PART 2: RESEARCH AND RECOMMENDATIONS

MILLENNIAL MONEY

Financial Independence and Well-being for the Next Generation

DR. JENNIFER ROBSON AND ANDRÉE LOUCKS

NOVEMBER 2018
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FOREWORD FROM THE PUBLIC POLICY FORUM

In 2017, the Public Policy Forum (PPF) partnered with the Financial Consumer Agency of Canada (FCAC), the Canada Pension Plan Investment Board (CPPIB), and Vancity credit union to launch a project to better understand the personal finances of Canadian millennials.1

What do millennials know about managing money? Do they face unique financial pressures? Given widespread and lasting changes in the labour market and in financial services, is it tougher for younger workers today to be financially healthy and will it be harder for them to remain financially secure as they age?

PPF held a series of roundtables in order to gain insights, identify best practices, and provoke policy changes that would strengthen financial literacy amongst millennials. The roundtables brought together students, financial advisers, insurance and investment professionals, credit union representatives, employment skills specialists, bankers and others—millennials and non-millennials alike.

Together, the participants shed light on the challenges they see facing millennials and raised ideas for cross-sectoral actions to build a brighter financial future for all Canadians. Many participants argued that Canadian millennials are discouraged by their current personal financial challenges and are looking for tools to help them navigate these challenges. Participants also argued for the need to improve formal financial education for younger Canadians. They pointed to opportunities to use fintech to improve millennials’ financial knowledge, and discussed the need to engage employers as well as governments in making information available to financial consumers. Overall, the discussion around the tables at these events illustrated the importance of seeing financial literacy as an integral element of well-being. We invite you to read a more detailed summary of the roundtable discussions in Millennial Money, Part One: Roundtables Report.

Part Two: Research and Recommendations builds on the qualitative findings from PPF’s roundtables. Dr. Jennifer Robson, Associate Professor of Political Management at Carleton University, and Andrée Loucks, Research Assistant at PPF, examined research on the financial knowledge and financial wellness of millennials in other countries and research on age-related differences in financial knowledge and personal finances in Canada. But this is, to our knowledge, the first effort to use official survey data to document the financial knowledge and financial health of Canadian millennials as a generation. Today, millennials are

1 The recommendations in this report are made solely by the Public Policy Forum.
one-quarter of the Canadian population, a bigger share of the Canadian workforce than baby boomers, and the most important consumer segment in Canada. To understand the future of personal finances in Canada requires understanding millennials.

We hope the policy recommendations set out in this report will be considered carefully by those who can make a difference to the financial well-being and independence of the millennial generation.
EXECUTIVE SUMMARY

There are now more millennials in the Canadian workforce than there are baby boomers. In fact, there are now more millennials in Canada than either generation Xers (gen-X) or boomers. Millennials have been the subject of popular characterizations as “lazy, entitled narcissists who still live with their parents.”\(^2\) But Canada has also seen important changes in how young people navigate the transition to independent adulthood and gain responsibility for their own financial well-being. In our study, we look at how millennials compare to gen-Xers and boomers, but also at how millennials today fare compared to gen-Xers at the same age.

We draw on two different national surveys, the Canadian Financial Capability Survey,\(^3\)\(^4\) and the Survey of Financial Security.\(^5\)\(^6\) We report on these indicators:

- **Objective financial knowledge**, measured as correct individual answers to a set of 14 questions that cover interest rates, financial services regulation, insurance and credit ratings, among others.\(^7\)

- Confidence in **making ends meet** (keeping up with regular payments and budgeting) and **planning ahead** (making feasible financial plans for retirement and using insurance to protect against risk), using financial capability subscales that measure self-reported behaviour.

- The **incomes, assets and debt levels of households**, grouped according to the generation of the major income earner (taken as a proxy for the head of household).

- Available indicators of **intergenerational transfers**, such as inheritances, or whether a household received any outside financial help.

- **Key financial choices** like using fringe financial services and household budgeting.

Our results suggest that millennials in Canada are not less financially knowledgeable than boomers or gen-Xers today. Neither are they less financially knowledgeable than gen-Xers were at the same age. Furthermore, as a group, Canadian millennials are doing OK when it comes to financial well-being. In some ways they are doing better than gen-Xers did at the same age. We find that:

- millennials performed poorly on two subscales of financial capability (worse than gen-Xers and boomers);

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millennial-led families are more likely to carry student debts, have somewhat higher outstanding student loan and credit card balances, and are more likely to have no retirement savings at all, compared to gen-X-led families at the same age; and

millennials are performing unexpectedly well in other respects: millennial-led families enjoy higher incomes, substantially higher assets (likely due to housing asset prices), better access to workplace pensions and higher pension assets, and lower rates of asset poverty. They are as likely as gen-X-led families to budget and to own a home. Among homeowners, millennials have homes with substantially higher market value and net equity.

Our analysis shows a surprisingly nuanced reality for millennials, which we believe merits attention by policy-makers. In particular, we propose specific actions around five recommendations:

1. **Make it easier to access student loan repayment assistance.** Improve the Repayment Assistance Program in order to increase take up, by proactively contacting likely eligible borrowers and reducing the administrative burden on borrowers.

2. **Help small-savers who don’t otherwise receive many incentives from the tax system.** Since traditional incentives to save, such as tax incentives, have limited influence over lower-income savers, other ways to incentivize saving could be explored, such as means-tested top-ups for Tax Free Savings Accounts (TFSA), paired with a lifetime contributions limit.

3. **Look at the needs of younger consumers in financial services policy.**
   a. Consider voluntary or regulatory measures to encourage banks and credit unions to extend ages of eligibility for low- or no-cost accounts.
   b. Encourage financial institutions to develop sustainable financial products that offer affordable short-term credit.
   c. Encourage financial institutions to treat product sales as learning opportunities for clients, beyond traditional disclosure practices.

4. **Support younger households facing housing affordability challenges in creative ways** by ensuring the upcoming National Housing Benefit considers eligibility issues for low-income millennials who may otherwise be excluded under current definitions of housing insecurity. Invest in research and testing of new approaches that offer flexible alternatives to traditional market rental and ownership models, informed by the experience of other jurisdictions.

5. **Help more working millennials plan ahead.** In particular, use the Canada Revenue Agency (CRA) in order to motivate planning and monitoring by providing tax-filers with an annual overview of their retirement funds.
WHO ARE MILLENNIALS?

Defining an entire generation is no easy task. Demographers distinguish generations by a span of birth years. Others argue that a generation should be defined according to the shared historical events and socioeconomic context that has shaped the experiences of a cohort. Indeed, when Pete Townshend wrote “My Generation”, he didn’t include “the one born approximately between 1944 and 1966” in the lyrics.

There is an intuitive appeal to defining generations according to shared experiences rather than slices of time, but which events truly matter? And which parts of a socioeconomic context are truly shared by people of a similar age?

For quantitative research like ours, we need to define different generations according to clear criteria, so we use sets of birth years to distinguish Canadian millennials from other generations. However, even among demographers, there are several competing views about which birth years mark the start and end of the millennial generation. One early article by Smola and Sutton defined millennials as those born between 1979 and 1994. By contrast, the Pew Research Center defines millennials as those born between 1981 and 1996. In discussions of recent census results, Statistics Canada appears to label millennials based on birth years from 1981 to 2001.

In this report, we define millennials as those Canadians born between 1980 and 2000, making them between 18 and 38 years of age in 2018. This definition is similar to that used by Statistics Canada and others who have conducted wide-ranging studies on Canadian millennials. This definition also lets us more easily adopt Statistics Canada’s definition of Canadian baby boomers (or boomers) as those born between 1946 and 1965. Lastly, we refer to Canadians born between 1966 and 1979 as generation X (or gen-Xers). We recognize that these definitions are open to debate, as there is no universal definition for generational labels used by researchers or by policy-makers. We think this approach offers the best avenue for feasible inter-generational comparisons using the available data while preserving strong face validity.

There are now more millennials in Canada than either gen-Xers or boomers. As illustrated in Figure 1, millennials now make up over one-quarter of the Canadian population and are the most populous of the

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10 Supra note 8.
12 Ibid.
three generations we look at in this paper. Moreover, in 2015, there were over one million more millennials in the Canadian labour force than boomers.16

There’s been no shortage of efforts to describe the traits of the millennial generation. For example, Strauss and Howe theorized that millennials are relatively more civic-minded, similar to those who came of age during the Second World War, but that they are also “special,” “pressured,” “sheltered,” and focused on “achieving.”17 Others have argued that, due to technological changes and parenting styles, millennials have difficulty forming meaningful relationships and have disproportionate needs for reinforcement and assurance, yet at the same time hold unrealistic expectations for what they are personally capable of or entitled to.18 The May 20, 2013 Time cover story described millennials as “lazy, entitled narcissists who still live with their parents” before adding “they’ll save us all.”19 Millennials may well be “the most derided generation.”20

![Figure 1: Population of Canada by selected generational groups](image)


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18 Sinek, S. 2016. Interview by Tom Bilyeu, Inside Quest.
Other, perhaps more rigorous, research on millennials has concluded that they are far more ethnically and culturally diverse than previous generations; are more likely to delay major milestones like partnership and family formation to later years; hold more socially liberal views; and are better educated than any previous generation.

In fact, popular perceptions of millennials may reflect long-term demographic, social and economic changes that are reshaping life course transitions from adolescence into independent adulthood. For example, Beaujot and Kerr have noted that, compared to earlier generations, Canadian youth now leave their parental home at a later age, are more likely to return to their parental home, stay in school longer, join the workforce at a later age, and tend to delay other major life events such as family formation. Gaudet likewise suggests that the transition from adolescence to independent adulthood is increasingly non-linear, with several course changes along the way, and with far greater diversity in the order and timing of certain expected milestones, compared to older generations. As Gaudet argues, it may be increasingly difficult to pinpoint the exact age or life event at which young people today switch from being teenagers to being independent adults. But personal finances clearly play a critical role. In fact, at least one study of younger millennials suggests that financial independence, rather than age or a particular life event, is the marker they use to define adulthood.

