

For Immediate Release

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Generation X Families Financially Behind Previous Generations at the Same Ages

Gen X households are less likely to own a home or retirement plan and have lower net worths coupled with higher debt-to-income ratios

Washington, D.C. – June 27, 2019 — A new study from the Employee Benefit Research Institute finds Generation X families are financially behind previous generations at the same ages. This “sandwich” generation is frequently paying for their children’s expenses, including their college education, as well as taking on the responsibilities of caring for their parents, all while closing in on retirement. In addition to facing these major expenses simultaneously, Generation X experienced the recession of 2008 when many of them were in their 30s — a time when wage growth is typically at its highest — making it difficult for them to catch up. They are also the first generation to essentially only have defined contribution plans available to them in the private sector for the entirety of their career. With that comes the challenge of managing their finances throughout their working careers and retirement in ways that prior generations did not need to.

The *EBRI Issue Brief*, “Comparing the Financial Status of Generation X Families,” examines key financial status indicators of Generation X families and compares them with those of older and younger generations. The comparisons not only evaluate the Generation X families against other generations in 2016 but also by how the indicators differed when prior generations were the same ages as Generation Xers were in 2016. In particular, homeownership, net worth, debt-to-asset ratios, and retirement plan ownership and balances are the emphasis of the analysis.

“Generation X families were less likely than older generations to own their own home at their 2016 ages or have any type of retirement plan. Furthermore, their median net worth was lower than that of the families whose heads were ages 40–51 in 2004. They also had higher debt-to-asset ratios than prior generations, showing that their balance sheets were in worse shape than those of prior generations,” said Craig Copeland, EBRI senior research associate and author of the study. “However, it is important to note that families with incomes in the upper two quartiles had nearly equal results to those of prior generations. Unfortunately, the results for the families with incomes in the lower two quartiles were so much worse than prior generations that it pulled down the overall results. Furthermore, families with minority heads and heads without a bachelor’s degree also did not fare as well as their counterparts after 2004.”

Other findings include:

- Generation X families in 2016 were more likely to have an individual account (IA) retirement plan than families of Millennial and Baby Boomer generations, but they were less likely to own a home or have any type of retirement plan than the Baby Boomer families.
- Generation X families had lower homeownership rates than did prior generations of families when their heads were ages 40–51 (e.g., families with heads ages 40–51 in 2004).
- Generation X families in 2016 were more likely to have owned an IA retirement plan (60.1 percent) than families with heads ages 40–51 were in 2004 (58.7 percent).
- The percentage of Generation X families holding debt in 2016 was slightly lower than it was for the families of the same ages in 2004 (86.8 percent vs. 88.5 percent).
- The median net worth of families with heads ages 40–51 in 2004 was \$151,861 in 2016 dollars. This value decreased to \$103,130 for families with heads of these same ages in 2016. In addition, the median net worth in 2016 was below the 1992 value.
- Median IA retirement plan balances were the only financial indicator values that were higher in 2016 than they were in 1992 and 2004. Specifically, the median IA plan balances for families with heads ages 40–51 were \$27,486 in 1992, \$43,170 in 2004, and \$60,000 in 2016.

The study, “Comparing the Financial Status of Generation X Families,” is available at www.ebri.org.

About EBRI

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