

# An Intergenerational Perspective on Retirement Solutions

## Annual iOme College Challenge Forum

June 22, 2022 📍 Washington, DC

The iOme Challenge engages younger generations in finding solutions to the financial and retirement challenges facing all generations.

2022 Winning Team

St. Mary's College of Maryland





# 2022 Personal Finance (P-Fin) Index

Anne Ollen  
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Women's Institute for a Secure Retirement (WISER)  
*An Intergenerational Perspective on Retirement Solutions*  
Annual iOme College Challenge Forum  
June 22, 2022

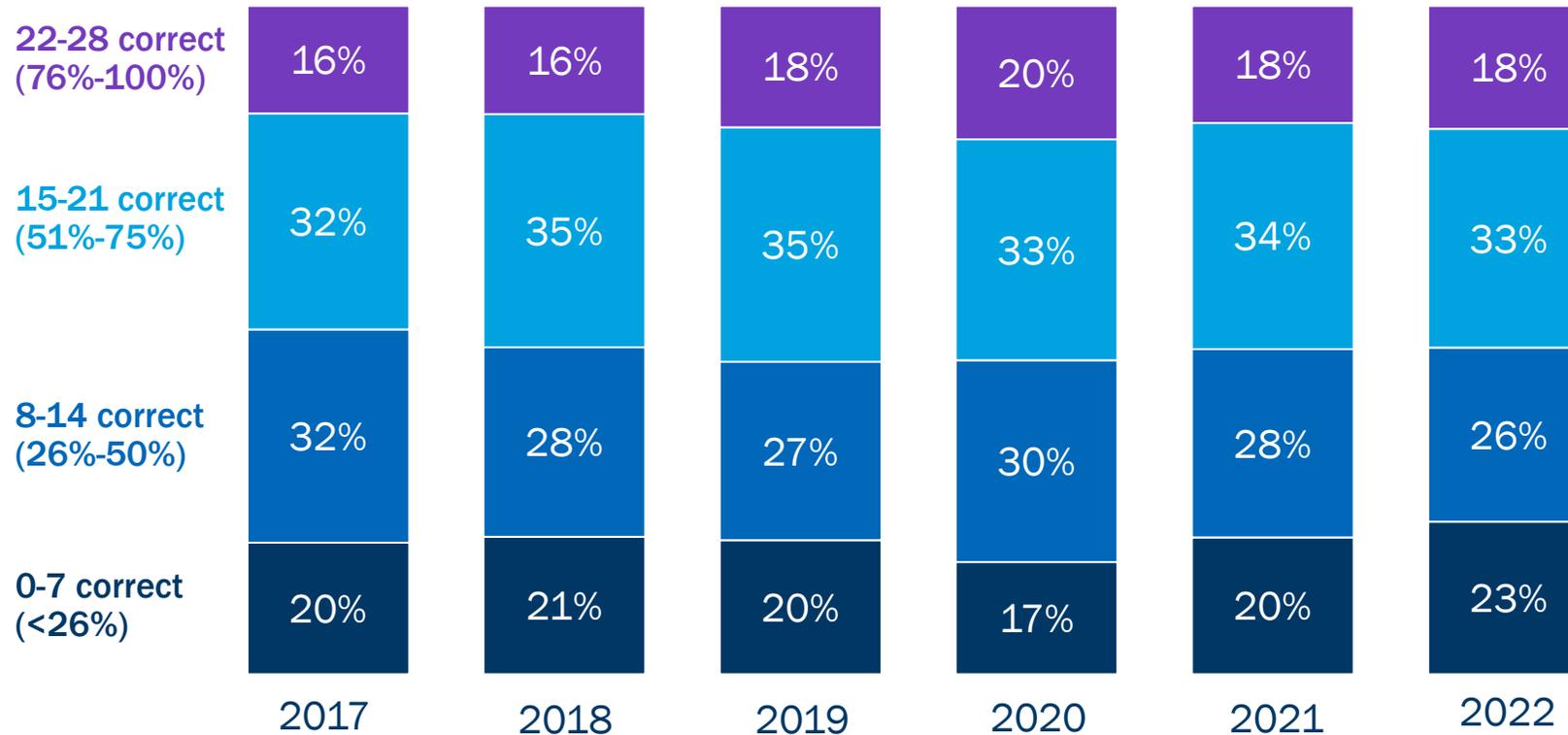
# Functional knowledge

The P-Fin Index measures financial literacy in eight areas.

1. Earning – determinants of wages and take-home pay.
2. Consuming – budgets and managing spending.
3. Saving – factors that maximize accumulations.
4. Investing – investment types, risk and return.
5. Borrowing/managing debt – relationship between loan features and repayments.
6. Insuring – types of coverage and how insurance works.
7. Comprehending risk – understanding uncertain financial outcomes.
8. Go-to information sources – recognizing appropriate sources and advice.

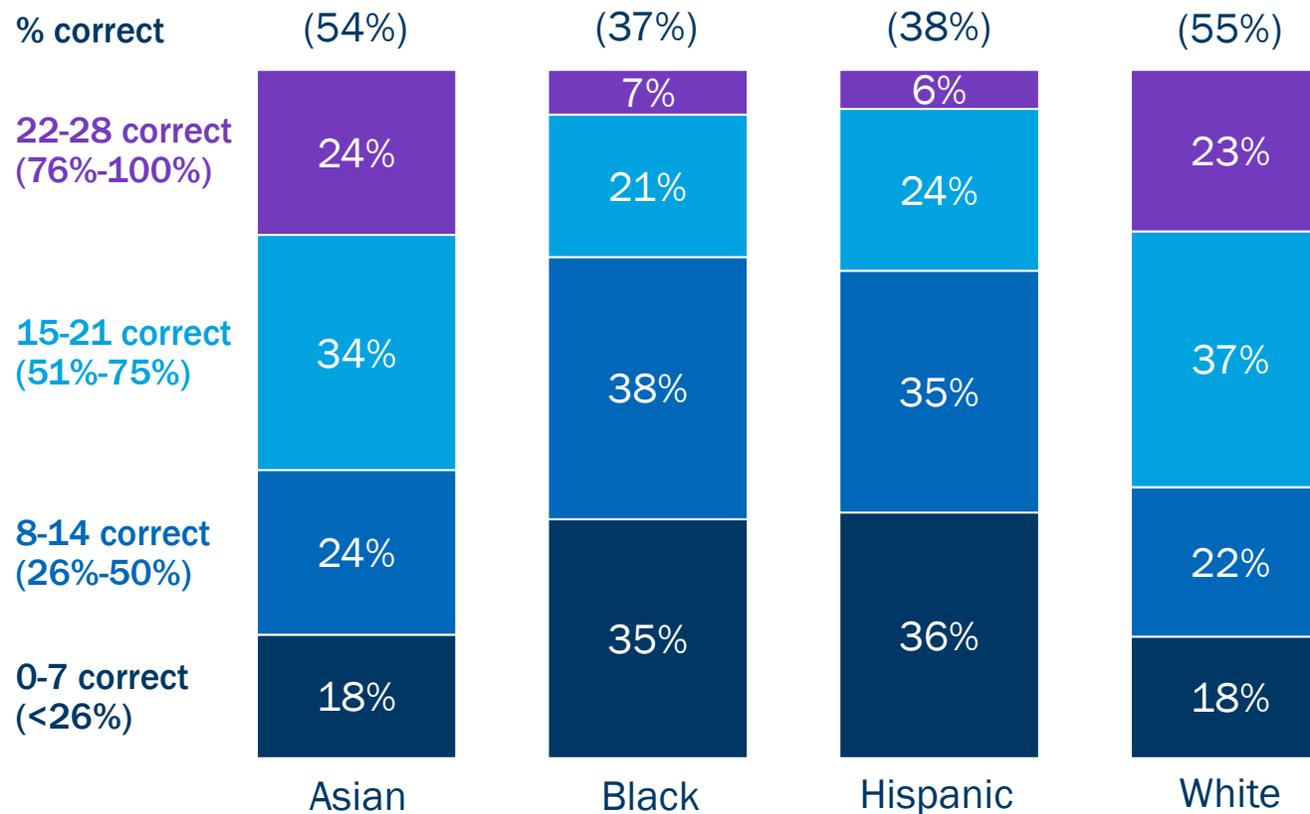
# Financial literacy among U.S. adults, 2017-2022

