FINANCIAL HEALTH NETWORK

Financial Health Pulse®

2025 U.S. Trends Report

Can Short-Term Gains Lead To Lasting Progress?

September 2025

Executive Summary

The 2025 U.S. Trends Report arrives at a moment marked by uncertainty and change, and as a result, our data reveal a mixed picture: modest but fragile improvements in the short term paired with a lack of progress and deep-seated disparities over the long term. These signals underscore the urgent need for sustained and substantial attention and investment to prevent any backward slide – especially as economic and policy conditions shift – and to move from incremental change to transformative improvement.

Over the past five years, American households have weathered a volatile economy and policy landscape. The COVID-19 pandemic sparked major disruptions in the labor market, followed by a swift recovery. Unprecedented levels of government cash support and debt relief, pandemic shutdowns that restricted consumer spending, and new loan forbearance options from financial institutions temporarily boosted financial health for millions in COVID's wake.[1,2,3,4]

Soon after, however, inflation surged, making it increasingly difficult for households to save and manage spending. At the same time, rising interest rates made debt less manageable.[5]

Between spring 2024 and spring 2025, much of this turbulence eased. Inflation cooled from an annual rate of 3.4% to 2.3%, and workers' average hourly earnings outpaced price increases.[6,7] The unemployment rate increased only slightly, remaining below 4.5%.[8] In mid-April 2025 (the start of the Pulse survey's fielding period), the stock market was emerging from several days of intense volatility. By mid-May 2025, however, the S&P 500 had recovered and finished 12% higher than a year earlier.[9]

Still, many households remained under financial pressure. Interest rates on mortgages and credit cards stayed elevated.[10,11] Homeowners faced a second consecutive year of steep increases in insurance premiums.[12,13] Student loan borrowers faced the end of federal forbearance.[14,15] In anticipation of looming tariffs and economic policy uncertainty, consumer sentiment dropped sharply.[16]

1 "Most Stimulus Payments Were Saved or Applied to Debt," National Bureau of Economic Research, October 2020.

2 Jonah Danziger & Anthony Murphy, "How did federal stimulus recipients use their checks?", Federal Reserve Bank of Dallas, January 2022.

3 Aditya Aladangady, David Cho, Laura Feiveson, & Eugenio Pinto, "Excess Savings during the COVID-19 Pandemic," Federal Reserve, October 2022.

4 "Mortgage Servicing COVID-19 Pandemic Response Metrics: New Observations from Data Reported by Sixteen Servicers for May–December 2021," Consumer Financial Protection Bureau (CFPB), May 2022.

5 Kennan Cepa et. al, "Financial Health Pulse® 2023 U.S. Trends Report," Financial Health Network, September 2023.

6 "Consumer Price Index for All Urban Consumers: All Items in U.S. City Average," Federal Reserve Bank of St. Louis, July 2025.

7 "Average Hourly Earnings of All Employees, Total Private," Federal Reserve Bank of St. Louis, August 2025.

8 "Unemployment Rate," Federal Reserve Bank of St. Louis, August 2025.

9 "S&P 500," Federal Reserve Bank of St. Louis, August 2025.

10 "30-Year Fixed Rate Mortgage Average in the United States," Federal Reserve Bank of St. Louis, July 2025.

11 "Commercial Bank Interest Rate on Credit Card Plans, All Accounts," Federal Reserve Bank of St. Louis, July 2025.

12 Jason Woleben, "US homeowners rates rise by double digits for 2nd straight year in 2024," S&P Global Market Intelligence, January 2025.

13 Maggie Davis, "State of Home Insurance: 2025," LendingTree, June 2025.

14 Stacy Cowley, "Millions of Student Loan Borrowers Are Behind on Payments," New York Times, April 2025.

15 Daniel Mangrum & Crystal Wang, "Credit Score Impacts from Past Due Student Loan Payments," Federal Reserve Bank of New York, March 2025.

16 "University of Michigan: Consumer Sentiment," Federal Reserve Bank of St. Louis, August 2025.

Together, **these trends suggest continued challenges for many households between spring 2024 and spring 2025, and stability – or even modest improvement – for others**. Accordingly, 2025 Financial Health Pulse data reveal both encouraging results and several areas for concern. Between early 2024 and early 2025:

The share of households who were **Financially Vulnerable decreased modestly**, driven by improvements in saving and debt manageability among vulnerable populations.	Households expressed growing concern about **the sufficiency of their insurance coverage**.	Credit scores declined among **student loan borrowers**.

Reviewing 8 Years of Findings

This is the eighth annual Financial Health Pulse U.S. Trends Report. Taking a step back to review the full history of findings reveals minimal collective progress in the overall financial health of people in the United States.

From 2018 through 2025, **the share of households who were Financially Healthy, Coping, and Vulnerable has remained stubbornly persistent**. Even considering the modest gains over the past year, the data that follow are a sobering reminder of deep and persistent gaps in financial health by wealth, income, demographic identity, geography, employment status, and health.

When it comes to financial health, there are no guarantees. This report calls on industry stakeholders and policymakers to work together to build on gains, close longstanding gaps, and protect against the risks of retrenchment, especially as vulnerable populations face shifting economic conditions and imminent policy changes. Stakeholders should focus their efforts on limiting the damage from these threats and investing where they can so that vulnerable groups continue on a positive trajectory. At the same time, stakeholders must also act proactively to make tangible progress toward broad-based, durable financial health for all – ensuring that all households can not only withstand future shocks but share in economic opportunity.

Discover 8 Years of Financial Health Trends

Visit our interactive website to explore financial health indicators from 2018 through 2025. Track changes in households' savings, spending, borrowing, and planning over time – and dive deeper into 2025 disparities by comparing financial health across demographics and household characteristics.

