

# Financial Health of Young America:

Measuring Generational Declines  
between Baby Boomers & Millennials

January 2017



## ACKNOWLEDGEMENTS

Principal Investigator: Tom Allison

This report would not be possible without the following external partners who offered advice and guidance throughout the research and editing process:

Angela Boyd (Make Room Campaign)

Phillip Bush (HR&A Advisors)

Micah Hauptman (Consumer Federation of America)

Ezra Levin (CFED)

Kenneth Megan and Benjamin Ritz (Bipartisan Policy Center)

Leslie Parrish (formerly Center for Responsible Lending)

Jose A Quinonez and Aparna Ananthasubramaniam (Mission Asset Fund)

Dory Rand (Woodstock Institute)

We are also grateful for the stellar work from the Center on Budget and Policy Priorities, whose research and proposals are cited throughout this report. We thank Christina Postolowski for her leadership and contributions to the fair job scheduling policy agenda. Many thanks to Jen Mishory, Rory O'Sullivan, and Christopher Nellum for their sharp editorial support and leadership. Thank you to Laura Adviento and Miles Le for excellent design and data visualization. Thank you to Eve Rips, Christopher Nellum, Christina Postolowski, and Reid Setzer for their rigorous fact checking.

We are also especially grateful to the Ford Foundation for its generous support of this work.

## **Contents**

<b>Introduction</b>	<b>4</b>
<b>Key Findings</b>	<b>5</b>
<b>Framing the Financial Health of Young America</b>	<b>6</b>
Millennials Earn Less Than Their Parents Did	6
Fewer Millennials Own Their Homes	8
Millennials Have Accumulated Half the Assets as Boomers	10
Young Adult Net Wealth Declined by Half in a Generation	11
Young Adults are Saving More for Retirement but Inequities Persist	12
<b>Recommendations</b>	<b>15</b>
Education and Skills	16
Raising Incomes	17
Reworking Housing Policy to Help Low-Income Young People, Including Renters	20
Improving Capacities for Asset & Wealth Accumulation	23
Create Portable & Universal Retirement Options	25
<b>What's Next</b>	<b>26</b>
<b>End Notes</b>	<b>27</b>

# Introduction

The 75 million young adults of the Millennial generation are the largest and most diverse in the United States. These Americans came of age during one of the greatest economic downturns in the history of the country and amid macroeconomic trends of depressed wages, globalization, and technological change of the past three decades. Despite the Great Recession and shifting economy, Millennials have helped shaped a technological revolution, remain uniquely civic-minded, and are more educated than other generations of young adults. A closer look, however, suggests that the immense talent among young Americans has not resulted in a better standard of living than their parents.

It is a cornerstone of the American Dream: through hard work and perseverance, anyone should be able to make a better life for themselves and their children. But today's young adults suspect an erosion of that ideal, with an increasing majority thinking they would be "much worse off" than their parents.<sup>1</sup> New evidence presented here confirms their suspicions, with Millennials less financially secure than their parents were at the same age.

This report is the first in a series of reports analyzing financial challenges facing today's young people, and represents the most comprehensive look to date at the financial security of Millennials compared to their parents. This generation of young people earns lower incomes, are less likely to own a home, and have lower net wealth than their parents at the same stage in life. This should raise eyebrows. Millennials make up a plurality of the workforce,<sup>2</sup> and their financial security is America's financial security.<sup>i</sup>

This report also distinguishes financial security by what makes this generation unique in the first place: the increased need for skills, growing reliance on student debt to finance postsecondary education, and the diversification of the population. After all, Millennials are the most educated, most diverse, and most indebted generation in America's history.<sup>3</sup>

### Generational Comparison

Comparing generations presents a unique challenge: we need to ask the same questions, to similar groups of people, separated by dozens of years. In order to do this, we analyze the Survey of Consumer Finances, a large public survey of 6,500 people conducted by the Federal Reserve Board of Governors. We compared 25-to-34 year olds in 1989, when the youngest Baby Boomers were 25-years old,<sup>4</sup> with Millennials, defined as 25-to-34 year-olds in 2013.

By actually comparing generations and honing in on education attainment, student debt, and demographic inequities, we can better understand how the macroeconomy has changed in the last quarter century, the steep challenges facing today's young adults, and the solutions that will work to reverse the trends we identify.

<sup>i</sup> Throughout this report, we use "financial health" and "financial security" interchangeably, generally referring to having the resources to support an acceptable standard of living.

### Key Findings

**Millennial net wealth is half as much as Baby Boomers when they were young adults; wages have also declined 20 percent for today's young workers.** Baby Boomers were much more financially secure than Millennials when they were the same age. Boomers earned higher incomes, amassed greater assets, were more likely to own homes, and had greater net wealth when they were young adults than today's young people. A young adult without a college degree in 1989 earned roughly the same income as a college graduate with student debt today. The only exception found in our indicators is retirement accounts, with Millennials owning retirement accounts more than the previous generation, although this is likely due to the shift from pensions to a reliance on individual retirement accounts.

**Education attainment still an individual's best pathway to financial security.** On average, college continues to be a good investment, with better financial outcomes for those with a college degree.<sup>ii</sup> Regardless of student debt, college graduates earn greater incomes, are more likely to have saved for retirement, and in some cases have been protected from macroeconomic declines in financial security. *For example, young college-educated adults with student debt today, own homes at a slightly higher rate than Boomers did in 1989.* In contrast, the home ownership rate for young adults with a high school degree or less declined 22 percent between 1989 and 2013. Furthermore, college graduates, with student debt, have saved nearly \$21,000 for retirement, compared to under \$8,000 for those without a degree. However, this trend could be driven more by the declining value of a high school diploma.

**Student debt blunts some of education's benefits.** Median assets declined faster for student borrowers with a degree (-71 percent), than those with only a high school diploma or less (-54 percent). Median assets declined 45 percent for college graduates without student debt. The average retirement account grew at double the rate for those without debt than those with student debt, among the college educated. *College graduates with student debt have a lower net wealth than those with only a high school education.* This stands to reason as debt acts negatively on the net wealth calculation, and debt's return on investment extends well beyond the age of 35. However, it is clearly having an impact on young adult financial security, and the decline in early assets will likely impact later wealth accumulation.

**Significant gaps remain between young people of color and young white Americans.** Significant financial gaps persist between young African Americans and Latinos and their white peers. For instance, young African Americans and Latinos earn 57 cents and 64 cents, respectively, for every dollar earned by young whites. Young African Americans have also amassed a tenth of the wealth of young whites. Generally, Latino young adults are on a more secure financial foothold than they were twenty-five years ago, with growth in income, retirement accounts, assets, and net wealth. Disturbingly, young African Americans have lost ground on many financial indicators, with median net wealth declining nearly a third from 1989. Asian and Pacific-Islander identifications are not available in the dataset we used.

---

ii College degree is defined as Associate's Degree and above, including graduate and professional degrees.

### Framing the Financial Health of Young America

This report assesses the financial state of today's young adults by measuring income, retirement savings, home ownership, assets, and net wealth. Our conversations with young people across the country informed these indicators as priorities on which to focus. We analyze each indicator through the lenses of generational change, education and student debt, and racial and ethnic diversity. In the final section of the report, we offer policy solutions organized by each indicator, guiding federal and state policymakers on how to simultaneously protect today's financially insecure young adults and create structures to improve security in the future. Recognizing education attainment's pervasive impact across indicators, we outline our recommendations to make college more affordable and accessible, and of higher quality, in its own section.

This report is the first in a series on today's young adults and financial security. Future briefs will dive deeper into the specific indicators; as well as look at other forms of credit and debt, financial tools, and financial behavior. These subsequent briefs will also incorporate greater detail from our qualitative research, and conversations we have had with young adults across the country to better understand their aspirations and challenges. Young Invincibles also commissioned a random sample poll of Millennials, to fill in the gaps between the quantitative analyses of the Survey of Consumer Finances.

We hope to better understand the challenges and opportunities facing young adults and to equip policymakers with the research and analysis to address the pressing financial issues of today. We urge the new incoming executive administration and the new Congress in 2017, to study these findings and policy recommendations. The financial security of today's young adults, and thus the country at large, depends on it.

### Millennials Earn Less Than Their Parents Did

The American Dream promises that the next generation will fare better than the previous one. However, young Americans today may be on track for lower lifetime earnings than their parents.

Our analysis of income shows Millennials earn less not just because they are earlier in their career, but also because of an intergenerational decline in wages. As seen in Table 1.1, **young adult workers today earn \$10,000 less than young adults in 1989, a decline of 20 percent.**

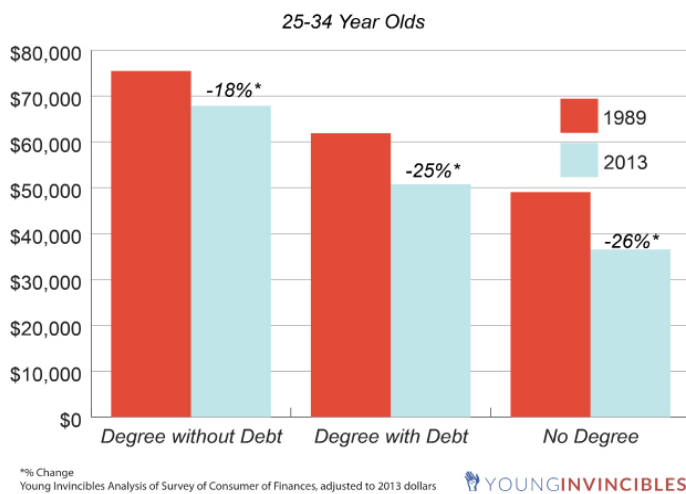
**Table 1.1 - Millennials Earn Less than Boomers**

25-to-34 year-olds	1989	2013	Percent Change
All	\$50,910	\$40,581	-20%

Incomes earned early in one's career often set the stage for lifetime earnings, with the highest growth occurring in the first decade of work.<sup>5</sup> Entering the job market during an economic downturn, essentially starting on a lower rung on the economic ladder, projects lower earnings for today's young adults throughout their working lives.<sup>6</sup> For instance, loss in income hinders families' abilities to invest in education and job training, thus depressing future wages as well.<sup>7</sup> Experiencing unemployment also takes its toll on incomes later in life. By some estimates, the 1 million young adults who experienced long-term unemployment during the recession will collectively miss out on \$20 billion in earnings over the next decade, equaling \$22,000 per person.<sup>8</sup>



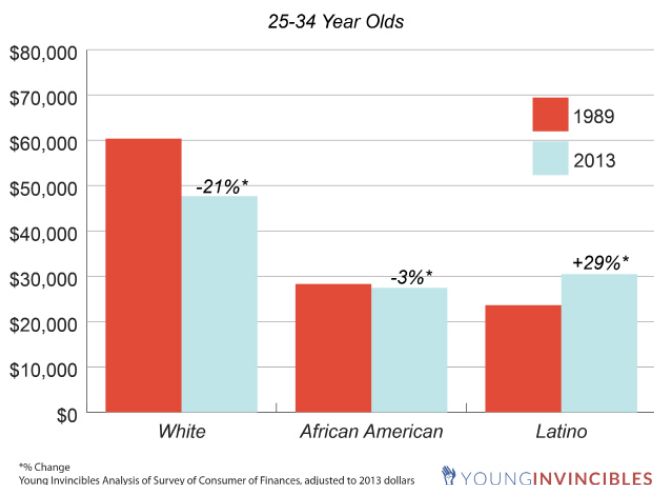
**Figure 1.2 - Today's young adults with debt and a degree earn same as workers with no degree earned in 1989**



Unlike previous generations, young adults today face rising college tuition and unprecedented student debt, largely driven by budget cuts at the state level. Understanding these trends is a prerequisite for understanding the generation's financial health. **While income declined across education levels, a college degree – with or without debt – is still worth it.** In fact, our analysis shows that intergenerational declines in income were steepest for those with no degree.

