

Economic Well-Being of U.S. Households in 2022

Fact Sheet

The *Economic Well-Being of U.S. Households in 2022* report examines the financial lives of U.S. adults and their families. The report draws from the 10th annual Survey of Household Economics and Decisionmaking, or SHED, which was conducted in October 2022. The report, downloadable data, data visualizations, and a video summarizing the survey's findings are found [here](#).

Overall, results from the survey indicate a decline in people's financial well-being over the previous year. The 2022 survey found that self-reported financial well-being was among the lowest levels observed since 2016. It also shows that higher prices have negatively affected most households, though workers continued to experience a strong labor market. Key findings from the report about how people were faring financially in 2022 are below:

Overall Financial Well-Being

- Overall financial well-being declined markedly over the prior year. Seventy-three percent of adults were doing at least okay financially in 2022, down 5 percentage points from 2021.
- The share of adults who said they were worse off financially than a year earlier rose to 35 percent, the highest level since the question was first asked in 2014.

Income

- More adults experienced spending increases than income increases. Forty percent of adults said their family's monthly spending increased in 2022 compared with the prior year, while 33 percent said their monthly income increased. While some adults saw both their spending and their income increase, 23 percent of adults said that their spending had increased but their income had not.
- The share of adults who said they spent less than their income in the month before the survey fell in 2022 to below the level it had been before the pandemic.

Employment

- As an indication of workers' strong labor market options, one-third of adults received a raise or promotion in 2022 and 13 percent of adults asked for a raise or promotion. This compares with 30 percent who received a raise and 9 percent who asked for one in the 2021 survey. Among those who asked for a raise in 2022, 70 percent also said that they received one.
- Among those working from home at least some of the time, survey results indicate that a requirement to work in person full-time would have similar effects on retention as a 2 to 3 percent pay cut.

Expenses

- Consistent with declines in overall financial well-being, 63 percent of adults said they would cover a hypothetical \$400 emergency expense exclusively using cash or its equivalent, down from a high of 68 percent in 2021.
- When asked for the largest expense they could cover using only savings, rather than how they would pay a small emergency expense, 18 percent said the largest expense they could cover with

savings was under \$100 and an additional 14 percent said the largest expense they could cover was between \$100 and \$499.

- Inflation affected people's spending and saving choices in several different ways. Nearly two-thirds of adults stopped using a product or used less because of inflation, 64 percent switched to a cheaper product, and just over one-half (51 percent) reduced their savings in response to higher prices.

Banking and Credit

- Access to financial services from banks and credit unions, which can be important for people's financial well-being, remained high. In 2022, 94 percent of adults had a bank account, although notable gaps remain by income, age, race, ethnicity, and disability status.
- Use of relatively new financial services like cryptocurrency for transactions and Buy Now, Pay Later (BNPL) remained low compared with traditional payment and credit methods. Three percent of adults used cryptocurrency for financial transactions and 12 percent used BNPL in the prior year. That said, while still low overall, use tended to be higher among Black and Hispanic adults.

Housing

- While some people chose to rent for convenience, the survey found that financial constraints were often a reason why people rent. Nearly two-thirds of renters said that their inability to afford a down payment to buy a home was a reason they rent. This is consistent with levels seen before the pandemic.
- Some renters indicated they had difficulty keeping up with their rent payments. Seventeen percent of renters were behind on their rent at some point in the prior year.

Higher Education and Student Loans

- Education was seen as a path to higher income and greater financial well-being in 2022. More than two-thirds of adults with a bachelor's degree or more said the financial benefits of their education exceeded the cost. However, a lower 3 in 10 of those who started but did not complete at least an associate degree shared this view.
- People's difficulty handling student loans varied by the level of education they completed. Consistent with their greater earnings potential, those who completed at least a bachelor's degree were less likely to have fallen behind on payments.

Retirement and Investments

- Progress toward retirement savings goals declined in 2022. Thirty-one percent of non-retirees thought their retirement savings plan was on track, down from 40 percent in 2021.
- Building retirement savings can have implications for financial well-being later in life. Seventy-nine percent of retirees said they were doing at least okay financially. However, retirees who received income from sources such as wages, pensions, or investments were much more likely to be doing at least okay financially than those who had no private income.