

Young Adult Financial Literacy Study Gender Insights

October 2018

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Purpose

As part of a long-standing commitment to financial education, Charles Schwab periodically conducts research to better understand people's attitudes and behaviors about money. The current study among U.S. Young Adults was designed to:

- Understand the financial behaviors and attitudes of Young Adults, and understand what differences exist between the experiences of young men and women.
- Provide insights to help Young Adults make smart financial decisions.
- Gauge the financial literacy of Young Adults and identify opportunities for Schwab to enhance financial education for this group.

Approach

Who? **2,000 U.S. Young Adults ages 16-25**
*1,000 between 16 and 20 and 1,000 between ages 21-25
balanced on age, geography and ethnicity*

How? **12 minute online survey fielded between June 12 and June 20, 2018**
by independent research firm Logica Research (formerly Koski Research)

Young women demonstrate financial acumen and are driven to be independent. However, data shows they are falling behind their male counterparts, suggesting the financial gender gap starts young.

Young Women

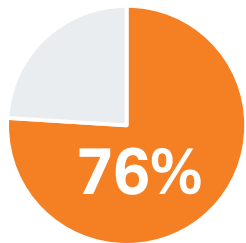
Young Men



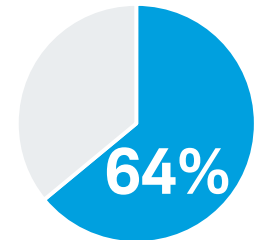
51% Personal definition of success: living independently without help from family



40% Personal definition of success: living independently without help from family



Say having a financial plan is very important for reaching financial goals



Say having a financial plan is very important for reaching financial goals

Average Savings:

\$1,267



40%

Say parents are the most trusted source of financial information

38%

Say parents are the most trusted source of financial information



Average Savings:

\$2,000



Young women
are more likely to
define success
as financial
independence,
compared to
young men

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Independence is especially important to young women

Young Women

78%

51%

9%

Becoming completely financially independent is a goal

Living independently without financial help from their family comes closest to their personal definition of success

They expect to be financially supported by their parents indefinitely

Young Men

71%

40%

16%

Young women are taking the first steps by working hard & planning



28% of **young women** took an extra or side job to make ends meet vs. **23%** of **young men**



50% of **young women** chose to work more in order to make extra money vs. **46%** of **young men**



76% of **young women** say putting together a financial plan is very important to reaching financial goals vs. **64%** of **young men**

...and making smart financial decisions

Chose to hold off on buying something they wanted to save money



Young Women

73%

Young Men

56%

Chose to skip vacation/travel to save money



Young Women 36%

Young Men 27%

Despite their
good intentions,
young women
face more
financial barriers
than young men

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Young men and women are equally likely to work, but women are more likely to have part-time or informal jobs vs. a full-time job



68%

Are employed

32%

Have a part time job

23%

Have a full time job

21%

Have income from
babysitting, dog
walking, etc.



66%

Are employed

27%

Have a part time job

29%

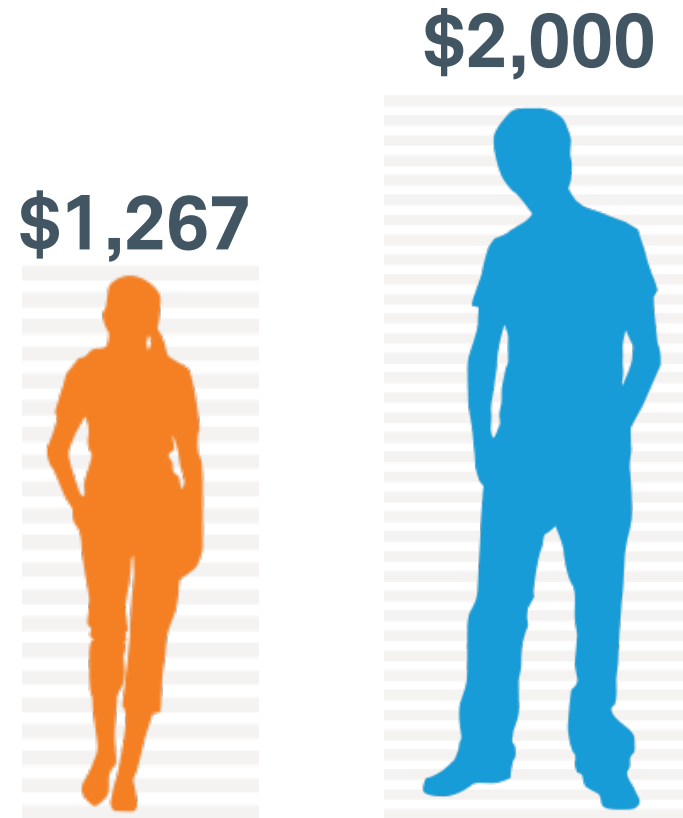
Have a full time job

17%

Have income from
babysitting, dog
walking, etc.



