The Economic Well-Being of U.S. Households
Findings of the Survey of Household Economics and Decision Making

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Division of Consumer and Community Affairs

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- The Community Development (CD) function within the Federal Reserve System – consisting of individual departments at each of the twelve Federal Reserve Banks as well as at the Board of Governors – promotes economic growth and financial stability for low- and moderate-income (LMI) communities and individuals through a range of activities, including:
  - **Convening stakeholders:** including practitioners, financial institutions, nonprofits, governmental agencies, and the philanthropic and private sectors,
  - **Conducting and sharing research** to examine economic challenges facing low- and moderate-income communities and attendant policy implications; and,
  - **Identifying emerging issues.**
Full report available under the Community Development tab of the FederalReserve.gov website
Who We Are

• The Division of Consumer and Community Affairs ensures that the voices and concerns of consumers and communities are represented at the Central Bank of the United States.
So, Why Survey Consumers?

• Gives us the ability to go to consumers and ask questions directly about how they are faring and where there might be causes for concern

• Over time, we can track this information to see what new issues emerge and what trends look like

• Allows us to factor this information into our own policymaking

• Also provides new, publicly available information as a resource to researchers and others
Motivation for This Survey

• Cast light on current issues affecting consumer financial well-being and help us monitor recovery from the financial crisis
• Help monitor trends in consumer behavior and sentiment as they relate to household finances and the broader economy
• Fill data gaps and provide insights into questions for which there may not be other reliable data sources
Survey Methods

• The panel is designed to be representative of the U.S. adult population
• Survey was fielded during September and October 2013
• Total of 4,134 respondents
• Survey methodology described in further detail in the report
Major Survey Topics

- Household Economic Well-Being
- Housing and Living Arrangements
- Credit Behavior and Access to credit
- Savings
- Education and Student Loans
- Retirement
- Health Insurance Coverage and Expenses
Household Economic Well-Being
Household Economic Well-Being

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

- "Living comfortably" 23%
- "Just getting by" 25%
- "Finding it difficult to get by" 13%
- "Doing okay" 37%

Asked of all respondents. n = 4,134
Recovery of Economic Well-Being

Compared to 5 years ago, are you better off, worse off, or about the same?

- Better off (30%): 9 Lower, 55 Same, 35 Higher
- About the same (34%): 10 Lower, 72 Same, 15 Higher
- Worse off (34%): 28 Lower, 56 Same, 14 Higher

Percent thinking their income next year will be higher, lower, or the same as it was this year.

Asked of all respondents. n = 4,134
Housing and Living Arrangements
Housing and Living Arrangements

• 16 percent of respondents are living with individuals not in their immediate family
  – 51 percent are doing so to save money
  – 73 percent would live on their own if they could afford to do so

Sample limited to household head only:

Which one of the following best describes your housing arrangement?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I (and/or my spouse/partner) own my home</td>
<td>65%</td>
</tr>
<tr>
<td>I (and/or my spouse/partner) pay rent</td>
<td>31%</td>
</tr>
<tr>
<td>I (and/or my spouse/partner) don’t own my home or pay rent</td>
<td>3%</td>
</tr>
</tbody>
</table>

Among Household Heads. n = 3,411

Note: Census reports homeownership rate of 65.3% in Q3 2013 (unadjusted).
Reasons for Renting

- Renters age 45 and older were more likely to say they “simply prefer to rent” or that it is “cheaper to rent than own”.
- Renters under age 45 were more likely to say they are “currently looking to buy” or that they “plan on moving in the near future”.

Asked of renters. n = 1,051
Housing and the Great Recession

Among homeowners prior to 2008:

Compared to five years ago (since 2008), do you think the value of your home today is higher, lower, or stayed the same?

<table>
<thead>
<tr>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower value</td>
<td>45</td>
</tr>
<tr>
<td>Value has stayed the same</td>
<td>20</td>
</tr>
<tr>
<td>Higher value</td>
<td>27</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7</td>
</tr>
</tbody>
</table>

Among homeowners prior to 2008: Asked of homeowners who owned since 2008. n=2,222

Change in perceived home value by geographic region

Asked of homeowners who owned since 2008. n=2,222
In the next 12 months, how much, if at all, do you think that home prices in your neighborhood will change?

