

Fall 2018

Merrill Edge[®] Report



Generational Breakdowns

Gen Z

born 1996—2000

Millennials

born 1978—1995

Gen X

born 1965—1977

Baby boomers

born 1946—1964

Seniors

born before 1946

Is financial security the new happily ever after? The Fall 2018 Merrill Edge Report reveals this new reality, as it explores Americans' increasingly complex relationship with their money, significant others and financial futures.

In our latest report, the majority of Americans say they prefer a partner who provides financial security more than “head over heels” love. This preference is true for men and women, whereas today's youngest generation, Gen Z, is the only generation to prioritize love over money.

The Spring Report revealed that mass affluent Americans have an overwhelming reliance on others for financial stability, and this latest report shows people of all ages now looking to their partners to secure their financial futures. Growing uncertainty, low investor confidence and a lack of financial planning seem to be creating this burgeoning trend of dependence.

This fall's report also finds that Americans are contributing more annually to their savings and investments, than they spend in a year on their mortgage, children's education and travel. However, the majority are unsure how much money they will need for life's major milestones, including having a child, getting married, putting a down payment on a house, and even retiring. While an endless pursuit for financial security may be prompting Americans to save at record rates, it's clear that saving does not mean planning.

Could emerging technologies be the solution to these planning shortfalls? Respondents are increasingly embracing artificial intelligence (AI) in their financial lives, with the majority already comfortable with AI providing financial guidance, managing day-to-day finances and making investments. And, nearly half of Americans admit social media impacts their finances on a daily basis, including their spending habits, budget, and savings.

Many Americans are clearly in need of well-defined plans to help pursue their goals with more autonomy and confidence. At Merrill Edge, we recognize the need to plan for specific life priorities with monetary goals in mind, and we focus on helping clients pursue their financial goals now and as they change throughout their lifetime. We take a high-tech and high-touch approach to innovation, empowering clients with knowledge and advice to set them on the path to financial success.

Aron Levine

Head of Consumer Banking & Merrill Edge

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In sickness
and in wealth



Mum's
the word



Saving to save,
with no end
in sight



Next-gen
finances

In sickness and in wealth: Americans seek money over love

The majority (56 percent) of Americans say they prefer a partner who provides financial security more than “head over heels” love (44 percent). This sentiment is as likely for men as it is for women (54 percent, compared to 57 percent).

Today’s youngest generation, Gen Z, is the only generation to choose love (54 percent) over money (47 percent), whereas millennials (55 percent), Gen Xers (59 percent) and baby boomers (56 percent) all prioritize a partner who will fund the life they want to live over someone who will never stop giving them “butterflies.”

Americans also prefer a significant other who is career-focused over socially conscious (63 percent, compared to 37 percent); frugal more than philanthropic (55 percent, compared to 45 percent); and a saver rather than a spender (83 percent, compared to 17 percent).



The new happily ever after

Matters of the heart are quickly becoming worries of the wallet, as more Americans prioritize money over love.

Majority want a partner who provides:



56%
**Financial
security**



44%
**“Head over
heels” love**



This sentiment is just as likely for men as it is for women (54% vs. 57%)

Mum's the word: Avoiding the "money talk"

As people look to their partners to secure their financial futures, their lips are sealed when it comes to discussing their own finances. In fact, Americans rank nearly all major relationship milestones ahead of discussing their salary, including meeting the family, being intimate, traveling together, and talking politics.

Many are even postponing the "money talk" altogether, with the majority admitting they rarely talk about their own debt (60 percent), salary (57 percent), investments (55 percent), and spending habits (51 percent) with their significant others. Respondents are even more comfortable discussing family drama, marriage, and careers over finances.

