NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION

Partnering for Financial Well-Being

Quick Takeaways

Financial Behavior, Debt and Early Life Transitions: Insights from the National Longitudinal Survey of Youth, 1997 Cohort

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Primary Purpose: To follow the 1997 cohort from the National Longitudinal Survey of Youth to explore financial behavior, debt and early life transitions among young adults coming of age in the 2000s.

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Key Findings

- Young adults – specifically the oldest Millennials born around 1982 – face distinctive challenges and financial concerns as they come of age, enter employment and form families. Young adults often must take on debt to finance investments in the future. This debt has a dual nature: It can be both an accelerator and a deterrent to major life transitions and milestones.
- This cohort faces particularly distinctive economic conditions and financial challenges different from earlier cohorts – especially increasing indebtedness.
- Young adults expressed declining acceptance of credit cards after 2004; the number of young adults with credit cards dropped to below 60 percent between 1992 and 2010. Compared to Gen X, Millennials took on greater amounts of debt at an earlier age. Young adults with greater incomes took on exponentially more debt as they aged compared to their lower-income peers.
- Young adults with student loans were much less likely to become parents; consumer debt has the same effect to a less degree. Millennials at four-year colleges who also had student loans were more likely to delay marriage; the same was true for Millennial men at two-year colleges. Living with someone or getting married dramatically increased Millennial's personal debt compared to remaining single.
- Millennials had historically high rates of homeownership in their early 20s compared to past generations. By 2009, 50 percent of Millennial homeowners were underwater on their mortgages. In preceding years, this number was less than 10 percent. By their late 20s, Millennials had fallen behind in homeownership compared to the late-20s youth of Gen X and the Late Boomers.
- Before the Great Recession, mortgage debt was a balm to mental health for Millennials – especially among men and higher-income households – but that effect disappeared following the crisis. Credit card debt among Millennials increased anxiety and depression and affected lower-income households most.
- In the wake of the Great Recession, Millennials across all income levels reported financial strain and trouble making ends meet. Millennials who got financial advice from their parents reported less financial strain than peers who received advice from nonprofessionals or who received no advice.