RESEARCH & ANALYSIS

Economic Well-Being of U.S. Households in 2020

May 2021

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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Contents

Executive Summary

This report describes the responses to the 2020 Survey of Household Economics and Decision-making (SHED). The Federal Reserve Board has fielded this survey each fall since 2013 to understand the wide range of financial challenges and opportunities facing families in the United States.[1] The findings in this report primarily reflect financial circumstances in the fourth quarter of 2020.

When the Federal Reserve Board created the SHED, the economy was still recovering from the Great Recession, and the survey helped monitor that recovery and identify possible risks to the financial stability of U.S. families. In 2020, the United States dealt with unprecedented challenges stemming from the COVID-19 pandemic. This annual survey, along with two supplemental surveys conducted earlier in the year, provides insights into the challenges that people were facing as a result, as well as the effects of efforts to alleviate these financial difficulties.[2]

The pandemic caused substantial disruptions to many people's finances, as well as to their daily lives, even while public policy responses appear to have muted many of the effects. An unprecedented share of adults experienced a layoff during the year, many of whom did not expect to return to their old jobs. Others dealt with disruptions to childcare and remote learning for their children. Consistent with the magnitude of these disruptions, the share of adults who said that they were worse off financially than they were a year earlier was the highest since the survey began asking this question in 2014. Additionally, as the country dealt with pandemic-related challenges, the share of adults who thought that their local economy was faring well declined sharply.

Financial hardships caused by the pandemic were counterbalanced by financial relief and stimulus measures, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In July, shortly after the enactment of these programs, financial well-being ticked up, as did the share of adults who would pay a small emergency expense using cash on hand. Yet, by November 2020 financial well-being based on these measures had edged back down.

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[1] The latest SHED interviewed a sample of over 11,000 individuals in November 2020. The anonymized data, as well as appendixes containing the complete SHED questionnaire and responses to all questions in the order asked, are also available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

[2] Full results from the April 2020 survey are available in the *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*, and results from the July 2020 survey are available in the *Update on the Economic Well-Being of U.S. Households: July 2020 Results*. Each of these reports, as well as prior years' surveys, are available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

Even though many people said they were worse off financially than they were in 2019, most still said that despite these setbacks they were managing at least okay financially near the end of the year and, across several measures, appeared to have financial resources similar to those observed a year earlier. The share of adults who reported doing at least okay financially was unchanged from a year earlier, and the share of adults who would pay a $400 expense using cash or a cash equivalent was nearly unchanged. Similarly, rates of bank account ownership and preparedness for retirement were similar to those seen in late 2019.

A clear pattern from the survey is that financial challenges in 2020 were uneven, and frequently left those who entered the year with fewer resources further behind. Many laid-off workers had limited financial buffers before the pandemic and exhibited substantial declines in their financial well-being in the past year. Gaps in financial well-being by race and ethnicity persisted in 2020, and adults with less than a high school degree fell further behind those with higher levels of education.

The survey also highlights concerns about the academic progress of children and young adults as schools turned to online classes and distance learning. Many parents of primary and secondary school children taking online classes did not feel that their children were learning as much as they would through in-person classes. College students who were taking classes online expressed a similar sentiment about the quality and value of online education.

In addition to addressing disruptions related to the pandemic, the survey provides insights into how people viewed their longer-run financial circumstances, including returns to education, housing satisfaction, and retirement savings. The survey also continued to monitor emerging issues that may be important to the economy in the future, such as experiences working in the gig economy. Throughout this report, results are presented for both recent financial developments and impacts of the pandemic, as well as ongoing trends within various aspects of people's financial lives.

Key findings from the survey across the sections of this report include:

Overall Financial Well-Being

Overall financial well-being has fluctuated since the onset of the COVID-19 pandemic, but by the fourth quarter of 2020, the share of adults who were doing at least okay financially was unchanged relative to 2019. That said, not all groups have fared similarly, and persistent disparities in well-being across education and race remained. Moreover, economic distress from the pandemic was evident when looking at people's assessment of their own financial trajectories over the past year and their assessment of local economic conditions.

- Nearly one-fourth of adults were worse off financially compared to 12 months earlier, up from 14 percent in 2019. This increase occurred broadly across the population, and likely reflects economic distress resulting from the pandemic.
- Despite the increase in the share doing worse off financially, most still said they were at least doing okay overall. Seventy-five percent of adults were either doing okay or living comfortably financially in November, which was unchanged from 2019 after having fluctuated through the year.
- Adults with at least a bachelor's degree were much more likely to report doing at least okay financially (89 percent) than those with less than a high school degree (45 percent). This gap increased from 34 percentage points in 2019 to 44 percentage points in 2020.
- Less than two-thirds of Black and Hispanic adults were doing at least okay financially, compared with 80 percent of White adults and 84 percent of Asian adults. The gap in financial well-being between White adults and Black and Hispanic adults grew by 4 percentage points since 2017.
- Forty-three percent of adults rated their local economic conditions as "good" or "excellent" in 2020, markedly lower than the 63 percent of adults who had a positive assessment of their local economic conditions in 2019.

Income

Most adults spent less than their income during the month before the survey, although the likelihood of doing so varied greatly by education. Consistent with the pattern of layoffs, income declines were greatest among those with less education. However, spending declines were most prevalent among those with at least a bachelor's degree.

- Fourteen percent of adults received unemployment income in the prior year, up substantially from 2 percent in 2019.
- Twenty-four percent of people saw their income increase in 2020, compared with 19 percent whose income declined. Those with higher levels of education were disproportionately likely to see income increases.
- Six percent of adults with less than a high school degree said their usual bank account balances, after paying monthly bills, increased in the prior year. Twenty-five percent said their usual balances declined. Among adults with at least a bachelor's degree, this pattern is reversed.

Employment

Fewer people were working in 2020 than in 2019. Many were laid off and had not returned to their former jobs. The COVID-19 pandemic affected where people work, with large increases in people working from home, particularly among those with more education.

- Fourteen percent of adults were laid off at some point in 2020. Less than one-fourth of those laid off had returned to their old jobs, despite more than 80 percent of laid-off workers saying in April 2020 that they expected to return.
- Of adults ages 25 to 54 who were not working, roughly equal shares said their lack of employment was due to health limitations, childcare or family obligations, or because they could not find work. The share of people not working because they could not find work increased substantially in 2020.
- People with more education were much more likely to work from home during the pandemic than those with less education. Forty-six percent of employees with bachelor's degrees worked completely from home or by telecommuting.
- Four percentage points fewer adults earned money from gigs in 2020 compared with 2019. In 2020, people were less likely to perform service activities that often involve physical contact, including cleaning, yard work, dog walking, and ride sharing.

Dealing with Unexpected Expenses

The share of adults able to withstand small financial emergencies in November 2020 was similar to pre-pandemic levels. Nevertheless, financial challenges remained for people who were laid off in the past year—particularly for Black and Hispanic workers and workers with less education who were laid off.

- More than one-fourth of adults were either unable to pay their monthly bills or were one $400 financial setback away from being unable to pay them in full.
- Among workers who were laid off, 45 percent were unable to pay their November 2020 bills in full or would have been unable to do so if faced with an unexpected $400 expense. This share was substantially higher among Black and Hispanic workers who were laid off, and among laid-off workers with a high school degree or less.
- Many adults went without some medical care. More than 4 in 10 adults went without medical care due to an inability to pay, delayed or went without care due to COVID-19 concerns, or both.

Banking and Credit

Most adults had a bank account at the end of 2020. However, substantial gaps in use of, and experiences with, banking and credit services existed—especially among lower-income families and among Black and Hispanic adults. Since 2019, credit card debt declined for adults overall, but increased for those who were laid off.

- Five percent of adults did not have a bank account. Differences in bank account ownership were substantial by education and income. Additionally, Black (13 percent) and Hispanic (9 percent) adults were more likely not to have a bank account than were adults overall.
- Twenty-nine percent of adults said they experienced a problem when using banking or credit services, such as unexpected fees, fraudulent transactions, or delays or problems with customer service. Those with income below $50,000, and Black and Hispanic adults, were disproportionately affected.
- More credit card holders who were laid off increased their credit card debt (39 percent) than kept their credit card debt the same or lower.

Housing

Where people live and who they live with took on a particular significance in 2020 because of restrictions on being outside of the home. Those who moved in 2020 were more likely than in past years to move away from their usual workplace.