That said, among those with a college degree, we find a strong correlation between those with no student loan debt and those with the least decline in income across the two generations. As seen in Figure 1.2 and Table 1.2, Boomers with a college degree, who took on student debt to finance their education, earned nearly \$68,000 annually; the same type of young adults today earned under \$51,000, a 25 percent decline. Boomers who earned a degree, but didn't have any student debt, earned over \$13,000 more than the same Millennials today. **The declines across education levels were so steep that young people today that have a degree with debt earn roughly the same as young workers with no degree in the late 1980s.**

**Figure 1.3 - Race & Ethnicity Disparities in Median Income**



The steeper drop for those with debt does not suggest that student debt is *causing* lower incomes and greater income declines, but rather reveals an interesting correlation of income between those that rely on debt to finance their education and those who either quickly repay or never had to take loans at all. Young workers without a college degree have suffered the greatest wage declines, reinforcing the importance of higher education in the modern economy. This trend shows no sign of letting up; new research from the Georgetown Center on Education and the Workforce shows 97 percent all of the “good jobs” created in the recent recovery went to college graduates.<sup>9</sup>

The racial income gap in America is not new, but has an even larger impact given the racial and ethnic diversity among the Millennial generation. Breaking

25-to-34 year-olds	White	African American	Latino
1989	\$60,338	\$28,283	\$23,569
2013	\$47,683	\$27,392	\$30,436

down income changes by race, we confirm that there is a persistent gap between white young adults and African American and Latino young adults (Figure 1.3 and Table 1.3). In 2013, white young adults earn \$20,000 more than African American young adults, and \$17,000 more than Latinos. Put another way, for every dollar earned by young whites, African Americans earn 57 cents and Latinos earn 64 cents.

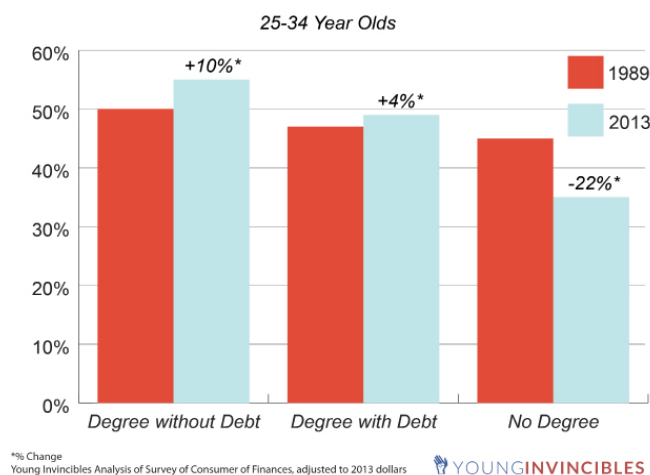
### Fewer Millennials Own Their Homes

Owning one's home is traditionally considered another cornerstone of the American dream, indicating middle-class status in modern post-war culture.<sup>10</sup> And despite turmoil in the housing market, there is significant research that shows that home ownership continues to be the primary means for families to build and transfer wealth.<sup>11</sup> With is in mind, young adults' 8 percent decline in home ownership from the Boomer generation is concerning (Table 2.1).

**Table 2.1 – Young Boomers Owned Homes at Higher Rates than Millennials**

25-to-34 year-olds	1989	2013	Percent Change
All	46%	43%	-7%

**Figure 2.2 – College Graduates Own Homes at Higher Rates**



**Table 2.2 - Homeownership**

25-to-34 year-olds	Degree without Debt	Degree with Debt	No Degree
1989	50%	47%	45%
2013	55%	49%	35%

Researchers have studied student debt's association with home ownership perhaps more than any other financial condition. Following the recession, researchers pointed to home ownership rates for non-student borrowers at age 30 surpassing those with student debt. This tipping point showed debt's effect on home ownership, with researchers concluding "Student loan borrowers retreat from housing and auto markets."<sup>12</sup>

More recent research highlights the importance of isolating college-completers when comparing the outcomes of debtors and non-debtors, finding that education attainment, and not student debt alone, as the "dividing line" in home ownership.<sup>13</sup> Our analysis supports this idea somewhat, with nearly half of college graduates owning their home despite also carrying student debt, although we also see complicating factors. Figure 2.2 and Table 2.2 show a six-point gap in home ownership rates between debtors and non-debtors, but a gap over twice as wide for those without a college degree (fourteen points). A closer look, however, reveals a significant decline in home ownership for *those with no high school degree*, and more encouraging trends for those with a high school, but no college degree.

While baby boomers generally owned homes at slightly higher rates than today's young adults, the rate for the college-educated young adults has actually increased (regardless of student debt). Meanwhile, homeownership rates for the non-college educated declined 22 percent by 2013.



**Figure 2.3 - Home Ownership Gap Narrows Between High School Graduates & Student Borrowers**

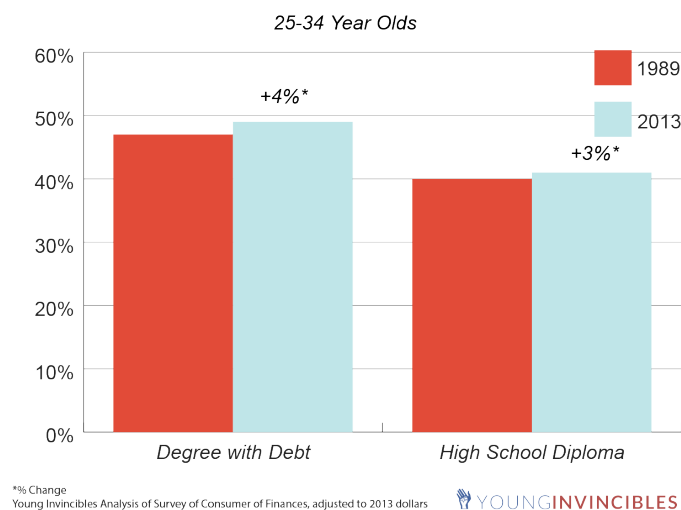


Table 2.3 - Homeownership		
25-to-34 year-olds	Degree with Debt	High School Diploma
1989	47%	40%
2013	49%	41%

**Figure 2.4 - Young Whites Own Home at Twice the Rate of African Americans & Latinos**

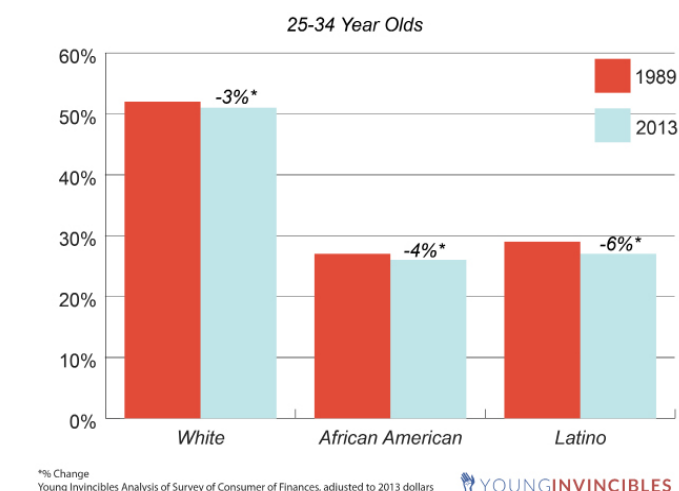


Table 2.4 - Homeownership			
25-to-34 year-olds	White	African American	Latino
1989	52%	27%	29%
2013	51%	26%	27%

Isolating those with a high school diploma from the “No degree” cohort, as in Table 2.3, complicates matters slightly, however. (Elsewhere in this report, “No degree” includes high school dropouts, high school graduates, and those who earned some college credit but no degree). Rates of home ownership for high school graduates are only 8 points lower than young college graduates with student debt. Rates for high school graduates have increased 3 percent since 1989, demonstrating that homeownership declines for non-college educated young adults, as seen above, is driven by those **without** a high school diploma (Figure 2.3). The closer rates between the in-debted college graduates and those with only a high school diploma, demonstrate that college’s contributions in financial security is somewhat blunted by student debt.

Underscoring this point in Figure 2.4 and Table 2.4, African American and Latino young adults currently own homes at half the rate of their white counterparts. Researchers attribute this disparity to the practices of systematic racial discrimination, such as redlining, but also structural deficits in income and wealth.<sup>14</sup> Home ownership rates for these groups have also declined between the Boomer and Millennial generations, increasing already-existing inequities.

While home ownership is an important indicator of financial security measured in the Survey of Consumer Finances, we recognize that less than half of young adults own their own homes. Addressing young adult home ownership requires looking at renters as well and making monthly rent payments are clearly burdening young adults. The Harvard Joint Center for Housing Studies estimates that 2.8 million 25-to-34 year olds suffer from severe rental burdens, and projects that Millennial households with severe rent burdens will grow significantly in the next decade.<sup>15</sup> In the policy recommendations section below, we will explore how to address both the decline in young adult home ownership but also how to shift our housing policies to support low-income renters.

## Millennials Have Accumulated Half the Assets as Boomers

Another common indicator of financial health is total assets: the sum of the value of all of an individual's bank accounts, retirement funds, cash value of life insurance policies, annuities, trusts, vehicles, real estate, and business equity.<sup>16</sup> In other words, total assets account for everything of economic value an individual owns.

**Table 3.1 - Boomers Accumulated Double the Assets of Today's Millennials**

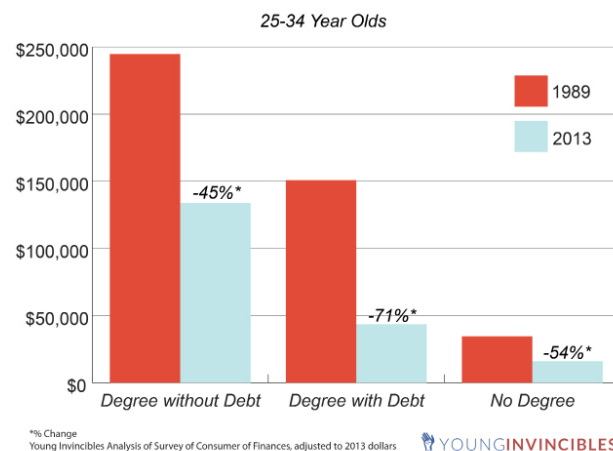
25-to-34 year-olds	1989	2013	Percent Change
All	\$61,277	\$29,350	-52%

As seen in Table 3.1, **when baby boomers were young adults, they owned twice the amount of assets as young adults in 2013.** This should not be surprising given the negative trends in income and home ownership explored above. A college education did not protect young adults from these declines, with student debtors and non-debtors seeing their assets decline 71 percent and 45 percent respectively (Figure 3.2).

