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Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How Do the Generations Stack Up?

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

Understanding the financial wellbeing of workers has never been more important. Millennials and Generation X are more likely to rely on their own savings when it comes to retirement security and face greater challenges when it comes to student loan debt than Baby Boomers. This, in turn, can lead to greater levels of financial stress in the workplace. More and more employers are beginning to recognize this and are accordingly offering financial wellbeing programs. And this ramp-up in benefits related to overall financial wellbeing may continue in light of a labor market that is evolving quickly.

This *EBRI Issue Brief* seeks to gauge the financial wellbeing of today's work force with two sets of generational comparisons — Generation X vs. Baby Boomers, and Millennials vs. Generation X — by comparing key financial status indicators across generations at the same ages using the Survey of Consumer Finances. As a result, this unique methodology conveys the experience of tenured benefits industry professionals, whether in human resources or financial services, by contrasting the financial picture of today's mid-career employees (Generation X) with yesterday's mid-career employees (Baby Boomers) as well as today's early-career employees (Millennials) with yesterday's early-career employees (Generation X).

Key findings:

- Overall, Generation X families were less likely to own a home or have *any* retirement plan than were Baby Boom families when their family heads were the same ages.
- While Generation X families were more likely to have a defined contribution plan and have higher balances in the plan, they also had higher median debt — including student loan debt — and lower median net worth.
- However, Generation X families in the highest income quartile did have a higher median net worth than their Baby Boom counterparts, and median net worth was higher for minority Generation X families than for comparable Baby Boom families.
- For Millennial families, homeownership rates were lower than for Generation X at the same ages, while defined contribution (DC) plan ownership was more common.
- However, Black Millennial families were less likely to own a DC plan than their Generation X counterparts. And while median DC plan balances were generally higher among Millennial families than Generation X families at the same ages, that was not the case for Black Millennial families.
- The median net worth of Millennial families was lower than for Generation X families of the same ages, driven by the much lower net worth of those in the highest income quartile.

- The one overriding financial indicator that was universally higher for the Millennial families compared with the Generation X families was the median debt levels, led by the substantially higher median student loan levels.
- While all Millennial families saw larger shares of debt coming from student loan debt relative to Generation X families, Black and lower-income Millennials were particularly impacted by student loan debt.

The growing recognition of the competing demands that Generation X and Millennial families face with covering today's expenses while also having to save for their future has caused employers to offer financial wellbeing programs to provide support to their employees from their financial stresses. These programs have matured to examine the full financial picture of the workers instead of a more limited focus on retirement plan accumulations. Consequently, how these generations continue to manage their finances and their working careers will be imperative for financial success in retirement. Will they up their savings? Will they work longer? Will they reduce their debt? All these will be difficult for many, but some actions are going to be necessary for these generations to be financially prepared for their final phase of life.

Craig Copeland is a Senior Research Associate at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the authors, and should not be ascribed to the officers, trustees, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How Do the Generations Stack Up?

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Introduction

When examining retirement security, historically the focus has been on the amount accumulated in retirement accounts — with much less emphasis on families' overall finances. However, the reality is that debt and emergency savings needs are a growing concern. More and more employers are beginning to recognize this and are accordingly offering financial wellbeing programs that focus on financial-related stress. The ramp-up in benefits related to overall financial wellbeing may continue in light of a labor market that is evolving quickly.

Key to understanding the needs of the current work force is comparing their situation with that of their predecessors. As such, this *EBRI Issue Brief* examines financial status indicators of families from different generations to compare their statuses as they move through the work force, or said differently, it contrasts the financial picture of today's mid-career employees (Generation X) with yesterday's mid-career employees (Baby Boomers) as well as today's early-career employees (Millennials) with yesterday's early-career employees (Generation X). The analysis evaluates Generation X families against Baby Boom families and Millennial families against Generation X families at the same ages. In particular, homeownership and home equity, net worth, assets, debts, debt-to-asset ratios, and retirement plan ownership and balances are included in the analysis. This allows for an idea of how the generations may fare based on the preretirement financial status of comparably older generations.

Data

To assess these financial indicators, the Survey of Consumer Finances (SCF), the Federal Reserve's triennial (2019, 2016, 2013, etc.) survey of wealth, is used as the basis for this study. SCF is a leading source of data on Americans' wealth, as it provides complete information on all the assets and debts held as well as more focused wealth information such as the incidence of retirement plan ownership and account balances. The financial information in SCF is collected at the family level, so all comparisons will be for families based on the characteristics of the family heads.[1]

Generation and Age Cohort Definitions

Generation X is understood to include individuals with the birth years of 1965–1980, which means members of this generation were ages 39–54 in 2019 (the latest year of the SCF). Millennials include those born from 1981–1996, and the Baby Boom generation has birth years of 1946–1964.

In order to compare the financial wellbeing of families headed by Generation X members to that of those headed by members of the Baby Boom generation at the same ages, the 2001 SCF is used. This allows for the cohort ages 39–54 in 2001 to be exclusively composed of the Baby Boom generation; there is no overlapping of generations in this age group. The Baby Boomer families with heads ages 39–54 in 2001 are then compared with Generation X families headed by those same ages in 2019. Generation X families and Baby Boom families will be understood to mean families with heads of the ages falling into the birth years that define each generation. The spouses could be of a different generation, but for the purposes of this study, Generation X and Baby Boom families will be determined by the age of the family head. One caveat is that the comparison does not include the entire Baby Boom generation, as the Baby Boom generation definition has an 18-year span in the birth years whereas Generation X has only a 15-year span. Consequently, only the Baby Boom families with ages in 2001 matching those of Generation X in 2019 will be compared.

A similar process is done for the comparison of Millennial families in 2019 with Generation X families in 2001. Again, the family definition is based on only the family head age. In 2019, Millennials were ages 23–38. However, in 2001, due to the uneven generation sizes between the Baby Boom and Generation X, those in Generation X were ages 21–36 (as those ages 37 and 38 in 2001 were the last of the Baby Boom generation). Furthermore, until age 25, family formation is inconsistent, so the age comparisons will be Millennial families with heads ages 25–36 in 2019 vs. Generation X families with heads ages 25–36 in 2001. Thus, a matching age group across the generations is compared.

Key Financial Indicators to Be Compared

In comparing the financial statuses of the families between each of sets of generations, both the incidence and the median value of specific financial indicators are examined. The indicators to be studied by their incidence among the families are (1) homeownership, (2) *any* employment-based retirement plan (defined benefit (DB) and defined contribution (DC) plans), (3) DC plans alone, and (4) student loan debt. For the specific indicator median values, the following are evaluated:

- Defined contribution plan balances.
- Home equity.
- Assets.
- Debts.
- Net worth (assets minus debts).
- Debt-to-asset ratio (the family's total debts divided by the family's assets).
- Distribution of debt types (housing, credit card, student loan, and other [installment not included in the prior categories and remaining miscellaneous debt types]).

Demographic Characteristics

Two key demographic characteristics are considered when comparing each of these financial indicators. The first is family income, and the second is the race/ethnicity of the family heads. For family income, each generation within each time period is divided into quartiles, so the quartile thresholds are unique to each generation for each survey year.

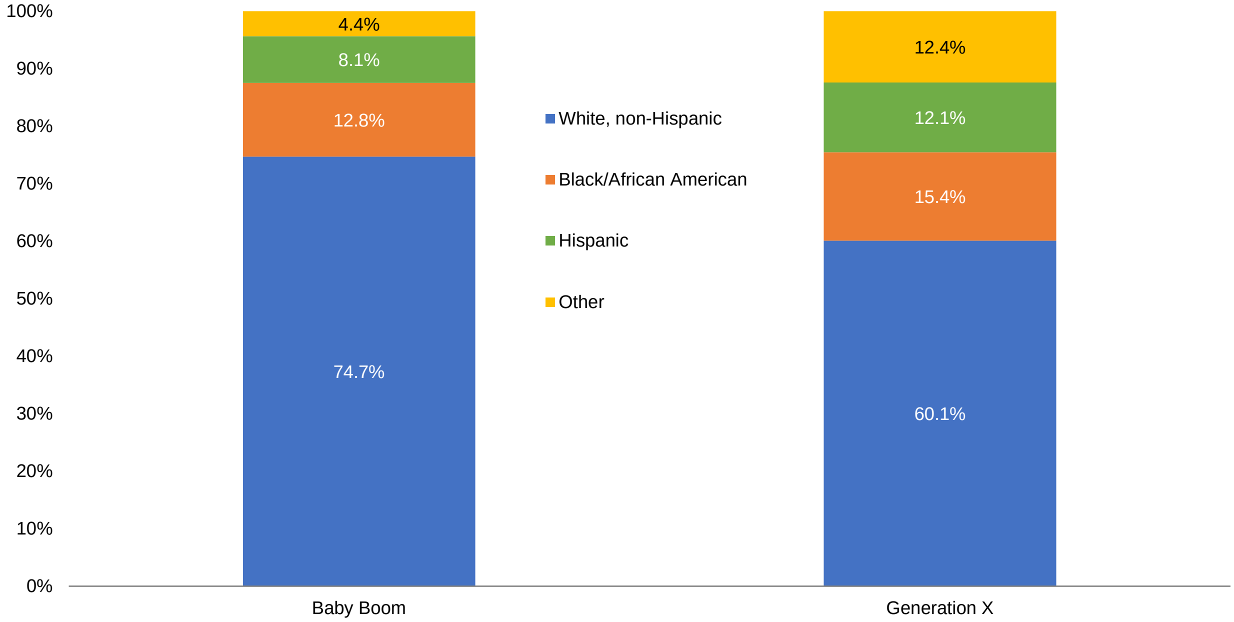
For the race/ethnicity categories, SCF has respondents self-identify into the following categories:

- White, non-Hispanic.
- Black/African American, non-Hispanic.
- Hispanic.
- Other, which consists of those races/ethnicities not defined in the three prior categories, such as Asian Americans and those who identify as multiracial.

SCF is at the family level, so the characteristics of the family head (or the reference person) are used to categorize the families. Thus, a White Generation X family is a family with a family head born from 1965–1980 who is White, non-Hispanic. The remaining families are defined accordingly.

The distribution of the family heads by race and ethnicity shifted dramatically between 2001 and 2019, among those both ages 39–54 and ages 25–36 (Figure 1). In 2001, 74.7 percent of the Baby Boom generation (ages 39–54) families' heads identified as White. By 2019, among these ages (Generation X), only 60.1 percent identified as White. The race/ethnicity category that grew the most was the "other" category, going from 4.4 percent in 2001 to 12.4 percent in 2019. The share of families with heads who identified as Black/African American and Hispanic also grew, but not at the rate of the "other" category. Growth in the "other" category can be attributed — at least in part — to the allowance of respondents to identify as more than one race/ethnicity by 2019, which was not allowed in 2001.

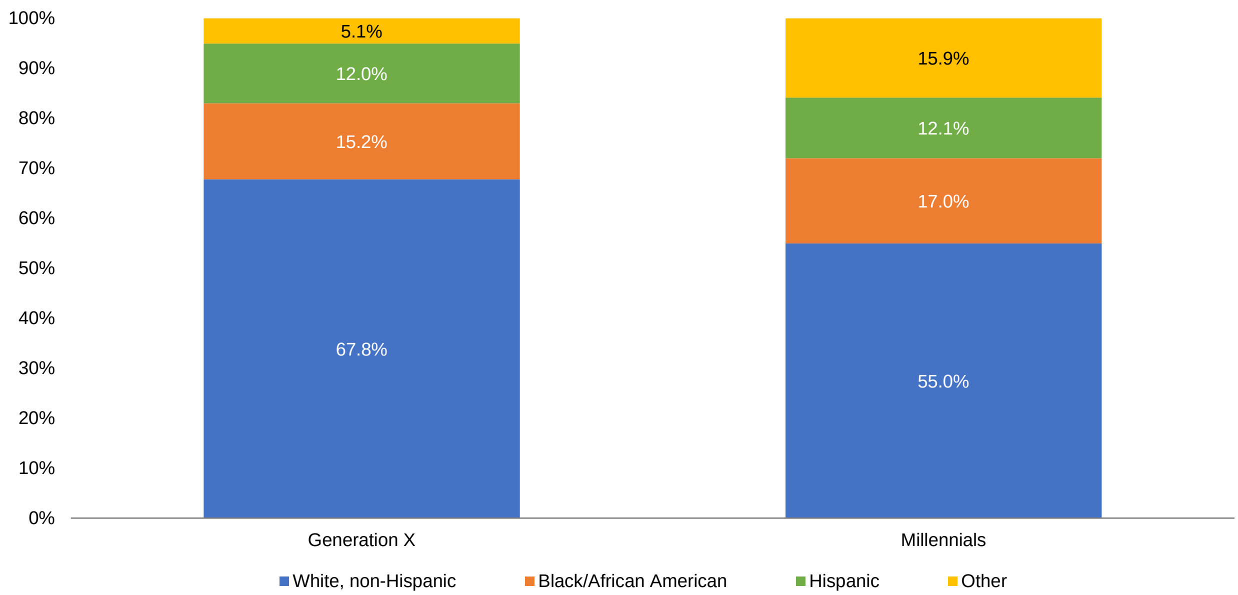
Figure 1
Comparison of Baby Boom and Generation X's Race/Ethnicity Distributions When They Were Ages 39–54



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

A similar change in the distribution of race/ethnicity among the families with heads ages 25–36 occurred between 2001 and 2019 (Figure 2). In 2001, 67.8 percent of the Generation X families with heads ages 25–36 identified as White. By 2019, this percentage had declined to 55.0 percent for Millennial families. Again, the "other" category showed the largest growth, going from 5.1 percent of Generation X families with heads ages 25–36 in 2001 to 15.9 percent of the Millennial families in 2019. The share of families identifying as Black increased, but the share identifying as Hispanic was virtually unchanged.

Figure 2
Comparison of Generation X and Millennials' Race/Ethnicity Distributions When They Were Ages 25–36



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

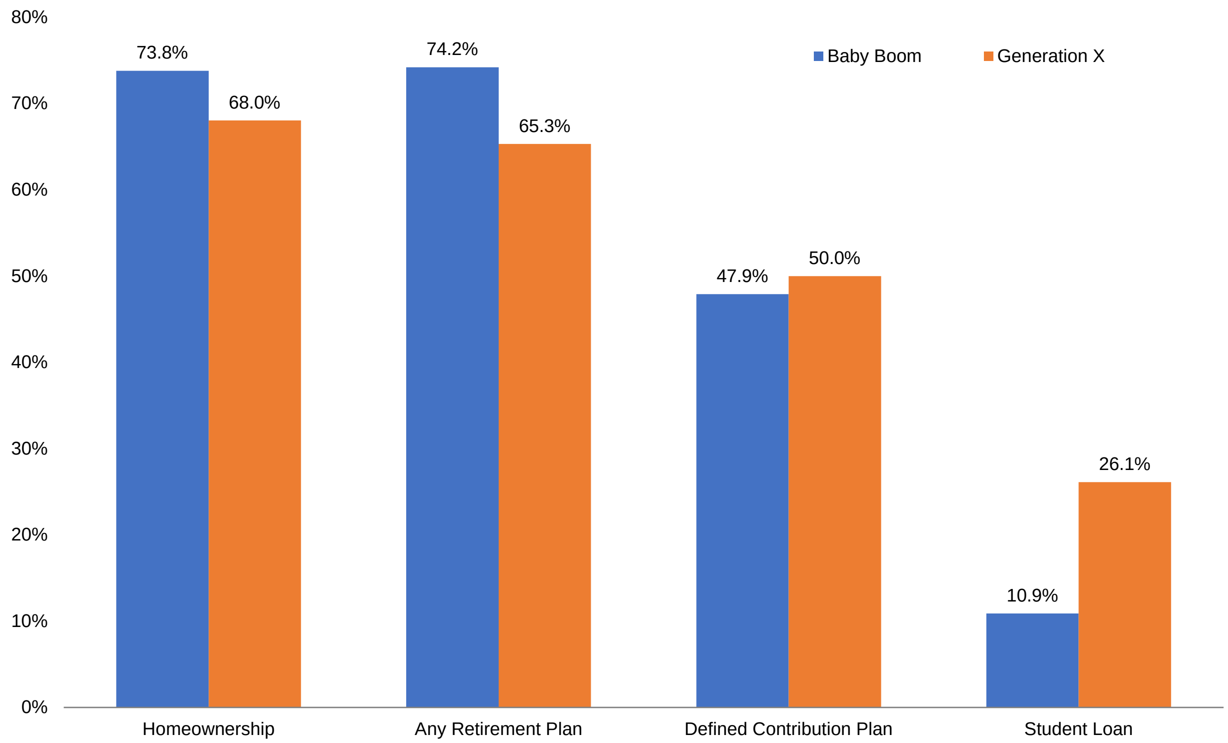
Part 1: Generation X in 2019 vs. Baby Boomers in 2001: Families With Heads Ages 39–54

The first part focuses on comparisons of the Generation X families with heads ages 39–54 in 2019 with Baby Boom generation families with heads of the same ages in 2001. In other words, this section contrasts the financial situation of today's mid-career employees (Generation X) with yesterday's mid-career employees (Baby Boomers). Each of the financial indicators are examined in turn along with a breakdown by family income and the race/ethnicity of the family heads.

Incidence of Specific Assets/Debts — The percentage of Generation X families owning a home and having any type of employment-based retirement plan in 2019 was lower than for Baby Boom families at those ages in 2001 — 68.0 percent vs. 73.8 percent and 65.3 percent vs. 74.2 percent, respectively (Figure 3). Ownership of defined contribution plans was slightly higher among Generation X families vs. Baby Boomers at the same ages. This is logical given that defined contribution plans are far more likely to be the only employment-based retirement option available in the private sector for Generation X than Baby Boomers. Finally, Generation X was far more likely to have student loan debt than Baby Boomers at the same ages — in line with the dramatically increasing costs of higher education.

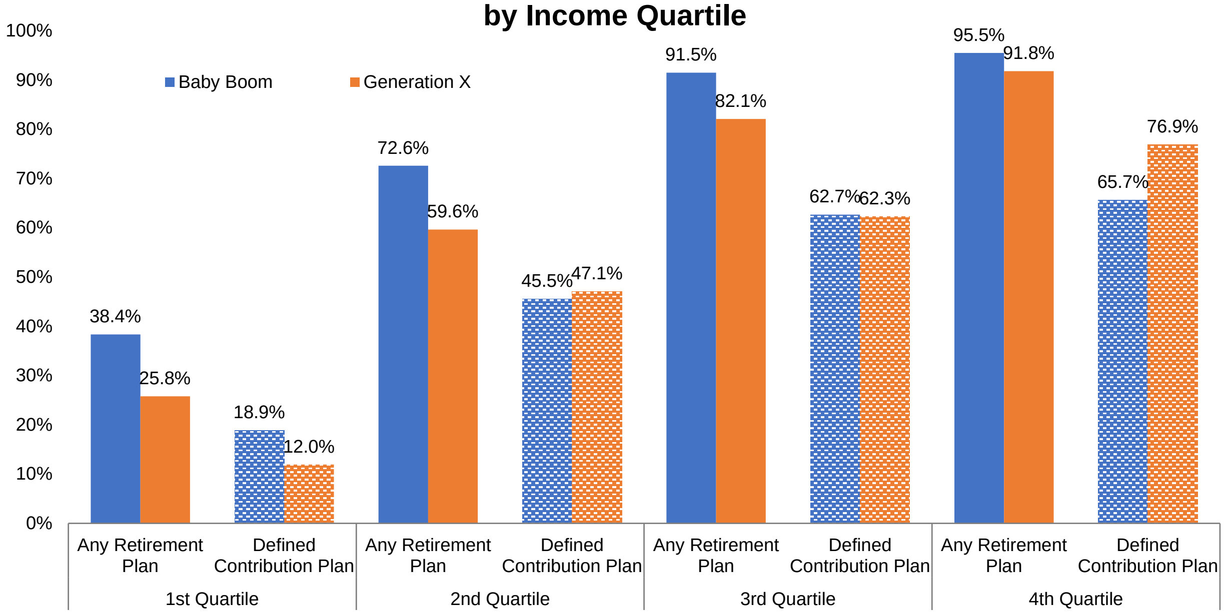
At the lowest income quartile, 38.4 percent of the Baby Boom families had any retirement plan in 2001 compared with 25.8 percent of the lowest-income-quartile Generation X families in 2019 (Figure 4). This gap narrows with increasing income: The difference in retirement plan ownership between the highest-income-quartile Baby Boom families and Generation X families was 3.7 percentage points (95.5 percent vs. 91.8 percent). Further, most of the positive difference in ownership of DC plans by Generation X families occurred in the highest income quartile, where 76.9 percent of Generation X families had a DC plan, compared with 65.7 percent of Baby Boom families. In contrast, the lowest-income-quartile Generation X families were *less* likely to have had a DC plan in 2019 than low-income Baby Boom families were in 2001.

