

March, 2024

---

# Financial Well-Being 2024

## The Challenges & Sacrifices Facing American Households

presented by  ASSURANCE

---



# CONTENTS

---

**4**     Examining below median income households

---

**5**     Income and barriers to well-being

---

**10**    Lower-income Americans tackle unexpected bills with trade-offs and personal sacrifice

---

**13**    Insurance confusion is common for all, but high earners are better cushioned from mistakes

---

**15**    Conclusion

# Introduction

This report examines the barriers Americans face to financial and personal well-being, while offering insights on how the financial services industry can better address the needs of underserved consumers.

The 2024 report is based on findings from a survey commissioned by Assurance IQ of 5,000 U.S. adults and focuses on households earning less than \$75,000 in annual income. We explore how these households cope with unexpected bills and expenses compared to higher earners, and how personalized guidance and services could better meet their needs and improve their overall well-being.

# Examining below median income households

In the U.S., many families and individuals may not have a sufficient financial safety net. Medical bills, deductibles, and unforeseen circumstances can throw finances into chaos. This isn't a rare problem facing a small percentage of the population. In fact, most Americans between the ages of 20-75 will directly encounter poverty, with 58 percent<sup>1</sup> experiencing at least one year below the official poverty line during their lifetimes.

People across the country are struggling and making trade-offs. However, households earning below \$75,000 (approximately the U.S. median income<sup>2</sup>) encounter distinct challenges in achieving financial stability. This group may be at a higher risk of experiencing poverty — if they are not experiencing it already.

Historically, the financial services industry has prioritized developing products and services for high-income consumers, leaving a large swath of the population to make decisions with limited education, support, and personalized guidance. This lack of guidance can spell disaster. For example, many people who have health insurance still have medical debt<sup>3</sup> — and medical bills and healthcare costs are the number one cause of bankruptcies<sup>4</sup> in America.

**“ The financial services and insurance industry can do more to help lower-income consumers improve and protect their personal and financial well-being. Our research shows that despite limited resources, these consumers are resourceful and intentional about protecting their families' financial security.**

