MONEY UNDER 35

Navient's 2017 national study on financial health of young adults between the ages of 22 and 35

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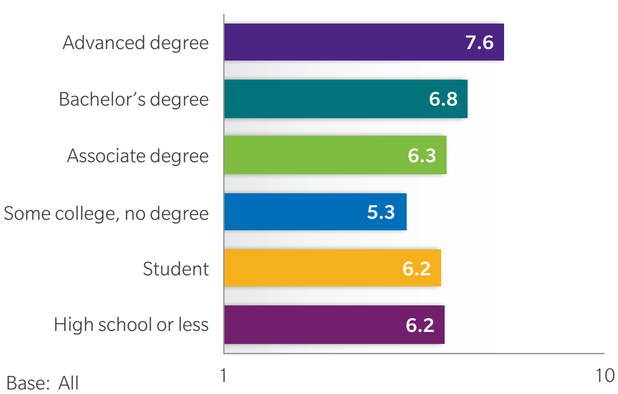
Money Under 35:
Executive summary

Navient's *Money Under 35* is a national study conducted by Ipsos that provides a snapshot of how young adults are faring financially in the current economy. Now in its third year, the study is based on a nationally representative sample of 3,011 Americans aged 22 to 35 across all levels of educational attainment, from those whose education was completed at or prior to the high school level to those who have completed an advanced degree.

The 2017 study reconfirms the value of educational attainment for young adults in achieving financial health, while exploring for the first time the family educational and financial backgrounds of those who completed college and those who did not. The 41 percent of young adults aged 22 to 35 who have completed their degree, regardless of family education or financial background, show distinctly stronger financial health across a variety of measures than those who did not go to college and especially stronger than those who attended some college but did not earn a degree.

Degree holders[1] report a higher self-assessment of current financial health

Figure 1: Financial health self-assessment by level of education attained



Base: All

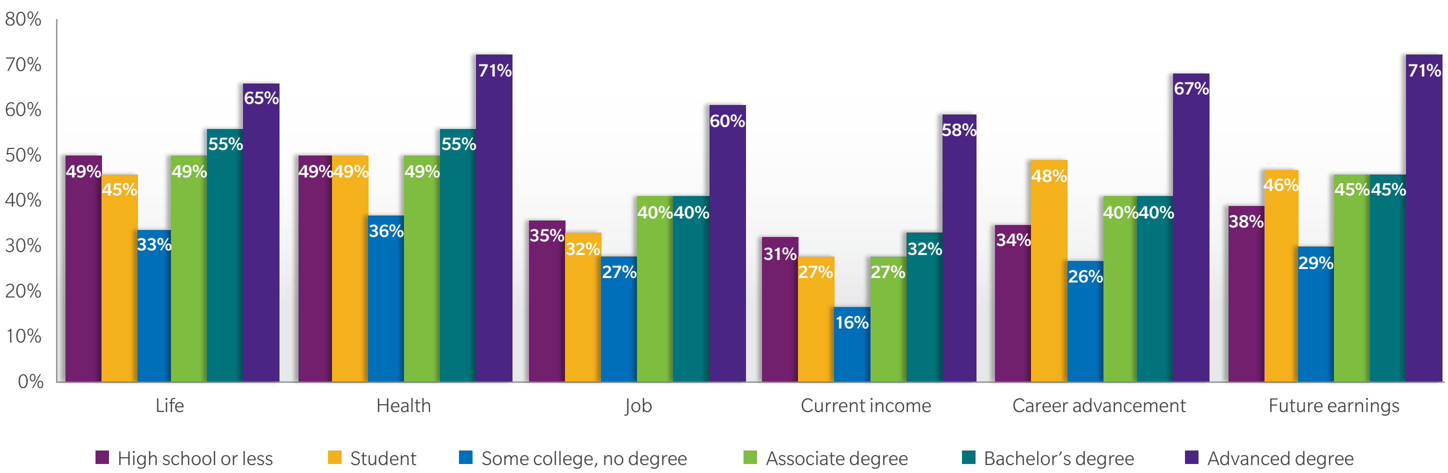
Degree holders are:

- More likely to be employed (84% of degree holders are employed compared with 62% of non-degree holders)[2] and more likely to be employed full time (70% of degree holders compared with 43% of non-degree holders). Degree holders are also less likely to be unemployed (4% of degree holders compared with 18% of non-degree holders).
- Very positive about their current financial health – 45 percent of degree holders rate their current financial health an 8, 9, or 10 on a 10-point scale, compared with 30 percent of non-degree holders.
- More optimistic about future job prospects and earnings, with 46 percent of degree holders being very satisfied about their prospects for career advancement compared with 34 percent of non-degree holders. Similarly, 51 percent of degree holders are very satisfied with their prospects for future earnings compared with 37 percent of non-degree holders.
- More likely to score in the "good" or "excellent" range on the financial health index (89% of degree-holders compared to 79% of non-degree holders).
- More likely to earn a higher median income, especially those with an advanced degree. While associate degree holders earn $5,000 per year more than non-degree holders, bachelor's degree holders earn $20,000 more per year than non-degree holders. Advanced degree holders, with median income above $100,000, earn $64,000 per year more than non-degree holders. Earning a degree can help young adults who report growing up in a lower-income household on a trajectory to be in an higher-income group than their childhood household. Two-thirds (67%) of degree holders from a lower-income household now earn a middle or high personal income.
- More likely to be homeowners, even if they borrowed for their education, than non-degree holders. Half of all degree holders (50%) and 46 percent of degree holders who borrowed own a home, compared with 34 percent of non-degree holders.
- Less likely to be experiencing trouble paying their bills (27% compared with 41% of non-degree holders). The difference is even greater for those who borrowed for their education, with 31 percent of degree holders who borrowed experiencing trouble paying their bills, compared with half (51%) of those who borrowed for a degree they did not complete.
- More likely to believe that education is a worthwhile investment, regardless of whether they borrowed. Seventy-five percent of degree holders who borrowed and 79 percent of degree holders who did not borrow believe their education was a worthwhile investment. Just 43 percent of those who attended some college but did not complete their degree believe their education was a worthwhile investment.

[1] Degree holders include those with an associate, bachelor's or advanced degree.
[2] Non-degree holders include those with a high school education or less, those who attended some college but did not complete a degree, and those students who are currently attending but have not yet earned a degree.

Degree holders, especially those with advanced degrees, are likely to say they are "very satisfied" with many aspects of their lives

Figure 2: Percentage "very satisfied" by level of education attained



Base: All; very satisfied = respondents rating 8/9/10 on a scale of 1-10

While the value of a college degree is evident, this year's study again confirms the financial perils of going to college but not finishing. Young adults who attended some college but did not complete a degree (non-completers) lag behind their peers in both objective and subjective measures of financial health.

- Non-completers report the lowest level of self-reported financial health (5.3 on a scale of 1-10 compared with 6.9 for those with a degree and 6.2 for those who stopped at high school).
- For the third year in a row, non-completers are the least likely to score in the "excellent" range on the Financial Health Index (7% in 2017, 14% in 2016 and 12% in 2015).
- Young adults who attended some college but did not complete a degree are much less likely to feel that they are in a financially stable time of their life (29% compared with 43% of those with a high school education or less and 56% of degree holders).
- Non-completers who borrowed to pursue education face significant disadvantages, with 71 percent saying they worry about their debts compared with 48 percent of non-completers who did not borrow for their education.

***Money Under 35* explored family financial background for the first time in 2017, with young adults characterizing the income of the household in which they spent their childhood on a spectrum from low to high. The risk of attending college but not completing a degree is especially pronounced among those who report growing up in low-income or lower-middle-income households. While young adults from these lower-income households who complete a degree have stronger financial health than those who did not complete a degree, a significant share of adults from lower-income households who start college do not finish.**

- Fifty percent of young adults from a low-income household who attended some college did not complete an associate degree or higher (excluding current students), and 40 percent of those from a lower-middle-income household who attended college did not complete a degree. In contrast, 1 in 4 (25%) adults who report growing up in a middle-income household and 17 percent from an upper-middle- or high-income household attended some college but did not complete a degree.
- Young adults who did not complete a degree once they started most often say it was due to financial pressures (35%) or personal life changes such as having a child (33%). Financial pressure resulting in non-completion is more common in students who report growing up in a low-income or lower-middle-income household (38%) as compared with those who report growing up in an upper-middle- or high-income household (21%).

Thirty percent of young adults who attended college report being the first in their family to do so. These first-in-family young adults are more likely to say they faced challenges while pursuing a degree but are just as likely to achieve their degree as those who had family attend college before them, and are more likely to have achieved a graduate degree.

- First-in-family adults are more likely to report growing up in a low- or lower-middle-income household (45%) than those from a college-educated family (33%). Thirty-seven percent of first-in-family adults report growing up in a middle-income household and the remaining 18 percent of first-in-family adults report growing up in an upper-middle- or high-income household, compared to 45 percent of adults from a college-educated family who report growing up in a middle-income household and 23 percent who report growing up in an upper-middle- or high-income household.
- Across family income backgrounds, first-in-family adults are as likely to earn a degree as their peers from similar economic backgrounds who had a family member attend college before them. Of young adults who report growing up in a low- or lower-middle income household, half of first-in-family young adults (52%) and 46 percent of adults from a college-educated family completed a degree. Of those adults who report growing up in a middle-income household, 70 percent of first-in-family and 66 percent of adults from a college-educated family earned a degree. First-in-family adults who report growing up in an upper-middle- or high-income household are even more likely to earn a degree (85%) than those adults from a college-educated family who also report growing up in an upper-middle- or high-income household (73%).
- More first-in-family adults report facing challenges while pursuing their degree compared with those who had a prior family member attend college (82% of first-in-family compared with 69% from a college-educated family). Despite being more likely to have experienced challenges, first-in-family adults are as likely to have completed a degree once they started (64% compared with 61% of adults from college-educated families).

In 2017, *Money Under 35* examined young adult agreement with a series of attitudinal statements about working to achieve goals, overcoming challenges and problem solving. Based on these results, we developed a metric we refer to as a "persistence index."

- Young adults whose responses scored in the higher band of persistence are more likely to go to college, be employed full time, own their home, and save for retirement.
- Most young adults who earned a degree say they faced challenges along the way. Those in the higher band of persistence were more likely to complete the degree.
- Young adults who are the first in their family to attend college are more likely to have responses that scored in the higher persistence band than their peers from a college-educated family.

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Detailed Findings

Money Under 35 explores the personal finances of young adults at all levels of educational attainment, including those with a high school education or less; those who are currently pursuing a degree (students); those who attended some college but did not earn a degree; and those who have earned an associate, bachelor's, or advanced degree. Other studies have compared people with student loans to those without student loans but may not have drilled deeper to explore differences between those with and without a college degree, or who did not attend college at all.

More than 3,000 young adults aged 22 to 35 answered detailed questions about their jobs, income, savings, debt, financial attitudes, and financial behaviors, as well as their satisfaction with their current and future prospects.

Financial Health

One of the key indices developed from this study is the Financial Health Index,[3] an objective measurement of how young adults are doing financially. This index is derived from both objective indicators, such as income level, debt amounts, and savings amounts, as well as attitudinal and behavioral predispositions. These factors in combination provide a holistic view of an individual's overall financial health. The 2017 report finds that 83 percent of young adults are considered to be in "good" or "excellent" financial health, compared with 85 percent in 2016.

In addition to the Financial Health Index score, individuals were asked to rate their own financial health on a scale of 1-10. In 2017, the average financial health self-assessment score was 6.3 compared with 6.5 in 2016. As in previous years, this score increases somewhat with age – from a low of 6.0 for those aged 22-24 to 6.6 for those aged 34-35 – but among levels of educational attainment[4] there are larger differences than age.

Those with bachelor's or advanced degrees rate their financial health significantly higher (6.8 and 7.6, respectively) than those who attended college but left without completing a degree (5.3). Those with a high school education or less and students report similar levels of financial health (6.2). Both groups rate their current financial health nearly a point higher than young adults who attended some college but left without a degree.

Money Under 35 finds that young adults are more satisfied with their prospects for future earnings and career advancement than they are with their current job and income. They are most satisfied with their health and their life, with roughly half of all young adults this year rating themselves "very satisfied" with both (rated 8, 9, or 10 on a scale of 1-10).

Fifty-four percent of all young adults believe they will be better off than their parents, with students being significantly more optimistic (63%) than those who attended some college but did not complete a degree (46%). Young adults who did not attend college are similar to those who attended college without finishing a degree, with just under half (48%) believing they will be better off than their parents. Young adults with advanced degrees are the most optimistic, with 70 percent believing that they will be better off than their parents.

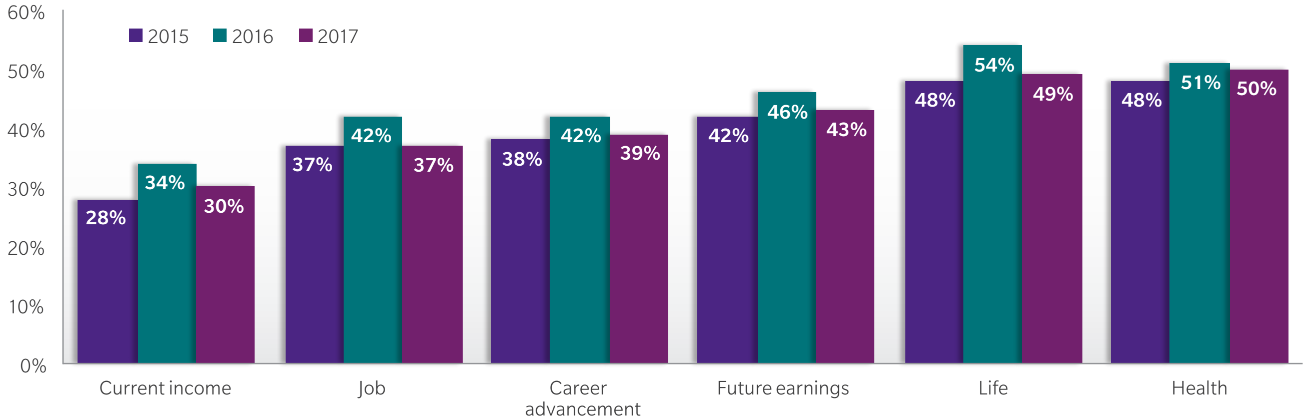
Across multiple aspects of life and financial satisfaction (earnings, life, health, job, and career advancement), young adults who started college but did not finish lag behind their peers, especially on their current and future earnings, where they are less likely to be satisfied (16% of non-completers are "very satisfied" with their current earnings and 29% are "very satisfied" with their prospect for future earnings) than those who never went to college (31% of those with a high school education or less are "very satisfied" with their current earnings and 38% are "very satisfied" with their prospect for future earnings).

[3] More information on the development of the Financial Health Index can be found in the "Methodology and technical notes" section.

[4] "High school education or less" refers to those whose formal education was completed before or upon achievement of a high school diploma or GED certificate. "Student" refers to those who have not yet earned a degree and are currently attending school either full or part time (Note that most of these students are also working. Given that *Money Under 35* is a study of adults aged 22 to 35, the findings for this student population are not indicative of findings for traditional-aged college students). "Some college, no degree" refers to those who started working to earn a college degree but stopped attending college before completion and are not currently in school. Associate degree holders are those whose highest level of education is an associate degree; bachelor's degree holders are those whose highest level of education is a bachelor's degree; and advanced degree holders are those with a master's, professional, or doctoral degree.

Satisfaction levels in 2017 resemble levels observed in 2015

Figure 3: Percentage "very satisfied" by year



Base: All; "very satisfied" = respondents rating 8/9/10 on a scale of 1-10

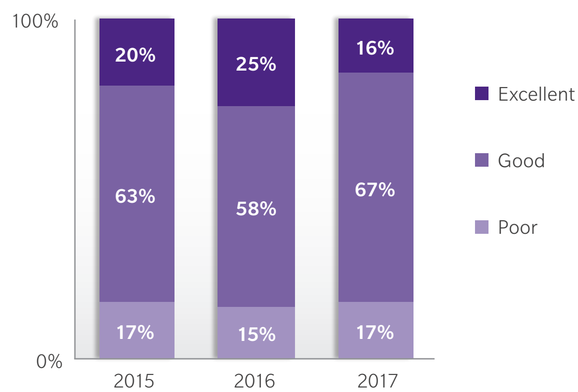
Financial Health Index

Ipsos and Navient developed the Financial Health Index to create an in-depth and objective measurement of how young adults are managing financially.[5] Measuring overall financial health is a complex process that has many facets; the Financial Health Index was developed to include hard financial indicators such as reported income level, debt amounts, and savings amounts. These indicators then combined with more qualitative attitudinal and behavioral measures to obtain a complete and well-rounded picture of overall financial health.

In 2017, the average Financial Health Index score among young adults is 59, a "good" rating overall but down slightly from the 2016 average index score of 63. More young adults are in "good" financial health (67%) compared with the previous two years of the study (63% in 2015 and 58% in 2016). Fewer are in the "excellent" category, at 16 percent in 2017 compared with 20 percent in 2015 and 25 percent in 2016. The number of young adults in the "poor" category has remained consistent for all three years of the study, hovering between 15 and 17 percent.

More young adults are in "good" financial health in 2017

Figure 4: Financial Health Index by year



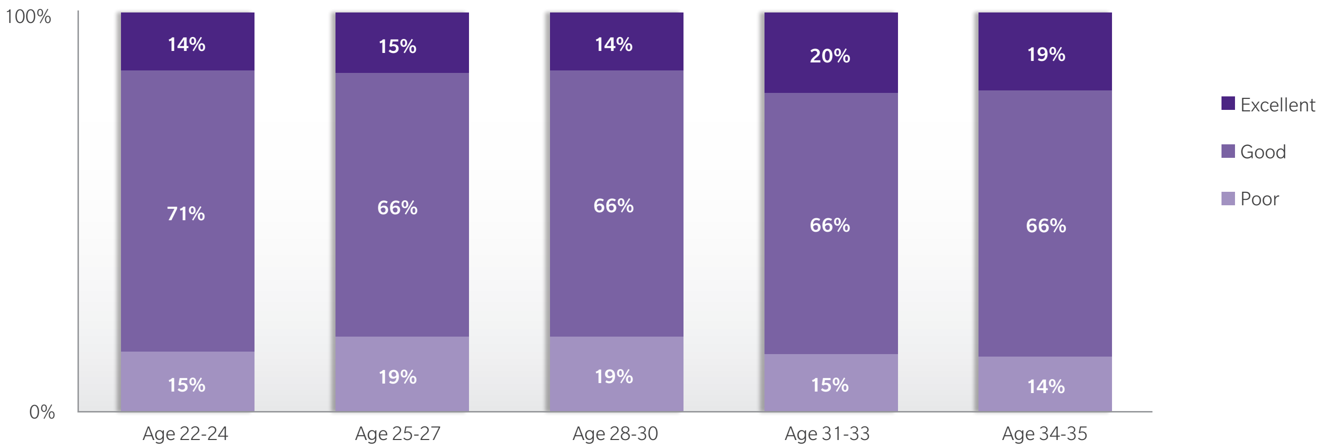
Base: All

As observed in prior years of the study, with age comes small improvements to financial health. While the percentage of young adults in "good" financial health remains steady from ages 25 to 35, once they reach their 30s they are more likely to be in "excellent" financial health, and correspondingly less likely to be in "poor" financial health.

[5] The Financial Health Index divides young adults into three categories of financial health: "poor," "good," and "excellent," on a scale of 0-100. Poor <=42; good = 43-77; excellent >=78.

Financial health improves as young adults move from their 20s to their 30s

Figure 5: Financial Health Index by age



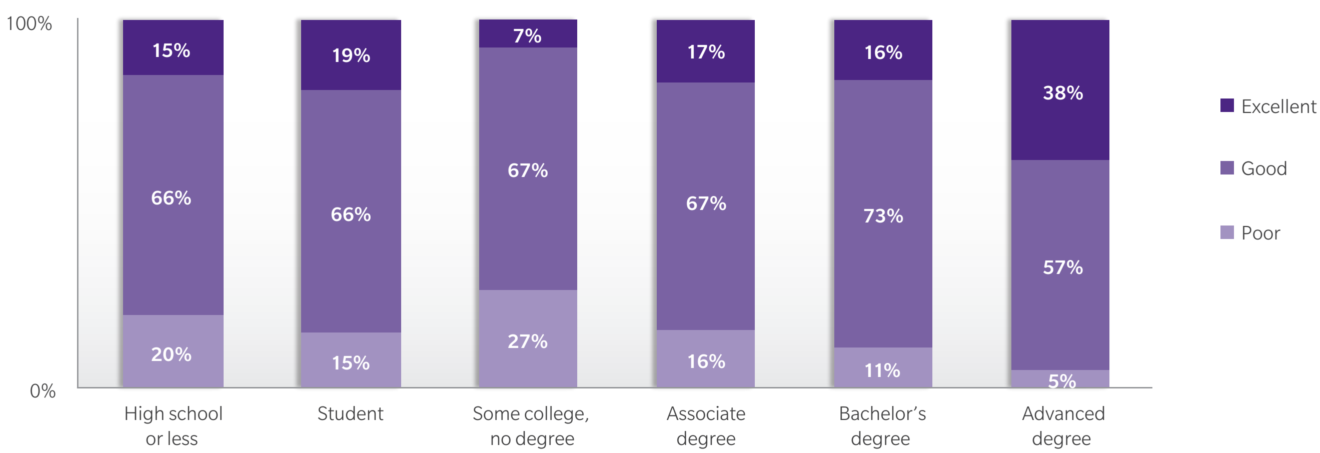
Base: All

Educational attainment has a much more dramatic relationship with financial health than does age. Young adults who attended some college but did not earn a degree have the lowest level of financial health of any education cohort; only 7 percent have "excellent" financial health and more than one-quarter (27%) have "poor" financial health. Adults who are solely high school-educated are just as likely to be in "good" financial health as most of the other cohorts (66%), but they are more likely to fall into the "poor" category (20%).

Students and those with an associate degree have very similar distributions of Financial Health Index scores. Bachelor's degree holders are similarly likely to have an "excellent" Financial Health Index score as associate degree holders or students, but they are less likely to score in the "poor" category than students or associate degree holders. Advanced degree holders are significantly more likely than their peers to have "excellent" Financial Health Index scores (38%).

Educational attainment has a dramatic relationship with improving financial health

Figure 6: Financial Health Index by educational attainment



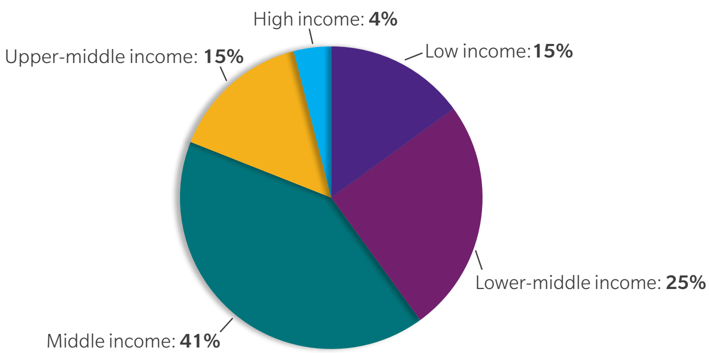
Base: All

Family economic background

Young Americans come from a variety of different family backgrounds. For the first time in 2017, *Money Under 35* asked young adults to characterize the income of the household in which they spent their childhood on a spectrum from low to high. Since this was a perception question, it is not surprising that over four in five (81%) young adults indicate that they are from middle-income households,[6] well over most estimates of the true size of the middle class. Young adults are more likely to report they are from lower-middle (25%) or middle-income (41%) households than upper-middle-income (15%) households. Fewer than 1 in 6 young adults reports growing up in a low-income household (15%), and an even smaller group (4%) say they grew up in a high-income household, in contrast to Pew's estimates of 20 percent of the population falling into the lowest income class, and 10 percent into the highest.[7]

Majority of young adults report growing up in a middle-income range household

Figure 7: Perceived family income in childhood



Base: All

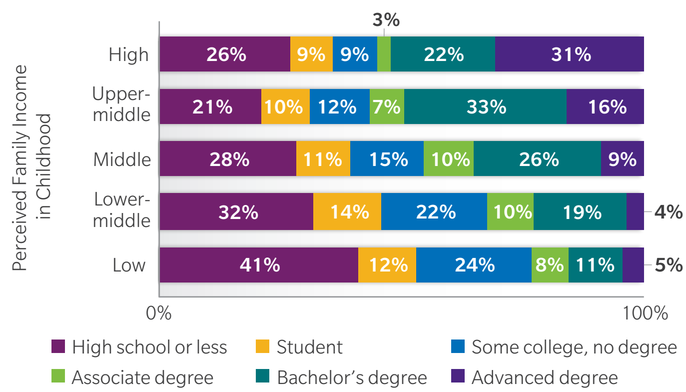
Four in 10 young adults who reported that they grew up in a low-income household did not go on to college, and fewer than one in four has attained a college degree. Just 29 percent of young adults who report growing up in either a low-income or lower-middle-income family have earned a degree.