Figure 3
Comparison of Baby Boom and Generation X's Ownership of Various Assets and Debt When They Were Ages 39–54



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

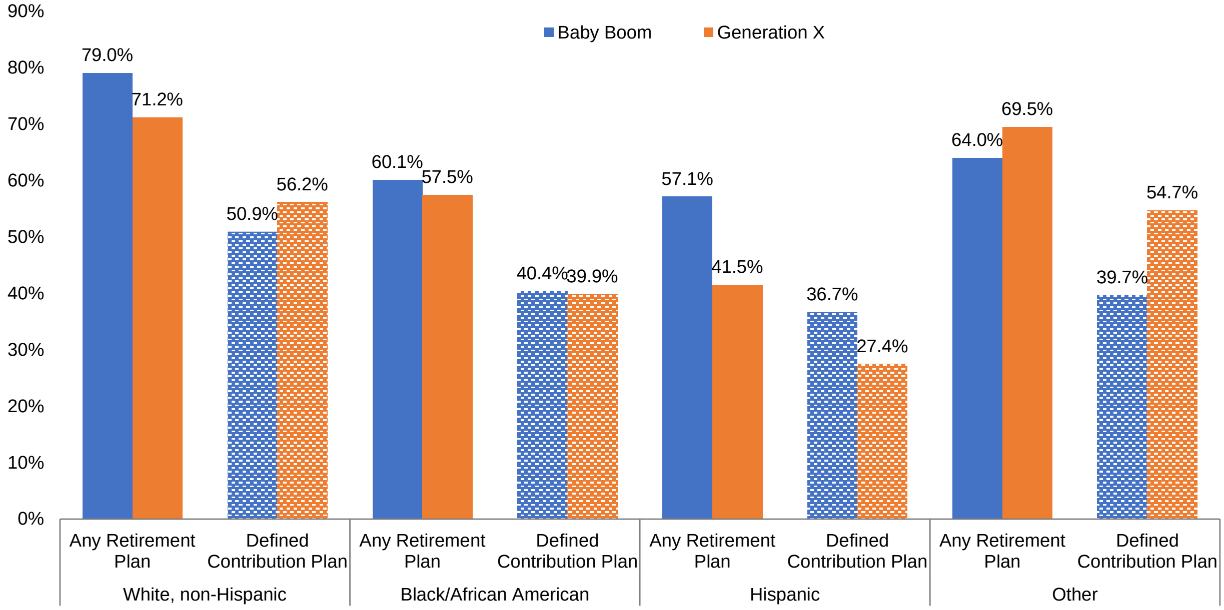
Figure 4
Comparison of Baby Boom and Generation X's Ownership of Any Retirement Plan or Defined Contribution Plan When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

The share of families having any retirement plan was lower among Generation X families in 2019 than for Baby Boom families in 2001 across each race/ethnicity category, except for those in the "other" category (Figure 5). The largest difference was for Hispanic Generation X families, as 41.5 percent had a retirement plan in 2019 vs. 57.1 percent of Hispanic Baby Boom families in 2001. The percentages of White and "other" Generation X families with a DC plan in 2019 were higher than those of their Baby Boom counterparts in 2001. Again, the share of families with a DC plan was lower among Hispanic Generation X families than it was among Hispanic Baby Boom families. The difference between the shares of Black Generation X and Baby Boom families with a DC plan was insignificant.

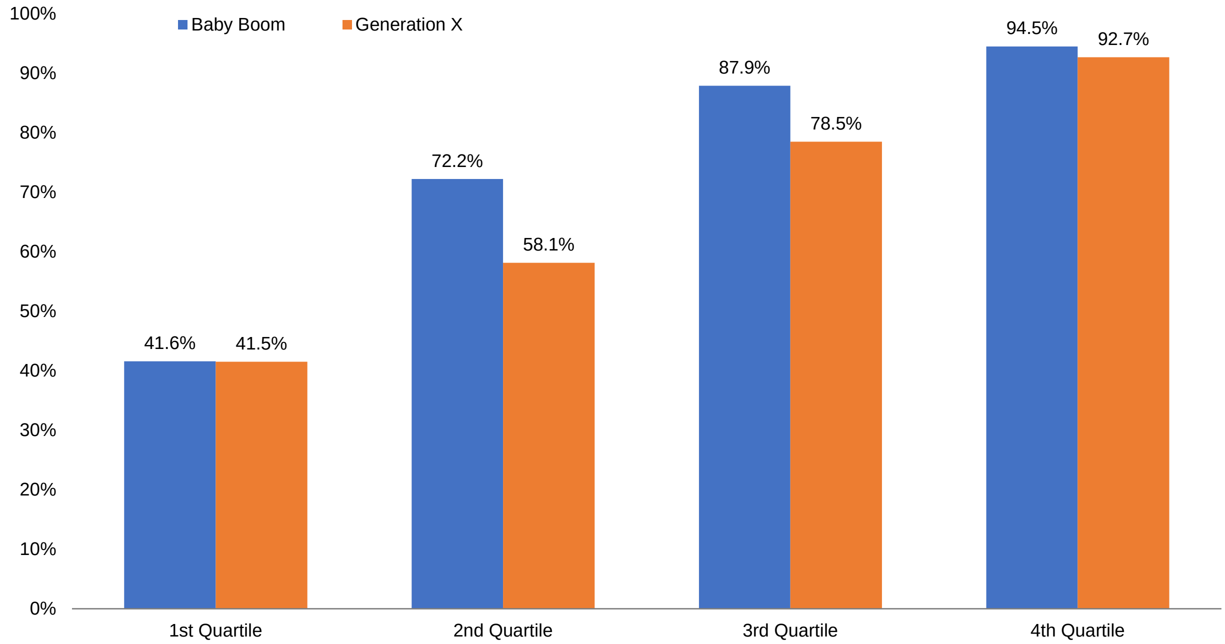
Figure 5
Comparison of Baby Boom and Generation X's Ownership of Any Retirement Plan or Defined Contribution Plan When They Were Ages 39–54, by Race/Ethnicity



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

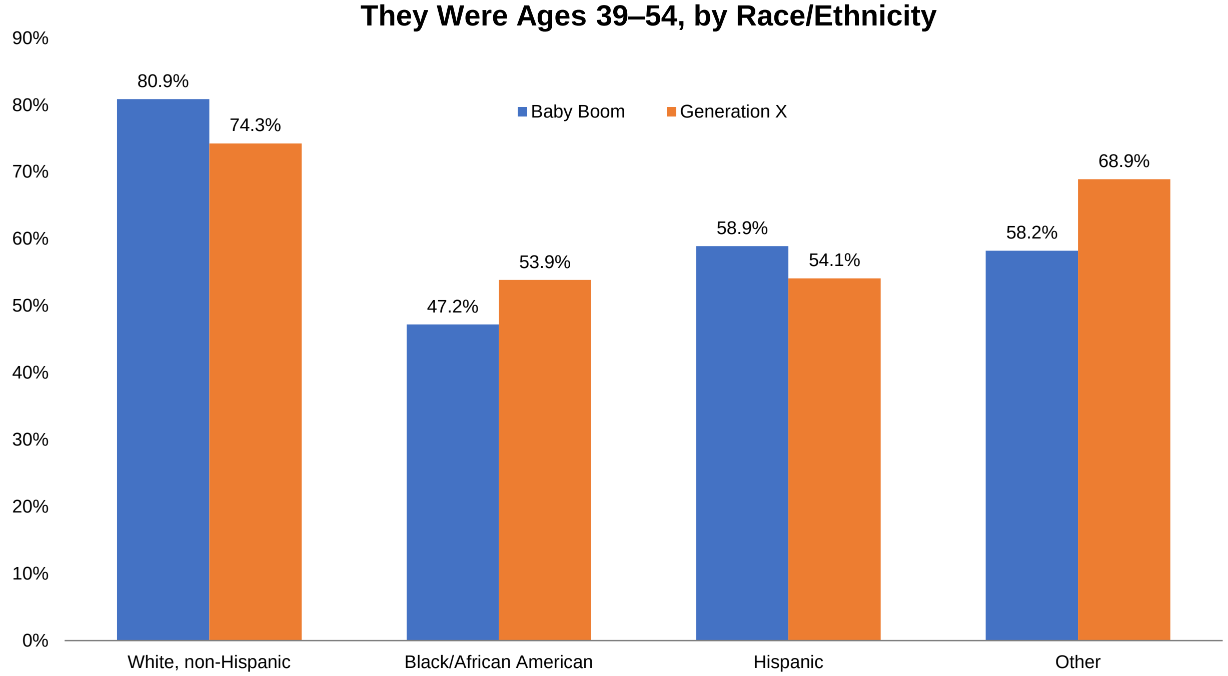
Homeownership among the Generation X families for the middle-income quartiles in 2019 was lower than that of the Baby Boom families in 2001 (Figure 6). However, homeownership was no different for the lowest- and highest-income Generation X families and Baby Boomers families. Black and "other" Generation X families had higher homeownership rates than those of the Baby Boom families (Figure 7). In contrast, White and Hispanic Generation X families had lower rates of homeownership.

Figure 6
Comparison of Baby Boom and Generation X's Homeownership When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

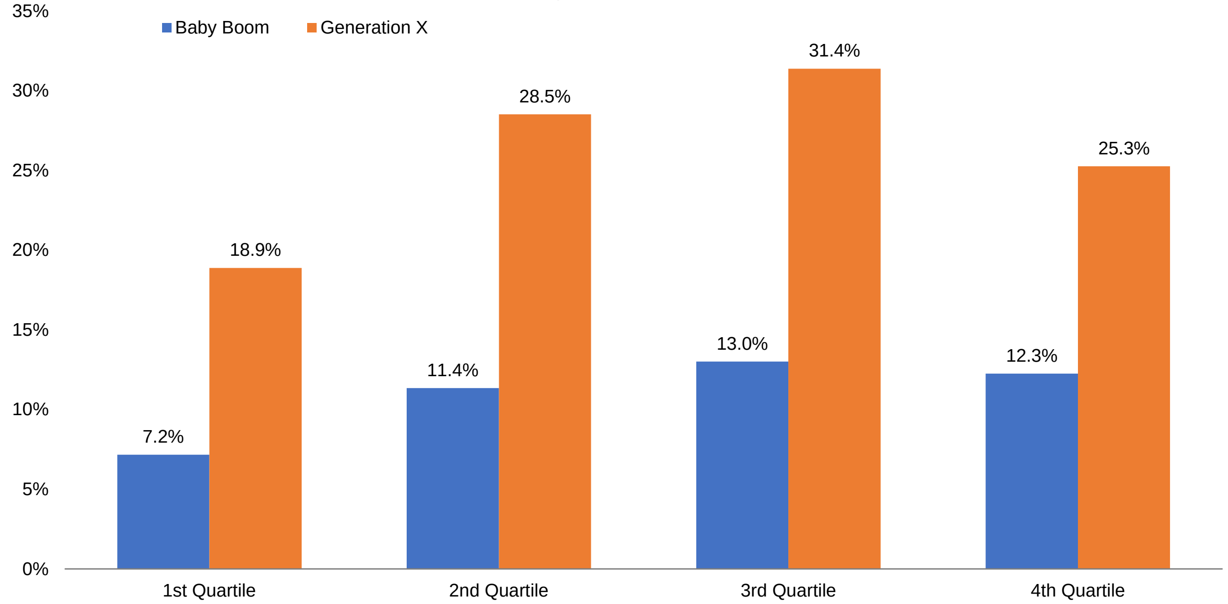
Figure 7
Comparison of Baby Boom and Generation X's Homeownership When They Were Ages 39–54, by Race/Ethnicity



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

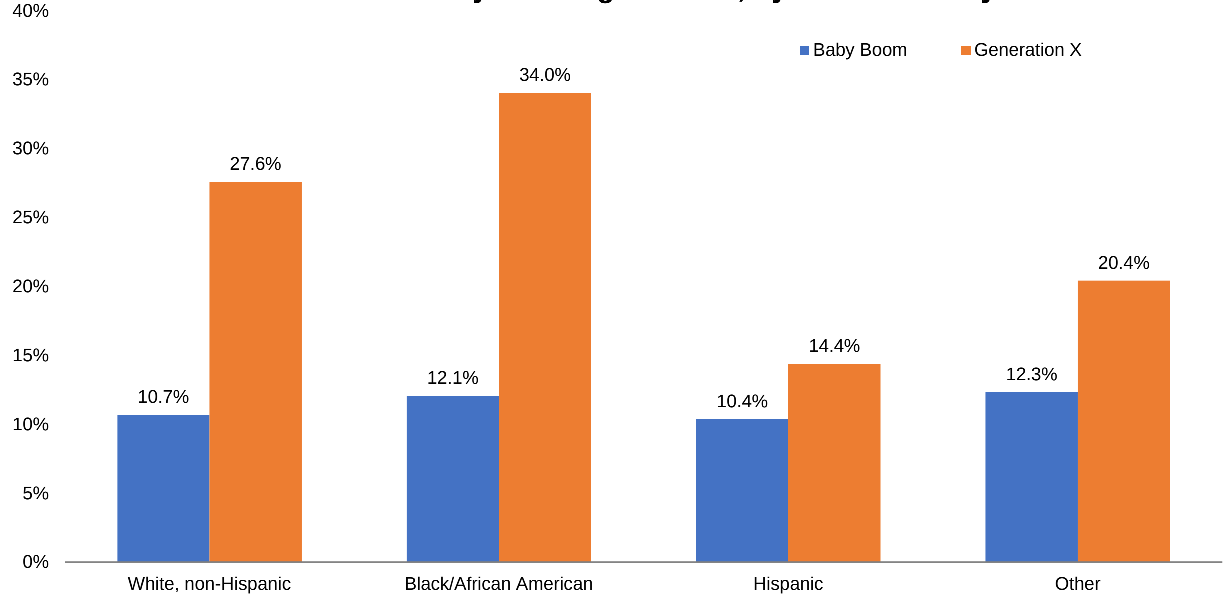
The one financial indicator that was universally higher among the Generation X families in 2019 was having student loan debt — in many cases, it was more than twice as likely to be held by these families compared with the Baby Boom families. The prevalence of student loan debt was the largest for Generation X families in the third income quartile in 2019 relative to the Baby Boom families with that income level in 2001 (the highest income quartile in 2001) —31.4 percent vs. 13.0 percent (Figure 8). The shares with student loan debt for the Generation X families in the other income quartiles were also substantially above those of the Baby Boom families. This held true across each race/ethnicity of the families, with Black Generation X families being almost three times as likely to have student loan debt as were the Black Baby Boom families of the same ages (Figure 9).

Figure 8
Comparison of Baby Boom and Generation X's Student Loan Incidence When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

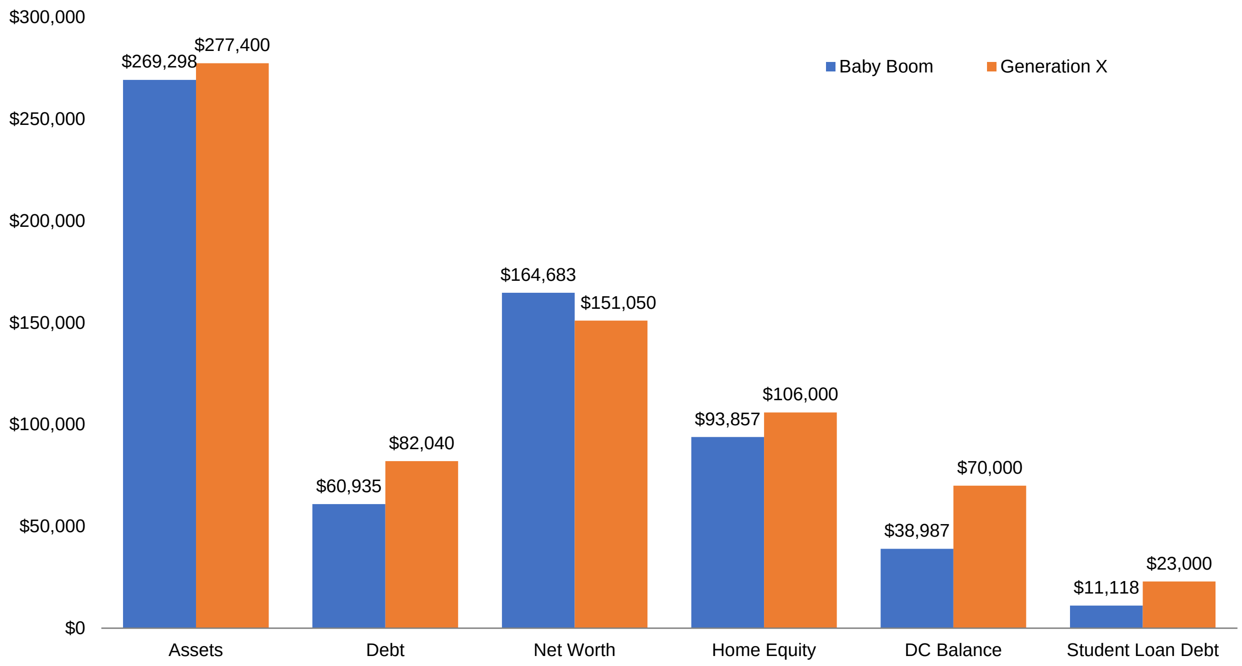
Figure 9
Comparison of Baby Boom and Generation X's Student Loan Incidence When They Were Ages 39–54, by Race/Ethnicity



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Median Values of Specific Financial Indicators[2] — By examining the generations' median asset and debt levels at ages 39–54, it is possible to understand the differences between their overall financial pictures. Both the median overall asset and debt values were higher for Generation X families in 2019 compared with those of the Baby Boom families in 2001. As a result, Generation X families' net worth (assets minus debts) in 2019 dollars was lower than that of Baby Boom families: $151,050 vs. $164,683 (Figure 10). For specific assets and debts, Generation X families had higher median values of home equity, DC plan balances, and student loan debt among the families holding these financial instruments.[3]

Figure 10
Comparison of Baby Boom and Generation X's Median Values of Various Financial Measures When They Were Ages 39–54

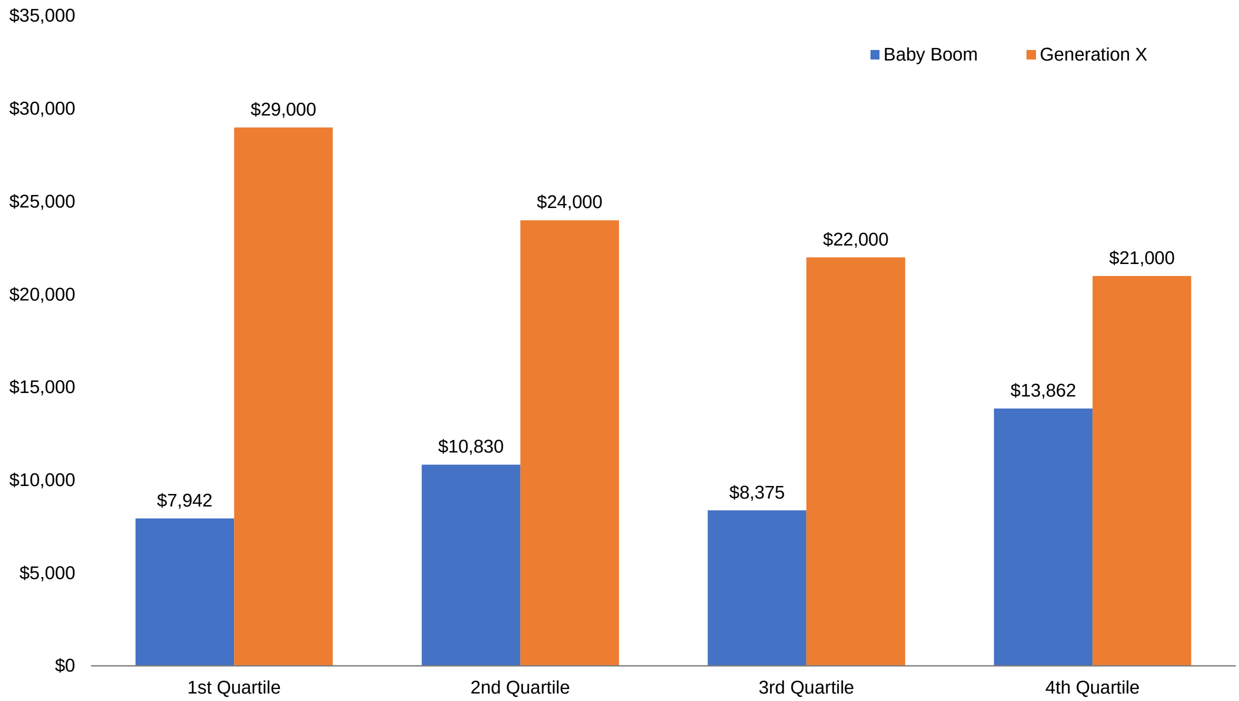


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Student Loan Debt — The most dramatic difference between Generation X and Baby Boom families' financial situations was the amount of student loan debt held. As with the incidence of student loan debt, the median value of student loan debt held was higher among the Generation X families than Baby Boom families across each family income level and racial/ethnic cohort. The median value of student loan debt held by Generation X families in the lower three income quartiles was more than double that of what was held by Baby Boom families (Figure 11). In fact, for the lowest-income-quartile Generation X families in 2019, the median student loan balance was more than 3.5 times that of Baby Boom families in 2001: $29,000 vs. $7,942. The median student loan debt balance was only 50 percent greater for the highest-income-quartile Generation X families in 2019 compared with Baby Boom families at those same ages in 2001.

