RESEARCH & ANALYSIS

Economic Well-Being of U.S. Households in 2022

May 2023

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FEDERAL RESERVE SYSTEM

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Executive Summary

Results from the 2022 Survey of Household Economics and Decisionmaking (SHED) indicate a decline in peoples' financial well-being over the previous year.[1] The survey, which was fielded in October 2022, found that self-reported financial well-being fell sharply and was among the lowest observed since 2016. Similarly, the share of adults who said that they spent less than their income in the month before the survey fell in 2022 from the prior year, while the share who said that their credit card debt increased rose. Among adults who were not retired, the survey also showed a decline in the share who felt that their retirement savings plan was on track, suggesting that individuals had concerns about their future financial security. The declines in financial well-being across these measures provide an indication of how families were affected by broader economic conditions in 2022, such as inflation and stock market declines.

Self-reported financial well-being fell sharply and was among the lowest observed since 2016.

While people expressed concerns about rising prices and their ability to build savings, the survey results indicated continued labor market strength in late 2022. The share of adults who voluntarily quit, asked for a raise, or received a raise increased slightly over the prior year's survey, reflecting the strong labor market. The survey found that the share of prime-age adults not working because of difficulty finding work remained low.

Experiences at work differed, however, based on the amount of education that workers had. Those with a bachelor's degree were more likely than those with less education to be in jobs where they control their schedules, have autonomy over their work activities, or have the ability to telework.

The report also provides insights into other areas that are central to individuals' financial circumstances, including emergency savings, returns to education, housing situations, and retirement savings. Across these topics, the results provide a window into how individuals' financial well-being has changed in recent years. In doing so, it illustrates the diversity of people's financial

[1] The Federal Reserve has fielded the SHED annually in the fourth quarter of each year since 2013. The latest survey was fielded from October 21 until November 1, 2022. Since over 99.5 percent of respondents completed the survey in October, this report describes the field period as October 2022. The anonymized data, as well as appendixes containing the complete SHED questionnaire and responses to all questions in the order asked, are also available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

experiences. This includes notable differences by income, education, race, and ethnicity. Key findings across each of the topics covered in the report include the following:

Overall Financial Well-Being

- Overall financial well-being declined markedly over the prior year. Seventy-three percent of adults were doing at least okay financially in 2022, down 5 percentage points from 2021.
- The share of adults who said they were worse off financially than a year earlier rose to 35 percent, the highest level since the question was first asked in 2014.

Income

- More adults experienced spending increases than income increases. Forty percent of adults said their family's monthly spending increased in 2022 compared with the prior year, while 33 percent said their monthly income increased. While some adults saw both their spending and their income increase, 23 percent of adults said that their spending had increased but their income had not.
- The share of adults who said they spent less than their income in the month before the survey fell in 2022 to below the level it had been before the pandemic.

Employment

- As an indication of workers' strong labor market options, one-third of adults received a raise or promotion in 2022 and 13 percent of adults asked for a raise or promotion. This compares with 30 percent who received a raise and 9 percent who asked for one in the 2021 survey. Among those who asked for a raise in 2022, 70 percent also said that they received one.
- Among those working from home at least some of the time, survey results indicate that a requirement to work in person full-time would have similar effects on retention as a 2 to 3 percent pay cut.

Expenses

- Consistent with declines in overall financial well-being, 63 percent of adults said they would cover a hypothetical $400 emergency expense exclusively using cash or its equivalent, down from a high of 68 percent in 2021.
- When asked for the largest expense they could cover using only savings, rather than how they would pay a small emergency expense, 18 percent said the largest expense they could cover with savings was under $100 and an additional 14 percent said the largest expense they could cover was between $100 and $499.
- Inflation affected people's spending and saving choices in several different ways. Nearly two-thirds of adults stopped using a product or used less because of inflation, 64 percent switched

to a cheaper product, and just over one-half (51 percent) reduced their savings in response to higher prices.

Banking and Credit

- Access to financial services from banks and credit unions, which can be important for people's financial well-being, remained high. In 2022, 94 percent of adults had a bank account although notable gaps remain by income, age, race, ethnicity, and disability status.
- Use of relatively new financial services like cryptocurrency for transactions and Buy Now, Pay Later (BNPL) remained low compared with traditional payment and credit methods. Three percent of adults used cryptocurrency for financial transactions and 12 percent used BNPL in the prior year. That said, while still low overall, use tended to be higher among Black and Hispanic adults.

Housing

- While some people chose to rent for convenience, the survey found that financial constraints were often a reason why people rent. Nearly two-thirds of renters said that their inability to afford a down payment to buy a home was a reason they rent. This is consistent with levels seen before the pandemic.
- Some renters indicated they had difficulty keeping up with their rent payments. Seventeen percent of renters were behind on their rent at some point in the prior year.

Higher Education and Student Loans

- Education was seen as a path to higher income and greater financial well-being in 2022. More than two-thirds of adults with a bachelor's degree or more said the financial benefits of their education exceeded the cost. However, a lower 3 in 10 of those who started but did not complete at least an associate degree shared this view.
- People's difficulty handling student loans varied by the level of education they completed. Consistent with their greater earnings potential, those who completed at least a bachelor's degree were less likely to have fallen behind on payments.

Retirement and Investments

- Progress toward retirement savings goals declined in 2022. Thirty-one percent of non-retirees thought their retirement savings plan was on track, down from 40 percent in 2021.
- Building retirement savings can have implications for financial well-being later in life. Seventy-nine percent of retirees said they were doing at least okay financially. However, retirees who received income from sources such as wages, pensions, or investments were much more likely to be doing at least okay financially than those who had no private income.

Overall Financial Well-Being

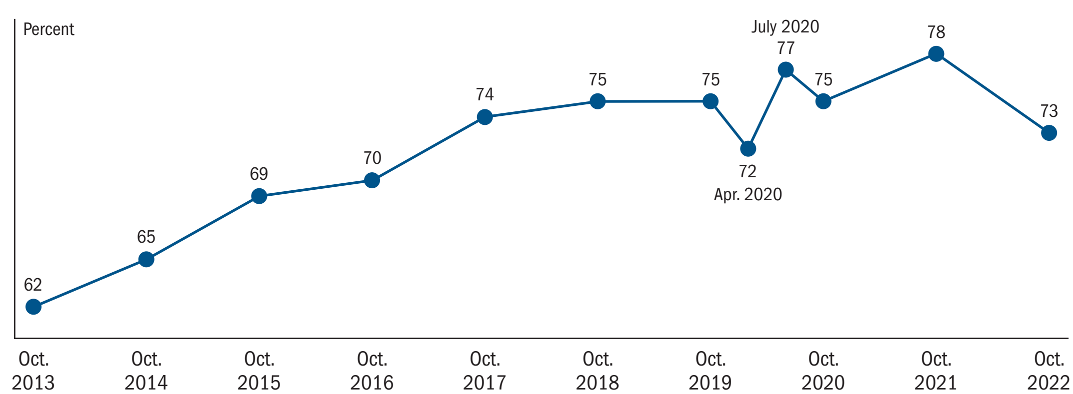
The share of adults doing at least okay financially fell sharply in 2022 and was among the lowest observed since 2016.[2] This decline in financial well-being occurred broadly across the population. Notably, it was the first time since the survey began that adults with at least a bachelor's degree saw a decline in well-being. Even so, existing gaps by education and by race and ethnicity remained large.

Current Financial Situation

At the end of 2022, 73 percent of adults were doing at least okay financially, meaning they reported either "doing okay" financially (39 percent) or "living comfortably" (34 percent). The rest reported either "just getting by" (19 percent) or "finding it difficult to get by" (8 percent).

The 73 percent of adults doing at least okay financially in 2022 was down 5 percentage points from 2021 and was among the lowest observed since 2016 (figure 1). As further evidence of declining financial well-being in 2022, the share of adults who said they were living comfortably fell

Figure 1. At least doing okay financially (by year)



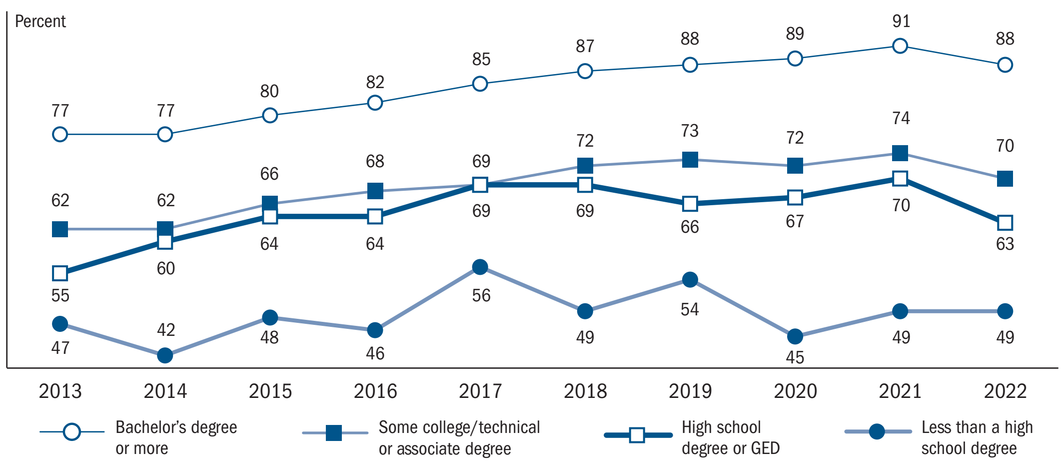
Note: Among all adults.

[2] The survey was fielded in October 2022, and results reflect financial situations at that time. Results typically capture financial experiences at the time of the survey or in the 12-month period before the survey rather than the precise calendar year. Results discussing the period shortly after the onset of the pandemic are based on the two supplemental surveys were fielded during the pandemic in April 2020 and July 2020.

5 percentage points. This decline in well-being may reflect the broader economic conditions in 2022, such as inflation and stock market declines. It also occurred despite a strong labor market.

As in past years, adults with at least a bachelor's degree were much more likely to be doing at least okay financially (88 percent) than those with less than a high school degree (49 percent). That said, the gap in well-being between these groups has declined 6 percentage points since 2020 (figure 2).

Figure 2. At least doing okay financially (by year and education)



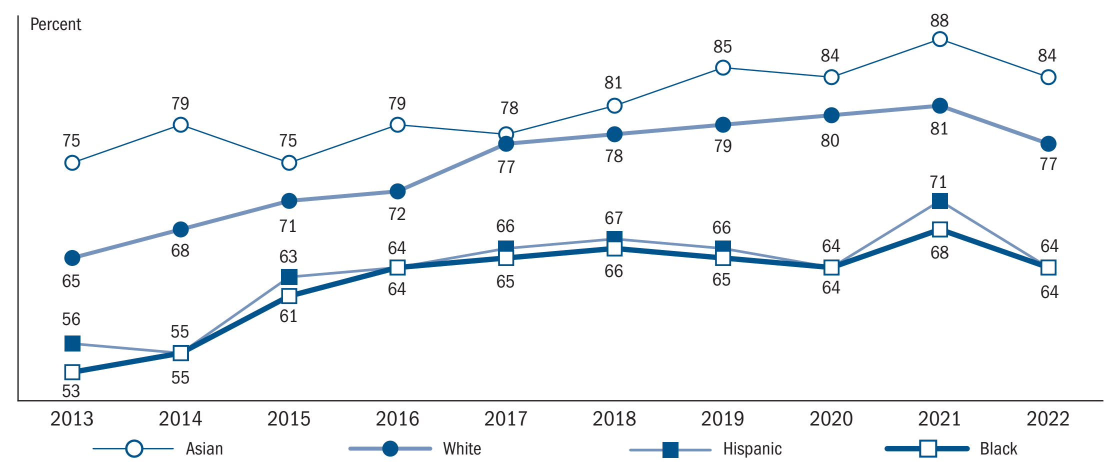
Note: Among all adults. Results for 2017 to 2019 differ slightly from previous reports because of adjustments in education coding for consistency.

The shrinking education gap in well-being marks a change from recent years and largely reflects a decline in well-being among those with at least a bachelor's degree. In fact, for the first time since the survey began in 2013, well-being fell among adults with at least a bachelor's degree, down from 91 percent doing at least okay in 2021. In contrast, well-being among those with less than a high school degree has generally remained flat in recent years.

Differences in financial well-being across racial and ethnic groups persisted in 2022. Eighty-four percent of Asian adults were doing at least okay financially, followed by 77 percent of White adults, and 64 percent of both Hispanic and Black adults (figure 3).[3]

[3] The reported categorizations reflect the largest statistical groupings but are neither exhaustive nor the only distinctions important to understand. Sample sizes for other racial and ethnic groups and subpopulations are not large enough to produce reliable estimates. Additionally, results for Asian adults are sometimes excluded when the sample size is insufficient to provide a reliable estimate.

Figure 3. At least doing okay financially (by year and race/ethnicity)



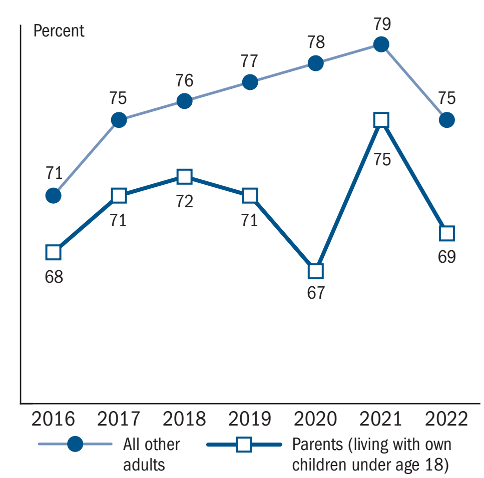
Note: Among all adults.

All racial and ethnic groups measured in the survey saw a decline in financial well-being over the prior year. Well-being among Asian, Hispanic, and Black adults returned to the same level as in fall 2020, during the first year of the pandemic. Notably, well-being among White adults fell for the first time since the survey began, down 4 percentage points to 77 percent.

Parents are one group that has seen large swings in well-being in recent years, falling sharply after the onset of the pandemic, rebounding in 2021, and falling again over the prior year. The share of parents doing at least okay financially fell to 69 percent in 2022, down from its peak of 75 percent in 2021 (figure 4). For additional discussion of this decline in parents' financial well-being in 2022, see the "Expenses" section of this report.

Financial well-being continued to differ by income, LGBTQ+ status, disability status, metropolitan status, and neighborhood income

Figure 4. At least doing okay financially (by year and parental status)



Note: Among all adults.

Table 1. At least doing okay financially (by demographic characteristics)
Percent

Characteristic	2022	1-year change (since 2021)	3-year change (since 2019)
Family income			
Less than $25,000	54	−1	3
$25,000–$49,999	61	−5	−5
$50,000–$99,999	78	−7	−6
$100,000 or more	93	−3	−2
Disability status			
Disability	56	−4	n/a
No disability	77	−4	n/a
LGBTQ+ status			
Identifies as LGBTQ+	65	−2	1
Does not identify as LGBTQ+	75	−5	−2
Metropolitan status			
Metro area	74	−4	−2
Non-metro area	67	−5	−5
Neighborhood income			
Low or moderate income	63	−3	0
Middle or upper income	77	−5	−3
Overall	**73**	**−5**	**−2**

Note: Among all adults. Low- or moderate-income neighborhoods are defined here using the definition from the Community Reinvestment Act. Disability status was first identifiable in the 2021 survey. Here and in subsequent tables and figures, percentages may not sum to 100 because of rounding.
n/a Not applicable.

(table 1).[4] Fifty-four percent of adults with family income less than $25,000 were doing at least okay financially, compared with 93 percent of adults with family income greater than $100,000. While all income groups saw declines in well-being, those with family income between $25,000 and $99,999 saw the largest declines.

Earlier research has shown that LGBTQ+ adults were more likely to face economic insecurity, suggesting LGBTQ+ status may be associated with financial well-being.[5] Consistent with this evidence, the 2022 SHED found that 65 percent of adults identifying as LGBTQ+ were doing at least okay financially, compared with 75 percent of those not identifying as LGBTQ+.[6] Moreover, an even lower 55 percent of transgender or nonbinary adults were doing at least okay financially.

Finally, 56 percent of adults with a disability were doing at least okay financially, markedly lower than adults without a disability.[7]

[4] Neighborhood income is defined using the Community Reinvestment Act definition. Under this definition, low- and moderate-income refers to communities that have a median family income of less than 80 percent of the area median income. For details on the definition, see Board of Governors of the Federal Reserve System, "Community Reinvestment Act (CRA) Resources," https://www.federalreserve.gov/consumerscommunities/cra_resources.htm.

[5] For example, see Thom File and Joey Marshall, "Household Pulse Survey Shows LGBT Adults More Likely to Report Living in Households with Food and Economic Insecurity than Non-LGBT Respondents," America Counts: Stories Behind the Numbers (Suitland, MD: U.S. Census Bureau, August 11, 2021), https://www.census.gov/library/stories/2021/08/lgbt-community-harder-hit-by-economic-impact-of-pandemic.html.

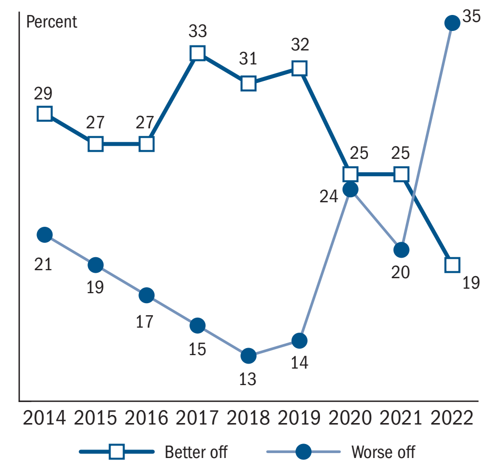
[6] Survey respondents could report their sexual orientation and gender identity on a demographic profile survey previously conducted by the survey vendor. Respondents are classified as LGBTQ+ based on responses to these questions. Differences in financial well-being between adults identifying as LGBTQ+ and other adults were present even after controlling for age.

[7] Disability status is defined based on a five-question functional limitation sequence that asks about hearing, vision, ambulatory, self-care, and independent living difficulties. This approach for determining disability status is similar to the six-question sequence used for the American Community Survey (see U.S. Census Bureau, "How Disability Data Are Collected from the American Community Survey," https://www.census.gov/topics/health/disability/guidance/data-collection-acs.html).

Changes in Financial Situation over Time

The survey also measures overall financial well-being by asking respondents whether they are better or worse off financially than they were 12 months earlier. Measuring well-being in this way helps track changes in perceived well-being over time, as some individuals may have felt worse off financially than they were a year earlier, for instance, even if they felt they were still doing okay overall (or that their financial well-being was improving even if they were still struggling overall).

Figure 5. Financial situation compared with 12 months prior (by year)



Note: Among all adults.

The share of adults who said they were worse off financially than a year earlier increased sharply from 20 percent in 2021 to 35 percent in 2022, the highest level since the question was first asked in 2014 (figure 5). The share doing about the same as a year earlier fell 8 percentage points to 46 percent, while the share who said they were better off fell 6 percentage points to 19 percent.

