FINANCIAL HEALTH NETWORK

U.S. Financial Health Pulse

2019 Trends Report

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The U.S. Financial Health Pulse® is a groundbreaking research initiative designed to shed light on the financial lives of people in America. Using a combination of consumer surveys and transactional data, the Pulse will provide a regularly refreshed snapshot of the country's financial health.

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Our Partners

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Executive Summary

This report presents findings from the second annual U.S. Financial Health Pulse, which is designed to explore how the financial health of people in America is changing over time.

In this report, we explore financial health for the nation as a whole, across financial health indicators, among demographic groups, and at the level of individuals.[1]

At the **national level**, we find that only 29% of Americans are Financially Healthy in 2019, up just one point from a year ago. Despite relatively stable headline statistics, however, we observe significant year-over-year fluctuations within the disaggregated data, revealing important shifts in financial health indicators, across demographic groups, and among individuals.

Looking across Spend, Save, Borrow, and Plan **financial health indicators**, we find notable bright spots in this year's data. Americans report a greater ability to pay their bills on time and are more confident that they can pay off their debt. Yet there are also signs of increasing vulnerability, as people have less money in short-term savings and are less confident that their insurance coverage is sufficient.

We also find meaningful changes in financial health for specific **demographic groups**. People with less than $30,000 in household income experienced some financial health gains since 2018, but are still the least financially healthy income segment. Meanwhile, middle-income individuals, people in their prime working years, and women are showing signs of increased vulnerability. The financial health gap based on race and ethnicity remains stark.

In our first-ever analysis of the **same individuals** year-over-year, we find that financial health is like a game of Chutes and Ladders, with many Americans experiencing swings – some quite dramatic – in their financial health from 2018 to 2019. People who experienced changes in their employment and physical health saw the largest changes in their financial health. Yet debt and savings appear to shape the impact of these life events on financial health.

These findings are a call to action for all who have a stake in the well-being of American households. They suggest a variety of actions that stakeholders can take to ensure that families are protected in the event that the current economic expansion comes to an end. These findings also reinforce that traditional economic indicators continue to miss a dynamic and complex financial reality for most Americans, and that new measures, such as financial health, are key to a deeper understanding of the U.S. economy.

[1] The 2019 U.S. Financial Health Pulse survey was fielded from April-June 2019. The 2018 baseline survey was fielded from April-July 2018.

SECTION 1: NATIONAL FINANCIAL HEALTH TRENDS

The financial health of Americans overall has not changed significantly since 2018, despite another year of strong economic growth.

Ten years after the end of the Great Recession, millions of Americans are still struggling financially. Fewer than one in three Americans – 29% – are Financially Healthy in 2019, just a one-point increase from the year before. Even as the economy continues to grow and unemployment has reached a 50-year low, millions of Americans do not have the day-to-day financial systems they need to be resilient and thrive.

17%
Financially Vulnerable

43 million people

These individuals are struggling with all, or nearly all, aspects of their financial lives.

54%
Financially Coping

135 million people

These individuals are struggling with some, but not necessarily all, aspects of their financial lives.

29%
Financially Healthy

73 million people

These individuals are spending, saving, borrowing, and planning in a way that will allow them to be resilient and pursue opportunities over time.

SECTION 2: CHANGES IN FINANCIAL HEALTH INDICATORS

Amidst historically low unemployment and strong wage growth, Americans are having an easier time paying their bills and are more confident about their debt.

Looking more closely at the Spend, Save, Borrow, and Plan financial health indicators, we see notable bright spots in this year's findings. Low unemployment rates and rising wages appear to be contributing to people's increased confidence in their households' ability to meet their financial obligations.

- Two-thirds (66.1%) of Americans say they can pay all of their bills on time in 2019, up 2.2 points from a year earlier.
- 60.5% say they expect their households to pay off their current debt (excluding mortgages) within 5 years, up 2.6 points from 2018.
- The percentage of people who said that their debt prevented them from engaging in a variety of activities – such as starting a business or buying a home – declined from 2018 to 2019.

People are setting aside less money in short-term savings and are less confident that their insurance coverage is sufficient, making them more vulnerable in the event of a recession.

Yet even as Americans' confidence in their ability to pay bills and manage debt has improved, there are signs that many people are more vulnerable than they were a year ago. This is cause for concern, as speculation grows that the economic expansion may end soon.

- 12.0% of people say they have less than one week of living expenses saved in 2019, up 1.4 points from 2018.
- 58.2% of people say they are confident that their insurance policies will cover them in an emergency in 2019, down 3.2 points from 2018.
- The percentage of people who say they have no insurance of any kind increased 1.4 points, from 2.6% to 4.0% from 2018 to 2019.
- People's declining confidence that their insurance coverage is sufficient coincided with lower self-reported rates of health, life, disability, and car insurance ownership in 2019 compared with 2018.

SECTION 3: DEMOGRAPHIC TRENDS IN FINANCIAL HEALTH

People with household incomes less than $30,000 are more financially healthy than they were a year before, but they remain the least financially healthy income segment.

- 45.1% of people with household incomes less than $30,000 say they can pay all of their bills on time in 2019, an increase of 5.3 points from 2018.
- 34.7% of people in this income segment say that they have a manageable amount of debt, up 4.9 points from a year earlier.
- These findings suggest that lower-income families may be benefiting from recent wage growth, which has been strongest for workers at the bottom of the income spectrum.
- Still, only 10.3% of people in this segment are Financially Healthy in 2019, compared to 20.3% and 37.2% of people in the next two income quartiles, respectively.

Middle-income individuals and people in their prime working years are showing signs of vulnerability.

- 19.7% of people with household incomes from $30,000 to $59,999 said they spent more than their income in the 12 months prior to the 2019 survey, up 4.1 points from 2018. People with household incomes from $60,000 to $99,999 experienced a similar increase.[2]
- 55.0% of people aged 26-49 say they do not have enough savings to cover three months of living expenses in 2019, up 4.8 points from 2018.
- Less predictable incomes may help explain the rise in financial vulnerability for these groups. The percentage of people earning between $30,000-$59,999 and $60,000-$99,999 who say they can predict their income all or most months declined by 3.8 points and 3.0 points, respectively, from 2018 to 2019. For people aged 26-49, the drop was 5.4 points.

Women are overwhelmingly bearing the increase in financial vulnerability, relative to men.

- 46.9% of women either say they are not confident that their household's insurance policies will cover them in an emergency or that they have no insurance in 2019, up 6.4 points from 2018.
- 51.2% of women say they do not have enough liquid savings to cover three months of living expenses in 2019, an increase of 2.6 points from 2018.
- A declining financial outlook is taking a toll on women, with 20.1% of women saying that their finances cause them a high amount of stress in 2019, compared with 13.2% of men.
- Women are more likely than men to say that financial stress impacts their physical and mental health, family life, and performance at work or school.

The financial health gap based on race and ethnicity remains stark.

- Blacks and Hispanics have average FinHealth Scores™ that are nearly 10 points behind those of whites on an 100-point scale, a gap that remained steady from 2018 to 2019.
- Gaps persist across nearly all of the eight financial health indicators – disparities that can be traced to a multitude of historical and structural barriers that blacks and Hispanics have faced.

[2] We use the term "middle-income" throughout this report to refer to people in approximately the second and third income quartiles in our data, or with household incomes of $30,000-$59,999 and $60,000-$99,999, respectively.

SECTION 4: THE FINANCIAL HEALTH OF INDIVIDUALS

Millions of people saw their financial health change in the last 12 months, often quite dramatically.

- In our first-ever comparison of the same individuals year-over-year, we find that millions of Americans experienced significant swings in their financial health from 2018 to 2019. The median absolute FinHealth Score™ change – experienced by just over half (50.6%) of our longitudinal sample – was 7.5 points.
- Some individuals experienced even larger shifts. One in five individuals (20.6%) saw their FinHealth Scores increase or decrease by 15 points or more. More than one in 10 individuals (11.2%) saw a change of 20 points or more.

People who experienced changes in their employment and physical health saw the largest average changes in their financial health.

- Individuals who started working in 2019 experienced an average increase in their FinHealth Scores of 7.9 points, relative to those who did not start working, the largest change of any life event analyzed.
- People who lost a job or worked less than expected experienced an average decrease in their FinHealth Scores of 2.5 points relative to those who did not.
- People whose income became more predictable saw their FinHealth Scores increase an average of 3.0 points, compared with people whose income did not become more predictable.
- People whose income became less volatile saw their FinHealth Scores increase an average of 1.8 points, compared with individuals whose income did not become less volatile.
- Individuals whose physical health improved had an average FinHealth Score increase of 1.8 points, compared with those whose physical health did not improve from 2018.
- People who experienced a major medical expense had an average decrease in FinHealth Score of 3.2 points year-over-year, compared with people who did not have this type of expense.

Debt can dampen the positive effect of some life events, while savings can mitigate the negative impact of others.

- People with low debt or no debt experienced an average increase in their FinHealth Score of 11.6 points when they started working, compared with an average increase of just 1.4 points for people with high debt who started working.
- People who faced a major medical expense and had low savings experienced an average drop in their FinHealth Score of 8.9 points, compared with an average drop of just 0.2 points for those who faced a major medical expense and had high savings.
- People who are currently saving for emergencies experienced almost no change in their FinHealth Score when their physical health declined, while people who are not currently saving for emergencies experienced an average decrease of 4 points when their health declined.

A CALL TO ACTION

These findings reinforce the need for stakeholders across the financial health ecosystem to improve the financial health of all Americans. They suggest clear next steps these stakeholders should take to ensure that people have access to the tools they need to manage their day-to-day finances, build resilience, and thrive.

Financial Services Providers	Financial services providers can play an active role in influencing financial health outcomes. In particular, our findings suggest that helping people build emergency savings and reduce their debt are two important ways that financial services providers can strengthen people's ability to be resilient and thrive.
Insurance Providers	Insurers can take a variety of steps including offering guidance to help people understand their insurance coverage needs and integrating innovations that allow them to lower prices without compromising quality. The results of the 2019 Pulse survey underscore the importance of these actions in light of the vast segments of the population showing signs of increased financial vulnerability.
Healthcare Providers	This report highlights the growing percentage of people without health insurance and the negative impact of declining physical health and costly medical expenses on financial health. The healthcare and financial services industries have an opportunity to join forces to create systems that result in better and more equitable physical health and financial health for all.
Employers	Employers can help improve their workers' financial health – especially for those who are financially struggling – by increasing wages and by ensuring those wages are predictable from month to month. They can also offer benefits such as insurance, retirement savings accounts, and tools to help with budgeting, paying down debt, and building emergency savings.
Policymakers and Regulators	Policymakers and regulators can promote initiatives that support Americans' ability to manage their day-to-day finances, save for emergencies, prepare for retirement, access affordable credit, and plan for the future. They can also adopt new economic indicators, such as financial health, that provide a more holistic view of the financial lives of Americans than traditional economic metrics alone.

Beyond these specific recommendations, all of these stakeholders should commit to regularly measuring financial health outcomes for their customers, employees, and communities. Only by doing so will they know if the solutions they implement to improve financial health are working.

The Financial Health Network is committed to working with each of these stakeholders to advance this work in the coming years. Next year, we plan to build on insights from annual surveys with financial data that study participants consent to share with us. Together, these two sources of data will provide us with an even more comprehensive understanding of financial health in America. We will also continue to track the financial health of people in specific regions and specific segments of the population.

We invite you to JOIN US on this journey as we strive to improve financial health for all.

CONTENTS

Introduction

A decade after the Great Recession, the current recovery has officially become the longest in U.S. history. By many measures, the economy is strong. Real hourly wages have finally started to tick upward, especially for those at the lower end of the economic spectrum. Unemployment remains low, even as more people have entered the workforce.

