The Associated Press-NORC Center for Public Affairs Research

DESPITE SIGNS OF ECONOMIC RECOVERY, THE MOST ECONOMICALLY VULNERABLE AMERICANS FACE SERIOUS FINANCIAL CHALLENGES

A year into the coronavirus pandemic, new data from an Impact Genome/AP-NORC Poll reveal that one in three Americans who were living below the federal poverty line[1] before the pandemic report their personal finances are even worse off now. Further, their financial outlook is in jeopardy as well with 18% of individuals below the poverty line falling short on their bills by between $100 and $500 every month, and another 4% short more than $500 per month.

Despite this high financial need, just 15% of these Americans are getting help from financial services such as debt relief, credit repair, or financial counseling. When they do use these services, low income Americans are more likely to seek some of these services from government or a nonprofit, as opposed to private firms than those with higher income (32% vs just 4%). Affordability is often cited as a barrier among those lower income adults who do not use these services.

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Three Things You Should Know
About the Impact Genome/AP-NORC Poll Among American Adults:

1) 15% of all Americans and 29% of those living below the federal poverty level before the pandemic are in worse financial shape than a year ago.
2) 52% of all Americans report saving money in the past three months, while 37% just broke even and 10% are short when paying bills
3) Just 15% of Americans below the poverty line are getting help from financial services like debt relief, credit repair, or financial counseling.

[1] The U.S. federal poverty level (FPL) is a measure of income the U.S. government uses to determine who is eligible for subsidies, benefits, and other government programs. Many of these programs use the FPL or up to 200% of the FPL to determine eligibility. FPL is determined using a combination of household income and the number of members of the household. For a family of four, the FPL is $32,190 in Alaska, $29,620 in Hawaii, and $25,750 in all other states. Calculations in this report are based on 2019 income.

The financial picture looks very different for other Americans though. Fifty-five percent report their financial circumstances held steady over the course of the pandemic and 30% report being better off. More than half of all Americans have been able to save during the pandemic, including some who are putting away large sums. Nearly a quarter of Americans are saving more than $500 per month.

Still, 15% – approximately 38 million Americans – are worse off financially than a year ago, just before the pandemic lockdowns began. And many Americans find themselves on shaky ground, with only about half being able to save in the last three months. Long-term savings, like a 401(K) retirement plan, stock portfolio, or college savings account, play a critical role in economic mobility, but nearly a third of all Americans had not set one up before the start of the pandemic. Further, 11% of investment account contributors made an early withdrawal in order to pay for an immediate financial need.

Using an index of financial wellbeing developed by the Consumer Financial Protection Bureau (CFPB) to assess current financial health, the study reveals that 44% of Americans score in the highest category of financial wellbeing, and they are more likely to be older, white, and have more formal education.

Eight percent – or about 20 million Americans – have low financial wellbeing. These individuals express strong concerns that the money they have or will save won't last, they can't enjoy life because of challenges with money management, and they couldn't handle a major unexpected expense. Similarly, a majority feel finances control their lives and that they rarely or never have money left over at the end of the month.

The nationwide Impact Genome/AP-NORC Poll was conducted with support from the Lincoln Financial Foundation between February 12 and March 3, 2021, with 2,374 adults age 18 and older using AmeriSpeak®, the probability-based panel of NORC at the University of Chicago. Interviews were conducted online and via telephone using landlines and cell phones. The margin of sampling error is +/- 2.9 percentage points.

Other key findings include:

- Thirty percent of Americans report their financial situation has improved compared to the start of the pandemic 12 months ago, and another 55% say their finances haven't changed. But, 15% – approximately 38 million Americans – are worse off financially.
- Those Americans who were suffering financially before the pandemic have been hit the hardest. Americans living below the FPL are more than twice as a likely as those with higher incomes to be in worse financial shape.
- Fifty-two percent of Americans report saving money in the past three months, while the other half have just broken even (37%) or find themselves unable to meet their financial obligations (10%). More than half of white Americans have been able to save money in recent months, compared to 39% of Black Americans. Black adults are more than twice as likely to report falling short on bill payments compared to white adults.
- Though 44% of Americans rate high in financial wellbeing, 48% rate as medium and 8% rate low. Those with low financial wellbeing face acute financial struggles. For example, 84% of those with low financial wellbeing report that their finances frequently control their life. Americans rating high in financial wellbeing are more likely to be white, over age 65, and have a college degree.
- Although some Americans are struggling to pay bills, only 23% are using financial counsellors, credit repair, or debt relief services. A quarter of Americans cite affordability as a reason they do not seek help from at least one of these services.

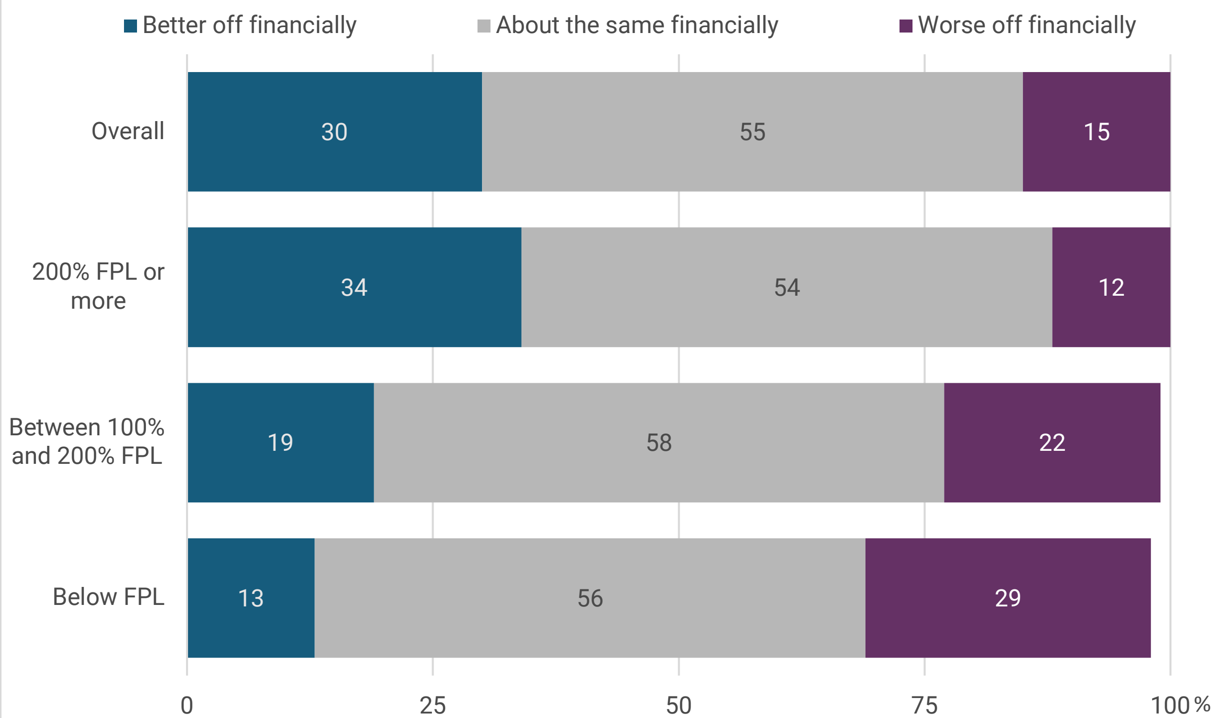
ALTHOUGH THE FINANCIAL HEALTH OF MOST AMERICANS IS AT PRE-PANDEMIC LEVELS, APPROXIMATELY 38 MILLION PEOPLE ARE NOW WORSE OFF.

