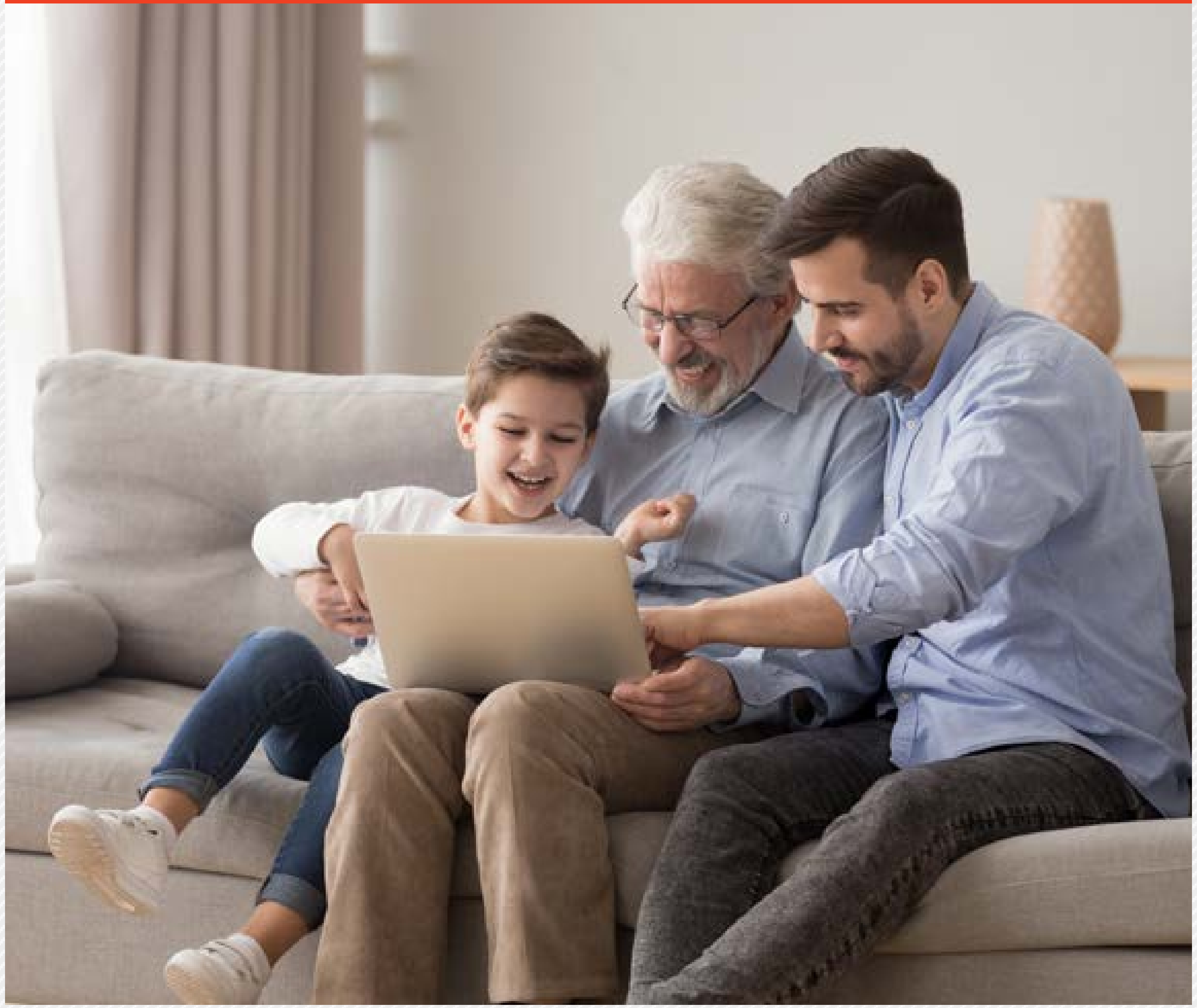
New Reality Check: The Paycheck-to-Paycheck Report, a PYMNTS and LendingClub collaboration, seeks to provide a full and accurate picture of consumer finances in the U.S. today. The report is part of a monthly series based on a census-balanced survey of 3,363 U.S. consumers conducted from March 8 to March 17 as well as analysis of other economic data.

APRIL 2023

PYMNTS | LendingClub

NEW REALITY CHECK: THE PAYCHECK-TO-PAYCHECK REPORT

THE GENERATIONAL DEEP DIVE EDITION



NEW REALITY CHECK:

THE
PAYCHECK-TO-PAYCHECK REPORT

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

INTRODUCTION

Even as consumers cut back on discretionary expenses as a way to cope with inflation, life continues to be more expensive for everyone. Inflation sat at 5% as of March 2023, down from a high of 9.1% in July 2022, according to the Bureau of Labor Statistics' Consumer Price Index.[1] High prices continue to make it harder for consumers of all income levels to put aside savings, and PYMNTS' research finds that 60% of United States consumers lived paycheck to paycheck as of March 2023.

PYMNTS' data also reveals significant generational differences in how the rising cost of living is impacting consumers' financial lifestyles. For instance, millennials are the most likely to live paycheck to paycheck, with 73% currently doing so. In a year-over-year comparison, this share has stayed the same, but the share of Generation Z living paycheck to paycheck has risen. The share of baby boomers and seniors living paycheck to paycheck has leveled off after increasing considerably in the first months of 2022.

