

Research Report

Preparing for the Unexpected: Understanding Emergency Savings and Why It Is Critical to Financial Well-Being

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Introduction

One of the most important indicators of financial well-being is having money set aside for an emergency (Consumer Financial Protection Bureau 2017). Unfortunately, many US households have only small amounts of emergency savings and are unprepared for even minor financial shocks. Typically, households with low educational attainment, and low household income are less likely to have even modest amounts of savings for unexpected financial emergencies, compared with the population overall (Stavins 2021). Therefore, an important policy goal to improve household financial well-being and further equity is to make it easier for households to build emergency savings.

Although overall household economic instability has grown in recent decades, it remains more common among lower-income households that have witnessed higher levels of income volatility and unstable consumption (Gorbachev 2011; Hardy and Ziliak 2014; Morrissey et al. 2020). This has made it even harder for low- and moderate-income households from all racial and ethnic backgrounds to save for emergencies. And unfortunately, one dynamic plays against another. The same economic trends that make it more important to have emergency savings simultaneously make it more difficult to save.

This report details how policymakers and other stakeholders can improve the design of emergency savings policies, strengthen workplace short-term savings programs, and target policies that enhance household financial well-being and racial equity. We provide a holistic perspective on emergency savings (going beyond a singular notion) by discussing the types of emergency savings, elaborating on their multiple dimensions, and exploring how different subpopulations use savings to prepare for financial emergencies. To be sure, a key challenge of developing policy solutions is the complex and multiple ways in which households prepare for financial emergencies, topics discussed in further detail here. As part of this exploration, the report uses data from five nationally representative surveys of American households to compare how emergency savings are measured and whether there is consensus, across surveys,

in the level of household preparedness for financial emergencies. We consider the following specific questions: (1) How well do different surveys capture the multiple aspects of emergency savings? (2) How do emergency savings rates differ across surveys? (3) What household characteristics contribute to higher emergency savings? The report highlights the relationship between emergency savings and financial well-being and presents insights on household characteristics associated with high financial emergency preparedness.

Our findings are quite telling. By creating a means of considering data from several surveys that use otherwise inconsistent approaches, we identify commonalities in the findings. Among them, just half of all households have set aside enough to cover expenses for three months, and fewer than three in four households could come up with \$2,000 if an unexpected need arose. Over 30 percent feel they will face challenges in meeting even a \$400 emergency expense. In addition, only a limited number of households have enough emergency savings to cover any large expense over a prolonged period of income loss, and many would need to rely on credit to pay for unexpected expenses. Identifying such issues is required to design effective solutions.

Financial well-being and the complexity of emergency savings

The many facets of emergency savings make it inadequate to investigate the issue in a singular way; to start, determining how much is needed and even measuring how much emergency savings people have can be elusive. Unexpected expenses and similar financial emergencies are an inevitable part of life; they can range from a simple but unanticipated car or appliance repair to the loss of a job or sudden reduced income. Such unexpected expenses may arise only rarely, several times a year or all at once. Such incidents can destabilize household finances over the short term or lead to more prolonged instability. This is especially true if families are forced to borrow money or skip paying other bills to deal with the expense. Moreover, although emergency savings may be especially important to the financial well-being of lower-income households, even higher-income

households find it difficult to save for financial emergencies (Sabat and Gallagher 2020), further highlighting the challenge in setting aside money for unexpected situations.

Financial emergencies can be grouped into three major types depending on how urgent the need to pay for the expense. First, there are expenses that need to be met immediately, such as a blown car tire that may keep a person from going to work if not fixed quickly and could, in the worst-case scenario, lead to job loss. Meeting such an expense requires funds that can be accessed without delay. Second, there are expenses, such as a broken water heater or a leaking roof, that require larger amounts but can be paid in installments or, if a person has adequate funds, by moving savings between sources. And third, there is the sudden emergency on the income side, such as a job loss or disability, leading to an unexpected shortage of steady income. This financial emergency would require a much larger amount of savings that could last over a longer period until an alternative source of income or job is secured.

Households that want to save for financial emergencies should make three key determinations, based on the type of emergency expenses that may arise: (1) how much to save, (2) how frequently those savings may need to be used, and (3) how long it will take to build back those emergency funds. For example, a household can decide to save \$2,000 to meet financial emergencies over one to two months. If the fund needs to be used for an unexpected expense, the account would need to be replenished to its original \$2,000 over the one to two months after the event. This may affect other monthly savings that need to be set aside over that period.

Such realistic scenarios are important to consider in determining adequate emergency savings. Because emergency event expenses can vary, the amount needed for an emergency fund is less easily determined and more difficult to plan for. Another unique attribute of emergency savings is that unlike other forms of savings that are invested, emergency savings are not intended to grow but rather be available to be spent down when needed and then replenished to maintain a steady balance.

These considerations highlight the multiple aspects of emergency savings, which make it difficult to both achieve consensus on a universal definition of the term and determine what constitutes adequate emergency savings for financial well-being. The result is confusion for consumers, advisors, researchers, and policymakers because recommendations often depend on the type of emergency considered or an average amount of savings, which may be insufficient or unsuitable to the individual needs of a family.

It is equally important to recognize that adequacy of emergency savings cannot be considered without understanding other financial obligations that a family has. For example, debt and mortgage payments will not only influence how and whether savings can be set aside for financial emergencies but also the amount that needs to be saved to prevent going into debt or missing a bill payment. In addition, because emergency savings are a source of funds expected to be used and replenished, it is important to consider the time required to reestablish the emergency savings balance. Simply asking about the amount of savings a household has on a certain day is inadequate because it could vary widely depending on when an emergency last occurred and how close the family is to replenishing their emergency savings fund.

