These 5 groups are still recovering from the financial crisis

Aimee Picchi - CBS News - Friday, September 14, 2018

A decade has passed since investment bank Lehman Brothers collapsed and the economy spiraled into the Great Recession and a foreclosure maelstrom. Even today, some Americans are still struggling to regain their footing.

The worst financial disaster since the Great Depression, the financial crisis wiped out almost $8 trillion in household stock market wealth and $6 trillion in home value. As many as 10 million Americans are believed to have lost their homes, according to the St. Louis Federal Reserve.

Ten years on, many Americans still bear the scars of the crisis. Some never regained the wealth they lost in the stock market and real estate. Others, reeling from job losses as the unemployment rate spiked, may be working in new jobs, but they're earning less than they were in 2008. And older Americans are increasingly working past the traditional retirement age as they seek to bolster their assets.

"Older Americans who went through that may now be faced with that idea that, 'I have to work longer, make other financial trade-offs,'” said Emily Holbrook, director of personal markets at Northwestern Mutual. For millennials, many of whom entered the job market during the crisis and its aftermath, it was "a defining moment," she added.
To be sure, plenty of Americans are enjoying stronger income and wealth than they did a decade ago. But they tend to be members of already advantaged groups, such as high earners and Americans with college degrees. Homeowners in cities with booming economies, like San Francisco and New York, have also fared well, thanks to surging home prices.

But large demographic groups are still catching up on wealth and income, research indicates. In some cases, these Americans have been left behind by trends in the labor market, which favor workers with higher levels of education.

The two generations that recaptured their lost wealth are Generation X, the group of Americans born between 1965 to 1980, and millennials, born between 1981 to 1996, according to the Pew Research Center. The median net worth of Gen X households is $84,200, or one-third higher than it was in 2007, the research found. Millennials have more than doubled their wealth to $12,300.

Gen X homeowners are the only group that recovered the home equity they lost in the crisis, and they also enjoyed a stronger recovery in financial assets, Pew said. But another factor may come into play: This generation was entering its peak earning years when the crisis hit, which means they had more years of income growth ahead of them than older generations.

Here are five groups of Americans that haven't yet recovered fully in the past 10 years.

**Millennials**

Even though they've gained wealth since the crisis, they're struggling to play catch-up on other fronts, such as income and debt. Millennials could become a "lost generation" in terms of building wealth, the St. Louis Fed said in a recent report. Wealth accumulation for people born in the 1980s is about 34 percent lower than earlier generations, which the bank's economists said could be due to high levels of debt compared with income.

**Baby boomers**

Wealth for baby boomers stands at $184,200, below their pre-crisis wealth of $224,100, Pew found. Even though the wealth loss for boomers wasn't as steep as for Gen X, they haven't bounced back, possibly because the recession hit just as they many were entering their 60s, giving them fewer years to rebuild wealth. Boomers were born between 1946 to 1964.
**Silent generation**
Likewise, the silent generation, Americans born between 1928 to 1945, are still regaining their lost wealth. The median household wealth for this group stands at $253,800, below the $267,500 they had in 2007, Pew said.

**Workers without college degrees**
Despite the ongoing economic recovery, people without a college or high school diploma still haven't recovered from the recession, a recent report from The Hamilton Project found. That's evidenced by the lower level of employment for less-educated workers. The employment rate for college-educated Americans stands at about 73 percent, but it's only 55 percent for those with just a high school degree.

**Lower-income Americans**
One-third of Americans with household income below $50,000 -- or lower than the typical U.S. household -- say they had not yet begun to recover or may never recover from the blow of the financial crisis, a Transamerica Center survey found earlier this year. By comparison, only 12 percent of workers with incomes above $100,000 said they felt that way. Annual income for the poorest households -- those in the bottom 10th percentile -- is actually lower than what it was a decade ago, according data released this week by the Census.