



Millennials: You Really Do Have It the Worst

Description

It's not in your head. If you're a part of the millennial generation, you really have had a rough life. For those of us born between 1980 and 1994, we started off rough, and each major turning point only added to it. We were born during a major recession. As most of us entered the job market, another recession hit. Then finally, as we start finding a career, comes the coronavirus and another major financial downturn.

What all these economic downturns have meant for millennials is lower income. For this generation the average salary has increased only \$400 in the last 40 years. Since we tried to enter the job market and negotiate our careers during recessions, it means we make less money. It also means there are fewer jobs for us to choose from. But there is one benefit.

Mega savers

What all of this unluckiness has meant is one thing: millennials have become super savers. We know how to find a bargain. We know how to put cash away. In fact, four out of five Canadians have at least some savings set aside. On average, millennials have about \$26,475 put aside in savings, according to the latest data.

For those over 33, savings averaged \$39,787. For those between 28 and 32, \$21,375. For those under 27, the savings were far less at \$7,796.

As I mentioned, the average salary hasn't moved much either. Millennials who have a job in today's economic downturn make an average \$44,000. The lower salary means many live at home (mooching off the baby boomers), but have managed to put that cash aside because of it.

It's a good thing, because millennials have the highest debt to after-tax among the generations at 216%. That's 1.7 times more than Generation X, and 2.7 times more than young baby boomers. So for all the income millennials get, 216% should be going to debt. Clearly, living at home seems to be the only option.

How to escape!

So, you have all this debt, lower comparable pay, three recessions, and only a little bit of savings. What can you do to end this cycle of unluckiness? Here's the problem with millennials. While you have some savings, you don't invest it!

Here you are living at home and able to at least put some money aside. However, while you might be putting some of that money into debt payments, the rest should be invested.

In fact, just 58% of millennials have any investments at all. That's a huge percentage of the population not making anything on their savings. It makes sense given what I've just outlined.

We've been through all these recessions, so we understand better than anyone that what goes up must come down. But the stock market is different. If you choose strong stocks, what goes down also comes back up.

We have one thing: time

Given time, practically everything – especially top stocks – can climb back up. All you have to do is find those strong, stable companies that are highly likely to make a comeback soon after the downturn. It also means that right now, bargain-hunting millennials still have an opportunity to buy up these strong stocks at a discount.

If you want to ease into investing, I would highly recommend a Big Six Bank like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Royal Bank has 156 years under its belt and is the biggest bank based on market capitalization.

It has \$1.49 trillion in assets as of writing, so there's plenty to fall back on even during a downturn. It means the bank has been able to support its expansions while still increasing its dividend.

That's another reason to go for a stock like Royal Bank: [dividends](#). It means after putting your savings aside, you don't have to touch them and not only will shares grow, but so will your reinvestment through dividends. Simply put the dividend income you get every quarter back into your investment and you'll be growing your bottom line even further.

Foolish takeaway

If you have the average savings of \$26,475 as of writing and you put \$20,000 of it into a bank like Royal Bank. Those shares could grow by another 364% in the next 20 years.

The stock also has a dividend yield of 4.66% as of writing. By reinvesting your dividends, millennials could have \$828,524.14 in [another 20 years](#)!

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