



# REGENERATING Social Insurance for **MILLENNIALS** & the **MILLENNIUM**

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## REGENERATING Social Insurance for **MILLENNIALS** & the **MILLENNIUM**

January 30-31, 2019  
Washington, D.C.



Cathy Koch

## Luncheon Discussion: The Millennial Economy

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# The Millennial Economy 2018

**Cathy Koch**

Americas Tax Policy Leader



Building a better  
working world

A diverse group of young people, likely students, are shown in a classroom or lecture hall. They are all smiling and laughing, creating a positive and energetic atmosphere. The group includes a young man in the foreground wearing a white t-shirt with a colorful graphic and red headphones, a young woman next to him with long dark hair, and several others in the background. The text "Economic worries and priorities" is overlaid in white on the left side of the image.

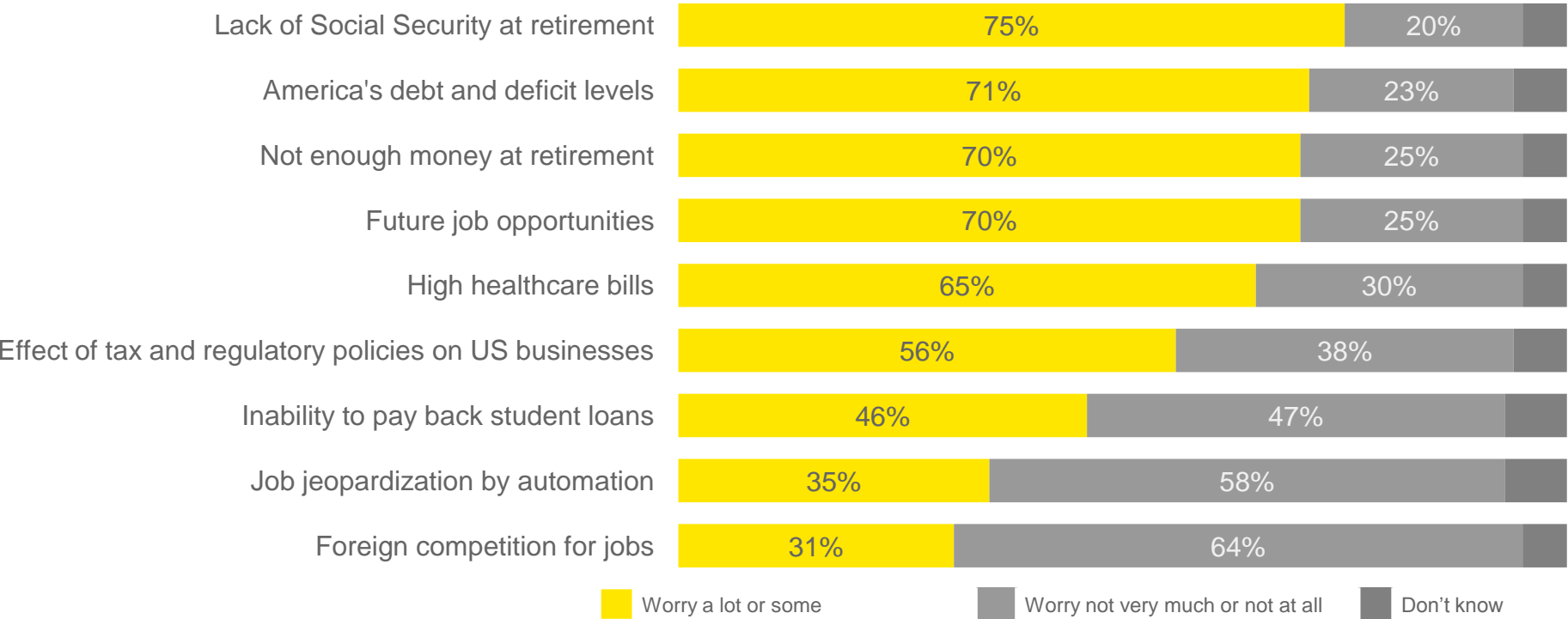
# Economic worries and priorities

A diverse group of young people, likely students, are captured in a moment of joy and laughter. They are seated in rows, suggesting a classroom or lecture hall. The group includes a young man with dark hair and a goatee, wearing a white t-shirt with a colorful graphic and red headphones around his neck. He is laughing heartily. To his left, a young woman with long dark hair and a black leather jacket is also laughing. To his right, a young woman with curly brown hair and a green shirt is laughing with her mouth wide open. In the background, other students are visible, including a young man in a blue hoodie and a young woman with red hair, all smiling and laughing. The overall atmosphere is one of happiness and camaraderie.

**What are you most worried about?**

# Millennials are not as concerned about competition for jobs as they are about their retirement and the state of the country's balance sheet

How much do each of the following worry you personally? Do they worry you a lot, some, not very much or not at all.