<table>
<thead>
<tr>
<th>Change Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Go down by more than 5 percent</td>
<td>3%</td>
</tr>
<tr>
<td>Go down by 5 percent or less</td>
<td>5%</td>
</tr>
<tr>
<td>Stay about the same</td>
<td>37%</td>
</tr>
<tr>
<td>Go up by 5 percent or less</td>
<td>26%</td>
</tr>
<tr>
<td>Go up by more than 5 percent</td>
<td>14%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>15%</td>
</tr>
</tbody>
</table>

Expected change in neighborhood home prices in the next 12 months:

- **Northeast**:
  - Go down: 7%
  - Stay about the same: 45%
  - Go up: 35%
  - Don’t know: 13%

- **Midwest**:
  - Go down: 11%
  - Stay about the same: 41%
  - Go up: 34%
  - Don’t know: 13%

- **South**:
  - Go down: 9%
  - Stay about the same: 34%
  - Go up: 36%
  - Don’t know: 20%

- **West**:
  - Go down: 5%
  - Stay about the same: 29%
  - Go up: 55%
  - Don’t know: 11%

Asked of all homeowners. n = 2,732
Credit Behavior and Access to Credit
Access to Credit

Among all respondents. n = 4,134

Overall, 23 percent of all respondents were either denied credit, offered less credit than they requested, or put off applying for fear of denial.

Among the two-thirds of respondents who did not apply for credit:
  • 15 percent had put off applying for fear of denial.

<table>
<thead>
<tr>
<th>Among those who applied for credit</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>64</td>
</tr>
<tr>
<td>Denied or offered less credit than applied for</td>
<td>33</td>
</tr>
<tr>
<td>Also put off applying for some other credit</td>
<td>26</td>
</tr>
</tbody>
</table>

Among all respondents. n = 4,134
Access to Credit (continued)

Among all respondents. n = 4,134
Blacks and Hispanics were also more likely than Whites to:

- Report being denied credit
- Have put off applying for credit because they though they would be turned down
- Lack confidence that a mortgage application would be approved
- Report that their credit score is “poor” or “fair” or that they don’t know

But results are partially attributable to factors correlated with both race/ethnicity and credit.

Among all respondents. n = 4,134
Savings Behavior
Savings Behavior

Asked of all respondents. n = 4,134
“Which of the following categories, if any, 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%
- Taxes: 15%
- Home purchase: 13%
- Trust or charitable donation: 11%
- Other: 5%

*Asked of those who reported saving a positive portion of their income. n=2,270*
Emergency Savings

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?

56% Yes
42% No

n=2,136

As asked of approximately ½ of respondents, randomly selected
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
Savings and the Great Recession

Before 2008, did you or your household have any savings, including stocks, money in a savings account, or pensions?

- No: 27%
- Yes: 61%
- Don’t know: 10%

Asked of all respondents. n = 4,134

Since 2008, have you or your household had to use up some, nearly all, or all of your savings to pay for bills and expenses?

- No: 42%
- Yes, some: 32%
- Yes, nearly all: 12%
- Yes, all: 13%

Asked of respondents who had savings in 2008. n = 2,845
Student Loans and Education
Do you currently owe any money or have any loans that you used to pay for the education of anyone below: (respondents could choose all that apply)

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your own education</td>
<td>16</td>
</tr>
<tr>
<td>Spouse/Partner’s education</td>
<td>7</td>
</tr>
<tr>
<td>Child’s education</td>
<td>6</td>
</tr>
<tr>
<td>Grandchild’s education</td>
<td>1</td>
</tr>
<tr>
<td>Share with any education debt</td>
<td>24</td>
</tr>
</tbody>
</table>
# Student Loans (continued)

<table>
<thead>
<tr>
<th>Total Debt</th>
<th>Mean</th>
<th>Median</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>For your education</td>
<td>$25,750</td>
<td>$13,000</td>
<td>514</td>
</tr>
<tr>
<td>Total education debt (for own, spouse’s, child’s, and/or grandchild’s education)</td>
<td>$27,840</td>
<td>$15,000</td>
<td>849</td>
</tr>
</tbody>
</table>

**Distribution of Total Education Debt**

![Distribution of Total Education Debt](image)
18 percent of those with debt for their own education were either behind on the loan or had a loan in collections
Degree Completion: Self-Perceived Value (of Those with Education Debt)

How would you say the lifetime financial benefits of your most recent educational program compare to the lifetime financial costs to you of this education?

- Benefits outweigh costs
- About the same
- Costs outweigh benefits

Asked of those with debt for their own education, n=568
Field of Study: Self-Perceived Value (of Those with Education Debt)

Overall, how would you say the lifetime financial benefits compare to the lifetime financial costs of most recent education program?

