



2024 The State of Gen Z's Financial Health

Since 2021, the Better Money Habits team has surveyed Gen Z as part of its mission to set up the next generation for financial success. The 2024 Better Money Habits study examines the financial attitudes and behaviors of adult Gen Z (ages 18-27) Americans with the goal of better understanding the state of Gen Z's financial health. These findings deepen our understanding of adult Gen Z's unique approach to money, what barriers they face and what their financial goals are, while strengthening our ability to meet their needs with resources and guidance throughout their financial journeys. Bank of America's Better Money Habits platform connects people at all life stages, including Gen Z, to relevant tools and resources that help build financial know-how and move them closer to their aspirations.

This survey was conducted in April and May 2024 and is based on a nationally representative sample of 1,091 Gen Z adults (age 18-27), inclusive of 254 Black/African American, 256 Hispanic-Latino and 584 women respondents.

Key Findings Include:

The high cost of living continues to impact Gen Z's ability to afford the life they want to live.

- Over half (52%) of Gen Z reported that both they don't make enough money to live the life they want and that the high cost of living is one of the main financial challenges this generation faces.
 - Gen Z reported similar numbers in 2023 (53%) and 2022 (50%) when listing high cost of living as a top financial challenge.
- More than one-third (37%) said they do not "make good money."
 - Over half (57%) of respondents said that "making good money" looks like, "being able to cover most of the non-essential spending I want to do."
- Comparing themselves with their parents, almost a third (32%) feel like they are behind where their parents were at the same age in meeting financial goals.

Many Gen Z are relying on financial support, primarily from their parents or other family.

- Over half of Gen Z (54%) said they receive financial assistance from the following top source: 46% from their parent/other family; 9% from the government; 3% from friends.
 - Even 37% of Gen Z non-students reported receiving financial assistance; 30% from parents/other family.
- Of those receiving financial assistance, almost a third (32%) get \$1,000 a month or more; nearly half (44%) are getting less than \$500 a month.
 - Of those non-student Gen Z who receive financial assistance: 22% reported receiving \$1,000 a month or more. Over half (55%) said they receive less than \$500 a month.
- Gen Z who receive financial assistance use that money to help pay for:
 - Groceries and toiletries (57%)
 - Rent/utilities (53%)
 - Phone plan (53%)
 - Health insurance/payments (49%)

Housing Costs are a Challenge

1 in 4 (28%) Gen Z respondents consider housing / rent expenses a top barrier to financial success.

Over half (54%) of Gen Z reported they do not pay for their housing. Of the 46% of Gen Z that pays for housing:

- 64% reported that over 30% of their monthly paycheck goes towards housing.
- 2 in 10 (23%) Gen Z who pay for housing said 51% or more of their monthly paycheck goes towards housing costs.

Top Ways Gen Z Spends Their Leftover Income

- 36% said dining out
- 30% said shopping
- 24% said entertainment
- 15% said paying down debt

While Gen Z understands the importance of saving, many are not able to save as much as they'd like to.

- Almost a third of Gen Z (30%) said that they would like to save, but don't make enough money to do so.
 - 17% reported not being able to save as a barrier to financial success, consistent with findings from last year and 2022 at 18%.
- Over half (57%) of Gen Z does not have enough emergency savings to cover three months of expenses – consistent with 56% in 2023 and 55% in 2022.
 - Only 18% said they had built or contributed to an emergency fund in the past year, up slightly from 2023 (13%) and 2022 (12%).
 - Only 21% of Gen Z listed building an emergency fund as a top three priority for the year ahead, consistent with 2023 (18%) and up from 2022 (15%).
- For many Gen Z, the amount they can put into savings varies. Over a third (39%) shared that they put any leftover money that they can into savings, which varies month-to-month.
- Less than 1 in 5 Gen Z (15%) put a set percentage of their paycheck into a savings account each month.

Gen Z wants to prioritize saving for retirement and building investments, but many do not feel they have the means to do so right now.

- Only 19% of Gen Z reported putting a percentage of their paycheck into a 401(k).
- Only a third (33%) are on track to be actively saving for retirement in the next 5 years.
 - However, there is an interest to begin saving for retirement. Almost half (46%) said that they are not on track to actively save for retirement in the next five years, but want to.
- Only 15% of Gen Z said they invested in the stock market in the past year, on par with findings from 2023 (15%) and 2022 (19%).
- Less than a third (29%) reported that they were on track to start investing or building investments in the next five years.
 - However, there is an interest to begin investing. 2 in 5 Gen Z (40%) said that they are not on track to start investing or building investments in the next five years, but want to.
- The vast majority (82%) of Gen Z do have financial goals, and over half (51%) are prioritizing both short- and long-term ones.

There are several life milestones that Gen Z wants to achieve but may not have the means to do so in the near future.