- Employed adults who moved in 2020 were more likely to have moved away from their usual workplace than to have moved closer to it: 31 percent versus 26 percent.
- Just under 4 in 10 people who changed who they lived with attributed it to COVID-19. For those with temporary changes in the composition of their household, half attributed the change to COVID-19.
- One-fifth of all homeowners with a mortgage refinanced their mortgage within the prior year. Refinances were more common among mortgage holders with income over $100,000, among whom 26 percent refinanced.

Education

The pandemic has created significant challenges for students of all ages since widespread closures began in March 2020. Many parents of K–12 students taking classes online expressed concerns about the quality of that education. Additionally, disruptions to the education system made it more difficult for some parents to continue to work.

- Nearly three-fourths of parents with children enrolled in primary or secondary school indicated their youngest school-age child was attending classes completely or partly online. Similarly, nearly 9 in 10 college students had at least some of their classes online in 2020.
- Twenty-two percent of parents with children taking K–12 classes online said their child was learning as much as if attending classes in person, whereas 59 percent said they were not.

- Eleven percent of mothers and 6 percent of fathers said they were not working due to disruptions in childcare or in-person schooling. This translates to nearly 2 percentage points fewer adults who were working overall.
- When asked whether online learning is worth the cost, 40 percent of students enrolled in higher education said it was not, compared to 30 percent who said that it was.

Student Loans

Consistent with recent years, most student loan borrowers were current on their payments, although those who failed to complete a degree, and those who attended for-profit institutions, were more likely to have fallen behind on their payments. Many borrowers received reductions or delays in payment due dates for student loan bills since March 2020. Those who received relief reported faring slightly better financially than those who did not.

- Among borrowers under age 40, those who went to a private for-profit institution were over twice as likely to be behind on their payments as those who went to a public or private not-for-profit institution.
- Self-reported financial well-being of borrowers who currently had debt was lower than that for people with the same amount of education who never had debt or had completely repaid their education debt.

Retirement

The majority of retirees indicated that a desire to do other things, wanting to spend time with family, or reaching a regular retirement age played a role in the timing of their retirement. However, life events appear to have contributed to the timing of retirement for a substantial share—including some who retired in 2020 who said pandemic-related factors affected the timing of their retirement. Compared to non-retirees who did not experience a layoff, non-retirees who experienced a layoff were less likely to have retirement savings but more likely to have borrowed from or cashed out these accounts in the prior year.

- Forty-five percent of retirees indicated that health problems, needing to care for family, or lack of work contributed to the timing of their retirement. Twenty-nine percent of adults who retired in the prior year said factors related to the pandemic contributed to when they retired.
- Forty-two percent of non-retirees who experienced a layoff in the prior year did not have self-directed retirement savings at the time of the survey. This compares to 26 percent of non-retirees who did not experience a layoff.
- Nine percent of non-retired adults tapped their retirement savings in the prior 12 months—a slight uptick from 2019. A higher 14 percent of non-retired adults who had experienced a layoff borrowed or cashed out funds from their retirement savings.

Overall Financial Well-Being in 2020

The financial well-being of U.S. adults has fluctuated since the onset of the COVID-19 pandemic, initially declining as of April, and rebounding by July. By the fourth quarter of 2020, the share of adults who were doing at least okay financially was unchanged relative to 2019 and remained significantly above that seen when the survey began in 2013.[3]

That said, not all groups have fared similarly since 2019, and persistent disparities in well-being across education, race/ethnicity, and neighborhoods remained. Moreover, looking at the trajectory of financial well-being reveals that nearly one-fourth of adults were worse off financially than 12 months earlier, the highest share since the survey began collecting this information in 2014. This increase occurred broadly across segments of the population, and likely reflects financial distress resulting from the pandemic.

Current Financial Situation

At the end of 2020, three-fourths of adults were doing at least okay financially, meaning they reported either “doing okay” financially (40 percent) or “living comfortably” (35 percent). The rest reported either “just getting by” (18 percent) or “finding it difficult to get by” (7 percent). The 75 percent of adults doing at least okay financially in 2020 matched the rates in recent years and remained well above the 62 percent doing at least this well in 2013 (figure 1).

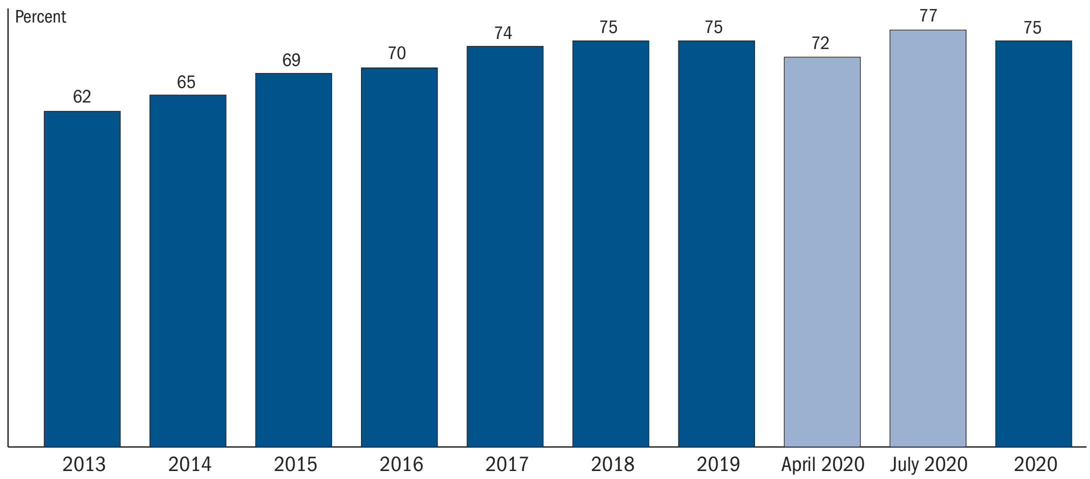
Although the share of adults doing at least okay has remained unchanged in recent years, results from supplemental surveys conducted in April 2020 and July 2020 reveal fluctuation in well-being within the past year.[4] The share of adults doing at least okay fell from 75 percent in October 2019 to 72 percent in April 2020, and then rose to 77 percent in July.

As noted in previous reports, the decline in well-being from October 2019 to April 2020 was concentrated among those who were laid off or had their work hours cut. The subsequent increase in well-being seen in July is consistent with some interpretations that many aspects of government stimulus measures, such as increased unemployment insurance benefits and direct Economic Impact Payments (also known as stimulus payments), appear to have blunted the negative finan-

[3] The survey was fielded in November 2020 and results reflect financial situations at that time. References to “during 2020” refer to the 12-month period before the survey rather than the precise calendar year.

[4] The Federal Reserve conducted two supplemental surveys, the first in April 2020 and the second in July 2020, to monitor the financial well-being of U.S. households during the COVID-19 pandemic. Full results from these supplemental surveys are available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

Figure 1. At least doing okay financially (by year)



Note: Among all adults. Except where specified, results are from the fourth quarter of each year.

cial effects of the pandemic for many families.[5] The share doing at least okay financially fell from its high in July back to 75 percent in November 2020, which may reflect the July expiration of the extra $600 per week in unemployment insurance benefits and additional time passing since the CARES Act stimulus payments were received.[6]

Even as the aggregate share of adults who were doing at least okay remained unchanged in 2020, some families fared relatively well during the pandemic while others experienced substantial financial setbacks. As discussed in box 1, people who kept their jobs, and especially those who were able to work from home, generally entered the year in a relatively strong financial position and saw further financial improvements in 2020. Conversely, the pandemic disproportionately affected workers who had limited financial resources before the pandemic and for these individuals it resulted in further financial setbacks.

5 The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided enhanced unemployment insurance benefits of $600 per week, which supplemented normal unemployment insurance benefits. In addition, for most U.S. families, the CARES Act authorized Economic Impact Payments of $1,200 per adult and an additional $500 per qualifying dependent child. The amount of the payment also varied with income and tax filing status, phasing out for single filers with income over $75,000 and married joint filers with income over $150,000. Payment distribution began in April 2020. For details on the unemployment insurance benefit changes in the CARES Act, see "Unemployment Insurance Relief during COVID-19 Outbreak," U.S. Department of Labor, 2020, https://www.dol.gov/coronavirus/unemployment-insurance. For details on the Economic Impact Payments, see "Economic Impact Payment Information Center," https://www.irs.gov/coronavirus/economic-impact-payment-information-center.