While non-completion is a risk at all reported childhood income levels, young adults from lower-income households are less likely to attend college and, for those who do attend, more likely to drop out than their peers who report growing up in families they describe as middle-income or higher. Of those who started college and are no longer attending, 50 percent from low-income households and 40 percent from lower-middle-income households stopped before completing a degree. In contrast, 25 percent of young adults from middle-income households and 17 percent from upper-middle- or high-income households did not complete a degree once they started. These young adults who grew up in more challenging economic circumstances appear to be most at risk of falling behind economically by not completing a degree once they start. Young adults who report growing up in a high- or upper-middle-income family are far more likely (56%) than those from lower-income families to have achieved a college degree; most earned a bachelor's degree or higher.

> **I was never properly educated on how to set up schooling. My parents barely help me...I was distracted by problems at home and was unable to stay, had to rush to finding a job and have been working ever since, struggling financially. I would love to go back and did for a short while before realizing I couldn't maintain both work and school.**
>
> – 24-year-old, first-in-family, did not complete a degree

Fewer than one-third of young adults who report growing up in a lower-middle- or low-income household have attained a college degree

Figure 8: Educational attainment by perceived family income in childhood



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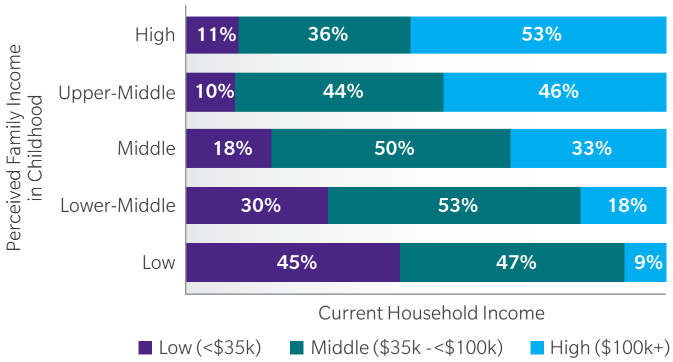
[6] Childhood family income levels were defined by respondents' perception only and not specific numerical ranges. Middle income was divided into lower-middle, middle, and upper-middle in order to gain more specificity.

[7] http://www.pewsocialtrends.org/2015/12/09/the-american-middle-class-is-losing-ground.

Current household income is most likely to be similar to perceived family income in childhood

Figure 9: Current household income by perceived family income in childhood



Base: All

Many young adults remain in a household income group similar to the income group they report growing up in. Those who indicate that they grew up in a low-income household are more likely (45%) to be in a low-income household today,[8] and 53 percent of those who indicate their family was high-income report being in a high-income household today.

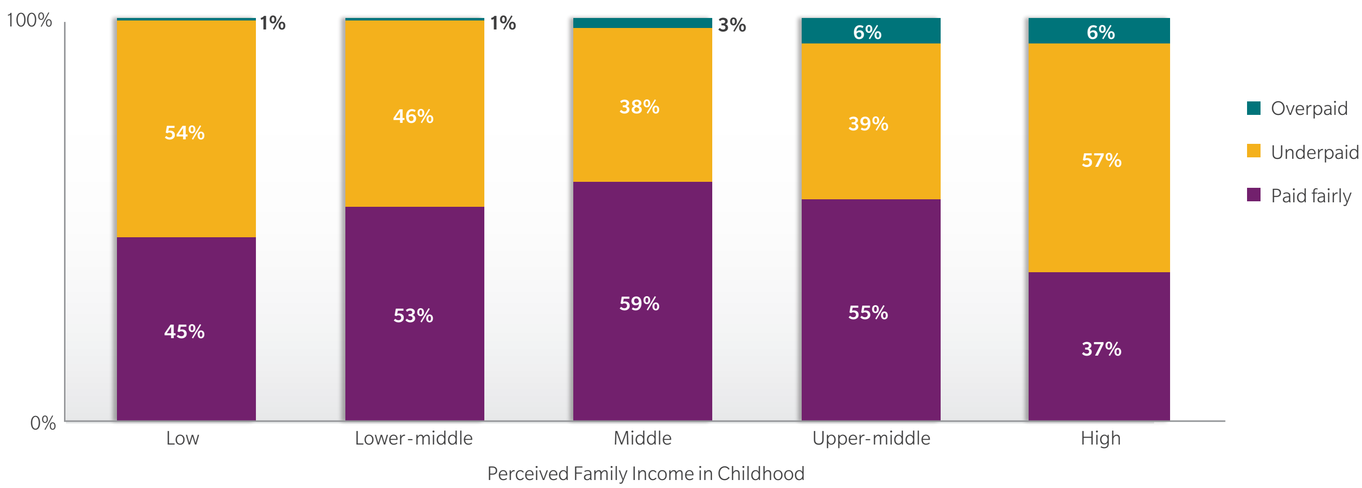
Some young adults have not yet reached the income level they feel they experienced as children. Roughly 1 in 10 young adults who report growing up in an upper-middle- or high-income family and 18 percent of young adults who report growing up in a middle-income home today report a low household income.

The percentage of young adults whose current household income exceeds their perceived family income as children is similar to the percentages of young adults who have not yet reached the income level they feel they experienced as children: roughly 1 in 10 reporting a low-income household as a child and 18 percent of those from a lower-middle-income household now live in a high-income household.

Evaluating their current personal income, young adults who indicate that they grew up in a middle-income household are more likely to report feeling that they are currently being paid fairly, while their peers from both low-income and high-income households are more likely to report feeling underpaid in their current job.

Feeling underpaid is more prevalent in young adults who grew up on either end of the family income spectrum

Figure 10: Attitudes about current pay by perceived family income in childhood



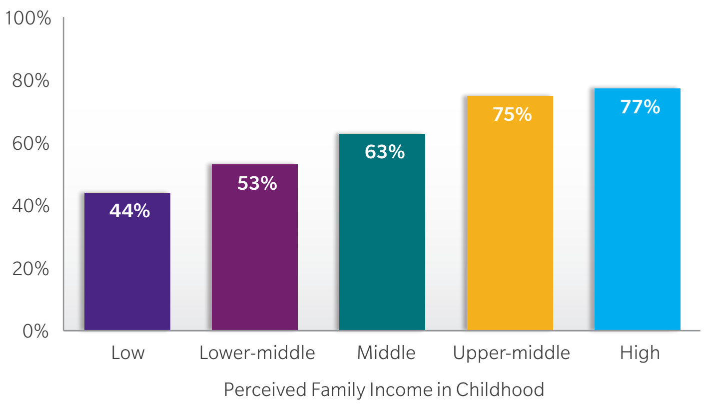
Base: Employment (full time, part time)

[8] For the purposes of this report, respondents' current household income is characterized as low if below $35,000 annually, middle income is $35,000 to $99,999 annually, and high income is $100,000 or more annually. Childhood family income levels were defined by respondents' perception only and not specific numerical ranges.

Young adults who report being from higher-income backgrounds are more likely to have a financial safety net than those from lower-income backgrounds. Four in 10 young adults who reported being from low-income households (44%) believe they have someone they could turn to in the event of financial trouble, compared with three-quarters (77%) of young adults who reported being from high-income households.

Young adults who report growing up in low-income households are less likely to have someone to help them through a financial crisis

Figure 11: Have someone to turn to for financial help by perceived family income in childhood



Base: All

Young adults who report a higher assessment of their own financial health and those who score higher on the Financial Health Index are more likely to report growing up in a high-income household. Young adults from all backgrounds are more likely to rate their financial health as "very good" than they are to score in the "excellent" range on the Financial Health Index. Young adults who report growing up in upper-middle-income households (20%) or high-income households (55%) are much more likely to have "excellent" Financial Health Index scores than young adults who report growing up in middle-income households (39%) or lower-income households (24%).

Educational trends partially explain this difference – young adults who report growing up in a high-income household are more likely to obtain advanced degrees, and young adults with advanced degrees are more likely to have "excellent" Financial Health Index scores. Young adults who report growing up in a low-income or lower-middle-income household are more likely to view their current financial health as "very good" (rated 8, 9 or 10 on a scale of 1-10) if they completed a degree; 32 percent of degree holders from lower-income households say their financial health today is "very good," compared with just 15 percent of non-completers from lower-income households.

Family financial safety net can help students complete their degree:

"I finally decided what I wanted to go to school for and committed to it. Had my parents help me pay for it."

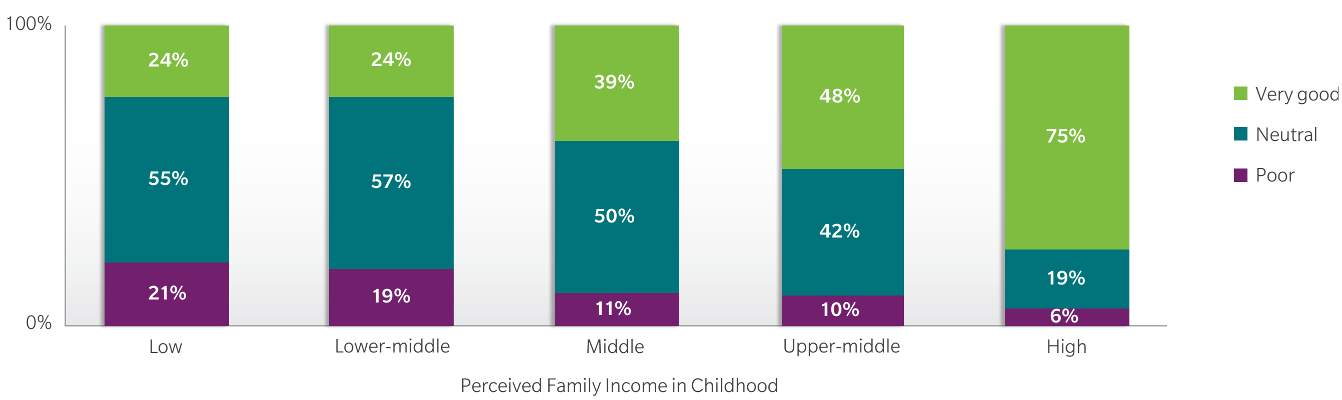
– 23-year-old, college-educated family, has an associate degree

"I ... tried to work during the school year, which was very difficult because of my schedule. My parents, especially my mother, paid for a huge part of my tuition. I also took out loans (no more than usual) to ease the financial burden. I rarely went out to eat or spent my money on activities."

– 25-year-old, college-educated family, has a bachelor's degree

One in four young adults who report growing up in a low-income household now view his or her own financial health as "very good"

Figure 12: Self-reported financial health by perceived family income in childhood

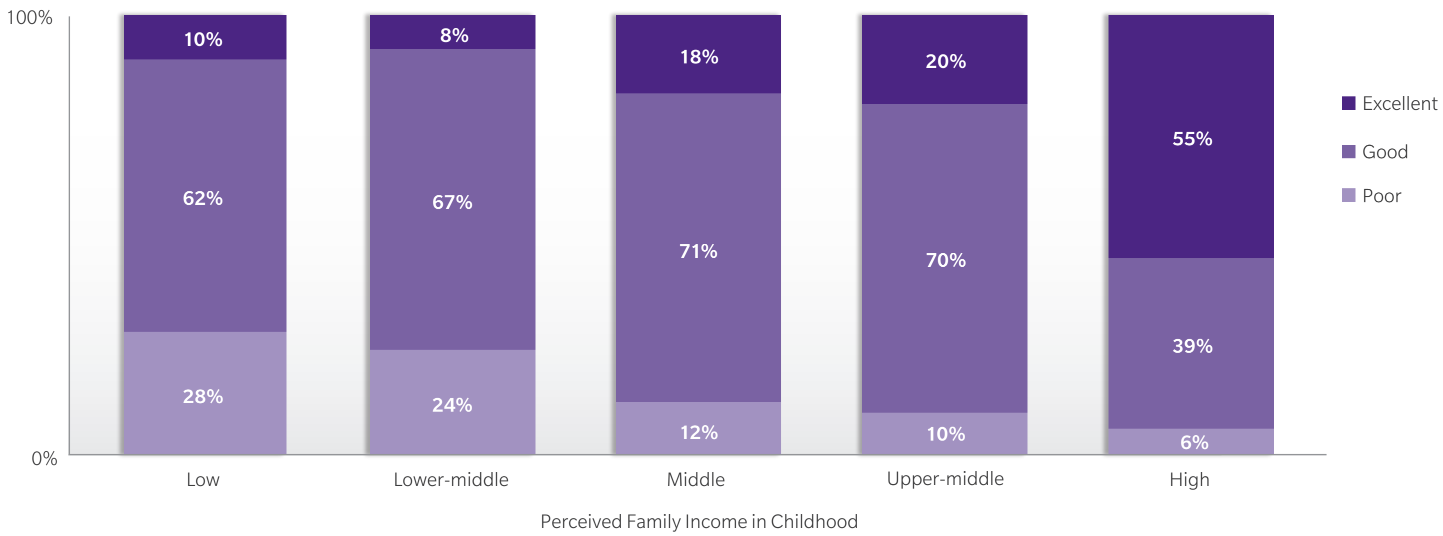


Base: All

Degree holders who report growing up in lower-income households are also more likely to score in the "excellent" range on the Financial Health Index (13%) than non-completers (6%) or adults who did not attend college (7%) from lower-income households. Similarly, degree holders from lower-income households are less likely to score in the "poor" range on the Financial Health Index (20%) compared with non-completers (29%) or adults who did not attend college (31%) from lower-income households.

Young adults who report growing up in high-income families are much more likely to have excellent Financial Health Index scores than their peers

Figure 13: Financial Health Index by perceived family income in childhood

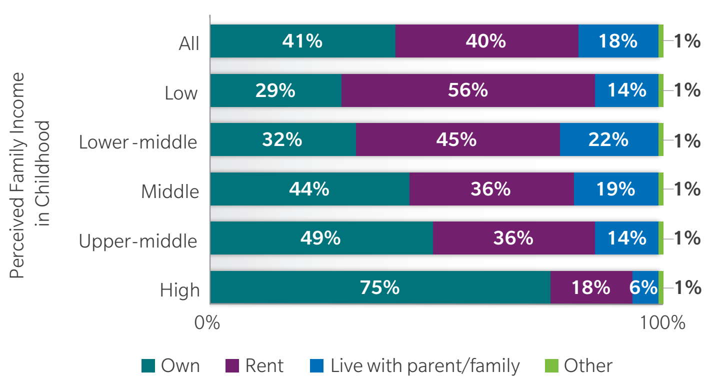


Base: All

Financially healthy young adults are better able to afford to live on their own. Given that young adults who report growing up in higher-income households are more likely to have stronger financial health today than their peers who report growing up in lower-income households, it follows logically that those young adults who report being from a high-income household are more than twice as likely to own their home than those who report being from a low-income household (75% vs. 29%). Young adults who report being from a low-income household are most likely to rent (56% vs. 36% of adults from a middle- or upper-middle income household), while those who report being from a lower-middle (22%) or middle-income (19%) household are more likely to live with their parents or family than their peers from a high-income household (6%).

Young adults from lower-income households are more likely to rent than own their home

Figure 14: Living situation by perceived family income in childhood

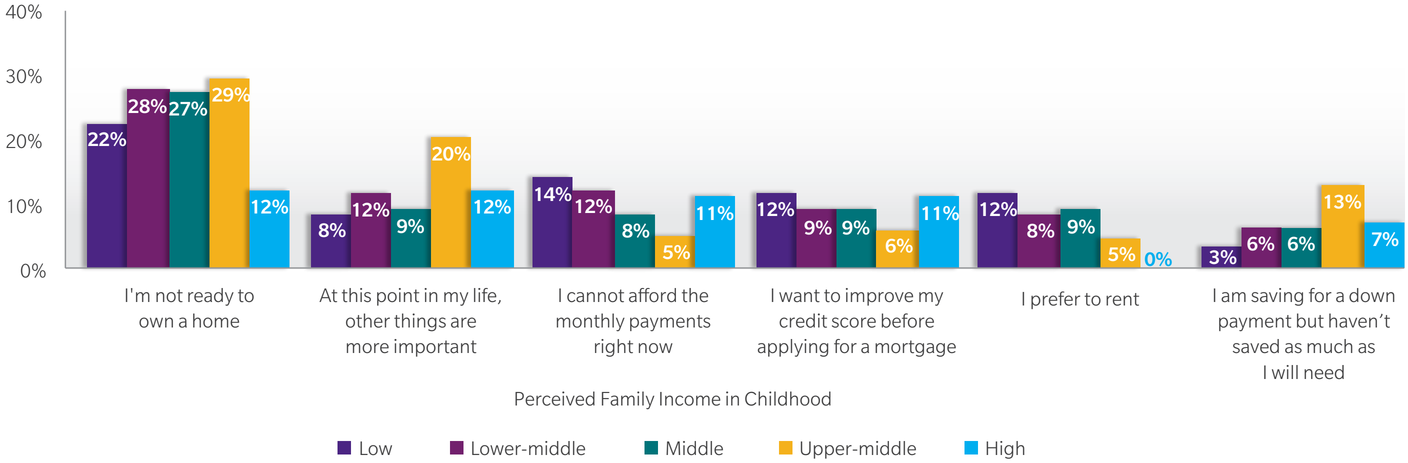


Base: All

Reasons for not owning a home follow similar patterns across family income backgrounds, with the top reason provided being not ready to own a home (26%). Young adults who report being from an upper-middle-income household are more likely than others to say that they have other things that are more important at this stage in their life (20%) or that they haven't saved enough for the down payment yet (13%). Young adults who report being from a low-income household, who are most likely to be renting, say they cannot afford the monthly payments (14%), that they are working to improve their credit score before applying for a mortgage (12%), or

Reasons for not owning a home follow similar patterns across family income backgrounds

Figure 15: Reasons for not owning a home by perceived family income in childhood



Base: Living situation (rent, live with family, other)

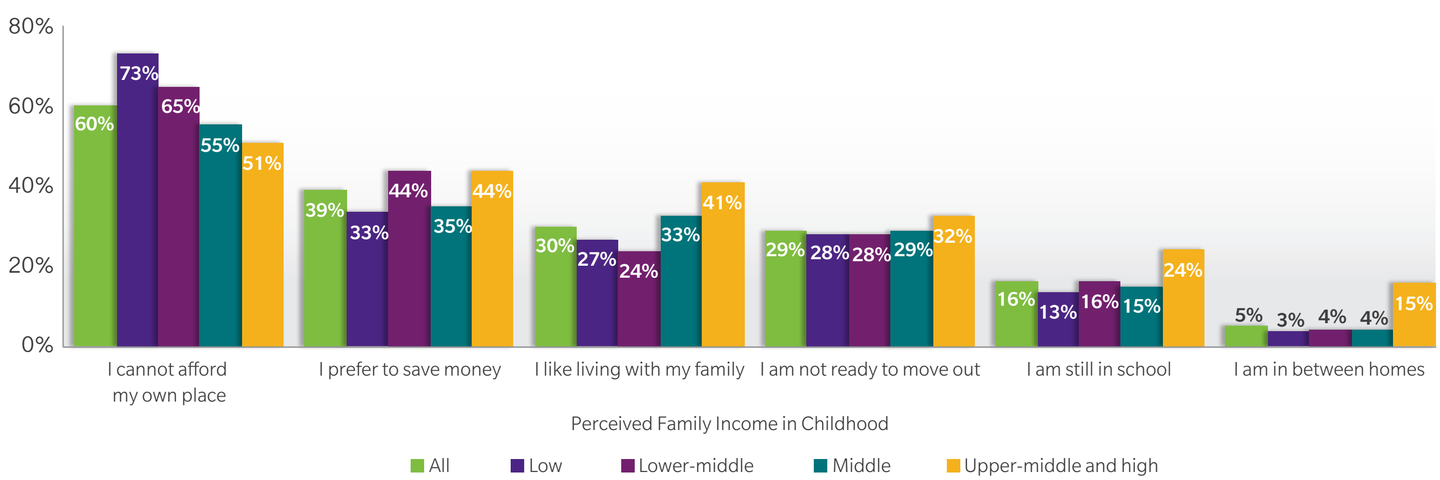
that they prefer to rent (12%).

Fewer than one in five adults between 22 and 35 years old lives with his or her parents or other family members; those who do most frequently cite financial reasons as one of the reasons for their living arrangement:

- Cannot afford their own place (60%)
    - Roughly three-quarters of young adults who report growing up in a low-income household say they can't afford to have their own place (73%)
- Prefer to save money (39%)
- Like living with family (30%)
    - Young adults who report growing up in upper-middle- or high-income households are more likely to make the choice to live at home because they like living with their family rather than because of financial necessity (41% vs. 27% of adults from a low-income household); they are also more likely to be in between homes (15% vs. 3% of adults from a low-income household) or to still be in school (24% vs. 13% of adults from a low-income household).

Young adults who report being from low-income households are likely to live with family because they can't afford their own place

Figure 16: Reasons for living with parents by perceived family income in childhood



Base: Living situation (with parents or other family)

Educational attainment

First-in-family students

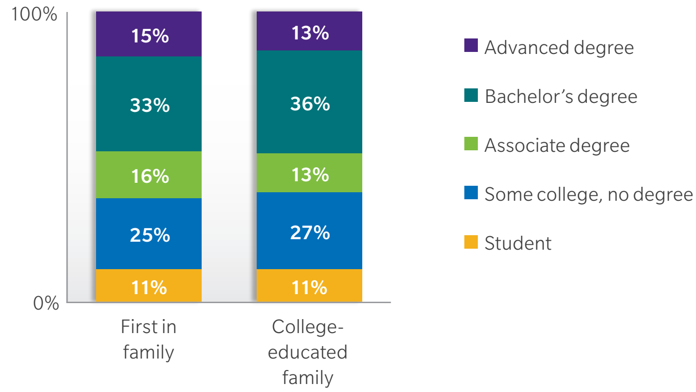
Nearly one-third (30%) of young adults between ages 22 and 35 who have attended college say they were the first in their family to do so. Conversely, the majority (70%) of young adults who have attended college say they are not the first person in their family to attend college. Adults who report growing up in a low- or lower-middle-income household are more likely to be the first in their family to attend college (37%), compared with young adults who report growing up in a middle-income household (26% are first-in-family) or an upper-middle- or high-income household (25% are first-in-family).

Across family income backgrounds, first-in-family adults are as likely to earn a degree as their peers from similar economic backgrounds who also attended college and had a family member attend college before them. Of young adults who report growing up in a lower-income household, half of first-in-family young adults (52%) and 46 percent of adults from a college-educated family completed a degree. Of those adults who report growing up in a middle-income household, 70 percent of first-in-family and 66 percent of adults from a college-educated family earned a degree. First-in-family adults who report growing up in an upper-middle- or high-income household are even more likely to earn a degree (85%) than those adults from a college-educated family who also report growing up in an upper-middle- or high-income household (73%).

First-in-family students are equally likely to come from different racial backgrounds, although those from a Hispanic background are more likely to say they were first in their family to attend college (41%). Educational attainment is similar for first-in-family adults and adults from a college-educated family; 48 percent of first-in-family adults and 49 percent of adults from a college-educated family hold a bachelor's or advanced degree. Both groups are equally likely to have completed an associate degree (16% of first-in-family and 13% of adults from a college-educated family) or to have left school prior to obtaining a degree (25% of first-in-family and 27% of adults from a college-educated family).

Degree completion is similar between first-in-family adults and their peers from college-educated families

Figure 17: Degree completion by family college attendance status



Base: Education (attended some college)

First-in-family adults are as likely to complete a degree as those who had family members attend college before them. However, these first-in-family graduates report having a more difficult college experience than those who had at least one family member attend college. Overall, 82 percent of first-in-family graduates said they faced a challenge in pursuit of their degree, compared with 69 percent of students from a college-educated family. The most common challenges faced by all students were related to finances and changing plans. Compared with their peers who have had other family members attend college, first-in-family graduates were slightly more likely to have faced financial difficulty (39% vs. 33% of adults from a college-educated family) and less likely to have changed their mind about their career plans (25% vs. 30% of adults from a college-educated family). First-in-family graduates were more likely to have faced a personal life change (25% vs. 16% of adults from a college-educated family) while pursuing their degree and were also slightly more likely to report academic challenges (18% vs. 13% of adults from a college-educated family).

