

NOVEMBER 2023

# THE DOWNPOUR

NAVIGATING CHRONIC CLIMATE  
EXPENSES IN HOUSEHOLDS LIVING  
ON LOW-TO-MODERATE INCOMES

PREPARED BY:  
SAVERLIFE

SaverLife

MADE POSSIBLE BY:  
THE WELLS FARGO FOUNDATION

WELLS  
FARGO

## A note from SaverLife's President and CEO, Leigh Phillips

No parent should have to look at their children and wonder if they have the financial means to protect their family from the impacts of climate change. As the president and CEO of a financial health nonprofit that uses technology to make real and lasting change for people living on low-to-moderate incomes, I recognize that I have a responsibility to leverage our work to bring a new perspective to the larger climate change conversation and support SaverLife members as they prepare their families and communities for an unpredictable future.

However, as a parent myself, I understand that this is not just about delivering the right financial products and services to help people respond to the immediate impacts of climate change. **This is the fight of our lives**, and it will take everyone's participation to create a different outcome: for our families and future generations.

In October 2021 we ran a poll amongst SaverLife members and learned that they are already paying a steep price for climate change, with more than half reporting that they are being financially impacted. Despite this powerful feedback, it would be another year before SaverLife found a philanthropic partner willing to take a risk on a new way of looking at climate change and severe weather at the household-budget level. To expand the ways in which our financial system and the public and social sectors think about the shifting climate, we aimed to shed light on the ways that climate change and extreme weather are already seeping into the lives of people living on low-to-moderate incomes and learn how they are dealing with the chronic impacts of both.

Our goal was to collaborate directly with SaverLife members for this project. To achieve this, we asked them about their everyday financial realities; their priorities when it comes to planning and preparing for extreme weather events; and their desire for products and programs that will better protect them, their families, and their homes. What we learned is that climate change brings a deluge — a *downpour* — of interconnected financial challenges that impact how our members navigate daily realities and plan for their futures.

Most importantly, our members' stories suggest that, when it comes to national climate change conversations, their voices often go unheard. With this report, we want to change that.

We share these findings now with the hope of generating new and novel conversations about how we, as a larger financial health community, can tackle climate change at the family level. We know that when resources are invested in understanding those we want to serve and support, we can find new avenues for making real and lasting change.

SaverLife is grateful to our funder, Wells Fargo Foundation, for embarking on this important research and helping us expose the current reality for people living on low-to-moderate incomes: the reality that adapting to the impacts of climate change is too often a luxury they cannot afford. Our research project would not be possible without the counsel and generous advice of our advisors, Juanita Constible and Marissa Ramirez at NRDC, Terri Friedline at the University of Michigan, Lizzy Mattiuzzi at the Federal Reserve Bank of San Francisco, Dontá Council at the Federal Reserve Bank of Atlanta, Sylvia Chi at the Just Solutions Collective, Cathie Mahon and Neda Arabshahi at Inclusiv, Cass Lovejoy at National Energy Assistance Directors Association, and many more friends and supporters. We also appreciate the additional philanthropic support we received from Deutsche Bank for this project.

Lastly, we want to thank our members who we are honored to have collaborated with on this report. Nothing SaverLife does is possible without their support, their insights, and their perspectives. We are proud allies to our member community and will continue to ensure that their voices are heard, their needs are met, and their futures are filled with opportunities to improve their financial health and well-being.



Leigh Phillips, CEO and President | SaverLife

## Survey demographics

SaverLife received 1,641 responses to this study. The majority – 85% – of survey respondents are between the ages of 30 and 64. Members aged 65 and above make up 4% of the survey response pool, and those under the age of 29 are 10% of the survey sample. Over half of survey respondents identified their race as white (53%), over a third are Black or African American (36%), 7% are Asian or Pacific Islanders, 3% are American Indian, and 13% identified their ethnicity as Hispanic or Latino.

Survey respondents represent regions across the United States, with 40% living in the South, 25% living in the West, and 17% and 18% living in the Northeast and Midwest respectively. Over one-third (39%) of survey respondents reported living in urban areas, 44% live in suburban areas, and 18% live in rural areas. The vast majority (77%) of survey respondents identify as women, while a smaller proportion (20%) identify as men.

We found that 55% of respondents are parents who have dependents under the age of 18 in their home. The majority of households have one to three members, while one-third (33%) of households have four to six members. Over half (54%) of survey respondents rent their homes, while 43% live in homes owned by someone in their household. Additionally, 57% of survey respondents report their annual income is less than \$50,000, while 25% report their annual income is between \$50,000 and \$99,000.

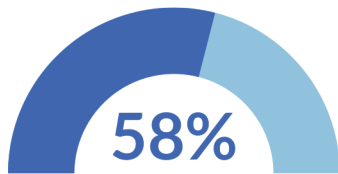
## The impact of changing weather and natural disasters on financial health

SaverLife members work hard to maintain a positive household balance sheet. But chronic financial stressors like insufficient and inconsistent incomes, high costs of daily necessities, and expensive debt can make it challenging for them, and millions of people living on low-to-moderate incomes, to make progress toward financial health and well-being. On top of these financial stressors, SaverLife members are now navigating the frequent impacts of severe weather and absorbing increasing shocks and uncertainty, while also balancing the financial burdens of climate change against their long-term goals.

### *Changing weather patterns are seeping into SaverLife members' financial lives*

To better understand how financial health and climate change intersect in SaverLife members' daily lives, we sought to establish a baseline understanding of their relationship and attitudes toward the increasing severity of weather and weather-related events caused by climate change. What we learned is that ever-changing weather patterns are hurting SaverLife members' financial health and that they are feeling the strain of shifts in the weather on their daily finances. Our members shared that they are interested in participating in climate resilience strategies, like energy efficient appliances or electric vehicles, that could reduce the financial impacts of climate change. However, these products are often financially out of reach.

Well over half (58%) of survey participants say that they are concerned about a severe weather event or disaster where they live: a concern that is consistent across demographics such as race, gender, and income.



58% of SaverLife members say they are concerned about a severe weather event or disaster where they live.