In summary, the multiple aspects of emergency savings make it challenging to determine how many US households are well prepared for financial emergencies and how many are financially vulnerable because they have inadequate emergency savings. These aspects also make it difficult to monitor changes in emergency savings rates and to make meaningful comparisons of rates across different populations, over different time periods, and for different forms of emergency savings. In this report, we overcome several of these limitations by analyzing household responses to different dimensions of emergency savings by using five surveys. We then identify how household characteristics that are predictive of high emergency savings differ across dimensions and among surveys. This analysis helps us better understand gaps in financial emergency preparedness in the overall population and among different

subpopulations as well as among low- and moderate-income households.

Overview of surveys on household emergency savings

The concept of emergency savings involves multiple dimensions, with each providing important information on how well families are prepared for financial emergencies. At a minimum, any measure of adequate emergency savings should include three elements: (1) how quickly funds can be accessed, (2) the type of emergency savings, and (3) how easy (or difficult) it is to save for an emergency. Therefore, measures that identify a specific amount of emergency savings provide an incomplete picture because a family could face financial emergencies that have varying costs and levels of urgency, and, on the resources side, savings themselves can be stored in various forms such as checking or money market accounts or as redeemable investment instruments.

These challenges in measuring emergency savings mean that no single survey of American households captures all dimensions of emergency savings, nor do these surveys consider other financial obligations that influence savings ability and adequacy. Although some surveys focus on an absolute dollar amount of savings, such as \$400 or \$2,000, others measure relative amounts, typically whether a family has emergency savings to cover three to six months of usual expenses. Although this information is a good starting point, such measures fail to provide a complete picture of preparedness for financial emergencies.

This report is the first to provide a more holistic approach to understanding emergency savings, an important step to advancing policies needed to safeguard households from financial distress. We examine how five surveys measure emergency savings, whether savings rates differ across surveys, and what household characteristics are predictive of high emergency savings. We

chose surveys conducted between 2016 and 2019 that are publicly available and nationally representative to ensure ease of data access, to enable tracking of emergency savings rates both across the United States and among subpopulations, and to avoid pandemic-related economic changes from influencing the results. Tables 1 and 2 in the appendix present details of the five surveys and describe survey questions on emergency savings.

This report reviews and analyzes data on household emergency savings from the following five surveys:

1. The Survey of Household Economics and Decisionmaking (SHED), an annual survey of households conducted by the Federal Reserve Board of Governors
2. The Unbanked and Underbanked Survey, an annual supplemental survey of the Current Population Survey (CPS) conducted by the US Census Bureau and sponsored by the Federal Deposit Insurance Corporation (FDIC-CPS)
3. The US Financial Health Pulse, an annual survey sponsored by the Financial Health Network and fielded as part of the Understanding America Study (FHP-UAS)
4. The National Financial Capability Survey (NFCS), an annual survey conducted by the Financial Industry Regulatory Authority (FINRA)
5. The Financial Well-Being Survey, a one-time survey conducted by the Consumer Financial Protection Bureau (CFPB-FWB) in 2016

One complication of studying emergency savings across various surveys is that because each survey approaches emergency savings uniquely and identifies different household financing sources, inconsistencies could exist in emergency savings rates. In addition, there is an added layer of inconsistency from respondents who potentially interpret questions in various ways (see appendix table 2 for examples).¹ To overcome some of these

1 The FHP-UAS measures emergency savings using the same question as the SHED: “Suppose now that you have an emergency expense that costs \$400. Based on your current financial situation, how would you pay for this expense?”

inconsistencies, we focus on the following key dimensions of emergency savings:²

1. Whether the survey collects information on regular or general savings and asks specifically if savings are accumulated in dedicated emergency savings accounts.
2. Whether the survey includes questions on how a family determines what a financial emergency or unexpected expense is. For instance, whether financial emergencies include commonly accepted events, such as sickness and job loss, or extend to other spending emergencies, such as home repair and vehicle breakdown, or even both.
3. The time frame the survey questions delineate for assessing adequacy of emergency savings. For example, possible time frames could include the past few weeks, the past month, or the past year. Each time frame will yield different interpretations of preparedness for financial emergencies.
4. How the amount of funds required to manage financial emergencies is measured as well as whether an absolute or relative measure is used, and which of the two is better suited to assess preparedness for financial emergencies. Identifying the better option would consider the rationale to use an absolute or relative measure of emergency savings and how sufficiency metrics differ between these measures.
5. Whether the survey incorporates different ways in which households can respond to financial emergencies, such as whether sufficiency of emergency savings is assessed based on availability of liquid funds only or whether other ways to raise finances are included, such as borrowing or selling assets.

In analyzing questions from the five surveys, we discovered two important yet often-overlooked aspects of emergency savings, that are tied to time frame: Surveys do not adequately measure knowing how quickly money can be accessed when an emergency event occurs and whether penalties are associated with accessing them. Although

some surveys, such as the SHED and the FHP-UAS, reference a specific period and measure current savings, others, such as the FDIC-CPS, ask about savings accumulated over the previous 12 months. Both these approaches can be problematic in different ways. Questions that ask about a respondent's current financial situation may not adequately capture fluctuations in emergency savings that occur as they are used and then replenished, whereas those that ask about the previous 12 months could be imprecise if the respondent is unable to recall their savings balances.

The five surveys also differ on whether they use a relative measure of savings (e.g., savings equivalent to three months of household expenses) or an absolute measure of savings (e.g., \$400 or \$2,000), each of which can lead to unique conclusions on how well households are prepared for financial emergencies. The NFCS, for example, uses a relative measure of emergency savings, whereas the FHP-UAS uses an absolute measure, and the SHED uses both relative and absolute measures. These different ways of measuring emergency savings will lead to inconsistencies because, generally, the dollar amount of savings equivalent to three months of expenses could be higher than, using the previous example, \$400 or \$2,000. And even among households with identical financial characteristics, how a respondent assesses their ability to meet a relative versus an absolute amount of emergency expense is likely to differ.

