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Emergency Savings and Financial Security

Insights from the Making Ends Meet Survey and Consumer Credit Panel

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Consumer Financial Protection Bureau

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1. Introduction

Many consumers face unforeseen threats to financial well-being, from individual household shocks like a needed car repair, medical bill, or job loss, to broader-scale shocks, such as natural disasters and global health crises. One fundamental way for consumers to weather unexpected shocks is through the use of savings—particularly, emergency savings. Yet financial constraint resulting from obligatory expenses and insufficient income can impede consumers' ability to save for emergencies. At the same time, consumers' access to traditional credit products—or lack of access—can also play a role in whether consumers are able to weather financial setbacks.

This report provides new insights across a broad range of consumers' financial experiences by leveraging two powerful CFPB data resources: the Bureau's Making Ends Meet survey paired with credit bureau data from our Consumer Credit Panel (CCP).[1] First, the Making Ends Meet survey directly asks consumers about their savings (e.g., savings products, amounts, and reasons for saving), financial pressures (e.g., difficulty paying bills, overdrafting a checking account, and carrying an unpaid balance on a credit card), and financial well-being, as well as their demographic and economic characteristics such as household income, race and ethnicity, educational attainment, and age. Second, the CCP, which is a deidentified sample of credit records maintained by one of the three nationwide consumer reporting agencies, allows us to observe these same consumers' credit and debt profiles, including their credit score, amount of credit available, and debt levels, including delinquent debt. The pairing of the Making Ends Meet survey data with credit bureau data allows us to provide a unique picture of consumers' financial profiles.

These rich data reveal much about the current state of consumer finances in the wake of an especially turbulent period, triggered by the COVID-19 pandemic, in which Americans from all walks of life experienced unexpected changes, emergencies, dips in income, and expense shocks. Building on research showing that savings can help shield consumers from financial insecurity in the face of shocks and is a key building block in financial well-being, this report explores consumers' financial lives through the lens of emergency savings.[2]

Uniquely, we look at money consumers report they currently have set aside that could be used for emergencies, rather than simply assuming money reported in checking and/or savings accounts can be used for emergencies, as it could be earmarked for other purposes. Specifically,

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[1] We discuss these data in more detail in **Section 2** and **Appendix A**.

[2] See McKernan, Ratcliffe, Braga, and Kalish (2016) and Sabat and Gallagher (2019) for analyses that show savings can help shield consumers from financial insecurity and see CFPB (2017) for a discussion of the link between savings and financial well-being.

we separate consumers into three emergency savings groups based on a combination of their income and how much money they report currently having set aside that could be used for emergencies. The three groups are:

- No emergency savings,
- Some emergency savings, but less than a month of income saved for emergencies, and
- At least a month of income saved for emergencies. [3]

Pairing information on consumers' emergency savings with credit bureau data contributes a novel and more comprehensive understanding of consumers' financial lives. We provide insight into previously unexplored areas of interest for researchers and policy makers by examining how consumer financial profiles—their savings and checking account balances, credit and debt profiles, and indicators of financial hardship—vary by levels of emergency savings. This report will serve as a valuable, original resource for researchers, the policy community, and practitioners who study, advocate for, and serve struggling consumers.

Key findings from our analyses include:

- Nearly a quarter of consumers (24 percent) have no savings set aside for emergencies, while 39 percent have less than a month of income saved for emergencies and 37 percent have at least a month of income saved for emergencies.
- Consumers who are more likely to be disadvantaged—those with lower incomes, who have limited education, and who are non-White—also have lower levels of emergency savings. For example, while 41 percent of consumers with no more than a high school or vocational degree have no emergency savings, the share is 6 percent for those with a college degree.
- Consumers' level of emergency savings generally aligns with their overall financial profiles. Consumers with no savings are the most likely to have no or a subprime credit score, delinquent debt, and low financial well-being, while consumers in the highest emergency savings group generally have healthy financial profiles including prime credit and above average financial well-being. The middle emergency savings group has a mixed profile—some struggling with delinquent debt and bills, others with prime credit and little debt.
- The magnitude of the differences in particular aspects of the three emergency savings groups are striking. Examples include:

[3] These three groups are based on the literature, as discussed in Section 2 below.

- *Credit score:* Only about a quarter (27 percent) of consumers with no emergency savings have a prime or super-prime credit score, while the shares for consumers in the middle and highest savings groups are substantially higher at 69 percent and 90 percent, respectively.
- *Delinquent debt:* 40 percent of consumers with no emergency savings have debt 60 or more days past due. This share drops by more than half—to 19 percent—for those in the middle savings group, and to 5 percent for those in the highest savings group.
- *Account overdraft:* 35 percent of consumers with no emergency savings report overdrafting their checking or savings account in the past 12 months. The share drops to 19 percent and 4 percent for consumers in the middle and highest savings groups.
- *Available credit:* Over half (55 percent) of consumers with no emergency savings and a quarter (24 percent) of consumers in the middle savings group have no credit available on a credit card either because they do not have a credit card or they have exhausted their credit card limit. The combination of no or limited emergency savings, along with no credit available on a credit card, may make theses consumers particularly financially vulnerable when experiencing financial shocks. The share is 8 percent for consumers in the highest savings group.

- Consumers with no emergency savings are the most likely to struggle to meet financial obligations, although consumers with savings are not immune from financial strain. Two-thirds (68 percent) of consumers with no emergency savings report that finances control their lives often or always. Among consumers in the middle and highest savings groups, the shares are 35 percent and 14 percent, respectively.
- Most consumers in each of the three emergency savings groups (62 to 72 percent) identify "emergencies or unexpected needs" as an important reason to save. There are, however, differences across the three savings groups in other reported reasons to save. Consumers with no emergency savings are more focused on saving to pay down debt than saving for future goals, like retirement. A subset of consumers with no emergency savings (29 percent) nonetheless have some retirement savings.

The remainder of this report is organized as follows. First, we discuss more thoroughly our data and approach, motivating the specific emergency savings groups we use to categorize respondents. Then, we describe the socio-economic and demographic characteristics of consumers with different levels of emergency savings. In the next section, we investigate how and why consumers save for emergencies and the future. In the last two sections, we explore the debt and credit side of consumers' balance sheets and consumers' financial security, such as their difficulty paying bills.

2. Data and Approach

The Making Ends Meet survey, developed by the CFPB's Office of Research, is a survey of U.S. adults with a credit bureau record. The sample for the survey was selected from the CFPB's Consumer Credit Panel, which is a 1-in-48 deidentified sample of credit records maintained by one of the three nationwide credit reporting agencies.[4] The connection of the Making Ends Meet survey data to credit bureau data allows us to provide a unique picture of consumers' financial profiles. The survey asks questions designed to understand households' finances, including income, savings, use of alternative financial services, instances of running low on money, income and expense shocks, and household demographic characteristics.

The survey was mailed to 7,150 consumers in February 2021, and 1,075 consumers responded to the survey, resulting in a response rate of 15 percent.[5] Most respondents completed the survey in February or March 2021, but responses were allowed through May 2021.[6] By and large, the credit bureau data are from the month the consumer responded to the survey.[7] One exception is respondents' credit scores, which are only available quarterly. We use the respondents' credit score from the month (December 2020 or March 2021) closest to the date that the respondent completed the survey.

The Making Ends Meet survey primarily has been used to highlight consumer experiences with financial difficulties and how they cope with shortfalls. However, in 2021 we included a battery of questions to better understand how and why consumers save. Against the backdrop of the COVID-19 pandemic—one of the largest financial emergencies in recent history—these new

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[4] The Making Ends Meet survey is weighted to align with the Consumer Credit Panel, which is a comprehensive national sample of consumers with a credit record. Because our sampling frame relies on traditional credit records, we do not have information for "credit invisibles," the roughly 1 in 10 U.S. adults who do not have a credit record (Brevoort, Grimm, and Kambara 2015).

[5] All analyses presented in this report use survey weights. These weights were constructed using the original selection weights (to account for the fact that certain sets of credit records were sampled at higher rates than others) and nonresponse adjustment weights (to account for differences in response rates). For more detail on the Making Ends Meet survey, see **Appendix A**, as well as Fulford and Shupe (2021) and Fulford and Rush (2020).

[6] All respondents included in this analysis completed the survey by April 2021.

[7] For six respondents, we do not have credit bureau data for the month they filled out the survey. For three of these respondents, we use the most recent month credit bureau data are available for them (December 2020 or January 2021). For the remaining three respondents, no tradeline information was available in the CCP for any month from January 2019 through May 2021. While our analysis uses credit bureau data from the month the consumer responded to the survey, the exact timing of when creditors report balances and statuses to the credit bureau varies and can refer to prior month balances and statuses (e.g., February data may capture end of month balances for January). Consumers completed the Making Ends Meet survey at different times throughout the months, so capturing credit bureau tradeline balances and statuses for the prior month could better align with when a consumer completes the survey.

Making Ends Meet savings questions linked with credit profiles allows us to examine the broader picture of how Americans' household finances differ by the level of savings set aside for emergencies.

To facilitate our exploration of consumers' financial lives through the lens of savings, we created three categories that link emergency savings to income. The amount of emergency savings is measured as responses to the following open-ended question: *Thinking about your non-retirement accounts and any cash savings, about how much money does your household currently have set aside that could be used for unexpected expenses or emergencies?*[8] We combined respondents' answers to this question with their response to a question asking them to report their household's annual income in 2020 from all sources.[9] Using these two questions, we identified consumers who have (1) no emergency savings, (2) some emergency savings, but less than a month of income saved for emergencies, or (3) at least a month of income saved for emergencies.[10] For the sake of simplicity, we sometimes refer to these three groups as the "no," "middle," and "highest" emergency savings groups.

These three emergency savings groups are based on previous research examining how much people typically need for events that cause expense spikes and income dips. First, an analysis of bank account data by the JPMorgan Chase Institute finds that the median size of an expense spike or income dip is about three weeks of income and that the typical family experiences more than one of these events per year.[11] A second analysis by researchers using data from the U.S. Census Bureau's Survey of Income and Program Participation and focusing on low-income households finds that one month of income can help low-income consumers avoid hardship

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[8] Respondents were provided with a blank space in which to provide a dollar amount.

[9] The exact question is: "What was your household's annual income in 2020 from all sources (wages, tips, interest, child support, alimony, investment or rental income, retirement, Social Security, and government benefits such as unemployment insurance)?" Respondents had to choose from the following six income ranges: "$20,000 or less; $20,001 to $50,000; $50,001 to $80,000; $80,001 to $125,000; $125,001 to $200,000; More than $200,000."

[10] Of the 1,075 survey respondents, 860 answered both the income and the emergency savings questions. Because this information is central to our analysis, we limit our analyses to these 860 respondents. **Appendix B** presents all primary statistics discussed in this report for (1) all survey respondents and (2) the subset of respondents who answered both the income and emergency savings questions; it shows that the statistics for these two groups are quite similar. Also, the no emergency savings group includes four consumers who reported having less than $50 in emergency savings (the lowest reported amount among these four was $5).

[11] See Farrell, Greig, and Yu (2019). Their analysis is based on JPMorgan Chase administrative bank account data. The cost of expense spikes and income dips—or "events"—are calculated using the monthly cost of each event relative to monthly income for months where families experience an event. An expense spike (i.e., expense event) is flagged as occurring in a month if spending in that month is 25 percent higher than median spending over the prior 12 months. Similarly, an income dip (i.e., income event) is flagged as occurring in a month if income in that month is 25 percent lower than median income over the prior 12 months.

when an unexpected shock hits.[12] Taken together, this research suggests that roughly one month of savings may provide an important delineation between consumers who are in danger of financial hardship and those who are at a lower risk of financial difficulty.

We separate consumers with less than a month of income saved for emergencies into two groups—those with no emergency savings and those with some emergency savings. Consumers with no money saved for emergencies are particularly vulnerable to negative financial outcomes, so exploring the financial experiences of this group provides insight into the financial circumstances of those with no financial cushion.

As shown in **Figure 1**, nearly a quarter (24 percent) of consumers report having no savings set aside for emergencies, while 39 percent have some but less than a month of income saved for emergencies and 37 percent have at least a month of income saved for emergencies.[13] The median amounts of emergency savings are $1,000 and $25,000 for consumers in the middle and highest emergency savings group, respectively. The average amounts are higher.

A benefit of incorporating household income into the cut points for the emergency savings groups is that it recognizes that higher-income consumers often have higher expenses (e.g., higher rent and mortgage cost, more costly home repairs) and so may want and need a bigger savings buffer. In fact, the amount people report they and their family "need in savings for emergencies and other unexpected things that may come up" rises with household income.[14] Additionally, consumers in higher-income households report more expensive financial shocks.[15]

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[12] See Sabat and Gallagher (2019). Focusing on households with incomes below 200 percent of the federal poverty line, the authors use a regression kink design to estimate the threshold point where the savings-hardship relationship exhibits a sharp change. The four hardships included in the analysis are skipping rent, bills, medical care, and meals.

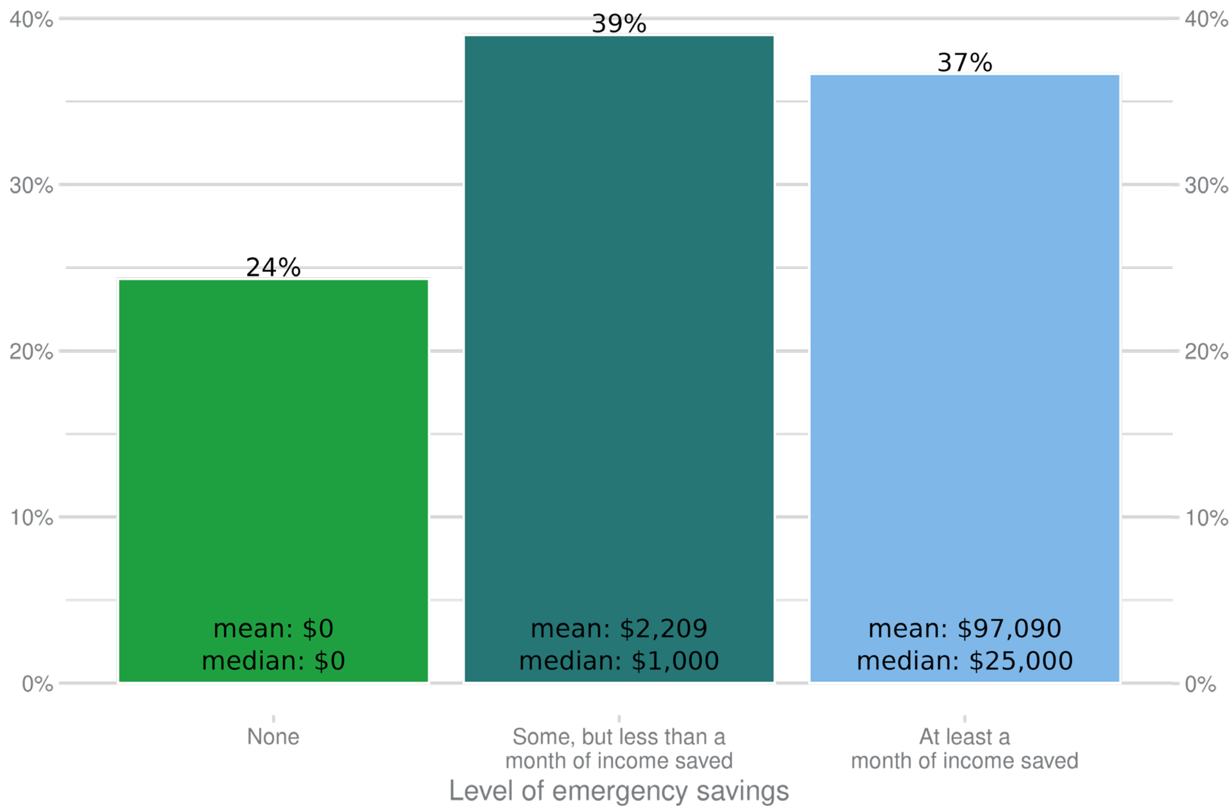
[13] To the extent that our sample (i.e., consumers with a credit bureau record) excludes more disadvantaged consumers, the share of all U.S. consumers with no emergency savings may be higher than 24 percent.