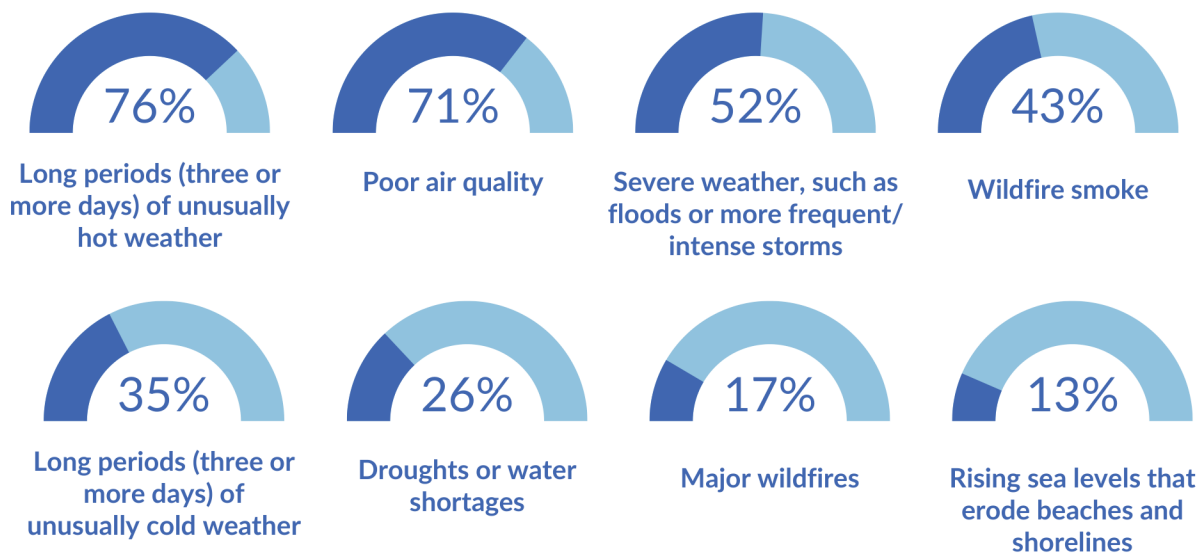


Survey data reveals that concern for severe weather events and disasters is consistent across demographics such as race, gender, and income.



The impacts of severe weather are widely felt: 76% of survey participants have experienced long periods of unusually hot weather, while 35% have experienced long periods of unusually cold weather. On top of fluctuating temperatures, 52% of members have experienced severe weather such as floods and more frequent storms, and 71% of members have experienced poor air quality. **These learnings suggest that, for SaverLife members, the question is no longer “if” we will be impacted by severe weather, but “when?”**

**% of survey respondents who have experienced a weather-related event in the past 12 months**

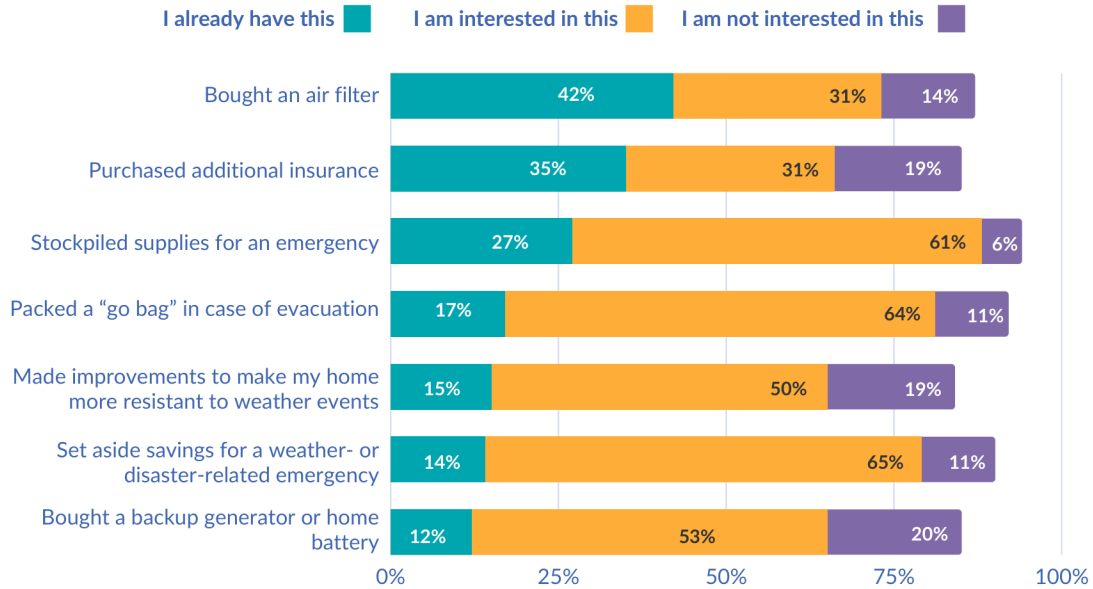


**Pinched and priced out: how climate preparation is out of reach**

While SaverLife members are concerned about weather events and disasters, our research shows that there is little room in their already tight budgets to prepare for them. For 24% of survey participants, they say that they do not have enough money to meet their basic expenses, while 32% just meet their basic expenses and 30% meet their basic expenses with a little left over.

SaverLife members’ budgets might not leave room to plan for severe weather events or disasters, but they are interested in taking steps to prepare for them. Over half of SaverLife members are interested in preparation activities like stockpiling supplies for an emergency, packing a “go bag” for evacuation, setting aside savings for a weather or disaster-related emergency, or buying a backup generator or home battery.

## Uptake in weather-related disaster planning

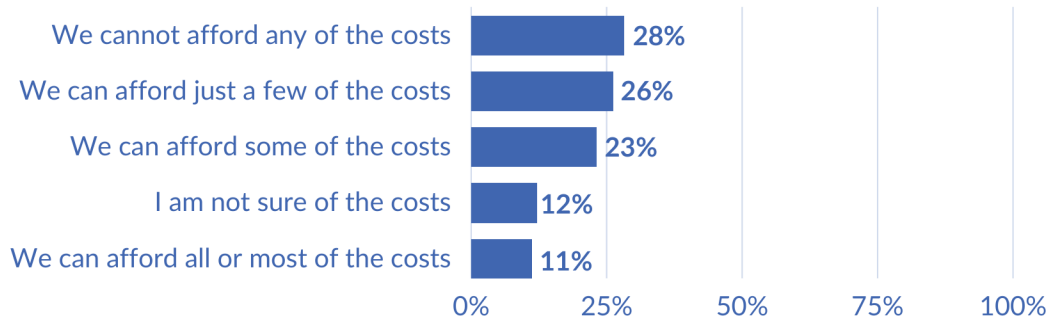


Values may not add up to 100% because the category "not sure" is not shown.

