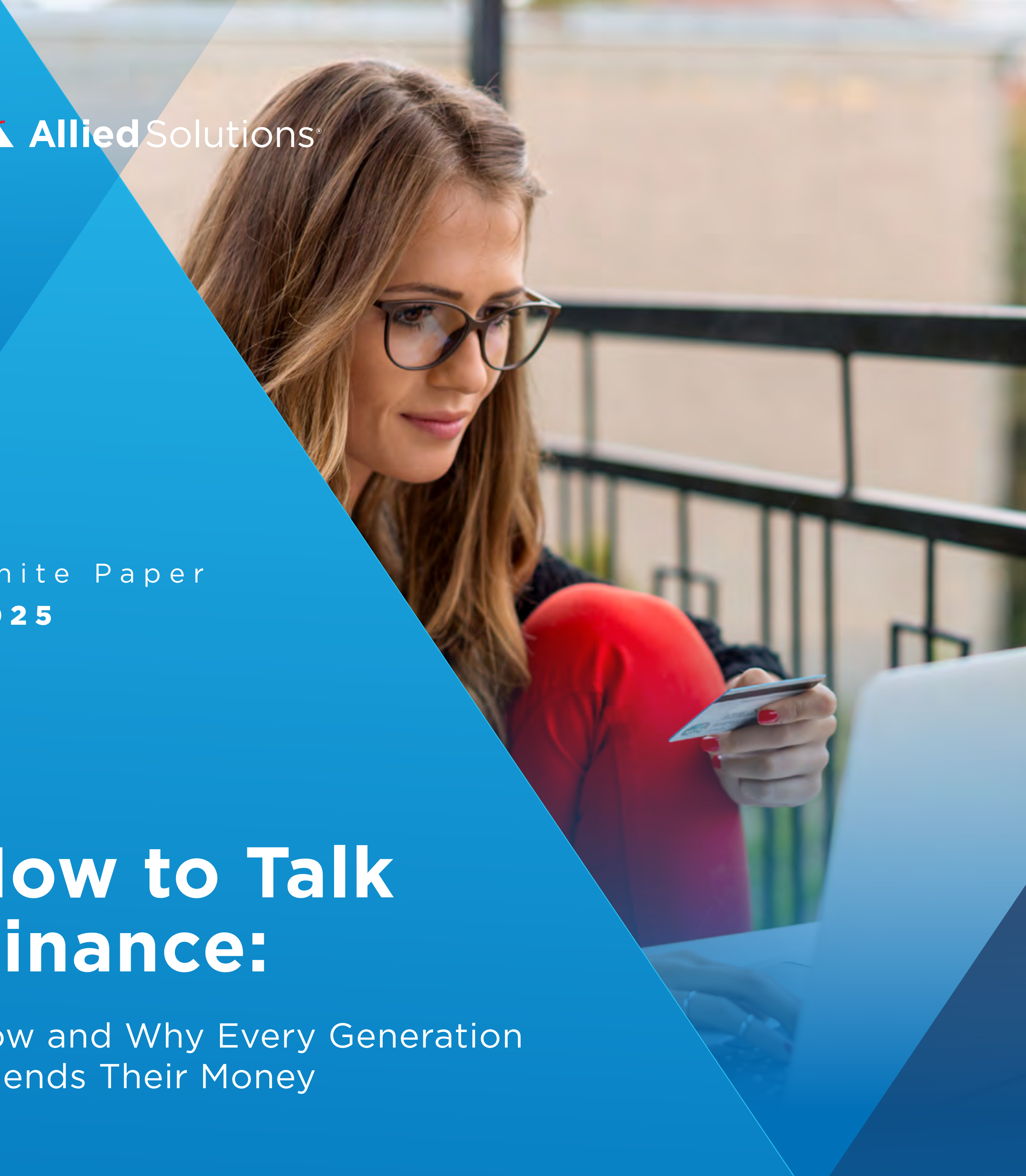

White Paper
2025

How to Talk Finance:

How and Why Every Generation Spends Their Money

Understanding consumer behavior across generations is crucial for financial professionals, as each generation's financial mindset is shaped by historical events, economic conditions, and technological advancements. By recognizing these generational differences and adapting strategies accordingly, financial institutions can enhance customer relationships, drive engagement, and build long-term loyalty.

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Introduction

Understanding consumer behavior is essential for financial professionals, but deciphering spending habits across generations requires more than just raw data. Each generation's financial mindset is shaped by the historical events, economic conditions, and technological advancements they experienced during their formative years. From the frugality of the Silent Generation to the digital-first spending of Gen Z, financial institutions must adapt their messaging and products to meet the evolving needs of their customers.