We believe that discussions of the personal finances of millennials should pay attention to age-related differences within the generation. Millennials are now between 18 and 38 years of age and cannot, in our view, be treated as a homogenous group. Notwithstanding the diversity in the order and timing of life events, we think that millennials ought to be understood in terms of at least three subgroups, each with different life events and related issues in personal finance:

- **Millennials aged 18 or 19:** likely to be completing secondary school, planning or starting trades, college or university (or leaving school for a time or forever). Most won’t have dependents and their personal finances are, in most cases, still closely intertwined with their parents’ finances.

- **Millennials in their early- to mid-20s:** likely to be participating in some form of post-secondary education and may have some responsibility for making ends meet and keeping track of money; others, particularly those in rural communities or from families with lower incomes, may be entering the workforce. Even if their incomes are modest, these millennials may have new decisions to make about medium- and longer-term financial commitments or goals.

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22 Goldman-Sachs (n.d.) *Millennials: Coming of Age.*
23 Supra note 20.
Millennials in their late 20s through 30s: likely to be in the workforce and fully financially independent from their parents; some will be carrying student debt and most will have other forms of consumer debts like credit cards, personal loans or mortgages. By this stage, many will have a romantic partner and children.

The description of the subgroups above is imperfect, but it offers a starting point for a more nuanced and useful analysis of the financial literacy and health of Canadian millennials. These subgroups have different financial goals, access to different financial information and financial products, and different types of life experience. A high school senior opening a savings account and applying for student loans may not have much in common with a parent of a young child struggling to manage mortgage payments and daycare fees while having something left over for a monthly contribution to a retirement saving plan. And yet both are millennials.
WHAT IS ‘FINANCIAL LITERACY’ AND WHY SHOULD WE ALSO TALK ABOUT FINANCIAL WELL-BEING?

For policy-makers, the key question on the personal finances of millennials is whether this generation is particularly financially vulnerable. Policy-makers want to know whether this generation is less financially secure than previous generations and whether the financial choices millennials are making will leave them more exposed to risk. Policy-makers may also wonder whether millennials have the knowledge they need to make informed financial decisions.

The Financial Consumer Agency of Canada (FCAC) defines financial literacy as “the knowledge, skills and confidence to make responsible financial decisions,” where

- “knowledge” refers to an understanding of personal and broader financial matters;
- “skills” refer to the ability to apply that financial knowledge in everyday life;
- “confidence” means having the self-assurance to make important decisions; and
- “responsible financial decisions” refers to the ability of individuals to use the knowledge, skills and confidence they have gained to make choices appropriate to their own circumstances.28

Researchers have published studies on financial literacy since at least the early 1990s, with significantly more work done in recent years, due in part to attention from governments and multilateral organizations.29 Research on financial literacy has principally looked at levels of objective financial knowledge. For example, Lusardi, Mitchell and Curto define financial literacy as the knowledge required to make informed financial decisions.30 Across Lusardi’s work, she measures financial literacy as responses to three questions covering inflation, insurance and investment risk.31 32 33 34 35 Her studies find that few adults are able to correctly answer all three questions but that younger respondents, women and those with lower formal education have lower financial literacy scores.

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34 Supra note 30.
The approach of the Organisation for Economic Co-operation and Development (OECD) to financial literacy also focuses on knowledge, which ensures that “consumers can act autonomously to manage their financial matters and react to news and events that may have implications on their financial well-being.” For the OECD, financial literacy is “a combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.” They argue that a financially literate person will have a future-oriented attitude towards finances, because this kind of attitude motivates healthy financial behaviours and puts strong financial knowledge to good use. Yet as Hung, Parker and Yoong note, the nature of the relationships between financial knowledge, financial habits and positive financial outcomes remains contested.

Other authors have argued that the attention to objective knowledge has failed to differentiate what knowledge is actually relevant to the decision-making of individuals in different financial circumstances and at different times. Furthermore, thanks to behavioural economics, there is ample evidence that individuals are not always rational agents acting to maximize their own self-interest. As Robson has argued, financial literacy interventions “cannot replace good regulation, investments in human capital, sustainable social programs, and effective tax and transfer systems. Neither can [they] fix problem markets, poor regulation or bad luck.” In short, looking only at the levels of financial knowledge of Canadian millennials is unlikely to tell us much about how they are doing financially, or whether and what public policy is needed.

In addition to research on financial literacy, many authors are now calling for attention to broader measures of financial well-being or financial health. For example, Kempson and her colleagues argue that financial well-being has both objective and subjective aspects and that both should be included in measures of financial well-being, alongside indicators of current finances and resilience to future shocks or risks. In the United States, the Center for Financial Services Innovation has developed and tested a set of eight indicators to assess individual financial health. These include making bill and other regular payments on time, having adequate short- and long-term savings and having a sustainable debt load. Among policy-makers, there

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37 Ibid.
38 Supra note 29.
41 Ibid.
42 Supra note 39.
seems to be greater recognition of the need to use more than one indicator to understand the finances of households, whether to reduce poverty\textsuperscript{44} or for macroeconomic prudence.\textsuperscript{45}

In this report, we draw on two different national surveys, the Canadian Financial Capability Survey,\textsuperscript{46, 47} and the Survey of Financial Security.\textsuperscript{48, 49} We report on measures of:

- **Objective financial knowledge**, measured as correct individual answers to a set of 14 questions that cover interest rates, financial services regulation, insurance and credit ratings, among others.\textsuperscript{50}

- Confidence in making ends meet (keeping up with regular payments and budgeting) and planning ahead (making feasible financial plans for retirement and using insurance to protect against risk), using financial capability subscales that measure self-reported behaviour.\textsuperscript{51}

- The incomes, assets and debt levels of households, grouped according to the generation of the major income earner (taken as a proxy for the head of household).

- Available indicators of intergenerational transfers, such as inheritances, or whether a household received any outside financial help.

- **Key financial choices** like using fringe financial services and household budgeting.

For each survey, we use the most recent survey cycle available and the earliest survey cycle available to allow for comparisons between generational groups within a given year and comparisons of current millennials with older generations at the same age. A detailed discussion of the data sources and methods is available in Appendix 1.

For each indicator, we provide measures for millennials (born 1980 to 2000), gen-Xers (born 1966 to 1979) and boomers (born 1946 to 1965). This lets us examine differences between generations within the same year. But are those differences a function of normal age differences or of real differences between generations? To understand age versus generational differences, we also compare millennials to gen-Xers at the same age. Using the Survey of Financial Security (SFS), we can compare results for gen-Xers aged 25 to 33 in 1999 with millennials aged 25 to 33 in 2016. Similarly, using the Canadian Financial Capability Survey (CFCS), we compare gen-Xers aged 30 to 34 in 2008 to millennials aged 30 to 34 in 2014. Finally, for the


\textsuperscript{51} Robson, J. & Splinter, J. 2015. A new (and better) way to measure individual financial capability. Research report for Vancity credit union, Carleton University, Ottawa.
indicators of financial knowledge and financial capability, we also compare subgroups of millennials to better understand this particular generation.

In the next two sections, we present the results from our quantitative analysis before turning to a discussion of the implications for policy-makers in Canada.

### HOW FINANCIALLY LITERATE ARE MILLENNIALS?

Several studies dating back to at least the 1990s have found that youth have lower levels of financial knowledge, particularly on financial topics where they have no first-hand experience. More recent studies of different segments of American millennials have estimated that between eight and 11 percent can be classified as “high” in their level of financial knowledge and that millennials had lower financial literacy scores than the general adult population in the United States.

Canadian millennials have participated in one cycle of the Program for International Student Assessment (PISA) that now includes a measurement of financial knowledge at age 15. Among 72 countries participating, Canadian students’ mean financial literacy score was third-highest in the world, behind only some cities in China and the Flemish region of Belgium. Other Canadian millennials aged 18 and older participated in an international survey of adult financial literacy run by the OECD in 2017. That study found that Canadian adults aged 18 to 79 performed better than the international average and average financial knowledge scores in Canada were fifth-highest out of 22 participating countries. Within Canada, Statistics Canada has reported on average knowledge scores from the 2008 CFCS by adult Canadians in different age groups. That study found that financial literacy was lower among younger adults only when the sample was restricted to adults with high household incomes. It is important to note that study did not separate adults into generational groups and excluded significant numbers of boomers over age 65, which means we can’t use those results to draw conclusions about intergenerational differences in financial literacy. So, while there have been several studies of the financial literacy of youth at different ages, this is the first study to try to examine the financial literacy of Canadian millennials as a generational group.

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57 Supra note 36.
58 Supra note 50.
Consistent with previous research, we find that younger adults generally score more poorly on the test of financial knowledge, but the results are more nuanced when we start to compare generations. Figures 2 and 3 show the mean percentage of correct answers for each generational group in 2008 and again in 2014. Each generation, in both years, performs poorly on this knowledge test. If this were a school assignment, the group averages would be barely passing grades of D to C-.

**Figure 2: Adult financial knowledge scores in 2008**

![Chart showing financial knowledge scores in 2008](image)

**Figure 3: Adult financial knowledge scores in 2014**

![Chart showing financial knowledge scores in 2014](image)

Source: Analysis by J. Robson using the Canadian Financial Capability Survey.

In 2008, the average score for millennials is significantly lower than each gen-Xers and boomers. In 2014, the differences in average scores between generational groups are no longer statistically significant. In other words, the numerical difference between millennials and other generational groups is due to random
chance. By 2014, the average score for boomers had actually fallen 2.5 percent, which is consistent with previous research that finds financial literacy can decline after working age.\textsuperscript{59}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4}
\caption{Millennial financial knowledge scores by age, 2008 and 2014}
\end{figure}

Source: Analysis by J. Robson using the Canadian Financial Capability Survey.

