

Bank of the West 2018 Millennial Study Results



BANK OF THE WEST
BNP PARIBAS

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Bank of the West 2018 Millennial Study: Executive Summary

Executive Summary

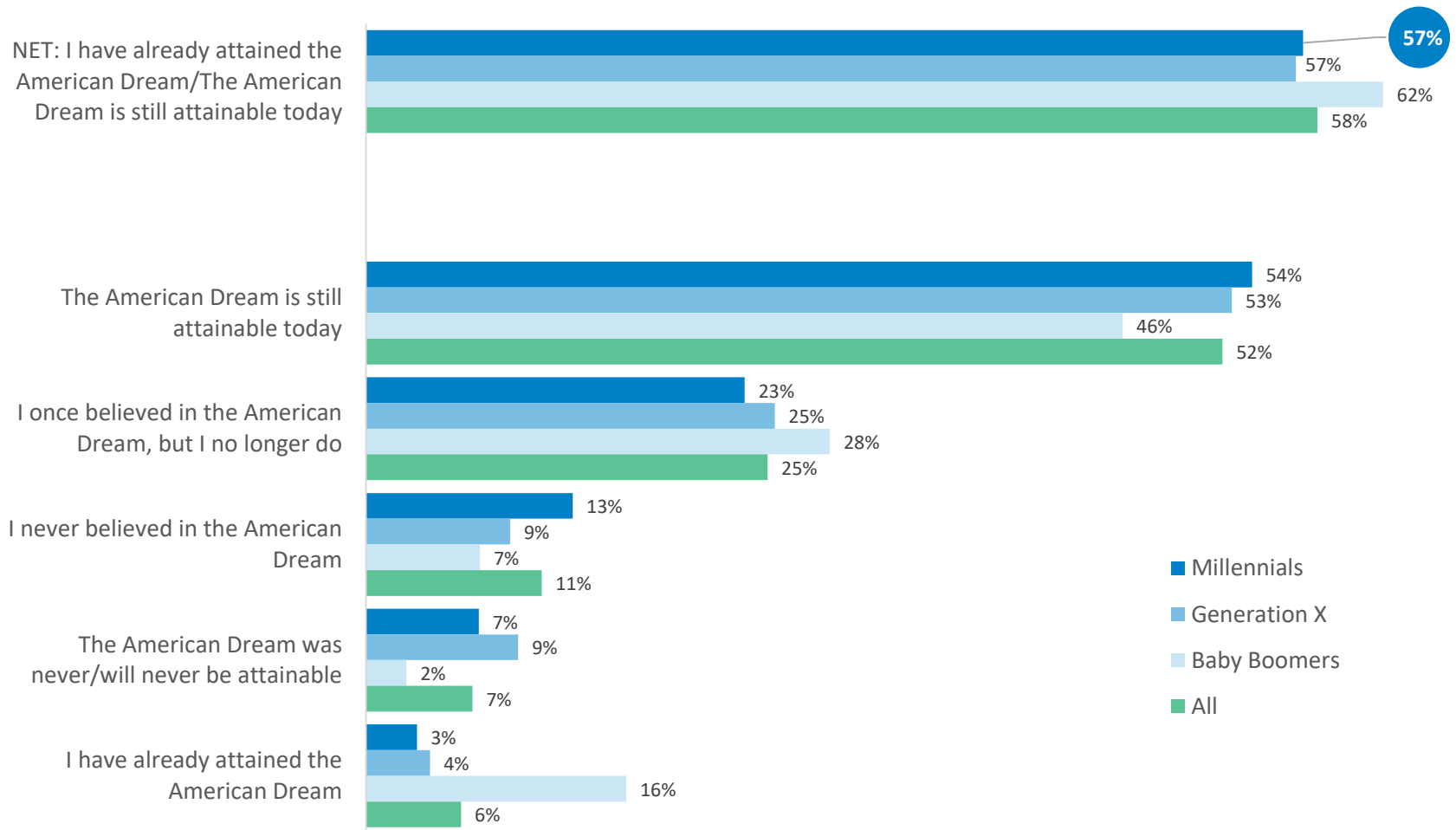
- Six in ten **Millennials believe that the American Dream is attainable today**. Top ingredients to the American Dream are: owning a home, becoming debt-free, and retiring comfortably.
- **Owning a home (56%) takes precedence over paying off debt or retiring comfortably** for Millennials. In fact, nearly 1 in 3 Millennial homeowners have dipped into retirement funds for down payments.
- **68% of Millennial homeowners have regrets about buying a home**, wishing they had been more prepared going into the purchase. They cited putting more money down and better inspecting the house as steps they wish they'd taken.
- Millennials have a complicated relationship with debt: while **69% feel they've made it when they are debt-free, they also say they're comfortable carrying debt**. They also understand that they need to take on a mortgage to become homeowners and are comfortable with this kind of “rite of passage” debt.
- More Millennials feel confident in their understanding of financial products than Gen Xers and Boomers, but are mistrusting of the markets due to having come of age during the financial crisis. In fact, **66% say they feel safest keeping most of their savings out of the market**. This may hinder them as they prepare for retirement.

Bank of the West 2018 Millennial Study: Key Findings

The Millennial Mindset: The American Dream

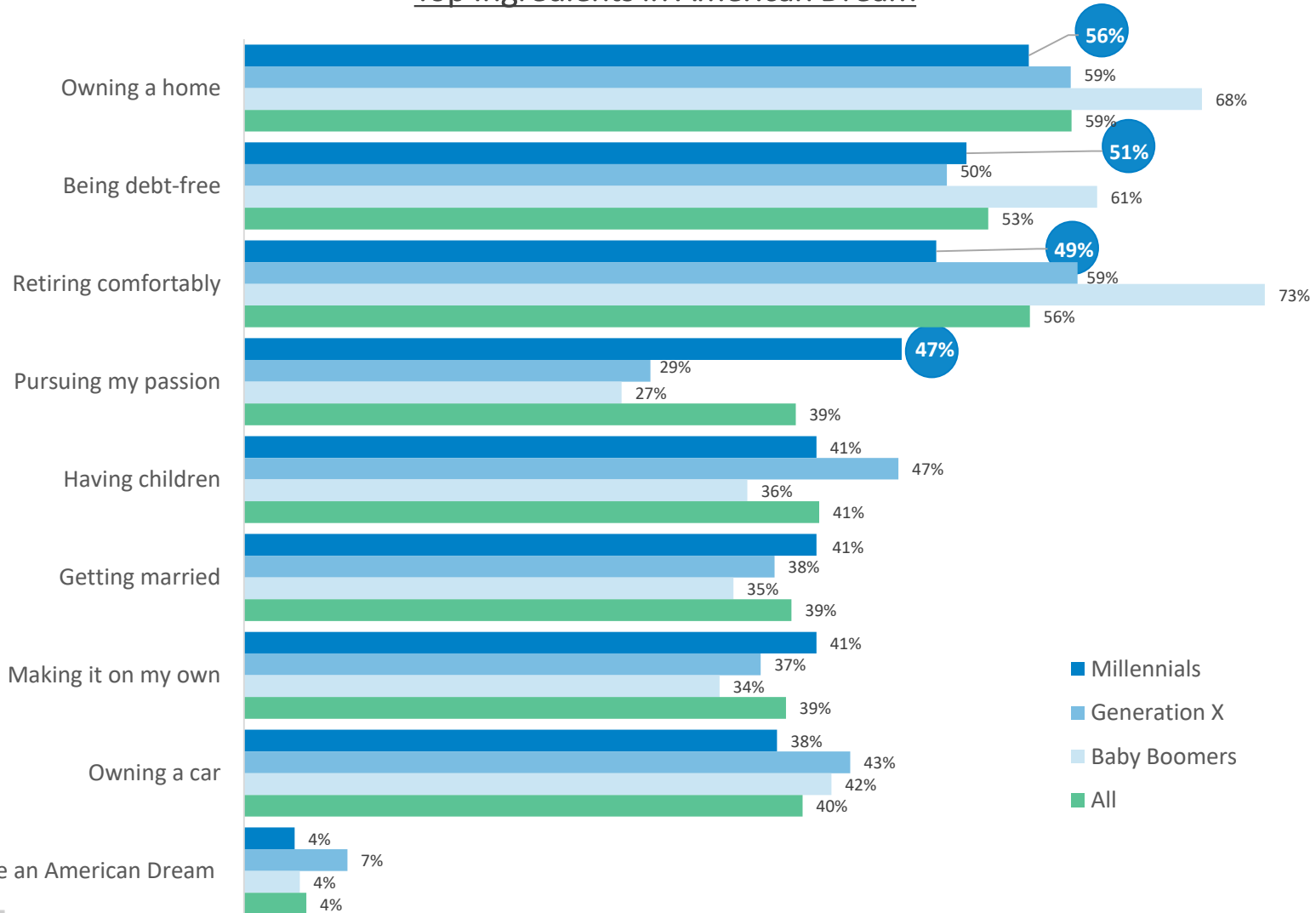
Nearly six in ten Millennials believe in the American Dream.

Which best describes how you feel about The American Dream



The most popular ingredients of Millennials' American Dream are owning a home, being debt-free, retiring comfortably, and pursuing a passion.

