U.S. Financial Diaries

83 Charts

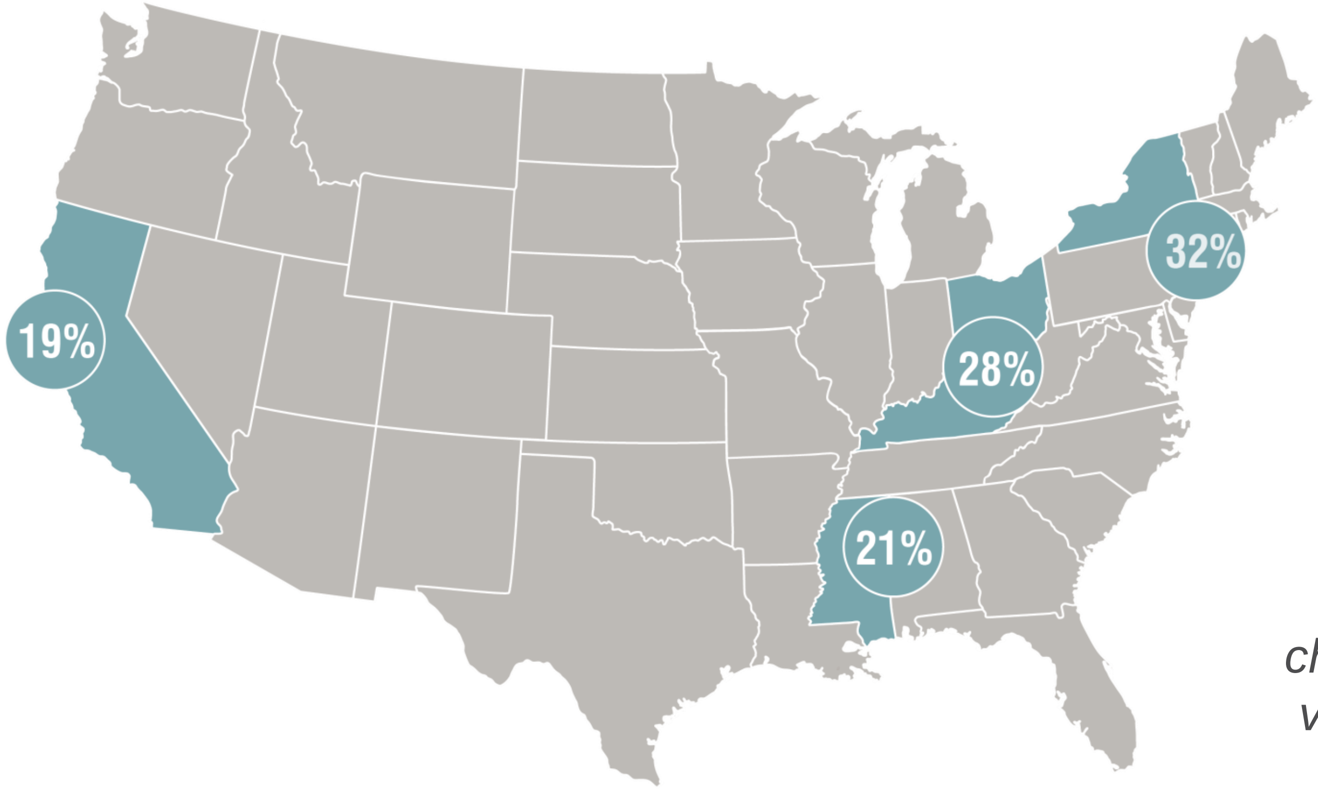
to Describe the Hidden Financial Lives of Working Americans

U.S. Financial Diaries

Table of Contents

1.1 Location of Households

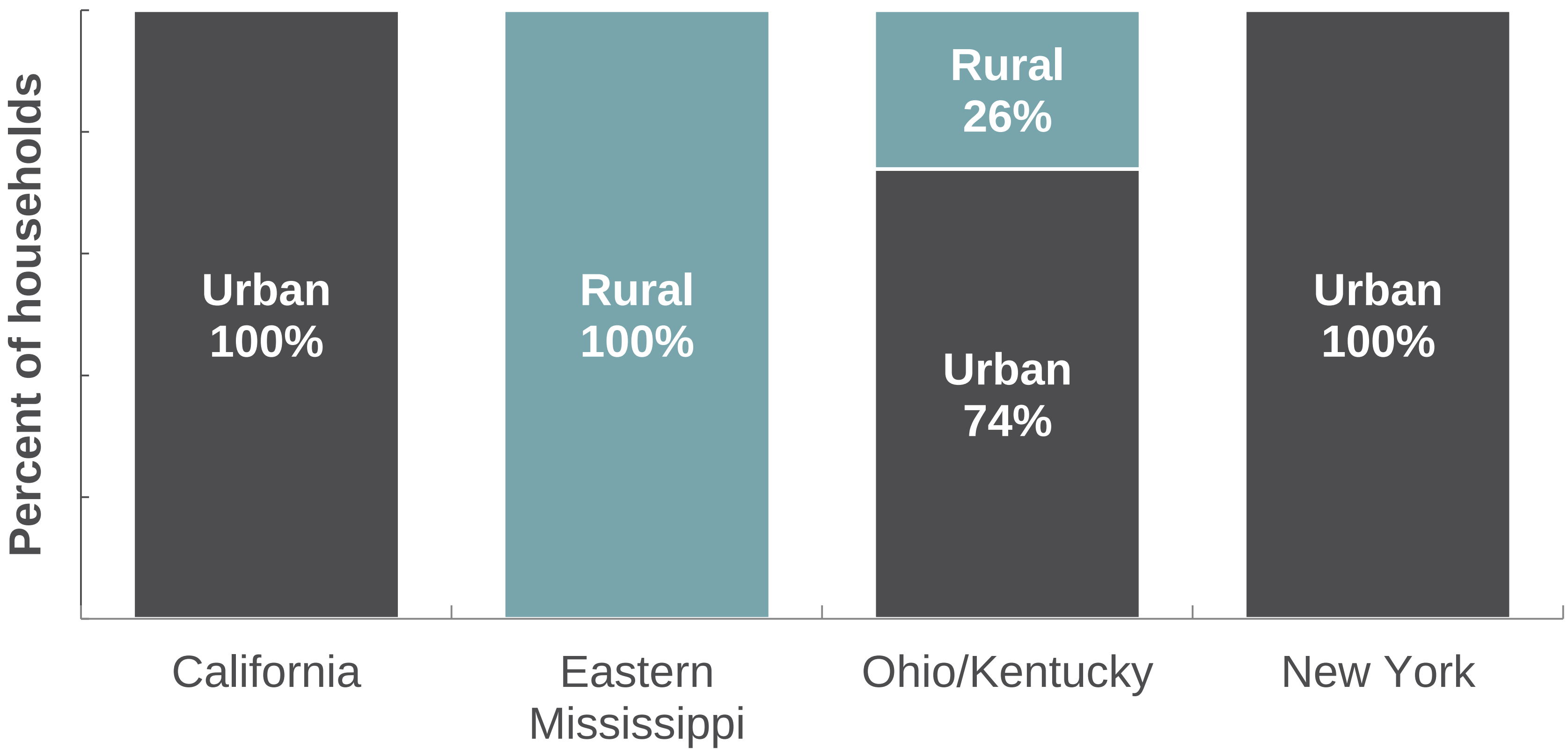
244 Households Across 4 Regions



The USFD sample includes 244 households that remained in the study until the end of data collection. Twelve months of data were collected from 235 households. USFD chose sites to include a variety of demographic profiles.

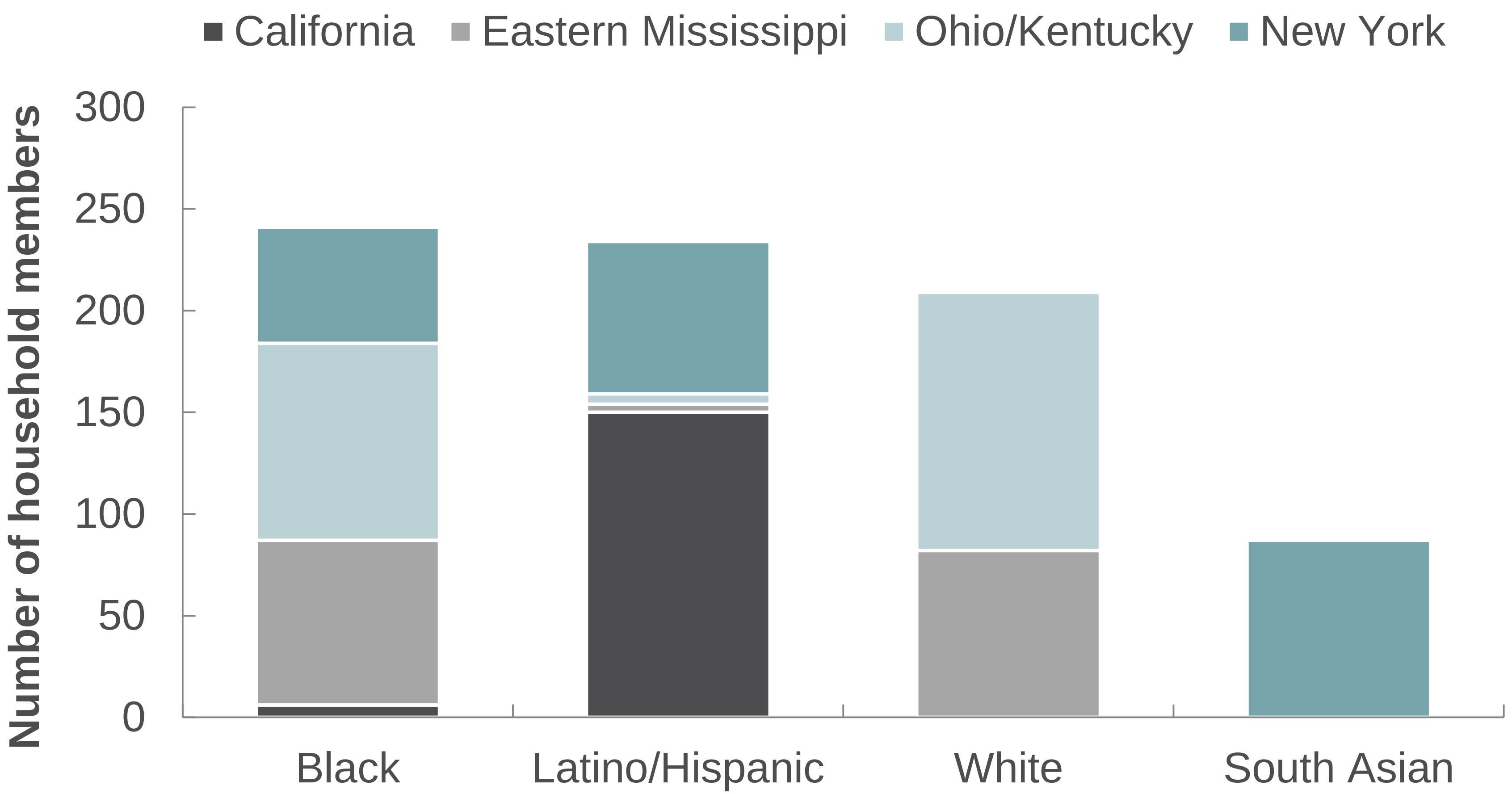
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.2 Urban and Rural Households



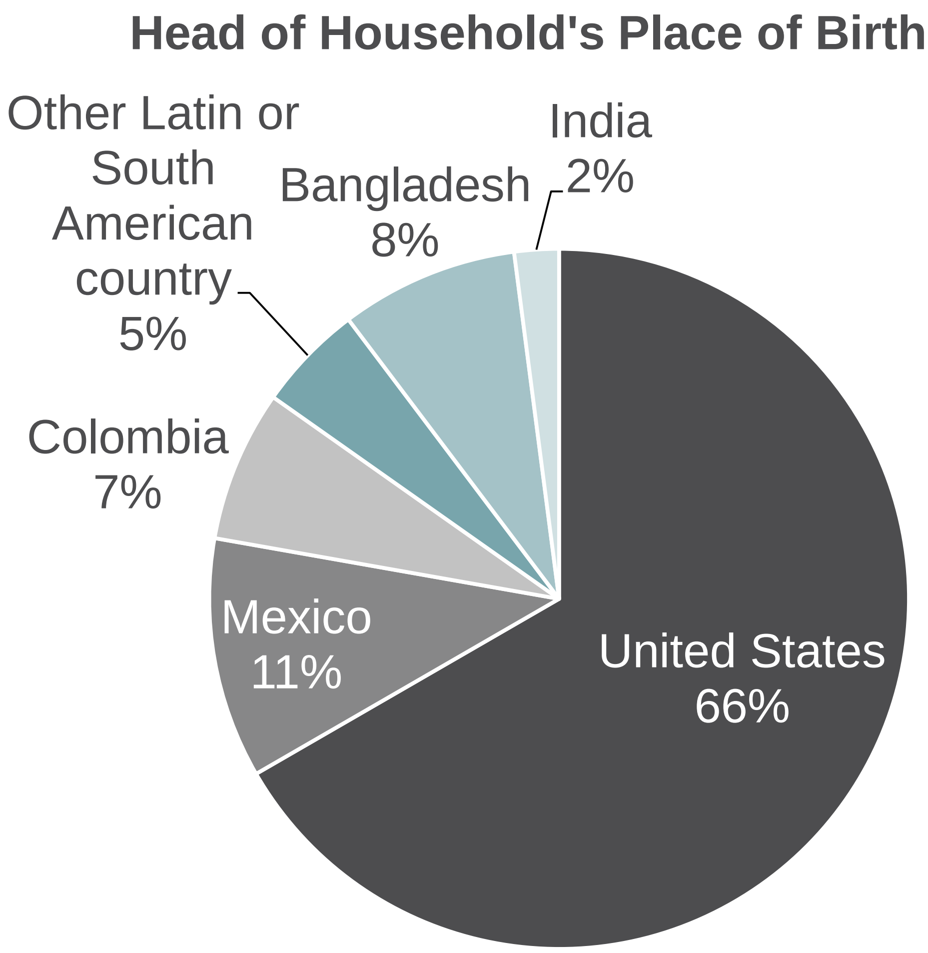
N=244 households.

1.3 Ethnicity of Households



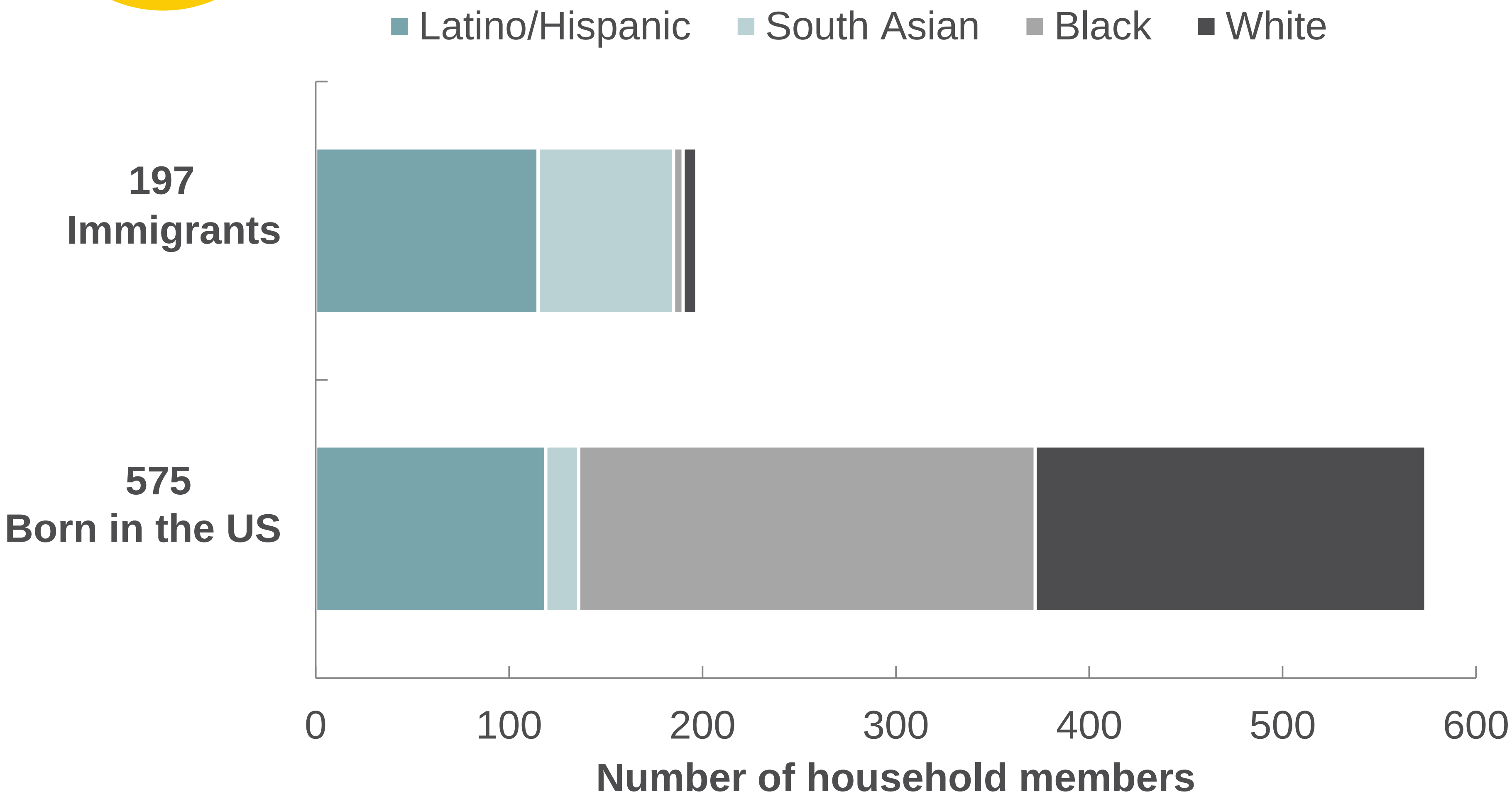
N=771 household members.

1.4 Immigrant Heads of Household



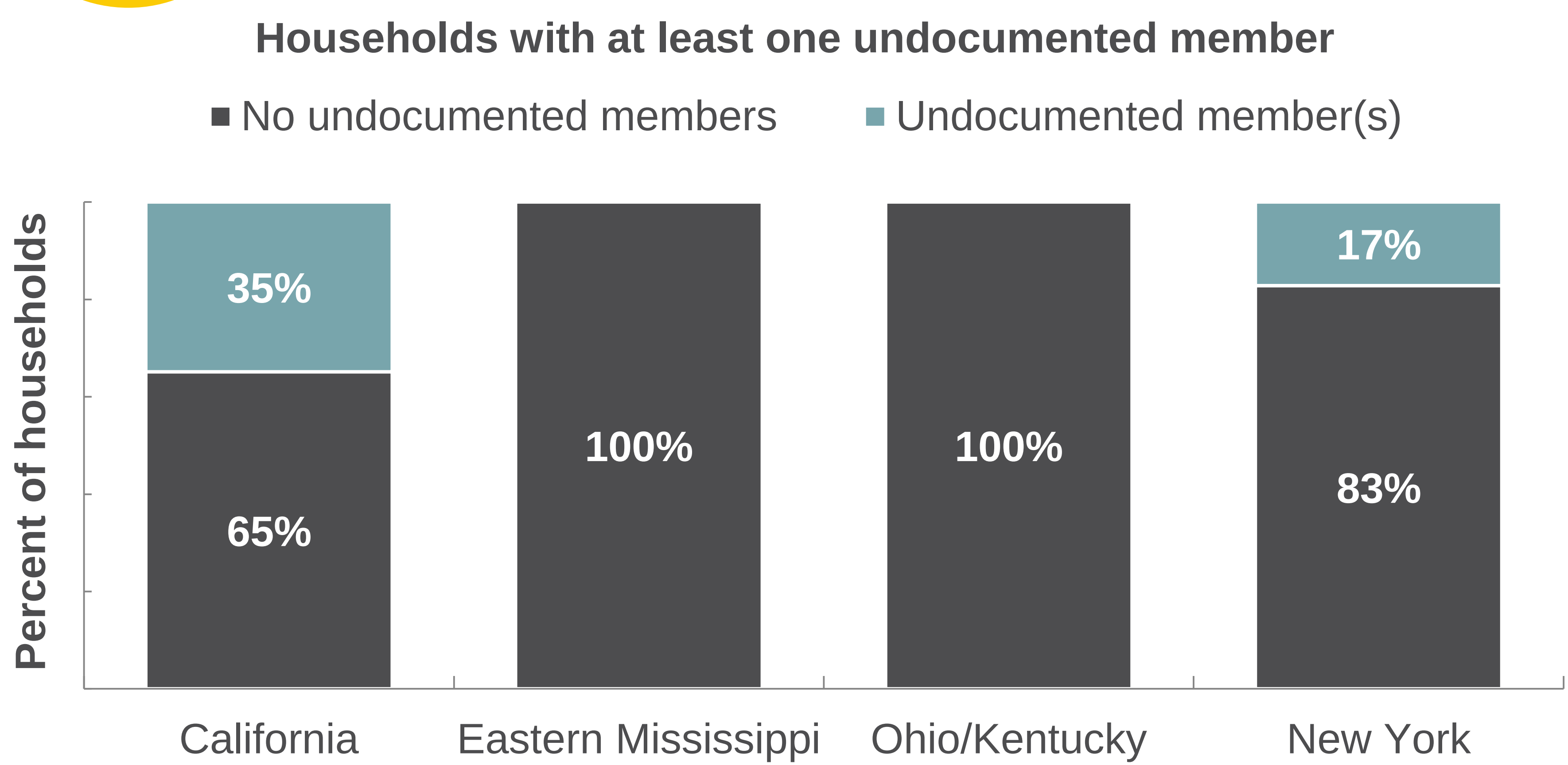
N=244 households. Immigrant is defined as someone born in a country outside of the United States. One head of household was self-reported by each household.

1.5 Household Members' Place of Birth and Ethnicity/Race



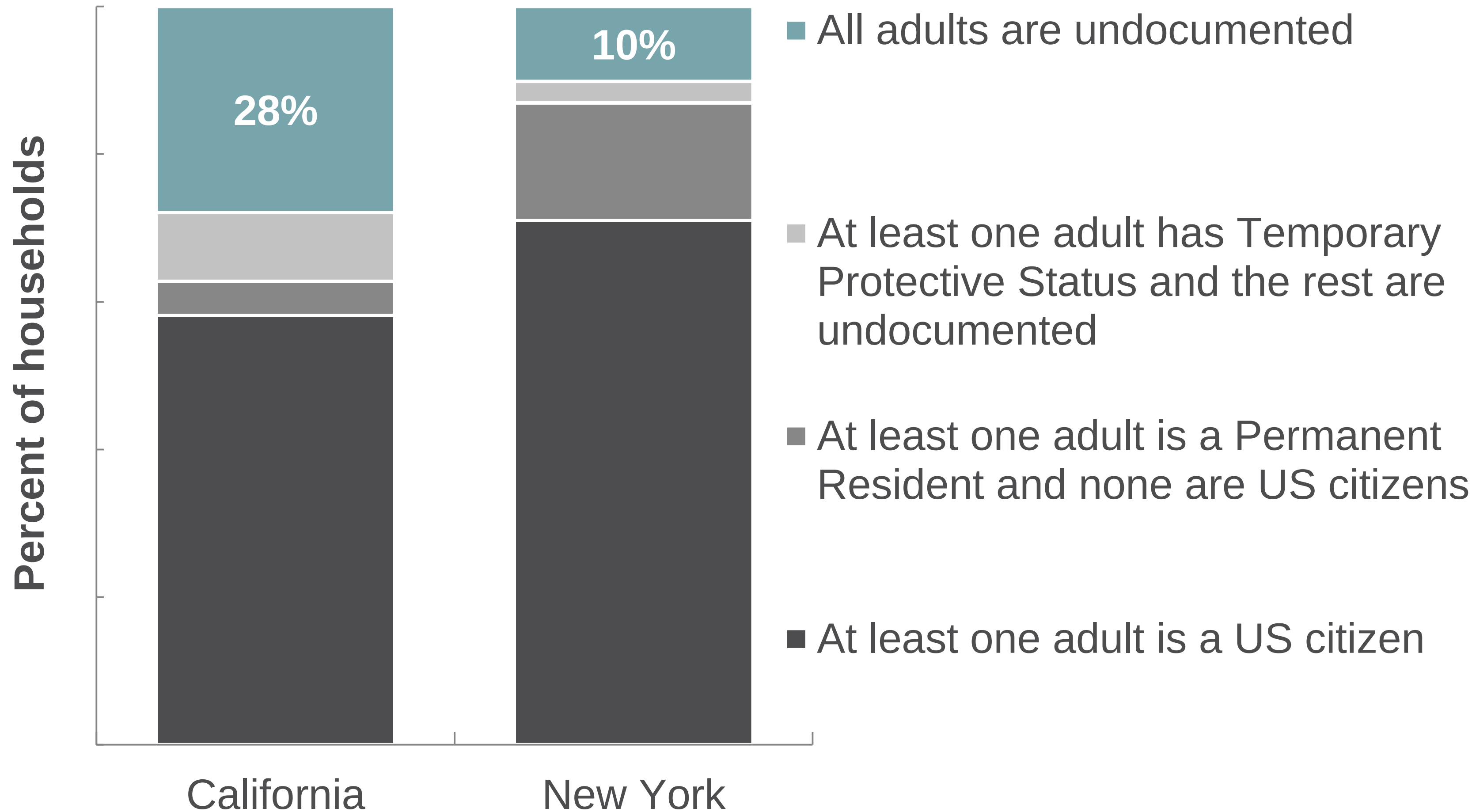
N=771 household members. Immigrants include all household members born in a country outside of the United States.

1.6 Household Documentation Status



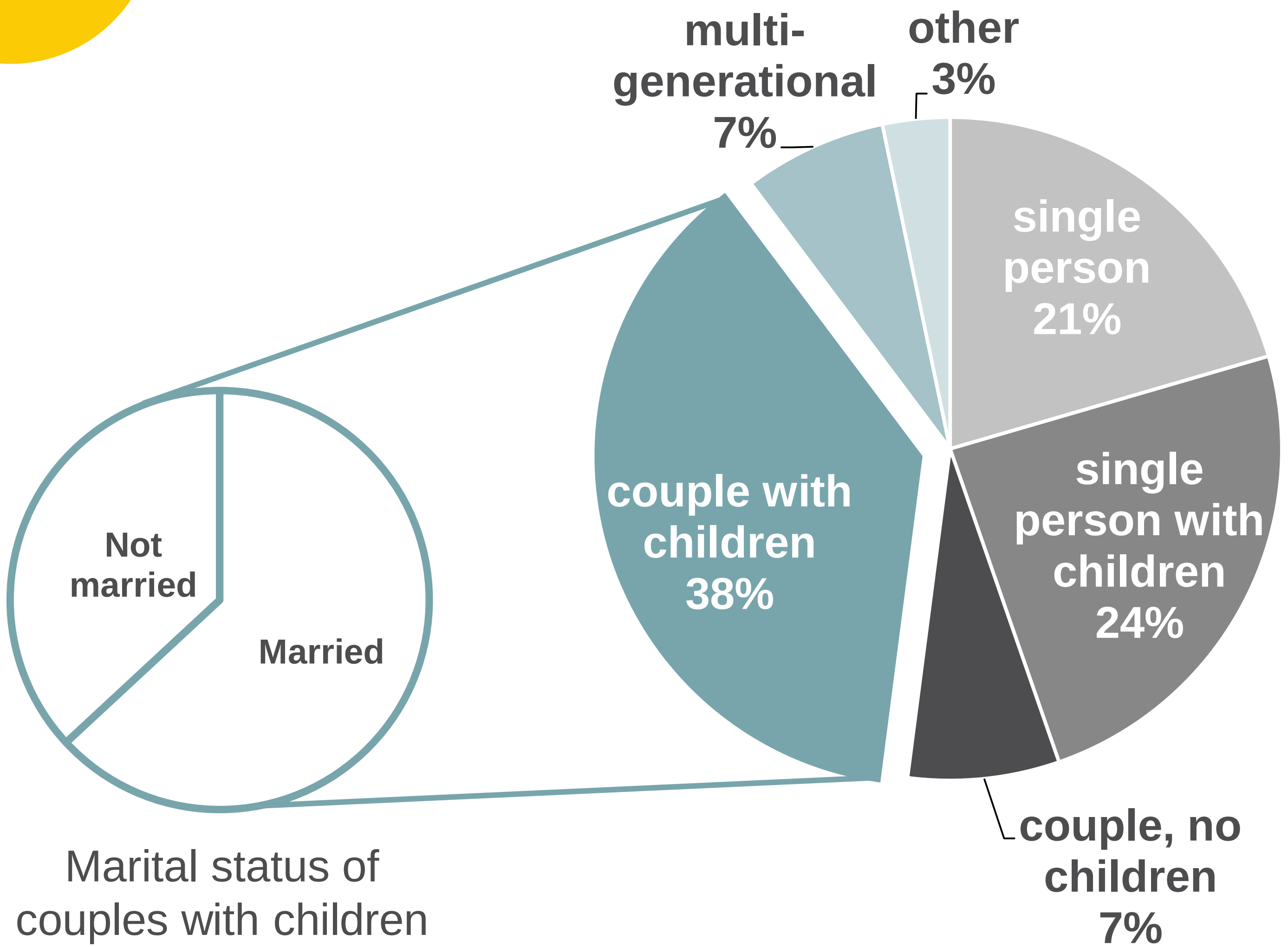
N=232 households.

1.7 Household Member Documentation Status



N=43 households in CA (93%) and 69 households in NY (87%) that responded to the documentation status questionnaire.

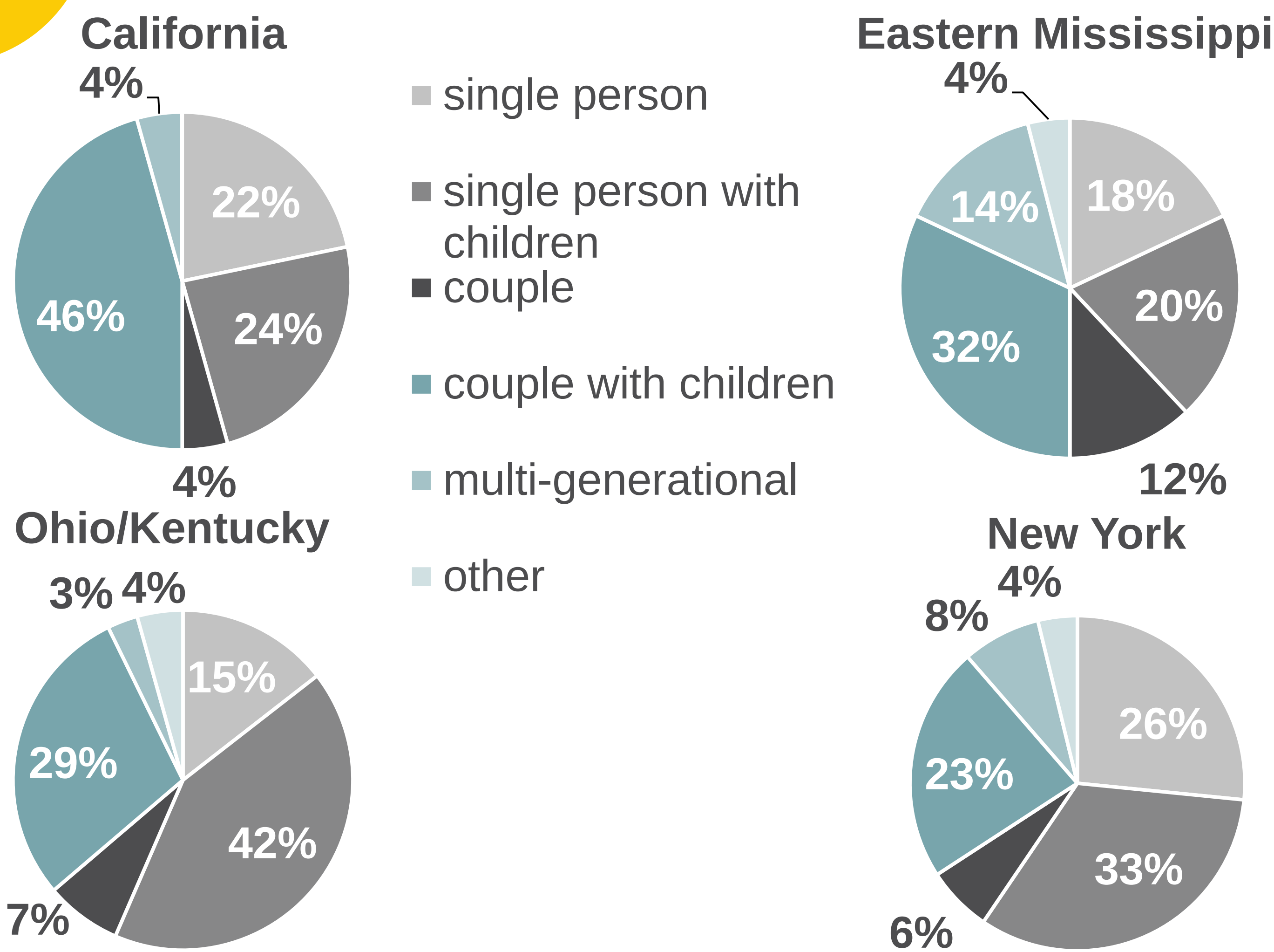
1.8 Household Membership



N=244 households.