6 The passage of the Consolidated Appropriations Act of 2021 (CAA) on December 21, 2020, which reauthorized and modified many of the relief measures established by the CARES Act, occurred after the survey. The CAA extended the unemployment insurance supplement originally authorized by the CARES Act but reduced the amount from $600 to $300. For more information on the CAA see, "Unemployment Insurance Provisions in the Consolidated Appropriations Act, 2021 (Division N, Title II, Subtitle A, the Continued Assistance for Unemployed Workers Act of 2020)," https://crsreports.congress.gov/product/pdf/IF/IF11723.

Box 1. Financial Well-Being for the Same People over Time

The effect of the pandemic on family finances varied widely. People who kept their jobs during the pandemic generally had stable or improving finances in 2020. However, those who suffered a layoff and an extended period of unemployment saw a deterioration of their financial circumstances. Recognizing that layoffs during the pandemic were concentrated among lower-wage workers, this exacerbated preexisting disparities in financial well-being in the United States.

One feature of the SHED is that a subset of respondents also participated in prior waves of the survey. In 2020, about one-third of respondents had participated in the fall 2019 survey. Consequently, it is possible to observe the same individuals over time to determine the trajectory of their finances over the course of the year.

Those who were laid off during the pandemic typically had a relatively small financial cushion to begin with. Less than two-thirds of those who were laid off were doing at least okay financially in late 2019, before the job loss.

In general, they also entered the year with limited financial resources to weather an economic downturn. Fifty-nine percent did not have emergency savings that could cover three months of expenses in late 2019, and nearly 4 out of 10 either could not pay all of their monthly expenses in full or did not expect to be able to do so if faced with a modest emergency expense. Each of these exceeds the share of the overall population who were ill prepared for financial setbacks.

Those who were laid off and were not working at the time of the survey saw a substantial deterioration in their financial circumstances. While nearly two-thirds of this group were doing at least okay financially in 2019, a lower 51 percent were still doing at least okay in late 2020 (table A). Large declines in more concrete financial measures were similarly apparent. For example, the share expecting to pay their current month's bills in full also fell—from 66 percent in 2019 to 58 percent in late 2020 (table B).

Table A. Doing at least okay financially (by year)
Percent

Characteristic	2019	2020	Change
No layoff, working from home full time	85	90	5
No layoff, working but not from home	79	82	3
No layoff, not working	76	75	-1
Laid off, but currently employed	62	60	-2
Laid off, currently not working	65	51	-14

Note: Among respondents who completed both the 2019 and 2020 surveys.

Although they also had limited financial resources at the start of the year, workers who were laid off in 2020 but who were back at work by the time of the survey in November had more muted changes in well-being. Among this group, there was a far smaller 2 percentage point decline in overall financial well-being in 2020 when compared to a year earlier and a 4 percentage point decline in the share expecting to pay all of their monthly bills in full.

In sharp contrast to that seen for those out of work after a layoff, those who kept their jobs fared relatively well financially in 2020. Additionally, across each financial metric considered, those who worked from home in 2020 had relatively high levels of financial well-being leading into the pandemic and appeared to be even better off financially by the end of the year. Nine out of 10 people who were

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Box 1. Financial Well-Being for the Same People over Time
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Table B. Expect to pay all current monthly bills in full (by year)
Percent

Characteristic	2019	2020	Change
No layoff, working from home full time	91	92	1
No layoff, working but not from home	87	89	2
No layoff, not working	85	83	-1
Laid off, but currently employed	82	78	-4
Laid off, currently not working	66	58	-8

Note: Among respondents who completed both the 2019 and 2020 surveys.

working from home in late 2020 were doing at least okay financially, up 5 percentage points from how the same group was faring a year earlier.

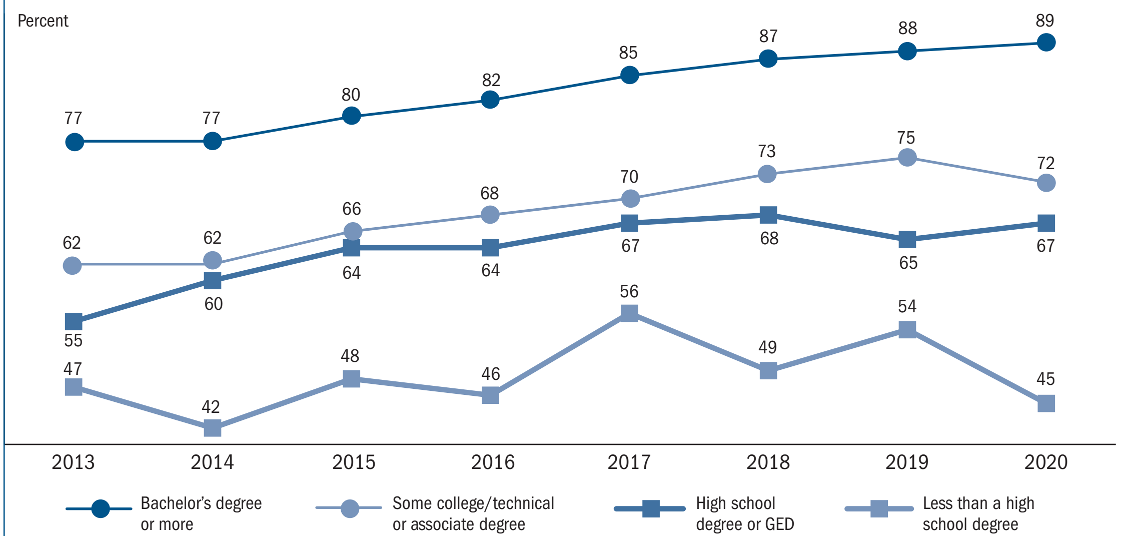
The scale of layoffs during the pandemic was unprecedented, with 14 percent of all adults suffering a layoff in the past year. Those who were not laid off appeared to be faring relatively well, on average, in late 2020. This has contributed to the relative strength of aggregate economic statistics. Yet, those who were laid off faced markedly different circumstances. Laid-off workers generally had fewer financial resources to begin with, and the layoffs appear to have resulted in additional financial strain for their families.

In addition to the different trends in overall well-being based on employment circumstances, differences across education groups remained substantial and in some cases grew markedly. Adults with at least a bachelor's degree were significantly more likely to be doing at least okay financially (89 percent) than those with less than a high school degree (45 percent). This gap increased from 34 percentage points in 2019 to 44 percentage points in 2020, reflecting the sharp decline in well-being for those with less than a high school degree (figure 2). Moreover, looking over the past five years shows a steady and sizable increase in well-being among those with at least a bachelor's degree (an increase of 9 percentage points in the share doing at least okay from 2015 to 2020), while adults with less than a high school degree have not experienced any lasting gains in well-being.

Differences in financial well-being across racial and ethnic groups were larger than the differences seen in 2019. Nearly two-thirds of Black and Hispanic adults were doing at least okay financially, compared with 80 percent of White adults and 84 percent of Asian adults.[7] The difference in the

[7] The 2020 survey, for the first time since the survey began in 2013, was able to include Asian as a separate racial and ethnic category. However, the relatively small sample of Asian adults means that results are not broken out for all statistics. Additionally, results for surveys before 2020 continue to only include White, Black, and Hispanic racial and ethnic categories. The reported categorizations reflect the largest statistical groupings but are neither exhaustive nor the only

Figure 2. At least doing okay financially (by year and education)



Note: Among all adults. Key identifies curves in order from top to bottom.

share of White adults doing at least okay financially compared with Black and Hispanic adults has grown by 4 percentage points since 2017. This growth reflects the steady increase in financial well-being for White adults, and the slight decline in financial well-being for Black and Hispanic adults in recent years (figure 3).

Financial well-being also varied by sexual orientation and gender identity. In 2020, 68 percent of adults identifying as LGBTQ+ were doing at least okay financially, compared with 75 percent of the overall population.[8] Moreover, an even lower 61 percent of LGBTQ+ adults identifying as transgender or nonbinary, or as having a sexual orientation other than gay, lesbian, or bisexual, were doing at least okay financially.

