NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION

Partnering for Financial Well-Being

Quick Takeaways

Financial Fragility in the US: Evidence and Implications
George Washington University
Principal Investigator: Annamaria Lusardi, Ph.D.
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.
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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.

For more information and to read the executive summary and final report, visit www.nefe.org.