

■ JUNE 2021

PYMNTS.com

 LendingClub

# REALITY CHECK:

## THE PAYCHECK-TO-PAYCHECK REPORT

THE IMPACTS OF A CHANGING ECONOMY



**Reality Check: The Paycheck-To-Paycheck Report, a PYMNTS and LendingClub collaboration,** seeks to provide a full and accurate picture of consumer finances in the U.S. today. The report is part of a monthly series based on surveys of approximately 29,000 U.S. consumers conducted between March 2020 and May 2021.

## TABLE OF CONTENTS

Introduction .....	02
<b>PART I:</b> An overview of the paycheck-to-paycheck landscape .....	03
<b>PART II:</b> The impact of an eventful year .....	07
<b>PART III:</b> Generational and family matters .....	11
Conclusion .....	15
Methodology .....	16

# INTRODUCTION

**L**iving paycheck to paycheck sometimes carries connotations of barely scraping by and of poverty. The reality of a paycheck-to-paycheck lifestyle in the United States today is much more complex, and the current economic environment has made it even more complicated.

Consumers can have good incomes and college degrees and still have little money left over after spending their regular earnings. A majority of Americans (54 percent) live paycheck to paycheck, in fact, including 53 percent of consumers who earn \$50,000 to \$100,000 per year.

These are among the surprising findings to emerge from Reality Check: The Paycheck-To-Paycheck Report, conducted by PYMNTS in collaboration with LendingClub. This research series documents the reality of U.S. consumers' finances in today's dynamic economy.

The fact that so many Americans are living on very constrained budgets may have less to do with the income side of the household ledger and more to do with the expense side. Consider the example of a 35-year-old with a college degree: This graduate could easily be earning more than \$100,000 yet have expenses — such as a mortgage,

student loan debt and a child — that could leave little money for major purchases or unanticipated events.

Pandemic-induced job losses have compounded these complexities, but the government has provided a crucial source of support for consumers and businesses via stimulus funds. The economy is restabilizing with new characteristics, and more consumers are likely to turn to part-time or gig work, which both come with their own unique financial challenges and opportunities.

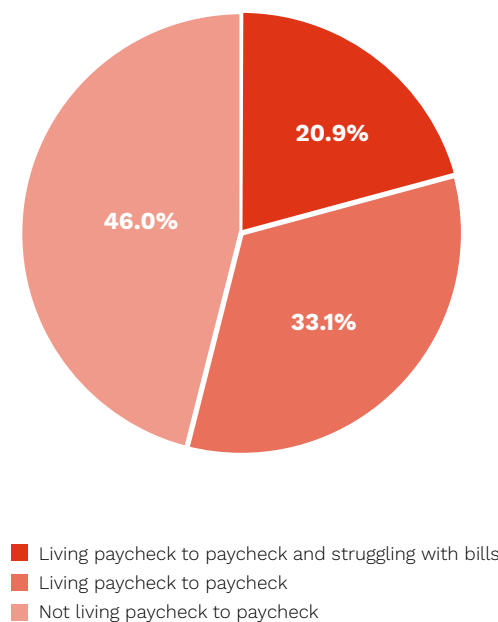
In this edition, The Impacts Of A Changing Economy, we provide an overview of PYMNTS' research and explore some key demographic dimensions of the paycheck-to-paycheck phenomenon. The series draws on insights from periodic surveys of nearly 29,000 U.S. consumers conducted between March 2020 and May 2021. Here are the headlines from our research.

**PART I:**  
AN OVERVIEW OF THE PAYCHECK-TO-PAYCHECK LANDSCAPE

**Living paycheck to paycheck is a reality for a majority of U.S. consumers.**

Our research shows that 54 percent of consumers in the U.S. have little or no money left over after spending their earnings. This means 125 million U.S. adults are currently living paycheck to paycheck. A key distinction separates this massive population into two groups, however: whether consumers are typically able to pay their bills easily. Just over 60 percent of the paycheck-to-paycheck population is able to pay their bills comfortably, while close to 40 percent struggle to keep up.

