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The Society of Actuaries (SOA) has conducted a variety of consumer surveys and focus groups to learn about financial priorities and planning. These studies provide insights by generation, gender, race, and ethnicity into consumer financial preferences and how people plan. In both 2018 and 2021, the SOA conducted surveys of financial well-being by generation; the 2018 survey is reported in "Financial Perspectives on Aging and Retirement Across the Generations,"[1] and the 2021 generations survey focused on race and ethnicity and included a separate report summarizing those results.[2] The SOA has looked at results by gender in a variety of studies over the past 20 years. Focus groups of people retired less than 10 years and retired 15 years or more were separated by gender. The results of these studies are summarized in the report "Women and Post-Retirement Risks."[3]

During more than 20 years of consumer research, the SOA consistently has found major differences in results by economic status. Economic status has been measured using income, asset level, and a custom index developed to measure financial fragility. The two generational surveys mentioned above also include special reports focusing on that measure of financial fragility. The 2021 report is "Exploring Financial Fragility Across Generations, Race and Ethnicity."[4] Individuals with high financial fragility often are struggling to pay bills month by month, and they may have major debt obligations. They generally have much shorter planning horizons. It is important to recognize that within each demographic group there are some common themes, but there are major differences by level of fragility. Among all demographic groups, the high fragility group may have similar priorities, and they do not generally relate to longer-term planning. In most cases, they reported that they are focused on short-term needs. Advisors who have high-fragility clients need strategies to help these clients stabilize their finances as a first step. Stabilizing generally includes getting regular bills and debt under control, so that it is possible to do some planning and provide for the future.

FOCUS ON THE GENERATIONS

There are important differences among people by their generations. Some differences are related to life cycles, and others may be related to when the generation grew up, the values and culture they learned, and some of the societal events they experienced.

This discussion is based primarily on the SOA's 2021 generations survey with some comments considering the results of both the 2021 and 2018 surveys. The 2021 survey indicated that the generations have different demographic and financial characteristics (see table 1).

PERSONAL FINANCIAL PRIORITIES AND SITUATIONS BY GENERATION

Some general findings about financial well-being by generation from both the 2021 and 2018 surveys include the following:

Millennials face the most challenge. This was the most dramatic finding of the 2018 survey and it is the topic of a special report, "Difficulties for Gaining

Table 1

CHARACTERISTICS OF THE POPULATION BY GENERATION

Characteristic	Millennials	Gen X	Late Boomers	Early Boomers	Silent Generation
Year of birth	1980–1998	1965–1979	1955–1964	1946–1954	1935–1945
% married or partnered	64%	73%	70%	66%	58%
% with savings > $100,000	33%	47%	53%	54%	51%
% with income < $50,000	25%	22%	29%	37%	50%
% college+	46%	46%	35%	36%	33%
% employed	72%	72%	46%	17%	17%
% unemployed	9%	7%	7%	1%	1%

Source: "Financial Perspectives on Aging and Retirement Across Generations," Society of Actuaries, 2021

Financial Security for Millennials."[5] Many millennials reported they face relatively high student loan debt and had challenges establishing a career as they were starting out during the Great Recession. These factors can have long-term impact on an individual's financial situation.

The survey results are consistent with inequality in America. Although wages and wealth have risen over the long term, most growth has occurred at higher economic levels; many people at lower economic levels have been stuck with a decline or no increase in wages. Inequality by economic status has grown, and there is persistent inequality by race and ethnicity.

Many are optimistic, but many are overwhelmed by finances. An analysis conducted in both surveys indicated that financial fragility is significant: Younger people, women, and unpartnered people were more likely to be fragile than older people, men, and married individuals, respectively.

Gen Xers were less well off in 2021 compared with 2018. This points to a major planning challenge because Gen X is near the time that they may be considering retirement.[6] Gen Xers are less likely to have defined benefit plans than boomers, the generation that precedes them. Some have had their careers disrupted by the Great Recession, COVID-19, or both.

Many have very short planning timeframes. Financial planners can play an important role in helping people think longer term.

Most respondents said they are on track for successful retirements. This, however, seems inconsistent with the prevalence of short planning timeframes found in the surveys. Financial planners can help people understand what it means to be on track, validate whether they are on track, and help them get there if they're not.

