What will it take for Americans to be financially resilient?

The COVID-19 pandemic and its economic fallout revealed with shocking speed how fragile financial security is for Americans. In the space of a few months, more than 30 million people were thrown out of work.¹ More than 100,000 small businesses were forced to permanently close their doors.² As the latest Prudential Financial Wellness Census™ shows, more than half of U.S. adults saw their finances compromised—with people of color, women, younger people, small business owners, gig workers, and those employed in the retail industry disproportionately impacted.

The pandemic has exposed, in sharp relief, the precarity of our public health and economic systems, the pervasive extent of racial and social inequity, and Americans’ low immunity to financial disruption. This crisis will not be the last test of our country’s financial health, and has raised the stark question of whether financial resilience is truly possible. The answer is not a simple yes or no, so the prescription for recovery neither can be surface level. We must solve deep systemic vulnerabilities and boldly reimagine how people live and work, and how we earn, save, and protect against financial risks. In short, we must rebuild to enable inclusive and sustainable financial security.

The Financial Wellness Census™ shows how Americans have been impacted by the current crisis, how they have responded, and where they are looking for help. In doing so, the study identifies where we—businesses, government, charitable organizations, individuals—must focus our resources and ingenuity to make financial resilience a reality.
The first months of the COVID-19 pandemic largely reversed nearly three years of financial gains in the United States, as measured by the Census, reducing the ranks of American adults who are objectively financially healthy to 50%.³

More than half (51%) of Americans said their financial health was negatively impacted amid the crisis, but for many, the impact is devastating. Some 26% of respondents had an income disruption (including furlough, reduced compensation or work hours), and nearly 1 in 5 (17%) saw their household income fall by half or more in the months following the outbreak. Fourteen percent lost their jobs as a result of the pandemic, and often more than just a paycheck. Of those with job loss or income disruption: 17% also lost employer contributions to a retirement plan, 14% lost health insurance, and 10% lost group life insurance—ripping away critical elements of their personal safety net. It is a stark reminder of the interplay between physical and financial health, collectively and as individuals.

In addition, the economic fallout from the pandemic shrunk the portion of respondents who qualified as financially Confident to 36%, down from 40% in 2019, while swelling the number of the Discouraged to 33% from 31% only a few months prior. Dishearteningly, nearly half of Americans seem to perceive their financial mobility as fixed. The percentage who had a Discouraged or Pessimistic view of their financial future stood at 49% in 2017, during the longest economic expansion in U.S. history, and 47% in 2020—in the throes of a global crisis—revealing a sense of persistent financial inertia.

17% of Americans saw household income fall by half or more

- 15% of White Americans
- 22% of Black Americans
- 21% of Latino Americans
- 21% of Asian Pacific Americans
- 14% of men
- 19% of women
- 25% of LGBTQ
- 21% of millennials
- 22% of Gen X
- 8% of boomers
- 32% of small business owners
- 31% of gig workers
- 24% of retail industry employees
- 23% of caregivers

### Americans largely perceive their financial mobility as fixed

- **34%** Confident (2017)
- **40%** Confident (2019)
- **36%** Confident (2020)

- **49%** Discouraged
- **12%** Pessimistic

- **43%** Discouraged
- **12%** Pessimistic

- **47%** Discouraged
- **14%** Pessimistic

- **Discouraged** have a low level of financial health by objective measures and recognize it.
- **Pessimists** have a high level of financial health, but are nonetheless pessimistic about their finances.
- **Confidents** are doing well and believe they are doing well.
Predictably, lower-income Americans were disproportionately hurt by this financial crisis. Among those with household income of less than $30,000 a year, 34% reported being unemployed in early May, versus only 8% of those with household income of $100,000 or more.

