



Financial Realities: Generational Advice

July 2010

Objectives and Methodology

Objectives:

1. To provide insight into Americans' propensity to give advice against the backdrop of economic uncertainty.
2. Determine how advice compares across multiple generations (Gen Y, Gen X, Baby Boomers and Matures).

Methodology:

- The Financial Realities study was conducted online by Harris Interactive.
- 1,057 online interviews were completed between March 23 and April 26, 2010
- Results were weighted as needed by age, gender, education, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online.

Executive Summary

Americans Feel Responsibility to Pass Along Financial Advice

- Three out of four Americans feel a responsibility to pass along financial advice to others; half report actually having done so.
 - Men feel less of an obligation to give advice than women (29% of men reporting no sense of responsibility vs. 22% of women).

Good Advice is Ageless: Be Conservative with Money

- Financial advice was the most common type of advice provided from one generation to another.
- The top three pieces of advice were identical from the older generations to Gen Y that Gen Y would give to Baby Boomers about what they should have done differently, “Pay off debts faster,” “Prepare financially for retirement,” and “Save more.”

The Best Financial Decision I Ever Made

- Gen Y, Gen X and baby Boomers all reported that the single best financial decision they have ever made was to “start saving early.”
 - Interestingly, the Gen Y had a statistically higher percentage saying “I started saving early” (Gen Y 54%, Gen X 30%, Baby Boomers 30%).
 - Matures reported a tie for the best financial decision they have ever made between “I started saving early” and “I bought products with guarantees, like insurance and annuities” (Matures 21% for each).

Favor Personal Happiness Over Unnecessary Sacrifices

- Personal advice was also consistent among all ages. Respondents of each generation were most likely to advise “Don’t stay in an unhappy marriage,” “Be more willing to switch careers,” and “Take more time to have fun” compared to the alternatives.

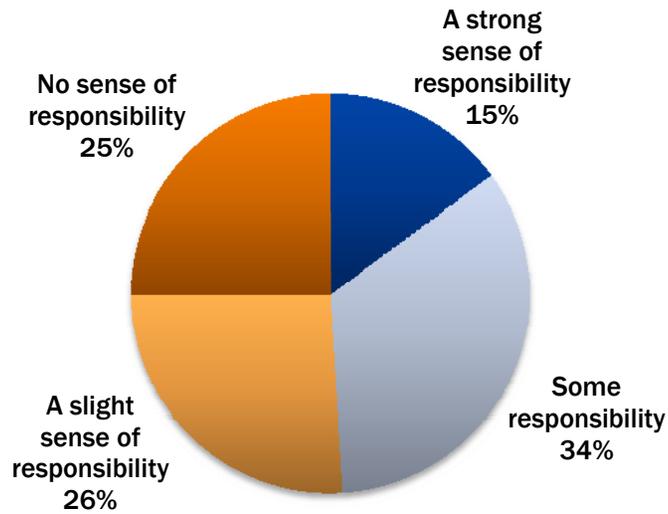


Detailed Findings
Generational Advice

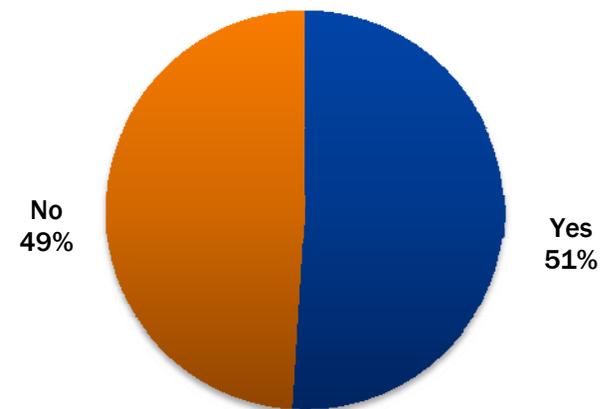
Three out of four Americans feel responsibility to pass along financial advice to others. Half have actually done so.

