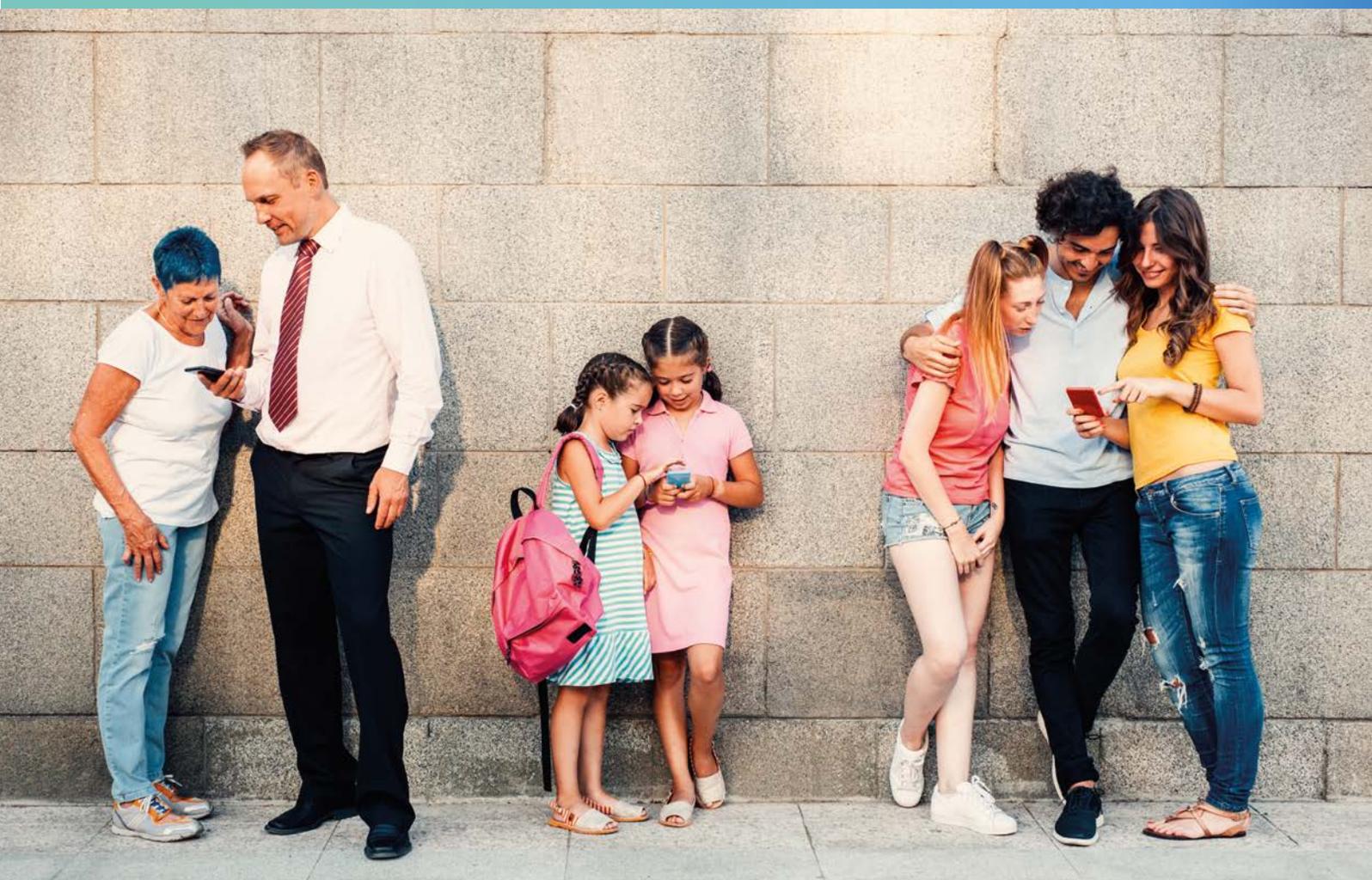




# THE GENERATIONAL DIVIDE? IT'S ALL ABOUT CONTEXT

A REPORT FOR FAMILY BUILDING SOCIETY  
BY BLUE MARBLE RESEARCH





# FOREWORD



*“Do not  
confine your  
children to  
your own  
learning, for  
they were born  
in another  
time.”*

Chinese proverb

It’s amazing in life how quickly you find yourself going from being the “young gun” to the “old fart”.

