



The Role of Emergency Savings in Family Financial Security

What Resources Do Families Have for Financial Emergencies?

This brief is the second in a series of three that explore how financial shocks and emergency savings are related to the financial well-being of families. Savings may help households cope with unexpected expenses and preserve wealth over the long run. Understanding the frequency and impact of events that might strain budgets, and the resources families have to cope with them, is crucial to building policies that promote financial well-being.

Overview

Measures of family financial well-being often focus heavily on household income, especially wages earned through work. For the typical family, however, earnings have grown little over the past decade—just 2 percent between 1999 and 2009, adjusting for inflation—and volatile income has been common,¹ with more than half of U.S. households reporting having income and expenses that vary from month to month.²

In addition, recent research conducted by The Pew Charitable Trusts demonstrates that income alone, no matter how consistent, does not guarantee that households can accumulate a sufficient financial cushion to protect themselves from the unexpected. One in 3 American families reports having no savings at all, including 1 in 10 of those with incomes of more than \$100,000 a year.³ This lack of savings tops the list of financial worries in many American households.⁴

As described in the first brief of this series, 6 in 10 households reported experiencing a financial shock in the year prior to Pew's recent Survey of American Family Finances, and more than half of those struggled to make ends meet as a result. The typical household spent \$2,000, or about half a month of income, on its most costly shock.

Families that lack a savings cushion might have difficulty coping with unexpected events. Building, maintaining, and rebuilding savings may make households more resilient and financially secure.

This brief examines Americans' emergency savings: the resources households use as a first line of defense against the unexpected or to cover regular expenses when income does not suffice. Although emergency savings are only one piece of the stability puzzle, a household's ability to build, use, and rebuild savings is central to its overall financial well-being and a good indicator of how prepared it might be for an unexpected expense or loss of income. Key findings include:

- **More than three-quarters of Americans surveyed said they would use the money in checking and savings accounts to respond to an unexpected expense.** However, 69 percent of respondents said they would use multiple resources, suggesting that many people realize they might not have enough liquid savings to cover the full cost of the shock. Additionally, 49 percent of respondents said they would use credit, and 36 percent would borrow money from another person.
- **Most households, across various demographic groups, have very little savings or assets that they could turn to in the event of a financial shock.** Overall, the typical household cannot replace even one month of income with liquid savings, and its total financial assets are equivalent to only about six months of income. In fact, although most people said they would use liquid assets, 41 percent did not have enough liquid savings to cover the \$2,000 cost of the typical household's most expensive financial shock.
- **Liquid savings and financial assets differ not only by income, but also by race and age.**
 - The typical household with less than \$25,000 in income has enough savings to replace only six days of household income. By comparison, the typical household with income of more than \$85,000 can replace 40 days of income through savings.
 - The typical white household has slightly more than one month's income in liquid savings, compared with just 12 days for the typical Hispanic household and only five days for the typical African-American household. In fact, a quarter of black households would have less than \$5 if they liquidated all of their financial assets, compared with \$199 and \$3,000 for the bottom 25 percent of Hispanic and white households, respectively.
 - The typical household in the silent generation (those born between 1928 and 1945) has nearly 29 months' worth of income in financial assets, and the typical baby boomer (born between 1946 and 1964) household could use assets to replace slightly more than a year of income. Although this is substantially more than Generation Xers (born between 1965 and 1980) and millennials (born between 1981 and 1997), the resources of these older Americans represent a significant portion of the money they will live on in retirement and, as such, may not ensure financial well-being for these cohorts over the long run.
- **80 percent of respondents have lower savings than they think similar households should have.** The typical household would need to increase its liquid savings by over \$9,000 to achieve its ideal savings level.

American households' generally low level of emergency savings is troubling. Most have far less in reserve than the three to six months' worth of expenses or income that financial experts recommend. This vulnerability affects households of all types and at all income levels.

Key Financial Terms

Savings were not explicitly defined for respondents to the Survey of American Family Finances. Survey participants were free to include or exclude any type of assets they thought of as savings. This reflects differences in which money and accounts people categorize as savings.

Financial shock refers to any expense or loss of income that households do not plan for when budgeting, regardless of the extent to which the shock may harm families financially.

Destabilizing shock refers to any financial shock that respondents described as reducing their financial well-being. About half of households with a financial shock said their most expensive one was destabilizing.

Liquid savings includes what participants reported having in savings or checking accounts, cash saved at home, and the value of unused prepaid cards. Households can access these funds quickly and at very low cost.

Financial assets refer to all nonhousing savings or financial instruments a household has, including liquid savings and other money and investments, such as retirement and college savings accounts, savings bonds, stocks, and bonds. Households may incur penalties for liquidating some types of financial assets, and doing so may take longer than accessing liquid savings.

More people said they would use the money in checking and savings accounts in the event of an unexpected emergency than would use any other source

Survey participants described diverse strategies using various combinations of resources to cover an emergency expense, and many respondents cited approaches that are not typically considered in studies of savings, such as borrowing from family. However, when asked to imagine a situation in which they needed to come up with money within a month for an unexpected need, almost 8 in 10 indicated that they would use the money in their savings and checking accounts.⁵ (See Figure 1.)

