

MEMORANDUM

TO: Allstate
FROM: FTI Consulting
DATE: 05 / 29 / 2015
RE: Allstate/National Journal Heartland Monitor XXIII Key Findings

This memorandum outlines key findings from a national survey of American adults conducted May 17-27, 2015. This 23rd installment of the Allstate/National Journal Heartland Monitor Poll investigates Americans' experiences and perspectives on getting started in life and seeks answers to the following questions: What are the rules of success in today's economy compared to previous years? What do people in different life stages think about major milestones like home ownership, marriage, and children? What expectations do Americans have for their personal finances, their career, where to live, and retirement?

The survey was conducted among a national sample of 900 adults age 18+, with 450 reached via cell phone and 450 reached via landline. The survey also included an additional oversample of 200 adults age 18-24 nationwide, with 150 reached via cell phone and 50 reached via landline. This total sample of 1,100 adults was weighted by age, gender, and race/ethnicity to a nationally representative sample of 1,000. The margin of error for a sample of 1,000 is +/- 3.1 in 95 out of 100 cases.

This survey classified respondents into one of two categories: "Younger" Americans are age 18-24 and those age 25-29 who answered that they were still "getting started" in life. "Older" Americans are age 30+ and those age 25-29 who did not consider themselves to be still getting started. On many topics throughout the survey, Younger respondents were asked questions in the context of their current expectations and experiences, while questions to the Older respondents were asked questions retrospectively of the time in which they were getting started.

SUMMARY OF SURVEY FINDINGS

"Getting started" in life has long been a familiar term in American life without a precise definition. In an attempt to shed some light on this stage of life and the decisions, priorities, and challenges that lay therein, this 23rd installment of the Heartland Monitor Poll explored this issue through questions about Americans' views on family, housing, employment, education, and personal finances. In particular, this poll examined the different expectations and experiences of "Younger" Americans (those age 18-24 and the majority of those age 25-29 who said they were still "getting started") compared to the seasoned retrospective of "Older" Americans (age 30+ and an advanced group of those age 25-29).

During a time of continued economic and political frustration, we were interested to see remarkable consistency between these age groups in how they measured success in today's economy. Both groups also have high standards for moving beyond the "getting started" phase of life. Most in both age groups say that it's not enough to simply graduate from college, get a full-time job, move out of Mom and Dad's house, and pay your own bills. Rather, the bar is set higher and "growing up" is seen by most to include a supervisory job with a career path, an advanced degree with student loans paid off, getting married and having children. Americans of all ages also still subscribe to the ideas of home ownership as a good investment, marriage as a worthwhile institution, and continuing education as a worthwhile career step.

With these high standards and expectations comes an acknowledgement that “getting started” is considerably harder today than it was in previous generation. Younger Americans are experiencing this acutely on the issue of student loans, a burden faced increasingly by this group compared to Older Americans.

Yet, despite these challenges, Younger Americans are among the most optimistic of any group in the poll. They foresee personal financial improvement in the near term. They remain idealistic in their career choices, prioritizing enjoyment and “making a difference” over making money and career growth, although many are also entrepreneurial.

And, they also appear to be charting a slightly different course than their parents’ generation. They prefer to live in an area with a strong sense of community and volunteerism and more public services. And, they think it might be a better choice to wait for financial stability before getting married and having children.

KEY FINDINGS

1. For all the discussion about generational differences in the United States today, Americans of different age groups are closely aligned on how they view major life milestones and what they see as the requirements for moving past the “getting started” phase of life.