— Allison Arzeno,  
CEO of Assurance IQ

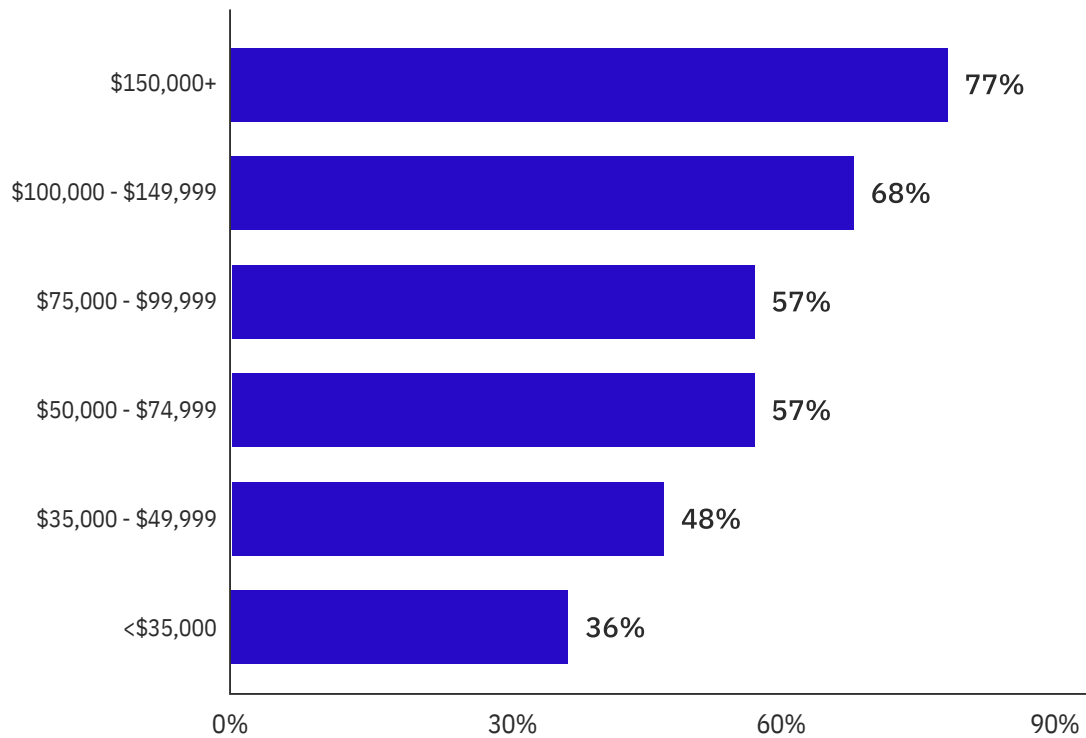


# Income and barriers to well-being

## ■ HEALTHCARE EXPENSES

Those in households earning lower incomes often lack sufficient savings to cover health insurance deductibles or other unexpected healthcare expenses. As shown below, a significant number of people cannot cover any portion of their healthcare deductible with their current savings. This highlights a substantial financial vulnerability in households earning \$75,000 or less annually.

Less than half of consumers earning less than \$50,000 can cover their health insurance deductibles



Percentages of respondents who selected “most or all,” in response to the question, “How much of your health insurance deductible would you be able to cover with your current savings?”

## ■ FINANCIAL PLANNING

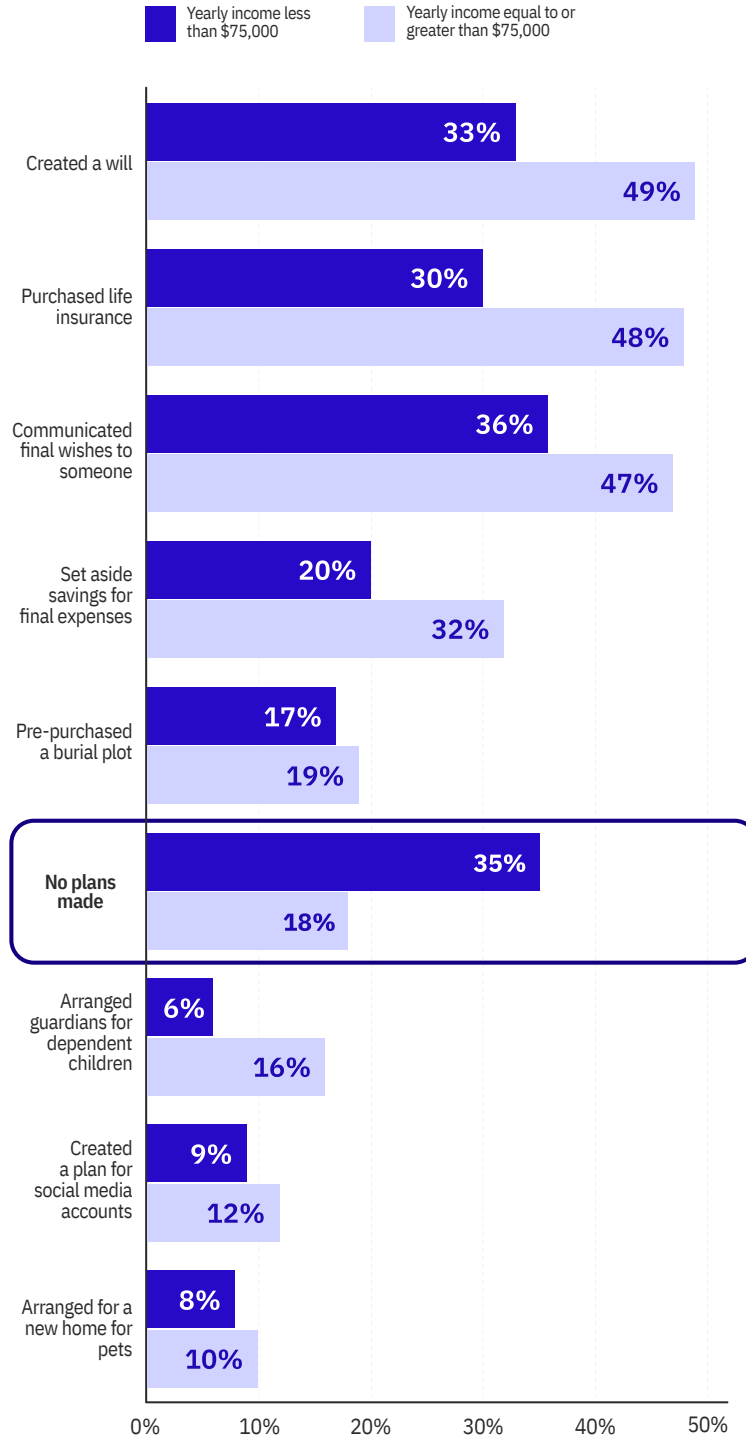
Lower-income households are also less prepared in financial planning as fewer people here have wills or life insurance. Across all income levels, most people (56 percent) are concerned their family would not be able to maintain their standard of living if they were to die. Yet the survey reveals a lack of progress in end-of-life planning for lower-income families compared to those earning over \$75,000. This could lead to ongoing cycles of financial hardship for these families as unexpected costs get passed on to future generations.