Young women have saved less than young men of the same age



Young men have saved on average, more than young women have saved

Young women are more likely to show signs of financial struggle in their daily lives



50% of **young women** have asked their parents for money to pay for necessities vs. **35%** of **young men**

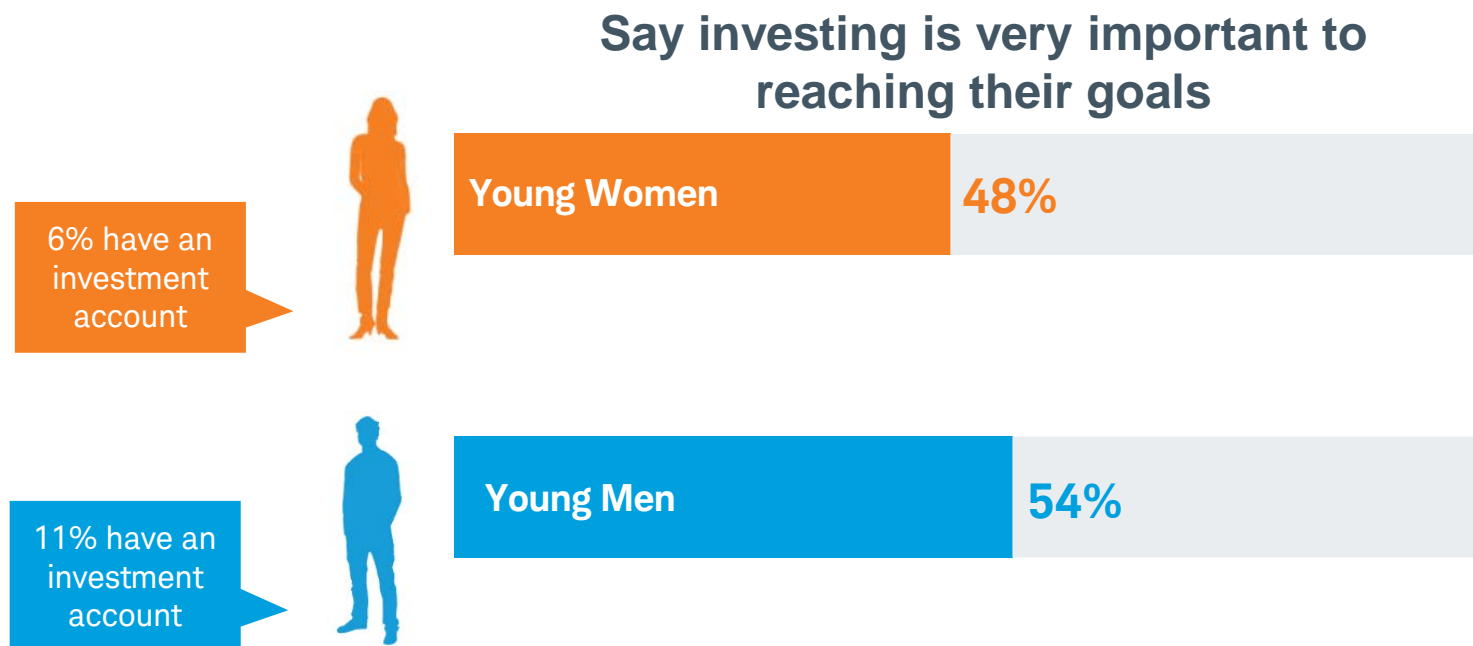


36% of **young women** skipped a meal because they didn't have enough money vs. **29%** of **young men**



22% of **young women** missed a bill payment vs. **17%** of **young men**

Investing isn't as top of mind for young women; however, most young people aren't investing at all



