



Financial Resilience Index and Survey

The **Financial Resilience Index** measures the middle-class' ability to manage life's challenges and plan for a stable future.
The **Financial Resilience Survey** explores how middle-class households understand their own financial resilience.

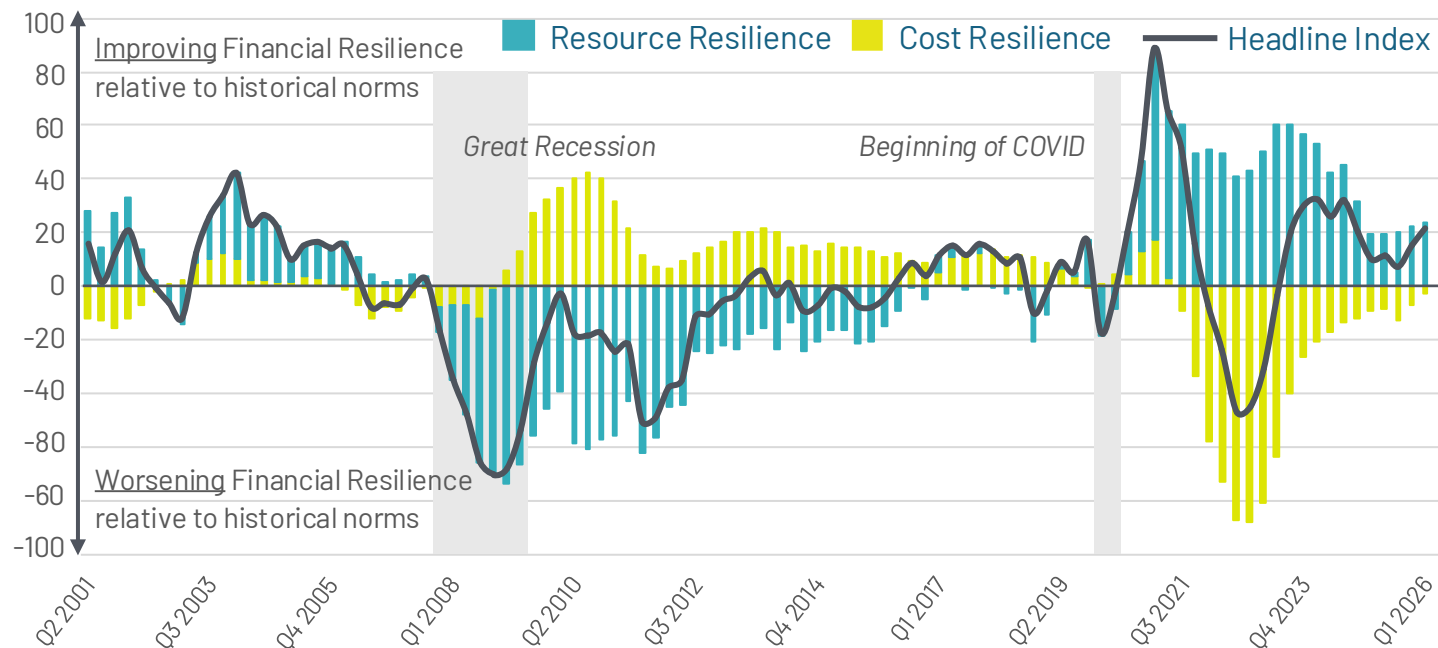
- In Q1 2026, the Financial Resilience Index increased to 21.4, signaling that middle-class financial resilience is improving faster than historical norms.
- The companion survey found that almost half (48%) of middle-class households are most concerned about very high inflation/high prices affecting their household's financial security over the next several years.

Q1 2026 (Released May 2026)

Middle-class financial resilience improved again in Q1 2026 and is now solidly above historical norms.

The Headline Index was 21.4 in Q1 2026, up 6.4 points from Q4 and 11.4 points from a year ago. Q1 2026 marks the second consecutive quarterly increase, indicating that middle-class financial resilience is currently strengthening at a faster rate than the historical norm. The Cost Resilience Index improved again this quarter and has nearly climbed out of negative territory, while the Resource Resilience Index remained solidly positive. However, the survey found that nearly half of middle-class households are most concerned about high inflation affecting their financial security over the next several years.

