Financial Health Pulse®

2026 U.S. Trends Report

Mounting Pressure, Growing Vulnerability

September 2026

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FINDINGS AT A GLANCE

Financial health lost meaningful ground in 2026.

After a year of modest improvement, financial challenges returned and intensified for many households between 2025 and 2026.

The share of households who were **Financially Vulnerable rose from 15% to 17%**, a reversal of last year's progress.

The share of households who were **Financially Healthy held steady at 31%**, slightly higher than prior to the pandemic, but remaining virtually unmoved for the fifth straight year.

Debt challenges intensified.

- The share of households reporting unmanageable levels of debt rose from **29% to 31%**.
- The share of student loan borrowers who were Financially Vulnerable rose from **21% to 27%**.

More households struggled to save money and pay bills on time.

- The share of households who reported spending less than their income over the prior 12 months decreased from **49% to 47%**, erasing the brief progress made last year and signaling that fewer households are setting aside money for savings.
- Only **68%** of households reported paying all their bills on time over the past 12 months, a 3-percentage-point decrease from 2025.

Insurance confidence fell to its lowest level since at least 2018.

- The share of households who felt at least somewhat confident their insurance policies would cover them in an emergency declined from **56% to 54%**.

Financial stress increased.

- The share of consumers reporting that they feel a high level of financial stress increased from **13% to 16%** between 2025 and 2026, returning to near pre-pandemic levels.
- Only around **6 in 10** households were completely confident in their ability to afford essentials such as food, utilities, housing, and transportation. Those who were less confident were more likely to be Financially Vulnerable.

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INTRODUCTION

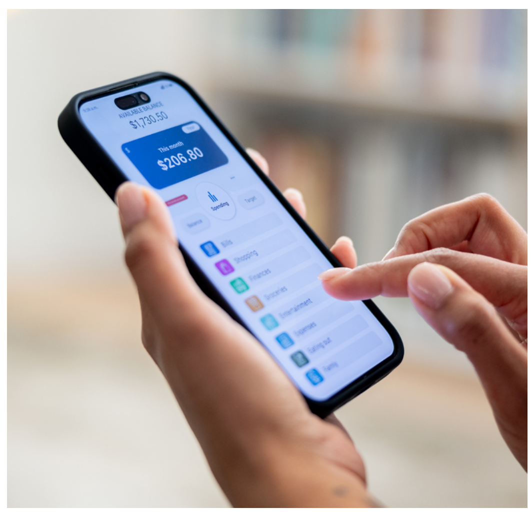
Nine Years of Financial Health Measurement: Headwinds, Tailwinds, and Uncertainty

Since the Financial Health Pulse® survey began nine years ago, U.S. households have faced a series of shifting headwinds and tailwinds that have directly and indirectly shaped their financial health.

Many of the most disruptive forces were related to the COVID-19 pandemic and its aftermath. In 2020 and 2021, the government addressed unprecedented levels of unemployment and an economic shutdown with swift action, ushering in significant improvements across household financial health. Between 2022 and 2023, the rollback of government support combined with rising inflation—itself a product of various pandemic pressures—eroded many of the financial gains U.S. households had made. Prices grew even faster for essential goods and services and low-income households experienced higher rates of inflation, raising concerns about mounting affordability challenges.[1]

Then came some gradual relief: Between 2023 and 2025, the rate of inflation cooled. For many, wage growth outpaced inflation and employment held steady. New business formation remained steady after a record spike during the pandemic.[2,3] Government cash support did not return, but a portion of vulnerable households still experienced modest financial health gains.[4]

Beneath this pandemic-era turbulence, households also spent the past decade adjusting to technological change, including shifts in financial services. Fintech solutions such as buy now, pay later (BNPL) and earned wage access (EWA) changed the landscape of short-term credit access, while neobanks and peer-to-peer digital wallets made it easier to store and transact money outside of a bank or credit union. As of 2025, more than three-quarters of U.S. households used nonbank financial services, giving consumers access to new forms of liquidity while also introducing novel fee structures, risks of overborrowing, and concerns about deposit safety.[5]



Over the past two years, access to generative AI models through new chatbots has also expanded rapidly. These tools present an opportunity to democratize financial guidance, but they face a substantial trust barrier among consumers.[6]

1 "Tracking Change Over Time in the Cost of Basics," United for ALICE, accessed August 2026.

2 Maureen Soyars Hicks, "The COVID-19 small business boom: startups surge during pandemic," Federal Reserve Bank of St. Louis, September 2021.

3 Chen Yeh, "Will the Pandemic Surge in Employer Business Formation Last?," Federal Reserve Bank of Richmond, January 2025.

4 Andrew Warren et al., "Financial Health Pulse® 2025 U.S. Trends Report," Financial Health Network, September 2025.

5 Andrew Warren, Hannah Gdalman, & Elvis Diaz, "Unbanked, Underbanked, or Something Else Entirely?," Financial Health Network, March 2026.

6 Marisa Walster & Trey Waters, "The Early Adopters: Who's Using AI for Financial Advice?," Financial Health Network, October 2025.

In addition, technological change has exposed consumers to financial fraud and scams as bad actors exploit cryptocurrency, social media, and peer-to-peer (P2P) payment platforms.[7,8] Growing access to gambling and prediction markets through digital platforms has also sparked a wave of concerns about risky financial behavior.[9,10]

Beyond technology, environmental factors have compounded the risks borne by U.S. households. Natural disasters increased in both frequency and cost between 2018 and 2026, insurance premiums surged, and home insurers pulled out of several high-risk markets.[11,12,13]

Perhaps in response to the volatility of the post-pandemic world, U.S. households began to express a growing sense of financial uncertainty and pessimism. Uncertainty about expectations for both earnings growth and inflation grew following the pandemic.[14] The share of households expecting to be worse off financially in five years rose sharply between 2020 and 2026.[15] Concerns about weakening pathways to long-term wealth building have fueled a popular discourse around "financial nihilism," especially among young adults.[16,17]

In the 12 months between spring 2025 and spring 2026, there were additional shifts in the economy and public policy environment. Tariffs and war in Iran drove year-over-year inflation back up to 4.2% in May, eating into modest wage gains.[18] Consumer spending, wages, and wealth grew more slowly for lower-income households, sparking discussion of a "K-shaped" economy, where the benefits of growth accrue mostly to higher-income and higher-net-worth households.[19,20] The labor market also slid into "low hire, low fire" territory, with unemployment holding steady but new job growth slowing.[21]

7 "Financial institutions report rising fraud trends across all major payment channels as criminal tactics evolve, risk officer survey finds," The Federal Reserve, April 2026.

8 "Internet Crime Report 2025," Federal Bureau of Investigation, accessed August 2026.

9 Scott R. Baker et al., "Gambling Away Stability: Sports Betting's Impact on Vulnerable Households," National Bureau of Economic Research, November 2024.

10 Alex Johnson, "The Biggest Threat To Consumer Financial Health," Fintech Takes, March 2025.

11 "Billion-Dollar Weather and Climate Disasters," National Centers for Environmental Information, August 2026.

12 Maggie Gunara & Dan Shepherd, "State of Home Insurance: 2026," LendingTree, June 2026.

13 Ishita Sen, Spencer Glendon, Bill Ainsworth, & Susan Milligan, "Climate change is upending homeowners insurance nationwide," Harvard Business School, August 2025.

14 "July Survey: Inflation Expectations Tick Down at Short-Term, Remain Unchanged at Medium- and Longer-Term Horizons," Federal Reserve Bank of New York, August 2026.

15 "Table 11. Expected Change in Financial Situation in 5 Years," Surveys of Consumers, University of Michigan, June 2026.

16 Kyla Scanlon, "Why My Generation Is Turning to 'Financial Nihilism'," The Wall Street Journal, December 2025.

17 Thea Garon et al., "Financial Nihilists or Savvy Strategists? Understanding Gen Z's Financial Attitudes and Behaviors," Urban Institute, July 2026.

18 "Consumer Price Index for All Urban Consumers: All Items in U.S. City Average," Federal Reserve Bank of St. Louis, July 2026.

19 Rajashri Chakrabarti, Thu Pham, Beck Pierce, & Maxim L. Pinkovskiy, "Explaining the K-Shaped Economy: What's Behind the Divide?," Federal Reserve Bank of New York, May 2026.

20 "Consumer Checkpoint: Weathering the storm," Bank of America Institute, February 2026.

21 "The U.S. economy in 2026: What to watch out for," Stanford Institute for Economic Policy Research (SIEPR), accessed August 2026.

Meanwhile, new federal tax policy reduced income tax burdens for many, but new restrictions on SNAP and Medicaid offset the benefits for many of the lowest-income households.[22,23,24,25,26] Affordable Care Act (ACA) marketplace subsidies expired, and both ACA and employer-provided health insurance premiums rose sharply.[27,28] The effects of the end of student loan relief measures continued, with new delinquencies occurring at high rates.[29] Immigration enforcement intensified, reducing labor force participation and consumer spending among immigrants.[30,31] A weakened Consumer Financial Protection Bureau (CFPB) began rolling back rules and regulations designed to protect consumers.[32,33]

Amidst these stressors, Financial Health Pulse® data show that the nation's households experienced a modest but widespread decrease in financial health between spring 2025 and spring 2026. More households became Financially Vulnerable, struggling to save money, pay bills, and repay debts. A yearslong downward slide in insurance confidence continued, and fewer households felt they were sufficiently planning ahead. Reports of financial stress increased.

Between spring 2025 and spring 2026, U.S. households experienced **a modest but widespread decrease in financial health.**

In this report, we unpack these trends. After nine years of the Financial Health Pulse U.S. Trends Report, it is clear that financial health disparities remain entrenched, while a new economic, technological, and policy landscape introduces novel risks to U.S. household financial health. These new pressures demand urgent attention from public and private sector stakeholders alike.

22 Andrew Lautz, "What's Driving Higher Tax Refunds in 2026?," Bipartisan Policy Center, February 2026.

23 "How the 2025 Reconciliation Act (Public Law 119-21) Will Affect the Distribution of Resources Available to Households," Congressional Budget Office, August 2025.

24 "Combined Distribution Effects of the One Big Beautiful Bill Act and of Tariffs," The Budget Lab, August 2025.

25 "Estimated Effects of Public Law 119-21 on Participation and Benefits Under the Supplemental Nutrition Assistance Program," Congressional Budget Office, August 2025.

26 Dottie Rosenbaum, Joseph Llobrera, Catlin Nchako, & Luis Nuñez, "SNAP Tracker: People Are Losing Food Assistance as the Harmful 2025 Republican Reconciliation Law Is Implemented," Center on Budget and Policy Priorities, August 2026.

27 Matt McGough, Jared Ortaliza, Justin Lo, & Cynthia Cox, "What We Know So Far About 2026 ACA Marketplace Enrollment, Premiums, and Deductibles," KFF, May 2026.

28 "2025 Employer Health Benefits Survey," KFF, October 2025.

29 Zara Jacob et al., "Federal Student Loan Defaults Return After Pandemic Pause," Federal Reserve Bank of New York, May 2026.

30 Elizabeth Cox & Chloe N. East, "Labor Market Impacts of ICE Activity in Trump 2.0," National Bureau of Economic Research, June 2026.

31 Exequiel Hernandez, "ICE-ing the Economy: Immigration Enforcement Under Trump 2.0 and Local Economic Activity," SSRN, May 2026.

32 Jason Brown & David Silberman, "The CFPB: Where to go from here," Brookings Institution, May 2026.

33 Brady Williams, "The Demise of Consumer Financial Protection Regulations under Trump's CFPB," Better Markets, July 2025.

Methodology in Brief

Defining and Measuring Financial Health With the FinHealth Score®

Financial health is the state of a household's finances. A *Financially Healthy* household is:

- Able to meet current financial needs and obligations
- On track to meet future financial needs and obligations
- Able to absorb and recover from unexpected expenses or drops in income

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 Protect—and is designed to provide both a holistic measure of financial health as well as insight into specific aspects of a household's financial health (Figure 1).

Figure 1. 8 indicators of financial health.

Each of these eight indicators are measured via 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. 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). Please see the FinHealth Score Toolkit for more information on how the score is calculated.

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

2026 Financial Health Pulse Data

The 2026 Financial Health Pulse survey was fielded between April 9, 2026, and May 15, 2026, 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. 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. To download the full questionnaire, please visit https://finhealthnetwork.org/programs/financial-health-pulse/data.

Analysis Strategy in the 2026 U.S. Trends Report

We conducted analyses on 7,662 respondents to the 2026 Pulse survey who answered our eight financial health indicator questions and provided data that reached our quality standards.[34,35] To draw trends over time, we make comparisons between the 2026 sample and prior years' samples.

Changes in FinHealth Score are expressed as changes in the share of the population classified as Healthy, Coping, and Vulnerable. 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.[36]

All differences we describe in the text of this report are statistically significant with at least a 95% confidence level ($p < .05$). In tables and figures, we denote statistically significant differences across years or groups with an asterisk or superscript. Percentages are rounded to the nearest integer; as a result, not all sum to 100%.

[34] We defined quality data as 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.

[35] 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 actual sample size used in analysis is reported in all table and figure notes.

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

BUILDING AN INTELLIGENCE ENGINE FOR FINANCIAL HEALTH

For nearly a decade, the Financial Health Network has taken the temperature of household financial health in the U.S. through the annual Financial Health Pulse®. As our financial lives grow increasingly complex and uncertain, understanding changes in financial health in real time becomes even more critical.