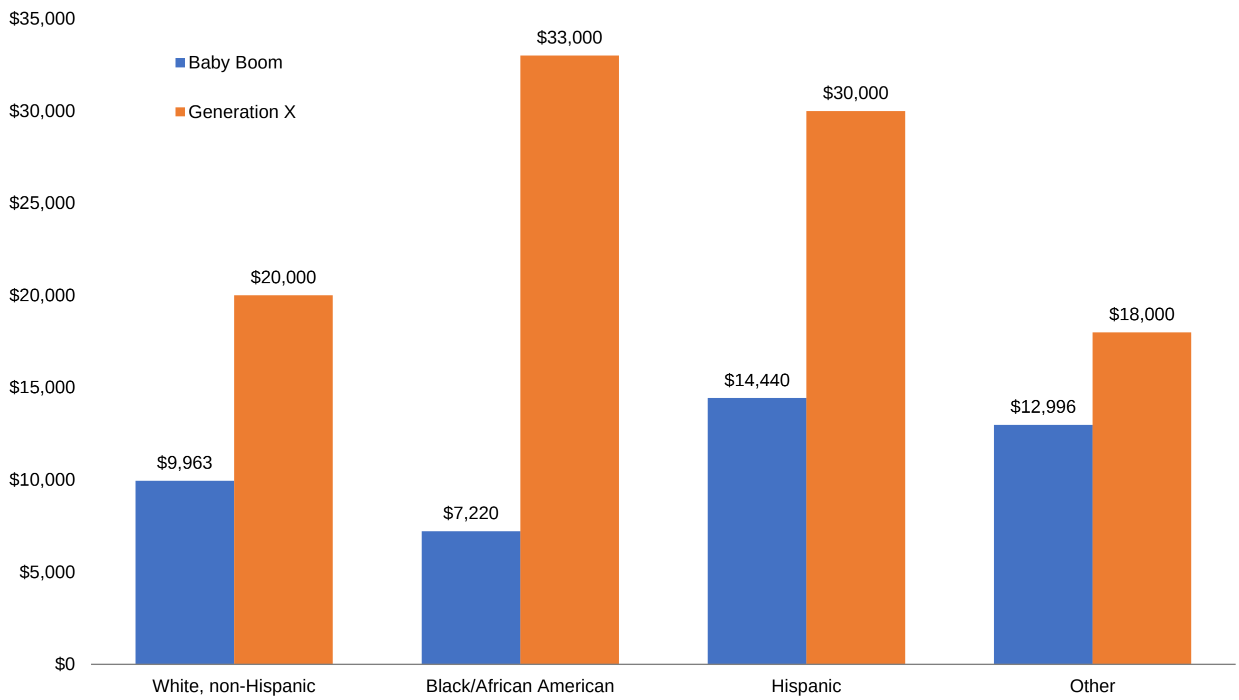
The difference in student loan debt held was also dramatically higher for Generation X families across race/ethnicity relative to the comparable Baby Boom families (Figure 12). Black Generation X families had the largest difference — $33,000 vs. $7,220 for Black Baby Boom families. However, White, non-Hispanic; Hispanic; and other Generation X families all had significantly higher student loan debt than their Baby Boom counterparts.

Figure 11
Comparison of Baby Boom and Generation X's Median Student Loan Balances When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

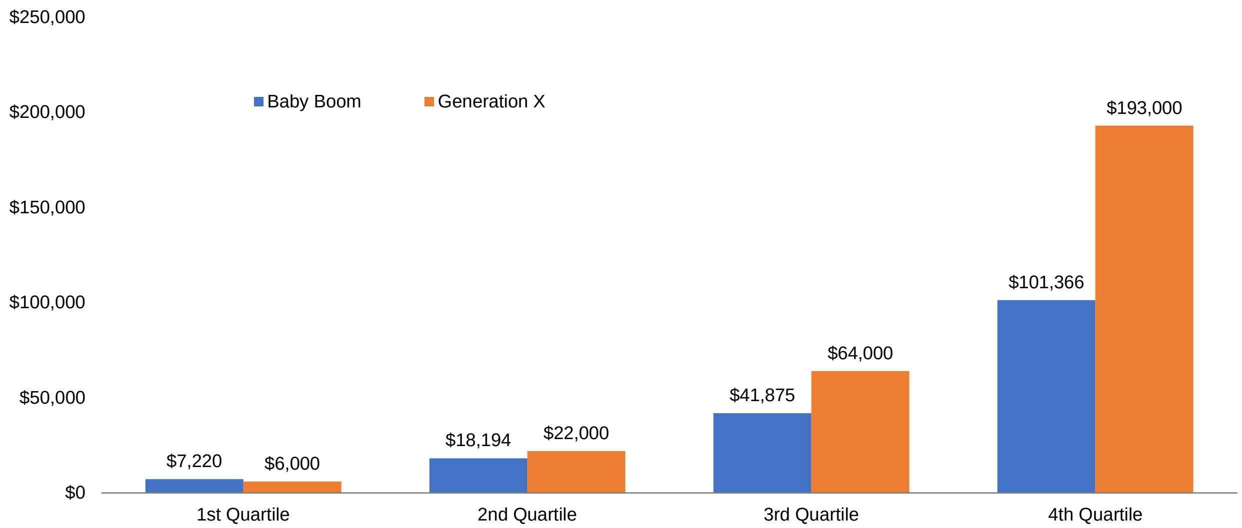
Figure 12
Comparison of Baby Boom and Generation X's Median Student Loan Balances When They Were Ages 39–54, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

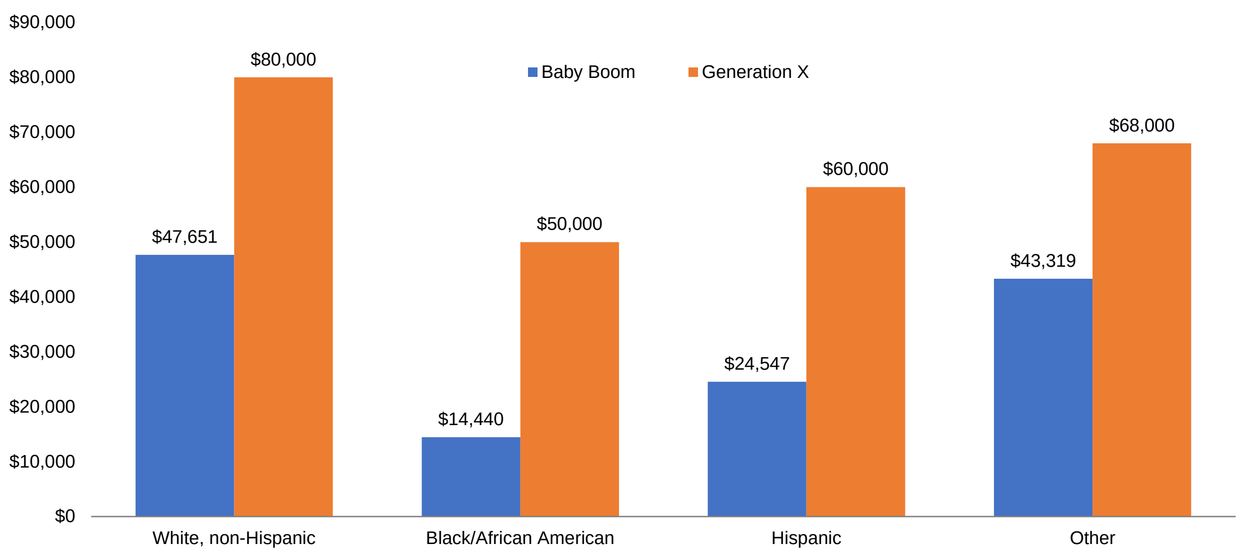
Defined Contribution Plans — The median DC plan balance was higher for Generation X families for all but the lowest-income-quartile families (Figure 13). The difference was most pronounced at the highest income level, with a median DC balance of $193,000 for the Generation X families, compared with $101,366 for Baby Boom families. For comparison, the difference in the third income quartile was $22,125, and the difference in the second income quartile was just under $4,000. The median DC plan balances were higher for Generation X families across each race/ethnicity category of the family heads (Figure 14). Black Generation X families had the largest percentage difference relative to their Baby Boom counterparts.

Figure 13
Comparison of Baby Boom and Generation X's Median Defined Contribution Plan Balances When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

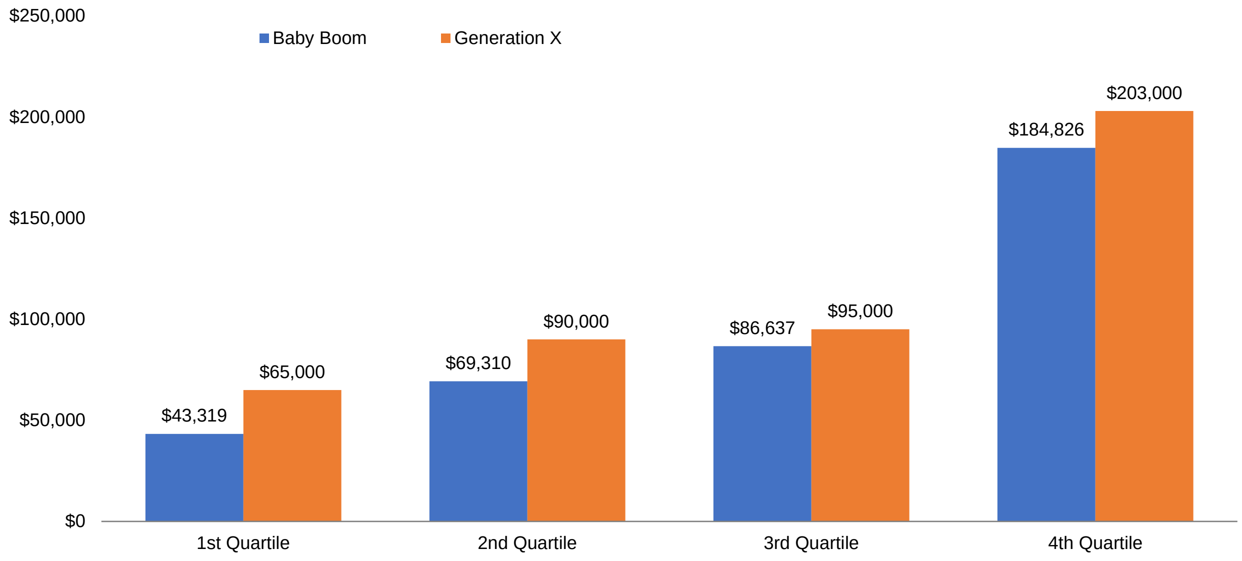
Figure 14
Comparison of Baby Boom and Generation X's Median Defined Contribution Plan Balances When They Were Ages 39–54, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

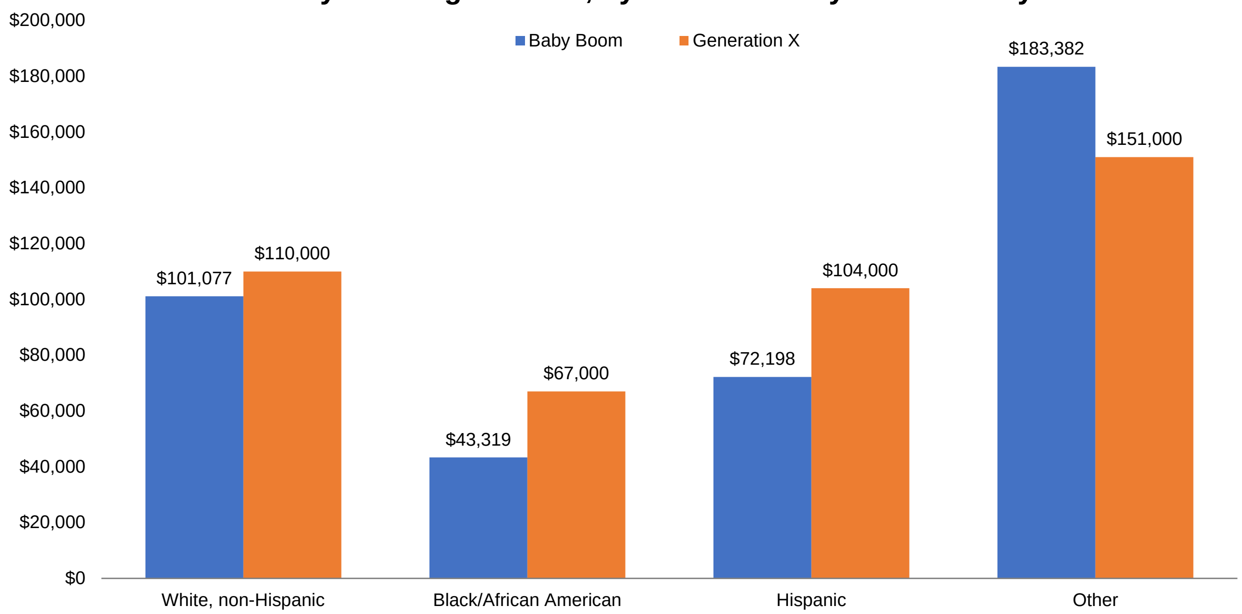
Home Equity — For each income quartile, the median home equity value was higher for Generation X families in 2019 than it was for Baby Boom families of the same ages in 2001 (Figure 15). This was true as well for Generation X families with heads of each race/ethnicity category — with the exception of those in the "other" category (Figure 16). However, it is important to note that Generation X families were less likely to own a home and that those with no home equity would not be part of the Generation X families' home equity distribution.

Figure 15
Comparison of Baby Boom and Generation X's Median Home Equity When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

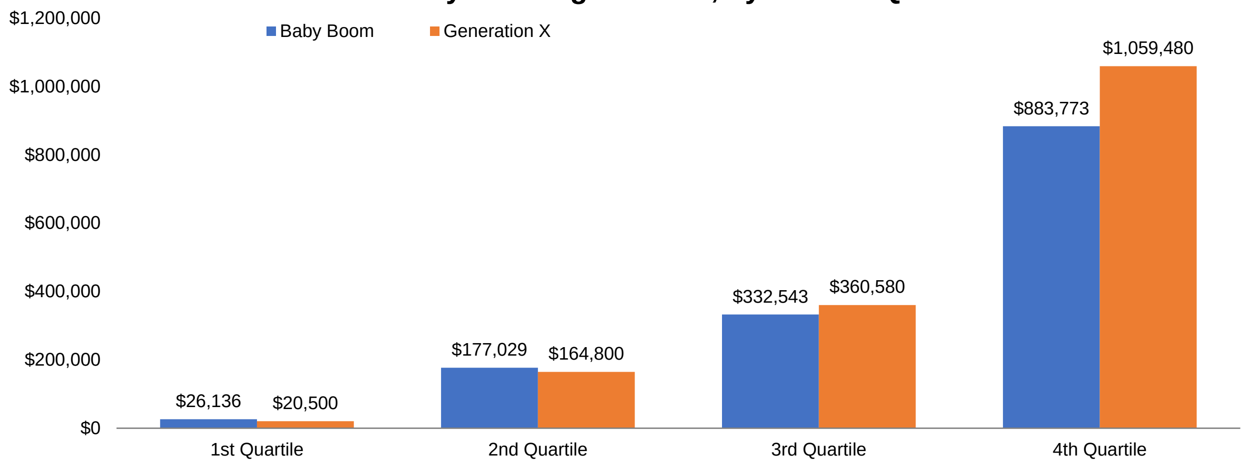
Figure 16
Comparison of Baby Boom and Generation X's Median Home Equity When They Were Ages 39–54, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Total Assets — The median total assets of Generation X families in 2019 were larger than those of Baby Boom families in 2001 for the two higher income quartiles (Figure 17). While the difference was quite significant between the highest-income Generation X and Baby Boom families at about 20 percent, the difference was much smaller between the two generations in the third income quartile at about 8 percent. For the lower two income quartiles, Baby Boom families had higher median total asset values. Despite the absolute difference being small between the lowest-income families, the percentage difference was similar to that of the highest income quartile families but lower for the Generation X families.

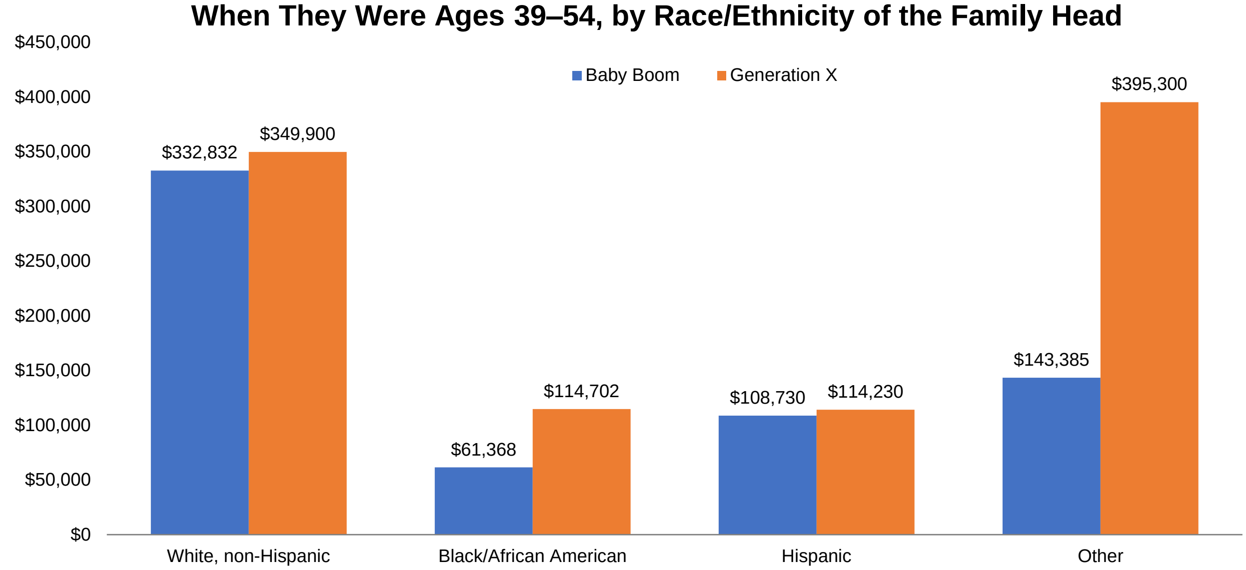
Figure 17
Comparison of Baby Boom and Generation X's Median Total Assets When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

The median total asset values were larger for Generation X families across each race/ethnicity (Figure 18). By far, the largest difference was for the families in the "other" category — $395,300 vs. $143,385. Despite the significantly larger median values among each race/ethnicity, the overall median total asset values were not much different. This was the result of more families with traditionally lower asset values (i.e., families with minority heads) being part of Generation X relative to the Baby Boom generation.