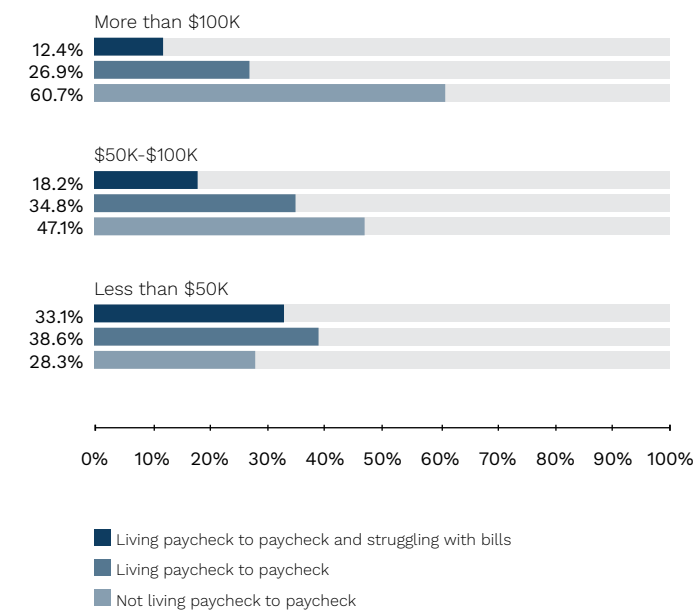
**FIGURE 1:**  
**PAYCHECK-TO-PAYCHECK STATUS**  
Distribution of consumers among three financial personas



It may come as no surprise that income is a factor influencing which camp paycheck-to-paycheck consumers are in. Those who earn less are more likely to live paycheck to paycheck and struggle. Our research also shows that consumers across income brackets are in this predicament. Our data shows that 53 percent of consumers who make between \$50,000 and \$100,000 per year are living paycheck to paycheck, including 18 percent who struggle to pay their bills.

Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

**FIGURE 2:**  
**PAYCHECK-TO-PAYCHECK STATUS, BY INCOME**  
Share of consumers representing each financial persona in select income brackets



Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

These shares are greater for those in our study's lowest income bracket. Seventy-two percent of those who make less than \$50,000 live paycheck to paycheck, and 33 percent additionally struggle to pay their bills. Even a considerable share of more affluent consumers are living on tight budgets: 39 percent of consumers with incomes over \$100,000 live paycheck to paycheck, and 12 percent have difficulty paying their bills.

**WHAT DOES IT MEAN TO LIVE PAYCHECK TO PAYCHECK?**

**OUR STUDY DIVIDES CONSUMERS INTO THREE GROUPS.**

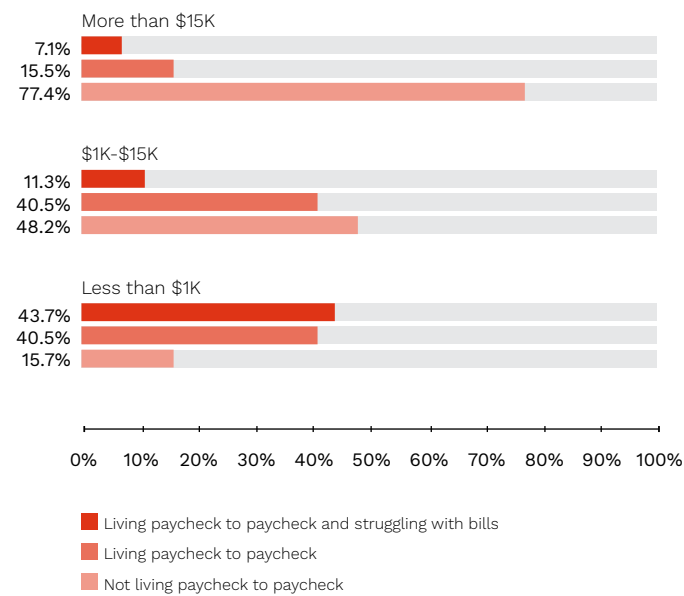
- NOT LIVING PAYCHECK TO PAYCHECK:**  
THESE CONSUMERS ARE NOT CONCERNED ABOUT HAVING ENOUGH MONEY TO COVER THEIR BILLS EACH MONTH.
- LIVING PAYCHECK TO PAYCHECK:**  
CONSUMERS IN THIS GROUP MANAGE TO PAY THEIR MONTHLY BILLS BUT HAVE LITTLE LEFT OVER.
- LIVING PAYCHECK TO PAYCHECK AND STRUGGLING WITH BILLS:**  
THESE CONSUMERS FIND IT DIFFICULT TO PAY THEIR BILLS EACH MONTH.