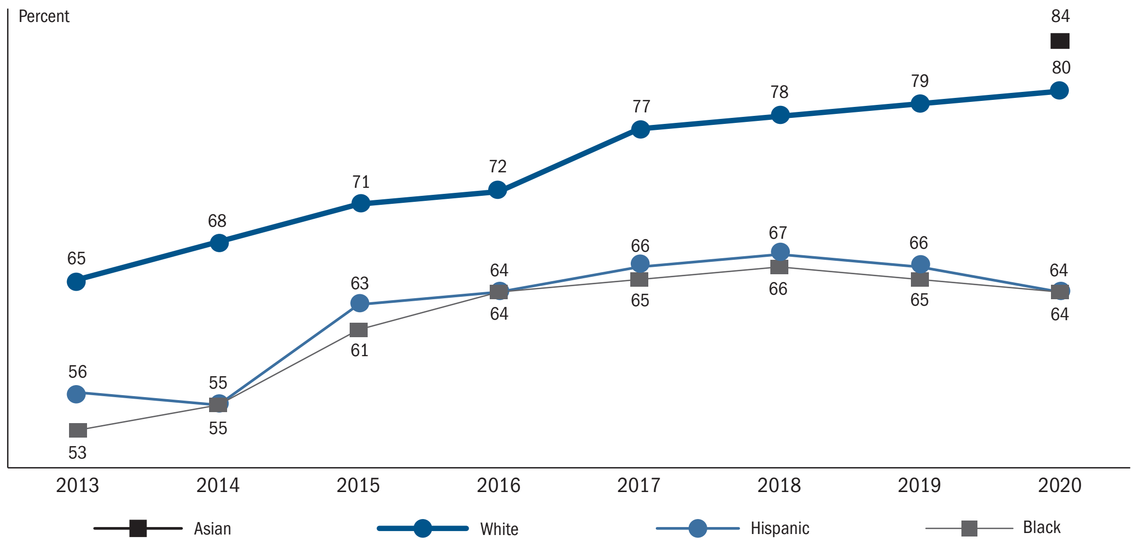
Although there are many potential reasons for gaps in financial well-being by race and ethnicity, sexual orientation, and gender identity, one contributing factor may be discrimination. More than one-fifth of Black adults and nearly one-fifth of adults identifying as LGBTQ+ reported that they experienced discrimination or unfair treatment in the past year because of their race, ethnicity, age, religion, disability status, sexual orientation, gender, or gender identity.[9] Among the overall

distinctions important to understand. Sample sizes for other racial and ethnic groups and subpopulations are not large enough to produce reliable estimates.

[8] Survey respondents could report their sexual orientation, gender assigned at birth, and gender identity. Respondents are classified as LGBTQ+ based on responses to these questions.

[9] The discrimination reported by Black adults was predominantly ascribed to race or ethnicity, while the discrimination reported by those identifying as LGBTQ+ was more evenly dispersed across that due to sexual orientation, gender, age, and race or ethnicity.

Figure 3. At least doing okay financially (by year and race/ethnicity)



Note: Among all adults. Only White, Black, and Hispanic race and ethnic categories were reported prior to the 2020 survey. Key identifies curves in order from top to bottom.

adult population, 10 percent of adults reported that they experienced discrimination for one of these reasons.[10]

Moreover, Black adults and LGBTQ+ adults were much more likely to report that they experienced employment or workplace discrimination than the overall population: 9 percent of Black adults and 8 percent of LBGTQ+ adults said they experienced employment discrimination, compared with 4 percent of the overall population. (See box 2 for more detail on discrimination, particularly with respect to race and ethnicity).

Other dimensions across which financial well-being differed include income, marital status, and neighborhood income (table 1). Fifty-two percent of adults with family income less than $25,000 were doing at least okay financially, compared with 95 percent of adults with income greater than $100,000. Married individuals were generally more likely to be doing at least okay financially than unmarried individuals. People living in low- or moderate-income (LMI) communities also had lower levels of well-being than those living in middle- or upper-income communities. Additionally, those living in metro areas were faring better than those in non-metro communities.[11]

[10] These estimates may underestimate the prevalence of discrimination if people experienced discrimination that they were unaware of or overestimate it if perceived discrimination is misattributing actions.

[11] Non-metro areas are defined throughout this report as being outside of a Metropolitan Statistical Area (MSA) and metro areas are those inside of an MSA, as defined by the Office of Management and Budget. This definition differs from the Census Bureau's definition of urbanized areas. For details, see U.S. Census Bureau, "2010 Urban Area FAQs," https://www.census.gov/programs-surveys/geography/about/faq/2010-urban-area-faq.html.

Box 2. Racial and Ethnic Discrimination

In 2020, Black and Hispanic adults faced challenges across numerous measures, including overall financial well-being, employment, ability to pay bills, and credit access. Although these challenges likely have numerous interrelated causes, many adults reported experiencing racial discrimination, including in specific contexts that could negatively impact financial well-being.

Ten percent of adults reported they experienced discrimination in the 12 months before the survey, and two-thirds of those who did said they faced racial discrimination.[1] Although racial and ethnic discrimination was the type most commonly cited, other respondents reported discrimination or unfair treatment occurred across a range of protected classes, including age, religion, disability status, sexual orientation, gender, and/or gender identity.[2] Sixty-six percent of those who reported discrimination cited racial discrimination, while 38 percent reported discrimination based on age and 37 percent based on gender (table A).

Table A. Basis of discrimination experienced in the prior 12 months

Characteristic	Among adults experiencing discrimination	Among adult population
Race or ethnicity	66	6
Age	38	4
Gender	37	4
Religion	15	2
Disability status	15	1
Sexual orientation	12	1
Overall	**100**	**10**

Note: Among all adults. Respondents could select more than one category.

Moreover, Black adults overall were more likely to report discrimination of some form than adults of other racial and ethnic groups. More than one-fifth of Black adults reported experiencing discrimination in the prior year. Thirteen percent of Asian adults, 13 percent of Hispanic adults, and 6 percent of White adults reported discrimination. In 2020, evidence suggests that a somewhat larger share of discrimination occurred among Asian adults than was the case in 2019.[3]

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[1] The survey asked respondents about discrimination they observed themselves, known as perceived discrimination. Other methods, such as audit studies, can detect discrimination that may go undetected by the person affected (see Devah Pager and Hana Shepherd, "The Sociology of Discrimination: Racial Discrimination in Employment, Housing, Credit, and Consumer Markets," *Annu. Rev. Sociol.* 34 (2008): 181–209). Moreover, perceived discrimination is associated with harmful effects on mental well-being (see Michael T. Schmitt, Nyla R. Branscombe, Tom Postmes, and Amber Garcia, "The Consequences of Perceived Discrimination for Psychological Well-Being: A Meta-Analytic Review," *Psychological Bulletin* 140, no. 4 (2014): 921; and E.A. Pascoe and L. Smart Richman, "Perceived Discrimination and Health: A Meta-Analytic Review," *Psychological Bulletin*, 135, no. 4 (July 2009): 531–54).

[2] The Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, religion, sex, or national origin. In the June 2020 ruling in *Bostock v. Clayton County*, the U.S. Supreme Court held that title VII's protections cover sexual orientation and gender identity.

[3] In 2019, Asian adults were included in the "other, non-Hispanic" category. In 2020, data on Asian adults were reported separately. However, in 2020, Asian adults made up a substantial majority (82 percent) of the "other non-Hispanic" category. Therefore, this category is a reasonable proxy measure of Asian adults to compare between 2019 and 2020. In 2020, 9 percent of all adults reporting discrimination were "other, non-Hispanic" adults, compared to 7 percent in 2019. The uptick occurred as the share of "other non-Hispanic" adults who reported discrimination was nearly unchanged, whereas it declined for adults across all other racial and ethnic groups.

Box 2. Racial and Ethnic Discrimination—*continued*

Those who reported discrimination faced discrimination or unfair treatment in a variety of aspects of life (table B). The most frequently cited contexts for experiencing discrimination were shopping and working or applying for a job. Of those adults who reported discrimination, 44 percent (4 percent of all adults) said they were shopping, and 43 percent (4 percent of all adults) said they were working or applying for a job.[4] Moreover, evidence shows that discrimination in employment contributes to differences in earnings across racial and ethnic groups.[5]

While fewer adults reported experiencing discrimination while banking or applying for a loan than in other contexts, this form of discrimination can affect access to safe and affordable financial services. Black and Hispanic adults were more likely to be denied credit than other racial and ethnic groups. Furthermore, concerns about discrimination deter some people from trying to access financial products, even if they would qualify.