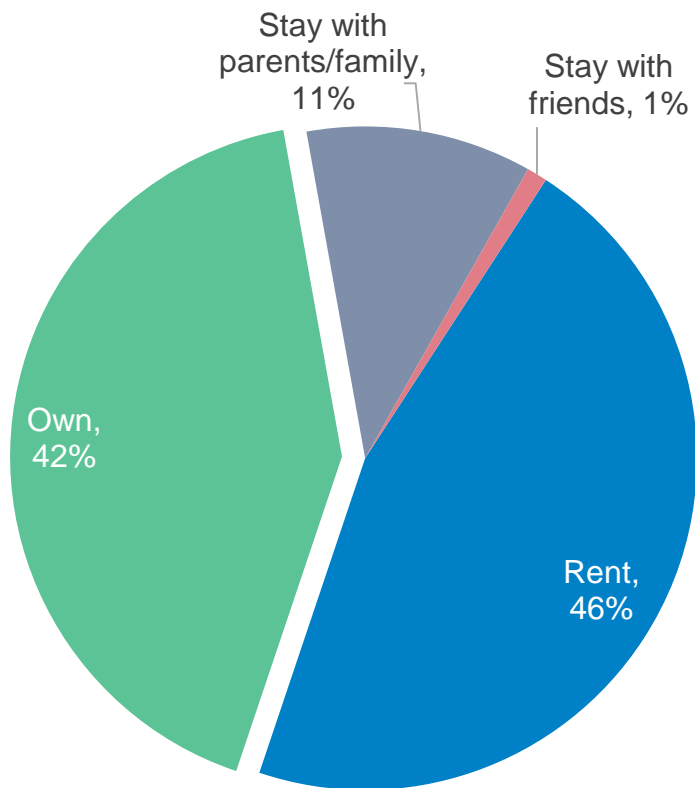
Top Ingredients in American Dream



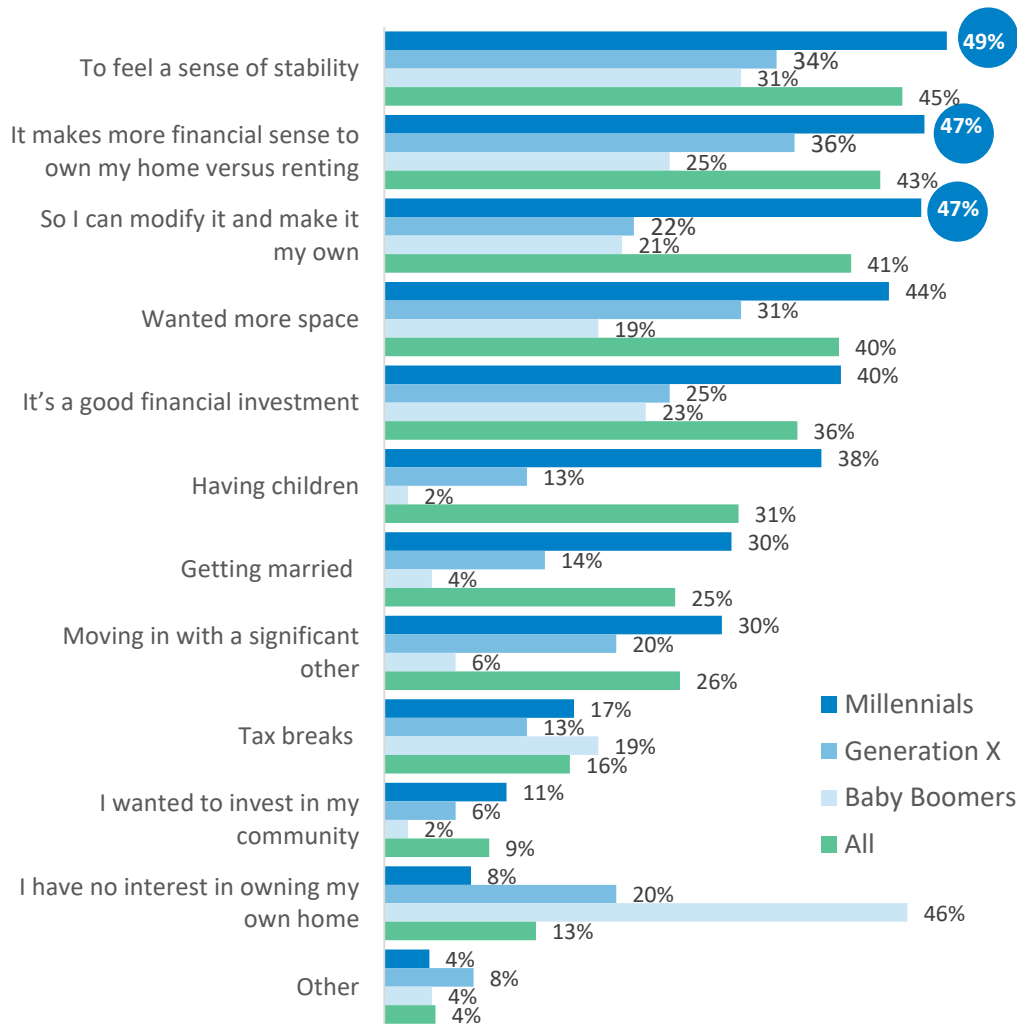
The Millennial Mindset: Homeownership

Four in ten Millennials are homeowners already. Top motivators include feeling stability, feeling homeownership makes financial sense, and being able to modify a home.

Where Millennials Live



Motivators to Buy a Home, Among Non-Homeowners

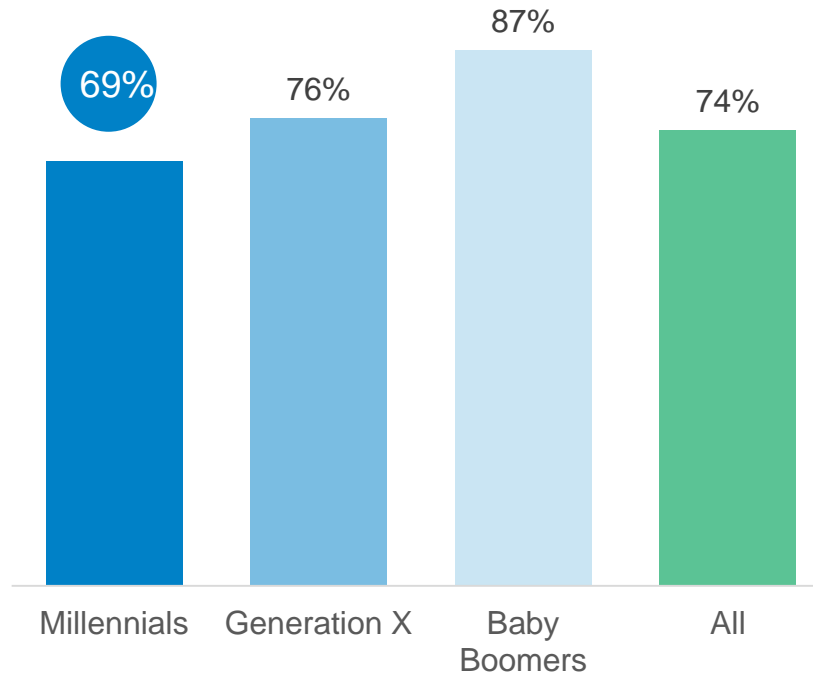


Base: Total=1,014; Millennials=609; Generation X=204; Baby Boomers=201. Q4. Where do you currently live?

Base: Non-homeowners=467; Millennials=355; Generation X=64; Baby Boomers=48. Q9: What reasons, if any, would motivate you to buy your own home?

Putting down roots: most Millennials see themselves staying in the same area for the next 10 years.

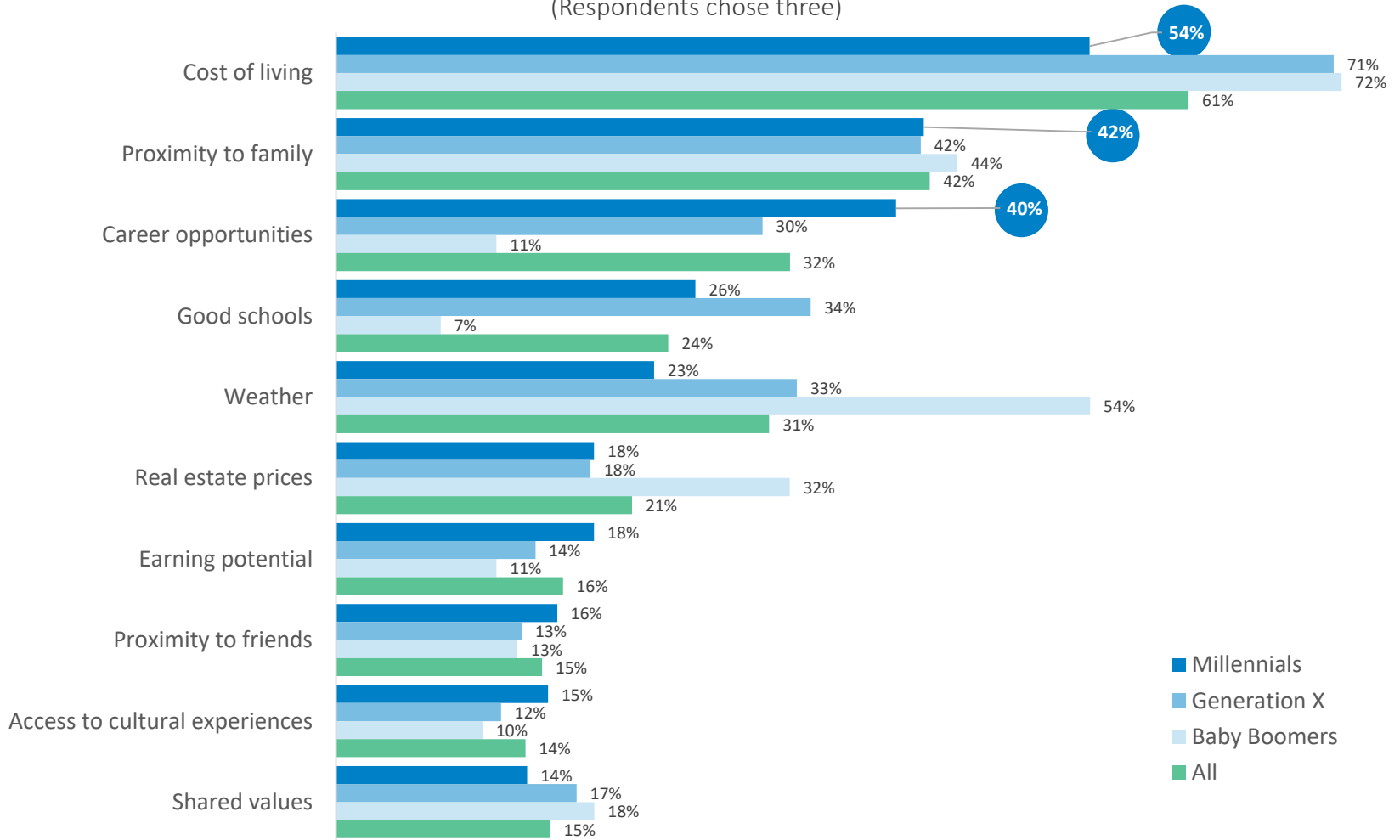
I can see myself living in the same area for the next 10 years
(% Completely/Somewhat Agree)



When picking a place to live, Millennials most commonly cite cost of living, proximity to family, and career opportunities as key factors.