[14] See Ratcliffe, Knoll, Kazar, Kennady, and Rush 2020.

[15] See Pew Charitable Trusts 2015.

FIGURE 1: NEARLY A QUARTER OF CONSUMERS HAVE NO EMERGENCY SAVINGS

Share of consumers in the three emergency savings groups with the mean and median emergency savings amounts



Note: The means and medians across groups are statistically significantly different at the 0.01 level.

There is a limitation to this categorization method. The income question in the Making Ends Meet survey is not open ended—respondents choose from one of six annual income ranges: $20,000 or less; $20,001 to $50,000; $50,001 to $80,000; $80,001 to $125,000; $125,001 to $200,000; and more than $200,000. We assign each respondent an income based on the mid-point of their chosen income-range. [16] Because of this imprecision, we conducted sensitivity tests to determine the share of respondents who would be assigned to a different savings group if we were to use the lower or upper bound of the income range instead of the midpoint. We find that

[16] The mid-points for each of the six income ranges are as follows: $15,000 (assumes a lower bound of $10,000), $35,000, $65,000, $102,500, $162,500, and $237,500 (assumes an upper bound of $275,000).

only a small share of consumers (less than five percent of the sample) would be classified differently if we used the lower or upper bound of the income range. [17]

Below we explore in-depth how these three categories of consumers—those with no savings available for emergencies, those with some but less than a month of income saved for emergencies, and those with more than a month of income saved for emergencies—differ across various financial outcomes. The analyses described throughout this report highlight how these different levels of savings relate to measurable differences in consumers' financial lives. We only discuss differences that are statistically significant at the 99 percent, 95 percent, or 90 percent level of confidence. [18] We also note statistically significant differences in the tables and figures.

[17] In another sensitivity test, we use detailed household income data from the U.S. Census Bureau to estimate the median income for each of the six income groups (https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-hinc/hinc-01.html [Table HINC-01] and https://www.census.gov/content/dam/Census/library/publications/2021/demo/p60-273.pdf [Table A-4a]). We then use these median income amounts as the estimated incomes for respondents in each of the six income groups (as an alternative to the mid-point value). With this alternative approach, only six respondents would be classified differently—two respondents would move from the middle to the highest emergency savings group and four respondents would move from the highest to the middle emergency savings group.

[18] All t-tests use a two-tailed test.

3. Emergency savings level by socio-economic and demographic characteristics

This section examines emergency savings levels by selected socio-economic and demographic characteristics of consumers. We find differences in emergency savings levels by income, educational attainment, age, race and ethnicity, and household structure. In general, consumers who are more likely to be disadvantaged—those with lower incomes, who have limited education, and who are non-White—also have lower levels of emergency savings. The patterns we see here are consistent with literature that has shown lower wealth among these traditionally disadvantaged groups. [19]

Turning first to household income, we find that the level of emergency savings generally increases with the level of household income (**Table 1**). [20] This is not surprising as lower income households are generally more financially constrained and likely find it harder to save. Among consumers with annual household incomes of $20,000 or less, over half (60 percent) have no emergency savings, with the share falling to 40 percent for those with incomes between $20,001 to $50,000. For households with incomes between $50,001 to $80,000, the share who have no emergency savings is much lower (12 percent) and is lower still for households with incomes over $80,000 (3 to 4 percent). [21] It is the case, however, that some consumers (15 percent) in the lowest income group have built a savings buffer and have at least a month of income saved for emergencies. This proportion is larger (50 to 58 percent) for those earning $80,000 or more. These higher income levels likely ease the pressure of household finances and make it easier for consumers to build a savings cushion. Nonetheless, there is still a substantial share of consumers in the higher income groups who do not have a month of income saved for emergencies.

[19] See, for example, Bhutta et al. 2020 and McKernan et al. 2016.

[20] We use all six income ranges to categorize consumers into emergency savings groups based on their income range and amount saved for emergencies. For this reason, we present some percentages in this section as ranges.

[21] This section analyzes level of emergency savings by selected characteristics. For the reverse analysis (i.e., share of each characteristic by emergency savings group) see **Appendix C**.

TABLE 1: SAVINGS EMERGENCY GROUP BY SOCIO-ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Annual Household Income in 2020 (%)			
$20,000 or less	60	25	15
$20,001 to $50,000	40	35	25
$50,001 to $80,000	12	50	38
$80,001 to $125,000	4	47	50
More than $125,000	3	39	58
Highest level of education attained (%)			
High school or less, or vocational	41	35	23
Some college or two-year degree	30	44	26
Four-year degree or more	6	39	55
Age (%)			
Younger than 35	26	38	35
35 to 54	25	48	28
55 to 61	29	37	33
62 or older	19	29	52
Race and ethnicity (%)			
White	19	38	43
Black	41	44	15
Hispanic	29	46	24
Other	29	29	42
Married or living with partner (%)			
No	35	33	32
Yes	19	42	39
Children in the household (%)			
No children	23	35	42
Has children	26	45	29

Note: This table presents row percentages (i.e., each row sums to 100 percent). See **Appendix C** to see column percentages which present the share of each characteristic by emergency savings group. Chi-squared tests are used to test for statistical differences between rows (within each socio-economic or demographic characteristic). We find that most groups are statistically significantly different from one another at the 0.10 level or lower, except for the following (1) income: $80,001 to $125,000 vs. more than $125,000; (2) education: high school or less or vocational vs. some college or two-year degree; (3) age: all age groups under age 62; (4) race and ethnicity: White vs. other, Black vs. Hispanic, and Hispanic vs. other.

Consistent with income patterns, we find that the level of emergency savings increases with the level of education. Among consumers with no college (high school or less, or vocational degree), 41 percent have no emergency savings. The share drops to 30 percent for those with some college or a two-year degree and declines sharply to 6 percent for those with a four-year college degree or more. Despite being more likely to have no emergency savings, roughly a quarter (23 to 26 percent) of consumers in the lowest two education groups have at least a month of income saved for emergencies; the share among consumers with a four-year degree is roughly double this (55 percent). Consumers with lower levels of education may find it more difficult to build savings because lower levels of education are associated with lower earnings and higher rates of unemployment.[22]

We find a significant relationship between age and the level of emergency savings only for consumers who are 62 and older versus those in the three younger age groups (younger than age 35, 35 to 54, and 55 to 61). Over half (52 percent) of consumers age 62 and older have at least a month of income saved for emergencies, while 28 to 35 percent of consumers in the younger age groups have this level of emergency savings. The higher savings among older consumers could be partially explained by having more time to earn income and build savings.[23] Looking at the share with no emergency savings, roughly one-fifth (19 percent) of consumers age 62 and older have no savings for emergencies, compared with roughly a quarter (25 to 29 percent) of consumers in the three younger age groups.

Consistent with other work documenting racial wealth disparities,[24] we find racial and ethnic disparities in the level of consumers' emergency savings. The share of consumers with no emergency savings is lowest among White consumers (19 percent) and highest among Black consumers (41 percent). In contrast, the share of consumers with at least a month of income saved for emergencies is highest for both White and other race-ethnicity groups (43 and 42 percent, respectively), while the shares for Black and Hispanic consumers are much lower (15 and 24 percent, respectively). It is important to consider these disparities in the historical context of policies that limited the wealth building and upward mobility of non-White Americans, especially Black Americans.[25] Having sufficient emergency savings to withstand

[22] U.S. Bureau of Labor Statistics, *Education Pays*, https://www.bls.gov/emp/chart-unemployment-earnings-education.htm (last updated April 21, 2021).

[23] Higher savings among older Americans is consistent with data from the Survey of Consumer Finances that shows household wealth generally increases with age and is highest for those ages 65 and older (https://www.federalreserve.gov/publications/files/scf20.pdf).

[24] On average, White family wealth is seven times greater than Black family wealth and five times greater than Hispanic family wealth (McKernan, Ratcliffe, Steuerle, Kalish et al. 2017). Also, July 2020 data from the Survey of Household Economic Decisionmaking (SHED) show large racial disparities in the share of people who are unable to cover a $400 expense with cash or its equivalent. While 23 percent of White, non-Hispanic consumers cannot cover a $400 expense with cash or its equivalent, about twice as many Black, non-Hispanic and Hispanic consumers are unable to do so—52 percent and 45 percent, respectively (authors' calculations of SHED data).

[25] For example, the historical policy of redlining prevented many Black Americans from equal access to homeownership as their White counterparts. This subsequently reduced their ability to build generational wealth through property (https://www.epi.org/blog/housing-discrimination-underpins-the-staggering-wealth-gap-between-blacks-and-whites/). For additional examples and discussion on the importance of contextualizing disparities, see https://www.urban.org/urban-wire/how-we-should-talk-about-racial-disparities.

shocks better positions people to save for and invest in homeownership, retirement savings accounts and other wealth building financial instruments.

Household composition—both living with a spouse or partner and having children in the household—is also related to the level of emergency savings. Consumers who are not married or living with a partner are more likely to have no emergency savings than those who are married or living with a partner (35 percent and 19 percent, respectively). Having a partner can mean that a second wage earner contributes to the household income, which can make it easier to save for emergencies. We also find that consumers with no children in the household are more likely to have at least a month of income saved for emergencies than households with children (42 percent and 29 percent, respectively). This difference is not surprising when considering childcare and related expenses that can make it more difficult to save for emergencies. [26]

[26] An analysis of data from the U.S. Census Bureau, for example, shows that working families with children under age five pay an average of roughly 10 percent of their income on child care expenses (https://www.americanprogress.org/article/working-families-spending-big-money-child-care/).

4. Consumer savings by emergency savings level

This section examines consumers' checking and savings account ownership and balances, as well as how consumers learned to save and their most important reasons for saving. Across these varied measures, we find significant differences across the three emergency savings groups. In general, consumers with lower (versus higher) levels of emergency savings are less likely to have checking or savings accounts (and have less money in them), to have learned to save from their parents, and are more likely to say it is important to save to pay off debt.

4.1 Checking and savings accounts

There are large differences in account ownership and balances between the three emergency savings groups. While the vast majority of consumers in each of the three savings groups have a checking account, this is not the case with savings accounts. Not surprisingly, the amounts in these accounts increase with the amount of emergency savings reported by consumers.

Looking first at checking accounts, we find that 86 percent of consumers with no emergency savings have a checking account (**Table 2**), but the amounts in those accounts tend to be low. [27] For example, among checking account holders with no emergency savings, 71 percent have less than $500 in their checking account and only 10 percent have more than $1,000. This suggests that many of these consumers are living on the financial edge, where no emergency savings and low checking account balances could leave them vulnerable to overdraft fees and other financial hardships. [28]

The share of consumers with a checking account is higher for those with some but less than a month of income saved for emergencies (96 percent) and for those with more than a month of income saved for emergencies (100 percent). However, some consumers in these two groups also have relatively low account balances. Focusing on checking account holders with some but less than a month of income saved for emergencies, for example, 24 percent report having less than $500 in those accounts and another 20 percent have only $500 to $999. This suggests vulnerability to checking account overdrafts for consumers in this middle savings group, too.

[27] For statistics for the full sample (i.e., the three groups combined), see **Appendix B**.

[28] We look at financial hardships, including checking account overdraft, in **Section 6** of this report.

Checking account balances are quite high for most consumers in the highest emergency savings group—over half (51 percent) report having at least $5,000 in their checking account.

TABLE 2: CHECKING ACCOUNT OWNERSHIP AND BALANCES INCREASE WITH EMERGENCY SAVINGS LEVEL

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Checking account			
Have account (%)	86	96	100
Account balances among account holders (%)			
Less than $500	71	24	6
$500 to $999	19	20	9
$1,000 to $4,999	7	41	34
$5,000 to $9,999	1	7	15
$10,000 or more	1	8	36

Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.01 level.

Turning to savings accounts, we find that some consumers with no emergency savings report having a non-retirement savings or investment account (16 percent) or a retirement account (29 percent; **Table 3**). Overall, about 5 percent of consumers who report having no emergency savings simultaneously report having at least $500 in a non-retirement savings or investment account (not shown). This suggests that some consumers in this lowest savings group have non-retirement savings that may be earmarked for purposes other than emergencies. [29]

As compared with consumers with no emergency savings, non-retirement and retirement savings (and investment) account ownership is considerably higher for consumers in the middle savings group (52 and 71 percent, respectively) and highest savings group (80 and 83 percent, respectively). Further, consumers in the highest savings group have substantially higher amounts in both their non-retirement and retirement savings accounts, compared with consumers in the middle savings group. Among retirement account holders in the highest savings group, 65 percent have at least $100,000 in retirement savings, while half as many—29 percent—of retirement account holders in the middle savings group have this level of retirement savings. Among retirement account holders in the lowest savings group (no emergency savings), the share is 9 percent.

[29] **Section 6** discusses the extent to which people report borrowing or permanently withdrawing money from their retirement account in the past 12 months.

TABLE 3: NON-RETIREMENT AND RETIREMENT SAVINGS ACCOUNT OWNERSHIP AND BALANCES INCREASE WITH EMERGENCY SAVINGS LEVEL

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Non-retirement savings and investment accounts			
Have account (%)	16	52	80
Account balances among account holders (%)			
Less than $500	64	14	1
$500 to $999	17	14	0
$1,000 to $4,999	19	34	6
$5,000 to $9,999	0	16	9
$10,000 or more	0	22	83
Retirement savings account			
Have account (%)	29	71	83
Account balances among account holders (%)			
Less than $10,000	62	25	8
$10,000 to $59,000	28	33	16
$60,000 to $99,999	1	12	12
$100,000 or more	9	29	65

Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.01 level.

4.2 Learning to save

Prior research by the CFPB found that consumers who indicated that their parents provided them with a savings account and that they learned about the importance of saving while growing up had higher levels of financial well-being in adulthood.[30] In addition, qualitative consumer interviews indicate that learning by doing—or experiential learning—is an important source of knowledge or skill for helping to achieve financial well-being.[31] Of course, consumers can learn to save in other ways, and some may not know how to save at all. With this backdrop, we explore the relationship between how consumers learned to save and how much they currently have saved for emergencies.

[30] For details on this relationship, see Consumer Financial Protection Bureau (2015; 2017). Also, the relationship between financial well-being and our three emergency savings groups is discussed in detail in **Section 6**.

[31] These qualitative interviews informed the development of the Bureau's Financial Well-Being scale.

The Making Ends Meet survey asked respondents to identify all of the options that applied to how they learned to save money: I don't really know how to save; In school; From my parents; From friends or coworkers; From my own experiences; Through my bank or credit union; From reading; I'm not sure. Consistent with the previous findings described above, consumers' current levels of emergency savings are most strongly related to three of these response options—don't know how to save, from my parents, and from my own experience.