We know from talking to SaverLife members through our climate storytelling work that balancing income with expenses is an exhausting and frustrating reality. José, a SaverLife member from New York says, "It's tough sometimes because I feel like I'm always trying to juggle things to make my income work with the expenses I have. I usually exhaust all my income by the end of the month, so I have to be really careful with my money."

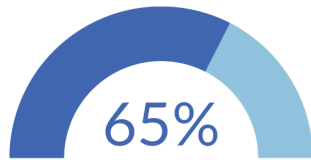
José's story is far from unique. In fact, his feelings echo member feedback about the affordability of preparing for a severe weather event or disaster. Only 11% of SaverLife members say they can afford all of the costs associated with preparing for a severe weather event or disaster, while over half (54%) say they can afford none or just a few of the costs.

## Perceived affordability of costs related to weather events or disasters



And with SaverLife members facing multiple emergencies per year, with at least one costing more than \$1,000, preparing for the physical and financial impacts of a severe weather event or disaster is often out of reach for people living on low-to-moderate incomes. According to our research, 65% of SaverLife members predict that they'll need at least \$3,000 to cover the costs of a weather-related event. At the time this survey was conducted, SaverLife members had an average of \$1,366 in savings.

### Amount of savings needed for a weather-related event



65% of members say they need at least \$3,000 saved up for a weather related event



Members report having \$1,366 of savings during the period the survey was taken

### An unsteady future: the additional financial challenges felt by parents

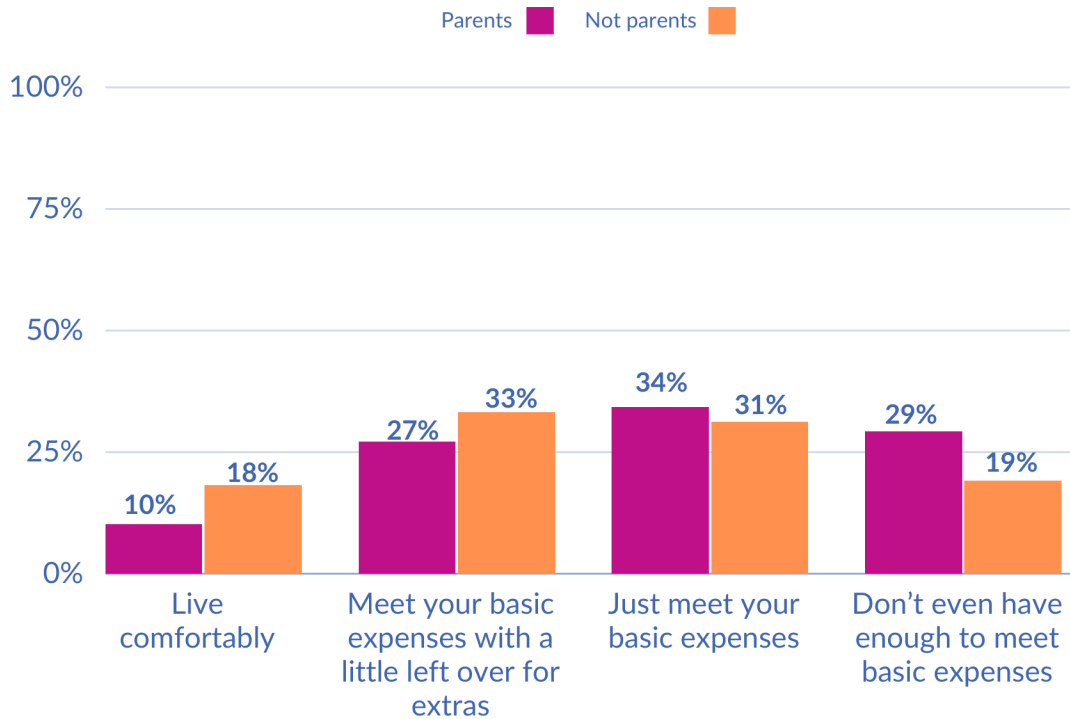
SaverLife members face overwhelming financial challenges when it comes to handling emergencies caused by weather events, which makes preparing for and recovering from them even more difficult. This is especially true for parents who say they struggle more financially than people without dependents. With 55% of survey respondents identifying as parents who have dependents under the age of 18 in their home, our research shows that they are 53% more likely to say that they can't meet their basic expenses on a regular basis. They are also 24% more likely to say that they worry about having enough money to make ends meet for their families all of the time.

#### **SaverLife member Alizha:**

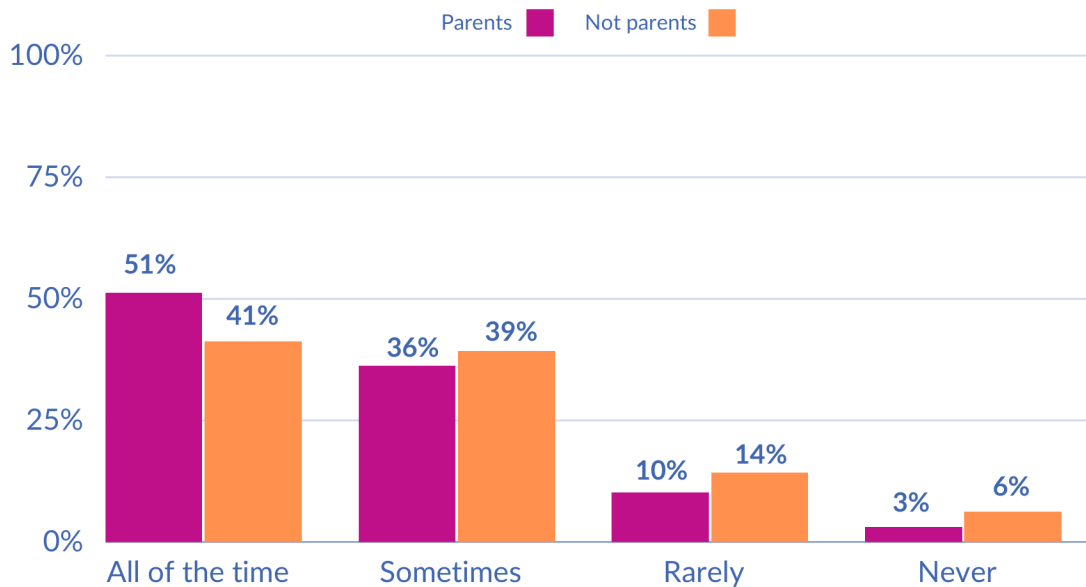
*Alizha shares that her son regularly asks her what they will do if their ground floor apartment is flooded during a hurricane. While she knows that they will take some kind of action, she acknowledges that how they respond to severe weather will depend fully on how much money they have on hand at the moment. "When Hurricane Harold happened," she explains, "luckily I had just gotten paid. So in that instance, I knew what we could do."*



