Ameriprise Financial

Money Across Generations II℠ study

Gender Differences

Abstract

In 2007, Ameriprise Financial commissioned research that looked across three generations of Americans — baby boomers, their children and their parents — to gain a deeper understanding of how each group perceives, talks about and deals with money and financial issues. The *Money Across Generations*® study revealed that many families are having insufficient discussions about their financial needs and goals. Findings also suggested that boomers need to take a more realistic look at how the generous financial support they provide others may be throwing their retirement plans off track.

Today, following the recession that rocked Wall Street and Main Streets across the U.S., many American families are faced with a very different financial reality than they were five years ago. The *Money Across Generations II*℠ study replicates the original survey to demonstrate how the financial needs and attitudes of each generation have evolved. This final installment in a series of reports examines differences in how men and women approach financial conversations and support family members.

Understanding how gender influences people's attitudes and actions regarding money can help families be more aligned when planning for the future. This is not only relevant to couples, but also to individuals who may be faced with providing financial support to their parents or children. Identifying their own goals and motivations – as well as those of their family members – can help people make more informed decisions and ultimately be better prepared for retirement.

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Introduction

Five years ago, Ameriprise Financial commissioned a study to uncover the family financial ties that bind baby boomers to their parents and their children. The *Money Across Generations®* study looked across three generations – from the central vantage point of boomers – to gain a deeper understanding of how each group perceives, talks about and deals with money and financial issues.

To better understand how the recession and sluggish recovery have impacted family money dynamics and consumer sentiment, Ameriprise recently conducted a second series of interviews. While the economic environment has changed significantly since the original study was conducted, the new findings suggest that money remains a family affair, with financial goals, concerns and support spanning the generations.

These generational money matters can lead to difficult decisions with significant and long-lasting consequences. Data from the study suggests that gender may play a role in how people approach these issues.

This subsequent report from the *Money Across Generations II*℠ study:

- Explores how gender influences the conversations people are – and aren't – having
- Demonstrates differences in how men and women support family members
- Describes how men's and women's levels of confidence and optimism differ

Women are more likely than men to engage in financial conversations

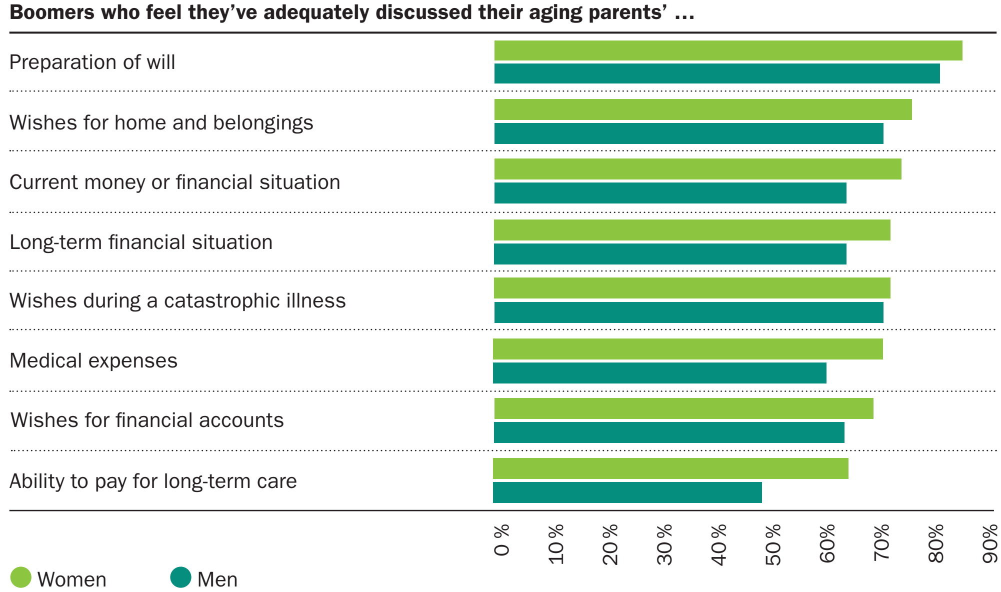
Whether a result of the recession or their rapidly approaching retirement, boomers are more likely to be discussing money matters than they were five years ago. However, boomer women are significantly more likely than men to report having regular conversations with their relatives about finances (54% vs. 46%), healthcare costs (45% vs. 34%) and family issues (59% vs. 46%). The next generation appears to be following boomers' lead as two-thirds (67%) of their daughters compared to 59% of their sons say they regularly discuss money with their families.