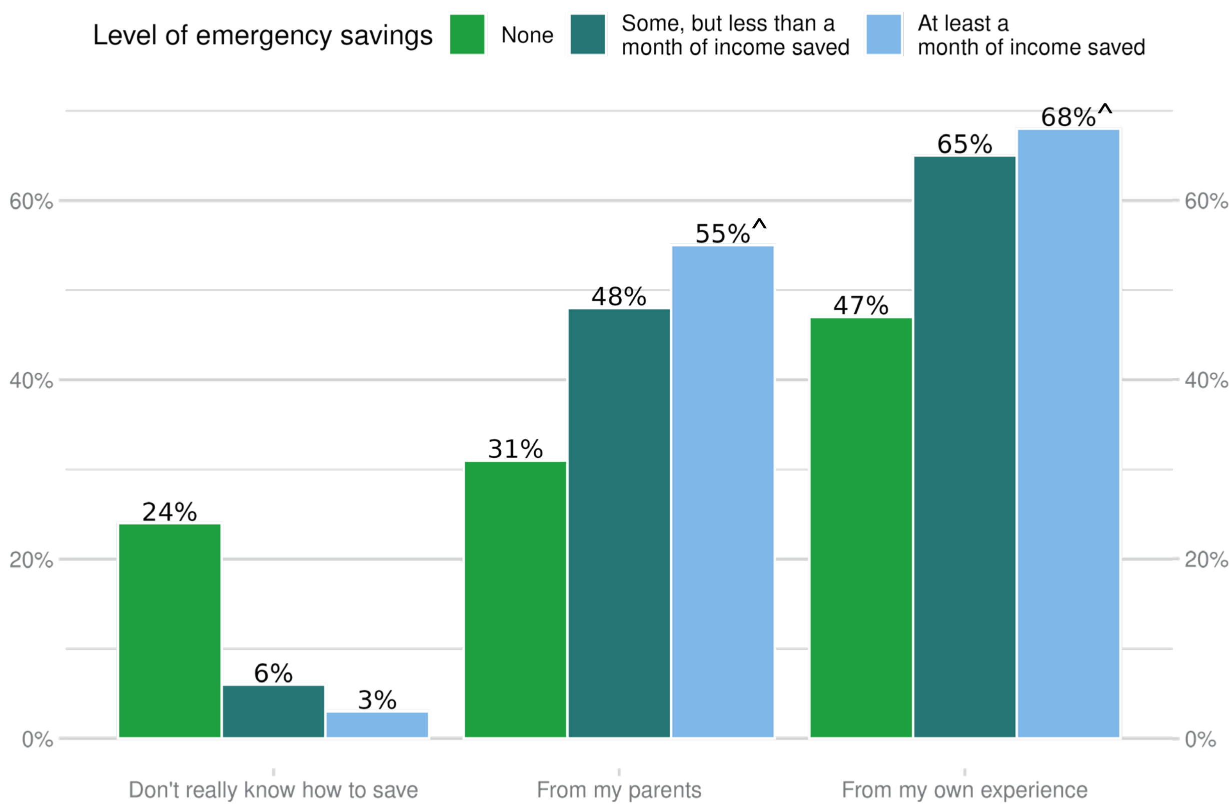
Not surprisingly, consumers who have no emergency savings are four times more likely to indicate that they "don't really know how to save" than consumers who have some but less than a month of income saved for emergencies (24 versus 6 percent) and eight times more likely to say they don't know how to save than consumers who have at least a month of income saved for emergencies (24 vs 3 percent; **Figure 2**). We note that respondents' interpretations of "don't really know how to save" may vary. Some may select this option if they do not know about the mechanics of saving, such as how to open a new account or partition funds, suggesting the issue may be a lack of information. Others may select this option if they do not know how they would come up with the money to save, suggesting the issue may be one of financial constraint. Indeed, the share of respondents who select the "don't really know" option decreases as income increases (not shown).

In line with the Bureau's earlier research on financial well-being, [32] we find significant differences in consumers' likelihood of saying they learned how to save money from their parents across the three savings groups. Fewer respondents with no emergency savings (31 percent) indicated they learned how to save from their parents than did those with some but less than a month of income saved for emergencies (48 percent) and those with at least a of month of income saved for emergencies (55 percent).

Experiential learning also appears to be related to the amount consumers have saved for emergencies. Specifically, 47 percent of those with nothing saved for emergencies reported that they learned to save from their own experiences, while a substantially higher share—65 percent—of those with some but less than a month of income saved for emergencies say they learned from their experiences. Those with at least a month of income saved for emergencies closely resemble those with only some saved, as 68 percent of those in the highest savings group reported learning how to save from experience. Although we see some distinction between savings groups in their likelihood of reporting they learned to save from experience, consumers across all three savings groups report learning from experience—more often than any of the other options—as a way they learned to save.

[32] For details, see Consumer Financial Protection Bureau 2017.

FIGURE 2: CONSUMERS WITH NO EMERGENCY SAVINGS ARE MORE LIKELY TO SAY THEY DON'T KNOW HOW TO SAVE AND LESS LIKELY TO HAVE LEARNED FROM THEIR PARENTS OR EXPERIENCES



Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.05 or 0.01 level, with the exception of those indicate by the **^** symbol. **^** does not differ significantly from 'Some, but less than a month of income' group at the 0.10 level.

4.3 Reasons to save

There are many reasons people may choose to save for the shorter term—for example, for a vacation, to buy a car, or for emergencies—and the longer term—for retirement or a significant down payment on a home. In this section we examine how the amount of emergency savings consumers have relates to what consumers report are their most important reasons for saving. The Making Ends Meet survey asked respondents about their most important reasons for saving, with responses including education, car, home, emergencies or unexpected needs, retirement, being financially secure, and paying off debt.[33]

We find that a majority of consumers across all three savings groups identify "emergencies or unexpected needs" as one of the most important reasons to save. That is, even consumers who are not saving much or at all for emergencies regard emergency savings as an important reason to save, above all other reasons listed. Specifically, consumers who have nothing saved for emergencies and those who have less than a month of income saved for emergencies report emergency savings—far more than any of the other reasons—to be a most important reason to save (62 percent and 72 percent, respectively; **Figure 3**). We discuss some of these other reasons to save below.

While consumers across all emergency savings groups identify emergency savings as a most important reason to save, interesting differences emerged between emergency savings groups for some of the other reasons to save. For example, 44 percent of consumers with no emergency savings identify "pay off debt" as a most important reason for saving. In fact, saving to pay off debt was identified as the second most common reason for these consumers to save. A similar share (42 percent) of consumers who have some but less than a month of income saved for emergencies report paying off debt as an important reason to save. However, for consumers who have at least a month of income saved for emergencies, only 26 percent report paying down debt as an important reason to save.[34] This set of findings could reflect that those with lower levels of emergency savings are struggling more with debt, and therefore identify paying off debt as a main reason to save.[35] Indeed, as we show in the next section on credit and debt, those with lower levels of emergency savings are more likely to have delinquent debt.

To "be financially secure" is another primary reason that consumers cite as a most important reason for saving, with consumers with higher levels of emergency savings reporting this more often than those in the other savings groups. Specifically, 35 percent of those who have no emergency savings say that being financially secure is an important reason to save, while almost

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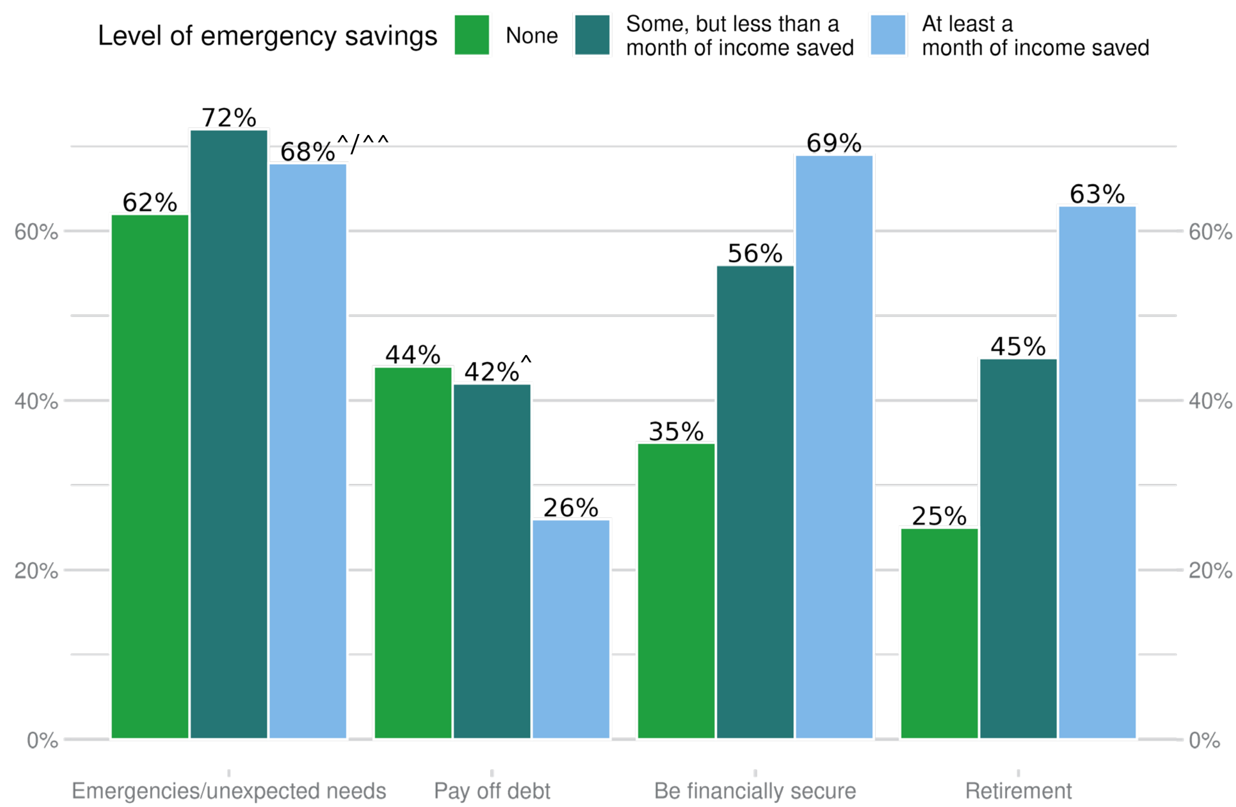
33 The exact question and responses are as follows: "People have different reasons for saving, even though they may not be saving all the time. What are your most important reasons for saving? Please mark all that apply. Education (for yourself, child, grandchild, or other family member); Buy a car or other vehicle; Emergencies or unexpected needs; Buy a home; Home improvements/repairs; Buy household goods, appliances, home furnishings; Travel/take a vacation; Taxes; Retirement; Start a business; Be financially secure; Pay off debt; Other."

34 Researchers describe those who simultaneously hold savings and debt—specifically credit card debt—as exhibiting the credit card debt "puzzle," given that the accrued interest on credit card debt is typically higher than the interest earned on savings. More information on this phenomenon can be found in economic papers by Reiter and Haliassos (2007), Telyukova (2013), and Laibson, Repetto and Tobacman (2007), and also a CFPB report (Middlewood, Ratcliffe, and Guillory 2021) documenting findings from an experiment exploring consumer beliefs about how credit card debt should be handled when one holds savings.

35 We discuss consumers' debt levels, including delinquent debt, in the next section, and we discuss credit card revolving in Section 6.

twice as many (69 percent) of those who have at least a month of income saved for emergencies cite this as one of the most important reasons to save. Those with some but less than a month of income saved for emergencies fall in the middle, with 56 percent of this group reporting that being financially secure is an important reason to save.

FIGURE 3: SHARE OF RESPONDENTS WHO REPORTED EMERGENCIES, PAYING OFF DEBT, FINANCIAL SECURITY, AND RETIREMENT AS REASONS FOR SAVING



Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.10 or 0.01 level, with the exception of those indicate by the ^ and ^^ symbols. **^** does not differ significantly from 'None' group at the 0.10 level. **^^** does not differ significantly from 'Some, but less than a month of income' group at the 0.10 level.

Finally, there are large differences between emergency savings groups in their likelihood of reporting that "retirement" is an important reason to save. A quarter (25 percent) of respondents with no emergency savings report that retirement is a most important reason to save, while the share more than doubles to 63 percent for those with at least of month of income saved for emergencies. Again, those with less than a month of income saved fall in the middle, with 45 percent of those respondents indicating that retirement is a most important reason to save. It may be the case that consumers elevate the importance of saving for retirement only when they have met their immediate financial needs, which may include paying down debt and saving for emergencies.[36] Therefore, many consumers who do not have any emergency savings may not even consider saving for retirement until they have a financial cushion that could help them weather financial emergencies. Indeed, as noted earlier, only 29 percent of respondents who have no emergency savings have a retirement account.

Taken together, the findings related to what consumers identify as the most important reasons for saving may suggest that those who are struggling the most—that is, those with no emergency savings—focus more on overcoming present constraints (paying debt and creating a savings cushion), while those who are less financially constrained are able to focus more on future goals (retirement and financial security).

[36] The share of consumers who report that retirement is one of the most important reasons to save is lower than the share of consumers who have a retirement savings account. This is particularly the case for consumers with emergency savings. For consumers in the middle and highest emergency savings groups, the shares with a retirement savings account are 71 percent and 83 percent (respectively), while the shares who report that retirement is one of their most important reasons are 45 percent and 63 percent (respectively). For consumers with no emergency savings, the share with a retirement savings account is 29 percent and the shares who report that retirement is one of their most important reasons is 25 percent.

5. Consumer credit and debt by level of emergency savings

This section presents data on consumers' credit access, credit availability, and debt by level of emergency savings. The pairing of the Making Ends Meet survey data with credit bureau data allows us to provide a unique picture of consumers' finances by capturing their emergency savings along with detailed credit and debt information available on their credit bureau report. As discussed above, the credit bureau data are primarily from the month the consumer responded to the survey. One exception is respondents' credit scores, which are only available quarterly. We use the respondents' credit score from the month closest to the date that the respondent completed the survey.

We find considerable vulnerability among consumers with no emergency savings. Consumers with no (versus some) emergency savings have lower credit scores, less available credit, are more likely to have delinquent debt, and are more likely to have turned to high-cost credit in the form of a payday or auto title loan in the past 12 months.[37] Consumers in the middle savings group—with some savings but less than a month of income saved for emergencies—have a mixed profile. Most of these consumers have prime credit scores and have credit available, but they also have the highest levels of non-mortgage debt, signaling the need for credit to finance consumption and investments. We see healthier credit and debt profiles for consumers in the highest emergency savings group, although we do see indicators of weak credit health for some of these consumers.

Below we examine consumers' credit scores, credit card ownership and credit availability, types of debt, delinquent debt, and finally, use of payday and auto-title loans.

5.1 Credit scores

Higher credit scores better position consumers to access traditional credit, and access it at a lower price. This, in turn, can affect a consumer's financial security. Having credit in the form of a credit card can help a consumer pay for an unexpected expense (e.g., home or vehicle repair), and thus better absorb a financial shock. Further, obtaining credit at a lower price eases the

[37] Consumers' use of payday and auto title loans are from the Making Ends Meet survey data because consumers' use of these products is not captured in traditional credit records.

financial pressures of credit, as it lowers the amount consumers end up repaying.[38] Broadly speaking, consumers with subprime credit scores have difficulty accessing traditional credit, which can push them towards high-cost alternative credit. Consumers without a credit score can also have difficulty accessing traditional credit. Consumers with near-prime credit scores generally have access to traditional credit but often face higher prices than those with higher scores, while consumers with prime, and particularly super-prime, scores are best positioned to access credit at a low price.