The Financial Health Network is investing in a more robust research program designed to reveal how a shifting job market, rising living costs, and countless other forces are shaping household financial health. The Financial Health Pulse will anchor a new intelligence engine built to answer the questions that matter most: how are households doing, what is driving those outcomes, what does it take to improve them, and how we can sustain and scale transformation. Complementary lines of research will explore consumer choice and product experience, job quality and workforce benefits, and local-level trends to create a fuller picture of our financial lives. Together, these insights will better equip business, policy, and community leaders to act on these shifts as they happen to build and sustain momentum on financial health.

PART I

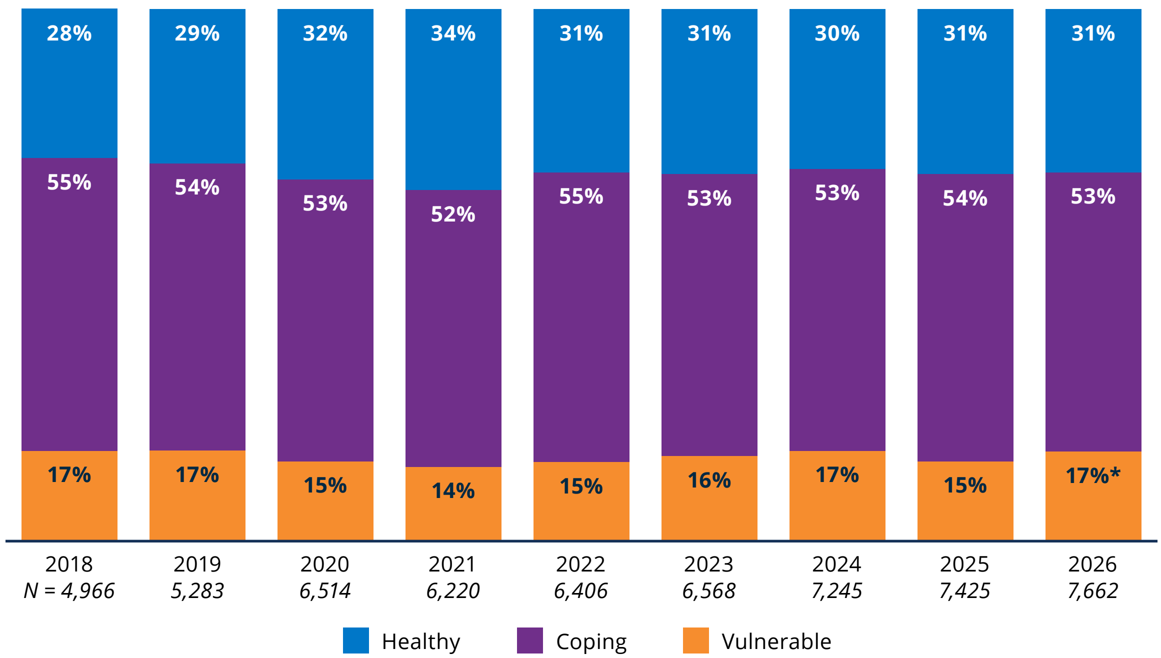
Last Year's Small Gains Were Reversed

The 2025 U.S. Trends Report highlighted the enduring financial health challenges experienced by large portions of the population. Less than one-third of households were Financially Healthy, roughly the same share as when we began measuring financial health in 2018. Yet last year, we also noted one silver lining: The share of households who were Financially Vulnerable in 2025 declined by 2 percentage points compared with 2024. In 2026, these modest gains have almost precisely reversed.

The share of U.S. households who were Financially Vulnerable increased from 15% to 17% between 2025 and 2026, matching the highest percentage on record (Figure 3). Meanwhile, the share of households who were Financially Healthy held steady at 31%, slightly higher than before the pandemic but virtually unmoved for the fifth straight year. The result is a picture of both deeply entrenched financial challenges as well as an early indication of new pressures on already stressed households.

Figure 3. The share of households who were Financially Vulnerable increased from 15% to 17%, reversing last year's progress.

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



Notes: Percentages may not sum to 100% due to rounding. Survey questions used to calculate FinHealth Scores received revisions between 2025 and 2026. See Appendix B for more details.

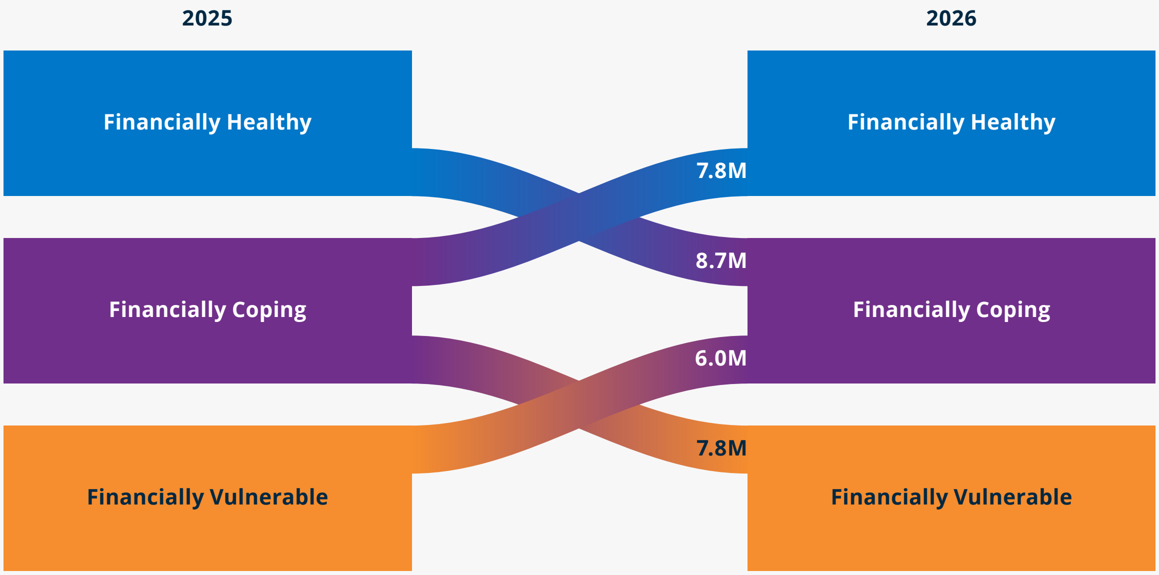
* Statistically significant relative to 2025.

How Do Households Move Between Financial Health Tiers 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 2025 and 2026 surveys, we can estimate the number of households moving either up or down a financial health tier from one year to the next.

Between 2025 and 2026, around 30.3 million households—23% of the nation—moved either up or down a tier, consistent with prior years. Downward movement was more common than upward movement: 13.8 million households moved up a tier, while 16.5 million moved down. For example, roughly 7.8 million households who were Financially Coping in 2025 became Financially Vulnerable in 2026, while about 6.0 million moved from Vulnerable to Coping, growing the size of the Vulnerable population by 1.8 million households.

A household's change in financial health tier could represent a dramatic change in circumstances or a small shift, depending on their starting point. Prior Pulse research has shown that these changes are sometimes short-lived and sometimes long-lasting, underscoring the dynamic nature of financial health.[37]



Notes: Estimates are rounded to the nearest 100,000 households and based on Census estimates of the total number of households in the U.S. in 2025. 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 the small sample size, they are excluded from this figure.

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

Increases in financial vulnerability between 2025 and 2026 were not consistently concentrated among either traditionally advantaged or disadvantaged groups. For example, the share of homeowners, business owners, and households with positive net worth who were Financially Vulnerable in 2026 increased relative to 2025. The same was true for households with student loans, households with auto loans, and households without investments. Shifts in the share of Financially Vulnerable households were not statistically significant for any individual income group. There were no statistically significant positive shifts in financial health (either decreases in the share of Vulnerable or increases in the share of Healthy) for any socioeconomic or demographic groups, with the exception of those with very good or excellent mental health. In other words, across more than two dozen disaggregations of financial health outcomes, nearly all groups' financial health remained either roughly steady or worsened.

Overall, financial health disparities between certain demographic and socioeconomic groups remained large. White and Asian households were twice as likely as Latino households and three times as likely as Black households to be Financially Healthy. People with disabilities were more than twice as likely to be Financially Vulnerable as those without disabilities. Older, higher-income, and wealthier households remained more Financially Healthy on average.

White and Asian households were **2x** as likely as Latino households and **3x** as likely as Black households to be Financially Healthy.

DIVE DEEPER INTO THE DATA

Each year, Pulse data allow us to disaggregate trends in financial health by over two dozen socioeconomic and demographic characteristics. Not all of those are highlighted in this report. **To see financial health disparities and trends by race and ethnicity, age, urbanicity, homeownership, cryptocurrency ownership, online gambling, and other metrics, visit finhealthnetwork.org/pulse-trends-2026-charts-and-methodologies**.

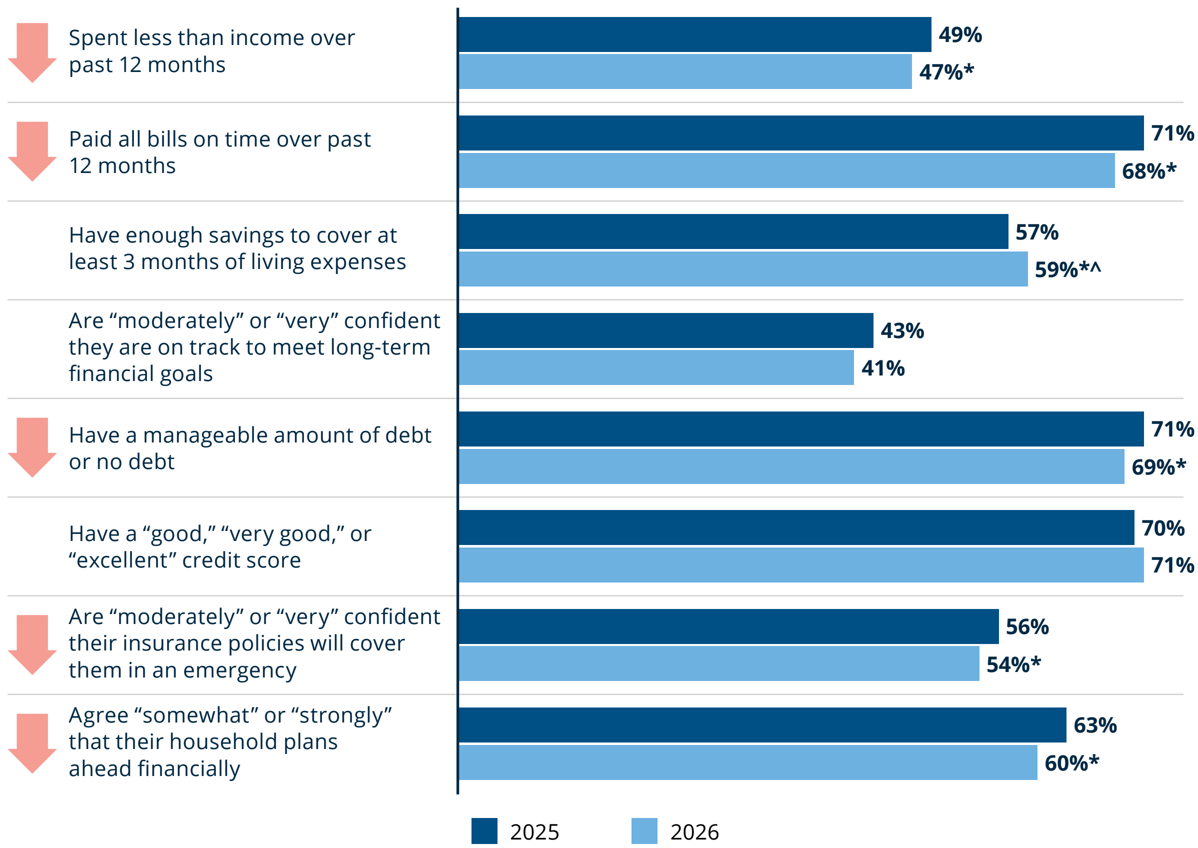
Of our eight financial health indicators, five declined between 2025 and 2026: spending relative to income, on-time bill payment, debt manageability, insurance confidence, and planning ahead (Figure 4). Changes in other indicators were not statistically significant (i.e., too small to interpret with confidence).

- A decreasing ability to save and pay bills on time indicates growing near-term stress on household cash flow.
- Rising debt concerns suggest that more households are worried about meeting repayment obligations they may have previously imagined would be manageable.
- Dips in insurance confidence and planning ahead point to households' growing worries about their ability to protect themselves from unexpected emergencies.

For some indicators, such as spending relative to income, debt manageability, and insurance confidence, these year-over-year changes are part of a pattern of receding financial health after the pandemic. For others, such as on-time bill payment and planning ahead, it is too early to tell whether recent declines represent a meaningful long-term trend. In the following sections, we explore each of these indicators in greater depth.

Figure 4. 5 of 8 indicators reflected worsening financial health between 2025 and 2026.

Share of households reporting each financial health indicator, by year.



Notes: N = 7,425 (2025), 7,662 (2026 indicators 1,3,6,8), 3,812 (2026 indicators 2,4,5,7). Sample sizes differ for some indicators in 2026 because of the survey's split sample design to accommodate question wording changes. See Appendix for more details.

^ Interpret with caution. See further discussion in section "One Fragile Silver Lining? Savings Balances Remained Resilient" and in Appendix B for more details.

* Statistically significant relative to 2025 (p < .05).