Distribution of correct answers to *P-Fin Index* questions



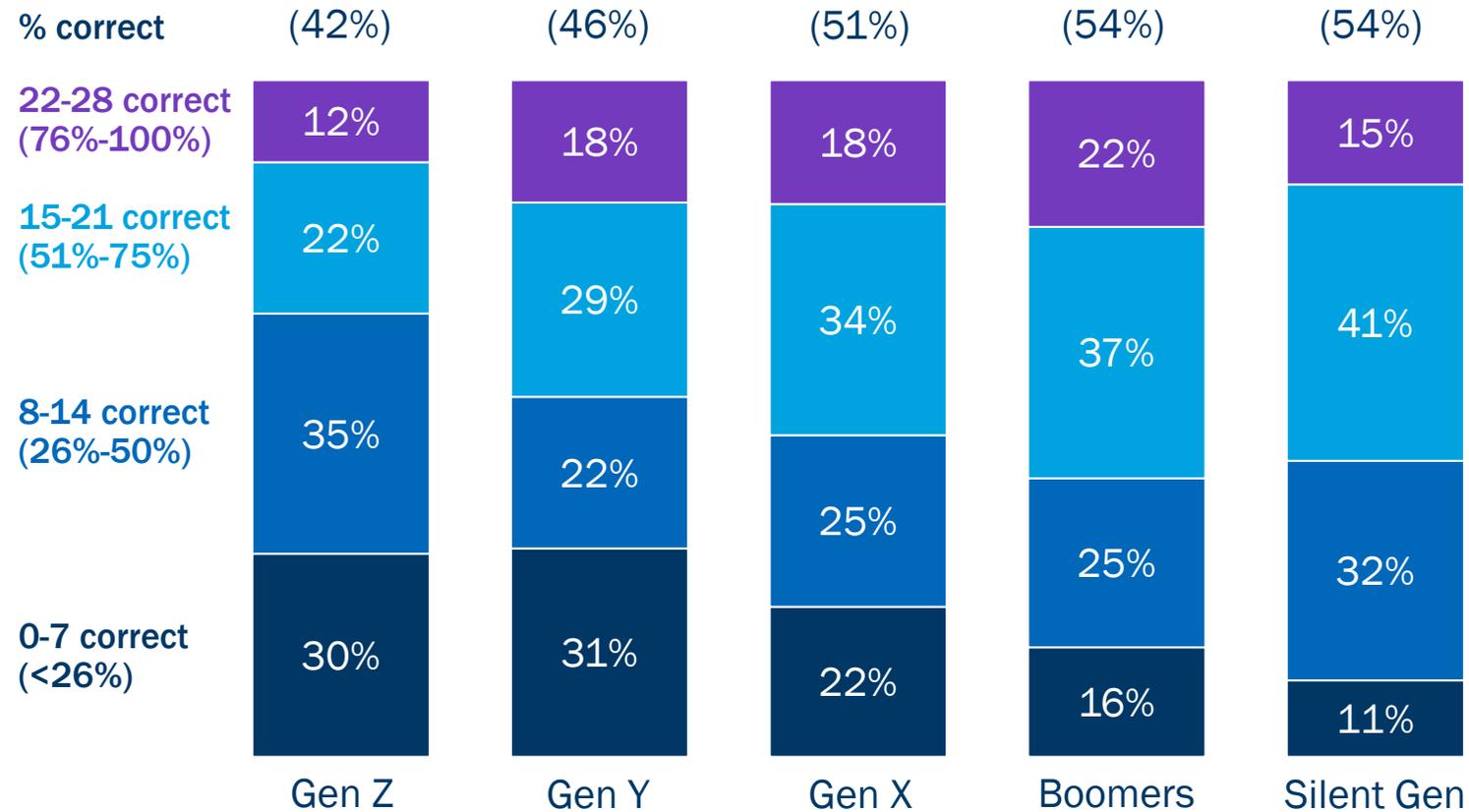
# Financial literacy by race and ethnicity

Distribution of correct answers to *P-Fin Index* questions



# Financial literacy by generation

Distribution of correct answers to *P-Fin Index* questions



## Financial literacy and financial well-being (by race and ethnicity)

% of P-Fin questions answered correctly	Asian		Black		Hispanic		White	
	≤50%	>50%	≤50%	>50%	≤50%	>50%	≤50%	>50%
Find it difficult to make ends meet in typical month	29%	10%	39%	20%	42%	23%	33%	11%
Debt payments prevent adequately addressing other financial priorities	16%	11%	30%	21%	40%	27%	21%	11%
Certainly could not come up with \$2,000 for an unexpected need	17%	7%	32%	19%	20%	14%	26%	12%
No or not sure: have one month of expenses in non-retirement savings	62%	14%	71%	41%	67%	34%	53%	18%
Spend 10-plus hours per week on financial issues	12%	8%	28%	18%	24%	15%	20%	9%
Dissatisfied with current financial situation	16%	8%	29%	21%	27%	25%	22%	10%

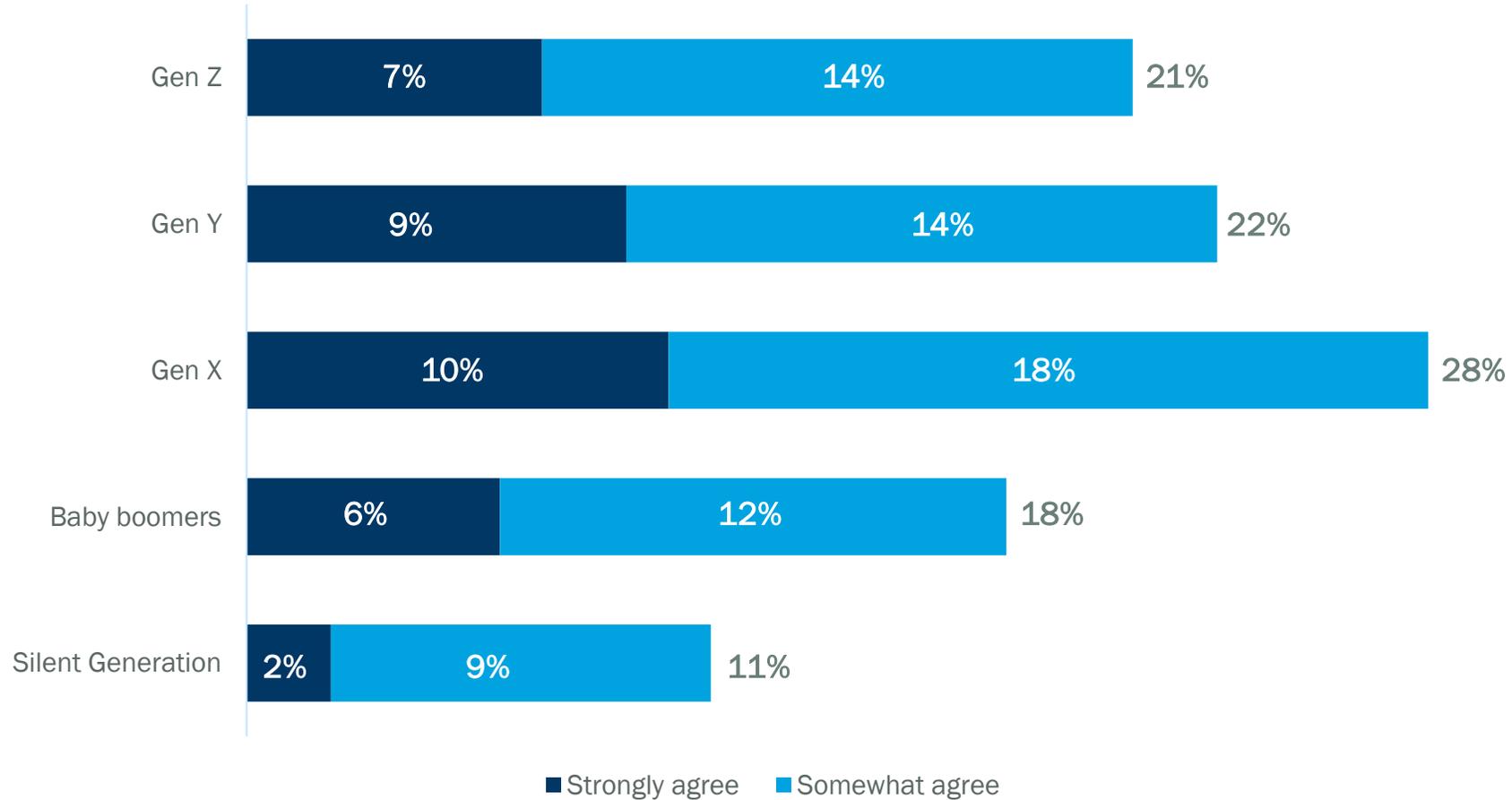
# Functional knowledge across generations