**PART I:**  
AN OVERVIEW OF THE PAYCHECK-TO-PAYCHECK LANDSCAPE

**Many American consumers are not saving enough to escape living paycheck to paycheck.**

Having savings inherently mitigates paycheck-to-paycheck challenges, ensuring consumers have resources for large, unexpected or discretionary purchases. Most Americans have limited savings, however: 70 percent of consumers have less than \$15,000 in savings, and one-third of all consumers have less than \$1,000. This modest financial cushion helps explain why such a large portion of the population lives paycheck to paycheck.

**FIGURE 3:**  
**PAYCHECK-TO-PAYCHECK STATUS AND SAVINGS**  
Share representing each financial persona who have select savings amounts



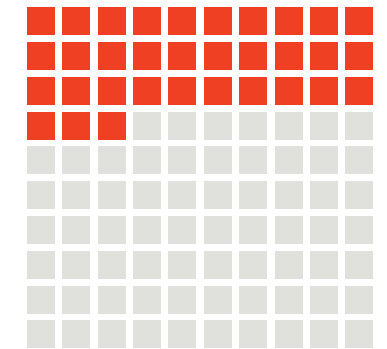
Fifty-two percent of consumers who have savings of between \$1,000 and \$15,000 live paycheck to paycheck, including 11 percent who have difficulty paying bills. Looking at the upper and lower ends of the savings spectrum reveals the effect that savings have on consumers' paycheck-to-paycheck statuses. Eighty-four percent of those with less than \$1,000 in savings live paycheck to paycheck, and more than half of them struggle to pay their bills. Conversely, 23 percent of consumers who have more than \$15,000 in savings live paycheck to paycheck, and just 7 percent find it difficult to keep up with their bills.

These findings underscore a wider theme in our research: One can have a good chunk of money in the bank as well as a good salary and still struggle to make ends meet.

Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

**33%**

OF CONSUMERS HAVE LESS THAN \$1,000 IN SAVINGS.



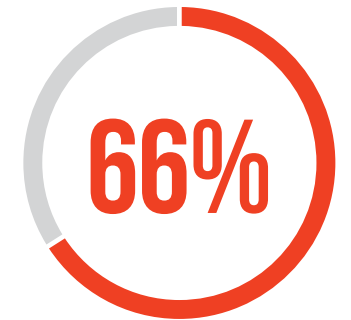
**PART II:**  
THE IMPACT OF AN EVENTFUL YEAR

**Government stimulus payments were successful at mitigating paycheck-to-paycheck consumers' financial strains and bolstering their savings.**