These differences among surveys should be addressed to move toward more consistent ways of measuring emergency savings rates and understanding how well Americans are prepared for financial emergencies. To help with this task, the next section considers various measures of savings to provide a deeper understanding of the ways in which Americans respond to and manage financial emergencies by examining the relationship between household characteristics and higher emergency savings.

2 Beshears et al. (2020) provide a framework for thinking about emergency savings measures.

Levels of overall emergency savings across population characteristics

Like other measures of financial hardship, emergency savings relate to household characteristics. Demographic characteristics, including racial and ethnic identity, age, and number of dependents, will affect emergency savings. Overall, our analysis shows that African American, Hispanic, and younger households are more likely to have no emergency savings. Those affected by unemployment, in lower-wage jobs, and with less education are more likely to have low emergency savings. Financial awareness also affects emergency savings that families accumulate, as does whether people have bank accounts, with lower savings levels among households lacking them.

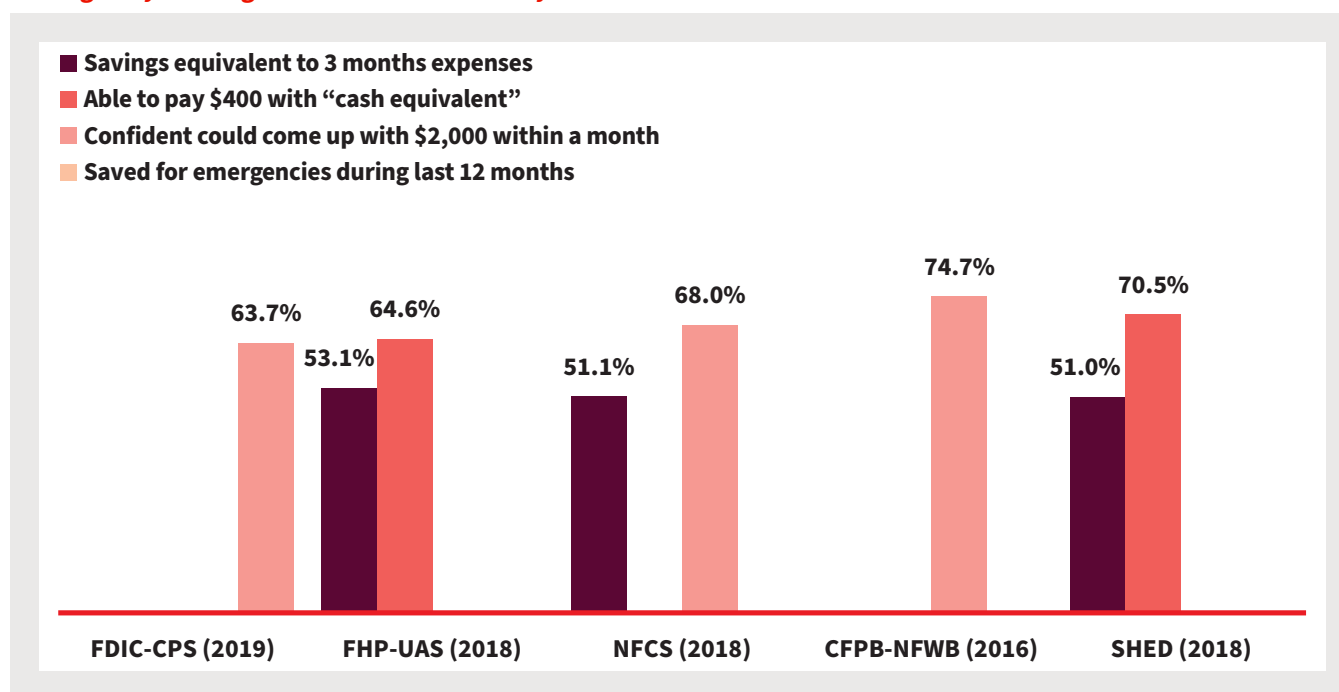
To analyze household characteristics associated with high emergency savings, we focused on survey questions that relate to core aspects of emergency savings and are measured in at least two of the five surveys—an exercise that helps create a consistent way to measure emergency savings. More specifically, across the five surveys, we examine household responses to four distinct questions: whether a household (1) can meet a \$400 emergency expense, (2) can

meet a \$2,000 emergency expense, (3) has set aside emergency savings equal to three months of household expenses, and (4) has set aside savings over the previous 12 months for the purpose of financial emergencies.

Figure 1 presents household responses to these four emergency savings questions in the five surveys.³ Across all surveys, we find that many Americans are ill prepared for financial emergencies. Depending on the survey, roughly half to one-third of households report lacking sufficient savings to handle unexpected expenses. For example, just half of households indicated that they had set aside enough to cover expenses for three months, and fewer than three in four households could come up with \$2,000 if an unexpected need arose. In addition, only a limited number of households have enough emergency savings to cover any large expense or prolonged period of income losses, and many would need to rely on credit to pay for unexpected expenses.