**“ An unexpected event like the death of a loved one can take a heavy financial toll on low-income families, but most life insurance products are created with wealthier consumers in mind. Life insurance can help a grieving family cover final expenses and maintain their standard of living. It’s an important safety net and financial planning tool that should be accessible to all.**

— Allison Arzeno, CEO of Assurance IQ



### A perpetual cycle: the end-of-life planning gap



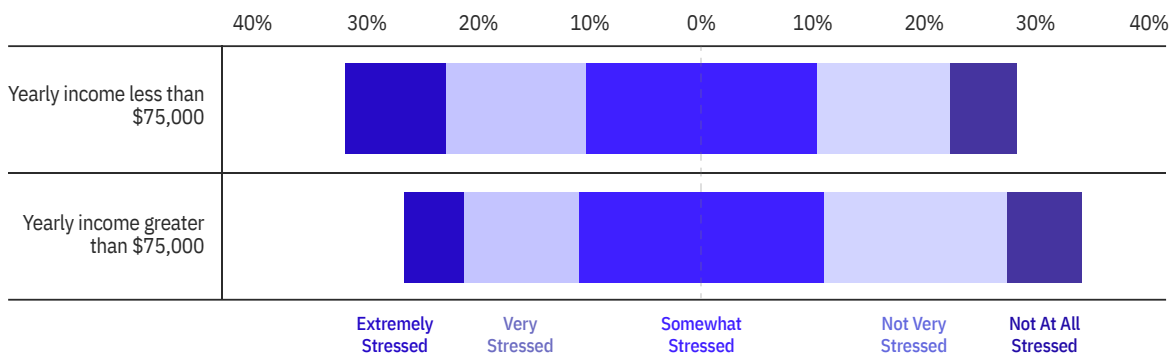
Responses to “What actions, if any, have you taken in terms of end-of-life planning or preparations in case of an untimely death? Please select all that apply.”

## ■ SOCIAL CONNECTIONS, LIFESTYLE, AND STRESS

Those earning less than \$75,000 annually are also more likely to report poor social connections, higher stress levels, and limited access to healthy food compared to those with higher incomes. Americans earning \$75,000 or more are more likely to be satisfied with their social connections, with 73 percent categorizing their social connections as “good or excellent” compared to only 56 percent of those earning less than \$75,000.

This issue is especially acute for households earning less than \$35,000, with 51 percent of respondents categorizing their social connections as “fair or poor,” meaning they only feel connected with family and friends occasionally or rarely. Strong social connections play a pivotal role in maintaining physical health, as studies consistently highlight the significant correlation between robust social networks and overall well-being<sup>5</sup>.