This white paper explores the financial behaviors of six generations—from the Silent Generation to Generation Alpha—highlighting the key economic influences that shaped their spending habits and investment preferences. By understanding how each generation manages debt, approaches savings, and interacts with financial institutions, you can develop targeted strategies that resonate with your audience.

The financial landscape is continuously evolving, with younger generations demanding more digital solutions while older generations prioritize security and stability. Financial institutions that acknowledge these generational differences and tailor their approach accordingly will not only strengthen customer relationships but also drive long-term engagement and loyalty.

Let us dive into the financial journey of each generation and uncover the strategies that will help institutions bridge the generational finance gap.

Zooming Out: How the Economy has Shaped the Scene

Cross-generational events have continuously shaped and reshaped the financial sector, leaving a lasting impact that evolves with societal, economic, and technological shifts. From economic recessions and technological revolutions to demographic shifts and changing consumer behaviors, each generation brings unique challenges and opportunities that influence financial trends, regulatory landscapes, and market dynamics.

The Great Recession

The 2008 recession began in December 2007 lasting through 2009 and was the most severe U.S. economic downturn since the Great Depression in the 1930s. The Great Recession was primarily caused by a combination of lax financial regulation, excessive risk-taking by financial institutions, and reckless lending practices.

Unemployment stood at **5%** in late 2007, peaked at **10%** in October 2009, and took nearly eight years to return to **5%** in 2015.[2] When discussing consumer finance trends today, it is important to remember the 2008 financial crisis due to its long-term effects across generations.

The Pandemic

The COVID-19 pandemic caused widespread economic disruption, with global GDP shrinking by **3.5%** in 2020.[3] Job instability soared, particularly in sectors like hospitality, travel, and retail, while supply chains were disrupted by factory closures, labor shortages, and shipping delays. The unemployment rate spiked to **14.8%** in April 2020.[4] Businesses faced significant financial losses, and many governments introduced stimulus packages and unemployment benefits to support recovery. The pandemic accelerated trends like remote work and e-commerce, revealing vulnerabilities in global economic systems.

Current State of Affairs

The U.S. economy in 2025 is characterized by rising costs, high national debt, and an evolving labor market. Financial institutions may face increased market volatility and challenges in global trade, requiring adaptations to manage economic uncertainties, particularly around inflation and housing prices. Consumers will prioritize affordability, debt management, and income stability, while financial institutions will focus on risk management, strategic lending, and wealth preservation amidst economic shifts.

Recent events, from the Great Recession to the pandemic and the ongoing economic challenges of 2025, have triggered a ripple effect across all generations, leaving a lasting cross-generational impact on the financial sector. The aftermath of the Great Recession created career instability for Gen X and Millennials, while Boomers saw their retirement savings dwindle, establishing a cautious spending mentality that endured through the pandemic. The financial disruptions of COVID-19 deepened these challenges, with job instability affecting older generations and remote work becoming a new norm for Gen Z. Today, as rising costs and national debt continue to strain the economy, affordability and income stability are paramount for every generation. Financial institutions are left navigating volatility and shifting market dynamics.

The key to a successful financial relationship lies in how you, as financial institutions, engage with your customers and your ability to meet them where they are—adapting your strategies and offerings to the distinct needs of each generation. The trends of job instability, rising living costs, and the ongoing need for financial resilience are not only shaping current behaviors but will continue to influence financial strategies across generations for years to come.

> ***The U.S. federal government spent $787 billion to stimulate the economy during the Great Recession under the American Recovery and Reinvestment Act, according to the Congressional Budget Office.[1]***

Understanding and Engaging with Each Generation

Silent Generation (Born 1928-1945)

U.S. Population 2023 (U.S. Census Bureau): 16.47 million

Wealth Distribution (Statista 2024): 13.1%

Financial Figures

Total Debt Balance (Experian 2025):

$0.53T

in 2024 (-6.8% from 2023)

Average Debt Balance (Experian 2024) Ages 79+:

Auto Loan	Credit Card	Mortgage	Non-Mortgage
$16,751	$3,428	$146,015	$6,851

Key Events & Impacts

The Great Depression
Instilled frugality, distrust of financial risk, and a savings-first mentality

World War II
Rationing and economic rebuilding emphasized financial discipline and long-term planning

Early Civil Rights
Shaped conservative financial habits but also led to early shifts in economic equity

Financial Mindset

Provider Challenges

- Prioritizes savings and security
- Debt avoidance is key
- Primarily relies on pensions and Social Security
- Favors cash transactions over credit
- Minimal risk-taking
- Significant wealth transfer to younger generations

How to Engage: The Frugal Debt-Free Traditionalists

High Yield Savings & Security

Offer traditional savings products like high-yield savings accounts or Certificates of Deposit (CDs) that provide security and reliable returns, catering to the Silent Generation's preference for stable, low-risk financial options. These products help enhance liquidity while offering attractive yields, increasing deposits and supporting the institution's net income.

