Labor, Income, Finances, and Expectations (LIFE) Survey

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# Under Pressure: Financial Stress and Housing Payments

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Mortgage and rent payments are the single largest household budget item, and they were a strong contributor to inflation in the 2021–2024 period (Council of Economic Advisors 2024, McKay and Mehrotra 2024). Although still low relative to the last decade, mortgage delinquency rates increased in 2024 following a three-year decline, particularly among Federal Housing Administration (FHA) loans (Goodman et al. 2024, Haughwout et al. 2024).[1] This report focuses on the recent experiences of both homeowners and renters, examining their ability to make housing payments, the financial shocks they have experienced, and the strategies and tools they employ to make ends meet.

The data in this report were collected in the July 2025 edition of the Philadelphia Fed's Labor, Income, Finances, and Expectations (LIFE) Survey, fielded June 26 to July 11, 2025. The LIFE Survey is a quarterly survey of a cross-sectional sample of U.S. adults ages 18 and older. The survey is conducted online, and respondents are selected to be representative of the U.S. population. Survey responses are also weighted to improve the representativeness of the sample. More information on the survey methodology can be found at the survey's methodology page. We focus on the 4,103 respondents who owned or rented their homes, excluding respondents who had other living situations, such as living at home with parents and not paying rent. Of the qualifying respondents, nearly one-third had a mortgage, about one-quarter owned their homes without a mortgage, and the rest rented.

We find that a large proportion of homeowners and renters faced financial disruptions such as income loss, job separations, and increases in household costs such as rent, property taxes, and insurance. Renters and FHA loan-holders were particularly likely to struggle with making their housing and other debt payments in the year before the survey. Furthermore, nearly 20 percent of all homeowners

[1] FHA loans are government-insured mortgages designed to serve first-time homebuyers and borrowers with lower credit scores or incomes, who may not qualify for conventional financing.

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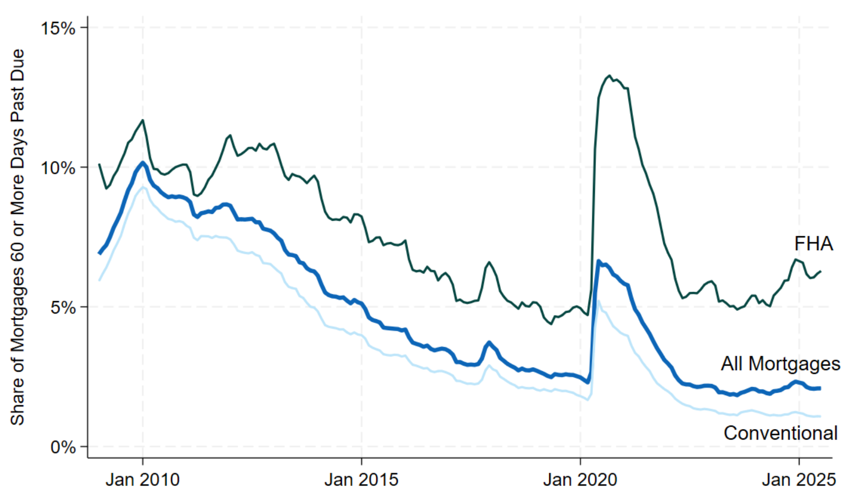
surveyed, and 35 percent of those with FHA loans, currently find themselves unable to afford critical maintenance on their homes. We find that households report a variety of strategies for weathering financial difficulties, with cutting discretionary spending being the most common. However, renters and FHA borrowers, who are on average younger and have lower incomes, were more likely than all other respondents in the sample to report borrowing more, relying on friends and family, and paying down their debts more slowly — or skipping payments entirely.

## Falling Behind on Mortgage and Rent Payments

In the months leading up to the outbreak of the COVID-19 pandemic, the share of all mortgages 60 or more days past due hovered around 2.5 percent, the lowest level in over a decade (Figure 1). Job disruptions accompanying pandemic shutdowns led to a spike in mortgages that were past due, with the majority of these loans receiving forbearance assistance (An et al. 2021; Gerardi, Lambie-Hanson, and Willen 2021; Lambie-Hanson, Vickery, and Akana 2021). As the labor market recovered and historically low interest rates provided options for refinancing or receiving loan modifications, past due rates steadily recovered, bottoming out below pre-pandemic levels, particularly for conventional mortgages. In mid-2024, past due rates began increasing again, driven mostly by FHA delinquencies. Rates of 60 or more days past due among FHA loans rose from 5.0 percent in May 2024 to 6.7 percent that December, followed by a dip in the late winter and early spring of 2025. Although even FHA past-due rates remain relatively low by contemporary standards, the sudden increase has sounded early warning bells about household fragility.

Figure 1. Mortgages 60+ Days Past Due

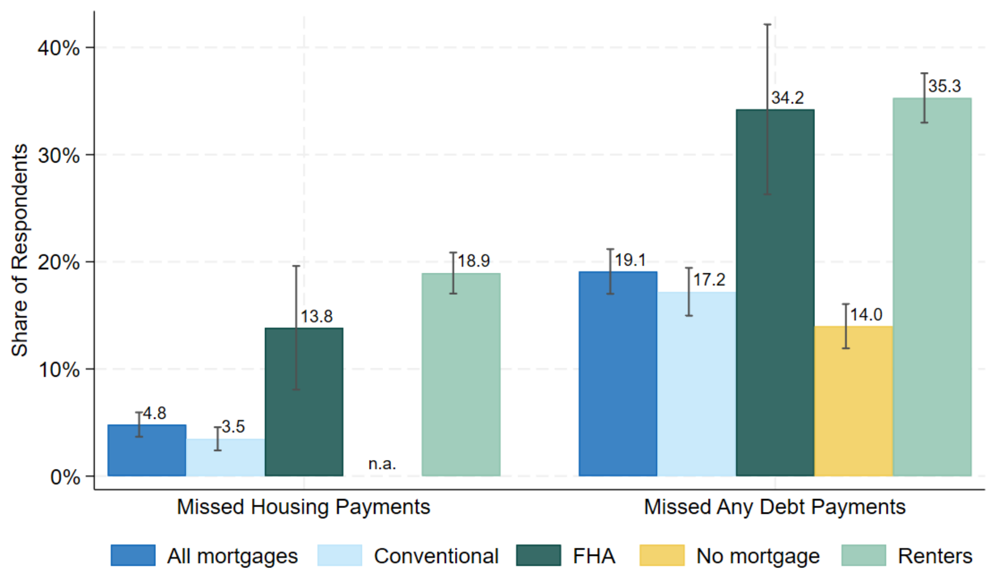



Notes: This chart plots the share of active mortgages 60 or more days past due, including those in foreclosure, by performance month, through July 2025. Loans in forbearance are included as past due if the borrower was not making payments. Source: ICE McDash data.

