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LendingClub

REALITY CHECK:

THE PAYCHECK-TO-PAYCHECK REPORT



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 7,116 U.S. consumers conducted through Q2 2021.

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INTRODUCTION

Tanya and Jeremy Wells went to college later in life. The married couple both graduated in 2017, when they were each in their late thirties. They had intentionally delayed their college educations to boost their earning potential before taking on the financial burden of student loans, but the plan came with its own set of financial difficulties. Tanya and Jeremy now find themselves struggling to pay off their \$275,000 in outstanding student debt while saving enough for both their retirements and their two teenage children's college educations.¹

It might seem rare for consumers to put off college until they earn enough to feel comfortable paying it off, but this financial situation is not unique. Tanya and Jeremy are two of roughly 29 million “bridge millennials” from across the United States who now find themselves living paycheck to paycheck. Bridge millennials — consumers born between 1978 and 1988 who “bridge” the gap between older millennials and younger Generation X consumers — are all at a stage in their lives when they are taking on several major financial obligations at once, which can include student debt, mortgages, their children's college funds and beyond.

Tackling many financial responsibilities at once is always tricky, but doing so can be particularly difficult in the Northeast region of the United States, where the cost of living is relatively high. Bridge millennials living in the Northeast region of the United States are 20 percent likelier to be living paycheck to paycheck than those in the

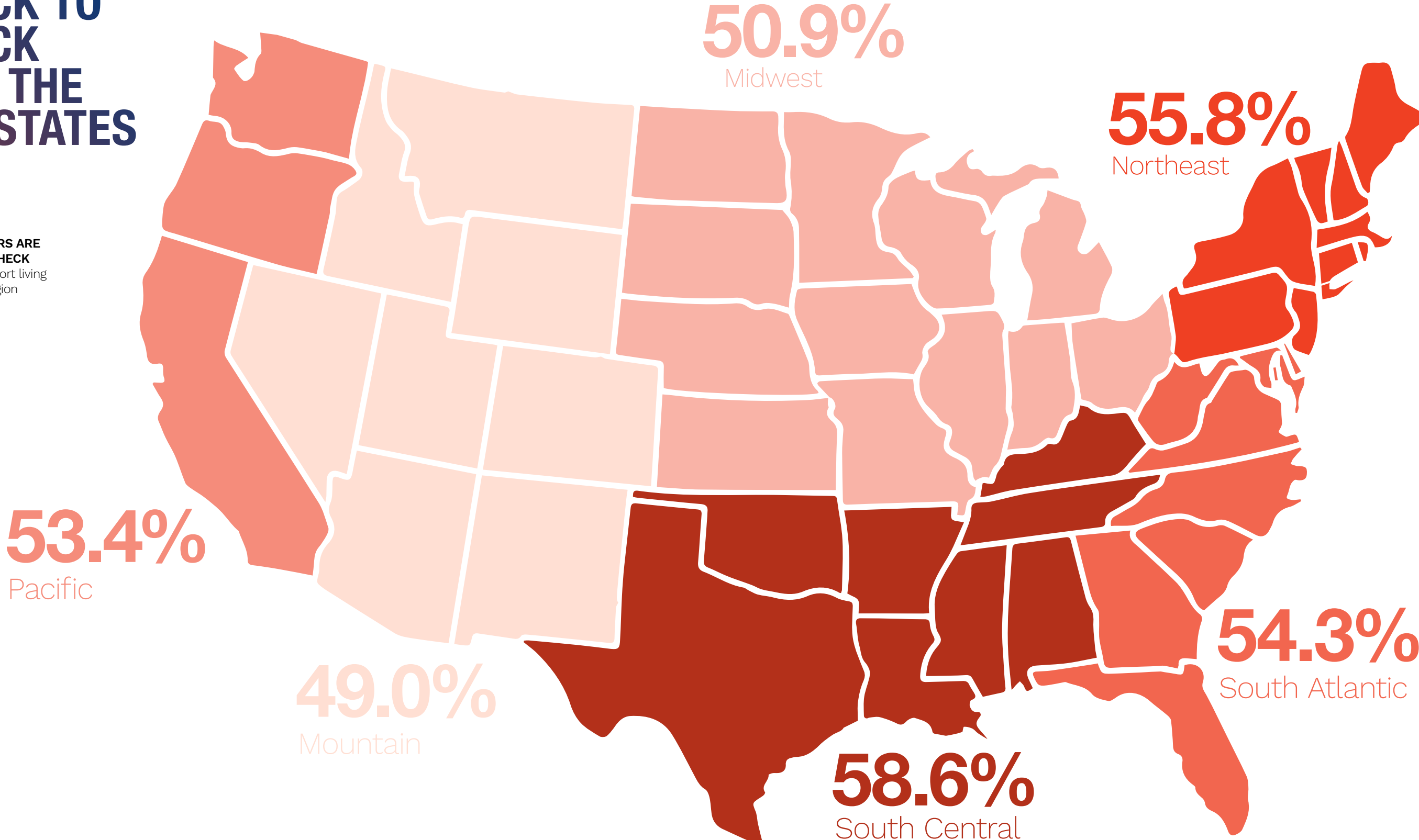
Mountain states, for example. Seventy percent of Northeast residents in this age group are living paycheck to paycheck — 6 million individuals.