- Compared to women, men feel less obligated to pass along financial advice to others (29% of men feel no sense of responsibility compared to 22% of women).
- Older Americans and college grads give more financial advice than their counterparts (25-34 43%, 35-54 51%, 55+ 57%, College grad 62%, Non college grad 42%)
- As would be expected, Advice Seekers provide advice more often than the other segments (Independent Investors 49%, Advice Seekers 65%, Delegators 50%).
- It's interesting to note that Americans with household incomes of \$150K-<\$200K are significantly more likely than those with other incomes to say they feel no sense of responsibility to pass along financial advice learned to others (\$75K-<\$100K 23%, \$100K-<\$150K 23%, \$150K-<\$200K 41%, \$200K+ 24%).
- Americans making more than \$75K pass along financial advice more often than those making less (62% vs. 44%).

Responsibility to Pass Along Financial Advice Learned



Percent that Have Passed Along Financial Guidance to Others



BASE: TOTAL RESPONDENTS (N=1,057)

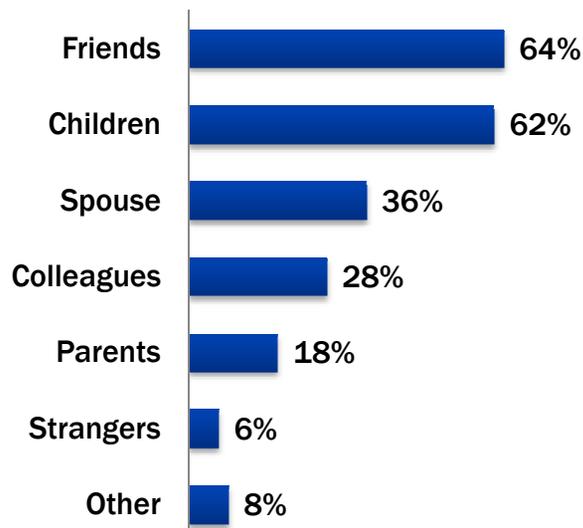
Q900 (28) How much responsibility do you feel to pass along financial advice learned to others?

Q905 (29) Have you passed along financial advice to others?

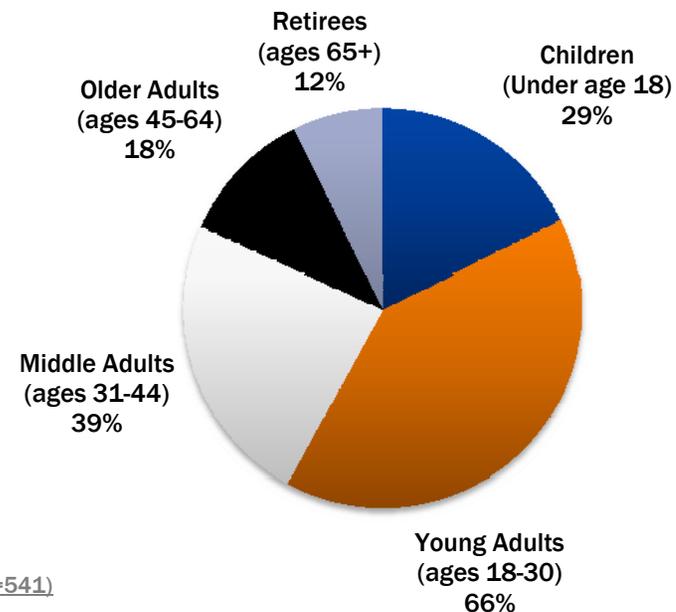
Friends and children are the most common recipients of financial advice. Two-thirds say young adults would benefit most from such advice.

- Men are more likely than women to give advice to friends (70% vs. 57%), spouses (42% vs. 30%) and colleagues (34% vs. 22%).
- While younger Americans give advice to their friends and parents, older Americans impart wisdom to their children.
 - Friends (25-34 82%, 35-54 62%, 55+ 57%)
 - Children (25-34 26%, 35-54 61%, 55+ 80%)
 - Parents (25-34 36%, 35-54 20%, 55+ 7%)
- College graduates are more than twice as likely to give advice to their colleagues than non college grads (37% vs. 17%).

