



/ State of the Household
Balance Sheet

SPRING 2022

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/ Methodology

Data in this study was collected in spring 2022 via an online survey of 1,002 U.S. consumers age 18 or older, and is representative of the U.S. population for age, gender, race and geographic location.





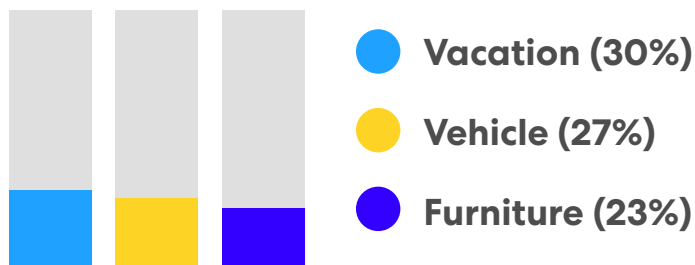
/ Overview

From spending on vacations and upgraded living arrangements to concerns about inflation and financial wellness, consumers are eager to embrace a new sense of normalcy, even as many are still recovering from the financial strains of the COVID-19 pandemic, according to the findings of a study conducted by Freedom Financial Network.

Vacations, Vehicles & Homes Top Consumers' Big-Ticket Purchase Priorities

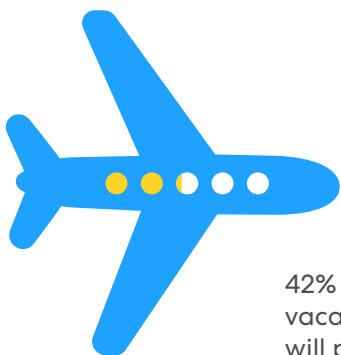
After spending so much time at home the past two years, consumers are eager to take advantage of easing travel restrictions by booking much-needed vacations. Meanwhile, making upgrades to housing and transportation accommodations are also top priorities, even as automotive supply constraints and a tumultuous housing market continue to put a strain on affordability.

The most common large expenditures that U.S. consumers plan to make within the next 12 months are...



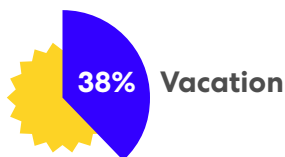
56%

More than half of homeowners plan on making large home-related expenditures in the next year, including **buying a home, making renovations and purchasing furniture, large appliances smart home systems/ home automation**

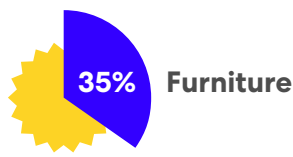


42%

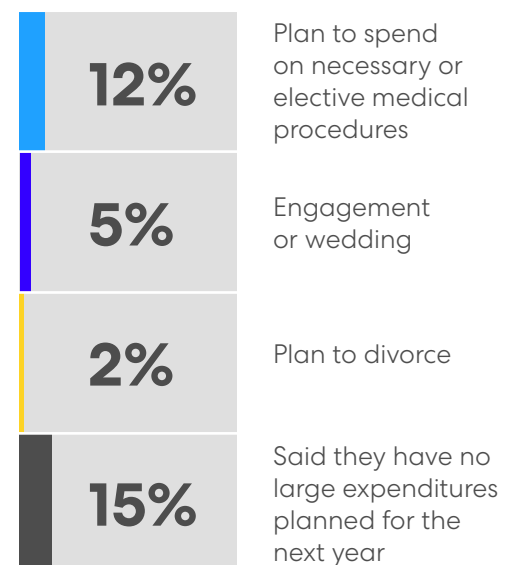
42% of consumers who are planning a vacation in the next 12 months say they will pay for it with a credit card



Of those planning a vacation in the next 12 months, 38% say they will pay for it using cash on hand or money from a checking or savings account



35% of respondents in the market for furniture in the next year say they will also use cash on hand or money from a checking/savings account