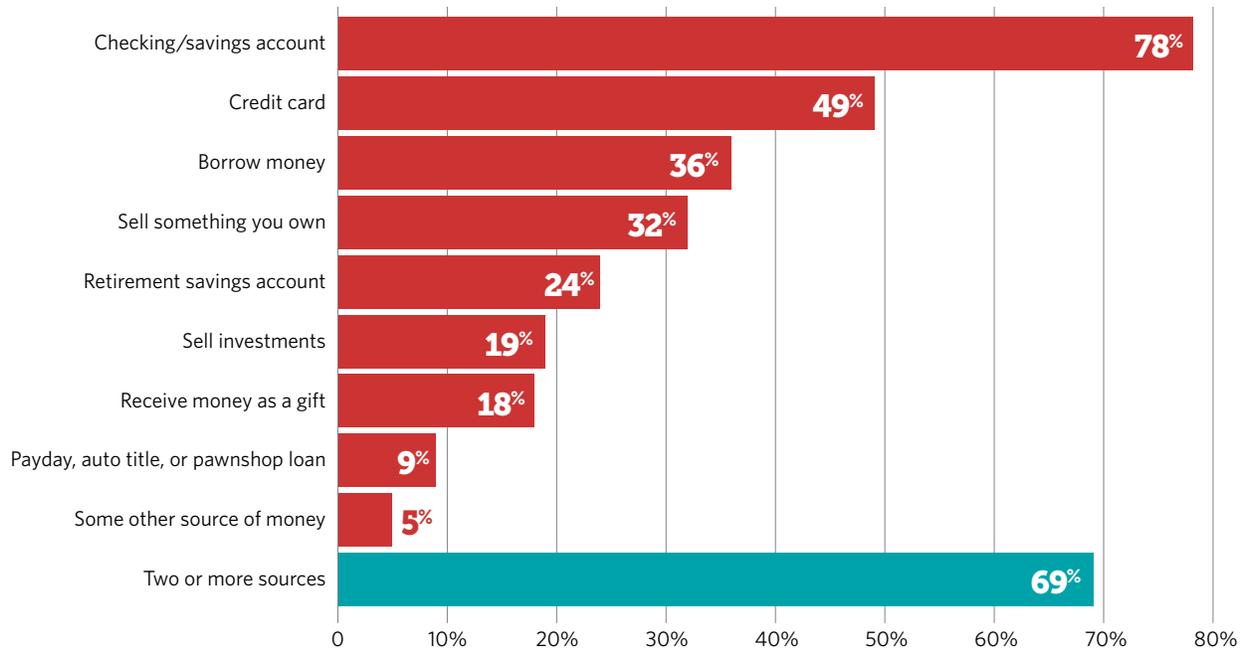
Although almost 70 percent of respondents indicated that they would use two or more resources in the event of an emergency, the popularity of deposit accounts speaks to the importance of easily accessible cash when responding to financial shortfalls.⁶ In fact, checking and savings accounts were the most commonly selected resource among survey participants of all races, ages, and income levels, with the exception of people from households with incomes below \$25,000 a year, for whom borrowing money was the most frequent choice.⁷

8 in 10 said they would rely on money in checking and savings accounts for an unexpected need.

Figure 1

Most Americans Would Use the Money in Checking and Savings Accounts in a Financial Emergency

Percentage that say they would use various resources



Notes: Respondents were asked, "Imagine your household was in a situation where you needed to come up with money within a month for an unexpected need. What sources of money would your household use to come up with the money? Would you [yes/no]: use a checking or savings account; use a retirement savings account; borrow money from someone; receive money as a gift from someone; sell investments; sell something else you own; use a credit card or other line of credit; use a payday, auto title, or pawnshop loan; use some other source of money?" Respondents were randomly assigned to one of two question orders: Half were asked about the level of resources they have for an unexpected event before being asked the question above, and the other half were asked the above question first, and then asked about the level of resources. The responses reported above pool the two groups.

Source: Pew's Survey of American Family Finances

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41% of families do not have enough in liquid savings to pay for a \$2,000 expense.

Americans hold the financial resources listed in Figure 1 at different rates. For instance, 93 percent of households have a checking or savings account, but only 32 percent report owning investments. Naturally, people who do not have a resource do not report planning to use it for an unexpected expense. In most cases, measuring the proportion who said they would use a given resource including only those who report owning that asset results in a similar ordering to that shown for all respondents in Figure 1. However, among those who reported holding investments, 38 percent said they would sell investments as part of their strategy to pay for the unexpected expense compared with 19 percent of all respondents, making it a more common option among this group than borrowing money or selling belongings.

Strategies for Handling Financial Emergencies Differ by Income, Race, and Age

Most Americans said they would turn to the money in checking and savings accounts to cover the cost of a financial shock. However, when respondents were grouped by demographic characteristics, their preferred approaches showed significant variation. For example, slightly more than a third of Americans, generally, would borrow money from other people in the event of an emergency, but among Hispanic, African-American, and millennial (those ages 18 to 33) households, the figures jump to 50 percent, 44 percent, and 51 percent, respectively.[†] Conversely, although nearly half of Americans (49 percent) would turn to credit cards or other lines of credit, the rate was significantly lower for households with incomes under \$25,000 a year (32 percent) and black households (39 percent). And lower-income and younger respondents as well as those of color were significantly more likely than other groups to say they would use alternative financial products and services, such as payday, auto title, or pawnshop loans.[‡] Some African-American and Hispanic households and those with lower incomes cannot access traditional credit products such as credit cards and loans and, when faced with emergencies, may have few options other than alternative financial products.[§]

