WELLS FARGO

2014 Wells Fargo Millennial Study

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Overview

The 2014 Wells Fargo Millennial Study was conducted to assess behaviors, attitudes and satisfaction related to debt, saving, investing and retirement of Millennials and to compare and contrast their views with those of the Baby Boomer generation. Survey respondents included over 1,600 U.S. adults between the ages of 22 and 33 ("Millennials") and over 1,500 U.S. adults between the ages of 49 and 59 ("Baby Boomers").

Millennials understand that retirement for their generation will look different than for their parents and they expect to share more of the burden of retirement income themselves. As a result of the Great Recession of 2008, a strong majority say that taught them that they need to save now in order to survive economic problems down the road. Yet despite these reported lessons, only slightly more than half of Millennials have started saving for retirement.

A major source of worry and concern for Millennials is debt. About four-in-ten Millennials report that they are overwhelmed by debt obligations, primarily paying off credit card, mortgage, and student loan debt. As a result of their debt burden, the majority of Millennials report that they are living paycheck-to-paycheck and aren't able to save for the future.

Despite these concerns, Millennials are optimistic about their future. They are confident that they will have the savings needed to live a comfortable retirement and expect to enjoy a lifestyle that exceeds that of their parents. While they share frustrations with their Boomer counterparts about the state of the economy and long-term prospects, they are confident that their careers will advance and that if they lost their job, they could find another comparable one this year.

Confidence in the stock market has improved from last year's study with the majority of both Millennials and Boomers saying they believe the stock market is a good place to invest for retirement. Nearly one-in-five Millennials report that all of their retirement savings are in stocks or mutual funds. At the other end of the spectrum, nearly a third have a quarter or less of their retirement savings in stocks and or mutual funds, while a quarter of Millennials aren't sure where they are invested.

Overall, Millennial women seem to be less satisfied and optimistic with their current financial situation than men. They were more likely to feel worried about starting and building a career in their desired profession and less satisfied about their employment outlook. These findings are not surprising given they reportedly earn substantially less income and have considerably fewer assets than their male counterparts.

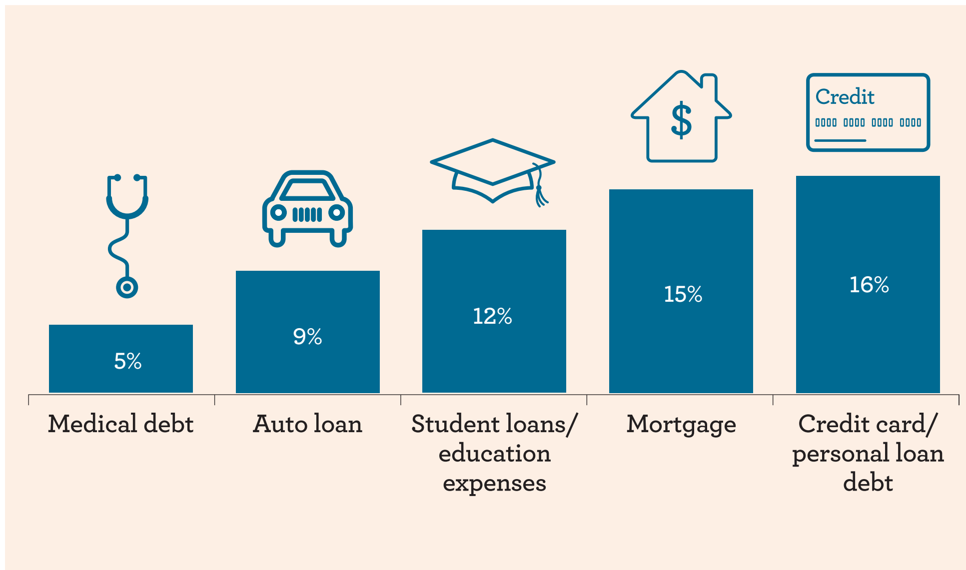
Key findings

Concerns over debt

Millennials are struggling under the pressure of debt with 42% saying debt is their biggest financial concern currently. Four in ten (39%) say they are overwhelmed with debt, compared to 23% of Boomers. Likely due to their big debt obligations, more than half of the Millennials (56%) say they are living paycheck-to-paycheck and are unable to save for the future.

About half of Millennials (47%) are using more than half of their monthly income to pay off various types of debt (see chart 1). Their number one financial concern, following day-to-day bills, is paying off student loans. Millennials were much more likely than Boomers to have paid for their college education via student loans – 54% vs. 32%, respectively. Despite this debt burden, two-thirds (66%) of Millennials believe that their education was worth the cost. In contrast, Boomers cite saving for retirement as their top financial concern.