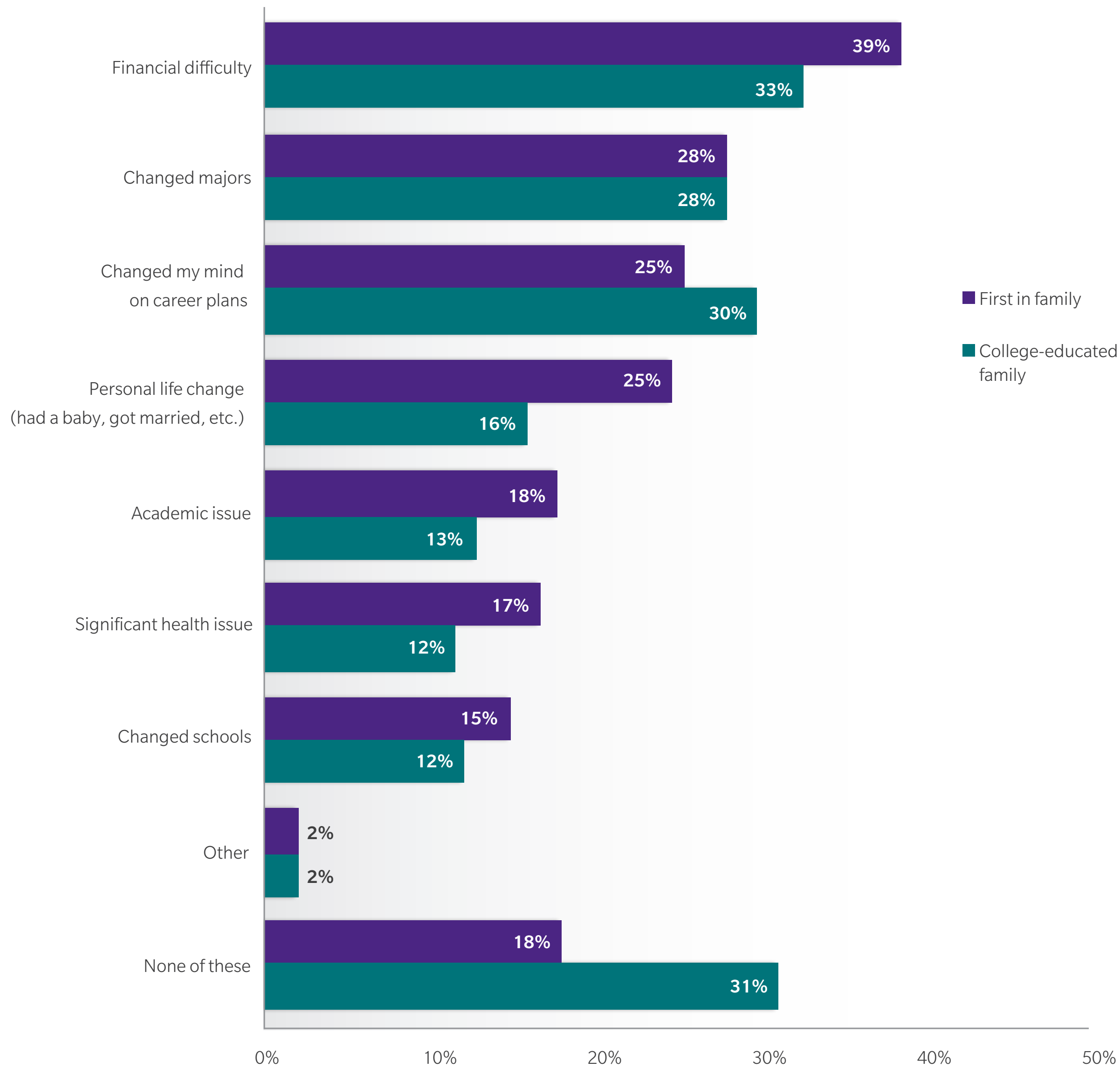
First-in-family graduate describes how he overcame the challenges he faced while pursuing a degree:

"Keep pushing, and wanted to be the first in my family with a college degree."

– 35-year-old, first-in-family, bachelor's degree

First-in-family graduates were more likely to report facing challenges in the pursuit of their degree

Figure 18: Challenges faced by degree holders by family education status

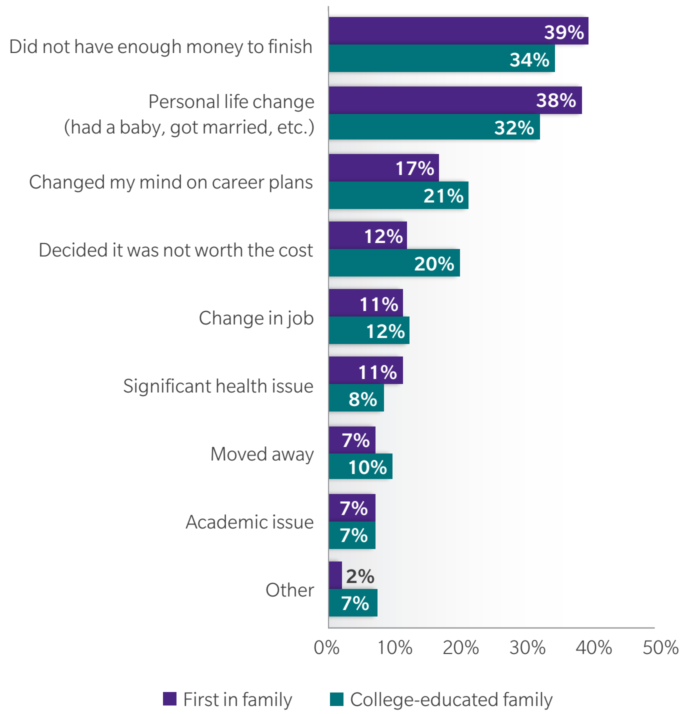


Base: Education (associate, bachelor's and advanced degrees)

Similarly, among young adults who started college but did not earn a degree, financial and personal difficulties were more of a barrier for first-in-family students compared with young adults from a college-educated family. Nearly 4 in 10 first-in-family students (39%) said they stopped attending school because they did not have enough money to finish, compared with 34 percent of students from a college-educated family. Likewise, 38 percent of first-in-family students, compared with 32 percent of students from a college-educated family, stopped attending school due to a personal life change. Students from a college-educated family who did not complete their degree were more likely to have changed their mind about their career plans (21% compared with 17% of first-in-family) or decided college wasn't worth the cost (20% compared with 12% of first-in-family).

First-in-family adults were more likely to have stopped attending college due to personal life changes or not having enough money to finish

Figure 19: Reasons for not finishing degree by family education status



Base: Education (some college, no degree)

The reasons young adults cite for attending college are largely the same whether they are the first in their family to attend or are following other family members, with the top reason being they want to make more money (54% of both groups). Individuals who are not the first in their family to attend college are slightly more likely to say that they attended college because learning is important to them (52% compared with 47% of first-in-family), or because society expects young people to attend college (32% compared with 24% of first-in-family). First-in-family students are more likely to say they attended college to leave home (22% compared with 16% of their peers from college-educated families).

Nearly half (45%) of first-in-family adults report coming from a low-income or lower-middle-income household, compared with 33 percent of adults from a college-educated family. Today, these first-in-family adults are more likely to be employed and more likely to be considered high-income earners. Seventy-nine percent of first-in-family adults are currently employed, compared with 74% of their peers from college-educated families. Among these workers reporting their personal income today, 25 percent who were the first in their family to attend college are in the high-income range, compared with 19 percent of their peers from college-educated families.

Not completing a degree

Among all young adults who started college but did not earn a degree, the most frequently cited reasons for not finishing are:

- Not having enough money to finish (35%)
- Personal life change, such as getting married or having a baby (33%)
- Changed their mind about their career plans (20%)
- Decided that the degree was not worth the cost (17%)
- Changed jobs (12%)

For those who started college and are not currently in school, only 50% who report growing up in a low-income household and 60% from a lower-middle-income completed an associate degree or higher. Of these adults from lower-income households who attended some college but stopped before earning a degree, 40 percent stopped due to a personal life change and 39 percent stopped because they did not have the funds to continue. Not having enough money to finish was also a deterrent to completing a degree for those from a middle-income household (37%).

Some young adults who stopped their education prior to completing a degree left to pursue other opportunities:

"Wasn't sure exactly what to go to school for, and had a great job opportunity."

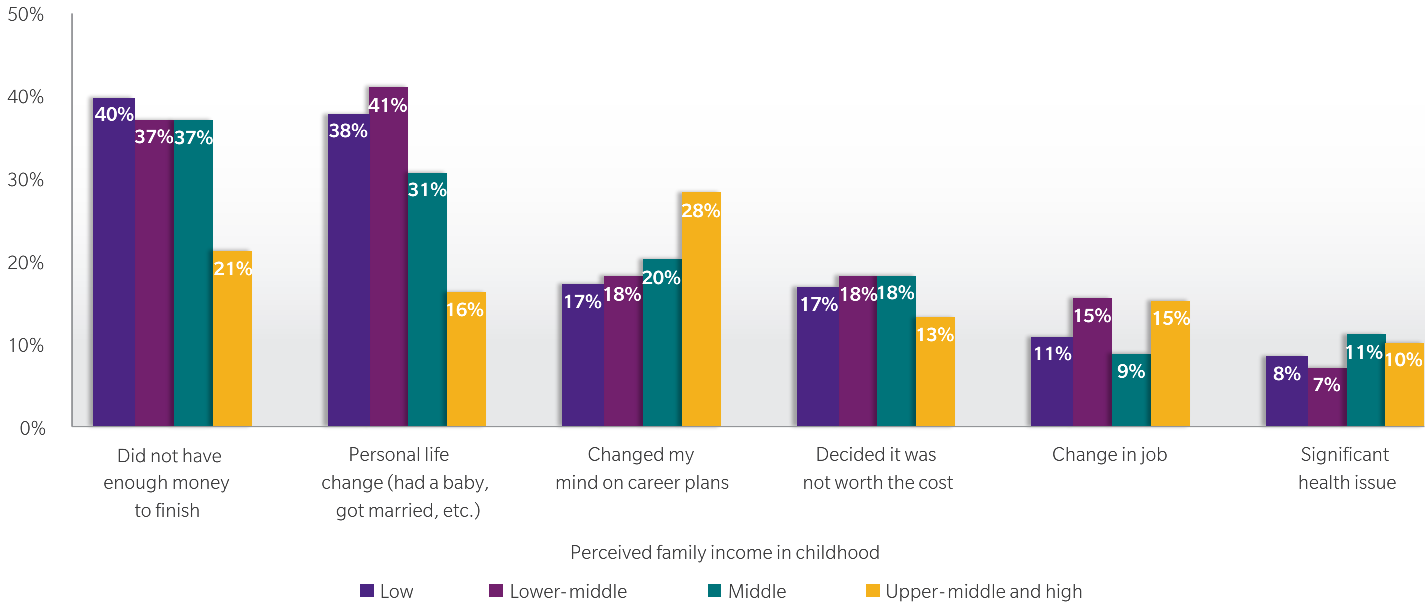
– 34-year-old, college-educated family, attended some college but did not complete a degree

"I'm not the school type. I like hands-on training and not being held down by grades and tests."

– 35-year-old, first-in-family, attended some college but did not complete a degree

Finances are a primary reason for stopping education for all but those from the highest income background

Figure 20: Reasons for not completing degree by perceived family income in childhood



Base: Education (some college, no degree)

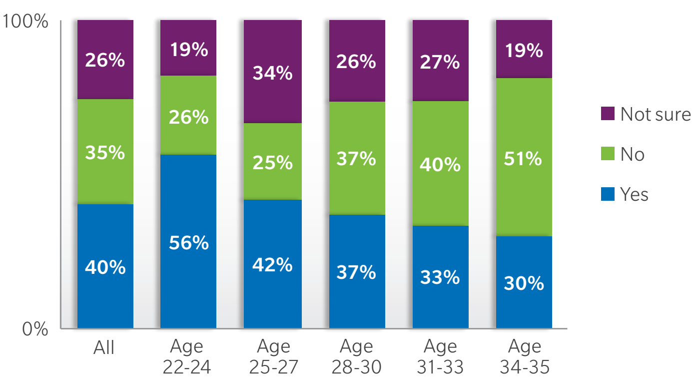
Fewer young adults who report growing up in upper-middle- and high-income households who attended some college and are no longer in school stop before completing their degree, although the number is not insignificant (18% of upper-middle-income and 14% of high-income). Those adults from a higher-income household who do stop before degree completion are more likely to say they changed their mind about their career plans (28% vs. 17% from a low-income household).

Overall, 54 percent of young adults who are not in school have not earned a college degree (34% stopped at high school and 20% did not complete college).[9] Two-thirds of these non-degree holders are still considering earning a degree in the future (66%: 40% say definitely yes and 26% are not sure). Consideration for earning a degree is similar for those who attended some college but did not complete a degree (68%) and those who stopped at high school (64%), although those who have attended some college are more likely to say they are definitely planning to complete a degree (46%) than those who have not attended any college (36%). Two-fifths of young adults who have not attended any college say they wish they had earned a degree (38%).

Plans to earn a degree wane as young adults age. More than half of non-degree holding 22-24-year-olds who are not attending school plan to earn a degree in the future (56%) and only one-quarter say they do not plan to return to college (26%). This trend decreases to less than one-third of young adults aged 34-35 (30%) planning to complete a degree and more than half saying they have no plans to return to college (51%). Young adults in their mid-to-late 20s and early 30s are more likely to be uncertain of their education plans, with 29 percent of 25-to-33-year-olds saying they are not sure.

Among those who do not have a degree and are not currently in school, plans to earn a degree decline with age

Figure 21: Plans to earn a degree among those without a degree and not currently in school

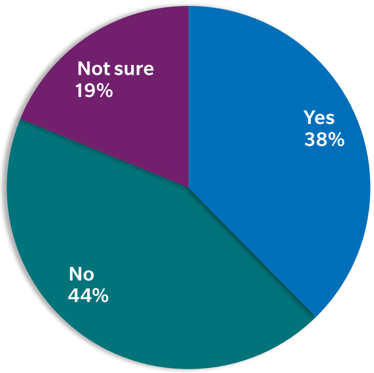


Base: Education (high school or less and some college, no degree); not currently attending school

[9] According to the National Center for Education Statistics, 40% of students who started a bachelor's degree program in 2009 did not complete a bachelor's degree from their original institution within six years. The 30% non-completion rate in *Money Under 35* for those who attended college does not have a time frame element, is not limited to bachelor's degree completion and is based on a subset of the adult population (those aged 22 to 35).

Fewer than half of young adults who never attended college now wish they had earned a degree

Figure 22: Wish they had earned a degree



Base: Never attended college

Reasons for attending college

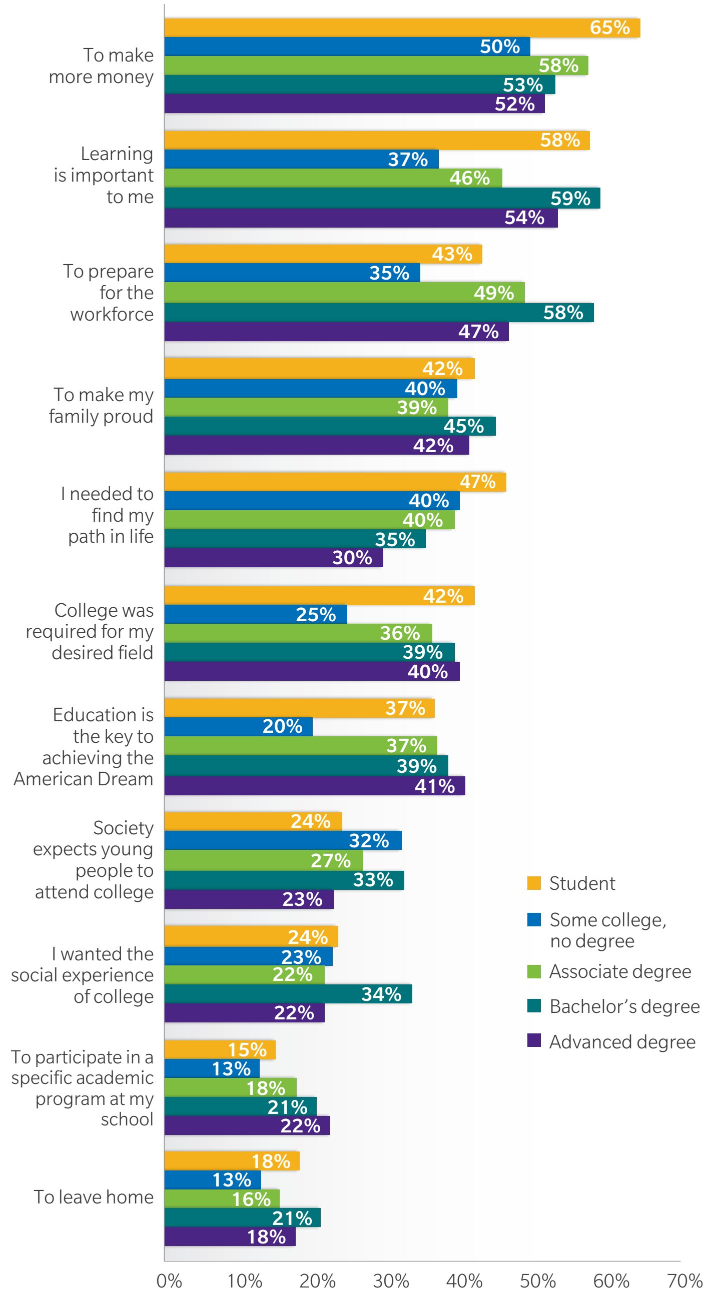
After leaving high school, young adults have an important decision to make that will impact the rest of their lives: whether to attend college. Those who decide to attend college do so for varied reasons, with the most frequently listed reasons being to earn more money (54%) and because learning is important to them (51%).

A young adult's motivation for attending college may play an important role in his or her educational outcome. Young adults who started college but did not earn a degree are less likely to say that learning is important to them (37% vs. 51% overall) or that earning a degree is part of the American Dream (20% vs. 34% overall).

Current students (58%), bachelor's degree holders (59%), and advanced degree holders (54%) say that they went to college because learning is important to them. Bachelor's degree holders seem to use college as a transition from adolescence to adulthood. They are more likely than any other educational cohort to say they attended college because it would prepare them for the workforce (58%), because they wanted the social experience of college (34%), or wanted to leave home (21%).

Top reasons for attending college are to earn more money or because learning is important to them; these reasons vary by levels of education attained

Figure 23: Reasons for attending college by educational attainment

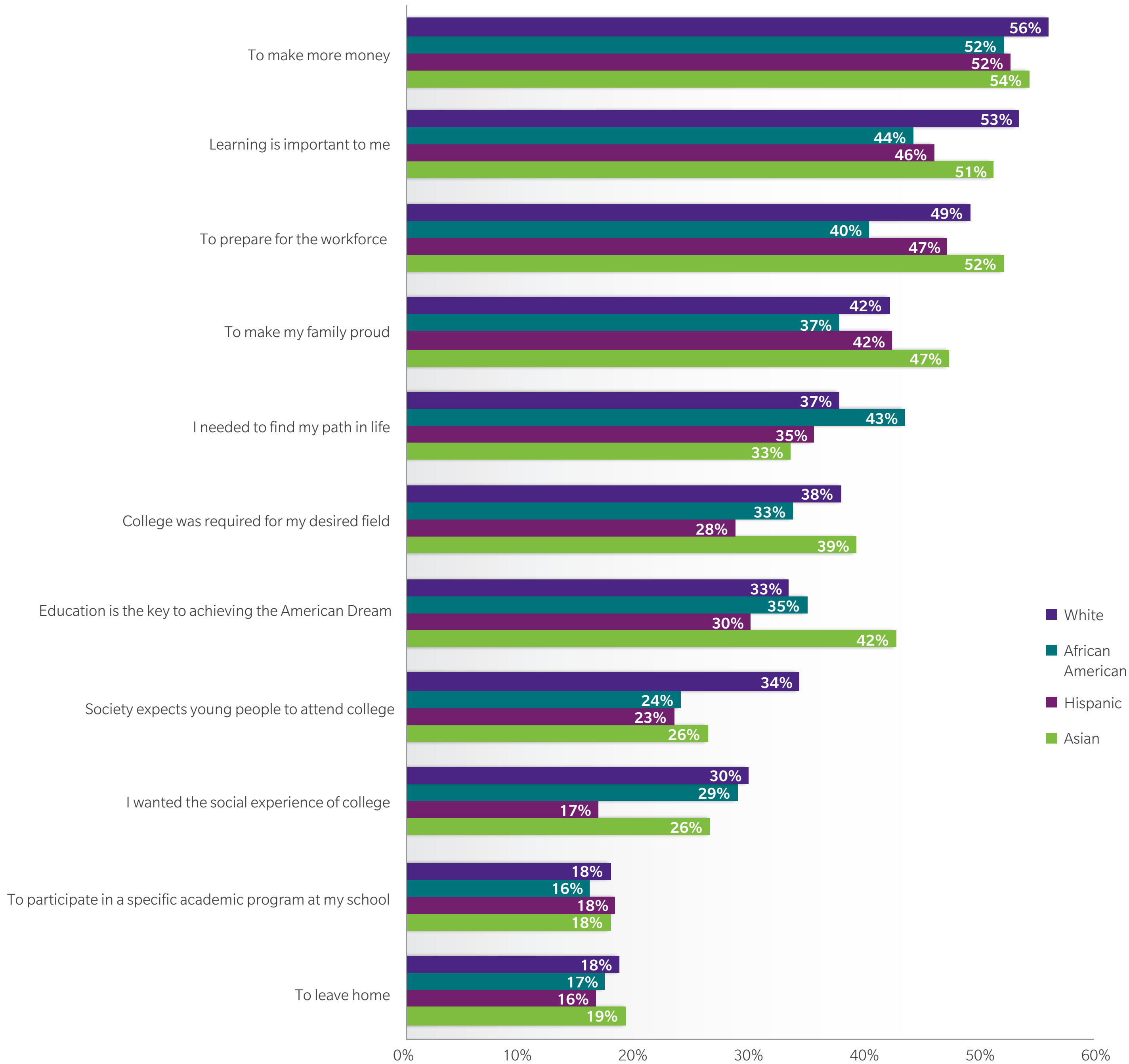


Base: Education (student, some college no degree, associate, bachelor's and advanced degrees)

While the primary reason for attending college is similar across different ethnic groups, the secondary reasons vary somewhat. Asian young adults were more likely than other ethnic groups to say they attended college to prepare for the work force (52%), to make their family proud (47%), or because education is the key to achieving the American Dream (42%). African-American young adults were more likely than any other ethnic group to say they needed to find their path in life (43%). White young adults felt societal pressure pushing them to attend college (34%). Hispanic young adults, on the other hand, are much less likely to say they attended college for the social experience (17%) compared with other groups.

Primary reason for attending college is similar across different ethnic groups; secondary reasons vary

Figure 24: Reasons for attending college by ethnic background



Base: Education (student; some college, no degree; associate, bachelor's and advanced degrees)

Value of education

Attending school affords myriad benefits later in life to those who complete their degree. The clear majority of young adults who have earned a bachelor's degree or higher say that it was a worthwhile investment (78%). In contrast, just 43 percent of those who attended some college but stopped before completing their degree agree that it was a worthwhile investment. Those who attended some college but did not finish value their education much less than do their peers who did not go to college. While just 43 percent of those who attended some college but did not complete a degree agree that education was a worthwhile investment, 58 percent of those with a high school education or less agree that education was a worthwhile investment.

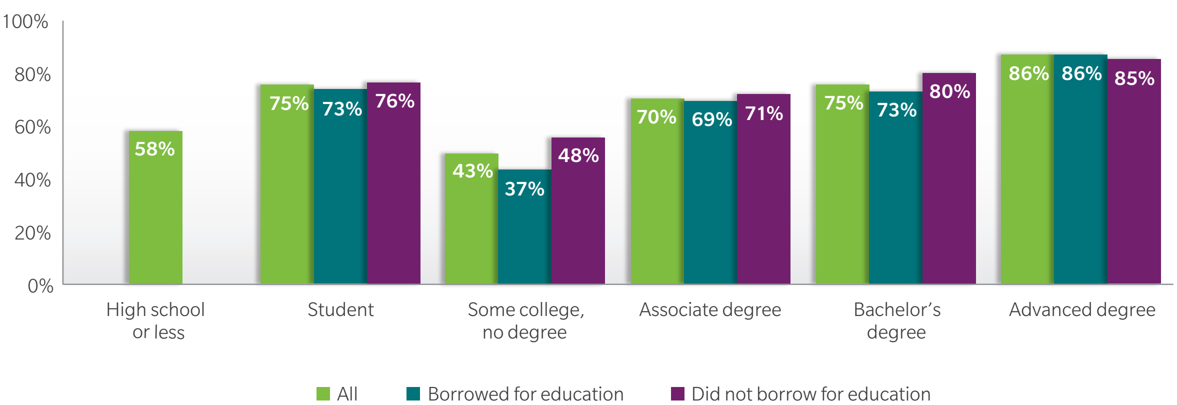
Degree holders who borrowed for their education were just as likely to agree that it was a worthwhile investment (75%) as those who did not borrow (79%). Likewise, those degree holders who still have college debt are as likely to regard their education as a good investment (74%) as those who either completed their degree without borrowing or who no longer have those loans (79%).

Young adults who have earned a college degree strongly believe that their education has helped with their professional development. Nearly three-quarters (72%) of degree holders say their education prepared them for the workforce, and 70 percent say their education prepared them to find a job. More than three-quarters (78%) of degree holders say their college education taught them how to work in groups and collaborate with people.

While a majority of young adults agree that their education provided professional benefits, adults who dropped out of school are far less likely to agree that their education helped them professionally than are their peers from any other educational cohort. Just 31 percent of those who attended some college but did not earn a degree believe their education helped them succeed in the workforce, and even fewer (26%) believe their education prepared them to find a job.

