REGENERATING Social Insurance for MILLENNIALS & the MILLENNIUM

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Luncheon Discussion: The Millennial Economy

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Cathy Koch
Economic worries and priorities
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.

<table>
<thead>
<tr>
<th>Concern</th>
<th>Worry a lot or some</th>
<th>Worry not very much or not at all</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Social Security at retirement</td>
<td>75%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>America’s debt and deficit levels</td>
<td>71%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Not enough money at retirement</td>
<td>70%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Future job opportunities</td>
<td>70%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>High healthcare bills</td>
<td>65%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Effect of tax and regulatory policies on US businesses</td>
<td>56%</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Inability to pay back student loans</td>
<td>46%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Job jeopardization by automation</td>
<td>35%</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>Foreign competition for jobs</td>
<td>31%</td>
<td>64%</td>
<td></td>
</tr>
</tbody>
</table>

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.¹

What is the most important way for the federal government to spend tax dollars?
### The three most important ways the federal government spends tax dollars, according to millennials

<table>
<thead>
<tr>
<th>Priority</th>
<th>Rank 1</th>
<th>Rank 2</th>
<th>Rank 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public education</td>
<td>30%</td>
<td>19%</td>
<td>13%</td>
<td>62%</td>
</tr>
<tr>
<td>Social Security and Medicare</td>
<td>13%</td>
<td>18%</td>
<td>14%</td>
<td>45%</td>
</tr>
<tr>
<td>National security</td>
<td>21%</td>
<td>12%</td>
<td>9%</td>
<td>42%</td>
</tr>
<tr>
<td>Roads, highways and infrastructure</td>
<td>9%</td>
<td>17%</td>
<td>16%</td>
<td>42%</td>
</tr>
<tr>
<td>Assistance for those in poverty</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
<td>33%</td>
</tr>
<tr>
<td>Scientific research</td>
<td>6%</td>
<td>7%</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>Vocational training</td>
<td>4%</td>
<td>5%</td>
<td></td>
<td>9%</td>
</tr>
<tr>
<td>Foreign aid</td>
<td>3%</td>
<td>5%</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>Other priority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2017, spending on education made up **14%** of the federal government’s $3.98 trillion budget.¹

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 2017.¹

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?

- **Excellent**
  - 2018: 9%
  - 2016: 4%
- **Good**
  - 2018: 32%
  - 2016: 24%
- **Only fair**
  - 2018: 36%
  - 2016: 44%
- **Poor**
  - 2018: 18%
  - 2016: 26%

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?

- **Better than it is today**
  - 2018: 26%
  - 2016: 25%
- **The same as it is today**
  - 2018: 32%
  - 2016: 26%
- **Worse than it is today**
  - 2018: 34%
  - 2016: 29%
In which institution are you the most confident?

In which are you the least confident?
Millennials continue to struggle to trust institutions

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.1

Overall confidence in American institutions has decreased from 44% in 1973 to 27% in 2018.1

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

<table>
<thead>
<tr>
<th>Institution</th>
<th>Have a great deal or quite a lot of confidence</th>
<th>Have some or very little confidence</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military</td>
<td>51%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Colleges and universities</td>
<td>49%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Professional sports</td>
<td>31%</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>Organized labor</td>
<td>29%</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>Banks and financial institutions</td>
<td>29%</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>Organized religion</td>
<td>27%</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Mayors</td>
<td>26%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>The news media</td>
<td>26%</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>Silicon Valley</td>
<td>26%</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Criminal justice system</td>
<td>25%</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>Governors</td>
<td>24%</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>Federal government</td>
<td>22%</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>Corporate America</td>
<td>19%</td>
<td>73%</td>
<td></td>
</tr>
</tbody>
</table>

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

- **Lower-income Americans**: 49% too much, 56% about right, 28% too little.
- **The middle class**: 51% too much, 51% about right, 34% too little.
- **High-net-worth individuals**: 64% too much, 70% about right, 9% too little.
- **Large corporations**: 8% too much, 16% about right, 66% too little.
- **Small businesses**: 46% too much, 32% about right, 7% too little.
Economic experiences
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

Approximately 45% of Gen Xers and Baby Boomers owned their homes when they were between the ages of 25 and 34.¹

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%).

Where millennials live – homeownership is up from 2016


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

Millennials and city-living

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,\(^1\) while 25-34 year olds have seen only a 17% increase in median income.\(^2\) The 16% increase in rural housing costs\(^3\) 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.\(^5\)

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.\(^6\)

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

Millennials will spend nearly $100,000 on rent in their lifetime\(^4\)

Over 80% of millennials say student debt has forced them to delay homeownership.

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\(^1\)2017 American Community Survey 1-Year Estimates, “MEDIAN MONTHLY HOUSING COSTS FOR RENTER-OCUPIED HOUSING UNITS (DOLLARS) - United States – Urban/Rural and Inside/Outside Metropolitan and Micropolitan Area”
\(^2\)Census Bureau, “Table P-10: Age—People (Both Sexes Combined—All Races) by Median and Mean Income: 1974 to 2016”
\(^3\)Id. at note 1.
\(^4\)Id. at note 5.
\(^6\)Id. at note 6.
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

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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 2015¹

<table>
<thead>
<tr>
<th>Participate in gig economy</th>
<th>Primary source of income</th>
<th>Additional source of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>Black</td>
<td>Hispanic</td>
</tr>
<tr>
<td>White</td>
<td>Black</td>
<td>Hispanic</td>
</tr>
<tr>
<td>White</td>
<td>Black</td>
<td>Hispanic</td>
</tr>
<tr>
<td>White</td>
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<td>Hispanic</td>
</tr>
<tr>
<td>White</td>
<td>Black</td>
<td>Hispanic</td>
</tr>
</tbody>
</table>

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.

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

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Full time</th>
<th>Part time</th>
<th>Student</th>
<th>Not working</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982—1986</td>
<td>34%</td>
<td>23%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>1987—1990</td>
<td>45%</td>
<td>23%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>1991—1994</td>
<td>65%</td>
<td>19%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>1995—1998</td>
<td>78%</td>
<td>8%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

2018: 66% 45% 11% 19% 8% 18% 14% 17%
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

When women from Generation X (those born between 1965 and 1980) were the same age as millennials are today, 53% were already moms.\(^2\)

Almost half of 34-year-olds who have never been married have children — roughly 16 percentage points higher than past generations.\(^3\)

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

40% of millennial women have children in 2018\(^1\)

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\(^1\)Share of millennials with children under the age of 18 currently living at home
\(^2\)http://www.pewresearch.org/fact-tank/2018/05/04/more-than-a-million-millennials-are-becoming-moms-each-year/
\(^3\)https://www.axios.com/millennials-a-tale-of-two-generations-ff2afa6de5-cfde-42c5-ab38-ad90088/c9.html
Methodology and more information

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:
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US SCORE 04746-181US
1808-2841002
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