

Financial Well-Being and Wealth among Young Adults



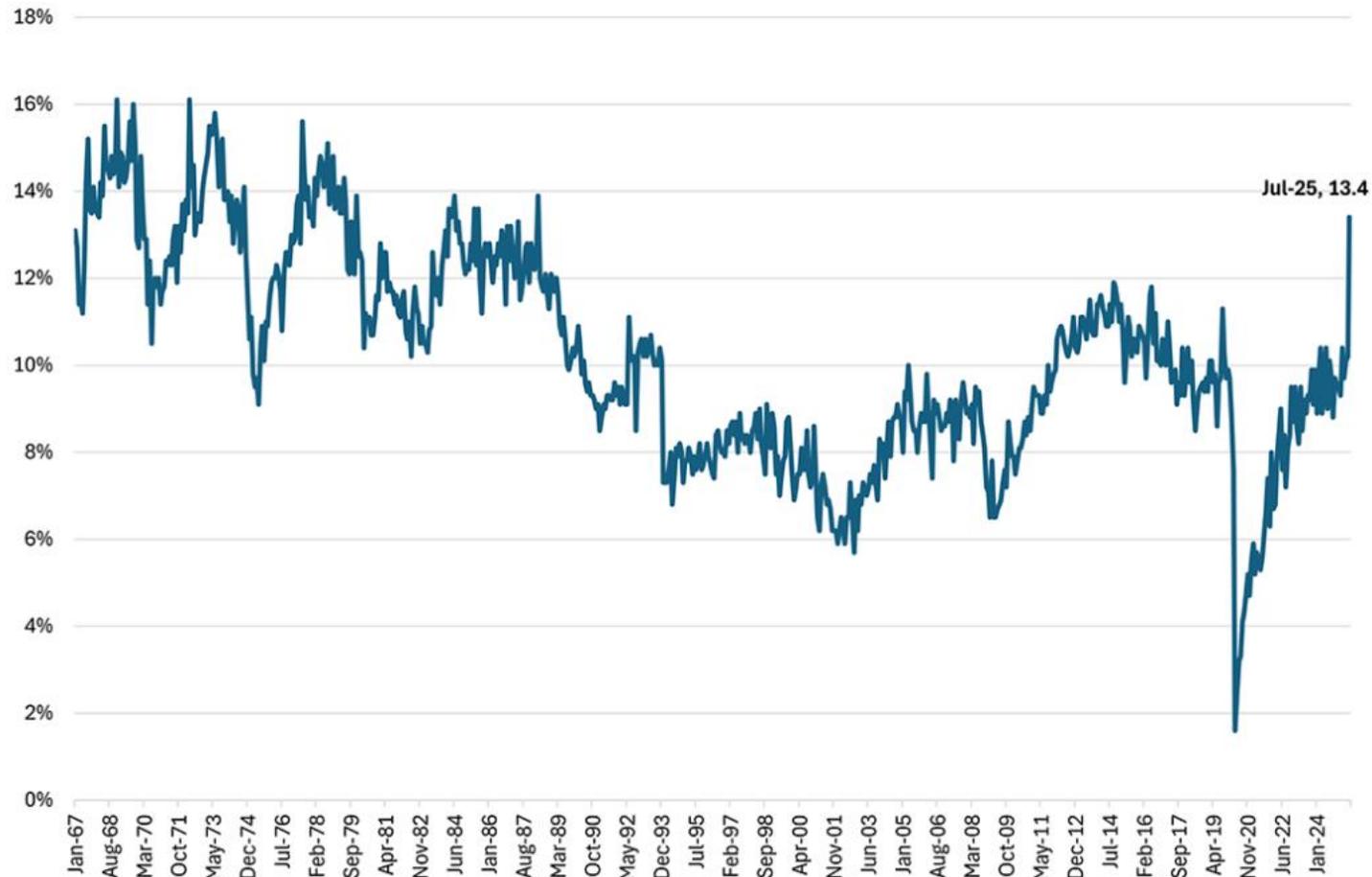
Navigating changing opportunities and resources across young adults' financial lives

Earnings and Employment:

A changing employment landscape shapes how young adults can achieve financial stability today

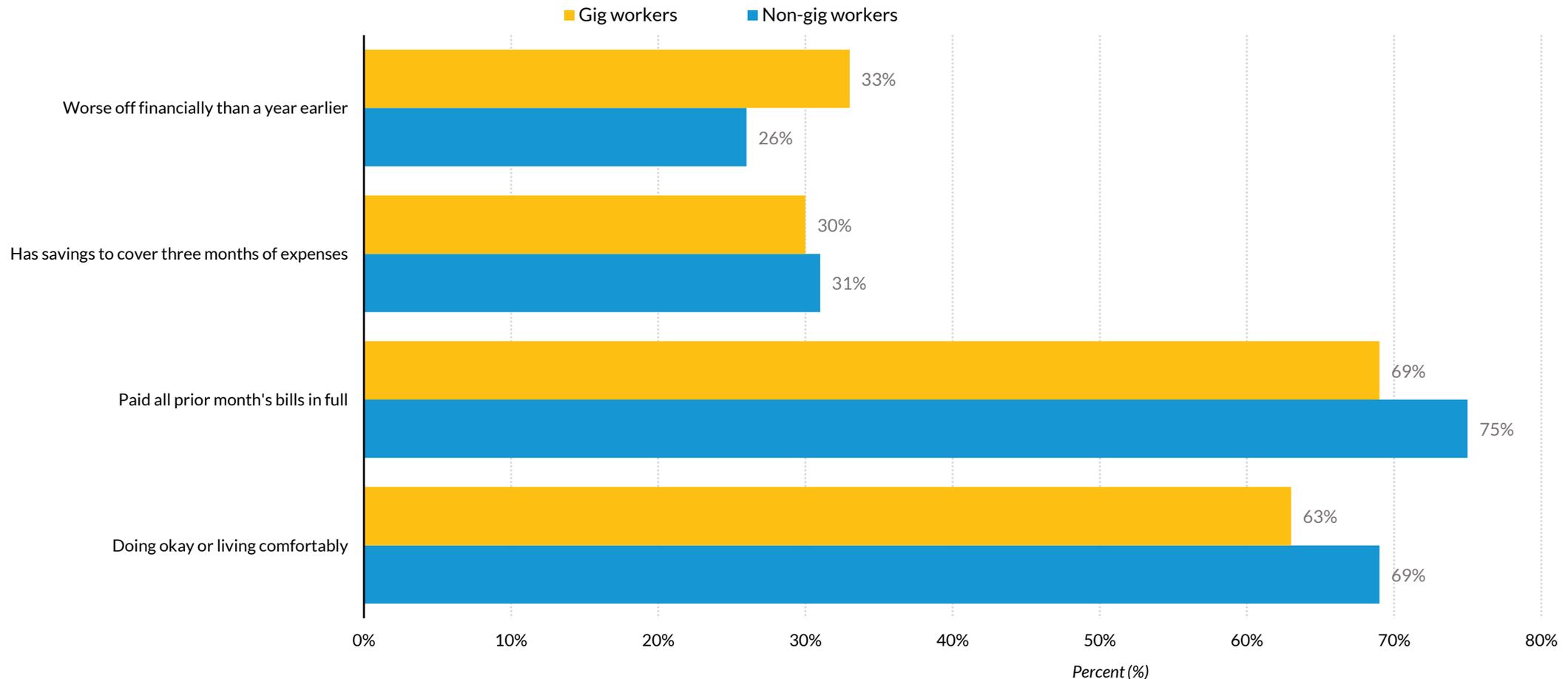
Getting onto the career ladder is increasingly difficult

Share of unemployed individuals who are new labor entrants (1967-2024)



Source: Richmond Federal Reserve Bank and the Bureau of Labor Statistics

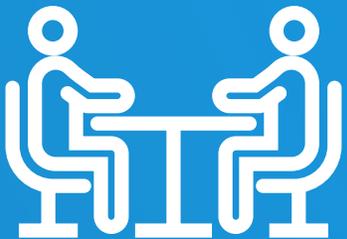
One in four young adults participate in gig work, and report experiencing higher levels of financial distress



Source: Urban Institute calculations of the Survey of Household Economics and Decision-making (2024) from Judah Axelrod

“I don’t have enough capital to put into a portfolio or high-yield savings account because I need to use it. I just don’t have the luxury of having a large sum of money that I don’t need in the moment... Being able to put that into investments and have that generate more wealth? Ideally, yeah, I would. I just don’t [do that].”