Unfortunately, broadly representative data on rental delinquencies are not as widely available as data on mortgage delinquencies, and while servicing data for mortgages can help us track delinquencies each month, they tell us little about the dynamic circumstances affecting borrowers, such as income loss or expense shocks. The LIFE Survey captures these payment challenges for homeowners and renters at the individual household level, and, by examining other factors affecting households, puts the housing payment challenges into context, giving us a more comprehensive understanding of household well-being.

To assess the prevalence of these payment challenges, respondents in the July 2025 survey were asked whether they had missed at least one mortgage or rent payment, made only a partial payment, or made payments late within the previous three months. Nearly 11 percent of respondents experienced payment difficulty. As shown in Figure 2, renters particularly struggled, with 18.9 percent reporting payment difficulty. Only 4.8 percent of homeowners with mortgages neglected to make all their payments in full and on time, but there was heterogeneity between types of mortgage borrowers, with 13.8 percent of FHA borrowers missing payments.[2]

## Figure 2. Missed, Partial, or Late Mortgage and Rent Payments in Previous Three Months




Notes: This chart plots the share of respondents who reported difficulty making their mortgage or rent payments over the previous three months, along with 90 percent confidence intervals.

[2] The 13.8 percent payment difficulty rate among FHA borrowers is comparable with the level of difficulty seen in McDash mortgage servicing data from ICE, wherein 15.2 percent of FHA mortgages active in July 2025 had been 30 or more days past due in May–July. Among conventional loans, the share of loans that had been 30 or more days past due in that window was 5.4 percent in the McDash data, versus 3.5 percent in the LIFE Survey.

These payment struggles extend beyond housing costs. For example, over one-third of renters (35.3 percent) reported missing *any* debt payment during a three-month period, closely followed by 34.2 percent of FHA borrowers. Conventional loan borrowers — those with mortgages not insured through programs such as the FHA or the Department of Veterans Affairs (VA) — and homeowners without mortgages showed lower rates, at 17.2 percent and 14.0 percent, respectively. These findings show that FHA borrowers and renters faced heightened housing payment challenges compared with other borrowers during the three-month period examined in the LIFE Survey.

This connection between payment difficulty and broader financial disruption mirrors research on rising delinquencies, particularly among FHA borrowers. An Urban Institute report provides analysis of potential explanations for rising delinquency from mid-2024 through February 2025, including relaxed origination standards and increased competition from government-sponsored enterprises for higher credit-quality borrowers taking out low-down payment loans. The report dismisses those explanations and concludes that "borrowers are simply more financially stressed" and are struggling to maintain emergency funds for unexpected expenses than in previous years (Goodman et al., 2025). Those with lower credit scores and lower incomes, such as FHA borrowers, may be especially impacted by these expense shocks.

These findings suggest a shared underlying factor: Borrowers are missing payments not because of lending standards or housing market dynamics but because they are facing financial shocks that they are struggling to manage. The LIFE survey provides detailed information on the types and frequency of these disruptions, allowing us to examine this directly. In the following sections, we use these data to determine whether renters and mortgage borrowers, particularly FHA borrowers, have experienced recent financial shocks and whether those shocks may have contributed to their difficulty in making housing payments.

## Respondent Characteristics and Payment Difficulties

To further contextualize payment challenges, Table 1 compares demographic characteristics across conventional and FHA borrowers, along with renters and homeowners without mortgages. Age distributions vary distinctly across these groups: Renters have the highest concentration of younger adults (18–35) at 34.7 percent, followed by FHA borrowers at 28.1 percent, while only 14.1 percent of conventional loan borrowers are under 36 years old. Reflecting their younger ages, most FHA borrowers are employed (62.0 percent), whereas homeowners without mortgages, who tend to be older, have lower rates of employment. (We note that these statistics and others that follow are based on a small sample of FHA borrowers, n=141.)

Income levels also differ among respondents, with 63.4 percent of FHA borrowers earning less than $60,000 annually, compared with 42.7 percent of conventional loan borrowers and 81.0 percent of renters. The borrower population also varies by racial composition, with 39.4 percent of FHA borrowers identifying as Hispanic or non-White, compared with 30.4 percent of conventional loan borrowers and 44.2 percent of renters.