Our research also identifies generational differences in the reasons why consumers experience financial distress,

[1] Author unknown. Consumer Price Index. U.S. Bureau of Labor Statistics. 2023. https://www.bls.gov/cpi/. Accessed April 2023.

underscoring the different financial challenges consumers face based on where they are in life. Debt or having dependent family members are the key reasons for financial distress among millennials, for instance. Baby boomers and seniors, meanwhile, are less likely to have debt, face life-changing events such as relocation or divorce and are more fiscally conservative. Even as many paycheck-to-paycheck consumers have adjusted their discretionary spending, one-third of Gen Z mentioned nonessential spend as one of the reasons they live paycheck to paycheck. The fact that many still live with their parents or siblings partially explains this capacity to splurge even when living paycheck to paycheck.

These are just some of the findings detailed in this edition of New Reality Check: The Paycheck-to-Paycheck Report, a PYMNTS and LendingClub collaboration. The Generational Deep Dive Edition examines why U.S. consumers across all generations are living paycheck to paycheck and identifies the financial stressors they face due to ongoing inflation. This edition draws on insights from a survey of 3,363 U.S. consumers conducted from March 8 to March 17 as well as analysis of other economic data.[2, 3, 4]

This is what we learned.

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

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

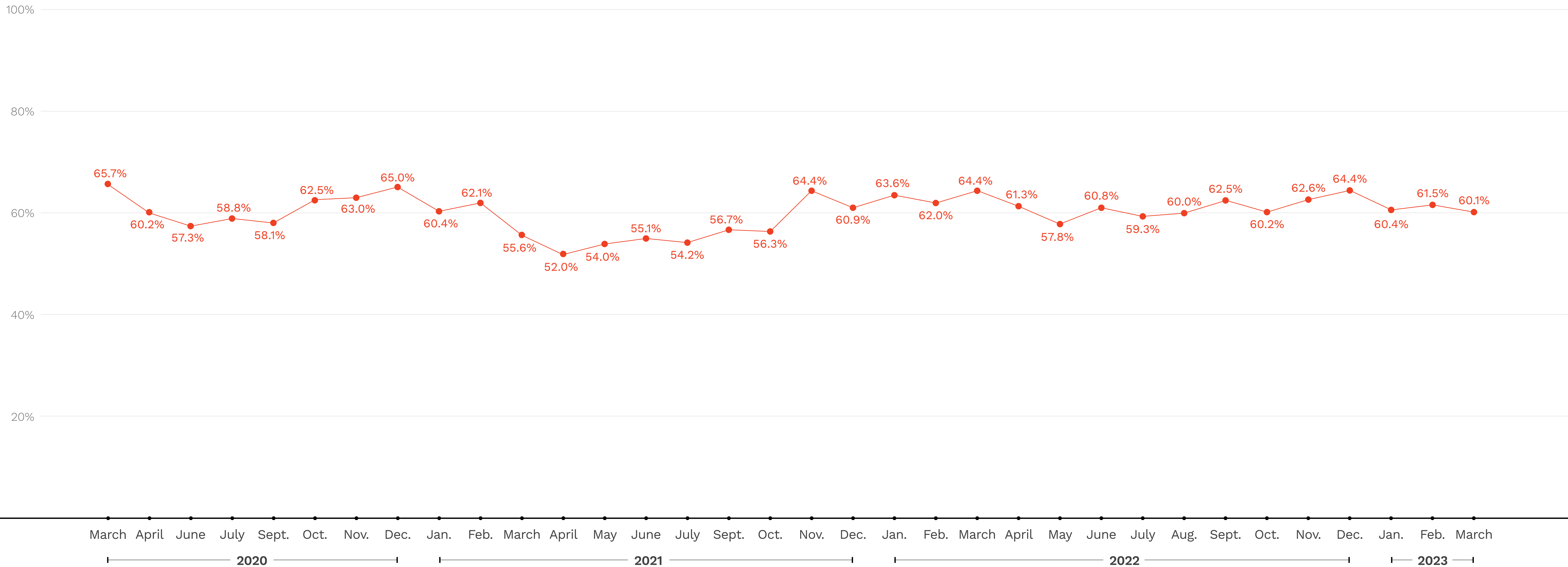
[4] Author unknown. Consumer Price Index Summary. U.S. Bureau of Labor Statistics. 2023. https://www.bls.gov/news.release/cpi.nr0.htm. Accessed April 2023.

FIGURE 1:

Consumers living paycheck to paycheck

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

Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N varies based on month surveyed; N = 3,363: Whole sample, fielded March 8, 2023 – March 17, 2023