% of *P-Fin Index* questions answered correctly

	Gen Z	Gen Y	Gen X	Baby boomers	Silent Generation
Borrowing	52% (1)	60% (1)	59% (1)	66% (1)	64% (1)
Saving	52% (1)	57% (2)	54% (2)	61% (2)	62% (2)
Consuming	50% (3)	53% (3)	52% (3)	55% (4)	50% (7)
Earning	43% (5)	51% (4)	52% (3)	56% (3)	56% (3)
Go-to info source	44% (4)	48% (5)	44% (6)	51% (7)	52% (5)
Investing	39% (6)	43% (6)	45% (5)	52% (6)	52% (5)
Insuring	28% (8)	38% (7)	44% (6)	54% (5)	56% (3)
Comprehending risk	33% (7)	37% (8)	36% (8)	39% (8)	40% (8)

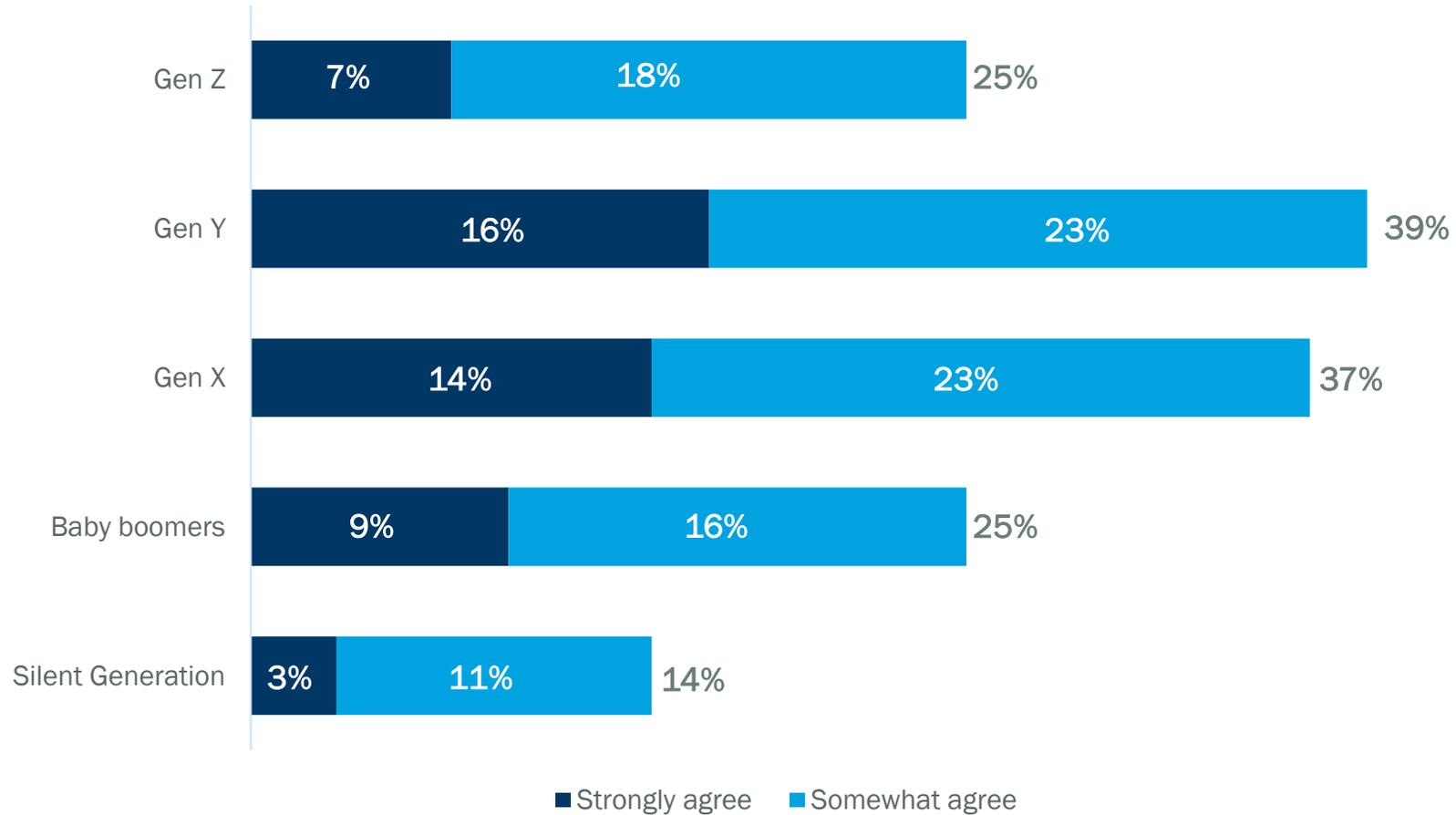
# Month-to-month financial challenges

In a typical month, it is difficult for me to make ends meet.



# Debt constraint

Debt and debt payments prevent me from adequately addressing other financial priorities.



# Gen Z and Millennial Survey

## The Pandemic Perfect Storm — One Year Later

**Surya Kolluri**

Managing Director

Bank of America, Retirement Research & Insights

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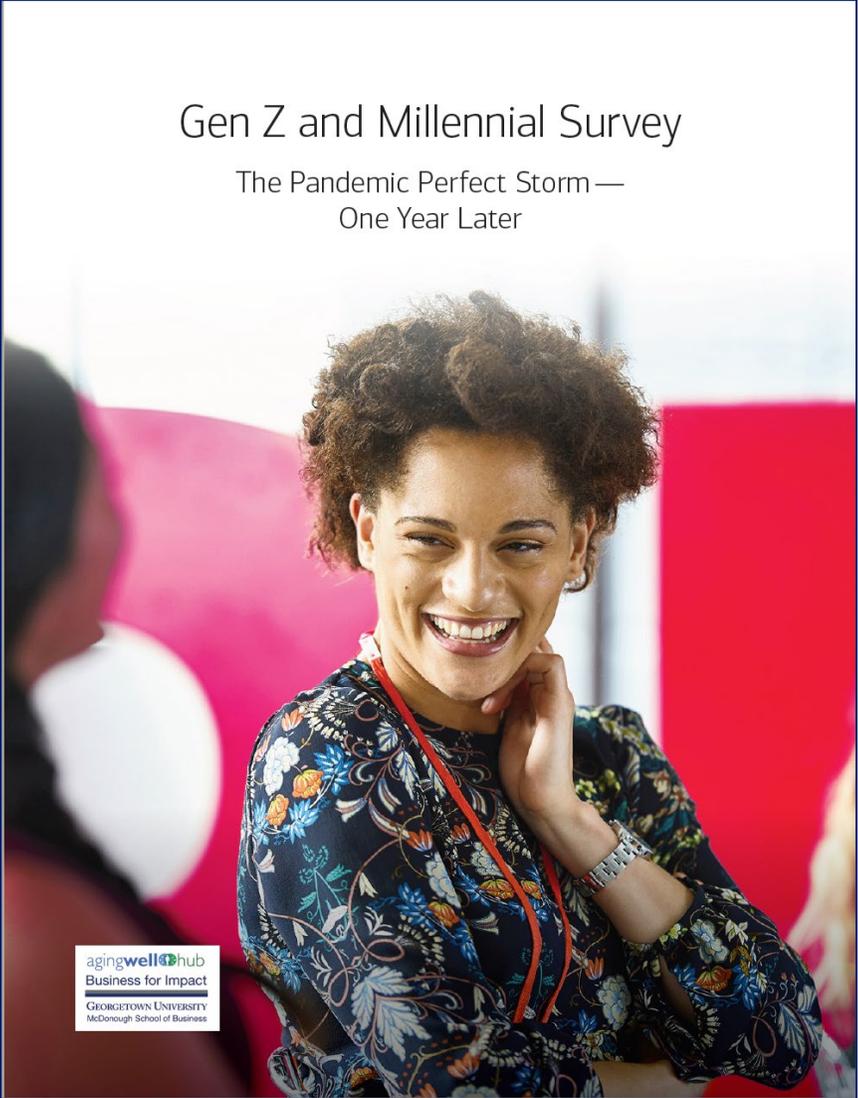
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# Methodology