PART II

More Households Struggled to Save Money and Pay Bills

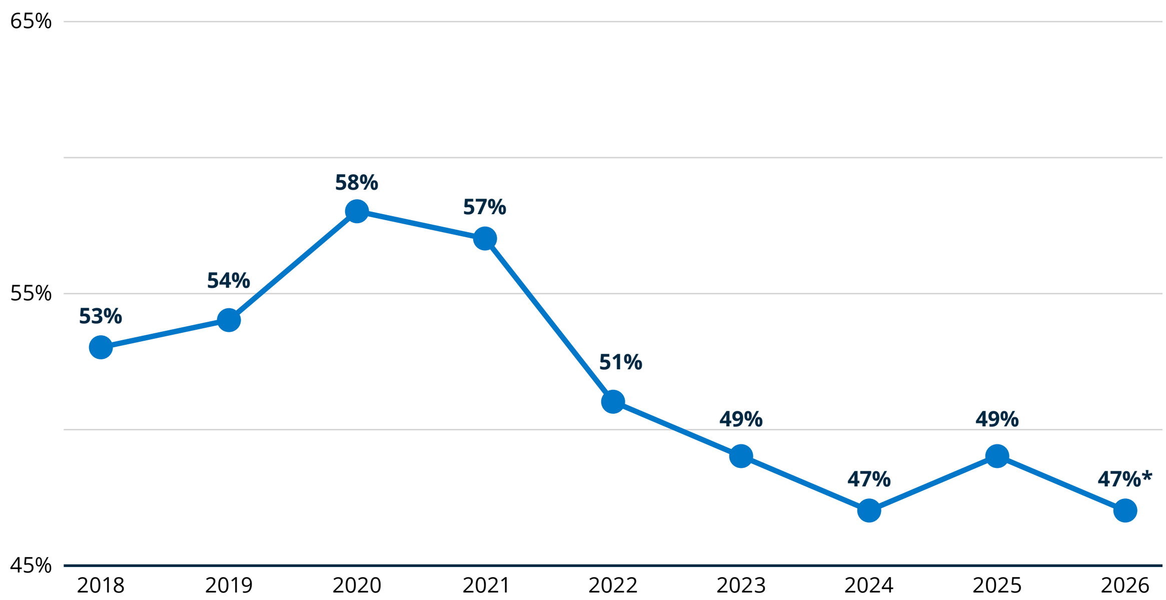
Between 2025 and 2026, the share of households who reported spending less than their income over the prior 12 months decreased from 49% to 47% (Figure 5). This decline erased the brief progress made last year and signals that fewer households are setting aside money for savings. This indicator is now hovering around its lowest level since Pulse data collection began, remaining below even pre-pandemic levels.

47%

of households spent less than their income.

Figure 5. The share of households spending less than their income has declined substantially since the pandemic.

Percentage of households reporting that they spent less than their income over the prior 12 months.



Notes: Labels are rounded to the nearest whole percentage point.

* Statistically significant change from 2025 (p < .05).

Recent increases in the cost of living have likely played a role in driving lower savings rates. In early 2026, policy developments such as tariffs and the war in Iran pushed inflation to its highest level in three years.[38,39,40] By April and May 2026, the time of survey fielding, prices were increasing faster than average hourly earnings for the first time since April 2023, straining households' cash flow.[41]

[38] "Combined Distributional Effects of the One Big Beautiful Bill Act and of Tariffs," The Budget Lab, June 2025.

[39] Lutz Kilian, Michael Plante, Alexander W. Richter & Xiaoqing Zhou, "Implications of the Iran war for U.S. inflation," Federal Reserve Bank of Dallas, April 2026.

[40] Ben Casselman, "Inflation Accelerated in May as Iran War Pushed Up Prices," New York Times, June 2026.

[41] "Consumer Price Index for All Urban Consumers: All Items in U.S. City Average," Federal Reserve Bank of St. Louis, August 2026.

The decrease in the share of households saving money is one possible early sign of the effects of this recent affordability pressure.

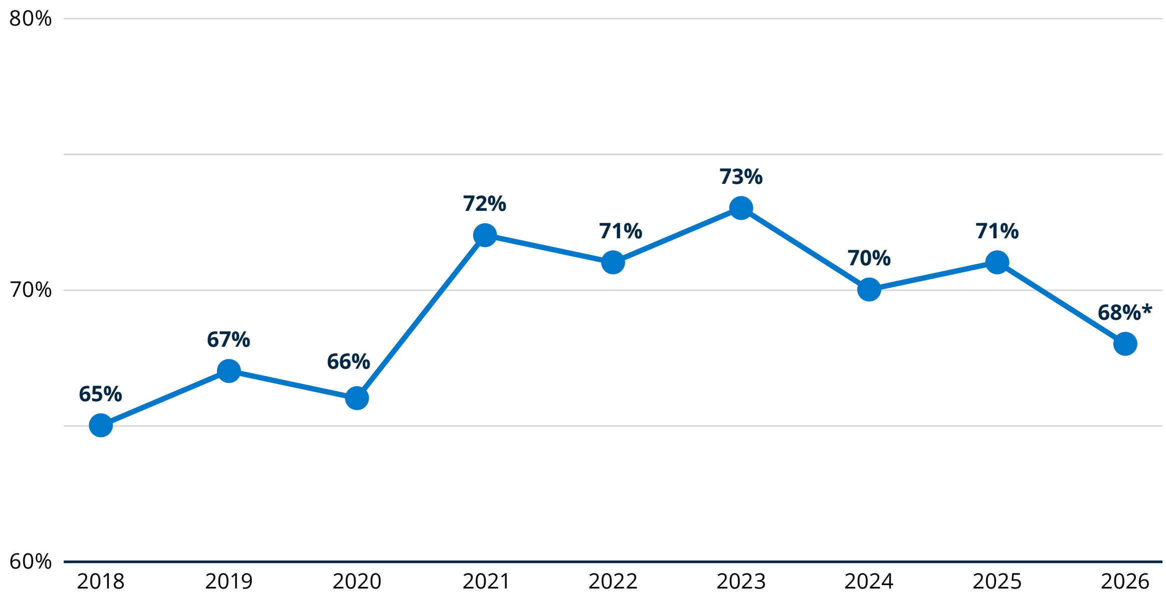
Inflation alone, however, is not the only determining factor of savings rates. Taking a longer view, the decline in this indicator in the years after 2021 also likely reflects the gradual drawdown of additional savings households built up during the pandemic. If savings levels remain elevated for many U.S. households, it is possible that fewer households feel the need to actively save in 2026 than they did in 2019. Evidence on this topic is mixed: Researchers from the Federal Reserve Bank of San Francisco estimated that pandemic-era excess savings were largely depleted by late 2024.[42] However, recent data from multiple large banks show that median cash deposits in 2026 remain elevated relative to 2019.[43,44]

68%

of households paid all bills on time.

Another indicator that may be affected by recent inflation is on-time bill payment. This indicator jumped sharply upwards in 2021 and remained elevated for several years, possibly aided by larger cash balances during the pandemic. In 2026, however, only 68% of households reported paying all their bills on time over the past 12 months, a 3-percentage-point decrease from 2025 (Figure 6).

Figure 6. The post-pandemic bump in on-time bill payment has begun to fade.
Percentage of households reporting that they paid all their bills on time over the prior 12 months.



Notes: Labels are rounded to the nearest whole percentage point. The question wording and response options for this indicator question were changed in 2026. The analysis shown here uses the old version of the question to preserve comparability across years. See Appendix B for more details.

* Statistically significant change from 2025 ($p < .05$).

42 "Pandemic-Era Excess Savings," Federal Reserve Bank of San Francisco, accessed August 2026.

43 Chris Wheat, Daniel M. Sullivan, George Eckerd, & Erica Deadman, "Real income sustains weak trend, while cash balances remain stable," JPMorganChase, November 2025.

44 "Consumer Checkpoint: Sunny days," Bank of America Institute, June 2026.

Over the past decade, new financial products have emerged to address consumers' challenges with payment timing mismatches, such as when rent or utility bills are due before income arrives. Short-term credit products like EWA and direct-to-consumer cash advance apps are two examples. The market for BNPL also expanded rapidly during and after the pandemic, offering a new source of inexpensive credit to tens of millions of consumers each year.[45,46]

Early evidence suggests that the impacts of adopting these novel solutions can vary across consumers: Some households have successfully used short-term credit products to resolve payment timing gaps, while others have relied on these tools repeatedly, paid large fees, and entered debt spirals.[47,48,49] Evidence on the impact of BNPL on financial health is still limited.[50,51] Overall, the aggregate impact of fintech short-term credit products on on-time bill payment and financial health remains an open research question.

Is the Economy K-Shaped?

There has been substantial media discussion over the past year about "K-shaped" economic growth, with researchers and advocates raising concerns that lower-income households were not benefiting from growth the way higher-income households were. Multiple data sources have shown spending and income growing faster for higher-income households in 2025 and 2026, while also noting that lower-income households may be experiencing higher rates of inflation.[52,53,54]

Recent research has so far mostly focused on diverging trends in income and spending between income groups. While these are important measures, they do not capture the full picture of how households are building financial resilience. For example, are high- and low-income households also diverging in terms of cash flow and their ability to meet basic financial obligations?

45 "The Buy Now, Pay Later Market," Consumer Financial Protection Bureau (CFPB), December 2025.

46 Nina R. Acree, Kayleigh Barnes, Alexander Bruce, & Simona M. Hannon, ""Buy Now, Pay Later" Beyond "Pay in 4", A Comprehensive Product Overview," Board of Governors of the Federal Reserve System, June 2026.

47 "Data Spotlight: Developments in the Paycheck Advance Market," Consumer Financial Protection Bureau (CFPB), July 2024.

48 Lisa Berdie & Riya Patil, "Exploring Earned Wage Access as a Liquidity Solution," Financial Health Network, December 2023.

49 Christelle Bamona & Lucia Constantine, "Escalating Debt: The Real Impact of Payday Loan Apps Sold as Earned Wage Advances (EWA)," Center for Responsible Lending, September 2025.

50 Benedict Guttman-Kenney, Chris Firth, & John Gatherhood, "Buy Now, Pay Later (BNPL)... On Your Credit Card," Journal of Behavioral & Experimental Finance, January 2022.

51 Cortnie Shupe & Giordano E. Palloni, "The Effect of BNPL on Consumer Debt and the Ability to Repay Non-BNPL Debt Obligations," SSRN, June 2025.

52 Rajashri Chakrabarti, Thu Pham, Beck Pierce, & Maxim L. Pinkovskiy, "Explaining the K-Shaped Economy: What's Behind the Divide?," Federal Reserve Bank of New York, May 2026.

53 Kyle DeMaria, John Bailey Jones, Joseph Mengedoth, & Urvi Neelakantan, "Is the US Economy K-Shaped? Evidence From the Past Three Decades," Federal Reserve Bank of Richmond, July 2026.

54 "Consumer Checkpoint: Weathering the storm," Bank of America Institute, February 2026.

Pulse data show that low-income households experienced pronounced declines in the ability to save and pay bills on time over the past year. Among households earning less than 50% of their metropolitan area or county's median income, the share who spent less than their income over the past 12 months decreased from 35% to 31%. The share who paid all their bills on time decreased from 54% to 49% (Table 1).

Table 1. Ability to save and pay bills on time declined for low-income households.
Percentage of households reporting spending less than income and on-time bill payment, by year and income.

	% spent less than income, past 12 months		% paid all bills on time, past 12 months	
	2025	**2026**	**2025**	**2026**
Low-income households (<50% AMI)	35%	31%*	54%	49%*
Moderate-income households (50-80% AMI)	45%	44%	70%	68%
Middle-income households (81%-120% AMI)	50%	48%	73%	76%
Upper-income households (>120% AMI)	63%	63%	87%	85%

Note: N = 1,112-2,183 (low-income), 639-1,268 (moderate-income), 659-1,310 (middle-income), 1,371-2,846 (upper-income). AMI is defined as the median household income for that respondent's Metropolitan Statistical Area (MSA), or county if the respondent does not live in an MSA.

* Statistically significant change from 2025 ($p < .05$).

Meanwhile, any estimated changes in these indicators for higher-income groups were smaller and not statistically significant. For example, the percentage of upper-income households who were spending less than their income held steady at 63% (Table 1). Upper-income households remained about twice as likely to actively save money as low-income households.

While the lack of statistically significant changes among moderate- to upper-income households prevents us from definitively confirming a K-shaped trend, early data suggest a pattern of divergence may be emerging. Regardless, one thing is certain: Low-income households, already starting from a position of relative instability, saw their situation deteriorate further between 2025 and 2026.

One Fragile Silver Lining? Savings Balances Remained Resilient

Despite a decrease in positive cash flow and on-time bill payment, households' emergency savings cushions did not meaningfully decrease. The share of households with at least three months of living expenses saved increased from 57% to 59% between 2025 and 2026. However, this result may be slightly exaggerated due to a methodological change to this year's Pulse survey.

In 2026, we updated the wording of some financial health indicator questions, including the question on liquid savings.[55] When we compare only those who answered the previous version of the question to make a more direct comparison to 2025, the estimated increase was much smaller (<1%) and not statistically significant.[56]

While we can't say with certainty that emergency savings cushions increased, they likely at least held steady overall. This aligns with recent industry data showing average bank balances holding steady through 2024, 2025, and into 2026.[57,58] Savings balances may have been recently aided in part by provisions in the One Big Beautiful Bill Act (OBBBA) that led to higher refunds at tax season around the time of the Pulse survey.[59] However, if the share of households spending less than their income remains low, this indicator may not prove resilient for much longer.

