FINANCIAL HEALTH NETWORK

FINANCIAL HEALTH PULSE®

2021 U.S. TRENDS REPORT

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The Financial Health Pulse® provides regular updates and actionable insights about financial health in America. Using ongoing surveys and transactional data, we explore consumer trends to understand how financial health in the U.S. is changing over time.

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Executive Summary

Financial Uncertainty in America

The 2021 U.S. Trends Report captures the impacts of a pandemic that continues to roil the U.S. economy and individuals' day-to-day lives, now for the second consecutive year. While most people in the United States continue to struggle with their financial health, our nationally representative survey, conducted in April and May 2021, shows that financial health improved over the past year at an aggregate level. Financial health improved particularly for Black, Latinx, and Asian American individuals, as well as those with household income under $30,000. Meanwhile, the gap between men and women increased as men experienced financial health improvements between 2020 and 2021 while women did not.

Despite these trends, the majority (66%) of people in the United States are not considered Financially Healthy. Overall improvements at the aggregate level cannot mask the fact that many individuals continue to struggle with their financial health. Millions experienced declines in their financial health, particularly those whose employment situation changed over the past year. Government interventions in response to the COVID-19 pandemic – stimulus payments, expanded unemployment benefits, mortgage and student loan forbearance, and foreclosure and eviction moratoria – appear to have helped many people weather the pandemic and improve their financial situations. These policies, in combination with changes in financial behavior in response to the pandemic, like reductions in spending, changes in borrowing patterns, and increased savings rates, also likely contributed to financial health improvements.

Many of these relief policies have expired, and their loss will inevitably impact the financial health of recipients alongside continued uncertainty regarding the COVID-19 variants, the reopening of the U.S. economy, and disruptions in the labor market. Although the economy shows signs of recovery, the financial impacts of the pandemic persist for many. The findings in this report demonstrate that policymakers, financial services providers, employers, healthcare providers, and other stakeholders have a unique opportunity to build upon this progress – creating policies and solutions that support the long-term expansion of financial health. Otherwise, progress is only too likely to be ephemeral, and millions of families could plunge back into vulnerability.

Key Findings

1 Financial Health Improvements

Overall financial health improved over the past year, as government relief programs and personal spending reductions connected to the COVID-19 pandemic continued. Still, two-thirds of Americans are not considered Financially Healthy.

As of May 2021, more than a third (34%) of individuals in the United States were considered Financially Healthy, up from 32% in May 2020.

The growth in the proportion of people considered Financially Healthy was driven by positive trends in many financial health indicators, with the largest improvements occurring in ability to pay bills, amount of short-term savings, and credit scores. The proportion of people who said they had enough savings to cover at least three months of living expenses grew by 5 percentage points, from 56% to 61% in the past year.

Government interventions appear to have directly contributed to these positive trends. More than a third (34%) of individuals who received a stimulus payment reported using it to pay off their credit card debt, contributing to a reduction in debt and improvements in credit score.

2 Financial Health by Race and Income

While gaps in financial health remain stark, Black, Latinx, and Asian American people, as well as individuals with less than $30,000 in household income, experienced significant increases in financial health. Relief programs appear to have had profound effects on the financial health of historically marginalized groups.

The proportion of Black people considered Financially Healthy increased 9 percentage points between 2020 and 2021. Latinx people had an increase of 4 percentage points, Asian American people had an increase of 11 percentage points, and individuals with household incomes under $30,000 had an increase of 2 percentage points.

Government programs in response to the impact of the COVID-19 pandemic and increased consumer savings behavior during the pandemic appear to have helped people through the pandemic. People who spent less than usual over the past year were 9 percentage points more likely to move into the Financially Healthy tier than those who spent more than usual. People who received unemployment insurance were 10 percentage points less likely to move into the Financially Vulnerable tier than those who applied but did not receive it.

These relief programs and changes in personal financial behavior may have helped particular demographic and socioeconomic groups improve their financial health. For example:

- Black people who received stimulus payments were 4 percentage points more likely to avoid becoming Financially Vulnerable over the past year, compared with Black people who did not receive stimulus payments.
- Latinx people who received stimulus payments were 4 percentage points less likely to move into the Financially Vulnerable tier over the past year, compared with Latinx people who did not receive stimulus payments.
- People with household incomes under $30,000 who received unemployment benefits were 14 percentage points less likely to move into the Financially Vulnerable tier compared with those who applied and did not receive these benefits.
- Asian American people who spent less due to the pandemic were 17 percentage points more likely to move into the Financially Healthy tier relative to Asian American people who reported spending more than usual.

Still, financial health gaps persist among Black or Latinx people and individuals with lower incomes compared with White and higher-income individuals: The proportion of White people considered Financially Healthy is 18 percentage points higher than Black individuals and 15 percentage points higher than Latinx individuals. People with household incomes over $100,000 are nearly five times as likely to be Financially Healthy as people whose household income is under $30,000.

3 Financial Health by Gender

Women did not experience the same financial health improvements as men, as employment disruptions and child care responsibilities disproportionately fell upon them. As a result, the gender gap in financial health expanded.

The proportion of men considered Financially Healthy increased from 39% to 43%, while the proportion of women considered Financially Healthy did not significantly change (26% in 2021).

Women were more than twice as likely as men to not work due to child care responsibilities in 2021. The proportion of women who reported not working for this reason has increased by 61% since 2020.

Women whose work was disrupted by child care responsibilities were 45% more likely to experience financial stress due to the pandemic than those who did not experience this disruption. Meanwhile, women who were caregivers for an adult were 23% more likely to experience some level of pandemic-related stress than women who were not caregivers of an adult, a difference not present for men.

4

Financial Health and Government Interventions

While financial health improved in the aggregate, many individuals experienced declines, especially given the consistent negative financial health impact of employment disruptions. Government programs reached those in need, but recipients may face growing financial challenges as these policies expire.

From 2020-21, 43% of people experienced reductions in financial health and 10% of people moved to a lower financial health tier. People with disabilities, low to moderate incomes, or less than a bachelor's degree were more likely to experience a decline in financial health.

Employment disruptions were also correlated with declines in financial health. Those who took time off from their job to tend to a serious illness in their household in the past year were 10 percentage points more likely to experience a reduction in their financial health, compared with those who did not experience this disruption. Individuals who worked less – whether due to lower demand or reduced hours – were 8 percentage points more likely to have a decline in their financial health than those whose working hours were unchanged.

People considered Financially Vulnerable were more than three times more likely to report receiving government relief than those considered Financially Healthy. And some recipients of relief were less likely to experience greater hardship compared with people who applied but did not receive relief. Recipients of mortgage or rent relief were 9 percentage points less likely to experience increased housing insecurity in 2021 relative to 2020, when compared with people who applied for this relief but did not receive it.

Relief recipients may face hardship and financial health challenges after these forms of relief expire, although child tax credits will continue to provide a buffer for some. However, many recipients are not eligible for these credits; 73% of people who received unemployment insurance do not have children under 18, and will be ineligible for the child tax credit.

Other Notable Findings

People living in the Northeast and Midwest are more likely to be considered Financially Healthy (37% each), while people in the South are least likely (31%). Still, the South was the only region to experience a significant increase (26% to 31%) in the proportion of individuals considered Financially Healthy in the past year.

We added questions to the 2021 Pulse survey that will allow further tracking of financial health trends by aspects of individuals' identity. Findings from the first year of data collection show that:

- People with disabilities are nearly half as likely to be considered Financially Healthy, compared with individuals without disabilities. Among people with disabilities, 21% are considered Financially Healthy, while 38% of people without disabilities are considered Financially Healthy. People with disabilities are also approximately 2.5 times more likely to be considered Financially Vulnerable than people without disabilities.
- LGBTQ+ individuals are less likely to be considered Financially Healthy and more likely to be considered Financially Vulnerable, compared with non-LGBTQ+ individuals. Among LGBTQ+ people, 24% are considered Financially Healthy and 20% are considered Financially Vulnerable, whereas 35% of non-LGBTQ+ people are considered Financially Healthy and 13% are considered Financially Vulnerable.

Financial Health Snapshot

2019-2021

Financial Health Indicators		2019	2020	2021	Change in % pts ('21-'20)
Indicator 1: Spend Less Than Income	Spending is less than income	54%	58%	56%	-1%
	Spending is equal to income	29%	28%	29%	1%
	Spending is more than income	17%	14%	15%	1%
Indicator 2: Pay Bills on Time	Pay all bills on time	66%	66%	71%	6%*
	Unable to pay all bills on time	34%	34%	29%	-6%*
Indicator 3: Sufficient Liquid Savings	Cover ≥ 3 months of living expenses	53%	56%	61%	5%*
	Cover < 3 months of living expenses	47%	44%	39%	-5%*
Indicator 4: Sufficient Long-Term Savings	Confident about long-term financial goals	39%	41%	43%	2%*
	Not confident about long-term financial goals	61%	59%	57%	-2%*
Indicator 5: Manageable Debt	Manageable amount of debt	52%	53%	54%	1%
	More debt than is manageable	30%	28%	25%	-2%*
	Do not have any debt	19%	19%	20%	2%*
Indicator 6: Prime Credit Score	Prime credit score	65%	66%	70%	3%*
	Non-prime credit score	28%	28%	25%	-3%*
Indicator 7: Appropriate Insurance	Are confident their insurance policies will cover them in an emergency	58%	60%	59%	-2%
	Are not confident their insurance policies will cover them in an emergency	38%	36%	38%	2%*
	Do not have insurance	4%	4%	4%	-1%
Indicator 8: Plan Ahead Financially	Agree with the statement: "My household plans ahead financially."	59%	62%	61%	-1%
	Do not agree with the statement: "My household plans ahead financially."	41%	38%	39%	1%

Source: Financial Health Pulse survey (2019-21). Notes: Figures are rounded to the nearest integer. As a result, the difference between years may not sum to the values in the "Change" column. Statistically significant changes from 2020 are indicated with * ($p < 0.05$).

Contents

Introduction

One year ago, we reported in the 2020 Trends Report that financial health had improved in the U.S. and posited that future gains would depend on the continuation of government interventions intended to combat the pandemic's financial and economic effects.[1] One year later, results from the 2021 Pulse survey show that financial health has continued to improve, in large part due to continued government assistance and changes in financial behavior as a result of the pandemic. The "cliff," which loomed large in 2020 when government programs were scheduled to end, did not occur as feared. Since the 2020 Trends Report, the federal government extended many programs initially enacted through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered two additional economic impact payments. However, many of these forms of government assistance have recently lapsed, while the COVID-19 pandemic endures.[2]

We find indications that government assistance and changes in personal financial behavior contributed to increases in financial health from 2020-21. While Black, Latinx, and Asian American people, and individuals with household income under $30,000 experienced some of the largest increases, these gains could be short-lived. Additionally, the financial health of 43% of people in the United States decreased. These individuals were more likely to experience disruptions in their employment status during the COVID-19 pandemic.

Even after the administration of unemployment insurance, eviction moratoria, and student debt relief, we find evidence that many recipients are still considered Financially Vulnerable. As assistance expires, these people may be at risk of financial health declines without creative solutions. Thus, some questions from 2020 remain and may become more pressing as the pandemic continues. What will happen when government interventions end? What will happen if government assistance ends before the U.S. economy fully recovers? How will the end of these programs impact people in the U.S. differently across racial, gender, and income lines? How will child tax credits impact individual financial health? Are the financial health gains over the past year temporary or permanent?

Given the continued uncertainty about the pandemic and the federal government's response, this Trends Report cannot answer such questions. This report does, however, illustrate how government programs, and an expanded social safety net, may impact financial health. Furthermore, this report shows that a potential return to "normal" when the pandemic ends would still mean that two-thirds of people are not considered Financially Healthy and that significant financial health disparities across demographic and socioeconomic lines would persist.

Throughout the pandemic, direct cash assistance, relief, and forbearance policies have served as safety nets for those considered Financially Vulnerable and have supported others across the financial health spectrum. However, these policies are temporary. Policies and solutions that target the long-term economic security of people in the United States are needed to secure these financial health improvements and build a financially healthy future for all.

[1] *Thea Garon, Andrew Dunn, Necati Celik, & Helen Robb, "U.S. Financial Health Pulse: 2020 Trends Report," Financial Health Network, October 2020.*
[2] *The Biden administration set September 6, 2021, as the expiration date for the $300/week added unemployment benefits that were established in the American Rescue Plan.*

Methodology

The data highlighted in this report were collected from surveys fielded to members of the University of Southern California's Understanding America Study (UAS) probability-based internet panel. The 2021 survey data used in this report were collected between April and May 2021, with a sample size of 6,403 respondents. Throughout this report, we compare findings from this survey with data from Pulse surveys fielded to the UAS panel in 2020 and 2019 (see field dates and sample sizes below).[3]

The survey data are weighted using the U.S. Census Current Population Survey as a benchmark and are representative of the noninstitutionalized adult population of the United States. Each survey contains questions about respondents' financial health, including questions that align with the eight indicators of financial health (Figure 1). Questions about respondents' financial situations, such as their income or whether they received stimulus payments, were asked at the household level to provide a holistic picture of people's financial lives. Questions about attitudes, experiences, or sentiments were asked at the individual level to reflect the views of the individual survey respondents. Visit the FinHealth Score® methodology webpage for more information on the design of these questions. All survey instruments and datasets are publicly available on the Pulse Data webpage.