Recipients of Financial Advice



Type of People Who Would Most Benefit from Advice



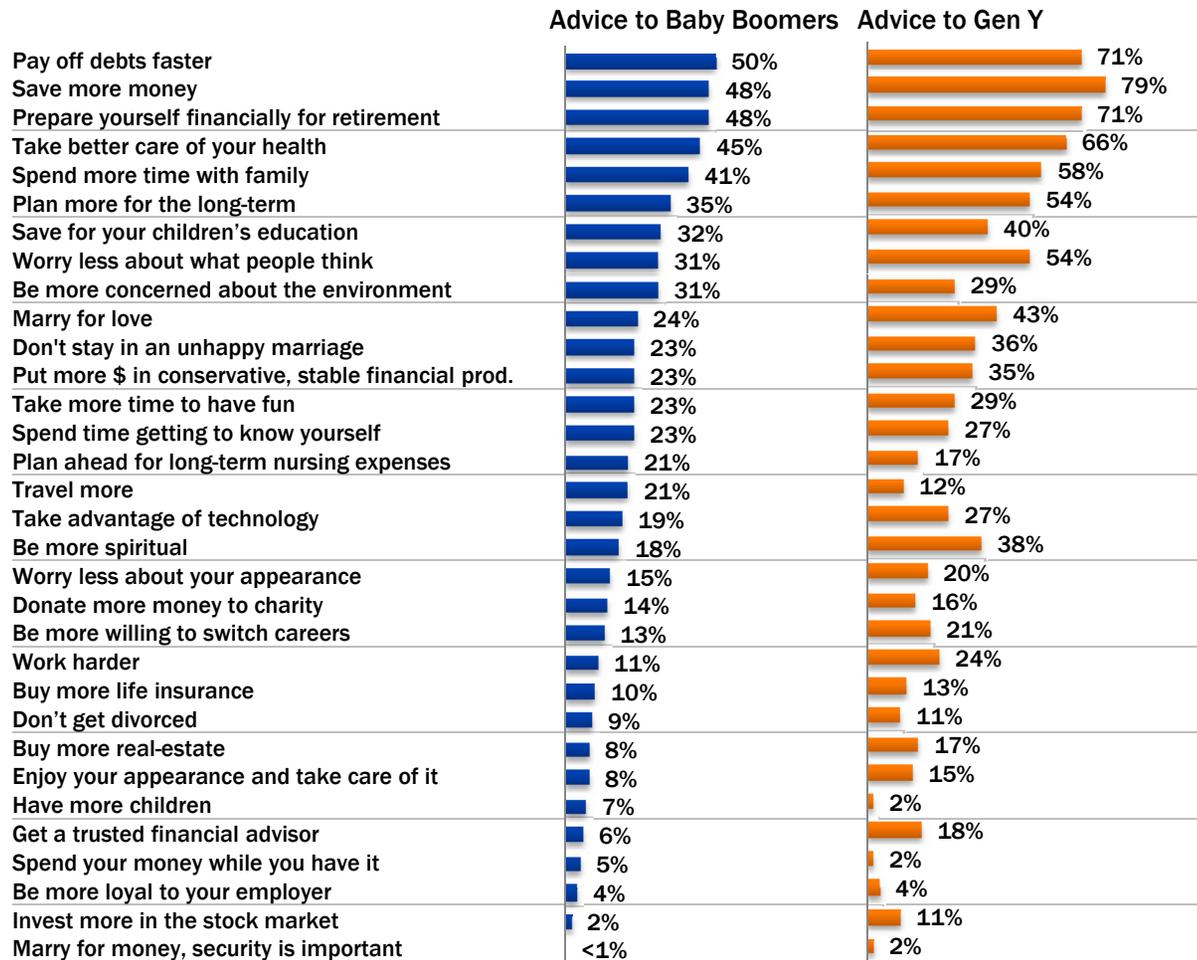
BASE: RESPONDENTS WHO HAVE PASSED ALONG FINANCIAL GUIDANCE TO OTHERS (N=541)

Q910 (30) Who are the recipients of that advice? (Check all that apply.)

BASE: TOTAL RESPONDENTS (N=1,057)

Q915 (31) Generally, what type of people do you think would benefit most from your advice? Please check all that apply.

The most common advice from one generation to the next is similar, with Boomers offering the advice at higher levels – pay off debt, save more and prepare financially for retirement.