When the Census was fielded in 2019, women, Black Americans, Latino Americans, American Indians and Alaska Natives were all living in households with substantially lower total incomes than the general population, on average—as were caregivers, the disabled, and members of the LGBTQ community. Their plight only worsened following the outbreak of the pandemic. In the 2020 Census, median household income for the general population was $75,000. It stayed flat for Latino Americans at $55,000, and fell to $45,000 from $55,000 for Black Americans. The unemployment rate for Black Americans nearly tripled from 7% in December 2019—near its low since national records began in 1972—to 18% in May 2020, according to Prudential’s Census.4
For those Americans pummeled by the economic fallout from COVID-19, it is easy to wonder whether enduring financial health and resiliency is possible. Nearly half of Census respondents (48%) said they are worried about their financial future in May, up from 38% at year-end 2019.

In fact, financial worries are more common on a wide variety of fronts, rising to roughly where they were three years earlier, and in some cases even higher. Not surprisingly, those Americans with lower incomes and fewer assets were significantly more worried than those who make and have more.

**How much do you worry about each of the following?**

<table>
<thead>
<tr>
<th>Perception</th>
<th>&lt; $30K</th>
<th>$30-50K</th>
<th>$50-80K</th>
<th>$80-100K</th>
<th>&gt; $100K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your current finances</td>
<td>53%</td>
<td>46%</td>
<td>41%</td>
<td>38%</td>
<td>33%</td>
</tr>
<tr>
<td>Your financial future</td>
<td>59%</td>
<td>50%</td>
<td>48%</td>
<td>46%</td>
<td>40%</td>
</tr>
<tr>
<td>Your children's/grandchildren's financial futures*</td>
<td>45%</td>
<td>48%</td>
<td>44%</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>Your ability to earn enough money to achieve your goals</td>
<td>51%</td>
<td>46%</td>
<td>43%</td>
<td>43%</td>
<td>40%</td>
</tr>
<tr>
<td>Your ability to save or invest enough money to achieve your goals</td>
<td>46%</td>
<td>44%</td>
<td>44%</td>
<td>43%</td>
<td>41%</td>
</tr>
<tr>
<td>Forces you can’t control (e.g., the economy) hindering your ability to achieve your goals</td>
<td>46%</td>
<td>48%</td>
<td>45%</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>The likelihood that you will get sick**</td>
<td>43%</td>
<td>40%</td>
<td>35%</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>Your ability to rely on a government safety net for financial assistance during times of crisis**</td>
<td>46%</td>
<td>38%</td>
<td>33%</td>
<td>33%</td>
<td>28%</td>
</tr>
<tr>
<td>Your ability to pay off any debt you have**</td>
<td>44%</td>
<td>37%</td>
<td>36%</td>
<td>35%</td>
<td>27%</td>
</tr>
<tr>
<td>Rising inflation that will limit your buying power**</td>
<td>41%</td>
<td>39%</td>
<td>38%</td>
<td>37%</td>
<td>36%</td>
</tr>
</tbody>
</table>

*Base: Those with children
** Added in 2020

**48% OF AMERICANS ARE WORRIED ABOUT THEIR FINANCIAL FUTURE**

- 45% of White Americans
- 56% of Black Americans
- 56% of Latino Americans
- 51% of Asian Pacific Americans
- 43% of men
- 52% of women
- 52% of LGBTQ
- 52% of millennials
- 53% of Gen X
- 37% of boomers
- 37% of small business owners
- 52% of gig workers
- 56% of retail industry employees
- 58% of caregivers
While many parties have a role to play in making financial security possible, the Census shows where Americans expect to find help when they need it. The federal government is viewed as the most common source of financial assistance in times of crisis, cited by 32% of all respondents, followed closely by family and friends (28%), and then state and local governments (27% and 17%, respectively).

Notably, respondents most commonly see their current or former employers as the next most important source of assistance, cited by 14%—ahead, even, of nonprofit groups and charitable organizations (13%), faith-based institutions (11%), and unions or labor organizations (7%).

Generally, Americans are aligned with the outside entities they turn to for financial help, though the inclination to seek help varies dramatically by generation. Millennials and Gen Xers are much more likely to look for help than baby boomers—perhaps because boomers, who make up nearly 38% of all Confidents, have had more time to establish themselves financially, and may have accessed traditional defined benefits such as company pensions and unions.

