

A Window into Gen Z's Financial Health 2025



BANK OF AMERICA

Better Money Habits®

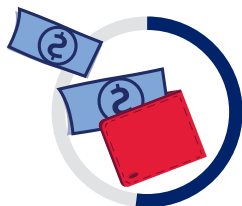
Since 2021, the Better Money Habits team has surveyed adult Gen Z to better understand this generation's approach to money. The 2025 Better Money Habits study builds on previous reports examining the financial attitudes and behaviors of adult Gen Z (ages 18-28) Americans and provides us with a snapshot on the state of Gen Z's financial health. These findings strengthen our ability to meet their needs with resources and guidance throughout their financial journeys. The Bank of America Better Money Habits platform connects people at all life stages, including Gen Z, to relevant tools and resources that help build financial know-how and improve Americans' financial health.

Our [Gen Z Financial Guide](#) breaks down financial topics like budgeting, building credit, borrowing and investing in a way that's approachable and easy to understand.



Adulthood is more expensive than anticipated;
Gen Z continues to face financial barriers to success
due primarily to the high cost of living,
which is also causing stress.

Consistent with previous years, the high cost of living is a top barrier to Gen Z's pursuit of financial success.



Over half (51%) of Gen Z cited the high cost of living as a top barrier to financial success.

This is consistent with the last three years (52% in 2024, 53% in 2023 and 50% in 2022), and is lower than Millennials (66%) (2024: 57%; 2023: 59%; 2022: 60%).



Once they started supporting themselves, over a third (35%) of Gen Z reported that their total monthly spending is higher than they expected it to be.

This is especially true for older Gen Z (23-28), as 43% said that their total monthly spend was higher than expected (compared to 25% of younger Gen Z ages 18-22).

Gen Z individuals who reported higher than expected monthly spending said these everyday expenses cost more than they anticipated:



63%

Groceries and toiletries



47%

Rent/utilities

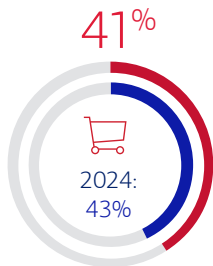


42%

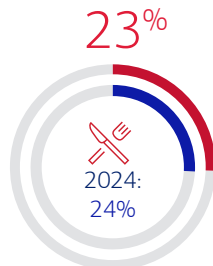
Dining out

To combat the high cost of living, Gen Z is cutting back on expenses to improve their financial health.

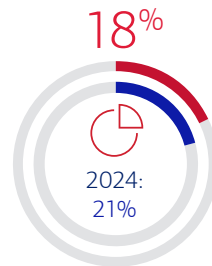
Almost two-thirds (64%) of Gen Z reported taking action due to the rising cost of living over the past 12 months, which is similar to last year (2024: 67%), but slightly lower than Millennials (73%) (2024: 66%).



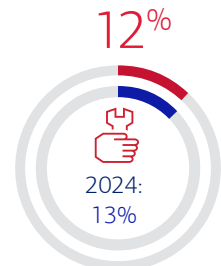
started shopping at a more affordable grocery store



of Gen Z cut back on dining out

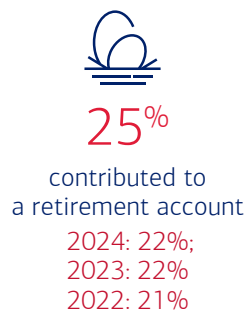
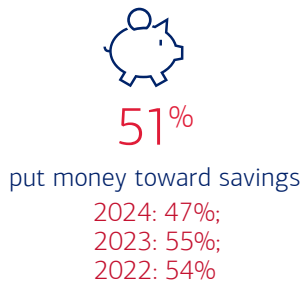


started using a budget

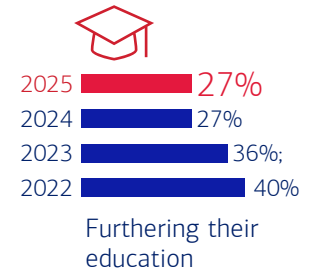
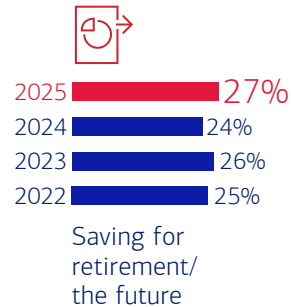
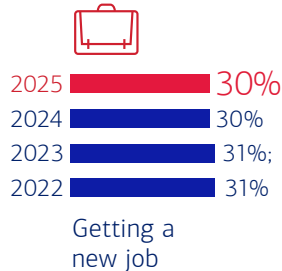
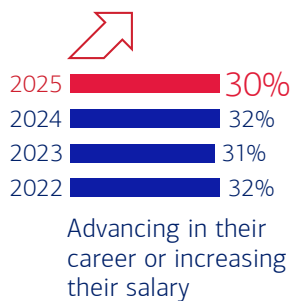


picked up a side hustle

Most of Gen Z (72%) took action over the last year in an effort to improve their financial situation (2024: 67%).



Gen Z is forward-thinking. For the upcoming year, their top priorities are:



Gen Z is stressed about finances, primarily due to external economic factors, and struggle to meet their financial goals.



Of those who reported experiencing financial stress, the top three causes include:

- 52% Economic instability
- 40% Not making efficient progress toward their financial goals
- 36% Insufficient income to cover basic needs and/or financial obligations

Many Gen Z make healthy choices to fight financial stress, but for some, stress leads to avoidance or splurges.