Figure 18
Comparison of Baby Boom and Generation X's Median Total Assets When They Were Ages 39–54, by Race/Ethnicity of the Family Head

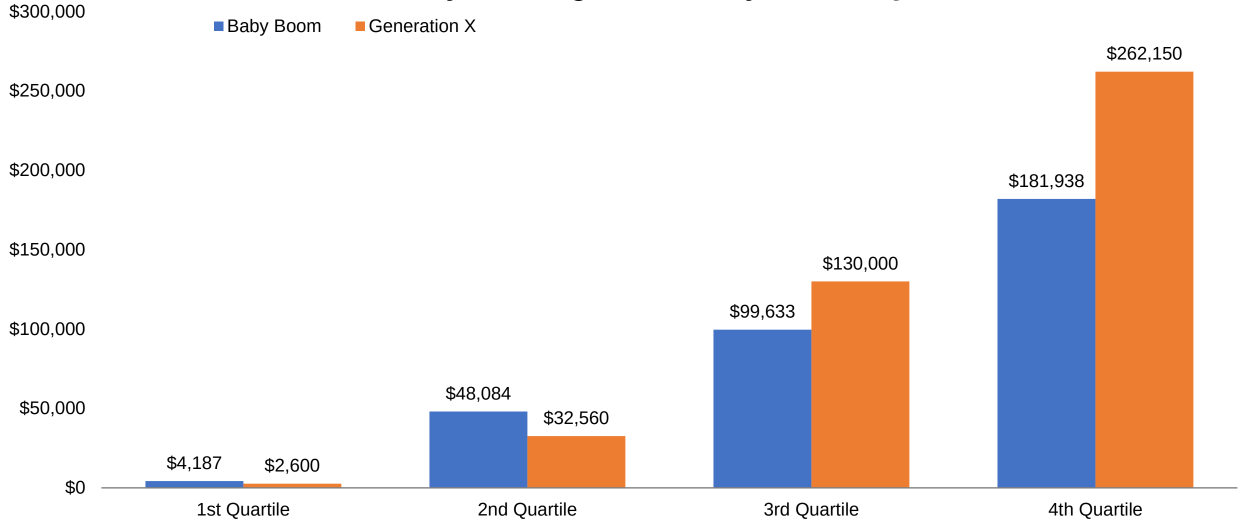


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Debt — In the lower two income quartiles, Generation X families had lower median debt levels in 2019 than did Baby Boom families in 2001 (Figure 19). However, in the upper two income quartiles, Generation X families had higher median debt levels, with approximately $80,000 more in debt at the median in the highest income quartile for the Generation X families. Only Hispanic Generation X families had lower median debt levels compared with the Baby Boom families of the same race/ethnicity (Figure 20). The median debt level of Generation X families of other races showed the largest difference when compared with their Baby Boom counterparts —the median debt of Generation X families of other races was $100,000 higher than that of Baby Boom families of other races.

Figure 19

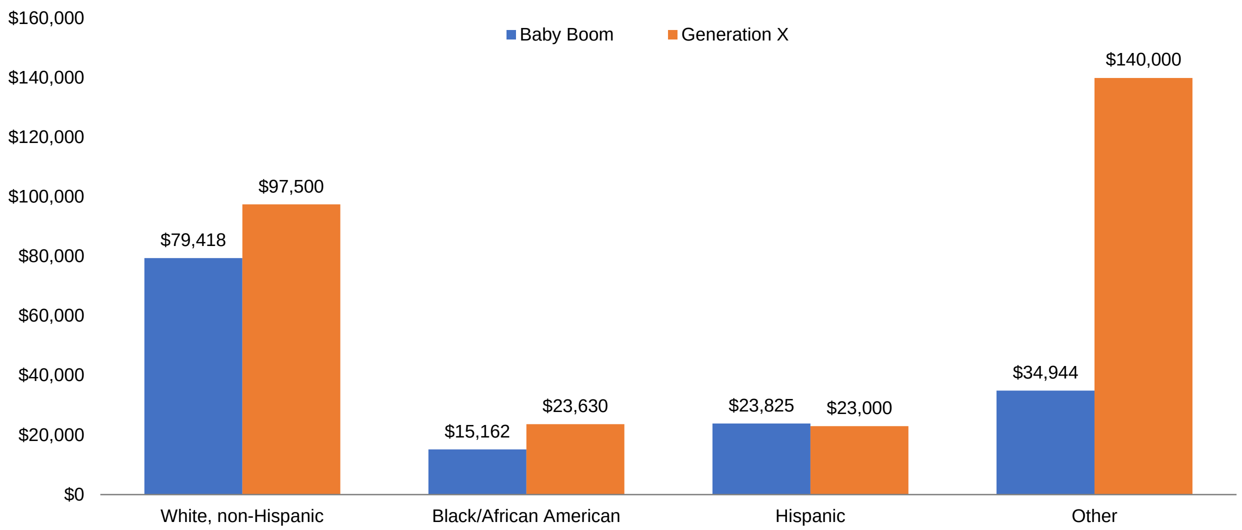
Comparison of Baby Boom and Generation X's Median Debt When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Figure 20

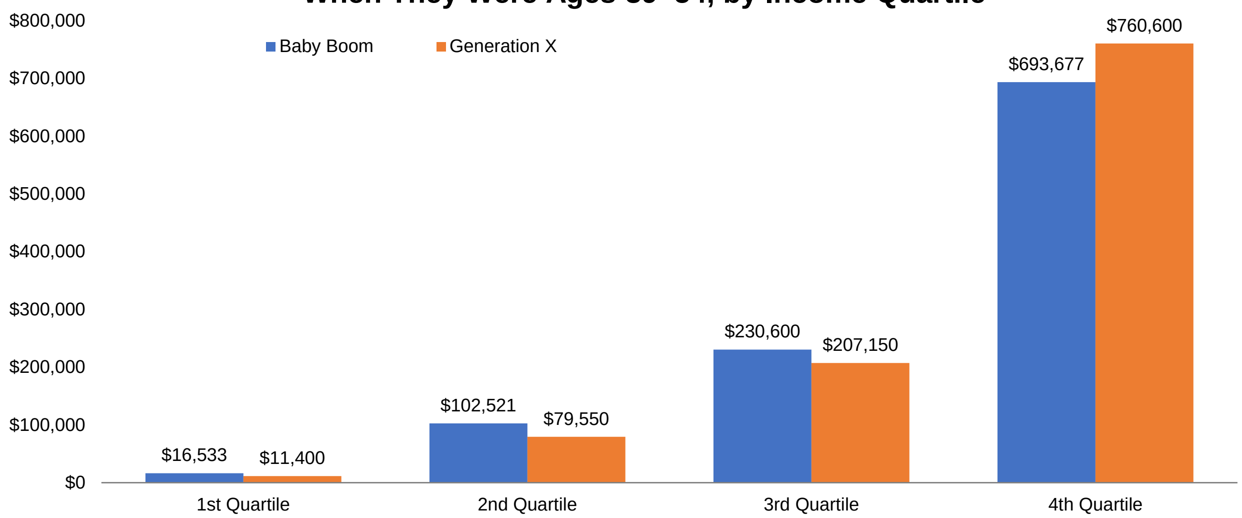
Comparison of Baby Boom and Generation X's Median Debt When They Were Ages 39–54, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

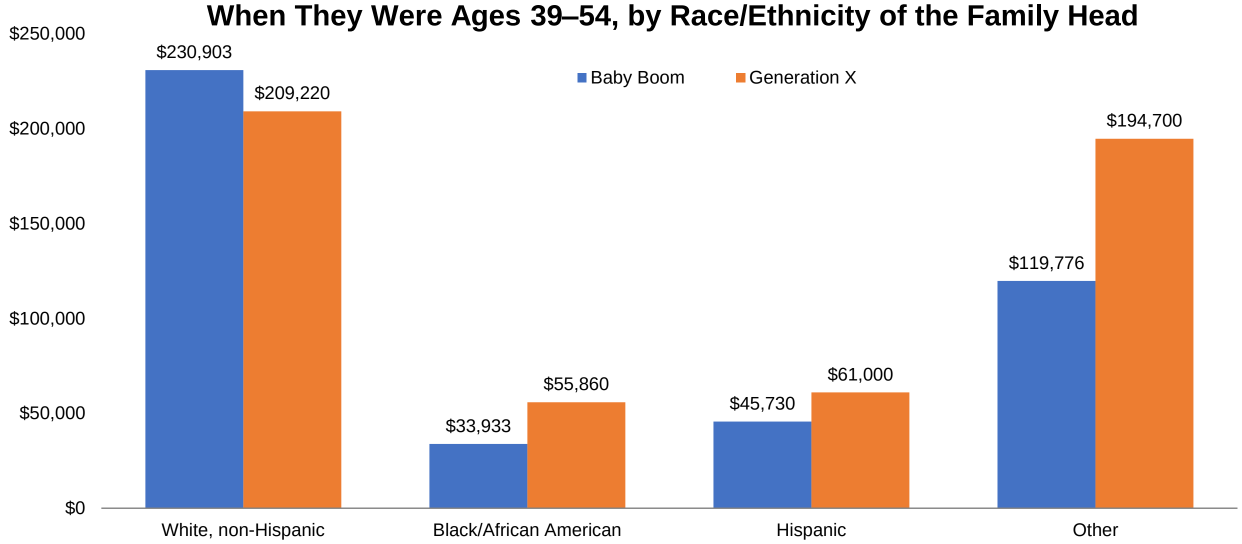
Net Worth — The median net worth of Generation X families was only higher than the Baby Boom families for the highest-income-quartile families (Figure 21). Furthermore, only White, non-Hispanic Generation X families had a lower median net worth than their Baby Boom counterparts when comparing families by race/ethnicity (Figure 22).

Figure 21
Comparison of Baby Boom and Generation X's Median Net Worth When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

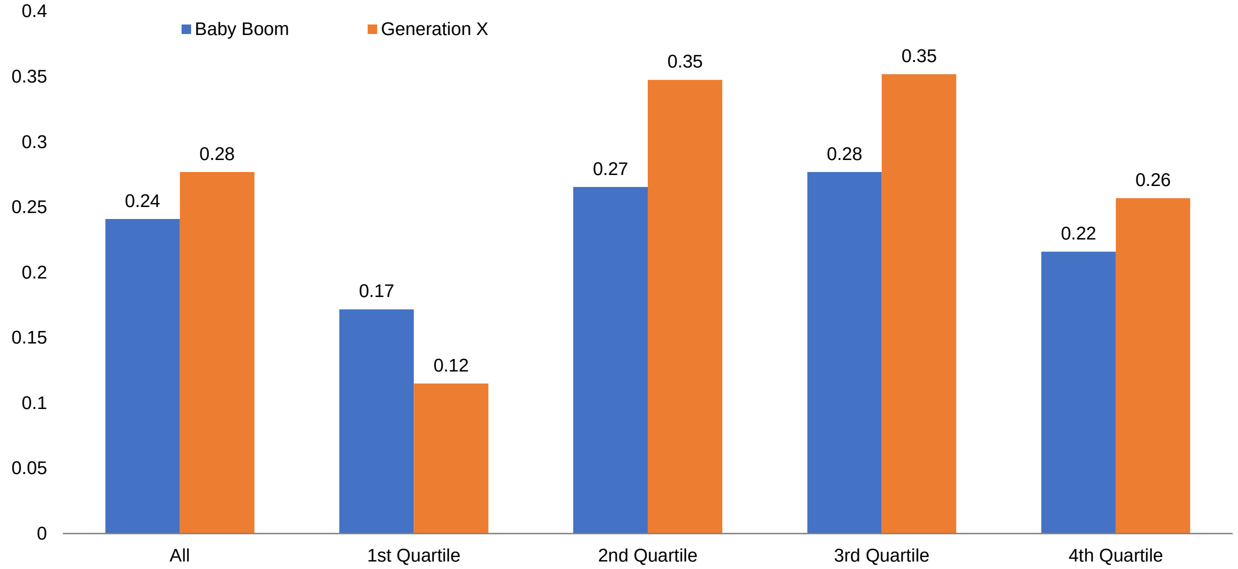
Figure 22
Comparison of Baby Boom and Generation X's Median Net Worth When They Were Ages 39–54, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Debt-to-Asset Ratio — The median ratio of debt to assets (a family's total debt divided by its total assets) was larger for Generation X families in 2019 than it was for the Baby Boom families in 2001, at 0.277 vs. 0.241 (Figure 23). In addition, the ratios were higher for Generation X families in each income quartile except the lowest one.

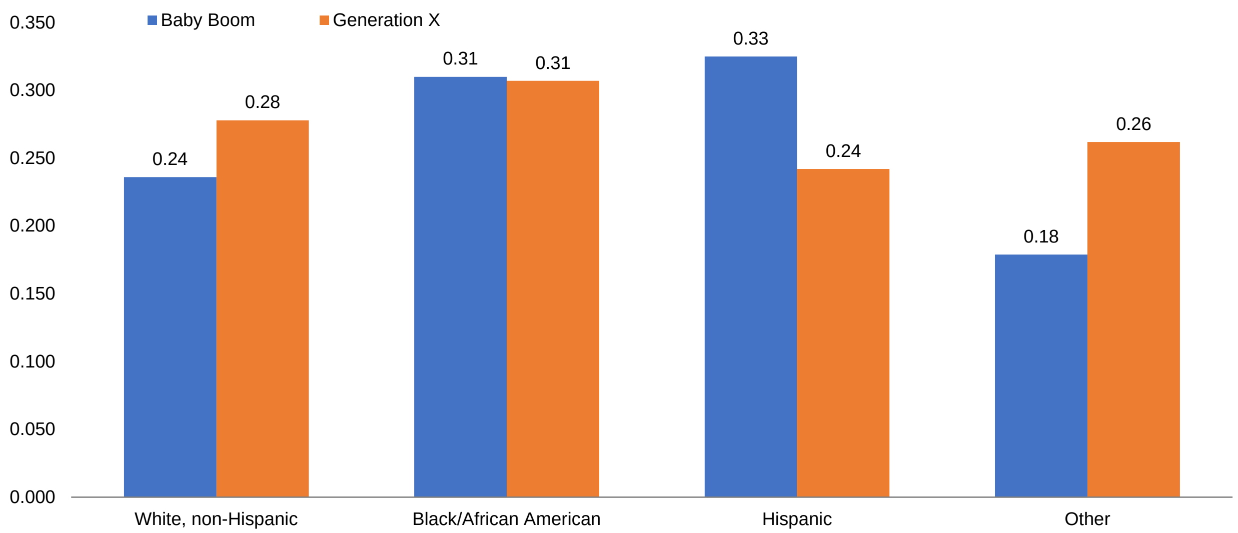
Figure 23
Comparison of Baby Boom and Generation X's Median Debt-to-Asset Ratios When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

The median debt-to-asset ratios were higher for White Generation X families and Generation X families of other races in 2019 than for their Baby Boom family counterparts in 2001 (Figure 24). The median debt-to-asset ratio of Hispanic Generation X families was substantially lower than that of Hispanic Baby Boom families, at 0.242 vs. 0.352, while the median debt-to-asset ratio was virtually identical for Black Generation X and Baby Boom families.

Figure 24
Comparison of Baby Boom and Generation X's Median Debt-to-Asset Ratios When They Were Ages 39–54, by Race/Ethnicity of the Family Head

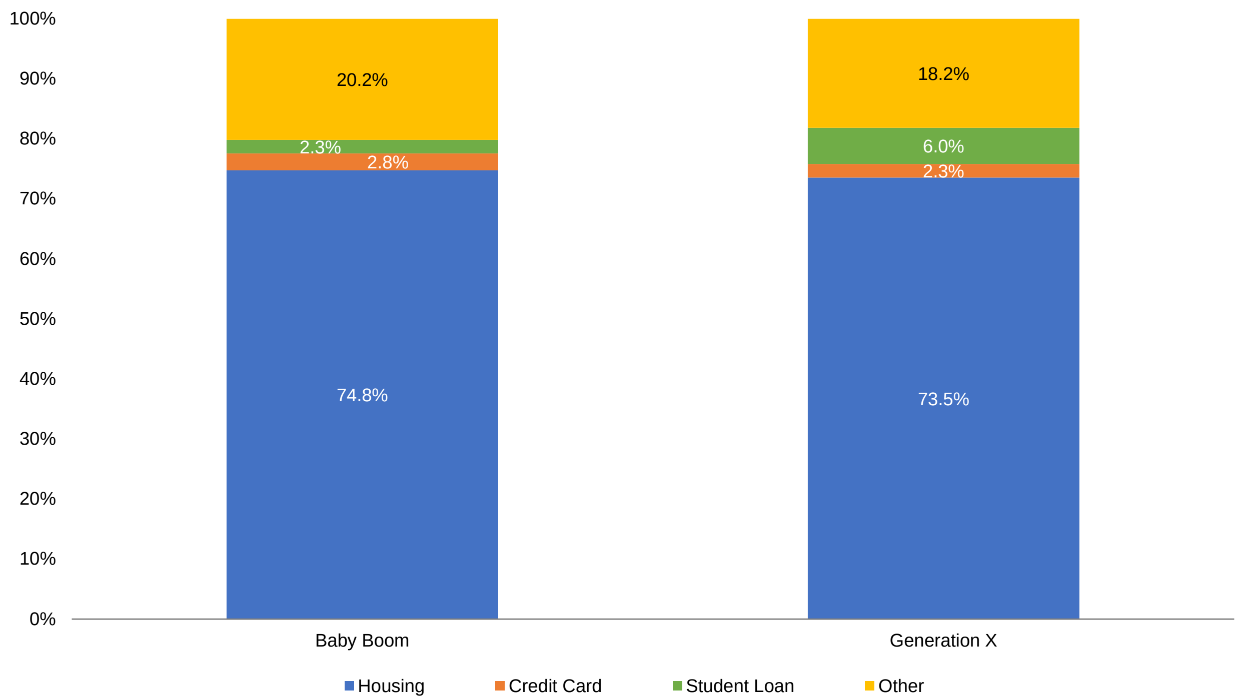


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Sources of Debt — The distribution of debt sources was similar between the Generation X families in 2019 and Baby Boom families in 2001 (Figure 25). The largest difference in the debt distribution was the larger share of debt coming from student loans among Generation X families, where 6.0 percent of their debt was from student loans compared with only 2.3 percent of the Baby Boom families' debt. The debt distributions for the families in the highest income quartile were nearly identical. However, for the families in the lower three income quartiles, there were clear differences between the Generation X and Baby Boom families (Figure 26). For the lower two income quartiles, the Generation X families had significantly larger shares of debt coming from student loans and other debt and a lower share coming from housing debt. For families in the third income quartile, student loan debt was the main difference in debt composition, with Generation X families showing a much larger share coming from student loans.