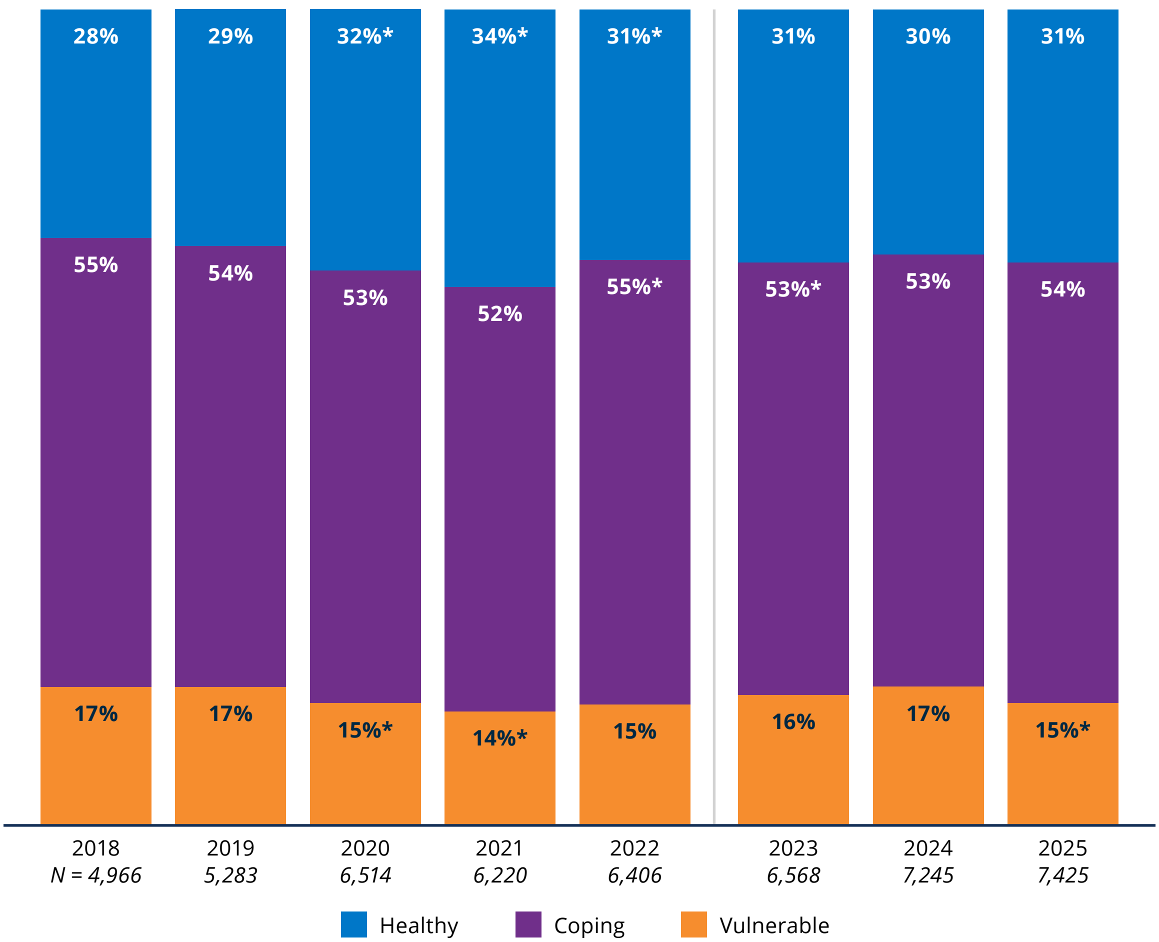
To explore the trends, visit finhealthnetwork.org/pulse-trends-2025-charts-and-methodologies.

Financial Health Challenges Remain Entrenched

Eight years of Pulse data now show that improvements in household financial health have proved fleeting. Between 2018 and 2025, the share of Financially Vulnerable households hovered between 14% and 17% each year (Figure ES1). The only time when the share of Financially Healthy households increased substantially was in 2020 and 2021 – years characterized by unprecedented levels of government assistance and restricted consumer spending at the height of the COVID-19 pandemic. The financial health gains from these interventions wore off quickly as the government ended much of this support. **Only 31% of households were Financially Healthy in spring 2025**, consistent with recent years and only slightly higher than prior to the pandemic.

Figure ES1. Previous nationwide improvements in financial health have been short-lived.

Percentage of households in each financial health tier, by year.



Notes: 2018-2022 were sampled and weighted at the individual level, and 2023-2025 were sampled and weighted at the household level. Percentage points may not sum to 100% due to rounding. See See Appendix A for more details.

* Statistically significant change from the prior year (p < .05).

A Modest Decrease in Financial Vulnerability, Driven by Debt Manageability and Savings Ability

Between 2024 and 2025, the share of households who were Financially Vulnerable declined from 17% to 15%, reversing the gradual increase in vulnerability from 2022 to 2024 (Figure ES1). This shift in financial vulnerability signals a small but real improvement in the financial resilience of American households. Our analysis shows that this progress was driven by an increase in the share of households spending less than their incomes and a decrease in the share reporting unmanageable debt.

Spending Relative to Income

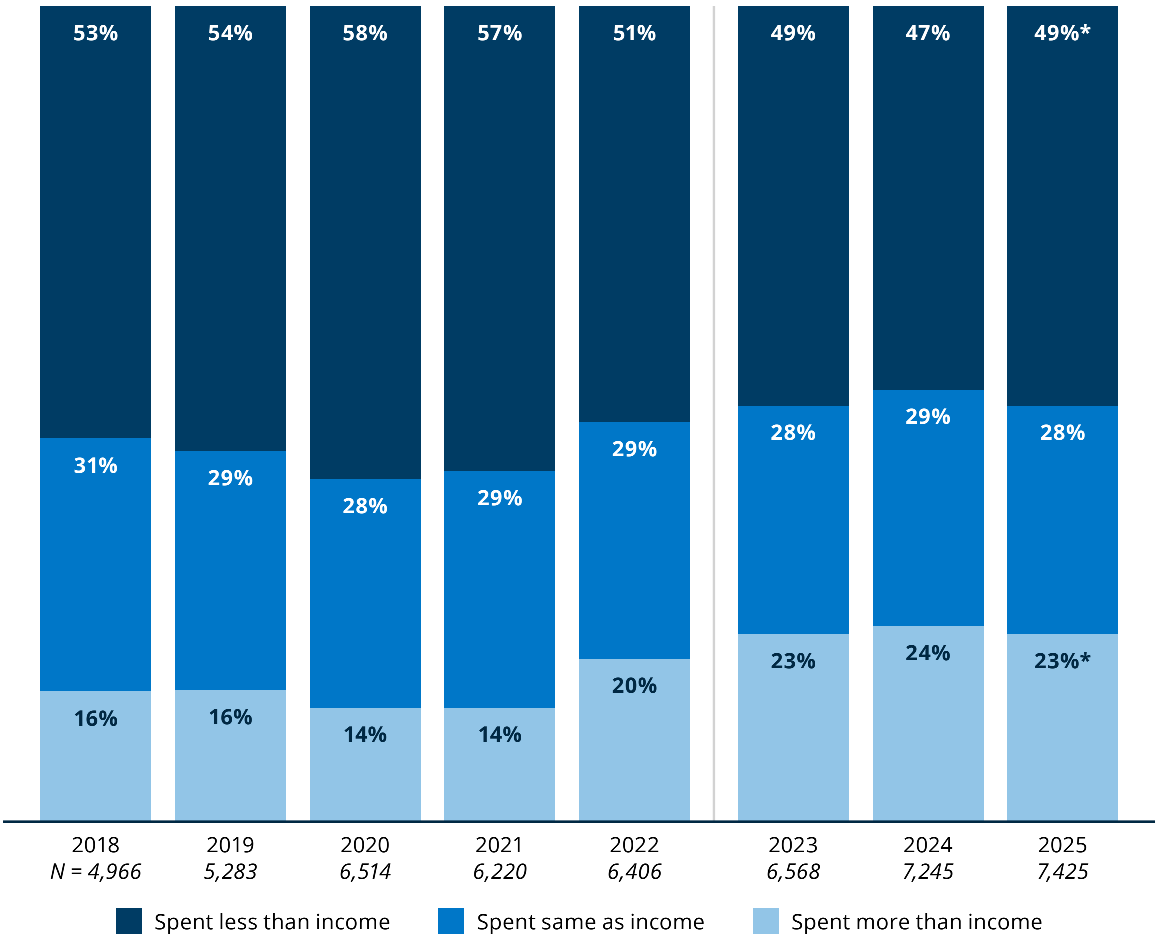
The percentage of households who spent less than their income over the past 12 months rose from 47% to 49%, while the percentage who spent more than their income declined from 24% to 23% (Figure ES2). This indicates that more households were able to save more of their incomes over late 2024 and early 2025 than in the prior year (Figure ES2).

