

Black Families' Financial Statuses Show Signs of Decline Across Generations

In a recent Employee Benefit Research Institute (EBRI) study comparing the financial indicators of Generation X and Millennial families¹ with family heads ages 25–36,² one trend stood out: Black Millennial families were falling behind relative to their Generation X counterparts.³ Comparing the two generational cohorts using the Federal Reserve's Survey of Consumer Finances data shows that relative to Black Gen X families, Black Millennial families of the same ages have:

Lower Retirement Plan Incidence — Black Millennial families had lower incidences of both any retirement plan ownership and defined contribution (DC) plan ownership in 2019 compared with their Generation X counterparts in 2001 (Figure 1). Sixty percent of the Black Generation X families had any retirement plan in 2001 vs. 46.3 percent of the Black Millennial families in 2019. DC plan ownership among Black Millennial families was also lower. In contrast, Hispanic Millennial families had an improvement in their DC plan ownership rate relative to their Generation X counterparts — although their retirement plan ownership rate in 2019 was still lower than that of Black Millennial families.

Lower Homeownership — Homeownership was lower overall among Millennial families vs. Generation X families (Figure 2). However, the ownership rates were only marginally lower for Millennial families of each race/ethnicity — except Black Millennial families. Indeed, the rate of homeownership for Black Millennial families was half that of the Black Generation X families — at 21.9 percent and 43.2 percent, respectively. Furthermore, Black Millennial families' homeownership rate was at best two-thirds of the ownership rates among the remaining Millennial families.

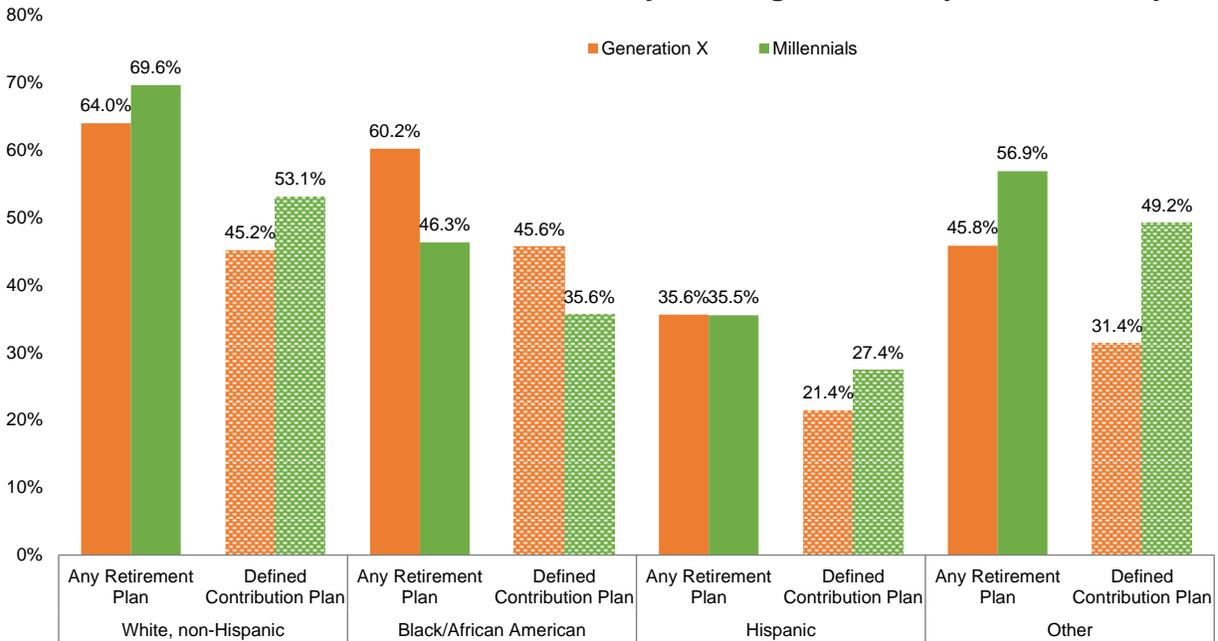
Higher Student Loan Debt Incidence — The incidence of student loan debt was higher for all Millennial families than for their Generation X counterparts (Figure 3). The Black and White Millennial families' student loan debt incidences were roughly 85 percent higher than those of their Generation X counterparts. However, the proportion of Black Millennial families having student debt was still nearly 6 percentage points higher than White Millennial families (50.3 percent vs. 44.9 percent, respectively).