Paying bills is a priority across generations. Surprisingly, the percentage listing this as a priority dropped from 2018 to 2021.

Debt continues to be a major issue for many. Debt looms largest for younger generations and types of debt vary by generation. Millennials are mostly likely to have student loan debt; Gen Xers are more likely to have mortgage debt. Some debt helps people build their lives and improve their situations; other debt is just burdensome. Financial planners can help people manage debt, understand which debt is helpful and which is not, and use debt wisely.

Older generations self-report they are in the best situation financially. However, relatively few of them have planned well for a major long-term-care event.

FEELINGS ASSOCIATED WITH REVIEWING FINANCES

The 2021 generations survey asked respondents whether they feel optimistic, in control, or overwhelmed when reviewing their finances and planning for the future. Table 2 shows the differences by generation.

Millennials and Gen X are less optimistic, less likely to feel they are in control, and more likely to feel overwhelmed than older generations. Silents are most likely to feel in control and least likely to feel overwhelmed. Advisors will want to understand how individuals are feeling as well as their financial situations and need to adjust their approaches accordingly.

When the results by generation are split by gender, men are more optimistic and women are more likely to feel overwhelmed. This is true for all generations. Among both men and women, millennials and Gen X are the least likely to be optimistic and the most likely to be overwhelmed (see tables 3 and 4).

There are some areas where the generations are similar and others where they are very different.

SIMILARITIES BY GENERATION

- About three in 10 in all generations said they work with a financial professional. A key challenge for the planning industry is serving more people and determining how to effectively serve those who are not in the higher economic status group.
- All generations see themselves as planners, savers, thrifty, self-reliant, and confident in making financial decisions. However, other SOA research shows major gaps in planning.[7]
- Affording everyday bills is a top priority across the generations.
- Few in any generation think they are investment pros. This indicates an opportunity for advisors to help people with investments and to help them understand investments better.
- Fifty-eight percent across generations think they are on track for a financially secure retirement. Other research indicates this is rather optimistic and not realistic for many people.

Table 2

FEELINGS ASSOCIATED WITH REVIEWING FINANCES AND PLANNING FOR THE FUTURE

Generation	Optimistic	In Control	Overwhelmed
Millennials	39%	29%	36%
Gen X	36%	26%	30%
Late Boomers	46%	39%	25%
Early Boomers	44%	42%	17%
Silent	46%	49%	9%

Source: "Financial Perspectives on Aging and Retirement Across Generations," Society of Actuaries, 2021

Table 3

FEELING OPTIMISTIC—BY GENERATION AND GENDER

Generation	Male	Female
Millennials	41%	36%
Gen X	39%	32%
Late Boomers	55%	37%
Early Boomers	47%	41%
Silent	52%	40%

Source: "Financial Perspectives on Aging and Retirement Across Generations," Society of Actuaries, 2021

Table 4

FEELING OVERWHELMED—BY GENERATION AND GENDER

Generation	Male	Female
Millennials	31%	42%
Gen X	23%	37%
Late Boomers	18%	31%
Early Boomers	6%	27%
Silent	4%	13%

Source: "Financial Perspectives on Aging and Retirement Across Generations," Society of Actuaries, 2021

DIFFERENCES BY GENERATION

- The younger generations are juggling more financial issues and are more stressed about finances than the older generations.
- Retirement concerns decrease with age.
- Climate change is a bigger concern for younger generations.
- Younger generations often have shorter time horizons when planning financially.
- Debt is a bigger issue for younger generations: They are more likely to feel stress about their debt and worry about prioritizing paying off credit card debt.
- Younger respondents are more likely to live in larger households, and one third of the Silents live alone.
- Financial support among family members and across generations is more commonly provided and received by younger generations.

In interpreting the results of the survey, we should remember that it is widely accepted that there are substantial gaps in financial literacy and a tendency for people to say they are above average. The survey results also point to some inconsistencies in responses to the surveys.

DIFFERENCES BY GENDER

Women and men have different life experiences in several areas, and the differences are particularly dramatic for the older generations. Women live longer on average, they tend to have more years out of the workforce for caregiving, and they often have more family responsibility. They are more likely to be alone in old age and more likely to need long-term care. Although they have longer expected periods of needing care, they are less likely to have a spouse or partner to offer help, so they are more likely to need paid care. Table 5 shows marital status by gender for ages 65–84 and 85 and older.

