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Millennials, Money and Stress

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Millennials—born 1981 to 1997—are now the largest demographic group in the U.S. (75.4 million), having outstripped boomers (74.9 million) and Gen X (66 million). By 2020, they will constitute over half the global workforce.[1]

A lot has been written about millennials, both positive and negative, but one thing is certain: They have a lot of student debt. Two-thirds of millennials have over $10,000 in student debt, and one third have over $30,000.[2]

As a result, most millennials start off their careers with more debt than previous generations—and most are totally unprepared to deal with it.

The New Debt Crisis: Student Debt

U.S. student debt now totals $1.3 trillion. To put that in perspective, total credit card debt in the U.S. is about half that ($747 billion).[3]

Those decisions have far-reaching implications for families, careers and the economy.

And it's getting worse. In 2005, the average student debt was $17,233;[5] in 2015, it was $35,051, more than doubling in just 10 years.[6]

The average monthly payment on a $25,000 loan at 6.8 percent over 10 years is $288.

The consequences of this debt are significant: Over 40 percent of millennials with student debt say they are putting off buying a house; 17 percent are putting off marriage; and 31 percent are putting off having children.[4]

Clearly, student debt is a serious problem for millennials and causes significant financial stress.

In fact, two-thirds of millennials report that financial stress prevents them from focusing on work and interferes with their productivity.[4]

The Impact of Student Debt

Coping with overwhelming debt isn't easy, and more and more are defaulting: Over 40 percent of student borrowers are delinquent or not making payments at all.[7]

Knowing the status of their debt impacts their credit score and their ability to take on more debt adds to the stress of the debt itself.

Even if they manage to stay current, the impact of student debt is significant. Other things have to wait—even emergency funds and 401(k) contributions.

That's why it is so important to help millennials learn how to manage their money. It's a real challenge to make ends meet with debt payments on top of everything else.

With guidance and a budget, millennials can make their money go further and avoid making decisions that will negatively affect them down the road.

How Employers Can Help

It's not possible to eliminate student debt overnight, but employers can help employees with student loans dial down financial stress by providing resources that help them make better financial decisions.

Unfortunately, employer-sponsored 401(k) programs are not enough. The information and tools in such programs focus on investing.

The problem is most of your employees need more basic help. They need to learn how to build a budget and pay down debt—especially millennials who have student loans on top of everything else.

The good news? Millennials are curious and tech-savvy and seek out tools that can help them deal with issues like financial management.

The challenge is to get them the right information in a way that's technologically and intellectually engaging.

Best Money Moves can help. Mobile, gamified and easy-to-use, Best Money Moves provides practical, unbiased help so employees can make smarter financial decisions and manage the debt they have. Perfect for millennials.

Student debt can overwhelm young employees, leading to lost productivity, even depression. Once they get their finances under control, their stress levels will come down—and with lower stress comes greater focus.

68% of new college graduates have student debt.

SOURCES

1. Millennials overtake Baby Boomers as America's largest generation. Pew Research, 2016. There may be more post-Millennials at this point, but this is not a named/defined group (yet).

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3. US households now have over $16,000 in credit card debt. CNBC, December 13, 2016.

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6. Class of 2015 has the most student debt in U.S. history. MarketWatch, May 9, 2015.

7. More Than 40% of Student Borrowers Aren't Making Payments. Wall Street Journal, April 7, 2016.

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