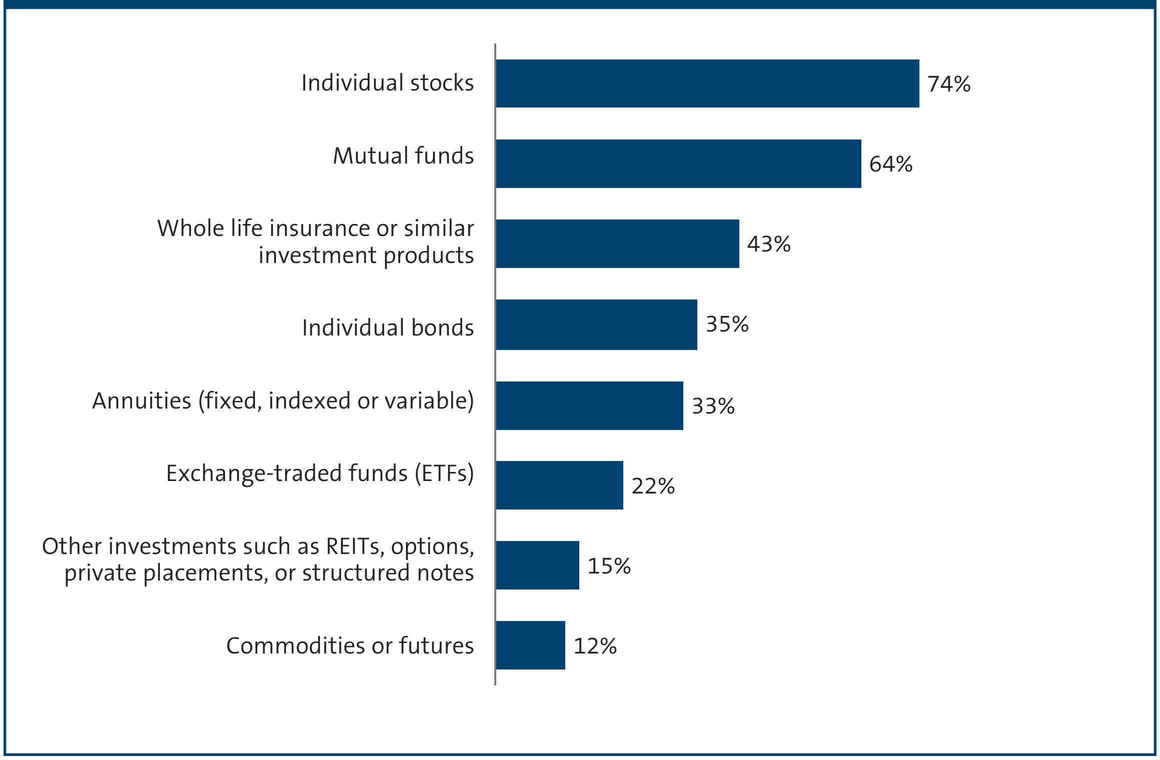
Value of non-retirement investments

About a third of respondents report having less than $50,000 in non-retirement investments, another third report between $50,000 and $250,000, and slightly less than a third report having more than $250,000.

Investing Behaviors

Individual stocks and mutual funds are the most commonly owned investments in non-retirement accounts. Nearly three-quarters of investors own individual stocks, and almost two-thirds own mutual funds. Only a small minority of investors own commodities or futures, or other investments such as REITs, options, private placements, or structured notes.

Non-retirement investments



Not surprisingly, investors with lower portfolio values tend to hold a less diverse mixture of investment vehicles than those with higher portfolio values. Additionally, it is notable that among those with portfolios of less than $50,000, individual stocks are by far the most common investment (71%), rather than mutual funds (46%) as might be expected. Mutual funds are as likely to be owned as individual stocks by those with portfolios of $50,000 or more.

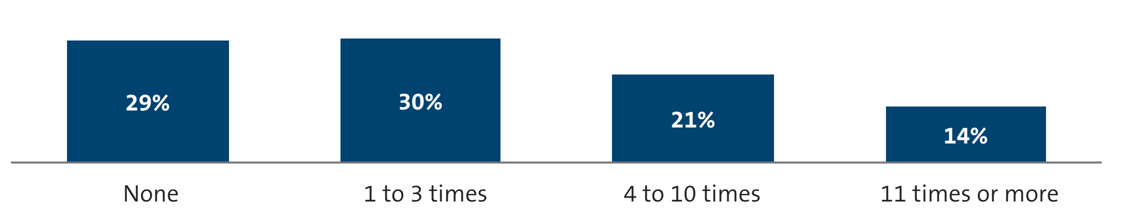
		Portfolio value		
Non-retirement investments	**Total**	**<$50K**	**$50-$250K**	**$250K+**
Individual stocks	74%	71%	70%	83%
Mutual funds	64%	46%	68%	83%
Whole life insurance or similar investment products	43%	33%	50%	47%
Individual bonds	35%	25%	36%	48%
Annuities (fixed, indexed, or variable)	33%	18%	36%	47%
Exchange-traded funds (ETFs)	22%	15%	24%	30%
Other investments such as REITs, options, private placements, or structured notes	15%	9%	15%	22%
Commodities or futures	12%	9%	15%	15%

Fifty-three percent of respondents say that stocks or stock mutual funds make up more than half of their non-retirement portfolio.

How much of your non-retirement portfolio is invested in stocks or mutual funds that contain stocks?	Total
More than half	53%
Less than half	33%
None	5%
Don't know/No answer	10%

Trading frequency varies among investors. While 29% have not made a single transaction in the past year, 35% have made four or more transactions.

In the past 12 months, how many times have you bought or sold investments in non-retirement accounts?



Older investors (55 and up) are less likely than those 54 and under to have made four or more transactions in the past year. Not surprisingly, trading frequency increases with portfolio value.

		Age			Portfolio value		
	Total	18-34	35-54	55+	<$50K	$50-$250K	$250K+
Have made 4 or more transactions	35%	44%	41%	26%	25%	39%	46%

A third of investors report having accounts that permit purchasing on margin. Among these respondents, half have made securities purchases on margin. Ownership of margin accounts decreases with age. Investors with portfolios of more than $250,000 are more likely than those with under $50,000 to have a margin account.

		Age			Portfolio value		
	Total	18-34	35-54	55+	<$50K	$50-$250K	$250K+
Have investment account that allows margin purchases	33%	54%	38%	20%	32%	34%	39%

More than a third of respondents (37%) say they have heard of investment crowdfunding (also known as equity crowdfunding or crowd investing). Younger investors are more likely than older investors to report awareness of investment crowdfunding. Awareness levels do not vary with portfolio value.

		Age			Portfolio value		
	Total	18-34	35-54	55+	<$50K	$50-$250K	$250K+
Have heard of investment crowdfunding	37%	58%	43%	22%	37%	38%	39%

Brokers/Advisors

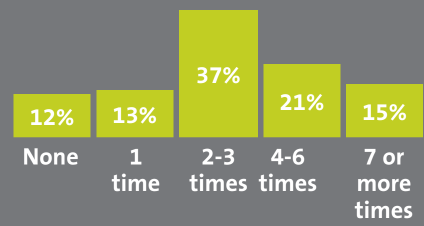
Slightly more than half of respondents (56%) say they use a broker or professional advisor for at least some investment decisions, and 43% say they do not.

	Total
I let my broker or professional advisor make all my decisions for me	16%
I make some decisions on my own and some with the help of a broker or professional advisor	40%
I make all my investment decisions on my own without the help of a broker or professional advisor	43%

Investors ages 55 and up are more likely than those 54 and under to use a broker or advisor. Those with higher portfolio values are also more likely to use a professional advisor.[5]

		Age			Portfolio value		
	Total	18-34	35-54	55+	<$50K	$50-$250K	$250K+
Use broker or advisor	56%	45%	52%	63%	46%	55%	65%

5. The survey did not distinguish between brokers and advisors. For simplicity, the word "advisor" is used in this report to refer to both brokers and advisors.

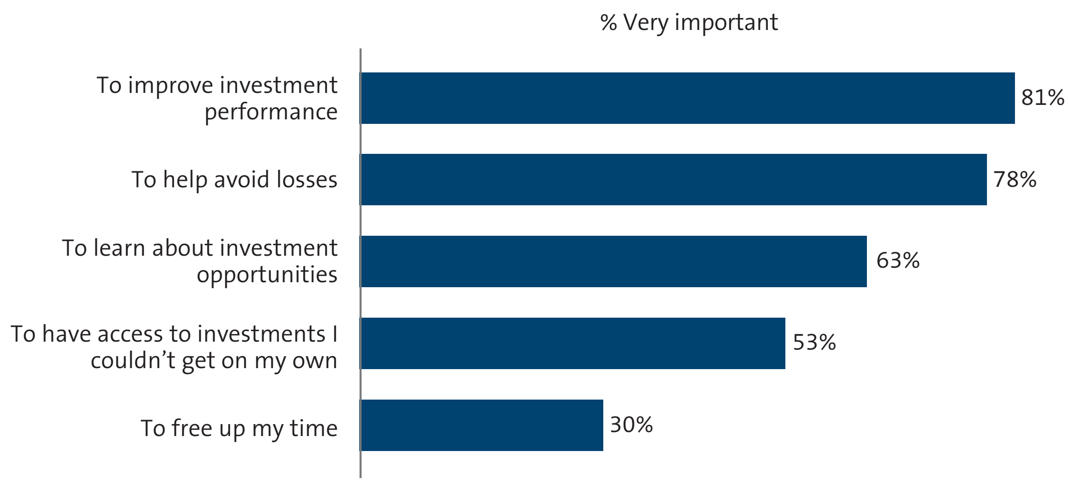


Phone or email communications with advisor in past 12 months

The vast majority (80%) of those who use an advisor have a specific person with whom they work. Seventy-three percent have communicated with their advisor via phone or email at least 2 to 3 times in the past year, and 80% have met in person with their advisor.

Among those who use a professional advisor, the most important reasons for doing so are to improve investment performance and to help avoid losses. Nearly two-thirds also feel it is important to learn about investment opportunities, and over half feel it is important to have access to investments they otherwise would not be able to have.

Reasons for using professional advisors



Over half (58%) of those who use an advisor say that professional designations or certifications are very important, but fewer than a quarter (23%) have checked with a regulator on the background of a financial professional. Those who feel professional designations are very important are more likely than those who feel they are less important to have checked on the background of a financial professional (28% vs. 17%, respectively, among those who use advisors).

More than half (56%) of those who use a professional advisor report having a clear understanding of how their advisor gets compensated (8 to 10 on a 10-point scale). Slightly fewer (47%) say they have asked their advisor how he or she gets compensated.

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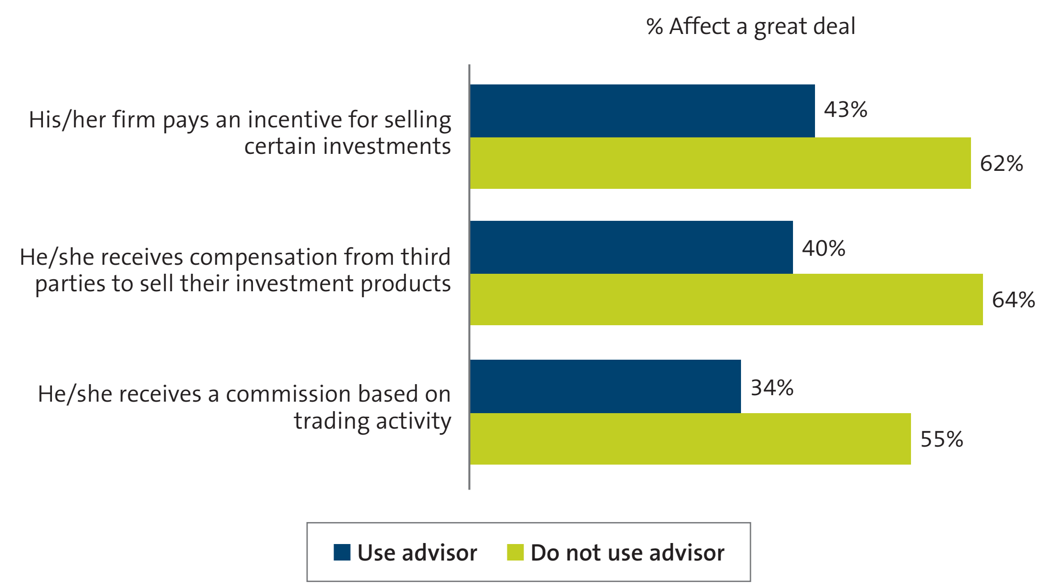
Among respondents who use an advisor, fewer than half feel that various incentives and commission structures would affect the financial advice given to them. In contrast, among those who do not use advisors, majorities feel that these incentives would have a great affect on the advice given.

How much do you think each of the following would affect the advice that a financial advisor gives you?



Sixteen percent of respondents say they have used an automated financial advisor that provides investment advice and makes trades for them. Usage of "robo-advisors" is higher among younger investors and those who do not otherwise work with a financial advisor.

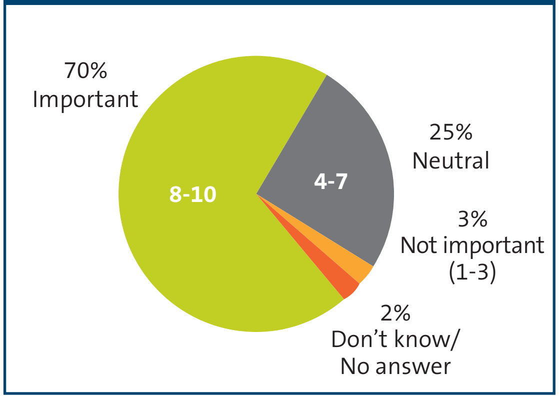
		Age			Professional advisor	
	Total	18-34	35-54	55+	Use	Do not use
Have used an automated financial advisor	16%	38%	15%	4%	11%	23%

Investment Fees

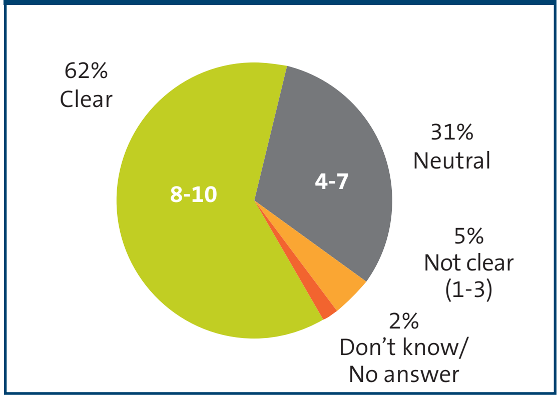
Seventy percent of respondents report that fees and pricing were important when opening their non-retirement investment accounts, and 62% say they have a clear understanding of the fees they pay for their investment accounts (8 to 10 on a 10-point scale).

The majority of investors (70%) feel that the fees they pay for their investment accounts are reasonable (5 to 7 on a 7-point scale).

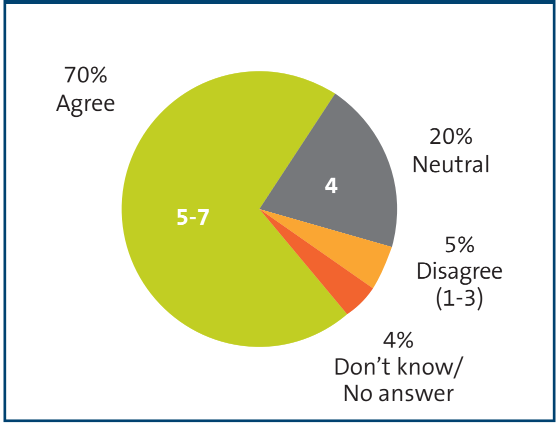
How important to you were the fees and pricing structure when opening your non-retirement investment account(s)?



How clear of an understanding do you have of the fees you pay for your non-retirement investment account(s)?

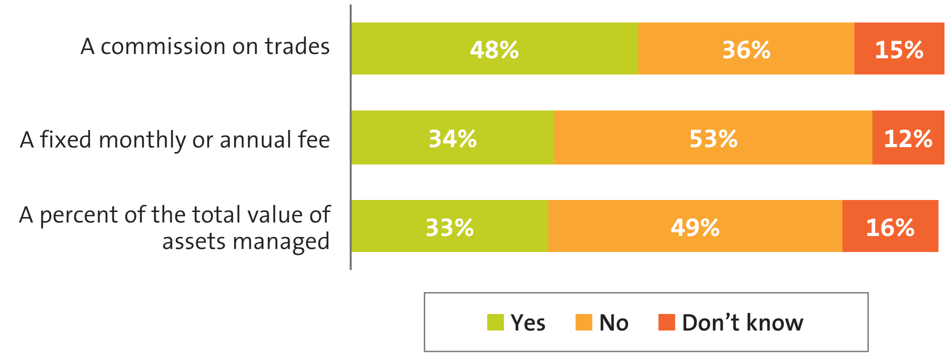


"The fees I pay for my non-retirement investment account(s) are reasonable"



When asked what types of fees they pay for their investment accounts, a commission on trades was the most common answer. However, between 12% and 16% of investors did not know whether they paid specific types of fees on their account.

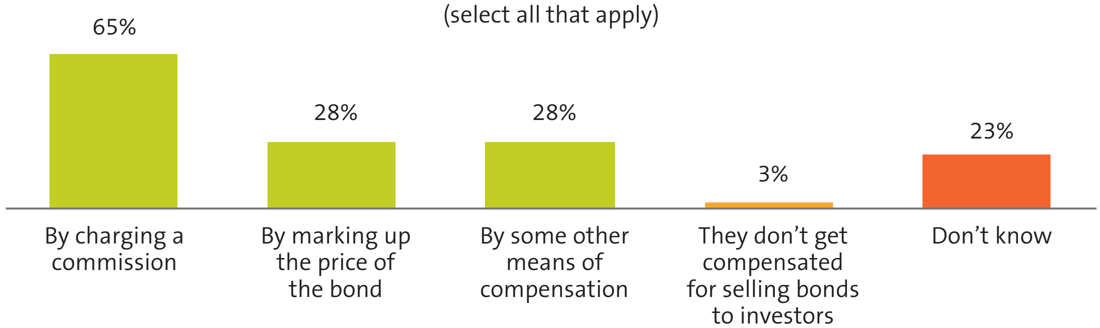
Which of the following types of fees do you pay for your non-retirement investment accounts?



A majority of investors (74%) expect financial advisors to receive some form of compensation for selling bonds (commissions, markups, or some other compensation). Most respondents (65%) think that advisors charge commissions on bond transactions. Importantly, nearly one-quarter of respondents reported they do not know how investment professionals get compensated for fixed income transactions. Investors who own individual bonds are only somewhat more likely than those who do not to mention bond price markups (35% vs. 25%).

How can financial advisors get compensated when selling bonds to an investor?

(select all that apply)

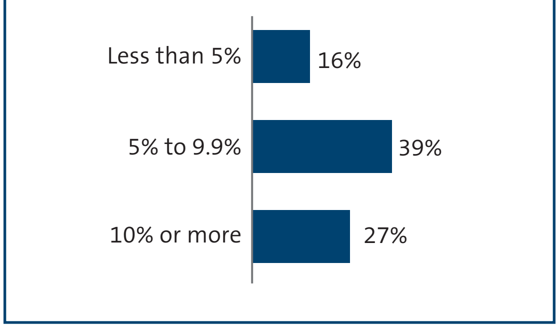


Nearly all respondents (96%) say they at least skim their investment account statements, and just over half say they read the entire statement (52%). Investors with portfolios of over $250,000 are more likely to report reading the entire statement than those with smaller portfolios (63%, compared to 55% among investors with between $50,000 and $250,000, and 41% among those with less than $50,000 portfolios).

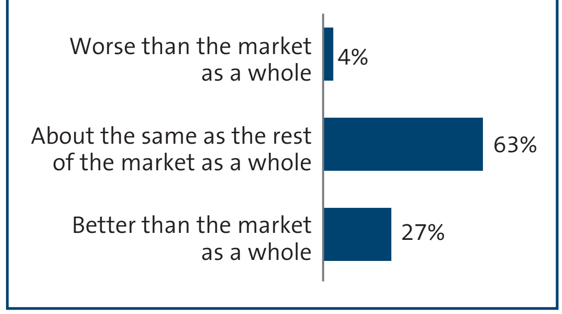
Attitudes Toward Investing

The plurality of investors (39%) expect the average annual return of the S&P 500 to be between 5% and 9.9% over the next 10 years. Most investors (63%) expect their portfolio to do as well as the market as a whole. It is interesting to note that more investors think they will outperform the market (27%) than underperform (4%).

What do you expect the approximate average annual return of the S&P 500 stock index to be over the next 10 years (without adjusting for inflation)?



Over the next 12 months, how well do you expect your portfolio of investments to perform?



When asked what level of financial risk they are comfortable with, nearly half of investors (47%) describe themselves as willing to take average risks in exchange for average returns, less than a third (30%) say are willing to take above average risks, and 12% report being willing to take substantial risks in pursuit of substantial returns.

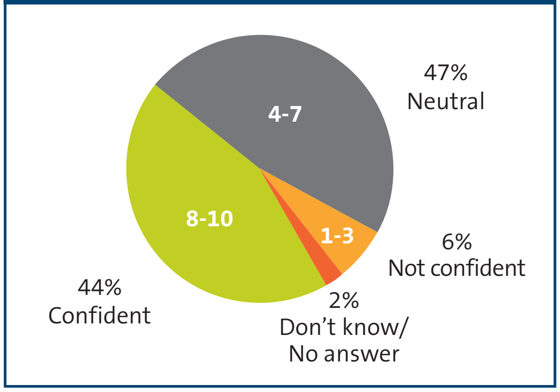
Which of the following statements comes closest to describing the amount of financial risk that you are willing to take when you save or make investments?	Total
Take substantial financial risks expecting to earn substantial returns	12%
Take above average financial risks expecting to earn above average returns	30%
Take average financial risks expecting to earn average returns	47%
Not willing to take any financial risks	10%

Investors with portfolios of less than $250,000 are more likely than those with higher portfolio values ($250,000 or more) to say they are willing to take substantial risks. Respondents who expect their portfolio to outperform the market are also more likely to be willing to take substantial risks than those who expect their portfolio to do about the same as the market as a whole.

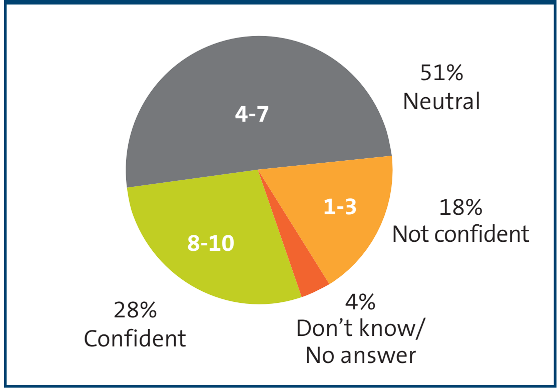
		Portfolio value			Performance expectations	
	Total	<$50K	$50-$250K	$250K+	Outperform market	Same as market
Willing to take substantial financial risks expecting to earn substantial returns	12%	13%	15%	9%	19%	8%

Overall, investors appear to have mixed views of the U.S. securities market (as of summer 2015 when the survey was conducted). While 44% are confident that U.S. markets are a good long-term investment, 47% are neutral in their response. Less than a third (28%) of respondents report feeling confident that the U.S. financial markets are fair to all investors, and just over half (51%) give neutral responses.

How confident are you that U.S. financial markets offer good long-term opportunities for investors?



How confident are you that U.S. financial markets are fair to all investors?

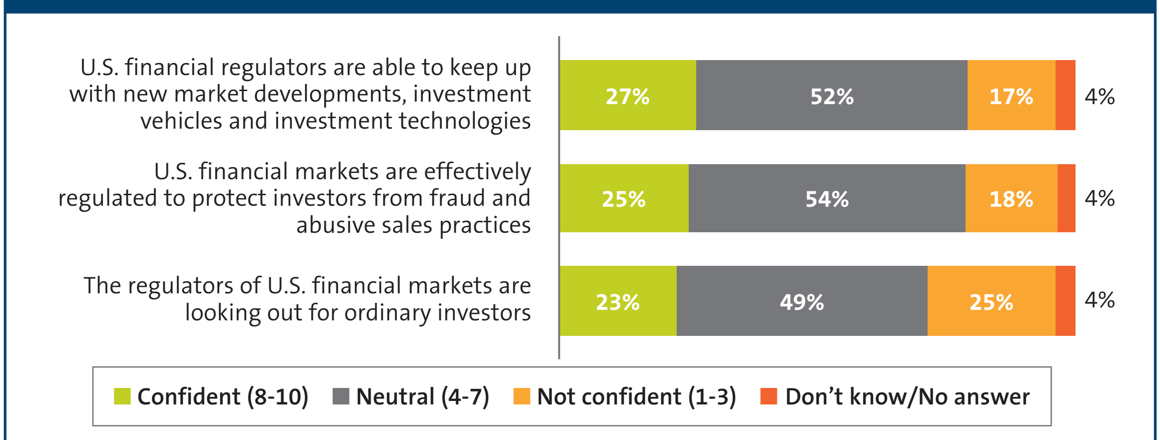


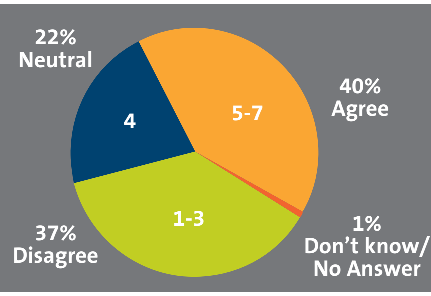
Younger respondents are more likely than older respondents to feel confident in the fairness of the financial markets. Interestingly, there are no differences by portfolio value.

		Age			Portfolio value		
	Total	18-34	35-54	55+	<$50K	$50-$250K	$250K+
Confident that U.S. financial markets are fair to all investors (8 to 10 on 10-pt. scale)	28%	42%	31%	19%	27%	29%	31%

Respondents are also largely neutral in their opinions regarding the regulation of U.S. financial markets. Only 27% are confident that regulators are able to keep up with new investment vehicles and technologies, and a quarter feel that the markets are effectively regulated to protect investors. Twenty-three percent are confident that regulators are looking out for ordinary investors, but just as many (25%) are not at all confident.

How confident are you that...





I am worried about being victimized by investment fraud

When asked whether they are worried about investment fraud, no consensus emerges among investors. Two out of five respondents say they are worried about being victimized by investment fraud, and nearly the same percentage (37%) disagree.

Investors who are willing to take above-average or higher risks are more likely than those willing to take average or lower risk to be worried about investment fraud (49% vs. 34%). Younger investors are more likely to be concerned about investment fraud than older investors. There are no differences by gender or portfolio value in concern about investment fraud.

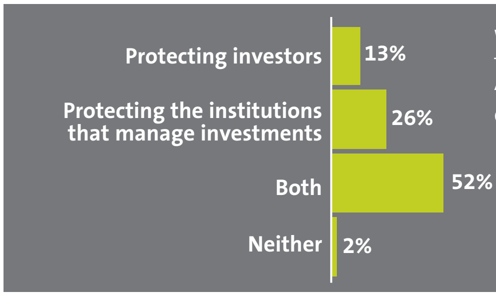
		Age		
	Total	**18-34**	**35-54**	**55+**
"I am worried about being victimized by investment fraud" (5 to 7 on 7-point scale)	40%	61%	43%	28%

Disclosures

More than half of respondents (59%) recall receiving disclosures regarding their investments, and just about half (51%) say they at least skim the disclosure.

	Total
Recall receiving disclosures	59%
Read the entire disclosure	19%
Skim the disclosure	32%
Do not read the disclosure	8%
Do not recall receiving disclosures	27%
Don't know/No answer	13%

Among those who recall receiving disclosures, almost three-quarters (74%) find them to be somewhat or very valuable.



What do you believe is the purpose of disclosures?

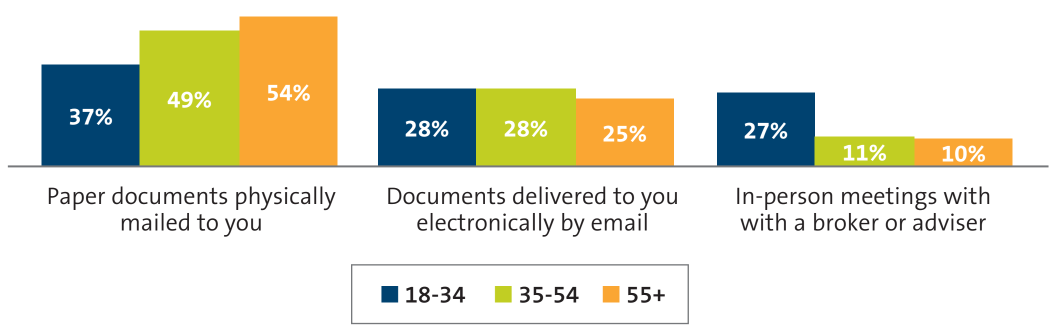
A majority of respondents (52%) believe that the purpose of disclosures is to protect both investors and institutions managing investments.

When asked how they would prefer to receive disclosures, paper documents in the mail was the most frequently chosen method (49%) among respondents surveyed.

Preferred method for receiving disclosures	Total
Paper documents physically mailed to you	49%
Documents delivered to you electronically by email	27%
In-person meetings with a broker or advisor	14%
Documents that you access on the Internet (not via email)	6%

Investors 35 and older are more likely than those 18-34 to prefer paper documents in the mail. Younger investors are more likely than older investors to prefer in-person meetings. There are no differences by age in preference for emailed disclosures.

Preferred method for receiving disclosures



Only a small percentage of respondents (7%) report having ever used BrokerCheck®, a free tool from FINRA that can help investors research the licensing and professional backgrounds of brokers and brokerage firms.

Information Sources

When making investment decisions, more than half of respondents say they use information from the company being invested in (68%), financial services companies (62%), and financial advisors other than stockbrokers (56%). Fewer than a quarter of respondents say they look to industry regulators, employers, or investment clubs for information.

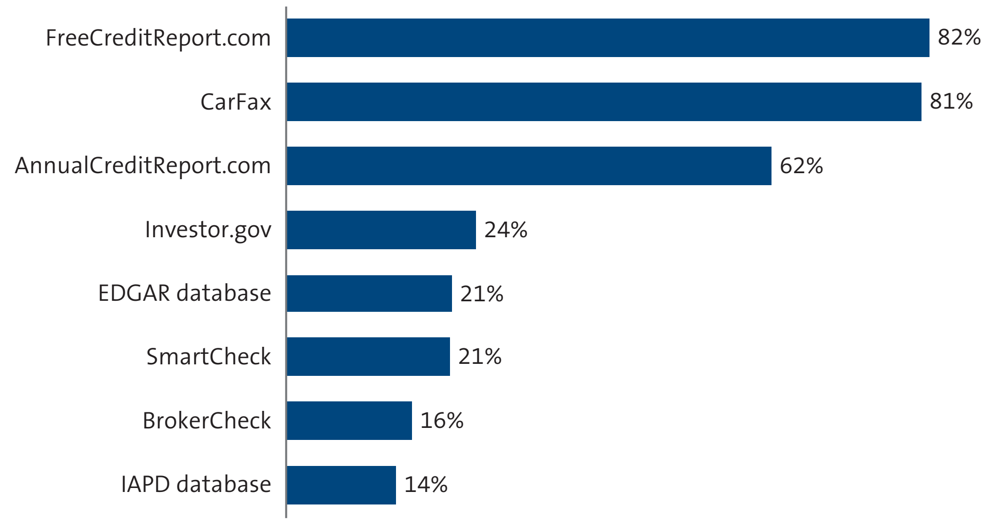
Information sources for investment decisions	Total
Information from the company you are investing in (*e.g.*, annual reports, company websites)	68%
Information from brokerage firms, mutual fund companies, or other financial services companies (*e.g.*, analyst reports, brochures, newsletters, seminars, websites)	62%
Financial advisors other than stockbrokers	56%
Friends, colleagues, or family members	47%
The media (*i.e.*, TV, radio, newspapers, magazines, online news sources, and financial information websites)	44%
Stockbrokers	30%
Industry regulators (*e.g.*, FINRA, SEC, state securities regulators)	23%
Your employer	18%
Investment clubs or investor membership organizations	17%

Respondents most often receive investment information through newspapers, magazines, or books (47%), and free online services (47%). Seminars (both free and paid) and paid online services are used much less frequently.

Channels for information about investing	Total
Newspapers, magazines, or books	47%
Free online services	47%
Brochures or newsletters	39%
Television/radio programs	35%
Free seminars or group meetings	17%
Paid online services	14%
Paid seminars or group meetings	10%

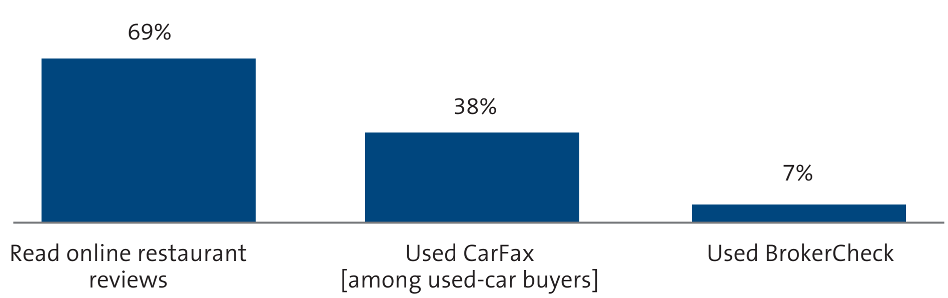
Awareness of general consumer information tools is much higher than awareness of investor-oriented tools. For example, large majorities of respondents are aware of FreeCreditReport.com (82%) and CarFax (81%), but fewer than a quarter are aware of any of the investing-related tools tested (ranging from 24% for the SEC's Investor.gov to 14% for IAPD, the SEC's Investment Advisor Public Database).

Awareness of consumer information tools



Only a small percentage of respondents (7%) report having ever used BrokerCheck, a free tool from FINRA that can help investors research the licensing and professional backgrounds of brokers and brokerage firms. In contrast, 38% of respondents who have purchased a used car have used CarFax, and nearly seven out of ten have consulted online restaurant reviews such as Yelp or TripAdvisor.

Usage of consumer information tools



Investor Literacy

To assess level of investment knowledge, respondents were presented with 10 multiple choice "quiz" questions covering various investment-related topics and concepts. Correct answers shown in **bold text**.

In general, investments that are riskier tend to provide higher returns over time than investments with less risk.	
True	**76%**
False	14%
Don't know	9%

If you buy a company's stock...	
You own a part of the company	**73%**
You have lent money to the company	14%
You are liable for the company's debts	1%
The company will return your original investment to you with interest	6%
Don't know	5%

If you buy a company's bond...	
You own a part of the company	10%
You have lent money to the company	**65%**
You are liable for the company's debts	4%
You can vote on shareholder resolutions	5%
Don't know	16%

Over the last 20 years in the U.S., the best average returns have been generated by:	
Stocks	**55%**
Bonds	8%
CDs	2%
Money market accounts	6%
Precious metals	8%
Don't know	19%

If a company files for bankruptcy, which of the following securities is most at risk of becoming virtually worthless?	
The company's preferred stock	13%
The company's common stock	**53%**
The company's bonds	15%
Don't know	19%

Which of the following best explains why many municipal bonds pay lower yields than other government bonds?	
Municipal bonds are lower risk	32%
There is a greater demand for municipal bonds	10%
Municipal bonds can be tax-free	**34%**
Don't know	23%

What has been the approximate average annual return of the S&P 500 stock index over the past 20 years (not adjusted for inflation)?	
-10%	0%
-5%	2%
5%	25%
10%	**26%**
15%	7%
20%	4%
Don't know	36%

You invest $500 to buy $1,000 worth of stock on margin. The value of the stock drops by 50%. You sell it. Approximately how much of your original $500 investment are you left with in the end?	
$500	21%
$250	35%
$0	**23%**
Don't know	20%

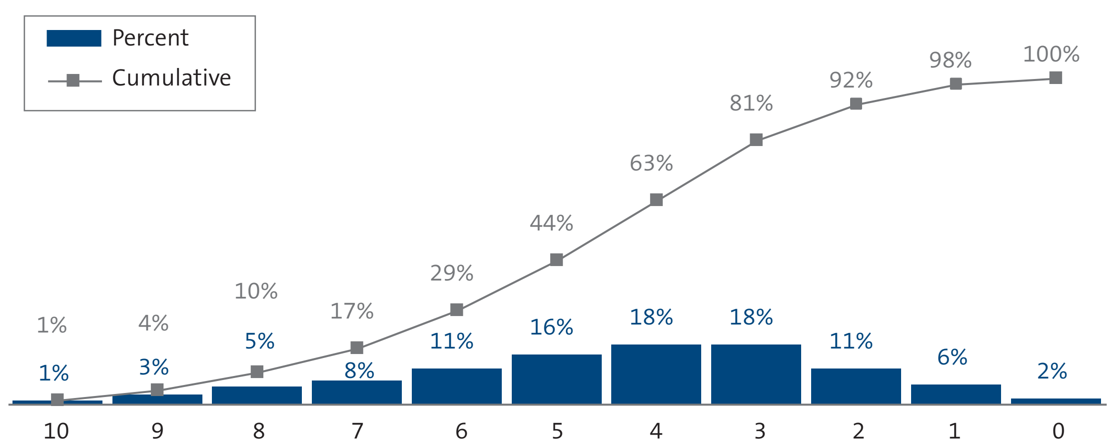
Which is the best definition of 'selling short?'	
Selling shares of a stock shortly after buying it	11%
Selling shares of a stock before it has reached its peak	20%
Selling shares of a stock at a loss	26%
Selling borrowed shares of a stock	**21%**
Don't know	22%

Which of the following best explains the distinction between nominal returns and real returns?	
Nominal returns are pre-tax returns; real returns are after-tax returns	12%
Nominal returns are what an investment is expected to earn; real returns are what an investment actually earns	21%
Nominal returns are not adjusted for inflation; real returns are adjusted for inflation	**12%**
Nominal returns are not adjusted for fees and expenses; real returns are adjusted for fees and expenses	9%
Don't know	44%

Correct answers to individual quiz questions range from 76% for the risk and return question to 12% for the question on nominal vs. real returns. More than half of respondents give incorrect answers to the questions about buying on margin (56% incorrect) and selling short (56% incorrect).

