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**HR + Benefits**

**Masterclass:**

*Recruitment, Retention,  
Reflection*

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**2023 Economic Forecast**



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# Disclaimer

- ▶ The materials and information provided in this presentation are for informational purposes only and not for the purpose of providing investment, legal or tax advice. You should contact your broker, attorney and/or tax professional to obtain advice with respect to any issue or problem.



# 2023 Economic Forecast

- Who & What Matters Most
- Generational Demographics
- Income Inequality, Income Polarization, & Income Mobility
- Where is the Wealth Going?





# What is the *Goal* of our economy?





# Who Matters Most?

- ▶ Households
  - ▶ Consumers
  - ▶ Labor
  - ▶ Wage Workers
  - ▶ Entrepreneurs
  - ▶ ?????
- *Silent Generation*
  - *Baby Boomers*
  - *Gen X*
  - *Gen Y or Millennials*
  - *Gen Z*

**Who has the wealth?**  
**Who has the managerial power?**  
**Who has the consumer power?**  
**Who are the workers?**  
**Who are creating jobs?**



# What Matters Most?

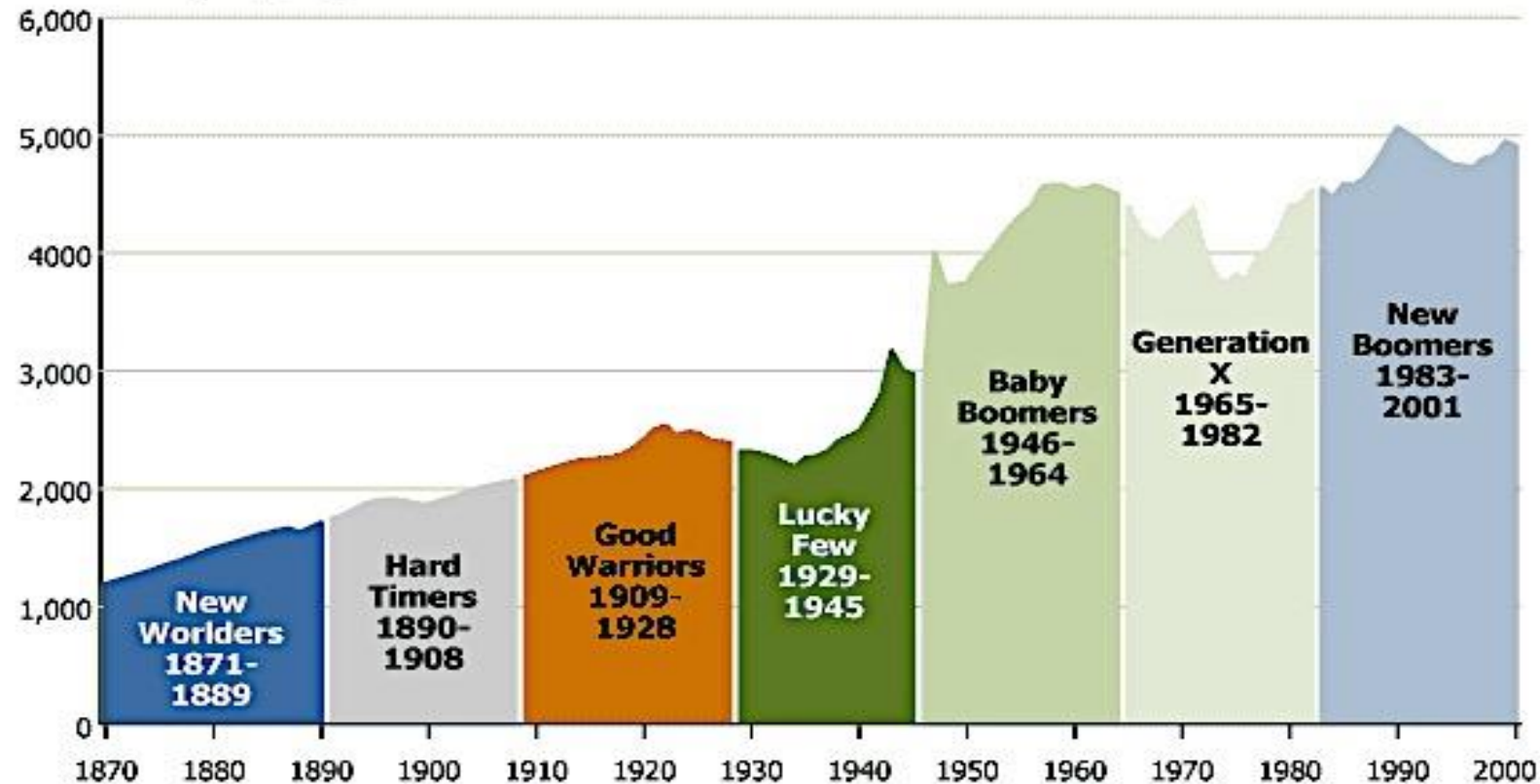
- ▶ Solow Growth Model
- ▶ Labor (Population)
  - ▶ Quality and quantity - Productivity
  - ▶ Demographics - U.S. and World
- ▶ Capital
  - ▶ Quality and quantity - Productivity
- ▶ Technology
  - ▶ Ideas & Entrepreneurship

# Generations at Age 30



## U.S. Generations at Age 30 (with projections for births after 1978)

Thousands of people, by year of birth

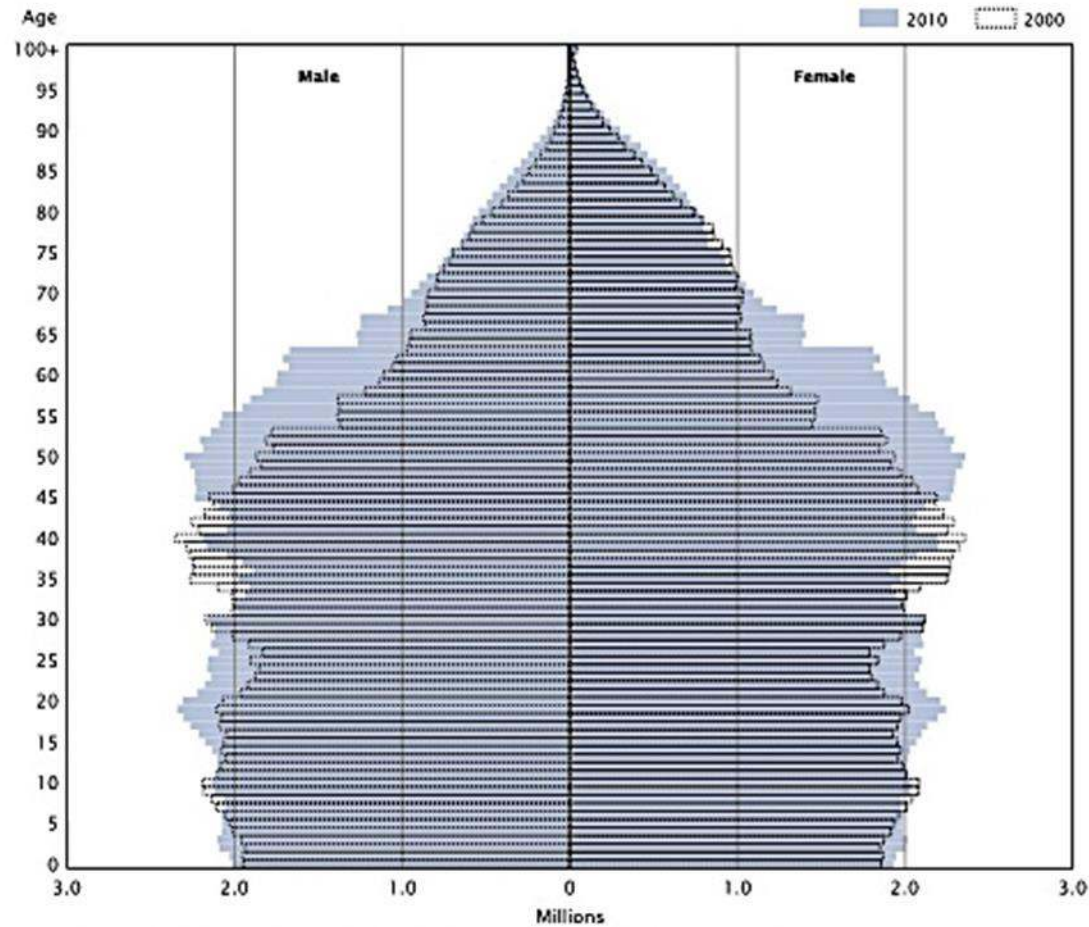


Source: U.S. Census Bureau.

