LendingClub and PYMNTS Research Shows 86% of Consumers Live with One or More People, Yet Those Living with Only Partners or Spouses Reap the Financial Benefits

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Adult Males are Slightly More Likely to Live with Parents Than Their Female Counterparts
58% of Gen Z Consumers Live with Family Members

SAN FRANCISCO, July 31, 2023 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released findings from the 24th edition of the Reality Check: Paycheck-To-Paycheck research series, conducted in partnership with PYMNTS. The Household Finances Deep Dive Edition examines the impact of household composition on consumers' ability to manage expenses and put aside savings. The series draws on insights from a survey of 4,602 U.S. consumers conducted from June 5 to June 16, as well as analysis of other economic data.

The Paycheck-to-Paycheck Landscape
In June 2023, 61% of U.S. consumers lived paycheck to paycheck, unchanged from June 2022 — as is the share of those struggling to pay bills (at 21%) — even though more middle-income consumers cited living paycheck to paycheck in June 2023 than last year. Among consumers earning $50,000 to $100,000, 65% lived paycheck to paycheck as of June 2023, compared to 60% in June 2022. Meanwhile, the shares of high-income consumers — those earning more than $100,000 annually — anc low-income consumers — those earning less than $50,000 annually — living paycheck to paycheck in June 2023 sit at 45% anc 77%, respectively, relatively unchanged from June 2022.

This stability in the financial situation of U.S. households indicates that consumers continue to adapt to inflationary pressures, finding ways to manage their spending and live within their means.

Household Composition Determines Financial Lifestyle
Consumers living with only a partner or spouse are likely to face less financial hardship, while those with dependents and those living with friends or housemates are more likely to live paycheck to paycheck.

The research finds that 86% of consumers live with one or more people, and one-third of paycheck-to-paycheck consumers live in households of four or more people. Consumers not living paycheck to paycheck are most likely to reside in two-person households, at 41%. Meanwhile, 49% of millennials and 55% of bridge millennials live in households of four or more people, making them the age groups most likely to reside in the largest households.

There is also a direct correlation among household size, stage of life and financial lifestyle. As household size increases, the ratio of income earners to non-earners typically falls, attributable to households with dependent children. When looking at the share of paycheck-to-paycheck consumers who live in a two-member household, the data finds that 54% do so — 7 percentage points below the sample average. Meanwhile, at 66%, consumers with children under the age of 18 are 12% more likely to live paycheck to paycheck than those without children, at 59%. Among consumers living with friends or housemates, 77% live paycheck to paycheck — the most likely to do so. This suggests that those sharing expenses with a partner or spouse fare better, that is until they have children or even parents to support.

"As household size increases, the ratio of income earners to household members typically falls, creating a higher likelihood of financial distress," said Alia Dudum, LendingClub's Money Expert. "The relationship between household income and household composition explains why many families tend to struggle financially and why millennials and bridge millennials, many of whom are in their peak child-rearing years, tend to remain financially vulnerable."

Economic Considerations Top Reason to Stay in the Family Household
Economics are the main driver for consumers to live with family longer, with 43% wanting to save money and 30% unable to afford housing independently. Besides economic reasons, consumers remain at home to maintain family ties (24%), for transitional reasons (23%), and to provide care (22%).

At one-fifth (20%), adult males are slightly more likely to live with parents than their female counterparts (18%), a phenomenon that grows significantly among those financially struggling (26% of males compared to 18% of females). At 58%, Gen Z is the generation most likely to stay with family members, with 50% citing economic reasons. Members of Gen Z living with three or more people — often familial settings — spent 22% of their income on housing, compared to 30% of those living alone or with a partner.

That said, consumers living with family members to offset expenses are not planning extended stays. For example, one-third of those consumers expect to move out in the coming year, particularly millennials and bridge millennials.

Financial Transparency Determined by Relationship Status
Financial transparency within shared households is paramount to ensure bills are paid and expenses are covered, but the transparency level depends on who consumers live with. Couples living together share financial information 87% of the time and have a joint bank account 76% of the time. Parents are also likely to discuss finances with the children residing in their household, with 45% of parents sharing financial information with their children and 34% granting them access to a shared account. Bill splitting is the most common financial interaction for consumers living with friends or housemates, at 74%. Additionally, borrowing money from other household members is a financial option many use to make ends meet, with consumers mostly engaging in this practice with parents or siblings, at 47%, and friends and housemates, at 44%.

Families and couples maintain outstanding credit card balances that are significantly higher, on average, than those of consumers who live alone. Consumers with children under the age of 18 average 50% more credit card debt than those who live alone. Families represent the lion's share of credit card spending, holding average balances of $6,300 for consumers living with a partner and $7,200 for those living with children under 18. Living with a partner or children also significantly increases a consumer's likelihood of having an auto loan or mortgage.

"With today's inflationary pressures, sharing household finances has become not only common but crucial," continued Dudum. "The increasing complexity of modern lifestyles and the rising cost of living have necessitated a shift in the way consumers approach household finances. One person solely bearing the burden of managing all financial matters has become a minority practice. Instead, couples, families, and even roommates increasingly jointly navigate their economic realities, and it's a trend that is here to stay."

To view the full report, visit: https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-inflation-household-spending-shared-expenses/

Methodology
New Reality Check: The Paycheck-to-Paycheck Report — The Household Finances Deep Dive Edition is based on a census-balanced survey of 4,602 U.S. consumers conducted from June 5 to June 16, as well as analysis of other economic data. The data in this report is not intended to be a representation of LendingClub's core member base. 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, 33% were college-educated and 38% 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 $85 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 4.7 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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