

Understanding Changing Economic Conditions of Young Adults Over Time

A Comparative Analysis Using the Luxembourg Income Study

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19th Conference *Social Monitoring and Reporting in Europe*

8th October 2025

Outline

- **Motivation and Research Questions**
- **Data & Scope**
- **Methods** (LPM, margins, quantile regressions, Oaxaca-Blinder decompositions)
- **Key findings across 15 economies**
- **Robustness and limitations**
- **Next steps**

Motivation

- Traditional adulthood transitions followed a predictable path: education → full-time employment → leaving parental home → family formation (Modell et al., 1976).
- Transitions to adulthood have destandardized and traditional milestones are delayed (Aasve et al. 2013; Goldscheider, 2014; Iacovou, 2011).

Are the new social risks affecting disproportionately the young?

- Young workers often faced greater barriers to stable employment and rising living costs precisely where their labour is most in demand. (e.g. Chen et al., 2018; Schwanitz et al., 2021)
- Independent young adults lack parental shelter yet have limited institutional protection.
- Comparative, up-to-date evidence on this subgroup is scarce.

Contribution

Motivated by evidence that youth may constitute a poverty risk and education now protects less (Brady 2017; Parolin 2024), we study economically independent under-30s to trace shifting youth penalties and the roles of composition vs. returns across countries.

Set of research questions

- Has the economic position of young adult household leads deteriorated relative to older groups?
- To what extent does poverty and income penalties differ across countries?
- Are changes in poverty driven primarily by compositional shifts (education, employment, fertility, household size) or by changing returns to these characteristics?

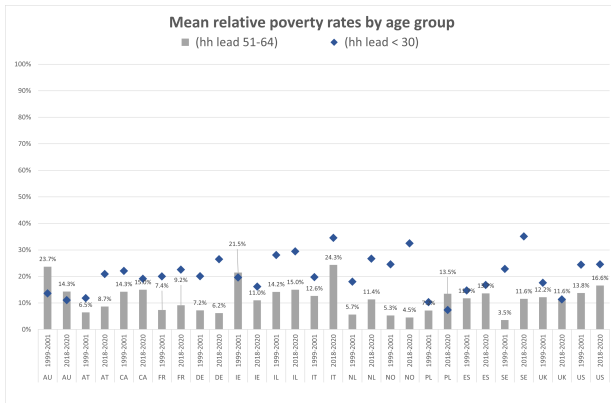
Data and scope

- **LIS harmonized microdata** (1999-2001 vs 2018-2020) for 15 high-income countries.
- **Sample:** adult individuals aged 18-64; focus on under-30 independent leads.
- **Outcome:** relative poverty at 50% of national median.
- **Income:** equivalized net disposable income (square-root scale).
- **Weights:** LIS household weights in all estimates.
- **Variables:** Individual-level variables of the lead, number of children, hh size.

Methods in brief

- **Descriptives:** poverty trends by age groups (leads).
- **Pooled LPMs per country:** clustered SEs, year interactions.
- **Predictive margins** for stylized households (age X HH type).
- **Quantile regressions** of log equivalized income (distributional penalties).
- **Oaxaca-Blinder decompositions:** explained vs unexplained change.

Descriptive evidence cross-country



In 15 countries, relative poverty among under-30 household leads rose from 21% (early 2000s) to 25% by 2019, while ages 51–64 were broadly stable/modestly higher—signalling a widening generational vulnerability gap

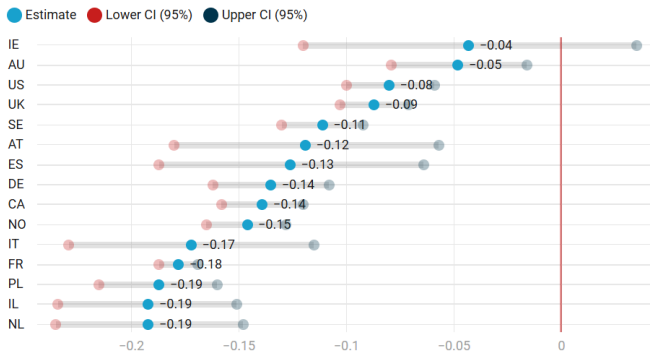
A linear probability regression model

A pooled regression framework to analyze the evolution of relative poverty determinants across two country–year periods.