Bridge millennials are hardly the only demographic group whose financial situation varies drastically depending on where they reside. The financial lives of consumers in different age groups, income brackets and types of residential areas can all vary dramatically in different regions and states. The August edition of Reality Check: The Paycheck-To-Paycheck Report, sets out to discover just how much consumers' finances are impacted by the regions in which they live. We surveyed 7,116 U.S. consumers throughout Q2 2021 about their personal finances to learn how many consumers in different areas of the United States are living paycheck to paycheck.

This is what we learned.

PAYCHECK TO PAYCHECK ACROSS THE UNITED STATES

FIGURE 1:
HOW MANY U.S. CONSUMERS ARE LIVING PAYCHECK TO PAYCHECK
Share of consumers who report living paycheck to paycheck, by region

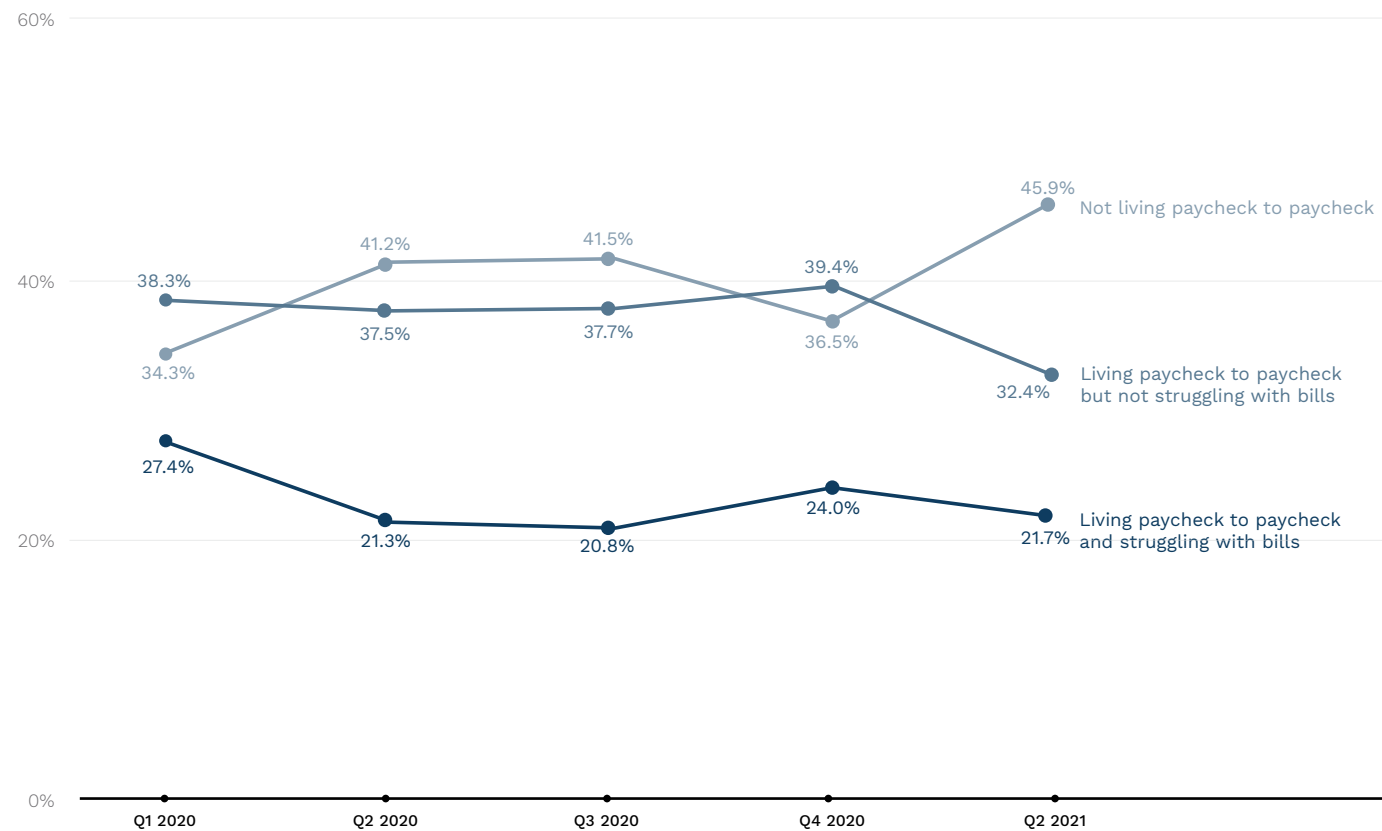


PART I:
PAYCHECK TO PAYCHECK ACROSS MOUNTAINS, HILLS AND PLAINS

Living paycheck to paycheck is most common in the South Central region, where 59 percent of all consumers live paycheck to paycheck.

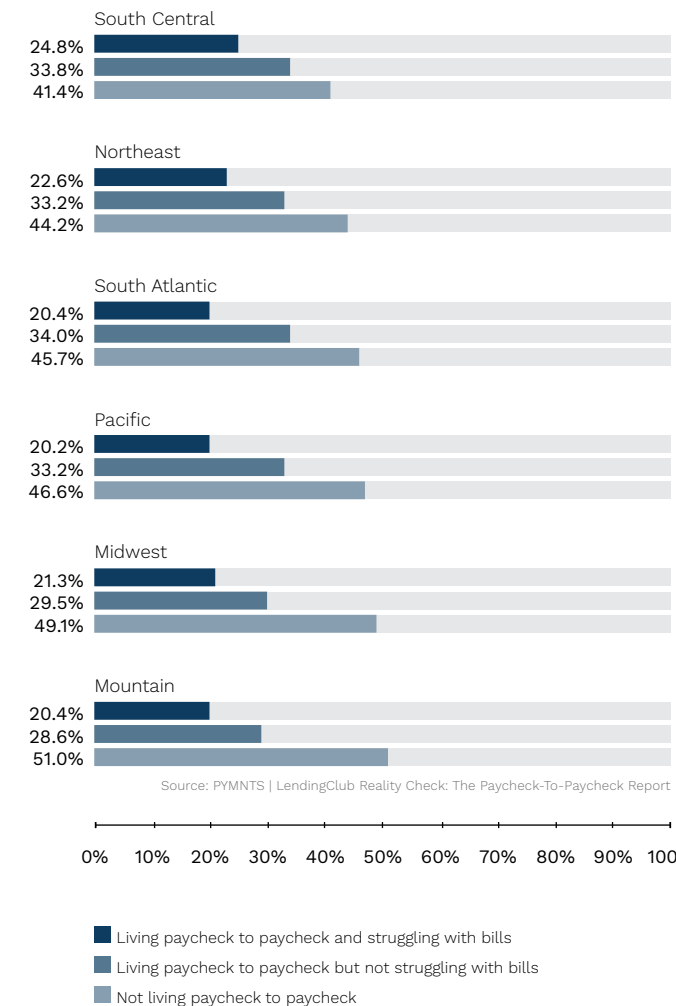
U.S. consumers are on surer financial ground than they were just a few months ago. Approximately 15 percent fewer U.S. residents now say they live paycheck to paycheck than said so in Q4 2020, and a total of 54 percent of adult U.S. consumers (124 million individuals) report feeling stuck in the paycheck-to-paycheck cycle. This is more than a small improvement: It means that fewer consumers are living paycheck to paycheck now than at any time since the end of Q1 2020, just after the pandemic began.