--Young Adult (2025)

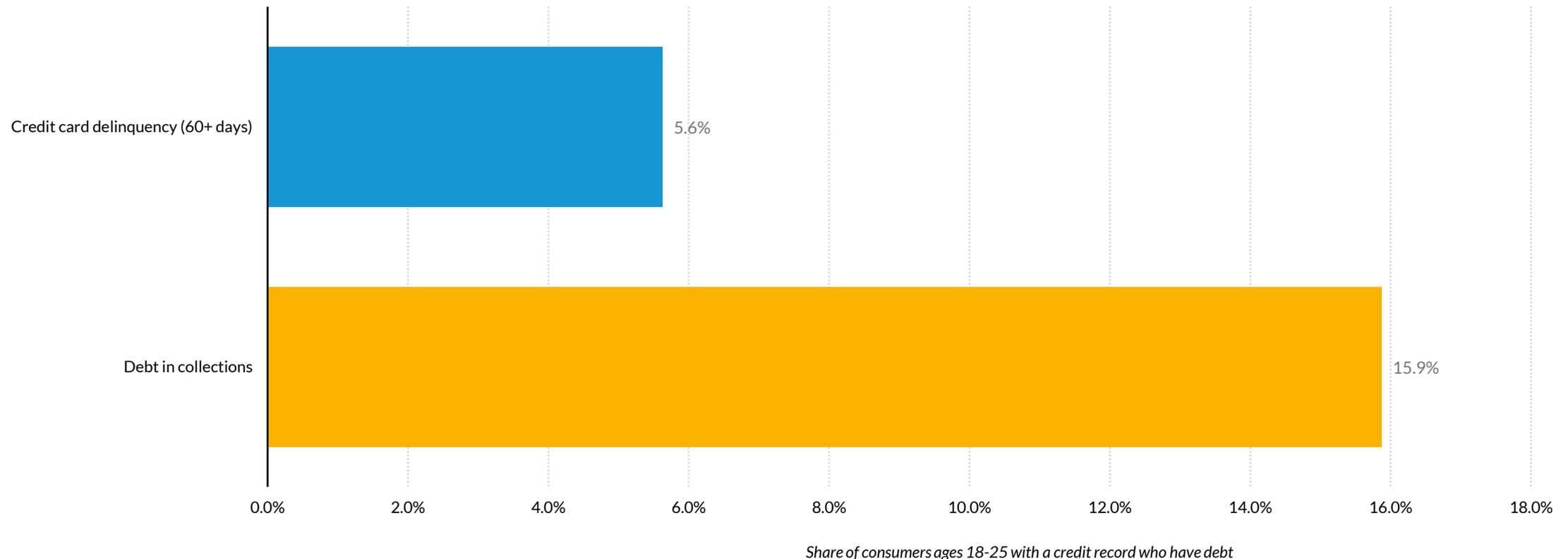


Debt and Credit:

Debt can help smooth income and help people invest in wealth-building opportunities, but debt burdens could constrain young adults' future stability

In 2025, 1 in 6 young adults experience challenges meeting repayment obligations

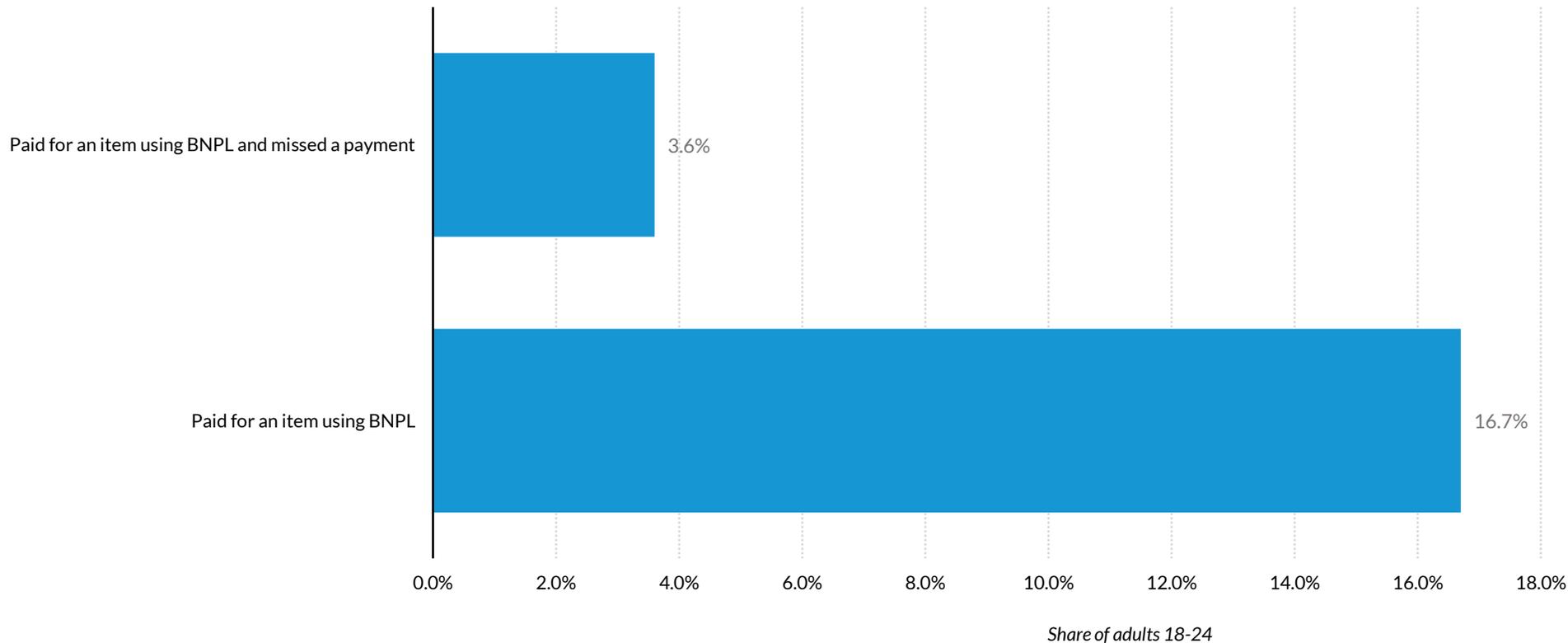
Share of young adults with credit card delinquencies or debt in collections



Source: Author's provisional calculations of Urban Institute credit bureau data from August 2025, final update in Debt in America (November 2025)

One in five young adults who used Buy Now, Pay Later missed a payment

Share of young adults who used BNPL and missed a payment



Source: Urban Institute Well-Being and Basic Needs Survey from December 2023

Looking forward, disruptions could undermine young adults' financial stability if there are not resilience-improving policies and programs in place

