EBRI Fast Facts
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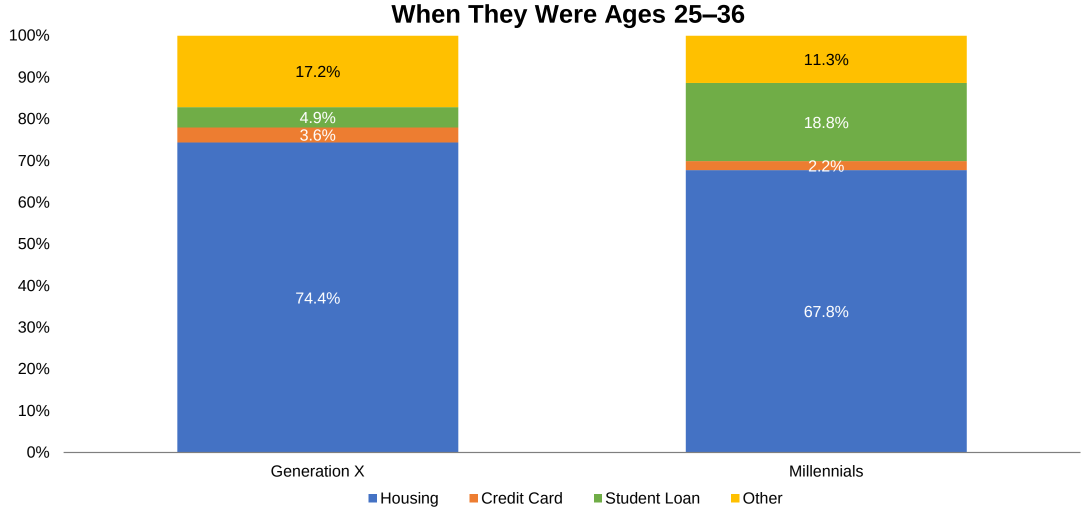
Student Loan Debt Burden Is Increasing by Generation

In the *EBRI Issue Brief* "Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How the Generations Stack Up," numerous financial indicators were compared using the Federal Reserve's Survey of Consumer Finances (SCF) between Generation X families and Millennial families when their family heads were ages 25–36.[1] One financial indicator that showed uniformly higher incidence and larger median values across generations was a negative one: student loan debt. Indeed, the percentage of the Millennial families having student loan debt was nearly twice that of the Generation X families: 42.4 percent vs. 23.9 percent. Further, the median value of the student loan debt held was dramatically larger — $11,552 among the Generation X families in 2001 vs. $27,450 among the Millennial families in 2019 (both in 2019 dollars). This increase in student loan debt among Millennial families altered the type and relative amounts of debt held, causing Millennial families to have much less ability to take on or service other debt, such as housing debt.

Student loan debt share rises — Student loan debt represented a significantly larger share of total debt among Millennial families than among Generation X families — 18.8 percent among Millennial families in 2019 compared with 4.9 percent among the correspondingly aged Generation X families in 2001 (Figure 1). This led to a reduction in shares of each of the remaining debt sources — housing, credit card, and other[2] — among the Millennial families. In fact, the share of debt represented by housing debt was more than five percentage points lower for Millennial families — at a time when housing prices were increasing.

Figure 1
Comparison of Generation X and Millennials' Distribution of Debt Sources When They Were Ages 25–36