Financial Resilience Headline Index
 >0 indicates improving financial resilience | <0 indicates worsening financial resilience



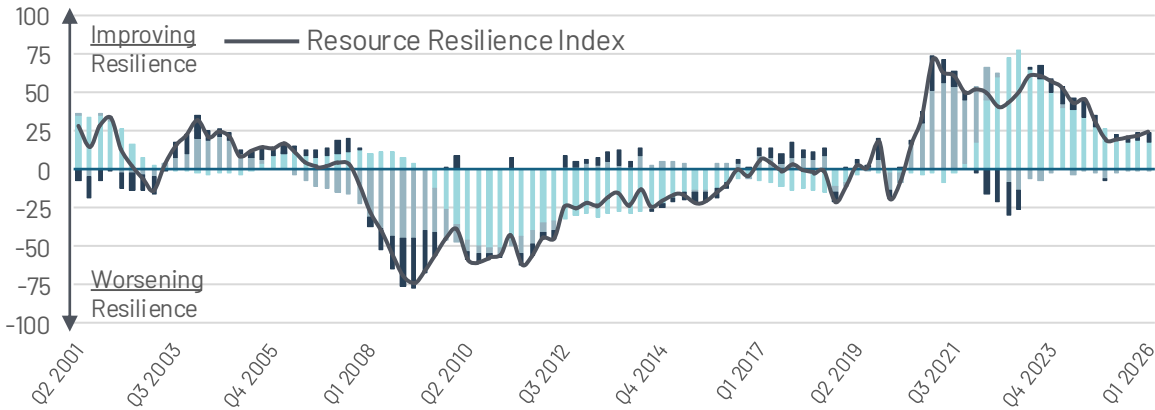
21.4 (Level)	+6.4pt (Q/Q)	+11.4pt (Y/Y)
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- The Headline Index rose into solidly positive territory and has remained above '0' since Q3 2023.
- The Resource Resilience Index ticked up slightly in Q1, signaling a modest increase in the rate of middle-class financial resource improvement. On the whole, the index's decline during 2023-24 has leveled off, with scores showing modest or no change over the past four quarters.
- The Cost Resilience Index improved for the second quarter in a row and is hovering around '0' for the first time since mid-2021 - indicating that cost pressures are essentially back in line with their long-term historical average.

Q1 2026 (Released May 2026)

Resource Resilience Index

The 'Income' score edged down in Q1, as wage growth slowed slightly but remained above average. The other two subcomponents inched up only slightly in Q1 but have improved since last year: 'Access to Capital' is now right around its historical average, while 'Retirement Readiness' is slightly above its average.



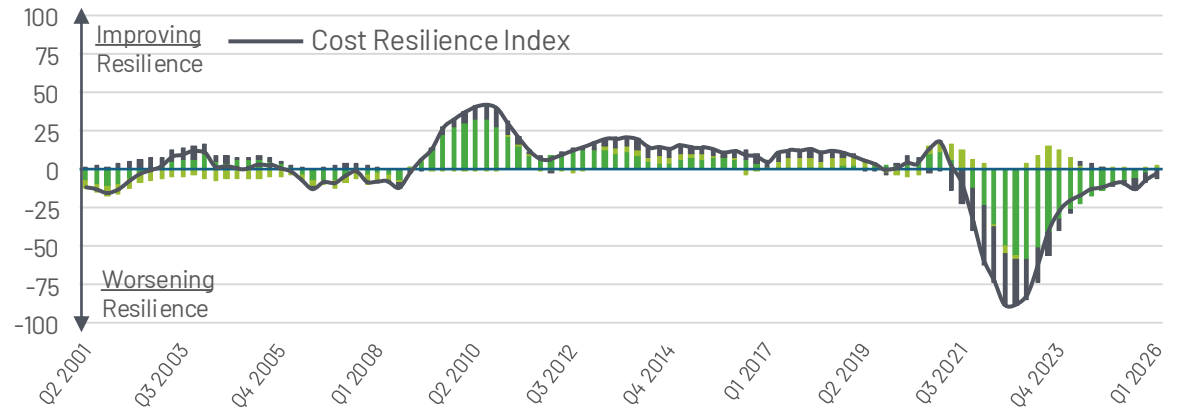
Resource Resilience	23.8 (Level)	+1.7 pt (Q/Q)	+4.7 pt (Y/Y)
Income	17.3 (Level)	-1.2 pt (Q/Q)	-8.7 pt (Y/Y)
Access to Capital	-0.1 (Level)	+1.8 pt (Q/Q)	+6.5 pt (Y/Y)
Retirement Readiness	6.5 (Level)	+1.2 pt (Q/Q)	+6.9 pt (Y/Y)