- Lack of income is another top barrier, with 38% reporting feeling that they don't have enough income to achieve their financial goals. This has become a larger barrier for Gen Z since 2023 but remains consistent with sentiments from 2022. Last year only 36% reported a lack of income as a top barrier.
- Almost a quarter of Gen Z (24%) said their income is enough to cover the necessities, like rent, bills and groceries, but doesn't go much further than that.
 - This is true for both younger Gen Z (18-22 years old) and older Gen Z (23-27), at 24% for both generational segments.
- When asked if they were on track to achieve various life milestones within the next five years, the majority of Gen Z reported "No, but I want to" for the following goals:
 - Buying a home: 50%
 - Getting married: 33%
 - Buying a car: 32%
 - Living alone: 31%
 - Starting a family/having kids: 28%
 - Moving in with a partner: 24%
 - Improving credit: 24%
 - Paying off debt: 22%

With the cost of living remaining high, Gen Z feels equipped to handle the basics and has taken steps to cut out unnecessary costs and avoid pressures to overspend.

- A majority of Gen Z respondents shared that they feel equipped to handle financial basics, such as:
 - Managing their day-to-day expenses: 70% (v. 2023: 69%, 2022: 70%)
 - Sticking to a budget: 70% (v. 2023: 70%, 2022: 71%)
 - Building credit/managing credit wisely: 66% (v. 2023: 67%, 2022: 65%)
- To offset growing expenses, two-thirds (67%) of Gen Zers are implementing lifestyle changes:
 - 43% reported cutting back on dining out
 - 27% passed on events with friends
 - 24% started shopping at more affordable grocery stores
 - 21% started using a budget
- Over a third (38%) of Gen Z is comfortable declining social activities and being transparent that it is because they cannot afford to attend.
- Over half (63%) of Gen Z said they do not feel pressured by their friends to spend beyond their means.

Financial Motivations, Priorities and Barriers Among Diverse Young Adults

Black/African American Gen Z continue to build strong financial habits, despite external financial barriers.

- In the past 12 months, 1 in 4 (25%) B/AA respondents decided to reprioritize their finances as a result of an intentional lifestyle/self-change.
- To combat the high cost of living over the past year, B/AA Gen Z cut back on dining out (44%), started grocery shopping at a more affordable grocery store (31%), started using a budget (28%) and even started a side hustle (20%).
- 20% of B/AA Gen Z save by putting a percentage of their paycheck into a savings account monthly compared to 14% of their non-B/AA peers.
- B/AA Gen Z's top barriers to their financial success include not being able to save (23%), the economy/economic outlook (26%) and housing/rent expenses (20%).

Hispanic-Latino Gen Z make smart financial decisions to combat the high cost of living.

- H-L Gen Z are making smart financial decisions to combat the high cost of living. Nearly a third of H-L Gen Z respondents (33%) started using a budget (vs. 18% non-H-L) and passed on events with friends (34%; vs. 25% of non-H-L) due to the rise in cost of living.
- H-L Gen Z is nearly twice (26%) as likely to reprioritize their finances compared to their non-H-L peers (14%).
- More than a quarter of H-L Gen Z respondents described their monthly income as 'I can afford some of the non-essential spending I want to do (eating out, going to concerts, traveling)' (28%) or 'My income is enough to cover my necessities (rent, bills, groceries, etc.), but doesn't go much farther than that' (27%).
- H-L Gen Z's top barriers to success are the high cost of living (54%), not enough income to achieve financial goals (39%) and the economy/economic outlook (36%); consistent with findings from the general Gen Z population.
- Over two-thirds (68%) of H-L respondents do not have enough savings to cover 3 months of expenses.

Gen Z women continue to face financial barriers at higher rates than men, but they are taking steps to cut back on unnecessary expenses.

- When asked if they feel like they make "good money," only 22% of Gen Z Women said yes (vs. 30% of men).
- Over the last year, over two-thirds (68%) of women Gen Z made lifestyle/self-changes (i.e. changed their physical appearance, reprioritized finances, switched careers/majors) (vs. 51% of men).
- The top barriers to financial success reported by Gen Z women are:
 - High cost of living: 61% (vs. 44% of men)
 - Housing/rent expenses: 35% (vs. 22% of men)
 - Lack of budgeting/financial control: 15% (vs. 8% of men)
- Gen Z women (40%) are prioritizing their finances and try to put any leftover money that they can into their savings, but it varies from month to month. Close to a third (30%) of them don't feel as though they make enough money to save, the same as Gen Z men.
- To combat the high cost of living, Gen Z women cut back on unnecessary expenses at higher rates than men, including dining out (50%; vs. 37% of men) and passing on events with friends (31%; vs. 24% of men).
- Nearly two-thirds (63%) of women said they do not feel pressured by their friends to spend above their means (vs. 64% of men).

Methodology This survey was conducted April 17 – May 3, 2024, by Ipsos in both English and Spanish and is based on nationally representative probability samples of 1,097 general population adults (age 18 or older) and a partially overlapping sample of 1,091 Gen Z adults (age 18-27), including 37 Gen Z adults from a non-probability sample. This survey was conducted primarily using the Ipsos KnowledgePanel®, the largest and most well-established online probability-based panel that is representative of the adult US population. The margin of sampling error for the general population sample is +/- 3.1 percentage points at the 95 percent confidence level.

The survey data has been weighted to match national population benchmarks. The general population sample and Gen Z sample were weighted separately to match national population demographics of gender, age, race/ethnicity, education, region, metropolitan status, household income, language proficiency and Hispanic origin. Benchmarks for these variables were obtained from the Census Bureau's 2023 Current Population Survey (CPS), with the exception of benchmarks for language proficiency which were obtained from the Census Bureau's 2022 American Community Survey (ACS)