Cooling inflation – combined with average wages rising faster than prices – likely assisted many households in their efforts to save over this period. However, the share of households spending more than they earned remained higher than levels seen between 2018 and 2021 – both during the pandemic, when savings were bolstered by government assistance and pandemic lockdowns, and even prior to the pandemic.[17,18]

[17] Holly Secon & Aylin Woodward, "A map of the US cities and states under lockdown — and those that are reopening," Business Insider, May 2020.
[18] "COVID-19 Timeline," Centers for Disease Control and Prevention, July 2024.

Figure ES2. Households saved more in the lead-up to 2025 than in the prior year, but less than in 2018-2021.

Percentage of households reporting that they spent less than, about the same as, or more than their income over the prior 12 months.



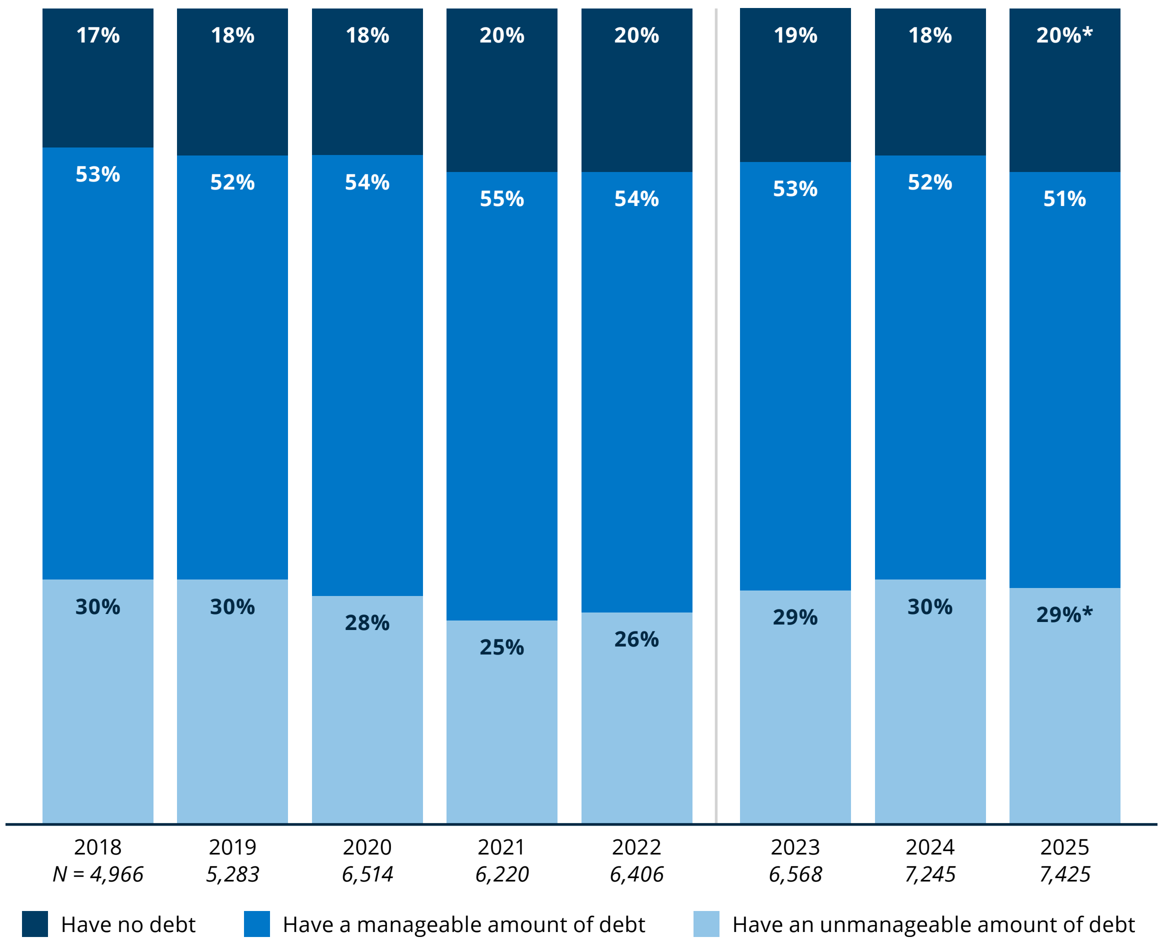
Notes: For full question text and variable definitions, see Appendix B. Percentages may not sum to 100% due to rounding.
* Statistically significant change from 2024 (p < .05)

Debt Manageability

Household debt manageability also improved slightly. The percentage of households reporting an unmanageable amount of debt decreased from 30% to 29% (Figure ES3). This overall increase in debt manageability was partly driven by a rise in the share of households reporting no debt at all: between 2024 and 2025, the percentage of households reporting having no debt increased from 18% to 20% (Figure ES3). There was no statistically significant change in the share reporting specifically having a manageable amount of debt.

Figure ES3. The share of households with unmanageable debt decreased.

Percentage of households reporting no debt, manageable debt, and unmanageable debt, by year.



Notes: For full question text and variable definitions, see Appendix B. Percentages may not sum to 100% due to rounding.
* Statistically significant change from 2024 (p < .05)

This increase in the share of debt-free households may be due, in part, to more people paying off outstanding credit card balances and auto loans. The share of households reporting having an auto loan decreased from 37% to 35%, and the share who reported carrying a revolving credit card balance fell from 36% to 34% (Table ES1).[19] For both auto loans and credit cards, interest rates remained high in 2024, which could be dissuading consumers from borrowing or encouraging some to pay off debts faster.[20,21,22]

We did not estimate any statistically significant changes in ownership of other types of debt, including student loans, small business loans, mortgages, home equity lines of credit, medical debt, personal loans, or loans from retirement plans.

Table ES1. The share of households with auto loans and revolving credit card debt decreased.

Percentage of households reporting holding auto debt and revolving credit card debt, between 2024 and 2025.

	2024	2025
Has an auto loan	37%	35%*
Carrying balance on a credit card	36%	34%*
N	7,238	7,419

Notes: Percentages are based on total households, not only households with cars or only households with credit cards.
* Statistically significant relative to 2024 ($p < .05$)

These results showing fewer concerns around debt may appear at odds with other data sources reporting elevated delinquency levels.[23] However, while delinquency rates for both auto loans and credit cards remain above 2022-2023 levels, recent credit bureau data indicates they began to stabilize and even decrease slightly over the course of 2024.[24] Recent research also suggests that still-elevated credit card delinquency rates may reflect the lingering effects of lenders loosening credit standards in the post-pandemic period, rather than increasing consumer insolvency.[25]

Together, these recent trends in saving and debt are a positive sign that a growing number of households were actively saving and fewer consumers were facing unmanageable debt in early 2025. Still, when viewed in the context of trends stretching back to 2018, it is clear that a substantial portion of the population continued to spend more than their income and struggle with debt – underscoring that the sharp post-pandemic improvements across these indicators were only temporary.