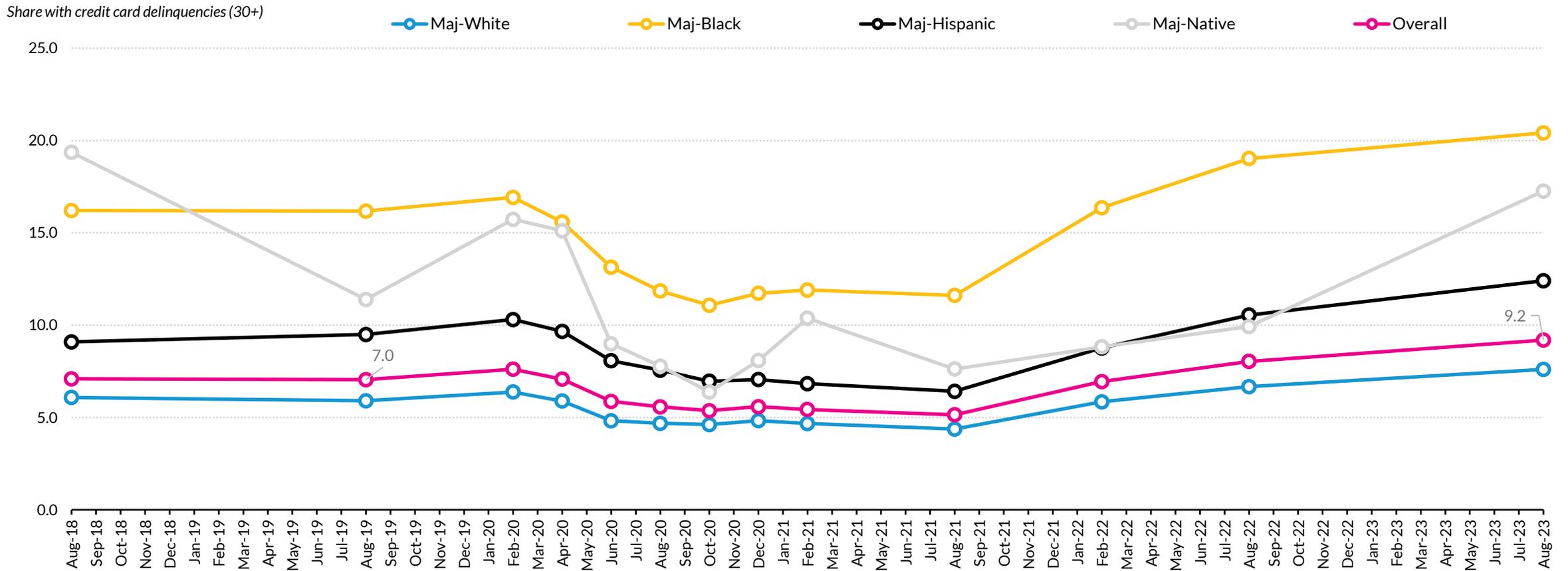
“We don’t want much.

What most of us want is stable income, a retirement plan/pension... to have some spending money, maybe own our own homes. I think that’s about it.

I don’t think we’re asking for that much but apparently, we are.”

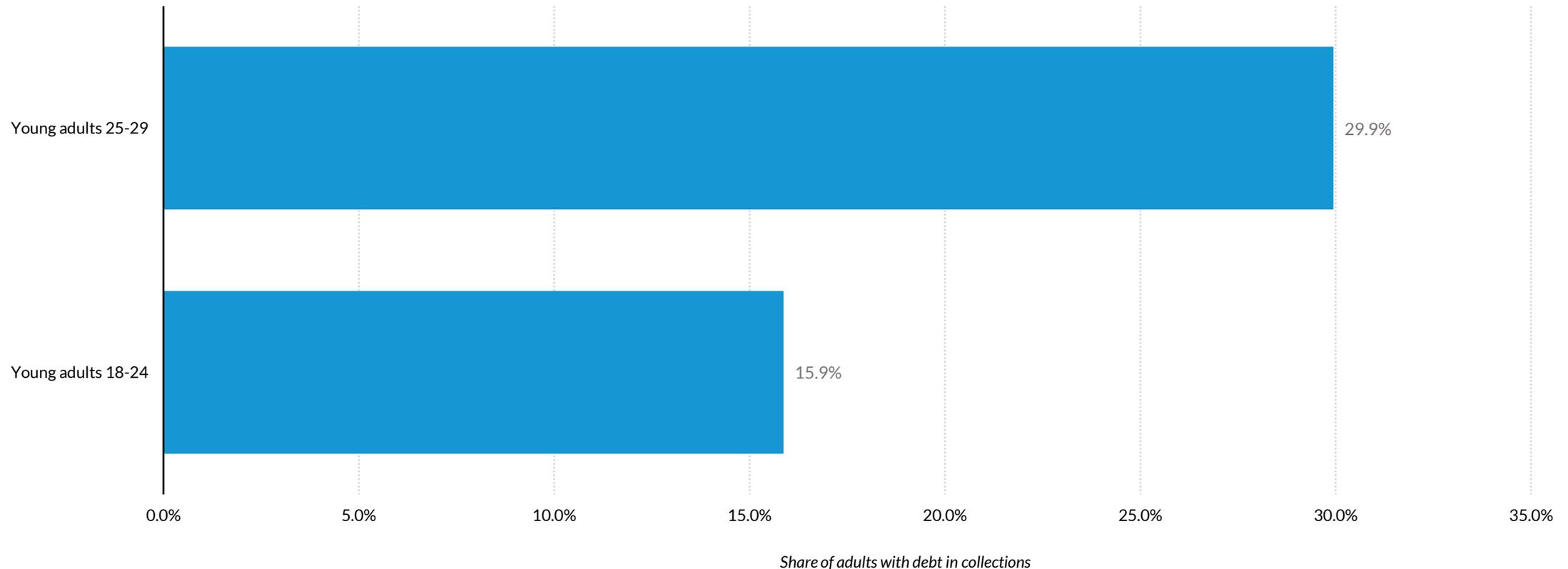
--Young Adult (2025)

Young adults' credit card delinquencies increased in late 2021, exceeding pre-pandemic levels



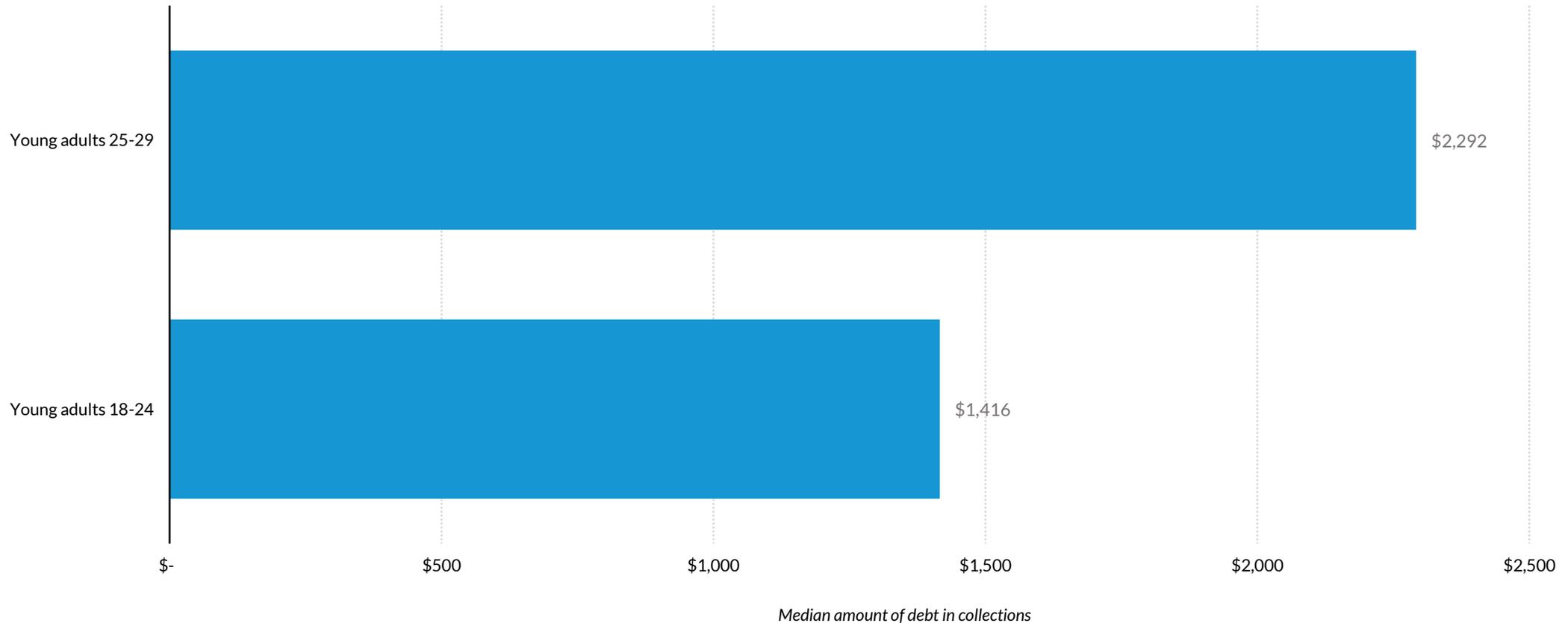
Source: Author's calculations of Urban Institute credit bureau data from August 2018-August 2023