But these figures only tell part of the story. To truly understand the financial lives of Americans, we need to look beyond the headlines.

In the second annual U.S. Financial Health Pulse, fielded from April to June 2019, we explore how the financial health of people in America has changed since we conducted a baseline survey in 2018. In this report, we examine financial health trends at four levels:

- the nation as a whole
- financial health indicators
- key demographic groups
- individual Americans

While our findings are based on just two years of data and should be interpreted carefully, they suggest clear steps that a variety of stakeholders can take to ensure that families have the day-to-day tools they need to be resilient and thrive.

This report represents the first from the U.S. Financial Health Pulse to present trend data, enabling us to look beyond aggregate figures to see how financial health is changing for the population as a whole and for different segments over time.

But this is only the beginning.

The Financial Health Network will continue to track these important trends in future years. We will also combine data from annual surveys with account-level transaction data to generate new insights about the state of financial health in America.

Methodology

STUDY DESIGN

The data presented in this report were collected from the second annual U.S. Financial Health Pulse survey fielded from April - June 2019 to members of the University of Southern California's "Understanding America Study" (UAS) probability-based internet panel.

In the first three sections of this report, we use a cross-sectional analysis to compare the responses of people who completed the U.S. Financial Health Pulse survey in 2019 with those who completed the survey in 2018. Except where noted otherwise, the data presented in this report come from the 2019 survey.

In the fourth section, "Financial Health of Individuals," we use a longitudinal analysis to explore financial health changes for the subset of individuals who completed the survey in both years.

We asked financial background questions, such as income, at the household level to provide a holistic picture of respondents' financial life. Questions about attitudes, experiences, and sentiments were asked at the individual level. More details on the study methodology are available in Appendix A. Full question text and raw data are available at [finhealthnetwork.org/pulse/methodology.](finhealthnetwork.org/pulse/methodology)

		NUMBER OF RESPONDENTS
Study Sample	2019 survey sample	5, 424
	2018 survey sample	5,019
	Longitudinal sample *(completed both the 2018 and 2019 surveys)*	4,339

A NOTE ON READING TABLES

Throughout this report, we report the statistical significance of the year-over-year changes in financial health at the 95% confidence level. In tables, results that are statistically significant are indicated with an asterisk in the column labeled "Change" when discussing year-over-year changes from 2018 to 2019, and in the rightmost column when comparing two groups within the same year. In some tables, we present year-over-year changes and within-year differences that are not statistically significant for comparison purposes. All of the results discussed in the text of this report are statistically significant, unless otherwise indicated.

FINANCIAL HEALTH FRAMEWORK

Financial health is a composite framework that considers the totality of an individual's financial life. Unlike narrow metrics like credit scores, a financial health framework allows researchers to assess whether people are spending, saving, borrowing, and planning in a way that will enable them to be resilient and pursue opportunities over time.

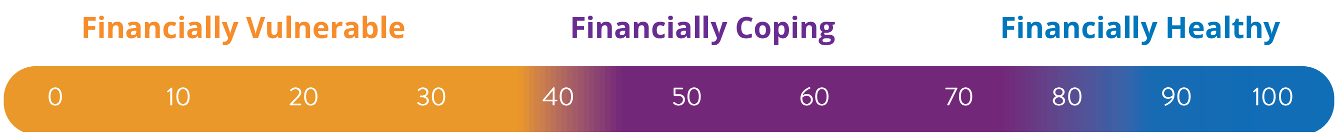
Figure 1: Eight Indicators of Financial Health

THE FINHEALTH SCORE™

The analysis presented in this report leverages the FinHealth Score™ framework. The FinHealth Score™ is based on eight survey questions that align with the eight indicators of financial health (Figure 1). For every individual who responds to all eight questions, one aggregate FinHealth Score and four sub-scores can be calculated for Spend, Save, Borrow, and Plan. Figure 2 shows how to interpret financial health scores and sub-scores.

To view the full scoring instrument and learn more about how the framework was developed, please visit finhealthnetwork.org/score and reference Appendix A of this report.

Figure 2: Interpreting FinHealth Scores™



Financial health scores between 0 - 39 are considered Financially Vulnerable. Individuals with scores in this range report healthy outcomes across few, or none, of the eight financial health indicators.

Financial health scores between 40 - 79 are considered Financially Coping. Individuals with scores in this range report healthy outcomes across some, but not all, of the eight financial health indicators.

Financial health scores between 80 - 100 are considered Financially Healthy. Individuals with scores in this range report healthy outcomes across all eight financial health indicators.

Financial Health Snapshot: 2018 to 2019

This table provides a snapshot of changes in financial health indicators from 2018 to 2019 at the national level. The U.S. Financial Health Pulse will continue to track these financial health indicators to understand how financial health in America is changing over time.

Indicator	Consolidated Response	2018	2019	Change
Indicator 1: Spend Less Than Income	Spending is less than income	52.8%	53.5%	0.7%
	Spending is equal to income	30.9%	29.4%	-1.5%
	Spending is more than income	16.3%	17.1%	0.8%
Indicator 2: Pay All Bills On Time	Pay all of our bills on time	63.9%	66.1%	2.2%*
	Unable to pay all bills on time	36.1%	33.9%	-2.2%*
Indicator 3: Have Sufficient Liquid Savings	Have enough savings to cover at least three months of living expenses	54.7%	53.1%	-1.6%
	Do not have enough savings to cover at least three months of living expenses	45.3%	46.9%	1.6%
Indicator 4: Have Sufficient Long-Term Savings	Are confident they are on track to meet long-term financial goals	40.0%	39.3%	-0.7%
	Are not confident they are on track to meet long-term financial goals	60.0%	60.7%	0.7%
Indicator 5: Have a Manageable Debt Load	Have a manageable amount of debt	52.5%	51.7%	-0.8%
	Have more debt than is manageable	30.1%	29.5%	-0.6%
	Do not have any debt	17.4%	18.8%	1.4%
Indicator 6: Have a Prime Credit Score	Have a prime credit score	66.2%	65.5%	-0.7%
	Do not have a prime credit score	27.3%	27.7%	0.4%
	Don't know	6.5%	6.8%	0.3%
Indicator 7: Have Appropriate Insurance	Are confident their insurance policies will cover them in an emergency	61.4%	58.2%	-3.2%*
	Are not confident their insurance policies will cover them in an emergency	36.0%	37.8%	1.8%
	Do not have insurance	2.6%	4.0%	1.4%*
Indicator 8: Plan Ahead Financially	Agree with the statement: "My household plans ahead financially."	59.7%	59.1%	-0.6%
	Do not agree with the statement: "My household plans ahead financially."	40.3%	40.9%	0.6%

*Change is statistically significant at the 95% confidence level.

Rows represent groupings of multiple answer choices as described in Appendix B.

SECTION 1: NATIONAL FINANCIAL HEALTH TRENDS

Ten years after the end of the Great Recession, millions of Americans are still struggling financially. These people are struggling to spend, save, borrow, and plan in ways that will allow them to be resilient and pursue opportunities over time.

The financial health of Americans overall has not significantly changed since 2018, despite another year of strong economic growth.

Only 29% of people in America are Financially Healthy in 2019, a difference that is not statistically significant from the 28% of people who were Financially Healthy in 2018. The vast majority of people – seven in 10 – are Financially Coping or Vulnerable.[3] This is against the backdrop of an economy that has continued to grow for its tenth straight year since the end of the Great Recession. In the 12 months prior to April 2019 (when the latest Pulse survey was fielded), the American economy grew 2.3 percent.[4] During the same period, the national unemployment rate decreased 0.2 points to 3.6 percent, approaching its lowest level in 50 years.[5]

43 MILLION PEOPLE

These individuals are struggling with all, or nearly all, aspects of their financial lives.

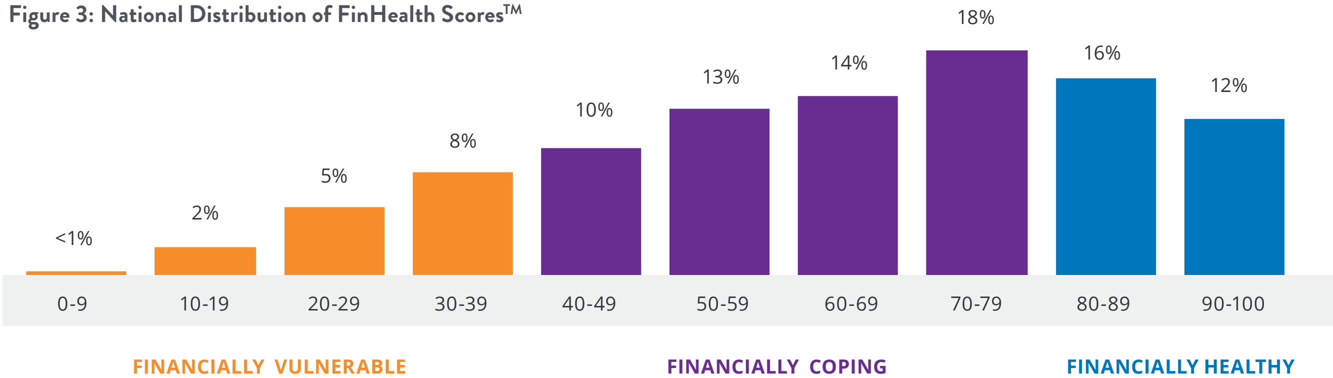
135 MILLION PEOPLE

These individuals are struggling with some, but not necessarily all, aspects of their financial lives.

73 MILLION PEOPLE

These individuals are spending, saving, borrowing, and planning in a way that will allow them to be resilient and pursue opportunities over time.

Figure 3: National Distribution of FinHealth Scores™



[3] None of the year-over-year changes in the percentages of people who are Financially Healthy, Coping, or Vulnerable are statistically significant. A description of the FinHealth Score™ methodology can be found in Appendix A.

[4] "Real Gross Domestic Product," Federal Reserve Bank of St. Louis, 2019.

[5] "Labor Force Statistics from the Current Population Survey," Bureau of Labor Statistics, 2019.

SECTION 2: CHANGES IN FINANCIAL HEALTH INDICATORS

Despite relatively stable headline statistics, we observe significant changes in financial health when we look beyond the aggregate figures. In some cases, the trends are positive: Americans are reporting a greater ability to pay their bills on time and are more confident that they can pay off their debt. Yet there are signs of increasing vulnerability, as people have less money in short-term savings and are less confident that they will have sufficient insurance coverage to manage an emergency.

Against the backdrop of low unemployment and rising wages, many Americans are having an easier time paying their bills and are more confident about their ability to pay off their debt.

Looking more closely at the indicators of financial health, we see notable bright spots in this year's findings. Americans are more confident in their ability to meet their financial obligations, with two-thirds (66.1%) saying that their households can pay all of their bills on time, up 2.2 points from 2018 (Table 1). A similar percentage of people (60.5%) anticipate that their households will be able to pay off all of their current debts (excluding mortgage debt) within five years, also an increase from the year before (Table 2).

Low unemployment rates and rising wages may be contributing to people's increased confidence in their ability to meet their obligations. With the unemployment rate having reached its lowest point in the last half-century and minimum wage increases taking effect in many states, wages have finally begun to rise, especially for the lowest-income workers.[6] The 2018 Tax Cut and Jobs Act also increased many households' take-home pay, extra funds that people may have put toward paying bills or paying down debt.[7]

Table 1. Change in Indicator 2 (Pay All Bills On Time), for All Respondents

Q039. Which of the following statements best describes how your household has paid its bills over the last 12 months? My household has been financially able to:	2018	2019	Change
Pay all of our bills on time	63.9%	66.1%	2.2*
Unable to pay all bills on time	36.1%	33.9%	-2.2*

Rows represent groupings of multiple answer choices as described in Appendix B.

