# ADDRESSING THE FINANCIAL HEADWINDS FACED BY GEN Z AND MILLENNIALS

**Announcer 00:00**

Please welcome the panel on “Addressing the Financial Headwinds Faced by Gen Z and Millennials,” moderated by Director of Milken Institute Finance, Cheryl Evans.

**Cheryl Evans 00:34**

Well, welcome to the panel, and thanks so much for joining us, and I will introduce our distinguished panelists in a moment, I'm going to start out by just listing a few headlines that I found, Mairead and I found. Mairead Treanor works with me in Lifetime Financial Security, and I lead that program focusing on everyone being financially secure throughout their lives and into retirement. That means our work is quite broad, everything from financial education, retirement plan, access, early wealth building, finance of women, financial situations of women, and many other things. So this is an important topic, and so as I was looking at the headlines, here's a couple. "Gen Z is focused on savings, but the struggle is real," 401K Magazine. "On the cusp of adulthood, facing an uncertain future", Pew Research. "How millennials can achieve financial security without owning a home"—which I didn't like that headline. Acorn, interestingly, surveyed over 1900 millennials and asked what they'd be willing to do, and I mentioned this to the panelists, to pay off $10,000 in debt. And the responses were surprising. The one that stood out the most to me was one in 10 millennials said they would spend a week in jail to get rid of $10,000 in debt. So that that was a bit shocking—a little disturbing. Let's pull up the slide. We just have one in the background. This is going to show, I'll keep going, but it's going to show the generations—so you can kind of see where you fit. Some of us are on the cusp, but this is the birth years, so that's kind of an interesting slide. We'll keep that up for a few minutes. So the younger generations in the United States face unique challenges that warrant consideration we felt separately from thinking solely about retirement. Well, we're in the midst of peak 65 we've heard about that. We spoke about it yesterday. That's really the three-year period, approximately when the most people are turning age 65, baby boomers, about 11,200 a day. But we didn't want to leave behind and really not consider the financial situation of younger generations. So that's really important for us. And you know, they're ready to lead. They're ready to take over, and knowing many younger people, encouraged by their tenacity and their strength, and we want to make sure that they're financially secure and stable to be able to do that. So that's a really important topic for us. They face a new world, as we all do, frankly, but unique challenges that others haven't seen and we often hear they're struggling, may even be disillusioned regarding their ability to save and build a stable life and the state of the world. So we'll discuss what these two generations face with our panel of experts. So I'd like each of them to—are just going to introduce themselves to just say where they work, in just a sentence about what they do, and then we'll get into the discussion. So go ahead. We'll start with Sylvia.

**Sylvia Kwan 03:33**

Good morning everyone. My name is Sylvia Kwan. I'm the CEO and Chief Investment Officer at Ellevest. Ellevest is an investment firm that is focused on helping women, families, and the next generation invest with intention.

**Dorothy Kelly 03:50**

Thank you. I'm Dot Kelly. I am the Robert Hardaway Junior Faculty Fellow in on UVA, and I teach personal finance. Thank you.

**Alexis Crow 04:03**

I'm Alexis Crow. I'm the Chief Economist at PwC, and through a number of different affiliations of Columbia Business School and the World Economic Forum, I focus a lot on income inequality and inequality of opportunity.

**Catherine Collinson** 04:16

I'm Catherine Collinson. I head up Transamerica Institute and its Center for Retirement Studies. We're a nonprofit, private operating foundation dedicated to conducting research and educational outreach around retirement security and the intersections of health and financial well-being. Our ability to live long, healthy, economically productive and financially secure lives and focusing on generations is a big part of our work.

**Kahlil Byrd 04:45**

Good morning. I'm Kahlil Byrd. I'm here to report that the chairs are very comfortable. So, thank you.

**Cheryl Evans 04:50**

Thank you. I didn't have a lot to do with it, but thanks.

**Kahlil Byrd  04:53**

I'm the founder and CEO of Shur. We are a financial services company that is helping this generation of Gen Z, millennials, and some Gen X move from student loan debt to wealth. Part of our mandate—the student loan system in the United States is really driven by government choices and decisions—part of our mandate is to bring the private sector into this and create more stability. And I think we'll talk more about that.

**Cheryl Evans  05:19**

So we're going to really focus on what's going on with different generations, really, to slightly overlapping, depending on your age, generations, how they interact with finance. Provide some thoughts on, really, what the state of the world as well for them, and then how can they best work to secure their financial future. So we wanted to start out with the macro picture. So we're going to sort of zoom out and have Alexis highlight a number of things that her research has shown you've been considering wealth building. So we'd like you to sort of highlight what are the some of the challenges they face. And you were thinking a bit about, you know, the financial headwinds and what that meant. And you were highlighting the fact that we should talk about income and wealth, maybe slightly differently than headwinds, and then kind of what's going on with them is, if you could kick us off. That'd be great.

