

# Generations Ahead

A novel approach to retirement across three generations



Allianz Life Insurance Company of North America  
Allianz Life Insurance Company of New York

ENT-3055

For all that's ahead.<sup>SM</sup>

**Allianz** 

# Saving and spending to and through retirement.

The road to retirement has seen great change over the years – and now more than ever, Americans are faced with the increasing responsibility to sustain their own financial security for the rest of their lives. How each generation is responding to this challenge is unique to their upbringing, socioeconomic influences, technological advances, and their overall outlook on life. The Allianz Generations Ahead Study seeks to highlight thought-provoking trends and insights from each generation, and explore how they vary and how they align in terms of saving, spending, and planning for the future.

## Methodology

Allianz Life Insurance Company of North America (Allianz) commissioned Larson Research Strategy Consulting to field qualitative discussions and a broad-based quantitative survey among 3,006 U.S. adults ages 20-70 with a minimum household income of \$30,000. The broad parameters were designed to be inclusive and paint a broad representative picture of the U.S. population for millennials, Generation X, and baby boomers.

### Millennials

**BORN** 1980 – 1996

**AGE** 21-36

(groups were 22-31)

N = 1,000

### Generation X

**BORN** 1965 – 1979

**AGE** 37-51

(groups were 39-47)

N = 1,000

### Baby boomers

**BORN** 1946 – 1964

**AGE** 52-70

(groups were 56-67)

N = 1,000

This document was accurate at the time of release and reflects the responses and interpretation of findings for that period in time. For more information on this and other studies, please visit our website at [www.allianzlife.com](http://www.allianzlife.com) or [www.allianzlife.com/new-york](http://www.allianzlife.com/new-york).

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DISCOVERY 1

# Retirement readiness varies, but stands as an important task across generations.

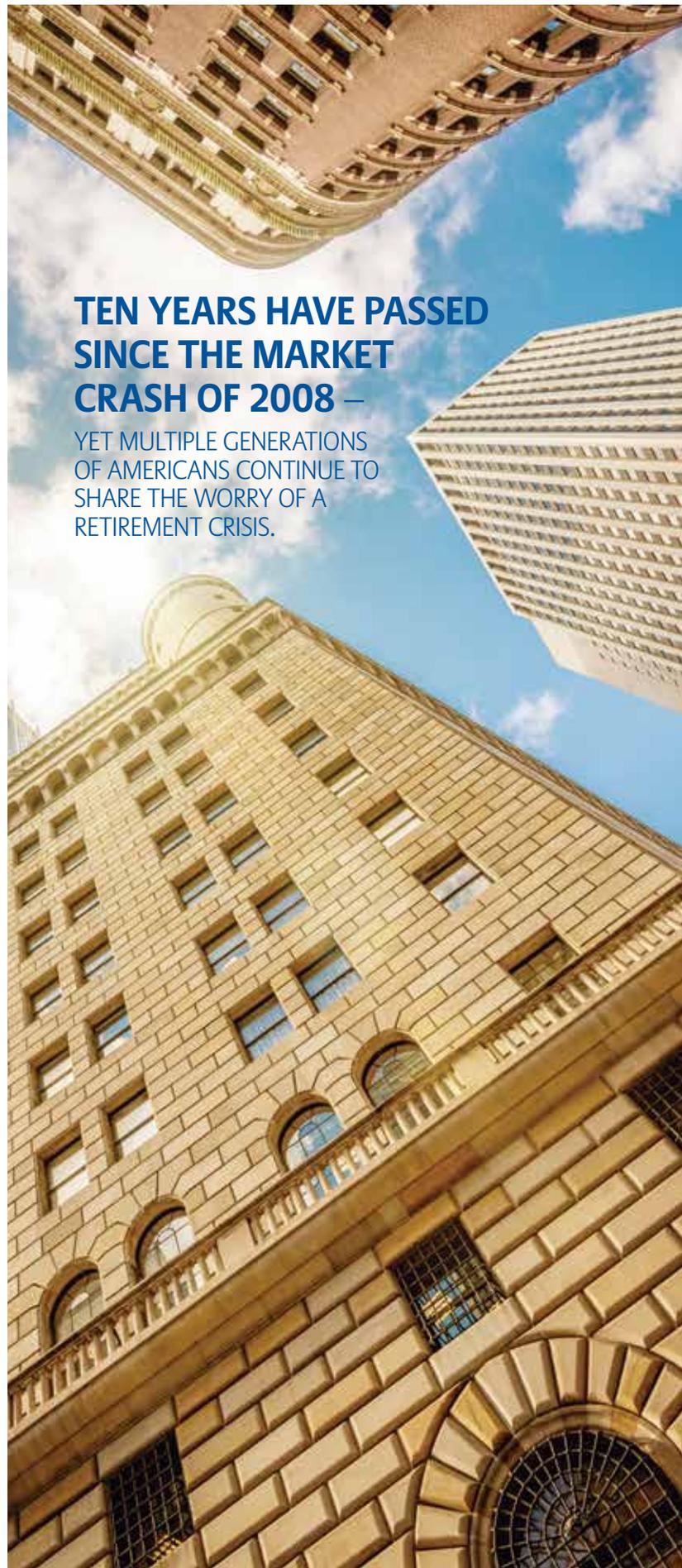
Ten years have passed since the market crash of 2008 – yet multiple generations of Americans continue to share the worry of a retirement crisis. The lingering effects of the market crash paired with today’s economic environment have prompted many Americans to place more emphasis on guarantees over high returns. In combination with the decline of Social Security and other government-sponsored programs, many Americans may see financial security in retirement as an individual responsibility.