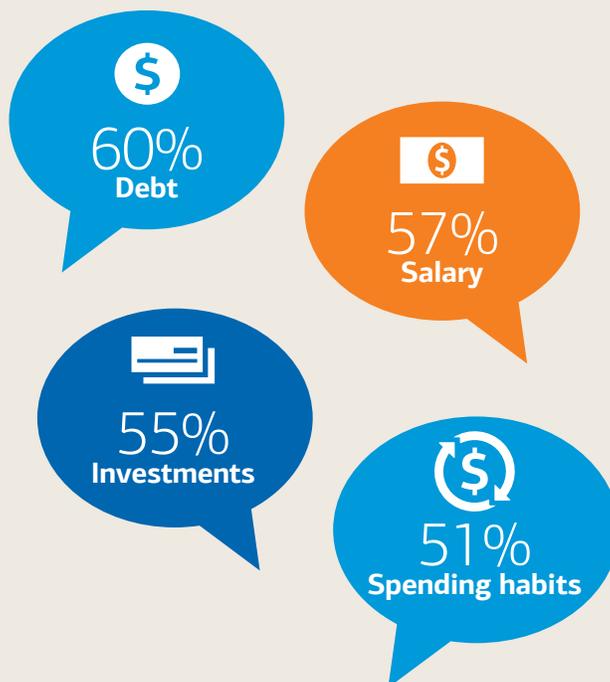
While Americans are tight-lipped about discussing finances with their partners, Gen Zers are willing to discuss just about everything, including their spending habits (65 percent, compared to 49 percent nationally), previous relationships, (62 percent, compared to 14 percent nationally) and debt (53 percent, compared to 40 percent nationally).

And although they might not admit it to each other, the overwhelming majority (83 percent) of Americans say their significant other impacts their spending habits.

When money doesn't talk

While Americans are looking to their partners for financial security, they are tight-lipped when it comes to discussing their own finances.

Majority admit they rarely talk about the following with their significant other:



Saving to save, with no end in sight: When is enough, enough?

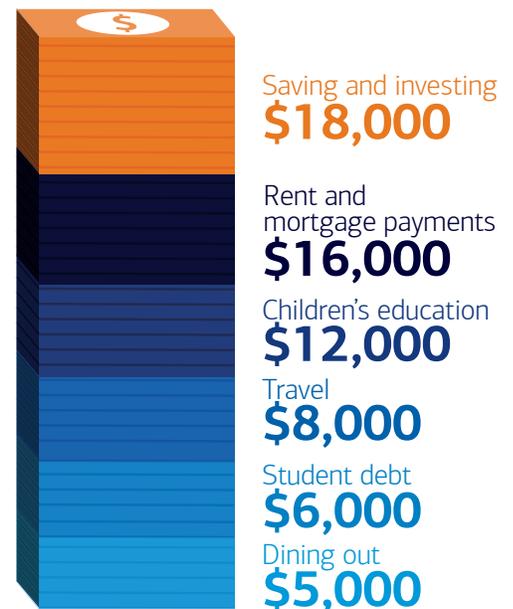
This never-ending quest for financial security appears to be driving Americans to save like never before. Many report they are willing to stash away the most each year on their savings and investments – an average of \$18,000 – more than they spend on rent and mortgage payments (\$16,000), travel (\$8,000), student debt (\$6,000), or dining out (\$5,000).

But it's increasingly clear saving does not mean planning. The majority say they have no monetary goal in mind when it comes to many major life milestones, including having a baby (67 percent), getting married (64 percent), sending children to college (54 percent), and putting a down payment on a house (50 percent).

Even when it comes to retirement, half (50 percent) have no “magic number,” or monetary goals in mind, and those that do are aiming low, with more than three-quarters (79 percent) saying they need less than \$1 million. Americans also think their planned retirement age will change 15 times over the course of their lives, more than their smartphone (11 times), diet (9 times), job (6 times), and city (6 times).

This perpetual lack of planning even seems to extend well after they are gone. The overwhelming majority (93 percent) agree that it is important to create a will, yet only 42 percent currently have one.