**Alexis Crow  06:06**

Sure. Thank you, Cheryl, and thank you so much to the Milken Institute for having me here. Firstly, it's important to say, take a step back and say everyone's facing financial headwinds today. It's not unique to a couple of generations, but I would say that. How did we get to this place? And so what's interesting to note is that within advanced economies today, so the US, Japan, UK, France, Canada, we have a structural shift of moving from old to new economic growth. And so the pie of economic growth gets smaller over time. So back in my grandparents generation, you had these phenomenal manufacturing companies, and the US could have grown at 5 percent GDP. And over time, as you move into a services providing economy with white collar services at one end of the income spectrum, blue collar at the other, you just have a declining pie of economic growth over time. And so according to that, there's something in the economic literature, which is just the declining labor share of income, which means, as a household you might you start to see an imbalance between the income that you're getting versus wealth that you might ultimately build, and that looks different from country to country as well. There's something also which is referred to as intergenerational mobility. And Miles Corak writes a lot about this, IGM for the econ-nerds, and this is basically that the social escalator is broken. Data shows that if you were born in the—bottom two parts of the income distribution, that it's very unlikely that you would rise to the top two, and that has been getting harder over time. Data also shows that this is happening in countries for different reasons. So in France, for those who are familiar with the French educational system, if you didn't go to one of five schools in France, its data shows that your salary will actually be less over time. In the United States, we place such a premium on MBAs, which are unaffordable and out of reach for many and so there's a running joke that you have to work at like this kind of if you were working at a retail store in Washington, DC, you have to have a master's degree even to just fold T-shirts. And so we're in that situation, I think so it's important to say we have income inequality, we have wealth inequality. And then I would say one of the most prevalent things, and this is something that KB is tackling too, is that you have this inequality of opportunity. Against that backdrop, just a little data point too, It's like in the United States today, 65 percent of the wealth is owned by boomers, versus 13 percent for millennials and Gen Z.

**Cheryl Evans 08:41**

And just one more point, you talked a little about that, the housing picture. What that's discussed a lot in the media and by younger people. Can they buy home? What's the macro picture with housing for the younger generations right now? I know that I probably couldn't afford my home that I bought 12 years ago now.

**Alexis Crow 09:01**

And there's, there's a there's a complete rebalancing and approach to home equity as the vision of building up your first incremental step on the wealth ladder. In the United States, the spread between home ownership and the cost of home ownership versus renting has never been bigger than it is today. Obviously, that's for a number of different factors. We're sitting in California where the cost of insurance is somewhat unaffordable, and you have so the cost of the maintenance cost, you have insurance costs, you have financing costs that are all contributing to this. Nevertheless, it's interesting, Cheryl, to look at the data of asset composition by generations, and you still have for under 40s. Fed data shows that 38 percent of assets for under 40s is grouped in real estate. So there's still a preference, even though we're seeing this, this spread between the cost of renting and owning, but I think people are starting to approach it differently. You know, would I allocate capital to my own business? Versus my own home equity.

**Cheryl Evans 10:02**

And one more question for Alexis, then we're going to jump in. And you may have touched on this, so feel free to say I kind of already covered it. But what are the global economic issues? It's sort of in a big picture that they're facing, and maybe we're all facing at this time, we're going to get into some volatility issues at the end as well.

**Alexis Crow 10:19**

Sure. I mean, I think the degree of institutional change in America is pushing people to look at their portfolios differently when it comes to allocation these days. So people are saying, Should I get more global exposure? What does that look like? Does it look like currencies, et cetera? So I think there's a geographical asset allocation question here. There's also a question around the future of interest rates, and where we go on interest rates, and what the bond part of a portfolio might look like. So if you're sitting in Brazil with the selling rate there near all time highs, it looks very preferential to be sitting in Brazilian bonds. In other economies such as Japan, the yield on a GJB is not very impressive. So I think there's an interest rate composition moment, and that's one that—is very richly debated in the United States right now as to where we go in bond markets too. And I would say that some of the other global economic headwinds are just thinking about the future of trade and the relationship between trade and economic growth. So we talked about that pie of economic growth that if you have less income for a society going forward because of geopolitical interruptions, I think many policymakers are focused on this right now.

**Cheryl Evans 11:30**

Yeah, thank you. And, let's kind of go back to the individuals. And so what issue, issues are the generations, two generations that were, you know, particularly focused on facing? Catherine, you discussed the impact that's still out there of the recession, back in 2008 in the pandemic, and your research is highlighted that you've got some other interesting points we'd love to highlight as well.

**Catherine Collinson 11:55**

Yeah, sure. And one of the things that we we've done an annual survey now for we're in our 25th year, and tracking generations along the way, and one of the things that we see is, and this is an individual and household perspective, we'll have a major economic event, be it financial crisis and great recession. Of course, the pandemic was a major public health crisis and also economic shocks to many individuals and households, and often times, the economies come roaring back. That doesn't mean that everyday people have fully recovered, and we see this right now. We actually asked about the great recession all the way up until 2019 because people stood many hadn't fully recovered yet. And then the pandemic hit, and we felt it would be inappropriate to add that one on. But where we stand today, many Gen Zs and millennials and older generations have not yet fully recovered from the pandemic and its aftermath, and Gen Z in particular, I'm worried about, I also very concerned about millennials, are more likely than older generations to experience employment setbacks. And employment setbacks translate to financial setbacks all the way down to all the way down the road to retirement security, because we know that saving and investing for retirement is a life journey.

**Cheryl Evans 13:26**

And you also touched upon achieving stability, talking about the fact that you're seeing it's a little bit difficult for people to achieve that stability. Maybe it's really kind of what you just said, though. Is it slightly different? Well,

**Catherine Collinson 13:39**

We know the pace of change is happening quite rapidly, and we know we have headwinds now. We know there's going to be future disruptions down the road, because they've they happen from time to time, but things are happening so quickly that for Gen Z and millennials and younger generations, which will follow, personal resilience is more important than ever before. That's why it's so important that we're focusing on things like mental and mental health in additional in addition to physical health, because that, in fact, affects our affects our earning power, our employability and our ability to save for the future. They're all intertwined.