When Gen Z is feeling stressed about their finances, many (90%) are likely to take action:

69%
Check their bank account balance and/or recent charges

64%
Make a budget

46%
Get ahead on paying bills

42%
Transfer money to savings

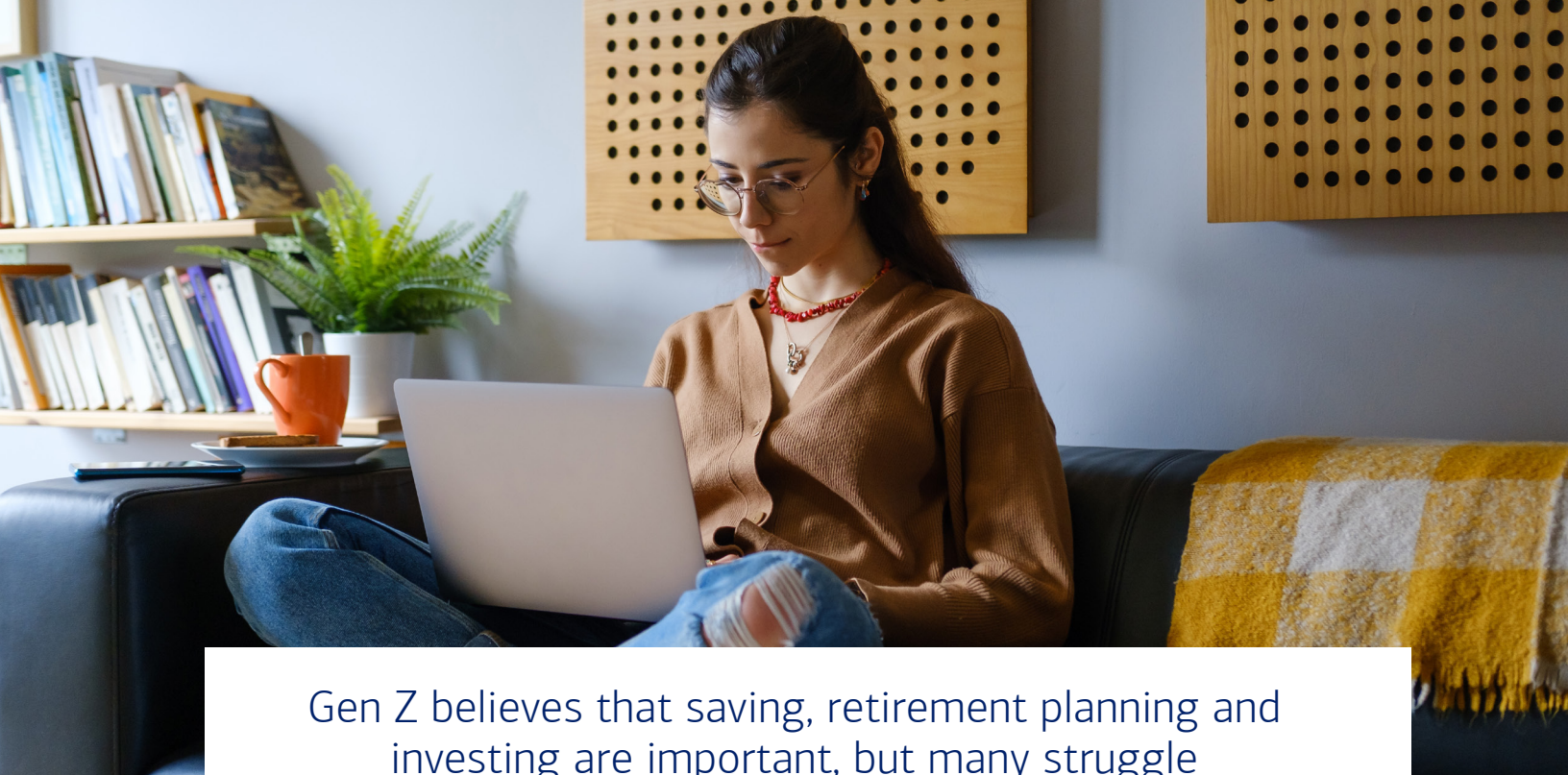


Financial stress can cause some Gen Z to avoid taking any action: 33% avoid thinking about or taking action on their finances when they're stressed.



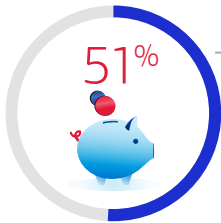
Almost a third (30%) reported that they are likely to treat themselves to a purchase when feeling financially stressed.





Gen Z believes that saving, retirement planning and investing are important, but many struggle with turning these financial priorities into habits.

Gen Z wants to save, but struggles with consistency.



Over half of Gen Z reported putting money toward savings in the last year. This is consistent with the last three years: 47% in 2024, 55% in 2023 and 54% in 2022.



Older Gen Z (23 - 28) prioritized saving more, with 55% contributing to savings in the last year compared with 46% of younger Gen Z (18 - 22). This is consistent with 2024: 50% and 44%, respectively.



Over a third (36%) puts any leftover money that they can into savings, but it varies month-to-month (2024: 39%).



Only 18% of Gen Z put a set percentage of their paycheck into a savings account every month (2024: 15%).



Nearly a third (29%) said they would like to save but don't make enough money to do so. (2024: 30%).



About one in five (21%) Gen Z reported not being able to save as a top barrier to financial success (2024: 17%; 2023: 18%; 2022: 18%).