- **A unified model specification**, reducing potential inconsistencies from separate models and increased statistical power.
- **Dependent variable: relative (net) poverty**. The full model includes both individual- and household-level covariates.
- **Time interactions** capture structural shifts in how key drivers (age_group, education, employment) relate to poverty.
- **Region fixed effects** are included when applicable.

Regression results: focus on age penalty at baseline

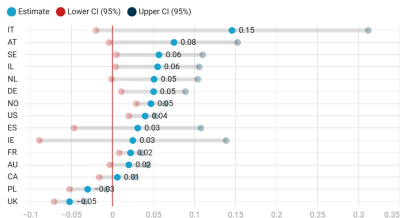
Relative poverty risk of 51-64 leads compared to under-30s (first wave)



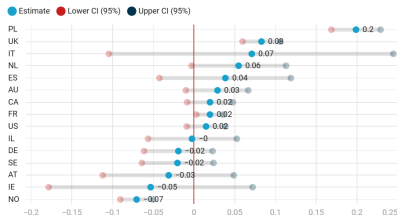
In most countries, the gap is negative and often significant, indicating a lower poverty risk for 51–64 household leads at baseline.

Regression results: time trends & interaction

Change in relative poverty risk for under-30 leads
(last vs first wave)



Change in the 51-64 vs under-30 leads poverty gap
(last vs first wave)



Across countries, under-30s' poverty generally rose from the first to the last wave, and while a few cases show convergence, the 51–64 group's advantage mostly persisted.

Additional findings from the LPMs

- Employment is the strongest buffer (large negative coefficients).
- Tertiary education is generally protective, but returns vary (weaker in some countries).
- Children increase the poverty risk; larger HH size are modestly protective.

Under-30 vs 51–64 leads: predicted poverty (last wave, by family type)

Margins for the under-30 leads



	▲ Single adult	2 adults, no children	2 adults, 1 child
PL	0.07%	0.14%	0.07%
UK	0.09%	0.04%	0.06%
IE	0.11%	0.02%	0.11%
AU	0.13%	0.07%	0.06%
ES	0.17%	0.22%	0.17%
AT	0.21%	0.16%	0.18%
US	0.22%	0.16%	0.20%
NO	0.23%	0.16%	0.18%
FR	0.23%	0.14%	0.16%
NL	0.23%	0.26%	0.18%
CA	0.23%	0.16%	0.17%
DE	0.25%	0.16%	0.17%
SE	0.26%	0.17%	0.20%
IL	0.26%	0.22%	0.25%
IT	0.28%	0.26%	0.31%

Margins for the 51–64 leads



	▲ Single adult	2 adults, no children	2 adults, 1 child
NO	0.01%	0.00%	0.00%
AT	0.06%	0.01%	0.03%
IL	0.07%	0.00%	0.06%
FR	0.07%	0.00%	0.00%
NL	0.07%	0.02%	0.04%
PL	0.08%	0.07%	0.07%
UK	0.09%	0.04%	0.05%
ES	0.09%	0.06%	0.07%
DE	0.10%	0.01%	0.02%
AU	0.11%	0.05%	0.05%
CA	0.11%	0.04%	0.05%
IE	0.12%	0.02%	0.02%
SE	0.13%	0.04%	0.07%
US	0.16%	0.10%	0.14%
IT	0.18%	0.16%	0.20%

Across countries, under-30 leads face a much higher poverty risk than 51–64s in every family type; single adults are the most exposed, couples without children the least.

Change in predicted poverty: under-30 vs 51–64 leads, by family type

Change in margins for under-30 leads (pp)



	▲ Single adult	2 adults, no children	2 adults, 1 child
UK	-0.05%	-0.05%	-0.05%
PL	-0.04%	0.06%	-0.02%
IE	-0.03%	-0.03%	0.03%
CA	0.01%	0.01%	0.01%
AU	0.02%	0.02%	0.02%
FR	0.02%	0.02%	0.02%
NL	0.02%	0.05%	0.05%
ES	0.03%	0.11%	0.06%
US	0.04%	0.04%	0.04%
NO	0.05%	0.05%	0.06%
DE	0.05%	0.05%	0.05%
IL	0.06%	0.06%	0.06%
AT	0.07%	0.08%	0.07%
IT	0.15%	0.15%	0.15%
SE	0.24%	0.11%	0.11%

