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HUMAN RESOURCES & PAYROLL

Paycheck to Paycheck Cities: Ranking Income vs. Cost of Living

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Nearly **38.1 million Americans** live in poverty, where being able to afford basic necessities can be a struggle. Even those who earn more average wages struggle to make ends meet. According to a survey by **CareerBuilder**, almost 80% of workers in the U.S. live paycheck to paycheck (including 10% of those earning six figures).

[This article first appeared on the [ListwithClever](#) blog.]

Spending the majority of one's paycheck before the next payday induces a slew of problems, including stress and not being able to save for the future. Financial experts suggest people live by the [50/30/20 rule](#), which lays out the percentage of income that should go toward living expenses (50%), discretionary spending (30%), and savings (20%).

It's unlikely that people are saving 20% of their income if the vast majority are barely scraping by, especially when we consider that [Americans hold \\$4 trillion in debt](#) (excluding mortgages).

What's more, where you live impacts your weekly expenses. The cost of various goods and services vary by location, with places like San Francisco and New York City being some of the most expensive metros. In contrast, costs are lower than average throughout the Midwest.

You might assume that wages in more expensive areas cover cost of living expense differences, but that's not always the case. In fact, when we controlled for cost of living, per-capita income annual income ranged from \$31,853 to \$95,209 in the most populous metropolitan areas in the U.S., suggesting that income's variation goes beyond cost of living adjustments.

It's reasonable to expect residents in places like San Francisco, where the cost of living is 225% of the national average, to struggle paycheck to paycheck due to exorbitant living expenses. How can people in these areas possibly save build emergency funds or save for retirement?

The truth is, people in these high-cost cities are finding ways to manage their expenses.

To dig deeper into issues of living expenses across the U.S., we looked at the 75 largest metros in the U.S. for trends. We calculated the amount of money people had left at the end of each pay period using per capita bi-weekly (2x per month) income minus taxes and living expenses – which included housing, utilities, health, groceries, and non-recreational goods and services.

Note that all dollar amounts refer to calculations on a *per capita* basis, assuming two paychecks per month, for a total of 26 paydays, unless otherwise noted.

Article continues at <https://listwithclever.com/real-estate-blog/cities-paycheck-to-paycheck>.

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Francesca Ortegren

Francesca is a Research Associate at [Clever Real Estate](#), the free online service that connects you with top agents to save money on commissions. She focuses on helping people understand complex data, real estate, finances, business, and the economy by researching various topics, analyzing data, and reporting useful insights for general consumption. Before working at Clever, Francesca earned her PhD in Cognitive Psychology from Texas Tech University, conducted behavioral research on memory, learning, and teaching, and taught college-level research methods and statistics courses.

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