EXPLORE MORE DATA ON SPENDING AND BILL PAYMENT

See how trends in these indicators vary by income, race and ethnicity, age, and other household characteristics at **finhealthnetwork.org/pulse-trends-2026-charts-and-methodologies**.

55 "From Insight to Impact: The Next Phase of Financial Health Measurement," Financial Health Network, March 2026.

56 See Appendix B.

57 "Consumer Checkpoint: Sunny days," Bank of America Institute, June 2026.

58 Chris Wheat, Daniel M. Sullivan, George Eckerd, & Erica Deadman, "Real income sustains weak trend, while cash balances remain stable," JPMorganChase, November 2025.

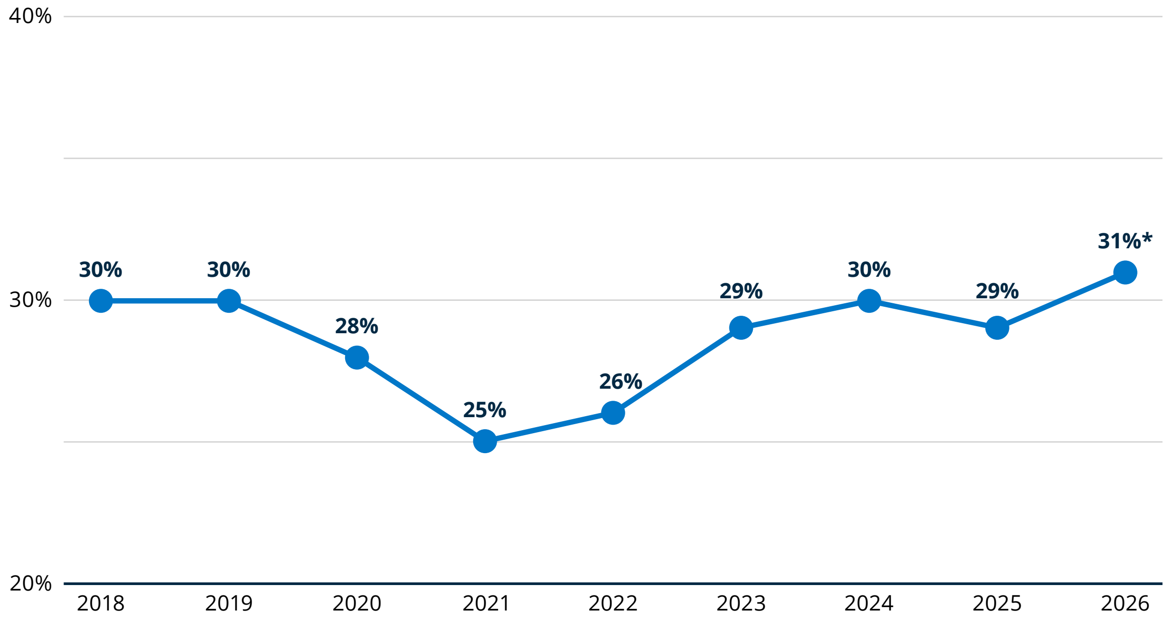
59 Andrew Lautz, "What's Driving Higher Tax Refunds in 2026?," Bipartisan Policy Center, February 2026.

PART III

Debt Challenges Intensified

After a brief reprieve in 2025, debt management difficulties began to rise again in 2026. The share of households who reported having "a bit more" or "far more" debt than was manageable increased from 29% in 2025 to 31% in 2026 (Figure 7). Overall, debt challenges have swelled since the height of the pandemic in 2020, and the share of U.S. households reporting unmanageable levels of debt is now at its highest level in nine years.

Figure 7. After a brief reprieve, household debt challenges have risen again.
Percentage of households reporting holding debt that is "a bit more" or "far more" than is manageable.



Notes: Labels are rounded to the nearest whole percentage point. The denominator includes households without any debt. The question wording and response options for this indicator question were changed in 2026. The analysis shown here uses the old version of the question to preserve comparability across years. See Appendix B for more details.

* Statistically significant change from 2025 (p < .05).

In addition to inflation's added pressure on household budgets, high interest rates may have contributed to debt repayment difficulties as well. The Federal Reserve made small cuts to the federal funds rate three times between mid-2025 and mid-2026, but interest rates for consumer debt remained near generational highs, keeping pressure on borrowers.[60] Average credit card interest remained above 21%, mortgage interest remained above 6%, and auto loan interest remained above 7%, keeping borrowing costs high.[61,62,63] In the Pulse 2024 U.S. Trends Report, we noted that as interest rates rose, households with credit card debt increasingly struggled with

[60] "How We Conduct Monetary Policy," The Federal Reserve Explained, accessed August 2026.

[61] "Commercial Bank Interest Rate on Credit Card Plans, All Accounts," Federal Reserve Bank of St. Louis, July 2026.

[62] "30-Year Fixed Rate Mortgage Average in the United States," Federal Reserve Bank of St. Louis, August 2026.

[63] "Finance Rate on Consumer Installment Loans at Commercial Banks, New Autos 48 Month Loan," Federal Reserve Bank of St. Louis, July 2026.

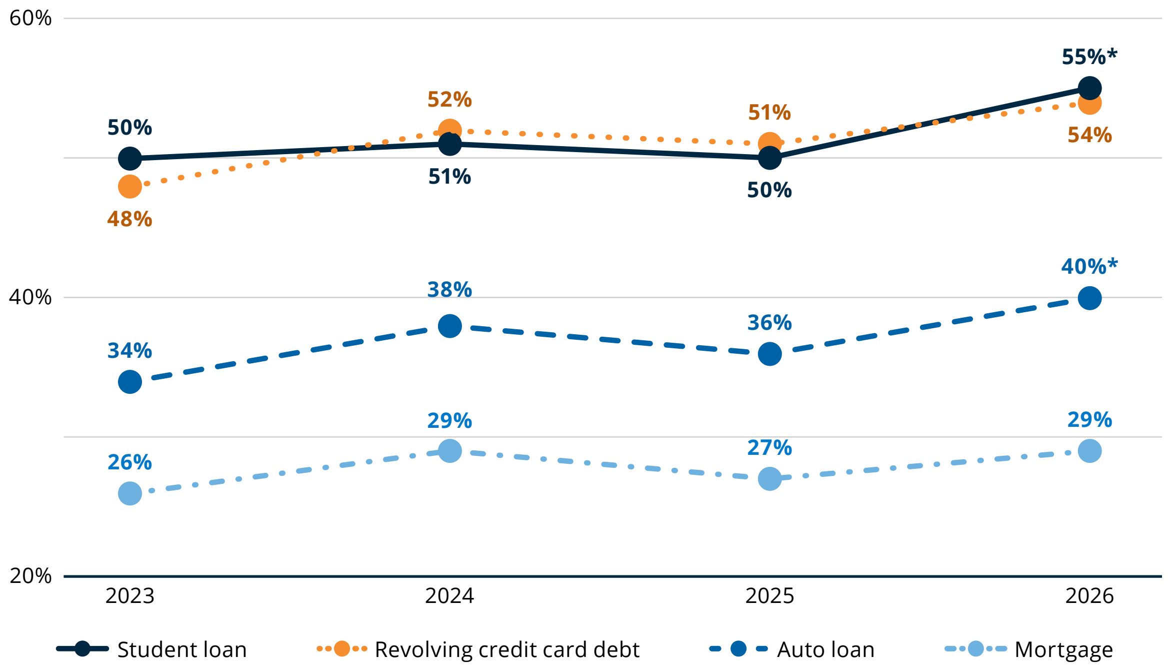
debt manageability and other indicators of day-to-day financial management.[64] With interest rates hovering near similar highs two years later, debt manageability challenges have persisted and, in some cases, worsened.

Over the past three years, debt repayment challenges have increased among credit card revolvers, student loan borrowers, and auto loan borrowers. The shares of households with revolving (i.e., interest-bearing) credit card debt, student loan debt, and auto loan debt who reported their debt was “a bit more” or “far more” than was manageable have all increased by 5 or 6 percentage points since 2023. Between 2025 and 2026 alone, the share of student loan borrowers with unmanageable debt increased from 50% to 55%, and the share of auto loan borrowers with unmanageable debt increased from 36% to 40% (Figure 8).

Because households often hold multiple types of debt at once, these groups were overlapping. However, there were clear differences in debt manageability trends across different debt types. Households with mortgages were less likely to report challenges with their debt overall, and had not experienced a measurable increase in debt challenges since 2023.

Figure 8. Households with student loans or auto loans were more likely to describe their debt as unmanageable in 2026 than in 2025.

Share with "a bit more” or “far more” debt than was manageable, by debt type.



Notes: N = 1,324-2,648 (credit card revolvers), 740-1,512 (households with student loans), 1,448-2,859 (households with mortgages), 1,336-2,629 (households with auto loans). We began asking about debt ownership consistently starting in 2023. Because households can and often do hold multiple types of debt, these categories are not mutually exclusive. Sample size varied by year because of split-sample design in 2026.

* Statistically significant relative to 2025 ($p < .05$).

[64] Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, “Financial Health Pulse® 2024 U.S. Trends Report,” Financial Health Network, September 2024.

Pronounced Challenges for Student Loan Borrowers

The uptick in debt challenges for student loan borrowers is likely related to recent policy developments affecting federal student loans. Planned collections activities on delinquent student loan borrowers were put on hold in January 2026, and borrowers in the now-defunct Saving on a Valuable Education (SAVE) repayment plan were placed into forbearance.[65] However, interest began accruing on SAVE plan loans in forbearance in August 2025, and borrowers were notified that they would have to choose a new—and less generous—repayment plan by July 2026.[66,67,68] Meanwhile, credit bureau data show that student loan balances have continued to transition into delinquency at high rates.[69]

The challenges faced by student loan borrowers have extended beyond debt manageability into other areas of financial health as well. Between 2025 and 2026, the share of households with student loans who spent less than their income and the share who felt confident about meeting long-term financial goals each declined 4 percentage points.[70] Altogether, student loan borrowers experienced some of the most pronounced declines in financial health between 2025 and 2026. The share of student loan borrowers who were Financially Vulnerable rose from 21% to 27%, one of the largest increases observed this year among any population in our analysis (Figure 9). By comparison, only 14% of households without student loans were Financially Vulnerable, and there was no statistically significant change in this rate from 2025 to 2026.

[65] "U.S. Department of Education Delays Involuntary Collections Amid Ongoing Student Loan Repayment Improvements," U.S. Department of Education, January 2026.

[66] "What's Happening with the SAVE Plan?," Student Loan Borrower Assistance, National Consumer Law Center, October 2025.

[67] Adam Looney, Jordan Matsudaira, & Clare McCann, "How OBBBA shapes student lending," Brookings Institution, January 2026.

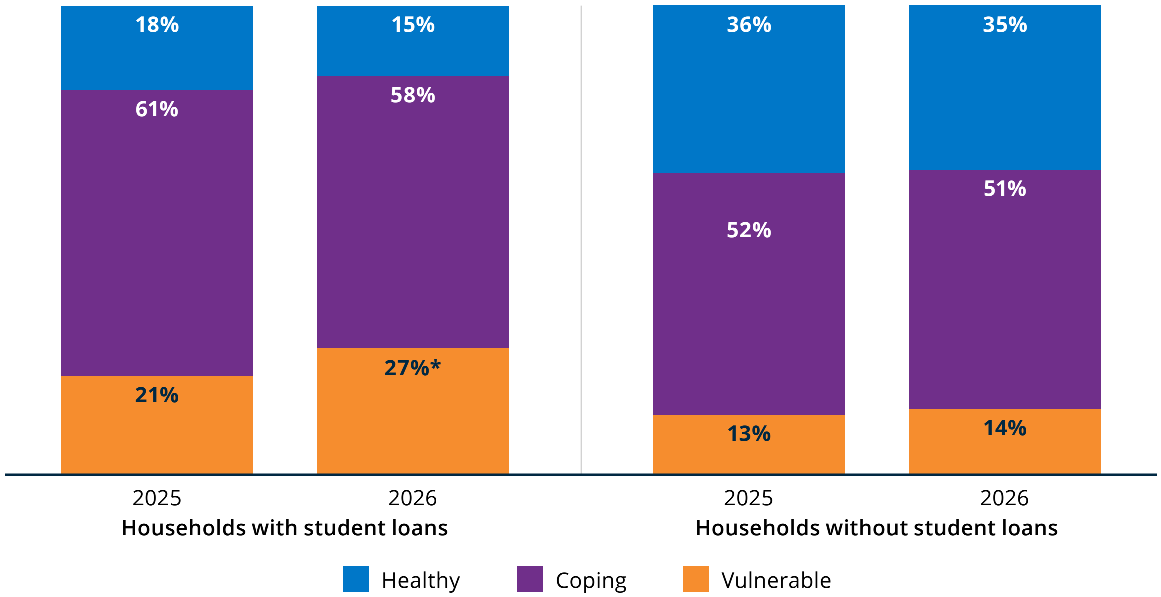
[68] Marisa Carrasco, "ED Begins Campaign to Move Borrowers Enrolled in SAVE to Other Repayment Plans," National Association of Student Financial Aid Administrators, March 2026.

[69] Zara Jacob et al., "Federal Student Loan Defaults Return After Pandemic Pause," Federal Reserve Bank of New York, May 2026.

[70] Analysis not shown.

Figure 9. The share of student loan borrowers who were Financially Vulnerable rose sharply between 2025 and 2026.

Share of households in each financial health tier, by student loan ownership and year.



Notes: N = 1,475 (2025) and 1,423 (2026) households with student loans; 5,821 (2025) and 6,105 (2026) households without student loans.