Table B. Context of discrimination experienced in the prior 12 months
Percent

Characteristic	Among adults experiencing discrimination	Among adult population
Shopping for goods or services, including restaurants	44	4
Working or applying for a job	43	4
Interacting with the police or a government official	23	2
Receiving or scheduling medical care	13	1
Banking or applying for a loan	13	1
Renting or buying a home	11	1
Other activities not listed (please specify)	13	1
Overall	**100**	**10**

Note: Among all adults. Respondents could select more than one category.

Among those adults who reported facing banking discrimination, 45 percent desired more credit but did not apply because they expected a denial. This far exceeds the 11 percent of people who did not report banking discrimination, but desired credit that they did not apply for.

These differences in credit access can have financial repercussions during economic downturns, as credit can be one way to manage fluctuations in income. Indeed, a larger share of adults who were laid off reported they had more debt at the time of the survey than one year prior, compared to adults who did not face a layoff. This approach of borrowing to weather a financial hardship is less available to those who have less access to banking and credit products for any reason, including discrimination.

[4] The COVID-19 pandemic changed the nature of shopping, dining, and employment for many, which may have affected the frequency and type of discrimination reported in 2020.

[5] For a summary of research on discrimination in labor markets, see William A. Darity, Jr. and Patrick L. Mason, "Evidence on Discrimination in Employment: Codes of Color, Codes of Gender," *Journal of Economic Perspectives*, 12, no. 2 (1998): 63–90 and David Neumark, "Experimental Research on Labor Market Discrimination," *Journal of Economic Literature*, 56, no. 3 (2018): 799–866.

Given the potential economic repercussions of the pandemic, the 2020 survey included five additional questions on financial well-being that were last asked in the 2017 survey.[12] These questions were developed by the Consumer Financial Protection Bureau (CFPB) to measure financial well-being among U.S. adults by combining an individual's responses to the five questions into a single "financial well-being score," ranging from 0 to 100. Research has shown that a score of 50 or below on this scale is associated with a high likelihood of material hardship, such as the inability to afford food, medical treatment, housing, or utilities.[13]

Based on the CFPB score, 38 percent of adults had a high likelihood of material hardship in 2020. As was also seen in the share "just getting by" or "finding it difficult to get by," adults with at least a bachelor's degree, White adults, and people living in metro areas exhibited higher levels of financial well-being than the overall population (table 2).

Recent changes in well-being, based on the CFPB score, were similar to changes seen in the share of adults doing at least okay financially. The share with a high likelihood of experiencing material hardship decreased slightly for adults overall and for nearly all subgroups. Consistent with the results described earlier, the notable exception was for adults with less

Table 1. Share of adults doing at least okay financially (by demographic characteristics)
Percent

Characteristic	2020	1-year change	5-year change
Family income			
Less than $25,000	52	0	10
$25,000–$49,999	65	-2	4
$50,000–$99,999	84	0	11
$100,000 or more	95	0	11
Race/ethnicity			
White	80	1	9
Black	64	-2	3
Hispanic	64	-2	1
Asian	84	n/a	n/a
Marital status			
Single	67	2	7
Living with a partner	65	2	-1
Married	82	-2	6
Parental status			
No children	78	1	8
Children	67	-4	3
Place of residence			
Metro area	76	0	7
Non-metro area	69	-3	2
Neighborhood income			
Low or moderate income	62	-2	n/a
Middle or upper income	80	0	n/a
Overall	**75**	**0**	**7**

Note: Among all adults. Low- or moderate-income neighborhoods are defined here as those census tracts with a median household income less than 80 percent of the national median income. Here and in subsequent tables and figures, percentages may not sum to 100 due to rounding and question non-response. Census tracts were not included in the 2015 SHED, so changes in neighborhood income since 2015 are not available.
n/a Not applicable.

[12] The first three questions ask respondents how well the following statements describe them or their situation: "because of my money situation, I feel like I will never have the things I want in life;" "I am just getting by financially;" and "I am concerned that the money I have or will save won't last." The final two questions ask respondents how often each of these statements apply to them: "I have money left over at the end of the month" and "My finances control my life."

[13] The CFPB's financial well-being scale was included on the SHED in 2017 and again in 2020. See *Financial Well-Being in America* (September 2017), www.consumerfinance.gov/documents/5606/201709_cfpb_financial-well-being-in-America.pdf, for details on the development of these questions and their relation to material hardships. Mapping to the well-being scale uses Austin Nichols's PFWB package in Stata: Austin Nichols, "PFWB: Stata Module to Predict Financial-Well-Being Scale Scores from CFPB Survey Instrument," Statistical Software Components S458353 (2017), Boston College Department of Economics.

Table 2. Share of adults with high likelihood of material hardship (by select characteristics)
Percent

Characteristic	2020	3-year change
Education		
Less than a high school degree	62	3
High school degree or GED	47	-2
Some college/technical or associate degree	43	-3
Bachelor's degree or more	25	-5
Race/ethnicity		
White	34	-4
Black	44	-2
Hispanic	50	-2
Asian	33	n/a
Place of residence		
Metro area	38	-4
Non-metro area	43	-2
Overall	**38**	**-3**

Note: Among all adults. High likelihood of material hardship based on the Consumer Financial Protection Bureau financial well-being score.
n/a Not applicable.

than a high school degree, who saw a 3 percentage point increase in the share with a high likelihood of material hardship.

Changes in Financial Situation over Time

The survey also tracks overall economic well-being by asking respondents whether they are better or worse off financially than they were 12 months earlier. Measuring well-being in this way helps track changes in perceived well-being over time, as some individuals may feel worse off financially than they were a year earlier, for instance, even if they feel they are still doing okay overall (or that their financial well-being is improving even if they are still struggling overall).[14]

Indeed, the share of adults who said they were worse off financially than a year earlier increased to the highest level since 2014, even though the share of adults doing at least okay financially remained unchanged.[15] In 2020, nearly one-fourth of adults were worse off financially compared to a year earlier, up from 14 percent in 2019 (figure 4). One-fourth of adults were better off compared to a year ago, down 7 percentage points from 2019. The share of adults doing about the same financially compared to a year ago was 51 percent, a modest decline from 2019.

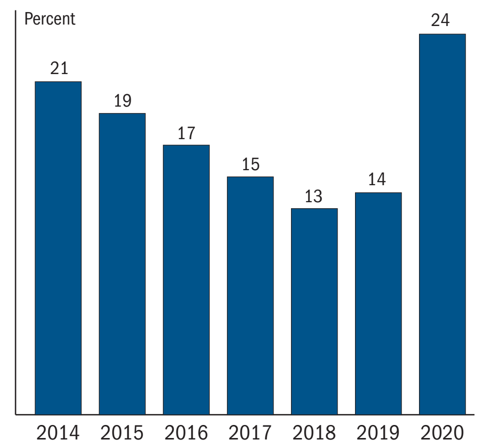
The rise in the share of people who were worse off financially was widespread, but those with less than a high school degree were especially likely to be worse off. Thirty-six percent of people with no high school degree were worse off financially in 2020 than they were a year earlier. In 2019, a far smaller 18 percent of those with no high school degree were worse off than they were the year before. The share of adults with at least a bachelor's degree who were worse off also rose, from 10 percent to 18 percent, but remained well below that seen among people with less education.

[14] For example, someone who was laid off in the past year, but is receiving unemployment benefits to make up for lost income, might feel they are doing okay financially. However, if comparing to a year ago, before the layoff, they might also feel that they are worse off now given that they were laid off and are relying on government assistance.

[15] The 2013 survey asked respondents if they were better off now financially than five years ago and therefore is not comparable with later surveys.

The shares of both metro and non-metro residents who were worse off financially compared to a year ago nearly doubled from 2019 to 2020. Twenty-four percent of metro residents were worse off in 2020, up 11 percentage points from a year earlier, and 27 percent of non-metro residents were worse off in 2020, up 12 percentage points.

Figure 4. Worse off financially than 12 months ago (by year)



Note: Among all adults.

The widespread increase in adults doing worse off financially compared to a year earlier likely reflects the broad impacts of the COVID-19 pandemic on the economy.