PART I:
THE CURRENT PAYCHECK-TO-PAYCHECK LANDSCAPE

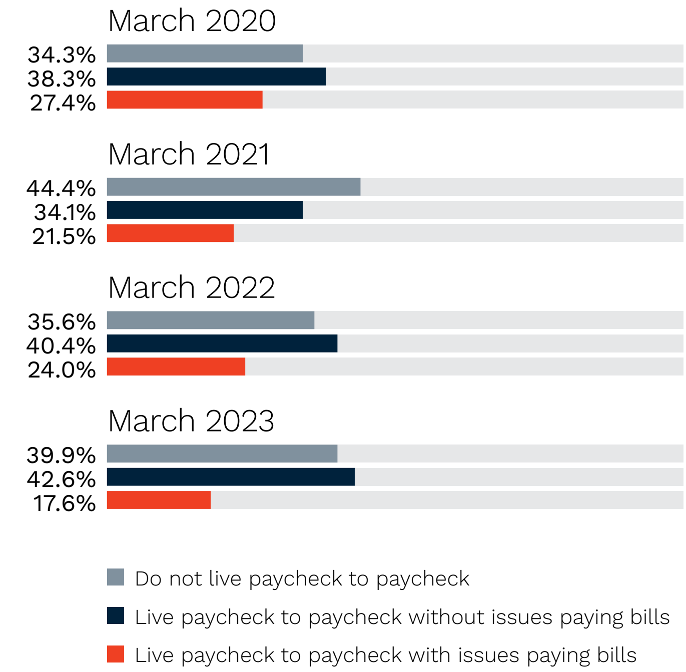
Sixty percent of consumers lived paycheck to paycheck as of March 2023, down nearly 2 percentage points from the prior month, with less than one-third of these consumers struggling to pay their monthly bills.

In March 2023, 60% of adult U.S. consumers lived paycheck to paycheck. This represents a drop from 62% in February 2023, and from 64% this time last year, suggesting that consumers continue to find ways to adapt to ongoing inflationary pressures.

Looking at the two categories of paycheck-to-paycheck consumers — those who can pay their monthly bills without difficulty and those who struggle to do so — indicates that consumers have adjusted their financial lifestyles to better manage their cash flows. PYMNTS' data reveals that fewer paycheck-to-paycheck consumers report struggling to pay bills: 18% of paycheck-to-paycheck consumers reported struggling to pay bills in March 2023, and this share represents drops of 6 percentage points from last year and 9 percentage points since 2020. Meanwhile, the share of consumers living paycheck to paycheck without issues paying bills sat at 43% as of March 2023, up from 40% last year.

FIGURE 2:

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



Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N varies based on month surveyed;
N = 3,363: Whole sample, fielded March 8, 2023 – March 17, 2023

60%

SHARE OF U.S. CONSUMERS WHO **LIVED PAYCHECK TO PAYCHECK** IN MARCH 2023

We find that this relative success is not limited to paycheck-to-paycheck living, as the share of consumers not living paycheck-to-paycheck increased from 36% in March 2022 to 40% this year.

PART I:
THE CURRENT PAYCHECK-TO-PAYCHECK LANDSCAPE

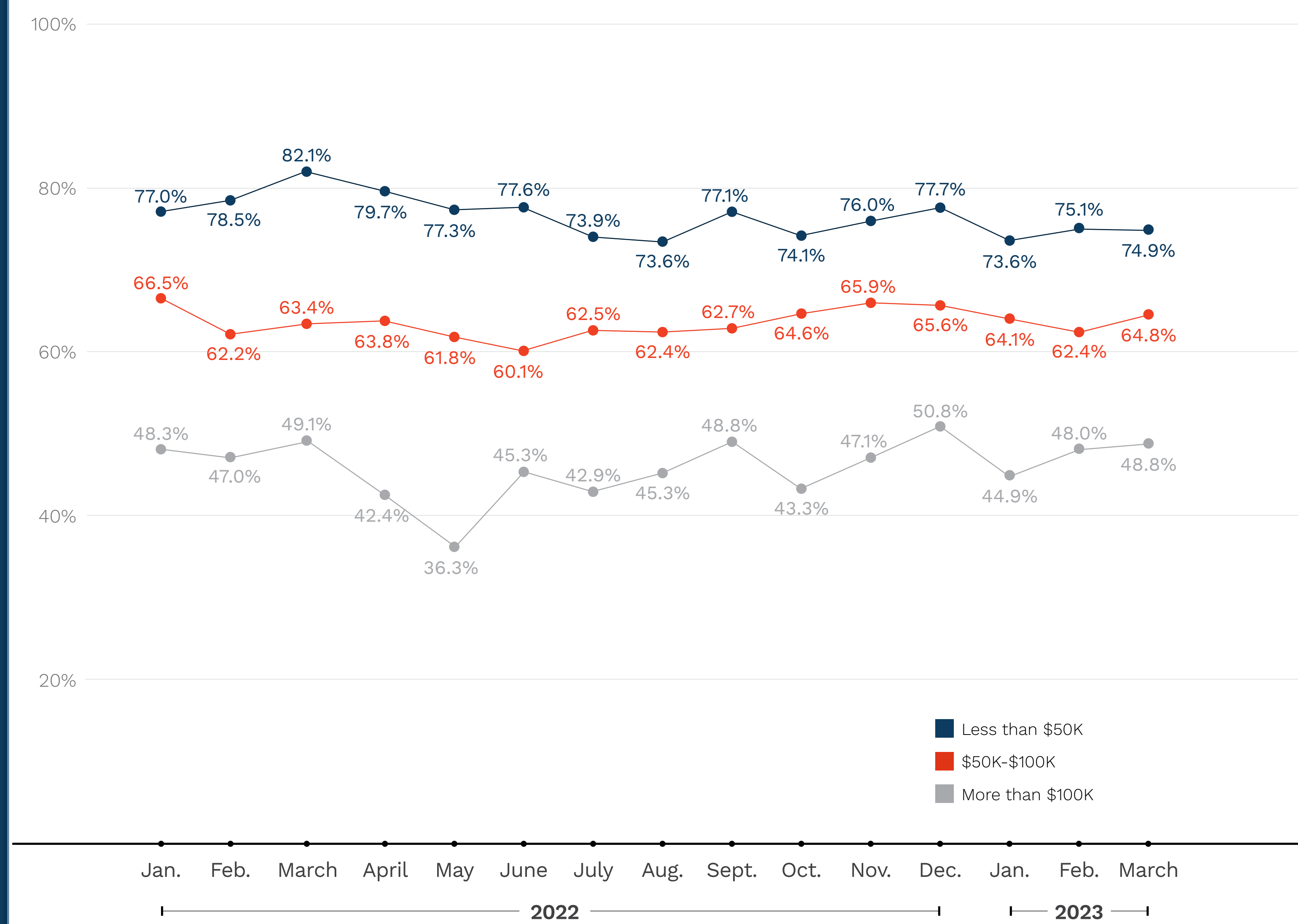
Significantly fewer low-income consumers reported living paycheck to paycheck compared to last year, but the share among higher income brackets remains relatively steady.

