# Contents

## Overview .......................................................... 3

## Consumers Struggle to Navigate Economic Uncertainty ......................... 4

## Workers Hunker Down to Preserve Job Security .............................. 8

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### About Achieve

Achieve is the leader in digital personal finance. Our solutions help everyday people get on, and stay on, the path to a better financial future, with innovative technology and personalized support. By leveraging proprietary data and analytics, our solutions are tailored for each step of a consumer’s financial journey and include personal loans, home loans, help with debt, and financial tools and education. Headquartered in San Mateo, California, Achieve has nearly 3,000 dedicated employees across the country, with hubs in California, Arizona and Texas, and has regularly been recognized as a Best Place to Work.

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### About the Achieve Center for Consumer Insights

The Achieve Center for Consumer Insights is an ongoing initiative that leverages Achieve’s team of digital personal finance experts to provide a view into the state of consumer finances. In addition to sharing insights gleaned from Achieve’s proprietary data and analytics, the Achieve Center for Consumer Insights publishes in-depth research, bespoke data and thoughtful commentary in support of Achieve’s mission of helping everyday people get on, and stay on, the path to a better financial future.

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2023 Financial Fit Check
Overview

Household budgets are stretched to the max and beleaguered consumers have grown skittish of the direction of the economy. This study conducted by Achieve, the leader in digital personal finance, found that after a year marked by record inflation and financial market upheaval, many households are poorly equipped to withstand a potential recession and accompanying disruption in the labor market.

Methodology

The data and findings in this survey are based on an online survey of 1,000 U.S. consumers ages 18 to 65, and is representative of Census Bureau benchmarks of the U.S. population for age, gender, race and ethnicity.
From uncertainty about a potential looming recession to the ongoing strains of rising costs, supply chain shortfalls and the end of pandemic stimulus programs, Americans are heading into 2023 with considerable trepidation about the economy, employment and their household’s financial security.

Overall, 73% of Americans have a negative outlook on the economy, with close to one-third of both Gen Xers and Baby Boomers saying they feel current economic conditions are very poor. Less than 6% of Gen Zers and Millennials feel economic conditions are very good, three times as many Baby Boomers who feel the same way.

This negative sentiment was consistent across all types of wage earners, as well as among both homeowners and renters — evidence that the impact of recent economic challenges has not been limited to any one socioeconomic group.

**How do you feel about current U.S. economic conditions?**

- Very Good: 27%
- Good: 46%
- Poor: 23%
- Very Poor: 4%

Source: Achieve Center for Consumer Insights
Consumers are generally positive about their household’s finances, with just over half saying they feel good or very good about their current financial security. However, there are signs that this optimism may not be based on a strong foundation.

While most consumers saw their household income remain flat over the past year, more Americans experienced a decrease in household income than benefited from an increase.

At the same time, record-high inflation and rising interest rates have put a significant dent in consumers’ purchasing power. That, combined with the end of pandemic stimulus programs like mortgage forbearances, childcare and food assistance funding — not to mention the unresolved future of federal student loan repayment — have forced many consumers to take on ever-growing amounts of debt to make ends meet.

How has your household’s income changed over the past year?

- **25%** Increased
- **29%** Decreased
- **46%** No Change

Source: Achieve Center for Consumer Insights
Consumers Struggle to Navigate Economic Uncertainty

Half of the survey’s respondents said they have less than $1,000 in an emergency savings fund, including 28% who said they don’t have any emergency savings. What’s more, two-thirds of respondents said they live paycheck to paycheck.

Members of older generations who have had more time to earn wages and build their savings are more likely to have a larger stash of emergency money. Nevertheless, 25% of Baby Boomers do not have any emergency savings, compared to 33% of Gen Zers. Likewise, 40% of hourly workers had less than $500 in emergency savings, compared to just 20% of salaried workers.

And 31% of homeowners had $10,000 or more in savings, compared to just 12% of renters. Creating a savings plan poses unique challenges for renters, many of whom maybe be trying to simultaneously save for a down payment to buy a home and build a rainy-day fund.

How much do you currently have in an emergency savings fund?

