

THE POWER OF GENERATION Z

THE FINANCIAL FORCE OF A
GENERATION DETERMINED
TO RISE



CUNA MUTUAL GROUP

A Generation Eager to Soar

Imagine having little or no memory of the 9/11 terrorist attacks. Or growing up amid ubiquitous smartphones, fully immersed in the digital world, with an Instagram account set up in sixth grade—or even earlier.¹

Imagine a childhood set against a backdrop of America's **first Black president**...while also witnessing the big financial hits that families experienced during the **Great Recession**. And more recently, as they come of age as a cohort, a changing social landscape and the **global COVID-19 pandemic** could be seen as this generation's defining moments.²

While alternative names have been proposed for this group, including "Post-Millennials," "Homelanders" and "the iGeneration," the title that finally stuck, **Generation Z**, is fitting for the final generation of the 1900s. Born after 1996, their **oldest members are in their mid-20s** and starting to make their mark.³

As more Gen Zers emerge into adulthood, there's growing interest in the ways their experiences—Great Recession, global pandemic, polarized politics, movements for racial justice—shape their attitudes, behaviors, and **financial preferences and habits**.

Gen Zers...

- » 70% spend two hours or more a day on YouTube¹
- » Look to YouTube for financial advice nearly as much as they look to friends²
- » Have little to no memory of life before smartphones⁴
- » Are on track to be the best-educated American generation yet⁴
- » Embrace difference and see diversity as a good thing⁴
- » Want a government that actively solves problems⁴
- » Expect to retire at age 62½⁵
- » Prefer YouTube, Instagram, and Snapchat as their social media platforms of choice⁶



ADVISOR TACTICS FOR GEN Z



- » Brainstorm communication channels and unique messaging you think will resonate
- » Get to know your Gen Z client's vision for the future
- » Ask yourself: Could I say it in a video?
- » The more uplifting and positive you can be in your communication, the better!

3 KEY GEN Z VALUES



VIGILANCE

Not shying away from the realities of the world. They recognize that social, political, environmental, and financial concerns abound.⁴ As individuals, they want to have a positive effect on the world, and expect to be the cohort that addresses climate change and social inequalities.¹



OPENNESS

Expecting and valuing diversity and difference. They embrace a world that celebrates differences of all kinds—race, ethnicity, gender, family structures, politics, sexuality, and ability—at levels beyond generations before them.⁴



RESOURCEFULNESS

Setting individualized financial goals and accumulating income from a variety of sources. They want to own their own home someday (91%), think saving for retirement should be a priority (69%), and between 22% and 32% percent earn at least some of their income from their own business.⁶

Ready, set, grow!

Data finds that Gen Z is the most racially and ethnically diverse generation (even more so than Millennials), and they're on track to be the U.S.'s best-educated generation yet.⁴ Although they've taken the hardest financial hit from the COVID-19 pandemic's economic effects and they're feeling stressed about affording their basic necessities, handling debt, and saving, they're already pretty practiced at pivoting and making adjustments.²

WORDS THEY LIVE BY:

You do you
Figure out a workaround
Create your purpose
Plan for the future
Build opportunities
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
- » Expect to explain how things work
- » Keep explanations brief and to the point

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: While they're definitely comfortable with technology, they value engagement and personalized advice—and they also understand that the complexity of their lives may need more than an algorithm.⁹

MYTH: Gen Zers want independence, not collaboration.

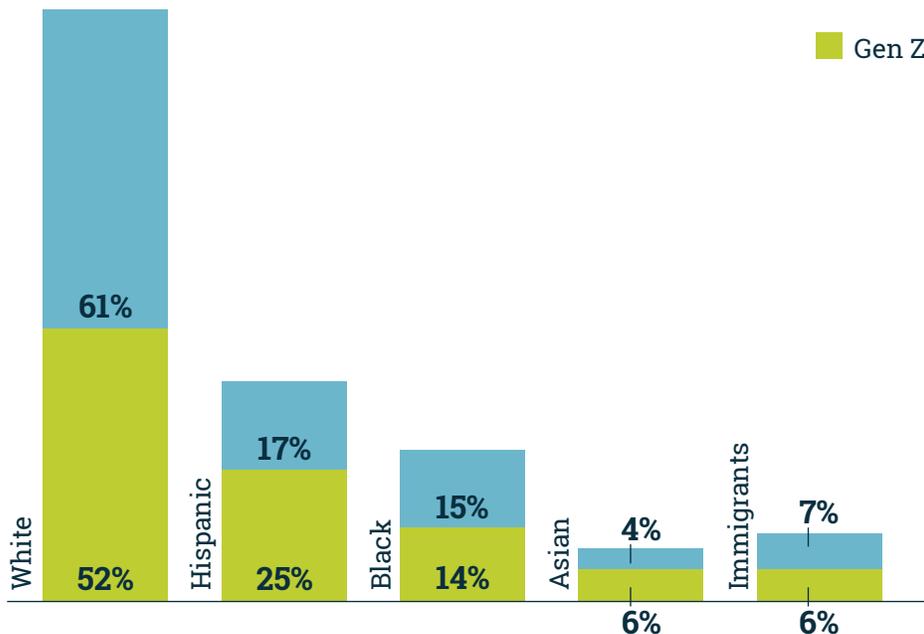
REALITY: As digitally focused as they are, Gen Zers are actually practiced at using technology to connect and collaborate. From social media memes to IM chat threads, they're adept connectors and collaborators who easily incorporate tech into just about any process, but more than half prefer face-to-face communication.¹⁰

MYTH: Gen Zers prefer alternative work environments.