FIGURE 2:
HOW MANY CONSUMERS LIVE PAYCHECK TO PAYCHECK
 Share of consumers who report living select financial lifestyles, by quarter



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

FIGURE 3:
HOW MANY CONSUMERS LIVE PAYCHECK TO PAYCHECK ACROSS THE COUNTRY
 Share of consumers who report living select financial lifestyles, by region



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

Not all consumers' financial stability has improved in this time, however. Consumers living in South Central states are on shakier financial ground than those in any other U.S. region. Our data reveals that 59 percent of them report living paycheck to paycheck, but 25 percent of all consumer respondents in this area are stretched so thin that they struggle to pay their monthly bills.

Residents of the Northeast states are the second-most likely to be living paycheck to paycheck. Fifty-six percent of consumers living in the Northeast say they live paycheck to paycheck, and 23 percent of all consumers living there struggle to pay their monthly bills.

The Mountain States represent the other end of the spectrum. Consumers living in these states are the least likely to live paycheck to paycheck, as only 49 percent do so. Mountain State residents are also tied with South Atlantic state residents as being the second-least likely consumers to have trouble paying their monthly bills. Our research shows that 20 percent of consumers living in the Mountain States or the South Atlantic struggle to pay their monthly bills.

These variations may seem minor, but they represent wide-reaching divides that have large-scale implications. To put these differences into perspective, our data means that South Central residents are 20 percent more likely to live paycheck to paycheck and 22 percent more likely to have trouble paying their monthly expenses than Mountain residents.

PART II:
WHEN CITY LIFE STRETCHES THE BUDGET

Sixty-three percent of all consumers living in metropolitan areas live paycheck to paycheck.
This is 24 percent more than is seen in rural areas.

The cost of living tends to be far higher in cities than in rural areas, and these high prices can make it difficult for consumers to pay their bills. The result is often that consumers who live in regions with more metropolitan areas are more likely to live paycheck to paycheck.

The South Central and the South Atlantic regions are the only exceptions to this rule, as their rural consumers are not the least likely to live paycheck to paycheck. Consumers who live in rural areas in South Central or South Atlantic states are more likely to be living paycheck to paycheck than consumers living in towns and cities, as 58 percent and 59 percent of each region’s rural residents do so, respectively. In comparison, 52 percent of town residents in the South Central region and 51 percent of town residents in the South Atlantic region live paycheck to paycheck.

It is also important to realize that consumers are universally less likely to be living paycheck to paycheck in rural areas than in either cities or major metropolitan centers, even with these regional differences. Consumers living in rural areas in the South Central and South Atlantic regions are 16 percent and 7 percent less likely to be living paycheck to paycheck than those living in major metropolitan areas, respectively.