# Generation Chart



Figure 2.  
**Population by Age and Sex: 2000 and 2010**  
(For information on confidentiality protection, nonsampling error, and definitions, see [www.census.gov/prod/cen2010/doc/sf1.pdf](http://www.census.gov/prod/cen2010/doc/sf1.pdf))



Sources: U.S. Census Bureau, *Census 2000 Summary File 1* and *2010 Census Summary File 1*.

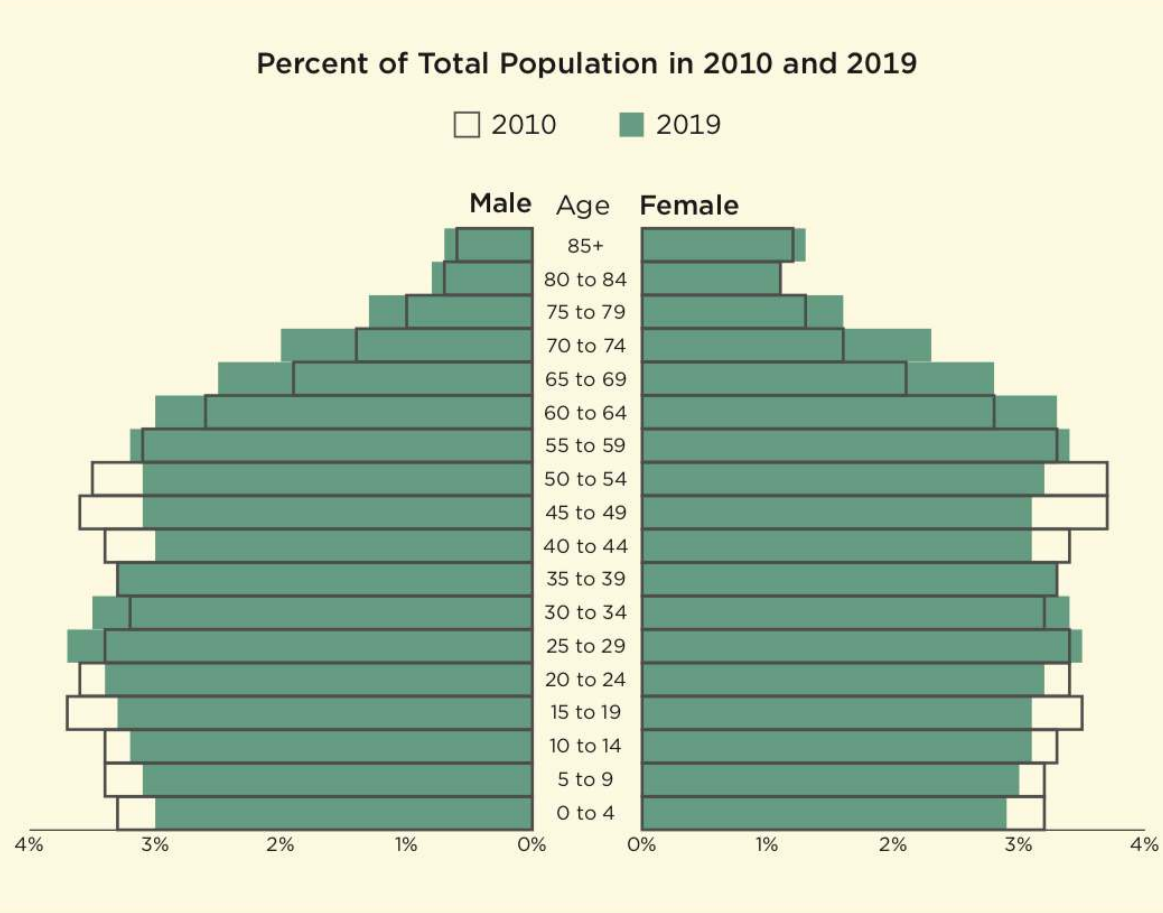


# Generation Chart



## A Wave of Change

Age Structure of the U.S. Resident Population by Sex: 2010 vs. 2019

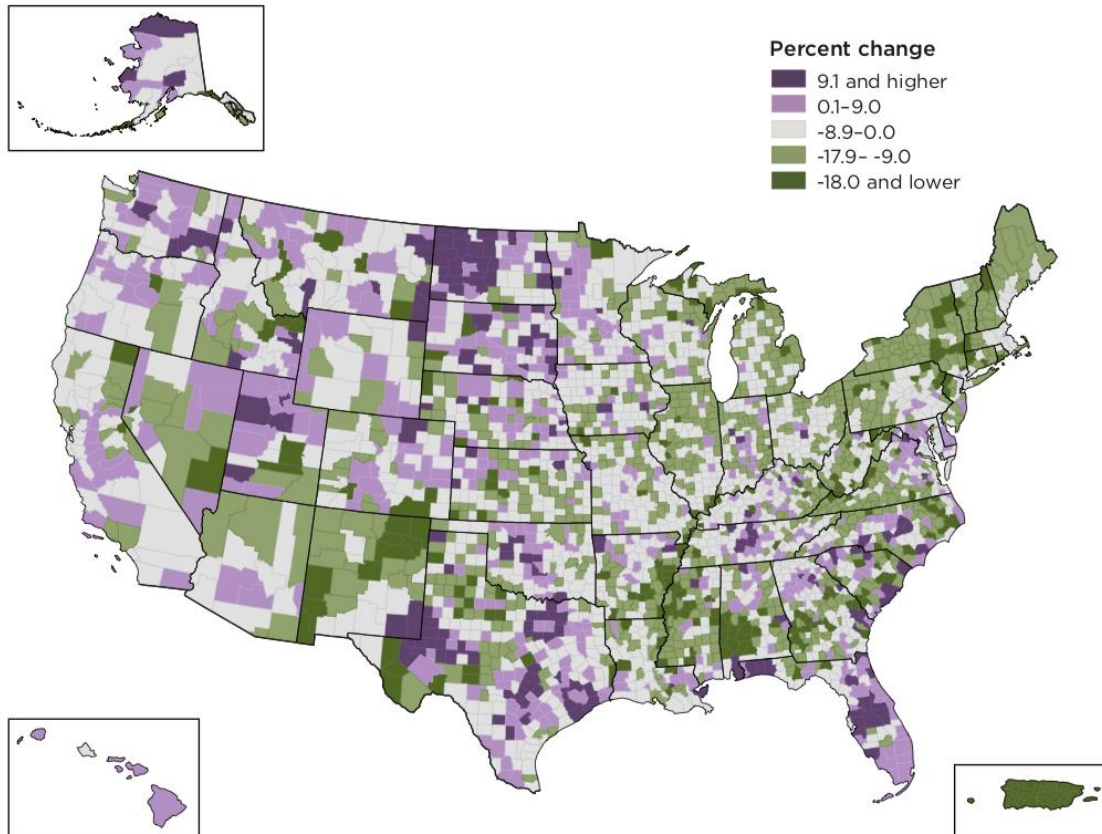