The SOA conducted focus groups separated by gender in 2013 and 2015. The first set of focus groups was with individuals retired less than 10 years and the second set was with individuals retired 15 years or more. As in the 2021 generations survey, the women were more careful and less optimistic than the men. Women also seemed to be more thoughtful about risk. However, the series of risk surveys over the years seemed to show relatively little difference in concerns about post-retirement risks.

Single women overall are less well-off financially than married women. The SOA report "Women and Post-Retirement Risks"[8] summarizes differences in retirement planning and risks by gender.

RACIAL AND ETHNIC DISPARITIES

There are significant differences in wealth and retirement preparation by racial and ethnic groups. The Survey of Consumer Finances (2019 SCF) is a national study conducted every three years by the Federal Reserve Board.[9] The 2019 SCF discovered large disparities in wealth among white, Black/African American, and Hispanic/Latino families.[10] The 2019 SCF showed white families with the highest median and mean family wealth: $188,200 and $983,400, respectively.

Table 5

MARITAL STATUS BY AGE AND GENDER AMONG OLDER AMERICANS

Marital Status	Men		Women	
Age Group	65–84	85+	65–84	85+
Married	72%	51%	48%	13%
Divorced or Separated	13%	7%	17%	7%
Widowed	10%	38%	30%	75%
Never Married	5%	4%	5%	5%
Total	100%	100%	100%	100%

Source: Renee Stepler, "Smaller Share of Women Ages 65 and Older Are Living Alone, More Are Living with Spouse or Children," Pew Foundation, 2016; data is based on tabulation of 2014 American Community Survey and adjusted for rounding.

Black/African American and Hispanic/Latino families had considerably less wealth than white families. Black/African American families' median and mean wealth was less than 15 percent that of white families at $24,100 and $142,500, respectively. Hispanic/Latino families' median and mean wealth was $36,100 and $165,500, respectively. Specifically related to retirement benefits and wealth, the analysis showed the wealth disparities exist throughout the life cycle:

- White families were much more likely to be homeowners at different points in the life cycle, and this is directly linked to "lasting effects of residential segregation."
- White families were more likely to have individual retirement account and defined contribution plan balances than Black/African American and Hispanic/Latino families, but part of this is explained by white families' greater access to employer retirement plans.
- White families were much more likely to have received an inheritance and other family support than Black/African American and Hispanic/Latino families.

The essay "Inequalities in Retirement Security: Unique Challenges for African American Households"[11] provides additional insights into retirement challenges for Black/African American families. It points to several factors that create challenges for retirement security, including the following:

- Black/African American families rely more heavily on Social Security because they are less likely to have additional benefits beyond Social Security.
- Fewer Black/African American families have access to an employer-sponsored defined contribution plan.
- Of those who have access to an employer-sponsored plan, fewer save in the plans.

The 2021 generations survey included an emphasis on racial and ethnic differences via an oversample for three racial and ethnic groups. A special report, "Financial Perspectives on Aging and Retirement Across the Generations: Report on Race and Ethnicity,"[12] provides information from the 2021 generations survey on racial and ethnic disparities. Table 6 details the differences in economic status by race and ethnicity. The economic status of the Asian American respondents is better than the average of all Americans. The Black/African Americans had the lowest income and assets of the various groups. Both the Black/African Americans and Hispanic/Latino respondents had lower income and assets than the overall average.

FINDINGS BY RACE AND ETHNIC GROUP

The research team identified top findings for Black/African American, Asian American, and Hispanic/Latino respondents.

SELECTED FINDINGS—BLACK/AFRICAN AMERICAN RESPONDENTS

Financial confidence and priorities

- On average, Black/African American respondents say they have many competing priorities when it comes to their finances. Affording everyday bills and building an emergency fund are mentioned most often as top priorities. Debt is complicating the finances of 28 percent of Black/African American respondents.
- Fifty-four percent say they are confident in making financial decisions.
- Fewer than one-quarter of Black/African American respondents consider themselves investment pros; the majority in each of the age groups said they do not consider themselves to be investment pros.
- Two in 10 Black/African American respondents reported they worked with a financial professional in 2020, fewer than in the other groups.