GAPS

Advice more common from Gen Y to Boomers (you should have...):

- Traveled more +9%
- Had more children +5%
- Spent your money while you had it +3%
- Planned ahead for long term care expenses +4%
- Be more concerned about the environment +2%

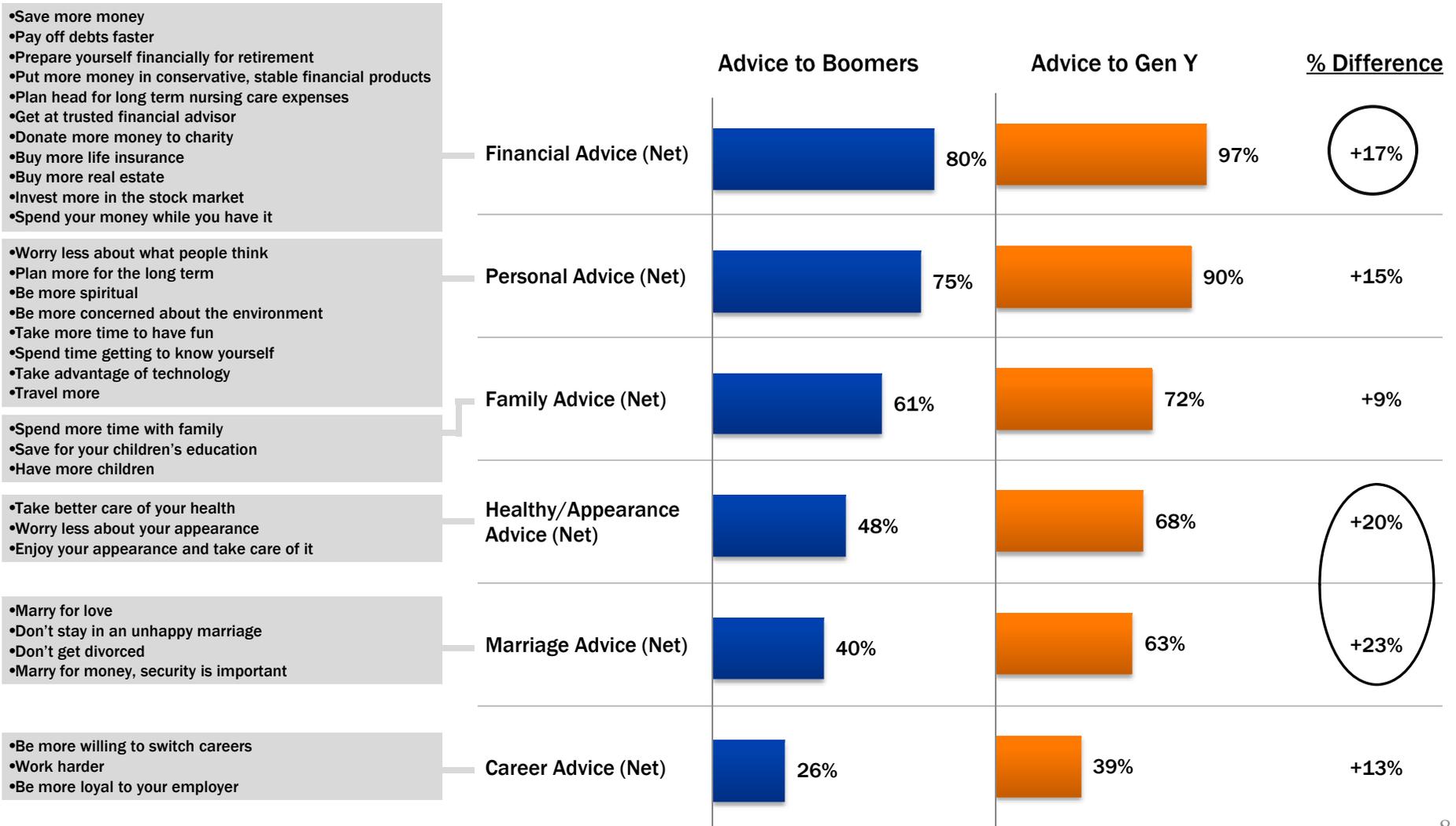
Advice more common from Boomers to Gen Y (you should...):

- Save more money +31%
- Worry less about what people think +23%
- Prepare yourself financially for retirement +23%
- Pay off debts faster +21%
- Take better care of your health +21%
- Be more spiritual +20%
- Marry for love +19%
- Plan more for the long term +19%
- Spend more time with family +17%
- Work harder 13%
- Don't stay in an unhappy marriage +13%
- Put more \$ in conservative products +12%
- Get a trusted financial advisor +12%

