



Selected Findings from the Survey of Household Economics and Decisionmaking

Jeff Larrimore

Division of Consumer & Community Affairs

Federal Reserve Board

The analysis and conclusions set forth in this presentation are my own do not indicate concurrence of the Federal Reserve Board, the Federal Reserve Banks, or their staff.



Report on the Economic Well-Being of U.S. Households in 2013

July 2014

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Full report available at federalreserve.gov

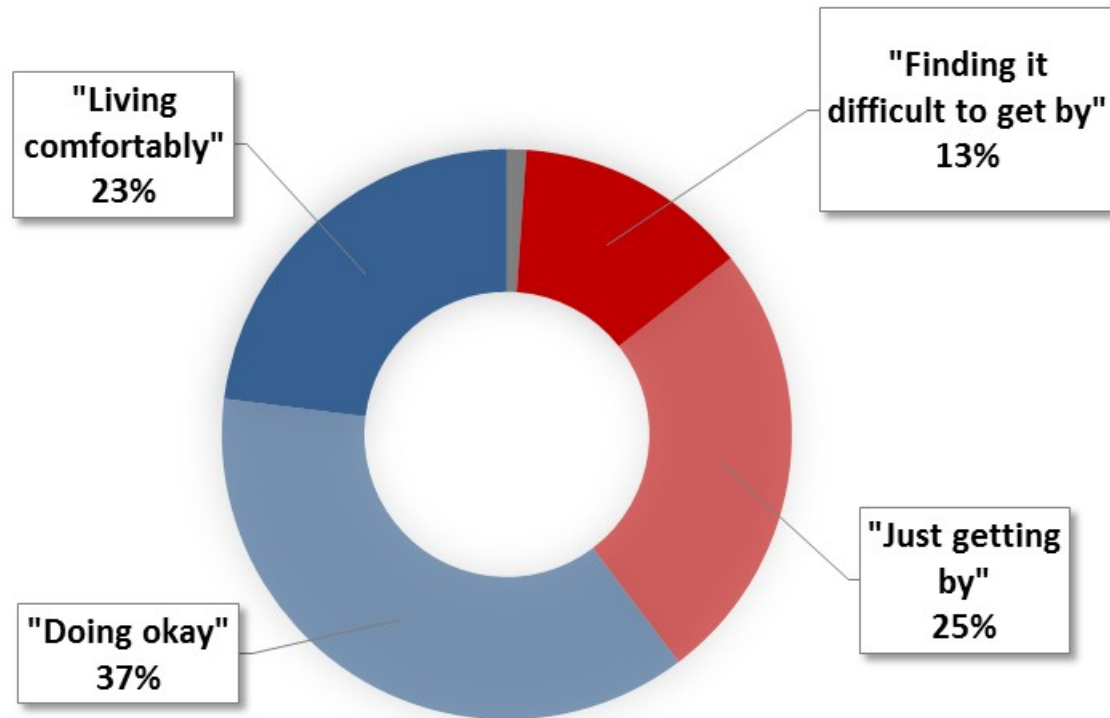


Major survey topics

- **Household Economic Well-Being**
- Housing and Living Arrangements
- Credit Behavior and Access to credit
- **Savings**
- Education, Student Loans, and Job Readiness
- **Retirement Planning and Saving**
- Health Care Expenses

Household Economic Well-Being

Which one of the following best describes how well you are managing financially these days?



Asked of all respondents. n = 4,134

Household Economic Well-Being

Was your total household income in 2012 higher or lower compared to what you would expect in a normal year?

