

THE POWER OF GENERATION Z

ZOOOOOOM: a Generation Ignites
to Become a Financial Force



CUNA MUTUAL GROUP

A Generation Set to Soar

Imagine having little or no memory of the 9/11 terrorist attacks.¹ Or having lived your life **always connected** to the internet.² Or checking social media up to 100 times per day.³ Or receiving 3,000 text messages per month!⁴

Welcome to Generation Z (or “Post-Millennials,” “Homelanders,” “Centennials,” or the “iGeneration”). Born between 1995 and 2011, these “young people” aren’t all young, ranging from **age 8 to 24** (as of 2019),⁵ and they’re about to make some noise.

As members of this new generation enter adulthood, there’s increasing interest in their behaviors, lifestyle, and **financial habits**. For instance, adult members of Gen Z witnessed their older friends (Millennials) struggle to land well-paying jobs while amassing significant debt; 40% of Millennials overspend to keep up with their social lives.⁶ Plus, by coming of age during the **Great Recession**, Gen Zers have a pragmatic view of the world of personal finance.⁷ They focus on preparation and being financially responsible.⁸

Gen Zers...

- » live in an “always on” technological environment⁹
- » have an 8-second attention span (on average)¹
- » begin researching financial planning at age 13 (on average)⁸
- » are skeptical of institutions (government and colleges, for instance)¹⁰
- » share less on social media than previous generations (privacy is important)⁸
- » prefer social channels SnapChat, Instagram, and YouTube (72% visit YouTube daily)¹
- » seek inspiration and ideas from many sources¹¹
- » embrace differences that make us all unique¹¹
- » are 25% Hispanic; 52% non-Hispanic white¹²
- » believe in the YOLO (you only live once) philosophy¹³



ADVISOR TACTICS FOR GEN Z



- » Brainstorm channels and unique messaging you think will resonate
- » The more positive and uplifting you can be, the better!

3 KEY GEN Z VALUES



VIGILANCE

Not shying away from the realities of the world. They recognize that social, environmental, political, and financial concerns abound.

“I will speak out against things I want to change.”



RESOURCEFULNESS

Taking their futures into their own hands. They celebrate the hacker mindset and develop creative problem-solving solutions.

“I will develop skills to add stability to my unstable world.”



OPENNESS

Expecting and valuing diversity. They embrace how people differ in culture, gender, race, politics, sexuality, and ability.

“I will support your right to be different and express those differences.”

SOURCE: Kantar Consulting, *Centennials: The Global Youth Generation Webinar*, 2018¹⁴

Ready, set, grow!

Data finds that Gen Z is the most racially and ethnically **diverse** generation (even more so than Millennials) as well as the most **well-educated** generation.¹² Although they're careful with their money, they like to donate and get involved in social issues.¹⁵ They're continuing the downward trends of teen alcohol use, teenage pregnancy, and smoking.¹⁶ And they want to **change the world**.¹⁷

WORDS THEY LIVE BY:

You do you
Create a workaround
Find your purpose
Plan for the future
Tech is life and life is tech
Be an agent of change



ADVISOR TACTICS FOR GEN Z

- » Create communication efforts that align with their values
- » Prepare to connect with a widely diverse group

MYTH BUSTERS

What you think you know about Gen Z may not be true. Let's bust some myths!

Myth: Gen Zers are so entrenched in technology they avoid face-to-face interactions.

REALITY: Surprisingly, it's the opposite. Gen Zers prefer **personal interactions**, when they can get them, instead of electronic messages.¹⁸

Myth: Gen Zers want independence, not collaboration.

REALITY: Teamwork is important to Gen Zers, who prefer to carefully balance independence with a **collaborative** environment.¹⁸ Despite the workplace becoming increasingly digital, more than 90% of Gen Z prefer to have a strong **human element** on their teams.¹⁹

Myth: Gen Zers prefer alternative work environments.

REALITY: Instead of gig arrangements, Gen Zers really want **traditional**, in-office employment environments.²⁰

How does this generation stack up against others before it?

