

News Release

Corporate Communications

Media

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Wells Fargo Survey: Majority of Millennials Say They Won't Ever Accumulate \$1 Million

Nearly a Third of Hispanic Millennials Provide Support to Two or More Generations

Millennial Women Face a Significant Wage and Savings Gap

CHARLOTTE, N.C., August 3, 2016 – Nearly two-thirds (64%) of working [millennials](#) say they will never accumulate \$1 million in savings over their lifetime, according to the Wells Fargo Millennial Study. Six in ten (59%) of millennials have started [saving for retirement](#), whereas 41% have not. Of the millennials who are not saving for retirement, 64% say they are “not making enough money to save for retirement.” The Wells Fargo Millennial study was conducted by GfK and surveyed over 1,000 U.S. adults between the ages of 22 and 35, with an additional oversample of 500 Hispanic millennials for comparison purposes.

“Saving \$1 million is often noted as a nest-egg target to help fund a multi-decade retirement, so we wanted to find out if today’s millennials think they can get there. A majority don’t think so. Millennials may not realize that if they start saving consistently by their mid-twenties — and *stay* invested for the duration of their working years — they will likely accumulate \$1 million by the time they retire,” said Joe Ready, director of Institutional Retirement and Trust for Wells Fargo.

The Savings Math

A millennial that earns a starting salary of \$32,000 at age 25, saves 5% the first year and then *increases* their savings rate by 2% each year (up to 13%) could accumulate \$1 million by age 65. This assumes the earner receives a 2% salary increase annually, is invested in the market and realizes a 7% return on their invested assets. “Making the math work to [accumulate savings](#) means that millennials must start saving early in their working lives. Millennials have the power of time on their side and need to embrace it. They

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can get started by [reducing discretionary spending](#) by \$26 each week and directing that savings to their 401(k) plan, starting at age 25 — it's feasible," added Ready.

According to the study, the nearly two-thirds of millennials who say they will not be able to accumulate \$1 million report a median personal income of \$27,900. Fifty percent of those have started saving for retirement. Of the millennials who say they won't be able to save \$1 million but have started saving for retirement, nearly four in ten (37%) are putting away more than 5% of their income, and 7% are putting away more than 10%.

"Almost half of the group who don't think they can reach \$1 million have already started saving; this group is on the right track in terms of already developing strong savings habits. The path to creating a sizeable nest egg is more achievable than many millennials might realize," said Ready.

Of the 32% who *do* expect to save \$1 million, the median annual personal income reported by this group is \$53,000. Seventy-seven percent have started saving for retirement. Two-thirds of those are deferring more than 5% of their income, and 28% are putting away more than 10%.

One Third of Millennials Have Student Loan Debt, Are Not Employed in Preferred Career

According to the study, 34% of millennials have student loan debt, with a median debt load of \$19,978. For those who have debt, 75% say their student loan debt is "unmanageable." Yet, of this group, 70% are still saving for retirement, at an average savings rate of 5.5%.

Millennials tend to value jobs they "love" more than ones with high income or strong benefits. The study found that fewer than half of millennials are fully employed in their preferred career.

- 63% of millennials say that having a job they love is more important than a high income and many benefits.
- 44% of millennials describe themselves as "fully employed in their preferred career." A little more than half (54%) of 30- to 35-year-olds are fully employed in their preferred career, as compared to 36% of those in their twenties. Thirty-two percent are fully employed but not in their preferred

career.

- Millennials have worked, on average, for 4.8 employers, but 40% say they would like to work for one employer their whole career.

Millennial Women Face Financial Struggle

According to the study, there are significant differences in the earnings and financial outlook of millennial men and women.

	Men	Women
Median personal income:	\$39,100	\$28,800
Report living paycheck to paycheck:	43%	54%
Finances stretched “too thin” to save for retirement:	50%	61%
Don’t believe they can accumulate \$1 million in savings:	56%	73%
Have already started saving for retirement:	61%	56%
Average percentage of income saved:	7.3%	5.7%

“The wage gap between male and female millennials clearly exists, and it’s a real issue. It’s important that younger women focus on saving and investing now, as this strategy will help put them in good standing for their retirement years,” said Ready.

Hispanic Millennials Focused on Finances

About a quarter of the nation’s Hispanic population are millennials*, and there are key differences between the way Hispanic millennials and general-population millennials perceive and make decisions about their finances. One of the more profound differences between these two groups is the extent to which Hispanic millennials provide financial support for extended family. Nearly a third (30%) of Hispanic millennials says they are currently providing financial support to two or more generations of their family, versus 14% of general-population millennials. Despite this difference, Hispanic millennials are more optimistic about surpassing the lifestyle of their parents, with 63% saying they will “do better than their parents,” in comparison to 49% of general-population millennials.

Hispanic millennials report a median personal income of \$31,100, which is slightly less than the \$33,800 reported by the general population. In addition, for Hispanic millennials who report having student loan

debt, the median debt amount is \$10,267, which is less than the median reported by general-population millennials (\$19,978).