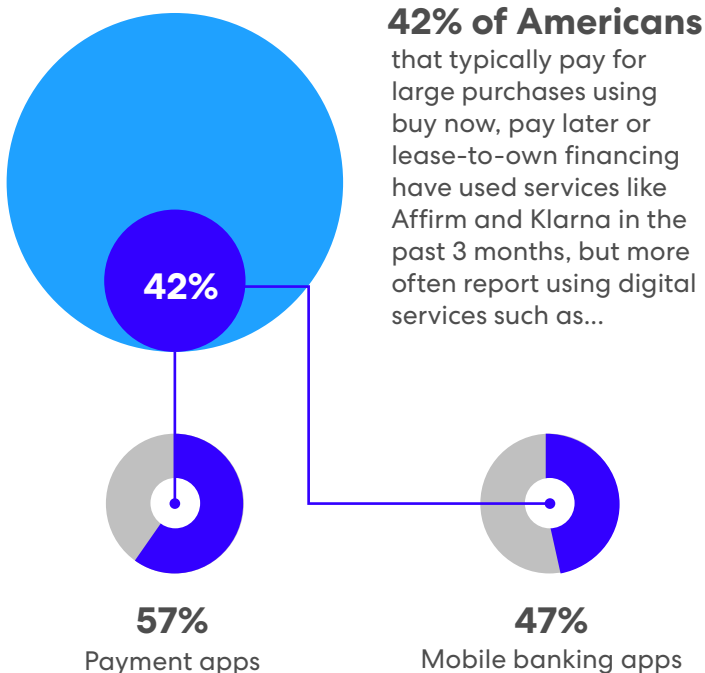
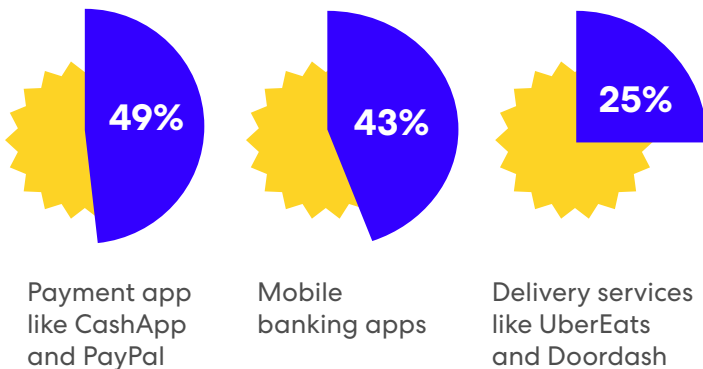


How Consumers are

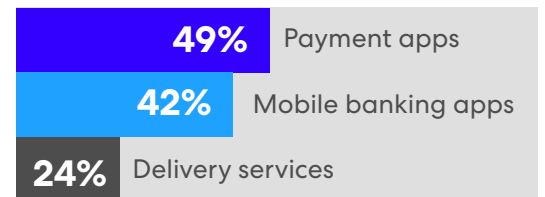
Making Ends Meet

From food delivery apps and remote mortgage closings to DIY stock trading and NFTs, the pandemic accelerated consumer adoption of mobile commerce and other digital transactions. But traditional forms of debt, like credit cards, remain a crucial backstop for consumers teetering on the edge of financial security.

The top three digital financial products consumers have used within the last 3 months are payment apps such as...



Consumers expect to continue using...

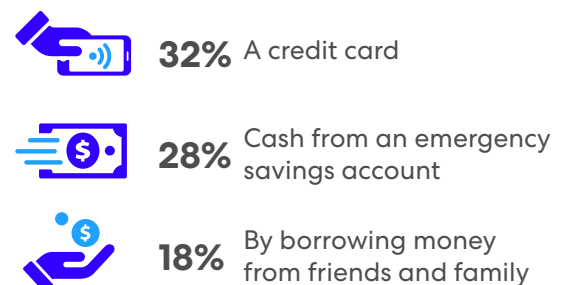


...within the next 3 months – more so than any other digital finance products and services

1
2

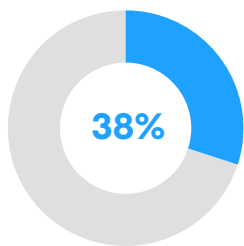
Half of Americans say they have experienced a large, unexpected expense within the last six months, if not more recently.

The most common ways consumers say they would pay for an unexpected \$1,000 expense are using...

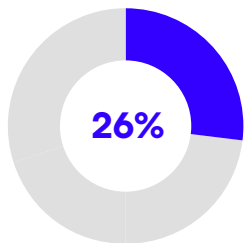


Outlook for Financial Security & Wellness

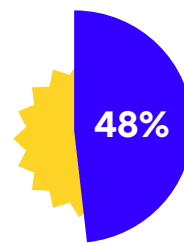
Despite expectations that the cost of household necessities will continue to rise, Americans' perception of their financial security and future financial wellness is generally optimistic. Surprisingly, many consumers report various aspects of their lives have largely remained the same since the start of the pandemic and expect this to continue over the next year.