The role of age-related differences in financial knowledge scores is also evident in Figure 4. This figure shows the average percentage of correct answers among different sub-groups of millennials. As discussed in the \textit{Who Are Millennials?} section of this paper, the life experience and need for financial knowledge is likely to be very different for millennials aged 18 and 19 than it is for those heading into their 30s. In both 2008 and 2014, we find that millennials aged 18 and 19 have significantly lower scores compared to those in their 20s and 30s. It’s likely this youngest age group is pulling down the average scores for millennials illustrated in Figures 2 and 3. We also compare the scores of millennials who were 20 to 24 years old in 2008 with younger millennials who were 20 to 24 years old in 2014. We find that the younger subgroup of millennials scored better on the same test of financial knowledge and the difference is statistically significant. Differences in the two subgroups of 25- to 29-year-olds were not significant.

Finally, in Figure 5, we compare the average financial knowledge scores for the oldest millennials, aged 30 to 34 years in 2014, to those in gen-X who were the same age in 2008. This gives us important information about whether the intergenerational differences in financial knowledge that we see in Figures 2 and 3 are likely reflecting underlying age-related differences, as the results in Figure 4 seems to suggest. We find that there are no significant differences between the financial knowledge scores of gen-Xers and millennials at the same age.

As a whole, our results suggest that millennials in Canada are not, as a generation, less financially knowledgeable than previous gen-Xers or boomers. What’s more, generational differences in financial knowledge are likely to be a result of age and aging. As the youngest millennials (who are currently 18 years old) age and gain more life experience, we expect to see their financial knowledge scores rise. Nevertheless, our results show that average levels of financial knowledge in Canada are quite weak, at least as measured using one test.
HOW FINANCIALLY HEALTHY ARE MILLENNIALS?

Can millennials count on being at least as financially secure as boomers and gen-Xers? Their financial knowledge may be comparable, but millennials may also be bearing the brunt of new trends, including the rise of the gig economy, automation, financialization, and a welfare state straining to adapt to 21st-century realities.

To date, studies of intergenerational mobility in Canada paint a relatively positive portrait. By age 30, the majority of Canadians (between 59 percent and 67 percent) born between 1970 and 1984 (younger gen-Xers and older millennials) enjoy family incomes, adjusted for family size, as high or higher than their parents’ at the same age.60 In another study, Corak found that the average income of those born between 1963 and 1970 (the youngest boomers and oldest gen-Xers) was almost always higher than their parents’.61 But, Corak notes, there are stark regional differences. In Canada, there are still many places where children born in a low-income family have a 40 percent chance or higher of staying in the bottom quintile as adults. His work raises important questions about the sustainability of Canada’s historic trends in intergenerational mobility and whether all young Canadians enjoy equitable access to opportunities to move into financial security, even if they grow up in poverty.

One emerging risk to intergenerational mobility may be the rise of gig work—employment where access to non-wage benefits can be very limited and flexibility in work hours and wages can lead to uncertainty about take-home income from one month to the next. When their incomes are volatile, adult Canadians seem to feel less control over their personal finances and may have more trouble making ends meet and planning ahead.62 According to a study by TD Bank,63 37 percent of Canadians report moderate to severe month-over-month volatility in their income. The same study found this volatility was more common among millennials, as well as older gen-X men and low-income Canadians of all ages.

Are long-term economic and social trends leading to worse outcomes for Canadian millennials? Robson and Rothwell looked at a range of indicators of household financial well-being, including access to liquid savings, use of high-cost fringe lenders and difficulties keeping up with regular bills.64 They find that adults aged 18 to 34 are somewhat more likely to report missing rent or mortgage payments and other payments, such as

61 Corak, M. 2017. The Canadian Geography of Intergenerational Mobility.
loans and bills. However, that paper looked at age-related rather than generational differences. International studies find that millennials carry large student debt loads, have lower incomes compared to previous generations at the same age, are under-saving for retirement and have been largely frozen out of housing markets. In fact, research in the United States suggests that each subsequent wave of millennial is less likely to attain homeownership than the one before. Other research finds that millennials are likely to shop around to find the best price on consumer goods before they buy and share similar preferences as consumers in older generations. Canadian research finds that, when asked what they would do with an extra $1,000, millennials are much more likely to say they would pay down debt or save and invest it over options like travel or buying new consumer goods.

Our results suggest that Canadian millennials are, on balance as a group, doing OK when it comes to financial well-being and, in some ways, better than gen-Xers did at the same age. But we also see some specific challenges to the financial well-being of millennials, both in the near and longer term. Readers will find a table containing detailed results at Appendix 2.

We begin by looking at differences on “Making ends meet” and “Planning ahead.” These two subscales indicate whether there are generational differences in two important domains of financial capability. Adults who score highest on “Making ends meet” don’t feel financially strained, are confident in their ability to align their spending and income and never fall behind on financial obligations, particularly housing payments (rent or mortgage). Adults who score highest on “Planning ahead” have a financial plan for their retirement and confidence in their future financial security, and have taken steps to anticipate future risks by holding emergency savings, purchasing insurance or preparing a will.

Detailed results with mean scores for generations and age groups are reported in Appendix 2. In the figures above, we provide visualization of the data showing mean group scores in relation to the middle decile for all adult Canadians. If, as a group, millennials are different from other generations, then their group average may be outside the fifth decile that otherwise represents the average for all Canadians. Because of the structure of the scales, we think this is an easier way for readers to understand the results, rather than interpreting differences in numerical mean scores. Our discussion of whether group differences are significant relies on statistical testing of mean scores.

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65 Goldman-Sachs (n.d.) Millennials: Coming of Age.
Figure 6: Mean scores on "Making ends meet", 2008 and 2014

5th decile of all adult Canadians

Source: Analysis by J. Robson using the Canadian Financial Capability Survey.

Figure 7: Mean scores on “Planning ahead”, 2008 and 2014

5th decile of all adult Canadians

Source: Analysis by J. Robson using the Canadian Financial Capability Survey.
As a group in 2008, millennials performed poorly on both subscales of financial capability, as illustrated in the figures above. Differences between millennials and other generations are statistically significant for “Planning ahead” in both years. In fact, on the measure of “Planning ahead,” the mean score for all millennials placed them in the bottom 30 percent among adults in Canada, for both 2008 and 2014. Although the mean “Making ends meet” scores for millennials and gen-Xers remain below those of boomers in 2014, the difference was not large enough to be statistically significant. We also look at differences in the financial capability of different sub-groups of millennials and compare millennials and gen-Xers at the same ages (not shown in the figures 6 and 7 but available in Appendix 2).

On “Making ends meet,” (figure 6) the subset of millennials aged 25-28 in 2008 experienced the most difficulty. However, in 2014, any differences among millennials of different ages were not statistically significant. Compared to millennials aged 20-24 years, those in 2014 performed better (equivalent to a one-decile jump in scores) than in 2008 (p<0.05). Finally, when we compare 30- to 34-year-old members of gen-X in 2008 to the oldest millennials at the same age in 2014, we find both groups of 30-34 year-olds performed worse than boomers and worse than the national average, but there was no statistical difference between the mean scores of gen-Xers and millennials at the same age.

Results for “Planning ahead” (figure 7) show a somewhat different pattern. Scores for those aged 18 or 19 years in both 2008 and 2014 are very low, with a mean in the bottom 20 percent among all adult Canadians. However, given how the construct is measured in the data, we don’t necessarily think this is a problem. It may not be reasonable to expect 18- and 19-year-olds, many of whom are still wholly dependent on their parents, to draft a will, develop a retirement plan and set aside money in case of a sudden large expense. Average scores rise with age among millennials, and by 2014, millennials aged 30-34 had a significantly higher score for “Planning ahead” than younger millennials did. We think this is consistent with our understanding of different life course priorities and tasks, as discussed earlier in the section Who Are Millennials?

On these two indicators of financial capability, our most noteworthy finding is that the oldest millennials performed worse on our measure of “Planning Ahead” than gen-Xers of the same age in 2008. This may reflect the fact that millennials tend to delay certain life events, such as leaving school and forming a family, compared to older generations. But it may also reflect underlying financial challenges. If income is uncertain or too low, it can be difficult to handle insurance costs or set aside emergency savings. The international data do suggest that millennials have lower incomes compared to previous generations and are under-saving for retirement. But do those trends hold in Canada?

Our next several figures present results from the second data source for this study, the SFS. We look at the household finances of economic families (including singles) grouped by the generation of their major

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70 Supra note 66.
income earner. Again, detailed data tables are available at Appendix 2. In Figure 8, we present selected highlights of the financial positions of households headed by each millennials, gen-Xers and boomers in 2016.

**Figure 8: Selected indicators of household finances, by generation of major income earner, 2016 dollars**

<table>
<thead>
<tr>
<th></th>
<th>Millennial</th>
<th>Gen-X</th>
<th>Boomer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median income (after</td>
<td>33,390</td>
<td>44,260</td>
<td>45,170</td>
</tr>
<tr>
<td>taxes and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>transfers)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median total assets,</td>
<td>57,300</td>
<td>299,280</td>
<td>525,200</td>
</tr>
<tr>
<td>including pensions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median liquid financial assets</td>
<td>6,100</td>
<td>15,910</td>
<td>45,330</td>
</tr>
<tr>
<td>Median total debts</td>
<td>15,900</td>
<td>62,500</td>
<td>18,740</td>
</tr>
<tr>
<td>Median student debts,</td>
<td>9,190</td>
<td>6,930</td>
<td>8,130</td>
</tr>
<tr>
<td>conditional on</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>having student loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median credit card debts,</td>
<td>1,700</td>
<td>2,370</td>
<td>2,380</td>
</tr>
<tr>
<td>conditional on</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>having credit card(s)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median net worth (total</td>
<td>41,400</td>
<td>236,780</td>
<td>506,470</td>
</tr>
<tr>
<td>assets less total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>debts)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Some of the results above are perhaps unsurprising. Consistent with long-established life cycle models of wealth accumulation,72 73 families with a boomer as the major income earner enjoy substantially higher assets and net worth. In fact, these families have assets that are more than nine times higher than those of millennial-headed families, and a net worth that is more than 12 times higher.