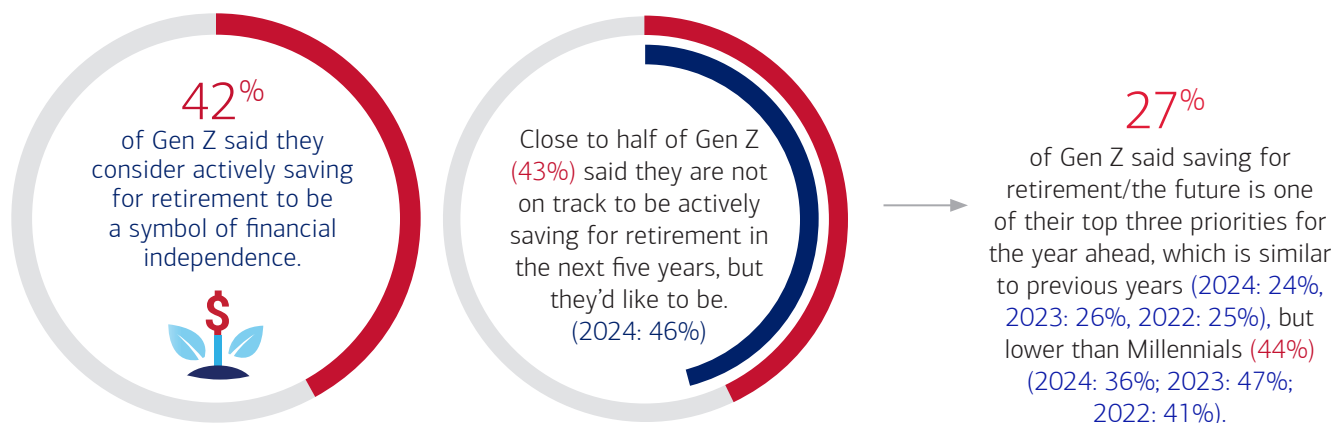
Building an emergency fund remains difficult for this generation, as over half (55%) do not have enough emergency savings to cover three months of expenses. This is consistent with the last three years: 57% in 2024, 56% in 2023 and 55% in 2022.



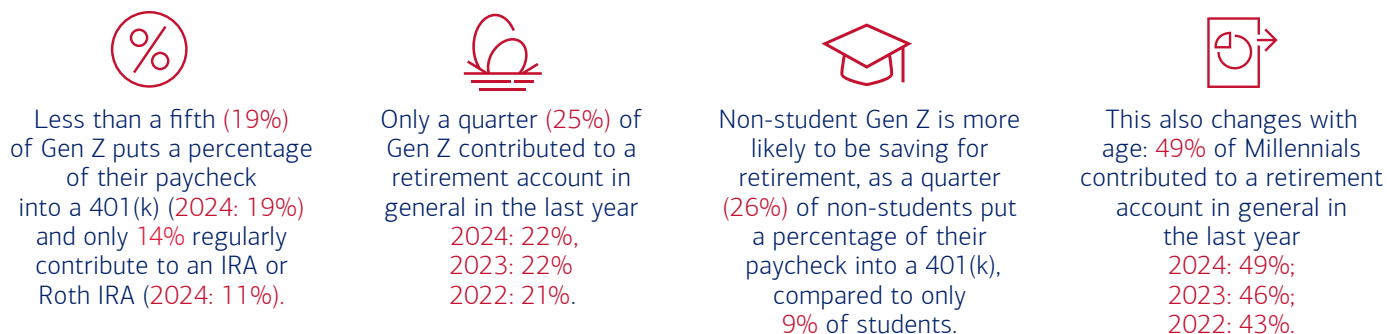
Nearly half (49%) of Millennials also don't have enough emergency savings to cover three months of expenses (2024: 49%; 2023: 48%; 2022: 46%).

Gen Z thinks that saving for retirement is important, but they struggle with actually getting started.

Gen Z recognizes the importance of beginning to or continuing to plan for retirement – but is struggling to make progress.



Only a small portion of Gen Z is currently saving for retirement.



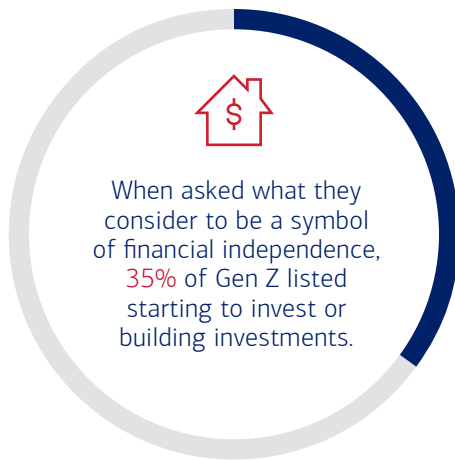
There's a knowledge gap about how much this generation needs to save for retirement.

A third (**36%**) of Gen Z said they have no idea how much money they will need to retire comfortably.

One in 10 (**11%**) Gen Z said they don't think they will ever be able to retire comfortably.



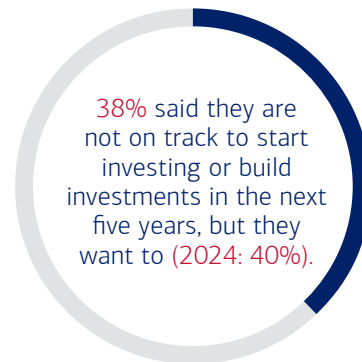
Gen Z considers investing a symbol of financial independence, but few are currently investing.



