



financialfootprint® Brief:

College Educated Young Adults and Their Financial Matters in the Post Recession Economy

June 2012

Introduction

Over the past 18 plus months financialfootprint llc has been studying and monitoring the financial attitudes and behaviors of college students and graduates ages 18 through 34. Through our research and continuous engagement with the College Educated Young Adults [CEYA or “See-Ya” generation] we have not only been able to observe a pallet from which their money mindset is evolving, but also a picture from which financial and insurance companies can think about the products and services needed to win their next generation of clients.

The Young Adult population is nearly **71 million**, With **40 million** having completed some higher education, and **16.1 million** with Bachelor’s or Advanced Degrees.

Like all generations before them, CEYAs are largely a product of their environment and experiences. Most are children of Baby Boomers, with a fair amount of immigration infused, making this generation the most racially and culturally diverse in the United States. This also lends to their complexity and what makes them difficult to understand. At the same time, being a technology savvy generation has facilitated an environment where marketers have access to more data than they’ve had with any previous cohort. This boon of information offers both advantages and challenges. With so much information, and seemingly rapid evolving behaviors, what if anything does this data tell us?

Our work and interpretations, captured over nearly two years, are more than data points for consideration. We have engaged nearly 1,500 young adults over this time span including in-depth relationships with over 200, assisting them through problem solving financial matters and, education to support planning for the future. In many cases we also met with their parents, siblings, grandparents, professors and employers to better understand the support systems in place (or not in place) on which they rely. This intimate experience engaging the United States’ next generation of mid to upper middle class opens a window to their current and future needs.

Winning Over College Educated Young Adults

Broadly, we see 7 Elements that must be incorporated into the strategy and tactics of financial companies should they desire to win over CEYA's trust and dollars. Perhaps more importantly, at least in the short-term, is that this approach may win over their parents money as well. The **7 Elements** are:

- Personalized human interaction
- Accessibility and objectivity
- Education as a process
- Being relevant
- Advocacy
- Invest in creative
- Technology can help, and hurt

Personalized Human Interaction

- A story we heard over and over when we started was that the CEYA generation is all about technology. They bury their head in their phone, tablet, laptop or desktop and chat away via Facebook, instant messaging or more likely texting. While this is largely true we also heard something else. "When it comes to my money its serious and I want to talk to somebody that I can trust." In many cases this is for validation of something they read online or heard, but getting personalized human support leads to taking action.
- Unlike what we hear regarding current retirees, younger adults are not into financial seminars. While they admit they might pick up a tip or two, they also state that the generic nature of the information being shared is too often not on point for their specific needs, and as a result they will tune out. Additionally, they would never ask a question for fear of sharing personal financial information with people they don't know or trust.
- We continue to see a lack of trust with large financial institutions mainly due to the financial crisis of 2008 and how it affected older American's retirement plans and college savings.

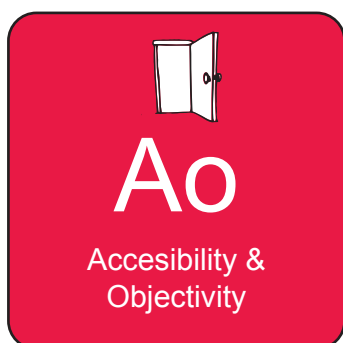


Advocacy

- By and large young adults are not sure where to go when it comes to getting useful financial education and support. What we frequently heard was that they would try a source that was recommended by trusted advocates, specifically mentioning their parents, college they attended and current employer.
- While they discuss the importance of peer group advocacy it clearly falls behind these three when it comes to financial matters.



Accessibility and Objectivity



- Accessibility takes two forms:
 1. Is the resource available when and where I need it, and;
 2. Is it affordable?
- With the internet offering so many “free” resources one might believe that CEYAs expect financial education at no cost. Not true, in fact **fully 70% said they are willing to pay for support in areas such as investing and planning for their future.**
- Objectivity facilitates trust, but does not guarantee it. Like life in general, trust must be earned. However, consistently we see young adults ask us to become subjective when they are ready for us to be subjective; e.g., tell me which product I should buy.

Invest in Creative

- Making the client experience enjoyable and entertaining is critical but so is striking the right balance between fun and serious. Repeatedly we hear that there is an expectation for being serious when it comes to financial matters, yet to be creative while doing so elevates client engagement.
- We recommend a bias toward over investing in creative content and communications versus approaches that might be taken with other age demographics.



Education as a Process



- We are told time and again that seminars and group curriculums are ineffective and uninteresting do to their lack of focused relevance at a personal level.
- Try it and then count how many members of your audience are texting the person next to them asking if they want to play a mobile game.
- We recommend starting with a topic that is lifecycle specific and impacts the person imminently. From there a personalized educational program can be established that collaboratively creates buy-in and ownership from the young adult client.

