



# Kentucky Financial Empowerment Commission

**The Generational Divide in Financial Literacy and Cultivating Financial Wellness**

04/30/24

## KENTUCKY FINANCIAL EMPOWERMENT COMMISSION TEAM



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## WHO IS KFEC?



K-12 Students and Teachers



Commonwealth Employees



Kentuckians with Disabilities



Aging Kentuckians



Low-income Families



Veterans and Military Personnel

OUR MISSION

*Improving the financial literacy and financial education of all Kentuckians*



THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

# The Generational Divide in Financial Literacy and Cultivating Financial Wellness



Kentucky Financial  
Empowerment Commission

## What is financial literacy?



The ability to effectively manage and make informed decisions about **personal finances**, including budgeting, saving, and investing.

*Financial wellness* is a relative measure of how well a person manages their financial life.

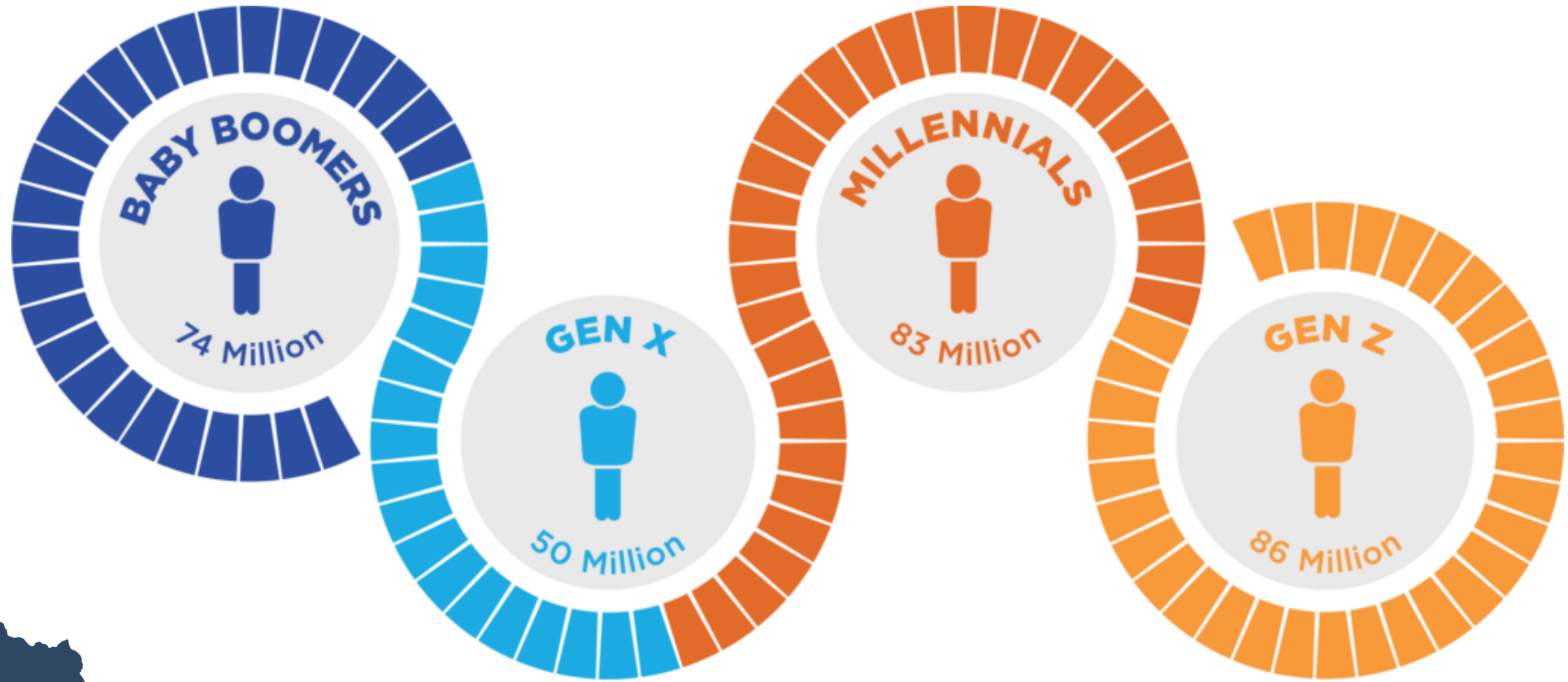
Improving financial wellness is about practicing better money habits, setting goals and taking steps to achieve them—all with the aim of improving your overall quality of life.

-Forbes



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## Understanding the Impact Across Age Groups





## Understanding the Impact Across Age Groups

2022 Investopedia Financial Literacy Survey polled 4,000 U.S. adults

- About 57% of U.S. adults are invested, but just one in three say they have advanced investing knowledge.

[Financial Literacy Gaps Across Generations \(investopedia.com\)](https://www.investopedia.com)



## Understanding the Impact Across Age Groups

2022 Investopedia Financial Literacy Survey polled 4,000 U.S. adults

- About half of all surveyed adults feel they have a deep understanding of consuming (managing spending and keeping a budget), paying taxes, and saving.