[19] Administrative data sources measure auto loan ownership differently and provide estimates that differ from our findings. For example, Equifax reports that the total number of auto loan accounts increased slightly between Q1 2024 and 2025, while TransUnion reports only a very slight decrease over this time period. The source of this discrepancy between administrative and survey data is not clear, and an important topic for future research.

[20] "Commercial Bank Interest Rate on Credit Card Plans, All Accounts," Federal Reserve Bank of St. Louis, July 2025.

[21] "Finance Rate on Consumer Installment Loans at Commercial Banks, New Autos 60 Month Loan," Federal Reserve Bank of St. Louis, July 2025.

[22] "Finance Rate on Consumer Installment Loans at Commercial Banks, New Autos 48 Month Loan," Federal Reserve Bank of St. Louis, July 2025.

[23] "Household Debt and Credit Report (Q2 2025)," Federal Reserve Bank of New York, August 2025.

[24] "TransUnion Analysis Uncovers Surprising Truth: Inflation-Adjusted Debt Growth Much Smaller Over the Last Five Years," TransUnion, May 2025.

[25] Scott Fulford & Christa Gibbs, "Credit card delinquencies are higher than in 2019 because lenders took on more risk," Consumer Financial Protection Bureau (CFPB), August 2024.

Lower-Income and Lower-Wealth Households Experienced Some Relief

Consistent with the finding of modestly reduced vulnerability, many populations with historically lower wealth and income levels showed signs of improvement across spending and debt manageability between 2024 and 2025.

The share of households spending less than their income increased among the following groups:

- Low- and moderate-income (LMI) households (36% to 38%)[26,27]
- Negative net worth households (19% to 24%)
- Renters (36% to 39%)
- Black households (35% to 43%)

Similarly, groups that became less likely to report having more debt than is manageable included:

- LMI households (39% to 35%)
- Negative net worth households (73% to 67%) and zero net worth households (53% to 45%)
- Households without any investments (44% to 40%)

As a result, **LMI households, negative net worth households, renters, those without investments, and Black households were all less likely to be Financially Vulnerable in 2025 than in 2024** (Table ES2).

Table ES2. Several lower-income and lower-wealth groups were less likely to be Financially Vulnerable in early 2025 than in early 2024.

Percentage of households who were Financially Vulnerable, by year.

	% Vulnerable in 2024	% Vulnerable in 2025
LMI households (<81% AMI)	26%	23%*
Negative net worth households	56%	48%*
Households without investments	34%	29%*
Renters	29%	26%*
Black households	29%	24%*

Notes: For full question text and variable definitions, see Appendix B.

* Statistically significant relative to 2024 (p < .05)

[26] For this analysis, we combine low- and moderate-income households together into a single group. In the full report, we report on each group separately.

[27] Our findings echo those of Wheat, Deadman, and Sullivan (JPMorganChase Institute, 2025), who find that over a similar time period, cash balance growth in Chase accounts for low-income households rebounded slightly faster than high-income households.

However, these improvements would need to continue for several years to close the gaps between these populations and higher-wealth and higher-income groups. For example, only 5% of upper-income households were Financially Vulnerable in 2025.[28] Significant racial and ethnic disparities in financial health persist as well.[29] In contrast to more vulnerable populations, higher-wealth and higher-income groups generally did not experience meaningful shifts in overall financial health or vulnerability between 2024 and 2025.

Consistent with the finding that more vulnerable groups experienced modest increases in financial health over the course of late 2024 and early 2025, we also find that fewer households reported experiencing material hardships. Material hardships are indicators of a household's inability to meet basic needs, including housing, utilities, food, and healthcare.[30] Financially Vulnerable households are much more likely to experience these hardships due to their limited savings and restricted access to credit.

Between 2024 and 2025, the percentage of households facing food insecurity, missing mortgage or rent payments, or missing utility bill payments each decreased by 1 to 2 percentage points (Table ES3). These decreases were especially pronounced among historically lower-wealth and lower-income populations. For example, the share of negative net worth households reporting food insecurity fell from 45% to 40%.[31]

Table ES3. Food, housing, and utility hardships were less common in early 2025 than in 2024.

Percentage of households experiencing material hardships in the last 12 months, by year.

	2024	2025
Worried food would run out before getting money to buy more	16%	15%*
Skipped paying rent or mortgage or paid late because you could not afford it	10%	9%*
Skipped paying a utility bill or paid it late because you did not have enough money	17%	15%*
N	7,132	7,289

Notes: Estimated changes in other material hardships, such as skipping medical or dental care, were not statistically significant.

[28] See full report, Figure 12.

[29] See full report, Figure 25.

[30] Tammy Ouellette, Nancy Burstein, David Long, & Erik Beecroft, "Measures of Material Hardship," Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, March 2004.

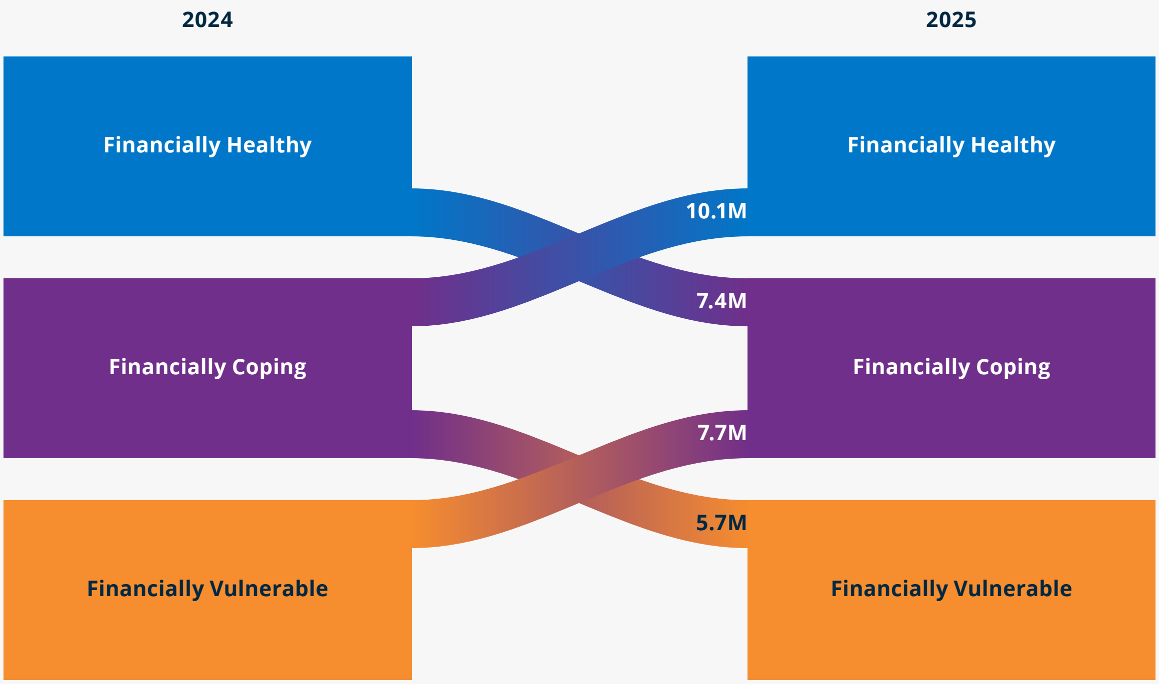
[31] Analysis of 2025 Pulse data available upon request.