In contrast, older Americans and those at the top of the income ladder were much more likely to report liquidating assets or dipping into retirement accounts during tough times, possibly because they are more likely to have these accounts, to have had more time to amass savings in them, and to be at an age when withdrawal is not subject to penalty. For example, almost 1 in 3 with more than \$85,000 a year in income would liquidate investments compared with only 1 in 15 of those whose income is less than \$25,000 a year. And 36 percent of those in the silent generation would use retirement savings compared with 21 percent of Gen Xers and 18 percent of millennials. However, given the depth of the retirement savings gap, it may not be sound policy to encourage older households to raid these funds for short-term needs.[§]

* All ages reflect the time the Survey of American Family Finances was administered.

† Although, overall, a small percentage of households reported that they would turn to alternative financial products in the event of an emergency (9 percent), five times as many respondents at the bottom of the income distribution than at the top would do so (15 percent with incomes under \$25,000 a year versus 4 percent with incomes over \$85,000 a year); three times as many black and Hispanic households as white households would do so (18 and 19 percent, respectively, versus 6 percent); and four times as many young households as older households would do so (12 percent of millennials versus 3 percent of those in the silent generation).

‡ Christian E. Weller, "Credit Access, the Costs of Credit and Credit Market Discrimination," *The Review of Black Political Economy* 36, no. 1 (2009): 7-28, <http://dx.doi.org/10.1007/s12114-009-9034-6>; Marion Fourcade and Kieran Healy, "Classification Situations: Life-Chances in the Neoliberal Era," *Accounting, Organizations and Society* 38, no. 8 (2013): 559-572, <http://dx.doi.org/10.1016/j.aos.2013.11.002>.

§ The Pew Charitable Trusts, *Retirement Security Across Generations* (May 2013), http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2013/EMPRetirementv4051013finalFORWEBpdf.pdf. This study found that while older age cohorts would be able to replace 70 to 80 percent of preretirement income, younger cohorts are at risk of much lower replacement rates. The National Institute on Retirement Security estimates that the total U.S. retirement savings deficit is between \$6.8 trillion and \$14 trillion.

Many households, across various demographic groups, have very little savings or assets that they could use to cover an unexpected need

In its 2014 report *The Precarious State of Household Balance Sheets*, Pew's analysis of data from the 2013 Survey of Consumer Finances found low levels of savings in the population.⁸ The Survey of American Family Finances confirms that those findings hold true two years later.⁹ The total dollars households have in savings varies dramatically: The typical household has \$3,800 in liquid savings, but a quarter of households have more than \$17,000, and another quarter has less than \$400. The utility of any given level of savings will vary based on the characteristics and specific financial circumstances of an individual.

Examining families' savings relative to a typical emergency expense and their incomes indicates how much of a buffer those savings would provide in the event of various types of emergencies, with each approach providing a different, and generally sobering, measure of financial security: More than half of households (54 percent) could not replace one month's income using their liquid savings. Over a quarter of households do not have enough liquid savings to replace even one week of income.

The first brief in this series found that the typical household's most expensive financial shock cost \$2,000. Just 6 in 10 (59 percent) households had enough liquid savings to pay for an expense of this magnitude. Of those households with sufficient savings, paying for such an expense would leave many with few resources to meet ongoing obligations, potentially leading to adverse consequences. Of course, households that have financial assets, such as investments and retirement accounts, could also turn to those resources in the event of a shock.¹⁰

But if the median household used all of its financial assets—liquid savings, investments, and retirement savings—it would only have enough to replace roughly six months of income and would leave the family exposed in the short term and with no long-term savings.¹¹ And about a third (34 percent) of households have no financial assets beyond their liquid savings on which to draw.

Distinct differences exist in liquid savings and financial assets by income, race, and age

Not surprisingly, low-income households have lower levels of savings and overall financial assets than their middle- and upper-income counterparts do. The typical household with less than \$25,000 in income only has enough liquid savings to replace six days of household income, and one-quarter of these households have no liquid savings at all. (See Figure 2.) If the typical household in this income range were to convert all of its financial assets into cash, it would have the equivalent of just eight days' worth of its income, and a quarter of these households would have nothing.

Also not surprisingly, high-income households, or those with more than \$85,000 in income, have significantly more liquid savings and financial assets than lower-income households do: Almost 60 percent of those at the top of the income ladder can replace at least one month of income with liquid assets. But having high income does not guarantee a financial cushion: A quarter of high-income households have less than 13 days' worth of income in liquid savings and about five months' of income in financial assets.

In terms of liquid savings, financial insecurity is widespread but differs across the income distribution. Although both higher- and lower-income households are vulnerable to income loss, higher-income households are much more insulated against unexpected expenses by their liquid savings than are lower-income households: Eighty-seven percent of households with incomes over \$85,000 have sufficient liquid savings to cover a \$2,000 expense, compared with 22 percent of households with incomes under \$25,000.

With respect to sudden losses of income, however, higher- and lower-income households are similarly ill-prepared. At all income levels, liquid savings are far below recommended levels for most households. Obviously, households, particularly higher-income households, could have access to affordable credit products or the ability to convert longer-term investments into cash for an out-of-the-ordinary expense. But using these resources for short-term expenses is often expensive and involves delay.