When asked what changes they would like to see as a result of the COVID-19 pandemic, Census respondents overall point to more affordable health care, more flexible work options, and better government programs to support small businesses—all of which should make it easier for businesses and their employees to ride out future crises. However, those with lower incomes are most interested in changes that strengthen their finances and social safety nets, such as affordable health care and universal health care coverage, better government support of small businesses and the unemployed, increases in the minimum wage, and more protections for workers. By contrast, those with the highest incomes ($100,000 or more per year) seek less disruption of the status quo. They are more interested in changes that would contribute to sustainable work opportunities, such as better supply chains that are less susceptible to disruption, and more flexible work options.

SEARCHING FOR HELP
Americans look first to government, family and friends

32% OF AMERICANS SEE THE FEDERAL GOVERNMENT AS A SOURCE OF FINANCIAL ASSISTANCE IN TIMES OF CRISIS
- 28% family and friends
- 27% state governments
- 17% local governments
- 14% current or former employers
- 13% nonprofit groups and charitable organizations
- 11% faith-based institutions
- 7% unions or labor organizations

BUILDING RESILIENCE
Accessible health care, flexible work, and government programs are critical

43% WANT MORE AFFORDABLE HEALTH CARE
- 36% better supply chains to avoid disruption
- 35% more flexible work options
- 32% better government programs to support small businesses
- 32% universal health care coverage
- 31% greater cooperation between the public and private sector to address major threats to society (e.g., pandemics, climate change)
- 30% Better government programs to support the unemployed
- 28% increase in minimum wage

WOMEN ARE MORE LIKELY THAN MEN TO WANT CERTAIN CHANGES
- more affordable health care (47% women/39% men)
- more flexible work options (43% women/29% men)
- better government programs to support small businesses (37% women /28% men)
- increase in minimum wage (34% women/23% men)
Assembled to identify the workplace benefits and attributes they value most, Census respondents point most frequently to retirement savings opportunities, paid time off, and comprehensive health care and prescription medicine coverage. All those benefits make it easier to manage through future economic disruptions. Higher-income respondents are significantly more focused on retirement savings than lower-income respondents, while lower-income respondents are more likely to prioritize getting more vacation time and paid leave, which is essential for self-care and for caregiving.

### Most valuable workplace benefits (among those who are employed/self-employed)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>&lt; $30K</th>
<th>$30-50K</th>
<th>$50-80K</th>
<th>$80-100K</th>
<th>$100K+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement savings</td>
<td>22%</td>
<td>26%</td>
<td>37%</td>
<td>48%</td>
<td>44%</td>
</tr>
<tr>
<td>More vacation time</td>
<td>27%</td>
<td>27%</td>
<td>32%</td>
<td>36%</td>
<td>33%</td>
</tr>
<tr>
<td>Paid sick leave</td>
<td>26%</td>
<td>31%</td>
<td>36%</td>
<td>34%</td>
<td>30%</td>
</tr>
<tr>
<td>Comprehensive health care/prescription coverage</td>
<td>21%</td>
<td>23%</td>
<td>26%</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>Flexibility on where and when work gets done</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e.g., remote work)</td>
<td>18%</td>
<td>18%</td>
<td>17%</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Paid family leave (to care for new baby, parents, other family members)</td>
<td>11%</td>
<td>13%</td>
<td>15%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Professional development/education to learn new skills</td>
<td>13%</td>
<td>9%</td>
<td>12%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>The ability to work on freelance/contract basis</td>
<td>14%</td>
<td>12%</td>
<td>7%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Mental health and wellness benefits</td>
<td>15%</td>
<td>6%</td>
<td>10%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>The ability to move across roles/departments</td>
<td>12%</td>
<td>8%</td>
<td>9%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Physical health and wellness benefits (e.g., gym membership)</td>
<td>8%</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Strong career mentorship/sponsorship</td>
<td>8%</td>
<td>6%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Help with student loan repayment</td>
<td>6%</td>
<td>7%</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Child care coverage</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Tools, programs, and support to better manage my financial life</td>
<td>8%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Community involvement/social responsibility</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Elder care coverage</td>
<td>5%</td>
<td>4%</td>
<td>7%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>None of these</td>
<td>13%</td>
<td>16%</td>
<td>11%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Among those who experienced a job loss as a result of COVID-19, 41% reported using government benefits to cope with it. Long-standing government safety net programs and emergency government interventions, including federal stimulus payments and extra unemployment benefits, undoubtedly helped many people who experienced an income disruption. Two-thirds of Census respondents said they were eligible for and received a stimulus check as a result of COVID-19, and another 18% said they were eligible but hadn’t yet received their check as of May.