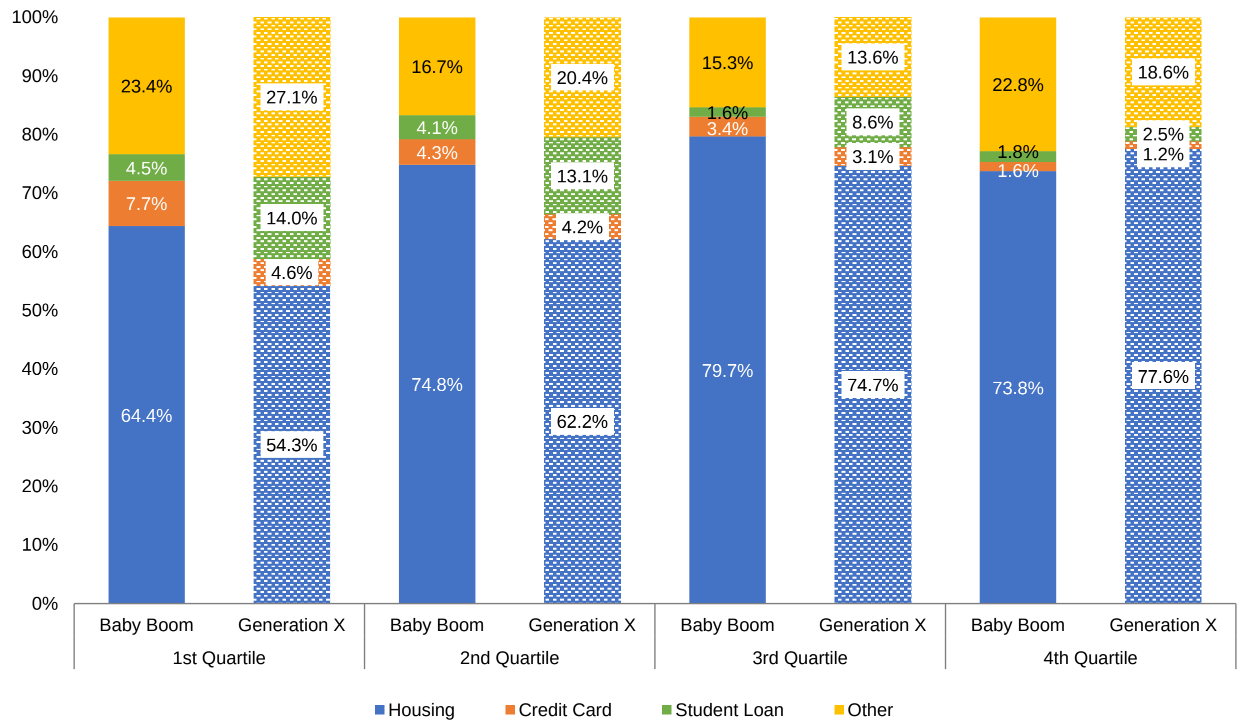
The composition of the debt of White, non-Hispanic families was fairly similar across generations (Figure 27). However, for Black families, Generation X families had a much larger share of student loan debt (18.3 percent) compared with Baby Boom families at the same ages (4.7 percent). This is offset by lower housing and other debt among the Generation X families. Hispanic Generation X families had much higher other debt than Hispanic Baby Boom families, while Generation X families of other races had much higher debt coming from housing debt.

Figure 25
Comparison of Baby Boom and Generation X's Distribution of Debt Sources When They Were Ages 39–54



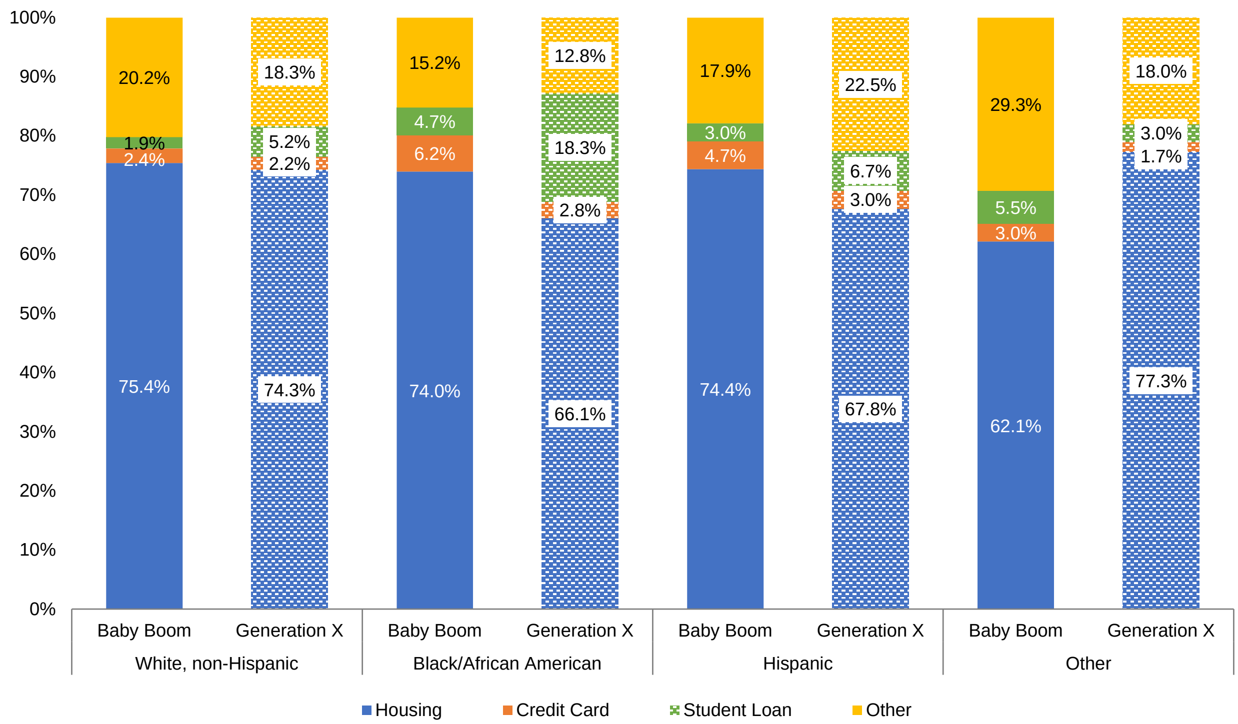
Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Figure 26
Comparison of Baby Boom and Generation X's Distribution of Debt Sources When They Were Ages 39–54, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Figure 27
Comparison of Baby Boom and Generation X's Median Debt-to-Asset Ratios When They Were Ages 39–54, by Race/Ethnicity of the Family Head



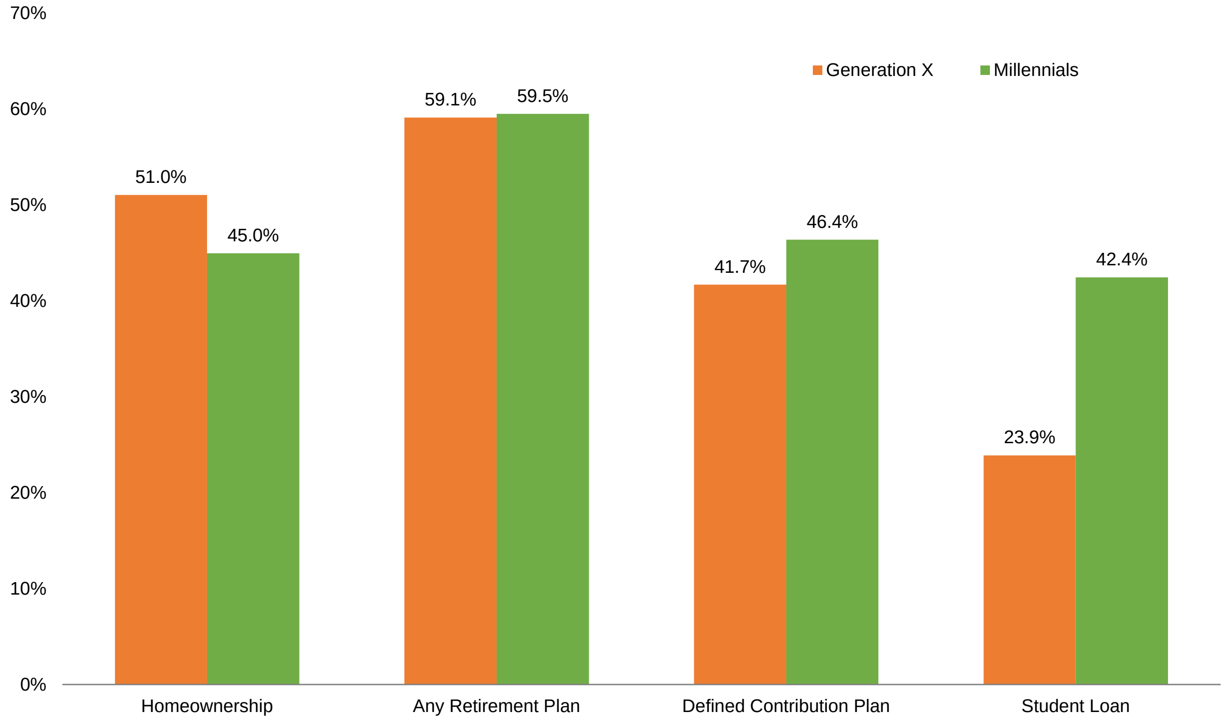
Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Part 2: Millennials in 2019 vs. Generation X in 2001: Families With Heads Ages 25–36

In part two, Millennial families with heads ages 25–36 in 2019 are compared with Generation X families with heads of the same ages in 2001. Put differently, this part contrasts the financial situation of today's early-career employees (Millennials) with yesterday's early-career employees (Generation X). Again, various financial indicators are examined along with a breakdown by family income and the race/ethnicity of the family heads.

Incidence of Specific Assets/Debts — The percentage of Millennial families with heads ages 25–36 owning a home in 2019 was lower than for the Generation X families with heads of the same ages in 2001 — 45.0 percent vs. 51.0 percent (Figure 28). The likelihood of owning any type of retirement plan was not significantly different between the two generations. However, Millennial families were more likely to have had a DC plan than Generation X families. They were also more likely to have had student loan debt: The percentage of Millennial families having student loan debt was nearly twice that of the Generation X families (42.4 percent vs. 23.9 percent).

Figure 28
Comparison of Generation X and Millennials' Ownership of Various Assets and Debt When They Were Ages 25–36

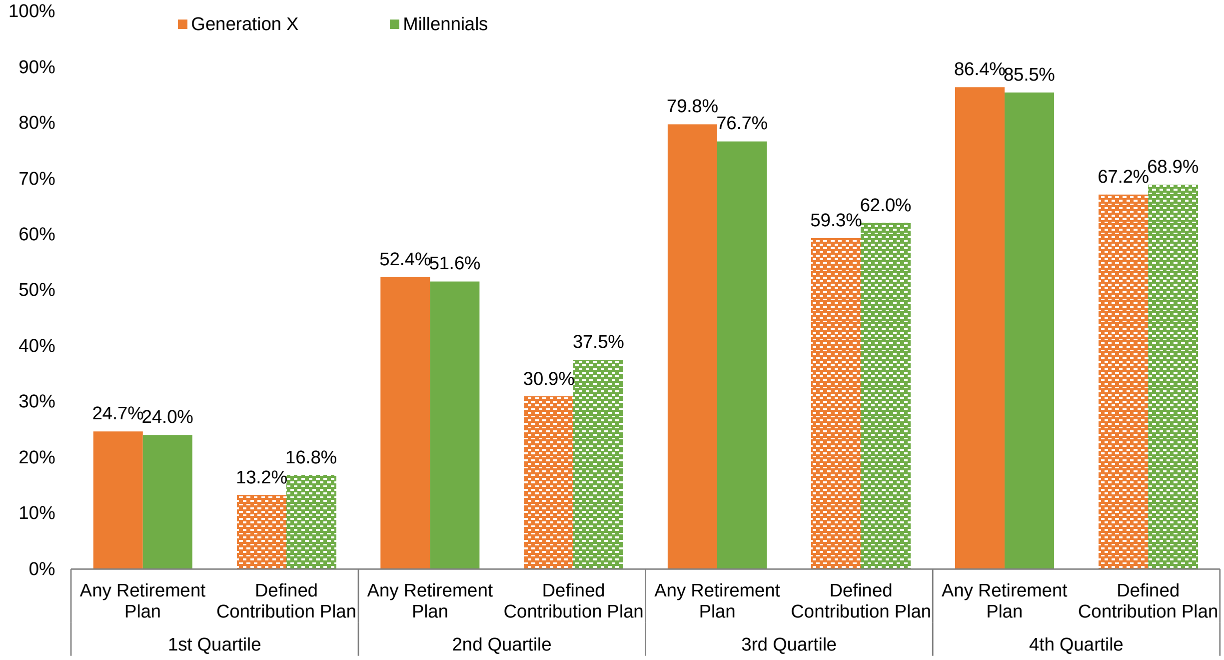


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

The share of families owning any type of retirement plan was virtually identical between the two generations across each of the income quartiles (Figure 29). The third quartile was the only quartile where the difference could be considered significant, but that difference was only 3.1 percentage points (with Millennial families being less likely to own any type of retirement plan). In contrast, Millennial families were more likely to have owned a DC plan in 2019 than comparable Generation X families in 2001 across each income quartile. The lower income quartiles actually showed larger differences between the percentages owning a DC plan. The similarities in the likelihood of retirement plan ownership are likely due to the fact that the movement to DC plans was already well underway by the time Generation X reached these ages in 2001.

Figure 29

Comparison of Generation X and Millennials' Ownership of Any Retirement Plan or Defined Contribution Plan When They Were Ages 25–36, by Income Quartile

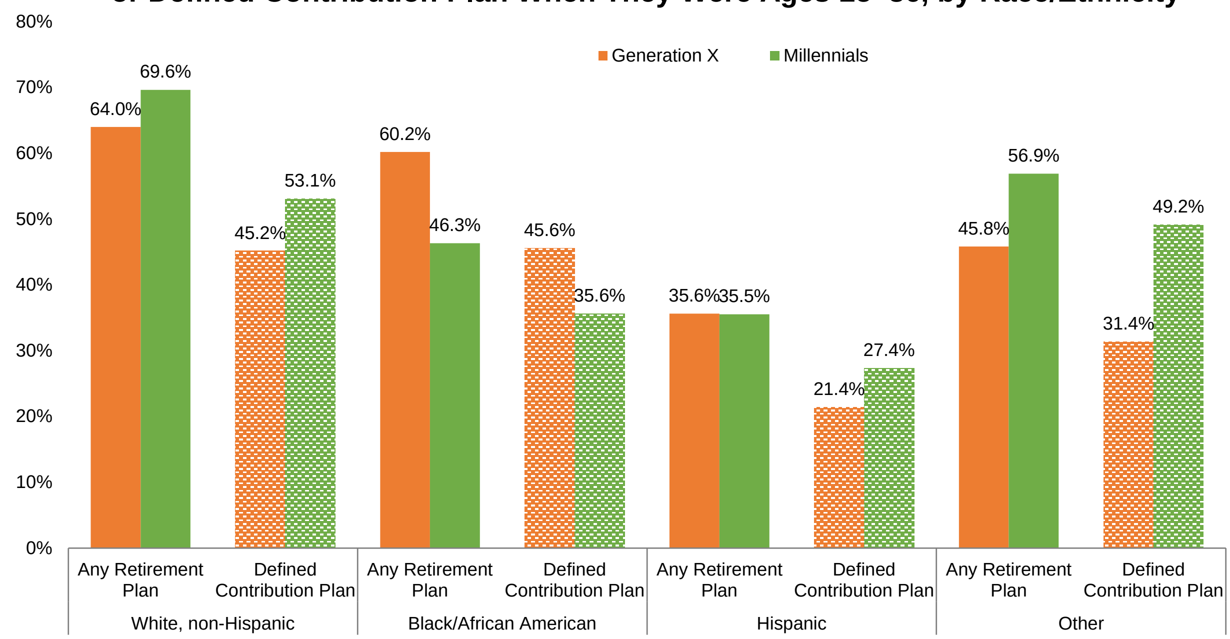


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Only the percentage of Black Millennial families in 2019 having any retirement plan was lower than the percentage of their Generation X counterparts in 2001 (Figure 30). The Hispanic Millennial family percentages did not differ, and White Millennial families and Millennial families of other races had higher shares with any retirement plan. Similarly, only Black Millennial families in 2019 had a lower percentage with a DC plan than the comparable Generation X families in 2001. Millennial families of the remaining race/ethnicity categories were more likely to have had a DC plan in 2019 than the Generation X families in 2001.

Figure 30

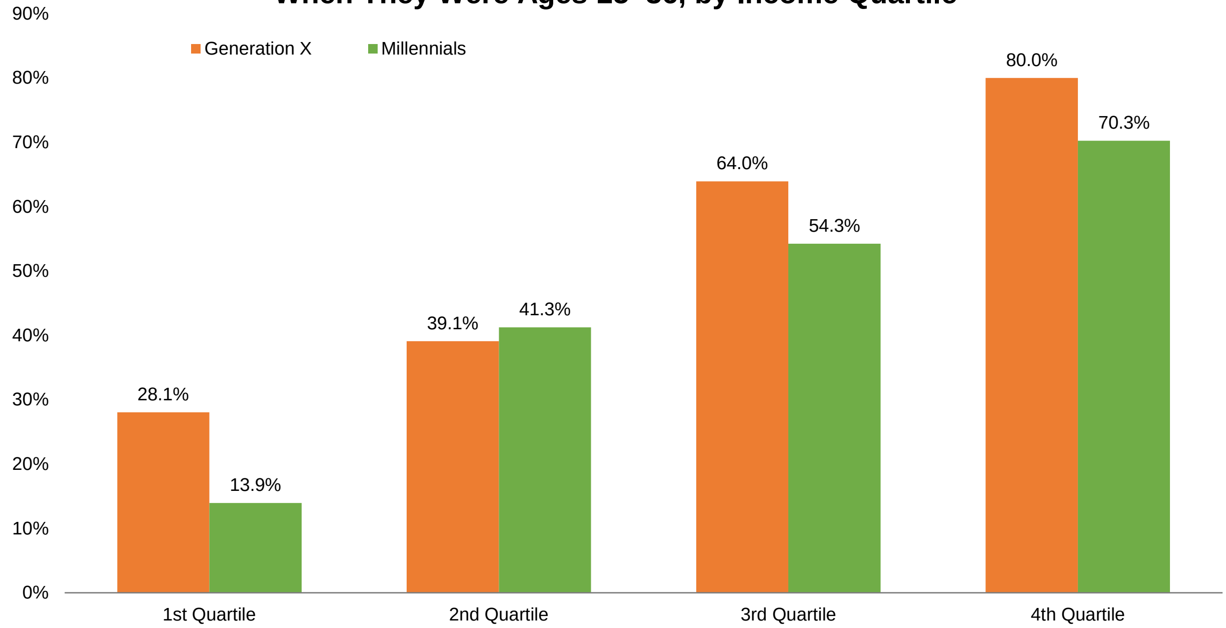
Comparison of Generation X and Millennials' Ownership of Any Retirement Plan or Defined Contribution Plan When They Were Ages 25–36, by Race/Ethnicity



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

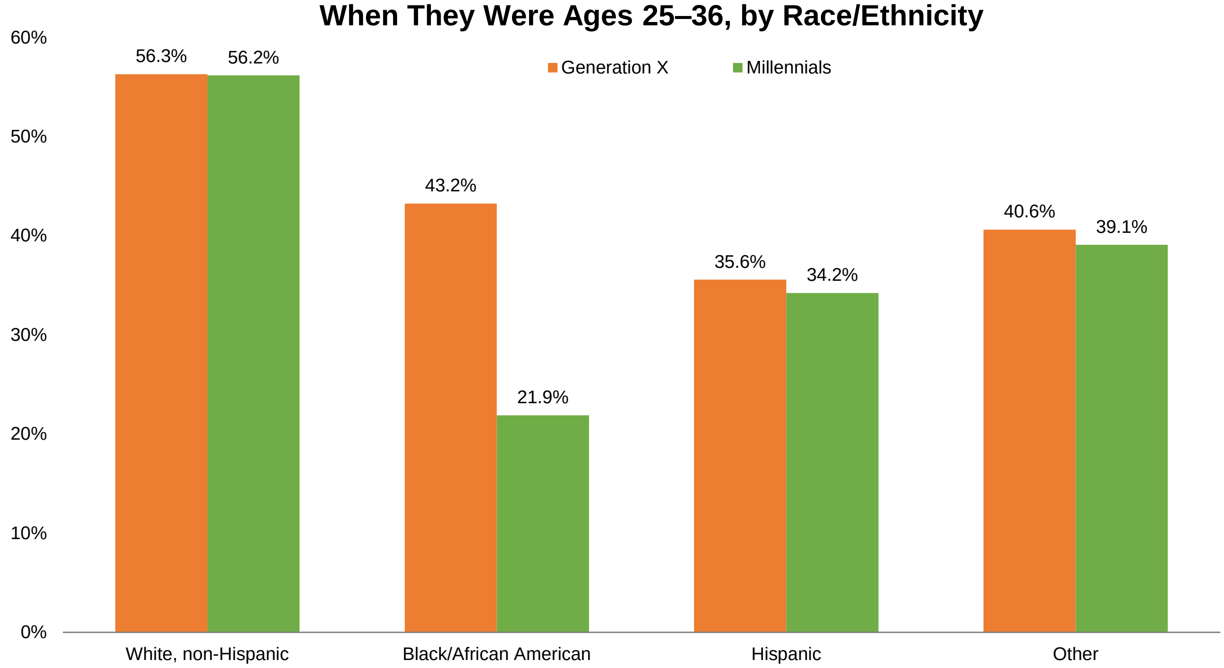
Homeownership among the Millennial families in 2019 was lower in each income quartile than for the Generation X families in 2001, with the exception of those in the second income quartile (Figure 31). However, for that quartile, the difference in homeownership was small. By race, differences in homeownership between Millennial families in 2019 and comparable Generation X families in 2001 were generally small (Figure 32) — with one exception. Black Millennial families' homeownership rate in 2019 was almost half that of the Generation X families in 2001 — 21.9 percent vs. 43.2 percent.

