

NEW REALITY CHECK: THE PAYCHECK-TO-PAYCHECK REPORT

The Savings Deep Dive Edition

October 2023
Report



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New Reality Check: The Paycheck-to-Paycheck Report — The Savings Deep Dive Edition was produced in collaboration with LendingClub, and PYMNTS Intelligence is grateful for the company’s support and insight. **PYMNTS Intelligence** retains full editorial control over the following findings, methodology and data analysis.

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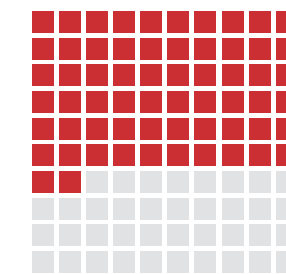
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WHAT'S AT STAKE

Consumers continue to adjust their lifestyles to live within their means, even as inflation has dropped from 9.1% in July 2022 to 3.7% in September 2023, according to the Bureau of Labor Statistics' Consumer Price Index.¹ Yet, living paycheck to paycheck continues to be the predominant financial lifestyle in the United States, as 62% of consumers lived paycheck to paycheck as of September 2023, while 22% struggled to pay their monthly bills. Those living paycheck to paycheck also include as many as 44% of high-income consumers and more than three-quarters of low-income consumers. Despite efforts to manage their budgets, consumers across financial lifestyles report that putting aside savings can be a challenge, especially when faced with a major or unexpected expense.

More than three-quarters of consumers report having used a significant percentage of their savings to meet a major expenditure at least once. Moreover, consumers say they deplete, on average, 67% of all available savings, with the average consumer facing such depletions once every four years. Among paycheck-to-paycheck consumers, the average recurrence drops to once every 2.5 years. Emergency

62%



of consumers lived **paycheck to paycheck** as of September 2023.

expenses — as well as major life events — are the main reasons consumers tap into their savings. At 31%, emergency spending is the most cited driver causing a significant reduction in savings, while 24% cited major life events as a reason for these high-value expenses.

These are just some of the findings detailed in this edition of New Reality Check: The Paycheck-to-Paycheck Report, a PYMNTS Intelligence and LendingClub collaboration. The Savings Deep Dive Edition examines consumers' ability to preserve their savings in the current economic environment, especially when faced with major expenditures. This edition draws on insights from a survey of 3,648 U.S. consumers conducted from Sept. 5 to Sept. 20 and an analysis of other economic data.^{2,3,4}

This is what we learned.

¹ Author unknown. Consumer Price Index. U.S. Bureau of Labor Statistics. 2023. <https://www.bls.gov/cpi/>. Accessed October 2023.

² Author unknown. Consumer Credit - G.19. Board of Governors of the Federal Reserve System. 2023. <https://www.federalreserve.gov/releases/g19/current/>. Accessed October 2023.

³ Author unknown. Current Employment Statistics - CES (National). U.S. Bureau of Labor Statistics. 2023. <https://www.bls.gov/ces/>. Accessed October 2023.

⁴ Author unknown. Consumer Price Index Summary. U.S. Bureau of Labor Statistics. 2023. <https://www.bls.gov/news.release/cpi.nr0.htm>. Accessed October 2023.

FIGURE 1:

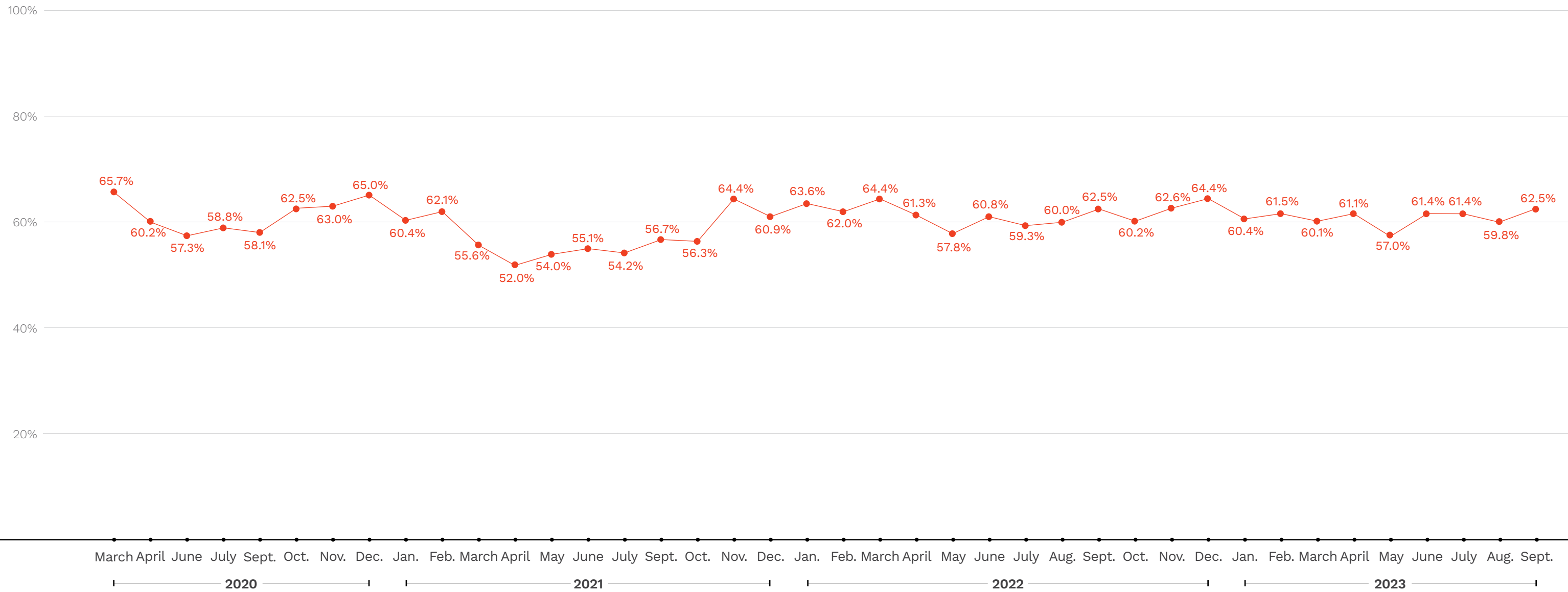
Consumers living paycheck to paycheck

Share of U.S. consumers living paycheck to paycheck, over time

Source: PYMNTS Intelligence

New Reality Check: The Paycheck-to-Paycheck Report, October 2023

N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023



01

HOLDING STEADY

At 62% in September 2023, the share of U.S. consumers living paycheck to paycheck was unchanged from September 2022.

 **44%**

Share of U.S. consumers earning more than \$100,000 per year living paycheck to paycheck as of September 2023

02

SAVINGS CAPACITY

Aggregate savings have not fluctuated significantly, yet high earners are the most likely to have increased their savings capacity since 2022.