Even 5 years later, young adults who experienced the pandemic recession in their 20s have worse credit health than younger peers

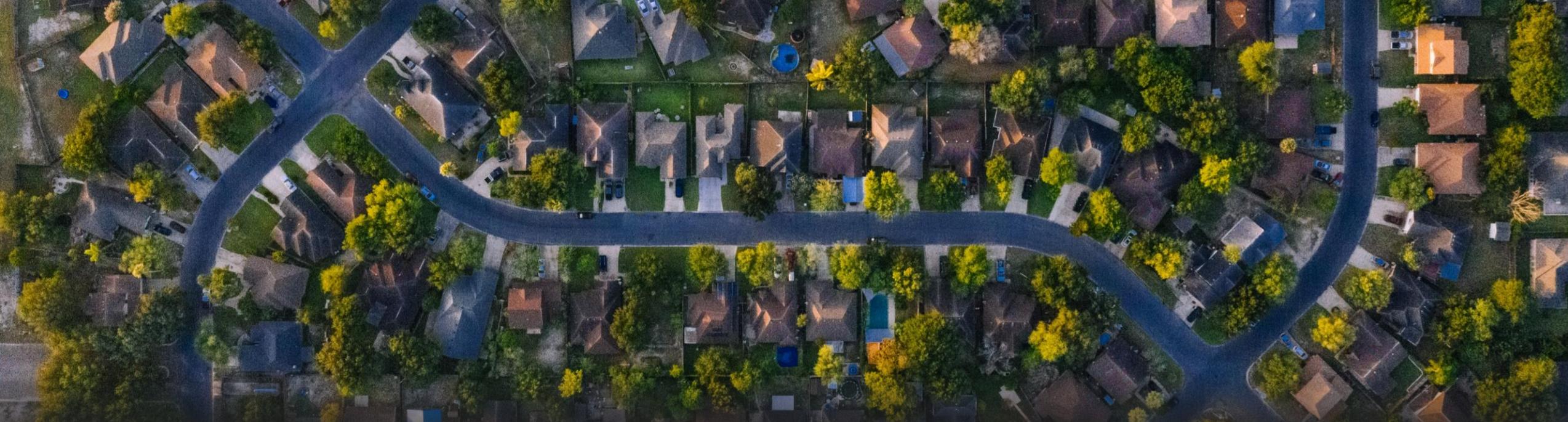


Source: Author's provisional calculations of Urban Institute credit bureau data from August 2025, final update in Debt in America (November 2025)

... and have nearly 1.5 times the amount of debt in collections



Source: Author's provisional calculations of Urban Institute credit bureau data from August 2025, final update in Debt in America (November 2025)



Tuesday, September 30, 2025

Financial Well-Being and Wealth Among Young Adults

Michael Neal
Senior Fellow and Practice Area Lead



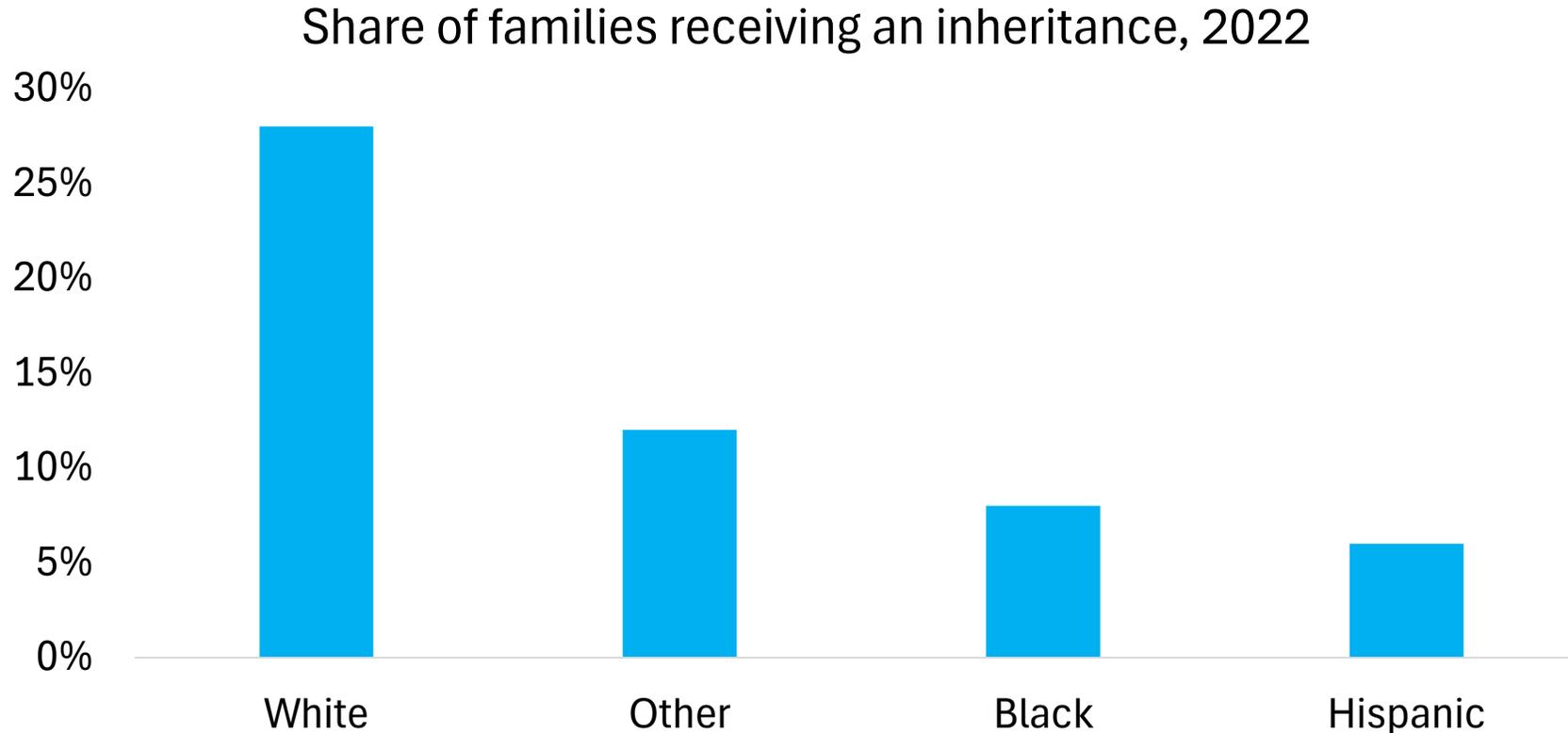
**THE HOUSING FINANCE
POLICY CENTER AT
THE URBAN INSTITUTE**

*Celebrating Ten Years of
Data and Innovation for
a More Equitable Future*

Key Takeaways

- Importance of Inheritances for racial wealth differences
- Key Determinants of Inheritance Gaps
- Baby Bonds Can Help
- But Ensuring Financial Health of Young Adults is Critical