PYMNTS' research finds that changes in financial lifestyle among those in various income brackets further highlights the fact that consumers continue to adapt their spending to lessen inflationary pressures and live better within their means. This is particularly evident among low-income consumers — those earning less than $50,000 annually. The share in this income bracket living paycheck to paycheck reached a high point of 82% in March 2022, but dropped to 75% as of March 2023.

Middle-income consumers — those earning between $50,000 and $100,000 annually — continue to adjust, as the share living paycheck to paycheck increased just slightly from 63% in March 2022 to 65% in March 2023. Among high-income consumers — those earning more than $100,000 annually — the share of those living paycheck to paycheck remained steady at 49%.

FIGURE 3:

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



Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N varies based on month surveyed; N = 3,363: Whole sample in March 2023, fielded March 8, 2023 – March 17, 2023

PART II:

DIFFERENCES IN FINANCIAL STRESSORS ACROSS GENERATIONS

Millennials are the generation most likely to live paycheck to paycheck, with 73% doing so this year and last, but a growing share of Gen Z are struggling financially.

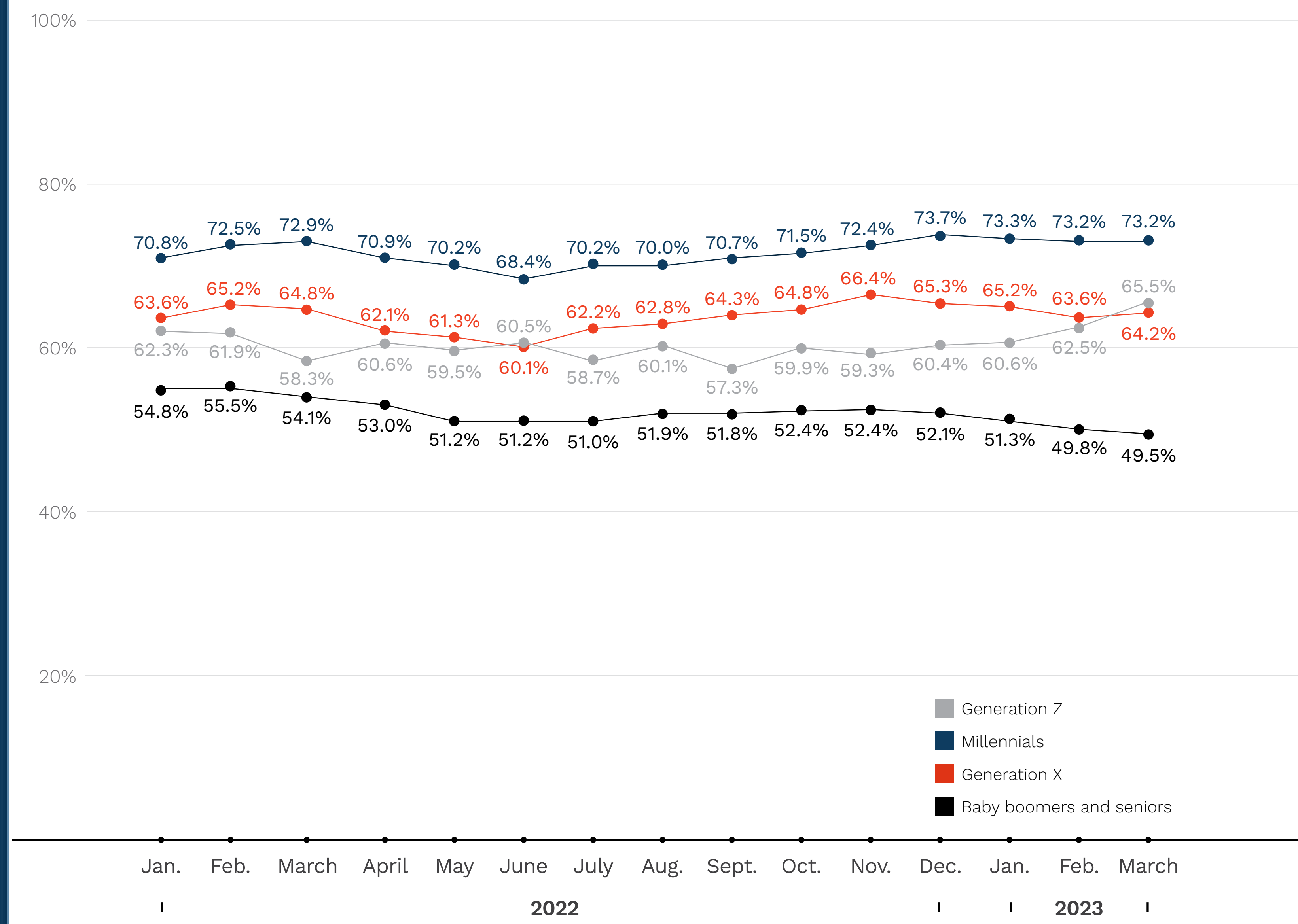
PYMNTS' research finds that, as with income brackets, there are significant differences in financial lifestyle among various age groups, suggesting that stage of life influences why consumers live paycheck to paycheck.

