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.*

October 2025

- In Q2 2025, the Financial Resilience Index held steady, with middle-class resilience remaining just above historical norms.

- The companion survey found that half (50%) of middle-class households are concerned about their ability to sustainably afford daily essentials over the next year.

HOW TO READ AND INTERPRET THE REPORT

The Financial Resilience report includes an index that compiles data from trusted sources, like the U.S. Bureau of Labor Statistics and Federal Reserve Bank of New York, to show how well-prepared middle-class families are to handle financial challenges. It also includes a survey that describes how middle-class households feel about how they're doing financially.

Page 1 of the report features the Headline Index — which measures financial resilience by comparing changes in middle-class households' costs (e.g., housing and gas, childcare and healthcare, replacing an appliance or going on vacation) to changes in their resources (e.g., income, access to loans, and readiness for retirement). Changes in Headline Index scores over time are shown in a chart, with brief notes that explain the biggest factors affecting the changes.

The Headline Index measures if financial resilience is getting better or worse for middle-class households compared to historical averages. Scores above '0' show improvement, while scores below '0' show things are getting worse. The Resource and Cost Resilience Indices work the same way. For example, a very low score on the Cost Resilience Index means costs are increasing a lot for middle-class households, while a high score means costs are easing up.

Page 2 of the report shows charts and unpacks the drivers behind the scores for the Resource and Cost Resilience Indices.

Page 3 of the report presents the survey results, including a 'headline' takeaway about the middle-class overall and a deeper dive insight into specific demographic groups.

ACLI Financial Resilience Index

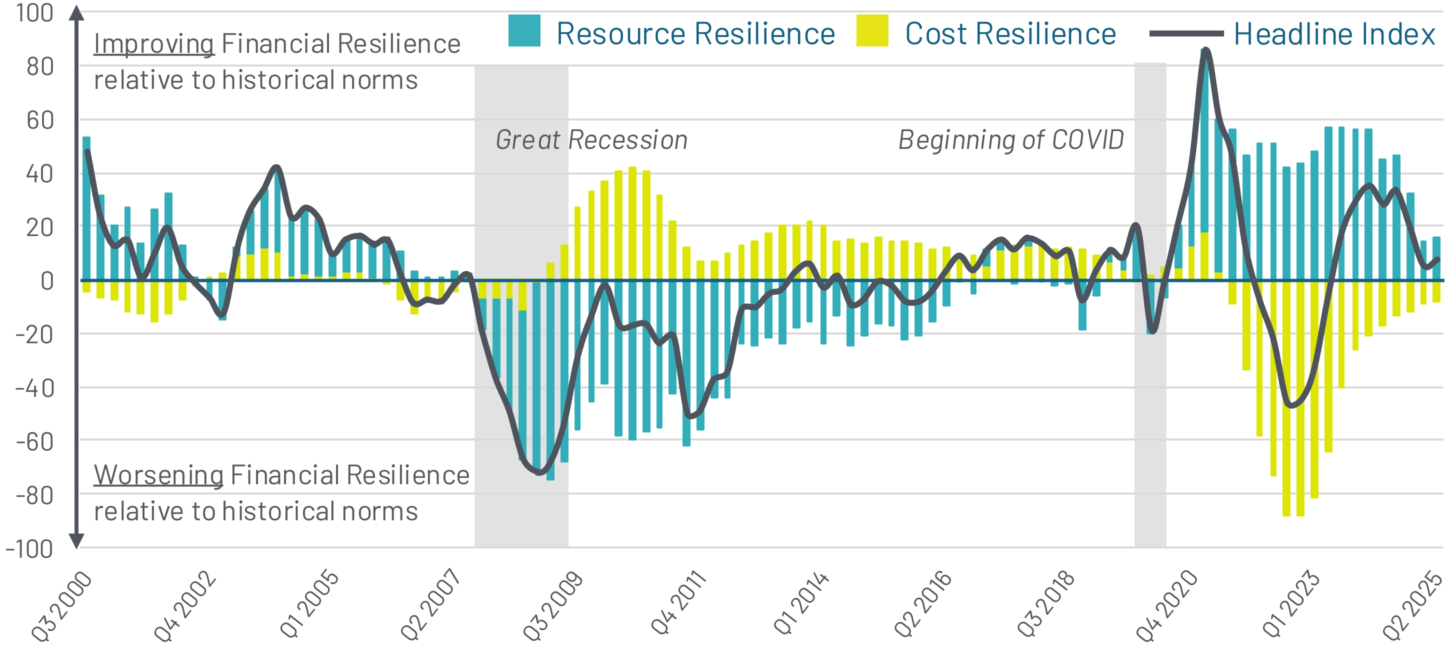
Q2 2025 (Released Oct 2025)

Middle-class financial resilience remained just above historical norms, as the Headline Index held steady in Q2 2025.