Hispanic millennials are concentrating on their present-day finances at a higher rate than the general population: 66% of Hispanic millennials attest to having a monthly [budget](#), versus 54% of the general population. However, when it comes to saving for retirement, Hispanic millennials are doing so at a rate of 52%, versus the general population of 59%. That said, greater percentages of Hispanic millennials – 42% – consider saving for retirement a “high priority,” versus 35% of the general population.

Millennials and Financial Health

More than eight in 10 (85%) of millennials say that saving for retirement is an important part of becoming a “financial adult,” and 82% say that seeing people who are comfortably retired today makes them want to save more for their own retirement. At the same time, less than half (45%) have “an established routine” for reviewing their finances and a little more than half – 54% – say they have a [budget](#). Of the 46% who do not have a monthly budget, 37% say they don’t need one, and 33% say it’s not a priority.

Six in ten (59% of) millennials say the current economic climate makes them uncomfortable about [investing](#) their money. More than half (52%) of today’s millennials say the volatility of the stock market makes them worry they will “lose their retirement savings in the market.”

“The fact that half of millennials have a fear of losing their savings in the market concerns me because being invested in the market at this age is only going to benefit this generation for the future. The market has continued to generate returns for the long-term investor, and it is absolutely critical that younger people recognize this,” said Ready.

Millennials and Retirement

Millennials would like to retire at an average age of 59, far earlier than 65. Other key facts about retirement:

- Millennials who have started saving for retirement say the average age at which people should start saving is 23.
- Millennials who are not saving yet say the average age they will start saving is 32.

- 74% of millennials do not think that Social Security will be available for them at retirement.
- 69% of millennials think that having a retirement plan such as a 401(k) is extremely or very important, but only half (52%) have such a plan.
- Of those who have started saving for retirement, 69% are currently saving in an employer-sponsored plan such as a 401(k)-type plan.
- Millennials who have a workplace retirement plan began contributing to the plan at an average age of 24.

Savings rates

For those who have started to save for retirement, a plurality – 44% – report they are saving 1% to 5% of their income, 33% are saving 6% to 10% of their income, and 6% are saving 11% to 14%. When asked what the biggest trigger was for starting to save for retirement, 21% said they know that if they start to save early they'll have more money when they retire; 18% say they were motivated to start saving by the employer match. Among millennials who have started saving for retirement, 17% say they have taken funds out of their retirement account for purposes other than rolling over to a new account.

401(k) plans and the role of advice:

- 73% of millennials support auto-enrollment in 401(k) plans, but less than a third (29%) are offered that option.
- 71% of millennials say they would value a [financial coach](#) to help them understand the complexities of their retirement plan.
- 16% of millennials say they are “extremely” or “very” interested in using a digital advisory service for [financial planning](#).
- 24% say they are “extremely” or “very” interested in using a gamified app for financial planning or advice.

A Path to Accumulating \$1 Million in Savings for Today's Millennials:

Scenario: \$32,000 salary
Begin saving at age 25 (Retirement age = 65) Initial deferral rate: 5% Annual increase = 2% (caps at 13%) Annual pay increase: 2%

Assumed annual rate of return on investments: 7%
Account balance at retirement: \$1,045,056**
Year 1: Salary: \$32,000 Deferral rate: 5% Annual 401(k) pre-tax savings: \$1,600 Reduction in take-home pay: \$1,360 Weekly reduction in take-home pay: \$26.15
Year 5: Salary: \$35,311 Deferral rate: 13% Annual 401(k) pre-tax savings: \$4,590 Reduction in take-home pay: \$3,901 Weekly reduction in take-home pay: \$75.04
Year 10: Salary: \$39,008 Deferral rate: 13% Annual 401(k) pre-tax savings: \$5,071 Reduction in take-home pay: \$4,310 Weekly reduction in take-home pay: \$82.89

**Statistic based on Pew Research Center analysis of U.S. Census Bureau data*

*** Savings calculations performed by Wells Fargo Institutional Retirement and Trust. The calculations made are not guaranteed and are not projections of actual results. The retirement savings amount assumes that the annual contributions and payroll deduction will continue each year until retirement. A regular investment program neither provides assurance of making a profit nor guarantees against loss in a declining market. The calculations do not guarantee results under any savings or investing program and cannot guarantee that you will meet your retirement savings goal. For more detailed information that takes into account your individual situation, please consult your tax, legal, or financial advisor.*

About the Survey

The 2016 Millennial Study was conducted online between April 11 and April 26, 2016, by GfK on behalf of Wells Fargo's Wealth and Investment Management (WIM) Market Research Center. Survey respondents included 1,005 "general population" Millennials ages 22-35. Participants needed to be employed (not in the financial services/banking industry) and a U.S. resident for at least three years. For comparison purposes, 504 Hispanic Millennials and 501 Baby Boomers ages 52-65 were also surveyed.

Data were weighted based on a variety of demographic and other factors to ensure accurate representation of the sample.

About Wells Fargo

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About GfK

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