Table 2. Change in Anticipated Timeline for Household to Pay Off Its Current Debts, for All Respondents

Q104. Excluding any mortgages, and assuming you do not take on any more debt, how long do you think it would take your household to pay off its current debts? If you aren't sure, your best guess will do.	2018	2019	Change
Pay off current debts within 5 years	57.9%	60.5%	2.6*
Pay off current debts in more than 5 years	35.5%	32.4%	-3.1*
Will never pay off our debts	2.1%	2.0%	-0.1
Don't know	4.5%	5.2%	0.7

6 "Labor Force Statistics from the Current Population Survey," Bureau of Labor Statistics, 2019; "Real average weekly earnings up 0.8 percent from July 2018 to July 2019," Bureau of Labor Statistics, 2019; "Employed full time: Usual weekly nominal earnings (first decile): Wage and salary workers: 16 years and over," Federal Reserve Bank of St. Louis, 2019; "State Minimum Wages," National Conference of State Legislatures, 2019.

7 "The Tax Cuts and Jobs Act," Tax Policy Center, 2018.

Interestingly, increased optimism about debt repayment has not coincided with a reduction in self-reported debt (Table 3). This finding aligns with trends at the national level: Total non-mortgage debt climbed from $3.84 trillion in the first quarter of 2018 to $4.02 trillion in the first quarter of 2019, and total mortgage debt increased from $9.38 trillion to $9.65 trillion during this same time period.[8]

Table 3. Change in Self-Reported Debt for Respondents with Debt, by Type of Debt

Q086, Q087, Q089, Q090, Q091. For each of the following types of debt, please estimate the amount your household currently owes. If you aren't sure, your best guess will do.	2018	2019	Change
Mortgages	$144,167	$153,698	$9,531*
Student loans	$38,870	$44,556	$5,686*
Auto loans	$16,823	$15,904	-$919
Outstanding credit card balances carried over from previous months	$8,956	$10,610	$1,654*
Past-due medical bills	$8,602	$8,727	$125

Questions asked only for those respondents who indicated they have the respective type of debt.

Instead of a decline in actual debt levels, a more optimistic outlook on debt among respondents may be the result of high consumer confidence, buoyed by a surging stock market, high home values, and an economy operating at full employment over the past year. Indeed, the Michigan Consumer Sentiment Index remained above 97.5 for much of the last year.[9] When consumer confidence is high, people tend to feel more optimistic about their ability to pay back existing debt or take on new debt, expecting that the good times will last.[10]

Whether these sentiments are a temporary blip or a longer-term trend remains to be seen, but there is reason to believe that consumers' increased optimism may have had positive ripple effects across the economy. The proportion of Americans saying their debt has prevented them from engaging in a variety of activities has declined significantly since 2018 (Table 4).

Table 4. Change in Percentage of Respondents Who Say Their Debt Caused Them to Delay Activities, by Type of Activity

Q094, Q095, Q098, Q099, Q100, Q102. In the last 12 months, did your household's debt...	2018	2019	Change
Delay or prevent starting a business?	7.9%	5.7%	-2.2*
Delay or prevent moving from your current residence?	14.9%	12.7%	-2.2*
Delay or prevent purchasing a home?	15.5%	13.4%	-2.1*
Delay or prevent purchasing a car?	19.6%	16.0%	-3.6*
Delay or prevent saving for retirement?	27.0%	24.3%	-2.7*
Delay or prevent changing jobs?	10.7%	7.9%	-2.8*

Questions asked only for those respondents who indicated they have debt.

8 "Household Debt And Credit Report," Center for Microeconomic Data, New York Fed, 2019.

9 "University of Michigan: Consumer Sentiment," Federal Reserve Bank of St. Louis, 2019; Index of Consumer Sentiment (ICS) is calculated using Surveys of Consumers as a measure of consumer expectations indexed to a base period (February 1966 = 100). The average ICS in the last two decades has been 86.

10 "Exploring Determinants of U.S. Household Debt," The Journal of Applied Business Research, 2011.

People are setting aside less money in short-term savings and are less confident that their insurance coverage is sufficient, making them more vulnerable in the event of a recession.

Even as Americans are better able to keep up with their bills and are feeling more confident about their debt, there are signs that they are becoming less financially resilient.

From 2018 to 2019, the percent of people who said they had less than one week of expenses saved rose 1.4 points, to 12.0%. The percent of people who said they have three to five months of expenses saved declined 1.7 points, to 16.8% (Table 5).

This change is worrisome because having a reserve of liquid savings to draw upon in case of an emergency is a critical component of financial resilience. The U.S. Financial Health Pulse 2018 Baseline Survey demonstrated the strong link between emergency savings and financial health.[11] Without such a reserve of savings, people may struggle to keep up with bills and turn to high-cost forms of credit to make ends meet when faced with a financial shock.[12]

Table 5. Change in Indicator 3 (Have Sufficient Liquid Savings), for All Respondents

Q044. At your current level of spending, how long could you and your household afford to cover expenses, if you had to live only off the money you have readily available, without withdrawing money from retirement accounts or borrowing?	2018	2019	Change
6 months or more	36.2%	36.3%	0.1
3-5 months	18.5%	16.8%	-1.7*
1-2 months	20.2%	20.8%	0.6
1-3 weeks	14.5%	14.0%	0.5
Less than 1 week	10.6%	12.0%	1.4*

[11] The 2018 Baseline Survey found that, holding socioeconomic and demographic variables constant, individuals who said they have an emergency savings account have an average FinHealth Score 16.5 points higher than those who do not have an emergency savings account.

[12] "How Do Families Cope With Financial Shocks?," The Pew Charitable Trusts, 2015.

At the same time that Americans are reporting less liquid savings, their confidence that their insurance coverage is sufficient – another key component of resilience – has also decreased. In 2019, people were significantly less likely to say that they are confident that their households' insurance will protect them in the event of an emergency. They were also more likely to say they have no insurance at all (Table 6).

This dip in respondents' confidence in the sufficiency of their insurance coverage coincided with declines in their self-reported rates of ownership of health, life, disability, and car insurance (Table 7).

The uptick in people without health insurance mirrors recent data from the U.S. Department of Health and Human Services, which shows the uninsured non-elderly population reaching a four-year high at the end of 2018.[14] Recent policy changes and uncertainty over the future of the Affordable Care Act may be causing some people to pay more for health insurance or forego insurance altogether.[15] The decrease in life insurance ownership likely reflects a similar decline at the national level going back to the 1980s.[16]

Table 6. Change in Indicator 7 (Have Appropriate Insurance), for All Respondents

Q112. Thinking about all of the types of personal and household insurance you and others in your household have, how confident are you that those insurance policies will provide enough support in case of an emergency?	2018	2019	Change
Confident	**61.4%**	**58.2%**	**-3.2***
Not confident	**36.0%**	**37.8%**	**1.8**
No insurance[13]	**2.6%**	**4.0%**	**1.4***

Rows represent groupings of multiple answer choices as described in Appendix B.

Table 7. Change in Insurance Ownership for All Respondents, by Type of Insurance

	2018	2019	Change
Q106. Does your household have car insurance on all your automobiles?	**88.7%**	**86.9%**	**-1.8***
Q107. Is your household currently covered by homeowner's insurance? *(Only asked for homeowners)*	**92.0%**	**91.4%**	**-0.6**
Q108. Is your household currently covered by renter's insurance? *(Only asked for renters)*	**40.5%**	**39.0%**	**-1.5**
Q109. Do you currently have life insurance?	**58.7%**	**55.3%**	**-3.4***
Q110. Do you currently have short-term or long-term disability insurance?	**33.2%**	**30.5%**	**-2.7***
Q111. Do you currently have health insurance *(including employer-paid, private, Medicare/Medicaid, Military, Veterans, Indian Health Service, or any other type of medical coverage)?*	**86.5%**	**84.8%**	**-1.7***

13 The percentage of people who did not report owning any of the specific insurance products about which the survey asked (life, disability, health, car, homeowners, and renters).

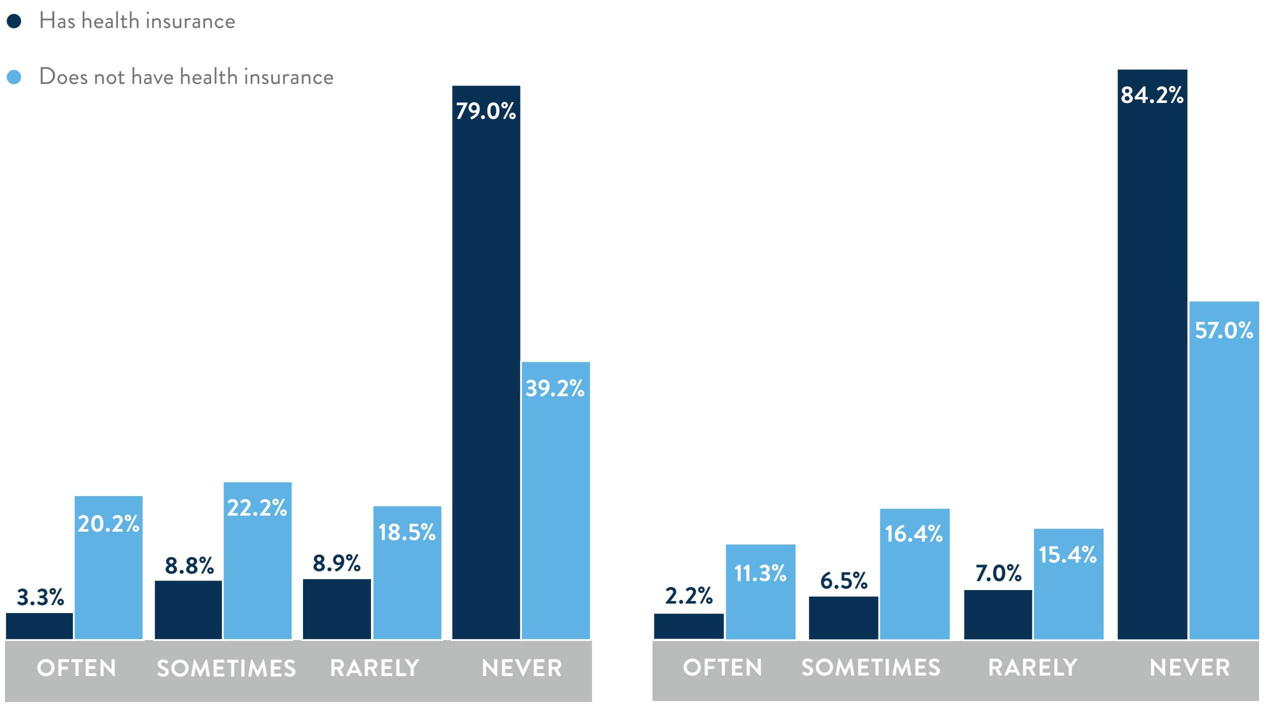
14 "Health Insurance Coverage: Early Release of Quarterly Estimates From the National Health Interview Survey, January 2010–December 2018," National Center For Health Statistics, 2019.

15 Kaiser Family Foundation, January. 2019; "U.S. Uninsured Rate Rises to Four-Year High," Gallup, 2019.

16 "What Explains the Decline in Life Insurance Ownership?" Federal Reserve Bank of Chicago, 2017.

As with the decline in short-term savings, the decline in confidence in the sufficiency of insurance coverage and in insurance ownership suggests that people are more vulnerable in 2019. Having insurance is associated with the ability to avoid hardships like being unable to afford needed medical care (Figure 4). If unemployment starts to rise or wages start to fall, having a cushion to fall back on in the form of short-term savings and insurance policies that provide sufficient coverage to weather a shock will be critical to help families keep their heads above water.

Figure 4. Percentage of Respondents Who Reported Financial Hardships in the Previous 12 months, by Type of Hardship and Health Insurance Ownership[17]



Q021. I or someone in my household did not get healthcare we needed because we couldn't afford it.

