Nearly 40 Percent of Americans with Annual Incomes over $100,000 Live Paycheck-to-Paycheck

June 15, 2021

LendingClub and PYMNTS Find Majority of Americans live paycheck-to-paycheck

SAN FRANCISCO, June 15, 2021 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released initial findings from its Reality Check: Paycheck-To-Paycheck research series, conducted in partnership with PYMNTS. This inaugural report finds that a majority of Americans (54 percent), including individuals across a broad spectrum of income and age, are living paycheck-to-paycheck.

The key takeaway: The majority of Americans are struggling to pay bills and are not saving enough amid prolonged period of tepid wage growth and rising living costs causing them to live paycheck-to-paycheck.

The Majority of U.S. Consumers Live Paycheck-to-Paycheck

According to the research, 54 percent of consumers in the U.S. (125 million U.S. adults) are living paycheck-to-paycheck, with 21 percent of this population struggling to pay their bills, meaning they have little or no money left over after spending their income.

While it's true that those who earn less are more likely to struggle financially, the results across all income brackets are staggering:

- Nearly 40 percent of those with annual incomes over $100,000 live paycheck-to-paycheck, including 12 percent struggling to pay their bills.
- Fifty-three percent of those who make between $50,000 and $100,000 annually live paycheck-to-paycheck, with 18 percent struggling to pay their bills.
- Seventy-two percent of those who make less than $50,000 per year live paycheck-to-paycheck, with 33 percent struggling to pay their bills.

When it comes to demographics, the largest group living paycheck-to-paycheck is millennials (77 percent), especially bridge millennials (those 33 to 42 years old) -- with 33 percent struggling to pay their bills. This demographic has been bookended by two recessions and riddled with student debt unlike baby boomers and seniors who are least likely to be living paycheck-to-paycheck. Additionally, the research shows that having children corresponds with a greater likelihood of living paycheck-to-paycheck.

"The perception that only low-income individuals are living paycheck-to-paycheck simply is not the case today," said Anuj Nayar, Financial Health Officer at LendingClub. "Half of Americans in this country are not building a reserve or saving for retirement. They are on a treadmill daily deciding whether every dollar they make will help them live or weather a financial storm. On top of that, they are financially vulnerable, and, like we've seen for so many over the last year, if there is any disruption to their income-level, they won't have sufficient savings to absorb the hardship."

Americans' Modest Savings Cushion Isn't Enough

Having a savings cushion is an indicator of consumers' ability to cover large, unexpected purchases or discretionary spending as they arise. Experts recommend saving at least six to eight months of one's earnings.

According to the research, most Americans have limited savings with 70 percent of consumers having less than $15,000, contributing to the paycheck-to-paycheck problem. Among paycheck-to-paycheck consumers struggling to pay their bills, the average level of savings is significantly less at approximately $4,000.

Government Stimulus Payments Helped Mitigate the Problem

While the pandemic contributed to incredible job loss across the country, government stimulus checks did help offset the financial impact with many Americans putting these extra funds into savings. The average savings of someone living paycheck-to-paycheck

and struggling to pay their bills increased 3x over the past year, from $2,400 in March 2020 to $6,200 in April 2021. Additionally, those living paycheck-to-paycheck and not struggling to pay their bills more than doubled their savings, from $4,700 in March 2020 to $10,100 in April 2021. The research suggests that those living paycheck-to-paycheck over the last year have been financially responsible, curtailing spending and adding money to savings when possible.

"While Government stimulus helped increase savings rates, we need to look beyond any one-time impacts of this money as it may actually mask what's really happening in America," continued Nayar. "The average U.S. household income in 2020 was $87,864. On average, an American spends $3,189 a month on expenses while a family of five spends $6,780 monthly[1]. The reality is that half of Americans in this country are spending as much as they are earning, are not reaching recommended savings levels and will need a lot more than the stimulus payments to do so. As the economy reopens, and spending across the country accelerates, we'll likely continue to see the savings gap widen."

To view the full report, visit: https://www.pymnts.com/study/paycheck-to-paycheck-consumer-finances-american-households/.

Methodology

The Paycheck-To-Paycheck Reality Check series is based on a series of 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 LendingClub

LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. It is the leading digital marketplace bank in the U.S. 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 https://www.lendingclub.com.

About PYMNTS [pymnts.com]

Boston-based PYMNTS [pymnts.com].com and PYMNTS-TV [pymnts.com] are reinventing how companies in payments share relevant information about the initiatives that shape the future of commerce and makes news. This powerful B2B platform is the #1 site for the payments industry by traffic and the premier source of information about "what's next" in payments. C-suite and VP level executives turn to it daily for these insights, making the PYMNTS.com audience the most valuable in the industry. It provides an interactive platform for companies to demonstrate thought leadership, popularize products and, most importantly, capture the mindshare of global decision-makers. It's where the best minds and best content meet on the web.

LendingClub Contact:

For Investors: IR@lendingclub.com

Media Contact: Press@lendingclub.com

PYMNTS Contact: information@PYMNTS.com

[1] **U.S. Bureau of Labor Statistics (BLS) Consumer Expenditure Survey**

View original content to download multimedia:http://www.prnewswire.com/news-releases/nearly-40-percent-of-americans-with-annual-incomes-over-100-000-live-paycheck-to-paycheck-301312281.html

SOURCE LendingClub Corporation