[Financial Literacy Gaps Across Generations \(investopedia.com\)](https://www.investopedia.com)



## Understanding the Impact Across Age Groups

2022 Investopedia Financial Literacy Survey polled 4,000 U.S. adults

- Cryptocurrency and stocks are the most popular assets held by Gen Z, millennial, and Gen X investors, but overall, many Americans (49%) have only a beginner-level understanding of digital currency.



[Financial Literacy Gaps Across Generations \(investopedia.com\)](https://investopedia.com)

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## Understanding the Impact Across Age Groups

2022 Investopedia Financial Literacy Survey polled 4,000 U.S. adults

- More than half of each generation expects to retire, and 28% of millennials expect to use cryptocurrency to financially support themselves in retirement, and some Gen X and Gen Z respondents said the same (20% and 17%, respectively).



## Understanding the Impact Across Age Groups

2022 Investopedia Financial Literacy Survey polled 4,000 U.S. adults

- The Internet is a go-to source for investing and financial education for the young generations: 45% of Gen Z use YouTube, and 30% turn to TikTok. Millennials prefer Internet searches (47%) but also lean on YouTube (40%).

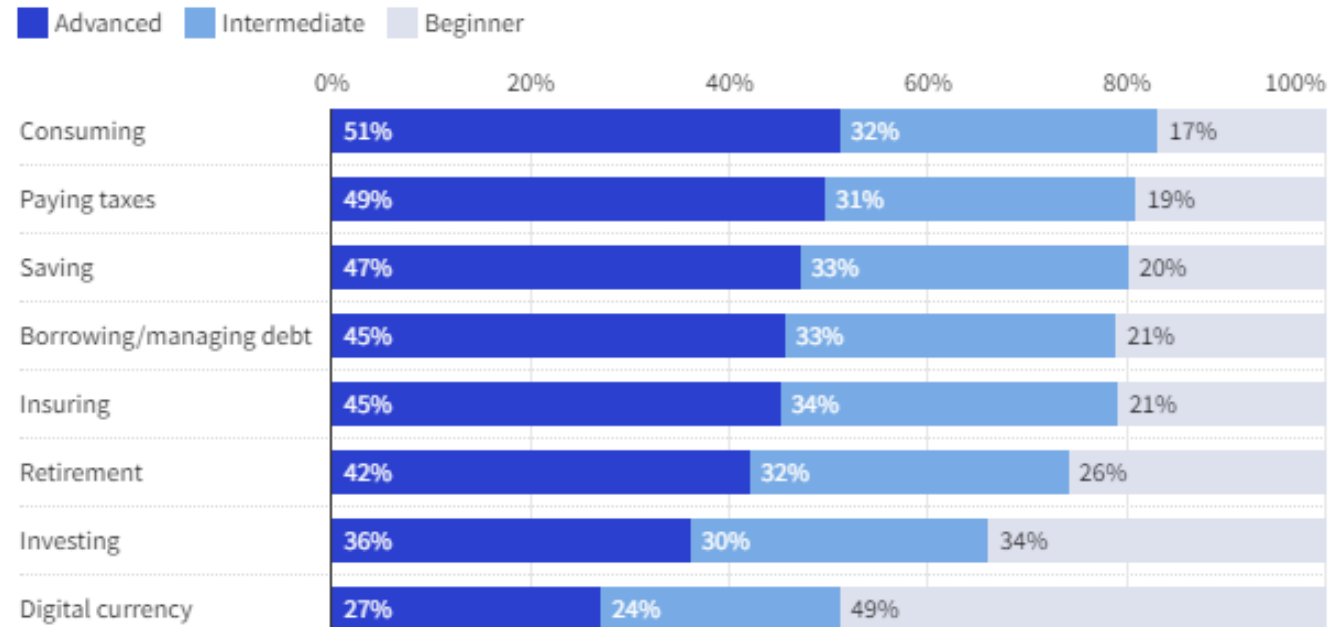
[Financial Literacy Gaps Across Generations \(investopedia.com\)](https://www.investopedia.com)



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## Americans Feel Least Knowledgeable About Digital Currency and Investing

How would you rate your knowledge of the following financial concepts?



Americans 18-76 N=4,000

Source: 2022 Investopedia Financial Literacy Study (1/27 - 2/7)



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

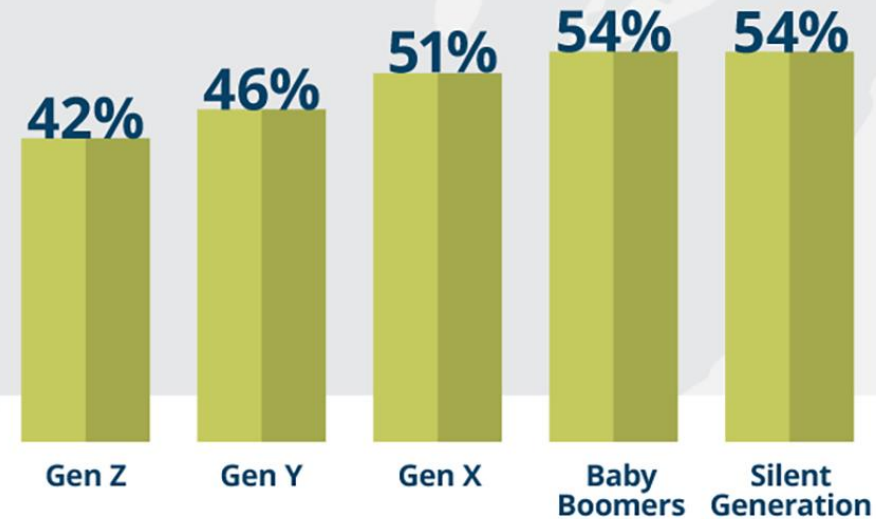
## THE 2022 P-FIN INDEX

GFLEC  
GLOBAL FINANCIAL LITERACY  
EXCELLENCE CENTER

10  
YEARS

TIAA Institute

Financial literacy varies  
across generations



% of P-Fin Index questions answered correctly

Source: TIAA Institute-GFLEC Personal Finance Index (2022).