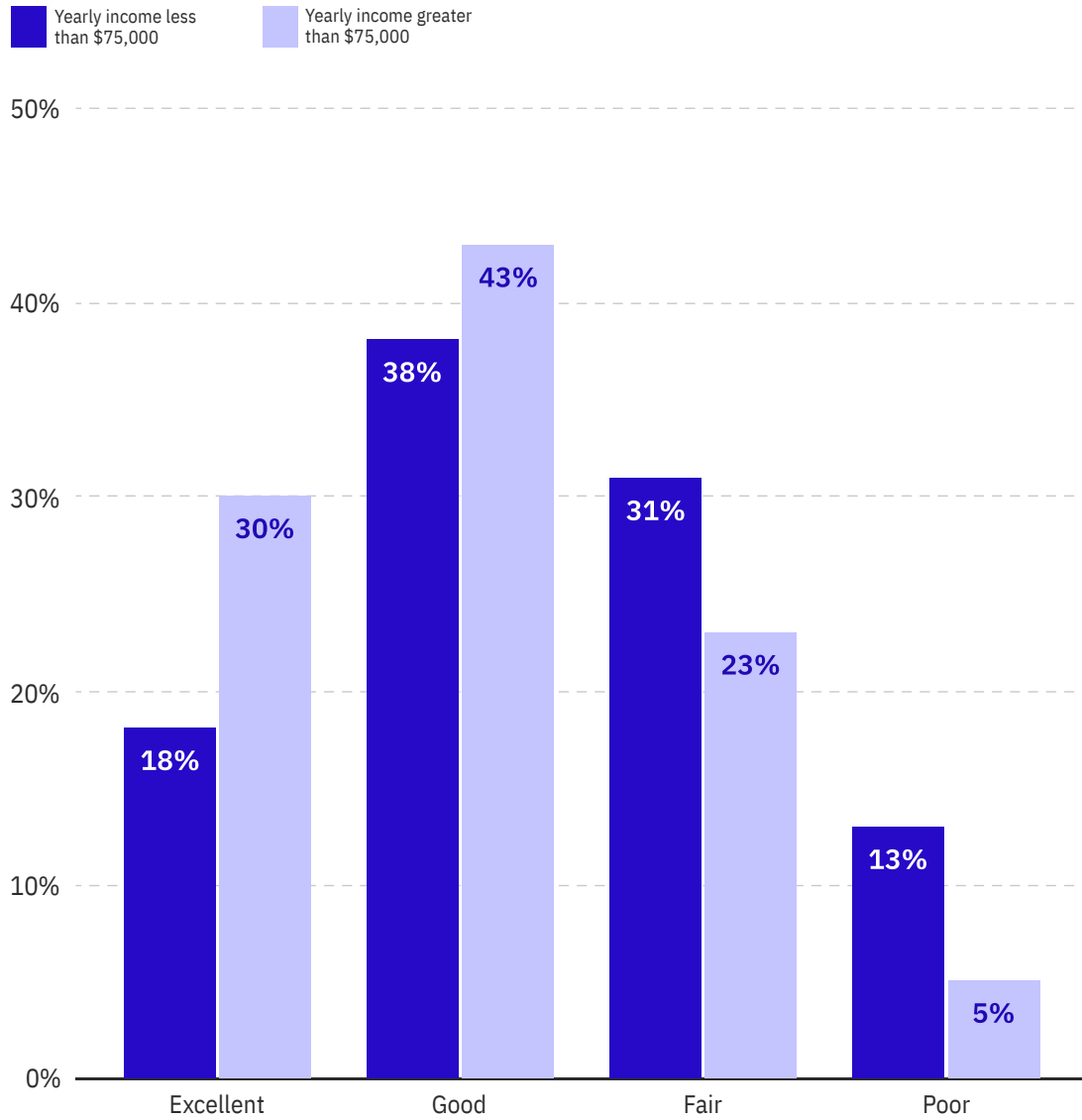
People earning less than \$75,000 are more likely to report higher stress



Responses to “Generally, how stressed do you feel on a daily basis?”



### People earning less than \$75,000 are more likely to report poor social connections



Responses to "How would you describe your social connections?"