The spike in those doing worse off financially occurred across demographic groups, though adults with higher levels of education saw the largest change. Thirty-one percent of those with at least a bachelor's degree said they were worse off financially than a year ago, up from 13 percent in 2021 and 10 percent in 2019, before the pandemic. This pattern may reflect the fact that those with bachelor's degrees not only faced rising prices but, because they are more likely to have exposure to the stock market, may have also been more affected by stock market declines.[8]

That said, those with lower levels of education continued to be the most likely to say they were doing worse off than a year ago. In 2022, 40 percent of adults with less than a high school degree reported doing worse off financially. The share was up from 33 percent in 2021 and was more than double the 18 percent seen in 2019, before the pandemic.

To get a longer-term perspective, individuals were also asked to compare their current financial circumstances to how they perceived their parents' financial situation at the same age. Looking across generations shows evidence of economic progress over time, despite financial setbacks

[8] For example, adults with over $1 million in savings or investable assets had a far larger increase in their likelihood of saying they were worse off than was seen among those with under $50,000 of assets.

during the pandemic. A majority of adults (54 percent) thought they were better off financially than their parents had been. This compares with the 57 percent who thought so both in 2021 and in 2019, before the onset of the pandemic. Nearly one-fourth thought they were worse off than their parents were at the same age in 2022.

People holding at least a bachelor's degree were more likely to experience upward economic mobility, relative to those with less education. This was particularly true among first-generation college graduates—those who completed a bachelor's degree and whose parents did not—among whom 69 percent thought they were better off financially than their parents were.

Main Financial Challenges

The survey further explored financial well-being by posing an open-ended question asking people about their main financial challenges or concerns.[9] The responses were classified into broad categories based on keywords or phrases.[10] Inflation was the most common challenge, with one-third classified into that category, followed by general needs, retirement and savings, and housing (figure 6). Twenty-eight percent said they did not have any financial challenges or concerns.

When describing challenges related to inflation, many people mentioned the cost of food, gas, and utilities. For example, one respondent stated that "energy costs, grocery costs, gasoline: everything we buy now has increased drastically."

Others noted that, while prices have increased, wages have often not kept up. This sentiment was expressed by one respondent who said that "prices [are] going up but our paychecks don't. [It is] hard to afford what we need and our kids need." This concern is consistent with those adults who said their spending had increased, but their income had not (see the "Income" section of this report).

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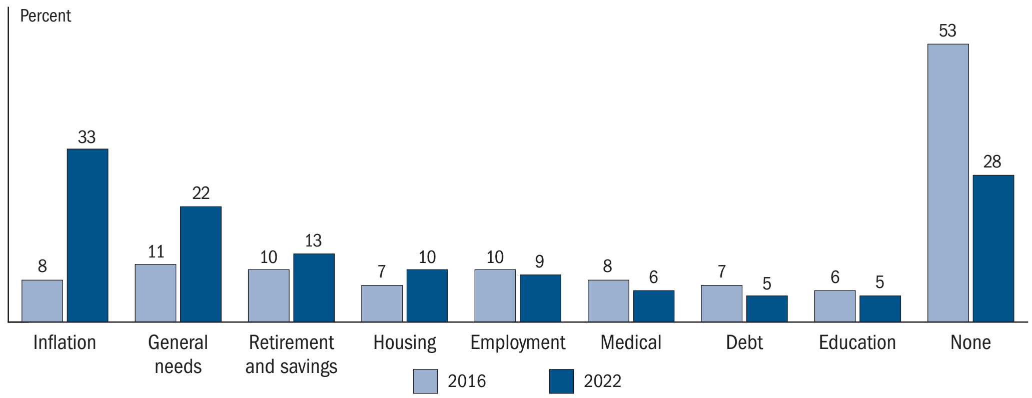
[9] The question text is as follows: "In a couple of words, please describe the main financial challenges or concerns facing you or your family. If none please click the "None" box." Seventy-one percent of respondents provided a text response to the question, and 27 percent selected "None." The remaining 2 percent of respondents who did not provide a text response and did not check the "None" box were excluded from the analysis.

[10] Text entries were categorized based on words or word stems included in the response. "Inflation" includes responses with inflat, cost, pay more, paying more, increas, expensive, price, pricing, higher, rising, skyrocket, sky rocket, going up, gone up. Those with bill, util, electric, heat, everything, necessities, basic needs, essential, can't afford, not enough, get by, getting by, surviv, struggl, no money, challenge, living expense, or food were categorized as "general needs;" those with retire, 401k, stock, market, portfolio, pension, old age, Medicare, SSI, IRA, 401(k), Social Security, save, saving, or fund were categorized as "retirement and savings;" those with hous, rent, home, or mortgage were categorized as "housing;" those that mentioned work, job, wage, employ, raise, paycheck, pay check, salary, laid off, part time, hours, full time, overtime, skills, or unemp were categorized as "employment;" those with medical, medicine, health, Medicaid, Medicare, dental, dentist, cancer, sick, ill, doctor, hospital, or prescription were categorized as "medical;" those with credit, loan, debt, or owe were categorized as "debt;" those that mentioned college, school, education, tuition, degree, university, or student were categorized as "education." Responses may be included in multiple categories or no categories, as the categories are neither exhaustive nor mutually exclusive.

Figure 6. Categories of self-reported main financial challenges, 2016 and 2022



Note: Among respondents who provided a text response or selected the "none" box. Key identifies bars in order from left to right.

People also expressed concerns about saving for retirement. For example, one respondent said, "Not able to save enough for retirement. My 401K and IRA have lost a significant amount of money. I won't be able to retire as initially planned." Concerns about retirement savings are consistent with the finding that just 31 percent of non-retirees think that their retirement savings are on track, as discussed in the "Retirement and Investments" section of this report.

The 2016 survey also included the same open-ended question about financial challenges, allowing for comparison of people's main financial challenges over time (figure 6). In 2016, 53 percent of adults said they did not have any financial challenges or concerns, much higher than the 28 percent who said so in 2022. People were much less likely to mention challenges related to inflation in 2016, consistent with macroeconomic trends at that time.[11] They also were less likely to mention general needs. Incidence for most of the other categories was generally similar in 2016 and 2022.[12]

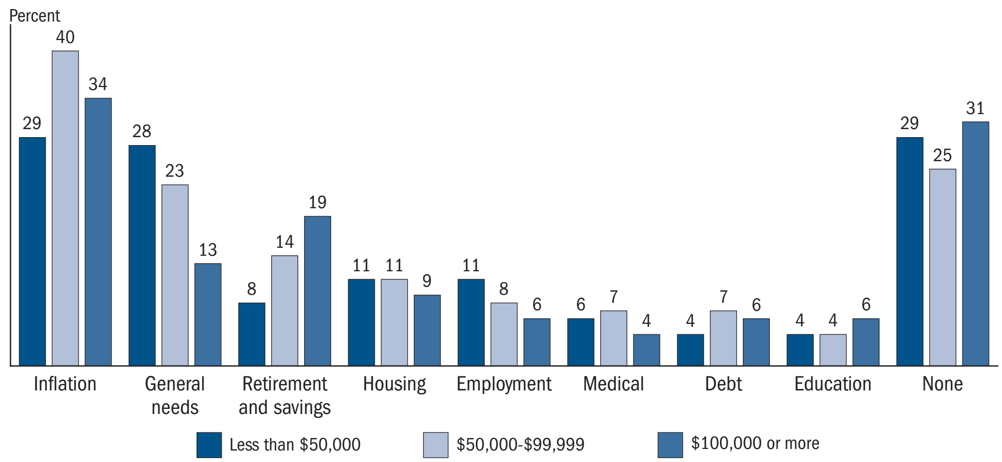
Inflation was the most common challenge among people of all income levels in 2022, suggesting a widespread effect of higher prices across the population (figure 7).[13] The prevalence of other challenges varied by income. For example, higher-income adults were more likely than lower-income adults to mention financial challenges related to retirement—and this was the case

[11] In 2016, no respondents directly mentioned the word "inflation" as a financial challenge, instead mentioning things like an increasing cost of living or rising prices.

[12] The specific challenges and concerns within the broader categories may have changed from 2016 to 2022.

[13] In part, the lower share reporting inflation concerns among the lowest income group may reflect the different terms people use to describe their finances—as evidenced by the higher share citing general needs. It also partially reflects somewhat more respondents in that income group selecting "none," which may be a form of non-response to the open-text question.

Figure 7. Categories of self-reported main financial challenges (by family income)



Note: Among respondents who provided a text response or selected the "none" box. Key identifies bars in order from left to right.

regardless of age—while lower-income adults were more likely than higher-income adults to mention general needs and employment.

Local and National Economic Conditions

Table 2. Self-assessment of local economy as good or excellent (by census region and metropolitan status)
Percent

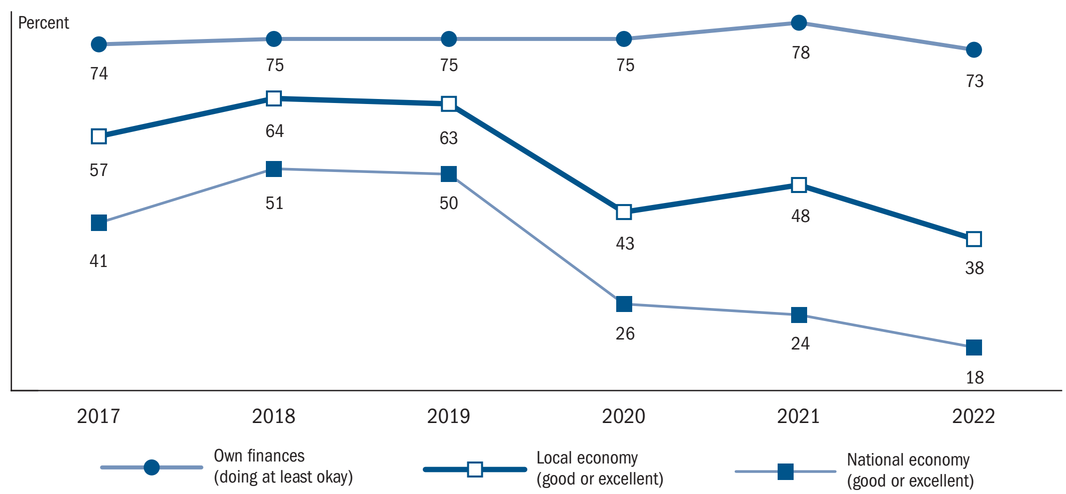
Characteristic	2019	2021	2022
Census region			
Northeast	63	48	38
Midwest	64	49	40
South	64	49	40
West	61	46	35
Metropolitan status			
Metro area	65	50	40
Non-metro area	53	34	30
Overall	**63**	**48**	**38**

Note: Among all adults.

Along with questions about their own financial circumstances, people were asked to rate their local economy and the national economy as "excellent," "good," "only fair," or "poor." Thirty-eight percent of adults rated their local economy as "good" or "excellent" in 2022, down from 48 percent in 2021, and well below the 63 percent of adults who rated their local economy as "good" or "excellent" in 2019, before the pandemic.

Declines in people's perceptions about their local economy occurred across census region and metropolitan status (table 2).

Figure 8. Assessment of own financial well-being, local economy, and national economy (by year)



Note: Among all adults.

People's perception of the national economy continued to decline. The share rating the national economy as "good" or "excellent" fell to 18 percent in 2022, the lowest share since the survey began asking this question in 2017. Moreover, this share has fallen a substantial 32 percentage points since before the pandemic in 2019, when one-half of adults rated the national economy as "good" or "excellent" (figure 8).

In contrast, people's perception of their own financial well-being was down 2 percentage points since 2019. As a result, the gap between people's perceptions of their own financial well-being and their perception of the national economy has more than doubled in recent years, widening from 26 percentage points in 2019 to 55 percentage points in 2022.

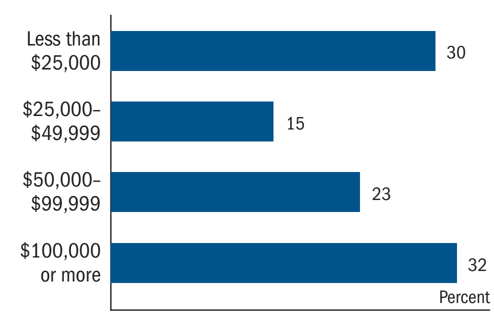
Income

A sizeable share of adults said their family's monthly income increased in 2022 compared with a year earlier. However, the share of adults who said their spending increased from the prior year was even greater. Consistent with these changes in income and spending, fewer adults appear to have margin in their family budgets. The share of adults who said they spent less than their income in the month before the survey fell below the level it had been before the pandemic.

Level and Source of Income

In this report, family income is defined as the cash income from all sources, prior to taxes and deductions, that respondents and their spouse or partner received during the previous year. Thirty percent of adults had a family income below $25,000, and 32 percent had a family income of $100,000 or more (figure 9).[14]

Figure 9. Family income



Note: Among all adults.

Labor earnings were the most common source of income, but many people had other sources of income. Nearly two-thirds of adults and their spouse or partner received wages, salaries, or self-employment income (collectively referred to here as labor income) (table 3). Fifty-three percent of all adults received non-labor income in 2022.[15] Some adults received both types of income: 48 percent of those with a labor income also had some form of non-labor income. Additionally, as discussed in the "Retirement and Investments" section of the report, receipt of non-labor income was more common among retirees.

[14] In the 2022 SHED, respondents were asked to provide the amount of their income in dollars, with a follow-up question using income ranges for those who did not give a response. The income distribution in the 2022 SHED is broadly similar to that from the 2022 March Current Population Survey. However, the SHED has a slightly higher share with incomes less than $25,000 or over $100,000 but fewer with incomes between $25,000 and $99,999. These deviations in the estimates may result from differences between the surveys in how income questions are asked.

[15] Non-labor or nonwage income is defined as income from interest, dividends, or rental income; Social Security (including Old-Age and Disability Insurance (DI)); Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), or cash assistance from a welfare program; unemployment income; or income from a pension. Non-labor income does not include tax credits such as the Earned Income Tax Credit or in-kind benefits. It also does not include the small number of respondents who reported receiving income but did not specify the source.

Table 3. Sources of income

Source	Percent
Labor income	
Wages, salaries, or self-employment	66
Non-labor income	
Interest, dividends, or rental income	31
Social Security (including Old-Age and DI)	27
Pension	18
SSI, TANF, or cash assistance from a welfare program	6
Unemployment income	2
Any non-labor income	**53**

Note: Among all adults. Respondents could select multiple answers. Sources of income include the income of a spouse or partner. DI is Disability Insurance; SSI is Supplemental Security Income; and TANF is Temporary Assistance for Needy Families.

While people received most forms of income at similar rates as in 2021, receipt of unemployment assistance dropped markedly. In 2022, the share of all adults receiving unemployment income returned to the pre-pandemic level of 2 percent, dropping from the elevated levels of 14 percent in 2020 and 9 percent in 2021. This decline in the receipt of unemployment assistance reflects both the lower rate of unemployment in 2022 and the termination of enhanced unemployment assistance programs that were put into place during the pandemic.

In addition to the income sources discussed above, some adults relied on cash or in-kind assistance from nonprofits and private sources—including financial support from a friend or family member living outside of their home. Fifteen percent of adults received at least one type of assistance from private or nonprofit sources in 2022. Specifically, 9 percent of all adults received free groceries or meals through a food pantry, religious organization, or community organization, 2 percent received financial assistance from a religious or community organization, and 8 percent received financial assistance from friends or family not living with them. These rates are nearly identical to those reported in 2021.

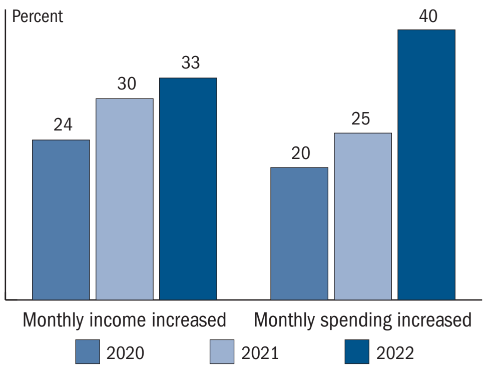
The likelihood of receiving financial support varied by age, with young adults being more likely than older adults to receive assistance. For those age 18 to 29, 15 percent received financial assistance from friends or family—over twice as high as the share of those age 30 and older who received this type of financial assistance (7 percent).

Changes in Income and Spending

Many people experienced a change in their family's monthly income and spending from a year earlier. Thirty-three percent of adults said their family's monthly income increased in 2022 compared with the prior year, while 40 percent increased their monthly spending (figure 10). This share of adults who reported an increase in monthly spending was 14 percentage points higher than the share who reported this in 2021. While some adults saw both their spending and their income increase, 23 percent of adults said that their spending had increased but their income had not.

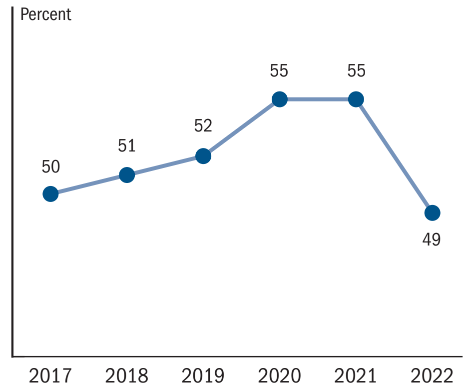
In October 2022, just under half of adults reported spending less than their income in the past month, down from highs reached in 2020 and 2021, and below the pre-pandemic levels in 2017

Figure 10. Increase in monthly income and spending from 12 months earlier (by year)



Note: Among all adults. Key identifies bars in order of left to right.

Figure 11. Total spending less than income in the prior month (by year)

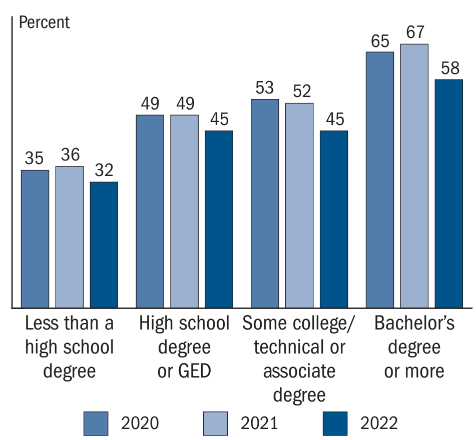


Note: Among all adults.

to 2019 (figure 11). Nineteen percent said their spending exceeded their income, while the remainder (32 percent) said their spending and income were about the same.

Pullbacks in spending in the early part of the pandemic, coupled with fiscal support that many families received in 2020 and 2021, may have given some households more margin in their budgets over this period. In 2022, price increases affected family budgets for many adults and may have contributed to the decline in the share of adults who spent less than their income in the prior month. (See the "Expenses" section of this report for more on the effect of price increases.)

Figure 12. Total spending less than income in the prior month (by year and education)



Note: Among all adults. Key identities bars in order of left to right.

Likely reflecting their higher income and stronger financial circumstances generally, adults with more education were more likely to say they spent less than their income in the past month. Thirty-two percent of adults with less than a high school degree said their spending was less than their income, compared with 58 percent of adults with a bachelor's degree or more (figure 12). However, adults with more education also saw a larger drop between 2021 and 2022 in the share spending less than their income.

