

Financial Insecurity in Chicago: A Data Snapshot



Chicago Households

LIQUID ASSET POVERTY

49%

Don't have 3 months of savings to live above poverty level

ASSET POVERTY

33%

Don't have 3 months of net worth to live above poverty level

UNBANKED

16%

Don't have a checking or savings account

UNDERBANKED

25%

Have a bank account but still use check cashing or pay day loans

In Chicago 20% of families live in poverty, but far more (49%) are financially vulnerable. These “liquid asset poor” families do not have enough savings to live above the poverty level for just three months if they lose a job, face a medical crisis or suffer another income disruption. Communities of color fair even worse: 67% of African American households and 71% of Hispanic households in Chicago are liquid asset poor.

These households live in a state of persistent financial insecurity – one emergency away from falling into debt or even losing a home. **The inability to bounce back from financial pitfalls not only hurts Chicago families, it stifles the city’s long-term economic growth.**

The findings are part of a new data analysis from Family Assets Count, a project of CFED (the Corporation for Enterprise Development) and the Assets & Opportunity Initiative in partnership with Citi Community Development and the Illinois Asset Building Group. The analysis spotlights a range of challenges confronting Chicago’s vulnerable families:

- Although the city has a 45% homeownership rate, one in three families are “asset poor,” meaning they lack sufficient net worth (what they own minus what they owe) to subsist at the poverty level for three months in the absence of income.
- 16% of Chicago families do not have a savings or checking account – twice the national rate.
- One in four families has a bank account but still relied on alternative financial services such as check cashing or payday loans in the past year, which means they are paying far too much for accessing their hard-earned money.

Families across the state are struggling to stay above water. A total of 1.8 million Illinois households (38%) are liquid asset poor. IABG and its partners are working to promote policy solutions at the state and local level including:

- Passing land use ordinances to limit the prevalence of predatory lenders like payday, auto title and rent-to-own stores that entrap families in a cycle of debt.
- Investing in citywide initiatives that help families build and maintain good credit scores through credit builder loans and credit counseling.
- Creating an Illinois Children Savings Account Program that provides a savings account for every child.
- Expanding access to the Illinois Bright Start program, making it easier for families to save for children’s college education.
- Ensuring all Illinois workers have the opportunity to save for retirement through the Illinois Secure Choice Savings Program.

Through cutting edge data, tools and resources Family Assets Count leverages the power of cities to improve financial stability for families and advances programs and policies that reduce barriers and encourage families to save and build assets. For more information and data visit FamilyAssetsCount.org

Asset Poverty & Liquid Asset Poverty: 2014 Assets & Opportunity Scorecard, Census Bureau, Survey of Income and Program Participation (SIPP), for US and States (excluding AK, DC, SD, WY). **Unbanked and Underbanked:** 2011 FDIC National Survey of Unbanked and Underbanked Households, for US, States, DC and 71 largest MSAs. **Local Estimates:** Estimates at smaller geographies are derived from CFED’s statistical modeling process using the FDIC or SIPP and 2008-2012 American Community Survey data. The figures are geographic estimates and are not meant to directly reflect the FDIC or SIPP data.