BASE: ALL QUALIFIED RESPONDENTS AGES 25-30 (N=167), AGE 45-64 (N=422)

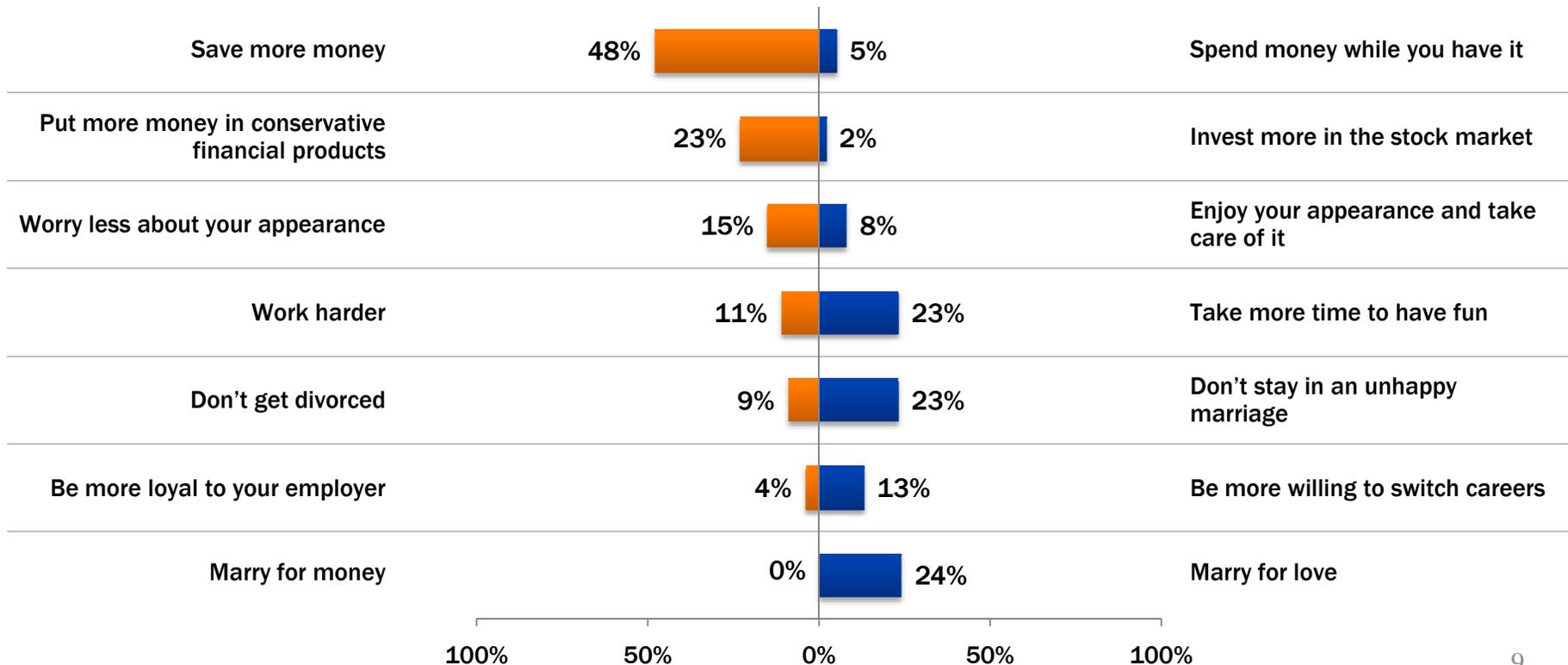
Q920 (32g,e)/Q925 (f,e) If you were providing the older [Baby Boomer generation/Gen Y generation (ages 18-30)] with advice regarding what they should have done differently, what would you tell them? Please select all that apply.

Financial advice tops the list of advice given to both generations. Compared to Gen Y, Boomers are much more likely to give financial, health/appearance and marriage advice.



Advice given from Gen Y to Boomers commonly ranks saving as being much more important than spending and conservative products as more important than stocks.

- Although the financial advice given to Boomers leans toward the more conservative/traditional options, Gen Y also wants Boomers to enjoy a happy life free from drudgery. Advice such as marry for love, take more time to have fun, don't stay in an unhappy marriage and be more willing to switch careers is prized more than twice as often as the alternatives.