## How would you describe your financial situation, by parent status



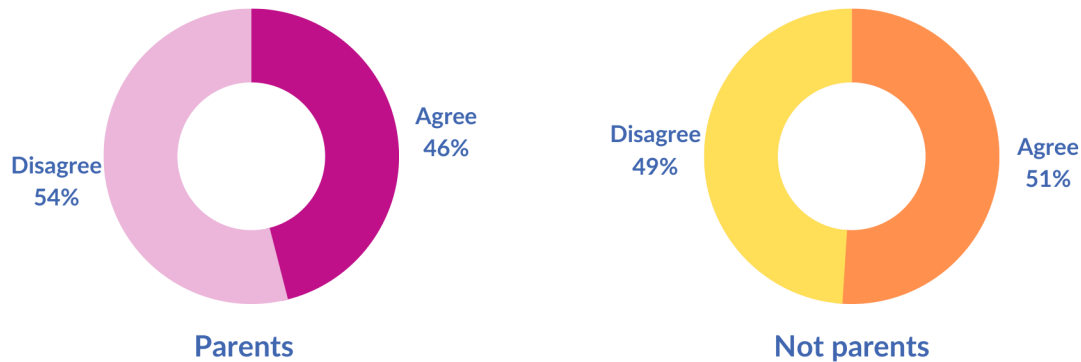
## How often do you worry about having enough money to make ends meet?





We learned that parents are 10% less likely than those who are not parents to say their household is prepared to handle a severe weather event or disaster. Parents are also 57% more likely to say that they cannot afford any of the costs associated with preparing for severe weather or disasters.

### My household is prepared to handle a severe weather event or disaster



As Megan, a single parent from Minnesota who we interviewed as part of our storytelling series, points out: “I have two children with special needs in the house, and I have my own health issues. How much do you expect one person to be able to take care of by themselves?”

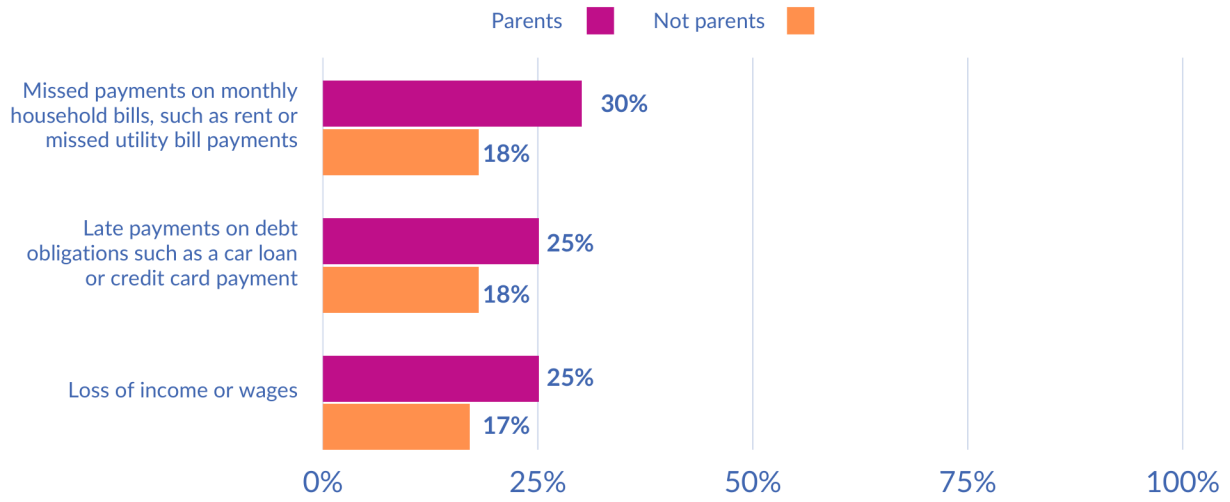
The ability to maintain financial stability after a severe weather event or disaster is also particularly challenging for parents. SaverLife members who identify as parents are 28% more likely to fall behind on debt and 32% more likely to experience a loss of income when dealing with the effects of severe weather.

#### **SaverLife member Megan:**

*Megan feels that she doesn't have the luxury to think about climate change. Achieving financial stability takes precedence. "I have two children with special needs in the house, and I have my own health issues. How much do you expect one person to be able to take care of by themselves?"*



## Financial impacts of severe weather or disasters, by parent status



% yes experienced the following financial impacts because of severe weather or disasters, by parents/not parents

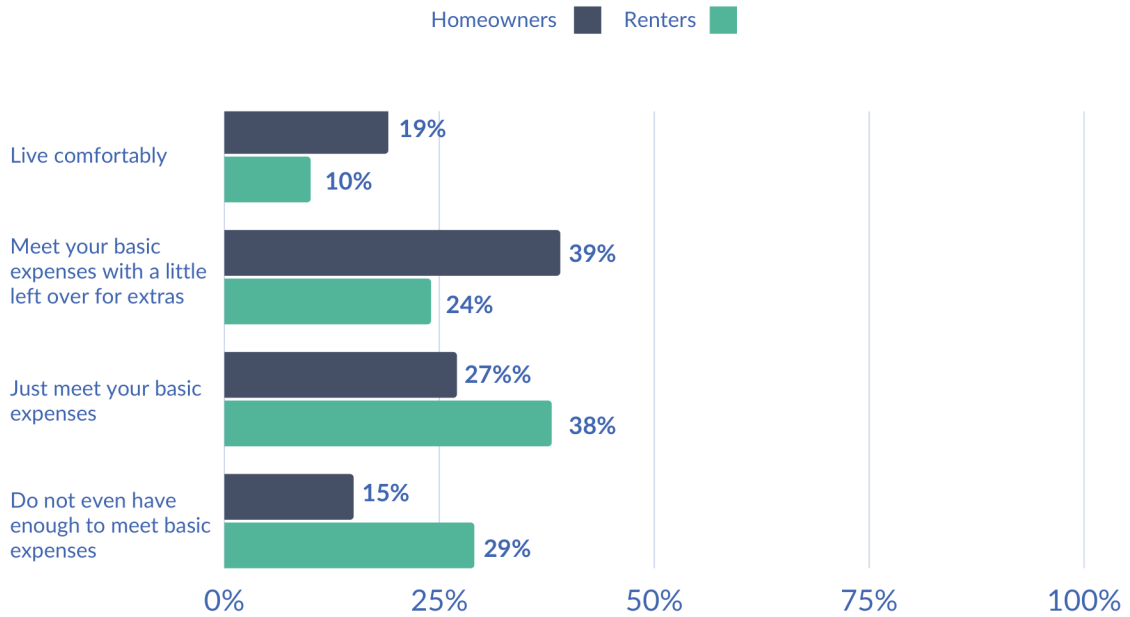
## Reliant on the landlord: renters face uncertainty and limited options