- When asked what it means to move beyond the “getting started” phase of life, both Younger Americans (those still getting started) and Older Americans agree on the following measures of success:
 - To a majority, it means either buying a home (34%) or even owning a home outright (22%). Neither moving out of Mom and Dad’s house (27%) nor no longer living with roommates (10%) qualifies as moving beyond this initial life stage.
 - Most think it’s necessary to get married (34%) or have children (21%) to move beyond the “getting started” stage, more than being in a committed relationship (15%) or living with a significant other (15%).
 - Simply graduating from high school only counts as success for twenty percent (20%) of Americans, with more expecting higher educational achievements such as a college degree (31%) or graduate degree (9%). One-in-three (34%) even think that one must pay off student loans before moving past the “getting started” stage, including pluralities in both the Older (32%) and Younger (39%) groups.
 - Fewer than half think that success means either working a full-time job (20%) or a skilled job with benefits (23%). Most set higher standards of either a supervisory position (5%) or holding a job that is part of a long-term career (45%).



- Only one-in-five (21%) think that having financial independence from their parents is an indication of success. Both Older and Younger Americans have higher standards for financial success, like no longer living paycheck to paycheck (25%), having consumer and student debt under control (12%) and, to a plurality, having disposable income and a long-term savings plan (35%).
- From a list of 20 different milestones in housing, career, finances, family/relationships, and education, the top three events that signify the end of “getting started” are the same for both the Younger and Older groups:
 - Having disposable income and a long-term savings plan,
 - Working in a job that is part of a long-term career, and
 - No longer living paycheck to paycheck.
- A majority (53%) of Younger Americans still starting out name their parents are the best source of advice on what to do when getting started in life, far surpassing their own research (21%), siblings/other family (9%), friends (3%), a teacher (5%) or an employer (5%). Older Americans, looking back to when they were starting out, give nearly identical responses about who they saw as the best source of advice.
- Broad majorities of both Younger and Older Americans believe there are positive benefits to marriage, home ownership, and continuing education.
 - Going back full-time for additional education after being in the workforce is seen as ultimately helpful by 77% of Americans, including 70% of those with no more than a high school degree.
 - Home ownership is seen by 72% as a smart and achievable long-term financial decision, including by 62% in the Younger group who are currently renting. Just 13% think home ownership is a smart but unachievable decision and 12% say it is too much risk and too big of a commitment.
 - Three-in-four Americans (74%) think marriage is a still-relevant institution that allows people to live a more happy and successful life. Just 21%, including 28% of those in the Younger group still getting started in life, think marriage is an outdated institution that is no longer necessary.
- Those starting out and those already established generally agree on the drivers of a successful career. Notably, they rate technological understanding, being able to work with people from many different backgrounds, keeping skills current, and even having good family connections as more important than having a four-year degree.



2. There is also wide acknowledgement of the challenges and obstacles present to those getting started in life today.

- Wide majorities, regardless of age or life stage, believe that getting started in life is harder for young people today.
 - More than two-in-three (68%) Younger Americans still starting out think they personally have a harder time than early generations overall and on several different factors. Four-in-Five (80%) Older Americans agree that starting out today is harder than when they were at the same point in life.
 - Three-in-four Americans (74%) say it's harder today to find affordable and desirable housing.
 - Three-in-four (73%) say it's harder to manage personal finances and control debt.
 - Four-in-five (80%) say it's harder today to start and support a family.
 - Four-in-five (80%) say it's harder to find a good-paying and steady job.
- More than two-thirds of both Younger Americans (69%) and Older Americans (68%) who have (non-mortgage) personal or consumer debt acknowledge that it has had an effect on their decisions on major life milestones such as marriage, children, education, or buying a home.

3. Beyond these similarities, Young Americans are significantly more concerned about their personal finances, especially student loans.

- When asked about the biggest challenges facing young people getting started today, these young people name money and personal budget (37%) ahead of education (25%), work and career (20%), relationships and family (11%), and housing (5%). Money and personal budget is especially seen as a big challenge among younger folks without a college degree.
- Nearly half (45%) currently have student loan debt, compared to just 28% in the Older group when they were first getting started.
- Regarding debt, there is a vast difference between Younger people still starting out and the retrospective of current senior citizens. Among the Younger group, 45% have student loan debt and just 23% have no debt of any type. Among current seniors citizens (age 65+), 44% say they had no debt at all when getting starting in life and just 11% had student loan debt.