# Generation Chart



## The Next Generation

Percent Change among the Under 18 Population: 2010 to 2019

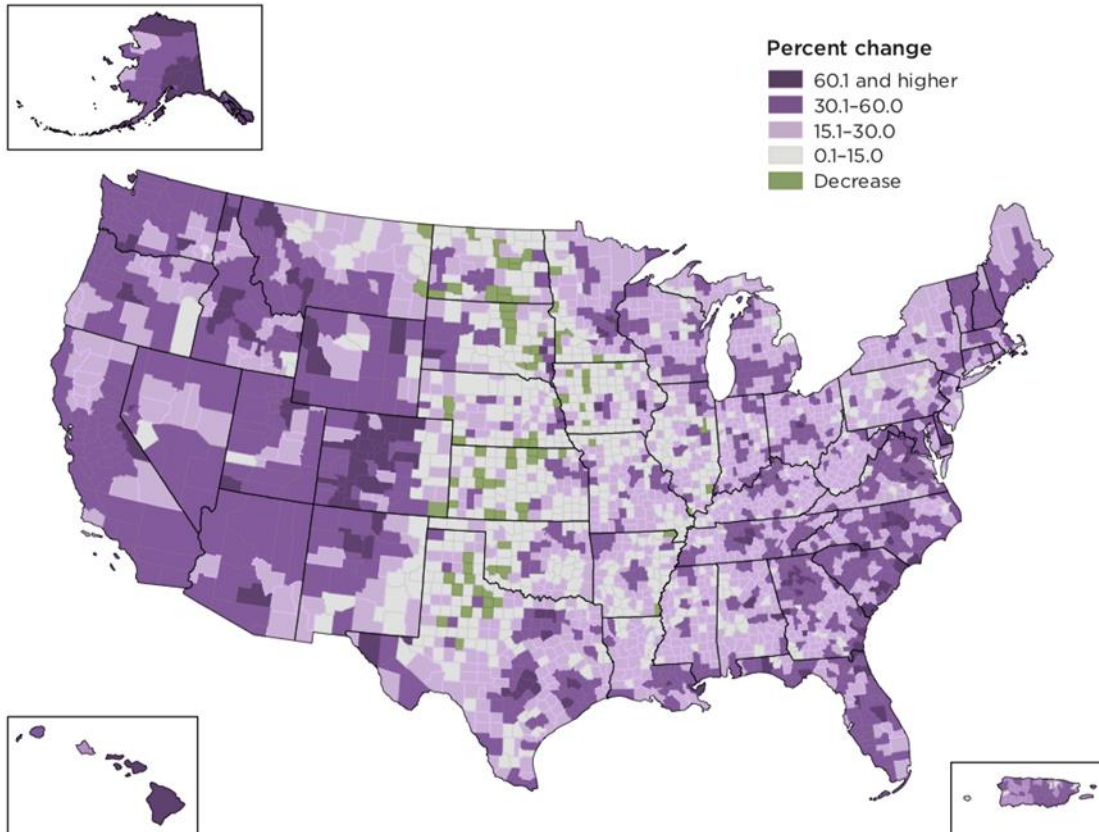


# Generation Chart



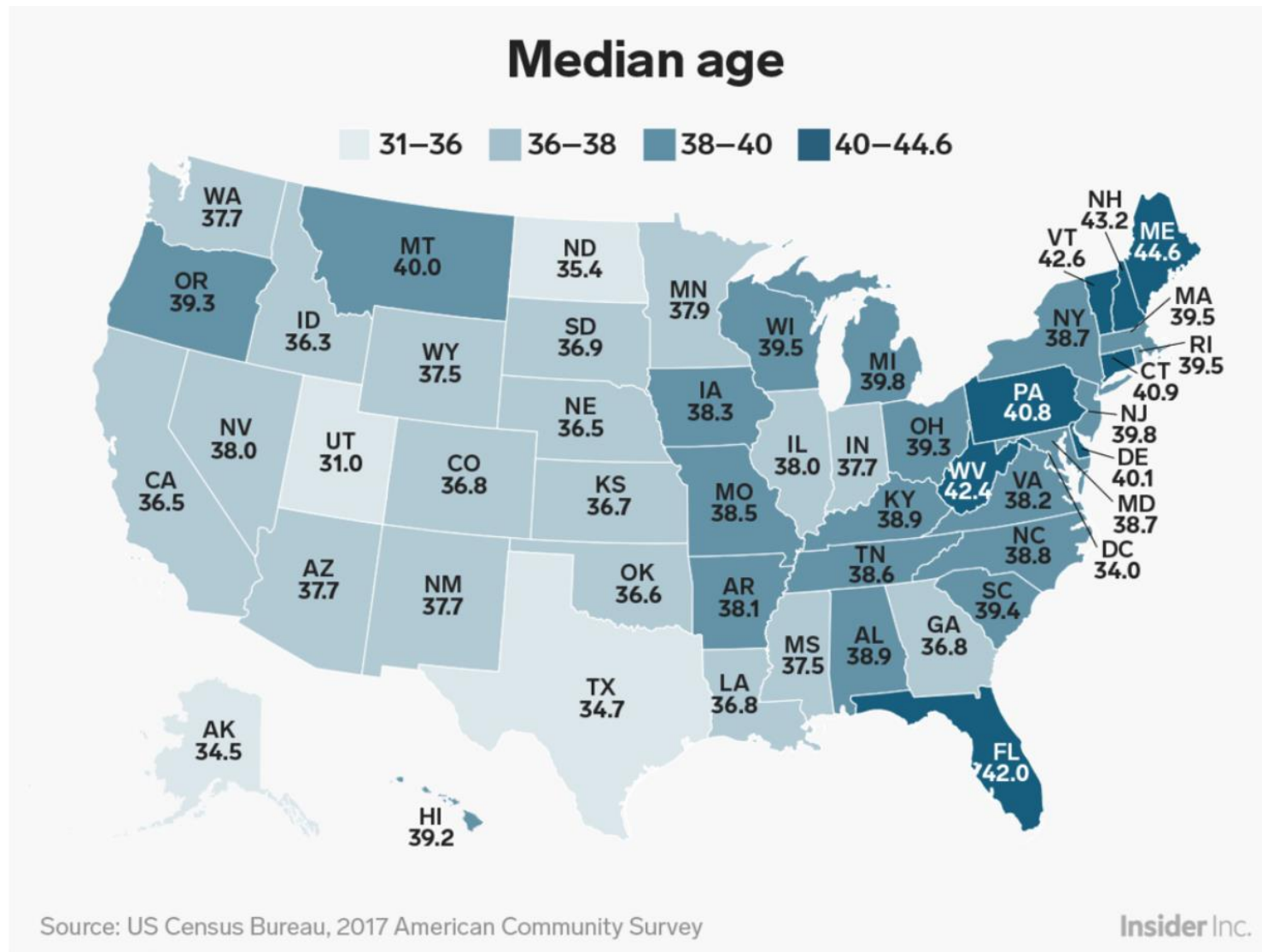
## Older and Growing

Percent Change among the 65 and Older Population: 2010 to 2019





# Median Age by State



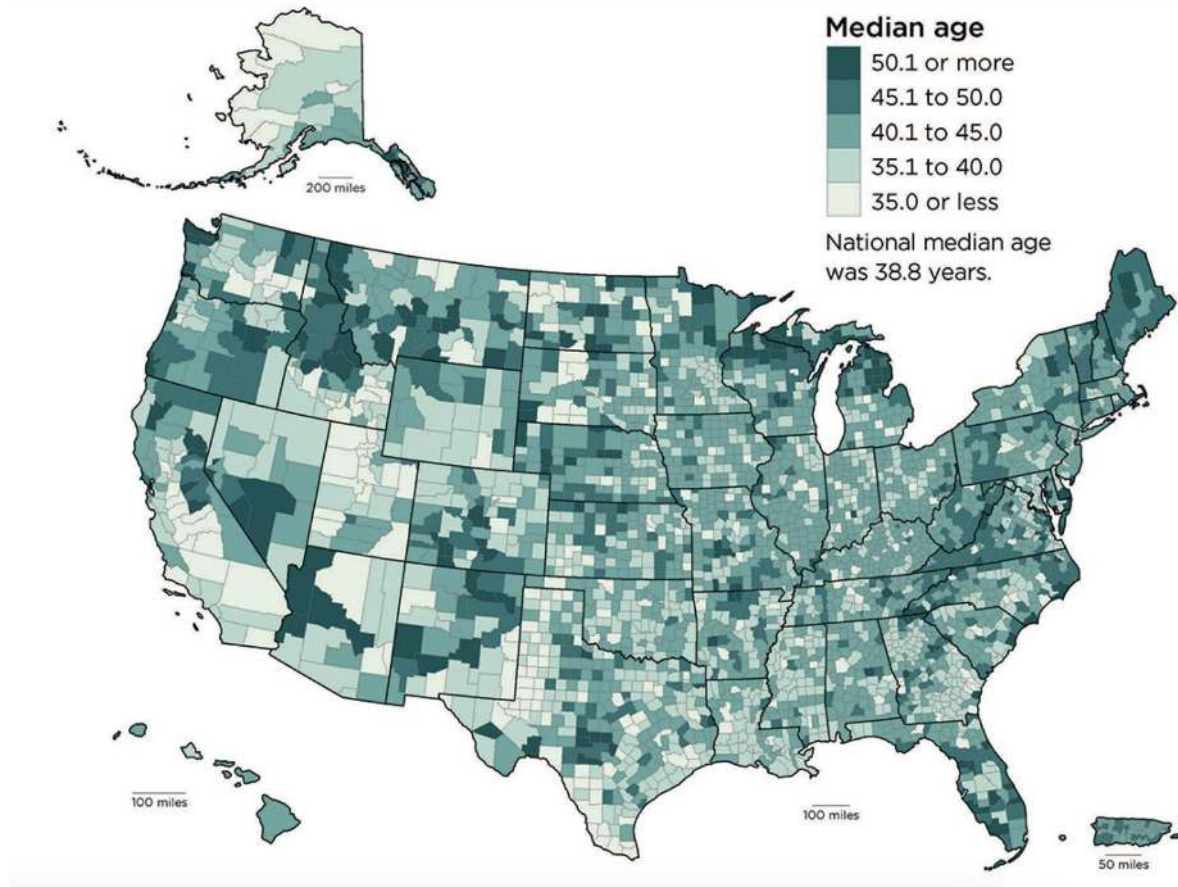




# Median Age by County

## An Aging Nation

Median Age by County: July 1, 2021

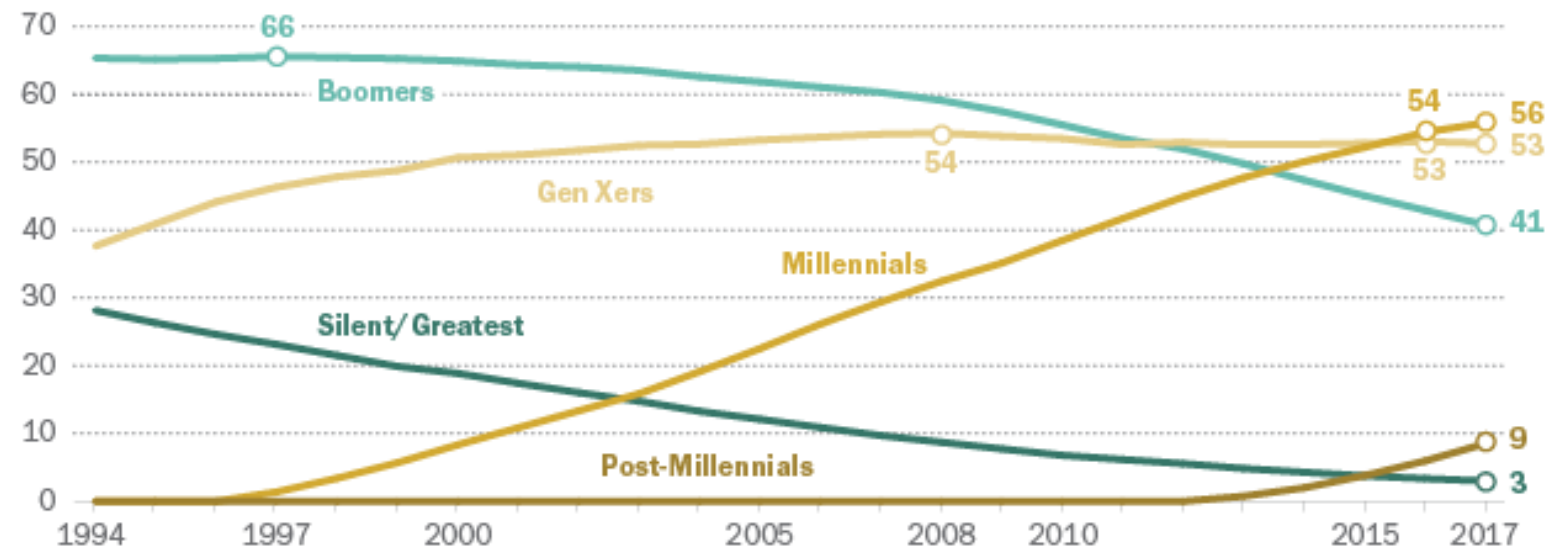




# Millennials Take Over

## Millennials became the largest generation in the labor force in 2016

*U.S. labor force, in millions*



Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.

Source: Pew Research Center analysis of monthly 1994-2017 Current Population Survey (IPUMS).

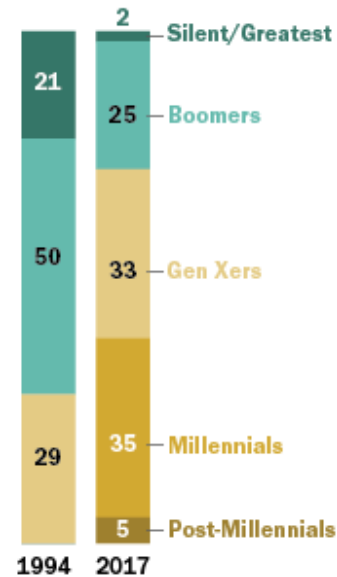
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# Who is the New Boss?

## More than a third of the workforce are Millennials

*% of the U.S. labor force*



Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.  
Source: Pew Research Center analysis of monthly 1994 and 2017 Current Population Survey (IPUMS).