**Cheryl Evans 14:20**

Yes, that was an interesting point when you brought up your research touched upon mental health and people's attitude and how they're feeling and what's going on. So that is a key point to think about. Regarding meeting with younger Gen Z, those from the generation, I guess I should say. Dot, you teach financial education to really non finance majors. That's your primary audience, right? So these, these are younger people who aren't finance majors, but they want to learn about finance. So tell us what you're hearing from them, anecdotally, at least at this point, regarding their confidence and the kind of questions they're asking you, and what you're hearing.

**Dorothy Kelly 15:03**

Yes, thank you for having me. I'm delighted to be a member of this panel. It's a great collection. I teach a three credit elective at the University of Virginia. I teach in the undergraduate business school, but the course is restricted to non-business majors. So I have nursing students, engineering students, art history students, a lot of econ majors. And it's an honor and a privilege to do that. It's a three-credit elective with no prerequisites, so I assume they know nothing. The econ majors come in with a little more knowledge, but the others know nothing. And many of them, they come with trepidation, because they're looking at graduation. They know they know nothing, and some of them are scared. But, I'm happy to report that after 14 weeks of classes and a lot of reading and a lot of discussions. They can look at the "Wall Street Journal" and read the headlines and look at "Barron's" and know what is in those articles, and understand the impact the tariffs and earnings reports and interest rates, what the impact that's going to have on them. And back to so that's what they're feeling is mostly it's when they're that's why they're in my class. When they graduate, I often get, I'm pleased to say, I get emails from them saying I'm so glad I took that class, because when they finally land a job, and this year, it's very tough. They go in and they fill out their HR forms for their 401K's, and their health insurance, and they're like, I know what to do, because a lot of them don't. And if your parents in the audience, or maybe if you're young, you might have called your parent, or your parent might have got you parent might have gotten a call saying, What's a 401(k)? What should I choose here? But my students tell me they knew know what to do, how to fill it out for them. And one even wrote me and said I was the guy in the room everybody was asking, and so the ripple effects of education are really, are very real. They're helping not only their roommates, they're also helping their peers, but also families. I have first gen students who are helping their immigrant parents navigate health insurance and retirement plans.

**Cheryl Evans 17:39**

I remember a while ago when we wrote our report the shift in the retirement paradigm report, we talked with you and interviewed some other experts, and you, you said that a lot of the students said that they were coming to your class to say, when I asked you, why are they in the class? Often they said, I don't want to end up like my parents. They don't know anything about finance. So that was an interesting point.

**Dorothy Kelly 17:58**

That was after sort of what Catherine was saying after the housing crisis. There were students who showed up who really they were young children, and they really suffered. The family suffered, and the children were made a resolution not to put themselves in that position, or to attempt to stay out of that.

**Cheryl Evans  18:19**

So, I think one thing we're saying is that education is key on finance. We often talk about turning towards finance, as I said yesterday, rather than away, even if it's difficult, even if you're not saving a lot. So we encourage that. Let's turn to one of the biggest debts, and for some younger people, it's the elephant in the room of all ages. And I took me 25 or 30 years to pay off my student loan debt. There's, there's a lot of debt out there, and I know you have some stats on levels of debt and student loan debt, and how people are, what they're thinking and their concerns, and then we can kind of get into what you're doing to help.

**Kahlil Byrd  18:58**

Yeah. Look student loans, and a lot of people in this room understand it, including myself and my wife, is white noise. It's constantly on if you're paying it can be pleasant. It can be also irritating. And for people who get to be between 35 and 40 and they're able to pay them off, that white noise is gone, and they can fill the space with other things. For Gen Z and millennials, if you think about it, between the financial crisis and COVID, there hasn't been a time where this system hasn't been completely unstable. And so we have $1.7 trillion of student loan debt outstanding. Most student loan debt in the United States is issued and held by the federal government, so government, policy and administration to administration has had a big effect on people. Gen Z and millennials, hold 35% of that debt when I started this journey five years ago of building the platform of Shur and having it be an intervention. You know the statistics were about $30,000 average debt load, and that would be people who graduated from undergrad and graduate school. That number is creeping up to about 40,000 and during the pandemic. And there are experts on this panel who know this better than me, at a point at which people didn't have student loan repayment requirements, people were saving more, putting more into their retirements. They were paying down their credit cards, they had emergency savings, and their credit scores were going up. Well, the accommodations have been bleeding away, and now they're completely gone. And what we're seeing is debt loads go up. Consumer credit go up right now. We're seeing credit scores go down. We've got 5 million people who are in default out of the 45 million or so student loan borrowers, and probably over the next three to six months, we'll see that number jump to between 10 and 15 million. And what we just know is that this is not a problem that can be solved completely by policy. Our particular perspective is that your employer, knows where you are, and they can support, but one of the things we've talked about, Cheryl, last year, and I'll bring it up again this year, is that, you know, what I find is that people in their 20s are certainly willing to talk about their student loans. Everybody they know has them, and they you know, they're free to talk about it. They get to their 30s, and some of their friends start to pay them off, and they still have them. They get a little quieter, and then in their 40s, they don't want to talk about this at all because there's a lot of shame associated with it. So part of the work here, as we go through what can be a very chaotic environment and an uncertain economy for people is actually taking away that stigma and having people talk about it. We think that having it be a topic that is easy, where you don't feel challenged talking about it with your supervisor, that would create a better situation. I think, for us, and the thing that concerns me the most about these next this next year, is there is a direct connection between the choices that people are able to make in Gen Z and the millennial time period around retirement, and what their life looks like in their 50s, 60s and 70s. If a person who right now, didn't have a payment in the pandemic, now has a family payment of 200 to $2,000 what you're going to see are early withdrawals from 401(k)s and other ways. And the way people are getting information is they would learn it at home, and the people who had a good base at home tend to do the best. They learn it in really great financial education programs that stick or also they learn it from Robin Hood, which is more gamified than anything else, and isn't creating a lot of muscle around how to think about everything's immediate, so it's not how to think about this in the long term. So my deep concern is that if we get this wrong on the public policy level in terms of how we bring student loan borrowers back to repayment, at this particular point, almost 40 percent of them are not in repayment and are trying to learn how to be in repayment again. Out of the 42 million people, which is an incredible number, if we get this wrong, we could actually injure people's ability to have conversations about going from debt to wealth, and in an environment where 85 or so, depending on the poll you look at, 85 percent of people are making decisions in this Gen Z and millennial time period based on what their student loan balance is, we've got to make sure we get in between people, and this is the best time to do behavioral change in a moment of dislocation.