We find emergency savings rates are relatively similar across surveys that measure the same dimension (see appendix table 2). For example, the proportion of households that report savings equivalent to three months of expenses

FIGURE 1
Emergency Savings Rates in Five Surveys



³ Appendix table 2 presents all emergency savings measures in the five surveys.

is 51 percent in the SHED and 53 percent in the NFCS. The same pattern is observed for surveys that use an absolute measure of savings. The SHED and the FHP-UAS, which ask about a \$400 unexpected expense, report 70.5 percent to 64.6 percent emergency savings rates, respectively.⁴ The NFCS and CFPB-NFWB, which ask if the household could come up with \$2,000 if an unexpected need arose within the next month, report 68 percent to 75 percent savings rates, respectively. Finally, the FDIC-CPS, which asks if the respondent saved for financial emergencies over the past 12 months, shows savings rates closer to those in surveys that use an absolute dollar amount, at 64 percent.

Overall, emergency savings rates are similar across surveys when comparing similar measures of emergency saving. Of all families, 65 percent to 75 percent reported having emergency savings of \$400 to \$2,000 before the pandemic, and around 50 percent reported having saved the equivalent of three months of expenses. However, more work is needed to fully understand how respondents interpret relative versus absolute measures of emergency savings and why there is a relatively low 15 to 20 percentage point difference between these distinct dimensions of emergency savings even though, as discussed previously, savings of \$400 or \$2,000 are likely to be well below what the average household would need for three months of regular expenses.

Next, we explore emergency savings rates by subpopulations, including race and ethnicity, age, and education level, and how rates differ based on the type of financial products that households use.

Emergency savings rates by subpopulations

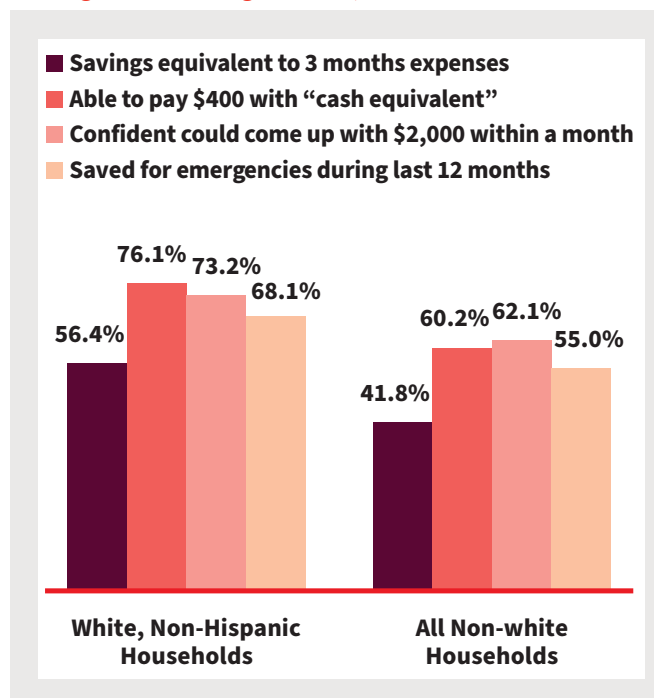
One key concern in establishing or recommending emergency savings is that a level too high could make it unachievable for certain households and could discourage some from saving, whereas a recommended level that is too low could be ineffective and leave households financially insecure. It is therefore important to understand how different population groups fare with respect to different measures of emergency savings.

Racial and ethnic groups

Well-established evidence shows racial disparities in economic opportunity, access to financial services, experiences of financial hardship, and similar concerns. To understand how emergency savings rates differ for racial subgroups, it is essential that federal surveys contain information on demographic characteristics of respondent households. Four of the five surveys we review—the NFWB, SHED, HPS-UAS, and FDIC-CPS—contain data specific to households headed by non-Hispanic Black adults, Hispanic adults, and other racial groups. The fifth survey—the NFCS—does not contain the same level of detailed information about a respondent’s racial and ethnic background and permits only a distinction between households headed by white adults and households belonging to other racial groups.

Households headed by individuals from racial groups other than white are less likely to have emergency savings than households headed by white individuals. Figure 2 shows that across the five surveys, this difference is

FIGURE 2
Emergency Savings Rates, by Race and Ethnicity



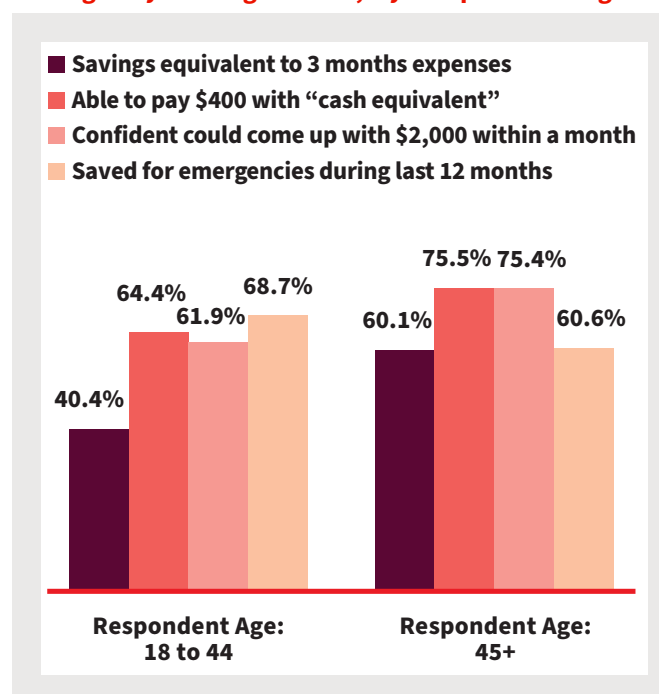
4 The 5-percentage point difference may reflect the different years in which data were collected for these surveys. The FHP-UAS data come from a 2019 survey, and the SHED has 2018 data.

around 10 percentage points lower for Black and Hispanic households than for white households. These disparities in emergency savings could be reflective of more systemic racial differences, such as lower and more inconsistent income among Black and Hispanic households.

