

Nearly half don't have the cash to pay for a \$400 emergency,

Fed survey finds

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By

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Seven years into an economic recovery, nearly half of Americans didn't have enough cash available to cover a \$400 emergency, according to a new survey released Friday.

That's according to the latest findings from the [Federal Reserve's annual economic well-being of U.S. households](#), which found 44% in 2016 said such an expense would have to be covered by borrowing or selling something. That's a similar percentage to what was found in past Fed surveys — 46% said so in 2015 — and [in other studies](#). Of the group that can't pay in cash, 45% would use a credit card to pay off the expense over time, about a quarter would borrow from friends or family, another 27% just couldn't pay the expense and smaller fractions would turn to selling items or using a payday loan.

The results underscore that the current economic recovery, while long in duration, hasn't been particularly robust, even as the Fed has injected trillions of dollars of stimulus into the economy through bond purchases and very low interest rates.

That's not to understate the recovery, as 29% say they are living comfortably and another 40% report they're doing OK, the third straight year this self-assessment has improved. But that improvement has been gradual — in 2013, the combined percentage of those reporting they're doing OK or living comfortably was 62%, when the Fed first started conducting this survey.

But the findings also underscore themes apparent during the presidential election, of the gap between the elites and the broader population. Of whites with a bachelor's degree or more, 85% say they're doing OK or living comfortably, compared with 62% for whites with a high-school diploma or less. Blacks and Hispanics have similar but narrower gaps in response to that question when sorted by education.

The Fed survey delved into health-care costs as well. The median out-of-pocket cost for an unexpected, major medical expense was \$1,000, and 42% of those with such an expense in the past year either had debt relating to that expense or unpaid balances.

Many respondents also went without some type of care — dental care in particular — because they could not afford it, though the 25% who reported such a situation is down from 27% in 2015 and 31% in 2014.

Not surprisingly, those who skipped medical care largely did so because they didn't have health insurance. Among uninsured respondents, 41% reported they went without some form of medical treatment due to cost in the past year, compared with 23% among those that did have insurance.