In general, renters struggle more financially than homeowners, which may impair their ability to save and prepare for future weather events. Because they cannot make large-scale changes to the places they live in, renters are also reliant on their landlords to update their home or apartment. Both of these factors can cause renters to feel the effects of severe weather and disasters more acutely than homeowners.

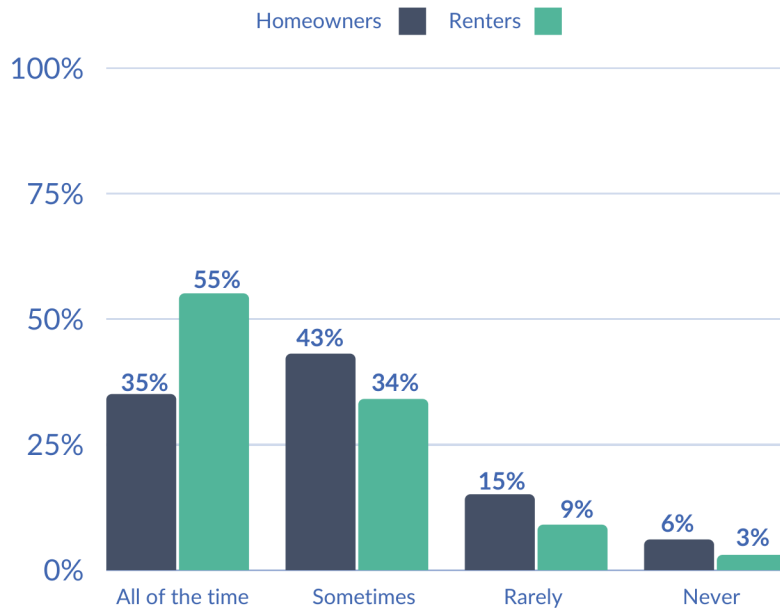
SaverLife members who identify as renters are 93% more likely than homeowners to describe their financial situations as not having enough to make ends meet. In fact, 55% of renters worry about having enough money to make ends meet *all of the time*.



## How would you describe your household's financial situation?

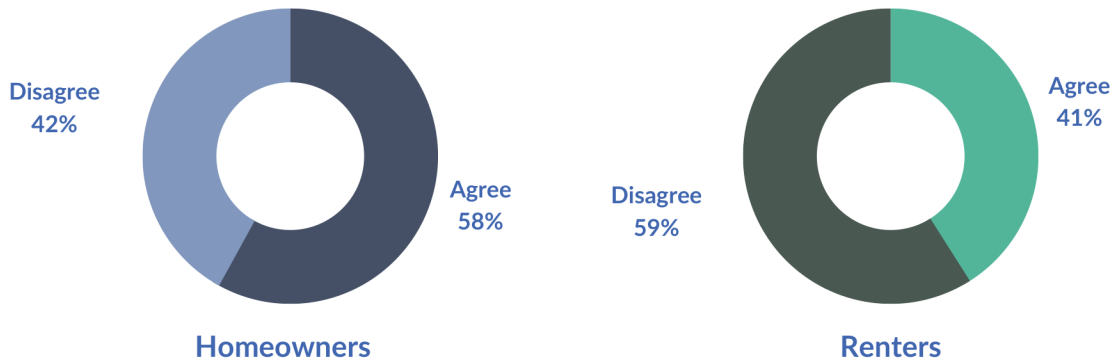


## How often do you worry about having enough money to make ends meet?



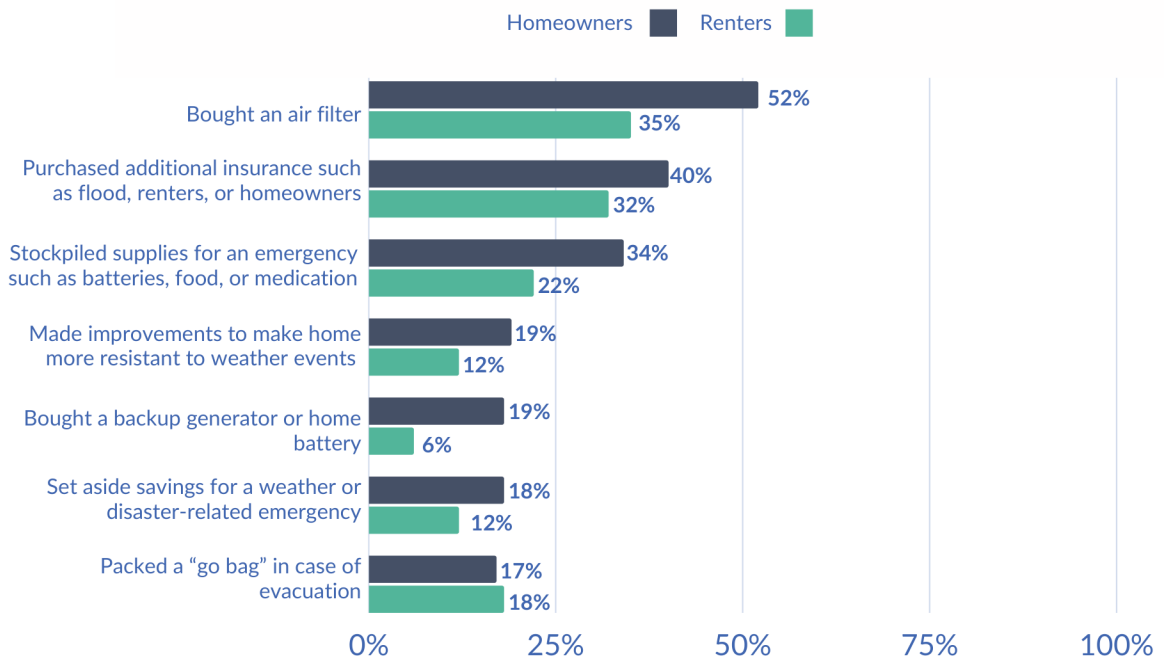
Financial vulnerability can make it challenging for any person to maintain a positive household balance sheet in the face of weather-related events. But for renters, this is a particularly precarious situation. They are 29% less likely to say that their households are prepared for a severe weather event or disaster, and 65% more likely to say that they cannot afford any of the costs associated with these scenarios.