Zooming In: 'Income' Wage Growth

Though wage growth has gradually slowed since early 2023, it has still outpaced inflation over that period. In Q1, wages rising faster than expenses was a positive for middle-class households.

Cost Resilience Index

The 'Care & Education' score was flat due to offsetting changes in its underlying variables, and the 'Modest Luxuries' score held below '0' due to elevated inflation for household expenses and recreation. The 'Essentials' score improved slightly and signals that cost pressures for everyday items are near historical norms.



Cost Resilience	-2.4 (Level)	+4.7 pt (Q/Q)	+6.7 pt (Y/Y)
Essentials	2.0 (Level)	+3.8 pt (Q/Q)	+11.8 pt (Y/Y)
Care & Education	1.2 (Level)	+0.1 pt (Q/Q)	-0.2 pt (Y/Y)
Modest Luxuries	-5.6 (Level)	+0.9 pt (Q/Q)	-4.9 pt (Y/Y)

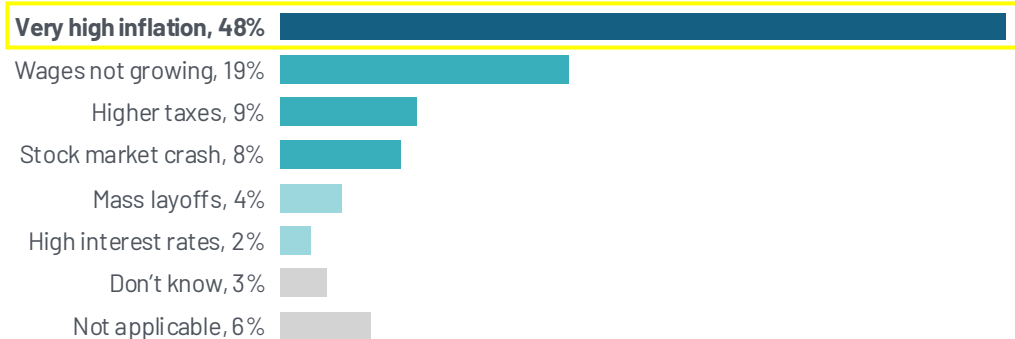
Zooming In: 'Care & Education' Prescription Drugs

Inflation for prescription drugs was significantly below average in Q1, with prices declining on a year over year basis this quarter. Muted inflation for prescriptions has helped middle-class households manage healthcare expenses.

Q1 2026 (Released May 2026)

Financial Security

Which ONE of the following events are you most concerned about affecting your household's financial security over the next several years (i.e., 1-3 years)?