<table>
<thead>
<tr>
<th>Field of Study</th>
<th>Larger benefits</th>
<th>About the same</th>
<th>Smaller benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undeclared</td>
<td>11</td>
<td>30</td>
<td>55</td>
</tr>
<tr>
<td>Computer/information</td>
<td>22</td>
<td>31</td>
<td>47</td>
</tr>
<tr>
<td>Social/behavioral sciences</td>
<td>26</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Humanities</td>
<td>32</td>
<td>16</td>
<td>52</td>
</tr>
<tr>
<td>Education</td>
<td>33</td>
<td>21</td>
<td>40</td>
</tr>
<tr>
<td>Physical sciences/math</td>
<td>40</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>Business/management</td>
<td>43</td>
<td>22</td>
<td>35</td>
</tr>
<tr>
<td>Law</td>
<td>50</td>
<td>9</td>
<td>41</td>
</tr>
<tr>
<td>Vocational/technical</td>
<td>52</td>
<td>19</td>
<td>30</td>
</tr>
<tr>
<td>Health</td>
<td>53</td>
<td>19</td>
<td>27</td>
</tr>
<tr>
<td>Life sciences</td>
<td>56</td>
<td>5</td>
<td>39</td>
</tr>
<tr>
<td>Engineering</td>
<td>63</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Overall</td>
<td>42</td>
<td>21</td>
<td>36</td>
</tr>
</tbody>
</table>

Asked of those with debt for their own education. n=568
Type of Institution: Completion of Degree

Did you complete the most recent educational program for which you borrowed money?

![Bar chart showing completion rates for different types of institutions.](chart.png)

- Public, 4-year or above: 22% No, 48% Yes, 29% Still Enrolled
- Private not-for-profit, 4-year or above: 13% No, 63% Yes, 24% Still Enrolled
- Private for-profit, 4-year or above: 32% No, 35% Yes, 32% Still Enrolled
- Public, 2-year: 26% No, 37% Yes, 37% Still Enrolled

Asked of those with debt for their own education who report the latest school they borrowed money to attend. n=473
How confident are you that you have the skills necessary to get the kinds of jobs you want now?

![Pie chart showing confidence levels: 39% somewhat confident, 27% very confident, 18% not confident, 7% don’t know.]

Reason(s) for lack of confidence in ability to get the jobs you want:

<table>
<thead>
<tr>
<th>Reason</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I need more education or another degree</td>
<td>49</td>
</tr>
<tr>
<td>I need more job training</td>
<td>40</td>
</tr>
<tr>
<td>I can’t keep up with changing job market</td>
<td>25</td>
</tr>
<tr>
<td>The kind of job I’m qualified for is not available</td>
<td>21</td>
</tr>
<tr>
<td>My skills are out of date</td>
<td>20</td>
</tr>
</tbody>
</table>

Asked of a subset of those who are not confident that they have the skills necessary to get the job they want. n=295

Asked of those who are not retired or disabled. n=2,684
Retirement
Retirement Planning

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

- "A lot": 11%
- "None at all": 25%
- "A fair amount": 16%
- "Some": 23%
- "A little": 24%

Asked of those not currently retired. n=3,163
Retirement Planning by Age

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

Which one of the following best describes your plan for retirement?

<table>
<thead>
<tr>
<th>Plan</th>
<th>18-29</th>
<th>30-44</th>
<th>45-59</th>
<th>60+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I do not plan to retire</td>
<td>5</td>
<td>6</td>
<td>8</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Work fewer hours as I get close to retirement</td>
<td>14</td>
<td>10</td>
<td>6</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Retire from my current career, but then find a different full-time job</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Retire from my current career, but then find a different part-time job</td>
<td>15</td>
<td>13</td>
<td>18</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Retire from my current career, but then work for myself</td>
<td>10</td>
<td>11</td>
<td>10</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Work full time until I retire, then stop working altogether</td>
<td>35</td>
<td>29</td>
<td>22</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Keep working as long as possible</td>
<td>16</td>
<td>22</td>
<td>21</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>4</td>
<td>10</td>
<td>16</td>
<td>7</td>
</tr>
</tbody>
</table>

Asked of those not currently retired who have given at least “some” thought to retirement. n=1,766
Retirement Savings Types by Age

Do you have the following type of retirement savings

- 401(k), 403(b), Thrift or other defined contribution pension plan
- Defined benefit pension through an employer
- Individual Retirement Account (IRA)
- Savings outside a retirement account