How Much Money Do Americans Think They Could Raise for an Emergency?

Throughout this brief, Pew examines liquid savings and financial assets to measure a household's preparedness for financial emergencies. Many families also rely on other resources to weather financial shocks, such as credit cards, bank loans, help from friends and family, and alternative financial products, including payday or car title loans. To better understand households' perceptions of the totality of resources at their disposal, the Survey of American Family Finances supplements its account-based measure with an additional one that asks people how much money they could get from all sources.*

Tapping all available resources, the survey found that the median household could access \$3,000 in emergency resources within 30 days. Many survey participants appear to think that not all of their resources would necessarily be available: More than half had more in liquid savings than they said they could access in an emergency. This may be due, in part, to the fact that, for many households, much of their liquid savings are already committed to known or anticipated expenses as part of regular budgeting and therefore not available as emergency funds.†

Notably, respondents from households at the bottom of the income distribution are most likely to report that they could access more emergency resources than they hold in liquid savings and financial assets. This reflects both the low level of savings in these households and their willingness to rely on a wider set of sources, such as small-dollar credit and social networks, in a financial emergency.

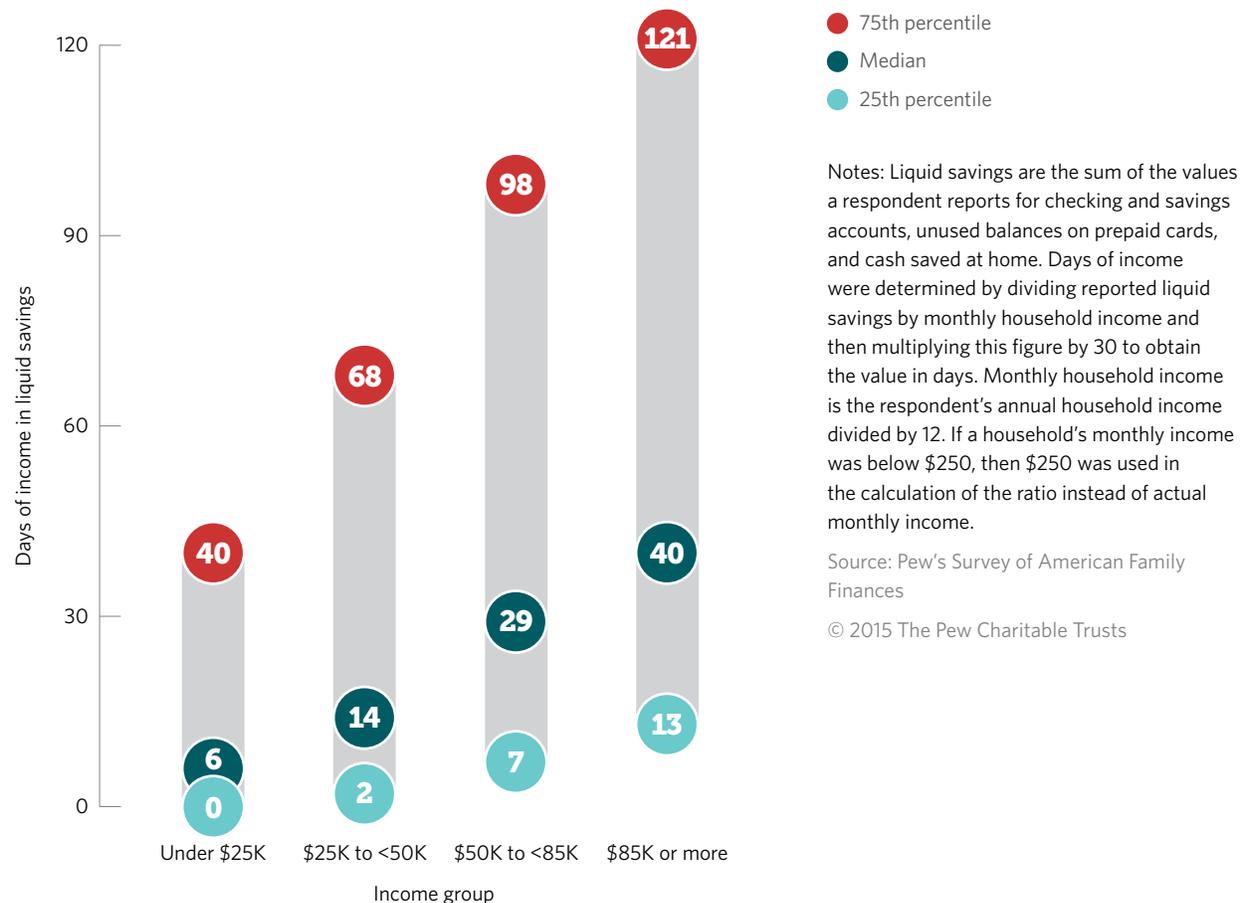
* Respondents were asked, "What is the most money you think your household could come up with in the next month if an unexpected need arose?" Respondents were randomized into two groups: Half were shown a list of resources prior to seeing this question, and half were shown the list after answering this question.

† Richard H. Thaler, "Mental Accounting Matters," *Journal of Behavioral Decision Making* 12, no. 3 (1999): 183-206.