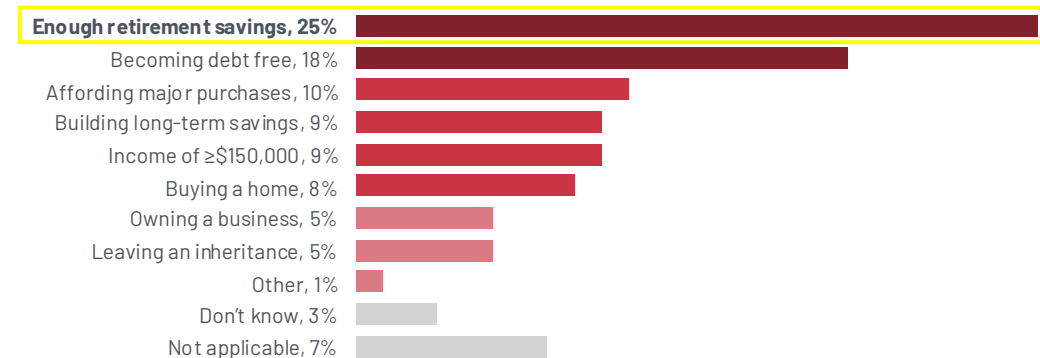
Nearly half (48%) of middle-class households are most concerned about high inflation and/or high prices affecting their financial security over the next several years.

Zooming In Affordability

Middle-class households' financial concerns center on affordability: More than two-thirds (67%) cited high inflation or wages not growing quickly enough as the event they are most concerned about affecting their financial security over the next 1-3 years.

Financial Success

Which of the following financial goals has most made/would make you feel that you have achieved financial success?



One-in-four (25%) middle-class households feel that having enough retirement savings to retire at their desired age and lifestyle is the financial goal that would most make them feel financially successful.

Zooming In Generational Divide

Both Gen X (35%) and Boomer+ (35%) middle-class adults are much more likely than Gen Z (8%) and Millennials (17%) to say that having enough retirement savings is the goal that would most make them feel they have achieved financial success.



Financial Resilience Index and Survey

FULL SURVEY RESULTS

Question	Response Options	Share of Middle-Class Households Selecting Option
Which ONE of the following events are you most concerned about affecting your household's financial security over the next several years (i.e., 1-3 years)? Please select the option that best applies.	Wages not growing and/or not keeping up with inflation	19%
	Very high inflation and/or high prices	48%
	A stock market crash	8%
	Persistently high interest rates	2%
	Higher taxes	9%
	Mass layoffs	4%
	Don't know	3%
	Not applicable – I'm not concerned about any of these events affecting my household's financial security	6%
Which of the following financial goals has most made/would make you feel that you have achieved financial success? Please select the option that best applies.	Buying a home	8%
	Becoming debt free	18%
	Building long-term savings (i.e., six months emergency savings)	9%
	Having enough retirement savings to retire at my desired age and lifestyle	25%
	Affording major purchases (e.g., cars, appliances, vacations, etc.) without strain	10%
	Leaving an inheritance	5%
	Being my own boss and/or owning my own business	5%
	Earning an annual household income of at least \$150,000	9%
	Other	1%
	Don't know	3%
	Not applicable – I don't have any goals that would make me feel like I have achieved financial success	7%

ABOUT THE INDEX & SURVEY

The **Headline Index** measures the middle class' ability to manage life's challenges and plan for a stable future. The **Resource Resilience Index** measures the ability to handle unexpected expenses and sustain a quality of life, and to save and live well in retirement. The **Cost Resilience Index** measures the ability to afford modest luxuries without trading off the essentials, and to afford life-stage appropriate care and education.

Composition. The Financial Resilience Index measures the direction and magnitude of changes in middle-class financial resilience by tracking 26 variables that represent important middle-class cost pressures and financial resources. Input variables have been scoped to the middle-class, based on typical components of a middle-class household budget or income and wage brackets, with several exceptions where wage/income brackets were unavailable for certain data series. The Headline Index is composed of a Resource Resilience Index and a Cost Resilience Index, each of which has three subcomponents. This composition frames financial resilience as the interaction of financial resources and cost pressures and provides insight into the specific underlying factors that drive changes in middle-class financial resilience.

- Resource Resilience Index subcomponents include: (1) Income; (2) Access to Capital; and (3) Retirement Readiness.
- Cost Resilience Index subcomponents include: (1) Essentials; (2) Care & Education; and (3) Modest Luxuries. The cost variables that make up these subcomponents are not intended to represent a comprehensive middle-class budget or provide an alternate measure of inflation. Rather, they reflect the types of expenditures that define a typical middle-class American lifestyle. See table on the next page for more detail about the subcomponents in the Cost and Resource Indices.