Boomer women are also more likely than men to talk with their parents about financial and aging issues. Significantly more women than men say they've adequately discussed their parents' current money or financial situation (75% vs. 64%), long-term financial situation for retirement (72% vs. 62%) and medical expenses (70% vs. 59%). Women are also more likely to say they've talked to their parents about how they'd pay for long-term care needs (62% vs. 49%) – but less than half of boomers' mothers (49%) and fathers (37%) agree that they've adequately discussed this with their boomer generation children.

The most common reason boomer men give for not discussing their parents' finances is that they don't feel it is any of their business (28%), a sentiment shared by one-third (33%) of boomer women. However, some boomers' parents tend not to share this concern: 11% of their mothers and 21% of their fathers say their financial situation is none of their children's business, while some say they either haven't gotten around to discussing it (18%) or haven't thought about it (21%).

However, study findings also suggest that boomers' parents may simply be living up to their "silent generation" moniker. Only 28% of boomers' fathers and 27% of boomers' mothers report regularly discussing money in general.

Boomers who feel they've adequately discussed their aging parents' ...



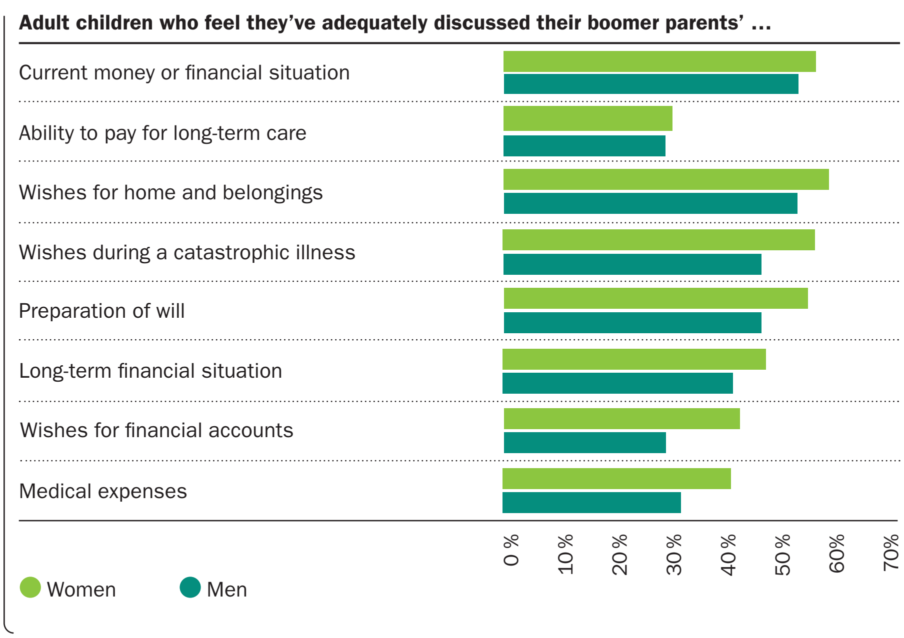
Boomers’ daughters are more likely to feel informed about their parents’ financial situation

Boomer generation women tend to be more likely than men to engage in financial conversations with their adult children. Nearly two-thirds (63%) of boomer women, compared to 55% of men, feel that they’ve adequately discussed their current money or financial situation with their own kids.

But are these women more likely to be talking with their daughters than their sons? More than half of boomers’ daughters (65%) and sons (56%) agree that they’ve adequately discussed their parents’ situation. However, the number of daughters who express this sentiment has increased dramatically since 2007 (65% vs. 52%), whereas the number of sons has stayed the same (56% vs. 55%).

Boomers’ daughters are also significantly more likely to say they have adequately discussed their parents’ wishes for their financial accounts (44% vs. 29%). The number of boomers’ sons who express this sentiment has declined substantially since 2007 when 41% felt this topic was being adequately discussed. Likewise, the number of sons who feel they have adequately discussed their parents’ medical expenses declined significantly during the past five years (31% vs. 46%).

Boomers’ daughters admit that these conversations aren’t easy. They are much more likely than boomers’ sons to say that discussing money is very or somewhat likely to cause tension or an argument in their family (58% vs. 41%).