# Lower-income Americans tackle unexpected bills with trade-offs and personal sacrifice

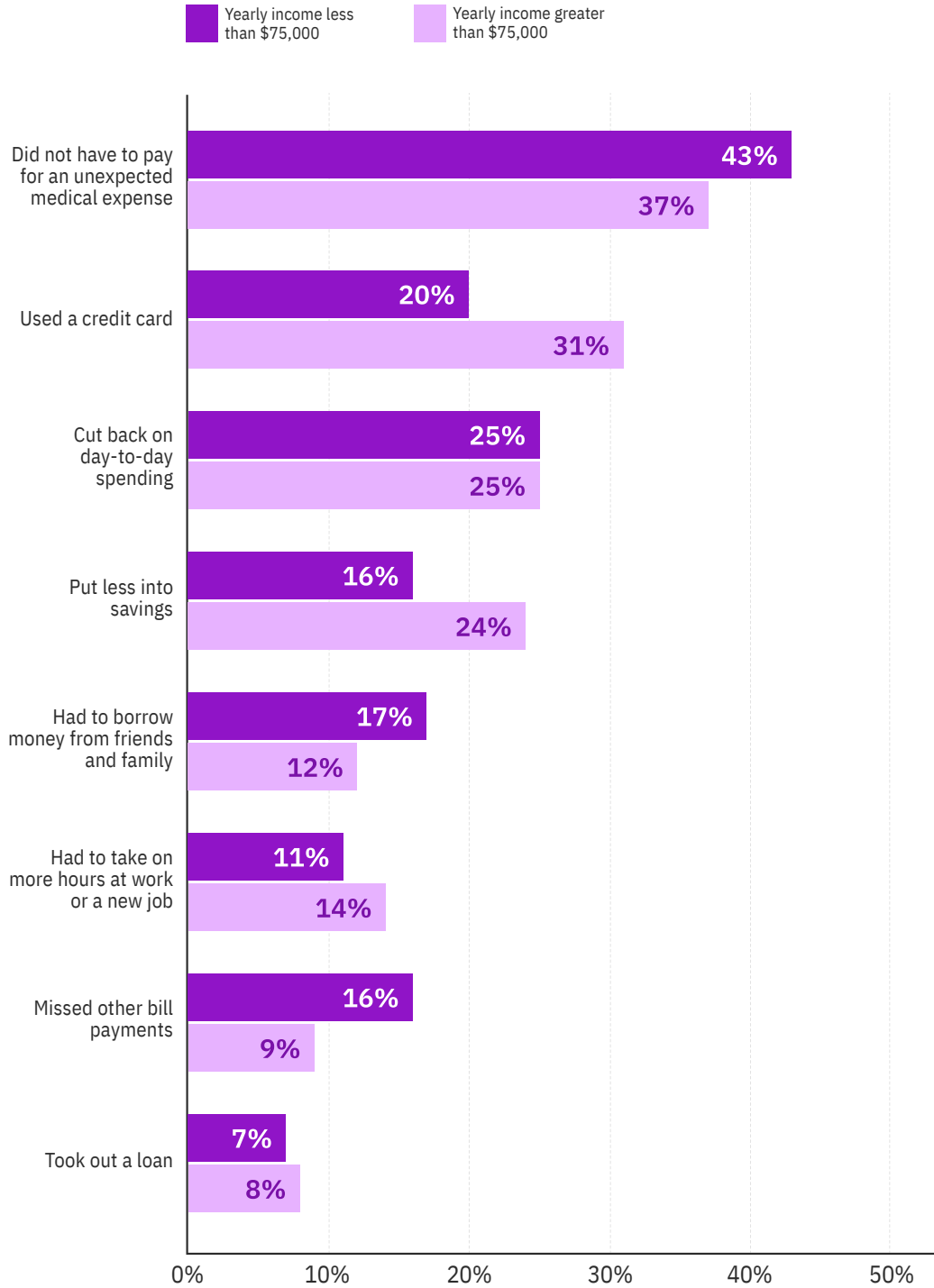
## ■ APPROACH TO BILLS AND EXPENSES

Lower-income individuals have different strategies for handling unexpected or unaffordable bills compared to their higher-earning counterparts. Over 75 percent of those earning under \$75,000 had to take measures to pay their monthly bills in the past year — such as cycling bill payments or resorting to tactics that included skipping meals or selling possessions — compared to 50 percent of those earning \$150,000 or more. This highlights the struggle of households earning less than the median as well as the shocking number of higher-income households that make trade-offs to pay their bills.

The struggle, however, is most pronounced among households earning \$35,000 or less, where 70 percent said they could not cover an unexpected medical expense of more than \$250 — if they could cover anything at all. It's not surprising, then, that medical debt is the leading cause of bankruptcy in America<sup>6</sup>.