Unlike home ownership or retirement savings, a very wide gap exists in average total assets between borrowers and non-borrowers, with non-borrowers owning over three times the assets of borrowers (Table 3.2). Previous research supports this estimate, identifying student loans' statistically significant negative impact on asset building.<sup>17</sup> Two theories could explain this trend: first, those without student debt started with more assets to begin with, and either never borrowed in the first place or had an easier time paying it off. Alternatively, those without debt were able to pay off their debt faster because of higher quality jobs and higher incomes, and thus able to amass more assets. **Despite this gap, college graduates with student debt still enjoy greater average assets than those without a college degree.**

Again, following the patterns above, significant disparities exist along racial and ethnic lines in total

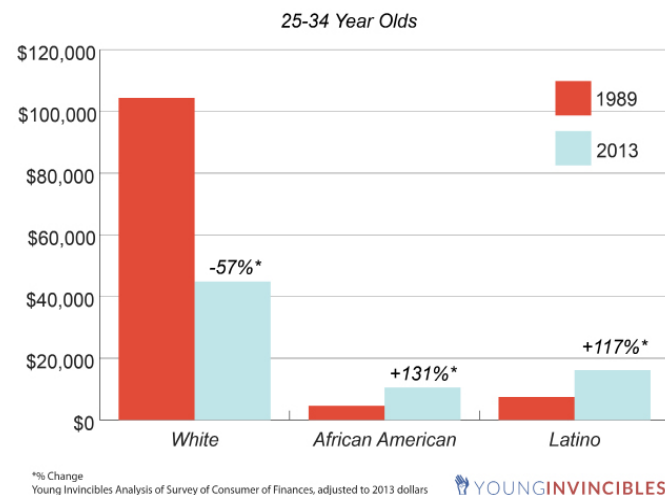
**Figure 3.2 - Assets for Student Borrowers Declined Faster than those without a Degree at all**



**Table 3.2 - Median Assets**

25-to-34 year-olds	Degree without Debt	Degree with Debt	No Degree
1989	\$244,872	\$150,751	\$34,470
2013	\$133,800	\$43,510	\$16,000

**Figure 3.3 - White Young Adults Accumulated Four Times the Assets of Young African Americans**



**Table 3.3 - Median Assets**

25-to-34 year-olds	White	African American	Latino
1989	\$104,369	\$4,555	\$7,411
2013	\$44,800	\$10,500	\$16,100

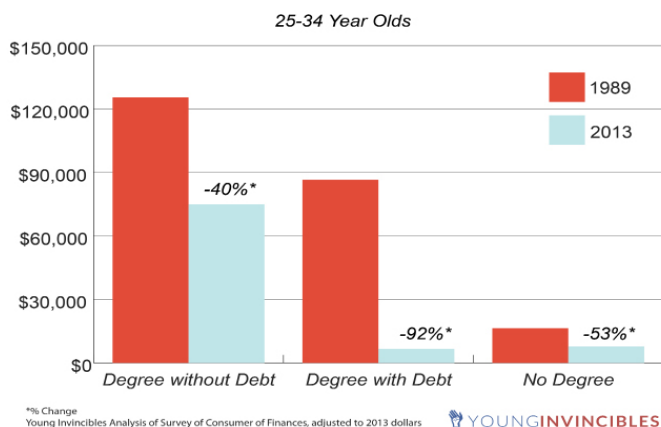
assets (Table 3.3). White young adults carry average total assets of nearly \$45,000, with African Americans and Latinos trailing with \$10,500 and \$16,100 respectively. These populations have at least seen their median assets more than double from the previous generation, compared to a 57 percent decline for white young adults (Figure 3.3). However, young African Americans own just 23 percent of the assets of young white adults, so the racial asset gap is still very wide.

### Young Adult Net Wealth Declined by Half in a Generation

**Table 4.1 - Millennials Wealth Half of Boomers at Same Age**

25-to-34 year-olds	1989	2013	Percent Change
All	\$25,035	\$10,900	-56%

**Figure 4.2 - Young Student Borrowers and non-College Educated Have Similar Net Wealth**



**Table 4.2 - Median Net Wealth**

25-to-34 year-olds	Degree without Debt	Degree with Debt	No Degree
1989	\$125,572	\$86,547	\$16,322
2013	\$75,000	\$6,600	\$7,750

Net wealth (also referred as net worth), the difference between total assets and total liabilities, is in many ways the most comprehensive measure of financial security. All of the indicators explored in this report feed into the net wealth calculation. Mortgage lenders, loan officers, and similar occupations and groups use net wealth to evaluate the qualifications of people applying for loans or credit, so this number can have significant financial implications.

As seen in Table 4.1, **when baby boomers were young adults, they enjoyed a net wealth over twice that of young adults today.** Student borrowers have also seen their net wealth decimated in two generations. In 1989 Boomers with college debt had a net wealth of \$86,500. A quarter-century later, the same cohorts' net wealth plunged to \$6,600. The rise in prevalence and size of typical debt loads partially explains this trend, as student debt counts against one's net wealth.

In a break from previous trends explored above, college graduates with student debt actually have a lower net wealth than young adults with only a high school degree (Figure 4.2 and Table 4.2). Again, this is in some ways logical, as student debt count counts against an individuals' net wealth. Other factors may be at play, however, as student borrowers tend to carry other types of debt from credit cards and car

loans, further bringing down their net wealth.<sup>18</sup> These young college graduates can also expect their incomes to rise later in their career,<sup>19</sup> considering they have been in the workforce for fewer years due to pursuing their education.

In Table 4.3, we see the median net wealth of young white households is ten times that of African Americans. As disturbing as this disparity is, the Pew Research Center found that the disparity is even worse for all ages: the median net wealth of white households of all ages is 13 times that of African American households.<sup>20</sup> Net

wealth for young African Americans has also declined considerably since 1989, dropping by nearly a third. It is possible that a large portion of this decline occurred during the recession, with one estimate putting losses in net wealth at 21 percent between 2007 and 2009 alone.<sup>21</sup> Young Latinos' net wealth is slightly more than half that of whites, and have seen a 140 percent increase from the Boomer generation (Figure 4.3).

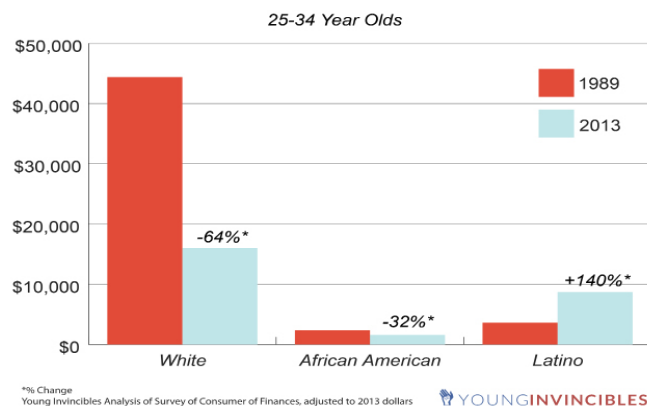
### Young Adults are Saving More for Retirement but Inequities Persist

Financial security does not just relate to one's ability to meet basic standards of living in the present, but also the ability to prepare for the future. The key to preparing for retirement is saving and investing at an early age, investing early reduces the burden of working beyond a comfortable age and benefits from typical growth from diversified and safe investments. Generally, young adults own retirement accounts (IRAs, Keoghs, and thrift-type plans) at much higher rates today than twenty-five years ago (Table 5.1). On the surface, this should be encouraging news. After all, the earlier one saves for retirement the longer the funds can be invested with growth compounded back into the original investment, thus growing the amount of money a saver has for retirement.

However, this growth in individual retirement accounts likely stems from broader changes in our retirement system, such as the erosion of traditional pension benefit plans. This potentially dampens enthusiasm around increased rates of individual saving. Indeed, pension plans declined from 27.1 million in 1989 to 15.2 million in 2013.<sup>22</sup> Meanwhile, the number of active participants in defined contribution plans increased from 33.9 million in 1989 to 76.7 million in 2013.<sup>23</sup> Today, only 7 percent of Fortune 500 employers offer pension plans (down from 50 percent in 1998).<sup>24</sup>

Although the retirement system has evolved creating different means of comparing intergenerational shifts in retirement preparation, *we find that education attainment correlates higher rates of retirement account ownership: regardless of student debt, young adults with college degrees have started saving for retirement at double the rate of those without a degree* (Figure 5.2 and Table 5.2). This makes sense, considering education attainment is directly related to annual retirement income.<sup>25</sup>

**Figure 4.3 - Young White Adults Enjoy Net Wealth Ten Times Higher Than Young African Americans**



**Table 4.3 - Median Net Wealth**

25-to-34 year-olds	White	African American	Latino
1989	\$44,412	\$2,350	\$3,615
2013	\$16,025	\$1,600	\$8,690

**Table 5.1 - Millennials More Likely to be Saving for Retirement than Boomers**

25-to-34 year-olds	1989	2013	Percent Change
All	16%	40%	150%

**Figure 5.2 - College-Educated Young Adults Much More Likely to be Saving For Retirement**

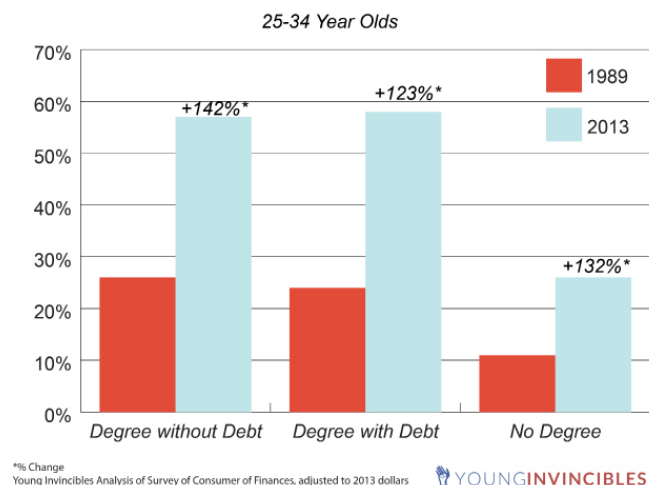


Table 5.2 - Percent with Retirement Account			
25-to-34 year-olds	Degree without Debt	Degree with Debt	No Degree
1989	26%	24%	11%
2013	57%	58%	26%

**Figure 5.3 - Young Latinos Lag in Saving for Retirement**

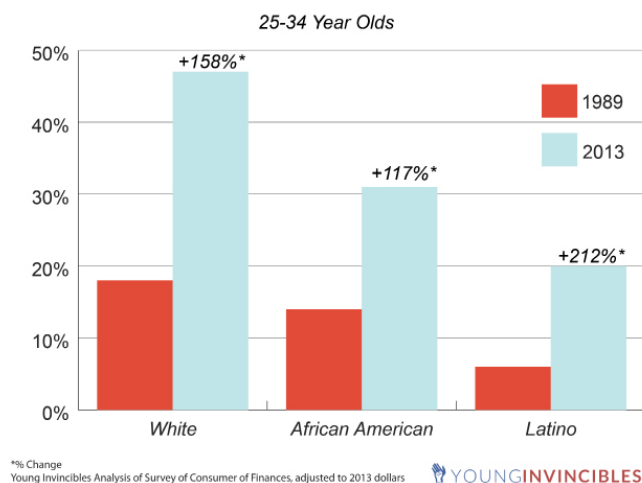


Table 5.3 - Percent with Retirement Account			
25-to-34 year-olds	White	African American	Latino
1989	18%	14%	6%
2013	47%	31%	20%

But while the growth in average retirement savings for young Latinos and African Americans is encouraging (Table 5.3), these groups still own retirement accounts at much lower levels than their white peers.

The rate of retirement account ownership among African Americans has also grown at a slower rate than young adults in general, 117 percent compared to 150 percent (Figure 5.3).

Looking beyond simple yes or no question of owning a retirement account, we also see growth of the average amount in those retirement accounts (Table 5.4). As the prevalence of retirement accounts grow, the average amount in those would grow as well, as our estimates of average account size includes those with no account at all. Once again we see a value of postsecondary education overall, a lessened effect for those with student debt, and stark demographic inequities.

The average retirement account for college graduates without student loans has grown three-fold since 1989, from \$8,484 to \$25,247 (Figure 5.5 and Table 5.5). Meanwhile, college graduates with student debt have saved nearly \$5,000 less for retirement. However, these borrowers have saved nearly \$21,000 for retirement; those without a degree have saved less than \$8,000.

Once again we see less financial stability among young Latinos and African Americans, having saved much less for retirement than their white peers (Table 5.6). Furthermore, while young Latinos' retirement accounts have grown faster than the typical Millennial, the average retirement account for young African American has grown just 14 percent (Figure 5.6).

The overall positive trend in both retirement account ownership and average balance might be an encouraging finding, given the conventional pessimism around Americans' finances. However, this growth coincides with declines in availability of defined benefit pension plans. Also, research from the Bipartisan Policy Center shows that while by 2065,

median retirement assets are projected to increase 162 percent, today's bottom 25 percent of savers are still projected to have no retirement savings whatsoever in 2065.<sup>26</sup> And as we demonstrate above, student debtors and underrepresented minorities carry lower than average retirement savings. Without recourse, those deficits will only grow in future years, as these lower balances today will not benefit as much from compound interest and investment returns.