Figure 31
Comparison of Generation X and Millennials' Homeownership When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

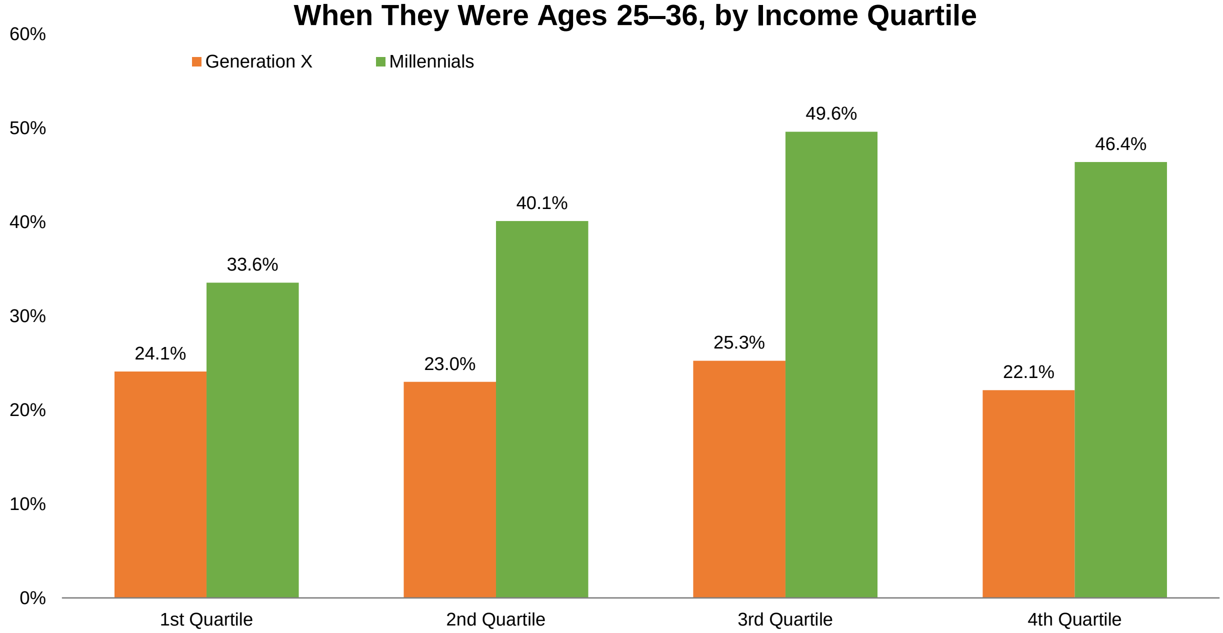
Figure 32
Comparison of Generation X and Millennials' Homeownership When They Were Ages 25–36, by Race/Ethnicity



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

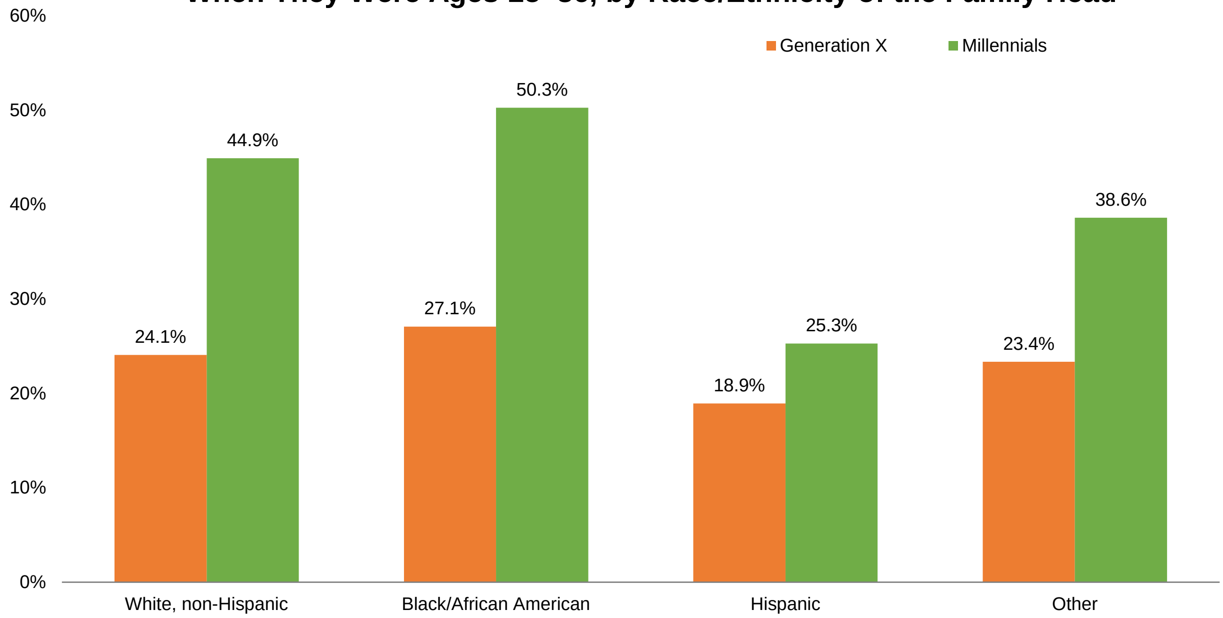
The one financial indicator that was universally higher for Millennial families compared with Generation X families at the same ages was the incidence of student loan debt. In some cases, the Millennial families were nearly twice as likely to have held student debt as the Generation X families. For example, 49.6 percent of Millennial families in the third income quartile had student loan debt in 2019 vs. 25.3 percent of the Generation X families with that level of income in 2001 (Figure 33). This higher likelihood of having student loan debt held true across each race/ethnicity of the families, with Black Millennial families having the largest difference relative to their Generation X counterparts (Figure 34).

Figure 33
Comparison of Generation X and Millennials' Student Loan Incidence When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

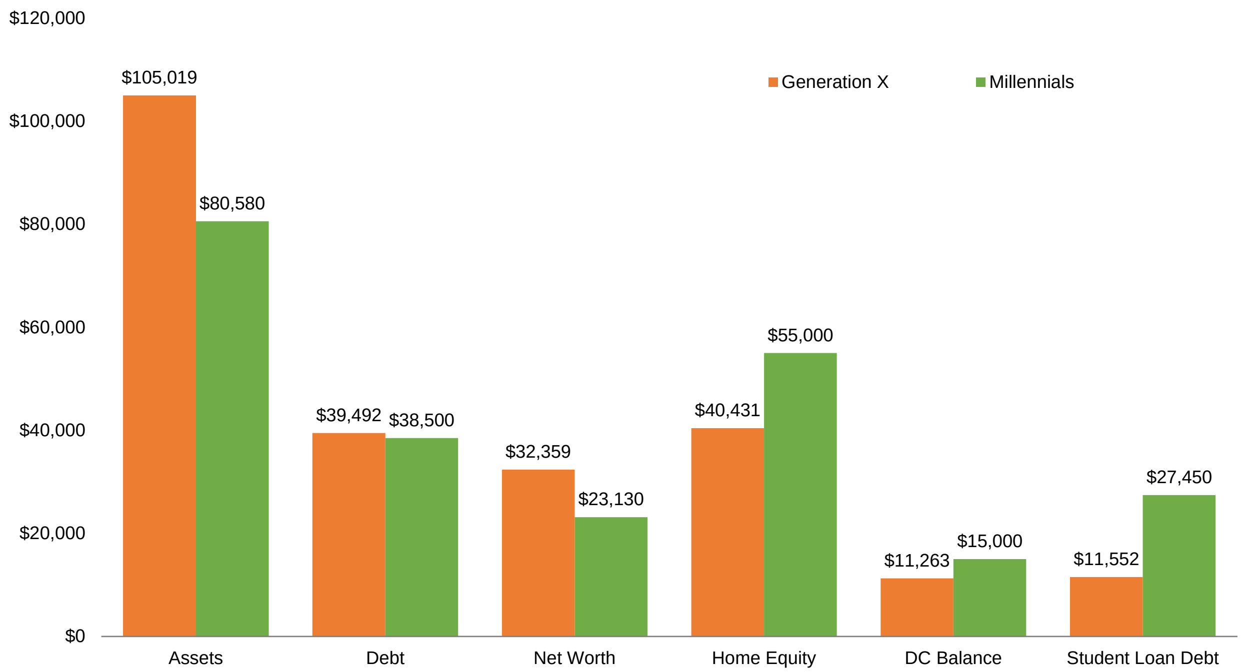
Figure 34
Comparison of Generation X and Millennials' Student Loan Incidence When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Median Values of Specific Financial Indicators[4] —Millennial families in 2019 had a much lower median asset value but approximately the same median debt as their Generation X counterparts had in 2001, resulting in a lower net worth (assets minus debts) in 2019 dollars for the Millennial families (Figure 35). In fact, Millennial families' net worth was approximately three quarters of the net worth of their Generation X counterparts at the same ages ($23,130 vs. $32,359, respectively). For the specific assets and debts, Millennial families had higher median values of home equity, DC plan balances, and student loan debt among the families holding these financial instruments.[5]

Figure 35
Comparison of Generation X and Millennials' Median Values of Various Financial Measures When They Were Ages 25–36

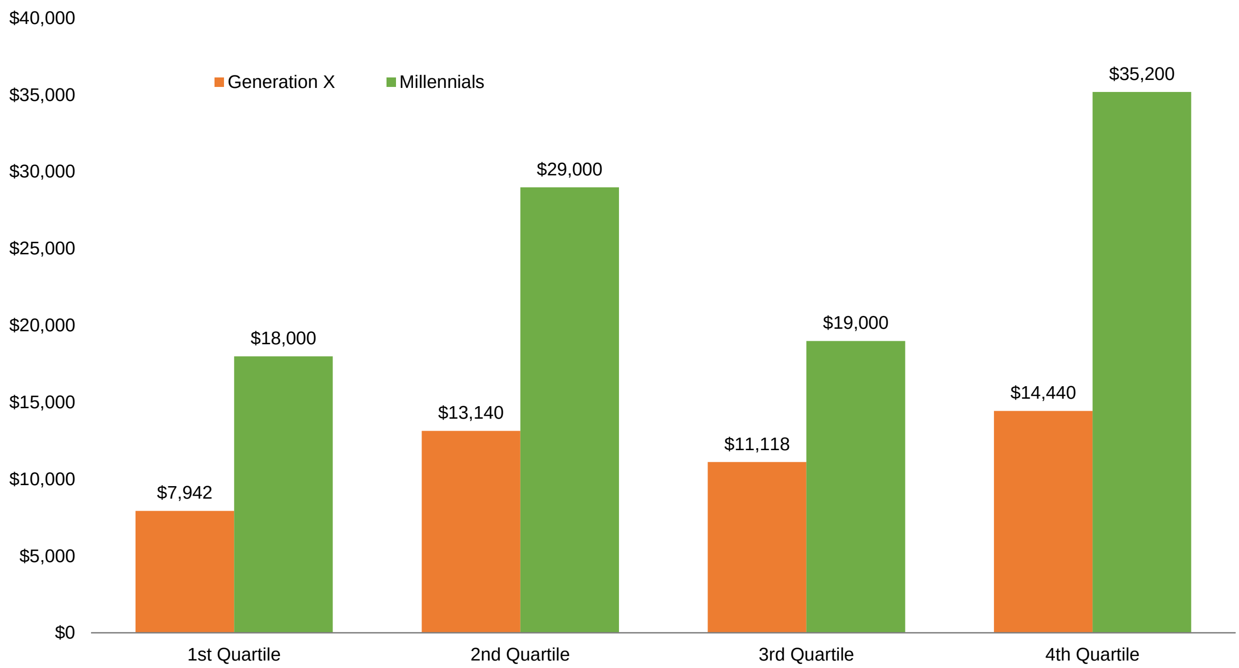


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Student Loan Debt — Just as the incidence of student loan debt was higher among Millennial families than for Generation X families, the median value of student loan debt held was also higher. This held true across each income quartile of the Millennial families (Figure 36). Specifically, the median value of student loan debt held by Millennial families in 2019 in all but the third income quartile was more than double that of what was held by Generation X families: At the highest income quartile, Millennial families had a median student loan balance of $35,200, compared with $14,400 for Generation X families with these incomes. The third-income-quartile Millennial families still had a median student loan balance approximately 70 percent higher than the Generation X families.

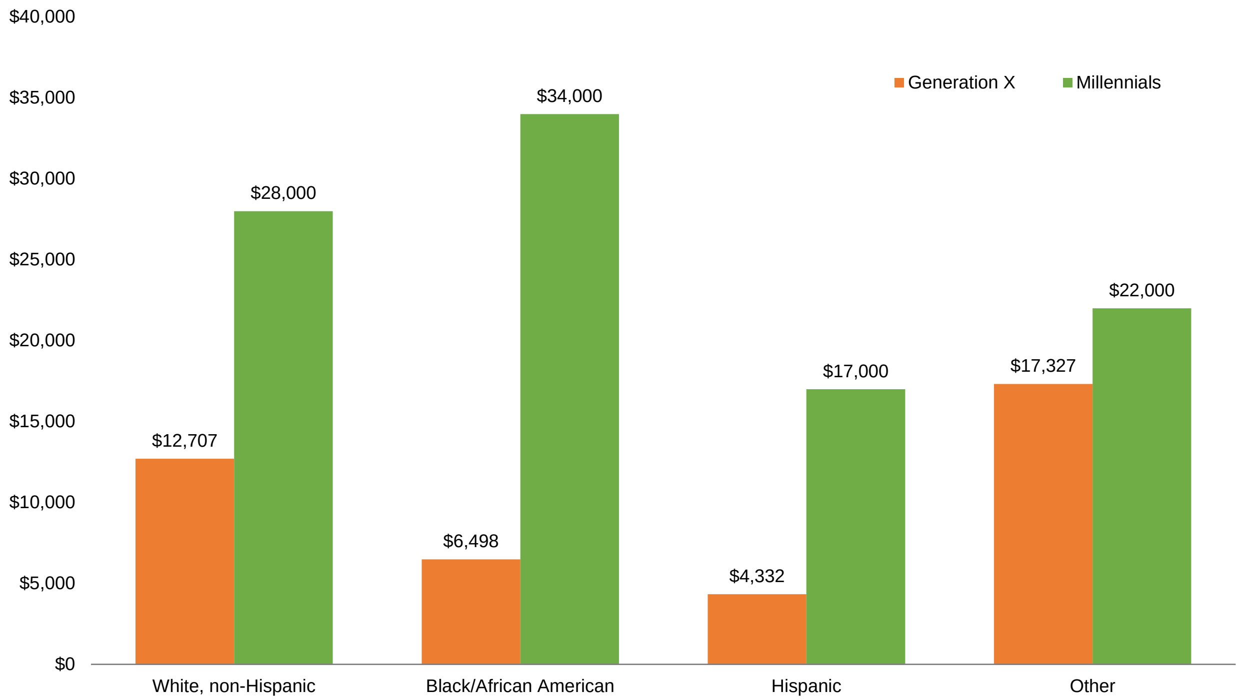
The median student loan balances were also substantially higher across each race/ethnicity among the Millennial families (Figure 37). Black Millennial families showed the largest difference: The median student loan debt held by Black Millennial families was $34,000 in 2019, compared with $6,498 among the Black Generation X families at the same ages.

Figure 36
Comparison of Generation X and Millennials' Median Student Loan Balances When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

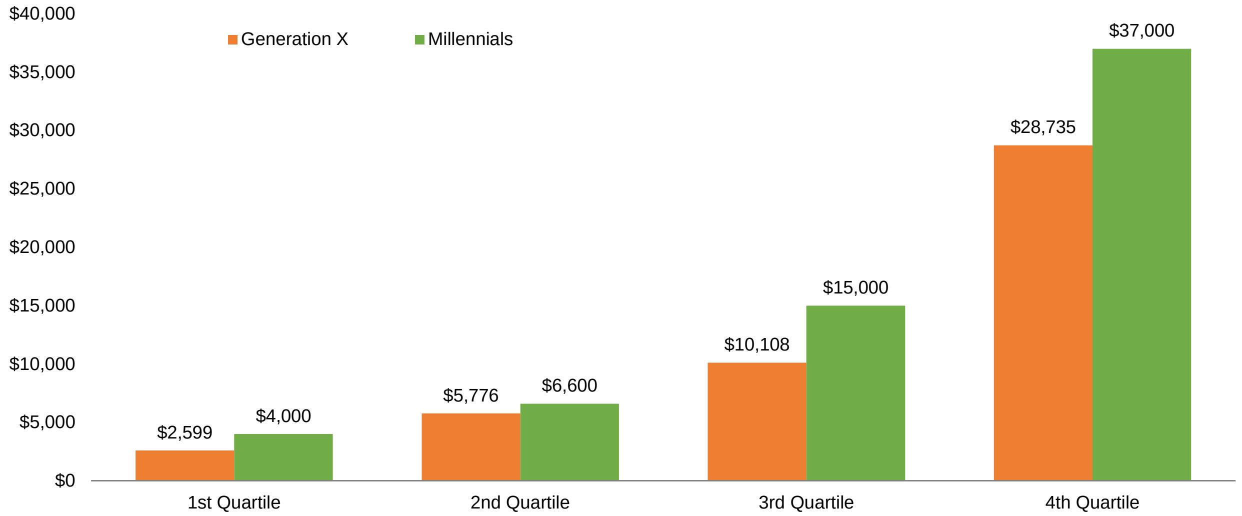
Figure 37
Comparison of Generation X and Millennials' Median Student Loan Balances When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

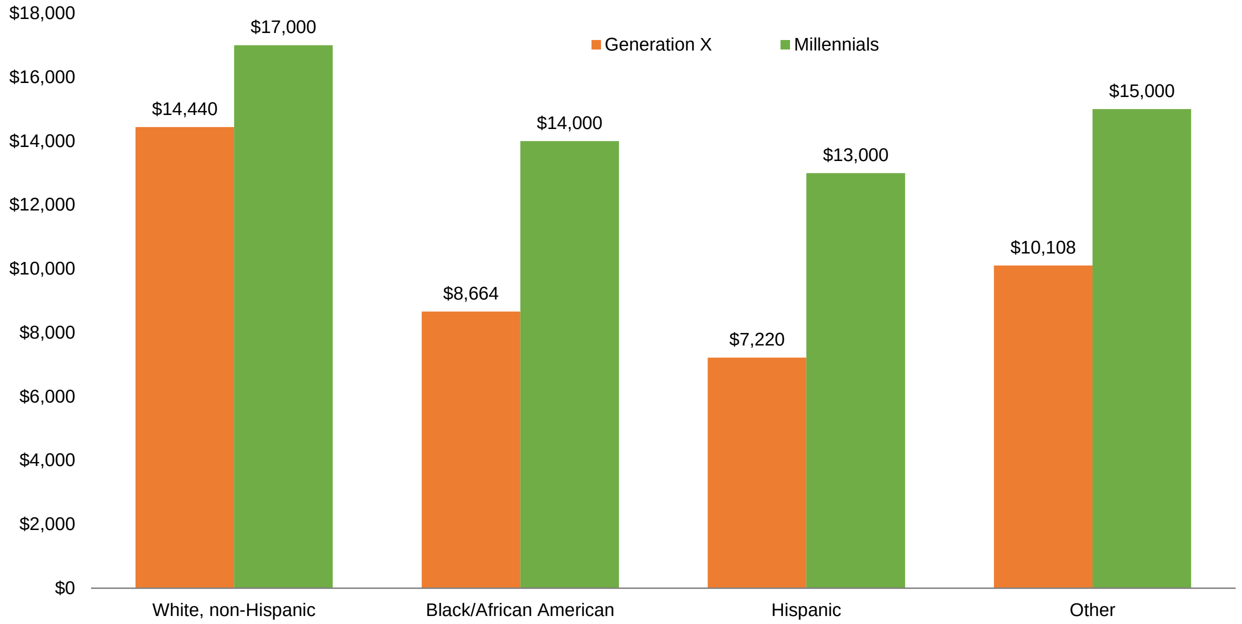
Defined Contribution Plans — The median DC plan balance was higher for the Millennial families in each income quartile, with much larger differences in the two highest income quartiles (Figure 38). The median DC balance for Millennial families in the highest quartile was $37,000 compared with $28,735 for Generation X families in this income quartile. For comparison, the difference in the lowest income quartile was less than $1,500. The median DC plan balances were higher for Millennial families across each race/ethnicity (Figure 39). The difference in the median balances was actually lower for the White families than for each of the remaining families.

