The New York Times | http://nyti.ms/1HaTVm8

SundayReview | CONTRIBUTING OP-ED WRITER

We’re Making Life Too Hard for Millennials

JULY 31, 2015

Steven Rattner

TO some, millennials — those urban-dwelling, ride-sharing indefatigable social networkers — are engaged, upbeat and open to change. To others, they are narcissistic, lazy and self-centered.

I’m in the first camp, but regardless of your opinion, be fretful over their economic well-being and fearful — oh so fearful — for their prospects. The most educated generation in history is on track to becoming less prosperous, at least financially, than its predecessors.

They are faced with a slow economy, high unemployment, stagnant wages and student loans that constrict their ability both to maintain a reasonable lifestyle and to save for the future.

Longer term, rising federal debt payments and increased spending on Social Security and Medicare will inflict a tremendous financial burden on them, threatening their own prospect of receiving promised retirement benefits.

To a considerable extent, that’s the fault of my generation, the baby boomers. We were the children of the Greatest Generation, but we may also be the most irresponsible generation.

Americans between 18 and 34 are earning less today (after adjustment for inflation) than the same age group did in the past. A typical millennial averaged earnings of $33,883 (in 2013 dollars) between 2009 and 2013. That was down 9.3 percent (after adjustment for inflation) in just a decade and is the lowest since 1980. Older Americans have fared considerably better; earnings of all full-time workers were roughly flat between 2000 and 2011.

Still more striking is that millennials have endured falling earnings even though they have attended college in record numbers.

So what’s going on? A major reason is the recession. Those who graduate in weaker economic times typically earn less than those who enter the work force during more robust periods. Starting behind often means never catching up.

Millennials who didn’t attend college have found their wages particularly squeezed, perhaps because of the decline of middle-skilled jobs in sectors like manufacturing, a clear consequence of globalization.

The wealth of millennials has been hit even harder than their incomes. Their median net worth was just $10,400 as of 2013, down 43 percent from the $18,200 that Gen Xers had in 1995 when they were under 35. With incomes squeezed, millennials are not only not saving much; they are dipping into whatever savings they do have.

That’s worrisome when combined with weak incomes and low net worths. Millennials also participate less frequently in 401(k) plans and, scarred by the recession, invest less and keep more than half their money in cash — not a great long-term strategy.

Another huge drag on the finances of younger Americans is the mountain of student debt that has been piled up in recent years. Members of this year’s graduating class left their campuses owing an average of $35,051, about twice the levels borne by their counterparts two decades earlier (after adjusting for inflation).

That’s in large part because college is becoming less affordable even as it has become increasingly necessary. Since 1993, average tuition has risen by 234 percent, far above the 63 percent overall inflation rate.

Saddled with debt and thin paychecks, millennials are delaying purchasing cars and new homes, low mortgage rates notwithstanding. By June of this year, homeownership among Americans under 35 fell to 34.8 percent, down from a high of 43.6 percent in 2004.

Some of this may be cultural — younger Americans seem less interested in major possessions like cars and homes. But they are also delaying marriage and having children, which I believe is an indicator of strapped finances.

Just to complete a dismal picture, millennials will also be the victims of the irresponsible fiscal policies pursued in large part by members of my generation. The massive budget deficits of recent years and projected needs to meet future obligations to retirees will result in a steady increase in federal debt, from less than 80 percent of gross domestic product today to an estimated 181 percent of G.D.P. by 2090.

Rising national debt levels may threaten the ability of millennials to collect on promised Social Security and Medicare benefits. That’s not lost on millennials — only 45 percent expect to receive Social Security benefits during retirement (compared with 68 percent of baby boomers).

We can’t completely undo the financial obstacles younger Americans face, such as their weak earnings. But we can start to put in place policies that will ease their burden. First and foremost would be to get the nation’s economy onto a stronger growth trajectory.

That’s a daunting challenge that would require revamping federal outlays to emphasize areas like education, infrastructure and research and development. Spending more on these areas would require higher taxes on my generation, which is getting a lot more from government than we are paying into it.

As part of redressing this imbalance, we need to reform the entitlement programs, for example, by reducing Social Security benefits for the highest income Americans. And important steps could be taken to both ease the burden of student debt for those who have already graduated and provide less expensive college opportunities for the rising generation.

Let’s at least start with a greater acknowledgment of the plight of millennials and the role that we — in many cases, their parents — played in creating it.

A Wall Street executive and contributing opinion writer.

A version of this op-ed appears in print on August 2, 2015, on page SR3 of the New York edition with the headline: Making Life Too Hard for Millennials.