

Lending Times

Unexpected Expenses: It Doesn't Take Much to Put Nonprime Americans into Financial Crisis

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Unexpected expenses are more likely to hit nonprime Americans much sooner and harder than their counterparts with prime credit scores, according to research released today by Elevate's Center for the New Middle Class. For example, the research shows that the 160 million Americans who are nonprime, can only weather an unexpected expense of 31 percent of their monthly income, as opposed to 53 percent for their prime counterparts.

The Center's latest study explores the impact of unexpected expenses on nonprime Americans, defined as those who have credit scores below 700. Key findings include:

- A bill becomes a crisis for nonprime Americans at \$1,400; for prime, it's \$2,900
- Many common expenses such as a vehicle transmission, broken arm, or apartment security deposit are above the \$1,400 threshold for nonprime Americans, but below the \$2,900 threshold for prime Americans
- Almost half of nonprime Americans have more than three disrupting expense events per year compared to approximately one-quarter of primes
- Nonprime Americans can survive only half as long as prime Americans after a drop in income
- Half of nonprime Americans have an income that fluctuates month-to-month
- Additionally, based on geographic location, purchasing power can create large disparities in threshold amounts. For example, local purchasing power adjusted for \$100 in Tulsa, OK, acts more like \$131 in Kansas City, MO, and a mere \$77 in New York, NY.

City	Value of \$100
Kansas City, MO	\$131
Atlanta, GA	\$113
Denver, CO	\$103
Tulsa, OK	\$100
Chicago, IL	\$97
Philadelphia, PA	\$90
Tallahassee, FL	\$84
San Francisco, CA	\$81
New York, NY	\$77
Honolulu, HI	\$69

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