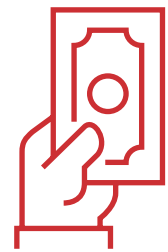
 **35%**

Portion of consumers earning more than \$200,000 annually who report increased savings ability compared to 2022

03

DEPLETING SAVINGS

The average consumer depletes their savings every four years to cover a major expense, with Generation Z doing so as often as every two years.



30%

Share of consumers who dealt with a major expense using a significant percentage of their savings in the last year

04

UNEXPECTED EVENTS

Emergency expenses and income disruptions explain why consumers deplete their savings half of the time.



31%

Share of consumers who cited emergency spending as reason they depleted their savings, while 20% cited job losses or income reductions

PYMNTS IN DEPTH

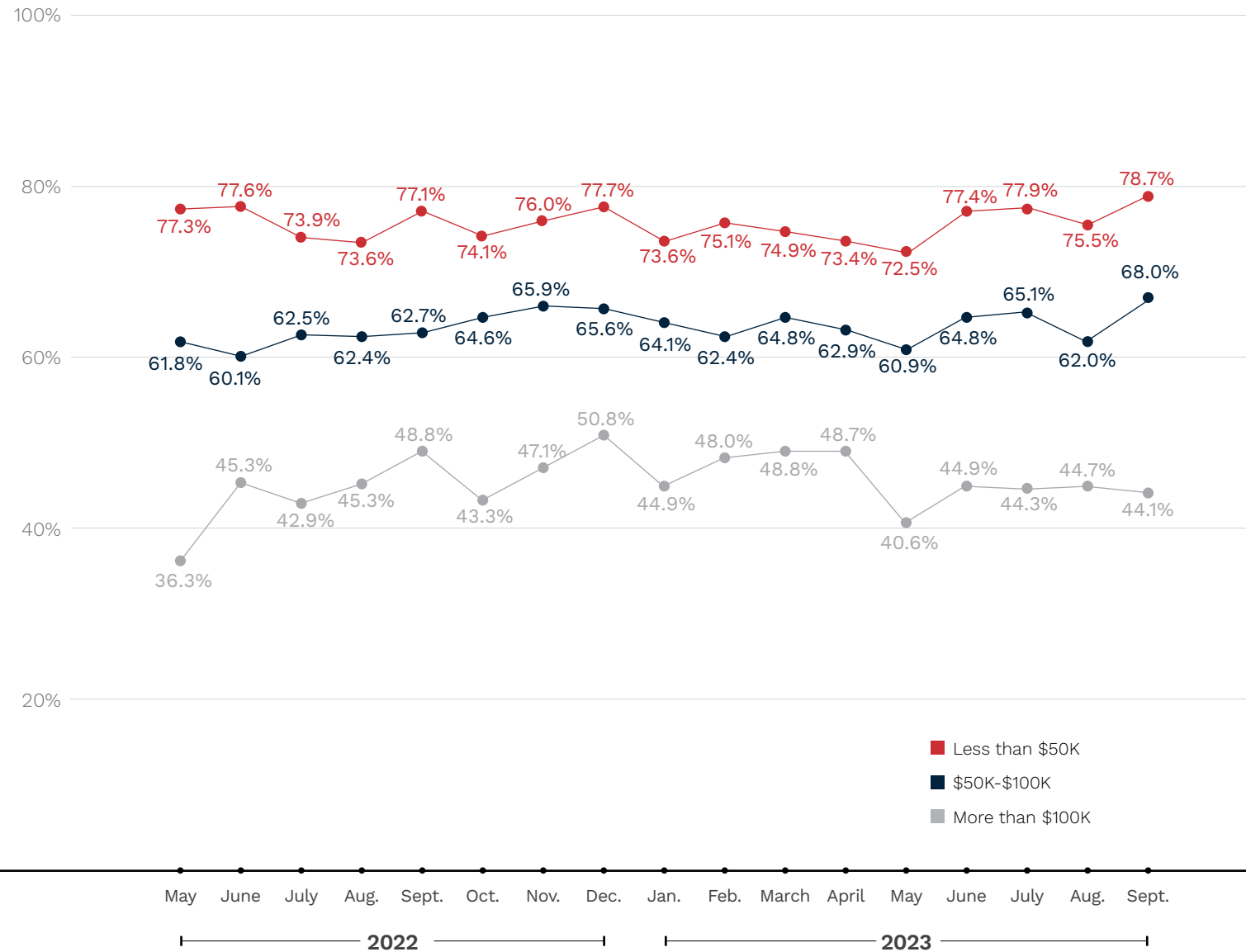
Consumers across financial lifestyles do their best to live within their means and put aside savings, yet unexpected expenses can take a toll.

At 62% in September 2023, the share of U.S. consumers living paycheck to paycheck was unchanged from September 2022.

Living paycheck to paycheck remains the main financial lifestyle among U.S. consumers. The share of consumers living paycheck to paycheck currently sits at 62%, unchanged compared to September 2022. Throughout the second half of the year, the share of consumers living paycheck to paycheck remained similar to that seen in 2022, oscillating around the 60% mark between June and September. As of September 2023, 79% of consumers earning less than \$50,000 annually live paycheck to paycheck, as do 68% of those earning between \$50,000 and \$100,000 and 44% of consumers earning \$100,000 or more.