However, only **21%** of Gen Z actually invested in the stock market over the past year. Encouragingly, this is up year-over-year (2024: 15%; 2023: 15%; 2022: 19%).



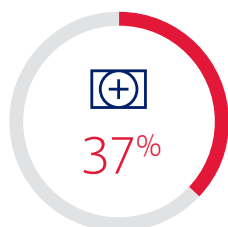
Only a third (**33%**) of Gen Z said they are on track to start investing or build investments in the next five years (2024: 29%).





Other barriers exist for Gen Z, including insufficient income and housing costs. In fact, many in this generation are still receiving financial assistance from their families.

Lack of income continues to be a problem for Gen Z, and they worry that they are behind financially compared to where their parents were at their age.



This generation struggles with a lack of income. Over a third reported that not having enough income to achieve their financial goals is a top barrier to financial success, consistent with the last three years (2024: 38%; 2023: 36%; 2022: 38%).



Over half (53%) of Gen Z reported that they don't make enough money to live the life they want to live compared to 44% of Millennials (2024: 41%).



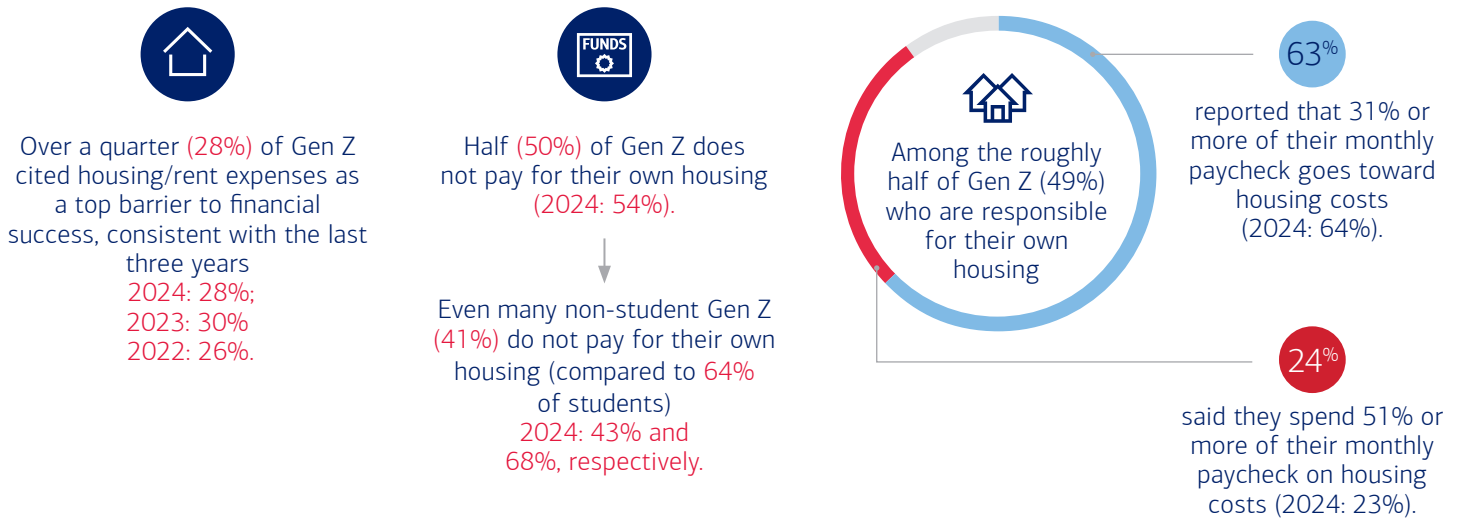
30% of Gen Z feel like they are behind on their financial goals compared to where their parents were at their age (2024: 32%).



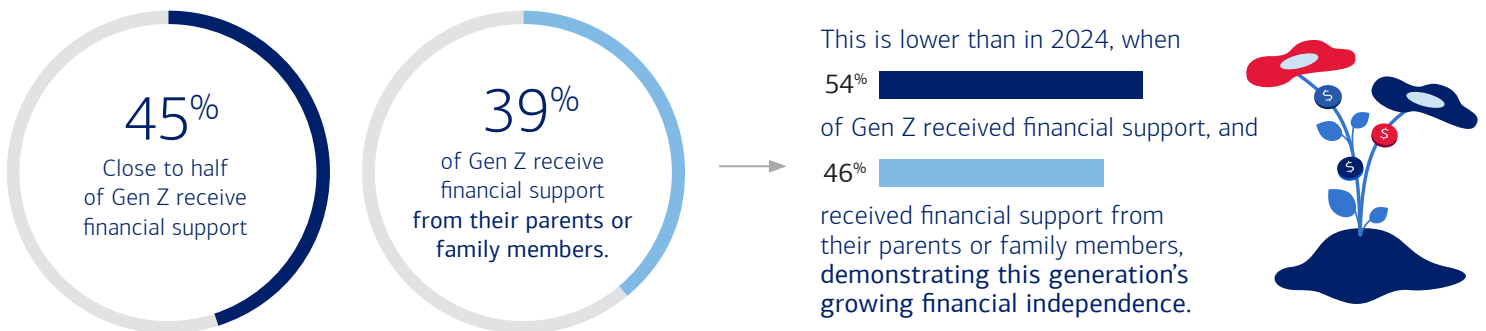
When asked about how they compare to their parents, only about a quarter of Gen Z (27%) feels they will be better off financially than their parents (2024: 29%).