Technology Can Help and Hurt

- CEYA's that are open to financial education are primarily validators. They are highly likely to do their own research while utilizing your support. Creating the "killer app" via a technology investment may lead to over engineering your solution and client experience.
- **Likely to work** – active communication tools like alerts and reminders, clean website, simple applications, video and mobile
- **Less likely to work** – sophisticated calculators, labor intensive tools, immense library of written content, overly sophisticated website



Being Relevant

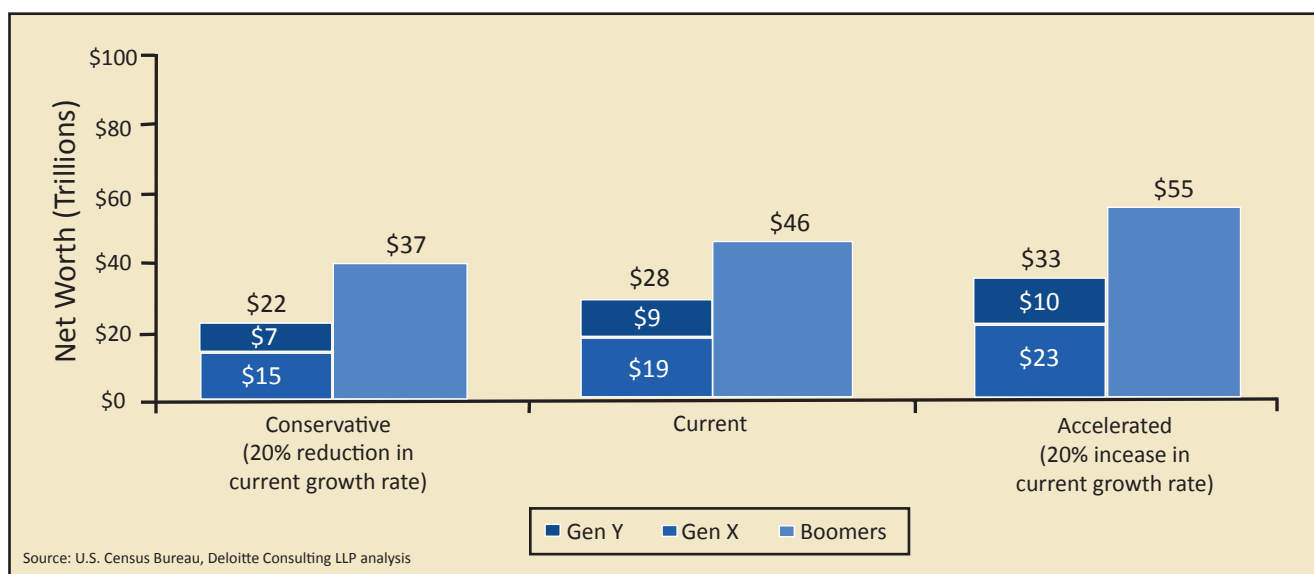
- The Education as a Process theme facilitates being relevant, all the time. Often you will hear sales people say they always consider the client's natural habit to ask "what's in it for me". Being able to answer this question is also a requirement when offering financial education and advice to CEYAs