**In 2016, respondents had similar top concerns:**

**79%** Were worried about not having enough money at retirement

**78%** Were worried about America's debt and deficit levels

**78%** Were worried about future job opportunities

While companies are increasingly offering unique perks geared toward millennials — spa services, catered dinners, Ping-Pong, etc. — these services don't help millennials build their careers. In fact, most employees value basic benefits above these new perks. Good health insurance, flexibility, and more vacation time top the list of benefits valued by employees.<sup>1</sup>

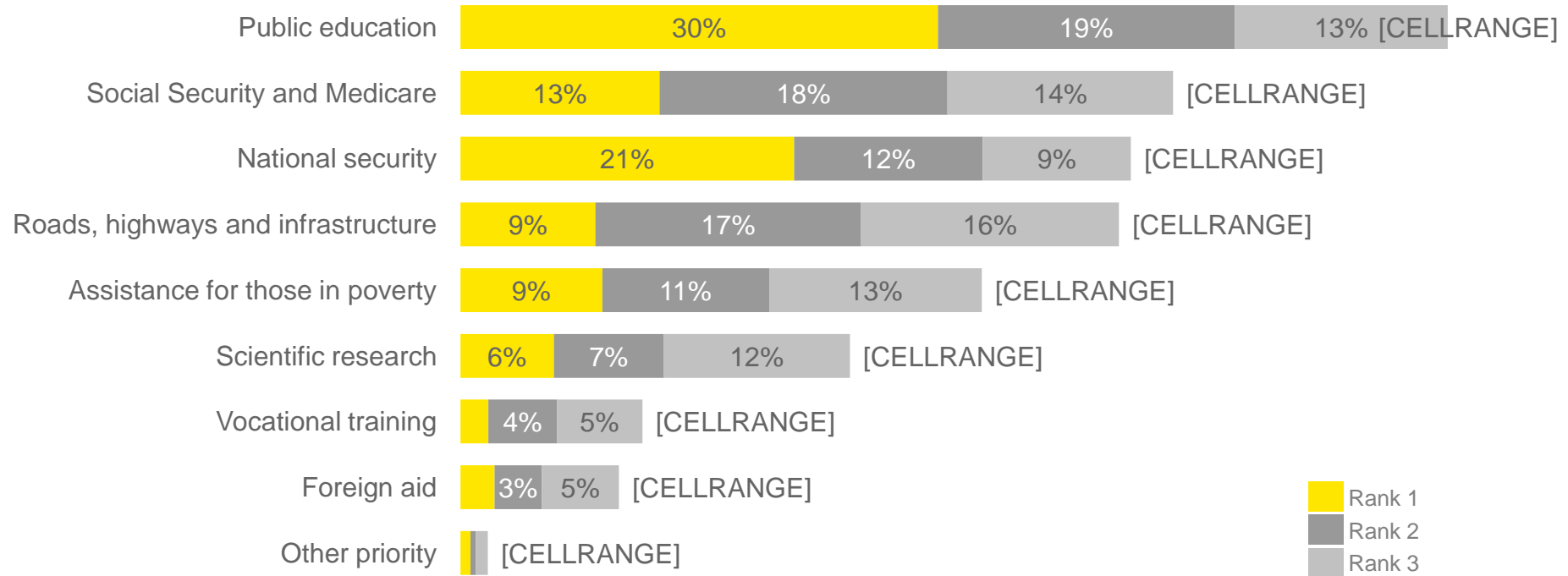
<sup>1</sup>Kerry Jones. *The Most Desirable Employee Benefits*. Harvard Business Review. February 2017.

A diverse group of young people, likely students, are shown in a classroom or lecture hall. They are all smiling and laughing, creating a positive and energetic atmosphere. The group includes a young man with a blue hoodie, a young woman with long dark hair, a young man with curly hair and headphones, and a young woman with curly hair and a green shirt. The text "What is the most important way for the federal government to spend tax dollars?" is overlaid in white, bold font across the center of the image.

**What is the most important way for the federal government to spend tax dollars?**

# Investment in public education continues to rank #1 on millennials' list of federal spending priorities

The three most important ways the federal government spends tax dollars, according to millennials



In 2017, spending on education made up **14%** of the federal government's \$3.98 trillion budget.<sup>1</sup>

Typically, state and local governments spend more on education than the federal government — federal spending (\$156.3 billion) made up **18%** of total estimated spending on education in 2017.<sup>1</sup>

<sup>1</sup>US Government Spending. *United States Federal, State and Local Government Spending*. Fiscal Year 2017.

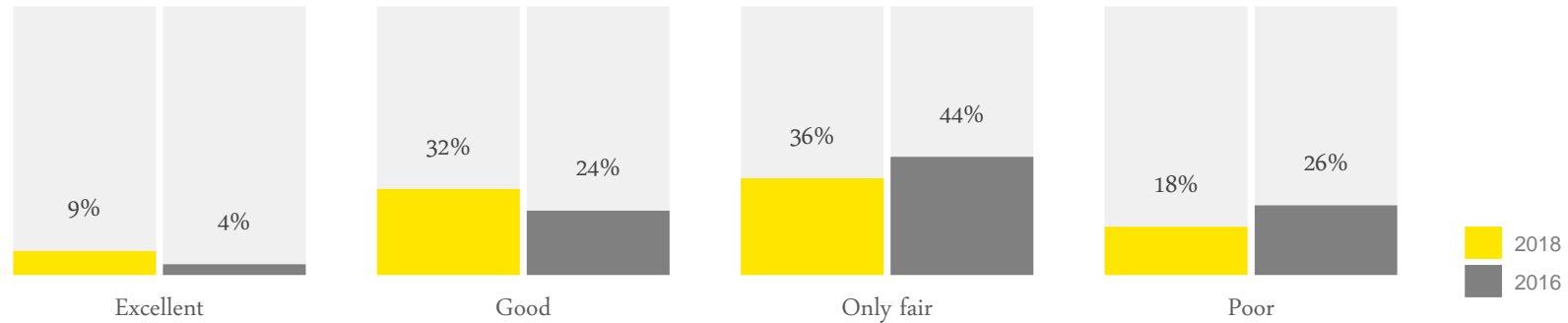


How do you feel about today's economy?