TABLE 1:
HOW MANY CONSUMERS IN RURAL VERSUS URBAN AREAS LIVE PAYCHECK TO PAYCHECK
Share in different regions who report living select financial lifestyles, by population density

Region	Area of residence	Living paycheck to paycheck and struggling with bills	Living paycheck to paycheck but not struggling with bills	Not living paycheck to paycheck
Mountain	Rural or farming area	10.6%	30.6%	58.8%
	Town	15.2%	33.0%	51.8%
	City	22.9%	26.5%	50.6%
	Metropolitan area	29.4%	25.2%	45.3%
Midwest	Rural or farming area	20.8%	26.7%	52.5%
	Town	17.1%	29.6%	53.3%
	City	21.4%	33.0%	45.5%
	Metropolitan area	31.7%	27.1%	41.3%
Pacific	Rural or farming area	10.8%	26.9%	62.3%
	Town	13.1%	27.9%	59.0%
	City	20.4%	38.0%	41.6%
	Metropolitan area	30.7%	34.4%	34.9%
South Atlantic	Rural or farming area	23.9%	34.8%	41.3%
	Town	16.6%	35.0%	48.5%
	City	17.8%	32.8%	49.4%
	Metropolitan area	29.3%	33.9%	36.8%
Northeast	Rural or farming area	17.0%	30.4%	52.6%
	Town	17.3%	32.5%	50.2%
	City	23.0%	40.9%	36.2%
	Metropolitan area	33.5%	29.2%	37.3%
South Central	Rural or farming area	24.5%	33.2%	42.4%
	Town	18.9%	33.1%	48.0%
	City	23.9%	36.5%	39.6%
	Metropolitan area	37.4%	31.1%	31.5%
Average	Rural or farming area	20.0%	30.5%	49.5%
	Town	16.7%	32.0%	51.4%
	City	21.0%	35.0%	44.0%
	Metropolitan area	32.1%	30.7%	37.2%

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






PART III:
MILLENNIALS WALK A FINANCIAL TIGHTROPE

Sixty-eight percent of millennials live paycheck to paycheck — a situation that is more acute in the South Central and Northeast regions.

Many millennials are beginning to make larger expenditures for the first time, whether that means purchasing a car, taking out a mortgage or preparing financially to have children. These are all life-changing events that can be difficult to manage. It follows that millennials would be more likely than all other generations to report living paycheck to paycheck. There are 71 million millennials in the U.S., and 43 million of them live paycheck to paycheck. Just 49 percent of consumers from all other generations live under similar financial circumstances.

Millennials in South Central and Northeast states are even more cash-strapped than most. Seventy-one percent and 69 percent of millennials living in the South Central and the Northeast regions, respectively, live paycheck to paycheck.

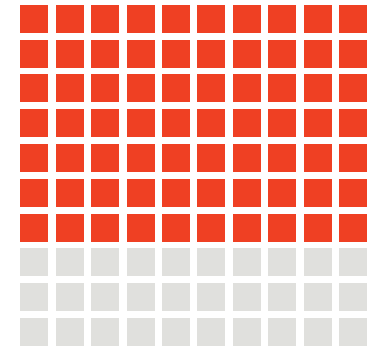
TABLE 2:
HOW MANY CONSUMERS FROM DIFFERENT GENERATIONS LIVE PAYCHECK TO PAYCHECK
Share of consumers from different generations who live paycheck to paycheck, by region

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
• South Central	67.5%	71.1%	68.3%	61.6%	44.4%
• Northeast	47.9%	69.3%	70.3%	62.8%	42.3%
• South Atlantic	59.4%	69.6%	64.4%	54.8%	41.0%
• Pacific	54.3%	68.2%	67.6%	54.5%	35.7%
• Midwest	50.9%	66.1%	65.1%	54.8%	39.5%
• Mountain	68.3%	58.5%	58.6%	57.5%	36.1%

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

70%

OF BRIDGE
MILLENNIALS LIVING IN THE
NORTHEAST **FEEL THEY LIVE
PAYCHECK TO PAYCHECK.**



Bridge millennials find themselves in similar financial circumstances. Many have also recently begun purchasing cars, taking out mortgages and building families but they have had more time to prepare their financial lifestyles than millennials. They are still most likely to be living paycheck to paycheck in the Northeast and the South Central regions, however, as 70 percent and 68 percent of bridge millennials in these two regions do so, respectively.