For instance, our data finds that just over 7 in 10 millennials live paycheck to paycheck, making them the generation the most likely to fall into this lifestyle. In a year-over-year comparison, this share remains unchanged. This is not surprising, as this generation tends to be mid-career, with many supporting growing families. While the rising cost of living makes managing everyday expenses especially difficult for this age group, millennials have also seen their savings increase again after being flat throughout 2022. In March 2023, millennials reported an average savings of $11,000, compared to $7,300 in March 2022. This suggests that, like other paycheck-to-paycheck consumers, they have learned to manage their finances through multiple recessions and financial crises.

FIGURE 4:

Paycheck-to-paycheck status across generations

Share of consumers living paycheck to paycheck, over time and by generation (Three-month moving average)



Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N varies based on month surveyed; N = 3,363: Whole sample in March 2023, fielded March 8, 2023 – March 17, 2023

66%

SHARE OF **GEN Z CONSUMERS** WHO LIVED PAYCHECK TO PAYCHECK IN MARCH 2023

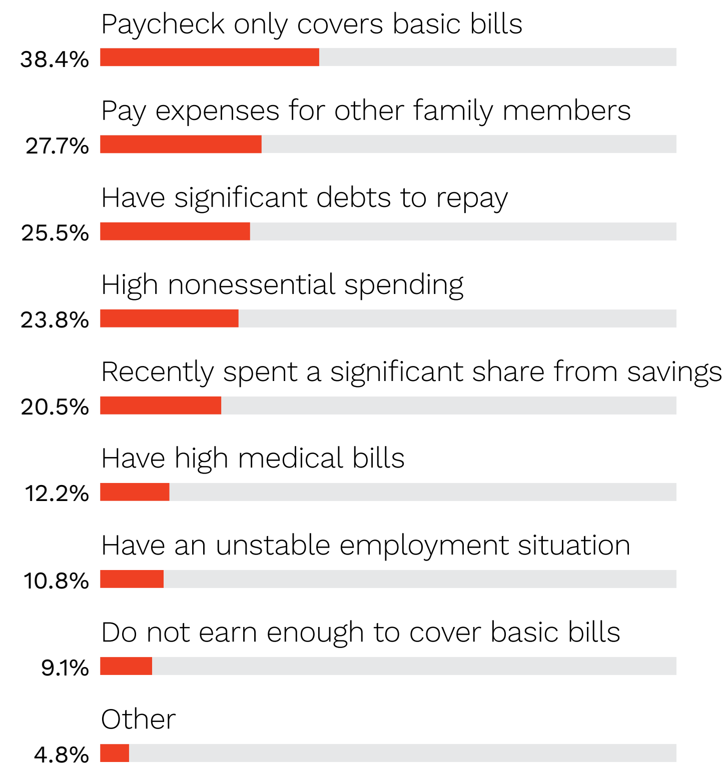
It may also come as no surprise that the share of Gen Z living paycheck to paycheck has seen consistent growth, offsetting any decrease registered in early 2022. As of March 2023, 66% of Gen Z lived paycheck to paycheck — an increase of 8 percentage points since March 2022. Many of these consumers are still establishing their careers, which can mean lower wages, and as they are young and more apt to be single, they may be more likely to spend more on discretionary categories like dining out and entertainment while living paycheck to paycheck.

Although the share of baby boomers and seniors living paycheck to paycheck grew considerably in the first months of 2022, it has steadied since then. In March 2023, 50% of baby boomers and seniors lived paycheck to paycheck, down from 54% this time last year. This suggests that this age group, many of whom are retired and live on a fixed income, have adjusted their spending to cope with inflation.

FIGURE 5:

Drivers of paycheck-to-paycheck living

Share of consumers citing select reasons for living paycheck to paycheck



Source: PYMNTS
New Reality Check:
The Paycheck-to-Paycheck Report, April 2023
N = 2,161: Respondents living paycheck to paycheck,
fielded March 8, 2023 – March 17, 2023

Key reasons each generation cites to explain why they live paycheck to paycheck reveals more clearly that financial stressors are different depending on their stage of life. For example, 28% of all consumers living paycheck to paycheck cite paying for the expenses of other family members as one of the reasons they live paycheck to paycheck, compared to 31% of millennials. Twenty-six percent of consumers living paycheck to paycheck attributed their financial lifestyle to having debt to repay, while 29% of millennials reported the same.

Expenses related to dependent family members and debt are the most prevalent reasons for financial distress among millennials. Millennials are also most likely to live with other family members. In fact, 72% of millennials live with partners or spouses, while 64% of millennials live with children or grandchildren. Seventy-nine percent of millennials earn more than 50% of their household's income, while 20% earn all of their household's income.