39% of Millennials say the same (2024: 37%).

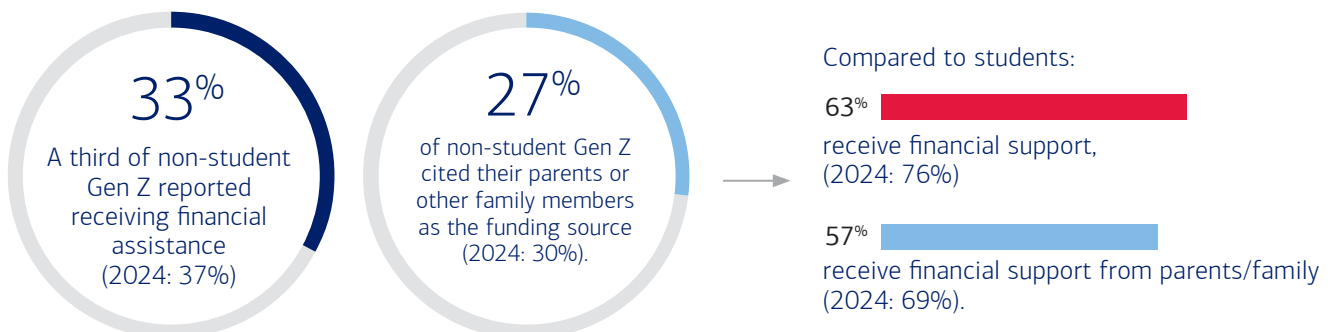
Housing costs continue to pose issues for Gen Z, with many reporting that they do not pay for their own housing.



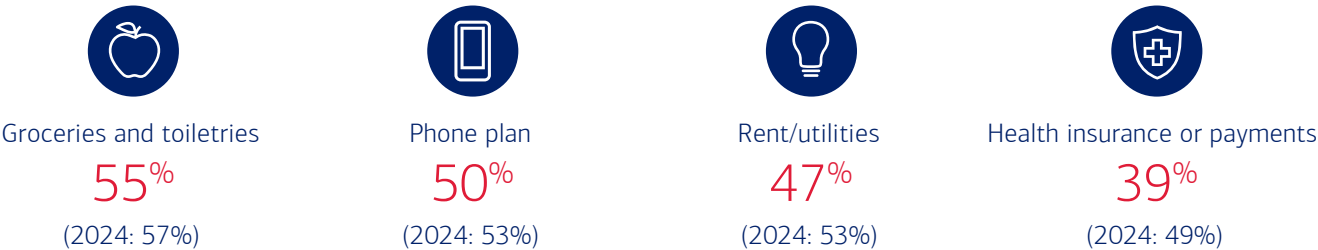
Gen Z continues to receive financial assistance from external sources, primarily family, but at lower rates than last year.



Even Gen Z who are out of school get help from mom and dad.

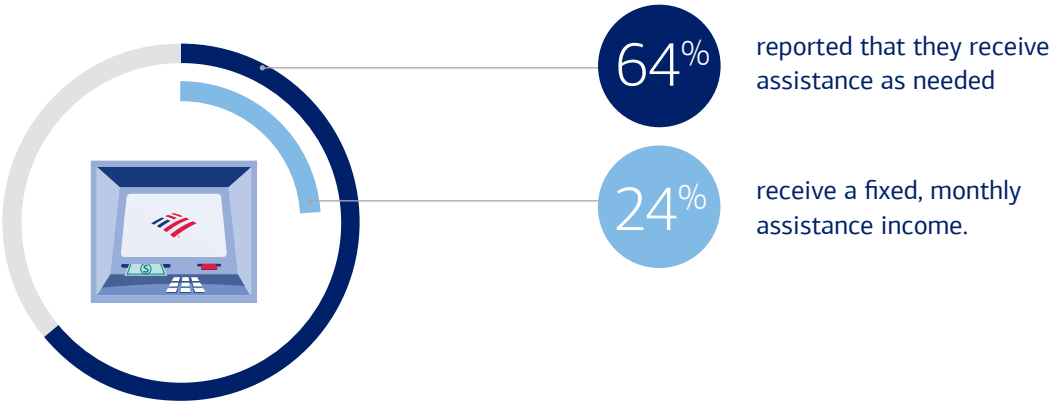


Of those Gen Z who receive financial assistance, they put those funds toward everyday expenses like:



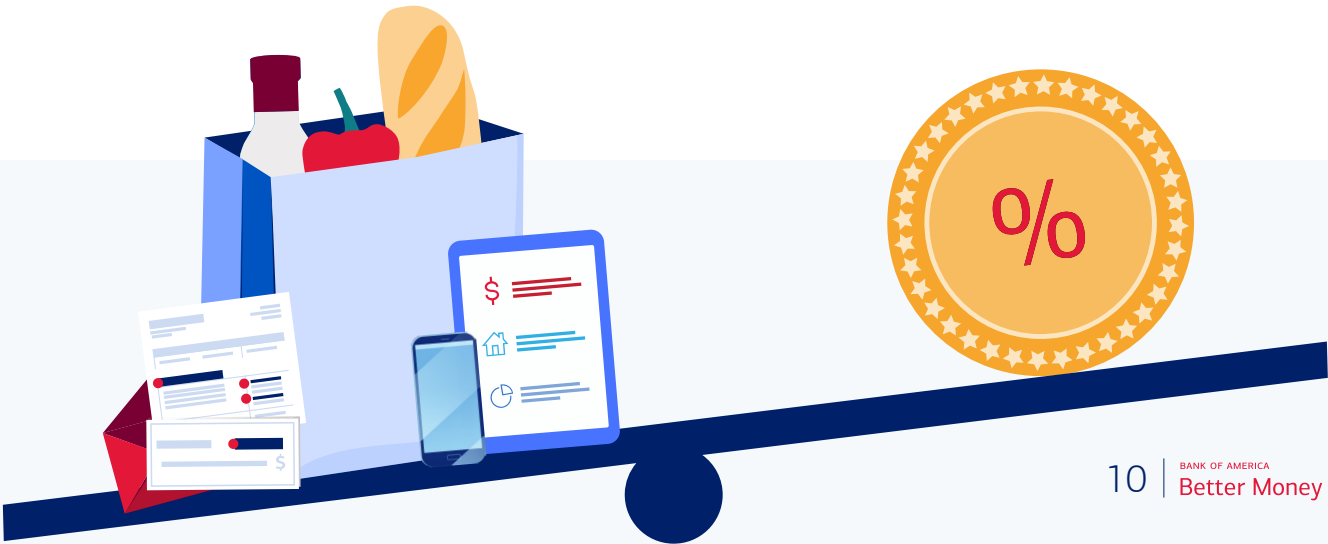
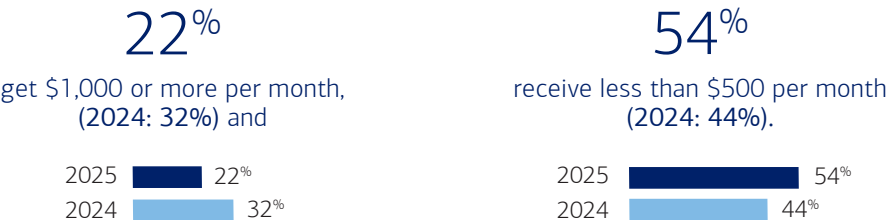
The way that Gen Z receives financial assistance varies.

Of those that receive assistance:



Those receiving assistance are getting less money than they were in 2024.