	%	N
Low	30	1,143
Normal	60	2,598
High	7	300

Of those whose income is below what they consider normal:

- Only 20% expected it to increase in the next 12 months
- 28% expected their income in the next year to decline

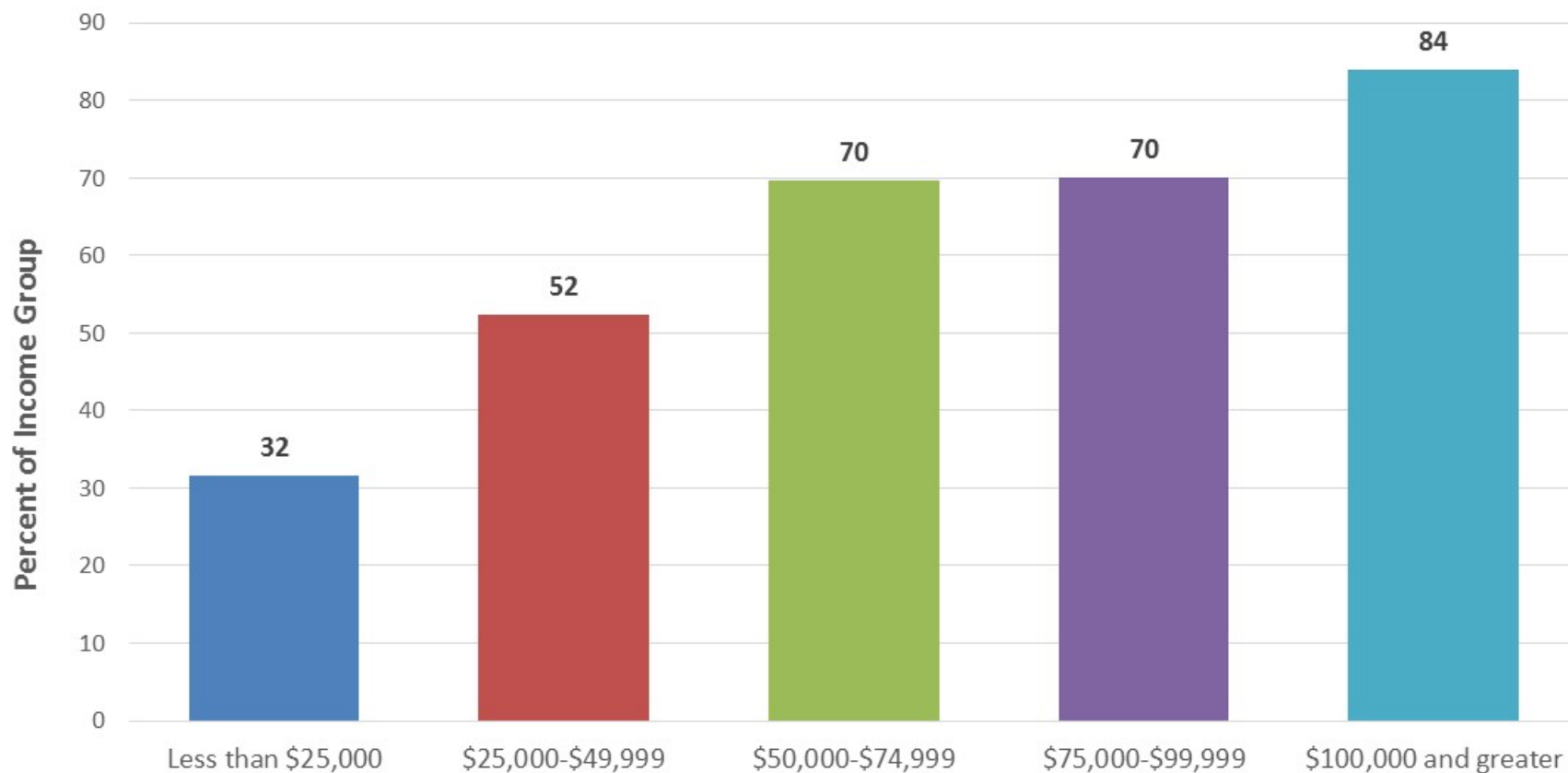
Asked of all respondents. n = 4,134



Saving

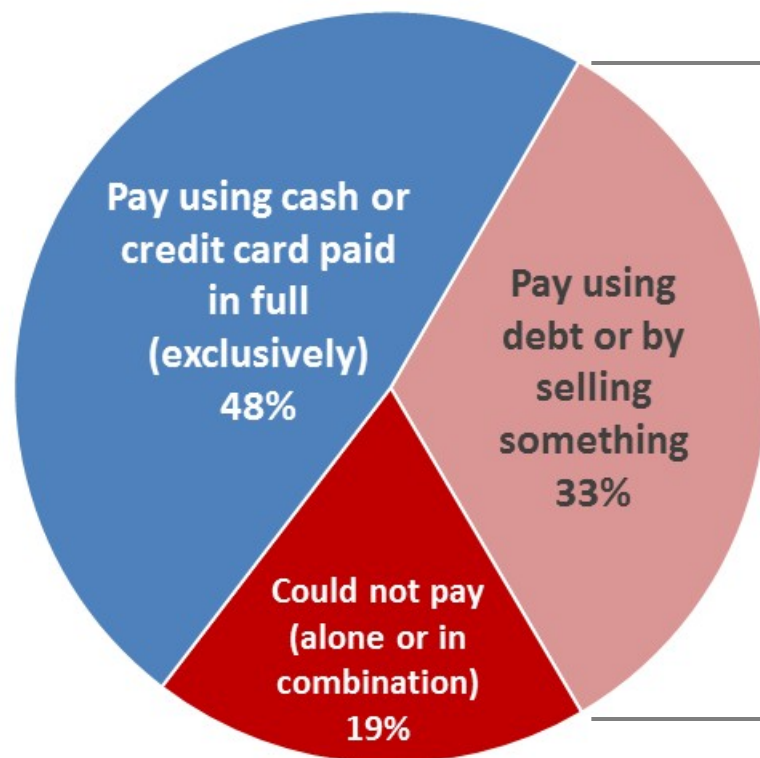
If you were to lose your main source of income (e.g. job, government benefits), could you cover your expenses for 3 months by borrowing money, using savings, selling assets, or borrowing from friends/family?

Those responding “Yes”



Ability to cover \$400 expense

Suppose that you have an emergency expense that costs \$400. Based on your current financial situation how would you pay for this expense?