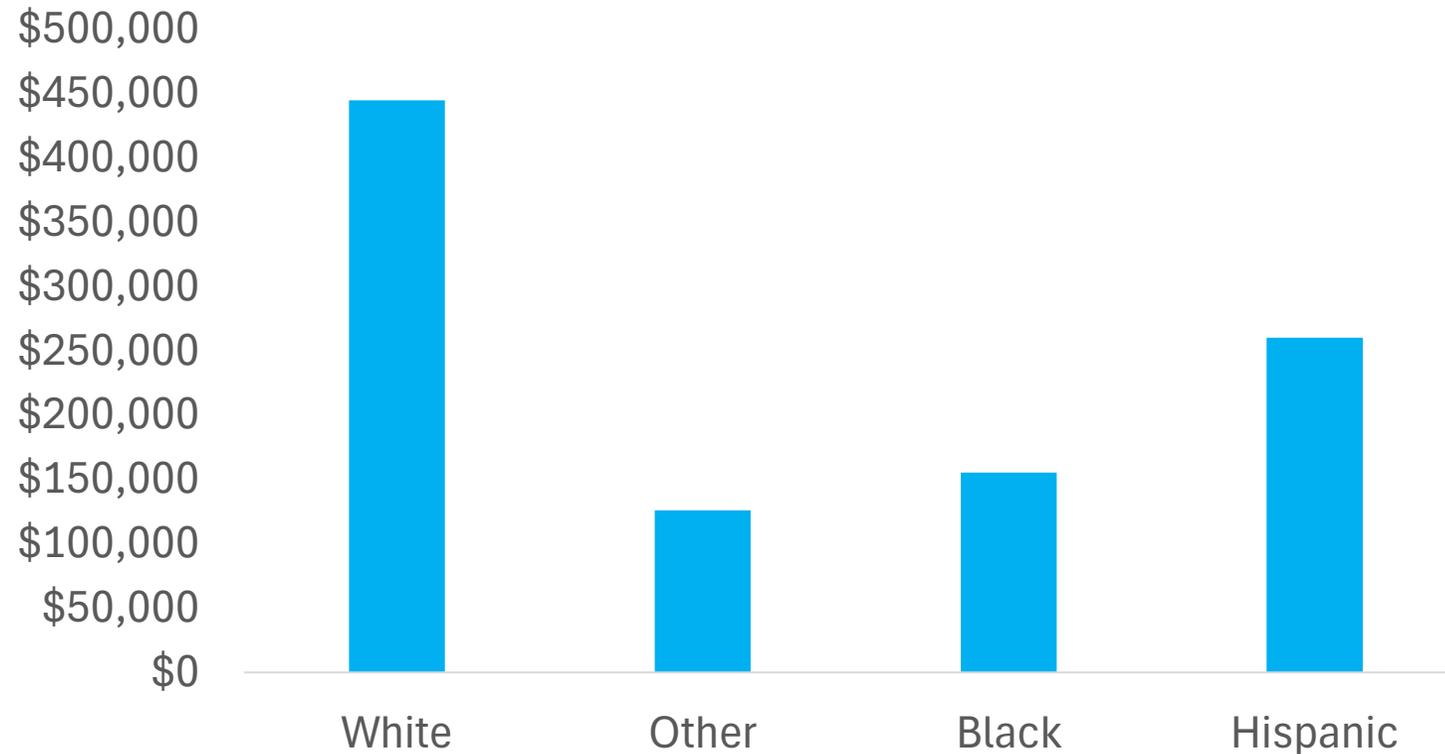
Families of Color Are Less Likely to Receive an Inheritance



Source: Nine Charts About Wealth Inequality in America. Urban Institute 2024.

Typical Senior Families of Color Have Less Wealth

Median Networth, 2022

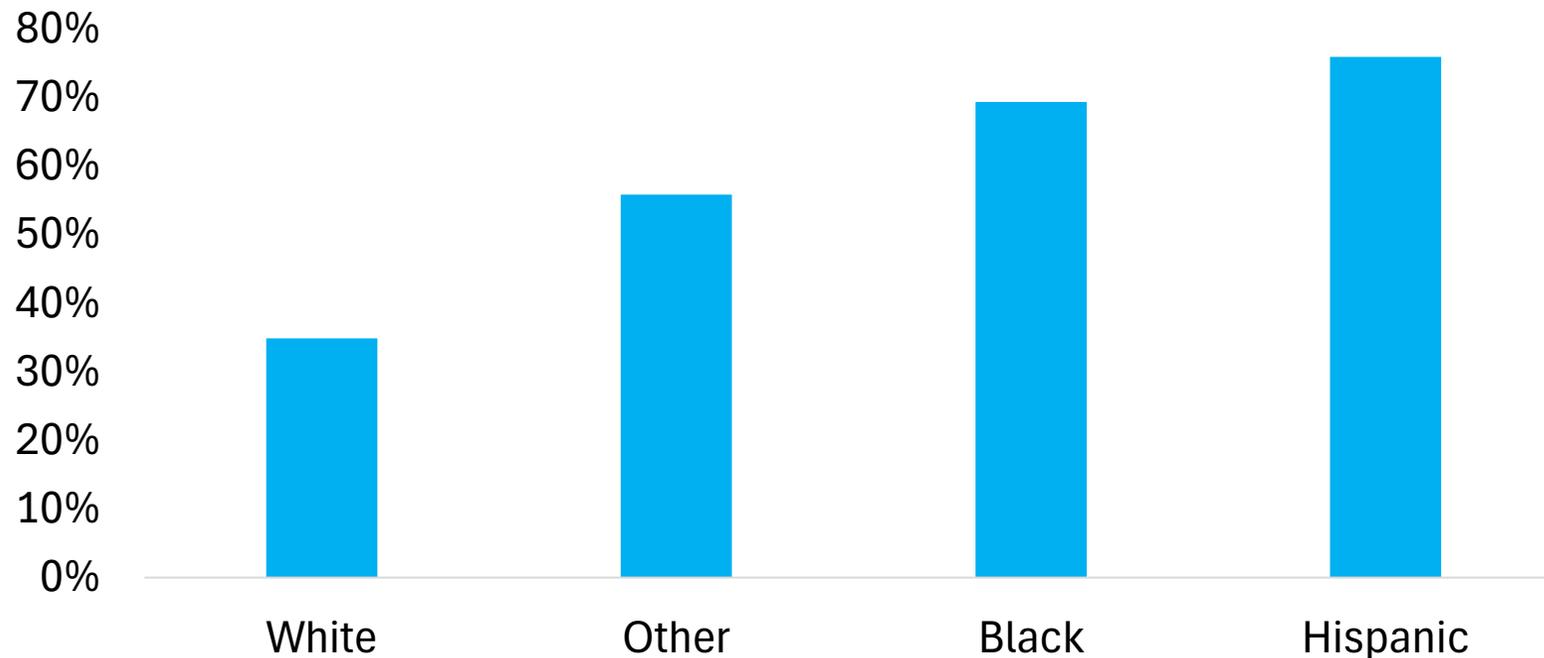


Source: Urban Institute calculations of data from the 2022 Survey of Consumer Finances.

Note: senior families are those where the household head is above the age of 50.

