Q: Why don’t low-income families save?
A: Actually they do!

However, they tend to be saving for the short term, rather than the long term.

Following the finances of low- and moderate-income households in detail, the U.S. Financial Diaries project found that the amount of income the study households set aside in one way or another—extra tax withholding, in a savings account, or given to a family member to hold, for example—was **4 times as big** as those households’ savings account balances at the end of the year. It might not look like they are saving, but they are!

These savings were being used in the short term—to cover periods of income loss, emergencies, and large annual expenses. The project found that income for many low- and moderate-income households has become extremely volatile, requiring short-term savings to just make it through an ordinary year, and hampering their ability to plan for longer-term savings projects.

**One Family’s Income**
Monthly income of a California couple with one child

**INCOME VOLATILITY LEVEL: 34%**

**Income and Expense Spikes Often Don’t Match**

For more, see nhi.org/go/183/USFD | nhi.org/go/183/Aspen | nhi.org/go/183/Nervaez

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