Thirty percent of Americans report their financial situation has improved compared to the start of the pandemic 12 months ago, and another 55% say their finances haven't changed. But, 15% – approximately 38 million Americans – are worse off financially.

Those Americans who were suffering financially before the pandemic have been hit the hardest. Americans living below the FPL are more than twice as a likely as those with higher incomes to be in worse financial shape.

Among the 38 million American adults who are worse off financially, 49% are non-white and 47% are age 18-44. Seventy-seven percent do not have a college degree, and 86% live in metropolitan areas.

Fifteen percent of Americans are financially worse off than they were a year ago.
Percent of adults



Question: How has your financial situation changed in the past 12 months?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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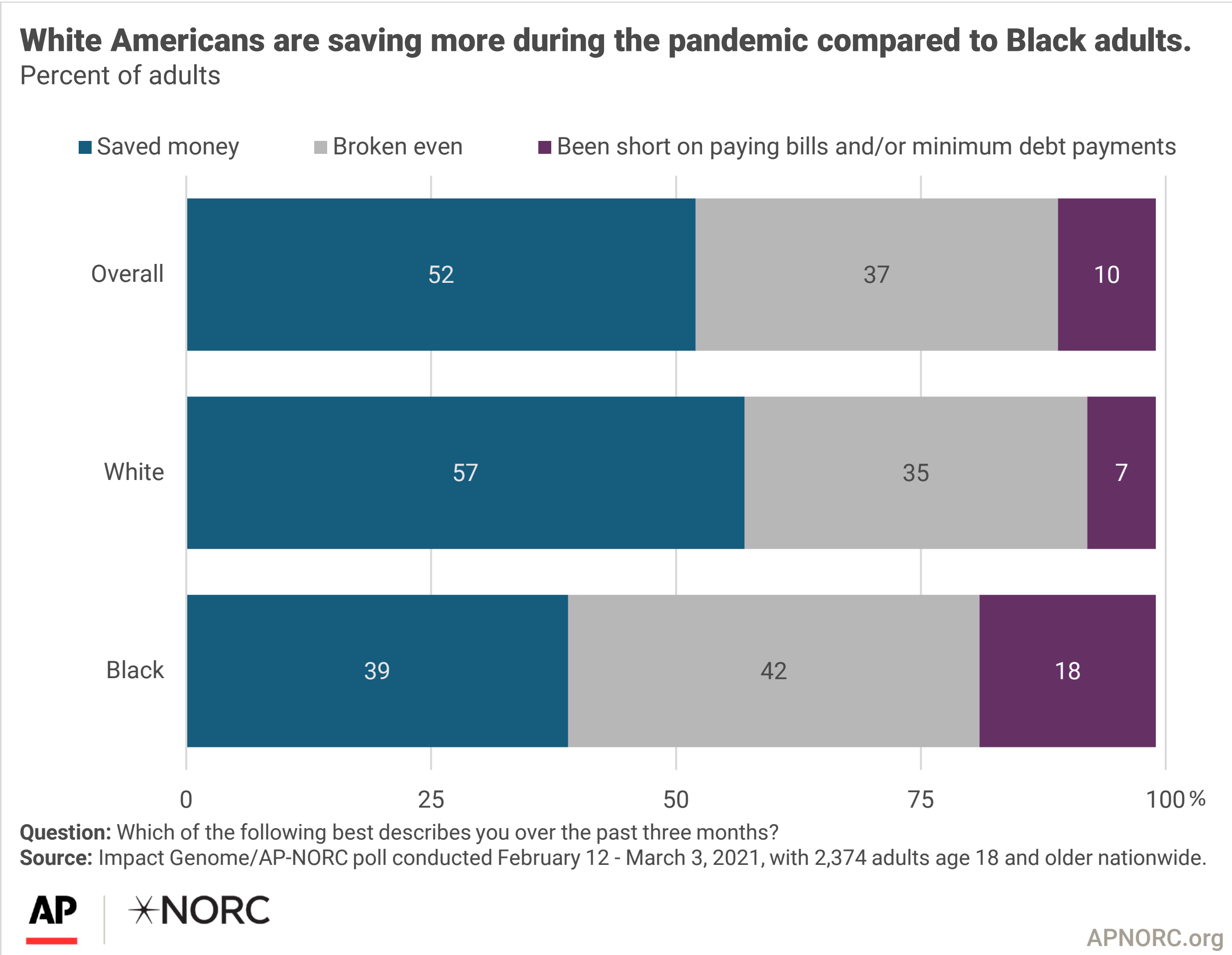
IN THE WAKE OF THE PANDEMIC, THOSE BELOW THE POVERTY LINE AND BLACK AMERICANS ARE MORE LIKELY TO BE BEHIND ON BILLS.

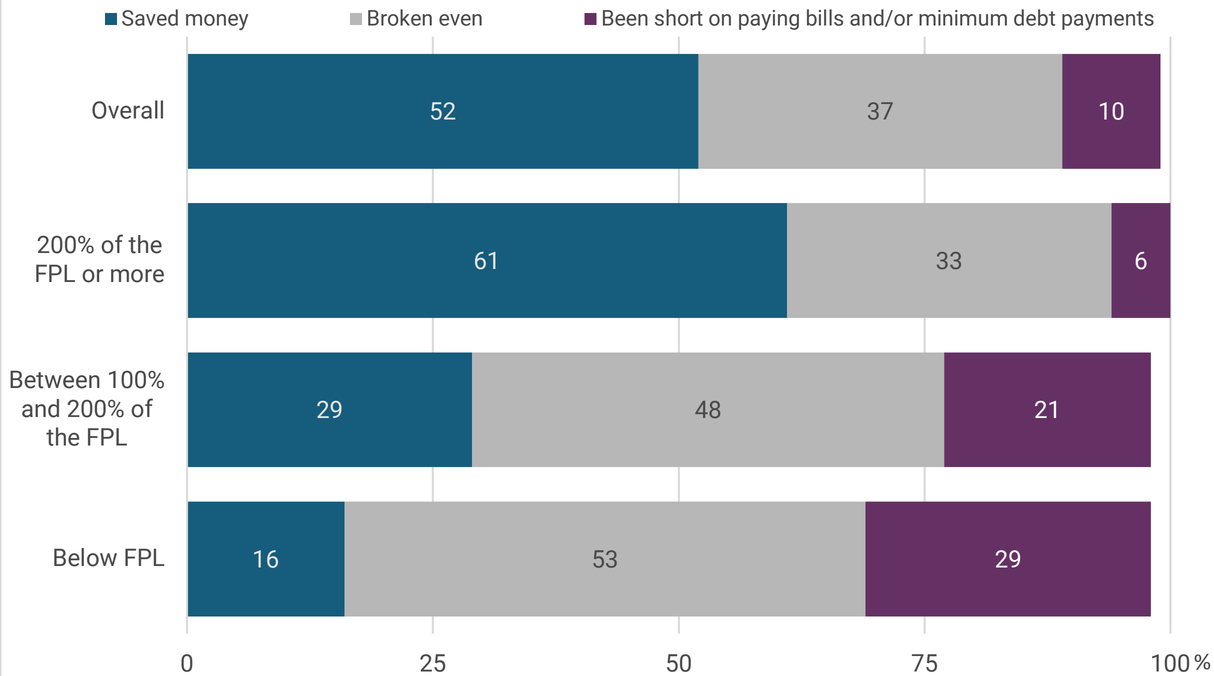
Fifty-two percent of Americans report saving money in the past three months, while the other half have just broken even (37%) or find themselves unable to meet their financial obligations (10%). More than half of white Americans have been able to save money in recent months, compared to 39% of Black Americans. Black adults are more than twice as likely to report falling short on bill payments compared to white adults.