Senior Families of Color Are Less Likely to Have a Will or an Estate Plan

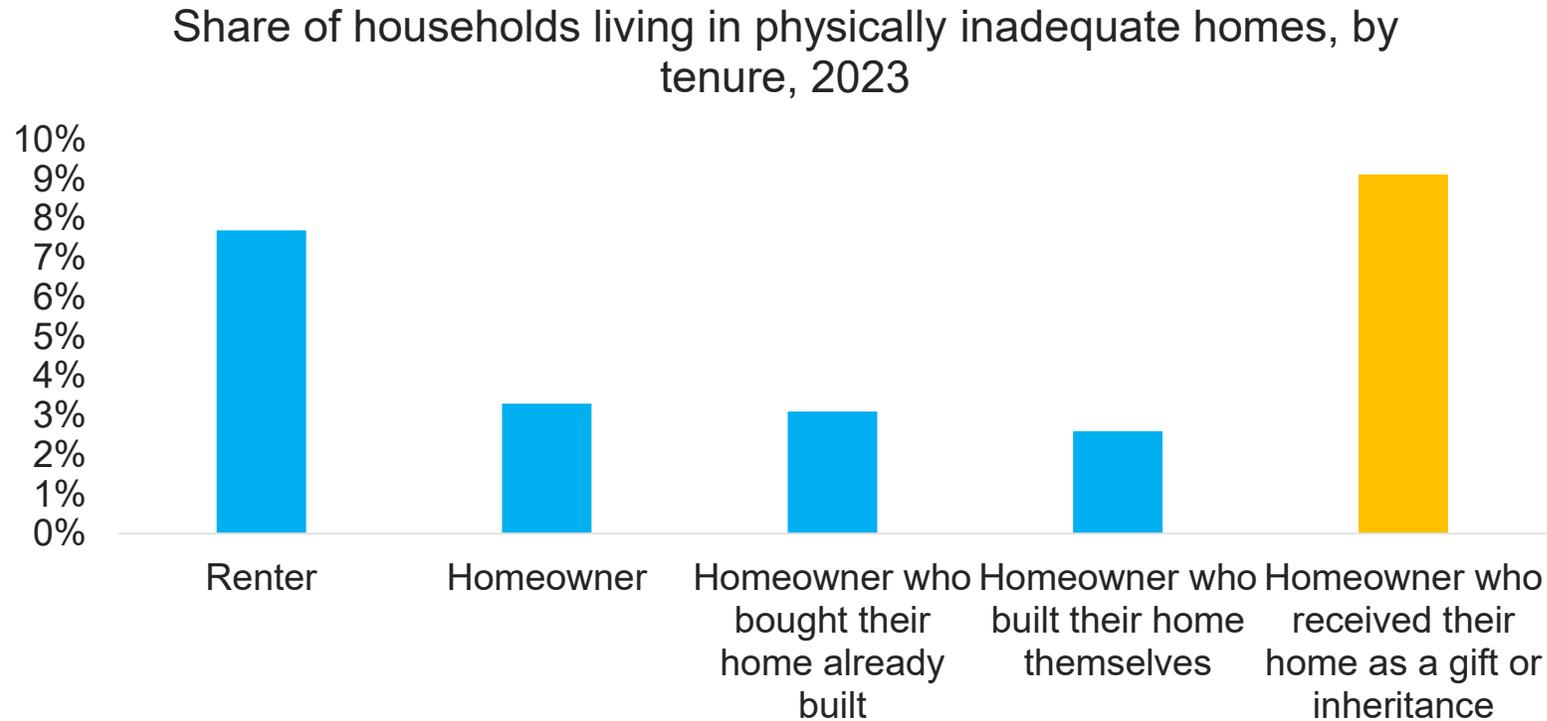
Share of senior homeowner families lacking a will or estate plan, 2020



Source: Prospective Heirs' Property among Older Homeowners: Four Facts on Heirs' Property Conditions by Race and Ethnicity. Urban Institute, 2024

Note: Senior families are those where the household head is above 50.

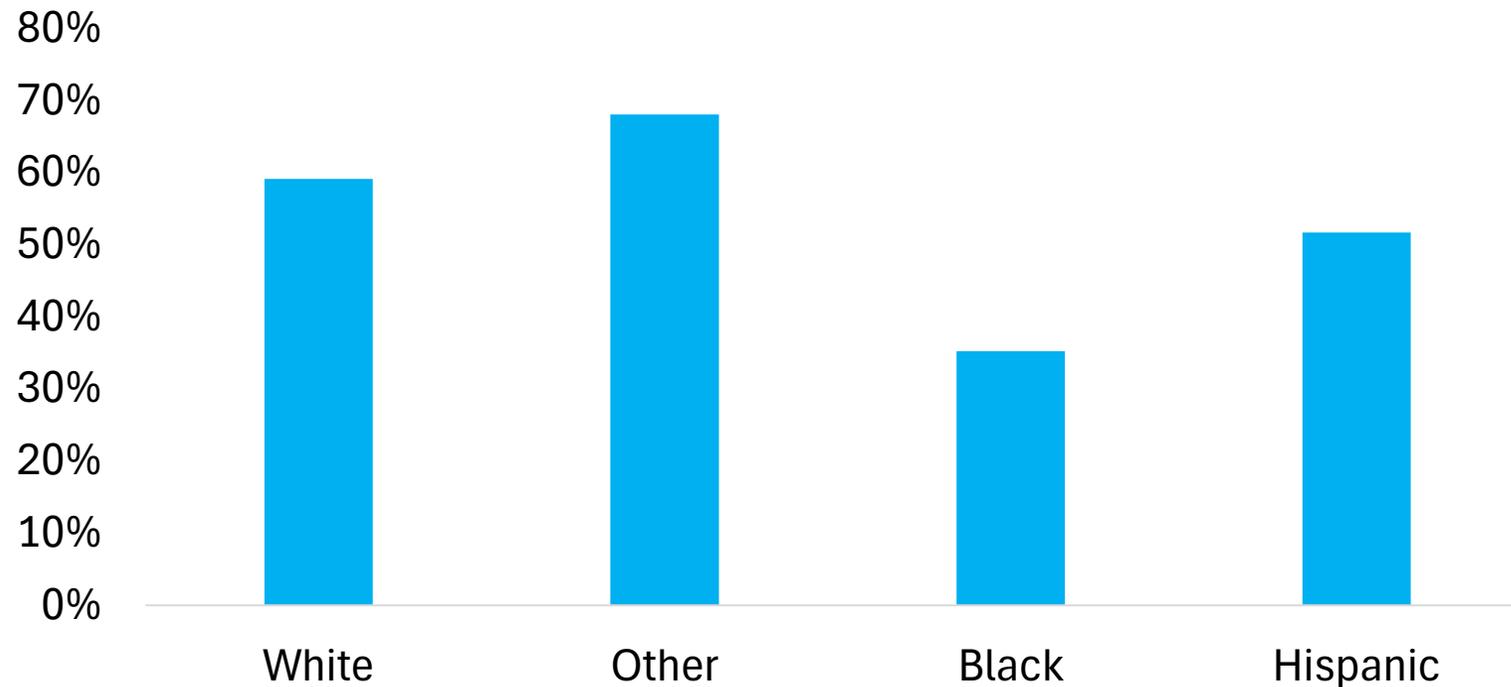
Homeowners that Inherit Their Home are More Likely to Live in Physically Inadequate Properties



Source: Inherited Homes are More Likely to be Poor Quality, Compounding Racial Wealth and Housing Gaps. Urban Institute, 2024

Senior Black Families are Most Likely to Have Life Insurance

Share of senior families with life insurance, 2022



Source: Inherited Homes are More Likely to be Poor Quality, Compounding Racial Wealth and Housing Gaps. Urban Institute, 2024

Note: senior families are those where the household head is above the age of 50.

Key Takeaways

- Importance of Inheritances for racial wealth differences
- Key Determinants of Inheritance Gaps
- Baby Bonds Can Help
- But Ensuring Financial Health of Young Adults is Critical

Cash Catalyst Program - Overview

- The Cash Catalyst Program is the Wealth Accelerator's inaugural wealth-building intervention - a first-in-the-nation accelerated baby bonds program targeting 18-30 year olds. This program is designed to model Connecticut's upcoming Baby Bonds distributions while providing valuable insights on how to maximize the wealth-building impact of cash transfers.
- The Cash Catalyst Program provides **\$2,000 in debt relief** to all participants, **\$20,000 cash injection** to a subset of individuals, other **wrap around services** (personal financial planning with financial advisers) and a **technological platform** to boost financial literacy.

Cash Catalyst Program – Key Outcomes Focus on Building Financial Health in Preparation for Wealth Building

- Medium-term Outcomes:
 - Building 3-6 months savings
 - Higher credit score
 - Lower debt-to-income ratio
 - Consistent on-time payments on debt
 - Steady income stream over 12-month period
- Longer-term Outcome: Acquire wealth in property ownership, business formation, investments or education

Thank You!