The Headline Index was 7.3 in Q2 2025, inching up 2 points from Q1 but down 21 points from a year ago. The score suggests that middle-class financial resilience still remains near its historical average and that the rate of gains has slowed over the past year. The companion survey indicated that more middle-class households are worried about handling basic unavoidable costs, with half (50%) concerned about sustainably affording daily essentials over the next year — higher than the share that were worried about it this time last year.

Financial Resilience Headline Index

>0 indicates improving financial resilience | <0 indicates worsening financial resilience



7.3	+1.9pt	-20.9pt
(Level)	*(Q/Q)*	*(Y/Y)*

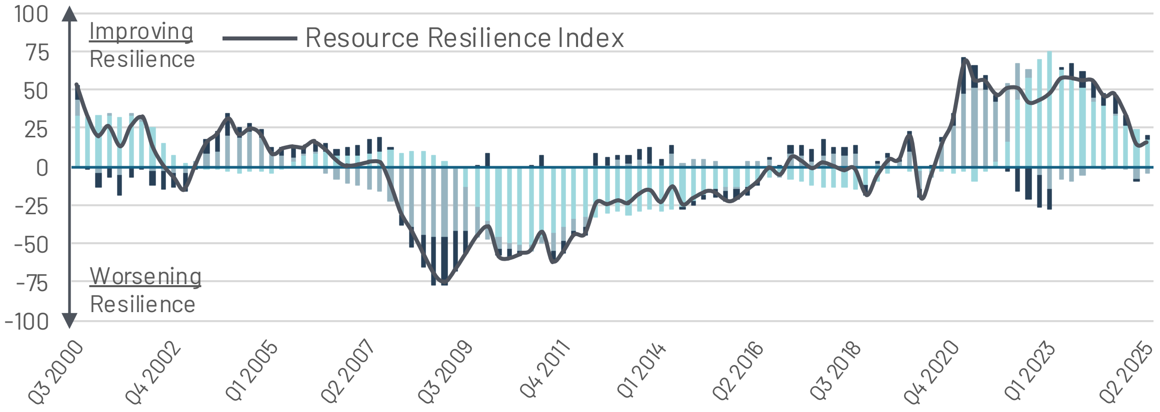
- The Headline Index stabilized in Q2 after dipping in the previous two quarters. The Headline score has now remained above '0' for eight consecutive quarters.
- The Resource Resilience Index held steady, with slight improvements in 'Access to Capital' and 'Retirement Readiness' offsetting a modest deceleration in 'Income' growth.
- The Cost Resilience Index was also little changed but has trended upward for ten consecutive quarters. A slight easing in cost pressures for the 'Essentials' offset an uptick in inflation for 'Modest Luxuries,' while inflation for 'Care and Education' was slightly lower than the historical average.

ACLI | Financial Resilience Index

Q2 2025 (Released Oct 2025)

Resource Resilience Index

A rebound in asset growth sparked the improvement in 'Access to Capital' and 'Retirement Readiness,' boosting the overall Resource score in Q2. 'Income' growth continues to slow but is still well above average and remains an important source of middle-class financial resilience.



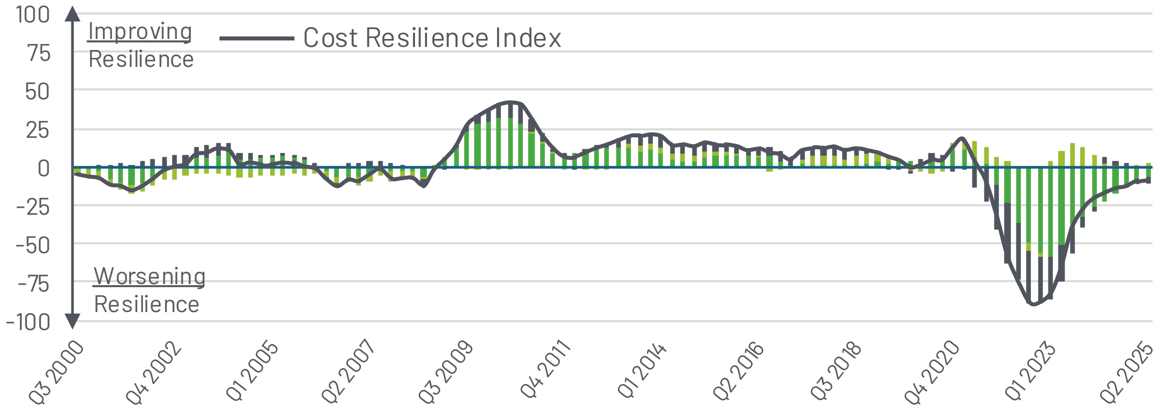
Resource Resilience	*15.8* (Level)	*+1.2 pt* (Q/Q)	*-29.3 pt* (Y/Y)
Income	*17.6* (Level)	*-6.1 pt* (Q/Q)	*-22.0 pt* (Y/Y)
Access to Capital	*-4.6* (Level)	*+4.2 pt* (Q/Q)	*-2.8 pt* (Y/Y)
Retirement Readiness	*+2.9* (Level)	*+3.1 pt* (Q/Q)	*-4.6 pt* (Y/Y)