Boomers' daughters may be feeling the strain of providing increasing amounts of support

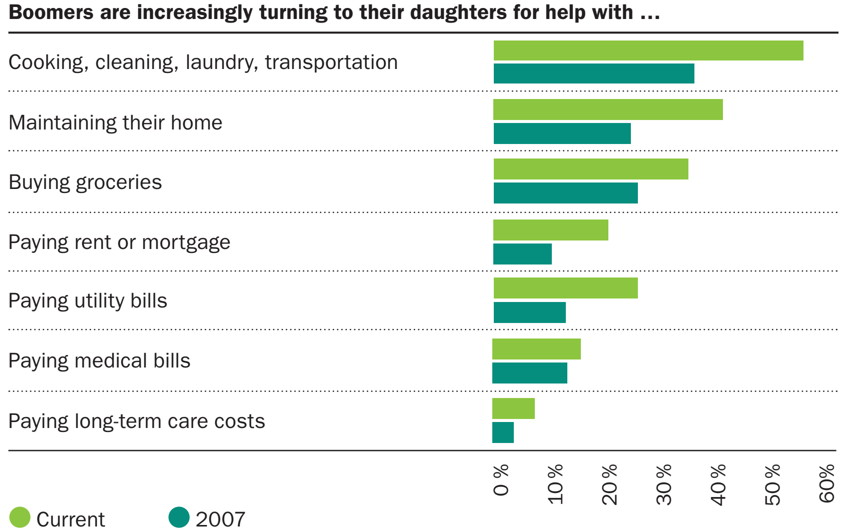
The number of women supporting their boomer parents has increased dramatically in five years. Two-thirds (67%) of boomers' daughters say they are providing some form of support to their parents, a substantial increase since 2007 when 48% reported doing so.

Compared to five years ago, significantly more boomers' daughters report helping to pay their parents' utility bills (27% vs. 15%), rent or mortgage (20% vs. 10%) or long-term care costs (6% vs. 1%). Likewise, they are more likely to say they are helping with cooking, cleaning, laundry and transportation (55% vs. 35%) or maintenance on their parents' house (41% vs. 24%) – items which may not appear to have a direct financial impact, but which could cut into time that they would otherwise spend in the workforce.

A majority (62%) of boomers' sons also report providing support to their parents, however this is relatively unchanged from five years ago.

Boomers' daughters are more likely than their sons to express concern that their boomer parents won't have enough resources to have a financially secure retirement (63% vs. 47%). They are also somewhat more likely to say that they feel guilty for not being able to help their parents more (43% vs. 36%).

Boomers are increasingly turning to their daughters for help with ...

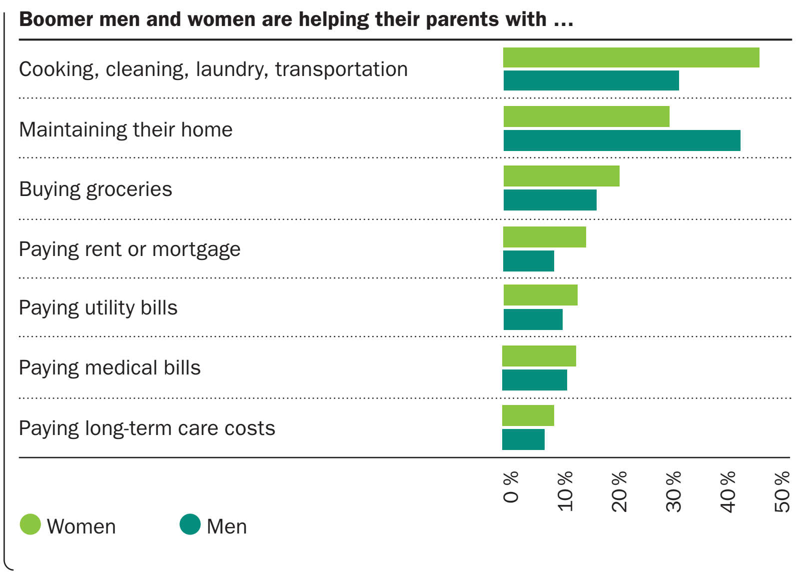


Boomers' support for family members tends to follow traditional gender roles

Nearly equal numbers of boomer men (95%) and women (92%) say they've provided financial support to their adult children. However, fathers are significantly more likely than mothers to say they've helped their child buy an automobile (58% vs. 48%) or co-signed a loan or lease agreement (42% vs. 32%). Study findings also suggest that fathers are more likely to have paid for their child's car insurance (51% vs. 43%) or helped with car payments (37% vs. 29%). These men may simply be following their own fathers' examples; 45% of silent generation fathers say they helped an adult child buy a car, compared to 21% of mothers.