Tracking Household Financial Health Over Time

The longitudinal structure of the Pulse survey allows us to see how the financial health of the same households changes year over year. Using a subset of households who responded to both the 2024 and 2025 surveys, we can estimate the number of households moving either up or down a financial health tier from one year to the next.

Between 2024 and 2025, we see that households were more likely to move up a tier than down a tier. For example, roughly 7.7 million households who were Financially Vulnerable in 2024 became Financially Coping in 2025, while about 5.7 million moved from Coping to Vulnerable, shrinking the estimated total Vulnerable population by 2 million households. **Overall, 31 million households – about 23% of the nation – moved up or down a tier**.

A household's change in financial health tier may represent only a small change in circumstances, nudging them across the threshold between any two tiers. Prior Pulse research has shown that these changes are sometimes short-lived, underscoring the dynamic nature of financial health.[32]



Notes: Estimates are rounded to the nearest 100,000 households and based on CPS estimates of the total number of households in the U.S. in May 2024. Because this analysis is done on a separate longitudinal sample, the estimates here differ slightly from the estimates in our cross-sectional analyses presented in the rest of the report. A small number of households moved from Vulnerable to Healthy or Healthy to Vulnerable. Due to small sample size, they are excluded from this figure.

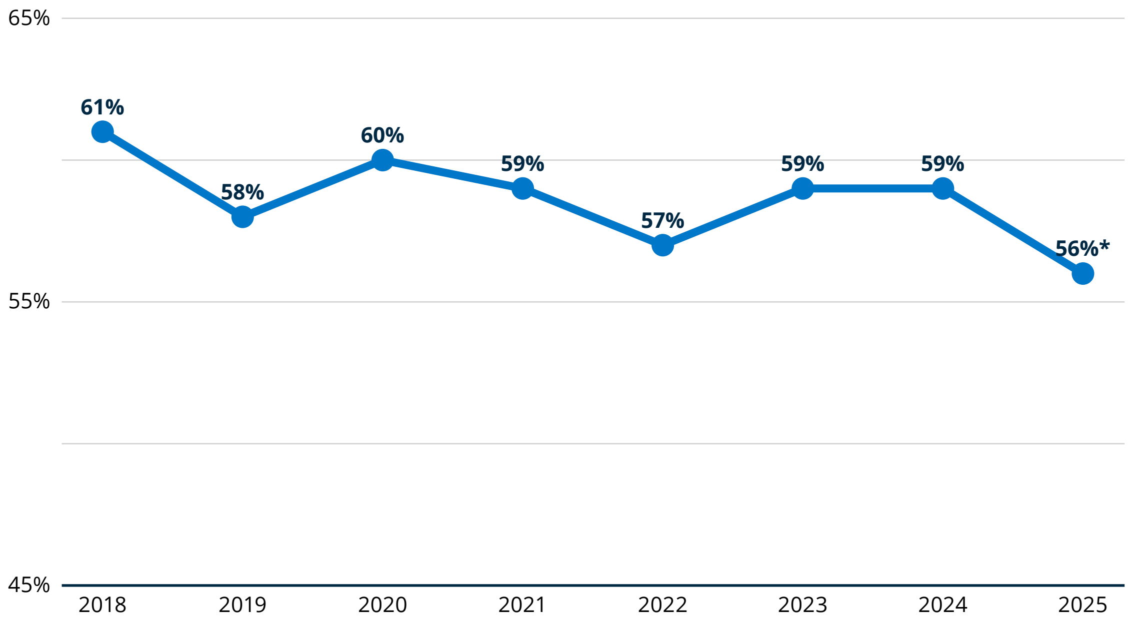
[32] Necati Celik & Kennan Cepa, "Once Financially Unhealthy, Always Financially Unhealthy?," Financial Health Network, April 2023.

Growing Concerns About Insurance

The overall decrease in financial vulnerability occurred despite a decline in insurance confidence. Between 2024 and 2025, the share of households who were at least moderately confident that their insurance policies were sufficient to cover them in an emergency fell from 59% to 56% (Figure ES4). This decline continues a gradual downward trend stretching back to at least 2018.

Figure ES4. Confidence in insurance coverage continued to decline.

Percentage reporting they are at least moderately confident their household's insurance policies will provide enough support in an emergency.



Notes: Labels are rounded to the nearest whole percentage point. For full question text and variable definitions, see Appendix B.
* Statistically significant relative to 2024 (p < .05)

While we cannot be sure which types of insurance products or coverage are driving this trend, the increasing frequency of natural disasters may be contributing to consumers' concerns about their homeowners and renters insurance.[33,34,35] It is not clear whether there's a causal relationship between natural disaster exposure and insurance confidence, but there is a correlation. Twelve percent of households reported experiencing a natural disaster or severe weather event over the past year.[36] Among those, 14% said they were not at all confident in their insurance coverage, compared with 7% of households who had not experienced a natural disaster (Table ES4).

[33] Meghan Greene & Lisa Berdie, "Strengthening Financial Health for Climate Resilience," Financial Health Network, November 2024.
[34] Nancy Walecki, "Tiny Climate Crises Are Adding Up to One Big Disaster," The Atlantic, November 2023.
[35] "The Impact of Climate Change on American Household Finances," U.S. Department of the Treasury, September 2023.
[36] Analysis of 2025 Pulse data available upon request.

Table ES4. Those who experienced natural disasters were less confident in their insurance.

Percentage reporting they are at least moderately confident their insurance policies would cover them in an emergency, by natural disaster experience.

Level of confidence in insurance coverage	Experienced a natural disaster or severe weather event in the last 12 months	Did not experience a natural disaster or severe weather event in the last 12 months
Moderately or very confident	52%*	58%
Not at all confident	14%*	7%
N	1,058	6,208

Notes: For full question text and variable definitions, see Appendix B.
* Statistically significant relative to those who did not experience a natural disaster ($p < .05$)

Natural disaster frequency is likely one factor pushing home insurance premiums higher. Industry data indicates that the average effective rate increase for homeowners insurance in 2024 was between 10% and 12%, marking the second consecutive year of steep rate hikes.[37,38] Pulse data shows that 43% of insured homeowners reported higher insurance costs over the past year.[39]

Gradually decreasing confidence in insurance could be due to households reducing their coverage in response to rising premiums or even being unable to get insurance coverage in high-risk markets.[40] In California, for example, a growing number of homeowners have resorted to the state's basic coverage option after failing to procure private insurer coverage.[41,42] Declining confidence may also reflect consumers' growing awareness of their vulnerability to disasters and lack of sufficient coverage.[43]

Homeowners insurance is not the only form of protection that has seen recent price increases. Year-over-year inflation in motor vehicle insurance peaked above 20% in early 2024, and only recently cooled to below 10%.[44,45]

Some evidence suggests consumers may be increasingly dissatisfied with their health insurance coverage as well. National surveys have shown gradually declining satisfaction with both healthcare coverage and quality since 2020, and a recent industry analysis found that prescription drug denials by private insurers increased steadily between 2016 and 2023.[46,47]