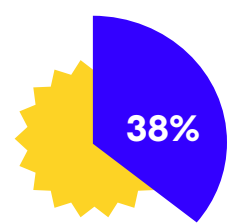
38% of lower income respondents – those making less than \$25,000 a year – say that their total household income has decreased since the pandemic began



26% anticipate it will continue to decrease throughout the next 12 months

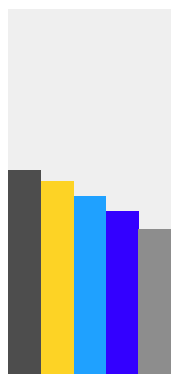


48% of respondents say that their spending each month on household necessities such as bills and groceries **has increased since the pandemic**



while 38% say spending on entertainment and eating out **has decreased**

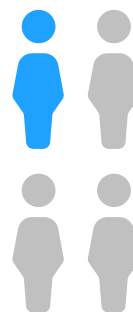
Respondents for the most part anticipate that aspects of their life will stay about the same over the next 12 months – including their household's total...



- 55% Their physical and mental health, along with their immediate family's
- 52% Overall household financial and job security
- 49% Unsecured debt
- 46% Household income
- 42% Household spending on entertainment/eating out

Spending on household necessities like **bills and groceries** is predicted to increase for 46% of participants...

46%



...while roughly 1 in 4 consumers believe their household's total, unsecured debt, income, financial and job security, and physical and mental health will decrease in the next year:

▼ 22% Unsecured debt

▼ 20% Income

▼ 19% Financial and job security

▼ 17% Physical and mental health

The Limited Reach of

Pandemic Stimulus

While consumers who receive various forms of stimulus say the assistance provided at least moderate short-term relief, few said the assistance was long lasting. There were mixed results on a long-term basis and signs that many consumers did not receive the types of stimulus funds that would've had the greatest impact on their financial situation.

Despite student loan conversations often centering around Millennials,

Gen Z stood out as the generation that received the most relief from student loan forbearance since the pandemic

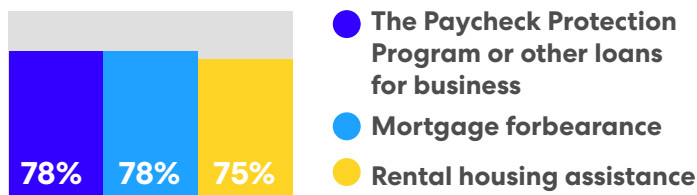
52% Gen Z

37% Millennials

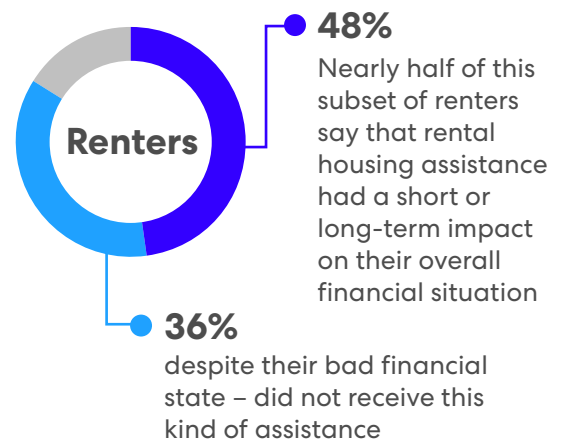
Forms of financial assistance that are most likely to be cited as providing consumers short or long-term relief since the COVID-19 pandemic began:

- ✓ **34%** Supplemental Nutrition Assistance Program (SNAP)
- ✓ **31%** Food distributions from a food bank or pantry
- ✓ **30%** Expanded childcare tax credits

The financial assistance programs received since the COVID-19 pandemic began that people most frequently indicate they did not receive or had no impact on their finances:



Renters were statistically more likely than homeowners to rate their financial situation at the beginning of the pandemic as somewhat or very bad (23% compared to 13%).



Respondents who only received student loan forbearance were most likely to plan on purchasing a home-related expense in the next 12 months – ranging from

purchasing a house, home renovations, furniture, large home appliances, or smart home systems/home automation (83%)





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