Those struggling before the pandemic are having the most trouble meeting their financial obligations today. Twenty-nine percent of those living below the FPL report frequently falling short on bill payments most months, compared to 6% of those with incomes at 200% FPL (about $52,200 for a family of four) or more. Sixty-one percent of adults living at or above 200% FPL report that they have been able to save money, compared to 16% of those living below the poverty threshold and 29% of those with incomes between 100% and 200% FPL.

Those who struggled financially in 2019, are more likely to experience difficulties paying bills today.

Percent of adults



Question: Which of the following best describes you over the past three months?

Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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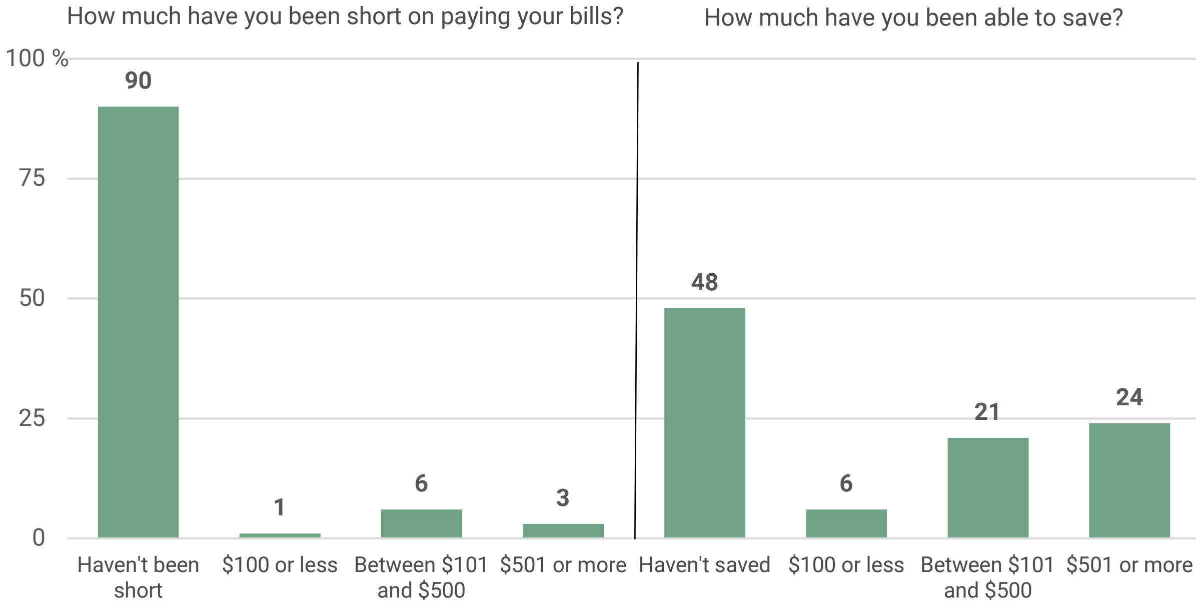
The 10% who are struggling to meet their financial obligations are accumulating debt rapidly. Six percent of all Americans are short between $101 and $500 every month, and 3% are short more than $500.

At the same time, the 52% of Americans who are able to save during the pandemic are putting away large sums. Nearly a quarter of all Americans are saving more than $500 per month.

Nine in ten Americans are current with their bills, and half have were able to save over the last three months.

Percent of adults



Questions: On average, how much have you been short on paying your bills each month over the past 3 months? On average, how much have you been able to save each month over the past 3 months?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021 with 2,374 adults age 18 and older nationwide.

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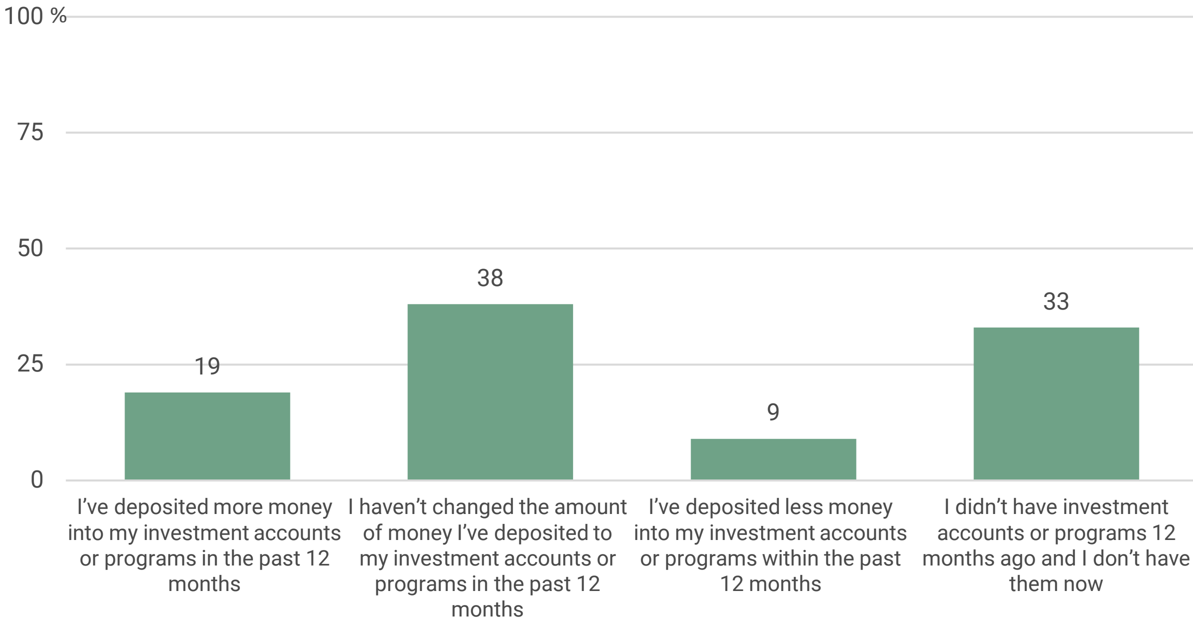
Those who are financially better off are more likely to have saved more than $500 per month. Among those already below the federal poverty line who are falling behind, 18% report falling short by at least $101 to $500 a month, and another 4% are short more than $500 per month.

For many, the pandemic hasn't changed or has helped with contributions to investments or programs like a 401(K) retirement plan, stock portfolio, or college savings plan in the last year. Most report that they have either deposited more or the same amount as last year. However, a third of adults didn't have investments a year ago and do not have them now.

A majority of adults either deposited more or held steady on contributions to investment accounts in the past year.

Percent of adults



Question: How has your usage of investment accounts or programs changed in the past 12 months?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021 with 2,374 adults age 18 and older nationwide.

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Eleven percent of those who made a contribution to an investment account in the last year, also made an early withdrawal to pay for an immediate and heavy financial need.