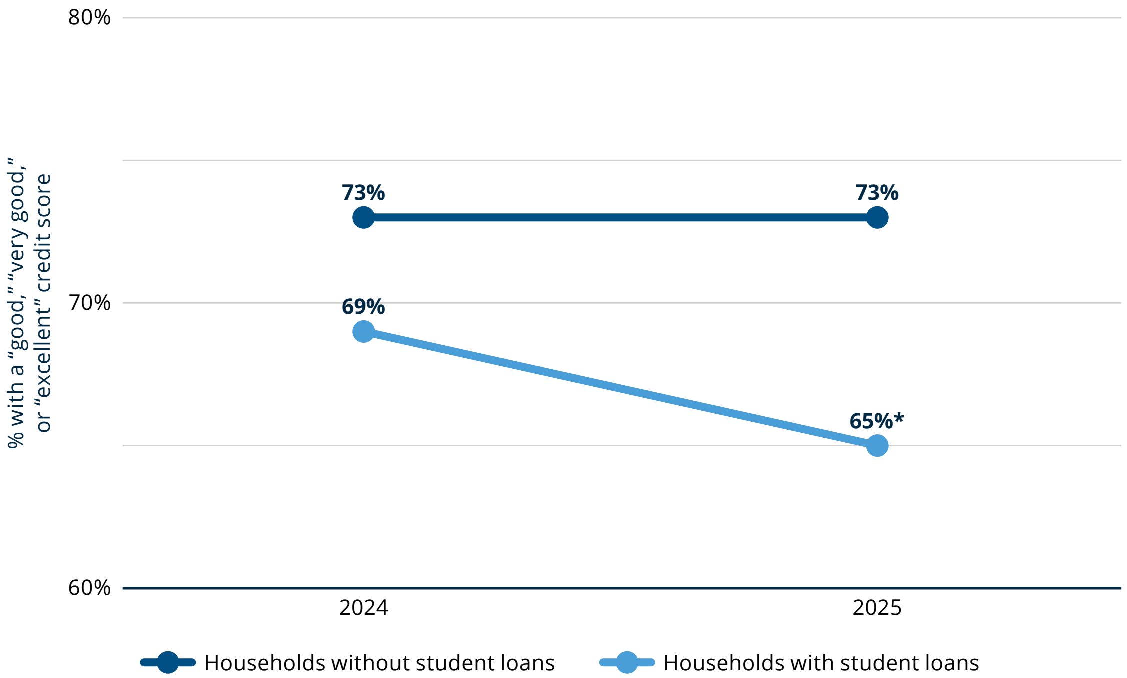
[37] Jason Woleben, "US homeowners rates rise by double digits for 2nd straight year in 2024," S&P Global Market Intelligence, January 2025.
[38] Maggie Davis, "State of Home Insurance: 2025," LendingTree, June 2025.
[39] Analysis of 2025 Pulse data available upon request.
[40] Arthur Fliegelman, "Wind, Fire, Water, Hail: What Is Going on In the Property Insurance Market and Why Does It Matter?," Office of Financial Research, December 2023.
[41] Nam Nguyen, "The Shrinking of the CA Private Insurance Market, and the Growing Reliance on the FAIR Plan," Climate and Energy Policy Program (CEPP), Stanford University, May 2025.
[42] "Key Statistics & Data," California Fair Plan Property Insurance, June 2025.
[43] J. Anthony Cookson, Emily Gallagher, & Philip Mulder, "Coverage Neglect in Homeowner's Insurance," March 2025.
[44] "Consumer Price Index for All Urban Consumers (CPI-U)," U.S. Bureau of Labor Statistics, August 2025.
[45] Megan Leonhardt, "Car Insurance Price Increases Are Set to Slow. Why Drivers Will Finally Get a Break," Barrons, October 2024.
[46] Megan Brenan, "View of U.S. Healthcare Quality Declines to 24-Year Low," Gallup, December 2024.
[47] Sarah Kliff, "Health Insurers Are Denying More Drug Claims, Data Shows," The New York Times, July 2025.

Student Loan Borrowers' Credit Scores Take a Hit

Student loan servicers resumed reporting late payments to credit bureaus early in 2025 after several years of forbearance.[48] As a result, credit scores for some student borrowers declined.[49] The percentage of households with student loans reporting that their credit score was "good," "very good," or "excellent" dropped from 69% to 65% (Figure ES5). There was no statistically significant change in credit scores among households without student loans.

Figure ES5. Credit scores dropped for some student loan borrowers.

Percentage reporting having a good or better credit score, by student loan ownership and year.



Notes: N = 1,512 households with student loans and 5,609 without in 2024. 1,476 households with student loans and 5,821 without in 2025.

* Statistically significant relative to 2024 (p < .05)

There were also no statistically significant changes in any other financial health indicators for student loan borrowers, including debt manageability and spending less than income. This may change as the Office of Federal Student Aid resumes collections activities on defaulted federal student loans, which could include wage garnishment and withholding Social Security payments or tax refunds.[50,51,52]

[48] Stacy Cowley, "Millions of Student Loan Borrowers Are Behind on Payments," The New York Times, April 2025.

[49] Daniel Mangrum & Crystal Wang, "Credit Score Impacts from Past Due Student Loan Payments," Federal Reserve Bank of New York, March 2025.

[50] "U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back into Repayment," U.S. Department of Education, April 2025.

[51] Annie Ma, "Student loans in default to be referred to debt collection, Education Department says," Associated Press, April 2025.

[52] "Department of Education resumes student loan collections on defaulted loans," Economic Policy Institute, May 2025.

NEW INSIGHTS

Emerging Tools and Strategies To Manage Finances

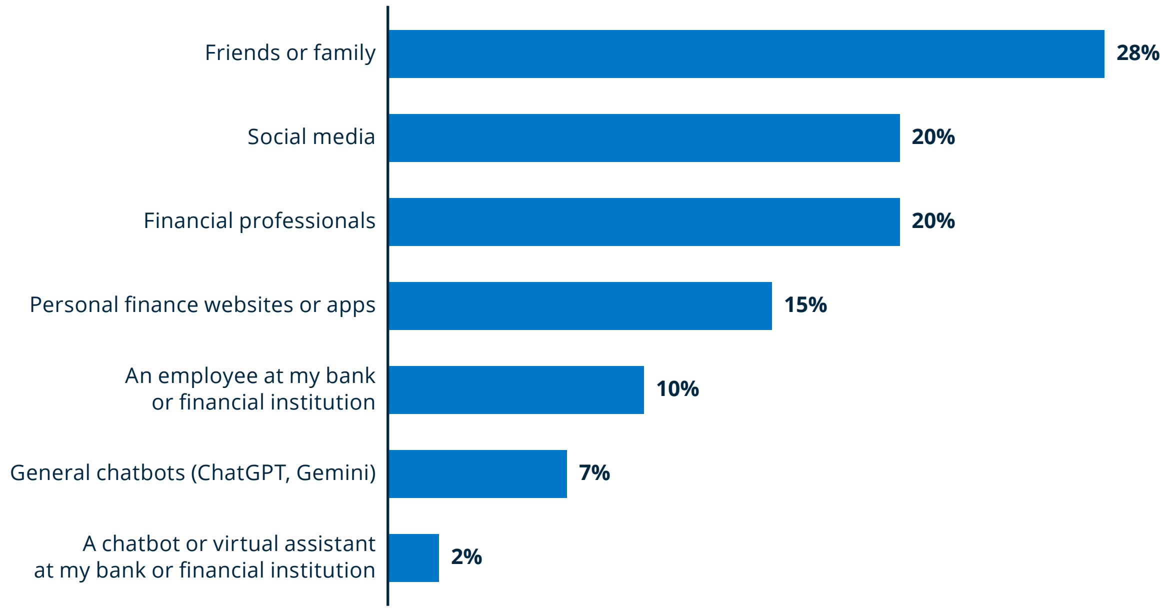
In each annual Pulse survey, we ask new questions on evolving topics in household finance. This year's data sheds light on the emerging tools and strategies consumers are using to manage their financial lives.