Change in margins for 51-64 leads (pp)



	▲ Single adult	2 adults, no children	2 adults, 1 child
NO	-0.02%	0.00%	-0.02%
IE	0.03%	-0.03%	-0.03%
CA	0.03%	0.03%	0.03%
DE	0.03%	0.01%	0.02%
UK	0.03%	0.03%	0.03%
FR	0.04%	0.00%	0.00%
AT	0.04%	0.01%	0.03%
AU	0.05%	0.05%	0.05%
US	0.05%	0.05%	0.05%
IL	0.05%	0.16%	0.05%
ES	0.07%	0.06%	0.07%
NL	0.07%	0.02%	0.04%
PL	0.08%	0.07%	0.00%
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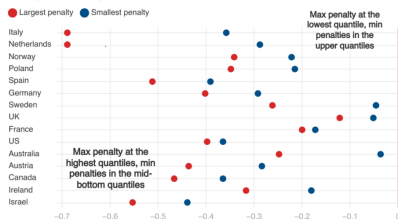
Predicted poverty mostly increased over time, with only a few declines — Similar figures for single adults, less so for other family types.

Quantile regressions

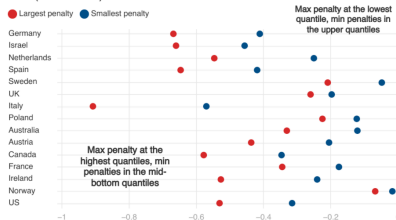
- Quantile regressions are useful to understand whether the impact of the same covariates varies **across different points of the income distribution**.
- This enables to reveal whether the age group of interest is disproportionately affected at **lower or higher ends** of the income distribution, beyond just the standard measure of relative poverty rate.
- The new dependent variable is the **log of the equivalized net income**.

Quantile Regression results

QR (first wave): Under-30s vs 51-64 leads



QR (last wave): Under-30s vs 51-64 leads

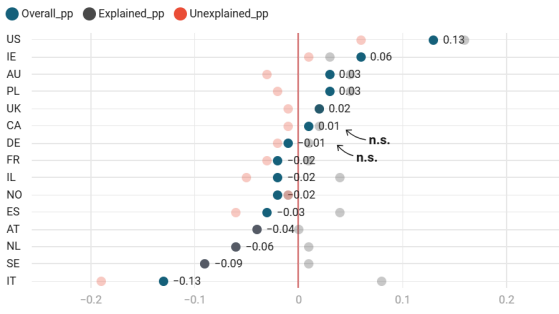


Two clear profiles—top-loaded vs bottom-loaded—with few switches over time. The largest under-30 income penalties have generally worsened over time.

Oaxaca-Blinder decomposition

- Where poverty rose (IT, SE, NL, AT), compositional gains were outweighed by deteriorating returns.
- Where poverty fell (US, UK, AU), improvements partly tied to returns and/or favorable composition.
- Education expansion helped via composition; returns not always improving.

Decomposition of poverty change (first → last wave)



Discussion I

Main conclusions

- Under-30 household leads face **persistent or rising poverty risks** in many contexts.
- **Heterogeneity is larger than expected**; several Continental European countries exhibit the weakest outlook.
- The distributional analysis further reveals that **penalties are not uniform**: in some countries, young leads face steeper disadvantages at lower deciles, while in others the gap is more compressed.
- **Worsening conditions extend to two-adult young households**; partnership no longer shields against rising pressures.
- Composition helps explain trends —especially rising education —but **returns are often decisive**.
- Independent young adults may need **targeted, context-specific support** during this life transition.

Discussion II

Limitations

- Some **covariates are not present or harmonized** in the early waves (housing tenure, contract type, occupation).
- Young-led households are often a **shrinking group**, so selection may strengthen over time.
- Italy is the only country that takes as **last wave the pandemic year** (effect mitigated by the relative poverty threshold).
- **Alternative outcome and sample definitions are viable** (e.g., consumption measures and more restricted samples) but are less harmonised and may affect comparability.

Going forward

- Extend the time window and enrich covariates by harmonising non-core variables like occupations, contract types.
- Compare independent vs. co-resident youth trajectories.
- Deepen country case studies on policy institutions shaping returns.

Thank you!

Questions & comments are welcome.

Contacts & info

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