

CHANGING LANES: TRANSPORTATION COSTS AND FINANCIAL HEALTH AMONG PEOPLE LIVING ON LOW-TO-MODERATE INCOMES

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SaverLife

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Introduction

When it comes to research on the financial health of low-to-moderate-income households, transportation expenses are typically off the map. However, the two topics intersect in important ways. To shed light on the connection between transportation costs and financial health, in 2022, SaverLife and the FINRA Foundation surveyed 1,212 SaverLife members about their experiences with transportation costs. This research finds that, after housing, transportation comprises the second largest portion of survey respondents' budgets.

SaverLife maintains a member panel of over 5,000 adults who are engaged in the SaverLife platform and represent the full user base of SaverLife members in terms of age, gender, race, ethnicity, geography, and income. Member panelists live in all 50 states and the District of Columbia. Their financial challenges reflect those faced by U.S. adults living on low-to-moderate income. Panelists make 80% of area-median income or less, and they take home an average of \$25,000 to \$35,000 per year. Over 80% are women, 60% identify as a person of color, and 85% are between the ages of 24 to 54.

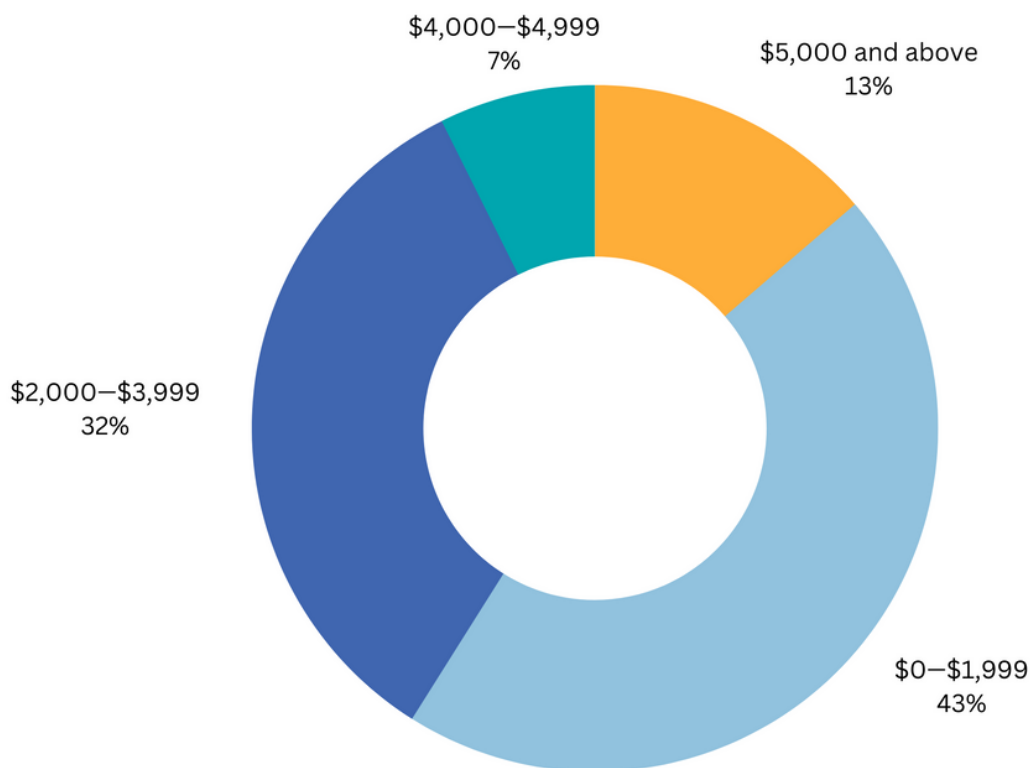
To learn more about SaverLife's member panel and methodology [click here](#).



Transportation costs among individuals with low-to-moderate incomes

Because the burden of transportation costs may be more acute for people living on low incomes, it was important to collect data about monthly income among survey respondents (Figure 1). Respondents reported their monthly household income using several income ranges.¹ We define the following monthly income ranges as: very low (\$0–\$1,999), low (\$2,000–\$3,999), and moderate (\$4,000–\$4,999). Unless otherwise noted, findings are based on the full sample, including those who report monthly incomes of \$5,000 or more. A large majority (75%) of respondents had very low or low monthly incomes. 7% reported earning moderate incomes. 13% of the sample earned incomes of \$5,000 monthly or above.