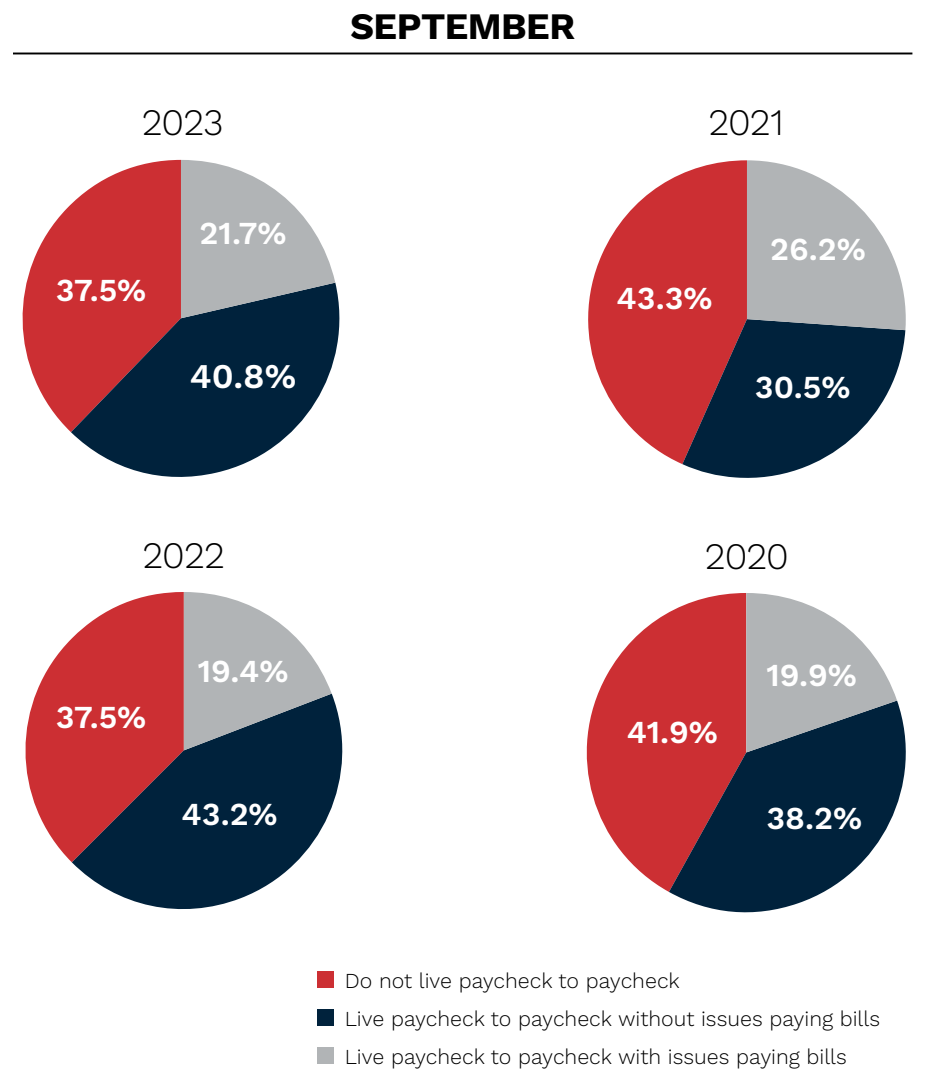
Moreover, more than one-fifth of U.S. consumers reported struggling to pay their bills — nearly 3 percentage points higher than this time last year. As of September 2023, 22% of consumers lived paycheck to paycheck with issues paying bills, compared to 19% in September 2022. The share of consumers living paycheck to paycheck without issues paying monthly bills is 41%, down from 43% last year, while the share of those not living paycheck to paycheck has remained the same. These shifts suggest that inflationary pressures continue to impact struggling consumers, even as many have found ways to adjust their spending to live within their means.

FIGURE 2:
Consumers in different income brackets who live paycheck to paycheck
 Share of U.S. consumers living paycheck to paycheck, by annual income



Source: PYMNTS Intelligence
 New Reality Check: The Paycheck-to-Paycheck Report, October 2023
 N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023

FIGURE 3:
Consumers' financial lifestyles
 Share of consumers with different financial lifestyles, over time



Source: PYMNTS Intelligence
 New Reality Check: The Paycheck-to-Paycheck Report, October 2023
 N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023

Aggregate savings have not fluctuated significantly, yet high earners are the only ones likely to have increased their savings capacity since 2022.

Aggregate consumer savings amounted to an average of \$11,000 per consumer in September 2023. This is roughly unchanged from September 2022 after netting out the effect of inflation, but average readily available savings has dipped 7% in real terms since September 2021. Yet, the share of consumers reporting that their monthly expenses outpace their incomes, at approximately 12%, is virtually

FIGURE 4

Consumers' average savings, over time

Average readily available savings, over time

	Available savings in current U.S. dollars	Available savings in May 2021 U.S. dollars
• September 2023	\$11,213	\$9,838
• September 2022	\$11,085	\$10,054
• September 2021	\$10,792	\$10,591

Source: PYMNTS Intelligence

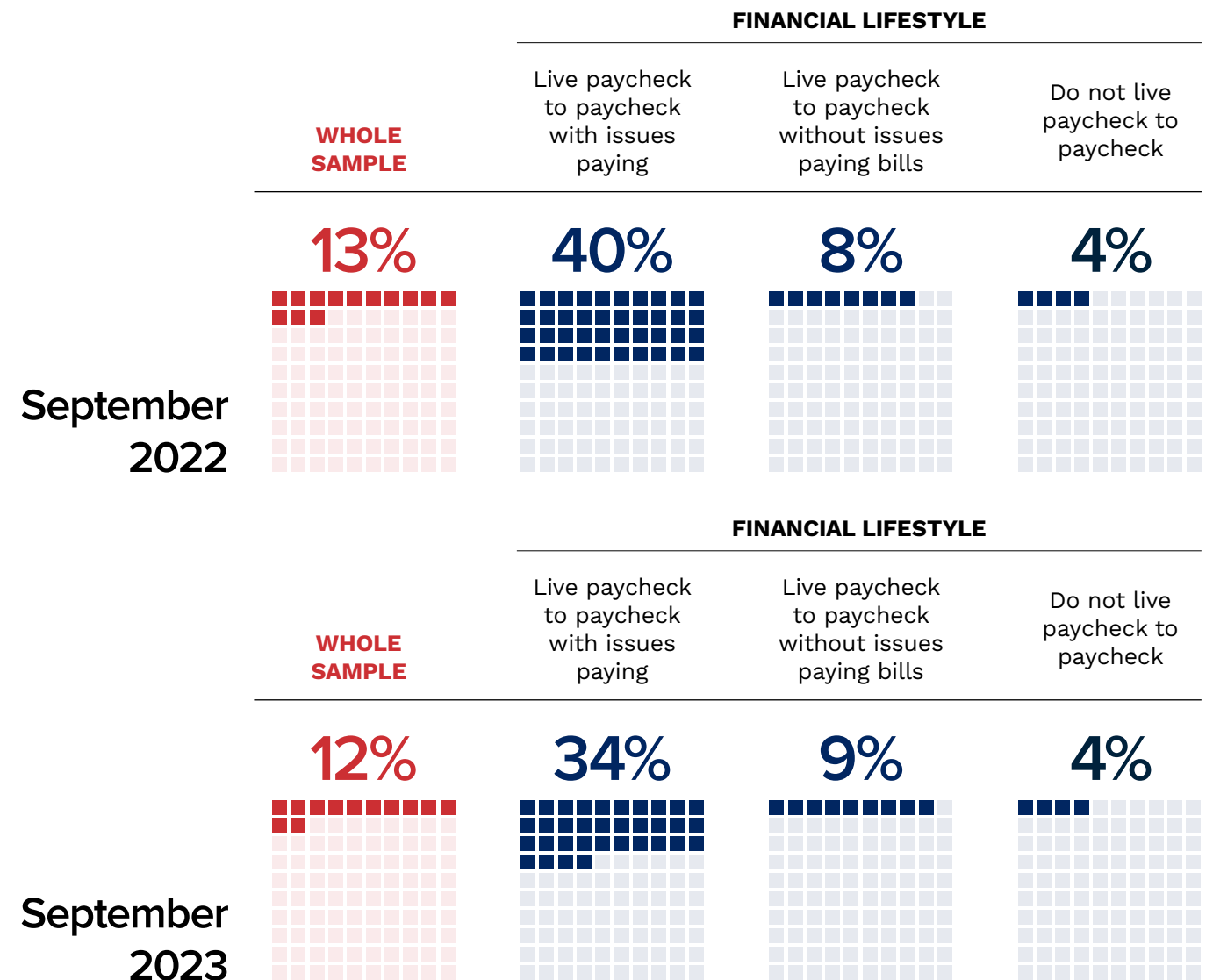
New Reality Check: The Paycheck-to-Paycheck Report, October 2023