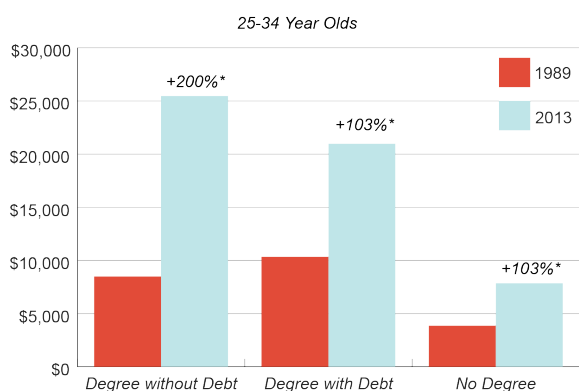
**Table 5.4 - Millennials Have Saved More for Retirement on Average**

25-to-34 year-olds	1989	2013	Percent Change
All	\$5,616	\$14,596	160%

The evidence is clear: we have seen significant generational declines in financial security between the Millennial and Baby Boomer generations. This is not a case of older adults enjoying more stability and prosperity than young adults yet to attain financial footing: comparing financial security of young adults in 1989 and 2013 provides evidence of macroeconomic

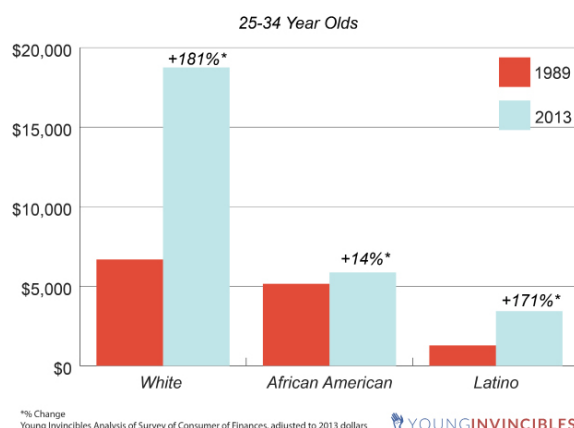
change, rather than differences between age groups. Furthermore, the section above reinforces the value of postsecondary attainment, but also adds new insight into the how student debt can blunt education's benefits. Finally, we identified disturbing disparities in financial health between racial and ethnic groups.

**Figure 5.5 - College Graduates Have Higher Average Retirement Accounts**



\*% Change  
Young Invincibles Analysis of Survey of Consumer of Finances, adjusted to 2013 dollars

**Figure 5.6 - Average African American Retirement Account Not Growing as Fast as Other Groups**



\*% Change  
Young Invincibles Analysis of Survey of Consumer of Finances, adjusted to 2013 dollars

**Table 5.5 - Average Retirement Accounts**

25-to-34 year-olds	Degree without Debt	Degree with Debt	No Degree
1989	\$8,484	\$10,351	\$3,858
2013	\$25,457	\$20,977	\$7,850

**Table 5.6 - Average Retirement Accounts**

25-to-34 year-olds	White	African American	Latino
1989	\$6,681	\$5,149	\$1,265
2013	\$18,757	\$5,870	\$3,431



### Recommendations

Policymakers must adopt bold interventions uniquely targeted to these complex problems. The following section lays out high priority recommendations for each topic. Some of these policies are directed to the federal government, while others focus on states, localities, and the private sector.

Despite our best efforts to construct a comprehensive agenda, these recommendations cannot address all of young adults' economic challenges. For example, our solutions focus on building a baseline financial safety net for young adults, but do not offer a comprehensive job creation agenda. Much of the conversation around large-scale infrastructure investments, the future of manufacturing, public investment in subsidized work and green jobs, and national-level goals for employment are beyond the scope of this paper.

We also recognize the difficulty in closing historic racial and ethnic gaps in financial security, legacies from centuries of oppression, discrimination, and violence. At times, policies targeted at addressing challenges facing low-income communities will help to close gaps between racial and ethnic groups. For instance, raising the minimum wage would disproportionately benefit African American workers, and savings-match programs could disproportionately help young Latinos save for down payments on home purchases.

But we also know the significant limitations in using socioeconomic status as a proxy for race or ethnicity. Millions of young African American and Latinos do not come from low-income households, and yet still face systemic discrimination that limits economic opportunity. There are a series of strategies to improve intergroup relations and policy recommendations that need to complement what we provide here to strengthen and enforce existing protections against discrimination. And even after that, while we do ban explicitly racist housing policy and can improve enforcement, we also know that discriminatory practices often stem from subconscious or implicit bias. In this regard, recommendations to a public policy audience will still fall short of our goal of equal opportunity and fairness for all Americans. We need a deeper commitment and better tools to root out bias that go beyond the scope of what we have provided here.

Young adults' financial security is the financial security of America as a whole, and problems facing young adults today reflect the unique and varying characteristics of this generation. Therefore, we recommend policies that address the challenges faced by young people in varying situations. First, we need to ensure that all young people and their families have access to family-sustaining wages, housing, and opportunities regardless of educational levels, through minimum wage policy, expanding the Earned Income Tax Credit (EITC), reforming housing policy, and providing a series of workforce protections and benefits that address issues facing low-income workers in particular. Second, we need to ensure that young people can gain the skills to garner higher wages – by boosting Pell grants and financial aid, improving educational quality, and massively scaling non-traditional pathways like apprenticeships. And finally, everyone, including those with postsecondary degrees and thus on the path to financial security – still need better student loan repayment processes, better retirement benefit systems, and homeownership opportunities.

### Education and Skills

Our research clearly shows a significant and growing divide in financial security along education attainment lines. While the rest of our policy agenda is organized by the indicators of financial security measured above, education's impact on all five indicators warrants special attention. Improving the financial security of this generation and thus the nation at large, requires comprehensive improvements to our higher education system, which includes two-year degrees and certificates connected to middle skill jobs; public investments to lower tuition; enhanced student supports and improved campus systems to improve completion; enhanced data systems to reflect today's diverse students and track outcomes students care about; and improved repayment mechanisms to ease the burden of student loans.

Readers interested in Young Invincibles' comprehensive higher education policy platform should see "A Higher Education Promise for the 21st Century" published in June 2015.<sup>27</sup> Furthermore, Young Invincibles has previously demonstrated how racial disparities in employment close with additional levels of education attainment.<sup>28</sup> Below we emphasize some of those essential policies needed in our higher education system.

#### States Must Reinvest in Public Systems

The severe generational decline in financial security coincides with structural state budget divestment in public higher education, cuts that have led to steep tuition hikes. For the Boomers we measured in 1989, average tuition at 4-year public colleges was \$3,454 in today's dollars.<sup>29</sup> Today, that figure has risen to \$9,410.<sup>30</sup> With such stark distance between the starting line for these two generations, we shouldn't be surprised at skyrocketing student debt and impaired asset and wealth building. States must reinvest in their higher education systems and provide debt-free pathways to a two- and four-year degree if we want the next generation of young adults to compete financially.

#### Create Pipelines into the Middle Class Through Middle-Skill Jobs

Two-year and certificate programs, combined with apprenticeships and other serious skill-building pipelines, can help pave the way to a middle class job and financial security. Research shows middle-skill jobs, those requiring more education than a high school diploma but less than a bachelor's degree, make up half of all available jobs, positions which employers struggle to fill.<sup>31</sup> These jobs are distributed across diverse types of occupations, including sales, health care, information technology, transportation, production, and installation and repair.<sup>32</sup> Our educational system must be re-aligned to connect young people to these opportunities.

#### Adopt College Completion & Attainment Goals

The research shows an alarming increase in the rate of non-completers with student debt, and borrowers with lower levels of student debt, many of which are non-completers, default on their loans at higher rates, wrecking their credit and jeopardizing their financial security.<sup>33</sup> These borrowers face the burden of repaying their student loans without the additional value of a college degree.

Rather than only looking at how many of their high school students enroll in college, states should adopt goals to increase their completion rates (the percent of incoming students who go onto graduate within a given time frame), strategies to reach them, and regularly measure their progress. Complete College America's "Game Changers", currently adopted at some level by 33 states and the District of Columbia, outline strategies to improve graduation rates.<sup>34</sup>

Beyond current students, states should create goals for their attainment rate, or the percent of their overall population with a postsecondary degree or credential. *States should also explicitly acknowledge the importance of attainment for underrepresented minorities, and should set goals for those populations as well.* Stakeholders have laid out strategies to help states improve state attainment rates, including lowering costs for students, adoption of transfer agreements, and exploring competency-based education programs. Furthermore, targeting aid to low-income students, through need-based aid instead of merit-based aid programs, increases completion and attainment.<sup>35</sup>

## Raising Incomes

Young adults earn \$10,000 less than Baby Boomers did when they were young, a 20 percent decrease since 1989. Young adults without a college degree experienced more significant declines, 26 percent during the same time period, and earn far lower incomes than those with college degrees. Among the college-educated, student borrowers have seen steeper declines than those without student debt, 25 percent and 18 percent respectively. Due to historic racial and ethnic gaps in income, however, young white adult incomes declined 21 percent since 1989, while African Americans declined 3 percent, and young Latinos increased 29 percent. Policymakers must recognize the urgent problem surrounding historically depressed wages. Beyond the obvious decline in ability to pay for goods and services and ability to save, early-career income often drives future income, so these income reductions do not bode well for the future financial security of this generation.

### Raise the Federal Minimum Wage

While the national unemployment rate has generally recovered since the Great Recession, our research demonstrates dramatic wage losses for young adults. To help those at the bottom of the income scale, we propose to raise the federal minimum wage to \$12 per hour, while allowing for higher local increases. Approximately 670,000 25-to-34 year-olds earn the minimum wage, making up 22.4 percent of all minimum-wage workers (16-to-24 year-olds make up 48.2 percent).<sup>36</sup> The minimum wage also disproportionately impacts African American workers: 15.4 percent of all minimum wage workers are African American, despite only making up 13.8 percent of the workforce. The minimum wage impacts African American women in particular (9.8 percent of minimum wage workers and 7.5 percent of workforce as a whole). The federal minimum wage, last adjusted to \$7.25 an hour in 2009, represents under 40 percent of the median hourly wage for private production and nonsupervisory workers, down from around half in the 1960's.<sup>37</sup>

Despite fears that a quick wage increase would cause employers to hire fewer workers, reduce hours, or pass along the additional cost to consumers,<sup>38</sup> an analysis of research published since 2000 showed “little or no employment response to modest increases in the minimum wage.” Digging deeper, that “modest increase” could be defined as the annual average of the historical minimum wage increase, 11 percent, enacted for a maximum of four sequential years.<sup>39</sup> A scheduled increase, starting in 2017, would occur eight years from the last increase in 2009. This gap is comparable to the nine-year gap between 1997 and 2006 increases, and double the time of the four-year gap between 1991 and 1995.<sup>40</sup> *We analyze these rates carefully, as young adults are most likely to be affected by declines in employment, given that they disproportionately work minimum wage jobs and generally lack as much experience as older workers.*

Congress should pass the Raise the Wage Act, legislation sponsored by Senator Patty Murray and Representative Bobby Scott. The bill would ramp up the minimum wage to \$12 by 2020, slightly faster than

the “modest” 11 percent annual increase as tested by the research cited above.<sup>41</sup> The modest increase for four years, starting with 2017, would reach \$11.29 by 2020, just short of the \$12.

The legislation would also index the minimum wage to the median wage, avoiding the loss in purchasing power in between raises, as cited above. For young adults, this means not having to wait for Congressional action to maintain a decent wage. Further, the legislation would adjust the minimum wage for tipped workers, especially important for young people who are more likely to work in the service industry.<sup>42</sup>

Support for a \$12 federal minimum wage should not be conflated with opposition to higher wages floors across the country: states and cities have a better grip on the particular needs of their citizens and capacities of their businesses, and we are seeing experiments with raising the wage further to \$15 an hour in the next few years.<sup>43</sup> Notably, not all of these localities are high-cost markets. States and cities should continue to lead on this issue.