Q022. I or someone in my household stopped taking a medication or took less than directed due to the costs.

[17] Based on question Q111: "Do you currently have health insurance (including employer-paid, private, Medicare/Medicaid, military, veterans, Indian Health Service, or any other type of medical coverage)?"

SECTION 3: DEMOGRAPHIC TRENDS IN FINANCIAL HEALTH

Financial health disparities based on age, gender, income, and race have persisted since 2018. In the past year, lower-income households made some gains, while middle-income Americans, people in their prime working years, and women fell behind. The financial health gap between whites, blacks, and Hispanics remains stark.

Table 8. Change in Average FinHealth Scores™, for Select Demographic Groups

		2018 Average FinHealth Score™	2019 Average FinHealth Score™	Change
National Average		63.9	63.8	-0.1
Household Income	Less than $30,000	48.7	51.0	2.3*
	$30,000 - $59,999	60.3	59.6	-0.7
	$60,000 - $99,999	69.6	69.2	-0.4
	$100,000 or more	77.2	77.3	0.1
Age	18-25	57.0	59.6	2.6
	26-49	61.8	59.5	-2.3*
	50-64	63.3	64.2	0.9
	65 and over	72.9	74.7	1.8*
Gender	Women	61.4	59.9	-1.5*
	Men	66.7	67.8	1.1
Race/Ethnicity	White, Non-Hispanic	67.2	66.4	-0.8
	Black, Non-Hispanic	55.1	56.5	1.4
	Hispanic	56.6	56.4	-0.2
	Asian, Non-Hispanic	71.0	71.1	0.1
	Mixed, Non-Hispanic	63.0	63.9	0.9

FinHealth Score changes for all demographic groups can be found in Appendix C.

People with household incomes less than $30,000 are more financially healthy than they were the year before, but they remain the least financially healthy income segment.

People in the lowest quartile (those with household incomes less than $30,000) are the only income group to see an increase in their FinHealth Score in 2019, up 2.3 points from 2018 (Table 8).[18] There is reason to believe that improved wages may be at least partly responsible for this increase. Ten years into the longest economic recovery in U.S. history, wage growth has finally begun to gain momentum, especially for the lowest-income workers.[19] Faster wage growth at the bottom is likely due in part to minimum wage increases in many cities and states, as well as a tighter labor market that is forcing employers to raise wages to fill entry-level jobs.[20]

We see evidence in the Pulse sample that lower-income families may be benefiting from these higher wages. Respondents in our survey with household income less than $30,000 report a greater ability to spend less than their income and pay all of their bills on time in 2019. They also say they feel more confident that they can comfortably manage their current debt (Table 9). This increased confidence is translating into lower levels of financial stress for people in this income group (Table 10).

Table 9. Change in Financial Health Indicators, for Respondents with Household Income Less than $30,000

		2018	2019	Change
Indicator 1:	Spending is less than income	34.2%	38.5%	4.3*
Indicator 2:	Pay all bills on time	39.8%	45.1%	5.3*
Indicator 5:	Have a manageable amount of debt	29.8%	34.7%	4.9*

Only indicators with statistically significant changes for respondents with household income less than $30,000 are shown here. Rows represent groupings of multiple answer choices as described in Appendix B. The answer choice groupings in this table represent the more financially healthy options, thus a positive year-over-year change represents an increase in financial health.

Table 10. Change in Percentage of Respondents Who Say Their Finances Cause Them Stress, for Respondents with Household Income Less than $30,000

Q013. How much stress, if any, do your finances cause you?	2018	2019	Change
No stress	12.6%	15.3%	2.7*
Moderate or some stress	57.3%	57.4%	0.1
High stress	30.1%	27.3%	-2.8

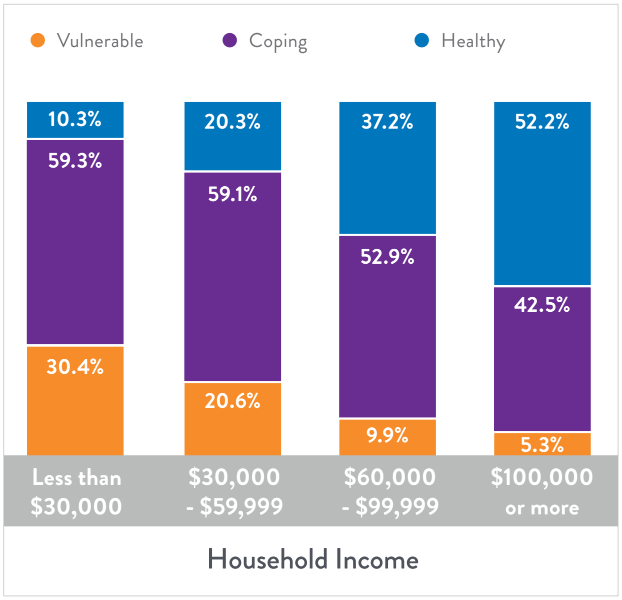
18 Quartiles are approximately: Less than $30,000, $30,000 to $59,999, $60,000-$99,999, and greater than $100,000 in household income.

19 "Employed full time: Usual weekly nominal earnings (first decile): Wage and salary workers: 16 years and over," Federal Reserve Bank of St. Louis, 2019.

20 "State of Working America Wages 2018," Economic Policy Institute, 2019.

Yet while these gains are important, people with household income less than $30,000 remain much more financially vulnerable, on average, than higher-income people (Figure 5). Meanwhile, middle-income Americans are showing signs of declining resilience, as we will discuss in the next section. If these trends continue, we will likely see similar signs of growing fragility among lower-income households in future years, especially if unemployment starts to rise or wages reverse their current upward trajectory.

Figure 5. Percentage of Respondents in the Financial Health Tiers, by Household Income Quartile



BOX 1: While there is a positive correlation between financial health and income, income does not determine one's financial health:

15% of people with household incomes less than **$60,000** are **Financially Healthy**

48% of people with household incomes of at least **$100,000** are **Financially Coping** or **Vulnerable**

These figures suggest that other factors – such as socioeconomic conditions and individual behaviors – play an important role in shaping financial health in America.

Middle-income Americans and people in their prime working years are increasingly vulnerable.

While the lowest-income Americans have seen some financial health gains since 2018, other segments are showing signs of growing vulnerability, namely individuals with household incomes between $30,000 and $99,999 and people aged 26 to 49 (Table 11).[21]

For example, both groups were more likely to report in 2019 that they are not confident that their insurance coverage is sufficient or that they have no insurance. Middle-income individuals were also more likely to say they spend more than their income, and people in their prime working years are faring worse on numerous financial health indicators.

A decline in the predictability of incomes may be contributing to a growing sense of insecurity for these groups. Middle-income people and prime working-age Americans were less likely in 2019 than in 2018 to say they could predict their household's income every month or most months (Table 12).[22] Interestingly, there was no significant change in the likelihood of reporting income *volatility* (as defined as income that varied occasionally or quite often from month to month) for any of these groups.[23] Because income predictability and income volatility are distinct but related concepts, this finding may suggest that people are feeling increasingly uncertain about their income, even if their actual income remains relatively stable.[24]

Table 11. Change in Financial Health Indicators, for Select Demographic Groups

	Household Income $30,000-$59,999			Household Income $60,000-$99,999			Age 26-49		
	2018	2019	Change	2018	2019	Change	2018	2019	Change
Indicator 1: Spending is more than income	15.7%	19.7%	4.1*	11.4%	15.3%	3.9*	18.1%	19.7%	1.6
Indicator 3: Do not have enough savings to cover at least three months of living expenses	49.3%	51.0%	1.7	38.7%	40.2%	1.5	50.3%	55.0%	4.8*
Indicator 4: Are not confident they are on track to meet long-term goals	66.5%	70.0%	3.5*	55.1%	52.6%	-2.6	61.8%	65.4%	3.6*
Indicator 5: Have more debt than is manageable	35.2%	34.2%	-1.0	25.5%	24.9%	-0.7	32.7%	36.7%	4.0*
Indicator 7: Are not confident their insurance policies will cover them in an emergency or have no insurance	43.6%	47.6%	4.0*	29.1%	32.9%	3.8*	38.3%	44.8%	6.5*
Indicator 8: Do not agree with the statement: "My household plans ahead financially."	44.9%	48.2%	3.4	29.9%	31.1%	1.2	40.0%	43.2%	3.2*

Only indicators with statistically significant changes for at least one of the indicated demographic groups are shown here. Rows represent groupings of multiple answer choices as described in Appendix B. The answer choice groupings in this table represent the less financially healthy options, thus a positive year-over-year change represents a decline in financial health.

21 There is no one standard definition of "middle-income" or the "middle class." We use the term "middle-income" throughout this report to refer to people with household incomes between $30,000-$59,999 and $60,000-$99,999. These groups comprise approximately the second and third quartiles of the income distribution in our data, respectively. Our approach covers a slightly lower range of the income distribution than definitions used by other organizations, partially because we do not adjust for household size. "There are many definitions of 'middle class'—here's ours," Brookings Institution, 2018. "Are you in the American middle class? Find out with our income calculator," Pew Research Center, 2018.

22 The 2018 Pulse Baseline Survey found that, after controlling for socioeconomic and demographic variables, employees who can predict their income month to month have an average FinHealth Score 9.5 points higher than those who cannot predict their income.

23 Income volatility is measured by Q025."In the last 12 months, which of the following statements best describes how your household's income varied from month to month, if at all? My household's income: Was roughly the same each month, Occasionally varied from month to month, Varied quite often from month to month."

The decline in income predictability coincides with growing costs for many of the expenses that take up a significant share of middle-class budgets, especially for those in their prime working years: housing, health insurance, childcare, and college tuition. Home prices are rising faster than wages in most areas of the country, and health insurance deductibles have tripled in the last decade.[25] Working families with children younger than five are paying 10% of their income for child care, more than the 7% threshold for affordability defined by the U.S. Department of Health and Human Services.[26] The skyrocketing price of a college degree is causing many people to drain their own savings or take on debt.[27]

These dual forces – increasing unpredictability of income and rising costs of living – may help explain why growing percentages of people in these segments say that their finances control their lives. As noted in Table 13, people in households earning $60,000-$99,999 and people aged 26-49 both saw statistically significant increases from 2018 to 2019 in the percentage of respondents who agree with the statement "My finances control my life."[28] While the economic expansion of the last 10 years appears to have benefited some, especially those at the top of the income spectrum, vast numbers of people in the middle are feeling increasingly stretched thin.[29]

Table 12. Change in Percentage of Respondents Who Say Their Income Is Predictable "Every Month" or "Most Months," for Select Demographic Groups

Q024. In the last 12 months, how often were you able to easily predict your household's income for the following month? *(Every/Most Months)*	2018	2019	Change
Household income $30,000-$59,000	82.8%	79.0%	-3.8*
Household income $60,000-$99,999	89.4%	86.4%	-3.0*
Age 26-49	78.9%	73.5%	-5.4*

Table 13. Change in the Percentage of Respondents Who Answered "Always" or "Often" when Asked How Often the Statement "My Finances Control My Life" Applies to Them, for Select Demographic Groups

Q011. How often does this statement apply to you? "My finances control my life." *(Always/Often)*	2018	2019	Change
Household income $30,000-$59,000	32.8%	35.9%	3.1
Household income $60,000-$99,999	20.8%	24.7%	3.9*
Age 26-49	28.3%	33.4%	5.1*

24 While the Pulse data do not explain the cause of the rise in unpredictable incomes, other research has demonstrated a link between scheduling instability (fluctuations in hours worked) and income volatility. If workers experiencing scheduling instability turn to gig platforms to make up for dips in non-platform income, as research suggests, their total income might still be unpredictable even if it is stable. "Stable and Predictable Scheduling as Antidote to Income Volatility," Aspen Institute, 2017. "Paychecks, Paydays, and the Online Platform Economy," JPMorgan Chase Institute, 2016.