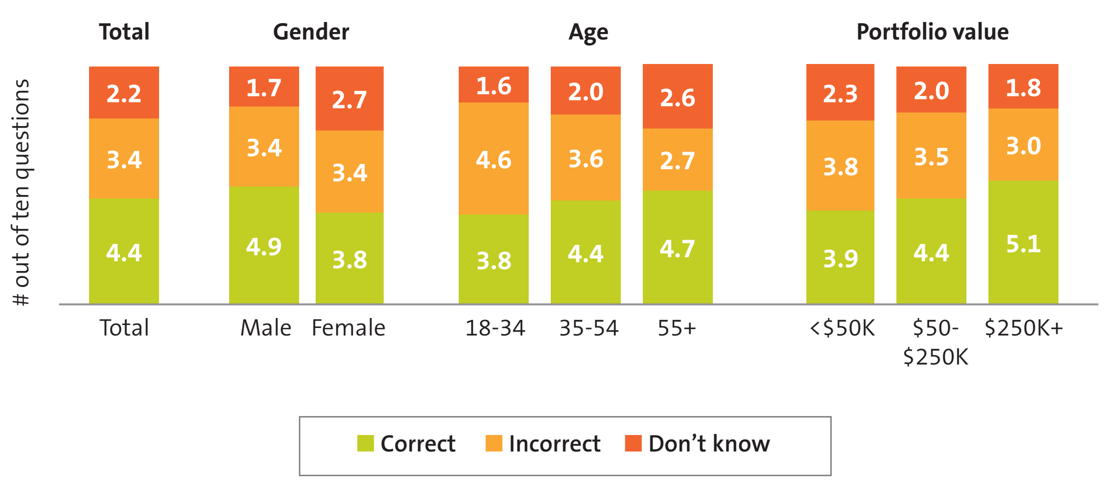
The majority of respondents (56%) are able to answer fewer than half of the questions correctly. Only 10% are able to answer 8 or more questions correctly.[6]

Number of correct quiz questions



Not surprisingly, performance on the quiz questions is correlated with a number of demographic characteristics. Men, older respondents, and those with higher portfolio values tend to do better on the quiz questions.

Performance on investor literacy quiz questions

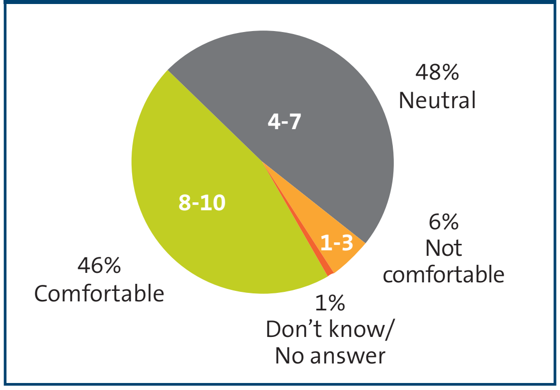


Note: Values may not sum to 10 due to rounding

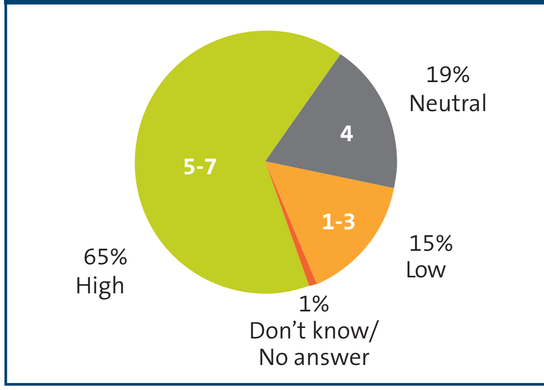
6. Percentages in the chart do not appear to add up to figures cited in the text due to rounding.

Forty-six percent of respondents indicate they are comfortable making investment decisions (8 to 10 on a 10-point scale), but slightly more (48%) give themselves neutral ratings. Almost two-thirds of respondents (65%) rate their own investment knowledge highly (5 to 7 on a 7-point scale).

How comfortable are you when it comes to making investment decisions?

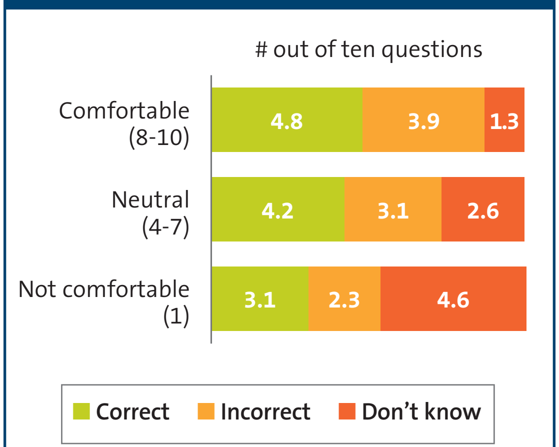


How would you assess your overall knowledge about investing?



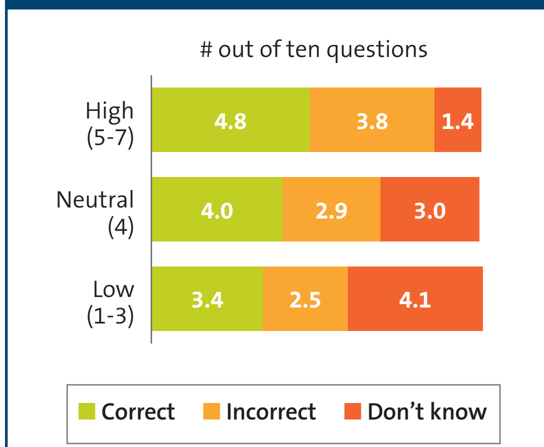
Respondents' self-assessments of their comfort with and knowledge of investing are correlated with their performance on the quiz questions. Those who are comfortable making investment decisions are able to answer 4.8 of the 10 questions correctly, compared to 4.2 among those who are neutral, and 3.1 among those who are not comfortable. Similarly, respondents who rate themselves highly on investment knowledge are able to answer 4.8 questions correctly, compared to 4.0 for those who give themselves neutral ratings, and 3.4 among those who feel they have low knowledge.

Quiz performance by comfort with investment decisions



Note: Values may not sum to 10 due to rounding

Quiz performance by self-assessed investment knowledge



Note: Values may not sum to 10 due to rounding

Interestingly, respondents who report high comfort and knowledge levels are also more likely to answer the quiz questions incorrectly than those with less positive self-perceptions, as the charts above show. It appears as if these respondents are more likely to guess (and sometimes guess incorrectly) than to admit they do not know.

► **Investors appear to be fairly optimistic about the performance of the market as a whole, and even more optimistic about the performance of their own portfolio. However, they are relatively less confident in the ability of regulators to ensure fairness in the market. Awareness of investor-oriented information tools (*e.g.*, Investor.gov, BrokerCheck), is low, and use of these information tools is even lower.**

Conclusion

The 2015 Investor Survey—a component of the FINRA Foundation's 2015 National Financial Capability Study—provides a wealth of additional information on investing-related topics of interest to researchers, educators, policy makers, and financial industry stakeholders. Findings show that stocks and mutual funds are the most commonly held types of investments, with other types of investments such as ETFs, REITs, options, commodities, and futures still relatively exotic. More than half of investors use a broker or professional advisor, and among those that do, fewer than half are worried that various incentives and commission structures would present a conflict of interest.

Investors appear to be fairly optimistic about the performance of the market as a whole, and even more optimistic about the performance of their own portfolio. However, they are relatively less confident in the ability of regulators to ensure fairness in the market. Awareness of investor-oriented information tools (*e.g.*, Investor.gov, BrokerCheck), is low, and use of these information tools is even lower.

Investor literacy, as measured by a 10-item quiz, shows room for improvement. While majorities understand the relationship between risk and return, and are able to correctly define stocks and bonds, very few understand concepts such as buying on margin, selling short, and the difference between nominal and real returns.

Finally, the survey reveals some interesting generational differences among investors. Younger investors are less likely to use professional advisors, more likely to use "robo-advisors," and more likely to be familiar with the concept of crowdfunding than older investors. Younger investors also express more concern about investment fraud than older investors do. Future tracking research can help determine which of these become lasting trends among investors and which are just temporary fads.

Background and Methodology

In consultation with the U.S. Department of the Treasury and the President's Advisory Council on Financial Literacy, the FINRA Investor Education Foundation commissioned the first national study of the financial capability of American adults in 2009. The overarching research objectives of the National Financial Capability Study were to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal, and financial literacy characteristics.

The 2009 NFCS consisted of three linked surveys:

- **National Survey:** A nationally projectable telephone survey of 1,488 American adults
- **State-by-State Survey:** A state-by-state online survey of 28,146 American adults (roughly 500 per state, plus the District of Columbia)
- **Military Survey:** An online survey of 800 military service members and spouses

In 2012, a second wave of the NFCS was conducted in order to assess changes in key measures from the 2009 Study. The 2012 NFCS replicated two of the three components of the original baseline study:

- **State-by-State Survey:** A state-by-state online survey of 25,509 American adults (roughly 500 per state, plus the District of Columbia)
- **Military Survey:** An online survey of 1,000 military service members

In 2015, a third wave of the NFCS was conducted to continue tracking key measures from the 2009 and 2012 Studies, and to incorporate additional topics that are highly relevant today. The 2015 NFCS replicates the two components of the 2012 study, and adds a supplemental survey of investors:

- **State-by-State Survey:** A state-by-state online survey of 27,564 American adults (roughly 500 per state, plus the District of Columbia)[7]
- **Military Survey:** An online survey of 1,500 military service members
- **Investor Survey:** An online survey of 2,000 Americans who have investments outside of retirement accounts

The survey instruments were designed by a multi-disciplinary team of researchers, policy makers, and practitioners in the financial capability field. The Studies were funded by the FINRA Investor Education Foundation and conducted by Applied Research & Consulting.

This report outlines the findings of the 2015 Investor Survey administered to respondents in July 2015. Data from the survey are weighted to be representative of investors with non-retirement investments in terms of age and education, based on the 2015 NFCS State-by-State Survey. However, breakdowns of sub-populations may not necessarily be representative.

More information about the National Financial Capability Study, including survey instruments and detailed methodological information, can be found at *www.USFinancialCapability.org*.

7. The 2015 State-by-State Survey includes oversamples for four large states (CA, IL, NY, and TX).

Authors:

Judy T. Lin, Christopher Bumcrot, Tippy Ulicny
Applied Research & Consulting LLC

Gary Mottola, Christine Kieffer, Gerri Walsh
FINRA Investor Education Foundation

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Investor Education FOUNDATION

A copy of this report can be found on
www.USFinancialCapability.org
or by calling (202) 728-6964.

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PewResearchCenter

NUMBERS, FACTS AND TRENDS SHAPING THE WORLD

FOR RELEASE March 7, 2014

Millennials in Adulthood

Detached from Institutions, Networked with Friends

FOR FURTHER INFORMATION ON THIS REPORT:

Paul Taylor, Executive Vice President

Carroll Doherty, Director, Political Research

Kim Parker, Director, Social Trends Research

Vidya Krishnamurthy, Communications Director

202.419.4372

www.pewresearch.org

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About This Report

This report is a collaborative effort based on the input and analysis of the following individuals. Paul Taylor, executive vice president, special projects of the Pew Research Center, provided editorial guidance for the entire report and wrote the Overview. Carroll Doherty, director of political research, provided editorial guidance for Chapters 1 and 2. Rich Morin, senior editor, wrote Chapters 1 and 2, with support from the political staff. Kim Parker, director of social trends research, oversaw the development of the survey questionnaire, co-wrote the overview and wrote Chapter 3. Greg Smith from the Pew Research Center's Religion & Public Life Project provided data analysis, editorial guidance and number checking for the section dealing with trends in religious affiliation. Andrew Kohut, founding director of the Pew Research Center; Lee Rainie, director of the Pew Research Center's Internet & American Life Project; Alan Cooperman, director of religion research; and Scott Keeter, director of survey research, provided editorial input for their areas of expertise. Several researchers contributed to data analysis, chart production, writing and number-checking.

Topline results and complete descriptions of survey methodologies are available at http://www.pewresearch.org/socialtrends.

Paul Taylor, *Executive Vice President*
Kim Parker, *Director of Social Trends Research*
Rich Morin, *Senior Editor*
Eileen Patten, *Research Analyst*
Anna Brown, *Research Assistant*

Carroll Doherty, *Director of Political Research*
Juliana Horowitz, *Senior Researcher*
Jocelyn Kiley, *Senior Researcher*
Rob Suls, *Research Associate*
Alec Tyson, *Research Associate*
Jeff Gottfried, *Research Associate*
Danielle Gewurz, *Research Analyst*
Matt Frei, *Research Assistant*
Seth Motel, *Research Assistant*

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Kim Parker, *Director of Social Trends Research*
Lee Rainie, *Director, Pew Research Center's Internet & American Life Project*
Richard Wike, *Director of Global Attitudes Research*

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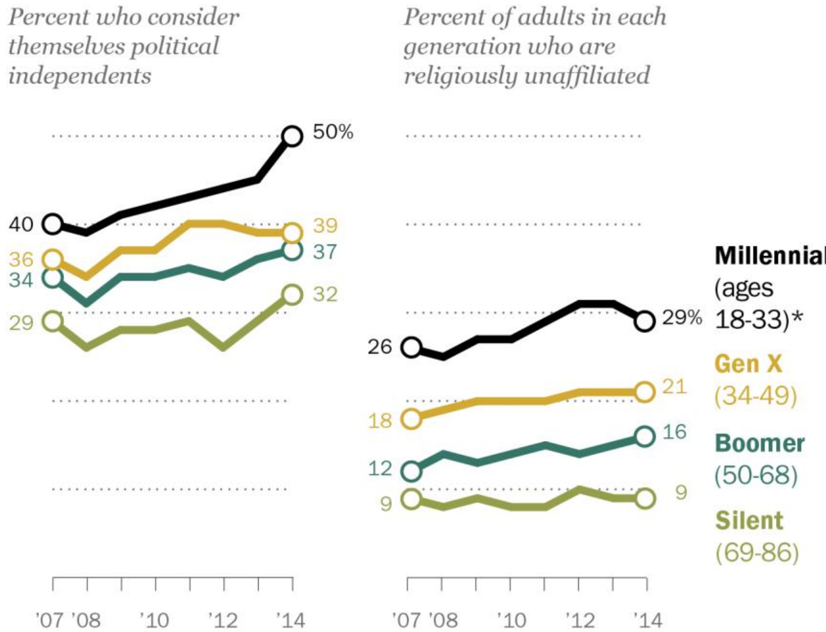
Overview

The Millennial generation is forging a distinctive path into adulthood. Now ranging in age from 18 to 33[1], they are relatively unattached to organized politics and religion, linked by social media, burdened by debt, distrustful of people, in no rush to marry— and optimistic about the future.

They are also America's most racially diverse generation. In all of these dimensions, they are different from today's older generations. And in many, they are also different from older adults back when they were the age Millennials are now.

Millennials: Unmoored from Institutions



* Age ranges are for 2014

Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year.

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Pew Research Center surveys show that half of Millennials (50%) now describe themselves as political independents and about three-in-ten (29%) say they are not affiliated with any religion. These are at or near the highest levels of political and religious disaffiliation recorded for any generation in the quarter-century that the Pew Research Center has been polling on these topics.

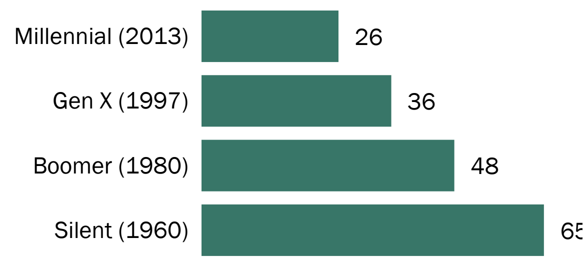
At the same time, however, Millennials stand out for voting heavily Democratic and for liberal views on many political and social issues, ranging from a belief in an activist government to support for same-sex marriage and marijuana legalization. (For more on these views, see Chapters 1 and 2.)

[1] This report focuses on Millennial adults. However, the youngest Millennials are in their teens and no chronological end point has been set for this group yet.

These findings are based on a new Pew Research Center survey conducted Feb. 14-23, 2014 among 1,821 adults nationwide, including 617 Millennial adults, and analysis of other Pew Research Center surveys conducted between 1990 and 2014.

The Decline in Marriage Among the Young

% married at age 18 to 32, by generation



Source: Data from 1980, 1997 and 2013 are from the March Current Population Survey; 1960 data are from the 1960 Census

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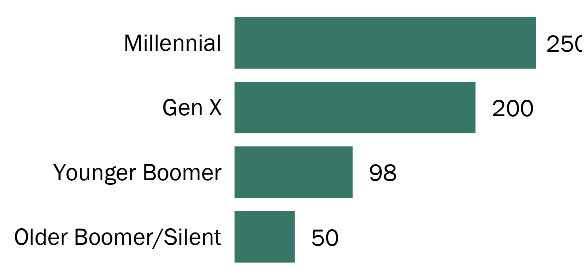
Millennials have also been keeping their distance from another core institution of society—marriage. Just 26% of this generation is married. When they were the age that Millennials are now, 36% of Generation X, 48% of Baby Boomers and 65% of the members of the Silent Generation were married. (See box on page 10 for demographic portraits of America's four adult generations). Most unmarried Millennials (69%) say they would like to marry, but many, especially those with lower levels of income and education, lack what they deem to be a necessary prerequisite—a solid economic foundation.[2]

Digital Natives

Adults of all ages have become less attached to political and religious institutions in the past decade, but Millennials are at the leading edge of this social phenomenon. They have also taken the lead in seizing on the new platforms of the digital era—the internet, mobile technology, social media—to construct personalized networks of friends, colleagues and affinity groups.[3]

Generations, Facebook and Friends

Median number of friends



Note: Based on Facebook users, n=960. In 2013, "Younger Boomers" were ages 49 to 57, "Older Boomers" were ages 58 to 67 and "Silents" were ages 68 to 85.

Source: Pew Research Center's Internet Project survey, Aug. 7-Sep. 16, 2013

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They are "digital natives"—the only generation for which these new technologies are not something they've had to adapt to. Not surprisingly, they are the most avid users. For

[2] For more on changing views about marriage and family, see Pew Research Center, "The Decline of Marriage and Rise of New Families," Nov. 18, 2010.
[3] Rainie, Lee and Barry Wellman, 2012, "Networked: The New Social Operating System," MIT Press, April.

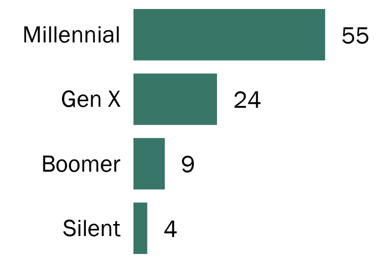
example, 81% of Millennials are on Facebook, where their generation's median friend count is 250, far higher than that of older age groups (these digital generation gaps have narrowed somewhat in recent years).

Millennials are also distinctive in how they place themselves at the center of self-created digital networks. Fully 55% have posted a "selfie" on a social media site; no other generation is nearly as inclined to do this. Indeed, in the new Pew Research survey, only about six-in-ten Boomers and about a third of Silents say they know what a "selfie" (a photo taken of oneself) is—though the term had acquired enough cachet to be declared the Oxford Dictionaries "word of the year" in 2013.[4]

However, amidst their fervent embrace of all things digital, nine-in-ten Millennials say people generally share too much information about themselves online, a view held by similarly lopsided proportions of all older generations.

Generations and "Selfies"

% saying they have shared a selfie



Note: Based on all adults, N=1,821. Respondents who knew what a selfie was were asked if they had ever shared a selfie on a photo sharing or social networking site such as Facebook, Instagram or Snapchat.

Source: Pew Research survey, Feb. 14-23, 2014

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Racial Diversity

Millennials are the most racially diverse generation in American history, a trend driven by the large wave of Hispanic and Asian immigrants who have been coming to the U.S. for the past half century, and whose U.S.-born children are now aging into adulthood. In this realm, Millennials are a transitional generation. Some 43% of Millennial adults are non-white, the highest share of any generation. About half of newborns in America today are non-white, and the Census Bureau projects that the full U.S. population will be majority non-white sometime around 2043.

The racial makeup of today's young adults is one of the key factors in explaining their political liberalism. But it is not the only factor. Across a range of political and ideological measures, white Millennials, while less liberal than the non-whites of their generation, are more liberal than the whites in older generations.

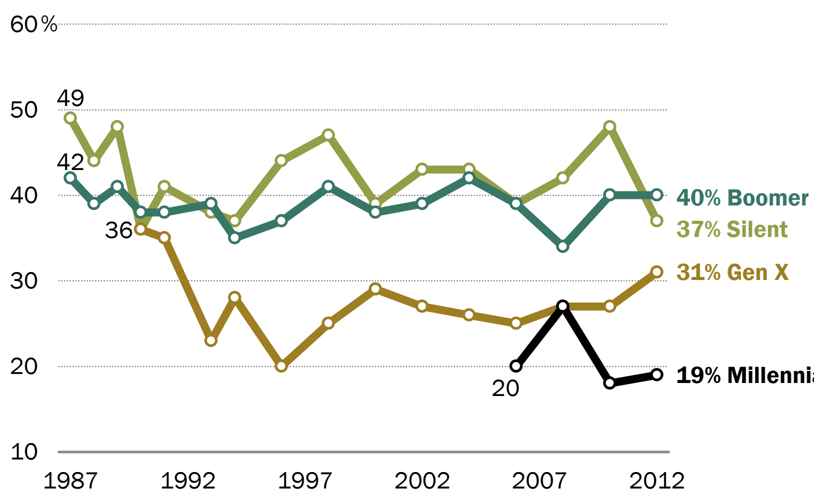
[4] Data were collected a week before the March 2 Academy Award telecast that featured a "selfie" that Host Ellen DeGeneres took with a group of movie stars. The record-breaking tweet got more than a million retweets in an hour and was widely covered in the traditional media.

Low on Social Trust; Upbeat about the Nation's Future

Millennials have emerged into adulthood with low levels of social trust. In response to a long-standing social science survey question, "Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people," just 19% of Millennials say most people can be trusted, compared with 31% of Gen Xers, 37% of Silents and 40% of Boomers.

Millennials Less Trusting of Others

% saying that, generally speaking, most people can be trusted



Question wording: "Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?"

Source: General Social Survey data, 1987-2012

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Their racial diversity may partly explain Millennials' low levels of social trust. A 2007 Pew Research Center analysis found that minorities and low-income adults had lower levels of social trust than other groups.[5] Based on similar findings over many years from other surveys, sociologists have theorized that people who feel vulnerable or disadvantaged for whatever reason find it riskier to trust because they're less well-fortified to deal with the consequences of misplaced trust.[6]

Despite this distrust of people and detachment from traditional institutions, Millennials are not out of step with older adults when it comes to their views about big business and the role of government. They are about as likely as their elders to have a favorable view of business, and they are more likely than older generations to say they support an activist government.

They are also somewhat more upbeat than older adults about America's future, with 49% of Millennials saying the country's best years are ahead, a view held by 42% of Gen Xers,

[5] See Pew Research Center, "Americans and Social Trust: Who, Where and Why," February 22, 2007, Pew Research Center, "Trust and Citizen Engagement in Metropolitan Philadelphia: A Case Study," April 18, 1997 and Smith, Sandra Susan, 2010. "Race and Trust," *Annual Review of Sociology*, 36:453-75.

[6] See e.g., Paxton, Pamela. 2005. "Trust in Decline?" Contexts, 4(1): 40-46. Wuthnow, Robert, 1998. "The Foundations of Trust" Philosophy & Public Policy Quarterly, 18(3): 3-8.

44% of Boomers and 39% of Silents.[7]

The relative optimism of today's young adults stands in contrast to the views of Boomers when they were about the same age as Millennials are now. In a 1974 Gallup survey, only about half of adults under the age of 30 said they had "quite a lot" of confidence in America's future, compared with seven-in-ten of those ages 30 and older.[8]

Boomers came of age in the late 1960s and 1970s, helping to lead the civil rights, women's rights, anti-war and counter-cultural movements of that turbulent era. In 1972, the first presidential election in which large numbers of Boomers were eligible to vote, they skewed much more Democratic than their elders. But attitudes formed in early adulthood don't always stay fixed. In the latest Pew Research survey, about half of all Boomers (53%) say their political views have grown more conservative as they have aged, while just 35% say they have grown more liberal.

Economic Hardships

Millennials are also the first in the modern era to have higher levels of student loan debt, poverty and unemployment, and lower levels of wealth and personal income than their two immediate predecessor generations (Gen Xers and Boomers) had at the same stage of their life cycles.[9]

Their difficult economic circumstances in part reflect the impact of the Great Recession (2007-2009) and in part the longer-term effects of globalization and rapid technological change on the American workforce. Median household income in the U.S. today remains below its 1999 peak, the longest stretch of stagnation in the modern era, and during that time income and wealth gaps have widened.

The timing of these macro-economic trends has been especially hard on older Millennials, many of whom were just entering the workforce in 2007 when the economy sank into a deep recession from which it has yet to fully recover.

[7] A previously published version of this report cited results for a similar question from a November 2011 survey. This revised version includes results from a new February 2014 survey. The statement of findings in the report have not changed. For more on generations and views of the nation, see Pew Research Center, "The Generation Gap and the 2012 Election," Nov. 3, 2011.
[8] Gallup survey, March 29-April 1, 1974. Question: "How much confidence do you have in the future of the United States: quite a lot, some, very little, or none at all?" The oldest Boomer was 28 in 1974.
[9] On other measures of economic well-being such as personal earnings and household income, Millennials do not appear to be doing worse—and in some cases are doing somewhat better—than earlier generations. See Pew Research Center, "The Rising Cost of *Not* Going to College," February 11, 2014.

Not surprisingly, the new Pew Research survey finds that about seven-in-ten Americans, spanning all generations, say that today's young adults face more economic challenges than their elders did when they were first starting out.

At the same time, fully a third of older Millennials (ages 26 to 33) have a four-year college degree or more—making them the best-educated cohort of young adults in American history. Educational attainment is highly correlated with economic success, even more so for this generation than previous ones. In an increasingly knowledge-based economy, young adults today who do not advance beyond high school have been paying a much stiffer penalty—in terms of low wages and high unemployment—than their counterparts did one and two generations ago.[10]

However, the new generation of college graduates also have their own economic burdens. They are entering adulthood with record levels of student debt: Two-thirds of recent bachelor's degree recipients have outstanding student loans, with an average debt of about $27,000. Two decades ago, only half of recent graduates had college debt, and the average was $15,000.[11]

The economic hardships of young adults may be one reason that so many have been slow to marry. The median age at first marriage is now the highest in modern history—29 for men and 27 for women. In contrast to the patterns of the past, when adults in all socio-economic groups married at roughly the same rate, marriage today is more prevalent among those with higher incomes and more education.

The Generations Defined

The Millennial Generation
Born: After 1980
Age of adults in 2014: 18 to 33*
Share of adult population: 27%
Share non-Hispanic white: 57%
Ind 50%; Dem 27%; Rep 17%

Generation X
Born: 1965 to 1980
Age in 2014: 34 to 49
Share of adult population: 27%
Share non-Hispanic white: 61%
Ind 39%; Dem 32%; Rep 21%

The Baby Boom Generation
Born: 1946 to 1964
Age in 2014: 50 to 68
Share of adult population: 32%
Share non-Hispanic white: 72%
Ind 37%; Dem 32%; Rep 25%

The Silent Generation
Born: 1928 to 1945
Age in 2014: 69 to 86
Share of adult population: 12%
Share non-Hispanic white: 79%
Dem 34%; Ind 32%; Rep 29%

* The youngest Millennials are in their teens. No chronological end point has been set for this group.

Note: The "Greatest Generation," which includes those born before 1928, is not included in the analysis due to the small sample size. Share of total population and share non-Hispanic white are based on adults only in 2013; 85-year-old Silents are not included due to data limitations.

Source: March 2013 Current Population Survey (IPUMS) and Pew Research surveys, January and February 2014

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[10] For more on higher education and economic outcomes, see Pew Research Center, "The Rising Cost of *Not* Going to College," February 11, 2014.
[11] Sandra Baum, "How much do students really pay for college?" Urban Institute, December 5, 2013. And National Center for Education Statistics, Degrees of Debt: Student Loan Repayment of Bachelor's Degree Recipients 1 Year After Graduating: 1994, 2001, and 2009, NCES 2014-011, Washington, DC: NCES.

Perhaps because of their slow journey to marriage, Millennials lead all generations in the share of out-of-wedlock births. In 2012, 47% of births to women in the Millennial generation were non-marital, compared with 21% among older women. Some of this gap reflects a lifecycle effect—older women have always been less likely to give birth outside of marriage. But the gap is also driven by a shift in behaviors in recent decades. In 1996, when Gen Xers were about the same age that Millennials were in 2012, just 35% of births to that generation's mothers were outside of marriage (compared with 15% among older women in 1996).[12]

Millennials join their elders in disapproving of this trend. About six-in-ten adults in all four generations say that more children being raised by a single parent is bad for society; this is the most negative evaluation by the public of any of the changes in family structure tested in the Pew Research survey (see Chapter 3).

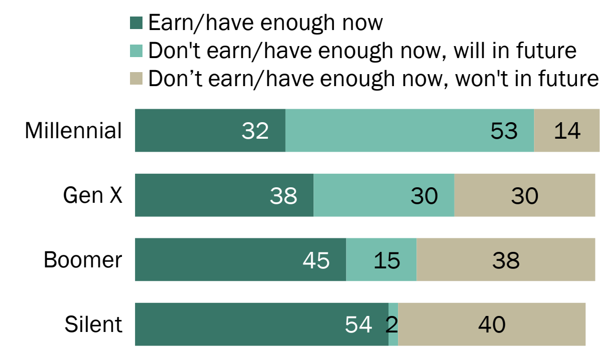
Economic Optimism; Social Security Worries

Despite their financial burdens, Millennials are the nation's most stubborn economic optimists. More than eight-in-ten say they either currently have enough money to lead the lives they want (32%) or expect to in the future (53%). No other cohort of adults is nearly as confident, though when Gen Xers were the age Millennials are now, they were equally upbeat about their own economic futures. Some of this optimism, therefore, may simply reflect the timeless confidence of youth.

The confidence of Millennials in their long-term economic prospects is even more notable in light of another finding from the latest Pew Research survey: Fully half of Millennials (51%) say they do not believe there will be any money for them in the Social Security system

Millennials Upbeat about Their Financial Future

% saying they ... to lead the kind of life they want



Note: Based on all adults regardless of employment status, N=1,821. Those who are employed were asked if they currently or will "earn enough money" and those who are not employed were asked if they currently or will "have enough income." "Don't know/Refused" responses not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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[12] Data are from the National Center for Health Statistics.

by the time they are ready to retire, and an additional 39% say the system will only be able to provide them with retirement benefits at reduced levels. Just 6% expect to receive Social Security benefits at levels enjoyed by current retirees.

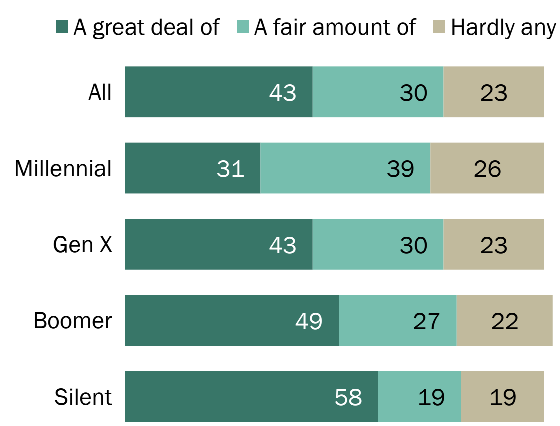
About six-in-ten Millennials (61%) oppose benefit cuts as a way to address the long-term funding problems of Social Security, a view held by about seven-in-ten older adults. There is a much bigger generation gap, however, on the question of whether government should give higher priority to programs that benefit the young or the old. About half (53%) of Millennials say the young, compared with 36% of Gen Xers and just 28% each of Boomers and Silents.

Millennials Are Independent, But Vote Democratic

Not only do half of all Millennials choose not to identify with either political party, just 31% say there is a great deal of difference between the Republican and Democratic parties. More people in older generations, including 58% of Silents, say there are big differences between the parties.

Fewer Millennials See Big Differences Between Parties

% saying there is … difference in what the Republican and Democratic Parties stand for



Source: Pew Research survey, Feb. 12-26, 2014

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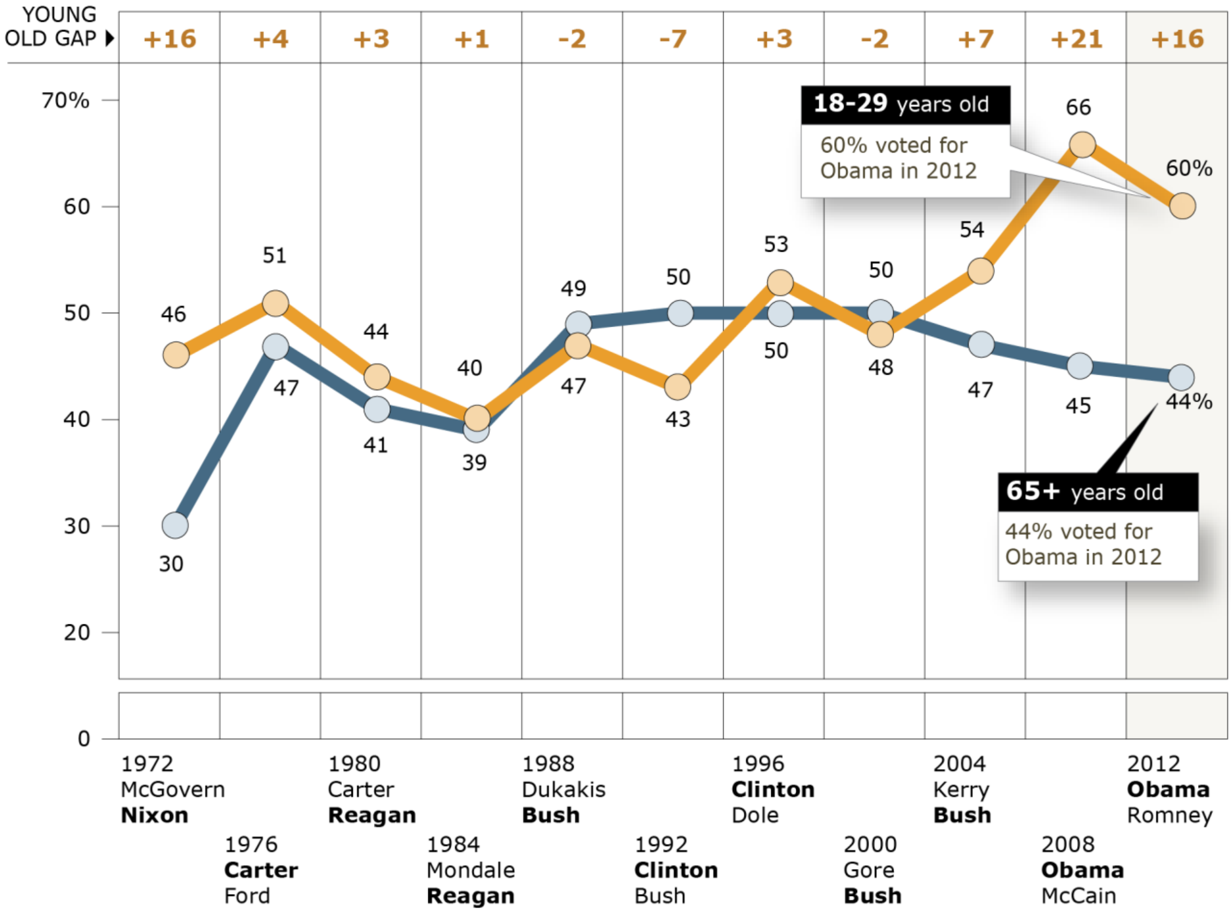
Even so, this generation stood out in the past two presidential elections as strikingly Democratic. According to national exit polls, the young-old partisan voting gaps in 2008 and 2012 were among the largest in the modern era, with Millennials far more supportive than older generations of Barack Obama. As Obama's approval ratings have declined in recent years, however, Millennials have joined older adults in lowering their assessments of the president.

Yet Millennials continue to view the Democratic Party more favorably than the Republican Party. And Millennials today are still the only generation in which liberals are not significantly outnumbered by conservatives.

The Young/Old Voting Gap, 1972-2012

% voting for Democratic candidate



Note: From 1972 through 1988 oldest age category is 60 and older.

Source: Based on exit polls. 1972 and 1976: CBS. 1980–1988: CBS/New York Times. 1992: Voter Research & Surveys. 1996 and 2000: Voter News Service. 2004–2012: National Election Pool

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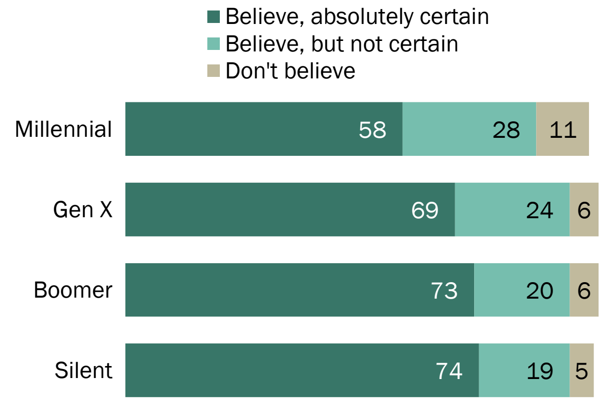
Social and Religious Views

Millennials' liberalism is apparent in their views on a range of social issues such as same-sex marriage, interracial marriage and marijuana legalization. In all of these realms, they are more liberal than their elders. However, on some other social issues—including abortion and gun control—the views of Millennials are not much different from those of older adults.