Figure 2

Higher-Income Households Have More Savings, but Less Than Recommended

Days of household income held in liquid savings, by income group



Pronounced differences in savings and financial assets also are evident across racial and ethnic groups. For example, the typical white household has slightly more than one month's income in liquid savings, but typical Hispanic and black households have just 12 and five days' worth, respectively. (See Figure 3.)

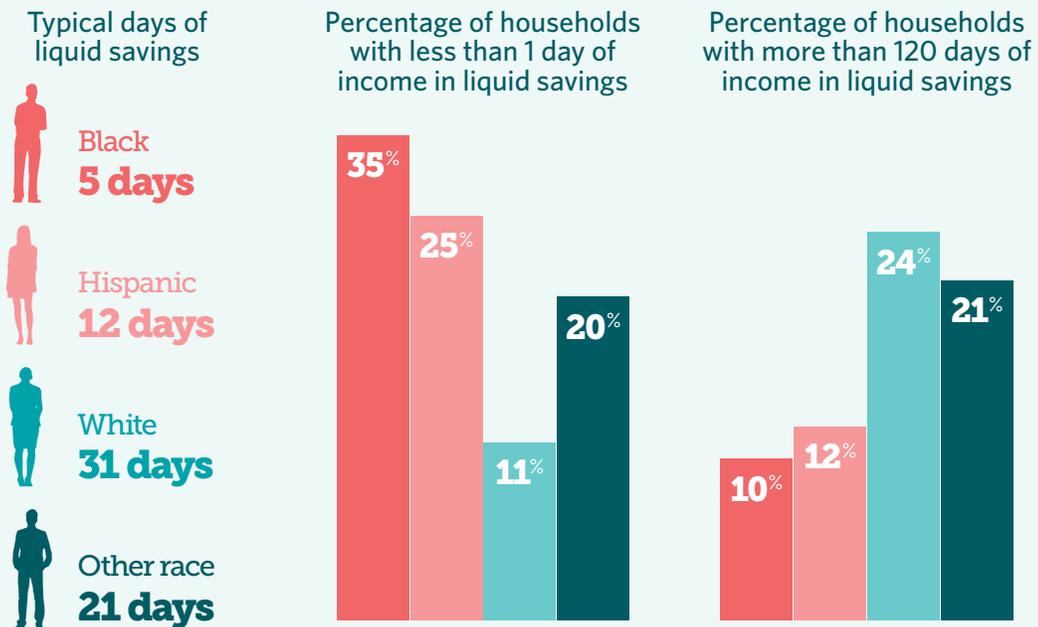
The same pattern exists when looking at racial differences in total financial assets: By liquidating all of its financial accounts, the typical white household could replace almost 10 months of income, while the typical Hispanic household could replace slightly more than one month, and the typical black household could replace only 23 days. A quarter of black households would have less than \$5 if they liquidated all of their financial assets.¹²

Not surprisingly, as members of a household age, their earning power increases and they tend to have higher levels of both liquid savings and financial assets. The silent generation and baby boomers, who have been earning the longest, are substantially more likely than Gen Xers or millennials to have sufficient liquid savings to cover a \$2,000 financial shock. The typical household in the silent generation has more than two months of income in liquid savings and close to 29 months in financial assets, while the median baby boomer household has a month in liquid savings and slightly more than a year in financial assets.

Figure 3

Whites Have Significantly More Liquid Savings Than Hispanics and African-Americans

Differences in days' worth of income and share of households with less than 1 and more than 120 days' worth, by race



Notes: Liquid savings are the sum of the values a respondent reports for checking and savings accounts, unused balances on prepaid cards, and cash saved at home. Days of income were determined by dividing reported liquid savings by monthly household income and then multiplying this figure by 30 to obtain the value in terms of days. Monthly household income is the respondent's annual household income divided by 12. If a household's monthly income was below \$250, then \$250 was used instead of monthly income in the calculation of the ratio.