Table 1. Dates and sample sizes of Financial Health Pulse surveys.

Year	Survey Dates	Number of Respondents
2021	April 22 - May 25	6,403
2020	April 20 - May 7	6,570
2019	April 17 - June 15	5,424

Statistical Significance and Figures

All results discussed in this report are statistically significant within a 95% confidence interval, unless otherwise noted. Figures and year-over-year changes are rounded to the nearest integer; as a result, figures may not sum to 100%.

[3] *This report uses the Pulse survey fielded in April-May 2020 as its primary point of comparison for 2021 data. The April-May 2020 data differ slightly from some data used in the 2020 Trends Report, which were primarily from a survey fielded in July-August 2020.*

Financial Health Framework

Financial Health Measurement

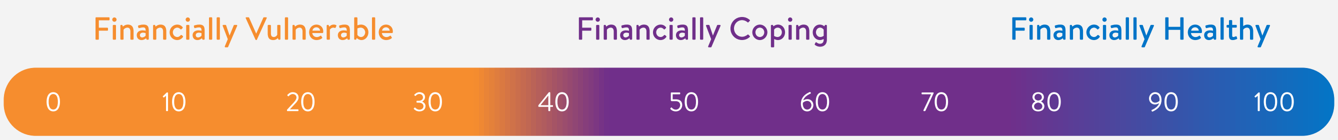
Financial health is a composite framework that considers the totality of people's financial lives: whether they are spending, saving, borrowing, and planning in ways that will enable them to be resilient and pursue opportunities. Financial health provides researchers with a useful metric through which to explore the financial lives of people in America because it pulls together the multiple strands of an individual's financial life into a coherent whole.[4]

Calculating FinHealth Scores®

The FinHealth Score is a metric based on survey questions that align with the eight indicators of financial health (Figure 1). For every individual who responds to all eight survey questions, one aggregate FinHealth Score and four subscores can be calculated for Spend, Save, Borrow, and Plan. FinHealth Scores range from 0-100 and can be used to categorize respondents into three financial health tiers: Financially Vulnerable, Financially Coping, or Financially Healthy (Figure 2). Visit the FinHealth Score methodology page for more information.

Figure 1. Eight indicators of financial health.

Figure 2. Interpreting FinHealth Scores®.



Financial health scores between 0-39 are considered Financially Vulnerable. Individuals with scores in this range report healthy outcomes across few, or none, of the eight financial health indicators.

Financial health scores between 40-79 are considered Financially Coping. Individuals with scores in this range report healthy outcomes across some, but not all, of the eight financial health indicators.

Financial health scores between 80-100 are considered Financially Healthy. Individuals with scores in this range report healthy outcomes across all eight financial health indicators.

[4] *We recognize the complexity of framing our financial health indicator questions at both the individual and household levels. We believe that capturing a respondent's subjective assessment of their household finances is useful for measurement of individual financial health, given the multifaceted and interconnected nature of household and individual finances. We continually assess the accuracy, consistency, and robustness of our measurement methodology.*

Key Finding

1

Overall financial health improved over the past year, as government relief programs and personal spending reductions connected to the COVID-19 pandemic continued. Still, two-thirds of Americans are not considered Financially Healthy.

Over the past year, the proportion of people in the U.S. considered Financially Healthy increased 2 percentage points, while the proportion of people considered Financially Vulnerable decreased 1 percentage point. The proportion of people considered Financially Coping did not change significantly during this time. These changes represent a continuation of trends from 2019 and 2020. Over the past two years, there has been steady growth in the percentage of people considered Financially Healthy and a steady reduction in the percentage of people considered Financially Vulnerable.

While these changes represent improvements at the aggregate level for the financial health of people in the United States, most individuals are not considered Financially Healthy. About two-thirds are considered Financially Coping or Financially Vulnerable, meaning they struggle to spend, save, borrow, or plan in ways that allow them to be resilient and seize opportunities.

Furthermore, some research indicates that financial health may be trending downward in 2021. While the Pulse survey results demonstrate an improvement in financial health between the dates the surveys were

fielded – April-May 2020 and April-May 2021 – it is possible that financial health peaked between those periods. For example, Federal Reserve Survey of Household Economics and Decisionmaking research indicates that the proportion of respondents to its survey who would cover a $400 emergency expense completely using cash or its equivalent peaked in July 2020 and has subsequently decreased.[5] Consumer Financial Protection Bureau research and macroeconomic personal savings rates have shown that applications for credit and savings rates, respectively, have largely returned to pre-pandemic rates in 2021.[6,7] Analysis of Pulse data collected in January 2021 points to similar trends, while analysis of Pulse transactional data suggests that individuals' liquid savings peaked in April 2021.[8,9] As a result, these financial health findings may represent a transitory moment for financial behavior and activity in the United States.

Figure 3. Financial health in the United States improved in 2021.
Percentage of people by financial health tier (2019-21).

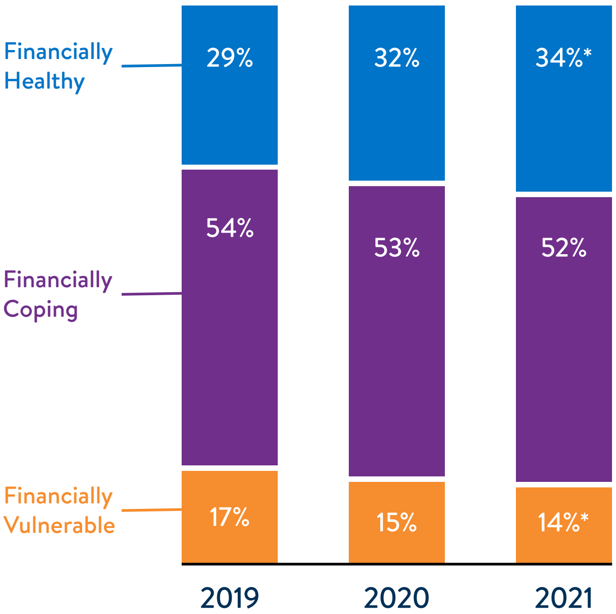


Figure 4. Just over a third of people in the United States are considered Financially Healthy.
Estimated number of people in the U.S. by financial health tier (2021).

35 million people
These individuals are struggling with all, or nearly all, aspects of their financial lives.

131 million people
These individuals are struggling with some, but not necessarily all, aspects of their financial lives.

86 million people
These individuals are spending, saving, borrowing, and planning in a way that will allow them to be resilient and pursue opportunities over time.

Notes: Financial health tiers are calculated using the FinHealth Score®. See the Methodology section for more on the measurement methodology. Population sizes are derived from the 2021 Current Population Survey Annual Social and Economic Supplement using population estimates for U.S. noninstitutionalized adults 18 and older.

[5] "*Report on the Economic Well-Being of U.S. Households in 2020*," *Federal Reserve, May 2021.*
[6] "*The Recovery of Credit Applications to Pre-Pandemic Levels*," *Consumer Financial Protection Bureau, July 2021.*
[7] "*Personal Saving Rate*," *Federal Reserve Economic Data, July 2021.*
[8] "*One Year into the Pandemic, Millions of Americans Still Struggling*," *Financial Health Network, February 2021.*
[9] "*Pulse Points Summer 2021: The Impact of Stimulus Payments and Reopening the Economy*," *Financial Health Network, August 2021. We see slight declines in overall financial health metrics between data collected in January 2021 and April-May 2021.*

Indicators

Positive trends in financial health at the national level were the result of improvements across various financial health indicators, including those related to paying bills, short-term savings, and credit scores. People also felt more confident that they are on track to meet their financial goals and were more likely to feel that their debt, if they held any at all, was manageable. While there were directional decreases in the three other indicators, these changes were not significant. Many of the improvements in the indicators represent a continuation of trends present from 2019-20.

Table 2. Five financial health indicators significantly improved in 2021.
Percentage of people by financial health indicator (2019-21).

	2019	2020	2021	Change in % pts ('21-'20)
1. Spending less than or equal to income	83%	86%	85%	-1%
2. Pay all bills on time	66%	66%	71%	6%*
3. Have enough savings to cover at least 3 months of living expenses	53%	56%	61%	5%*
4. Are confident they are on track to meet long-term financial goals	39%	41%	43%	2%*
5. Have a manageable amount of debt or no debt	70%	72%	75%	2%*
6. Have a prime credit score	65%	66%	70%	3%*
7. Are confident their insurance policies will cover them in an emergency	58%	60%	59%	-2%
8. Agree with the statement: "My household plans ahead financially."	59%	62%	61%	-1%

Note: Statistically significant changes relative to 2020 are indicated with * ($p < 0.05$).

Paying Bills on Time

The proportion of people who reported paying all bills on time and in full in the past year increased from 66% in 2020 to 71% in 2021. Individuals who maintained consistent employment or income were especially likely to be able to pay bills on time. People who maintained consistent employment over the past year were 50% more likely, on average, to pay all of their bills on time relative to those who experienced employment disruptions (Table B1). Likewise, people whose income stayed constant relative to their expenses, or those whose income increased compared with expenses, were 41% and 60%, respectively, more likely to pay all of their bills on time versus those whose income declined (Table B2).

People who applied for and received unemployment benefits or debt relief were also more likely to be able to pay their bills on time compared with individuals who applied for benefits or relief but did not receive it, controlling for differences in household income (Table B3). Other data sources have also suggested that government relief helped people make bill payments. Administrative data from doxo, a bill payment app, showed a large increase in household bill payments immediately after the March stimulus checks arrived.[10]

Have Enough Savings To Cover at Least Three Months of Living Expenses

The proportion of people who said they had enough savings to cover at least three months of living expenses increased from 56% to 61% in the past year, a growth of 5 percentage points. This trend is supported by data showing that personal savings rates have remained elevated for much of the pandemic (though have trended downward later in 2021). In May 2021, the last month the 2021 Financial Health Pulse survey was in the field, the personal savings rate was 12.4%.[11] The growth in savings can be attributed both to the unprecedented administration of stimulus payments and other government relief programs, as well as the effect of the COVID-19 pandemic and government lockdowns on consumer spending. In the Pulse dataset, people who reported spending less than usual during the pandemic were 41% more likely to have sufficient short-term savings, compared with those who reported spending more than usual. And in longitudinal analysis, people who spent less than usual during the pandemic were 4 percentage points more likely to have sufficient short-term savings in 2021 compared with people who did not spend less than usual.[12]

[10] "Consumers are Using Their $1400 Stimulus Checks to Pay Down Debt and Household Bills," doxo, March 2021.
[11] "Personal Saving Rate," Federal Reserve Economic Data, July 2021.
[12] Both analyses controlled for income.

Credit Scores

In 2021, 70% of individuals reported having a prime credit score, an increase from the 66% of people who reported the same in 2020.[13] Credit bureau data from this same period show that average scores increased gradually in 2020 and that borrowing behavior slightly diminished:

- TransUnion reported that delinquency rates in the first quarter of 2021 remained below first-quarter 2020 levels.[14]
- The Urban Institute found that the percentage of Americans with a subprime score fell 2.5 percentage points from February to October 2020.[15]
- Experian reported that credit scores reached an all-time high in early 2021.[16]

In the 2021 Pulse survey, 34% of individuals who received a stimulus payment reported using it to pay off their credit card debt and fewer people reported carrying a revolving credit card balance (Table 3). Other government actions may have also contributed to improvement in this indicator. Mortgage forbearance and student loan payment suspension temporarily eliminated negative credit reporting for people with these loans, which may have helped maintain credit scores for individuals who would have otherwise struggled to pay these loans.[17] However, to date, little research has been conducted to define the specific contributions of these programs.

Table 3. Percentage of people who paid credit card debt with stimulus checks or who did not revolve balances increased.
Percentage of people by credit card use and payoff (2020-21).

	2020	2021
Paid off credit card debt with stimulus[1]	23%	34%*
Revolved credit card balance	56%	52%*

[1] Only for those who indicated receiving a stimulus check
Note: Statistically significant differences are indicated with * ($p < 0.05$).