* Statistically significant change from 2025 ($p < .05$).

While the burden of student loan debt is often characterized as most prominent among younger borrowers, a large share of older borrowers are struggling as well. The share of student loan debt held by middle- and retirement-age borrowers has increased faster than the share of younger adults over the past two decades, likely because of lengthening loan terms and repayment difficulty, as well as the rising use of Parent PLUS loans to finance education for children.[71] While older adults tend to be more Financially Healthy overall, those with student loans were nearly as likely to report debt manageability issues as younger student loan borrowers. Half of student loan borrowers over the age of 50 described their debt as "a bit more" or "far more" than was manageable, underscoring how student loans can create debt manageability challenges that extend across generations and over time.[72]

EXPLORE MORE DATA ON DEBT

See how trends in debt manageability vary by income, race and ethnicity, age, and other household characteristics at **finhealthnetwork.org/pulse-trends-2026-charts-and-methodologies**.

[71] Charlie Gallagher & Sílvio Rendon, "CFI in Focus: Understanding Older Student Loan Borrowers," Federal Reserve Bank of Philadelphia, September 2021.

[72] Analysis available upon request.

PART IV

Confidence in Insurance Coverage Continued to Decline

Insurance is an important tool for supporting household financial health and long-term resilience. Insurance policies protect households against financial shocks that may deplete savings or drive a household into debt. In the case of homeowners insurance, they also protect home equity which provides future financial stability.

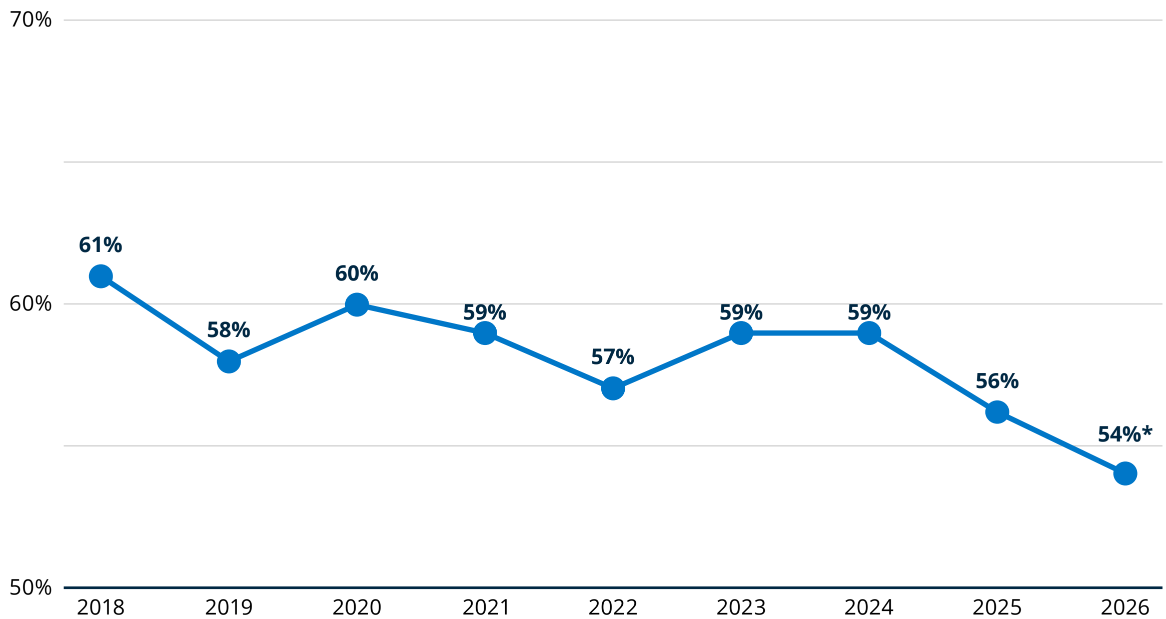
In prior years, Pulse data have shown waning confidence in insurance coverage, and 2026 was no exception. Unlike other indicators, insurance confidence did not experience a pandemic bump. Instead, it has declined gradually over time. With only 54% of households responding that they were at least somewhat confident in their insurance, this year's report captures the lowest percentage since we began Pulse data collection in 2018 (Figure 10).

54%

of households were at least **somewhat confident** in their insurance, a nine-year low.

Figure 10. Insurance confidence fell to its lowest recorded level.

Percentage of households who were at least somewhat confident their insurance policies will cover them in an emergency.



Notes: Labels are rounded to the nearest whole percentage point. The question wording and response options for this indicator question were changed in 2026. The analysis shown here uses the old version of the question to preserve comparability across years. See Appendix B for more details.

* Statistically significant change from 2025 ($p < .05$). The 2026 estimate is also statistically different from each year prior to 2025.

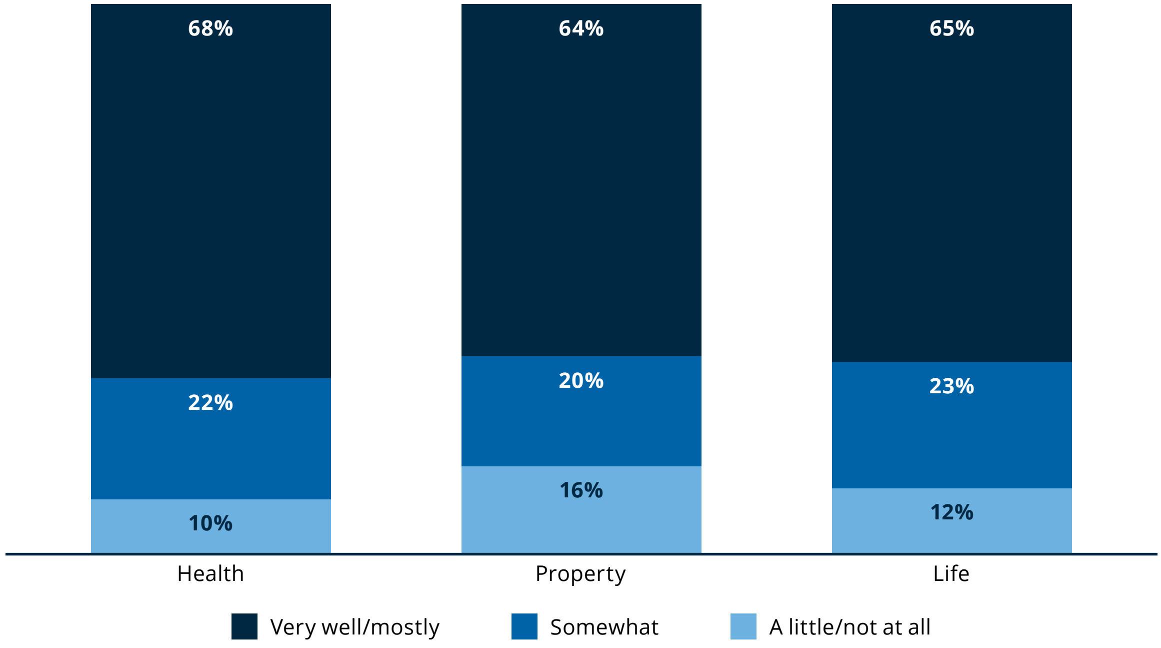
Both objective and subjective factors could explain why U.S. households' assessments of their insurance coverage are declining. Households may be dropping or reducing their coverage in the face of rising premiums, leaving their households less protected. Alternatively, their perceptions of exposure to risk might be growing alongside increased awareness of the consequences of threats like natural disasters. Declining confidence could also reflect Americans' souring or negative attitudes toward insurance providers or the insurance industry in general.

Because this financial health indicator captures eroding confidence across all insurance policies held in the household, it raises questions about which types of insurance are contributing most to the decline. In 2026, we added new Pulse survey questions allowing us to differentiate how well-protected respondents felt across three types of insurance products: health; property (including home, auto, and renters insurance); and life insurance.

While we cannot yet draw trends over time for confidence in these three types of insurance coverage, we can see how much each insurance type contributed to households' concerns in 2026. Overall, concerns about insurance coverage were fairly evenly spread across insurance types, although concerns about property insurance were slightly more common than concerns about health or life insurance. Sixteen percent of households with property insurance reported that they felt either "a little" or "not at all" protected by their property insurance, compared with just 10% for health insurance and 12% for life insurance (Figure 11).

Figure 11. Concerns about property insurance coverage were slightly more common than concerns for health and life insurance.

Responses to the question: "How well protected is your household?" for each insurance type by households who reported having insurance.



Notes: N = 6,869 (health), 7,006 (property), 4,617 (life). Percentages may not sum to 100% due to rounding. Subjective assessments of insurance protection were only asked to survey respondents who had at least one type of that insurance in their household.

It is not immediately clear which insurance types are contributing most to the downward trend in confidence. Historical data on insurance perceptions by type are scarce, and prior research has found mixed results. For example, industry surveys have shown that satisfaction with health and homeowners insurance has trended slightly downward in recent years, while satisfaction with auto insurance has stayed relatively steady.[73,74,75]

Trends that may negatively influence confidence in property insurance include rising premiums, limited or no coverage in specific geographic regions, and mounting risks from climate change.[76,77] Homeowners insurance premiums rose 27% from 2020 to 2024, with increases recorded in over 95% of U.S. ZIP codes.[78,79] Both health insurance premiums and out-of-pocket costs have risen sharply in recent years as well.[80] Americans may also be increasingly worried that insurers will deny coverage for necessary care or medications, that they will face difficulty finding in-network providers, or that they will contend with a lack of coverage for mental health or other specialist care.[81,82] Life insurance, while less studied, is still difficult to purchase with an underlying condition, and providers have a history of racial discrimination in depth of coverage offered.[83,84] More research is needed to establish the extent to which each insurance type contributes to declining overall confidence, but all three may play a role.

[73] Lydia Saad and Megan Brenan, "Cost Leads Americans' Top-of-Mind Healthcare Concerns," Gallup, December 2025.

[74] "Homeowners Insurance Claims Satisfaction Improves as Repair Cycle Times Improve, JD Power Finds," JD Power, March 2026.

[75] "Auto Insurers Struggle to Maintain Seamless Interactions Across Channels, JD Power Finds," JD Power, June 2026.

[76] "Rising Property Insurance Premiums: The Uneven Risks to Household and Systemic Financial Stability," Public Citizen, accessed August 2026.

[77] Maggie Gunara, "State of Home Insurance: 2026," LendingTree, June 2026.

[78] "Premiums Generally Tracked Inflation but Rose More in Disaster-Prone Areas," U.S. Government Accountability Office, March 2026.

[79] "Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners," Consumer Federation of America, April 2025.

[80] Cynthia Cox, Jared Ortaliza, Emma Wager, & Krutika Amin, "Health Care Costs and Affordability," KFF, October 2025.

[81] Carson Richards, Sara R. Collins, Avni Gupta, & Shreya Roy, "How Health Insurance Coverage Denials Affect Americans," The Commonwealth Fund, June 2026.

[82] Karen Pollitz et al., "KFF Survey of Consumer Experiences with Health Insurance," KFF, June 2023.

[83] "Can I Buy Life Insurance if I have a Pre-existing Condition?," Guardian, July 2026.

[84] Adrienne B. Lent et al., "Racial/Ethnic Disparities in Health and Life Insurance Denial Due to Cancer among Cancer Survivors," International Journal of Environmental Research and Public Health, February 2022.

Lower Confidence After Insurable Life Events

To further understand how households' exposure to risk is linked to their perceptions of insurance coverage, we examined the association between insurable life events and levels of insurance confidence. Overall, households who experienced these events were less confident in their insurance coverage than households who did not.

Around 6 in 10 households who experienced an unexpected out-of-pocket medical expense or major change in their health over the past year reported feeling "mostly" or "very well" protected by their health insurance, compared with 7 in 10 households who did not experience these health events (Table 2). Similarly, 57% of households who experienced the death of a household member felt "mostly" or "very well" protected by their life insurance, compared with 65% of those who did not. Associations between experiences of natural disasters and property damage and assessments of property insurance were estimated in the same direction, though not statistically significant (Table 2).

Table 2. Households experiencing recent insurable events were less confident in their insurance coverage.

Share of households reporting they were "mostly" or "very well" protected under each insurance type, by experience of insurable events.

	Experienced event over the past 12 months?	
	Yes	**No**
% "mostly" or "very well" protected by their *health insurance*		
Unexpected out-of-pocket medical expense	58%*	70%
Major change in health or physical ability	60%*	69%
% "mostly" or "very well" protected by their *property insurance*		
Natural disaster or severe weather event	60%	64%
Unexpected major repair to house, appliance, or car	63%	65%
% "mostly" or "very well" protected by their *life insurance*		
Death of someone in the household	57%*	65%

Notes: N = 1,816 households reported an unexpected expense to their property, 254 reported experience with a natural disaster, 1,036 had an out-of-pocket medical expense, 360 had a major change to physical ability, and 126 had a death in the household.

* Statistically significant relative to those who did not experience the event (p < .05).