Figure 38
Comparison of Generation X and Millennials' Median Defined Contribution Plan Balances When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

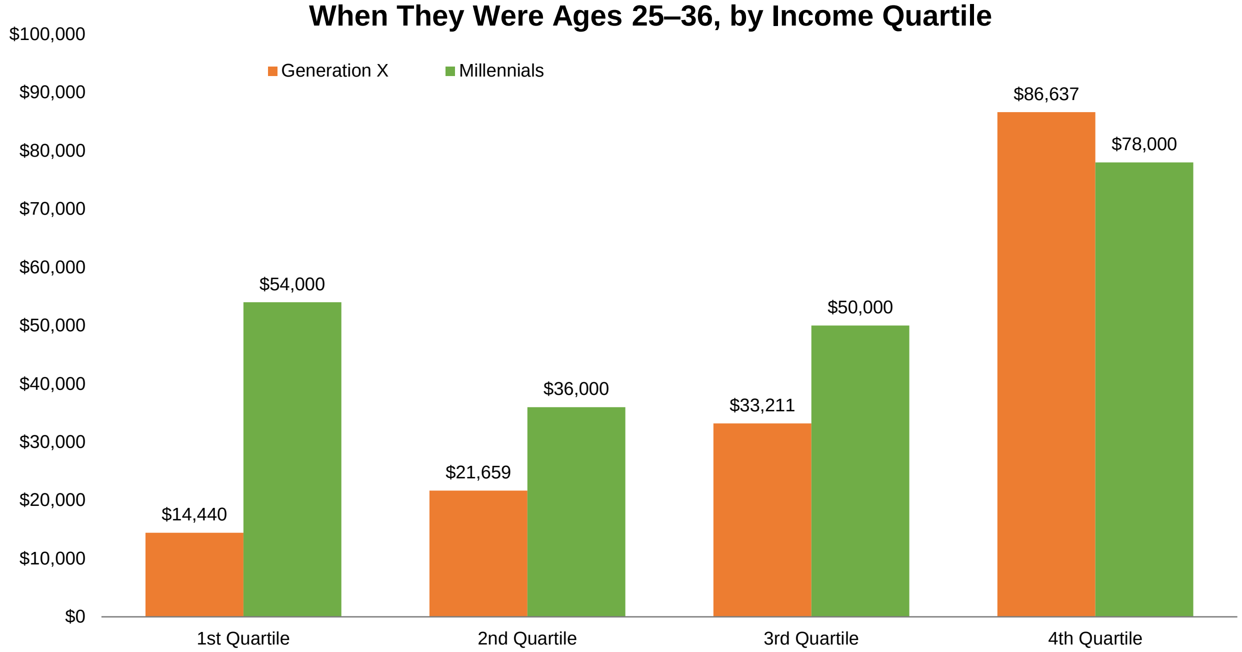
Figure 39
Comparison of Generation X and Millennials' Median Defined Contribution Plan Balances When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Home Equity — For families in the three lower income quartiles, the median home equity value was higher for the Millennial families in 2019 than it was for the Generation X families at the same ages (Figure 40). In contrast, at the highest income quartile, the Millennial families had a lower median home equity value. The lowest income quartile had by far the largest difference in the median home equity values — $54,000 for the Millennial families vs. $14,440 for the Generation X families. However, it bears mentioning that homeownership was lower for Millennial families in 2019 than it was for Generation X families at the same ages in 2001.

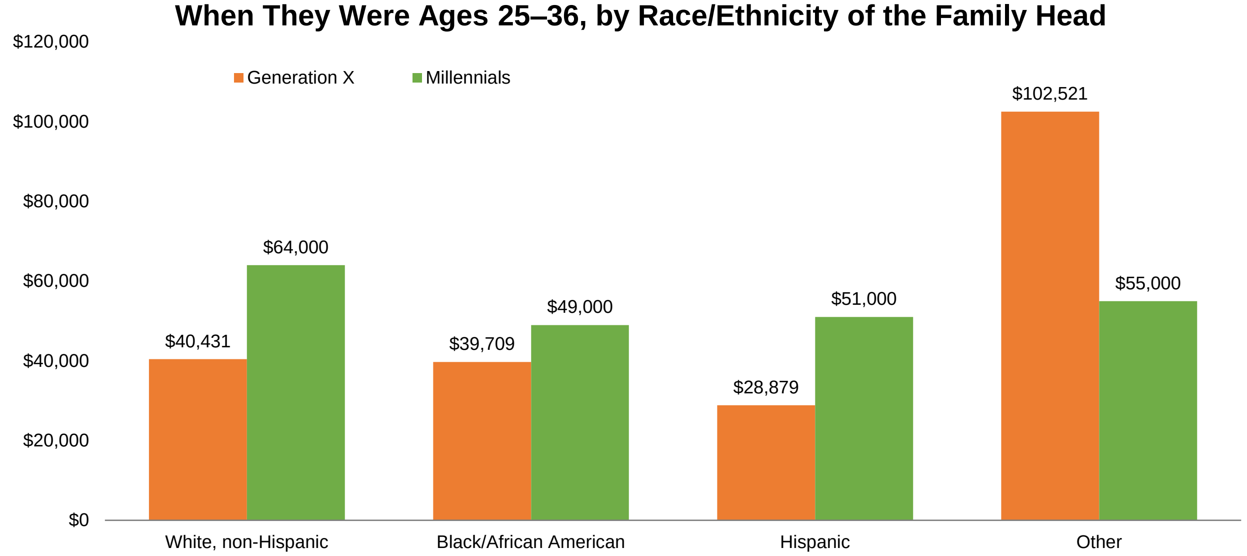
Figure 40
Comparison of Generation X and Millennials' Median Home Equity When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

By race/ethnicity, the median home equity values were higher for Millennial families in each category, except for those of other races (Figure 41). White and Hispanic Millennial families showed the largest positive differences. For Millennial families of other races, the median home equity value was about half that of the Generation X families ($55,000 vs. $102,521).

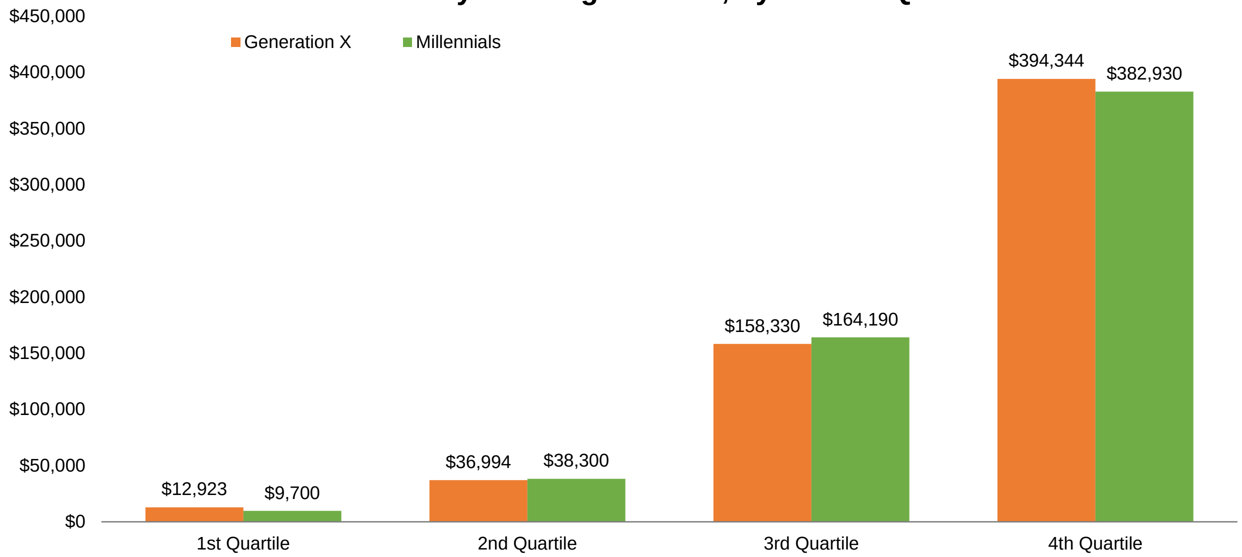
Figure 41
Comparison of Generation X and Millennials' Median Home Equity When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Total Assets — The median total assets of Millennial families in 2019 were slightly larger than those of Generation X families in 2001 for the middle two income quartiles, while the Generation X families had the larger median total assets in the lowest and highest income quartiles (Figure 42). However, only in the lowest income quartile were the differences larger than 4 percent.

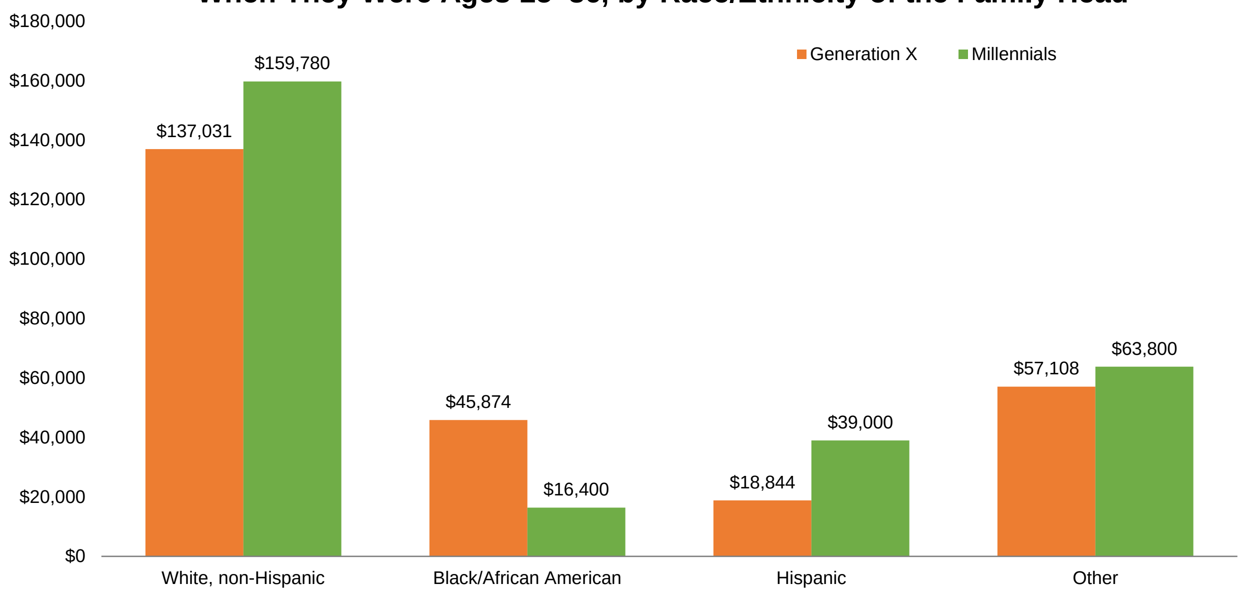
Figure 42
Comparison of Generation X and Millennials' Median Total Assets When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Millennial families had higher median total assets than Generation X families for each race/ethnicity, except for Black Millennial families (Figure 43). In fact, Black Millennial families' median total assets in 2019 equaled about one-third of Generation X's median total assets in 2001: $16,400 vs. $45,874, respectively. In contrast, the Hispanic Millennial families' median total assets were more than double those of their Generation X counterparts in 2001.

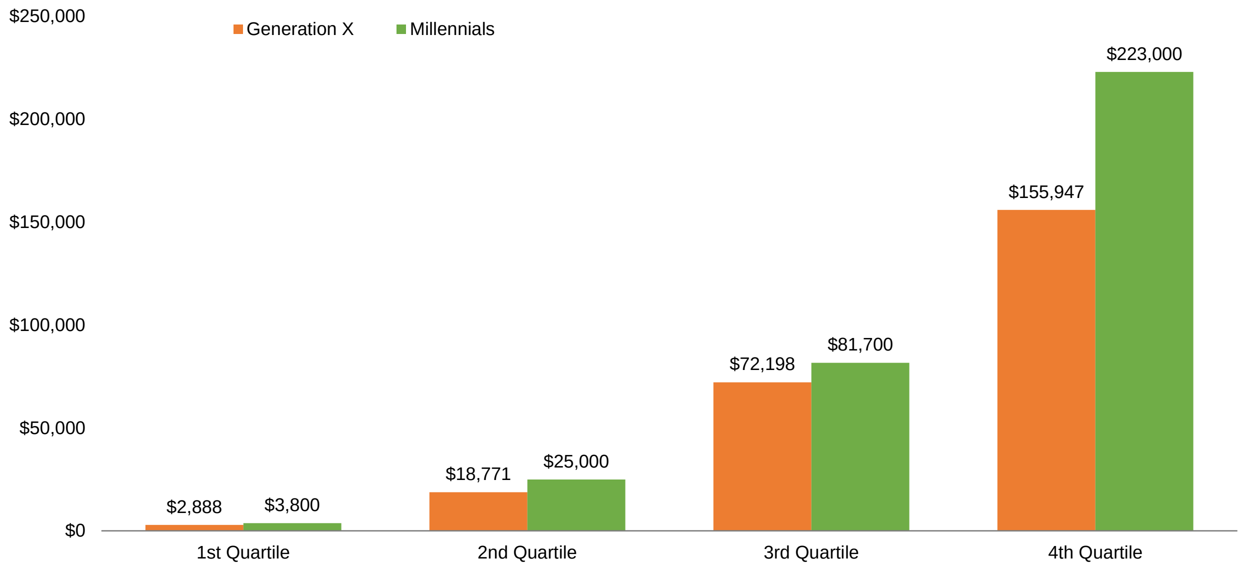
Figure 43
Comparison of Generation X and Millennials' Median Total Assets When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

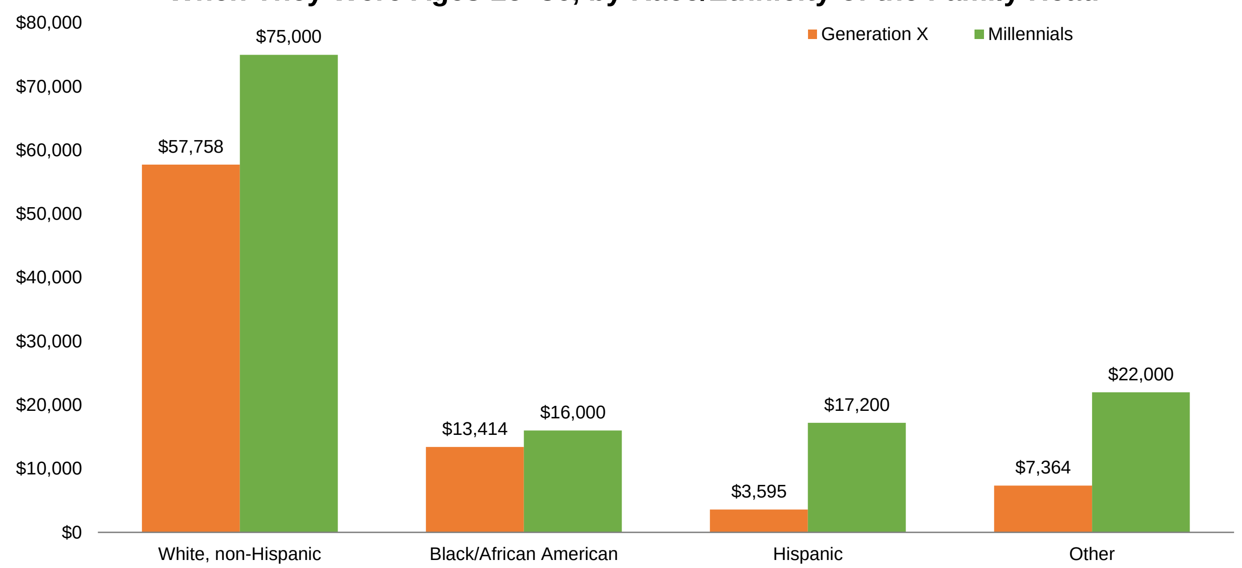
Debt — Millennial families had higher median debt levels in 2019 than did Generation X families in 2001 across each income quartile (Figure 44). The difference in the median debt increased with income, reaching $67,000 more for the highest-income families, compared with a less than $1,000 difference in the lowest income quartile. By race/ethnicity, Millennial families again had higher median debt levels than did the Generation X families in each group (Figure 45). Only Black Millennial families had a somewhat comparable median debt level to that of their Generation X counterparts, while Millennial families in the remaining race/ethnicity categories had substantially higher median debt levels relative to their Generation X counterparts.

Figure 44
Comparison of Generation X and Millennials' Median Debt When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

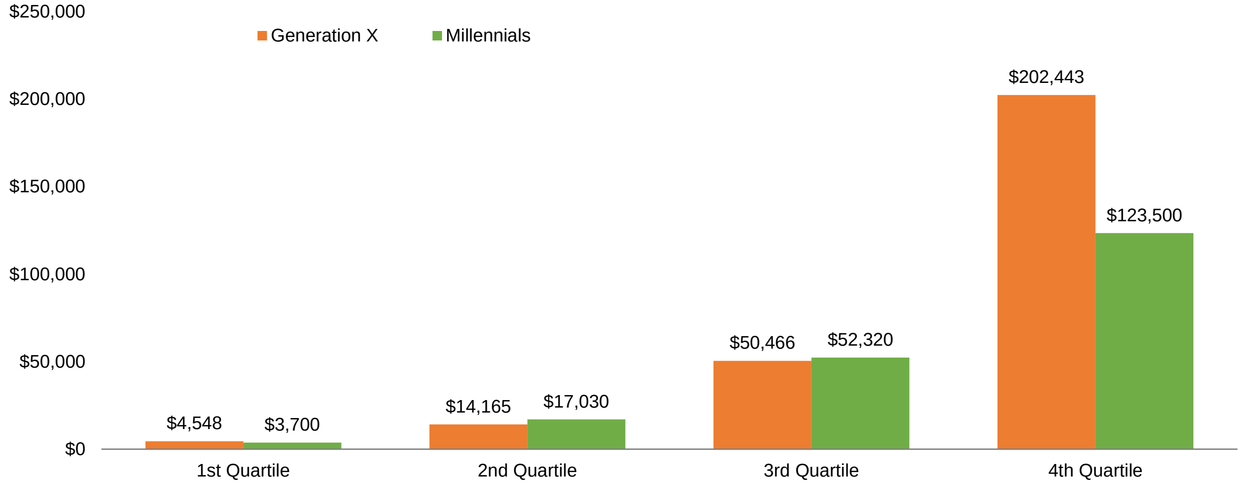
Figure 45
Comparison of Generation X and Millennials' Median Debt When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Net Worth — In the lower three income quartiles, the median net worth was not much different between Millennial families in 2019 and Generation X families in 2001 when the family heads were ages 25–36 (Figure 46). In the middle two income quartiles, the Millennial families had slightly higher median net worths, while they had a slightly lower net worth among those in the lowest income quartile. However, in the highest income quartile, the median net worth of Millennial families was substantially below that of Generation X at the same ages — $123,500 vs. $202,443.