N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023

FIGURE 5:

Spending versus earning

Share of consumers who spent more than what they earned in the six months prior to being surveyed, by financial lifestyle



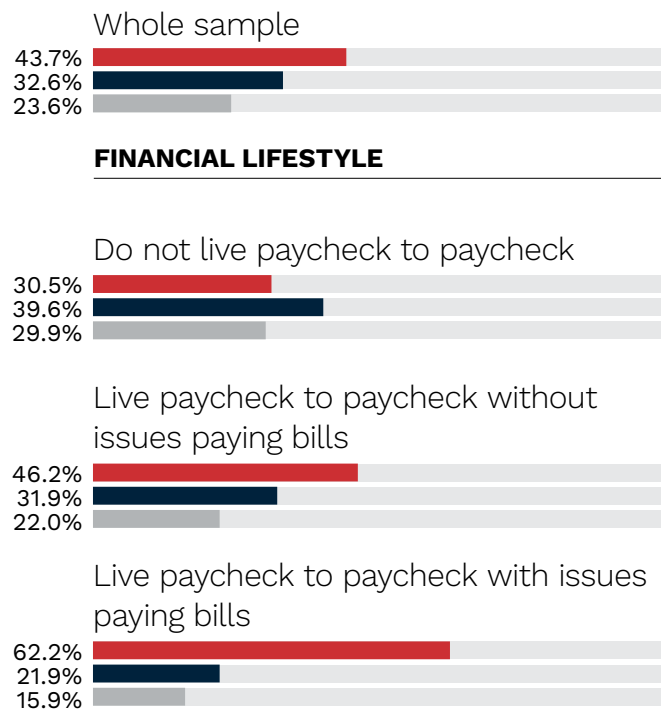
Source: PYMNTS Intelligence

New Reality Check: The Paycheck-to-Paycheck Report, October 2023
N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023

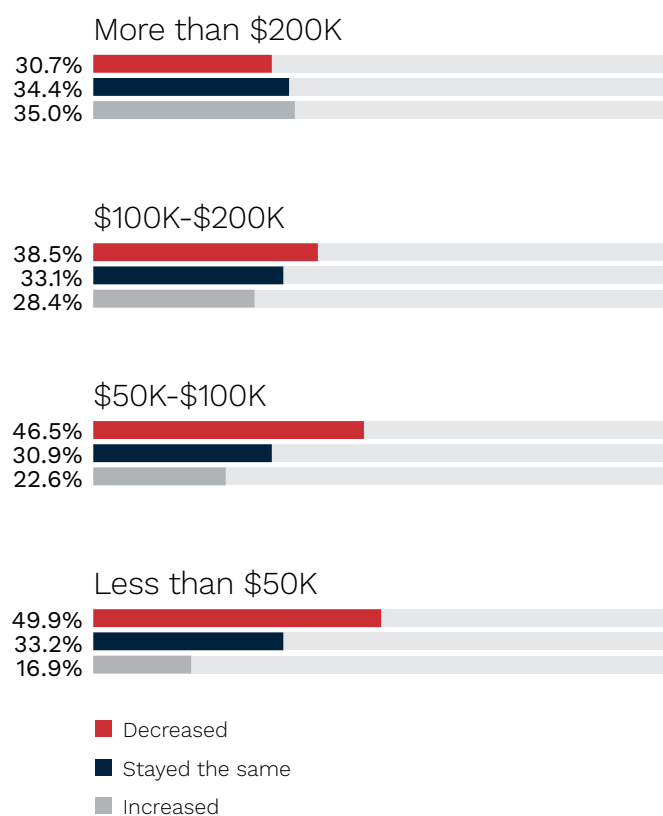
FIGURE 6A:

Changes in consumers' ability to save

Share of consumers citing how their savings ability has changed in the last year, by demographic



INCOME



Source: PYMNTS Intelligence
New Reality Check: The Paycheck-to-Paycheck Report, October 2023
N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023

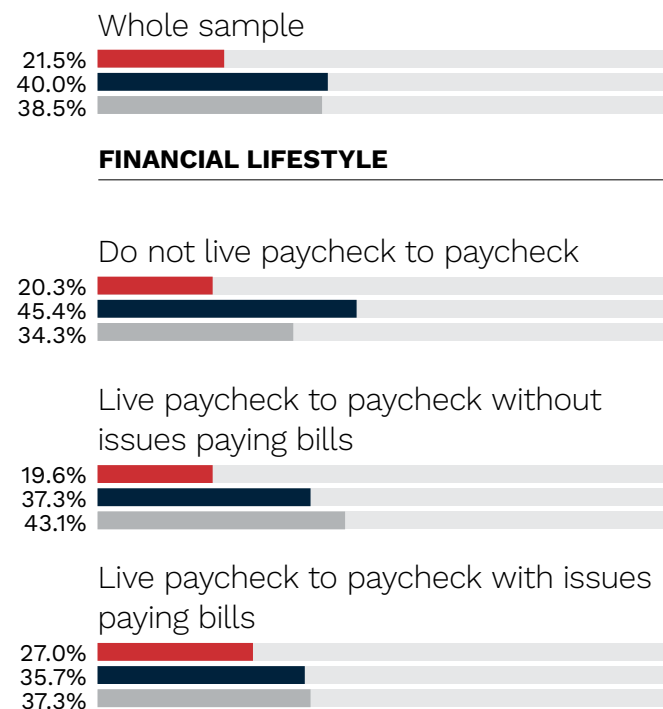
unchanged from a year ago. Among paycheck-to-paycheck consumers struggling to pay bills, the share of consumers who say they have spent more than what they earned in the last six months is down from 40% in 2022 to 34% in 2023, most likely due to slowing inflation in the past year.

Still, those who hold the bulk of domestic savings are the least likely to have seen their savings ability dip in 2023. Overall, 44% of consumers report diminished savings capacity relative to a year ago, with 50% of those earning less than \$50,000 yearly reporting such changes.