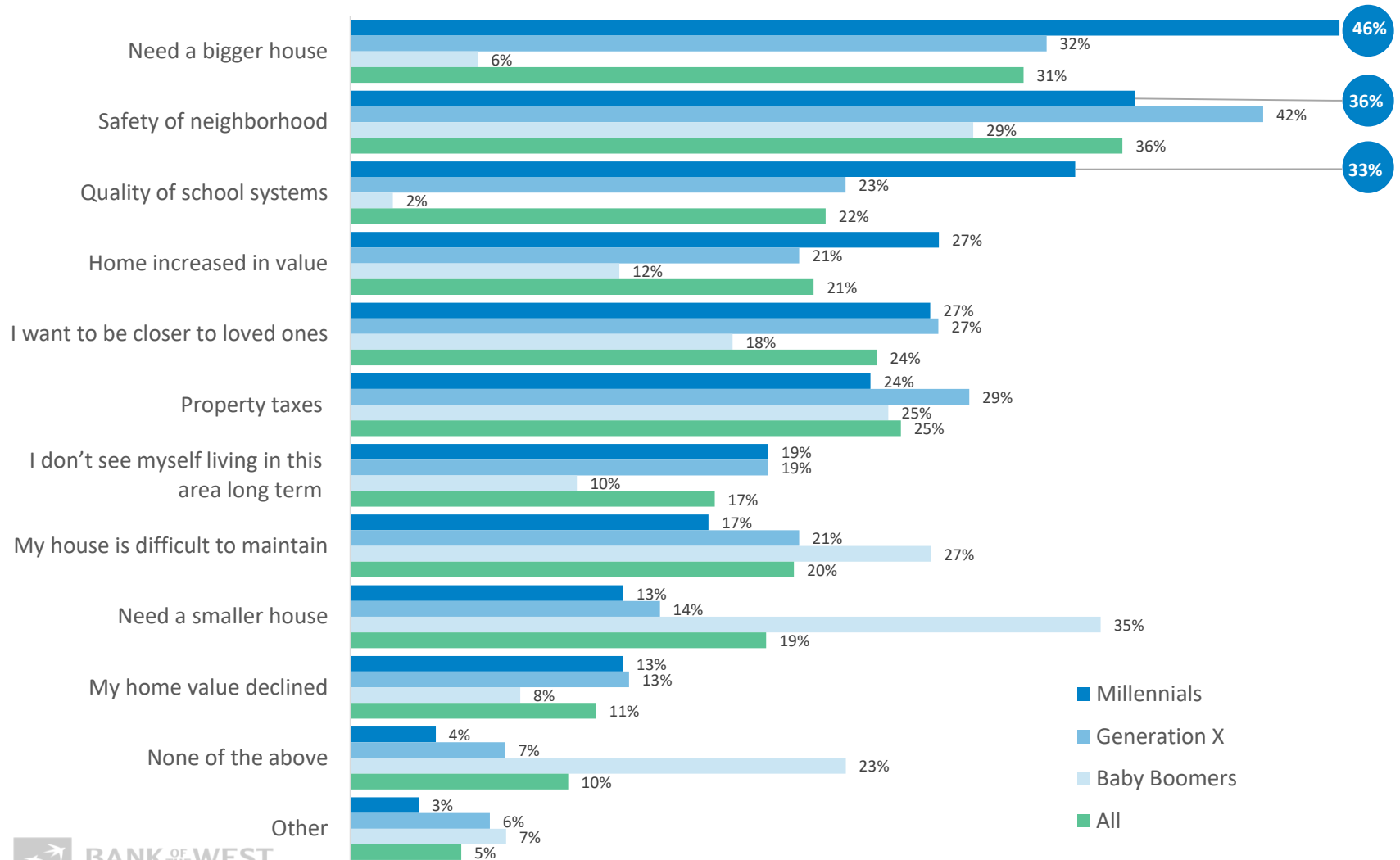
Top Ten Factors When Considering a Place to Live

(Respondents chose three)



Bigger houses, safer neighborhoods, and better school systems would motivate current Millennial homeowners to move to a new home.

Factors That Would Make Homeowners Want to Move to a Different Home

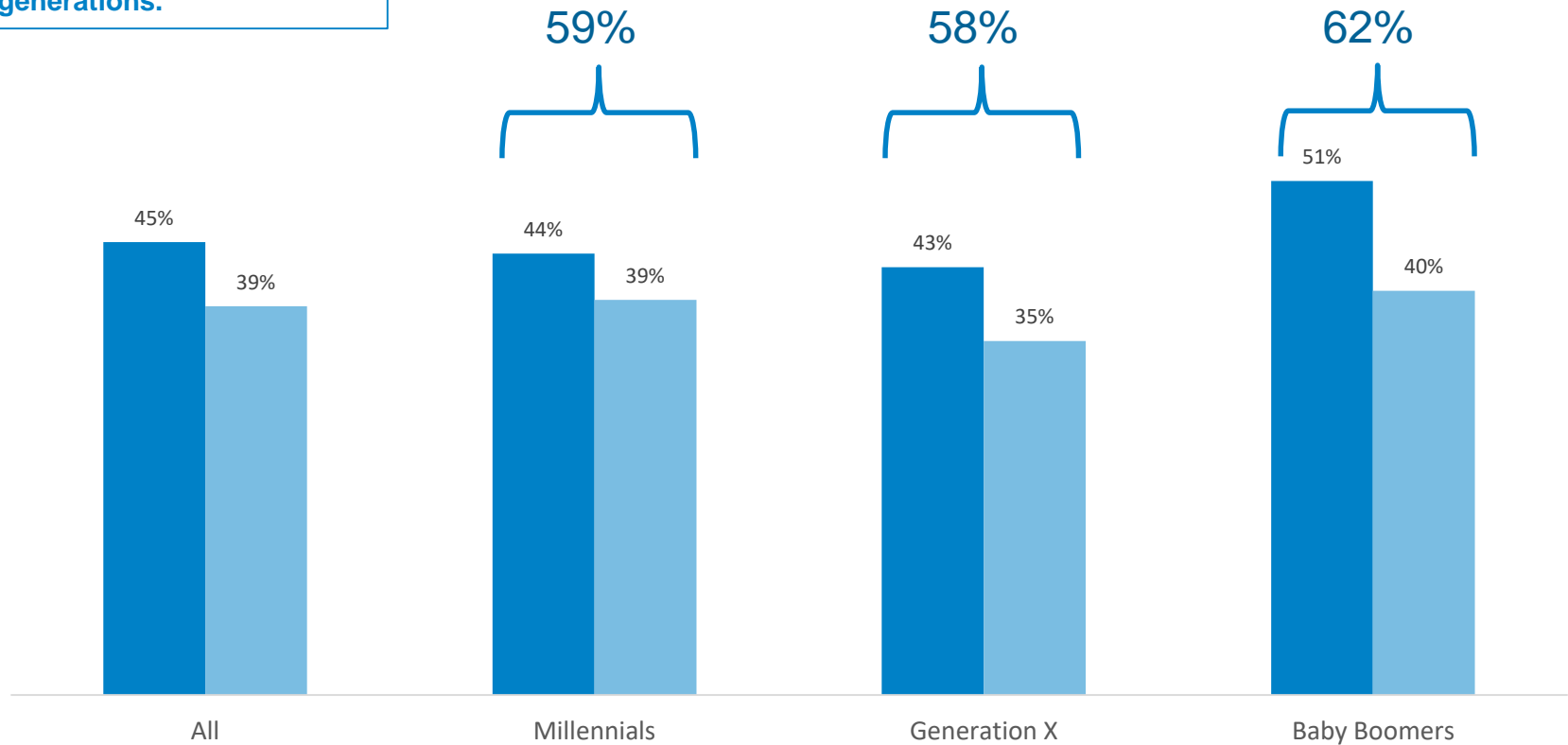


Base: Homeowners at Q4; Millennials=254; Generation X=140; Baby Boomers=153. Q7: Which of the following factors, if any, would make you want to move to a different home?

Millennials view homeownership as a financial investment.

Nearly half say it makes more financial sense to own versus to rent and over one-third believe it's a good investment, which is consistent across generations.