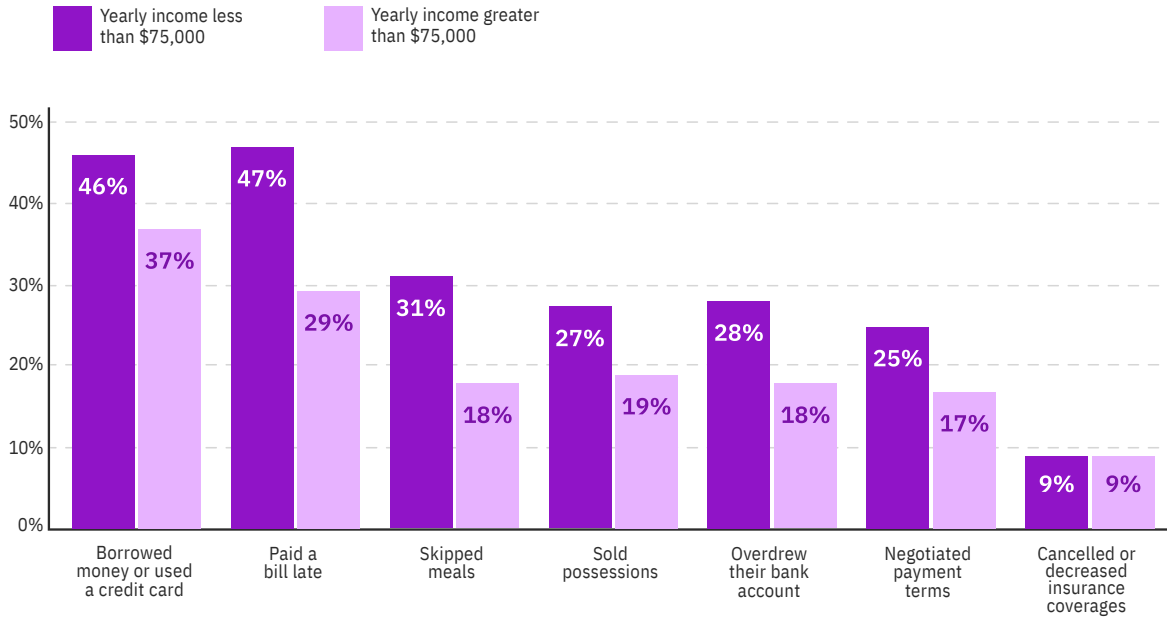
Higher-income Americans are more likely to be able to reduce savings, take on extra work, or use a credit card to cover unexpected medical bills. This signals that this group has more flexibility overall with finances compared to lower-income respondents, who were more likely to miss other bill payments or need to borrow money from friends or family.

### Discrepancies in income and bill flexibility: higher earners have better access to capital



Responses to “How have you handled paying for an unexpected medical expense in the past year? Please select all that apply.”

### Most Americans made sacrifices to pay their monthly bills last year, with those earning under \$75,000 hit the hardest



Responses to “Which of these, if any, have you done to pay your monthly bills in the past year? Please select all that apply.”



# Insurance confusion is common for all, but high earners are better cushioned from mistakes

## ■ INSURANCE CONFUSION

Across all income levels, people lack a firm understanding of how insurance does and does not protect them. For example, the majority (*65 percent*) of Americans couldn't say for certain what their health insurance deductible was, meaning it's unlikely they budgeted sufficiently for out-of-pocket costs. Nearly one-fifth (*19 percent*) avoided seeking care in the past year because they were unsure if insurance would cover it, with little variance across income levels.