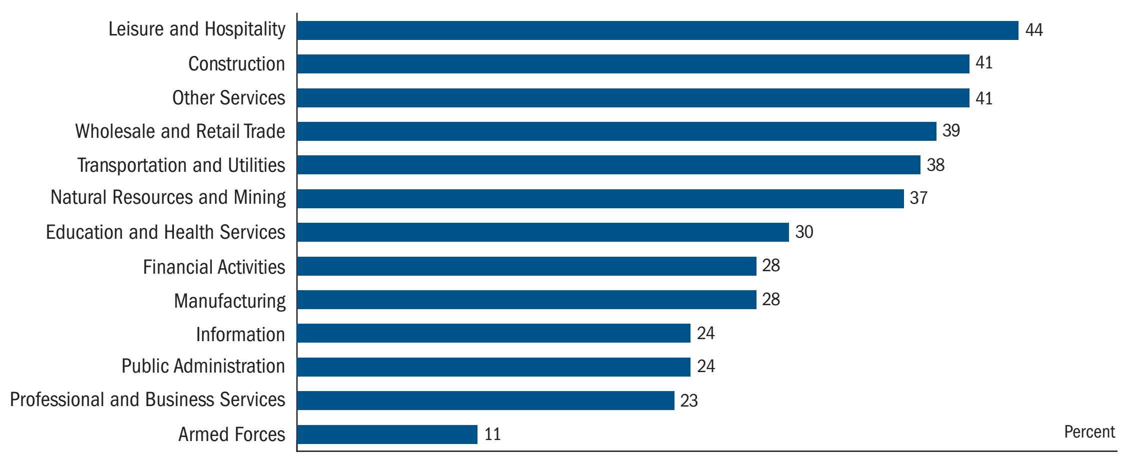
Income Variability

The total level of yearly income may mask changes in income from month to month, and mismatches between the timing of income and expenses can lead to financial challenges.[16] In 2022, most adults had income that was roughly the same each month, but nearly 3 in 10 had income that varied from month to month, similar to previous years.

Income variability was related to the type of income people received. Adults who received only wages or other sources of labor income were more likely to report their income varied from month to month (33 percent), compared with those with only non-labor income (13 percent).

Income variability continued to differ greatly by industry in 2022.[17] Workers in the leisure and hospitality industry were the most likely to have varying monthly income (figure 13). The high rate of income variability for leisure and hospitality workers has occurred since before the pandemic.

Figure 13. Income varied at least occasionally from month to month (by industry)



Note: Among adults who reported industry of employment.

Monthly variations in income may cause financial hardship for some families. In 2022, 10 percent of adults reported they struggled to pay their bills in the past 12 months because their income varied, up from 9 percent in 2021.

[16] For additional information on monthly income variability, see Jonathan Morduch and Julie Siwicki, "In and Out of Poverty: Episodic Poverty and Income Volatility," *Social Service Review* 91, no. 3 (2017): 390–421.

[17] This variability can come from any aspect of household income, however, and is not necessarily related to the person's income from the industry they work in.

The likelihood of experiencing income variability and related hardship differed by education, race, and ethnicity. Adults with less education were more likely to experience hardship from varying income. Twenty-one percent of adults with less than a high school degree said they had difficulty paying bills in the past year because their income varied, compared with 5 percent of adults with a bachelor's degree or more (table 4). Black and Hispanic adults also were more likely to experience income variability and related hardship, compared with White and Asian adults.

Table 4. Varying income and related hardship (by education and race/ethnicity)
Percent

Characteristic	Varying income, causes hardship	Varying income, no hardship	Varying income, overall
Education			
Less than a high school degree	21	16	38
High school degree or GED	13	17	30
Some college/technical or associate's degree	12	20	32
Bachelor's degree or more	5	18	23
Race/ethnicity			
White	8	18	26
Black	14	19	34
Hispanic	16	20	36
Asian	7	15	22
Overall	**10**	**19**	**29**

Note: Among all adults.

Employment

Workers' relationships with their employers vary substantially. For example, workers with at least a bachelor's degree were more likely than those with less education to telework, control their schedules, and have autonomy over their work activities.

That said, measures of workers' opportunities in the job market, such as the share asking for or receiving a raise, increased over the prior year, and this was the case among those with and without a bachelor's degree.

Working from Home

A major change in many people's work lives since the onset of the COVID-19 pandemic was the increased prevalence of working from home, also known as remote work. In October 2022, 19 percent of adults who worked for someone else ("employees") worked entirely from home in the week before the survey and 20 percent did so some of the time. The share working entirely from home was down from 29 percent in 2020 and 22 percent in 2021, but well above the 7 percent who worked mostly from home in 2019, before the pandemic.[18]

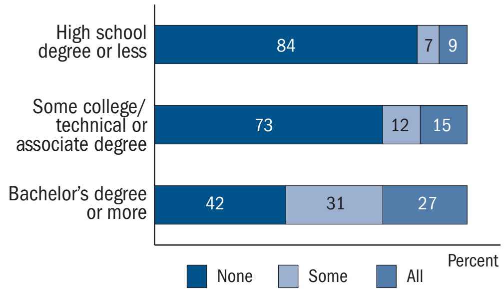
Job type, employer rules, and personal preferences influenced whether people worked from home. Just under half (48 percent) of employees said they had a job that could not be done from home. Eleven percent of employees felt that their job could be done from home and that they would prefer to do so, but their employer would not allow it. A smaller 3 percent said that they could work from home but chose not to.

Employees who completed more education continued to be more likely to work from home. Twenty-seven percent of employees with at least a bachelor's degree worked entirely from home compared with 9 percent of those with a high school degree or less (figure 14).

One explanation for the differences by education is that employees with more education were more likely to have a job where they could work from home. Three-fourths of employees with at least a bachelor's degree either worked from home or said that they could if their employer would let them, compared with 25 percent among employees with a high school degree or less.

[18] The question asked in 2019 was different from later years. The 2019 survey asked where people worked in their main jobs most of the time.

Figure 14. Amount of work done from home (by education)



Note: Among adults who worked for someone else. Key identifies bars in order from left to right.

Table 5. Reasons employees prefer to work from home

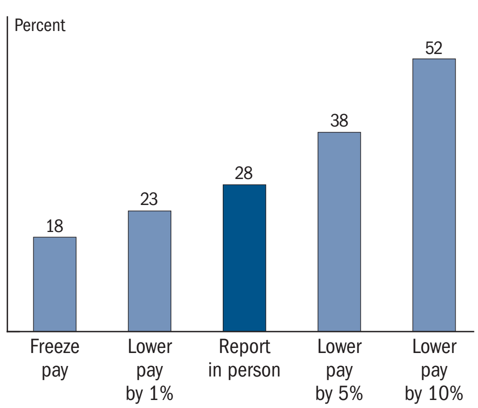
Reason	Percent
Work-life balance	88
Less time commuting	87
More productive working at home	73
Able to live in a different area	48
Concerns about COVID-19	40

Note: Among adults who worked for someone else and worked from home at least some of the time. Respondents could select multiple answers.

Common reasons for preferring to work from home were spending less time commuting, work-life balance, and increased productivity (table 5). Concerns about COVID-19 were less frequently cited. Additionally, the share of those working from home who cited COVID-19 concerns as a reason for their preference declined substantially in 2022 from that seen in the previous survey—falling from 56 percent to 40 percent.

In addition to asking about why employees preferred to work from home, the survey also asked those who worked from home about the likelihood of actively looking for another job or leaving their job if their employer required them to work in person each day. To provide context on these results, respondents were also asked if they would actively look for work if their employer froze their pay or cut their pay by different amounts.

Figure 15. Very likely to actively look for another job or leave their job if employer changes pay or requires in person work (by pay cuts and exclusive in person work)



Note: Among adults who worked for someone else and worked from home at least some of the time.

Nearly 3 in 10 employees (28 percent) who worked from home at least some of the time said they would be very likely to actively look for another job if their employer required them to work in person each workday (figure 15).

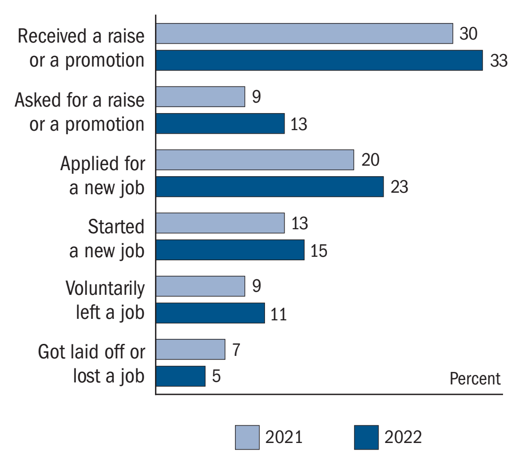
Employees viewed a hypothetical in-person work requirement similarly to a hypothetical small decrease in pay. Of employees currently working from home at least some of the time, 18 percent would be very likely to look for another job if their employer froze their pay, while 52 percent would look for another job if their employer cut their pay by 10 percent (figure 15). For those currently working from home, the likelihood of looking for another job after a full-time in-person work requirement is consistent with that expected from a 2 to 3 percent pay cut.

For those currently working from home, the likelihood of looking for another job after a full-time in-person work requirement is consistent with that expected from a 2 to 3 percent pay cut.

Job Searching and Advancement

Indicators of workers' opportunities for new positions and pay advancement strengthened compared with 2021, as the share who received a raise, asked for a raise, or voluntarily left a job increased, while the share who lost a job decreased. Thirty-three percent of adults said they received a raise or a promotion in the prior 12 months, up slightly from 2021.[19] A higher share also said they asked for a raise or promotion in 2022 than during 2021 (figure 16). Five percent of adults lost a job during the prior year, down from 7 percent in 2021.

Figure 16. Job actions taken in prior 12 months (by year)



Note: Among all adults. Respondents could select multiple answers. Key identifies bars in order from top to bottom.

Adults with more education were more likely to ask for or receive a raise than those with less education. They also were more likely to have applied to a new job, started a new job, or voluntarily left a job in the prior year. For example, 26 percent of adults with at least a bachelor's degree applied for a new job in the prior year and 17 percent started a new job. Among those with a high-school degree or less, a lower

[19] Restricting the sample to just those who are working, the likelihood of asking for or receiving a raise is higher. Among those who were working in the month of the survey, 21 percent asked for a raise and 54 percent received one.

18 percent applied for a new job and 11 percent started one. These indicators of how workers are faring in the job market were either similar to or above that seen in the prior year for each education group.

Most people who asked for a raise received one. Among those who asked for a raise in 2022, 70 percent also said that they received a raise. This share was similar in 2021 and was up 4 percentage points from 2019, before the pandemic.

Those who searched for a job also frequently found new work. Among people who applied for a new job, 52 percent reported starting a new job in 2022, up 3 percentage points from 2021 and up 7 percentage points from 2019.

Work Arrangements and Autonomy at Work

In addition to pay, other important dimensions of job quality are the duration of jobs, job schedules and autonomy. Seven percent of working adults (4 percent of all adults) said their main job was a temporary position. These temporary positions were most frequent among young workers and older workers. Nine percent of workers under age 30, and 11 percent of those age 60 or older, indicated that they had a temporary position, compared with 5 percent of workers between ages 30 and 59.

Although many people have regular work schedules, this is not the case for all workers. More than one-fourth (27 percent) of employees had irregular work schedules in 2022. This includes 16 percent who had a work schedule that varied based on their employer's needs, and 11 percent whose schedule varied at their own request.

Employees were also asked about how much choice they had to decide what tasks to work on and how to do those tasks. In general, employees were more likely to have control over how to complete tasks than which tasks they worked on. Nearly 6 in 10 employees said they often or always chose how to complete tasks, compared with 37 percent who said they often or always chose which tasks to work on.

Employees with at least a bachelor's degree reported higher levels of autonomy at work than those with lower levels of education (table 6). Forty-four percent of employees with at least a bachelor's degree said they often or always chose what tasks to work on, and more than two-thirds said they chose how to complete tasks. In contrast, around one-third (32 percent) of employees without a bachelor's degree often or always chose what tasks to work on and one-half chose how to complete tasks.[20]

Autonomy at work also differed by race and ethnicity, though these differences were smaller than those by education (table 6). About one-third of both Black and Hispanic employees said they often or always chose what tasks to work on, compared with 39 percent of White employees. Black and Hispanic employees were also less likely to report that they chose how to complete tasks.

Table 6. Share who often or always choose what tasks to work on and how to complete tasks (by education and race/ethnicity)

Percent

Characteristic	What tasks to work on	How to complete tasks
Education		
Less than a high school degree	35	49
High school degree or GED	31	49
Some college/technical or associate degree	32	51
Bachelor's degree or more	44	68
Race/ethnicity		
White	39	61
Black	32	52
Hispanic	34	54
Asian	35	61

Note: Among adults who worked for someone else.

Reasons for Not Working

Twenty-three percent of prime-age adults (ages 25 to 54) were not working in the month before the survey, matching the share who were not working in 2021. This share is less than the 26 percent who were not working in 2020 during the first year of the COVID-19 pandemic but is greater than the 21 percent not working in 2019, before the pandemic.[21]

Health limitations or disability, as well as family or personal obligations besides childcare, were the most commonly cited reasons for not working, followed by an inability to find work. Consistent with the continued strength of the labor market, the 6 percent of prime-age adults said that they were not working because they could not find work was similar to the share of adults who cited this reason in 2021 (5 percent), and in late 2019, before the pandemic (5 percent).

Notable differences existed in prime-age employment rates by gender. Twenty-eight percent of prime-age women were not working, compared with 18 percent of prime-age men.

This difference may reflect greater family and childcare responsibilities held by women. Prime-age women were more likely than men to cite both childcare and other family or personal obligations

[20] The different types of jobs people work in based on their level of education is likely a contributing factor for these differences in levels of autonomy by education. For example, 40 percent of business and professional services workers—most of whom have a bachelor's degree—say that they often or always chose what tasks to work on, while a lower 26 percent of transportation and utilities workers—most of whom have less than a bachelor's degree—say they have this level of control over their work.

[21] Despite differences in question wording, this pattern is consistent with that observed by the Bureau of Labor Statistics, which reported 20 percent of prime-age adults not working in October 2022, down from 24 percent not working at the time of the survey in 2020, and similar to the percent in October 2019. See U.S. Bureau of Labor Statistics, "(Seas) Employment-Population Ratio—25–54 yrs.," https://data.bls.gov/timeseries/LNS12300060.

Table 7. Reasons for not working among prime-age adults (by gender)
Percent

Reason	Overall	Male	Female
Health limitations or disability	8	8	8
Family and personal obligations besides childcare	7	5	10
Could not find work	6	6	6
Childcare	4	1	7
Concerned about COVID-19	4	3	5
Would lose access to government benefits	3	3	3
School or training	2	2	2
Retired	2	2	2

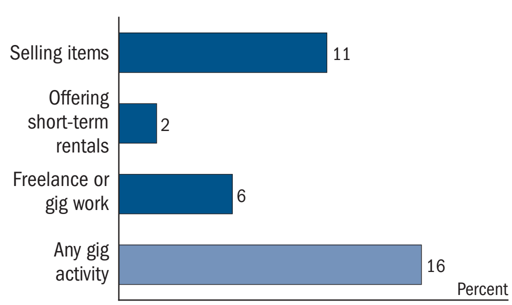
Note: Among adults ages 25 to 54. Respondents could select multiple answers.

as a reason for not working (table 7). Moreover, among prime-age adults living with their children under age 18, one-third of women were not working in October 2022, compared with 12 percent of men. Prime-age men and women who did not live with their children under age 18 had similar rates of not working to each other.

The Gig Economy

Individuals who perform gig work or other gig activities may be contributing to the economy in ways not observed through traditional employment measures. Gig activities in this report include selling items at places such as flea markets and garage sales or through online marketplaces, short-term rentals of items or property, and freelance gig work such as ridesharing or other roles where people are paid for specific tasks and generally have flexibility about when and how to work.

Figure 17. Gig activities performed



Note: Among all adults. Respondents could select multiple answers.

Overall, 16 percent of adults performed gig activities over the prior month, matching the share in 2021. This includes 11 percent who sold things, 2 percent who offered short-term rentals, and 6 percent doing other freelance or gig work (with some people performing more than one type of gig activity) (figure 17).

Gig activities were typically not full-time jobs. Twenty-nine percent of adults who performed gig activities (5 percent of all adults) said they spent more than 20 hours doing so over the prior month. Fifty-three percent of gig workers (8 percent of all adults) also had another job working for someone else.[22]

[22] Gig questions were asked separately from the standard employment questions. One percent of all adults said that they were both not employed and spending at least 20 hours on gig activities in the prior month.

Consistent with their part-time nature, gig activities were rarely people's main source of income. Only 12 percent of gig workers (2 percent of all adults) said they earned more than half of their income from gigs over the prior month. An even lower 6 percent of gig workers (1 percent of all adults) said that they earned at least 90 percent of their income from gig activities.

Expenses

The share of adults who would cover a relatively small emergency expense using cash or its equivalent dropped back down to the level in 2019, before the pandemic. The share of adults who said they were able to pay all their bills in full also declined to the level last seen in 2018. Most adults said that the prices they paid had increased over the prior year and a majority adjusted their spending in response to higher prices.

Bills and Regular Expenses

To understand how people were handling their regular household expenses, the survey asked about their ability to pay their monthly bills. As of October 2022, 82 percent of adults said they expected to be able to pay all their bills in full that month—down 4 percentage points from 2021, and near the level last seen in 2018.

Lower-income adults were less likely to be able to pay all their bills. In the month of the survey, 67 percent of adults with a family income less than $25,000 expected to pay all their bills in full, compared with 94 percent of adults with a family income of $100,000 or more (table 8). In addition, Black and Hispanic adults were less likely than White or Asian adults to be able to pay all their bills in full in October 2022.

The most common type of bill people did not expect to pay in full was a credit card bill. Nine percent of adults said they did not expect to pay a credit card bill in full that month. Other bills, such as a water, gas or electric bill (6 percent) or a phone or cable bill (6 percent), were somewhat less common responses.

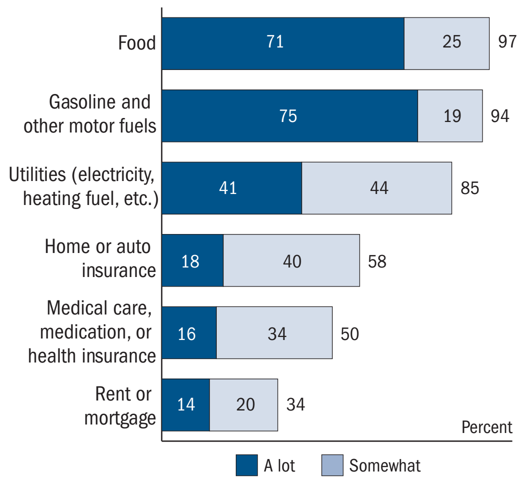
Table 8. Able to pay current month's bills in full (by family income and race/ethnicity)

Characteristic	Percent
Family income	
Less than $25,000	67
$25,000–$49,999	78
$50,000–$99,999	86
$100,000 or more	94
Race/ethnicity	
White	86
Black	70
Hispanic	73
Asian	88
Overall	**82**

Note: Among all adults.

Price increases can make it more difficult to keep up with bills and expenses. In October 2022, nearly all adults said the prices they paid had increased at least somewhat in the prior 12 months on one or more types of purchases. Over 90 percent of adults said

Figure 18. Prices paid increased in prior 12 months (by product type)



Note: Among all adults. Key identifies bars in order from left to right.

that the prices they had paid for food and gasoline had increased, and 85 percent said prices for utilities had increased (figure 18).[23]

Although fewer people said their rent or mortgage increased than said they experienced rising prices for other expenses, the prevalence of housing cost increases differed substantially by homeownership status. Renters were more likely than homeowners to say that these housing costs had gone up. Sixty-four percent of renters said their rent had increased over the prior 12 months, including 30 percent who said it had increased a lot. In contrast, 22 percent of homeowners said their mortgage had increased in the past year, with 7 percent saying it had increased a lot.