To get a longer-term perspective, individuals were also asked to compare their current financial circumstances to how they perceived their parents' financial situation at the same age. Looking across a generation shows evidence of economic progress over time, despite financial setbacks during the pandemic. A majority of adults (54 percent) thought they were better off financially than their parents were, although this is a slight decline from 2019 when 57 percent thought they were better off. Twenty-one percent thought they were worse off than their parents were at the same age.

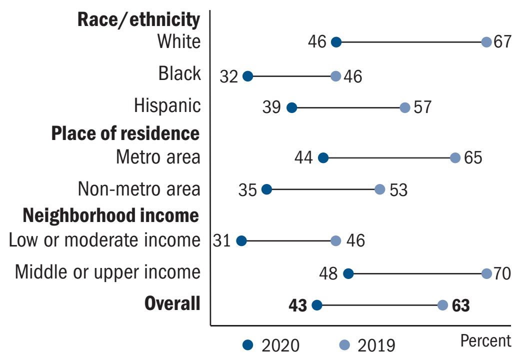
Having at least a bachelor's degree is generally associated with greater rates of upward economic mobility than having less education. This is particularly true among first-generation college graduates, among whom two-thirds (67 percent) thought they were better off financially than their parents were.[16]

Local Economic Conditions

Along with questions about their own financial circumstances, people were asked to assess their local economy. The share of adults rating their local economy as "good" or "excellent" declined precipitously from 2019 to 2020. Forty-three percent of adults rated their local economic conditions as "good" or "excellent" in 2020, with the rest rating conditions as "only fair" or "poor." This share was markedly lower than the 63 percent of adults who had a positive assessment of their local economic conditions in 2019.

[16] First-generation college graduates are those who have at least a bachelor's degree and who report that neither of their parents completed at least a bachelor's degree.

Figure 5. Self assessment of the local economy as good or excellent (by select characteristics)



Note: Among all adults. Asian adults omitted because data are not available for 2019. Only White, Black, and Hispanic race and ethnic categories were reported prior to the 2020 survey. Key identifies circles in order from left to right.

The decline in positive assessments of one's local economy occurred broadly across different demographic groups and geographies (figure 5). For example, from 2019 to 2020, the share of adults rating their local economy as "good" or "excellent" fell from 65 percent to 44 percent for metro residents and from 53 percent to 35 percent for non-metro residents.

Looking across demographic groups and geographies also shows that despite the broad declines, gaps in how people assessed their local economies persisted in 2020. Whereas 46 percent of White adults and 44 percent of Asian adults viewed their local economic conditions as good or excellent, 32 percent of Black adults and 39 percent of Hispanic adults rated their local economies favorably. Adults who live in LMI neighborhoods were much less likely to rate their local economy favorably than those in middle- or upper-income neighborhoods.

Income

The COVID-19 pandemic and subsequent recession caused many workers to lose their jobs in 2020. Yet, relief measures in the form of stimulus payments and additional unemployment insurance payments helped alleviate financial challenges.

To capture the extent that people could cover their monthly expenses without incurring debt, the survey asked a series of questions related to income level and sources, income volatility, and spending. Most adults spent less than their income during the month before the survey, although a considerable minority had monthly spending that exceeded their income. Additionally, individuals who were laid off during the previous year were more likely to report economic hardship as a result of income that varies from one month to the next.

Level and Source

Family income in this survey is the cash income from all sources that the respondents and their spouse or partner received during the previous year.[17] Just under 3 in 10 adults had a family income below $25,000 in 2020, and 45 percent had less than $50,000 (table 3).

Table 3. Family income (by race/ethnicity)
Percent

Characteristic	Less than $25,000	$25,000–$49,999	$50,000–$99,999	$100,000 or more
White	21	17	28	33
Black	41	20	23	16
Hispanic	42	18	22	18
Asian	22	11	23	43
Overall	**28**	**17**	**25**	**29**

Note: Among all adults.

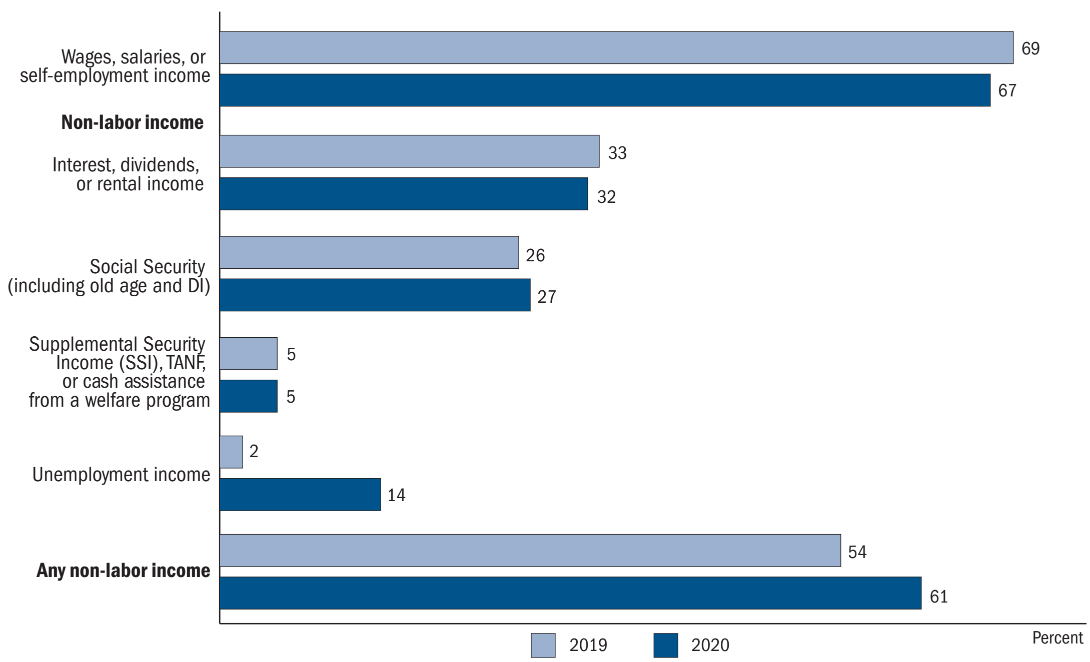
Family income varied dramatically by demographic characteristics, including race and ethnicity. Forty-one percent of Black adults and 42 percent of Hispanic adults had a family income below

[17] Income is reported in dollar ranges rather than exact amounts. Previous reports on the SHED discussed the financial well-being of individuals making less than $40,000 per year. This threshold was set because in 2013 when the survey began, $40,000 was approximately 80 percent of the U.S. median household income of $51,939. In 2019, the median household income was $68,703. To reflect the rise in median income, this report now focuses on individuals making less than $50,000 per year—but where possible also separates out those making less than $25,000. For additional details on U.S. median household incomes, see Jessica Semega, Melissa, Kollar, Emily A. Shrider, and John F. Cremer, *Income and Poverty in the United States: 2019* (Washington: U.S. Census Bureau, September 2020).

$25,000. Conversely, White and Asian adults were disproportionately likely to have family income above $100,000.

Respondents were also asked about the sources of income that they and their spouse or partner received. Wages, salaries, and self-employment (collectively referred to here as labor income) was the most common source of income in 2020: 67 percent of adults and their spouse or partner received labor income (figure 6). Yet, 61 percent of adults and their spouse or partner also received non-labor income in 2020, up from 54 percent in 2019.[18] This increase was driven by a sharp rise in the number of adults receiving unemployment income. Fourteen percent of adults received unemployment income in 2020, up from 2 percent in 2019.

Figure 6. Family income sources



Note: Among all adults. Respondents could select multiple answers. Key identifies bars in order from top to bottom.

Assistance from nonprofits and private sources—including financial support from a friend of family member living outside of their home—also played a role. Sixteen percent of adults ages 21 and older received at least one type of assistance from private or nonprofit sources in 2020 (table 4). Nearly 1 in 10 adults received financial assistance from a friend or family member living outside of

[18] Non-labor income is defined as income from interest, dividends, or rental income; social security (including old age and Disabled Individual (DI); Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), or cash assistance from a welfare program; unemployment income; or income from a pension. Non-labor income does not include Economic Impact Payments, tax credits such as the Earned Income Tax Credit, or in-kind benefits.