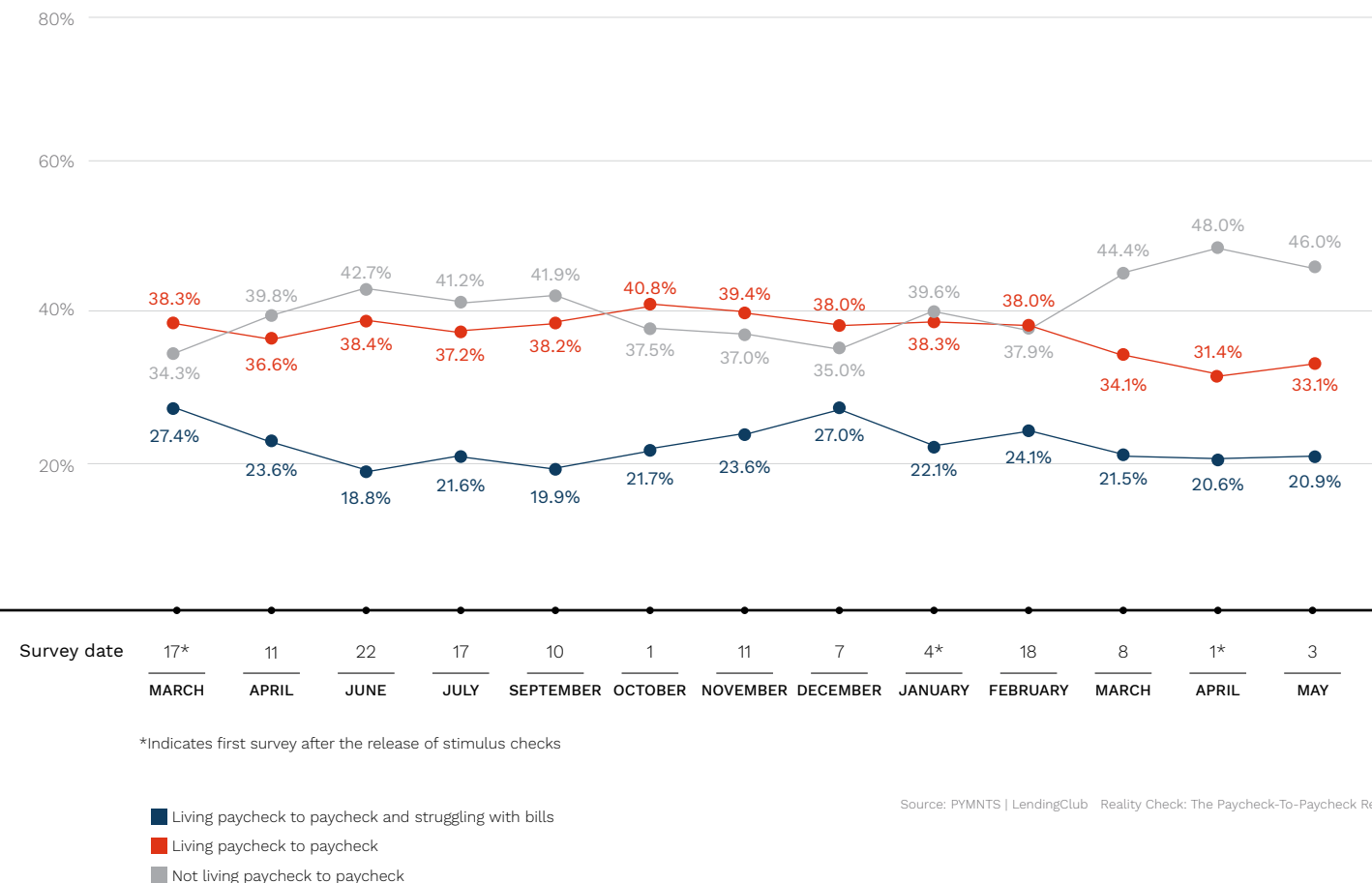
Consumers' finances were a complicated affair before March 2020, and the pandemic and its aftermath have made them much more complex, impacting both household income and expenses. The pandemic caused substantial job losses across entire sectors — including retail, dining and hospitality — but new income sources, such as government stimulus funding and gig jobs, offset some of these adverse impacts. Demand has increased for household goods, well-functioning computers and connected devices, while it has declined for travel and eating out.