## Table 1. Characteristics of Homeowners and Renters

| | All Mortgages | Conventional | FHA | No Mortgage | Renters | All Respondents |
|---|---|---|---|---|---|---|
| **Unweighted N** | 1,366 | 1,103 | 141 | 1,085 | 1,652 | 4,103 |
| **Age** | | | | | | |
| 18–35 | 16.0 | 14.1 | 28.1 | 13.2 | 34.7 | 23.8 |
| 36–65 | 61.0 | 62.4 | 55.3 | 46.9 | 51.4 | 53.2 |
| >65 | 23.0 | 23.5 | 16.6 | 39.9 | 13.9 | 23.0 |
| **Race/Ethnicity** | | | | | | |
| Non-Hispanic White | 68.9 | 69.6 | 60.6 | 75.9 | 55.8 | 64.6 |
| Non-White or Hispanic | 31.1 | 30.4 | 39.4 | 24.1 | 44.2 | 35.4 |
| **Income** | | | | | | |
| <$60,000 | 44.8 | 42.7 | 63.4 | 61.4 | 81.0 | 65.2 |
| $60,000–$120,000 | 39.2 | 39.8 | 30.6 | 26.6 | 14.7 | 25.1 |
| >$120,000 | 16.0 | 17.5 | 6.0 | 12.0 | 4.3 | 9.8 |
| **Employment Status** | | | | | | |
| Employed | 62.7 | 64.3 | 62.0 | 39.9 | 55.4 | 53.8 |
| Not employed | 37.3 | 35.7 | 38.0 | 60.1 | 44.6 | 46.2 |
| **Missed Payments** | | | | | | |
| Missed housing payments | 4.8 | 3.5 | 13.8 | n.a. | 18.9 | 13.2 |
| Missed any debt payments | 19.1 | 17.2 | 34.2 | 14.0 | 35.3 | 25.2 |
| …lack of funds, concerned will reoccur | 10.6 | 9.3 | 21.1 | 7.9 | 20.3 | 14.3 |
| …lack of funds, temporary | 4.9 | 4.4 | 9.2 | 4.3 | 9.6 | 6.9 |
| …other reason | 3.6 | 3.5 | 3.8 | 1.8 | 5.4 | 4.0 |

Notes: Respondents in this table are limited to homeowners and renters. Survey weights are applied to all data points except the observation counts.

Collectively, these patterns highlight that FHA borrowers represent a distinct group in the mortgage market, characterized by younger ages, lower incomes, and greater racial diversity. Notably, these traits align more closely with renters than with conventional mortgage holders. This demographic profile underscores the unique population served by the FHA program.

Renters experience the highest rate of missed debt payments at 35.3 percent, followed closely by FHA borrowers at 34.2 percent — both substantially higher than borrowers with conventional mortgages (17.2 percent) and homeowners without mortgages (14.0 percent). Even more illuminating are the underlying causes: 21.1 percent of FHA borrowers and 20.3 percent of renters missed payments specifically due to a lack of funds and are worried about missing payments in the future, compared with only 9.3 percent of conventional borrowers. These results mirror findings from an earlier Philadelphia Fed report, which documented that insufficient funds drive payment problems (Akana 2025). To better understand the sources of this financial stress, we can examine the specific types of disruptions that different housing groups experience.

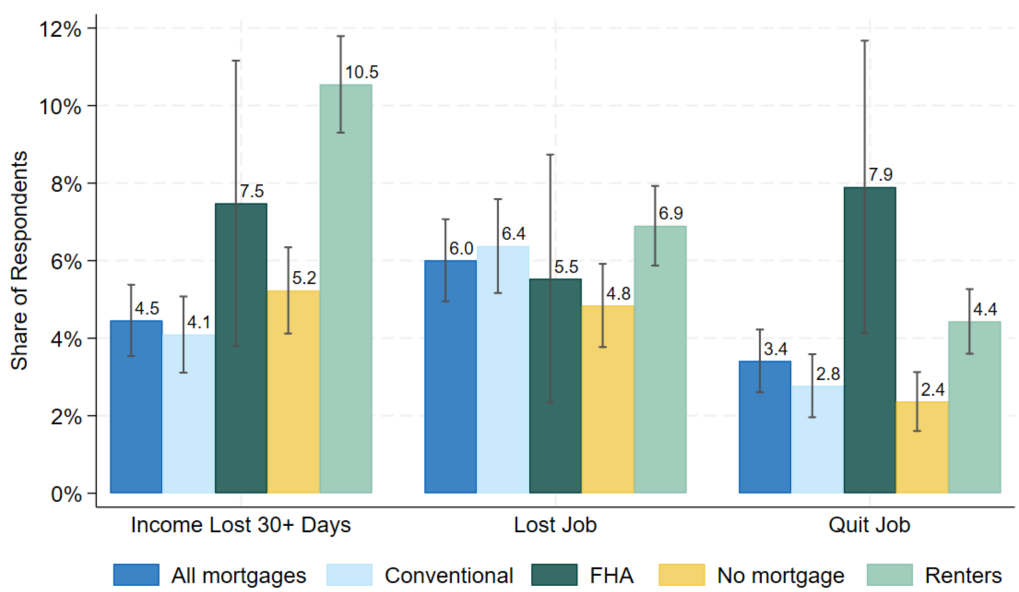
# Employment, Income, and Expense Shocks

The LIFE Survey provides detailed data on types of financial disruptions, allowing us to assess whether payment difficulties among borrowers and renters are driven by differences in the shocks experienced. In the survey, respondents are asked about experiences over the past 12 months that negatively affected their financial situations.

## Job and Income Disruptions

Figure 3 shows income loss and job disruptions over the past 12 months by borrower and housing types. It should be noted that confidence intervals in this figure are relatively high owing to smaller survey sample sizes. Nevertheless, the data show consistent patterns of financial vulnerability among renters and FHA borrowers particularly when it comes to income loss and voluntary quits.

Figure 3: Lost Income and Job Separations



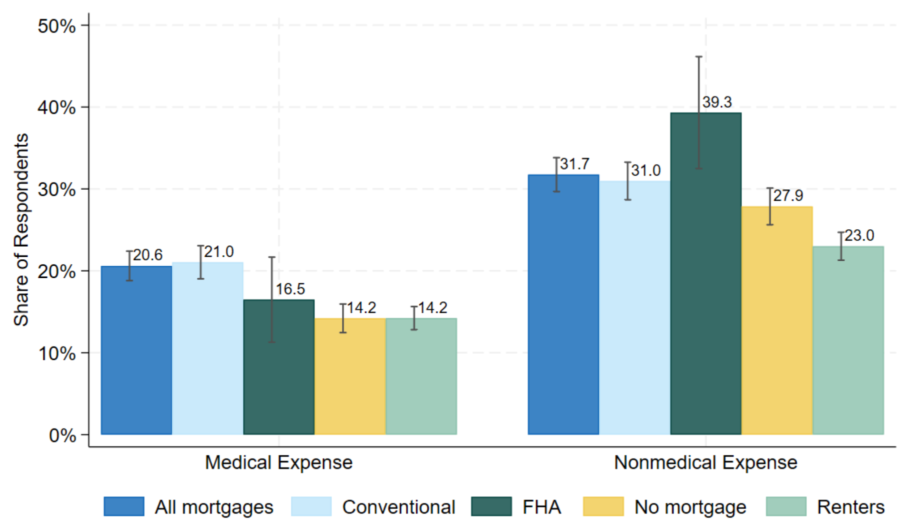

Notes: This chart plots the share of respondents who reported job loss and income disruption over the previous 12 months, along with 90 percent confidence intervals.