On the other hand, it is gen-X-headed families, not millennials who have the largest median debt loads, nearly four times higher than millennial-headed families. At the median, this implies a debt-to-income ratio

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71 All dollar values are equivalized using the square root of the number of members of the economic family. Millennials and boomers have a mean family size of two, gen-Xers have a mean family size of three.


of 1.41 for gen-X families compared to just 0.48 for millennial families. In other words, potentially risky debt-loads and risk from debt servicing costs seem to be most likely among gen-X-led families.

One surprising finding is in the conditional values for student debt loads. Consistent with international research, millennial-led families with student loans carry a larger student debt load, but we are surprised by the conditional values of student debts reported in gen-X and boomer-led families. Given that millennials had a maximum age of 36 in 2016, we think this debt is largely held by the major income earner or another millennial in the family. For boomers (aged 51 to 70 in 2016), we think it is more likely that the borrower is a younger family member, such as an adult child (possibly of the millennial generation) living at home. Among the gen-X-led families, we expect that some of the debt will be from dependent children but some may also be debt still carried by major income earners or their spouses. The available survey data do not, unfortunately, allow us to identify individual borrowers. In cases where a millennial is a borrower but is living in an economic family headed by a boomer or gen-Xer, one could argue that there is likely to be some intergenerational transfer of help with that debt—whether directly in the form of help with loan repayments, or indirectly by subsidizing other major costs.

Next, we look more closely at the assets of millennial-, gen-X- and boomer-led families. We examine differences in rates of ownership (median values are reported in Appendix 2) of those assets that make up the most important shares of the portfolios for the vast majority of Canadians—housing and retirement savings. We also look at differences in two different forms of financial risk—first, does a household not have any retirement savings at all, and second, are a household’s liquid financial assets too low to cope with short- or medium-term shocks to their income? Figures 9 and 10 display our results.

![Figure 9: Frequency of retirement assets by generation of major income earner, 2016](image-url)
Economic families led by a millennial are most likely (45.6 percent), compared to gen-X- (26.5 percent) and boomer-led (20.8 percent) families, to have no retirement savings at all, whether in the form of a workplace pension or private savings. Millennial-led families are also least likely to own their home—38 percent are homeowners versus 67.4 percent and 74.7 percent of gen-X and boomer-led families respectively. Compared to gen-X and boomer-led families, millennial-led families are at greatest risk of asset poverty, that is, not having enough liquid financial assets to stay above low-income for at least one month. One-third of millennial-led families are asset-poor compared to one-quarter of gen-X-led families and one-fifth of boomer-led families. Overall, when compared with gen-X and boomer-led families, millennial-led families seem to be less likely to have the fixed and financial resources that can protect against risk and bolster financial resilience. Again, this may not be surprising in the context of life course models of asset accumulation.

Figure 10: Frequency of asset poverty and homeownership by generation of major income earner, 2016

In Figures 11 and 12, below, we complete our descriptive results from the 2016 data by examining the frequency of student and credit card debts (to complement our results at Figure 8), as well as other available indicators of financial risk or resilience, namely budgeting, receipt of inheritances and use of fringe financial services.

**Figure 11: Frequency of student and credit card debts by generation of major income earner, 2016**

<table>
<thead>
<tr>
<th></th>
<th>Boomers (age 51 to 70 years)</th>
<th>Gen-X (age 37 to 50 years)</th>
<th>Millennial (age 17 to 36 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share without a credit card</td>
<td>11%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Share with credit card debt</td>
<td>42%</td>
<td>44%</td>
<td>4%</td>
</tr>
<tr>
<td>Share with student loan debt</td>
<td>26%</td>
<td>49%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Figure 12: Frequency of student and credit card debts by generation of major income earner, 2016**

<table>
<thead>
<tr>
<th></th>
<th>Boomers (age 51 to 70 years)</th>
<th>Gen-X (age 37 to 50 years)</th>
<th>Millennial (age 17 to 36 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share who have a household budget</td>
<td>46%</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td>Share who used fringe financial service</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Share who received an inheritance</td>
<td>14%</td>
<td>19%</td>
<td>41%</td>
</tr>
</tbody>
</table>


Millennial-led families are not more likely to carry credit card debts, but they are slightly more likely to not have access to a credit card in the household, compared to gen-X- and boomer-led families. While there may be good reasons for a family to avoid owning a credit card, credit cards can be critical in many transactions, such as those using online platforms.

The 2016 cycle of the SFS did not ask about receipt of financial help from outside the household, but it did ask about receipt of any inheritances. Canadian boomers are at a stage of life in which many may receive an inheritance. Inheritances can form substantial intergenerational transfers of financial wealth and over 40
percent of boomer-led families report receiving an inheritance with a conditional median value of $50,000 (see Appendix 2). By comparison, just 14.2 percent of millennial-led families and 19.3 percent of gen-X-led families report receiving inheritances, with conditional median values far below that of boomers. It remains unclear whether and when gen-Xers and millennials, who are generally the children of boomers, can expect to receive inheritances of such significant sums distributed to so many.

Finally, we look at whether millennial-led families are more likely to report financial habits that can be maladaptive or high-risk. We find that a very small share (4.8 percent) of millennial-led families report using a fringe financial service in the previous year, which is quite comparable to gen-X-led families (4.4 percent). We also find that millennial-led households are slightly more likely to report having a household budget, but the percentage (48.8 percent) is not substantially different from the share of gen-X-led households (47.8 percent). Among boomer-led households, the share practicing household budgeting is three points lower at 45.5 percent.

These findings suggest that, compared to other families in our study, millennials:

- have lower incomes, lower assets and lower net worth;
- are less likely to have any retirement savings;
- are less likely to have inherited money;
- are less likely to be homeowners; and
- are more likely to carry student debts and to be at risk of asset poverty; but
- aren’t less financially healthy in terms of their budgeting habits or use of high-cost fringe financial services.

However, many, if not most, of these findings might be explained by the fact that households headed by millennials are younger. They have yet to reach their peak earning years and have yet to build up the same levels of savings and equity as gen-Xers and boomers. We argue that a far better point of comparison is to look at economic families headed by a millennial versus those headed by a gen-Xer at two points in time when the major income earners were of the same age. In this final set of results on financial well-being of millennials, we compare the financial positions and behaviours of economic families with a major income earner aged 25 to 33 in 2016 and 1999.74

In Figure 13, below, we present the results of this analysis. We report on the same indicators described above and detailed in Appendix 2. We also test for whether differences are statistically significant or not.

74 While survey cycles for the SFS exist for 2005 and 2012, we use 1999 for two reasons. First, the 2005 data relies on a substantially smaller sample size, increasing the risks of error when looking at subpopulations. Second, the 2012 data would show gen-X-led families at a time when gen-X in Canada would be aged 33 to 46 years, restricting the comparable ages for millennials in 2016 to just 33 to 36 years of age. Again this would limit the sample size for the sub-populations. We instead opt for two points of comparison when we can examine a large enough and consistent subset of the two generations.
Figure 13: How do millennials in 2016 compare to gen-X at the same age in 1999?

*Economic families (including singles), by generation of major income earner*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of all households</td>
<td>14.7%</td>
<td>17.5%</td>
<td>***</td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median income, after taxes and transfers</td>
<td>$38,378</td>
<td>$30,529</td>
<td>***</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median total assets, including pensions</td>
<td>$96,662</td>
<td>$53,362</td>
<td>***</td>
</tr>
<tr>
<td><strong>PENSIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share with a workplace pension</td>
<td>43.6%</td>
<td>37.7%</td>
<td>***</td>
</tr>
<tr>
<td>Median termination value of employer pensions</td>
<td>$0</td>
<td>$0</td>
<td>***</td>
</tr>
<tr>
<td>Conditional median termination value of employer pensions</td>
<td>$23,000</td>
<td>$5,518</td>
<td>***</td>
</tr>
<tr>
<td>Share with private retirement savings</td>
<td>45.8%</td>
<td>58.4%</td>
<td>***</td>
</tr>
<tr>
<td>Median value of private retirement savings</td>
<td>$0</td>
<td>$1,310</td>
<td>No</td>
</tr>
<tr>
<td>Conditional median value of private retirement savings</td>
<td>$7,071</td>
<td>$7,242</td>
<td>**</td>
</tr>
<tr>
<td>Share with neither a pension nor private retirement savings</td>
<td>38.1%</td>
<td>33.8%</td>
<td>**</td>
</tr>
<tr>
<td><strong>HOUSING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share who own their home</td>
<td>43.4%</td>
<td>42.3%</td>
<td>No</td>
</tr>
<tr>
<td>Median value of home</td>
<td>$0</td>
<td>$0</td>
<td>***</td>
</tr>
<tr>
<td>Conditional median value of home</td>
<td>$320,000</td>
<td>$165,528</td>
<td>***</td>
</tr>
<tr>
<td>Median value of home equity (net of mortgage)</td>
<td>$0</td>
<td>$0</td>
<td>No</td>
</tr>
<tr>
<td>Conditional median value of home equity (net of mortgage)</td>
<td>$63,640</td>
<td>$28,670</td>
<td>***</td>
</tr>
<tr>
<td><strong>LIQUID ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median value financial assets</td>
<td>$7,092</td>
<td>$4,800</td>
<td>**</td>
</tr>
<tr>
<td>Share with financial assets too low to keep them out of poverty for one month</td>
<td>30.5%</td>
<td>41.8%</td>
<td>***</td>
</tr>
</tbody>
</table>
The results paint a multifaceted picture of the financial well-being of millennials, compared to the previous generation at the same age. Millennial-led families enjoy higher incomes, substantially higher assets (likely due to housing prices), better access to workplace pensions, higher pension assets, and lower rates of asset poverty. They are as likely as gen-X-led families were to budget and to own a home. Among homeowners, the market value of homes and net equity for millennials is substantially higher than it was for gen-Xers at the same age. But millennial-led families are more likely to be carrying student debts, have higher outstanding student loan and credit card balances, and have neither a pension nor private retirement savings compared to gen-X led families at the same age.