We have spent the past 14 months tracking these trends and how they have affected consumers' finances — specifically consumers who live paycheck to paycheck. Our research reveals how the pandemic had an unlikely impact on these consumers, with stimulus funding appearing to offset negative economic impacts. The share of consumers living paycheck to paycheck was at its highest point — 66 percent — in late March 2020, shortly after the start of the pandemic. This declined sharply after the first round of stimulus funding in the spring of 2020. It then rose in the fall and declined sharply again after another round of payments in early 2021, falling 20 percent between early December 2020 and April 2021.

Sixty-six percent of consumers lived paycheck to paycheck in late March 2020, before the first round of stimulus payments.



**FIGURE 4:**  
**PAYCHECK-TO-PAYCHECK STATUS OVER TIME**  
Distribution of paycheck-to-paycheck personas, March 2020 to May 2021

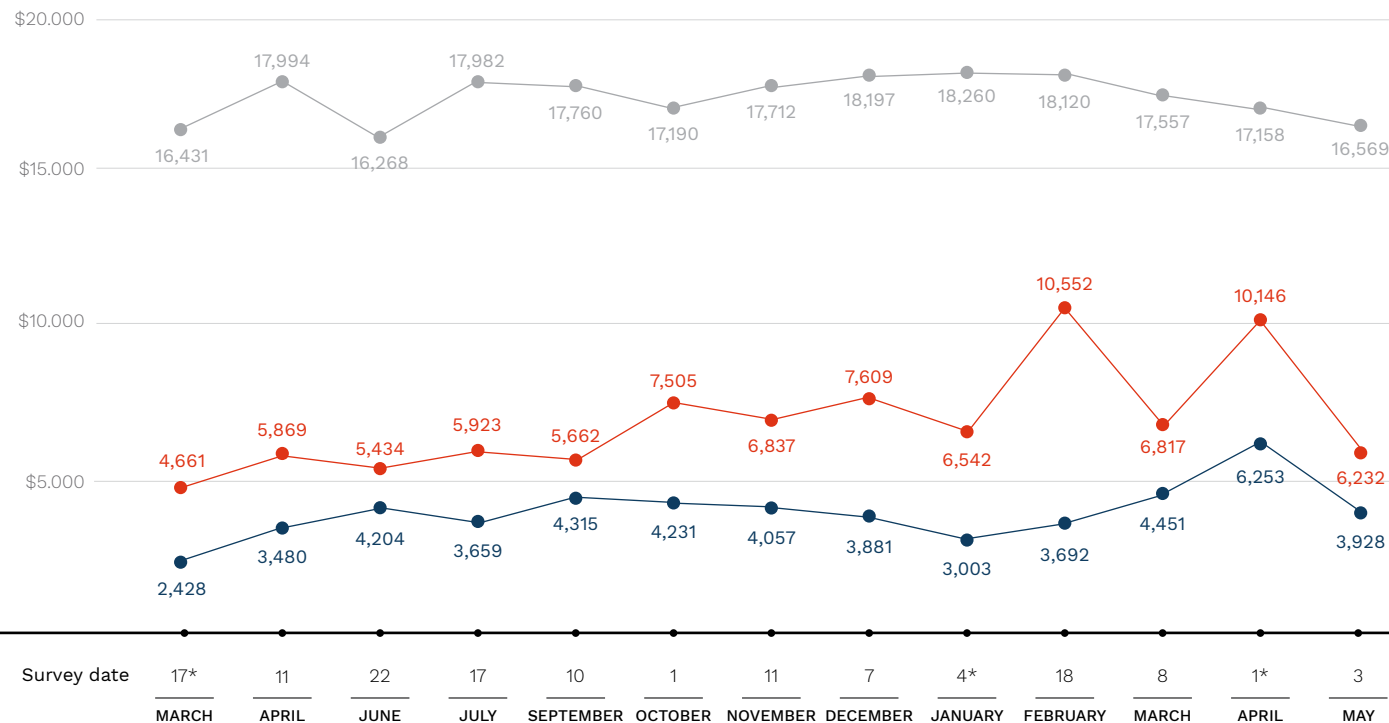


Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

# THE AVERAGE SAVINGS OF STRUGGLING PAYCHECK-TO-PAYCHECK WORKERS WAS **\$6,200** AS OF APRIL 2021 — **A NEARLY THREEFOLD INCREASE** FROM MARCH 2020.