Millennials and God

% saying they ... in God



Note: "Don't know/Refused" and "Other" responses not shown.

Source: Pew Research Center's Religion & Public Life Project survey, Jun. 28-Jul. 9, 2012

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This generation's religious views and behaviors are quite different from older age groups. Not only are they less likely than older generations to be affiliated with any religion, they are also less likely to say they believe in God. A solid majority still do—86%—but only 58% say they are "absolutely certain" that God exists, a lower share than among older adults, according to a 2012 survey by the Pew Research Center's Religion & Public Life Project. But if past is prologue, these young adults may develop a stronger belief in God over the course of their lives, just as previous generations have.

Self-Identification

In response to a battery of questions in the latest Pew Research survey about how they think of themselves, Millennials are much less inclined than older adults to self-identify as either religious or patriotic.

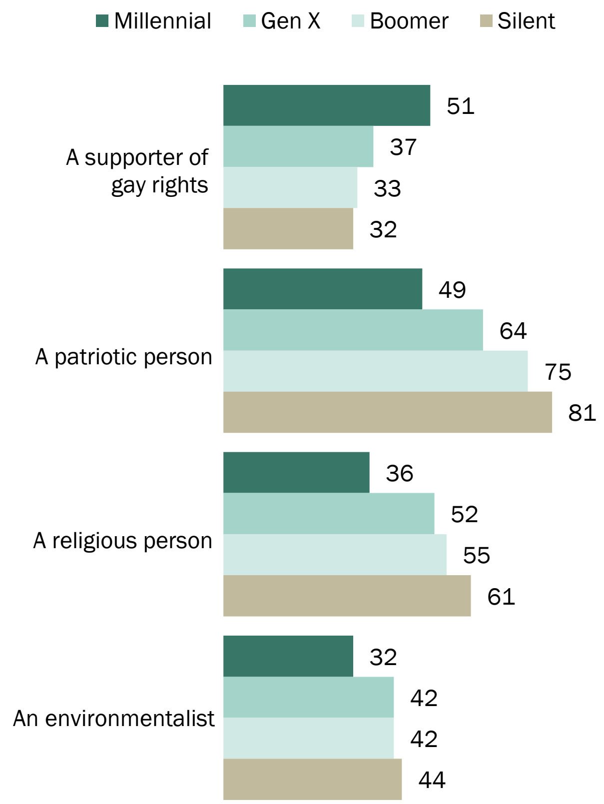
For example, only about half (49%) of Millennials say the phrase "a patriotic person" describes them very well—with 35% saying this is a "perfect" description.[13] By contrast, 64% of Gen Xers, 75% of Boomers and 81% of Silents say this describes them very well. This gap may be due more to their age and stage in life than a characteristic of their generation. When Gen Xers were young, they too lagged behind their elders on this measure in a similarly worded question.[14]

Millennials are also somewhat less likely than older adults to describe themselves as environmentalists—just 32% say this describes them very well, compared with at least four-in-ten among all older generations.

On the other hand, they are far more likely to say they are supporters of gay rights—some 51% do so, compared with 37% of Gen Xers and about a third of older adults.

How the Generations See Themselves

% saying ... describes them very well



Note: Percentages reflect those who rated each description 8-10 on a scale of 1-10 where "10" is a perfect description and "1" is totally wrong.

Source: Pew Research survey, Feb. 14-23, 2014

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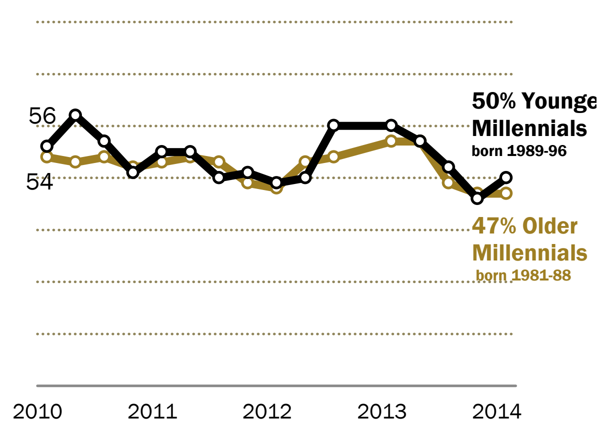
[13] Respondents were asked to rate how well each word or phrase described them on a scale of 1 to 10, where "10" represented a description that is perfect for the respondent, and "1" represented a description that is totally wrong for the respondent. In this analysis, responses ranging from 8 to 10 are interpreted as describing the respondent very well.
[14] In the 1999 survey, when Gen Xers were ages 19 to 34, the question asked how well "a patriot" described the respondent.

Millennials by Age and Race

As is the case within any generation, Millennials are not all alike. They are a diverse group with a myriad of views on many of the important issues of their time. Cultural arbiters have yet to determine how young the youngest Millennials are, or when the next generation begins. And some political analysts have suggested that older and younger Millennials may differ in terms of their political views and party allegiances.

Obama Job Approval among Older, Younger Millennials

% of each group who approve of the job Obama is doing as president



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in each quarter of that calendar year

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But an analysis of Pew Research surveys conducted in 2014 shows that the shares of younger and older Millennials who identify with the Democratic Party are roughly comparable.

Younger and older Millennials also have similar assessments of the job Barack Obama is doing as president. According to Pew Research surveys taken in 2014, 50% of younger Millennials (ages 18 to 25) and 47% of older Millennials (26 to 33) approve of the way Obama is handling his job as president.

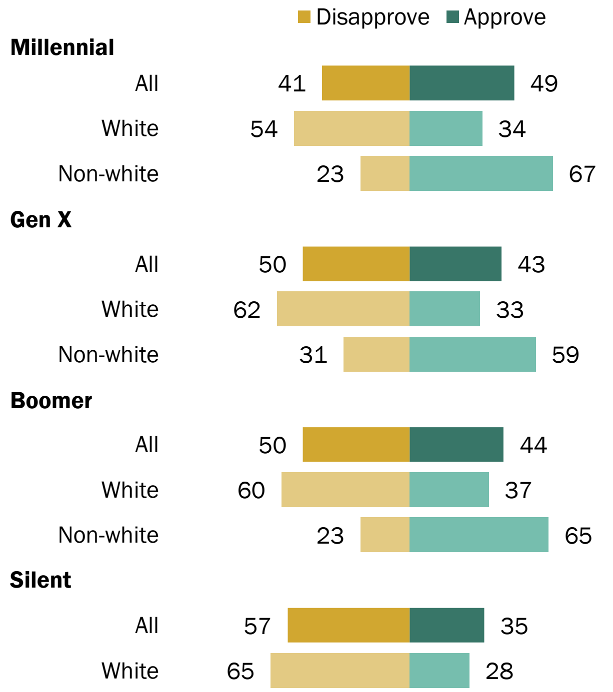
The political views of Millennials differ significantly across racial and ethnic lines. About half of white Millennials (51%) say they are political independents. The remainder divide between the Republican (24%) and Democratic (19%) parties. Among non-white Millennials, about as many (47%) say they are independent. But nearly twice as many (37%) identify as Democrats while just 9% identify as Republicans.

These partisan patterns are closely linked to views of Obama. While Millennials as a group are somewhat more approving of Obama than Gen Xers, Boomers or Silents, these differences are driven more by race and ethnicity than by age. White Millennials' views of Obama are not substantially different from those of older whites. Some 34% of white Millennials approve of the job Obama is doing as president, compared with 33% of Gen Xers, 37% of Boomers and 28% of Silents. By contrast 67% of non-white Millennials give Obama high marks for the job he's doing as president.

White and non-white Millennials have different views on the role of government as well. On balance, white Millennials say they would prefer a smaller government that provides fewer services (52%), rather than a bigger government that provides more services (39%). Non-white Millennials lean heavily toward a bigger government: 71% say they would prefer a bigger government that provides more services, while only 21% say they would prefer a smaller government. The racial gaps are about as wide among Gen Xers and Boomers.

Across Generations, Racial Differences in Obama Job Approval

% of each group who … of the job Obama is doing as president



Note: Whites are non-Hispanic; non-whites include Hispanics. Racial differences shown when significant sample is available.

Source: Data from Pew Research surveys, January and February 2014

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The remainder of this report is organized in the following way. Chapter 1 looks at key political trends by generation, drawing on Pew Research data from the past decade or longer. The trends include party identification, political ideology, presidential approval and views of Congress. Chapter 2 looks at key policy issues by generation, including same-sex marriage, marijuana legalization, immigration, abortion, gun control, Social Security and the role of government. Chapter 3 looks at economic attitudes, technology use, and views on major societal trends, all through the lens of generation. It also looks at how adults from different generations self-identify across a range of dimensions (religiosity, patriotism, environmentalism and gay rights).[15]

[15] Topline results and complete descriptions of survey methodologies are available at http://www.pewresearch.org/

About the Data

Findings in this report are based primarily on data from Pew Research Center surveys.

- Much of the analysis comes from a new Pew Research telephone survey conducted Feb. 14-23, 2014 among a national sample of 1,821 adults, including an oversample of young adults ages 18 to 33. Interviews were conducted on landline telephones (481) and cell phones (1,340) under the direction of Princeton Survey Research Associates International. The margin of sampling error is plus or minus 2.6% for results based on the total sample at the 95% confidence level.

- Additional analysis is based on two Pew Research Center telephone surveys conducted Jan. 23-Feb. 9, 2014 and Feb. 12-26, 2014 among national samples of adults. For both surveys, interviews were conducted on landline telephones (1671/1671) and cell phones (1670/1667) under the direction of Abt SRBI. Each of the surveys has a margin of sampling error of plus or minus 2.0% for results based on the total sample at the 95% confidence level.

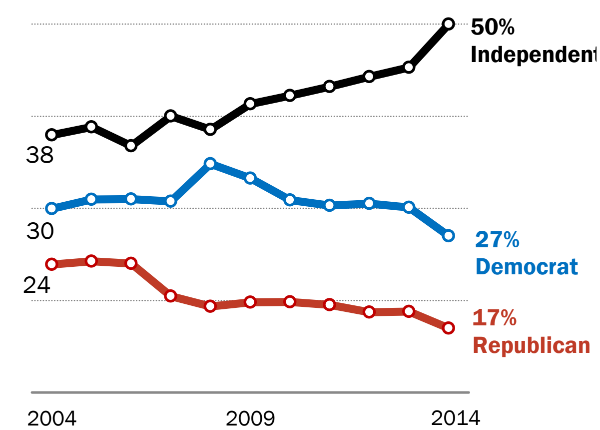
- Analysis of long-term Pew Research Center trends is based on pooled data from surveys conducted from 1990 through February 2014.

Chapter 1: Political Trends

Millennials have a different relationship with politics than other generations. These young adults are less likely than previous generations to identify with either major political party. At the same time, far more Millennials lean toward the Democratic Party than the Republican Party. And they are the most liberal and least conservative of the four generations. Using Pew Research Center survey data, this chapter charts the political emergence of the Millennial generation in the past decade and highlights how they compare with Gen Xers, Boomers and the Silent generation.

Millennials Increasingly Identify as Political Independents

% of Millennials who identify as ...



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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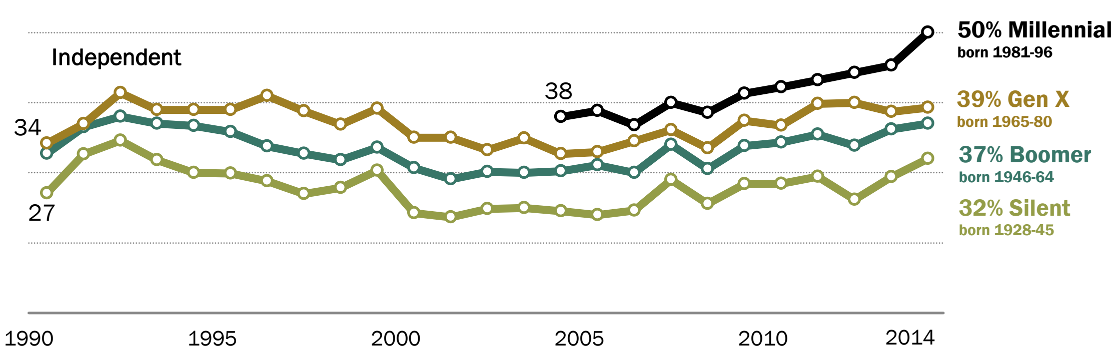
Party Identification: The Rise of the Independents

While growing political polarization makes the headlines, another trend is reshaping the modern political landscape. In the past decade, the share of self-described independents with no firm ties to either party has grown in every generation, but it has increased the most among Millennials.

A Decade-long Increase in Political Independents

% of each generation who identify as ...



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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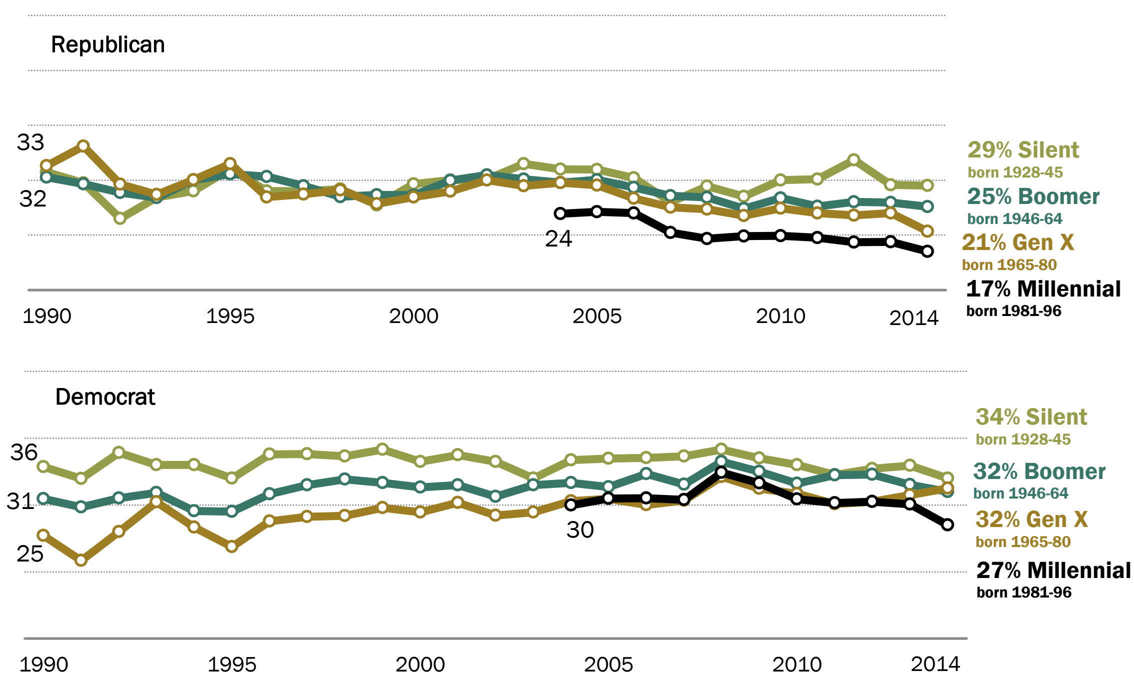
According to Pew Research surveys conducted in January and February of this year, half of all Millennials now identify themselves as political independents, up from 38% in 2004.

Both parties have lost ground among Millennials in the past 10 years, though Republicans have lost somewhat more ground than Democrats. The proportion of Millennials who identify as Republicans has fallen from 24% in 2004 to 17% today. Democratic identification stood at 30% in 2004, rose to 35% in 2008 when young adults rallied behind Obama, but has since fallen back to 27% in recent polls.

Trends in Major Party Identification, by Generation

% of each generation who identify as ...



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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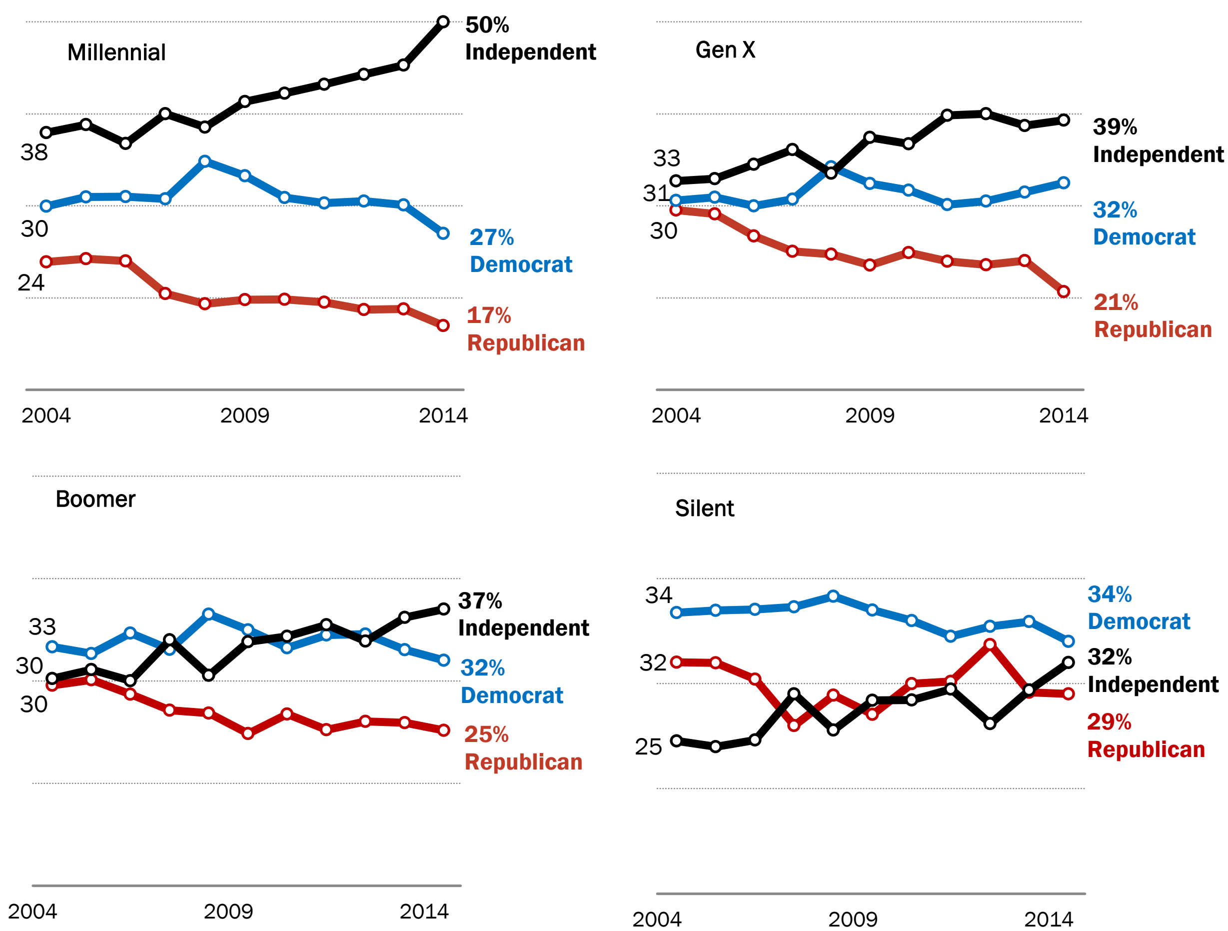
Recent Trends in Party Identification, by Generation



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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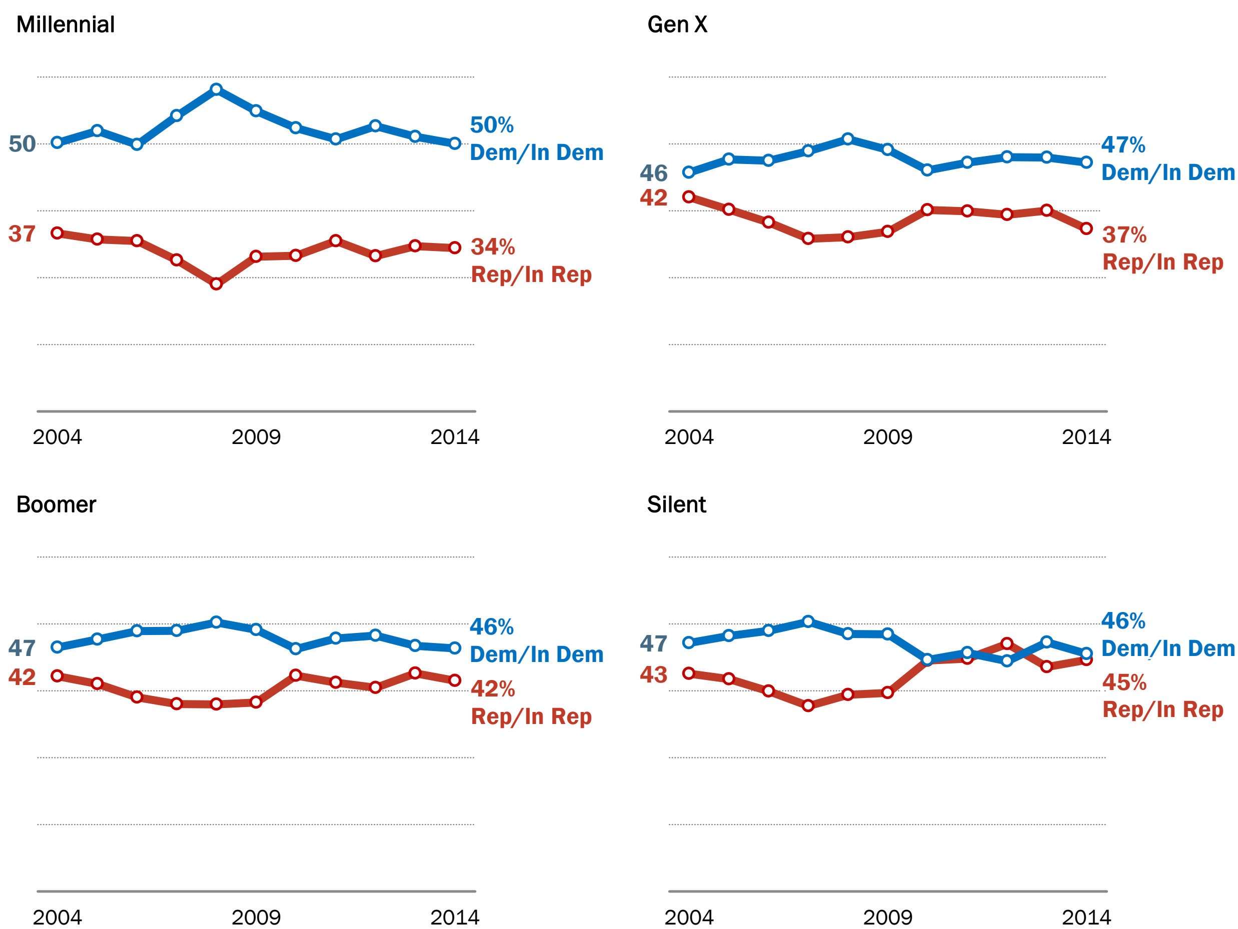
Millennials' Democratic Leanings

When the party leanings of independents are taken into account, the Democratic Party's advantage among Millennials becomes more apparent. Half of Millennials (50%) identify as Democrats or say they *lean* toward the Democratic Party, 16 points greater than the percentage who identify or say they lean Republican (34%). As with straight party identification, the Democratic Party's advantage among Millennials on leaned party identification has narrowed since 2008; during that year, twice as many Millennials identified as Democrats or leaned Democratic (58%) as identified with the GOP or leaned Republican (29%).

Recent Trends in Party and Leaned Party Identification, by Generation



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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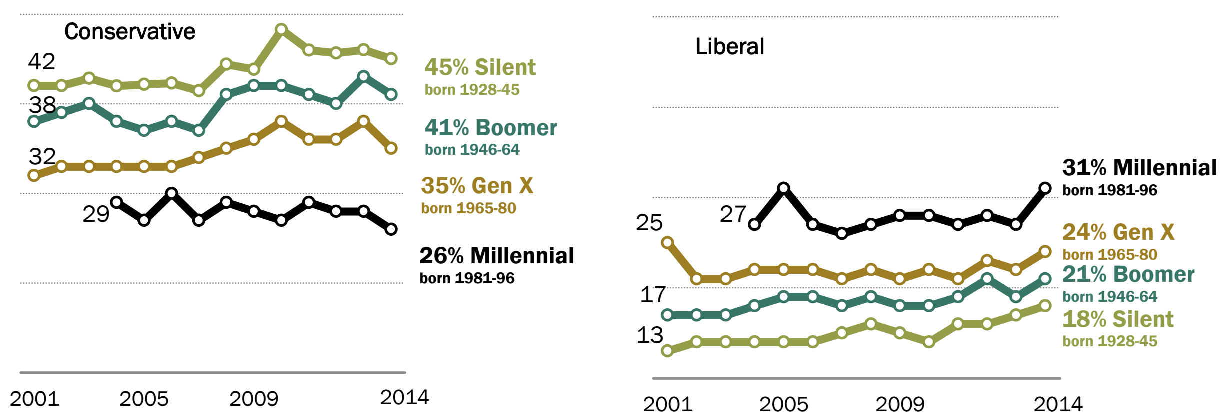
Among older generations, Democrats also have a wide advantage among Gen Xers; 47% are Democrats or lean Democratic while 37% are Republicans or lean Republican. Boomers' and Silents' partisan leanings are more evenly divided.

Ideology: Millennials Less Conservative, More Liberal

Over the past 10 years Millennials have remained the most liberal and least conservative of the four generations, and the only generation in which liberals are not significantly outnumbered by conservatives. In surveys conducted in 2014, 31% of Millennials say their political views are liberal, 39% are moderate and 26% are conservative.

Millennials Less Conservative than Older Generations

% of each generation who identify as ...



Note: Moderates not shown.

Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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Millennials, like Gen Xers, are divided over whether their political views have become more liberal or conservative over the course of their lives. Among Millennials, 48% say their political views have become more liberal while 42% say they have become more conservative.

On social issues, however, most Millennials (57%) say their views have become more liberal. By contrast, about half or more in older generations—including 52% of Gen Xers—say their social views have become more conservative over the course of their lives.

On Social Issues, Millennials Chart a More Liberal Path

% saying political/social views have become ...

	Total	Millennial	Gen X	Boomer	Silent
Political views	%	%	%	%	%
More liberal	39	48	42	35	24
More conservative	49	42	48	53	57
Not changed/Mixed (Vol.)	8	6	6	10	10
Don't know/Ref. (Vol.)	4	4	4	3	9
	100	100	100	100	100
Social views					
More liberal	42	57	41	33	35
More conservative	49	36	52	56	51
Not changed/Mixed (Vol.)	6	4	4	7	11
Don't know/Ref. (Vol.)	3	4	3	4	3
	100	100	100	100	100

Note: Figures may not add to 100% because of rounding.

Source: Pew Research survey, Feb. 14-23, 2014

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Obama Job Rating Falls

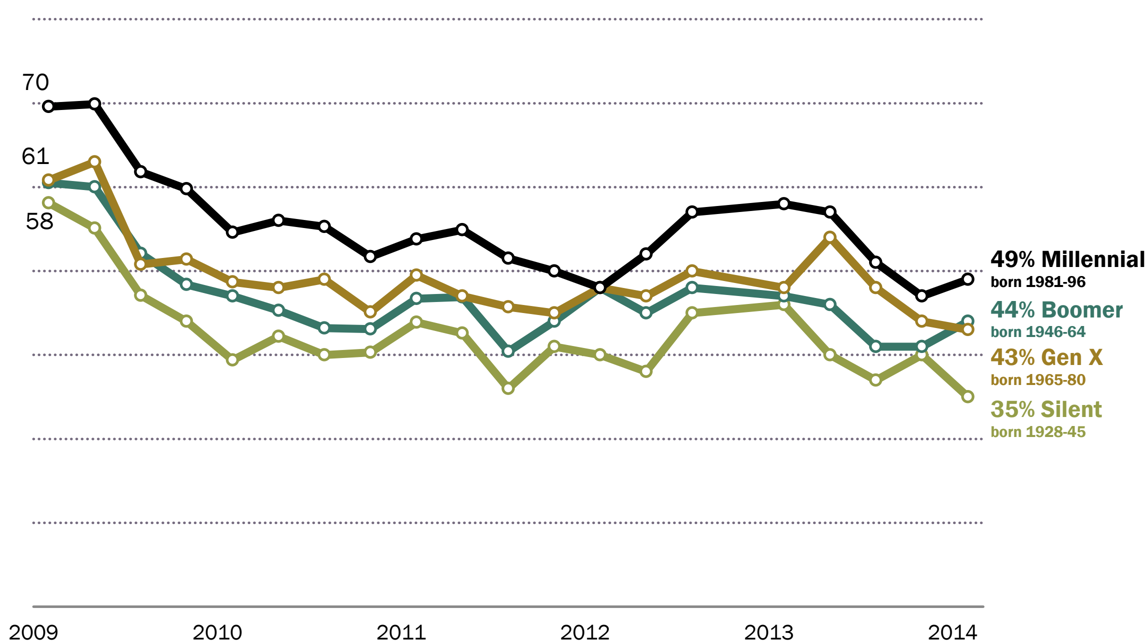
President Obama was swept into the White House in 2008 on a wave of support from young voters. Yet within six months of taking office, his job approval rating began to slide among all generations.

Among Millennials, Obama's job approval has fallen from 70% in those first honeymoon months of 2009, his highest rating among any generation, to 49% in combined surveys from January and February 2014. The falloff has been about as steep among Silents (23 points), Gen Xers (18 points) and Boomers (17 points).

Nonetheless, Millennials have a more positive view of Obama's job performance than do older Americans. Currently, 49% of Millennials approve of the way Obama is handling his job as president, compared with 44% of Boomers, 43% of Gen Xers and 35% of Silents.

Obama Job Approval Declines across Generations

% of each generation who approve of the job Obama is doing as president



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in each quarter of that calendar year

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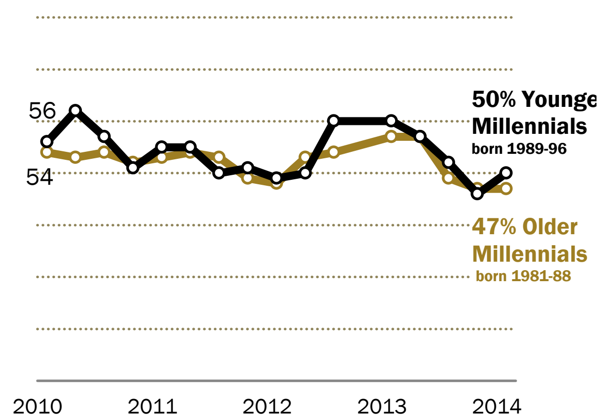
There is no indication that younger Millennials are any less supportive of Obama than older Millennials. Obama's job rating is virtually the same among younger Millennials (ages 18 to 25) as among older Millennials (26 to 33). In surveys conducted this year, 50% of younger Millennials and 47% of older Millennials approve of the way he is handling his job as president. Since the beginning of 2010, there has been very little evidence of an age gap among Millennials in Obama's job rating.

Obama Job Rating Virtually Identical among Older, Younger Millennials

% of each group who approve of the job Obama is doing as president



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in each quarter of the calendar year

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Racial Gap in Views of Obama

Race and age have long been factors in opinions about Obama. Obama's higher job ratings among Millennials throughout much of his presidency have been at least partly attributable to the racial and ethnic diversity of this generation.

Surveys conducted this year underscore the sharp racial differences in Obama's job rating among generations. Just 34% of white Millennials approve of Obama's job performance. That is little different from the shares of white Gen Xers (33%), Boomers (37%) or Silents (28%) who approve of Obama's job performance. Fully two-thirds of non-white Millennials (67%) approve of Obama's job performance, so too do 59% of non-white Gen Xers and 65% of non-white Boomers. (There are too few non-white Silents in the surveys to analyze.)

In 2012, 60% of all voters under 30 voted for Obama, according to national exit polls. But just 44% of whites in this age group supported the president's reelection, while 51% backed Mitt Romney. In 2008, a majority of whites under 30 (54%) had supported Obama. Obama won overwhelming shares of the vote among young blacks and Hispanics in both 2012 and 2008. In 2012, 91% of blacks under 30 and 74% of Hispanics in this age group supported Obama.

Obama Job Rating Negative among Whites across Generations

% of each group who ... of the job Obama is doing as president

	Approve	Disapprove	DK	N
	%	%		
Total	44	48	8=100	3325
White	34	60	7=100	2323
Non-white	65	25	10=100	961
Millennial	49	41	11=100	952
White	34	54	12=100	534
Non-white	67	23	9=100	412
Gen X	43	50	7=100	662
White	33	62	5=100	432
Non-white	59	31	10=100	228
Boomer	44	50	6=100	1173
White	37	60	4=100	895
Non-white	65	23	12=100	260
Silent	35	57	8=100	464
White	28	65	7=100	405

Note: Whites are non-Hispanic; non-Whites include Hispanics. Figures may not add to 100% because of rounding. Surveys include too few non-white Silents to analyze.

Source: Pew Research surveys, January and February 2014

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How Does Obama Make You Feel?

Positive personal reactions to Obama also have declined since his first term in office. Currently, 42% of Americans say Obama makes them feel proud, while 54% say this is not the case. In 2010, 49% said that Obama engendered feelings of pride and in November 2008, shortly after his election as president, 65% of voters said he made them feel proud.

Four years ago, Millennials were more likely than older generations to say Obama made them feel proud; 57% of Millennials said this, compared with about half or less in the older cohorts. Today, 45% of Millennials and similar shares of Gen Xers and Boomers (41% each) say Obama inspires pride. Silents remain less likely than those in the youngest generation to say the president makes them feel proud.

Millennials also are about as likely as Gen Xers and Boomers to say Obama makes them feel optimistic, while members of the Silent generation express less positive views. Half of Millennials, and majorities in older age cohorts, say that Obama does not make them feel optimistic.

Feelings of Pride in Obama Decline, Especially among Millennials

% saying Obama makes them feel …

	Mar 2010	Oct 2011	Feb 2014	'10-'14 Change
	%	%	%	
Proud				
Total	49	45	42	-7
Millennial	57	49	45	-12
Gen X	46	45	41	-5
Boomer	47	45	41	-6
Silent	44	38	37	-7
Millennial-Silent diff	+13	+11	+8	
Optimistic				
Total	--	--	38	--
Millennial	--	--	43	--
Gen X	--	--	37	--
Boomer	--	--	38	--
Silent	--	--	27	--
Millennial-Silent diff	–	–	+16	–

Source: Pew Research survey, Feb. 14-23, 2014

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Little Change in Feelings of Disappointment with Obama

About half of all Americans (51%) say that Obama makes them feel disappointed, while 46% say he does not. These opinions have changed little from 2011, when 53% expressed disappointment with Obama.

Millennials are less likely than older age cohorts to say they feel disappointed in Obama: 44% of Millennials express disappointment with the president, compared with half or more in older generations.

Obama engenders more anger among older cohorts—Boomers and Silents—than among Millennials or Gen Xers. These views have changed little since 2010.

Personal feelings about Obama, like views of his job performance, are divided along racial and ethnic lines. For instance, while a majority of non-white Millennials (61%) feel pride in Obama, just 32% of white Millennials agree. Those differences are reflected to varying degrees across older age cohorts as well.

Fewer Millennials than Older Americans Say They Are Disappointed in Obama

% saying Obama makes them feel …

	Mar 2010	Oct 2011	Feb 2014	'10-'14 Change
	%	%	%	
Disappointed				
Total	44	53	51	+7
Millennial	40	47	44	+4
Gen X	42	53	53	+11
Boomer	47	56	54	+7
Silent	52	59	59	+7
Millennial-Silent diff	-12	-12	-15	
Angry				
Total	30	29	27	-3
Millennial	24	19	21	-3
Gen X	29	28	24	-5
Boomer	33	32	31	-2
Silent	36	40	39	+3
Millennial-Silent diff	-12	-21	-18	

Source: Pew Research survey, Feb. 14-23, 2014

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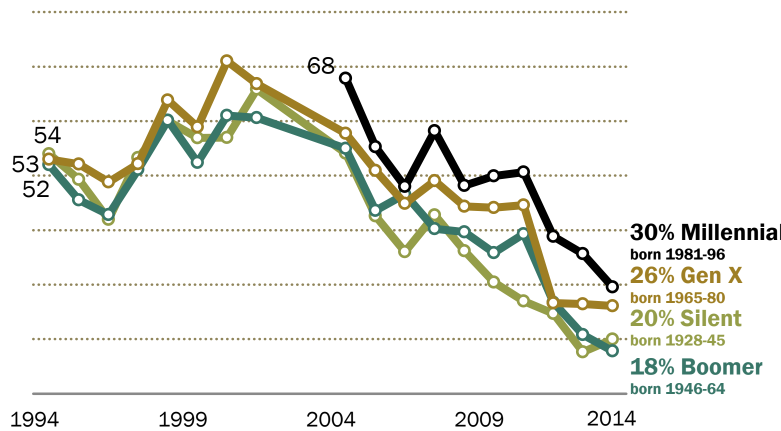
Favorable Views of Congress Plummet

Favorable opinions of Congress have fallen sharply over the past decade across generations. Among Millennials, for instance, just 30% view Congress favorably, down from 68% in 2004.