Gen Z members will make up 40% of consumers by 2020.⁸

And they already wield a purchasing power of between \$29 billion and \$143 billion.²¹ This is a **confident** bunch when it comes to their financial futures.²²

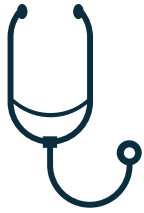
Wow! 89% of Gen Zers say planning their financial futures makes them feel empowered.⁷

This may be influenced by what they've seen when growing up. During the Great Recession, Gen Zers watched the median net worth of their parents (Gen Xers) drop 45%.⁸ It's no wonder they desire job security and say **job preparation** is the point of a college education.⁸

88% of 2017 college grads – the 1st Gen Z graduating class – chose their major with job availability in mind.⁸

TOP EXPECTED CAREER PATHS

Medicine/
Health Care



39%

Sciences



20%

Biology/
Biotechnology



18%

Business/
Corporate



17%

SOURCE: Hackernoon.com, *How Gen Z Is Confronting Their Financial Fears Infographic*, 2018⁸



ADVISOR TACTICS FOR GEN Z

- » Develop a wants/needs list that addresses this generation specifically
- » Use their openness to change as a way to connect on their level



According to Gen Z students, **35%**

- » already own their own business⁸ or
- » plan on owning one in the future⁸

For those already in the workforce, they look for full-time employment, enjoy an office setting, and want job stability.

Passion OR Paycheck?

As the oldest Gen Zers graduate from school, they face one of their first serious moral dilemmas. They want to make a **meaningful impact** on the world, and they'd love to have a job they feel **passionately** about.²³ After all, why spend numerous years in school just to end up with a job you don't care about?

Yet once they understand the requirements of becoming financially secure and independent, their passion may have to take a back seat to **earnings** (and the job stability they also covet).⁷ In this way, Gen Zers mirror the realities previous generations have faced.

ADVISOR TACTICS FOR GEN Z



- » Generate ways to serve them on their preferred digital platforms, remembering that speed and privacy are key factors

Gen Z vs. Millennials



How does Gen Z's spending potential compare to that of a generation you likely know very well – Millennials?

- » The typical Gen Zer lives in a **household with an annual income of roughly \$63,700**, slightly higher than Millennials' household income of \$62,400 (2018 vs. 2002 in inflation-adjusted dollars).
- » **Gen Zers are less likely to be in the labor force**: 58% of today's 18- to 21-year-olds worked in the prior calendar year compared to 72% of Millennials when they were 18 to 21 years old.
- » The **high school dropout rate** for the oldest Gen Zers (ages 18 to 20 in 2017) is **significantly lower** than that of similarly aged Millennials in 2002.
- » Gen Zers are **postponing marriage longer** than Millennials at a similar age: Only 4% of Gen Zers ages 18 to 21 are married, while Millennials in 2002 were nearly twice as likely (7%).



If you know Millennials, you can use what you know of their **personality traits** to connect with Gen Zers because they **share similar opinions** on many social and political issues.

SOURCE: Pew Research Center, *Early Benchmarks Show "Post Millennials" on Track to Be Most Diverse, Best-Educated Generation Yet*, 2018¹²

GEN ZERS ALREADY OWN

Savings Account



60%

Checking Account



54%

Health Insurance



33%

Credit Card



32%

SOURCE: Hackemoon.com, *How Gen Z Is Confronting Their Financial Fears Infographic*, 2018⁸



ADVISOR TACTICS FOR GEN Z

- » Stay transparent about your practices and challenges
- » The client-advisor relationship you develop should recognize their situation and goals and, most of all, fit their unique needs

Hard workers. Frugal spenders.

Of recent Gen Z grads:

- » **58%** are willing to work evenings and weekends⁷
- » **78%** have completed an internship or apprenticeship⁷
- » **77%** earn extra money through freelance work, a part-time job, or an earned allowance⁷



DOLLARS AND SENSE



72% – cost is the most important factor of a purchase⁷



47% – use their phones in-store to check prices⁷



66% – will attend college in-state to save on tuition⁷

It makes sense; even at their young age, Gen Z is proving to be a **frugal** and fiscally responsible group. As more enter the workforce and invest their savings, it'll be interesting to see what comes of their **practical approach** to money.

71% of Gen Z employees say they are moderately to very stressed about finances.²² Top stressors? Purchasing a home (67%) and living paycheck to paycheck (66%).²⁴

A study of a group of 2,500 teens found that **two-thirds** had already opened a bank account and were as much as **three times** more likely to have taken a financial education class than Millennials.²⁵

While that's proactive and positive, one study showed that 46-56% of high school students don't understand what's factored into a **credit report** or credit history; many believe bill paying is a factor when it isn't.²⁵

So obviously, financial education, training, and **guidance** are necessary. While this group may instantly look to advice from parents (not the best financial help²⁵) and the internet (just like every other need they have), **personalized financial assistance** can be so much more helpful.²⁵ Strive to help Gen Z understand when their own research is fine and when it falls short.

Although the current age range of Gen Z runs from young adults in the workplace to elementary school students, you can determine the level of assistance they need to build financial literacy and knowledge, helping them make **good decisions** along the way.