Figure 1: Approximate monthly household income of survey respondents



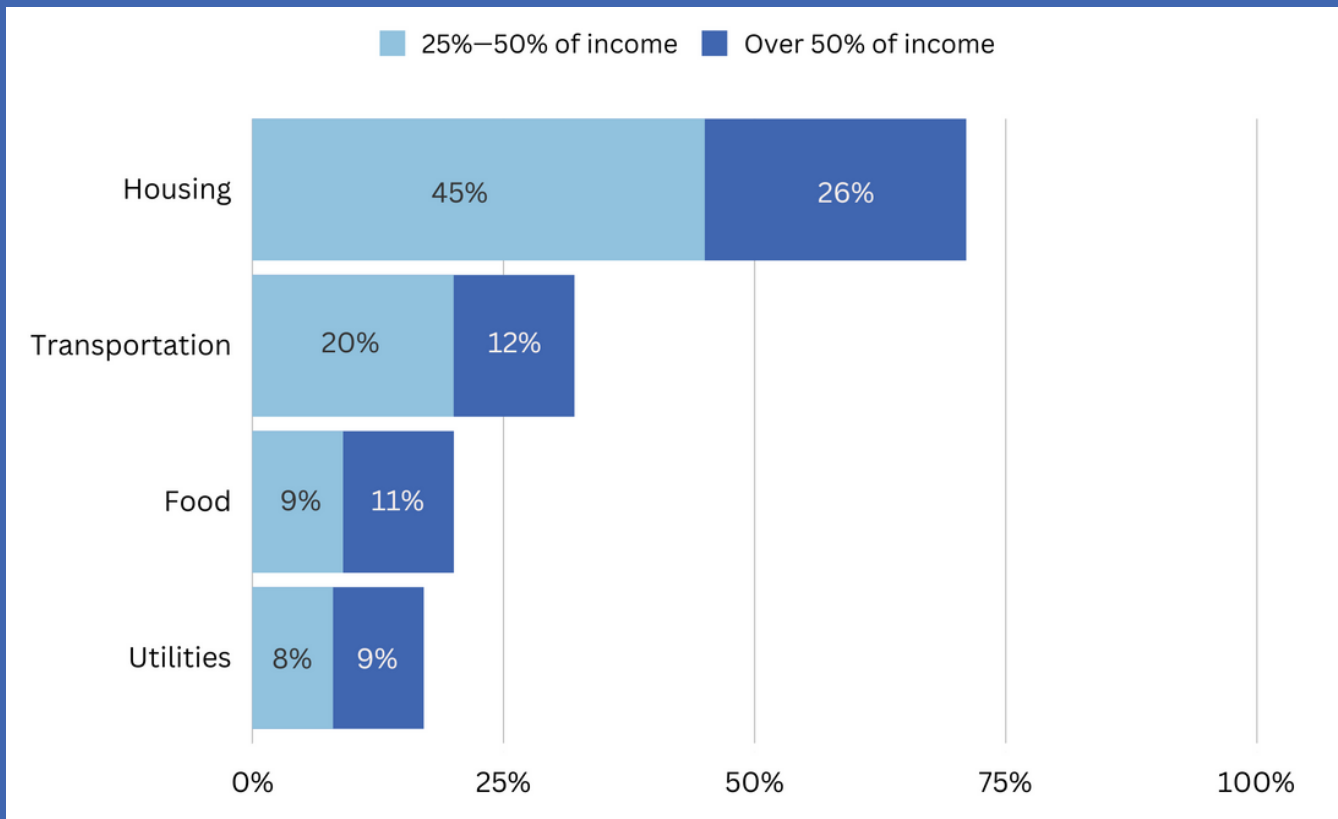
Note: Figure does not sum to 100 percent because the percentages of respondents who answered “Don’t know” or “Prefer not to say” are not displayed.

1. Other variables associated with transportation costs, like household income, may in part or fully drive the relationship between transportation costs and financial health. As such, we cannot establish a causal relationship between transportation costs and many of the outcome variables studied in this report.

