

## **Report on the Economic Well-Being of U.S. Households in 2018**

**May 23, 2019**

NARRATOR. Each year, the Federal Reserve Survey of Household Economics & Decision-making asks people across the country how they're doing financially. A key part of financial security is the ability to manage planned expenses like college tuition as well as unexpected expenses like medical bills or emergency repairs.

SPEAKER 1. Put it on a credit card.

SPEAKER 2. Pull it from my bank account.

RESPONDENT 3. Pull it from my savings.

RESPONDENT 4. And you save. You save for that, for a rainy day.

SPEAKER 2. For some families, \$400 is -- that's -- That's a lot of money. Real money. Yeah.

And it can be crippling, you know, if you have, you know, children or you have a sick parent or someone that, you know, you have a lot of medical bills and so you have to just kind of lend attention to those things as well.

NARRATOR. Six in ten survey respondents say they would use savings, cash, or its equivalent to pay a \$400 emergency expense. However, three in ten would borrow or sell something. And one in ten simply cannot pay it. Encouragingly, more adults now say they would pay it with savings, cash, or its equivalent than they did six years ago, a sign of more financial security but some adults would still struggle with a \$400 expense.

SPEAKER 4. We're pushing college, college, college, college but not everybody needs to go to college. We still need electricians, plumbers. We still need trades.

SPEAKER 2. To your point, college is not everybody's path. And there is value in skilled labor and the plumbing and all of that that he's talking about, but I do believe that we have to have some sort of education in order to do anything.

NARRATOR. The current survey reveals that most people see value in higher education. Two-thirds of adults with a bachelor's degree or higher think that the benefits of their education exceed the costs. Nearly half of those with an associate's degree feel the same way. Those who started but did not complete a degree are much less likely to see benefits as greater than costs. Student loans are an increasingly common way to cover the cost of higher education. Six in ten adults under the age of 30 with a bachelor's degree took on debt. Adults age 60 and older with the same degree were half as likely to have taken on debt. For some, student loans are a challenge to repay. Among those who still owe money for their education, two in ten are behind on their payments.

SPEAKER 1. I've worked with a lot of nurses who had gone to nursing school and had a ton of student loan debt. And these were people who had gone to school for four years and then worked full-time at the hospital and had to live with their parents because they needed to pay \$800 a month back.

NARRATOR. To understand how individuals and families are doing financially, we need to know about more than just their expenses so the survey also asks about their income, work, housing, retirement savings and many other topics. You can read the full report at [federalreserve.gov / consumerscommunities / shed.htm](https://federalreserve.gov/consumerscommunities/shed.htm).