

# Millennials and Their Money

## Doubt, Debt and the Digital Native



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BY JAMIE WILSON / ASSOCIATE EDITOR

**NEW YORK**—We’ve been talking about Millennials for some time now. From the Millennial Manscape and the Millennial Mom to this generation entering the workplace and of course how to engage them as buyers. And if we’ve learned anything about Millennials it’s that they are very different from the generations that came before them, often straying from the traditional path.

Millennials are not just a homogenous unit of young adults, but their shared experiences, like maturing during the Great Recession, accumulating large amounts of student debt and entering the work force in a rocky job market, have allowed them to develop common habits and lifestyle choices.

They’ve have had to navigate obstacles unique to their generation while making their way into adulthood, quickly finding out that the customary life trajectory such as get an education, get a job, buy a house, start a family and retire, weren’t going to work in the same way for them.

When figuring out how to appeal to these tech savvy twenty-somethings, knowing how they spend money, what they’re spending on and why they’re purchasing certain items is key when it comes to engaging them as customers.

Through “life hacks,” breaking from tradition and utilizing an entrepreneurial mindset, Millennials have found ways to make ends meet. Whether it’s choosing to live at home for a longer

time or renting with a group of friends to cut costs, these digital natives have figured out what works for them even if older generations might view their methods as unorthodox.

As outlined in a financial article on the Huffington Post, “...These tough circumstances may ultimately benefit Millennials. Their frugality, including their deployment of digital savvy to find the lowest prices and willingness to live at home longer, along with their tendency to push off major expenses like buying a home (only 46 percent of the full-time employed Millennials surveyed own a home), getting married, and having kids, will likely serve them well financially as they age in an increasingly uncertain landscape for retirement and other benefits.”

When the economy hit a record low around 2008, many Millennials witnessed the layoffs of what become known as the Great Recession and the financial burden it put on their families. Yet, when they went off to college many of them graduated not only with their degree but overwhelming amounts of debt from student loans.

According to Nielsen’s Q2 2015 Consumer Confidence Report, about “70 percent of Millennials believe their personal finances will be either good or excellent in the next year, yet 55 percent still feel like the U.S. is in an economic recession.”

So although some Millennials feel like things will get better financially while others are still feeling the pressure on their wallets, Millennials are somewhat wired to be cautious spend-

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ers and savvy savers because they know how quickly economic circumstances can change.

“After covering their living expenses, Millennials are most likely to put money into savings,” Nielsen’s report continued. “Millennials are more than twice as likely as the average consumer to have student loan debt, and roughly 26 percent of Millennials use their extra money to pay off these debts. Despite improvement in economic conditions across the nation in recent months, about one-quarter (23 percent) of Millennials do not have any extra



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money after payday.”

When it comes to Millennials making money, it can be difficult to justify spending on certain items when most of their paychecks go directly to their savings and expenses. The justification of juggling more debt doesn’t seem to make much sense for this group and their lifestyle.

The New York Times article, “How Millennials Became Spooked By Credit Cards,” highlighted just how weary Millennials are about spending outside of their means. Therefore, many are opting out of owning a credit card, which in the past was viewed as a rite of passage into adulthood for Boomers and Gen-Xers.

According to the article, “Some older Americans have also been shedding credit card debt since the financial crisis that began in 2008. But for no other age group has the decline in the proportion holding credit card debt been more rapid than it has been for young Americans—who are often referred to as Millennials—the data from the Survey of Consumer Finances shows.”

It continued, “But many younger people have been sitting on the sidelines, deterred by new laws passed after the crisis and big loads of student debt. They are also spooked by the temptation that credit cards offer to spend beyond one’s means.”

However, just because Millennials are more cautious with their cash doesn’t mean they don’t spend at all. When they do make big purchases, like going on vacations, they have found methods that work for them such as careful planning and peer-to-peer payment (P2P) systems like PayPal and Venmo.

As outlined in a Forbes article, “According to the [PayPal] study, 37 percent of Millennials say they use a peer-to-peer payment (P2P) system while traveling, versus 29 percent of Gen Xers and 14 percent of Young Boomers. Many use it to pool funds while traveling (30 percent) and think it is



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safer (40 percent) than using cash.”

In an infographic from PayPal, when compared to Boomers and Gen Xers, 40 percent of Millennials are more likely to wait until they have extra money before planning a trip. The infographic detailed that 32 percent of Millennials are more likely to pay together and sort it out after as compared to 24 percent of Gen X travelers and 18 percent of Boomers traveling.

Even though early adulthood might have been rocky for Gen-Y, this technologically in touch, well-informed demographic is used to figuring out ways to make situations work for them. In short, the kids will be alright. ■