As seen in the figure, extended income loss (30 or more days) affected 10.5 percent of renters, followed by 7.5 percent of FHA borrowers and 5.2 percent of those with no mortgage. Borrowers with conventional mortgages experienced the lowest rate at 4.1 percent. Job losses show a similar pattern, with renters experiencing the highest rate at 6.9 percent, while conventional and FHA borrowers reported 6.4 percent and 5.5 percent, respectively. Voluntary job quits were relatively uncommon across most groups. FHA borrowers reported the highest voluntary quit rate at 7.9 percent, compared with 4.4 percent of renters and even smaller shares in all other groups. These findings suggest that renters face more employment-related financial disruptions than do those with established mortgage arrangements. FHA borrowers fall in between these groups in terms of disruptions.

## Unexpected Out-of-Pocket Expenses

The LIFE Survey also captures data on unexpected out-of-pocket expenses in the previous 12 months across different borrowers. In particular, it asks respondents about out-of-pocket healthcare expenses, as well as nonmedical expenses, such as vehicle repairs and appliance replacement.

Figure 4: Unexpected Out-of-Pocket Expenses in Previous 12 Months




Notes: This chart plots the share of respondents who reported medical and nonmedical expenses over the previous 12 months, along with 90 percent confidence intervals.

As shown in Figure 4, medical expenses show relatively modest variation among borrowers, ranging from 14.2 percent among renters and those with no mortgage, to 21 percent among conventional borrowers. Nonmedical expenses, however, reveal more substantial differences: FHA borrowers experience the highest rates at 39.3 percent, compared with conventional borrowers (31 percent), those with no mortgage (27.9 percent), and renters (23 percent). Overall, FHA borrowers appear more susceptible to unexpected nonmedical costs, which also cover home maintenance and repairs that renters are typically shielded from.

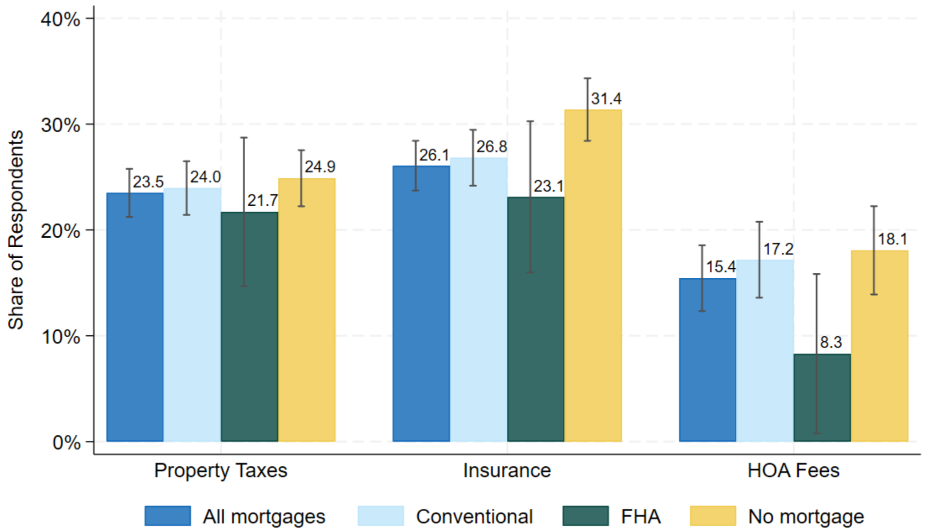
To further investigate the nature of the housing-related costs respondents are experiencing, we examine data relating to some of the primary expenses associated with homeownership: property taxes, insurance, and homeowners' association (HOA) fees. We also examine whether homeowners are struggling to afford home maintenance. Then we turn our focus to renters' housing costs.

## Increased Homeowner Expenses and Deferred Maintenance

Homeowners are vulnerable to large — and often unexpected — increases in property taxes and homeowners insurance. These cost changes can create uncertainty for those who own their homes, regardless of whether they have a mortgage or what type it is. Property tax burdens have increased around the country in recent years as municipalities take stock of pandemic-era house price appreciation and undertake reassessments (without corresponding reductions in the millage, or tax, rate), while insurance costs have spiked in part because of natural disasters and increases in costs of materials for rebuilding, particularly affecting lower credit score borrowers and those living in disaster-prone areas (Cotality 2024; Keys and Moulder 2024; Blonz, Hossain, and Weill 2024). Owners living in communities with HOA fees, including those charged by condo associations, are also at risk of increases in recurring costs.

Homeowners responding to the LIFE Survey were asked about how these specific costs changed for them over the previous 12 months. Figure 5 displays the percentages of those homeowners who reported that they had a "large increase" in the type of cost. (The size of the increase is based on the subjective reporting of the respondent.) We see that across the board, about one-quarter of respondents reported experiencing large increases in their property taxes, with slightly higher shares of owners reporting large increases in homeowners insurance — which could include their standard homeowners policies or increases in flood or earthquake insurance, for those who held those types of policies. Among owners who had recurring HOA fees, 15.4 percent of homeowners with mortgages and 18.1 percent of those without mortgages reported large increases in costs.

Figure 5. Increases in Homeowner Expenses




Notes: This chart plots the share of respondents who reported that their property taxes, insurance (including main homeowners insurance, flood insurance, or earthquake insurance), or homeowners' association or condo fees "increased a lot" over the previous 12 months, along with 90 percent confidence intervals. These rates are calculated conditional on the respondent having this type of cost obligation, so they will not necessarily match calculations displayed in Table 2.