Table 4. Providing and receiving support (by education)
Percent

Education	Provided support to others	Received free groceries or meals	Received support from non-house-hold member	Received at least 1 type of private or nonprofit support
Less than a high school degree	13	30	13	35
High school degree or GED	13	15	7	19
Some college/technical or associate degree	18	13	9	18
Bachelor's degree or more	19	4	6	9
Overall	**17**	**11**	**8**	**16**

Note: Among adults age 21 and older. Respondents could select multiple answers.

their home, essentially unchanged from 2019. More than 1 in 10 adults received groceries or meals from a food pantry, religious organization, or community organization in 2020.

Adults with less education were more likely to receive at least one type of assistance from private or nonprofit sources: more than one-third of adults with less than a high school degree received assistance from private or nonprofit sources, compared to less than 1 in 10 adults with at least a bachelor's degree.

Additionally, 17 percent of adults provided financial support to others. Those with more education were more likely to provide financial support: one in five adults with at least a bachelor's degree provided financial support to someone outside the home in 2020.

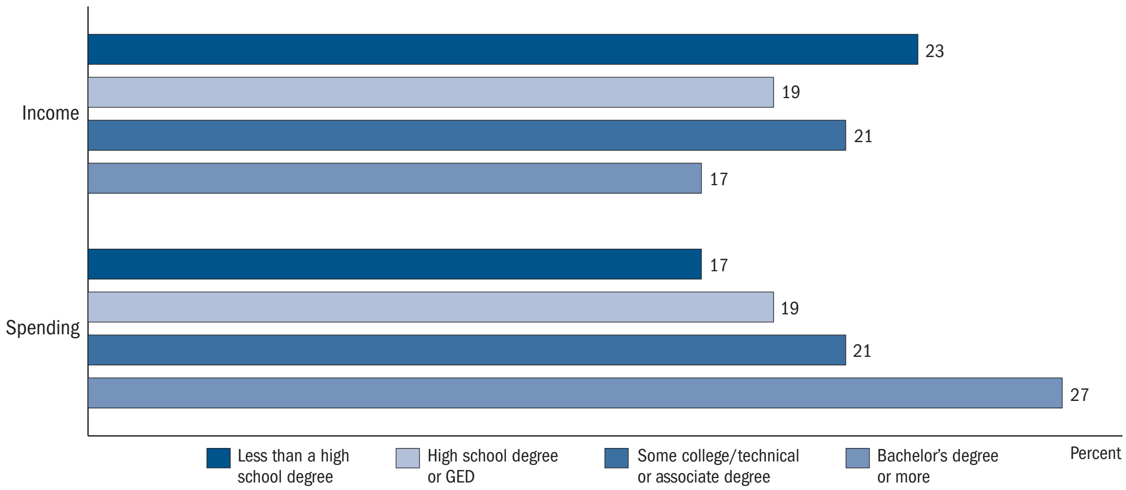
Changes in Spending and Income

Many families saw their financial circumstances change in 2020. Twenty-four percent of people saw their income increase in 2020, compared with 19 percent whose income declined. This slight improvement was largely driven by those with higher levels of education.

Adults with less education were more likely to have experienced income declines. Among adults with less than a high school degree, 23 percent had income that declined (figure 7). This exceeded the 17 percent of those with at least a bachelor's degree who experienced an income decline. Among adults who experienced a layoff during the previous year, nearly one-half also saw their total monthly income decline relative to a year earlier.

By contrast, those with more education were the most likely to have reduced their total monthly spending. Fewer than 2 in 10 adults with a high school degree or less had lower monthly spending compared to a year ago. However, 27 percent of adults with at least a bachelor's degree

Figure 7. Decreases in income and spending relative to a year ago (by education)



Note: Among all adults. Key identifies bars in order from top to bottom.

decreased their spending. Changes in spending are also related to employment disruptions, as just over one-third of adults who were laid off also spent less compared to a year earlier.

Consistent with these trends, adults with more education also were more likely to have increased the amount in their checking or savings account. Among adults with at least a bachelor's degree, nearly 3 in 10 experienced an increase in their usual bank account balance after paying their bills compared to a year earlier, exceeding the 16 percent who saw a decline. Among adults with less than a high school degree, this pattern is reversed, as 6 percent said their usual account balance increased, whereas 25 percent said it declined.

When asked to compare spending and income levels during the previous month, 55 percent of adults spent less than they made—a 3 percentage point increase from 2019. Nearly 3 in 10 adults had spending equal to their income. The remaining 16 percent of adults spent more than their income.

While the majority of adults spent less than they made during the previous month, this share varies by whether or not the person experienced a layoff and lives in a LMI neighborhood (table 5). One in four adults who experienced a layoff, and more than one in five adults living in LMI neighborhoods, had spending that exceeded their income.

Individuals with less education also were more likely to say they spent more than their income. The share of adults who spent less than their income increased among those with more

Table 5. Spending relative to income (by employment, education, and neighborhood income)
Percent

Characteristic	Less than your income	The same as your income	More than your income
Employment			
Laid off	43	31	25
Not laid off	57	28	14
Education			
Less than a high school degree	35	40	24
High school degree or GED	49	34	16
Some college/technical or associate degree	53	30	17
Bachelor's degree or more	65	22	12
Neighborhood income			
Low or moderate income	46	33	21
Middle or upper income	59	27	14
Overall	**55**	**29**	**16**

Note: Among all adults.

education. In fact, those with at least a bachelor's degree were 30 percentage points more likely to have spent less than their income than adults with less than a high school degree.

Income Volatility

Some people have income that varies through the year. Since many bills have to be paid monthly, variations in income can lead to financial challenges. The survey asked respondents about the consistency in their monthly income, and whether income volatility led to financial challenges.

Despite the disruptions caused by the pandemic, more than 7 in 10 adults had income that was roughly the same each month, matching the rate from 2019. Since income volatility can result from either dips or spikes in monthly income, the survey then assessed the relationship between income volatility and economic hardship. It did so by asking those who reported varying income whether they struggled to pay bills as a result. More than one-third (37 percent) of those who experienced income volatility, representing slightly more than 1 in 10 adults overall, said they struggled to pay their bills at least once in the past 12 months due to varying income.

Those who experienced a layoff during the previous year, and those with lower income, were more likely to both have income volatility and report related hardship (table 6). In fact, nearly 3 in 10 adults who experienced a layoff in 2020 struggled to pay bills at least once in the past year because of variability in their income. Similarly, 2 in 10 adults with a family income below $25,000 reported hardship caused by varying income.

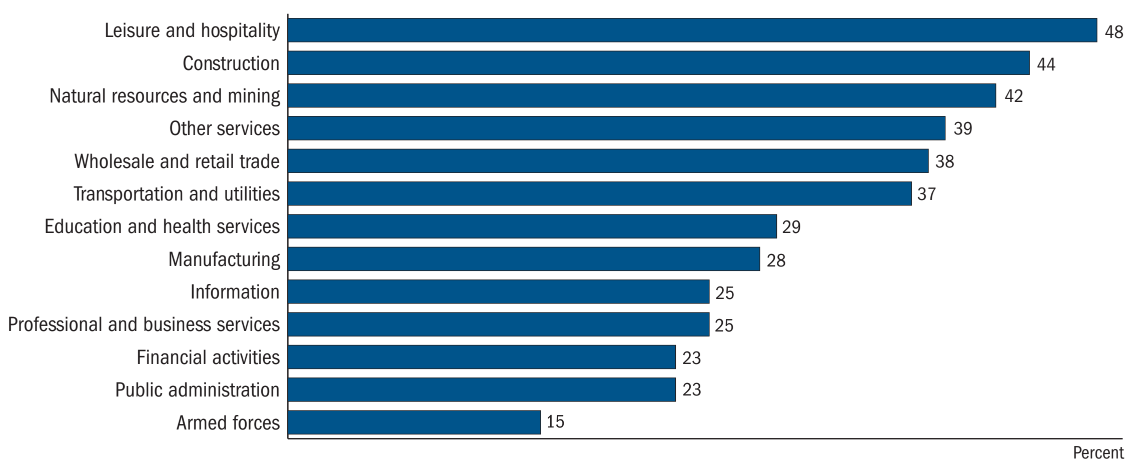
Table 6. Income volatility and related hardship (by layoff in prior 12 months and family income)
Percent

Characteristic	Varying income, caused hardship	Varying income, no hardship	Stable income
Employment			
Laid off	29	22	48
Not laid off	8	17	75
Family income			
Less than $25,000	20	21	58
$25,000–$49,999	14	15	71
$50,000–$99,999	7	17	76
$100,000 or more	2	18	79
Overall	**11**	**18**	**71**

Note: Among all adults.