AI and Financial Advice

AI tools are still not widely used for financial advice, but adoption is growing. In early 2025, 7% of consumers reported using general AI chatbots (such as ChatGPT or Gemini) for financial advice – more than double the rate (3%) reported in 2024.[53] Friends and family, social media, financial advisors, websites or apps, and financial institution employees remain more common sources of advice than chatbots (Figure ES6).

Figure ES6. Friends and family, social media, and financial advisors remain more common sources of financial advice than AI tools.

Percentage reporting receiving financial advice from each source in the past 12 months.



Notes: Respondents could select more than one source of advice.

[53] Amber Jackson & Kennan Cepa, "What's Holding Back Consumers From Using AI Financial Tools?," Financial Health Network, April 2025.

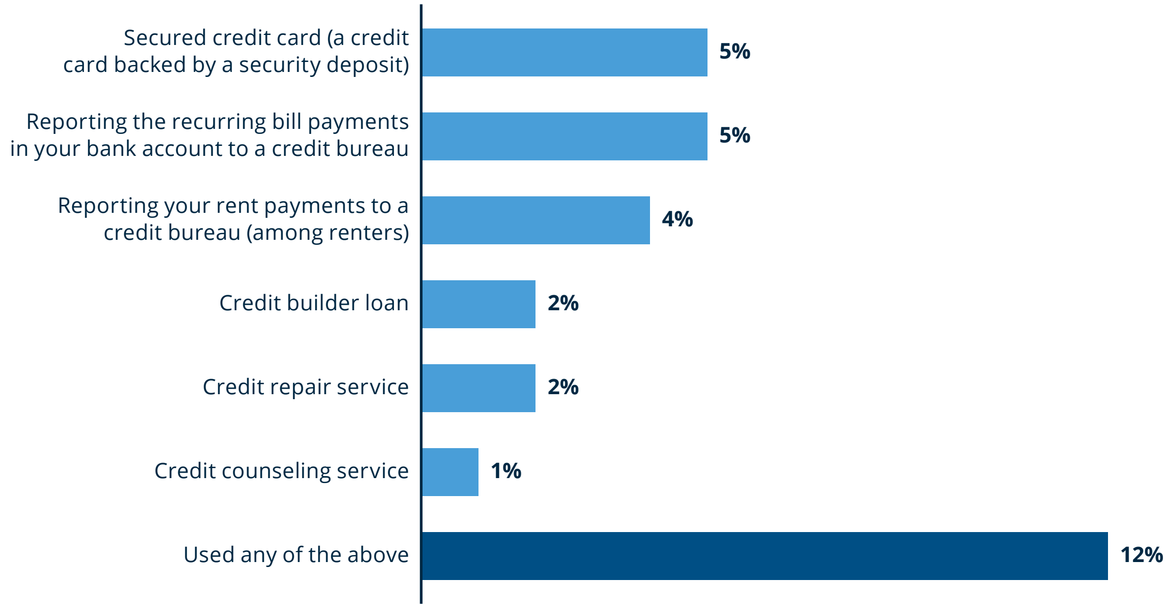
Credit Building

A growing number of products and services promising to improve credit scores for subprime and thin-file consumers have launched in recent years.[54,55] We asked about the use of credit-building tools for the first time in the 2025 Pulse survey and found that 12% of consumers reported using one or more credit-building products in the past 12 months (Figure ES7).

Secured credit cards are more commonly held than credit-building loans. Reporting bill or rent payments to a credit bureau is more common than using credit repair services. Consumers with lower incomes, those with lower credit scores, and Financially Vulnerable consumers are more likely to report using these services.[56]

Figure ES7. 12% of consumers used some form of credit-building product or service over the past year.

Percentage reporting use of each type of credit-building product in the past 12 months.



Notes: Respondents could select more than one product.

[54] Trey Waters, Hannah Gdalman, Necati Celik, & Heidi Johnson, "Financial Health Solutions: Credit Builder Loans and Rent Reporting," Financial Health Network, May 2025.

[55] Alexander Bruce & Simona M. Hannon, "An Overview of Credit-Building Products," Board of Governors of the Federal Reserve System, December 2024.

[56] Analysis of 2025 Pulse data available upon request.

Automated Savings

Automated savings strategies can help households build emergency savings by overcoming behavioral biases and saving time and energy.[57] While this approach has long been applied in retirement savings, policymakers have recently acknowledged its broader potential. The SECURE 2.0 Act, for example, allowed employers to automatically enroll employees in emergency savings programs.[58]

Pulse data show that around 31% of households currently use a system to automatically transfer money into a liquid savings account (excluding retirement accounts) on a regular basis. Higher-income households and Financially Healthy households are more likely to use automated savings tools, and households who report using automated savings tools are more likely to have higher savings balances (Table ES5).

Table ES5. Households using automatic savings tools have higher savings balances.

Percentage of households with more than $2,000 and/or more than 3 months of living expenses saved, by automatic savings adoption.

Savings indicator	Households with automated savings	Households without automated savings
More than $2,000 in their checking and savings accounts	76%*	63%
At least 3 months of living expenses saved	65%*	58%
N	2,331	4,385

Notes: 263 respondents said they did not know whether they had automated savings. The question was only asked to those who reported having a checking or savings account.

* Statistically significant relative to households without automated savings ($p < .05$)

[57] Alycia Chin, Heidi Johnson, & Brianna L. Middlewood, "Deepening our Understanding of Savings Automation in Retirement and Non-retirement Contexts," Pension Research Council of the Wharton School, University of Pennsylvania, March 2024.

[58] "FAQs: Pension-Linked Emergency Savings Accounts," Employee Benefits Security Administration.

CONCLUSION

Turning Modest Gains Into Meaningful Progress

After two years of rising distress, the past year's modest decrease in financial vulnerability signals that cooling inflation and a stable job market have given some struggling households breathing room in their budgets. It is noteworthy – and potentially reassuring – that **several lower-income and lower-wealth groups were less likely to be Financially Vulnerable in early 2025** than at the same time in 2024.

Despite this progress, however, the share of households who are Financially Healthy has not meaningfully increased since 2022. More than two-thirds of U.S. households remain Financially Unhealthy, and Pulse data highlight other areas for concern.