Personalized Banking & Fraud Protection

Emphasize fraud protection and security features in both online and in-person services. This generation values the assurance that their financial assets are protected, so building trust through proactive security features can reduce concerns about digital transactions and strengthen relationships.

Simple Banking Solutions

Ensure low-tech, ADA-compliant banking options are available to cater to their preference for simplicity and personal service. In-person meetings, combined with personalized communication, will further enhance engagement.

Baby Boomers (Born 1946–1964)

U.S. Population 2023 (U.S. Census Bureau): 70.09 million

Wealth Distribution (Statista 2024): 51.8%

Financial Figures

Total Debt Balance (Experian 2025):

$4.50T

in 2024 (-1.8% from 2023)

Average Debt Balance (Experian 2024) Ages 60-78:

Auto Loan	Credit Card	Mortgage	Non-Mortgage
$22,190	$6,754	$194,334	$18,474

Average Savings per Month (MarketWatch):

$406.00

Key Events & Impacts

Economic Boom
Homeownership and consumerism flourished

The Moon Landing
Confidence in technological progress and economic expansion

Vietnam & Social Upheaval
Heightened political awareness with little impact on financial habits

Civil Rights & Women's Liberation
Financial independence, particularly for women

Financial Mindset

- **Defined the "American Dream":** owning homes, cars, and stable jobs
- **High earners,** but many did not aggressively save for retirement
- **Strong brand loyalty** and traditional investments (stocks, bonds)
- **Heavy use** of credit and mortgages

How to Engage the Wealth Builders Retiring with Mortgage Debt

Retirement Planning & Wealth Management

Focus on retirement planning, wealth management services, and estate planning options. Many Baby Boomers are nearing or entering retirement, and products like annuity options, high-yield savings, and tax-efficient investments can help ensure financial security throughout retirement, boosting non-interest income.

Hybrid Banking Services

Provide hybrid banking solutions that combine both in-person and digital services, catering to their desire for personalized service with the convenience of digital access. Offering financial literacy webinars and tools for managing mortgage debt and refinancing options is crucial as many Baby Boomers approach retirement with outstanding home loans.

Loyalty Rewards & Travel Perks:

Incorporate travel rewards and lifestyle-based loyalty programs into offerings to appeal to Baby Boomers' interest in enjoying their retirement. Highlighting rewards for long-term banking relationships can foster brand loyalty and increase engagement.

Generation X (Born 1965–1980)

U.S. Population 2023 (U.S. Census Bureau): 65.35 million

Wealth Distribution (Statista 2024): 25.8%

Financial Figures

Total Debt Balance (Experian 2025):

$6.51T

in 2024 (+1.5% from 2023)

Average Debt Balance (Experian 2024) Ages 44-59:

Auto Loan	Credit Card	Mortgage	Non-Mortgage
$27,602	$9,557	$283,677	$30,879

Average Savings per Month (MarketWatch):

$400.60

Key Events & Impacts

End of the Cold War
Opened up global markets and trade

Personal Computers
Introduced new career opportunities in tech and finance

Recessions & Market Crashes
Led to financial caution and skepticism about long-term job security

Deregulation of Financial Markets
Created a more volatile economy with increasing income inequality

Financial Mindset

- First generation to embrace 401(k) retirement savings
- More skeptical of institutions (banks, government) than Boomers
- Values work-life balance, leading to increased entrepreneurship
- Took on high student loan debt but prioritized paying it down

How to Engage: The Independent Hustlers with Diverse Debt

Debt Management & Refinancing

Provide options for mortgage refinancing, debt consolidation, and financial independence solutions. Many Gen Xers are carrying mortgage debt and student loans, so offering tools to streamline and lower interest payments will resonate with their need for more financial control and flexibility.

Retirement Planning with Flexible Options

Market retirement planning tools that balance risk and reward, such as target-date funds and ETFs, alongside traditional investment options. Gen Xers are increasingly focused on building wealth for the future, but with skepticism towards traditional retirement planning.