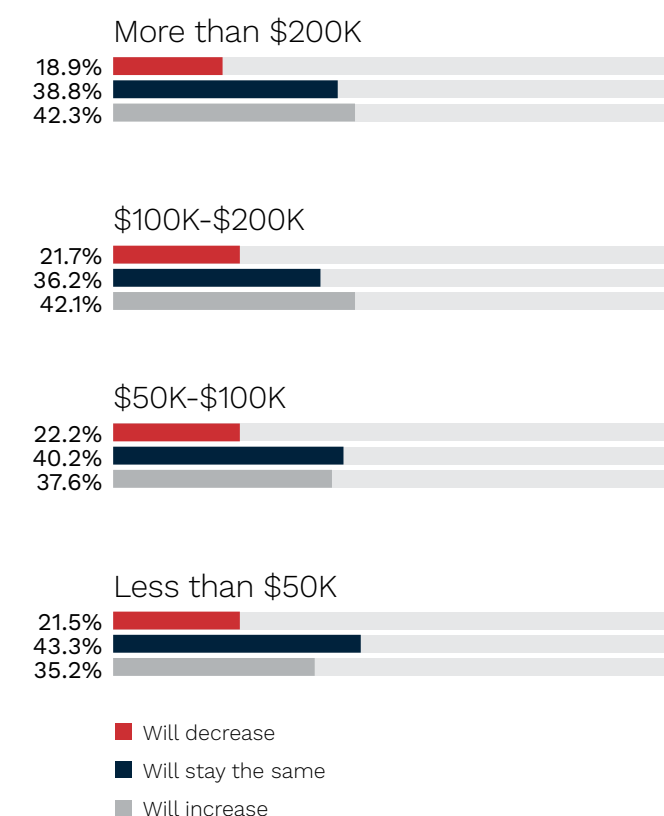
FIGURE 6B:

Changes in consumers' ability to save

Share of consumers citing how they think their savings ability will change in the next year, by demographic



INCOME



Source: PYMNTS Intelligence
New Reality Check: The Paycheck-to-Paycheck Report, October 2023
N = 3,648: Whole sample, fielded Sept. 5, 2023 – Sept. 20, 2023

Conversely, at 35%, consumers earning more than \$200,000 annually are the most likely among income brackets to cite increased savings ability — only slightly more than those who cite decreased savings capacity within this group, at 31%. Paycheck-to-paycheck consumers struggling to pay bills are the most likely to report diminished savings capacity compared to a year ago, at 62%. Across groups, more than one-third of consumers are optimistic regarding increasing their savings capacity in the year to come — an indication that consumers expect to tighten their belts when they can.

The average consumer depletes their savings every four years to cover a major expense, with Generation Z doing so as often as every two years.

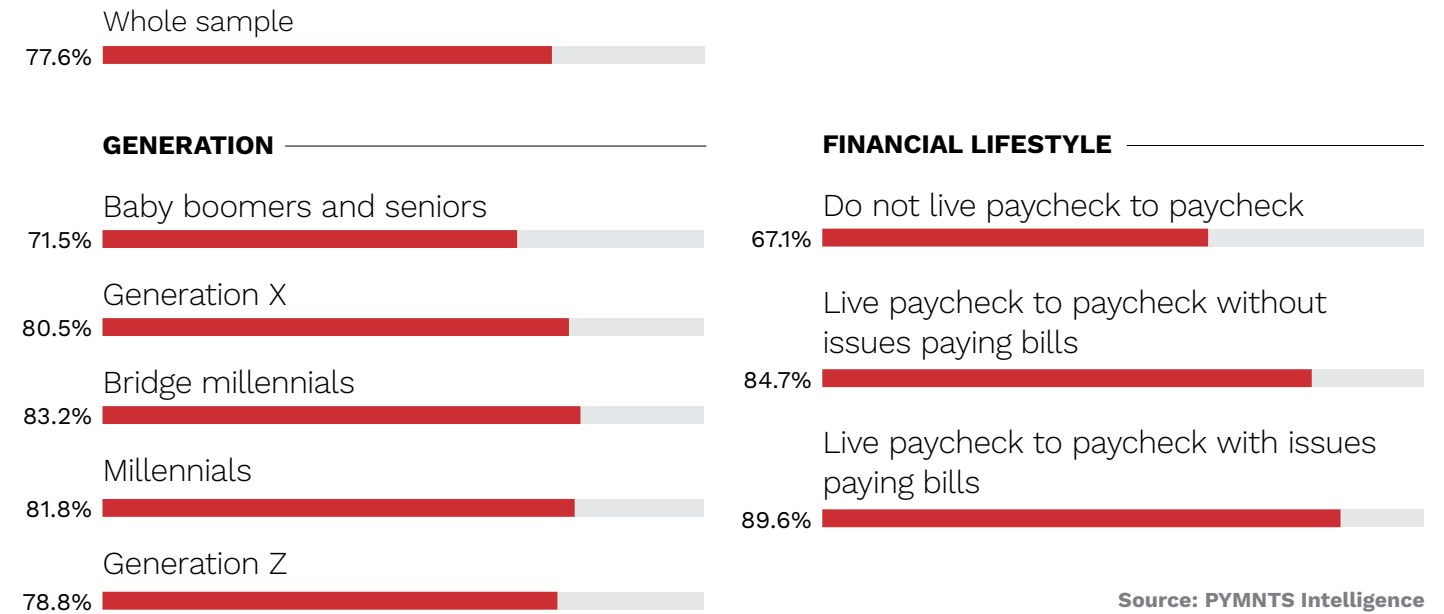
Major expenditures can derail consumers' saving plans, decreasing their readily available funds. In fact, 78% of all consumers surveyed recall having at least one expenditure which required them to withdraw a significant portion of their savings. Among paycheck-to-paycheck consumers with issues paying their bills, 90% cited at least one expenditure that depleted their savings, but among consumers not living paycheck to paycheck, just 67% said the same. Across age groups, bridge millennials, at 83%, are the most likely to report that at least one expenditure depleted their savings, while 79% of Gen Z consumers say the same.

Withdrawing a significant portion of savings to cover a major expense can impact financial standing, especially as the rising cost of living has made it increasingly difficult for many consumers to put aside savings. In fact, the average share of savings withdrawn represents 67% of the average consumer's available savings, and consumers face these major withdrawals once every almost four years, on aver-

FIGURE 7:

Using savings to cover major expenses

Share of consumers with savings who had a major expenditure that required a significant percentage of their savings to cover, by demographic