### **Expand the EITC for Childless Workers**

The Earned Income Tax Credit (EITC) is one of the largest and most effective poverty reduction programs in the United States. It specifically targets low-income workers and rewards work.<sup>44</sup> The credit is refundable, so low-income Americans who have zero income tax liability receive cash at the end of the tax cycle.<sup>45</sup> (These workers do in fact pay federal payroll taxes, as well as state and local taxes). In December 2015, President Obama signed a bipartisan agreement permanently extending and expanding the EITC.<sup>46</sup> A shortcoming of the EITC, however, is that childless adults and noncustodial parents are largely excluded, with workers under the age of 25 completely ineligible for the credit.<sup>47</sup>

Both President Obama and Speaker Paul Ryan have proposed ways to expand EITC to childless workers, raising the maximum benefit and increasing the income eligibility threshold.<sup>48</sup> Under the Ryan and Obama proposals, *more than seven million Millennials would benefit.*

Childless adults currently receive a credit of 7.65 percent of income, up to a maximum benefit of about \$500, before phasing out at an income cap of \$14,820 for single adults, and \$20,330 for married adults.<sup>49</sup> Congress should expand eligibility for childless adults. Specifically, the EITC should apply to all independent workers regardless of age. The rate should be doubled to 15.3 percent of income, simultaneously doubling the maximum benefit to \$1,000 (both the Ryan and Obama proposals accomplish this). The income threshold for the phase out should also be raised, so that workers at 150 percent of the federal poverty level receive at least some benefit.

### **Fair Job Scheduling**

As explored above, young workers have seen 20 percent income declines from the Boomer generation. Workers ages 18-to-24 predominantly rely on jobs in the retail and service sectors, whose incomes have also eroded in recent years.<sup>50</sup>

Millennial workers, particularly parents, need predictable and flexible job schedules so that they can plan for child care, a second job, or education or training to advance their careers. Without predictable and flexible scheduling, young workers stand to lose valuable income when transportation, health care needs, school, or

any other priority conflicts with work. At the federal level, the Schedules That Work Act would alleviate the stress faced by low-income workers by granting employees the right to request work schedules from their employer in advance and without retaliation.<sup>51</sup> The act would also:

- Provide workers in target industries, like retail and food service, with two weeks advance notice of their schedules.
- Give workers an hour of “predictability” pay when they receive a last-minute scheduling change, are on call, or are scheduled for a split shift.
- Allow workers to request schedules changes from their employer to address caretaking, educational, or medical needs.

In addition to the Schedules That Work Act, there are also several local and state legislative efforts underway to improve workplace scheduling practices.<sup>52</sup>

### **Paid Sick Days and Paid Family and Medical Leave**

Young workers in most states do not have guaranteed access to paid sick days or paid leave. Instead, young parents often make difficult choices between caring for their health and the health of their families, and working for much needed income. Beyond parenting, Millennials now account for nearly a quarter of all family caregivers (unpaid care to a relative over 18 years old).<sup>53</sup> Days spent caring for loved ones, uncompensated by employers, represents lost income thus further bringing down median income. For the nearly 4.3 million - or 1 in 5 - Millennial parents living in poverty, leaving a job because it does not offer needed flexibility is not an option. Two federal bills, the Healthy Families Act and the Family and Medical Insurance Leave (FAMILY) Act, would benefit young adults by establishing national guidelines for how employees can earn paid sick days and paid family and medical leave, respectively.<sup>54</sup>

The Healthy Families Act would let workers earn up to seven paid sick days a year, at businesses with 15 or more employees.<sup>55</sup> Workers could use their earned sick time to recover from illness or care for a sick family member, access preventive care, or attend school meetings on their child’s health or disability.<sup>56</sup> The Healthy Families Act would help young parents take care of their and their children’s health, without jeopardizing their families’ financial security.

- Paid sick days that can be used for preventive care would encourage young adults to schedule medical appointments ahead of time and avoid the emergency room. Young adults currently have the highest rate of ER visits among any age group, except the elderly.
- For the 1 in 5 Millennial parents living in poverty, hiring a babysitter to take care of a sick child may not be an option. Child care and education costs have grown from 2 percent of the total cost of raising a child in 1960 to 18 percent of the cost in 2013. The cost of a babysitter for when a child is too sick to attend school can be higher than what a young parent earns for that workday.

The Family and Medical Insurance Leave (FAMILY) Act would create a national insurance program to allow workers to earn part of their wages (up to 66 percent) for up to 12 weeks after the birth or adoption of a child or to take care of themselves or a parent, spouse, domestic partner or child’s experiencing a serious

health condition.<sup>57</sup> Eligibility for FAMILY Act benefits would be based on the work history requirements of Social Security Disability Insurance, meaning that benefits would be available to young, low-wage and part-time workers, regardless of the size of their employer or how long they have been at their current job.<sup>58</sup> Both men and women would be able to take paid time off to care for a new child.<sup>59</sup> The FAMILY Act would overwhelmingly benefit Millennials, who make up the vast majority of new parents but are less likely to have access to paid family and medical leave through their employers.

- 83 percent of new mothers are Millennials between the ages of 18 and 34. Yet, younger workers, particularly those in entry-level or lower-wage positions, are less likely to have access to paid family leave, at the time in their lives when they need it the most.
- 40 percent of postsecondary students who are parents also work full-time jobs. Access to paid family leave can help working students stay on track to complete their degrees and stay in the workforce.<sup>60</sup>

There are a growing number of cities and states across the country with paid sick days and/or paid family and medical leave laws. Seven states, two counties, and 30 cities have enacted paid sick time laws.<sup>61</sup> In April 2016, New York became the fifth state to pass a paid family leave insurance law.<sup>62</sup>

## Reworking Housing Policy to Help Low-Income Young People, Including Renters

Young adults struggle to afford housing, both rented and owned. Broadly, fewer young adults own homes than Boomers did in 1989, 46 percent compared to 43 percent today. College degrees have increased in importance: college graduates' home ownership rates increased in the last quarter-century, 10 percent for those without student debt and 4 percent for those with debt; in 1989 young adults without a degree had comparable rates of home ownership as degree holders, but that rate declined a stunning 22 percent to only 35 percent. While different race and ethnic subsets of young people have seen home ownership declines at comparable rates, African Americans and Latinos still own their homes at lower rates (26 and 27 percent respectively) than their white peers (51 percent).

Considering home ownership is one of the most accessible avenues to building assets, these challenges call for us to shift our housing policies to support lower income homeowners and young people of color. Moreover, young adults face significant rent burdens, which are projected to grow in the next decade. So we recommend policies that also support renters afford housing and reward consistent payments on their credit history.

### Convert Mortgage Income Tax Deduction into a Credit & Lower Interest Cap

At an annual cost of \$70 billion, the mortgage income tax deduction is one of the largest tax expenditures in the United States. Homeowners can deduct the interest they paid on mortgage balances up to \$1 million from their adjusted gross income, thus reducing any federal income tax liabilities they might owe.<sup>63</sup> Unfortunately, benefits largely go to homeowners with annual incomes over \$100,000.<sup>64</sup> Deductions help affluent homeowners, who are more likely to owe taxes at the end of the year.



Converting the deduction to a refundable tax credit, would shift the benefit to low-income households, as these filers are more likely to have negative tax liabilities and thus be eligible for a cash refund. By lowering the cap on the value of the mortgages from \$1 million to \$500,000, cutting the rate of deduction to 15 percent, and rendering interest accrued on secondary lines of credit (either for purchase of a second home or for improvements on the first home) as ineligible, we could put more money back in the hands of low-income households through refunds, as well as encourage home ownership for low-income buyers, as the credit essentially lowers the cost of purchase for these individuals.

Various proposals include one or other of these reforms. For instance, Rep. Keith Ellison's [D-MN] Common Sense Housing Investment Act would replace the deduction with a non-refundable credit, reduce the rate to 15 percent, reduce the total value on the mortgage to \$500,000, but keeps the eligibility for secondary lines of credit.<sup>65</sup> A commission sponsored by the Bipartisan Policy Center recommended a refundable credit, but capped at \$25,000, rather than the value of the mortgage.<sup>66</sup> The National Commission on Fiscal Responsibility and Reform (Simpson-Bowles) called for a \$500,000 cap, and a 12 percent non-refundable credit.<sup>67</sup>

### **Credit Agencies Should Accept Rent Payments as Tradelines on Credit Reports**

The vast majority of home purchases are financed through mortgage lending and qualifying for a loan requires credit history, proven income, and a balance of assets and liabilities. For today's young adults with low incomes, few assets, and liabilities like student debt, qualifying for mortgages is a significant barrier to home ownership.

For most young adults, rent takes up a significant portion of monthly expenses. And for owners of property, entering a contractual obligation and leasing a rental asset to an individual assumes a certain level of risk. Renters with stable histories paying their rent should get their payments recorded as positive events on an individuals' credit.

Property management companies currently using certain rental payment services can transmit rent payment information to be included in credit reports to other rent-screening companies, but also included in more general credit reports.<sup>68</sup> However, the most common credit scores do not account for rental payments.<sup>69</sup> The three major credit bureaus, Experian, Equifax, and TransUnion should incorporate rent payments in the most commonly used credit scores.

Furthermore, Congress should pass the Credit Access and Inclusion Act, a bipartisan amendment to the Fair Credit Reporting Act authorizing landlords, including leases subsidized by Housing and Urban Development (HUD), to furnish payment records to the credit reporting agencies. The legislation also allows for utility and telecommunications companies to report payment records.<sup>70</sup>

Additionally, Experian, Equifax and TransUnion should actively expand the base of renters whose payment that they record. Experian could engage in a public awareness campaign in partnership with the rental payment servicers on the importance of recording rent payments in credit histories and encourage participation, as well as explore ways to make it easier for individual landlords to report positive rental history. Furthermore, the credit bureaus could waive the fees charged by current rent reporters like Rental Karma and RentTrack as a benefit to low-income renters, helping them build credit. Enfranchising new young adults into the financial system, who will then feel more comfortable and adept with credit and borrowing, will only benefit

the credit bureaus' business.

### **Expand the Low-Income Housing Tax Credit**

To counter the projected increased rent burdens for young adults, the federal government can encourage the development of more affordable housing through the Low-Income Housing Tax Credit (LIHTC).<sup>71</sup> By providing tax breaks to projects rehabilitating or building new affordable rental housing, the LIHTC leverages existing capital investments to make housing targeted for low-income individuals more affordable. As an accountability mechanism, investors only get to keep the credit if the property is leased as affordable housing for fifteen years.<sup>72</sup>

Unfortunately, demand for the credit far outpaces supply: in 2013, state agencies received three times more applications for the credit than funding allowed them to allocate.<sup>73</sup> The Affordable Housing Credit Improvement Act introduced by Sens. Maria Cantwell (D-Washington) and Orrin Hatch (R-Utah) would expand the LIHTC by 50 percent, helping create an additional 400,000 affordable unit over a 10-year period.<sup>74</sup> These additional units will help low-income young adults, especially young African American and Latinos who are more likely to qualify, afford their basic housing needs, freeing income to support their family, build assets, save for retirement and future home purchases.

### **Individual Development Accounts**

A major hurdle for home ownership for young adults, particularly those with low incomes, is saving for the initial down payment. Individual Development Accounts (IDA's), individual savings accounts matched by a government entity, is one solution to address this obstacle.<sup>75</sup> IDAs encourage other types of savings, such as paying for education or to start a small business, and are often paired with financial counseling and education. Evidence suggests these programs improve home ownership rates for low-income populations.<sup>76</sup> As seen above, home ownership is more of a hurdle for those without a college degree, so incorporating counseling is especially relevant, as less educated individuals conduct less research on major financial decisions.<sup>77</sup> Helping individuals afford a higher down payment and thus building more equity earlier also protects low-income home buyers from ownership failure, such as transition back to renting or foreclosure.<sup>78</sup>

The Assets for Independence (AFI) program, through the US Department of Health & Human Services is currently the most significant funder of IDA's. However, the federal government's support for the program has wavered. Between FY 2001 and 2005, Congress funded AFI at approximately \$25 million each year.<sup>79</sup> *In FY 2015, however, Congress funded the AFI program at \$19 million.*<sup>80</sup> At a minimum we recommend funding the program back to the \$25 million level, and exploring scaling this program even further.