Chart 1: Mean % of monthly household income going to paying debt



*The **majority** of Millennials **(53%)** think about their financial future daily, significantly more than Boomers **(40%)***

Retirement expectations and saving

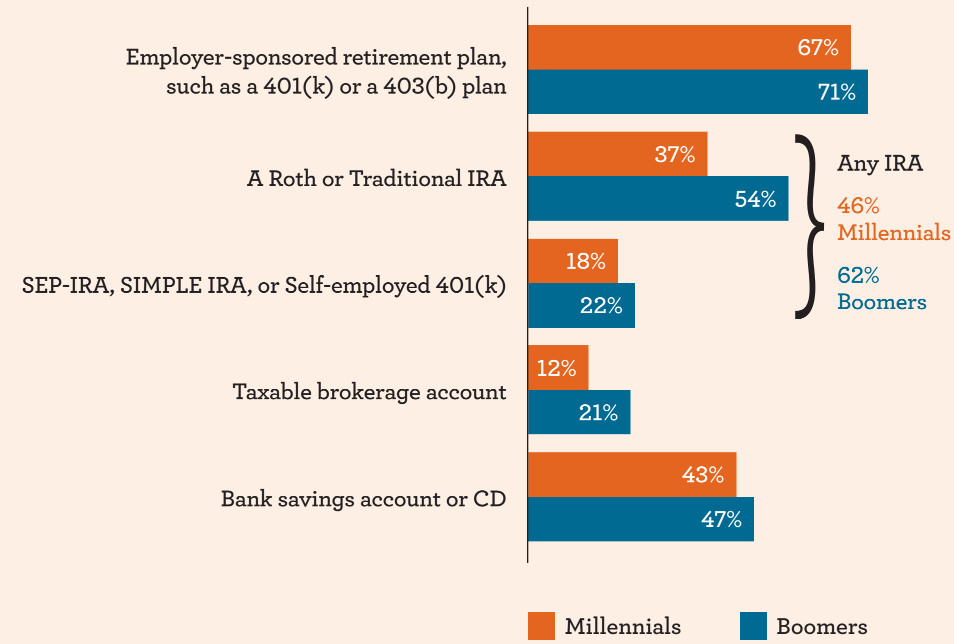
Millennials seem to grasp the concept that retirement for their generation will look different than for their parents and they expect to share more of the burden themselves and rely less on Social Security and pensions. A third (35%) of Millennials don't expect to rely on Social Security for any of their monthly retirement income compared to 15% of Boomers.

About three quarters (77%) of Millennials are confident that they have the knowledge to address any financial problem in the next ten years. While their confidence is high, when it comes to estimating how much they will need to live comfortably in retirement, 40% of Millennials were not sure or couldn't estimate an amount. Also concerning is that more than half of Boomers (54%) couldn't either. For Millennials who were able to provide an estimate of retirement needs, nearly a third (31%) said they will need under $1 million while 15% say they will need $1 to $2 million. The average estimate was $1.83 million, compared to $1.42 million for Boomers.

*Nearly **three in four** Millennials **(72%)** are confident they will be able to save enough for the lifestyle they hope to have for the future vs. **64%** for Boomers.*

*The savings picture looks different for the Millennials by gender with **61%** of men and **50%** of women reporting that they have started saving for retirement.*

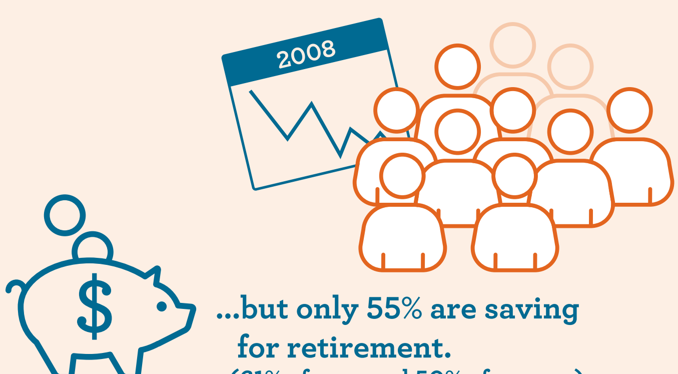
Chart 2: Types of accounts owned among those saving for retirement (top responses shown)



As Millennials experienced the ill-effects of the Great Recession of 2008, a strong majority (80%), say it taught them they have to save "now" to survive economic problems down the road. Despite these sentiments, only slightly more than half of Millennials (55%) are saving for retirement. Those that aren't saving expect to begin at age 35. The top reasons for not saving for retirement included not having enough money to save (84%), other more immediate priorities (81%) and the need to pay off debts first (77%).