How do you expect it will be in one year?

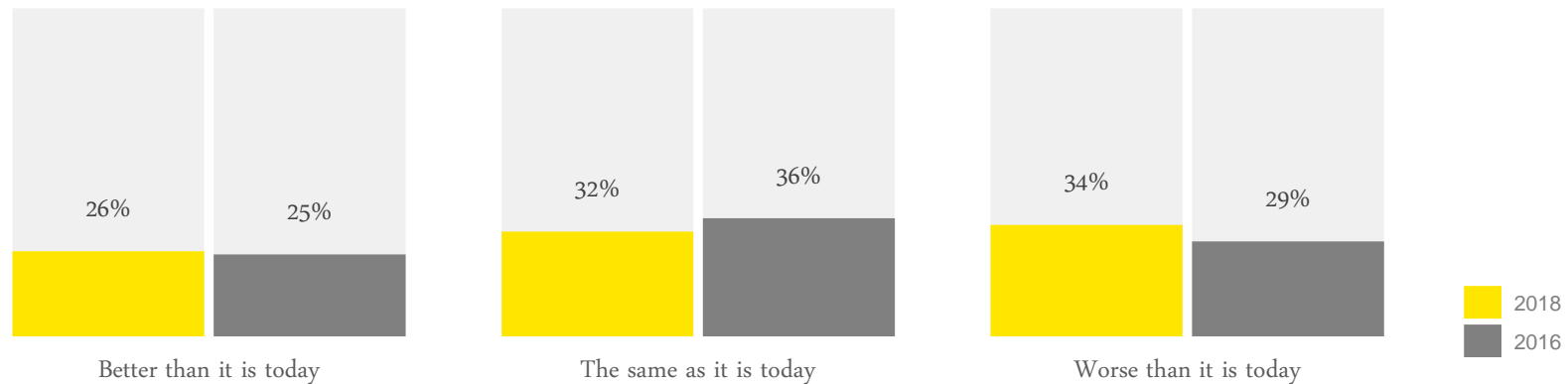
# Millennials are feeling more upbeat about the economy, but only 9% would describe it as excellent

How would you describe the state of the nation's economy these days?



**But a good economy today doesn't mean millennials aren't anxious about the future**

How do you expect the national economy to be a year from now?



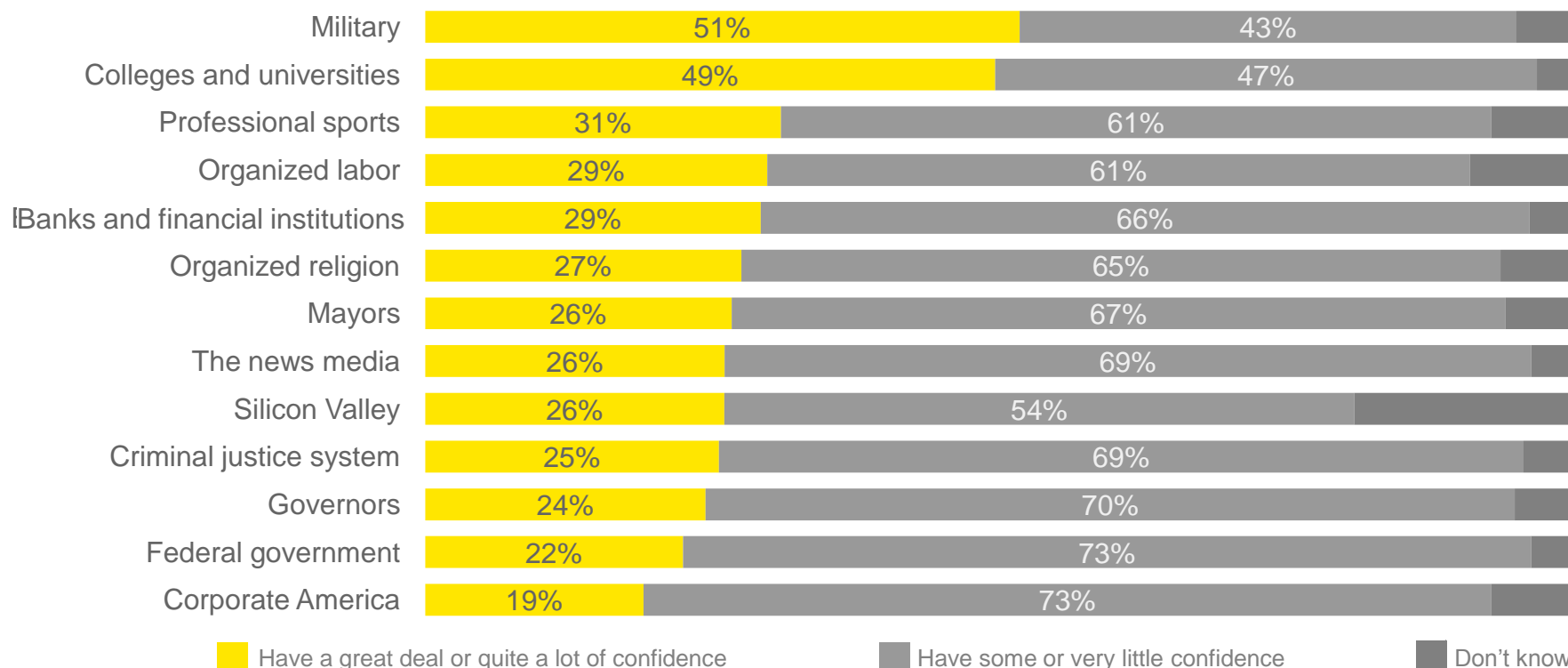


**In which institution are you the most confident?**

**In which are you the least confident?**

# Millennials continue to struggle to trust institutions

Only 51% of respondents express high levels of confidence in the most trusted institution