- Among Younger people still getting started, paying off debt like credit cards and student loan debt (32%) is seen as the best use of money left over at the end of the month, ahead of building an emergency fund (21%), saving ahead for major purchases (15%), saving to buy a home (14%), investing in retirement (10%), and saving ahead for children's college (7%).

For Older Americans looking back at what they wish they had done better when they were getting started, investing in retirement tops their list (26%), with debt, home savings, emergency fund, and children's college all lumped together as a secondary priority.

- Nearly two-in-three Younger Americans (63%) describe their personal financial situation as "fair" or "poor," significantly higher than the 54% in the Older group.
 - Nearly seven-in-ten (69%) of Younger Americans without a college degree describe their finances as fair/poor compared to 52% of their counterparts with a degree.
 - Two-thirds (67%) of those getting started who have student loans say their situation is fair/poor, compared to just 47% of those without student loans.
- Two-in-three (66%) of those just getting started say they need to make between \$50,000 and \$100,000 or more in household income to be financially secure; specifically almost a quarter (23%) say at least \$50,000 and one-in-five (20%) say at least \$60,000.

4. Still, as we've seen throughout the Heartland Monitor series, Younger Americans are positive about their financial future.

- Fully seven-in-ten (70%) of the Younger group say their personal financial situation will be better by this time next year. Just 41% of the Older group feels the same optimism.
- Half (50%) believe they have more opportunity to get ahead than their parents did, especially non-Whites (62%) and those who don't have a parent with a college degree (57%).



- Nearly half (46%) say that regarding personal financial matters like saving for retirement, investing, and managing debt, they know what to do and are following a plan. Another 36% say they know what to do and can't afford it, while just 15% say they don't know what they should be doing.

Among the Older group, just 28% say they knew what to do on these matters when they were just getting started.

- More than half (54%) in the Younger groups think they'll be able to retire before age 65, compared to just 41% of current Older, non-retirees.

5. Those getting started in life have different priorities and beliefs about their preferred career, type of place to live, and timing of marriage and children.

- Younger Americans still starting out name "doing something enjoyable" (32%) and "making a difference in society" (25%) as their highest priorities in a job, ahead of "learning skills to build a career" (23%) and "earning as much money as possible" (16%).

Their Older counterparts, looking back, ranked their priorities in a much different order, with earning money (33%) at the top, followed by learning skills (31%), doing something enjoyable (16%), and making a difference in society (11%).

- Asked about the potential employer with the best combination of income, opportunity and job security, the Younger group's top choice was "owning your own business" while the Older group chose public sector work.
- Just about half (49%) in the Younger group think the best possible career path will come from regularly changing employers. Looking back, just 38% in the Older group think that different employers would have been a better path – 53% think a single employer would have been the best choice.
- Half (50%) in the Younger group think it's better for their career and family to move to a different part of the county than to stay in the community where they currently live for a long time (49%). The Older group had stronger ties to their neighborhoods with two-thirds (67%) choosing to stay in their community and twenty-eight percent (28%) opting for a different part of the country.



- Younger Americans are evenly split on a choice between living in a place with less public services and also lower taxes (48%) and a place with more services and higher taxes (50%). By two-to-one margin (65%-31%), Older Americans prefer the former, low-tax option.
- Younger Americans are also much more drawn to settling down in a place with an active culture of community and volunteerism. Fifty-five percent (55%) find this very appealing, compared to 44% of the Older group looking back at their priorities when they were starting out.
- On two important family issues, the Younger group is more likely than the Older group to say that people should wait until they are financially secure to get married (73% vs. 55%) and also to have children (86% vs. 67%).
- Just over half (51%) of Younger Americans say that if they were raising children today, the better choice for their family would be two working parents and school/childcare. Forty-four percent (44%) think that one parent working and one parent providing child care would be the better approach.

The preference is flipped among the Older group, with 55% preferring a parent at home and 41% preferring two working parents.