Regular, monthly expenses among respondents

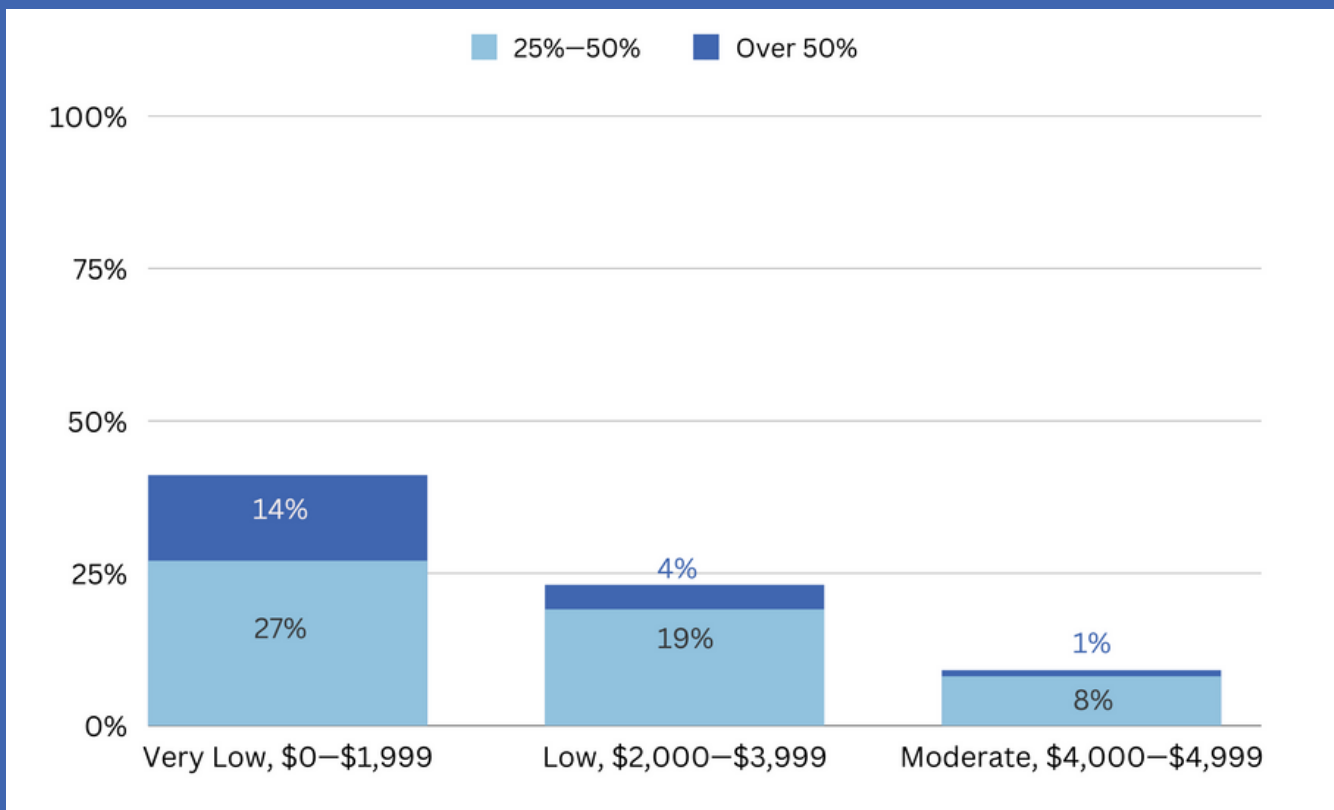
As part of this study, survey respondents estimated how much they typically spend each month on rent and/or mortgage payments, utilities, food, and transportation costs (including those tied to vehicle loans and/or leases, gasoline, auto insurance, auto maintenance, parking and tolls, public transit, and ride-share services). We used these responses to determine the percent of monthly income that survey respondents spend on (1) housing, (2) transportation, (3) food, and (4) utilities. After housing, transportation is routinely the largest monthly household expense for respondents. About one-third (32%) of respondents spend a quarter or more of their monthly income on transportation (Figure 2).

Figure 2: Percent of monthly income spent on monthly household expenses



Survey respondents with very low incomes spend a larger percentage of their monthly income on transportation costs than those earning higher monthly incomes. 41% of respondents in the very low-income group spend a quarter of their income or more on transportation costs, compared to 23% and 9% of those with low and moderate incomes, respectively (Figure 3).

Figure 3: Percent of monthly income spent on transportation, by income group



Monthly spending on specific transportation expenses

When it comes to monthly spending patterns on transportation, survey respondents spend very little on public transit and ride-sharing services. 80% of those with access to public transit spend no money on it, and 62% of respondents who use ride-sharing services (e.g., Uber, Lyft) say they typically don't spend money on them (Figures 4 and 5). This is in large part because few habitually use these services. Seventy-four percent of respondents with access to public transit don't use it to commute to work. And 71% of respondents who use ride-sharing services say they use it less than once a month. [To learn more about public transit and financial health, see our public transit brief found here.](#)

Figure 4: Monthly spending on public transit

How much does your household spend on public transportation per month? (Among those with access to public transit)