**FIGURE 5:**  
**SAVINGS AMOUNTS OVER TIME**

Average savings for paycheck-to-paycheck personas March 2020 to May 2021



\*Indicates first survey after the release of stimulus checks

- Living paycheck to paycheck and struggling with bills
- Living paycheck to paycheck
- Not living paycheck to paycheck

Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

Paycheck-to-paycheck consumers did not simply splurge if they received additional sources of income over the past year, however: Many of them saved these extra funds. The average savings of struggling paycheck-to-paycheck consumers increased nearly threefold over the past year, rising from \$2,400 in March 2020 to \$6,200 in April 2021. Paycheck-to-paycheck consumers who do not struggle with bills also considerably bolstered their savings: Their average savings more than doubled, going from \$4,700 in March 2020 to \$10,100 in April 2021.

Average savings amounts for those who do not live paycheck to paycheck largely held steady over the past 12 months at around \$16,500.

Savings levels for paycheck-to-paycheck consumers recently declined sharply, dropping by approximately 40 percent between April and May 3. This could indicate that this group feels comfortable opening their wallets again as businesses fully reopen and conditions steadily normalize. Time will tell if these trends hold.

There are some ways in which our findings dispel another myth surrounding paycheck-to-paycheck consumers: that they will spend money as soon as they get it, even frivolously. Our data indicates these consumers' primary impulse over the past year was instead one of financial responsibility, with many tucking funds away during a time of uncertainty.

**PART III:**  
GENERATIONAL AND FAMILY MATTERS

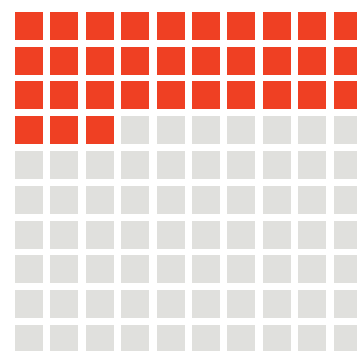
**70 percent of millennials live paycheck to paycheck — a larger share than any other generation.**

One of the main themes to emerge from our research is that living paycheck to paycheck reflects consumers' economic needs and wants as much as — if not more than — their incomes or levels of wealth. Our research reveals that age and family statuses each play large roles in how consumers are making ends meet.

Millennials — especially older ones — are collectively at important stages of their lives. They may be starting families or taking on their first major purchases, such as homes and new vehicles, but they may also be less advanced in their careers than their older counterparts.