**Do you agree or disagree with the following statement: My household is prepared to handle a severe weather event or disaster**



Renters are also more likely than homeowners to say that they cannot take steps to prepare for extreme weather events or disasters, such as stockpiling supplies or purchasing a backup generator.

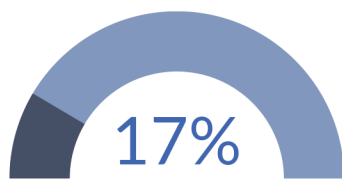
**Household uptake in weather preparation activities, renters and homeowners**



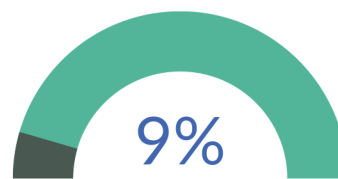
Homeowners insurance, renters insurance, and flood insurance play major roles in assisting households as they recover from damages incurred from a severe weather event. For people who own their homes, insurance provides coverage to repair or replace their house and their belongings in the event of damage. This usually includes damage resulting from fire, smoke, or other weather events. While renters are not responsible for the physical damage their rented home might incur from a weather-related event or disaster, insurance covers damage done to their personal property inside of the rented residence. It can even cover a hotel stay if a renter must evacuate their home because of a disaster. Having insurance is important for both homeowners and renters, and it plays a major role in the affordability of recovery after a weather-related event or disaster. However, both groups are not equally insured.

Renters are more likely to lack insurance compared to homeowners. While 75% of survey respondents have homeowners insurance, less than half (43%) of the respondents who rent hold similar coverage. Additionally, only 13% of SaverLife members say they have flood insurance because of the cost it poses to their budget (because many insurance plans require separate coverage for flooding). Renters in particular lack flood insurance: only 9% of renters hold it in comparison to 17% of homeowners. This means that renters will struggle more to cover the replacement costs of personal property if it is damaged by flooding. Even so, survey data shows that renters' lack of insurance is not because they are not interested in acquiring insurance. Renters are 78% more likely than homeowners to say they do not have insurance because they cannot afford it.

### % of renters and homeowners with flood insurance



Homeowners who already have flood insurance



Renters who already have flood insurance

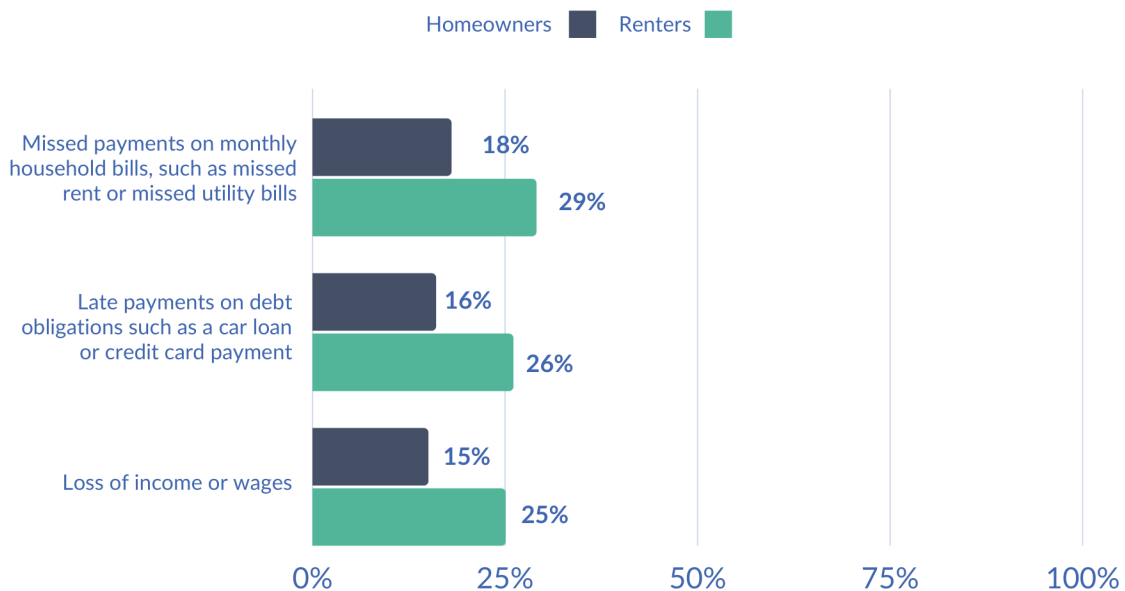
**SaverLife member José:**

José's insurance company has identified his neighborhood as a risk area for flooding. But rather than bundle flood coverage into his existing plan, they offer this as an add-on that costs almost the same price as his current homeowners insurance. Since he does not have the luxury of purchasing additional insurance without disrupting his already fragile budget, José hopes that his neighborhood won't be impacted by flooding down the line. "I hope and pray that, if my home is damaged by flooding, it's covered," he describes. "But right now, I've got enough on my mind. I can't think about what's going to happen to my home; I'm just trying to deal with today."



When a severe weather event occurs, renters are also more likely than homeowners to experience negative impacts on their financial health such as missed payments on monthly household bills, late payments on debt obligations, and loss of income and wages.