Age

Figure 3 shows that families with a younger head of household have lower emergency savings rates than do families with an older head of household. This is to be expected because older households are more likely to have accumulated financial resources over time. Still, the responses do not indicate a substantial increase in emergency savings as households age, even among families where the head of the household is 45 or older; only 71 percent report having enough money in emergency savings to cover a \$400 financial emergency.

FIGURE 3
Emergency Savings Rates, by Respondent Age



Education and income

We consider how the education and income of the head of the household affect emergency savings rates. In general, because individuals with higher levels of education are more likely to have higher income, those households could also have more emergency savings. Our findings confirm the positive relationship between higher levels of education and income and emergency savings.

Figure 4 shows that households headed by those with less educational attainment are less likely to have emergency savings, perhaps because these households have a higher likelihood of job instability and are more likely to be underbanked.⁵ In addition, to the extent that individuals with lower education are more susceptible to errors in financial decisions, the consequences of such errors are more magnified for lower-income households lacking emergency savings.⁶

Our analysis shows that just over half (54 percent) of households headed by adults with less than a high school education reported having emergency savings. Although this may be expected, a surprising finding is that emergency savings are not universal for households with high education and high income. In fact, 20 percent to 25 percent of adults with more than a college degree do not have emergency savings. In terms of household income, lack of emergency savings is particularly a problem for households at income levels below \$50,000 (roughly median income). Depending on the survey, 34 percent to 50 percent of low-income households have emergency savings, and approximately 25 percent do not have a meaningful amount of savings that could cover a major expense.

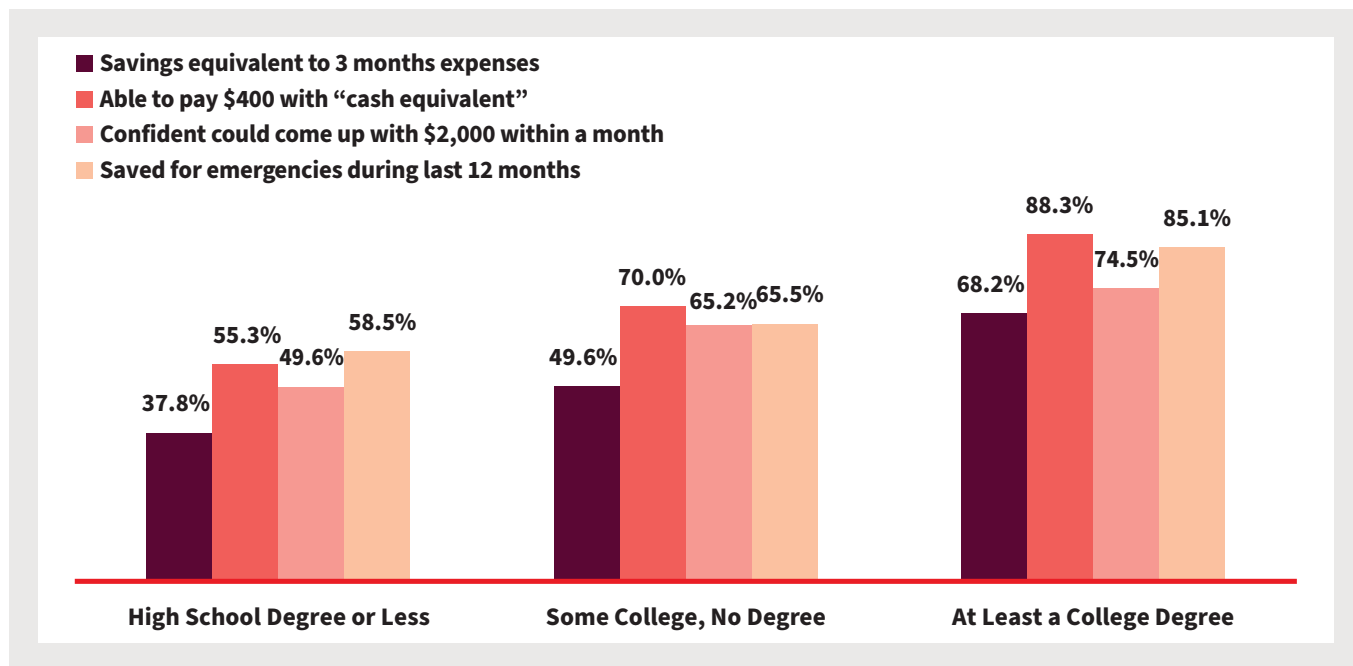
Alternative financial products and emergency savings

The use of traditional financial products like bank accounts and credit cards make it easier to save for and navigate financial emergencies.

⁵ However, the FDIC found in 2021 that only 4.5 percent of American households lack a checking or savings account. The relationship between emergency savings and the connection to the financial system is discussed in the next section. An underbanked household is one that lacks access to full use of the different types of banking and credit products offered by financial institutions.

⁶ See Mullainathan and Shafir (2009).