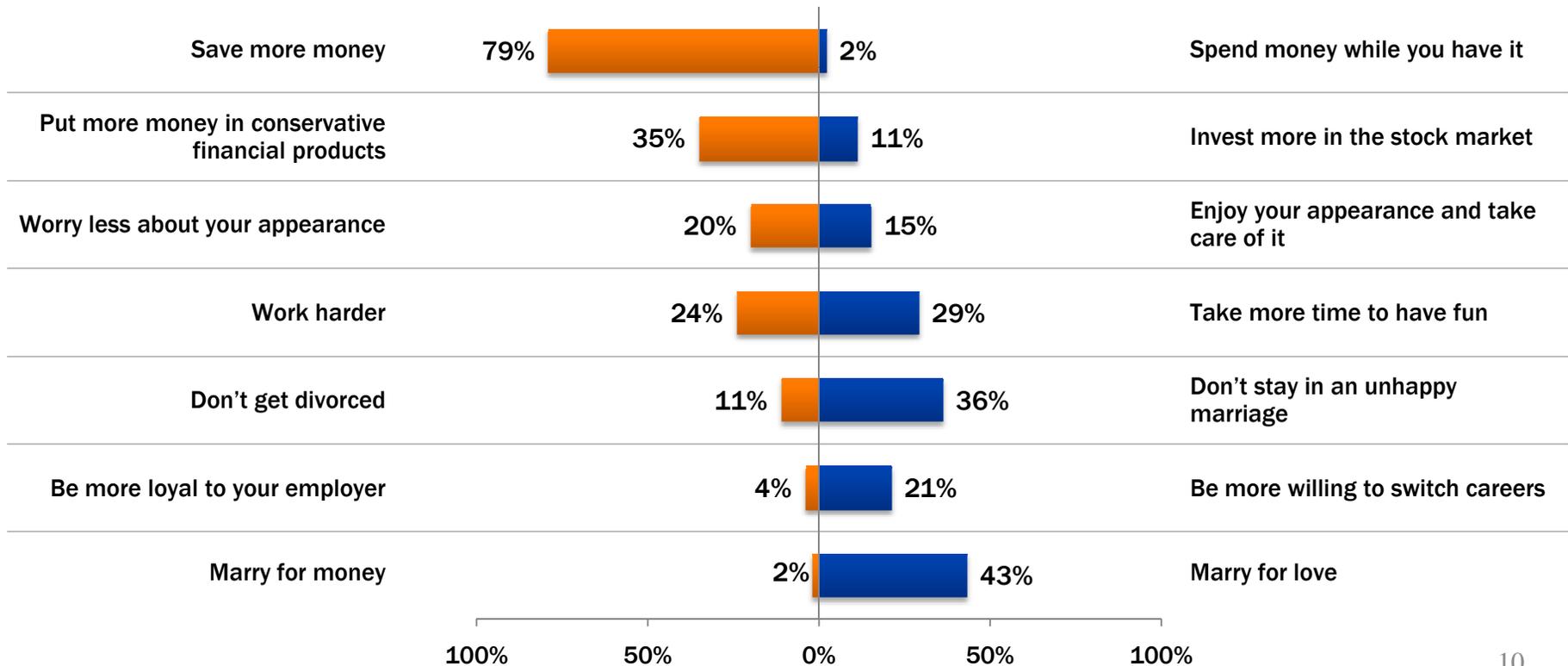


BASE: ALL QUALIFIED RESPONDENTS AGES 25-30 (N=167)

Q920 If you were providing the older Baby Boomer generation with advice regarding what they should have done differently, what would you tell them? Please select all that apply.

Boomers are 39 times more likely to tell Gen Y to save than to spend. Conservative products are advised three times more often than the stock market.

- Boomers tell Gen Y to save their money and use conservative products. However their advice also leans towards positive quality of life issues such as don't stay in an unhappy marriage, marry for money and be more willing to switch careers.