Other Indicators

More people reported having a manageable amount of debt or no debt in 2021 than in 2020, an increase of 2 percentage points. This shift aligns with U.S. macroeconomic trends showing that people in the U.S. reduced their credit card debt loads during the pandemic and that delinquencies for other types of debt became less common.[18, 19] Likewise, the proportion of people who reported feeling confident that they were on track to meet long-term financial goals increased 2 percentage points, from 41% to 43% over the past year. This may be attributable to record-breaking growth in retirement balances and the stock market over the past year.[20, 21] However, growth in this indicator was driven largely by higher-income individuals who were more likely to own growing investments, the only financial health indicator with such a trend (Table B4).[22]

[13] *Figures do not add up due to rounding. In this context, we define a respondent as having a prime credit score when they report having an "excellent," "very good," or "good" credit score.*
[14] *"2021 Kicks Off with Consumer Credit Performance Improving and Demand Increasing," TransUnion, May 2021.*
[15] *"Credit Health during the COVID-19 Pandemic," Urban Institute, February 2021.*
[16] *Stefan Lembo Stolba, "Experian 2020 Consumer Credit Review," Experian, January 2021.*
[17] *"Coronavirus Info for Students, Borrowers, and Parents: Loan Payment Suspension (Administrative Forbearance)," Federal Student Aid.*
[18] *Stefan Lembo Stolba, "Credit Card Debt in 2020: Balances Drop for the First Time in Eight Years," Experian, November 2020.*
[19] *Ryan Sandler, "Delinquencies on credit accounts continue to be low despite the pandemic," Consumer Financial Protection Bureau, June 2021.*
[20] *"Building Financial Futures," Fidelity, 2021.*
[21] *"Dow Jones Industrial Average," Yahoo Finance.*
[22] *The percentage of people who are confident that they were on track to meet long-term goals increased significantly by 3.3 percentage points over the past year for those who have ownership of employer-provided and/or individual retirement accounts in their households, whereas those who did not have ownership of these investment assets did not experience any significant change in this financial health indicator.*

The South Had the Largest Increase in Financial Health, but It Still Trails Rest of Country

	2020	2021	Change in % pts
Northeast	36%	37%	2%
Midwest	34%	37%	3%
South	26%	31%	5%*
West	35%	34%	-1%

Note: Statistically significant differences are indicated with * *($p < 0.05$)*.

Location can have significant implications for financial health. Prior Pulse research showed that people considered Financially Healthy tend to live in neighborhoods with access to clean air and water, healthy food, quality education, medical care, child care, affordable housing, and employment opportunities.[23]

Analysis of individuals based on U.S. Census Bureau region definitions reveals that people in the Northeast and Midwest are more likely to be considered Financially Healthy, while people in the South are least likely. Demographic and socioeconomic differences, which are not controlled for in this analysis, are likely to play a large role in differences across regions. However, in the context of year-over-year differences within regions, the South appears to be the only region to have experienced a significant increase (26% to 31%) in the proportion of individuals considered Financially Healthy in the past year. No other region experienced significant changes in the proportion of individuals considered Financially Healthy.

While these changes are interesting, the specific drivers of such trends are beyond the context of this report, given the aforementioned demographic and socioeconomic differences between states and the unique nature of each state's approach to the COVID-19 pandemic. Future Pulse reports may examine these regional differences in greater depth.

[23] *Necati Celik & Thea Garon, "Neighborhoods Matter: The Power of Place in Shaping Financial Health," Financial Health Network, April 2020.*

Key Finding

2

While gaps in financial health remain stark, Black, Latinx, and Asian American people, as well as individuals with less than $30,000 in household income, experienced significant increases in financial health. Relief programs appear to have had profound effects on the financial health of historically marginalized groups.

Financial health improved in the aggregate for Black, Latinx, and Asian American people, as well as people making less than $30,000 in household income.[24] Still, significant financial health disparities remain. While the proportion of White people and those making $30,000 or more in household income considered Financially Healthy did not significantly change in the past year, the gaps relative to other demographic groups have remained large.[25] The one exception to this trend is Asian American individuals, who were more likely to be Financially Healthy than any racial or ethnic group other than White individuals in 2020. In 2021, the proportion of Asian American individuals considered Financially Healthy grew further, surpassing the proportion of White people.

Much of the improvement in financial health tiers across demographic and socioeconomic groups appears to be from people in the Financially Coping tier in 2020 moving into the Financially Healthy tier in 2021. While there is movement between the Financially Vulnerable and Financially Coping tiers, these changes are smaller. Furthermore, analysis of individuals who took Pulse surveys in both 2020 and 2021 shows that the driver of financial health improvements was largely people moving from the Financially Coping tier to the Financially Healthy tier (see Figure 14 in Key Finding 4).

Government programs in response to the COVID-19 pandemic appear to have contributed to both national and demographic-level trends. We find associations that suggest government interventions and increased savings behavior helped some people move into the Financially Healthy tier and, in some instances, prevented individuals from falling into the Financially Vulnerable tier. For example, people who received unemployment insurance were 10 percentage points less likely to be considered Financially Vulnerable than those who applied and did not receive it. Likewise, those who reported that they spent less than usual over the past year were 9 percentage points more likely to be considered Financially Healthy than those who reported spending more than usual.[26]

The factors driving national trends generally mirror those at more specific demographic and socioeconomic groups. Black, Latinx, and Asian American people and people making less than $30,000 in household income experienced the largest improvements in the same indicators related

[24] We categorize survey respondents into race/ethnicity groups based on their responses to two questions that ask about race and ethnicity. See Appendix A for more information.

[25] The financial health increases for the different demographic and socioeconomic groups are not necessarily statistically significant relative to each other. The increase in proportion of sample considered Financially Healthy is significantly higher for Asian American people compared with White individuals and for Black people compared with White individuals. But, there are no significant differences in magnitude between Asian American, Black, and Latinx individuals. Likewise, there is no significant difference among any income groups in the increase of proportion of people considered Financially Healthy.

[26] There was not a significant association between receipt of stimulus payments and change in financial health tier. This is likely due to the broad stimulus eligibility criteria, which resulted in a large proportion of people in the U.S. receiving the payments. Given the diversity of the population that received the stimulus payments, there is not a clear relationship in the aggregate sample. However, there are clearer trends for different forms of government interventions and changes in financial health for particular demographic and socioeconomic groups.

to bill payment, short-term savings, and credit score. They also appear to have benefited from ongoing relief efforts, like stimulus payments and unemployment insurance, as well as changes in financial behaviors, like spending less money due to the pandemic.[27] For example, individuals with lower household incomes indicated unemployment insurance was more valuable to them relative to people with higher income. Among people earning less than $30,000 in household income, 76% said unemployment insurance was "very valuable," while 65% of people with household income over $100,000 said the same (Table B5). These trends also reflect other research findings, which showed that the incomes of Black and Latinx families increased as a result of stimulus and unemployment insurance payments, and that Latinx families had a pronounced drop in spending.[28]

Table 4. Asian American, Black, and Latinx people had improvements in financial health.
Percentage of Financially Healthy people by race/ethnicity (2019-21).

Race/Ethnicity	2019	2020	2021	Change in % pts ('21-'20)
Asian American	36%	35%	46%	11%*
Black	14%	11%	21%	9%*
Latinx	19%	21%	24%	4%*
White	34%	38%	39%	0%
Multiple Races	35%	33%	35%	2%

Notes: Race and ethnicity were divided into the four groups with the highest frequencies: Black people, Latinx people, Asian American people, and White people. While American Indian or Alaska Native and Native Hawaiian or other Pacific Islander were included as response options, the sample sizes within these groups were too small to include in the final analysis of this report. See Appendix A for more information on race/ethnicity and other demographic definitions. Statistically significant differences relative to 2020 are indicated with * ($p < 0.05$). Change column may not equal 2021 minus 2020 percentages due to rounding.

[27] *The improvements in financial health across race/ethnicity generally occurred across the income spectrum; both low- and high-income individuals within race/ethnicity groups experienced improvements.*

[28] *"Financial outcomes by race during COVID-19," JPMorgan Chase, June 2021.*

The Proportion of Black People Considered Financially Healthy Nearly Doubled

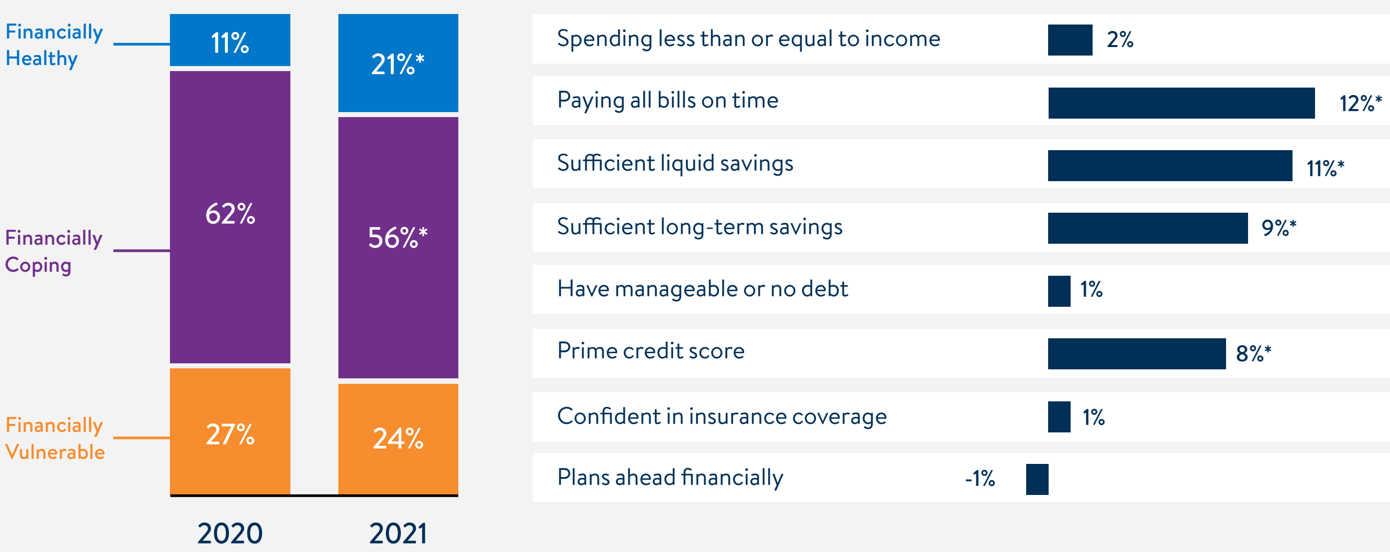
The proportion of Black people considered Financially Healthy increased significantly from 11% in 2020 to 21% in 2021, while the proportion of Black people considered Financially Coping decreased 6 percentage points, from 62% to 56%. There was no significant change in the proportion of Black people considered Financially Vulnerable.

These improvements were driven by positive trends across many of the financial health indicators, including bill payment, sufficient liquid savings, sufficient long-term savings, and prime credit score.

Figure 5. Financial health of Black people increased over the past year.

Financial health tier proportions for Black people (2020-21).

Change in percentage of Financially Healthy outcomes among Black people (2020-21).



Note: Statistically significant differences relative to 2020 are indicated with * (*$p < 0.05$*).

Improvements in financial health for Black people appear to be driven, in part, by two principal factors: receipt of stimulus payments and spending less money due to the pandemic. The 79% of Black people who reported receiving stimulus payments in the 2021 Pulse survey were 4 percentage points more likely to avoid becoming Financially Vulnerable over the past year relative to those who did not receive stimulus payments (Table B6).[29] Furthermore, Black people who spent less due to the pandemic were 17 percentage points more likely to move into the Financially Healthy tier and 4 percentage points more likely to avoid becoming Financially Vulnerable than those who reported spending more than usual during the pandemic. As a whole, Black individuals reported an average growth in liquid savings of approximately $1,900 over the past year, though this change was not statistically significant (Table B7). Other research points to the emergency relief efforts set forth by the CARES Act as a potential contributor to financial health improvement. For example, the $600 weekly boost in unemployment benefits from the CARES Act helped to briefly patch over the *state-based unemployment benefits gap*, or the inequitable distributions of unemployment benefits among Black and White Americans. As such, the recent expiration of this temporary benefit, among others, poses a risk to the financial health of Black Americans.[30]

[29] To explain 2020-21 changes in financial health for specific demographic groups in this section, we use a fixed effects regression with financial health tier as the dependent variable. We account for year and individual fixed effects, meaning that any year-over-year variation in financial health due to time-invariant factors, as well as the year effect, are accounted for, which circumvents any possible omitted variable bias in ordinary least squares estimates due to unobserved factors. We also include year-over-year changes in household income as a covariate to control for the effect of increase in wages on financial health over the past year. Interacting the demographic variables with the treatment variable (e.g., stimulus payments) helps us capture any heterogeneous associations between financial health and the treatment variable across that demographic factor.

[30] Kathryn A. Edwards, "The Racial Disparity In Unemployment Benefits," Rand Corporation, July 2020.