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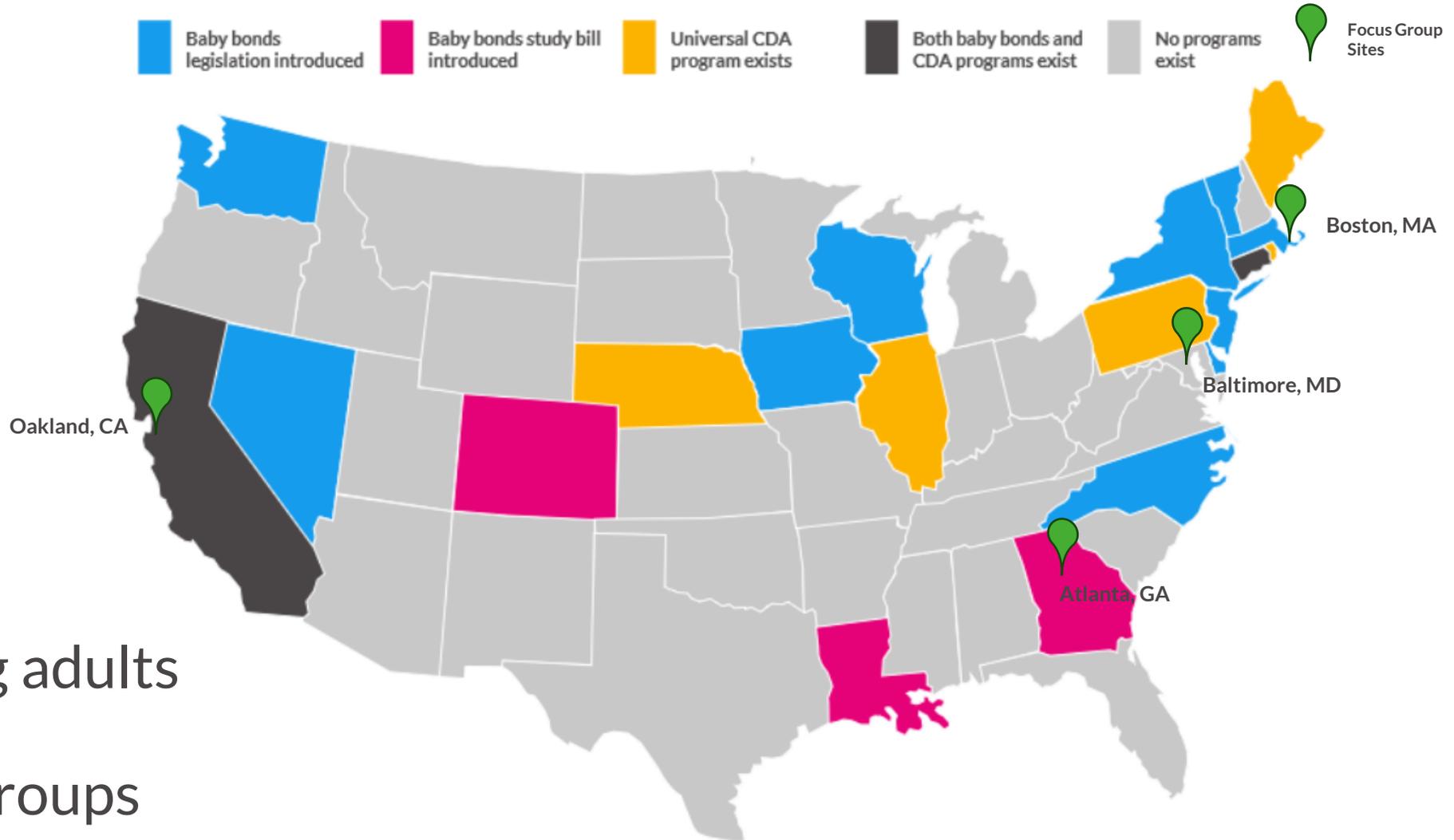
Young Adult Perspectives on Wealth Building

Madeline Brown, Senior Policy Associate, Urban Institute

September 2025



Focus groups targeted places with early wealth building programs.



59 young adults

6 focus groups

Barriers to Wealth Building Described by Young Adults



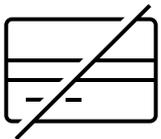
Top barrier: Housing affordability and gentrification



Section 8 housing scarcity, rising rents wiping out savings



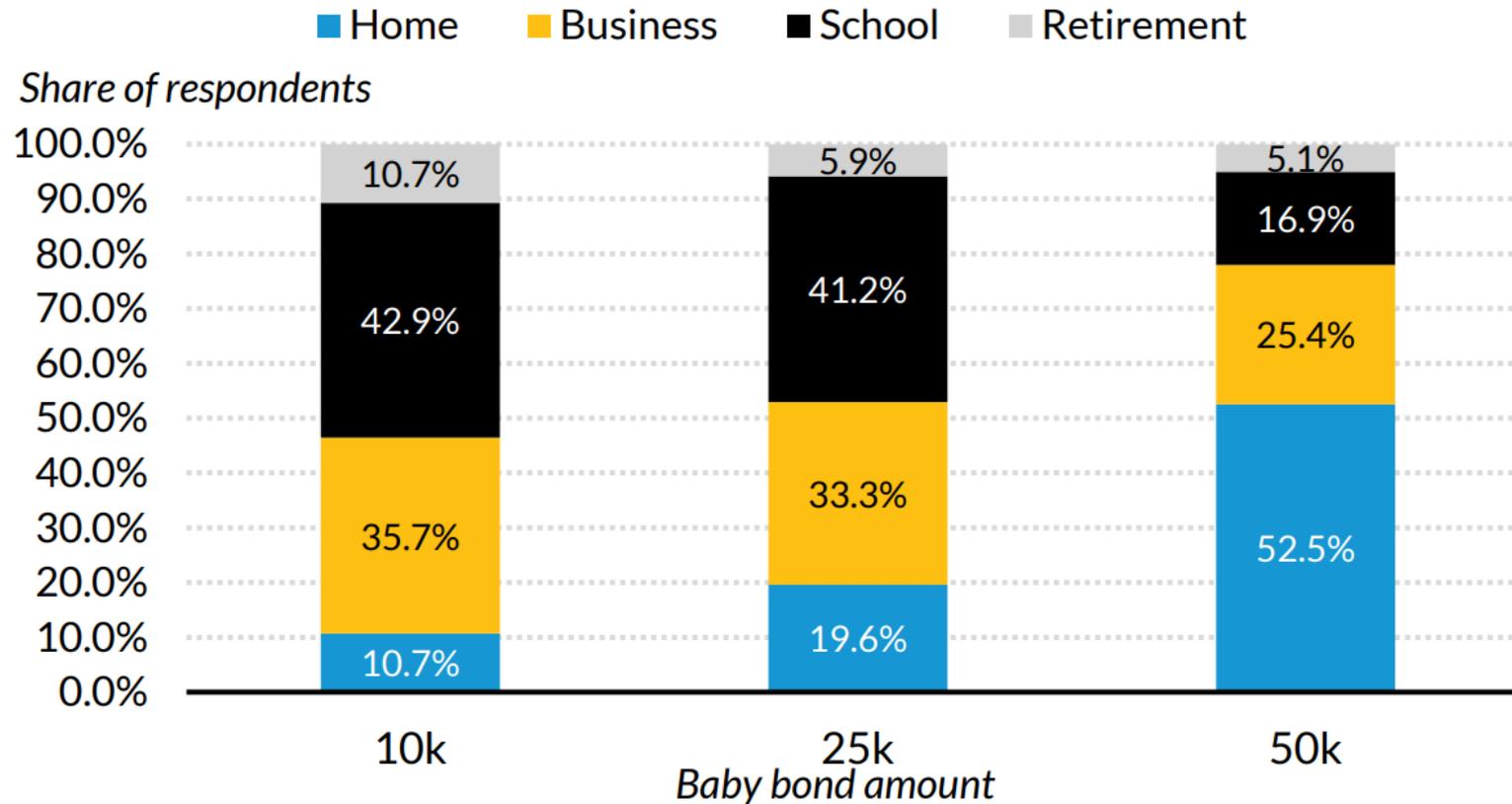
Commercial rents hinder business ownership