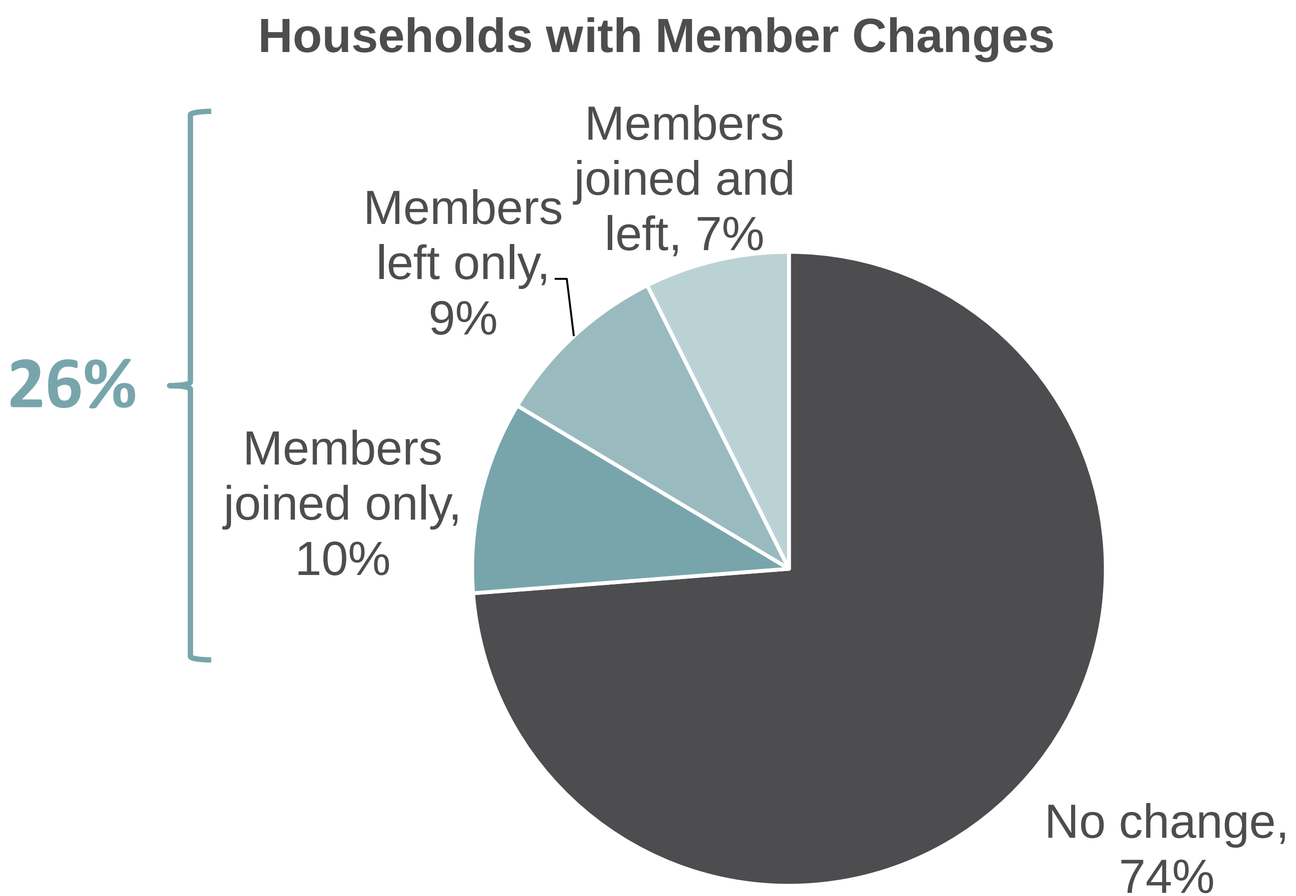
U.S. Financial Diaries

1.9 Household Membership by Site



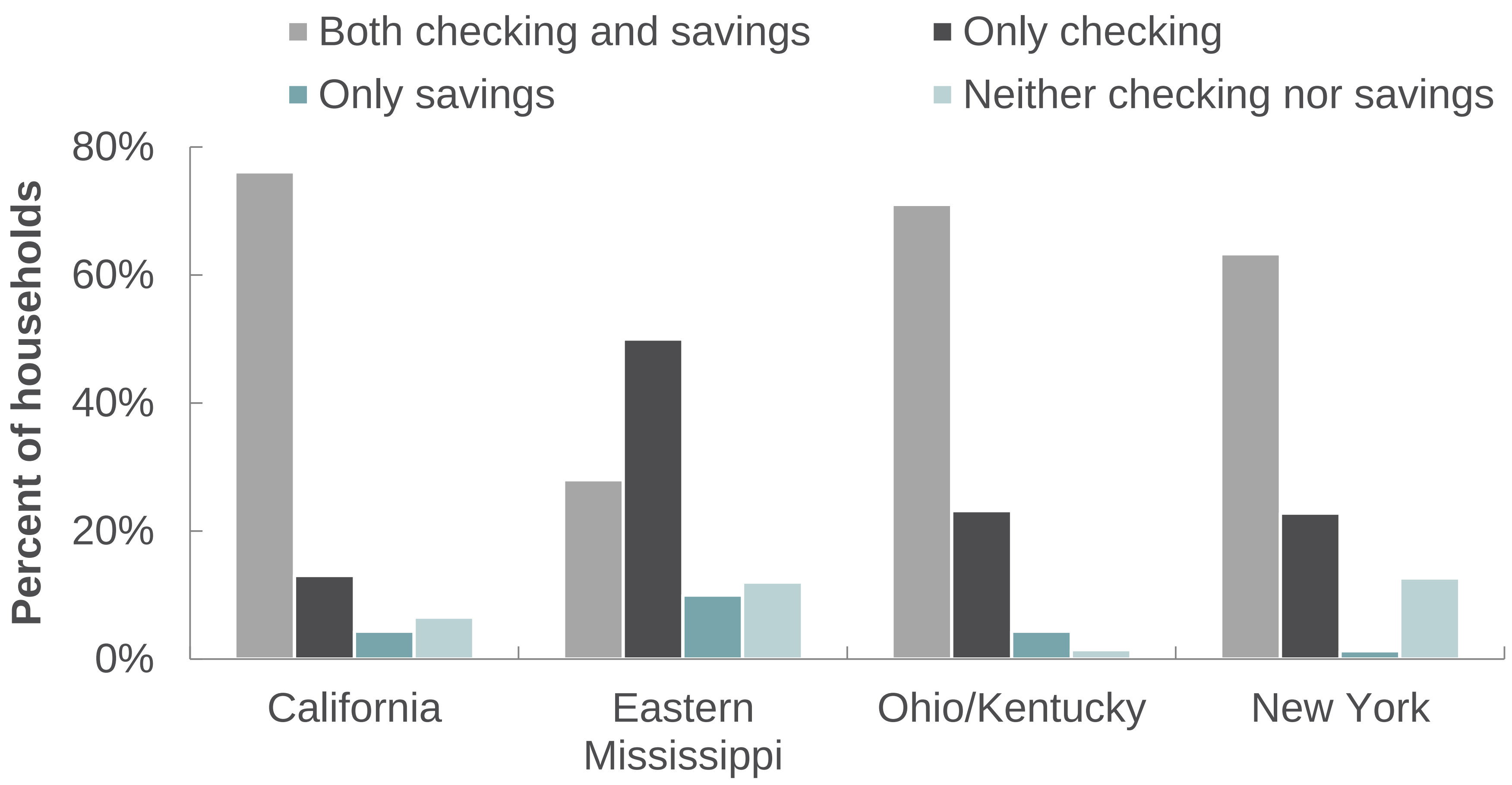
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.10 Households with Membership Changes



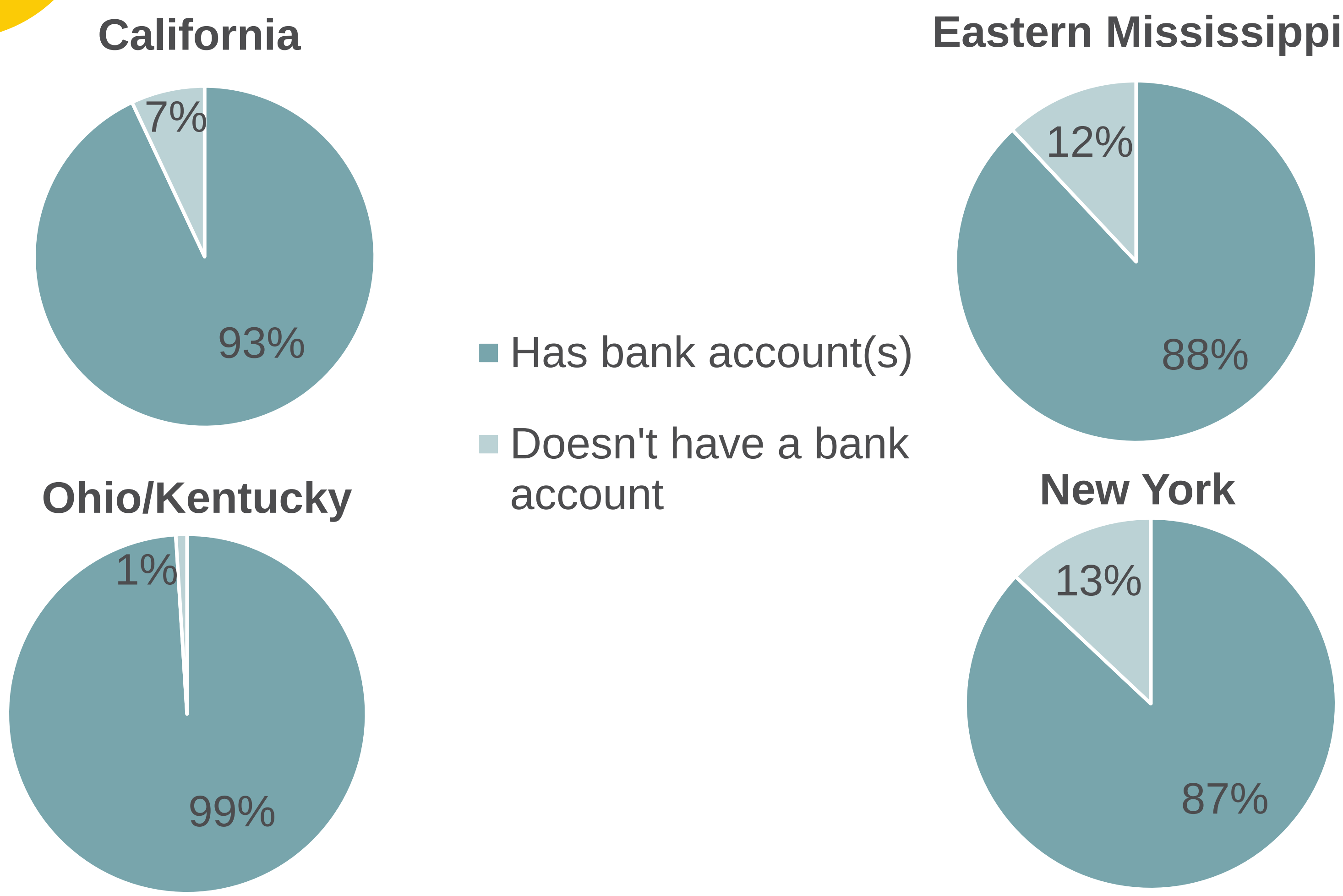
N=244 households.

1.11 Bank Account Usage



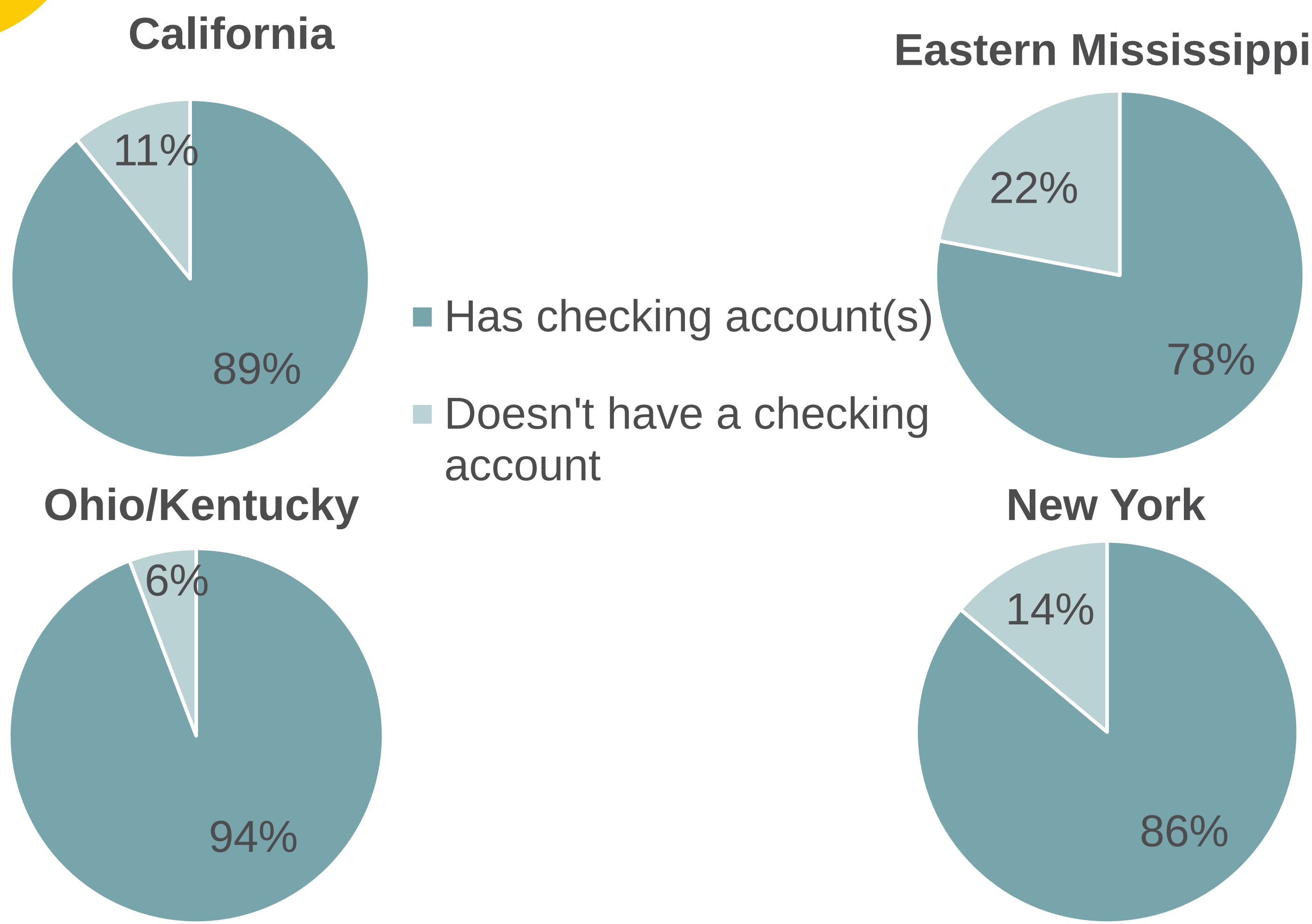
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.12 Checking and Savings Accounts by Site



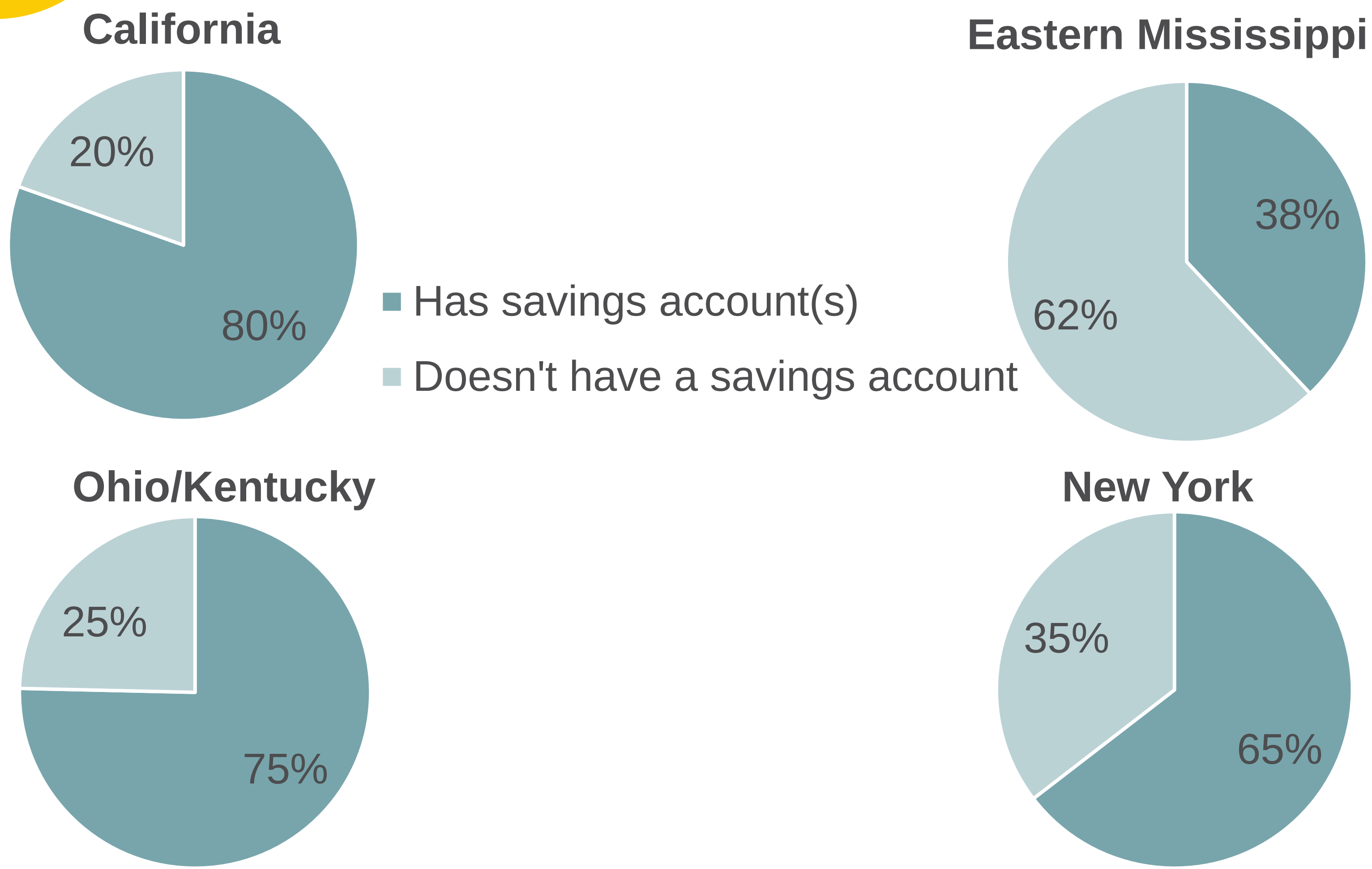
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.13 Checking Accounts by Site



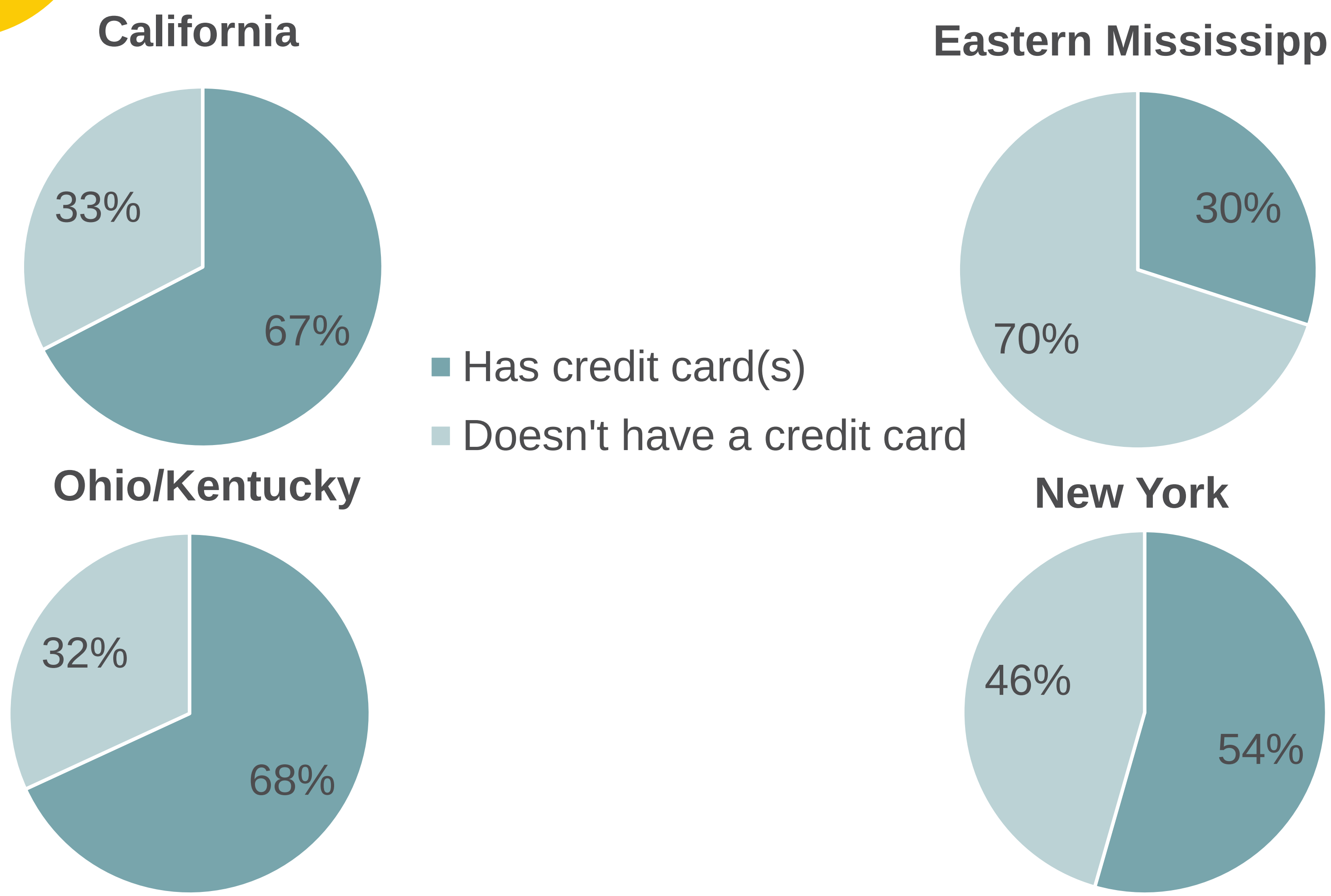
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.14 Savings Accounts by Site



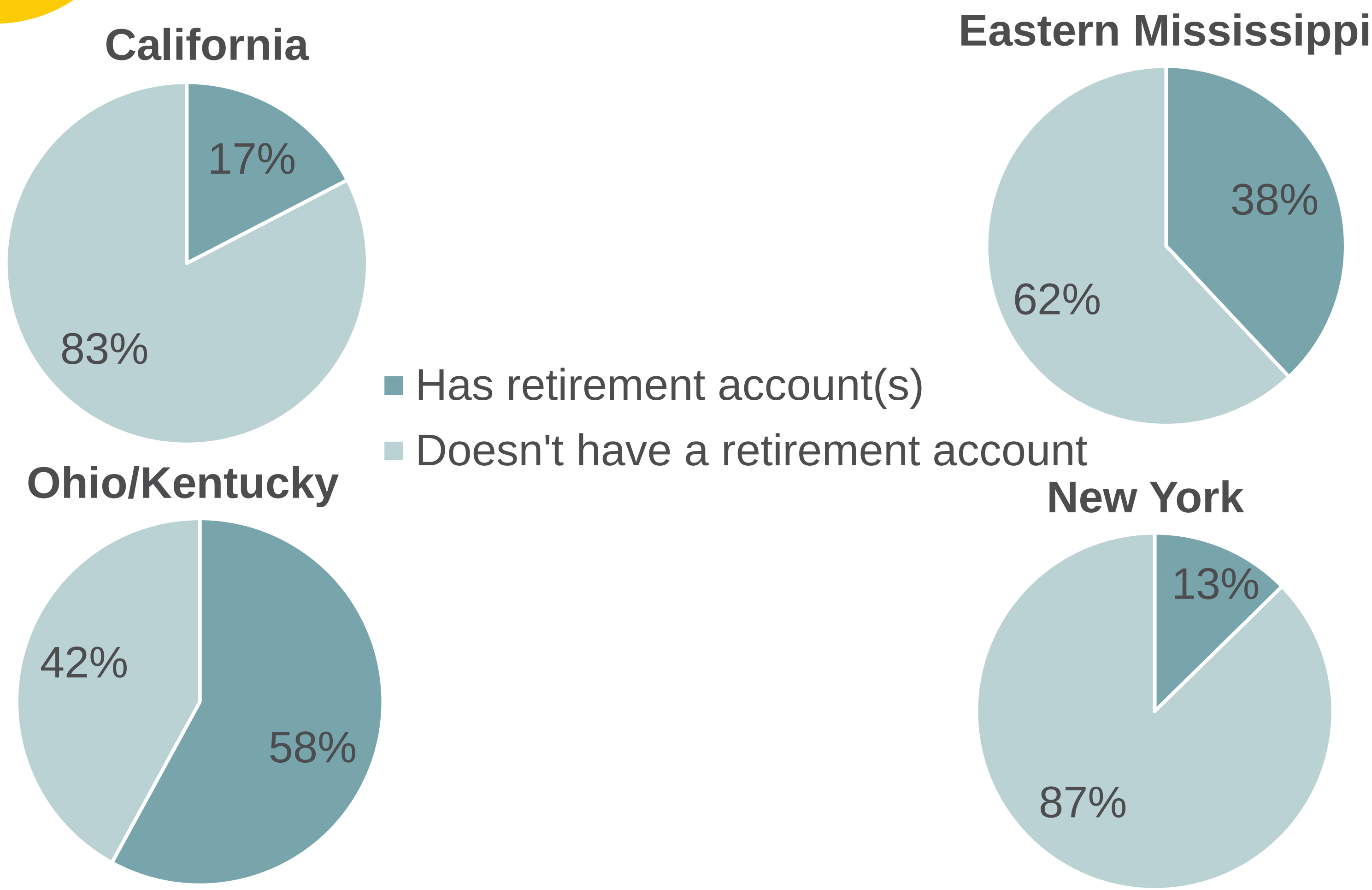
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.15 Credit Card Accounts by Site



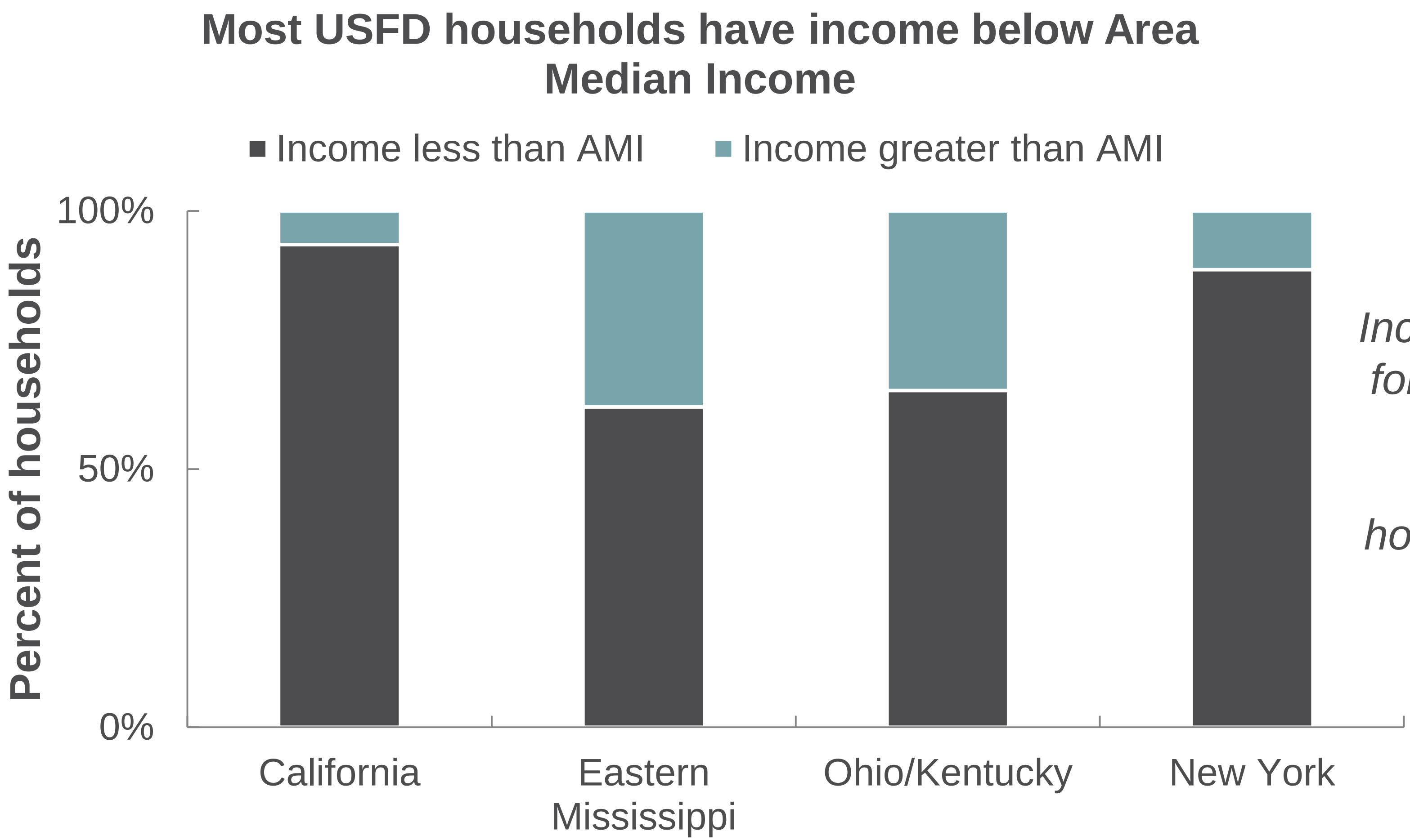
N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.16 Retirement Accounts by Site



N=244 households. There are 46 households in California, 50 in Eastern Mississippi, 69 in Ohio/Kentucky, and 79 in New York.

1.17 Household Income in Relation to Area Median Income



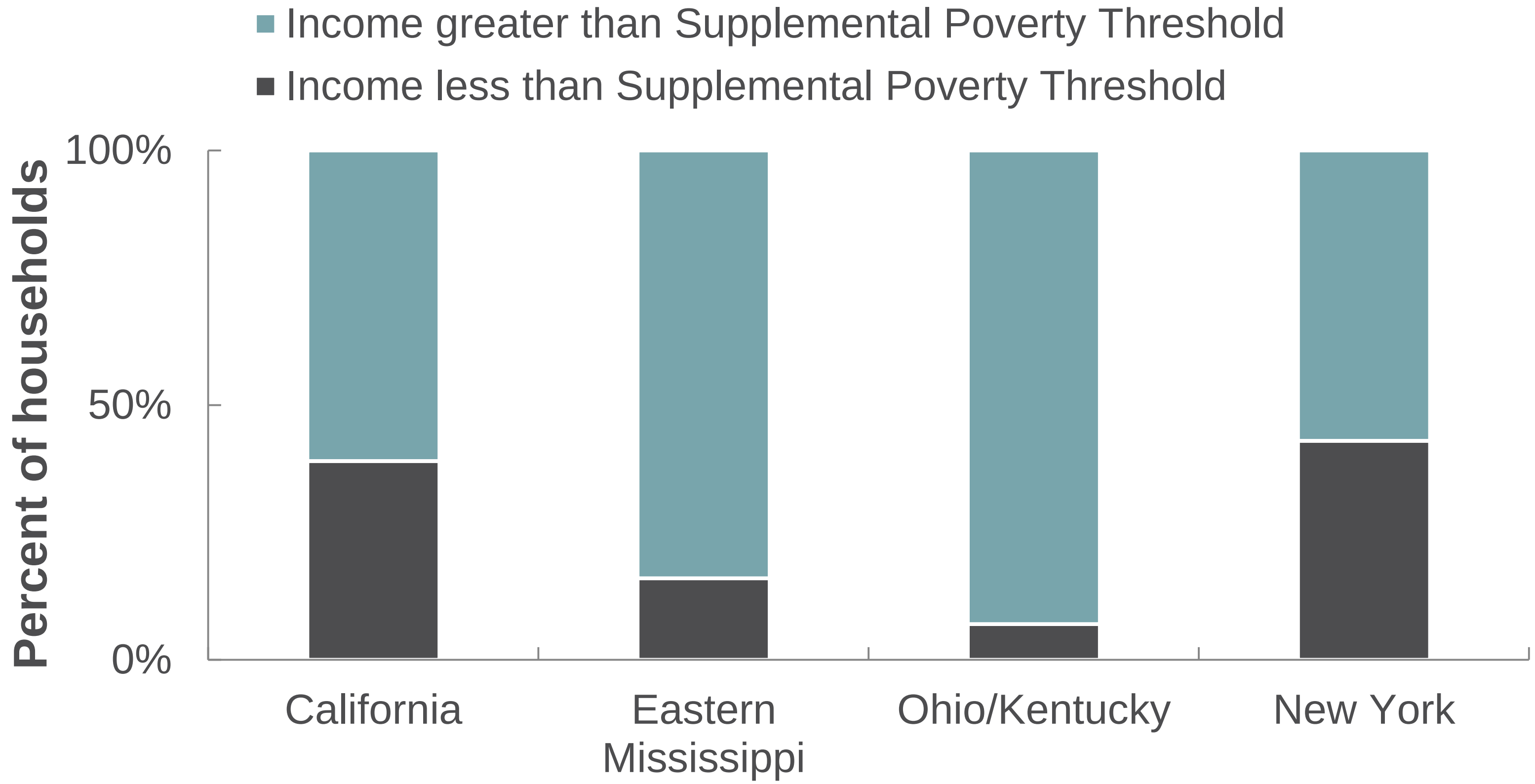
Area Median Income controls for variations in cost of living, but not for household size.

N=244 households.

1.18 Household Income in Relation to Regional Poverty Lines

U.S. Financial Diaries

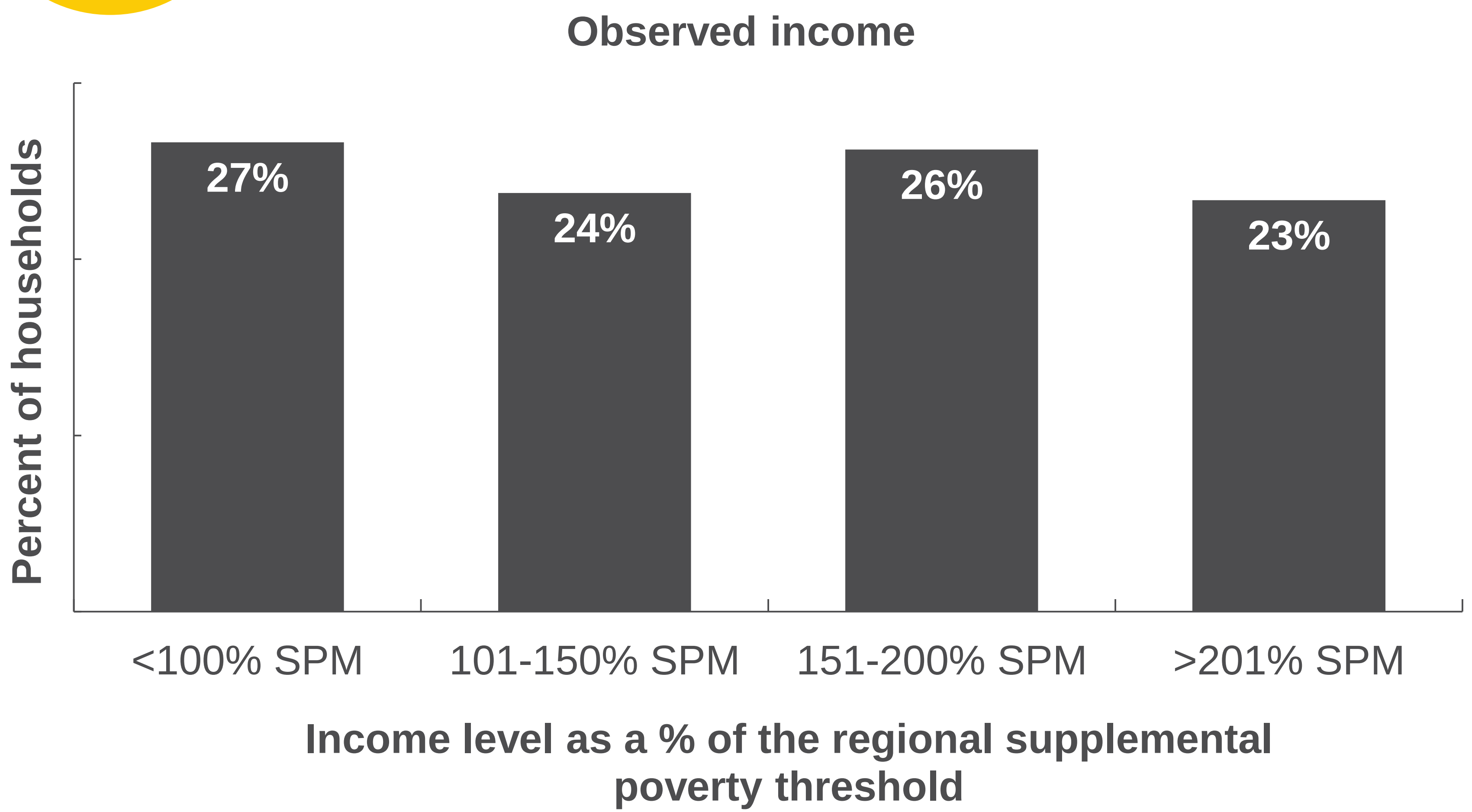
Less than half of USFD households have income below Supplemental Poverty Thresholds



Supplemental Poverty Measure controls for variations in cost of living, household size, and housing costs that differ for renters vs. owners

N=244 households. The Supplemental Poverty Measure (SPM) is an alternative poverty threshold published by the US Census Bureau.

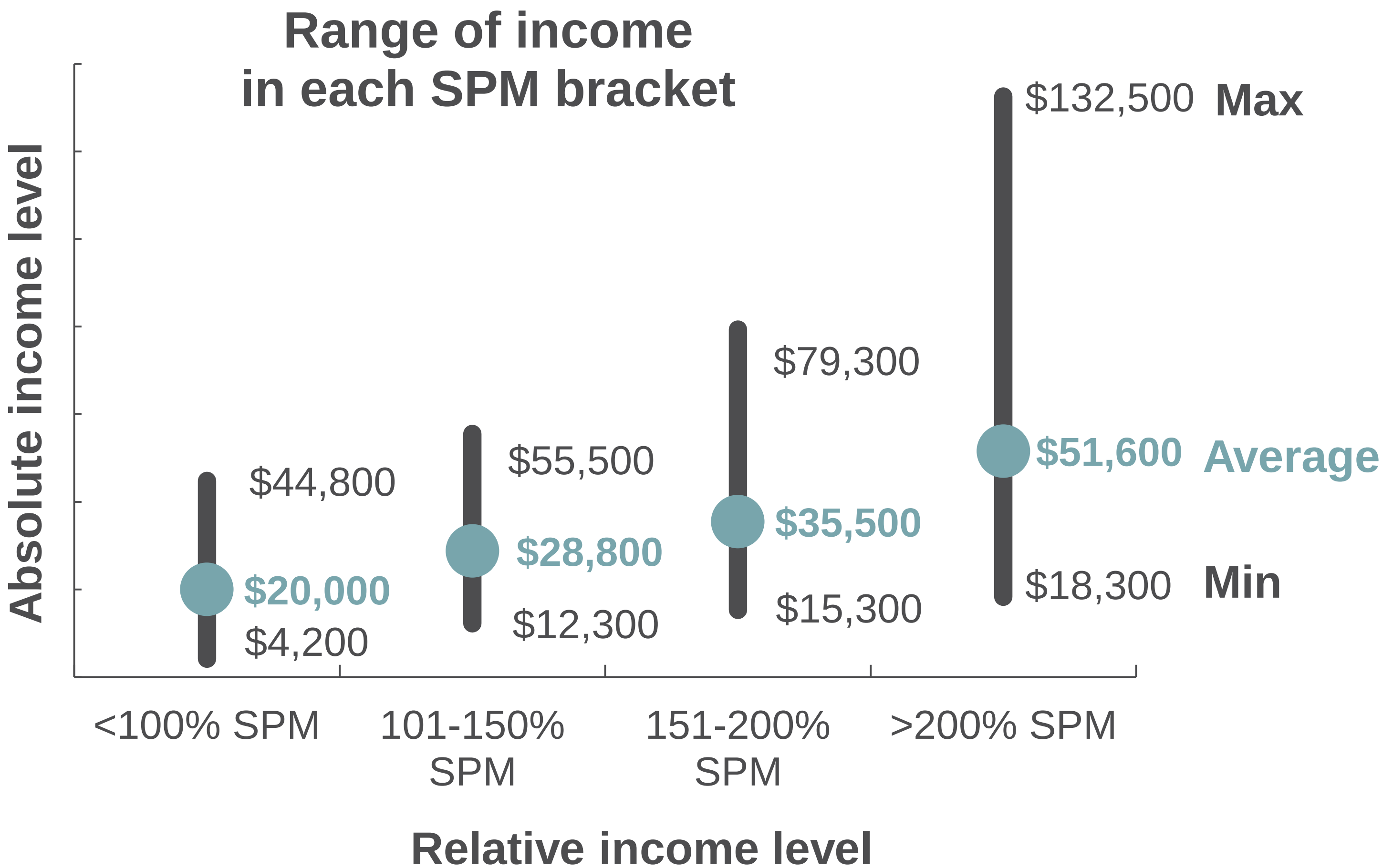
1.19 Income Distribution of Households



N=244 households. SPM is the threshold of the supplemental poverty measure.