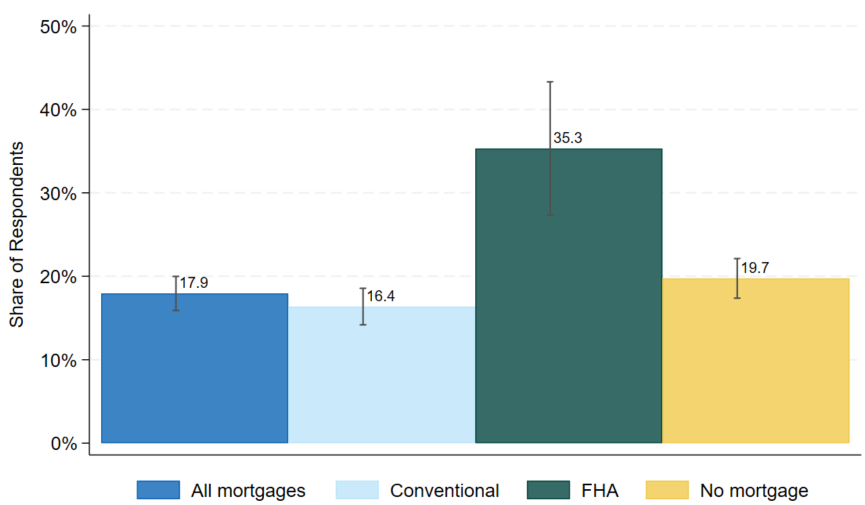
Increases in housing costs and other expenses may stretch household balance sheets, especially for those who started off more financially constrained, making it challenging for owners to afford to keep up with home maintenance (Acquaye 2011). By deferring maintenance, owners can depreciate illiquid housing assets to smooth consumption. Examples could include putting off replacing a roof or not performing routine maintenance on heating and air conditioning systems, which save money in the short term but can lead to problems down the road, which cause the home to lose value. Prior literature has shown that homeowners tend to spend less on home maintenance and improvements when they experience transitory declines in income (Dynarski and Gruber 1997, Gyourko and Tracy 2006). Although the LIFE Survey does not ask respondents about recent home maintenance, it does ask homeowners whether they can afford maintenance. Specifically, the question reads:

> "Home maintenance means doing things to keep the house in good shape inside and out. This could include things like cleaning gutters, servicing heating and air conditioning systems, taking care of landscaping, pest control, etc. Some of these you may consider necessary to keeping your home livable, others you might only do when you have the resources. It does not include major remodels or repairs from major damage. Which of the following best describes your current financial ability to address your home maintenance needs?"

Figure 6 plots the share of homeowner respondents who indicated that they cannot afford critical maintenance (specifically, those who responded “I can only do the most critical maintenance, and I often have to skip things I think are necessary” or “I can’t really afford to do any home maintenance right now,”). Overall, nearly 18 percent of homeowners with mortgages responded that they face this challenge, compared with almost 20 percent of homeowners without mortgages. While the difference between those with and without mortgages is not statistically significant in our sample, it may be driven in part by a larger share of the respondents without mortgages being retired, having lower incomes, and being older, as described in Table 1, perhaps making it more difficult for them to afford professional services or to be physically able to complete the work themselves. Prior literature has shown that homeowners over the age of 70 spend less money maintaining and improving their homes, and they also invest less “sweat equity” (their own time performing home maintenance) than younger homeowners (Murray and Dunn, 2022).

Like homeowners without mortgages, FHA borrowers have lower incomes, on average, than borrowers with conventional mortgages, and over one-third (35.3 percent) reported that they could not afford necessary maintenance. This is consistent with prior research showing that borrowers with limited financial means are more likely to need expensive home repairs (Divringi et al., 2019; Divringi, 2023). Deferring preventive maintenance can lead to even larger costs in the future, such as leaks when a roof is not kept in good condition. Such problems can depreciate the home and lead to adverse health outcomes for the occupants (Palacios et al., 2021).

Figure 6. Inability to Afford Necessary Maintenance

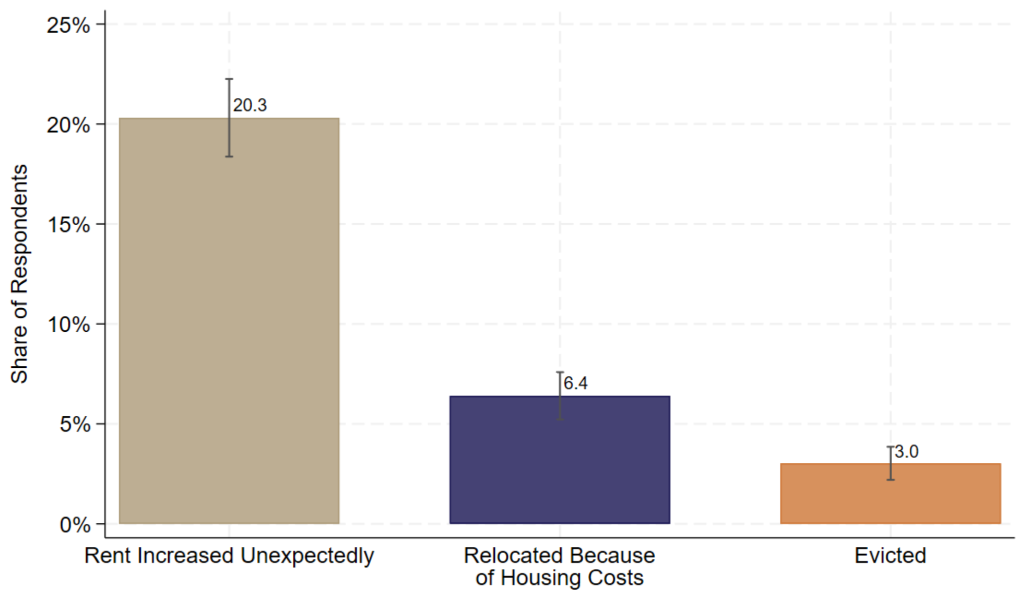



Notes: This chart plots the share of respondents who reported they “can’t really afford to do any home maintenance right now” or “can only do the most critical maintenance and often have to skip things [they] think are necessary.” The error bars indicate 90 percent confidence intervals.

