THE ECONOMIC WELL-BEING OF U.S. HOUSEHOLDS

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What’s happening with income and wealth?

FRB Survey of Consumer Finances
Income gains have been at the top

Change in median and mean family incomes

Note: Changes are based on inflation-adjusted dollars.
Source: Federal Reserve Board, Survey of Consumer Finances.
Wealth is increasingly concentrated at the top

Wealth shares by wealth percentile, 1989-2013
What’s happening at the household level?

FRB Survey of Household Economics and Decisionmaking
More than half of households report faring well

How is your household managing financially?

- Finding it difficult to get by: 13.3%
- Just getting by: 25.3%
- Doing okay: 37.3%
- Living comfortably: 23.0%
But low-income households still struggling

How is your household managing financially?

- Difficult to get by: 26% (<$25,000), 9% ($50,000 - $75,000), 2% (> $100,000)
- Just getting by: 35% (<$25,000), 23% ($50,000 - $75,000), 10% (> $100,000)
- Doing okay: 30% (<$25,000), 42% ($50,000 - $75,000), 38% (> $100,000)
- Living comfortably: 9% (<$25,000), 9% ($50,000 - $75,000), 26% (> $100,000)
Majority of households are the same or better off than before the recession

Compared to five years ago, are you better off, worse off, or the same financially?

- Much worse: 12%
- Somewhat worse: 22%
- About the same: 34%
- Somewhat better off: 20%
- Much better off: 10%
But LMI households are more likely to be worse off post-recession

Financial condition compared to 2008 (by income)

- Much worse: <$25,000: 21%, $50,000-$74,999: 9%, >$100,000: 4%
- Somewhat worse: <$25,000: 24%, $50,000-$74,999: 26%, >$100,000: 15%
Credit remains an issue for LMI households

If you had to guess, how would you rate your current credit score (such as a FICO score)?

- Excellent: 49%
- Good: 30%
- Poor: 15%
- Don’t know my score or how to rate it: 11%

< $25,000:
- Excellent: 11%
- Good: 15%
- Poor: 7%
- Don’t know my score or how to rate it: 5%

$50,000 - $75,000:
- Excellent: 49%
- Good: 18%
- Poor: 4%
- Don’t know my score or how to rate it: 4%

> $100,000:
- Excellent: 30%
- Good: 20%
- Poor: 0%
- Don’t know my score or how to rate it: 0%
55% of respondents save some part of income

Which of the following are you saving money for?

- Retirement: 58%
- Unexpected expenses: 53%
- Just to save: 49%
- Pay off debts: 27%
- Your children: 21%
- Major appliance: 20%
- Education: 18%
- Home purchase: 13%
Many lack an adequate savings cushion

Have a rainy day fund that would cover 3 months of expenses

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>18-29</td>
<td>33%</td>
</tr>
<tr>
<td>30-44</td>
<td>33%</td>
</tr>
<tr>
<td>45-59</td>
<td>34%</td>
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<tr>
<td>60+</td>
<td>56%</td>
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</tbody>
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Few are actively planning for retirement

How much thought have you given to the financial planning for your retirement?

- None at all: 25%
- A little: 24%
- Some: 23%
- A fair amount: 16%
- A lot: 12%
Lack of retirement planning closely tied to income

How much thought have you given to the financial planning for your retirement?
Percent responding “None at All”

- $<25,000: 44%
- $25,000-$49,999: 24%
- $50,000-$74,999: 15%
- $75,000-$99,999: 14%
- $>100,000: 9%
Low-income households lack retirement savings products

What type of retirement savings do you have?

- None: 54% <$25,000, 18% $50,000-$74,999
- Social Security: 43% <$25,000, 24% $50,000-$74,999
- 401(k) or similar: 60% <$25,000, 17% $50,000-$74,999
- Employer pension: 7% <$25,000, 22% $50,000-$74,999
- IRA: 31% <$25,000, 7% $50,000-$74,999
- Savings account: 26% <$25,000, 8% $50,000-$74,999
Takeaways

• Income and wealth inequality continue to grow

• LMI households being left out of national economic recovery

• More households need to build a “rainy day” savings cushion

• Credit building remains an issue for LMI households

• LMI households lack access to retirement savings products