

Ally Bank Survey Shows Recent Grads Give Themselves a 'C minus' in Personal Finance

Family, friends and life experience serve as money teachers

SANDY, Utah, June 10, 2019 /PRNewswire/ -- Despite unprecedented access to financial literacy materials online and a plethora of budgeting and money apps, more than half of today's high school and college graduates barely pass personal finance, according to a study for Ally Bank (Ally), the customer-obsessed banking arm of Ally Financial, Inc. (NYSE: ALLY). The study shows that 53% of 18- to 24-year-olds rate their knowledge of personal finance a C or lower.

The report uncovers a variety of topics, including financial habits and behaviors, and how consumers grade themselves on their knowledge of personal finance. The results show adults 18-24 rate their knowledge of personal finance much lower than adults in general, and only 1 in 10 give themselves an A.

"The ability to understand and manage your finances is often considered one of the keys in achieving a more secure life, however this survey illustrates that for some, they are still not comfortable navigating their own financial waters," said Diane Morais, president of Consumer and Commercial Banking Products for Ally Bank. "The good news is banks like Ally are here to help boost people's financial GPA with competitive products that make their money work harder. In addition, our online and mobile tools are simple to use and ideal to help them better manage their finances."

Friends, Family Source for Knowledge, Not Schools

Even with a bevy of ratings, reviews, and articles detailing a variety of personal financial tips, those 18-24 are twice as likely as older adults to learn from friends or family when it comes to personal finance. In fact, 18- to 24-year-olds are twice as likely to ask friends than use an online resource to learn more about personal finance.

But learning in an academic setting is trending up. The study indicates that more recent high school graduates are three-times more likely to learn about personal finance during high school than older adults (23% to 7%). This may be driven by the fact that 60% of adults feel that personal finance should be taught in high school.

However, more than half (54%) say they would like to learn how to manage their finances better. To help fill that need for more formal financial education, Ally developed [Wallet Wise](#) courses that provide tools and information to help people young and old reach their financial goals.

Turn Back Time

Ally also asked those who have celebrated their 10-year college reunion what advice they would give their college self. Avoiding student loans was high on the list of many of the respondents, as was understanding how best to use credit cards.

Other tips alums offered included:

- Set and stick to a budget
- Pay extra on debts like car loans or mortgages
- Save early as compounding interest pays off in the long run

One [budgeting formula](#) recommended is as simple as 50/30/20, which divides expenses into three categories: needs, wants and savings. In this system, half of what remains in the paycheck after taxes covers needs such as housing, food, utilities and transportation. An additional 30% pays for wants and the final 20% goes toward short-term and long-term savings.

Other pitfalls those just starting out on their own experience is managing their money. The study also finds that those 18-24 are less likely to pay bills on time compared to all adults and just 1 out of 4 [check their credit score](#) regularly despite regulations that entitle them to one free credit report annually from each of the credit bureaus. Finally, just one third of 18- to 24-year-olds have emergency savings compared to almost half of all other adults.

Financial institutions, like Ally, provide information and tools to help people with [budgeting and managing spending](#). Ally's [easy-to-use budgeting calculator](#) can help build an emergency savings fund and with the Ally Card Controls app, Ally Bank customers can set alerts, turn their debit card on and off to block certain transactions, set spending limits and merchant categories, and set location-based transaction parameters.

About Ally Financial Inc.

Ally Financial Inc. (NYSE: ALLY) is a leading digital financial-services company with \$180.1 billion in assets as of March 31, 2019. As a customer-centric company with passionate customer service and innovative financial

solutions, we are relentlessly focused on "Doing it Right" and being a trusted financial-services provider to our consumer, commercial, and corporate customers. We are one of the largest full-service automotive-finance operations in the country and offer a wide range of financial services and insurance products to automotive dealerships and consumers. Our award-winning online bank (Ally Bank, Member FDIC and Equal Housing Lender) offers mortgage-lending services and a variety of deposit and other banking products, including savings, money-market, and checking accounts, certificates of deposit (CDs), and individual retirement accounts (IRAs). We also support the Ally CashBack Credit Card. Additionally, we offer securities-brokerage and investment-advisory services through Ally Invest. Our robust corporate finance business offers capital for equity sponsors and middle-market companies.

For more information and disclosures about Ally, visit <https://www.ally.com/#disclosures>.

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