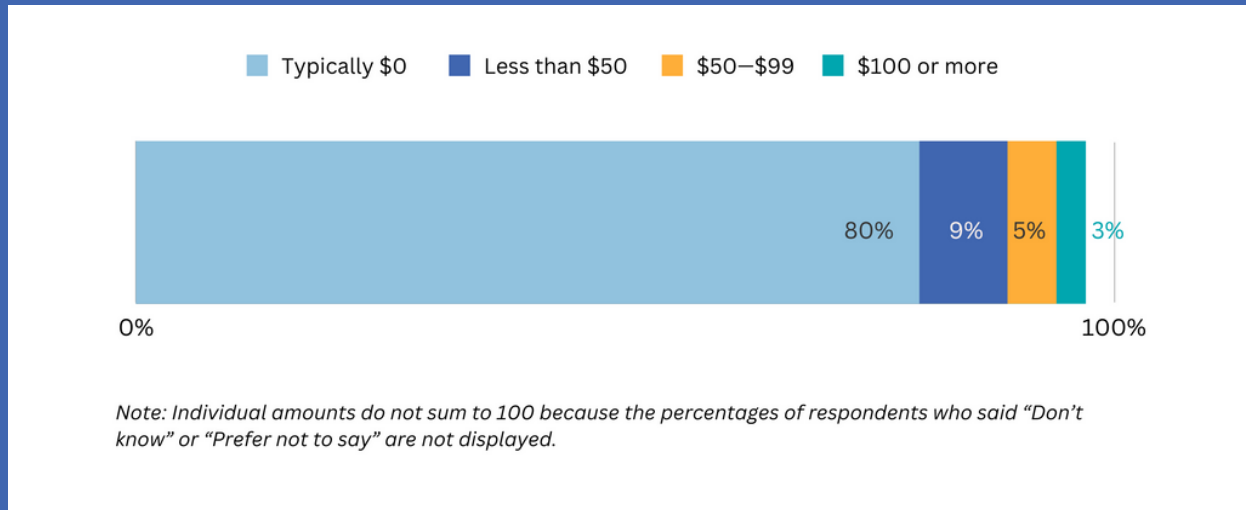
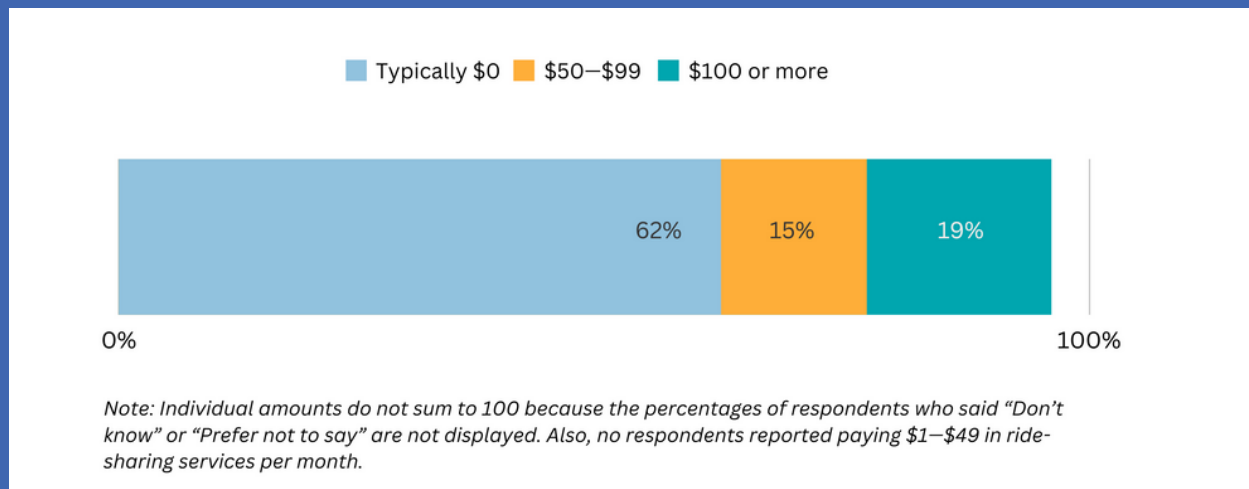


Figure 5: Monthly spending on ride-share services

How much does your household spend on ride-sharing services [such as Uber and Lyft] per month? (Among those who use ride-sharing services)