Source: Pew's Survey of American Family Finances

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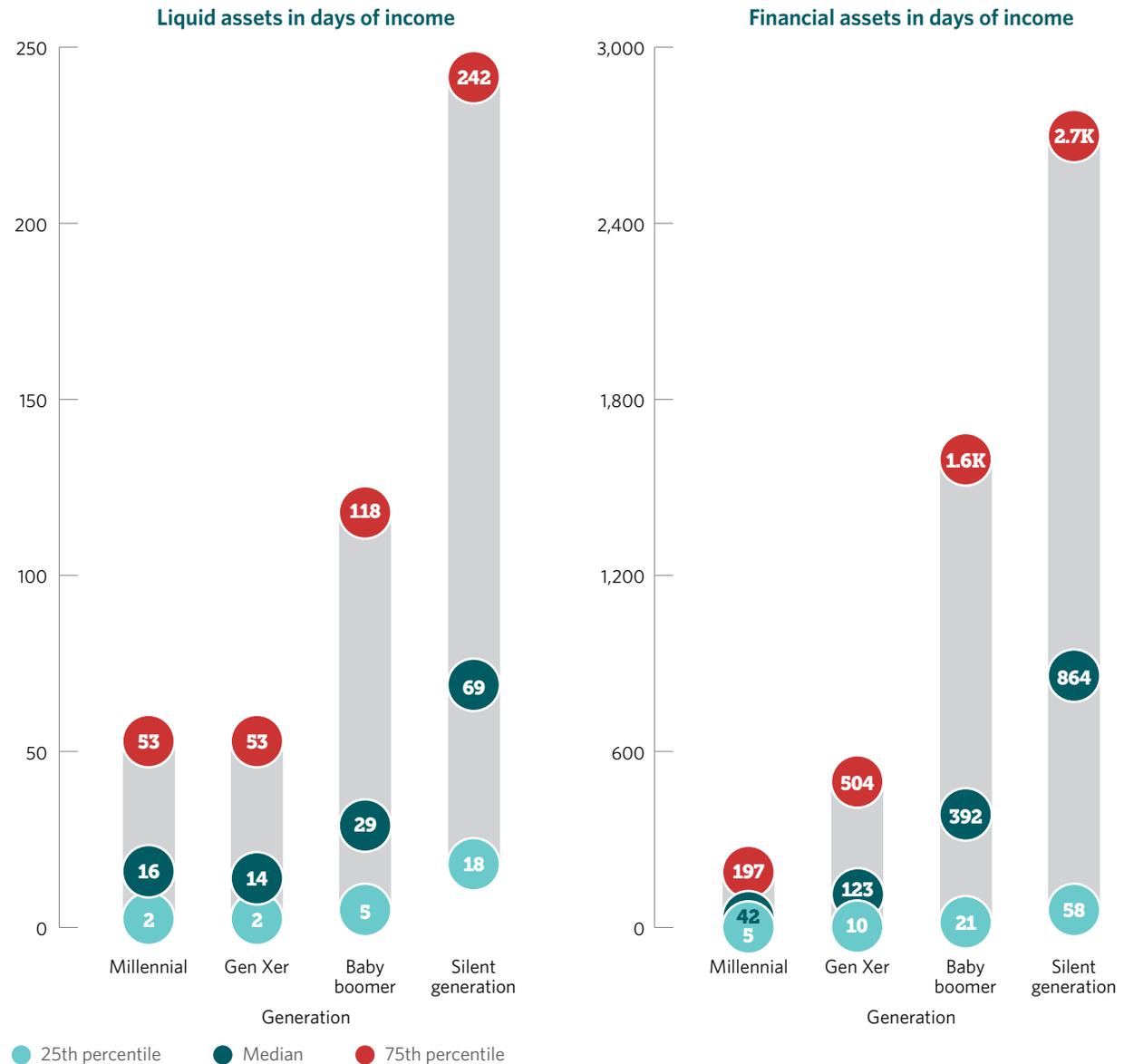
However, the total financial assets held are somewhat deceiving, because they include all retirement savings and investments and represent many of the assets that each generation will need for retirement. Given reduced earning capacity after age 65, a quarter of silent generation and baby boomer households have less than \$5,000 and \$1,700 in financial assets, respectively, and are at high risk of financial insecurity, even with the addition of Social Security income, as they leave the labor force. (See Figure 4.) These data may help explain why only 26 percent of Americans plan to stop working entirely in retirement.¹³

The emergency savings profiles of millennials and Gen Xers are markedly similar: In both groups, the median household has about half of one month's income in liquid savings.

Figure 4

Older Generations Have More Financial Assets but Are Nearer to Retirement

Millennials and Gen Xers have little liquid savings or financial assets



Notes: Liquid savings are the sum of the values a respondent reports for checking and savings accounts, unused balances on prepaid cards, and cash saved at home. Financial assets are the sum of liquid savings, investments, and retirement savings. Days of income were determined by dividing reported liquid savings by monthly household income and then multiplying this figure by 30 to obtain the value in terms of days. Monthly household income is the respondent's annual household income divided by 12. If a household's monthly income was below \$250, then \$250 was used instead of monthly income in the calculation of the ratio. Age cohorts are defined using thresholds from the Pew Research Center. At the time of the survey, millennials were ages 18 to 33, Gen Xers were ages 34 to 49, baby boomers were ages 50 to 68, and the silent generation was ages 69 to 86.