Among millennial-led families, participation in private retirement savings is significantly lower and the unconditional and conditional median values of private retirement savings are somewhat lower than gen-X-
led families at the same age. We argue that the differences in constant dollar terms are modest and that, given the substantial rise in pension participation and valuation, it may be that more millennials are substituting away from private retirement savings in favour of plans shared with their employer. Further work is needed, however, to understand to what extent workplace pensions and private retirement savings are substitutes or complementary goods. In other words, if the increase in pension participation and value is largely concentrated among millennials who are also saving privately for retirement, then there will be a subset of millennials with very good prospects for income security in retirement but many others for whom retirement outlooks are bleak.

Having presented a wide-ranging set of indicators on the financial literacy and financial health of millennials, in the next section we try to identify those key challenges facing millennials that we think are most relevant for policy-makers.

**ARE MILLENNIALS WORSE OFF?**

Following the lengthy discussions and detailed findings in the sections *How Financially Literate Are Millennials?* and *How Financially Healthy Are Millennials?*, here we synthesize the key findings that we think are most salient in understanding millennials’ personal finances. Based on our review of the existing literature and our own analysis of national survey data, we conclude that:

- Millennials in Canada are not, as a generation, less financially knowledgeable than gen-Xers or boomers. When we look within a given year, millennials look less financially knowledgeable than gen-Xers, but when we control for age and maturation, millennials are no different than gen-Xers were at the same age in answering the same knowledge questions.
- Younger millennials are less financially knowledgeable than older millennials, but they fare well in international comparisons, using available data. Trend data suggest that 18- and 19-year-old millennials today are likely to learn about money as they gain life experience and will catch up to other Canadian adults as they age.
- Levels of financial knowledge in Canada are, however, weak across all generations and ages, at least using available measures.
- Millennials do seem to struggle to make ends meet, but this isn’t different than gen-Xers at the same age. The real contrast is with boomers who seem to enjoy much greater security and confidence when it comes to making ends meet.
- When it comes to the habits of planning ahead to handle emergencies, mitigate financial risk or plan for long-term needs, millennials seem to lag behind other generations, even when compared to gen-Xers at the same age.
- These two findings—on trouble making ends meet and planning ahead—don’t seem to be related to a lack of knowledge (as discussed earlier), or a lack of basic financial habits like
household budgeting. Millennial-led families are just as likely as others to have a household budget.

- Looking across generations in a given year, millennial-led families look less financially secure with lower incomes, lower assets, and lower net worth. They also have lower rates of homeownership and are less likely to have retirement savings, whether in a pension or private registered savings accounts. But many of these differences probably reflect expected life-course patterns in earnings and asset accumulation.

- Comparing millennial-led families to gen-X-led families at the same age shows:
  - their incomes are higher in real terms;
  - they carry less overall debt and have higher assets, in real terms;
  - they are more likely to carry student debt, and those millennial-led families with student loans carry higher debt loads;
  - they are as likely to be homeowners and hold comparable levels of home equity, relative to the market value of their home—which is significantly higher compared to the gen-X-led families at the same age;
  - they are paradoxically both more likely to have a workplace pension and more likely to have no retirement savings at all (whether in a pension or in private registered accounts); and
  - they continue to be at risk of asset poverty, even if the rate is significantly lower than gen-X-led families at the same age.

We think these findings can help us to clarify and better respond to many of the concerns raised in the series of regional roundtables hosted by PPF.

Housing prices haven’t, so far, led to a measurable decline in overall homeownership rates among millennials compared to gen-X-led families at the same age. But housing costs may lead to affordability challenges, particularly for those families in high-cost urban areas. We think the difference in the ability of millennials to make ends meets and to feel confident in their ability to do so is something policy-makers should pay attention to going forward. There have been some reports that millennials aged 25 and older are finding it harder to become homeowners, but others suggest that acute problems in high-cost markets like Vancouver and Toronto are better understood in terms of relocation to suburban communities with fewer amenities and too little density.

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75 Nicholls Jones, S. 2018. Millennials: Here’s where they stand in the Canadian housing marketplace. CPA Canada.
76 Moos, M. 2018. Challenging the myths about millennials and housing. The Conversation.
Some participants in PPF roundtables speculated that prolonged periods of low interest rates and general skepticism of financial institutions had discouraged millennials from seeking professional financial advice and investing to build a nest egg. Our results confirm that millennial-led families have less financial resilience; in a case of a major shock to their income, one-third wouldn’t be able to use their savings to keep themselves out of poverty for a month. Our results don’t tell us anything about trust in financial advice or financial institutions, or about the effect of interest rates in motivating savings. Instead, we see signs that millennials are more focused on immediate financial pressures and some, given higher credit card balances, may be using short-term credit to handle costs. This is, in some sense, the inverse of the hypothesis about the effects of interest rates. Whether or not low interest rates are discouraging millennials from saving, the same low rates may be facilitating the use of short-term credit to handle lumpy costs or other financial shocks.

A key impetus for the PPF roundtable discussions was concern about the ability of millennials to plan for their retirement using the same tools as previous generations. The results in this study suggest that millennials as a generation are at least as polarized as previous generations in terms of early indicators of likely retirement security. A substantial share of millennial-led families are saving for retirement and, perhaps most surprisingly, millennial-led families seem to be more likely than the last generation to be part of a workplace pension. But at the same time, millennial-led families are also more likely than the last generation to have no retirement assets at all. This challenges the prevailing wisdom about declining access to workplace pensions. It also raises new questions for the future of Canada’s system of benefits for seniors. Like roundtable participants, we also recognize that longer-term labour market changes, including automation, unbundling and growth in the gig economy will shape the distribution and the value of workplace pensions during the working lives of today’s millennials.

Finally, many participants in the PPF roundtables argued for the importance of financial literacy education, particularly in schools. They called for action, perhaps as a collaboration between public sector educators and subject matter experts in the voluntary and private sector, to teach basic budgeting skills and other topics. Based on our review of the literature and our own results in this study, we see value in efforts to provide some basic financial knowledge to all Canadians. Much in the way education systems aim to ensure a minimal level of civic literacy to inform future voters and taxpayers, we see merit to basic financial education.

However, we are not convinced that financial education alone would lead to meaningful improvements in the financial well-being of Canadians. Our review of the literature suggests that traditional financial education does not consistently lead to durable increases in objective knowledge or to positive behavioural changes. In conducting the analysis for this report, we were also struck by the limited forms of financial knowledge reported in research and in national surveys, including the questions reported on in the section How Financially Literate Are Millennials? of this report. What is important to know about money differs significantly by life stage and by financial circumstances. For example, knowledge about stock portfolio
diversification is of limited value to a single mother on social assistance who is restricted, by provincial law and regulation, in the assets she can own. We may be asking too much of our education systems and of young people if we ask them to do all their financial learning before completing high school. Instead, people seem to learn about money as they gain experience in managing it. In addition to moderating our expectations for classroom-based financial education, we suggest that educators consider more applied learning, where participatory and engaging interventions can give Canadians new and more positive experiences in handling their finances.

**Given how low financial knowledge is across all generations, we don’t see much reason for millennials to be singled out for remedial financial learning. Instead, we think the findings on financial knowledge should inform policy-makers who may be assuming too high a level of financial acumen.** For example, when government programs to deliver financial benefits are complex and require active decisions by eligible Canadians, there is an implicit assumption that users will be able to navigate information, understand the available choices and make informed decisions that are in their best interest. Likewise, regulators may presume that most consumers are able to understand complex financial information and make informed choices for themselves in a complex, competitive and ever-changing marketplace. If the expected levels of knowledge for consumers and program beneficiaries is far higher than the actual levels of knowledge, perhaps we should reconsider the complexity of public programs and consumer financial services. Simplification may not only lead to better outcomes for consumers, but may also reduce compliance and transactions costs.

**IMPLICATIONS FOR PUBLIC POLICY IN CANADA**

We think that millennials in Canada are, for the most part, no worse in their financial knowledge and financial well-being than other Canadians. In many respects, they are doing better than gen-Xers did financially at the same age. Canada seems to be an outlier in this respect, particularly compared to the United States and United Kingdom.77

But we do see areas where the current challenges millennials face—and the risks of future challenges—merit more attention from policy-makers. In this section, we offer some preliminary ideas for Canadian policy-makers.

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77 Caranci, B. & Petramala, D. 2015. *Canadian and US millennials: One of these is not like the other*. TD Economics.
Recommendation 1: Make it easier to access student loan repayment assistance

Since 2009, the Repayment Assistance Program (RAP) has made it easier for Canada Student Loans borrowers to manage their student debt after graduation. Eligible borrowers are given relief on their outstanding loans either through reduced repayments or a repayment holiday, as well as interest relief. In the 2016 federal budget, the Government of Canada introduced more responsive and progressive income thresholds for the program with the intention of letting borrowers start repayments only after their annual income rises above $25,000 (or higher, depending on family size).