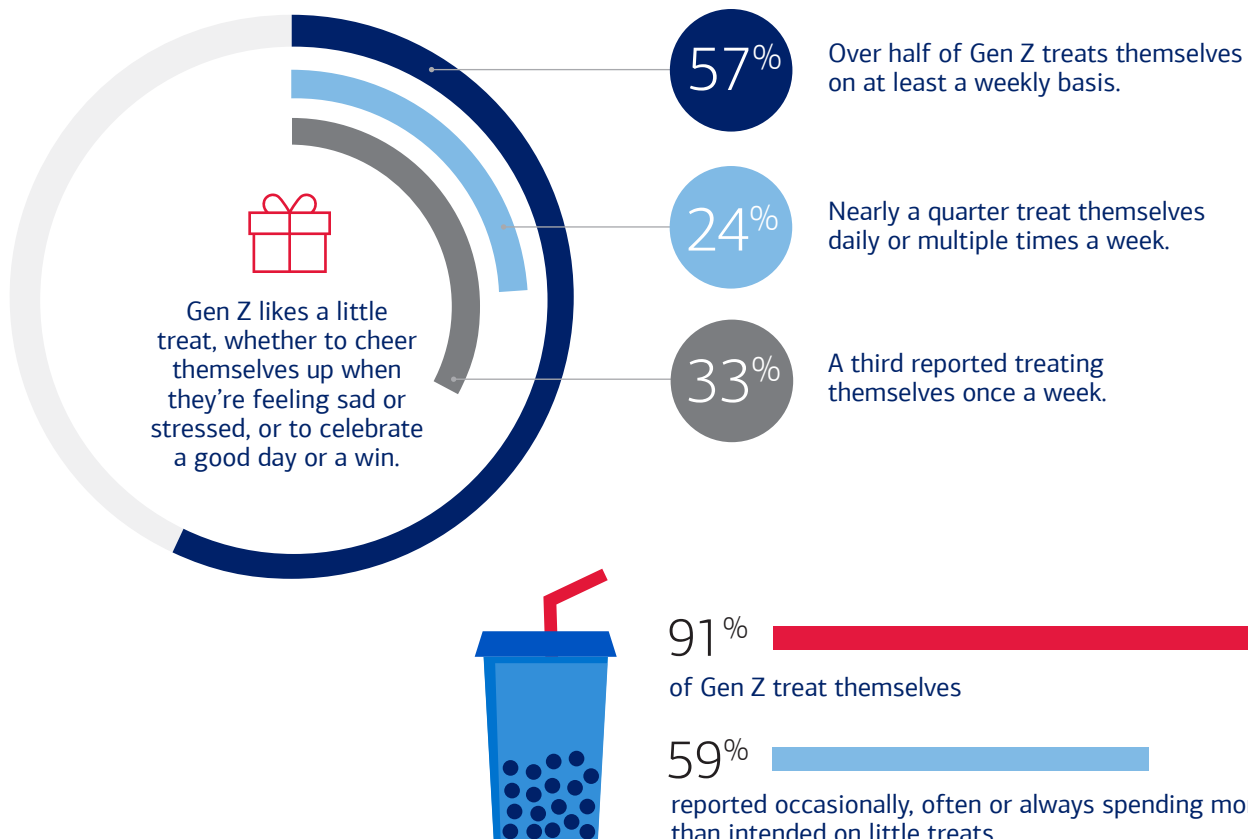
For those receiving assistance,



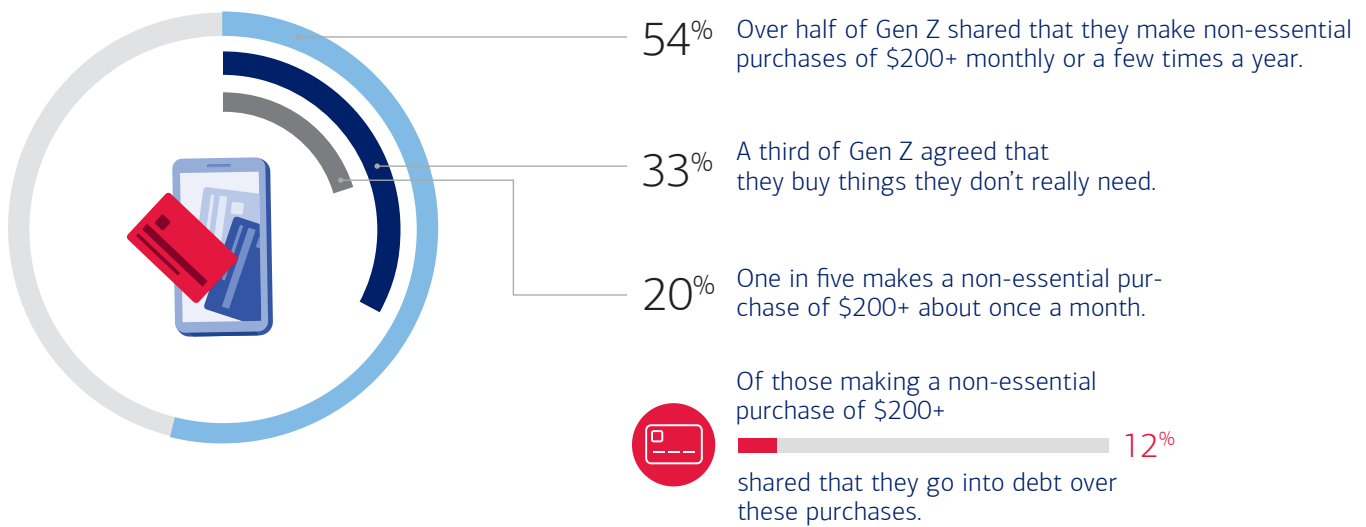


Gen Z loves to “treat themselves,” which can sometimes lead to overspending. However, most know their limits.

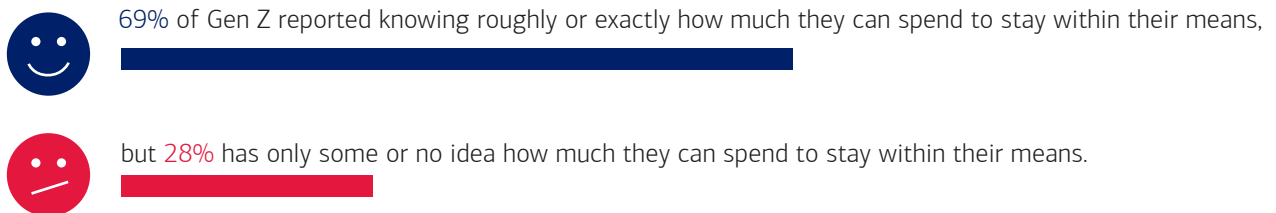
This generation loves to buy themselves a “little treat” — a habit that sometimes leads to overspending.



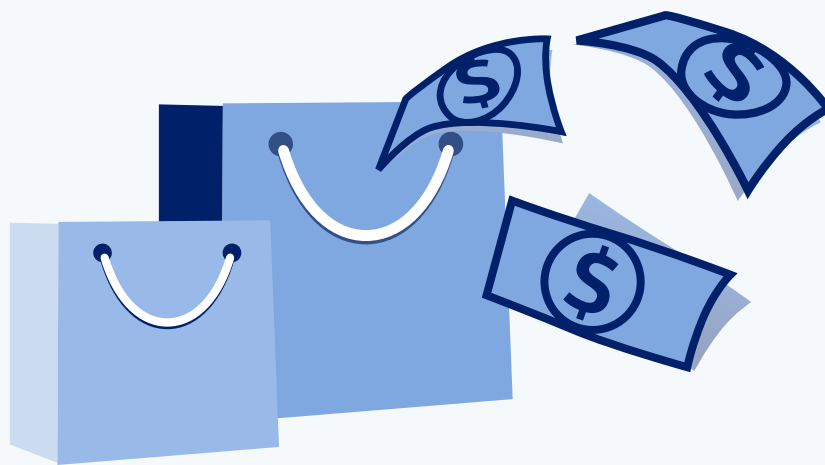
Spending money on non-essential goods and services is a trap Gen Z can fall into.



One way this generation manages their finances is by paying attention to how much money they have and working to live within their means, though some still struggle with this.



When asked about their awareness of the current balances for various accounts:





When it comes to their relationships, financial responsibility and transparency are important to Gen Z.

Gen Z continues to be open and transparent about their finances, often setting boundaries with friends about what they can and can't afford to do.



Two-thirds of Gen Z does not feel pressured by their friends to spend beyond their means.



Just under half of Gen Z say they are comfortable declining social opportunities and admitting it's because they can't afford to participate.



In response to the rising cost of living, about a quarter of Gen Z reported passing on events with friends to combat expenses.