**Impacts of severe weather or disasters, renters and homeowners**



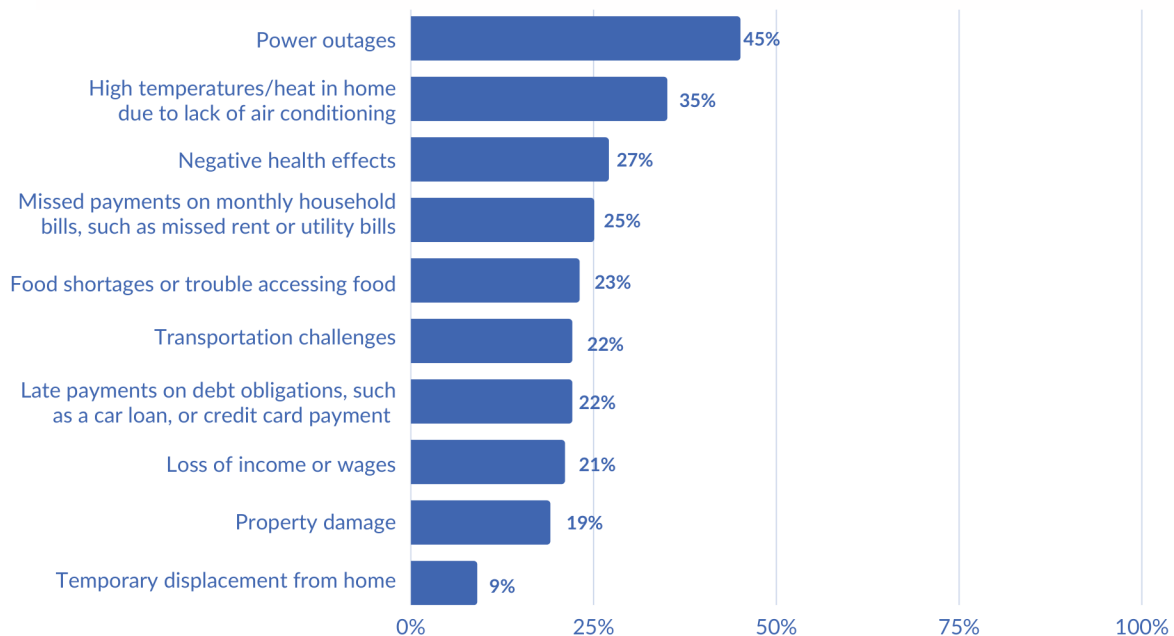
% yes experienced the following financial impacts because of severe weather or disasters, by renters/homeowners

## Building resilience in the face of climate-related financial impacts

Adopting climate resilience strategies within the financial realities of SaverLife members is almost impossible when budgets are tight. But through our research, we demonstrate that members are interested in pursuing opportunities and strategies that will proactively address the chronic climate impacts they are experiencing.

Members share that they already experience power outages, high temperatures in their homes, and negative health effects caused by severe weather. Even more alarming is that one-quarter of members have already missed a monthly payment or household bill due to financial hardship following a severe weather event. This has the potential of creating a larger ripple effect that can further limit their climate resilience efforts.

### Impacts of severe weather or disasters

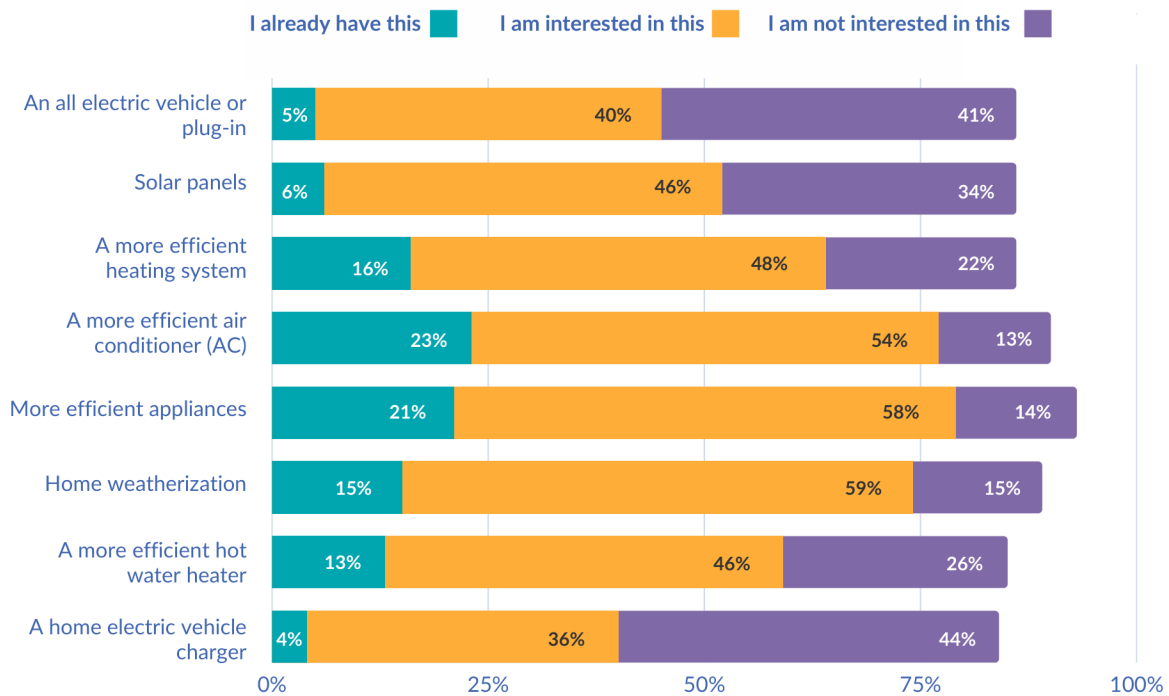


*% yes experienced the following because of severe weather or disasters*

It is important to emphasize that preparation doesn't just involve planning for or responding to severe weather events. Preparing for severe weather or disasters can also involve building savings for potential lost hours at work or creating backup transportation options for when the weather shifts unexpectedly. As one member explains, "I take Metro Mobility: it's a public transit rotation for disabled people. So, if I know they shut down one morning because of an ice storm, and they're not running for one particular reason, then I don't have a way to work."

To shore up their daily lives for the impacts of changing weather patterns, and to manage adverse financial impacts caused by increased frequency in severe or extreme weather caused by climate change, SaverLife members will need to take specific actions to adapt and build resilience. Policy provisions like the Inflation Reduction Act can support households living on low-to-moderate income to prepare for the impacts of climate change – but only if they are designed with that goal in mind.

### Uptake in energy efficient products



*Values may not add up to 100% because the category "not sure" is not shown.*

Climate change is a reality that SaverLife members recognize is already affecting their lives. But the ways in which they approach its long-term impacts matters just as much as their capacity to financially cope with its immediate effects. Resilience gives SaverLife members the ability to prepare for climate change now and in the future. One of the major ways that they can build resilience is by accessing products and services that are tailored to address their financial priorities and their unique experiences with the chronic effects of severe weather events.