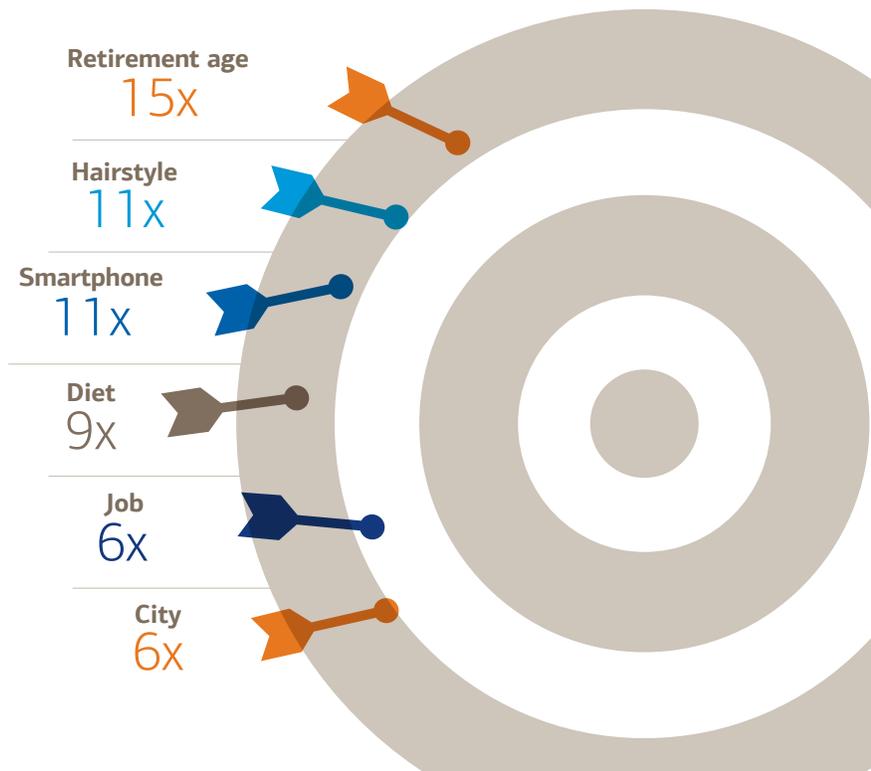
In a year, Americans report they are contributing more to their savings and investments than anything else.



Retirement: the forever moving target

Americans predict their planned retirement age will change more than nearly all other aspects of their lives.

Over the course of their lifetime, Americans believe the following will change:

