Young adults and money? It's complicated

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NASHVILLE, Tenn.—When it comes to making financial decisions, although some Christian young adults are influenced by their faith, many don't manage their money in distinctly Christian ways.

An AdelFi study conducted by Lifeway Research found having a Christian worldview impacts the way young adults (ages 25-40) manage their money, which is most evident in that Christians give nearly three times as much money as non-Christians.

Furthermore, Christians are more than twice as likely as non-Christians to say faith influences their financial decisions. In particular, most Christians say they recognize the responsibility of good financial stewardship.

"AdelFi was interested in understanding what differences exist in how younger Christians handle their money compared to non-Christians," said Scott McConnell, executive director of Lifeway Research. "Christians are much more active in donating their finances and no less active in trying to do good with their spending."

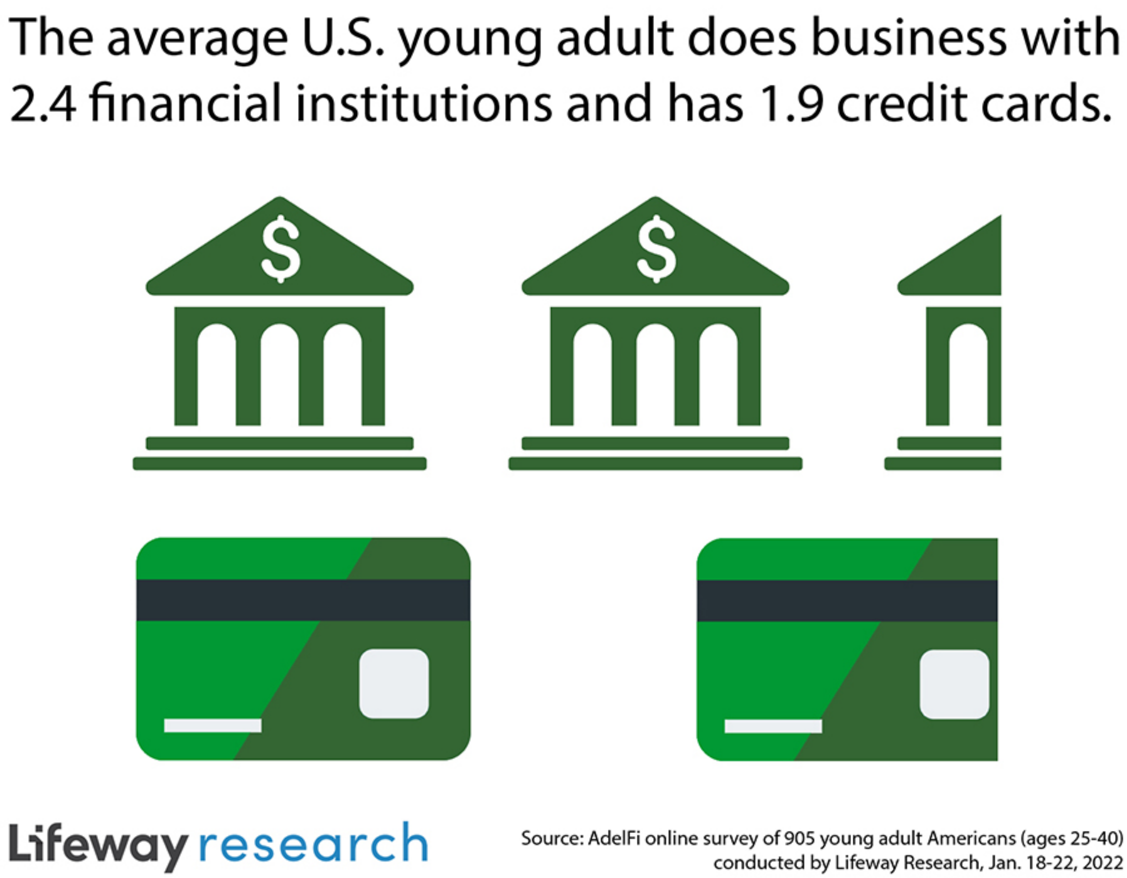
The average young adult does business with 2.4 financial institutions (loan accounts, checking accounts, savings accounts, etc.) and has 1.9 credit cards. But 23 percent don't have an active credit card.

Young adults also have varying mentalities toward spending money. Overall, 45 percent of young adults say they track what they've spent money on, and 45 percent say they save for what they want to buy. Another 41 percent say they set a budget they follow.

Fewer say they often buy things impulsively (28 percent) or get a loan or finance purchases when needed (16 percent).

Young adults are most likely to say their parents influence their financial decisions (47 percent). But they are also frequently influenced by their friends (30 percent), financial publications or websites (25 percent) and financial advisers (20 percent).

