

FINANCIAL REALITY OF MILLENNIALS in EDMONTON

Edmonton Vital Signs is an annual checkup conducted by Edmonton Community Foundation, in partnership with Edmonton Social Planning Council, to measure how the community is doing. Vital Topics are a quick but comprehensive look at issues that are timely and important to Edmonton.

EDMONTON'S GENERATIONS

According to the latest municipal census, millennials are Edmonton's largest voting cohort.

SILENT Generation

BORN: 1945 or earlier
(ages 75+)

Percentage of
Edmontonians: **5.8%**

BABY BOOMER (Boomers)

1946 to 1964
(ages 56 to 74)

19.5%

GENERATION X (Gen X)

1965 to 1980
(ages 40 to 55)

21.4%

Millennial (Gen Y)

1981 to 1996
(ages 24 to 39)

26%

iGEN (Gen Z)

1997 to present
(ages 23 & younger)

27.2%

INCOME

ECONOMIC WELL-BEING refers to the ability of households to meet their needs, to accumulate assets and build wealth.

MEDIAN INCOME
Millennial tax filers in
Edmonton (2017)
\$45,500

MEDIAN AFTER-TAX HOUSEHOLD INCOME

At a similar point in each generation's life, adjusted for inflation
(2016 dollars)

Millennials (in 2016) \$44,093

Gen Xers (in 1999) \$33,276 Boomers (in 1984) \$33,350



What is a Gig Economy?

- Part-time or contract jobs that are needed to make ends meet.
- Millennials are often affected as they have less work experience for the jobs available.

Canadian millennials are:

- The most highly educated generation in Canadian history. **70% hold a post secondary certificate, diploma or degree.**
- **"Digital Natives."** They are the first generation to have grown up with digital technology. **96% own a mobile phone.**
- **Economically precarious** due to a highly competitive labour market, corporate downsizing, and a "gig economy."
- **Having children later in life.** The average age of a first-time mother in Canada in 2016 was 30.8. The first time it has surpassed women in their 20s.
- **More ethnoculturally diverse and inclusive** than previous generations. Millennials are more likely to have gone to school with others who are culturally different and been exposed to messages of diversity and inclusion.

MULTIPLE JOBS

In the decade prior to 2018, the number of Canadian workers who **held more than one job at the same time** increased from 704,100 to more than **1 million people**.

- 65.7% of multiple-job holders work full-time in their main job.
- Multiple-job holding is most common in the female-dominated sectors of healthcare, social assistance, and educational services.
- Those with lower weekly earnings are more likely to hold multiple jobs.
- 6.5% of multiple-job holders are age 25 to 29, second only to those age 20 to 24.

MILLENNIAL WORKFORCE CHARACTERISTICS

- 87% believe that the success of a business should be more than just its financial performance.
- The experience a greater amount of job and organization changes than previous generations.
- 64% of millennials would work from home and 66% would alter working hours.
- 90% of millennials want more feedback from their boss to make sure they're on track.
- Millennials indicate a strong preference for work/life balance.
- Half of millennial employees want to work for a business that has ethical business practices.



HOUSING

According to Abacusdata among Canadian millennials in 2019:

27%
Own the homes
they live in

40%
RENT

33%
Live with
their parents

Top 2 reasons millennials are living with their parents:

FINANCIAL – low wages, looking for stable employment, and saving for a house.

CULTURAL – it is expected of them or to help with family obligations.

HOUSING AFFORDABILITY

According to the Canada Mortgage and Housing Corporation (CMHC) *affordability* means not spending more than 30% of pre-tax earnings on housing.

In order for the average home in Edmonton to be 'affordable:'

- Average home prices would need to fall by one-fifth (\$76,000) or typical full-time earnings would need to increase 25% (\$72,000/yr).
- It takes a typical millennial 9 years to save a 20% down payment for average-priced home in Edmonton.
- In 1976 it took 5 years to save a 20% down payment.

A generational comparison of homeowners and mortgage debt:

Major household earner between age 30-34	Millennials (2016)	Gen Xers (1999)	Boomers (1984)
Home-owner percentage	51%	51%	55%
Median mortgage compared to after-tax income	2.5X	1.89X	1X

NET WORTH

Millennials have the **highest debt to after-tax income ratio** among the generations measured at any point in their life, at 216%. This is more than 1.7 times young Gen Xers and 2.7 times more than young Boomers.

- While millennials were relatively more indebted, their assets yielded a stronger outcome in overall net worth.
- Millennials who enter the housing market have much higher levels of wealth, as do those with a university education.

According to a Manulife Bank of Canada poll of Canadians with a household income of \$40,000 or more:

60% of Baby Boomers are better off financially than their parents were at the same age, only **49% for Millennials**.

46% of Millennials say their spending is increasing faster than their income.

42% of Millennials are worried they'll never be debt-free.



It's not about Avocado Toast

Millennials have been widely criticized for spending their money on things like lattes and avocado toast. Cutting out a latte will not change the fact that costs are increasing, and jobs are not only difficult to find, but are often short-term or contract.

Student Loan DEBT

According to a 2019 Credit Karma report, the average **student loan debt** in Alberta is **\$14,472**.

Percentage of student loan debt among the one million Canadian Credit Karma members:

14.42%
iGENS (most of this cohort is still in school)

14.62%
MILLENNIALS

4.22%
GEN Xers

1.53%
BOOMERS

POST SECONDARY EDUCATION COSTS

- The average cost of tuition in Canada (before books, supplies, travel) is **\$6,500 per year**. Some programs could cost up to **\$22,000 per year**.
- **Tuition fees increased 3.1%** for undergraduate programs in 2017/2018.
- As of Jan. 1, 2020, Alberta post-secondaries will be allowed to raise tuition in individual programs by **30% over the next 3 years**.

STUDENT AID

- As of March 31, 2018, approximately **38% needed to access** Alberta's Repayment Assistance Plan (RAP).
- On average, Alberta student loan borrowers repay their loans within nine years.
- According to a 2017 survey of Alberta student loan borrowers, **4% of their monthly income** is used for Alberta student loan payments.

Public Spending SINCE 1976

Government investment per person has grown **4.2 times faster for seniors** than for those under the age of 45.

- Social spending for seniors grew 6% faster than economic growth, but for those under age 45 grew 29% slower than economic growth.

CHILD CARE

According to a Canadian Centre for Policy Alternatives, Edmonton's median monthly childcare costs (2018):

\$835/pre-school age **\$975**/infant

Millennial Spending Habits

- Time is a commodity.
- 43 fewer trips to the store per year than the average Canadian household.
- More trips to restaurants than other age cohorts.
- Buy more easily prepared foods than Boomers.
- 22% look online to make purchasing decisions, compared to 6% of Boomers.
- 20% more likely to consider socially responsible or environmentally friendly products and 30% more likely to consider organic than the average shopper.



Generally, this cohort;

- is working and studying more to have less.
- has a higher education, but also higher student debt.
- is squeezed by stagnant incomes and difficulty finding good jobs.
- struggles with high costs for things like housing and childcare.
- spends too little time at home.
- faces mounting debt.