U.S. Financial Diaries

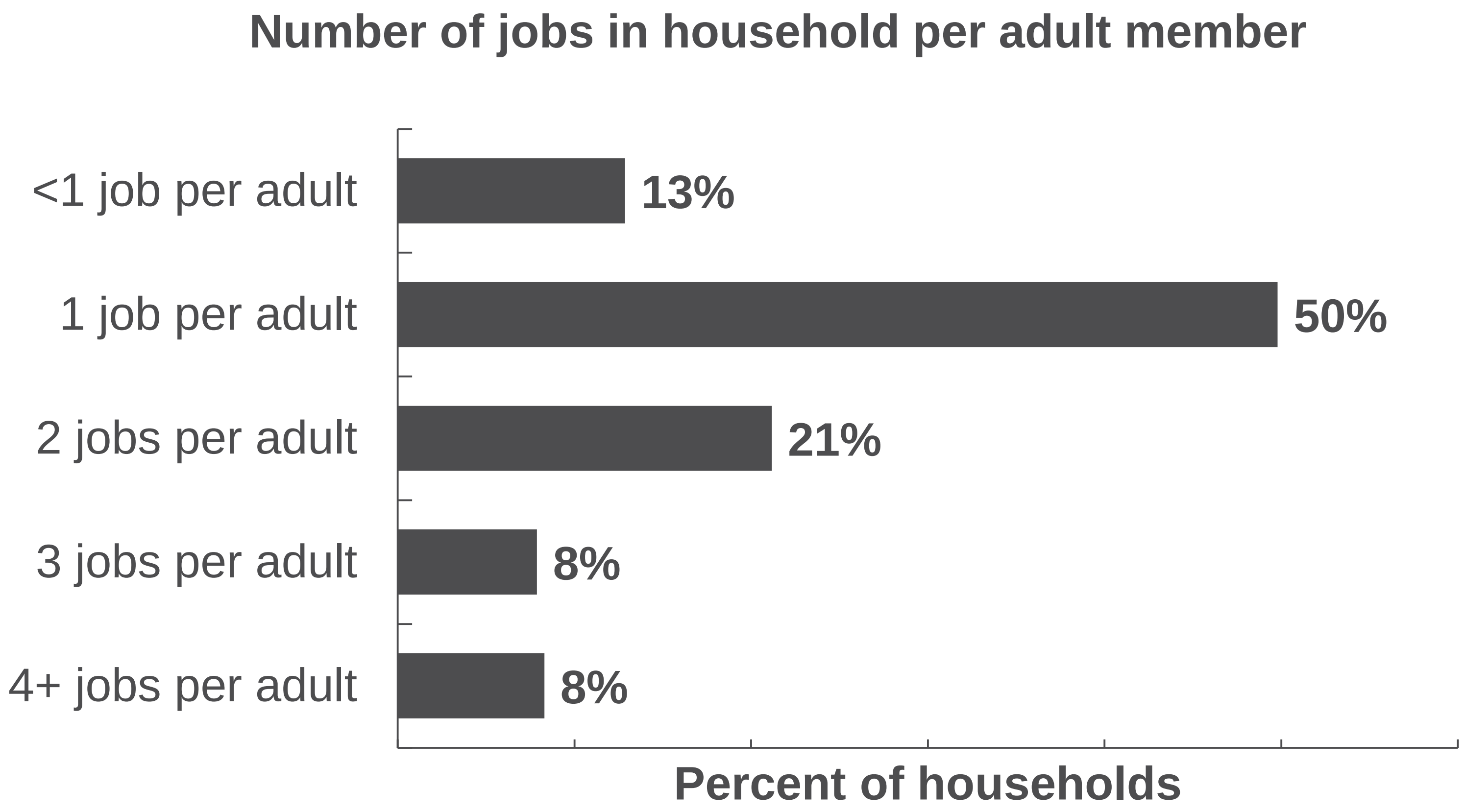
1.20 Absolute Incomes of Households



In the USFD sample, households living below the Supplemental Poverty threshold had annual income between $4,200 and $44,800.

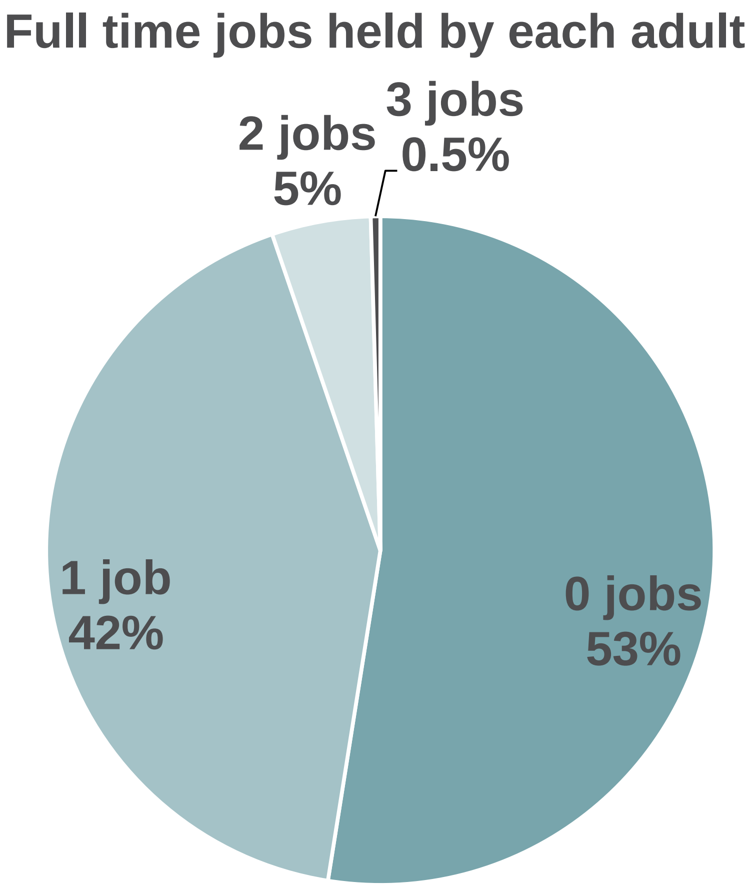
N=244 households. SPM is the threshold of the supplemental poverty measure.

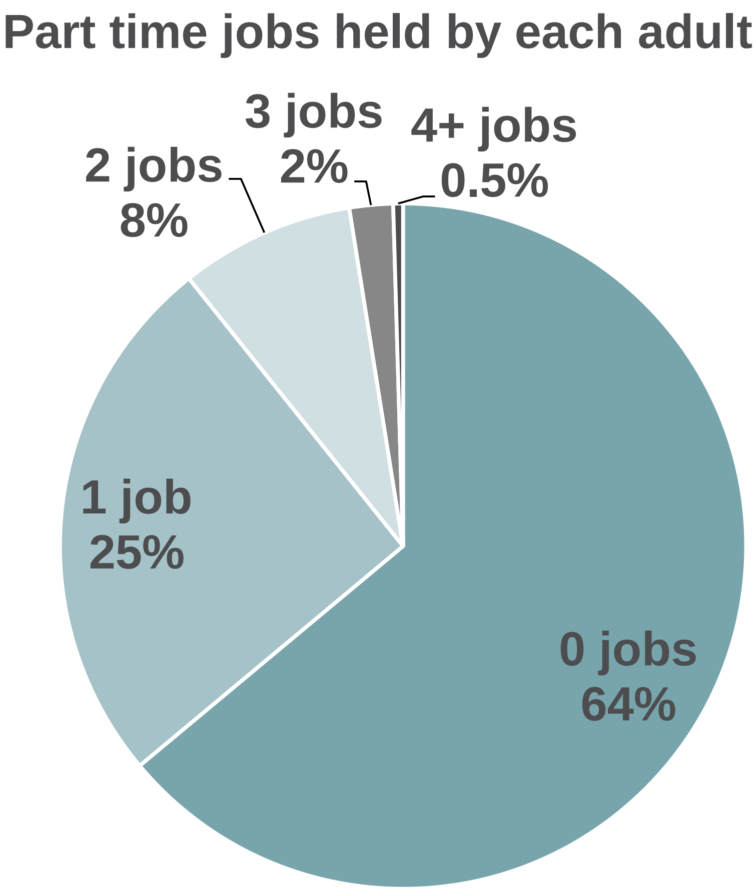
1.21 Number of Jobs in Household per Adult Member



N=241 households that had at least one job during the study year. Jobs include regular employment income, self employment income, and casual employment income. Only 3 households out of 244 reported no job income. Adult includes household members over the age of 18, including those 65 and older. Data includes both households that held jobs one at a time and households that held multiple jobs at the same time.

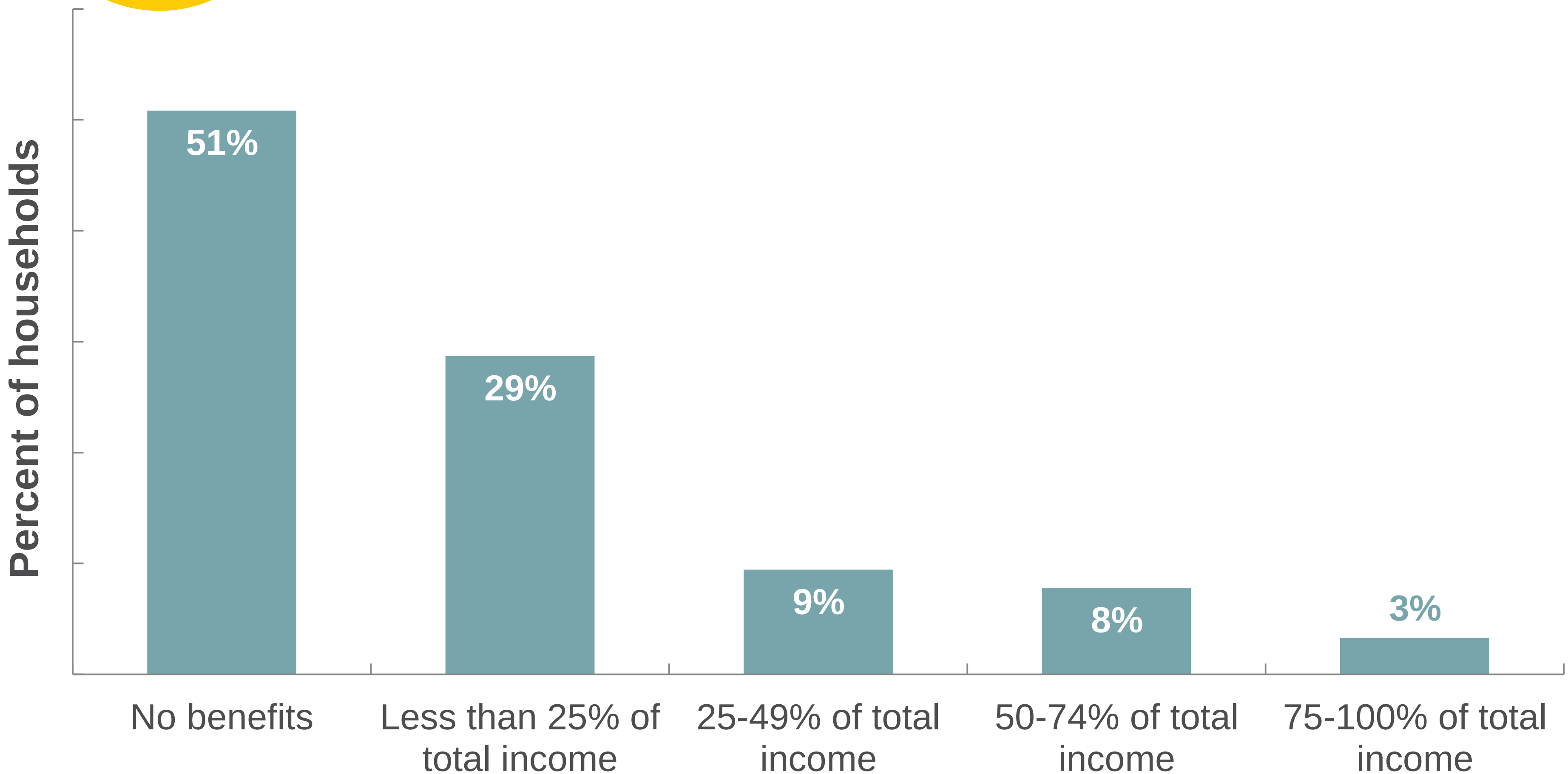
1.22 Household Employment Patterns





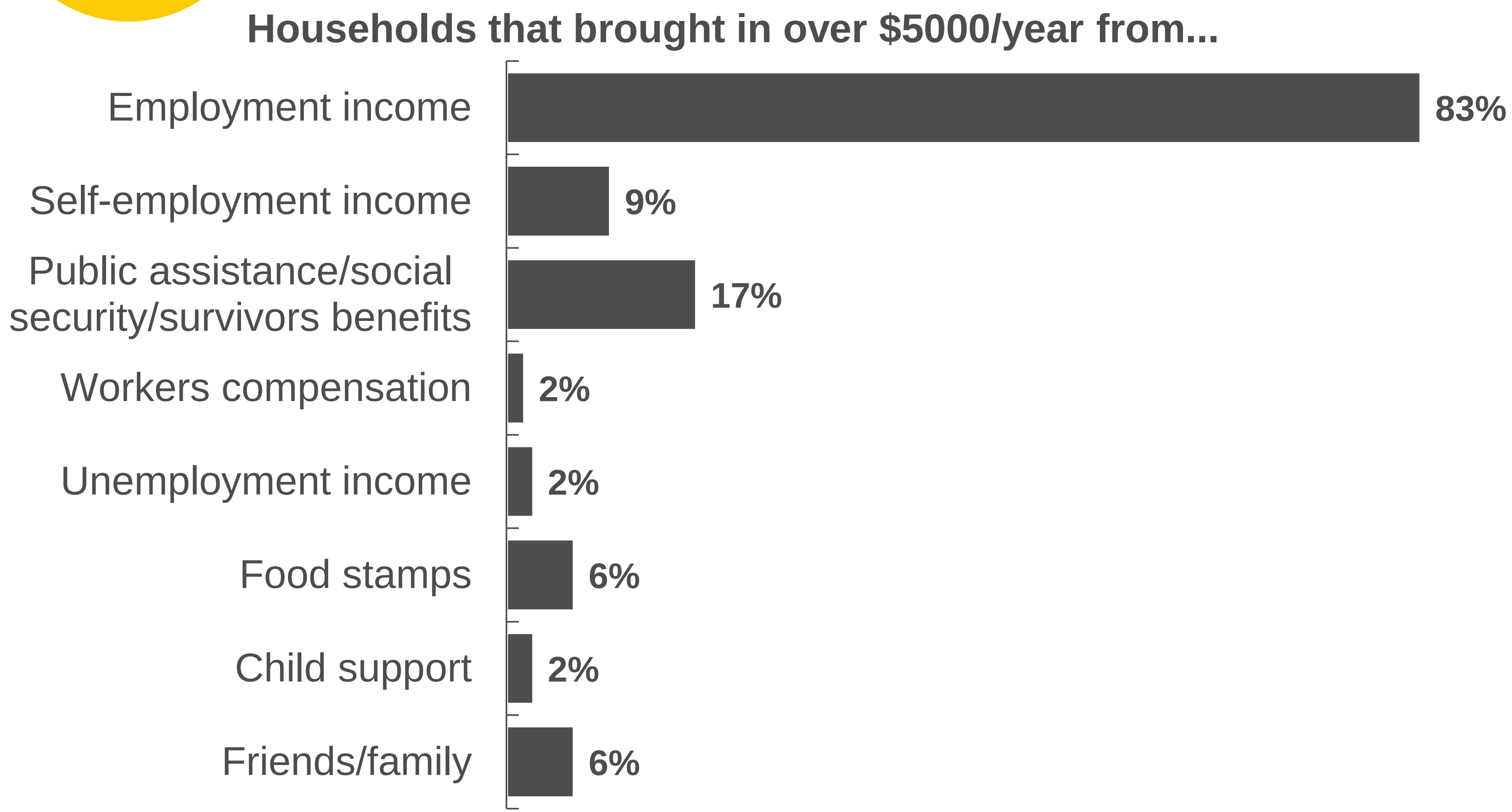
N=438 adults. Jobs include regular employment income, self employment income, and casual employment income. Adult includes household members over the age of 18, including those 65 and older. Data includes both households that held jobs one at a time and households that held multiple jobs at the same time.

1.23 Government Benefits as a Portion of Total Income



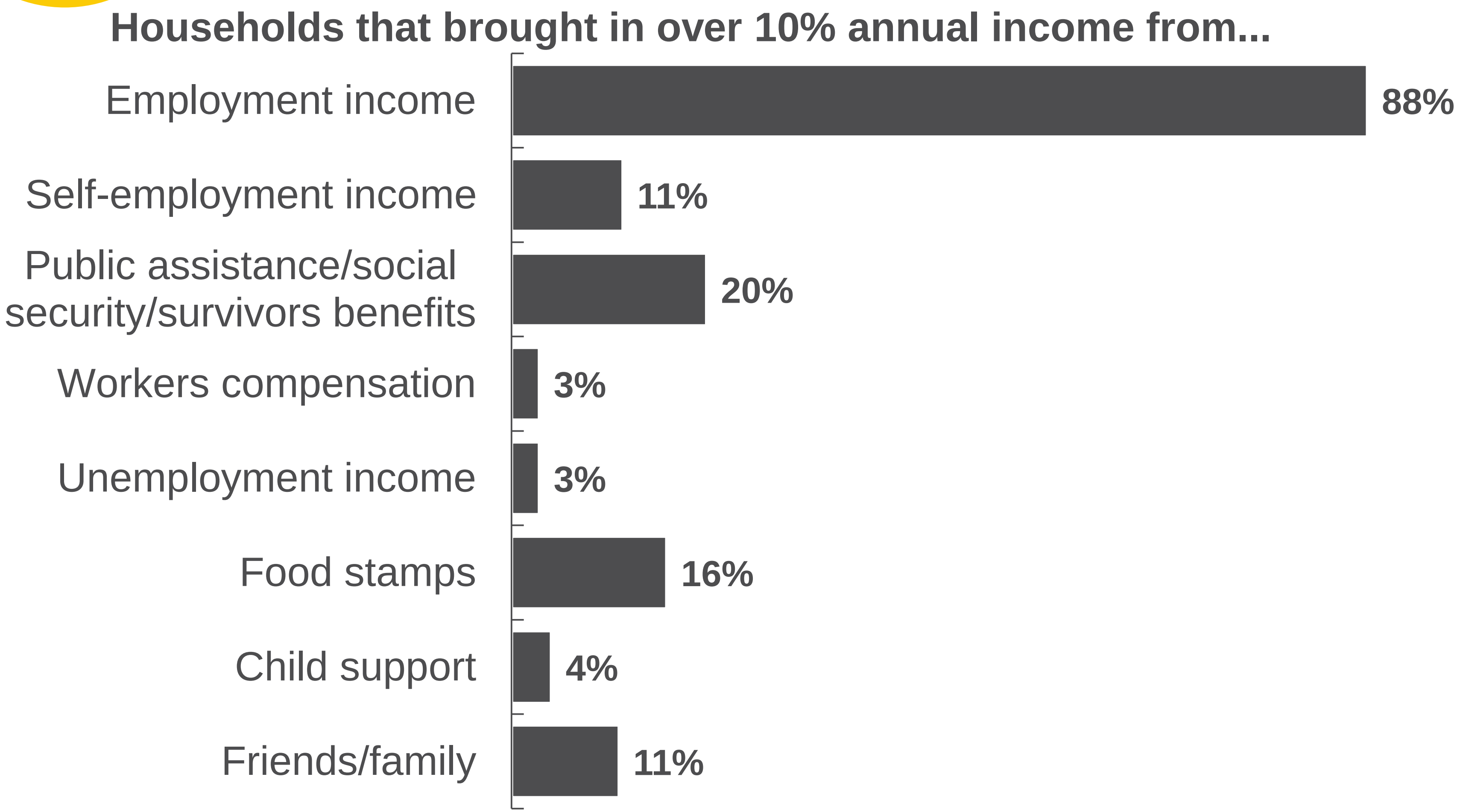
N=244 households. Benefits income includes food stamps, public assistance, survivors benefits, social security, unemployment, and veterans benefits.

1.24 Income Sources >$5000 Per Year



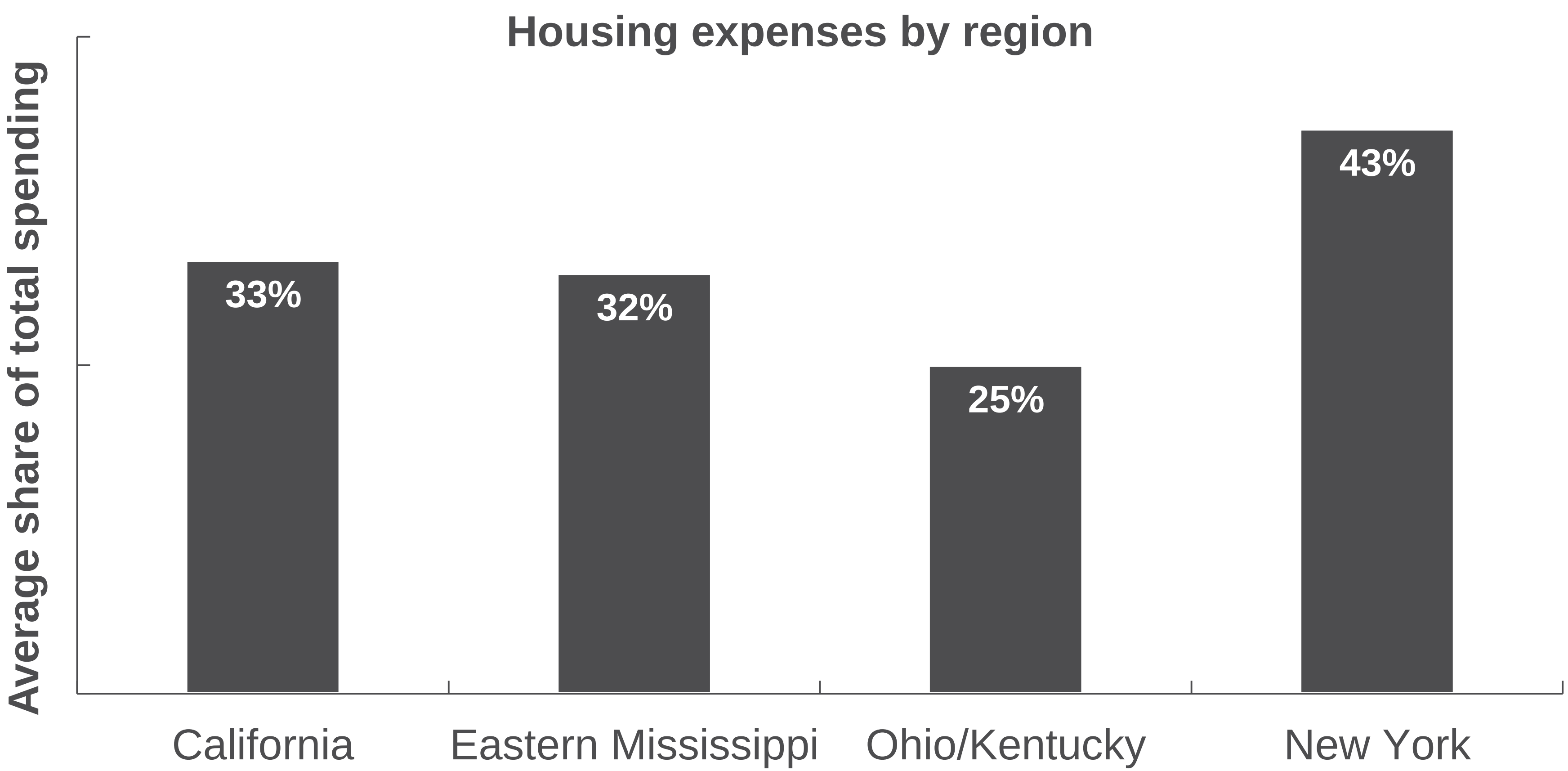
N=244 households. Here employment income includes income from both regular and casual employment. Self-employment is a separate category.

1.25 Income Sources >10% of Annual Income



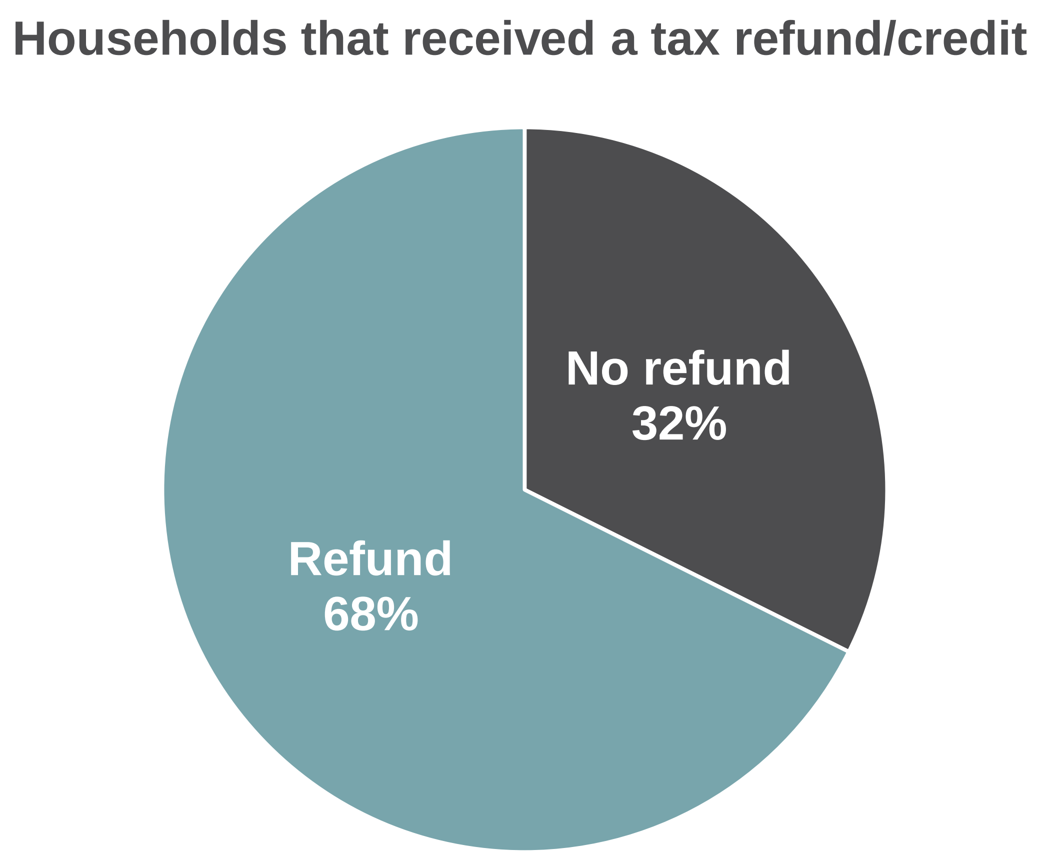
N=244 households. Here employment income includes income from both regular and casual employment. Self-employment is a separate category.

1.26 Housing Expenses by Region



N=230 households. Denominator (total spending) excludes debt payments other than mortgages.

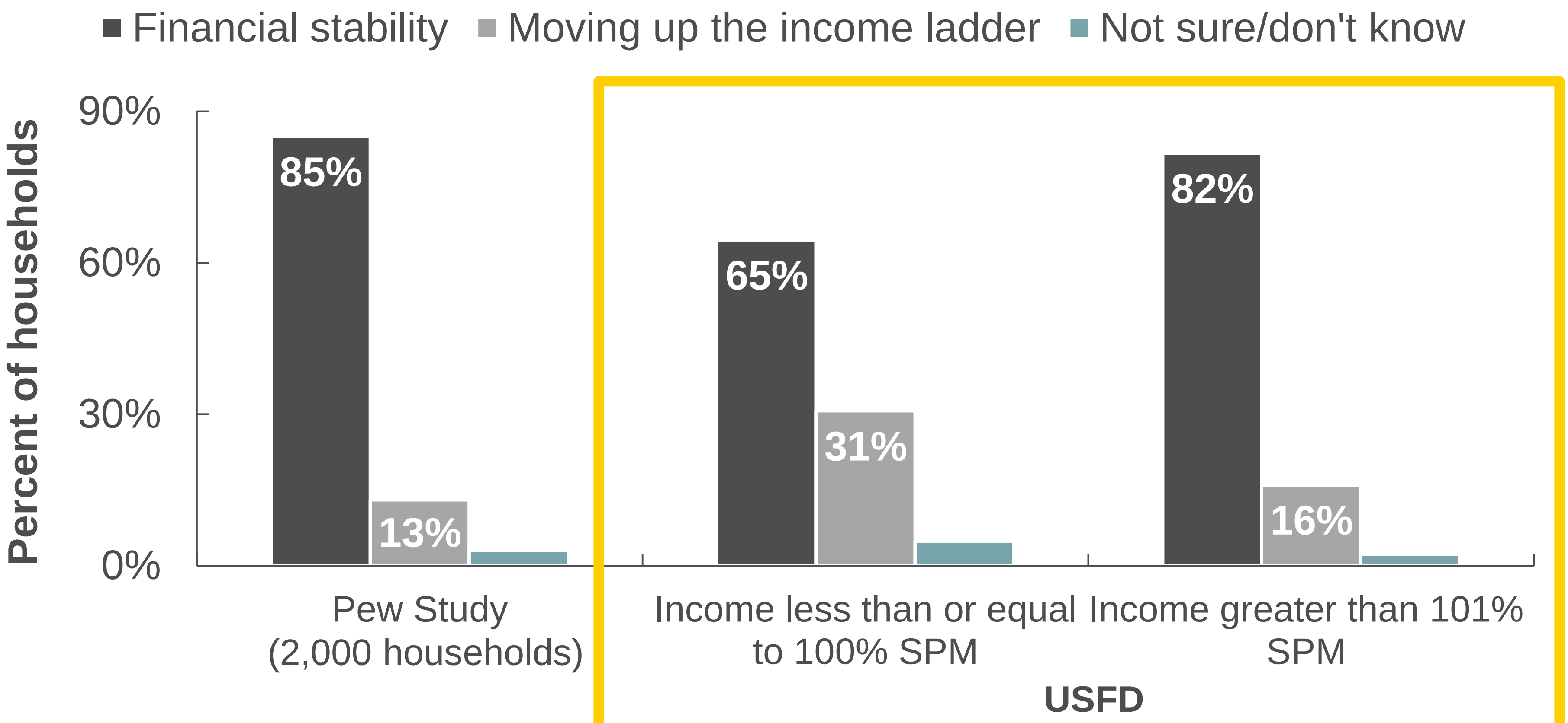
1.27 Tax Refunds and Credits



N=244 households.

2.1 Households Broadly Prefer Stability to Higher Income

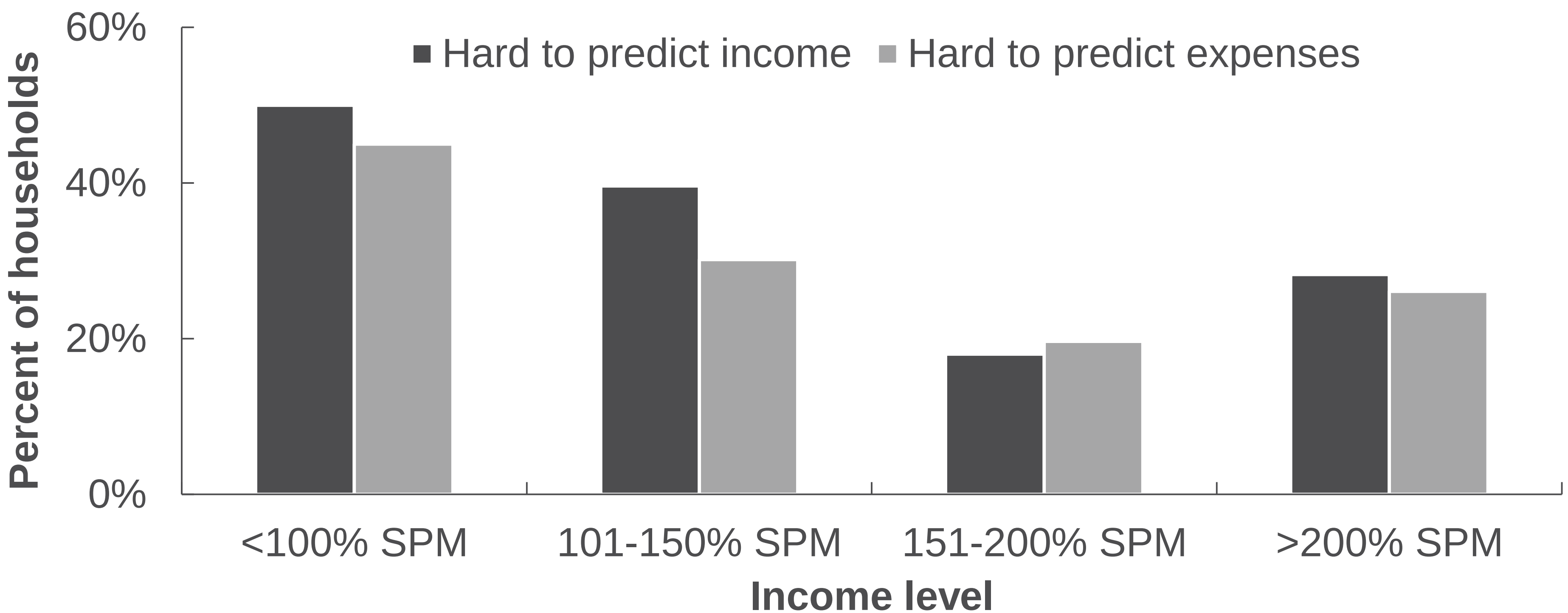
Q: Which is more important to you?



N=237 households. SPM is the threshold of the supplemental poverty measure.

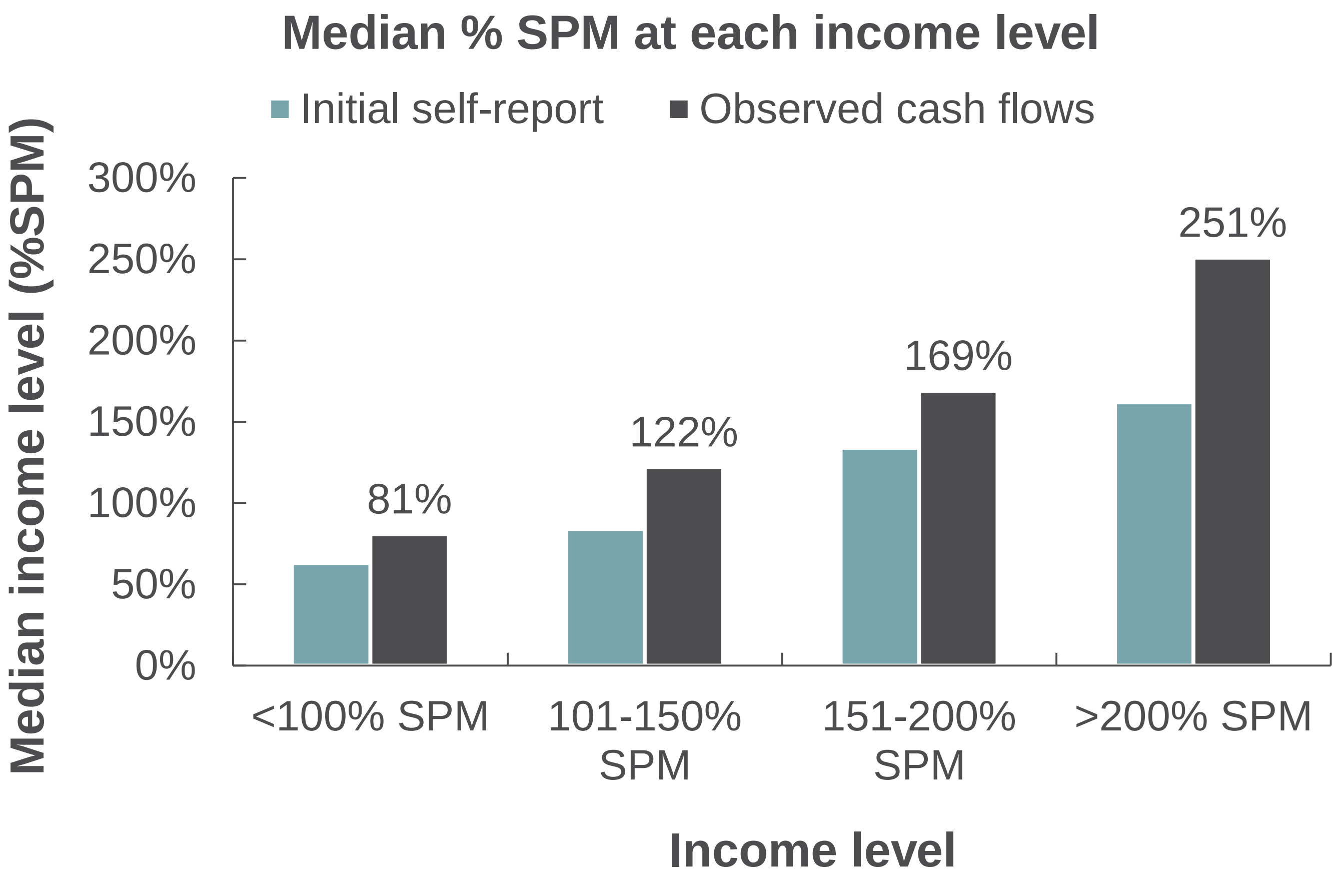
2.2 Hardest for Poorest Households to Predict Income and Expenses

Q: How easy was it to predict total household income/expenses during the month?



N=220 households. SPM is the threshold of the supplemental poverty measure.

2.3 Initial Self-Reports of Income vs. Cash Flow Measures of Income



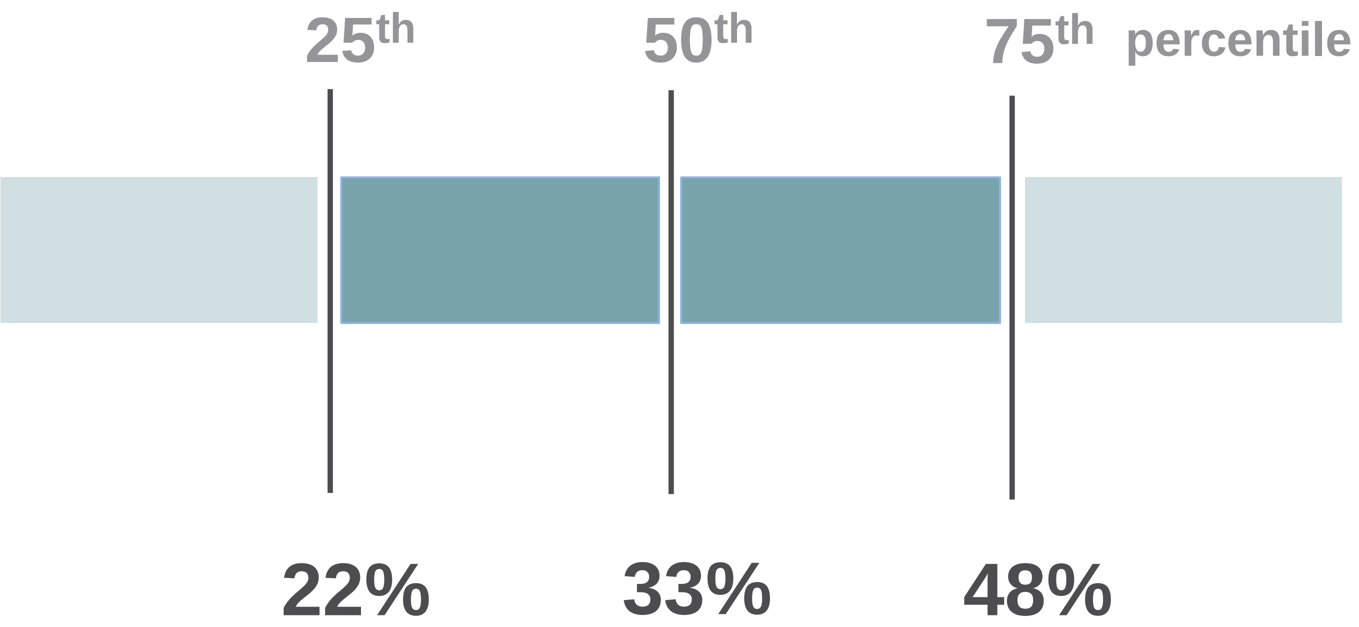
Income from observed cash flow measures is higher than households' initial self-reports. Observed cash flows include cash gifts and other income sources that many households likely did not include in their initial self-reports.