25 "Renting a Home More Affordable Than Buying in 59 Percent of U.S. Housing Markets," Atom Data Solutions, 2019; "2018 Employer Health Benefits Survey," Kaiser Family Foundation, 2018.

26 "Working Families Are Spending Big Money on Child Care," Center for American Progress, 2019.

27 "How Paying for College Is Changing Middle-Class Life," New York Times Op-ed, Dr. Caitlin Zaloom, 2019.

28 While the increase for households earning $30,000-$59,999 is not statistically significant with 95% confidence due to sample size limitations, it is significant with 90% confidence.

29 "Employed full-time: Usual weekly nominal earnings (first decile): Wage and salary workers: 16 years and over," Federal Reserve Bank of St. Louis, 2019.

Women are overwhelmingly bearing the increase in vulnerability, relative to men.

Like middle-income Americans and people in their prime working years, women are showing signs of increased financial vulnerability in 2019 compared with 2018. This is causing the financial health gap between women and men to grow. The average FinHealth Score for women decreased by 1.5 points between the two surveys, while the average score for men increased by 1.1 points (Table 8).

In particular, women are more likely in 2019 than in 2018 to report that they have less than three months of living expenses in savings, are not confident they are on track to meet their long-term goals, and are either not confident their insurance coverage is sufficient or have no insurance. Men, meanwhile, saw no change or even slight improvements on the same indicators (Table 14).[30]

Table 14. Change in Financial Health Indicators, by Gender

		Men			Women		
		2018	2019	Change	2018	2019	Change
Indicator 3:	Do not have enough savings to cover at least three months of living expenses	41.7%	42.2%	0.5	48.6%	51.2%	2.6*
Indicator 4:	Are not confident they are on track to meet long-term goals	55.7%	53.0%	-2.6	64.0%	67.8%	3.8*
Indicator 7:	Are not confident their insurance policies will cover them in an emergency or have no insurance	36.5%	36.3%	-0.2	40.5%	46.9%	6.4*

Only indicators with statistically significant changes for women or men are shown here. Rows represent groupings of multiple answer choices as described in Appendix B. The answer choice groupings in this table represent the less financially healthy options, thus a positive year-over-year change represents a decline in financial health.

[30] While single women are less Financially Healthy than married women, our analysis finds that the slight increase in the percentage of women who are single from 2018 to 2019 only partially explains the growing financial health disparity between men and women. Financial health changes among married women and married men are also a major factor. See Appendix C for additional analysis.

It may be that the rise in unpredictable incomes discussed in the previous section is also contributing to women's increased vulnerability relative to men, as women's income became more unpredictable from 2018 to 2019 but men's did not (Table 15).

The growing gap may also be tied to the well-documented gender disparities in wages and employment in America. Women are more likely than men to work part-time and take time off to care for children, aging parents, or other family members, and are also more likely to work in lower-paying occupations than men.[31] Given their lower overall levels of financial health, it is possible that women are more susceptible to the negative effects of changes in their work, health, or family situations, events that women were more likely than men to experience during the 12-month study period (Table 16).

Table 15. Change in Percentage of Respondents Who Say Their Income Is Predictable "Every Month" or "Most Months," by Gender

Q024. In the last 12 months, how often were you able to easily predict your household's income for the following month? *(Every/Most Months)*	2018	2019	Change
Women	80.2%	76.4%	-3.8%*
Men	82.5%	81.7%	-0.8%

Table 16. Percentage of Respondents Who Experienced Selected Life events in the Previous 12 Months, by Gender

Q152, Q161, Q159, Q153, Q151. In the past 12 months, have you or anyone in your household experienced any of the following life events?	Men	Women
Death of a family member	17.6%	20.7%*
Had a major medical expense	11.9%	16.2%*
Lost a job, had hours cut, or worked less than expected	12.3%	15.0%*
Had a baby or became the primary caregiver of a child	5.7%	7.1%*
Divorce or separation	2.7%	4.7%*

[31] "Chapter 1: Trends from Government Data," Pew Research Center, 2013.

Women's declining financial outlook is taking its toll, with women reporting much higher levels of financial stress than men (Table 17). Women are also more likely than men to say that financial stress negatively impacts other aspects of their lives, including their physical health, mental health, family life, and work or school performance (Table 18).

Table 17. Percentage of Respondents Who Say Their Finances Cause Them Stress, by Gender

Q013. How much stress, if any, do your finances cause you?	Men	Women
No stress	21.2%	15.7%*
Moderate or some stress	65.6%	64.2%
High stress	13.2%	20.1%*

Asked only for respondents who indicated that their finances caused them stress.

Table 18. Percentage of Respondents Who Say That Financial Stress has a High Negative Impact on Other Aspects of Life, by Gender

Q014 - Q017. To what extent, if any, has financial stress negatively impacted your ... ? *(High Impact)*	Men	Women
Physical health	5.5%	7.9%*
Mental health	9.3%	11.9%*
Family life	9.7%	12.5%*
Work or school performance	2.4%	4.2%*

Data are from 2018 as Q014-017 were not asked in 2019. Questions asked only for respondents who indicated that their finances caused them stress. Q017 ("Work or school performance") was asked only for those who say they either work or go to school.

BOX 2: The Financial Health Gap Based on Race and Ethnicity Remains Stark

In 2019, FinHealth Scores for black and Hispanic respondents were 10 points lower than those of white respondents, similar to the gap a year earlier (Table 8).[32] These disparities persist across nearly all eight indicators of financial health, where we see echoes of the social and economic barriers these groups have historically faced (Table 19).

For example, nearly three quarters (71.4%) of white respondents reported prime credit scores in 2019, compared with less than half (44.2%) of black respondents, highlighting a profound gap in access to affordable credit and wealth-building loans like mortgages. Nearly three in five (55.9%) white respondents reported having enough savings to cover at least three months of living expenses, while only slightly more than 40% of Hispanic respondents said the same.

Black and Hispanic respondents were both far less likely than white respondents to report manageable debt levels, which may prevent them from taking important steps in their lives. These disparities are the result of a multitude of institutional practices, policies, and conditions that have prevented certain groups from amassing assets and accessing affordable credit.[33]

The data presented here represent an initial step in our research on racial and ethnic disparities in financial health. By examining the details, underlying factors, and consequences of financial health disparities, we hope to use the lens of financial health to contribute to ongoing conversations about ethnic and racial equity in the United States.

Table 19: Financial Health Indicators, by Race and Ethnicity

	Black	Hispanic	White	Difference (Black/White)	Difference (Hispanic/White)
Indicator 1: Spending is less than income	51.7%	45.0%	55.5%	-3.8	-10.5*
Indicator 2: Pay all bills on time	47.7%	53.9%	71.6%	-24.0*	-17.7*
Indicator 3: Have enough savings to cover at least three months of living expenses	45.8%	40.5%	55.9%	-10.1*	-15.5*
Indicator 4: Are confident they are on track to meet long-term financial goals	32.7%	31.4%	41.8%	-9.0*	-10.4*
Indicator 5: Have a manageable amount of debt	43.0%	43.6%	55.3%	-12.3*	-11.8*
Indicator 6: Have a prime credit score	44.2%	53.7%	71.4%	-27.2*	-17.7*
Indicator 7: Are confident their insurance policies will cover them in an emergency	48.0%	43.7%	63.8%	-15.8*	-20.1*
Indicator 8: Agree with the statement: "My household plans ahead financially."	49.7%	49.4%	62.5%	-12.9*	-13.1*

Rows represent groupings of multiple answer choices as described in Appendix B. The answer choice groupings in this table represent the more financially healthy options, so negative differences mean the comparison group is less financially healthy than white respondents.

32 This discussion focuses on black and Hispanic respondents because they are the only racial/ethnic groups with a sample size in our survey large enough for detailed analysis.

33 For data on the Racial Wealth Gap, see "Nine Charts About Wealth Inequality in America," Urban Institute, 2017. For information on structural barriers to wealth-building, such as occupational segregation, intergenerational wealth transfers, and housing/credit discrimination, see "Not Only Unequal Paychecks," Brandeis Institute on Assets and Social Policy, 2019; "The Production of Wealth Gaps Between Whites, Blacks, and Hispanics," American Sociological Association, 2018; "50 years after Martin Luther King's death, structural racism still drives the racial wealth gap," Urban Institute, 2018. For additional resources on barriers for ethnic and racial minorities, see Prosperity Now, "Racial Wealth Equity;" and National Community Reinvestment Coalition research on redlining and disinvestment.

SECTION 4: THE FINANCIAL HEALTH OF INDIVIDUALS

Millions of Americans experienced meaningful changes in their financial health since 2018. People who experienced changes in their employment and physical health saw the largest changes in their financial health. Debt can dampen the positive effect of some life events, while savings can mitigate the negative impact of others.

A NOTE ON METHODOLOGY

In this section, we analyze a longitudinal sample to explore financial health changes for the subset of 4,339 individuals who took the U.S. Financial Health Pulse survey in both 2018 and 2019.

As noted in the Methodology section, this longitudinal analysis differs from the previous sections of the report, in which we used a cross-sectional analysis to compare the responses of people who completed the survey in 2019 with those who completed the survey in 2018. Given the difference in composition of the longitudinal and cross-sectional samples, some statistics in this section may differ slightly from those elsewhere in the report. More detail on the study methodology is available in Appendix A.

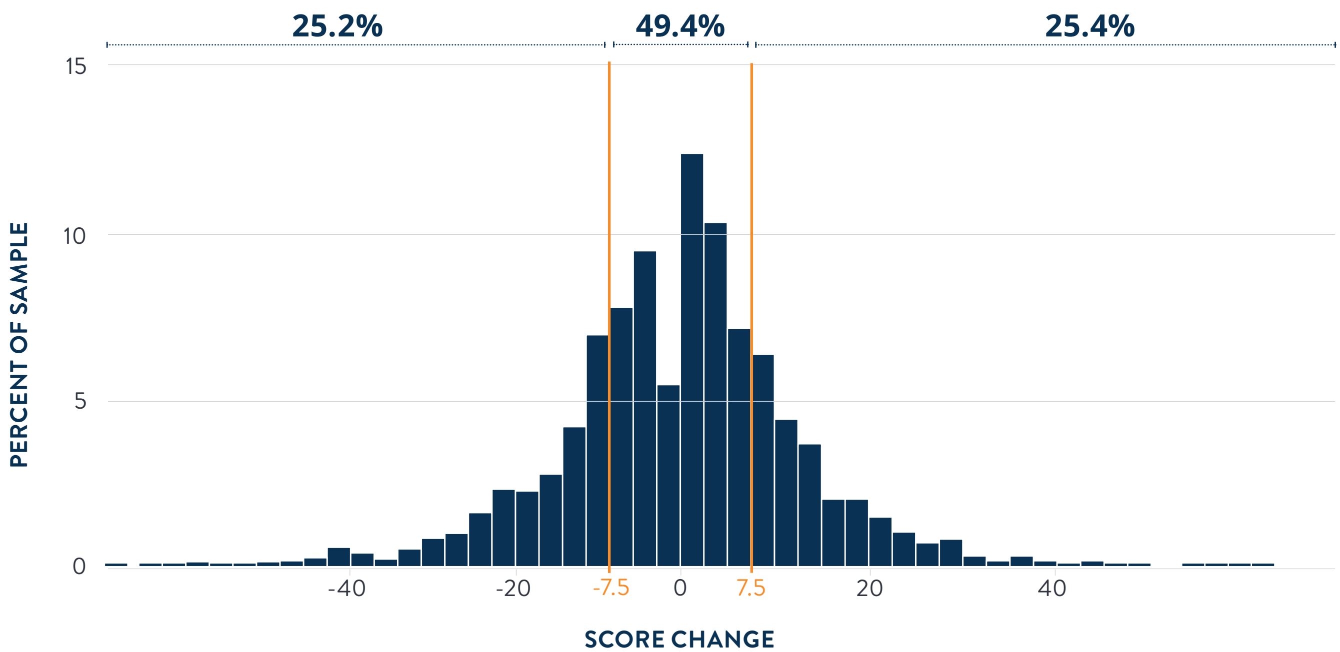
Millions of individuals saw their financial health change in the last 12 months, often quite dramatically.