**Cheryl Evans 23:51**

Thank you. And that was sort of a burden that I carried for a long time, and I remember being super excited when I paid off my loans. I'm not going to say how old I was, because I was extremely old, but our research shows that that the cost of education, as we all know, has gone up over 1,000 percent it doesn't match inflation. So we can that's a separate discussion of why those costs are so high. But it also gets to our next point that we were trying to highlight is, you know, the younger generations as we know, or more ethnically diverse, more educated in a variety of ways, and what some articles have referred to as digital natives. I like to think I'm not a digital native, but I'm getting better, although Mairead still has to help me with certain things. But they have no recollection of life without a smartphone. And you know, for me, thinking of having a phone that you could hold in your hand and carry around was something literally, for those of you who are older, maybe you're not even in the room, but was like from the Jetsons or Star Trek, where you can have a communicator. So, so that's a different, you know, lifestyle and mindset, and that sort of ties into other issues regarding, you know, maybe not talking to each other—but it also informs and relates to people's investing and choices and how they want to access financial information. So we are seeing younger people wanting to engage with finance through an online app, something easy, something quick. And that's an interesting point, and we need to recognize that there's a couple of people that I like. There's something called "A call to Leap" for those of [inaudible]. I think his advice is really great, and he's a teacher. I just learned of Mrs. Dow Jones. That's her name, our boss, who runs, the that's what she calls herself. I shouldn't say her name. Mike, who runs MI Finance thought there were all these, you know, issues with calling it that, but I think it's in the I'm a lawyer. I think it's in the public domain. But there are a number of influencers who are out there that are giving financial advice. But we still have that, that notion that that that younger generations in particular, want to engage with finance in a new way. And I know Sylvia, you've you engage with women, and I'd love to hear a little about what Ellevest does in general, and then I know this probably rings true to you, that people want more online information.

**Sylvia Kwan 26:09**

Yeah, that's exactly right. And there was actually a "Wall Street Journal" article recently. I don't know how many of you saw it, but it basically surveyed all the different generations and asked, where do they seek financial advice.

And the choices were a financial professional, friends and family or social media. And as you might imagine, the older generations, the most frequently selected option was a financial professional. The Gen X, I believe, was friends and family and then the younger generations by far the most frequently selected option was social media. I think there's a number of reasons for this. You know, first, as you mentioned, Cheryl, the digital native, you know, being very, very comfortable with getting all kinds of advice and information through technology, whether that's healthcare, et cetera. Well, why not financial advice? I also think there's an element of, as Khalil mentioned, there's a lot of still shame around money, particularly for these younger generations that are really facing some real struggles and financial headwinds. There's a lot of shame around their personal situation. So interacting with technology versus a human kind of reduces that. And he's like, you know, no one's going to judge me if I'm, you know, on my phone or whatever, and trying to get financial advice. I think there's also a distrust, general distrust, of the financial industry. You know, many of these generations have been burned through the global financial crisis. Or seeing their parents, and they likely blame the financial industry for these issues. And so I think there's a trust issue, but there's a fourth element that I think is not maybe commonly, that I think our financial industry has an opportunity here, and that is, there's excellent educational content out there that is free, but how it is delivered makes a huge difference. The voice that you use, the language that you use, the tone that you use, and I think that's one of the major reasons why these younger generations are going to the "Fin-fluencers" or social media, because it's the voice that resonates with them, and it's a little bit scary. So I think some of the advice out there is a really great some of the advice maybe not so great, but it is delivered in easy you know, they kind of see themselves in in these "Fin-fluencers", and so I think what we really need is the marriage of kind of professional advice delivered in the right voice that resonates with these generations.

**Cheryl Evans 28:48**

And of course, we're seeing that with the evolution of FinTech products and AI products, and most large financial firms have platforms, but there are concerns regarding getting accurate information. And Dot, I don't know what you would tell younger people who are, I think some of them are saying they learn information from TikTok, which may or may not be accurate. So you advise them a bit on that.

**Dorothy Kelly 29:14**

I warn them to be careful about taking advice from an influencer or sometimes retailers. There are some online retailers who say certain things are tax deductible and things and I'm like, be careful about where you get your financial advice. I think what Sylvia and Khalil said are is really important about the shame. I've seen it a little bit with even at UVA, we have first gen students, but we also have very, you know, students from very different socioeconomic backgrounds, and the desire to fit in and appear, you know, like a peer is very, very real, and—without some good training or education, they can, they can easily make big mistakes. They can just dig, help them dig a hole for themselves that's very hard to get out of with social you know, they take, take on more debt than they need. Student loans are one thing, credit card debts another and I will tell you one of the things that, if you're not aware, the big thing that is on campuses right now is online betting, mostly with young men and I don't even you know, it's terrifying to me what they may be doing with their with their money and their phones right now.

