



Confronting the Money Taboo

Most people would agree that talking about money is a social “taboo.” Now we have data to back this up. Capital Group’s most recent Wisdom of Experience survey of 1,202 Americans has found that people are more comfortable talking about marriage problems, mental illness, drug addiction, race, sex, politics and religion than they are about money. In fact, out of a dozen topics, men and women across all generations ranked household earnings, retirement savings and debt as the most taboo.

The survey found that those most willing to talk about money fall on opposite sides of the financial confidence spectrum; they are either very confident about their finances or they are very insecure. In addition, there are a significant number of people between these two polar extremes that do not talk about money at all. The research shows people are willing to have conversations about money with financial advisors, their spouses and, particularly for millennials, their parents, other family members and friends.

It is important to break the money taboo and turn money, saving and investing from being a source of isolation, stress and anxiety into a more inclusive conversation about how we can all be more secure in our financial lives, particularly in retirement.

To confront the money taboo and address the retirement needs of millions of Americans, we will need to both act and change our behavior. Capital Group’s research earlier this year found that people who envision the life they want in retirement recommend saving more of each paycheck in a 401(k) account. Even small changes in retirement savings can help Americans build a bigger nest egg due to the power of compounding over the years and decades leading to retirement.

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Americans would rather discuss anything besides money

Issues once considered too personal or risqué are now openly discussed among friends and colleagues – or even shared on social media. However, one topic of discussion that continues to buck the trend by a large percentage of Americans is money.

Asked about more than a dozen topics that might be too taboo to discuss with friends, including marital problems, religion, politics, sexual orientation and family disagreements, the top four were all related to personal finances by a significant margin.

What do you consider too taboo (a forbidden topic) for discussing with friends?

	Total (%)	Men (%)	Women (%)
Salary or household income	39	33	45
Size of your retirement savings	38	32	43
How much debt you have	32	27	37
Inheritances, either what you plan to leave your children or expect from your parents	25	20	30
Marital problems	20	20	20
Religious beliefs	19	19	18
Disagreements within your family	18	19	18
Political views	17	16	17
Sexual orientation	16	17	15
Psychiatry or mental illness	16	15	16
Drug use or addiction	14	14	13
Sexual harassment or assault	11	13	8
Racial harmony	8	8	8
None of these	26	26	26

“I was raised in the South – you did not discuss money with others. Rather hilarious that you can discuss sex, drugs and rock ‘n’ roll, as they say, but it is not polite to discuss money!”

Female baby boomer, Missouri

“It’s none of your business” is the prevailing reason given by those who ranked money as the most taboo topic, and many survey respondents also cited awkwardness and concern about creating ill feelings by talking about money with friends.

Although the stereotype is that women are more likely than men to talk about sensitive issues with their friends, the research says differently. When asked about personal matters that might be off-limits such as marital problems, religion, politics, sexual orientation and family disagreements, answers by female and male survey respondents were almost identical.

However, when it came to financial topics such as household earnings, retirement savings and debt, men and women diverged significantly. Women of all generations were much more likely than men of the same age to consider money topics a social taboo.

Who is talking about money – and with whom?

When we asked people what topics they had discussed with friends and peers in the past six months, current events, fitness, health, pop culture and sports topped the list. About one-third of those surveyed – including 30% of men and 40% of women – indicated they had discussed finance-related topics with friends and peers in the last six months.

In the past six months, which topics, if any, have you discussed with your friends and peers?

	Total (%)	Men (%)	Women (%)
Current events, including politics and foreign affairs	53	50	56
Fitness, exercise and well-being	46	39	52
Health issues and solutions	44	39	49
Popular culture, including movies, television, music and books	41	33	48
Sports teams, events and activities	40	43	37
Saving and investing for today and the long term	35	30	40
Cost of owning or renting a home	34	27	40
Job, promotions and career ambitions	32	27	36
Issues involving pay and benefits	27	22	32
Relationship issues and opportunities	26	20	32
Issues involving your children, including health and education	25	20	31
Gender and diversity issues in society	22	18	26
Equal pay for people in similar positions	18	12	23
None of these	9	11	6

Surprisingly, the survey participants who are talking about financial topics fall into two extremes: they either feel totally prepared or totally unprepared to manage a major financial event or decision. That is, those who have high enough confidence in their financial knowledge are likely to share it with others, while those that feel most in need of information and advice are more likely to discuss money topics.

“I think discussing personal finances is a personal matter. However, sharing good financial strategies and information is beneficial to all.”

Gen X female, Nevada

Financial advisors and spouses topped the list of those we turn to for advice when faced with a major financial event or decision. Women are much more likely to say they would turn to their spouse or a financial advisor than men.

Half (50%) of women surveyed would turn to a financial advisor when faced with a major financial event or decision, compared to 41% of men. Similarly, 50% of women would turn to a spouse for financial advice compared to only 36% of men, who primarily rely on a financial advisor – or their own knowledge.

Although millennials and Gen Xers were generally less likely than baby boomers to consider subjects taboo, all three generations were in agreement on the topics that were top ranked.

Millennials are the most family-oriented generation. They are nearly twice as likely to turn to friends and extended family as boomers to talk about money. They are also more likely than Gen Xers or baby boomers to turn to their parents, co-workers or articles and online resources for financial advice.

Who would you turn to when faced with a major financial event or decision?

	Millenials (%)	Gen Xers (%)	Baby Boomers (%)
Financial advisor	36	41	59
Spouse or significant other	39	43	47
Rely on my own knowledge	27	33	40
Articles and online resources	29	23	21
Friends	23	20	13
Father	28	19	4
Mother	24	16	3
Extended family member (grandparent, aunt, uncle, cousin)	17	10	8
Sibling	12	13	11
Renowned financial expert	14	11	7
Co-workers	11	9	3

Millennials (ages 21-37), Gen Xers (ages 38-52), baby boomers (ages 53-71)

Conclusion: Four ways to break down the money taboo

Nearly nine out of 10 survey respondents believe Americans need to save more and invest better for their future retirement. It is important to create more inclusive conversations about money in order to make living better in retirement years an achievable goal for as many people as possible. Capital Group's survey findings suggest four ways to encourage conversations and change investor behaviors about money:

- 1 Start at home.** Talk to your spouse or significant other about money, and encourage conversations between parents and children. Millennials are almost twice as likely as baby boomers to say they would speak to their children about money at an early age, while many adults say they are still teaching their adult children about financial topics.
- 2 Seek advice.** Most investors can benefit from financial advice. Financial advisors can help investors make smart decisions about investing for the long term, and help protect against market downturns. Nearly half of survey respondents said they would feel comfortable turning to an advisor for a major financial decision.
- 3 Ask your employer.** Many Americans get their first experience with retirement saving through an employer's 401(k) plan, but our survey finds employers are an under-utilized resource. There is an opportunity for employers and benefits managers to increase employee engagement and productivity with regard to financial planning and other money issues.
- 4 Picture your retirement.** Capital Group research earlier this year showed that survey respondents who first envisioned the lives they want to lead in retirement recommended saving 31% more per paycheck in a 401(k) plan than those who did not. This simple insight could be used to promote conversation and innovations to help Americans build a bigger nest egg for their later years.

How the survey was conducted

The survey was conducted by APCO Insight, a global opinion research firm, in April 2018. The research consisted of an online quantitative survey of 1,202 American adults – 402 millennials (ages 21-37), 400 Gen Xers (ages 38-52) and 400 baby boomers (ages 53-71) – of varying income levels who have investment assets and some responsibility for making investment decisions for their families. The overall sample reflects national representation on key demographic measures according to the U.S. Census Bureau.