CHAPTER 1

Chapter 1: Why the Wage That Used to Be Enough Isn't Anymore

The gap between what a pension buys today and what it bought five years ago

You do the same shop you have done for forty years. Same list, more or less. Same store, same trolley. And somehow, the same fifty dollars that used to fill it now leaves three bags looking thin.

I felt that gap myself, standing in a checkout line with my own list half-abandoned in the trolley, doing the mental math twice because the first total seemed impossible. This is not a story about being careless with money. It is a story about a currency that quietly stopped doing its job.

The wage was never the problem. The purchasing power behind it is. A fixed pension or a 401(k) drawdown was built on an assumption: that a dollar or a pound would keep buying roughly what it bought last year. That assumption has been breaking for a while now, and it broke faster than most household budgets could adjust. Confidence in having enough for a comfortable retirement fell to 61% in 2026, down from 67% just the year before[1] — and that drop happened in a single year, among people who had already done the saving part right.

The number that stings most is the distance between the retirement figure people believe they need and what they actually have. Americans say they need somewhere between $1.2 million and $1.46 million to retire comfortably. Median retirement savings sit around $87,000[2]. That is not a shortfall you close with better budgeting alone. It is a gap that forces a different kind of arithmetic on the household — one where the grocery bill becomes the only line item you still control week to week.

Record credit-card balances and what they reveal about the average household's cushion

In a thread I came across in a personal-finance forum, a 59-year-old woman from Florida laid out her situation plainly: underwater on her car loan, carrying roughly $127,000 in credit card debt at 12–18% interest, unable to qualify for new credit at all (via AOL Finance, reporting from a personal-finance community). She was not reckless. She was someone who had worked and paid bills for decades, watching compounding interest do to her savings what a slow leak does to a tire.

Her story is not an outlier so much as a preview. US credit card debt reached a record $1.26 trillion in the second quarter of 2026, up from $1.25 trillion the quarter before[3]. That is not new debt from big purchases. It is the debt of ordinary months not quite closing, over and over, until the balance becomes its own bill.

What makes this moment different from past squeezes is what is happening underneath the balance. The share of credit card debt that is 90 or more days delinquent surged to roughly 13% in early 2026 — the worst reading since the years right after the 2008 financial crisis, up from about 8% a year earlier[4]. And the interest charged on carrying that debt has climbed with it: average credit card rates now sit around 21%, up from 14.6% in February 2022[5].

> **Case in point:** in a forum thread, an Austin father of five described being $16,000 in credit card debt and facing two lawsuits after an unexpected tax bill tied to a recent home purchase tipped the family's finances over (via AOL Finance). No single bad decision caused it. A sequence of ordinary costs did.

Here is the detail that should stop you cold. The personal savings rate — the cushion households were supposedly rebuilding after the pandemic — collapsed to about 4.0% in the first quarter of 2026, down from 6.2% just two years earlier, even as incomes rose[3]. Income went up. The cushion went down. That combination only makes sense if the cost of ordinary life rose faster than the raise did, and grocery bills were near the front of that queue. A quarter of Americans are now using buy-now-pay-later loans just to pay for groceries, up from 14% the year before[6] — and close to half of those loans are now running late[6]. People are financing bread and milk on credit and falling behind on the credit itself.

This is the pattern I call the Cushion Collapse: the gap between what a household earns and what it saves narrows every year, not because people spend more carelessly, but because the floor under ordinary costs keeps rising while the wage does not. Once that cushion is gone, every unplanned expense — a car repair, a medical bill, a bad month — lands directly on a credit card at 21% interest, and the debt compounds faster than any pension check can outrun it.

> The Cushion Collapse: when savings evaporate, ordinary costs stop being paid from income and start being paid from debt — and debt at 21% interest grows faster than any fixed pension can chase.

How the same failure shows up on both sides of the Atlantic — from RV parks to shuttered high streets

I want to be clear this is not only an American story, and it is not only about credit cards. It shows up in where people choose to live and where they choose to shop, and it looks remarkably similar whether you are reading it from Ohio or Yorkshire.

Roughly 486,000 Americans now live in RVs full-time, about double the number in 2021. About a third of those households have children, and most earn under $75,000 a year[7]. It is tempting to read that as a lifestyle choice — freedom, the open road. But full-time RV living typically costs between $1,500 and $5,000 a month once you count loan payments, insurance and travel[8], which quietly undercuts the assumption that it is automatically cheaper than renting. In a forum post I read, one person described their brother — married, with kids — considering financing a brand-new RV specifically because rent had become unaffordable. "My gut tells me this is a poverty trap," the sibling wrote (via Benzinga, 2025-05-01). That is not a story about wanting adventure. That is a family trying to escape one fixed cost by taking on another, less visible one.

Cross the Atlantic and the shape of the problem changes but the mechanism does not. British retailers face a roughly £600 million surge in property tax from April 2026, on top of higher payroll costs, and high street stores are closing at about 1.5% — worse than the national retail average of 1.1%[9, 10]. Claire's Accessories shut all 154 of its UK and Ireland stores in a single day in April 2026, taking about 1,300 jobs with it[11]. Even Tesco, the country's largest grocer, posted revenue up 3.8% but profit down 1.8% for the year, choosing to hold prices down and sacrifice margin rather than lose shoppers who no longer have room to pay more[12]. Greggs, the bakery chain that has become a barometer for ordinary British spending, saw its sausage roll climb roughly 53% in price since 2016[13], while its own sales growth slowed from 5.5% to 2.4% as customers pulled back[14, 15].

The result on the ground is stark. Trussell food banks distributed over 2.6 million emergency parcels across the UK in 2025 — 45% above pre-pandemic levels — and the number of parcels going to people 65 and over has more than tripled since 2019, up 247%[16, 17]. Seventy-two percent of people referred to a food bank last year said they simply could not cover essential living costs[18]. One US bank economist studying this pattern put it plainly: "the pandemic just made these differences more visible, but the underlying forces have been building for decades"[19].

KEY TAKEAWAYS

- Your instinct that money buys less than it did five years ago is not nostalgia — the personal savings rate fell from 6.2% to 4.0% even as incomes rose, which is the real signature of rising costs[3].
- A cushion, once gone, is not rebuilt by a single good month — it is rebuilt by removing one recurring cost permanently, and for most households that cost is groceries.
- The debt that is filling the gap — credit cards at 21% interest, buy-now-pay-later on groceries — is a symptom, not a solution; every dollar routed through it grows faster than a fixed income can match.
- This pressure is not unique to your household, your country, or your generation's mistake. It is showing up in RV parks and on high streets on two continents at once.
- The one lever still fully in your hands, regardless of pension size or pay rise, is what leaves the kitchen — and that is where this book begins.

Take five minutes tonight and pull up last month's grocery total against one from a year ago, same store if you can find the receipt. Don't judge the number yet. Just write it down. You'll need it as a baseline for what comes next.

None of this explains why your own grandmother, working with far less money and no spreadsheet, never seemed to run short at the end of a month. She was not smarter than the economy. She was running a system — one with almost nothing in common with a modern meal plan or a budgeting app. The next chapter lays out exactly what that system was, and why it still works today.