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160 Million Americans Can't Afford to Treat a Broken Arm

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A lot of Americans are really struggling.

The precarious personal finance situation of Americans has made news for years. It is something we've written about a lot at Business Insider.

Elevate's Center for the New Middle Class wanted to look into the issue to find when an unexpected expense becomes a crisis for ordinary Americans.

And the results were pretty depressing.

Elevate carried out a study based on a 10-minute online questionnaire surveying 502 nonprime (credit score below 700) and 525 prime Americans (credit score of 700 or above).

It turns out that nonprime Americans with credit scores below 700 are likely to be hit harder, and more often, by unexpected expenses than prime Americans. 160 million Americans come under the nonprime category, according to the study.

"A bill becomes a crisis for nonprime Americans at \$1,400. For Prime, it's \$2,900," the study said. "An unexpected expense becomes a significant disruption to prime Americans when it is 53% of their monthly income. Nonprime Americans can only swallow a 31% impact to their income."

The study noted that many common expenses, such as covering the out-of-pocket on a broken arm, an apartment security deposit, or replacing a vehicle transmission, cost more than \$1,400.

"It's hard for many to believe that unexpected car repairs can cause a major upset in a household's finances," Jonathan Walker, executive director of Elevate's Center for the New Middle Class, said.

"Unfortunately, it happens all too often, simply because nonprime Americans don't have the available resources to help absorb some of these financial shocks. This can cause a downward spiral on their daily finances as well as their credit history."

The study's results add to previous evidence about the tightening personal finances of Americans. Two-thirds of Americans would struggle to cover a \$1000 emergency expense. Half of Americans would find it hard to come up with even \$400 to cover an unexpected expense, or pay over \$100 a month for health insurance.

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