ADVISOR TACTICS FOR GEN Z



Consider sharing information on their short- and mid-term issues:

- » Basic budgeting, managing money
- » Credit, credit history, and responsible credit habits
- » Saving for college
- » Renting/buying a house and mortgages
- » Credit union or bank as a primary financial institution

GEN Z IS READY TO TAKE OFF!

At 61 million strong, Gen Z is **larger** than the Millennial or the Baby Boomer generation.²⁶ And they're poised to have a tremendous impact on the workforce.²⁶ In fact, within a decade, they will constitute about 20% of the U.S. workforce²⁶ and will possess more **buying power** than Millennials and Boomers combined.²⁵ Yet Gen Zers require reliable information to improve their **financial literacy** and understand how financial services are produced and distributed.

In all touchpoints with Gen Zers, reinforce that you're ready to **share your knowledge** and assist them. Those in Generation Z have incredible potential to become **long-term clients**. Building a solid foundation of a real relationship now can translate to loyalty and trust down the road.

Learn more by visiting **smartriskcontrol.com**, contacting your wholesaler, or calling the CUNA Mutual Annuity Solutions Desk at **877.345.GROW (4769)**.

SOURCES

¹VisionCritical, Unlike Millennials: 5 ways Gen Z differs from Gen Y, March 2019

²Taste Tomorrow, Generation Z: the generation that has never been offline, February 2018

³Adweek, Engaging Generation Z: Marketing to a New Brand of Consumer, November 2017

⁴Capture Higher Ed, What's App with Gen Z?, Undated

⁵Fast Company, How my American Dream is different from my parents', July 2018

⁶Credit Karma, Nearly 40% of millennials overspend to keep up with friends, April 2018

⁷VisualCapitalist, Why Gen Z is Approaching Money Differently Than Other Generations, November 2018

⁸Hackernoon, How Gen Z is Confronting Their Financial Fears, December 2018

⁹Kantar Consulting, CENTENNIALS: THE GLOBAL YOUTH GENERATION, 2018

¹⁰Social Media Week, Report: We Have Gen Z All Wrong And Here's Why, January 2018

¹¹Kantar Consulting, Generational Infographic, Centennials 2018

¹²Pew Research Center, Early Benchmarks Show 'Post-Millennials' on Track to Be Most Diverse, Best-Educated Generation Yet, November 2018

¹³Expedia Group Media Solutions, Gen Z Travelers: More Open to Influence and Inspiration than Other Generations, November 2018

¹⁴Kantar Consulting, CENTENNIALS: THE GLOBAL YOUTH GENERATION Webinar, Undated

¹⁵Forbes, Gen Z: What You Need To Know About The Newest Generation Of Donors And Volunteers, November 2018

¹⁶Town & Country, Less Sex, Drugs, and Alcohol for Generation Z But Their Vice of Choice Is As Dangerous, October 2017

¹⁷Millennial Marketing, Gen Z Believes Their Generation Can Change the World, Undated

¹⁸Deloitte Insights, Generation Z enters the workforce, September 2017

¹⁹EY, Failure Drives Innovation, According to EY Survey on Gen Z, September 2018

²⁰ForceBrands, 4 Things Gen Zers Don't Want From the Workplace, September 2018

²¹Forbes, How Much Financial Influence Does Gen Z Have?, January 2018

²²LifeWorks, The Financial Wellness of Gen Z: The Good, the Bad, and the Ugly, 2017

²³Monster, Here's what you need to know about Gen Z, boss, Undated

²⁴ABA Bank Marketing, How Generation Z Is Changing Financial Services, January 2019

²⁵EverFi, How Gen Z Thinks About Finances and How you Can Help, August 2018

²⁶Human Resource Executive, Will Gen Z Want to Work for You?, January 2018

IMPORTANT DISCLOSURES

CUNA Mutual Group is the marketing name for CUNA Mutual Holding Company, a mutual insurance holding company, its subsidiaries and affiliates. Annuities are issued by CMFG Life Insurance Company (CMFG Life) and MEMBERS Life Insurance Company (MEMBERS Life) and distributed by their affiliate, CUNA Brokerage Services, Inc., member FINRA/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, IA, 50677. CMFG Life and MEMBERS Life are stock insurance companies. MEMBERS is a registered trademark of CMFG Life Insurance Company. **Investment and insurance products are not federally insured, may involve investment risk, may lose value and are not obligations of or guaranteed by any depository or lending institution.** All contracts and forms may vary by state, and may not be available in all states or through all broker/dealers. These views are for informational purposes only and should not be relied upon as a recommendation to purchase any product or as a solicitation of investment advice from any financial advisor.

CUNA MUTUAL GROUP