A 2018 Gallup poll found that 74% of Americans have confidence in the military, 29% have confidence in public schools, 22% have confidence in the news media, 11% have confidence in Congress, and 25% have confidence in big business.<sup>1</sup>

Overall confidence in American institutions has decreased from **44%** in 1973 to **27%** in 2018.<sup>1</sup>

<sup>1</sup><https://news.gallup.com/poll/236243/military-small-business-police-stir-confidence.aspx>

A diverse group of young adults, including men and women of various ethnicities, are smiling and laughing. They are wearing casual clothing like hoodies, t-shirts, and scarves. The background is bright and out of focus, suggesting an indoor setting with large windows. Overlaid on the image are three lines of white text with black outlines, asking questions about tax burdens on different income groups.

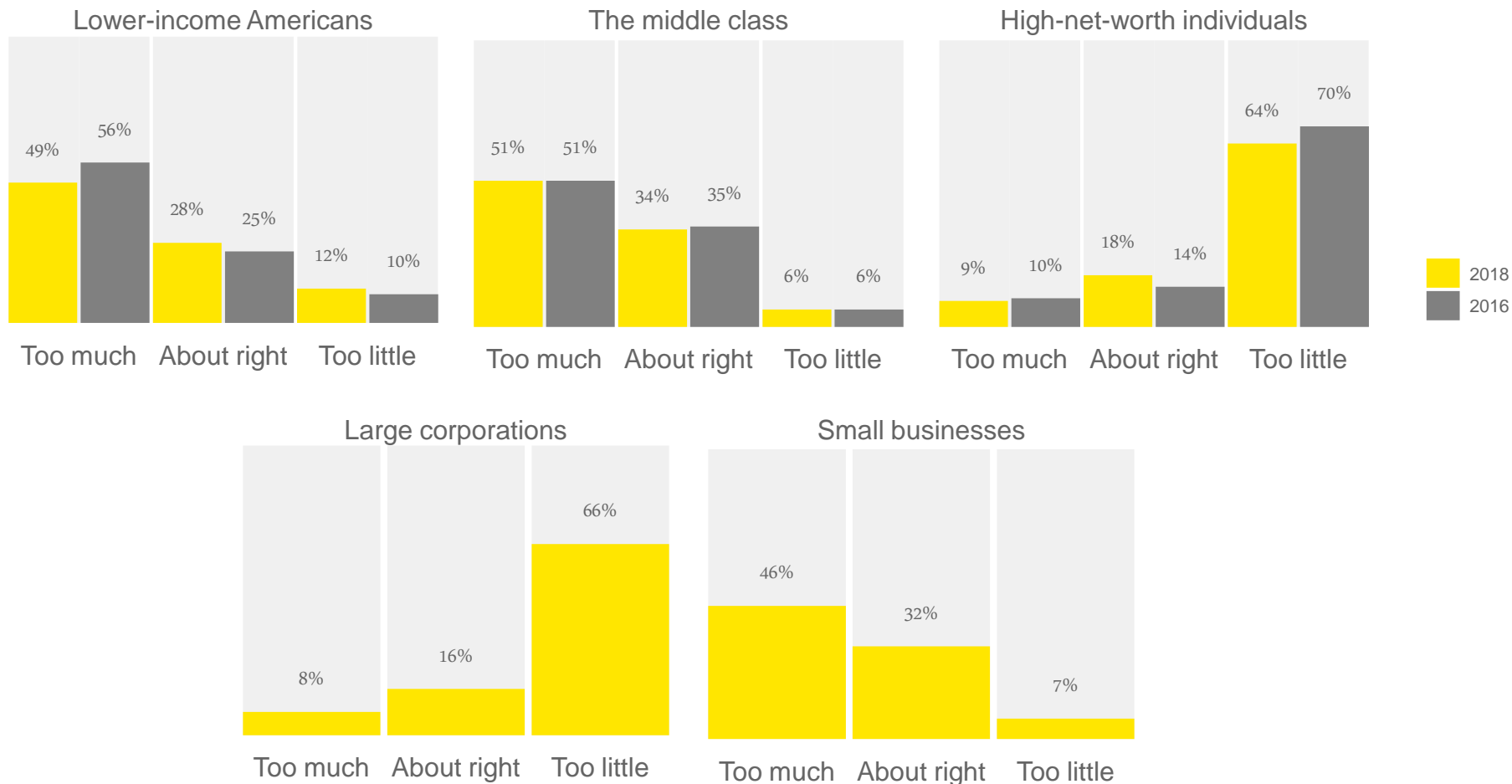
How do you describe the tax-burden on lower-income Americans?

Middle class Americans?

High net-worth individuals?