The Proportion of Latinx People Considered Financially Healthy Grew 3 Percentage Points as the Proportion of Financially Vulnerable Decreased 5 Points

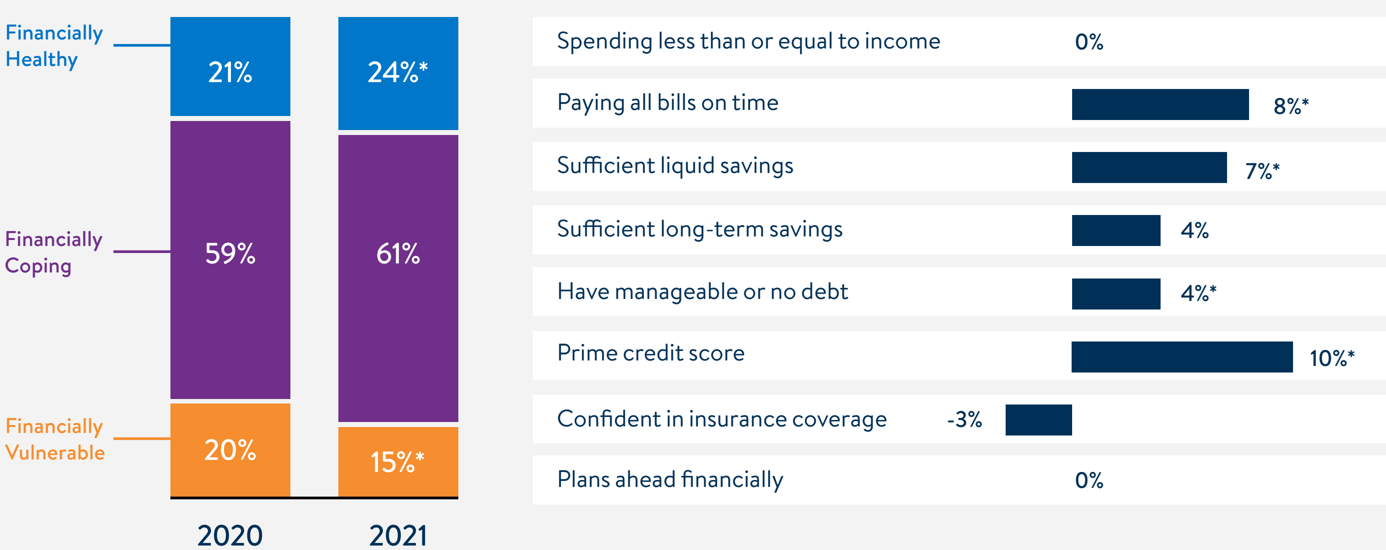
The proportion of Latinx people considered Financially Healthy increased 3 percentage points (21% to 24%) over the past year. This trend aligns with a significant decrease (20% to 15%) in the proportion of Latinx people considered Financially Vulnerable. Similar to the improvement seen with Black individuals, these improvements were due to positive trends across many of the financial health indicators, including bill payment, sufficient short-term savings, no or manageable debt, and prime credit score.

Changes in the financial health indicators for Latinx people align well with changes in their self-reported liquid savings. Overall, the average reported liquid savings of Latinx people grew significantly by $2,515 from 2020-21, potentially driving the improvement in all three financial health indicators that significantly changed (Table B7). Changes in spending behavior may have also contributed to these improvements: Latinx people who spent less than usual during the pandemic were 14 percentage points more likely to become Financially Healthy between 2020 and 2021 compared with Latinx people who reported spending more than usual. Furthermore, Latinx people who received stimulus payments were 4 percentage points less likely to become Financially Vulnerable over the past year than those who did not receive stimulus payments (Table B6).

Figure 6. Financial health of Latinx people increased over the past year.

Financial health tier proportions for Latinx people (2020-21).

Change in percentage of Financially Healthy outcomes among Latinx people (2020-21).



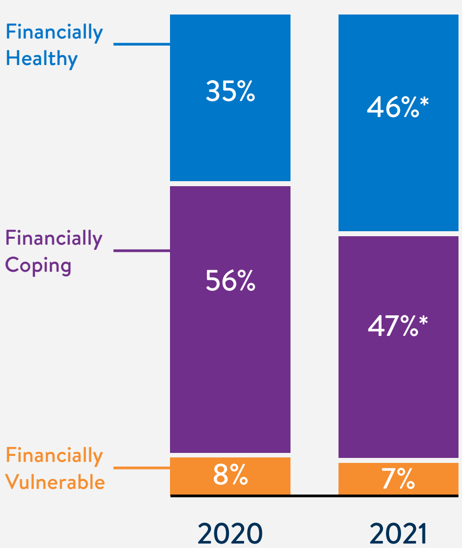
Note: Statistically significant differences relative to 2020 are indicated with * (*p* < 0.05).

The Financially Healthy Tier Grew 11 Percentage Points for Asian American People

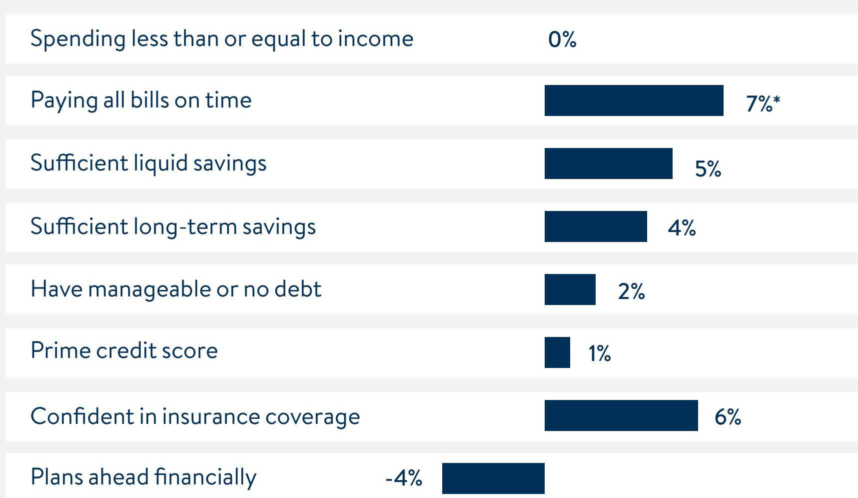
The proportion of Asian American people considered Financially Healthy increased 11 points, from 35% in 2020 to 46% in 2021. The proportion considered Financially Coping decreased from 56% to 47%, while there was no significant change in the proportion of individuals considered Financially Vulnerable. These improvements were driven by growth in the proportion of Asian American people paying bills on time. While there were directional improvements in many other indicators, these changes were not significant due to the smaller size of the Asian American sample.

Figure 7. Financial health of Asian American people increased over the past year.

Financial health tier proportions for Asian American people (2020-21).



Change in percentage of Financially Healthy outcomes among Asian American people (2020-21).



Note: Statistically significant differences relative to 2020 are indicated with * (*p* < 0.05).

The nature of the financial health changes for Asian American people differed from those of Latinx and Black individuals. Asian American people were already more likely to be Financially Healthy in 2020, and the growth in the Financially Healthy tier increased these differences.[31] Relative to people of other races and ethnicities, Asian American people were significantly more likely to be employed and remain employed throughout the pandemic than people of other races or ethnicities (Table B8).[32] Given the absence of major employment disruptions, growth in employment in the past year, and generous unemployment benefits for those who experienced employment disruptions, Asian American people experienced a major boost to their financial health relative to last year.[33, 34] Asian American people who received unemployment insurance were 34 percentage points less likely to become Financially Vulnerable compared with Asian American people who applied but did not receive it. However, research conducted in the first half of 2020 shows that Asian American people who were considered frontline workers experienced drastic declines in employment during the early stages of the pandemic.[35] Finally, similar to Black and Latinx people, Asian American people who spent less due to the pandemic were 17 percentage points more likely to move into the Financially Healthy tier relative to Asian American people who reported spending more than usual (Table B9).

[31] *The percentage of Asian American people with less than $30,000 in household income decreased drastically from 24% in 2020 to 14% in 2021, while the percentage of Asian American people with $100,000 or more household income increased from 33% to 42% over the past year. This change in sample composition, not reflected in other data sources, might account for some of the year-over-year changes in financial health between the two cross-sectional samples. However, we observe significant improvements in the financial health of Asian American people in our panel sample after controlling for changes in their household income, which suggests that there were other factors that resulted in important financial health changes beyond the large change in household income of Asian American people in our samples.*

[32] *Employment rate is calculated as the percentage of employed people out of all respondents, regardless of their participation in the labor force. Official employment rate, however, is calculated as the ratio of employed to the number of people in the labor force. As a result, percentages presented here cannot be directly compared to official employment statistics.*

[33] *Kyle K. Moore, "State unemployment by race and ethnicity," Economic Policy Institute, July 2021.*

[34] *Erica Groshen, "How COVID-19's Job Disruptions Vary by Gender, Race and Hispanic Ethnicity in August 2020," Cornell University ILR School, September 2020.*

[35] *Jenna Davison, Jordan Gemelas, Samantha Ing, & Case Keltner, "Inequities in Employment by Race, Ethnicity, and Sector During COVID-19," Journal of Racial and Ethnic Health Disparities, January 2021.*

Individuals With Household Income Under $30,000 Saw Slight Improvements in the Financially Healthy Tier

Financial health improved in the aggregate for people with household income under $30,000, but these individuals remain much less likely to be Financially Healthy than those with higher incomes. The proportion of people with household incomes less than $30,000 considered Financially Healthy increased 2 percentage points, from 10% to 12%. No other income groups experienced significant changes in the proportion of people considered Financially Healthy, and there were no other significant changes across other financial health tiers for those with less than $30,000 in household income.

Table 5. Percentage of Financially Healthy people with household income under $30,000 increased over the past year.
Percentage of Financially Healthy people by household income (2019-21).

Household Income	2019	2020	2021	Change in % pts ('21-'20)
Less than $30,000	10%	10%	12%	2%*
$30,000 - $59,999	20%	23%	25%	2%
$60,000 - $99,999	37%	41%	43%	2%
$100,000 or more	52%	57%	59%	1%

Note: Statistically significant differences relative to 2020 are indicated with * *(p < 0.05)*. Change column may not equal 2021 minus 2020 percentages due to rounding.

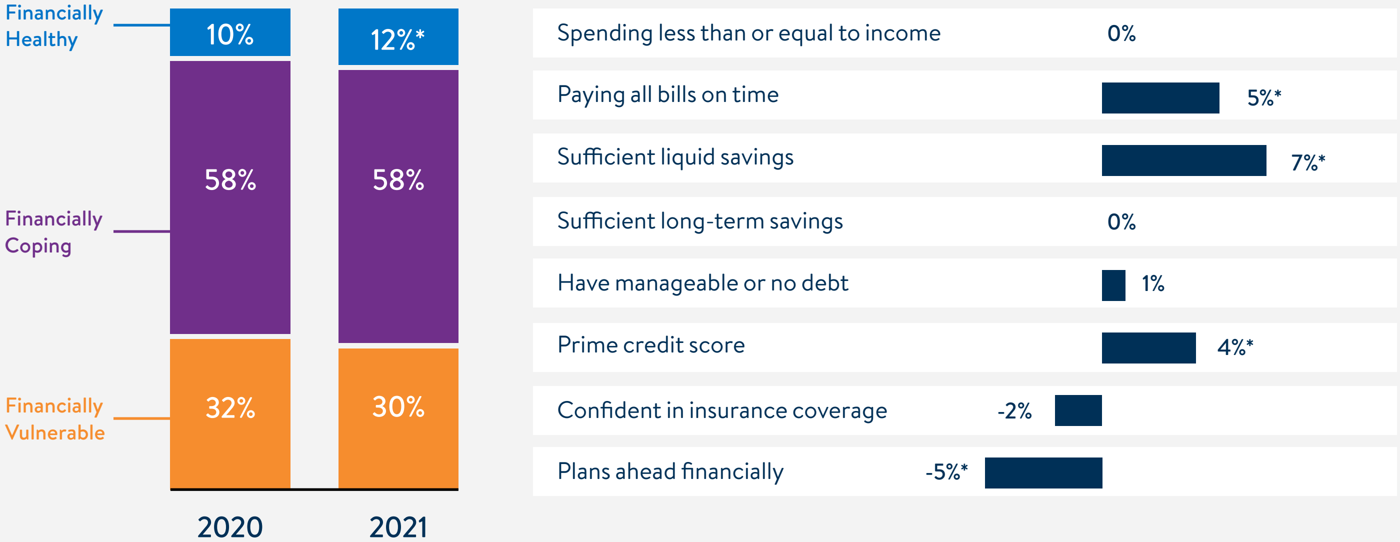
These improvements were driven by positive trends across many of the financial health indicators, including paying all bills on time, having sufficient liquid savings, and having a prime credit score. However, these improvements were tempered by a decline in planning ahead financially, suggesting that these individuals may have benefited from a temporary boost to financial health.