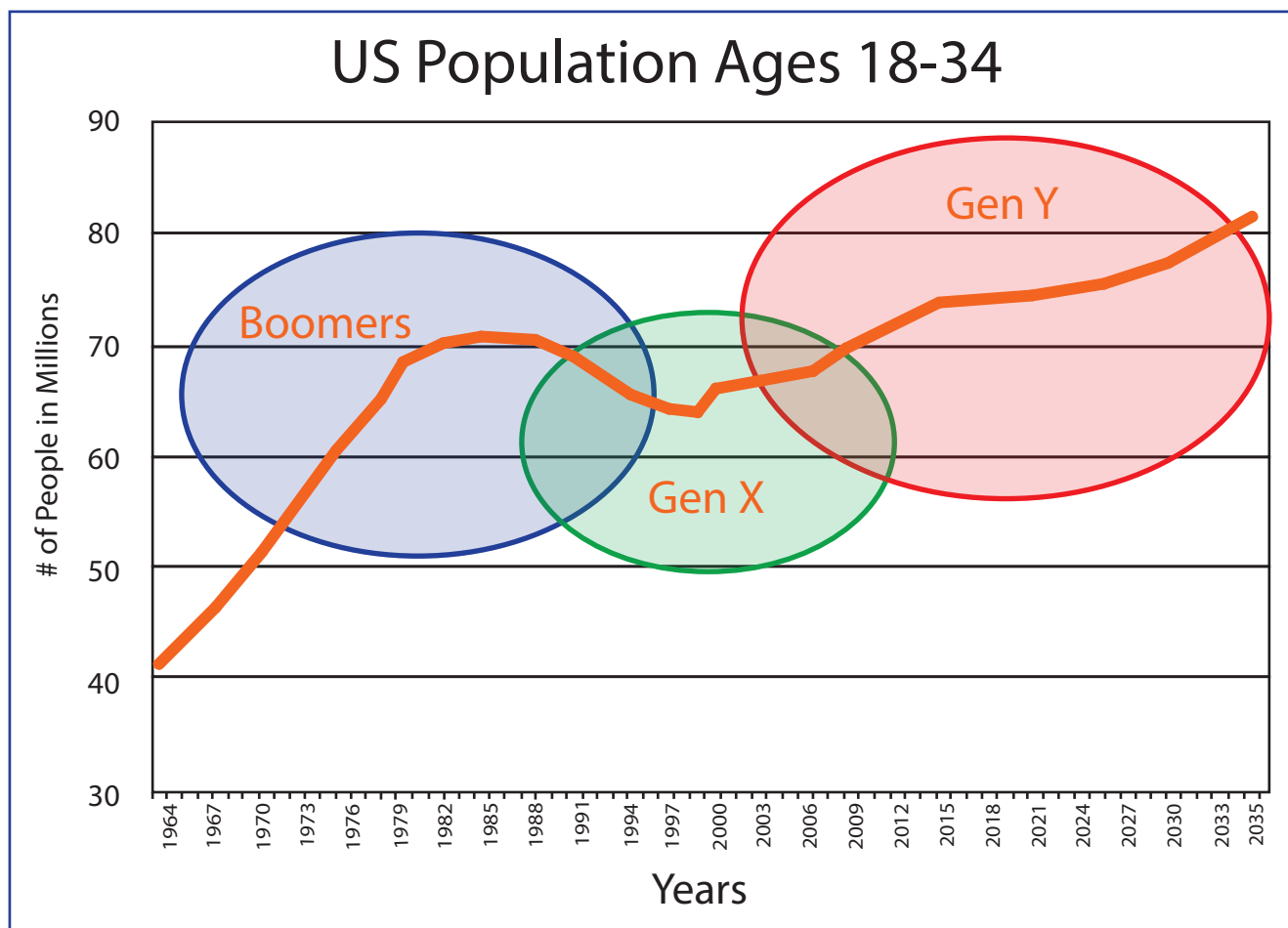
CEYA's Life Stages	Relevant Topics
College Juniors & Senior	Credit Cards, Credit Score, Student Loans, Job Search, Renting, Auto Insurance, Getting a car
First Job	Retirement Plans, Employee Benefits, Budgeting, Saving, Investing, Debt Management, Cost of and Saving for Grad School
Job Change	Health Insurance, Change in Employee Benefits
Job Loss	Health Insurance, Job Search, Student Loans, Cash Flow, Debt Management
Recently Engaged	Insurance, Saving for a Home, Retirement Plans, Investing, Debt Management
Just Married	Insurance, Budgeting, Financial Planning

Projected 2018 Estimate of Total US Net Worth by Age Group

CEYA's wealth and buying power will begin to significantly impact the US economy over the next 10 years.



There remains some unresolved discussion surrounding the starting and ending birth years for Generation Y. What is not being debated is the fact that this will be the largest and most diverse generation in the history of the United States, in excess of 80 million, continuing to grow in large part due to immigration.



financialfootprint llc is an innovation and management consulting firm specializing in helping financial services companies accelerate growth in acquiring their next generation of clients through customer insights, prototyping and industry experience. In addition we are commercializing a personal finance education and planning service that provides individuals one-on-one access to experts via technology. The unique web based platform facilitates on-line video and chat interactions that allow for productive, high value, short duration meetings in 30 minutes or less. We are an objective resource to our clients as we do not sell any financial products or clutter the website with advertising.

The supporting documentation behind this paper includes both primary and secondary research.

Primary research includes the following:

- 8 Focus Groups with young adults ages 20 – 34
- Meetings with 40 college administrators via 3 Focus Groups and One-on-One
- Implemented programs with 3 universities and 2 financial services companies
- Engaged nearly 1,500 young adults in its services over the past 24 months

The principals of financialfootprint have 50+ years experience and developed expertise in; financial planning, product & service innovation, wholesale distribution and business strategy. Career experiences in both entrepreneurial environments and within growing/evolving insurance company distribution organizations across a broad range of products and channels.

For further information on financialfootprint llc go to **www.financialfootprint.com** or email us at **info@financialfootprint.com**.