While most young adults make financial decisions based on what they want today (76 percent), even more say they consider where they want to be in several years (83 percent) when making financial decisions.



How does faith impact money management?

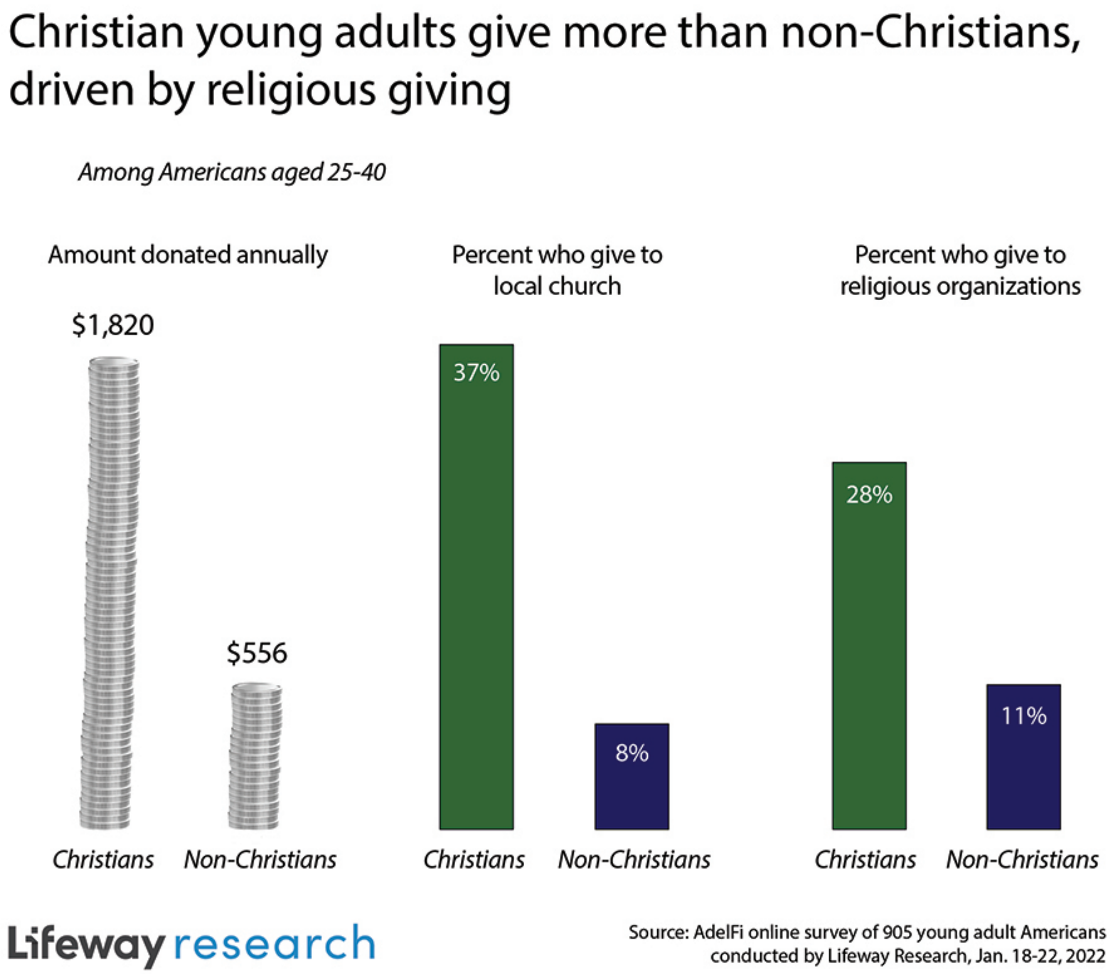
Just over one-third of young adults (36 percent) agree their religious faith influences their financial decisions. Christians (44 percent) are more than twice as likely as non-Christians (20 percent) to agree that their faith influences their financial decisions. But exactly how faith impacts the way they manage money varies.

The typical Christian young adult donates more than three times as much as non-Christians over the course of a year ($1,820 v. $556). This is aided by the fact that more Christians give to a local church (37 percent) and religious organizations (28 percent) than non-Christians do (8 percent and 11 percent respectively).

Although most Christian young adults don’t give to a local church (63 percent), many still say tithing, giving at least 10 percent, to their local church is a biblical commandment for today (56 percent).

“One would expect Christians to give more than non-Christians to churches and religious organizations, but they are also more likely to donate to 3 out of 4 other types of recipients,” McConnell said.

“While overall the financial generosity of Christian young adults is very noticeable, there remains a large group who don’t practice their belief in the need to give to a local church.”