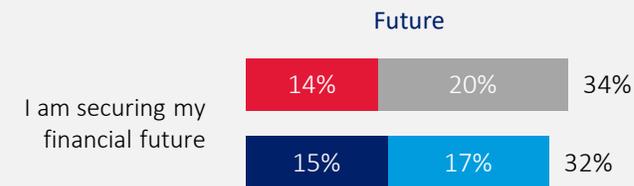
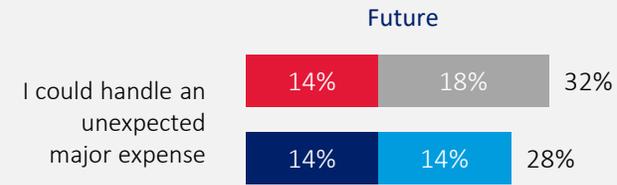
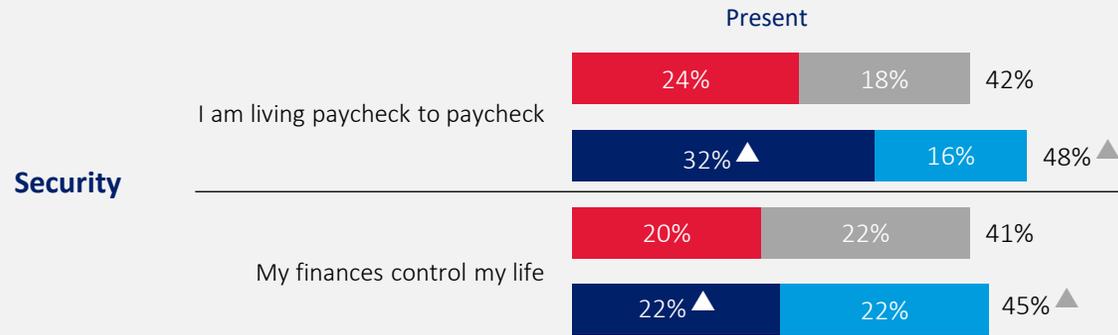
- **Georgetown Business for Impact** commissioned this survey of young adults ages 22 to 40 as a follow-up to the survey conducted in July 2020.
- **Edge Research** designed and conducted the online survey October 14 to October 20, 2021, among 1,174 Gen Z and millennial adults ages 22 to 40.
- The most recent survey in 2021 was conducted via an online omnibus survey with controls in place to ensure a U.S. Census representative sample by gender, age, region, race and ethnicity.

Age Cohort	Sample Size
Gen Z: Age 22-24 (b. 1998-1999)	231
Millennials: Age 25-40 (b. 1981-1997)	943
Age 25-30	443
Age 31-40	500



# Millennials' financial situation

Through the lens of key financial wellness measures:



Definition of financial wellness according to the Consumer Financial Protection Bureau

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

Source: Consumer Financial Protection Bureau (CFPB) Financial well-being in America, September 2017

On all key measures of financial well-being, millennials report decline since 2020

■ 2020 Millennials (n-1641) ■ 2021 Millennials (n-943)

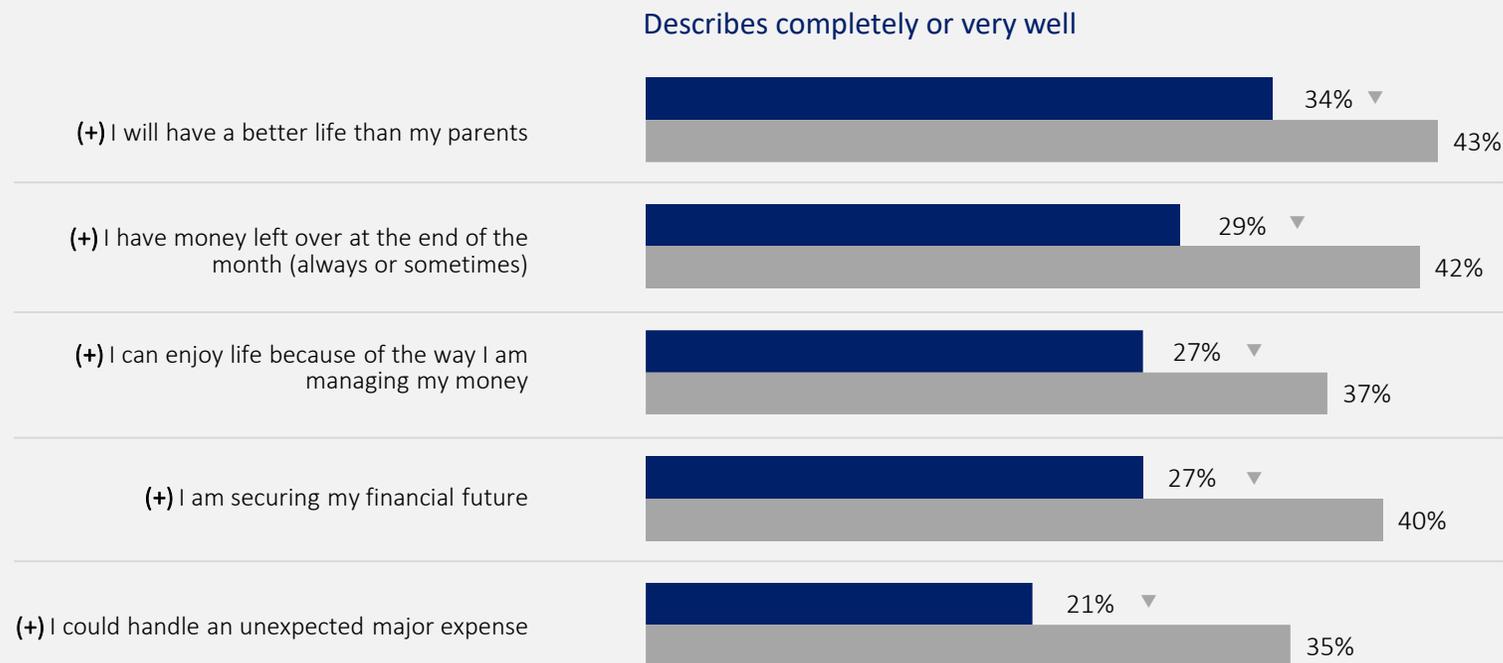
Describes "completely" or "very well"

▲ ▼ Arrows indicate significantly higher/lower at the 95% confidence level.

Data may not add up to total due to rounding.

# Millennial women's financial situation

- Women are less optimistic about their financial situation than men.



■ Women (n=580) ■ Men (n=594)

