

# Millennials aren't all worse off than Baby Boomers, but the rich-poor gap is widening

November 13 2023

---



Credit: CC0 Public Domain

According to new research, millennials, a generation often characterized as less wealthy than their parents, are not uniformly worse off than their Baby Boomer counterparts. They are, however, contending with a "vast

and increasing" wealth gap, due to the increasingly uneven financial rewards reaped from different life and career paths, compared with their Boomer predecessors. This creates the impression that as a generation, they are losing out.

The study, by researchers from the University of Cambridge (UK), Humboldt University Berlin (Germany), and the French research university Sciences Po, examined the work and [family life](#) trajectories of more than 6,000 Baby Boomers and 6,000 Millennials in the United States. It evaluated and compared the impact of these work and life choices on their wealth by the age of 35.

Whether western Millennials are doing better or worse than previous generations is [widely debated](#).

Millennials are often positioned as the victims of social changes that have made employment and family life less stable. According to some observers, they are "[the first generation that is worse off than its parents](#)."

A recent article challenged the "myth of the broke Millennial," however, claiming that they are actually [thriving](#).

The new study suggests that the answer depends on which Millennials are being discussed. It found that Millennials were statistically more likely to work in low-paid service jobs or live with their parents as they entered middle age. Most of these individuals were economically worse off at 35 than Baby Boomers with comparable careers and lives. However, [millennials](#) with typical middle-class life trajectories accumulated substantially more wealth than their Baby Boomers counterparts.

The research, published in the [American Journal of Sociology](#), describes

this widening [wealth gap](#) as "a fundamental moral and political challenge" that will shape the future of the United States.

Lead author, Dr. Rob Gruijters, from the University of Cambridge, said, "The debate about whether Millennials are worse off is a distraction. The crucial intergenerational shift has been in how different family and career patterns are rewarded. The wealthiest Millennials now have more than ever, while the poor are left further behind."

"This divergence in financial rewards is exacerbating extreme levels of wealth inequality in the United States. Individuals with typical working-class careers, like [truck drivers](#) or hairdressers, used to be able to buy a home and build a modest level of assets, but this is more difficult for the younger generation. The solution lies with measures such as progressive wealth taxation, and policies like universal health insurance, that give more people basic security."

The study compared late Baby Boomers (born 1957-64) with early Millennials (born 1980-84), using data from the [National Longitudinal Survey of Youth](#).

Rather than using broad averages to compare the generations, it mapped each individual's life trajectory from 18 to 35 as a sequence of changes in their work, family, and living arrangements. Individuals with similar trajectories were then clustered together, enabling the researchers to compare the net worth of Millennials and Boomers with similar life experiences.

The data revealed striking intergenerational shifts in career patterns and family dynamics. By age 35, 17% of Baby Boomers had followed a path in which they progressed from college into prestigious professional careers like law and medicine, whereas only 7.3% of Millennials did the same. On the other hand, millennials were more likely to be engaged in

other professional roles, like [social work](#) and teaching, or in service sector jobs like retail, waiting, and caregiving.

Additionally, Millennials tended to postpone marriage and prolong their stay in the parental home. Early marriage and parenthood characterized the lives of 27% of Boomers, but just 13% of Millennials.

Regarding financial security, the study found that wealth inequality is much more pronounced among Millennials than it was for Boomers. While 62% of Boomers owned homes at 35, only 49% of Millennials did. Around 14% of Millennials had negative net worth, meaning their debts outweighed their assets, compared with 8.7% of Boomers.

There was limited evidence that this gap is intrinsically driven by changing work and family patterns. Rather, the economic rewards for secure, middle-class and upper-class lifestyles have increased, while those for less stable, working-class trajectories have stagnated or declined.

For instance, among Baby Boomers, 63% of low-skilled service workers owned their own home at 35, compared with 42% of Millennials in the same occupations. The poorest Millennials in service sector roles now often have negative net worth, which was less common among Boomers.

The authors argue that these challenges not only foster intergenerational tensions but have also contributed to other [social problems](#), such as the rise of populist authoritarianism. Addressing the problem, they add, will require big solutions, principally wealth taxes, and policies that offer financial security to the less advantaged. Such measures might, for example, include access to stable housing, universal health insurance, and a higher minimum wage.

Co-author Professor Anette Fasang stressed the importance of urgent

public intervention. "We need to make it easier for those who are currently being left behind to accumulate [wealth](#) in the first place," she said. "A slow and tentative approach won't suffice. Significant action is needed to build a more equal society, where more people can experience some form of prosperity."

**More information:** Rob J. Gruijters et al, Life Course Trajectories and Wealth Accumulation in the United States: Comparing Late Baby Boomers and Early Millennials, *American Journal of Sociology* (2023). [DOI: 10.1086/726445](https://doi.org/10.1086/726445)

Provided by University of Cambridge

Citation: Millennials aren't all worse off than Baby Boomers, but the rich-poor gap is widening (2023, November 13) retrieved 28 April 2024 from <https://phys.org/news/2023-11-millennials-worse-baby-boomers-rich-poor.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.