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**DOS AND DON'TS
OF ESTATE PLANNING FOR MILLENNIALS**

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The author welcomes any corrections and suggestions for improvement to this outline.

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DOs and DON'Ts of Estate Planning for Millennials

I. INTRODUCTION

Millennials are taking over. It is predicted that Millennials will be the largest living generation by the end of 2019 according to the most-recently available United States Census Bureau data.¹ In 2013, *Time* magazine dubbed Millennials the "Me Me Me Generation."² It's no secret that senior generations think of Millennials as being lazy, entitled, selfish, and narcissistic. To a certain extent, statistics support such a conclusion. For example, according to the National Institute of Health, 58% more college students scored higher on a narcissism scale in 2009 than in 1982.³ But Millennials have many defining characteristics. Once you peel back the selfie-taking, smart-phone-loving exterior layers of a Millennial, you will find a generation of people that are resilient, adaptive, disruptive, educated, and optimistic.

The purpose of this paper is to discuss what differentiates Millennials from prior generations, to highlight specific estate planning techniques and client management strategies that are particularly suited to Millennials, and to highlight specific estate planning techniques and client management strategies to avoid. It is time to start developing a Millennial-friendly estate planning practice.

II. WHAT'S A MILLENNIAL?

Close your eyes and picture a Millennial. Is he holding a smart phone? Is he casually dressed? Is he living in his parents' basement while working as a barista during the day and writing poetry at night? Check your prejudices and biases about Millennials at the door, and learn more about what really defines Millennials as a generation.

For purposes of this discussion, we will use the Pew Research Center's generational assignments:

- Silent Generation (a/k/a "Silents") = born 1928 through 1945

¹ Richard Fry, "Millennials Projected to Overtake Baby Boomers as America's Largest Generation," *Pew Research Center* (Mar. 1, 2018) available at <https://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/>. Interestingly, it is projected that Gen Xers will not outnumber Baby Boomers until 2028.

² Joel Stein, "Millennials: The Me Me Me Generation," *Time* (May 20, 2013).

³ *Id.*

- Baby Boomer Generation (a/k/a "Baby Boomers") = born 1946 through 1964
- Generation X (a/k/a "Gen Xers") = born 1965 through 1980
- Millennial Generation (a/k/a "Millennials") = born 1981 through 1996⁴

A. Demographics and Educational Statistics

Millennials recently robbed their parents (i.e., Baby Boomers) of the title of largest living adult generation. In addition, they have also quietly overtaken the United States labor force. As of 2016, Millennials outnumbered Gen Xers as the largest group of American workers, making up 35% of the United States Labor force.⁵ So if you think Millennials are inconsequential, think again.

Millennials are also the best educated generation in United States history. In 2016, 39% of Millennials aged 25-37 had earned a bachelor's degree. When Gen Xers were at comparable ages in 2000, only 29% had earned college degrees. 25% of Baby Boomers and 15% of Silents had earned college degrees in 1990 and in 1964 respectively, when they were 25-29 years old.⁶ But achieving higher education levels has literally come at a price.

Millennials are more burdened by financial hardship than their parents and grandparents. They are the first generation in the modern era to have higher levels of loan debt, poverty, and unemployment and have less personal wealth and income than the two immediately preceding generations had at the same points in life.⁷ The number of households with student loan debt doubled from 1998 when Gen Xers were 20-35 to 2016 when Millennials were 20-35.⁸ While student loans contribute to Millennials' debt, personal debt, such as credit card debt, is the number one source

⁴ *Pew Research Center* available at <https://www.pewresearch.org/topics/millennials/>.

⁵ Richard Fry, "Millennials Are the Largest Generation in the U.S. Labor Force," *Pew Research Center* (Apr. 11, 2018) available at <https://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/>. The survey reported that Gen Xers made up 33% of the work force.

⁶ Kristen Bialik and Richard Fry, "Millennial Life: How Young Adulthood Today Compares with Prior Generations," *Pew Research Center* (Feb. 14, 2019) available at <https://www.pewsocialtrends.org/essay/millennial-life-how-young-adulthood-today-compares-with-prior-generations/>.

⁷ Bruce Drake, "6 New Findings about Millennials," *Pew Research Center* (Mar. 7, 2014) available at <https://www.pewresearch.org/fact-tank/2014/03/07/6-new-findings-about-millennials/>.