(+) Positive indicator of financial well-being

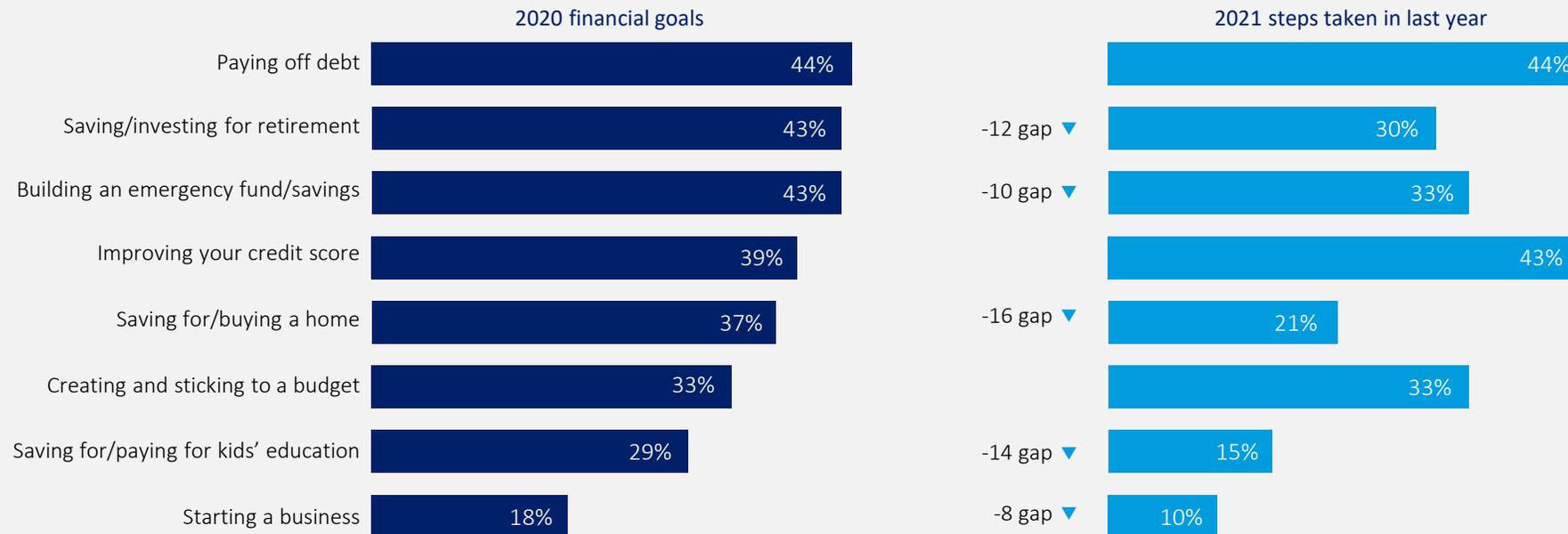
▲ ▼ Arrows indicate women significantly higher/lower than men at the 95% confidence level.



# Progress toward financial goals

- Paying off debt, saving for retirement and building an emergency fund were top goals for millennials in the summer of 2020.
- While they took steps to pay off debt, improve their credit score and stick to a budget over the last year, many did not make headway on other financial objectives. Goal-oriented savings for retirement, education and home ownership were all but abandoned.

## Millennials (ages 25-40)

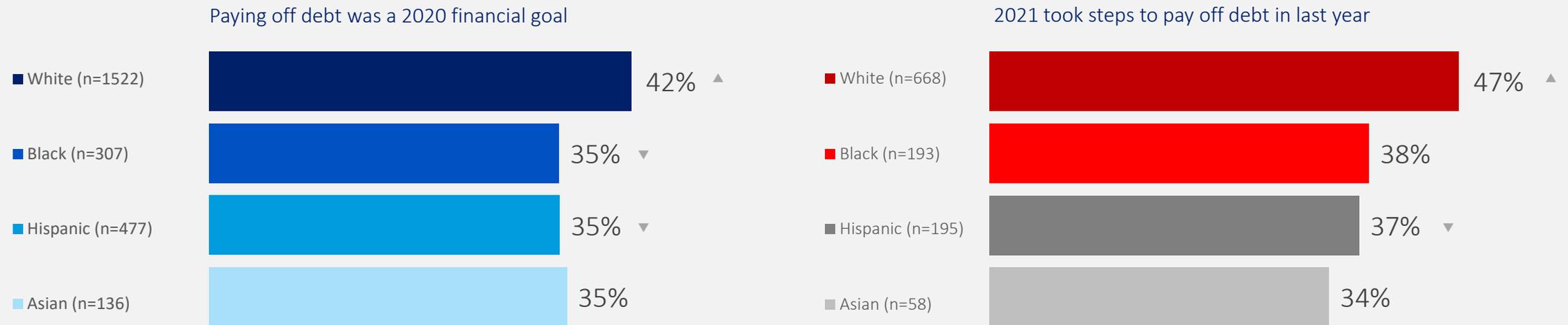


Over the last year, many young adults have not gotten closer to their goals of **saving for retirement, building an emergency fund, or buying a home**

■ 2020 Millennials (n-1641) ■ 2021 Millennials (n-943) (+) Positive indicator of financial well-being; (-) negative indicator ▲ ▼ Arrows indicate significantly higher/lower at the 95% confidence level. Data may not add up to total due to rounding.

# Progress toward goal to pay off debt

- White millennials were more focused on paying off debt as a goal in 2020 and were more likely to have taken steps to do so than their non-white counterparts.
- Though fewer had this as a goal, Black, Hispanic and Asian millennials who cited it took steps to pay off debt over the last year.



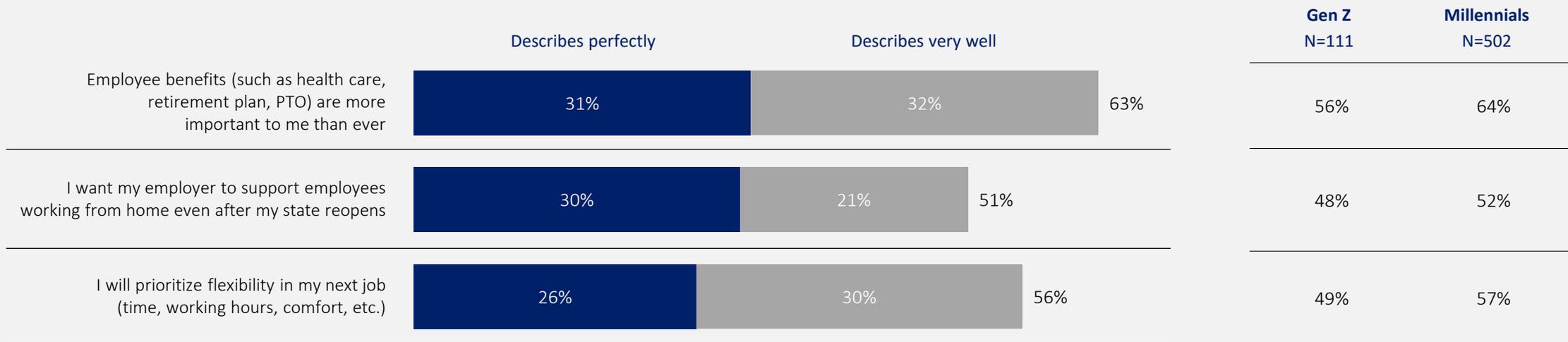
▲ ▼ Arrows indicate women significantly higher/lower than men at the 95% confidence level.



# Workplace benefits and flexibility

Employee benefits like health care and retirement plans are important to a majority of young adults, as is workplace flexibility.

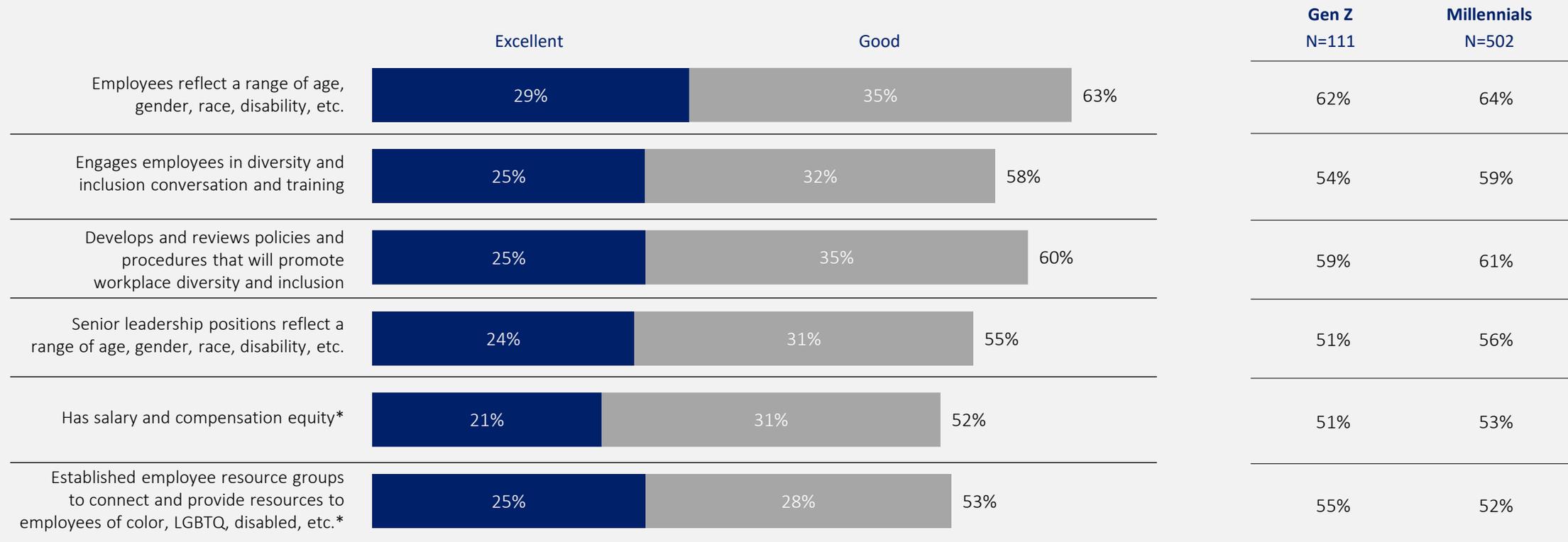
As it relates to your career and the COVID-19 pandemic, rate how each statement describes you



■ 2021 Full-time employed (n-613)

# Workplace diversity and inclusion

- Two-thirds of young adults give positive marks to their employer on diversity in the workplace.
- However, there is room for improvement on key issues of compensation equity, diversity in leadership and creating safe spaces for employees to connect.