## Rent Costs Increases, Moving, and Evictions

Renters surveyed also reported increases in their housing costs. More than one in five reported unexpected rent increases over the previous 12 months, and 6.4 percent of all renter respondents reported that they relocated because of housing costs (Figure 7). Three percent reported being evicted in the previous year. Rising rents may also harm households' ability to make other debt payments. Studying 2021 and 2022, Bhutta (2023) finds that credit card balances and delinquencies grew faster among renters than homeowners, especially renters living in counties where rent levels increased the fastest.

Figure 7. Unexpected Rent Increases, Cost-Driven Relocations, and Evictions




Notes: This chart plots the share of renter respondents who reported experiencing each of these disruptions over the previous 12 months, along with 90 percent confidence intervals.

# Financial Disruptions and Housing Payments

We summarize the financial disruptions experienced by the survey respondents in Table 2, focusing on renters and homeowners with mortgages, in order to consider how frequently these housing disruptions coincided with difficulty making housing payments. Unexpected out-of-pocket expenses for medical and nonmedical expenses were particularly common for these groups, as were increases in property taxes and insurance for homeowners, while about one in five renters reported unexpected increases to their rent.

Among those who experienced these disruptions, what share were unable to make full and on-time housing payments in the three months leading up to the survey? The last two columns of Table 2 report the frequency of housing payment difficulties conditional on experiencing each type of financial disruption. Respondents who lost income for at least 30 days, who quit a job without having a new one lined up, or who lost their jobs had notably higher rates of housing payment problems than homeowners and renters overall.

### Table 2: Financial Disruptions and Ability to Make Housing Payments

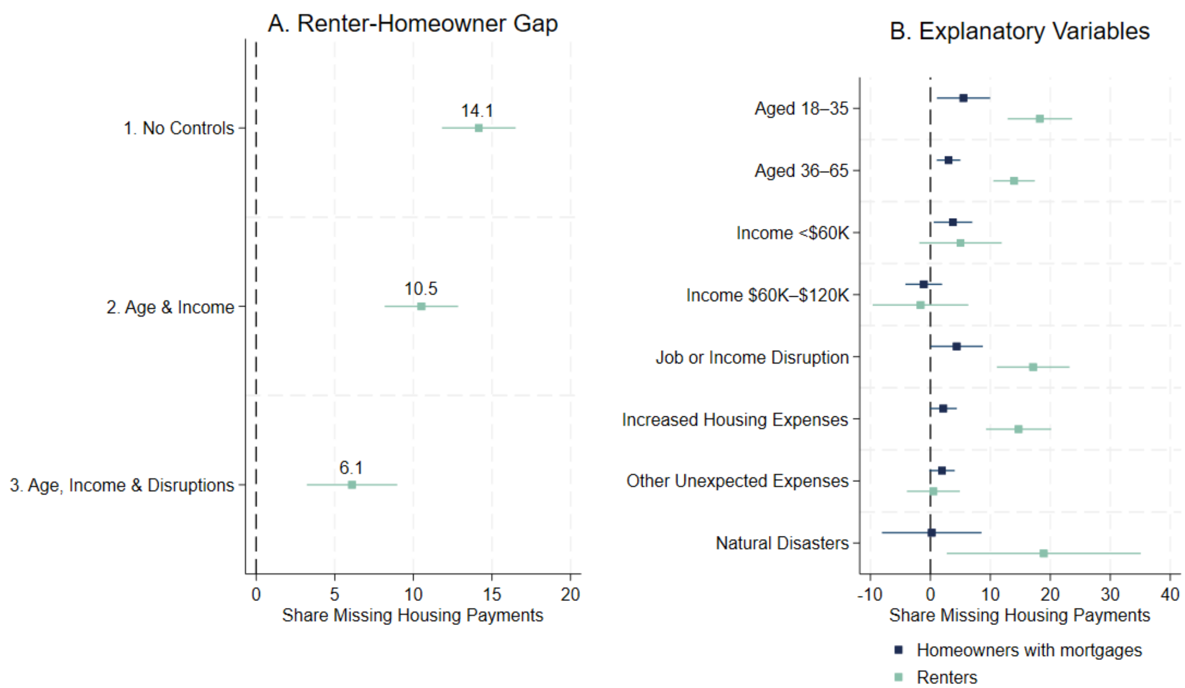
| | Share Experiencing Disruption | | Share with Missed, Partial, or Late Housing Payments, Conditional on Experiencing Disruption | |
|---|---|---|---|---|
| **Type of Disruption** | **Mortgage Borrowers** | **Renters** | **Mortgage Borrowers** | **Renters** |
| **Job or Income Disruption** | | | | |
| Income lost 30+ days | 4.5 | 10.5 | 15.0 | 43.2 |
| Quit job | 3.4 | 4.4 | 12.1 | 40.4 |
| Lost job | 6.0 | 6.9 | 7.5 | 32.0 |
| **Increased Housing Expenses** | | | | |
| Large increase in property taxes | 23.1 | n.a. | 4.8 | n.a. |
| Large increase in insurance | 25.7 | n.a. | 6.2 | n.a. |
| Large increase in HOA fees | 6.3 | n.a. | 7.7 | n.a. |
| Rent increased unexpectedly | n.a. | 20.3 | n.a. | 30.9 |
| **Other Unexpected Expenses** | | | | |
| Unexpected medical expense | 20.6 | 14.2 | 7.1 | 21.9 |
| Unexpected nonmedical expense | 31.7 | 23.0 | 7.0 | 23.8 |
| **Natural Disaster** | 3.3 | 2.5 | 6.9 | 40.3 |
| | | *Full Sample* | *4.8* | *18.9* |

Notes: The first two columns contain the share of all mortgage borrower and renter respondents, respectively, who experienced each type of financial disruption. Respondents reported as many disruptions as applied to them over the previous 12 months. The last two columns focus on the respondents who experienced each disruption and report the share of those respondents who missed housing payments, made partial payments, or were late on housing payments in the three months before the survey.