**Cheryl Evans 30:39**

And I had, and she's talking about the younger, you know, the youngest generations who are college students. But we had some stats that that the average Gen Z is in maybe $5,000 worth of credit card debt. We wanted to talk a little about financial knowledge. And we're talking about where people are gaining that. What did the statistics say and research. What does research say about the level of financial fluency? We refer to it that way, of the younger generations. I know. I think Alexis, you may have some data on that, and Catherine as well.

**Alexis Crow 31:14**

I think just looking on the global landscape here and thinking about themes, I think it's important to look at what I would say is portfolio composition versus asset allocation. And so on the portfolio composition side, as a Gen Z or millennial, I think it's important to think about investments versus expenses. So what are the investments that I'm going to make now, for example, in myself, in terms of student education, education beyond even a post grad looking at upskilling yourself in this technology ridden age. What kind of capital am I going to set aside for my own business, for example? So going back to the research of Piketty and Saez shows that in the United States, a lot of the wealth generation that's happened for the top 1 percent has happened from owning your own business, as opposed to owning real assets. And then I would say on the expenses side, there's another concern that we haven't really brought up today, which is pensions. And we think about the ability to service your pensions over the longer term. There's a lot of fright about that in Japan, for example, where households are starting to enter the stock market in a different way, because younger generations are afraid that the government won't be able to look at their pensions. Then on the asset allocation side, this is where it gets interesting from different country to country. So in France and Italy, for example, you have a much higher rate of real assets on the side of the portfolio versus financial assets. In the United States, we have a high degree of financialization. A record. 58 percent of US households are invested in the stock market today, and that data, by the way, hasn't become too disorderly in the recent shocks that we've had. Also in asset composition in Japan, you're more likely to hold currency assets, in the UK, an overwhelming share is driven towards pensions. And in Germany and Italy, the same thing. So it looks different from, you know, country to country. And I would say that I really hope that Dot can come to France and share some of these ideas. I would love to, I know I have some French friends here today, and I think there's, there is a degree of—you mentioned shame on, I would say the shame that's associated with scarcity, but there's also a shame associated with abundance.

**Cheryl Evans 33:34**

Oh, interesting, yeah.

**Alexis Crow 33:35**

And so this has created a very different social dynamic where there's almost a hatred of wealth and a suspicion of wealth, and that has knock on effects into the political system too.

**Cheryl Evans 33:47**

And that's really an interesting point, and I've seen that as well as you're describing that. Where do the generations stand in the workforce? Clearly, younger generations tend to change jobs more frequently, which impacts their financial security, stability. I think, Catherine, you looked a little bit into this as well job switching and Dot I know that that most people are going to have more than one job. So let's talk a little about that. Either one. Yeah.

**Catherine Collinson 34:20**

Okay, I'll jump in, and we know this, especially with the pace of change. And the workforce is constantly evolving, and the idea of a job for life is something that I think kind of went out with the boomer generation and people will be switching jobs more frequently, as well as spending time and entrepreneurship, being their own boss, having their own little business. And just last week, we put out a survey report. It's called "New Frontiers Employers and the Evolving Workforce," and it's the employer's perspective—1800 for-profit companies. And one of the things that we know about, and it's here, AI and robotics, it's here to stay, and approximately three quarters of employers have either already implemented it or plan to implement it. And we took it a step farther and asked them how jobs would change, and nine in 10 cited one or more changes to jobs. The most frequently cited was jobs will certain jobs will transform, followed by new jobs will be created, opportunity. And then about a third said certain jobs will be eliminated. We took it a step further to learn how much they're focusing on the workforce development, because we know it takes people to implement new technologies, and the numbers fall much shorter than that. So the message to younger generations in the workforce is you've got to lean into this new technology. You've got to be curious. You got to learn and grow. Have confidence that it takes people to make technology work, and there's going to be lots of opportunities to raise your hand as employers move into the future. So there's job changing. And it sounds scary right now, but change brings opportunity.

**Dorothy Kelly 36:21**

I totally agree about the change in the opportunity. And we are facing tremendous change. One of the things I teach my students, we talk about total economic wealth being the combination of your human capital and your financial capital. And of course, at 21 years old, your human capital is enormous and you, but it is also declines over diminishes with time. So the way around that is to build your financial capital, but also to keep investing in your human capital, keep developing skills as you, as you go through your career, so that you can keep earning and saving and investing for your into your financial capital. We are facing so much change. I mean, the people, the employers that used to recruit or recruit at UVA, they're leaning heavily into AI, and they do not need the same number of bodies to do the same amount of work. The Goldman Sachs CEO was quoted in "Financial Times." I believe it was last fall. He said a team of six, they used to use a team of six two weeks to file an S1 registration statement. Now AI can do 95 percent of the work in five minutes. That's a lot of good white collar careers or jobs that are not going to be necessary, but you can lean in and find because AI can't do everything, and you can lean in and it will take work to figure out how to add value, but you have to keep doing that and keep investing in your human as well as financial capital.

**Cheryl Evans 38:03**

And Catherine, you had some interesting facts regarding the work ethic of younger generations, and I think during our discussion, you highlighted sort of a reverse ageism adage that we have heard for generations, that the younger generation is not, doesn't work as hard as we did, and that's been going on for years. And what is your research actually show? Right?

