

The Salary You Need To Make Today To Live Like Your Parents Making \$30K In 1983

It's all about inflation.

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Money is one of the biggest concerns on everyone's minds these days. People are struggling to make ends meet as prices increase but wages do not.

The current economic climate leaves many wondering how past generations were able to get by. One financial advisor has the answer.

A financial expert shared the salary you need to make to live as your parents did 40 years ago.

Robert Gill is the founder and CEO of Epic Financial Strategies, a company that focuses on education that leads to financial freedom. In a video that has gone viral with nearly 750,000 views, Gill, who is known as @robgillofficial on the app, explained the differences between the economy now versus 40 years ago.

"If your parents made \$30,000 40 years ago in 1983, you'd have to make \$162,342 in 2023 just to have the same purchasing power adjusted for inflation," he said.

That's a difference of \$132,342.

Gill pointed to one reason for this discrepancy. "Inflation erodes at the buying power of each and every dollar. So, you have to understand that money is worth less... than the year before," he stated.

Because of inflation, money is not worth as much as it was before. As the value of money has decreased, \$30,000 is now worth much less than it was even a year ago, not to mention in 1983.

How does inflation work?

Forbes provided a useful visualization to understand inflation: "In 1980, for example, a movie ticket cost on average \$2.89. By 2019, the average price of a movie ticket had risen to \$9.16. If you saved a \$10 bill from 1980, it would buy two fewer movie tickets in 2019 than it would have nearly four decades earlier."

Due to the nature of inflation, the value of money decreases with time. It's easy to assume that making \$30,000 a year should allow you to live the same lifestyle that your parents did on the same income, but it's not possible. \$30,000 is worth significantly less now. The current monetary equivalent is actually \$162,342.

Forbes said the cause of inflation "[comes] back to the fundamental economic principles of supply and demand." One type of inflation occurs when demand for goods increases, but supply does not. Another kind of inflation is caused by a demand that stays the same, while supply decreases.

Additionally, Forbes asserted that inflation is not just an increase in the price of an individual item. Instead, "inflation refers to the broad increase in prices across a sector or an industry... and ultimately a country's entire economy."

People are feeling the pain of inflation.

A look at the comments on Gill's video showed that many people are experiencing the effects of inflation, and their parents don't really understand. "My parents keep telling me I just need to work harder," one TikTok user said. "We know this. Our parents don't get it," wrote another. Another chimed in and said, "I'm so tired of my dad saying, ... 'I don't know why you're struggling.'"

Another user asked the question on everyone's minds: "Does ... inflation ever go down?" Unfortunately, Gill replied with, "Not in the last 40 years."

As the value of money decreases the income needed to live a lifestyle equal to what your parents had 40 years ago will continue to rise and a comfortable life on an average salary will become more and more unattainable.