While improvements in financial health were smaller in scale relative to the improvements for Black, Latinx, and Asian American people, spending less during the pandemic was still correlated with financial health improvements for those with less than $30,000 in household income. Individuals who reported spending less were 7 percentage points more likely to move into the Financially Healthy tier from 2020-21 relative to people with household income under $30,000 who reported spending more than usual (Table B9). Likewise, unemployment benefits may have also helped people earning less than $30,000 in household income through challenging financial times. Among people at this income level, those who received unemployment benefits were 14 percentage points more likely to avoid becoming Financially Vulnerable compared with those who applied and did not receive these benefits (Table B10).

Figure 8. Financial health increased for people with household income under $30,000 over the past year.

Financial health tier proportions for people with household income under $30,000 (2020-21).

Change in percentage of Financially Healthy outcomes among people with household income under $30,000 (2020-21).



Note: Statistically significant differences relative to 2020 are indicated with * *($p < 0.05$)*.

While the improvements in financial health during the COVID-19 pandemic are notable, significant gaps still exist across demographic and socioeconomic groups. Black and Latinx people and individuals earning less than $30,000 in household income are still significantly less likely to be considered Financially Healthy than their White and higher-income counterparts. Black, Latinx, and Native people are at a higher risk of hospitalization and death due to COVID-19.[36] Further, evidence suggests that unemployment rates are recovering more slowly for people of color, especially Black and Latinx women, who accounted for 46% of the total decrease of labor force participation among women in the United States from February 2020 to February 2021.[37] Systemic barriers to equal wages, healthcare, the social safety net, and high-quality financial products and services continue to contribute to consistent disparities in financial health across race, income, and other facets of life. As temporary government assistance programs end, these individuals may lose financial health gains as the pandemic's impact continues.

[36] "Risk for COVID-19 Infection, Hospitalization, and Death By Race/Ethnicity," Centers for Disease Control and Prevention, September 2021. Due to sample size constraints, we are not able to analyze trends for Native people in Pulse survey data.

[37] Jesse Bennett & Rakesh Kochhar, "U.S. labor market inches back from the COVID-19 shock, but recovery is far from complete," Pew Research Center, April 2021.

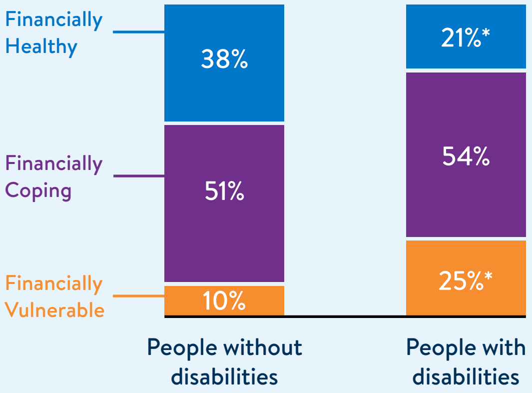
Initial Data on Financial Health by Ability and LGBTQ+ Identity

We added questions to the 2021 Pulse survey that will allow further tracking of financial health trends by aspects of individuals' identity. Findings from the first year of data collection show the financial health disparities across these important demographic dimensions. See Appendix A for more information on definitions and question wording.

Ability

Compared with people without disabilities, people with disabilities are significantly less likely to be considered Financially Healthy and are more likely to be considered Financially Vulnerable. The proportion of people without disabilities considered Financially Healthy is 38%, while only 21% of people with disabilities are considered Financially Healthy. Additionally, 10% of people without disabilities are considered Financially Vulnerable, while 25% of people with disabilities are considered Financially Vulnerable. Other research has established that people with disabilities face many barriers to financial health. For example, the National Disability Institute found that people with disabilities are more likely to struggle with making ends meet, planning ahead, and managing financial products, compared with people without disabilities. Our findings confirm these challenges, which translate into lower financial health for people with disabilities.[38]

Figure 9. 1 in 4 people with disabilities is Financially Vulnerable.
Financial health by individual ability status.

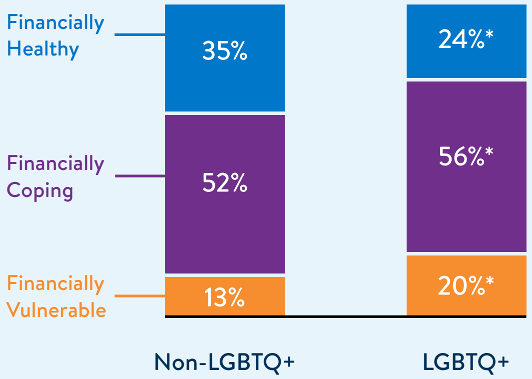


Note: Statistically significant differences relative to people with no disability are indicated with * ($p < 0.05$).

LGBTQ+ Identity

LGBTQ+ individuals are more likely than non-LGBTQ+ people to face financial challenges and systemic exclusion from crucial economic resources. As a result, a significantly higher proportion of LGBTQ+ people in our sample are considered Financially Vulnerable, compared with non-LGBTQ+ people (20% and 13%, respectively). Likewise, only 24% of LGBTQ+ people are considered Financially Healthy, whereas 35% of non-LGBTQ+ individuals are considered Financially Healthy. Our blog post on queer financial health sheds more light on the sources and consequences of these disparities.

Figure 10. The percentages of Financially Vulnerable and Financially Coping people are higher among the LGBTQ+ community.
Financial health by LGBTQ+ community.



Note: Statistically significant differences relative to non-LGBTQ+ people are indicated with * ($p < 0.05$).

[38] *Nanette Goodman, Michael Morris, & Bonnie O'Day, "Financial Capability of Adults with Disabilities," National Disability Institute, 2017.*

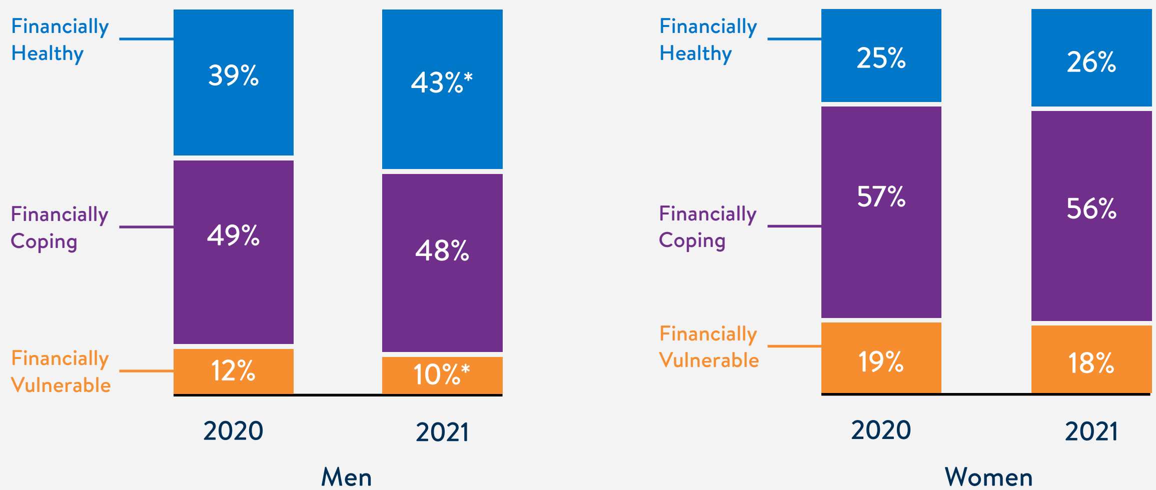
Key Finding

3

Women did not experience the same financial health improvements as men, as employment disruptions and child care responsibilities disproportionately fell upon them. As a result, the gender gap in financial health expanded.

On average, the financial health of men improved over the past year. Women experienced no such increases, indicating that financial health disparities are widening.[39] The proportion of men considered Financially Healthy increased from 39% to 43%, and the proportion of men considered Financially Vulnerable decreased significantly by 2 percentage points, from 12% to 10%. Meanwhile, women experienced no significant changes in the proportions of people in each financial health tier, which could reflect the disproportionate job losses at the outset of the pandemic as well as lopsided child care roles.[40, 41] The gap in financial health between men and women represents a continuation of trends observed in other Pulse reports, though there is evidence that the COVID-19 pandemic further drove these existing trends.[42]

Figure 11. Financial health of men increased, but stayed flat for women over the past year.
Percentage of people in each financial health tier by gender (2020-21).



Note: Statistically significant differences relative to 2020 are indicated with * ($p < 0.05$).

[39] *A limitation of this analysis is that non-binary individuals are excluded. For the basis of our gender analysis, we use a question that provides only "male" and "female" as response options. We added a new question to our 2021 Pulse survey that provides non-binary response options and may use a more inclusive gender definition in the future.*

[40] *María J. Luengo-Prado, "COVID-19 and the Labor Market Outcomes for Prime-Aged Women," Federal Reserve Bank of Boston, April 2021.*

[41] *Jesse Bennett & Rakesh Kochhar, "U.S. labor market inches back from the COVID-19 shock, but recovery is far from complete," Pew Research Center, April 2021.*

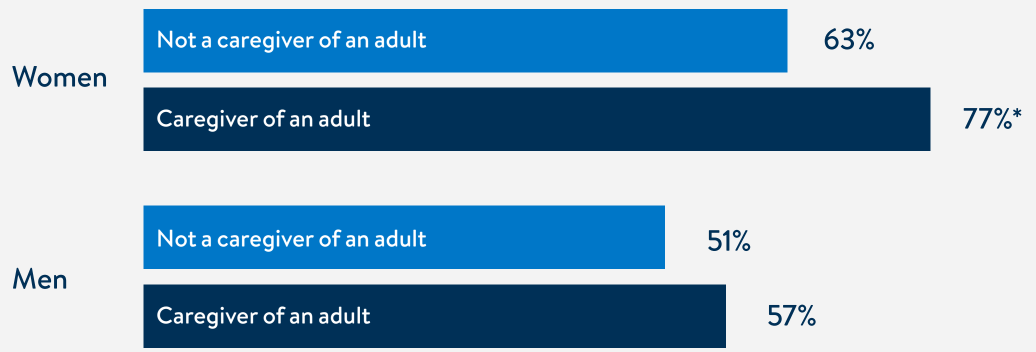
[42] *Past Pulse reports have shown that women are far less likely to be considered Financially Healthy than men. Part of this gap may be due to differences in income; the reported household income of respondents who are women in 2021 is 9 percentage points lower than for men. But even when controlling for household income, marital status, and number of children in the household, women are 9.9 percentage points less likely to be considered Financially Healthy and 5 percentage points more likely to be considered Financially Coping or Financially Vulnerable. This shows that the financial health differences between men and women go beyond differences in income or family composition, even outside the COVID-19 pandemic.*

Women were more than twice as likely as men (6% versus 2.4%) to not work due to child care responsibilities in 2021, an increase from 3.7% of women who reported this in 2020. As discussed in Key Finding 4, not being able to work or working less due to child care responsibilities was associated with an increased likelihood in experiencing a financial health decline in the past year. Furthermore, women whose work was disrupted by child care responsibilities were 45% more likely to experience financial stress due to the pandemic than those who did not experience this disruption, when controlling for income. Women were also 43% more likely to be a caregiver of an adult in 2021 than in 2020. After controlling for income, caregiving women were 23% more likely to experience some level of pandemic-related stress than women who were not caregivers of an adult in 2021, a difference not present for men (Figure 12).

Women experienced significant improvements in some of the financial health indicators, including an increase of 6 percentage points in paying bills on time, an increase of 4 percentage points in having sufficient liquid savings, and an increase of 4 percentage points in the proportion with a prime credit score. However, these increases were not enough to drive an increase in women's overall financial health. Meanwhile, men improved in the same indicators and had increases of 3 percentage points in having manageable or no debt and having sufficient long-term savings (Figure 13). Men also reported a significant increase in self-reported liquid assets over the past year – at an average increase of $3,375 – while women did not experience any significant change in the volume of their liquid assets (Table B7).

Figure 12. Women who are caregivers of an adult are more likely to experience pandemic-related stress than women who are not caregivers.