Meanwhile, members of Gen Z are the most likely to cite discretionary spending as a reason they live paycheck to paycheck: 31% of Gen Z consumers cite nonessential spending as a reason they live paycheck to paycheck, the second-most cited reason among this generation. Only 14% of baby boomers who live paycheck to paycheck cite this reason.

79%

SHARE OF **MILLENNIALS** WHO EARN **MORE THAN 50%** OF THEIR HOUSEHOLD'S INCOME

TABLE 1:

Drivers of paycheck-to-paycheck living

Share of consumers citing select reasons for living paycheck to paycheck, by generation

	Generation Z	Millennials	Bridge millennials	Generation X	Baby boomers and seniors
Paycheck only covers basic bills	39.8%	37.0%	39.4%	35.5%	42.1%
Pay expenses for other family members	29.2%	30.8%	32.9%	30.7%	20.3%
Have significant debts to repay	21.3%	29.0%	27.5%	27.9%	20.9%
High nonessential spending	31.4%	27.0%	23.6%	25.5%	14.3%
Recently spent a significant share from savings	20.7%	25.2%	24.0%	20.1%	14.7%
Have high medical bills	11.7%	13.9%	14.1%	12.4%	10.2%
Have an unstable employment situation	12.3%	16.3%	15.5%	11.3%	2.5%
Do not earn enough to cover basic bills	6.3%	10.2%	9.6%	9.8%	8.3%
Other	2.9%	2.5%	2.5%	5.9%	7.7%

Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N = 2,161: Respondents living paycheck to paycheck, fielded March 8, 2023 – March 17, 2023

PART II:

DIFFERENCES IN FINANCIAL STRESSORS ACROSS GENERATIONS

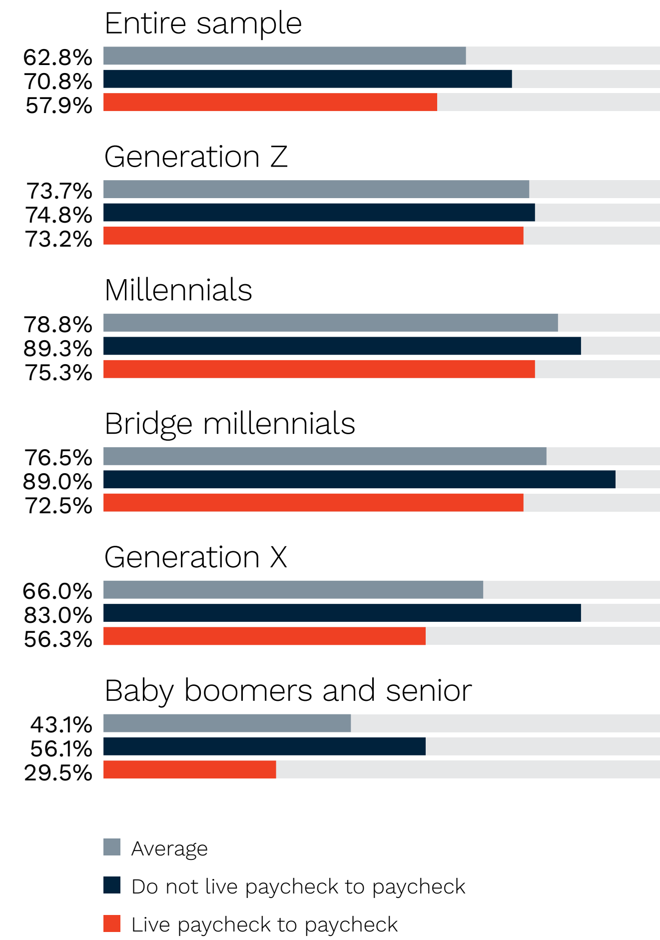
Gen Z are more likely to spend on clothing or electronics when living paycheck to paycheck, probably because more than half of them still live with their parents or siblings.

Nearly 8 in 10 millennials purchased nonessential items or services costing more than $100 in the three months prior to being surveyed. One-third of overall consumers spent that money on a clothing item, while 48% of millennials and 40% of Gen Z did the same.

However, the likelihood of having spent $100 on a nonessential expense diminishes significantly for paycheck-to-paycheck consumers, except for Gen Z. Among Gen Z, 75% of those not living paycheck to paycheck have spent $100 on a nonessential expense — a share that drops to just 73% among those living paycheck to paycheck.

FIGURE 6:

Discretionary spend
Share of consumers who spent $100 or more on a nonessential item or service in the last three months, by financial lifestyle and generation



Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report,
April 2023
N = 3,363: Whole sample,
fielded March 8, 2023 – March 17, 2023

73%

SHARE OF GEN Z CONSUMERS LIVING PAYCHECK TO PAYCHECK WHO HAVE **SPENT $100 ON A NONESSENTIAL EXPENSE** IN THE LAST THREE MONTHS

The biggest drop is among baby boomers and seniors: Only 30% of those living paycheck to paycheck have spent $100 on a nonessential expense, down from 56% among those not living paycheck to paycheck. Among millennials, 89% of those not living paycheck to paycheck have spent $100 on a nonessential expense — a share that drops to 75% among those living paycheck to paycheck.