# Millennials remain convinced that the burden of the American tax system is not balanced

Two-thirds of millennials believe high-net-worth individuals and large corporations do not pay the right amount of taxes



# Economic experiences

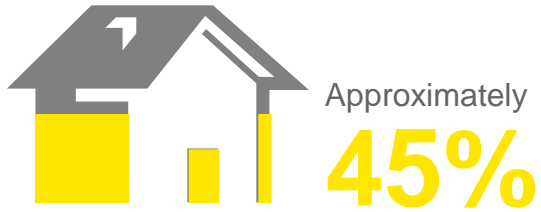
A diverse group of young adults, including a man in a blue hoodie, a woman with red hair, a man with a beard, and a woman with curly hair, are all smiling and laughing. In the foreground, a woman with long dark hair is pointing towards the camera, and a man with curly hair and headphones is laughing heartily. The background is bright and out of focus, suggesting an indoor setting with large windows.



**Are you a homeowner, renter, or living with parents?**

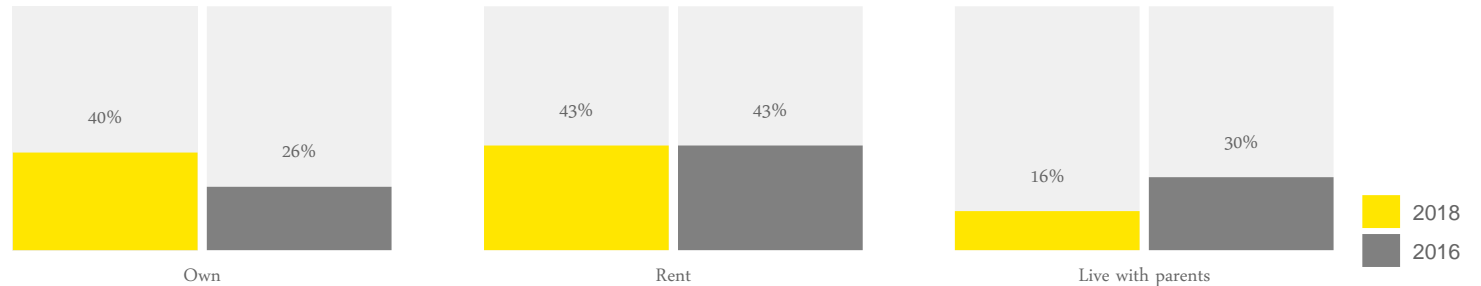
# Millennials are moving out of their parents' homes

But they still fall behind older generations in home ownership

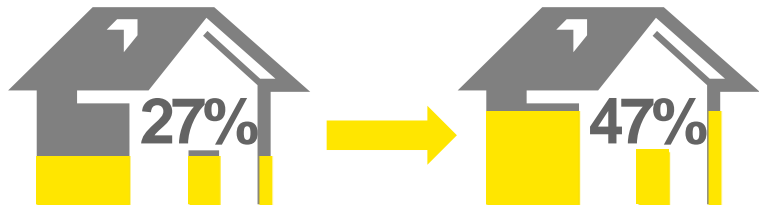


of Gen Xers and Baby Boomers owned their homes when they were between the ages of 25 and 34.<sup>1</sup>

## Where millennials live – homeownership is up from 2016



## As younger millennials move into the renting market, older millennials are making the leap to home ownership

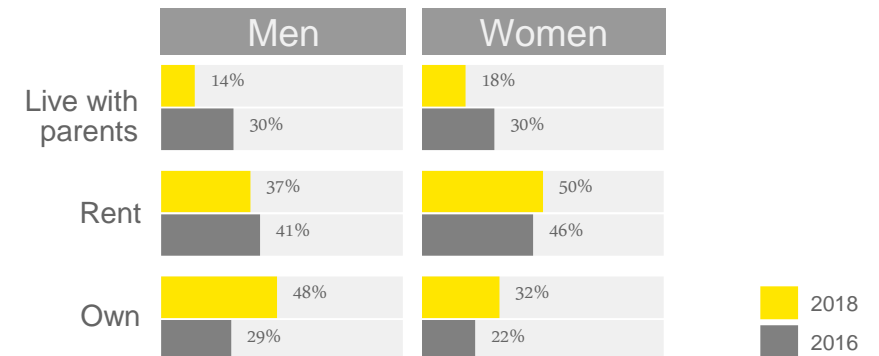


Home ownership for millennials between the ages of 28 and 31 increased from 27% to 47% in two years (ownership of those aged 32-36 increased from 46% to 57%).

Millennials between the ages of 20 and 23 who live with their parents **decreased** 27 percentage points in two years — from **63%** in 2016 to **36%** in 2018.

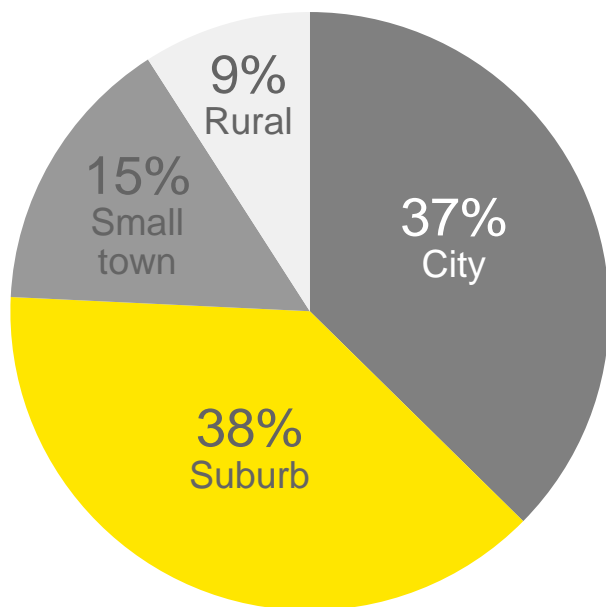
Renters in that age range have **increased** from **27%** to **44%**.