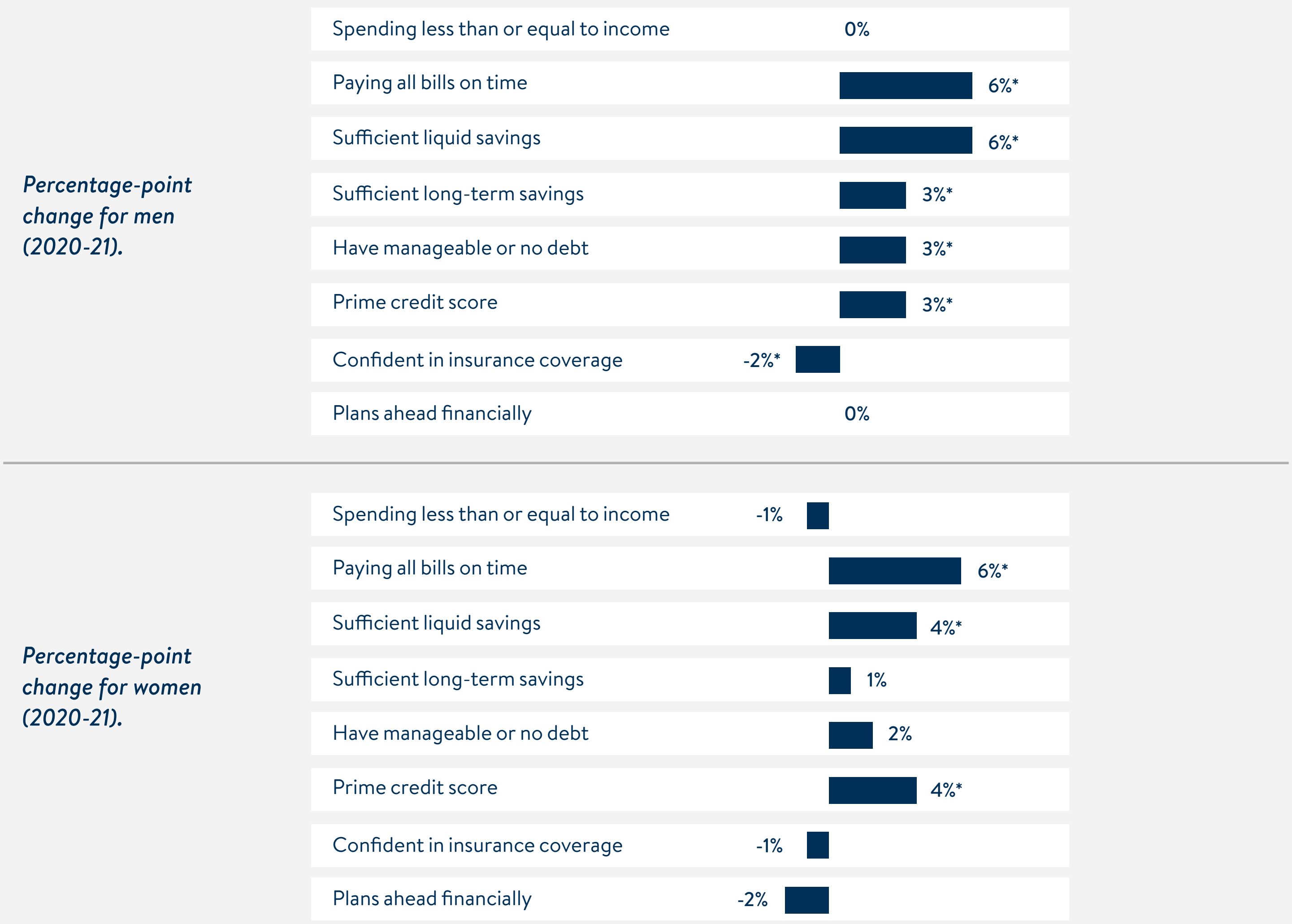
Percentage of people who experience pandemic-related stress by gender and caregiving (2021).



Notes: Statistically significant differences between caregivers and non-caregivers are indicated with * (*$p < 0.05$*). Household income was included as a control factor in the analysis.

The widening gap in financial health among men and women reflects the disproportionate impact that the pandemic has had on women. These findings are consistent with prior research and represent a concerning trend that merits further exploration.[43,44,45] In 2022, with support from Principal Foundation, the Financial Health Network will conduct in-depth research into the financial health of women and the challenges they face throughout their lives that contribute to the financial health gap. In the meantime, the 2021 administration of child tax credits may provide some support to women, who are more likely than men to have households with children. But, this potential support comes more than a year after the pandemic began.

Figure 13. Men experienced improvements in financial health in more areas than women.
Change in percentage of people with each outcome, by gender.



Note: Statistically significant differences relative to 2020 are indicated with * (*p < 0.05*).

[43] *Brittni Frederiksen, Michelle Long, Usha Ranji, & Alina Salganicoff, "Women, Work, and Family During COVID-19: Findings from the KFF Women's Health Survey," Kaiser Family Foundation, March 2021.*
[44] *Nicole Bateman & Martha Ross, "Why has COVID-19 been especially harmful for working women?," Brookings Institution, October 2020.*
[45] *Meredith Covington & Ana H. Kent, "The 'She-Cession' Persists, Especially for Women of Color," Federal Reserve Bank of St. Louis, December 2020.*

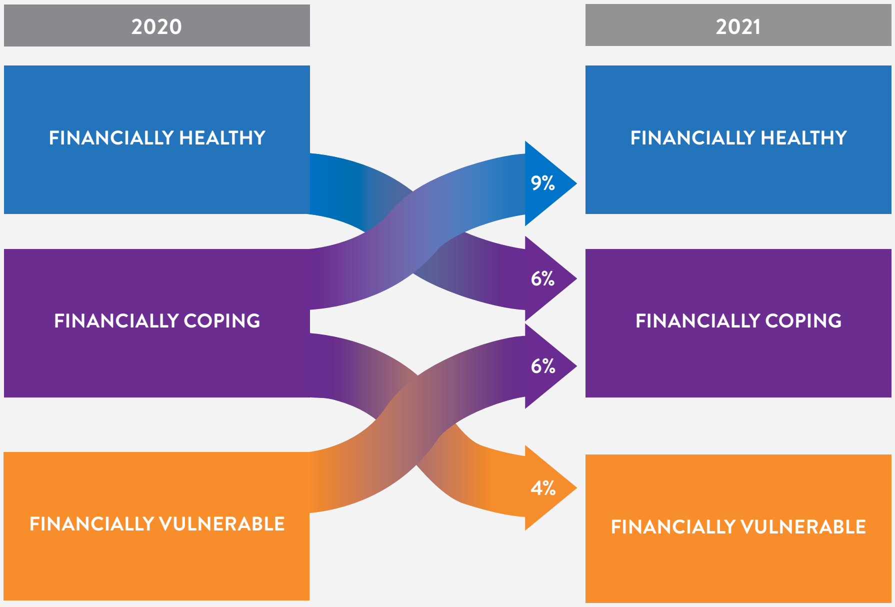
Key Finding

4

While financial health improved in the aggregate, many individuals experienced declines, especially given the consistent negative financial health impact of employment disruptions. Government programs reached those in need, but recipients may face growing financial challenges as these policies expire.

While financial health improved at the national level and within various demographic groups, these aggregate trends can conceal that some individuals experienced a decline in their financial health, including individuals in groups experiencing overall gains. From 2020-21, 10% of people moved to a lower financial health tier: 6% moved from Financially Healthy to Financially Coping, and 4% moved from Financially Coping to Financially Vulnerable (Figure 14). Meanwhile, 15% of individuals moved up a financial health tier: 9% from Financially Coping to Financially Healthy, and 6% from Financially Vulnerable to Financially Coping. Overall, 43% of individuals in the longitudinal sample experienced some sort of decline in their financial health from 2020-21.[46]

Figure 14. 10% of people moved down a financial health tier over the past year.
Percentage of people with financial health tier changes.



Notes: Longitudinal sample of people who responded to Pulse surveys in 2020 and 2021 (*n* = 5,096). An extremely small proportion of people moved between the Financially Healthy and Financially Vulnerable tiers between 2020 and 2021 and are excluded from this figure.

[46] *Defined as a decrease in their FinHealth Score® between those two periods.*

Individuals who experienced declines in their financial health in the last year were more likely to have low or moderate household incomes, have education less than a bachelor's degree, or have disabilities. For example, people with household incomes under $60,000 were 7 percentage points more likely to experience a financial health decline than those with income over $100,000. Such trends align with Pew Research Center findings that lower-income individuals were disproportionately likely to experience job loss in 2020 and were more likely to have difficulty paying their bills than those with higher incomes.[47] Additionally, people without a bachelor's degree were more likely to experience a decline in financial health, compared with those with a bachelor's degree or higher (45% versus 40%), mirroring findings from research conducted by the San Francisco Federal Reserve Bank.[48] Those with disabilities were also more likely to experience a decrease in financial health, compared with those without a disability (48% versus 42%) (Table B11).

Employment Disruptions Were Associated With Declines in Financial Health

Individuals who experienced disruptions in their employment were also more likely to see declines in their financial health. The COVID-19 pandemic has disrupted many people's employment – particularly toward the beginning of the pandemic – and many of these events were associated with a reduction in financial health in 2020-21. People who took temporary time off from their job in the past year to tend to a serious illness in their household were 10 percentage points more likely to experience a reduction in their financial health compared with those who did not experience this disruption. Individuals who worked less due to lower demand or because an employer reduced their hours were 8 percentage points more likely to have a decline in their financial health.

[47] Jesse Bennett, Rachel Minkin, & Kim Parker, "Economic Fallout From COVID-19 Continues To Hit Lower-Income Americans the Hardest," Pew Research Center, September 2020. This finding may initially appear counterintuitive relative to analysis discussed in Key Finding 2, where we find that individuals with household income under $30,000 experienced a net increase in the proportion considered Financially Healthy. These two findings indicate that while a larger share of people earning less than $30,000 improved their financial health, and a net 2% moved into the Financially Healthy tier, a large share of these individuals also experienced a decline in financial health, especially compared with individuals with higher income.

[48] Shelby R. Buckman, Mary C. Daly, & Lily M. Seitelman, "The Unequal Impact of COVID-19: Why Education Matters," Federal Reserve Bank of San Francisco, June 2020.

Other forms of disruption – like being furloughed, taking temporary leave for reasons other than serious illness, or working less due to child care or personal constraints – also had a slightly smaller association with reduced financial health. These findings demonstrate that employment disruptions can have a notable impact on financial health and that this impact is not limited to an individual losing their job completely. Other, less formal, disruptions can still present a meaningful shock to financial health, which may have a particularly large impact against the backdrop of the COVID-19 pandemic.

Table 6. People whose employment was disrupted were more likely to experience financial health declines over the past year.
Percentage-point change in likelihood of experiencing financial health decline, by types of employment disruptions.

Employment disruption	Percentage-point greater likelihood of experiencing financial health decline (relative to those who did not experience event)
Took temporary time off to tend to a serious illness in their household	10*
Employer reduced hours or pay	9*
Worked less due to a lower demand of services	8*
Furloughed or took temp. leave	7*
Unable to get to work due to child care responsibilities or other personal constraints	7*
Worked less due to child care responsibilities or other personal constraints	7*

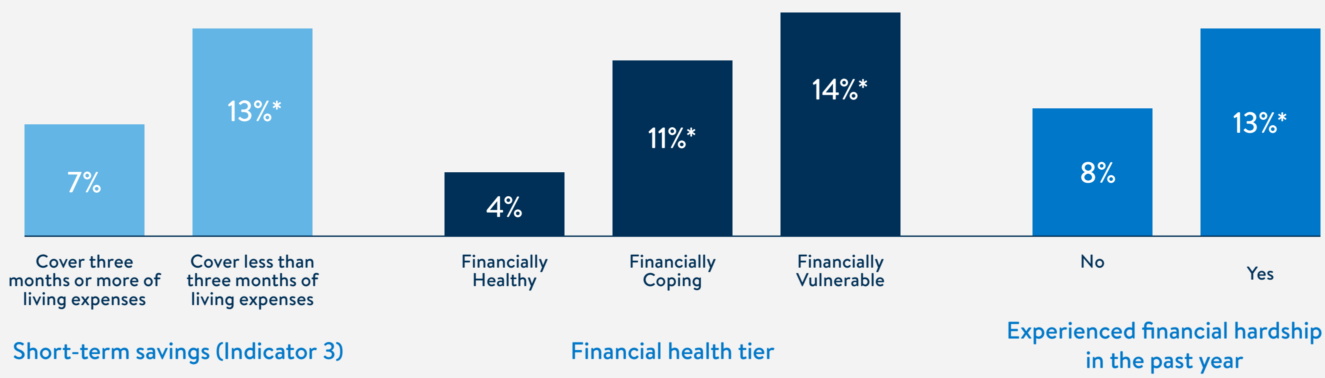
Notes: Regression results are based on longitudinal analysis of panel participants in the 2020 and 2021 Pulse surveys. Receipt of stimulus payments and unemployment insurance benefits were included as control factors. Financial health decline is defined as a decrease in FinHealth Score® *(* $p < 0.05$).* "Seriously ill or injured" is defined as "having a condition that lasts more than three days and would require treatment by a healthcare provider, an overnight hospital stay, or a long-lasting condition for which one must see a healthcare provider at least twice a year for treatment. This could also include a condition that makes one permanently unable to work or perform other daily functions, or that requires treatments to keep from becoming incapacitated." To see absolute values, refer to Table B12 in Appendix B. To see the full regression results, refer to Table B13 in Appendix B.