\*New question in 2021 survey   ■ 2021 Full-time employed (n-613)   Data may not add up to total due to rounding.

# Thank You

## Gen Z and Millennial Survey

The Pandemic Perfect Storm —  
One Year Later



agingwellhub  
Business for Impact  
GEORGETOWN UNIVERSITY  
McDonough School of Business



# *To Leave or Not to Leave*

## The Pros and Cons of Keeping Assets in DC Plans (DCIIA)

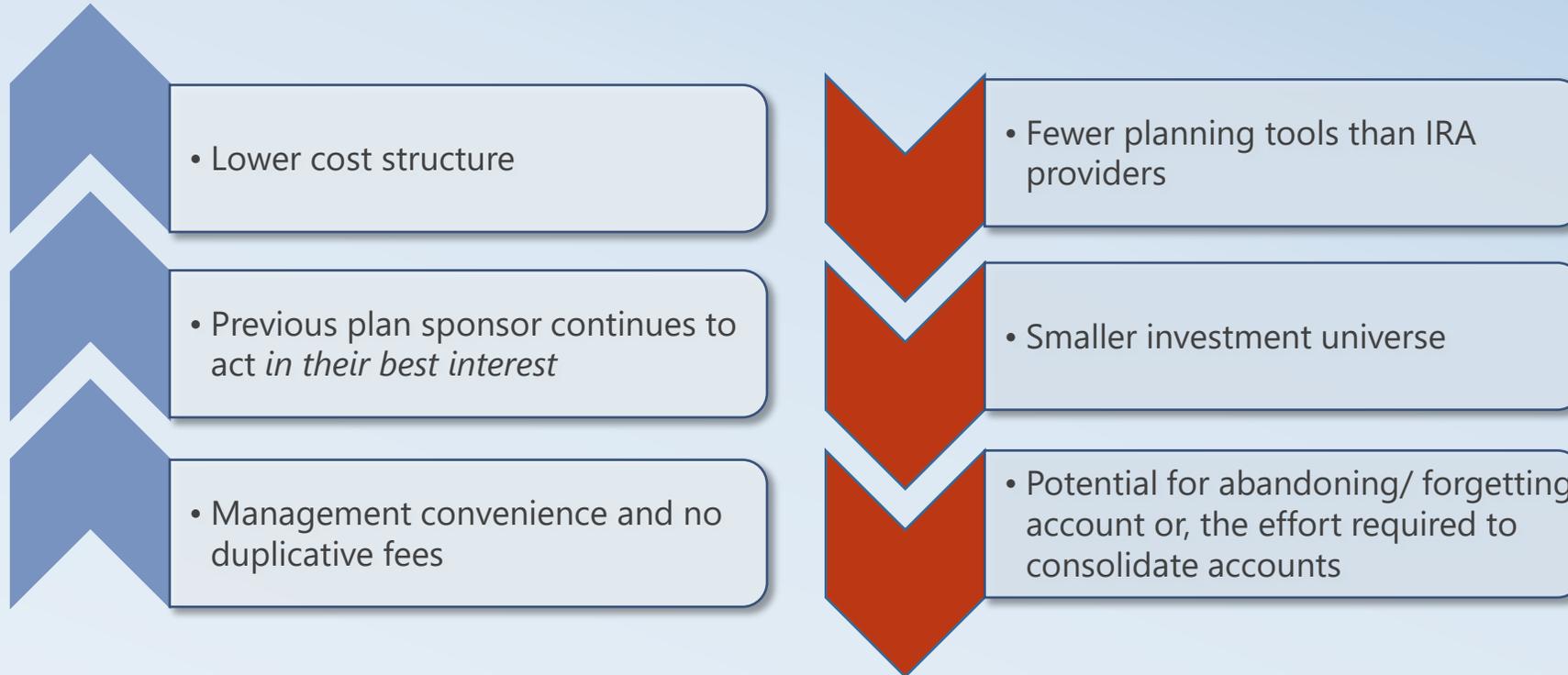
Presenter:  
Renee Wilder Guerin  
EVP, Public Policy

- Before the Great Resignation, participants were increasingly changing jobs
- Auto-enrollment has improved participation but also increased the incidence of accounts being left behind
- Employers and participants are faced with leaving assets in the plan or rolling them over

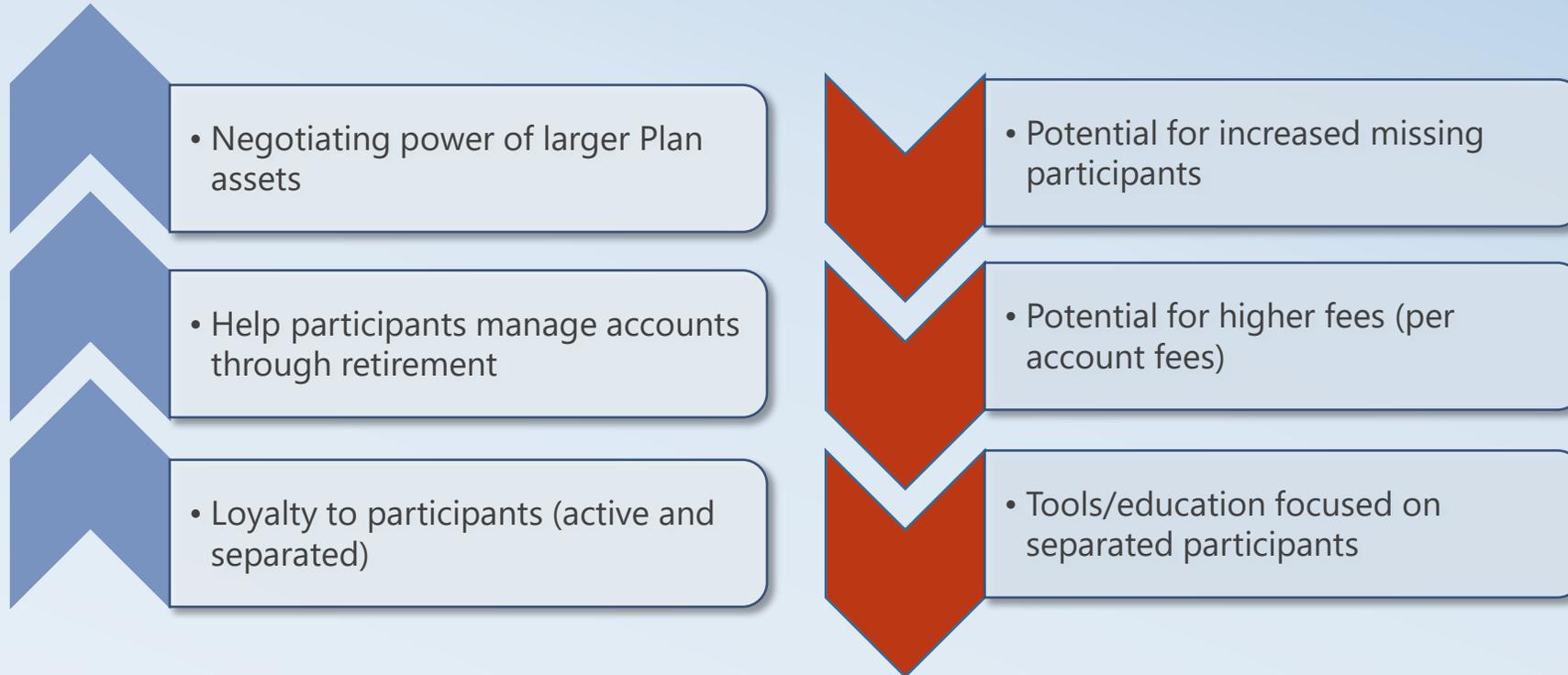
- Many employers expected separated and retired participants to roll money out of the Plan
- Increasing recognition that benefits accrue to participants and the Plan from keeping assets in the previous employer Plan or rolling into the new employer plan

