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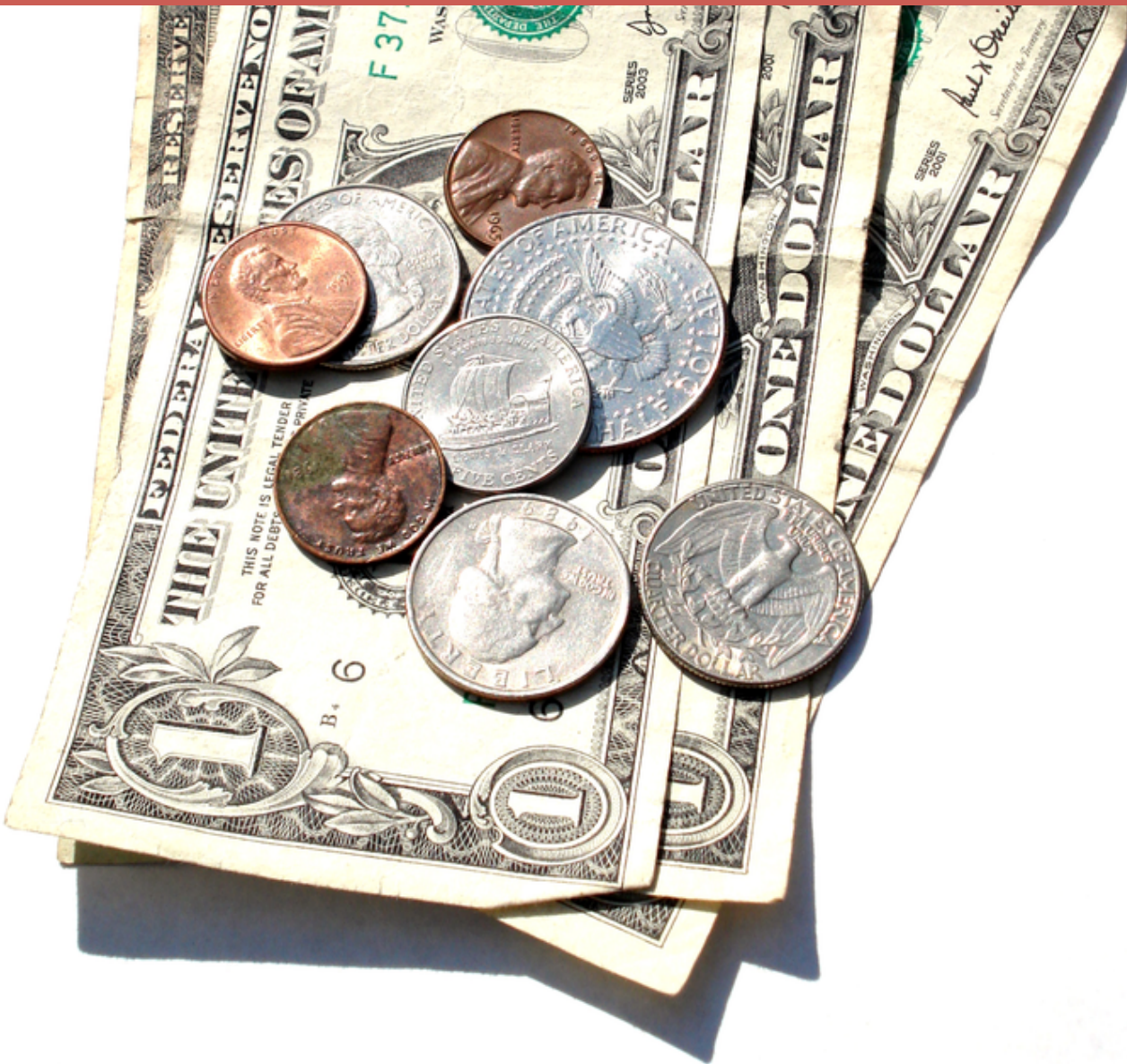
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Feb. 01, 2023

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By Alex Tanzi, Bloomberg News (TNS).

The share of Americans who say they live paycheck-to-paycheck climbed last year, and most of the new arrivals in that category were among the country's higher

earners, a new study shows.

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The numbers likely reflect growing strain on household budgets after the cost of living surged, wages often failed to keep up, and pandemic savings got drawn down.

'Prospects are cloudy'

This year may bring further pressure, with less than half of the survey respondents saying they expect their incomes to keep pace with inflation.

"Prospects for consumer spending are cloudy," said Lydia Boussour, senior economist at EY Parthenon. "Elevated prices, eroded personal savings and increased reliance on credit point to weak consumer spending this winter," she said. "These dynamics will be exacerbated by negative wealth effects from lower stock prices and declining home values."

Other indicators also point to some level of financial stress. The latest University of Michigan survey showed that consumer sentiment, while it's climbed from this year's lows, remains far below pre-pandemic levels. Fourth-quarter economic growth data published on Friday highlighted a slowdown in household spending.

Inflation-adjusted disposable incomes remain below their levels at the start of the pandemic in 2020, indicating that consumers have seen no real income gains in three years, according to the Bureau of Economic Analysis.

The LendingClub report didn't provide a definition for paycheck-to-paycheck, which typically means that people rely entirely on their monthly incomes to meet basic obligations and would be in immediate difficulty if income was interrupted.

The label doesn't necessarily mean that people are having trouble staying current on debt payments, but the survey suggests that a growing number are. It found that 24% of respondents had issues paying their bills in December. Among those earning more

than \$100,000 and living paycheck-to-paycheck, the share rose to 16% from 11% a

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