Consistent with the widespread experience of higher prices over the prior year, most adults said that their family budgets had been affected by price increases. Eighty-five percent of adults said their family budgets had been affected at least somewhat by price increases, including 54 percent of adults who said their budgets had been affected a lot by price increases on at least one type of expense. Adults with income under $100,000 were more likely to say that their family budget was affected a lot by rising prices, compared with higher-income adults (table 9). Parents living with children under age 18, Black and Hispanic adults, and those with a disability were also more likely to say their budget had been affected a lot by higher prices.

Most people took some action in response to higher prices. The most common actions were spending changes, including using less of a product or stopping using it (66 percent), switching to a cheaper product (64 percent), or delaying a major purchase (49 percent) (table 10). Just over one-half of adults reported they reduced savings (51 percent). Increasing borrowing was less common, as were activities to generate additional income, such as working more or asking for a raise.

[23] Consumer Price Index (CPI) data from the Bureau of Labor Statistics showed that in October 2022, gasoline costs were up by 17.5 percent year-over-year and food costs were up by 10.9 percentage points (see U.S. Bureau of Labor Statistics, "Consumer Price Index–October 2022," news release, November 10, 2022, https://www.bls.gov/news.release/archives/cpi_11102022.pdf). A difference between the CPI and the SHED results reported here is that the SHED focuses on the share of people who say they experienced increases in prices rather than the specific amount of increases.

Table 9. Family budget affected a lot by price increases in the prior 12 months (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	60
$25,000–$49,999	64
$50,000–$99,999	59
$100,000 or more	41
Race/ethnicity	
White	52
Black	57
Hispanic	62
Asian	48
Disability status	
Disability	66
No disability	51
Parental status	
Not living with own children under age 18	51
Parents (living with own children under age 18)	63
Overall	**54**

Note: Among all adults.

Table 10. Actions taken in response to higher prices in the prior 12 months

Action	Percent
Spending	
Used less or stopped using products	66
Switched to cheaper products	64
Delayed a major purchase	49
Saving/borrowing	
Reduced savings	51
Increased borrowing	15
Income	
Worked more or got another job	18
Asked for a raise	8

Note: Among all adults. Respondents could select multiple answers.

Adults who had less margin between their spending and their income appeared more likely to take action in response to higher prices. Among adults who said their spending exceeded their income in the month before the survey, 93 percent took at least one action in response to higher prices. Among those whose spending was less than their income, a lower 76 percent took at least one action.

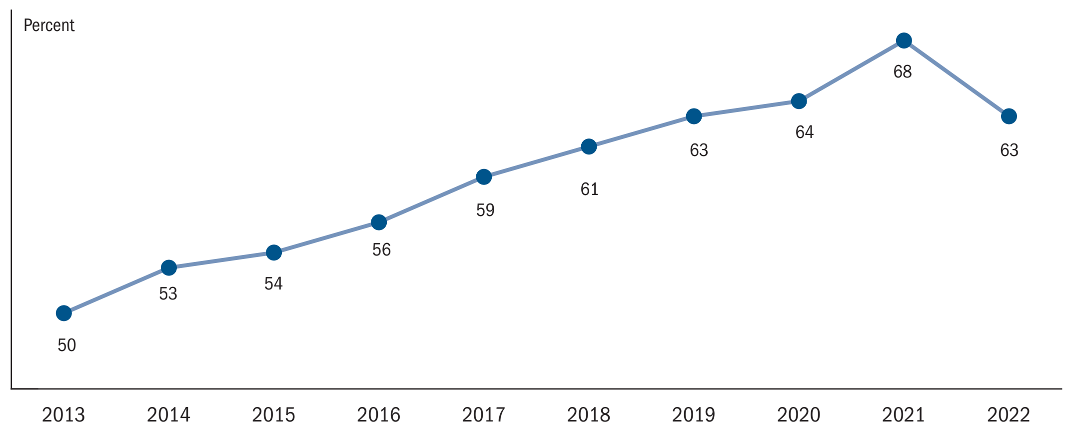
Unexpected Expenses

Relatively small, unexpected expenses, such as a car repair or a modest medical bill, can be a hardship for many families. When faced with a hypothetical expense of $400, 63 percent of all adults in 2022 said they would have covered it exclusively using cash, savings, or a credit card paid off at the next statement (referred to, altogether, as "cash or its equivalent"). The remainder said they would have paid by borrowing or selling something, or said they would not have been able to cover the expense.

The share who would pay using cash or its equivalent was down 5 percentage points from 68 percent in 2021, and back at the level in 2019 (figure 19).[24] This decrease may reflect some reduc-

[24] Since 2013, when this question was first asked, and the 2022 survey, median household incomes increased as did consumer prices. To check how changes in price levels affect responses to this question, the 2022 survey asked one-fifth of respondents how they would handle a $500 expense instead. Changing the threshold only altered the share who would pay in cash by 0.5 percentage points, suggesting that shifts in the price level have not materially affected the trend in this series. The discussion in this section only includes those respondents who are asked the question with the $400 threshold.

Figure 19. Would cover a $400 emergency expense completely using cash or its equivalent (by year)



Note: Among all adults.

tion in the savings buffers that households had accumulated because of the pullback in spending and fiscal relief measures that boosted saving during 2020 and 2021.[25]

Some groups saw larger changes in the share who would cover a $400 emergency expense with cash or its equivalent. In 2022, parents saw a drop of 7 percentage points in this measure to 57 percent. This decline reversed the 7 percentage point increase in the share of parents who would cover a $400 expense with cash or its equivalent that had been seen in 2021. By comparison, adults not living with their own children under age 18 saw a smaller increase of 3 percentage points in 2021, and a smaller drop in 2022 of 4 percentage points. One possible reason behind these larger changes for parents is that some parents received payments from the temporary expansion of the Child Tax Credit (CTC) in 2021 that were no longer in effect at the time of the 2022 survey.[26]

Among those who would not have covered a $400 expense completely with cash or its equivalent (37 percent of adults), most would pay some other way, and some said that they would be unable

[25] For details on the increase in savings during the pandemic, see Aditya Alandangady, David Cho, Laura Feiveson, and Eugenio Pinto, "Excess Savings during the COVID-19 Pandemic," Finance and Economics Discussion Series Notes (Washington: Board of Governors of the Federal Reserve System, October 21, 2022), https://doi.org/10.17016/2380-7172.3223; and for details on the effects of relief measures on incomes through the pandemic, see Jeff Larrimore, Jacob Mortenson, and David Splinter, "Earnings Business Cycles: The Covid Recession, Recovery, and Policy Response," Finance and Economics Discussion Series 2023-004 (Washington: Board of Governors of the Federal Reserve System, 2023), https://doi.org/10.17016/FEDS.2023.004.

[26] In 2021, the most common way parents used their CTC payments was saving them, potentially improving their ability to handle unexpected expenses. For a discussion of the expansion of the Child Tax Credit in 2021 and the ways parents used these payments, see the "Income" section in Board of Governors of the Federal Reserve System, *Economic Well-Being of U.S. Households in 2021* (Washington: Board of Governors, May 2022), https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf.

to pay the expense at all. For these adults, the most common approach was to use a credit card and then carry a balance, although many indicated they would use multiple approaches. Thirteen percent of all adults said they would be unable to pay the expense by any means (table 11), up from 11 percent in 2021 and 12 percent in 2020 and 2019.

Table 11. Other ways individuals would cover a $400 emergency expense

Characteristic	Percent
Put it on my credit card and pay it off over time	16
By borrowing from a friend or family member	9
Sell something	6
Use money from a bank loan or line of credit	2
Use money from a payday loan, deposit advance, or overdraft	2
Would not be able to pay for the expense right now	13

Note: Among all adults. Respondents could select multiple answers.

Some of those who would not have paid an unexpected $400 expense with cash or its equivalent likely still had access to $400 in cash. Instead of using that cash to pay for the expense, they may have chosen to preserve their cash as a buffer for other expenses. To explore this potential difference between how people *would* pay for a $400 expense and whether they *could* pay for it with cash or the equivalent, the 2022 SHED included a new question asking what is the largest emergency expense people could handle using only savings. Sixty-eight percent of adults said they could pay an expense of at least $500 using only their current savings (table 12). This is a somewhat larger share than the 63 percent of adults who said they would pay an unexpected $400 expense with cash or the equivalent, suggesting that some people do choose to pay with other methods, even if they have cash savings available to them.[27]

Table 12. Largest emergency expense individuals could handle right now using only savings

Amount	Percent
Under $100	18
$100 to $499	14
$500 to $999	11
$1,000 to $1,999	11
$2,000 or more	46

Note: Among all adults.

Some financial challenges, such as a job loss, require more financial resources than would an unexpected $400 expense. One common measure of financial resiliency is whether people have savings sufficient to cover three months of expenses if they lost their primary source of income. In 2022, 54 percent of adults said they had set aside money for three months of expenses in an emergency savings or “rainy day” fund—down from a high of 59 percent of adults in 2021.

[27] See box 3 from Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020* (Washington: Board of Governors, May 2020), https://www.federalreserve.gov/publications/files/2019-report-economic-well-being-us-households-202005.pdf.

For those who did not set aside money for this purpose, some would have dealt with a loss of their main source of income by borrowing, selling assets, or drawing on other savings. Sixteen percent of all adults said that they could have covered three months of expenses in this way. Thirty percent of adults indicated they could not cover three months of expenses by any means.

Health-Care Expenses

Out-of-pocket spending for health care is a common unexpected expense that can be a substantial hardship for those without a financial cushion. As with the financial setbacks discussed above many adults were not financially prepared for health-related costs at the time of the survey.

Twenty-three percent of adults had major, unexpected medical expenses in the prior 12 months, with the median amount between $1,000 and $1,999. Sixteen percent of adults had debt from their own medical care or that of a family member (not necessarily from the past year).

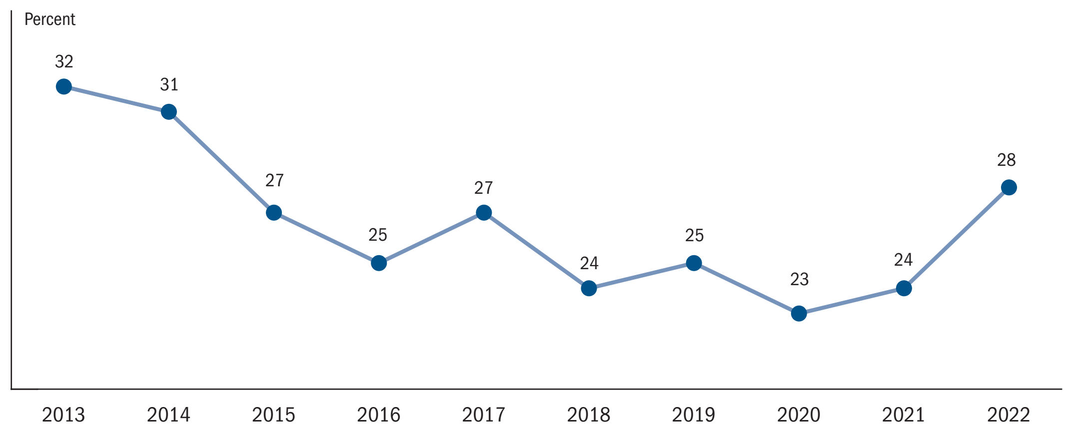
Twenty-eight percent of adults went without some form of medical care in 2022 because they could not afford it.

Many went without medical care in the prior 12 months because of the cost. Twenty-eight percent of adults went without some form of medical care in 2022 because they could not afford it, up from 24 percent in 2021 but below the 32 percent seen in 2013 (figure 20). Dental care was the most frequently skipped, followed by visiting a doctor (table 13). Some people also reported skipping prescription medicine, follow-up care, or mental health visits. The increase in this measure may, in part, reflect consumer responses to inflation as medical care is an area where people can save money by cutting back on spending.

The likelihood of skipping medical care because of cost was strongly related to family income. Among those with family income less than $25,000, 38 percent went without some medical care because they could not afford it, compared with 11 percent of adults making $100,000 or more.

Ability to afford health care may contribute to the finding that, as family income rises, the likelihood a person reported being in good health increases substantially. Among those in families with

Figure 20. Skipped medical treatment because of cost (by year)



Note: Among all adults.

income less than $25,000, 75 percent reported being in good health, compared with 91 percent for those in families with income of $100,000 or more.

Health insurance is one way that people can pay for routine medical expenses and protect against the financial burden of large, unexpected expenses. In 2022, 91 percent of adults had health insurance, similar to 2021. Those without health insurance were more likely to forgo medical treatment because they couldn't afford it. Among the uninsured, 42 percent went without medical treatment because they couldn't afford it, compared to 26 percent among the insured.

Table 13. Forms of medical treatment skipped because of cost in the prior 12 months

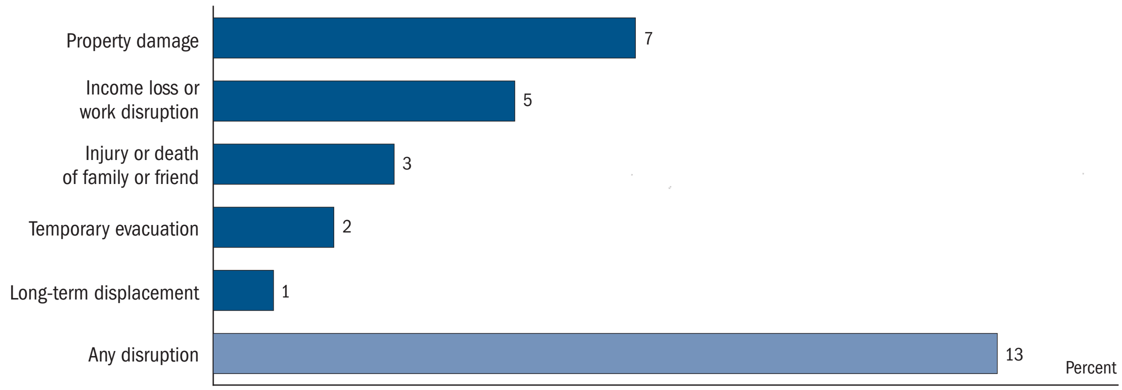
Type	Percent
Dental care	21
Seeing a doctor or specialist	16
Prescription medicine	10
Follow-up care	10
Mental health care or counseling	10
Any treatment	**28**

Note: Among all adults. Respondents could select multiple answers.

Hardships from Natural Disasters

Those without a financial cushion may face unique and particularly severe challenges in the event of natural disasters. Natural disasters may cause disruptions to people's financial lives by affecting their ability to work, displacing people from their homes, and resulting in unexpected property damage.

Figure 21. Disruptions from natural disasters in prior 12 months



Note: Among all adults. Respondents could select multiple answers.

In 2022, 13 percent of adults were directly affected by a natural disaster during the prior 12 months.[28] Those who were affected experienced one or more of the following five events as the result of a natural disaster or severe weather event: (1) property damage, (2) an income loss or work disruption, (3) the injury or death of a family member or close friend, (4) a temporary evacuation, or (5) longer-term displacement from home. The two most common ways that people were affected by natural disasters were property damage and an income loss or work disruption (figure 21).

Table 14. Disruptions from natural disasters in the prior 12 months (by family income, race/ethnicity, and census region)

Characteristic	Percent
Family income	
Less than $25,000	19
$25,000–$49,999	15
$50,000–$99,999	12
$100,000 or more	9
Race/ethnicity	
White	11
Black	19
Hispanic	17
Asian	11
Census region	
Northeast	9
Midwest	11
South	19
West	10
Overall	**13**

Note: Among all adults.

The likelihood of being affected by natural disasters varied across demographic groups. Adults with lower income were more likely to be affected by natural disasters than those with higher income (table 14). Nineteen percent of adults with family income below $25,000 reported any disaster-related hardship, compared with 9 percent of adults with family income of $100,000 or more. Com-

[28] Because natural disasters can have long-lasting effects on people, some may also be continuing to feel the repercussions of natural disasters that occurred more than 12 months ago.

Table 15. Natural disaster mitigation activities (by whether affected in the prior 12 months and homeownership status)
Percent

Characteristic	Investigated other places to live	Improved property to reduce risk	Purchased additional insurance
Any disruption			
Affected by disaster in past year	25	35	12
Not affected by a disaster	10	11	4
Homeownership status			
Homeowner	9	18	6
Renter	18	7	5
Overall	**12**	**14**	**5**

Note: Among all adults. Respodents could select multiple answers.

pared to those living in other census regions in the U.S., adults living in the South were more likely to report they were affected by a natural disaster in the prior 12 months. Black or Hispanic adults were also more likely to be affected than White or Asian adults.[29]

To reduce their financial risks from natural disasters, some people undertook mitigation activities such as improving their property or purchasing additional insurance. Those who had been affected by a natural disaster in the prior 12 months were more likely to report they had taken action to reduce risks from natural disasters (table 15).[30] Mitigation activities also differed by homeownership status. Renters were about twice as likely to investigate other places to live than homeowners, whereas homeowners were far more likely to improve their property to mitigate the risks of disasters. Among all adults, a smaller share purchased additional insurance to mitigate their natural disaster risk, compared with the shares who investigated other places to live or improved their property.

[29] Income differences and differences in the likelihood of living in different areas of the country could contribute to some of the differences by race and ethnicity in the likelihood of experiencing disruptions from natural disasters. However, after controlling for income and census region (or state), Black and Hispanic adults were still more likely to be affected by natural disasters in one of these ways than White adults.

[30] This could relate to how those who recently experienced a natural disaster assess future risks. In a separate question, those who had been affected by a natural disaster in the prior 12 months were more likely to say they expected their risk of a natural disaster to be higher in five years (46 percent), compared with adults who had not been affected (32 percent). Overall, 34 percent of adults expected risks of a natural disaster to increase, and 62 percent expected risks to be about the same in five years.

Banking and Credit

Access to financial services from banks and credit unions can be important for people's financial well-being. Most adults had a bank account and were able to obtain credit in 2022, but notable gaps in access to financial services still exist, particularly among those with low income, Black and Hispanic adults, and those with a disability.

Use of relatively new financial services like cryptocurrency for transactions and Buy Now, Pay Later (BNPL) remained low compared with use of traditional payment and credit methods. That said, while still low overall, use of these products tended to be higher among lower-income adults and among Black and Hispanic adults.

Bank Account Ownership

Six percent of adults were "unbanked" in 2022, meaning neither they nor their spouse or partner had a checking, savings, or money market account. This share was unchanged from 2021.

Unbanked rates were particularly high among adults with low income. Seventeen percent of adults with income below $25,000 were unbanked compared with 1 percent of adults with income of $50,000 to $99,999. Unbanked rates were also higher among younger adults, Black and Hispanic adults, and adults with a disability (table 16).

Overall, 11 percent of adults with a bank account said they paid an overdraft fee in the prior 12 months, unchanged from 2021.