Majority believe that education was a worthwhile investment, especially those who completed a degree

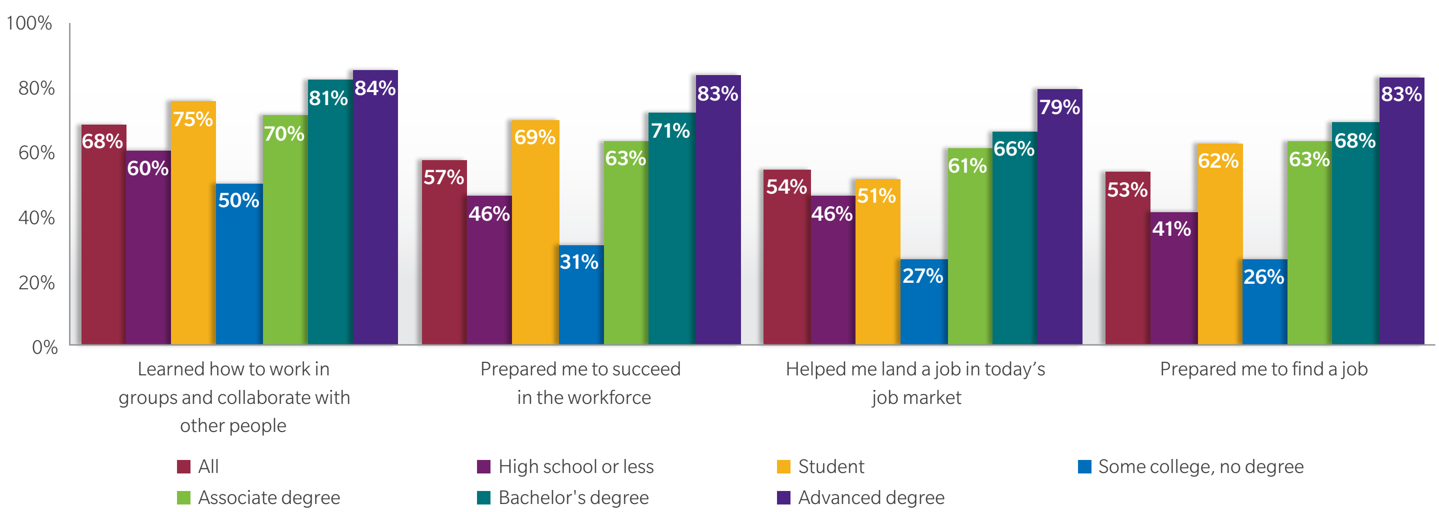
Figure 25: Believe education is a worthwhile investment, by level of education attained and college borrowing



Base: All

Majority believe their education helped them professionally

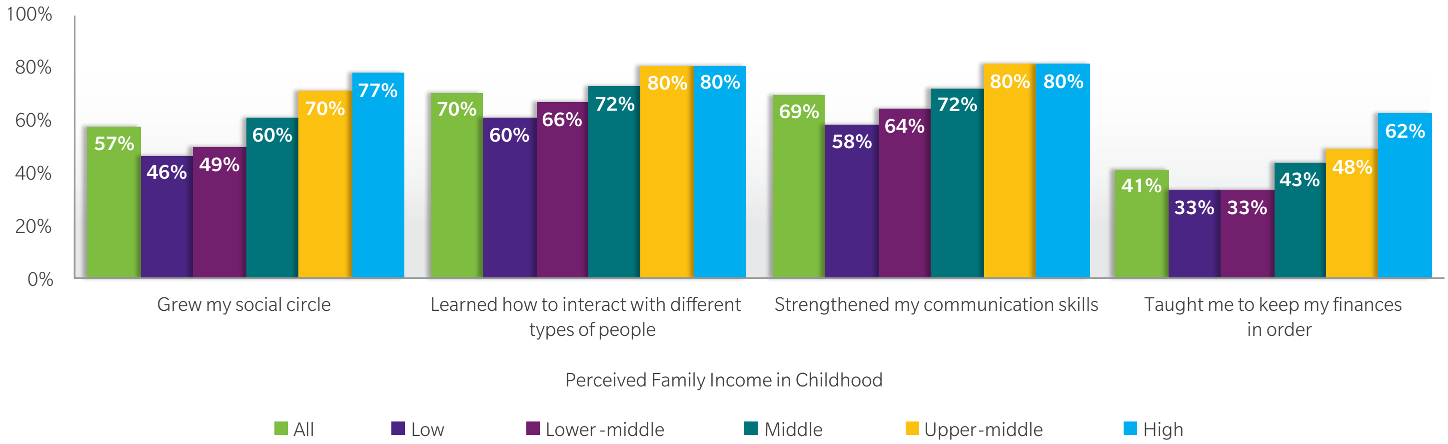
Figure 26: Benefits of education on employment by level of education attained



Base: All

Broad agreement that education conferred personal benefits, trending higher for those who report being from higher-income households

Figure 27: Benefits of education on social development by perceived family income in childhood



Base: All

Degree holders are more likely than those who did not complete a degree or who did not attend college to believe that their education gave them the opportunity to develop their social skills:

- Provided the opportunity to grow their social circle (72% vs. 41% of non-degree holders).
- Strengthened communication skills (82% vs. 55% of non-degree holders)
- Learned how to interact with different types of people (80% vs. 39% of non-degree holders)

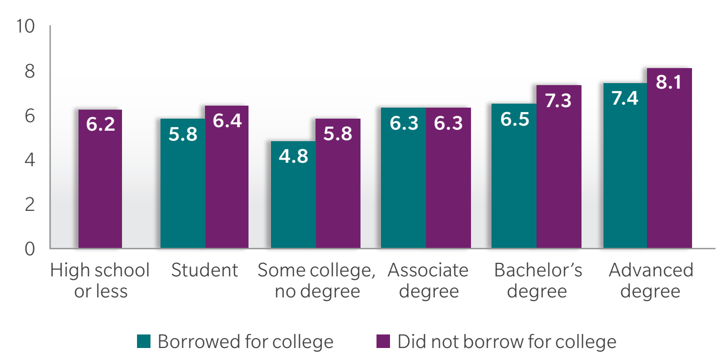
First-in-family adults generally view the benefits of their education similarly to their peers from a college-educated family, but they are much more likely to say that their education taught them how to keep their finances in order (50%) compared with those whose family attended college (35%).

Young adults who report being from lower-income backgrounds are less likely to agree that their education helped them with their social development than are their peers who report being from higher-income backgrounds; 46 percent believe their education helped them grow their social circle, compared with 70 percent of adults who report growing up in an upper-middle-income household and 77 percent of adults from a high-income household. A majority of young adults think their education helped them improve their communication skills and interact with different types of people, with agreement trending higher among those who report being from higher-income backgrounds. While just 41 percent of young adults believe their education taught them to keep their finances in order, people who report being from high-income households are much more likely to agree (62%) than their peers who report being from low-income households (33%).

Higher educational achievement is associated with more positive financial health, both subjectively and objectively. On a scale of 1-10, those who attended some college but did not earn a degree rate their current financial health lower on average (4.8, or 5.8 if they did not borrow for education) than students, degree holders, or those who have not attended college at all. This self-rating is in line with the Financial Health Index, which revealed that those who attended some college but did not complete a degree are more likely to have a "poor" Financial Health Index score.

Average self-ratings of financial health are higher for those with at least a four-year degree, even if they borrowed for their education

Figure 28: Average financial health self-rating by education and borrowing



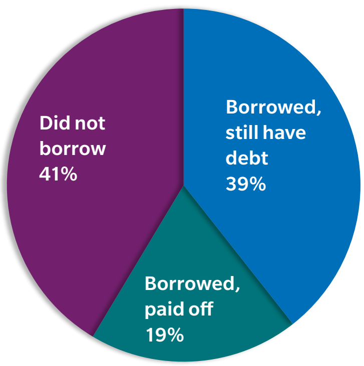
Base: All

Borrowing for college

Obtaining a college degree requires a major commitment of time and money. Forty-one percent of young adults between ages 22 and 35 who have attended at least some college (and are not currently attending) report that they did not borrow money for college. Of the remaining 59 percent who borrowed to pay for college, one-third (19% of all who attended college) have paid off their student loan debt.

Majority of college attendees either did not borrow or borrowed and have since paid off their student loans

Figure 29: College borrowing status



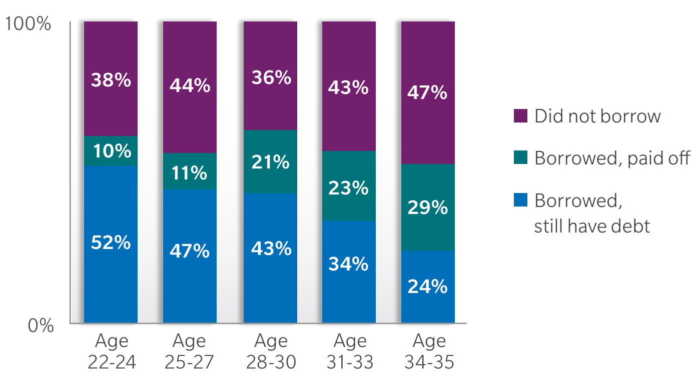
Base: Education (some college, no degree; associate, bachelor's, and advanced degrees)

The likelihood of borrowing for school varies with age, ranging between 53 and 64 percent for 22-to-35-year-olds. Those between 28 and 30 years old, who would likely have attended college during the Great Recession (December 2007-June 2009), borrowed more often (64%). Additionally, young adults in their 20s are more likely to have borrowed (61%) than those between ages 31 and 35 (55%).

As individuals age, they report making progress toward paying off their student loan debt. While half (52%) of college-educated young adults aged 22 to 24 have student loan debt, just 24 percent of adults aged 34 to 35 have student loan debt.

More student loan borrowers have paid off their loans once they reach their 30s

Figure 30: College borrowing status by age

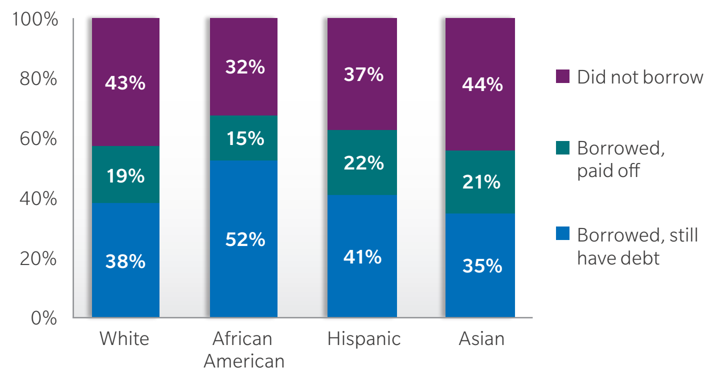


Base: Education (some college, no degree; associate, bachelor's, and advanced degrees)

African Americans who attended college are more likely to have borrowed for their education than their peers (68% borrowed, compared with 56%-63% of students from other ethnic groups). Asian adults are more likely to have attended college without borrowing than other ethnic groups (44%).

African American students are more likely to have borrowed for their education

Figure 31: College borrowing status by ethnic background



Base: Education (some college, no degree; associate, bachelor's, and advanced degrees)

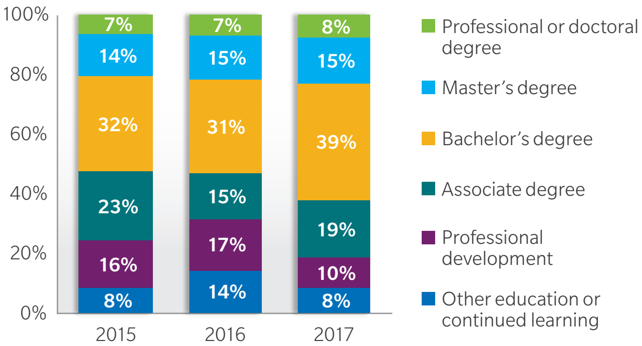
Young adults who were the first in their family to attend college are more likely to have borrowed to do so (68%) than their peers from college-educated families (56%). First-in-family adults may be more likely to borrow due to limited family resources, since they are more likely to report growing up in a low- or lower-middle-income household (45% of first-in-family, compared with 33% of young adults from a college-educated family). However, first-in-family adults borrowed an average of $24,978, about $5,000 less than the average an adult from a college-educated family borrowed ($30,398), and are more likely to have paid off their student loans (37%) compared with adults from a college-educated family (29%).

Continued education

One-fifth of young adults between ages 22 and 35 are currently attending school (21%) full time or part time, down from 32 percent in 2016 and 28 percent in 2015. Of those currently in school, earning a bachelor's degree is the most frequently mentioned goal (39%), up from 31 percent in 2016.

A bachelor's degree is the most frequent goal of those currently attending school

Figure 32: Continued education goal by year

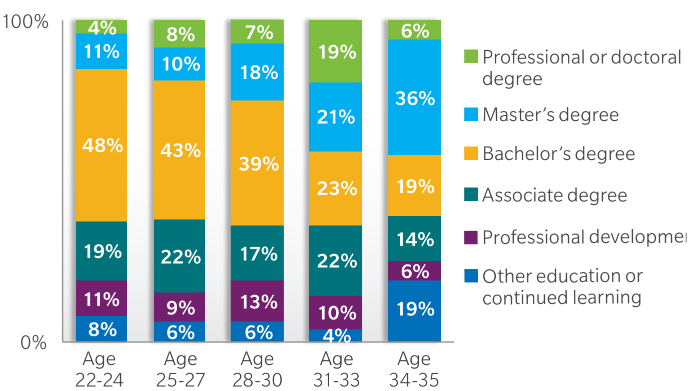


Base: Attending school

Young adults aged 22 to 30 are twice as likely to be attending college with the goal of earning a bachelor's degree (45% compared with 22% of 31-to-35-year-olds), while young adults aged 31 to 35 are more likely to be attending school with the goal of earning a master's degree (26% compared with 11% of 22-to-30-year-olds).

For young adults in their 30s currently attending school, getting an advanced degree replaces a bachelor's degree as the top education goal

Figure 33: Continued education goal by age



Base: Attending school

Persistence

Successfully achieving goals depends on many factors: ability, circumstance, luck, and perhaps an individual's drive to succeed.[10] This drive to succeed can be viewed as persistence, a determination to persevere in the face of adversity. In 2017, *Money Under 35* examined young adult agreement with a series of attitudinal statements about working to achieve goals, overcoming challenges, and problem solving. Based on these results, we developed a proprietary metric we refer to as a "persistence index."

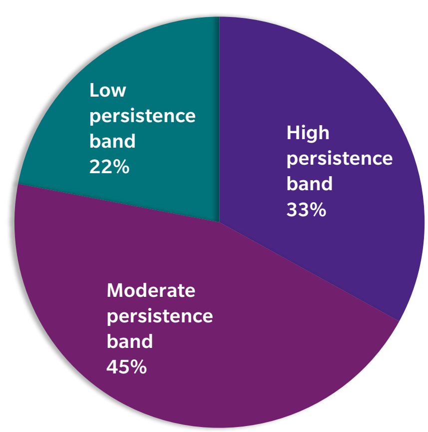
This summated index is based on the level of agreement to three statements:

- "I work tirelessly to achieve my goals"
- "I am able to overcome all challenges"
- "I enjoy solving difficult problems"

Broadly speaking, young adults' responses fall into three "bands" of persistence, with about a third in the highest band of persistence and about a fifth in the lowest band. The remaining half fall into a "moderate" persistence band.

One in three young adults fall into the highest band of persistence

Figure 34: Persistence bands



Base: All

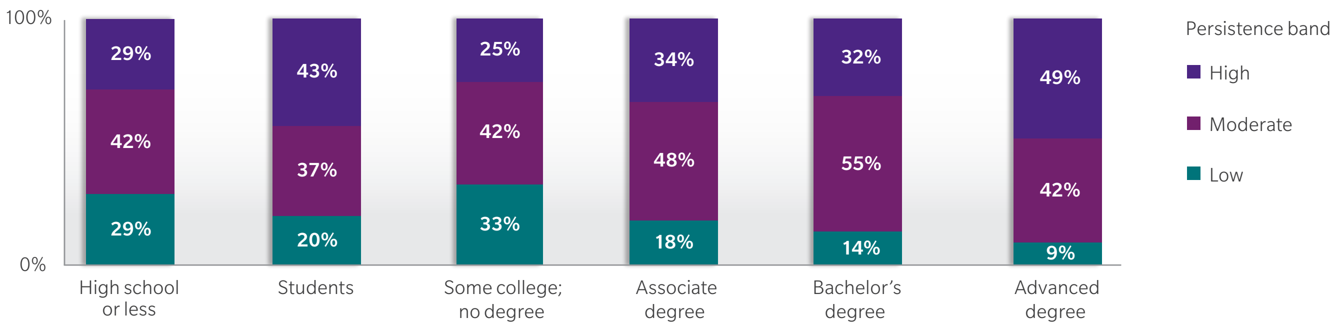
Young adults currently earning a high income are nearly twice as likely to fall within the high persistence band than are those earning a low income (50% vs. 27% of low-income young adults).

[10] University of Pennsylvania professor and psychologist Angela Duckworth received a MacArthur "genius" grant in 2013 for her work studying the role of focused persistence, or "grit," in contributing to achievement.

The analysis finds that advanced degree holders were most likely to fall within the high persistence band (48%) followed by current students (43%), associate degree holders (34%), and bachelor's degree holders (32%). Young adults who attended some college but did not earn a degree, and those who never attended college, are less likely to fall into the high persistence band (25% and 29% respectively).

Advanced degree holders are most likely to fall within the high persistence band

Figure 35: Persistence band by educational attainment



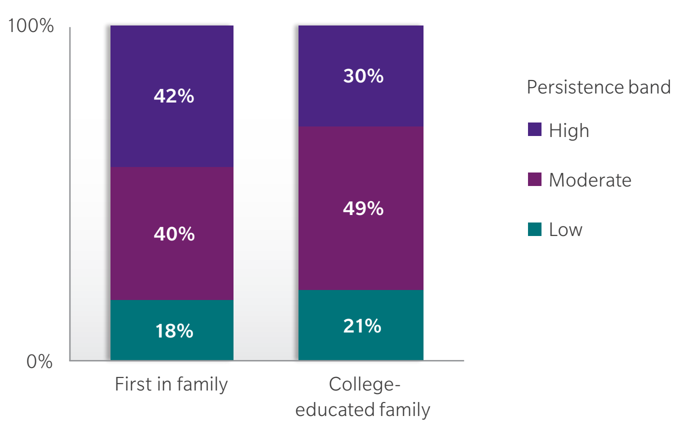
Base: All

Degree-holding young adults in the high persistence band were most likely to say they faced challenges while earning their degree (79%), compared with those in the moderate (70%) or low (72%) persistence bands. The challenges these degree holders faced are similar, although those in the high persistence band were more likely to have pushed past personal life changes (23% compared with 17% of moderate and 12% of those in the low persistence band) to earn their degree.

Young adults who are the first in their family to attend college are more likely to have responses that scored in the higher persistence band (42%) than those from a college-educated family (30%). This is consistent with the previously discussed finding that first-in-family students are just as likely to achieve their degree as those from a college-educated family but face more obstacles in achieving their degree. The high persistence reported by first-in-family students could explain why these young adults overcame more challenges to achieve degrees at the same rate as students from a college-educated family.

First-in-family adults are more likely to fall within the high persistence band

Figure 36: Persistence band by family educational status



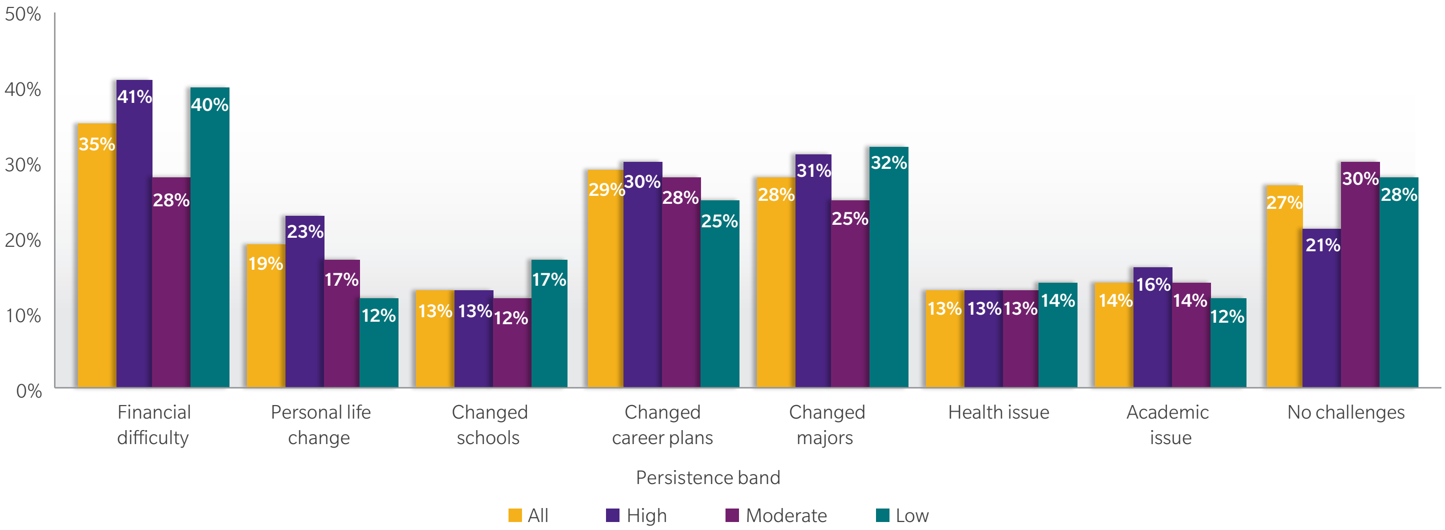
Base: Education (attended some college)

Young adults in the high persistence band are also more likely to:

- Be employed full time (66% compared with 61% in the moderate band and 45% in the low band)
- Work in their field of study (76% compared with 66% in the moderate band and 65% in the low band)
- Own their home (48% compared with 40% in the moderate band and 31% in the low band)
- Attend college (76%, compared with 72% in the moderate band and 61% in the low band)
- Have student loan debt (34% compared with 30% in the moderate band and 27% in the low band)
- Be saving for retirement (37% compared with 34% in the moderate band and 18% in the low band) and less likely to not be saving anything (2% compared with 6% in the moderate band and 18% in the low band)

Financial difficulty is the most common challenge faced by degree holders

Figure 37: Challenges faced by degree holders by persistence band



Base: Education (associate, bachelor's, and advanced degrees)

Income and employment

Income and employment, key metrics of financial health, remained strong in 2017.

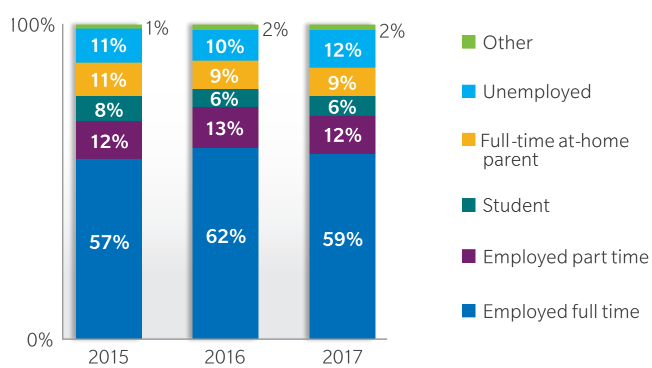
- 71 percent[11] of young adults are employed, including 59 percent full time
- 60 percent say they have the right amount of education for their job
- 54 percent of working young adults say they are being paid fairly

Employment

Employment has remained relatively stable for the past three years of the report, and as in previous years, young adults with educational attainment experience higher levels of full-time employment in 2017. There are far fewer highly educated young adults who are unemployed (4% of all young adults with a bachelor's degree or higher) compared with those young adults who either did not attend college or who attended some college without earning a degree (18%).

Employment status is relatively stable year over year

Figure 38: Employment status by year



Base: All

Young adults aged 28 to 35 are more likely to be employed full time (64% compared with 52% of 22-to-27-year-olds), while young adults under 28 years old are more likely to be full-time students (11% compared with 1% of 28-to-35-year-olds) or unemployed (15% compared with 10% of 28-to-35-year-olds).

[11] The survey responses correspond closely with the national employment rate for 20-to-34-year-olds (75.1 percent). Source: Bureau of Labor and Statistics, Employment status of the civilian non-institutional population, July 2017.

Students who reported facing challenges while earning a degree described how they overcame those challenges:

"Just had to persevere and keep going. Also, I had been awarded a "be on time loan" which does not have to be repaid if you graduate on time, but must be repaid in full with interest if you take longer to graduate; that was a good motivator because I can't afford to pay that back."