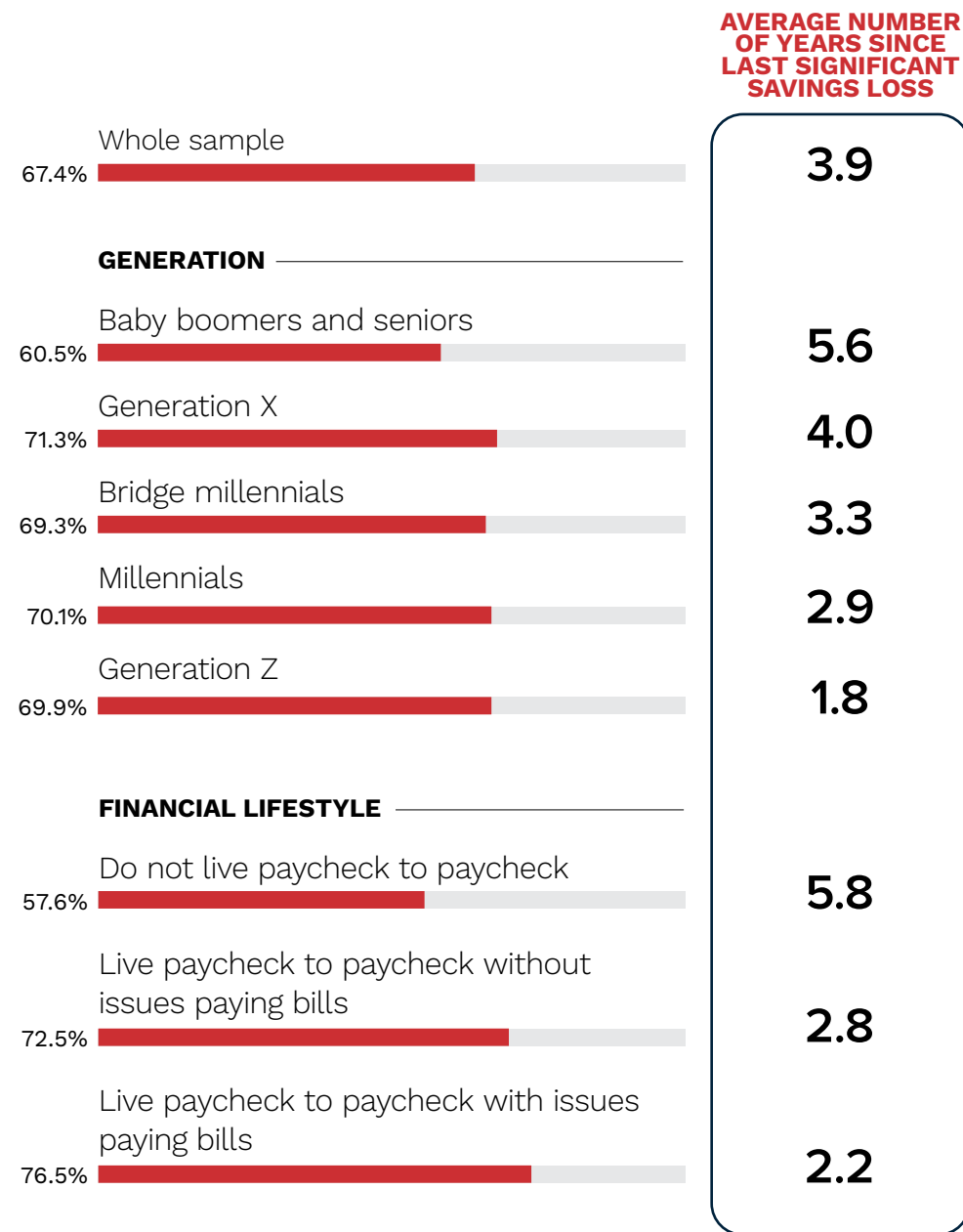
Source: PYMNTS Intelligence
 New Reality Check: The Paycheck-to-Paycheck Report, October 2023
 N = 2,946: Respondents with readily available savings, fielded Sept. 5, 2023 – Sept. 20, 2023

age. Among paycheck-to-paycheck consumers, these withdrawals occur every 2.2 years and require 76% of their savings balances, on average, for those struggling to pay bills; they occur every 2.8 years and require 73% of savings, on average, for those living paycheck to paycheck without difficulty. Among consumers not living paycheck to paycheck, the share of savings required is 58% every 5.8 years, on average. Members of Gen Z, meanwhile, deplete 70% of their savings every 1.8 years, on average, which may reflect the fact that these younger consumers have had less time to accumulate savings.

FIGURE 8:

Savings depletions

Average number of years since the last time consumers' savings were significantly reduced and average share of savings used in last incident, by demographic



Source: PYMNTS Intelligence

New Reality Check: The Paycheck-to-Paycheck Report, October 2023
 N = 2,301: Respondents whose savings have been significantly reduced, fielded Sept. 5, 2023 – Sept. 20, 2023

90%

Share of paycheck-to-paycheck consumers with issues paying their bills who cited at least **one expenditure that depleted their savings**

Emergency expenses and income disruptions explain why consumers deplete their savings half of the time.

Consumers can face a wide variety of major nondiscretionary events that can deplete their savings, yet emergency expenses are the most cited, at 31%, followed by job loss or income reductions, at 20%. This data aligns with June 2023's New Reality Check: The Paycheck-to-Paycheck Report — The Emergency Spending Deep Dive Edition, which found average consumer emergency expenses rose 16% to \$1,700 from the prior year, far above the Federal Reserve's \$400 benchmark. According to that report, the most frequently cited emergency expenses were vehicle repairs (at 30%), followed by health-related expenses and home or relocation expenses. Vehicle repairs impact consumers struggling to pay bills more often, with 35% saying this was the last emergency expense they faced.⁵

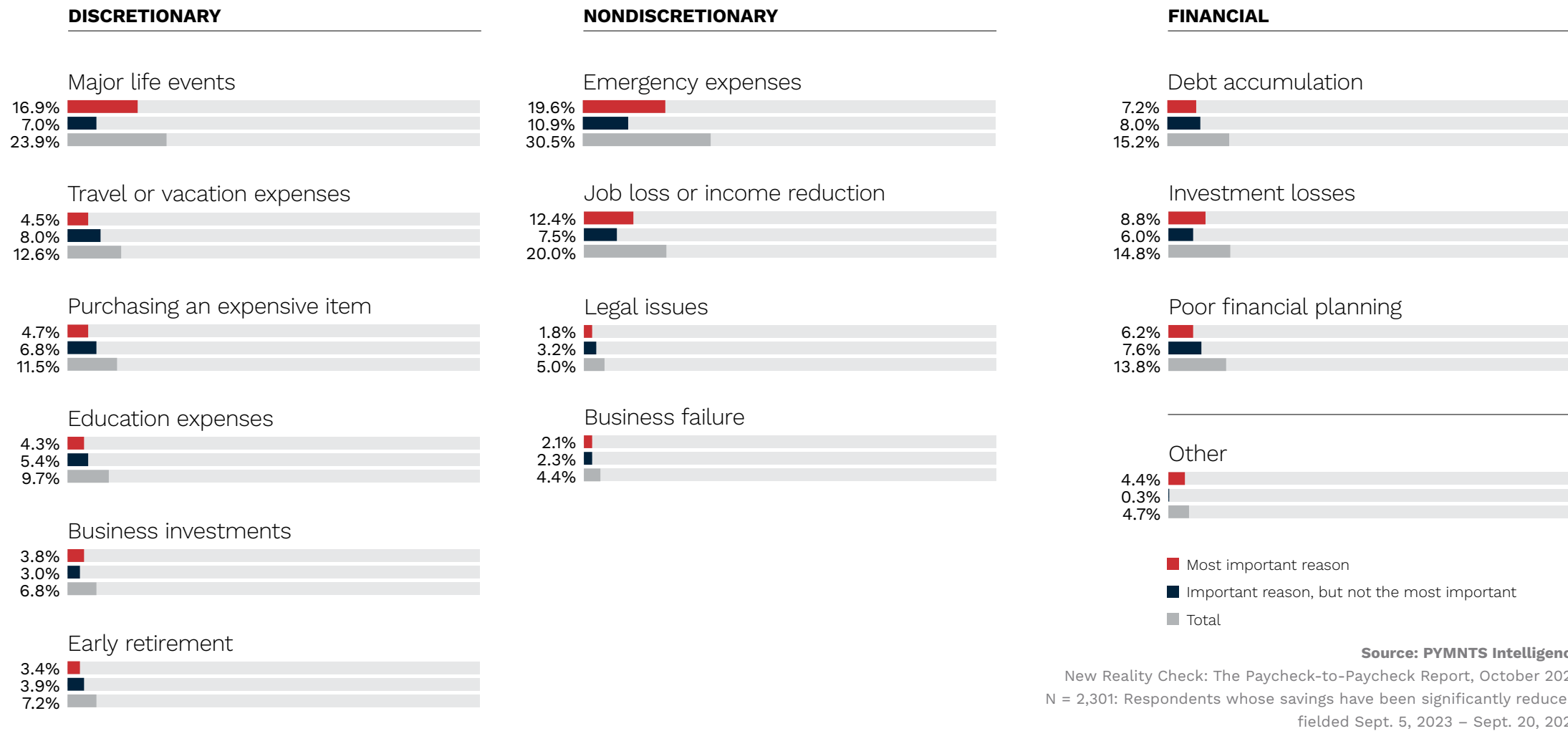
⁵ PYMNTS Intelligence. New Reality Check: The Paycheck-To-Paycheck Report — The Emergency Spending Deep Dive Edition. 2023. <https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-emergency-expenses-savings-financing/>. Accessed October 2023.