N=208 households self-reporting income at the initial interview. N=244 households with income from observed cash flows. SPM is the threshold of the supplemental poverty measure.

U.S. Financial Diaries

2.4 Coefficient of Variation of Monthly Household Income (CV)

Coefficient of variation (CV): Standard deviation of monthly income for a household, divided by that household's average monthly income.



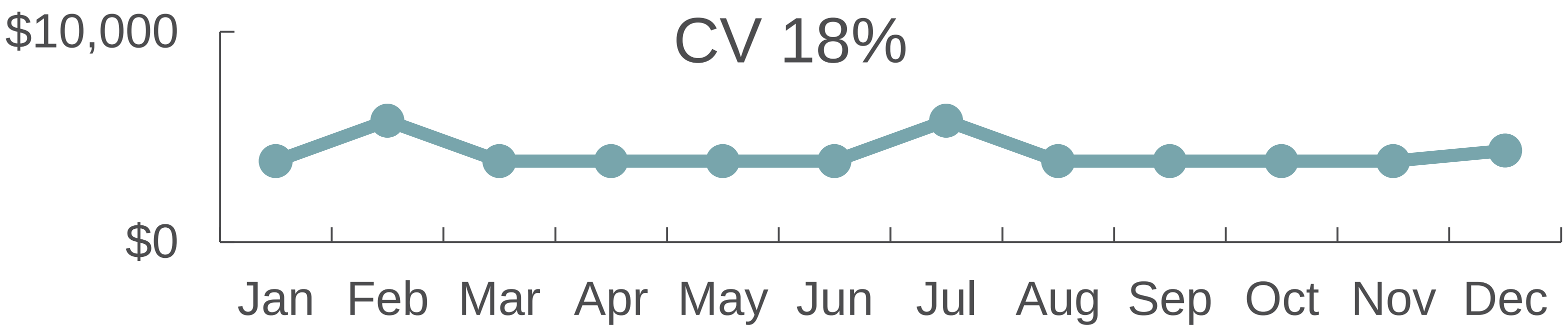
Income volatility was common in USFD households. The median CV was 33%. 25 percent of households had a CV greater than 48%. The standard CV measure presented here does not include any income fluctuations caused by the receipt of income tax refunds or credits.

N=230 households. CV is calculated only for households with at least 10 months of cash flow data, excluding starting and ending months. Starting and ending months are presumed to be incomplete.

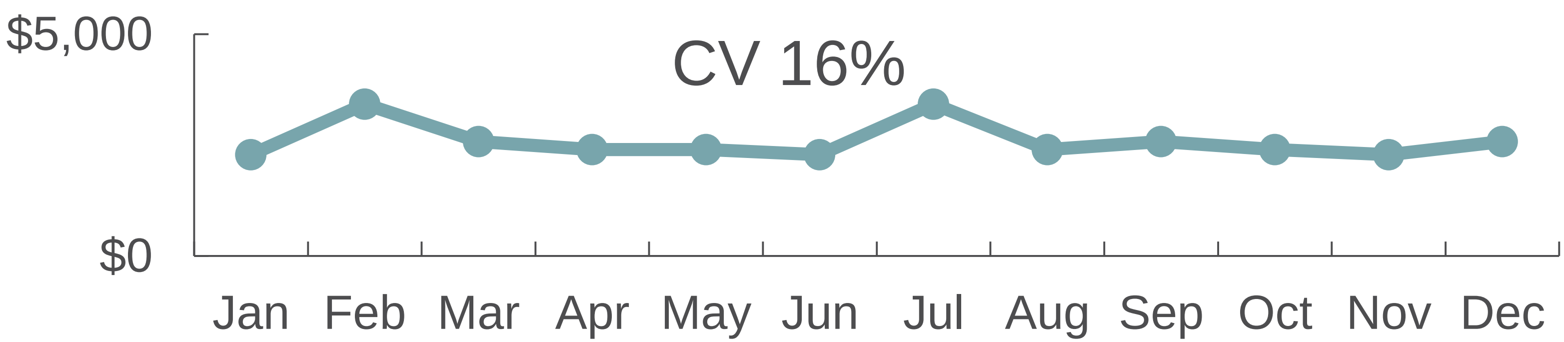
U.S. Financial Diaries

2.5 Benchmarks of Income Volatility Levels

Volatility Example #1
$50,000/year salary with $500 bonus



Volatility Example #2
$15/hour for 38-42 hours/week with $300 bonus

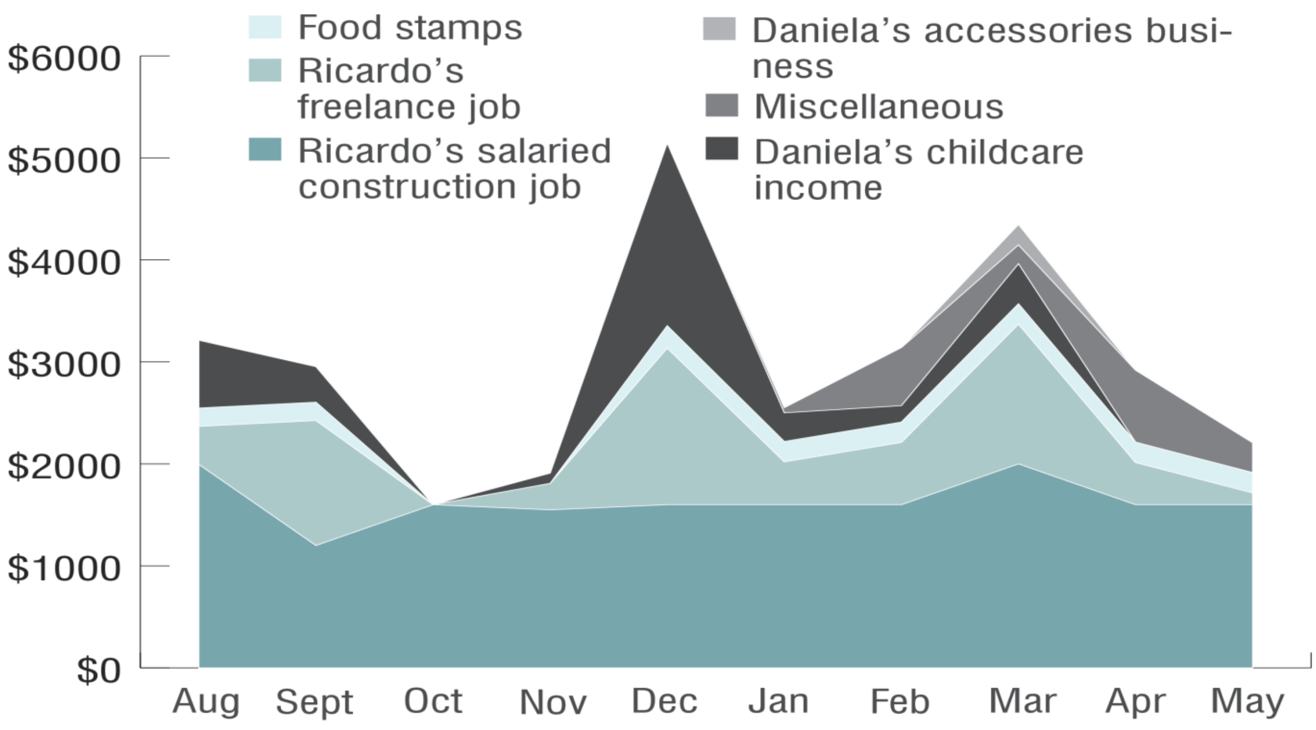


These charts represent hypothetical households. We present them to illustrate what a “typical” household’s volatility level (CV) might look like.

2.6 The Garza's Income, 2012-2013

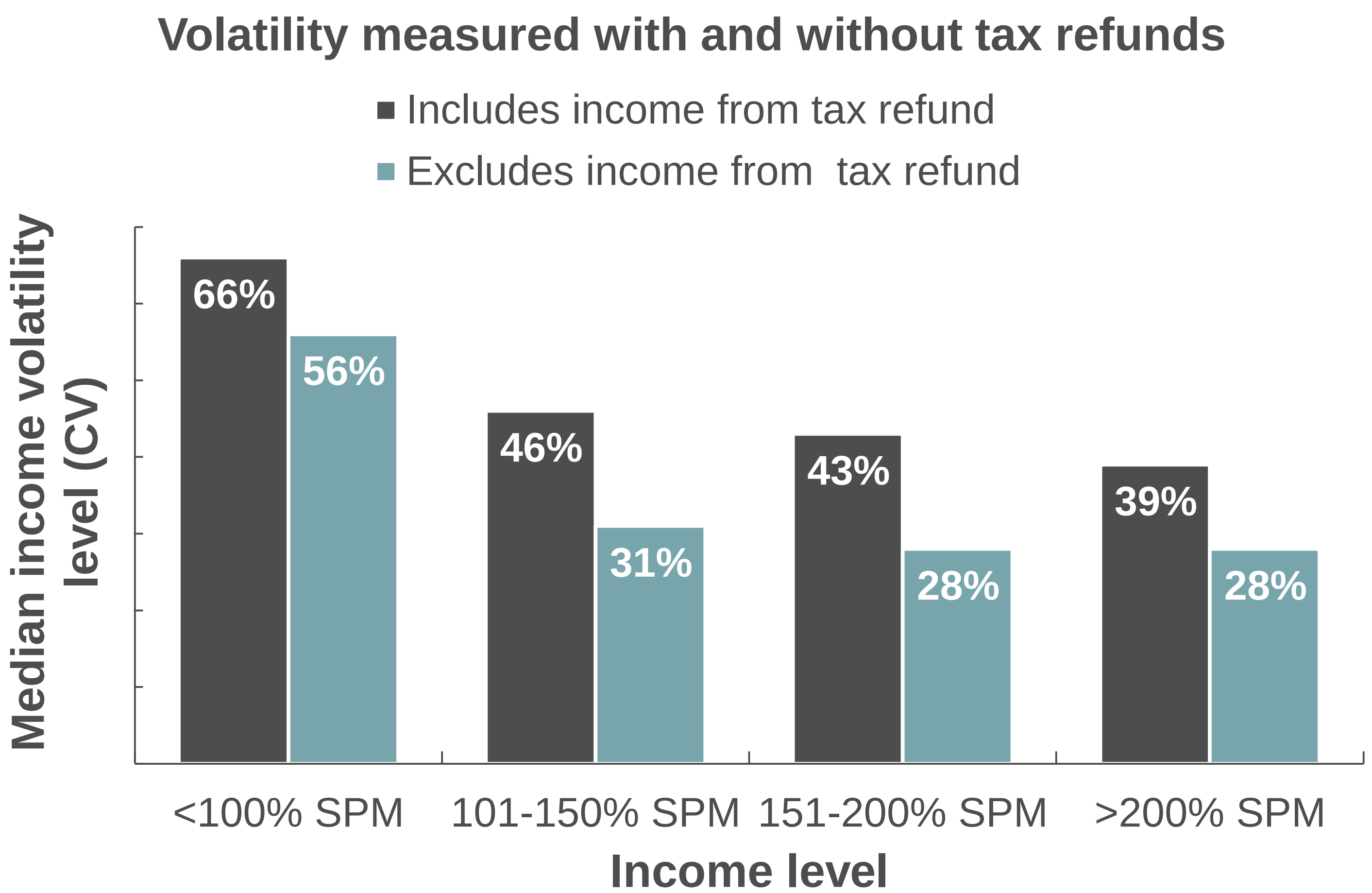
**Monthly income of the Garza's,
a California couple with one child**

Income volatility level (CV): 34%



This household provided cash flows from July 2012 through June 2013. Source: http://www.usfinancialdiaries.org/issue1-spikes.

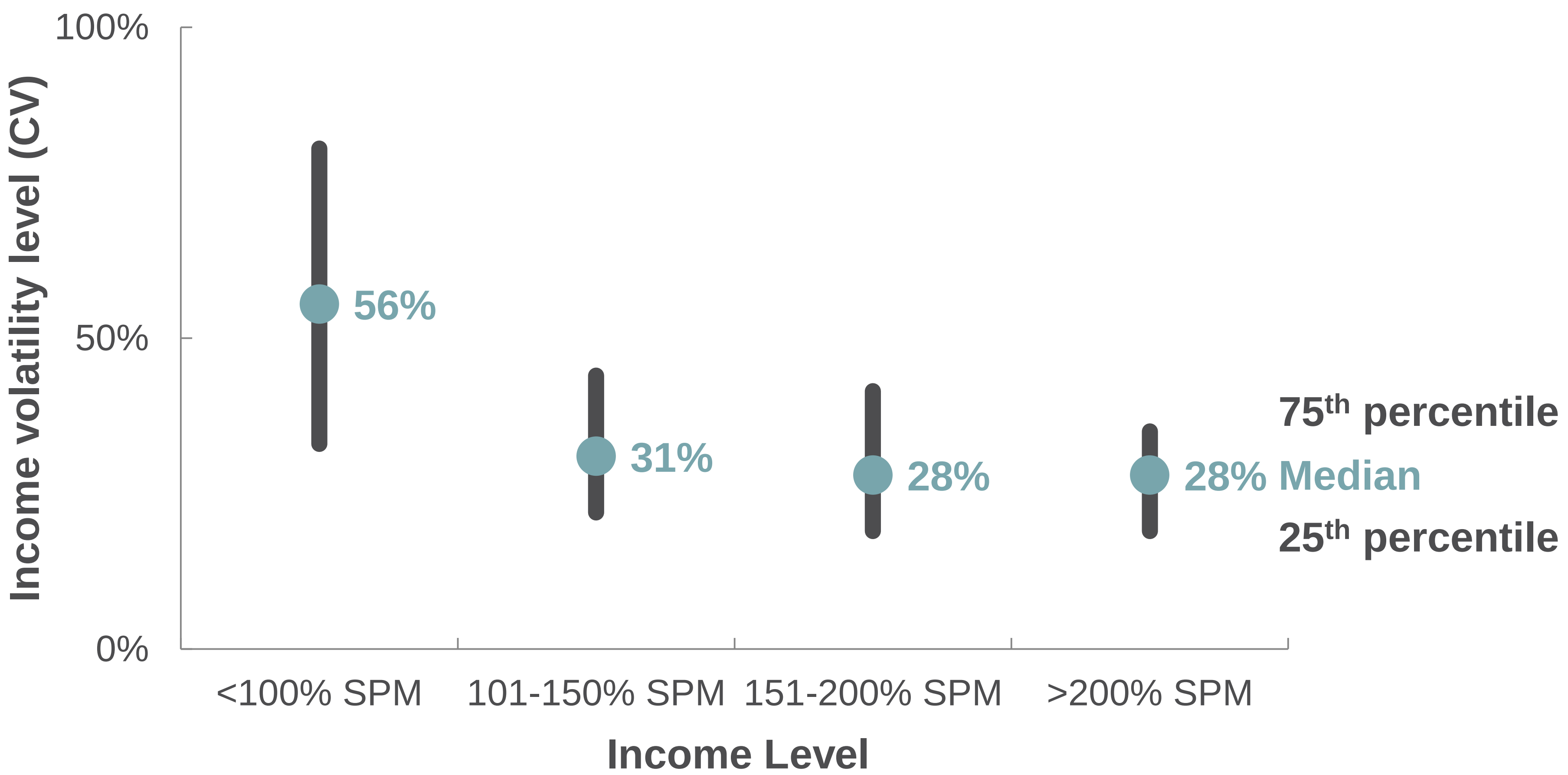
2.7 Tax refunds are a Significant Source of Measured Income Volatility



Excluding income from tax refunds and credits lowers median volatility levels in each income bracket.

N=230 households. CV is calculated only for households with at least 10 months of cash flow data, excluding starting and ending months. Starting and ending months are presumed to be incomplete. SPM is the threshold of the supplemental poverty measure.

2.8 Income Volatility Decreases with Higher Household Earnings



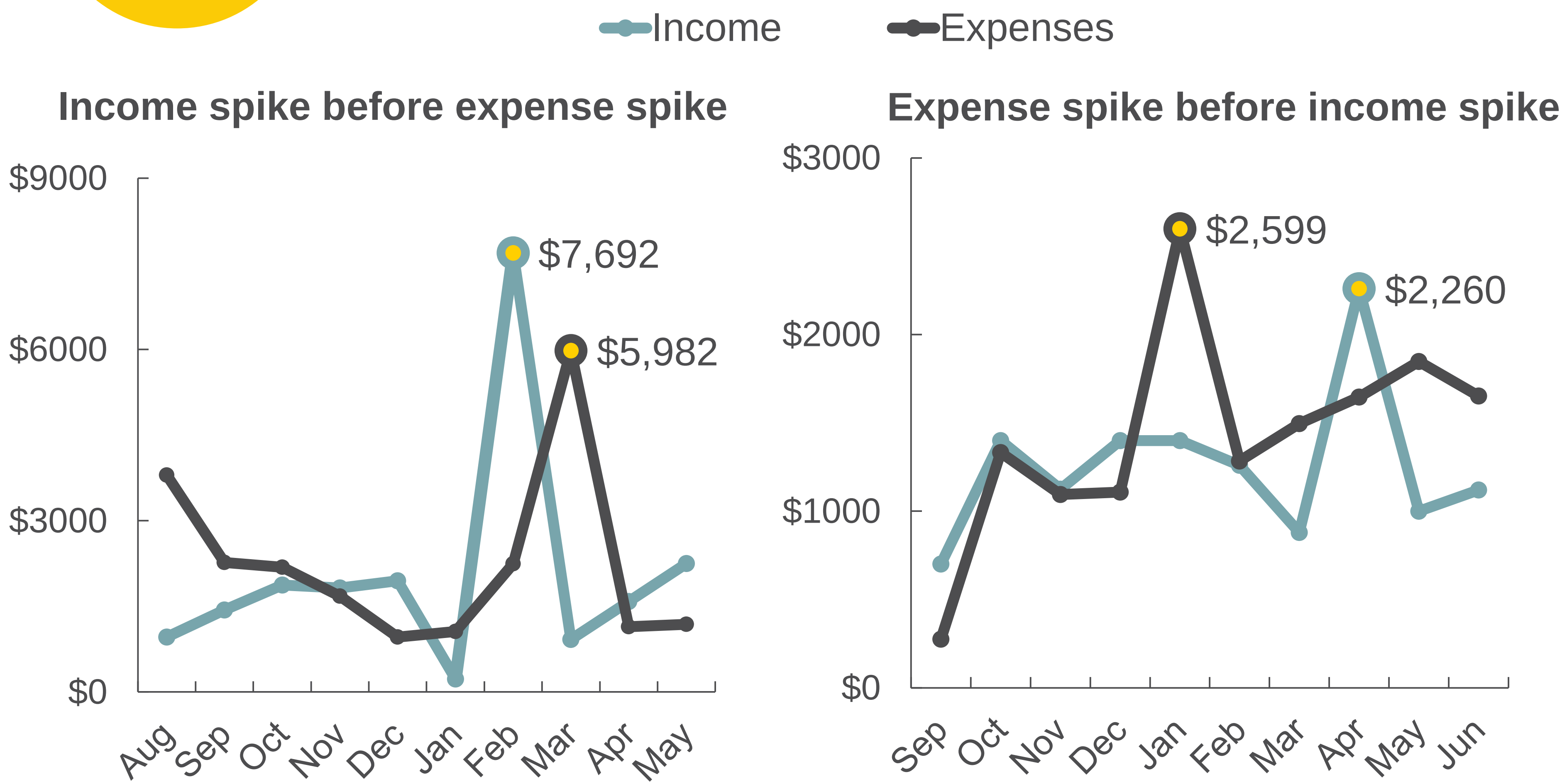
N=230 households. CV is calculated only for households with at least 10 months of cash flow data, excluding starting and ending months. Starting and ending months are presumed to be incomplete. SPM is the threshold of the supplemental poverty measure.

2.9 Income and Spending Spikes

Households experienced an average of 2 income and spending spikes in the year. About 60% of spending spikes were not accompanied by an income spike in the same month.

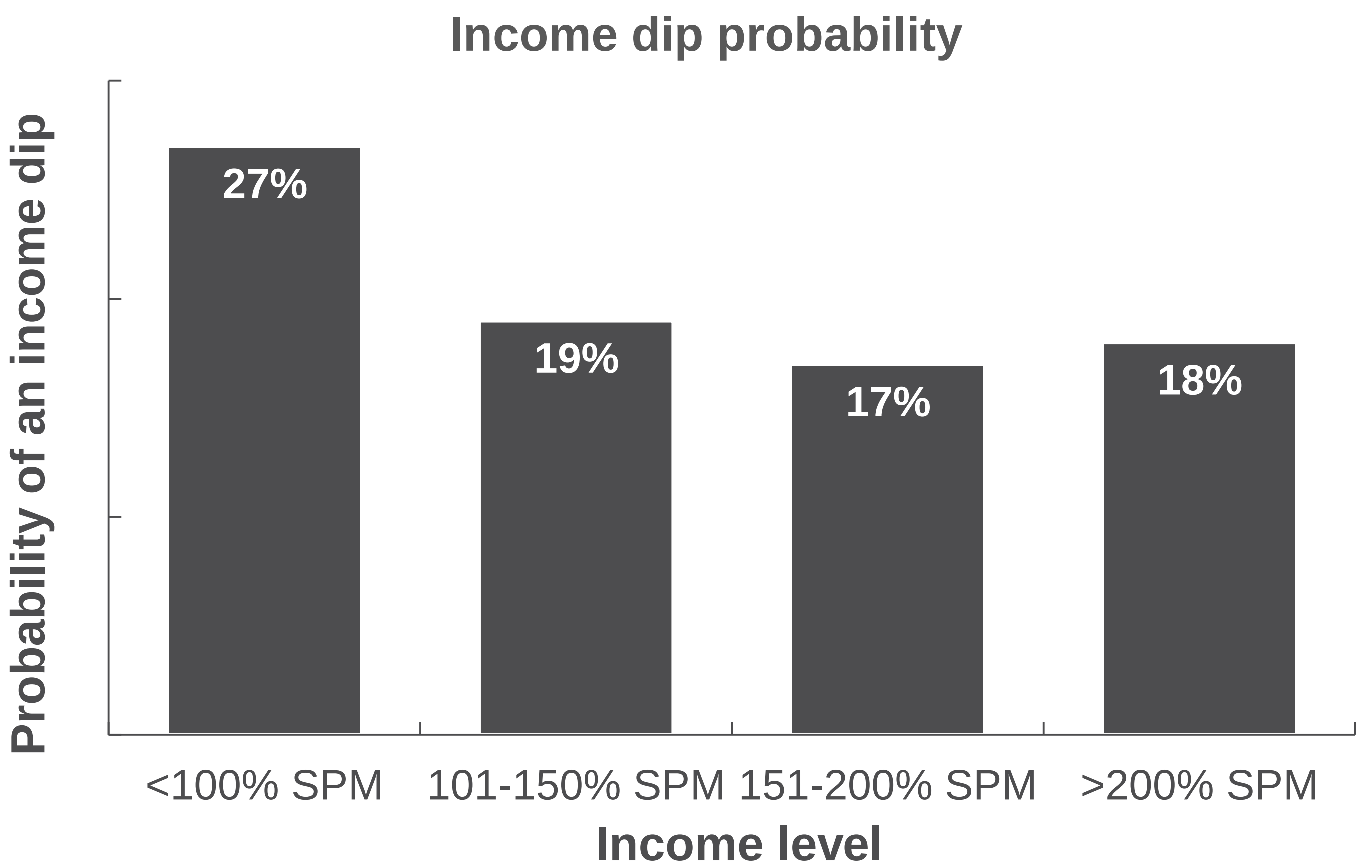
N=230 households. Spikes are defined as a monthly value that exceeds 125% of a household's monthly average.

2.10 Income and Expense Spikes Often Don't Match



Two examples of a mismatch between spending and income spikes. In the first the household used a tax refund/credit to fund home repairs and expansion. In the second, a nearly 100% increase in rent is cushioned by a tax refund/credit shortly thereafter.

2.11 Income Dips are More Common Below the Poverty Line



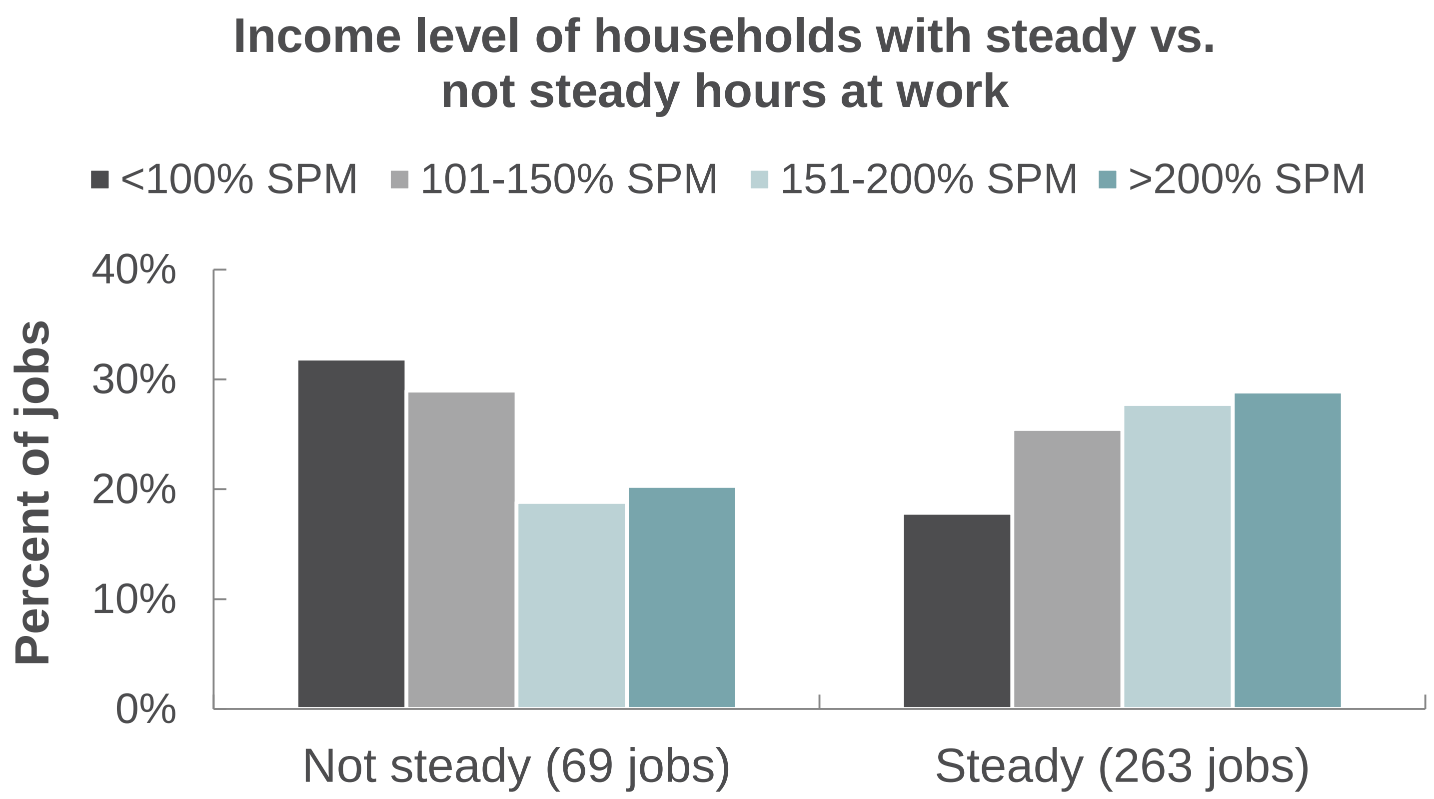
Dips occur when a monthly value falls below 25% of a household's monthly average. Households in the USFD sample on average experience two months of income dips.

N=230 households. Dips are defined as a monthly value 25% below a household's monthly average. SPM is the threshold of the supplemental poverty measure.

2.12 Job Steadiness by Income Level

U.S. Financial Diaries

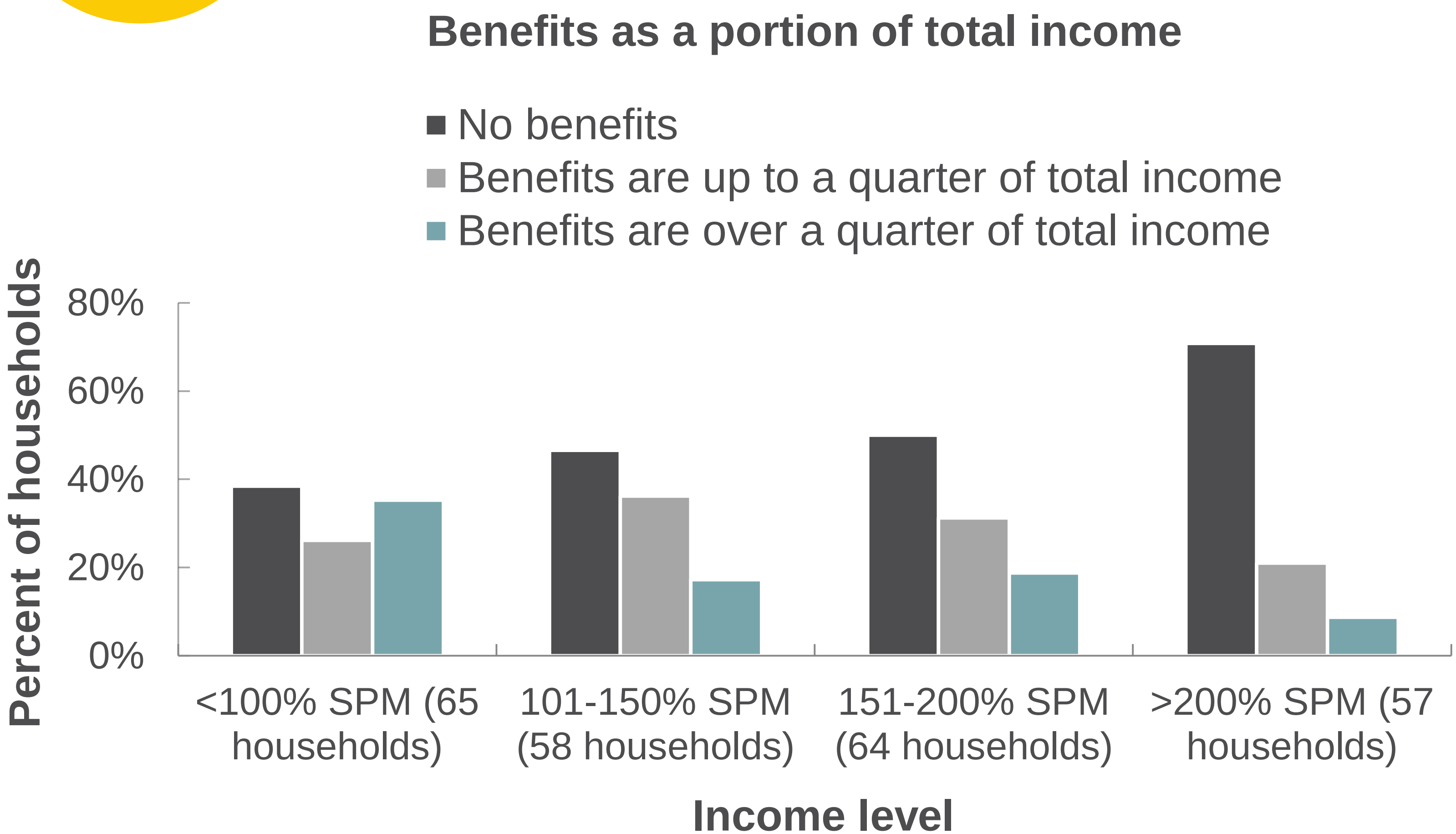
Q: How steady are your weekly hours?



Unsteady hours at work are correlated with lower income and contribute to the higher income volatility experienced by those households.

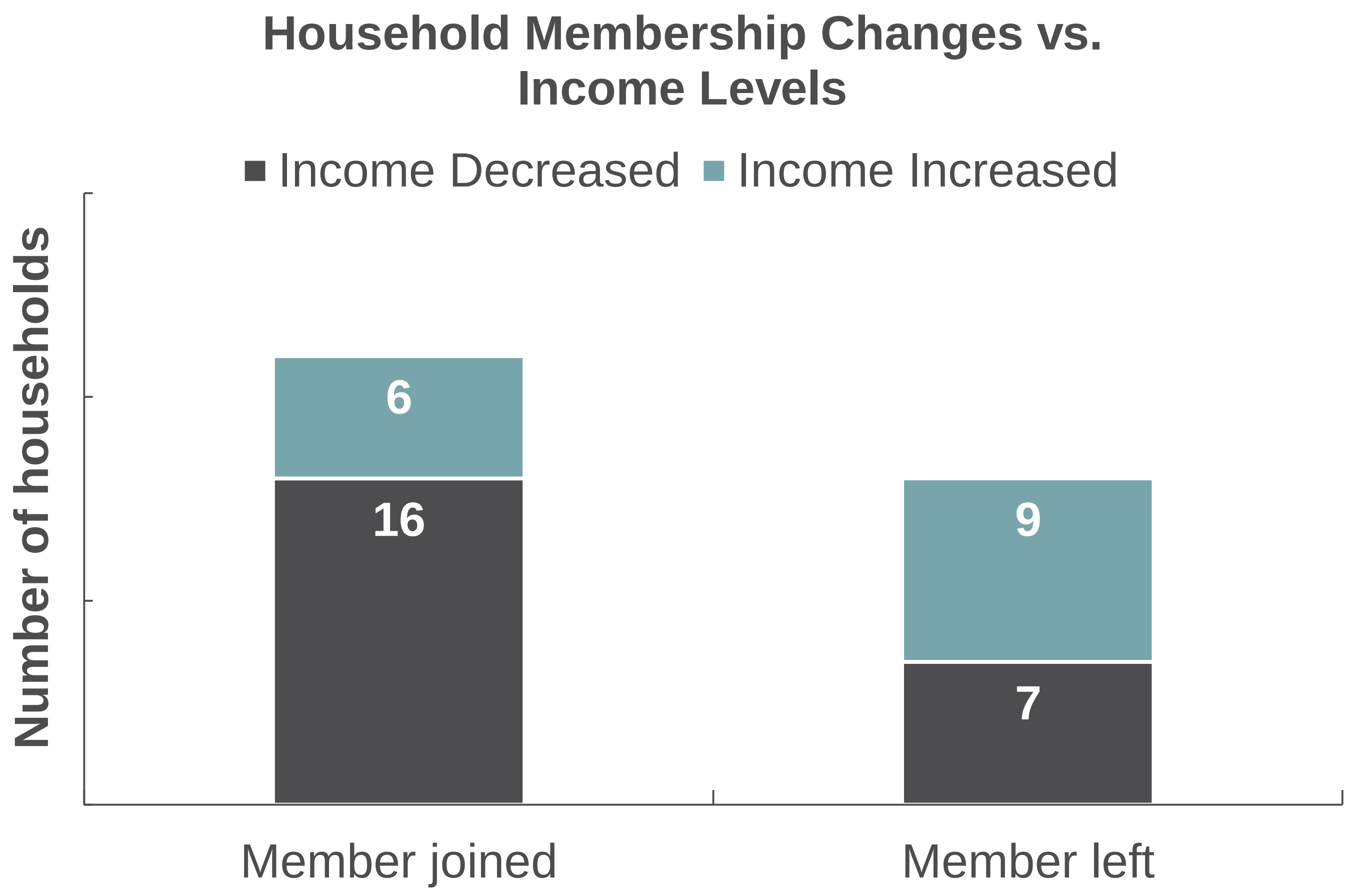
N=332 jobs. Not steady represents both “Not very steady” and “Not steady at all” responses. Steady represents both “Somewhat steady” and “Very steady” responses.

2.13 Benefits as a Portion of Total Income, by Income Level



N=244 households. Benefits income includes food stamps, public assistance, survivors benefits, social security, unemployment, and veterans benefits. SPM is the threshold of the supplemental poverty measure.