In our first-ever comparison of the same individuals year over year, we find that financial health is like a game of Chutes and Ladders, with most Americans experiencing swings – some quite dramatic – in their financial health from 2018 to 2019.

The financial health of the people who answered the Pulse survey in both years did not change significantly at the aggregate level between 2018 and 2019.[34] Yet looking only at the aggregate data obscures a tremendous amount of change at the individual level. The median FinHealth Score change (in either direction, and including those with no change) was 7.5 points. In other words, just over half of the sample (50.6%) experienced a change of this magnitude or greater. One in five people (20.6%) saw their score increase or decrease by 15 points or more. More than one in 10 (11.2%) saw a change of 20 points or more. In each case, roughly the same number of respondents saw an increase or a decrease of that magnitude (Figure 6 and Table A6 in Appendix D).

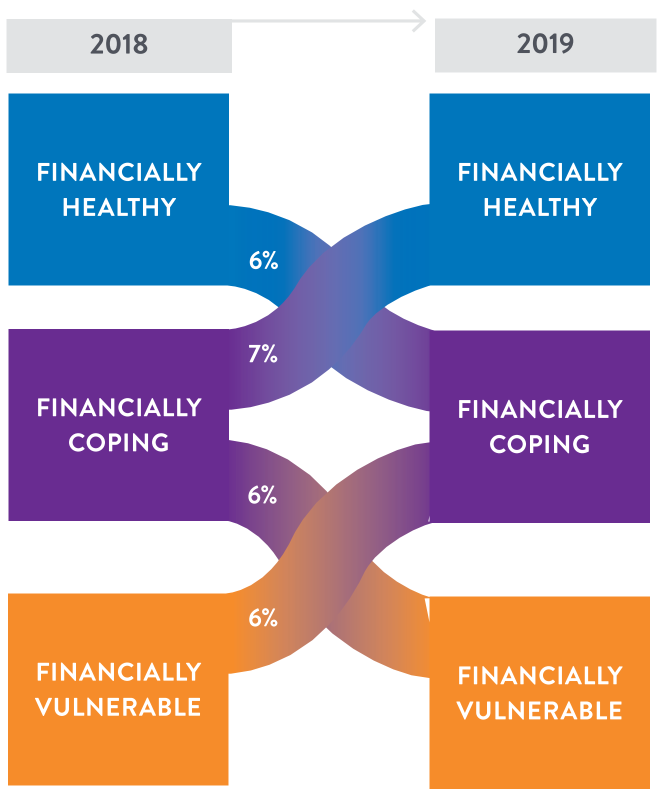
[34] The average FinHealth Score of the entire longitudinal sample was 64.1 in 2018 and 64.0 in 2019.

Figure 6. Distribution of Changes in FinHealth Scores™ from 2018 to 2019, Among All Respondents in Longitudinal Sample



As a result of these changes, nearly a quarter of the sample (24%) changed financial health tiers between 2018 and 2019. Roughly half of this group moved to a higher tier: 7% moved from Coping to Healthy, and 6% moved from Vulnerable to Coping. The other half moved to a lower tier: 6% moved from Healthy to Coping, while the same percentage moved from Coping to Vulnerable (Figure 7).

Figure 7. Changes in Financial Health Tier, Among All Respondents in Longitudinal Sample[35]



All figures are rounded to the nearest whole percent. A small number of individuals moved from Healthy to Vulnerable or from Vulnerable to Healthy between 2018 and 2019. Due to the extremely small sample size, they are excluded from the graph.

[35] Tier percentages in the longitudinal sample differ from those in the cross-sectional sample due to differences in the sample compositions.

People who experienced changes in their employment and physical health saw the largest changes in their financial health.

We asked respondents a variety of questions about significant events they experienced in the past 12 months and observed changes in other relevant factors in their lives. We found that people who experienced life events related to changes in their employment and physical health saw the largest average changes in their financial health over the course of a year (Table 20; see related data in Table A7 in Appendix D).

Individuals who started working – defined as a change from not working in 2018 to working in 2019 – had a 7.9-point increase, on average, in their FinHealth Scores, relative to those who did not start working, the largest change of any of the life events we analyzed.[36] People who lost a job or worked less than expected had a 2.5-point average drop in their FinHealth Scores compared to those who did not lose a job or work less than expected.

Table 20. Difference in Average FinHealth Score™ Change, by Life Events Experienced in the Previous 12 Months[37]

	Average Difference in FinHealth Score™ CHANGE Between Those That Experienced and Did Not Experience a Life Event
Employment-related events	
Started working+	**7.9***
Income predictability increased+	**3.0***
Income volatility decreased+	**1.8***
Received significant promotion or raise	**1.4***
Income volatility increased+	**-2.5***
Lost a job or worked less than expected	**-2.5***
Income predictability decreased+	**-2.9***
Changes in health status	
Physical health improved+	**1.8***
Had a major medical expense	**-3.2***
Physical health declined+	**-3.3***
Other life events	
Began college or grad school	**1.7***
Got married	**-4.7***

+ Calculated as a change in response between 2018 and 2019.

36 "Started working" is calculated as a change in labor status from not working in 2018 to "Currently working" or "On sick or other leave" in 2019 in response to this question from USC's "My Household" survey: "Last time, you provided the following information about your working situation: [ ]. Is this information still correct?" Response options are Currently working, On sick or other leave, Unemployed - on layoff, Unemployed - looking, Retired, Disabled, and Other. Respondents can select all that apply.

37 This table shows only life events that are significantly correlated with year-over-year changes in financial health. A list of other life events used for this analysis can be found in Appendix D.

In addition, we found that, on average, individuals with more predictable and less volatile income saw improvements in their financial health in the past year (Table 20). Those with more predictable income experienced an average increase in their FinHealth Scores of 3 points, year over year, compared with someone whose income did not become more predictable.[38] People whose income became less volatile saw their FinHealth Scores increase an average of 1.8 points, compared with individuals whose income did not become less volatile from 2018.[39] These findings reinforce results from the [2018 U.S. Financial Health Pulse Baseline Survey,] which demonstrated the strong relationship between financial health and having predictable and stable income. Indeed, being able to predict earnings each paycheck and having consistent pay from month to month can greatly simplify budgeting, while also helping to eliminate the mismatch between when money comes in and when bills are due.

We also find that those whose physical health improved had, on average, a 1.8-point increase in their FinHealth Scores year over year, compared with people who did not experience improvements in their physical health.[40] The opposite is also true: people with a decline in physical health experienced, on average, a decrease in financial health (Table 20). This is especially true for people who are in their prime working years or those who are working full-time compared with their older and retired peers, perhaps because declining health can lead to a loss of income for those who are working (Table 21). Experiencing a decline in physical health is associated with a 3.5-point drop in FinHealth Scores for people aged 26-49, and a 2.5-point drop for people who are currently working (Table 21).

People experiencing other important life events between the two surveys, such as having or becoming the primary caregiver of a child, becoming a caregiver of an older adult, divorce or separation, death of a family member, or moving states did not have significant changes in financial health, in some cases due to the limited sample sizes. Individuals who got married had a decline in financial health, on average, perhaps due to wedding costs or the complex math of combining household finances, while people who started college or graduate school experienced a slight improvement in financial health. (A table listing the other life events we analyzed is available in Table A7 in Appendix D.)

Table 21. Average Change in FinHealth Score™ Among Respondents Who Report a Decline in Physical Health, by Select Age Groups and Select Employment Status

	Change in FinHealth Score™
Age	
26-49	**-3.5**
65 and over	**-0.1***
Employment status	
Currently Working	**-2.5**
Retired	**0.0***

Carrying debt can dampen the positive effects of some life events, while having savings can mitigate the negative impact of others.

We also find that having a significant amount of debt appears to mitigate the benefits of positive life events. The average improvement in financial health for those with changes in employment was significantly higher for those with less debt (Table 22). For example, people who have no debt or debt of less than $22,000 experienced an 11.6-point increase in their FinHealth Scores, on average, when they started working, compared with only 1.4 points for people with $22,000 or more in debt.

38 "Income predictability increased/increased" is calculated as a change in response from 2018 to 2019 to Q024. "In the last 12 months, how often were you able to easily predict your household's income for the following month? Every month, Most months, About half the time, A few months, I was never able to easily predict my next month's income over the last 12 months."

39 "Income volatility increased/decreased" is calculated as a change in response from 2018 to 2019 to Q025. "In the last In the last 12 months, which of the following statements best describes how your household's income varied from month to month, if at all? My household's income: Was roughly the same each month, Occasionally varied from month to month, Varied quite often from month to month."

40 "Self-assessment of physical health increased/decreased" is calculated as a change in response from 2018 to 2019 to Q002. "Would you say that in general your physical health is: Excellent, Very good, Good, Fair, Poor."

This could be because debt requires people to continue putting additional money toward debt payments rather than using it to build savings, buy insurance, or take other important steps that would improve their financial health.

Meanwhile, savings can help soften the blow of negative life events. For example, people with less than $300 in liquid assets in 2019 experienced an average drop of 8.9 points in their Finhealth Scores when they had a major medical expense, much larger than those with greater liquid assets (Table 23). Similarly, those who are setting aside money for an emergency see almost no change in their FinHealth Scores when they have an unexpected medical expense or have declining physical health, while people who are not saving for emergencies saw an average drop of 5.1 points and 4.0 points in their scores, respectively, when they experience those life events (Table 24).

Together, these findings suggest that savings and debt can play an important role in shaping people's ability to deal with the negative impact of some life events and enjoy the positive benefits of others. They reinforce the importance of helping people build savings and reduce debt as a means to bolster their resilience and accelerate financial health improvements.

Table 22. Average Change in FinHealth Score™, by Debt Levels and Experience of Employment-Related Events[41]

	No debt or debt of less than $22,000	$22,000 or more in debt
Started working	11.6	1.4*
Income predictability increased	3.7	0.7*
Income volatility decreased⁺	2.8	-0.6*

⁺ Income volatility was measured with this question: Q025. "In the last 12 months, which of the following statements best describes how your household's income varied from month to month, if at all?" Answer choices: "Was roughly the same each month / Occasionally varied from month to month / Varied quite often from month to month."

Table 23. Average Change in FinHealth Score™, by Type of Life Event and Amount of Liquid Assets[42]

	Less than $300 in liquid assets	$300-$2,699.99 in liquid assets	$2,700-$13,999.99 in liquid assets	$14,000 or more in liquid assets
Self-assessment of physical health decreased	-5.2⁺	-2.7	-0.9	-0.3
Major medical expense	-8.9⁺	-1.6	-1.2	0.2

*Statistically significant relative to all other columns.

⁺ Statistically significant from those with liquid assets of $2,700 or higher.

Table 24. Average Change in FinHealth Score™, by Type of Life Event and Savings Behavior

	Not currently saving for emergencies	Currently saving for emergencies
Self-assessment of physical health decreased	-4.0*	-0.8
Major medical expense	-5.1*	0.1

41 Amount of debt was calculated by summing variables Q086 - Q093 (debt from auto loans, student loans, small business loans, mortgages, home equity lines of credit, medical bills, outstanding credit card balances, and "other debts or loans"). Approximate quartiles are no debt, debt of less than $22,000, debt from $22,000 to $116,000, and $116,000 or more in debt.