[The TIAA Institute-GFLEC Personal Finance Index \(P-Fin Index\) | Global Financial Literacy Excellence Center \(GFLEC\)](#)



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## THE 2022 P-FIN INDEX



People with a very low level of financial literacy are:  
*(compared to those with a very high level)*

**6x** MORE LIKELY  
to have difficulty making ends meet



**3x** MORE LIKELY  
to be unable to cope with  
a \$2,000 financial shock

**3x** MORE LIKELY  
to be debt constrained



**4x** MORE LIKELY  
to spend more than 10 hours a week  
on issues related to personal finances

Source: TIAA Institute-GFLEC Personal Finance Index (2022).

[The TIAA Institute-GFLEC Personal Finance Index \(P-Fin Index\)](#) | [Global Financial Literacy Excellence Center \(GFLEC\)](#)





**Understanding the Impact Across Age Groups**

Who in this room was taught financial literacy in school?



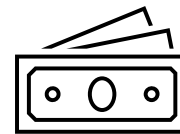
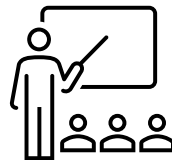
# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## Financial Literacy Quiz

1 Join using any device **joinmyquiz.com**

2 Enter the join code **201872**

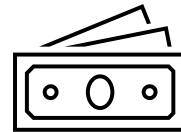
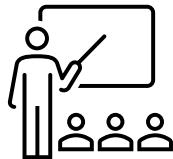
QR code and Share via options (email, social media, dropdown)



[Consumer Skills](#) | [468 plays](#) | [Quizizz](#)

## Financial Literacy Quiz




















# How Did You Feel About Your Financial Knowledge?



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## Understanding the Impact Across Age Groups

Chart 1: An overview of the working generations

Characteristics	Maturists (pre-1945)	Baby Boomers (1945-1960)	Generation X (1961-1980)	Generation Y (1981-1995)	Generation Z (Born after 1995)
Formative experiences	Second World War Rationing Fixed-gender roles Rock 'n' Roll Nuclear families Defined gender roles— particularly for women	Cold War Post-War boom "Swinging Sixties" Apollo Moon landings Youth culture Woodstock Family-orientated Rise of the teenager	End of Cold War Fall of Berlin Wall Reagan / Gorbachev Thatcherism Live Aid Introduction of first PC Early mobile technology Latch-key kids; rising levels of divorce	9/11 terrorist attacks PlayStation Social media Invasion of Iraq Reality TV Google Earth Glastonbury	Economic downturn Global warming Global focus Mobile devices Energy crisis Arab Spring Produce own media Cloud computing Wiki-leaks
Percentage in U.K. workforce*	3%	33%	35%	29%	Currently employed in either part-time jobs or new apprenticeships
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude toward technology	Largely disengaged	Early information technology (IT) adaptors	Digital Immigrants	Digital Natives	"Technoholics" – entirely dependent on IT; limited grasp of alternatives
Attitude toward career	Jobs are for life	Organisational — careers are defined by employers	Early "portfolio" careers — loyal to profession, not necessarily to employer	Digital entrepreneurs — work "with" organisations not "for"	Career multitaskers — will move seamlessly between organisations and "pop-up" businesses
Signature product	 Automobile	 Television	 Personal Computer	 Tablet/Smart Phone	Google glass, graphene, nano-computing, 3-D printing, driverless cars
Communication media	 Formal letter	 Telephone	 E-mail and text message	 Text or social media	 Hand-held (or integrated into clothing) communication devices
Communication preference	 Face-to-face	 Face-to-face ideally, but telephone or e-mail if required	 Text messaging or e-mail	 Online and mobile (text messaging)	 Facetime
Preference when making financial decisions	 Face-to-face meetings	 Face-to-face ideally, but increasingly will go online	 Online — would prefer face-to-face if time permitting	 Face-to-face	 Solutions will be digitally crowd-sourced

\*Percentages are approximate at the time of publication.