Meanwhile, Americans’ individual efforts to set aside money for emergencies appear to have paid off during the COVID-19 crisis. In 2019, 71% of respondents said they had money specifically earmarked for emergencies, up from 61% in 2018. Among those who had established a dedicated emergency savings account, the median account balance had swollen to $9,000 from $5,800 in 2018. By May 2020, 86% of those with emergency savings said they still had emergency funds on hand.

At a personal level, Americans dug deep to help their neighbors. Although the 2020 Census showed a slight downtick in the importance of charitable giving as a financial goal, those who were able to give did so generously. The Los Angeles Times reported on April 20 that large charitable gifts from corporations, foundations and individuals had hit $7.8 billion worldwide the prior week, with about two-thirds originating in the United States—an amount that dwarfed records set after other disasters.\(^5\)
As the latest Financial Wellness Census™ findings show, underlying inequities and fragility in our systems create a ripple effect, destabilizing our collective and individual financial health. If we are to achieve enduring and inclusive financial recovery, we must rewrite our social contracts. Businesses, government, charitable organizations, and individuals can work together to increase our resilience in the following ways:

• **Ensure fair access to capital, financial advice and products, especially in communities of color.** Make our national economy more inclusive to better protect the most vulnerable.

• **Make affordable, accessible health insurance coverage available to more Americans.** The huge job losses brought about by COVID-19 were a vivid illustration of how public health can impact the nation’s economic progress.

• **Continue to invest in social safety nets.** As evidenced by where younger generations look for help during a financial crisis, there is a growing desire to access public and private benefits that helped enable financial security for many baby boomers.

• **Improve income levels and upskilling in the labor force.** The many challenges facing those at the bottom of the income scale suggest that more needs to be done to improve their chances of achieving financial wellness.

• **Provide greater access to retirement plans,** in part by encouraging smaller employers to take advantage of increased opportunities to create open multiple-employer plans starting January 1, 2021, under provisions of the SECURE Act of 2019.

• **Increase access to guaranteed income solutions.** Census respondents continue to rank “having enough savings to last through retirement” as a top financial goal, and guaranteed income solutions can help them combat longevity risk.

• **Explore ways to give all sectors of society the flexibility needed to respond to economic disruptions.** Additionally, governments, businesses and individuals all have a role to play in creating the technology and agility to rebound in the next economic crisis, no matter its cause.
ABOUT THE CENSUS
Prudential launched the Financial Wellness Census in 2018 to capture and analyze the financial experience of Americans, including their objective financial health—what they earn, own and owe—as well as their subjective sense of their own financial well-being. In each wave, we surveyed more than 3,000 U.S. adults representing three generations—millennials, Generation X and baby boomers—in October 2017, December 2019, and again in May 2020 in the throes of the COVID-19 pandemic. The latest Census was conducted May 7–13, 2020, approximately two months after the wide-scale shelter-at-home orders began (March 13) due to the rapid spread of the COVID-19 virus. Four percent of respondents indicated someone in their family had gotten sick from COVID-19, and 3% indicated they themselves had gotten sick from the virus. In line with reports of uneven rates of illness among Black Americans and Latino Americans, those rates rose to 7% for someone in their family, and 5% and 7% themselves, respectively.

This research was conducted in partnership with market research and strategy firm Chadwick Martin Bailey (CMB).


3 Americans who are objectively financially healthy: 46% in October 2017, 52% in December 2019, 50% in May 2020 according to Prudential’s Financial Wellness Census™.