## Gender split — Men are more likely to own their own homes, while the percentage of female renters has increased since 2016



<sup>1</sup>Urban Institute. Millennial Homeownership: Why Is It So Low, and How Can We Increase It?. July 2018.

# Millennials and city-living



**75% of millennials live in the city or suburbs, similar to 2016**

## Raises aren't keeping pace with housing costs ...

In the past 10 years (2007-2017), median rental housing costs have increased **29%** in urban areas,<sup>1</sup> while 25-34 year olds have seen only a **17%** increase in median income.<sup>2</sup> The **16%** increase in rural housing costs<sup>3</sup> more closely aligns with millennials' median wage growth.



## ... and rising student debt makes it hard to buy a home

Student debt was responsible for up to **35%** of the decline in homeownership for those in their late 20s and early 30s from 2007 to 2015.<sup>5</sup>

If student debt levels had remained constant from 2001 to 2015, more than **360,000** people in this age group would have purchased a home.<sup>6</sup>



<sup>1</sup>2017 American Community Survey 1-Year Estimates, "MEDIAN MONTHLY HOUSING COSTS FOR RENTER-OCCUPIED HOUSING UNITS (DOLLARS) - United States -- Urban/Rural and Inside/Outside Metropolitan and Micropolitan Area"

<sup>2</sup>Census Bureau, "Table P-10. Age--People (Both Sexes Combined--All Races) by Median and Mean Income: 1974 to 2016"

<sup>3</sup>Id. at note 1.

<sup>4</sup><https://www.creditkarma.com/insights/i/millennials-spend-nearly-100k-on-rent/>

<sup>5</sup><https://www.nytimes.com/2018/05/25/business/how-student-debt-can-ruin-home-buying-dreams.html>

<sup>6</sup>Id.

<sup>7</sup>Id. at note 5.

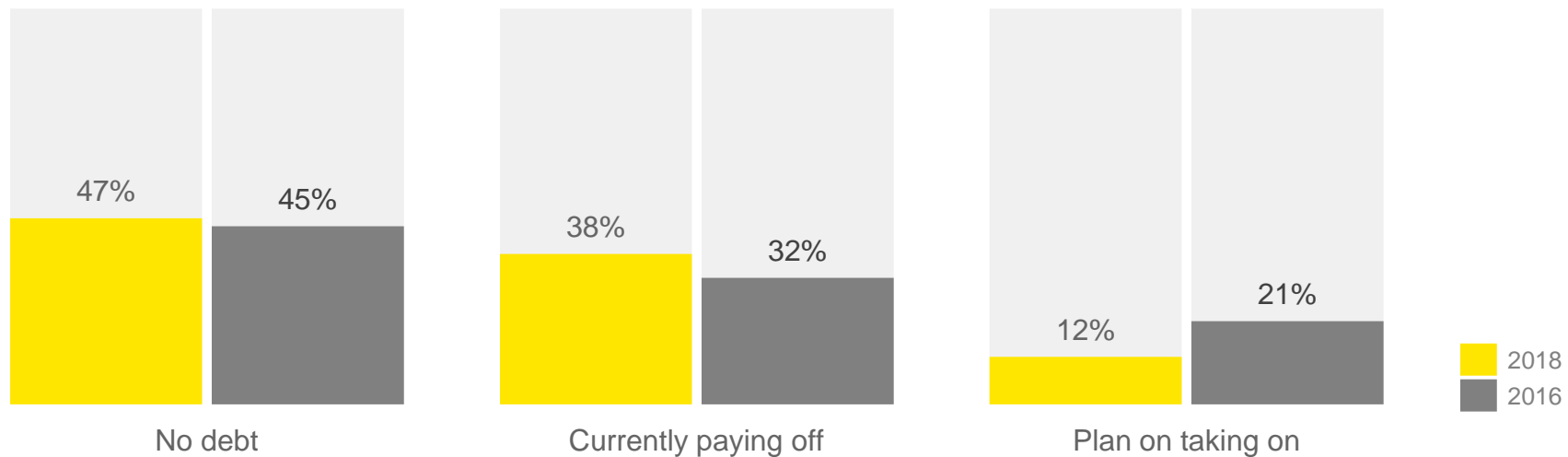
A group of diverse young adults, likely students, are shown in a classroom or lecture hall. They are all smiling and laughing, creating a joyful and energetic atmosphere. The group is diverse in ethnicity and age, with some individuals in the foreground and others in the background. The text is overlaid on the image, centered horizontally and slightly above the middle vertically.