The type of account used most frequently by both Millennials and Boomers to save for retirement is employer-sponsored retirement plans, followed by IRAs (see chart 2). IRAs are used less frequently by Millennials saving for retirement with 46% saying they have an IRA of some kind, compared to 62% for Boomers saving for retirement.

Eight in ten Millennials say the Great Recession taught them they have to save "now" to survive economic problems down the road...



...but only 55% are saving for retirement.
(61% of men and 50% of women)

Implications

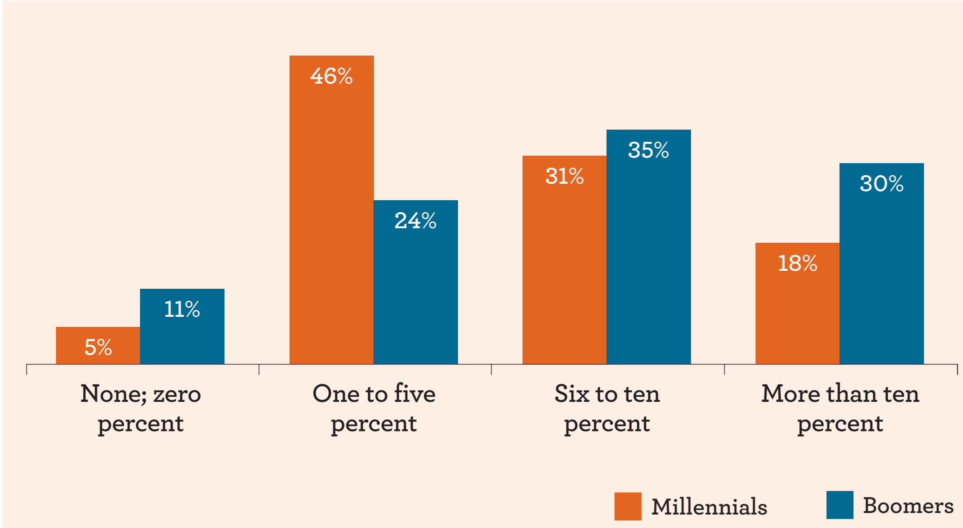
While Millennials have embraced employer-sponsored plans as the preferred retirement savings vehicle, they are investing in IRAs at a significantly lower rate than Boomers. This represents an opportunity for financial service providers and employers to educate Millennials regarding IRAs and encourage maximum retirement saving by investing in an IRA, in addition to an employer-sponsored plan.

Stock market confidence.

Despite the ups and downs of the market, 59% of Millennials say the stock market is the best place to invest for retirement.

(69% of men and 49% of women)

Chart 3: Percentage of income currently saving for retirement



Confidence in the stock market

Despite the ups and downs of the market, 59% of Millennials and 66% of Boomers, say the stock market is the best place to invest for retirement, representing a roughly 10% point increase from last year's study for both.

Of those Millennials that are saving for retirement, nearly half (46%) are saving one-to-five percent of their income (see chart 3). In terms of where they are investing, about one in five (18%) say they are invested 100% in stocks or mutual funds, 26% say they are in a range of 50% to 75% in stock and or mutual funds. Thirty percent say they are invested 25% or less in stocks. Interestingly, a quarter of Millennials who are saving for retirement are unsure of how much of their savings are invested in stocks or mutual funds.

***A quarter** of Millennials are not sure what percentage of their retirement savings are currently invested in stocks or mutual funds.*

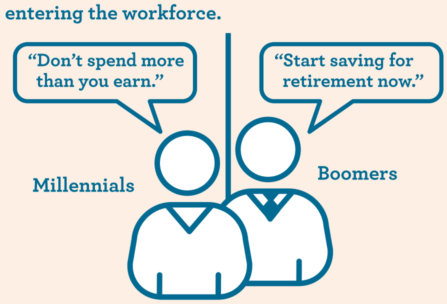
Implications

Millennials believe the stock market is a good place to invest their retirement savings and about half (45%) who have started saving for retirement have allocated more than half of their savings to stocks or mutual funds. Yet, nearly a third (30%) have allocated 25% or less to stocks or mutual funds and a quarter of them don't know how their funds are invested. This represents an opportunity for employers and plan sponsors to provide more robust employer plan participant education regarding long-term investing and options offered in their plans.