Meanwhile, discretionary events — including major life events (24%), travel (13%) and purchasing expensive items (12%) — are among the most important reasons consumers cite for depleting their savings. Interestingly, this is virtually the same share as consumers who cite nondiscretionary events, such as emergency expenses. Financial contingencies, such as investment losses, account for 22% of decreases. Discretionary events are particularly relevant in explaining savings depletion among Gen Z consumers, with 51% citing it as the most important reason why their savings are significantly reduced, and consumers not living paycheck to paycheck, with 43% saying the same. This suggests that these consumers are more likely either to face major life events such as marriage or buying a home, or to splurge on expensive items or vacation travel, making it more difficult for them to maintain a high level of savings.

FIGURE 9:

Reasons for savings depletions

Share of consumers whose savings were significantly reduced citing reasons that caused it, by level of importance



22%

Share of consumers who cite financial contingencies, such as **investment losses**, as the most important reason their savings were **significantly reduced**

Source: PYMNTS Intelligence
 New Reality Check: The Paycheck-to-Paycheck Report, October 2023
 N = 2,301: Respondents whose savings have been significantly reduced, fielded Sept. 5, 2023 – Sept. 20, 2023

FIGURE 10:

Categories causing savings depletions

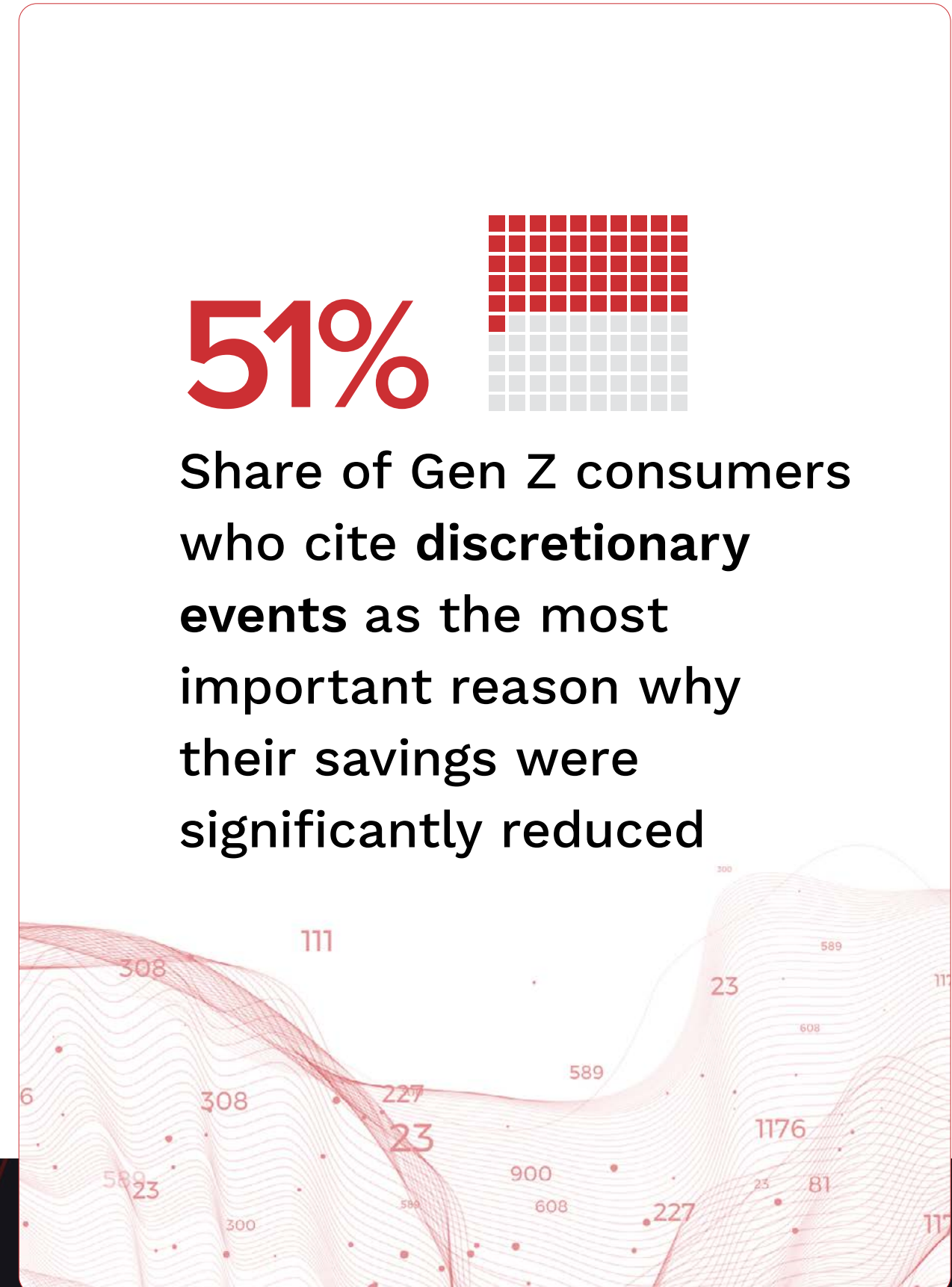
Share of consumers whose savings were significantly reduced citing the expense category most responsible, by demographic

	Other	Financial	Nondiscretionary	Discretionary
• Whole sample	4.4%	22.2%	35.9%	37.6%
Financial lifestyle				
• Do not live paycheck to paycheck	5.0%	23.8%	28.7%	42.5%
• Live paycheck to paycheck without issues paying bills	4.3%	20.1%	40.8%	34.7%
• Live paycheck to paycheck with issues paying bills	2.6%	24.4%	38.7%	34.3%
Generation				
• Baby boomers and seniors	7.9%	25.3%	37.0%	29.8%
• Generation X	3.9%	22.0%	39.0%	35.1%
• Bridge millennials	2.6%	20.5%	38.5%	38.4%
• Millennials	2.5%	21.8%	34.3%	41.4%
• Generation Z	1.3%	16.6%	30.9%	51.3%

Source: PYMNTS Intelligence

New Reality Check: The Paycheck-to-Paycheck Report, October 2023

N = 2,301: Respondents whose savings have been significantly reduced, fielded Sept. 5, 2023 – Sept. 20, 2023



DATA FOCUS

Consumers may face a wide variety of unexpected expenditures, making ease of access to their savings a top priority.