We find that credit scores increase with the level of consumers' emergency savings. Among consumers with no emergency savings, over half (57 percent) have no credit score or a subprime credit score (below 620), and 16 percent have a near-prime score (from 620 to 659).[39] This leaves only about a quarter (27 percent) who have a prime or super-prime credit score (660 and above; **Figure 4**). Among consumers in the middle savings group, roughly a quarter (24 percent) have no credit score or a subprime credit score. While a subset of consumers in this middle savings group have no or low credit scores, the majority—69 percent—have a prime or super-prime credit score. For consumers in the highest savings group, the picture is brighter—about 8 percent having no credit score or a subprime credit score, while 90 percent have a prime or super-prime credit score. These data show that there is a substantial group of consumers with no or only a limited emergency savings buffer who—because they also have no credit score or a non-prime credit score—will likely have trouble obtaining well-priced traditional credit.

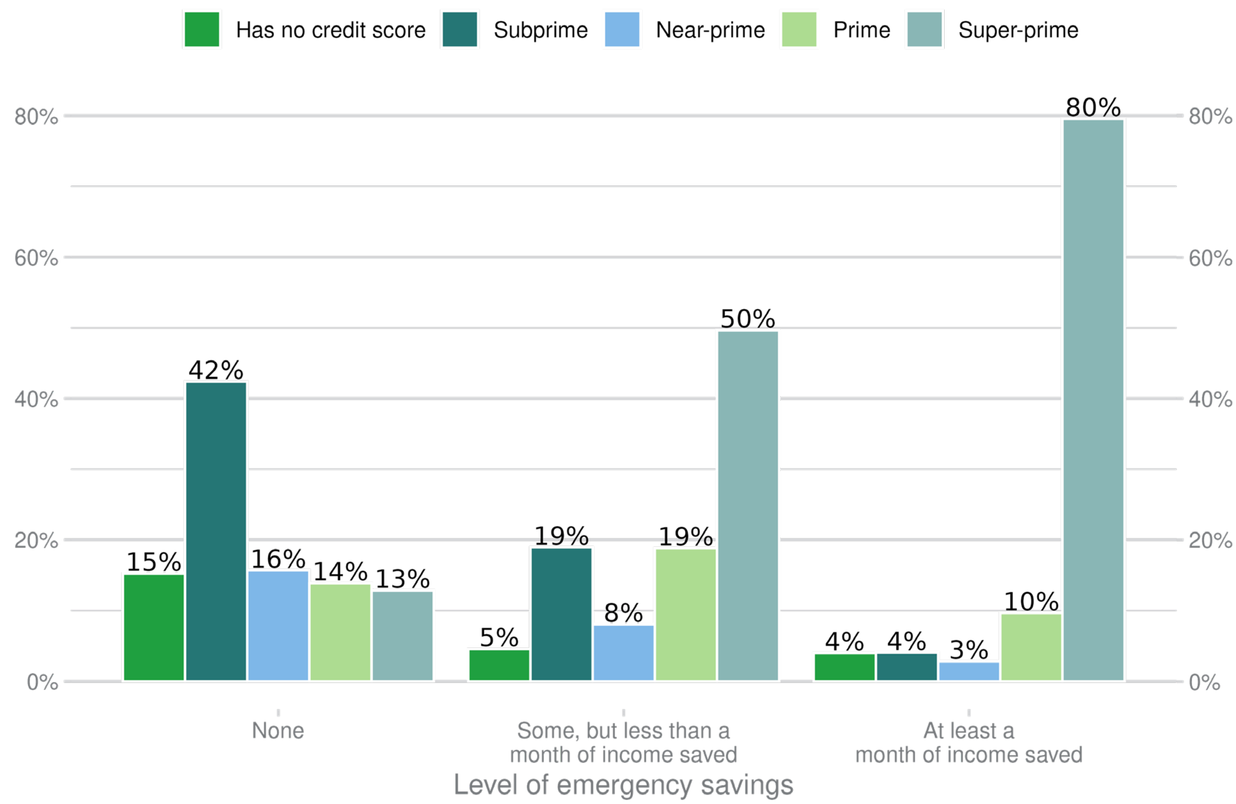
Consistent with the pattern above, average and median credit scores also rise sharply as the level of emergency savings increases. For consumers with no emergency savings, the average and median credit scores hover just above the subprime cut-off (622 and 621, respectively), while the average and median credit scores for consumers in the middle savings group (705 and 730, respectively) and highest savings group (772 and 789, respectively) are solidly in the prime range.

The gap between credit scores across the three emergency savings groups is not limited to the survey month. Indeed, we see a similar pattern of separation between the three savings groups when we look over the two-year period from March 2019 to March 2021 (see **Appendix D Figures 11 and 12**). This suggests that consumers with no or limited emergency savings may have had difficulty accessing traditional forms of credit over time.

[38] This assumes the length of the loan is unchanged.

[39] All analyses use a commercially available credit score.

FIGURE 4: CREDIT SCORES INCREASE AS THE LEVEL OF EMERGENCY SAVINGS INCREASES



Note: All differences between the three pairs of groups ("none" and "some, but less than a month of income", "none" and "at least a month of income", and "some, but less than a month of income" and "at least a month of income") are statistically significant at the 0.01 level. Shares may not add to 100 because of rounding.

5.2 Credit card ownership and credit availability

Here we examine whether consumers have a credit card(s) and the amount of credit available on the card(s). We focus on credit cards because they are a particularly liquid form of credit. Consumers can use credit cards at a wide range of businesses or for cash advances, so credit cards can help consumers weather a financial shock. [40]

Credit card ownership and the amount of credit available on a credit card increases quite substantially as the level of emergency savings increases. This is consistent with lower credit

[40] Here we examine only general-purpose credit cards; we do not include retail cards. While retail cards could free up resources for other necessities, they are generally only accepted at the branded store and do not offer cash advances, so are less helpful and provide less liquidity should a consumer experience a financial shock.

scores restricting access to credit for those with no or limited emergency savings. Only half (51 percent) of consumers with no emergency savings have a credit card (**Table 4**).[41] Among consumers with some but less than a month of income saved for emergencies (the middle savings group), 80 percent have a credit card, while the share is significantly higher at 92 percent for consumers with at least a month of income saved for emergencies (the highest savings group).

TABLE 4: CREDIT CARD OWNERSHIP AND AVAILABILITY BY LEVEL OF EMERGENCY SAVINGS

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Credit cards, all consumers (%)			
Have a credit card	51	80***	92***/+++
No credit available	55	24***	8***/+++
Credit card holders			
No credit available (%)	12	5	0.1***/+
Credit card limit ($)			
Mean	11,943	31,686***	43,209***/+++
Median	5,150	21,500***	32,924***/+++
Credit available ($)			
Mean	5,702	23,536***	39,018***/+++
Median	1,062	11,153***	30,268***/+++
Credit card balance ($)			
Mean	6,241	8,149	4,191+++
Median	2,024	3,179	2,009+
Credit card utilization (%)			
Mean	53	35***	14***/+++
Median	60	22***	6***/+++

*/**/*** differs significantly from 'None' group at the 0.10/0.05/0.01 level
+/++/+++ differs significantly from 'Some, but less than a month of income' group at the 0.10/0.05/0.01 level

Having a credit card does not necessarily imply available credit, as consumers may have reached their credit limit. In each of the three savings groups, we see that some credit card holders have reached their credit card limit, so have no remaining credit available. The shares range from a

[41] If we combine retail cards with credit cards, we see higher ownership rates. The share of consumers with a retail or credit card in each of the three savings groups is as follows: lowest savings group 62 percent, middle savings group 85 percent, and highest savings group 93 percent.

high of 12 percent for credit card holders with no emergency savings to a low of 0.1 percent for credit card holders with at least a month of income saved for emergencies.

Credit card limits and the amount of credit available increase substantially with the level of emergency savings. For example, among credit card holders, the median amounts of credit available on a credit card for the no, middle, and highest emergency savings groups are $1,062, $11,153, and $30,268, respectively. Median credit card balances are more similar across the three groups (in the $2,000 to $3,200 range), although average credit card balances are highest for the middle savings group ($8,149) and lowest for the highest savings group ($4,191).

Overall, looking at all consumers (not just those with a credit card) shows that there is a relatively sizable group of consumers in the two lower savings groups who do not have the buffer of a credit card with available credit. Over half—55 percent—of consumers with no emergency savings have no credit available on a credit card either because they do not have a credit card or they have exhausted their credit card limit. Among consumers with some savings but less than a month of income saved for emergencies, 24 percent have no credit available. The combination of no or low emergency savings, along with no credit available on a credit card, leaves these consumers vulnerable to financial shocks, such as an income drop or spike in expenses.[42]

As we found with credit scores, the gap between the three emergency savings groups in the share of consumers with no credit available on a credit card is not unique to the survey month. There is a similar pattern of separation in available credit between the three savings groups when we look over the two-year period from March 2019 to March 2021 (see **Appendix D Figure 13**). This shows that, over time, many consumers with no or limited emergency savings have not had credit available on a credit card to use when unexpected expenses or other financial shocks occur.

5.3 Home, auto, and student loans

Consumers can also look to credit not just to provide liquidity when a shock hits, but also to promote economic opportunity and upward mobility such as buying a new home, advancing educational credentials, or even buying a car to get to work. Here we look at the extent to which consumers in the three savings groups access different types of credit—primarily home, auto, and student loans—along with their associated levels of debt.

[42] In our data, 45 percent of consumers reported an income drop in the past 12 months and 64 percent of consumers reported an unexpected expense in the past 12 months.

TABLE 5: TYPE AND AMOUNT OF CONSUMER DEBT BY LEVEL OF EMERGENCY SAVINGS

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Types of loans (%)			
Mortgage	18	36***	40***
Auto loan	34	46**	25*/+++
Student loan	11	21***	12++
Amount of debt, by loan type (among consumers with each loan type)			
Mortgage debt ($)			
Mean	140,860	208,018***	246,616***
Median	120,331	156,004*	230,247***/++
Auto debt ($)			
Mean	17,820	19,029	19,645
Median	12,886	14,187	17,646*
Student loan debt ($)			
Mean	33,305	42,510	43,967
Median	26,298	20,828	22,975
Total debt excluding collections, all consumers			
Total debt ($)			
Mean	42,182	105,516***	117,796***
Median	7,008	30,857***	22,841*
Total non-mortgage debt ($)			
Mean	17,363	30,442***	18,095+++
Median	5,579	14,822**	3,873+++

*/**/*** differs significantly from 'None' group at the 0.10/0.05/0.01 level
+/++/+++ differs significantly from 'Some, but less than a month of income' group at the 0.10/0.05/0.01 level

The share of consumers with a mortgage is highest among consumers in the highest (40 percent) and middle (36 percent) savings groups (**Table 5**). Consumers with no emergency savings are about half as likely to have a mortgage (18 percent).[43] The share of respondents who live in a home owned by them or someone in their household increases with the level of emergency savings—42 percent, 67 percent, and 83 percent for those in the no, middle, and highest savings groups (respectively). Because homes are a primary place many consumers hold

43 If we combine mortgages with home equity loans and home equity lines of credit (HELOCs), the shares (from highest to lowest savings group) are 44 percent, 40 percent, and 20 percent, respectively. Looking at the subset of consumers with these products, we find that average balances increase with the level of savings ($123,449, $194,960, $229,381, respectively).

wealth and homeownership is a key avenue for wealth building,[44] access to a mortgage can work to promote consumers' financial security and upward mobility. Looking at the subset of mortgage holders, we find that average and median mortgage balances increase with the level of savings (these differences are not always statistically significant), likely because consumers with higher savings are able to afford and finance more expensive homes.

Turning to auto and student loans, we find that consumers in the middle savings group are the most likely to hold both auto and student loans. These consumers are sandwiched between those in the lowest and highest savings groups—they are in a better position to access credit than those in the lowest savings group, but appear more likely to need credit (e.g., to buy a car) or pay the loans back more slowly than those in the highest savings group. Nearly half of consumers (46 percent) in the middle savings group have an auto loan, while the share drops to 34 percent and 25 percent for consumers in the lowest and highest savings groups, respectively.[45] Among those who have an auto loan, the average loan amounts are similar across the three groups—between $17,500 and $20,000. Fewer consumers have a student loan, although the average loan balances are substantially higher.[46] For both auto and student loans, the average loan amounts are higher than the median loan amounts.

Looking at total debt and non-mortgage debt across all consumers (not only consumers with specific types of debt), we see patterns consistent with the discussion above. We look at non-mortgage debt in addition to total debt because mortgage debt is generally much larger than other types of debt.

Average total debt is highest among consumers in the highest emergency savings group ($117,796), followed by those in the middle ($105,516) and lowest ($42,182) emergency savings groups (**Table 5**). This pattern is consistent with high mortgage rates and mortgage amounts of consumers in the highest emergency savings group. The pattern changes, however, when we look at non-mortgage debt, where consumers in the middle emergency savings group have the highest average (and median) amount of non-mortgage debt. On average, consumers in the middle savings group have 68 percent more non-mortgage debt than consumers in the highest savings group ($30,442 versus $18,095). Consumers in the lowest savings group have the lowest average non-mortgage debt ($17,363), but because this group has no emergency savings buffer, this debt can be particularly problematic and increase the financial fragility of these consumers.

44 See, for example, McCargo and Choi (2020), Schuetz (2020), and Shapiro, Meschede, and Osoro (2013).

45 The Making Ends Meet survey does not capture car ownership.

46 Table 1 shows that the share of consumers who completed a four-year college degree increases substantially with the level of emergency savings.

5.4 Delinquent debt

Delinquent debt signals that a consumer is struggling financially and unable to meet their financial obligations. We examine two measures of delinquency. First, we examine debt 60 or more days past due, which we define as debt resulting from a loan or line of credit (e.g., credit card, mortgage, auto loan, student loan) that is 60 or more days past due and has not been turned over to a third-party debt collector. Second, we examine third-party debt in collections, which is debt that has been sold to or is being collected on by a third-party debt collector. Unlike past-due debt, collections debt often results from unpaid bills, such as unpaid medical, phone, and utility bills. In fact, the CFPB found that 78 percent of third-party debt collection tradelines resulted from unpaid medical, telecommunications, and utility bills. [47]

Consumers with no emergency savings are the most likely to have delinquent debt, both in the form of past due debt and debt in collections, while consumers with at least a month of income saved for emergencies are the least likely to have delinquent debt. Focusing first on debt that is 60 or more days past due, 40 percent of consumers with no emergency savings have past due debt. This share drops by more than half—to 19 percent—for consumers in the middle savings group, and still further—to 5 percent—for consumers in the highest savings group (**Table 6**). Looking at third-party debt in collections, the pattern is the same—49 percent, 17 percent, and 5 percent, respectively.

Interestingly, among those with past due debt, the median amount of the debt increases with the level of savings. This pattern could result from greater access to credit (and thus higher possible debt amounts) for consumers in the higher savings groups. Moving from the lowest to the highest emergency savings group, the median amounts of debt 60 or more days past due (among those with past due debt) are $2,387, $2,973, and $5,104, respectively. The amounts of debt in collection across the three groups are lower and more similar—the median amounts range from $1,209 to $1,435 (these are not statistically significantly different from one another). This could be accounted for by collections debt often resulting from unpaid bills (not credit).

[47] See CFPB (2019).

