THE FINANCIAL NEEDS OF GEN Y, GEN X, AND BOOMER WOMEN
The Baby Boom generation (born 1946 to 1964) is a key source of business for the financial services profession. Long considered the largest generation, Baby Boomers are retiring in large numbers and seeking assistance in ensuring their savings last throughout retirement. Because of their high assets and complex retirement needs, financial services professionals are spending much of their time marketing to this demographic. But are other generations being overlooked?

The United States is undergoing a significant demographic and generational shift. As of 2015, the Baby Boom generation has been outgrown by Generation Y—also known as the Millennial Generation or Millennials—born 1981 to 1999. In 2015, Millennials also surpassed Generation X (born 1965 to 1980) as the largest share of the U.S. workforce. Combined, Generation X and Y are becoming increasingly dominant portions of the U.S. population, each with its own set of financial needs and challenges.

But as the dominance of generations has shifted, so have the roles and standards of women. Younger women tend to be more highly educated and take a greater role in financial decision-making than women in prior generations, posing unique challenges to financial services professionals who are accustomed to working with women of the Baby Boom generation or older.

How, then, should financial services professionals educate, communicate with, and market to women across generations? Using data from a 2015 analysis of our study, *The Financial Needs of Women of Color*, The American College State Farm® Center for Women and Financial Services has compiled the most critical financial needs of Generation Y, Generation X, and Baby Boomer women.

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Retirement is the common financial goal across generations. Yet, all have planning gaps.

Although the women of all three generations place saving for retirement among their top three financial priorities, their success rates differ. Boomers report the greatest level of success with retirement savings, with 50% feeling most of the way there compared to just one in eight Millennials.

About three-quarters of each generation report having a 401(k) or similar retirement plan, though Boomer women are more likely to have a pension, IRA, or annuity.

Many women are not prudently protecting their most important asset.

Millennial women tend to consider their income their most valuable asset, though 40% feel they have too little income protection, and another 10% don’t know how much they need. Gen Xers, on the other hand, value their home. Most feel they have enough insurance to protect their home physically from fire or theft. However, some Gen Xers feel they don’t have enough insurance to protect their family financially from the unexpected—and that may include paying the mortgage.

Boomer women’s most highly valued asset is their savings. Many feel they know how to invest their savings, but some worry about extreme market volatility and running out of money in retirement.
Women of color in the Baby Boom generation are less likely to have taken key steps toward their retirement savings goals.

Boomer women of color are more likely to say that they are saving for retirement because they do not want to burden their children. Yet, they are less likely than their Caucasian counterparts to have researched retirement savings tips and information, developed a schedule or plan, purchased a retirement savings or investment product, or spoken to a financial professional.

Financial advisors and companies do not come across as relevant to women, especially Millennials.

Only about 40% of all women feel that financial services companies are “for people like me,” and just 37% believe that a financial company’s materials seem relevant to their situation. Moreover, only about a third feel confident in their ability to select a quality financial company to work with.

Women do not feel the need to work with a female advisor, or one of the same race or ethnicity.

A majority of women in each generation believe that working with a financial professional would help them achieve their financial goals, but relatively few are confident in their ability to select the right advisor. This uncertainty has resulted in only 15% of Millennials, 26% of Gen Xers and 47% of Boomer women working with a financial services professional.

When searching for a professional, though, women across generations prioritize the location’s convenience to home or work. Few say that their advisor must be the same age or race as them, though professionals who specialize in financial planning for women is a bonus for about 20%.
Catering to the Needs of Women Across Generations

Financial services professionals need deep expertise in niches such as investments, debt reduction, and retirement income planning to best understand the needs of Millennial, Gen X, and Baby Boomer women. Pursuing advanced education, such as the Retirement Income Certified Professional® (RICP®), Chartered Financial Consultant® (ChFC®), and Certified Financial Planner™ (CFP®) designations, is an excellent way for financial professionals to position themselves as trusted advisors to women across generations.