Declining Views of Congress

% of each generation with a favorable view of Congress



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in each calendar year

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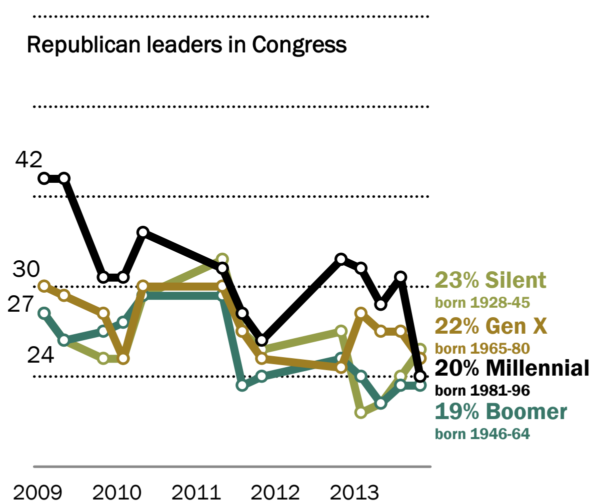
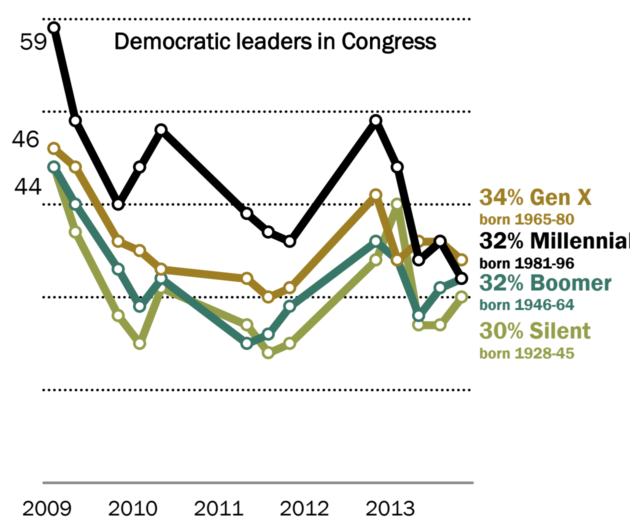
A slightly different pattern emerges on views of the Republican and Democratic congressional leadership. Ten years ago, Millennials were significantly more likely than other generations to approve of both Republican and Democratic leaders in Congress. Today, there is virtually no difference in the share of each generation that expresses approval of either party's legislative leadership.

Views of Republican and Democratic Congressional Leadership

% of each generation who approve of ...





Source: Data points represent totals based on all Pew Research surveys of the general public conducted in each quarter of that calendar year

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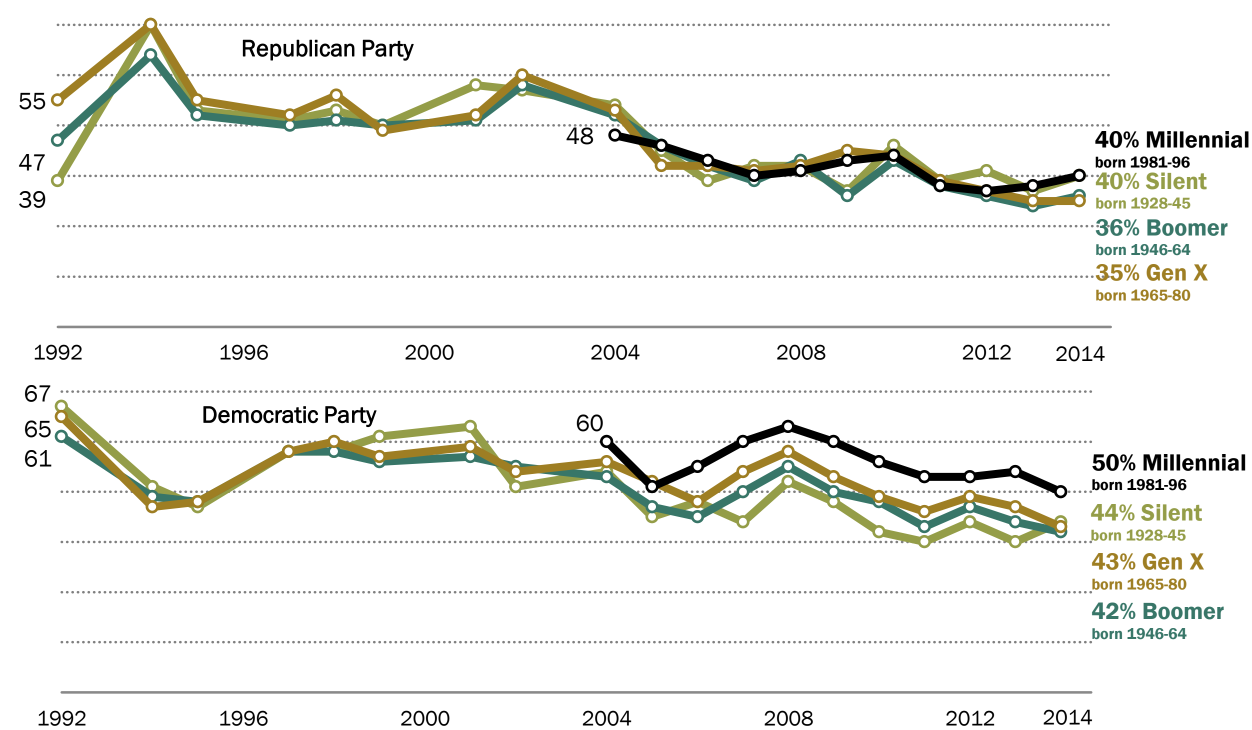
Views of the Parties

Over most of the last decade, Millennials have expressed more favorable opinions of the Democratic Party than the Republican Party. In Pew Research Center surveys this year, 50% of Millennials say they have a favorable impression of the Democratic Party while 40% view the GOP favorably.

Millennials express more favorable views of the Democratic Party than do older age cohorts. But in the current surveys, Millennials' views of the Republican Party are about the same as those of older generations.

Mixed Views of the Two Parties

% of each generation with a favorable view of the ...



Source: Data points represent totals based on all Pew surveys of the general public conducted in that calendar year

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Chapter 2: Generations and Issues

Millennials are at the forefront of the recent rise in public support for same-sex marriage and the legalization of marijuana. Millennials take more liberal positions than older generations on other major issues as well, including immigration reform. And they are far more likely than older age cohorts to express support for an activist government.

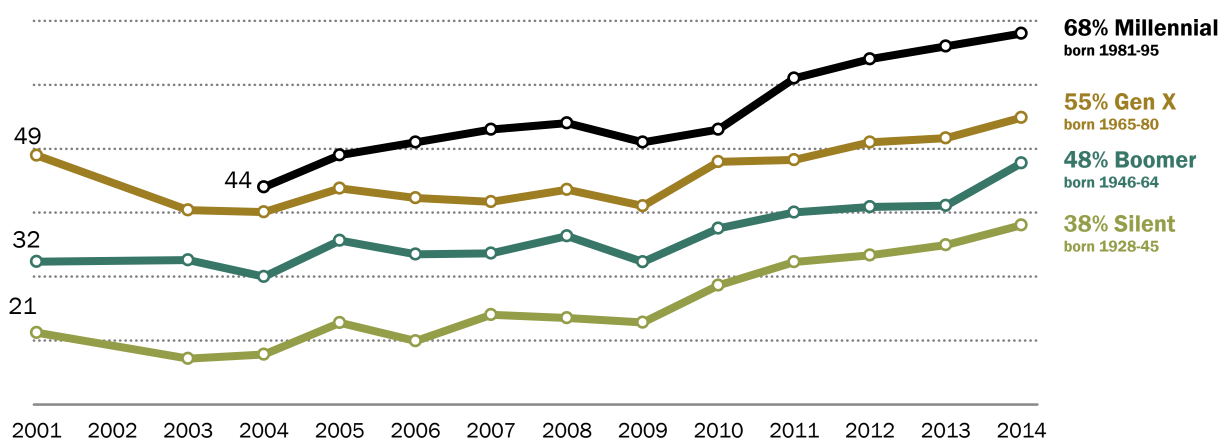
But on some issues, Millennials' views differ little from those of older Americans. About half (48%) say it is more important to protect gun rights than control gun ownership, about the same as older generations. A majority of Millennials say that abortion should be legal in all or most cases, but so do comparable percentages of Gen Xers and Boomers, while the Silent generation is less supportive of legal abortion.

Same-Sex Marriage

Support for same-sex marriage has increased dramatically over the past decade. But as was the case in 2004, there are substantial differences in opinions across generations. Millennials were the most supportive of same-sex marriage a decade ago and have grown more so since then. Currently, 68% favor allowing gays and lesbians to marry legally, up from 44% in 2004. During the same period, the proportion of Gen Xers who support gay marriage increased from 40% to 55% while rising by 18 percentage points among Boomers (30% to 48%) and by 20 points among members of

Growing Support for Same-Sex Marriage across Generations

% of each generation who favor allowing gays and lesbians to marry



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in that calendar year

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the Silent generation (18% to 38%).

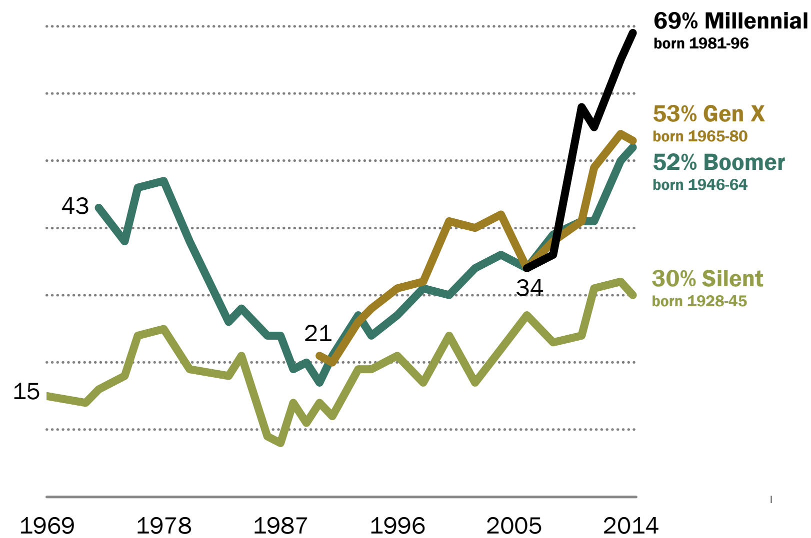
Legalization of Marijuana

Millennials' support for legalizing the use of marijuana has surged in recent years. Just eight years ago, 34% favored the legal use of marijuana. Today, that figure has roughly doubled to 69%.

Support for legalizing marijuana has risen over the same period among Gen Xers and Boomers, though less dramatically. Currently, 53% of Gen Xers and 52% of Boomers say marijuana should be legal, up 19 points and 18 points, respectively, since 2006. Silents have shown far less change. Just 30% say marijuana use should be legal, three points higher than eight years ago.

Growing Support for Marijuana Legalization

% saying use of marijuana should be made legal



Note: Generational lines shown when significant sample is available.

Source: Pew Research survey, Feb. 12-26, 2014. 1973-2008 data from General Social Survey; 1969 and 1972 data from Gallup

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Boomers' support for marijuana legalization peaked in the late 1970s, before plummeting in the 1980s. But today, Boomers' support for legalizing marijuana is greater than it was four decades ago.

Views of Immigration Policy

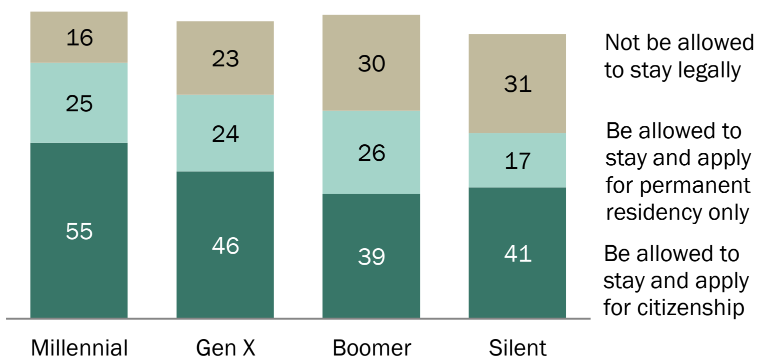
The public has long supported a "path to legalization" for undocumented immigrants in the U.S., though there is less support for allowing them to apply for citizenship.

Majorities across age cohorts say there should be a way for illegal immigrants already in the United States to stay in the country legally if they meet certain requirements.

But only among Millennials does a majority say those in the country illegally should be allowed to apply for citizenship; 55% among the youngest cohort favor a path to citizenship, compared with 46% of Gen Xers, 39% of Boomers and 41% of Silents.

Broad Support for Legal Status for Undocumented Immigrants; Millennials Favor Path to Citizenship

% who say immigrants now living in the U.S. illegally should ...



Note: "Don't know/Refused" responses not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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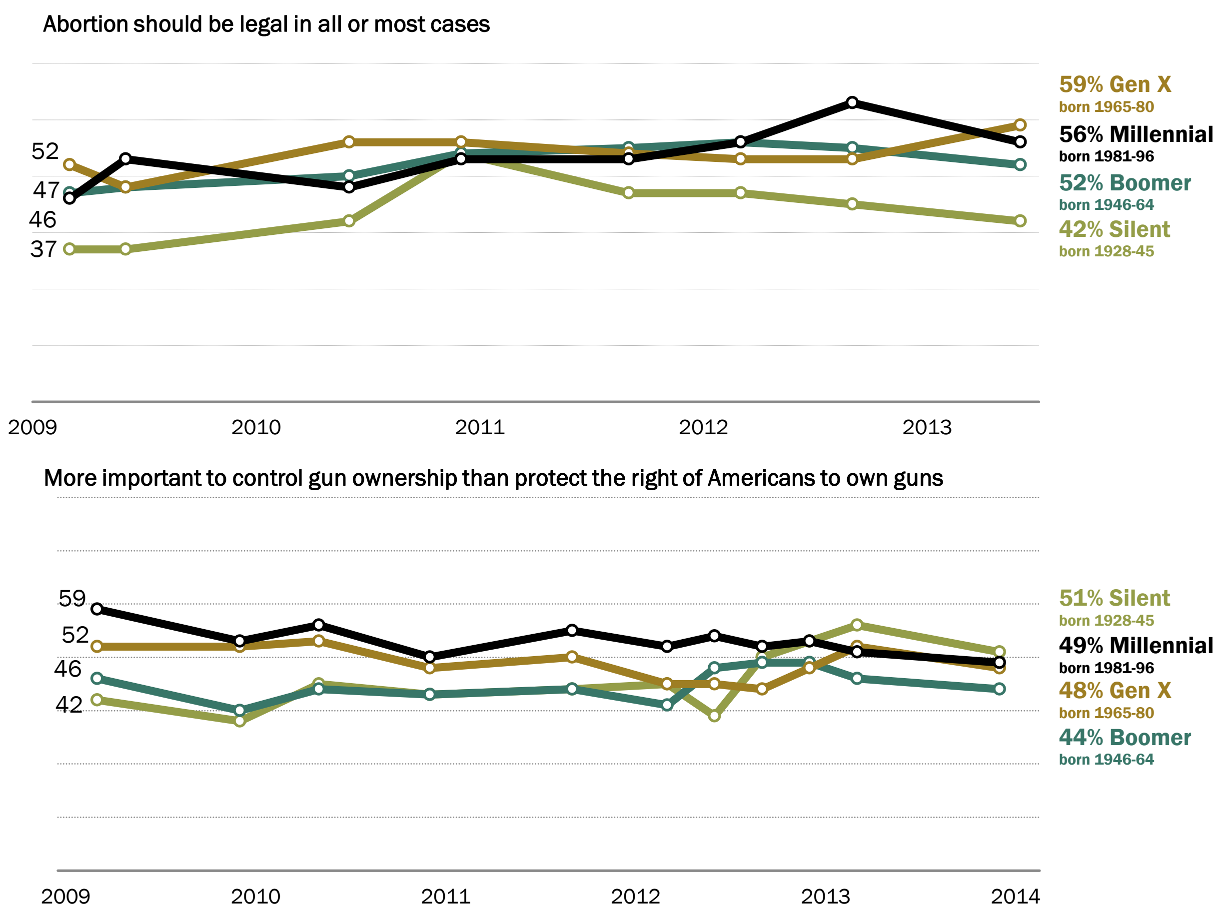
Abortion and Gun Control

Generational patterns are less clear on two other major social issues—abortion and gun control.

In recent years, half or more Millennials, Gen Xers and Boomers have supported legalizing abortion in all or most cases while Silents have been less supportive. Currently, 59% of Gen Xers, 56% of Millennials and 52% of Boomers believe abortion should be legal in all or most cases. In contrast, just 42% of Silents say abortion should be legal under most circumstances.

Modest Generational Differences in Views of Abortion, Gun Control

% of each generation who say ...



Source: Data points represent totals based on all Pew Research surveys of the general public conducted in each quarter of that calendar year

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There also are modest generational differences in opinions on gun control. Millennials, like older cohorts, are divided over whether it is more important to protect the right of Americans to own guns or more important to control gun ownership. About half of Silents (51%), Millennials (49%) and Gen Xers (48%) and slightly fewer Boomers (44%) say that controlling gun ownership is more important than controlling gun rights.

Generational Differences over Government's Role

Millennials have long been more supportive than older generations of an activist government. In a September 2013 survey, about half (53%) of Millennials favored a bigger government providing more services—the highest of any generation. Just 38% said they would rather have smaller government providing fewer services.

Majorities of Silents (64%) and Boomers (59%) say they would rather have a smaller government providing fewer services. Gen Xers are divided, with 49% preferring smaller government and 43% bigger government.

Notably, Millennials are as skeptical as older generations of the 2010 health care law. In December 2013—the most recent Pew Research Center survey on the Affordable Care Act—there were no significant differences across generations in views of the law. About four-in-ten in each cohort approved of the law.

Support for Bigger Government Highest Among Millennials

Would you rather have …

	Smaller government, fewer services	Bigger government, more services	Depends/ DK
	%	%	%
Total	51	40	9=100
Millennial	38	53	9=100
Gen X	49	43	7=100
Boomer	59	32	8=100
Silent	64	22	14=100

Note: Figures may not add to 100% because of rounding.

Source: Pew Research survey, Sep. 4-8, 2013

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Millennials Disapprove of ACA, But Say Health Coverage for All Is Government's Responsibility

	View of 2010 health care law		Gov't responsibility to insure coverage for all?	
	Approve	Disapprove	Yes	No
	%	%	%	%
Total	41	54	47	50
Millennial	42	54	54	44
Gen X	43	55	46	50
Boomer	41	54	42	55
Silent	39	54	45	52

Note: "Don't know/Refused" responses not shown. Figures for government responsibility to provide insurance revised Mar. 19, 2014.

Source: Figures for health care law from Pew Research survey, Dec. 3-8, 2013; Figures for gov't responsibility from Pew Research survey, Jan. 23-Feb. 9, 2014

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Yet by 54% to 42%, Millennials think it is the federal government's responsibility to make sure all Americans have health care coverage. There is less support among older age cohorts for the government insuring health coverage for all.

Higher Priority for Government: Programs for the Young or Old?

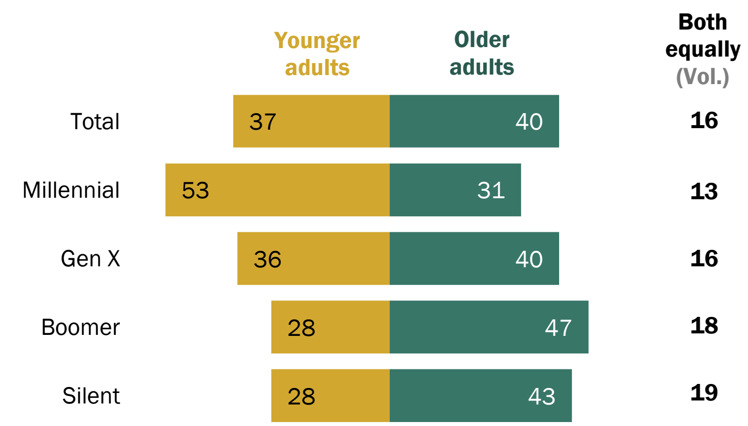
Millennials differ from older generations over the role of government, and they also are more likely to give priority to government programs that benefit younger people.

Millennials are the only age cohort in which more say that government programs benefitting younger people should be a higher priority than programs benefitting older people (53% vs. 31%). There is especially strong support for programs to aid the young among the youngest Millennials (ages 18 to 25): 60% say programs that benefit younger people should be a higher priority for government, compared with 45% of older Millennials.

Gen Xers are divided over whether programs for younger people (36%) or older people (40%) should receive more priority. Boomers and Silents, by wide margins, say that programs that benefit older people should be the higher priority.

Millennials Say Government Programs for the Young Should Get More Priority

% saying programs that benefit … should be the higher priority



Note: "Don't know/Refused" responses not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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Views of Social Security

Majorities across generations say that in thinking about Social Security's future, benefits should not be reduced in any way. Even among Millennials—those furthest from retirement—more say Social Security benefits should not be reduced by a 61%-37% margin.

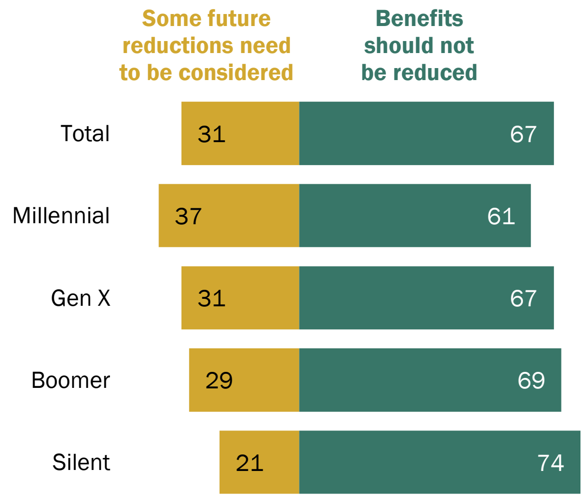
At the same time, there is considerable doubt—especially among Millennials and Gen Xers—that Social Security benefits will still exist, much less be funded at current levels, by the time they retire.

Boomers say they expect Social Security will be able to provide some—albeit reduced—benefits. Roughly seven-in-ten Boomers expect to receive benefits at reduced levels (42%) or current levels (26%).

Millennials and Gen Xers are much more pessimistic. About half of each group (51% of Millennials and 50% of Gen Xers) say that when they retire Social Security will not have enough money to pay any benefits.

Majorities across Generations Oppose Cuts in Social Security Benefits

% saying, thinking about long-term future of Social Security, ...



Note: "Don't know/Refused" responses not shown.

Source: Pew Research survey, Jan. 23-Feb. 9, 2014

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Half of Millennials and Gen Xers Doubt They'll Receive Any Soc. Sec. Benefits

When you retire, Social Security will provide ...	Millennial %	Gen X %	Boomer* %
Benefits at current levels	6	9	26
Benefits at reduced levels	39	36	42
No benefits	51	50	28
Don't know/Ref. (Vol.)	4	5	4
	100	100	100

Note: *Includes only Boomers under age 65. Based on those ages 18 to 64. Figures may not add to 100% because of rounding.

Source: Pew Research survey, Feb. 14-23, 2014

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Age, Race and Views of Issues

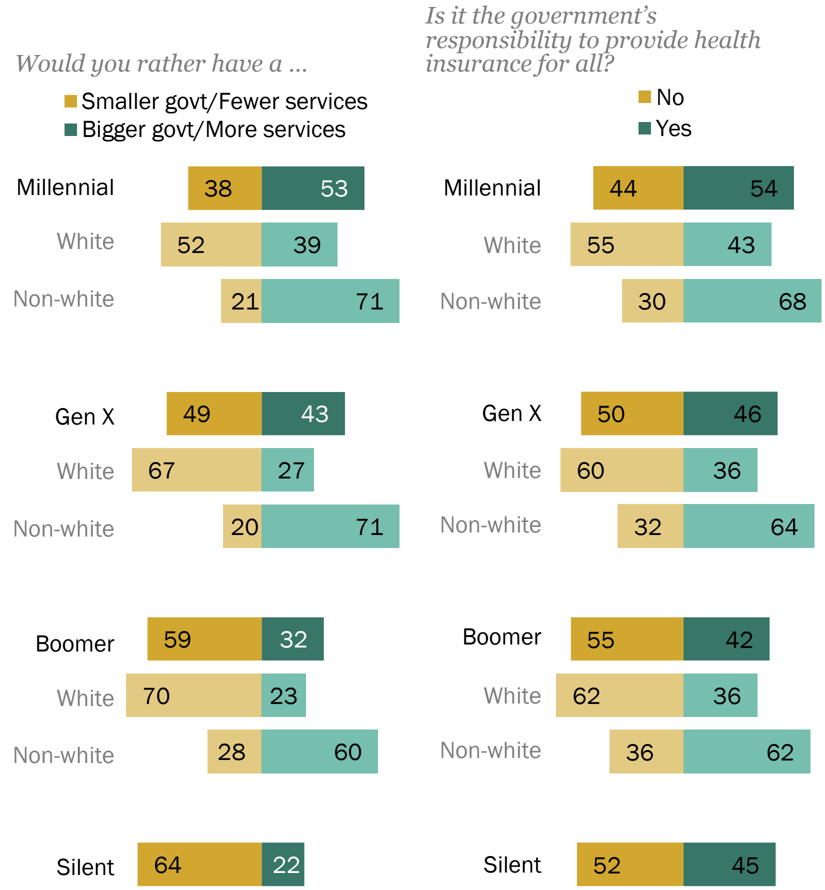
As with many attitudes about politics, there are wide racial differences across generations over the role of government, with non-whites much more supportive than whites of activist government. But in opinions about some social issues—notably same-sex marriage and immigration—the differences are much narrower.

Overall, 53% of Millennials favor a bigger government providing more services. But white Millennials prefer smaller government by 52% to 39%. Non-whites would rather have a bigger government by an even larger margin (71% to 21%).

Similarly, most white Millennials (54%) say it is not the federal government's responsibility to provide health insurance for all; 68% of non-white Millennials say this is the government's responsibility.

A similar pattern of racial and ethnic differences is also evident among Gen Xers and Boomers in views about the size of government and whether it has an obligation to provide health insurance for all. (There are not enough non-white Silents in the surveys to analyze.)

Wide Racial Differences on Views of Role of Government



Note: Whites are non-Hispanic; non-whites include Hispanics. Racial differences shown when significant sample is available. Figures for health insurance revised Mar. 19, 2014.

Source: Figures for role of government from Pew Research survey, Sept. 4-8, 2013; figures for government responsibility to provide health insurance from Pew Research survey, Jan. 23-Feb. 9, 2014

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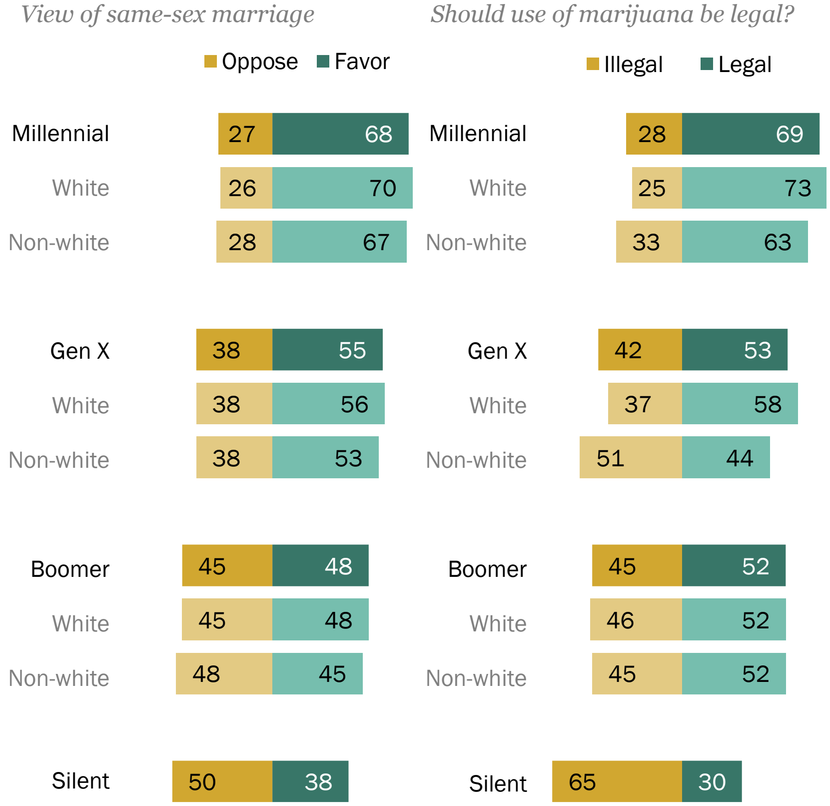
On other issues—such as same-sex marriage and immigration—there are only slight differences in opinions across racial and ethnic groups within generations. For example, white and non-white Millennials offer nearly identical views of same-sex marriage; 70%

of whites and 67% of non-whites favor it, and differences are also insignificant among the older cohorts.

White Millennials are also about as likely as non-white Millennials, and more likely than older whites, to say illegal immigrants who meet certain requirements should be allowed to apply for citizenship. About half of white Millennials (53%) and 58% of non-white Millennials favor a path to citizenship. Among the older cohorts, 42% of white Gen Xers and 38% of white Boomers share this view. Among the Silent generation, 41% favor a path to citizenship.

When it comes to the legalization of marijuana, white Millennials are more supportive than non-white Millennials, but majorities in both groups say the use of marijuana should be legal (73% and 63%, respectively). Among Gen Xers: 58% of whites favor legalization of marijuana, compared with 44% of non-whites.

Views of Same-Sex Marriage, Marijuana Legalization among Generations by Race



Note: Whites are non-Hispanic; non-whites include Hispanics. Racial differences shown when significant sample is available.

Source: Pew Research survey, Feb. 12-26, 2014

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Chapter 3: Finances, Social Trends and Technology

Economic optimism

Coming of age during the country's deepest economic downturn since the Great Depression has made it much more difficult for Millennials to find their financial footing. And they are still dealing with the fallout from the recession and sluggish recovery. The unemployment rate remains high for this generation—especially those ages 18 to 24, 13% of whom were unemployed in January 2014.[16] The share of young adults living in their parents' home reached an historic high in 2012, three years after the recession had ended. And while the importance of a college degree has grown, so has the cost. As a result, Millennials are more burdened with student debt than any previous generation of young adults.

None of this is lost on the public, as solid majorities of Gen Xers (66%), Boomers (74%) and Silents (68%) say young adults today face more economic challenges than they themselves faced when they were first starting out. And Millennials have a similar view. Roughly seven-in-ten Millennials (71%) say that people their age face more economic challenges compared with their parents' generation when they were young.

Millennials Face a Tougher Economy

% saying today's young adults face ... economic challenges than they themselves faced when they were starting out

	Gen X	Boomer	Silent
More	66	74	68
Fewer	7	5	12
Same	25	20	16
Different/DK	3	2	4

Note: Based on adults ages 34 and older, n=1,192.

Source: Pew Research survey, Feb. 14-23, 2014

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Among Millennials, there is broad agreement across major demographic subgroups that today's young adults face greater economic challenges than their parents' generation faced when they were starting out. Millennial men and women agree on this, as do Millennials with annual family incomes of $75,000 or more and those with family incomes of less than $35,000, and those with and without a college degree.

The economic challenges they face may be causing Millennials to reassess their place in the broader economy. A January 2014 Pew Research poll found that only 42% of Millennials now identify themselves as "middle class." This is down significantly from 2008 when 53% said they were middle class. Perhaps more strikingly, fully 46% of Millennials describe themselves as lower or lower-middle class in the recent survey, up from 25% in 2008.

[16] For more information on young adults and labor market trends, see Pew Research Center, "Young, Unemployed and Optimistic," Feb. 9, 2012.

In spite of the difficult economic hand they have been dealt, Millennials are remarkably optimistic about their future prospects. While they are not as satisfied with their current financial situation as are their older counterparts, they are much more upbeat about their financial futures. Among Millennials who are employed, only 33% in the current poll say they now earn enough to lead the kind of life they want, but fully half (51%) say they will be able to earn enough in the future.

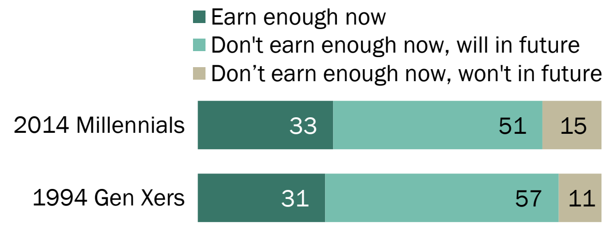
In this regard Millennials are about as optimistic about their financial futures as Gen Xers were when they were a comparable age. A 1994 Pew Research survey found that among employed Gen Xers (who were under age 30 at the time), 31% said they were earning enough to live the kind of life they wanted, an additional 57% said they weren't earning enough but expected to in the future. Gen Xers were coming of age in a much more favorable economic environment than today's Millennials find themselves.

Millennials who are not currently employed are equally bullish about their financial futures. While only 29% say they now have enough income to lead the kind of life they want, a majority (59%) believe they will have enough income in the future.

Taken together, 85% of Millennials (both employed and not employed) say that they either have enough earnings or income now to lead the kind of life they want or they believe they will in the future. Only 14% say they don't have enough money now and don't anticipate that they will in the future. By comparison,

Millennials Just as Optimistic as Gen Xers When They Were Young

% of employed young adults saying they ... to lead the kind of life they want



Note: Based on those who are employed full or part time. For Millennials (ages 18 to 33 in 2014), n=462; for Gen Xers (ages 18 to 29 in 1994), n=658. "Don't know/Refused" responses not shown.

Source: Pew Research surveys, Feb. 14-23, 2014 and Jul. 12-27, 1994

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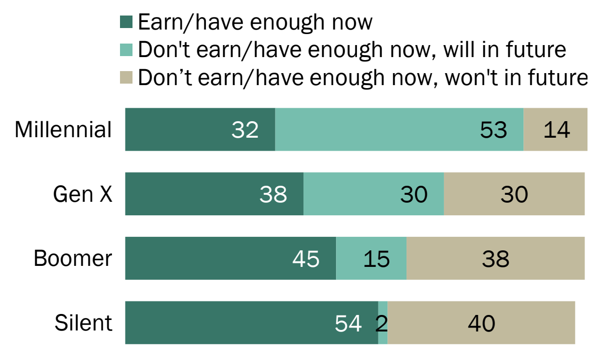
Millennials Confident about Their Financial Future

% saying they ... to lead the kind of life they want



Note: Based on all adults regardless of employment status, N=1,821. Those who are employed were asked if they currently or will "earn enough money," and those who are not employed were asked if they currently or will "have enough income." "Don't know/Refused" responses not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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68% of Gen Xers say they have enough money now or expect to in the future, 60% of Boomers say the same as do 56% of Silents.

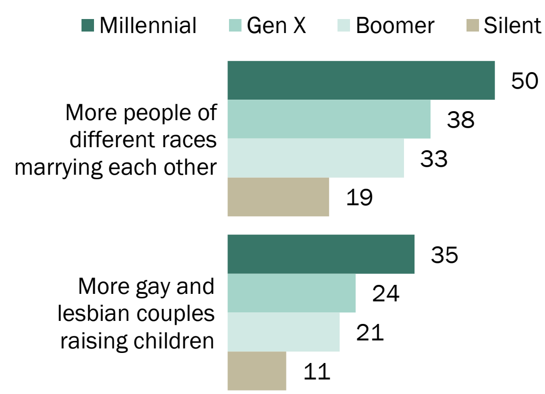
Among Millennials, men and women are equally optimistic about their financial futures. College-educated Millennials are much more likely than those without a college degree to say they have enough money now to lead the kind of life they want (52% vs. 26%). And while those without a college degree are more likely to say they are optimistic about their future finances, it is not quite enough to fill the gap. Overall, 91% of college-educated Millennials have or think they will have enough money, compared with 83% of Millennials with less education.

Generations Differ Over Key Societal Trends

There are sharp age gaps in attitudes when it comes to several of the major social and demographic changes shaping the country today. In some instances, Millennials are more likely than their older counterparts to say these changes are good for society. In other realms, they are more likely to take a "live and let live" attitude.

Age Gaps on Key Societal Trends

% saying … is a "good thing for American society"



Note: Responses of "Bad thing for American society," "Doesn't make much difference" and "Don't know/Refused (Vol.)" not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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Respondents were asked about six trends and whether each was a good thing for American society, a bad thing for American society or didn't make much difference for society. When compared with older generations, Millennials have a much more positive view of the rise in interracial marriage. Fully 50% of Millennials say the trend toward more people of different races marrying each other is good for society. By comparison, 38% of Gen Xers, 33% of Boomers and only 19% of Silents say the same. Roughly one-in-five Silents (21%) say this trend is bad for society, compared with just 7% among all younger adults. Among Millennials, whites (49%) and non-whites (50%) are equally likely to view this as a positive trend. In contrast, among older adults, non-whites are more likely than whites to see this as a good thing for society (40% vs. 29%).

Similarly, Millennials are much more accepting of gay and lesbian couples raising children. Some 35% of Millennials say this trend is good for society. Among Gen Xers, 24% view this as a positive trend, 21% of Boomers say this is a good thing, as do 11% of Silents. Only 17% of Millennials say this is a bad thing for society, compared with 39% of all older adults.

Another key trend in the realm of marriage and family is the rising share of children being raised by a single parent. There is general agreement across the generations that this trend is not a good thing for society. Fully 58% of Millennials say this is bad for society, and similar shares of Gen Xers (61%), Boomers (62%) and Silents (63%) concur. Very few adults of any age say this trend is good for society.

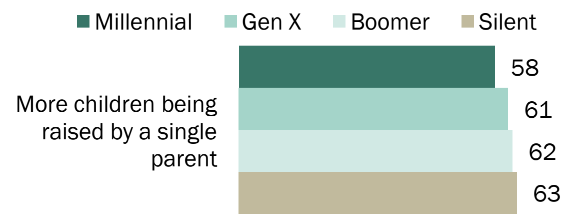
When it comes to changing patterns in religious affiliation and commitment, Millennials tend to take a more neutral position compared with adults from older generations. Relatively few Millennials (13%) say that having more people who are not religious is a good thing for society, but a plurality (54%) say this trend doesn't make much difference. Pluralities of Gen Xers and Boomers say this trend is bad for society, as do 57% of Silents.