FIGURE 4
Emergency Savings Rates, by Education Level

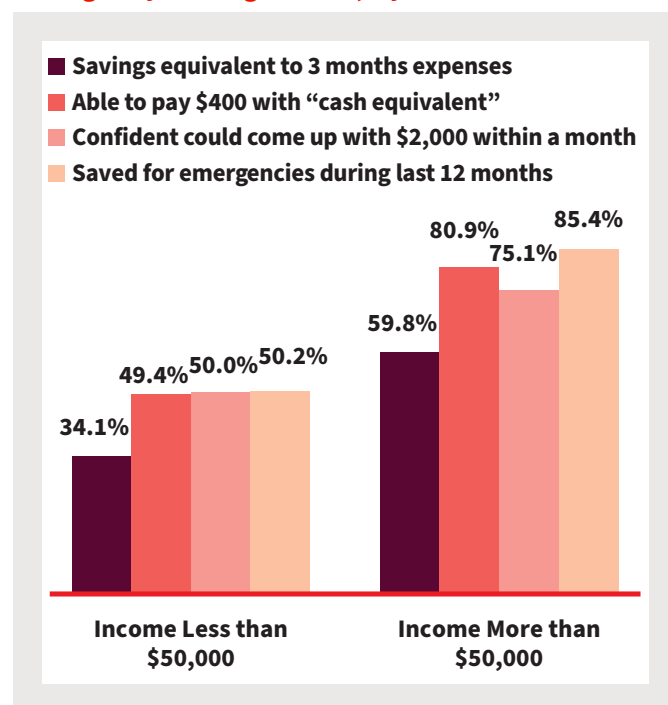


Bank accounts provide a means to store financial assets, and affordable credit can help people set aside funds for emergency savings. Figure 5 shows the relationship between emergency savings and several types of financial products, such as ownership of bank accounts, credit card ownership, health insurance coverage, and use of a payday loan, in the previous year.

Our analysis shows that bank account ownership is related to higher emergency savings: Banked households are at least twice as likely to have emergency savings than unbanked households and are more likely to be able to pay for unexpected expenses. Similarly, households with a credit card are also more likely to have emergency savings, including being able to come up with \$2,000 for an unexpected need in the next month, especially if households use credit cards that offer lower interest rates than high-interest credit options.

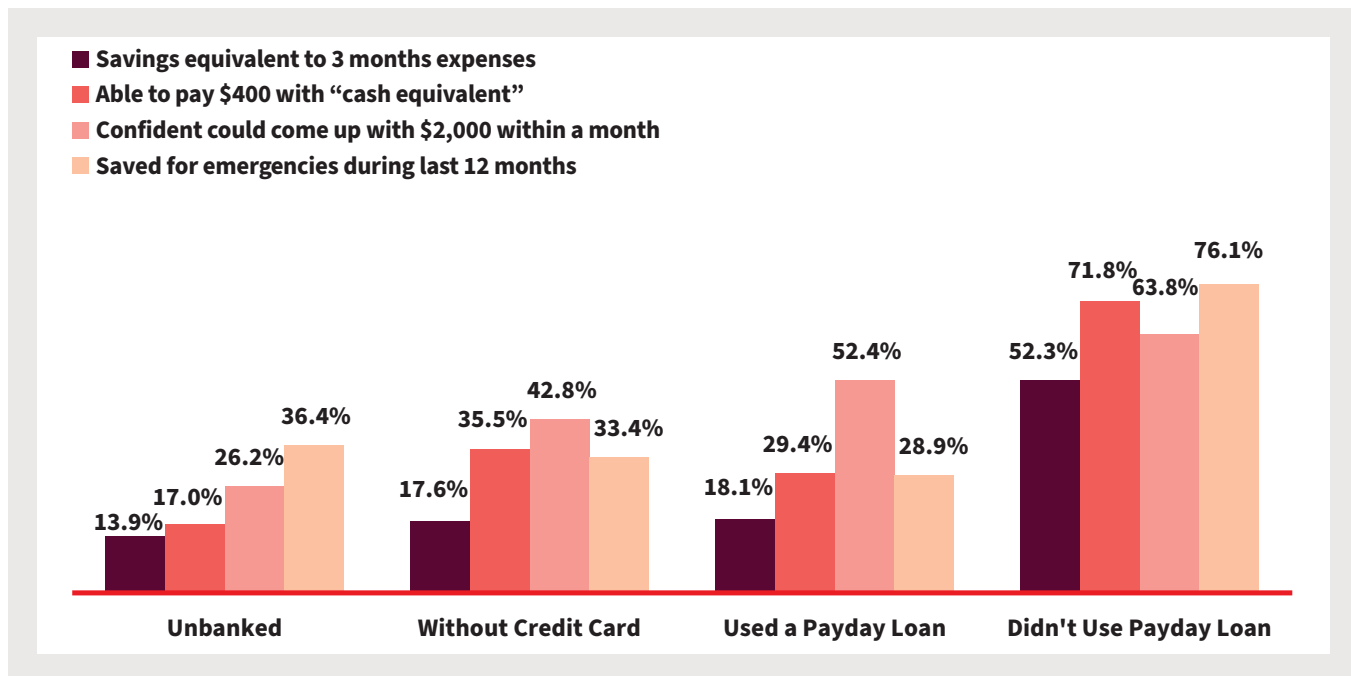
On the other hand, those who use payday lenders are substantially less likely to have emergency savings than are those who did not use a payday loan in the previous year. Payday borrowers may own a bank account but typically use other nonbank, high-cost financial providers for some or all of their financial services. Moreover, payday borrowing

FIGURE 5
Emergency Savings Rates, by Household Income



is usually associated with financial hardship. Given that medical expenses are a common source of financial emergencies, the growth in medical debt as a source of financial hardship warrants more research to help understand its implications for emergency savings.

FIGURE 6

Emergency Savings Rates, by Use of Alternate Financial Products**The way forward**

Better information about who lacks emergency savings will help make policies and reforms more effective. A key step toward improving the financial stability of US households is to measure, track, and understand their ability to weather unexpected financial emergencies.