Even amid inflation worries, ease of access to funds remains a top determinant in choosing how to save.

Close to half of consumers say that fast and easy access to funds drives their choice in how to save, with 16% citing this as the top factor. A similar share say the amount of money they have available to save influences their savings decisions, with 21% saying this is the top factor. Paycheck-to-paycheck consumers are most likely to cite limitations in the amount of money they have available to save as the top factor in their decision on how to save, at 26%.

Despite ongoing inflationary pressures, no significant changes in the drivers of saving patterns emerge when comparing 2023 to 2022. Minimizing risk, at 19%, continues to outpace maximizing returns, at 14%, as consumers’ top motivation when choosing how to save. Consumers not living paycheck to paycheck are the most likely to cite both minimizing risk and maximizing returns, at 23% and 16%, respectively. In fact, consumers have benefited from better returns from the stock market this year, even as just one-tenth of savings are stored in these financial assets. Fifty percent of domestic stock investors reported increased values in their savings in the quarter prior to the survey — up from 31% when surveyed in 2022.

FIGURE 11:

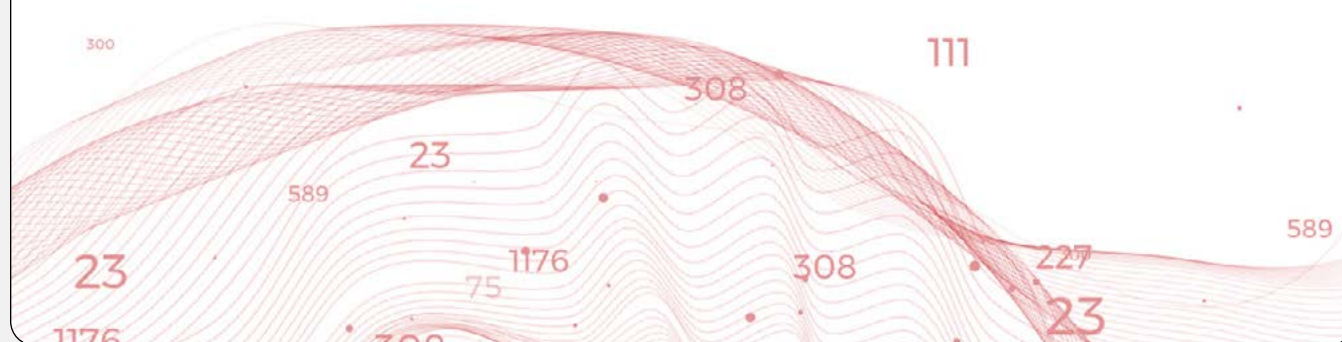
Top factors impacting how consumers choose how to save

Share of consumers citing the most important factors that influence how they choose to save money, by financial lifestyle

	Sample	Do not live paycheck to paycheck	Live paycheck to paycheck without issues paying bills	Live paycheck to paycheck with issues paying bills
• Ease in accessing my money	15.5%	14.0%	16.9%	15.9%
• Amount of money available to save or invest	21.1%	15.4%	25.3%	26.5%
• Minimizing risks	19.5%	22.8%	17.6%	14.3%
• Biggest return on investment	13.8%	15.8%	12.1%	12.5%
• Diversified portfolio	12.8%	18.3%	9.4%	5.0%
• Familiarity with a form of saving money	6.9%	5.4%	7.9%	8.4%
• Speed at which funds are accessible to use	4.5%	3.5%	4.6%	7.7%
• Hedging against inflation	5.5%	4.4%	5.8%	8.2%

Source: PYMNTS Intelligence

N New Reality Check: The Paycheck-to-Paycheck Report, October 2023
 N = 2,946: Respondents with readily available savings, fielded Sept. 5, 2023 – Sept. 20, 2023



ACTIONABLE INSIGHTS



01

The share of U.S. consumers living paycheck to paycheck has remained unchanged compared to September 2022, yet the share of those struggling to pay their monthly bills has increased. This suggests that struggling paycheck-to-paycheck consumers still need to manage their budgets to lessen the impact of rising prices on their financial standing.



02

More than 4 in 10 consumers report they have diminished savings capacity relative to a year ago, and this rises to 1 in 2 consumers among those in the lowest income bracket. Even so, more than one-third of consumers are optimistic that savings capacity will increase next year — an indication that consumers are resilient and expect to find ways to tighten their belts, even as inflation continues to put pressure on their cash flows.



03

The share of consumers who cite unexpected expenses or income disruptions as a top reason why their savings have been significantly reduced is virtually the same as the share of consumers who cite discretionary spending, such as major life events, travel or expensive items. Consumers should keep these facts in mind when deciding how and how much to save, as well as whether to tap their savings for discretionary purchases.



04

Fast and easy access to funds and the amount of their current savings are the most important factors in consumers' savings decisions. This is especially true for paycheck-to-paycheck consumers who face ongoing inflationary pressures. Meanwhile, many consumers have benefited from better returns in the stock market this year, indicating that struggling consumers may also benefit from finding other ways to grow their savings.

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METHODOLOGY

New Reality Check: The Paycheck-to-Paycheck Report, a PYMNTS Intelligence and LendingClub collaboration, is based on a census-balanced survey of 3,648 U.S. consumers conducted from Sept. 5 to Sept. 20 as well as an analysis of other economic data. The data in this report is not intended to be a representation of LendingClub's core member base. The Paycheck-to-Paycheck series expands on existing data published by government agencies, such as the Federal Reserve and the Bureau of Labor Statistics, to provide a deep look into the core elements of American consumers' financial wellness: income, savings, debt and spending choices. Our sample was balanced to match the U.S. adult population in a set of key demographic variables: 51% of respondents identified as female, 33% were college-educated and 39% declared incomes of more than \$100,000 per year.

ABOUT

LendingClub

LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. LendingClub Bank is the leading digital marketplace bank in the U.S., where members can access a broad range of financial products and services designed to help them pay less when borrowing and earn more when saving. Based on more than 150 billion cells of data and over \$90 billion in loans, LendingClub's advanced credit decisioning and machine-learning models are used across the customer lifecycle to expand seamless access to credit for our members, while generating compelling risk-adjusted returns for our loan investors. Since 2007, more than 4.7 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit <https://www.lendingclub.com>.

PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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