Among Millennials, those with a college degree are about twice as likely as those without a college degree to say the growing number of people who are not religious is a good thing for society (21% vs. 10%).

Respondents were also asked about two important generational trends. The first is the trend toward more young adults living with their parents. There is no consensus within any generation as to whether this is a good thing or a bad thing for society. Boomers are somewhat more likely than Millennials to say this is a good thing for society (22% vs. 17%). Millennials themselves are evenly divided over whether this trend is bad for society (41%) or doesn't make much difference (40%).

Generations Agree on Single Parent Trend

% saying … is a "bad thing for American society"



Note: Responses of "Good thing for American society," "Doesn't make much difference" and "Don't know/Refused (Vol.)" not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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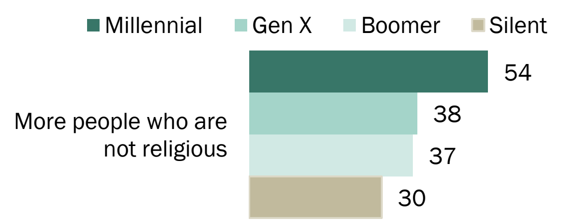
Millennials Less Concerned about Rising Share of Nonreligious

% saying … "doesn't make much difference for American society"



Note: Responses of "Good thing for American society," "Bad thing for American society" and "Don't know/Refused (Vol.)" not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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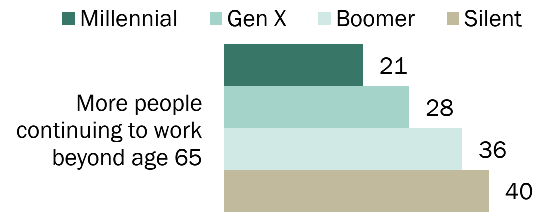
At the other end of the generational spectrum, respondents were asked whether the trend toward more people continuing to work beyond age 65 was good or bad for society. Gen Xers, Boomers and Silents are significantly more likely than Millennials to view this as a positive trend. Millennials, who have struggled mightily in the labor market, are more than twice as likely as Silents to say this trend is bad for society (47% vs. 21%).

Millennials Not Enthused about Increase in Older Workers

% saying … is a "good thing for American society"



Note: Responses of "Bad thing for American society," "Doesn't make much difference" and "Don't know/Refused (Vol.)" not shown.

Source: Pew Research survey, Feb. 14-23, 2014

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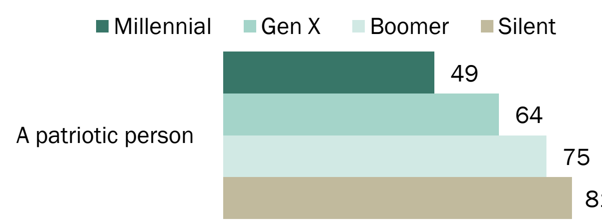
How the Generations See Themselves

There are sharp differences across age groups in the way adults describe themselves—the labels they choose to embrace or reject. Survey respondents were given a short list of words and phrases and asked how well each one described them. On each of the four descriptions—which cut across different realms of life—Millennials stand apart from the three older generations. They are less likely to see themselves as patriotic, religious or as environmentalists and more likely to say they are supporters of gay rights.

Young Adults Less Patriotic

% saying … describes them very well



Note: Percentages reflect those who rated the description 8-10 on a scale of 1-10 where "10" is a perfect description and "1" is totally wrong.

Source: Pew Research survey, Feb. 14-23, 2014

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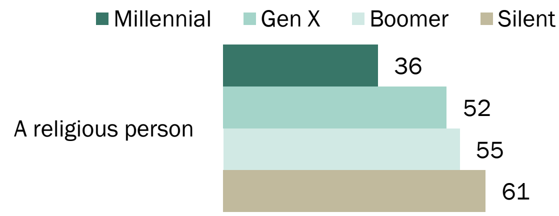
Overall, 65% of adults say that the phrase "a patriotic person" describes them very well, with 35% saying this is a "perfect" description.[17] Millennials are much less likely than adults in older generations to embrace this label. About half of Millennials (49%) say this description fits them very well. By comparison, 64% of Gen Xers, 75% of Boomers and 81% of Silents say the same.

[17] Respondents were asked to rate how well each word or phrase described them on a scale of 1 to 10, where "10" represented a description that is perfect for the respondent, and "1" represented a description that is totally wrong for the respondent. In this analysis, responses ranging from 8 to 10 are interpreted as describing the respondent very well.

Millennials' relative hesitancy to describe themselves as patriotic may be the result of their stage of life rather than a characteristic of their generation. When Gen Xers were at a comparable age, they were much less likely than their older counterparts to embrace a similar self-description. In a 1999 Pew Research survey, 46% of Gen Xers (ages 19 to 34 at the time) said the word "patriot" described them very well. This compared with 66% among their elders.

Millennials Don't See Themselves as Religious

% saying ... describes them very well



Note: Percentages reflect those who rated the description 8-10 on a scale of 1-10 where "10" is a perfect description and "1" is totally wrong.

Source: Pew Research survey, Feb. 14-23, 2014

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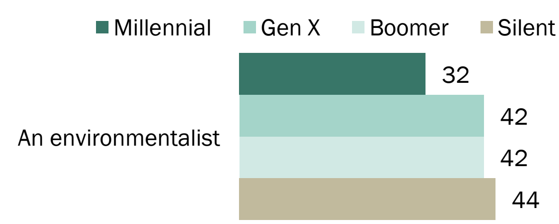
Today's young adults are also less likely than middle-aged and older adults to describe themselves as religious. Roughly a third (36%) of Millennials say the phrase "a religious person" describes them very well. By comparison, half of Gen Xers (52%) and 55% of Boomers say this description fits them very well. And among Silents, about six-in-ten (61%) say this description fits them very well.

Again, the tendency of Millennials to shy away from this self-description is not unique to this generation of young adults. In 1999, 47% of Gen Xers said that "a religious person" described them very well, compared with 59% of adults ages 35 and older. Still today's young adults are significantly less likely to identify themselves as religious when compared with Gen Xers at a comparable age (36% vs. 47%).

Millennials are also less likely than Gen Xers were in 1999 to identify themselves as "environmentalists." In 1999, when Gen Xers were under age 35, roughly four-in-ten (39%) embraced this self-description. Today, only about a third of Millennials (32%) say the word "environmentalist" describes them very well. Gen Xers, (42%) Boomers (42%) and Silents (44%) are significantly more likely to embrace this self-description.

Few Millennials Describe Themselves as Environmentalists

% saying ... describes them very well



Note: Percentages reflect those who rated the description 8-10 on a scale of 1-10 where "10" is a perfect description and "1" is totally wrong.

Source: Pew Research survey, Feb. 14-23, 2014

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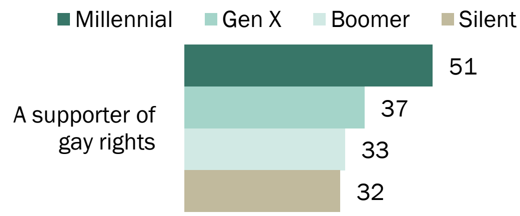
Public acceptance of gays and lesbians has grown substantially over the past decade, and young adults are at the forefront of these changing views. Fully half of Millennials (51%) say the phrase "a supporter of gay rights" fits them very well. Gen Xers (37%), Boomers (33%) and Silents (32%) are significantly less likely to identify with this description.

The 1999 Pew Research poll asked respondents how well the phrase "a supporter of the gay rights movement" described them. At that time only 17% of all adults said this phrase described them very well. Gen Xers were more likely than their older counterparts to embrace this description: 22% of adults ages 19 to 34 said this was a good description of them compared with 15% of those ages 35 and older. However, this young-old gap has widened considerably since then, from a six percentage point gap between young Gen Xers and older adults in 1999 to a 17 percentage point gap between young Millennials and older adults today.[18]

Millennials Lead the Way in Changing Views of Gays and Lesbians

% saying … describes them very well



Note: Percentages reflect those who rated the description 8-10 on a scale of 1-10 where "10" is a perfect description and "1" is totally wrong.

Source: Pew Research survey, Feb. 14-23, 2014

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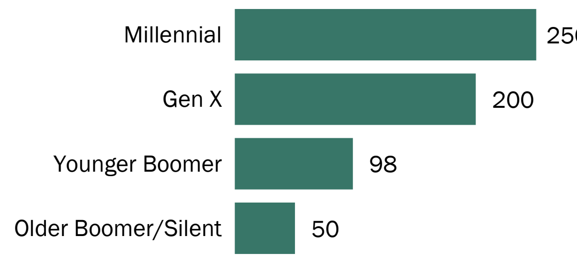
[18] Percentage-point gaps are computed prior to rounding.

Technology Use

One of the widest and most significant gaps between Millennials and older adults is the way they use technology. A 2012 Pew Research survey found that the public sees a larger gap between young and old in technology use than in their moral values, their attitudes about the changing racial and ethnic makeup of the country or the importance they place on family. Fully 64% of the public said young adults and older adults are very different in the way they use the internet and other technology.

Generations, Facebook and Friends

Median number of Facebook friends



Note: Based on Facebook users, n=960. In 2013, "Younger Boomers" were ages 49 to 57, "Older Boomers" were ages 58 to 67 and "Silents" were ages 68 to 85.

Source: Pew Research Center's Internet Project survey, Aug. 7-Sep. 16, 2013

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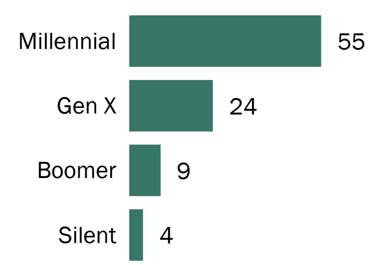
Online social networks are the building blocks of social interaction for many young adults, and these tools have enabled them to create wide-ranging networks of "friends." Data from the Pew Research Center's Internet & American Life Project show the generational differences in dramatic fashion. Among Facebook users in 2013, Millennials had, on average, 250 Facebook friends. The median number of Facebook friends among Gen Xers was 200, and the numbers fell off steeply from there. For younger Boomers (ages 49 to 57 in 2013), the median number of Facebook friends was 98 and for Older Boomers and Silents it was 50.[19]

Generations and "Selfies"

% saying they have shared a selfie



Note: Based on all adults, N=1,821. Respondents who knew what a selfie was were asked if they had ever shared a selfie on a photo sharing or social networking site such as Facebook, Instagram or Snapchat.

Source: Pew Research survey, Feb. 14-23, 2014

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Millennials have led the way on photo sharing as well, so much so that Oxford Dictionaries word of the year for 2013 was "selfie." Oxford defines selfie as "a photograph that one has taken of oneself, typically one taken with a smartphone or webcam and uploaded to a social media website." Millennials are much more likely than adults of other generations to be familiar with this term and, not surprisingly, more likely to have posted a selfie on a social networking site.

[19] The sample size among Silents was too small to analyze separately (n=66). Among adults ages 65 and older, the median number of Facebook friends is 30.

About eight-in-ten Millennials (81%) know what a selfie is, and 55% have shared a selfie on a photo sharing or social networking site such as Facebook, Instagram or Snapchat.[20] Millennials are more than twice as likely as Gen Xers to have posted a selfie (24% of Gen Xers have done this). And among Boomers and Silents, the shares are considerably smaller (9% of Boomers and 4% of Silents have posted a selfie).

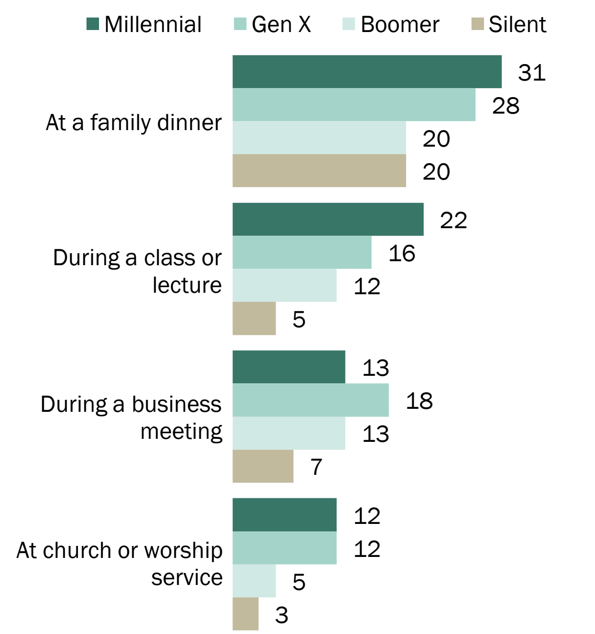
Among Millennials, women are more likely than men to have posted a selfie (68% vs. 42%). There are no significant differences between white and non-white Millennials nor are there differences by educational attainment. Younger Millennials (ages 18 to 25) age more likely than Millennials ages 26 to 33 to have posted a selfie (62% vs. 46%).

While they may like to post pictures of themselves online, Millennials agree with adults from other generations that, in general, people share too much information about themselves on the internet. Overall, 89% of all adults say people share too much personal information online. Roughly equal shares of Millennials (90%), Gen Xers (91%) and Boomers (89%) express this view. Silents are slightly less likely to say people share too much information (81%) and somewhat more likely to have no opinion on this (12%).

On cell phone usage, there is still a significant generation gap. Nearly all Millennials (96%) and Gen Xers (95%) reported having a cell phone in 2013. Even so, large majorities of Boomers (89%) and Silents (71%) also have cell phones.[21] Compared with older adults, Millennials and Gen Xers have somewhat different standards about when and where cell phones should be used. Overall, the public has a fairly stringent view of when it's appropriate for people to use their cell phones to send or receive messages or go on the internet. The vast majority of adults say it is not okay to use a cell phone at church or worship service (89%), during a class or lecture (82%) or

When Is It Okay to Use a Cell Phone?

% saying it is okay to use a cell phone … to send or receive messages or to go on the internet



Source: Pew Research survey, Feb. 14-23, 2014

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[20] Percentages are based on all adults. Only those who correctly identified what a selfie is were asked whether they had ever shared one.
[21] Data on cell phone ownership are from a Pew Research Center survey conducted Aug. 7-Sept. 16, 2013.

during a business meeting (81%). About seven-in-ten (72%) say it's not okay to use a cell phone at a family dinner.

Millennials and Gen Xers are more lenient about cell phone use at the dinner table than are their older counterparts. Roughly three-in-ten say it's okay to use a cell phone under these circumstances, only one-in-five Boomers and Silents agree.

Millennials are more likely than any other generation to say it is okay to use a cell phone during a class or lecture. Some 22% of Millennials say this, compared with 16% of Gen Xers, 12% of Boomers and just 5% of Silents.

Boomers and Silents are nearly universally opposed to the idea of using cell phones at religious services, and Silents are the least likely to approve of using cell phones during business meetings.

Appendix A: Data Sources

Most of the analysis in this report is based on telephone interviews conducted Feb. 14-23, 2014 among a national sample of 1,821 adults, 18 years of age or older, living in all 50 U.S. states and the District of Columbia, including an oversample of young adults ages 18 to 33 (481 respondents were interviewed on a landline telephone, and 1,340 were interviewed on a cell phone, including 786 who had no landline telephone). The survey was conducted by interviewers at Princeton Data Source under the direction of Princeton Survey Research Associates International. A combination of landline and cell phone random digit dial samples were used. In order to increase the number of 18 to 33 year-old respondents in the sample, additional interviews were conducted with that cohort by screening a separate random digit dial cell sample. The landline and both cell phone samples were provided by Survey Sampling International. Interviews were conducted in English and Spanish. Respondents in the landline sample were selected by randomly asking for the youngest adult male or female who is now at home. Interviews in both cell samples were conducted with the person who answered the phone if that person was an adult 18 years of age or older (main cell sample) or 18-33 (cell phone youth oversample).

The combined landline and cell phone sample are weighted using an iterative technique that matches gender, age, education, race, Hispanic origin and nativity and region to parameters from the 2012 Census Bureau's American Community Survey and population density to parameters from the Decennial Census. The weights account for the oversample by bringing the proportion of 18-33 year olds in the survey into line with that cohort's share of the US population. The sample also is weighted to match current patterns of telephone status and relative usage of landline and cell phones (for those with both), based on extrapolations from the 2013 National Health Interview Survey. The weighting procedure also accounts for the fact that respondents with both landline and cell phones have a greater probability of being included in the combined sample and adjusts for household size among respondents with a landline phone. Sampling errors and statistical tests of significance take into account the effect of weighting.

The following table shows the unweighted sample sizes and the error attributable to sampling that would be expected at the 95% level of confidence for different groups in the survey:

Group	Unweighted sample size	Plus or minus ...
Total sample	1,821	2.6 percentage points
Generations		
Millennial (18-33 year olds)	617	4.6 percentage points
Generation X (34-49 year olds)	351	6.0 percentage points
Baby Boomer (50-68 year olds)	576	4.7 percentage points
Silent (69-86 year olds)	246	7.2 percentage points
Millennial (Form 1/Form 2)	(309/308)	(6.4/6.4) percentage points
Generation X (Form 1/Form 2)	(168/183)	(8.7/8.4) percentage points
Baby Boomer (Form 1/Form 2)	(287/289)	(6.7/6.6) percentage points
Silent (Form 1/Form 2)	(120/126)	(10.3/10.1) percentage points

In addition to the main survey described above, the report is supplemented with public opinion data from surveys conducted Jan. 23-Feb. 9, 2014 and Feb. 12-26, 2014 among national samples of adults 18 years of age or older living in the continental United States. For the Jan. 23-Feb. 9, 2014 survey, 3,341 total respondents were interviewed; 1,671 respondents were interviewed on a landline telephone, and 1,670 were interviewed on a cell phone, including 875 who had no landline telephone). For the Feb. 12-26, 2014 survey, 3,338 total respondents were interviewed; 1,671 respondents were interviewed on a landline telephone, and 1,667 were interviewed on a cell phone, including 905 who had no landline telephone).

The surveys were conducted under the direction of Abt SRBI. A combination of landline and cell phone random digit dial samples were used; both samples were provided by Survey Sampling International. Interviews were conducted in English and Spanish. Respondents in the landline sample were selected by randomly asking for the youngest adult male or female who is now at home. Interviews in the cell sample were conducted with the person who answered the phone, if that person was an adult 18 years of age or older. For detailed information about our survey methodology, see http://people-press.org/methodology/

These two supplemental surveys were weighted to the same parameters as the main survey.

The following table shows the unweighted sample sizes and the error attributable to sampling that would be expected at the 95% level of confidence for different groups in these surveys:

Group	Unweighted sample size	Plus or minus ...
Total sample: Jan. 23-Feb. 9, 2014	3,341	2.0 percentage points
Generations		
Millennial (18-33 year olds)	660	4.4 percentage points
Generation X (34-49 year olds)	676	4.3 percentage points
Baby Boomer (50-68 year olds)	1,308	3.1 percentage points
Silent (69-86 year olds)	591	4.7 percentage points
Total sample: Feb. 12-26, 2014	3,338	2.0 percentage points
Generations		
Millennial (18-33 year olds)	645	4.5 percentage points
Generation X (34-49 year olds)	699	4.3 percentage points
Baby Boomer (50-68 year olds)	1,292	3.1 percentage points
Silent (69-86 year olds)	584	4.7 percentage points

Sample sizes and sampling errors for other subgroups are available upon request. In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.

Government Data

Some of the data in the Overview used to define the demographic characteristics of each generation are based on the March 2013 Current Population Survey (CPS). The CPS is collected monthly by the U.S. Census Bureau for the Bureau of Labor Statistics. The CPS is nationally representative of the civilian noninstitutionalized population. Additional documentation on the CPS can be found at https://cps.ipums.org/cps/.

Appendix B: Topline Questionnaires

PEW RESEARCH CENTER
FEBRUARY 2014 POLITICAL SURVEY
FINAL TOPLINE
February 14-23, 2014
N=1,821

ASK ALL:
Q.1 Do you approve or disapprove of the way Barack Obama is handling his job as President? **[IF DK ENTER AS DK. IF DEPENDS PROBE ONCE WITH:** Overall do you approve or disapprove of the way Barack Obama is handling his job as President? **IF STILL DEPENDS ENTER AS DK]**

	Approve	Dis-Approve	(VOL.) DK/Ref
Feb 14-23, 2014	44	48	8
Jan 15-19, 2014 (U)	43	49	8
Dec 3-8, 2013 (U)	45	49	6
Oct 30-Nov 6, 2013	41	53	6
Oct 9-13, 2013	43	51	6
Sep 4-8, 2013 (U)	44	49	8
Jul 17-21, 2013	46	46	7
Jun 12-16, 2013	49	43	7
May 1-5, 2013	51	43	6
Mar 13-17, 2013	47	46	8
Feb 13-18, 2013 (U)	51	41	7
Jan 9-13, 2013	52	40	7
Dec 5-9, 2012	55	39	6
Jun 28-Jul 9, 2012	50	43	7
Jun 7-17, 2012	47	45	8
May 9-Jun 3, 2012	46	42	11
Apr 4-15, 2012	46	45	9
Mar 7-11, 2012	50	41	9
Feb 8-12, 2012	47	43	10
Jan 11-16, 2012	44	48	8
Dec 7-11, 2011	46	43	11
Nov 9-14, 2011	46	46	8
Sep 22-Oct 4, 2011	43	48	9
Aug 17-21, 2011	43	49	7
Jul 20-24, 2011	44	48	8
Jun 15-19, 2011	46	45	8
May 25-30, 2011	52	39	10
May 5-8, 2011	50	39	11
May 2, 2011 (WP)	56	38	6
Mar 30-Apr 3, 2011	47	45	8
Feb 22-Mar 1, 2011	51	39	10
Feb 2-7, 2011	49	42	9
Jan 5-9, 2011	46	44	10
Dec 1-5, 2010	45	43	13
Nov 4-7, 2010	44	44	12
Oct 13-18, 2010	46	45	9
Aug 25-Sep 6, 2010	47	44	9
Jul 21-Aug 5, 2010	47	41	12
Jun 8-28, 2010	48	41	11
Jun 16-20, 2010	48	43	9
May 6-9, 2010	47	42	11
Apr 21-26, 2010	47	42	11
Apr 8-11, 2010	48	43	9
Mar 10-14, 2010	46	43	12
Feb 3-9, 2010	49	39	12
Jan 6-10, 2010	49	42	10
Dec 9-13, 2009	49	40	11
Oct 28-Nov 8, 2009	51	36	13
Sep 30-Oct 4, 2009	52	36	12
Sep 10-15, 2009	55	33	13
Aug 20-27, 2009	52	37	12
Aug 11-17, 2009	51	37	11
Jul 22-26, 2009	54	34	12
Jun 10-14, 2009	61	30	9
Apr 14-21, 2009	63	26	11
Mar 31-Apr 6, 2009	61	26	13
Mar 9-12, 2009	59	26	15
Feb 4-8, 2009	64	17	19

See past presidents' approval trends:
George W. Bush, Bill Clinton

NO QUESTIONS 2-3

ASK ALL:
Q.4 Does Barack Obama make you feel **[INSERT FIRST ITEM; RANDOMIZE]** or not? Does Obama make you feel **[NEXT ITEM]** or not?

	Yes	No	**(VOL.)** DK/Ref
a. Disappointed			
Feb 14-23, 2014	51	46	3
Sep 12-16, 2012 (*RVs*)	49	50	1
Sep 22-Oct 4, 2011	53	45	2
Mar 10-14, 2010	44	53	3
b. Optimistic			
Feb 14-23, 2014	38	57	5
c. Proud			
Feb 14-23, 2014	42	54	4
Nov 8-11, 2012 (*Voters*)	53	45	2
Sep 12-16, 2012 (*RVs*)	51	45	3
Sep 22-Oct 4, 2011	45	52	4
Mar 10-14, 2010	49	47	5
November, 2008 *(Voters)*	65	32	3
March, 2008[22] *(RVs)*	42	53	5
d. Angry			
Feb 14-23, 2014	27	70	3
Nov 8-11, 2012 (*Voters*)	21	78	1
Sep 12-16, 2012 (RVs)	31	68	1
Sep 22-Oct 4, 2011	29	70	1
Mar 10-14, 2010	30	68	2
November, 2008 (*Voters*)	9	91	*
March, 2008 *(RVs)*	26	71	3

NO QUESTIONS 5-9

ASK ALL:
Q.10 Please tell me if you think each of the following trends is generally a good thing for American society, a bad thing for American society, or doesn't make much difference? (First/Next) **[INSERT ITEM; RANDOMIZE] [READ IF NECESSARY**: Is this generally a good thing for American society, a bad thing for American society, or doesn't it make much difference?**]**

	Good thing for society	Bad thing for society	Doesn't make much difference	**(VOL.)** DK/Ref
a. More children being raised by a single parent				
Feb 14-23, 2014	6	61	31	2
b. More gay and lesbian couples raising children				
Feb 14-23, 2014	25	33	38	4
April, 2013 (RPL)	21	35	41	3
Mar 8-14, 2011	14	35	48	3
October, 2010 (SDT)[23]	12	43	41	4
January, 2010 (SDT)	13	42	40	4
February, 2007 (SDT)	11	50	34	5

22 In March 2008, the question read "Has Barack Obama ever made you feel [INSERT ITEM] or not?"
23 Trends from October 2010 and before asked about "our society" instead of "American society."

QUESTION 10 CONTINUED …

	Good thing for society	Bad thing for society	Doesn't make much difference	**(VOL.)** DK/Ref
c. More people of different races marrying each other				
Feb 14-23, 2014	37	9	51	2
April, 2013 (RPL)	37	10	51	2
Mar 8-14, 2011	25	9	64	2
October, 2010 (SDT)	25	14	60	2
January, 2010 (SDT)	24	13	61	3
d. More young adults living with their parents				
Feb 14-23, 2014	20	42	36	2
e. More people continuing to work beyond age 65				
Feb 14-23, 2014	30	39	29	3
f. More people who are not religious				
Feb 14-23, 2014	11	45	42	3
April, 2013 (RPL)	11	48	39	3

NO QUESTIONS 11-14

ASK ALL:
Q.15 Thinking about how the federal government spends its money, which do you think should be the higher priority … **[READ AND RANDOMIZE]**

Feb 14-23 2014		(SDT) Nov 2012
40	Programs that benefit older adults [OR]	47
37	Programs that benefit younger adults	27
16	Both are equally important **(VOL.)**	17
7	Don't know/Refused **(VOL.)**	8

ASK ONLY IF AGE 34 OR OLDER [N=1,192]:
Q.16 Thinking about the young adults you know today, do you think they face MORE economic challenges, FEWER economic challenges or about the same number of economic challenges you faced when you were first starting out? [**INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT AGE "YOUNG ADULTS" ARE, IT'S OKAY TO SAY** "Adults in their twenties or early thirties."]

Feb 14-23 2014	
70	More challenges
7	Fewer challenges
21	About the same
1	Different challenges **(VOL.)**
2	Don't know/Refused **(VOL.)**

ASK ONLY IF AGE 33 OR YOUNGER [N=617]:
Q.17 Thinking about people you know who are about your age, do you think they face MORE economic challenges, FEWER economic challenges or about the same number of economic challenges as your parents' generation faced when they were first starting out?

Feb 14-23 2014	
71	More challenges
12	Fewer challenges
15	About the same
1	Different challenges **(VOL.)**
2	Don't know/Refused **(VOL.)**

ASK ALL:
Q.18 Next, is your overall opinion of **[INSERT ITEM; RANDOMIZE]** very favorable, mostly favorable, mostly UNfavorable, or very unfavorable? How about **[NEXT NAME]**? **[IF NECESSARY:** Just in general, is your overall opinion of **[NAME]** very favorable, mostly favorable, mostly UNfavorable, or very unfavorable?**] [INTERVIEWERS: PROBE TO DISTINGUISH BETWEEN "NEVER HEARD OF" AND "CAN'T RATE."]**

	-------Favorable-------			------Unfavorable------			**(VOL.)** Never heard of	**(VOL.)** Can't rate/Ref
	Total	*Very*	*Mostly*	Total	*Very*	*Mostly*		
ITEM a PREVIOUSLY RELEASED								
b. Janet Yellen, chair of the Federal Reserve								
Feb 14-23, 2014	33	*7*	*26*	20	*8*	*12*	25	22
Sep 4-8, 2013 **(Ben Bernanke)**	38	*6*	*31*	31	*10*	*20*	17	14
March, 2008 **(Ben Bernanke)**	24	*4*	*20*	20	*7*	*13*	31	25

ITEM c HELD FOR FUTURE RELEASE

NO QUESTIONS 19-22
QUESTION 23 PREVIOUSLY RELEASED
NO QUESTIONS 26-29

ASK ALL:
Next, I have some questions about immigrants who are now living in the U.S. illegally. We will use the term "undocumented immigrants" to refer to people in this situation.
ASK ALL:
Q.24 Which comes closer to your view about how to handle undocumented immigrants who are now living in the U.S.? **[READ AND RANDOMIZE]**
ASK IF ALLOWED TO STAY IN THE COUNTRY (Q.24=2):
Q.25 And do you think immigrants who are in the U.S. illegally and meet the requirements should **[READ AND RANDOMIZE]**

Feb 14-23 2014		Jun 12-16 2013	May 1-5 2013[24]	Mar 13-17 2013
24	They should not be allowed to stay in the country legally	27	25	27
73	There should be a way for those who meet certain requirements to stay in the country legally	71	73	71
46	Be able to apply for U.S. citizenship	--	44	43
24	Be able to apply for permanent residency, but not U.S. citizenship	--	25	24
3	Don't know/Refused **(VOL.)**	**--**	4	4
3	Don't know/Refused **(VOL.)**	2	3	2

QUESTION 30 PREVIOUSLY RELEASED
NO QUESTIONS 31-35, 40-44
QUESTIONS 36-39 HELD FOR FUTURE RELEASE

24 In May 2013 and March 2013, question read "Which comes closer to your view about how to handle immigrants who are now living in the U.S. illegally?" and the second answer choice read "There should be a way for those who meet certain requirements to stay in the country legally."

ASK ALL:
Q.45 Next, I'm going to read you some words and phrases and ask you to rate how well each describes you. Please use a scale from 1 to 10, where "10" represents a description that is PERFECT for you, and "1" represents a description that is TOTALLY WRONG for you. (First,) on this scale of 1 to 10, how well does...**[READ ITEM; RANDOMIZE ITEMS]** describe you? **[OPEN END ENTER NUMBER 1-10] [INTERVIEWER, IF RESPONDENT STRUGGLES WITH PRECISE NUMBER YOU CAN SAY:** "you can just give me a number close to what you think"**] [IF NECESSARY: RE-READ SCALE DESCRIPTION:** "10 represents a description that is PERFECT for you, and "1" represents a description that is TOTALLY WRONG for you. You can choose any number between 1 and 10.**]**

	Description totally wrong **1-3**	**4-7**	Description perfect **8-10**	**(VOL.)** DK/Ref
a. A religious person				
Feb 14-23, 2014	16	34	49	1
September, 1999	12	33	55	*
March, 1994	14	34	51	1
April, 1987	11	39	49	1
b. An environmentalist				
Feb 14-23, 2014	10	48	39	3
September, 1999	12	44	43	1
March, 1994	13	41	43	3
May, 1990	9	43	42	6
April, 1987	9	49	39	3
NO ITEM c.				
d. A supporter of gay rights				
Feb 14-23, 2014	27	32	39	2
TREND FOR COMPARISON:				
September, 1999[25]	50	31	17	2
March, 1994	56	26	15	3
April, 1987	66	22	9	3
e. A patriotic person				
Feb 14-23, 2014	5	29	65	2
TREND FOR COMPARISON:				
September, 1999[26]	8	30	59	3

QUESTIONS 46-48, 52-53, 55-58 HELD FOR FUTURE RELEASE
NO QUESTIONS 49-51, 54, 59

25 In 1999 and earlier, the item read "A supporter of the gay rights movement."
26 In 1999, the item read "A patriot."

ASK ALL:
Next,
Q.60 Do you think it is generally okay or not okay for people to use their cell phones to send or receive messages or go on the internet in the following situations? **[INSERT ITEM; RANDOMIZE]** is it generally okay or not okay? How about **[INSERT NEXT ITEM]**? **[IF NECESSARY:** is it generally okay or not okay for people to use their cell phones to send or receive messages or go on the internet in this situation.**]**

	Okay	Not okay	**(VOL.)** Depends	**(VOL.)** DK/Ref
a. At a family dinner				
Feb 14-23, 2014	25	72	2	1
b. During a business meeting				
Feb 14-23, 2014	14	81	4	1
c. During a class or lecture				
Feb 14-23, 2014	15	82	2	1
d. At church or worship service				
Feb 14-23, 2014	9	89	1	1

ASK ALL:
Q.61 Do you feel that people generally share too much information about themselves on the internet, or not?

Feb 14-23 2014	
89	Yes
8	No
3	Don't know/Refused **(VOL.)**

ASK ALL:
Q.62 Do you happen to know what a selfie is? **[OPEN END] IF YES, BUT DOESN'T GIVE ANSWER, ASK:** What is it?
IF Q62=1 (KNOWS WHAT SELFIE IS), ASK:
Q.63 Have you ever shared a selfie on a photo sharing or social networking site such as Facebook, Instagram or Snapchat, or haven't you done this?

Feb 14-23 2014	
64	Yes, selfie is when someone takes a picture of themselves
26	Yes, have shared a selfie on SNS
37	No, have not shared a selfie on SNS
1	Undesignated[27]
*	Don't know/Refused **(VOL.)**
36	No/Some other answer/Don't know/Refused

NO QUESTIONS 64-70

[27] "Undesignated" respondents were not asked the Q.63 follow-up question.

READ ALL: Next,
IF UNDER AGE 65, ASK [N=1,431]:
Q.71 Thinking about the Social Security system when you are ready to retire – Do you think there will be enough money to provide benefits at CURRENT levels, enough money to provide benefits but at REDUCED levels, or not enough money to provide ANY benefits?

Feb 14-23 2014	
14	Enough money to provide benefits at current levels
39	Enough money to provide benefits, but at reduced levels, or
43	Not enough money to provide any benefits
4	Don't know/Refused **(VOL.)**

ASK ALL:
Q.72 Which of these two statements do you think is more accurate? **[READ; RANDOMIZE ITEMS 1 AND 2]**

Feb 14-23 2014		*Wash Post* Feb 3-6, 2005
60	Social Security payroll taxes collected from workers today are used to pay benefits for current retirees [OR]	73
32	Social Security payroll taxes paid by workers today are put into an account to pay for their OWN Social Security benefits when they retire	23
1	Neither **(VOL.)**	1
7	Don't know/Refused (VOL.)	3

ASK IF EMPLOYED FULL OR PART TIME (E3=1,2):
Q.73 Do you now earn enough money to lead the kind of life you want, or not?
ASK IF NO [Q.73=2]:
Q.74 Do you think you will be able to earn enough money in the future to lead the kind of life you want, or not?

BASED ON THOSE WHO ARE EMPLOYED FULL OR PART TIME [N=1,144]:

	Yes	No (NET)	*Yes, will in future*	*No, will not in future*	***(VOL.)*** *DK/Ref*	**(VOL.)** DK/Ref
Feb 14-23, 2014	42	57	*31*	*25*	*1*	*
Apr 4-15, 2012	48	51	*31*	*17*	*3*	1
Dec, 2011 (SDT)	46	53	*35*	*16*	*2*	1
Jan, 2010 (SDT)	45	55	*37*	*16*	*2*	1
September, 2007	46	53	*31*	*19*	*3*	1
November, 2006 (SDT)	46	53	*32*	*18*	*3*	1
September, 2006	49	50	*33*	*15*	*2*	1
January, 2006	46	53	28	23	2	1
May, 2005	40	59	35	22	2	1
May, 2004	51	48	25	19	4	1
Late February, 2004	53	46	26	19	1	1
June, 2002	43	56	30	23	3	1
January, 2001	43	56	33	21	2	1
Late September, 1999	42	58	33	23	2	*
August, 1999	39	60	38	19	3	1
Early September, 1998	43	57	36	20	1	*
November 1997	41	59	*33*	*24*	*2*	*
May, 1997	46	54	34	18	2	*
June, 1996	44	56	34	20	2	*
February, 1995	41	58	35	20	3	1
July, 1994	40	60	34	24	2	*
March, 1994	44	56	33	20	3	*
U.S.News: October, 1992	36	63	35	36	5	1
U.S.News: August, 1992	33	66	36	25	5	1
U.S.News: May, 1992	34	65	34	28	3	1
U.S.News: January, 1992	39	61	34	22	5	*

ASK IF NOT EMPLOYED OR DK/REF (E.3=3,9):
Q.75 Do you now have enough income to lead the kind of life you want, or not?
ASK IF NO [Q.75=2]:
Q.76 Do you think you will have enough income in the future to lead the kind of life you want, or not?

BASED ON THOSE WHO ARE NOT EMPLOYED OR DK/REF [N=677]:

	Yes	No (NET)	*Yes, will in future*	*No, will not in future*	***(VOL.)*** *DK/Ref*	**(VOL.)** DK/Ref
Feb 14-23, 2014	38	61	*24*	*35*	*2*	1
Apr 4-15, 2012	44	55	*25*	*26*	*3*	1
Dec, 2011 (SDT)	41	56	24	28	4	2
Jan, 2010 (SDT)	42	57	31	22	4	1
September, 2007	47	50	22	25	3	3
November, 2006 (SDT)	48	49	20	23	6	3
September, 2006	53	44	22	18	4	2
January, 2006	45	52	19	29	4	3
May, 2004	50	47	18	25	4	3
Late February, 2004	48	50	21	23	6	2

NO QUESTIONS 77-99
QUESTIONS 100-105 PREVIOUSLY RELEASED

ASK ALL:
PARTY In politics TODAY, do you consider yourself a Republican, Democrat, or independent?
ASK IF INDEP/NO PREF/OTHER/DK/REF (PARTY=3,4,5,9):
PARTYLN As of today do you lean more to the Republican Party or more to the Democratic Party?