Although the concept of emergency savings may seem straightforward, a deeper understanding of the idea reveals its nuances and multiple dimensions. Understanding these aspects is essential to assessing adequacy and improving emergency savings rates for Americans. Even today's data can help guide efforts to make it easier to save. To help inform policy solutions that enable people to build emergency savings, this report describes (1) how well different surveys capture the multidimensional nature of emergency savings, (2) how the rates of household emergency savings differ across these surveys, and (3) household characteristics that contribute to higher emergency savings. Our assessment and analysis of the five surveys show that most surveys focus on singular dimensions of emergency savings such as relative or absolute measures of savings, whereas other dimensions of emergency savings, such as ease of access or urgency of event expense, have received less attention. Encouragingly, among the surveys that track the same or similar measures of

emergency savings, there is relatively high consensus on the share of Americans lacking emergency savings: close to 40 percent.

It is important to note that the current measures of emergency savings included in federal surveys provide only a partial picture of American preparedness for financial emergencies. Other dimensions of emergency savings—such as how frequently households experience financial emergencies, the types of emergencies experienced, and challenges faced in replenishing emergency funds if drawn down to meet an emergency—should be included to provide a more complete picture of Americans' ability to weather unexpected expenses.

In addition, preparedness for financial emergencies cannot be considered in isolation from other financial obligations, such as debt and mortgage payments, which will affect the ability to save for financial emergencies.

In our analysis on how household characteristics influence emergency savings, we find that although many Americans are falling short of savings and need to manage unexpected expenses, Black and Hispanic households and those with low to moderate incomes are especially vulnerable to financial adversity due to low emergency savings. Targeting policies to ensure they reach the groups most likely to lack emergency savings is essential to improving the

savings rates of those populations. In addition, reforms should make it easier for all people of all ages to save, regardless of gender, race and ethnicity, and income level.

Several policy and marketplace solutions can make headway in improving Americans' preparedness for financial emergencies. One promising approach is a payroll deduction program specifically for emergency savings, offered through employers or other third-party providers. Such an approach can help savers consistently build balances with greater ease, and features that allow savers to stop or restart their deductions as their circumstances change gives them control over their contributions.

Implementation and design of such programs are key. Surveys show that such workplace benefits are popular, but the actual number of employees who sign up for this relatively new offering tends to be much lower. This appears to be caused by difficulties in opening an account or the absence of behavioral nudges like automatic enrollment (allowing employees to opt out rather than requiring them to opt in), which has shown to be effective in improving retirement savings rates. Unlike retirement savings plans, where automatic enrollment has sharply increased participation by workers in all income groups, this mechanism is not yet available for emergency savings, except for programs connected to a workplace retirement plan.

Evidence, in fact, shows that automatic enrollment for emergency savings would have a similar effect as it has had on participation in retirement plans. Experiments by the United Kingdom's National Employment Saving Trust, a government-owned provider, found that with automatic enrollment, participation in an emergency savings program increased by up to 50 percentage points over the same program where employees were required to enroll themselves, and the median amount saved was also sharply higher (Berk et al. 2022). Closer to home, thanks to recently enacted federal legislation (see next paragraph), a supplemental savings plan introduced for public employees by the state of South Dakota witnessed a massive jump in savings rates, from 3 percent to 94 percent, after the introduction of automatic enrollment (Clark et al. 2018). These findings underscore the need for legislation that enables

autoenrollment in workplace emergency savings accounts to improve Americans' preparedness for financial emergencies.

The US has taken a step in that direction. The SECURE 2.0 Act of 2022 allowed automatic enrollment for emergency savings programs connected to a retirement program. This is a major improvement, but as only about half of the American workforce has an employer that offers a retirement plan, additional steps are needed to provide everyone with a similar benefit (John et al. 2022). In recent years, several employers, such as Amazon, Delta Airlines, Humana, Best Buy, and Levi's, have started to offer emergency savings programs not connected to a retirement plan. With automatic enrollment, participation can be expected to grow faster and reach more workers in need of emergency savings.

In addition to automatic enrollment, features that participants want in a workplace emergency savings program differ from other traditional savings programs. Employees, for example, need to be able to access their money immediately. They also want to be able to start and stop contributing at will, keep the account if they leave their job, and maintain privacy when they use the account (that is, keep that information from their employer). Thus, awareness and education efforts should include a description of the level of control of finances, the relationship between emergency savings and reduced financial worries, and ease of saving for financial emergencies to meet unexpected financial needs.

There is no single right way to structure an emergency savings program that meets the needs of every individual, population group, or circumstance. Employers have a fair amount of leeway in determining how to design emergency savings programs that best meet their employees' needs. Workplace emergency savings programs will benefit greatly from better data that can help us understand the needs and desires of different types of savers. In the meantime, insights from existing federal surveys—when considered together—are valuable in providing a more holistic picture of emergency savings among Americans and understanding sub populations currently unable to save for these events.

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Appendix

Details of the five surveys analyzed in this report

APPENDIX TABLE 1

Emergency Savings Surveys

Survey	Sponsor	Goal of survey	Frequency	Sampling frame
Unbanked and Underbanked Supplement to CPS (FDIC Supplement)	Federal Deposit Insurance Corporation (FDIC)	Assess the inclusiveness of the banking system	Biannually since 2009	Approximately 35,000 households, with independent samples taken from each state and the District of Columbia
Financial Health Pulse (FHP-UAS)	Financial Health Network	Shed light on the financial lives of Americans	Annually since 2018 with a longitudinal component	Fielded as part of the Understanding America Study, a survey conducted by the University of Southern California Dornsife Center for Economic and Social Research
National Financial Capability Survey (NFCS)	Financial Industry Regulatory Authority (FINRA) Investor Educational Foundation	Benchmark key indicators of financial capability and evaluate how these indicators vary with characteristics	Triennially since 2009	National Financial Capability Survey (NFCS)
National Financial Well-Being (NFWB) Survey	Consumer Financial Protection Bureau (CFPB)	Assess the current state of financial well-being among adults overall and among important subpopulations; allow testing hypotheses related to how financial knowledge and financial behaviors relate to financial well-being and support additional research on the financial well-being measures	Survey conducted in 2016	Approximately 6,000 adults (ages 18 and over) in each state and the District of Columbia drawn from the GfK KnowledgePanel; completed surveys designed to be representative of the US population on age, race and ethnicity, and household income below 200 percent of the federal poverty level; some oversamples of adults ages 62 and over
Survey of Household Economics and Decisionmaking (SHED)	Federal Reserve	Measure the economic well-being of US households and identify potential risks to their finances	Annually since 2013	Approximately 12,000 members of the Ipsos KnowledgePanel, a nationally representative sample of the US population; designed to be representative of US adults ages 18 and over