Trusted sources for financial advice

Millennials look primarily to family (57%) as a trusted source for information to help them make financial decisions, followed by "financial institutions" (54%) and "personal finance experts/personalities" (50%). For Boomers, they report that they trust personal finance experts/personalities (57%), financial institutions (45%) followed by family (40%) (see chart 4).

The most important financial advice to those entering the workforce.



When asked what advice they would give to someone entering the job market now, a third of Millennials (33%) advised them to, "not spend more than you earn," while Boomers (43%) said, "start saving for retirement now."

One-third of Millennials have used an online tool to help them determine how much they should be saving for

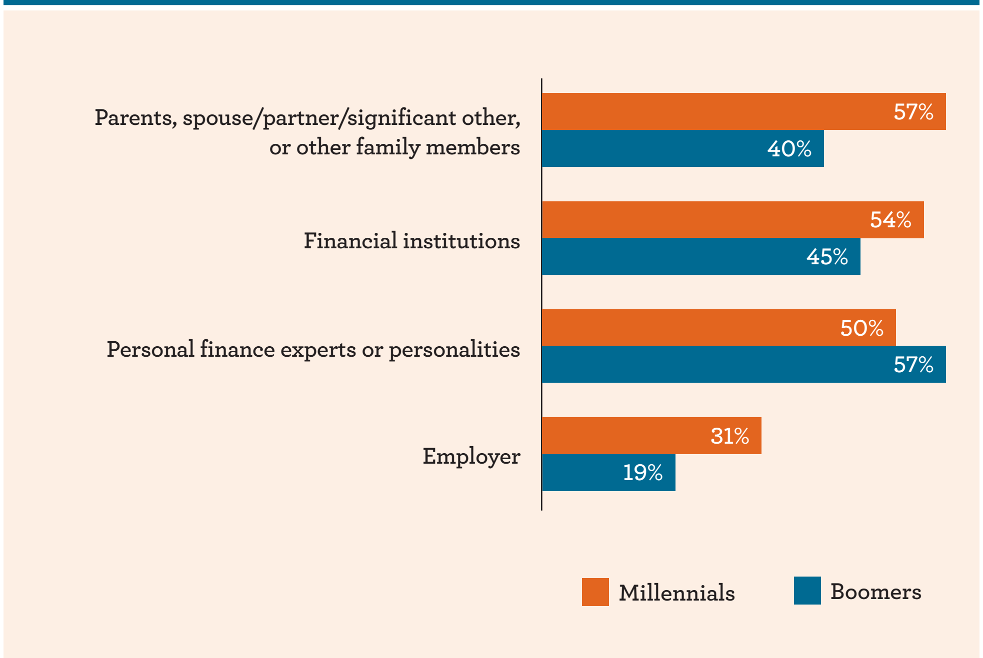
*Only **16%** of Millennials and **30%** of Boomers use a paid financial investment advisor.*

retirement. Nearly half (46%) who used an online tool said the tool was useful in terms of establishing a retirement savings goal and about a third (31%) said it was helpful in developing an investment strategy. While Millennials value online resources, similar to Boomers, they prefer face-to-face interaction for things like setting up a new investment account, creating a financial plan or conducting investment transactions. Despite this preference, a small percentage use a financial advisor. The percentage of Millennials using a financial advisor doubled from last year to 16% and was less than a third (30%) for Boomers. Among Millennials and Boomers that don't, the most common reasons were they can't afford one (55% and 40%, respectively) or the fees are too high (29% and 30%).

Implications

While online tools are helpful in getting Millennials started towards saving for retirement, they prefer face-to-face interactions for establishing new accounts and creating financial plans. Yet, they perceive financial advisors as not within their reach due to cost. Therefore, the opportunity exists for financial service providers to bridge this gap by offering affordably priced, in-person investment advisory services.

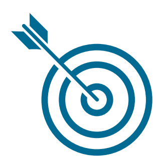
Chart 4: Sources trusted for credible information to help make decisions on finances (top responses shown)



Millennial optimism

Despite concerns about debt and employment prospects, Millennials feel confident in many aspects of their personal lives. Seven in ten Millennials (69%) feel better off financially than others in their own generation. In addition, 68% of Millennials expect their standard of living to be better than their parents.

With respect to their careers, the vast majority (84%) of Millennials feel they have the skills to succeed in their career goals. Similarly, most Millennials (84%) are confident that their careers will advance. More than three quarters (78%) believe that if they lost their job they could find a comparable one this year. This is in sharp contrast to Boomers, of whom only 58% believe they would be able to find a comparable job.

