



FINANCIAL PLANNING

Is the American Dream Withering or Just Changing?

Opportunity, homeownership and retirement security are down. Now we hear that most believe the next generation will be worse off than the last. Well, OK, but the kids don't believe it.

By Dan Kadlec @dankadlec | Sept. 26, 2013 | 7 Comments

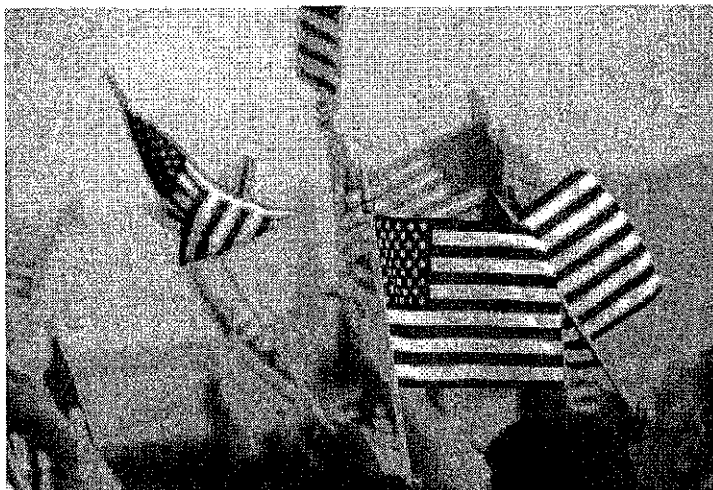
The American dream has taken hit after hit the past half decade. It just suffered another blow, based on a new poll. Yet young people seem determined to turn things around, giving us all cautious cause for optimism.

When writer James Truslow Adams coined the phrase in 1931 he called the American dream “that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement.” So it was all about opportunity, which largely has disappeared amid a poor jobs market, heavy debts, and wages that have stalled for 25 years.

In more recent times, the American dream became closely identified with home ownership. But that idea suffered a blow in the housing bust. Just 65% of Americans own their home, down from 69% pre-bust, and four out of five Americans are rethinking the reasons they'd want to buy a house.

Perhaps the newest definition of the American dream comes from the National Endowment for Financial Education, which found that nearly half of adults define the dream as a comfortable retirement. Most just want to quit work at 65 or 67 and not worry. That's their dream, which far outpaces the 17% who cling to homeownership as the embodiment of Adams' vision.

(MORE: Black Friday Is Facing Extinction)



Getty Images

Now we see yet another blow to yet another version of the American dream, which at times has been described as each generation doing better than the last. Seven in 10 Americans say that when today's children are adults, they'll have less financial security than adults today, according to an Allstate/*National Journal* Heartland Monitor poll.

Adults overwhelmingly believe childhood and parenthood were better for earlier generations; 79% say it was better to have been a child when they were young. Most believe today's kids will have a poorer chance of holding a steady job and owning a home without too much debt, and that their children will have less opportunity to achieve a comfortable retirement.

The downbeat view doesn't stop there. Adults also believe that today's children will display less patriotism, a poorer work ethic, and less civic responsibility when they come of age.

All this pessimism would be deadly troublesome if not for one thing: young people aren't buying it. More than half of teens in the Heartland Monitor poll say it's better to be a kid today, and nearly half say that when they are their parents' age they will have more opportunity—not less.

Maybe that's because young people learned a lot during the Great Recession. They saw their parents get socked. But with no real assets at risk themselves they came through it unscathed, financially speaking, and yet took the lessons to heart and are more conscious about spending and debt than Mom and Dad have been.

(**MORE:** David Chang Broke All the Rules)

Maybe that's because they've seen stocks come roaring back and the housing market begin to recover. Mom and Dad may not be whole yet, and still stinging. But those who began their careers in the past five years and were smart enough to sign up for a 401(k) have been building wealth steadily.

Maybe that's because, stereotypes be damned, they know something about their work ethic that boomers and other elders do not: Millennials are pretty darned committed to their careers—they just see it in different terms.

Or maybe it's just because young people can't imagine life without the Internet or smartphones or, well, reality TV. Toddlers today play on iPads. With mobile technology, young professionals can get their jobs done at the beach. By comparison, older generations grew up in the dinosaur age. We had outrageous long-distance bills, three channels and a TV with rabbit ears. Dude, what's so great about that?



Dan Kadlec @dankadlec

Dan Kadlec is a journalist who has written about personal finance for TIME and other outlets for 25 years. He is the author of three books, a leading voice in the global financial literacy movement, and strategic adviser to the National Financial Educators Council.



Kadlec's latest is *A New Purpose: Redefining Money, Family, Work, Retirement, and Success*