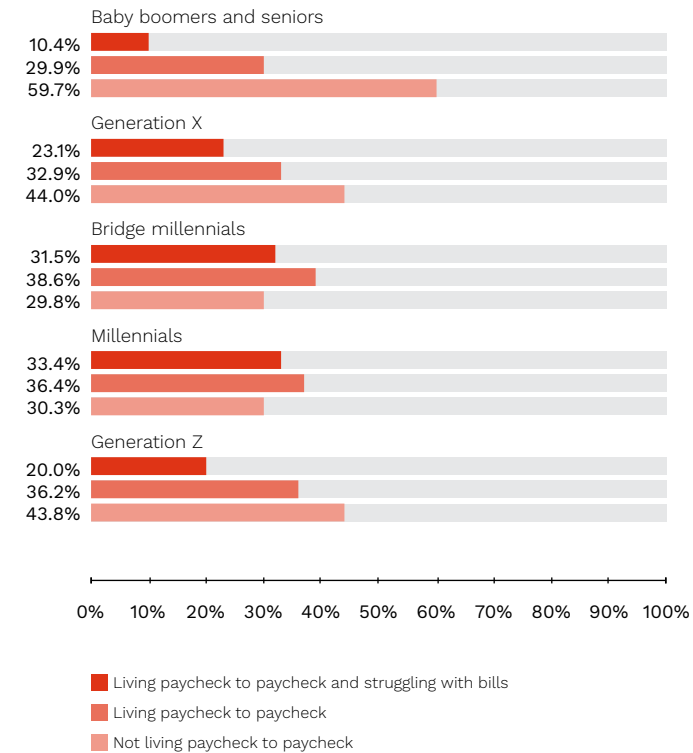
**33%**

**OF MILLENNIALS  
LIVE PAYCHECK TO PAYCHECK  
AND STRUGGLE  
TO PAY THEIR BILLS.**



**FIGURE 6:**  
**PAYCHECK-TO-PAYCHECK STATUS AND GENERATION**

Share within each demographic that belong to the three financial personas



Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report



Ten percent of baby boomers and seniors live paycheck to paycheck and struggle to pay their bills.

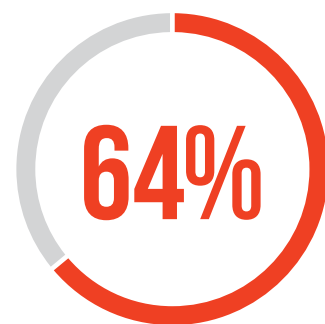
These circumstances may help explain why millennials make up the largest share of consumers who live paycheck to paycheck: 70 percent are in this situation, and 33 percent struggle to pay their bills. The same pattern is found among bridge millennials — those 33 to 42 years old. Seventy percent this group live paycheck to paycheck, and 32 percent struggle to pay their bills.

Baby boomers and seniors are the least likely generation to live paycheck to paycheck: Just 40 percent fall into this category, and only 10 percent have difficulties paying their bills.

**PART III:**  
GENERATIONAL AND FAMILY MATTERS

**Having children compounds financial strains:  
Those with kids in their households are 36 percent more  
likely to live paycheck to paycheck than those without.**

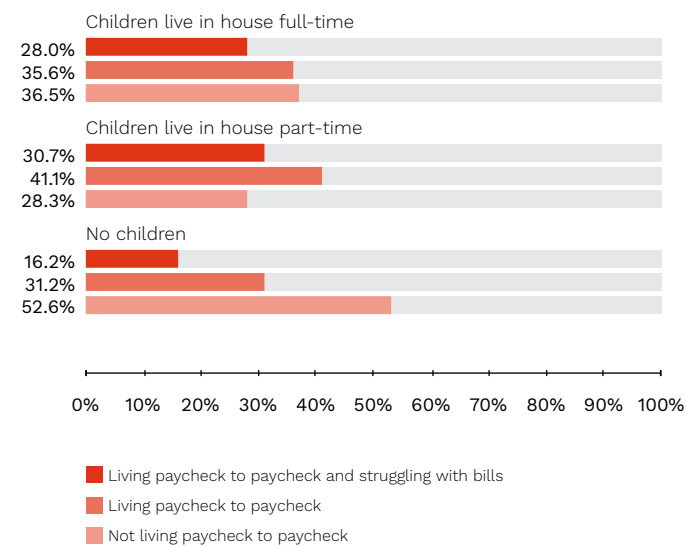
Having children corresponds with a greater likelihood of living paycheck to paycheck — an understandable factor considering the many expenses raising children can entail, including setting aside money for college. Sixty-four percent of those living with children full-time also live paycheck to paycheck, and 28 percent who do so struggle to pay their bills. Only 47 percent of respondents who do not live with children live paycheck to paycheck, including 16 percent who have find it difficult to pay their regular expenses.



Sixty-four percent of those who have children that live with them full-time live paycheck to paycheck.