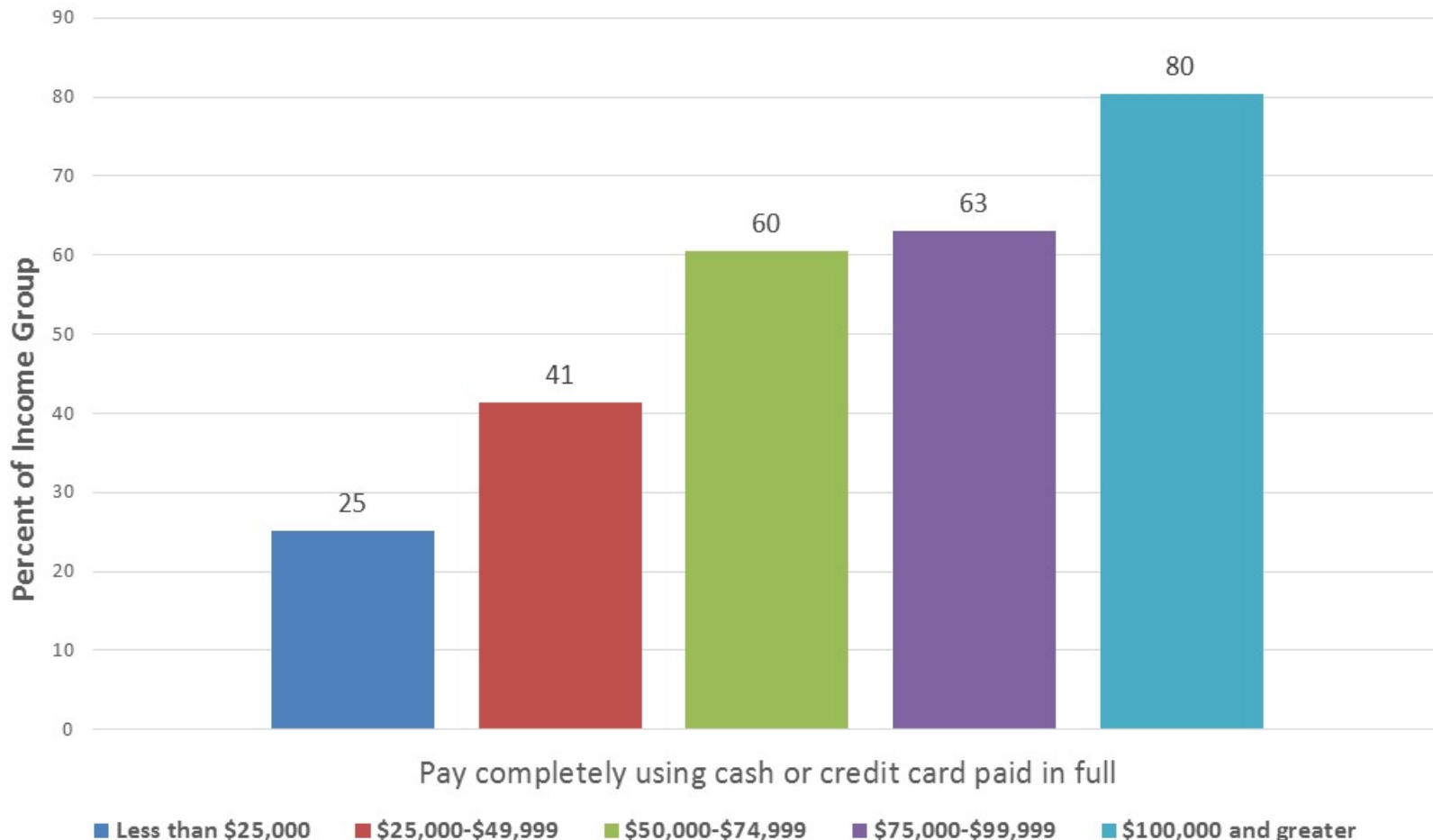


Among the 33% of respondents who could pay but would use some form of debt or sell something (respondents can choose multiple options)