<table>
<thead>
<tr>
<th>Age Group</th>
<th>18-29</th>
<th>30-44</th>
<th>45-59</th>
<th>60+</th>
</tr>
</thead>
<tbody>
<tr>
<td>401(k), 403(b), Thrift or other defined contribution pension plan</td>
<td>30</td>
<td>53</td>
<td>48</td>
<td>37</td>
</tr>
<tr>
<td>Defined benefit pension through an employer</td>
<td>16</td>
<td>27</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>Individual Retirement Account (IRA)</td>
<td>11</td>
<td>23</td>
<td>29</td>
<td>32</td>
</tr>
<tr>
<td>Savings outside a retirement account</td>
<td>15</td>
<td>19</td>
<td>29</td>
<td>33</td>
</tr>
</tbody>
</table>

No retirement savings

<table>
<thead>
<tr>
<th>Age Group</th>
<th>18-29</th>
<th>30-44</th>
<th>45-59</th>
<th>60+</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11-20</td>
<td>50</td>
<td>28</td>
<td>23</td>
<td>15</td>
</tr>
</tbody>
</table>

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

How are you planning to pay expenses during retirement / How are you paying for expenses in retirement?

<table>
<thead>
<tr>
<th></th>
<th>Planning (among non-retired)</th>
<th>Actual (among retired)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age 45-59</td>
<td>Age 60+</td>
</tr>
<tr>
<td>Social Security Old-Age benefits</td>
<td>58</td>
<td>74</td>
</tr>
<tr>
<td>I will continue working</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>Spouse/partner will continue working</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Defined benefit pension from work</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td>401(k), 403(b), or other defined contribution pension</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>Individual Retirement Account (IRA)</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>Savings outside a retirement account</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>I don’t know</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>N</td>
<td>1,122</td>
<td>426</td>
</tr>
</tbody>
</table>
Retirement and the Great Recession

Among those not retired who had given at least “some” thought to retirement:

<table>
<thead>
<tr>
<th>Compared to your retirement plans before 2008, would you say that you now plan to retire...</th>
<th>Age</th>
<th>All Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45-59</td>
<td>60+</td>
</tr>
<tr>
<td>Plan to retire earlier</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Plan to retire at the same age</td>
<td>34</td>
<td>27</td>
</tr>
<tr>
<td>Plan to retire later</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Didn’t think about retirement prior to 2008</td>
<td>19</td>
<td>25</td>
</tr>
</tbody>
</table>

 Asked of those not currently retired who have given at least “some” thought to retirement. n=1,766

Among those who retired since 2008:
- 15 percent said they retired earlier because of the recession
- 4 percent said they retired later because of it
Health Care Expenses
## Health Expenses

### Respondent avoided any treatment because of cost in the past 12 months

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>66</td>
<td>2,862</td>
</tr>
<tr>
<td>Yes</td>
<td>34</td>
<td>1,272</td>
</tr>
</tbody>
</table>

Asked of all respondents. n = 4,134

### During the past 12 months, was there a time when you needed any of the following, but didn’t get it because you couldn’t afford it?

<table>
<thead>
<tr>
<th>Service</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental care</td>
<td>26</td>
</tr>
<tr>
<td>To see a doctor</td>
<td>18</td>
</tr>
<tr>
<td>Prescription medicine</td>
<td>15</td>
</tr>
<tr>
<td>To see a specialist</td>
<td>11</td>
</tr>
<tr>
<td>Follow-up care</td>
<td>10</td>
</tr>
<tr>
<td>Mental health care or counseling</td>
<td>7</td>
</tr>
</tbody>
</table>
Health Expenses (continued)

If you were to have a major unexpected medical expense that you had to pay for out of pocket, how likely is it that you that you would be able to pay your medical bills?

- Very likely: 21%
- Not likely: 43%
- Somewhat likely: 35%

During the past 12 months, have you had any unexpected major medical expenses that you had to pay out of pocket (that were not completely paid for by insurance)?

- Yes: 24%
- No: 75%

Asked of all respondents. n = 4,134
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
Self-Described Financial Challenges (continued)

Among those who offered a response, n = 2,265
In a sentence or two, please describe the main financial challenges or concerns facing you or your family.

Total Responses: 2,265
Questions?
You have two options to ask questions today:

1. Email us at: communities@stls.frb.org.
2. Type your question into the chat box of the webinar.
Thank you to today’s presenters and to all participants for joining this session.

Next steps:

• All session materials are available on our web site and in the next few days we will be posting an audio file of today’s session.
• If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org
• Information about future sessions will be posted on our website along with archived materials from past sessions: www.stlouisfed.org/connectingcommunities/
In connection with this session, you can find a variety of additional resources on this topic, available at www.fedcommunities.org.

It provides an array of practical resources to help you in your role as a community development professional, whether you work involves supporting people, places, the practice of community development, or small business development.