
NEWS RELEASE

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LoveFamilyMoney: Shifting Structure of the Modern American Family Reveals New Challenges for Financial Security

Landmark Allianz Study Exposes Difficulties Faced by Nontraditional Families

MINNEAPOLIS – May 21, 2014 – Despite a stronger economy, today’s American families, and in particular “modern” families with a nontraditional structure*, are struggling in ways never seen before. Even though 85% of the more than 4,500 Americans polled in **LoveFamilyMoney**,** a new Allianz study, identify themselves as “middle class,”—a status that has traditionally afforded a level of financial security— a staggering 57% of modern families say that they are either “making ends meet,” “struggling financially,” or “poor,” a full 10 percentage points higher than their traditional family counterparts. Moreover, 49% of modern families say that they currently live paycheck to paycheck, versus 41% of traditional families, and 25% are not saving any money at all.

The Allianz **LoveFamilyMoney** Study was designed to seek insights into the financial needs of today’s families, which have reached unprecedented diversity. Today, just 19.6% of U.S. households are married heterosexual couples with children, a big shift from the 40.3% of traditional families counted in 1970. The study revealed surprising differences in the financial security of traditional versus modern families, providing the financial services industry with compelling evidence of the need to tailor products to the needs of specific family structures.

“The American family has changed considerably over the past 40 years, yet little has been done to examine the evolving and differing needs of the ‘modern family,’” said Gary C. Bhojwani, member of the Allianz SE Board of Management. “The Allianz **LoveFamilyMoney** Study explores these new family structures and the unique dynamics that affect people’s relationship with money, improving the way the financial industry can support the needs of all Americans.”

In the **LoveFamilyMoney** study, Allianz identified seven distinct family structures, or cohorts, one being the traditional family – those married to someone of the opposite sex with at least one

child under 21 living at home who do not fall under one of the modern family cohorts below. The study also looked at six other modern family cohorts:

- **Multi-Generational Families**—Three or more generations living in the same household
- **Single Parent Families**—One unmarried adult with at least one child under 18
- **Same-Sex Couple Families**—Married or unmarried couples living together with a member of the same gender
- **Blended Families**—Parents who are married or living together with a stepchild and/or child from a previous relationship
- **Older Parent with Young Children Families**—Parents age 40+ with at least one child under five in the household
- **Boomerang Families**—Parents with an adult child (21-35) who left and later returned to rejoin the family

Financially Disconnected Modern Families

"New family structures have a direct impact on a family's relationship with money and finances—and we found that, while modern families have similar strong emotional ties, they often feel financially less secure than their traditional counterparts," said Katie Libbe, Allianz Life vice president of Consumer Insights. "While family structure plays a prominent role, our study of these different modern family cohorts uncovered a number of unique insights into each group's attitudes, perceptions and beliefs around money and financial planning."

Just 30% of modern families felt a high level of financial security, versus 41% of traditional families. The split becomes more pronounced when looking at financial hardships. Nearly 36% of modern families have collected unemployment, versus only 21% of traditional families. And 35% of modern families have unexpectedly lost a main source of income, compared with 23% in the traditional category. Moreover, twice as many modern families have declared bankruptcy versus traditional families (22% compared with 11% of traditional families).

Modern families also struggle with their financial futures. Only 34% of modern families believe that they have "excellent/above average" financial planning knowledge/expertise, compared with 44% of their traditional counterparts. And only 51% of modern families (versus 60% of traditional families) think that they are on track to achieve their financial goals. The reason? Fifty-eight percent of modern families say that covering current expenses takes priority over planning for the future.

Open and Encouraging, Yet Unwilling to Seek Help

Despite the challenges they face, today's modern families are in fact striving to achieve financial success and more of them openly talk to their children about their personal financial situation than do traditional families (54% versus 47% of traditional families). Moreover, 47% of modern families have actively encouraged their children to invest and save for their own retirement goals, compared to only 38% of traditional families. Yet despite this encouraging and open environment, they're unlikely to rely on professional assistance to build their own financial plan. Less than half (43%) of modern families say they have ever used a financial professional versus 53% of traditional families.

This lack of professional guidance may be a factor in the way many modern families approach financial planning. More than a quarter (26%) said they "don't make enough money to think about financial planning for the future," versus 18% of traditional families. Nearly a third (31%) say they have "too many expenses and/or debts to pay off before I can think about planning for the future," compared to about a quarter (26%) of traditional families.

"Although the overwhelming majority of American families have experienced financial stress in recent years, potentially affecting their ability to meet their financial goals, it's clear that modern families have other unique factors impacting how they approach and think about financial planning," said Bhojwani. "As an industry, we have a historic opportunity to help guide Americans on a path to financial security, and this study provides critical insights toward that effort."

Delving Deeper into Family Structure and Finances

In the coming months, Allianz will release additional data from its landmark **LoveFamilyMoney** study. Topics will include, among others:

- Another place at the table—How unexpected family additions trigger seismic shifts in financial well-being and connectedness.
- Financial codependency—The modern family's emotional-financial tug of war.
- A unique approach—Financial planning strategies for today's modern families require a different approach.
- The wealthy poor—Modern families struggle to balance short-term wants with long-term security.

About Allianz

Allianz has been providing financial services through its affiliates in the United States since 1896. We offer world-class expertise across a wide range of financial services, from active asset management to innovative solutions to help grow and protect income in retirement. As a leading global financial services company with more than 147,000 employees in 70 countries, we're proud to make a difference in the lives of our more than 83 million clients worldwide each day. To learn more about Allianz, visit us online at <http://www.allianzusa.com>.

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*Traditional families are defined as families where the spouse is married to someone of the opposite sex with at least one child under 21 living in the household; No stepchildren, no adult child who returned home, and no one else besides spouse/children living in the household.

The Allianz **LoveFamilyMoney Study was conducted by The Futures Company via an online panel in January, 2014 with more than 4,500 panel respondents ages 35-65 with a household income of \$50K+ and was commissioned by Allianz.