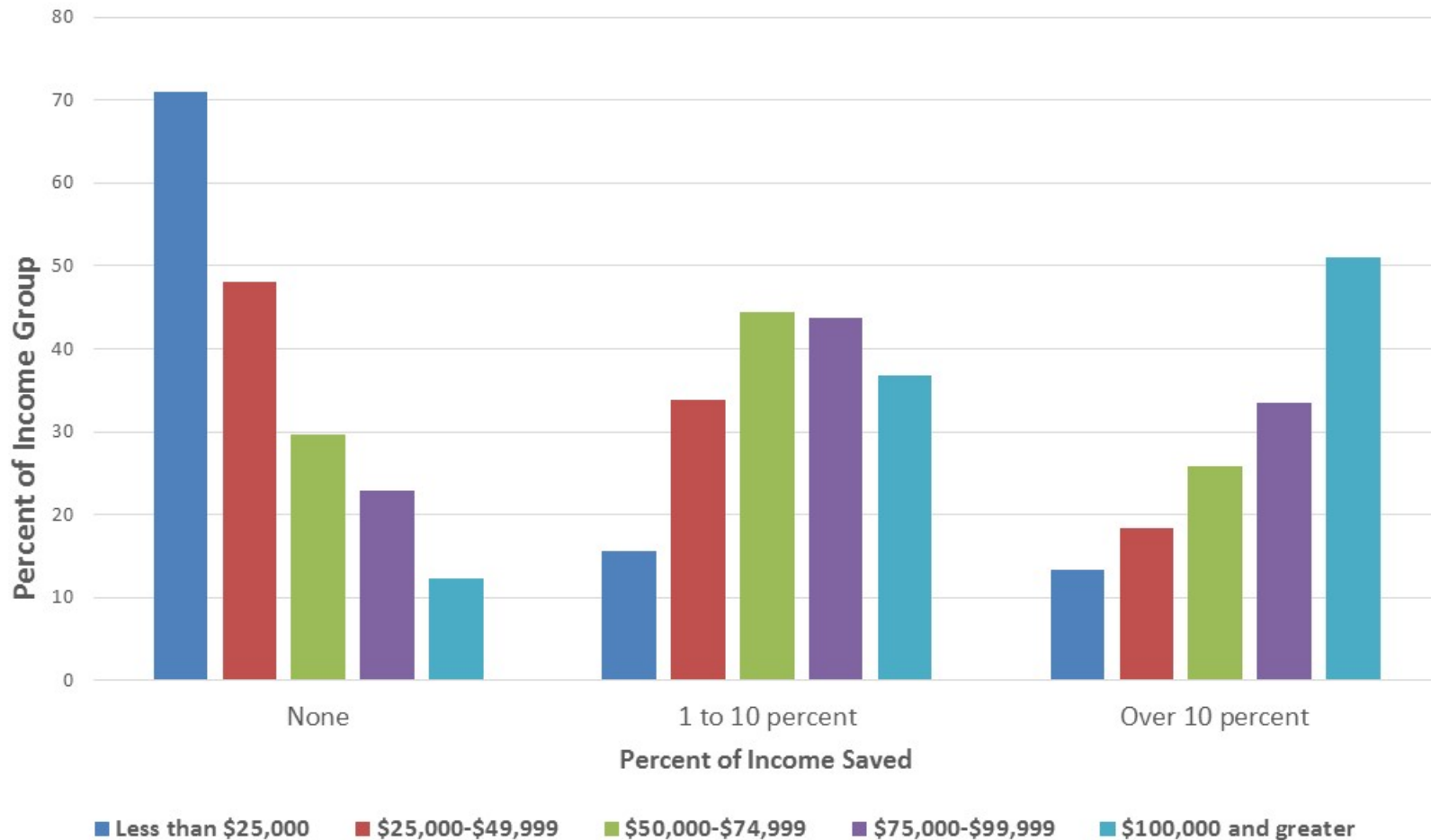
	%
Credit card – paid off over time	49
Borrow from friends or family	27
Sell something	20
Use a bank loan	9
Use a payday loan	8
Other	6
Use cash or credit card paid in full (in combination with one or more forms of debt or sales)	27

