

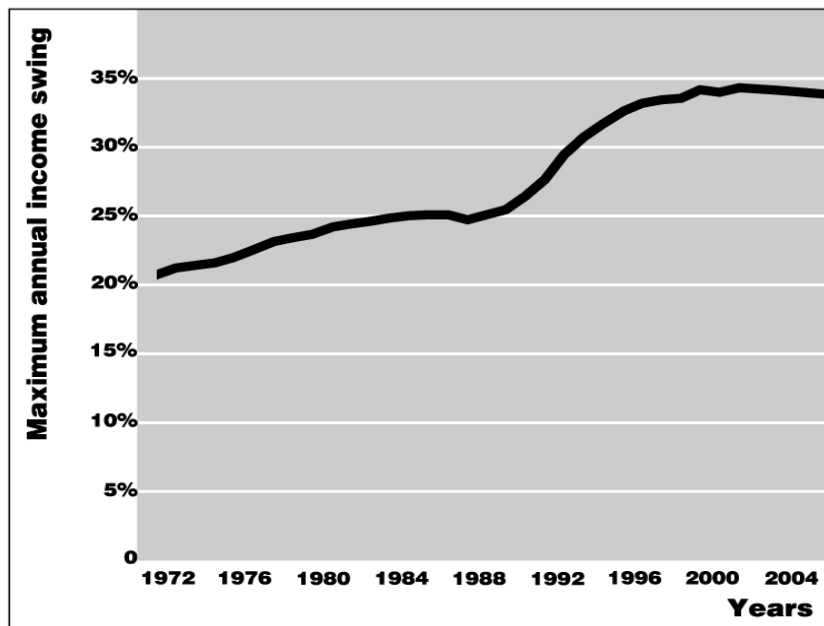
High Wire: The Precarious Financial Lives of American Families

By Peter Gosselin

The volatility of family income—the amount that people’s family incomes tend to rise or fall from year to year— has risen dramatically since the early 1970s.

Rising Volatility

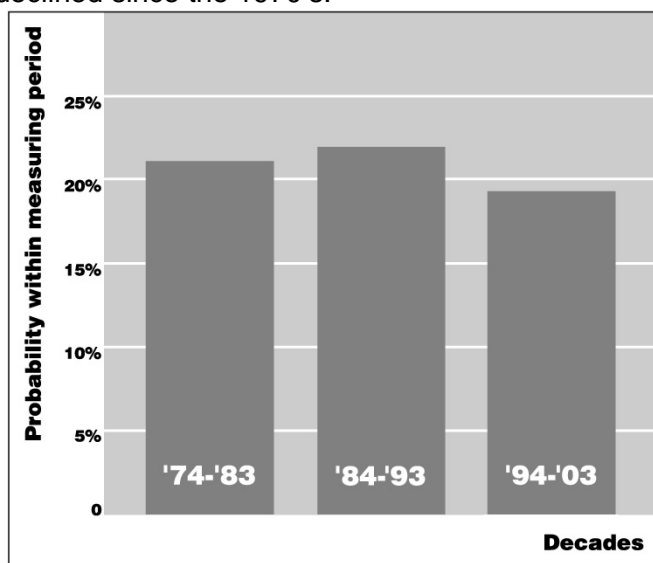
The incomes of American families are swinging up and down more dramatically now than they did in the 1970’s.



Increasing volatility does not guarantee increasing risk. However, other, more direct measures of income risk have also risen over the past 35 years. For instance, though the probability of experiencing a destabilizing event like major unemployment or illness has decreased slightly, the income consequences of such events have risen steadily. For details, see Gosselin and Zimmerman, “**Trends in Income Volatility and Risk, 1970-2004**,” available at <http://www.urban.org/url.cfm?ID=411672>.

Declining Incidence:

The probability of any of a panel of income-threatening events happening to your family has declined since the 1970’s.



Rising consequence:

However, when a threatening event does occur, the probability of your family’s income falling by 50% or more has jumped.