TABLE 6: THE LIKELIHOOD OF HAVING DELINQUENT DEBT DECLINES WITH THE LEVEL OF EMERGENCY SAVINGS

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Share with delinquent debt (%)			
Debt 60+ days past due	40	19***	5***/+++
Debt in collections (third party)	49	17***	5***/+++

Amount of debt, by type of debt (among consumers with each type of debt)			
Debt 60+ days past due ($)			
Mean	8,782	8,576	51,572[1]
Median	2,387	2,973	5,104
Debt in collections (third party, $)			
Mean	3,898	3,014	2,311
Median	1,209	1,257	1,435

[1] This large average amount is driven by two respondents with high delinquent debt amounts (roughly $200,000 and $300,000), one for a mortgage and one for a home equity line of credit (HELOC). If we remove these two respondents from this calculation, the average drops to $4,637.

*/**/*** differs significantly from 'None' group at the 0.10/0.05/0.01 level

+/++/+++ differs significantly from 'Some, but less than a month of income' group at the 0.10/0.05/0.01

Once again, we find that the gap between the three emergency savings groups is not exclusive to the survey month. There is a corresponding pattern of separation in the share of consumers with delinquent debt between the three savings groups when we look over the two-year period from March 2019 to March 2021 (see **Appendix D Figure 14**). This suggests that consumers with no or limited emergency savings have struggled to meet their financial obligations over time.

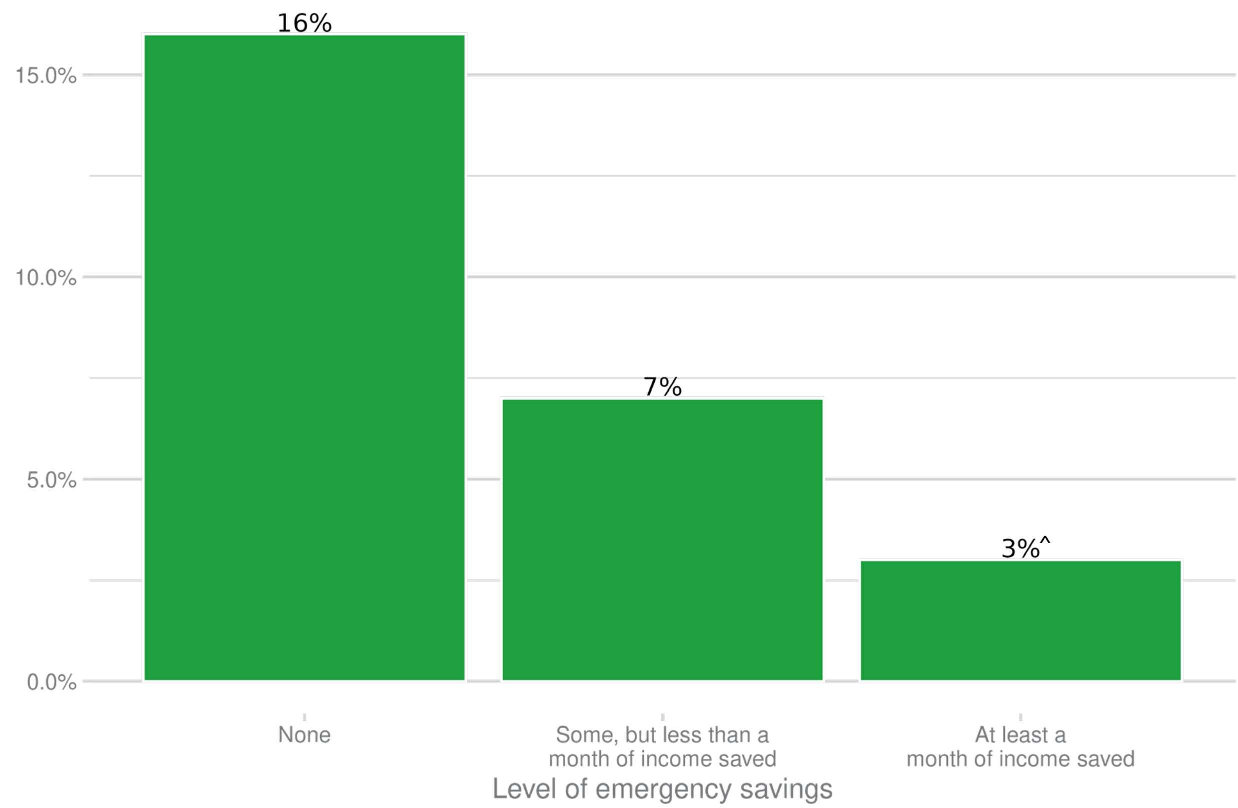
5.5 Use of alternative credit

Consumers in a financial bind who do not have access to traditional credit, or cannot obtain traditional credit quickly, may turn to high-cost alternative forms of credit. Using responses to the Making Ends Meet survey (not the credit record data), we examine the share of consumers who took out a payday or auto title loan in the past 12 months. Use of these alternative loans can signal acute financial strain, both because taking out a high-cost loan indicates distress and the high repayment costs can put an additional strain on household finances. [48]

[48] The typical payday loan charges $15 per $100 borrowed for 14 days, which translates into an average annual percentage rate (APR) of 391 percent (see *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54477. Nov. 17, 2017; 2017 Payday Rule).

Roughly one in seven consumers (16 percent) with no emergency savings reports taking out a payday or auto title loan in the past 12 months **(Figure 5)**. Consumers in the two other savings groups also used these high-cost products, but at a lower rate, with the share falling across the three emergency savings groups. Specifically, the share of consumers who took out a payday or auto-title loan in the last 12 months falls to 7 percent and 3 percent for consumers in the middle and highest emergency savings groups, respectively.

FIGURE 5: THE SHARE OF CONSUMERS WHO TOOK OUT A PAYDAY OR AUTO-TITLE LOAN FALLS WITH LEVEL OF EMERGENCY SAVINGS



Note: Differences between the "none" and the "some, but less than a month of income" groups and between the "none" and "at least a month of income" are statistically significant at the 0.10 or 0.01 level. Differences between the "some, but less than a month of income" and "at least a month of income" groups are not statistically significant at the 0.10 level (indicated by ^).

Broadly, this analysis shows that consumers with no emergency savings struggle with their finances along multiple dimensions. In addition to having limited credit available should an emergency hit, many of these consumers show evidence of chronic financial stress—delinquent debt and use of high-cost alternative credit. Consumers with some savings but less than a month of income saved for emergencies have a mixed profile. Most of these consumers have prime credit scores and can gain access to credit, but they also have the highest levels of non-mortgage debt, signaling the need for credit to finance consumption and investments. A subset of these consumers is struggling financially as well, with roughly one in five having either a past due debt (60 or more days) or collections debt reported on their credit record, and 7 percent reporting they used a payday or auto title loan in the past 12 months. Consumers with at least a month of income saved for emergencies are the most financially secure, although they are not immune to financial struggles. There is a small group in the highest emergency savings group with subprime credit scores, delinquencies reported on their credit bureau report, and who report having used a payday or auto title loan in the past 12 months.

We next turn to see how these financial characteristics translate into measures of financial security.

6. Meeting financial obligations and financial well-being by level of emergency savings

Consumers who lack emergency savings can struggle to meet their financial obligations and experience financial insecurity. Below we discuss consumers' strategies for meeting financial obligations—overdrafting a checking or savings account, leaving credit card balances unpaid, and making withdrawals from retirement accounts—the extent to which they miss bill payments, and their overall level of financial well-being.

6.1 Overdraft, credit card revolving, and retirement withdrawals

Consistent with our findings on the use of alternative credit, where about one in seven consumers (16 percent) with no emergency savings reports taking out a payday or auto title loan in the past 12 months (**Figure 5**), we find that consumers with no emergency savings are many times more likely to turn to other expensive methods to make ends meet: overdrafting, rolling over credit card balances, and withdrawing money from retirement accounts. These strategies can signal financial distress and an inability to meet financial obligations. At the same time, they can exacerbate financial distress because these methods are costly.[49]

Over a third of consumers (35 percent) with no emergency savings reports overdrafting their checking or savings account in the past 12 months (**Figure 6**).[50] Yet, even consumers with emergency savings are not immune to overdrafts. In fact, nearly one in five consumers (19 percent) with some but less than a month of income saved for emergencies overdrafted their

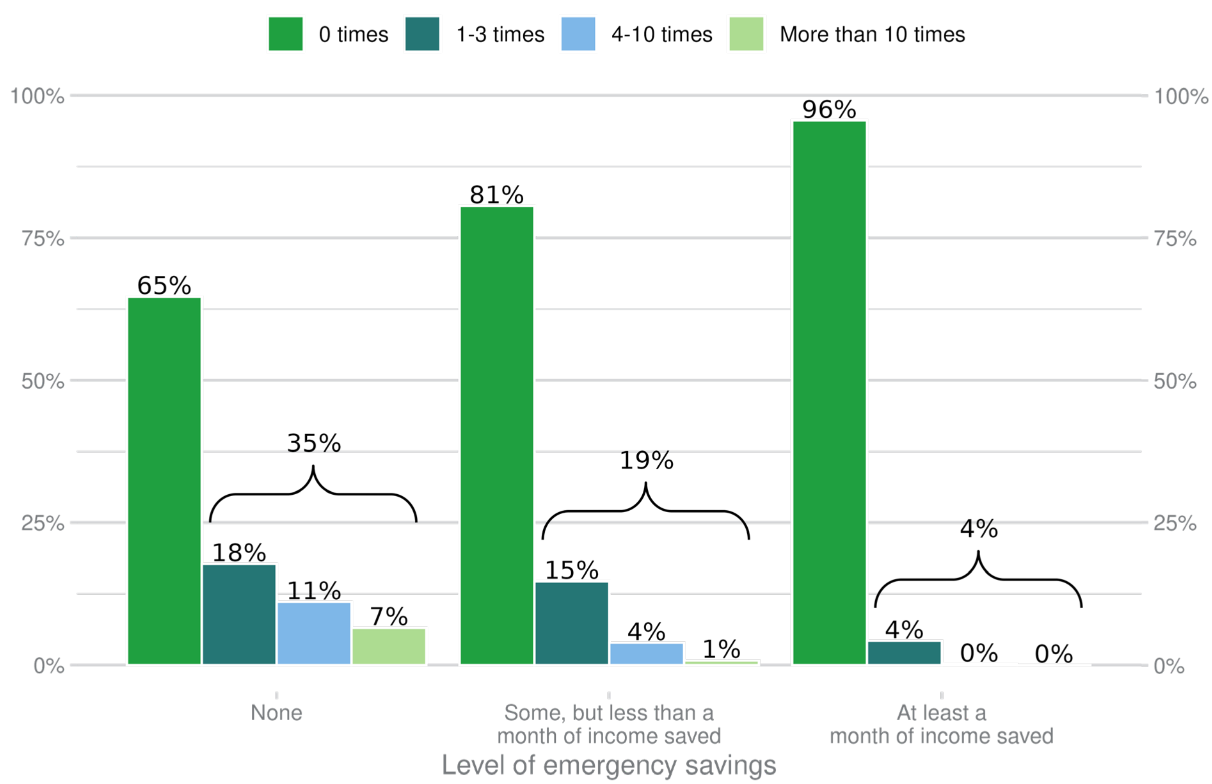
[49] Withdrawal from a retirement account before age 59 ½ can result in a 10 percent early withdrawal tax (https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions). In 2021, the average APR for general purpose credit cards was 19.2 percent, and for private label cards was 25.7 percent (Consumer Financial Protection Bureau 2021). The average NSF fee was $33.58, according to a survey by Bankrate (https://www.bankrate.com/banking/checking/checking-account-survey/).

[50] The question asks respondents "*In the past 12 months, have you or others in your household had an overdraft on a checking or savings account or had a payment turned down because the account balance was less than the charge?*" For ease of exposition, we refer to this as overdrafting their account.

account in the past 12 months. The share is 4 percent for consumers with at least a month of income saved for emergencies.[51]

Consumers can mistakenly overdraft an account, or they can be more intentional users of overdraft (i.e., deliberately accepting an overdraft fee in order to complete a transaction). Either way, overdrafting frequently can be an indicator of financial distress. We find that consumers with no emergency savings are more likely to overdraft repeatedly. Specifically, about one in six consumers (18 percent) with no emergency savings reports overdrafting their account four or more times in the past 12 months. In contrast, 5 percent of consumers with some but less than a month of income saved for emergencies, and almost no consumers (less than 1 percent) with at least a month of income saved for emergencies overdrafted their account four or more times in the past 12 months.

FIGURE 6: CONSUMERS WITH EMERGENCY SAVINGS ARE MUCH LESS LIKELY TO OVERDRAFT



Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.01 level. Shares may not add to 100 because of rounding.

51 Overall, 18 percent of respondents in our sample report overdrafting or having a payment turned down in the last 12 months. This is lower than the share of *accounts* (33 percent) found to overdraft at least once in the 12-month period from July 2011 to June 2012 (Low et al. 2017).

Turning to unpaid credit card balances, most credit card holders with less than a month of income saved for emergencies (77 percent of those with no emergency savings and 65 percent of those with some but less than a month of income saved) report having an unpaid balance on their credit card after making their last payment **(Figure 7)**.[52] For those with at least a month of income saved, the rate is much lower at 28 percent. These data suggest that many consumers, but especially those without savings, may be attempting to meet financial obligations by leaving credit card balances unpaid.

Additionally, these data highlight that some consumers carry credit card debt alongside savings. Researchers often call this phenomenon the "credit card debt puzzle" because the cost of holding the debt (i.e., accrued interest) is typically higher for consumers than the interest earned from savings.[53] Previous research suggests that the tendency to simultaneously hold credit card debt and savings may be explained by the need for a savings cushion (i.e., liquidity), concerns about unexpected reductions in credit card limits, or limiting further spending by keeping a balance on the card.[54]

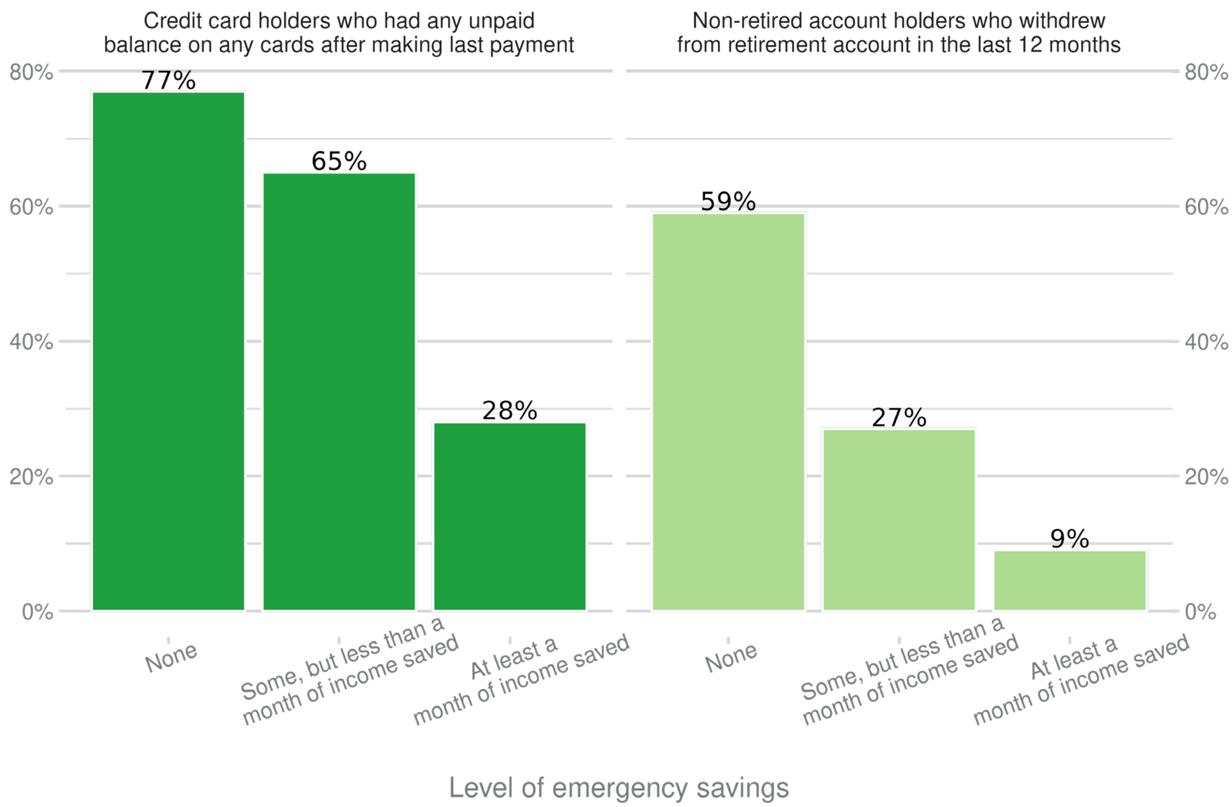
Finally, another method that consumers use to make ends meet is withdrawals from a retirement account. Among consumers who are not retired, this is another sign of potential financial distress, and similar to the use of overdraft and carrying an unpaid credit card balance, this is far more common among those with no emergency savings. As mentioned above, most consumers with no emergency savings do not have a retirement account (71 percent; **Table 3**), but among those who do, 59 percent withdrew money from their retirement accounts at some point in the past 12 months. This share is smaller for the middle (27 percent) and highest (9 percent) savings groups (**Figure 7**).

