Economic Well-Being of U.S. Households in 2023

Fact Sheet

The *Economic Well-Being of U.S. Households in 2023* report examines the financial lives of U.S. adults and their families. The report draws from the 11th annual Survey of Household Economics and Decisionmaking (SHED), which was conducted in October 2023. The report, downloadable data, data visualizations, and a video summarizing the survey's findings are found here.

Results from the survey indicate that people's overall financial well-being was similar to that in the previous year but below the high reached in 2021. The 2023 survey found self-reported financial well-being was nearly unchanged from 2022, as was the share who would pay for an unexpected $400 expense using cash or its equivalent. It also shows that many adults continued to indicate that higher prices were a challenge, though measures of the labor market in the survey such as starting a new job remained strong. Key findings from the report about how people were faring financially in 2023 are below.

Overall Financial Well-Being

- The 72 percent of adults doing at least okay financially was similar to the 73 percent in 2022 yet remained well below the recent high of 78 percent in 2021.
- Financial well-being was generally unchanged from 2022 for most population segments. One notable exception was parents living with their children under age 18, where the share doing at least okay financially fell 5 percentage points from 2022.
- Inflation continued to be the top financial concern, despite the inflation rate falling over the prior year.

Income

- Many people experienced a change in their family's monthly income and spending from a year earlier. Thirty-four percent of adults said their family's monthly income increased in 2023 compared with the prior year, while a higher 38 percent said their monthly spending increased.
- Forty-eight percent of adults reported spending less than their income in the month before the survey. The share of adults who saved money in the month before the survey was similar to the share in 2022 but down from highs in 2020 and 2021, and below pre-pandemic levels.

Employment

- The rates at which workers started new jobs, applied for new jobs, and received pay raises were similar to 2022. For example, the share of adults who received a raise and the share who asked for a raise were unchanged at 33 percent and 13 percent, respectively. Yet, reflecting the continued strength of the labor market, rates of starting new jobs and pay raises remained above 2021 levels.
- About 4 in 10 single working parents of a younger child (under age 13) used paid childcare, as did a similar share of parents living with a spouse/partner where both parents worked.
- Childcare costs can be significant for parents. The median monthly amount that parents using paid care paid for childcare was $800. For those who paid for 20 or more hours of childcare each week, the median cost was $1,100.

Expenses

- Sixty-three percent of adults said they would cover a hypothetical $400 emergency expense exclusively using cash or its equivalent, unchanged from 2022 but down from a high of 68 percent in 2021.

- Sixty-five percent of adults said that changes in the prices they paid compared with the prior year had made their financial situation worse, including 19 percent who said price changes had made their financial situation much worse. In contrast, 4 percent of adults said that price changes compared with last year had made their financial situation better, while 31 percent said price changes had little to no effect on their financial situation.

Banking and Credit

- While 94 percent of adults had a bank account, notable differences remain by income, age, race, ethnicity, and disability status. For example, nearly all adults with incomes of at least $100,000 had a bank account, compared with 77 percent among adults with incomes less than $25,000.
- The share of adults who applied for credit has been nearly unchanged in recent years. Yet, among adults who applied for credit, the share who were denied credit or approved for less credit than they requested was up 2 percentage points from 2022 and up 5 percentage points from 2021.
- Fourteen percent of adults used Buy Now, Pay Later (BNPL) in the prior 12 months, up 2 percentage points from 2022. The top two reasons for using BNPL were wanting to spread out payments (87 percent) and for convenience (82 percent). Additionally, over half of BNPL users said it was the only way they could afford their purchase.

Housing

- Challenges paying rent increased in 2023. The median monthly rent payment was $1,100 in 2023, up 10 percent from 2022. In addition, 19 percent of renters reported being behind on their rent at some point in the past year, up 2 percentage points from 2022.
- Nineteen percent of adults said they were affected financially by a natural disaster in the prior year, including 7 percent who were moderately or severely affected.
- At least 4 percent of homeowners did not have homeowners insurance. This share was much higher among certain populations. For example, more than 2 in 10 homeowners living in the South with an income less than $50,000 did not have homeowners insurance.

Higher Education and Student Loans

- Education was largely seen as a path to higher income and greater financial well-being. Most adults who completed a bachelor's degree or higher said it was worth the cost, but few who started an educational degree program after high school and did not complete at least an associate degree thought the same.
- Following the restart of federal student loan payments in the fall of 2023, the share of student loan borrowers who were required to make payments returned back to pre-pandemic levels.

Retirement and Investments

- Progress toward retirement savings goals improved slightly in 2023. Thirty-four percent of non-retirees thought their retirement savings plan was on track, up from 31 percent in 2022, but down from 40 percent in 2021.
- Eighty percent of retirees said they were doing at least okay financially—a higher share than for U.S. adults overall.
- Forty-five percent of adults said they were mostly or very comfortable choosing and managing their investments, while 55 percent of adults said they were not comfortable or only slightly comfortable.