9.3 Million More U.S. Consumers Ended 2022 Living Paycheck to Paycheck Than in 2021

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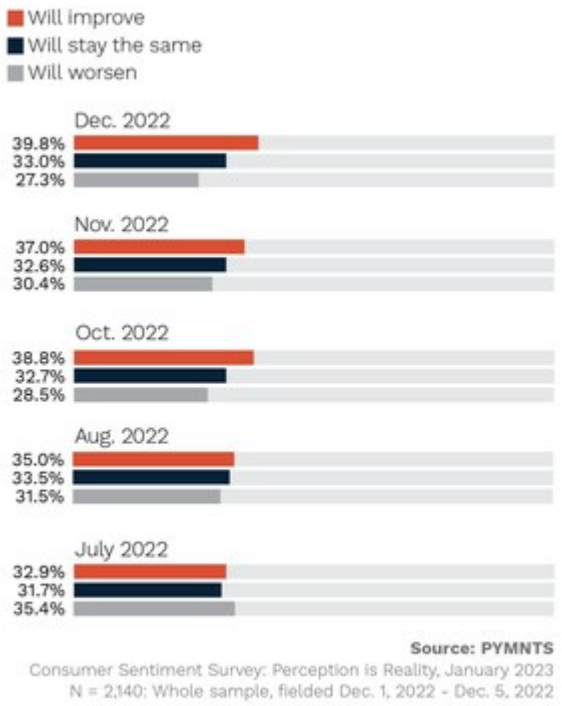
4 in 10 Consumers Expect Their Incomes to Keep Pace with Inflation in 2023

Consumers Likely To Shy Away from Large Purchases Such as Electronics, Appliances and Leisure Travel in 2023

SAN FRANCISCO, Jan. 30, 2023 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released findings from the 18th edition of the Reality Check: Paycheck-to-Paycheck research series, conducted in partnership with PYMNTS. The Economic Outlook and Sentiment Edition examines U.S. consumers' expectations for 2023 and how ongoing inflation and economic uncertainty will impact their spending.



Today's Paycheck-to-Paycheck Landscape

Sixty-four percent of U.S. consumers (166 million) were living paycheck to paycheck in December 2022, up 3 percentage points from 61% the year prior, with the most growth seen in higher income brackets. In fact, 9.3 million more consumers are now living paycheck to paycheck, and eight million, or 86%, of those consumers earn more than $100,000 annually.

In December 2022, 51% of consumers earning more than $100,000 annually said they lived paycheck to paycheck, up 9 percentage points from 42% in December 2021. In contrast, the shares of middle-income consumers (those earning between $50,000 and $100,000 annually) and low-income consumers (those earning less than $50,000 annually) have remained relatively constant over the same period — sitting at 66% and 78%, respectively, as of December 2022.

The data also finds that an increasing number of consumers earning more than $100,000 are living paycheck to paycheck with difficulty paying their monthly bills. In December 2022, 16% of these high-income paycheck-to-paycheck consumers struggled to pay their monthly bills, up from 11% in December 2021.

"The effects of inflation are eating into every American's wallet and as the Fed's efforts to curb inflation drive up the cost of debt,

we are seeing near record numbers of Americans living paycheck to paycheck," said Anuj Nayar, financial health officer at LendingClub. "While the number of Americans living paycheck to paycheck is close to the height we saw in the middle of the pandemic, the causes appear to be very different, as the economy is not sheltering in place like it was back in 2020."

Consumer Sentiment Heading into 2023

Paycheck-to-paycheck consumers are optimistic about their personal finances in 2023, yet remain worried about inflation. According to the research, four out of 10 expect their personal finances to improve in the next year, up 7 percentage points from 33% in July 2022. Paycheck-to-paycheck consumers are also the most likely to cite job upgrades (more than one-quarter) and additional sources of income (approximately one-third) as drivers of financial improvement in the coming year.

For paycheck-to-paycheck consumers who think their financial situation will worsen next year, inflation is the most worrisome factor, while those not living paycheck to paycheck are most concerned about economic uncertainty. In fact, approximately three-quarters of paycheck-to-paycheck consumers cite inflation as a reason for their pessimism, while two-thirds blame economic uncertainty. Consumers not living paycheck to paycheck are more worried about economic uncertainty than inflation, at 72% versus 62%, respectively.

Despite the pessimism, four out of 10 consumers living paycheck to paycheck expect their incomes to keep pace with inflation in 2023. Even so, the data shows that 90% of wage-earners report that their pay increases were lost to inflation in 2022, with only 42% expecting rising pay to offset price increases in 2023.

With inflationary pressures impacting consumers' wallets, many are likely to shy away from large purchases in 2023, such as electronics and appliances. This year may also see a reversal in renewed interest in leisure travel. For example, only 35% of consumers said they will incur leisure travel expenses in 2023, and just 24% plan to purchase expensive electronics or appliances this year.

"If the consumer perception that their incomes will improve this year is proven true, it will hamper the effects of the Fed to curb inflationary pressures," added Nayar. "We can expect more and more Americans of all incomes identifying themselves as living paycheck to paycheck until we see the economy recover. Now more than ever, it is crucial for consumers to examine spending and build a cushion of savings to prepare for the unexpected."

To view the full report, visit: https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-inflation-income-consumer-finance-spending/

Methodology

New Reality Check: The Paycheck-to-Paycheck Report — The Economic Outlook and Sentiment Edition is based on a census-balanced survey of 3,989 U.S. consumers conducted from Dec. 8, 2022, to Dec. 23, 2022, as well as analysis of other economic data. The Paycheck-to-Paycheck series expands on existing data published by government agencies, such as the Federal Reserve System and the Bureau of Labor Statistics, to provide a deep look into the core elements of American consumers' financial wellness: income, savings, debt and spending choices. Our sample was balanced to match the U.S. adult population in a set of key demographic variables: 51% of respondents identified as female, 31% were college-educated and 36% declared incomes of more than $100,000 per year.

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 $80 billion in loans, our advanced 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 4.5 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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