Baby boomers and seniors are in a very different stage in their financial lives. Many consumers in this age group have retired and are therefore neither supporting families nor making the big-ticket purchases they might have in the past. Only 40 percent of all baby boomers and seniors in the U.S. live paycheck to paycheck for this very reason. Even in the South Central and the Northeast regions, just 44 percent and 42 percent of baby boomers and seniors report living paycheck to paycheck, respectively.

PART IV:
HIGH INCOMES, TIGHT BELTS

Forty-five percent of consumers earning more than \$100,000 in the Northeast live paycheck to paycheck and 19 percent of them struggle to pay their monthly bills.

Having a high income does not always guarantee financial stability. Consumers who earn more than \$100,000 in annual income — high-income consumers — are considerably less likely than those earning less than \$50,000 in annual income — low-income consumers — to be living paycheck to paycheck, but 40 percent of them still report living this way. This projects to roughly 32 million consumers throughout the country who earn more than \$100,000 per year but still would not be able to continue paying their monthly bills for long if their paychecks stopped coming in or if they found themselves having to pay an unexpected medical or emergency expense. Eleven million say their finances are so tight that they already struggle to pay their monthly bills.

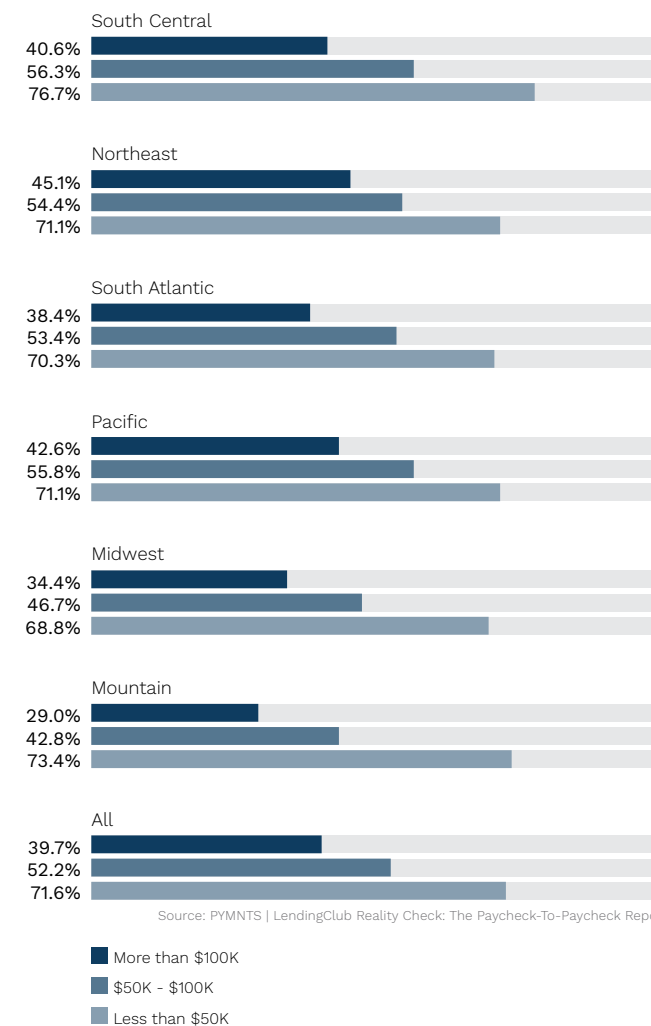
High earners in the Northeast are particularly susceptible to falling into the paycheck-to-paycheck cycle in part because of the high cost of living. Our data shows that 45 percent of high-income consumers in this region are living paycheck to paycheck and 19 percent currently struggle to pay their monthly bills. This compares to 40 percent who live paycheck to paycheck nationally.

High earners have an easier time keeping to their budgets in South Central states, where 41 percent of them report living paycheck to paycheck. Low-income consumers are struggling the most to break free from the monthly paycheck cycle. Seventy-seven percent of consumers earning less than \$50,000 in annual income in South Central states are stuck in this cycle, in fact — more than observed among any income bracket in any other region.