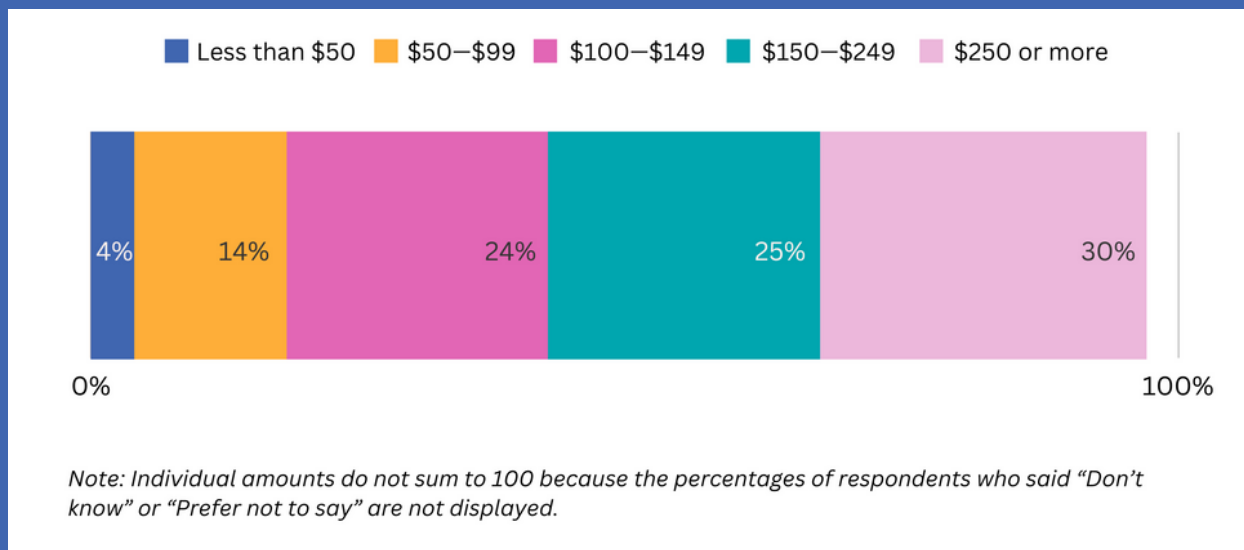


Spending on driving-related transportation

In contrast, survey respondents spend significant amounts on expenses related to privately owned or leased vehicles. Most respondents report owning or leasing a vehicle (79%). Of those who do, nearly eight in 10 (79%) spend \$100 or more on gasoline each month (Figure 6).

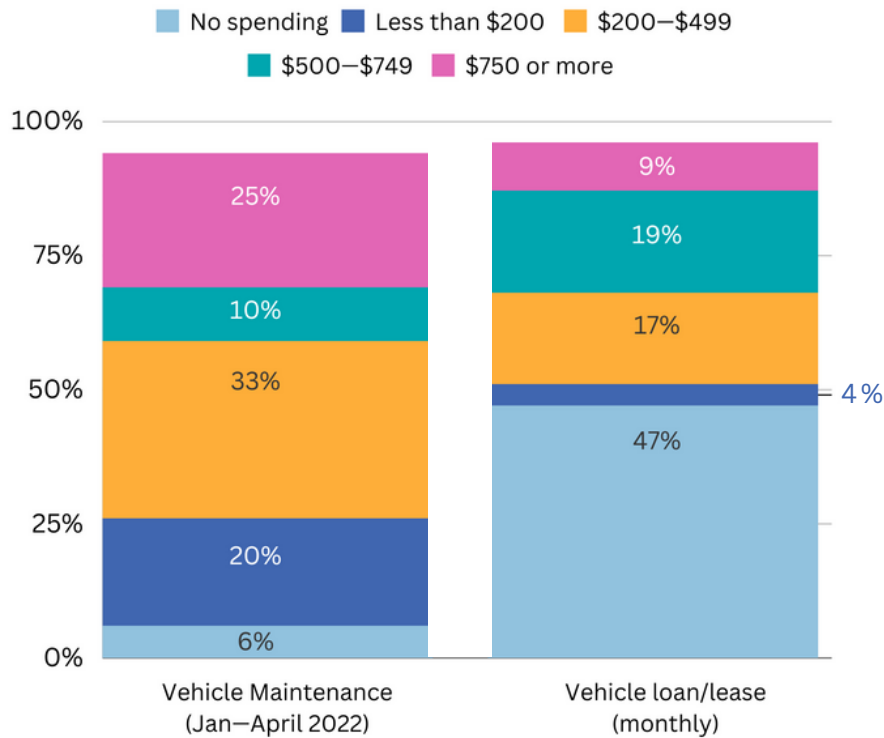
Figure 6: Monthly spending on gas

(Among those who own or lease a vehicle)



Further, nearly half of respondents (45%) who own or lease a vehicle spend at least \$200 monthly for their vehicle loan or lease payments. And in the first months of 2022 alone, more than a third (35%) had already spent \$500 or more on auto maintenance (Figure 7).

Figure 7: Spending on vehicle loan/lease and maintenance
(Among those who own or lease a vehicle)



Note: Individual bars do not sum to 100 because the percentages of respondents who said "Don't know" or "Prefer not to say" are not displayed.

79% of respondents who own or lease a car typically spend at least \$100 on gas each month