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## The Generational Divide

Exploring how different generations approach financial literacy and wellness

### • Baby Boomers:

- Aspirations – Job Security
- Attitude toward technology – Early information technology (IT) adaptors
- Attitude toward career – Organizational – jobs are defined by employers
- Signature product – Television
- Communication – Telephone & Face-to-Face
- Financial decisions – Face-to-Face



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## The Generational Divide

Exploring how different generations approach financial literacy and wellness

### • Gen X:

- Aspirations – Work-life balance
- Attitude toward technology – Digital immigrants
- Attitude toward career – Early “portfolio” careers – loyal to profession
- Signature product – Personal Computer
- Communication – Email and text message
- Financial decisions – Online & face-to-face if time permitting



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# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## The Generational Divide

Exploring how different generations approach financial literacy and wellness

### • Millennials:

- Aspirations – Freedom and flexibility
- Attitude toward technology – Digital natives
- Attitude toward career – Digital entrepreneurs – work “with” not “for”
- Signature product – Tablets & Smart Phones
- Communication – Text, Social Media & online
- Financial decisions – Face-to-face



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# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS

## The Generational Divide

Exploring how different generations approach financial literacy and wellness

### • Gen Z:

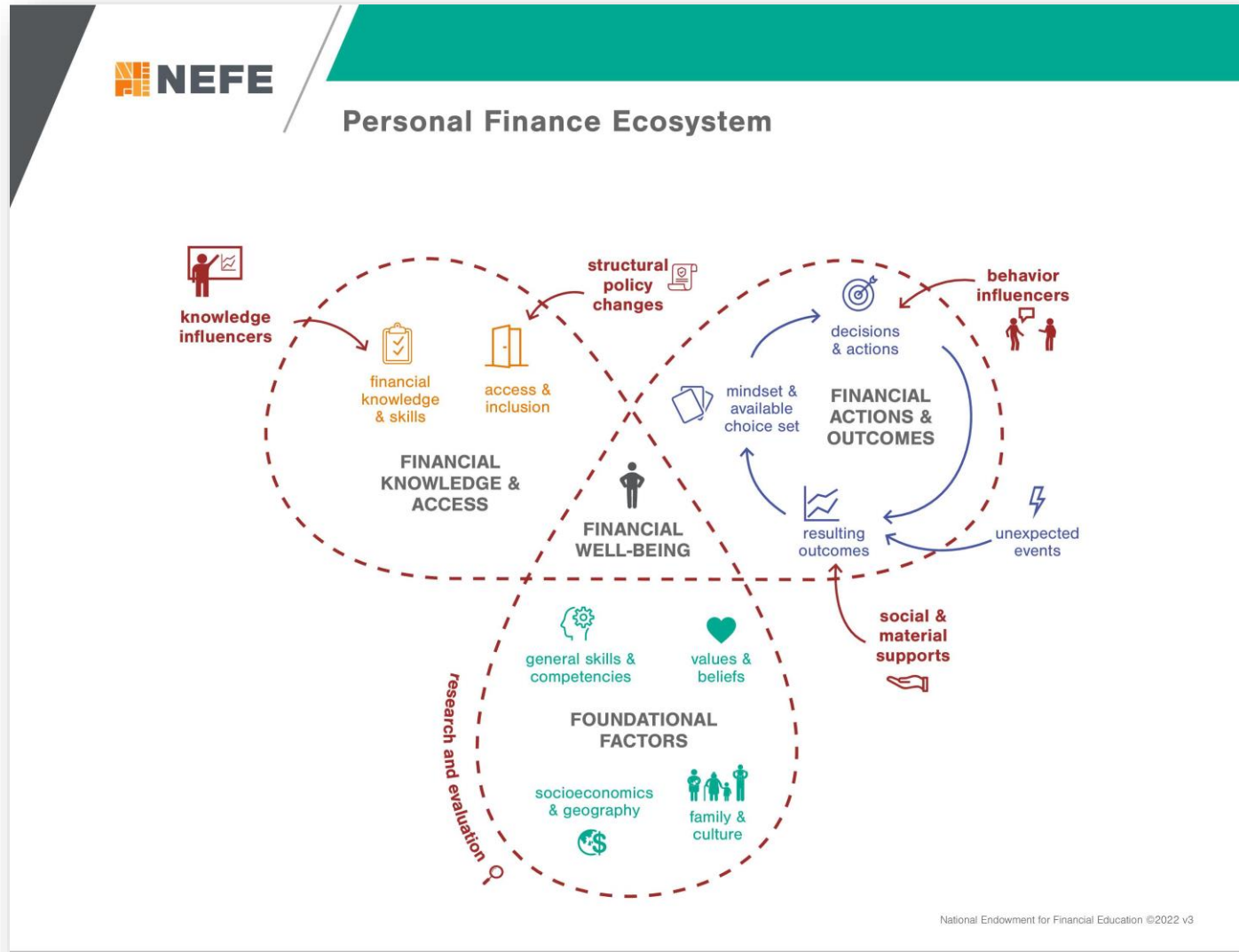
- Aspirations – Security and stability
- Attitude toward technology – “Technoholics” – entirely dependent on IT
- Attitude toward career – Career multi-taskers – will move seamlessly
- Signature product – Google glasses, nano-computing, 3-D printing, driverless cars
- Communication – Hand-held devices & social media
- Financial decisions – Solutions will be digitally crowd-sourced