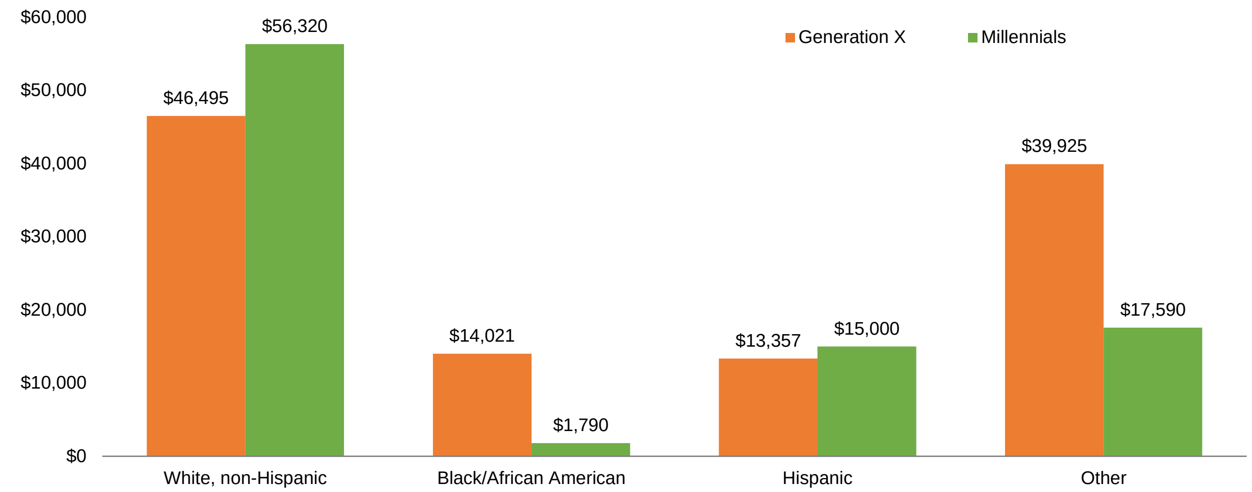
Figure 46
Comparison of Generation X and Millennials' Median Net Worth When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

White Millennial families had a higher median net worth than their Generation X counterparts, and Hispanic Millennial families' median net worth was in line with that of their Generation X counterparts (Figure 47). However, Black Millennial families and those of other races had lower median net worth relative to their Generation X counterparts. The difference for the Black Millennial families is particularly noteworthy, as the Black Generation X families' net worth in 2001 was the lowest of all racial/ethnic groups at $14,021, and it was even lower for the Millennial Families in 2019, reaching $1,790.

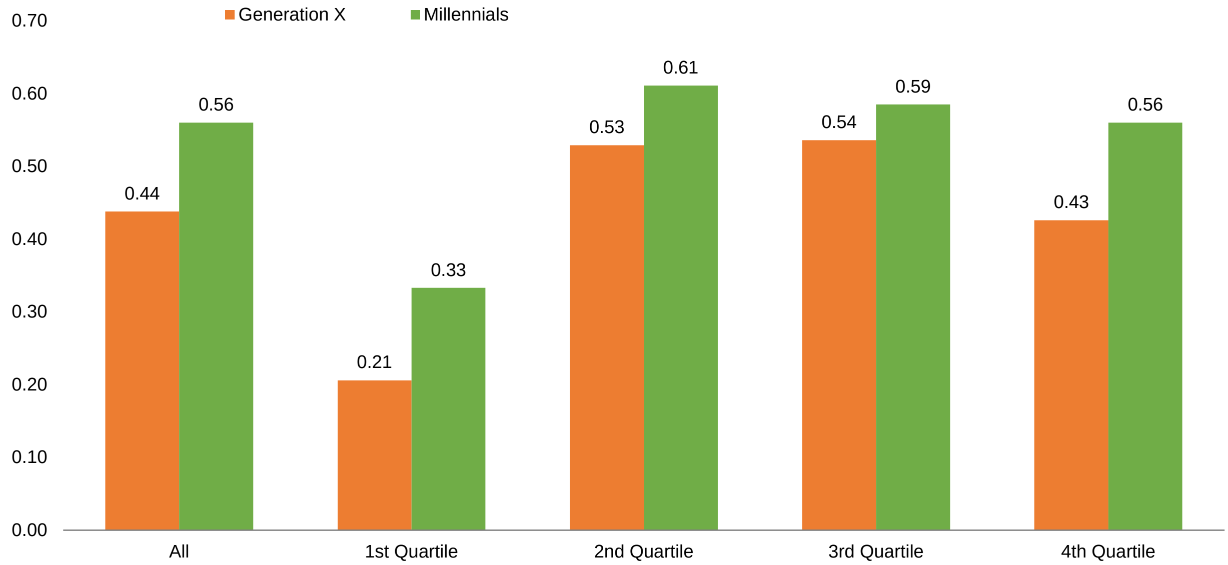
Figure 47
Comparison of Generation X and Millennials' Median Net Worth When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Debt-to-Asset Ratio — The median ratio of debt to assets (a family's total debt divided by its total assets) was larger for Millennial families in 2019 than it was for Generation X families in 2001 at 0.560 vs. 0.438 (Figure 48). This is true across each income quartile, but the largest differences were for those in the lowest and highest income quartiles.

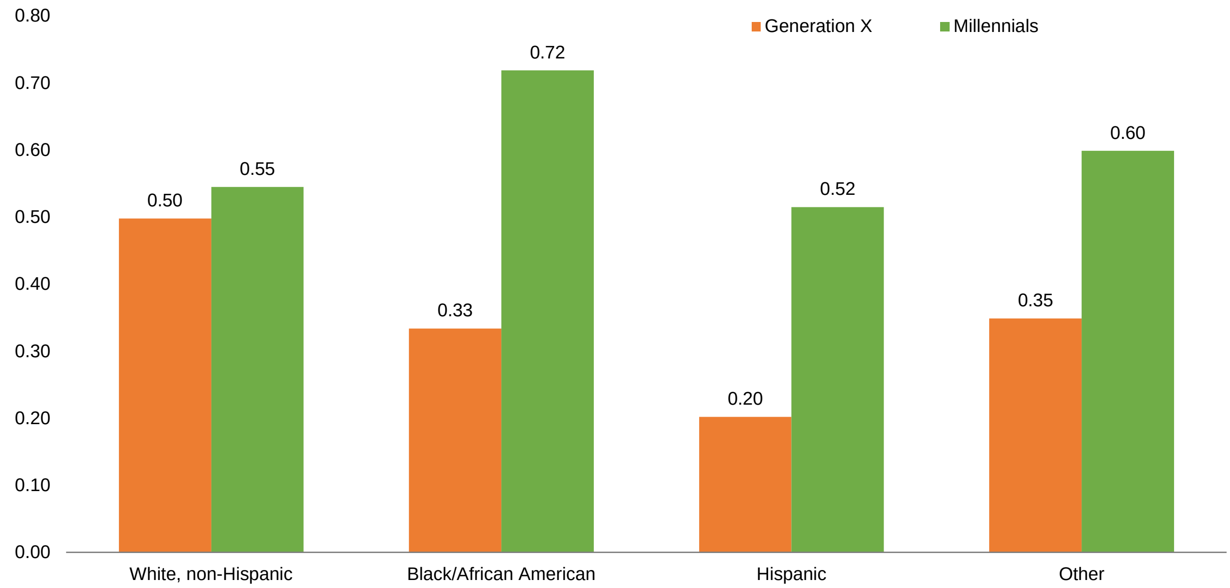
Figure 48
Comparison of Generation X and Millennials' Median Debt-to-Asset Ratios When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Likewise, the median debt-to-asset ratios were higher for all Millennial families in 2019 than for Generation X families in 2001 regardless of the family head's race/ethnicity (Figure 49). While the difference in median debt-to-asset ratios of White Millennial families was small, it was quite sizable for non-White Millennial families. Thus, it is clear that minority Millennial families had taken on more debt relative to their assets than did the White Millennial families.

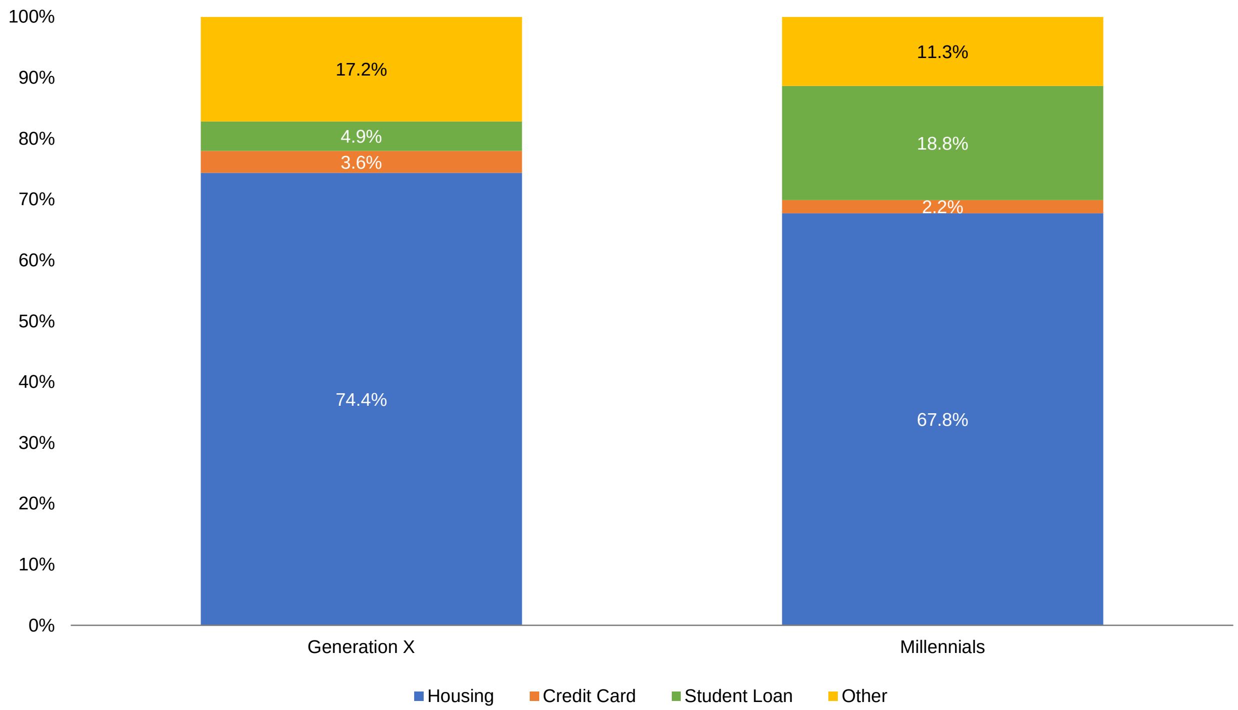
Figure 49
Comparison of Generation X and Millennials' Median Debt-to-Asset Ratios When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Sources of Debt — The distribution of debt sources changed significantly between the Millennial families in 2019 and the Generation X families in 2001 (Figure 50). Student loan debt's share of total debt was the main culprit, comprising a substantially larger share of the debt of the Millennial families compared with the Generation X families at the same ages: 18.8 percent vs. 4.9 percent, respectively. Correspondingly, the shares of each of the remaining debt sources were lower among the Millennial families than those of the Generation X families. The shares of both housing and other debt were more than five percentage points lower for Millennial families.

Figure 50
Comparison of Generation X and Millennials' Distribution of Debt Sources When They Were Ages 25–36

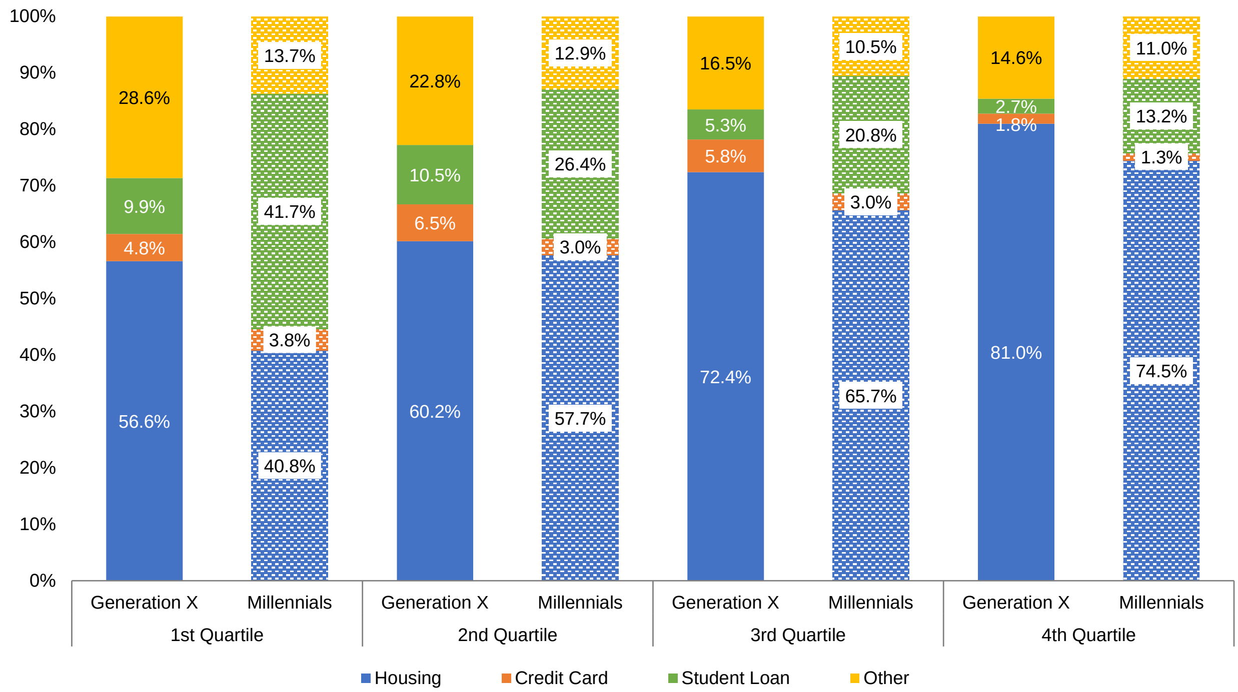


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Student loan debt was greater for Millennial families than for Generation X families across all income quartiles (Figure 51). However, the share of debt did decrease with each successively higher income quartile. In the lowest income quartile, the student loan debt share for Millennial families was 41.7 percent, compared with 13.2 percent of the debt among the highest-income-quartile Millennial families. In the lowest income quartile, the shares of both housing and other debt were nearly 15 percentage points lower among Millennial families than for Generation X families.

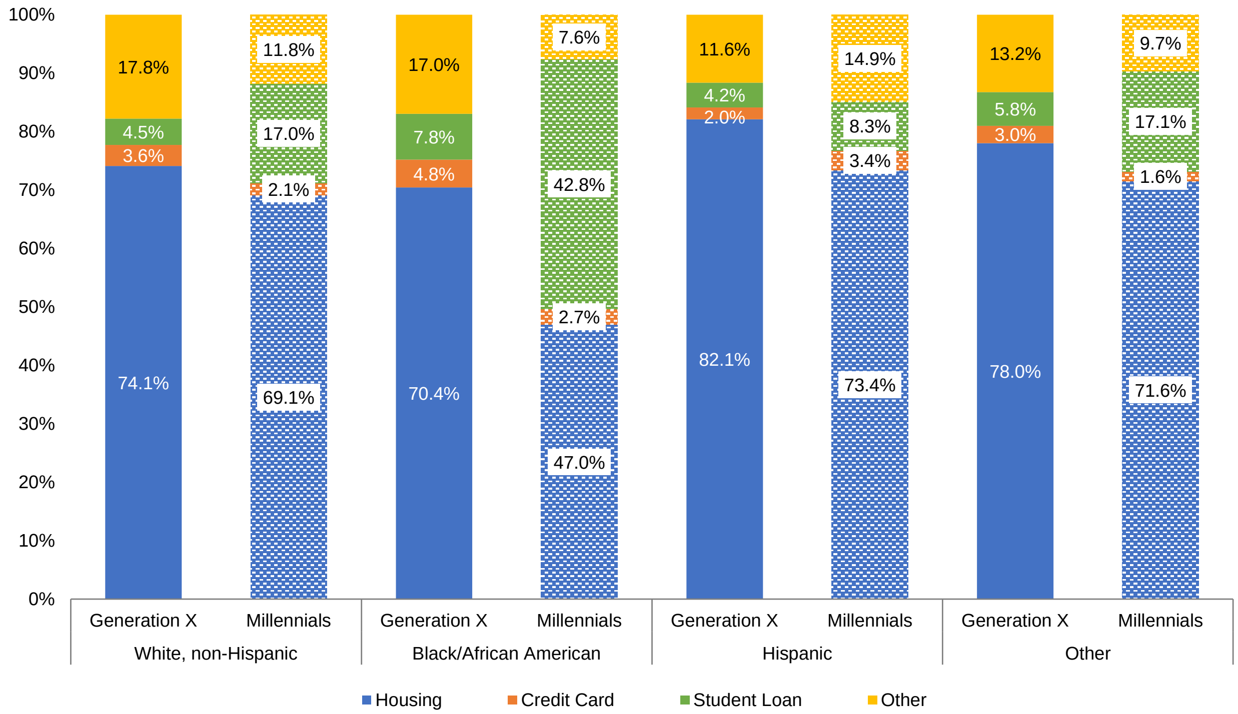
By race/ethnicity, student loan debt was also consistently higher for the Millennial families than for the Generation X families (Figure 52). However, the share of Black Millennial families' student loan debt stands out: Black Millennial family student loan debt comprised 42.8 percent of their debt, or more than five times that of the proportion that student loan debt represented for Black Generation X families at the same ages in 2001. Furthermore, the student loan debt share of Black Millennial families was 2.5 times greater than that of the White, non-Hispanic Millennial families.

Figure 51
Comparison of Generation X and Millennials' Distribution of Debt Sources When They Were Ages 25–36, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Figure 52
Comparison of Generation X and Millennials' Distribution of Debt Sources When They Were Ages 25–36, by Race/Ethnicity of the Family Head



Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Conclusion

The growing recognition of the competing demands that Generation X and Millennial families face with covering today's expenses while also having to save for their future has caused employers to see the need to offer financial wellbeing programs in order to provide support for their employees' financial stress. These programs have matured to examine the full financial picture of workers instead of a more limited focus on retirement plan accumulations. Consequently, how these generations continue to manage their finances and their working careers will be imperative for their financial success in retirement. Will they up their savings? Will they work longer? Will they reduce their debt? These are challenging questions. However, it is undeniable that action will be necessary in order for these generations to regain ground they may have lost relative to their predecessors, who were generally better positioned financially.

Endnotes

[1] The actual basis of SCF is what the Federal Reserve refers to as a *primary economic unit* (PEU), which is a subset of households and closely resembles families in its definition, although it is not precisely families. However, families are the closest concise terminology for the PEU, so families are used in this study. For further information about this issue as well as about SCF in general, see Bhutta, Neil et al. "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances." *Federal Reserve Bulletin*. vol. 106, no. 5 (September 2020): 1–42, https://www.federalreserve.gov/publications/files/scf20.pdf

[2] All median values are in 2019 dollars.

[3] For each specific asset or debt category, the value is based on the families having that asset or debt. The overall asset and debt values as well as the net worth measures are for all families within the specific demographic characteristic examined.

[4] Again, all median values are in 2019 dollars.

[5] For each specific asset or debt category, again, the value is based on the families having that asset or debt. The overall asset and debt values as well as the net worth measures are for all families within the specific demographic characteristic examined.

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