Certain population segments were more likely to have paid an overdraft fee. For example, banked adults with income less than $50,000 were more than twice as likely to have paid an

Table 16. Unbanked rate (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	17
$25,000–$49,999	4
$50,000–$99,999	1
$100,000 or more	*
Age	
18–29	10
30–44	8
45–59	5
60+	2
Race/ethnicity	
White	3
Black	13
Hispanic	10
Asian	5
Disability status	
Disability	10
No disability	5
Overall	**6**

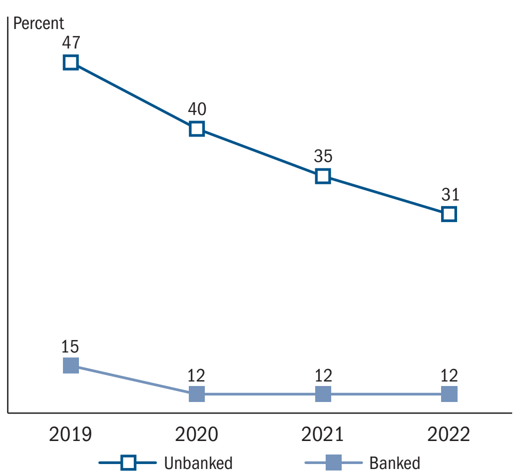
Note: Among all adults.
* Less than 0.5 percent

Table 17. Paid an overdraft fee on a bank account in the prior year (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	16
$25,000–$49,999	15
$50,000–$99,999	11
$100,000 or more	6
Age	
18–29	14
30–44	15
45–59	12
60+	6
Race/ethnicity	
White	9
Black	17
Hispanic	16
Asian	7
Disability status	
Disability	17
No disability	9
Overall	**11**

Note: Among adults with a bank account.

Figure 22. Use of nonbank check cashing and money orders (by bank account ownership)



Note: Among all adults.

overdraft fee as people with an income of $100,000 or more. Across races and ethnicities, a larger share of Black and Hispanic adults paid an overdraft fee in the past 12 months than Asian or White adults (table 17).

Nonbank Check Cashing and Money Orders

Thirteen percent of adults used nonbank check cashing or money orders, unchanged from 2021, and down 3 percentage points from 2019.

Both banked and unbanked adults used nonbank providers to conduct financial transactions, but the unbanked were much more likely to have done so. Twelve percent of banked adults used a nonbank money order or check cashing service, compared with 31 percent of unbanked adults (figure 22).

Use of nonbank money orders and check cashing has fallen among both unbanked and banked adults since 2019, although it has been flat among banked adults over the past two years (figure 22). The market for financial products and services continues to evolve, particularly in the digital space. As a result, people may be substituting away from money orders and check cashing services to other nonbank products and services not asked about on the survey.

Similar to demographic patterns in bank account ownership, use of nonbank check cashing and money orders was more common among those with lower income, Black and Hispanic adults, and adults with a disability (table 18). Use among Black adults was particularly high at nearly 3 in 10.

Cryptocurrency

Cryptocurrencies are relatively new digital assets that may be held as an investment or used for conducting financial transactions.[31] One in ten adults held or used cryptocurrency in 2022, down 2 percentage points from 2021. This overall decline reflects a drop in the share of adults who bought or held cryptocurrencies as an investment, which fell from 11 percent in 2021 to 8 percent in 2022 (table 19), potentially reflecting a response to declines in cryptocurrency asset values prior to the survey.

The share of adults using cryptocurrency for financial transactions was unchanged from 2021. It also remained less common than holding cryptocurrency as an investment. Overall, 3 percent of adults said they used cryptocurrency to make a financial transaction in the prior 12 months: 2 percent used cryptocurrency to buy something or make a payment, and 2 percent used it to send money to friends or family (table 19).[32]

The survey asked those who used cryptocurrency to make financial transactions for the main reason they did so (table 20). The three most cited reasons for using cryptocurrencies for transactions were that the person or business receiving the money preferred cryptocurrency, to send the money faster, and privacy.

Table 18. Use of nonbank check cashing and money orders (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	22
$25,000–$49,999	17
$50,000–$99,999	10
$100,000 or more	4
Age	
18–29	13
30–44	17
45–59	13
60+	9
Race/ethnicity	
White	8
Black	28
Hispanic	19
Asian	7
Disability status	
Disability	22
No disability	10
Overall	**13**

Note: Among all adults.

Table 19. Cryptocurrency use
Percent

Use	2021	2022
Bought or held as an investment	11	8
Used to buy something or make a payment	2	2
Used to send money to friends or family	1	2
Any use of cryptocurrency	**12**	**10**

Note: Among all adults. Respondents could select multiple answers.

[31] Cryptocurrencies are decentralized digital assets that have a distributed ledger and can be used for peer-to-peer payments. For additional information on cryptocurrencies, see Board of Governors of the Federal Reserve System, *Money and Payments: The U.S. Dollar in the Age of Digital Transformation* (Washington: Board of Governors, January 2022), https://www.federalreserve.gov/publications/money-and-payments-discussion-paper.htm.

[32] Because the survey is conducted online, the sample population may be more technologically connected than the overall population, which could increase the share of adults reporting use of emerging technologies such as cryptocurrencies.

Table 20. Main reason people used cryptocurrency for financial transactions

Reason	Percent
Person or business recieving the money preferred cryptocurrency	21
To send the money faster	21
Privacy	20
Cheaper	13
Safer	9
Don't trust banks	5
Other	10

Note: Among adults who used cryptocurrency for financial transactions.

Each of these reasons was cited by about one-fifth of transactional cryptocurrency users.

Use of cryptocurrency varied by people's willingness to take financial risks. Adults who said they were very willing to take financial risks were more likely to use cryptocurrency, either as an investment or for transactions. Just above one-fourth of those very willing to take financial risks used cryptocurrency in the prior year, compared with only 4 percent among those not at all willing to take financial risks.[33]

Table 21. Cryptocurrency use (by demographic characteristics)
Percent

Characteristic	Investment only	Transactions	Any
Family income			
Less than $25,000	5	4	9
$25,000–$49,999	5	2	7
$50,000–$99,999	8	2	10
$100,000 or more	10	2	12
Age			
18–29	10	4	14
30–44	11	4	15
45–59	7	2	10
60+	2	1	3
Race/ethnicity			
White	7	1	9
Black	6	6	12
Hispanic	7	4	12
Asian	12	3	15
Gender			
Male	10	3	14
Female	5	2	7

Note: Among all adults.

Use of cryptocurrency also differed across demographic and socioeconomic characteristics (table 21). Use was more common among younger adults and men, both for investment and transactions. This was the case even after controlling for people's self-reported willingness to take financial risks.

In contrast with age and gender, patterns by income, race, and ethnicity differed by whether the cryptocurrency was used for investment purposes or to conduct financial transactions. Adults with income of $100,000 or more were more likely than adults with lower incomes to hold cryptocurrency as an investment, whereas those with income less than $25,000 were more likely than those with higher incomes to use cryptocurrency for financial transactions. Looking across race and ethnicity shows that holding cryptocurrency as an investment was most likely among

[33] Respondents were asked to rate their willingness to take financial risks on a scale of 0 (i.e., not at all willing to take financial risks) to 10 (very willing to take financial risks).

Asian adults. In contrast, use of cryptocurrency for financial transactions was more common among Black and Hispanic adults than White or Asian adults.

One in ten adults held or used cryptocurrency in 2022, down 2 percentage points from 2021.

Use of cryptocurrency for financial transactions was more common among the unbanked, as well as those who used nonbank check cashing and money orders. Five percent of unbanked adults used cryptocurrency for financial transactions, compared with 3 percent among banked adults. Regardless of bank account ownership, those who used nonbank check cashing or money orders had a greater propensity to use cryptocurrency for transactions—8 percent among those who used nonbank check cashing or money orders compared with 2 percent among those who did not. That said, use of cryptocurrency for financial transactions remained very low, even among groups who were more likely to use cryptocurrency in this way.

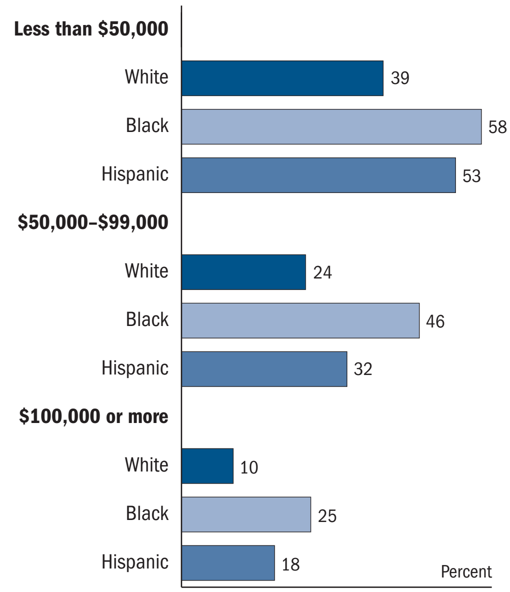
Credit Outcomes and Perceptions

Thirty-five percent of adults applied for credit in 2022, down 3 percentage points from 2021. And among those who applied, the share who were either denied credit, or approved for less credit than they requested, rose 2 percentage points to 30 percent.

Consistent with the higher denial rates, consumer confidence about credit card applications declined. Sixty-three percent of adults were "very confident" that their application would be approved if they applied for a credit card, down 2 percentage points from 2021. Similarly, the share of adults "not confident" that their application would be approved rose 2 percentage points to 14 percent.

The share of adults who were denied credit, or approved for less than requested, differed by income level. Forty-six percent of credit applicants with income below $50,000 experienced such actions, compared with 13 percent of those with income above $100,000.

Figure 23. Denied credit or approved for less than was requested (by family income and race/ethnicity)



Note: Among adults who applied for some form of credit in the past 12 months.

Denial rates also differed by race and ethnicity, with Black and Hispanic applicants being particularly likely to report a denial or an approval for less credit than requested. Moreover, Black and Hispanic adults saw higher denial rates regardless of income level (figure 23).

Credit Cards

People use credit cards in different ways. Some use credit cards merely as a way to pay expenses, paying off their balances in full each month and avoiding any interest costs. Others carry a balance and thus use credit cards as a true source of credit to defer paying expenses.

Eighty-two percent of adults had a credit card in 2022.[34] They were nearly evenly split between the people who paid off their balances in each of the previous 12 months and people who carried balances from month to month at least once in the prior year. Among those who carried a balance at least once, 73 percent were carrying a balance at the time of the survey.

Almost all people with an income of at least $100,000 had a credit card. At lower income levels, having a credit card was somewhat less common, though adults at these income levels who did have credit cards were more likely to use them to carry balances from month to month. Consequently, middle-income adults were the most likely to have a credit card that they used to finance purchases by carrying balances from one month to the next. Almost half of people with income between $25,000 and $99,999 carried a balance on a credit card at least once in the past 12 months, exceeding the shares of adults with either lower or higher income levels who did so (table 22).

Credit card usage also differed by race and ethnicity, age, and disability status. Over 90 percent of Asian adults had a credit card, followed by 87 percent of White adults and just over 70 percent of

[34] This share is higher than the 72 percent of households with a credit card in the 2021 FDIC Survey of Unbanked and Underbanked Households (https://www.fdic.gov/analysis/household-survey/2021report.pdf). One potential reason for this difference is that some respondents with a debit or prepaid card may consider that to be a credit card when answering the SHED questionnaire.

Table 22. Credit card access and usage (by demographic characteristics)
Percent

Characteristic	Has a credit card	Carried a balance (among credit card holders)	Carried a balance (among all adults)
Family income			
Less than $25,000	57	56	32
$25,000–$49,999	83	57	47
$50,000–$99,999	94	53	50
$100,000 or more	98	38	37
Age			
18–29	67	44	29
30–44	79	53	42
45–59	86	57	49
60+	92	40	37
Race/ethnicity			
White	87	42	37
Black	71	78	56
Hispanic	73	62	46
Asian	92	27	25
Disability status			
Disability	69	57	39
No disability	85	46	40
Overall	**82**	**48**	**40**

Note: Among all adults.

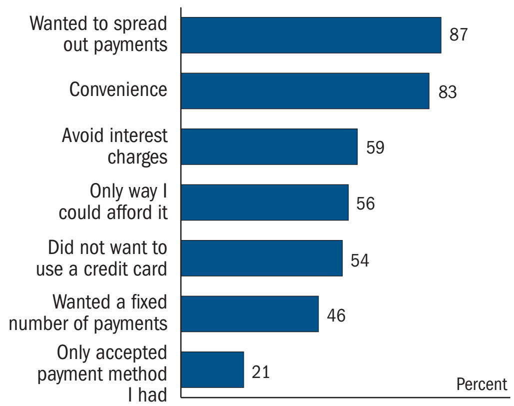
Black and Hispanic adults. While credit card ownership was lower among Black and Hispanic adults, those who did have a credit card were more likely to carry a balance. Young adults and those with a disability were also less likely to have a credit card than were older adults or those without a disability.

To get a sense of how credit card balances change over time, the survey asked respondents whether they had more, less, or about the same amount of credit card debt than they did a year ago. Among those with outstanding credit card debt, the share who said they were carrying more debt now than a year ago increased to 44 percent, up from the 29 percent who said so in 2021.

Buy Now, Pay Later

BNPL provides consumers the option to pay for a purchase with a small number of equal payments, often without being charged interest. For example, someone purchasing a $100 item may

Figure 24. Reasons for using Buy Now, Pay Later (BNPL)



Note: Among adults who have used BNPL in the past year. Respondents could select multiple answers.

Table 23. Buy Now, Pay Later (BNPL) use (by demographic characteristics)
Percent

Characteristic	Used BNPL	Paid late (among users)
Family income		
Less than $25,000	14	28
$25,000–$49,999	14	17
$50,000–$99,999	14	11
$100,000 or more	8	5
Age		
18–29	16	20
30–44	15	23
45–59	13	13
60+	6	7
Race/ethnicity		
White	9	12
Black	21	25
Hispanic	19	20
Asian	9	n/a
Gender		
Male	10	17
Female	14	17
Overall	**12**	**17**

Note: Among all adults.
n/a Not applicable.

be able to make one payment of $25 at the time of purchase, then make three additional monthly payments of $25.

Twelve percent of people used BNPL in the prior 12 months, up slightly from 10 percent in 2021. Just under 1 in 10 adults were making payments under a BNPL plan at the time of the survey—about half of whom were paying on just one purchase.

The top two reasons for using BNPL were wanting to spread out payments (87 percent) and convenience (83 percent) (figure 24). Additionally, 56 percent of those who used BNPL cited it being the “only way I could afford it” as a reason.

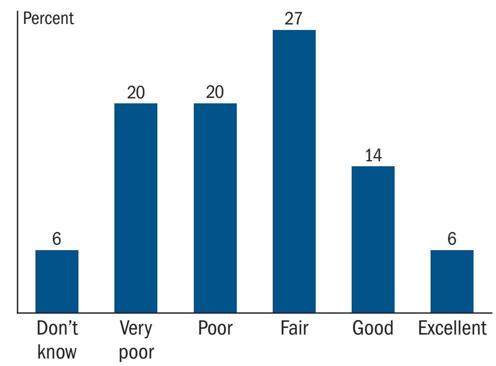
The use of BNPL was more common among people with low and middle income, Black and Hispanic adults, and women (table 23). Fourteen percent of those with incomes below $100,000 used BNPL in the prior year, compared with 8 percent of those with an income of $100,000 or more. Differences by race and ethnicity were large, with Black and Hispanic adults about twice as likely to use BNPL as White or Asian adults. Additionally, very little of this difference can be explained by other factors, such as income, age, and self-perceived credit rating.

People also differed in their use of BNPL according to their self-reported credit rating (figure 25). Those who rated their credit as “fair” were the most likely to use BNPL, followed by those rating their credit as “poor” or “very poor.” Moreover, among those who used BNPL, adults with lower self-reported credit ratings were also more likely to cite “only way

I could afford it" or "only accepted payment method I had" as reasons for using BNPL than adults who rated their credit higher. Use of BNPL was equally common among those with and without a credit card.

Most people who used BNPL made their payments on time. Overall, 17 percent of people who used BNPL in the prior 12 months were late making a payment, up 2 percentage points from 2021. However, late payments were more common among those with lower income, Black and Hispanic adults, and younger adults (table 23). Fifty-five percent of those late making a payment (9 percent of those who used BNPL) said they were charged extra for being late.

Figure 25. BNPL use (by self-reported credit rating)



Note: Among all adults.

The top two reasons for using BNPL were wanting to spread out payments and convenience.

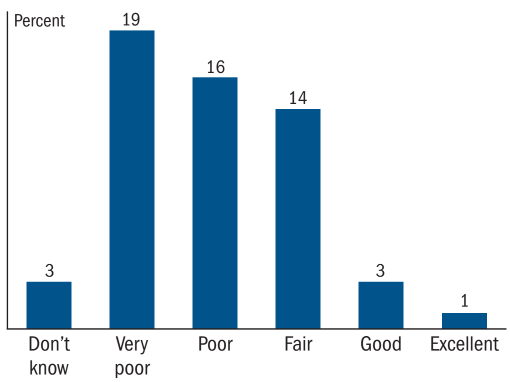
Payday, Pawn, Auto Title, and Refund Anticipation Loans

Five percent of adults used a payday, pawn, auto title, or tax refund anticipation loan in 2022, unchanged from 2021. This share has remained flat in recent years, except for a slight decline in 2020, after the onset of the pandemic.

Similar to those who used BNPL, adults with lower self-reported credit ratings were more likely to use one of these products (figure 26). Nearly 1 in 5 of those rating their credit as "very poor" did so, compared with only 1 percent of those rating their credit as "excellent." Unlike BNPL, however, use of these products was much higher among those who did not have a credit card (11 percent) than among those who did (3 percent).

Adults with a lower income, Black and Hispanic adults, and those with a disability were more likely to use a payday, pawn, auto title, or refund anticipation loan (table 24). Differences by race, ethnicity, and disability status were present even after controlling for other factors like income, age, and self-reported credit rating.

Figure 26. Use of payday, pawn, auto title, and refund anticipation loans (by self-reported credit rating)



Note: Among all adults.

Table 24. Use of payday, pawn, auto title, and refund anticipation loans (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	8
$25,000–$49,999	6
$50,000–$99,999	3
$100,000 or more	1
Age	
18–29	5
30–44	8
45–59	4
60+	1
Race/ethnicity	
White	3
Black	9
Hispanic	8
Asian	2
Disability status	
Disability	10
No disability	3
Overall	**5**

Note: Among all adults.

Housing

Housing represents the largest expense for most families and, consequently, housing decisions have the potential to substantially affect economic well-being. The majority of adults owned their homes. Adults who rented their homes were disproportionately lower income, Black, or Hispanic. Some renters faced challenges paying their rent and were more likely to be behind on rent in 2022 than before the COVID-19 pandemic.

Living Arrangements

Eighty-six percent of adults lived with other people, usually a spouse or a partner and frequently their children under age 18 (table 25). Some adults also live with people other than their spouse, partner, or minor children, including 14 percent of adults who lived with their parents, and 17 percent who lived with their children age 18 or older.

Table 25. Other people living in household

Category	Percent
Live alone	14
Spouse or partner	65
Children under age 18	26
Adult children age 18 or older	17
Parents	14
Brothers or sisters	7
Other relatives	5
Other non-relatives	5

Note: Among all adults. Respondents (others than those who live alone) could select multiple answers.

