

Millennials, Money and Stress

2019



Millennials — born 1981 to 1996 — are now the largest generation in the U.S. workforce. There are 56 million Millennials working or looking for work, compared to 53 million Generation Xers and 41 million Baby Boomers.¹

A lot has been written about millennials, both positive and negative, but one thing is certain: They have a lot of student debt. In one survey from PricewaterhouseCoopers, about half of all Millennial respondents reported having at least one student loan and 80% of them said their loans are impacting their ability to meet their other financial goals.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

Student Debt U.S. student debt now totals nearly \$1.6 trillion³ and students in the graduating class of 2018 have an average student-loan debt of \$29,800.⁴

Student loan debt also forces borrowers to delay paying off other forms of debt, including credit cards.

Those decisions have far-reaching implications for families, careers and the economy, and the crisis is only getting worse.



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: More than a third of Americans with student loan debt are delaying building emergency savings, 29 percent are waiting to save for retirement and nearly 1 in 4 are putting off buying a home.⁵

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

In fact, 71 percent of millennials say their stress level related to financial issues has increased over the last 12 months and nearly half report that issues with personal finances have been a distraction at work.²

The Impact of Student Debt

Coping with overwhelming debt isn't easy, and more and more are defaulting: the Brookings Institute has predicted that by 2023, nearly 40 percent of borrowers may default on their student loans.⁶



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 in such programs focus on investing.

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.

Plus, most admit they need help: 82 percent of millennials say their financial planning needs improvement and only 40 percent have clarity on how much they should be spending and saving.⁷

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.

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

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3. [Consumer Credit](#), Board of Directors of the Federal Reserve System, 2019
4. [U.S. Student Loan Debt Statistics](#), Student Loan Hero, 2019
5. [Student loan debt delays major financial milestones for millions](#), Bankrate, 2019
6. [The looming student loan default crisis is worse than we thought](#), Brookings Institute, 2018
7. [Planning and Progress Study](#), Northwestern Mutual, 2018



This white paper was produced by Best Money Moves.
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