The staggering millennial wealth deficit, in one chart

The divide widens with each generation, data show, the by-product of wage stagnation and income inequality

by **Christopher Ingraham** - Washington Post – 3 December 2019

Few things capture the precariousness of life for today's young adults like a visualization of their wealth.

Economist Gray Kimbrough did just that, using Federal Reserve data to compare how generations fared financially at different points of their life cycles.

Wealth is a measure of what people own: their assets (which typically include homes, cash savings and stocks) minus their debts (like mortgages, student loans, consumer debt). Its importance to an individual, a nation or an entire generation cannot be overstated; it gives families a safety net during hard economic times, such as a layoff, and is intertwined with such milestones of adult life as buying a home, starting a business or retiring comfortably.

As the chart above shows, baby boomers — those born between 1946 and 1964 — collectively owned 21 percent of the nation's wealth by the time their generation hit a median age of 35 in 1990.

Generation X (born from 1965 to 1980) came of age during the era of wage stagnation and growing inequality ushered in by the 1970s and '80s. When the typical Gen Xer reached 35 in 2008, his or her share of the nation's wealth was just 9 percent, less than half that of boomers at a comparable point in life.

Millennials haven't hit the 35 mark yet — that won't happen until about 2023 — but their financial situation is relatively dire. They own just 3.2 percent of the nation's wealth. To catch up to Gen Xers, they'd need to triple their wealth in just four years. To reach boomers, their net worth would need a sevenfold jump.

These generation-wide sums hide the considerable variation within each generation, which is a more familiar story: Wealth is highly concentrated among the richest members of each cohort, even more so than income. Because of rising inequality throughout the economy, the very wealthy have amassed enormous stockpiles of treasure, leaving little for everyone else.

One important caveat to the chart above is that the three generations aren't the same size, population-wise. In 1990, for instance, boomers accounted for 31 percent of the total U.S. population. In 2008, GenXers were only 22 percent of the population.

So we can say that in 1990, boomers owned 21 percent of the nation's wealth and represented 31 percent of the population, for a wealth-to-population ratio of 0.68 — each percentage point of the total U.S. population represented by boomers, in other words, owned 0.68 percent of the wealth.

In 2008, on the other hand, Gen Xers owned 9 percent of the wealth and made up 22 percent of the population, for a wealth-to-population ratio of 0.41.

That's a smaller generational deficit than the raw numbers suggest, but it's still a significant one. It illustrates the size of the financial hole today's young adults are in relative to their parents. It's a hole they'll never truly be able to dig out of, given the way that money draws other money to itself via the gravitational pull of compound interest: The less money you start out with, the less you'll make during the rest of your life.

Some of the generational gap will eventually close as boomers age out of the population and pass their riches on to their heirs. Many, on the other hand, won't have any inheritance to pass on at all, and some will instead require their heirs to care for them, putting further strains on the budgets of young households.

Though the long-term political and economic implications of these shifts remain unclear, at present it seems apparent that these harsh financial realities drive many young Americans' disgruntlement with the country's economic system.