52%

SHARE OF GEN Z CONSUMERS WHO **LIVE WITH THEIR PARENTS OR SIBLINGS**

PYMNTS' data also finds that 52% of Gen Z live with their parents or siblings, which may explain their ability to spend on nonessentials even if they live paycheck to paycheck. Moreover, just one-tenth of these consumers are the sole breadwinners of the household in which they reside. At 38%, Gen Z are the most likely to have their incomes represent a minority share of their total household income.

TABLE 2:

Living situations

Share of consumers who live with select types of individuals, by generation

	ENTIRE SAMPLE	Generation Z	Millennials	Bridge millennials	Generation X	Baby boomers and seniors
• Partner or spouse	**66.3%**	25.6%	72.2%	74.4%	72.7%	71.6%
• Children or grandchildren	**39.7%**	15.2%	64.3%	66.4%	49.3%	21.2%
• Parent(s) or sibling(s)	**15.4%**	51.6%	16.3%	15.1%	11.2%	4.6%
• Live alone	**12.6%**	15.6%	8.4%	7.3%	10.4%	16.6%
• Friends	**3.2%**	7.4%	4.5%	3.0%	2.5%	1.0%
• Housemates	**2.7%**	4.7%	3.4%	2.2%	3.2%	1.2%

Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N = 3,363: Whole sample, fielded March 8, 2023 – March 17, 2023

PART II:

DIFFERENCES IN FINANCIAL STRESSORS ACROSS GENERATIONS

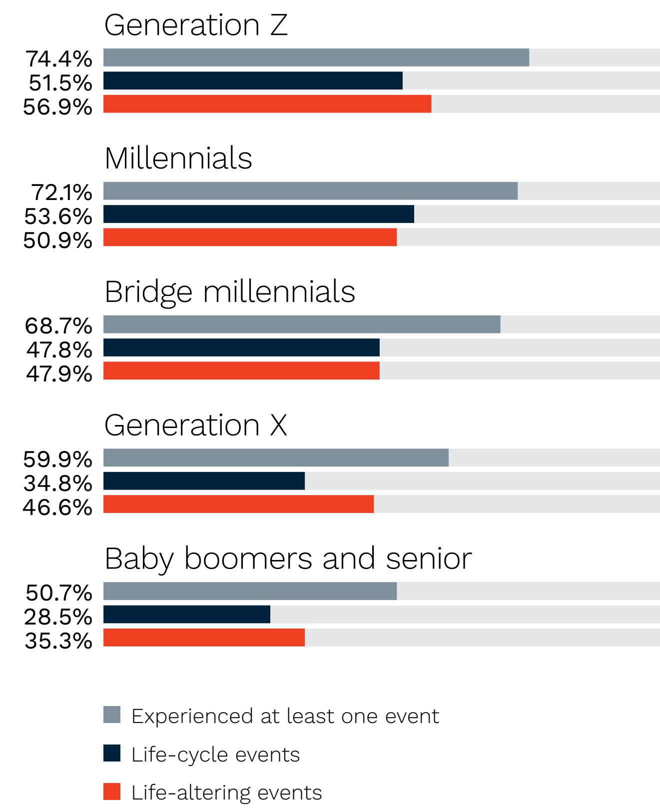
Older generations face fewer financial stressors due to the absence of life-cycle frictions. More than 3 in 10 have experienced any life-altering event in the last three years.

According to PYMNTS' data, 62% of consumers experienced a financially distressing event in the last three years. Life-altering events, which are sudden and disruptive and include failed investments or a job loss, are equally as likely to occur as life-cycle events, such as marriage or relocation.

Just 51% of baby boomers and seniors cite having experienced at least one financially distressing event in the last three years. In fact, only 35% of baby boomers and seniors cite experiencing life-altering events in the last three years, while just 29% cite experiencing a life-cycle event. In contrast, 74% of Gen Z and 72% of millennials report experiencing at least one financially distressful event.

FIGURE 7:

Financial distress
Share of consumers in select distress groups, by generation



Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N = 3,363: Whole sample, fielded March 8, 2023 – March 17, 2023

51%

SHARE OF BABY BOOMERS AND SENIORS WHO HAVE EXPERIENCED AT LEAST ONE **FINANCIALLY DISTRESSING EVENT** IN THE LAST THREE YEARS

Moreover, our data finds that household structure changes and relocation are more prevalent among younger consumers. For instance, Gen Z are the most likely to have experienced a job loss personally or within the household, while millennials are more likely to experience family changes or relocation.

PART III:
GENERATIONAL DIFFERENCES IN CREDIT PRODUCT USAGE

Less than one-tenth of baby boomers and seniors are paying off their credit card balances with an installment payment plan, compared to 4 out of 10 millennials and Gen Z.

PYMNTS' research finds that older generations are more likely to have at least one credit card, yet they are the least likely to carry an outstanding credit card balance, an indication that they are less likely to rely on credit cards to cover their monthly expenses. While 89% of baby boomers and seniors have at least one credit card, only 61% of cardholders have an outstanding balance. Among millennials, a similar share (87%) have at least one credit card, with 84% of cardholders carrying credit card balances and 44% of cardholders paying off their credit card debts through installment payment plans.

We find that 73% of Gen Z have at least one credit card, yet 78% of cardholders carry a credit card balance. Gen Z cardholders are nearly five times more likely than baby boomers and seniors to have credit card installment plans to pay off their outstanding balances. For example, just 7.6% of baby boomers and seniors make these payments while 38% of Gen Z cardholders do the same.