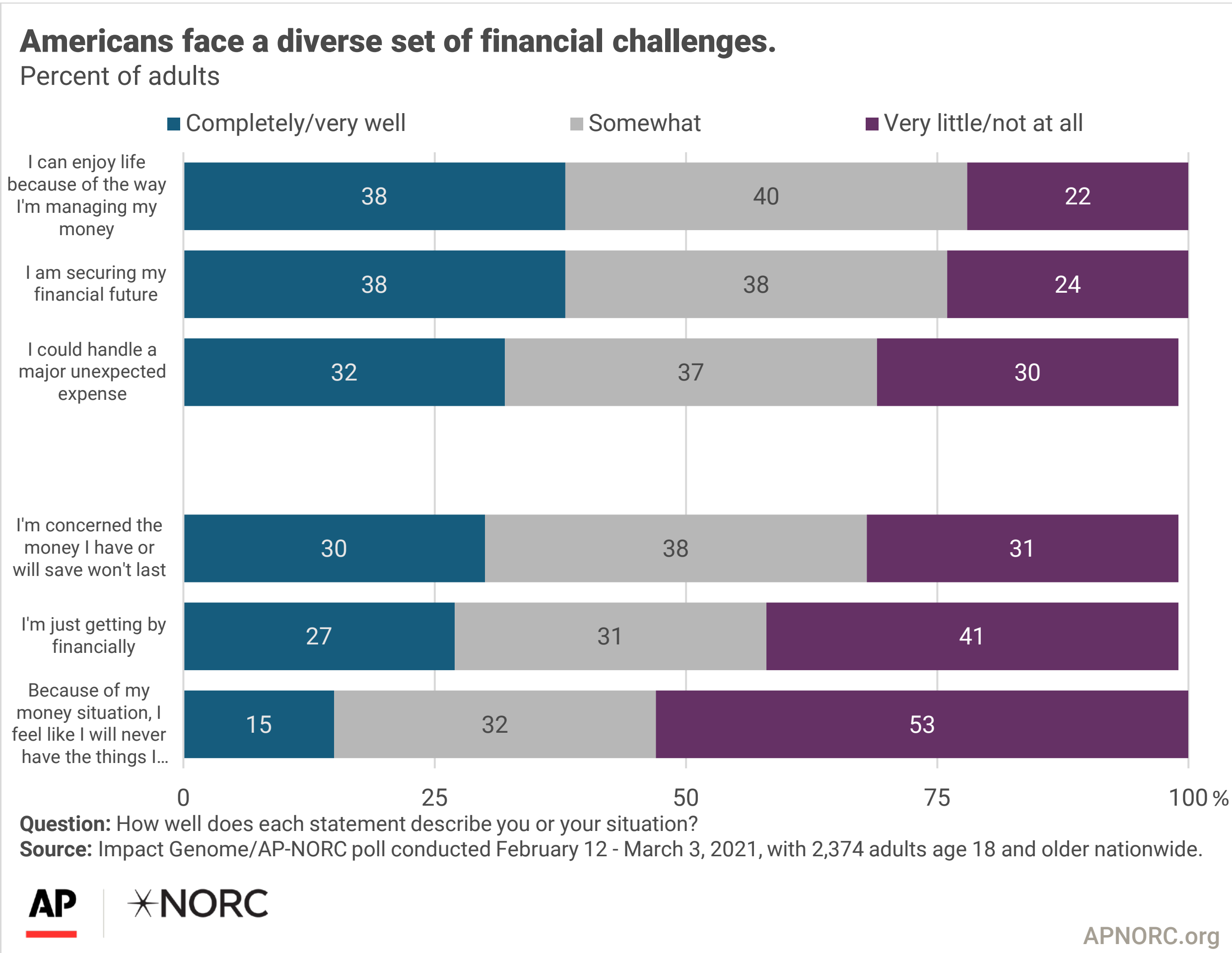
Of those who did not contribute to an investment account, 35% did not need one, 25% couldn't afford to, and 11% didn't know what these accounts were. Those below the FPL and between 100% and 200% FPL cite affordability as a barrier to contributing to an investment account more than those with higher incomes. And Black Americans are more likely to cite a lack of knowledge about investment accounts as a barrier than white Americans (19% vs. 7%).

ABOUT 1 IN 10 AMERICANS ARE IN POOR FINANCIAL HEALTH.

The Consumer Financial Protection Bureau uses a set of 10 questions to evaluate the financial wellbeing of Americans. The study also draws upon prior work by the Impact Genome Project[2] that identifies four components of financial health that are closely linked to positive financial health outcomes: current financial stability, financial self-efficacy, financial resilience, and future security.

A majority of Americans report financial difficulties like concerns about money not lasting or only just getting by. A majority also feel that finances control their life at least sometimes. On the other hand, more than two-thirds of Americans say they are securing their financial future at least somewhat and that they have money left over at the end of the month at least sometimes.

Using these items to create an index of financial wellbeing,[3] we find that 44% of Americans rate high in financial wellbeing, 48% rate medium, and 8% rate low.[4]

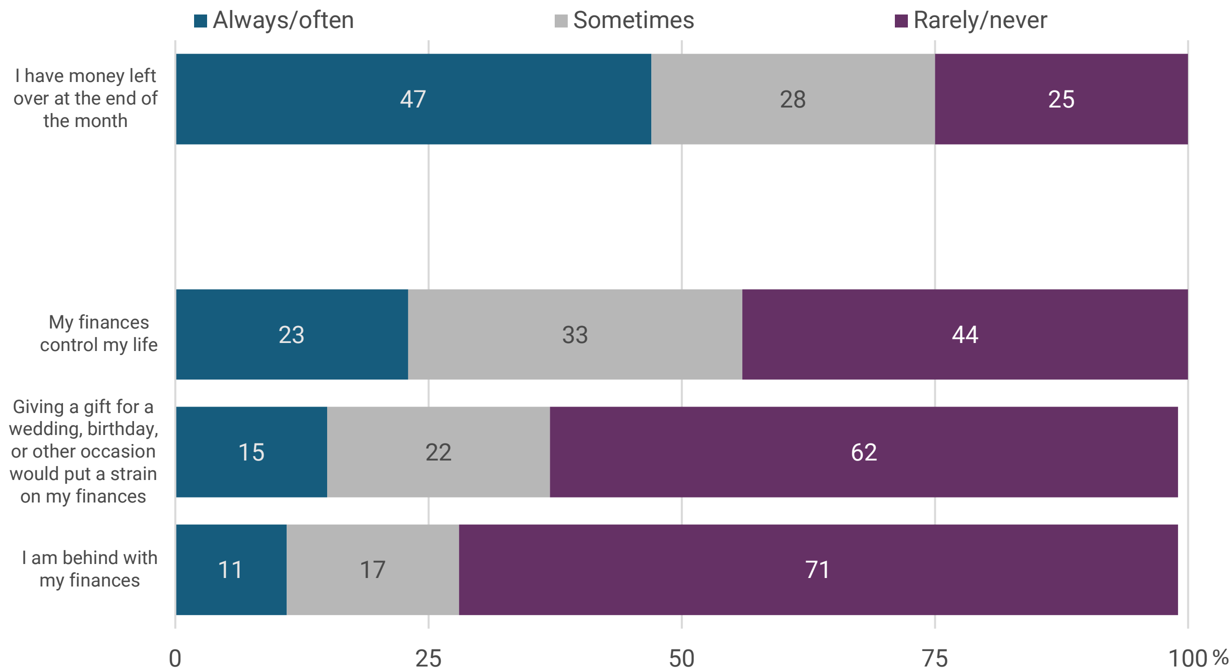


[2] Details on the Impact Genome Project's financial health outcomes can be found here: https://impactgenome.org/wp-content/uploads/Financial-Health-Genome-Final-Report-06.11.20.pdf.

[3] These items make up the Consumer Financial Protection Bureau (CFPB)'s Financial Well-Being Scale. Details on how these items were used to create the index of financial wellbeing can be found here: https://files.consumerfinance.gov/f/documents/cfpb_financial-well-being_toolkit.pdf. Respondents who completed the survey via web were scored using the "self-administered" scale, and those who completed it over telephone were scored using the "administered by someone else" scale.