Motivators for Homeownership

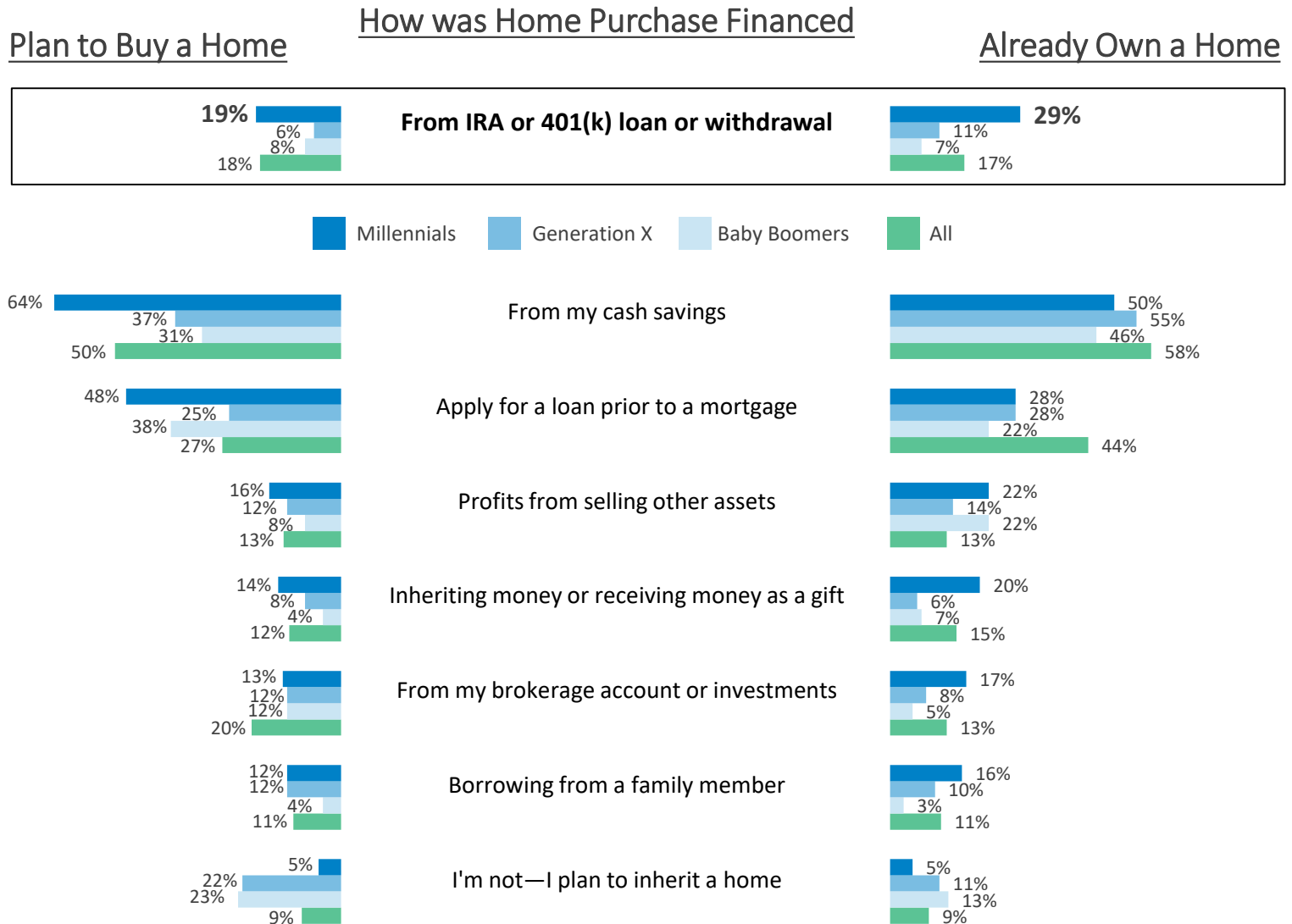


■ Makes more financial sense to own my home vs. renting

■ It's a good financial investment



Two in ten Millennials who plan to buy a home expect to dip into retirement accounts to fund their purchase; three in ten who are currently homeowners have already done so.



Base: Interested in buying a home=405; Millennials=328; Generation X=51; Baby Boomers=26. Q10. How, if at all, are you planning to finance your down payment for a home purchase?

Base: Already own a home=547; Millennials=254; Generation X=140; Baby Boomers=153. Q10. How, if at all, did you finance your down payment for a home purchase?

Over two-thirds of Millennials have regrets about how prepared they were for the home buying process—a far higher proportion than their older counterparts.

Percentage of Homeowners With Regrets

All: 55%

Millennials: 68%

Top regrets:

- Costly to maintain (20%)
- Realized there was damage after moving in (20%)
- Space doesn't work well (19%)
- Should have put down more money from the start (19%)

Generation X: 55%

Top regrets:

- Costly to maintain (23%)
- Stretched too thin financially (19%)
- Feel stuck in one place (18%)

Baby Boomers: 35%

Top regrets:

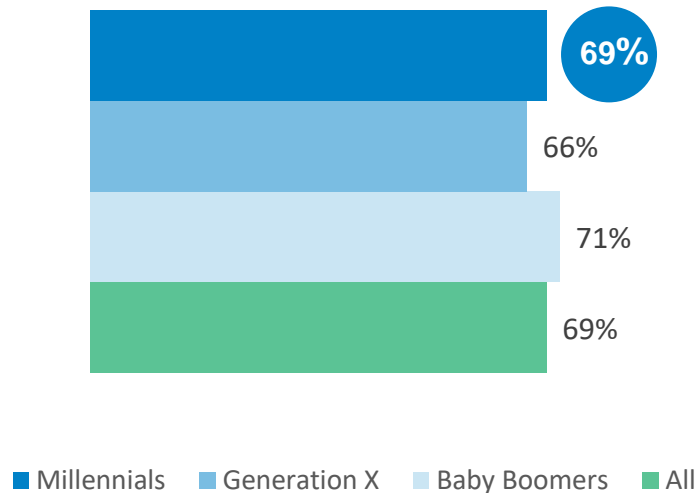
- Costly to maintain (16%)
- Stretched too thin financially (10%)

The Millennial Mindset: Relationship with Debt

While Millennials feel strongly that being debt-free is a key ingredient to the American Dream, they are still willing to take on debt.

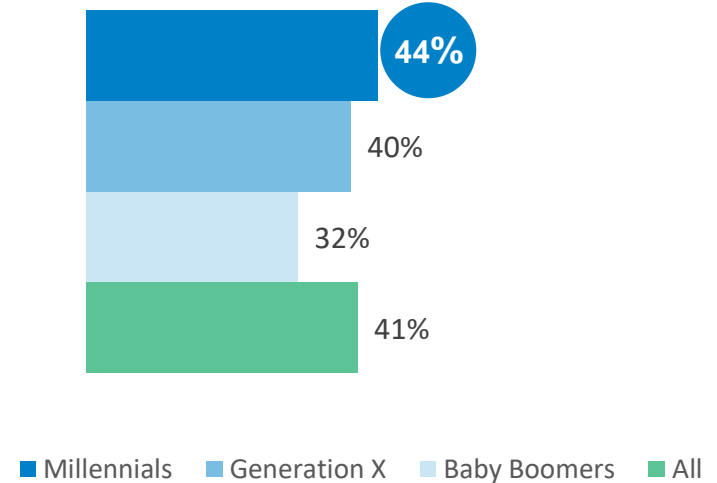
“You’ve Only Really ‘Made It’ When You’re Debt-Free”

(% Completely/Somewhat Agree)



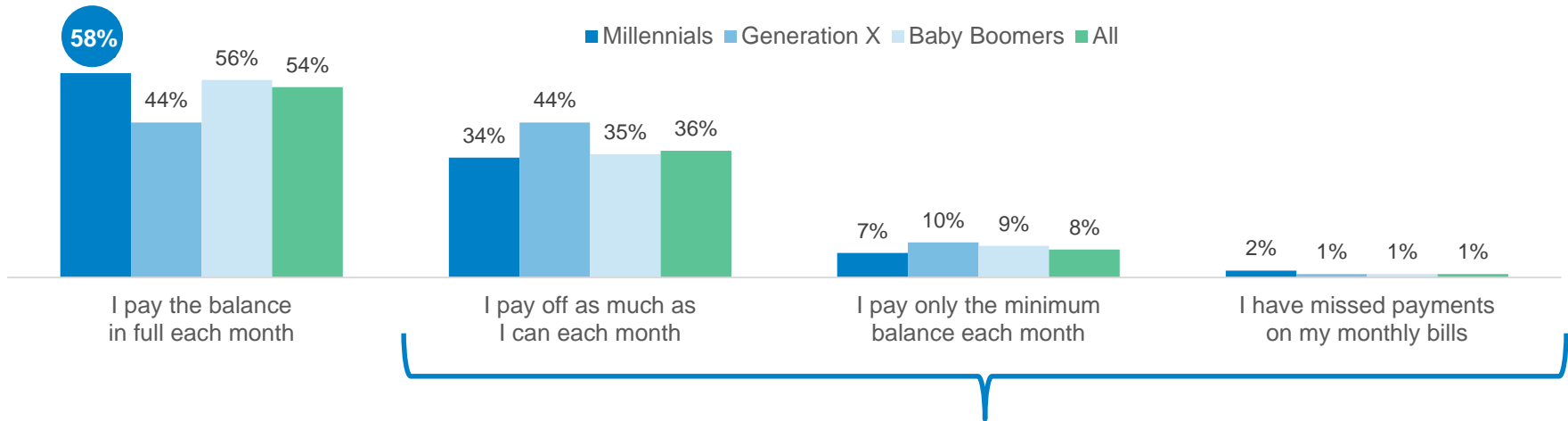
“I am Comfortable Carrying Debt”

(% Completely/Somewhat Agree)



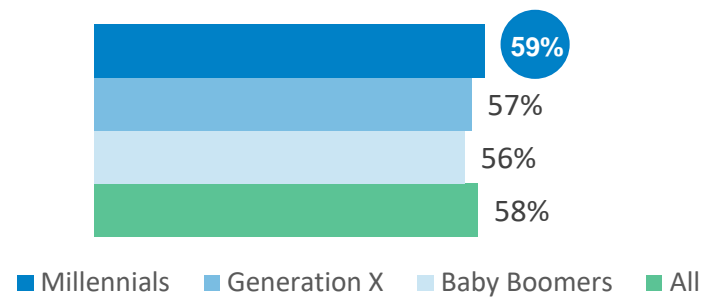
Most Millennials (58%) pay their credit card bills in full each month.

Monthly Handling of Credit Card Bills



Comfort with Revolving Credit

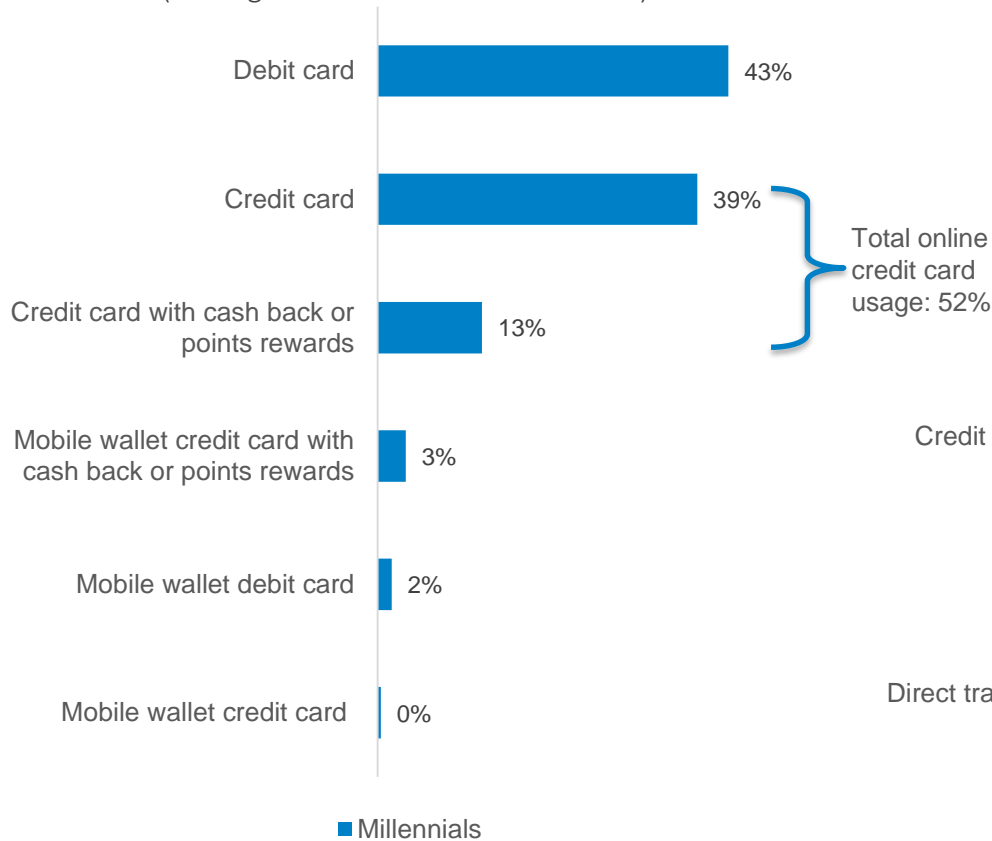
(% Very/Somewhat comfortable)



When paying for everyday purchases, Millennials are split between using debit cards and credit cards when paying in person, but favor using credit cards online.

