

## **Forum on Financial Experiences of Older Adults**

**July 17, 2013**

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**BILL EMMONS:** It does appear that there's a rising trend of ability to accumulate wealth for families born through the first half of the 20th century, but that pattern isn't there in the second half. So families born after about 1950 seem to have noticeably, I mean, on the order of 20,30, 40 percent less wealth, and this is all inflation adjusted, than families born, say, in the 1940 cohort. And so there seems to have been some kind of a break in that pattern in the first half of the 20th century where successive generations were accumulating more wealth, even controlling for all these factors that we think contribute to that wealth accumulation, and then in the post-World War II period, it seems to reverse. My first intuition is that it has a lot to do with just how big your cohort is. So, you know, the kind of the corollary is if this Depression-era baby had a scarcity premium, baby boomers face exactly the opposite -there was a crowding penalty. And, you know, we all, we baby boomers complain about it all the time, that we, you know, we were crowded in classrooms in school, and we were crowded in the job market, and we were crowded in the housing market, and we bid up, stock prices, and, you know, the same thing sort of follows us through our lives. You know, looking far down the road, I think it could have similar kinds of effects that you might see people born during the Great Recession might do, I would guess probably slightly better than people in neighboring birth cohorts, or, you know, there's also, we talk about the echo boom, the babies of the baby boomers. And, you know, you can look at the birth rates and see, yeah, there was a little bit of a bump there, and probably they've, it might be so small that it's hard to detect given everything else, but then, again, it could be that people born in that period- I guess mid-80's into the early 1990's I think is what people usually think of - they

might face a little bit of a disadvantage because they're just more numerous than the cohorts that came before or immediately after.