Asked of all respondents. n = 4,134

Percent able to cover \$400 emergency expense without borrowing



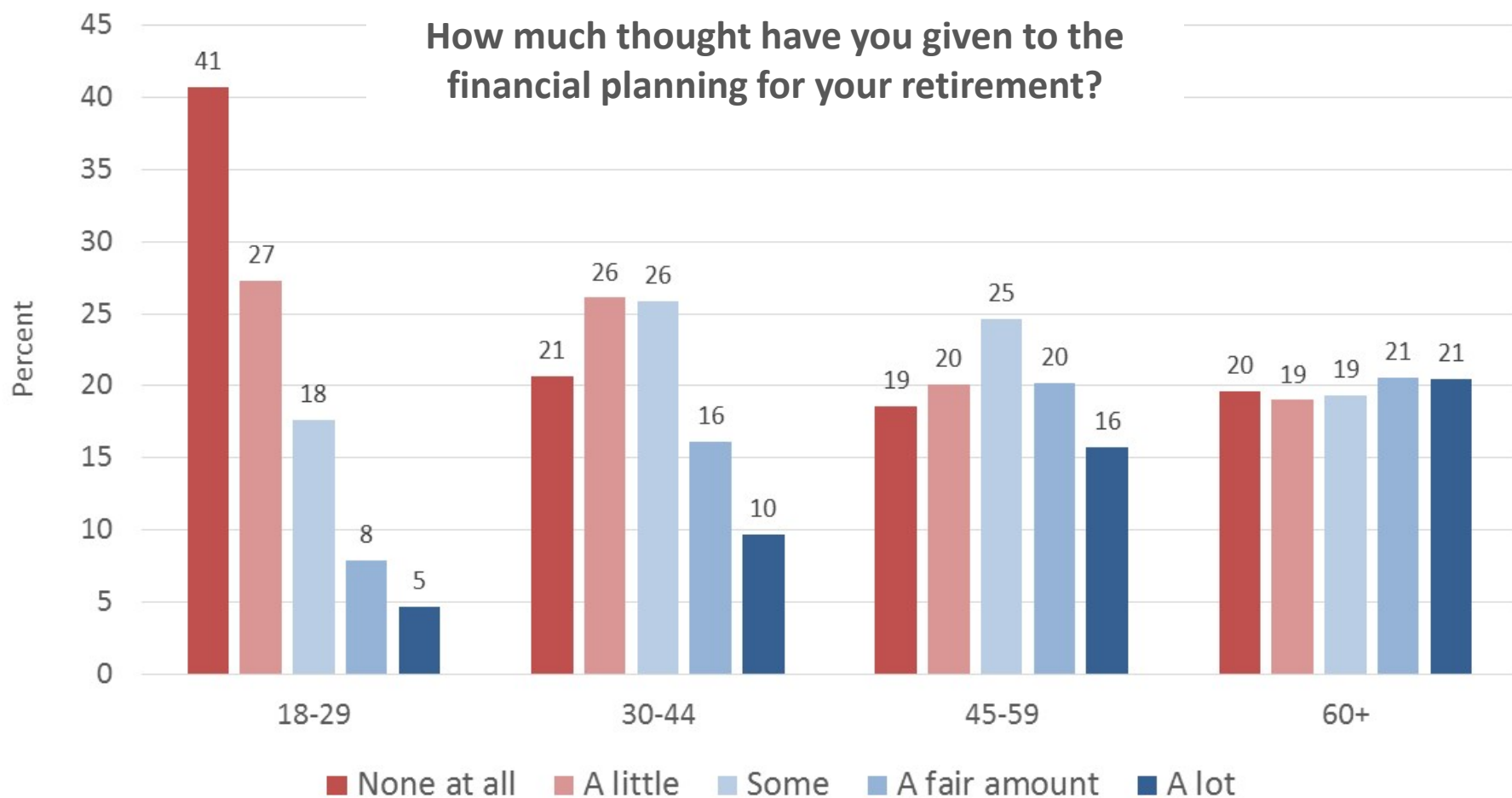
In 2012, about how much of your income did your household set aside as savings as a percent of your total gross household income (before taxes and deductions)?