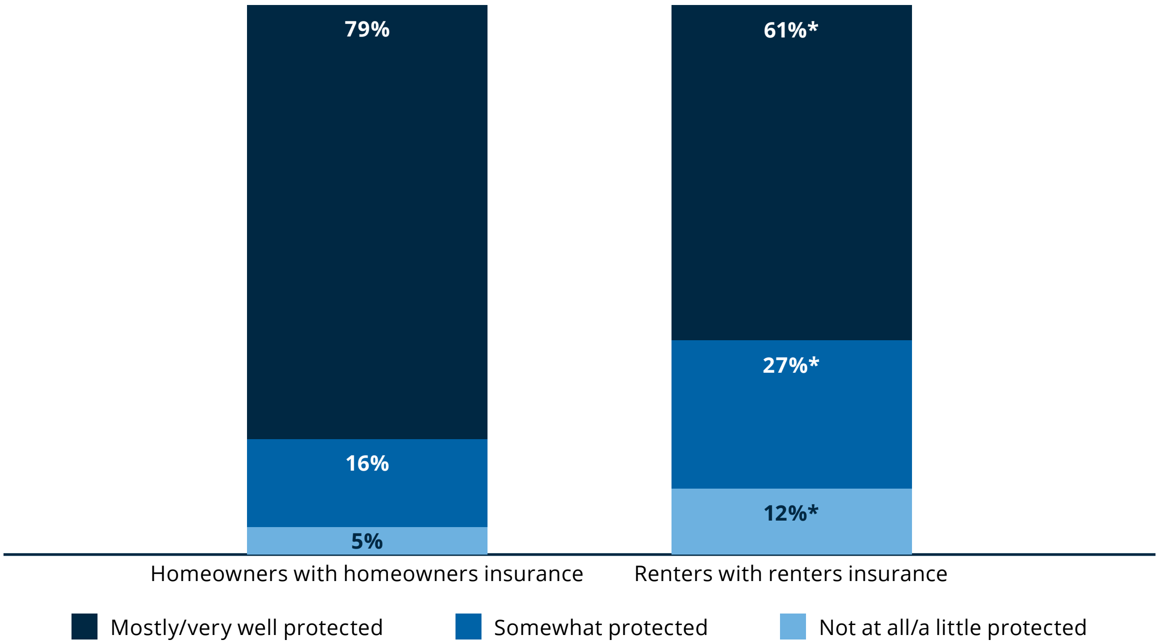
While these descriptive estimates cannot establish the exact nature of the relationship between insurable events and insurance confidence, there are a few plausible explanations. Households who experienced an insurable event and filed a claim in the past year may have become more familiar with the shortcomings of their insurance coverage. On the other hand, households with less adequate insurance may have also been more exposed to these events in the first place.

Renters Felt Less Protected by Property Insurance Than Homeowners

Property insurance includes policy types with dramatically different levels of coverage. Our analyses show that low levels of confidence in property insurance were more common among renters with renters insurance than homeowners with homeowners insurance. Only 61% of renters with renters insurance reported feeling "mostly" or "very well" protected by their property insurance, compared with 79% of homeowners (Figure 12). These gaps remained even after controlling for auto insurance ownership and income.[85]

Figure 12. Renters felt less protected by their property insurance than homeowners.

Self-reported level of protection offered by property insurance, by housing and insurance type.



Notes: N = 4,641 (homeowners with homeowners insurance), 1,039 (renters with renters insurance).

* Statistically significant difference from homeowners with homeowners insurance.

To further compound these challenges, lack of insurance coverage was much more widespread among renters: Less than half (47%) of renters reported having renters insurance, while 91% of homeowners reported having homeowners insurance.[86] While renters do not face as much direct

[85] Analysis not shown. Statistically significant differences held across income groups, and results were nearly identical when subsetting the analyses to only those with auto insurance.

[86] Analyses not shown. Respondents were funneled to answer if they had homeowners or renters insurance based on their homeownership status assessed early in the survey.

financial risk from damage to the property itself as homeowners do, they still remain a uniquely vulnerable group, especially to risks posed by natural disasters. Renters are not often told about flood risks for their residence, are displaced more frequently and for longer periods of time after severe weather events than homeowners, face greater financial constraints, and receive less government assistance after a natural disaster.[87,88,89,90]

The decline in insurance confidence between 2018 and 2026 signals that U.S. households feel increasingly less protected from financial shocks. More research is needed to understand how confidence in each type of insurance is trending over time, how experiences of insurable events and increasing premiums shape overall insurance confidence, and which interventions are most effective at keeping households sufficiently covered.

EXPLORE MORE DATA ON INSURANCE

See how trends in insurance confidence vary by income, race and ethnicity, age, and other household characteristics at **finhealthnetwork.org/pulse-trends-2026-charts-and-methodologies**.

[87] Rebecca Hersher, "Most Tenants Get No Information About Flooding. It Can Cost Them Dearly," NPR, October 2020.

[88] Carlos Martín et al., "Disasters and the rental housing community," Brookings Institution, October 2023.

[89] "America's Rental Housing 2024," Joint Center for Housing Studies of Harvard University, 2024.

[90] Meghan Greene & Hannah Gdalman, "Climate Disaster and Renters Insurance: Who's Protected?," Financial Health Network, December 2024.

PART V

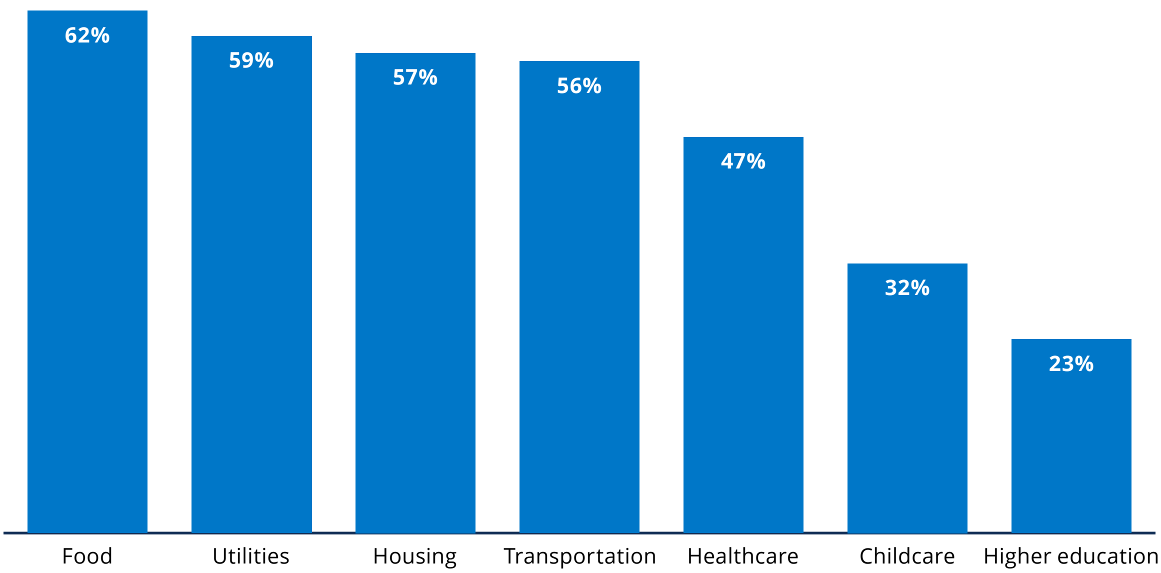
Affordability, Vulnerability, and Financial Stress

Rising costs have led to an affordability crisis, spanning groceries, gas, housing, and other essential goods. The recent spike in inflation has driven price increases above average wage gains for the first time in several years. Even prior to this latest shock, the prices of essential goods and services have climbed faster than overall inflation for much of the past decade.[91] Affordability challenges are only further compounded for lower-income households, who spend larger portions of their income on essentials and consistently experience higher rates of inflation.[92]

In 2026, we added new Pulse survey questions asking households to share their current perceptions of affordability across several categories of essential goods and services. Overall, households expressed the least confidence in their ability to afford childcare and higher education expenses. Only around a third of households who pay for or are planning to pay for childcare were completely confident in their ability to afford it; less than a quarter of households were completely confident in their ability to afford higher education, either for themselves or for their families (Figure 13). Even essentials such as food and utilities strained some households' budgets: Only around 6 in 10 households were completely confident in their ability to afford food, utilities, housing, and transportation (Figure 13).

Figure 13. Higher education and childcare were viewed as the least affordable.

Share of households reporting that they were "completely confident" in their ability to afford each of the following.



Notes: N = 7,530 (food), 7,381 (utilities), 7,104 (housing), 7,201 (transportation), 7,165 (healthcare), 1,831 (childcare), 3,252 (higher education). Respondents were asked to rate their confidence in their ability to afford each category of good or service on a scale from "not at all confident" to "completely confident." Those who chose the option "Does not apply/I don't pay for this" were excluded from the analysis.

[91] "The ALICE Essentials Index: Tracking Change Over Time in the Cost of Basics," United for ALICE, accessed August 2026.

[92] Jeff Horwich, "Lower income, higher inflation? New data bring answers at last," Federal Reserve Bank of Minneapolis, October 2024.

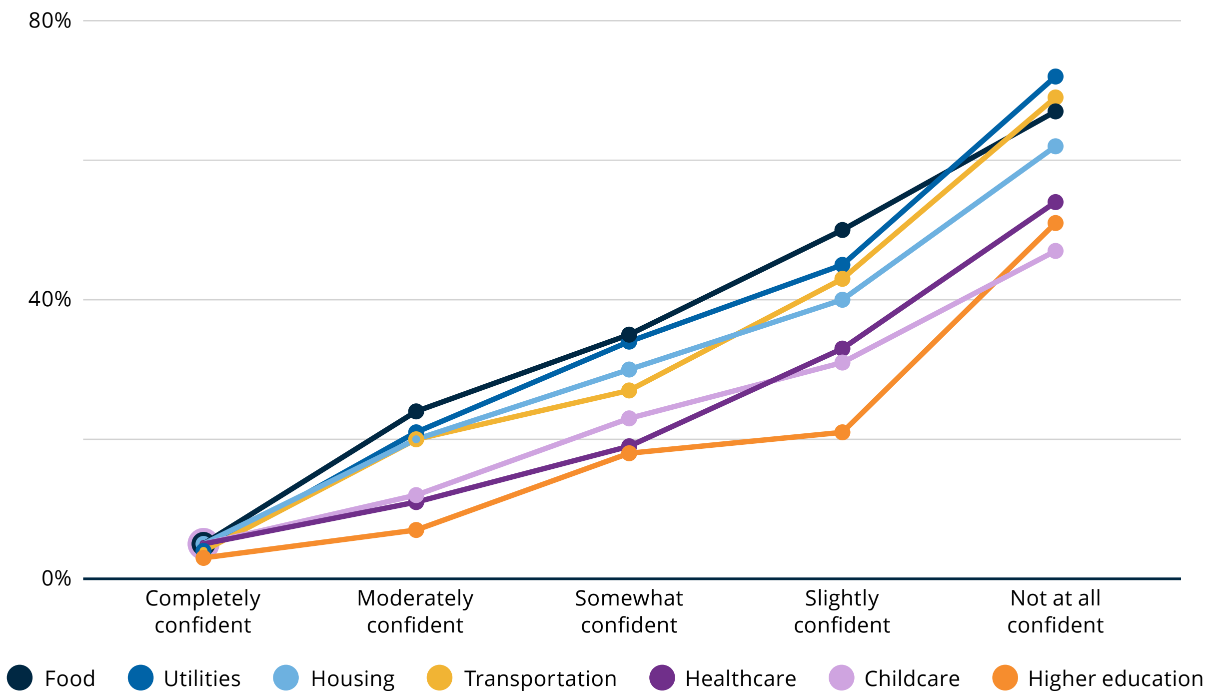
How Are Affordability and Financial Vulnerability Linked?

Affordability and financial health remain inextricable from each other. When grocery prices rise faster than incomes, households face painful tradeoffs between buying less or lower-quality food and saving less.[93] Other essentials, like utilities or housing, can be even more difficult to substitute, leading to strained budgets, difficulty meeting immediate financial obligations, and an inability to plan for the future.[94,95]

This year's Pulse data show this relationship clearly. When households were completely confident they could afford essential goods and services, they were rarely Financially Vulnerable. However, when they were not at all confident, they were many times more likely to be Financially Vulnerable. This was especially true of food, utilities, and housing: Around 7 in 10 households who were "not at all confident" in their ability to afford food, utilities, or housing were also Financially Vulnerable (Figure 14).

Figure 14. Affordability and financial vulnerability remain closely linked.

Percentage of households who were Financially Vulnerable, by confidence in affording each category of goods and services.



Notes: N = 7,530 (food), 7,381 (utilities), 7,104 (housing), 7,201 (transportation), 7,165 (healthcare), 1,831 (childcare), 3,252 (higher education). Respondents were asked to rate their confidence in their ability to afford each category of good or service on a scale from "not at all confident" to "completely confident." Those who chose the option "Does not apply/I don't pay for this" were excluded from the analysis.

[93] Dee-Ann Durbin et al., "Americans rewire their grocery shopping routines while digesting the biggest price jump in 50 years," AP News, July 2026.

[94] Ben Weintraut, Eric Parajon, Trey Gowdy, & Jackson Ewing, "Three Key Takeaways: How Price Elasticity of Demand for Residential Electricity Differs Across States," Duke University Nicholas Institute for Energy, Environmental & Sustainability, December 2025.

[95] "When the rent comes due: Impact of inflation on renters' financial security," JPMorganChase, June 2025.