[52] Among credit card holders in our sample, 51 percent report having an unpaid balance on their credit card after making their last payment. This is lower than the share of *accounts* (60 to 79 percent) with a balance that was not paid in full by the immediately prior statement due date (CFPB 2021).

[53] According to the 2016 Survey of Consumer Finances, about half (54 percent) of those who carry a balance of at least $500 also have non-retirement savings of at least $500. These data from the Survey of Consumer Finances were analyzed and discussed in CFPB 2021 "Balancing Savings and Debt: Findings from an online experiment," page 1 footnote 4.

[54] Middlewood et al. (2021), Telyukova (2013), and Zinman (2007) discuss liquidity concerns, Fulford (2014) discusses variability in credit limits, and Bertaut, Haliassos, and Reiter (2009) and Laibson, Repetto and Tobacman (2007) discuss strategically limiting further spending by maintaining a credit card balance.

FIGURE 7: HAVING UNPAID CREDIT CARD BALANCES AND WITHDRAWING MONEY FROM RETIREMENT SAVINGS DECLINES WITH LEVEL OF EMERGENCY SAVINGS



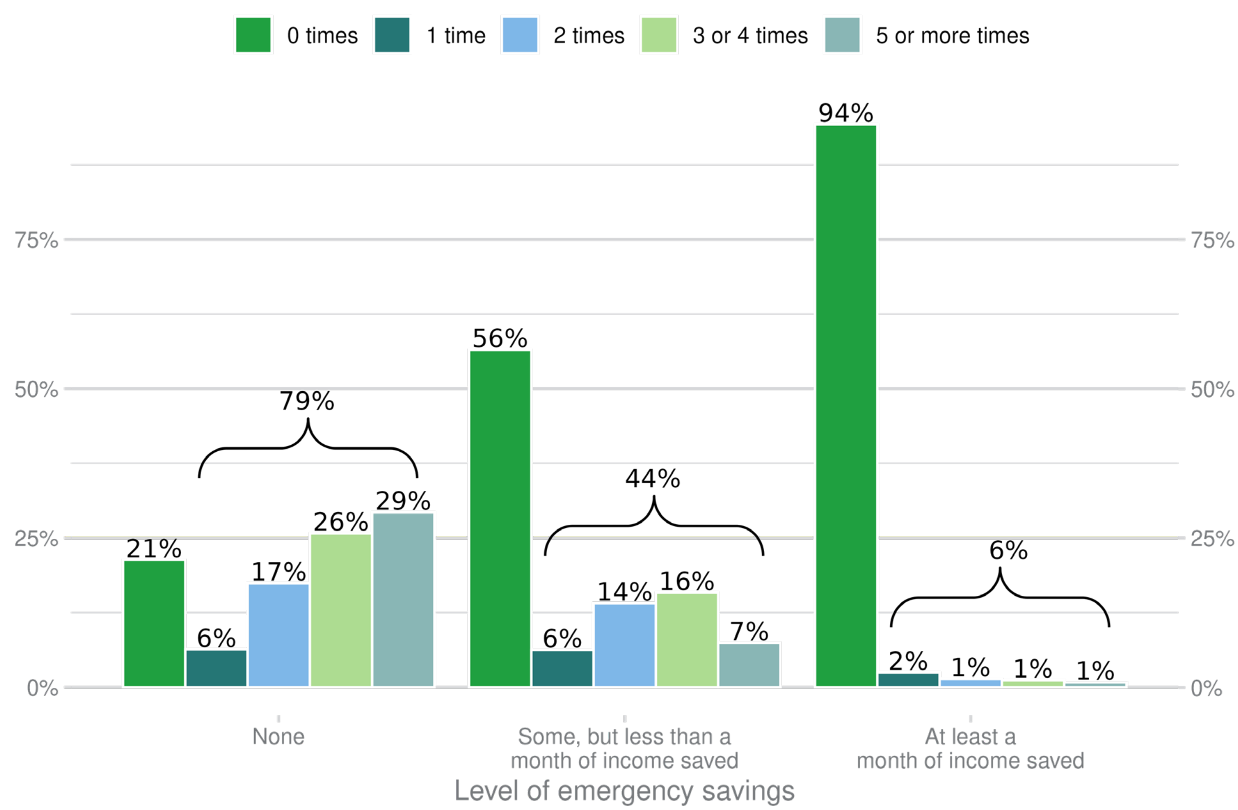
Note: For withdrawal from retirement, the difference between "some, but less than a month of income" and "at least a month of income" are statistically significant at the 0.01 level. For unpaid credit card balances, all differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.05 or 0.01 level.

6.2 Missing bill payments

Reports of overdrafting, having unpaid credit card balances, and pulling from retirement accounts may reflect a struggle to pay for expenses, including recurring expenses. Consistent with the discussion above, we find that consumers with no emergency savings are far more likely to have had difficulty paying for bills in the past 12 months and encountered difficulty paying for bills more often. Perhaps more reflective of their current situation, those with no emergency savings are far more likely to have missed a bill payment in the month just prior to answering the survey, and also are more likely to expect to have difficulty paying a bill in the next six months.

Looking first at difficulty paying in the previous year, most consumers (79 percent) who have no savings set aside for emergencies report having difficulty paying a bill at least once in the past 12 months (**Figure 8**). This drops to less than half (44 percent) for those with some but less than a month of income saved, and 6 percent for those with at least a month of income saved for emergencies. Those with no savings also experience trouble *more often*. Those with no emergency savings struggled to pay bills repeatedly, with 26 percent having trouble three or four times and 29 percent having trouble five or more times. Struggling five or more times is much less likely (7 percent) for those with some but less than a month of income saved, and those with at least a month of income saved (1 percent).

FIGURE 8: TROUBLE PAYING BILLS IN THE PAST 12 MONTHS DECLINES WITH LEVEL OF EMERGENCY SAVINGS

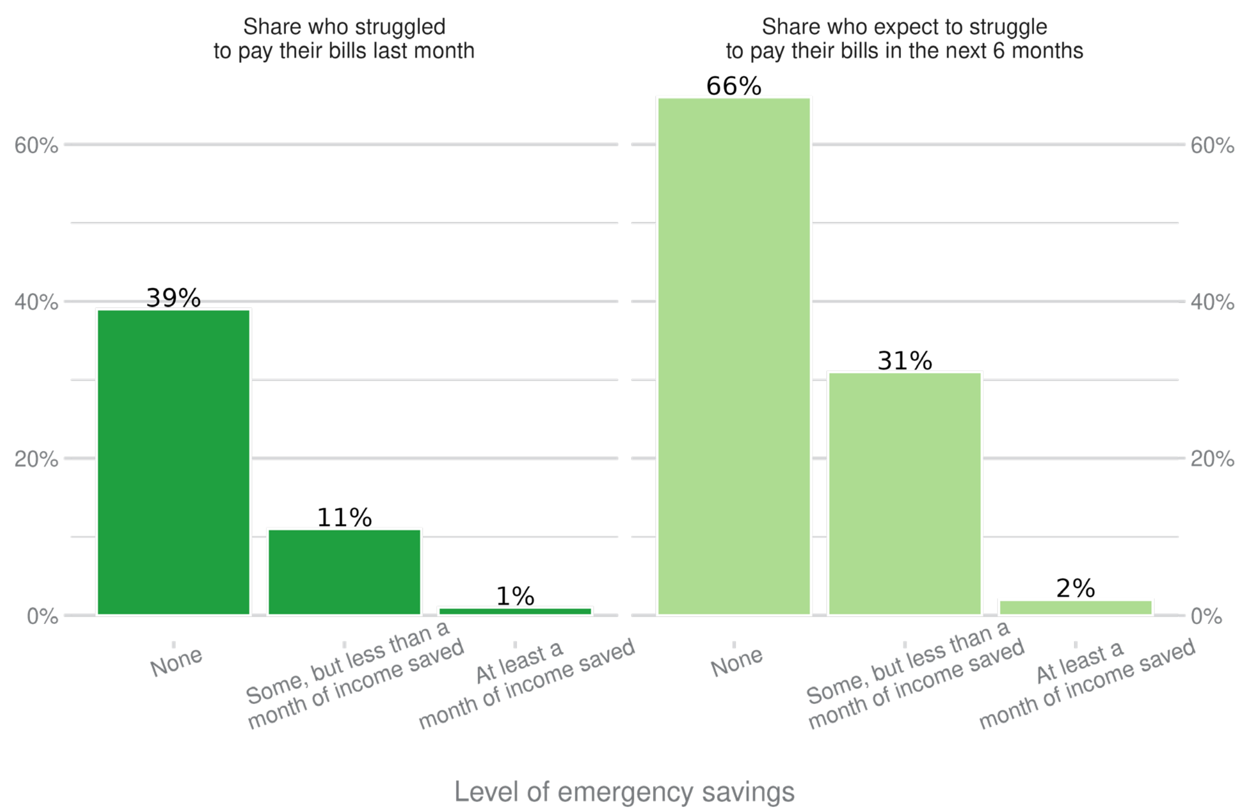


Note: The left-most bar for each group is the share of each group that did not have trouble paying bills in the last 12 months. All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.01 level.

Looking next at the ability to pay all bills in the previous month, consumers with no emergency savings continue to stand out. Specifically, among those who have no emergency savings, almost 4 in 10 (39 percent) were not able to pay all their bills in the previous month (**Figure 9**). This number is much smaller among those with some but less than a month of income set aside for emergencies (11 percent), and among those with at least a month of income saved for emergencies (1 percent).

When asked to look ahead to the next six months, we see a similar pattern. About two-thirds of consumers (66 percent) who have no emergency savings expect to have trouble paying for bills. About half as many—approximately a third (31 percent)—of those with some but less than a month of income saved expect to have trouble paying bills in the next six months, and only 2 percent of those with at least a month of income saved expect to have trouble.

FIGURE 9: THOSE WITH NO SAVINGS STRUGGLE TO PAY BILLS, AND EXPECT THAT STRUGGLE TO CONTINUE



Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.01 level.

6.3 Financial well-being

The findings in this report show sharp differences in the financial conditions of households with and without emergency savings. Our data show that consumers dealing with the consequences of financial insecurity discussed here are aware of their hardship, because those with lower and higher savings amounts differ significantly in subjective financial well-being. The CFPB financial well-being scale produces a score that reflects a consumer's impression of their own financial condition. The scores range from 0 to 100, though most tend to fall between the high 30's and low 70's.[55] Even a 10-point change reflects meaningful differences in consumer financial conditions—there is a 10-point difference, for example, between those with a household income of less than $20,000 (average score of 46) and those with a household income of $75,000-$99,999 (average score of 56).[56]

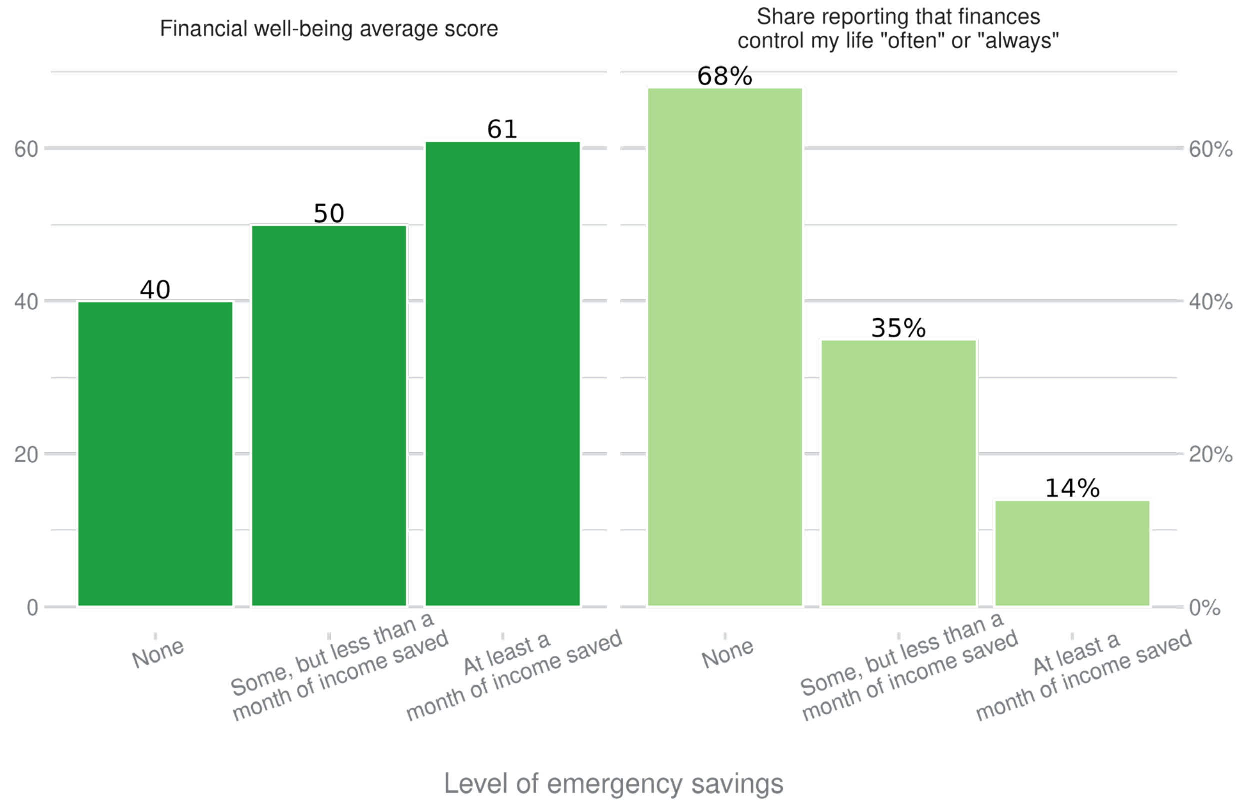
We observe differences of this size and larger in our data. As seen in **Figure 10**, those with no emergency savings have an average financial well-being score of 40, well below the sample average (about 51), while those with some but less than a month of income saved have an average financial well-being score of 50 (not different from the sample average). Those with at least a month of income saved have an average financial well-being score of 61 (significantly higher than the sample average).[57] Between the lowest and highest savings groups, the difference is over 20 points, showing how different the financial experience can be for consumers with different levels of emergency savings. To put this in more context, one of the items in the financial well-being scale is "my finances control my life." Most consumers (68 percent) with no emergency savings report that finances control their life often or always, while those with higher levels of savings are less likely to report that their finances control their life, as 35 percent of those with some but less than a month of income saved report that this statement describes them often or always, and 14 percent of those with at least a month of income saved report that finances control their life often or always (**Figure 10**). Together, these data reveal how consumers' personal sense of their financial situation is related to their having emergency savings available to weather financial storms and meet financial obligations.