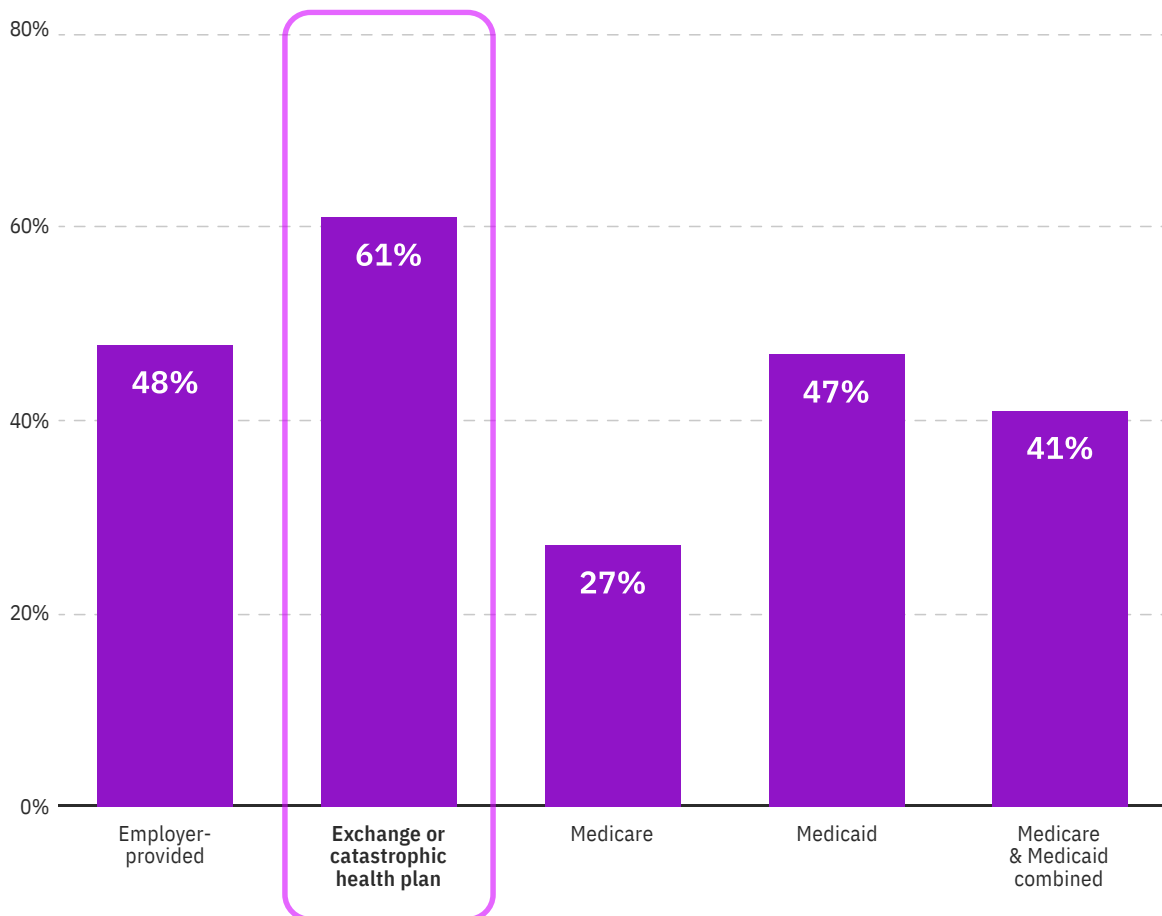
So, what does impact health insurance literacy if not income? When looking at the source of insurance, the gaps become clear. Individuals navigating government health exchanges demonstrated the highest levels of confusion. Most (*61 percent*) said they skipped care due to costs in the past year compared to less than half (*48 percent*) of those with employer-sponsored coverage and 47 percent of those with Medicaid. While Medicare beneficiaries were less likely to skip care due to cost, 27 percent still had to do so. Reasons people worried about cost included being unsure if they could afford it, being unsure if their health insurance premiums would go up, and being unsure if their insurance would cover it.

Additionally, higher-income households face less dire consequences should they make a mistake in selecting insurance. More than three quarters (*77 percent*) of those earning over \$150,000, for example, can cover most or all of their health insurance deductible with current savings. Only 8 percent of those high earners say they would not be able to pay for an unexpected medical expense.

“ People who receive insurance coverage through their employer often have a few high-quality options to choose from. People who shop on the exchange, on the other hand, might have 100 plans available to them. The decision is much harder, and the stakes are much higher. Personalized guidance is essential to making the right choice.

— Allison Arzeno, CEO of Assurance IQ

People with employer-sponsored coverage, Medicare, Medicaid less likely to skip care due to cost



Responses to the question: “In the past year, have you avoided seeking medical care because of the cost?”

# Conclusion

Many Americans, especially those in lower-income households, grapple with significant hurdles to financial and personal well-being. The absence of a strong financial safety net, the complexities of health insurance, and a lack of end-of-life planning highlight the pressing need for personalized support. Nearly half (47 percent) of Americans earning less than \$50,000 each year do not receive professional financial guidance, a significantly larger group when compared to 28 percent of those earning \$100,000 or more<sup>7</sup>.

Individuals earning below the median income have less flexibility and limited resources to manage unexpected expenses. This group can greatly benefit from personalized support, especially when it comes to navigating insurance. Selecting the right health insurance plan for their needs, for example, could save a consumer hundreds or even thousands of dollars in out-of-pocket expenses.

For 2023 and 2024 coverage, the average person shopping for health insurance through a government exchange like Healthcare.gov had more than 100 options<sup>8</sup> available to them, while the average Medicare beneficiary had dozens<sup>9</sup>. When considering life insurance, individuals must not only decide between term, whole, or universal policies, they need to figure out what level of coverage they need and whether any riders would suit their needs. The nuances of potential benefits further complicate the decision-making process. Choosing a life insurance policy that suits someone's unique financial situation can make a meaningful difference for their family's economic fate.