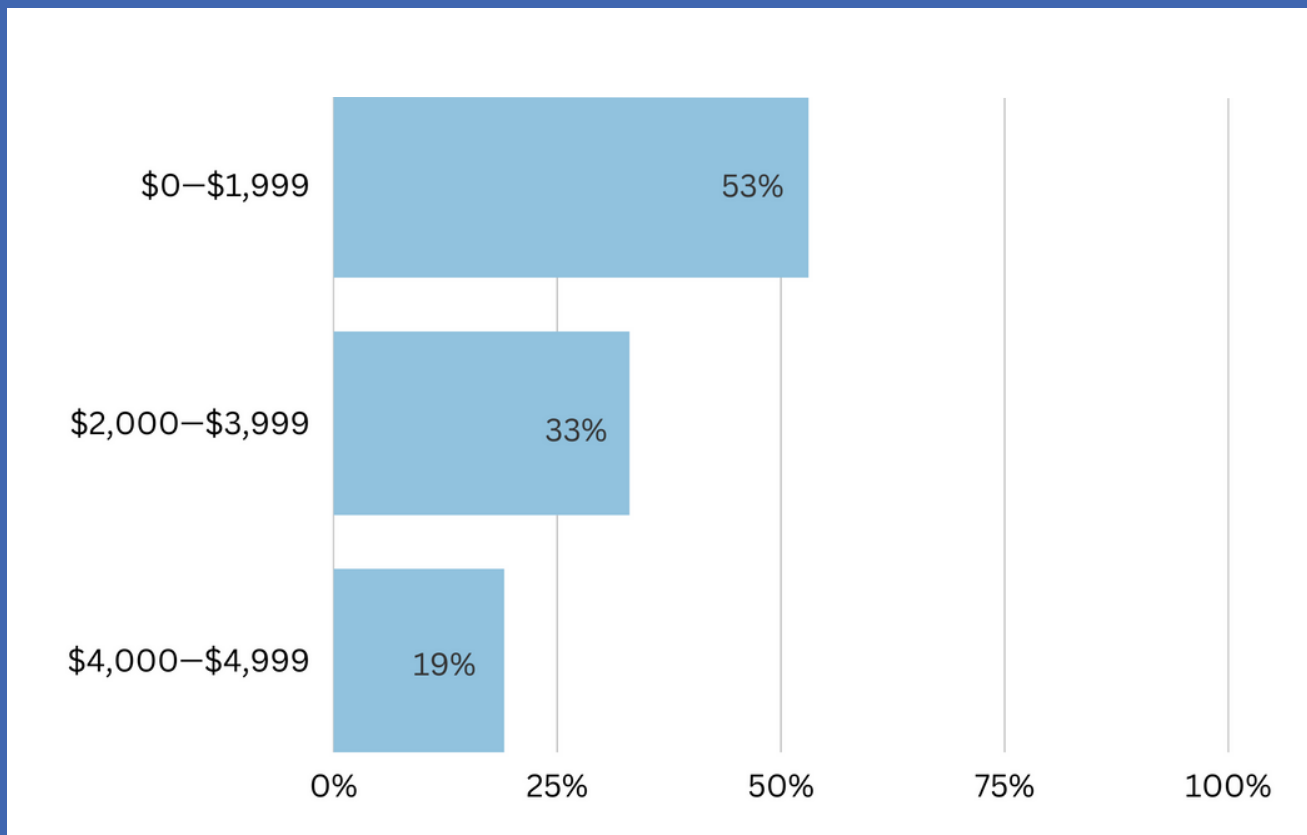
All of this suggests that transportation expenses related to driving far outpace spending on other means of transportation like public transit and ride-sharing services.

How transportation costs intersect with financial health

Transportation costs limit respondents' ability to secure new opportunities

Overall, nearly four in 10 survey respondents (39%) report their lives are limited because they cannot afford adequate transportation. Moreover, those earning lower incomes are even likely to share this sentiment. Over half (53%) of respondents earning very low incomes report that their lives are limited because they cannot afford adequate transportation, compared to 33% of those with low incomes and 19% of those with moderate incomes (Figure 8).

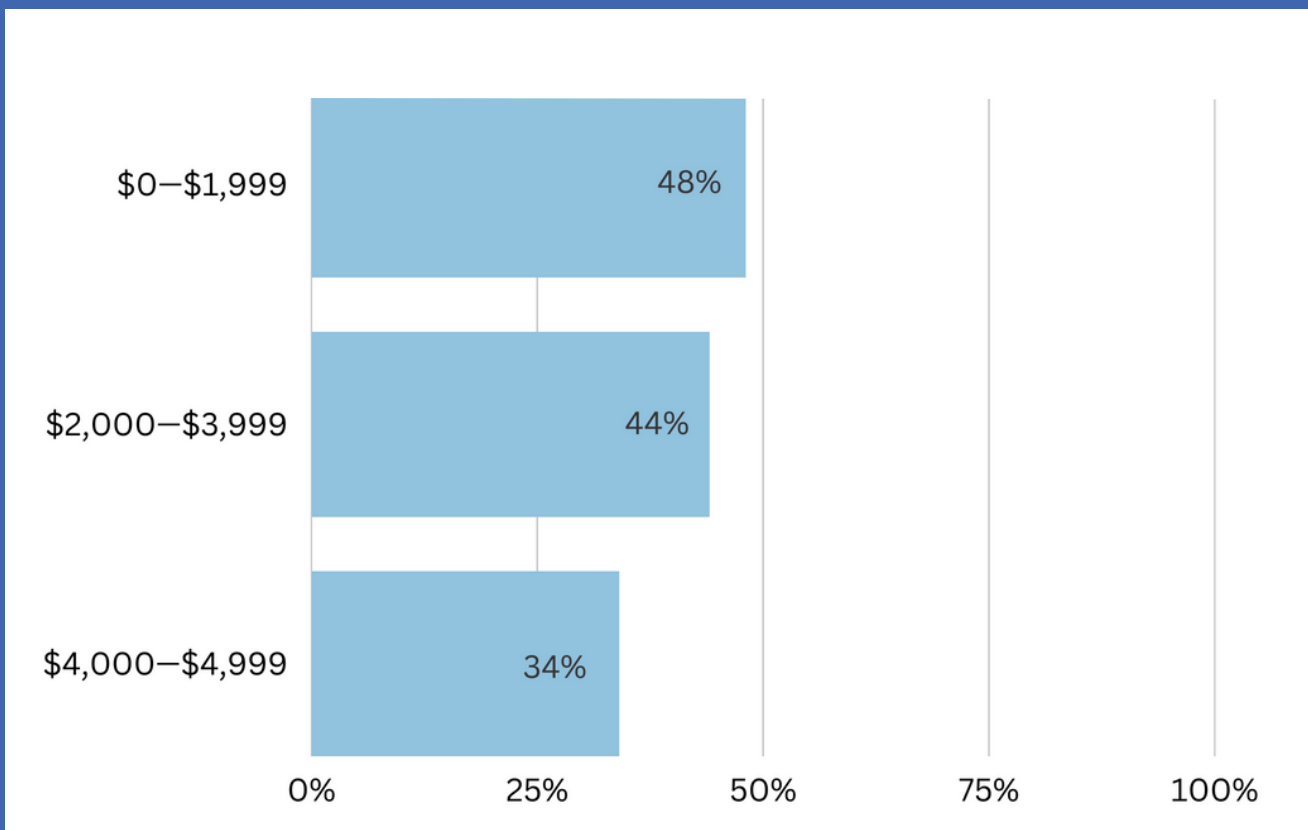
Figure 8: Percent who report their opportunities in life are limited because they cannot afford adequate transportation, by income