**Catherine Collinson 38:27**

Yeah, and that at that ageist perspective, I think it's been going on for centuries at least. Yeah, my grandparents saying kids these days, and now I'm starting to hear my peers say that, and I'm like, what and when we look at the data, and it's our survey of workers—Gen Z and millennials, and I'm going to put a bright spotlight on Gen Z—all indicators are, they have a very strong work ethic. So not only are they employed, many have a second job, and more than half have a side hustle. Many indicate they're having a hard time struggling making ends meet, but they are out there in the workforce, and they are doing their best. And as I mentioned earlier, Gen Z is more likely than older generations to have experienced employment setbacks during the pandemic, which also is a comeback story for them, that they're hanging in there and they are focused, really inspiring.

**Cheryl Evans 39:34**

I was gonna say that's some positive news. And in thinking about it we also focus on and think about at the Milken Institute, particularly in our program, particularly in our program, the Changing Nature of Work. And we see that work is clearly—AI is a theme and a thread running through the whole global conference this year as well as last year, actually. People are going to have more jobs. They're going to work that is going to change. Many people are going to need multiple—need probably multiple streams of income, and are obtaining it. And so we're hearing and seeing that regarding younger workers as well. So that's going to be a change, but we also see that not just older generations, but younger generations, millennials, especially and Gen Z, I think you found Catherine are taking on caregiving roles, which does impact their financial security, and particularly women, and we'll get into that as well—but tell us a little about that. I wanted Sylvia to weigh in too.

**Catherine Collinson 40:32**

Absolutely, and we can do some myth busting here as well, because there's a common perception that caregivers in the workforce, people who are holding down have a job, are older workers who are caring for parents. And we ask workers of all ages, are you currently serving, or have you served as a caregiver for a relative or a friend? And it's happening across generations. Millennials are in the top spot right now, and Gen Z is not too far behind, and Gen X as well. The difference is who they're caring for. Whereas we see millennials and Gen x more likely to be caring for an aging parent, Gen Z are helping out with their grandparents. But caregiving is an everyone, everyone issue, everyone opportunity. And as we look at the data across generations, eight out of 10 have made some sort of adjustment to their own employment as a result of the caregiving duties, which translates to their own financial well being and in the options provided in the survey question, the most commonly reported is missing days of work. But at one extreme, people are quitting jobs all together as a result of caregiving responsibilities. And societally, we just can't do enough to raise visibility to the unsung heroes of our society, and those are our caregivers, unpaid caregivers for family members and loved ones.

**Cheryl Evans  42:03**

We focused on this in our on our broad research report [inaudible]—and I would that we wrote shifting retirement paradigm, moving towards lifetime financial security, and it was the same finding. One of our recommendations was for all companies in the US, and I don't know about in this environment, if that will happen, but certainly it could in the future, to ensure that everyone has time off for caregiving, just routinely. And that was a finding. We participated—we did this wonderful thing that I love to talk about—I'm just going to highlight really briefly—participate in a talking circle with Gloria Steinem. We were invited to do that to discuss the financial security of women. Sylvia joined us as well. And so we highlighted, you know, what's different about women in investing, and also younger women. So Sylvia tell us a little about what Ellevest does and the education component, and sort of—what you're seeing regarding this general topic of caregiving and also women in saving,

**Sylvia Kwan  42:59**

Sure. So Ellevest was really founded to help more women engage with finances and investing, and that was really in recognition that women have been sitting on the sidelines when it comes to investing. I think there's a survey that BlackRock puts out every year that basically shows that the average US women's portfolio is 70  percent in cash. And so when you think about the gender pay gap, and if women aren't investing, and that money needs to last longer, because generally, women live longer than men do, women are not set up for financial success. And so Ellevest was really founded to try and close all of these gaps through, whether it's education, through investing solutions and really, again, trying to meet women where they are and trying to break down the barriers that they see in engaging with finances. We found that women don't feel welcome in the financial industry. So really digging deep and trying to figure out, what are those barriers perceived or real that women have, and how do we build an experience that really speaks to women and resonates with women in a voice that makes them feel welcome? So we're—that's what we do at Ellevest in terms of the care economy. I think that's a really interesting one, because a lot of the women that we hear from are caring for children and parents or both. And there was actually a really interesting statistic, I hope I got it right that I heard here at the Milken Institute that talked about sort of all the unpaid labor that generally women have in the care economy. And I think the stat was if all these women could save one hour of this unpaid labor, that would add a trillion dollars to global GDP. That's a really, really big number. And this doesn't mean like, Oh, if I save an hour of unpaid labor, I now have an hour to work. No, they could take a nap for that hour and have the mental and emotional capacity to show up in other areas of their life. So it's not just unpaid work and regular paid work. So we obviously have a lot of work to do in this. I think there's a there certainly, you know, I feel very optimistic about the role of technology and AI to help close some of these gaps.

**Cheryl Evans  45:23**

Thank you. And we, we kind of touched on this, but you know, we're seeing that some of the younger generations are in a little bit too much credit card debt, but that kind of applies across the board, actually, to be candid. Kahlil, you help people think about debt and the shame that can come with that—tell us a little about what Shur does for the audience, because I think it's an it's really an impactful program. We'll kind of get to a few more topics, but if you could briefly tell us, I think it's important to hear what you're doing.

