

At a Glance | September 19, 2019

How Prepared Are Families to Pay for Expenses When Losing Their Main Income Source?

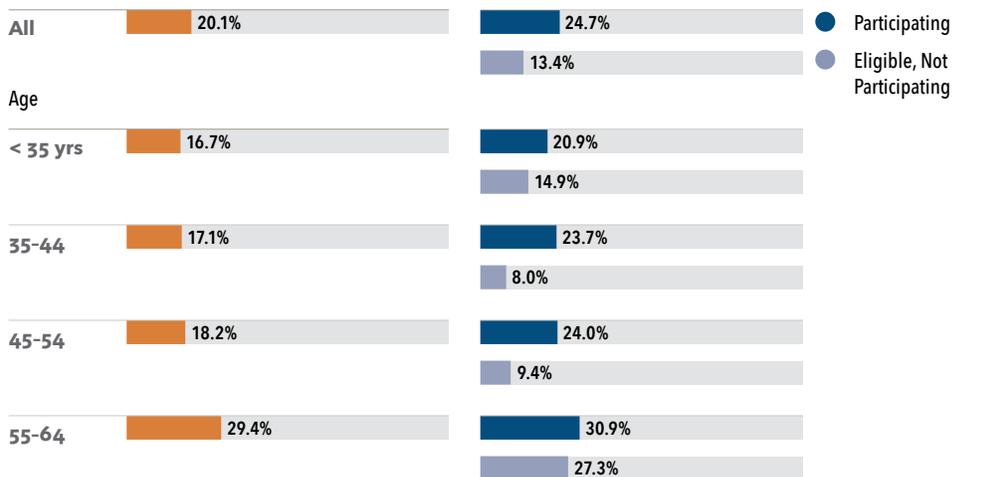
DC PLANS AND READINESS

Only 1 in 5 families with working heads under age 65 have enough emergency savings – three months of family income in liquid savings.¹

Families whose heads participate in a defined contribution (DC) plan are more likely to have sufficient emergency savings.

Families Whose Heads Participate in a Defined Contribution (DC) Plan Are More Likely to Have Sufficient Emergency Savings

Percentage of Families With at Least Three Months of Emergency Savings



HOW MUCH SAVINGS?

Looking at the distribution of savings, a majority of families have less than one month of their income. The families with the most savings have at least just under two and a half months.

Given the low percentage of workers with enough savings, emergency savings programs provided by employers could directly benefit their workers and indirectly benefit them through higher employee satisfaction.

A Majority of Families Have Less Than One Month of Emergency Savings



SOURCE: Craig Copeland, "Emergency Savings: The Reality of Workers' Liquid Savings – Evidence From the Survey of Consumer Finances," *EBRI Issue Brief*, no. 490 (Employee Benefit Research Institute, August 29, 2019).

1. Liquid savings include checking accounts, savings accounts, money market funds, call accounts, and prepaid accounts.

2. Least represents the 25th percentile, which is the maximum value of the families with the lowest 25 percent of available emergency savings.

3. Most represents the 75th percentile, which is the minimum value of the families with the highest 25 percent of available emergency savings.