People live with others besides their spouse, partner, or minor children for a variety of reasons, and these reasons can change over time. Those in their 20s who lived with their parents most commonly did so to save money. The prevalence of living with one's parents to save money declines with age, although just above half of adults ages 45 to 59 who lived with their parents still said that they did so at least in part to save money (table 26). Conversely, the share of adults living with their parents who said that

Table 26. Reasons for living with parents (by age)
Percent

Reason	22–24	25–29	30–44	45–59
To save money	90	87	72	51
To help them financially	33	42	60	60
To provide help with childcare or medical care	11	15	29	40
To receive help with childcare or medical care	8	14	26	14
Prefer living with others	36	39	37	32

Note: Among adults living with parents. Respondents could select multiple answers.

Table 27. Homeownership rate (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	36
$25,000–$49,999	52
$50,000–$99,999	73
$100,000 or more	88
Race/ethnicity	
White	70
Black	47
Hispanic	51
Asian	65

Note: Among all adults.

Table 28. Median mortgage payment and mortgage payment-to-income ratio (by census region)

Median

Census region	Median mortgage payment, dollars	Median mortgage-to-income ratio
Northeast	1,500	0.16
Midwest	1,195	0.15
South	1,300	0.17
West	1,700	0.19
Overall	**1,400**	**0.17**

Note: Median mortgage payment is calculated among adults who own their own home and report a positive monthly mortgage payment. Median payment-to-income ratios are calculated among adults who own their own home and report a positive monthly mortgage payment and positive family income.

they did so to provide financial assistance generally increases with age. Providing financial assistance is the most common reason for living with parents among those ages 45 to 59.

Homeownership and Mortgages

Sixty-three percent of adults owned their homes. Yet, the likelihood of owning varied substantially across demographic groups. Nearly 90 percent of adults with a family income of $100,000 or more owned their home, compared with 36 percent among those with less than $25,000 in income. Differences were also present by race and ethnicity, even among those with higher income (table 27).

Nearly two-thirds of adults who owned their home had a mortgage in 2022. The median monthly mortgage payment was $1,400 (table 28).[35] Mortgage payment amounts differed across census regions. Mortgage payments were higher in the Northeast and West, compared with the Midwest and South.

The median share of family income that homeowners with a mortgage spent on their mortgage payment was 17 percent.[36] Differences across census regions in the median mortgage payment-to-income ratio were smaller compared with mortgage payments, as the median mortgage payment-to-income ratio helps to account for regional differences in cost of living.

[35] Owners with a mortgage were asked for the total mortgage payment that they send to their bank, which will typically include escrow payments for taxes and homeowners insurance but will not include utilities.

[36] The income measure used here is the family income of the respondent and their spouse and not that of the entire household. To the extent that people other than the respondent and their spouse pays part of the housing costs, it would reduce these ratios.

Renters

Just above one-fourth of adults (27 percent) rented their home in 2022.[37] Lower-income and Black and Hispanic adults were disproportionately likely to rent as opposed to own. Additionally, those who live in low- and moderate-income neighborhoods or who live in metro areas were more likely to be renters (table 29).

Renters' monthly payments were smaller than monthly mortgage payments made by homeowners. During 2022, the median monthly rent payment was $1,000, which was $400 less than the median mortgage payment.[38] That said, renters typically paid a larger share of their family income on housing costs because they frequently had lower incomes than homeowners (table 30). Renters paid a median of 32 percent of their family income on rent, nearly twice that of homeowners.

Consistent with mortgages, monthly rent payments were higher in the Northeast and West, compared with the Midwest and South. Even though the median rent in both the Northeast and West was $1,200, renters in the West spent a higher share of their family income on rent (table 30).

Table 29. Share who rent (by demographic characteristics)

Characteristic	Percent
Family income	
Less than $25,000	40
$25,000–$49,999	39
$50,000–$99,999	24
$100,000 or more	11
Race/ethnicity	
White	22
Black	41
Hispanic	35
Asian	28
Disability status	
Disability	37
No disability	24
Metropolitan status	
Metro area	28
Non-metro area	20
Neighborhood income	
LMI neighborhood	42
Non-LMI neighborhood	21

Note: Among all adults.

Table 30. Median rent amount and rent-to-income ratio (by census region)
Median

Census region	Median rent, dollars	Median rent-to-income ratio
Northeast	1,200	0.31
Midwest	790	0.30
South	900	0.31
West	1,200	0.36
Overall	**1,000**	**0.32**

Note: Median rent amount is calculated among renters who report a positive monthly rent. Median rent-to-income ratios are calculated among adult renters who report a positive monthly rent and positive family income.

Renter Experiences

Renters cited multiple reasons for renting their homes, with many renting their home instead of owning because of their financial

[37] The share who own plus the share who rent does not sum to 100 percent because some people live rent free in a house that neither they nor their spouse or partner own.

[38] Renters were asked for the amount that they pay in rent each month but were not asked what utilities are included in that payment. Hence, for some renters this amount may include some or all utilities as part of the payment.

Table 31. Reasons for renting (by year)
Percent

Reason	2022	2019
Can't afford down payment	65	62
More convenient or flexible to rent	56	52
Can't afford mortgage monthly payment	44	n/a
Cheaper to rent	42	55
Renting is less financially risky	42	50
Can't qualify for home mortgage	40	41
Prefer to rent	36	n/a
Trying to buy	32	35

Note: Among renters. Respondents could select multiple answers. The survey question differed slightly in 2019 compared with the 2022 version. Response options "Prefer to rent" and "Can't afford mortgage monthly payment" were not included in the 2019 SHED instrument. Other responses had slightly different wording.
n/a Not applicable.

circumstances. Consistent with that seen in 2019, when this question was last asked, the most cited reason for renting was an inability to afford a down payment—in 2022, nearly two-thirds of renters cited this as a reason. Four in ten renters indicated that they rent because they cannot qualify for a home mortgage, and 44 percent said they rent because they can't afford the monthly mortgage payment (table 31). Many renters who expressed challenges with affording a mortgage cited several of these reasons.

Although many renters noted financial constraints, these were not the only reasons for renting. Benefits of renting include the flexibility to move more easily as well as the convenience of not having to manage repairs. Over half of renters (56 percent) said that renting is more convenient, and 42 percent rent their homes because they perceive owning as a larger financial risk (table 31). Forty-two percent of renters found it cheaper to rent than own.

The most cited reason for renting was an inability to afford a down payment.

Rent inflation and changes in the cost of housing have the potential to cause some people to move. However, even with the increase in rent prices in 2022, relatively few renters moved primarily because of an increase in rents. Three percent of current renters (15 percent of current renters who moved in the past year) said that the main reason that they moved was because rent increased at their previous home.

Other renters moved because of an eviction or the threat of an eviction. Two percent of current renters said that they moved in the prior year because of an eviction or the threat of an eviction.[39] This represents 13 percent of current renters who moved during 2022.[40]

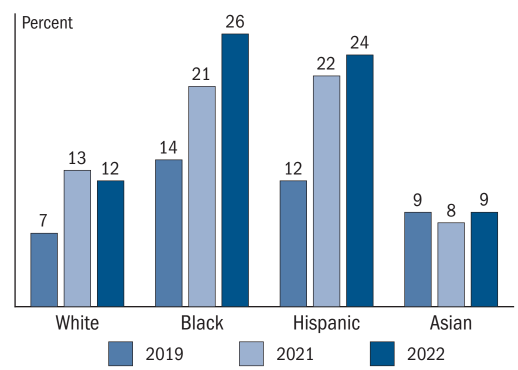
[39] In this report, people who experienced an eviction or the threat of eviction are considered those who reported they were evicted or received an eviction notice; had a landlord tell them or a person they were staying with to leave; missed a rent

Challenges with Rental Payments

Many renters faced challenges paying their rent in 2022. Seventeen percent of renters reported that they had been behind on their rent in the past year, matching the share in 2021.

Black and Hispanic renters were more likely to be behind on rent payments than White and Asian renters in 2022, continuing a pre-pandemic pattern (figure 27).[41] In 2022, Black renters were more than twice as likely—and Hispanic renters were twice as likely—than White renters to report being behind on rent in the past year.

Figure 27. Share of renters behind on rent during the year (by year and race/ethnicity)



Note: Among renters. Results for 2019 are based on a retrospective question asked in 2021. Key identifies bars in order from left to right.

Forty-five percent of those renters who reported being behind on rent in the past year still owed money for back rent or fees at the time they took the survey. This represents 8 percent of all renters, or 2 percent of all adults, and matches the share who still owed back rent or fees at the time of the 2021 survey. Among those who still owed money for back rent or fees, the median amount owed was $1,200.

payment and thought they would be evicted; or were living in a property that was condemned by the city, forcing them to leave.

[40] Some people who were evicted may have moved in with friends or family or moved to other living arrangements that do not require paying cash rent. However, among all people who moved in the past year and did not own their previous home, a similar 14 percent report that they moved because of an eviction or the threat of an eviction.

[41] The pre-pandemic 2019 results are based on a retrospective question on the 2021 survey.

Higher Education and Student Loans

Education is widely recognized as a path to higher income and greater financial well-being, and most adults who attended college feel that the investment paid off. However, some groups—including those who started college but did not complete their degree and those who attended private for-profit institutions—had less favorable assessments. Additionally, student loans continue to relate to people's perceptions of the returns to their education as they evaluate whether their educational choices improved their financial well-being.

Educational Attainment

Most adults have enrolled in at least some post-secondary education. Seventy percent of adults have ever enrolled in an educational degree program beyond high school, whereas just under one-half have received at least a certificate or technical degree, and 36 percent have received at least a bachelor's degree. However, consistent with increasing rates of college attendance over time, the share of adults who have ever enrolled in a degree program after high school was higher for younger adults than for older adults (table 32).[42] College attendance rates also vary substantially by race and ethnicity, with Hispanic adults being much less likely than others to have ever attended college, while Asian adults were more likely than average to have attended college.

Table 32. Educational attainment (by age, race/ethnicity, and parental education)
Percent

Characteristic	Ever attended college	Received bachelor's degree or more
Age		
18–29	75	34
30–44	72	42
45–59	69	36
60+	65	32
Race/ethnicity		
White	73	40
Black	67	26
Hispanic	57	20
Asian	91	66
Parental education		
Both parents high school degree or less	52	19
At least 1 parent with some college, neither with a bachelor's degree	79	36
At least 1 parent with a bachelor's degree	92	64
Overall	**70**	**36**

Note: Among all adults.

The likelihood of obtaining a college degree was higher among those whose parents were college graduates. Among adults who have at least one parent with a bachelor's degree,

[42] Though college enrollment rates among recent high school completers peaked at about 70 percent in 2009 and have since stagnated or fallen, enrollment rates remain historically high, averaging more than two-thirds of recent high school completers from 2010–19 compared with 45 percent in 1960 (see the National Center for Education Statistics web site at https://nces.ed.gov/programs/digest/d21/tables/dt21_302.20.asp). College enrollment declined to 63 percent in 2020 amid the pandemic.

64 percent received a bachelor's degree themselves. In contrast, 19 percent of adults whose parents did not attend college obtained a bachelor's degree.

The type of institution attended also varied with parental education, race, and ethnicity. Most adults who attended college went to public institutions (71 percent), while just less than one-fourth attended private nonprofit schools and 5 percent attended private for-profit schools.[43] Although for-profit schools comprised a relatively small share of the higher education attendance for students of a range of backgrounds, adults whose parents did not attend college were somewhat more likely to attend a for-profit institution than those who have a parent with a bachelor's degree—7 percent compared with 3 percent. Additionally, 12 percent of Black adults and 7 percent of Hispanic adults who went to college attended for-profit schools.[44]

Overall Value of Higher Education

Consistent with higher rates of financial well-being among those who have more education discussed in the "Overall Financial Well-Being" section of this report, just more than one-half of adults who went to college said that the lifetime financial benefits of their higher education exceeded the financial costs. Meanwhile, just above one-fifth said that the costs are higher. The rest saw the benefits as about the same as the costs. These self-assessments of the financial value of education have changed little in recent years.

The self-assessed value of higher education, while generally positive, depends on several aspects of a person's educational experience. In particular, those who completed their program and received a degree were more likely to see net benefits than those who did not complete a degree. Among those who went to college but did not complete at least an associate degree, 30 percent said the benefits of their education exceeded the cost. This fraction jumped to 42 percent of those with an associate degree and 68 percent of those with at least a bachelor's degree.

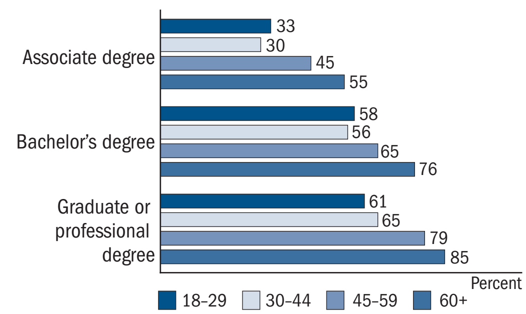
In addition to varying by level of education, the self-assessed value of higher education also generally increased with age. Among those who completed at least an associate degree, those who are age 45 and older had more positive assessments of the value of their education than those under

[43] Individuals do not self-report the type of institution in the survey. Instead, the institution type is assigned by matching the name and location of the college reported by the individual with data from the Center on Postsecondary Research at the Indiana University School of Education (https://cpr.indiana.edu/). For individuals who completed an associate or bachelor's degree, institution type is based on the school from which they received the degree. For other individuals, it is based on the last school attended.

[44] William R. Emmons and Lowell R. Rickets, "College Is Not Enough: Higher Education Does Not Eliminate Racial and Ethnic Wealth Gaps," *Federal Reserve Bank of St. Louis Review* 99, no. 1 (2017), 7–40 found significantly different wealth outcomes between racial and ethnic groups within the same education level, which could not be explained by observable characteristics such as age, family structure, financial decisionmaking, or luck. While likely not fully explaining the gap, one characteristic that could contribute to these differences in wealth returns to education across racial and ethnic groups is the type of school attended, since students' outcomes vary significantly between for-profit schools and other colleges.

age 45 who completed the same level of education (figure 28).[45] These shifting views on the benefits of college may reflect that older respondents have had a longer time to experience the benefit of higher earnings based on their education compared with younger respondents. It may also be driven by the rising costs of higher education and the increased use of student loans, which make costs remain more salient into adulthood.[46]

Figure 28. Benefits of education exceed costs (by education and age)



Note: Among adults who attended at least some college. Key identifies bars in order from top to bottom.

Reflecting the potential importance of student loans to perceptions of higher education, 43 percent of adults with outstanding student loans from their own education said the financial benefits of their higher education exceeded the costs. By comparison, 53 percent of adults who had completely paid off their student loans or who went to college but never had debt said the benefits of their education exceeded the cost.

The type of institution attended also was related to differences in how people viewed their education. Fifty-three percent of those who attended public institutions and 58 percent of those who attended private nonprofit institutions saw the financial benefits of their educational as greater than their costs. However, a far lower 31 percent of those who attended for-profit institutions felt their education was worth the cost.

Look Back on Education Decisions

Another way to assess the financial value of education is to consider what people would have done differently if given the chance. Most people valued the education they received, but with the benefit of hindsight and life experience, it was also common to think that different educational decisions could have been better. This provides an additional way to explore how people's views on their educational investments relate to their current financial well-being.

[45] A similar age profile is not observed for those who have not yet completed a degree, although this is because currently enrolled students who have not yet completed a degree generally have positive assessments of the value of their education. When restricting to those who are not enrolled, non-completers age 45 and older are more likely to say that their education produced net financial benefits than are younger non-completers (29 percent and 18 percent say the benefits exceed the cost, respectively).

[46] From 1995 to 2015, the average net tuition, fees, room, and board rose 54 percent at public four-year institutions and 29 percent at private, nonprofit, four-year institutions. However, the average net tuition, fees, room, and board at both public and nonprofit institutions declined from 2015 to 2022. See College Board, *Trends in College Pricing 2014*, https://research.collegeboard.org/pdf/trends-college-pricing-2014-full-report.pdf and College Board, *Trends in College Pricing and Student Aid 2022*, https://research.collegeboard.org/media/pdf/trends-in-college-pricing-student-aid-2022.pdf.

Of those with lower levels of education, the most common change that people would make would be completing more education.[47] Forty-seven percent of adults who attended college (and either completed at least an associate degree or were not currently enrolled) said that they would have completed more education in hindsight. Sixty-four percent of those who had less than a bachelor's degree would have completed more education as would 32 percent of those who completed at least a bachelor's degree. A far smaller 9 percent of people who went to college said that they would have completed less education or not gone to college if they could make their education decisions again.

Of those with lower levels of education, the most common change that people would make would be completing more education.

Additionally, reassessments of educational decisions varied by the type of institution attended. Forty-eight percent of those who received a bachelor's degree from a for-profit institution said they would have attended a different school in hindsight, compared with 24 percent of those who received their bachelor's degree from a private nonprofit institution and 20 percent who received their bachelor's degree from a public institution.[48] This difference remains even after accounting for the selectiveness of the institution, level of education completed, the parents' level of education, and demographic characteristics of the student.[49]

Of those adults who completed at least some college, the changes they would have made to their educational decisions were also related to the type of educational program they completed most recently.[50] Those whose most recent program was in engineering, computer or informational sciences, or health were the least likely to say they would have chosen a different field (figure 29).[51] Many adults who studied any of the fields considered still value the education they have, though

[47] The questions about changes to education are asked of people who completed at least some higher education and either completed their associate or bachelor's degree or are no longer enrolled.

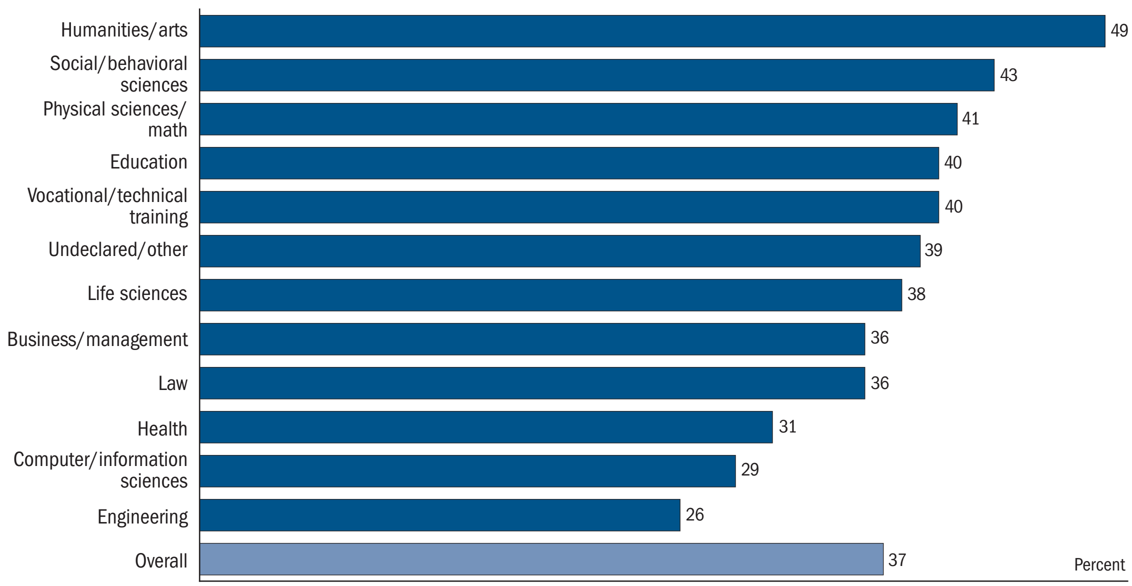
[48] These results are similar if those who completed less than a bachelor's degree are included.