	Republican	Democrat	Independent	**(VOL.)** No preference	**(VOL.)** Other party	**(VOL.)** DK/Ref	Lean Rep	Lean Dem
Feb 14-23, 2014	22	32	39	4	1	2	14	17
Jan 15-19, 2014	21	31	41	3	1	2	18	16
Dec 3-8, 2013	24	34	37	3	*	2	17	15
Oct 30-Nov 6, 2013	24	32	38	4	*	2	16	14
Oct 9-13, 2013	25	32	37	3	1	3	16	18
Sep 4-8, 2013	26	32	38	3	1	1	17	15
Jul 17-21, 2013	19	29	46	3	*	2	19	18
Jun 12-16, 2013	23	33	39	3	*	2	17	15
May 1-5, 2013	25	32	37	2	1	3	14	16
Mar 13-17, 2013	26	33	34	3	1	3	14	15
Feb 13-18, 2013	22	32	41	2	*	2	15	19
Yearly Totals								
2013	23.9	32.1	38.3	2.9	.5	2.2	16.0	16.0
2012	24.7	32.6	36.4	3.1	.5	2.7	14.4	16.1
2011	24.3	32.3	37.4	3.1	.4	2.5	15.7	15.6
2010	25.2	32.7	35.2	3.6	.4	2.8	14.5	14.1
2009	23.9	34.4	35.1	3.4	.4	2.8	13.1	15.7
2008	25.7	36.0	31.5	3.6	.3	3.0	10.6	15.2
2007	25.3	32.9	34.1	4.3	.4	2.9	10.9	17.0
2006	27.8	33.1	30.9	4.4	.3	3.4	10.5	15.1
2005	29.3	32.8	30.2	4.5	.3	2.8	10.3	14.9
2004	30.0	33.5	29.5	3.8	.4	3.0	11.7	13.4
2003	30.3	31.5	30.5	4.8	.5	2.5	12.0	12.6
2002	30.4	31.4	29.8	5.0	.7	2.7	12.4	11.6
2001	29.0	33.2	29.5	5.2	.6	2.6	11.9	11.6
2001 Post-Sept 11	*30.9*	*31.8*	*27.9*	*5.2*	*.6*	*3.6*	*11.7*	*9.4*
2001 Pre-Sept 11	*27.3*	*34.4*	*30.9*	*5.1*	*.6*	*1.7*	*12.1*	*13.5*
2000	28.0	33.4	29.1	5.5	.5	3.6	11.6	11.7
1999	26.6	33.5	33.7	3.9	.5	1.9	13.0	14.5
1998	27.9	33.7	31.1	4.6	.4	2.3	11.6	13.1

PARTY/PARTYLN CONTINUED…

	Republican	Democrat	Independent	(VOL.) No preference	(VOL.) Other party	(VOL.) DK/Ref	Lean Rep	Lean Dem
1997	28.0	33.4	32.0	4.0	.4	2.3	12.2	14.1
1996	28.9	33.9	31.8	3.0	.4	2.0	12.1	14.9
1995	31.6	30.0	33.7	2.4	.6	1.3	15.1	13.5
1994	30.1	31.5	33.5	1.3	--	3.6	13.7	12.2
1993	27.4	33.6	34.2	4.4	1.5	2.9	11.5	14.9
1992	27.6	33.7	34.7	1.5	0	2.5	12.6	16.5
1991	30.9	31.4	33.2	0	1.4	3.0	14.7	10.8
1990	30.9	33.2	29.3	1.2	1.9	3.4	12.4	11.3
1989	33	33	34	--	--	--	--	--
1987	26	35	39	--	--	--	--	--

ASK REPUBLICANS AND REPUBLICAN LEANERS ONLY (PARTY=1 OR PARTYLN=1):

TEAPARTY3 From what you know, do you agree or disagree with the Tea Party movement, or don't you have an opinion either way?

BASED ON REPUBLICANS AND REPUBLICAN LEANERS [N=689]:

	Agree	Disagree	No opinion either way	(VOL.) Haven't heard of	(VOL.) Refused	Not heard of/ DK
Feb 14-23, 2014	36	9	54	1	1	--
Jan 15-19, 2014	35	12	52	1	*	--
Dec 3-8, 2013	32	9	57	1	1	--
Oct 30-Nov 6, 2013	40	9	48	2	1	--
Oct 9-13, 2013	41	11	45	2	1	--
Sep 4-8, 2013	35	9	54	1	1	--
Jul 17-21, 2013	37	10	50	2	1	--
Jun 12-16, 2013	44	9	46	1	2	--
May 23-26, 2013	41	7	48	1	3	--
May 1-5, 2013	28	8	61	2	1	--
Mar 13-17, 2013	43	7	47	1	1	--
Feb 13-18, 2013	36	9	52	1	3	--
Feb 14-17, 2013	43	9	45	1	2	--
Jan 9-13, 2013	35	10	51	2	2	--
Dec 5-9, 2012	37	11	51	1	*	--
Oct 31-Nov 3, 2012 *(RVs)*	40	8	49	1	2	--
Oct 4-7, 2012	38	9	50	1	3	--
Sep 12-16, 2013	39	7	52	1	1	--
Jun 28-Jul 9, 2012	40	9	47	2	1	--
Jun 7-17, 2012	42	8	48	1	1	--
May 9-Jun 3, 2012	36	9	53	1	2	--
Apr 4-15, 2012	42	8	48	1	1	--
Mar 7-11, 2012	38	10	49	2	1	--
Feb 8-12, 2012	40	7	51	1	1	--
Jan 11-16, 2012	42	8	47	1	1	--
Jan 4-8, 2012	37	8	52	1	1	--
Dec 7-11, 2011	40	9	48	2	1	--
Nov 9-14, 2011	41	9	49	*	1	--
Sep 22-Oct 4, 2011	37	11	51	1	1	--
Aug 17-21, 2011	43	7	49	*	1	--
Jul 20-24, 2011	40	7	51	*	1	--
Jun 15-19, 2011	42	9	47	1	1	--
May 25-30, 2011	37	7	52	1	3	--
Mar 30-Apr 3, 2011	45	9	46	*	1	--
Mar 8-14, 2011	37	7	54	1	*	--
Feb 22-Mar 1, 2011	41	9	48	1	1	--

TEAPARTY3 CONTINUED…

	Agree	Disagree	No opinion either way	**(VOL.)** Haven't heard of	**(VOL.)** Refused	Not heard of/ DK
Feb 2-7, 2011[28]	43	8	47	1	1	--
Jan 5-9, 2011	45	6	47	1	1	--
Dec 1-5, 2010	48	5	45	1	1	--
Nov 4-7, 2010	51	5	42	1	1	--
Oct 27-30, 2010 *(RVs)*	58	5	27	--	1	9
Oct 13-18, 2010 *(RVs)*	54	5	30	--	1	10
Aug 25-Sep 6, 2010 *(RVs)*	56	6	29	--	*	9
Jul 21-Aug 5, 2010	46	5	36	--	1	13
Jun 16-20, 2010	46	5	30	--	*	19
May 20-23, 2010	53	4	25	--	1	16
Mar 11-21, 2010	48	4	26	--	1	21

NO QUESTIONS 106-108

ASK FORM 1 ONLY [N=900]:
Q.109F1 Thinking about your political views, would you say over the course of your life, your views have … **[READ AND RANDOMIZE]**

Feb 14-23 2014	
39	Become more liberal [OR]
49	Become more conservative
7	Not changed **(VOL.)**
1	More liberal on some issues, more conservative on others **(VOL.)**
4	Don't know/Refused **(VOL.)**

ASK FORM 2 ONLY [N=921]:
Q.110F2 Thinking about your views on social issues, would you say over the course of your life, your views have … **[READ AND RANDOMIZE]**

Feb 14-23 2014	
42	Become more liberal [OR]
49	Become more conservative
5	Not changed **(VOL.)**
1	More liberal on some issues, more conservative on others **(VOL.)**
3	Don't know/Refused **(VOL.)**

28 In the February 2-7, 2011, survey and before, question read "…do you strongly agree, agree, disagree or strongly disagree with the Tea Party movement…" In October 2010 and earlier, question was asked only of those who had heard or read a lot or a little about the Tea Party. In May 2010 through October 2010, it was described as: "the Tea Party movement that has been involved in campaigns and protests in the U.S. over the past year." In March 2010 it was described as "the Tea Party protests that have taken place in the U.S. over the past year."

PEW RESEARCH CENTER
FINAL TOPLINE
January 23-February 9, 2014
N=3,341

SELECTED QUESTIONS HELD FOR FUTURE RELEASE

RANDOMIZE Q121-Q126
ASK ALL:
Q.121 Do you think it is the responsibility of the federal government to make sure all Americans have health care coverage, or is that not the responsibility of the federal government?

	Yes, government responsibility	No, not government responsibility	**(VOL.)** DK/Ref
Jan 23-Feb 9, 2014	47	50	3
Gallup: Nov 7-10, 2013	42	56	2
Gallup: Nov 15-18, 2012	44	54	2
Gallup: Nov 3-6, 2011	50	46	4
Gallup: Nov 4-7, 2010	47	50	3
Gallup: Nov 5-8, 2009	47	50	3
Gallup: November, 2008	54	41	5
Gallup: November, 2007	64	33	3
Gallup: November, 2006	69	28	3
Gallup: November, 2005	58	38	4
Gallup: November, 2004	64	34	2
Gallup: November, 2003	59	39	2
Gallup: November, 2002	62	35	3
Gallup: November, 2001	62	34	4
Gallup: September, 2000	64	31	5
Gallup: January, 2000	59	38	3

RANDOMIZE Q121-Q126
ASK ALL:
Q.123 What do you think is more important – to protect the right of Americans to own guns, OR to control gun ownership?

	Protect right of Americans to own guns	Control gun ownership	**(VOL.)** DK/Ref
Jan 23-Feb 9, 2014	49	48	3
May 1-5, 2013	48	50	2
Feb 13-18, 2013 (U)	46	50	4
Jan 9-13, 2013	45	51	5
Dec 17-19, 2012	42	49	9
July 26-29, 2012	46	47	6
Apr 4-15, 2012	49	45	6
Sep 22-Oct 4, 2011	47	49	5
Feb 22-Mar 1, 2011	48	47	6
Jan 13-16, 2011	49	46	6
Aug 25-Sep 6, 2010	46	50	4
Mar 10-14, 2010	46	46	7
Mar 31-Apr 21, 2009	45	49	6
April, 2008	37	58	5
November, 2007	42	55	3
April, 2007	32	60	8
February, 2004	37	58	5
June, 2003	42	54	4
May, 2000	38	57	5
April, 2000	37	55	8
March, 2000	29	66	5
June, 1999	33	62	5
May, 1999	30	65	5
December, 1993	34	57	9

RANDOMIZE Q121-Q126
ASK ALL:
Q.125 Thinking about the long term future of Social Security, do you think **[READ AND RANDOMIZE]**?

Jan 23-Feb 9 2014	
31	Some reductions in benefits for future retirees need to be considered
67	Social Security benefits should not be reduced in any way
3	Don't know/Refused **(VOL.)**

PEW RESEARCH CENTER
FINAL TOPLINE
February 12-26, 2014
N=3,338

SELECTED QUESTIONS HELD FOR FUTURE RELEASE

ASK ALL:
Q.B4 Thinking about the future of the United States, do you think the country's best years are ahead of us or behind us?

Feb 12-26 2014		*Gallup* Dec 14-17 2012[29]
44	Ahead of us	47
49	Behind us	50
7	Don't know/Refused **(VOL.)**	3

ASK ALL:
Q.B5 Thinking about the Democratic and Republican parties, would you say there is a great deal of difference in what they stand for, a fair amount of difference, or hardly any difference at all?

	A great deal	A fair amount	Hardly any	**(VOL.)** DK/Ref
Feb 12-26, 2014	43	30	23	4
Nov 4-7, 2010	38	41	17	4
January, 2007	35	40	20	5
Early October, 2006	38	39	18	5
April, 2006	33	42	21	4
June, 2003	29	49	20	2
February, 1999	33	46	18	3
March 1998	28	45	23	4
June, 1997	25	48	25	2
October, 1995	34	46	18	2
July, 1994	23	51	24	2
May, 1990	24	45	27	4
May, 1987	25	45	25	5

ASK ALL:
Next,
Q.11 Would you say your overall opinion of… **[INSERT ITEM; RANDOMIZE]** is very favorable, mostly favorable, mostly UNfavorable, or very unfavorable? **[INTERVIEWERS: PROBE TO DISTINGUISH BETWEEN "NEVER HEARD OF" AND "CAN'T RATE."]** How about **[NEXT ITEM]**?

	------ Favorable ------			----- Unfavorable -----			**(VOL.)** Never	**(VOL.)** Can't rate/
	Total	*Very*	*Mostly*	Total	*Very*	*Mostly*	heard of	Ref
c.B Congress								
Feb 12-Feb 26, 2014	23	*5*	*18*	72	*34*	*37*	*	5
Dec 3-8, 2013 (U)	27	*6*	*21*	67	*32*	*35*	*	6
Oct 9-13, 2013	23	4	19	73	32	42	0	4
Jul 17-21, 2013	21	3	18	70	33	37	*	9
Jan 9-13, 2013	23	4	19	68	32	36	*	9
Dec 5-9, 2012	27	4	22	67	24	43	1	6
Jun 28-Jul 9, 2012	27	5	22	65	30	35	*	8
Jan 11-16, 2012	23	5	18	69	33	36	*	8
Aug 17-21, 2011	25	4	21	70	30	40	4	6
Feb 22-Mar 1, 2011	34	4	30	57	21	36	1	8

29 In December 2012, Gallup asked "When you think about the future of the United States, which do you agree with more: the country's best years are ahead of us or the country's best years are behind us?"

Q.11 CONTINUED...

	------ Favorable ------			----- Unfavorable -----			**(VOL.)** Never heard of	**(VOL.)** Can't rate/ Ref
	Total	*Very*	*Mostly*	Total	*Very*	*Mostly*		
July 1-5, 2010	33	6	27	56	23	33	*	11
April 1-5, 2010	25	3	22	65	30	36	*	9
Mar 18-21, 2010	26	3	23	62	23	39	*	12
Feb 3-9, 2010	41	3	38	50	17	34	0	9
Aug 20-27, 2009	37	4	33	52	20	32	*	11
Mar 31-Apr 6, 2009	50	10	40	43	15	28	*	7
Jan 7-11, 2009	40	5	35	52	20	32	*	8
Late May, 2008	41	6	35	51	17	34	0	8
July, 2007	41	6	35	51	16	35	0	8
Early January, 2007	53	11	42	38	9	29	1	8
Late October, 2006	41	5	36	46	15	31	*	13
February, 2006	44	6	38	47	14	33	0	9
Late October, 2005	45	7	38	45	13	32	*	10
July, 2005	49	*6*	*43*	40	*11*	*29*	*	11
June, 2005	49	6	43	40	10	30	*	11
June, 2004	56	7	49	33	7	26	*	11
July, 2001	57	7	50	32	8	24	*	11
March, 2001	56	6	50	36	10	26	1	7
January, 2001	64	10	54	23	5	18	1	12
September, 2000 (RVs)	61	8	53	32	5	27	*	7
August, 1999	63	8	55	34	7	27	*	3
June, 1999	56	9	47	39	9	30	*	5
February, 1999	52	4	48	44	8	36	0	4
January, 1999	48	7	41	45	15	30	0	7
Early December, 1998	52	11	41	41	12	29	0	7
Early October, 1998 (RVs)	62	7	55	33	8	25	0	5
Early September, 1998	66	7	59	27	5	22	0	7
October, 1997	53	5	48	44	11	33	0	3
August, 1997	50	6	44	44	11	33	0	6
June, 1997	52	4	48	42	8	34	0	6
May, 1997	49	5	44	42	10	32	*	9
February, 1997	52	6	46	40	9	31	*	8
January, 1997	56	6	50	40	8	32	*	4
June, 1996	45	6	39	50	12	38	*	5
April, 1996	45	6	39	50	13	37	0	5
January, 1996	42	4	38	54	16	38	*	4
October, 1995	42	4	38	55	13	42	0	3
August, 1995	45	5	40	47	13	34	*	7
June, 1995	53	8	45	42	11	31	*	5
February, 1995	54	10	44	37	10	27	0	9
July, 1994	53	7	46	43	9	34	*	4
May, 1993	43	8	35	48	13	35	0	9
November, 1991	51	7	44	43	9	34	0	6
March, 1991	66	*16*	*50*	26	*7*	*19*	0	8
May, 1990	59	6	53	34	9	25	1	6
May, 1988	64	8	56	28	5	23	0	8
January, 1988	64	6	58	29	4	25	0	7
May, 1987	74	10	64	20	4	16	*	6
January, 1987	59	7	52	31	8	23	0	10
July, 1985	67	*9*	*58*	26	*5*	*21*	*	7

ASK ALL:
Q.B108 Do you strongly favor, favor, oppose, or strongly oppose allowing gays and lesbians to marry legally?

	----------Favor---------			---------Oppose--------			
	Total	*Strongly favor*	*Favor*	Total	*Strongly oppose*	*Oppose*	**(VOL.)** DK/Ref
Feb 12-26, 2014	54	*24*	*30*	39	*19*	*20*	7
May 1-5, 2013[30]	51	*21*	*30*	42	*19*	*22*	8
Mar 13-17, 2013	49	*22*	*27*	44	*22*	*21*	8
Oct 24-28, 2012	49	*22*	*27*	40	*19*	*21*	11
Jun 28-Jul 9, 2012	48	*23*	*25*	44	*24*	*20*	8
Jun 7-17, 2012	48	*23*	*25*	44	*23*	*21*	9
Apr 4-15, 2012	47	*22*	*25*	43	*22*	*21*	11
Sep 22-Oct 4, 2011	46	--	--	44	--	--	9
Feb 22-Mar 1, 2011	45	*20*	*25*	46	*25*	*21*	9
Aug 25-Sep 6, 2010	43	*16*	*27*	47	*26*	*22*	10
Jul 21-Aug 5, 2010	41	*17*	*24*	48	*24*	*24*	10
Aug 11-17, 2009	39	*14*	*25*	53	*31*	*22*	8
Mid-April, 2009	35	*14*	*21*	54	*31*	*23*	11
August, 2008	39	*13*	*26*	52	*30*	*22*	9
June, 2008	40	*15*	*25*	52	*31*	*21*	8
Late May, 2008	38	*15*	*23*	49	*29*	*20*	13
November, 2007	36	*12*	*24*	54	*29*	*25*	10
August, 2007	36	*13*	*23*	55	*31*	*24*	9
Early January, 2007	37	*13*	*24*	55	*33*	*22*	8
Early November, 2006 *(RVs)*	30	*10*	*20*	57	*31*	*26*	13
July, 2006	35	*12*	*23*	56	*31*	*25*	9
June, 2006	33	*13*	*20*	55	*32*	*23*	12
March, 2006	39	*10*	*29*	51	*28*	*23*	10
July, 2005	36	*13*	*23*	53	*31*	*22*	11
December, 2004	32	*14*	*18*	61	*38*	*23*	7
August, 2004	29	*8*	*21*	60	*35*	*25*	11
July, 2004	32	*10*	*22*	56	*33*	*23*	12
Mid-March, 2004	32	*10*	*22*	59	*35*	*24*	9
Early February, 2004	30	*9*	*21*	63	*42*	*21*	7
November, 2003	30	*10*	*20*	62	*41*	*21*	8
October, 2003	30	*9*	*21*	58	*33*	*25*	12
Mid-July, 2003	38	*10*	*28*	53	*30*	*23*	9
March, 2001	35	*8*	*27*	57	*34*	*23*	8
June, 1996	27	*6*	*21*	65	*41*	*24*	8

ASK ALL:
Q.B110 Do you think the use of marijuana should be made legal, or not?

	Yes, legal	No, illegal	**(VOL.)** DK/Ref
Feb 12-26, 2014	54	42	3
Mar 13-17, 2013	52	45	3
Feb 22-Mar 1, 2011	45	50	5
Mar 10-14, 2010	41	52	7
Gallup			
October, 2012	48	50	1
October, 2011	50	46	3
October, 2010	46	50	4
October, 2009	44	54	2
October 2005	36	60	4

30 In May 1-5, 2013, Jun 28-Jul 9, 2012, Sep 22-Oct 4, 2011, July 21-Aug 5, 2010, Aug 11-17, 2009, August 2008, August 2007, Early January 2007, Early November 2006, March 2006, July 2005, December 2004, Early February 2004, November 2003, Mid-July 2003, March 2001 and June 1996 the question was asked as part of a list of items. In Jun 7-17, 2012, Apr 4-15, 2012, August 2009, April 2009, May 2008 and June 2008, the question read "allowing gay and lesbian couples;" all other instances read "allowing gays and lesbians."

Q.B110 CONTINUED…

	Yes, legal	No, illegal	(VOL.) DK/Ref
November, 2003	34	64	2
August, 2001	34	62	4
August, 2000	31	64	5
August, 1995	25	73	2
May, 1985	23	73	4
June, 1980	25	70	5
May, 1979	25	70	5
April, 1977	28	66	6
January, 1973	16	78	6
March, 1972	15	81	4
October, 1969	12	84	4
General Social Survey			
2012	43	49	8
2010	44	47	9
2008	35	57	8
2006	32	60	7
2004	33	59	9
2002	32	61	6
2000	31	63	6
1998	27	67	6
1996	25	70	5
1994	22	73	5
1993	22	73	5
1991	17	78	5
1990	16	81	3
1989	16	81	3
1988	17	79	4
1987	16	81	3
1986	17	80	2
1984	22	74	4
1983	19	77	3
1980	24	73	3
1978	30	66	4
1976	28	69	3
1975	20	74	5
1973	19	79	2

Key to Pew Research trends* noted in this document:

(U)	Pew Research Center/USA Today polls
(WP)	Pew Research Center/Washington Post polls
(SDT)	Pew Research Social and Demographic Trends
(RPL)	Pew Research Religion and Public Life

*Unless otherwise noted all trends are from the Pew Research Center for the People and the Press

15 ECONOMIC FACTS ABOUT MILLENNIALS

The Council of Economic Advisers

October 2014

Contents

Introduction

Millennials, the cohort of Americans born between 1980 and the mid-2000s, are the largest generation in the U.S., representing one-third of the total U.S. population in 2013.[1] With the first cohort of Millennials only in their early thirties, most members of this generation are at the beginning of their careers and so will be an important engine of the economy in the decades to come.

The significance of Millennials extends beyond their numbers. This is the first generation to have had access to the Internet during their formative years. Millennials also stand out because they are the most diverse and educated generation to date: 42 percent identify with a race or ethnicity other than non-Hispanic white, around twice the share of the Baby Boomer generation when they were the same age.[2] About 61 percent of adult Millennials have attended college, whereas only 46 percent of the Baby Boomers did so.[3]

Yet perhaps the most important marker for Millennials is that many of them have come of age during a very difficult time in our economy, as the oldest Millennials were just 27 years old when the recession began in December 2007. As unemployment surged from 2007 to 2009, many Millennials struggled to find a hold in the labor market. They made important decisions about their educational and career paths, including whether and where to attend college, during a time of great economic uncertainty. Their early adult lives have been shaped by the experience of establishing their careers at a time when economic opportunities are relatively scarce. Today, although the economy is well into its recovery, the recession still affects lives of Millennials and will likely continue to do so for years to come.

This report takes an early look at this generation's adult lives so far, including how they are faring in the labor market and how they are organizing their personal lives. This generation is marked by transformations at nearly every important milestone: from changes in parenting practices and schooling choices, to the condition of the U.S. economy they entered, to their own choices about home and family. However, in many cases, Millennials are simply following the patterns of change that began generations ago.

Millennials are also the generation that will shape our economy for decades to come, and no one understands that more that the President. It's why he has put in place policies to address the various challenges their generation faces. This includes policies such as: making student loan payments more affordable; promoting digital literacy and innovation; pushing for equal pay and paycheck fairness; supporting investments and policies that create better-paying jobs; connecting more Americans to job training and skills programs that prepare them for in-demand jobs; supporting access to credit for those who want to buy a home; and increasing access to affordable health care. And it's why the

[1] Census Bureau. There is no strong consensus about how to define Millennials, though several sources attribute the word to historians Neil Howe and William Strauss, who outlined a theory of social generations in American history.

[2] Decennial Census and American Community Survey. Data for Millennials are for those 15 to 34 years old in 2012. Baby Boomers comparisons are for when they were 15 to 34 as surveyed in 1980.

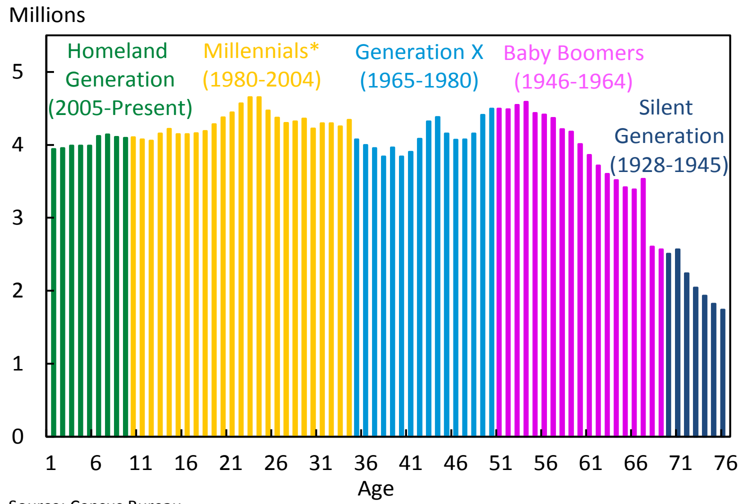
[3] Decennial Census and American Community Survey. Data for Millennials are for those 18 to 34 years old in 2012. Baby Boomers comparisons are for when they were 18 to 34 as surveyed in 1980.

President will continue to act with Congress and on his own where he can to build on this progress to expand opportunity for Millennials and all Americans.

Fact 1: Millennials are now the largest, most diverse generation in the U.S. population.

Millennials now represent the largest generation in the United States, comprising roughly one-third of the total population in 2013. What's more, the largest Millennial one-year age cohort is now only 23. This means that the Millennial generation will continue to be a sizable part of the population for many years (Figure 1).

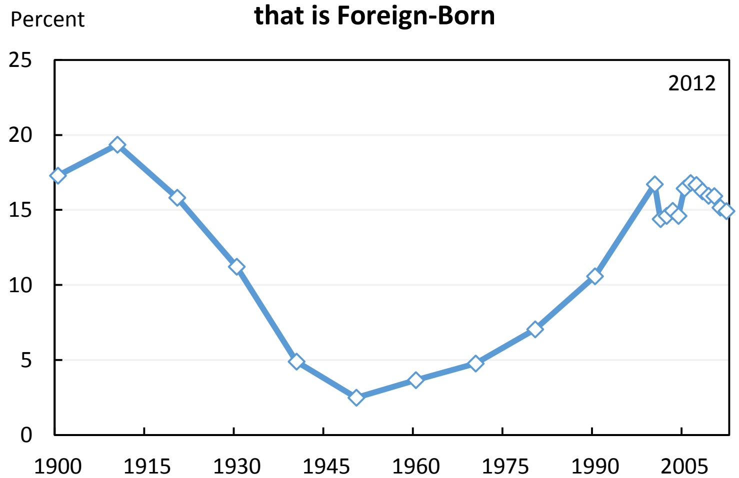
Figure 1: US Population Distribution by Age, 2013



Source: Census Bureau.

Aside from their numbers, Millennials' diversity sets them apart from other generations. Many Millennials are immigrants or the children of immigrants who arrived in the United States as part of an upsurge in immigration that began in the 1940s. The share of people age 20 to 34 who were born in a foreign country is now around 15 percent – much higher than it was in 1950 and near the peak of almost 20 percent seen in 1910 during the last great wave of immigration to the United States (Figure 2).

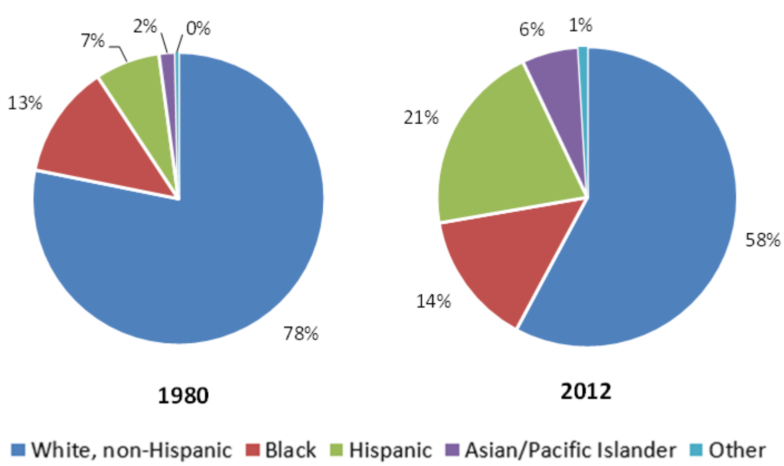
Figure 2: Share of Population Aged 20 to 34 that is Foreign-Born



Source: Decennial Censuses and American Community Survey; CEA calculations.

This influx has contributed to the large size of the Millennial generation and helped make it the most diverse generation in the post-war period. As Figure 3 shows, the share of those age 15 to 34 who identify as non-Hispanic white fell 20 percentage points from 1980 to 2012, while the share reporting Hispanic ancestry tripled.

Figure 3: Race and Ethnic Group, 15 to 34 Year-Olds



Source: Census Bureau.

Fact 2: Millennials have been shaped by technology.

The past few decades have witnessed astounding advances in technology and computing. Since personal computers were introduced to schools in the late 1970s, technology companies have innovated at startling speed, often rolling out a groundbreaking new platform or computer model every year. Because much of this period of innovation coincided with Millennials' childhoods, it has shaped the ways that Millennials interact with technology and seems to have affected their expectations for creativity and innovation in their own work lives.

Millennials are more connected to technology than previous generations and a quarter of Millennials believe that their relationship to technology is what makes their generation unique.[4] While all generations have experienced technological advances, the sheer amount of computational power and access to information that Millennials have had at their fingertips since grade-school is unparalleled. Computational processing power has roughly doubled every 2 years, and storage prices continue to drop.[5] In 1980, IBM's first gigabyte hard drive weighed 550 pounds and cost $40,000.[6] Today, consumers have access to 3 terabyte hard drives — 3000 times the size — that weigh under 3 pounds and cost around $100. Under these trends, Millennials have come of age in a world in which the frontiers of technology have appeared unlimited.[7]

At the same time, the costs of creating and distributing all kinds of digital content – from books to music to software – have fallen dramatically.[8] This creates opportunities for this generation to be pioneers in production, as well as consumption, of technology. One study found that more than half of the Millennials surveyed expressed interest in starting a business. And although several Millennials became well-known entrepreneurs in their 20s, this generation is just beginning to reach the peak age for entrepreneurship, which generally occurs in one's 40s or early 50s.[9]

In addition to creating opportunities for entrepreneurship, advances in computer processing power, along with widespread access to cell phones and the Internet, have changed how Millennials communicate and interact with one another. Millennials use social media more frequently and are even more likely to sleep near their cell phone.[10] Three-quarters of Millennials have an account on a social networking site, compared with only half of Generation Xers and less than a third of the Baby Boomers.[11] The impacts of these practices have extended beyond Millennials' peers to their families. For instance, the *Wall Street Journal* reported that this is the first generation to also have tech savvy

[4] Pew (2014).
[5] Waldfogel (2013); MIT App Inventor, http://appinventor.mit.edu/explore/
[6] PCWorld, Timeline: 50 Years of Hard Drives, http://www.pcworld.com/article/127105/article.html
[7] Berkeley DataScience, http://datascience.berkeley.edu/moores-law-processing-power/.
[8] Waldfogel (2013); MIT App Inventor, http://appinventor.mit.edu/explore/.
[9] Young Invincibles (2011); Parker (2009).
[10] Taylor and Keeter (2010).
[11] Ibid.

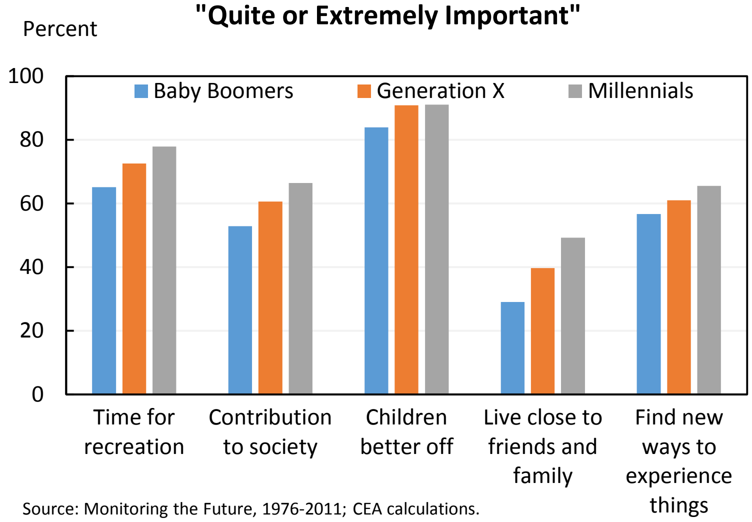
parents, and that some Millennials use texting or online chat to have running conversations with their parents throughout their day.[12]

[12] "Mom, Stop Calling, I'll Text You All Day" *Wall Street Journal* July 30, 2013
http://online.wsj.com/news/articles/SB10001424127887324354704578636391784495074

Fact 3: Millennials value community, family, and creativity in their work.

Millennials are not just virtually connected via social networks; they value the role that they play in their communities. For instance, high school seniors today are more likely than previous generations to state that making a contribution to society is very important to them and that they want to be leaders in their communities. This community-mindedness also includes a strong connection to family. Millennials have close relationships with their parents, and as high school students, roughly half say that it is important to them to live close to their friends and family, compared with 29 percent of Baby Boomers and 40 percent of Generation Xers.[13]

Figure 4: Percent Reporting Life Goals as Being "Quite or Extremely Important"



Source: Monitoring the Future, 1976-2011; CEA calculations.

A 1997 Gallup survey found that 9 in 10 children (a population comprised entirely of Millennials that year) reported high levels of closeness with their parents and were personally happy with that relationship.[14] Their tight relationship with their parents extends to work, where some companies report establishing relationships with parents of their Millennial employees.[15] The Millennials' close relationships with their parents might be related to the greater time they spent with their parents growing up. According to Pew (2014), hours spent parenting have increased for both fathers and mothers, tripling for fathers since 1985 and increasing by 60 percent for mothers, as shown in Table 2.[16] Ramey and Ramey (2010) show that these increases have been particularly pronounced among college-educated parents, with college-educated mothers increasing their childcare time since the mid-1990s by over 9 hours per week, while less educated mothers increased their childcare time by only over 4 hours per week.[17]

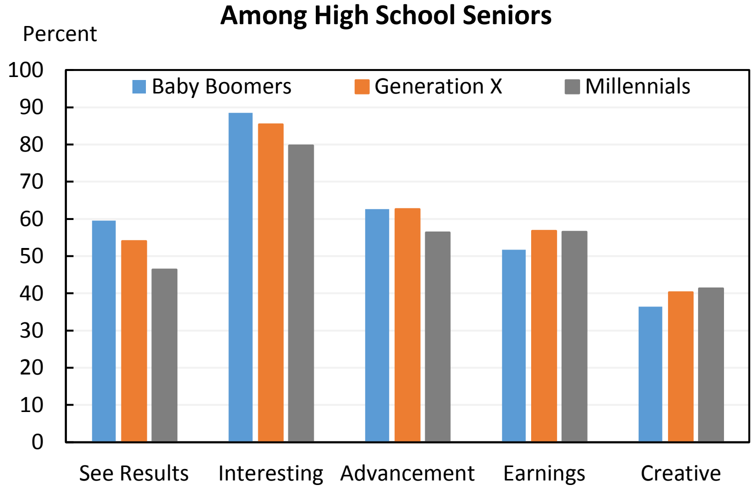
[13] Monitoring the Future (1976-2011).
[14]Howe and Strauss (2000).
[15] Harvard Business Review http://blogs.hbr.org/2014/04/do-millennials-really-want-their-bosses-to-call-their-parents/
[16] Pew (2014).
[17] Ramey and Ramey (2010).

Table 1		
Average Number of Hours		
Year	**Fathers**	**Mothers**
1965	2.5	10.2
1975	2.6	8.6
1985	2.6	8.4
1995	4.2	9.6
2000	6.8	12.6
2005	6.8	13.6
2010	7.3	13.5
2011	7.3	13.5

Source: American Time Use, Pew Research Center analysis, http://www.pewresearch.org/data-trend/society-and-demographics/parental-time-use/

When it comes to work, Millennials are mostly similar to previous generations: they want to be successful, and they want the type of prosperity that means that their children will be better off. They are somewhat more likely than previous generations to report that they consider creativity to be a very important job feature. Perhaps this is no surprise for a highly-connected generation for whom technology was a key part of their upbringing. On the other hand, they are less likely to report that having an interesting job, or one where they can see results or have advancement opportunities, is very important.

Figure 5: "Very Important" Job Characteristics Among High School Seniors



Source: Monitoring the Future, 1976-2011; CEA calculations.