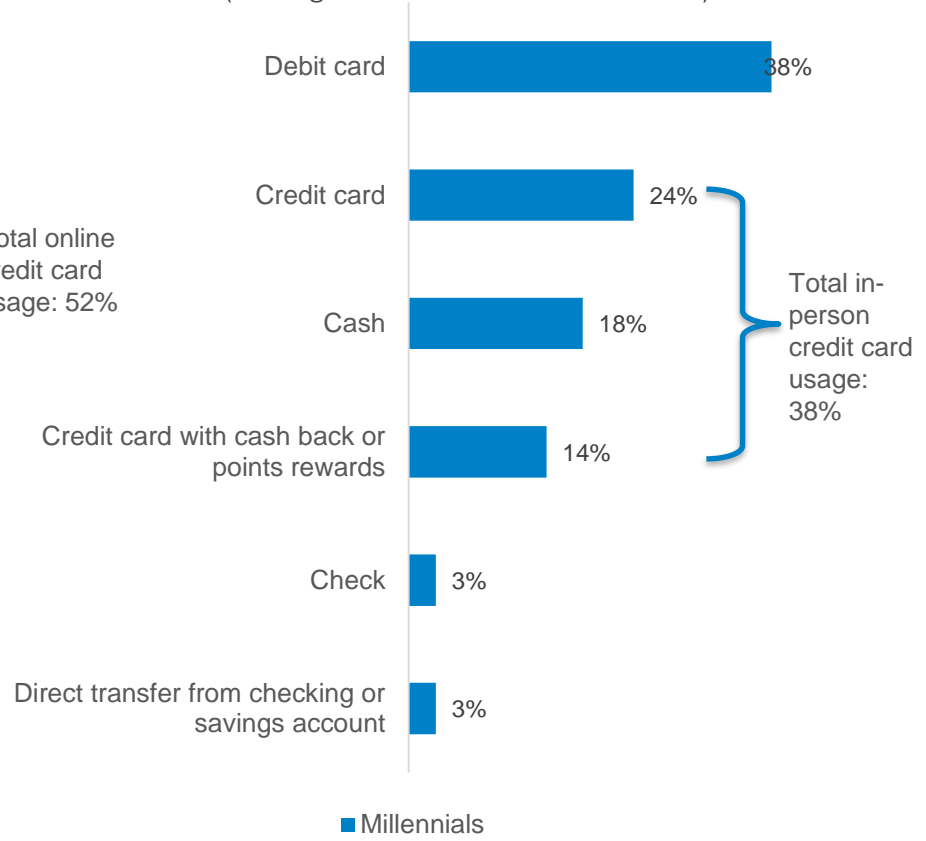
Paying for Everyday Purchases Online

(Among credit and debit card holders)



Paying for Everyday Purchases In Person

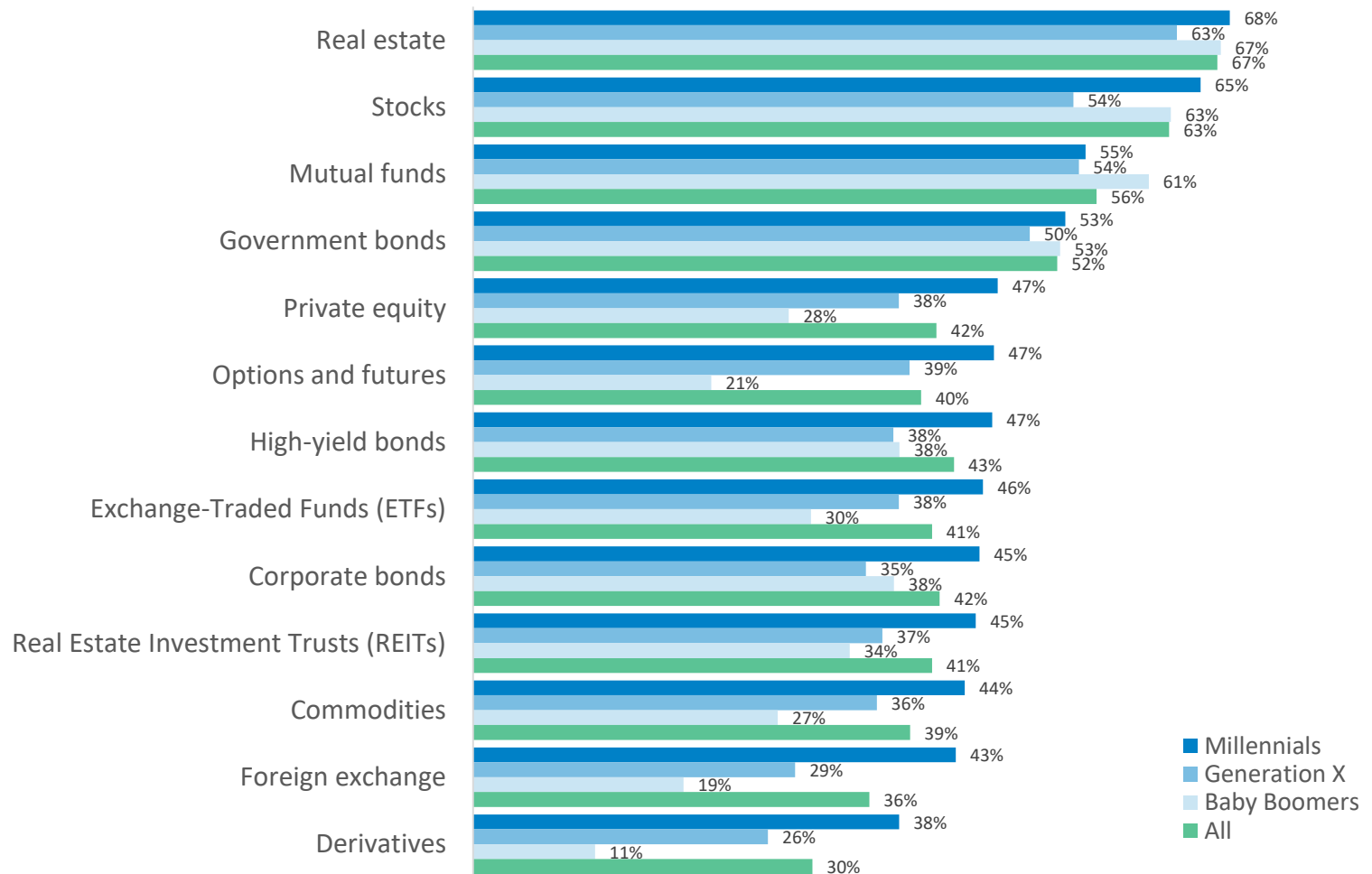
(Among credit and debit card holders)



The Millennial Mindset: Investing for Retirement

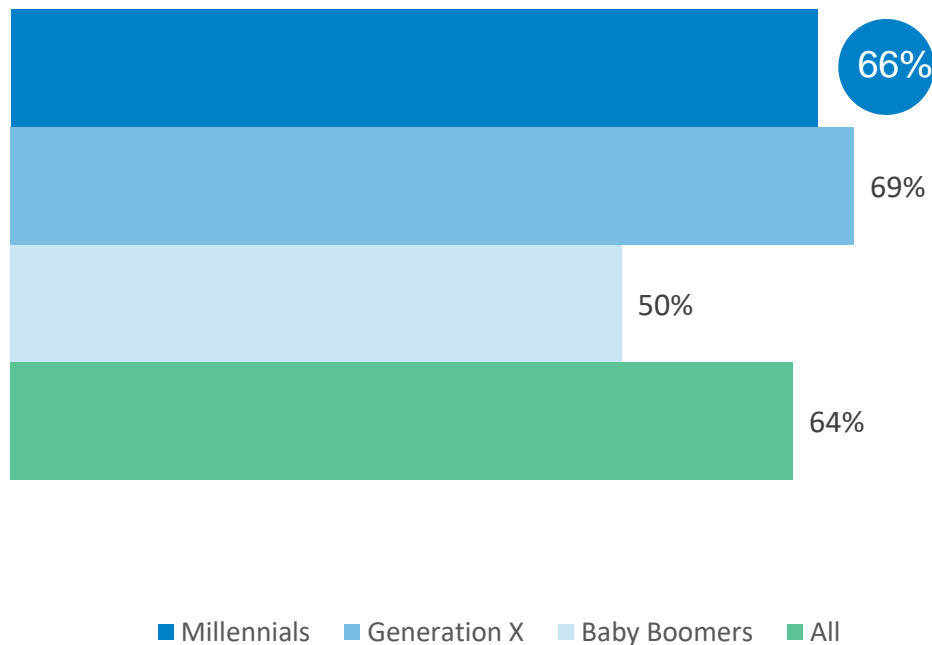
Millennials feel confident in their understanding of financial products.

Confident in Ability to Invest in the Following



At least in theory, Millennials agree that the more time they have until retirement, the more aggressive they can be with their investing strategy.

The more time I have until retirement, the more aggressive I can be with my investment strategy
(% Completely/Somewhat Agree)



However, they are reluctant to actually invest, saying they feel safest keeping most of their savings out of the market.