Zooming In: 'Retirement Readiness'
Retirement Assets

Asset values for defined contribution plans and life insurance annuities bounced back in Q2 after dipping in Q1. This recovery spurred a Q/Q increase in 'Retirement Readiness.'

Cost Resilience Index

The 'Essentials' score improved Q/Q, as housing inflation continued to ease; however, cost pressures for 'Modest Luxuries' worsened due to an uptick in inflation for household appliances, furnishings, and services. Cost pressures were muted for 'Care & Education,' though inflation for childcare is still high by historical standards.



Cost Resilience	*-8.5* (Level)	*+0.7 pt* (Q/Q)	*+8.5 pt* (Y/Y)
Essentials	*-7.0* (Level)	*+2.8 pt* (Q/Q)	*+15.6 pt* (Y/Y)
Care & Education	*1.8* (Level)	*+0.3 pt* (Q/Q)	*-1.0 pt* (Y/Y)
Modest Luxuries	*-3.3* (Level)	*-2.5 pt* (Q/Q)	*-6.2 pt* (Y/Y)

Zooming In: 'Care & Education'
Childcare

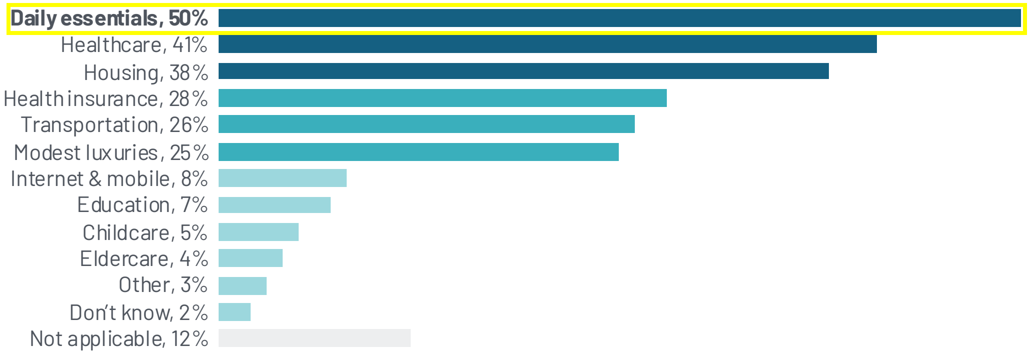
Cost pressures for day care and preschool have been above average for the past three years. Inflation for childcare has slowed in recent quarters, but these costs remain a challenge for middle-class families.

Financial Resilience Survey: Financial Stressors

Q2 2025 (Released Oct 2025)

Household Cost Pressures

Which three, if any, of the following costs are you most concerned about your household being able to sustainably afford over the next year?



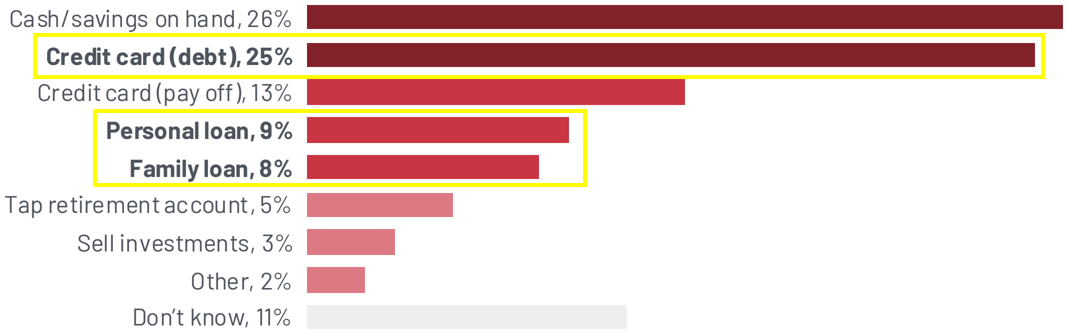
Half (50%) of middle-class households are concerned about sustainably affording daily essentials over the next year, a higher share compared to this time last year (38%).