States also play a significant role in funding IDAs. However, only fourteen states and the District of Columbia funded IDA's in 2015.<sup>81</sup> We urge the other thirty-six states to start these programs. Cities in mid-level housing markets are in the best position to set up these programs. Prices in cities like New York and San Francisco are probably too high for these programs to effectively help young adults save to purchase a home.<sup>82</sup> We also recommend IDA's adopt financial literacy programs backed by the latest research, explored in the financial literacy section of this paper.

### **Restore Funding to HOME Investment Partnerships Program**

The HOME Investment Partnerships program is a federal block grant that provides states and localities - often in partnership with local nonprofit groups - with a flexible funding source to meet their diverse affordable

housing needs. Eligible activities include building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.<sup>83</sup> It is the largest federal block grant intended to help state and communities develop low-income housing, fostering the creation of over 1.2 million affordable housing units since 1990.<sup>84</sup> Some of the units created, like Francis Place in Whatcom County, Washington, specifically serve young adults.<sup>85</sup>

Unfortunately, Congress has cut funding for this program dramatically. In 2016, Congress appropriated just under \$1 billion to the HOME Investment Partnerships Program.<sup>86</sup> In 2004, by contrast, Congress funded HOME at just over \$2 billion.<sup>87</sup> Congress should restore funding to these levels.

## Improving Capacities for Asset & Wealth Accumulation

In 1989, young adults had amassed double the assets & net wealth as young adults had in 2013. While it is logical for student borrowers to have a lower net wealth, student borrowers have also seen significant declines in total median assets: \$151,000 in 1989 to \$43,510 in 2013. Furthermore, degree holders without debt have amassed median assets three times that of degree holders with debt. However, these borrowers still have assets over 2.5 times that of young adults without a degree.

Although whites drive the majority of generational declines in both assets and net wealth, very significant racial disparities persist. So recommendations to improve asset building and financial capability disproportionately benefit underrepresented minority communities.

While median assets and wealth are the broadest measures of financial security, these indicators are also the most comprehensive. And given the importance intergenerational wealth on socioeconomic inequality and wealth outpacing economic growth overall,<sup>88</sup> it is imperative that we help young adults build assets through financial literacy training, smartly timed interventions to encourage savings, and portable benefit and safety net supports. Further, considering education's strong association with assets and wealth, particularly for those without debt we must push the states to make college more affordable and easier to complete. The future economic health of America depends on it.

### Financial Literacy & Capability

Though there is limited research showing the effectiveness of financial literacy, the need is too great to not redouble efforts. While concentrated intergenerational wealth transfer could be responsible for reduced assets and wealth for most young adults,<sup>89</sup> research extensively documents that those with good financial knowledge end up with better financial outcomes through asset and wealth accumulation, choosing low-fee options, portfolio diversification, managing budgets, and paying bills on time.<sup>90</sup> We also know that households with higher incomes conduct more research about major financial decisions.<sup>91</sup>

Seventeen states mandate students take some sort of personal finance course (another five states require an entire semester).<sup>92</sup> As of 2015, thirty-five states and Puerto Rico have recently taken on legislation on financial literacy education, ranging from creating Offices of Financial Empowerment in Delaware, adding specific subjects to be included in current financial education in Illinois, and providing free financial literacy education to students receiving public assistance in Virginia.<sup>93</sup>

Unfortunately, researchers struggle to identify programs that actually improve financial literacy, and lead to better financial decisions. Most show no statistically significant impact. But the stakes are too high for policymakers to concede defeat. Instead, the research and policy communities should come together to identify the techniques that positively impact financial literacy and scale them where possible.

Recent reviews of the consumer science, developmental psychology and related fields offer promising principles of financial literacy programs. Effective programs and training need to implement and test these principles. Other strategies target individuals before they actually make financial discussions, and focus on developing cognitive executive functions in children that can improve financial literacy later on. Programs should be dual-generation focused, with training delivered to both child and parent. Experience-based programs (learning by doing) have also demonstrated success.<sup>94</sup> Training delivered in or near the context of the decision is also crucial.<sup>95</sup>

### **Tax Time Savings**

Lack of funds to make investment decisions in the first place clearly challenges young adults' ability to build assets and save for retirement. That's why delivering information and intervening at the one predictable time when individuals do have funds to invest, tax season, is so important. For many low-income Americans, their tax refund is the largest lump sum they receive all year.<sup>96</sup> The Volunteer Income Tax Assistance (VITA) program offers free tax help to low-income Americans, and represents a unique opportunity to encourage savings.

Filers receiving a refund have the option to have their funds directly deposited into a savings account or by purchasing a savings bond, by using IRS Form 8888.<sup>97</sup> This additional step could explain why less than 2 percent of filers save all or a portion of their refund.

The Refund to Rainy Day Savings Act, bipartisan legislation introduced by Sens. Cory Booker (D-NJ) and Jerry Moran (R-KS) would allow filers to directly save their refunds through the 1040 form, eliminating the need for the additional 8888 form. Furthermore, the bill creates a pilot program to explore federal matching for tax-time savers, further helping low-income individuals save and build assets.<sup>98</sup> The Corporation for Enterprise Development (CFED) has proposed a similar "Rainy Day EITC" policy, where tax filers who save 20 percent of their refund could receive a 50 percent savings match.<sup>99</sup> Congress should pass this legislation and counselors at VITA centers should be informed of the new option on the 1040 form to encourage filers receiving a refund to take advantage of this option.

### **Support On-demand Workers with Portable Benefit Plans and Protections**

On-demand economic platforms are significantly impacting the employer-employee relationship, and our worker protections and collective support for social safety net programs have not kept pace. Considering the 23 million estimated young adults ages 18-to-34 make up the majority of on-demand workers, fixing this problem is especially impactful for the current Millennial generation.<sup>100</sup> Some take the position that many, if not most, on-demand workers do or should count as full-time employees (and that there are even market benefits to doing so);<sup>101</sup> others disagree.<sup>102</sup>

On-demand or sharing economy workers like Uber drivers or Airbnb hosts currently categorize as 1099 contract workers. As opposed to full-time W-2 workers, these 1099 workers lack workforce protections and mandated benefits, like the minimum wage and anti-discrimination laws. The companies also typically

do not pay into the unemployment insurance pool, Social Security, Medicare, and other social safety net contributions - an incredible benefit for the company, and a loss for federal revenue.

The full details of this employee classification is beyond the scope of this paper, but work needs to be done to update our system so that it adequately protects workers and provides pathways to benefits across classifications. Policymakers should explore approaches that simultaneously protects all workers, provides workers with social safety net benefits, and collects contributions from the employer. Benefit accounts should be portable, be able to receive contributions from multiple employers, universal to all workers, and pro-rated based on money earned.

## Create Portable & Universal Retirement Options

While we see retirement account ownership increased significantly (16 percent in 1989 compared to 40 percent today), changes to the tax code and devolution of pension plans are probably driving this increase, rather than greater financial stability for young adults. With only a quarter owning retirement accounts, young adults without a college degree are much less likely to have started saving for retirement compared to their peers with a college degree, where over half have started saving. And once again, significant racial and ethnic gaps exist in retirement account ownership and amounts. These facts, particularly that fewer than half of young adults have started saving for retirement, justify for more accessible, portable, and subsidized retirement policies.

### Portable Retirement Plans

For the millions of Americans without access to a retirement through their employer, state and federally sponsored plans can be a solution. States can create retirement plans for workers without access to an employer-sponsored plan. Broadly, 85 percent of young adults, including 79 percent of self-identified Republicans, support a voluntary option for workers to save through state-facilitated accounts.<sup>103</sup>

Many are portable, allowing the saver to keep the same account after a job change. While enrollment is sometimes voluntary and based on an opt-in designation, behavioral research clearly supports an auto-enroll option with an opt-out designation for those who wish not to participate. For instance, in auto-enroll plans, only 10 percent of savers opt out, compared to 25 percent that fail to sign up when an opt-in plan is offered.<sup>104</sup>

These plans vary, in target audience, policy design, and political consideration. There are a number of ways to implement this;<sup>105</sup> Illinois' Secure Choice Savings Program serves as one model. The state automatically enrolls workers into the state facilitated Roth IRA or an employer-designated private fund, with a three percent payroll deduction (adjustments and opt-out available).<sup>106</sup> States could improve upon Illinois' Secure Choice by allowing employers to contribute if inclined.

Given the stark racial disparities in the average saved for retirement, employers, government facilitators, and non-profits and advocates should explicitly target communities of color in promotion of these programs. Furthermore, given the disparities in the average retirement savings between those with student debt, plan facilitators should include information on income-based repayment plans and public service loan forgiveness, so that reduced student loan repayments can be directed towards retirement saving.

### **Bolster MyRA & Pass the American Savings Act**

The US Treasury Department offers MyRA, a federally-backed Individual Retirement Account. Contributions are invested into the Government Securities Investment Fund, a stable fund of US Treasury bonds guaranteed by the US Government.<sup>107</sup> Savers sign-up to have their contributions deducted from their paycheck, or can set-up contributions from their bank account. Once the account reaches \$15,000, or thirty years old, the account balance must be transferred to a private Roth IRA.<sup>108</sup>

MyRA accounts work well for young workers: there are no fees to open or keep an account, and there is no minimum balance requirement.<sup>109</sup> Considering young adults' caution and risk aversion, being able to withdraw the principle invested at any time, without paying a penalty, could be a special incentive to encourage young people to enroll. At the minimum, Congress should codify MyRA to ensure its availability in the future. And just as with state facilitated plans, MyRA could allow for automatic-enrollment, as well as the option for employers to contribute directly to their employees' plans.<sup>110</sup>

Congress can also go a step further with the American Savings Act. Introduced by Sen. Jeff Merkley (D-OR), the bill would automatically enroll (with opt-out options) workers to invest 3 percent of their income, up to \$18,000 per year, into a federal thrift savings plan.<sup>111</sup> The plan also automatically shifts to lower risk over time.<sup>112</sup> With greater investment options, fewer restrictions, and automatic enrollment, the American Savings Act represents a more robust proposal to facilitate retirement savings today's workers.

### **What's Next**

By demonstrating the severe intergenerational declines impacting today's young adults, we hope policymakers take up young adult financial security as a priority issue, and that these recommendations serve as a guide of how to level the playing field and offer basic social and economic protections in today's economy.

In the coming months, Young Invincibles will release briefs on the individual issue areas outlined above, and another on young adults' behavior and attitudes towards the financial system and their use of financial services and tools. These briefs will include more detailed perspectives from young adults, highlighting challenges and opportunities facing our generation drawn from a nationwide live dial poll and focus groups conducted around the country.