I feel safest keeping most of my savings out of the market (not invested)
(% Completely/Somewhat Agree)



■ Millennials ■ Generation X ■ Baby Boomers ■ All

Nearly two-thirds of Millennials say that living through the financial crisis made them more conservative investors.

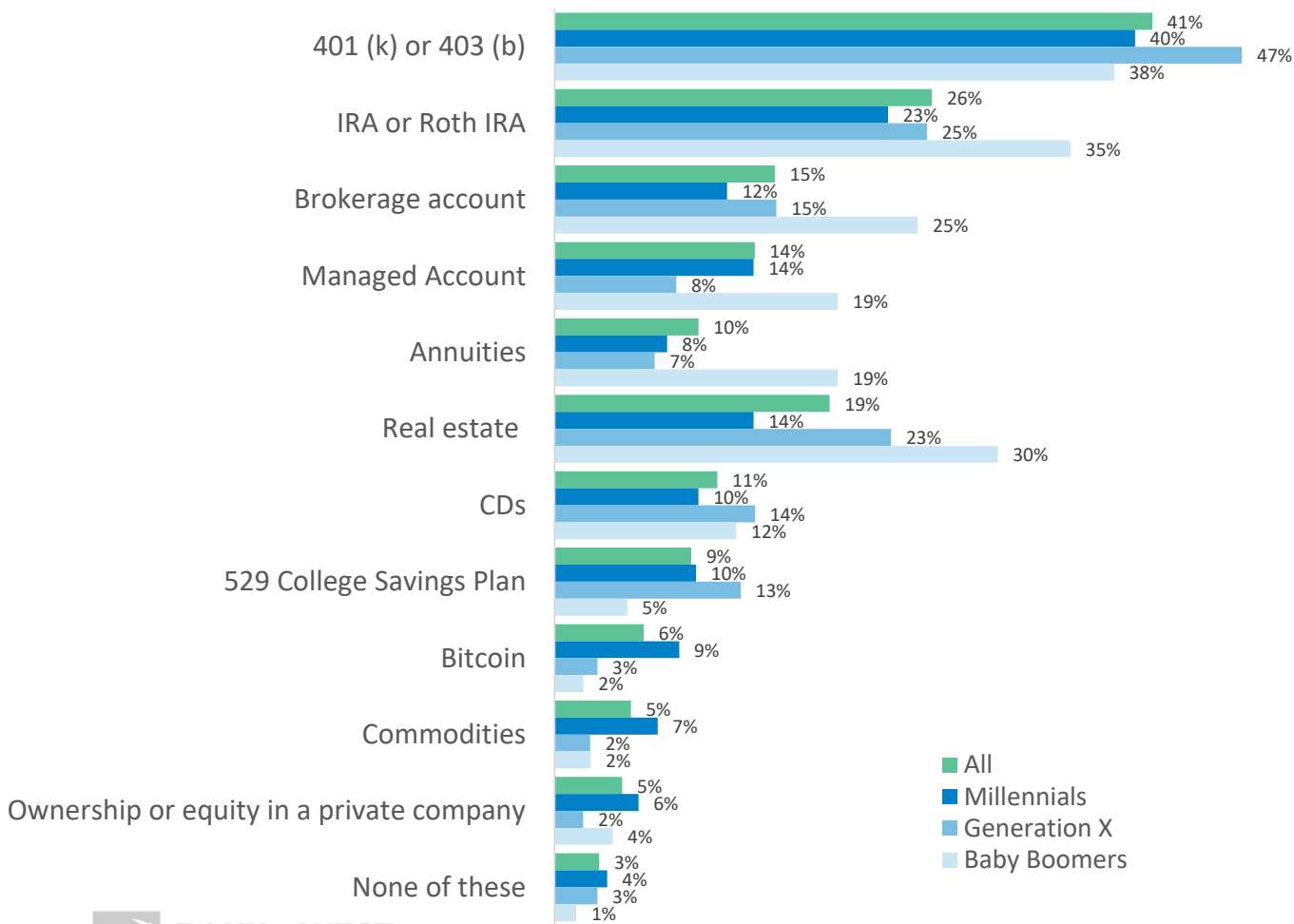
Living through the financial crisis has made me a more conservative investor
(% Completely/Somewhat Agree)



■ Millennials ■ Generation X ■ Baby Boomers ■ All

This reluctance to invest is demonstrated by Millennials' under-utilization of investing accounts that could help them build wealth for retirement.

Financial Products or Investment Vehicles Owned or Used

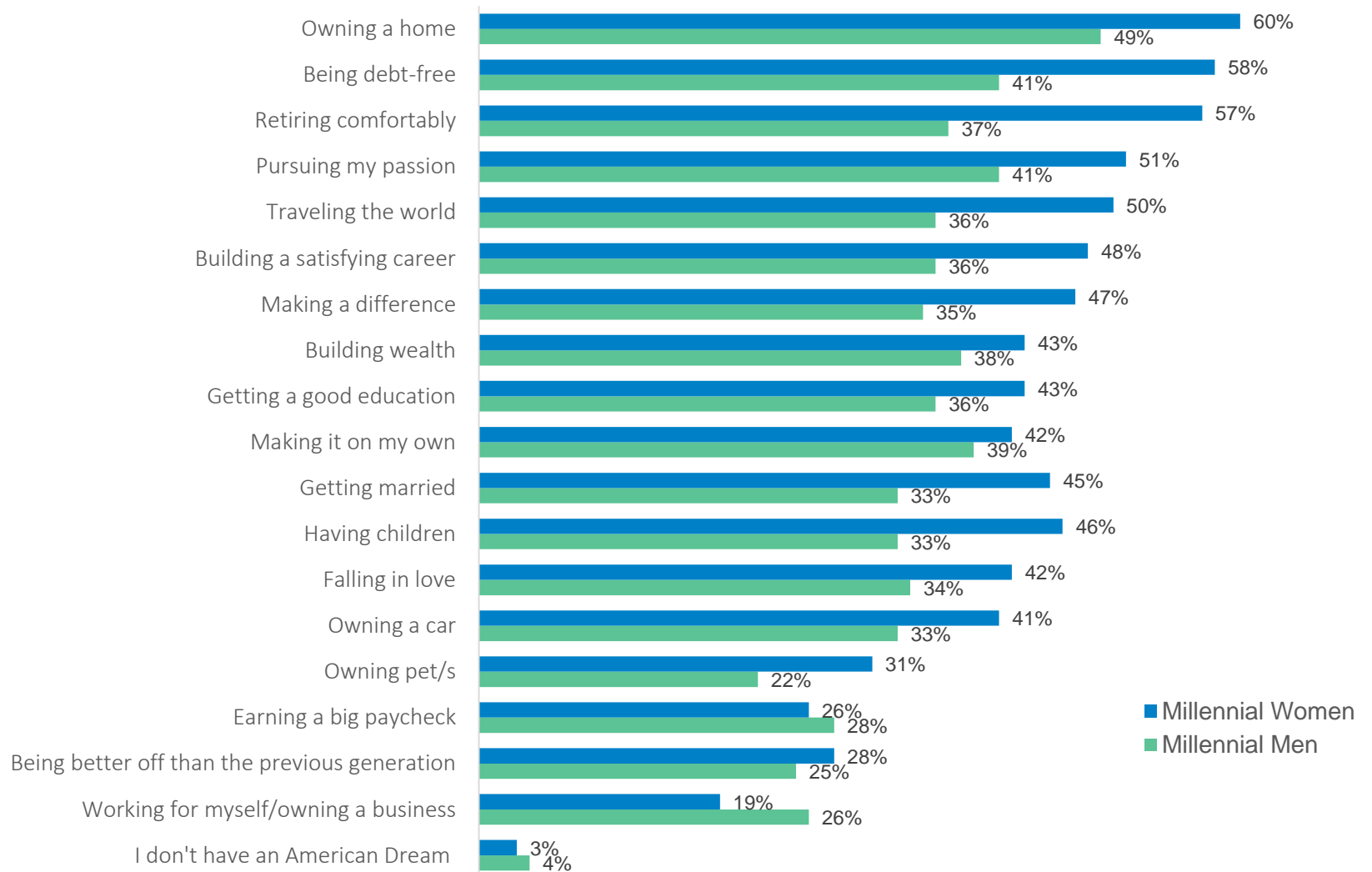


Base: Total=1,014; Millennials=609; Generation X=204; Baby Boomers=201. Q18: Which of the following financial products or investment vehicles do you own or use?

The Millennial Mindset: Gender Differences

Millennial women tend to choose more “ingredients” for their American Dream than Millennial men do.