[4] The "Low" category here was created by combining the Very Low and Low categories used by the CFPB, while the "Medium" category combines Medium Low and Medium High, and "High" combines High and Very High.

Americans face a diverse set of financial challenges.
Percent of adults



Question: How often does this statement apply to you?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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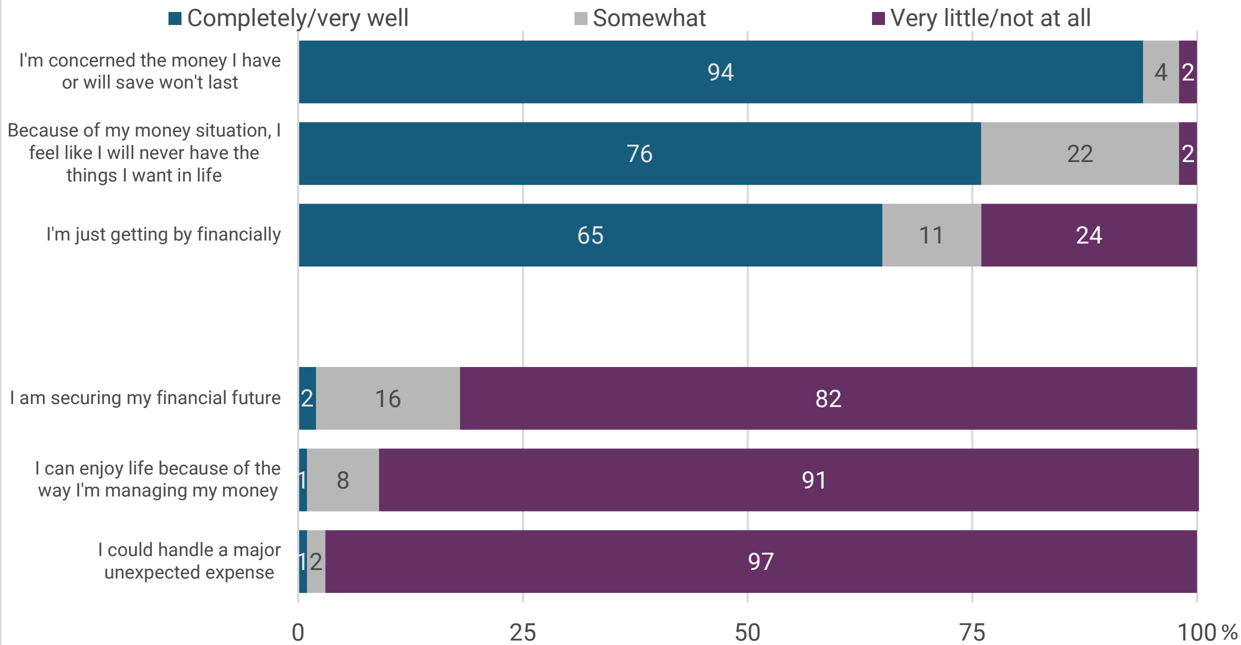
The 8% of Americans low in financial wellbeing describe a variety of financial difficulties at very high rates. Nearly all are concerned that the money they have or will save won't last, that they can't enjoy life because of money mismanagement, and that they couldn't handle a major unexpected expense. Many feel finances control their lives and that they rarely or never have money left over at the end of the month.

Americans with low financial wellbeing face acute financial struggles.

Percent of adults with low financial well-being



Question: How well does each statement describe you or your situation?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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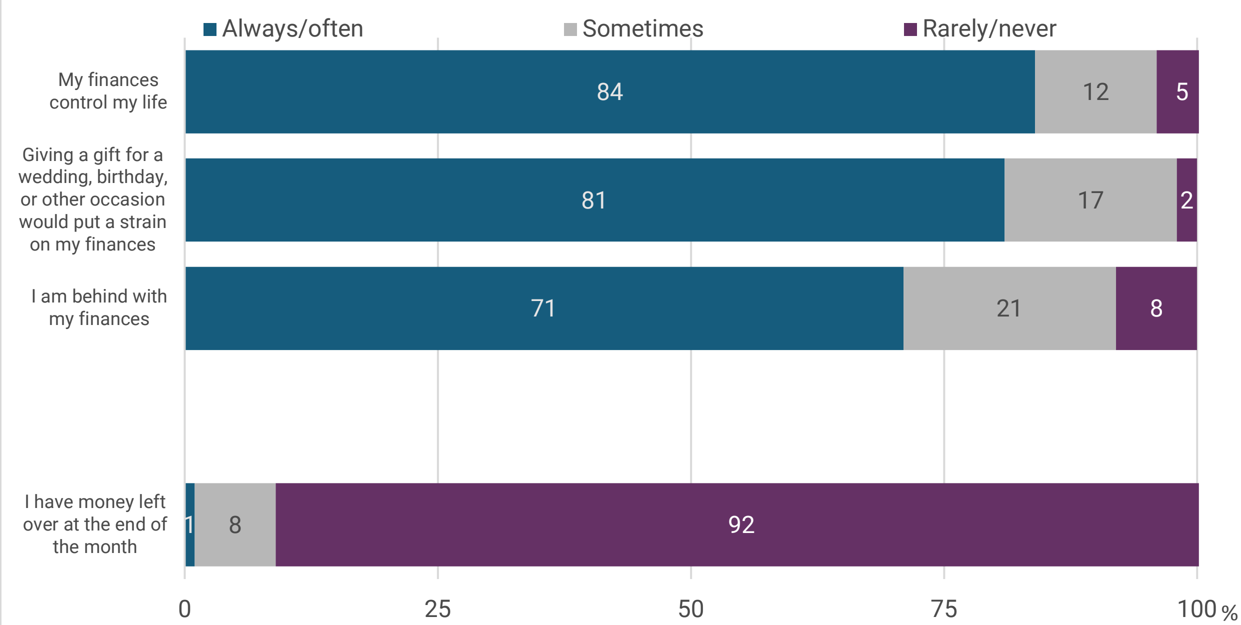
Americans with low financial wellbeing face acute financial struggles.

Percent of adults with low financial well-being



Question: How often does this statement apply to you?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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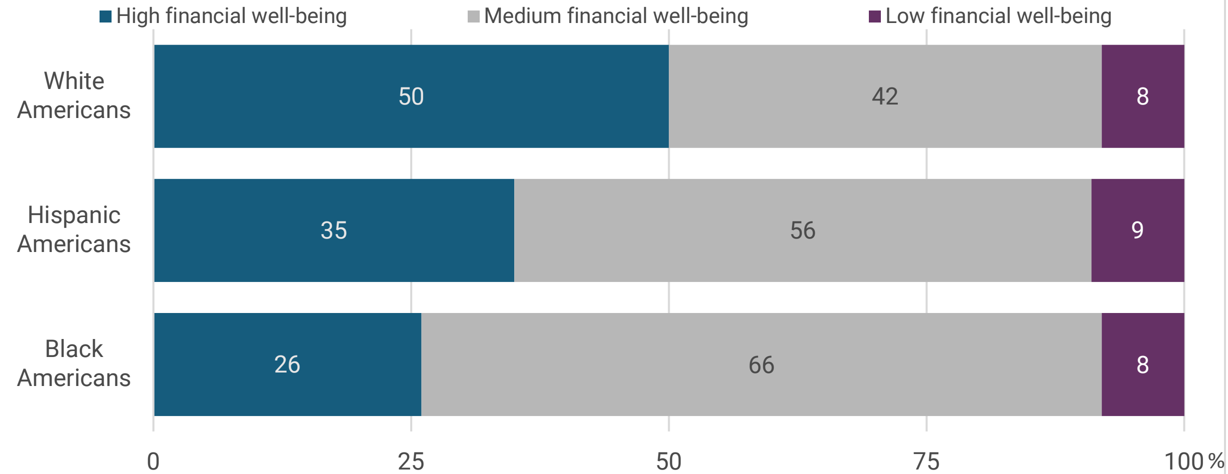
OLDER, WHITE, AND MORE EDUCATED AMERICANS ARE DOING BETTER FINANCIALLY THAN THEIR COUNTERPARTS.