What parents can do

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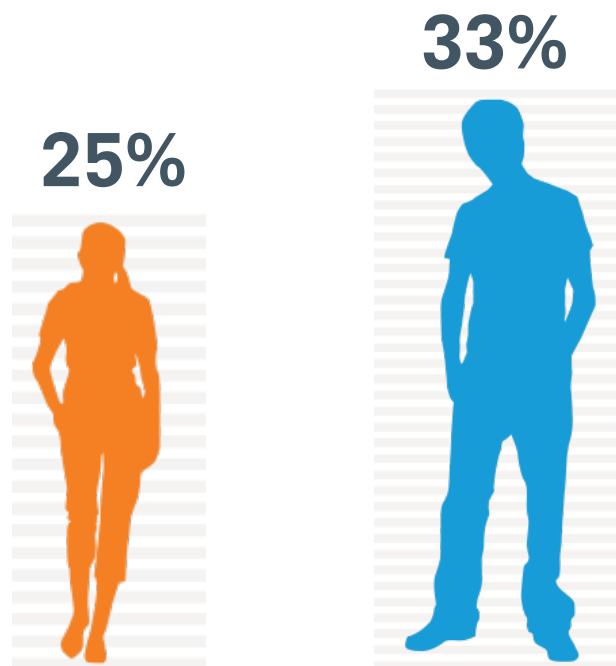
Parents are the most trusted source of financial information for young adults



40%

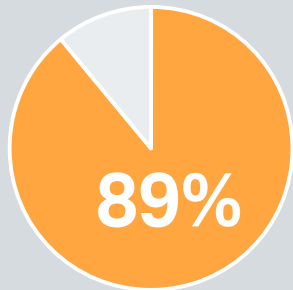
Of **young women** say their parents/family are their most trusted source for financial information (vs. **38%** of **young men**)

Young women are less likely to understand their family's financial situation



Young men are more likely than young women to say they understand their family's financial situation extremely well

Young women are learning about finances through observation or casual conversations



of young adults have learned something about finances from their parents

Say they learned about finances through watching their parents

Young Women

44%

Young Men

36%

Say their parents occasionally talked to them about money but it was pretty casual

Young Women

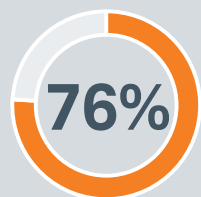
35%

Young Men

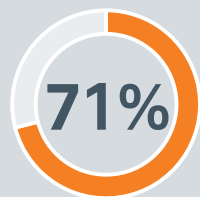
31%

Young adults, especially women, show a high level of interest in diverse financial topics

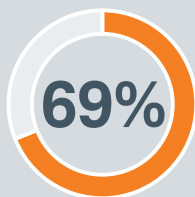
Interest in Financial Topics



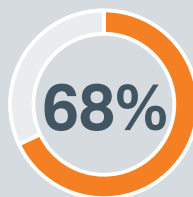
Learning how to make enough money to reach my financial goals



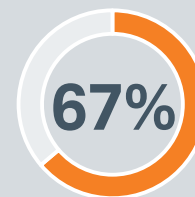
How to keep my financial information secure



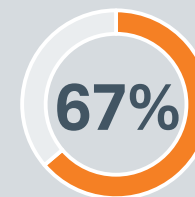
How to save enough so I will be set in retirement



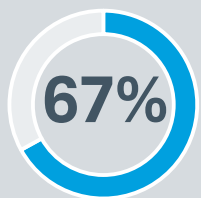
How to figure out how much money I need for necessities



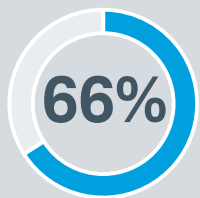
How to build credit



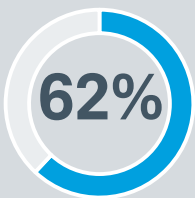
How to set up a 3 month emergency fund



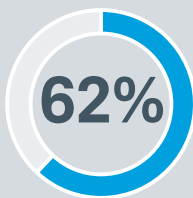
Learning how to make enough money to reach my financial goals



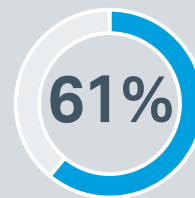
How to keep my financial information secure



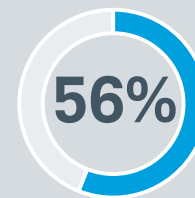
How to save enough so I will be set in retirement



How to figure out how much money I need for necessities



How to build credit



How to set up a 3 month emergency fund

Parents can help their children and help close the gap. Here's advice to get the conversation started.

1.

Parents should be having the same conversations with young women and men about money. They should be learning equally about budgeting, saving and investing.

2.

Always live below your means. While young men are spending more and saving more, young women are spending prudently yet saving less.

3.

Ensure they open a Roth IRA or 401k, and not only save 10-15% of their monthly salary but also invest it when possible.

Thank you

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