

How vulnerable are Americans to unexpected expenses?

Most U.S. households—including 77 percent of low-income households—can cover an unexpected, one-time \$400 expense using some combination of cash savings, disposable income, and short-term credit.

Why it matters: We find much disagreement across consumer surveys regarding financial health and vulnerability: How many households live paycheck-to-paycheck and cannot pay an unexpected expense? Contradictory results likely stem from differences in how people think about cash savings versus disposable income and available credit. Our data are uniquely able to measure all these sources of liquidity, which allows us to more accurately assess household financial health.

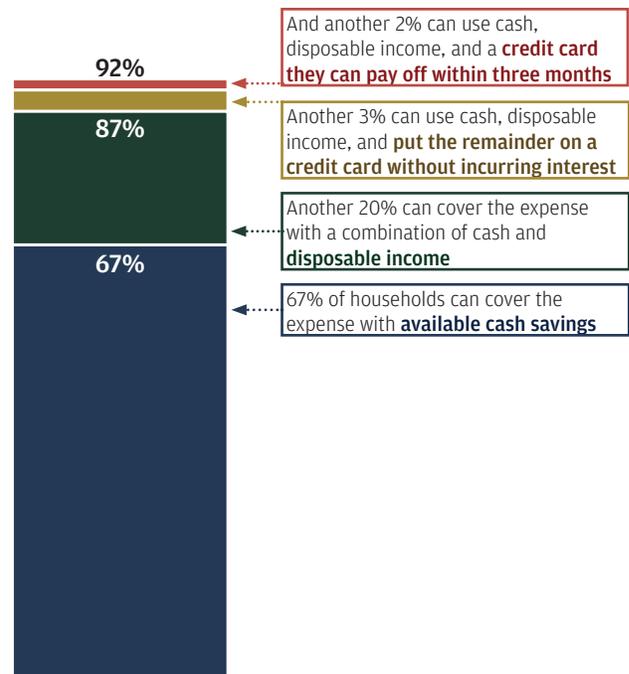
Additional context: Cash savings remain important for stability, but households can also divert disposable income or use credit. 43 percent of low-income households can cover a \$400 expense using cash; by diverting some other spending or using short-term credit, another 34 percent can also pay the expense.

Report Findings

- 1 77 percent of low-income households can cover an unexpected \$400 expense, though many must cover it with disposable income or short-term credit.
- 2 43 percent of low-income households unable to weather small expense shocks might be able to pay them with access to additional credit.
- 3 The share of households that cannot cover an unexpected expense remained steady throughout 2022 and 2023.
- 4 White and Asian households, middle-aged households, and multi-person households are better able to cover an unexpected expense than their counterparts.

92 percent of households can cover a \$400 expense shock using some combination of cash savings, disposable income, or use of short-term credit

Share of households that can cover an unexpected \$400 expense in December 2023



[Read the Report](#)

Data Explanation

Share of households that can cover a \$400 expense shock - by income

Stacked bar chart showing the share of households that can cover an unexpected \$400 expense. 92 percent of households can cover the expense: 67 percent by using cash savings, an additional 20 percent by combining cash and disposable income, and another 5 percent by using a credit card that they can pay back within three months.

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