Nearly one-third of renters who experienced unexpected increases in their rents faced payment difficulties, as did 40 percent of renters who experienced a natural disaster — although only 2.5 percent of our sample of renters reported that they were affected by disasters in the past year. Mortgage borrowers impacted by disasters had somewhat greater likelihood of housing payment difficulties — 6.9 percent did not make their payments on time in the previous three months, compared with 4.8 percent of mortgage borrowers overall.

As noted in Table 1, however, income and age differ substantially between renters and homeowners with mortgages, and these differences may partly explain the overall higher rate of housing payment difficulty among renters. Likewise, as documented in the first two columns of Table 2, some financial disruptions are more likely to affect renters than homeowners, and vice versa, and some respondents experience multiple types of disruptions. Figure 8 explores this using multivariate analysis. As shown in the top of panel A, overall, renters have a 14.1-percentage-point higher rate of housing payment difficulties compared with homeowners with mortgages, without controlling for any respondent characteristics. (This is equivalent to the difference between the dark blue and light green bars on the left side of Figure 2.)

## Figure 8. Missed Housing Payments, Conditioning on Age, Income, and Disruptions




Notes: This chart plots coefficients from regressions of missed payments (0=no missed payments, 100=missed payments), including renters and homeowners with mortgages. Panel A displays the coefficient for the renter control in three models: one with no controls, one with age and income controls, and one adding financial disruptions (income loss, job disruptions, increases in housing or other expenses, and natural disasters). Panel B displays the coefficients on age dummies, income dummies, and dummies for each of the kinds of disruptions, from two models estimated separately on the subsample of homeowners with mortgages and the subsample of renters. The omitted categories are respondents over age 65 and those reporting incomes greater than $120,000. Point estimates for the coefficients and 90 percent confidence intervals are displayed.

Adding controls for the respondent's age and income, the gap shrinks to 10.5 percentage points. After adding controls for the types of financial disruptions (grouped into four categories), the gap between renters and homeowners with mortgages further decreases to 6.1 percentage points, and it is still statistically significant. Put differently, while renter respondents are 14.1 percentage points more likely than homeowners with mortgages to have missed payments in the three months leading up to the survey, more than half of this difference can be explained by age, income, and whether the respondents experienced labor market shocks, increased housing costs, other expense shocks, or natural disasters.

Which factors are most strongly correlated with payment difficulty? Panel B of Figure 8 teases out the relative strength of the correlations between these control factors and missed housing payments, plotting coefficients from models separately estimated on the renter and homeowner populations. Full model results can be found in the appendix. Among both renters and homeowners with mortgages, missed housing payments were more common among younger respondents, especially in the case of renters. Having an income below $60,000 was associated with more housing payment problems, but it was only a statistically significant factor for homeowners. Labor market disruptions and increased housing expenses were positively and significantly related to housing payment troubles, but these were especially strongly related to missed payments by renters. Natural disasters were strongly associated with missed payments by renters, similar to the descriptive statistics in Table 2. Natural disasters were the least common disruption for homeowners and renters, however, and the coefficient estimates are noisy (i.e., the confidence intervals are large).

Controlling for experiencing these disruptions, as well as age and income, an unexplained 6-percentage-point gap remains between the shares of renters and homeowners experiencing mortgage payment difficulties, which could be driven by differences in wealth (which can serve as a financial cushion), income of other members of the household, or other factors.

## Strategies for Making Ends Meet

Despite the high percentages of homeowners and renters who experience disruptions, only a portion of those affected end up having payment difficulties. People who experience disruptions to their financial lives have a variety of options available to them to cope with those challenges. The LIFE Survey allows us to examine some of the coping strategies respondents use to make ends meet.

Survey respondents were presented with a list of eight financial strategies or tools households can use to help afford monthly bill payments, and they were asked which of these strategies, if any, they had used in the last 12 months. The response options were not mutually exclusive (i.e., respondents could select that they had used multiple strategies), and respondents could report that they used none of the strategies in the previous year. The share of respondents reporting using each strategy is reported in Table 3.

## Table 3: Strategies and Tools

| | All Mortgages | Conventional | FHA | No Mortgage | Renters | All Respondents |
|---|---|---|---|---|---|---|
| Taking an additional job | 12.1 | 12.6 | 12.2 | 6.7 | 14.0 | 11.7 |
| Borrowing more (for instance, from credit cards or a payday loan) | 19.7 | 18.0 | 32.1 | 7.3 | 20.8 | 17.2 |
| Cutting discretionary spending (for instance, entertainment or dining out) | 54.6 | 53.6 | 61.4 | 42.8 | 50.4 | 49.8 |
| Cutting essential spending (for instance, food or medical care) | 20.5 | 19.6 | 28.8 | 19.1 | 30.0 | 24.5 |
| Borrowing from friends and family | 11.8 | 10.7 | 20.9 | 11.3 | 25.0 | 17.7 |
| Taking money out of retirement savings early (like a 401(k) plan or similar) | 14.9 | 16.0 | 14.2 | 10.8 | 8.5 | 11.0 |
| Paying less or skipping other debts or monthly bills | 18.3 | 16.4 | 35.4 | 11.8 | 25.8 | 20.1 |
| Unemployment insurance payments | 2.6 | 2.5 | 4.2 | 1.4 | 2.9 | 2.4 |
| One or more strategy | 69.0 | 68.4 | 79.3 | 58.2 | 74.1 | 68.7 |
| Two or more strategies | 44.0 | 42.8 | 59.3 | 32.7 | 49.0 | 43.5 |
| Average number of strategies | 1.5 | 1.5 | 2.1 | 1.1 | 1.8 | 1.5 |

Notes: Table reports the percentage of each group of respondents that reported using each of the listed financial strategies or tools. Cells are shaded blue (peach) if the group's sample proportion is lower (higher) than others in the sample — that is, different from the percentage for all respondents, excluding the group in question, and the difference is statistically significant at the 0.1 level. For example, the share of homeowners without a mortgage who took an additional job (6.7 percent) is compared with the share of all other respondents — that is, those who were renters or had a mortgage (13.3 percent, not displayed in table). Because the difference in those percentages is highly statistically significant ($p<0.001$), the cell is shaded.