42 Total liquid assets were calculated by summing variables Q054, Q055, Q174, and Q059 (financial assets in a checking account, savings account, prepaid card, and/or savings in cash). The cutoffs reported in this table correspond roughly to quartiles of total liquid assets.

A Call to Action

IN ITS SECOND YEAR, THE U.S. FINANCIAL HEALTH PULSE FINDS THAT MILLIONS OF AMERICANS ARE STILL STRUGGLING FINANCIALLY, DESPITE A STRONG ECONOMY.

While there have been some gains, those have been mostly concentrated among the lowest-income individuals, who remain in precarious financial circumstances despite these gains.

Meanwhile, a decrease in short-term savings and confidence in the sufficiency of insurance coverage are driving much of the decline in resilience at the national level. Middle-income individuals, people in their prime working years, and women are bearing the brunt of this increased vulnerability. The financial health gap based on race and ethnicity remains stark.

Millions of individuals experienced financial health swings – some quite dramatic – over the course of a year. Life events, particularly changes in employment and physical health, have both positive and negative impacts on financial health. Yet debt and savings appear to play an important role in shaping the financial health impact of life events, dampening the positive effects of some and mitigating the negative effects of others.

These findings reinforce the need to improve the financial health of all Americans. They suggest clear steps that a variety of stakeholders can take to ensure that people have access to the tools they need to manage their day-to-day finances, build resilience, and thrive.

Financial Services Providers

The significant year-over-year shifts highlighted in this report show that individual financial health is not static. Financial services providers, therefore, can play an active role in influencing financial health outcomes. In a recent survey, 69% of financial services executives said that improving customer financial health is a top business priority, but there is a gap between this awareness and action in terms of products, programs, and services. In particular, the findings of the 2019 Pulse survey suggest that helping people to build emergency savings and reduce their debt are two important ways that financial services providers can strengthen people's ability to be resilient and thrive.

Insurance Providers

Insurance provides a critical safety net for families when faced with disruptive life events such as major home repairs, income lost to unemployment, a pay cut, illness, injury, and death. By offering high-quality, affordable insurance policies, insurers can help people protect themselves from these financial shocks. In previous research, the Financial Health Network identified several opportunities for insurers to help American households, particularly those that are low- and moderate-income, build resilience. These include offering tailored guidance to help people understand their insurance coverage needs and integrating innovations that allow them to lower prices without compromising quality. The results of the 2019 Pulse survey underscore the importance of these actions in light of the vast segments of the population that are showing signs of increased financial vulnerability.

Healthcare Providers

Healthcare providers are increasingly recognizing how physical health and financial health are interrelated. The 2019 Pulse survey highlighted the growing percentage of people without health insurance and the negative impact of declining physical health and medical expenses on financial health. The healthcare sector and the financial services industry have an opportunity to join forces around a common framework and to create systems that result in better and more equitable physical health and financial health for individuals, families, and communities.

Employers

Employers play an important role in the financial health of their workers, determining how much they earn, the hours they work, the benefits they receive, and their workplace conditions. In particular, the 2019 Pulse survey suggests that employers can help improve their workers' financial health – especially for those who are financially struggling – by increasing wages and ensuring wages are predictable from month to month. Employers can also offer benefits that help their employees manage their day-to-day finances, be resilient, and pursue opportunities, including insurance benefits, retirement savings accounts, and tools to help with budgeting, paying down debt, and building emergency savings.

Policymakers and Regulators

This report demonstrates that vast segments of the American population are showing signs of increased vulnerability, despite an economy that continues to grow. Policymakers and regulators can promote policies that support Americans' ability to manage their day-to-day finances, save for emergencies and for retirement, access affordable credit, and plan for the future. In light of the growing importance of access to data for people's ability to manage their financial health holistically, policymakers and regulators should also support policies that promote an inclusive and secure financial data-sharing ecosystem. They can also adopt new economic indicators, such as financial health, that provide a more holistic view of the financial lives of Americans than traditional economic metrics alone.

Beyond the specific recommendations here, all of these stakeholders should commit to regularly measuring financial health outcomes for their customers, employees, and communities.

Only by doing so will they know if the solutions they implement to improve financial health are working. Measuring financial health is even more important in light of the findings highlighted in this report, which show that most Americans' financial health is not stable from year to year. A regular, consistent, proactive approach to financial health measurement will enable leaders from multiple sectors to spot opportunities to intervene when significant financial health swings occur.

The Financial Health Network is committed to working with each of these stakeholders to advance this work in the coming years. Next year, in partnership with USC and Plaid, we intend to augment insights from annual surveys with financial data that study participants consent to share with us. Together, these two sources of data will provide us with an even more comprehensive and nuanced understanding of financial health in America. In the coming years, we hope to use these insights to develop goals and establish benchmarks that all stakeholders can work toward over time.

We will also engage in ongoing efforts to track financial health trends of specific regions and populations. Initiatives like the Hawaii Financial Health Pulse (forthcoming) can provide rich insights to local decision-makers committed to improving the financial health of their constituents. Efforts to understand the financial health of specific communities, such as low-income Americans over the age of 50 or millennials, will help us to develop even more targeted insights. At the same time, we will align our work with global efforts to understand and improve financial health of populations around the world.

We invite you to JOIN US on this journey as we strive to improve financial health for all.

Improving the Financial Health of Americans Requires a Cross-Sector Approach

The Pulse findings remind us that Americans live complex financial lives, yet products and services that have the potential to improve financial health outcomes are delivered by numerous different sectors. We urge all of the stakeholders mentioned here to find new ways to collaborate to improve the financial health of their customers, employees, and communities. The Financial Health Network is a community of like-minded institutions from these and other sectors who are committed to doing this work together. We encourage organizations who share our mission to improve financial health for all to consider becoming a member.

APPENDICES

APPENDIX A: METHODOLOGY

Initiative Overview

The U.S. Financial Health Pulse is designed to provide an ongoing snapshot of the financial health of Americans. Leveraging consumer survey and transactional data, this initiative provides regularly refreshed snapshots of people's financial health and how it is changing over time. The Financial Health Network is collaborating with researchers at the University of Southern California Dornsife Center for Economic and Social Research to design, field, and analyze the results of the annual surveys. We are also working with engineers and data analysts at Plaid to collect and analyze study participants' transactional and account records. By 2020, we will bring survey data and transactional records together to produce a holistic index that tracks and monitors the country's financial health over time.

Survey Methodology

The data presented in this report were collected from the second annual survey fielded from April - June 2019 to members of the University of Southern California's "Understanding America Study" (UAS) probability-based internet panel (Table A1). The study employs a longitudinal design and includes three samples: all respondents that completed the U.S. Financial Health Pulse survey in 2018, all respondents that completed the U.S. Financial Health Pulse survey in 2019, and the smaller sample of respondents that completed both the 2018 and 2019 surveys (Table A2). The longitudinal and 2019 samples were weighted to be nationally representative using the 2018 Current Population Survey Annual Social and Economic Supplement as a benchmark, while the 2018 sample was weighted using the 2017 Current Population Survey Annual Social and Economic Supplement.

In the first three sections of this report, "National Financial Health Trends," "Changes in Financial Health Indicators," and "Demographic Trends in Financial Health," we use a cross-sectional analysis to compare the responses of people who completed the survey in 2019 with those who completed the survey in 2018. In the fourth section, "The Financial Health of Individuals," we use a longitudinal analysis to explore financial health changes for the subset of individuals who completed the survey in both years.

Financial background questions, such as income, were asked at the household level to provide a holistic picture of an individual's financial life. Questions about attitudes, experiences, and sentiments were asked at the individual level. Full question text and raw data are available here. Complete information on the UAS survey methodology is available on the UAS website.

Table A1: 2019 Survey Overview

Population	All non-institutionalized U.S. residents age 18 and older
Sample selection	All active respondents from the nationally representative "Understanding America Study"
Language(s)	Respondents' choice of English or Spanish
Field dates	April 17, 2019 - June 15, 2019
Survey length	24 minutes (median)
Invited to complete survey	7,033

Table A2: Overview of Samples

		Number of Respondents
Study Sample	Total nationally representative survey sample (2019)	**5,424**
	Total nationally representative survey sample (2018)	**5,019**
	Longitudinal sample (completed both 2018 and 2019 surveys)	**4,339**

The FinHealth Score™ Methodology

The Financial Health Network has developed the FinHealth Score to allow researchers, financial service providers, employers, and other entities to measure the financial health of individuals or groups of people. FinHealth Scores are calculated using the scoring logic below and the point values corresponding to responses presented on the following pages. For more information on how the FinHealth Score was developed see: finhealthnetwork.org/score/methodology.

	FINHEALTH SCORE™ To calculate financial health scores, take the:	COMPONENT SUB-SCORES To calculate financial health sub-scores, take the:	
Scoring Logic	AVERAGE OF INDICATOR 1-8	SPEND	Average of indicator 1 + 2
		SAVE	Average of indicator 3 + 4
		BORROW	Average of indicator 5 + 6
		PLAN	Average of indicator 7 + 8

SPEND	Response	Values
Indicator 1 Which of the following statements best describes how your household's total spending compared to total income, over the last 12 months?	Spending was much less than income	100
	Spending was a little less than income	75
	Spending was about equal to income	50
	Spending was a little more than income	25
	Spending was much more than income	0
Indicator 2 Which of the following statements best describes how your household has paid its bills over the last 12 months? My household has been financially able to:	Pay all of our bills on time	100
	Pay nearly all of our bills on time	60
	Pay most of our bills on time	40
	Pay some of our bills on time	20
	Pay very few of our bills on time	0

SAVE	Response	Values
Indicator 3 At your current level of spending, how long could you and your household afford to cover expenses, if you had to live only off the money you have readily available, without withdrawing money from retirement accounts or borrowing?	6 months or more	100
	3-5 months	75
	1-2 months	50
	1-3 weeks	25
	Less than 1 week	0
Indicator 4 Thinking about your household's longer-term financial goals such as saving for a vacation, starting a business, buying or paying off a home, saving up for education, putting money away for retirement, or making retirement funds last... How confident are you that your household is currently doing what is needed to meet your longer-term goals?	Very confident	100
	Moderately confident	75
	Somewhat confident	50
	Slightly confident	25
	Not at all confident	0

BORROW	Response	Values
Indicator 5 Thinking about all of your household's current debts, including mortgages, bank loans, student loans, money owed to people, medical debt, past-due bills, and credit card balances that are carried over from prior months... As of today, which of the following statements describes how manageable your household debt is?	Have a manageable amount of debt	85
	Have a bit more debt than is manageable	40
	Have far more debt than is manageable	0
	Do not have any debt	100
Indicator 6 How would you rate your credit score? Your credit score is a number that tells lenders how risky or safe you are as a borrower.	Excellent	100
	Very good	80
	Good	60
	Fair	40
	Poor	0
	I don't know	0

PLAN	Response	Values
Indicator 7 Thinking about all of the types of insurance you and others in your household currently might have, including health insurance, vehicle insurance, home or rental insurance, life insurance, and disability insurance… How confident are you that those insurance policies will provide enough support in case of an emergency?	Very confident	**100**
	Moderately confident	**75**
	Somewhat confident	**50**
	Slightly confident	**25**
	Not at all confident	**10**
	No one in my household has any insurance	**0**
Indicator 8 To what extent do you agree or disagree with the following statement: "My household plans ahead financially."	Agree strongly	**100**
	Agree somewhat	**65**
	Neither agree or disagree	**35**
	Disagree somewhat	**15**
	Disagree strongly	**0**