<table>
<thead>
<tr>
<th></th>
<th>More than $10,000</th>
<th>$5,000 to $10,000</th>
<th>$2,500 to $4,999</th>
<th>$1,000 to $2,499</th>
<th>$500 to $999</th>
<th>Less than $500</th>
<th>Nothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>9%</td>
<td>19%</td>
<td>24%</td>
<td>31%</td>
<td>6%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Millennial</td>
<td>6%</td>
<td>8%</td>
<td>10%</td>
<td>12%</td>
<td>6%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Gen X</td>
<td>8%</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
<td>7%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Baby Boomer</td>
<td>13%</td>
<td>10%</td>
<td>11%</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Achieve Center for Consumer Insights
5 Steps to Building an Emergency Savings Fund

An emergency savings fund is money you have designated to handle unexpected expenses. Most adults understand that some unplanned expense always comes up. It could be something relatively small or something as major as all your routine expenses due to a job loss. Establishing an emergency savings fund can provide a measure of financial stability that’s unique to you. For some people, that means enough to make it through a month and pay all bills. For others, it means the ability to take vacations, or to retire at a certain age.

1. **Set a goal for how much you want to have in emergency savings.**
   This will vary from person to person, but a good goal is to have six to nine months of basic living expenses in an emergency fund.

2. **Make the emergency fund part of the household budget — which means you need to have a budget first.** Setting up a budget doesn’t have to be complicated, and there are numerous apps and other tools that can help you get started.

3. **If you don’t already have a separate savings account at your bank or credit union, get one and use it.** Set up a recurring automatic transfer from your checking account to your savings account. Alternatively, see if your employer will let you split your paycheck into separate direct deposits for your checking and savings accounts. This will help you avoid the temptation to spend your emergency savings. Plus, most banks and credit unions pay at least a small interest rate on funds stored in these accounts.

4. **Ideally, you’d be able to set aside 10% of your income for savings.** Understand that reaching your emergency savings fund goal won’t happen overnight. Start with the amount that would send you rushing to a credit card. A doctor’s bill for $500? An appliance repair bill of $200? Start there and build.

5. **It may seem daunting to get started, but even consistently setting aside a small amount each week can put you on the path to success.**
   Even saving as little as $10 each week will add up to over $500 in a year.
Despite dour attitudes about macroeconomic conditions, 74% of Americans said they don’t believe their own employer intends to lay off workers within the next year. What’s more, the overwhelming majority of workers said they have no plans to leave their current jobs — a possible early indication that the “Great Resignation” phenomenon that emerged during the pandemic is now running out of steam.

The apparent cognitive dissonance of consumers who have soured on the economy, but don’t believe it will impact their own job, may be preventing consumers from taking the steps necessary to prepare their finances in the event that they do experience a loss or reduction in employment or income, or other financial setback. For example, less than half of consumers say they’re financially prepared if they were laid off. In addition, 43% say they either don’t know or don’t expect to receive severance pay if they were to lose their jobs.

### How likely are you to leave your job in...

<table>
<thead>
<tr>
<th>No plans to leave</th>
<th>More than 6 months</th>
<th>Next 4-6 months</th>
<th>Next 2-3 months</th>
<th>Next month</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

73%

Source: Achieve Center for Consumer Insights

**Approximately three-quarters of Americans said they don’t believe their own employer intends to lay off workers within the next year**

**Tip from Achieve**

If you’re fortunate enough to get a raise at work or start earning additional sources of income, allocate those new funds to your emergency fund and retirement savings right away. That way, you’ll never miss that money from your checking account.
If you were involuntarily laid off, how much severance would you expect to receive?

- Nothing
- 1 month or less
- 2 months
- 3 months
- 3-6 months
- Over 6 months
- Don’t know

The survey — which was conducted at the same time that extensive layoffs at companies in the technology, housing and other large industries first began garnering prominent news coverage — also asked respondents how they’d react to the hypothetical scenario of their employer offering buyouts as an alternative to layoffs. About 42% said they’d decline the offer and 43% said they’d only accept a buyout that included six months or more of severance.

Interestingly, though, the likelihood to voluntarily leave a current job or accept a buyout offer varies in part based on where employees are required to do their jobs. Employees who work in a hybrid environment, splitting their time between working remote and in person at a place of business, were more likely to want to leave their jobs than those who work fully remote or at a place of business. Hybrid workers were also more likely to accept a buyout offer, and for less severance, than employees with one work location arrangement. The recent rise in hybrid work arrangements has been touted as a compromise between workers who prefer the flexibility of remote work and managers who want greater visibility into employees’ daily activities, and to avoid letting pricey office accommodations continue to sit underutilized.
Given many consumers’ limited resources to effectively contend with an unexpected expense or disruption to their employment and income, respondents said they’d rely on cutting back spending in a number of areas to get by. Cutting back on dining out, entertainment and vacations were obvious and relatively easy places to start. But many consumers also said they’d have to let other bills go unpaid or take on debt in order to make ends meet. These riskier methods have the potential to exacerbate financial distress and delay consumers’ ability to sustainably recover from a setback.