Nearly three-quarters of renters (74.1 percent) reported using at least one of the strategies, compared with 69.0 percent of homeowners with mortgages. However, 79.3 percent of borrowers with FHA mortgages reported using at least one of the strategies, and 59.3 percent reported using two or more of the strategies. Households without mortgages were less likely to report using any of these strategies or tools — just 58.2 percent did so. Each individual strategy was also less common among mortgage-free households than other groups.

The most common coping mechanism among all groups was to cut discretionary spending, such as entertainment or dining out — nearly half of all survey respondents reported they reduced these costs at some point over the previous year. FHA mortgage borrowers were especially likely to report cutting discretionary spending. Nearly one-quarter of all respondents reported cutting essential spending, such as food or medical care, with rates being higher among FHA borrowers and renters. These groups were also more likely to report taking on additional debt, such as through credit cards or payday loans, or to borrow from friends and family. FHA borrowers and renters also cut back on their existing debt service payments. Specifically, 35.4 percent of FHA borrowers and 25.8 percent of renters reported that in the past year they paid less in monthly payments for other debts or skipped monthly bills entirely — for some, this impacted their housing payments, consistent with Figure 1.

## Conclusion

Responses from the July 2025 edition of the LIFE Survey reveal common financial disruptions faced by U.S. households over the prior 12 months. Income losses, job losses, and rising housing costs affected substantial portions of both homeowner and renter populations. These disruptions were particularly common among FHA borrowers and renters, who also experienced housing payment difficulties at nearly three times the rate of conventional mortgage borrowers, highlighting the vulnerability of younger, lower-income households that may have fewer resources to absorb the shocks.

While renter respondents are 14.1 percentage points more likely than homeowners with mortgages to have missed payments in the three months leading up to the survey, regression analysis shows that more than half of this difference can be explained by age, income, and whether the respondents experienced labor market shocks, increased housing costs, other expense shocks, or natural disasters.

Across households, we find that respondents report a variety of strategies for weathering financial difficulties, with cutting discretionary spending being the most common. FHA borrowers and renters were more likely than other respondents to take on additional debt, borrow from family and friends, and reduce payments on other bills. Over one-third of FHA borrowers reported cutting back on other debt payments, and many borrowers in this group struggled to afford necessary home maintenance. Despite employing more strategies than conventional borrowers, FHA borrowers and renters were still more likely, on average, to miss housing payments and other bills, and the majority who missed payments expressed that they worry about also missing future payments. Future waves of the LIFE Survey will help monitor the status of these financially fragile households.

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# Appendix

## Table A1: Predictors of Payment of Difficulties

| | Homeowners with Mortgages & Renters | | | | Homeowners with Mortgages | Renters |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Renter | 14.14*** | 14.16*** | 10.51*** | 6.10*** | | |
| | (1.360) | (1.420) | (1.420) | (1.750) | | |
| Aged 18–35 | | | 13.61*** | 12.64*** | 5.52** | 18.25*** |
| | | | (2.360) | (2.360) | (2.700) | (3.270) |
| Aged 36–65 | | | 9.31*** | 8.47*** | 3.03** | 13.96*** |
| | | | (1.260) | (1.230) | (1.200) | (2.100) |
| Income <$60,000 | | | 5.61*** | 4.61** | 3.76* | 5.02 |
| | | | (2.070) | (1.910) | (1.950) | (4.170) |
| Income $60,000–$120,000 | | | -0.63 | -1.2 | -1.1 | -1.65 |
| | | | (2.140) | (2.000) | (1.860) | (4.850) |
| Job or income disruption | | | | 3.24 | 4.38* | 17.14*** |
| | | | | (2.650) | (2.650) | (3.680) |
| Renter x job or income disruption | | | | 14.43*** | | |
| | | | | (4.470) | | |
| Increased housing expenses | | | | 2.36* | 2.15 | 14.70*** |
| | | | | (1.380) | (1.380) | (3.300) |
| Renter x increased housing expenses | | | | 12.17*** | | |
| | | | | (3.570) | | |
| Other unexpected expenses | | | | 1.59 | 1.94 | 0.5 |
| | | | | (1.340) | (1.300) | (2.680) |
| Renter x other unexpected expenses | | | | -1.04 | | |
| | | | | (2.990) | | |
| Natural disaster | | | | 0.01 | 0.22 | 18.90* |
| | | | | (5.130) | (5.040) | (9.830) |
| Renter x natural disaster | | | | 18.82* | | |
| | | | | (11.080) | | |
| Constant | 4.81*** | 5.05*** | -5.09*** | -5.83*** | -1.21 | -4.64 |
| | (0.640) | (0.680) | (1.970) | (2.150) | (2.130) | (4.290) |
| Full Sample | x | | | | | |
| Sample with income reported | | x | x | x | x | x |
| Observations | 2,981 | 2,773 | 2,773 | 2,773 | 1,282 | 1,491 |

Notes: Table reports regression coefficients and standard errors for a set of linear probability models. The dependent variable is whether the respondent missed a rent or mortgage payment, was late with a payment, or made a partial payment in the three months prior to the survey, where 0=no payment difficulty and 100=payment difficulty. The omitted age and income categories are respondents over 65 and those with incomes greater than $120,000. Respondents who declined to disclose their income are included in model 1 but excluded from models 2 through 6. Disruption dummies (job and income disruption, increased housing expenses, other unexpected expenses, and natural disasters) are coded as 1 if the respondent experienced this disruption in the previous 12 months and 0 otherwise. * p<0.10, ** p<0.05, *** p<0.01.