Transportation expenses limit the degree to which survey respondents seek and accept job opportunities

Transportation expenses also limit the work opportunities that respondents feel they can seek out. Over four in 10 respondents (44%) say they have turned down or decided not to apply for a job because the transportation costs were too high. This sentiment is more strongly shared by those earning very low incomes, who are 41% more likely than those with moderate incomes to say they have turned down or decided not to apply for a job because the transportation costs were too high (Figure 9).

Figure 9: Percent who have turned down or decided not to apply for a job because the transportation costs were too high, by income



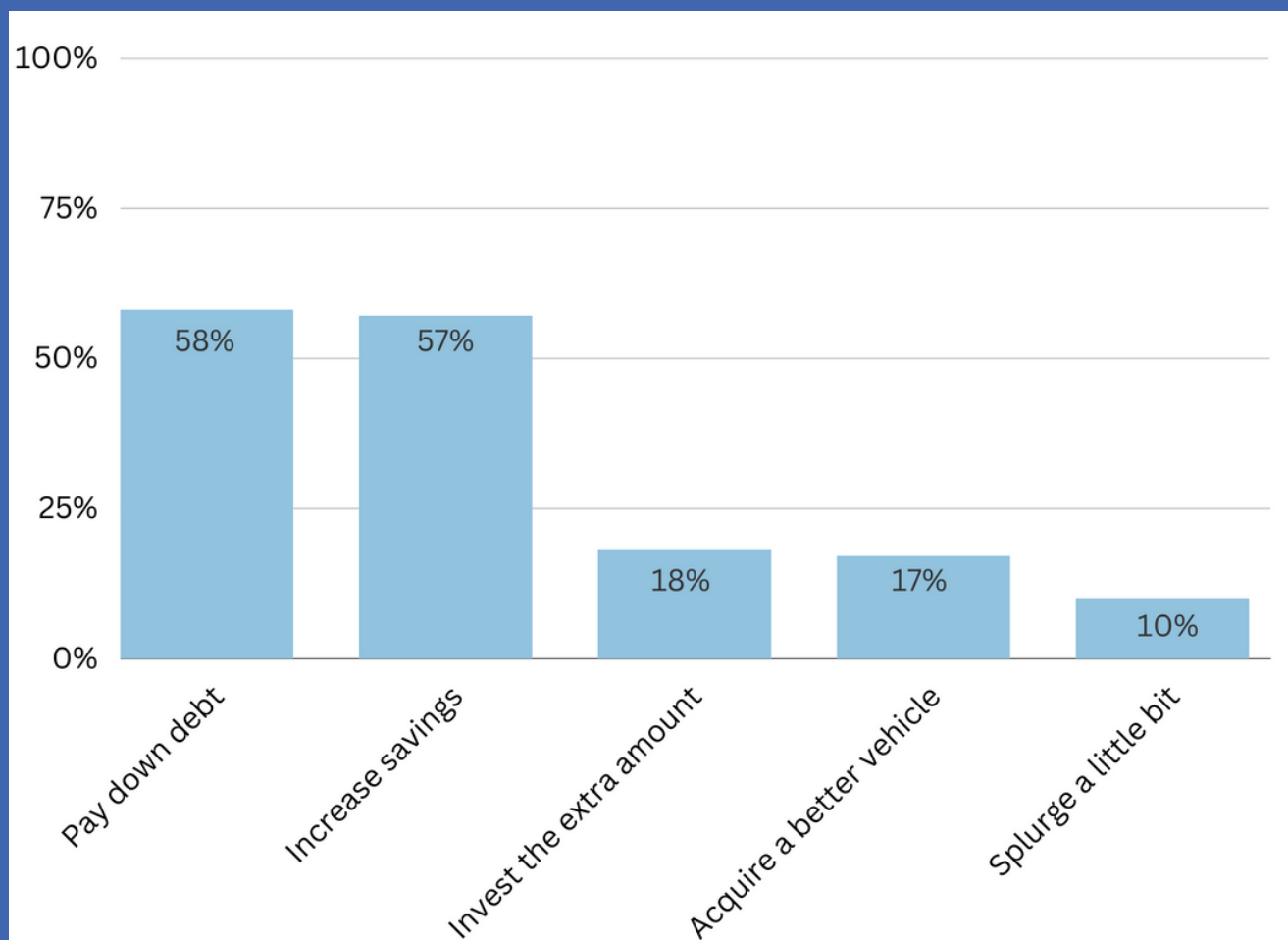
Higher transportation burdens are tied to lower financial satisfaction

