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Does Place Matter for Family Financial Security?

A snapshot of economic well-being in diverse U.S. neighborhoods

Overview

A growing body of research has shown that where Americans live is an important factor in their economic security and mobility. Previous studies commissioned or conducted by The Pew Charitable Trusts have found that states, metropolitan areas, and even neighborhoods can be critical drivers of people's financial well-being; their attitudes toward their economic situations; and the gap in economic mobility between racial groups, particularly blacks and whites.

This fact sheet captures the findings of an analysis of data from Pew's Survey of American Family Finances about people's perceptions of their financial security as well as the demographics and the state of family balance sheets across the urban-rural continuum—from neighborhoods in big cities to those in small, country areas. Two findings in particular stand out as virtually universal across neighborhood types:

- Less than a quarter of respondents said it is common to begin poor, work hard, and become wealthy.
- More than 90 percent of survey participants said financial stability is more important to them than upward mobility.

These findings indicate that Americans differ in terms of demographics, wealth, and—in many cases—perceptions of financial security, depending on their location. But regardless of where they live, people across the urban-rural continuum share pessimism about economic opportunity.

Table 1

Some Indicators of Financial Security Are Nearly Constant Across All Communities

Selected statistics by neighborhood type, 2014

Economic opportunity	Metropolitan[*]	Micropolitan[†]	Small town[‡]	Rural[§]	All neighborhoods
Think it is common or somewhat common for someone to start poor, work hard, and become rich	24%	21%	22%	20%	23%
Prefer financial stability over moving up the income ladder	91%	95%	93%	98%	92%

Family finances: perceptions and reality

	Metropolitan*	Micropolitan†	Small town‡	Rural§	All neighborhoods
Rate economic conditions in the country as good or excellent	28%	20%	20%	16%	27%
Rate their household's financial situation as good or excellent	56%	50%	53%	57%	56%
Each month have steady income and bills	44%	46%	53%	52%	45%
Experienced material hardship in previous 12 months	34%	39%	39%	35%	35%
Emergencies make it hard to save most or just about every month	26%	29%	30%	28%	26%
Median cost of the most expensive shock experienced in the past 12 months	$2K	$1.8K	$1.5K	$2K	$2K

* Metropolitan neighborhoods—such as in Boston, San Francisco, and Austin, Texas—include census tracts in which the urban core has a population of 50,000 or more and the largest commuting flow occurs within that core. Surrounding census tracts are included if their largest commuting flow is to the urban core.

† Micropolitan neighborhoods—such as in Helena, Montana; Juneau, Alaska; and Quincy, Illinois—include census tracts in which the urban core has a population of 10,000 to 49,999 and the largest commuting flow occurs within that core. Surrounding census tracts are included if their largest commuting flow is to the urban core.

‡ Small town neighborhoods—such as in Galax, Virginia; Aberdeen, Washington; and Brewton, Alabama—include census tracts in which the urban core has a population of 2,500 to 9,999 and the largest commuting flow occurs within that core. Surrounding census tracts are included if their largest commuting flow is to the urban core.

§ Rural neighborhoods include census tracts in which the single largest commuting flow occurs to a tract outside of urban cores, such as in Camas County, Idaho; Phillips County, Colorado; and Gregory County, South Dakota.

Note: For more information on these categories, see the methodology, available on the fact sheet webpage.