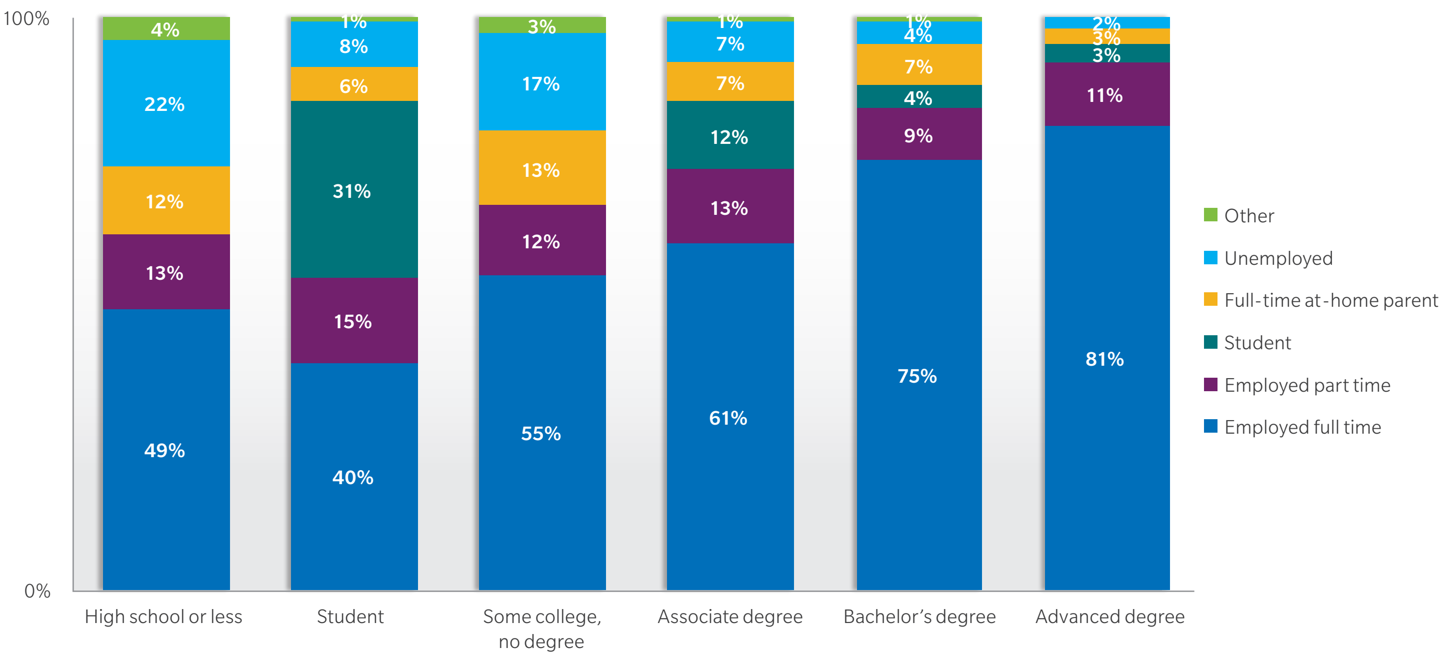
– 22-year-old, college-educated family, bachelor's degree

"I relied on my family ... to help me figure out what to do with my life and the direction I needed to take with it. Through them and sheer stubbornness I was able to finish my degree."

– 25-year-old, college-educated family, associate degree

At higher levels of education, unemployment rates are lower

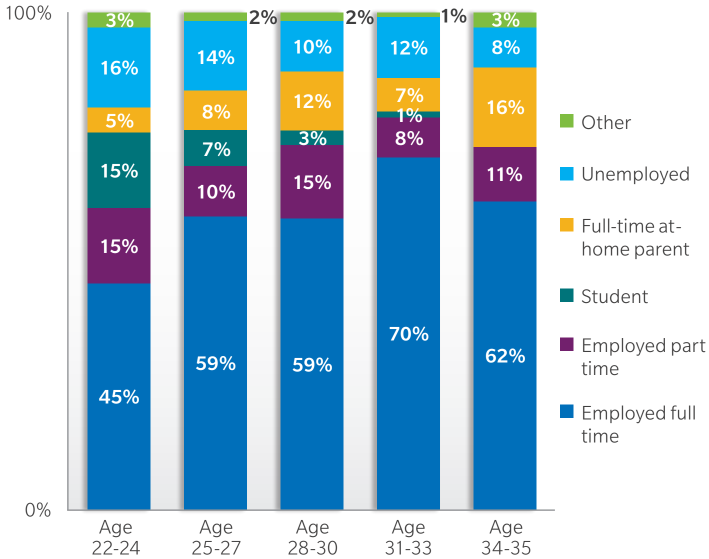
Figure 39: Employment status by level of education attained



Base: All

Full-time employment rates peak between the ages of 31 and 33

Figure 40: Employment status by age

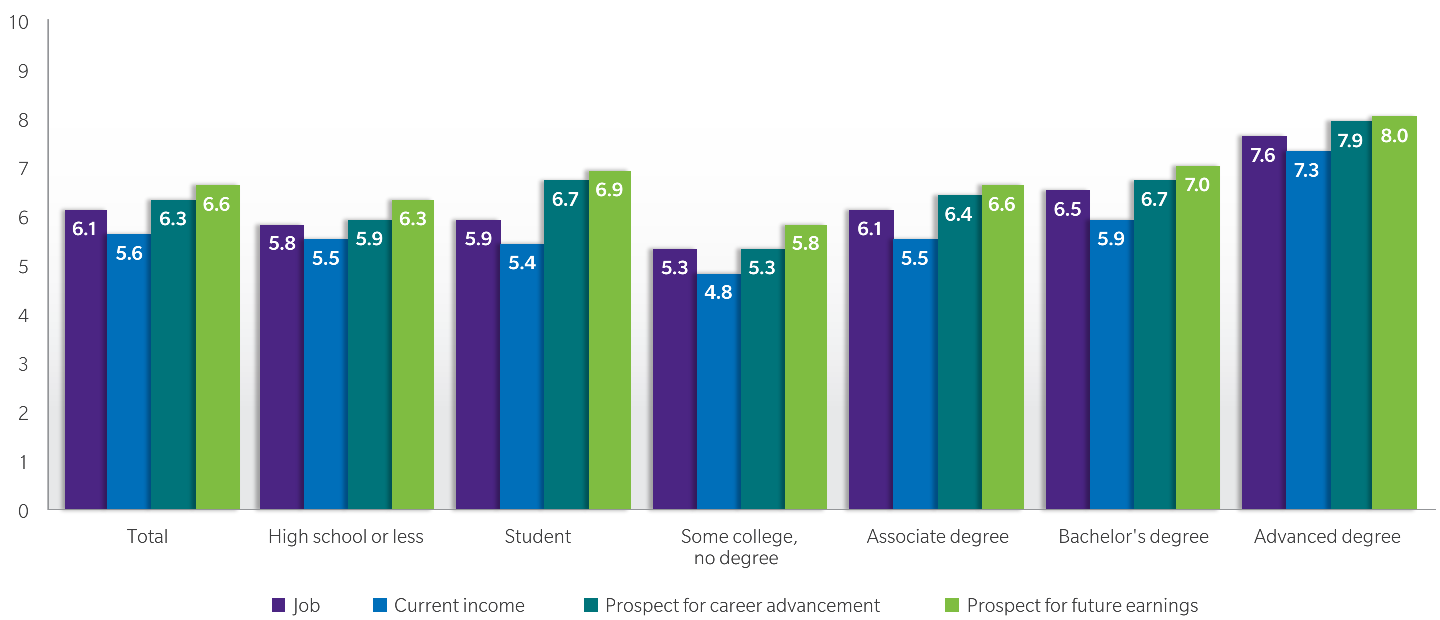


Base: All

Young adults with higher levels of educational attainment are not only more satisfied with their current position and salary, they are also more optimistic about their prospects for the future. Young adults who attended some college but did not earn a degree are dissatisfied with both their current and future employment prospects. On a 10-point scale, young adults with an advanced degree rate their satisfaction with their prospects for career advancement an average of 7.9, compared with 5.3 for those who attended some college but did not earn a degree. Satisfaction with prospects for future earnings averages 8.0 for advanced degree holders compared with 5.8 for young adults with some college but no degree. Young adults who have a high school education or less also rate their satisfaction higher than those who attended some college but did not earn degree, both in terms of their future advancement and their earnings (5.9 and 6.3 respectively). Students have a fair amount of optimism for the future, rating prospects for career advancement at an average of 6.7 and future earnings at 6.9, similar to average satisfaction levels of bachelor's degree holders, at 6.7 and 7.0, respectively.

Degree holders are more satisfied on average with their professional life; current students are particularly optimistic about their future career and earnings

Figure 41: Professional life satisfaction ratings by level of education attained

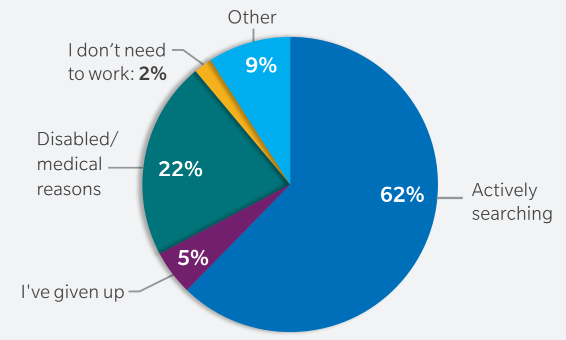


Base: All

Status of young adults who are unemployed

Of the 12 percent of young adults who are unemployed, the majority (62%) are actively looking for work, in line with previous years' findings. Of the remaining unemployed young adults, most report that they cannot work due to medical issues or disabilities (22%), because they have given up looking (5%), or because they don't need to work (2%). Fewer young adults have given up looking for work, dropping from 11 percent in 2016 to 5 percent this year.

Figure 42: Unemployed status



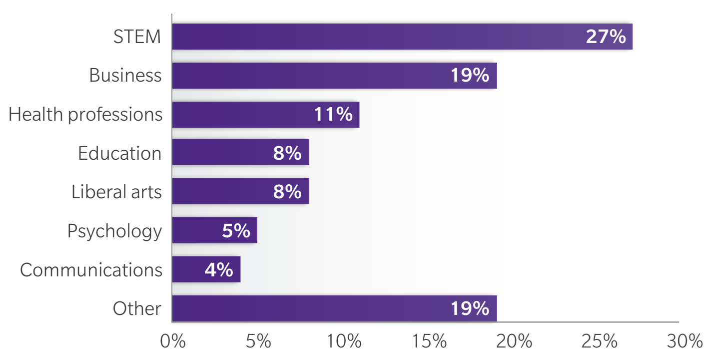
Base: Unemployed (does not include students or full-time at-home parents)

Field of study

Twenty-seven percent of degree holders earned a degree in a STEM (science, technology, engineering or math) field, and another 19 percent earned a degree in a business field. A slight majority of degree holders received their degree in a non-STEM field other than business (55%).

Approximately one in four young adults studied in a STEM field

Figure 43: Field of study



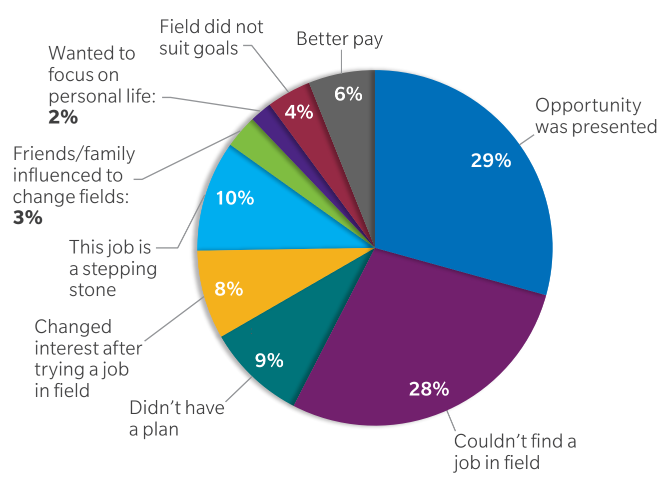
Base: Education (associate, bachelor's and advanced degrees)

Among young adults who have earned a college degree, 7 in 10 are employed in a job related to their field of study, a rate that rises with educational attainment. Associate degree holders are the least likely to be employed in their field (59%), while advanced degree holders are most likely to work in their field (85%). Young adults with low personal income are significantly less likely to be employed in a job related to their field of study (48%) than those with either middle (73%) or high personal income (79%).

For the 30 percent of individuals who report working outside their field of study, the majority say that either the position outside their field of study was presented to them (29%) or they were unable to find a job in their field (28%). Only 1 in 10 views his or her current job as a stepping-stone to a desired position. Some young adults choose to pursue work in a different field because the pay is better (6%) or because their field did not allow them to focus on their personal life (2%).

Young adults answer the call of opportunity when it comes to working in fields outside their area of study

Figure 44: Reason job is outside field of study



Base: Employment (full time, part time); education (associate, bachelor's, and advanced degrees)

The "right" education levels

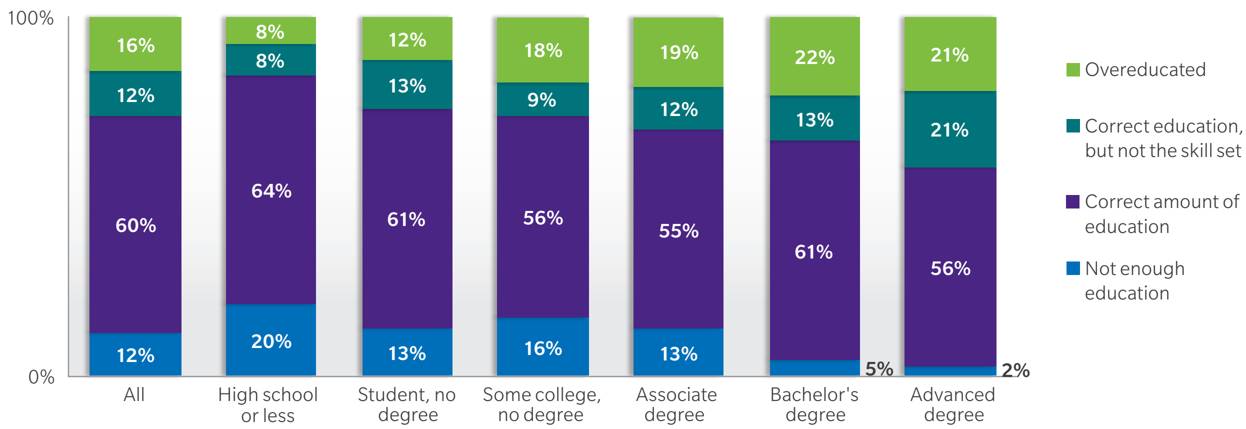
The majority of employed young adults feel they have the right amount of education for their job (60%), but those who have a college degree are more likely to feel over-educated for their current job (21%) than those who do not have a degree (12%). Conversely, young adults who do not hold a degree are more likely to worry they do not have enough education for their current job (18%) than those who have completed a degree (6%). Advanced degree holders are most likely to believe that they have the correct education but not the right skill set for their current job (21%).

Young adults in their early 20s are most likely to feel that they are overeducated for the job (21%) and only half feel they have the right amount of education. This changes with age, with only 15 percent of those over 30 feeling they are overeducated for their job and 62 percent feeling they have the right amount of education.

Half of current students believe their path to career advancement lies in obtaining a college degree, and nearly half (45%) of those with an associate degree believe they need a more advanced degree. Four in 10 (43%) of all employed young adults believe they will advance in their career after gaining more experience on the job; bachelor's degree holders are especially likely to believe experience will advance their career (51%).

Majority believe they have the correct amount of education for their current job

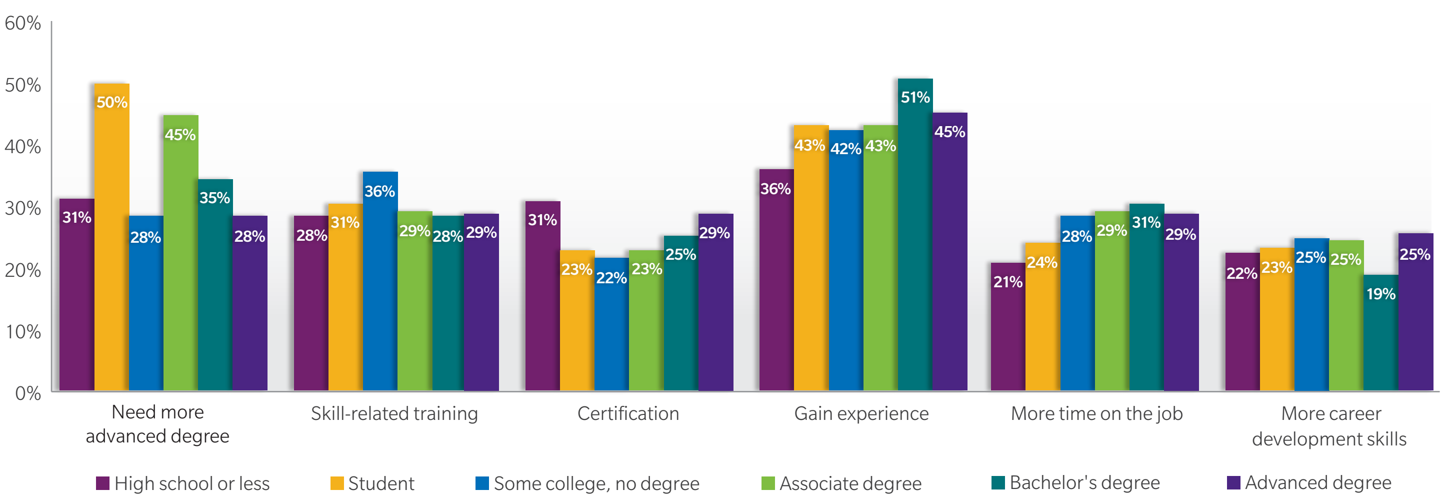
Figure 45: Education fit for current job, by level of education attained



Base: Employment (full time, part time)

Workers aged 22 to 35 believe their career will advance once they gain more experience

Figure 46: Steps to career advancement by level of education attained



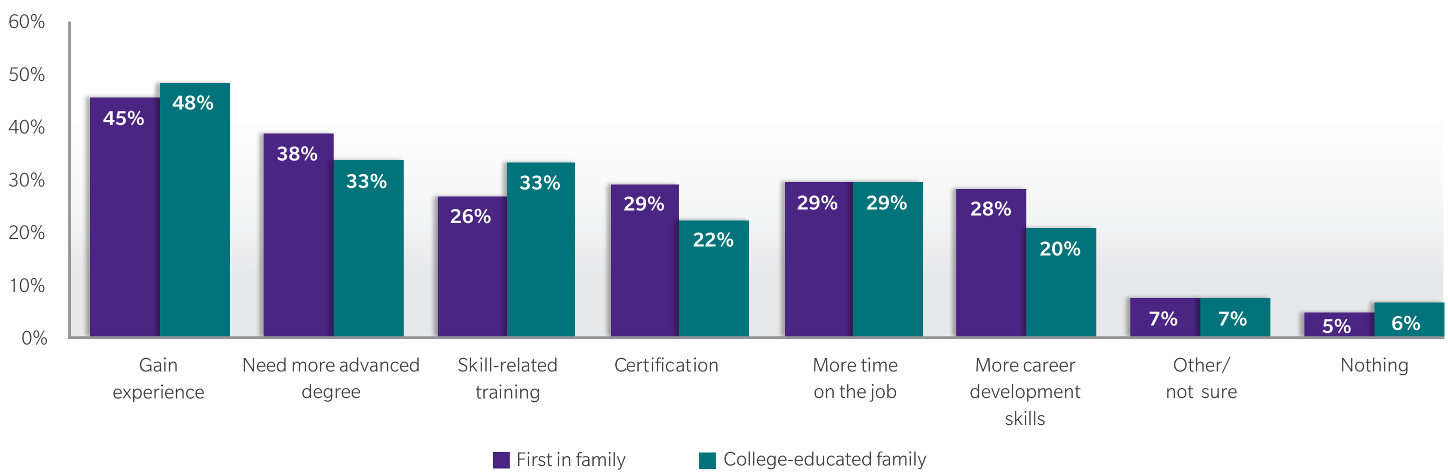
Base: Employment (full time, part time); amount of education (not enough, correct, correct but wrong skill set)

To advance in their career, first-in-family young adults are more likely than young adults from a college-educated family to think they need a more advanced degree (38% vs. 33% from a college-educated family); get a specific certificate (29% vs. 22% from a college-educated family); or obtain more career development skills such as networking and interviewing (28% vs. 20% from a college-educated family). Young adults from a college-educated family are more likely to think they need specific skill-related training (33%) to advance in their career than first-in-family young adults (26%).

Many young adults who were the first in their family to attend college believe a more advanced degree would help them advance in their career

Probing deeper into the reasons young adults feel they need a more advanced degree, those who were the first in their family to attend college are more likely to report that the degree is required in their field (53% vs. 38% of adults from a college-educated family). Other top reasons reported for needing a more advanced degree among first-in-family degree holders are that they need to keep up with co-workers (34% vs. 17% of adults from a college-educated family) or their employer is influencing them to go back to school (34% vs. 10% of adults from a college-educated family). Young adults who had a family member attend college believe they should obtain a more advanced degree just because they feel they should (57% vs. 42% of first-in-family adults).

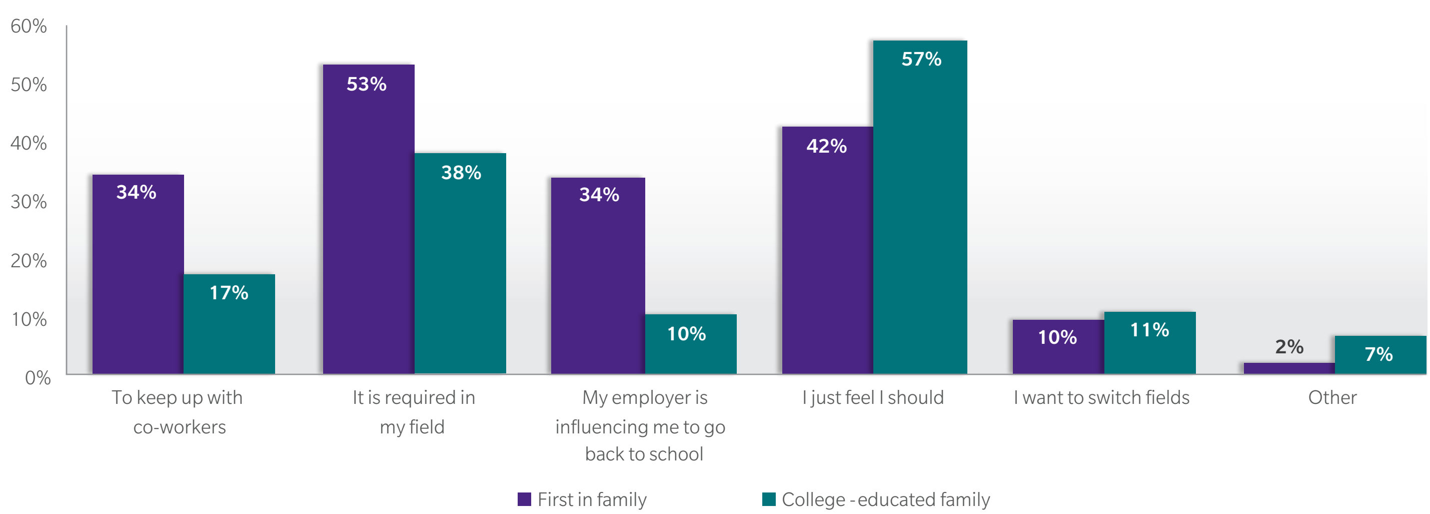
Figure 47: Steps to career advancement by family education status



Base: Employment (full time, part time); amount of education (not enough, correct, correct but wrong skillset)

Workers who were the first in their family to attend college are twice as likely as those from a college-educated family to say they need a more advanced degree in order to keep up with their co-workers

Figure 48: Reason for needing more advanced degree by family education status



Base: Employment (full time, part time); need more advanced degree

Personal income

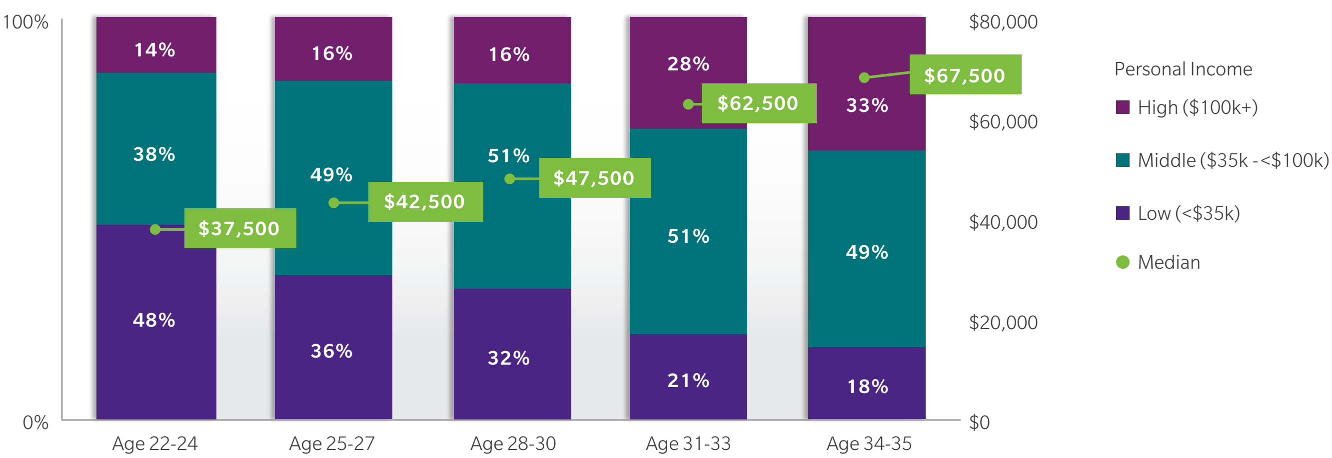
The value of a college degree is clearly reflected in the levels of personal income reported by young adults. Median personal income for young adults between 22 and 35 years old in 2017's *Money Under 35* is $47,500. Consistent with findings from prior years, personal income increases substantially with age and educational attainment.

