48 Percent of Americans with Annual Incomes over $100,000 Live Paycheck to Paycheck, 9 percentage points higher than first reported in June 2021

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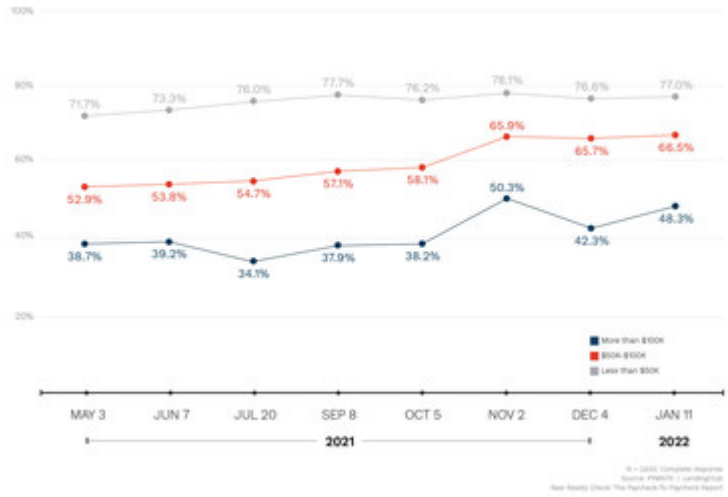
Key Insights from LendingClub's and PYMNTS' 7th Paycheck-To-Paycheck Report

SAN FRANCISCO, March 3, 2022 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released findings from its seventh edition of the Reality Check: Paycheck-To-Paycheck research series, conducted in partnership with PYMNTS.com. The Wealth Divide Edition examines why consumers across different income brackets are living paycheck to paycheck and what they see as the most prominent stressors on their finances.



Key takeaway: Consumers of all income brackets are increasingly living paycheck to paycheck, including those earning higher incomes.

The Current Paycheck To Paycheck Landscape

The number of consumers living paycheck to paycheck has increased steadily since April 2021 and was 64% in January 2022 – 12 percentage points higher than April 2021 – with a 3% jump in just a month between December 2021 and January 2022.

The data shows that 48% of consumers earning more than $100,000 per year reported living paycheck to paycheck in January 2022 — up from 42% in December 2021. This number has fluctuated since May 2021, when it was 39%, before reaching a high of 50% in November 2021.

The share of those who earn between $50,000 and $100,000 who report living paycheck to paycheck is also on the rise. In May 2021, 53% of these middle-income consumers lived paycheck to paycheck. In January 2022, 67% reported living paycheck to paycheck — up from 66% in December 2021.

Wealth And Living Paycheck to Paycheck

Paycheck-to-paycheck consumers fall into two categories: those who are and those who are not struggling to pay their bills.

The share of consumers living paycheck to paycheck but not struggling to pay their bills has seen the largest increase since October 2021, especially among higher-income consumers.

PYMNTS' research finds consumers living paycheck to paycheck and able to pay their bills increased to 42% in January 2022, rising from 39% in December 2021, while 22% of paycheck-to-paycheck consumers still struggled to pay their monthly bills. The

research continues to find ongoing shifts in the portion of consumers living paycheck to paycheck. As of January 2022, the share of consumers who do not live paycheck to paycheck declined to 36% from 39% in December 2021. Just 12% of consumers who earn more than $100,000 reported living paycheck to paycheck and struggled to pay their bills in January 2022. This rate is significantly higher among those earning $50,000 to $100,000 per year (19%) and those earning less than $50,000 (34%). The ranks of paycheck-to-paycheck consumers who struggle to pay their monthly bills have seen little fluctuation.

Impact On Savings

Data indicates that the difference in average savings between consumers living paycheck to paycheck and struggling to pay their bills and those not struggling widens significantly at lower income brackets. The largest gap in savings levels was between those earning less than $50,000 per year living paycheck to paycheck and struggling to pay their bills, who reported average savings of $788, compared to $4,369 for those not struggling.

Handling An Emergency Expense

Research shows that among consumers who earn more than $100,000, 23% who live paycheck-to-paycheck and are struggling to pay their bills say they would not be able to pay a $400 emergency expense. This share of consumers that would not be able to pay such an emergency expense understandably increases among middle- and low-income consumers who live paycheck-to-paycheck and are struggling to pay their bills. Fifty-two percent of those who earn less than $50,000 and 38% of those earning $50,000 to $100,000 said they would not be able to pay a $400 expense.

Among consumers earning more than $100,000 who live paycheck to paycheck and are struggling to pay their bills, 33% would use a credit card to cover an emergency expense and pay it off over time, while 20% would use a credit card and pay it off in full. High-income consumers who live paycheck to paycheck but are not struggling to pay their bills are more likely to use a credit card and pay it in full (23%), and less likely to use a credit card and pay it over time (21%).

"With inflation up 7.5 percent in the last 12 months, consumers of all income brackets are struggling to find a way to make ends meet," said Anuj Nayar, Financial Health Officer at LendingClub. "Every day we see Americans relying on credit cards as a crutch, which is a horrible way to borrow money if you don't intend to pay off the entire balance at the end of every month. LendingClub is uniquely positioned to offer real support to those interested in finding ways to leverage their debt. That is why many of our members use LendingClub personal loans as a tool to consolidate or refinance credit card debt with a fixed rate so they can pay off their debt responsibly and build a habit of savings."

To view the full report, visit: https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-wealth-divide-income-differences

Methodology
The New Reality Check: The Paycheck-To-Paycheck Report is based on a census-balanced survey of 2,633 complete responses from U.S. consumers conducted from Jan. 11 to Jan. 18, 2022, as well as an analysis of other economic data.

About LendingClub
LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. LendingClub Bank is the leading digital marketplace bank in the U.S., where members can access a broad range of financial products and services designed to help them pay less when borrowing and earn more when saving. Based on more than 150 billion cells of data and over $70 billion in loans, our artificial intelligence-driven credit decisioning and machine-learning models are used across the customer lifecycle to expand seamless access to credit for our members, while generating compelling risk-adjusted returns for our loan investors. Since 2007, more than 3.9 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit https://www.lendingclub.com.

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