Every now and then, you get hit by the reality of this truth. When we got the feedback on this research that we’d commissioned on how people in their 20s and early 30s help themselves take financial decisions, it was not what we’d expected. At all.

One of the insights that it provided was deep, fascinating and gives, we believe, a profound insight into the most recent General Election result and what might happen at the next one.

We had thought of styling how we help 20 – 35 year olds with their financial decision making around something like “what I wish my parents had told me”. This would have been precisely wrong.

The “younger generation” felt, strongly, and almost universally, that their life experiences are so different from their parents’ that it is simply not worth talking to them to get advice; and they don’t.

Interestingly, a number of parents were aware of this and mourned it.

In one group, a single mother, late 50s/ early 60s, said “my financial experience has cost me a lot over the years; I wish I could share it with my daughter, so that she doesn’t make the same mistakes; but she won’t discuss it at all – “oh Mum, everything’s different these days.....!”

So where did people go to get help, information, advice?

The older groups mentioned newspapers and some websites.

With the younger groups they were seeking the experience of people like them, of the way that they have to live today.

They talked about forums. These were pretty diverse. They’d say that some people on these sites inevitably had an agenda but they all felt that they were pretty good at spotting these.

Of course, every generation thinks that they are different from their parents’ generation.

To some extent, that is always true. But today, a combination of many, very different factors – low inflation, low wage growth, low interest rates, student debt, BREXIT, the GIG economy, house prices, “austerity”, baby boomers – seem to have combined to make it true. They certainly think so.

What this means, beyond financial services, is that all those “old farts” who may be telling the “young guns” that it was all actually so much worse in the 70s, just aren’t being listened to, let alone heard.

**MARK BOGARD**

**Chief Executive  
Family Building Society**



## WHAT THE RESEARCH SET OUT TO DO.

**Family Building Society commissioned this research to deepen their understanding of the Millennial generation and how it contrasts to other generational cohorts that have gone before.**

The research was qualitative in nature comprising 10 extended group discussions held in Central London, Greater London, the South West, East Anglia and the Midlands. The research sample of ABC1 adults comprised three generational cohorts defined as:

- **Millennials:** those born between 1980 – 1999 (i.e. aged between 19 and 38 years)
- **Generation X:** born between 1960 – 1980 (aged 38-58 years)
- **Baby Boomers:** born between 1940 – 1960 (aged 57-77 years)

The purpose of the research was firstly to understand the types of questions Millennials have about life milestones and secondly, to understand the types of questions Generation X and Baby Boomers (now the parents and grandparents of Millennials) wished they had known – or still wish to know the answers to.

## LET'S GET SOME THINGS STRAIGHT ABOUT MILLENNIALS

**Millennials are a much talked about group and yet it is important to remember that this is a large and therefore diverse cohort comprising some 14 million people. The Millennial cohort is different to previous generations because it has been shaped by two culture-defining factors: they are the first digital natives; and they embark on adulthood in a much harsher financial environment.**

Within the broad Millennial definition, there are people in their mid-30s many of whom are established in their careers and relationships, who paid no more than £1,000 pa university tuition fees, who perhaps took advantage of 100% mortgages and got a foothold on the career ladder before the 2008 crash. At the other end of the spectrum are Millennials in their late teens just embarking on adulthood, choosing further education that now comes with a price tag approaching £30k tuition fees. Within our relatively affluent (ABC1)

Millennial sample, there is a low expectation of achieving the key marker of adulthood – home ownership – that people like them from the previous generation have taken for granted. Between these Millennial groups there is a middle band, not yet established, who reached 18 in the wake of the financial crash and whose expectations of affordable education and home ownership were shattered by the increase in tuition fees and the retraction of easy credit: this group have had to adjust to a 'new normal'.



## MILLENNIALS ARE DIFFERENT FROM THEIR PARENTS AND GRANDPARENTS

**We can see how the Millennial mindset is shaped by comparing them with their parents' or grandparents' generational cohorts.**

Generation X had become financially settled at an earlier age than their Millennial descendants. However this group is feeling life's pressure on several fronts: bearing the financial responsibility for their own (Millennial) children; taking on caring responsibility for their aging parents and juggling domestic responsibilities with work; all the while reflecting on their own futures – especially in relation to career satisfaction with longer working lives forecast.

