



## OVERCOMING COVID-19'S FINANCIAL IMPACT WILL BE CHALLENGING FOR MILLENNIALS

Dear Colleagues and Friends,

As the largest generation in America, millennials play a pivotal role in the U.S. economy, making their financial well-being of vital concern. Our analysis of data collected in 2018, during a time of economic expansion, indicates that millennials were ill-prepared to face any financial emergency, let alone an economic contraction as significant as the one caused by the COVID-19 pandemic. Our findings indicate there is a critical need for policies and programs that are tailored to helping millennials get through this crisis and build financial resilience.

Our new report, "[Millennials and money: Financial preparedness and money management practices before COVID-19](#)," documents the financial stress, lack of savings, preponderance of debt, expensive money management practices, and low financial literacy levels among millennials even prior to the current crisis. Here are some of the key findings:

- Fifty-three percent of millennials had *not* set aside an **emergency fund** that could cover their expenses for three months.
- Forty-four percent reported feeling as if they had **too much debt**.
- **Fifty-one percent reported concern about their ability to pay back their student loans in full.**

In addition to a lack of assets and an excess of debt, **expensive money management practices** contributed to millennials' precarious financial circumstances. For example, a staggering 43 percent of millennials used various forms of alternative financial services, such as payday loans and pawn shops. Alarming, **only 16 percent of this generation are financially**

**literate.** Their financial behaviors combined with a lack of financial knowledge put their financial resilience at further risk.



The financial situation of millennials has implications beyond individual financial well-being: a problem of this scale affects local and national economic health. Targeted financial education programs, particularly **workplace financial wellness programs**, have the potential to improve financial literacy and, in turn, positively influence the financial well-being of millennials.

We must work together to help millennials build financial resilience and achieve financial security in the years to come.

Kind regards,

*Anna*

Annamaria Lusardi

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*Data Source: 2018 National Financial Capability Study by the FINRA Investor Education Foundation*

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