Personal income climbs relatively consistently with age. Interestingly, young adults experience a notable salary bump as they enter their 30s, increasing approximately $15,000 from those aged 28 to 30 to those aged 31 to 33 and then continuing to climb.

Young adults without a college degree report a median annual income of $37,500. With a median income of $42,500, associate degree holders earn approximately $5,000 more than those without a degree. Young adults with a four-year degree or higher report a substantially higher median income, with bachelor's degree holders reporting $57,500 in income, approximately $20,000 more than young adults with no degree. Advanced degree holders report earning $101,630, more than double the median salary of young adults who do not hold a college degree.

Personal income rises sharply after age 30

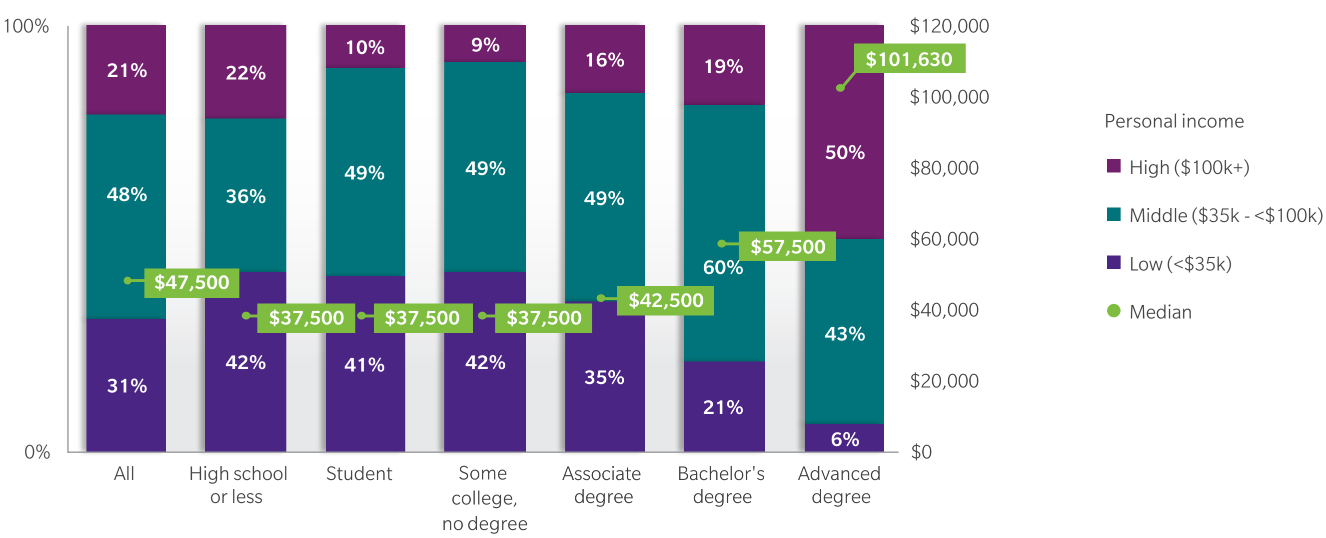
Figure 49: Personal median income by age



Base: Employment (full time, part time)

Bachelor's and advanced degree holders earn a significant premium

Figure 50: Personal income by level of education attained



Base: Employment (full time, part time)

Gender pay gap

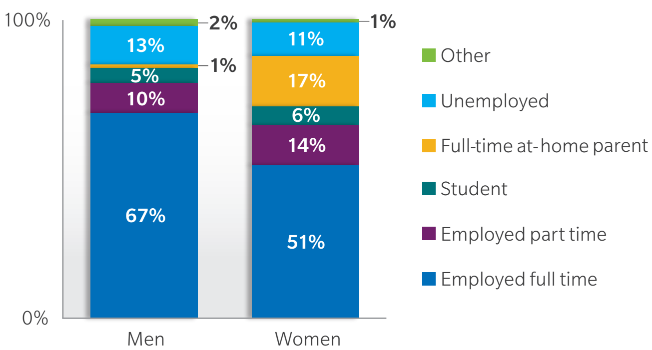
Again in 2017, *Money Under 35* finds that young adults experience a gap in pay between men and women, even when controlling for differences such as level of education, field of study, and full-time employment. Young women working full time have a self-reported median income of $15,000 less than men do ($47,500 for women and $62,500 for men) despite reporting a nearly equal number of years in their current jobs and field (3.2 years in their current job for women vs 3.3 for men, and 4.9 years on average in their field for women compared with 5.1 years on average in their field for men).

The median income gap is smallest between men and women on either end of the educational attainment spectrum; women with a high school education or less and women with advanced degrees earn 13 percent less in median personal income compared with their male peers. The largest gender pay gaps are observed among those with either an associate degree (36% gap) or bachelor's degree (34% gap).

Men are more likely to work in higher-paying fields than are women. Women who earned a degree in a science, technology, engineering or math (STEM) field and work full time earn the same median income as their male counterparts, $77,500. However, women are less than half as likely to earn a STEM degree as men (20% compared with 44% of men). Women who work full time and earned a degree in business or other non-STEM fields earn $10,000 less in median income than men in similar fields, although it is difficult to discern how much is attributable to different types of jobs and how much is attributable to a wage gap for comparable jobs.

Young women are significantly more likely to be full-time at-home parents

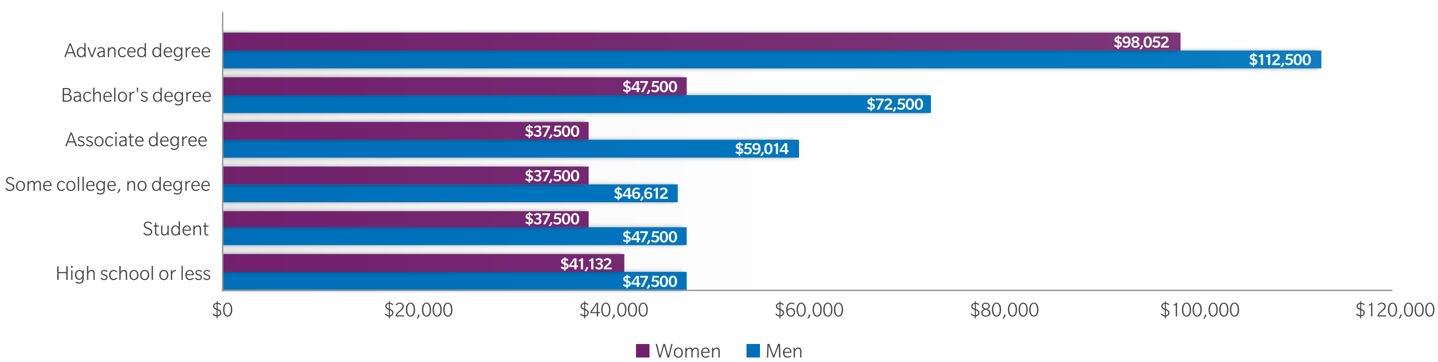
Figure 51: Employment status by gender



Base: All

Gender pay gap observed at each level of educational attainment; smallest at lowest and highest levels of educational attainment

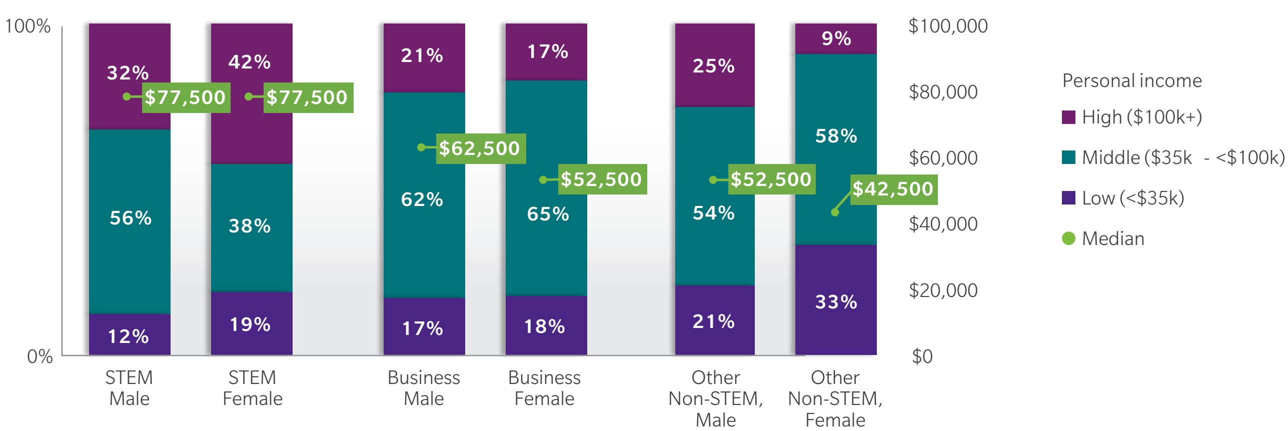
Figure 52: Median personal income by level of education and gender



Base: Employment (full time)

Among those working full time, women and men in STEM fields earn the same median income

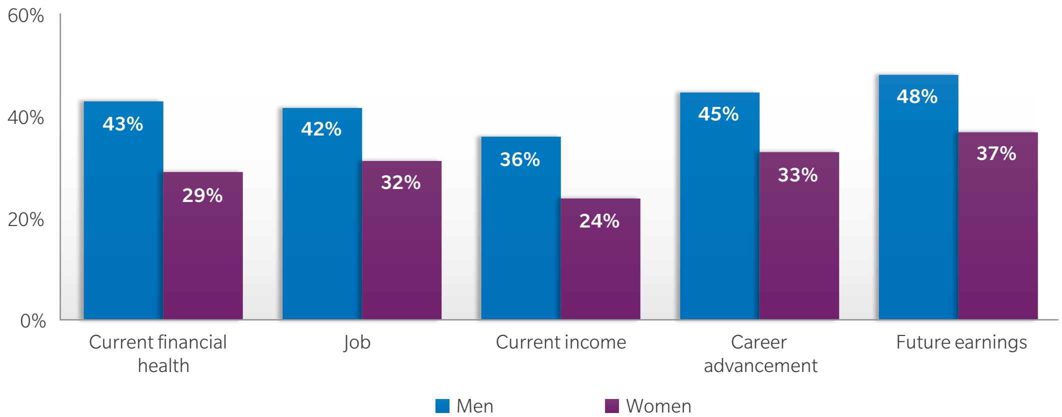
Figure 53: Personal income by gender and degree field



Base: Employment (full time); education (associate, bachelor's and advanced degrees)

Women are less likely to be very positive about their financial health, job and income

Figure 54: Percentage very positive about financial health and job by gender



Base: All; very satisfied = respondents rating 10/9/8 on a scale of 1-10

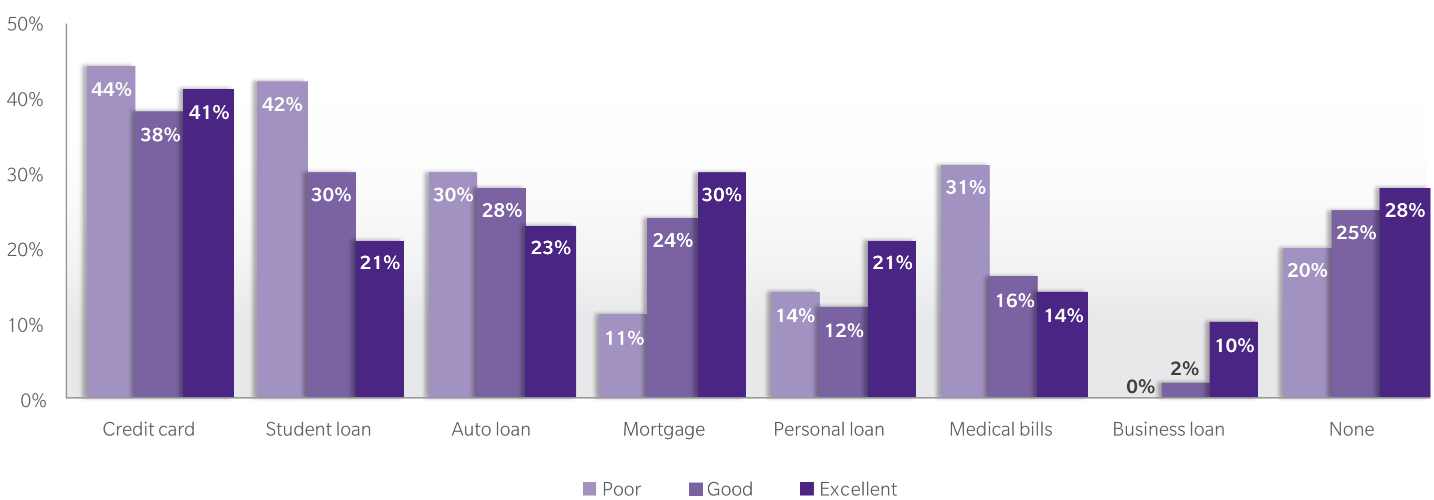
Regardless of the gender pay gap's source, the impact can be seen in how women rate their financial health, job and income. Women are less likely to be "very satisfied" (rating of 8, 9 or 10 out of 10) than men, even when considering their prospects for future earnings and career advancement, than their male peers. A slight majority of women believe they are paid fairly (51%), whereas men are more likely to perceive their current pay as fair (57%). And while very few young adults believe they are being overpaid in their current position, men are more likely (4%) than women (1%) to hold that opinion.

Debt and other payments

Most young adults have some type of debt (75%), whether it is an auto loan, credit card balance, mortgage, student loan, medical bill, or other debt. Young adults scoring in the "excellent" range on the Financial Health Index are more likely to have a mortgage (30%) than their peers with either a "good" (24%) or "poor" (11%) Financial Health Index score.

Conversely, young adults with a "poor" Financial Health Index score have higher frequencies of several types of debt than those with "good" or "excellent" Financial Health Index scores: student loans (42%), auto loans (30%), and medical bills (31%). These young adults with "poor" index scores carry higher average balances on their credit cards ($6,100 compared with $5,300 for those with "good" index scores and $4,800 for those with "excellent" index scores) and auto loans ($14,300 compared with $13,500 for those with "good" index scores and $12,500 for those with "excellent" index scores). The average student loan balance for young adults with a "good" or "poor" Financial Health Index score is approximately $28,500, more than twice the amount of those with an "excellent" Financial Health Index score ($11,600).

Figure 55: Percentage with type of debt by Financial Health Index score



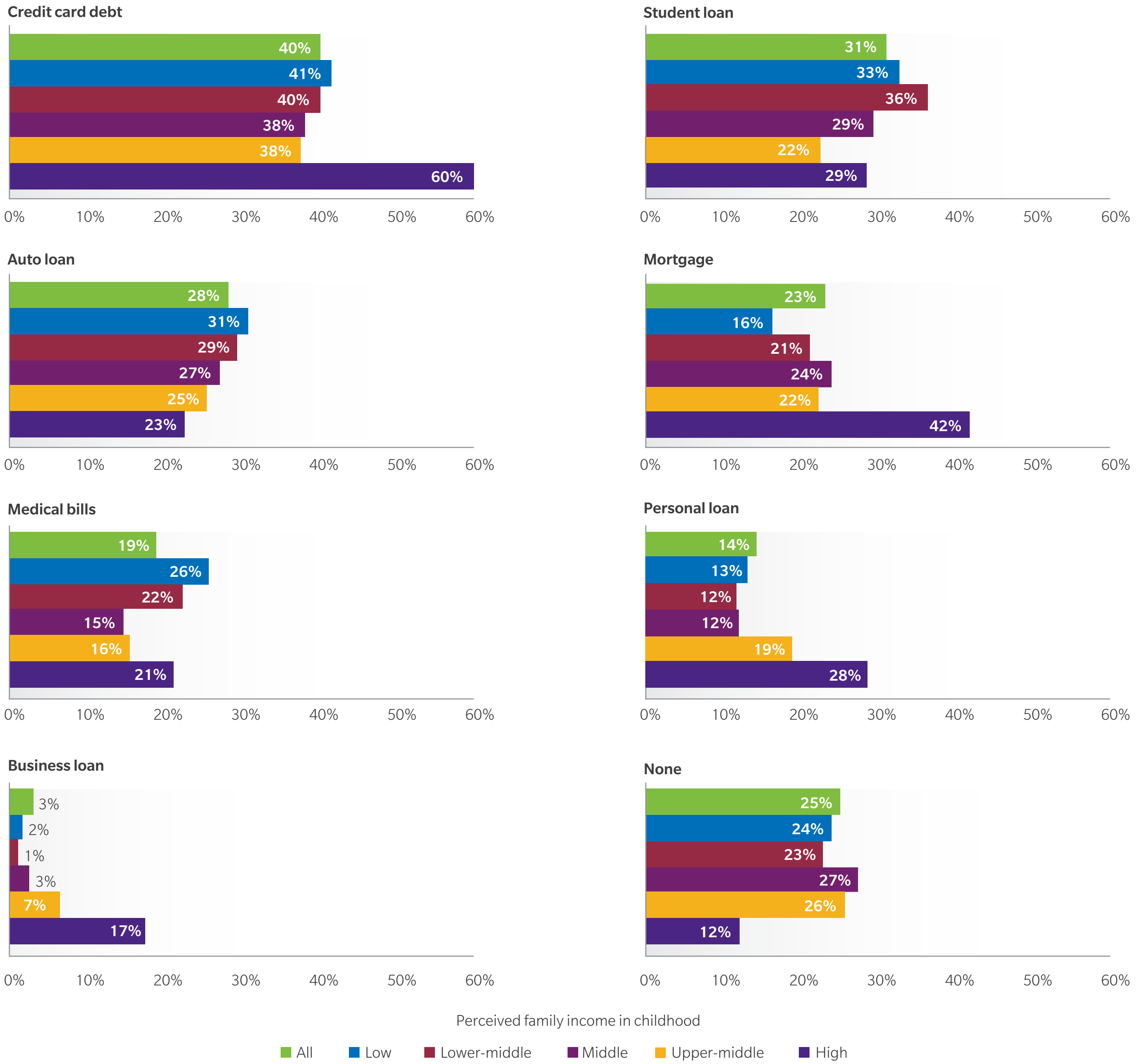
Base: All

Young adults who report growing up in a high-income household are less likely to have no debt (12% compared with 23%-27% of their peers from lower family income households), and more likely to have several kinds of debt than their peers: credit card debt, mortgages, personal loans and business loans. Young adults who report growing up in a low-income household are less likely than their peers to have a mortgage (16% compared with 21%-42% of their peers from higher family income households).

For the third year in a row, credit card debt is the most common type of debt reported. The percentage of young adults with credit card debt decreased slightly, from 43 percent in 2016 to 40 percent in 2017. Young adults with credit card debt report an average balance of $5,400,[12] although more than 1 in 4 reports owing less than $1,000.

Young adults who report growing up in high-income families are more likely to have some type of debt than their peers

Figure 56: Percentage with type of debt by perceived family income in childhood



Base: All

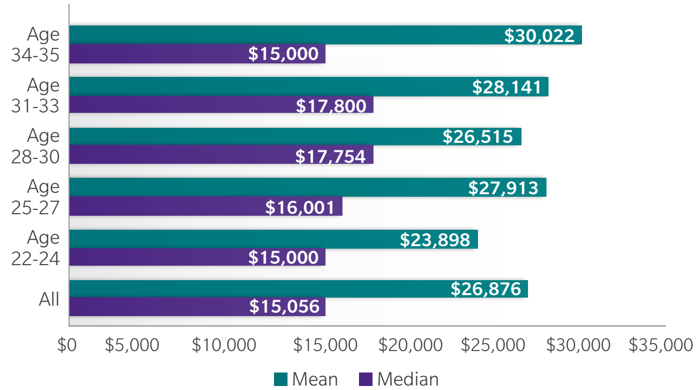
[12] Average debt reported is the mean among those with that type of debt. Zero balances are excluded from the average.

Student loans are the second-most common type of debt for young adults; 31 percent report having a student loan. Those young adults who currently have a student loan have an average balance of $26,876. While other types of consumer debt become more common as people age, student loans follow a reverse pattern. Young adults in their 30s are less likely to have student loan debt (24%) than those in their 20s (34%). For young adults between 22 and 27 years of age, student loans are the most common form of debt. The percentage of young adults with student loan debt is highest among those aged 25-27 (36%).

While young adults over 30 are less likely to have student loan debt, their current student loan balances are slightly higher on average ($28,791 compared with $26,151 for 22-to-30-year-olds). Young adults between 31 and 35 years old are more than twice as likely to have an advanced degree than those between 22 and 30 years old (14% compared with 6% of those in their 20s).

Average student loan amount owed is highest for those aged 34-35

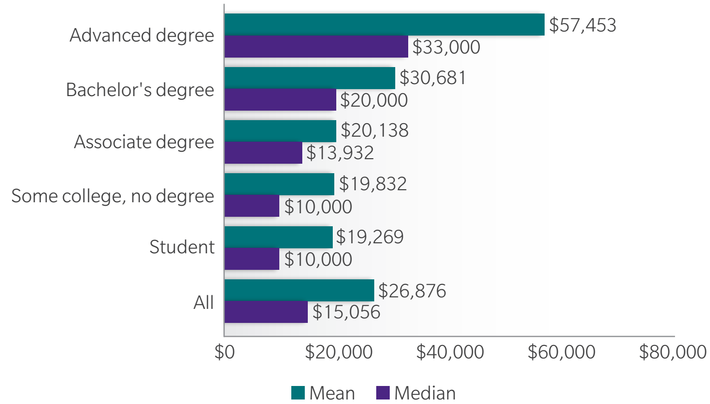
Figure 57: Student loan debt amount by age



Base: Has student loan

Advanced degree holders have much larger average student loan balances than their less educated peers

Figure 58: Student loan debt amount by educational attainment



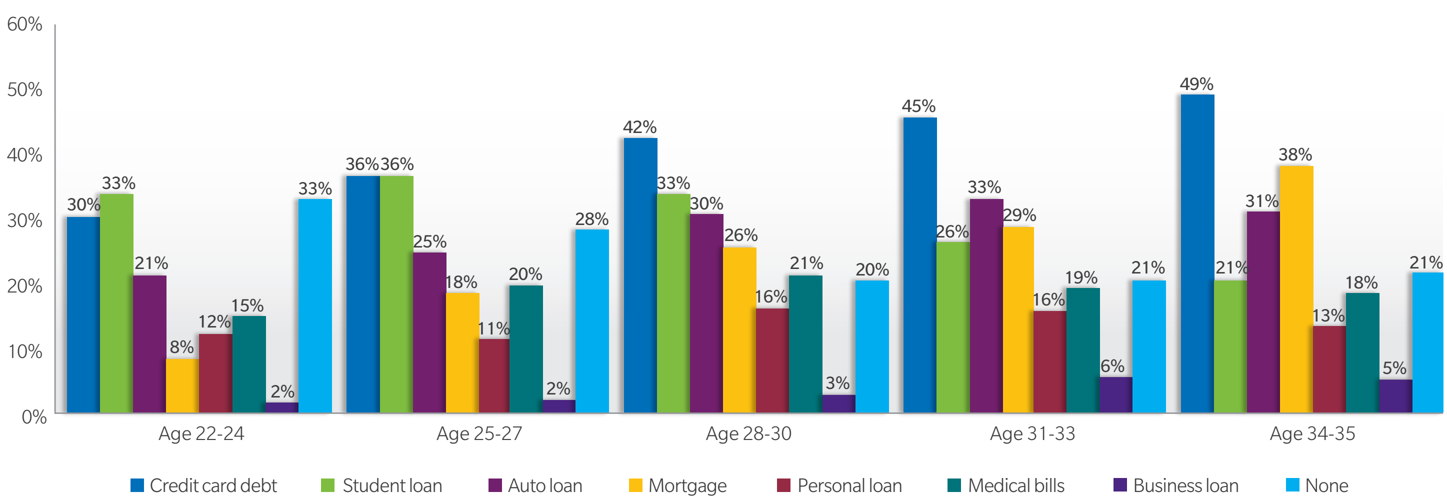
Base: Has student loan

Car loans are the third-most common type of debt reported among young adults, with 28 percent of young adults having a car loan and an average loan amount of $13,508. Auto loan frequency and average amounts increase with age. After age 28, 31 percent have an auto loan, compared with 23 percent of 22-to-27-year-olds.

