Pros

- In the Great Recession, young adults in most countries experienced disproportionately high unemployment rates.
- Entering adulthood during a recession results in persistent declines in earnings.
- Young adults experienced large declines in net worth in the Great Recession, attributable to declining assets and rising debt.
- Declines in home and stock ownership among young adults may lead to persistent declines in net worth.
- Rates of co-residence with parents increased among young adults in the Great Recession, which is partly attributable to borrowing constraints due to elevated debt-holding.

Cons

- Entering adulthood during a recession often leads to increased schooling, which could boost earning power in the future.
- Young adults experienced smaller declines in net worth than slightly older adults because they were less invested in housing and stock markets.
- Depressed rates of home ownership are not permanent, and ownership gaps typically narrow later in life.
- At the same age, young adults in the current cohort have higher asset ownership rates and are less likely to experience financial distress than young adults who came of age around 1989.

KEY FINDINGS

AUTHOR’S MAIN MESSAGE

During the Great Recession, young adults experienced elevated unemployment rates, lower earnings, reduced net worth, lower rates of home ownership, and higher rates of co-residence with parents. The evidence indicates that entering adulthood during a recession can lead to persistent declines in earnings and net worth, although some indicators suggest that young adults may be able to catch up later in life. Understanding the economic experiences of young adults is critical for guiding public policies aimed at improving their financial well-being in the present and future.