

Thought Leadership

A Generation Deferred?

Gen Z and Economic Milestones



Junior
Achievement™

Economic Milestones: A Generation Deferred?

Every generation faces challenges and questions about its ability to rise above. The Greatest Generation was tested by the Great Depression and World War II. For Baby Boomers, it was Vietnam, the Cold War, and the so-called “[Generation Gap](#).” For Generation X, it was an escalation of nuclear tensions, the rise of the Information Superhighway, and financial crises, ranging from the collapse of the savings and loans industry to the bursting of the dot-com bubble. For Millennials, it was 9/11, the War on Terror, the financial crisis of 2008, and the Great Recession. Today, Generation Z is struggling with the aftermath of the COVID-19 pandemic, a drastically changing economic landscape, and pronounced societal divisions often complicated by social media's omnipresence.

On the financial front, Generation Z is dealing with challenges that either didn't exist previously or did but to a lesser degree. These include [escalating costs for housing, education, and healthcare](#); [ballooning student loan debt](#); and [the perception of most Americans](#) that wages are not keeping up with inflation.



As for work and career, the “future of work” is here for many members of Generation Z, and to a great extent Gen Z is questioning the assumptions and traditions associated with having a job. Work-from-home, “quiet quitting,” the Great Resignation, and now the emergence of A.I. as a potential threat to future employment have Generation Z doubting the value of work beyond its utility for paying bills.

These economic factors have real-world implications for Generation Z. According to a [2023 report from the Pew Research Center](#), 39 percent of today's 21-year-olds have a full-time job, lagging Baby Boomers when they were 21 by 25 percentage points. Pew also notes that one in four of today's 21-year-olds are financially independent, compared to close to half of Baby Boomers when they were at that age.

While it will be a few years to see where Gen Z compares to other generations when it comes to reaching other life milestones, like purchasing a home or beginning to save for retirement, research by Bankrate shows that [just 31 percent of Gen Z homeowners](#) have no regrets about buying a home, and the Federal Reserve Bank of St. Louis reports that Generation Z's average [student loan debt is 13 percent higher than that of Millennials](#), which had previously held the most student loan debt of any generation. These findings point to the probability Gen Z will lag previous generations in reaching major life milestones.

Why Work isn't Working for Many Gen Z-ers

Fair or not, Generation Z has already gained a reputation for struggling in the workplace. [Research from Deloitte and PwC](#) indicates that much of this could be due to the social isolation that occurred during the pandemic, which resulted in many young workers failing to develop the interpersonal and in-person skills needed to effectively negotiate the work environment. [A survey of managers by ResumeBuilder.com](#) found that 74 percent of managers say Gen Z is the most difficult generation to work with, and 65 percent say they more commonly need to fire Gen Z employees over other generations. Factors contributing to manager perceptions, according to the same research, is that in addition to lacking technical skills, many Gen Z-ers “lack motivation,” are “easily distracted,” and “easily offended.”



If Generation Z is ambivalent about work, [research from McKinsey & Company](#) shows a contributing factor could be that many Gen Z employees feel their compensation isn't sufficient for a good quality of life. Gen Z employees are also more likely to work multiple jobs and work independently, leading to nearly half (45%) being concerned about the stability of their employment. While many in Gen Z appreciate the flexibility of this way of work, most (56%) would prefer permanent employment.

Dreams Deferred...or Denied?

When it comes to achieving financial milestones, many Gen Z-ers are not optimistic. The research from McKinsey & Company shows that nearly a quarter of Gen Z employees surveyed do not expect to retire, while 59 percent don't expect to own a home. This pessimism may be linked to Gen Z's current job instability and financial insecurity, exasperated by factors like student loan debt. Generation Z's concerns are not unfounded, given that the [National Association of Realtors reports](#) the median age of an American home buyer is now 56, compared to 36 in 1981.

The McKinsey & Company data also shows that costs of healthcare, including mental health coverage, transportation, and the inability to afford housing close to their places of work, contribute to Generation Z's overall concerns about the future and general discontent with work.

There are undeniably different economic realities facing Generation Z. [According to the St. Louis Federal Reserve](#), housing prices, adjusted for inflation, are higher now than they were during the mid-2000s housing bubble. [Automobile prices](#), [healthcare costs](#), and [higher education expenses](#) are also at or near historic highs. Given these economic headwinds, it's not difficult to understand why so many Gen Z-ers question the point of working at jobs that can't cover these expenses.

Our Response

Despite these challenges, the [McKinsey Opportunity Index](#) shows that Generation Z is more positive about future economic opportunities than other generations, with the exception of Millennials. By providing young people with a better understanding of how the economy and personal finances work, Junior Achievement can help them gain insight into the cyclical nature of prices, and the importance of budgeting, saving, and investing. At the same time, JA can help them understand that a first or second job out of school is just a start, with opportunities to grow in time with experience and training.

Junior Achievement works with partners in education and the business communities to help ensure young people make more informed choices that lead to greater work and career satisfaction as adults. We also view financial literacy as “the other literacy.” Just like reading or writing, we all deal with money on a near-daily basis. This requires financial literacy education over multiple grades, not just a one-semester course in high school.



What the Research Says

Our approach gives students the tools to increase their chances of achieving economic security as adults. [Research results](#) from Ipsos include:

- 73 percent of Junior Achievement Alumni who graduated college say they work in a field they studied in college. Research by the [Federal Reserve Bank of New York](#) shows only 27 percent of college graduates say the same.
- 69 percent of JA Alumni say they work in their “dream career.” Only 25 percent of Americans say the same, according to [MidAmerica Nazarene College](#).
- 80 percent of JA Alumni say their careers are “extremely fulfilling.”
- 82 percent of JA Alumni agree they have a strong financial footing.
- 68 percent of JA Alumni between the ages of 18 and 29 say they are financially independent of their parents. According to the [Pew Research Center](#), 30 percent of Americans in that age range say the same.
- The average age JA Alumni report paying off student loans is 30.
- JA Alumni report purchasing their first home at 29. The [National Association of Realtors](#) reports the average age Americans purchase their first home is 36.