[55] CFPB 2017 "Financial well-being in America" Table 3 on page 28 shows that scores range from 37 to 72 from the 10th to 90th percentiles.

[56] CFPB 2017 "Financial well-being in America" Table A4 on page 77.

[57] The average financial well-being score for U.S. adults from the CFPB's National Financial Well-Being Survey is 54 (NFWBS; CFPB 2017, p. 5). One difference is that the NFWBS is nationally representative of U.S. adults and the Making Ends Meet Survey is a nationally representative survey of U.S. adults with a credit bureau record.

FIGURE 10: THOSE WITH HIGHER SAVINGS ALSO HAVE HIGHER FINANCIAL WELL-BEING SCORES AND ARE LESS LIKELY TO REPORT THAT THEIR FINANCES CONTROL THEIR LIFE



Note: All differences between the three pairs of groups ("none" vs. "some, but less than a month of income", "none" vs. "at least a month of income", and "some, but less than a month of income" vs. "at least a month of income") are statistically significant at the 0.01 level.

7. Conclusion

The findings in this report expand knowledge of consumers' financial struggles. We use two powerful CFPB data resources—the Bureau's Making Ends Meet survey paired with our Consumer Credit Panel—to provide a unique picture of consumers' financial profiles not available in prior research.[58] Specifically, we explore consumers' financial lives through the particular lens of emergency savings and highlight consumers' financial profiles—broader savings (e.g., retirement savings), credit and debt (from credit bureau data), ability to meet financial obligations, and financial well-being—by their level of emergency savings.

We show marked differences across various aspects of consumers' financial profiles based on their levels of emergency savings. While emergency savings is a way for consumers to weather unexpected shocks, financial constraint resulting from obligatory expenses and insufficient income can impede consumers' ability to save for emergencies. Consumers with no savings (versus some savings) are more likely to have subprime credit scores, struggle to pay bills, and have lower financial well-being. These consumers also appear more focused on overcoming current constraints—like saving to pay off prior debts—than future focused—like saving for retirement and to be financially secure. Consumers in our middle emergency savings group—those who have some savings but less than a month of income saved for emergencies—have a mixed profile, with some of these consumers struggling with delinquent debt and to meet financial obligations, but others with super-prime credit scores, little debt, and above average financial well-being. Consumers in the highest emergency savings groups—those with at least a month of income saved for emergencies—have healthier financial profiles along multiple dimensions (e.g., they have higher retirement savings, credit scores, and financial well-being, and are less likely to overdraft their checking or savings accounts and use alternative forms of credit).

These analyses expand our knowledge of how the combination of a lack of a savings buffer, low credit availability, and debt can make consumers especially vulnerable. Although a savings buffer can help consumers weather financial emergencies—from individual shocks like a sudden car repair or larger-scale shocks like a pandemic or natural disaster—this analysis also highlights that even consumers with some savings may struggle to meet financial obligations and goals. Savings is just one strategy. While consumers with even small amounts of savings are better able to weather financial shocks,[59] our findings suggest it should be coupled with strategies that

[58] Recall that our data are representative of U.S. adults with a credit bureau record, not all U.S. consumers.

[59] McKernan et al. (2016) finds that consumers with as little as $250-$500 in savings are better off after a financial shock than consumers with only $1-$249.

address other elements of a consumer's financial condition: their credit health (e.g., credit scores), debt level, as well as their income. The findings presented in this report highlight the need for policies that recognize the multifaceted nature of consumers' financial profiles. Appreciating the complexity of consumers' financial lives, including how they juggle their day-to-day finances and plan for the future, all while attempting to withstand unexpected financial shocks, can help policymakers, financial coaches, and other practitioners guide consumers toward improved personal finances and overall financial well-being. This report is an important step toward understanding the interplay between emergency savings and consumers' broader financial profiles. These findings can serve as a foundation on which to build further knowledge and develop strategies to address consumers' challenges as they navigate their complex financial environments.

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APPENDIX A: COMPARISON TO OTHER SURVEYS

This appendix compares the MEM 2021 survey to selected publicly reported estimates of similar questions. An earlier CFPB report (Fulford and Shupe 2021) found that the MEM 2021 sample tends to be slightly older than the American Community Survey (ACS) population, contains a lower share of high-income households and non-Hispanic White populations, and is slightly better-educated.[60]

In addition to the ACS comparisons, we compare MEM 2021 statistics to the CFPB's 2019 MEM survey,[61] the FDIC's 2019 survey of the Survey of Household Use of Banking and Financial Services, the Federal Reserve Board's 2019 and 2020 Survey of Household Economics and Decision-making (SHED), the Federal Reserve Board's 2019 Survey of Consumer Finances (SCF).[62] In general, we find that the MEM 2021 survey findings reflect these other surveys. **Table 7** presents the weighted responses to these questions, which cover the use of bank and retirement accounts, monthly spending-to-income, difficulty paying bills, and use of payday loans.

Across the different surveys, we see that the vast majority of Americans have a bank account. The share of MEM 2021 respondents who report having either a savings or checking account (94 percent) is similar to the shares reported by the other surveys, despite slight differences between survey definitions of having a bank account.[63]

Turning to retirement savings, both MEM surveys find that 66 percent of consumers have an IRA, 401(k) account, a pension, or other retirement account. This matches the 2019 SHED survey and the range reported in the SCF survey.[64]

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[60] See Fulford and Shupe (2021) for details on the weighting process and a detailed explanation of the socio-economic and demographic comparisons of the sample.

[61] The MEM survey used in this report was conducted in early 2021. An earlier MEM survey was conducted in 2019 on a different sample of participants than the 2021 survey. In this appendix, we refer to them as the "MEM 2021" and "MEM 2019" surveys.

[62] See Federal Deposit Insurance Corporation (2020), Bhutta et al. (2020), and the Board of Governors of the Federal Reserve System (2021). Calculations of 2019 SHED data were conducted by the authors using public SHED data, available at https://www.federalreserve.gov/consumerscommunities/shed_data.htm.

[63] The definition of having a bank account differs slightly across the surveys. The initial MEM 2019 survey only asks about checking accounts, while the MEM 2021 asks about both checking and savings accounts. The FDIC's definition of a banked consumer is one who has a bank or credit union account. The SHED reports respondents with a bank account, which is likely checking, savings, and/or money market accounts. The SCF reports a broader "transaction accounts" category, which includes checking, savings, money market, call accounts, and prepaid debit cards.

[64] SCF calculations show the share of families that participated in a retirement plan is between 60 and 70 percent (see Bhutta et al. 2020, page 20).

TABLE 7: SELECTED QUESTION COMPARISON ACROSS MULTIPLE SURVEYS

Survey *	MEM 2021	MEM 2019	FDIC	SHED [65]	SCF
Has a bank account					
Yes (%)	94	94	95	95	98
Has retirement account					
Yes (%)	66	66	-	66	-
In a typical month, would you say that your total spending is:					
More than your income (%)	16	-	-	16	-
The same as your income (%)	32	-	-	29	-
Less than your income (%)	52	-	-	55	-
Were you able to pay all your bills last month?					
No (%)	13	-	-	16	-
Have you taken out a payday loan in the last 6-12 months?					
Yes (%)	4	4	2	-	3

* See footnotes and text for notable differences between the survey questions compared in this table.

Both the MEM and SHED surveys ask respondents about their total spending compared to income and their ability to pay bills in the last month. Both surveys find that 16 percent of respondents spend more than their income, while 52 to 55 percent report that they spend less than their income. We also find that a similar share of respondents report that they could not pay their bills in the last month (13 to 16 percent).[66]

Payday loan usage across the four surveys was in the 2 to 4 percent range. The MEM surveys report the same higher share (4 percent) than the other two surveys, but the timeframe considered for the MEM 2019 survey (six months) is half the time considered for the SHED and FDIC surveys (12 months). Many payday loan customers are repeat users,[67] so we would not expect the MEM share to increase proportionately with an extension from six to 12 months.

[65] The SHED's share of consumers with a retirement account is a calculation by the author using the 2019 SHED survey data collected in October 2019. All other SHED statistics are from the Board of Governors of the Federal Reserve System (2021) survey report and based on data collected in 2020.

[66] The SHED and MEM 2021 surveys were fielded only three months apart. The SHED was fielded in November 2020 and the MEM 2021 survey was fielded in February 2021.

[67] A 2014 CFPB report found that four out of five payday loans were rolled over or renewed within 14 days (Burke, Lanning, Leary, and Wang 2014). A more recent 2021 study finds that 74 percent of payday loan customers borrowed again within eight weeks (Allcott, Kim, Taubinsky, and Zinman 2021).

APPENDIX B: STATISTICS FOR OVERALL SAMPLE

This appendix presents all primary statistics presented in the report for two samples: (1) all Making Ends Meet (MEM) survey respondents and (2) the full subset of respondents who answered both the emergency savings and income questions (i.e., they were assigned to one of the three emergency savings groups).

TABLE 8: STATITICS FOR TWO SAMPLES: FULL MEM SAMPLE AND FULL SAVINGS GROUP SAMPLE

	Full MEM Sample	Full savings group sample
Socio-economic and demographic characteristics		
Amount saved for emergencies ($)		
Mean	35,933	36,455
Median	2,000	2,000
Annual Household Income in 2020 (%)		
$20,000 or less	16	16
$20,001 to $50,000	28	28
$50,001 to $80,000	20	20
$80,001 to $125,000	16	16
More than $125,000	19	20
Highest level of education attained (%)		
High school or less, or vocational	33	33
Some college or two-year degree	28	28
Four-year college or post-graduate degree	39	40
Age (%)		
Younger than 35	21	20
35 to 54	36	39
55 to 61	13	13
62 or older	30	28
Race and ethnicity (%)		
White	59	62
Black	12	13
Hispanic	16	14
Other	13	11
Married or living with partner (%)		
Yes	63	66
Children in the household (%)		
Has children	37	39

	Full MEM Sample	Full savings group sample
Account ownership and balance		
Have a checking account (%)		
Yes	95	95
Checking account balances amount account holders (%)		
Less than $500	26	27
$500 to $999	16	16
$1,000 to $4,999	31	31
$5,000 to $9,999	10	9
$10,000 or more	17	17
Non-retirement savings and investment accounts (%)		
Have account	56	53
Account balances among account holders (%)		
Less than $500	8	10
$500 to $999	7	7
$1,000 to $4,999	20	18
$5,000 to $9,999	11	11
$10,000 or more	54	55
Retirement savings account (%)		
Have account	66	65
Account balances among account holders (%)		
Less than $10,000	21	21
$10,000 to $59,000	25	24
$60,000-$99,999	10	11
$100,000 or more	43	44
Experience and reasons for saving		
How did you learn to save money? (not mutually exclusive) (%)		
I don't really know how to save	11	9
From my parents	45	46
From my own experiences	60	61
Most important reasons for saving (not mutually exclusive) (%)		
Emergencies or unexpected needs	65	68
Pay off debt	34	37
Be financially secure	53	56
Retirement	45	47

	Full MEM Sample	Full savings group sample
Credit and debt		
Credit score (%)		
Has no credit score	9	7
Subprime	18	19
Near prime	7	8
Prime	15	14
Super prime	51	52
Credit cards, all consumers (%)		
Have a credit card	76	77
No credit available	26	26
Credit card holders		
No credit available (%)	3	4
Credit card limit ($)		
Mean	33,336	33,742
Median	24,500	23,000
Credit available ($)		
Mean	27,463	27,625
Median	16,497	15,667
Credit card balance ($)		
Mean	5,874	6,117
Median	2,065	2,322
Types of loans (%)		
Mortgage	32	33
Auto loan (%)	34	35
Student loan (%)	15	15
Amount of debt, by consumers with each loan type		
Mortgage debt ($)		
Mean	218,525	217,115
Median	176,801	177,072
Auto debt ($)		
Mean	18,903	18,921
Median	15,601	14,940
Student loan debt ($)		
Mean	40,004	41,387
Median	22,392	22,392

	Full MEM Sample	Full savings group sample
Total debt, all consumers		
Total debt ($)		
Mean	90,629	95,311
Median	17,646	21,709
Total non-mortgage debt ($)		
Mean	21,700	22,806
Median	7,437	8,673
Share with delinquent debt ($)		
Debt 60+ days past due	17	19
Debt in collections (third party)	20	20
Amount of debt		
Debt 60+ days past due ($)		
Mean	11,077	12,435
Median	1,995	2,269
Debt in collections (third party, $)		
Mean	3,110	3,456
Median	1,209	1,214
Alternative credit and trouble paying bills		
Took out payday or auto-title loan in last 12 months (%)		
Yes	7	8
Number of times overdrafted in last 12 months (%)		
0 times	83	82
1-3 times	12	12
4-10 times	4	4
More than 10 times	2	2
Withdrew from retirement account in last 12 months, among non-retirees who owned accounts (%)		
Yes	24	24
Have an unpaid balance on credit card after last payment (%)		
Yes	48	51
Number of times had trouble paying bill in the last 12 months (%)		
0 times	65	62
Once	5	5
2 times	9	10
3-4 times	12	13
5 or more times	9	10

	Full MEM Sample	Full savings group sample
Were you able to pay all your bills last month? (%)		
No	13	14
Do you expect to have difficulty paying a bill or expense in the next 6 months? (%)		
Yes	27	29
Financial well-being		
Finances control my life always or often (%)		
Yes	34	35
Financial well-being score (score)		
Mean	52	51
Median	52	51

APPENDIX C: SOCIO-ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS FOR EACH EMERGENCY SAVINGS GROUP

In Section 3, we present the level of emergency savings by various socio-economic and demographic characteristics (i.e., we present row percentages). **Table 9** is a companion to that table and presents the socio-economic and demographic characteristics for each of the three emergency savings groups (i.e., we present column percentages). We provide this additional table to highlight the characteristics of consumers in the three emergency savings groups.