Boomer generation men are also more likely than women to say they would help their child buy a car rather than continue to contribute to their retirement savings (32% vs. 24%); men tend to be more likely to help their child pay off credit card debt rather than continue contributing to retirement savings (32% vs. 25%).

The ways boomers are supporting their parents also tend to follow typical gender roles. Boomer men are more likely than women to say they've helped their parents perform maintenance on their home (43% vs. 30%), while women are more likely to report helping with cooking, cleaning, laundry and transportation (48% vs. 31%). And despite generational differences, boomers' children follow similar patterns. Half (51%) of boomers' sons say they've helped their parents with home maintenance compared to 41% of their daughters; daughters are more likely to say they've helped their parents with cooking, cleaning, laundry and transportation (55% vs. 41%).



Women express less optimism and confidence about their financial future

Boomer women (14%) are significantly less likely than men (21%) to say they feel very optimistic about their own financial future. Additionally, fewer women than men say they are very confident that they will reach the goals they consider most important (16% vs. 24%).

Among boomers' children, a quarter (25%) of daughters and 38% of sons report feeling very optimistic about their own financial future. Likewise, 19% of boomers' daughters and one-third (32%) of sons say they are very confident in their ability to achieve their most important goals. Daughters may be feeling greater financial strain – more than one-quarter (27%) say they are working hard to get out of debt, compared to 16% of sons. Women of this generation are also less likely than men to say they are trying to grow their savings (22% vs. 35%).

Women's opinion of the country's financial future is less rosy, but men's optimism has also taken a substantial hit. Only 13% of boomer men say they are very optimistic about the future of the U.S., compared to 24% in 2007. Similar declines in optimism were noted among boomers' fathers (17% vs. 31%) and boomers' sons (14% vs. 31%).

Conclusion

The *Money Across Generations II*SM study reveals that in many cases, both women and men are more likely to be regularly discussing financial matters with their families than they were five years ago. This is good news, but there is room for improvement. Especially among members of the boomer generation, there is a perception that their parents are unwilling to discuss these issues, which may not be the case. Likewise, younger generations – especially women – express that money conversations have a tendency to cause stress and tension among family members, which may discourage some from engaging in these important discussions in the first place.

It appears that both the generation someone was born into and their gender can influence how they view money and finances – and ultimately have an impact on their retirement security. Understanding this dynamic may help people look at their own situation more objectively and allow them to assist family members in ways that don't put their own futures at risk.

Methodology

Working with GfK Roper Public Affairs, a leading global marketing research and consulting firm, Ameriprise Financial launched a national telephone survey in November and December of 2011.

- The sampling frame for the landline portion of this study was a random digit dialing system that included all telephone households in the U.S. — both listed and unlisted. Sample targeting boomers was sorted by the estimated household income of the phone exchanges to increase the likelihood of finding a boomer household with sufficient investable assets to qualify for the study. The study's sample was drawn from these frames using probability selection procedures.
- The sampling frame for the cell phone portion of this study was a list of known cell phone exchanges. These numbers were then dialed randomly. Respondents were then screened for age (and if a boomer, self-reported age of 47-65, additionally screened for investable assets) to determine eligibility for the study.
- Interviews were conducted among 1,006 affluent baby boomers – those with $100,000 or more investable assets; 300 parents of baby boomers; and 300 children of baby boomers at least 18 years old.
- Survey data were weighted to MRI Fall 2011 statistics, the data source with the most reliable data for households with cell phones.
- The margin of error is +/- three percentage points for the affluent boomers segment and +/- six percentage points for the parents and children of boomers segments.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel more confident about their financial future for over 115 years. With outstanding asset management, advisory and insurance capabilities and a nationwide network of 10,000 financial advisors, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs. For more information, or to find an Ameriprise financial advisor, visit ameriprise.com.

About GfK

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