Baby Boomers are quite different again, appearing to be very conscious of the challenges faced by Millennials, and worrying for this generation – especially for their grandchildren. However, Baby Boomers have typically achieved financial security and are enjoying more leisure time, second careers (based around a personal interest and/or away from corporate life) and the peace of mind that comes with financial stability. Their main concerns tend to focus on the prospect of old age and even death: health worries, care home costs and issues concerning inheritance tax.

## MILLENNIALS ARE FULL OF QUESTIONS

**The research set out to understand the types of questions that Millennials are asking – and how they set about finding answers. Their questions, inevitably, centre on key milestones where they face financial decisions.**

These include:

**Renting:** sometimes coined Generation Rent, Millennials are asking questions about their legal rights as tenants. They want to know practical details about very specific locations; they want to get a handle on the real costs of moving and getting established in a new home; and ideally, the means to assess the reputation of the landlord. There are not many information sources to help them here, so friends and their wider peer group are especially important.

**Buying a home:** while many are not financially ready, home ownership is a major aspiration right across the Millennial cohort. As well as generic information about how mortgages work, the Help to Buy scheme and how to improve one's credit score, there are a lot of financial questions that need an individual response: what can I borrow? what deposit will I need? Beyond the financial aspects are a host of other questions that are less easy to find answers to: the pros and cons of types of property; where to get good advice; and the considerations and possible pitfalls such as buying with friends. Those who have bought have experiences to share such as the unexpected costs e.g. moving to an area that attracts higher motor insurance premiums.



**Work and careers:** this was a significant area of discussion as Millennials' desire to balance the need for economic stability with personal fulfilment appears more marked than that of their Gen X and Baby Boomer predecessors – and for some this is proving difficult to achieve. The type of information that Millennials want (but find difficult to access) includes understanding the types of career that will satisfy them most; how to speed up career progression; expected salary advancement; the flexibility of particular careers; and the risks associated with career moves. Wider evidence points to a generation with greater expectations for a work life balance than the generation before them – perhaps knowing that working timespans are considerably longer for today's entrants into the workplace.

Some commentators link the emphasis on life beyond work as a negative: the sense of 'entitlement' associated with Millennials. However, it points to a cultural shift, perhaps underpinned by the fact that the traditional markers of adulthood are increasingly difficult to reach, so Millennials find status in leisure activities rather than possessions, and look to progress as adults through travel experiences – something they do much more than their parents and grandparents ever did. To fulfil these needs, they need employers who will be flexible.

**Working Abroad:** connected to the work and careers theme, many had spent time travelling and working abroad and with it come many questions. What are the opportunities for working gap years? What are the legal and visa implications? What are the career risks and opportunities of working abroad? What are the cost implications?

**Family life:** reflecting demographic trends for starting families later, there were relatively few Millennials with children in the sample – but for those who had, there were plenty of questions, often with a financial focus. There is confusion over family related benefits (tax credits and nursery vouchers), as well as the need for clear information on other issues such as statutory maternity and paternity rights, and the cost of childcare. Women, in particular, are asking more personal questions about others' experience of working motherhood, the impact of motherhood on careers and childcare options.

**Financial planning:** Millennials are not engaging in longer term financial planning as there are many other more pressing financial priorities more front of mind. This sets them apart from their parents and grandparents' mindsets. Generation X are very conscious of their pension provision (or lack of it) and have questions focused mainly on what steps they should be taking now - and possible retirement, horizons. Baby Boomers tend to be well prepared for retirement but have questions that relate to optimising income from a finite capital.



## WHERE DO MILLENNIALS GO FOR INFORMATION?

**Asking Millennials what they want to know revealed a number of things.**

Millennials have a mass of information at their fingertips and use the internet extensively to do their own research and gather information. The issue, however, is evaluating which information is true or trustworthy - which is why sources such as *Gov.UK*, *Moneysavingexpert.com* and *Citizen's Advice* are frequently mentioned. However, despite the more factual information that these sites will provide, Millennials had just as many questions that sought the opinion of others, however subjective e.g. personal experiences, judgements and ratings or very specific questions ('*what's it like living in that postcode area?*'; '*can anyone recommend a removal firm near me?*') that could not be answered by the more objective and factual information sources.