Source: Pew Survey of American Family Finances, 2014

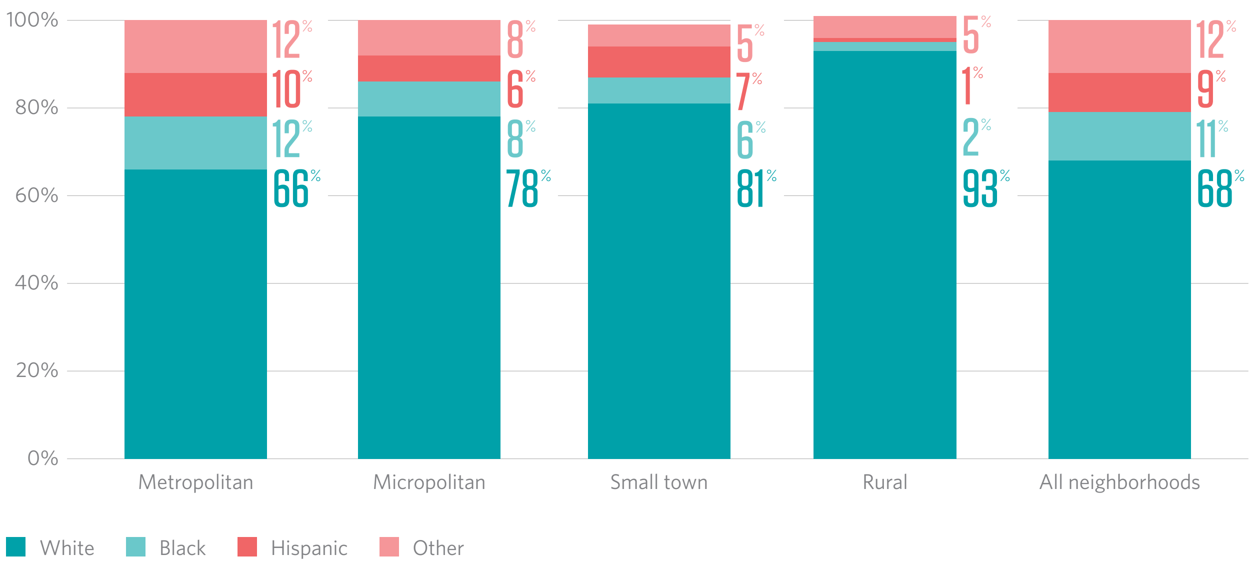
Demographics and balance sheets

Although Americans across the urban-rural continuum share pessimism about economic opportunity, they differ in terms of demographics and the state of their balance sheets.

Figure 1

The More Rural a Location, the Less Diverse its Population

Racial distribution by community type, 2014



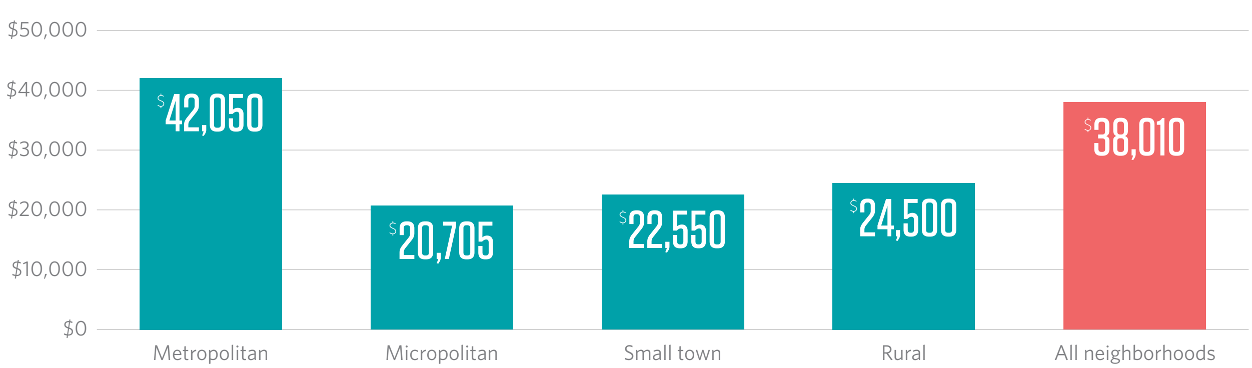
Note: Columns may not equal 100% because of rounding.

Source: Pew Survey of American Family Finances, 2014

Figure 2

Metropolitan Families Have Far More Wealth, Excluding Homes, Than Their Peers in Smaller Communities

Nonhousing net worth by location type, 2014



Source: Pew Survey of American Family Finances, 2014

Table 2

American Family Demographics and Balance Sheets Vary Across the Urban-Rural Continuum

Selected statistics by location type, 2014

	Metropolitan	Micropolitan	Small town	Rural	All neighborhoods
Age					
Silent	12%	15%	14%	14%	**13%**
Baby boomer	39%	40%	37%	46%	**39%**
Generation X	27%	25%	25%	22%	**26%**
Millennial	22%	19%	24%	18%	**22%**
Education					
High school or less	37%	49%	51%	46%	**39%**
Some college	29%	28%	29%	31%	**29%**
Bachelor's degree or higher	34%	23%	19%	23%	**32%**
Family composition					
Single without children	27%	26%	24%	26%	**27%**
Single with children	6%	6%	5%	4%	**5%**
Couple without children	41%	45%	47%	44%	**42%**
Couple with children	26%	23%	24%	26%	**25%**
Annual household income					
Under $40K	34%	45%	45%	39%	**35%**
$40K-<$85K	33%	35%	35%	37%	**34%**
$85K or more	33%	20%	19%	24%	**31%**
Median income	$60,000	$45,000	$45,000	$45,000	**$55,000**

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	Metropolitan	Micropolitan	Small town	Rural	All neighborhoods
Total liquid assets (median)					
	$4,000	$2,500	$1,650	$2,250	**$3,800**
Total nonhousing liabilities (median)					
	$10,000	$9,000	$8,250	$10,000	**$10,000**
Net worth					
	$113,700	$64,941	$59,500	$91,500	**$106,000**

Source: Pew Survey of American Family Finances, 2014

For further information, please visit:

economicmobility.org

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