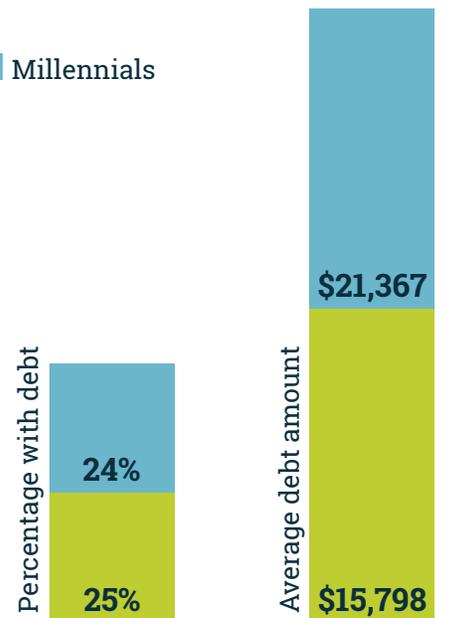
REALITY: While scheduling flexibility is important to Gen Z workers, their financial pragmatism reveals itself in work priorities, as 37% report salary as their most important consideration out of 11 possible choices. Remote work and technology? They ranked 10 and 11, respectively.⁷

How does this generation stack up against others before it?

DEMOGRAPHICS⁴



STUDENT DEBT⁸



As of 2019, Gen Zers were more likely to live with a parent who has attained at least a bachelor's degree (44%) than any generation before them.⁴

This generation, along with Millennials and Generation X, stand to benefit from the **Great Wealth Transfer**, over the course of which they may inherit trillions of dollars from aging baby boomers.⁹

Gen Z at work

64% of working-age Gen Zers say it's gotten harder to find work.⁷

While many members of Gen Z prioritize the impact of their work over financial gain, most want both, and are willing to sacrifice and compromise to achieve balance. Many Gen Zers also expect to work with several employers in several fields throughout a lifetime. They've seen their share of unpredictability, and they understand that it may take a lot of hard work to achieve their financial goals.⁹

What do they want from the workplace?

Gen Zers are much more interested than Millennials in flexible work hours, paid overtime, having a consistent team of coworkers, and free meals.⁷ More than half (53%) expect a raise before the end of their first year with an employer.⁷ Another 26% expect a raise after a year.⁷

What keeps Gen Zers on the job?

A flexible work schedule	36% ⁷
They like their coworkers	36% ⁷
Good rapport with the boss	32% ⁷
A feeling they can be their real selves at work	27% ⁷

ADVISOR TACTICS FOR GEN Z



- » Develop a wants/needs list that specifically addresses this generation's unique experiences
- » Use their openness to change as a way to connect on their level
- » Be aware of their prudent, pragmatic side and remember: They value planning
- » Generate ways to serve them on their preferred digital platforms, remembering that speed and privacy are key factors

Pragmatic above all

- » **69%** of the Gen Z cohort thinks **saving for retirement** should be a priority.⁶
- » Having seen their Millennial friends amass debt, Gen Z may be open to **proactive approaches to addressing debt**.⁹
- » They're also cognizant of the importance of **developing skills** that keep them relevant in the workplace.¹⁰



They know the hustle

As Gen Z comes of age, its members shift away from getting most of their funds as unearned or unearned allowance and toward part-time and full-time jobs:⁶

Income Sources	Older Gen Z	Younger Gen Z
Unearned allowance	50%	71%
Earned allowance	44%	70%
Side hustle	64%	57%
Part time (20-29 hours/week)	44%	20%
Full time (30+ hours/week)	43%	14%



It's notable that **22%** of the younger cohort, and **32%** of older Gen Zers get at least some of their income from self-employment or their own businesses.



ADVISOR TACTICS FOR GEN Z

- » Be prepared with advice around how much—and what types—of debt is advisable for your Gen Z clients
- » As they graduate, expect to provide guidance on balancing saving for the future with strategically paying off debt
- » Be prepared to recommend some clients consider seeking additional employment or income sources to proactively address debt
- » As Gen Z clients come into their share of the Great Wealth Transfer, you can help them look ahead and visualize the potential of compounding dividends, versus instant gratification



Partnership, marriage, family... diverse approaches, well-worn challenges

As Gen Z comes of age, its members realize the future's not just about work. Partnership, marriage, and family finances can be a tricky transition for this fiercely individualistic group. Their experiences seeing the challenges their parents faced during the Great Recession, along with Millennial friends' debt accumulation, could have an impact on their attitudes about shared finances.

Equip them with the basics

Consider sharing information and strategies to help Gen Z clients address their immediate and near-term challenges:

- » Basics on budgeting, financial planning, money management, and financial literacy
- » Understanding credit and credit history, and responsible credit habits
- » Saving for post-secondary and post-graduate education
- » Renting versus purchasing a home, and understanding mortgages
- » Choices between financial institutions, like large or local, bank, or credit union

ADVISOR TACTICS FOR GEN Z



- » Stay transparent about your practices and challenges
- » Encourage client transparency about their financial situations
- » The client-advisor relationship you cultivate should recognize their unique circumstances and goals, and fit their priorities and needs

GEN Z HAS LAUNCHED!

At **20.3%** of the U.S. population, Generation Z contributes a significant portion of young America. Together, Gen Z, Millennials and the post-Gen Z group make up more than half of the current population.¹¹

They have incredible buying power and influence, stand to inherit impressive sums from parents and grandparents—and as a generation, would benefit from better financial literacy and a deeper understanding of how financial products are produced and distributed.

In all touchpoints with this generation, it pays to reinforce that you're ready to share your knowledge and assist them in achieving their individual goals. As a young cohort, this group has outstanding potential to become long-term clients. Building a solid foundation based on transparency and respect for differences can help you strengthen client relationships, which can translate to deep loyalty and client confidence down the road.



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

SOURCES

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IMPORTANT DISCLOSURES

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