If you had an unexpected expense, what would you cut back on to pay for it?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dining out</td>
<td>61%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>49%</td>
</tr>
<tr>
<td>Vacations</td>
<td>42%</td>
</tr>
<tr>
<td>Retail expenses</td>
<td>38%</td>
</tr>
<tr>
<td>Groceries</td>
<td>31%</td>
</tr>
<tr>
<td>Savings</td>
<td>25%</td>
</tr>
<tr>
<td>Transportation</td>
<td>15%</td>
</tr>
<tr>
<td>Credit card payments</td>
<td>14%</td>
</tr>
<tr>
<td>None of the above</td>
<td>13%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>9%</td>
</tr>
<tr>
<td>Retirement</td>
<td>8%</td>
</tr>
<tr>
<td>Student loan payments</td>
<td>7%</td>
</tr>
<tr>
<td>Rent/Mortgage</td>
<td>4%</td>
</tr>
<tr>
<td>Childcare</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Achieve Center for Consumer Insights

Many consumers said they’d have to let other bills go unpaid or take on debt in order to make ends meet.

Tip from Achieve

Make a plan to pay off credit card debt. Paying off credit card debt at typical interest rates effectively makes an investment that returns 13% to 20% per year. Think about it: If your credit card charges 20% interest, and you pay off the balance, you are guaranteed to save yourself from losing 20% — which is, in effect, making a 20% return.
5 Steps to Prepare for a Recession

For many, recessions can mean reduced income, business slowdowns and a general tightening of the economy. Even the potential of a recession can be unsettling, which is why it’s important to remember that you have little to no control over the economy. You can’t control prices or price fluctuations, or whether a recession happens. Instead, work on what you can control: providing yourself some buffers so when things happen, you’ll be better prepared. With careful planning, prioritization and a budget, consumers can more easily weather economic challenges and keep making financial progress.

1. **Get your priorities straight.** Pay your mortgage or rent first. Never risk your home. If you do encounter trouble making your monthly housing payments, be proactive and contact your mortgage servicer or landlord to discuss what options may be available to receive assistance to get back on track.

2. **Stick to your budget.** Especially in financially stressful times, many people say, “it’s hard to budget.” Budgets should ideally be based around short-term and long-term goals. But right now, it may make sense to focus on the shorter term and determine where your household’s own vulnerabilities may be. Addressing these may help ease the pressure on paying for day-to-day expenses.

3. **Track spending.** Budgeting can sometimes feel like you’re groping in the dark, especially if you’ve not done it before or the environment you’re in (i.e., the economy) is changing rapidly. Hold on to all receipts for a few weeks and keep a detailed spending log. You may be surprised to see how much you spend each day, and on what. By doing this, you’ll know what your expenses really are and you’ll spot areas where you can cut back or better prioritize in your budget.

4. **Prioritize savings.** From the last recession and the pandemic, consumers learned (or should have learned) that the unexpected does come up. It could be losing a job, a large medical bill or an appliance going out. In recessionary times, income stability could be threatened, from a complete job loss to reduced hours or pay. The best thing you can do now is to shore up your savings.

5. **Organize and declutter your storage areas, closets, garage and attic.** You’ll get a much better inventory of what you really have so you don’t spend on something unnecessarily. You may also discover some items that you’re comfortable parting ways with to bring in more cash.

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**Tips from Achieve**

- **If you’re struggling,** be proactive about seeking financial assistance. Ask creditors about payment plans. Find a local food pantry to help stretch your grocery budget. Also, many utilities offer hardship programs to those who need help getting through the winter.

- **Adjust insurance coverage** to meet your current needs. If you have a large life insurance policy but don’t support dependents, decide whether less coverage makes sense. Car insurance is often based on how much you drive. If you frequently work from home, see if you can lower your premiums.

- **Expand your professional skills** through online training and certifications. From learning to code to mastering data analytics and the cloud, Google, LinkedIn, Amazon and others offer resources to help individuals develop skills that are relevant in a variety of fields.