One major concern is a **decline in consumer confidence in insurance coverage**, underscoring a need for policies and industry solutions that make insurance more affordable and accessible. As natural disasters grow more frequent and severe, and millions of people face the loss of health insurance coverage in the coming years, insufficient coverage is likely to become an even more urgent concern across a variety of insurance types.[59] Beyond improving insurance access and affordability, policymakers and financial institutions can help households build resilience to extreme weather events and other threats. Both the public and private sectors have important roles to play in increasing transparency and preparation around risk.[60]

[59] Jared Ortaliza et. al, "How Will the One Big Beautiful Bill Act Affect the ACA, Medicaid, and the Uninsured Rate?," KFF, June 2025.
[60] Meghan Greene & Lisa Berdie, "Strengthening Financial Health for Climate Resilience," Financial Health Network, November 2024.

Another population that warrants special attention in the coming year is student loan borrowers. **Many struggling student loan borrowers have already seen their credit scores dip** as delinquencies are reported to credit bureaus. In the near future, the resumption of collections activities – along with administrative backlogs and confusion about income-driven repayment and Public Service Loan Forgiveness – may further strain borrowers' finances.[61] These findings emphasize the need for flexible repayment pathways and additional support for student loan borrowers.

Policymakers, the private sector, and community organizations must work together to ensure that the decrease in financial vulnerability between 2024 and 2025 continues to decline in 2026 and beyond. Recent modest improvements in financial health are threatened by looming disinvestment in public programs that support the most vulnerable populations. For example, forthcoming changes to Medicaid and SNAP are poised to reduce access to healthcare and nutritious food for millions.[62,63] Further, households still face significant uncertainty about the future of the economy due to the impact of other policies – such as tariffs – on the prices of essential goods.

The past eight years of Financial Health Pulse data have made one thing clear: without substantial new investment in the financial health of the most vulnerable groups, meaningful progress is unlikely to last.

[61] Adam S. Minsky, "Big Update On Student Loan Repayment Plan Processing And PSLF Shows Uneven Progress," Forbes, June 2025.

[62] Jared Ortaliza et. al, "How Will the One Big Beautiful Bill Act Affect the ACA, Medicaid, and the Uninsured Rate?," KFF, June 2025.

[63] Phillip L. Swagel, "Potential Effects on the Supplemental Nutrition Assistance Program of Reconciliation Recommendations Pursuant to H. Con. Re. 14," Congressional Budget Office, May 2025.

About the U.S. Trends Report

The U.S. Trends Report is the annual report of the Financial Health Pulse® research initiative conducted by the Financial Health Network. Using our annual Pulse survey data, the Trends Report documents year-over-year changes in financial health and disparities in financial health across different consumer groups living in the United States. To read additional Pulse research, please see https://finhealthnetwork.org/programs/financial-health-pulse.

Methodology in Brief

Defining Financial Health

Financial health is a holistic framework by which to understand financial lives. Financial health comes about when households are financially resilient in the face of setbacks and have the resources to pursue opportunities and thrive.

Measuring Financial Health With the FinHealth Score®

Based on this definition of financial health, the Financial Health Network developed its FinHealth Score®. The FinHealth Score is a composite measure of eight indicators that represent the four pillars of financial health – Spend, Save, Borrow, and Plan – and is designed to provide insight into specific aspects of financial lives (Figure 1).

Figure 1. 8 indicators of financial health.

SPEND	SAVE	BORROW	PLAN
1 Spending relative to income	3 Liquid savings levels	5 Debt manageability	7 Confidence in insurance coverage
2 On-time bill payment	4 Confidence in long-term financial goals	6 Credit score	8 Planning ahead financially

The indicators are constructed based on responses to eight financial health survey questions. A numerical value is assigned to each of the possible responses of the eight financial health survey questions. For individuals who responded to all eight questions, we can calculate their FinHealth Score, which ranges from 0 to 100, by averaging their responses to the eight financial health survey questions.[64] Those with scores between 0 and 39 are considered "Financially Vulnerable," consumers with scores ranging between 40 and 79 are defined as "Financially Coping," and those with scores of 80 to 100 are "Financially Healthy" (Figure 2).

Figure 2. Defining financial health tiers using the FinHealth Score®.

0 10 20 30 40 50 60 70 80 90 100

Financially Vulnerable **Financially Coping** **Financially Healthy**

[64] Please see the FinHealth Score methodology webpage for more information on how the Score was designed.

2025 Financial Health Pulse Data

Financial Health Pulse Data Collection

The Financial Health Pulse survey was fielded between April 11, 2025, and May 19, 2025, to panelists of the Understanding America Study (UAS), which is a nationally representative, probability-based internet panel administered by the University of Southern California's Dornsife Center for Economic and Social Research. Survey respondents answer questions about their household's finances as well as information about demographics, employment, health, and living arrangements.[65] For more details on the UAS and the Pulse data collection, including the field dates, number of respondents, cooperation rate, and margin of error, please see Appendix A.

Defining the Sample of the 2025 U.S. Trends Report

We conducted analyses on 7,425 households in which a self-identified financial decision-maker answered our eight financial health indicator questions and provided data that reached our quality standards.[66,67] For more detailed information on sample construction and analytic sample size, please see Appendix A.

Analysis Strategy in the 2025 U.S. Trends Report

In this report, we use our FinHealth Score and financial health indicators to identify trends in financial health between 2024 and 2025 and document how trends in financial health vary for different types of households.[68] Changes in FinHealth Score are expressed as changes in the share of the population classified as Healthy, Coping, and Vulnerable. In supplemental analyses not shown in this report, we verify these changes in terms of shifts in the distribution of the scores themselves. See Appendix A for an example. All findings presented in this report are descriptive statistics with survey weights applied so that the data are representative of households residing in the U.S. each year.[69]

All differences we describe in the text of this report are statistically significant with at least a 95% confidence level. In tables and figures, we denote statistically significant differences across years with an asterisk or superscript. We also report statistically significant differences in financial health between different populations in 2025 to show overall financial health disparities. Percentages are rounded to the nearest integer; as a result, not all sum to 100%.

65 This report occasionally relies on data collected from other surveys UAS panelists complete, including information on household income, country of birth, and place of residence. We also merge information from Census data to provide information on the geographies respondents reside in.

66 We defined quality data as responses with enough demographic information provided to employ weighting procedures, responses that included answers to all eight of our financial health survey questions, responses from survey-takers who spent at least five minutes completing the survey, and responses in which over half of the survey questions were answered. Data that did not meet these quality standards were dropped from the sample. These standards were employed for the 2023 survey onwards.

67 Across sections of this report, there are slight variations in sample sizes because of a small amount of missing information on specific variables. The number and percentage of missing information in Pulse is low, so we do not impute values when missingness occurs. The number and percentage of respondents with missing information on measures of demographic and socioeconomic characteristics are reported in all table notes.

68 Please see Appendix B for definitions of each of these groups.

69 Survey weights were developed using U.S. Census Current Population Survey benchmarks on gender, race, ethnicity, age, education, and Census region.

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About the Financial Health Pulse

Since 2018, the Financial Health Network has conducted the Financial Health Pulse® research initiative. The Financial Health Pulse combines probability-based, longitudinal survey data with administrative data as the basis for publications released throughout the year, with the goal of providing regular updates and actionable insights about the financial lives of Americans.