Forty-three percent of young adults between 22 and 35 who borrowed for college have either paid off their loans or now owe $5,000 or less on their student loans; 14 percent owe between $1,000 and $5,000. Of bachelor's degree holders who borrowed for their education, 34 percent now owe less than $5,000, including those who owe $0. One in 7 advanced degree holders (15%) owes more than $50,000; many more (38%) have paid off their loans or owe $1,000 or less. As young adults leave their 20s and enter their 30s, they are more likely to owe less than $5,000 on their student loans.

Young adults are more likely to hold many types of debt as they age; student loan debt peaks in the mid-20s

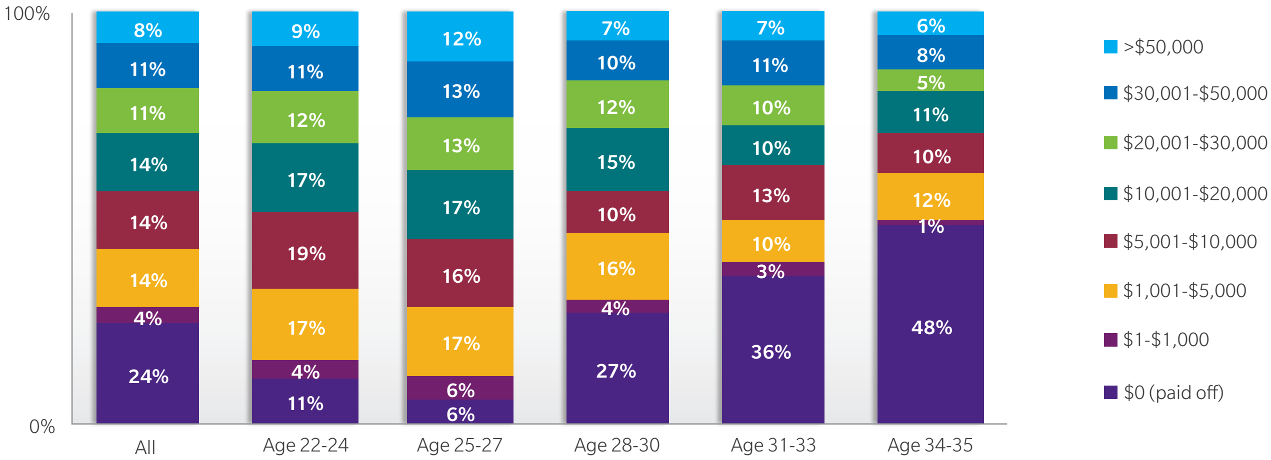
Figure 59: Percentage with type of debt by age



Base: All

Young adults aged 31 to 35 are more likely to have paid off their loans or owe less than $5,000

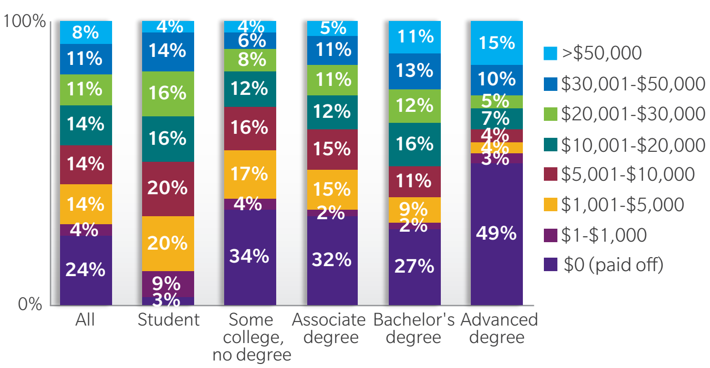
Figure 60: Current student loan debt amount by age



Base: Has student loan

Advanced degree holders are most likely to have paid off their student loans

Figure 61: Current student loan debt amount by level of education attained



Base: Has student loan

Trouble making payments

Of the 75 percent of young adults who report having some form of debt, one in three (35%) reports having recently had trouble making all of his or her payments, continuing the positive trend down from a high point in 2015 of 52 percent. Predictably, young adults who are unemployed or those who are working but earning less than $35,000 are more likely to experience trouble meeting their financial obligations; 54 percent of unemployed young adults and 47 percent of working young adults who earn less than $35,000 have trouble making all of their payments.

Current students and young adults who stopped attending college before earning a degree and still have student loan debt are among those most likely to have trouble making payments (43% and 41% respectively). Bachelor's degree holders (21%) and advanced degree holders (32%) are the least likely to report having trouble making all of their payments. Bachelor's degree holders who still have student debt are more likely to be having difficulty; 27 percent of those with debt report having trouble with payments compared with 15 percent of those who do not have student debt.

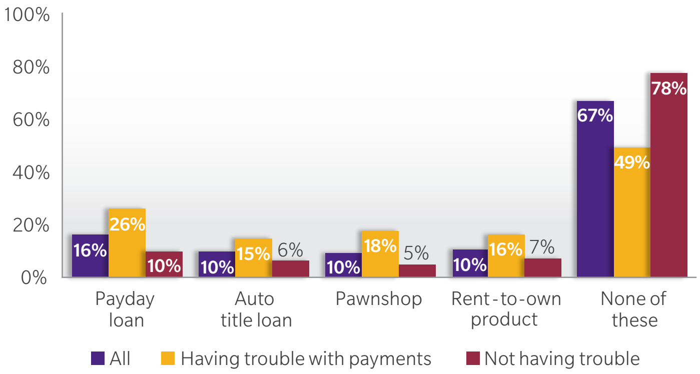
Those who have trouble making their payments express worry over paying their bills each month (79% compared with 35% of those not having trouble) and worry about their debt overall (84% compared with 52% of those not having trouble). Young adults who indicate having trouble keeping up with payments on various types of debt are also more likely to indicate that they are choosing to wait to grow their family until they are more financially stable (68% compared with 52% of those not having trouble).

Facing financial difficulty, some young adults turn to alternative sources of funds, such as payday loans.[13] Overall, one-third of those between 22 and 35 have used an alternative financial product, while half of young adults experiencing financial difficulty report that they have used one. Only 1 in 5 (22%) young adults not experiencing difficulty making payments has ever used one of these alternative financial products.

[13] Seven percent of US Online Adults between 22 and 35 had used a payday loan between July 2016 and July 2017, with only 3 percent of student loan holders having taken out one in that time.
Source: Forrester Data, Consumer Technographics® North American Financial Services Benchmark Recontact Survey, 2017. Base: 2,920 US Online Adults (18+, online weekly or more) age 22-35...who are Student Loan Owners n = 616

Roughly half of young adults who have experienced trouble making payments report using an alternative financial product such as a payday loan

Figure 62: Borrowed money using an alternative financial product



Base: All

Among those who have had trouble making payments, housing and food are top priorities[14]. Utility bills and car loans are often the next bills prioritized, followed by insurance. While just 7 percent of young adults experiencing payment difficulty have a business loan, those who do place a relatively high priority on making those payments.

Two-thirds of young adults having trouble with their payments do not have a car loan, but for those who have a car loan those payments are a medium-high priority. Insurance payments and cell phones are also medium-high priorities when figuring out how to stretch limited financial resources. Child care, internet service, credit cards, and student loans represent medium priorities. Fewer than 1 in 10 young adults owes back income taxes or court fees, and those payments are not prioritized as high as other payments. Consistent with prior years' findings, medical bills are the lowest-priority bill to be paid among all young adults experiencing payment difficulty.

Housing and food are top priorities for those experiencing trouble paying all of their bills

Figure 63: How individuals experiencing trouble paying their bills prioritize each bill

Has this type of bill	Bill type	Priority rank - all	Priority rank - all with college debt	Priority rank - all without college debt
70%	Mortgage/rent	2.71	2.56	2.85
86%	Food	3.64	3.33	3.92
75%	Utilities	3.86	3.89	3.84
34%	Car loan	4.09	4.14	4.03
7%	Business loan	4.82	5.86	4.04
71%	Insurance	4.92	5.17	4.73
76%	Cell phone	4.98	4.99	4.97
52%	Child care	5.4	5.49	5.33
73%	Internet	5.43	5.53	5.34
63%	Credit card	5.51	6	5.09
7%	Income taxes	5.51	5.76	5.36
26%	Personal loan	5.81	6.36	5.48
48%	Student loan	5.83	5.83	–
5%	Court fees/legal settlement	6.06	6.89	5.54
50%	Cable	6.48	6.41	6.54
40%	Medical bills	6.77	7.23	6.38

Base: Varied; has type of debt or loan; having difficulty making payments. Priority ranking on a scale of 1 to 10, with 1 being the highest-ranked priority.

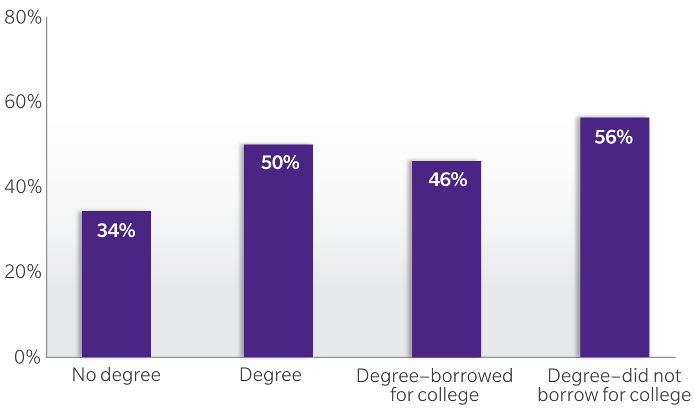
[14] These are the financial responsibilities that are most common in this population; just 30 percent say they do not have to pay a mortgage/rent and 14 percent are not responsible for buying their own food.

Homeownership

One of the major milestones for many Americans is home ownership. Between the ages of 22 and 35, young adults are as likely to own their home (41%) as rent (40%). Homeownership increases with age and educational attainment. Fifty-seven percent of young adults in their 30s report owning their home, compared with 32 percent of those in their 20s, and young adults who have completed a degree are more likely to own their own home (50%) than are those who do not have a degree (34%). Degree holders who borrowed for their education, while less likely to own a home (46%) than degree holders who did not borrow (56%), are still more likely to own a home than those who do not have a degree (34%).

Degree holders are more likely to own a home, even if they borrowed for their education, than non-degree holders

Figure 64: Homeownership rate by education and borrowing status

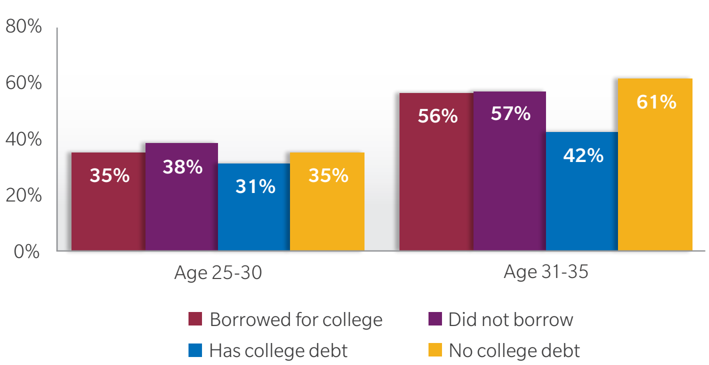


Base: Living situation (owns a home)

Homeownership rates for young adults aged 25 to 30 who attended some college are similar regardless of their college borrowing status. Those aged 31 to 35 who borrowed for their education are as likely to own a home as those who did not borrow for their education; if they still have college debt, they are less likely to own a home (42%) than those who do not have college debt (61%).

Young adults in their 30s who still have college debt are less likely to own a home

Figure 65: Homeownership rate by age and college borrowing status



Base: Age (25 - 35); education (attended some college)

Mortgage

The traditional path to homeownership involves getting a mortgage. Consistent with prior years' findings, 23 percent of young adults aged 22 to 35 have a mortgage. While most homeowners use a mortgage to purchase a home, 6 percent of young adults report purchasing a home without a mortgage, and 8 percent own a home that they did not purchase themselves.

One in 4 young adults between ages 22 and 35 have applied for a mortgage and been approved; just 3 percent report being denied a mortgage when they applied. Not all young adults who are approved for a mortgage have one; of those approved, 23 percent did not go through with the mortgage loan.

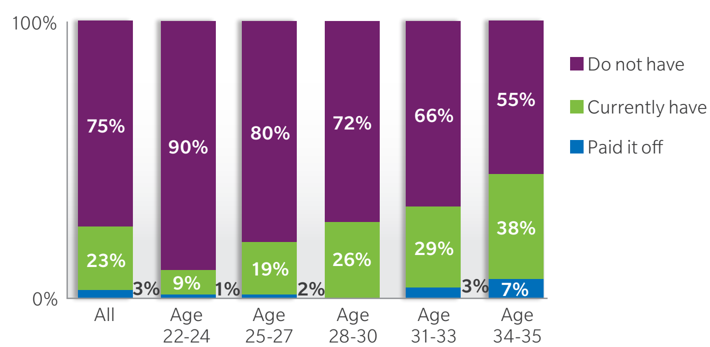
Of those homeowners who used a mortgage, 6 percent report having paid off their mortgage and another 8 percent plan to pay off their mortgage within five years.

Fifty-one percent have not applied for a mortgage and do not currently own a home. The reason provided most often for not having applied for a mortgage is simply not being ready to own a home (26%).

While the majority of young adults aged 22 to 35 do not have a mortgage, those in their 30s are more likely to have a mortgage (32%) compared with 17 percent of those in their 20s.

Majority of young adults do not have a mortgage

Figure 66: Mortgage status by age

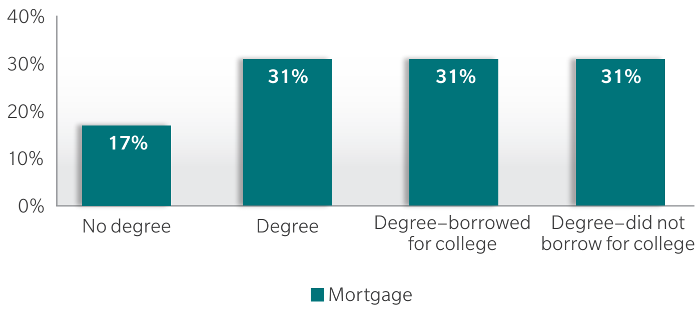


Base: All

Degree holders are more likely to have a mortgage (31%) than their peers without a degree (17%); the likelihood of having a mortgage is the same for degree holders who borrowed for their education as it is for those degree holders who did not borrow.

Degree holders are more likely to have a mortgage than non-degree holders

Figure 67: Percentage with a mortgage by educational attainment and college borrowing

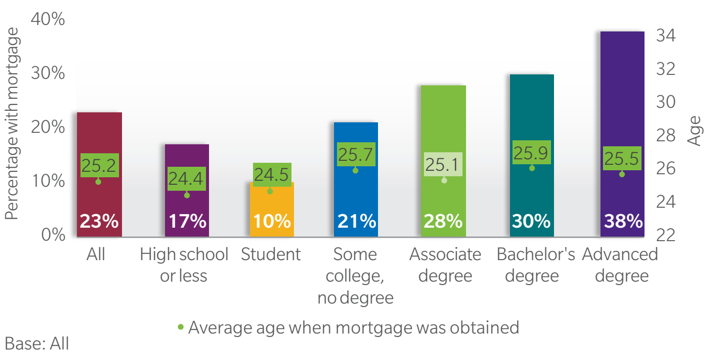


Base: All

Those who ended their education at high school and who have a mortgage were younger, on average, when they got one (24.4 years old) than their peers who attended at least some college (25 years or older).

Advanced degree holders are most likely to have a mortgage

Figure 68: Percentage with a mortgage and average age at first mortgage by level of education attained



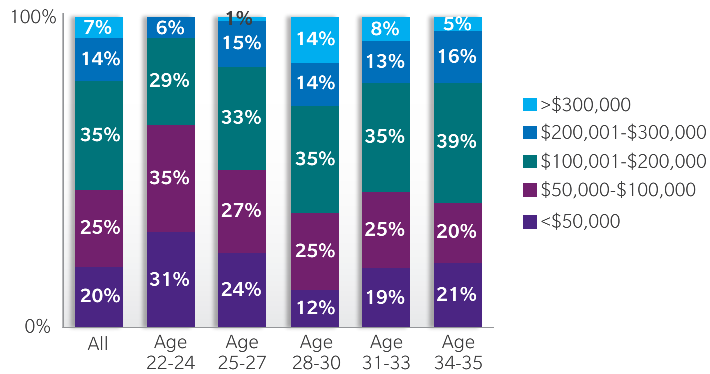
Base: All

Young adults scoring in the "excellent" range on the Financial Health Index are more likely to have a mortgage (30%) than young adults with "good" (24%) or "poor" (11%) Financial Health Index scores. Those with "excellent" financial health report a lower current balance (an average of $116,000), compared with those with "good" financial health ($150,000 average balance) or "poor" financial health ($139,000 average balance).

Almost half (44%) of all 22-to-35-year-olds who have a mortgage owe less than $100,000, and the majority of 22-to-24-year-olds (65%) have a mortgage of less than $100,000. Likewise, the majority of young adults with a high school education or less (56%) owe less than $100,000 on their mortgage. Bachelor's degree holders have the highest average mortgage amount ($168,405) and are more likely than their counterparts to hold a mortgage greater than $200,000.

Almost half of young adults owe less than $100,000 on their mortgage

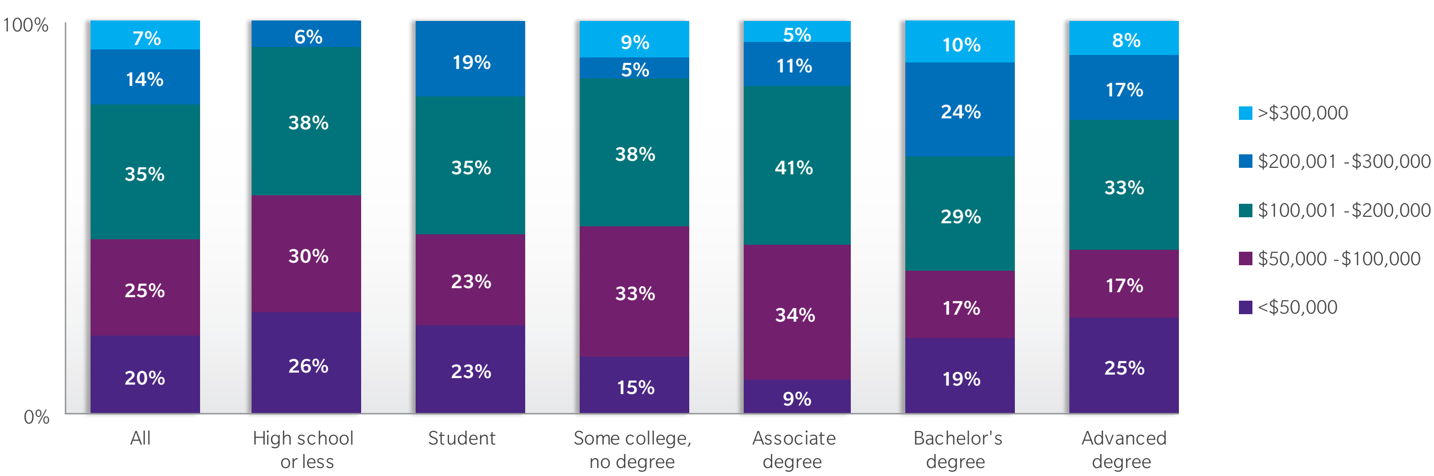
Figure 69: Mortgage amount by age



Base: Has mortgage

Bachelor's degree holders are more likely than their peers to owe more than $200,000 on their mortgage

Figure 70: Mortgage amount by level of education attained



Base: Has mortgage

Savings goals and habits

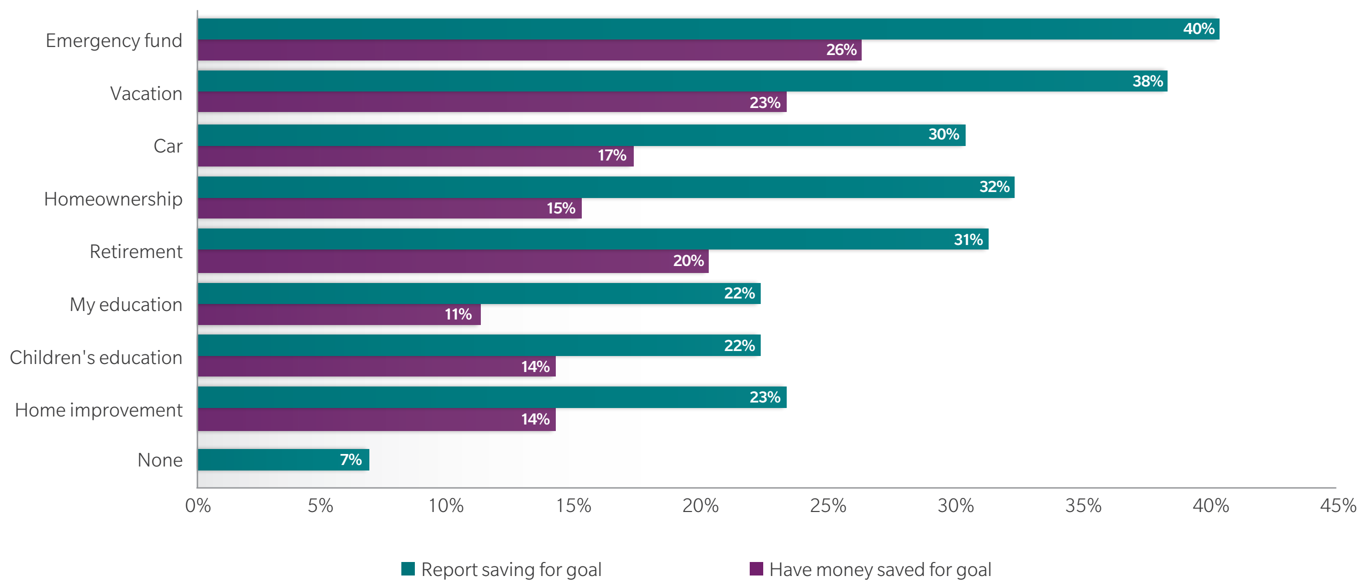
Consistent with prior years' findings, nearly all (93%) young adults between 22 and 35 report that they are saving. Many (52%) have set up automatic payments to a designated savings account, including a 401(k) or 529 account. Savings appears to be a habit that is established early in adulthood, with 94 percent of 22-to-24-year-olds reporting saving for at least one goal. Bachelor's and advanced degree holders are most likely to be saving (97%), compared with 89 percent of those with a high school education or less or those who attended some college but did not complete a degree.

Emergency funds (40%) and vacation funds (38%) are the two most common savings goals. Only 31 percent of young adults report that they are saving for retirement, although those who have earned a degree are more likely than those who have not to be saving. Forty-one percent of degree holders are saving for retirement (45% of bachelor's, 38% of advanced and 31% of associate degree), compared with just 25 percent of those who do not have a degree (25% of some college, no degree; 22% of students and 25% of those with a high school education or less).

While 93 percent of young adults report that they are saving for at least one goal, many have saved little to no money toward those goals; the average total amount saved is $19,600.[15] However, 14 percent of all young adults have saved $1,000 or less combined across all savings goals and another 33 percent have saved nothing at all despite reporting that they are saving for a specific goal. Nine percent of young adults have saved more than $50,000 in total, with degree holders being more than twice as likely to have at least $50,000 in savings (14%) as young adults without a degree (6%). Simply having more time helps adults in their 30s accumulate savings; 11 percent of 31-to-35-year-olds have more than $50,000 saved across all goals compared with 8 percent of 22-to-30 year-olds.

Emergency funds and vacations are the most common savings goals

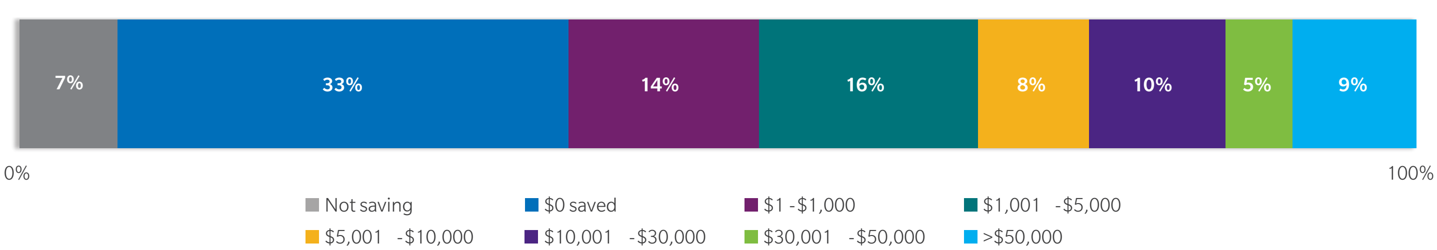
Figure 71: Percentage saving for goal



Base: All

Roughly half of young adults (48%) have saved more than $1,000 across all savings goals

Figure 72: Savings amount distribution

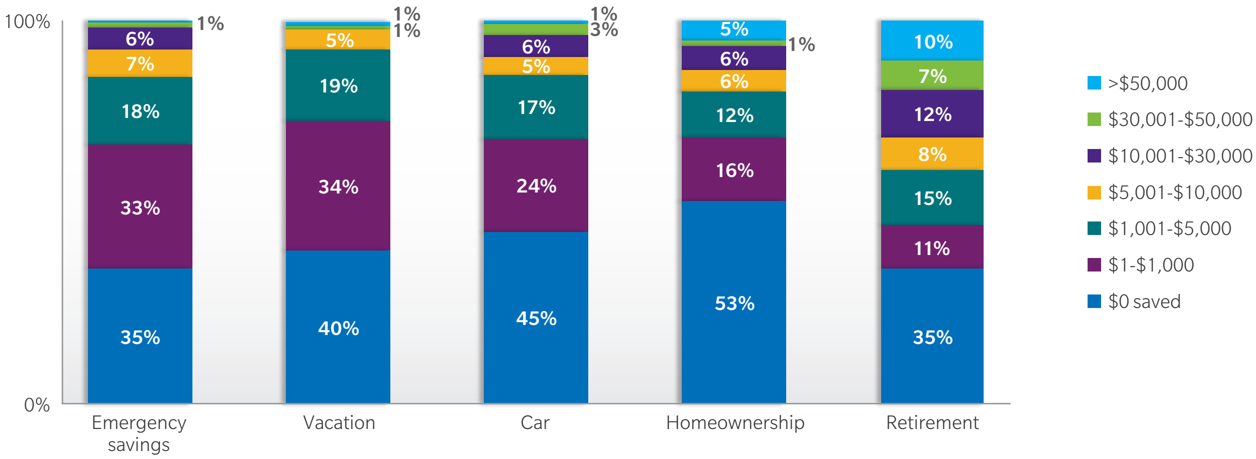


Base: All

[15] Average savings reported is the mean among those who report saving for a goal, and includes those who have saved $0.