## Next steps: Charting a resilient climate future

At SaverLife, we prioritize our members' voices in shaping the policies, products, and programs that will impact their lives. This research project is the first step in amplifying their stories and experiences so that the public, private, and social sectors' work can be directly informed by the millions of people living on low-to-moderate incomes who are experiencing the economic impacts of extreme weather and climate change.

### We recommend:

- **Continuing research on the barriers to climate resilience and adaptation, including the design and uptake of IRA credits.** Additional research is important and urgent to build our understanding of the financial impacts of climate change across race, gender, geography, housing status, ability, caregiving needs, and other criteria so that we can design and implement the right solutions. Designing the right solutions starts with having the right data: by deepening our knowledge of the people who are most vulnerable to the impacts of climate change, we create a baseline that prioritizes those who are most at risk.
- **Designing tax refunds and credits to offer a pathway to healthy financial futures for millions of households living with low-to-moderate incomes.** Provisions, such as transferability and refundability of credits, allow flexibility, expand the reach of the clean energy tax credits, and lower energy costs for families. These criteria must be considered for green tax credits to be useful to households living on low-to-moderate incomes. Even when credits are transferable and refundable, additional hurdles remain. Households still require upfront capital to pay for new appliances or electric vehicles, adding another barrier to their uptake. Understanding these barriers, by centering the household and their experiences in the design and implementation of tax credits, and building solutions accordingly, can usher in a new climate future.
- **Modernizing our social safety net to support households living on low-to-moderate incomes as they navigate climate change.** As we study the short and long-term effects of climate change, a critical piece of the conversation must include ensuring that our social safety net protects those who are disproportionately affected by the financial impacts of our changing climate. While certain benefit programs help those directly affected by federally declared disasters — including Disaster Supplemental Nutrition Assistance Programs (D-SNAP) and Disaster Unemployment Assistance (DUA) — a review of the

safety net is needed to ensure that those living on low-to-moderate incomes can access supports for a broader array of weather-related events and costs, such as loss of income or food spoilage. A more robust safety net must consider various forms of risk management such as insurance (including renters insurance), emergency assistance, and cash benefits.

- **Providing meaningful financial support for families with dependent children.** SaverLife's research clearly shows that parents are facing significant financial hardship due to climate change. These additional stressors place further pressure on already maxed-out budgets and force families to make painful choices between their safety and their financial well-being. Furthermore, every dollar redirected to covering the costs of climate change is a dollar that is not invested in our children's futures. A permanently expanded Child Tax Credit, that includes monthly payments, would help ensure people living on low-to-moderate incomes can protect their families from climate change and still stay on track with their long-term financial goals.
- **Supporting low-cost financing options for those seeking access to green products and technologies and ensuring consumers are protected from predatory practices.** The public, private, and nonprofit sectors must conceptualize financial products and supports that assist consumers living on low-to-moderate incomes as they navigate the financial volatility created by climate change. They should also increase access, through low-interest-rate loans, to renewable and clean energy solutions like electric vehicles and home appliances for consumers, businesses, and landlords. Tools that help consumers access incentives, credits, and rebates will help usher in a more resilient climate future while also improving household finances. On the flip side, there is a long history of predatory loans, price gouging, and fraudulent actors targeting vulnerable households and communities when new government resources become available. Consumer protections must be considered and implemented effectively.
- **Building and maintaining feedback loops with those who are disproportionately affected by the financial impacts of climate change to ensure effective policy solutions are reaching everyone.** We applaud ongoing efforts to engage frontline communities that are dealing with climate change in policy conversations. Listening to those who are affected by climate change will help chart a course to the greatest impact. More efforts like these must be done. There must be active and ongoing feedback loops to ensure that public programs are informed by those they are meant to serve and that progress is measured toward these goals.

With this first-of-its-kind, member-informed report, we now have an opportunity and responsibility to collaboratively build momentum in designing new products, programs, and services that will better serve and support the needs of people living on low-to-moderate incomes. It is up to us as a field to understand their pain points, their priorities, and what we can do to support their efforts to protect their families and communities into the future. Collectively, this is the fight of our lives.

## Methodology

Over the course of 2023, SaverLife conducted an in-depth research study on the financial impacts of climate change. As part of these efforts, we completed a literature review to assess the current gaps in knowledge related to climate change and the impacts that weather disasters have on financial health. In particular, we researched how these weather events affect the financial health of people living on low-to-moderate incomes.

Between February 2023 and April 2023, SaverLife conducted 25 qualitative interviews with SaverLife members to explore the themes that emerged from our literature review. Once we completed these interviews, SaverLife created a survey that expanded on our preliminary interview findings. We distributed this survey to a larger sample of SaverLife members, and collected a total of 1,641 responses from June 2023 to August 2023.

As part of *The Downpour* – our larger project on the intersection of climate change and financial health – we also spoke with three SaverLife members (Alizha, Megan and José) to learn more about their experiences navigating severe weather and disasters. Because these conversations surfaced similar themes to our survey findings, we incorporated these members' stories and experiences into this report. You can read all three member stories [here](#).

A note on our survey findings: SaverLife gathered survey responses during the warmer months, so the members' feedback may reflect this seasonality.



## Acknowledgements

SaverLife is a national nonprofit and advocacy organization that uses technology to improve the financial health of people living on low-to-moderate incomes. SaverLife would like to thank the Wells Fargo Foundation for providing the financial support necessary to bring this research to life. This research was led by Maya Pendleton, Senior Research Manager at SaverLife. The report was written by Maya Pendleton, Rebekah Collinsworth, and Maddy Gorrell, with support from Leigh Phillips and Radha Seshagiri. Special thanks to Carol Kasten for her project management and coordination.

This research project would not be possible without the counsel and generous advice of our advisors, Juanita Constible and Marissa Ramirez at NRDC, Terri Friedline at the University of Michigan, Lizzy Mattiuzzi at the Federal Reserve Bank of San Francisco, Dontá Council at the Federal Reserve Bank of Atlanta, Sylvia Chi at the Just Solutions Collective, Cathie Mahon and Neda Arabshahi at Inclusiv, Cass Lovejoy at National Energy Assistance Directors Association, and many more friends and supporters. We also appreciate the additional philanthropic support we received from Deutsche Bank for this project.

### Learn more:

- Website ([about.saverlife.org/](https://about.saverlife.org/))

### Contact:

- [research@saverlife.org](mailto:research@saverlife.org)