APPENDIX B: ADDITIONAL DATA FOR SECTION 2 NATIONAL FINANCIAL HEALTH TRENDS

8 Indicators of Financial Health and Definitions of Consolidated Indicator Responses

Indicator 1: Spend Less than Income

Q036. Which of the following statements best describes how your household's total spending compared to total income, over the last 12 months?	2018	2019	Change
Spending is less than income	**52.8%**	**53.5%**	**0.7**
Spending was much less than income	17.3%	18.0%	
Spending was a little less than income	35.6%	35.5%	
Spending is equal to income	**30.9%**	**29.4%**	**-1.5**
Spending was about equal to income			
Spending is more than income	**16.3%**	**17.1%**	**0.8**
Spending was a little more than income	11.9%	13.1%	
Spending was much more than income	4.4%	4.0%	

Indicator 2: Pay All Bills On Time

QQ039. Which of the following statements best describes how your household has paid its bills over the last 12 months? "My household has been financially able to..."	2018	2019	Change
Pay all bills on time	**63.9%**	**66.1%***	**2.2***
Pay all of our bills on time			
Unable to pay all bills on time	**36.1%**	**33.9%***	**-2.2***
Pay nearly all of our bills on time	17.9%	16.3%*	
Pay most of our bills on time	9.6%	10.0%	
Pay some of our bills on time	5.5%	5.1%	
Pay very few of our bills on time	3.2%	2.6%	

Indicator 3: Have Sufficient Liquid Savings

Q044. At your current level of spending, how long could you and your household afford to cover expenses, if you had to live only off the money you have readily available, without withdrawing money from retirement accounts or borrowing?	2018	2019	Change
Have enough savings to cover at least three months of living expenses	**54.7%**	**53.1%**	**-1.6**
6 months or more	36.2%	36.3%	
3-5 months	18.5%	16.8%*	
Do not have enough savings to cover at least three months of living expenses	**45.3%**	**46.9%**	**1.6**
1-2 months	20.2%	20.8%	
1-3 weeks	14.5%	14.0%	
Less than 1 week	10.6%	12.0%*	

Indicator 4: Have Sufficient Long-Term Savings

Q045. Thinking about your household's longer term financial goals such as saving for a vacation, starting a business, buying or paying off a home, saving up for education, putting money away for retirement, or making retirement funds last… How confident are you that your household is currently doing what is needed to meet your longer-term goals?	2018	2019	Change
Are confident they are on track to meet long-term financial goals	**40.0%**	**39.3%**	**-0.7**
Very confident	17.6%	17.8%	
Moderately confident	22.4%	21.5%	
Are not confident they are on track to meet long-term financial goals	**60.0%**	**60.7%**	**0.7**
Somewhat confident	23.2%	23.3%	
Slightly confident	15.0%	14.6%	
Not at all confident	21.8%	22.8%	

Indicator 5: Have a Manageable Debt Load

Q077. Thinking about all of your household's current debts, including mortgages, bank loans, student loans, money owed to people, medical debt, past-due bills, and credit card balances that are carried over from prior months... As of today, which of the following statements describes how manageable your household debt is?	2018	2019	Change
Have a manageable amount of debt	**52.5%**	**51.7%**	**-0.8**
Have a manageable amount of debt			
Have more debt than is manageable	**30.1%**	**29.5%**	**-0.6**
Have a bit more debt than is manageable	19.7%	18.5%	
Have far more debt than is manageable	10.4%	11.0%	
Do not have any debt	**17.4%**	**18.8%**	**1.4**

Indicator 6: Have a Prime Credit Score

Q004. How would you rate your credit score? Your credit score is a number that tells lenders how risky or safe you are as a borrower.	2018	2019	Change
Have a prime credit score	**66.2%**	**65.5%**	**-0.7**
Excellent	28.1%	30.7%*	
Very Good	20.2%	18.9%	
Good	17.9%	15.9%*	
Do not have a prime credit score	**27.3%**	**27.7%**	**0.4**
Fair	15.4%	14.8%	
Poor	11.9%	13.0%	
Don't know	**6.5%**	**6.8%**	**0.3**

Indicator 7: Have Appropriate Insurance

Q112. Thinking about all of the types of personal and household insurance you and others in your household have, how confident are you that those insurance policies will provide enough support in case of an emergency?	2018	2019	Change
Are confident their insurance policies will cover them in an emergency	**61.4%**	**58.2%**	**-3.2***
Very confident	31.5%	27.9%	
Moderately confident	29.9%	30.3%	
Are not confident their insurance policies will cover them in an emergency	**36.0%**	**37.8%**	**1.8**
Somewhat confident	19.8%	20.4%	
Slightly confident	8.0%	9.2%	
Not at all confident	8.2%	8.2%	
Do not have insurance	**2.6%**	**4.0%**	**1.4***

Indicator 8: Plan Ahead Financially

Q113. To what extent do you agree or disagree with the following statement: "My household plans ahead financially."	2018	2019	Change
Agree with the statement: "My household plans ahead financially."	**59.7%**	**59.1%**	**-0.6**
Agree strongly	22.7%	22.4%	
Agree somewhat	37.0%	36.7%	
Do not agree with the statement: "My household plans ahead financially."	**40.3%**	**40.9%**	**0.6**
Neither agree nor disagree	22.9%	23.4%	
Disagree somewhat	10.0%	10.7%	
Disagree strongly	7.4%	6.7%	

APPENDIX C: ADDITIONAL DATA FOR SECTION 3 DEMOGRAPHIC TRENDS IN FINANCIAL HEALTH

Table A3: Change in Average FinHealth Scores™ by Demographics

		2018 Ave. FinHealth Scores™	2019 Ave. FinHealth Scores™	Number of Respondents (2019)
Household Income	Less than $30,000	48.7	51.0*	1,271
	$30,000 - $59,999	60.3	59.6	1,388
	$60,000 - $99,999	69.6	69.2	1,268
	$100,000 or more	77.2	77.3	1,350
Age	18-25	57.0	59.6	215
	26-35	62.2	59.6*	783
	36-49	61.4	59.5*	1,377
	50-64	63.3	64.2	1,718
	65 and over	72.9	74.7*	1,188
Gender	Female	61.4	59.9*	3,021
	Male	66.7	67.8	2,262
Race/Ethnicity	White, Non-Hispanic	67.2	66.4	3,790
	Black, Non-Hispanic	55.1	56.5	424
	Hispanic	56.6	56.4	591
	Asian, Non-Hispanic	71.0	71.1	58
	American Indian or Alaska Native, Non-Hispanic	51.3	57.5	174
	Hawaiian/Pacific Islander, Non-Hispanic	62.0	46.8	15
	Mixed, Non-Hispanic	63.0	63.9	226

		2018 Ave. FinHealth Scores™	2019 Ave. FinHealth Scores™	Number of Respondents (2019)
Education	Less than high school	50.2	49.7	262
	High school	59.4	59.1	955
	Some college	61.7	61.5	2,023
	Bachelor's degree or higher	74.0	73.7	2,044
Employment status	Working full-time	65.6	65.0	2,579
	Working part-time	60.0	60.6	608
	Not employed, not retired	52.9	52.5	1,082
	Retired	76.7	77.9	1,011
Marital status	Married (spouse lives with me)	68.8	68.9	2,987
	Married (spouse lives elsewhere)	53.8	52.2	67
	Separated	52.6	47.8	91
	Divorced	57.3	59.3	829
	Widowed	64.0	63.0	260
	Never married	57.8	57.2	1,050
Region	Northeast	67.3	66.0	630
	Midwest	64.4	62.8	1,385
	South	61.6	62.3	1,600
	West	64.7	65.2	1,666
National Average		63.9	63.8	5,284⁺

⁺ This figure does not equal the total sample size because not everyone responded to all eight indicator questions.

Marital Status and the Financial Health of Women

Our analysis suggests that the growing financial health gap between women and men may result from a combination of two factors: 1) An expanding gulf between married men and married women, whose respective financial health changes outstripped those of their unmarried counterparts (Table A4); and 2) a slight increase in the percentage of single women, who have lower financial health than married women, on average (Table A5).

Table A4. Change in FinHealth Scores™, by Gender and Marital Status

		Women	Men
Married	2018	65.4	71.1
	2019	63.6	72.5
	CHANGE	-1.8*	1.4*
Separated/ Divorced/ Widowed/ Never married	2018	57.4	59.2
	2019	56.6	60.2
	CHANGE	-0.8	1.0

Table A5. Change in Marital Status, by Gender

		Women	Men
Married	2018	48.9%	62.4%
	2019	46.9%	61.8%
	CHANGE	-2.1+	-0.6
Separated/ Divorced/ Widowed/ Never married	2018	51.1%	37.6%
	2019	53.1%	38.2%
	CHANGE	2.1	0.6

+ Difference has marginal statistical significance (p = .062)

APPENDIX D: ADDITIONAL DATA FOR SECTION 4 THE FINANCIAL HEALTH OF INDIVIDUALS

Table A6. Frequency of Large Changes in FinHealth Scores™, Among Respondents in the Longitudinal Sample

	Percent of sample	Number of Respondents (2019)
Increase of 7.5 points or more	25.4%	986
No change or smaller than 7.5	49.4%	2,208
Decrease of 7.5 points or more	25.2%	1,009
Total	100%	4,203
Increase of 10 points or more	18.8%	718
No change or smaller than 10	63.1%	2,768
Decrease of 10 points or more	18.1%	717
Total	100%	4,203
Increase of 15 points or more	9.7%	380
No change or smaller than 15	79.4%	3,396
Decrease of 15 points or more	10.9%	427
Total	100%	4,203
Increase of 20 points or more	5.4%	199
No change or smaller than 20	88.8%	3,779
Decrease of 20 points or more	5.8%	225
Total	100%	4,203

Table A7. Average FinHealth Score Change™, by Life Events Experienced in the Previous 12 Months, Among Respondents in the Longitudinal Sample

	Average FinHealth Score™ CHANGE *for those who experienced life event*	Average CHANGE in FinHealth Score™ *for those who did not experience life event*	Average difference in FinHealth Score™ CHANGE *between those that experienced and did not experience life event*	Number of respondents *who experienced life event*
Started working+	7.7	-0.3	7.9*	93
Income predictability increased+	2.3	-0.7	3.0*	830
Income volatility decreased+	1.4	-0.4	1.8*	686
Self-assessment of physical health improved+	1.4	-0.4	1.8*	816
Began college or grad school	1.6	-0.1	1.7*	224
Received significant promotion and/or raise	1.2	-0.2	1.4*	437
Moved from one state to another+	1.3	-0.1	1.3	69
Retired+	0.9	-0.1	1.0	55
Income increased+	0.6	-0.2	0.9	897
Death of a family member	0.3	-0.1	0.5	798
Bought a new home	0.1	-0.1	0.1	185
Started new job	0.0	-0.1	0.0	721
Education level increased+	-0.7	-0.1	-0.6	35
Became caregiver of older adult	-0.8	0.0	-0.7	171
Income decreased+	-0.8	0.0	-0.8	492
Stopped working but did not retire+	-1.3	0.0	-1.2	93
Graduated college or grad school	-1.2	0.0	-1.2	132
Divorce or separation	-1.4	0.0	-1.4	121
Other significant life event	-1.4	0.0	-1.4*	298
Had child/became primary caregiver	-1.8	0.0	-1.8	186
Moved from owning to renting living space+	-2.6	-0.2	-2.4	82
Income volatility increased +	-2.2	0.3	-2.5*	618
Lost a job or worked less than expected	-2.3	0.2	-2.5*	515
Income predictability decreased+	-2.3	0.6	-2.9*	925
Moved from renting to owning living space+	-2.8	-0.2	-2.6	94
Had major medical expense	-2.8	0.4	-3.2*	635
Self assessment of physical health declined*	-2.6	0.7	-3.3*	935
Got married	-4.6	0.1	-4.7*	121

+ Calculated as a change in response between 2018 and 2019.
Some rows may not sum to the "difference" due to rounding.

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