When it comes to their dating lives, Gen Z is not spending on dates: Over half (53%) spend \$0 a month on romantic dates, and 28% say they spend less than \$100 per month.



This is true of both men and women: 53% of men spend \$0 per month on dates, and 54% of women say the same. 25% of men spend less than \$100 per month on dates, and 30% of women say the same.



Those who reported being in relationships spent more: 43% Gen Z that are in a relationship and not living together spent \$1-\$100 / month; similarly, 48% of those in a relationship and living together spent \$1-100 a month.

When it comes to finding a romantic partner, financial responsibility matters to this generation.

Gen Z shared that these attributes are important when choosing a significant other:

Financial responsibility

78%

Financial behaviors

70%

Financial attitudes

70%

Financial security

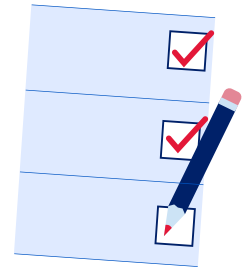
70%

Financial knowledge

61%

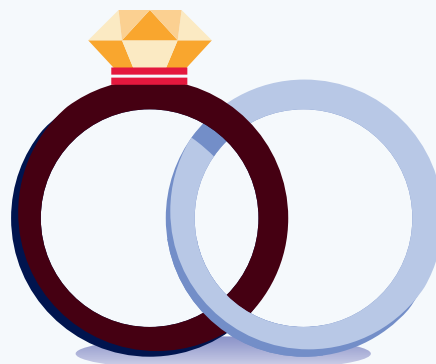
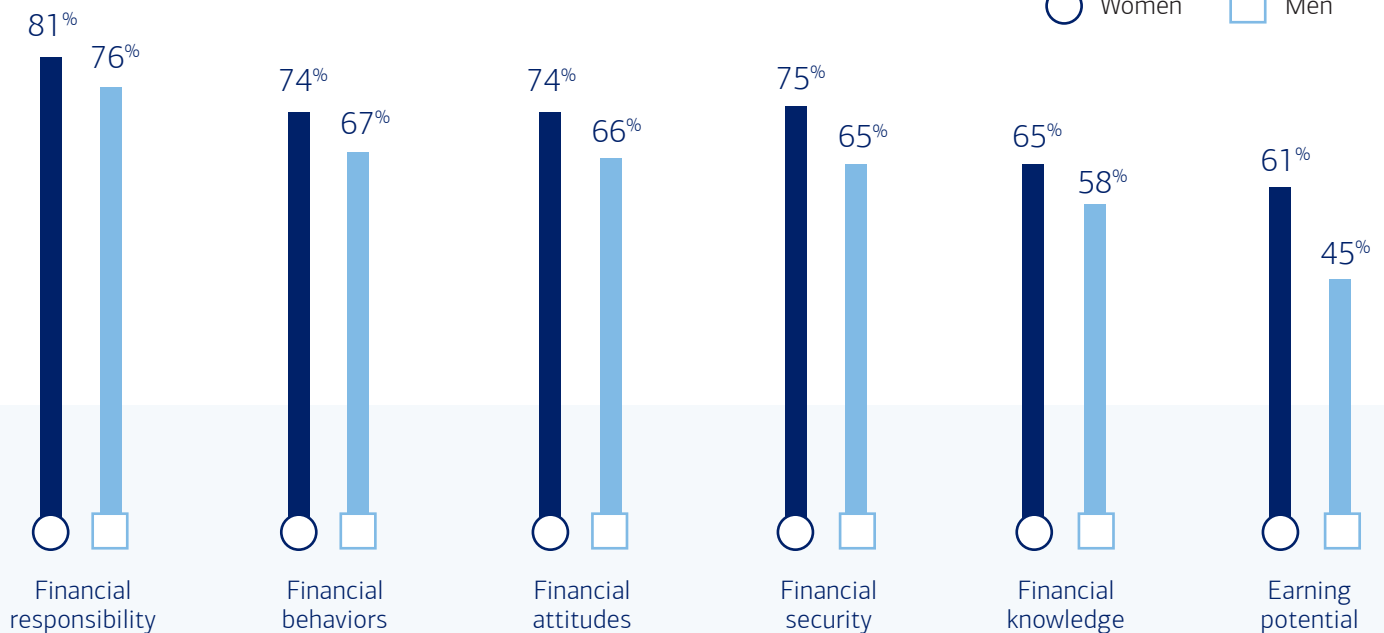
Earning potential

52%



Gen Z women are more likely than Gen Z men to find these attributes important in a potential partner:

○ Women □ Men



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Report Methodology

This survey was conducted online from April 4 – 25, 2025, by Ipsos. This study is based on national samples of 1,069 general population adults (age 18 or older), 915 general population Gen Z adults (age 18-28). The survey was conducted both in English and Spanish and utilized sample from both opt-in sources and the Ipsos KnowledgePanel®, the largest and most well-established online probability-based panel that is representative of the adult US population. The margin of sampling error for the general population sample is +/- 3.1 percentage points and for the general population Gen Z sample is +/- 3.5 percentage points at the 95 percent confidence level.

The survey data has been weighted to match national population benchmarks. The general population sample and general population Gen Z sample were weighted separately to match national population demographics of gender, age, race/ethnicity, education, region, metropolitan status, household income, language proficiency and Hispanic origin. Benchmarks for these variables were obtained from the Census Bureau's 2024 Current Population Survey (CPS), with the exception of benchmarks for language proficiency which were obtained from the Census Bureau's 2023 American Community Survey (ACS).