**Kahlil Byrd 45:54**

Thank you for that, and I appreciate it. Look we, we built Shur because in sort of mirroring the work of companies like Ellevest, which are helping women see themselves as a community that can learn from each other, and then they can be outliers who may bring things to the community that that change minds. We are trying to help the financial services industry see people who are carrying student loans, especially between 22 and 45, as a cohort. And so we have a platform that we know—your job, the one that we know is that your job know the way you are. So we deliver our platform. The biggest partnership we have is with Edward Jones. So Edward Jones will pay for our platform. They will make it available free to their employees, to customers who may be in their ecosystem, who have student loans and their impact focus, so to members of the community. We call it Shur, Powered by Edward Jones. There are 150,000 for example, student loan borrowers in St. Louis. Edward Jones is a brand that is trusted in St Louis and nationally, when we reach out to those folks and say, we have services for you to help you think about repaying your student loan, but also actions. How are we going to help you move from that student loan through that that car loan, through that 527, or 529, to the purchase of the first house? We want to be there for you. And I think the thing that is really important about student loan borrowers in this cohort is the phenomenon is that they're making decisions, but they're making them late. And all of us on this stage were taught about compounding pretty early. Everybody in this room understands that the earlier you get in the game, the better off you'll be. If you and I see this, I have a good friend who doesn't mind my talking about her story. She's an incredibly successful nonprofit professional who I went to graduate school with, literally the day that she finished her student loan repayment, at about 45 she bought her first condo, and which is an amazing story, except it would be great if she could have bought that at 32 and one of the things we believe very strongly in understanding the credit score is we're partnered with Equifax, and we were doing deep study down to the zip code level on how student loan borrowers are being impacted by their student loan, how it's affecting their credit and their wealth building ability. One of the things that we just know is that that student loan borrowers are making these decisions late, and they're not really being marketed to by insurance companies, by banks, by financial advisory firms, until they've repaid, until it becomes obvious. We want to give people credit for having longevity in their job, for having making good decisions as a family about saving and about credit and other things. So we want to introduce people to the larger banks and financial institutions earlier than they would normally. Instead of meeting a financial advisor at 40, we want you to start that conversation at 30. A statistic that was very interesting to me in preparing for this, about 1/3 of people who are making $250,000 are living paycheck to paycheck, and here we've talked about the generational divide in my role in talking to C-suite folks and investors and others to try to get them to understand student loan borrowers in the workforce as a cohort, not just people in college, but in the workforce. It's really talking to boomers and talking to late Gen X people about the student loan cohort who people who are 20 to 40. The divide is very wide on how they think about it. I will just say that the sort of boomers and the late Gen Xers think these younger generations are irresponsible. That they made a series of choices, and they're just profligate. Don't want to pay and, et cetera, et cetera, and you can introduce information and data about how unstable the system has been on the policy side as we go from administration to administration. I haven't found that to be effective. So the thing that I hope is going to be effective is the idea that the private sector can look at a market of 30 million people plus their families. So I can get you to 100 million people who are impacted by this—and I will say in terms of women, women, as they are, as they are, stacking on more responsibilities, from between 20 and 40, child care responsibilities they're working. They decide whether to go to graduate school because they're working in those fields that require them, are carrying more debt than everyone else during this period. So they go from student loan debt right to caregiver without a break. We've got to make an intervention on the private sector side to acknowledge and understand this and make it something that is a solvable problem between government, the private sector, and the individual borrower.

**Cheryl Evans 51:03**

Thank you. And we wanted to quickly move through a couple of other important topics. So we're really kind of moving into moving from debt to wealth building, which is really the goal for everyone, no matter their generation. So a couple of points, I wanted Alexis to highlight some research, but first, Catherine, what are you seeing regarding savings rates in retirement plans and access to those plans by younger generations? Just quickly, because we're going to cover like three or four things.

**Catherine Collinson 51:33**

So we're seeing good news, right? Headlines, good news. Today's workers are increasingly offered the ability to save for retirement in the workplace through a 401(k) or similar plan. Gen Z, and boomers a little less likely to be offered a plan than millennials and Gen X, and it's because they're more likely to be working part-time. And even with Secure 2.0 and its provisions for eligibility for part time workers, there's still a bit of a lag there. So the great news is they're offered plans. By and large, if they're offered a plan, they're saving for retirement. And Gen Z and millennials are starting at a much younger age than their older counterparts, which gives them a longer time horizon to save. However, there is a but, and that is we're seeing a lot of opportunity for them to optimize and prioritize their financial decision making—something that came up a little bit earlier is that, in many ways, they're better at saving for retirement than they are building an emergency fund, and then if disaster strikes, they're going to tap into their savings, which, of course, is counterproductive to their long term goals. So a big aha moment, and something that I think collectively, all of us can do is raise awareness on the importance of priority—financially, prioritizing things so that you can optimize your savings and build wealth in the long run and avoid suboptimal decisions.

**Cheryl Evans 53:09**

Oh great. Thanks. And Alexis, sort of what are you what are your thoughts on moving from debt to wealth building? I guess it's kind of more from the big picture.

**Alexis Crow 53:17**

I guess two things here and I will end on the bright note. I think the first one is to come back to that your own household portfolio composition—and are you taking on productive debt? And if so, for what? Are you taking on productive debt to invest in yourself, whether it's, you know, tertiary education, secondary education, et cetera, or education for your children? Are you taking on productive debt, because you'd like to have this investment outlay of a home equity asset, or, again, for your own equity in your company? So I think that's the first thing, and then that kind of removes some of the stigmatization. The second thing is, yes, Cheryl, you're right, we are reaching record highs in credit card delinquencies in the United States. Philadelphia Fed shows that data set is at an all time high. But his on a historical basis, the percentage of disposable income that you're allocating toward debt and debt servicing is not exactly unaffordable. At this moment in time, I speak to my old mentor. He's like, You have no idea what my first mortgage cost, but so we are only at about 11 percent in the United States, so we're not at a dramatic moment. And I think also as Americans, we have to look at you know, what other societies are potentially doing better? In China, you have a 36 percent household savings rate. That's the highest in the world. So it means that when you come into a situation like a downturn in the housing market, you've got a lot of dry powder. And if Warren Buffett has been sitting on record levels, yes, 347 billion, think about dry powder. Yeah.