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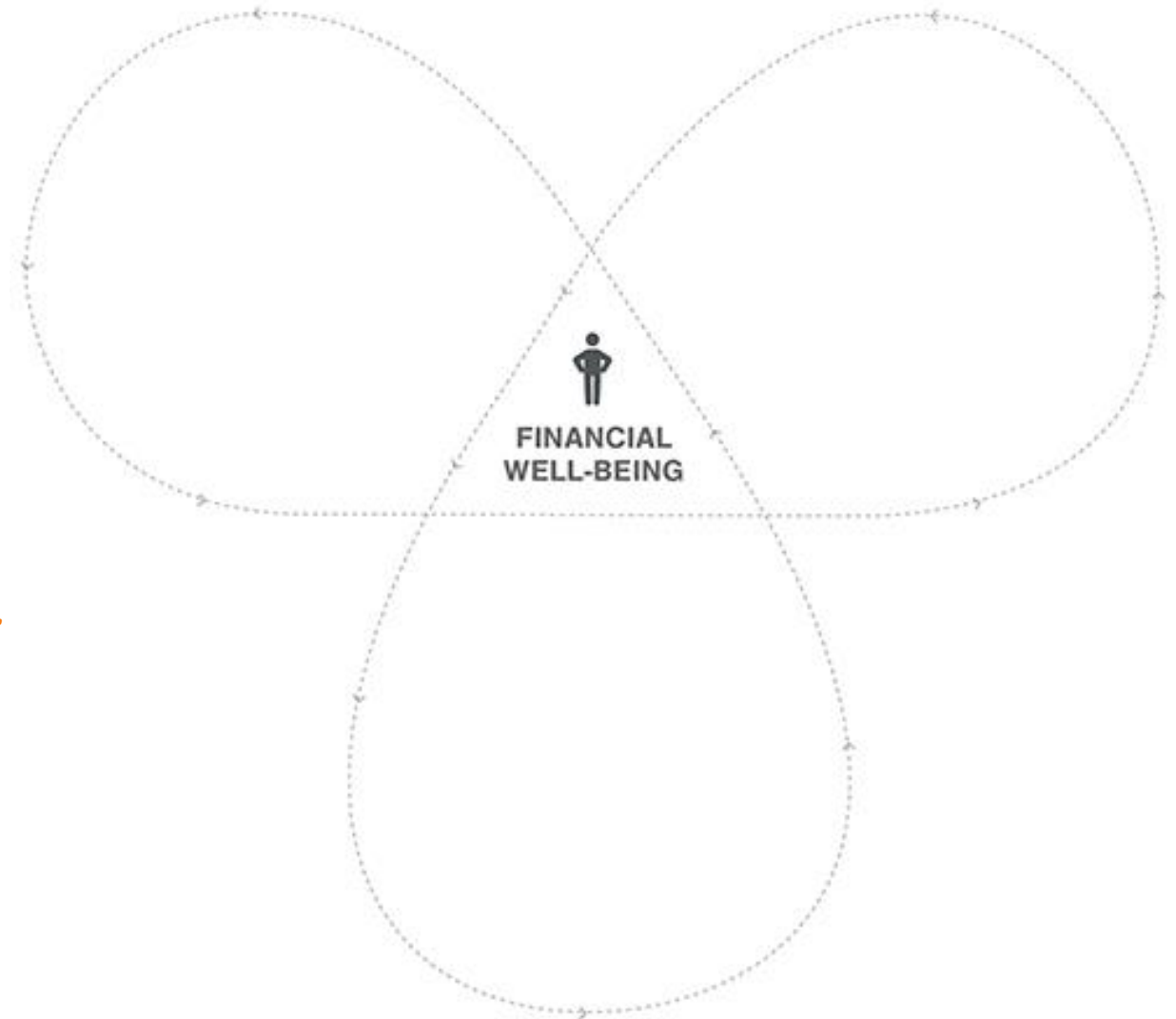


[Defining the Personal Finance Ecosystem | NEFE](#)