Digital Banking with Strong Customer Support

Embrace digital banking tools that integrate seamlessly into their busy lives, with easy access to financial planning tools and personalized support from dedicated financial advisors.

Millennials (Born 1981–1996)

U.S. Population 2023 (U.S. Census Bureau): 72.7 million

Wealth Distribution (Statista 2024): 9.4%

Financial Figures

Total Debt Balance (Experian 2025):

$5.23T

in 2024 (+5.3% from 2023)

Average Debt Balance (Experian 2024) Ages 28-43:

Auto Loan	Credit Card	Mortgage	Non-Mortgage
$24,942	$6,932	$312,014	$27,976

Average Savings per Month (MarketWatch):

$535.50

Key Events & Impacts

9/11 & War on Terror
Created economic uncertainty and distrust in institutions

The Great Recession (2008)
Delayed financial milestones like homeownership and marriage

Technology Boom
Increased access to financial education and online banking

Student Loan Crisis
Resulted in financial anxiety and shifting priorities (experiences over assets)

Financial Mindset

- Prefer fintech, budgeting apps, and digital banking
- More cautious about homeownership and investments
- Side hustles and gig economy participation are high
- Value sustainability and social impact in spending

How to Engage: The Independent Hustlers with Diverse Debt

Debt Management & Refinancing

Rebrand traditional savings products such as high-yield savings accounts to appeal to Millennials who value convenience and digital-first solutions. Offering tools like automated savings apps and peer-to-peer payments will help this generation take charge of their finances.

Student Loan Refinancing & Debt Management

Provide targeted options for student loan refinancing and debt management tools. Millennials are often burdened with high student loan debt, so offering solutions that ease this burden while supporting long-term financial goals is crucial.

Sustainable Investment Options

Emphasize sustainable investment opportunities that reflect Millennials' growing interest in socially responsible investments and environmental sustainability. This approach will also help financial institutions tap into the non-interest income from a growing market of ethical investors.

Gamified Financial Literacy

Leverage gamified savings tools and financial education content through digital channels. Millennials are increasingly relying on fintech apps to learn about personal finance, so offering interactive, video-based financial literacy tools can improve engagement and financial outcomes.

Generation Z (Born 1997–2012)

U.S. Population 2023 (U.S. Census Bureau): 69.31 million

Wealth Distribution: Small but growing

Financial Figures

Total Debt Balance (Experian 2025):

$0.77T

in 2024 (+30.9% from 2023)

Average Debt Balance (Experian 2024) Ages 18-27:

Auto Loan	Credit Card	Mortgage	Non-Mortgage
$20,657	$3,456	$249,744	$15,022

Average Savings per Month (MarketWatch):

$489.20

Key Events & Impacts

COVID-19 Pandemic
Reinforced digital economy reliance and reshaped views on job security

Social Media & Digital Activism
Influenced financial decisions based on ethics and brand values

Climate & Sustainability Movement
Shifted purchasing behavior toward eco-friendly brands

Crypto & DeFi
Sparked early interest in alternative investments

Financial Mindset

- Prioritize financial independence and side incomes
- High awareness of personal finance but cautious about debt
- Preference for digital payments over cash
- Strong advocates for financial transparency and corporate responsibility

How to Engage: The Socially Conscious Spenders and Newcomers to Debt

Cryptocurrency & Digital Finance

As Generation Z is highly engaged with digital finance and alternative investments like cryptocurrency, providing access to these products in a secure and educational environment is key. Offering blockchain-based savings products or crypto portfolios can set the institution apart and engage this generation in modern financial practices.

Financial Literacy & Social Media

Engage Gen Z through social media influencers to promote financial literacy content. Short-form videos, interactive posts, and sustainability-focused rewards programs will resonate with their desire for transparency and social responsibility.

Easy-to-Use Fintech Solutions

Provide seamless mobile banking experiences, with AI-driven financial tools and gamified savings challenges that make managing finances fun and rewarding. Offering these tools helps Gen Z establish healthy credit habits early on.