Young adults who report saving for a specific goal often have little to no savings accumulated for that goal

Figure 73: Savings amount distribution by stated savings goal



Base: Varied; saving for goal

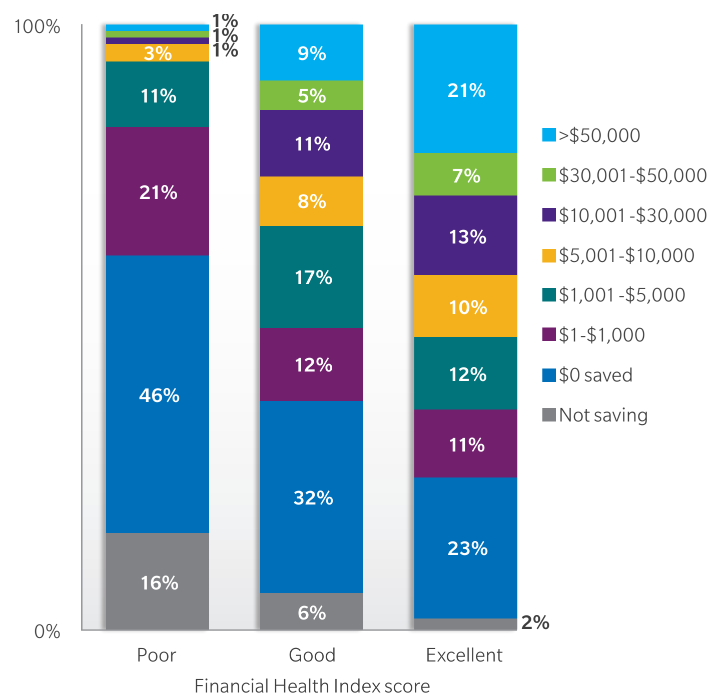
Many young adults who report that they are saving for a specific goal also report that they have not saved more than $1,000 toward that goal. Roughly one in three has saved more than $1,000 for an emergency (32%), homeownership (30%) or a car (31%).

When young adults were asked which savings goal was their top priority, the most common saving goal cited was an emergency fund (19%), with homeownership a close second (16%). Women are even more likely to prioritize an emergency fund (22%, compared with 16% of men), as are low-income workers (less than $35,000 median personal income), with 23 percent stating that saving for an emergency is a top priority. Workers earning more than $100,000 see their children's education as their highest priority (24%). Men prioritize retirement savings (15%) more so than women (11%). Young adults with a high school education or less set a higher priority on saving for their children's education (top priority for 13%) than their peers, except for advanced degree holders. Those with advanced degrees prioritize saving for their children's education over every other savings goal (22%).

Nearly all young adults with an "excellent" (98%) or "good" (95%) Financial Health Index score report saving for a goal. Though still a large majority at 84 percent, young adults with a "poor" Financial Health Index score are significantly less likely to be saving. Young adults with "excellent" Financial Health Index scores are also more likely to have more saved than their peers scoring in the "good" or "poor" range on the index, with 28 percent having saved at least $30,000 compared with 14 percent of those with "good" and 2 percent of those with "poor" financial health. Nearly two-thirds of those with "poor" index scores (62%) are either not saving or report having saved $0 total.

Fewer than half of adults with "poor" Financial Health Index scores report having any savings at all

Figure 74: Total savings distribution by Financial Health Index score

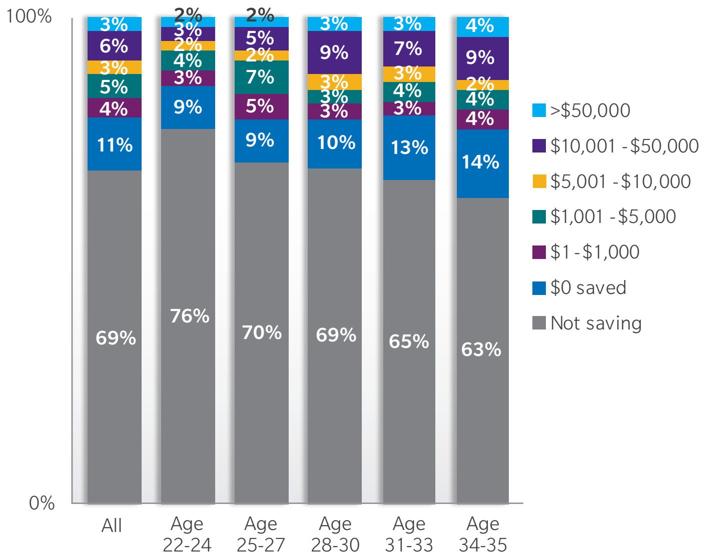


Base: All

While an emergency fund and a vacation fund are the most common savings goals, the average amounts being saved for these goals ($4,425 for emergency fund and $2,811 for vacation fund) are lower compared with the average amounts saved for retirement ($32,818) and homeownership ($14,445).

While the savings rate improves by age, the majority of young adults are not saving for retirement at any age

Figure 75: Retirement savings distribution by age



Base: All

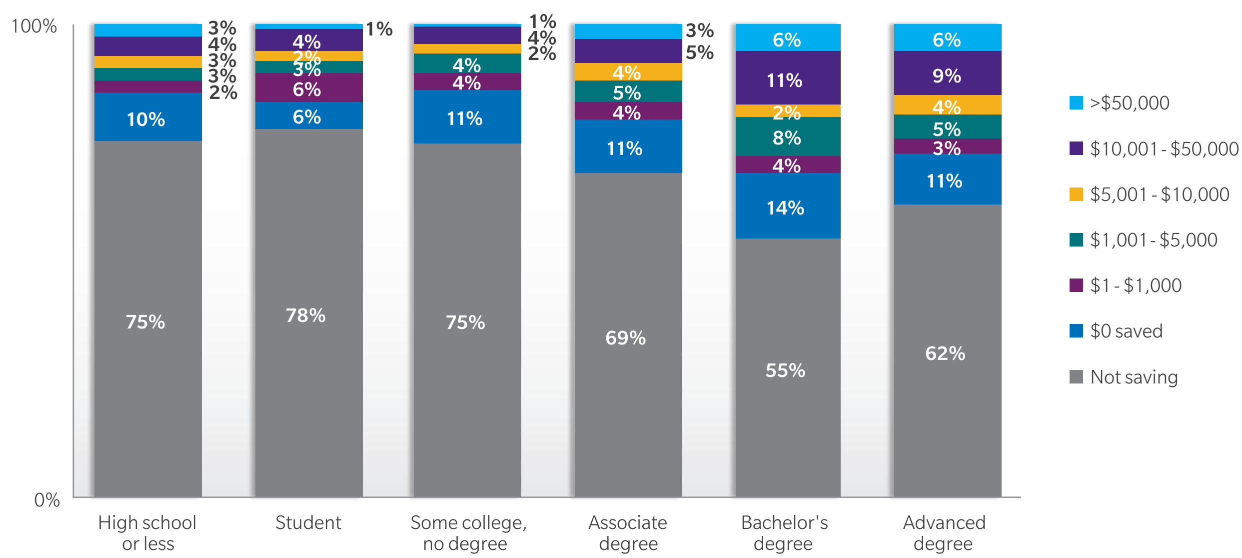
Overall, 7 out of 10 young adults (69%) are not saving for retirement. Savings frequency increases with age, with more than one in three (36%) young adults between ages 31 and 35 saving for retirement, compared with 28 percent of those aged 22-30. Young adults in their early 30s are more likely to have more than $50,000 saved (4%) than are those aged 30 or younger (2%).

Young adults with a bachelor's degree are more likely to be saving for retirement (45%) than other degree holders – 31 percent of associate degree holders and 38 percent of advanced degree holders are saving for retirement. Bachelor's and advanced degree holders are more likely to have more than $50,000 saved (6% compared with 3% of those with either an associate degree or a high school education or less, and 1% of those who have attended some college but do not have a degree).

Half of working young adults say that their employer offers a 401(k)-match program (50%). Being employed by a company that offers a 401(k) increases the likelihood of saving for retirement, and the average amount saved for retirement is much higher – $32,851 compared with $18,879. The majority (61%) of young adults who are saving for retirement report that their employer offers a 401(k).

Bachelor's degree holders are more likely to be saving, and saving more, for retirement

Figure 76: Retirement savings distribution by level of education attained



Base: All

Financial management

Developing sound financial habits early on can make a significant difference in the lives of young adults. Monitoring their bills, tracking their spending and watching their credit score provide greater control over finances which can lead to better financial health in the future. Not all young adults practice good financial habits; however, good habits can still be learned.

Credit score awareness is an element in the Financial Health Index and is correlated with better financial health. Roughly two-thirds of young adults report knowing their credit score (65%).[16] Overall, older young adults and those with higher levels of educational attainment are more familiar with their credit score than younger or less-educated young adults. Of those who know their score, 63 percent requested it themselves and one-third say it was provided automatically.

Degree holders are more likely to report that their score was provided to them automatically (39%) than those without a degree (29%).

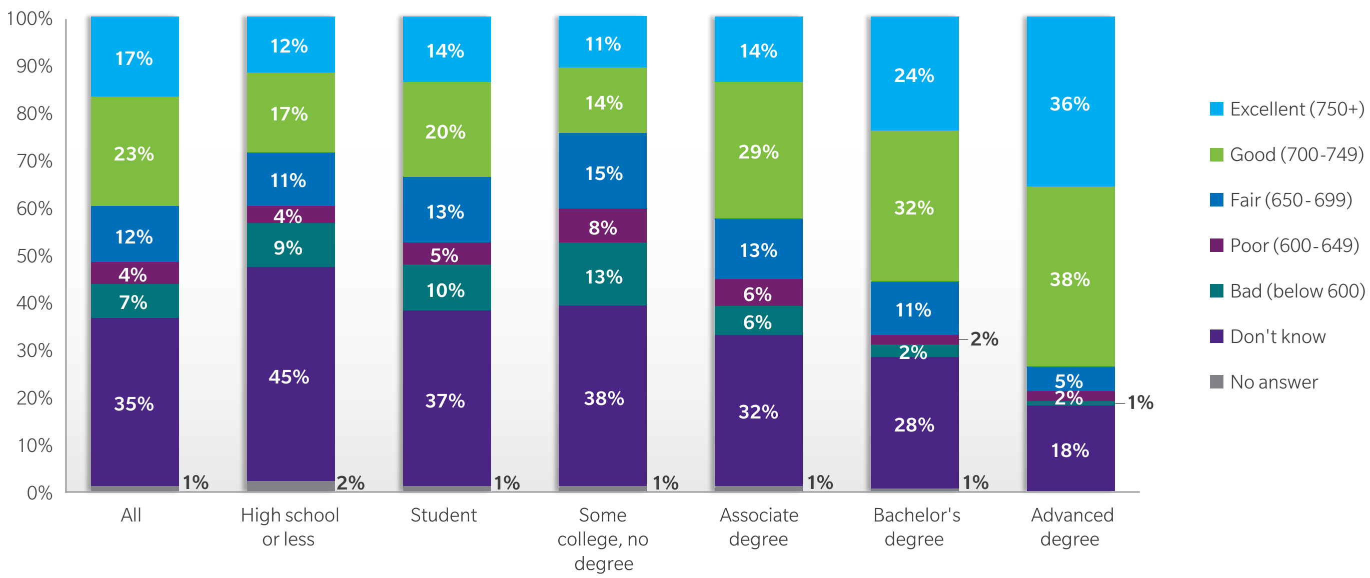
Credit scores and educational attainment

Young adults with higher education and those with higher incomes are more likely to report an excellent credit score and less likely to report that they don't know their score.

In addition to being more likely to know their score, the prevalence of a good or excellent (700 or higher) credit score increases with educational attainment. Fifty-six percent of bachelor's degree holders and 74 percent with an advanced degree report having good or excellent credit. Those without a college degree are less likely to know their score, and if they do, they are far more likely to report that it's below 650.

More than half of bachelor's and advanced degree holders have a good or excellent credit score

Figure 77: Credit score distribution by level of education attained



Base: All

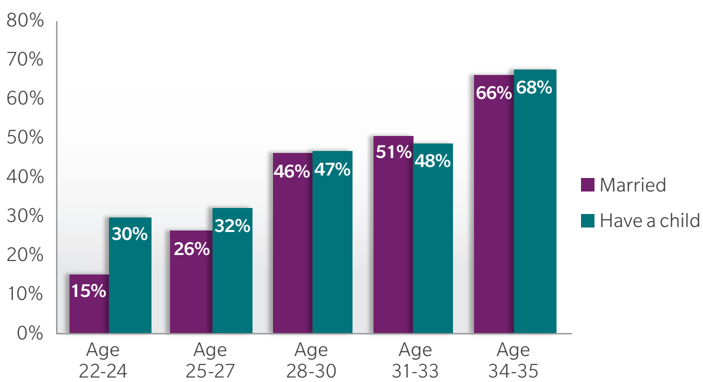
[16] Less than 53% of adults under 30 said they knew their score, according to a June 2017 survey of 410 adults conducted by MoneyTips.

Family and relationships

One in 4 young adults aged 22 to 35 indicates that spending time with family is what is most important to him or her in life. When it comes to relationships, nearly half of 22-to-35-year-olds are single (45%), two-fifths are married (39%) and another 13 percent report living with a partner. The average age at which married young adults first got married is 24.[17] By the time young adults reach their mid-30s, the majority are married. Overall, 43 percent of young adults aged 22 to 35 have a child; those who are parents were 23 on average when they had their first child.[18]

Likelihood of being married, having a child rises sharply with age

Figure 78: Percentage married, have a child by age



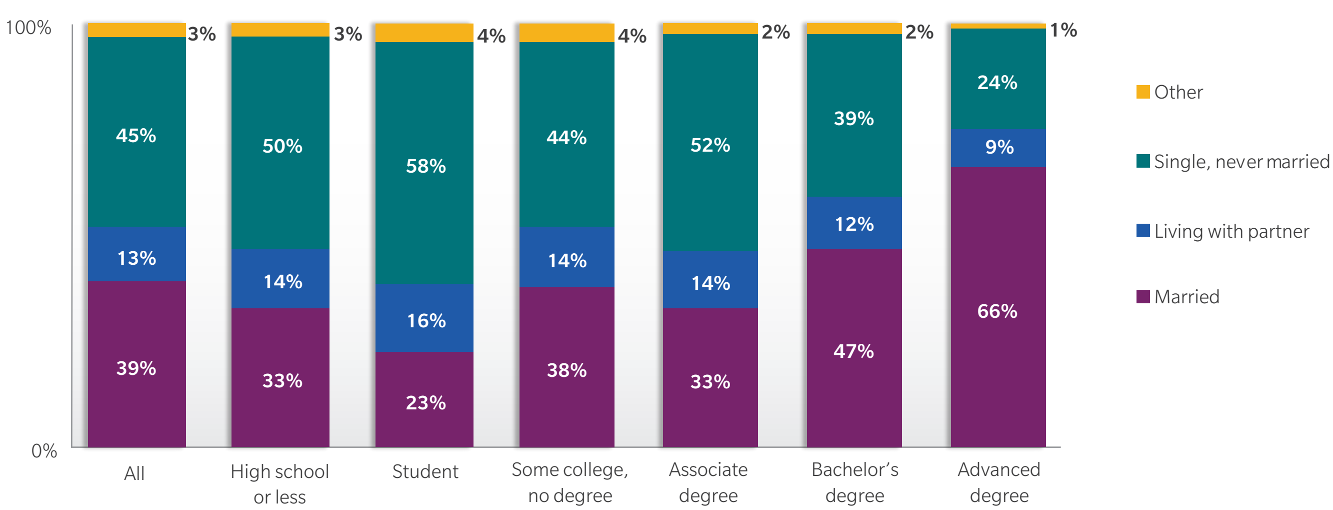
Base: All

Those with higher levels of education are more likely to be married; nearly half of bachelor's degree holders (47%) and two-thirds of advanced degree holders (66%) are married.

Overall, 36 percent of young adults aged 25 to 30 are married, rising to 57 percent of young adults aged 31 to 35. Degree holders are more likely to be married than their similarly aged peers whose education stopped at the high school level or other non-degree holders (students and non-completers combined). Degree holders aged 25 to 30 are equally likely to be married regardless of their college borrowing status; however for degree holders aged 31 to 35, those who did not borrow or who no longer have college debt are more likely to be married than their peers who borrowed or still have college debt.

Advanced degree holders are most likely to be married

Figure 79: Marital status by level of education attained



Base: All

[17] Note that the average age of marriage will not match the overall age of marriage among all U.S. adults, which is 28. This study interviewed adults between 22 and 35, thus lowering the average marriage age. Source: U.S. Census Bureau.

[18] Note that the average age at the birth of one's first child among all U.S. adults is 26. This study interviewed adults between 22 and 35, thus lowering the average age at first birth. Source: CDC/NCHS, National Vital Statistics System.

Forty-three percent of young adults aged 22 to 35 are parents, with 39 percent of 25-to-30-year-olds and 56 percent of 31-to-35-year-olds having at least one child. While in their late 20s, degree holders are less likely to be parents (36%) than those whose education did not go beyond high school (44%). In their 30s, 47 percent of those with a high school education or less have a child, compared with 57 percent of other non-degree holders and 61 percent of degree holders. Among non-degree holders, borrowers and those who still have college debt are as likely to have a child as those who did not borrow or who do not have college debt. Young adults who completed a degree are more likely to have a child if they did not borrow for their education, or if they do not have college debt.

Figure 80: Percentage married by age, educational attainment and college borrowing status

Married	All	High school or less	Non-degree holder, borrowed for college	Non-degree holder, did not borrow	Degree holder, borrowed for college	Degree holder, did not borrow	Non-degree holder, still has college debt	Non-degree holder, no college debt	Degree holder, still has college debt	Degree holder, no college debt
Age 22-35	39%	33%	32%	34%	47%	50%	31%	34%	39%	55%
Age 25-30	36%	32%	32%	24%	46%	41%	31%	26%	40%	48%
Age 31-35	57%	48%	45%	54%	63%	72%	44%	52%	57%	71%

Figure 81: Percentage with children by age, educational attainment and college borrowing status

Have a child	All	High school or less	Non-degree holder, borrowed for college	Non-degree holder, did not borrow	Degree holder, borrowed for college	Degree holder, did not borrow	Non-degree holder, still has college debt	Non-degree holder, no college debt	Degree holder, still has college debt	Degree holder, no college debt
Age 22-35	43%	42%	44%	45%	41%	46%	43%	45%	34%	49%
Age 25-30	39%	44%	43%	38%	36%	35%	43%	40%	33%	38%
Age 31-35	56%	47%	56%	59%	57%	67%	56%	58%	48%	67%

Methodology and technical notes

Target population

Ipsos conducted 3,011 online interviews with young adults between 22 and 35 years of age using a nationally representative sample between May 9 and June 1, 2017.

Sample design

Sample was drawn from two sources:

» Panel Members, panelists opt in and are incentivized by receiving instant-win opportunities, sweepstakes entries and daily prize giveaways.

» Ampario sample, a multisource real-time sample recruited and incentivized in the context that they have chosen and are currently engaged in.

The sample was designed to over-represent associate degree and advanced degree holders in order to reach a minimum of 450 responses from each group.

The sample was stratified by additional variables, such as gender, region and age. The target set for each of these variables is shown in Table A.

Weighting

To correct for the disproportionate stratified sample, the survey was weighted using a technique called rim-weighting to adjust the sample so that it is representative of the current U.S. population. The sample was weighted by gender, race/ethnicity, region, education, and household income, crossed by age. All demographic profiles used in the weights were sourced from the April 2014 U.S. Census Bureau's Current Population Survey (CPS) and the 2015 American Community Survey (ACS).

Margin of Error (MoE)

The MoE is a measure of sampling error. It is used to quantify the range of possible values for an observed sample statistic taking into account the possible sample variation; i.e., the larger the MoE, the greater the uncertainty in the survey results with respect to the statistic being analyzed. More specifically, the MoE can be defined as the maximum absolute difference between the statistic and the actual population parameter being estimated that would be expected from a simple random sample, with a predetermined confidence level.

When estimating percentages from this survey using the whole sample (3,011), the MoE is estimated to be approximately +/- 2.5 percentage points, with a confidence level of 95 percent.

Table A: Sample targets for gender, age, region, race, and education

Gender

Male	1,505
Female	1,506
Total	3,011

Ages

22-24	654
25-27	656
28-30	649
31-33	629
34-35	423
Total	3,011

Education

High school or less	903
Some college, no degree	672
Associate degree	463
Bachelor's degree	512
Advanced degree	461
Total	3,011

Region

Northeast	521
Midwest	632
South	1,123
West	735
Total	3,011

Race

White	1,762
African American	346
Hispanic	602
Other	301
Total	3,011

If percentages are being estimated from sub-domains of the survey, i.e., not using the whole sample, then the MoE will be higher than the one stated above, and must be recalculated. Assuming that each domain being compared has a different sample size, the rule when estimating percentages from a base of n cases is $MoE(n) = 1/\sqrt{n}$. In this context, to judge whether the observed difference between two domains (groups) with different sample sizes, say n1and n2, is statistically significant, this difference should be compared to $(1/\sqrt{n1})+(1/\sqrt{n2})$. If it is larger, then it's considered statistically significant.

Effective base sizes

As discussed in the previous section, the MoE depends on the sample size of the domain being analyzed. To serve as a guideline of the precision and confidence that the reader should have for the survey estimates, Table B shows how much allowance should be made for the sampling error around a single percentage estimate in the study.

Table B: Margin of error for different domain sizes

Sample size	Margin of error
50	14.1%
100	10.0%
200	7.1%
300	5.8%
400	5.0%
500	4.5%
600	4.1%
700	3.8%
800	3.5%
900	3.3%
1000	3.2%
1100	3.0%
1200	2.9%
1300	2.8%
1400	2.7%
1500	2.6%
1600	2.5%
1700	2.4%
1800	2.4%
1900	2.3%
2000	2.2%

Financial Health Index

Fifteen separate indicators were chosen to represent overall financial health among younger Americans. These items were subjected to reliability testing to ensure they are measuring the same underlying concept (financial health). To build the Financial Health Index, each survey respondent was assigned a single summated score (across all items comprising the index). The resulting scores were then rescaled from 0 to 100 for ease of interpretation.

The items constituting the index are:

- Homeownership
- Debt to income ratio
- Awareness of current credit score
- Having a monthly budget that is followed closely
- Ability to engage in spontaneous social activities without having to worry about how to pay for them
- Ability to choose the healthcare coverage that best fits needs regardless of price
- Ability to put money away each month, even if it is a small amount
- Currently experiencing or recently experienced trouble making all loan/debt payments
- Currently saving for retirement
- Checks finances after making a purchase
- Uses auto-pay for bills
- Always knows how much money is in bank account
- Feels that enough is saved in case something unplanned happens (e.g., home repairs, car repairs, etc.)
- Can consider furthering education because finances are in order
- Is able to donate to charities when desired

In order to facilitate categorization into “excellent,” “good” and “poor” groupings, the overall distribution aggregated index was evaluated to confirm that it conformed to a normal statistical distribution. “Cut points” were then developed based on the mean and standard deviation of the index distribution, such that a score more than one standard deviation below the mean was classified as “poor,” a score within one standard deviation of the mean (above or below) was classified as “good,” and a score more than one standard deviation above the mean was classified as “excellent.” While the overall index is relative, and while the mean may shift over time, these cut points will be an objective reference to determine year-over-year changes in overall financial health.

Money Under 35:

List of Data Tables

Download tables supplement at Navient.com/MoneyUnder35