Description of five surveys analyzed in this report

The SHED is an annual survey sponsored by the Board of Governors of the Federal Reserve System. First conducted in 2013, the SHED measures household economic well-being and identifies risks to their finances. The SHED sample originates from the GfK Knowledge Panel, a nationally representative sample of US adults. Conducted online, the SHED includes several questions related to emergency savings, as well as detailed demographic, economic, and financial characteristics.

The Current Population Survey (CPS) interviews approximately 35,000 households each month. Since 2009, the Federal Deposit Insurance Corporation (FDIC) biennially sponsors a supplement

to the June CPS known as the FDIC National Survey of Unbanked and Underbanked Households (FDIC-CPS).⁷ The FDIC-CPS assesses the inclusiveness of the banking system and collects detailed data related to the use of bank and nonbank financial products. Beginning with the 2015 survey, the FDIC-CPS included a question about whether the household set aside money for unexpected or emergency expenses. Because it is part of the CPS, the extensive survey sample provides rich demographic and economic characteristics of households.

The US Financial Health Pulse is a component of the Understanding America Study, a nationally representative internet panel run by a research team from the University of Southern California's Dornsife Center for Economic and Social Research. Collected annually beginning in 2018, it reaches approximately 7,400 households. Like the SHED and FDIC-CPS, the Financial Health Pulse contains demographic, economic, and financial characteristics of surveyed households.

The National Financial Capability Survey (NFCS) is a triennial survey sponsored by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation. Since 2009, the NFCS has been collected every three years and provides a benchmark for assessing financial capability, financial literacy, and how they vary depending on household characteristics. The NFCS has measures of emergency savings but lacks detailed data on the racial and ethnic characteristics of households. This makes it less applicable to understanding disparities in savings for financial emergencies.

The Consumer Financial Protection Bureau (CFPB) sponsored the Financial Well-Being Survey (CFPB-FWB) in late 2016 to understand the financial condition of the US population. Containing slightly more than 6,000 households, it is nationally representative of the adult population. It collects information on demographic, economic, and financial characteristics.

Emergency savings questions in five surveys analyzed in this report

APPENDIX TABLE 2

Emergency Savings Questions by Survey

Survey	Questions related to emergency savings
Unbanked and Underbanked Supplement (FDIC Supplement)	Even if you later spent it, did you or anyone in your household set aside any money in the past 12 months that could be used for unexpected expenses or emergencies? I am only asking about funds that could be easily spent if necessary and am not asking about retirement or other long-term savings.
Financial Health Pulse (FHP-UAS)	<ol style="list-style-type: none"> Suppose now that you have an emergency expense that costs \$400. Based on your current financial situation, how would you pay for this expense? If you would use more than one method, please select all that apply. <ol style="list-style-type: none"> Put it on my credit card and pay it off in full at the next statement. Put it on my credit card and pay it off over time. Use the money currently in my checking or savings account or use cash. Use money from a bank loan or line of credit. Borrow from a friend or family member. Use a payday loan, deposit advance, or overdraft. Sell something. I would not be able to pay for the expense right now. Other (please specify) Have you set aside emergency or rainy-day funds that would cover your expenses for 3 months in case of sickness, job loss, economic downturn, or other emergencies?

⁷ In 2009, the Unbanked and Underbanked Supplement was fielded in January. In each subsequent year, it was fielded in June.

Survey	Questions related to emergency savings
National Financial Well-Being Survey (CFPB-NFWB)	<ol style="list-style-type: none"> How much money do you have in savings today? <ol style="list-style-type: none"> \$0 \$1–\$99 \$100–\$999 \$1,000–\$4,999 \$5,000–\$19,999 \$20,000–\$74,999 \$75,000 or more Putting money into savings is a habit for me: Strongly disagree, Disagree, Disagree slightly, Agree slightly, Agree, Strongly agree How confident are you in your ability to raise \$2,000 in 30 days? Certain I could not, Probably could not, Probably could, Certain I could
National Financial Capability Survey (NFCS)	<ol style="list-style-type: none"> Have you set aside emergency or rainy-day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies? How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month?
Survey of Household Economics and Decisionmaking (SHED)	<ol style="list-style-type: none"> Have you set aside emergency or rainy-day funds that would cover your expenses for 3 months in case of sickness, job loss, economic downturn, or other emergencies? If you were to lose your main source of income (e.g., job, government benefits), could you cover your expenses for 3 months by borrowing money, using savings, selling assets, or borrowing from friends and/or family? Suppose that you have an emergency expense that costs \$400. Based on your current financial situation, how would you pay for this expense? If you would use more than one method to cover this expense, please select all that apply. <ol style="list-style-type: none"> Put it on my credit card and pay it off in full at the next statement. Put it on my credit card and pay it off over time. Use the money currently in my checking or savings account or use cash. Use money from a bank loan or line of credit. Borrow from a friend or family member. Use a payday loan, deposit advance, or overdraft. Sell something. I would not be able to pay for the expense right now. Other (please specify):

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