

Many millennials are worse off than their parents -- a first in American history

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CNN —

On paper, it looks like Scott Larsen is doing better than his father was at the same age.

At 29, Larsen has a college degree and earns more money, but he doesn't feel he's moving up in the world.

When his father, Craig, was 29, he was already married, owned a home in Payson, Utah, and had two of his five children. Now 64, Craig Larsen worked as a mechanical engineer, earning about \$20,000 a year at the time, or about \$50,500 in today's dollars, even though he hadn't finished college. His wife, Kathy, was a stay-at-home mom.



Scott, the youngest of the kids, is a marketing manager for a health and beauty company based in nearby Provo, Utah. Though he earns

around \$60,000 annually – about 20% more than his dad did at his age – he is living with his parents, because he doesn't feel he can afford to buy a place of his own thanks to soaring housing prices. While his dad was able to purchase a house for a little over twice his annual salary, Scott Larsen says he'd have to spend more than five times his yearly paycheck.

“The prospect of taking care of a family or buying a normal, decent home seem like far-off dreams that I'll have to reconsider in another five years,” said Scott Larsen, noting that living at home is “horrible” for his social life but is a “financially sound idea.”

Even though the US economy is growing – according to a recent CNN poll, 76% of Americans think it's doing better than it has in decades – not everyone is prospering. Millennials are on track to be the first generation not to exceed their parents in terms of job status or income, studies show.

Democratic presidential candidates have seized on that reality, rolling out plans for erasing crippling student loan debt and guaranteeing health care, designed in large part to appeal to a generation that feels it can't get ahead.

Millennials – which the Pew Research Center classifies as the generation born between 1981 and 1996 – have faced challenges. They came of age at the worst possible moment – when the economy collapsed in the Great Recession, said Michael Hout, a sociology professor at New York University. The US economy is not supporting a continuing increase in occupational status to the extent it once did. Compounding the problem is that millennials' parents did benefit from an upward shift in job status, making it even harder to surpass their accomplishments.

Millennials – especially black millennials – have lower homeownership rates than previous generations. Are you a millennial and unable to buy a home or apartment? Tell us about it here. You could be featured in an upcoming CNN story.



Among Americans born in the late 1980s, only 44% were in jobs with higher socioeconomic status than their parents when both were age 30, while 49% had positions of lower status, according to Hout, who published a study on millennials in the 2019 Stanford Center on Poverty & Inequality Pathways Magazine.

That's a far cry from those born in the late 1930s, some 70% of whom did better than their parents. The rate has drifted downward since, but millennials are the first to fall below 50%.

Another study found that only half of those born in 1984 earned more than their parents at about age 30, compared to 92% of those born in 1940.

“A big part of the American dream is that each generation will do better than the one that preceded it,” said David Grusky, a sociology professor at Stanford and one of the authors of the second study, which was published in the journal *Science* in 2017. “That has been part of what's supposed to make this country special and distinctive. When it's just a coin flip, we're not living up to that commitment. It's a pretty fundamental part of what we say this country can deliver and we're not.”

More than a dozen millennials told CNN of their struggles to meet or exceed their parents' job status or lifestyle. Some had trouble landing good-paying jobs, while others found that housing prices, student loans and other expenses were dragging them down.

Take Brianna Garcia, 26, of San Antonio, Texas. The first in her family to graduate college, she earned a bachelor's degree in education two years ago from Our Lady of the Lake University in her hometown. She had hoped to become an elementary school teacher, but districts were downsizing at the time she was applying.





She broadened her search, looking for “something a little higher paying to help me work my way up.” But she was repeatedly thwarted by a lack of experience. Finally, with the help of her mom, she landed a job in March at a medical clinic, doing filing for \$11 an hour.

While her parents had their struggles and relied on government assistance for a time, they were able to buy a house by the time her dad was 30 and raise two children. Her father, 51, was an accountant at a bakery and is now a payroll supervisor at a shoe company. Her mother, 49, worked in medical records.

“My parents made it for the most part, but they’ve always wanted better for me,” said Garcia, who lives at home and hasn’t started paying off her \$27,000 in student loans because her income is too low. “I’m trying to do so and work hard but with this job market that doesn’t feel very open and the housing costs that are unrealistically high, it feels impossible sometimes to do better than my parents.”

“All I want to do is have a stable job so that when my parents need my help, I can do it,” she said.

For Sarah Clinton, 34, the problem isn’t with her career. She feels that she and her husband both have good, stable jobs with decent salaries and the ability to advance – she works with the homeless



after earning a master's in social work and he sells long-term care insurance while pursuing his MBA. But the Waltham, Massachusetts, couple barely make enough to afford their \$2,300 monthly rent and other life expenses.



Home prices have risen faster than inflation. In 1980, the typical home sold for about \$197,500, adjusted for inflation, according to US Census Bureau data. Now, it's more than \$325,000.

Saving to buy a house or start a family doesn't seem feasible at the moment, Clinton said. Her parents, meanwhile, served in the military and received housing allowances. Eventually, they bought a home off the base in New Hampshire. After they left the service, her dad took another government job and her mother became a nurse.

"They want me to have a child, purchase a home, but I can't do that now," Clinton said. "It's a goal that we feel that much further away from reaching."

When it comes to wealth, millennials are falling behind, as well. They typically have much less net worth than Generation X households did when each generation was between 25 to 34 years old, according to a recent Government Accountability Office study of Federal Reserve Bank data. The median wealth of millennial



households was just over \$20,000, while Gen X had about \$31,250 according to the GAO.

Part of the reason is that millennials are less likely to be homeowners at that age. Some 43% of millennial households owned homes, compared to 51% of Gen X, according to the GAO.

Student loans are also an issue. Several millennials told CNN that their college debts are crushing their ability to advance – an issue their parents largely didn't have to contend with. Young families had \$1,415 in education debt, on average, in 1989, according to an Urban Institute calculation of Federal Reserve Bank data, which looked at those aged 18 to 29. That burden soared to \$13,039 by 2016.

If it weren't for her student loans, Kathy Israel would be able to live on her own. Though she purposely attended a state law school to keep costs in check, she has still accumulated \$120,000 in student debt.

The 30-year-old works in compliance for a Big Four auditing firm, but she had to move back with her parents because of her \$1,200 monthly student loan payment.

Her parents didn't initially finish college, but grew her mother's family costume jewelry business into a successful company while raising four children. Her dad later earned his bachelor's degree at a state college – incurring no debt – and got a job as a statistician. His master's degree was paid for by his employer.

“They were building a life,” said Israel, who lives in St. Petersburg, Florida. “I am stagnant. You can't get ahead. You can only get behind if you aren't conscious.”