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## The generations defined

### Post-Millennial generation

Born: 1997 and later  
Age of working-age adults in 2017: 16 to 20

### Millennial generation

Born: 1981 to 1996  
Age in 2017: 21 to 36

### Generation X

Born: 1965 to 1980  
Age in 2017: 37 to 52

### Baby Boom generation

Born: 1946 to 1964  
Age in 2017: 53 to 71

### Silent and Greatest generations

Born: 1945 or earlier  
Age in 2017: 72 and older

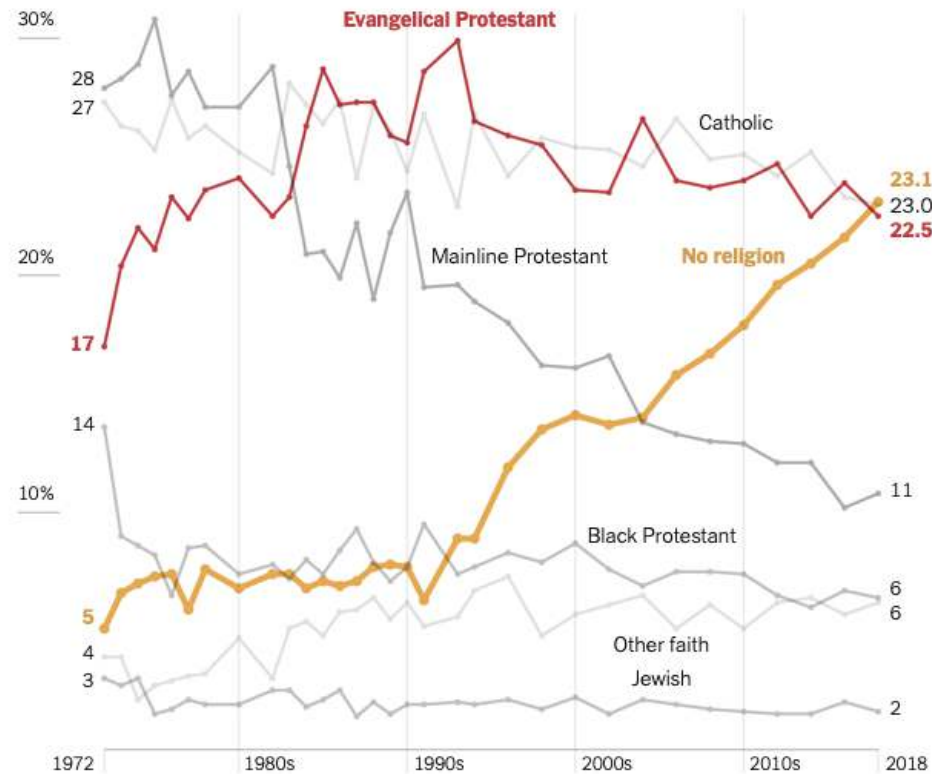
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# Does Religious Background Matter?

## The Rise of 'No Religion'

Percentage of Americans by religious affiliation, or lack of one.



By The New York Times | Source: analysis of General Social Survey data by Ryan P. Burge, Eastern Illinois University; figures do not add up to 100 percent because the surveys did not classify some respondents.

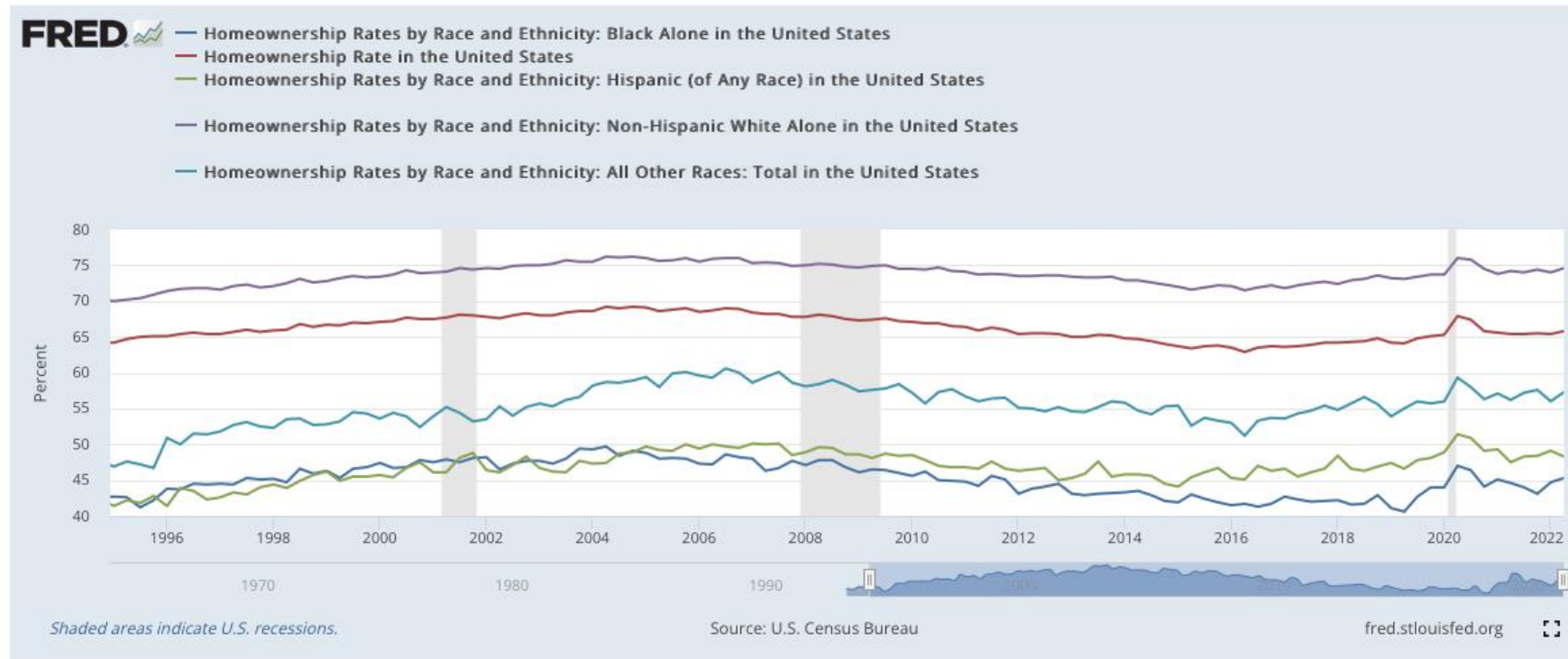




# What to Consider

- ▶ What are differences between the generations that you see?
- ▶ What does it mean for your company?
- ▶ Who is doing a good job of capturing that value?