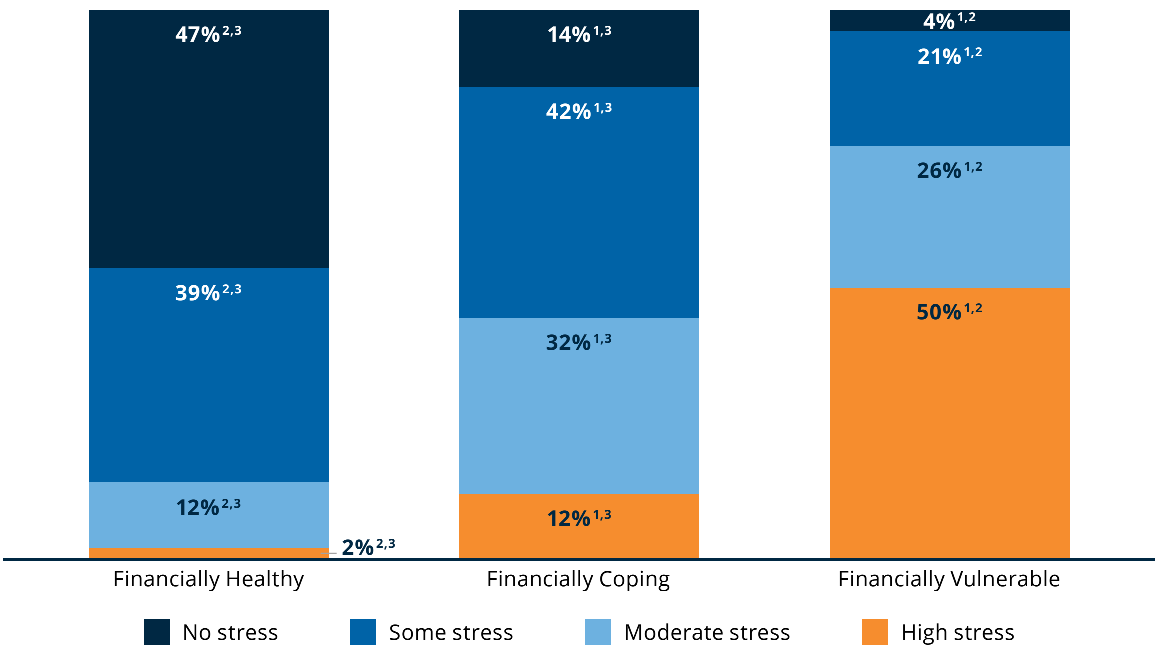
The Link Between Financial Stress and Financial Vulnerability

Financial vulnerability is a stressful state. A large body of research has established clear links between financial challenges and mental health challenges, in part due to the stress caused by financial constraints.[96] Half of all Financially Vulnerable households reported a high level of financial stress, compared with 12% of Financially Coping and just 2% of Financially Healthy households (Figure 15).

Households who reported a high level of financial stress

50%	12%	2%
of all Financially Vulnerable households	of all Financially Coping households	of all Financially Healthy households

Figure 15. Financial health was strongly associated with financial stress.
Responses to the question "How much stress, if any, do your finances cause you?," by financial health tier.



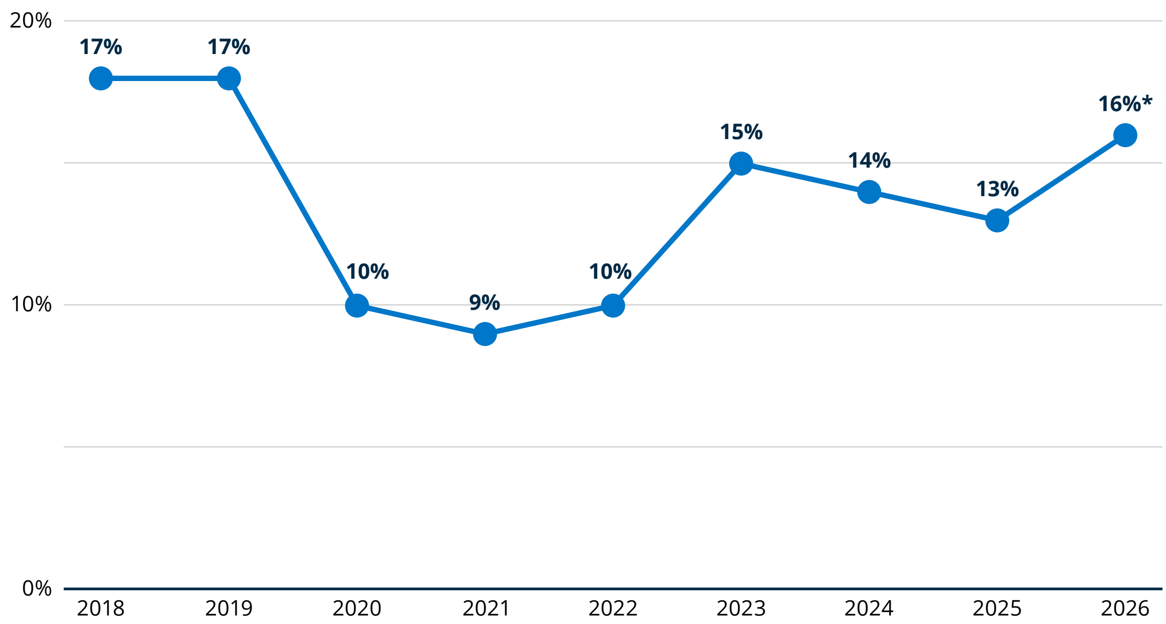
Notes: N = 2,712 (Financially Healthy), 3,861 (Financially Coping), 1,086 (Financially Vulnerable).
[1] Statistically significant difference from Financially Healthy ($p < .05$).
[2] Statistically significant difference from Financially Coping ($p < .05$).
[3] Statistically significant difference from Financially Vulnerable ($p < .05$).

[96] Meghan Greene & Riya Patil, "Understanding the Mental-Financial Health Connection," Financial Health Network, October 2023.

Over the past year, as a growing number of households struggled to save money and manage their debt, financial stress levels increased. The share of households who reported that they felt a high level of financial stress rose from 13% to 16% between 2025 and 2026, returning to near pre-pandemic levels (Figure 16). This spike in stress followed a brief cooling period between 2023 and 2025, when inflation was receding.

16%
of households reported high financial stress.

Figure 16. Financial stress increased again after a brief cooling period.
Percentage of households who reported a "high" level of financial stress.

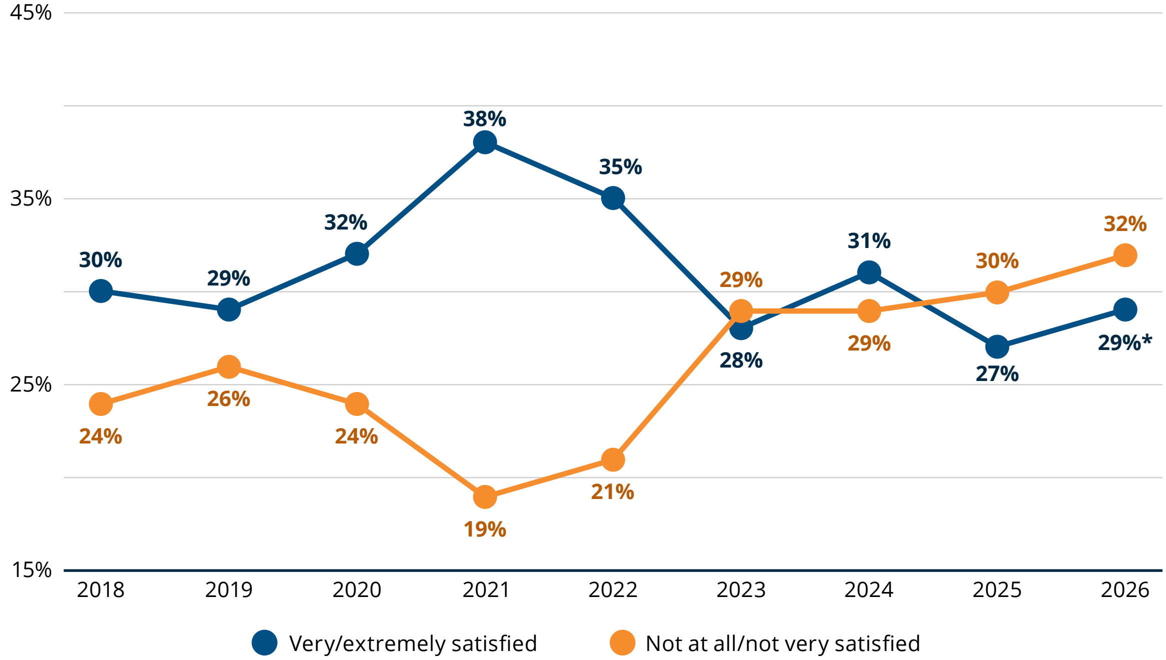


Note: Labels are rounded to the nearest whole percentage point.
* Statistically significant change from 2025 ($p < .05$).

Trends in financial satisfaction, another subjective indicator, were slightly more nuanced but told a similar story. The percentage of households reporting being "very" or "extremely satisfied" with their personal financial situation increased from 27% to 29% between 2025 and 2026. However, a longer view revealed increasing dissatisfaction since the pandemic (Figure 17). Dissatisfaction has historically been less commonly reported than satisfaction, but that relationship has recently reversed. In 2026, 32% of households reported being "not at all" or "not very satisfied" with their financial situation—higher than both during and prior to the pandemic.

Figure 17. Dissatisfaction with personal financial situations became slightly more common than satisfaction.

Levels of satisfaction with personal financial situation over time.



Note: Labels are rounded to the nearest whole percentage point.
* Statistically significant change from 2025 (p < .05).

CONCLUSION

Deepening Financial Challenges Demand Coordinated Action

After a year of modest improvement in 2025, financial challenges have returned and intensified for many households in 2026. Inflation, which had cooled after several years of straining household budgets, is causing pressure once again. Cash flow is tight for an increasing number of households. Debt feels less manageable. Confidence in insurance coverage continues its yearslong decline, and fewer households feel they are sufficiently planning ahead. Looking backward, the post-pandemic era can be characterized as a gradual decline in overall financial health, aside from a few very short-lived upticks. Several financial health indicators are now worse than they were before the pandemic.

More challenges loom on the horizon. The regressive effects of recent federal policy were just beginning when we conducted our survey in spring 2026. Medicaid work requirements and other restrictions will take effect in early 2027 and are projected to lower enrollment by several million individuals by 2028.[97] New SNAP restrictions contributed to an estimated 10% reduction in enrollment by March 2026 and are expected to continue producing financial hardships as time goes on.[98] The expiration of ACA subsidies at the end of 2025 will likely push more households out of health insurance coverage, increasing the risk pool and driving premiums even higher.[99] Immigration enforcement may also continue to dampen economic opportunities and financial access, especially as consumer protections for noncitizens are repealed.[100] Amid all of these pressures, the future of consumer protection regulations also remains uncertain.

At the same time, the financial services landscape continues to shift rapidly. Innovations in lending and underwriting are likely to make credit available to even more households. AI will evolve as a more widely available source of financial guidance. Fintech applications will make even

[97] Matthew Buettgens et al., "Projected Reductions in Medicaid Expansion Enrollment Under OBBBA's Work Requirements and Six-Month Redeterminations," Urban Institute, March 2026.

[98] "SNAP Tracker: People Are Losing Food Assistance as the Harmful 2025 Republican Reconciliation Law Is Implemented," Center on Budget and Policy Priorities, August 2026.

[99] Amina Khalique & Natasha Murphy, "On the First Anniversary of the OBBBA, Millions of Americans Have Been Left Behind," Center for American Progress, June 2026.

[100] David Hood-Nuño, "US withdraws policy expressly barring lending bias against immigrants," Reuters, January 2026.

more financial services available outside of traditional banks. Each of these presents both new opportunities and risks for consumer financial health.

Some of these trends will directly influence employment as well. If recent inflation proves stubborn, lower-wage employees who do not receive raises will struggle further. As health insurance premiums rise, employers are facing difficult decisions to either absorb or pass these costs to their employees. Corporate investments in AI may also influence the nature and availability of jobs as well as the benefits that come with those roles.

What role do stakeholders across banks and credit unions, fintechs, and employers have to play in this shifting landscape? Financial industry leaders should align their products and services with these evolving realities, prioritizing meaningful ways to help households manage their spending, navigate unmanageable debt, and access affordable insurance policies. Adopting industry-wide product standards can help financial institutions reshape their business models to better support pathways to financial health. Employers should also prioritize their investments in the employee benefits that most effectively bolster financial health.

One key lesson from the past nine years of measuring financial health is that fragmented efforts produce fragmented results. Temporary debt relief, one-time cash injections, and broader access to banking services may generate positive impacts, but these gains have proved temporary. Many of the central stakeholders most capable of sustaining positive improvements—including financial services leaders, employers, benefits providers, technology innovators, philanthropic funders, and policymakers and regulators—act in isolation. Lasting change is possible only when actors across these sectors rally around a shared understanding of financial health and coordinate both their investments and interventions in service of advancing financial health for all.

EXPLORE THE FULL FINANCIAL HEALTH PULSE DATASET

Each year, Pulse data allow us to disaggregate trends in financial health by over two dozen socioeconomic and demographic characteristics. To see financial health disparities and trends by race and ethnicity, age, urbanicity, homeownership, cryptocurrency ownership, online gambling, and other metrics, visit **finhealthnetwork.org/pulse-trends-2026-charts-and-methodologies**.

Appendix A: Survey Methodology

Since 2018, the Financial Health Pulse survey has been administered to the Understanding America Study (UAS) panel, a nationally representative, probability-based internet panel at the University of Southern California's Dornsife Center for Economic and Social Research. The UAS identifies respondents for its panel via address-based sampling. The 2023-2026 Financial Health Pulse surveys were fielded to one respondent randomly selected from each household in the panel. The 2018-2022 Pulse surveys were fielded to all UAS panelists, with the exception of those oversampled from Los Angeles County. All surveys were fielded in both English and Spanish, with the exception of the 2018 survey.