Source: Pew's Survey of American Family Finances

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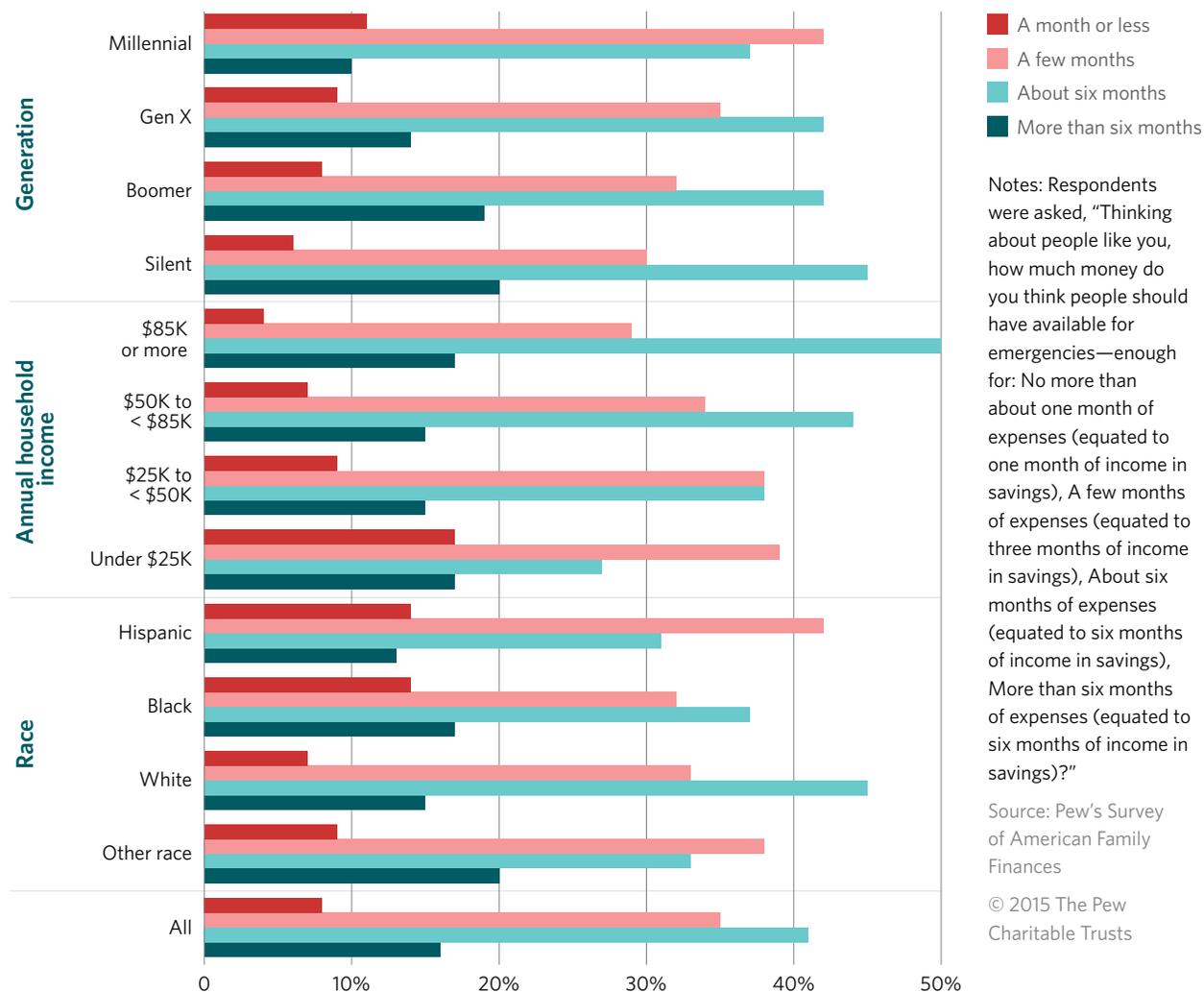
80% of respondents have lower savings than they think similar households should have

Although no universal standard exists for how much financial cushion a family should have and most financial professionals agree that any savings is better than none, many experts suggest that, to provide a reliable cushion, savings should equal three to six months of income and expenses.¹⁴ These recommendations are in line with the responses given by respondents to Pew’s survey when asked how much people like them should have available for emergencies.¹⁵ More than half of respondents (57 percent) said that “people like them” should have the equivalent of six months or more of expenses saved. (See Figure 5.) Just 9 percent of respondents said that a household should have “no more than about one month of expenses” saved. Overall, households of all types and at all income levels recommend having substantial levels of easily accessible savings.

Figure 5

Most Households Recommend 6 or More Months’ Worth of Emergency Savings

Levels of savings advised, by demographic group



Despite this advice, 8 in 10 households have less in liquid savings than they recommend for households like their own.¹⁶ The typical household would need to accumulate an additional \$9,365 in savings to achieve their own recommended level of savings.¹⁷ As noted above, only about 1 in 5 households saves at or above the level they advise.¹⁸ This widespread shortfall speaks both to a misapprehension of how much money it takes to replace three or six months of income and to the difficulties households face in accumulating savings. But this gap between what households acknowledge they need and what they are able to accrue and maintain also presents an opportunity for policy to help families align their goals with their realities. Most will not be able to close the \$9,365 savings gap quickly, if ever, but even incremental increases to liquid savings would make households more financially secure and better able to weather financial shocks.

Conclusion

No matter how household well-being is measured, most Americans today do not have enough savings to weather a financial shock, and they feel this vulnerability acutely: Respondents expressed a clear desire to save, but the reality for many households is that they have far less of a financial cushion than they want or need. Many forces combined to produce the low levels of saving in U.S. households, including choices that families make about their finances—such as when and how much to spend—the resources they have, and needs that can drain their accumulated savings.

The challenges that Americans face in building savings are made steeper by the fact that, as households use their savings to address unexpected expenses and losses of income, they then need to replenish those reserves. In fact, the first brief in this series found that, although it could not demonstrate that shocks caused financial hardship, households that have had a financial shock have median liquid savings that are almost \$4,000 below those that have not.¹⁹

These findings reveal that significant parts of the population are at financial risk, but they also present an opportunity for broad-based efforts to enable and support family saving. Strategic policy changes have the potential to enhance households' opportunity and incentives to build financial security. The next brief in this series will explore how Americans think about their savings and how insights into family finances can shape the creation of public policies and programs that can help households close their savings gaps.

Methodology

The data reported in this brief were collected in the Survey of American Family Finances conducted by The Pew Charitable Trusts.