**FINANCIAL WELL-BEING IS UNIQUE TO THE INDIVIDUAL**

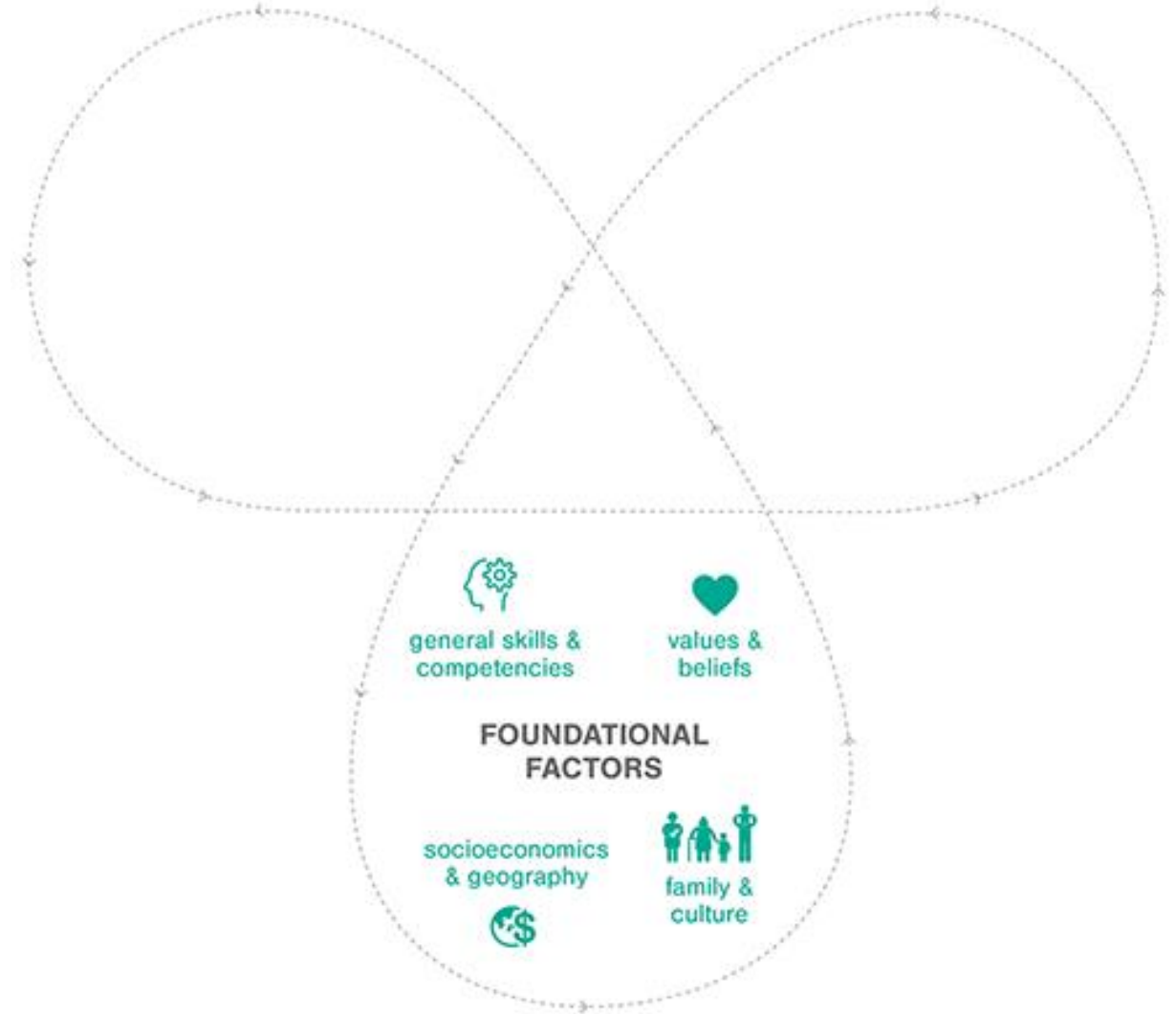
**FINANCIAL WELL-BEING FLUCTUATES OVER TIME**

*Every individual always has some level of financial well-being, so financial well-being never starts or ends.*