White Americans are more likely to have high financial wellbeing than Black Americans, with Hispanic Americans falling in between. However, all three groups have similar rates of low financial wellbeing.

White and Hispanic Americans are more likely to have high financial well-being.
Percent of adults.



Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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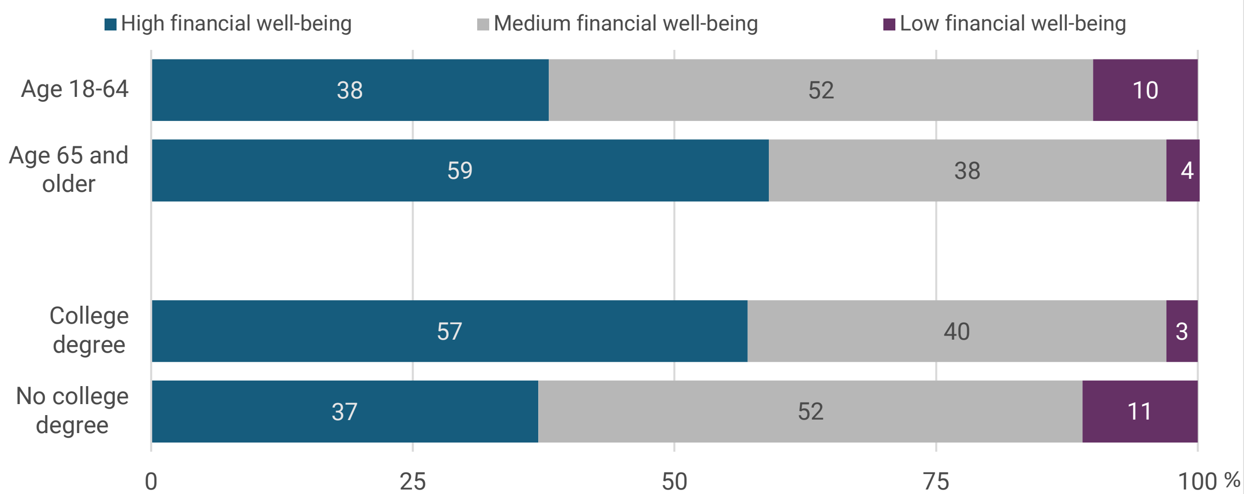
Those age 65 and older are more likely than younger Americans to have high financial wellbeing and less likely to have low wellbeing. Those with a college degree are also more likely to rate high and less likely to rate low in wellbeing than those without a degree.

Americans age 65 and older and those with a college degree are more likely to have high financial well-being.



Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021, with 2,374 adults age 18 and older nationwide.

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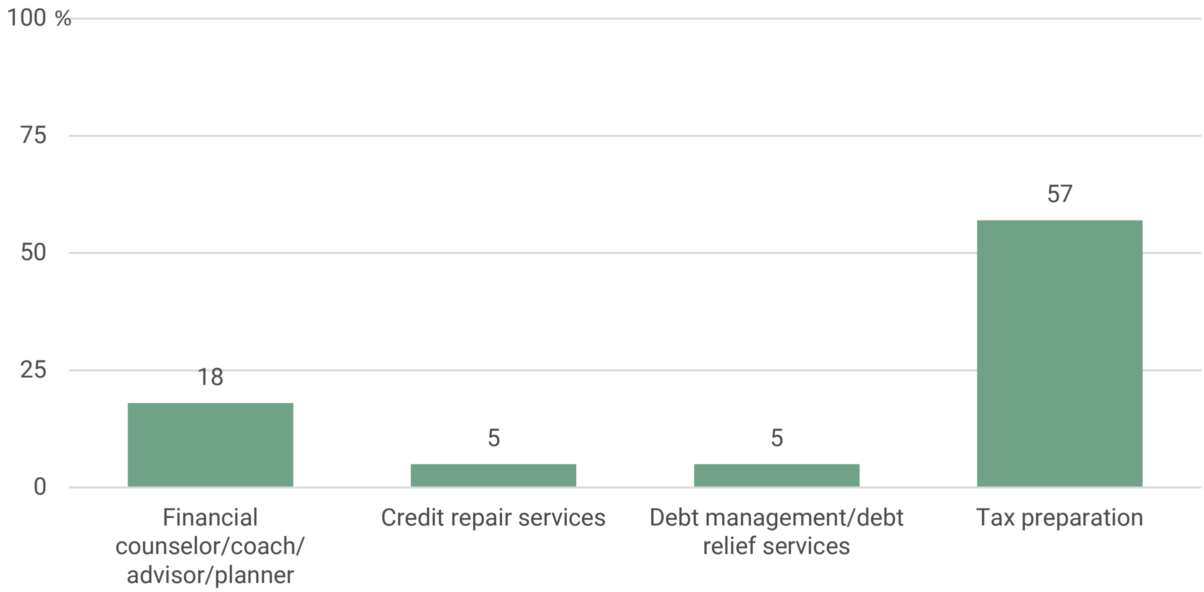
ALTHOUGH SOME AMERICANS ARE STRUGGLING TO PAY BILLS, FEW ARE USING DEBT RELIEF SERVICES, FINANCIAL COUNSELORS, OR CREDIT REPAIR SERVICES.

Though many adults report some levels of financial insecurity, only 23% are using financial services to alleviate these issues. And that number falls to just 14% for those below the federal poverty level.

Tax preparation services are popular, but few have sought help from other financial services.

Percent of adults



Questions: Have you worked with a financial counselor, coach, advisor, or planner in the past 12 months?
Has anyone helped you repair your credit in the past 12 months?
Have you worked with anyone to help you with debt management or debt relief services in the past 12 months?
Has anyone helped you prepare or file your taxes in the past 12 months?
Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021 with 2,374 adults age 18 and older nationwide.

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Financial counselors

Eighteen percent of Americans report working with a financial counselor in the last year, with similar rates of use across incomes, race, and people living in or metropolitan vs. nonmetropolitan-areas. A majority of Americans (85%) report no change in their use of a financial counselor in the last year, just 4% are using the service more, and 9% less.

Fifty-seven percent of those who worked with a financial counselor in the last year sought their guidance once or twice a year, 31% every few months, and 12% received guidance monthly or more frequently. Sixty-one percent of users feel the advice they received has been extremely or very helpful. Help from financial counselors was most commonly sought from private firms (57%), banks (20%) or from a personal contact (20%).

Among those who did not use financial counselors in the last 12 months, 45% say they did not need this type of service. White Americans were more likely than Black or Hispanic Americans to report not needing the help of financial counselors (50% vs. 34% vs. 35%). Twenty-one percent of those who did not use this service in the last year could not afford financial counseling.