**Are you currently paying off student debt, or planning to take on new student debt?**

# Personal finance and student debt

The burden is getting lighter but continues to be a limitation

**50%** of millennials are currently paying off, or plan to take on, student loan debt  
On average, Americans have \$30,000 of student loan debt<sup>1</sup>



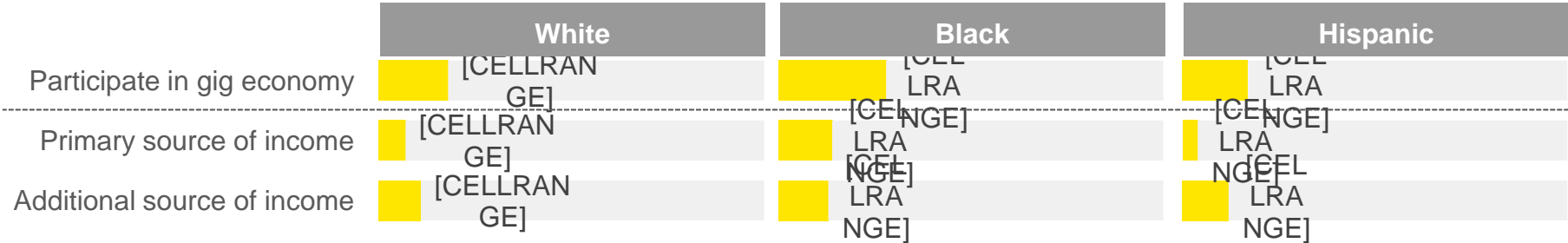
<sup>1</sup>Federal Reserve. "Report on the Economic Well-Being of U.S. Households in 2015". May 2016



**Are you partaking in the “gig economy”? If so, is it your primary source of income?**

# Joining the gig economy

**19%** of millennials participate in the gig economy  
Compared to 8% of Americans who reported earning money from an online job platform in 2015<sup>1</sup>



**Millennials who participate in the gig economy are more likely to have considered starting their own business than those who don't.**

**75%** of millennials who participate in the gig economy and consider it their primary source of income have considered starting their own business compared to **58%** of the total survey population.

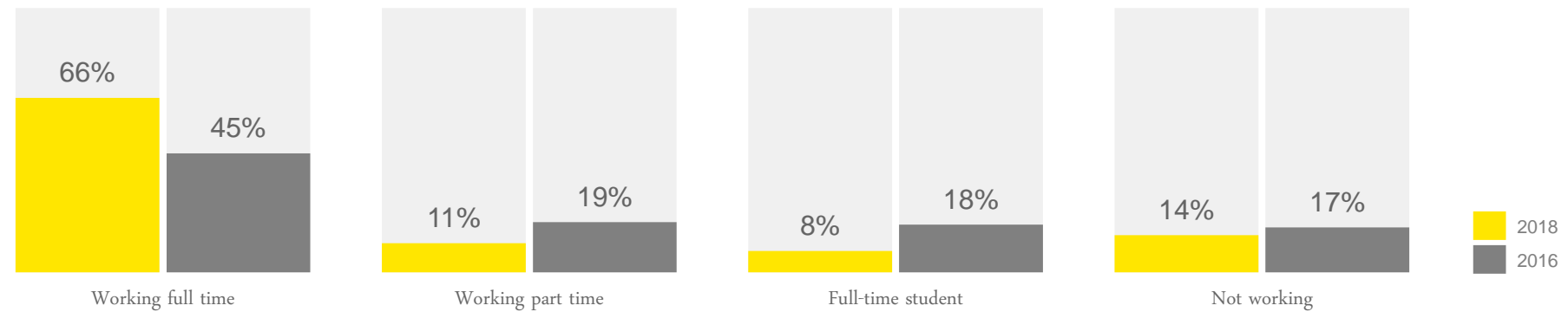
<sup>1</sup>Aaron Smith. *Gig Work, Online Selling and Home Sharing*. Pew Research Center. November 2016.

A diverse group of young adults, including men and women of various ethnicities, are shown from the chest up. They are all smiling and laughing, creating a positive and energetic atmosphere. The group is diverse in age and ethnicity, with some individuals in the foreground and others slightly behind. The background is bright and out of focus, suggesting an indoor setting with large windows. The overall mood is one of joy and enthusiasm.

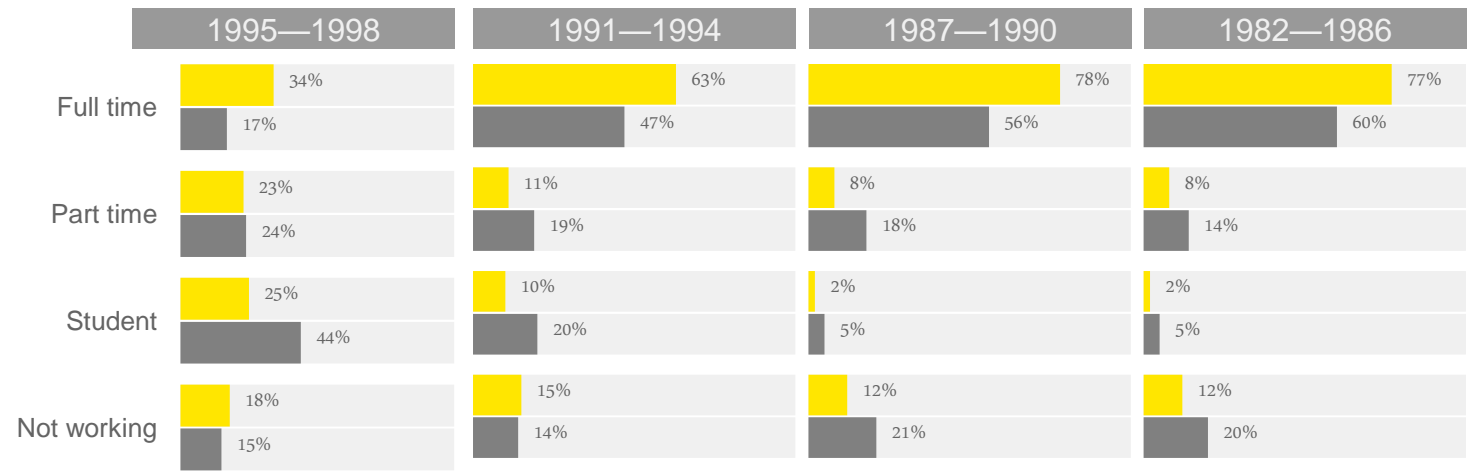
**What best describes your level of workforce activity?**