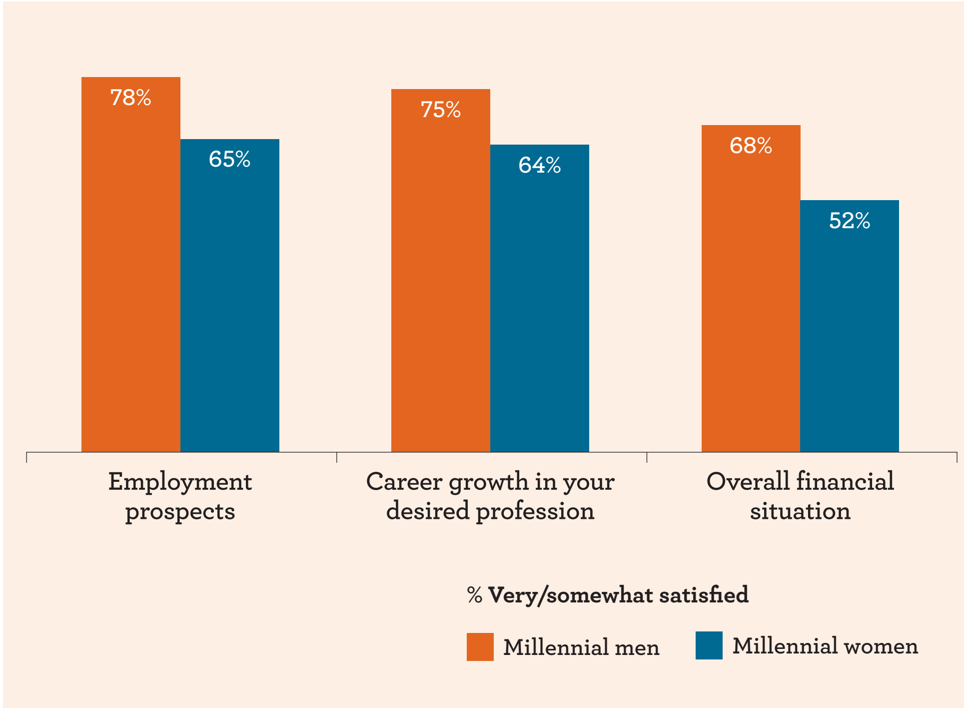


__71%__ of Millennials say they are in control and believe they can achieve their goals vs. __55%__ for Boomers.

Gender inequality

Overall, Millennial women seem to be less satisfied and optimistic with their current financial situation than men (see chart 5). This is not surprising given they reportedly earn substantially less income and have significantly fewer assets than their male counterparts. Millennial college educated men report substantially higher median household annual income ($83K vs. $63K) and median investable assets ($59K vs. $31K) than Millennial women. Consequently, it is not surprising that men are more likely than women to consider themselves a "saver" (66% vs. 58%) and are more likely to have already started saving for retirement (61% vs. 50%). Millennial men are also more likely to indicate saving for retirement is their biggest financial concern (26% vs. 17%, respectively).

Chart 5: Satisfaction with current situation and salary



Background and methodology

About the Survey

The 2014 Millennial study was conducted online by Harris Poll on behalf of the Wells Fargo Wealth, Brokerage, and Retirement (WBR) team between April 15 and May 2, 2014. Survey respondents included 1,639 Millennials between the ages of 22 and 33, as well as 1,529 Baby Boomers between the ages of 49 and 59. Oversample completes were collected for Millennials and Baby Boomers in the Charlotte (134 Millennials, 151 Boomers), Minneapolis (156 Millennials, 157 Boomers), Atlanta (157 Millennials, 160 Boomers) and NYC (150 Millennials, 158 Boomers) markets. Results were weighted, as needed, to represent most recent U.S. Census data based on: age, sex, race/ethnicity, education, region and household income.

About Nielsen & The Harris Poll

On February 3, 2014, Nielsen acquired Harris Interactive and Harris Poll. Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit **nielsen.com**.

About Wells Fargo (Twitter @WellsFargo)

Wells Fargo & Company (NYSE: WFC) is a nationwide, diversified, community-based financial services company with $1.5 trillion in assets. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 locations, 12,500 ATMs, and the internet (wellsfargo.com), and has offices in 36 countries to support customers who conduct business in the global economy. With more than 265,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 29 on Fortune's 2014 rankings of America's largest corporations. Wells Fargo's vision is to satisfy all our customers' financial needs and help them succeed financially. Wells Fargo perspectives and stories are also available at **blogs.wellsfargo.com** and at **wellsfargo.com/stories**.