# To Leave or Not to Leave

# Participant's Considerations



# To Leave or Not to Leave Plan Sponsor's Considerations

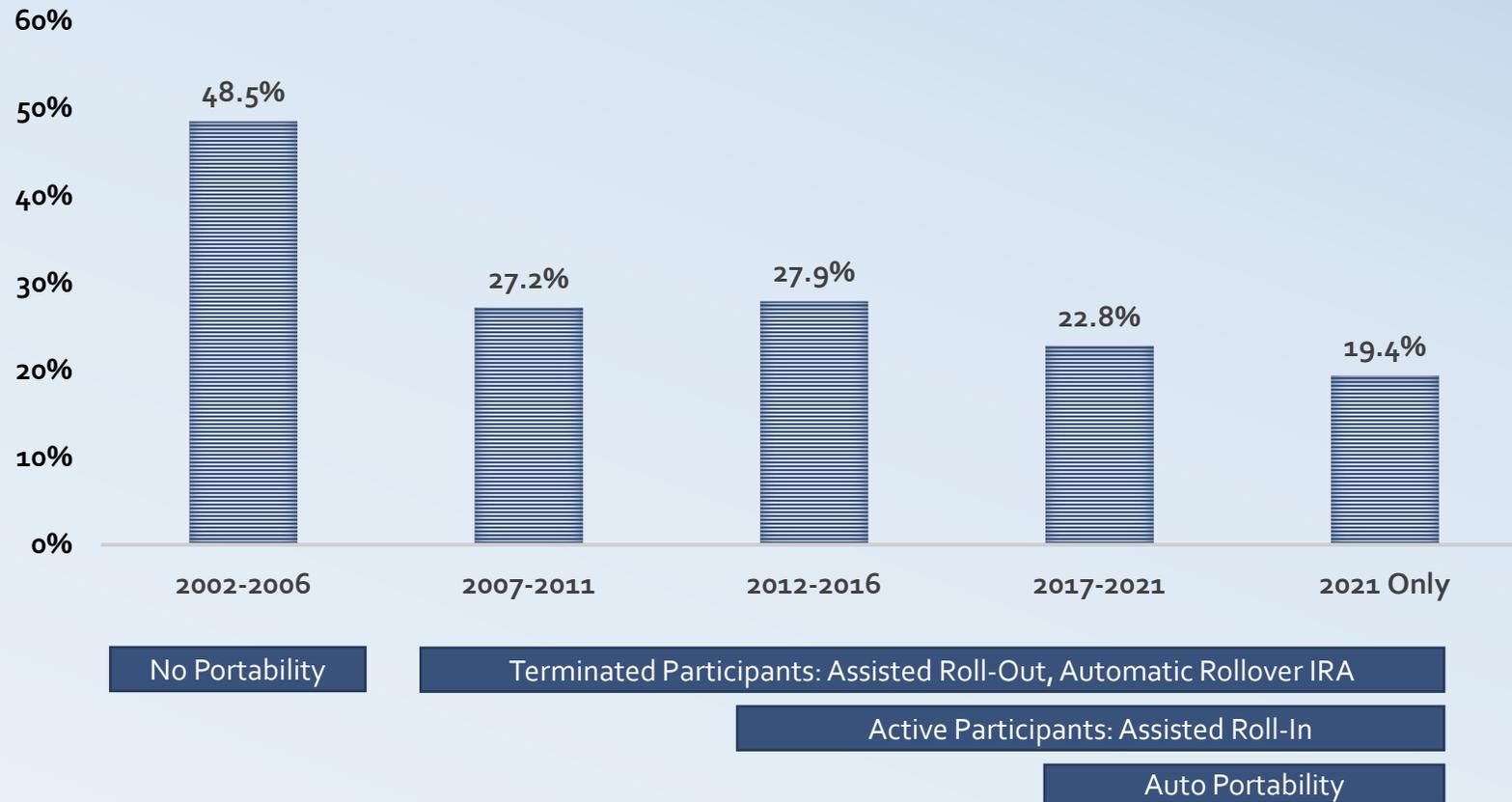


# To Leave or Not to Leave

# Portability is Key

Fifteen-year results from a portability program implemented by a mega plan sponsor (250k+ accounts) in the healthcare industry:

## CASH-OUT EXPERIENCE



- Discourages cash-outs
- Improves retirement outcomes
- Disproportionately benefits minorities, women and low earners
- Employers need to encourage participants to stay, and
- Industry needs to address the frictions that make it difficult to roll balances into a new employer plan





## Our mission is to improve financial health for all.

The Financial Health Network is a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. We envision a future where all people, especially the most vulnerable, have the financial systems they need to be resilient and thrive.



# Financial Solutions Lab – Fintech Investment

Consumer & platform impact highlights, 2015-2021



**22+ million users served**

FSL has supported innovative fintechs & nonprofits that have achieved the following consumer impact:



**2+ million consumers**

supported in opening a new transactional account



**70,000+ consumers**

enabled to establish a credit score



**3.9+ million consumers**

provided w/ financial coaching clinics & resources



**~1.5 million consumers**

given access to affordable credit



**16,000+ consumers**

given insurance & other financial protections





# Financial Health

comes about when your daily systems help you build resilience and pursue opportunities.



# Financial Health Framework and Measurement



FinHealth  
**SCORE**<sup>TM</sup>



# Financial Health Research

More than two-thirds of people in America are Coping or Vulnerable



17%  
Financially  
Vulnerable

The infographic consists of a light gray circle with an orange arc on the top right. The text '17%' is in large orange font, and 'Financially Vulnerable' is in smaller orange font below it.

**42 million people**

These individuals are struggling with all, or nearly all, aspects of their financial lives.



50%  
Financially  
Coping

The infographic consists of a light gray circle with a purple arc on the top right. The text '50%' is in large purple font, and 'Financially Coping' is in smaller purple font below it.

**125 million people**

These individuals are struggling with some, but not necessarily all, aspects of their financial lives.



33%  
Financially  
Healthy

The infographic consists of a light gray circle with a blue arc on the top right. The text '33%' is in large blue font, and 'Financially Healthy' is in smaller blue font below it.

**84 million people**

These individuals are spending, saving, borrowing, and planning in a way that will allow them to be resilient and pursue opportunities over time.