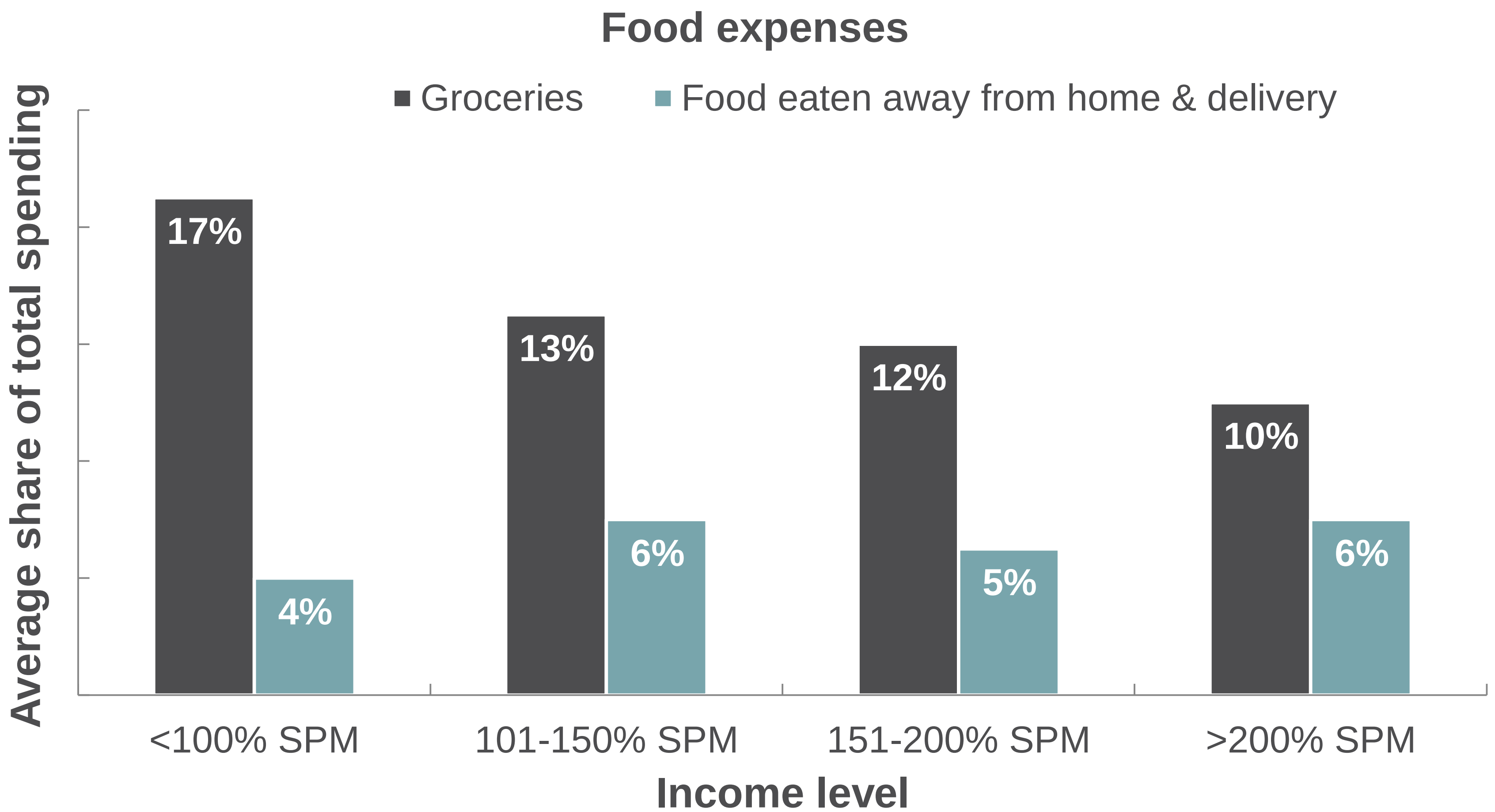
2.14 Impact on Income of Household Membership Changes



In most cases the per capita income of a household fell when members joined the household and rose when members left.

N=25 discrete cases of household members joining. N=19 discrete cases of household members leaving. Income levels are calculated excluding income from income tax refunds and credits. Does not include cases where household membership changed in consecutive months.

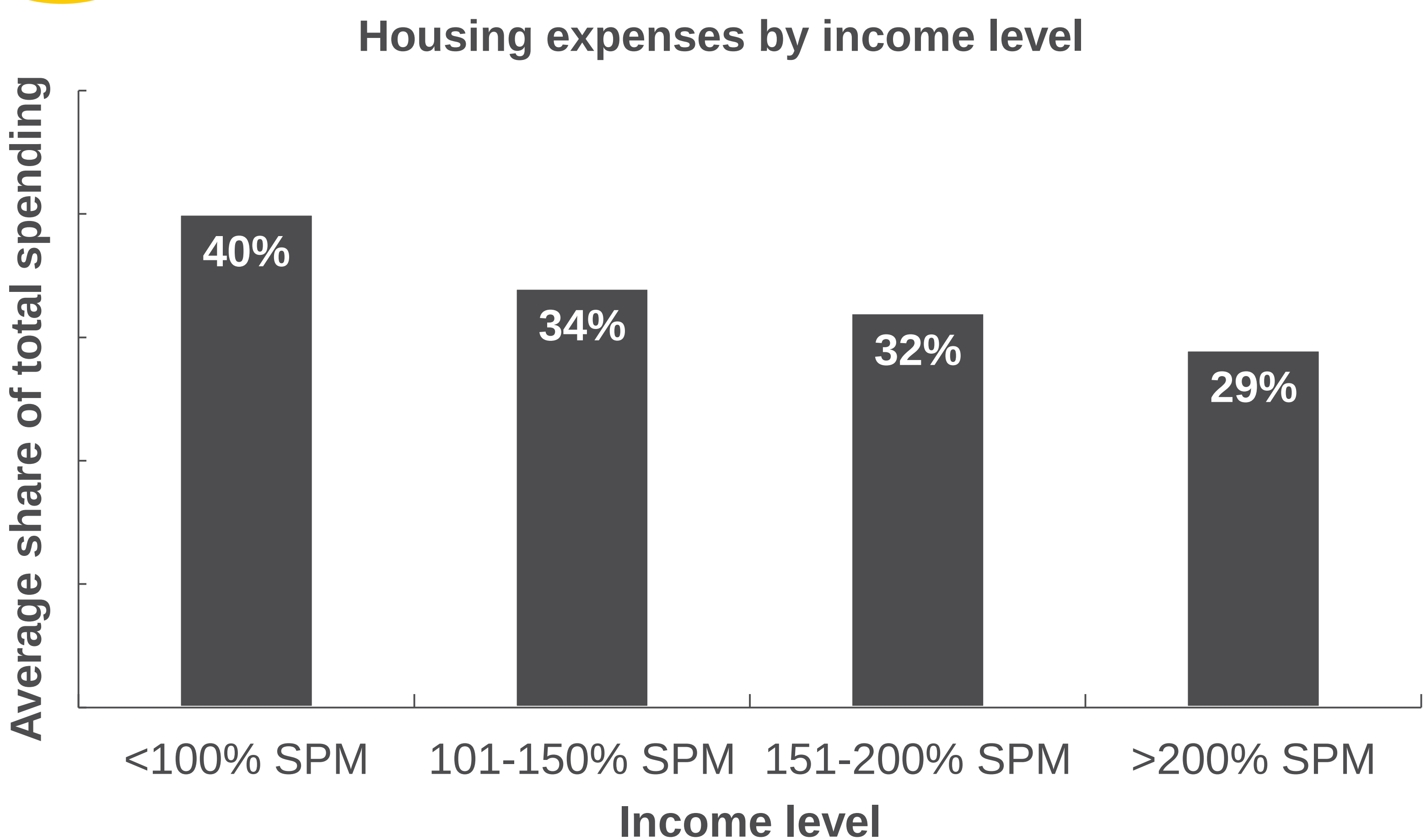
3.1 Food Expenses by Income Level



N=230 households. Denominator (total spending) excludes debt payments except mortgages. SPM is the threshold of the supplemental poverty measure.

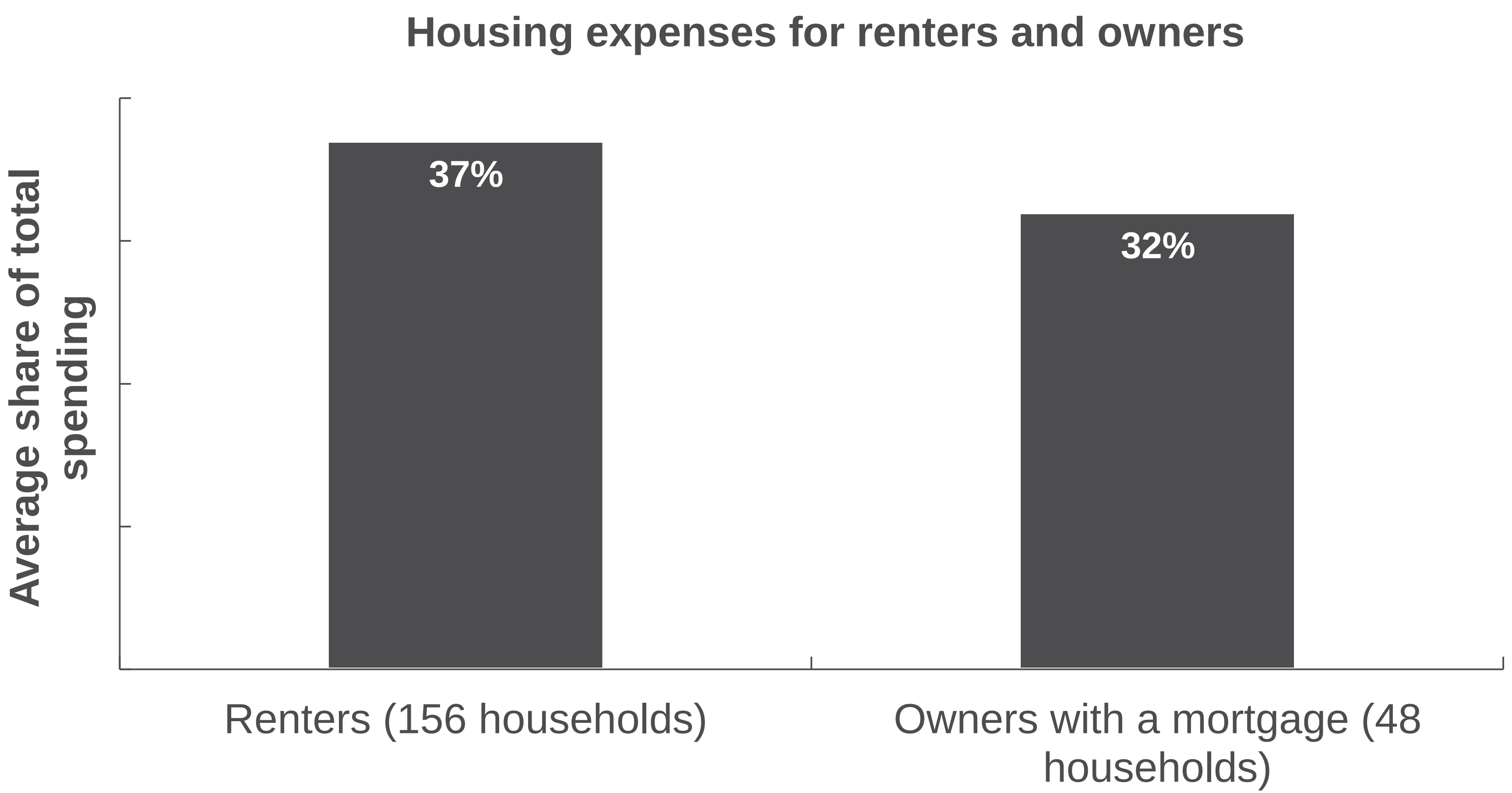
U.S. Financial Diaries

3.2 Housing Expenses by Income Level



N=230 households. Denominator (total spending) excludes debt payments except for mortgages. SPM is the threshold of the supplemental poverty measure.

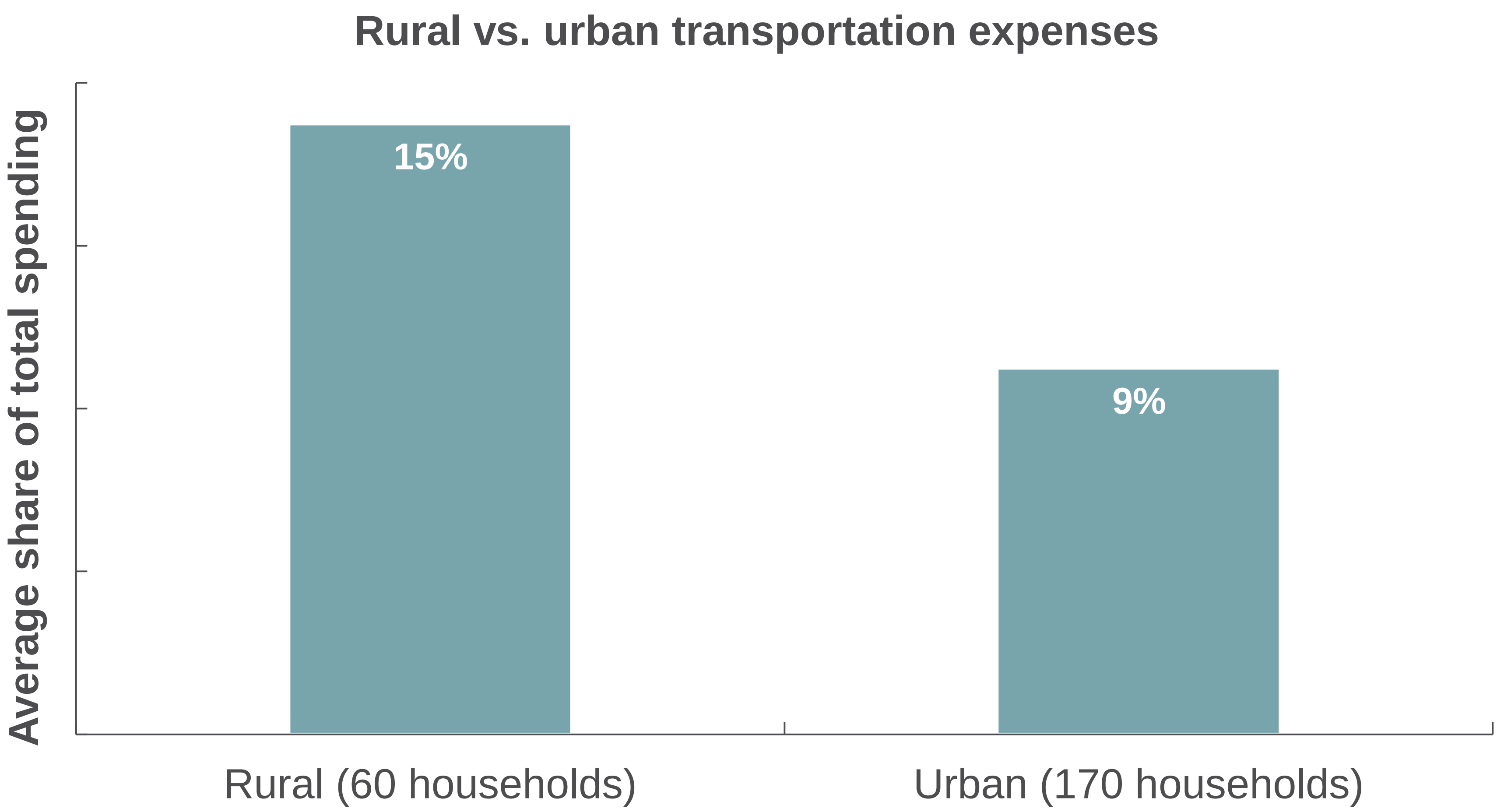
3.3 Housing Expenses for Renters and Owners



N=156 renters and N=48 households with a mortgage. Forty percent of all renter households in the sample are in New York City. Denominator (total spending) excludes debt payments except mortgages.

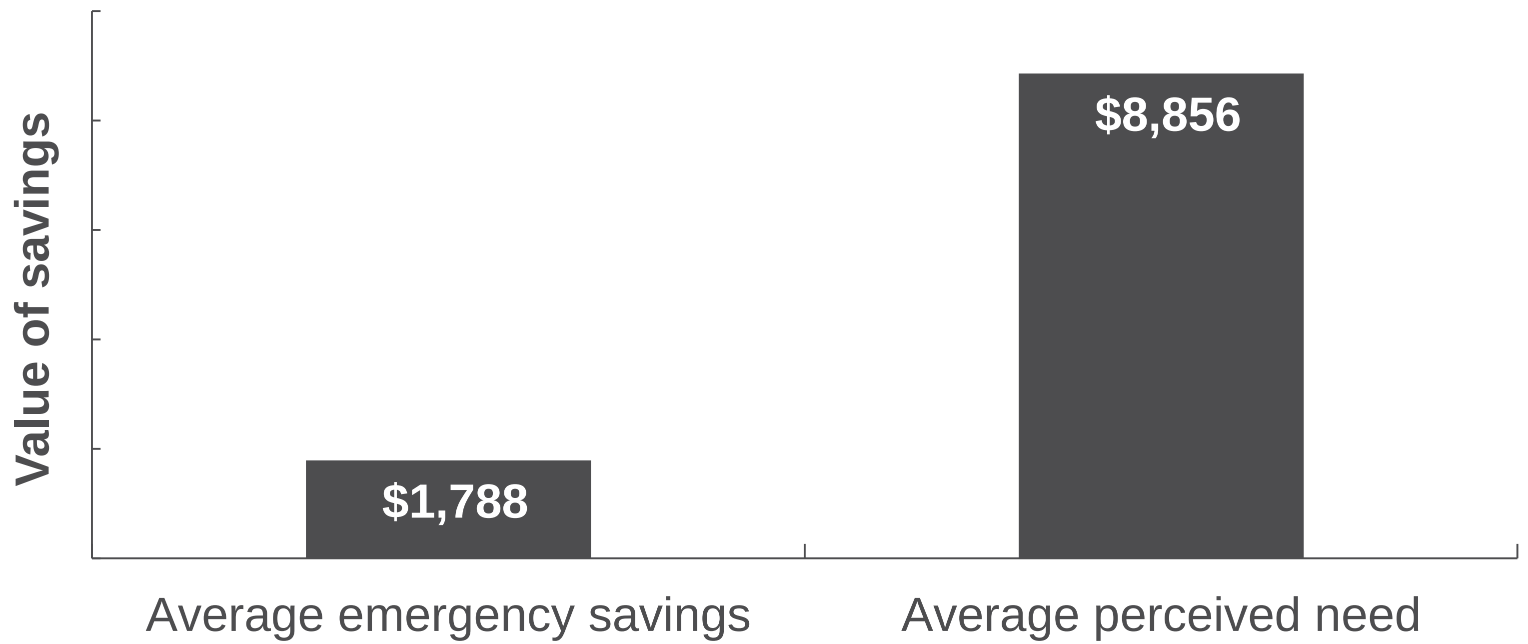
U.S. Financial Diaries

3.4 Transportation Expenses by Site Type



N=170 urban households and N=60 rural households. Denominator (total spending) excludes debt payments except mortgages.

4.1 Actual Emergency Savings vs. Perceived Need

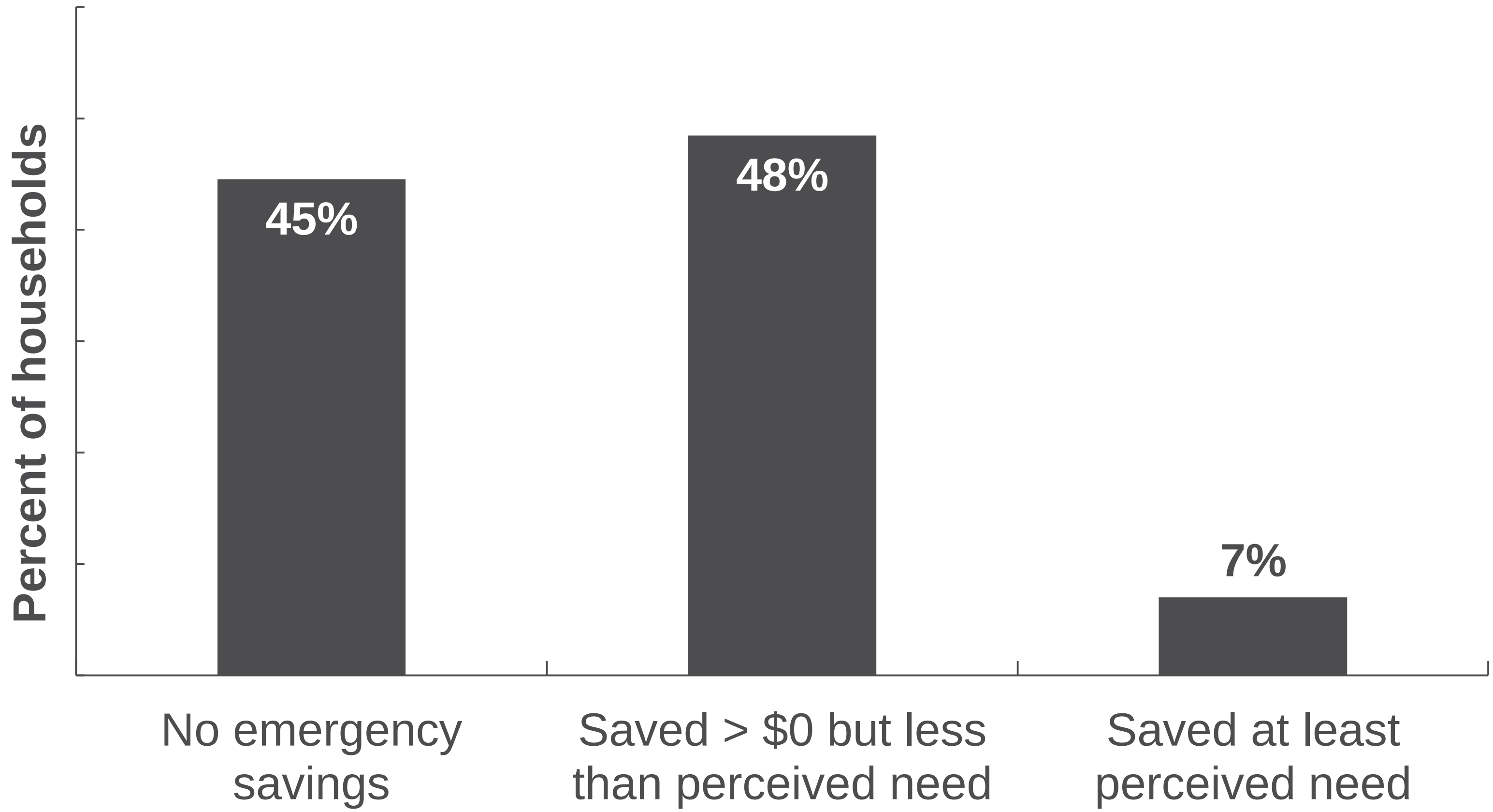


Median: $55

Median: $5000

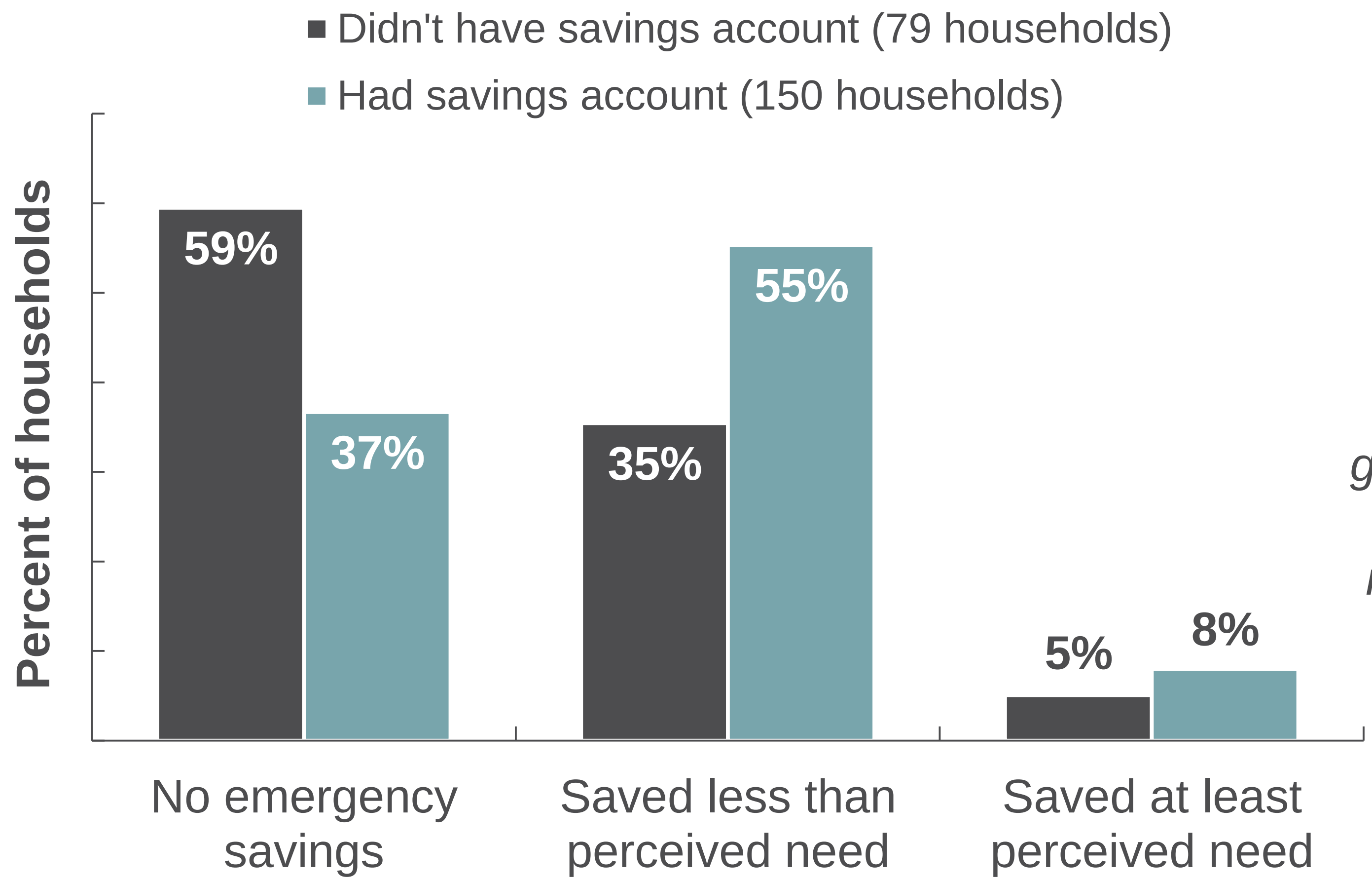
N=234 households, emergency savings. N=235 households, savings need.

4.2 Actual Emergency Savings vs. Perceived Need



N=229 households.

4.3 Actual Emergency Savings vs. Savings Accounts



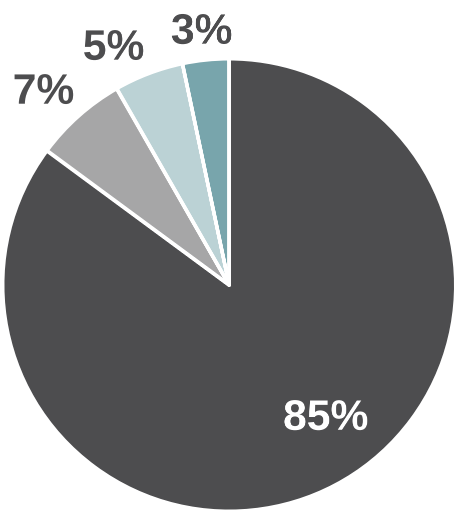
Having a savings account is correlated with greater savings, but not as much as might be expected.

N=229 households. 102 households had $0 in emergency savings, 111 had at least some saved, and 16 had saved their desired amount or more. Balance of emergency savings comes from self-reported figures from one point during the study year.

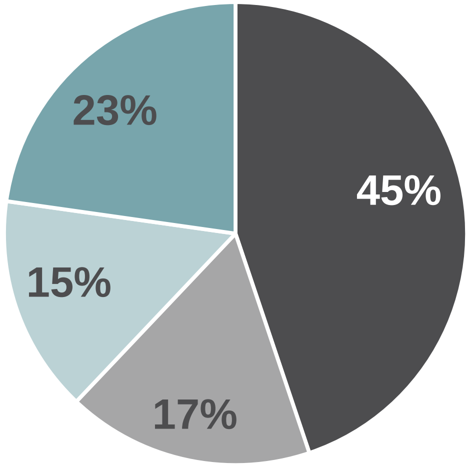
4.4 When Will Account Balances be Spent?

- Within 6 months
- Within 6 months to a year
- Within a year to 3 years
- Longer than 3 years

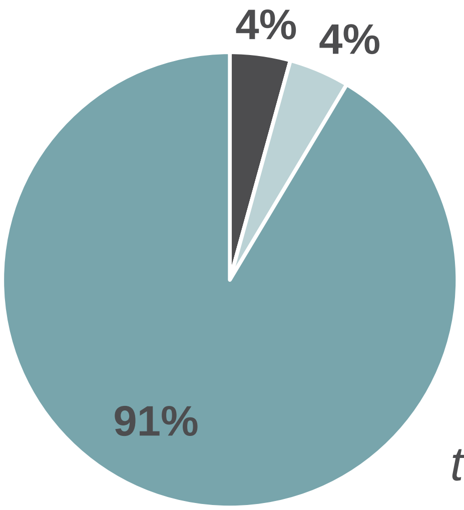
Checking accounts



Savings accounts



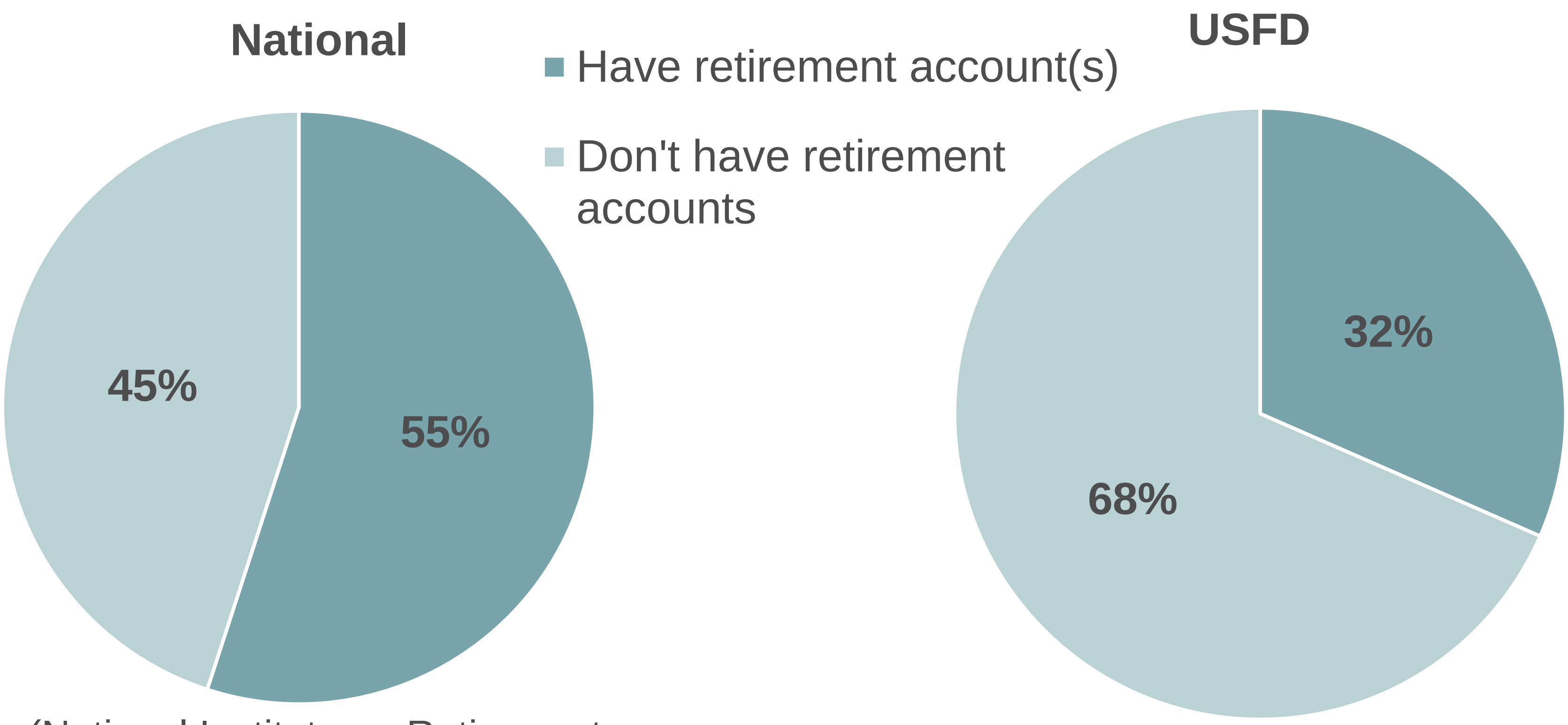
Retirement accounts



Households generally were setting aside money for spending within the year, not for the medium or long term.

N=235 checking accounts. N=139 savings accounts. N=70 retirement accounts. Sample limited to accounts that had above-zero balances at the time the question was asked.

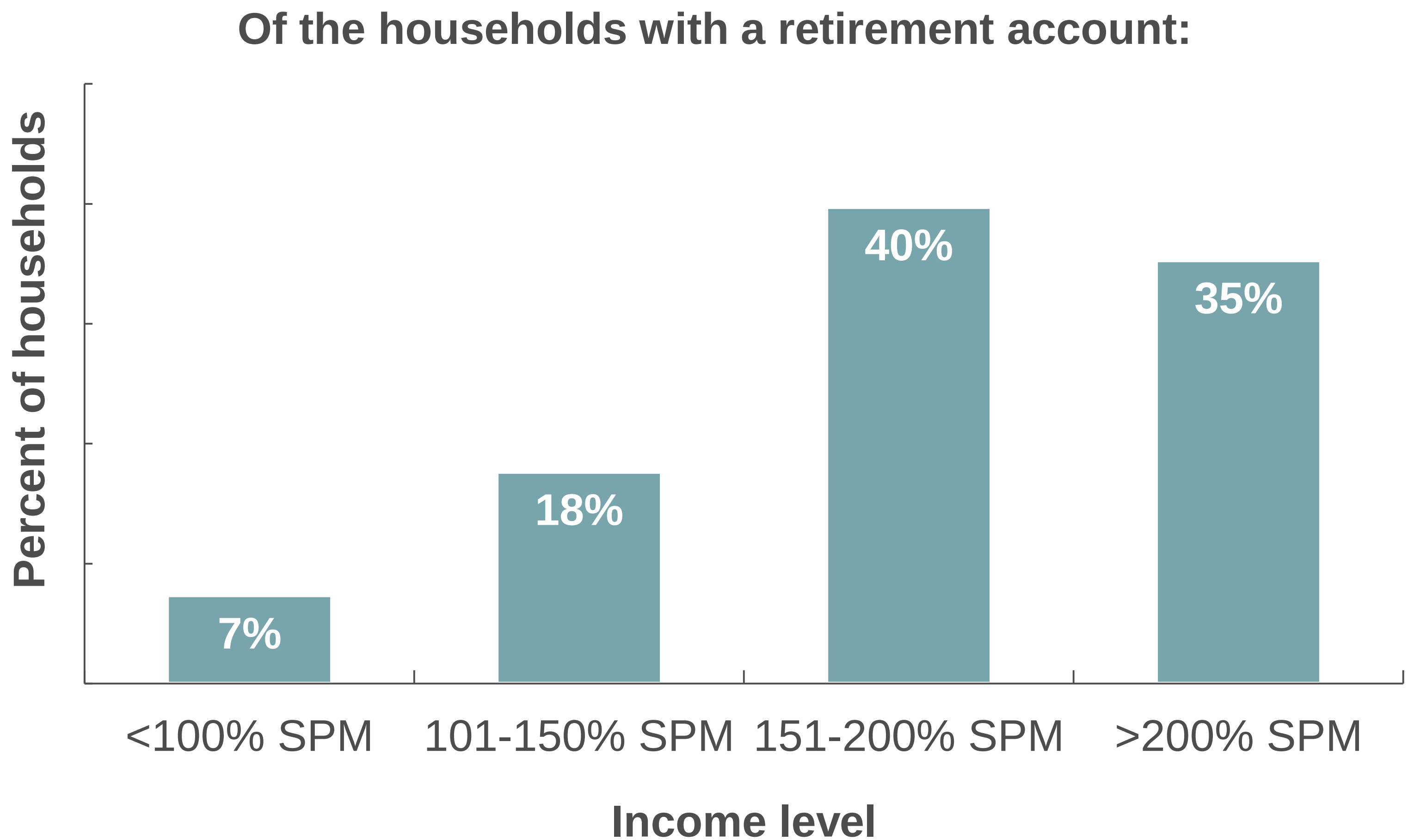
4.5 Retirement Accounts in USFD



(National Institute on Retirement Security, June 2013)

N=244. Source of national figures: http://www.nirsonline.org/index.php?option=com_content&task=view&id=768&Itemid=48.

4.6 Income Level of Retirement Account Holders

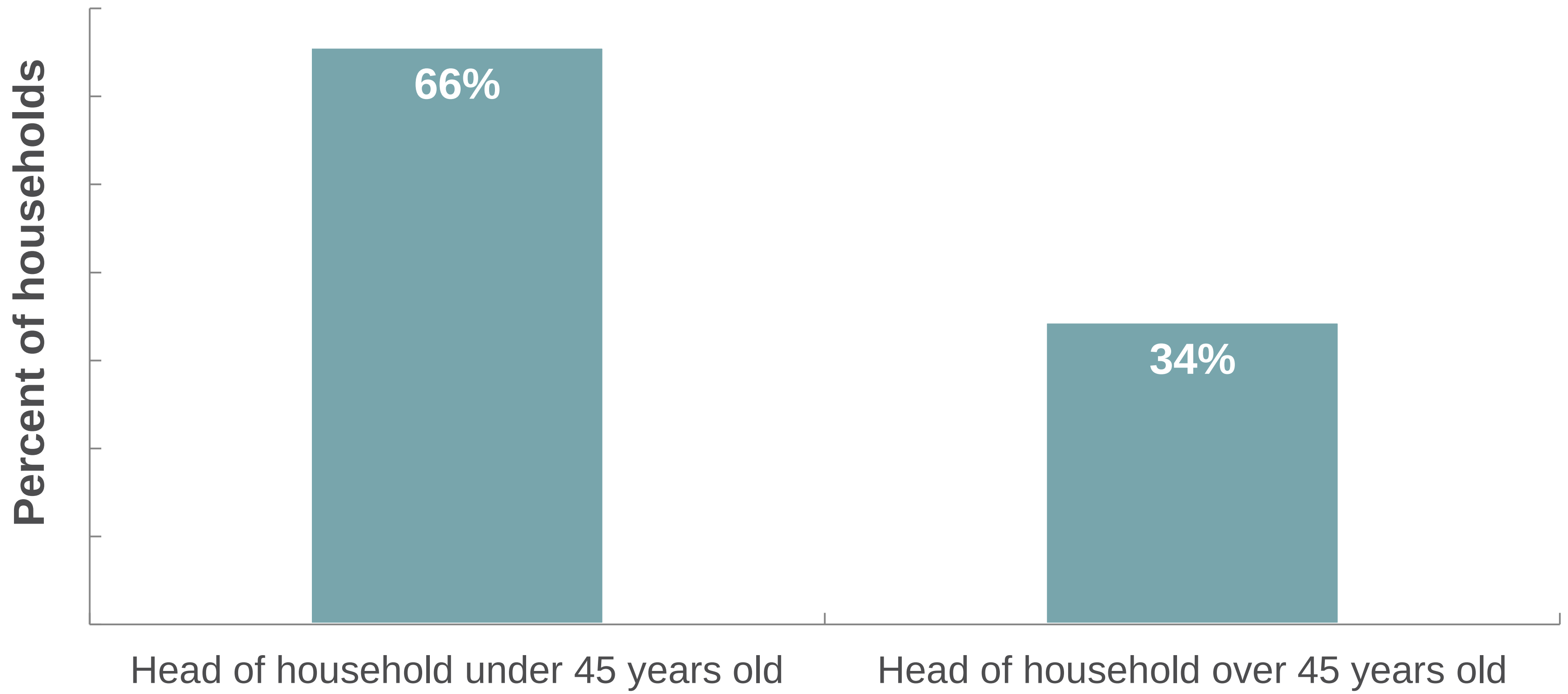


N=68 households that reported having a retirement account. SPM is the threshold of the supplemental poverty measure.