⁸ See *supra* note 6.

of debt for Millennials.⁹ They have an average of \$27,900 of debt (excluding mortgages).¹⁰ Despite increased financial hardship, 8 out of 10 millennials say they have the money they need to lead the lives they want to lead, indicative of Millennials Optimism.¹¹

B. Family

Family structures and living arrangements look different for Millennials than they looked for their parents and grandparents. More Millennials live at home than prior generations. In 2016, 15% of Millennials were living in their parent's home, whereas only 10% of Gen Xers lived with their parents in 2000, and 8% of Boomers and Silents lived with their parents in 1981 and 1964 respectively.¹² And those Millennials stay put longer. Among 22-25 year olds living in their parents' homes, 91% of Millennials reported in 2016 that they were living at the same address one year earlier (meaning they had been at Mom and Dad's place over a year), while older generations reported lower year plus stays across the board when they were 22-25 years old.¹³ There is something familiar, comforting, and/or cheap about living in your parents' basement that appeals to Millennials.

Perhaps the uptick in adult children moving home should not be surprising, given Millennial's positive relationships with their parents. In 2013, Time magazine interviewed MTV's President Stephen Freeman regarding profound shifts in the views of Millennials from Gen Xers. Freeman explained that MTV reinvented its programming to cater to Millennials. He explained why Millennials are different:

"I'm an Xer, and I grew up watching 'Peanuts,' where you didn't even see the parents. The parents were that 'wah wah' voice. And MTV was always a parent-free zone. But suddenly, we were hearing from our audience that they

didn't make a move without their parents. A lot of the audience outsources their superego to their parents. For the most simple decisions of 'should I do this or should I do that,' our audience will check in with their parents before they make that decision, which I thought was fascinating."¹⁴

Even when Millennials flee the nest, they are less likely to marry than prior generations. In 2018, just under half (46%) of Millennials were married, whereas 83% of Silents were married in 1968, 67% of Baby Boomers were married in 1982, and 57% of Gen Xers were married in 2001.¹⁵ When they do marry, Millennials are marrying later in life. In 1968, the typical American woman first married at age 21 and the typical American man first married at age 23.¹⁶ Today, the average female Millennial weds at age 28 and the average Millennial male weds at age 30.¹⁷ Instead of marrying, Millennials are cohabitating. About half of cohabitating households are headed up by a Millennial.¹⁸ To add some perspective, in 2012, nearly 4 in 10 (37%) women ages 25 to 29 who were living with a spouse or partner were cohabitating. In contrast, only about 10% of females living with a spouse or partner in 1987 were cohabitating instead of marrying.¹⁹ Cohabitation is not only acceptable among Millennials, it is the norm.

Putting off marriage has led to other marital trends. Divorce rates are dropping in the United States, due in significant part to the fact that Millennials are divorcing more infrequently than prior generations. From 2008 to 2016 divorce rates dropped 18%. Even when controlling for factors such as age, the divorce rate still dropped 8%.²⁰

Hugh Magill says that this marriage delay has led to a paradigm shift. Under the Silent Generation's relationship paradigm, first came courtship, then marriage, then cohabitation, then children, and

⁹ Megan Leonhardt, "Millennials Have an Average of \$28,000 in Debt—and the Biggest Source Isn't Student Loans," CNBC (Sept. 18, 2019) [available at https://www.cnn.com/2019/09/18/student-loans-are-not-the-no-1-source-of-millennial-debt.html](https://www.cnn.com/2019/09/18/student-loans-are-not-the-no-1-source-of-millennial-debt.html).

¹⁰ Id.

¹¹ See supra note 7.

¹² Richard Fry, "It's Becoming More Common for Young Adults to Live at Home – and for Longer Stretches," Pew Research Center (May 5, 2017) [available at https://www.pewresearch.org/fact-tank/2017/05/05/its-becoming-more-common-for-young-adults-to-live-at-home-and-for-longer-stretches/](https://www.pewresearch.org/fact-tank/2017/05/05/its-becoming-more-common-for-young-adults-to-live-at-home-and-for-longer-stretches/).

¹³ Id.

¹⁴ Josh Sanburn, "How MTV Decided to Abandon Rebellion," Time (May 14, 2013) [available at http://business.time.com/2013/05/14/how-mtv-decided-to-abandon-rebellion/](http://business.time.com/2013/05/14/how-mtv-decided-to-abandon-rebellion/).

¹⁵ See supra note 6.

¹⁶ Id.

¹⁷ Id.

¹⁸ Id.

¹⁹ Id.

²⁰ See Ben Steverman, "Millennials Are Causing the U.S. Divorce Rate to Plummet: They're Waiting until All is Secure Before Tying the Knot," Bloomberg (Sept. 25, 2018) [available at https://www.bloomberg.com/news/articles/2018-09-25/millennials-are-causing-the-u-s-divorce-rate-to-plummet](https://www.bloomberg.com/news/articles/2018-09-25/millennials-are-causing-the-u-s-divorce-rate-to-plummet).

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