But evidence suggests that take up of the program is low. By best estimates, half of student loan borrowers who would be eligible for the RAP do not even apply. The same evidence finds that an important share of borrowers rely on parental support—a finding that is consistent with our results (at Figures 8 and 11) that a surprising share of boomer-led families are carrying student loan balances that are comparable to those of millennial and gen-X-led families. But for millennial-led families without parental support, access to RAP might make a meaningful difference to their ability to make ends meet. The same research finds that 60 percent of current lower-income borrowers with negligible parental support or savings of their own fail to make the standard payments on their student loans. Right now, the Canadian Student Loans Program has an annual default rate of 11 percent.

Some have called for enrolment in student loan relief programs to be automated, given the relatively low take up in both Canada and the United States. As others have pointed out, automatic enrolment could end up being a major windfall to borrowers who have the best ability to repay when parental support is considered. However, the evidence is clear that the non-financial costs of applying to RAP discourage many from accessing a program that would leave them better off. Accessing RAP means that student loan borrowers must complete forms (admittedly much simplified compared to the original design) and prove their income and family size not just once, but every six months for anywhere from five to 10 or even 15 years after graduation. Furthermore, the need to actively make the decision to apply likely entails an important degree of stigma—an unsolicited application is framed as a request for help, rather than applying for a benefit for which you are eligible.

We think there is merit to looking at ways to build on the simplifications and progressive changes that have already been made to the program. Proactively contacting likely eligible borrowers might improve awareness of the program and reduce stigma in applying. Reducing the administrative burden on borrowers from biannual re-applications to annual verifications of income might also reduce the non-financial costs to

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82 Supra note 79.
participating. These are just two options, outside of automatic enrolment, that could be piloted. Even a modest increase in take-up of RAP among eligible millennials might make a considerable difference in their financial well-being, given the value of student debt they hold.

**Recommendation 2: Help small-savers who don't otherwise get much incentive from the tax system**

In PPF’s regional roundtables, some participants raised concerns about the willingness or ability of millennials to build emergency savings and to seek advice to plan ahead. We think our results lend some support to these concerns. Millennials have lower rates of asset poverty than gen-Xers did at the same age, but even so, nearly one in three millennial-led families wouldn’t be able to stay out of poverty for one month if their income stopped and they had to use up their liquid savings. The rise in credit card debt and significantly weaker scores in both making ends meet and planning ahead also suggest to us that many millennials are having trouble building savings to handle short- or medium-term needs. Further, it seems that millennials are more at risk of month-to-month volatility in their incomes. Some suggest that future labour markets will see a larger share of workers also experience uncertainty in what they can expect to earn from one month to the next. Younger workers and younger families may not have enough of a liquid financial cushion to buffer short-term stress and to handle medium-term lumpy costs.

Tax Free Savings Accounts (TFSAs) were originally meant to provide help to low-income savers and to serve as a complement to Registered Retirement Savings Plans (RRSPs), giving Canadians a tax-exempt way to build a financial cushion for a rainy day or a medium-term expense. Other authors have already raised broad questions about issues of equity in a tax system that may provide little financial incentive to savers with modest incomes, limited assets and little tax liability. More specifically, the TFSA, as currently designed, doesn’t seem to create a savings incentive among taxpayers who don’t already have substantial wealth.

In subsequent analysis (not otherwise reported here), we find that 61 percent of millennial-led and 63 percent of gen-X-led families did not have TFSAs in 2016, according to the SFS. Among those families that do have TFSAs, younger families have account balances that are 80 percent lower than boomers. And yet TFSAs are meant to be the primary way that our tax system recognizes and rewards liquid savings for short-

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83 Supra note 63.
88 Robson, J. 2013. Does Canada have a “wealthfare state”? School of Public Policy, Carleton University.
and medium-term needs. Further, as others have argued, many anticipated labour force changes are likely to require more personalized, portable and flexible ways of providing the support of a welfare state.\textsuperscript{90, 91}

We think there’s merit to looking for other ways to create financial incentives that tax exemptions alone can’t for working-age families with modest incomes and even smaller nest eggs. While roundtable participants speculated about the option to introduce universal and automatic TFSAs, we think a means-tested top-up to modest TFSA contributions for eligible Canadians could be a more feasible policy approach that respects individual autonomy and privacy. If designed well, and if paired with the introduction of a lifetime contributions limit, a small-saver’s credit could lead to an improvement in the financial resilience of working-age families.\textsuperscript{92}

**Recommendation 3: Look at the needs of younger consumers in financial services policy**

The next cyclical review of Canada’s financial services legislation, *The Bank Act*, is already underway with results expected to be made public next year, in 2019. The Government’s first consultation paper raised the issue of age-related changes in the financial services needs of Canadians.\textsuperscript{93} However, the Government’s attention seems squarely on the needs of aging boomers, pointing to rising demand for reverse mortgages and more flexible annuity products, as well as challenges for consumers posed by increasingly complex financial products and services. We do not disagree that aging boomers have unique needs, but think that the needs of younger consumers need attention as well.

Since 2014, federally regulated banks in Canada have voluntarily committed to offering low or no-fee accounts for Canadian youth and students.\textsuperscript{94} A quick scan of major bank product offerings suggests that these are made available to minors and to students in post-secondary education. However, Canadian youth are actually making the real transition to full financial independence at later ages, and often after leaving school. The existing products may be reaching youth when they are still fully or partially dependent on their parents for financial resources and decision-making. We note that deposit accounts are an essential part of financial inclusion and Canada’s policy to ensure access to basic banking has been internationally acknowledged as a major success story. However, deposit accounts are just one of a range of basic financial services that all Canadians need for full financial inclusion.

As part of the review of *The Bank Act*, we encourage the Government of Canada and participating stakeholders to consider demographic factors in the future of the financial services sector in Canada, not just for aging boomers but for younger consumers as well. This might include considering voluntary or

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{90} Hicks, P. 2015. The Enabling Society. Institute for Research on Public Policy, Montreal
  \item \textsuperscript{91} Supra note 84.
  \item \textsuperscript{92} We note that work to develop such a proposal is already underway at Common Wealth Pension Services.
\end{itemize}
\end{footnotesize}
regulatory measures to encourage regulated banks to extend ages of eligibility for low or no-cost accounts so that millennials continue to have affordable basic banking services while they navigate the transition from school to work. Provincial governments that oversee Canada’s credit unions could likewise encourage these financial service providers to better meet the needs of youth during the transition to financial independence. Financial institutions themselves, whether banks or credit unions, can also be encouraged to develop and test sustainable financial products that offer affordable short-term credit as competition to fringe products such as payday loans, and to treat product sales as a learning opportunity beyond basic disclosure practices. We note that some financial services providers are already engaging in innovative approaches meant to promote the financial well-being of their clients.

**Recommendation 4: Find creative ways to support younger households facing housing affordability challenges**

We were surprised to see that millennials in Canada have similar rates of homeownership to gen-Xers at the same age. While their counterparts in the United States have been progressively, if reluctantly, turning to rental housing, millennials in Canada have managed to maintain a foothold in the market. At the same time, homeownership may be further out of reach for millennials in particularly high-cost markets like Vancouver and Toronto, and under more restrictive national mortgage lending rules meant to ensure stability in the financial sector. No doubt there will be many millennials who don’t recognize their experience with housing markets in our findings (see Figure 13 on conditional median market values and home equity owned by millennial-led families). Housing pressures and needs in Canada run the gamut from persistent homelessness and the supply of affordable rental housing through to affordable homeownership. The housing needs of millennials are just as diverse and complex.

There is no single, magic bullet solution to ensure that all millennials enjoy the secure and affordable housing that is critical to their well-being (financial and otherwise). But we see a few different options for policy-makers to consider.

In the coming months, federal and provincial governments will release the details of the design of the National Housing Benefit. As a key component of the National Housing Strategy, a new cash transfer is meant to complement supply-side policies by providing a benefit directly to low-income renters that they can use towards their housing costs, no matter where they move. It will be important to consider eligibility issues for millennials as part of the design. Currently, the federal definition of core housing need explicitly excludes any household that includes anyone aged 15 to 29 years of age who is a student and has responsibility for shelter costs, like rent or utility costs, even if the student is not the major income earner. These households are excluded on the basis that sub-standard housing as a student is likely a temporary

95 Supra note 77.
condition until earnings and quality of life improve. However, we think that if this definition is used in setting eligibility for the new benefit, it could affect access to the benefit for low-income millennials. Many provinces actively encourage younger social assistance recipients to return to school as part of employability or participation requirements. It’s not clear how federal definitions of core housing need might be reconciled with provincial welfare and training programs.

Housing needs in Indigenous communities merits a separate and expert discussion, one that we are not able to provide in this report. But given our focus on the financial well-being of Canadian millennials and the age distribution of Indigenous populations in Canada, we have to highlight the importance of measures to address the persistent and profound housing needs of Indigenous communities. In the last two years, there have been several announcements of funding to construct and improve housing (and related services, including safe drinking water) in Indigenous communities on reserves and in the North, including in the National Housing Strategy.

The National Housing Strategy has also set aside tens of millions of dollars in funding to research, develop and pilot innovative approaches to improve housing affordability. We hope that some of this funding will be used to test new approaches that are more flexible and offer housing options that are somewhere between traditional market rental and traditional ownership models. Such hybrid models might give younger generations the benefits of building home equity without creating risks in the housing market or driving up shelter costs for lower- and modest-income earners.

For example, in Manitoba, senior citizens have long been able to purchase a stake in life-lease housing complexes that provide them with predictable and more affordable monthly housing costs in exchange for investing in an equity stake in the property. This approach, an interesting hybrid between different forms of housing tenure, may be out of reach for younger generations who will not have been able to build substantial savings or equity from a previous home. In the United Kingdom, the government has been piloting measures to support first-time buyers, such as targeted cash top-ups when savings in registered tax-preferred accounts are used for a down payment on a first home. Under the “Help to Buy” program, the government has been testing measures to provide developer financing for new shared ownership housing, as well as programs for first-time buyers to reduce their total mortgage load and allow buyers to enter into agreements to purchase as little as a 25 percent equity stake in a shared ownership property. Official evaluations of the programs have so far been quite positive, particularly in improving housing outcomes for millennials in high-cost markets like London. Other assessments have been more critical. The United

Kingdom policy may or may not be appropriate for Canada but, at least according to media reports, there is growing demand for shared ownership housing options in Canada.100 We think it’s worth investing in research to understand the options for shared ownership in Canada, particularly for first-time buyers, to understand the likely effects for buyers, communities, markets and taxpayers.