Index Methodology. The Financial Resilience Index is a z-score index. All variables are harmonized to a quarterly frequency. Price and wealth variables are transformed to a year/year percent growth basis. Z-scores are used to standardize the transformed variables, using April 2001 to March 2026 as the historical sample period. Z-scores are multiplied by a constant of '100' so that index values are generally bounded by +/-100. Some variable values (e.g., cost-related variables) are inverted so that a positive index score always indicates improving conditions, and a negative index score always indicates worsening conditions. The result of these transformations is a quarterly index that compares the direction and degree of the most recent quarterly reading to the long-run historical average quarterly reading. For example, a very high positive index score (>40) indicates substantial improvement in overall resilience, cost pressures, or resources relative to the long-run historical average; a very low negative index score (<-40) indicates substantial worsening in overall resilience, cost pressures, or resources relative to the long-run historical average. Each index and subcomponent are weighted to reflect their relative importance and impact on middle-class financial resilience. The Resource Resilience Index accounts for 60% of the Headline Index and the Cost Resilience Index accounts for 40%. Within the Resource Resilience Index, the 'Income' subcomponent is 45%, 'Access to Capital' is 35%, and 'Retirement Readiness' is 20%. (**Note:** ACLI forecasts some variables within 'Access to Capital' and 'Retirement Readiness' using an augmented Autoregressive Integrated Moving Average (ARIMA)-based model. The forecasts are revised with actual values in the subsequent quarter's report.) Within the Cost Resilience Index, 'The Essentials' subcomponent is 55%, 'Care & Education' is 15%, and 'Modest Luxuries' is 30%. Z-scores are multiplied by their respective weights and aggregated to compose the indices.

Survey Methodology. The Financial Resilience Survey was conducted online within the United States by YouGov on behalf of ACLI from May 1 – 6, 2026, among 3,292 adults ages 18 and older. This report primarily presents the survey results for the 1,450 respondents from middle-class households—those earning \$50,000 to \$149,999 in annual household income. Upper-income households are those earning \$150,000 or more in annual household income and lower-income households are those earning less than \$50,000 in annual household income. This report only presents comparisons between subgroups that are statistically significant. For complete survey methodology, including subgroup sample sizes and information about statistical significance, please contact ACLI.



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DATA SOURCES

Index	Subcomponent (Index Weight)	Variable	Data Source
Resource Resilience (60%)	Income (45%)	Wage growth, 25-75 th wage percentile	Wage Growth Tracker, Federal Reserve Bank of Atlanta
		Access to Capital (35%)	Non-retirement wealth, 40-80 th income percentile
	Access to consumer credit		Senior Loan Officer Opinion Survey on Bank Lending Practices, FRS Board of Governors
	Debt delinquency expectations, \$50-100K in income		Survey of Consumer Expectations, Federal Reserve Bank of New York
	Retirement Readiness (20%)		Retirement assets, 40-80 th income percentile
		Change in likelihood of comfortable retirement, middle income tercile	Survey of Consumers, University of Michigan
Cost Resilience (40%)	Essentials (55%)	Owners' equivalent rent of primary residence	Consumer Price Index, U.S. Bureau of Labor Statistics
		Rent of primary residence	
		Groceries	
		Electricity	
		Gasoline	
		Motor vehicle parts and equipment	
		Motor vehicle maintenance and repair	
		Motor vehicle insurance	
		Internet services	
	Care & Education (15%)	Medical care services	
		College tuition and fees	
		Day care and preschool	
		Prescription drugs	
	Modest Luxuries (30%)	Dining out	
		Recreation	
		Household appliances, furnishings, and services	
		New vehicles	
		Used vehicles	
Hotel stays			
Airline fares			

*ACLI forecasts these variables each quarter and updates them with the actual value in the following quarter's report.