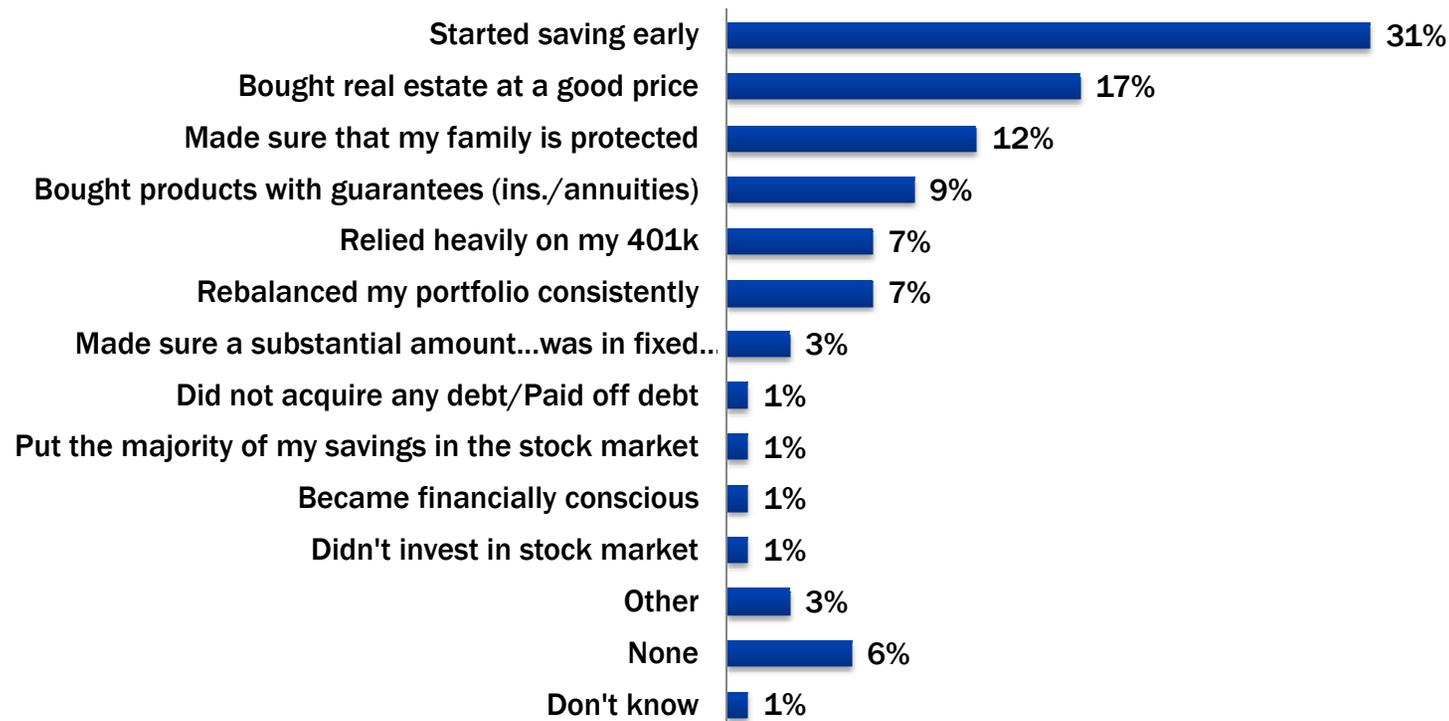


BASE: ALL QUALIFIED RESPONDENTS AGES 45-54 (N=422)

Q925 If you were providing the Gen Y generation with advice regarding what should do differently, what would you tell them? Please select all that apply.

Three in ten say the best financial decision they ever made was to start saving early.

- Compared to older Americans, Gen Y was most likely to say the best financial decision they made was to start saving early (Gen Y 54%, Gen X 30%, Boomers 30% Matures 21%).
- Matures are most proud they bought products with guarantees, like insurance and annuities (Gen Y 7%, Gen X 4%, Boomers 8%, Matures 21%).
- College graduates are most proud of their decision to ensure their family's protection (14% vs. 9%).
- Americans with household incomes of \$75K-<\$100K are significantly more likely than those making more to say the best financial decision they made was to buy products with guarantees – like insurance and annuities (\$75K-<\$100K 12%, \$100K-<\$150K 5%, \$150K-<\$200K 0%, \$200K+ 0%).



BASE: TOTAL RESPONDENTS (N=1,057)

Q950 What is the best financial decision you ever made? Please select one.