Generation Alpha (Born 2013–2025)

U.S. Population 2023 (U.S. Census Bureau): 42.75 million

Wealth Distribution: Not yet measurable

Key Events & Impacts

AI & Automation Boom

Will shape career opportunities and redefine financial literacy needs

Rise of the Metaverse & Digital Currencies

Likely to shift financial interactions further into virtual economies

Post-Pandemic World

Increased reliance on remote learning, digital work, and e-commerce

Climate Crisis & Sustainability Efforts

Will influence investment trends and consumption habits

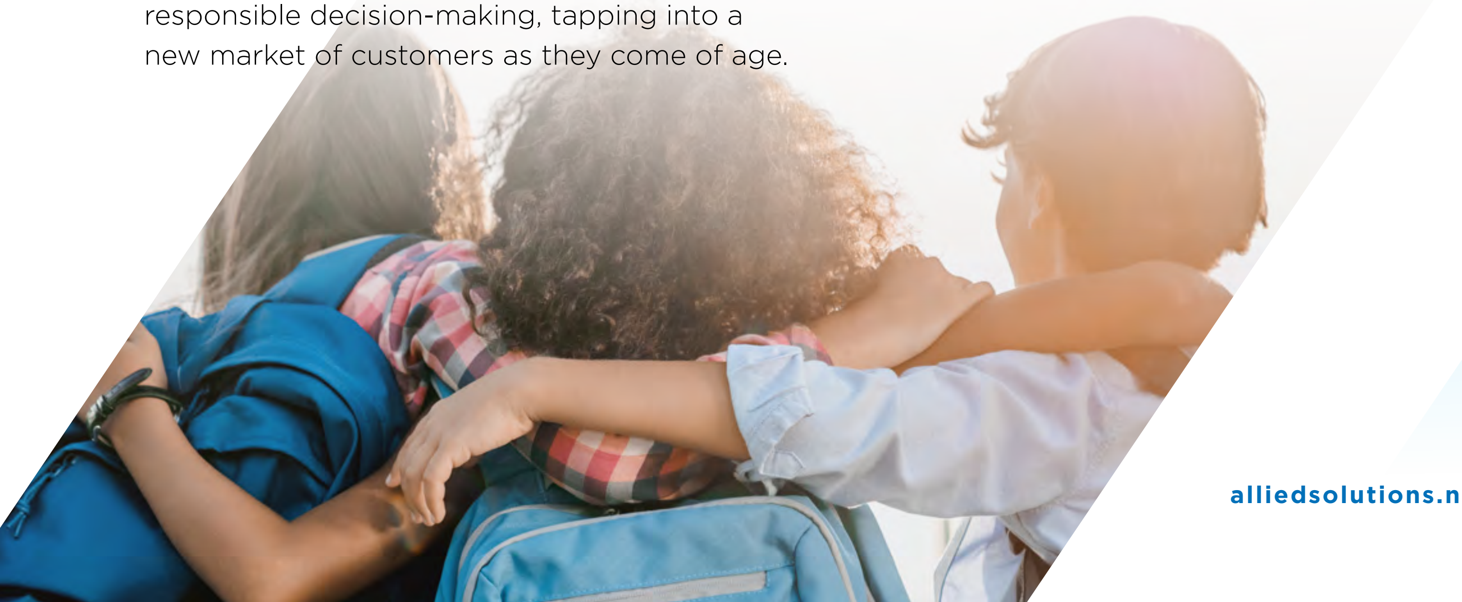
How to Engage: The AI Natives

AI-Driven Financial Literacy

As Generation Alpha grows, financial institutions can capitalize on AI-driven learning tools to provide age-appropriate financial literacy programs. These tools will prepare them for future financial independence and responsible decision-making, tapping into a new market of customers as they come of age.

Virtual Financial Services

Leverage virtual financial management tools within the Metaverse and digital currencies to cater to Gen Alpha's increasing reliance on AI, automation, and digital ecosystems for education and work.



Generation Beta (Born 2025–2040)

Projected U.S. Population by 2040: Not yet measurable

Wealth Distribution: Not yet measurable

Key Events & Impacts

Born in the age of *Elon*
Satellites outnumber stars, and constellations are no longer just celestial but corporate

Hyper-Automation & AI Integration
AI-driven financial management will become the norm

Climate Policies & Sustainability Regulations
Global financial systems will likely be more sustainability-driven

Space Exploration & Technological Evolution
Could open new economic markets (space tourism, asteroid mining)

Universal Basic Income (UBI) & Economic Shifts
Possible adoption of UBI in response to AI-driven job displacement

How to Engage: The Next Evolution

This generation is a story yet to be born, but we can speculate on a few key trends that could shape their financial habits.

Leverage AI and Automation
Develop personalized, AI-driven tools for saving, investing, and budgeting to meet the expectations of a generation accustomed to seamless, digital-first experiences.