**Recommendation 5: Help more working millennials plan ahead for the inevitable**

As noted earlier in this report, we are struck both by the share of millennial-led families who are participating in employer pensions and the share that have no retirement assets at all. The latter is significantly higher than gen-X-led families at the same age.

We don’t see a case for further increases to savings room in RRSPs. The vast majority of Canadians have ample room to save under current rules and have been unresponsive to previous increases to the contribution ceiling.

Neither do we see a case to create yet another tax-preferred savings instrument. Pooled Registered Pension Plans (PRPPs) were launched in 2012 as one mechanism to make it easier for workers to participate in workplace pensions and for small and medium-sized enterprises to offer deferred compensation through retirement savings. Only Quebec has made workplace pensions mandatory for employers in the province, based on the new instrument. Elsewhere, the plans have been slower to roll out and critics have noted that PRPPs are not different enough from RRSPs.101

We don’t think there is much point in trying to persuade today’s youngest millennials, who perform the most poorly on measures of Planning ahead, to start paying attention to their retirement. For those still navigating the transition from school to work, more immediate financial pressures—like affordable housing and servicing debt—likely do and should take precedence. But for those who have completed that transition and are working, there may be small but meaningful changes the Government of Canada could make to better help younger workers understand and make decisions about their retirement savings.

Our results don’t suggest that millennials have less financial knowledge about investing, the effects of inflation or financial risks. Nor do our results suggest they need extra help, compared to other adults, with making a household budget. Nevertheless, we think that it may be worthwhile to provide working-age tax-filers with better and personalized information that presents them their choices about participating in Canada’s three main retirement savings pillars—workplace pensions, RRSPs and the Canada Pension Plan (CPP). This recommendation may also find support in PPF’s *Millennial Money. Part One: Roundtables Report.*

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Each year, the Canada Revenue Agency (CRA) receives detailed information from Canadians, through tax returns and other information sources, about their contributions to workplace pensions, RRSPs and CPP. These records are used by the agency to, for example, track and adjust available contribution room to RRSPs, verify tax returns and administer the Homebuyers’ Plan or Lifelong Learning Plan. But taxpayers who may not be diligent financial record keepers might find it challenging to track and understand their various forms of retirement savings. Without relieving pension administrators and financial institutions of their legal obligation to provide information and regular reports to pension and RRSP contributors, we believe that the CRA is in a unique position to provide an annual nudge to working-age tax-filers, including millennials who will soon make up the majority of working-age adults in Canada.

As part of the agency’s ongoing efforts to make their communications with tax-filers simpler and more client-friendly, it could prepare a one-page “Your Retirement” statement to include in the annual “Notice of Assessment” sent to tax-filers. This one page could provide, for example, a summary of pension, CPP and RRSP contributions for the most recent tax year and compared to the previous year. Particularly as higher CPP contribution rates are phased in next year, this could provide more transparency to CPP contributors, while at the same time encouraging more Canadians to track their own retirement savings. This framing may help to motivate planning and goal-setting, particularly among those who aren’t already saving in a pension or RRSP.

In 2018, the oldest millennials are already 38 and they will reach the traditional retirement age of 65 in just 27 years. That may be less time than many millennials, or policy-makers, think. Behind those older millennials is coming the rest of their generation, one that is more diverse than any Canada has seen before. They face changes in labour markets and financial services which, among other forces, will re-shape their financial lives. The decisions policy-makers and stakeholders take today will have a lasting impact on their opportunities for financial independence and long-term well-being.
APPENDIX 1: DATA SOURCES AND METHODOLOGY

Data sources

The Survey of Financial Security (SFS) is a national survey of Canadians’ income, assets and debts. Beginning in 2016, it will be conducted at regular intervals. Previous cycles of the survey have been completed in 1999, 2005 and 2012. Only data from 2016 and 1999 are used in this study. All analysis was conducted using the Public Use Microdata File (PUMF), which includes data only on economic families. Statistics Canada defines an economic family as persons who share the same primary residence and are related to each other through blood, marriage or adoptive relationships. This includes single persons, who constitute an economic family of one. Analysis was conducted on 15,833 observations for 1999 and 12,429 observations for 2016, using survey-adjusted weights. The survey is representative of the Canadian population outside the three northern territories, Indigenous reserves, military bases and institutions, such as long-term care homes or correctional facilities. In 2016, Statistics Canada estimates that the weighted survey data covered approximately 98 percent of the Canadian population.

The Canadian Financial Capability Survey (CFCS) is a national survey of the financial attitudes, knowledge and behaviours of individual Canadians aged 18 and older. Only two cycles of the survey have been conducted, in 2008 and 2014, and both are used in this study. Analysis was conducted using the master data file, made available through the Canadian Network of Research Data Centres Network. Only the master files can be used to compute the financial capability subscales reported in this paper. Like the SFS, the survey only sampled respondents outside the three northern territories, Indigenous reserves, military bases and institutions. Analysis was conducted using survey-adjusted weights on the samples of 27,500 for 2008 and 12,600 for 2014.

Both surveys are cross-sectional in design, meaning that the sample households or individuals will not necessarily respond to the same questions over time. Analysis for this report focuses on between-group differences over time in measures of central tendency for continuous variables, or frequency for categorical variables. Analysis of the effects of differences in group compositions (for example on education, ethnocultural background or place of residence) is outside of the scope of this report but such differences may play an important explanatory role in the observed between-group changes. This presents an opportunity for future work by other researchers.
Methodology

Observations are grouped according to the age of the respondent (in the case of the CFCS) or the age of the major income earner (in the case of the SFS). All data on financial knowledge and financial capability are drawn from individual data. All data on income, assets and debts are drawn from data about the economic family. In both cases, generational groups are based on estimated ranges of birth year as follows:

- millennials: 1980 to 2000;
- generation X: 1966 to 1979; and

Because different survey cycles are conducted at different times of year, some respondents with birthdays after the calendar date on which the survey was collected may be miscategorized as belonging to an older or younger generational group. For example, a survey conducted in August of 1999 that records the age of a major income earner as 19 will categorize a respondent born in October 1979 as a millennial. More precise estimates were not possible with the data available. While we acknowledge the importance of birth timing for several outcomes, we believe that the net effect will not change the substance of our findings.

Financial knowledge scores are measured as the percentage share of correct answers to 14 different questions on personal finances on the CFCS. Missing and refused answers are treated as incorrect. We use the correct answers supplied by Statistics Canada in Keown (2011). We test for significant differences in group means using two-tailed t-tests.

Financial capability scores for “Making Ends Meet” and “Planning Ahead” are based on responses to six simple or derived items from the CFCS. Questions cover both self-reported behaviours (such as whether regular payments have been missed and ownership of any insurance products at all), as well as self-confidence in this domain of financial capability. Scores on each item are weighted and summed to arrive at a score for each scale. Weights are based on confirmatory factor analysis of population-wide patterns of response, using the 2008 data. A detailed discussion of the subscale construction is available in Robson and Splinter (2015).102

Data on household finances is drawn from the Survey of Financial Security because, in comparison to the CFCS, it offers more reliable and complete estimates of each of the variables of interest. All dollar values for income, assets and debts are adjusted to constant 2016 values using the Consumer Price Index (Statistics Canada V41690973 series).

All dollar values are likewise adjusted for differences in household size using the square root of the number of economic families. This equilization accounts for differences in opportunities to earn and ability to pay,

102 Supra note 51.
as well as basic needs, when there are different numbers of both potential earners and dependents. In conducting comparisons between groups of different ages, this is particularly important given life course patterns in family formation.

Income is measured as after tax and transfer payments, to account for market and non-market sources, including redistribution through tax and transfer systems which may change over time. Some share of the inter-temporal differences in equivalized income will reflect such changes but an exploration of these, alongside group composition effects and macroeconomic effects, is well outside the scope of this report.

Total assets are measured as the sum of all assets, including the value of workplace pensions, on a termination basis. This is a standard approach in research on household wealth. Assets are top- and bottom-coded to reduce the effect of extreme values on measures of central tendency.

Total debts are measured as the sum of all debts, including consumer and mortgage debts, among others. Debts are already bottom-coded by Statistics Canada but were also top-coded to reduce the effect of extreme values on measures of central tendency.

Pension values are imputed by Statistics Canada using information about past and current employment of all economic family members, as well as linkages to administrative and other survey data held by the agency.

Other data on assets and debts likewise relies on a combination of in-person interviews, records gathered by respondents in advance of the interview and linkages to administrative data.

The level of income adequacy used in the calculation of asset poverty is the Low Income Measure, after taxes and transfers, using 2016 values published by Statistics Canada in CANSIM Table 11-10-0232-01. Estimates of asset poverty in Canada have previously been published by Rothwell and Robson (2017)\textsuperscript{103} and have been adopted as one indicator for the National Poverty Reduction Strategy by the Government of Canada.

For dollar values of income, assets and debts, unconditional and conditional medians are both reported. The unconditional median reflects the dollar value held by an economic family at the 50\textsuperscript{th} percentile. The conditional median instead reflects the dollar value held by an economic family at the 50\textsuperscript{th} percentile among economic families who hold the same asset or debt.

We report on available indicators of risky financial choices in 1999 and 2016 using indicators of fringe financial service use in both years. In 1999, the survey asked respondents about use of pawn brokers. In

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2016, the survey asked respondents about use of payday lenders. Both are considered to be fringe financial services.