Financial satisfaction is closely associated with transportation cost burdens. Respondents were asked to rate their level of satisfaction with their financial condition on a 10-point scale, with higher values indicating greater satisfaction. On average, those who agree that their life opportunities are limited because they cannot afford adequate transportation report lower financial satisfaction (3.6 of 10) than those who disagree with the statement (4.9 of 10).

Lower transportation expenses could improve people's financial health

Given the important role that transportation costs play in people's overall financial condition, lower transportation expenses could provide relief to many low-to-moderate income households. When survey respondents are asked what they would do if their transportation costs were cut in half, most say they would put that money towards key building blocks of financial health: lowering debt and increasing savings. Nearly six in 10 say they would pay down their debt; a similar proportion would increase their savings. In a much lower tier, 18% say that they would invest their extra money, and 17% say they would acquire a better vehicle (Figure 10).

Figure 10: Respondents' use of extra funds if transportation costs were halved



Additional findings and considerations for future research

This study suggests that high transportation expenses play a significant role in households with low-to-moderate income and raises questions about the consequences for these households' long- and short-term financial health. Future research can help us understand:

- **What gasoline dependency means for household financial wellness.** Nearly 4 in 10 survey respondents who own or lease a vehicle (38%) say they spend less in other areas of their budget when gasoline prices increase. Drivers with very low monthly incomes are 125% more likely to fall behind on their bills when gasoline prices increase, in comparison to respondents earning moderate incomes. Fewer than half (47%) of survey respondents overall say they can cut back on driving when prices at the pump rise. Future research might explore how bolstering emergency savings can offset higher gasoline prices and mitigate any potential damage to household balance sheets.
- **How transportation costs affect different types of workers.** This study focuses on how transportation expenses burden individuals' financial health, specifically how people with lower incomes experience high transportation expenses. Income aside, it is possible that different types of workers are differentially impacted by high transportation costs. Future research might identify differences in how hourly versus salaried workers experience transportation burdens, or how essential workers and those for whom remote work arrangements are not an option are able to cope with the cost of getting to and from their places of employment.
- **Impact of transportation subsidies.** The vast majority of survey respondents (99%) indicate they do not receive pre-tax transportation subsidies. Future research could explore how innovations in transportation assistance might support people living on low-to-moderate income.

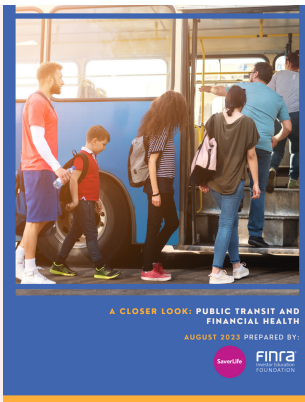
In summary, this research highlights the connection between transportation expenses and financial health. The cost of commuting to and from work and other essential destinations may have financial consequences for many lower-income households. Improvements to the transportation landscape should be considered to ensure that the cost of getting to where one needs and wants to go and overall economic mobility are heading in a net positive direction.

To learn more about this project, and explore the other briefs, [visit this page](#).

Methodology

SaverLife, in collaboration with the FINRA Foundation, fielded a survey to 1,212 SaverLife member panelists between August and September 2022 that asked about people's experiences with transportation costs. Development of the survey instrument was informed by 15 qualitative interviews with SaverLife member panelists conducted from January to April 2022. (For more details about the methodology for this research and the SaverLife member panel, [click here](#).)

Additional briefs associated with these research efforts



A Closer Look: Public Transit and Financial Health

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A Closer Look: Financial Health and Transportation Costs Among People with Disabilities

[Read more >](#)

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