The financial services industry has often overlooked lower-income households – households that need their support most. It's crucial that we improve access to financial protection products for people earning below the median household income – half of our population. A lack of access to tools, resources, and products designed for this community could perpetuate economic inequality and the cycle of poverty. Whether it's selecting a health insurance plan with affordable out-of-pocket costs or figuring out the right deductible for auto insurance, all Americans deserve access to personalized guidance to make a choice that will meet their needs.

“ Someone who is emotionally exhausted from struggling to make ends meet doesn’t have time to analyze a dense, lengthy insurance policy. We need a more equitable system, where people at all income levels have access to personalized guidance that empowers them to build a safety net for themselves and their family. With modern technology, the insurance industry can more easily reach underserved consumers and tailor recommendations to meet their unique needs.

— Allison Arzeno, CEO of Assurance IQ



## ■ ABOUT THIS REPORT

This report is based on a survey commissioned by Assurance IQ and conducted by **Wakefield Research** among 5,000 nationally representative U.S. adults ages 18+ between December 7 and December 20, 2023. The data has been weighted to ensure representativeness, with a margin of error of 1.4 percentage points.

For more information, or if you would like additional data, please contact [press@assurance.com](mailto:press@assurance.com)



## ■ CITATIONS

1. Rank, Mark, and Thomas Hirschl. “The Increasing Risk of Poverty Across the American Life Course.” *Social Work*, 1999, <https://doi.org/10.1093/sw/44.3.201>.
2. Guzman, Gloria, and Melissa Kollar. “Income in the United States: 2022.” US Census Bureau, 1 Sept. 2023, [www.census.gov/content/dam/Census/library/publications/2023/demo/p60-279.pdf](http://www.census.gov/content/dam/Census/library/publications/2023/demo/p60-279.pdf). Accessed 7 Feb. 2024.
3. Collins, Sara R, et al. “Paying for It: How Health Care Costs and Medical Debt Are Making Americans Sicker and Poorer.” *Paying for It: Costs and Debt Making Americans Sicker and Poorer*, The Commonwealth Fund, 26 Oct. 2023, [https://www.commonwealthfund.org/publications/surveys/2023/oct/paying-for-it-costs-debt-americans-sicker-poorer-2023-affordability-survey?check\\_logged\\_in=1](https://www.commonwealthfund.org/publications/surveys/2023/oct/paying-for-it-costs-debt-americans-sicker-poorer-2023-affordability-survey?check_logged_in=1).
4. Himmelstein, David U. MD, et al. “Medical Bankruptcy: Still Common Despite the Affordable Care Act.” *American Journal of Public Health*, vol. 109, no. 3, 2019, pp. 431-433, <https://doi.org/10.2105/AJPH.2018.304901>.
5. Umberson, Debra, and Jennifer Karas Montez. “Social relationships and health: a flashpoint for health policy.” *Journal of health and social behavior* vol. 51 Suppl (2010): S54-66. doi:10.1177/0022146510383501.
6. Himmelstein, David , et al. “Medical Bankruptcy: Still Common Despite the Affordable Care Act.” *American Journal of Public Health*, 2019, <https://doi.org/10.2105/AJPH.2018.304901>.
7. Long, Kate. “Study: 29% of Consumers Considering Using Tax Refunds to Pay for Insurance, As Premiums Continue to Rise.” *Assurance IQ Blog*, 8 Feb. 2024, [assurance.com/health-insurance/study-consumers-spend-tax-refunds-on-insurance/](https://assurance.com/health-insurance/study-consumers-spend-tax-refunds-on-insurance/).
8. Pollitz, Karen, et al. “Standardized Plans in the Health Care Marketplace: Changing Requirements.” *KFF*, 8 May 2023, [www.kff.org/private-insurance/issue-brief/standardized-plans-in-the-health-care-marketplace-changing-requirements/](http://www.kff.org/private-insurance/issue-brief/standardized-plans-in-the-health-care-marketplace-changing-requirements/).
9. Ochieng, Nancy, et al. “Medicare Advantage in 2023: Enrollment Update and Key Trends.” *KFF*, 9 Aug. 2023, [www.kff.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/](http://www.kff.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/).

---

# We are Assurance IQ

Nice to meet you. At AIQ, we offer personalized guidance that makes finding and using insurance easier. Because life is full of twists and turns — be prepared wherever it may lead. We search multiple providers and plans to uncover the best match, using smart technology, reading the fine print, and decoding the jargon to improve people's financial security.

---

© 2024 Assurance IQ, LLC. All rights reserved.