Retirement Planning

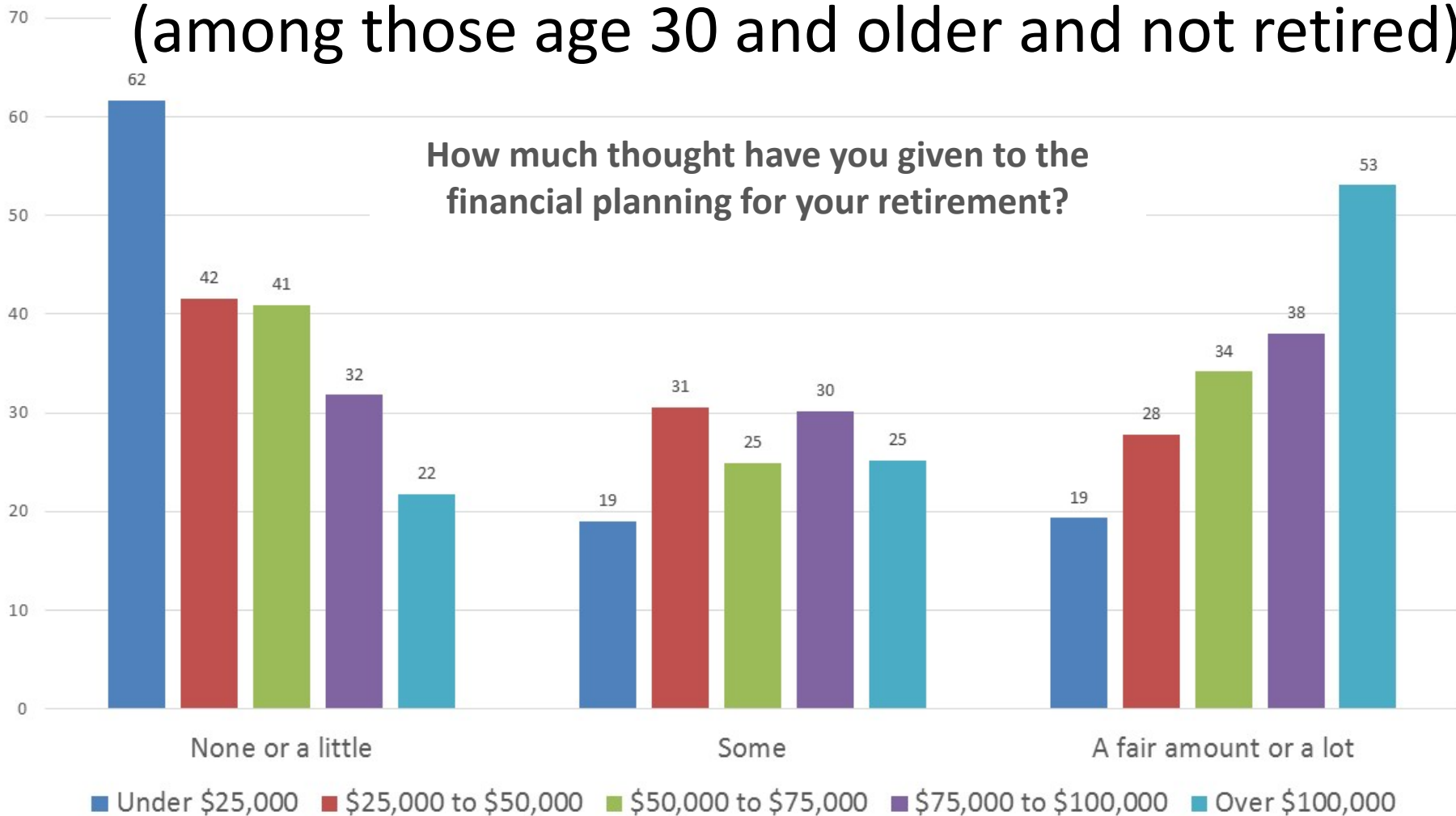
Retirement planning by age



Asked of those not currently retired. n=3,163

Retirement planning by income

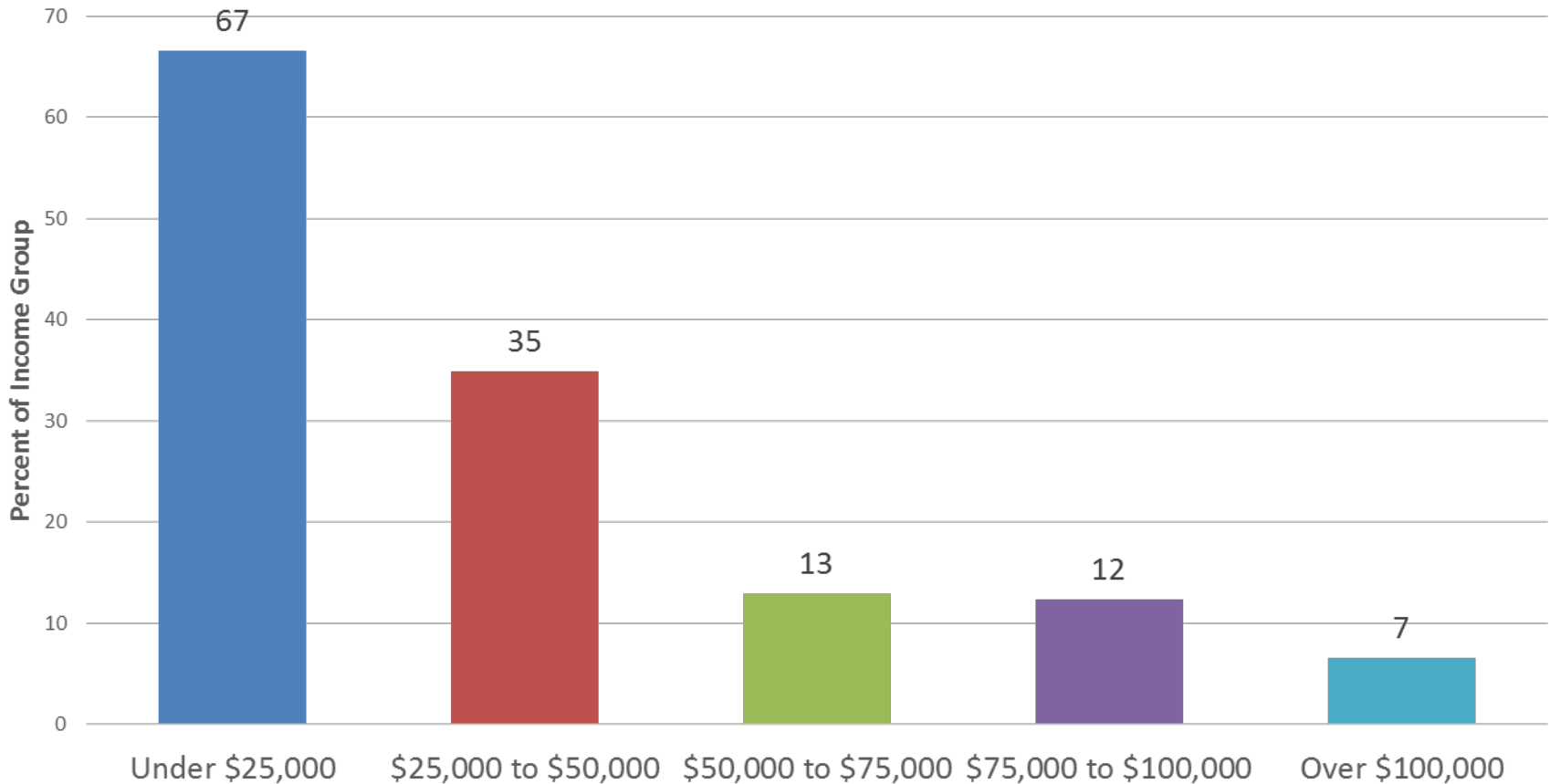
(among those age 30 and older and not retired)



Among those not currently retired and age 30 or older. n=2,429

Have no retirement savings or pension besides Social Security

(among those age 30 and older and not retired)



Among those not currently retired and age 30 or older. n=2,442

Retirement plan

(among those age 30 and older and not retired)

Which one of the following best describes your plan for retirement?	Under \$25,000	\$25,000 to \$50,000	\$50,000 to \$75,000	\$75,000 to \$100,000	Over \$100,000
I do not plan to retire	10	7	7	4	4
Work fewer hours as I get close to retirement	8	7	8	12	8
Retire from my current career, but then find a different full-time job	3	3	4	3	4
Retire from my current career, but then find a different part-time job	8	15	18	25	20
Retire from my current career, but then work for myself	9	8	8	13	11
Work full time until I retire, then stop working altogether	12	18	25	23	33
Keep working as long as possible	31	31	22	16	13
Other	19	10	8	4	5

Among those age 30 and older not currently retired who have given at least “some” thought to retirement. n=1,521



Not Just Lack of Retirement Savings

Of those who report no retirement savings or pension:

- 67% also said they didn't regularly put money into savings account (vs. 47% overall)
- 86% didn't have 3 months' rainy-day funds (vs. 58% overall)



Overall Financial Challenges



Self-described financial challenges

“In a sentence or two, please describe the main financial challenges or concerns facing you or your family?”

- 1,616 respondents indicated that they currently had none
- 2,265 provided a written response