**Cheryl Evans 54:50**

Interesting—

**Sylvia Kwan 54:52**

On that, really? Yeah. So going from debt to wealth, I think this is one of the reasons where I love Kahlil, what you do here. I feel a lot of people who have, whether it's credit card debt or student debt, feel like they need to tackle things sequentially. And, you know, I worry about some of the you know, influencers out there who really stress you should not have any debt at all. Like debt, you know, shouldn't be part of the picture—shouldn't use it strategically. And, you know, as we all know these younger generations, time is their biggest ally, and so if you are not, you can pay off debt and also save for the future at the same time. And it's important to do both when you have time as your ally in terms of building that wealth.

**Cheryl Evans 55:34**

That's an important point. And a lot of financial experts refer to good debt versus bad debt. Student loan debt can be good debt, depending on how high it is, etc. So, and owning a home for many people is going to appreciate over time, particularly when time is on your side. And so the that can be an asset. I wanted to just touch briefly on the wealth transfer that we're seeing. And then we can give some advice before we would go just some positive advice. So, so we're seeing the largest wealth transfer in history, from Baby Boomers to younger generations that's been discussed in other sessions, and women are inheriting a lot of that wealth. Are women prepared and others prepared for wealth building? And Sylvia, I'll start with you, and what are your thoughts on that?

**Sylvia Kwan 56:16**

So it is. It is already underway. You know, we definitely see beneficiaries of the great wealth transfer. First of all, it is actually going to women, first because women live longer than men, sometimes 10 years or longer, and then also going to the next generation. And I think for the first time, you know, for at least some women who have always delegated those responsibilities, is the first time they are actually having full independent agency over money. And this, all the surveys say basically that women, and I think this is also the same for the next generation, is once they receive that money, they in most cases, they actually fire their either their parents advisor or their Jones advisor. And so that's not good for us in the financial industry. So we need to find ways to engage them early, as Khalil was saying. And the other thing that we're also seeing in terms of the younger generations are a lot more open to non traditional investments, alternatives, private whether that's crypto, real estate, et cetera. So I think that's also a very interesting trend in terms of the investment solutions that we can create for this generation.

**Cheryl Evans 57:24**

We have two more questions. So what do we think the industry can do to develop solutions? I know, Sylvia, you touched upon that everyone may have just a quick answer, and then we'll ask in the last minutes to just like one piece of advice. So, so what do we think the industry can do? I know you mentioned personalization as an issue, right?

**Sylvia Kwan 57:43**

Yeah, so personalization is an issue. I think this generation is all about personalization, and I also think this generation also wants to be more intentional. And so what we're finding is they are more interested in aligning their investments with their values, so creating opportunities for the for them to invest both with financial returns as well as positive impact, will be really important.

**Cheryl Evans 58:05**

In our last minute and a half, which is that means each week get 20 seconds, I'll stop talking really quickly. What are the either what are the generations doing well, or what's a piece of advice you'd like to give? So we'll just go down the line. We'll start with KB.

**Kahlil Byrd 58:20**

Macro policy advice, we have 30 million people coming back to repayment. If we make a connection in that behavioral change moment between their repayment and wealth building, we can actually win a lot of the battles we're talking about here on a personal basis. For each individual, don't hide from your student loan. It's going to be there, whether you want it to be or not.

**Catherine Collinson 58:44**

Okay, a key to long term financial security is being economically productive throughout our working lives, access to good jobs as well as potential time and self employment. So while you're investing your finances, also be sure to invest in yourself.

**Cheryl Evans 59:04**

Great advice.

**Alexis Crow  59:04**

I would say on the asset allocation side, geographical diversity is the name of the game. Getting into alternatives has to be an increase here. And I think something we didn't really get into, and it's somewhat of a dirty word these days, is impact. So thinking about that for future generations. On the personal portfolio construction side, I'm going to dovetail with what Dot shared on human capital and financial capital. I would say have two things. One is an absolutely unswerving focus on your vocation. I am a big believer that we have a specific set of gifts, skills, and talents to bring to bear in this world, and there will be enough labor income to cover that. Combine that with flexibility on wealth creation. We've just received a huge shift to the way portfolios have been written over time, and you've got to be flexible and surround yourself with the wisest people who want the highest and best for you—and be selective with that guidance.

**Dorothy Kelly  1:00:05**

Your financial well being is a major component of your overall well being. You must invest in it. Learn to take care of your financial well being, just like you invest in your personal, physical, and mental well being, and it will allow you to work and save and invest longer and have a productive and healthy life.

**Sylvia Kwan  1:00:32**

Mine would be start investing as early as you can, even if it's $5 a month. If you are young, you have time on your side. That money will compound over time. So make investing a good habit.

**Cheryl Evans  1:00:45**

And then lastly, I'll say that we've talked about making sure that you connect with your future self. Even if you're younger, take care of your future self. Even if, as I said many times, you need to think of it as a different person—the young you needs to take care of the old you. No one's coming to save you, but you can do it. You have the power, and learning about finance is key. So thanks so much for joining us today.

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