Home ownership

About half of Black/African American respondents own their homes.

Retirement perceptions

- Half of Black/African American respondents said they think they are on track planning for a financially secure retirement and 27 percent said they are not.
- Twenty-seven percent said they used their best guess or gut feeling to determine if they were on track.

Table 6

ECONOMIC STATUS BY RACE AND ETHNICITY BASED ON RESPONDENTS TO THE 2021 SOCIETY OF ACTUARIES GENERATIONS SURVEY

	All Americans	Black/African American	Asian American	Hispanic/Latino
Value of Savings and Investments	<$100,000: 47% $100,000+: 44%	<$100,000: 66% $100,000+: 24%	<$100,000: 42% $100,000+: 52%	<$100,000: 62% $100,000+: 30%
Household Income (2020)	<$50,000: 29% $50,000–$99,000: 30% $100,000+: 42%	<$50,000: 43% $50,000–$99,000: 30% $100,000+: 28%	<$50,000: 19% $50,000–$99,000: 26% $100,000+: 55%	<$50,000: 35% $50,000–$99,000: 34% $100,000+: 32%
Home Ownership	72%	49%	72%	55%

Note: The values do not add to 100 percent because of "prefer not to answer" responses.
Source: Financial Perspectives on Aging and Retirement Across Generations," Society of Actuaries, 2021

SELECTED FINDINGS—HISPANIC/ LATINO RESPONDENTS

Financial confidence and priorities

- Hispanic/Latino respondents are more likely than the other groups to feel overwhelmed, depressed, upset, or confused when reviewing their financial situations.
- On average, Hispanic/Latino respondents say they have many competing financial priorities, with affording everyday bills leading the way.
- Thirty percent can plan only paycheck to paycheck.
- Debt is an issue for many Hispanic/ Latino respondents; 43 percent said debt is complicating their ability to manage their finances.
- Fewer than one-quarter of Hispanic/ Latino respondents said they consider themselves investment pros; half said they are confident in making financial decisions.

Home ownership and living arrangements

- Fifty-five percent of Hispanic/Latino respondents own their homes.
- Six in 10 Hispanic/Latino respondents live with three or more people. Most commonly, they live with a spouse or their children.

Retirement planning and perceptions

- Forty-three percent of Hispanic/ Latino respondents said they think they are on track planning for a financially secure retirement; 30 percent said they are not.
- A quarter said they used their best guess or gut feeling to determine if they were on track.

SELECTED FINDINGS—ASIAN AMERICAN RESPONDENTS

Financial confidence and priorities

- Fifty-four percent reported they are confident making financial decisions.
- Two-thirds of Asian American respondents say their finances are under control and just 15 percent disagree.
- Asian American respondents are most likely to plan financially for more than a year out.
- Two-thirds of Asian American respondents say saving for retirement is a top financial priority.
- Asian American respondents are more likely to have been stressed by the market volatility in 2020.
- Only one-tenth of Asian American respondents report not being sure if they could cover an unexpected $10,000 expense.
- Just 29 percent of Asian American respondents say they are investment pros.

Home ownership

- Almost three-quarters of Asian American respondents own their own homes; home ownership for this group is more common than for Black/African Americans, Hispanic/ Latinos, and the general population of respondents.

Retirement planning

- Fifty-eight percent of Asian American respondents said they think they are on track planning for a financially secure retirement, and 16 percent said they are not.

FINANCIAL FRAGILITY

The 2021 generations research report, "Exploring Financial Fragility Across Generations, Race and Ethnicity," provides a different perspective about demographic divisions by exploring financial fragility as determined by an index. Three groups are defined: low, moderate, and high fragility. The younger generations have much higher fragility and the older generations much lower fragility (see table 7).

By gender, 22 percent of males have high fragility compared with 26 percent of females. Married people are least likely to have high fragility: Only 18 percent of married people were included in the high fragility group.

The SOA analysis showed radical differences in planning horizons and financial priorities by level of fragility (see table 8).

Among the racial and ethnic groups studied, Asian Americans are most likely to have low fragility and Hispanic/ Latinos are most likely to have high fragility.