# Homeownership Rate by Race and Ethnicity



**This chart does not consider average age of homeowner**

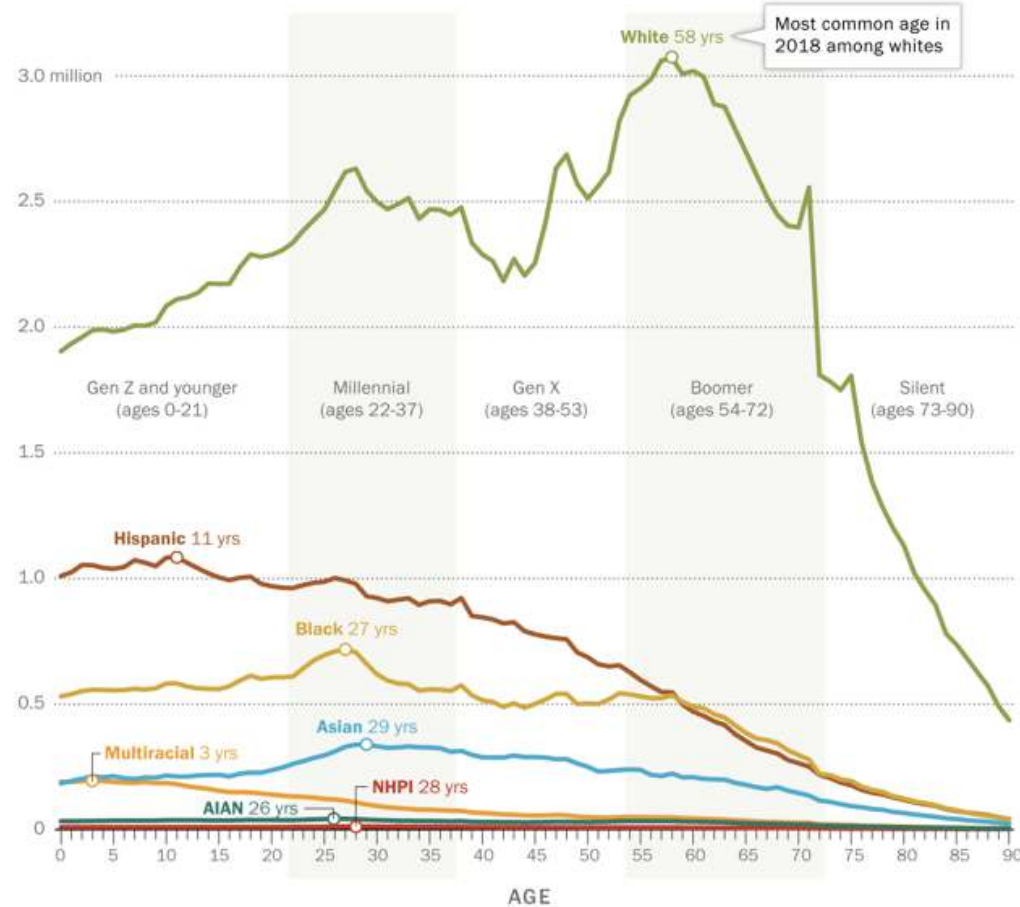




# Most Common Age by Race and Ethnicity

## In U.S., most common age for whites is much older than for minorities

Number of people of each age by race/ethnicity, 2018



In 2018, there were more 27-year-olds than people of any other age (born 1991)

Note: White, black, Asian, multiracial, American Indian/Alaska Native (AIAN) and Native Hawaiian/Pacific Islander (NHPI) groups include only non-Hispanics. All racial/ethnic groups are single-race, except multiracial Americans, who are two or more races, and Hispanics, who are of any race. Ages 91 and older are not shown.  
Source: U.S. Census Bureau population estimates as of July 1, 2018.

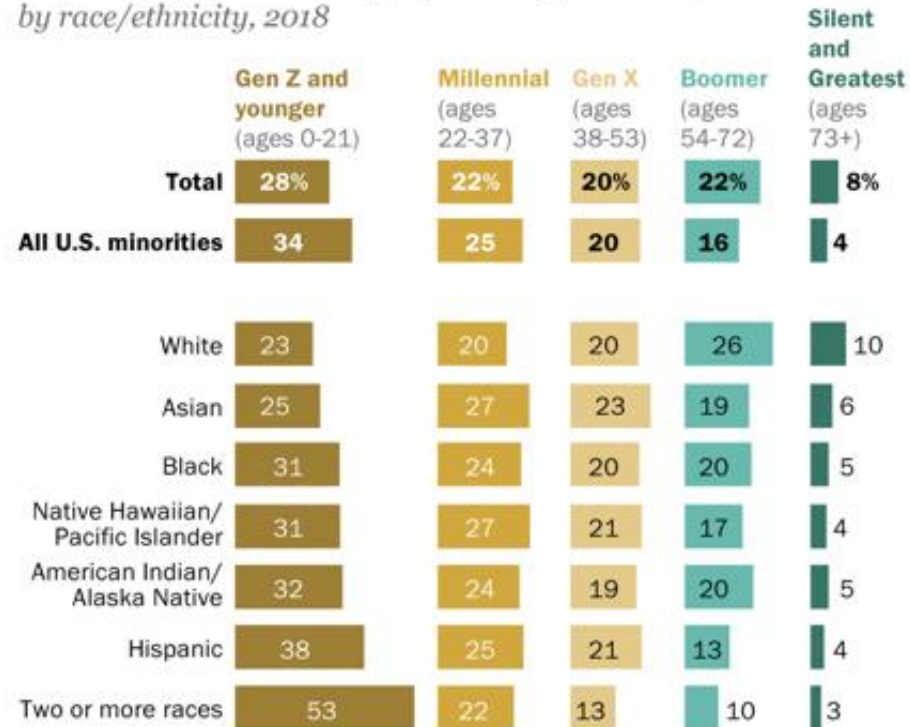
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# Per capita data



## Largest shares of U.S. minority groups are Millennials or younger

% of U.S. population belonging to each generation, by race/ethnicity, 2018



Note: Whites are single-race, non-Hispanic; minorities include all racial and ethnic groups except single-race non-Hispanic whites. Hispanics are of any race.

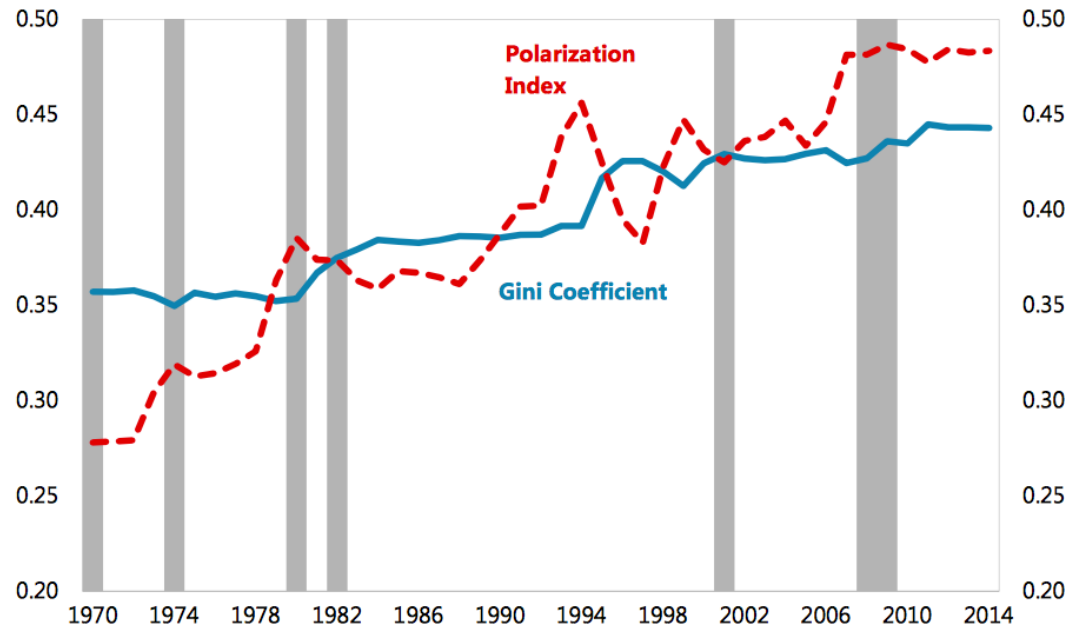
Source: U.S. Census Bureau population estimates as of July 1, 2018.

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# Income Concepts



**Figure 8. Polarization Index and Gini Coefficient, 1970-2014**



Source: Current Population Survey.

1/ Underlying income data adjusted for household size using OECD's equivalence scale. See footnote 6 for details.