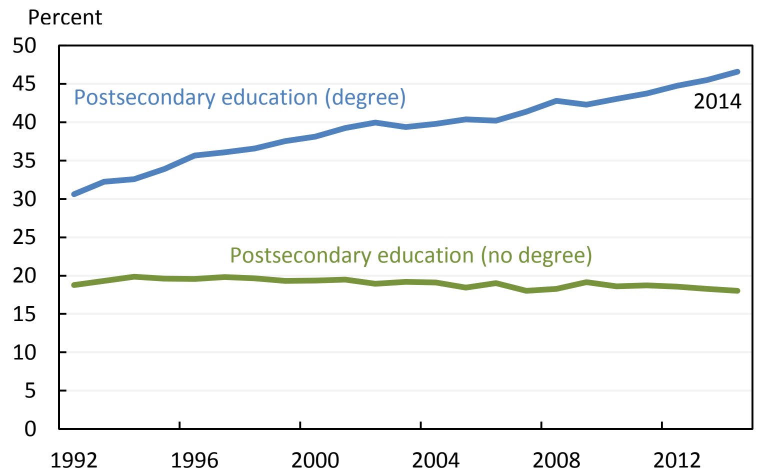
While many Millennials report that earnings are very important to them in a job, breaking the data down by gender reveals that this change is driven primarily by young women. Each cohort of young women is more likely than the last to name earnings as a key job feature, while the importance of earnings has been stable for men. The result is that Millennial women have aspirations that are similar to their male peers.

In sum, quality of life appears to be a focus of this generation: Millennials value staying close to family and friends, having free time for recreation, and working in creative jobs. However, they also want to make a positive social impact on their own children and communities, as well as on society as a whole.

Fact 4: Millennials have invested in human capital more than previous generations.

More Millennials have a college degree than any other generation of young adults. In 2013, 47 percent of 25 to 34 year-olds received a postsecondary degree (associates, bachelor's, or graduate degree) and an additional 18 percent had completed some postsecondary education, as Figure 6 shows. Also, because the rate of young workers with some post-secondary education but no degree has been flat while the share with a degree has risen, more students are completing the degrees they start after high school.

Figure 6: People Ages 25 to 34 By Educational Attainment,



Source: Current Population Survey; CEA calculations.

Increasing college enrollment is in part a response to decades of rising returns to education for workers and heightened income inequality between the college-educated and the less-educated. Millennials' commitment to higher education is therefore a rational response to a labor market that confers large rewards on more educated workers. Moreover, during recessions, young people tend to enroll in school in greater numbers and also tend to stay in school longer.[18] This cyclical pattern reflects both a lower opportunity cost of schooling, as well as a stronger incentive to make one's skills competitive in a tough job market.

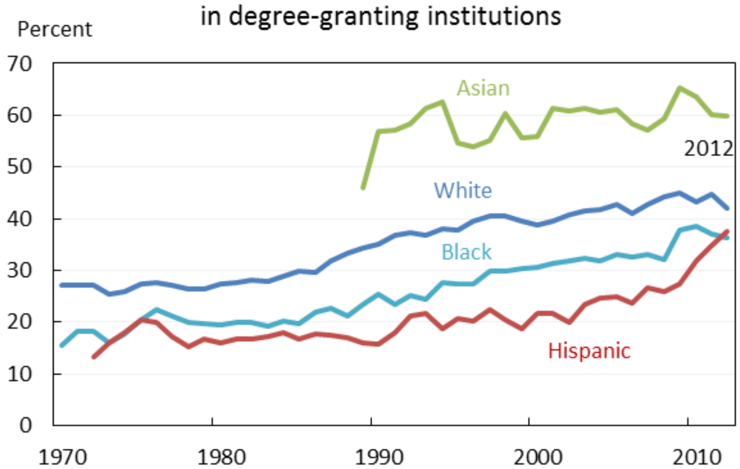
Millennials are also more likely to attend graduate school than previous generations. Among 18 to 34 year-olds, college enrollment stood at 19 percent in 2010, up from 15 percent in 1995. Graduate school enrollment for the same age group has increased at an even faster rate, jumping from 2.8 percent in 1995 to 3.8 percent in 2010 – a 35 percent increase.

With so many Millennials enrolling in college, there has been an unprecedented expansion of higher education to lower-income and underrepresented minority students. Figure 7 shows that enrollment

[18] Card and Lemieux (2000); Long (2013). However, note that Oreopoulos, von Wachter and Heisz (2012) find that unemployment rates have insignificant impacts on college duration.

of all students in degree-granting institutions has increased over time, but more recent gains have been greatest among black and Hispanic students. Since 1995, enrollment for blacks ages 18 to 24 increased 9 percentage points and enrollment for Hispanics ages 18 to 24 increased 17 percentage points. These represent larger increases, in percentage terms, for blacks and Hispanics than for whites. Research has also found that enrollment of students from low-income families is higher among Millennials than previous generations.[19]

Figure 7: Enrollment rates of 18 to 24 year-olds in degree-granting institutions



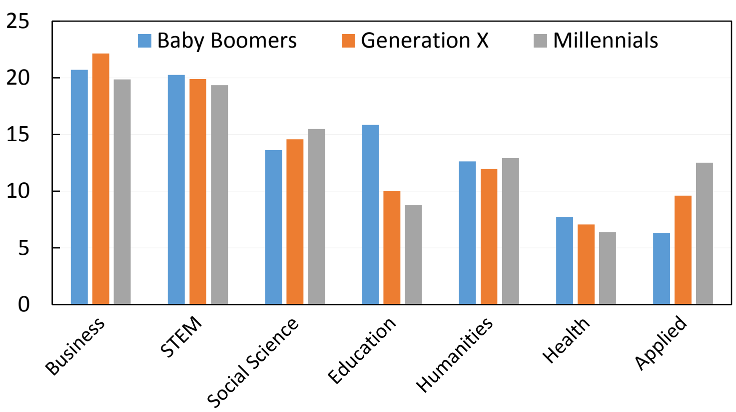
Source: National Center for Education Statistics; CEA calculations.

[19] Bailey and Dynarski (2011).

Fact 5: College-going Millennials are more likely to study social science and applied fields.

Millennials are more likely to study social science or applied fields—like communications, criminal justice, and library science—that do not fit into traditional liberal arts curricula, but correspond more directly to specific careers (Figure 8).

Figure 8: Major Field of Study, by Generation



Source: American Community Survey, 2009-2012; CEA calculations.
Note: Millennials: born 1980 or later, Gen X: born 1965-79, Baby Boomers: born 1946-64. The "applied" category includes communications, library science, criminial justice, culinary arts, and similar fields.

There has also been a significant decline in the share of students majoring in education since Baby Boomers were in college, as shown in Figure 8. This decrease is mostly explained by a sharp move away from education degrees among female college students. About 35 percent of women graduating from college in the early 1970s earned a degree in an education-related field, but only about 12 percent did in 2011. Business degrees have become more popular among women over the same period, increasing from 9 percent of the class of 1970 to 16 percent of the class of 2011, after peaking in the mid-1980s for both men and women.

Millennials are also somewhat less likely than previous generations to major in fields like business and health (which includes pre-med and nursing). The share of Millennials studying STEM fields is slightly lower than that of past generations; however, the absolute number of majors in these fields has increased over time as college enrollment has expanded, just not as fast as the number of students in other majors.[20]

Perhaps surprisingly for a technologically-connected generation, the share of Millennials choosing computer and information science majors has fallen over time, and this decline has been most pronounced among women. In 1987, 2.9 percent of women graduating with a bachelor's degree received a degree in computer and information science, and women comprised 36 percent of all computer science graduates. In contrast, in the class of 2011, only 1.1 percent of women graduated

[20] Digest of Education Statistics..

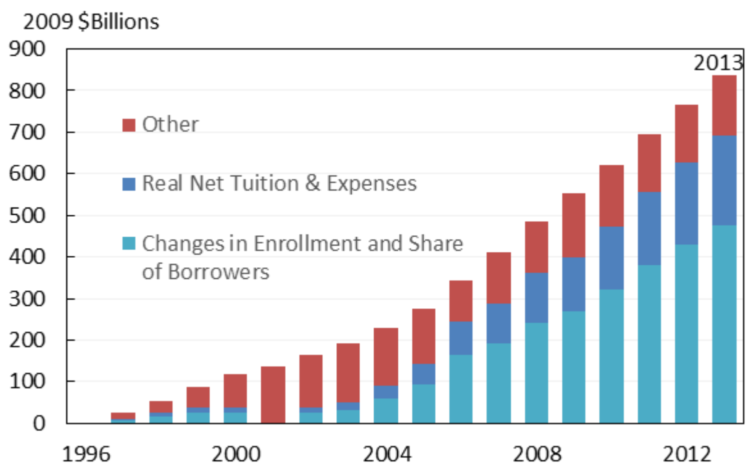
with computer science degrees, and women comprised only 18 percent of all computer science graduates. Over the same period, the share of men graduating with such degrees fell only slightly, from 5.7 percent to 5.4 percent. This trend in computer science stands in stark contrast with other highly-compensated fields, such as medicine, dentistry, and law, where women's participation has increased over this period.[21]

[21] CEA (2014b).

Fact 6: As college enrollments grow, more students rely on loans to pay for post-secondary education.

Total student outstanding loan debt surpassed $1 trillion by the end of the second quarter of 2014, making it the second largest category of household debt. In part, this increase in the aggregate level of outstanding student debt is due to greater enrollment among Millennials and to the changing composition of students, including a larger share of students from lower-income families who need to take out more loans, as discussed in Fact 4. Other contributing factors include: rising tuition as state governments have cut funding; parents' impaired ability to use the equity in their homes to offset some portion of their children's college costs; and the fact that students are taking longer to repay their loans. Consistent with these factors, average real per borrower debt increased from $24,000 in 2004 to $30,000 in 2012.[22] Since 2012, total originations have fallen, and since 2010, originations per borrower have fallen; however, the fraction of students borrowing remains high from a longer-term perspective. Around half of students borrowed student loans during the 2013-14 school year, up from around 30 percent in the mid-1990s.[23]

Figure 9: Sources of Change in Student Loan Debt



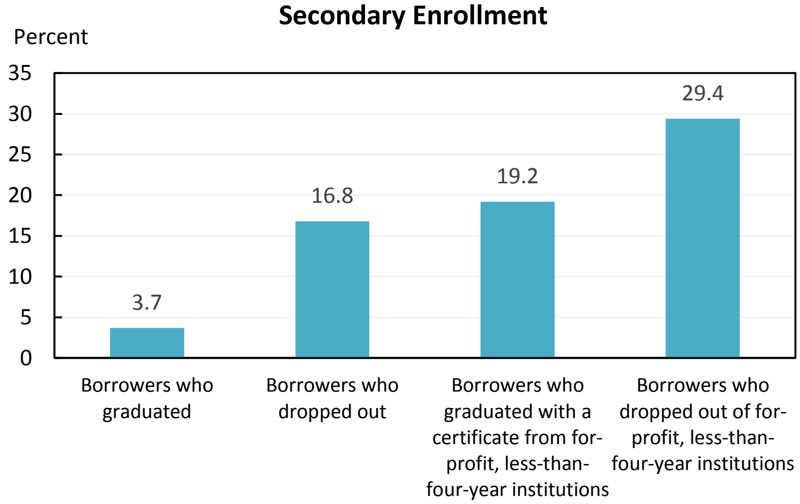
Source: College Board; Dep. of Education; Dept. of Commerce; FRBNY.

With the gap in earnings between college- and high school-educated workers both large and growing, college-educated Millennials are more likely to earn higher wages and be employed than those without a college degree. A four-year degree yields approximately $570,000 more in lifetime earnings than a high school diploma alone, while a two-year degree yields $170,000 more.[24] Importantly, research finds that the earnings gains from attending college are broad-based, as both lower-skilled students attending basic college programs and higher-skilled students attending elite colleges stand to benefit.[25]

[22] National Postsecondary Student Aid Study.
[23] Goldman Sachs (2014).
[24] U.S. Treasury (2014).
[25] See, e.g. Zimmerman (2014) for estimates on low-skilled youth, and Hoekstra (2009) for estimates on more skilled students.

However, one concern with rising average student debt levels is that a non-trivial minority of borrowers might face financial difficulties managing and paying down their debt. Recent increases in the prevalence of delinquent student loans point to some of the challenges that borrowers face.[26] In addition, the defaults appear to be concentrated among borrowers who do not graduate from a four-year institution and those attending for-profit institutions. Since borrowers may also receive lower returns to their education from such institutions, the burden of paying back their loans may present an even greater financial challenge.[27]

Figure 10: Percentage of Borrowers Who Defaulted on Their Loans up to Six Years after Initial Post-Secondary Enrollment



Source: Beginning Postsecondary Students, BPS: 2004/2009; CEA calculations.

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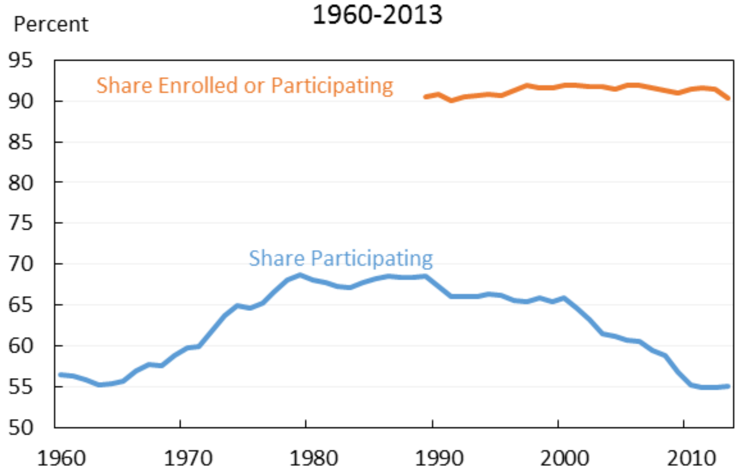
[26] Federal Reserve Bank of New York (2014).
[27] Deming, et al. (2014).

Fact 7: Millennials are more likely to focus exclusively on studies instead of combining school and work.

With college enrollments at historic highs there has been a corresponding decline in labor market participation among 16 to 24 year-olds. As Figure 11 shows, about 90 percent of young adults are either enrolled in school or participating in the labor market. This share has been flat since the late 1980s, while labor market participation itself has been declining for this group since the late 1970s. Much of the decline in participation has occurred among students, as students have become more likely to focus on school alone rather than combining school and work.

Figure 11 : Labor Force Participation of 16 to 24 Year-Olds, 1960-2013

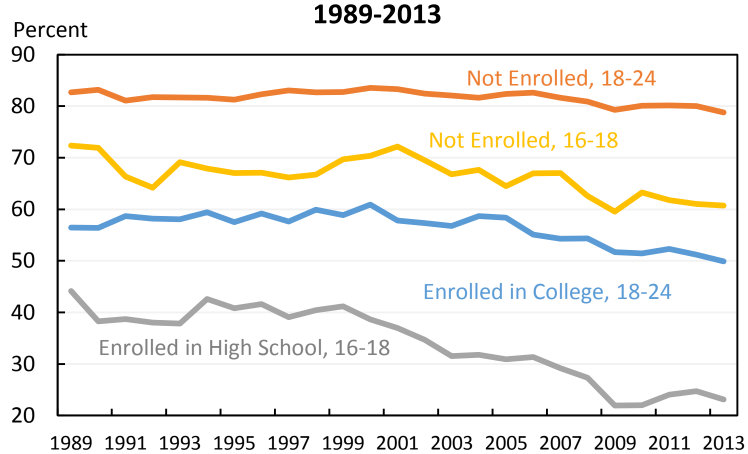


Source: Bureau of Labor Statistics and CPS October Supplement; CEA calculations.
Note: Enrollment includes full-time and part-time students.

Millennials, in particular, have been less likely to work while enrolled in high school. Since 2000, labor force participation rates among high school and college students have fallen more sharply than those who are not enrolled, as shown in Figure 12.[28] The result is that more students are focused exclusively on their studies during school years. On the other hand, labor force participation has been relatively stable for 18 to 24 year-olds who are not in school. Although participation has also declined somewhat for very young non-enrolled individuals ages 16 to 18, this group is very small and shrinking over time as fewer students are dropping out of high school.

[28] Scott-Clayton (2012) also finds that college students have become less likely to work for pay while enrolled over this period.

Figure 12: Labor Force Participation by Enrollment Status, 1989-2013



Source: Current Population Survey; CEA calculations.
Note: Enrollment includes full-time and part-time students.

Focusing exclusively on school enables students to invest more time building skills that will be highly rewarded in the labor market later on. Moreover, research suggests that the returns to working during the school year, particularly while in high school, have declined over time.[29] These trends in participation make economic sense. As Millennials enter the labor market after finishing school, these investments can also start to pay off for the economy as a whole.

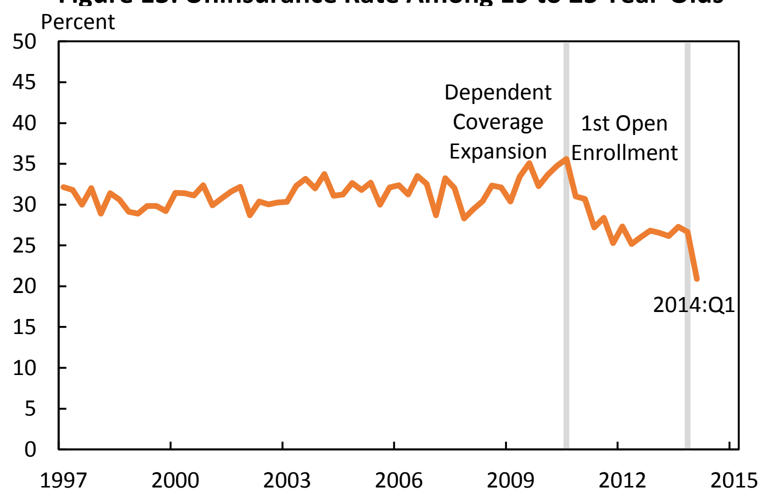
[29] Baum and Ruhm (2014).

Fact 8: As a result of the Affordable Care Act, Millennials are much more likely to have health insurance coverage during their young adult years.

As a result of the Affordable Care Act, Millennials have much better health insurance options during their young adult years than past generations. Since September 2010, young adults have generally been eligible to remain on a parent's health insurance policy until they turn 26. Previously, young adults frequently lost access to a parent's plan when they turned 19 or graduated from college. In addition, as of the beginning of 2014, many young adults newly qualify for tax credits to purchase health insurance coverage through the Health Insurance Marketplaces or Medicaid in States that have accepted Federal funding to expand their Medicaid programs.

From the time the Affordable Care Act's dependent coverage provision took effect in 2010 through the first quarter of 2014, the uninsurance rate among individuals ages 19 to 25 fell by 13.2 percentage points, a 40 percent decline.[30] In the first quarter of 2014, the share of young adults without health insurance coverage was 20.9 percent, the lowest young adult uninsured rate recorded since the National Health Interview Survey began using its current design in 1997.[31] Other analyses using private survey data show that overall insurance coverage continued to expand during the second quarter of 2014, so these estimated gains are likely to grow in the coming months. Moreover, analysts predict that coverage will continue to expand in the years ahead.[32]

Figure 13: Uninsurance Rate Among 19 to 25 Year-Olds



Source: National Health Interview Survey; CEA calculations.

Having health insurance has been shown to improve access to health care, health outcomes, and financial security.[33] Research focused on the Affordable Care Act's dependent coverage expansion has

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[30] This change is measured relative to the average uninsurance rate from 2009:Q4-2010:Q3. The dependent coverage provision took effect on September 23, 2010, a week before the end of 2010:Q3.

[31] Cohen and Martinez (2014).

[32] Sommers et al. (2014); Long et al. (2014); CBO (2014); Sisko et al. (2014).

[33] CEA (2014a).

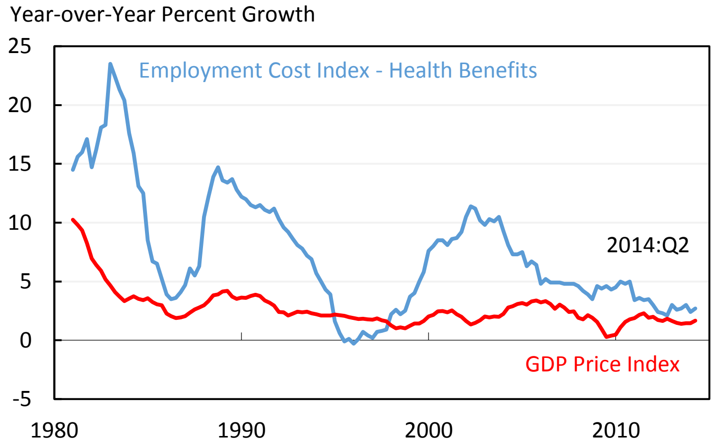
found evidence for similar effects. Researchers have found that in tandem with the sharp increase in insurance coverage following the law's enactment, young adults became less likely to delay or entirely forgo care due to cost and markedly less likely to face large out-of-pocket medical expenditures.[34] Several studies have also concluded that these newly-insured young adults are more likely receive several types of inpatient and outpatient care, while another found that they are more likely to report being in excellent health.[35]

Greater access to health insurance coverage outside the workplace during young adulthood may also generate important labor market benefits by allowing workers to obtain additional schooling or choose the jobs that best match their career goals. Research examining the Affordable Care Act's dependent coverage expansion has documented increased school enrollment among young adults, and earlier research examining similar state laws found significant gains in ultimate educational attainment as well as higher wages later in life.[36] Other research has similarly found that the Affordable Care Act's dependent coverage expansion reduced employment lock and increased labor market flexibility, allowing workers to change jobs without the fear of losing health insurance.[37]

Millennials are also poised to benefit from another important development in our nation's health care system: the striking slowdown in the growth of health care costs. From the time the oldest Millennials were born through when they turned age 25 in 2005, private employers' costs for health benefits grew at an average annual rate of 5.4 percent, adjusted for inflation. But in recent years, the growth of real health benefit costs has fallen dramatically, averaging just 1.1 percent over the last two years, about 80 percent lower than the prior average (see Figure 14). Economic theory and empirical evidence demonstrate that higher benefit costs are ultimately borne by workers in the form of lower wages and salaries.[38] As a result, if the dramatic slowdown in the growth of health benefit costs persists in the years ahead, it will help drive faster growth in wages and salaries for Millennials relative to their predecessors.

[34] Sommers et al. (2013). Blum (2012). Chua and Sommers (2013).
[35] Antwi, Moriya, and Simon (2014); Blum (2012); Saloner (2014); Chua and Sommers (2014).
[36] Depew (2012); Dillender (2014).
[37] Hulbert (2012). Antwi, Moriya, and Simon (2013).
[38] Summers (1989); Gruber and Krueger (1991); Gruber (1994); Baicker and Chandra (2006).

Figure 14: Growth in Employer Health Benefit Costs, 1981-2014



Source: Bureau of Labor Statistics, Bureau of Economic Analysis; CEA calculations.

Fact 9: Millennials will contend with the effects of starting their careers during a historic downturn for years to come.

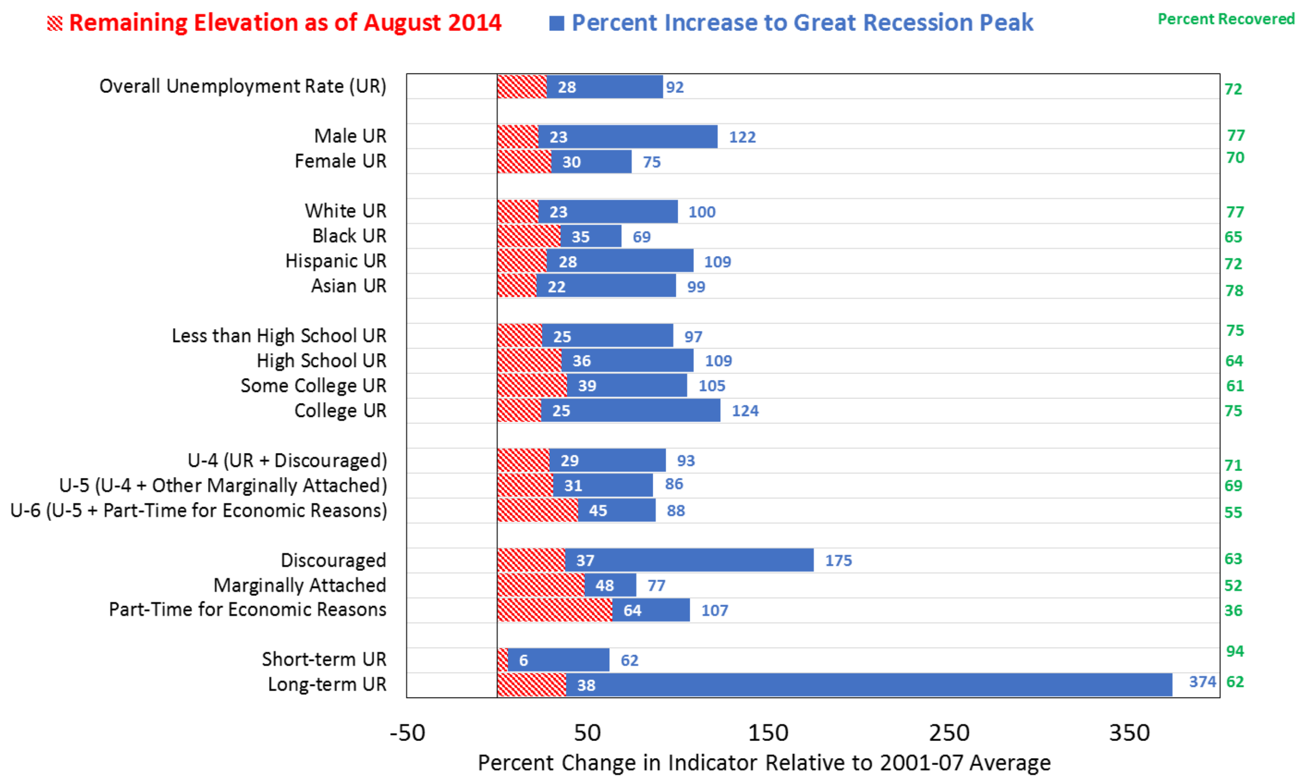
Millennials are currently about a third of the labor force and, as a generation, they have faced substantial challenges in entering the workforce during the most pronounced downturn since the Great Recession. The overall unemployment rate for young workers between ages 18 to 34 peaked at over 13 percent in 2010, on a seasonally-adjusted basis. Since then it has come down 4.7 percentage points to 8.6 percent in September 2014. While it remains elevated, the labor market recovery and decline in the unemployment rate has recently been faster than any time since the early 1980s. Between June 2013 and June 2014, the unemployment rate of Millennials declined by 1.8 percentage points, the largest reduction in unemployment for this age group also since the early-1980s. During this period of rapid decline in the unemployment rate, the number of employed Millennials increased by 990,000, a noticeable acceleration from the 786,000 Millennials that found work during the year-earlier period.

Examining the twelve month averages of various measures of unemployment, allows us to look at how much different indicators of unemployment have recovered for this age group compared to their prerecession averages. The 12-month average of the unemployment rate as of August 2014 for Millennials is roughly three-quarters of the way back to its pre-recession average, broadly in line with the extent of recovery for other groups. [39] The recent improvement in labor market conditions for Millennials broadly mirrors that of the broader population, as do the outstanding challenges. The fraction of Millennials unemployed for less than 26 weeks has recovered more than the fraction of long-term unemployed, just as is the case for the population as a whole. Long-term unemployment remains a challenge for Millennials and for the country in general, as we work to get more of the long-term unemployed back into employment.

[39] Because seasonally adjusted data for this age group is not available, we examine 12-month averages. Since the labor market continued to improve over the past 12 months, these averages will understate the extent of recovery. Current Population Survey Microdata were only available through August 2014 at the time this report was published.

Figure 15: Labor Market Indicators in the Recession for Millennials

All Data as of August 2014



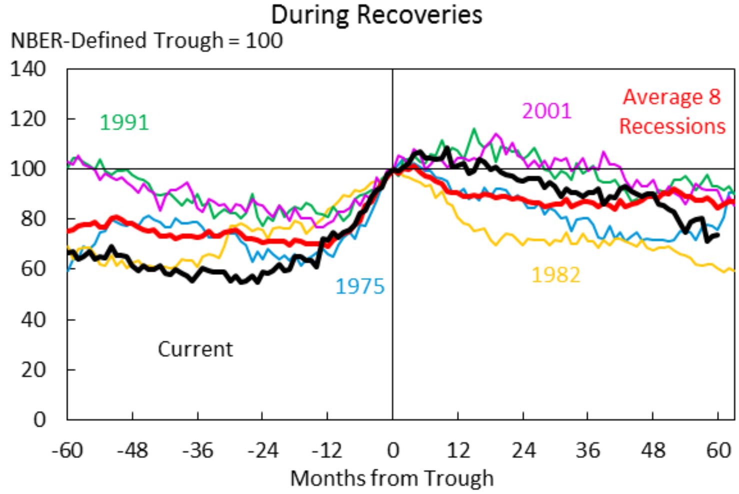
Source: Current Population Survey, January 2001-August 2014; CEA calculations.
Note: Data for August 2014 are a 12-month average over September 2013 to August 2014, for ages 18 to 34 and are not seasonally adjusted.

Other indicators tell a similar story—while Millennials have made a substantial labor market recovery, that recovery is not complete and is slightly lagging that of other age groups, consistent with prior recessions. Broader measures of joblessness also indicate that the recovery is making progress. For example, measures of unemployment that account for people who are discouraged from looking for work or are only available for work under certain conditions were roughly 70 percent back as of the 12-month average ending in August 2014 to their pre-recession average, while those that include people who are working part-time, but would prefer full-time hours were 55 percent recovered.

The unemployment rate has recovered similarly among Millennials regardless of education, however, this similarity masks big differences in the levels of unemployment by education. The unemployment rate of 25-34 year old Millennials with a college degree was 3.7 percent in 2013, compared to 13.5 percent among those less than a high school education.

The pace of the recovery for younger age groups is in line with the pattern we typically see after a recession, as shown in Figure 16 yet more work remains to be done to ensure a full recovery. Younger workers have less experience and more tenuous connections to employers than older workers, so they are often laid off in greater numbers and have to compete against more experienced workers for new jobs once recovery begins. They therefore tend to be among the last groups to recover fully from a recession.

Figure 16: Unemployment Rate of Workers Ages 16 to 24 During Recoveries



Source: Bureau of Labor Statistics; CEA calculations.

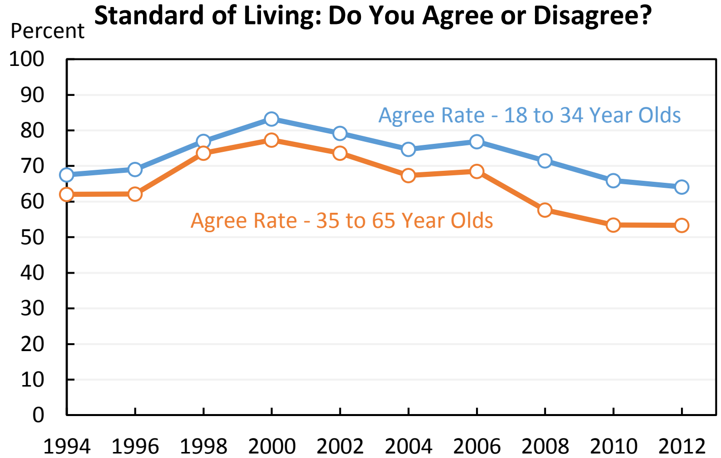
The Great Recession likely will have important implications for Millennials' future labor force outcomes, since research finds that macroeconomic conditions in childhood and young adulthood are important determinants of future earnings and financial behavior. Early career economic conditions have large and lasting impacts on lifetime wages, particularly for college graduates. Research shows that entering the labor market during a recession can result in substantial earnings losses that persist for more than a decade, with negative effects lasting longer for college graduates.[40] Workers who start their careers in a recession earn 2.5 to 9 percent less per year than those who do not for at least 15 years after starting a career. Research further suggests that one reason for these lower earnings is that new entrants take jobs that are a worse fit for them when they start their careers in a recession.[41]

However, research also shows that perhaps the single most important determinant of a person's income is their level of education. And as the most educated generation in history, this will tend to boost earnings for Millennials over the course of their lifetimes—and help to offset any longer-term harms from the Great Recession.

Millennials themselves remain largely optimistic about their ability to move up socioeconomically, with over half agreeing that people like them have a good chance of improving their standard of living. While this number has been trending down in the wake of recent economic turmoil, following a more long-standing decline that began in 2000 (Figure 17), Millennials, like all young people, are more optimistic than older respondents.

[40] Kahn (2010); Oreopoulos et al. (2012), Wozniak (2010).

Figure 17: The Way Things are in America, People Like Me and My Family Have a Good Chance of Improving Our Standard of Living: Do You Agree or Disagree?



Source: General Social Survey, 1994-2012; CEA calculations.

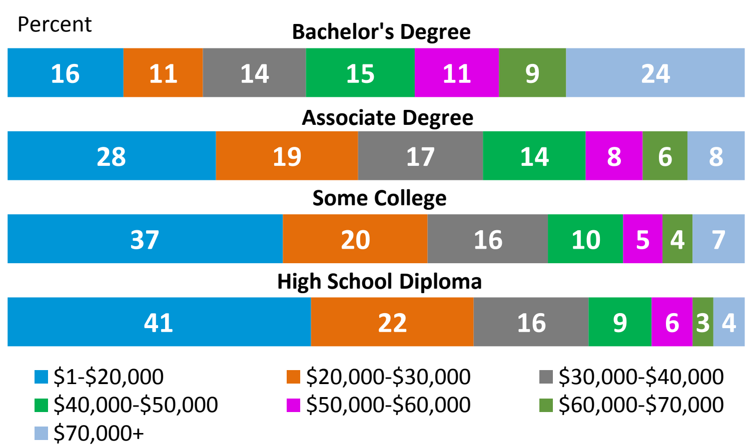
Overall, these economic conditions may affect adult financial behavior and beliefs about success and the role of institutions in society. Individuals who experienced the Great Depression invested less and pursued more conservative investing strategies throughout their lives.[42] More recent economic turmoil has bigger impacts on behavior and that these impacts are most pronounced for younger savers. This suggests that the Great Recession will impact early savings and investment behavior among Millennials, but at this point, it is still too soon to know how large these impacts will be.

[42] Malmendier and Nagel (2011).

Fact 10: Investments in human capital are likely to have a substantial payoff for Millennials.

Recent college graduates continue to out-earn individuals with only a high school diploma, a gap that has been increasing over time. The college premium, the difference between median earnings for college versus high school graduates, increased from 60 percent in 2004 to roughly 70 percent in 2013. Holding a college degree (associates or bachelor's) results in a much lower probability of having earnings in the lowest income tax bracket—16 to 28 percent for college degree holders versus 37 to 41 percent for those with no college degree (Figure 18). Bachelor's degree holders are also 6 times more likely to have earnings in the top income tax bracket than those with only a high school degree. In addition to earning higher wages on average, individuals with a college degree are less likely to be unemployed. As of September 2014, the unemployment rate for those with a bachelor's degree is around 3 percent, compared with over 5 percent for high school graduates.

Figure 18: Earnings Distribution of Workers Ages 25 to 34 in 2013



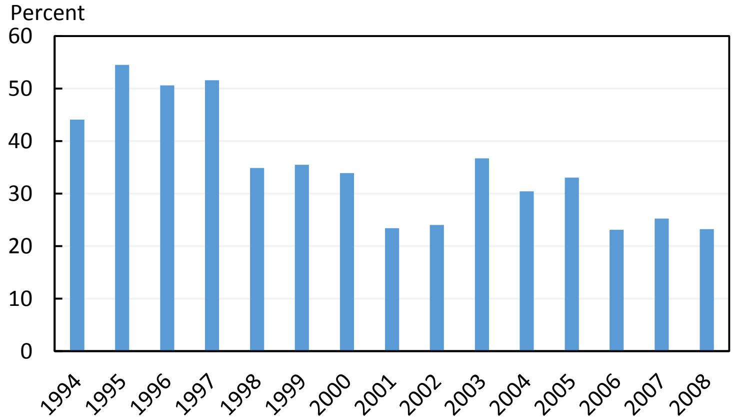
Source: Current Population Survey Annual Social and Economic Supplement, 2014; CEA calculations.
Note: Percentages may not sum to 100 because of rounding.

Returns to education are 5 to 10 percent per year of schooling, with most estimates in the 7 to 10 percent range.[43] The gains from a college education are high, both for lower-skilled students attending basic college programs and for stronger students attending selective colleges.[44] Median real hourly wages for 21 to 25 year-old college graduates are even higher than median real hourly wages for 26 to 34 year-old non-college graduates, who have had more time in the labor market. College therefore remains a strong investment for most students—and will raise income levels for Millenials for decades to come well above where they would have been without those investments.

[43] Psacharopoulos and Patrinos (2004);Card (1999).
[44] See, e.g. Zimmerman (2014) for estimates on low-skilled youth, and Hoekstra (2009) for estimates on more able students.

While education remains a good investment, Millennials still face challenges associated with several decades of slow wage growth – compounded by the Great Recession. As a result Millennials have seen slower wage growth than earlier generations of young adults. The typical employed college graduate who entered the market in the mid- to late-1990s saw his or her wages increase by around 50 percent between the ages of 23 and 28. This indicator of wage growth for young workers declined to 24 percent in 2001 and 2002, then recovered somewhat to exceed 30 percent before falling again to under 25 percent for college graduates who entered the labor market at the start of the Great Recession.

Figure 19: Wage Growth for College-Educated Workers Between Ages 23 and 28, by Cohort

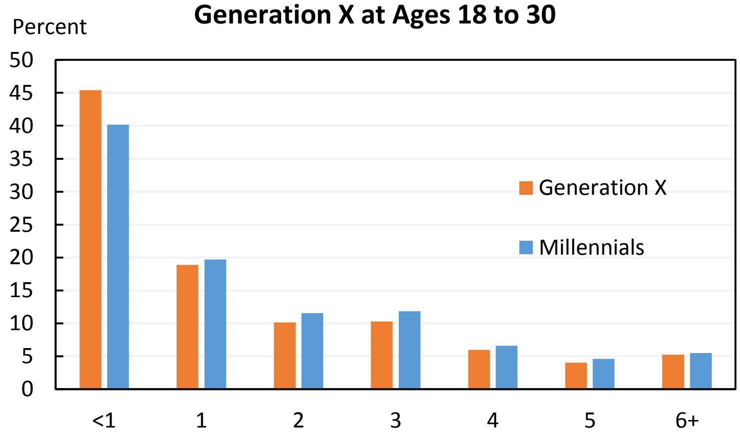


Source: Current Population Survey, 1994-2008; CEA calculations.
Note: Cohorts are grouped by the year in which individuals turned 23.