## End Notes

1. Jen Wiecezner, "Most Millennials Think They'll Be Worse Off Than Their Parents," *Fortune*, March 1, 2016, <http://fortune.com/2016/03/01/millennials-worse-parents-retirement/>.
2. Richards Fry, Millennials Surpass Gen Xers as the largest generation in US labor force (Washington, DC: Pew Research Center, 2015), <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/>.
3. White House Council of Economic Advisors, 15 Economic Facts About Millennials (Washington, DC: 2014) 5, 25, 16, [https://www.whitehouse.gov/sites/default/files/docs/millennials\\_report.pdf](https://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf).
4. Baby Boomers commonly defined as generation born between 1946 and 1964, Philip Bump, "Here is When Each Generation Begins and Ends, According to Facts," *The Atlantic*, March 25, 2014, <http://www.theatlantic.com/national/archive/2014/03/here-is-when-each-generation-begins-and-ends-according-to-facts/359589/>.
5. Fatih Guvenen, Fatih Karahan, Serdar Ozkhan, and Jae Song, What Do Data on Millions of US Workers Reveal About Life-Cycle Earnings Risk? (New York, NY: Federal Reserve Bank of New York, 2015), 13, [https://www.newyorkfed.org/medialibrary/media/research/staff\\_reports/sr710.pdf](https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr710.pdf).
6. Lisa B. Kahn, and Erika McEntarfer, Employment Cyclicalities and Firm Quality (Washington, DC: National Bureau of Economic Research, 2014), <http://www.nber.org/papers/w20698>.
7. John Irons, Economic Scarring (Washington, DC: Economic Policy Institute, 2009), <http://www.epi.org/publication/bp243/>.
8. Sarah Ayres, The High Cost of Youth Unemployment (Washington, DC: Center for American Progress, 2013), 1, <https://www.americanprogress.org/wp-content/uploads/2013/04/Ayres-YouthUnemployment1.pdf>.
9. Anthony Carnevale, Tamara Jayasundara, Artem Gulish, Good Jobs Are Back: College Graduates are First in Line (Washington, DC: Georgetown Center on Education and the Workforce), 2015, 6, [https://cew.georgetown.edu/wp-content/uploads/Good-Jobs\\_Full\\_Final.pdf](https://cew.georgetown.edu/wp-content/uploads/Good-Jobs_Full_Final.pdf).
10. Matthew Chambers, Carlos Garriga, and Done Schlagenhauf, The Postwar Conquest of the Home Ownership Dream (Towson, MD: Towson University, 2016), 2, <http://webapps.towson.edu/cbe/economics/workingpapers/2016-07.pdf>.
11. Corporation for Enterprise Development (CFED), Building Economic Security In America's Cities (Washington, DC: 2011) 24, <http://cfed.org/assets/pdfs/BuildingEconomicSecurityInAmericas-Cities.pdf>.
12. Meta Brown and Sydnee Caldwell, Young Student Loan Borrowers Retreat from Housing and Auto Markets (New York, NY: Federal Reserve Bank of New York, 2013), <http://libertystreet-economics.newyorkfed.org/2013/04/young-student-loan-borrowers-retreat-from-housing-and-auto-markets.html#.V3Pf4bgrKUI>.
13. Susan Dynarski, The dividing line between have and have-nots in home ownership: Education, not student debt (Washington, DC: Brookings Institute, 2016), <http://www.brookings.edu/research/reports/2016/05/03-dividing-line-between-haves-have-nots-home-ownership-education-not-student-debt-dynarski>.
14. Ta-Nehisi Coates, "The Case for Reparations," *The Atlantic*, June 2014, <http://www.theatlantic.com/magazine/archive/2014/06/the-case-for-reparations/361631/>.
15. Allison Charette, et al., Projecting Trends in Severely Cost-Burdened Renters: 2015-2025 (Cambridge, MA: Enterprise Community Partners & Joint Center for Housing Studies of Harvard University, 2015), 12, 24, [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/projecting\\_trends\\_in\\_severely\\_cost-burdened\\_renters\\_final.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/projecting_trends_in_severely_cost-burdened_renters_final.pdf).
16. Federal Reserve's definition of assets for the Survey of Consumer Finances, 32-34, <http://www.federalreserve.gov/pubs/bulletin/2014/pdf/scf14.pdf>.
17. Min Zhan and Ziaoling Xiang, Education Loans and wealth building among young adults, (Urbana-Champaign, IL: Center for Social Development, George Warren Brown School of Social Work, University of Illinois at Urbana-Champaign, 2014), 71, <https://csd.wustl.edu/Publications/Documents/WP14-14.pdf>.
18. Richard Fry, Kim Parker, Molly Rohal, Young Adults, Student Debt and Economic Well-Being (Washington, DC: Pew Research Center, 2014), 5, [http://www.pewsocialtrends.org/files/2014/05/ST\\_2014.05.14\\_student-debt\\_complete-report.pdf](http://www.pewsocialtrends.org/files/2014/05/ST_2014.05.14_student-debt_complete-report.pdf).
19. Brad Hershbein and Melissa Kearney, Major Decisions: What Graduates Earn Over Their Lifetimes (Washington, DC: The Hamilton Project, 2014) Figure 1, 3, [http://www.hamiltonproject.org/assets/legacy/files/downloads\\_and\\_links/Major\\_Decisions\\_Lifetime\\_\\_Earnings\\_by\\_Major.pdf](http://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/Major_Decisions_Lifetime__Earnings_by_Major.pdf).
20. Rakesh Kochhar, Richard Fry, and Paul Taylor, Wealth Gaps Rise to Historic Highs Between Whites, Blacks, Hispanics (Washington, DC: Pew Research Center, 2011), <http://www.pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highs-between-whites-blacks-hispanics/>.
21. Thomas Shapiro, Tatjana Meschede, and Sam Osoro, The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide (Waltham, MA: Institute on Assets and Social Policy, 2013), 4, <https://www.evernote.com/shard/s4/sh/2f378f98-d21b-4f5b-89d4-c3a47419b0ad/479f14e61917697b135246e01d20f85f/res/231ab1ff-5dba-4c3f-b1a8-9535396c018a/racial-wealthgapbrief.pdf>.
22. US Department of Labor. Employee Benefits Security Administration, Private Pension Plan Bulletin Historical Tables and Graphs (December 2014), <http://1.usa.gov/Rp8Bwu>.
23. Ibid.
24. Brendan McFarland, "Retirement in Transition for the Fortune 500: 1998 to 2013," Willis Towers Watson, September 3, 2014, <https://www.towerswatson.com/en-US/Insights/Newsletters/Americas/insider/2014/retirement-in-transition-for-the-fortune-500-1998-to-2013>.
25. Lewis Warne, More Education, Better Retirement (Washington, DC: National Center for Policy Analysis, 2013), <http://www.ncpa.org/pub/ib125>.
26. Kenneth Megan, "Millennials in Retirement: Will They Save More Than Their Parents?" Bipartisan Policy Center, January 14, 2016, <http://bipartisanpolicy.org/blog/millennials-saving-retirement>.
27. Young Invincibles, A Higher Education Promise for the 21st Century, (Washington, DC: June 2015), <http://younginvincibles.org/wp-content/uploads/2015/06/YI-Higher-Ed-Agenda>.

- pdf.
28. Rory O'Sullivan, Konrad Mugglestone, and Tom Allison Closing the Race Gap, (Washington, DC: Young Invincibles, 2014), <http://younginvincibles.org/promotion/closing-the-race-gap/>.
29. US Department of Education, Digest of Education Statistics, Table 320, [https://nces.ed.gov/programs/digest/d07/tables/dt07\\_320.asp](https://nces.ed.gov/programs/digest/d07/tables/dt07_320.asp). Dollars adjusted using BLS inflation calculator.
30. College Board, Trends in College Pricing (Washington, DC: 2015), 3, <https://trends.collegeboard.org/sites/default/files/trends-college-pricing-web-final-508-2.pdf>.
31. National Skills Coalition, United States' Forgotten Middle (2014), <http://www.nationalskillscoalition.org/resources/publications/file/middle-skill-fact-sheets-2014/NSC-United-States-MiddleSkillFS-2014.pdf>.
32. Jennifer Burrowes, et al., Bridge the Gap: Rebuilding America's Middle Skills (Cambridge, MA: Harvard Business School, 2014), 8, [http://burning-glass.com/wp-content/uploads/BRIDGE\\_THE\\_GAP\\_REBUILDING\\_AMERICAS\\_MIDDLE\\_SKILLS.pdf](http://burning-glass.com/wp-content/uploads/BRIDGE_THE_GAP_REBUILDING_AMERICAS_MIDDLE_SKILLS.pdf).
33. Josh Mitchell, "Who's Most Likely to Default on Student Loans?" Wall Street Journal, February 19, 2015, <http://blogs.wsj.com/economics/2015/02/19/whos-most-likely-to-default-on-student-loans/>.
34. "The Game Changers," Complete College America, <http://www.complete-college.org/gameChangers.html>.
35. Tom Allison, The Case for Need Based Aid in Florida (Young Invincibles, Washington, DC: 2015), 5, [http://younginvincibles.org/wp-content/uploads/2015/03/FL\\_Need\\_Fin\\_Aid.pdf](http://younginvincibles.org/wp-content/uploads/2015/03/FL_Need_Fin_Aid.pdf).
36. Bureau of Labor Statistics, Characteristics of Minimum Wage Workers, 2014 (Washington, DC: 2015) Table 7, 10, <http://www.bls.gov/opub/reports/minimum-wage/archive/characteristics-of-minimum-wage-workers-2014.pdf>.
37. Center for Budget and Policy Priorities, The Minimum Wage (Washington, DC: 2015), 2, [http://www.cbpp.org/sites/default/files/atoms/files/PolicyBasics\\_MinimumWage.pdf](http://www.cbpp.org/sites/default/files/atoms/files/PolicyBasics_MinimumWage.pdf).
38. Ibid.
39. John Schmitt, Why Does the Minimum Wage Have No Discernible Effect on Employment? (Washington, DC: Center for Economic and Policy Research, 2013), 2, 15, <http://cepr.net/documents/publications/min-wage-2013-02.pdf>.
40. Ibid., Table 1, 14.
41. Raise the Wage Act, S. 1150, H.R. 2150, 114th Cong. (2016.), <https://www.congress.gov/bill/114th-congress/senate-bill/1150>
42. Tom Allison and Konrad Mugglestone, Where Do Young Adults Work? (Washington, DC: Young Invincibles, 2014), <http://younginvincibles.org/wp-content/uploads/2014/12/Where-Do-Young-Adults-Work-12.4.pdf>.
43. Timothy Lee, "California just passed a \$15 minimum wage. Even left-leaning economists say it's a gamble," Vox, March 31, 2016, <http://www.vox.com/2016/3/30/11332686/california-minimum-wage-gamble>.
44. Chuck Marr, "Tax Deal Makes Permanent Key Improvements to Working-Family Tax Credits" Center on Budget and Policy Priorities, December 16, 2015, <http://www.cbpp.org/research/federal-tax/tax-deal-makes-permanent-key-improvements-to-working-family-tax-credits>.
45. "Earned Income Tax Credit," IRS, accessed August 1, 2016, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit>.
46. Jacob Leibenluft, "The Budget Agreement Permanently Expands Important Tax Credits for Working Families," The White House, December 22, 2015, <https://www.whitehouse.gov/blog/2015/12/22/tax-agreement-makes-permanent-expansions-important-tax-credits-working-families>.
47. "Do I Qualify for EITC?" IRS, last updated June 16, 2016, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/do-i-qualify-for-earned-income-tax-credit-eitc>; "Divorced and Separated Parents," EITC, IRS, last updated October 19, 2015, <https://www.eitc.irs.gov/Tax-Preparer-Toolkit/faqs/divorced>.
48. Richard Reeves and Joanna Venator, Are Obama and Ryan proposals for an EITC Expansion Pro- or Anti- Mobility? (Washington, DC: Brookings Institute, 2014), <http://www.brookings.edu/blogs/social-mobility-memos/posts/2014/08/01-ryan-poverty-plan-eitc-reeves>.
49. "Policy Basics: The Earned Income Tax Credit," Center on Budget and Policy Priorities, updated January 15, 2016, <http://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit>.
50. Tom Allison and Konrad Mugglestone, Where Do Young Adults Work? (Washington, DC: Young Invincibles, 2015), 1, <http://younginvincibles.org/wp-content/uploads/2014/12/Where-Do-Young-Adults-Work-12.4.pdf>.
51. Young Invincibles, The Schedules That Work Act Works for Millennial Employees (Washington, DC: 2015), <http://younginvincibles.org/wp-content/uploads/2015/07/Work-Schedules-Doc-7-15-2015.pdf>.
52. National Women's Law Center, Recently Introduced and Enacted State and Local Fair Scheduling Legislation (Washington, DC: 2015), [https://nwlc.org/wp-content/uploads/2015/08/recently\\_introduced\\_and\\_enacted\\_state\\_local\\_9.14.15.pdf](https://nwlc.org/wp-content/uploads/2015/08/recently_introduced_and_enacted_state_local_9.14.15.pdf)
53. Lisa Weber-Raley and Erin Smith, Caregiving in the U.S. (Washington, DC: AARP, 2015), 76, <http://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>.
54. Young Invincibles, Working Families Would Benefit from Passage of the Healthy Families Act and the FAMILY Act (Washington, DC: 2015), <http://younginvincibles.org/wp-content/uploads/2015/07/YI-FAMILY-Healthy-Families.pdf>.
55. National Partnership for Women & Families, The Healthy Families Act (Washington, DC: 2015), 1, <http://www.nationalpartnership.org/research-library/work-family/psd/the-healthy-families-act-fact-sheet.pdf>.
56. Ibid.
57. National Partnership for Women & Families, The Family and Medical Insurance Leave (FAMILY) Act: Frequently Asked Questions (Washington, DC: 2015), 1, <http://www.nationalpartnership.org/research-library/work-family/coalition/family-act-faq.pdf>.
58. Ibid., 3.
59. National Partnership for Women & Families, Father's Day FAMILY Act Talking Points (Washington, DC: 2015), <http://www.nationalpartnership.org/research-library/campaigns/family-act/>

