



Quick Takeaways

Financial Fragility in the US: Evidence and Implications

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Primary Purpose: To analyze financial fragility measures across two different datasets — the 2015 National Financial Capability Study (NFCS) and the 2015 Survey of Household Economics and Decisionmaking (SHED) — and to conduct focus groups to gain additional insights about people’s capacity to cope with unexpected expenses.

Publication Date: 2018

Key Findings

- More than 36 percent of working adults in the United States are financially fragile and cannot come up with \$2,000 in 30 days. This vulnerability is more prevalent among women and those with low income or low education, but this study shows that a broad cross-section of the American population is at risk, including middle-aged and middle-income families.
- The likelihood of being financially fragile drops steadily with rising income levels. However, having higher income does not necessarily translate into being financially resilient. Almost 30 percent of middle-income households and 20 percent of those with income in the \$75,000-100,000 range are financially fragile.
- People of all age groups are financially fragile at comparable levels, despite the expectation that people earn and accumulate more money as they get older.
- Women are substantially more financially fragile than men.
- Education decreases fragility risk.
- Financial fragility can be attributed to a lack of assets, too much debt and a lack of financial literacy.
- People who are financially literate are significantly less likely to be financially fragile: 22 percent of those who are financially literate are financially fragile, compared to 42 percent of those who are not financially literate.
- The short-term effects of financial fragility are immediate and ongoing, but the long-term consequences of fragility are equally worrisome. Those who are financially fragile are almost 18 percentage points less likely to plan for retirement.