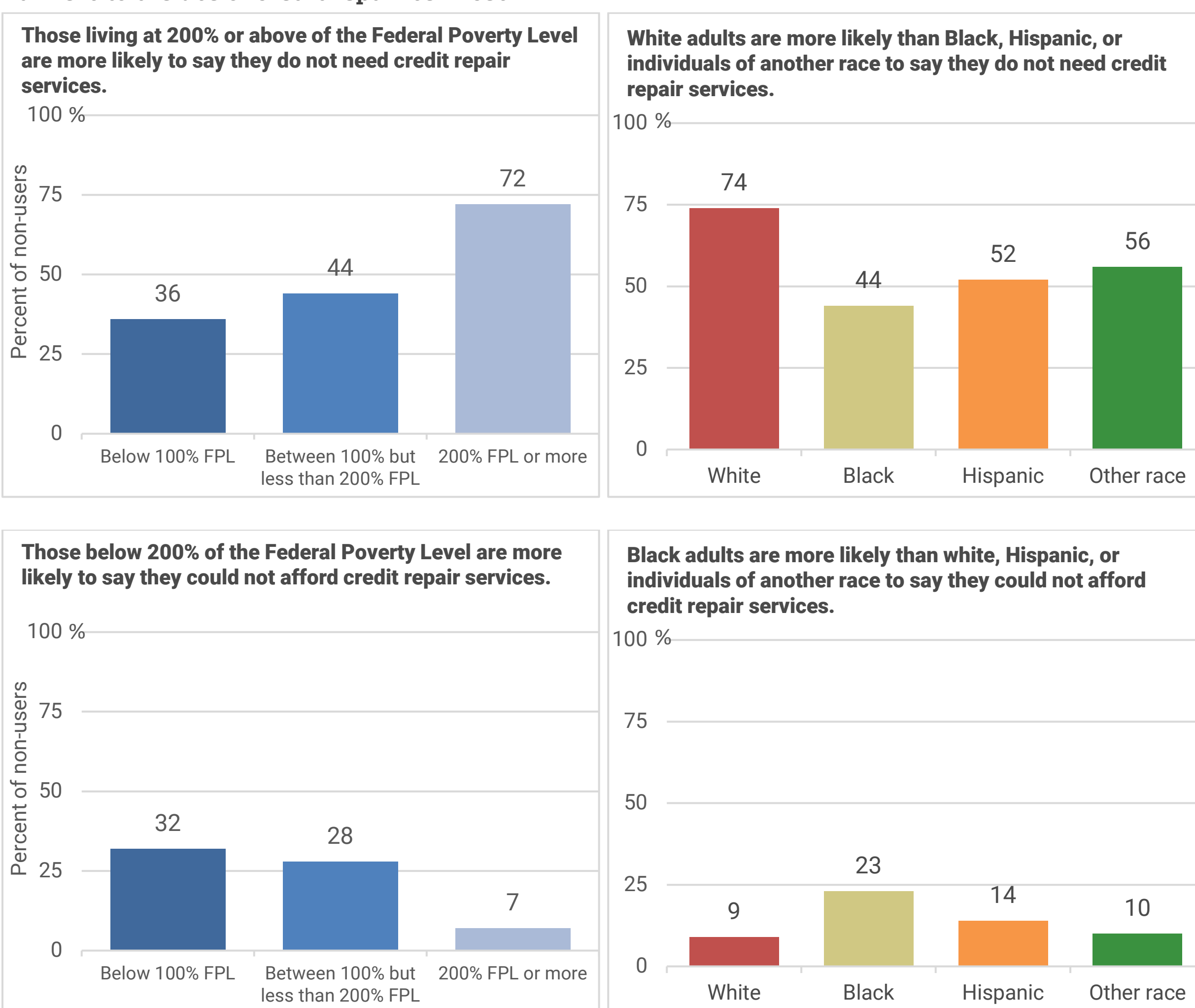
Credit repair

Over the last year, 5% of Americans have used a credit repair service to help pay down debt, contact credit bureaus or lenders, reduce payments, or reduce interest rates, with similar take-up rates across incomes, race, and metropolitan vs. nonmetropolitan-area residents. Eighty-nine percent report no change in their use in the last year, just 2% are using more, while 7% are using less.

Half of those who used a credit repair service sought help once or twice a year, 19% every few months, while 30% used credit repair services monthly or more frequently. Fifty-six percent feel the advice they received has been extremely or very helpful. Thirty-two percent of users received help from an online credit repair service, 26% reached out to private firms, and 20% through someone they know personally.

Among those who did not use credit repair services in the last year, 65% say they did not need this type of service. White Americans and those living at or above 200% FPL are more likely to say they did not need credit repair services. Those living in metropolitan areas are also more likely to say they did not need this kind of service than those living in non-metropolitan areas (66% vs. 57%). Twelve percent of non-users report that they could not afford credit repair services. Black Americans and individuals with lower incomes are more likely to report that they could not afford this service.

Barriers to the use of credit repair services



Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021 with 2,374 adults age 18 and older nationwide.