Despite their often-extensive research, use of online information and peer group soundings, some Millennials voiced regrets about decisions they had made such as choosing to move out of home despite the cost of rent which might have been the financial leg-up they now needed for

a deposit; or even realising the impossibility of childcare costs with a second child well on the way. Decision-making will always be as much about the emotional impulses as the rational planning and perhaps the one group that can empathise with the Millennial mindset is a fellow Millennial.

Millennials turn to forum sites such as *The Student Room*, *YouTube*, *Mumsnet*, *Glassdoor* and *LinkedIn* to facilitate decision-making alongside the more formal information sources. Despite some frustration with irrelevant and out of date content, Millennials value the unbiased, honest and straight-talking opinions they get from forums, and feel confident in their own ability to sift through information for real and relevant viewpoints. Peer group influence is also very prevalent in decision-making and many seek the advice and experiences of friends, family members and colleagues at the big milestones: some recognise that it may not be *expert* advice but it is given generously and honestly.

## ARE MILLENNIALS TURNING TO PARENTS FOR ADVICE?

**The research revealed interesting attitudes of both parents and their adult children when it comes to seeking and giving parental advice.**

The Baby Boomers in particular had plenty of advice that they would give to their younger selves, clearly revealing some of their own experiences... both good and bad. These included: *get the saving habit young*, *avoid the perils of taking on credit/debt*; *start a pension as soon as you can*; *live within your means*; *choose a career that pays well*; *buy don't rent*. Other advice went beyond financial wellbeing - particularly from female Baby Boomers: *assert yourself*; *don't stay in a job that makes you miserable*; *don't settle down too soon*; *marry the 'right' person*.

Millennials told us that their parents give emotional support and provide a sounding board but cannot provide the type of advice and information they are looking for. Parental advice, we hear, too often fails to acknowledge the circumstances of their offspring: that debt is the norm; that saving is difficult with loan repayments and high rents, that the path to home ownership seems so far off that expensive luxuries (travel, a car, eating out) become alternative markers of adulthood. This is where the credibility gap sits between the generations: to the Millennials, destined to be first generation to be worse off than their forebears, parental advice is out of touch and out of date.



## WHAT HAVE WE LEARNED ABOUT THE MILLENNIAL COHORT?

### Millennials do not always enjoy a positive press.

Reports say social media has created a generation of narcissists (Generation me); and prolonged dependency on Mum and Dad has encouraged extended adolescence. However, this is simplistic and disingenuous assessment of a generation who have been dealt a much harsher economic hand than their recent predecessors. Indications emerge from our research that Millennials are responding to their relative economic instability by wishing to manage life's events more purposefully (and certainly the older generation cohorts reflected on the ad hoc choices and decisions they had made). Taking control and being more purposeful is evident in their attitudes around self-improvement and life beyond work, making career choices that enable this and redefining the markers of adulthood. They can use technology to assist decision-making and unlike their forebears who have made significant financial decisions at the mercy of advisors and, in their own words, 'blind', Millennials can and do arm themselves with knowledge and understanding before committing to buy products or services. Technology, specifically financial Apps, enable much closer financial management than has been available to previous generations.

In addition to a desire for control, we have observed a spirit of independence that seems to typify the Millennial cohort. Generation 'me' sounds self-serving but it relates to a broader shift in cultural and social norms. Commentators have reflected that Millennials have been brought up by parents who place more value on the personal achievement of their children than the now outdated, post war virtue of putting duty before self. What is easier to evidence is that a more competitive environment results in young people setting themselves higher expectations and Millennial individualism is about being more goal-orientated. This independent-mindedness was very evident when Millennials (not sounding at all like perpetual adolescents) talked about their need to make decisions independently of their parents.

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Family Building Society commissioned Blue Marble Research to conduct this research which was completed in December 2017. Company Partners of the Market Research Society, Blue Marble is an independent research agency working across public, private and not for profit organisations. Clients include government agencies, charities as well as a range of commercial companies within the utilities, financial services, food service and retail sectors. Further information on Blue Marble and its team can be found on its website.