Government Assistance Reached the Financially Vulnerable and Recipients Experienced Less Hardship

Government assistance provided via the CARES Act and other programs was designed to ameliorate the effect of the COVID-19 pandemic on individuals' financial lives and financial health. Analysis of Pulse data shows that relief programs were utilized by people who needed assistance most: people considered Financially Vulnerable, those with fewer savings, and people who experienced hardship.[49] People who were considered Financially Vulnerable were more likely to report receipt of relief compared with those who were considered Financially Coping and Financially Healthy.[50] Moreover, relief was more likely to reach those who had insufficient short-term savings – 13% of people who report having short-term savings to cover less than three months of living expenses also reported receiving relief, nearly double the 7% of people who report having short-term savings to cover three months or more of expenses.[51] Additionally, other research shows that forbearance rates were higher among those with lower incomes and lower credit scores.[52]

Furthermore, recipients of certain forms of relief indicated that this relief may have helped them avoid further hardship. For example, individuals who received either student loan relief or mortgage or debt relief were less likely to experience increased food, housing, and prescription hardship in 2021, relative to people who applied for this relief but did not receive it (Table B15).[53] Specifically, people who received student loan relief were 8.9 percentage points less likely to experience increased food

Figure 15. Government relief programs reached the Financially Vulnerable.
Recipients of government relief by short-term savings, financial health tier, and financial hardship.



Notes: Statistically significant ($p < 0.05$) differences relative to the reference group of each variable are indicated with *. The reference groups for each variable include "cover three months or more of living expenses" (short-term savings), "Financially Healthy" (financial health tier), and "No" (experienced financial hardship in the past year).

[49] *Respondents were asked about receipt of five different forms of relief. For each form, we compare people who indicated they received relief with people who did not apply for that form of relief or individuals who applied for relief but have not received it yet or at all.*

[50] *We define receipt of relief as a respondent receiving at least one of the following forms of relief: mortgage/rent relief, student debt relief, credit card relief, or auto loan relief.*

[51] *These financial health metrics are based on responses to the 2021 Pulse survey.*

[52] *Susan F. Cherry, Erica Xuewei Jiang, Gregor Matvos, Tomasz Piskorski, & Amit Seru, "Government and Private Household Debt Relief during COVID-19," National Bureau of Economic Research, January 2021.*

[53] *People who did not apply for debt relief are far less likely to have experienced some form of hardship. As a result, comparing people who received relief to those who never applied would create severe self-selection bias (i.e., people who needed relief were the ones who applied). We instead compare those who received relief to those who applied but did not receive it. While the decision to apply would suffer from self-selection bias, being approved for relief does not.*

insecurity in 2021 relative to 2020, when compared with people who applied for this relief but did not receive it (though this finding is significant at a 90% threshold). Likewise, people who received student loan relief were 9.2 percentage points less likely to experience increased difficulty accessing their prescription medication in 2021 relative to 2020, when compared with people who applied for this relief but did not receive it. Finally, recipients of mortgage or rent relief were 8.9 percentage points less likely to experience increased housing insecurity in 2021 relative to 2020, when compared with people who applied for this relief but did not receive it. In sum, receiving certain forms of debt relief correlated with reduced likelihood of experiencing hardship.

Recipients May Be at Risk as Government Programs End, Though Child Tax Credits Will Provide Some Aid

These findings indicate that relief indeed reached people who were struggling and may have provided concrete assistance to recipients. But these results may also represent a caution as the relief programs end. When eviction moratoria, student debt forbearance, supplemental unemployment benefits, and stimulus payments stop, former recipients – who are already more likely to not be considered Financially Healthy – may find themselves in more financially difficult situations.

The administration of child tax credits may blunt the impact of government relief programs ending. Indeed, early research has indicated that child tax credits have reduced food insecurity and improved recipients' ability to pay household expenses.[54, 55] These monthly credits are designed, in part, to help recipients weather the potentially ongoing financial impacts of the COVID-19 pandemic. As such, they represent a continuation of government policy to give direct payments to people in the United States. Depending on the number of children in the household, the amount of the monthly child tax credit payment can create a major increase in monthly income for families with children, and may therefore continue to buoy recipients' finances.

Credits are limited to people with children under age 18, however.[56] Even among eligible individuals, those who did not file tax returns or are not able to receive payments via direct deposit will have to wait to receive their payments.[57] Furthermore, most individuals who received direct government payments during the pandemic are not eligible for child tax credits. Among individuals who reported receiving a third stimulus payment by the time of the 2021 Pulse survey, 79% do not have children under 18. Likewise, 73% of people who received unemployment insurance do not have children under 18. As a result, many individuals who are still struggling financially may lose government support as these policies expire, and will not benefit from child tax credits.

[54] *Elizabeth Ananat, Sophie Collyer, Megan Curran, Zachary Parolin, & Christopher Wimer, "The Initial Effects of the Expanded Child Tax Credit on Material Hardship," Center on Poverty & Social Policy at Columbia University, August 2021.*
[55] *Daniel J. Perez-Lopez, "Household Pulse Survey Collected Responses Just Before and Just After the Arrival of the First CTC Checks," U.S. Census Bureau, August 2021.*
[56] *"Child Tax Credit," Benefits.gov.*
[57] *"Advance Child Tax Credit Payments in 2021," Internal Revenue Service, 2021.*

Conclusion

In Unprecedented Times, What Comes Next?

The results highlighted in this report portray many positive changes to U.S. financial health that have occurred over the past year, while also presenting several warnings. Aggregate financial health improved, suggesting that government assistance and changes in individual financial behaviors, on average, had a positive effect on people's ability to manage their finances and build savings during the pandemic. In particular, Black, Latinx, and Asian American people, as well as individuals earning less than $30,000 in household income, had among the largest improvements in overall financial health.

Still, many people did not experience the same positive changes, especially those who experienced disruptions in their employment. And despite the improvements in financial health, Black and Latinx people still trail White and Asian American individuals. People with less than $30,000 in household income are still significantly less likely to be considered Financially Healthy than people with higher incomes.

Importantly, results from our data demonstrate that Financially Vulnerable people and those who experienced hardship were more likely to receive government assistance to help them weather these difficulties. As a result, these individuals may now be at risk of greater financial health declines and additional hardship as many government relief programs come to an end and the underlying economic challenges remain.

Even individuals whose financial health improved over the past year are not assured to maintain their higher levels of stability. The enhanced child tax credits, which the federal government is providing from July to December 2021, will likely help the financial situation of many. But some who do not qualify – especially individuals considered Financially Vulnerable without children or who do not file tax returns – may be at risk of experiencing financial health declines. Beneficiaries of mortgage and student loan payment moratoria will have to cope with the return of expenses that have been on hold for over a year. As government interventions end, it will be important to ensure the gains described in this report are maintained so that short-term financial health improvements can continue in the long term.

The response to the COVID-19 pandemic has demonstrated that government interventions can promote financial health. But, how else can federal, state, and local governments bolster the financial health of individuals in the United States? Child tax credits will serve as a learning opportunity to demonstrate how further government payments, regularly administered, will shape the financial behavior and decisions of families with children. Considering the financial health gap between men and women has widened during the pandemic, governments will need to tailor policies to the financial health needs of women. Widespread paid family and medical leave, universal child care, and pay equity would provide important building blocks toward closing this gap. Additionally, policies that reduce the disparities in educational opportunity, wages, and access to high-quality financial products can help reduce gaps in financial health across races and ethnicities.

Important policy questions like these will exist in a climate of uncertainty about whether and how the COVID-19 pandemic continues, how the labor market responds, and what, if anything, government does in further response. Personal financial behavior may continue to shift. Will people spend down their existing savings? Will spending, borrowing, and investing behaviors return to pre-pandemic levels? Individual decisions will play an important role in shaping financial health, as will the macroeconomic conditions and government programs against which those decisions are made. Future Pulse research will continue to explore financial health trends for specific demographic groups as changes develop. We will examine the financial health status of women, low-wage workers, and child tax credit recipients at more granular levels and provide insight into what the future might hold.

The COVID-19 pandemic has shown that financial health can improve meaningfully over a relatively short period and that large, bold interventions can have an impact. These improvements are not universal, though. Policymakers, industry leaders, employers, and others should learn from the impact of these actions and consider that many challenges existed for U.S. households long before recent events took over the national dialogue. We should neither view the pre-pandemic status quo as an ideal state, nor disregard individuals who have not benefited from the upward trends we see. Improving financial health for all, in light of the ongoing response to an unprecedented pandemic, requires further unprecedented action.

Appendices

APPENDIX A: Demographic Definitions

Race/Ethnicity

In several sections in the report, we discuss findings across race and ethnicity. We define race and ethnicity using a single, mutually exclusive variable. We use this single variable, given the lack of consensus over how to categorize Latinx survey respondents in addition to their racial identity. For example, there is debate over whether race and Latinx ethnicity should be viewed as the same concept or treated as separate facets of an individual's identity. In lieu of consensus, we follow the typical race and ethnicity definition conventions and treat race/ethnicity as a single variable, acknowledging the difficulty and complexity in doing so.

Respondents answer two questions that are used to determine their race/ethnicity categorization. Respondents who answer "yes" to the question, "Are you Spanish, Hispanic, or Latino?" are categorized as Latinx, regardless of their answer to an additional question asking them about their race. We use the term "Latinx" to include people who identify as non-binary, agender, genderqueer, or gender fluid, and because the term includes individuals who may not identify as "Hispanic."

Respondents who do not indicate that they are Latinx are categorized based on their response to the statement: "Here is a list of five race categories. Please choose all that apply." Response options were: "White," "Black or African American," "American Indian or Alaska Native," "Asian," and "Native Hawaiian or Other Pacific Islander." Individuals who select multiple races are categorized as "Multiple Races," regardless of their specific responses.

While there are inherent challenges in grouping all people that selected multiple races together, we have elected to do so in the absence of a consensus on how to subdivide this group further.

For the purposes of analysis, race and ethnicity were divided into the five groups with the highest frequencies: Asian American people, Black people, Latinx people, White people, and people of Multiple Races. While American Indian or Alaska Native and Native Hawaiian or other Pacific Islander were included as response options, the sample sizes within these groups were too small to include in the final analysis of this report.

Table A1. 2021 sample breakdown, by race and ethnicity.

Race/Ethnicity	Unweighted count	Weighted percentage
Asian American	352	5.1%
Black	505	12.0%
Latinx	959	16.1%
White	4,231	62.5%
American Indian or Alaska Native	59	0.6%
Hawaiian/ Pacific Islander	19	0.1%
Multiple Races	267	2.9%
Total	6,392	100%

LGBTQ+ Status

After consulting with our Diversity, Equity, and Inclusion committee as well as Financial Health Network staff who identify as LGBTQ+, we settled on the most diverse possible definition of the LGBTQ+ status. We used three variables on gender and sexual identity to define the LGBTQ+ status of a respondent:

QB10. How would you define your gender identity?
1. Man
2. Woman
3. Non-binary, gender non-conforming, or genderqueer
4. Other (please specify)

QB11. Do you identify as transgender?
1. Yes
2. No

QB09. How would you describe your sexual orientation?
1. Homosexual, gay or lesbian
2. Bisexual, pansexual or queer
3. Heterosexual or straight
4. Asexual
5. Some other description (please specify)

Respondents who identify as non-binary, gender non-conforming, genderqueer, or any gender identity other than "Man" or "Woman," as well as those who identify as transgender, homosexual, gay, lesbian, bisexual, queer, asexual, or any sexual orientation other than heterosexual or straight, are defined as LGBTQ+.

Ability

Ability is defined based on respondents' answers to six questions, inspired by the survey questions used by the U.S. Census Bureau to understand disability.

Q138. Is anyone in your household deaf or does anyone have serious difficulty hearing? Select all that apply.

Q139. Is anyone in your household blind or does anyone have serious difficulty seeing even when wearing glasses? Select all that apply.

Q140. Because of a physical, mental, or emotional condition, does anyone in your household have serious difficulty concentrating, remembering, or making decisions? Select all that apply.

Q141. Does anyone in your household have serious difficulty walking or climbing stairs? Select all that apply.

Q142. Does anyone in your household have difficulty dressing or bathing? Select all that apply.

Q143. Because of a physical, mental, or emotional condition, does anyone in your household have difficulty doing errands alone such as visiting a doctor's office or shopping? Select all that apply.

The response options for each question are:
1. No
2. Yes, Myself
3. Yes, Other adult (age 18-65) in your household
4. Yes, Other adult (age 65 and over)
5. Yes, Child (age 5-17)
6. Yes, Other
7. I don't know

Respondents who select "Yes, Myself" for one or more of the questions are categorized as having a disability.

APPENDIX B: Supplemental Data Tables

Table B1. Disruption in employment was negatively associated with paying bills on time.
Percentage of people who paid all their bills on time by employment disruption (2021).