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Table 7

FINANCIAL FRAGILITY BY GENERATION

Generation	Low	Moderate	High
Millennials	29%	41%	30%
Gen X	40%	31%	29%
Late Boomers	57%	25%	18%
Early Boomers	64%	22%	14%
Silent	69%	22%	9%

Source: "Exploring Financial Fragility Across Generations, Race and Ethnicity," Society of Actuaries. 2021

Table 8

PLANNING HORIZONS BY LEVEL OF FINANCIAL FRAGILITY

Planning Horizon	Low	Moderate	High
Paycheck to paycheck	3%	20%	55%
2-12 months	21%	39%	26%
1-5 years	25%	20%	12%
6 or more years	17%	7%	3%
Rest of life	35%	14%	3%

Source: "Exploring Financial Fragility Across Generations, Race and Ethnicity," Society of Actuaries. 2021

FINANCIAL PREFERENCES AND PRIORITIES . . .

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TIPS FOR ADVISORS

Within each demographic group there are different levels of economic status and financial fragility. A financial plan needs to fit each person's individual situation. Group characteristics are helpful in identifying strategies for different market segments. Some market segments are well served and others are not. Some things for advisors to think about include the following:

Seek ways to identify and effectively serve underserved market segments. This will require considering investment management as well as issues that concern these groups.

Help financially fragile individuals get financially stabilized. This segment needs stabilization in order to do longer-term planning. To do this, advisors need a business model that isn't linked to assets and doesn't require the client to make large initial cash payments.

Employer-sponsored programs that offer a way forward. Employer programs can offer information, guidance, and technology for financial wellness.

Millennials face the most challenge. Advisors have the opportunity to help them pay off college loans or help them plan to buy their first homes.

A significant minority is overwhelmed by finances. They may have major financial difficulties or lack of knowledge and confidence. There is an opportunity to help them understand financial management and get on track.

Many—especially older—people have lots of financial confidence. However, they still may not be planning for the long term. Many do not have an income plan for retirement and most have not planned for post-retirement risks such as long-term care.

Women look at financial issues differently than men. Women are less likely to have employer-sponsored retirement vehicles; they are more likely to have fewer retirement resources. They need information and advice when they or their spouses retire or if they divorce.

In serving any type of individual it is important to understand that individual's situation, perspective, and point of view. An analysis of demographic groups and how they differ regarding financial well-being, attitudes, and life circumstances can open up new opportunities for advisors.

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ENDNOTES

1. See https://www.soa.org/globalassets/assets/files/resources/research-report/2018/financial-perspectives-aging.pdf.
2. See https://www.soa.org/globalassets/assets/files/resources/research-report/2021/financial-perspective-race-ethnicity.pdf.
3. See https://www.soa.org/globalassets/assets/files/resources/research-report/2018/women-post-retirement-risks.pdf.
4. See https://www.soa.org/globalassets/assets/files/resources/research-report/2021/2021-financial-fragility.pdf.
5. See https://www.soa.org/globalassets/assets/files/resources/research-report/2018/difficulty-gaining-financial.pdf.
6. A special report on Gen Xers is based on an analysis of the 2021 results, https://www.soa.org/globalassets/assets/files/resources/research-report/2022/2022-gen-x-retirement.pdf.
7. For a summary of earlier SOA work on how people plan and think about planning, see "How People Plan for Retirement," https://www.soa.org/globalassets/assets/files/resources/research-report/2018/how-plan-retirement.pdf. This is an important report for advisors, because many people do not plan well or do the type of planning that most advisors would recommend. The report offers insights into what people do and provides helpful information about a likely starting point for many individuals.
8. See endnote 3.
9. See https://www.federalreserve.gov/scf/scf.htm.
10. See FEDS notes, "Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances" (September 20, 2020), https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm.
11. See J. Michael Collins and Cliff A. Robb, 2021, part of the Society of Actuaries Essay Collection, Aging and Retirement Issues for People of Different Races and Ethnicities, https://www.soa.org/globalassets/assets/library/research/race-and-ethnicity-essay-collection/2021/race-ethnicity-collection-collins-robb.pdf.
12. See endnote 2.

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