Wealthy Hand to Mouth: What we know, what we don’t know.
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ABSTRACT
In 2011, Kaplan and Violante introduced the Wealthy Hand to Mouth concept. Hand to Mouth (HtM) was used to describe households living paycheck to paycheck, while Wealthy Hand to Mouth (WHtM) was described as households with sizable illiquid assets such as real estate and retirement accounts while still living paycheck to paycheck (Kaplan & Violante, 2011). When faced with short term financial shocks such a job loss, these households are more financially fragile, as their illiquid resources are often inaccessible while their liquid resources, such as cash in the bank, are zero. It is estimated that between 15% and 25% of U.S. households fit the WHtM profile (Kaplan & Violante, 2014).

METHOD
• Major research questions: (a) to test the representativeness of Kaplan & Violante’s (2014) definition of Wealthy Hand to Mouth in the population, (b) to compare the mean differences between Wealthy Hand to Mouth and non-Wealthy Hand to Mouth individuals with regard to basic demographic factors and psychosocial factors, and (c) to understand the factors influencing retirement savings rates when controlling for the Wealthy Hand to Mouth trait.
• 2012 NLSY79; cohort was between 47 and 56 during their interview

CONCEPTUAL MODEL

PRACTICE IMPLICATIONS
• If one out of every four clients is WHtM, understanding them may contribute greatly to one’s practice.
• Understanding how WHtM are potentially choosing to trade off return for liquidity is important for clients, planners, and policymakers.
• It is important to understand the possible effects of widespread financial fragility.