Embrace Sustainability
Cater to Generation Beta's eco-consciousness by offering sustainable investment options and staying ahead of shifting climate policies.

Prepare for New Digital Economies
From the Metaverse to space exploration, offer digital currencies, crypto products, and be ready for emerging virtual economies to capture future market share.

Navigating Financial Strain

Despite economic recovery from the 2008 recession and recent pandemic challenges, many consumers continue to face financial strain. Rising costs in everyday essentials, healthcare, and family support, coupled with stagnant savings and persistent debt, make financial stability an ongoing challenge.

The Growing Financial Burden on Consumers

Inflation & Everyday Expenses

The Consumer Price Index for All Urban Consumers rose by **0.5% in January** and **3.0% over the past year**,[5] driving up costs across necessities. Grocery prices climbed **0.5%**, with eggs surging **15.2% in one month**—up **53% from last year**—due to avian flu. Car insurance costs increased **2%**, hotel prices **1.4%**, and gas prices **1.8%** last month.[6]

Family Support & Rising Costs

Raising a middle-class child from birth to age 17 now costs an average of **$310,605**.[7] Additionally, **35% of households** would experience financial hardship within a month of losing their primary wage earner (LIMRA), highlighting the importance of life insurance.

Healthcare Expenses

Annual premiums for employer-sponsored family health coverage reached **$25,572**, a **7% increase** this year. Employees contribute an average of $6,296 toward family coverage.[8]

Debt & Savings Gaps

Student loan debt remains a major issue, with **70% of college students** relying on loans. Meanwhile, the personal savings rate sits at **3.8%**, with personal savings totaling **$843.2 billion in December**, indicating that many households struggle to build financial safety nets.[9]

Job Security & Changing Employment Trends

Unemployment peaked at **14.8% in April 2020** and, while it has since decreased, labor force participation remains below pre-pandemic levels, despite rising wages.

How Financial Institutions Can Provide Support

Consumers need guidance, tools, and solutions to navigate these financial challenges. Financial institutions can play a pivotal role in helping individuals regain control of their finances through:

Savings & Emergency Fund Support

Encouraging automated savings plans, financial goal-setting tools, and high-yield savings accounts to help consumers build financial resilience.

Financial Education & Coaching

Offering accessible financial literacy programs, including budgeting workshops, debt management guidance, and homebuying education all through personalized videos.

Smart Lending & Debt Solutions

Providing responsible lending options like test solutions, flexible repayment plans, and debt consolidation resources to help manage student loans, credit cards, and personal debt.

Affordable Insurance & Protection Plans

Promoting life insurance, disability coverage, and financial protection tools to safeguard families from unexpected financial hardships.

Technology & Budgeting Tools

Enhancing digital banking platforms with AI-driven financial insights, expense tracking, and personalized recommendations to help consumers optimize spending.

> *By offering proactive solutions, financial institutions can empower consumers to navigate financial uncertainty with confidence.*

Key Takeaways

To align with evolving consumer expectations, financial institutions must understand their audience, engage across generations, and educate consumers about financial products in a way that resonates.

1 Know Your Audience

Data is key. By leveraging consumer insights, lenders can craft messaging that speaks to different age groups and financial concerns. Assess your current customer base to ensure younger consumers are effectively captured and refine your marketing accordingly.

2 Cross-Generational Engagement

By 2029, over 50% of consumers will be under the age of 45. As wealth shifts from Baby Boomers to younger generations, lenders must tailor their products and messaging to distinct generational behaviors. Enhancing digital platforms and modernizing the customer experience will be critical in reaching these evolving demographics.

3 Education is Crucial

Financial products can be complex, and consumers often misunderstand their options. Providing clear, benefits-focused messaging builds trust and improves accessibility. Lenders should offer online resources, webinars, or in-person events to empower consumers with financial knowledge.

4 Refine Product Messaging

Instead of focusing solely on product features, lenders should highlight real-life benefits that resonate with consumers. Messaging tailored to generational trends will enhance consumer confidence and improve engagement.

About Allied Solutions

Allied Solutions is one of the largest providers of insurance, lending, risk management, and data-driven solutions to financial institutions in North America. Allied Solutions uses technology-based solutions customized to meet the needs of over 6,000 banks, credit unions, finance companies, mortgage servicers, and auto dealers, along with a portfolio of innovative products and services from a wide variety of providers. Allied Solutions is headquartered in Carmel, Indiana and maintains several offices strategically located across the country. Allied Solutions is a wholly owned and independently operated subsidiary of Securian Financial Group.

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