



Millennials Are the Least Wealthy, but Most Optimistic, Generation

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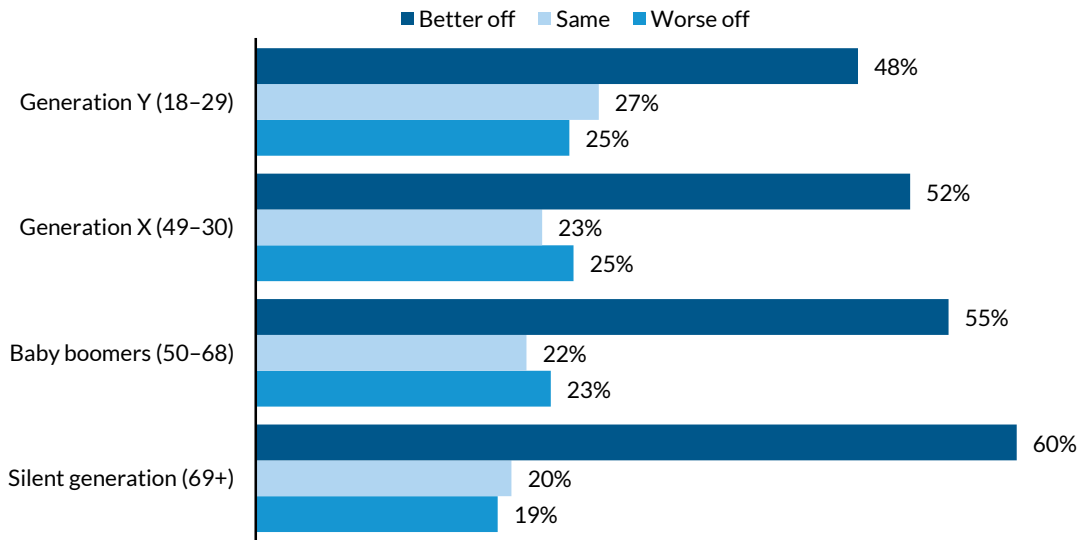
Millennials are optimistic about the future, but should they be? Between 1983 and 2010, average net worth per US household increased \$250,000; over the same period, that average net worth for adults ages 20–28 increased only \$1,700 (Steuerle et al. 2013). Many households today are wealthier than their parents were at the same age; will this pattern continue for today’s younger generations?

Some 53 percent of families across generations report that they are better off financially than their parents. Millennials, however, are less likely than both the silent generation (now ages 69 and older) and baby boomers (now ages 50–68) to think they are better off than their parents (figure 1). One explanation for this pattern may be that younger generations are no longer successively wealthier than prior generations. Households headed by people who were 47 or older in 2010 had between 76 and 149 percent more wealth than households headed by people of the same age in 1983. In contrast, households headed by people ages 20–28 had only 5 percent more wealth than households headed by 20- to 28-year-olds in 1983, and households headed by people ages 29–37 had 21 percent *less* wealth than households headed by 29- to 37-year-olds in 1983 (Steuerle et al. 2013). Of course, the young have many more years to live and, while millennials may have reason to be less optimistic about their futures than prior generations, only 25 percent of them believe they will be worse off than their parents.

When asked about the next generation of their family, the older generations tend to be the most pessimistic (figure 2). Baby boomers and silent-generation families are most likely to say that the next generation will be worse off. Despite evidence that generations are no longer successively wealthier, millennials are least likely to say the next generation of their family will be worse off. In a 2014 Pew study, 49 percent of millennials, compared with 39 percent of the silent generation, think that the country’s best days are in front of us (Pew 2014). Additionally, 85 percent of millennials say they either

FIGURE 1

Would You Say You and Your Family Are Better Off, the Same, or Worse Off Financially Than Your Parents Were at Your Age?

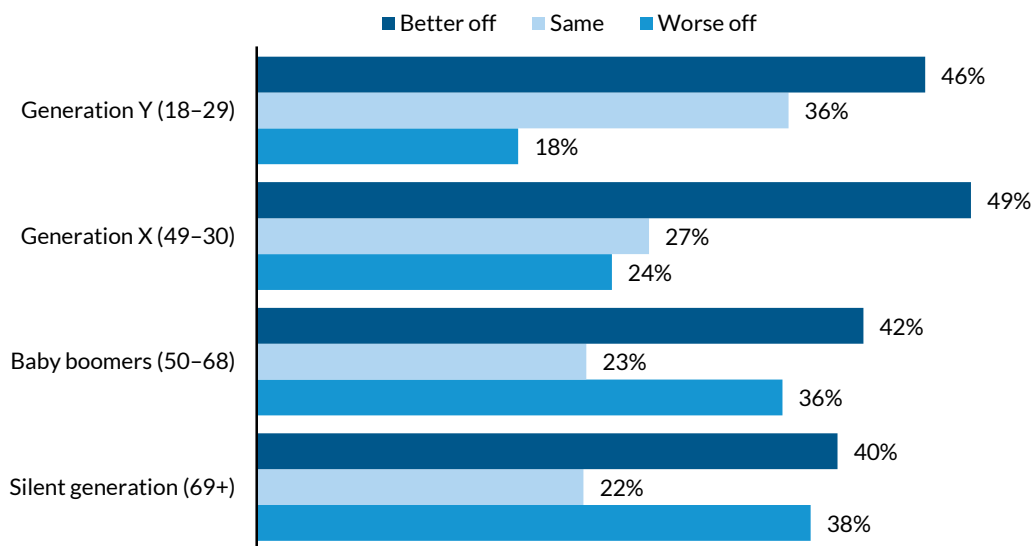


Source: Author's tabulations from 2014 Survey of Household Economics and Decisionmaking.

Note: Chi-squared tests of independence show significant differences at the $p < 0.01$ level.

FIGURE 2

When the Next Generation of Your Family Is Your Age, Do You Think It Will Be Better Off, the Same, or Worse Off Financially Than You Are Today?



Source: Author's tabulations from 2014 Survey of Household Economics and Decisionmaking.

Note: Chi-squared tests of independence show significant differences at the $p < 0.01$ level.

have enough money to lead the lives they want or expect to in the future. Older generations are more likely to say they have enough money now, but less likely to say that if they don't have it now, they will in the future—again suggesting that millennials are economically optimistic (Pew 2014).

These differences in optimism may reflect changing perspectives related to age or differences across generations. One reason that older generations may be less optimistic about the future of successive generations is that they explicitly or implicitly understand that younger generations have become poorer relative to older generations. Similarly, the younger relatives of most baby boomers and the silent generation are likely to be adults themselves, whereas the children of generation X and millennials are relatively young and have not yet formed households of their own. By the time the children of millennials become adults, their parents will have a more individualized picture of how their children's opportunities are panning out, as well as whether they are starting to see the traditional gains in well-being across generations that have not yet played out in the wealth data alone.

References

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About the Author



Emma Kalish is a research associate in the Center on Labor, Human Services, and Population at the Urban Institute, where she contributes to research on wealth inequality, financial health, and poverty.

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