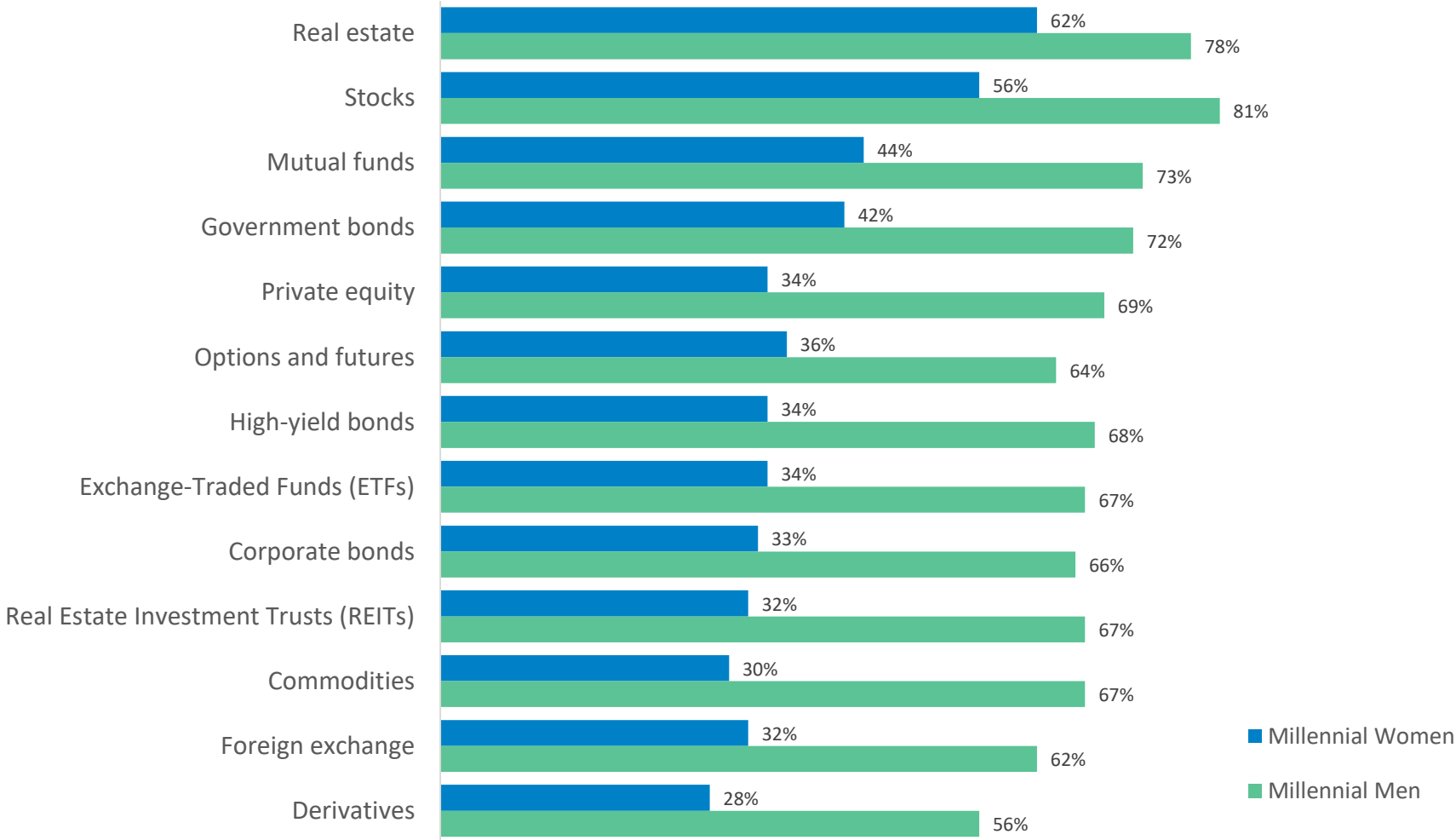
Ingredients in Millennials’ American Dream



Base: Millennials=609—Male=227; Female=382. Q14: Please select the most important ingredients from the following list that describe your American Dream.

Millennial men are significantly more confident than Millennial women in their ability to make financial investments.

Confident in Ability to Invest in the Following

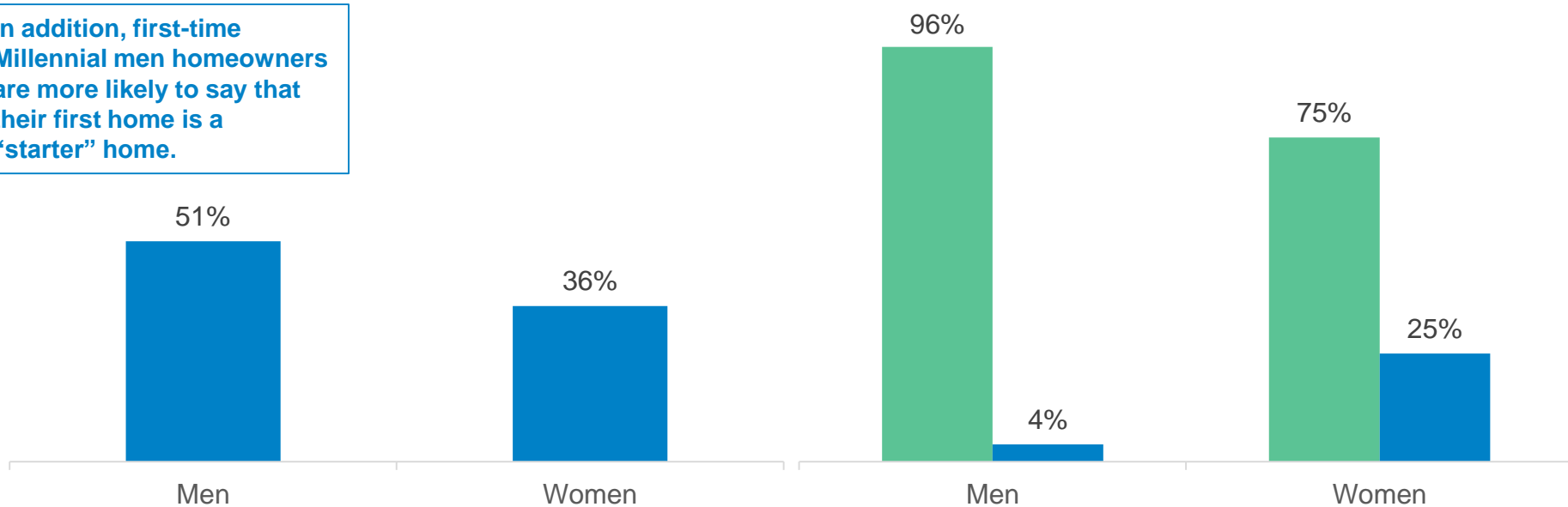


Millennial women are less likely to be homeowners, thus less likely to be taking the first step in their American Dream.

Live in a Place they Own

Think of Home as a Starter Home

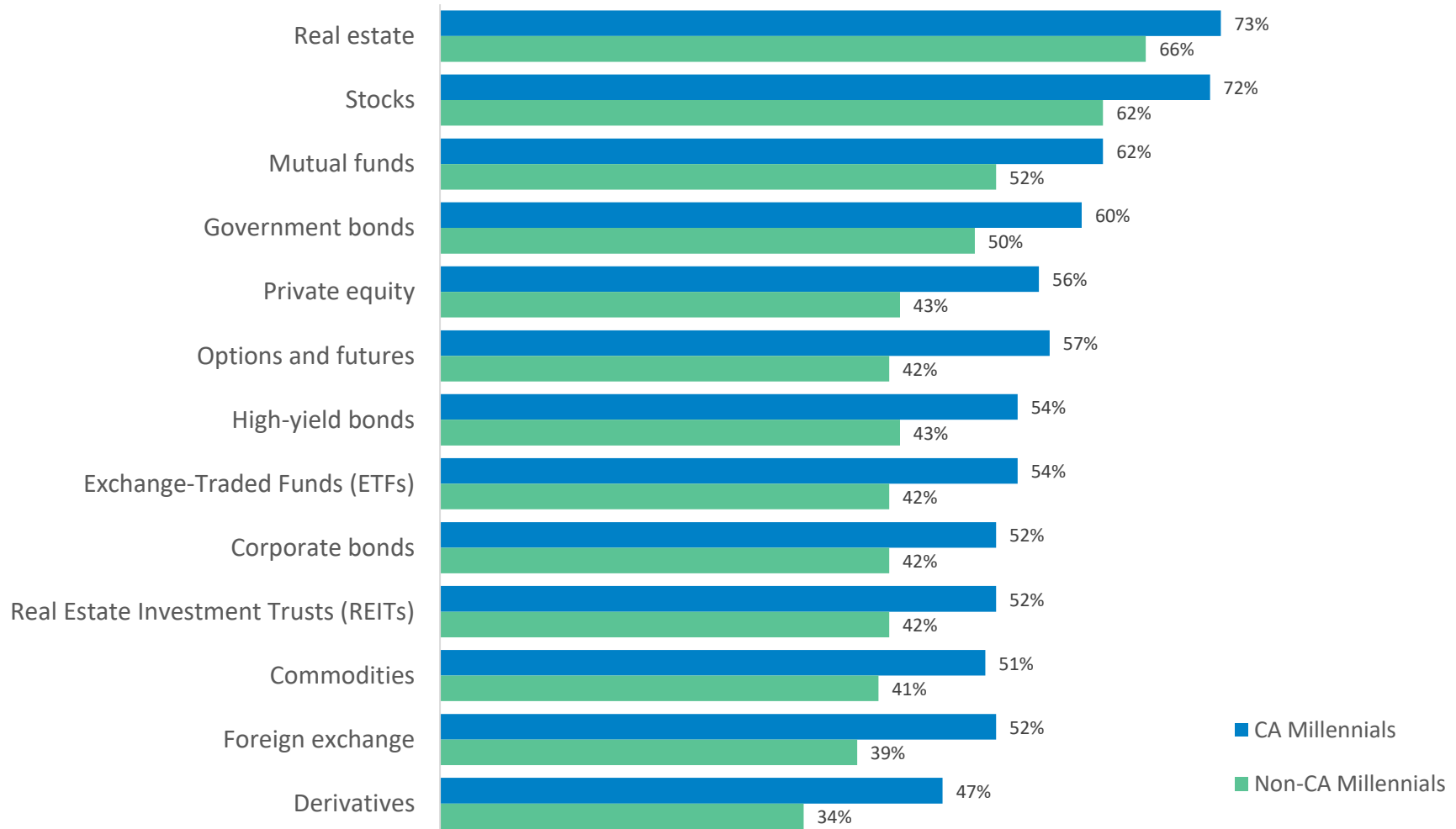
In addition, first-time Millennial men homeowners are more likely to say that their first home is a “starter” home.