Tithing alone doesn't account for the difference in giving between Christian and non-Christian young adults as Christians are also more likely to give to other groups as well. In fact, Christian young adults gave twice as much as non-Christians to individuals or families in need in the past year ($603 v. $261).

Christians also are more likely than non-Christians to give something to a GoFundMe crowdfunding effort (27 percent v. 20 percent) and nonreligious charities or educational organizations (29 percent v. 20 percent). There is not a meaningful difference in giving to social causes.

The Christian's generosity goes beyond financial giving. Christian young adults (74 percent) are also more likely than non-Christians (68 percent) to agree it's important to give time regularly to volunteer helping good causes or individuals in need.

Overall, young adults in America don't appear to be particularly generous. Even though Christians are more likely to have donated in the past year (70 percent) than non-Christians (55 percent), 83 percent of young adults gave a total of $1,000 or less in the past year.

Although most survey participants (56 percent) were employed full-time, 36 percent of young adults didn't give donations to any group or individual in need in the past year.

Link between financial responsibility and faith

More than two-thirds of Christian young adults say they have a responsibility to be good stewards of their finances (69 percent). Understanding they are stewards of the money they have, Christians are more likely to make financial decisions based on where they want to be in several years (85 percent) than non-Christians (78 percent).

"Most people want to be financially responsible, and most Christian young adults see this as a responsibility that comes with their faith," McConnell said.

On average, Christians don't have less debt than non-Christians, and the two groups have similar attitudes when it comes to loans for big purchases, the necessity of incurring some debt as a young adult and the necessity of personal debt in today's economy.

Although young adults in America accept the reality of debt, they don't desire debt. With no significant difference between Christians and non-Christians, 78 percent of young adults seek to avoid debt at all costs.

While more than two-thirds (70 percent) say most personal debt can be avoided, 75 percent of young adults in America currently have debt of some kind.

On average, young adults in America have $41,808 worth of debt. The majority (79 percent) have $50,000 or less in debt, and most young adults (54 percent) do not consider their current amount of debt excessive.

Christians and non-Christians may look similar when it comes to their actions regarding debt, but Christians are more likely to consider taking out a loan a financial defeat (47 percent) than non-Christians (37 percent).

Deeply concerned about predatory lending

While predatory lending is a concern for many Americans, Christians are more strongly opposed to it than non-Christians are. Christian young adults are more likely than non-Christians to agree that lenders should only approve loans where the borrower has the ability to repay it within the term of the loan (81 percent v. 72 percent).

Similarly, Christians are more likely than non-Christians to agree lenders should only extend loans at reasonable interest rates (87 percent v. 81 percent).

A 2016 Lifeway Research survey of Christians in 30 states with little to no regulation of payday loans found 77 percent believe it is a sin to loan someone money when the lender gains by harming the borrower financially.

“Christian young adults reflect biblical teachings such as the Golden Rule and specific verses forbidding excessive interest, as they are more likely to want to limit loans with unreasonable rates and that people are unable to repay,” McConnell said.

The average young adult in America cares about values when making financial decisions, and they want the companies they do business with to share the same values they hold.

Seventy-four percent of young adults seek to purchase from companies that share their values. Almost as many (70 percent) seek to purchase from financial institutions that share their values, and 67 percent say they try to make purchases from companies that have a social mission that benefits society in tangible ways.

In general, Christians and non-Christians think similarly about these things. However, Christians are more likely to say they don’t seek to purchase from financial institutions that share their values (24 percent) than non-Christians (18 percent).

While most young adults say they try to purchase from companies that operate in sustainable ways (72 percent) and socially responsible ways (71 percent), most don’t dig into every aspect of a company’s operations before making a purchasing decision. Christians are more likely to buy a good product or service without worrying about how the company operates parts of the business that don’t directly affect them (70 percent) than non-Christians (55 percent).

Among Christians, 59 percent intentionally try to purchase from companies that act in ways that honor Christ. Just under half of Christian young adults agree (48 percent) that Christians have a responsibility to try to spend their money with companies that are owned or operated by Christians.

“Young adults are very conscious about trying to make a difference in society with their purchases," McConnell said. "Christian young adults are no exception. Most of them approach spending decisions with a desire to honor Christ and to be good stewards of their finances all while seeking to do business with companies that help others."

The online survey of 905 Americans was originated and sponsored by AdelFi, formerly called Evangelical Christian Credit Union, and conducted by Lifeway Research Jan. 18–22, using a national pre-recruited panel. Respondents were screened to include only those ages 25-40.

Quotas and slight weights were used to balance gender, age, region, ethnicity, education and religion to reflect the population more accurately. The completed sample is 905 surveys, providing 95 percent confidence that the sampling error from the panel does not exceed plus or minus 3.5 percent. Margins of error are higher in sub-groups.