¹ Copeland, Craig, "Comparing the Financial Wellbeing of Baby Boom, Generation X, and Millennial Families: How Do the Generations Stack Up?," *EBRI Issue Brief*, no. 548 (December 16, 2021).

² 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.

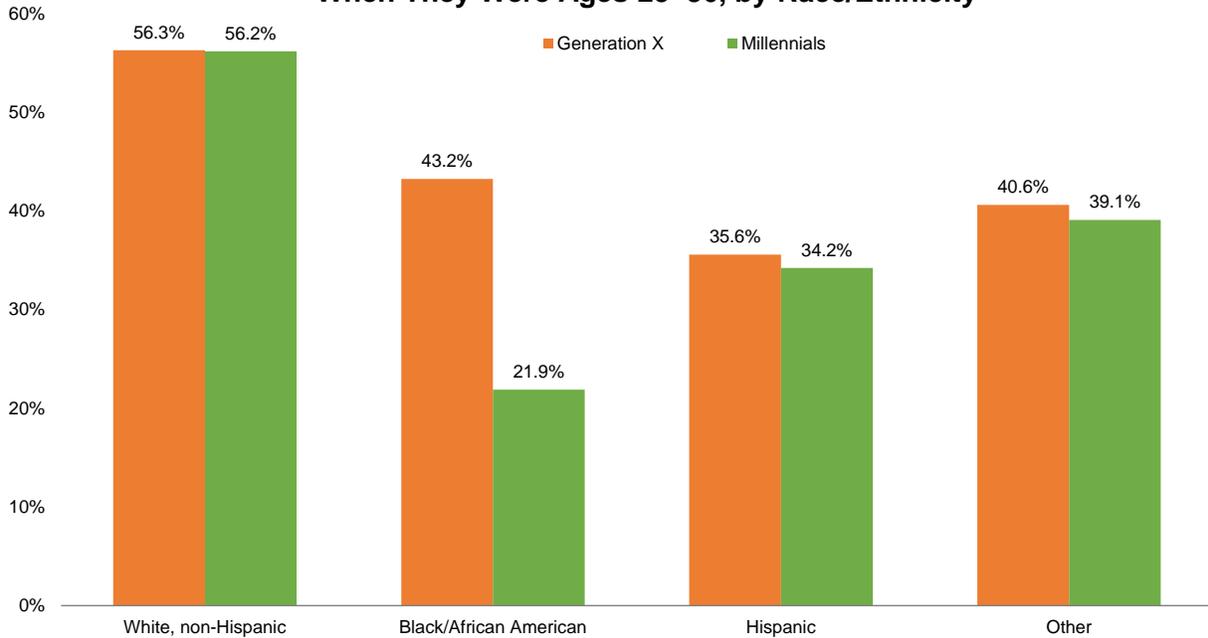
³ For the race/ethnicity categories, the Survey of Consumer Finances (SCF) has respondents self-identify into the following categories — White, non-Hispanic; Black/African American, non-Hispanic; Hispanic; and other, which consists of those races/ethnicities not defined in the three prior categories, 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 1
Comparison of Generation X and Millennials' Ownership of Any Retirement Plan or Defined Contribution Plan When They Were Ages 25–36, by Race/Ethnicity



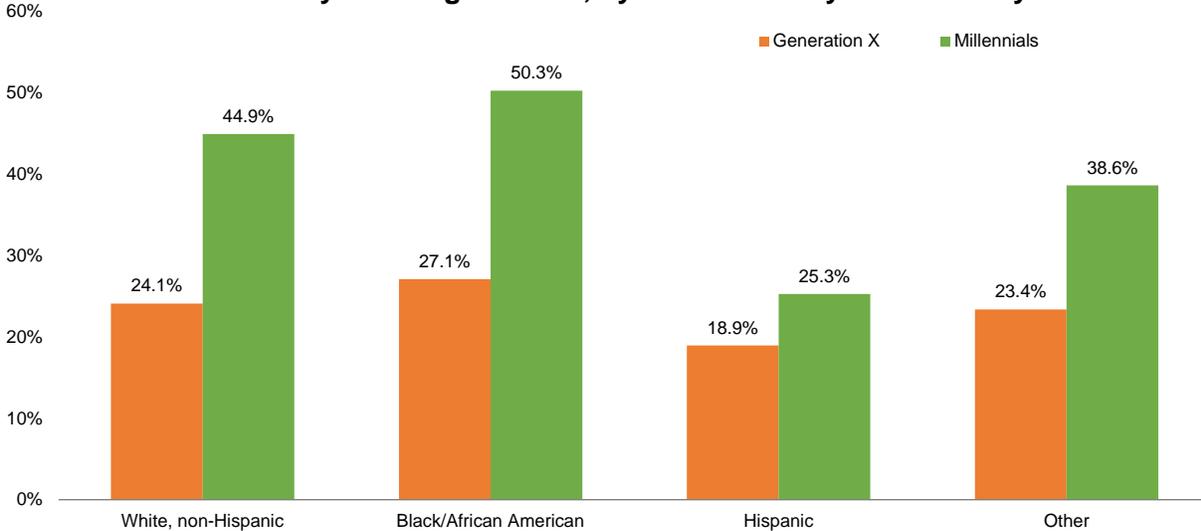
Source: Employee Benefit Research Institute estimates of the 2001 and 2019 Survey of Consumer Finances.