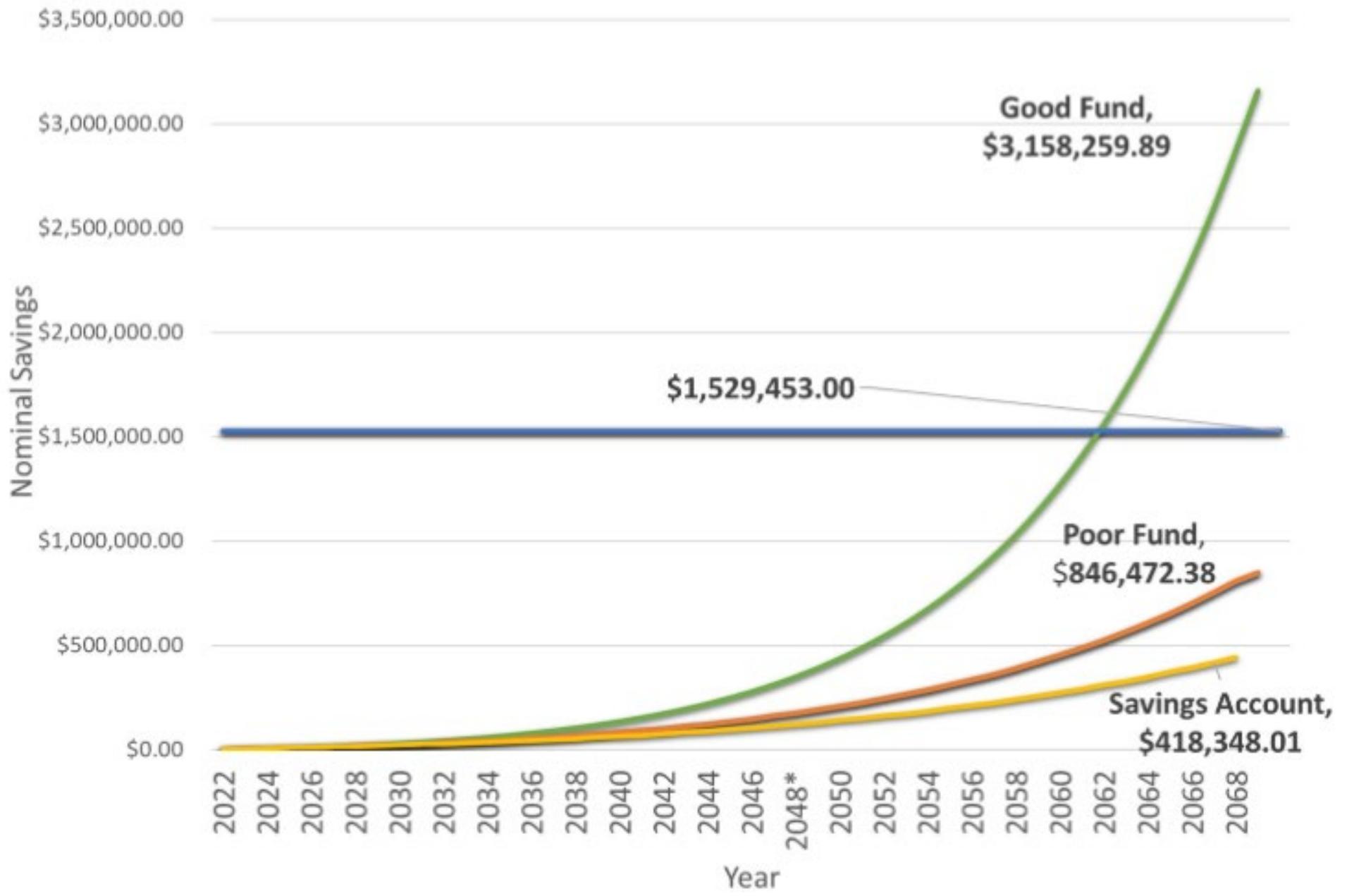


# A Proposal for the Betterment of Retirement Savings



- **Jazlyn Benitez (Team Leader):** Economics and Environmental Studies Major
- **Mary Claire Basso-Luca:** Psychology Major
- **Kiya Rodriguez:** Economics Major
- **Rachael Freeman:** Economics and Public Policy Major
- **Peter Fortescue:** Economics Major

# Visualization of Retirement Investment



# Retirement Investment

*Growing Old Together*

Social Investing:  
Understand the Risks  
and Choose Wisely



Understanding:

- How do others at your firm invest
- What is needed to retire in comfort
- Why retirement investing is safe

Cover page

## ***Resources:***

Company Investment Bank Site  
Investment Portal

Contact Info:

HR Info

Investment Bank Rep name

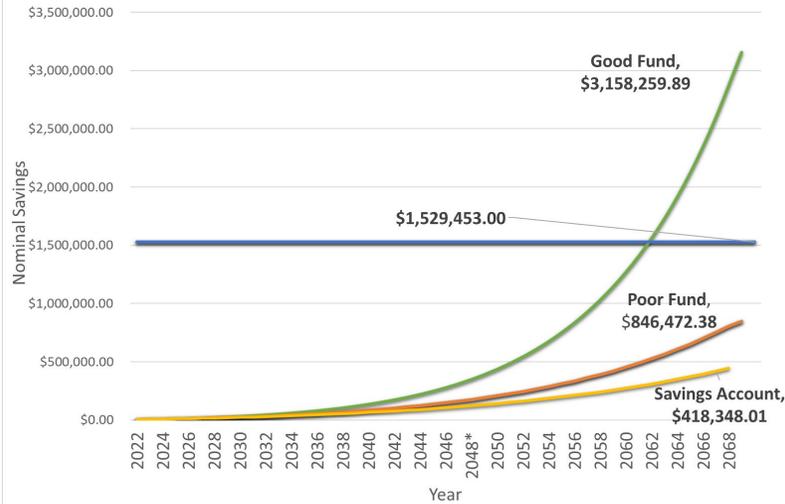
Investment Bank Help info

At Oscorp, our HR staff are committed to you and your financial success. If you have any questions, don't hesitate to reach out!

***We're Stronger Together!***

2nd Cover

## Why Should You Invest?



Choosing the right fund for you is vital. Average annual returns are 5-8%, but a good fund can return above 9%

If you choose not to invest at all, this may lead to a loss of over *\$2.5 million* by retirement age! Therefore, investment should be a conscious choice.

## What if You're Worried?

You're not alone! 77% of Americans worry about investment. At OsCorp, you're stronger together!

Risks of loss in investment are *minimal*. Retirement funds are heavily diversified, so if one aspect of the market performs poorly, another will perform well, and diversification gets you the best of both worlds. Therefore, there's little chance of loss.

## Investing Together

### How does it work?

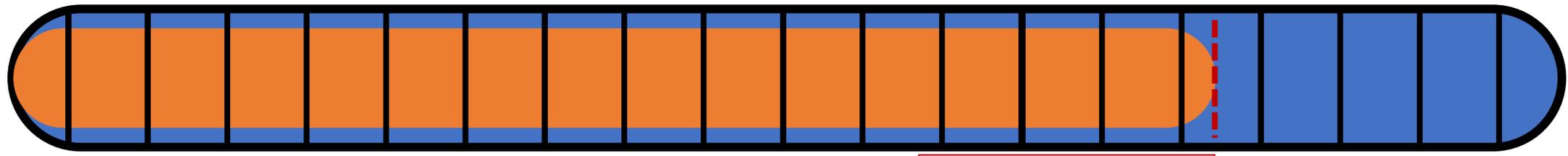
- Placed in a group of 15-25 coworkers.
- Track group's average investment activity and easily adjust your finances through an online portal.
- Biannual check-ins with a bank rep to track your investment progress.
- Groups earn investment bonuses together based on how much they invest:
  - If the group invests more than 3% of their income, all members will receive a bonus 5% contribution match from the firm.
  - If over 80% of the group contributes to their 401(k), all members will receive a bonus 5% contribution match as well.

### Internal Competition

- On the portal, the top contribution amount within the group will be listed each month.
- Rewards will be distributed based on members' contributions.
  - Each member will receive a certain percentage of the group's total investment, with the top contribution winning the most.

# Social Investment Group Visualization

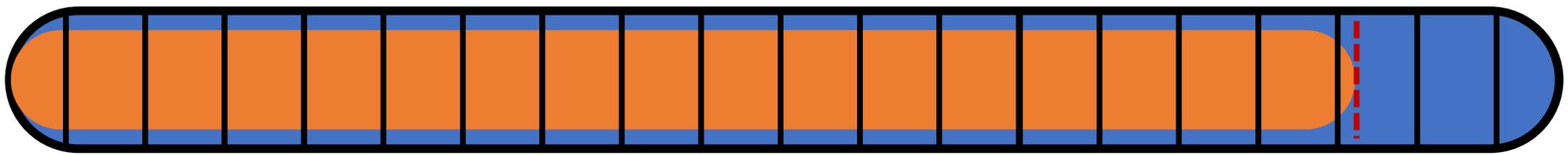
## Average Group Investment



Current Average:  
\$1,800/month  
2.3% of income

Next Goal:  
\$2,347/month  
3% of income  
Reward: +5% match  
+\$90/month

## Group Participation Rate



Current Participation:  
75% of group

Next Goal:  
80% participation  
Reward: +5% match  
+\$90/month

Last Month's Top Contribution

\$3,948

Your Contribution Last Month

\$1,277

Your Competition Winnings Last Month

+\$144

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