Despite this uncertain climate, optimism is growing for some. Seven out of 10 boomers report feeling financially prepared for retirement – an increase of almost 15 percentage points from 2010.<sup>1</sup> And while millennials aren’t reporting the same financial preparedness as boomers, they are reporting an average of \$35,000 in retirement savings, the same amount as Gen Xers who are next in line for retirement. Though Gen Xers’ savings for the future would indicate otherwise, 63% are still holding on to the belief that “everything’s going to work out” in the future.

Seven out of 10 **boomers report feeling financially prepared** for retirement.



<sup>1</sup> The Allianz *Reclaiming the Future* Study, 2010.





IT'S NOT ENOUGH TO HAVE  
THE HOUSE AND CAR – **BUT  
RATHER, THE DREAM HOUSE  
AND THE DREAM CAR.**

## DISCOVERY 2

# The American dream is alive and well, but evolving.

75% of millennials are still holding on to the traditional definition of the American Dream and define it as having a successful job, owning a home, having nice things, and raising a family. 76% of boomers and 73% of Gen Xers report that, deep down, they want the nice house, kids, and two-car garage. And today that dream is bigger. It's not enough to have the house and car – but rather, the dream house and the dream car.

While today's American Dream still includes tangible possessions, a noticeable shift is happening. More than 70% of each generation believes the American Dream embraces personal fulfillment, too. 79% of millennials, 72% of Gen Xers, and 68% of boomers agree: Today's American Dream is about charting your own course, doing your own thing, and not subscribing to traditional routes towards fulfillment.

In addition, each generation still places emphasis on the dream for their children to find greater success than they did.

**Today's American Dream is about charting your own course**, doing your own thing, and not subscribing to traditional routes toward fulfillment.

**Millennials: 79% AGREE**

**Gen Xers: 72% AGREE**

**Boomers: 68% AGREE**

### DISCOVERY 3

## Partnered Americans are struggling to achieve financial harmony.

Today's economic landscape is contributing to financial tension among partnered Americans. 73% of coupled millennials say they struggle to share the same financial priorities or outlook as their partner. 70% of women worry about not having enough money in the future, whereas, almost equally opposite, 75% of men report feeling optimistic for the future and that their income will last throughout their lifetime. These vastly different outlooks may explain why over half of boomers, 63% of Gen Xers, and 79% of millennials agree it's a good idea to keep at least some money separately. Additionally, over half (59%) of millennials admit to having at least one account their partner doesn't know about.

Many couples believe their partner is the financial problem and a majority identify themselves as being more knowledgeable about money.

Will my income last throughout my lifetime?



### DISCOVERY 4

## Spend on experiences, or save for retirement?

Experiences are of great value across all generations. In fact, over three-quarters place more importance on finding a job that provides happiness or fulfillment over one that provides more income. And the value of experiences increases even more across all generations with kids. 70% of millennials, 66% of Gen Xers, and 54% of boomers with children agree that creating great experiences for kids and family takes precedence over setting money aside for retirement or the future.

Across all generations, with or without children, nearly 90% of respondents agree that "experiences make you a better person," lead to a more meaningful life, and allow them to feel more connected to others.