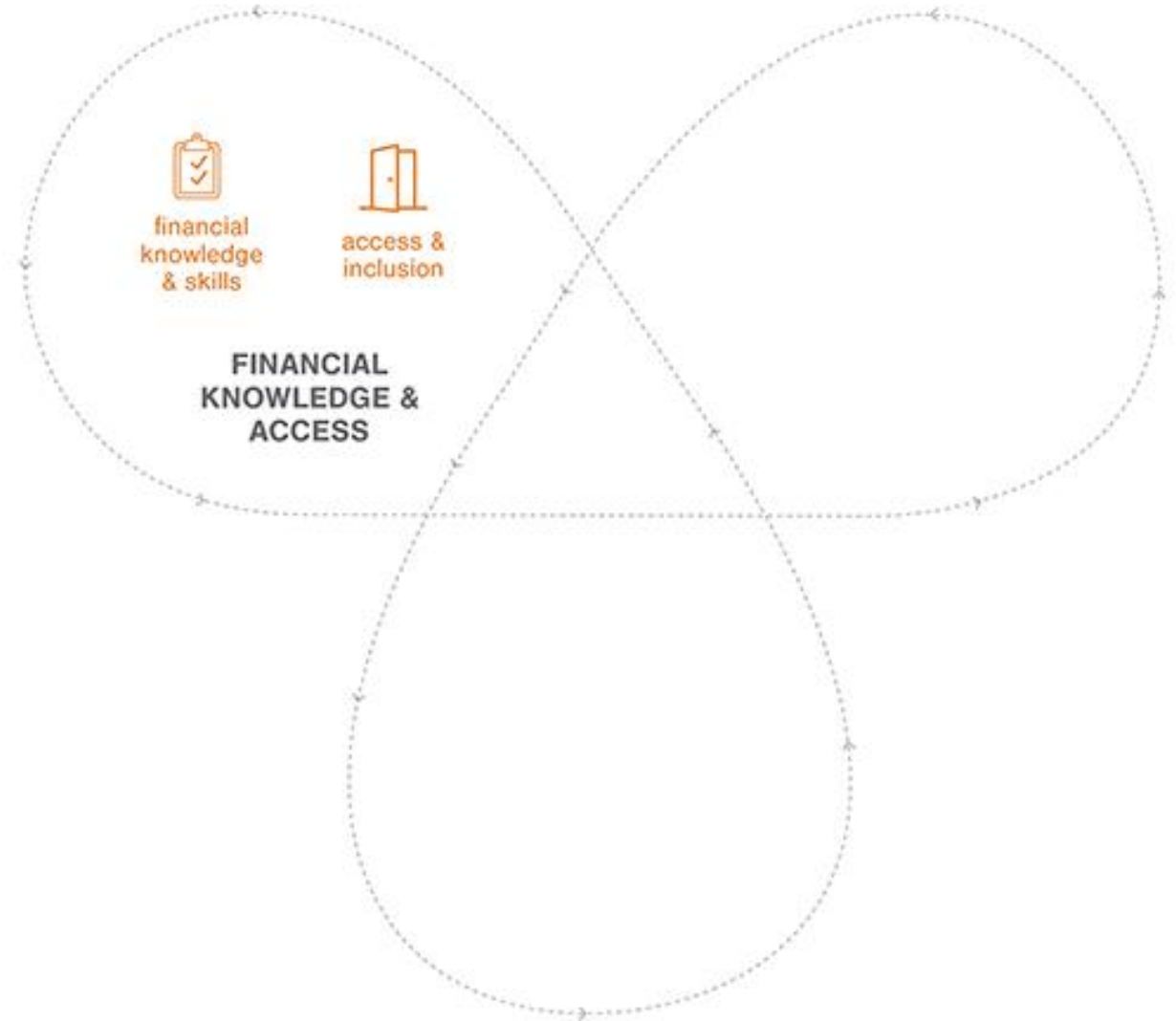
## Foundational Factors

- General Skills and Competencies
- Values and Beliefs
- Family and Culture
- Socioeconomics and Geography