**FIGURE 7:**  
**PAYCHECK-TO-PAYCHECK STATUS AND LIVING WITH CHILDREN**

Share of consumers living with children who belong to the three financial personas



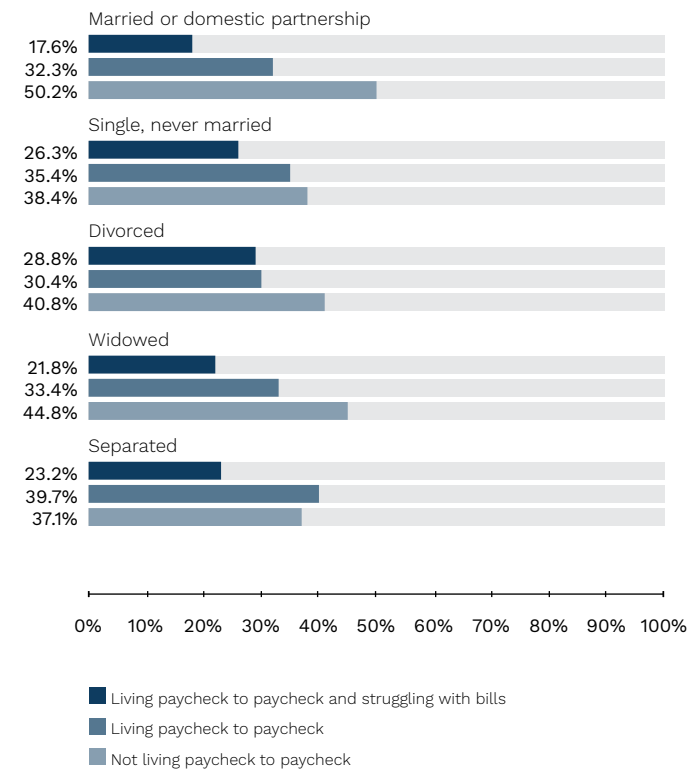
Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

**18%**

**OF MARRIED COUPLES  
OR THOSE IN DOMESTIC PARTNERSHIPS  
LIVE PAYCHECK TO PAYCHECK  
AND HAVE DIFFICULTY PAYING BILLS.**

**FIGURE 8:**  
**LIVING PAYCHECK TO PAYCHECK AND MARITAL STATUS**

Share within each household type who belong to the three financial personas



Source: PYMNTS | LendingClub Reality Check: The Paycheck-To-Paycheck Report

Being married or in a domestic partnership has a countervailing effect — a circumstance that reflects the possible benefits of having two incomes. Half of cohabitating couples live paycheck to paycheck, compared to 62 percent of those who are single and have never been married. Other differences in relationship statuses, such as whether one has never been married or is divorced, seem to have little bearing on whether one lives paycheck to paycheck.



# CONCLUSION

**L**iving paycheck to paycheck does not mean the same thing it once did. Having little money left over after one's regular expenses is a common situation for a majority of American consumers — even those with higher-than-average salaries. The pandemic and its aftermath, including everything from job losses and stimulus funding to shifting household budget priorities, have compounded some of the complexities of balancing finances. These circumstances suggest that the need for affordable financing tools will grow in the months and years ahead as new challenges and opportunities emerge. Such tools may be vital in helping consumers cover the expenses that can arise as part of daily life or to make the investments necessary to adapt in a changing economy.

**REALITY CHECK:**  
THE  
PAYCHECK-TO-PAYCHECK REPORT

PYMNTS.com

 **LendingClub**

## METHODOLOGY

---

Reality Check: The Paycheck-To-Paycheck Report is based on census-balanced surveys of 28,635 U.S. consumers conducted between March 17, 2020, and May 3, 2021, as well as an analysis of other economic data. The most recent survey was based on a census-balanced panel of 2,467 consumers.

# ABOUT

---

DISCLAIMER ■

## PYMNTS.com

**PYMNTS.com** is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

## LendingClub

LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. It is the only digital marketplace bank, and the first public U.S. neobank. Members can gain access to a broad range of financial products and services through a technology-driven platform, designed to help them pay less when borrowing and earn more when saving. Since 2007, more than 3 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit [www.lendingclub.com](http://www.lendingclub.com).

Reality Check: The Paycheck-To-Paycheck Report may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

---

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at [feedback@pymnts.com](mailto:feedback@pymnts.com).