Household size in the SFS PUMF is top-coded to five or more persons and so only values for households of one to five persons are used. The same thresholds are used for the 1999 data where dollar values are converted to constant 2016 dollars.

We provide simple descriptive results for all economic families led by a member of one of the three generational groups of interest, for both 1999 and 2016. We test whether intergenerational differences are significant only for households with a major income earner aged 25 to 33 years in 1999 versus 2016. Tests of significance are conducted using regression analysis on this subpopulation.
### APPENDIX 2: DATA APPENDIX

#### Economic families (including singles), by generation of major income earner

<table>
<thead>
<tr>
<th>Share of all economic families</th>
<th>millennial (age 17 to 36 years)</th>
<th>gen-X (age 37 to 50 years)</th>
<th>boomers (age 51 to 70 years)</th>
<th>gen-X (age 20 to 33 years)</th>
<th>boomers (age 34 to 53 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 (2016 dollars)</td>
<td>25.9%</td>
<td>24.4%</td>
<td>33.8%</td>
<td>33.4%</td>
<td>66.6%</td>
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<tr>
<td>1999 (2016 dollars)</td>
<td>29</td>
<td>44</td>
<td>59</td>
<td>28</td>
<td>43</td>
</tr>
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</table>

#### Median age of major income earner

<table>
<thead>
<tr>
<th>Median age of major income earner</th>
<th>2016 (2016 dollars)</th>
<th>1999 (2016 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>millennial (age 17 to 36 years)</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>gen-X (age 37 to 50 years)</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>boomers (age 51 to 70 years)</td>
<td>59</td>
<td>53</td>
</tr>
<tr>
<td>gen-X (age 20 to 33 years)</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>boomers (age 34 to 53 years)</td>
<td>43</td>
<td>43</td>
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#### Median household size

<table>
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<tr>
<th>Median household size</th>
<th>2016 (2016 dollars)</th>
<th>1999 (2016 dollars)</th>
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<tbody>
<tr>
<td>millennial (age 17 to 36 years)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>gen-X (age 37 to 50 years)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>boomers (age 51 to 70 years)</td>
<td>2</td>
<td>2</td>
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#### Income

<table>
<thead>
<tr>
<th>Income Source</th>
<th>2016 (2016 dollars)</th>
<th>1999 (2016 dollars)</th>
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<tbody>
<tr>
<td>Median income, after taxes and transfers</td>
<td>$33,388</td>
<td>$44,263</td>
</tr>
<tr>
<td>Median household size</td>
<td>$45,166</td>
<td>$27,174</td>
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#### Assets

<table>
<thead>
<tr>
<th>Assets Source</th>
<th>2016 (2016 dollars)</th>
<th>1999 (2016 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median total assets, including pensions</td>
<td>$57,300</td>
<td>$299,284</td>
</tr>
<tr>
<td>Median household size</td>
<td>$525,204</td>
<td>$32,002</td>
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#### Pensions

<table>
<thead>
<tr>
<th>Pensions Source</th>
<th>2016 (2016 dollars)</th>
<th>1999 (2016 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share with a workplace pension</td>
<td>38.8%</td>
<td>53.5%</td>
</tr>
<tr>
<td>Median termination value of employer pensions</td>
<td>$0</td>
<td>$4,041</td>
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<tr>
<td>Conditional median termination value of employer pensions</td>
<td>$23,094</td>
<td>$82,500</td>
</tr>
<tr>
<td>Share with private retirement savings</td>
<td>40.5%</td>
<td>60.7%</td>
</tr>
<tr>
<td>Median value of private retirement savings</td>
<td>$0</td>
<td>$4,474</td>
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<tr>
<td>Conditional median value of private retirement savings</td>
<td>$7,500</td>
<td>$22,000</td>
</tr>
<tr>
<td>Share with neither a pension nor private retirement savings</td>
<td>45.6%</td>
<td>26.0%</td>
</tr>
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#### Housing

<table>
<thead>
<tr>
<th>Housing Source</th>
<th>2016 (2016 dollars)</th>
<th>1999 (2016 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share who own their home</td>
<td>38.0%</td>
<td>67.4%</td>
</tr>
<tr>
<td>Median value of owner-occupied home*</td>
<td>$0</td>
<td>$250,000</td>
</tr>
<tr>
<td>Conditional median value of owner-occupied home*</td>
<td>$320,000</td>
<td>$390,000</td>
</tr>
<tr>
<td>Median value of home equity (net of mortgage)</td>
<td>$0</td>
<td>$6,000</td>
</tr>
<tr>
<td>Conditional median value of home equity (net of mortgage)</td>
<td>$6,500</td>
<td>$116,673</td>
</tr>
<tr>
<td>Economic families (including singles), by generation of major income earner</td>
<td>2016 (2016 dollars)</td>
<td>1999 (2016 dollars)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>millennial (age 17 to 36 years)</td>
<td>gen-X (age 37 to 50 years)</td>
</tr>
<tr>
<td><strong>LIQUID ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median value financial assets</td>
<td>$6,100</td>
<td>$15,910</td>
</tr>
<tr>
<td>Share with financial assets too low to keep them out of poverty for one month</td>
<td>32.9%</td>
<td>25.9%</td>
</tr>
<tr>
<td><strong>DEBTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median total debts</td>
<td>$15,900</td>
<td>$62,500</td>
</tr>
<tr>
<td>Share with $0 in debt</td>
<td>30.4%</td>
<td>20.9%</td>
</tr>
<tr>
<td><strong>STUDENT DEBT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share with student loan debt</td>
<td>25.7%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Median student loan debt</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Conditional median value of student debt</td>
<td>$9,192</td>
<td>$6,932</td>
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<tr>
<td><strong>CREDIT CARD DEBT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share with credit card debt</td>
<td>44.0%</td>
<td>44.5%</td>
</tr>
<tr>
<td>Median value of credit card debt</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Conditional median value of credit card debt</td>
<td>$1,697</td>
<td>$2,367</td>
</tr>
<tr>
<td>Share without a credit card</td>
<td>14.7%</td>
<td>10.8%</td>
</tr>
<tr>
<td><strong>BEHAVIOUR &amp; HELP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share who report using fringe financial service **</td>
<td>4.8%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Share who received an inheritance</td>
<td>14.2%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Conditional median value of inheritance received</td>
<td>$12,500</td>
<td>$22,000</td>
</tr>
<tr>
<td>Share who receive financial help outside their household</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Share who have a household budget</td>
<td>48.8%</td>
<td>47.8%</td>
</tr>
</tbody>
</table>

* Values are not equivalized for family size. ** Fringe service in 1999 is a pawnbroker and in 2016 is a payday lender. Analysis conducted by Jennifer Robson, using the Survey of Financial Security, 1999 and 2016, Public Use Microdata Files.
## Mean scores in 2008

<table>
<thead>
<tr>
<th></th>
<th>millennials (18-28 years)</th>
<th>gen-X (29-42 years)</th>
<th>boomers (43 to 62 years)</th>
<th>millennials (18 or 19 years)</th>
<th>millennials (20-24 years)</th>
<th>millennials (25-28 years)</th>
<th>gen-X (30-34 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making ends meet</td>
<td>7.005</td>
<td>7.030</td>
<td>7.199</td>
<td>7.043</td>
<td>7.012</td>
<td>6.981</td>
<td>7.021</td>
</tr>
<tr>
<td>Planning ahead</td>
<td>4.436</td>
<td>5.252</td>
<td>5.621</td>
<td>3.831</td>
<td>4.190</td>
<td>4.944</td>
<td>5.149</td>
</tr>
</tbody>
</table>

## Mean scores in 2014

<table>
<thead>
<tr>
<th></th>
<th>millennials (18-34 years)</th>
<th>gen-X (35-48 years)</th>
<th>boomers (49 to 68 years)</th>
<th>millennials (18 or 19 years)</th>
<th>millennials (20-24 years)</th>
<th>millennials (25-29 years)</th>
<th>millennials (30-34 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making ends meet</td>
<td>7.076</td>
<td>7.086</td>
<td>7.254</td>
<td>7.009</td>
<td>7.171</td>
<td>7.023</td>
<td>7.062</td>
</tr>
</tbody>
</table>

Survey items in the subscales for “Making ends meet” and “Planning ahead”

<table>
<thead>
<tr>
<th>Survey Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OE_Q17</td>
<td>Keeping up with financial obligations</td>
</tr>
<tr>
<td>OE_Q14</td>
<td>In last 12 months, behind on bill</td>
</tr>
<tr>
<td>OE_Q15</td>
<td>Behind on rent or mortgage</td>
</tr>
<tr>
<td>OE_Q16</td>
<td>Behind on loan</td>
</tr>
<tr>
<td>SA_Q03</td>
<td>Self-rating on making ends meet</td>
</tr>
<tr>
<td>RP_Q01</td>
<td>Planning ahead for retirement, or already retired</td>
</tr>
<tr>
<td>RP_Q08</td>
<td>Confidence about retirement</td>
</tr>
<tr>
<td>FC_Q09</td>
<td>Have a will</td>
</tr>
<tr>
<td>FC_Q07</td>
<td>Have any insurance</td>
</tr>
<tr>
<td>FM_Q02</td>
<td>Cover $500 expenditure Used if personal income is below $60K</td>
</tr>
<tr>
<td>FM_Q03</td>
<td>Cover $5,000 expenditure Used if personal income is above $60K</td>
</tr>
</tbody>
</table>

Combined to create one composite item with different, ordered combinations of responses to the raw items.

Weighted and summed to generate score for “Making ends meet” scale.

Combined to create one composite item with different, ordered combinations of responses to the raw items.

Weighted and summed to generate score for “Planning ahead” scale.
Real gross domestic product, volume index 2007=100, percent change.

Source: J. Robson using Statistics Canada Table 36-10-0105-01 and survey documentation.