TABLE 9: SOCIO-ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS BY LEVEL OF EMERGENCY SAVINGS

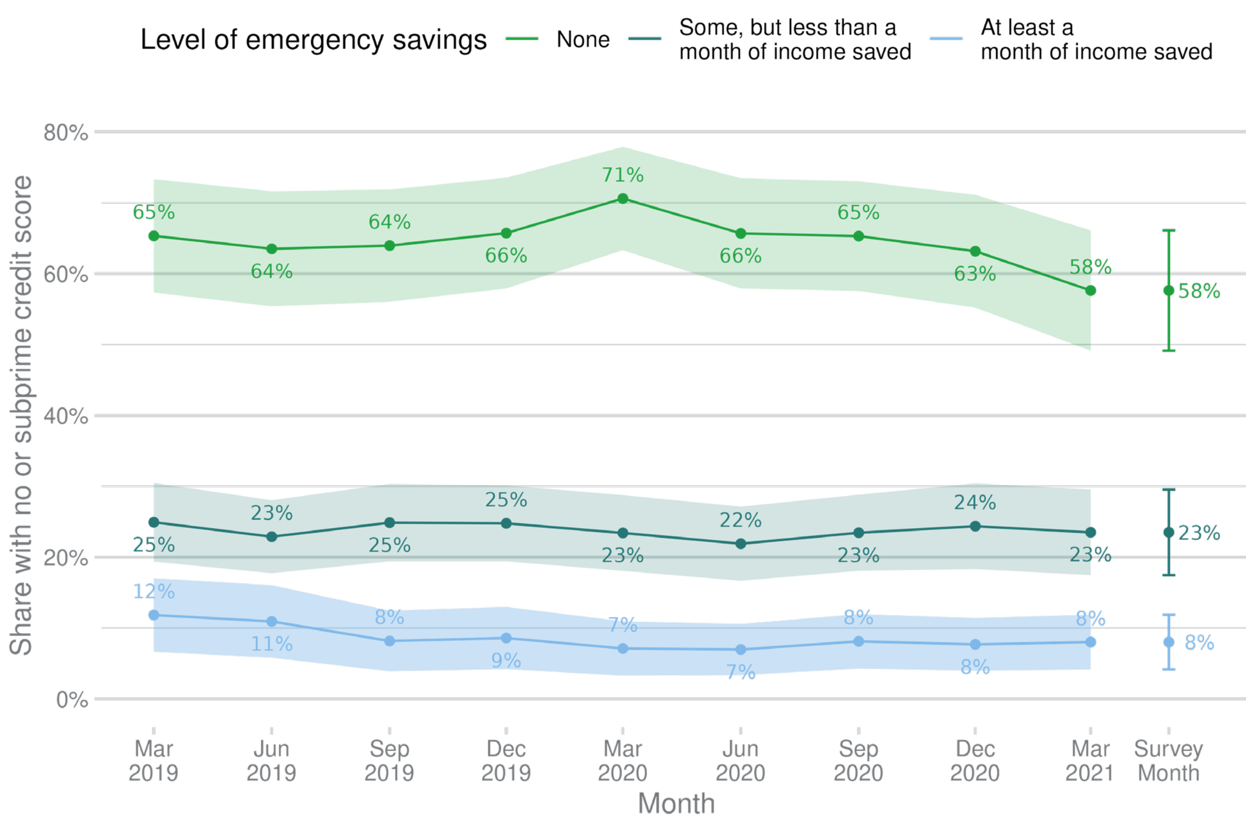
Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Annual Household Income in 2020 (%)			
$20,000 or less	39	10	7
$20,001 to $50,000	46	25	19
$50,001 to $80,000	10	26	21
$80,001 to $125,000	2	19	22
More than $125,000	2	19	31
Total sum, by column	*100*	*100*	*100*
Highest level of education attained (%)			
High school or less, or vocational	56	29	21
Some college or two-year degree	35	31	20
Four-year degree or more	9	39	60
Total sum, by column	*100*	*100*	*100*
Age (%)			
Younger than 35	22	20	19
35 to 54	40	47	29
55 to 61	16	13	12
62 or older	22	20	39
Total sum, by column	*100*	*100*	*100*
Race and ethnicity (%)			
White	48	61	73
Black	22	15	5
Hispanic	16	16	9
Other	14	8	13
Total sum, by column	*100*	*100*	*100*

Level of Emergency Savings	None	Some, but less than a month of income saved	At least a month of income saved
Married or living with a partner (%)			
No	50	29	30
Yes	50	71	70
Total sum, by column	*100*	*100*	*100*
Children in the household (%)			
No children	58	55	69
Has children	42	45	31
Total sum, by column	*100*	*100*	*100*

APPENDIX D: CREDIT SCORE, AVAILABLE CREDIT, AND DELINQUENT DEBT OVER TIME, BY EMERGENCY SAVINGS GROUP

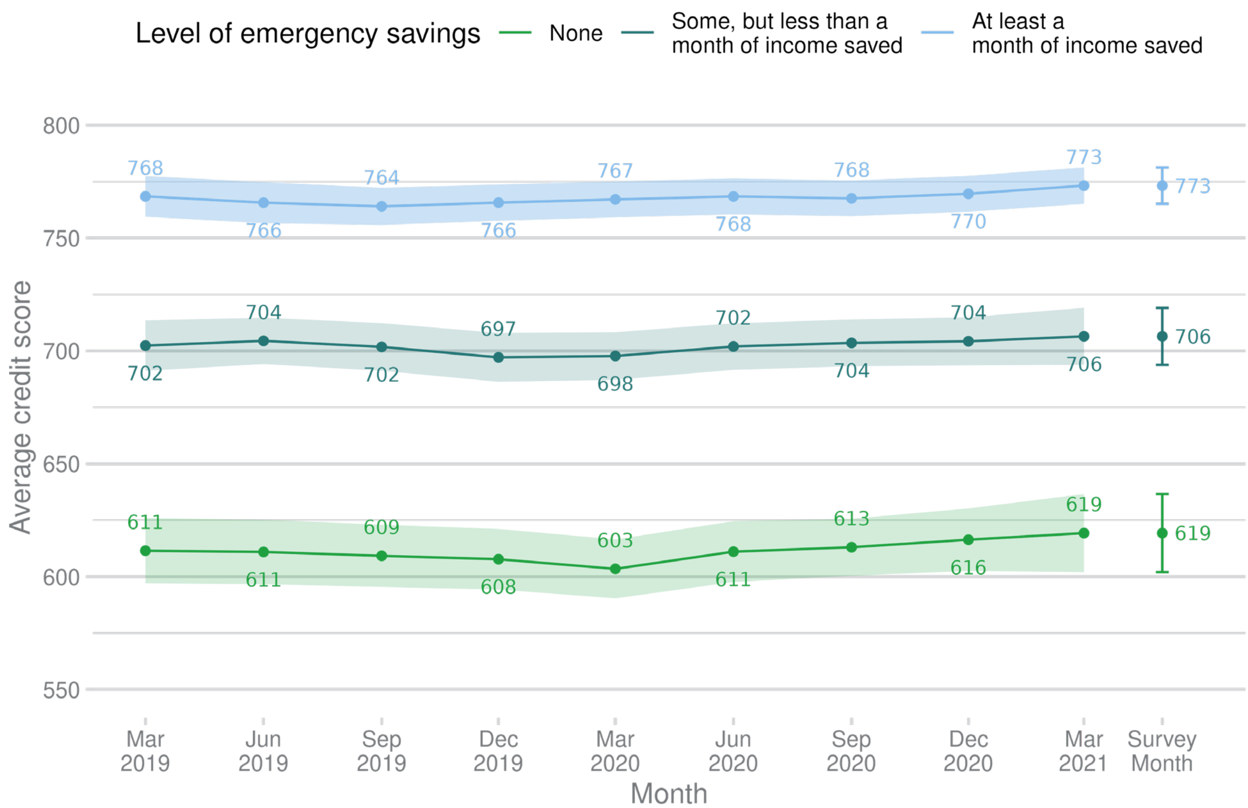
The figures presented in this appendix show that the gap in credit health (credit score and available credit) and delinquent debt across the three emergency savings groups is not unique to the survey month. Indeed, we see a similar pattern of separation between the three savings groups (measured as of the survey data [February-April 2021]) when we look at credit health and delinquent debt (from the Consumer Credit Panel) across the two-year period from March 2019 to March 2021. Generally, these figures show that consumers with no or limited emergency savings have struggled with their financial lives over time.

FIGURE 11: THE SHARE OF CONSUMERS WITH NO CREDIT SCORE OR SUBPRIME CREDIT SCORE, BY EMERGENCY SAVINGS GROUP



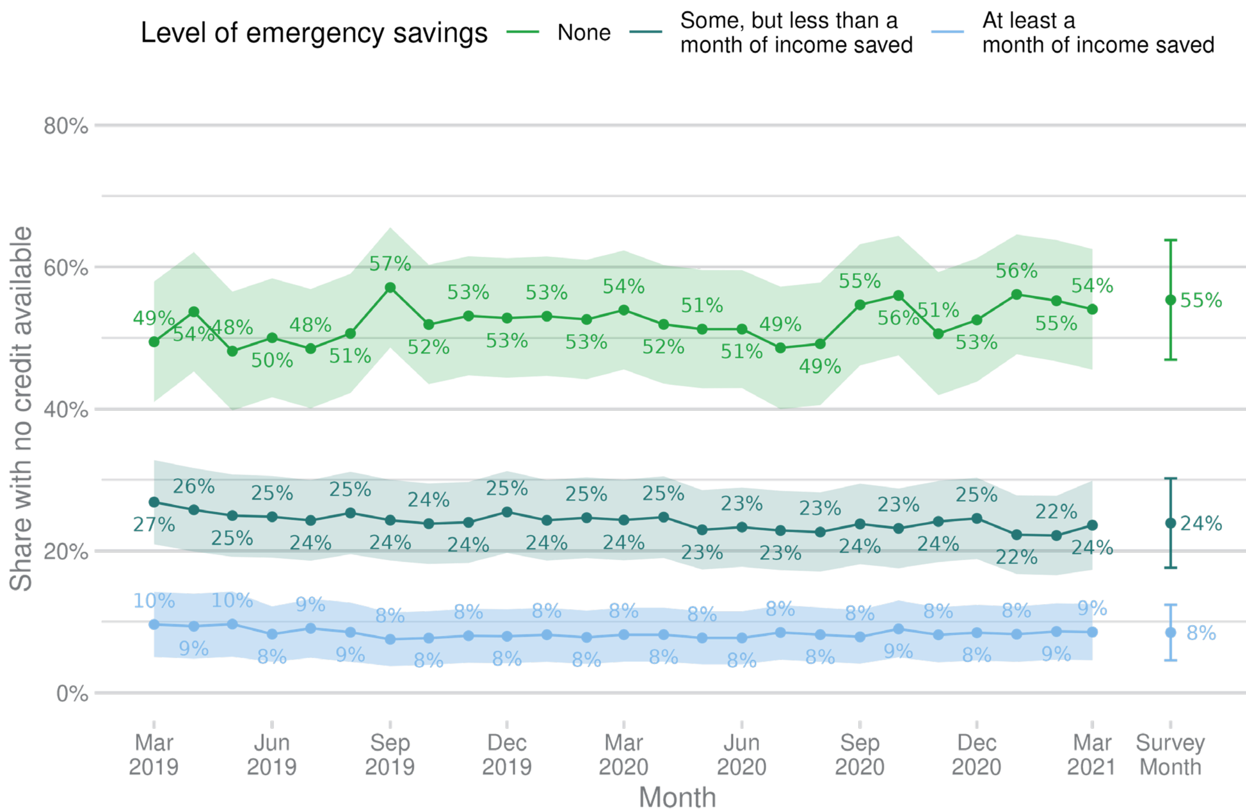
Note: Survey respondents were placed into one of the three emergency savings groups based on their responses to survey questions, which were answered between February and April 2021. Quarterly information on consumers' credit scores from March 2019 to March 2021 is from the Bureau's Consumer Credit Panel.

FIGURE 12: AVERAGE CREDIT SCORE BY EMERGENCY SAVINGS GROUP



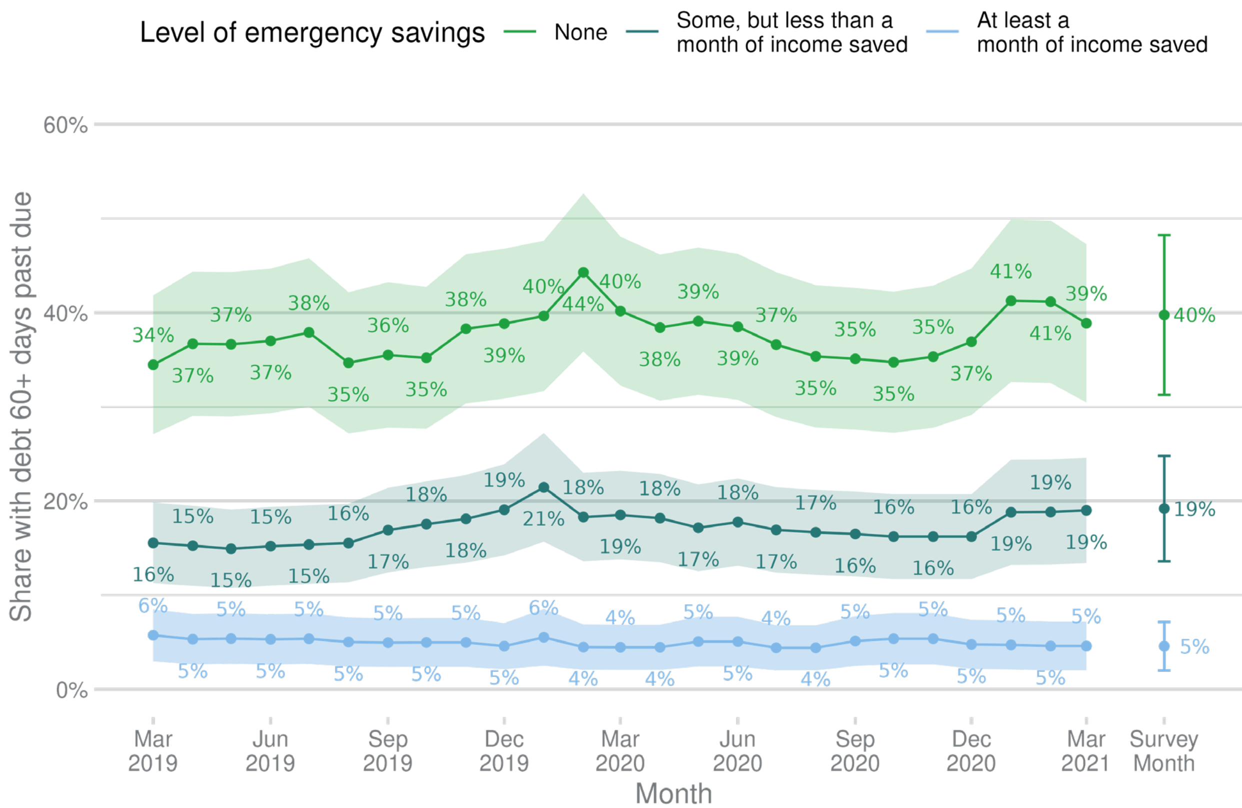
Note: Survey respondents were placed into one of the three emergency savings groups based on their responses to survey questions, which were answered between February and April 2021. Quarterly information on consumers' credit scores from March 2019 to March 2021 is from the Bureau's Consumer Credit Panel.

FIGURE 13: THE SHARE OF CONSUMERS WITH NO CREDIT AVAILABLE ON A CREDIT CARD, BY EMERGENCY SAVINGS GROUP



Note: Survey respondents were placed into one of the three emergency savings groups based on their responses to survey questions, which were answered between February and April 2021. Monthly information on consumers' available credit from March 2019 to March 2021 is from the Bureau's Consumer Credit Panel.

FIGURE 14: THE SHARE OF CONSUMERS WITH DEBT 60+ DAYS PAST DUE, BY EMERGENCY SAVINGS GROUP



Note: Survey respondents were placed into one of the three emergency savings groups based on their responses to survey questions, which were answered between February and April 2021. Monthly information on consumers' debt 60+ days past due from March 2019 to March 2021 is from the Bureau's Consumer Credit Panel.