

## Why this generation earns more – but feels poorer ?

By AK Rao Personal Finance Advisory



**WHY THIS GENERATION EARNS MORE— BUT FEELS POORER**

Understanding the new financial reality—and what young earners can do differently.

- RISING COSTS
- EXPENSIVE EDUCATION
- COSTLY HOMES
- HIGHER HEALTHCARE
- INCOME NOT KEEPING UP

The rules have changed.  
It's time to change the game.

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If you speak to someone who started working in India in the early/mid 1990s, you'll hear a fascinating story.

Their first salary often matched—or sometimes even exceeded—their father's final salary after 25–30 years of work.

Think about that for a moment.

What took one generation decades to build... the next achieved in just a few years.

That wasn't just a financial shift. It changed everything.

For the first time, a generation could:

- Pay for their own weddings
- Buy their first vehicle early
- Purchase homes
- Travel, explore hobbies
- Raise families—without depending on their parents

It was the golden phase of upward mobility.

### **And Then... Something Changed. Fast forward 30 years.**

Today's young professionals are earning what sounds like impressive salaries—₹5 to ₹10 lakhs per year right out of college. On paper, that looks like progress. But here's the uncomfortable truth:

Unfortunately, those numbers don't mean what they used to.

Adjust for inflation, and that salary is not very different from earning ₹4,000–₹5,000 a month in the early 1990s.

But here's where it gets more serious.

Costs haven't just risen. They've exploded.

- Housing in major cities: up 10 - 15 times
- Education: up 10–15 times
- Healthcare: rising faster than inflation, year after year
- Everyday living: structurally more expensive than ever before

So, while incomes have grown... the cost of becoming an **INDEPENDENT ADULT** has grown much higher.

## **The gap no one talks about**

There's a deeper shift—one that doesn't show up in salary slips.

### **In the 1990s:**

- Your starting salary was often close to what your parents were earning
- The lifestyle gap between generations was small
- Expectations were modest and aligned

### **Today, the story is very different.**

- Parents are often earning 5–10 times what their children earn at the start
- Many households are dual-income, asset-rich, and largely debt-free
- Children grew up in a far more comfortable environment

Now imagine what happens next.

A young professional starts working... and is suddenly expected to step down in lifestyle if he/she wants to live independently.

Same city. Same social circle. Same expectations. But a very different financial reality.

## **Why big decisions for younger adults feel so heavy today ?**

We often treat life milestones as emotional choices. But in reality, they are financial commitments.

For today's generation:

- Marriage often means sustaining a certain lifestyle that they are used to
- Raising a child means funding an international-level education

- Buying a home often locks them into EMIs that take up 40–60% of income
- One unexpected setback can derail years of progress

So, when young people delay decisions, it's not confusion. It's compulsion.

## **Are we mis-reading the younger generation ?**

It's easy to jump to conclusions.

- They don't want responsibility
- They're too comfortable.
- They lack ambition.

But look closer.

Today's youth:

- Work longer and more intense hours
- Compete on a global stage
- Spend more years preparing before they even start earning
- Face far greater uncertainty in careers

They are not stepping back. **They are stepping into a more complex world—with fewer safety nets.**

## **A hard truth we don't say enough**

For the first time in modern India:

- Children are financially worse off than their parents were at the same stage of life.
- Not because they failed. But because the rules of the game have changed.

## **So, what should this generation do differently ?**

If the rules have changed, the response cannot be the same.

Trying to follow the exact financial playbook of the previous generation in today's world is like using an old map in a new city—it may feel familiar, but it won't get you where you need to go.

So what needs to change? First, a shift in mindset.

### **1. Stop Measuring Progress the Old Way.**

- Owning a house early.
- Getting married by a certain age.
- Following a fixed sequence of life decisions.

These were once indicators of stability. Today, they can become financial pressure points if taken on too early.

Progress now needs to be defined personally—not socially.

### **2. Focus on flexibility before performance**

In a world of uncertain careers and rising costs, flexibility has become a financial asset.

- Renting is not failure—it can be strategic
- Delaying large commitments is not avoidance
- Liquidity is not laziness—it is a choice

### **3. Build Financial Strength Before Lifestyle Expansion**

The biggest risk today is not low income—it is **lifestyle inflation**. When expenses rise faster than financial stability, even a good salary starts feeling inadequate.

Instead:

- Strengthen your savings base
- Build an emergency buffer
- Start investing early—even if in small amounts

Lifestyle can scale later. Stability must come first.

### **4. Treat Financial Knowledge as a core skill**

In the past, you could afford to “not understand money.” Today, that comes at a cost.

Understanding:

- Where your money goes
- How your investments work
- What risks you are taking

...is no longer optional.

### **5. Design your own financial path**

There is no longer a single “correct” way to build wealth. The old defaults:

- Buy property early
- Depend on fixed returns
- Follow standard products

...don't automatically work anymore.

Your financial life must be designed individually—not inherited.

## **Bringing It All Together**

Earlier generations succeeded because the system supported them. This generation will succeed only if they understand the system. That may sound harder. But it also means something powerful:

**The outcome is far more within your control than ever before.**

Understanding the problem is important, but navigating it requires structure, clarity, and the right decisions over time. If you're looking to move from uncertainty to direction, AKR Personal Finance Advisory works with individuals and families to design financial strategies that are

- Practical
- Personalized and
- Build to Last

You can explore more or start a conversation at: [www.akroadvisory.com](http://www.akroadvisory.com)