Selected Findings from the
Survey of Household Economics and Decisionmaking

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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.
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?

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

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?

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>30</td>
<td>1,143</td>
</tr>
<tr>
<td>Normal</td>
<td>60</td>
<td>2,598</td>
</tr>
<tr>
<td>High</td>
<td>7</td>
<td>300</td>
</tr>
</tbody>
</table>

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”

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percent of Income Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>32</td>
</tr>
<tr>
<td>$25,000-$49,999</td>
<td>52</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>70</td>
</tr>
<tr>
<td>$75,000-$99,999</td>
<td>70</td>
</tr>
<tr>
<td>$100,000 and greater</td>
<td>84</td>
</tr>
</tbody>
</table>
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

As asked of all respondents. n = 4,134
Percent able to cover $400 emergency expense without borrowing

![Bar chart showing the percent of income groups able to pay completely using cash or credit card paid in full.]

- Less than $25,000: 25%
- $25,000-$49,999: 41%
- $50,000-$74,999: 60%
- $75,000-$99,999: 63%
- $100,000 and greater: 80%
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

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

<table>
<thead>
<tr>
<th>Age Group</th>
<th>None at all</th>
<th>A little</th>
<th>Some</th>
<th>A fair amount</th>
<th>A lot</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>41</td>
<td>27</td>
<td>18</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>30-44</td>
<td>21</td>
<td>26</td>
<td>26</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>45-59</td>
<td>19</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>60+</td>
<td>20</td>
<td>19</td>
<td>19</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>

Asked of those not currently retired. n=3,163
Retirement planning by income
(among those age 30 and older and not retired)

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

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)

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

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
Main challenges of those making **over $50,000**

Main challenges of those making **under $50,000**