

HIGH STAKES HIGH REWARD



HOW ALL FUNDERS CAN MAKE CRITICAL, CATALYTIC CONTRIBUTIONS TO INVESTING IN THE FINANCIAL SECURITY OF YOUTH AND YOUNG ADULTS.

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The Aspen Institute Financial Security Program's (FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority.

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INTRODUCTION: YOUNG ADULTHOOD IS A HIGH STAKES, HIGH POTENTIAL, TIME OF LIFE

Young adulthood¹ is a brief, transitional, and high potential time of life. There are no inherent deficiencies in young people. Rather, they need and deserve opportunities to learn and grow. This requires that young people have the financial stability to engage in opportunities to pursue educational and career goals, and the support, guidance, and freedom to explore that can set them up for success, including financial well-being, in later adulthood. All young people deserve to be set up for success.

The stakes are high for all of us. If youth and young adults do not receive access to the supports and opportunities that all young people need to grow into thriving adults, their paths will diverge in ways that are both significant and costly—for young people, their families and communities, and the prosperity, social cohesion, and democratic health of our country. For example, research from McKinsey & Company finds that racial wealth inequality costs the US economy between \$2 and \$3 trillion of investment and consumption.¹ This degree of economic exclusion also sidelines talent, undermines social inclusion² and depresses political participation and civic engagement.³

Some youth and young adults in the United States, due to the private wealth and resources of their families and the policies and practices that have allowed their families to gain private wealth, have secure access to the foundations of financial well-being—financial stability, opportunity pathways, financial capability, and support and guidance—and are therefore thriving.

However, at least half of young people in the United States do not have secure access to these resources and opportunities,⁴ especially those from non-wealthy families, young people of color, and young parents.

Providing the necessary underpinnings of financial security for all young people in America will require commitment and action from diverse sectors and stakeholders, ultimately with significant government support, as it will cost more than private philanthropy alone can sustain. But this committed action will pay significant dividends, with positive multiplier effects in both economic and social areas of American life.

¹ In this brief we use the terms “young adults,” “youth,” and “young people” interchangeably. We are generally referring to people aged approximately 16-25, though some data sources use slightly different age ranges

Financial circumstances and opportunity structures in youth drive health outcomes over the life course

- **Economic stability is one of the five social determinants of health** (the nonmedical factors that influence health outcomes).*
- The **strongest determinants of adolescent health worldwide are structural factors** such as national wealth, income inequality, and access to education.**
- Health and health behaviors are **strongly correlated from adolescence into adult life**.**
- “Nations present young people with structures of opportunity as they grow up...[T]he way that these **social determinants affect adolescent health are crucial to the health of the whole population** and the economic development of nations.” **

* U.S. Department of Health and Human Services, Healthy People 2030. <https://health.gov/healthypeople/priority-areas/social-determinants-health>

** Viner RM, Ozer EM, Denny S, Marmot M, Resnick M, Fatusi A, Currie C. Adolescence and the social determinants of health. *Lancet*. 2012 Apr 28;379(9826):1641-52.

Philanthropy can make critical, catalytic contributions toward this whole-of-society approach by making strategic investments in: (1) pilots and practice paired with learning, (2) initiatives that are resourced sufficiently for partners across sectors to work together, and (3) human capital investments that allow government to innovate and pay attention to important societal and system needs.

To support movement toward a country where all young people can thrive, this brief provides:

- An explanation of what financial security means for youth and young adults and what allows them to experience it now and in later adulthood.
- An analysis of the state of young adults' financial well-being today and barriers to it.
- A vision for what it will take to provide the necessary foundations of financial well-being for all young adults and the policy solutions that could move the needle.
- High impact recommendations for philanthropy to catalyze a whole-of-society approach to investing in young people.

The solutions are known and ready for the taking. What is needed is leadership and collaboration across philanthropy to invest courageously in youth and young adults.

Methodology

This brief synthesizes three strands of research activities exploring the financial security of young adults in the United States, and opportunities to support young people at scale:

1. **Desktop review** of existing research, data sources, and program and policy documentation;
2. **Key informant interviews** and consultation with diverse experts from organizations around the country working on different aspects of youth and young adult well-being, and
3. **Focus groups with young adults**⁷² and input from young leaders participating in Young Invincibles' Young Advocates Program.⁷³

Grateful acknowledgement of the experts who informed our thinking can be found in Appendix A.