- Income Inequality
- Income Polarization
- Income Mobility



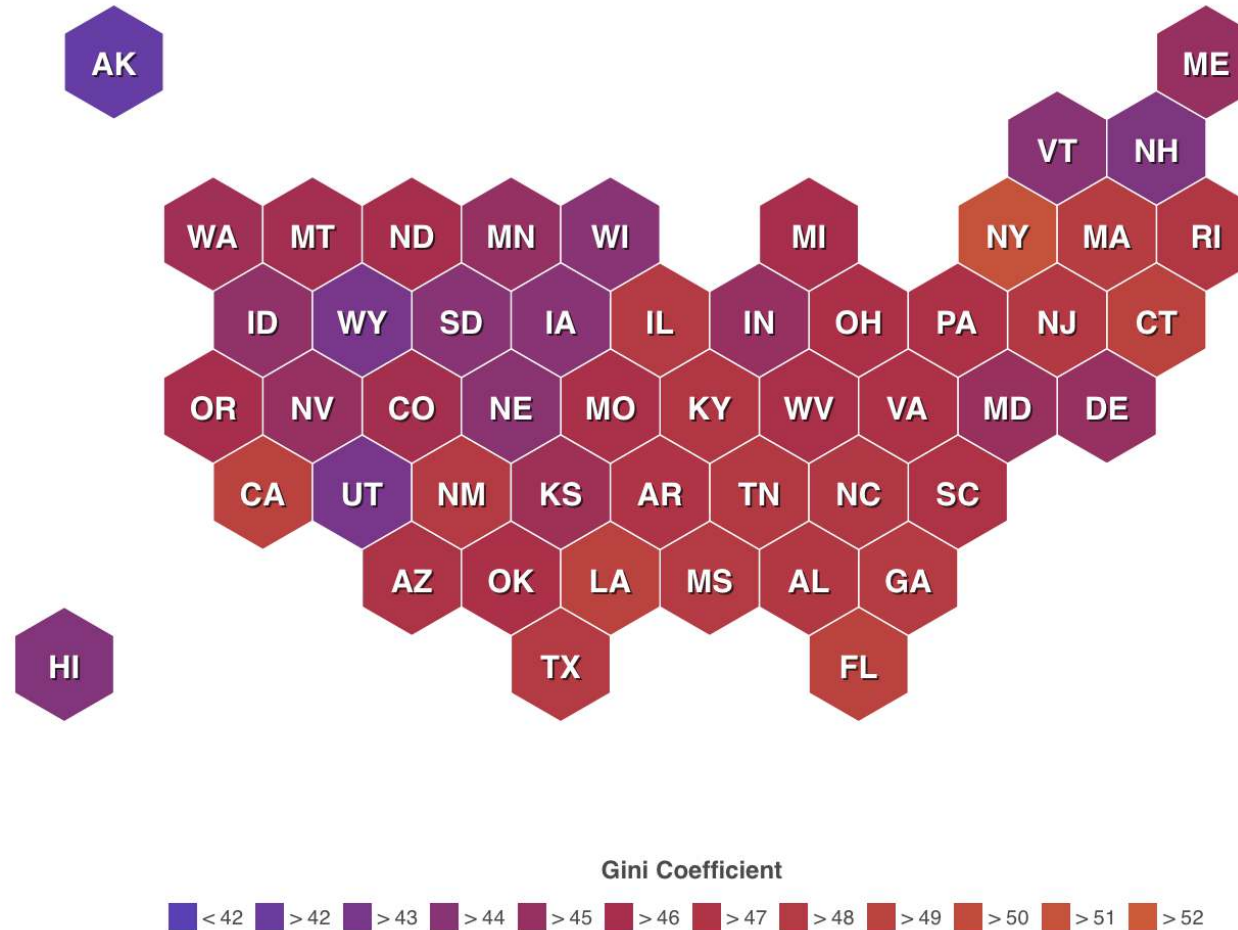
# Why the Imbalance?

- ▶ Technological Progress
- ▶ Declining Unionization
- ▶ Taxation
- ▶ International Trade
- ▶ Education
- ▶ Immigration
- ▶ Household Structure
- ▶ Demographics