Fact 11: Working Millennials are staying with their early-career employers longer.

Millennials are sometimes characterized as lacking attachment or loyalty to their employers, but in fact, as Figure 20 shows, contrary to popular perceptions Millennials actually stay with their employers longer than Generation X workers did at the same ages. This reflects the fact that Millennials face a labor market characterized by longer job tenure, fewer employer switches and other types of career transitions, and lower overall fluidity in the labor market.[45] Figure 20 shows that Millennials are less likely to have been with their employer for less than a year than Generation X workers were at the same age, and they are more likely to have been with their employer for a fairly long period like 3 to 6 years.[46]

Figure 20: Job Tenure in Years for Millennials and Generation X at Ages 18 to 30



Sources: Current Population Survey Job Tenure Supplement, 1996-2010; CEA calculations.
Note: Data for Generation X (born 1965-1979) reweighted to match age distribution of Millennials (born 1980 or later).

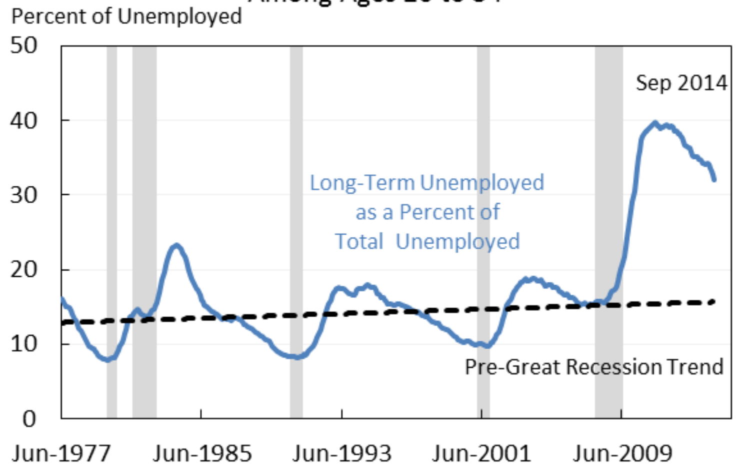
Young workers spending more years with their employers has important advantages in terms of job security, the benefits of learning on the job, and the additional productivity associated with reduced turnover. To the degree that the increase in tenure reflects improved job matches it represents a favorable development. But longer tenures come with potential trade-offs.. Switching jobs has historically been a major source of wage growth for young workers, and longer spells with the same employer raises concerns that reduced fluidity of labor markets may be curtailing wage growth, particularly for young workers.[47]

The flip side of increased job tenure across the economy may be the fact that when people become unemployed they stay unemployed for longer. This has been reflected in the unusually large rise in long-term unemployment in the wake of the recession, a fact that has also affected young workers as

[45] Davis and Haltiwanger (2014); Hyatt and Spletzer (2013).
[46] Based on CEA regression analysis when controlling for age and demographic characteristics like educational attainment, gender, and race and ethnicity. These are statistically significant differences. Microdata for this analysis are currently only available through 2010.
[47] Topel and Ward (1992).

shown in Figure 21. Moreover, long-term unemployment appears to have trended up in recent decades. This means some young workers will face longer spells of unemployment in their early years than did past cohorts, which may reduce earnings for affected workers as building employment experience takes more time. Again, education can play a critical role because the increased educational attainment of Millenials will tend to go in the opposite direction, reducing unemployment and helping them build job experience over time.

Figure 21: Prevalence of Long-Term Unemployment Among Ages 20 to 34

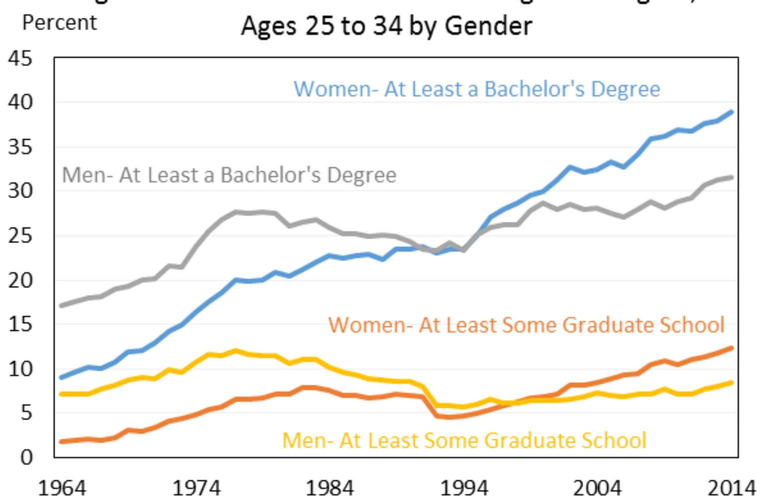


Source: Bureau of Labor Statistics; CEA calculations.

Fact 12: Millennial women have more labor market equality than previous generations

Millennials are not only the most highly educated U.S. generation to date, but a larger share of that increase has come from the educational attainment of women. Millennial women are attending college and attaining degrees in greater numbers than in the past. Women have closed an educational attainment gap with men that dates back to World War II, as shown in Figure 22.[48] In fact, starting in the late 1990s, just as the first Millennial cohorts were completing high school, women began to outpace men in completion of both four-year college degrees and post-college educational attainment.

Figure 22: Percent with Bachelor's Degree or Higher, Ages 25 to 34 by Gender

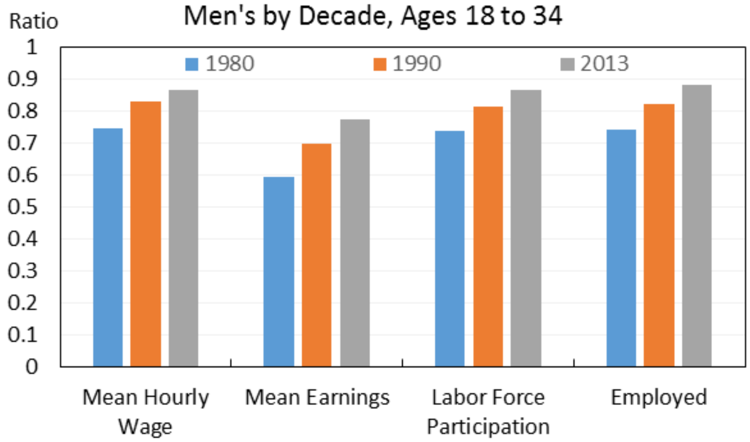


Source: Current Population Survey March Supplement; CEA calculations.

That Millennial women on average exceed Millennial men in terms of educational attainment means that they account for an increasingly large share of our skilled workforce and enter the labor force with early career earnings and employment rates that are considerably closer to their male peers than past generations. Figure 23 shows that hourly wages, earnings, labor force participation, and employment for young women have risen relative to those for young men in every decade since 1980.

[48] Goldin, Katz and Kuziemko (2006). .

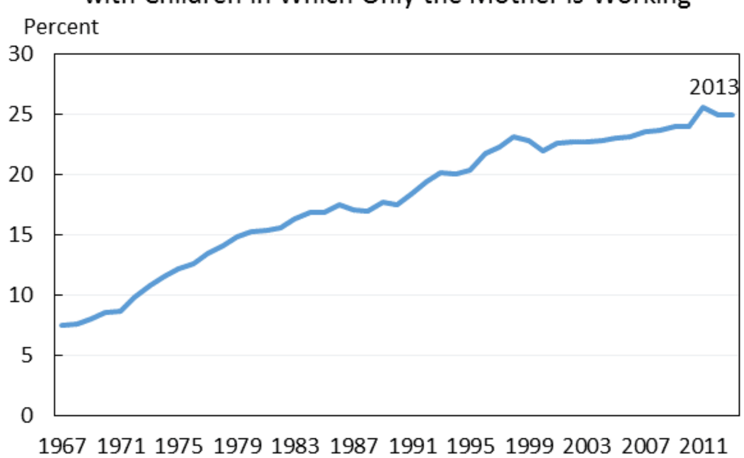
Figure 23: Ratio of Women's Labor Market Outcomes to Men's by Decade, Ages 18 to 34



Source: Current Population Survey March Supplement, 1981, 1991, 2013, 2014; CEA calculations.
Note: Earnings ratio is the ratio of mean wage and salary income of all workers. Hourly wage

Millennial women are making a strong start in the labor market because they are reaping the benefits of their greater investments in education, but Millennial women are not the only beneficiaries of their investments in education and hard work. Their higher earnings translate into greater household income for their families. This is critical to the one in four Millennial households with children where the mother is the sole breadwinner, an arrangement that is more common for Millennials, as shown in Figure 24. Women's incomes are essential to supporting the well-being of even more families since all parents work in roughly 70 percent of Millennial households with children.[49]

Figure 24: Share of Households with a Parent Age 22 to 34 with Children in Which Only the Mother is Working



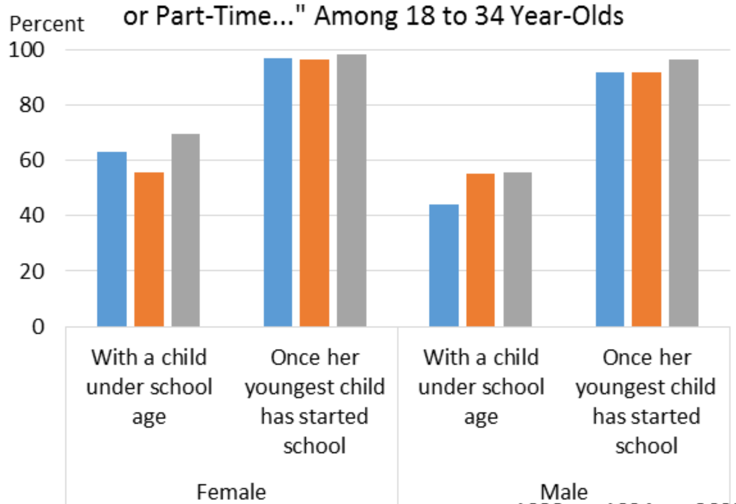
Source: Current Population Survey March Supplement; CEA calculations.

The benefits to working for Millennial women are greater, and their incomes are more important to their families, than for past generations of American women. Young men and women recognize the

[49] Current Population Survey, March Supplement 2014. CEA calculations.

important role that women's earnings play in the household. Almost all young men and women think that women with school age children should work and more than half think that women should work when they have children younger than school age (Figure 25).[50] However, there is a large gap in the views of men and women. The share of women who think that women should work while they have pre-school aged children has grown rapidly in recent years. Focusing on young women ages 18 to 22 reveals that as of 2002, 82 percent believed that women with young children should work. Men's attitudes have moved less in recent years and remain below that of women, with only roughly 50 percent of men agreeing. The gender disparity may reflect the fact that women recognize how difficult it is for them to reenter the labor force after stepping out for several years. Yet, both men and women, recognize the challenges of balancing work and family obligations, a factor that may influence their preferences about women working with small children.

Figure 25: Percent Agreeing that "Women Should Work Full- or Part-Time..." Among 18 to 34 Year-Olds



Source: General Social Survey; CEA calculations.

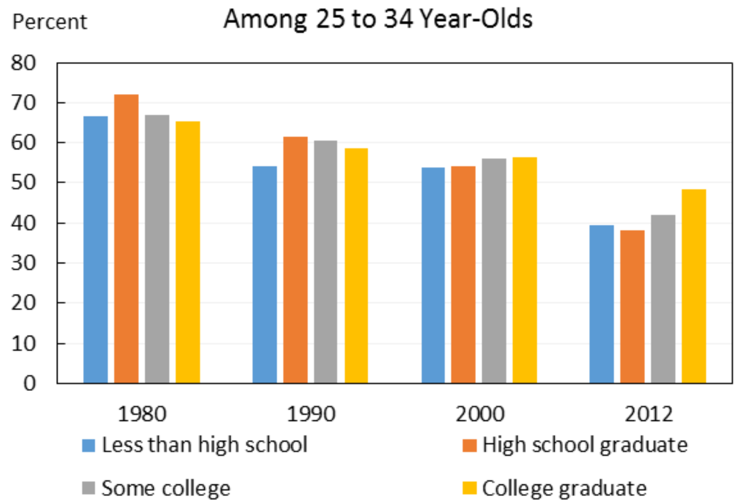
[50] General Social Survey

Fact 13: Millennials tend to get married later than previous generations.

Since 1950, the median age at which both men and women have married has steadily increased. In 1950, men first married at age 22.8 and women at age 20.3; by 2013 the median marriage age increased by more than 6 years for both genders, reaching 29.0 and 26.6 for men and women respectively. As more young adults delay marriage, the fraction of young adults who are currently married has fallen. Millennials have continued on this path and are marrying later, with more of them remaining unmarried in their 20s. In 2013, only 30 percent of 20 to 34 year-olds were married, compared to 77 percent in 1960.[51]

Many factors explain the later marriages including the fact that those with more education (a group whose size has been increasing over time) tend to marry later. However, college-educated Millennials are more likely than the rest of their peers to be married. This reflects a shift in marriage-education patterns: in 1980, those with a college-degree were the least likely to be married. This difference is largely reflective of changes in the marital behavior of women. For much of history, women with college-degrees were the least likely among their peers to ever marry. In more recent decades, college-educated women caught up, largely by marrying at later ages.[52] For instance, among college graduates, 20 percent had not married by age 35 in 2000, yet 43 percent of those married within the next 10 years.[53] The fact that so many now marry later makes it difficult to predict what marriage rates will ultimately look like for this generation.

Figure 26: Percent Currently Married Among 25 to 34 Year-Olds



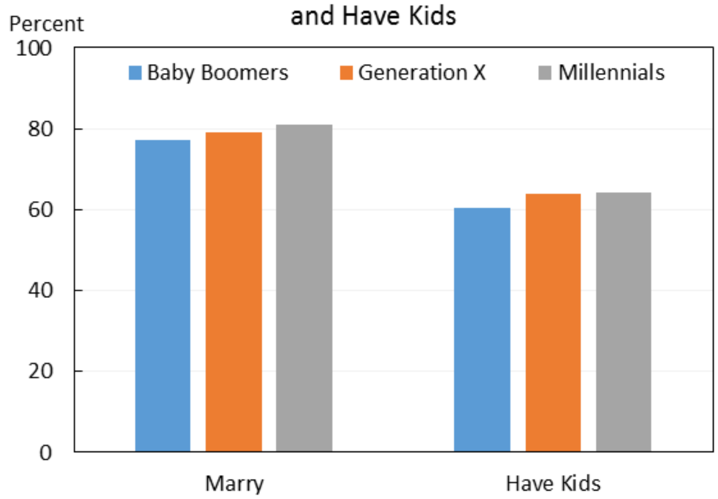
Source: Current Population Survey; CEA calculations.

Although Millennials are delaying marriage, this does not mean that they do not want to marry. As high school seniors, over 80 percent of Millennials say that they think that they will marry, more than

[51] Decennial Census (1960); American Community Survey (2013).
[52] Isen and Stevenson (2010).
[53] Decennial Census (2000); American Community Survey (2010).

Generation Xers and Baby Boomers did at similar ages. Similarly, they are more likely to believe that they will have kids.

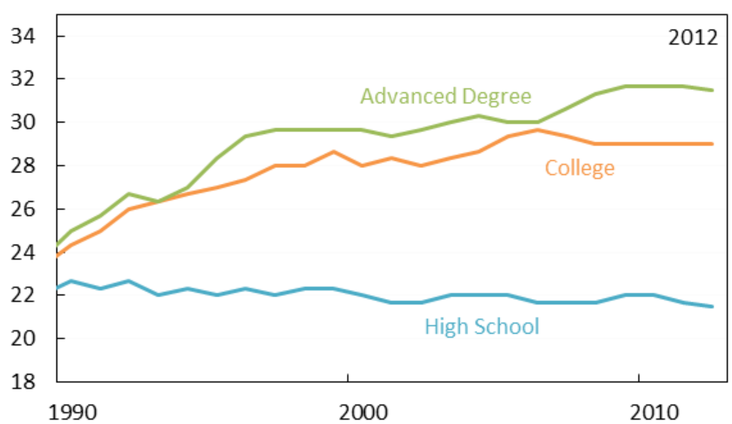
Figure 27: Percent Who Think They Will Marry and Have Kids



Source: Monitoring the Future, 1976-2011; CEA calculations.

Later marriage and longer time in school are also connected to delaying family formation until later in life. Figure 28 shows that age at first birth has risen considerably over time for women with advanced education, particularly for those with an advanced degree.

Figure 28: Median Age at First Birth by Birth Year of First Child and Educational Attainment



Source: Current Population Survey Fertility and Marital History Supplement, 2012; CEA calculations.
Note: Three-year centered moving averages.

Delayed family formation may also be a rational response in achieving both career and family aspirations. Most Millennials grew up in a household where all parents worked, and their children are even more likely to live in such a household. Accordingly, most Millennials will be working at the same time they are helping care for their families.

Balancing family and work obligations is difficult for many workers, particularly those who lack access to flexible work arrangements or paid leave.[54] While Millennials are more likely than older workers to have access to flexibility in where and when they work, only 45 percent have access to paid leave (compared to about 66 percent of older workers).[55] Millennials report that having a career and having a family is important, but at this stage, they may be focusing on establishing a career. Family formation may come once their careers are established, and they have higher earnings and are more likely to have access to workplace polices that help them balance work and family.

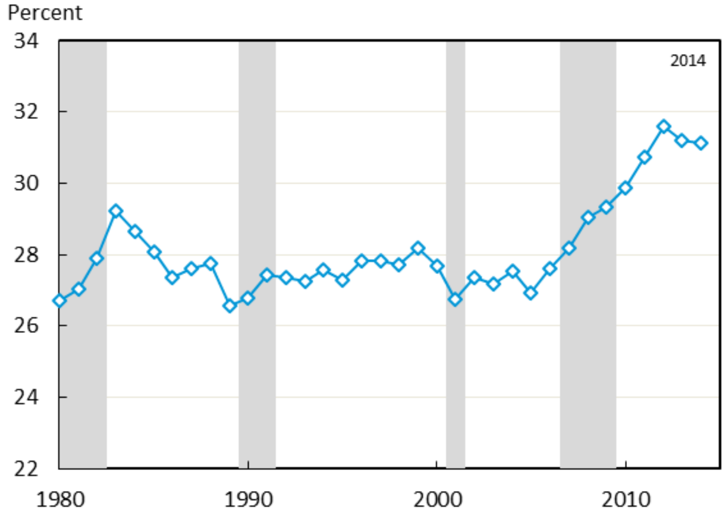
[54] CEA (2014b).

[55] American Time Use Survey (2011); CEA calculations.

Fact 14: Millennials are less likely to be homeowners than young adults in previous generations.

Entering adulthood during the Great Recession and recovery has not only affected Millennials' schooling and employment decisions, but also their housing and household formation patterns. In the aftermath of the Great Recession, the share of 18 to 34 year-olds living with their parents increased from 28 percent in 2007 to 31 percent in 2014 – which is a notable increase even if the actual magnitude falls well short of some popular perceptions. Correspondingly, the pace of household formation is low and the "headship rate" among Millennials – the rate at which Millennials head their own households – has fallen. With fewer Millennials as independent renters or homeowners, the demand for housing and the pace of residential investment is likely lower than the level implied by more typical rates of household formation and headship.

Figure 29: Share of 18 to 34 Year-Olds Living With Parents



Source: Bureau of Labor Statistics; CEA calculations.

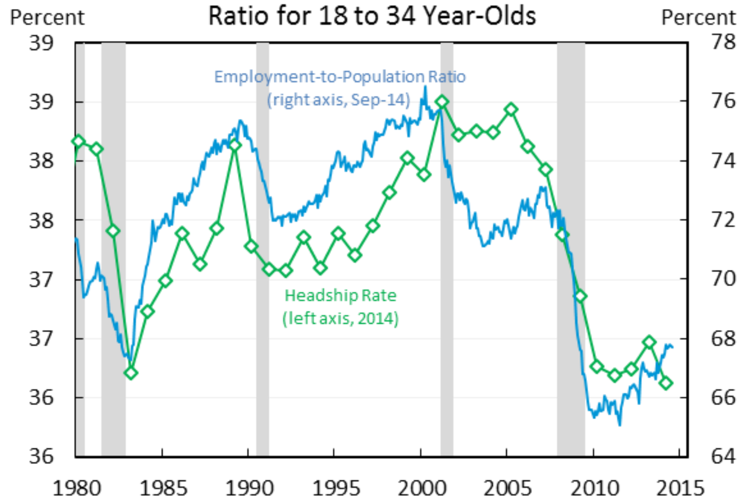
As discussed in Fact 3, Millennials have stronger relationships with their parents than previous generations and parents of Millennials are much more involved in their children's lives. Perhaps it is not surprising that a generation that values living close to their families as much as Millennials would also be somewhat more likely to live with their parents as adults, particularly in an economy that is still recovering from a large recession.[56] Moreover, the increased enrollment of Millennials in college as discussed in Fact 4 may contribute to a rising share of Millennials living at home, as students often rely on their parents for housing and other financial support.[57]

[56] As shown in Fact 3, 49 percent of 12th grade Millennials said that living close to family and friends is very important to them, a 40 percent increase over what baby boomers said at that age. (Monitoring the Future, 1976-2011)

[57] Thompson (2014) and Fry (2014) argue that the increase in the share of young adults living at home with their parents stems from a classification issue, whereby those in college classify themselves in surveys as living at home. While these classification concerns are a contributing factor, we also find that even among 18 to 24 year-olds not enrolled in college and among 25 to 34 year-olds, the share living with their parents increased during the Great Recession and remains elevated.

The labor market is another factor contributing to the increased number of young adults living at home and the concurrent decline in headship. The rapid decline in the unemployment rate in recent years has somewhat boosted the headship rate and is putting downward pressure on the share living with their parents. Historically, the headship rate has had a significant cyclical component: since the 1970s, the headship rate among young adults has generally tracked their employment-to-population ratio closely.[58]

Figure 30: Headship Rate and Employment-to-Population Ratio for 18 to 34 Year-Olds



Source: Bureau of Labor Statistics; CEA calculations.

This cyclical relationship also holds at the state level: states with the largest increases in the unemployment rate relative to their averages before the Great Recession registered the largest declines in headship rates on average. With parents helping their children in times of labor market adversity, the majority of young adults living at home report that their own financial situation has improved.[59]

However, the share of Millennials living at home has increased even among those with jobs, which points to a role for factors outside the labor market. For instance, research suggests that increases in rents across many metropolitan areas during the Great Recession are likely to have depressed headship.[60] Moreover, the non-monetary costs of living at home may have decreased, again highlighting the role of the relationship between Millennials and their parents in explaining the former's housing choices. Today's parents report having fewer serious arguments with their children in their late teens than they had with their own parents at the same age. One in ten parents with children ages 16 to 24 say they "often" argue with their kids, while almost twice as many adults over

[58] Haurin et al. (1993); Whittington & Peters (1996); Ermisch & Salvo (1997); Ermisch (1999), Lee & Painter (2011); and Paciorek (2013).

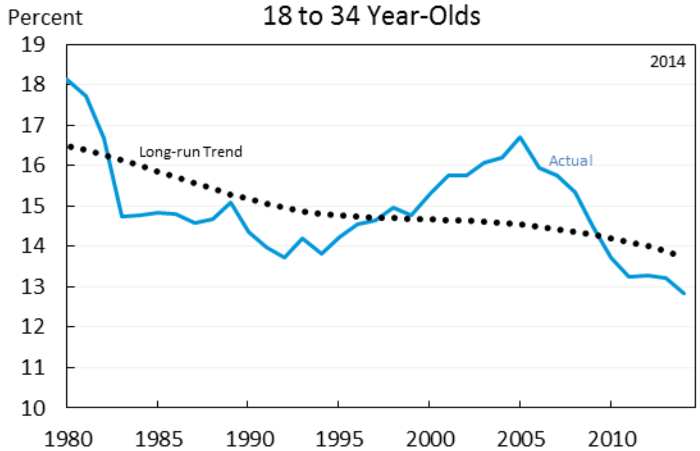
[59] Parker (2012). The Boomerang Generation. Kaplan (2012) shows how the option to move back home provides insurance against adverse labor market outcomes, particularly among young adults that do not attend college.

[60] Paciorek (2013). More generally, higher housing costs bear a negative relationship with headship rates (see Haurin et al. (1993)).

30 report often having major arguments with their own parents.[61] Similarly, increased interaction with family does not appear to have a deleterious effect on the quality of Millennials' family ties. A recent survey found that Millennials living at home are just as satisfied with their family life as those who are not living at home.[62]

Consistent with lower headship rates, young adults today are less likely to be homeowners than young adults of previous generations. The decline in homeownership among Millennials, however, only looks particularly sharp when compared to the homeownership rates of 18 to 34 year-olds during the housing boom. Not surprisingly, the housing boom attracted a particularly large share of 18 to 34 year-olds relative to historical trends.

Figure 31: Probability of Owning a Home for 18 to 34 Year-Olds



Source: Bureau of Labor Statistics; CEA calculations.
Note: Long-run trends are estimated using a smoothed weighted average over a 15-year moving window.

Taking a longer view, the lower likelihood of homeownership among Millennials today is largely in line with longstanding declines in homeownership among young people. While disentangling the factors contributing to contributing to the lower likelihood of owning a home in recent years is difficult, at least three forces appear to be at play. First, the gradual shifts in labor force participation, increased college enrollment, and delayed marriage discussed earlier in this report suggest that Millennials are delaying homeownership until they grow older, rather than substituting away from homeownership altogether. Millennials' stronger relationship with their parents and the accompanying reduction in headship reinforce this trend. It is likely for the Millennials living with their parents to first become renters before becoming homeowners, following the usual path to homeownership.

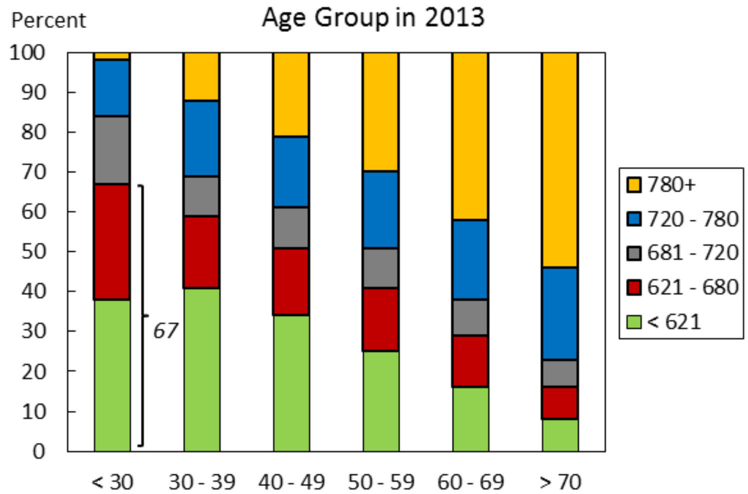
Second, the more recent decline in the probability of homeownership for 18 to 34 year-olds is strongly tied to the challenges in the labor market for Millennials due to the Great Recession that are discussed in Fact 9. However, homeownership decisions are often tied to job prospects and with the labor market

[61] Parker (2012).
[62] Ibid.

recovery well under way for Millennials, maintaining flexibility in their location decisions as renters could provide an advantage as they consider the job opportunities that come their way.

Lastly, today's tight lending environment may also be to blame. The share of those under age 30 with credit scores below 680 – a lower credit score on the spectrum from 300 to 850 – is approximately 67 percent, whereas this portion of the credit score distribution is less represented among older age groups. With regulatory constraints leading lenders to apply additional credit overlays for those with low credit scores, Millennials are likely to face challenges obtaining mortgage credit. Survey evidence collected by the Federal Reserve Bank of New York suggests that about 22 percent of borrowers with scores below 680 may decide not to apply for mortgage credit in the first place, perhaps because they feel discouraged by a prior rejected credit application, the lending environment, their employment prospects, or the financial burdens of paying down other debt.[63]

Figure 32: FICO Distribution of Individuals by Age Group in 2013



Source: Federal Reserve Bank of New York.

It is worth mentioning that some observers suggest that rising student loan debt burdens are dimming homeownership prospects for Millennials.[64] For many reasons, including the fact that their returns to education are still to be realized, it is too soon to draw firm conclusions about the long-lasting effects of the increase in aggregate student loan debt on homeownership. Several considerations suggest that the effect is likely to be concentrated in a small minority of Millennials who have student loan debt and are considering buying a home today. For one, because the presence of student loan debt generally "thickens" a credit record, providing more information about a person's payment history, and thus increases credit scores, the vast majority of those who are able to manage their payments and pay their loans on time preserve their access to credit, and many may even see their credit scores improve. Moreover, delinquencies on all types of credit have been steady in recent years, suggesting that, for some, the negative effect of missed student loan payments is somewhat offset by making consistent payments on their credit cards or auto loans.[65] Consistent with the fact that overall

[63] Zafar, Livingston, and van der Klaauw (2014).
[64] Brown, Caldwell, and Sutherland (2014). See Akers (2014) for an alternative view.
[65] Federal Reserve Bank of New York, Consumer Credit Panel (2014) and Dettling and Hsu (2014).

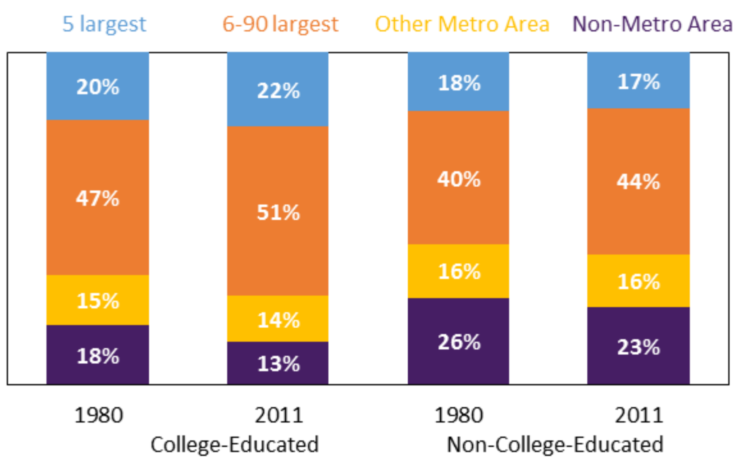
delinquencies have not been increasing in recent years, average credit scores among young adults have remained relatively constant. Lastly, research suggests that the extent to which higher student loan indebtedness is crowding out saving for a down payment appears to be modest so far, in part due to the higher returns to education facilitated by borrowing for college.

Fact 15: College-educated Millennials have moved into urban areas faster than their less educated peers.

Urban living in the United States has seen a resurgence during Millennials' lifetimes.[66] In keeping with this trend, Millennials are more likely to live in urban areas than earlier generations were at similar ages.[67] Growth in the share of 25 to 34 year-olds living in cities has been largest among mid-sized metropolitan areas (defined here as the 6th to 90th largest metro areas). These mid-size cities have attracted both college and non-college educated Millennials and have seen growth of around 5 percentage points in the share of the young adult population living in them today from 30 years ago. This is in keeping with long-term trends among the U.S. population generally, as the American population as a whole has moved from non-metropolitan areas towards mid-sized cities over the same 30-year period, albeit to a lesser extent.

The move toward cities has been greater among the college educated, who have increased their likelihood of living in both large and mid-sized cities. Overall, 73 percent of 25 to 34 year-olds with a college education were living in large or mid-sized cities in 2011, compared to 67 percent in 1980.[68] Among those without a college degree, 61 percent were living in large or mid-sized cities compared to 58 percent in 1980, and the growth in the share living in cities has only occurred in mid-sized cities.

Figure 33: Choice of Metropolitan Areas for 25 to 34 Year-Olds



Source: American Community Survey; CEA calculations.

College-educated Millennials are also somewhat more likely to live in a coastal city than their less-educated peers or Americans in general.[69] Americans overall are more likely to live in metropolitan

[66] Glaeser and Gottlieb (2006).
[67] Taylor and Keeter (2010).
[68] Changes to the coding of metro area residence in 2012 make it difficult to compare 1980 residence patterns with the most recent years of data.
[69] American Community Survey; CEA calculations.

areas away from the Atlantic or Pacific Coasts than they were in previous years. However, 25 to 34 year-olds in 2011 with a college education were slightly more likely to be found in a metropolitan area on the East or West Coast than they were around 30 years ago (33 percent versus 31 percent).[70] For those without a college degree, the proportion living on the coasts declined slightly over the same period (from 25 percent to 24 percent).[71]

Research in recent years has found that Americans with different levels of education are increasingly living in different areas. Berry and Glaeser (2005) note that since 1980, college graduates have gravitated towards urban areas that had higher levels of educational attainment at the beginning of this period, leading to increasing segregation by skill level across cities. Both Moretti (2013) and Diamond (2013) find that this geographic divergence has been partially driven by the demand for differently-skilled labor across cities. They also find that the divergence in skill levels across cities has been accompanied by diverging economic trajectories for "high-skilled" and "low-skilled" cities, suggesting that Millennials' increased sorting by skill has implications for economic opportunity.

[70] Ibid.
[71] Ibid.

Conclusion

The Millennial generation has taken part in many important transformations: from shifting ways of communicating and using technology, to changes in parenting practices, educational and career choices, and shifts in homeownership and family life. These developments have inspired much speculation about how this generation will fare later on in life and whether these trends are temporary or permanent. The answer to this question will depend, in part, on the policy choices we make in specific areas like education and housing and technology as well as the broader economic policies that help foster job creation and wage growth.

First, Millennials are a technologically connected, diverse, and tolerant generation. The priority that Millennials place on creativity and innovation augurs well for future economic growth, while their unprecedented enthusiasm for technology has the potential to bring change to traditional economic institutions as well as the labor market. For example, "crowdfunding" has enabled entrepreneurs to raise capital from diffuse sources online, rather than relying on traditional sources like banks to grow their businesses.[72]

Second, both Millennials' parents and Millennials themselves have made substantial investments in their human capital. Many of these trends are economically reasonable responses that will likely pay off for many Millennials over the long-term. For example, increasing college enrollment is a rational response to structural and cyclical trends: respectively, a labor market that confers ever large rewards on educated workers, and a weak job market which greatly reduced the opportunity cost of schooling during the downturn. Even as the economy improves, we expect enrollment to keep growing as long as college remains a worthwhile investment, albeit not as quickly as it had before. Moreover, Millennials are more likely than previous generations to study social science or applied fields that correspond to specific career paths.

Finally, as a result of the Affordable Care Act, Millennials are much more likely to have health insurance coverage than young workers in the past. Since the Affordable Care Act's dependent coverage provision went into effect in 2010, the uninsurance rate among Millennials has fallen by 13.2 percentage points. Increased health insurance coverage will likely translate into improved access to health care, health outcomes, and financial security. It may also have important labor market benefits: because the Affordable Care Act has made it easier for individuals to purchase their own health insurance, young adults are now better able to choose a job that fits their career goals, without having to worry about access to health insurance coverage.

That being said, challenges remain. First, research finds that macroeconomic conditions in childhood and young adulthood shape individuals' trajectories for years to come and can have lasting impacts on wages, earnings, savings and investment patterns, and trust in institutions among these individuals. This suggests that the Great Recession will at least affect Millennials' labor market performance as well as savings and investment behavior in the short-term, though at this point, it is still too soon to know how large and lasting these impacts will be.

[72] Hemer (2011); Agrawal, Catalini, and Goldfarb (2013).

Second, Millennials face a different labor market than previous generations, characterized by longer job tenure, fewer employer switches and career transitions, and lower overall fluidity. As a result, Millennials have stayed with their employers longer than Generation X workers did at the same point in their careers. At the moment however, the long-term impacts of these changes are unclear and there are both benefits and costs to longer tenure at jobs.

Third, total outstanding student loan debt has now surpassed $1 trillion in the second quarter of 2014, and there has been a recent increase in student debt delinquency rates even as delinquency rates on other types of debt have come down as the economy has recovered. In part, the growth of student loan debt is due to greater college enrollment among Millennials, but it is also due to a changing composition of students, rising tuition, reduced public funding, and diminished home equity. These trends raise concerns that some borrowers—particularly those who do not graduate from four-year institutions and those attending lower quality for-profit institutions—might face financial difficulties managing and paying down their debt. There are also concerns that students at these institutions might be receiving lower returns to their education.

Fourth, Millennials are less likely to own a home than previous generations. Homeownership trends have a significant cyclical component, as the household formation rate has historically closely tracked overall employment trends. The tight credit market has also made it more difficult to procure a mortgage. Nevertheless, longer-standing trends—liked getting married later—will continue to affect homeownership by this generation even after the economy has fully recovered.

Finally, in addition to these economic trends, Millennials are driving social and geographic shifts. Millennials are marrying later and less often than previous generations, while marriage rates have fallen especially sharply among the less-educated. In addition, Millennials—especially the more educated among them— have moved in large numbers to urban areas. These could have important economic implications for a long time to come because both marriage and geographic location have significant relationships with economic mobility and opportunity.[73]

So, while there are substantial challenges to meet, no generation has been better equipped to overcome them than Millennials. They are skilled with technology, determined, diverse, and more educated than any previous generation. Millennials are still in the early stages of joining and participating in the labor market. Taking steps to help them access and complete college, manage their student debt, have better opportunities for training and connection to jobs, access the credit they need for a home, protect the network neutrality that is the basis for much of their technological activity, as well as general policies to strengthen investment, job creation and wage growth, all have the potential to have a lasting impact for this generation and thus for U.S. economic performance for decades to come.

[73] Chetty, Hendren, Kline, and Saez (2014).

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