Zooming In
Households with Children Under 18

More middle-class families with children under 18 are concerned about their ability to sustainably afford housing over the next year (42%), compared to all other middle-class households (36%).

Unexpected Expenses

Which, if any, of the following best describes the primary way that your household would pay for an unexpected expense of $5,000?



41% of middle-class households would pay for an unexpected expense of $5,000 by taking on debt or borrowing; just one quarter (26%) would use cash on hand in checking or savings accounts.

Zooming In
Generational Divide: Millennials

A third (33%) of middle-class Millennials would pay for an unexpected expense by taking on credit card debt — a much higher share than for all other generations (21%).

The Financial Resilience Survey is conducted by YouGov on behalf of ACLI; Middle-class households (n = 1,249) are those earning $50-150k per year.

ABOUT THE INDEX & SURVEY

The **Headline Index** measures the middle class's 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. *(See table on the next page for more detail)*
- Cost Resilience Index subcomponents include: (1) The 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)*

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 July 2000 to June 2025 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%. 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 September 10 – 16, 2025, among 3,330 adults ages 18 and older. This report primarily presents the survey results for the 1,249 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. *Last year's survey was fielded by a different survey partner, with minor wording and methodological differences between years. Directional changes and results between years are valid, ACLI cautions against overinterpreting percentage point changes from this year to last.*

Financial Resilience Index and Survey

DATA SOURCES

<table>
<tr><th>Index</th><th>Subcomponent (Index Weight)</th><th>Variable</th><th>Data Source</th></tr>
<tr><td rowspan="6">Resource Resilience (60%)</td><td>Income (45%)</td><td>Wage growth, 25-75th wage percentile</td><td>Wage Growth Tracker, Federal Reserve Bank of Atlanta</td></tr>
<tr><td rowspan="3">Access to Capital (35%)</td><td>Non-retirement wealth, 40-80th income percentile</td><td>Distributional Financial Accounts, Board of Governors of the Federal Reserve System</td></tr>
<tr><td>Access to consumer credit</td><td>Senior Loan Officer Opinion Survey on Bank Lending Practices, FRS Board of Governors</td></tr>
<tr><td>Debt delinquency expectations, $50-100K in income</td><td>Survey of Consumer Expectations, Federal Reserve Bank of New York</td></tr>
<tr><td rowspan="2">Retirement Readiness (20%)</td><td>Retirement assets, 40-80th income percentile</td><td>Distributional Financial Accounts, Board of Governors of the Federal Reserve System</td></tr>
<tr><td>Change in likelihood of comfortable retirement, middle income tercile</td><td>Survey of Consumers, University of Michigan</td></tr>
<tr><td rowspan="20">Cost Resilience (40%)</td><td rowspan="9">Essentials (55%)</td><td>Owners' equivalent rent of primary residence</td><td rowspan="20">Consumer Price Index, U.S. Bureau of Labor Statistics</td></tr>
<tr><td>Rent of primary residence</td></tr>
<tr><td>Groceries</td></tr>
<tr><td>Electricity</td></tr>
<tr><td>Gasoline</td></tr>
<tr><td>Motor vehicle parts and equipment</td></tr>
<tr><td>Motor vehicle maintenance and repair</td></tr>
<tr><td>Motor vehicle insurance</td></tr>
<tr><td>Internet services</td></tr>
<tr><td rowspan="4">Care & Education (15%)</td><td>Medical care services</td></tr>
<tr><td>College tuition and fees</td></tr>
<tr><td>Day care and preschool</td></tr>
<tr><td>Prescription drugs</td></tr>
<tr><td rowspan="7">Modest Luxuries (30%)</td><td>Dining out</td></tr>
<tr><td>Recreation</td></tr>
<tr><td>Household appliances, furnishings, and services</td></tr>
<tr><td>New vehicles</td></tr>
<tr><td>Used vehicles</td></tr>
<tr><td>Hotel stays</td></tr>
<tr><td>Airline fares</td></tr>
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