	Yes	No	Difference
Was unable to get to work due to child care responsibilities or other constraints	38%	73%	90%*
Worked less due to child care responsibilities or other personal constraints	44%	73%	65%*
Laid off from a job	51%	74%	45%*
Worked less because of lower demand for services offered	52%	74%	44%*
Employer closed or permanently went out of business	51%	73%	44%*
Employer reduced hours or pay	53%	74%	41%*
Business that I or someone in my household owns earned less revenue	57%	72%	26%*
Furloughed or on temporary leave from a job	60%	73%	21%*
AVERAGE			47%*

Note: Statistically significant differences between those who experienced each employment disruption ("Yes") and who did not ("No") are indicated with * ($p < 0.05$).

Table B2. People whose income was stable relative to expenses were more likely to pay their bills on time.
Percentage of people who paid all their bills on time by relative income change (2021).

Income increased relative to expenses	86%*
Income stayed the same relative to expenses	76%*
Income decreased relative to expenses	54%

Note: Statistically significant differences from people whose income decreased relative to expenses are indicated with * ($p < 0.05$).

Table B3. Receiving unemployment insurance and debt relief increases likelihood of paying all bills on time.
Linear regression results for probability of paying all bills on time.

Less than $30,000 (reference)	Model 1	Model 2
$30,000 - $59,999	19%*	19%*
$60,000 - $99,999	31%*	31%*
$100,000 or more	40%*	40%*
Applied, did not receive unemployment insurance (reference)		
Did not apply for unemployment insurance	34%*	
Received unemployment insurance	21%*	
Applied, did not receive debt relief (reference)		
Did not apply for debt relief		30%*
Received debt relief		6%*
Constant	18%*	24%*
N	6,325	6,247

Notes: Results are linear regression coefficients and can be interpreted as percentage-point differences relative to the reference category. Statistically significant differences are indicated with * ($p < 0.05$).

Table B4. Percentage of high-income people planning ahead financially increased.
Percentage of people planning ahead financially by household income (2020-21).

	2020	2021
Less than $30,000	40%	35%*
$30,000 - $59,999	60%	54%*
$60,000 - $99,999	72%	72%
$100,000 or more	83%	88%*

Note: Statistically significant differences are indicated with * ($p < 0.05$).

Table B5. People with less than $60,000 household income found unemployment benefits more valuable than people with higher household income.
Percentage of people who found unemployment benefits "Very Valuable" by household income (2021).

Less than $30,000	76%*
$30,000 - $59,999	76%*
$60,000 - $99,999	63%
$100,000 or more	65%

Note: Statistically significant differences relative to $100,000 or more income category are indicated with * ($p < 0.05$).

Table B6. Receiving stimulus checks increased the likelihood of financial health for Black people and reduced the likelihood of financial vulnerability for Latinx people.
Change in percentage likelihood to move into the Financially Vulnerable or Financially Healthy tiers for those who received stimulus checks versus those who did not, by race/ethnicity.

	Vulnerable	Healthy
Asian American	-4%	-2%
Black	-4%*	5%*
Latinx	-4%*	-2%
White	0%	-3%*
Multiple Races	-3%	-3%

Notes: Results are based on a fixed effects analysis of panel participants in the 2020 and 2021 Pulse surveys ($n = 5{,}096$) and represent percentage-point differences in likelihood to become Financially Vulnerable or Financially Healthy among those who received stimulus checks and those who did not. Changes in household income was included as a control factor. Statistically significant differences are indicated with * ($p < 0.05$).

Table B7. Average liquid account balances increased for Latinx people, White people, and men.
Average reported balances in liquid accounts (checking, saving accounts, and cash in hand) by race/ethnicity (2020-21).

	2020	2021	Difference
Asian American	$24,375	$22,141	-$2,234
Black	$3,554	$5,457	$1,903
Latinx	$9,167	$11,682	$2,515*
White	$17,037	$19,536	$2,499*
Multiple Races	$13,568	$18,115	$4,547
Women	$11,315	$12,283	$968
Men	$17,652	$21,027	$3,375*

Notes: Top 1% ($250,000 and more) of liquid account balances were trimmed to avoid outliers. Statistically significant differences are indicated with * ($p < 0.05$).

Table B8. Percentage of employed Asian American and Latinx people increased.
Percentage of people employed by race/ethnicity (2020-21).

	2020	2021
Asian American	63%	70%**
Black	51%	54%
Latinx	59%	65%*
White	52%	54%
Multiple Races	61%	60%

Note: Statistically significant differences are indicated with * $(p < 0.05)$ or ** $(p < 0.1)$.

Table B9. Spending less than usual is associated with increased likelihood of financial health for Asian American, Black, and Latinx people.
Change in percentage likelihood to move into the Financially Vulnerable or Financially Healthy tiers for those who spent less than usual versus those who spent more than usual due to the pandemic, by household income and race/ethnicity.

	Vulnerable	Healthy
<$30,000	-3%	7%*
$30,000 - $59,999	-3%	6%*
$60,000 - $99,999	-2%	13%*
$100,000+	-2%	6%*
Asian American	0%	17%*
Black	0%	17%*
Latinx	-5%*	14%*
White	-2%	5%*
Multiple Races	-6%	-2%

Notes: Results are based on a fixed effects analysis of panel participants in the 2020 and 2021 Pulse surveys $(n = 5{,}096)$ and represent percentage-point difference in likelihood to become Financially Vulnerable or Financially Healthy between those who spent less than usual and those who spent more than usual due to the pandemic. Changes in household income was included as a control factor. Statistically significant differences are indicated with * $(p < 0.05)$.

Table B10. Receiving unemployment insurance benefits decreased the likelihood of financial vulnerability for people under $60,000 household income, Asian American people, and White people.
Change in percentage likelihood to move into the Financially Vulnerable or Financially Healthy tiers for those who received unemployment insurance benefits versus those who applied and did not receive benefits, by household income and race/ethnicity.

	Vulnerable	Healthy
<$30,000	-14%*	5%
$30,000 - $59,999	-21%*	-3%
$60,000 - $99,999	-1%	1%
$100,000+	2%	-8%
Asian American	-34%*	1%
Black	-1%	0%
Latinx	-5%	9%
White	-15%*	-1%
Multiple Races	-10%	5%

Notes: Results are based on a fixed effects analysis of panel participants in the 2020 and 2021 Pulse surveys *(n = 5,096)* and represent percentage-point difference in likelihood to become Financially Vulnerable or Financially Healthy between those who received unemployment insurance benefits versus those who applied and did not receive benefits. Changes in household income was included as a control factor. Statistically significant differences are indicated with * *(p < 0.05)*.

Table B11. Financial health declined at higher rates for lower- and moderate-income Americans, people with disabilities, and those without bachelor's degrees.
Demographic breakdown of those who experienced a decline in financial health between May 2020 and May 2021.

	Household income			Ability		Education level	
	Less than $60,000	$60,000 - $99,999	$100,000 or more	Individual respondent does not have a disability	Individual respondent has a disability	Less than a bachelor's degree	Bachelor's degree or higher
Financial health stayed the same or increased	54%	59%*	61%*	58%	52%*	55%	60%*
Financial health decreased	46%	41%*	39%*	42%	48%*	45%	40%*

Notes: Results are based on a longitudinal analysis of panel participants in the 2020 and 2021 Pulse surveys. Statistically significant *(p < 0.05)* differences relative to the reference group of each variable are indicated with *. The reference groups for each variable include "less than $60,000" (household income), "individual respondent does not have a disability" (ability), and "less than a bachelor's degree" (education level). Household income was reported as of the 2021 Pulse survey.

Table B12. Many people who experienced disruptions in employment saw declines in their financial health.
Percentage of people who experienced a decline in financial health by employment disruption (2021).

	Experienced disruption	Did not experience disruption
Was unable to get to work due to child care responsibilities or other constraints	51%	43%*
Worked less due to child care responsibilities or other personal constraints	51%	43%*
Laid off from a job	46%	43%
Worked less because of lower demand for services offered	50%	42%*
Employer closed or permanently went out of business	44%	43%
Employer reduced hours or pay	51%	42%*
Business that I or someone in my household owns earned less revenue	50%	43%*
Furloughed or on temporary leave from a job	50%	42%*

Notes: Statistically significant differences between those who experienced each employment disruption and those who did not are indicated with * ($p < 0.05$). Differences in absolute values may not match values in Table 6 due to rounding.

Table B13. Throughout the COVID-19 pandemic, employment disruptions have been associated with financial health declines.
The relationship between employment disruptions and financial health decline, regression results.

Variables	Coefficients									
Did not receive stimulus (Received stimulus)	-0.010	-0.008	-0.008	-0.006	-0.011	-0.009	-0.011	-0.010	-0.011	-0.123
Did not know (Received stimulus)	-0.000	0.003	-0.006	0.003	0.003	0.002	-0.005	0.001	-0.001	-0.06
Received unemployment insurance (Did not apply for unemployment insurance)	0.003	-0.009	-0.007	-0.002	0.014	0.015	0.012	0.018	0.011	0.118
Applied and did not receive unemployment insurance (Did not apply for unemployment insurance)	0.114*	0.105*	0.097*	0.090*	0.119*	0.115*	0.116*	0.127*	0.119*	0.515*
Laid off from a job (Did not experience this employment disruption)	0.027									
Furloughed, on temporary leave from a job, or employer temporarily closed (Did not experience this employment disruption)		0.071*								
Employer reduced hours or pay (Did not experience this employment disruption)			0.088*							
Worked less because of lower demand for services offered (Did not experience this employment disruption)				0.075*						
A business that I or someone in my household owns earned less revenue (Did not experience this employment disruption)					0.058					
Other factor income decreased (Did not experience this employment disruption)						0.095*				

(continued)

Table B13. (continued)

Variables	Coefficients									
Was unable to get to work due to child care responsibilities or other personal constraints (Did not experience this employment disruption)							0.070*			
Employer closed or permanently went out of business (Did not experience this employment disruption)								-0.009		
Worked less due to child care responsibilities or other personal constraints (Did not experience this employment disruption)									0.068*	
Took temporary time off to tend to a serious illness in household (Had a serious illness in household but did not take temporary time off to tend to it)										0.098*
Constant	0.424*	0.422*	0.418*	0.419*	0.423*	0.423*	0.424*	0.426*	0.424*	0.371*
Observations	5,075	5,074	5,070	5,064	5,076	5,075	5,080	5,071	5,067	441
R-squared	0.002	0.004	0.005	0.004	0.003	0.003	0.003	0.002	0.003	0.062

Notes: Results are based on a longitudinal analysis of panel participants in the 2020 and 2021 Pulse surveys. Coefficients should be interpreted as percentage-point differences between the reference groups listed for each variable. Statistically significant *($p < 0.05$)* differences relative to comparison group are indicated with *.

Table B14. Government relief programs are reaching the Financially Vulnerable.
Short-term savings, financial health, and financial hardship, by receipt of government relief.

	Sufficient short-term savings (Indicator 3)		Financial health tier			Experienced financial hardship in the past year	
	Cover ≥ 3 months of living expenses	Cover < 3 months of living expenses	Healthy	Coping	Vulnerable	No	Yes
Applied and received relief	7%	13%*	4%	11%*	14%*	8%	13%*
Did not apply for relief	93%	87%*	96%	89%*	86%*	92%	87%*

Notes: Results are based on an analysis of participants in the 2021 Pulse survey. Statistically significant *($p < 0.05$)* differences relative to the reference group of each variable are indicated with *. The reference groups for each variable include "cover three months or more of living expenses" (short-term savings), "Financially Healthy" (financial health tier), and "No" (experienced financial hardship in the past year).

Table B15. Receiving student loan and mortgage/rent relief was helpful in avoiding more hardship.
Marginal effect of receiving debt relief or unemployment insurance on the likelihood of experiencing more hardship over the past year, controlling for changes in household income.

	Experienced more food insecurity than a year ago	Experienced more housing insecurity than a year ago	Experienced more healthcare insecurity than a year ago	Experienced more prescription insecurity than a year ago
Student loans relief	-9%**	-4%	-1%	-9%*
Mortgage or rent relief	-1%	-9%*	-3%	-2%
Credit card relief	2%	3%	5%	2%
Auto loans relief	-5%	3%	-5%	2%
Other loans relief	9%	4%	19%	-1%
Unemployment insurance	-1%	-7%*	-2%	0%

Notes: Results are based on fixed effects models using panel data and controlling for changes in household income. They can be interpreted as percentage-point changes in probability to experience more hardship in 2021 than in 2020 for those who received relief or unemployment insurance relative to people who applied and did not receive these benefits. Significant differences relative to the people who applied and did not receive relief and unemployment insurance are indicated with * *($p < 0.05$)* and ** *($p < 0.1$)*.

FINANCIAL HEALTH NETWORK

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