The 2026 Financial Health Pulse survey had a cooperation rate of 65.99%, with 7,823 respondents in total. After data cleaning, the analytic sample had 7,662 respondents (Table A1). The median respondent completed the survey in 17 minutes.

Our methods for defining the analytic sample for U.S. Trends Reports have evolved slightly over time.

- **Beginning in 2023, we started employing new data-cleaning procedures.** This involved dropping respondents who completed the survey in less than five minutes; answered less than half of the survey questions; had missing information on our eight financial health indicators; or had missing information on any of our key weighting parameters of age, race and ethnicity, gender, level of education, and Census region.
- **In 2024, we began collecting data at the household level only.** We now collaborate with USC to randomly identify one respondent per household for the final sample used in this report and to generate weights.
- **In 2024 and 2025, we asked Pulse respondents, "What part, if any, do you play in making financial decisions for your household?"** In those years, respondents who selected "Someone else in my household makes all the financial decisions" were screened out of the survey. We stopped this practice in 2026. Supplementary analyses have shown that the exclusion of nondecision-makers from the sample has little impact on financial health statistics.

Table A1. Sample information for Financial Health Pulse surveys.

Year	Survey dates	Cooperation rate	Number of respondents	Analytic sample	Margin of error
2026	April 9-May 15	65.99%	7,823	7,662	± 1.1%
2025	April 11-May 19	65.69%	7,905	7,425	± 1.1%
2024	April 16-May 30	65.67%	7,740	7,245	± 1.1%
2023	April 27-June 11	69.57%	8,289	6,568	± 1.2%
2022	April 13-May 15	70.71%	6,595	6,406	± 1.2%
2021	April 22-May 22	71.84%	6,403	6,220	± 1.2%
2020	April 20-May 7	77.14%	6,668	6,514	± 1.2%
2019	April 17-June 15	79.16%	5,424	5,283	± 1.3%
2018	April 26-July 4	82.93%	5,019	4,966	± 1.4%

Notes: Cooperation rate is the percentage of respondents who completed the survey among those in the panel who were invited to participate.

Appendix B: Accounting for New FinHealth Score Questions

In the 2026 Pulse survey, we debuted updated FinHealth Score indicator questions to produce the first national estimates using the revised questions and to test how the revisions would adjust our scoring methodology.[101] To account for this change, we fielded a split-sample design, with half the sample (Sample A) randomized to receive the old versions of the questions and half the sample (Sample B) randomized to receive the new versions. This allowed us to:

- Calibrate score values for the new answer choices in the new questions, such that average FinHealth Scores are not affected by new question wording. In other words, ensuring that regardless of which version of the questions a respondent receives, a score of 80 implies the same level of financial health.
- Make valid estimates of year-over-year changes in each financial health indicator, regardless of whether the indicator question's answer choices changed or not.

Calibrating Scores for Altered Questions

Each financial health indicator question must have score values assigned to its answer choices in order to be used to calculate a FinHealth Score. As a result of our question revision process, four of the eight questions received revisions that substantially affected answer choices: indicators 2, 4, 5, and 7. As a result, we needed to assign point values to each answer choice for these altered questions. For the other four questions, their answer choices were not qualitatively different enough to justify new scores (see Table A2). The new score values for these revised questions needed to have the following properties:

- The top score remained 100 and the bottom score remained 0
- The sample mean for the new question equaled the sample mean for the old version of the question

Leveraging the randomized split-sample design, we used a simple algebraic adjustment to set the mean score (x) produced by the new question equal to the mean score produced by the old question, solving for an adjustment factor (k) that adjusts the middle scores. The sample mean score (x) from a given indicator question is a linear combination of the proportions choosing each answer choice multiplied by the score value assigned to that answer choice. For example, the mean score for a question with five answer choices and score values (100, 75, 50, 25, 0) is given by the equation, where $p_1 \ldots p_5$ are the proportions of the sample choosing each answer choice:

$$x_1 = (p_1{*}100) + (p_2{*}75) + (p_3{*}50)) + (p_4{*}25) + (p_5{*}0)$$

[101] "From Insight to Impact: The Next Phase of Financial Health Measurement," Financial Health Network, March 2026.

Thus, if we need to make a score adjustment to a new version of the question such that x2 = x1, we can solve for k in the following:

$$x_2 = (p_1*100) + (p_2*(75+k)) + (p_3*(50+k)) + (p_4*(25+k)) + (p_5*0)$$

Since $p_1 \ldots p_5$ are known, it is straightforward to solve for k and adjust the score. For example, if k = 5, then the new score values would be: (100, 80, 55, 30, 0)

Under the assumption that randomization has ensured that Sample A and Sample B are otherwise equivalent, this score adjustment ensures that responses to the new questions will produce mean FinHealth Scores that are equivalent, both in the Pulse survey and other surveys going forward. After completing this process, we rounded the final score adjusted values for interpretability and confirmed that the new and old versions of each question still produced nearly identical mean scores.

During the calibration process, we noticed a small magnitude of demographic differences between Sample A and Sample B that likely occurred as the natural result of the randomization process. In response, we took an extra step to weight Sample B to pull it in line demographically with Sample A before calibrating. This ensured we were effectively controlling for all possible underlying differences between the two samples.

Please reach out to pulse@finhealthnetwork.org with any questions about the FinHealth Score, the revised questions, or our calibration methodology.

Table A2. Question comparison table.

Question number	Old question and score values	New question and score values	Adjustment factor
1	Which of the following statements best describes how your household's total spending compared to total income over the last 12 months? 1. Spending was much less than income (100) 2. Spending was a little less than income (75) 3. Spending was about equal to income (50) 4. Spending was a little more than income (25) 5. Spending was much more than income (0)	Thinking about the last 12 months, how did your household's total spending compare to total income (after taxes)? 1. Spent much less than income (100) 2. Spent a little less than income (75) 3. Spent about the same as income (50) 4. Spent a little more than income (25) 5. Spent much more than income (0)	N/A

Question number	Old question and score values	New question and score values	Adjustment factor
2	Which of the following statements best describes how your household has paid its bills over the last 12 months? My household has been financially able to: 1. Pay all of our bills on time (100) 2. Pay nearly all of our bills on time (60) 3. Pay most of our bills on time (40) 4. Pay some of our bills on time (20) 5. Pay very few of our bills on time (0)	Thinking about the past 12 months, how often was your household able to pay all bills on time? Please include all of the bills your household must regularly pay, such as rent or mortgage, utilities, car payments, insurance, and other loan payments. 1. Always (100) 2. Most of the time (50) 3. About half of the time (30) 4. Less than half of the time (10) 5. Rarely or never (0)	-10
3	At your current level of spending, how long could you and your household afford to cover expenses if you had to live only off the money you have readily available, without withdrawing money from retirement accounts or borrowing? 1. 6 months or more (100) 2. 3-5 months (75) 3. 1-2 months (50) 4. 1-3 weeks (25) 5. Less than 1 week (0)	At your current level of spending, how long could your household afford to cover expenses if you had to live only off the money you have readily available, without borrowing, selling something, or withdrawing from retirement savings? 1. 6 months or more (100) 2. 3-5 months (75) 3. 1-2 months (50) 4. Less than 1 month but more than 1 week (25) 5. Less than 1 week (0)	N/A

<table>
<tr><th>Question number</th><th>Old question and score values</th><th>New question and score values</th><th>Adjustment factor</th></tr>
<tr><td>4</td><td>Thinking about your household's longer term financial goals, such as saving for a vacation, starting a business, buying or paying off a home, saving up for education, putting money away for retirement, or making retirement funds last...

How confident are you that your household is currently doing what is needed to meet your longer term goals?
1. Very confident (100)
2. Moderately confident (75)
3. Somewhat confident (50)
4. Slightly confident (25)
5. Not at all confident (0)</td><td>Thinking about your household's long-term savings, how would you describe your progress toward meeting your savings goals?

Long-term savings include money set aside for retirement, education, investments, and saving for a home or other major purchase. Do NOT include regular checking accounts, everyday savings, or emergency cash in your response.
1. Ahead of schedule (100)
2. About on track (80)
3. A little behind (55)
4. Moderately behind (30)
5. Far behind (0)</td><td>+5</td></tr>
<tr><td>5</td><td>Now thinking about all of your household's current debts, including mortgages, bank loans, student loans, money owed to people, medical debt, past-due bills, and credit card balances that are carried over from prior months...

As of today, which of the following statements describes how manageable your household debt is?
1. Have a manageable amount of debt (85)
2. Have a bit more debt than is manageable (40)
3. Have far more debt than is manageable (0)
4. Do not have any debt (100)</td><td>Asked in two parts:

Does your household currently have any debt or outstanding loans?

Please include mortgage or home equity loans, auto loans, student loans, personal loans, medical debt, credit card balances carried over from prior months, past-due or unpaid bills, and money owed to other people.
1. Yes (proceed to part 2)
2. No (100)

Thinking about your household's current debt or outstanding loans, how manageable is your household's overall debt right now?
1. Completely manageable (90)
2. Mostly manageable (50)
3. Somewhat manageable (30)
4. Barely manageable (10)
5. Not at all manageable (0)</td><td>0*</td></tr>
</table>

Question number	Old question and score values	New question and score values	Adjustment factor
6	How would you rate your credit score? Your credit score is a number that tells lenders how risky or safe you are as a borrower. 1. Excellent (100) 2. Very Good (80) 3. Good (60) 4. Fair (40) 5. Poor (0) 6. Don't know (0)	Your credit score is a number that tells lenders how risky or safe you are as a borrower. How would you rate your credit score? 1. Excellent (100) 2. Very Good (80) 3. Good (60) 4. Fair (40) 5. Poor (0) 6. Don't know (0)	N/A
7	Thinking about all of the types of personal and household insurance you and others in your household have, how confident are you that those insurance policies will provide enough support in case of an emergency? 1. Very confident (100) 2. Moderately confident (75) 3. Somewhat confident (50) 4. Slightly confident (25) 5. Not at all confident (10) 6. No one in my household has any insurance (0)	Thinking about all the insurance policies you and others in your household might have, how well protected do you feel your household is today in case of a major expense or loss? Please consider all insurance coverage needed to protect against the financial costs of unexpected events, such as car accidents, property damage, illness, other medical emergencies, or death. Please answer the question to the best of your ability even if your household has no insurance. 1. Very well protected (100) 2. Mostly protected (70) 3. Somewhat protected (45) 4. A little protected (20) 5. Not at all protected (0)	-5
8	To what extent do you agree or disagree with the following statement: "My household plans ahead financially." 1. Agree strongly (100) 2. Agree somewhat (65) 3. Neither agree nor disagree (35) 4. Disagree somewhat (15) 5. Disagree strongly (0)	To what extent do you agree or disagree with the following statement: "My household plans ahead financially." 1. Agree strongly (100) 2. Agree somewhat (65) 3. Neither agree nor disagree (35) 4. Disagree somewhat (15) 5. Disagree strongly (0)	N/A

Notes: For indicator 5, the completely revised answer choice set and question design required starting from scratch with new score values. Using score values 100, 90, 50, 30, 10, 0 made the mean score between samples A and B nearly equivalent, so no further adjustment factor was necessary.

Robustness Checks Using Sample A

Because Sample A respondents received the exact same version of each indicator question in 2026 as all previous years, we ran a set of financial health trends analyses on Sample A only to rule out possible biases from new question framing.

For this analysis, we weighted Sample A to align it demographically with the U.S. population, using the same weighting factors and benchmarks as those used for the overall analysis. This allows us to treat Sample A as a nationally representative sample. Results show (see tables below):

- Slightly larger decreases in overall financial health (larger decrease in % healthy and larger increase in % vulnerable) than the overall sample
- Slightly larger decreases in indicators 1, 6, and 8 (the decrease in indicator 6 is still not statistically significant)
- The estimated increase in share with 3+ months of savings (indicator 3) is substantially smaller (rounds to 0) and is no longer statistically significant

These results suggest that our estimates of the decline in financial health highlighted in the main body of this report are conservative estimates of the real decline in financial health that occurred in the population between 2025 and 2026, and may have been attenuated slightly by small changes in question wording.

Table A3. FinHealth Score tiers, Sample A only.

	2025	2026 whole sample	2026 sample A only
Healthy	31%	31%	29%*
Coping	54%	53%	53%
Vulnerable	15%	17%*	18%*
N =	7,425	7,662	3,812

Note: Sample size was smaller for sample A analysis because only roughly half the sample was randomly assigned to Sample A.
* Statistically significant change from 2025.

Table A4. Financial Health indicators, Sample A only.

#		2025	2026 whole sample	2026 sample A only
1	Spent less than income over prior 12 months	49%	47%*	44%*
2	Paid all bills on time over prior 12 months	71%	N/A	68%*
3	Have enough savings to cover at least three months of living expenses	57%	59%*	57%
4	Are “moderately” or “very” confident they are on track to meet long-term financial goals	43%	N/A	41%
5	Have “a bit more” or “far more” debt than is manageable	29%	N/A	31%*
6	Have a “good,” “very good,” or “excellent” credit score	70%	71%	69%
7	Are “moderately” or “very” confident their insurance policies will cover them in an emergency	56%	N/A	54%*
8	Agree “somewhat” or “strongly” that their household plans ahead financially	63%	60%*	59%*
	N =	*7,425*	*7,662*	*3,812*

Note: Sample size was smaller for Sample A analysis because only roughly half the sample was randomly assigned to Sample A.
* Statistically significant change from 2025.

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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.

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.

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The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

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