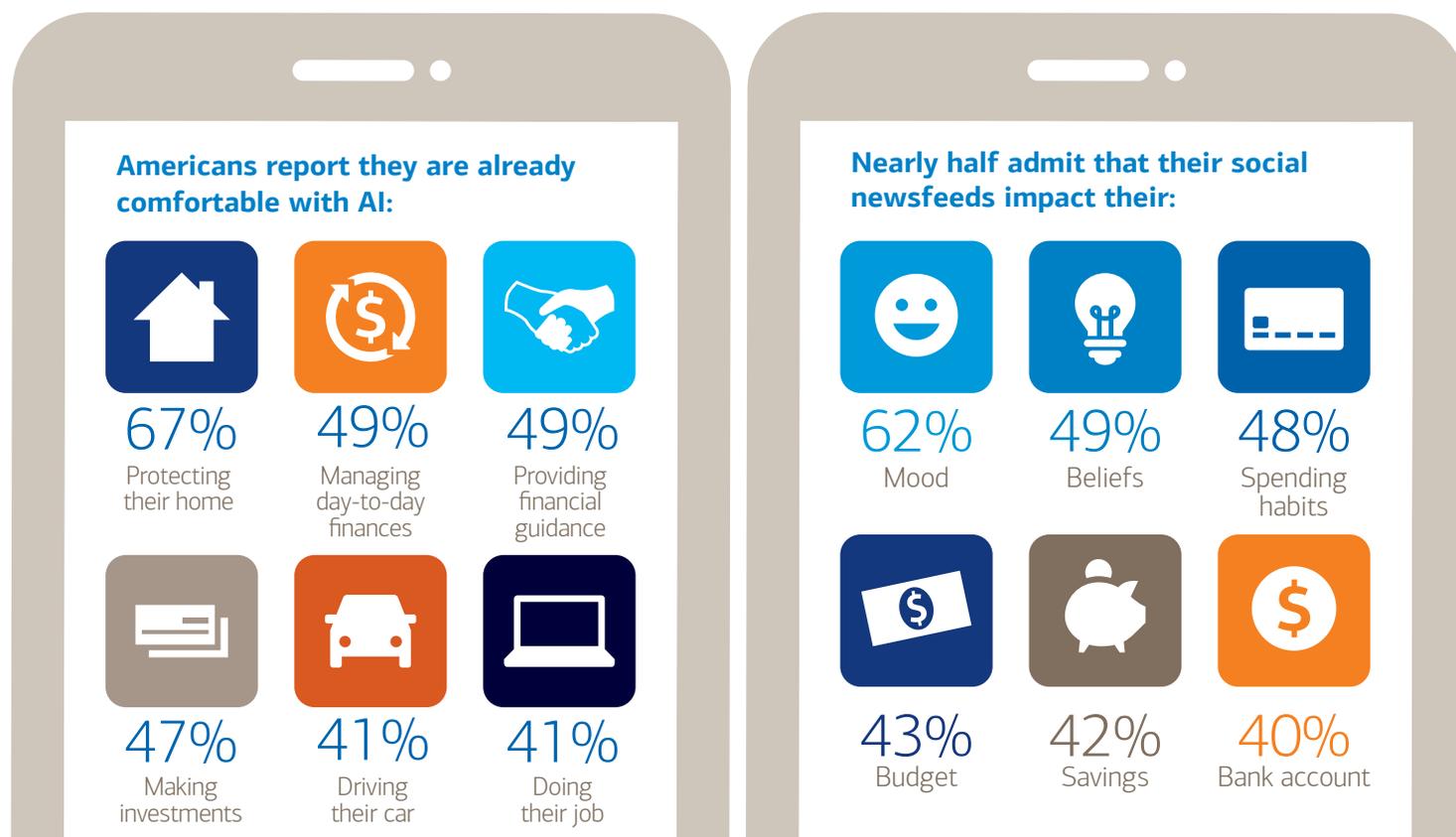


Next-gen finances: Emerging tech set to fill the planning gap

New technologies may be the solution to planning shortfalls, as Americans increasingly embrace artificial intelligence (AI) in their personal, professional and financial lives. Nearly half of Americans across all generations, and an overwhelming number of Gen Zers report they are already comfortable with AI providing financial guidance (49 percent, compared to 72 percent Gen Z), managing day-to-day finances (49 percent, compared to 67 percent Gen Z), and making investments (47 percent, compared to 59 percent Gen Z).

As Americans' reliance on tech continues to grow, so does social media's overwhelming influence. Many admit their social newsfeeds impact their finances, including their spending habits (48 percent), savings (42 percent) and bank accounts (40 percent), nearly as much as their mood (62 percent), friendships (61 percent), and beliefs (49 percent).

And in the next five years, the majority (74 percent) of Americans predict the investment guidance they receive will be primarily via digital channels; mobile trades will be the norm (69 percent); and, less than 20 percent of trades will occur on the Stock Exchange floor (63 percent). Nearly three-quarters (69 percent) also think a recession is imminent.



Methodology

Convergys (an independent market research company) conducted a nationally representative, panel-sample online survey on behalf of Merrill Edge Sept. 27 – Oct. 13, 2018. The survey consisted of 1,034 mass affluent respondents throughout the U.S. Respondents in the study were defined as aged 18 to 40 (Gen Z/Millennials) with investable assets between \$50,000 and \$250,000 or those aged 18 to 40 who have investable assets between \$20,000 and \$50,000 with an annual income of at least \$50,000; or aged 41-plus with investable assets between \$50,000 and \$250,000. For this purpose, investable assets consist of the value of all cash, savings, mutual funds, CDs, IRAs, stocks, bonds and all other types of investments such as a 401 (k), 403 (B), and Roth IRA, but excluding primary home and other real estate investments. We conducted an oversampling of 300 mass affluents in Atlanta. The margin of error is +/- 3.1 percent for the national sample and about +/- 5.6 percent for the oversample market, reported at a 95 percent confidence level.

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