NEARLY 90% OF  
RESPONDENTS  
AGREE:

EXPERIENCES  
MAKE YOU A  
BETTER PERSON

## DISCOVERY 5

# The rise of technology yields savvy consumers.

With the rise of technology comes an experienced wave of technology users. Each generation has a multitude of financial apps and tools to help them track and manage their money. 70% of millennials report using such tools to help manage their money and track their spending and saving. Technology may also be responsible for helping 71% of millennials who are coming up with tricks to save money – such as using multiple accounts

to set aside money for different purposes, or to keep them from spending beyond their budget.

Millennials aren't the only generation using digital resources effectively. 76% of boomers now prefer email communication with their financial professional, up from only 14% in 2014.<sup>1</sup> More access to technology could also be linked to the increase in DIY preferences among boomers and Gen Xers, doubling their preference to “make their own financial decisions and plans” since 2014.<sup>1</sup>



## DISCOVERY 6

# Social media similarly influences our financial habits.

As members of the digital age, negative self-comparison seems to affect our emotions and our wallets alike. 88% of millennials, 71% of Gen Xers, and 54% of boomers believe that social media platforms like Facebook, Instagram, and Snapchat create a tendency to compare their wealth or lifestyle to others'. 61% of millennials admit that social media garners feelings of inadequacy about their own life and what they have – prompting 57% of them to spend money for fear of missing out. It doesn't end there. Half of millennials report feeling like they spend more money on social activities than on mortgage or rent.

While digital activity may be most popular among younger generations, one-third of boomers share a similar fear of missing out while consuming social media.

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## DISCOVERY 7

# Lessons learned from the past shape strategies for the future.

The pitfalls of past economic environments seem to affect each generation differently. In general, boomers adapt financial attitudes of the past, with 65% in agreement that “a penny saved is a penny earned” – a symbolic saying of previous generations.

Millennials have developed their own attitudes in response to the environment they grew up in; 66% report they are much better with money than their parents were, and 65% are “uncomfortable with too much debt” because they saw their parents struggle with it. In fact, nearly one-quarter of millennials reported watching their parents suffer major financial setbacks after the 2008 market crash.

Past experiences inflict one-third of millennials, who want to plan and save more carefully than their parents did.

## IN GENERAL, BOOMERS AGREE:

A PENNY  
SAVED IS A  
PENNY EARNED

## DISCOVERY 8

# Distinct financial habits contribute to **our ability to save.**

Ultimately, to what extent does today's environment affect spending and saving habits? When asked if they considered themselves savers or spenders, 64% of boomers say they are savers. In contrast, 63% of millennials, and to a lesser extent, 51% of Gen X, see themselves as spenders.

Certain financial habits seem to contribute to this distinction between savers and spenders. 77% of boomers would wait for a sale rather than buy something now. Even more so, 65% of boomers consider saving for retirement a necessity just like food or housing. Additionally, a full quarter of boomers contribute more than 13% of their income to their 401(k) – so it's no surprise that they have about twice the amount of retirement savings than Gen Xers or millennials.

While millennials aren't as financially disciplined as boomers, 41% attest to setting aside money every month for saving, compared to only 36% of Gen Xers. Adding to the disparity, one in five Gen Xers report never having enough money left over for saving.