# Millennials are graduating from college and entering the workforce with full-time jobs

Older millennials are more likely to have full-time employment than they were in 2016



Millennials born in 1987 or earlier have made strides toward full-time employment





**When did you have children, if ever? Or, when do you expect to have children, if ever?**

# Millennials are starting families later than the national average

**40%**  
of millennial  
women have  
children in  
2018<sup>1</sup>

As millennials enter their 30s, they are more likely to have a child than those still in their 20s

27% of millennial women aged 20–23 have a child compared to **58%** of millennial women between 32 and 36



When women from Generation X (those born between 1965 and 1980) were the same age as millennials are today,

**53%** were already moms.<sup>2</sup>



Almost half of 34-year-olds who have never been married have children — roughly 16 percentage points higher than past generations.<sup>3</sup>

<sup>1</sup>Share of millennials with children under the age of 18 currently living at home

<sup>2</sup><http://www.pewresearch.org/fact-tank/2018/05/04/more-than-a-million-millennials-are-becoming-moms-each-year/>

<sup>3</sup><https://www.axios.com/millennials-a-tale-of-two-generations-f2a6de5-cfde-42c5-ab38-ec0908bfcc9.html>

# Methodology and more information

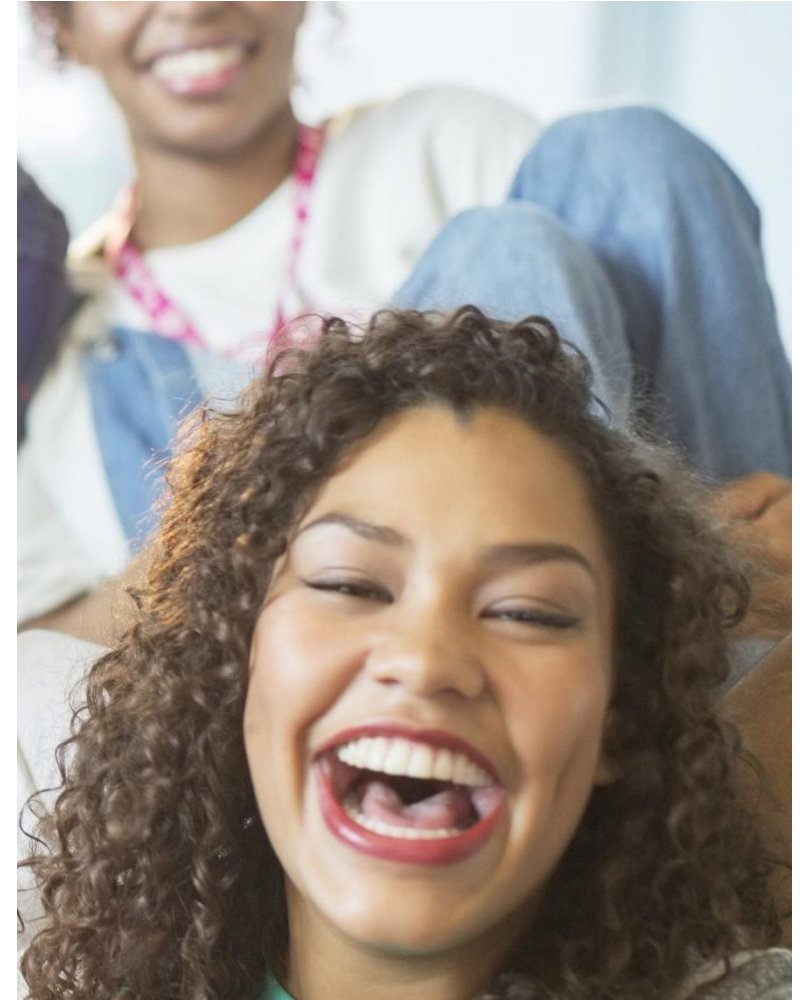
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On behalf of Ernst & Young LLP, Research Now conducted a survey of 1,202 20- to 36-year-old US citizens nationwide. Of those respondents, 842 were contacted online, and 360 were contacted via cellphone. Survey participants were contacted between June 27 and July 13, 2018.

The 2016 Millennial Economy study was conducted by Public Opinion Strategies and GBA Strategies on behalf of EY US and the Economic Innovation Group (EIG). The poll, conducted between June 15 and June 20, 2016, contacted 1,200 18- to 34-year-olds nationwide.

**For full survey results, please visit:**

<https://www.ey.com/us/en/services/tax/ey-the-millennial-economy-2018>



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