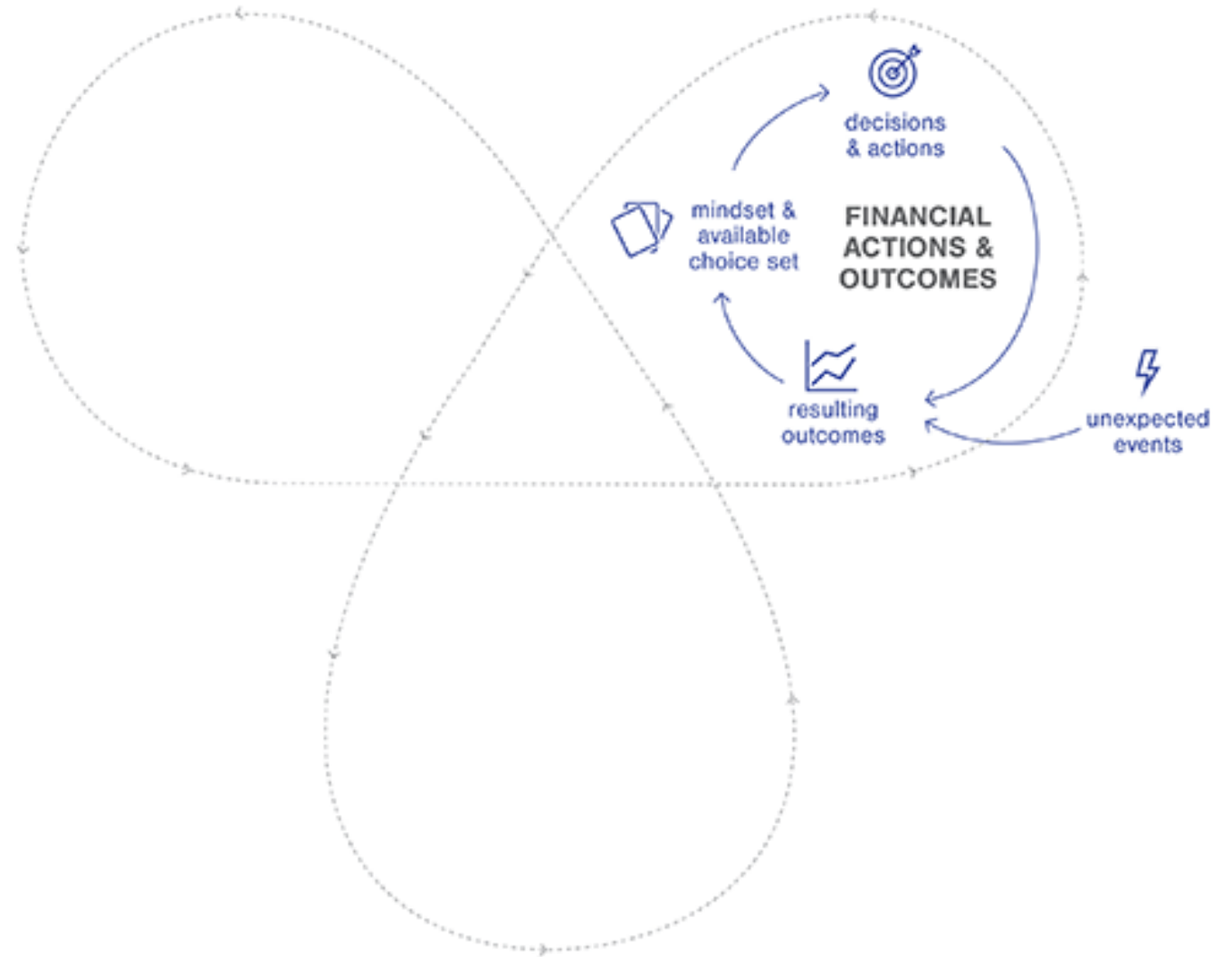
## Financial Knowledge

- Financial knowledge
- Financial skills
- Access and Inclusion

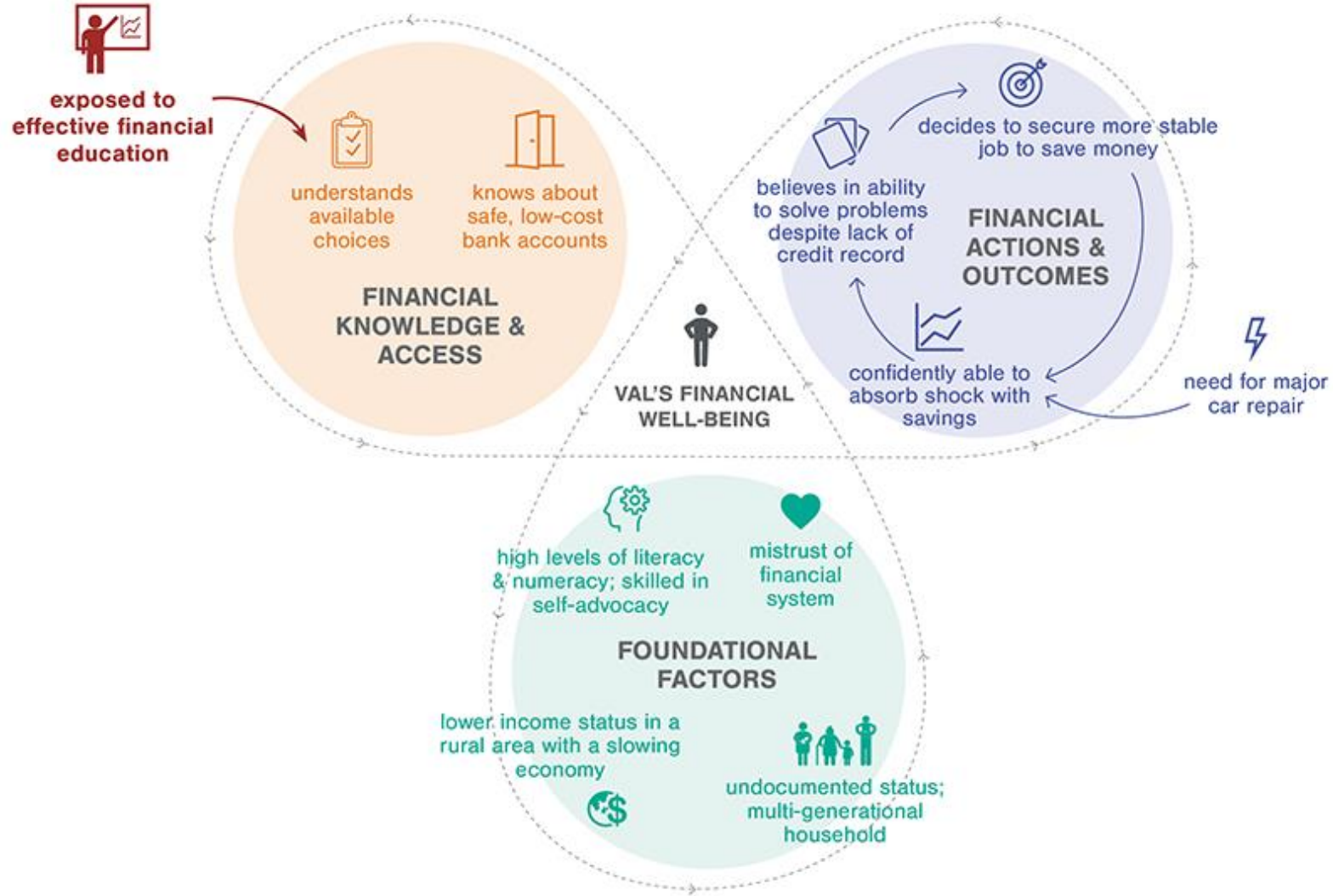


## Financial Actions and Outcomes Cycle

- MINDSET AND AVAILABLE CHOICE SET
- DECISIONS AND ACTIONS
- RESULTING OUTCOMES



# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS



## Cultivating Financial Wellness Across Generations

### • What Can YOU Do?

- Find out what your institution is already doing
  - Do you offer a personal finance course? Is it a required course?
  - Do you have online options available? (Banks & Credit Unions)
  - Are there any Clubs that promote financial well-being?
- Start the conversation
- Make Financial Literacy part of your student's success plan
- Promote financial well-being through PSA and awareness
- Add financial literacy to your freshman orientation



## Cultivating Financial Wellness Across Generations

### • What Are Others Doing?

- Requiring a Personal Finance Class
- Offering Dual-Credit Personal Finance
- One-on-One Counseling
- Finance Clubs
- Fun Events – Financial Fairs, Summer Camps
- Guest Speakers – resident experts
- Creating a Safe Environment for Financial Discussions
- Required Webinars for High-Earning Degrees





# THE GENERATIONAL DIVIDE IN FINANCIAL LITERACY AND CULTIVATING FINANCIAL WELLNESS



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EACH ONE OF US CAN  
MAKE A DIFFERENCE.  
TOGETHER WE MAKE  
CHANGE.



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