

# **Millennials and Money — How Employers Can be a Financial Literacy Resource**



It's clear that Americans need a little help with their money — in 2018 student loan debts reached a staggering \$1.5 trillion crisis, employees continue to retire at a later age every year, and studies have shown that 65% of Americans save little to nothing of their annual income.

One subset of the American population that has even greater troubles with their finances is millennials, or those aged 23 to 38 as of 2019. This age group has lofty goals — 76% believe that they're headed for a better financial future than their parents and 81% plan to own a home — but many millennials aren't saving money in a way that actually leads them towards that future. In the last year, 43% of young adults had to borrow money from their parents to pay for necessities and 30% had to skip a meal due to lack of funds. Where's the disconnect between millennials' financial optimism and the reality of their financial circumstances?

Part of the problem lies in a lack of financial literacy. A study conducted by the National Endowment for Financial Education found that only 24% of millennials answered three out of five questions correctly on a survey looking at financial topics, indicating only a basic level of literacy. This same survey found that only 8% of millennials who took the test were able to answer all five questions correctly.

That's not to say that understanding the intricacies of financial planning is easy. Everything from taxes to investing often requires professional advice. It's no wonder that millennials are struggling with their finances: only 22% of those in this age group have ever received financial education from an educational institution or workplace. Millennials are struggling to pay for basic necessities and financial advice is simply not a priority. Many avoid seeking the help they need because they perceive it to be too costly.

This is an opportunity for employers that want to provide valuable resources to their employees, as financial wellness programs are likely to be the next employee benefit that millennials ask for.

Right now, millennials are the largest segment in the workforce, and by 2030 the U.S. Bureau of Labor Statistics estimates that this age group will make up a staggering 75%. In a tight labor market current job seeker can be more selective when deciding where they want to work. For employers, studies have shown that 60% of people report benefits and perks as a major deciding factor when considering a job offer.

In 2019 and beyond, millennials are going to be looking for employers that support them not only in the office, but outside the office as well. By providing financial planning tools in the workplace, companies can be a valuable resource to younger employees who will appreciate early and frequent conversations around how to manage their money.

By David Freedman