Fewer than 70 percent of low-income consumers live paycheck to paycheck in only one region — the Midwest — and, even there, 69 percent of low-income consumers live paycheck to paycheck.

Thirty-three percent of all U.S. consumers — 85 million individuals — earn less than \$50,000 in annual income and 72 percent of them live paycheck to paycheck nationwide.

FIGURE 4:
HOW MANY CONSUMERS IN DIFFERENT INCOME BRACKETS LIVE PAYCHECK TO PAYCHECK
Share of consumers from different income brackets who report living paycheck to paycheck, by region



29%

OF HIGH-INCOME CONSUMERS IN THE MOUNTAIN REGION LIVE PAYCHECK TO PAYCHECK — **FEWER THAN IS SEEN IN ANY OTHER REGION.**

PART V:
CROSSING THE FINANCIAL LIFESTYLE DIVIDE

Low earners are 80 percent more likely to be living paycheck to paycheck than high earners.

This “financial lifestyle gap” is even higher in the Mountain region, where low-income consumers are 153 percent more likely than high-income consumers to be living paycheck to paycheck.

Some consumers in all income brackets live paycheck to paycheck, but high-income consumers are still considerably less likely to be doing so than low-income consumers. This difference can be measured with a financial lifestyle gap. Such a measure dictates how much greater the chances are of a low-income consumer living paycheck to paycheck than a high-income consumer.

Average low-income consumers are 80 percent more likely to be living paycheck to paycheck than the average high-income consumer throughout the U.S., for example, though this gap varies by region. The financial lifestyle gap is largest in the Mountain region, where low earners are 150 percent more likely than high earners to be caught in the paycheck-to-paycheck cycle. Our data shows that 73 percent of low-income Mountain State residents live paycheck to paycheck, while just 29 percent of high-income residents in the region live this way.

This gap is much smaller in the Northeast, where the financial lifestyles of low-income and high-income consumers are far more similar. Low-income consumers in the Northeast are just 58 percent more likely to be living paycheck to paycheck than high-income consumers in the same region.

58%

THE FINANCIAL LIFESTYLE GAP BETWEEN LOW-INCOME AND HIGH-INCOME CONSUMERS IS **SMALLEST IN THE NORTHEAST**, WHERE LOW-INCOME CONSUMERS ARE JUST 58 PERCENT LIKELIER TO **LIVE PAYCHECK TO PAYCHECK.**