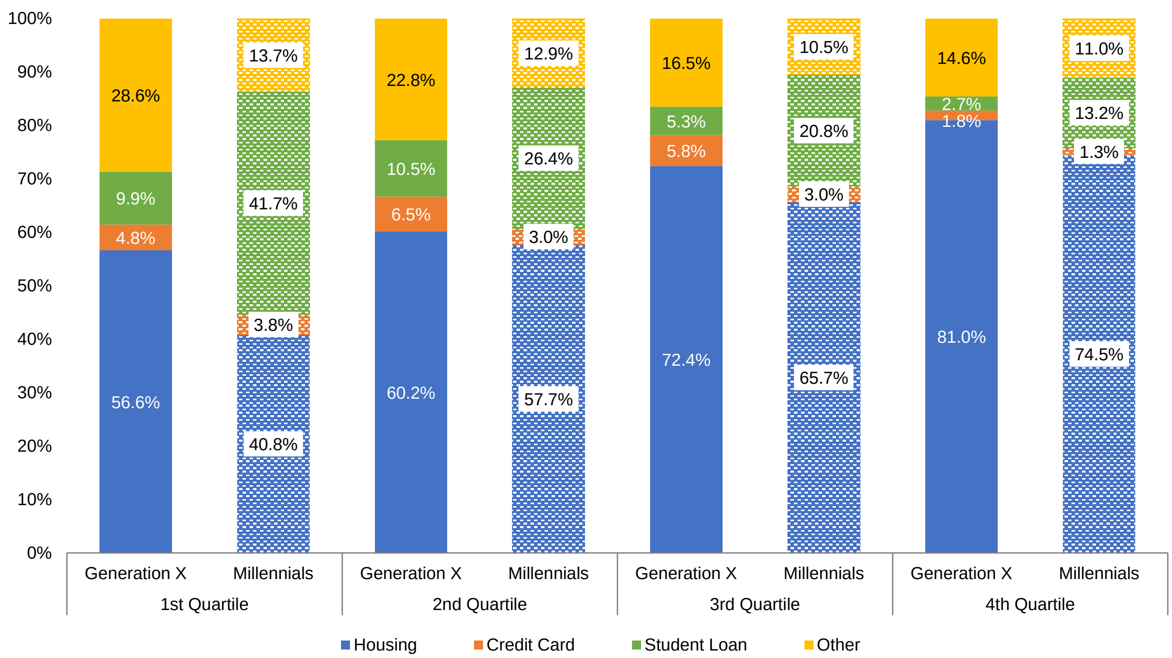


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

[1] Baby Boom, Generation X, and Millennial families are defined 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 the study, the families' categories are determined by the age of the family head.
[2] The debt categories include debt attributed to student loan (student/education loans), housing (mortgages, equity loans on first home), credit card (debt from bank or store credit cards), and other (remaining debt including installment debt such as automobile loans and personal loans).

Lower income families' higher student loan debt share — The share of student loan debt was higher among Millennial families relative to Generation X families across each income quartile (Figure 2). However, student loan debt dominated the debt of the lowest-income Millennials the most. In the lowest income quartile, the student loan debt share for Millennial families was 41.7 percent vs. 13.2 percent of the debt among the highest-income-quartile Millennial families. In the lowest income quartile, both the shares of housing and other debt were nearly 15 percentage points lower among the Millennial families than among the Generation X families.

Figure 2
Comparison of Generation X and Millennials' Distribution of Debt Sources When They Were Ages 25–36, by Income Quartile

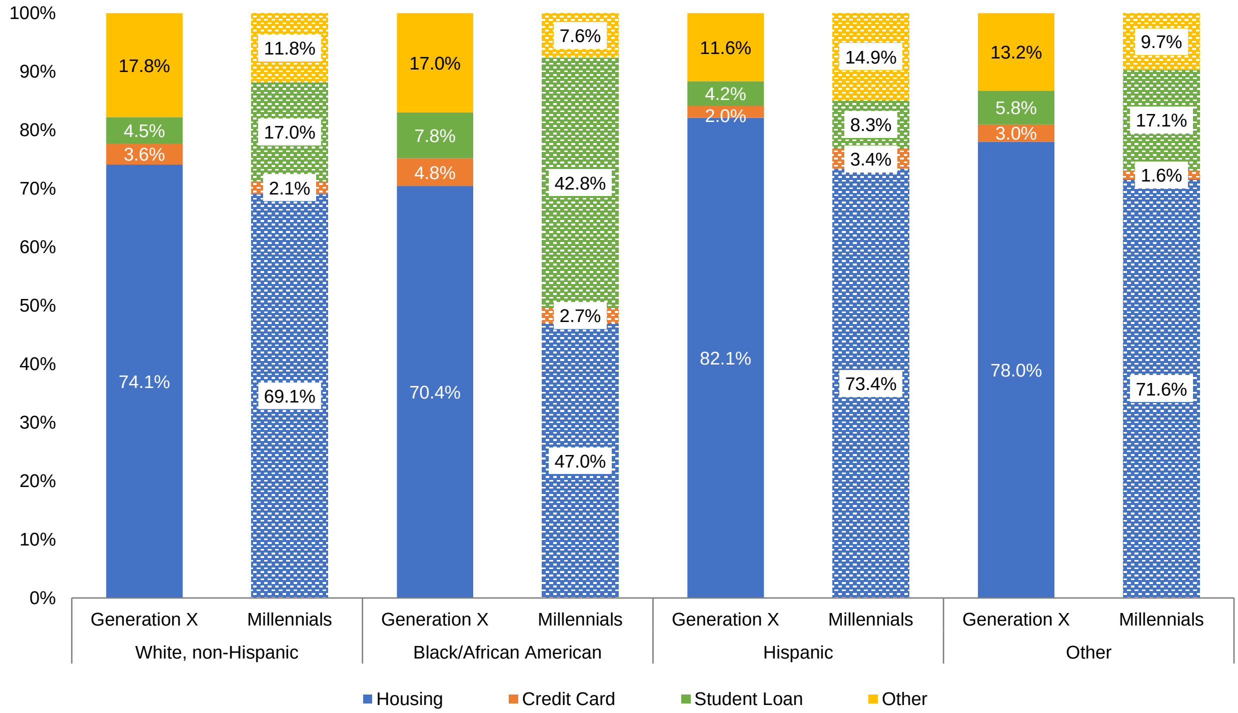


Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Black Millennial families have highest student loan debt share — Student loan debt was a higher proportion of overall debt across all races and ethnicities for Millennial families vs. Generation X families at the same ages (Figure 3).[3] However, the increase in the share of Black families' student loan debt across generations stands out. Specifically, the Black Millennial family student loan debt share was 42.8 percent, compared with 7.8 percent of the Black Generation X family student loan debt share.

[3] For the race/ethnicity categories, the SCF has respondents self-identify into the following categories: White, non-Hispanic; Black/African American, non-Hispanic; Hispanic; and other, which consists of those races/ethnicities not defined in the three prior categories, such as Asian Americans and those who identify as multiracial. Again, 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.

Figure 3
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 Millennial families face with covering expenses from education 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, which can help balance these tradeoffs along with other demands that workers are facing on their finances.

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