The Millennial Mindset: California Millennials

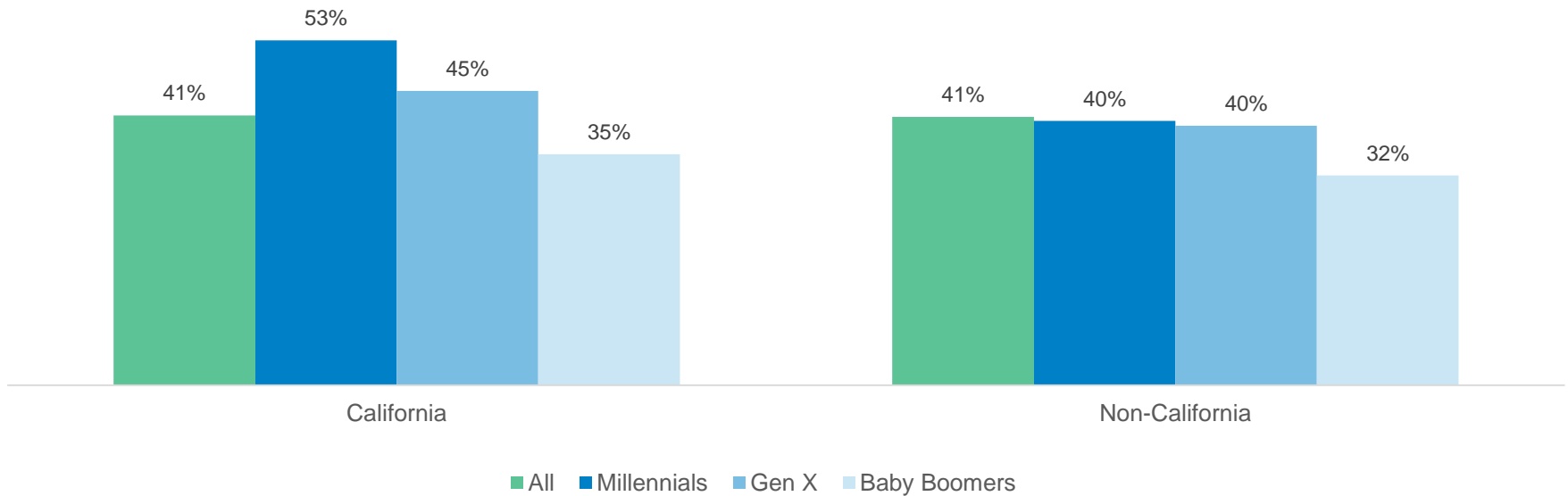
California Millennials are significantly more confident than those living outside California in their ability to make financial investments.

Confident in Ability to Invest in the Following



Millennials living in California are more likely than those living elsewhere to be comfortable carrying debt.

I am comfortable carrying debt (i.e., mortgage, student loans, credit cards, auto loan/lease)
(% Completely/Somewhat Agree)



Appendix: Methodology

Survey Methodology

This survey was conducted online within the United States by Maru | Matchbox on behalf of Bank of the West between November 1st – November 10th, 2017, among its proprietary Springboard America panel.

1,014 individuals aged 21-70 completed the survey, including 240 based in California.

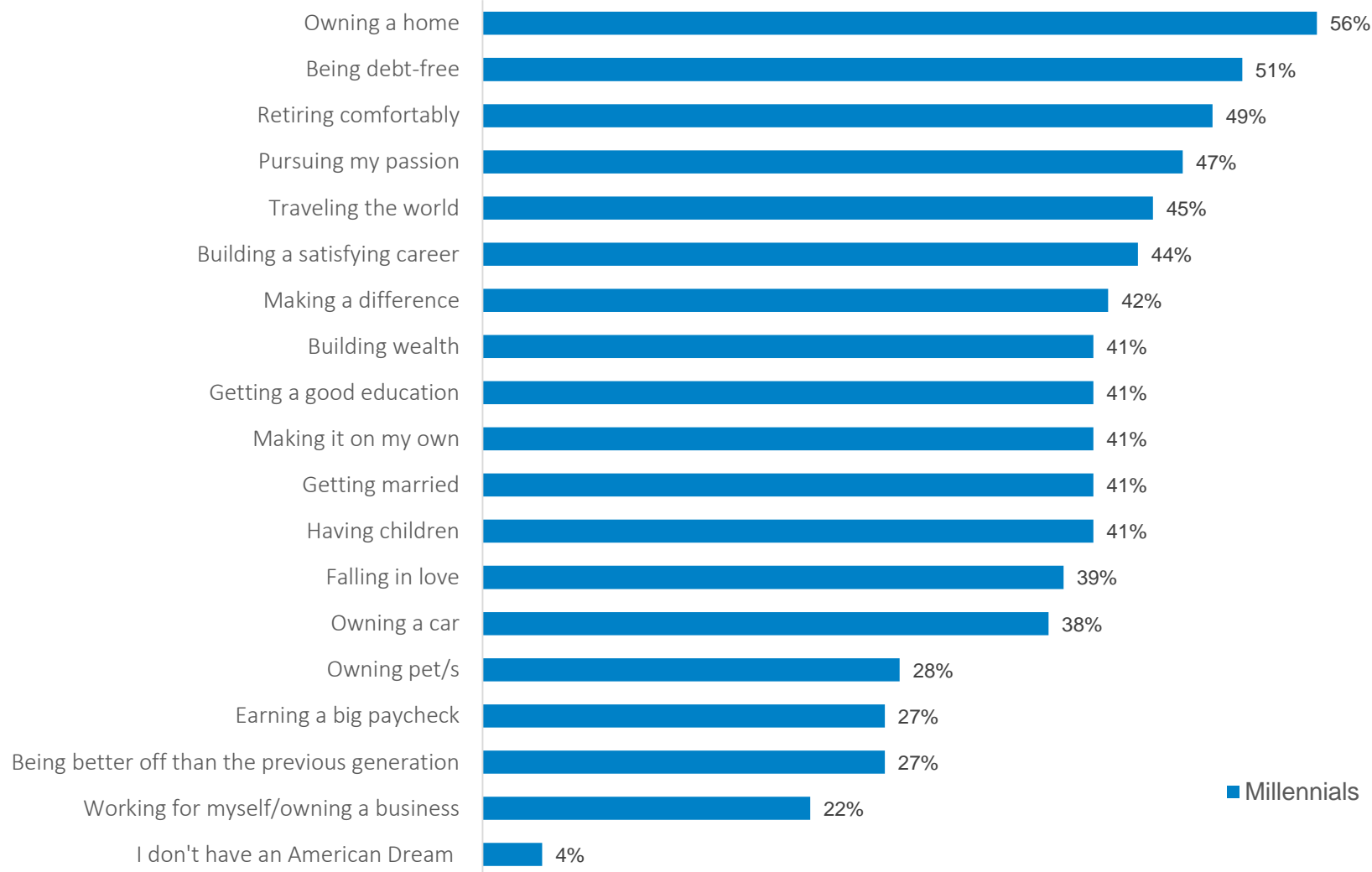
- **609 Millennials** (Ages 21-34)
 - 305 Age 21-27 ◊ *Younger Millennials*
 - 304 Age 28-34 ◊ *Older Millennials*
- **204 Generation X** (Age 35-51)
- **201 Baby Boomers** (Age 52-70)

Gender, household income, and regional data is balanced to U.S. Census with a boost to the California market.

Appendix: Additional Data

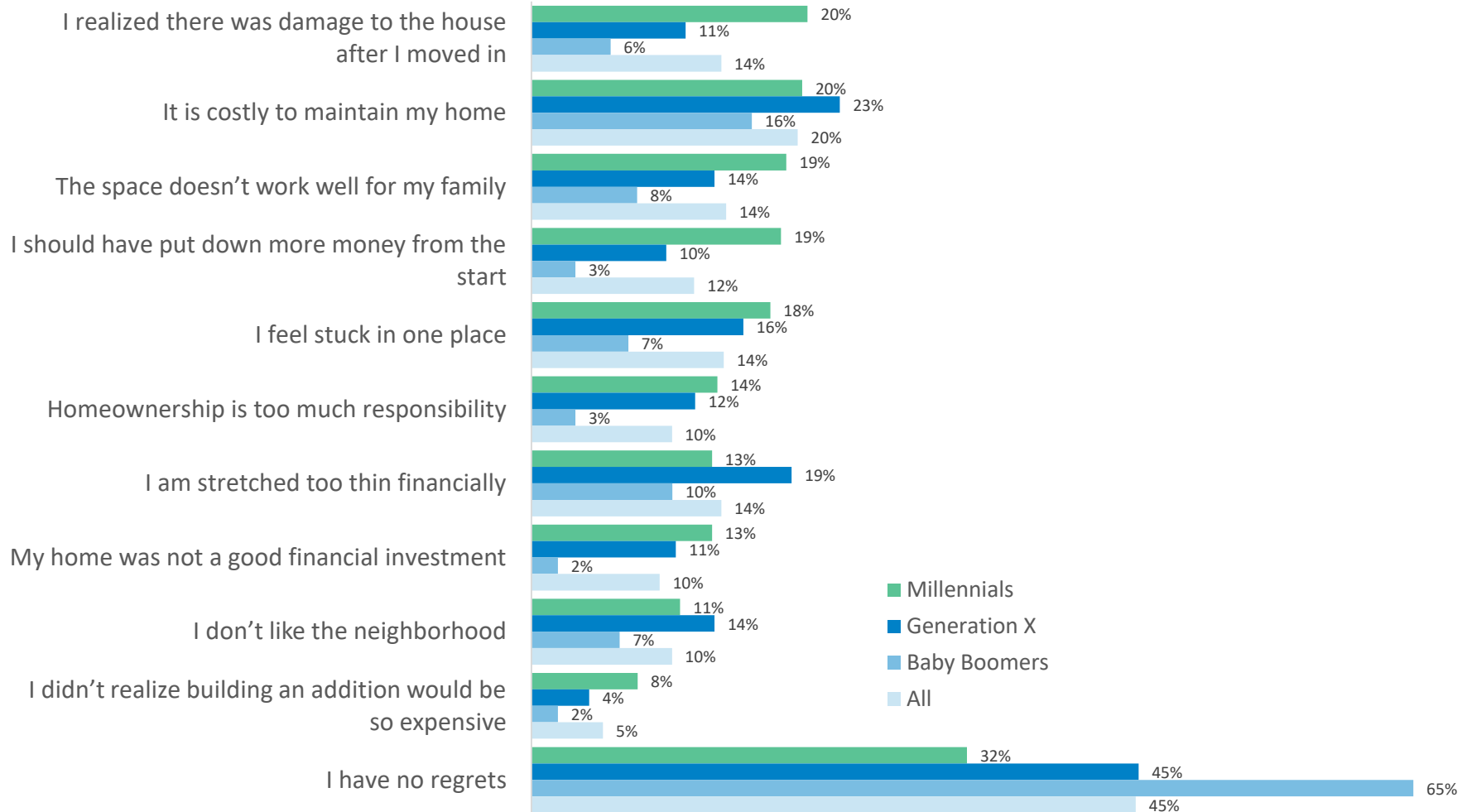
Millennials' American Dream begins with owning a home

Ingredients of Millennials' American Dream



Millennials are more likely than other generations to have regrets after buying a home.

Regrets After Purchasing a Home



THANK YOU

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