4.7 Retirement Accounts by Head of Household Age

U.S. Financial Diaries

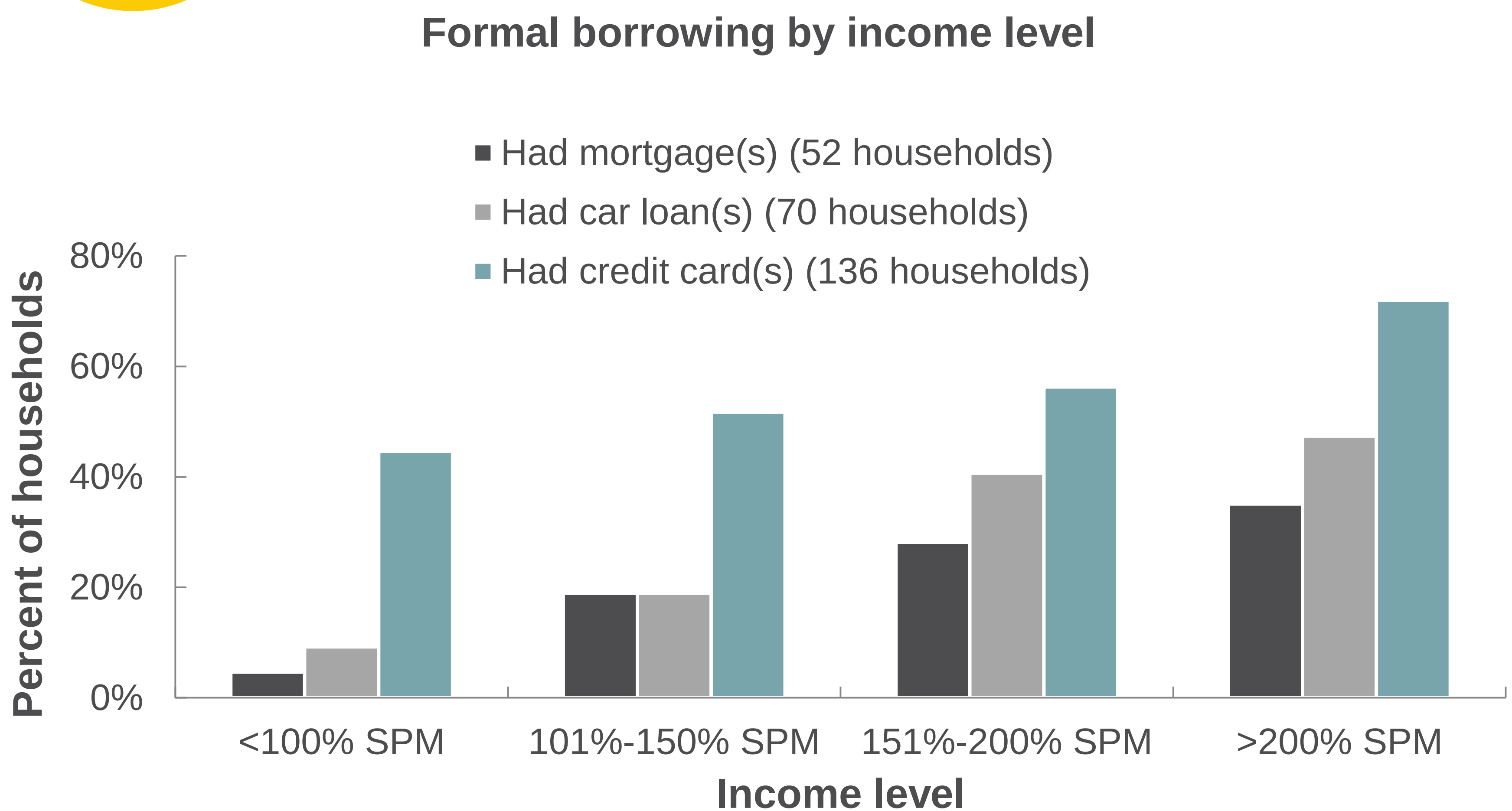
Of the households with a retirement account:



N=65 households that reported having a retirement account. Excludes households with undocumented members. One head of household was self-reported by each household.

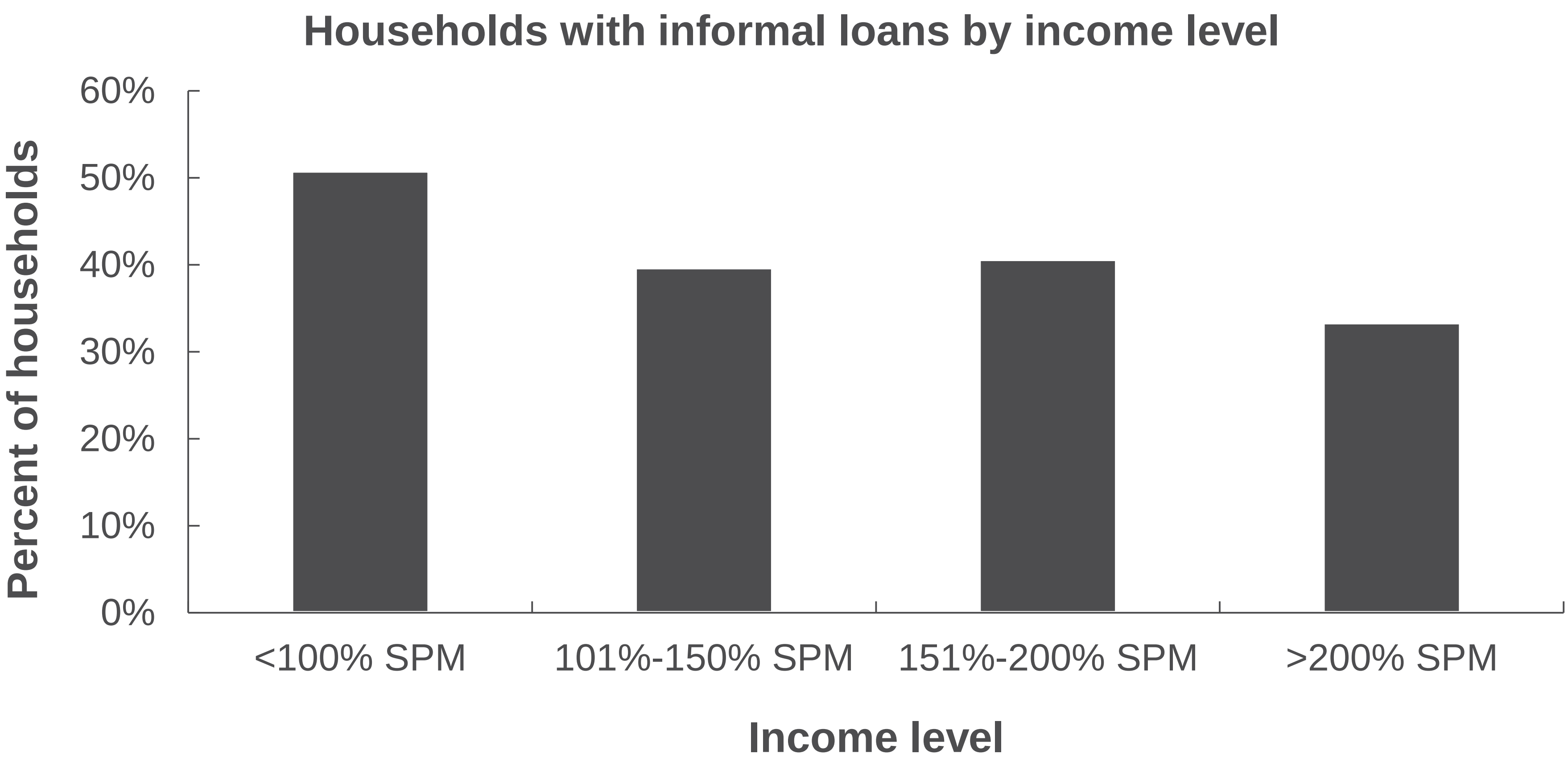
U.S. Financial Diaries

5.1 Use of Formal Loans by Income Level



N=52 households with mortgage(s), N= 70 households with car loan(s), N=136 households with credit card(s). SPM is the threshold of the supplemental poverty measure.

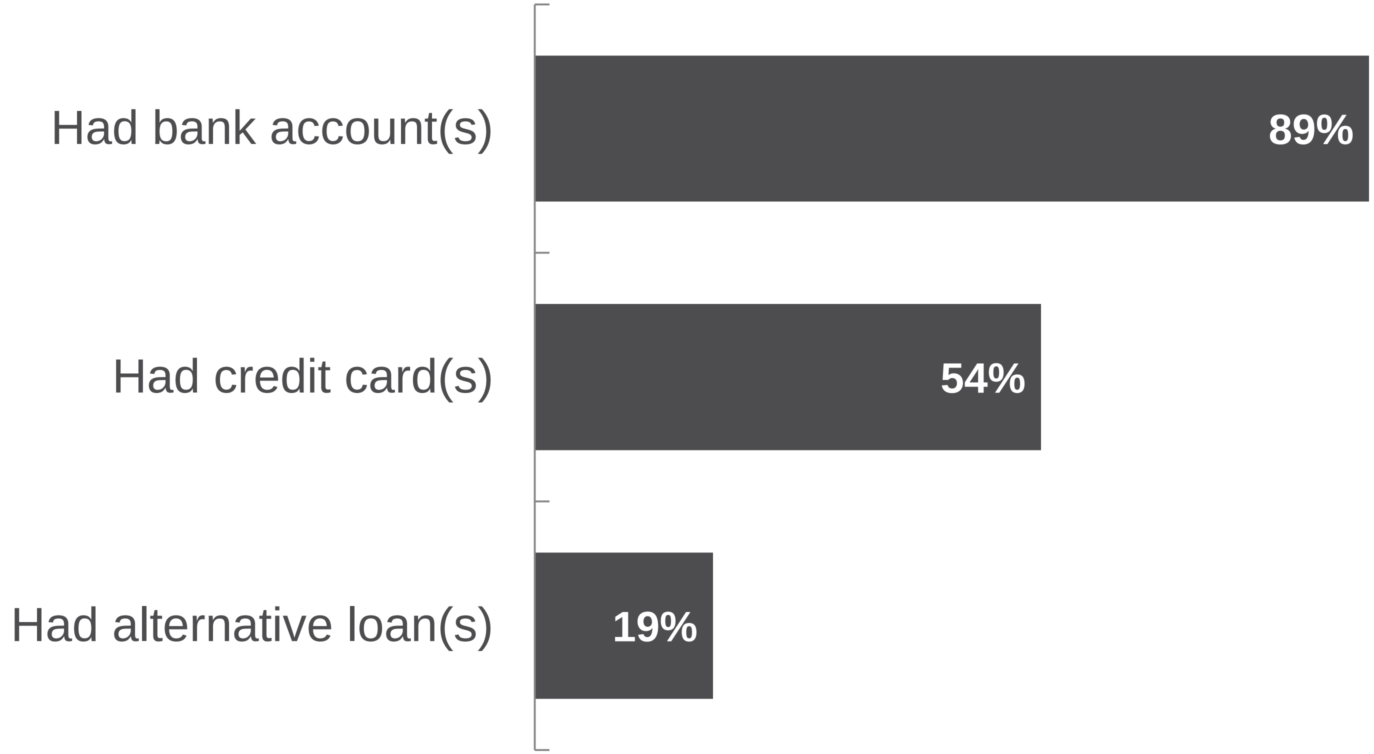
5.2 Use of Informal Loans by Income Level



N=101 households that had informal loan(s) from friends/family. SPM is the threshold of the supplemental poverty measure.

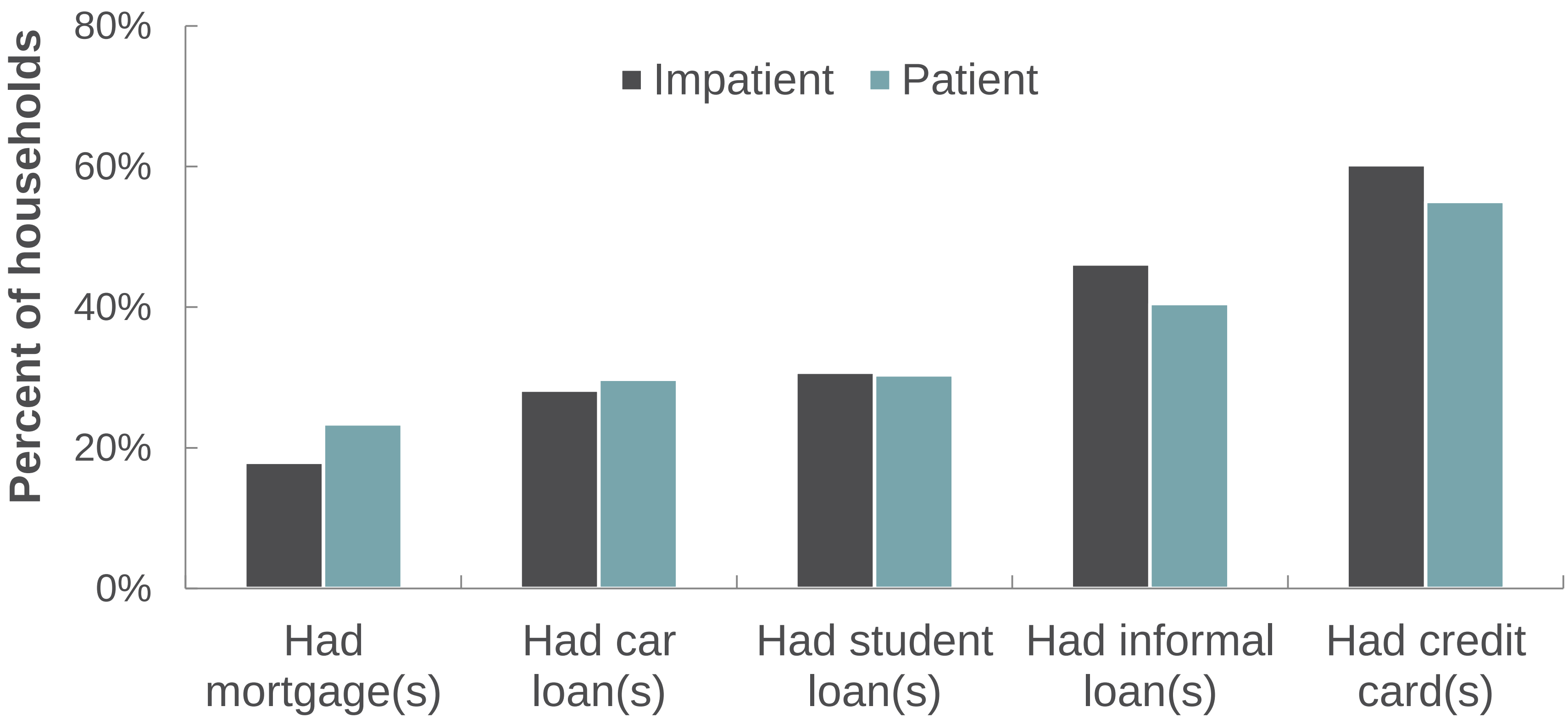
5.3 Informal Loans Are Not Just for "Unbanked"

Of the households that had informal loan(s):



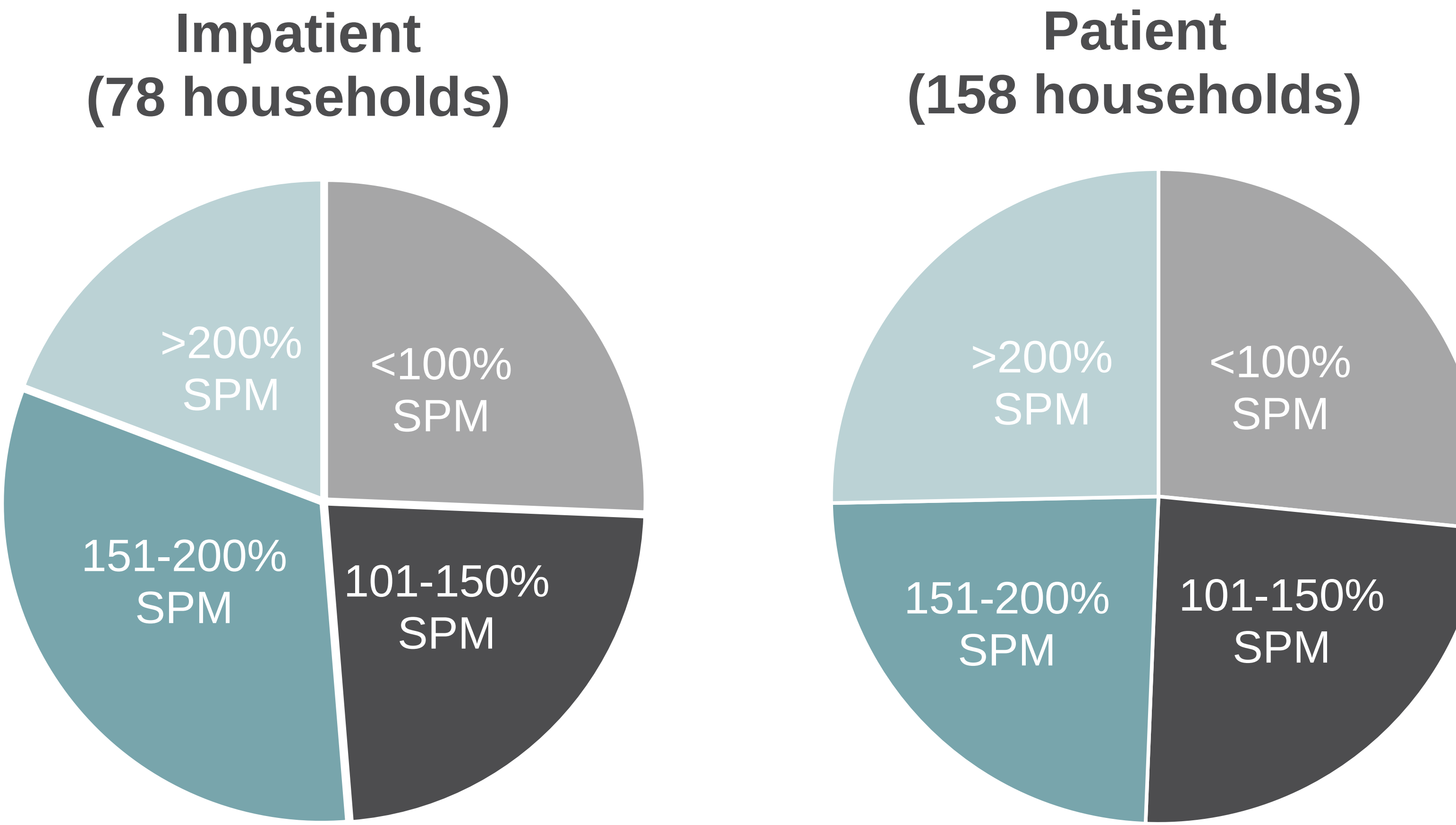
N=101 households that had informal loan(s) from friends/family. Banks include checking and savings accounts. Alternative loans include payday loans, auto title loans, pawn loans, and refund anticipation loans.

5.4 Patience and Borrowing Behavior



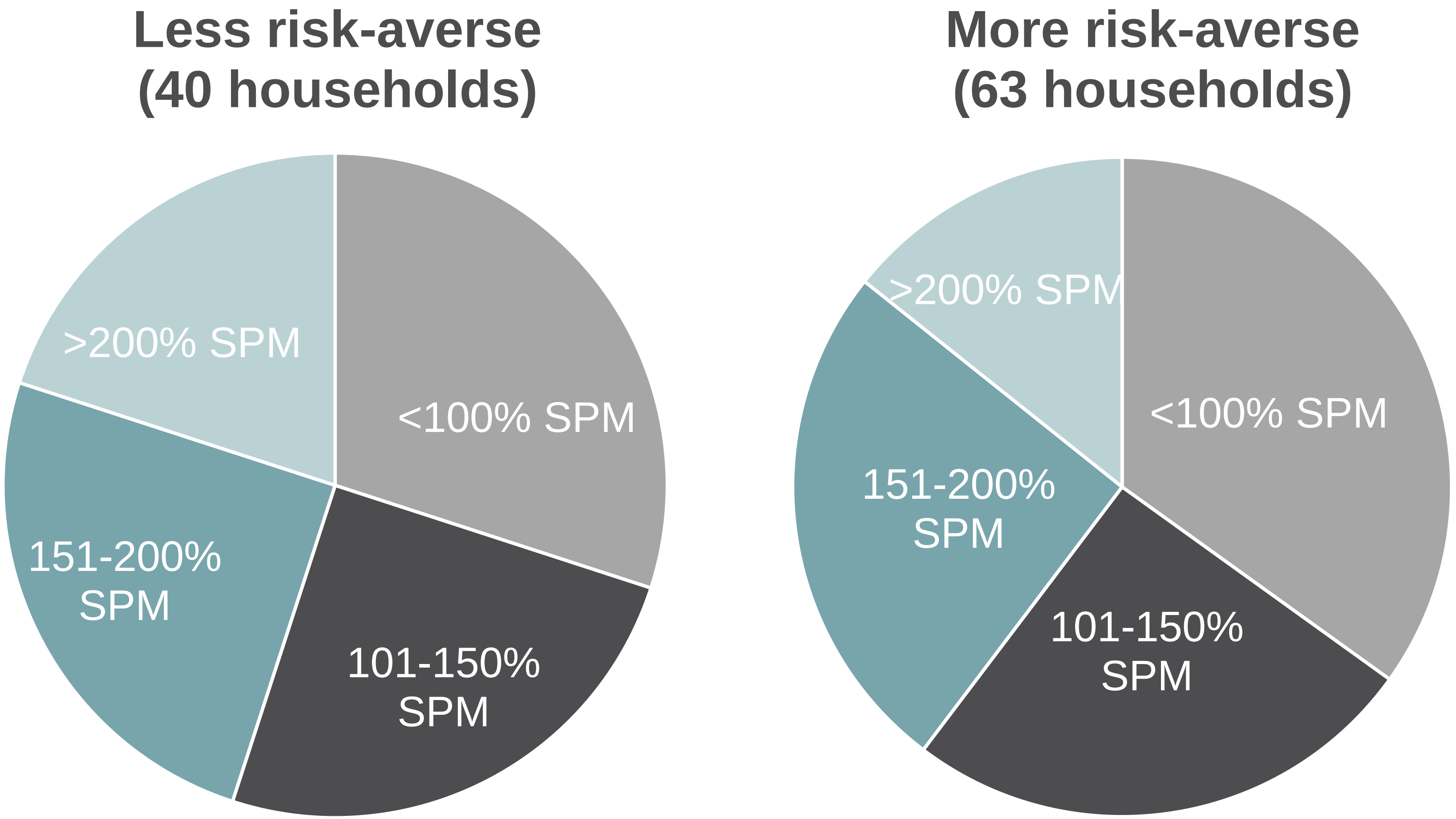
N=236 households. Patience is measured using standard questions about time preferences.

5.5 Patience Level Doesn't Correlate Strongly with Income Level



N=236 households. Patience is measured using standard questions about time preferences. SPM is the threshold of the supplemental poverty measure.

5.6 Risk Aversion Level Doesn't Strongly Correlate with Income Level

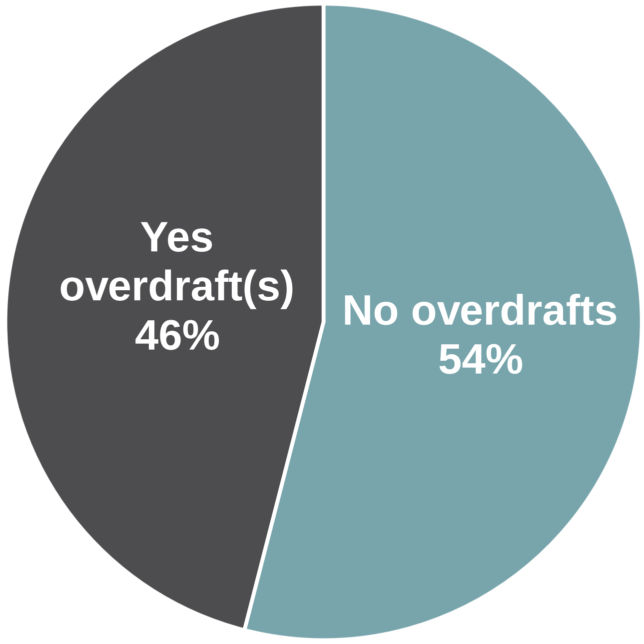


N=237 households. SPM is the threshold of the supplemental poverty measure.

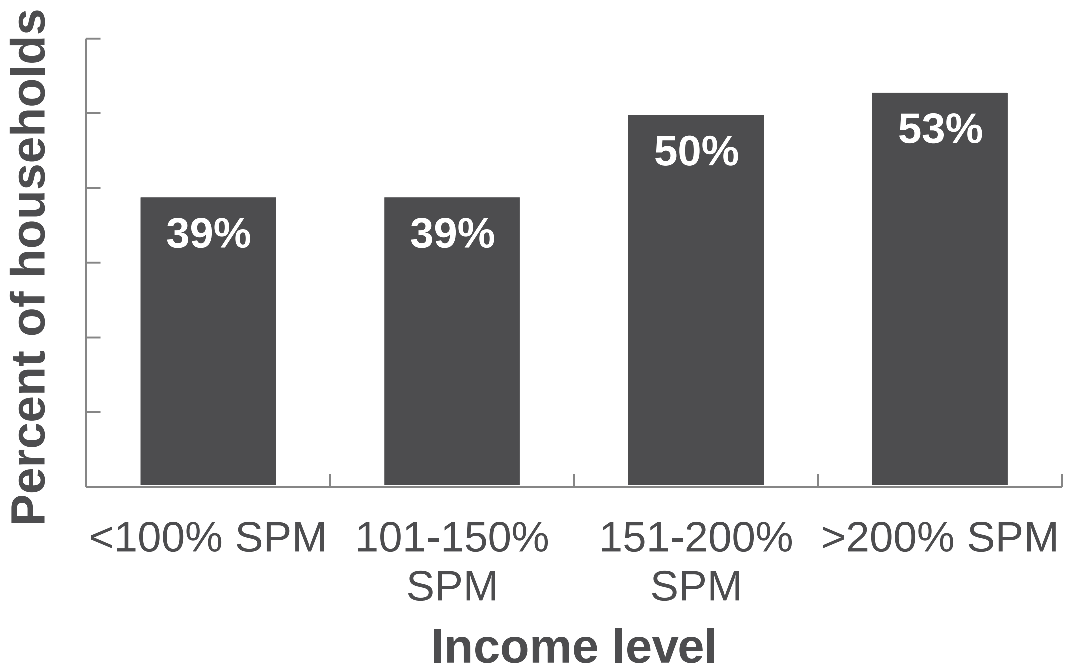
U.S. Financial Diaries

5.7 Overdrafts

Full Sample

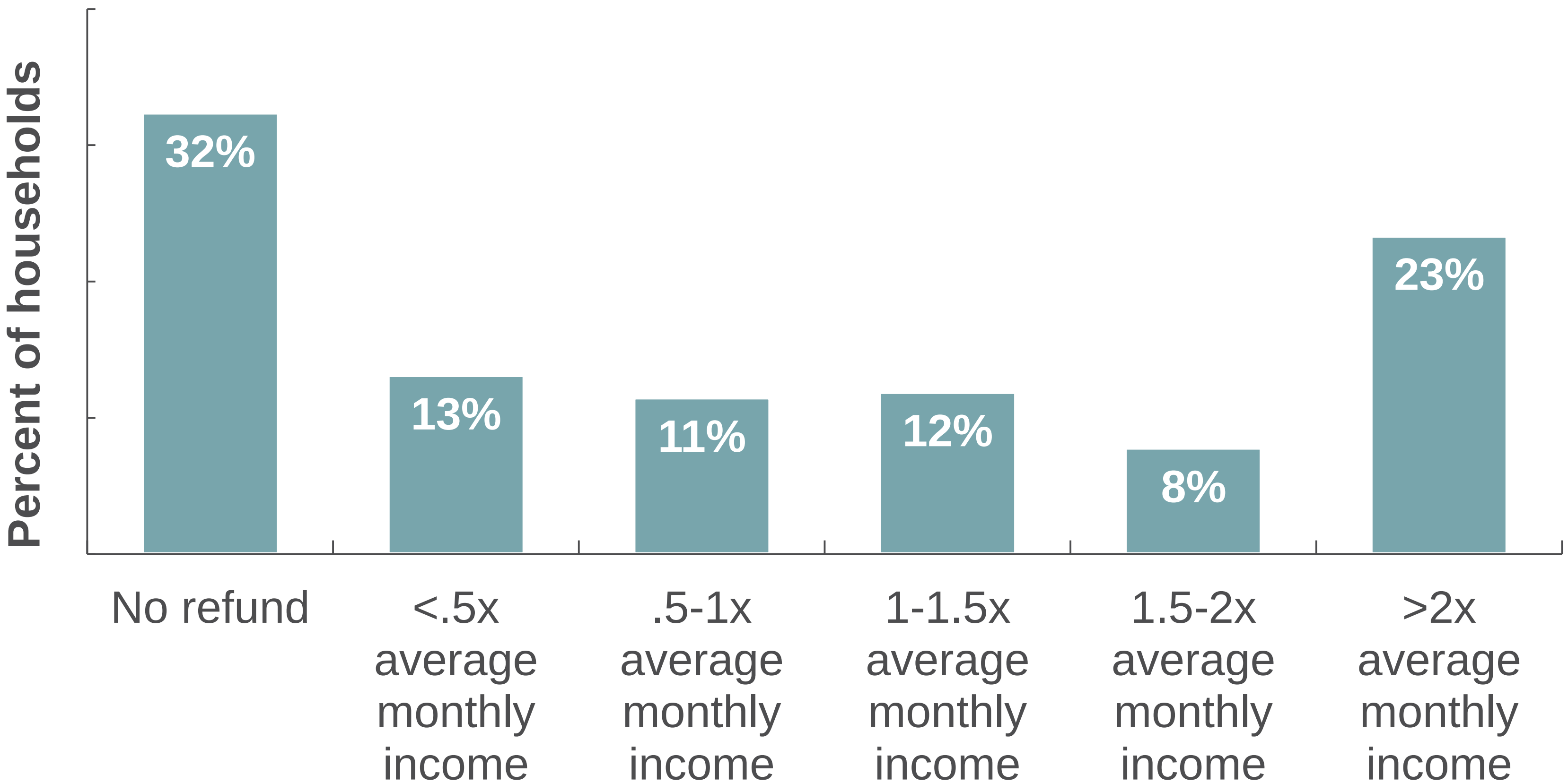


Households that had overdraft(s) by income level



N=224 households. Excludes households that had no checking or savings accounts. SPM is the threshold of the supplemental poverty measure.

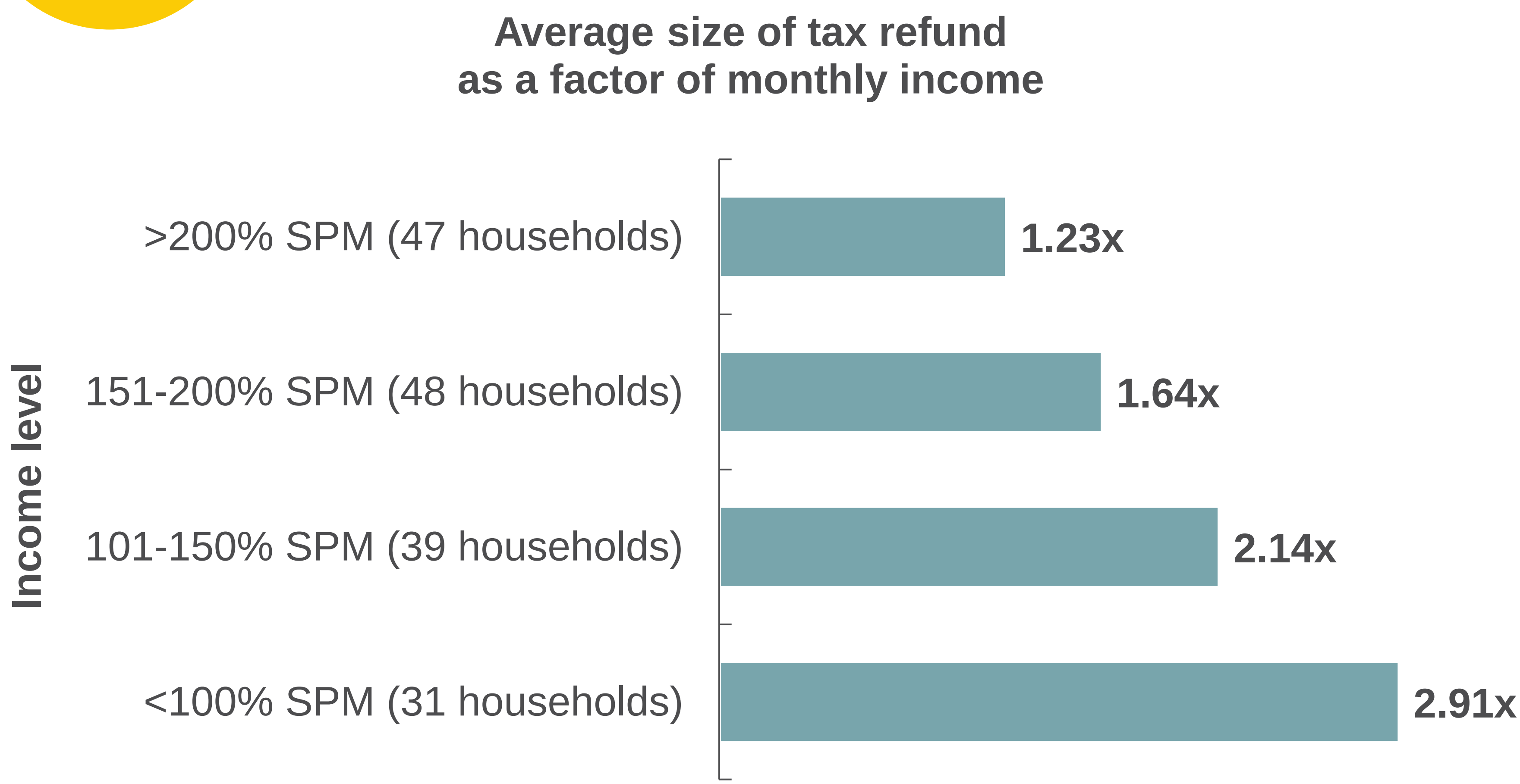
6.1 Size of Tax Refunds/Credits



N=244 households.