Debt seen as prerequisite for opportunity (school, home, business)

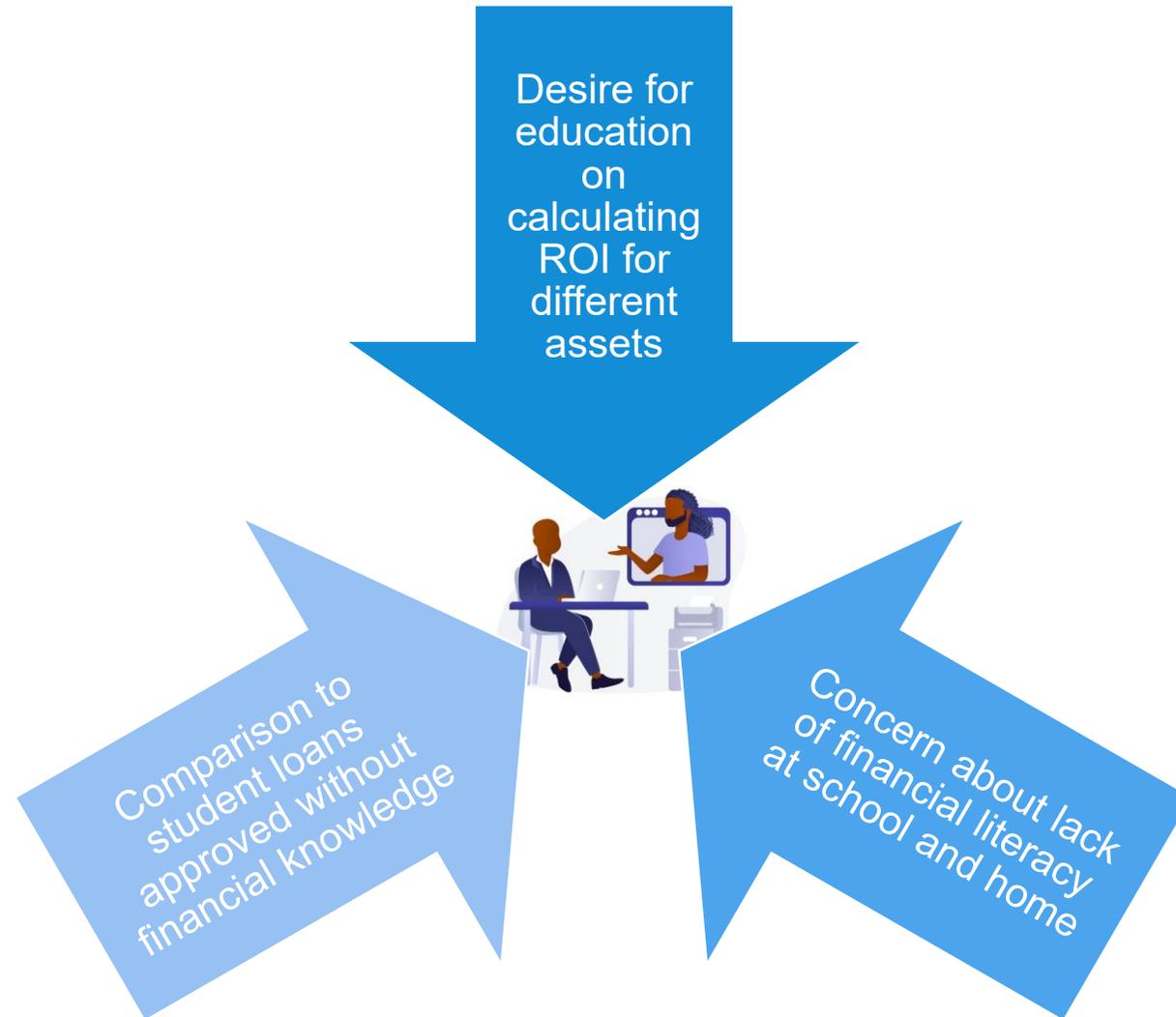
Young Adults' Preferences for Spending Baby Bonds Vary by Fund Amount

Share of Focus Group Participants, by Preferred Use and Amount



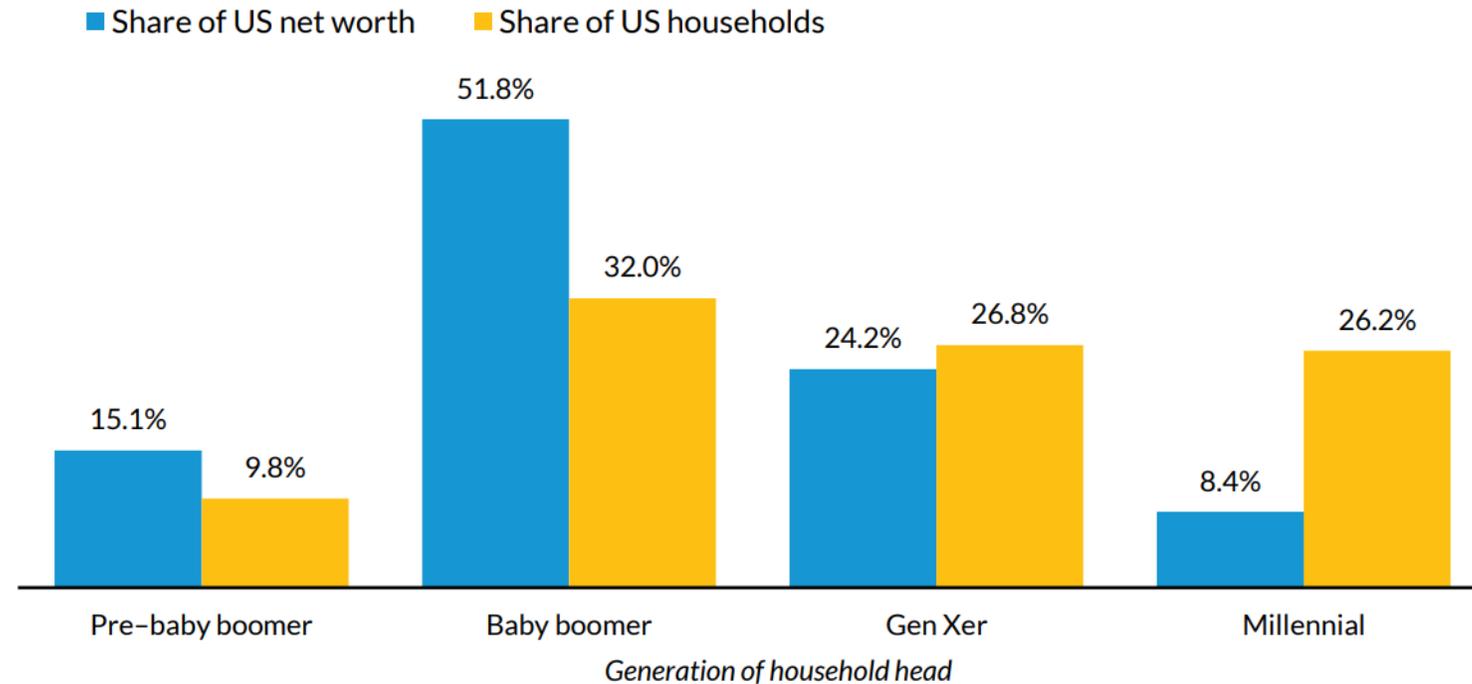
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Young adults wanted financial education delivered alongside baby bonds.



What would it take to ensure financial resilience for young adults?

US Households and Net Worth, by Generation



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Source: Urban Institute analysis of the 2022 Survey of Consumer Finances.

Notes: We define all generations by birth year of the household head. Pre-baby boomers were born before 1946, baby boomers were born from 1946 to 1964, Gen Xers were born from 1965 to 1980, and millennials were born from 1981 to 1996. We excluded those born after 1996 because of limited data.