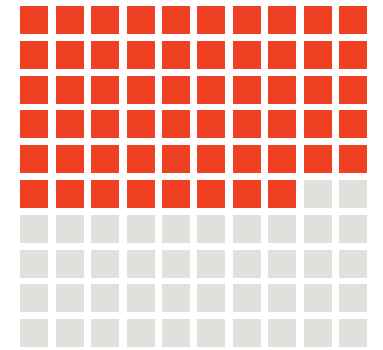
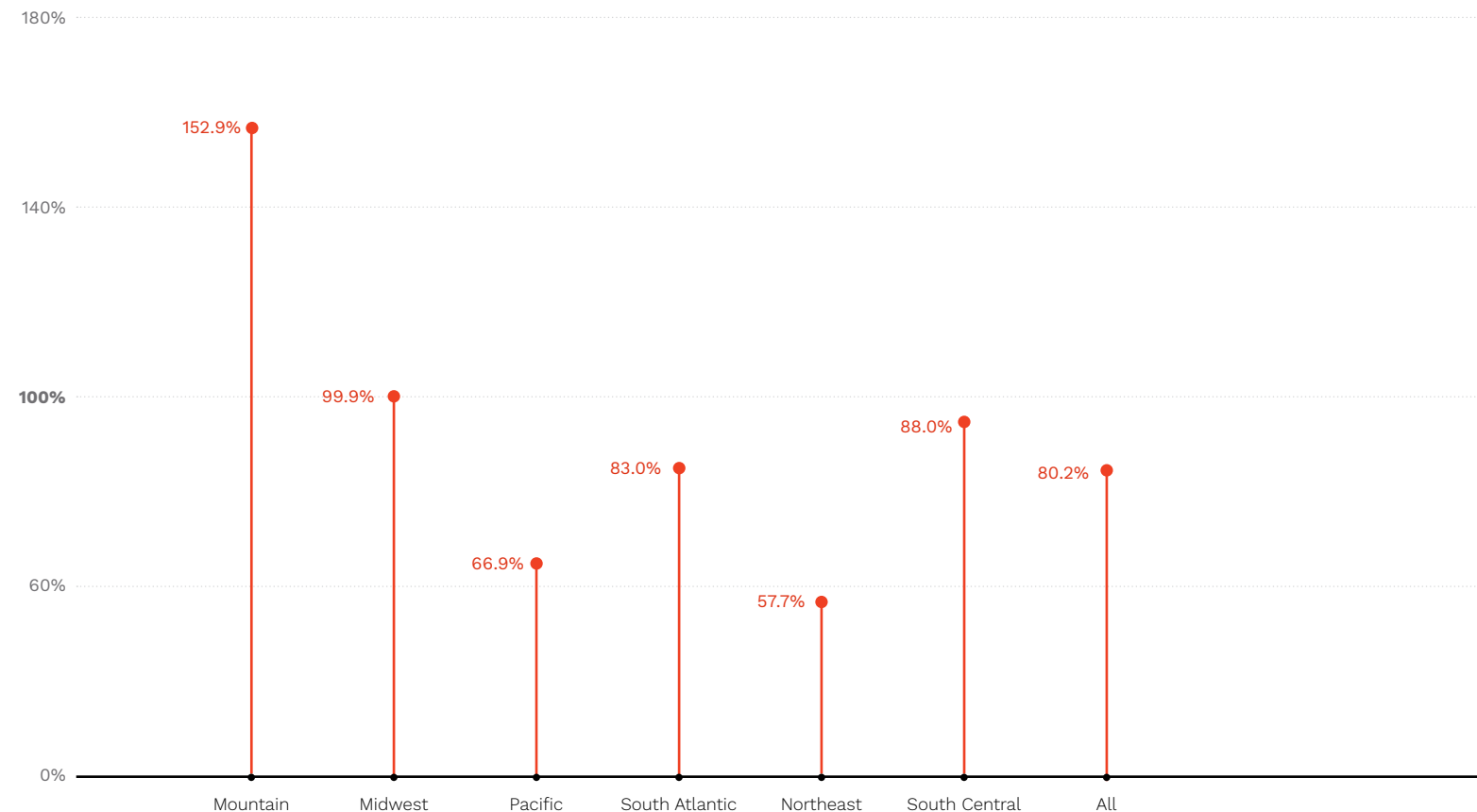


FIGURE 5:
THE SIZE OF THE FINANCIAL LIFESTYLE GAP ACROSS REGIONS
How much more likely low-income consumers are to be living paycheck to paycheck than high-income consumers, by region



CONCLUSION

There is no region of the United States in which consumers are immune to falling into the paycheck-to-paycheck cycle, and no single defining factor determines who will and will not ultimately become immersed in it. Certain demographic groups do, however, fare better in key regions. Low-income consumers are universally more likely to be living paycheck to paycheck than either mid-income or high-income consumers, for example, but the difference in these income groups' financial lifestyles is smallest in the Northeast. Consumers living in rural areas are also typically on more solid financial ground than those in urban areas, with the South Central and South Atlantic regions representing the only exceptions. A clear and widespread need therefore exists for payment and financial options that paycheck to paycheck consumers in all corners of the nation can use to help keep their finances afloat, no matter their circumstances.

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METHODOLOGY

Reality Check: The Paycheck-To-Paycheck Report is based on census-balanced surveys of 7,116 U.S. consumers conducted throughout Q2 2021 as well as an analysis of other economic data.

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