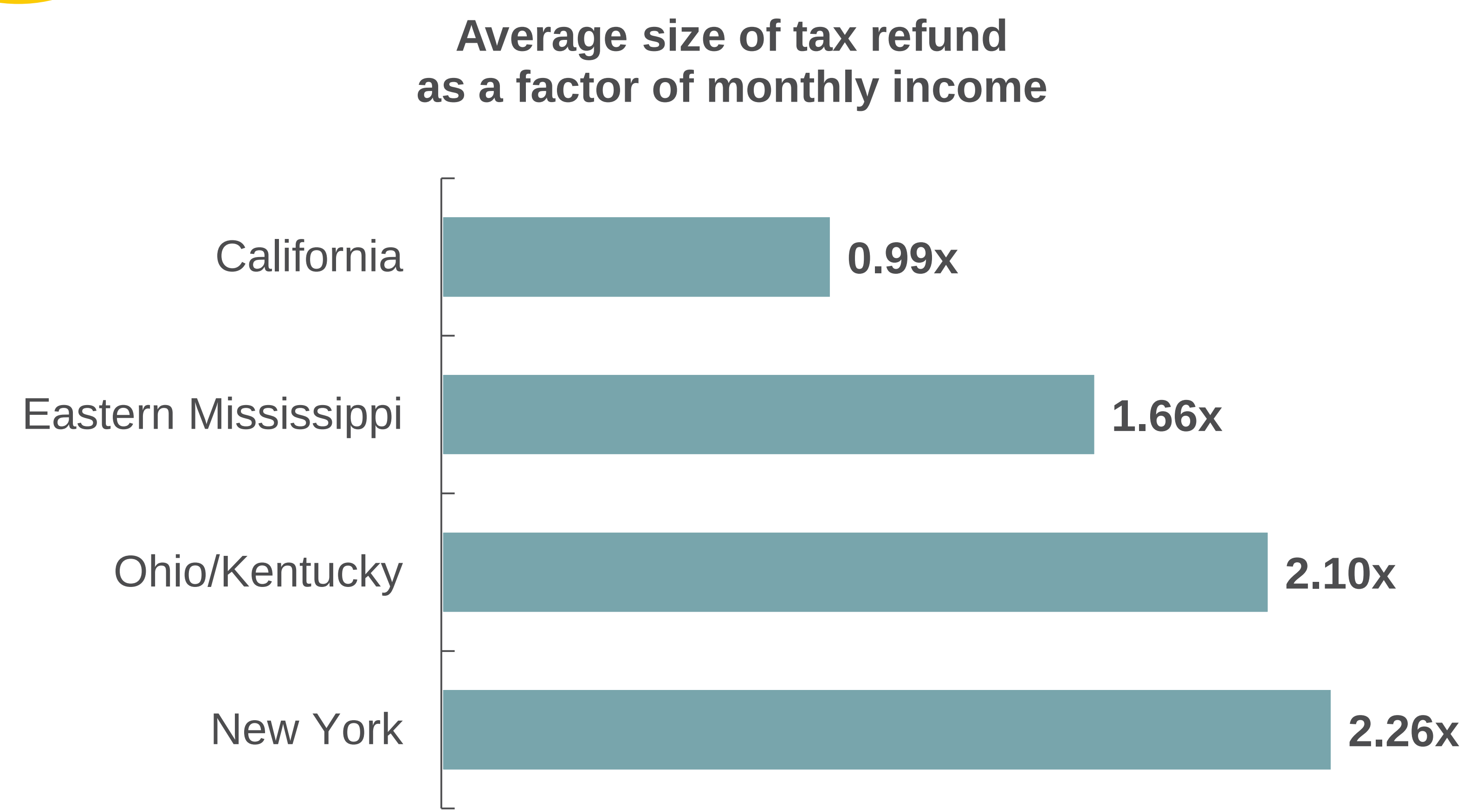
U.S. Financial Diaries

6.2 Size of Tax Refund/Credit by Income Level



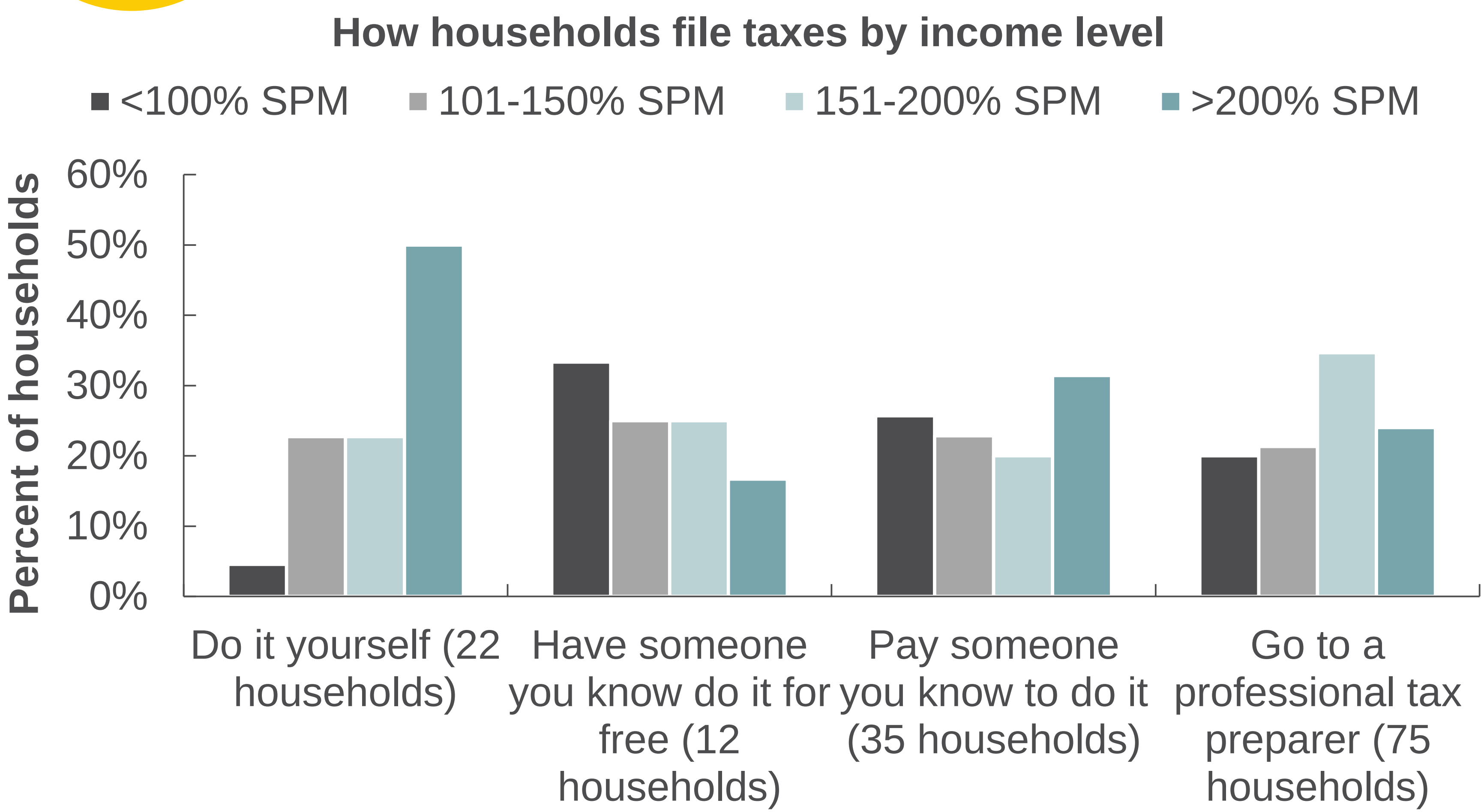
N=165 households receiving a tax refund. Excludes households with very high or very low income from tax refunds and credits: below 1% and above 99% of the distribution. SPM is the threshold of the supplemental poverty measure.

6.3 Size of Tax Refund/Credit by Region



N=165 households receiving a tax refund. Excludes households with very high or very low income from tax refunds and credits: below 1% and above 99% of the distribution.

6.4 Tax Return Preparation by Income Level

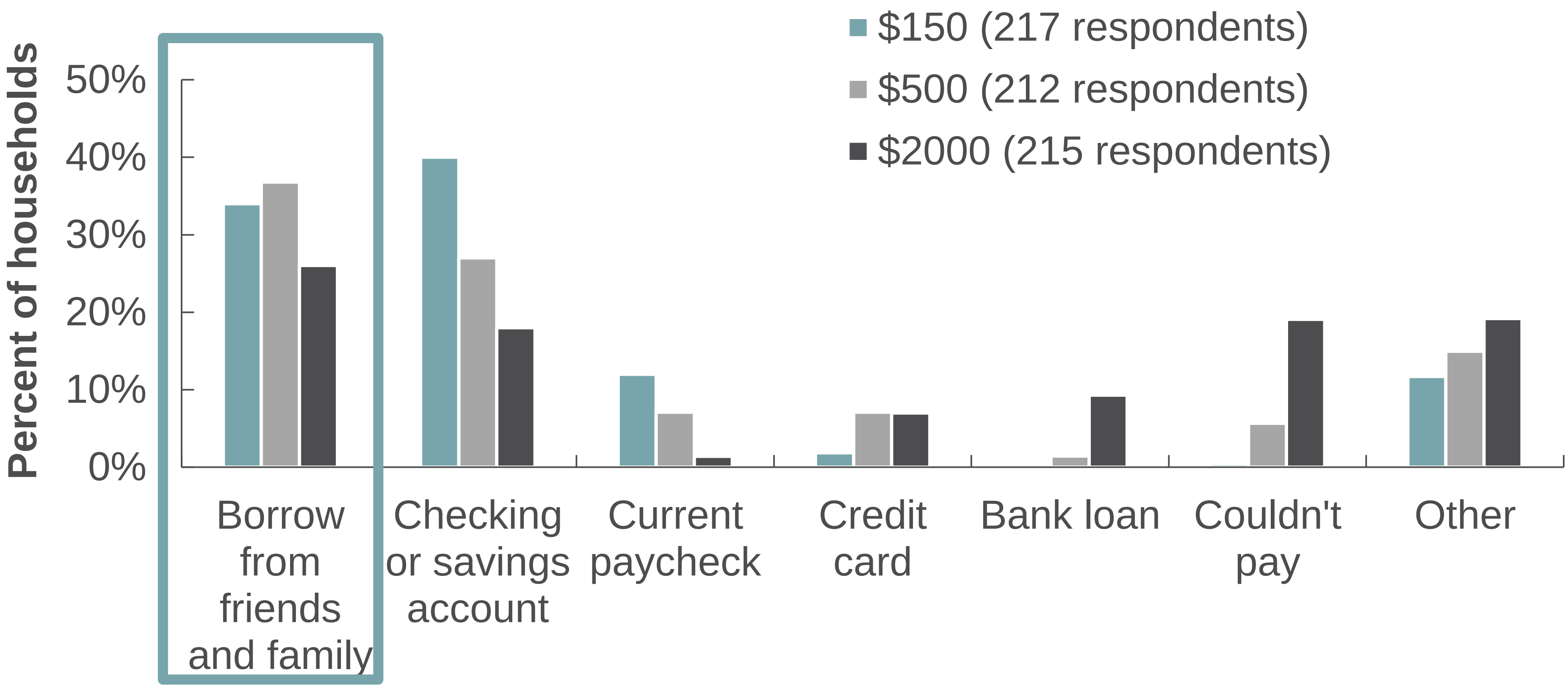


N=164 households responding to this question on the tax module.

U.S. Financial Diaries

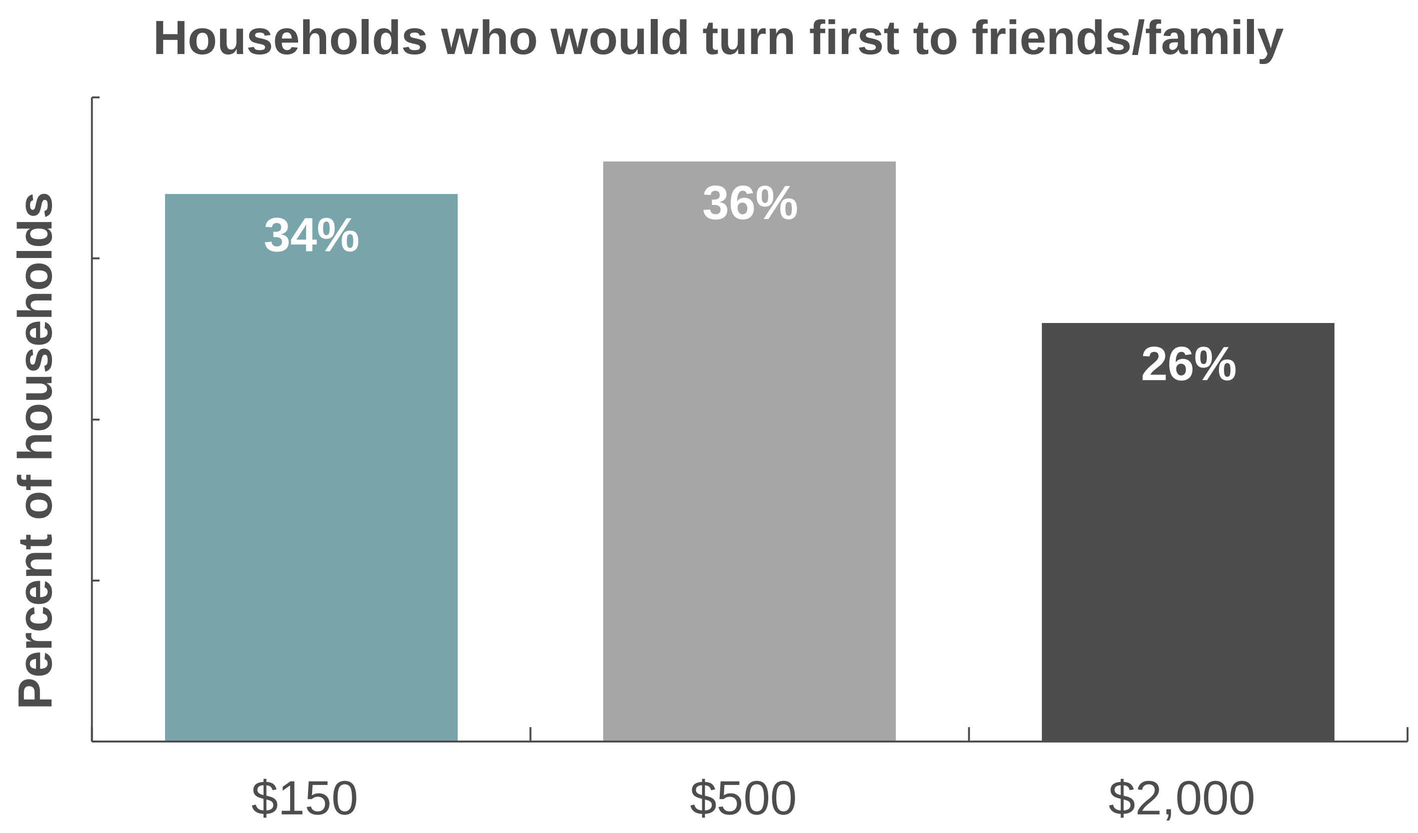
7.1 Informal Networks are Important in Emergencies of All Sizes

Q: Where would you turn if you had 1 week to pay $___?



N=217 respondents for $150. N=212 respondents for $500. N=215 respondents for $2000.

7.2 Informal Networks are Important in Emergencies of All Sizes

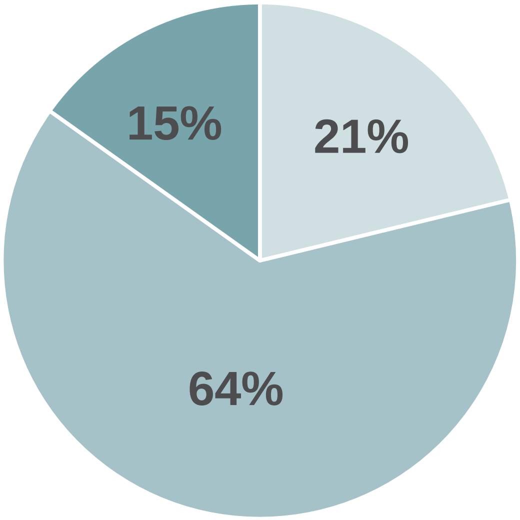


N=34% of 217 respondents for $150. N= 36% of 212 respondents for $500. N=26% of 215 respondents for $2000.

7.3 Flexibility of Informal Finance

Q: Which best describes expectations about repayment?

- Clear understanding loan will be paid back by a certain date
- Lender understands loan will be repaid when possible, but not by a specific date
- Not clear expectations that loan will be repaid



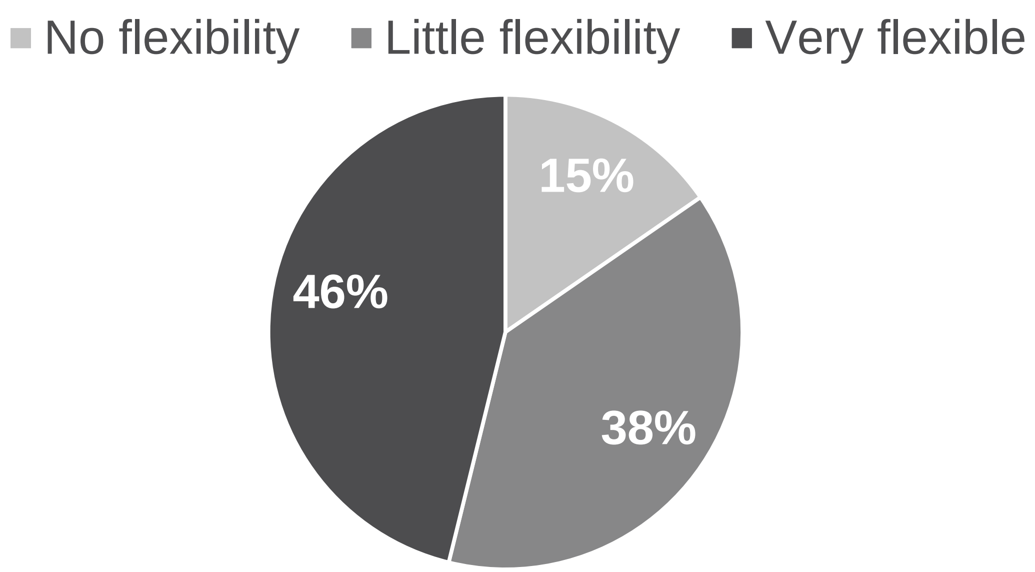
Seventy-nine percent of loans have a flexible relationship with the lender or face no expectations at all. The figure is closer to 96% after seeing next slide.

N=66 informal loans.

7.4 Flexibility of Informal Finance

For the 21% of loans with a "clear understanding that loan will be paid back by certain date":

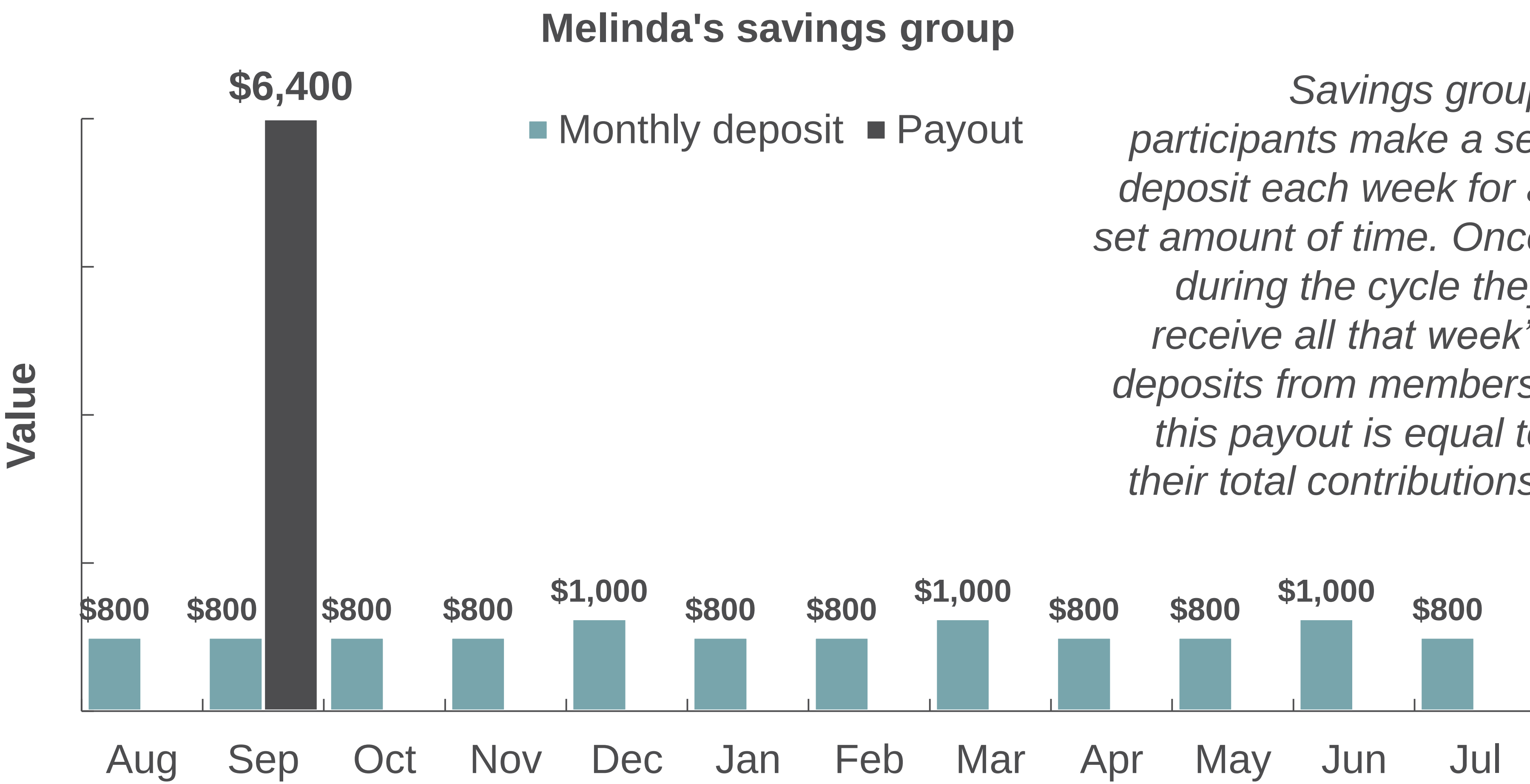
Q: If the loan can't be repaid on time, do you expect that there will be flexibility about when it is repaid?



Flexibility characterizes many informal loans, even when there is a clear understanding and certain date for repayment.

N=13 informal loans with a "clear understanding that loan will be paid back by certain date".

7.5 Creating Income Spikes with Savings Groups

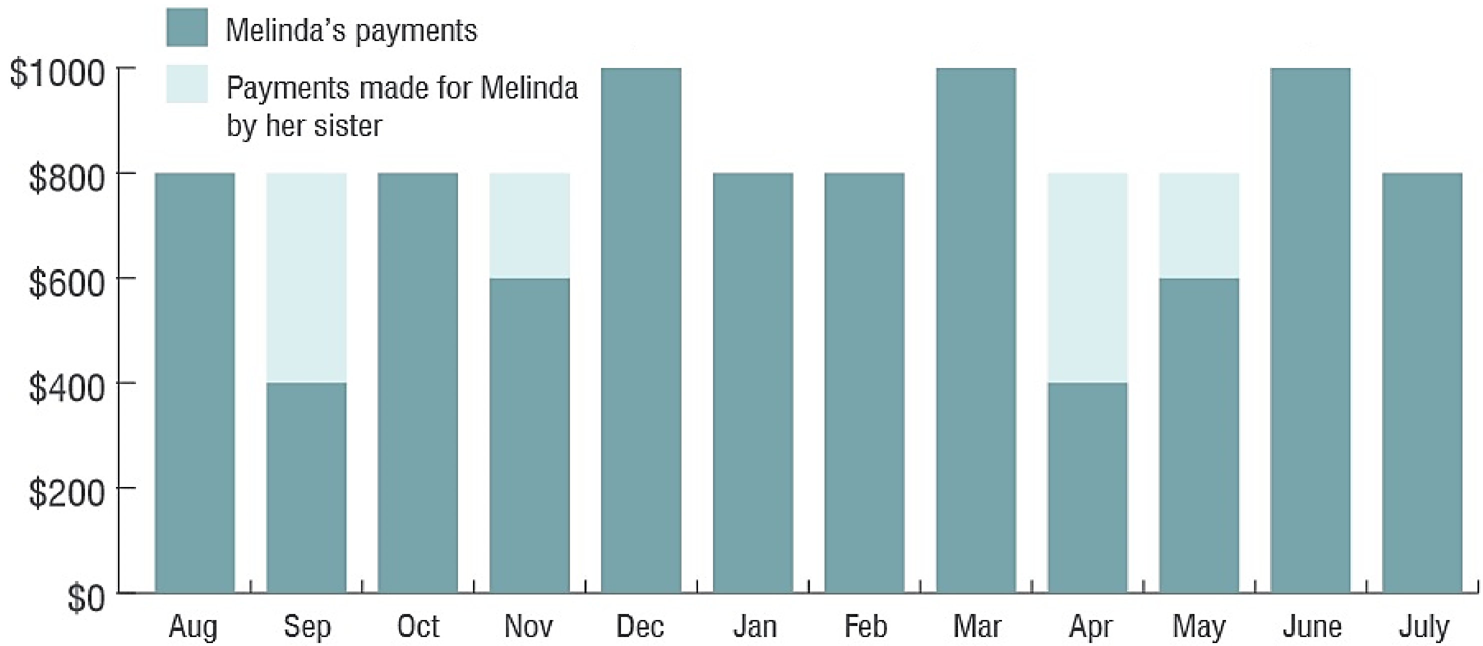


Savings group participants make a set deposit each week for a set amount of time. Once during the cycle they receive all that week's deposits from members; this payout is equal to their total contributions.

Months with higher total deposits are months with 5 weeks. Source: http://www.usfinancialdiaries.org/issue3-informal.

7.6 Saving and Borrowing Can Be Complements

Melinda's Savings Group Deposits

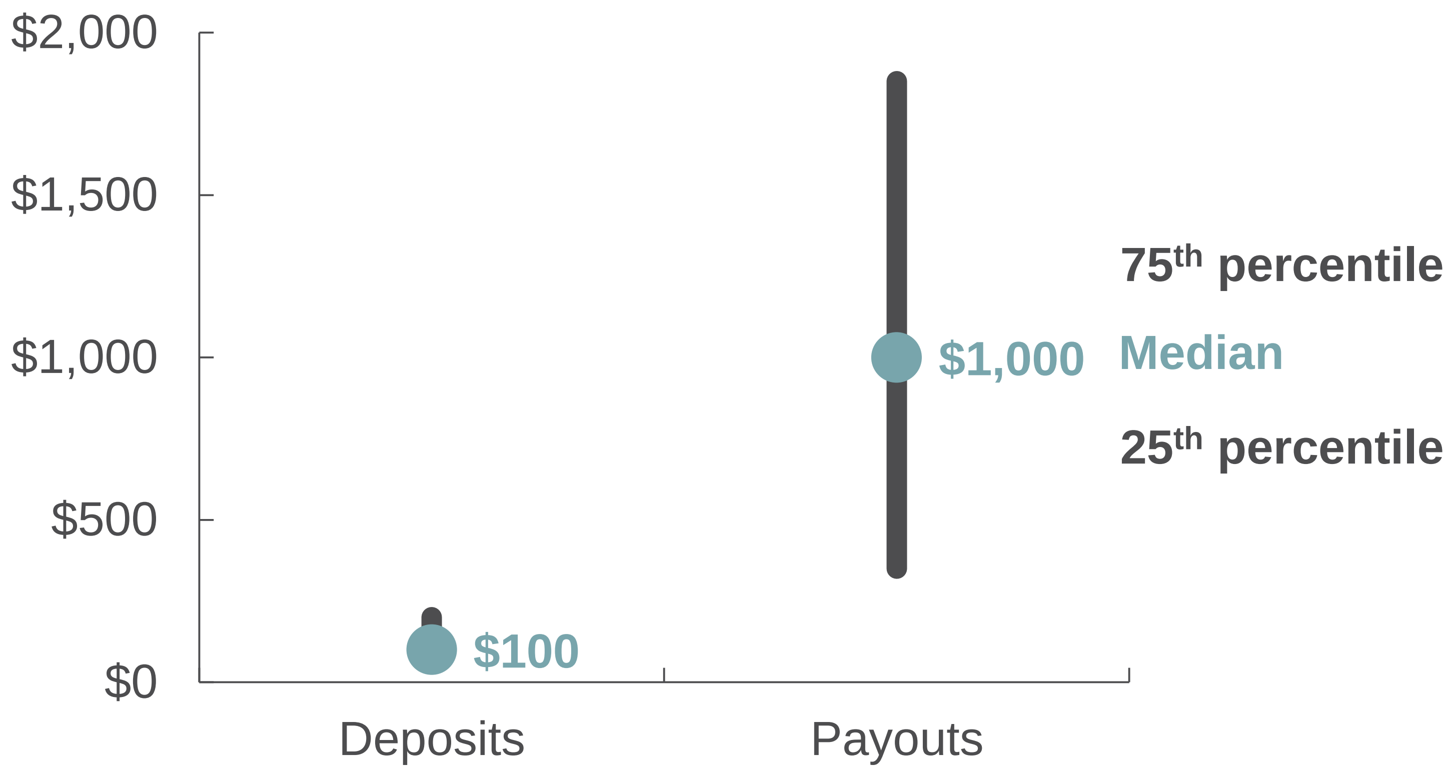


Savings group members occasionally borrow to meet their deposit needs and repay when they receive the payout.

Months with higher total deposits are months with 5 weeks. Source: http://www.usfinancialdiaries.org/issue3-informal.

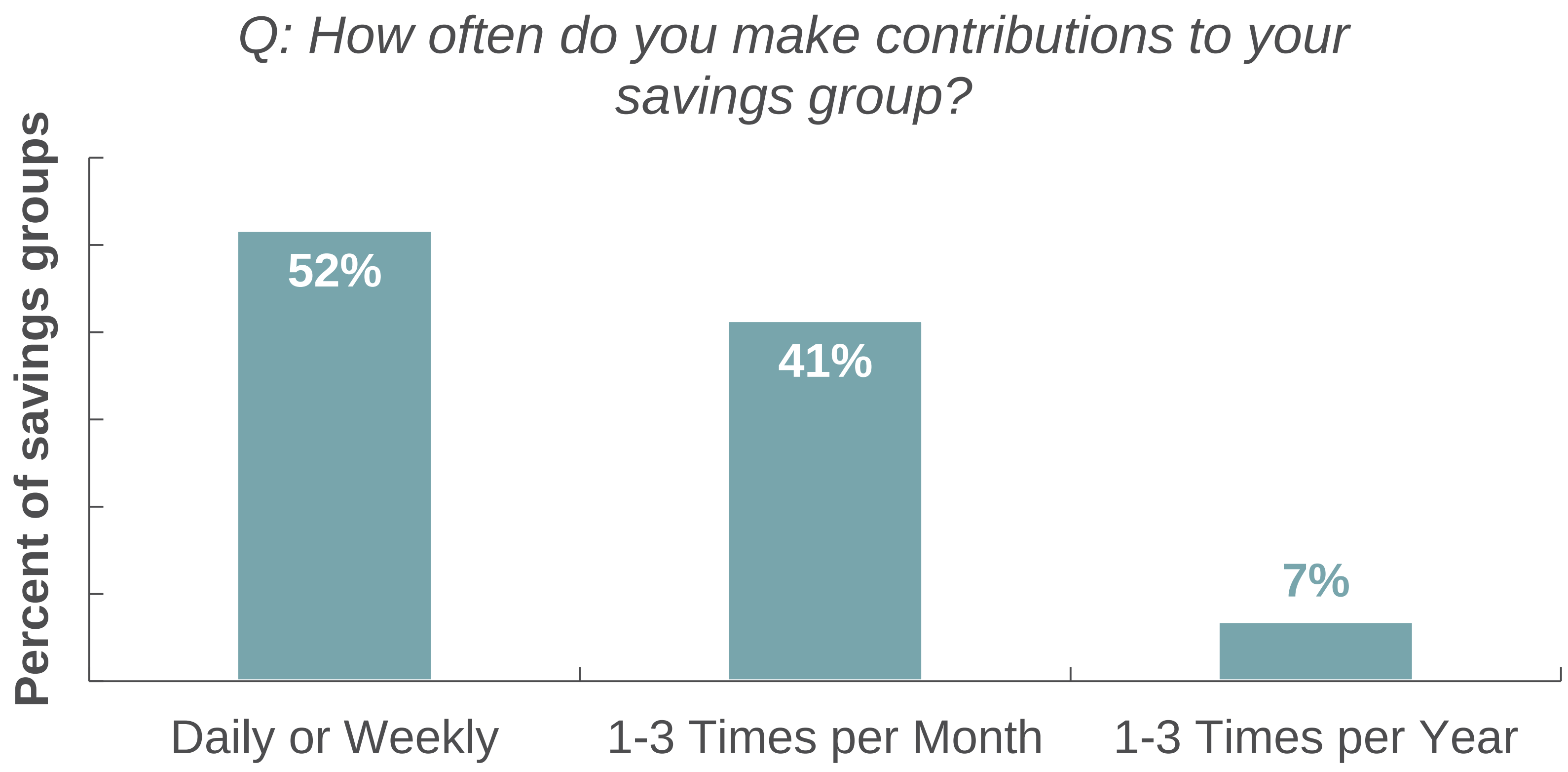
7.7 Value of Savings Group Deposits and Payouts

Value of funds going into and out of savings groups



N=16 households making a total of 367 pay-ins (on average 23 per household). N=15 households receiving a total of 36 payouts (on average 2.5 per household).

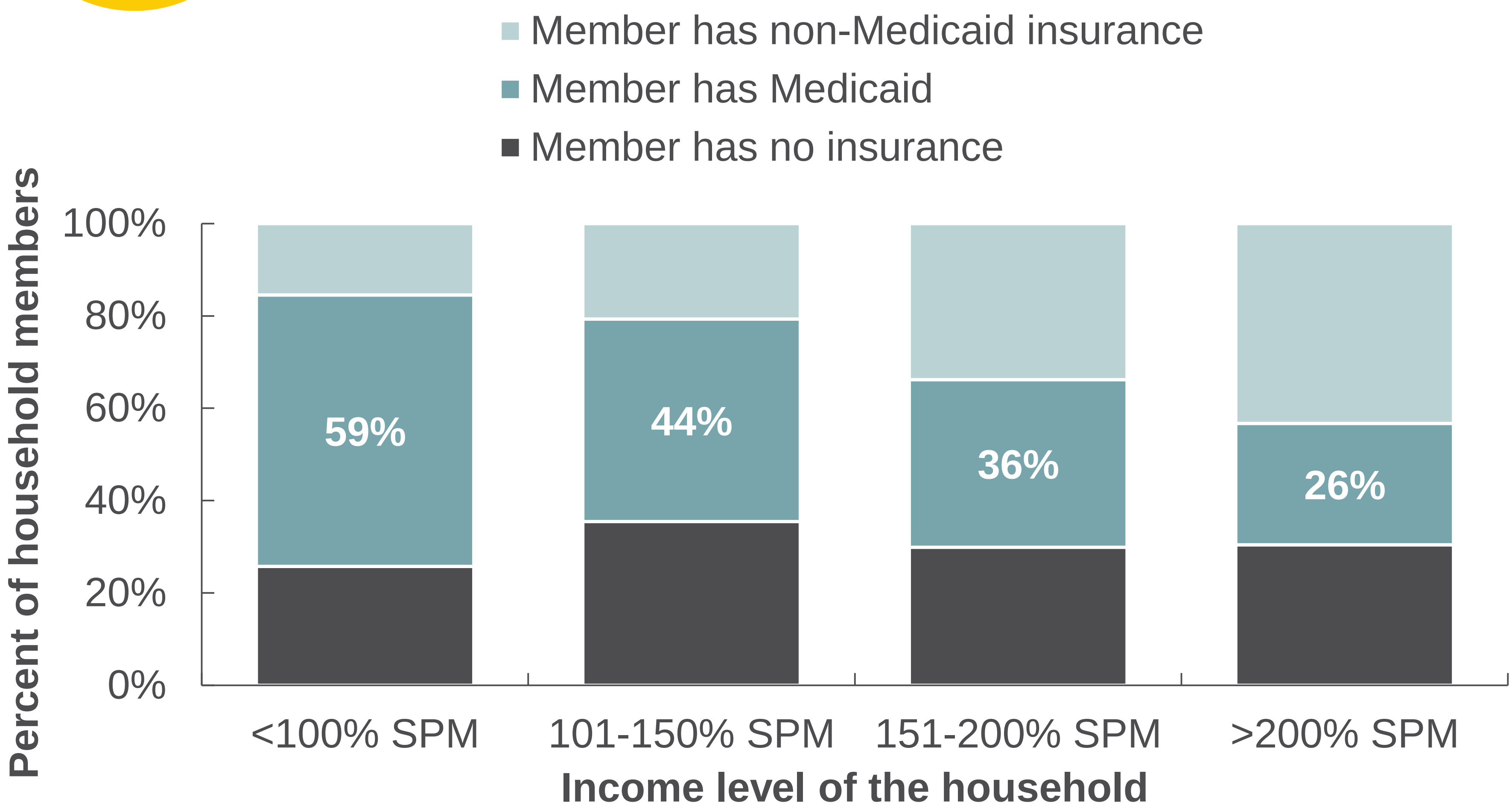
7.8 Frequency of Savings Group Deposits



N=29 savings groups.

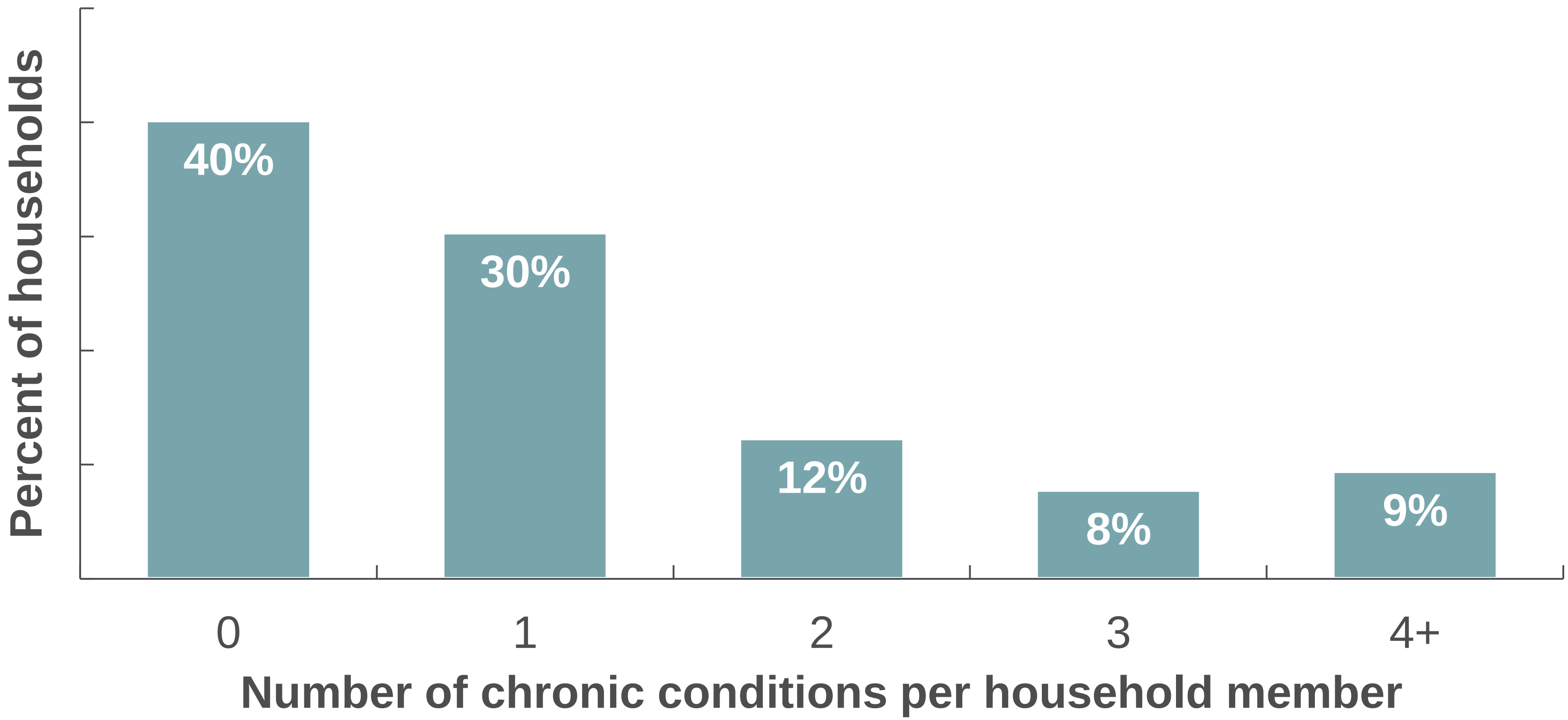
U.S. Financial Diaries

8.1 Medicaid Coverage by Income Level



N=811 household members. Non-Medicaid insurance includes Medicare, private insurance from a job, private insurance bought independently, and any other type of insurance coverage.