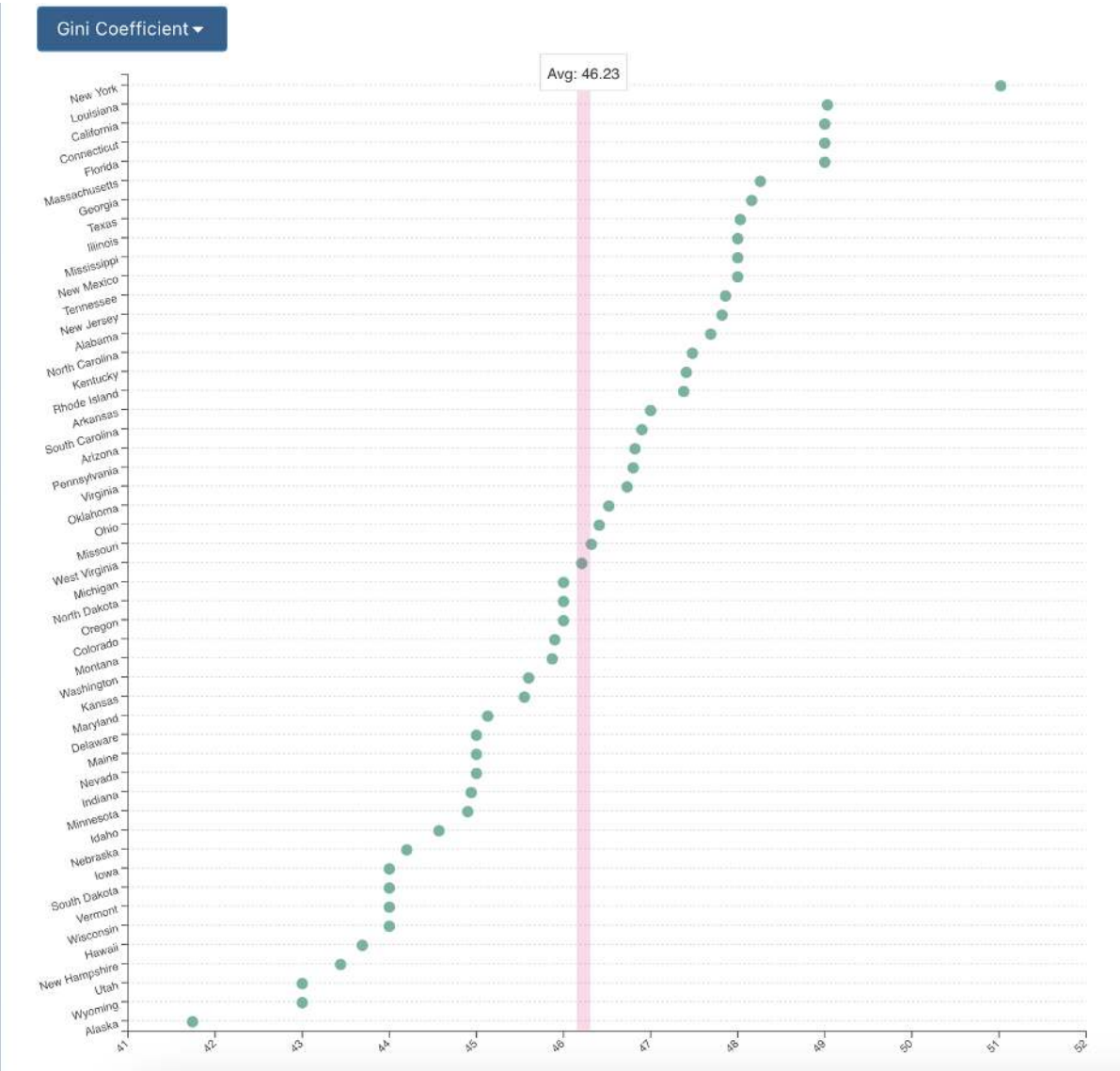
# Income Inequality by State

Income Inequality by State 2022

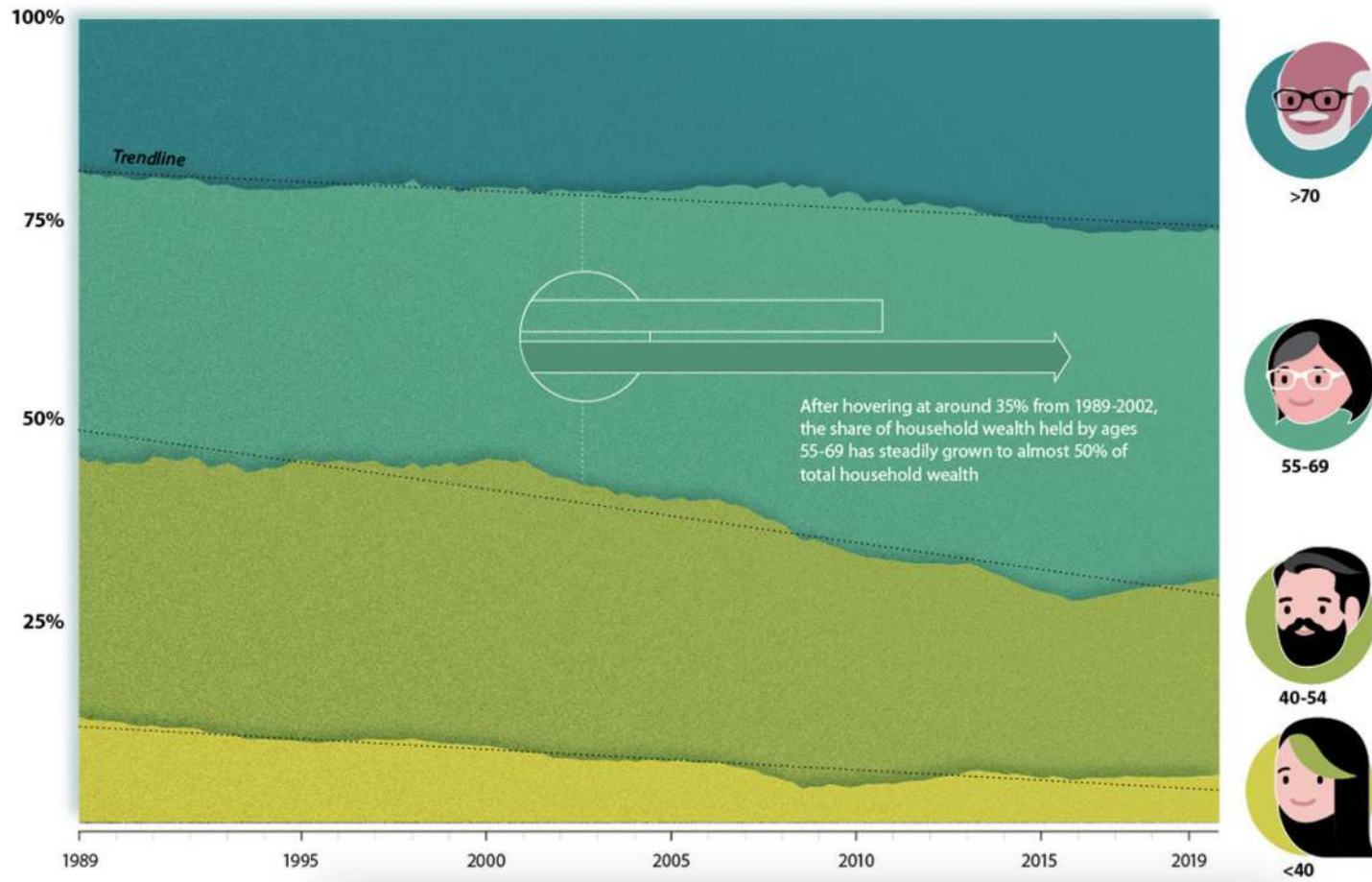




# Income Inequality by State

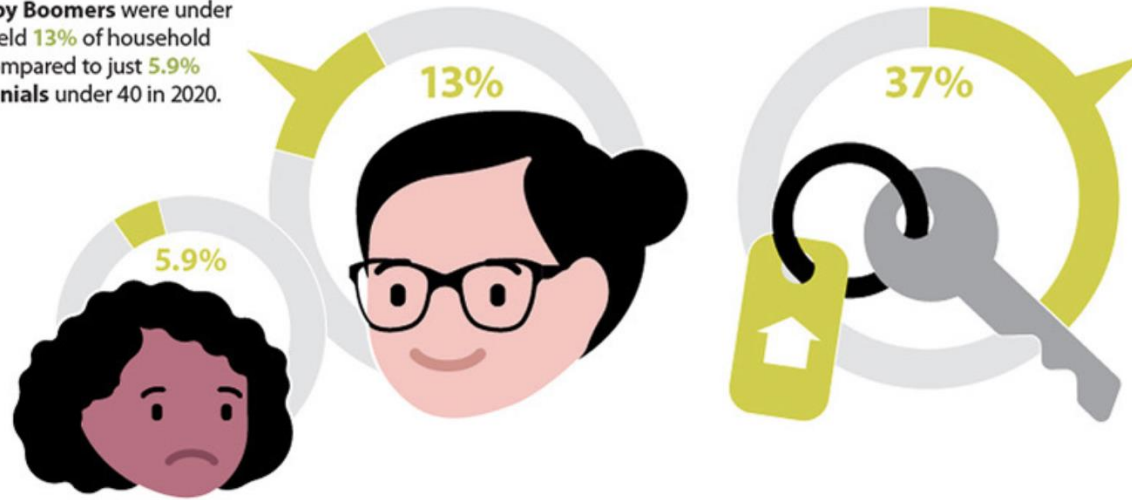


# Compare by age and per capita



# Importance of Home as an Asset

When **Baby Boomers** were under 40, they held **13%** of household wealth, compared to just **5.9%** for **Millennials** under 40 in 2020.



Real estate accounts for 37% of the wealth for Under 40, the largest share amongst any age group.

# Where is the Wealth Going?

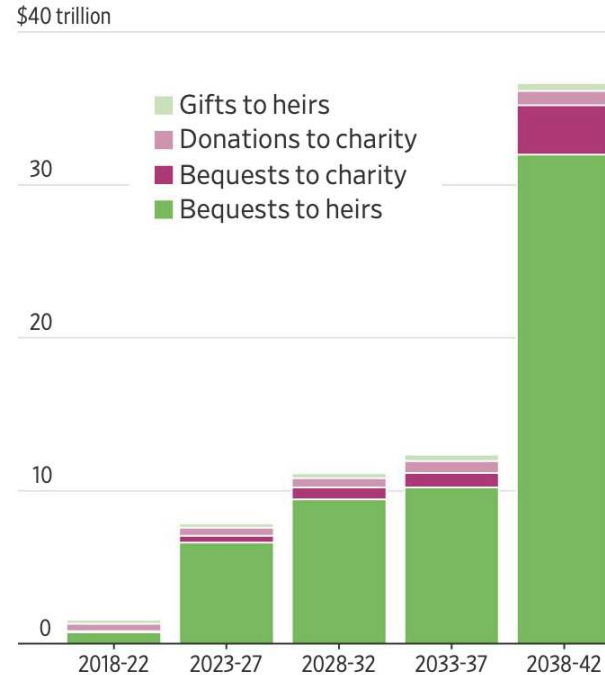
## Generational Shift

Older Americans have accumulated a record amount of wealth, and are projected to hand down some \$70 trillion by 2042.

**Net worth of people 70 and older as a share of U.S. gross domestic product**



**Wealth transfer\***



\*Figures in 2018 dollars. Totals represent the transfer for the five-year increment indicated (not cumulative).  
Sources: Federal Reserve (net worth); U.S. Bureau of Economic Analysis (GDP); Cerulli Associates (wealth transfer)

# Will the BB wealth transfer solve some of the wealth issue?

- ▶ Retiring Boomer business owners will sell or bequeath \$10 trillion worth of assets over the next two decades.
- ▶ These assets are held in more than 12 million privately owned businesses.
- ▶ More than 70 percent of these companies are expected to change hands.
- ▶ The sale of almost 12 million businesses over the next 10 to 15 years represents a significant increase in the annual number of businesses that will be sold.

# What to Consider

- ▶ What matters most for Portland/Salem/Oregon, etc.
- ▶ Is our region handling this well?
- ▶ Is your company handling this well?



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2023 Economic Forecast- Pacific West Bank

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