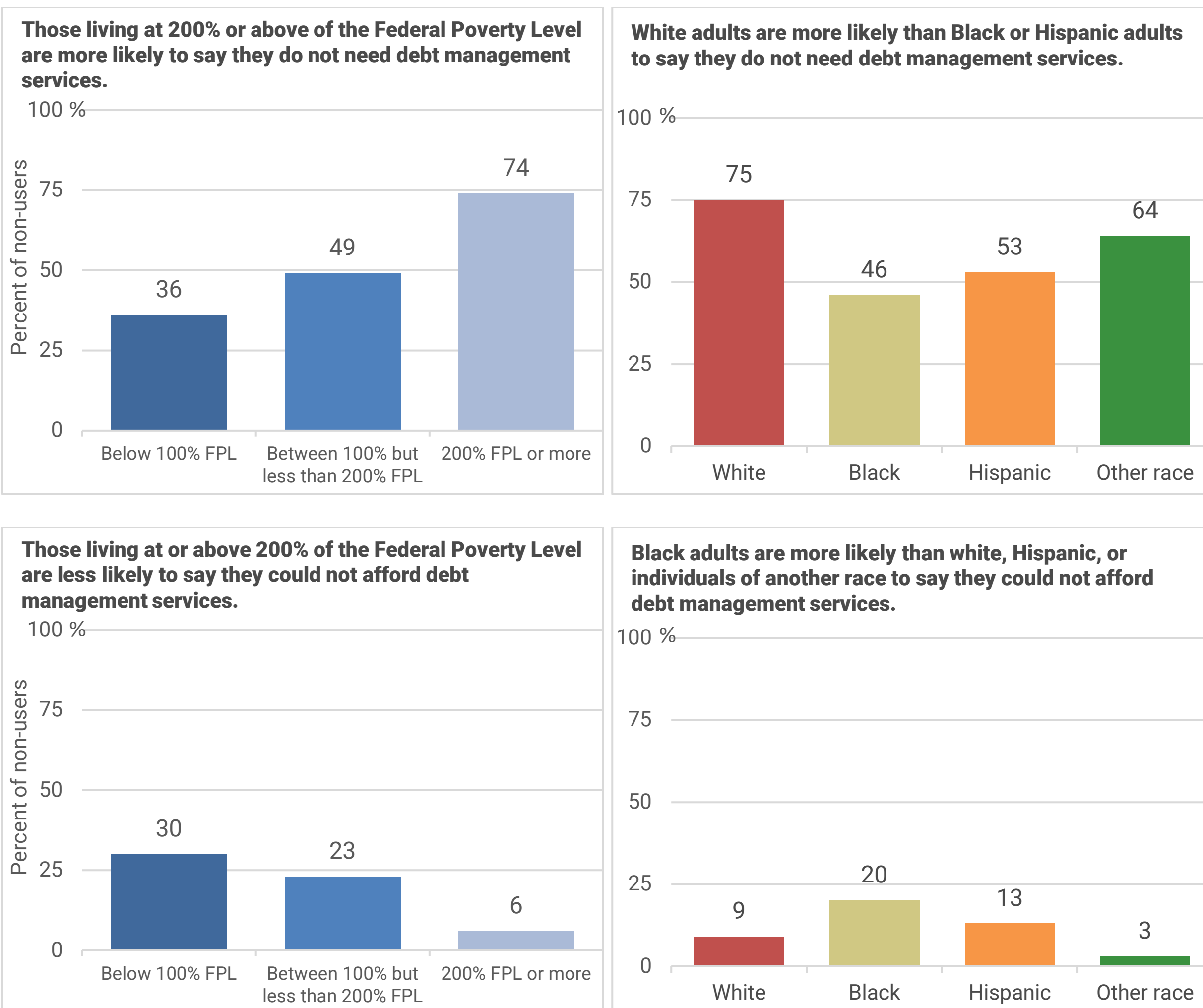
Debt management and relief

Five percent of Americans have sought help from debt management services in the last year to help with debt forgiveness or paying off debts in a lump sum. Rates of use are similar across incomes, race, and people living in metropolitan vs. nonmetropolitan-areas. An overwhelming majority (91%) report no change in the usage of debt management services over the last year, only 1% increased their usage, while 6% have used services of this kind less often.

Among users of debt management services, 36% sought help monthly or weekly, 21% reached out to a service every few months, and 43% contacted a firm for help with their debt only once or twice a year. Fifty-four percent feel their experience with a debt management firm has been extremely or very helpful. Users most commonly sought debt management services from private firms (27%), banks (24%), non-profit organizations (23%), and government programs (14%).

Among non-users of debt-management services, 67% say they did not need this kind of service. White Americans and individuals living at or above 200% FPL are more likely to say they did not need this kind of service. Ten percent could not afford the service, with Black Americans being more likely to cite this as a reason for not seeking help.

Barriers to the use of debt management services

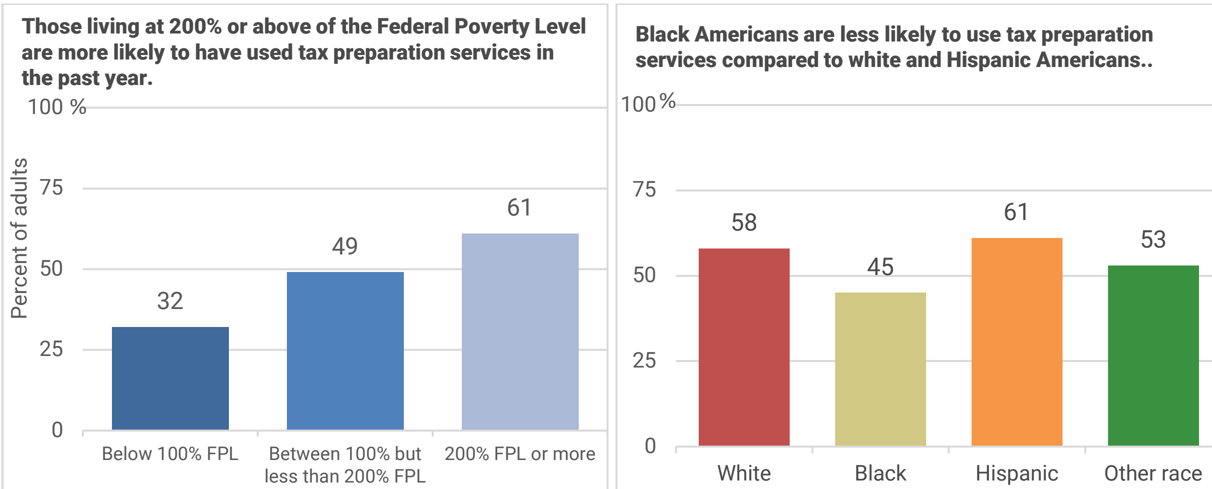


Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021 with 2,374 adults age 18 and older nationwide.

Tax preparation

Fifty-seven percent of Americans received help with filing and preparing their taxes in the last year. However, certain populations are less likely to have used this service. Only 45% of Black Americans used tax preparation services. Similarly, lower-income adults are less likely to have used tax preparation services.

Users of tax preparation services



Source: Impact Genome/AP-NORC poll conducted February 12 - March 3, 2021 with 2,374 adults age 18 and older nationwide.

Ninety percent of tax preparation service users report no change in their use, 5% increased their usage, while 4% are using tax preparation services less often. The bulk of users (96%) sought help with their taxes just once or a couple of times a year, but 4% used tax prep services more frequently. Seventy-nine percent found the tax prep service extremely or very helpful. Forty-one percent got help with their taxes through a private firm, 30% used an online service, and more than a quarter of users got help with their taxes from someone they knew personally.

Sixty-two percent of those who did not use tax preparations services say they didn't need this kind of service, with white Americans more likely than Black or Hispanic Americans to say they did not need it (69% vs. 47% vs. 46%). Nine percent of non-users could not afford tax preparation services.

STUDY METHODOLOGY

This study, funded by Impact Genome with support from Lincoln Financial Foundation, was conducted by The Associated Press-NORC Center for Public Affairs Research. Data were collected using AmeriSpeak®, NORC's probability-based panel designed to be representative of the U.S. household population. During the initial recruitment phase of the panel, randomly selected U.S. households were sampled with a known, non-zero probability of selection from the NORC National Sample Frame and then contacted by U.S. mail, email, telephone, and field interviewers (face to face). The panel provides sample coverage of approximately 97% of the U.S. household population. Those excluded from the sample include people with P.O. Box only addresses, some addresses not listed in the USPS Delivery Sequence File, and some newly constructed dwellings. Staff from NORC at the University of Chicago, The Associated Press, and Impact Genome collaborated on all aspects of the study.

Interviews for this survey were conducted between February 12 and March 3, 2020, with adults age 18 and older representing the 50 states and the District of Columbia. Panel members were randomly drawn from AmeriSpeak, and 2,374 completed the survey—2,152 via the web and 222 via telephone. Interviews were conducted in both English and Spanish, depending on respondent preference. Respondents were offered a small monetary incentive ($3) for completing the survey.

The final stage completion rate is 22.8%, the weighted household panel response rate is 19.5%, and the weighted household panel retention rate is 75%, for a cumulative response rate of 3.3%. The overall margin of sampling error is +/- 2.9 percentage points at the 95 percent confidence level including the design effect.

In addition, Black, Hispanic, respondents from households below 100% of the Federal Poverty Level (FPL) and respondents from households between 100%-200% FPL were sampled at a higher rate than their proportion of the population to support analyses.

Subgroup	Number of completed interviews	Margin of sampling error at the 95% confidence level including the design effect
Black Americans	577	+/- 5.6 percentage points
Hispanic Americans	611	+/- 6.4 percentage points
Respondents from households below the FPL	536	+/- 5.7 percentage points
Respondents from households between 100% and 200% FPL	774	+/- 4.8 percentage points

Once the sample has been selected and fielded, and all the study data have been collected and made final, a poststratification process is used to adjust for any survey nonresponse as well as any non-coverage or under and oversampling resulting from the study specific sample design. Poststratification variables included age, gender, census division, race/ethnicity, education, and FPL. Weighting variables were obtained from the 2020 Current Population Survey. The weighted data reflect the U.S. population of adults age 18 and over.

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