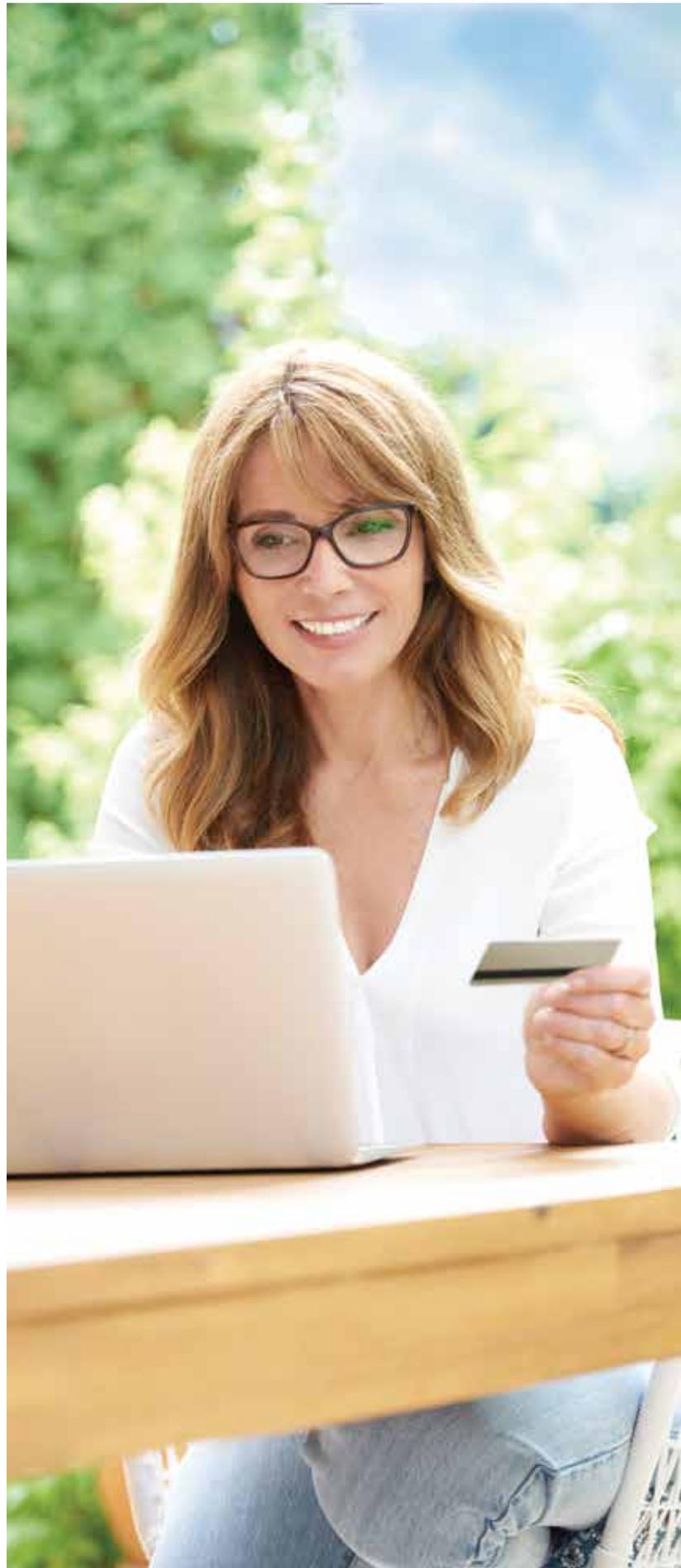
64% of boomers  
ARE SAVERS



51% of Gen Xers  
ARE SPENDERS



63% of  
millennials ARE  
SPENDERS



## DISCOVERY 9

# To some, debt is inevitable.

Hindering their means to save, Gen Xers carry the highest amount of mortgage debt across all generations, averaging \$123,000. This also might be why 46% of them – the highest across all age groups – believe they don't have the money to hire a financial professional. Moreover, half of Gen Xers report they'd be too embarrassed to tell a financial professional if they were carrying a lot of credit card debt. Although they are not feeling too much shame, as 64% agree that "lots of smart, hardworking people who are careful with spending also have a lot of credit card debt."

Millennials don't land too far from these attitudes either. 61% of them believe that accruing debt to manage day-to-day purchases is simply a fact of life.

Despite these complacent attitudes, over three-quarters of all generations agree you should still make monthly contributions toward retirement or savings for the future – even while carrying debt.

## 64% OF GEN XERS AGREE:

LOTS OF SMART,  
HARDWORKING PEOPLE  
WHO ARE CAREFUL WITH  
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A LOT OF CREDIT  
CARD DEBT

## DISCOVERY 10

# Because each generation approaches retirement at a different pace, financial guidance remains relevant.

Although today's financial landscape has given way to new types of consumers, experienced assistance from a trusted financial professional remains relevant. As we've learned:

- Due to lasting effects of the 2008 market crash, Americans generally have an increasing preference for guarantees over high returns.
- All generations share similar attitudes of wanting their children to have better than what they had – a foundational pillar of legacy planning.
- Boomers are increasing their openness to communicating with financial professionals in new ways.
- The value of a financial professional is still evident with Gen Xers, who need help managing multiple financial priorities.
- Millennials are demonstrating goal-based behaviors by using separate accounts to fund different needs. Of the millennials whose employers offers a 401(k), 91% of them are contributing monthly, which is a great beginning to a more successful retirement strategy.



**To learn more** about generational differences, visit [www.AllianzLife.com/GenerationsAhead](http://www.AllianzLife.com/GenerationsAhead).



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