- fathers-day-2015-family-act-talking-points-for-male-members-of-congress.pdf.
60. Ibid.
61. "Current Paid Sick Days Laws," National Partnership for Women & Families, last updated November 9, 2016, <http://www.nationalpartnership.org/research-library/work-family/psd/current-paid-sick-days-laws.pdf>.
62. "State Paid Family Leave Insurance Laws," National Partnership for Women & Families, updated April 2016, <http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf>.
63. IRS, Home Mortgage Interest Deduction (Washington, DC: 2015), 2, <https://www.irs.gov/pub/irs-pdf/p936.pdf>.
64. Will Fischer and Chye-Ching Huang, Mortgage Interest Tax Deduction is Ripe for Reform (Washington, DC: Center for Budget & Policy Priorities, June 2013), <http://www.cbpp.org/research/mortgage-interest-deduction-is-ripe-for-reform>.
65. H.R.1213 - Common Sense Housing Investment Act of 2013, <https://www.congress.gov/bill/113th-congress/house-bill/1213/text>.
66. Senator Pete Domenici and Dr. Alice Rivlin, Domenici-Rivlin Debt Reduction Task Force Plan 2.0 (Washington, DC: Bipartisan Policy Center, 2012), 7, <http://bipartisanpolicy.org/wp-content/uploads/sites/default/files/D-R%20Plan%202.0%20FINAL.pdf>.
67. National Commission on Fiscal Responsibility and Reform, The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform (Washington, DC: 2010), 31, [https://www.fiscalcommission.gov/sites/fiscal-commission.gov/files/documents/The-MomentofTruth12\\_1\\_2010.pdf](https://www.fiscalcommission.gov/sites/fiscal-commission.gov/files/documents/The-MomentofTruth12_1_2010.pdf).
68. Experian, "Build Credit History by paying Your Rent on Time," accessed August 7, 2016, <http://www.experian.com/rent-bureau/rental-payment.html>.
69. Bev O'Shea, "How Paying Rent Can Affect Your Credit," Nerdwallet, April 19, 2016, <https://www.nerdwallet.com/blog/finance/credit-report-rent-payments-incorporated/>.
70. H.R. 3035 - Credit Access and Inclusion Act of 2015, <https://www.congress.gov/bill/114th-congress/house-bill/3035/text>.
71. US Department of Housing & Urban Development, "Low-Income Housing Tax Credit," accessed August 2, 2016, <https://www.huduser.gov/portal/datasets/lihtc.html>.
72. Enterprise Community Partners, "About the Low-Income Housing Program," accessed August 2, 2016, <http://www.enterprisecommunity.com/financing-and-development/low-income-housing-tax-credits/about-lihtc>.
73. Enterprise Community Partners, "The Low-Income Housing Tax Credit," accessed August 5, 2016, <http://www.enterprisecommunity.com/low-income-housing-tax-credits-policy>.
74. Donna Kimura, "Cantwell, Hatch Introduce Major LIHTC Expansion Bill," Housing Finance, May 19, 2016, [http://www.housingfinance.com/policy-legislation/cantwell-hatch-introduce-big-lihtc-expansion-bill\\_o](http://www.housingfinance.com/policy-legislation/cantwell-hatch-introduce-big-lihtc-expansion-bill_o).
75. CFED, "Individual Development Accounts," accessed June 30, 2016, <http://cfed.org/programs/idas/>.
76. US Department of Housing and Urban Development, Individual Development Accounts: a Vehicle for Low-Income Asset Building and Homeownership (Washington, DC: 2012), i, <https://www.huduser.gov/portal/periodicals/em/fall12/highlight2.html>.
77. Healey Whitsett & Tom Allison, "College Information Design & Delivery: Insights from the Cognitive Information Processing Literature," (Washington, DC: Young Invincibles, 2015), 12-13, <https://www.luminafoundation.org/files/resources/college-info-design-and-delivery.pdf>.
78. Ibid.
79. Office of Community Services, Administration for Children and Families, US Department of Health and Human Services, Report to Congress: Assets for Independence Program (Washington, DC: 2012), i, [http://www.acf.hhs.gov/sites/default/files/ocs/12th\\_afi\\_report\\_to\\_congress\\_update\\_6316\\_0.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/12th_afi_report_to_congress_update_6316_0.pdf).
80. Office of Community Services, Administration for Children and Families, US Department of Health & Human Services, "AFI Fact Sheet," September 17, 2014, <http://www.acf.hhs.gov/ocs/resource/assets-for-independence-program-summary>.
81. Corporation for Enterprise Development, "Assets & Opportunity Scorecard," <http://scorecard.assetsandopportunity.org/latest/measure/individual-development-accounts>.
82. CFED, Building Economic Security in America's Cities, 44.
83. US Department of Housing and Urban Development, "HOME Investment Partnerships Program," accessed August 1, 2016, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/affordablehousing/programs/home/](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/).
84. National Council of State Housing Agencies, "HOME Coalition Advocacy Materials," accessed August 1, 2016, <https://www.ncsha.org/resource/home-coalition-advocacy-materials>.
85. Dan Stalheim, Home Success Stories (Washington, DC: The HOME Coalition, 2015), 9, [https://salsa3.salsalabs.com/o/50954/images/HOME%20Success%20Stories\\_FINAL\\_Homeless.pdf](https://salsa3.salsalabs.com/o/50954/images/HOME%20Success%20Stories_FINAL_Homeless.pdf).
86. US Department of Housing and Urban Development, "CPD Appropriations Budget," [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/about/budget](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget).
87. Katie Jones, An Overview of the HOME Investment Partnerships Program (Washington, DC: Congressional Research Service, September 2014), 12, <https://www.fas.org/sgp/crs/misc/R40118.pdf>.
88. R.A., "Thomas Piketty's 'Capital'," summarised in four paragraphs, The Economist, May 4, 2014, <http://www.economist.com/blogs/economist-explains/2014/05/economist-explains>.
89. R.A., "Thomas Piketty's Capital", The Economist.
90. Justine S. Hastings, Brigitte C. Madrian, and William L. Skimmyhorn, "Financial Literacy, Financial Education and Economic Outcomes" (Washington, DC: Annual Review of Economics, 2013), 347-373, <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3753821/>.
91. Whitsett, College Information Design & Delivery, 12-13.
92. Council for Economic Education, Survey of the States: Economic and Personal Finance Education in Our Nation's Schools (New York, NY: 2016), 1, <http://www.councilforeconed.org/wp/wp-content/uploads/2014/02/2014-Survey-of-the-States.pdf>.
93. National Conference of State Legisla-

- tures, "Financial Literacy 2015 Legislation," January 15, 2015, accessed August 7, 2016, <http://www.ncsl.org/research/financial-services-and-commerce/financial-literacy-2015-legislation.aspx>.
94. Gabrielle Emanuel, "Not All Financial Education is Effective. Here Are 45 Ideas That Work," NPR, April 13, 2016, <http://www.npr.org/sections/ed/2016/04/13/473561841/not-all-financial-education-is-effective-here-are-4-ideas-that-work>.
95. Ibid.
96. Consumer Finance Protection Bureau, Increasing saving at tax time and promising practices for the field (Washington, DC: August 2015), 1, [http://files.consumerfinance.gov/f/201509\\_cfbp\\_increasing-saving-at-tax-time-and-promising-practices-for-the-field.pdf](http://files.consumerfinance.gov/f/201509_cfbp_increasing-saving-at-tax-time-and-promising-practices-for-the-field.pdf).
97. IRS, Form 8888, <https://www.irs.gov/pub/irs-pdf/f8888.pdf>.
98. Sen. Cory Booker, "Booker, Moran Introduce Bill Empowering Taxpayers to Defer Refund for Rainy Day Savings," accessed August 5, 2016, [https://www.booker.senate.gov/?p=press\\_release&id=403](https://www.booker.senate.gov/?p=press_release&id=403).
99. Kathryn Edin, Sara Greene, Sarah Halpern-Meekin, and Ezra Levin, The Rainy Day EITC, (Washington, DC: CFED July 2015), [http://cfed.org/assets/pdfs/The\\_Rainy\\_Day\\_EITC.pdf](http://cfed.org/assets/pdfs/The_Rainy_Day_EITC.pdf).
100. Bruce Reed, John Bridgeland, & Conor McKay, "What Do On-Demand Economy Workers Want? We Asked Them," Aspen Institute, January 7, 2016, <https://www.aspeninstitute.org/blog-posts/time-magazine-gig-economy-future-of-work-aspen-institute/>.
101. National Employment Law Project, "Employers in the On-Demand Economy: Why Treating Workers as Employees is Good for Business," March 2016, <http://www.nelp.org/content/uploads/Fact-Sheet-Employers-in-the-On-Demand-Economy.pdf>.
102. Stephen Gandel, "Uber-nomics: Here's what it would cost Uber to pay its drivers as employees", Fortune, September 17, 2015, <http://fortune.com/2015/09/17/ubernomics/>.
103. Young Invincibles, Millennials, Savings, & Retirement Security (Washington, DC: 2016), [http://younginvincibles.org/wp-content/uploads/2016/02/WorkAndSaveMemo\\_2016.pdf](http://younginvincibles.org/wp-content/uploads/2016/02/WorkAndSaveMemo_2016.pdf).
104. Shlomo Benartzi and Richard Thaler, "Behavioral Economic and the Retirement Savings Crisis," Science Magazine, Vol 339, March 8, 2013, <http://faculty.chicagobooth.edu/Richard.Thaler/research/pdf/Behavioral%20Economics%20and%20the%20Retirement%20Savings%20Crisis.pdf>.
105. "State Retirement Savings Resource Center," AARP, accessed April 26, 2016, <http://www.aarp.org/ppi/state-retirement-plans.html>.
106. Illinois State Treasurer, "Secure Choice", accessed September 20, 2016, [http://illinoistreasurer.gov/Individuals/Secure\\_Choice](http://illinoistreasurer.gov/Individuals/Secure_Choice).
107. "G Fund: Government Securities Investment Fund," Thrift Savings Plan, accessed April 26, 2016, [https://www.tsp.gov/InvestmentFunds/FundOptions/fundPerformance\\_G.html](https://www.tsp.gov/InvestmentFunds/FundOptions/fundPerformance_G.html).
108. "Frequently asked questions," US Treasury, accessed April 26, 2016, <https://myra.gov/get-answers>.
109. Ibid.
110. Bipartisan Policy Center, Securing Our Financial Future: Report of the Commission on Retirement Security and Personal Savings (Washington, DC: 2016), 44, <http://cdn.bipartisanpolicy.org/wp-content/uploads/2016/06/BPC-Retirement-Security-Report.pdf>.
111. "American Savings Act," Office of Sen. Jeff Merkley, accessed September 12, 2016, [https://www.merkley.senate.gov/imo/media/doc/20160128\\_Pamphlet\\_Retirement.pdf](https://www.merkley.senate.gov/imo/media/doc/20160128_Pamphlet_Retirement.pdf).
112. "American Savings Act," Office of Sen. Jeff Merkley, accessed September 12, 2016, <https://www.merkley.senate.gov/imo/media/doc/16%2001%2027%20American%20Savings%20Act%20Summary.pdf>.