[49] Selectiveness is based on definitions from "The Carnegie Classification of Institutions of Higher Education," web page, http://carnegieclassifications.iu.edu/.

[50] These results are consistent with research that financial returns to education vary by field of study. See, for example, Douglas A. Webber, "The Lifetime Earnings Premia of Different Majors: Correcting for Selection Based on Cognitive, Noncognitive, and Unobserved Factors," *Labour Economics* 28 (June 2014): 14-23; and Joseph G. Altonji and Seth D. Zimmerman, "The Costs of and Net Returns to College Major," in *Productivity in Higher Education*, ed. Caroline M. Hoxby and Kevin Stange (Chicago: University of Chicago Press, 2019), 133–176.

[51] Each category of educational programs may contain multiple fields of study, so it is possible that some respondents who said they would choose a different field of study in hindsight would not change their educational program. Additionally, respondents are asked to identify the educational program for their most recent degree, whereas the question about changing fields of study in hindsight asks respondents about undergraduate degrees. Because of this, these questions do not ask about the same degree program for people with more than a bachelor's degree. However, these findings do not substantially change when people with more than a bachelor's degree are excluded.

Figure 29. Would now choose different field of study (by most recent educational program)



Note: Among adults who attended at least some college. Adults who have not completed an associate or bachelor's degree and are currently enrolled in college are excluded.

views on the benefits of education vary along similar lines. For example, 72 percent of those who studied engineering said the financial benefits of their education exceeded the cost—the highest share of any field considered.

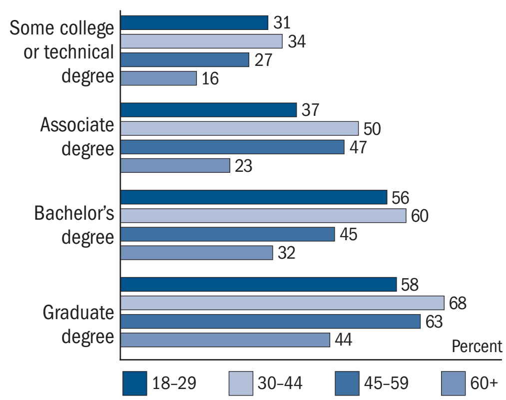
Incidence and Types of Education Debt

Many people finance their education by taking on debt. Thirty percent of all adults—representing more than 4 in 10 people who went to college—said they took out student loans for their education.[52] This includes 21 percent of college attendees who still owed money on outstanding loans ("student loan borrowers") and 21 percent who borrowed but fully repaid their education debts.

The share of adults who took out student loans for their education varied across age groups. Adults ages 30 to 44 were most likely to have taken out student loans for their education, while older adults were less likely to do so, consistent with the upward trend in educational borrowing

[52] Respondents were asked about their student loan debt as of July 2022, before the Department of Education's August 24 announcement of a policy to forgive $10,000 or $20,000 in federal student loan debt for most borrowers (see U.S. Department of Education, "Biden-Harris Administration Announces Final Student Loan Pause Extension Through December 31 and Targeted Debt Cancellation to Smooth Transition to Repayment," news release, August 24, 2022, https://www.ed.gov/news/press-releases/biden-harris-administration-announces-final-student-loan-pause-extension-through-december-31-and-targeted-debt-cancellation-smooth-transition-repayment). For more information on how people expected to use any potential student loan forgiveness, see box 1.

Figure 30. Acquired student loans for own education, including repaid debt (by age and education)



Note: Among adults who attended at least some college. Key identifies bars in order from top to bottom.

over the past several decades (figure 30).[53] Adults under age 30 were also less likely to have taken out student loans than adults ages 30 to 44, potentially because many young adults have not yet completed their education. Consistent with this, adults who completed higher levels of education were more likely to have taken out student loans than those who completed lower levels of education.

Most student loan borrowers with outstanding debt owed less than $25,000 on their own educational loans. The median amount of education debt in 2022 among those with any outstanding debt for their own education was between $20,000 and $24,999. Just above one-fourth of student loan borrowers had less than $10,000 in outstanding student debt from their own education.

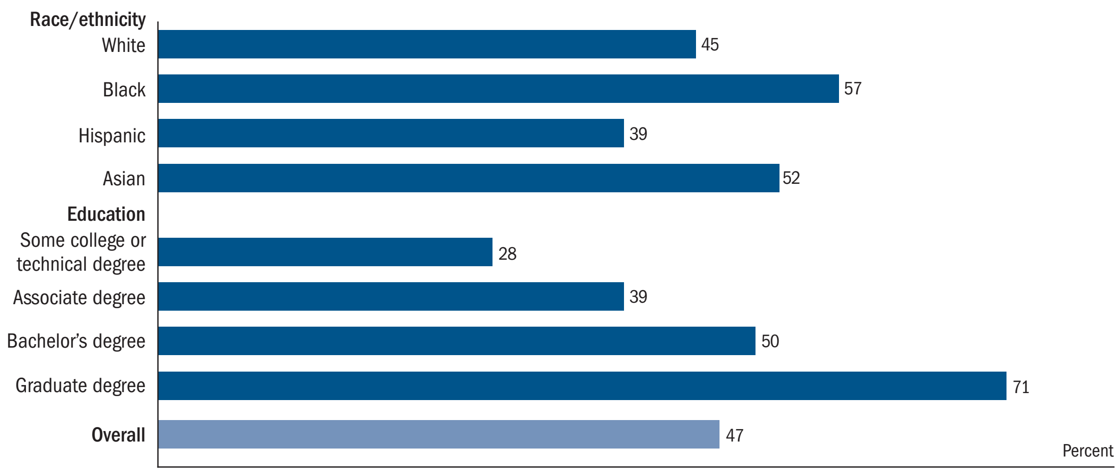
Student debt balances also varied across different demographic groups. Borrowers with lower levels of education were more likely to carry lower balances of student loan debt. Black borrowers were more likely to carry higher balances on student loan debt (figure 31).

The incidence of education debt varied by the type of institution attended. Among those who attended public institutions, 40 percent either previously held debt or currently had debt in 2022, compared with 56 percent of those who attended private nonprofit and 65 percent who attended for-profit institutions.

Some people also took out student loans to assist family members with their education through either a co-signed loan with the student or a loan taken out independently. Although this was less common than borrowing for one's own education, 6 percent of adults had student loans that paid for a child's or grandchild's education. The median amount of debt held for a child or grandchild's education was between $15,000 and $19,999.

[53] Student loan borrowing has declined since its peak in 2010–11 but remains substantially above the levels from the mid-1990s. (Jennifer Ma and Matea Pender, *Trends in College Pricing and Student Aid 2022* (New York: The College Board, 2021), https://research.collegeboard.org/media/pdf/trends-in-college-pricing-student-aid-2022.pdf).

Figure 31. Share of borrowers with at least $25,000 of student loan debt from their own education (by race/ethnicity and education)



Note: Among adults with outstanding student loans for their own education, excluding those who don't know the amount.

Student Loan Payment Status

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and subsequent executive orders in response to COVID-19 paused payments on federal student loans beginning in 2020.[54] As a result, most adults with outstanding student loans were not required to make monthly payments on their student loans at the time of the survey.

Fifteen percent of borrowers with debt from their own education reported that they were behind on payments or in collections for one or more of their student loans. Borrowers with less education or lower income were more likely to be behind on their student loan payments. Twenty-eight percent of borrowers with loans outstanding who completed less than an associate degree reported being behind, as did 25 percent of borrowers earning less than $25,000 (table 33).[55]

[54] Beginning on March 27, 2020, the CARES Act granted relief to student loan borrowers by temporarily pausing payments—including principal and interest—on federally held student loans. This payment pause for federal student loan borrowers was extended multiple times by executive orders during the COVID-19 pandemic and was in place at the time of the 2022 survey. (See U.S. Department of Education, "COVID-19 Emergency Relief and Federal Student Aid," https://studentaid.gov/announcements-events/covid-19.) Federal student loans account for most student loans (see Education Data Initiative web page, https://educationdata.org/student-loan-debt-statistics). Borrowers with private student loans were still required to make monthly payments.

[55] A small number of individuals who reported that they have student loans from their own education but are not enrolled in college and reported no education beyond high school are excluded from these results. Currently enrolled students are frequently not required to make payments, so they are less likely to fall behind. Among those with less than an associate degree who are not currently enrolled, a larger 34 percent of borrowers are behind.

Table 33. Behind on student loan payments (by family income and education)

Characteristic	Percent
Family income	
Less than $25,000	25
$25,000–$49,999	21
$50,000–$99,999	12
$100,000 or more	5
Education	
Some college or technical degree	28
Associate degree	19
Bachelor's degree	7
Graduate degree	6

Note: Among adults with outstanding student loans for their own education.

Difficulties with student loan payments also varied by the type of institution attended. Three in 10 borrowers who attended for-profit institutions were behind on student loan payments, compared with 11 percent who attended public institutions and 7 percent who attended private nonprofit institutions.

Although discussions of student loans frequently consider only those with outstanding debt, many people who borrowed for their education had repaid their loans completely. Excluding people who have paid off their debt could overstate the share people who borrowed who had difficulties with repayment. Indeed, the share of adults who were behind on their payments was much lower when accounting for all who ever borrowed, including those who had completely repaid that debt.

Among those who ever incurred debt for their education, 8 percent were behind on their payments at the time of the 2022 survey, 43 percent had outstanding debt and were current on their payments, and one-half had completely paid off their loans. Nevertheless, the demographic and educational characteristics of those who were behind on payments remain similar when also incorporating those who had paid off their loans.

Box 1. Expected Uses of Potential Student Loan Forgiveness

An important question for monitoring consumer spending is how individuals would adjust their spending in response to potential policy changes that impact their financial lives. Previous research has explored consumer uses of stimulus payments and tax credits.[1] Building off of that research, the SHED considered the potential effects of a policy to forgive a portion of student loan debt. At the time of the survey, a majority of student loan borrowers expected some or all of their student loans to be forgiven, and the survey asked respondents how they would use any savings from such forgiveness.[2]

A majority of borrowers said that if they had student loans forgiven, they would use the largest portion of any monthly savings from forgiveness to pay off debt. However, borrowers' expected uses of potential savings from student loan forgiveness varied by age and race (table A). Although the largest share of borrowers across all races and age groups expected to primarily use any savings to pay off debt, younger borrowers were more likely to expect to use debt forgiveness savings to save for a home purchase. Black borrowers were more likely than other borrowers to expect to use most of any savings from debt forgiveness to pay off other debt.

Table A. Expected main use of savings from potential student loan forgiveness (by age and race/ethnicity)

Percent

Characteristic	Pay off debt	Save for home purchase	Save for other things	Spend it on other things
Age				
18–29	49	19	28	4
30–44	56	12	25	7
45–59	67	4	22	8
60+	56	4	29	11
Race/ethnicity				
White	56	10	27	8
Black	62	11	21	6
Hispanic	54	12	27	6
Asian	51	11	29	9
Overall	**57**	**10**	**26**	**7**

Note: Among adults with outstanding student loans for their own education, adults with outstanding student loans for a child or grandchild's education, and adults whose spouse or partner has outstanding student loans for their education.

[1] See, for example, Claudia R. Sahm, Matthew D. Shapiro, and Joel Slemrod, "Household Response to the 2008 Tax Rebates: Survey Evidence and Aggregate Implications," Finance and Economics Discussion Series 2009-45 (Washington: Board of Governors of the Federal Reserve System, 2009); Oliver Coibion, Yuriy Gorodnichenko, and Michael Weber, "How Did U.S. Consumers Use Their Stimulus Payments," NBER Working Paper 27693 (Cambridge: NBER 2020), https://www.nber.org/papers/w27693; and Board of Governors of the Federal Reserve System, *Economic Well-Being of U.S. Households in 2021* (Washington: Board of Governors, May 2022), https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf.

[2] Those who said they expected student loan forgiveness were asked how they expected to use the largest share of any monthly savings from student loan forgiveness. Those who said they didn't expect forgiveness or were not sure were asked how they would use the savings if their student loans were forgiven.

Retirement and Investments

In 2022, retirees' descriptions of their reasons for retirement and their income sources were consistent with recent years. Retirees generally report high levels of financial well-being, but those with income from employment, pensions, or investments were doing better than those who relied solely on Social Security or other public income sources. Among non-retirees, a lower share said they felt like their retirement savings were on track compared with 2021. Differences by age and race or ethnicity in retirement preparedness among non-retirees also remained similar to earlier years.

Current Retirees

Retirees represent a sizeable portion of the adult population. Twenty-seven percent of adults in 2022 considered themselves to be retired, even though some were still working in some capacity.[56] Thirteen percent of retirees had done some work for pay or profit in the prior month. Consequently, 4 percent of all adults considered themselves retired and were still working. Part-time work was more common among retirees than full-time work (10 percent and 3 percent of retirees, respectively). In addition, retirees with more education were more likely to work in retirement. Eighteen percent of retirees with a bachelor's degree or more reported they were still working, compared with 9 percent of retirees with a high school degree or less.

In deciding when to retire, most retirees indicated that their preferences played a role, although life events contributed to the timing of retirement for a substantial share. Many indicated that multiple factors contributed to their timing. Fifty-one percent of retirees said a desire to do other things or to spend time with family was important for their decision to retire, and 47 percent said they retired because they reached a normal retirement age.

Nonetheless, 30 percent of retirees said that a health problem was a factor in their decision of when to retire, and 17 percent said they retired in part to care for family members. One in 10 said they were forced to retire or that work was not available. Collectively, health problems, caring for family, and lack of work contributed to the timing of retirement for 46 percent of retirees.

Social Security remained the most common source of retirement income, but 79 percent of retirees had one or more sources of private income. This included 56 percent of retirees with income from a pension; 42 percent with interest, dividends, or rental income; and 32 percent with

[56] In this report, descriptions of current retirees include everyone who reported being retired, including those who also reported that they are working.

Table 34. Sources of income among retirees (by age)
Percent

Income source	65+	Overall
Social Security (including Old-Age and DI)	92	78
Pension	65	56
Interest, dividends, or rental income	47	42
Wages, salaries, or self-employment	25	32
Cash transfers, other than Social Security	5	9

Note: Among retirees. Respondents could select multiple answers. Sources of income include the income of a spouse or partner. DI is disability insurance.

labor income (table 34).[57] Seventy-eight percent of retirees received income from Social Security in the prior 12 months, including 92 percent of retirees age 65 or older.

Retirees who reported that their family income included labor income (such as wages, salaries or self-employment income) were generally younger than retirees overall, and many had a working spouse. The median age of retirees whose family income included labor income was 65, compared with a median age of 69 for all retirees. Moreover, while 36 percent of retirees whose family income included labor income said they worked for pay or profit in the month prior to the survey despite being retired, a larger 60 percent reported they had a spouse who worked for pay or profit in the prior month.

Thirty percent of retirees said that a health problem was a factor in their decision of when to retire, and 17 percent said they retired in part to care for family members.

While retirees as a group had generally high levels of financial well-being, this varied depending on the individual's sources of income. In 2022, 79 percent of all retirees said they were doing at least okay financially. Among retirees whose family income included wages or other sources of labor income, a slightly higher share (83 percent) reported they were doing at least okay financially.

Among retirees who did not have labor income, those who had pensions or income from interest, dividends or rents were doing better financially than those who were reliant solely on Social Security and cash transfers from other government programs or reported no income sources in

[57] The type of pension was not specified, so pension income may include income from defined benefit plans, which pay a fixed monthly amount, and defined contribution plans, such as 401(k) and 403(b) plans.

2022.[58] Fifty-three percent of retirees who did not have private income said they were doing at least okay financially (table 35). This was far below the share of retirees who had income from private sources such as pensions and investments who were doing at least okay financially. Additionally, retirees without labor income who had both a pension and investment income were more likely to be doing okay financially than those who had just one or the other of these income sources.

Table 35. Financial well-beng among retirees without labor income (by other sources of private income in the prior 12 months)
Percent

Income source	At least okay financially
No private income	53
Pension	78
Interest, dividends, or rents	87
Pension + interest, dividends, or rents	96

Note: Among retirees without labor income. Sources of income include the income of a spouse or partner. Categories are mutually exclusive, so "Pension," for example, indicates the retiree had income from a pension but not interest, dividends, or rents. Retirees may have received income from public sources as well.

Retirement Savings among Non-Retirees

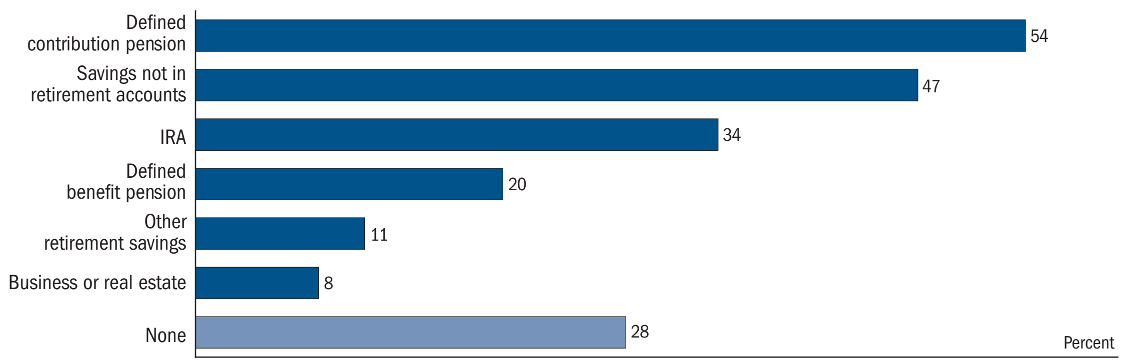
Although almost three-fourths of non-retired adults had at least some retirement savings, about 28 percent did not have any (figure 32). This share who did not report any retirement savings was up from 25 percent in 2021. Among those with retirement savings, these savings were most frequently in defined contribution plans, such as a 401(k) or 403(b), with 54 percent of non-retired adults having money in such a plan. These accounts were more than twice as common as traditional defined benefit pension plans. Forty-seven percent of non-retirees had retirement savings outside of formal retirement accounts.

While most non-retired adults had some type of retirement savings, only 31 percent of non-retirees thought their retirement saving was on track, down from 40 percent in 2021. The share of non-retirees who thought their retirement saving was on track was also below the shares who thought their saving was on track in 2017 through 2020 (figure 33). Because retirement saving strategies differ by circumstances and age, survey respondents assessed whether or not they felt that they were on track, but they defined that for themselves. Despite the individualized nature of retirement plans, declines in stock and bond prices during 2022 likely contributed to many respondents' assessments of their retirement preparedness.

Retirement savings and perceived preparedness differed across demographic groups. Younger adults were both less likely to have retirement savings and to view their savings as on track than older adults. Compared with all non-retirees, Black and Hispanic non-retirees were less likely to have retirement savings and to view their retirement savings as on track, while White and Asian

[58] For context on the income sources highlighted here, a "three-legged stool" has been used as a metaphor for a retirement savings strategy that includes Social Security, private pensions, and other savings and investments. For a history of this metaphor, see Larry DeWitt, "Origins of the Three-Legged Stool Metaphor for Social Security," Research Notes & Special Studies by the Historian's Office (Washington: Social Security Administration, May 1996), https://www.ssa.gov/history/stool.html.