The survey was administered to a nationally representative panel between Nov. 6 and Dec. 3, 2014. Including oversamples of black and Hispanic respondents, the total sample size was 7,845. Survey firm GfK collected the data on behalf of Pew and administered the computer-based questionnaire in English and Spanish.

All data reported in this brief were weighted. For clarity of analysis, respondents who chose not to answer a question were excluded from the statistics generated for that item. As is common in computer-based surveys, missing data were most common when respondents failed to answer something they felt did not apply to them, such as "other" in a list of questions. Overall, item nonresponse for the survey as a whole was 2.2 percent.

External reviewers

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Endnotes

- 1 The Pew Charitable Trusts, “The Precarious State of Family Balance Sheets” (January 2015), http://www.pewtrusts.org/-/media/Assets/2015/01/FSM_Balance_Sheet_Report.pdf.
- 2 The Pew Charitable Trusts, “Americans’ Financial Security: Perception and Reality” (March 2015), http://www.pewtrusts.org/-/media/Assets/2015/02/FSM-Poll-Results-Issue-Brief_ARTFINAL_v3.pdf.
- 3 Ibid.
- 4 Ibid.
- 5 Respondents to the Survey of American Family Finances were asked: “Imagine your household was in a situation where you needed to come up with money within a month for an unexpected need. What sources of money would your household use to come up with the money? Would you [yes/no]: use a checking or savings account; use a retirement savings account; borrow money from someone; receive money as a gift from someone; sell investments; sell something else you own; use a credit card or other line of credit; use a payday, auto-title, or pawn shop loan; use some other source of money?” Prior to this question, half of respondents, selected at random, were asked if they could find resources for an unexpected expense of \$2,000 and the most they could come up with in 30 days for an unexpected expense. The two groups were similar on sources cited, but those shown the list of resources first were more likely to identify credit cards as a resource than those shown the list after the questions.
- 6 The survey did not ask respondents to rank the order in which they would turn to their selected resources.
- 7 In this brief, low-income households are those with less than \$25,000 a year in income. In an emergency, 53 percent of low-income households would borrow money while 51 percent would use checking and savings accounts.
- 8 The Pew Charitable Trusts, “The Precarious State of Family Balance Sheets.”
- 9 Households may not be able to afford to use all or even some of their liquid savings for an unexpected expense; the monies may be earmarked for specific uses and upcoming expenses. Still, for most households this money is a first line of financial defense. Using financial assets might involve fees, penalties, or taxes, but these assets can be converted to cash faster and more reliably than other property.
- 10 Relative to checking and savings accounts, few households have investments and retirement savings to fall back on. Only about a third of households have investments, and 62 percent report having a retirement account.
- 11 In the report “The Precarious State of Family Balance Sheets,” Pew examined the typical household in the middle of the income distribution and found that the household could replace about four months of income using all of its financial assets. In the current brief, Pew looked at the typical household across the whole of the income distribution and found that the typical family could replace about almost six months of income using financial assets. Constructed using identical methods, the 2013 Survey of Consumer Finances’ median household could replace 4.8 months with financial assets, compared with 5.8 months in the Survey of American Family Finances. The

data used in these two releases were collected more than a year apart and at different times of the year. The two surveys use different modes of data collection, item structures, and questions.

- 12 Twenty-four percent of African-American households have no liquid savings or financial assets, according to the Survey of American Family Finances. About 20 percent of African-American households are unbanked, holding neither a checking nor a savings account. Households that transact primarily in cash may hold some resources that fall outside the scope of the survey question about the amount of “cash saved at home.” Nevertheless, the survey reveals a large proportion of households whose financial cushions are vanishingly small.
- 13 The Pew Charitable Trusts, “Americans’ Financial Security.”
- 14 Reid Cramer, Justin King, and Elliot Schreur, “Flexible Savings: The Missing Foundation for Financial Security and Economic Mobility,” New America Foundation (May 2015), <https://static.newamerica.org/attachments/3034-flexible-savings/Flexible%20Savings%20Asset%20Building.78a8b5f805794bc5a196154ea33dc65c.pdf>.
- 15 Respondents were asked, “Thinking about people like you, how much money do you think people should have available for emergencies—enough for: No more than one month of expenses, A few months of expenses, About six months of expenses, More than six months of expenses.”
- 16 The measure of liquid savings relative to household desire was calculated as follows. A household was denoted as having met its recommendation if its liquid savings were greater than or equal to the magnitude of the recommendation in months of income. Respondents who advised one month were assessed relative to one month of income. Respondents who advised a few months were assessed relative to three months of income. Respondents who advised six months or more were assessed relative to six months of income.
- 17 Among respondents who fell short of their recommendation for savings. Respondents whose savings levels were greater than or equal to their advised levels were treated as having a shortfall of zero dollars.
- 18 Some households may store emergency savings in relatively illiquid accounts or products such as investments. The data from the survey are not granular enough to distinguish relatively liquid from relatively illiquid investments, so this approach examines liquid resources that are highly likely to be available to households in a time of urgent need.
- 19 The Pew Charitable Trusts, “The Role of Emergency Savings in Family Financial Security: How Do Families Cope With Financial Shocks?” (October 2015), <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2015/10/the-role-of-emergency-savings-in-family-financial-security-how-do-families>.

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