Figure 2
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.

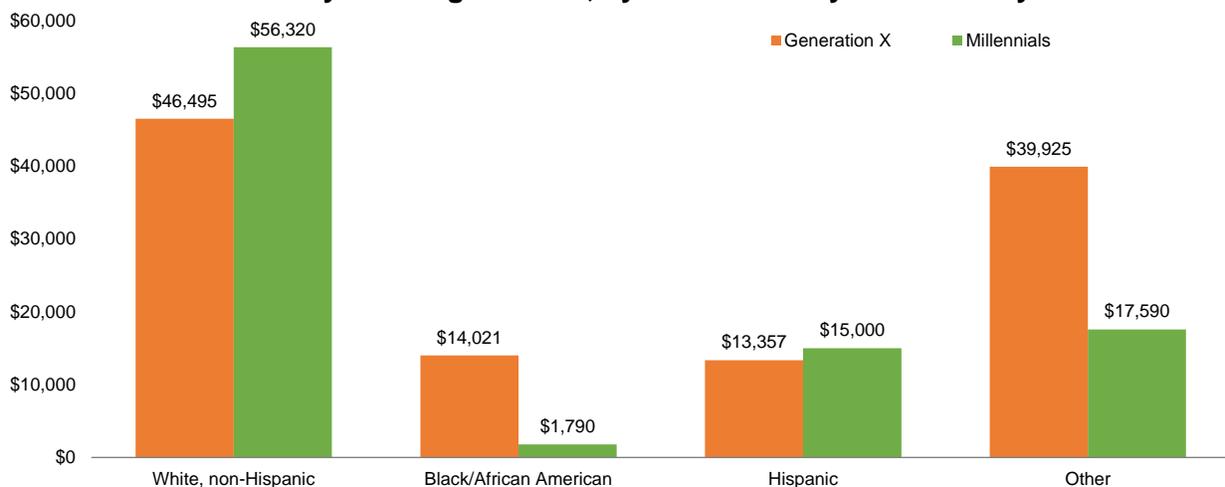
Figure 3
Comparison of Generation X and Millennials' Student Loan Incidence When They Were Ages 25–36, by Race/Ethnicity of the Family Head



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

Lower Net Worth — The truly staggering financial indicator was how low the median net worth (assets minus debts) of the Black Millennial families was in 2019 — \$1,790 (Figure 4). This means that half of these families had a net worth below that amount, which would be a level that wouldn't allow a family to have any flexibility in their finances. Furthermore, this was substantially lower than that of their Generation X counterparts in 2001, which was \$14,201 in 2019 dollars. The Black Millennial families' net worth was also markedly below the net worths of the families of the remaining races/ethnicities, such as Hispanic Millennial families, whose net worth was the next lowest at \$15,000.

Figure 4
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.

Conclusion

Black Millennial families are clearly struggling to build wealth — and are even lagging behind the relatively lower levels of financial preparedness of the generation preceding them. As the 2021 Retirement Confidence Survey (RCS) showed, Black Americans have different attitudes and experiences with the financial system.⁴ Another important finding from the RCS is that Black Americans are more likely to look to their employer for help with their finances. Consequently, employers are in a position to help reduce this financial disparity by incorporating programs within their retirement plans and financial wellness initiatives that could specifically address the needs of their Black workers.

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or connect with us on [Twitter](#) or [LinkedIn](#).

⁴ See Copeland, Craig, and Lisa Greenwald, “2021 Retirement Confidence Survey: A Closer Look at Black and Hispanic Americans,” *EBRI Issue Brief*, no. 530 (Employee Benefit Research Institute, June 10, 2021).

###