

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

May 22, 2023

NARRATOR. For ten years, the Survey of Household Economics and Decisionmaking has tracked the economic well-being and financial conditions reported by U.S. adults and their families. The survey collects data on how people feel about their family's finances to help understand the effects of broader economic trends over time.

Conducted in October 2022, the latest survey reveals that 73 percent of adults were doing at least okay financially, meaning they reported either “doing okay” or “living comfortably.” The share of adults doing at least okay financially in 2022 was down 5 percentage points from 2021 and was among the lowest observed since 2016. This decline in well-being aligns with broader economic conditions during fall 2022, including inflation and stock market declines.

In economically challenging times, relatively small, unexpected expenses, such as a car repair or a modest medical bill, can be a hardship for many families. When faced with a hypothetical expense of \$400, 63 percent of all adults in 2022 said they would have covered it exclusively using cash, savings, or a credit card paid off at the next statement (referred to, altogether, as “cash or its equivalent”). The share who would pay using cash or its equivalent was down 5 percentage points from 2021, and back at its 2019 level.

Consistent with the widespread experience of higher prices in the prior year, most adults said that price increases had affected their family budget. Adults with incomes under \$100,000 were more likely to say their family budget was affected a lot by rising prices compared to adults with higher incomes. Black and Hispanic adults, parents living with children under 18, and those with a disability were also more likely to indicate that their budget had been affected a lot by higher prices.

Most people took action in response to higher prices, especially through changing spending. The most common adjustments were using less or stopping using products, as well as switching to cheaper alternatives. Just above one-half of respondents reduced savings. Increasing borrowing, working more, and asking for a raise were less common strategies.

These survey findings provide insight into the wide range of financial opportunities and challenges facing U.S. families at the time of the survey.

More information is available in the report on the *Economic Well-Being of U.S. Households in 2022*. To view or download this year's full report, and downloadable survey data, visit:

www.federalreserve.gov/consumerscommunities/shed.htm