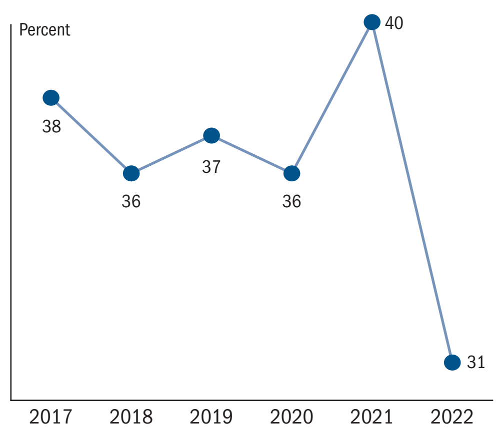
Figure 32. Forms of retirement savings among non-retirees



Note: Among non-retirees. Respondents could select multiple answers.

non-retirees were more likely to have such savings and say they were on track (table 36). Groups who reported larger balances of self-directed retirement savings, including older adults and White and Asian adults, saw larger declines between 2021 and 2022 in the share saying their savings were on track. Given the substantial declines in stock and bond prices in 2022, these groups with higher balances likely experienced larger dollar declines in their investments.

Figure 33. View retirement savings plan as on track (by year)



Note: Among non-retirees.

The lower rates of savings among Black and Hispanic non-retirees partly reflect the fact that Black and Hispanic adults were, on average, younger than the non-retired population overall. Even within age cohorts, however, significant differences remained in retirement savings by race and ethnicity, consistent with patterns seen in previous years.

Non-retirees with a disability were also less likely to have retirement savings and to view their savings as on track. Among non-retirees with a disability, just 47 percent had retirement savings and 13 percent viewed their savings as on track. Adults with a disability have a lower rate of employment compared with adults without a disability. In addition, adults with a disability who receive means-tested benefits may face asset limits that would deter holding any savings they may have accrued.

Occasionally, retirement savings can also act as a source of emergency funds for non-retirees who face economic hardships. Overall, 8 percent of non-retired adults tapped their retirement savings—matching the share who tapped accounts in 2021. Non-retirees who had experienced economic shocks in the past year were more likely to have borrowed from, or cashed out, funds from their retirement accounts in the prior 12 months. Thirteen percent of non-retirees who had unexpected, out-of-pocket major medical expenses in the past 12 months borrowed from, or cashed out, these accounts, compared with 7 percent of those who did not have this type of expense. Fourteen percent of non-retirees who experienced a layoff in the past 12 months tapped their retirements accounts, compared with 8 percent of those who had not been laid off.[59]

Table 36. Have retirement savings and view retirement savings plan as on track (by age, race/ethnicity, and disability status)
Percent

Characteristic	Any retirement savings	Retirement savings on track
Age		
18–29	57	24
30–44	72	32
45–59	81	34
60+	88	41
Race/ethnicity		
White	80	37
Black	60	22
Hispanic	56	20
Asian	84	38
Disability status		
No disability	76	34
Disability	47	13
Overall	**72**	**31**

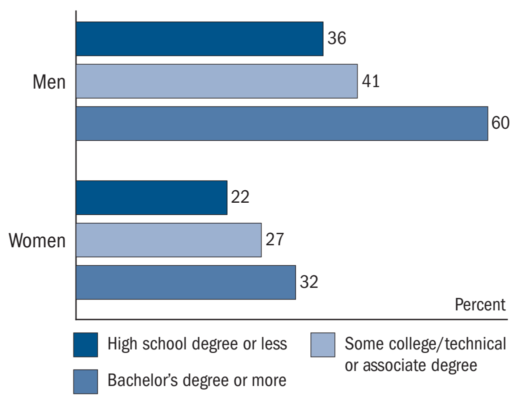
Note: Among non-retirees.

Self-directed retirement accounts frequently rely on individuals to have the skills and knowledge required to manage their own investments. Non-retirees with self-directed retirement savings varied in their comfort with making investment decisions for their accounts. Sixty-one percent of non-retirees with self-directed retirement savings expressed low levels of comfort in making investment decisions with their accounts.

Among those non-retirees with self-directed savings, a higher share of men was comfortable managing their retirement investments compared to women (figure 34). Sixty percent of men with a bachelor's degree were mostly or very comfortable making investment decisions, compared to 32 percent of women with this level of education who were mostly or very comfortable. In fact, the 32 percent of women with a bachelor's degree who were comfortable investing was similar to the 36 percent of men with a high school degree or less who expressed the same level of comfort.

[59] For more on early withdrawals and the relationship with economic shocks and income, see Robert Argento, Victoria L. Bryant, and John Sabelhaus, "Early Withdrawals from Retirement Accounts during the Great Recession," *Contemporary Economic Policy* 33, no. 1 (2015), 1–16.

Figure 34. Mostly or very comfortable investing self-directed retirement savings (by gender and education)



Note: Among non-retirees with self-directed retirement savings. Key identifies bars in order from top to bottom.

Financial Literacy and Experience with Financial Decisions

To get some sense of individuals' financial knowledge, respondents were asked three questions—on interest, inflation, and risk diversification, respectively—that are commonly used as measures of financial literacy (figure 35).[60]

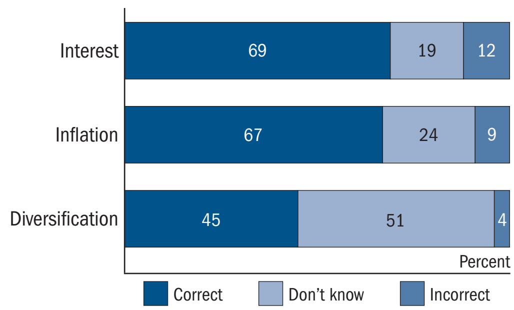
Higher shares of adults provided correct answers to questions about interest and inflation than to the question on risk diversification. The average number of correct answers was 1.8 out of 3, and 35 percent of adults got all three correct.

Financial literacy was higher among adults who were involved with financial decisionmaking. This could reflect specialization and division of responsibilities within a household, and financial knowledge can also be gained through experience. Adults who said they made most of the financial decisions in their household or who shared in these decisions with someone else answered over 6 in 10 financial literacy questions correctly (62 and 63 percent, respectively). However, adults who said that another member of the household made most of the decisions averaged fewer correct answers (49 percent).

Measures of financial literacy were also correlated with self-assessed comfort in managing investments. Among those with self-directed retirement accounts, on average, those who expressed comfort with managing their investments answered a larger share of questions correctly (77 percent) than those who expressed little or no comfort (63 percent) (table 37). Overall, however, non-retirees with such accounts still answered more financial literacy questions correctly, on average, than either non-retirees who did not have such accounts or people who were already retired.

[60] These questions were developed by Annamaria Lusardi and Olivia Mitchell and have been widely used to study financial literacy. (See Annamaria Lusardi and Olivia Mitchell, "Financial Literacy around the World: An Overview," *Journal of Pension Economics and Finance* 10, no. 4 (2011): 497–508.) In the 2022 SHED, half of the respondents received the questions and answer choices developed by Lusardi and Mitchell, and the results reported here reflect their responses. The other half of the respondents received the same questions without the "don't know" answer option. The discussion in this section only includes those respondents who are asked the question with the "don't know" option. Full question wording is available in appendix A and results from the group who received the alternative formulation are included in appendix B of this report.

Figure 35. Responses to financial literacy questions



Note: Among all adults. Key identifies bars in order from left to right.

Table 37. Share of financial literacy questions answered correctly (by retirement savings and comfort investing)

Presence of retirement savings and level of investing comfort	Percent
Has self-directed retirement savings	68
Mostly or very comfortable investing	77
Not or slightly comfortable investing	63
No self-directed retirement savings	37
Retired	65
Overall	**60**

Note: Among all adults.

Gender differences in financial literacy mirrored differences in being comfortable with investment decisions. Women, on average, answered a lower share of financial literacy questions correctly (54 percent) than men (66 percent). Women were also more likely to select "don't know" (37 percent) than men (25 percent). As a result, women, on average, had lower levels of financial literacy by this measure. Some evidence suggests that one driver of this gender difference may relate to different levels of experience with financial decisions.[61]

[61] Some of the gender gap in financial literacy may relate to specialization in financial tasks within a household, with women being less likely to handle the finances. Joanne Hsu finds that women's financial literacy increases after the death of a spouse. (See Joanne W. Hsu, "Aging and Strategic Learning: The Impact of Spousal Incentives on Financial Literacy," *Journal of Human Resources* 51(4) (Fall 2016): 1036–67.)

Description of the Survey

The Survey of Household Economics and Decisionmaking was fielded from October 21 through November 1, 2022. This was the 10th year of the survey, conducted annually in the fourth quarter of each year since 2013.[62] Staff of the Federal Reserve Board wrote the survey questions in consultation with other Federal Reserve System staff, outside academics, and professional survey experts.

Ipsos, a private consumer research firm, administered the survey using its KnowledgePanel, a nationally representative probability-based online panel. Since 2009, Ipsos has selected respondents for KnowledgePanel based on address-based sampling (ABS). SHED respondents were then selected from this panel.

Survey Participation

Participation in the 2022 SHED depended on several separate decisions made by respondents. First, they agreed to participate in Ipsos's KnowledgePanel. According to Ipsos, 9.3 percent of individuals contacted to join KnowledgePanel agreed to join (study-specific recruitment rate). Next, they completed an initial demographic profile survey. Among those who agreed to join the panel, 60.8 percent completed the initial profile survey and became a panel member (study-specific profile rate). Finally, selected panel members agreed to complete the 2022 SHED.

Of the 18,430 panel members contacted to take the 2022 SHED, 11,775 participated and completed the survey, yielding a final-stage completion rate of 63.9 percent.[63] Taking all the stages of recruitment together, the cumulative response rate was 3.6 percent. After removing a small number of respondents because of high refusal rates or completing the survey too quickly, the final sample used in the report included 11,667 respondents.[64]

Targeted Outreach and Incentives

To increase survey participation and completion among hard-to-reach demographic groups, Board staff and Ipsos used a targeted communication plan with monetary incentives. The target groups—young adults age 18 to 29; adults with less than a high school degree; adults with

[62] Data and reports of survey findings from all past years are available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

[63] Four hundred seventy-four respondents were not included in the analysis because they started, but did not complete, the survey (known as break-offs). The study break-off rate for the SHED was 3.9 percent.

[64] Of the 11,775 respondents who completed the survey, 108 were excluded from the analysis in this report because of either leaving responses to a large number of questions missing, completing the survey too quickly, or both.

household income under $50,000 who are under age 60; and those who are a race or ethnicity other than White, non-Hispanic—received additional email reminders during the field period, as well as additional monetary incentives.

All survey respondents not in a target group received a $5 incentive payment after survey completion. Respondents in the target groups received a $15 incentive. These targeted individuals also received an additional follow-up email during the field period to encourage completion.[65]

Survey Questionnaire

The 2022 survey took respondents 22.9 minutes (median time) to complete.

A priority in designing the survey questions was to understand how individuals and families—particularly those with low- to moderate-income—fared financially in 2022. The questions were intended to complement and augment the base of knowledge from other data sources, including the Board's Survey of Consumer Finances. In addition, some questions from other surveys were included to allow direct comparisons across datasets.[66] The full survey questionnaire can be found in appendix A of this report.

Survey Mode

While the sample was drawn using probability-based sampling methods, the SHED was administered to respondents entirely online. Online interviews are less costly than telephone or in-person interviews and can be an effective way to interview a representative population.[67] Ipsos's online panel offers some additional benefits. Their panel allows the same respondents to be re-interviewed in subsequent surveys with relative ease, as they can be easily contacted for several years.

Furthermore, internet panel surveys have numerous existing data points on respondents from previously administered surveys, including detailed demographic and economic information. This allows for the inclusion of additional information on respondents without increasing respondent

[65] All participants received a pre-notification email before the survey launch. They also received a reminder on the third day of the field period in addition to the initial survey invitation. Targeted respondents received one additional email reminder on day seven of fielding.

[66] For a comparison of results to select overlapping questions from the SHED and Census Bureau surveys, see Jeff Larrimore, Maximilian Schmeiser, and Sebastian Devlin-Foltz, "Should You Trust Things You Hear Online? Comparing SHED and Census Bureau Survey Results," Finance and Economics Discussion Series Notes (Washington: Board of Governors of the Federal Reserve System, October 15, 2015), https://doi.org/10.17016/2380-7172.1619.

[67] David S. Yeager et al., "Comparing the Accuracy of RDD Telephone Surveys and Internet Surveys Conducted with Probability and Non-Probability Samples," *Public Opinion Quarterly* 75, no. 4 (2011): 709–47.

burden.[68] The respondent burdens are further reduced by automatically skipping irrelevant questions based on responses to previous questions.

The “digital divide” and other differences in internet usage could bias participation in online surveys, so recruited panel members who did not have a computer or internet access were provided with a laptop and access to the internet to complete the surveys. Even so, individuals who complete an online survey may have greater comfort or familiarity with the internet and technology than the overall adult population, which has the potential to introduce bias in the characteristics of who responds.

Sampling and Weighting

The SHED sample was designed to be representative of adults age 18 and older living in the United States.

The Ipsos methodology for selecting a general population sample from KnowledgePanel ensured that the resulting sample behaved as an equal probability of selection method (EPSEM) sample. This methodology started by weighting the entire KnowledgePanel to the benchmarks in the latest March supplement of the Current Population Survey (CPS) along several geo-demographic dimensions. This way, the weighted distribution of the KnowledgePanel matched that of U.S. adults. The geo-demographic dimensions used for weighting the entire KnowledgePanel included gender, age, race, ethnicity, education, census region, household income, homeownership status, and metropolitan area status.

Using the above weights as the measure of size (MOS) for each panel member, in the next step a probability proportional to size (PPS) procedure was used to select study specific samples. This methodology was designed to produce a sample with weights close to one, thereby reducing the reliance on post-stratification weights for obtaining a representative sample.

After the survey collection was complete, statisticians at Ipsos adjusted weights in a post-stratification process that corrected for any survey non-response as well as any non-coverage or under- and oversampling in the study design. The following variables were used for the adjustment of weights for this study: age, gender, race, ethnicity, census region, residence in a metropolitan area, education, and household income. These weighting variables are consistent with those used in earlier waves of the survey. Demographic and geographic distributions for the noninstitutionalized, civilian population age 18 and older from the March CPS were the benchmarks in this adjustment. Household income benchmarks were obtained from the 2022 March CPS.

[68] This approach also may allow for the retroactive linking of information learned about respondents from other data, as was done in 2022 to determine Asian respondents in earlier years of the survey.

One feature of the SHED is that a subset of respondents also participated in prior waves of the survey. In 2022, about one-third of respondents had participated in the fall 2021 survey. Prior year case identifiers for these repeat respondents are available in the publicly available dataset, along with weights for this subset of respondents. These weights use a similar procedure as described above to ensure estimates based on the repeated sample are representative of the U.S. population.

Although weights allow the sample population to match the U.S. population (excluding those in the military or in institutions, such as prisons or nursing homes) based on observable characteristics, similar to all survey methods, it remains possible that non-coverage, non-response, or occasional disparities among recruited panel members result in differences between the sample population and the U.S. population. For example, address-based sampling likely misses homeless populations, and non-English speakers may not participate in surveys conducted in English.[69]

Despite an effort to select the sample such that the unweighted distribution of the sample more closely mirrored that of the U.S. adult population, the results indicate that weights remain necessary to accurately reflect the composition of the U.S. population. Consequently, all results presented in this report use the post-stratification weights produced by Ipsos for use with the survey.

Item Non-response and Imputation

Item non-response in the 2022 SHED was handled by imputation. Typically, less than 1 percent of observations were missing for each question, although non-response was higher for some questions such as income amounts.[70] As a result, population estimates were not sensitive to the imputation procedure and a simple regression approach was used.[71] For continuous variables such as income, rent, and mortgage payment amounts, a hot deck approach was used.[72]

[69] For example, while the survey was weighted to match the race and ethnicity of the entire U.S. adult population, there is evidence that the Hispanic population in the survey were somewhat more likely to speak English at home than the overall Hispanic population in the United States. In the 2022 SHED, the percent of Hispanic adults who speak Spanish at home is below estimates from the 2021 American Community Survey. See table B16006 at https://data.census.gov. For a comparison of results to select questions administered in Spanish and English, see Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2017* (Washington: Board of Governors, May 2018), https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf.

[70] Because item non-response is very low in the SHED, 2022 estimates are comparable with prior years where item non-response was handled differently.

[71] A logit regression was used for binary variables, a multinomial logit for categorical variables, an ordinal logit for ordered values, and a linear regression for continuous values. Typical predictors included income, education, race and ethnicity, age, gender, and metropolitan status, but varied depending on how well they predicted the variable of interest and item non-response. Additional predictors were included as appropriate.

[72] This approach involved assigning values to non-responses by copying responses from demographically similar respondents. To do this, we first grouped respondents by characteristics such as education, age, and income, and we then arranged respondents within groups by the time of their survey completion. Each non-response was matched with the nearest neighbor within their group based on survey completion time, and values were imputed for each non-response by drawing from their nearest neighbor's response.

The imputation procedure was carried out as follows:

1. Impute questions, like income and education, to be used in the imputation models throughout.
2. Continue at the beginning of the survey and impute missing values sequentially, question by question.

In some cases, the imputation for one question affected later questions by switching an observation from out-of-universe to in-universe or vice versa. These cases were handled by imputing the missing "downstream" question response or recoding it to missing, where appropriate.

Each variable in the publicly available SHED dataset has a corresponding imputation flag, 'var'_iflag, which is set to 1 if the observation was imputed and 0 otherwise.[73] For example, the first question of the survey about whether the respondent lived with their spouse or partner, L0_a, has a corresponding imputation flag of L0_a_iflag. This question had 28 missing values that were imputed, accounting for 0.2 percent of all observations.

[73] The survey data can be downloaded from the Federal Reserve website at https://www.federalreserve.gov/consumerscommunities/shed_data.htm.

Acknowledgements

This survey and report were prepared by the Consumer and Community Research Section of the Federal Reserve Board's Division of Consumer and Community Affairs (DCCA).

DCCA directs consumer- and community-related functions performed by the Board, including conducting research on financial services policies and practices and their implications for consumer financial stability, community development, and neighborhood stabilization.

DCCA staff members Alicia Lloro, Ellen Merry, Jeff Larrimore, Jacob Lockwood, Zofsha Merchant, and Anna Tranfaglia prepared this report.

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If you have questions about the survey or this report, please email SHED@frb.gov.

Corrections

The Federal Reserve revised this report on August 15, 2023, to reflect corrected data described below.

On page 67, in the Retirement and Investments section, the sentence "Although over three-fourths of non-retired adults had at least some retirement savings, about 28 percent did not have any" was corrected to "Although almost three-fourths of non-retired adults had at least some retirement savings, about 28 percent did not have any."

On page 67, in the Retirement and Investments section, the sentence "The share of non-retirees who thought their retirement saving was on track was also below the shares who thought their saving was on track in 2018, 2019, and 2020" was corrected to "The share of non-retirees who thought their retirement saving was on track was also below the shares who thought their saving was on track in 2017 through 2020."

On page 68, in the Retirement and Investments section, figure 33, "View retirement savings as on track (by year)," data for the year 2017 were corrected from 28 percent to 38 percent.

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