44%

SHARE OF MILLENNIALS WHO ARE PAYING OFF THEIR CREDIT CARD DEBTS THROUGH **INSTALLMENT PAYMENT PLANS**

TABLE 3:

Credit card use
Share of consumers with an outstanding credit card balance, by demographic

	HAVE AT LEAST ONE CREDIT CARD	Installment plan as part of the outstanding balance		
		Have	Do not have	TOTAL
ENTIRE SAMPLE	85.6%	24.3%	49.1%	73.4%
FINANCIAL LIFESTYLE				
• Do not live paycheck to paycheck	91.3%	10.5%	47.5%	58.0%
• Live paycheck to paycheck without issues paying bills	86.2%	29.0%	52.2%	81.2%
• Live paycheck to paycheck with issues paying bills	73.2%	45.8%	44.7%	90.5%
GENERATION				
• Generation Z	72.8%	37.7%	39.7%	77.5%
• Millennials	87.2%	43.6%	40.3%	83.8%
• Bridge millennials	86.2%	41.5%	42.0%	83.5%
• Generation X	84.8%	20.1%	57.2%	77.2%
• Baby boomers and seniors	89.4%	7.6%	53.5%	61.1%

Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N = 3,363: Whole sample; N = 2,813: Respondents who have at least one credit card, fielded March 8, 2023 – March. 17, 2023

PART III:

GENERATIONAL DIFFERENCES IN CREDIT PRODUCT USAGE

Baby boomers and seniors are much less likely to be paying off mortgages and auto and personal loans, even when compared to Gen X consumers, suggesting that they may pay off all such loans as they approach retirement. Also, fewer millennials hold mortages, suggesting homeownership has been out of reach, especially as many live paycheck to paycheck.

Mortgages and auto loans have the highest usage among Generation X, at 43% and 39% respectively. Personal loans and buy now, pay later plans are most popular among millennials, with approximately 20% having payments related to these credit products in the last three months. Only 29% of millennials hold mortages, an indication that owning a home is is not an option for many in this age group. Having experienced multiple financial meltdowns during their working lives, millennials are still the most likely to live paycheck to paycheck, which can preclude the ability to save for a down payment.

TABLE 4:

Credit product usage
Share of consumers who have made payments related to select credit products

	Generation Z	Millennials	Bridge millennials	Generation X	Baby boomers and seniors
AT LEAST ONE CREDIT PRODUCT	**71.0%**	**85.2%**	**84.4%**	**85.0%**	**83.6%**
• Credit cards	41.9%	62.0%	64.5%	71.3%	73.7%
• Mortgage	13.9%	28.6%	31.6%	42.9%	27.3%
• Auto loans	16.5%	29.3%	28.8%	39.2%	25.3%
• Personal loans	14.6%	21.9%	23.3%	19.2%	12.1%
• Buy now, pay later	14.3%	20.1%	18.7%	14.0%	5.9%
• Home equity loans	6.1%	12.4%	12.2%	11.3%	6.6%
• Business lines of credit	7.5%	12.3%	9.5%	5.3%	1.2%
• Debt consolidation loans	6.3%	8.5%	6.5%	4.6%	2.1%

Source: PYMNTS
New Reality Check: The Paycheck-to-Paycheck Report, April 2023
N = 3,363: Whole sample, fielded March 8, 2023 – March 17, 2023

More than 70% of baby boomers and seniors made credit card payments last quarter, yet utilization of other credit products is rare among this group. Older consumers, many whom live on fixed incomes, likely paid off their loans as they planned for retirement.

Gen Z are apt to use credit cards more than other credit products. While 42% have made credit card payments in the last three months, significantly fewer Gen Z have made mortgage, auto loan or personal loan payments.

CONCLUSION

While consumers continue to find ways to cope with inflation, the ongoing rise in the cost of living continues to make it difficult for all income brackets to make ends meet. Also worth noting are the significant differences in how inflation impacts consumers across generations. For instance, millennials are the generation most likely to live paycheck to paycheck, and the share of paycheck-to-paycheck Gen Z consumers continues to rise. The share of baby boomers and seniors living paycheck to paycheck saw considerable growth in the first months of 2022, but has remained steady since then.

The key takeaway is that consumers face different financial challenges based on their stage of life. Among millennials, paying expenses related to dependent family members and debt are top reasons they live paycheck to paycheck. Baby boomers and seniors, meanwhile, are less likely to face frictions such as relocation or separation and are more conservative in their spending. Gen Z is more likely to spend on nonessential items, even as they live paycheck to paycheck, possibly due to the fact that many still live with their parents or siblings. Even so, members of this age group are more apt to face life-altering events such as job loss, making them more financially vulnerable. With inflationary pressures expected to continue well into 2024, consumers of all generations remain tasked with adjusting their financial behaviors to be able to put aside savings and remain credit worthy.

METHODOLOGY

New Reality Check: The Paycheck-to-Paycheck Report — The Generational Deep Dive Edition is based on a census-balanced survey of 3,363 U.S. consumers conducted from March 8 to March 17 as well as analysis of other economic data. The Paycheck-to-Paycheck series expands on existing data published by government agencies, such as the Federal Reserve System 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, 31% were college-educated and 36% declared incomes of more than $100,000 per year.

ABOUT

PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

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 $85 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**.

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