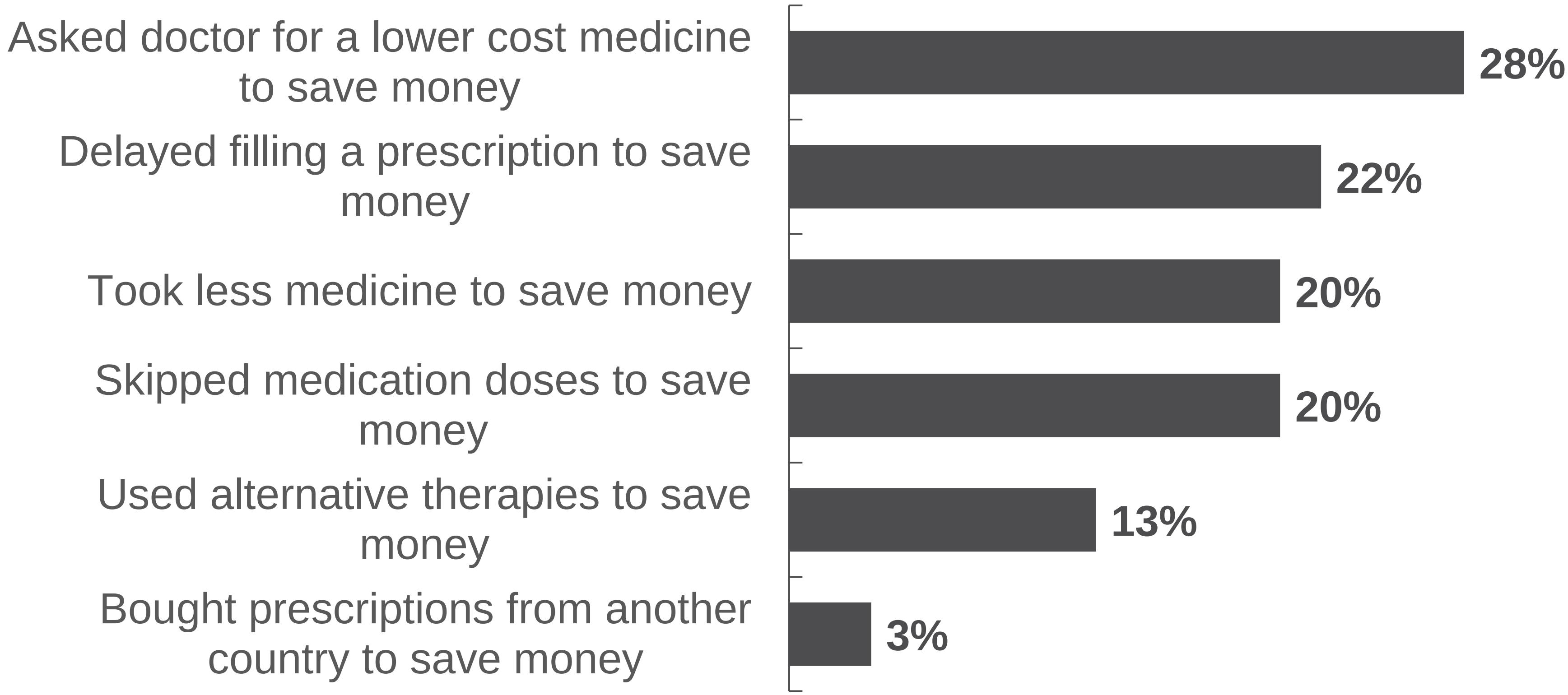
8.2 Chronic Health Conditions



N=244 households. Chronic conditions defined as those that last at least 12 months and (a) place limitations on self-care, independent living, and social interactions and/or (b) result in the need for ongoing intervention with medical products, services, and special equipment (see Perrin et al., 1993).

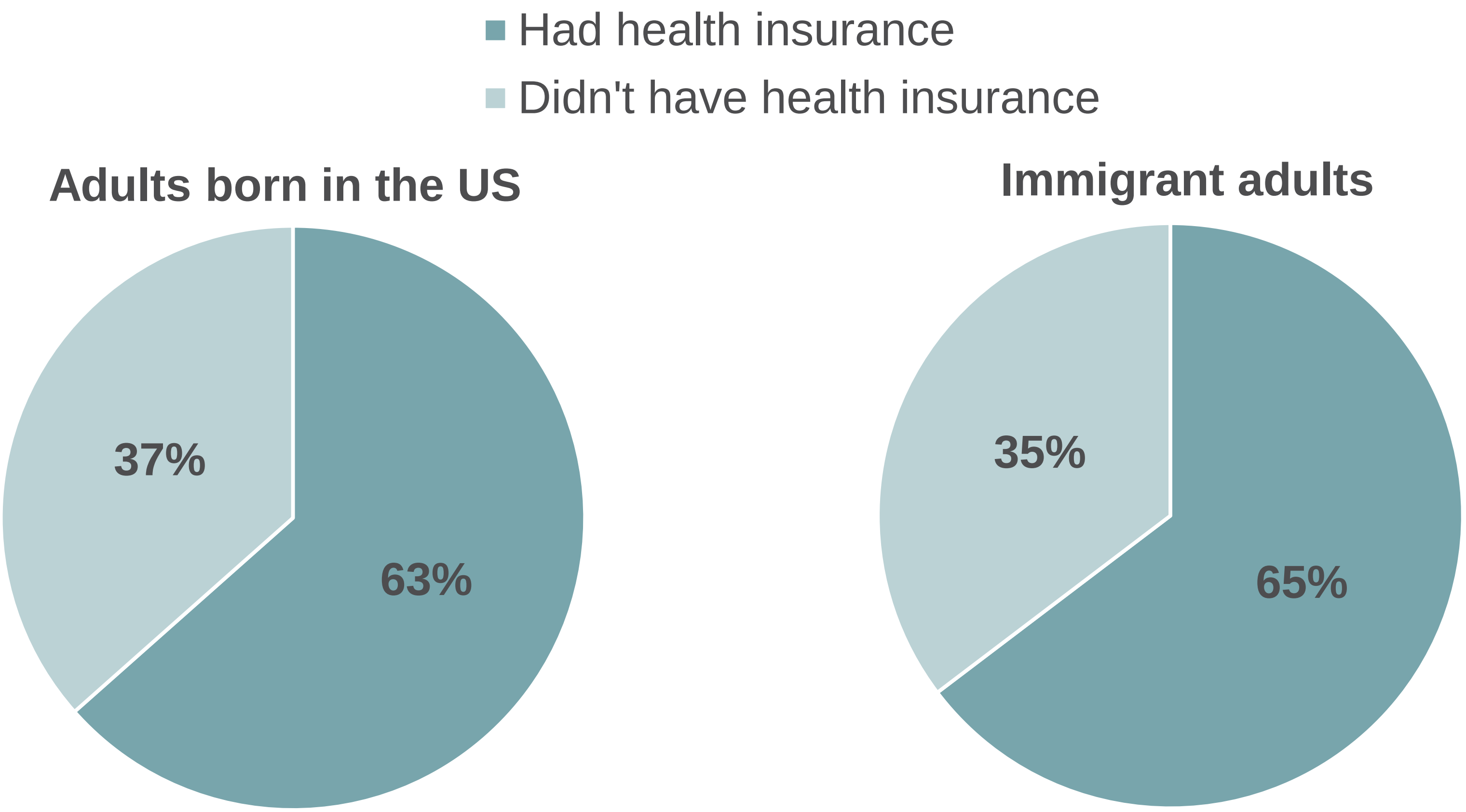
8.3 How Households Control Health Care Costs: Prescriptions

Strategies to reduce spending on prescriptions, out of all households with a prescription



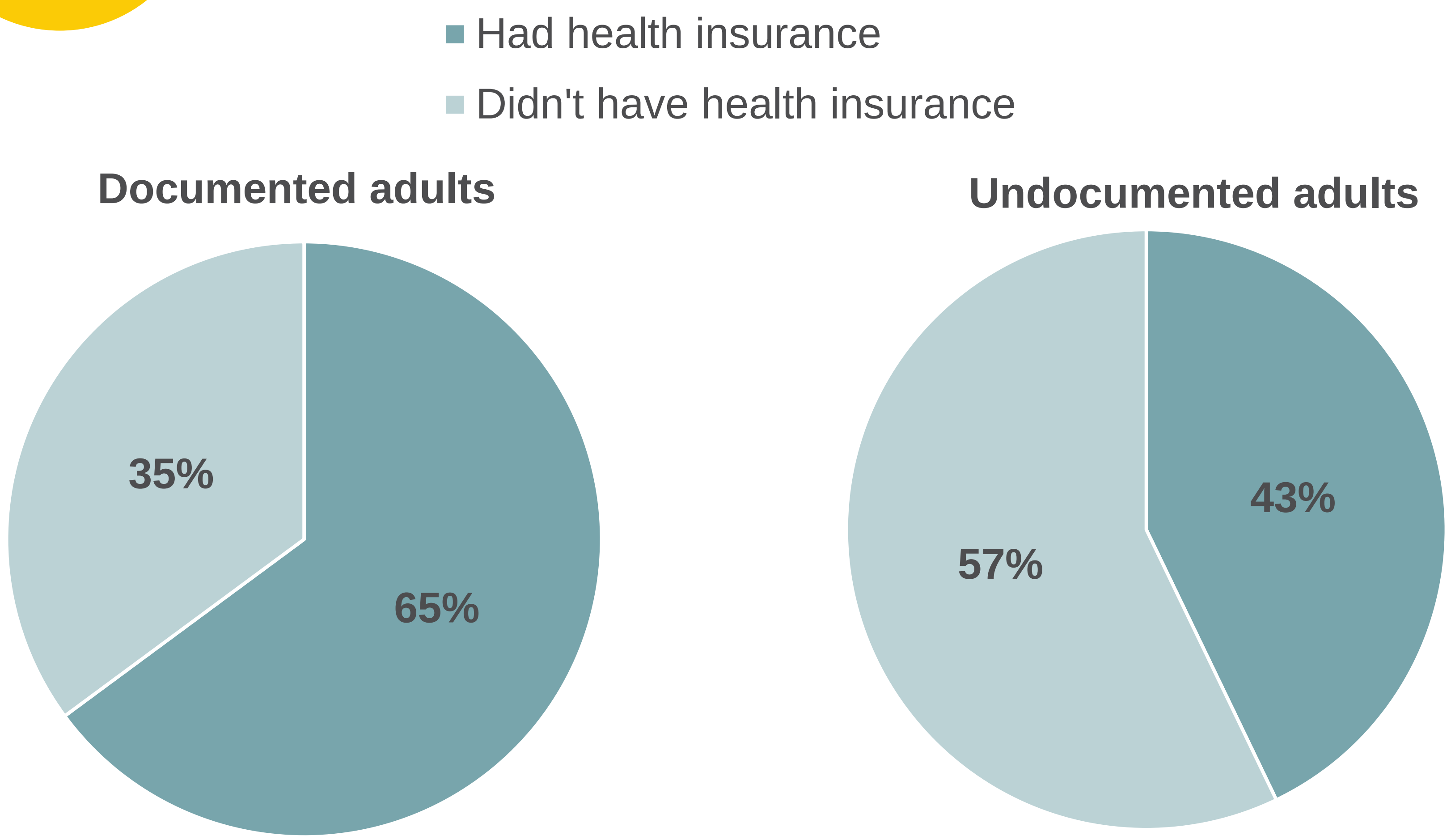
N=119 households out of 200 respondents that had been prescribed medicine in the past year.

8.4 Health Insurance Coverage by Immigration Status



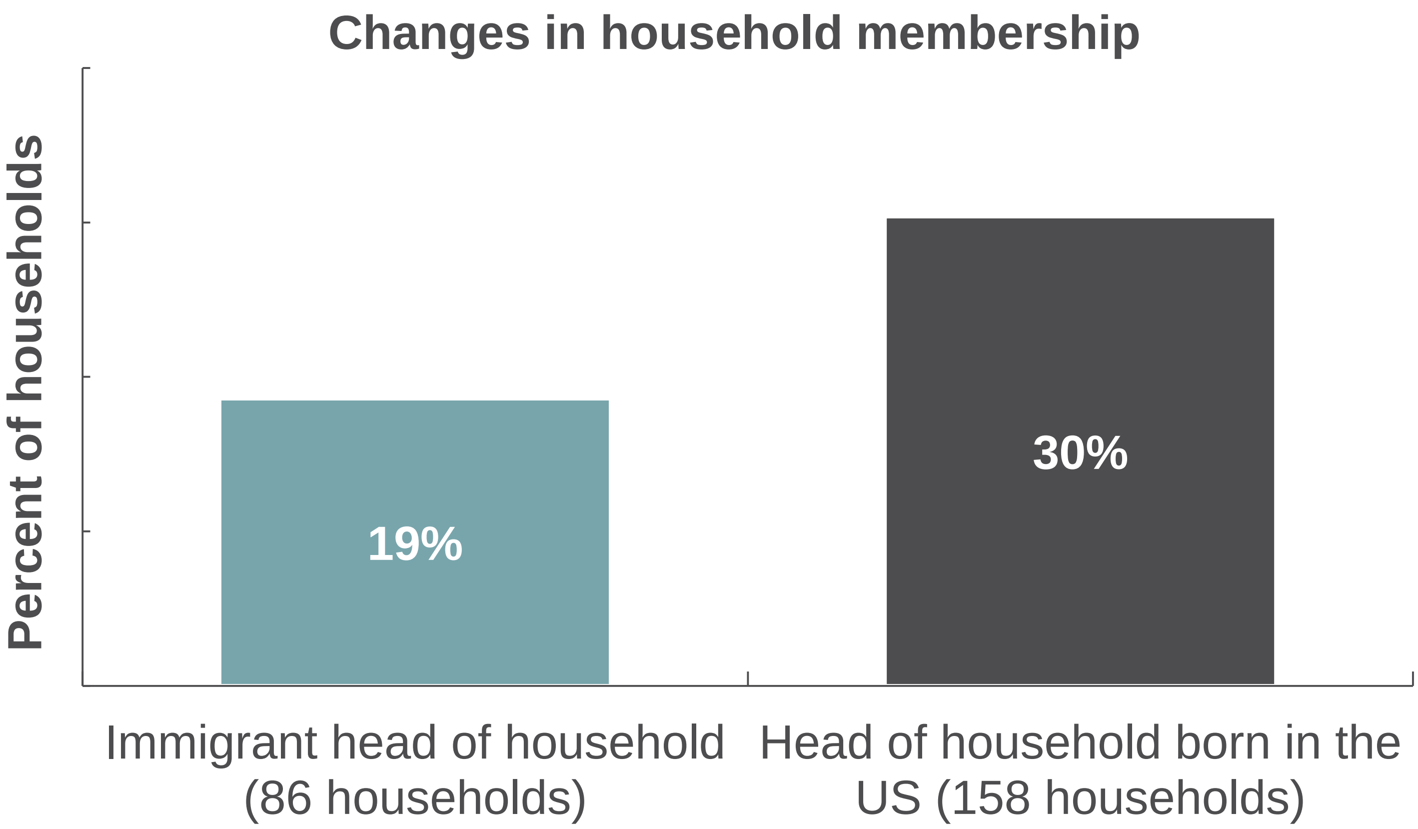
N=290 adults born in the US. N=167 immigrant adults.

8.5 Health Insurance Coverage by Documentation Status



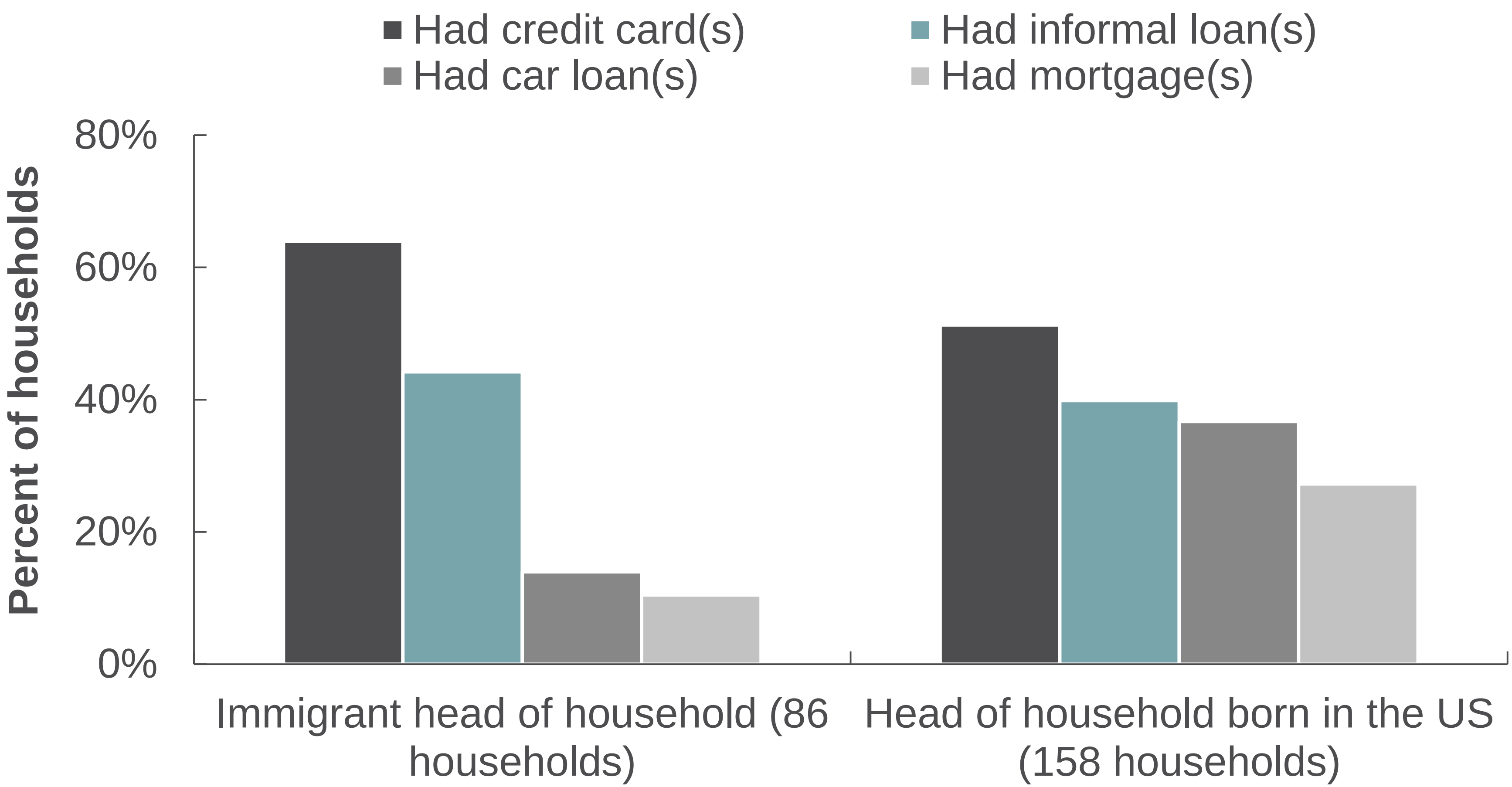
N=336 adults that were definitely US citizens. N=35 adults that were definitely undocumented. Of the undocumented and insured adults, 57% did not offer a clear type. 23% reported Medicaid as their coverage type.

9.1 Immigrant Households: Household Membership Changes



N=244 households.

9.2 Immigrant Households: Types of Borrowing

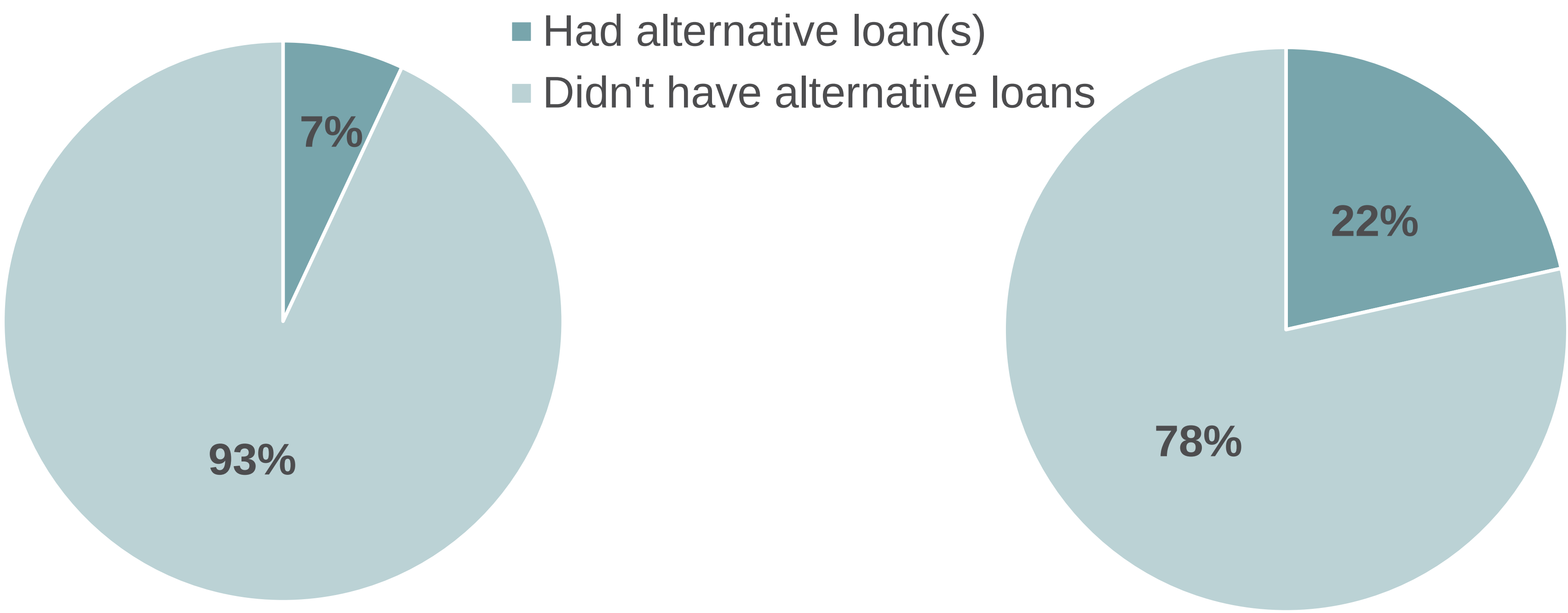


N=244 households.

9.3 Immigrant Households: Alternative Loans

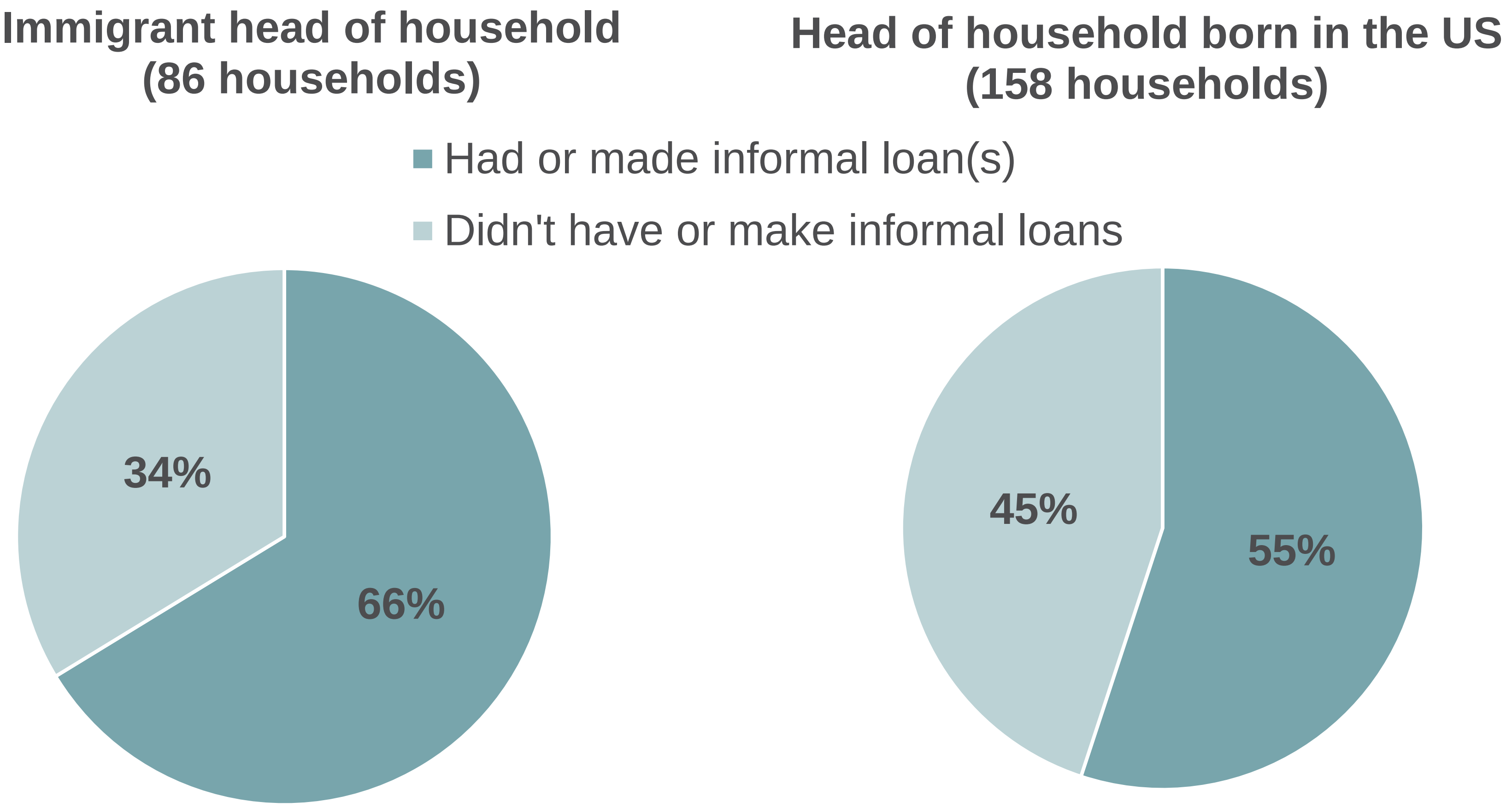
Immigrant head of household (86 households)

Head of household born in the US (158 households)



N=244 households. Alternative loans include payday loans, auto title loan, pawn loans, and refund anticipation loans. One head of household was self-reported by each household.

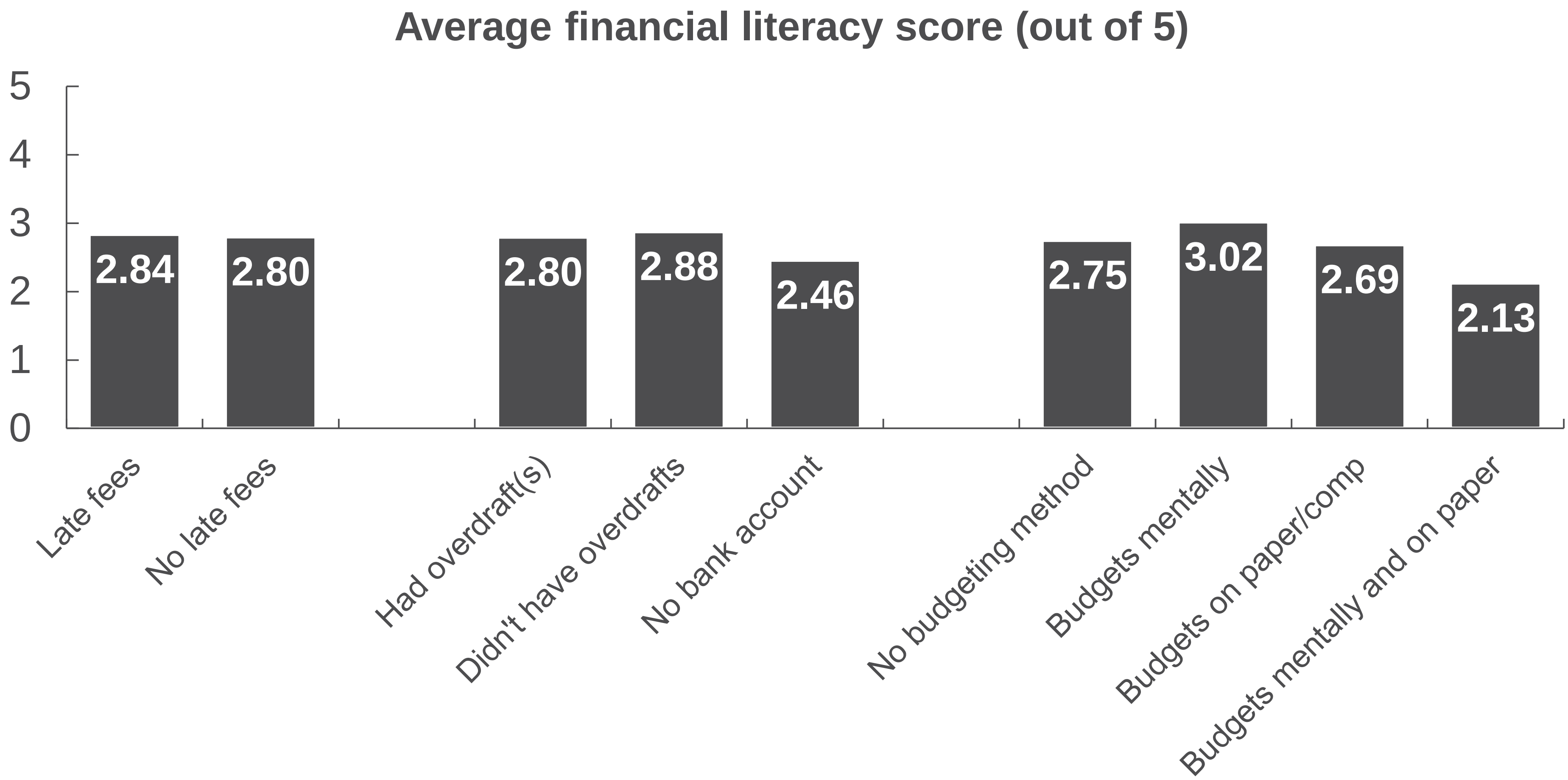
9.4 Immigrant Households: Informal Loans



N=244 households. One head of household was self-reported by each household.

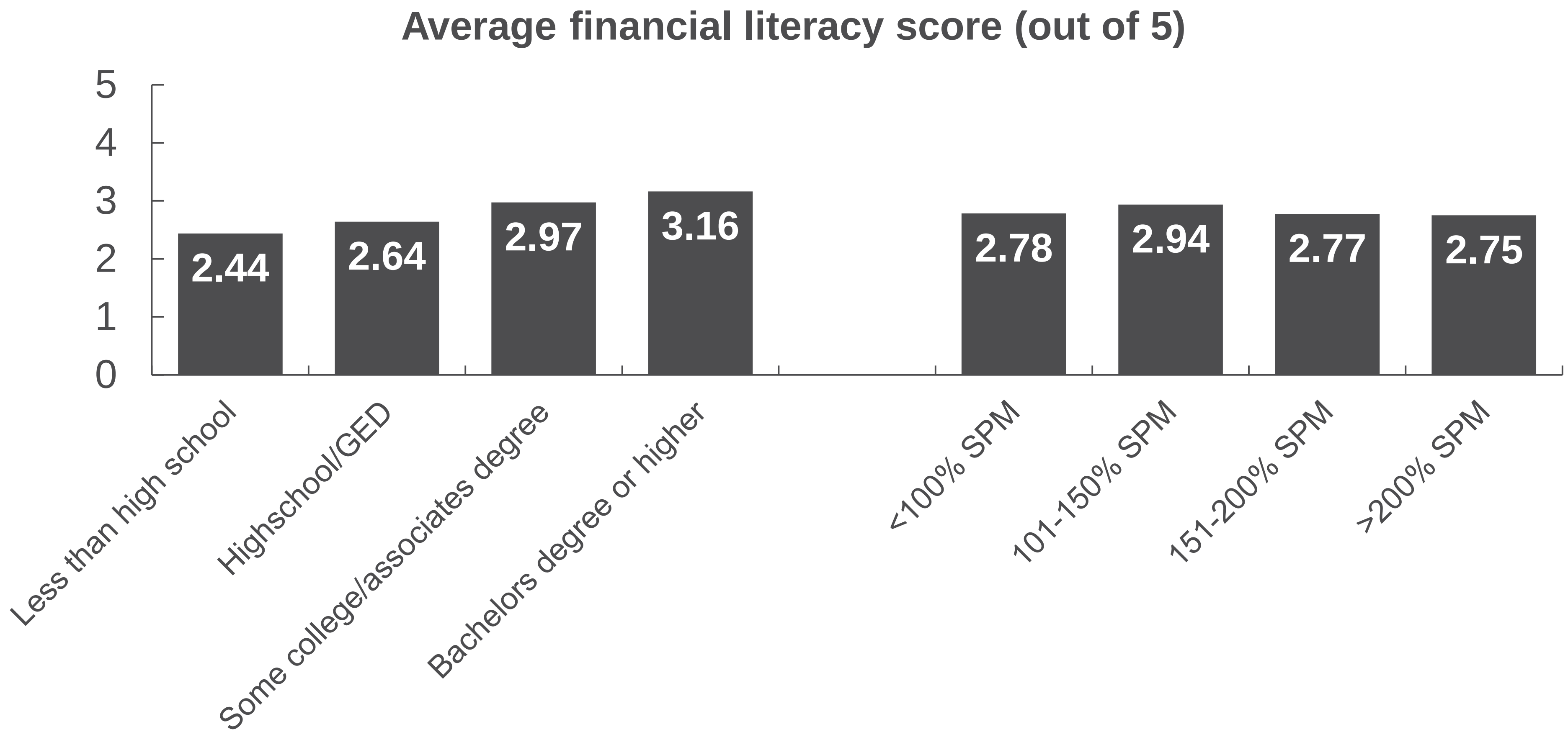
U.S. Financial Diaries

10.1 Financial Literacy Not Strongly Correlated with Financial Behavior



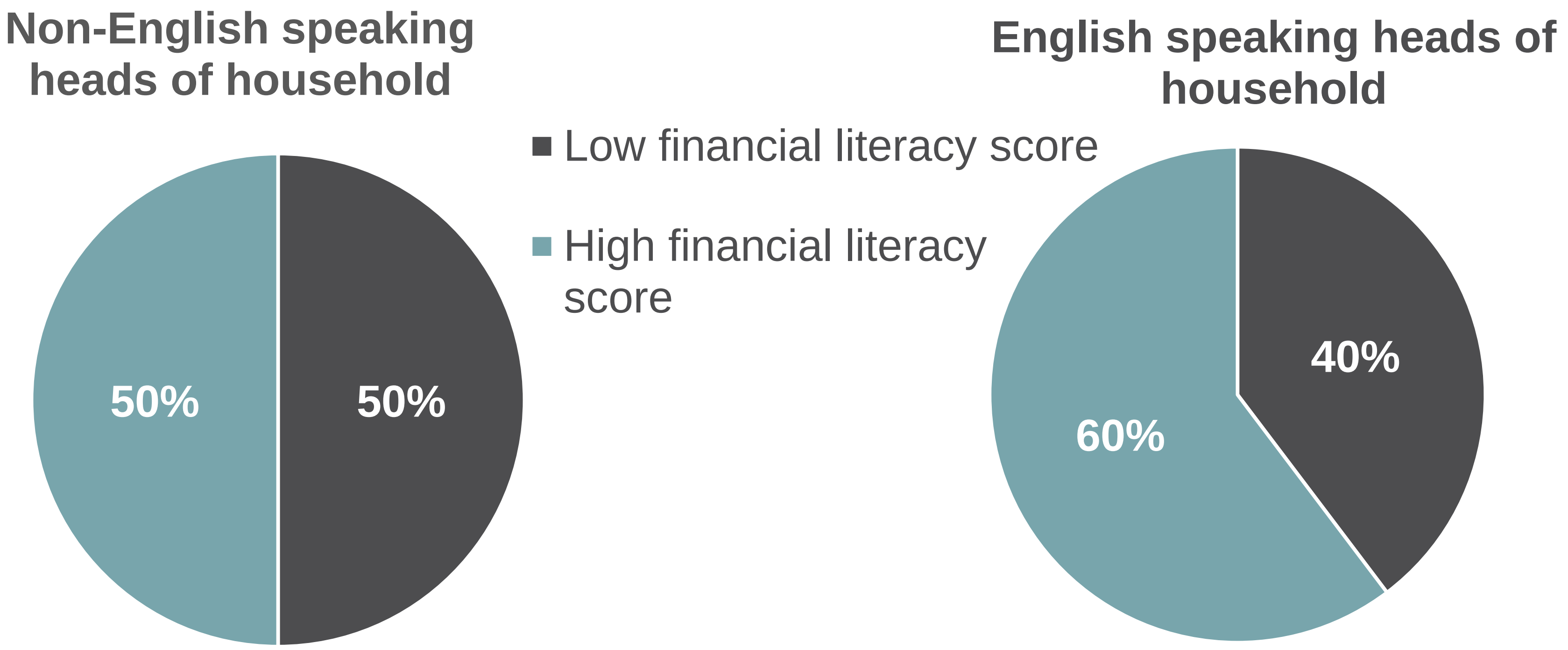
N=241 households with late fee and financial literacy data. N=221 households with overdraft and financial literacy data. N=215 households with budgeting method and financial literacy data.

10.2 Financial Literacy Not Correlated with Income Level, Rises with Education



N=225 households with education and financial literacy data. N=241 households with income and financial literacy data.

10.3 Higher Financial Literacy Scores Among English Speakers



N=36 non-English speaking heads of household. N=199 English speaking heads of household.