Income volatility also continued to vary greatly by industry in 2020, with workers in the leisure and hospitality industry having the most unstable income (figure 8). Leisure and hospitality workers also reported the largest rates of hardship from income volatility. Although leisure and hospitality workers experienced substantial job losses from COVID-19, volatile income within this industry pre-dated the pandemic. The high rates of income volatility within this industry were similar to those observed in 2019, even though a disproportionately large share of leisure and hospitality workers also saw their income decrease in the past year.

Figure 8. Income varies at least occasionally from month to month (by industry)



Note: Among adults who report industry of employment.

Employment

Fewer people were working in late 2020 than before the COVID-19 pandemic, and layoffs frequently fell on workers who were already in more precarious financial positions. Employment losses were largely due to layoffs in March that many workers expected to be temporary. Yet at the time of the survey, many laid-off workers had not returned to their old jobs.

Beyond the effects of the pandemic on the availability of work, the 2020 survey showed the wide array of work arrangements, including part-time and gig work, and the varied reasons that some people were not working. More people cited lack of work in 2020, but many others were not working because of concerns over their health or because of their obligations to care for others. An especially large share of people worked from home, though doing so was far more common among workers with college degrees.

Layoffs and Job Loss

The pandemic led to large declines in employment, with many layoffs occurring in March 2020.[19] Four percentage points fewer adults were working in late 2020 compared with 2019, and 14 percent of all adults were laid off over the prior year.

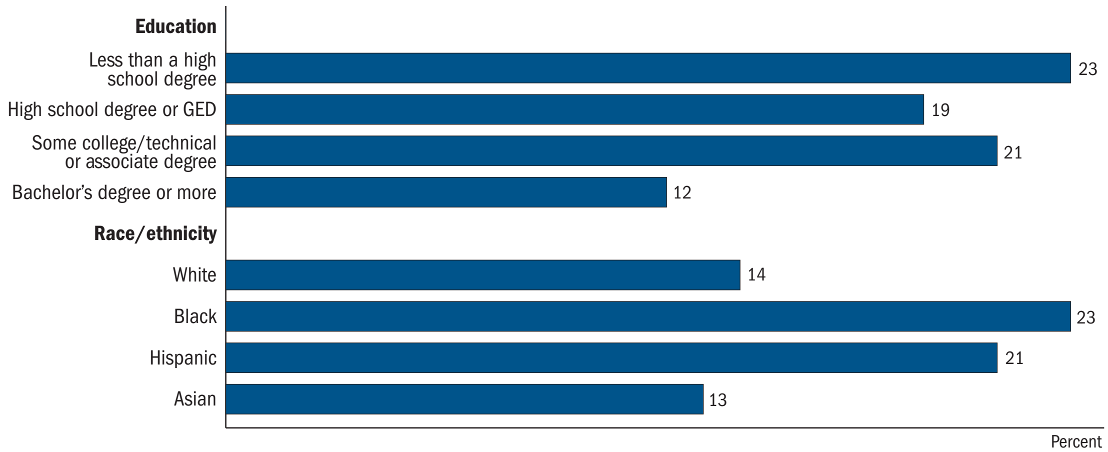
Adults with less education were more likely to have been laid off. Sixteen percent of adults with less than a college degree were laid off in the prior year, compared with 11 percent of adults with at least a bachelor's degree. Among prime-age adults (ages 25 to 54) who were more likely to be working before the pandemic, 20 percent with less than a bachelor's degree were laid off, compared with 12 percent of those with at least a bachelor's degree (figure 9).[20] Hispanic and Black adults were also particularly likely to have been laid off. Over 20 percent of both Black and Hispanic prime-age adults were laid off in the prior 12 months.

Slightly less than one-fourth of adults who were laid off in the prior 12 months had returned to their former jobs as of late 2020 (figure 10), and 52 percent had either returned to or expected to return to their former jobs in the future. In contrast, the April 2020 SHED supplement found that

[19] For more detail, see the *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*, https://www.federalreserve.gov/publications/files/2019-report-economic-well-being-us-households-202005.pdf.

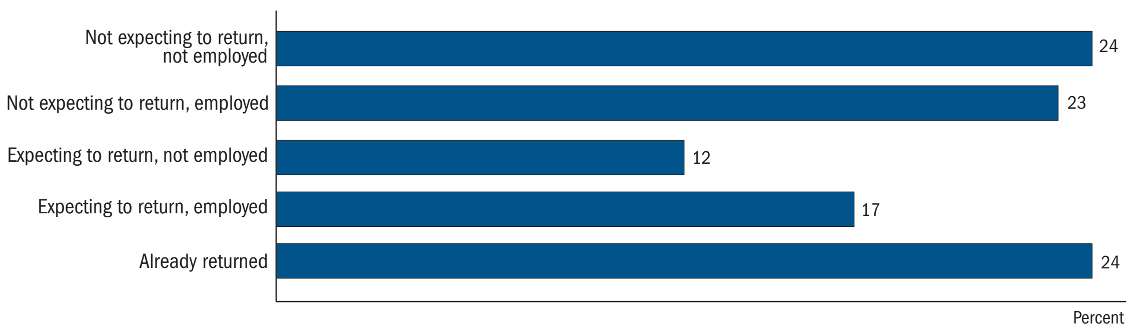
[20] Another way to consider layoffs among those most connected to the labor force is to look at respondents who completed the survey in both 2019 and 2020 and were working at the time of the 2019 survey. Twenty percent of people with less than a bachelor's degree who were working in 2019 were laid off in 2020, compared to 10 percent of those with at least a bachelor's degree.

Figure 9. Layoffs among prime-age adults (by education and race/ethnicity)



Note: Among prime-age adults 25 to 54.

Figure 10. Expectations about returning to work and current employment for laid-off workers



Note: Among people laid off from a job in the prior 12 months.

86 percent of workers who had been laid off between February and April had expected to return to their former jobs at that time. In November, 24 percent of laid-off adults were not expecting to return and did not have another job.[21]

People who were laid off were doing worse financially, and those who were laid off and still not working were faring particularly poorly financially. Fifty-six percent of workers who were laid off

[21] This question includes all people laid off from November 2019 until the survey. Consequently, the number of people who returned to their jobs could be lower than for layoffs beginning in March 2020 from the April and July 2020 SHED supplements. People who are expecting to return to their old jobs may either be employed in other jobs or unemployed.

Figure 11. Share of laid-off workers doing at least okay financially (by employment status and expectations about returning to work)

Note: Among people laid off from a job in the prior 12 months.

were doing at least okay financially, compared with 78 percent of those who were not laid off. An even smaller 44 percent of laid-off workers who were neither expecting to return to their old jobs nor working at another job were doing at least okay financially (figure 11).

Reasons for Not Working

Twenty-six percent of prime-age adults were not working in the month leading up to the survey, up from 21 percent in 2019. The most commonly cited reasons for not working were health limitations, an inability to find work, and childcare or family obligations; each was cited by 9 percent of all prime-age adults (or one-third of those not working) (figure 12).

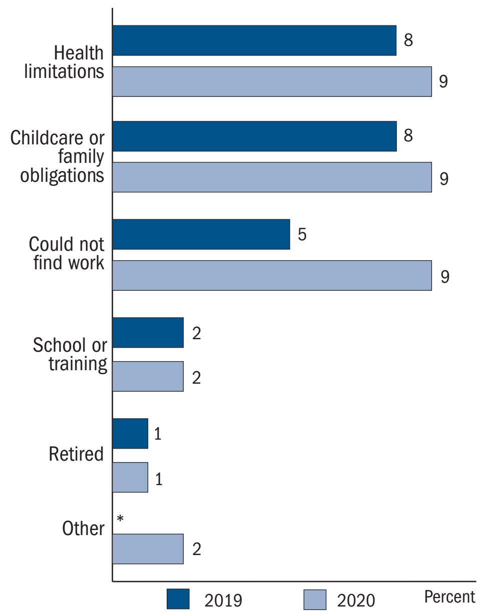
Not being able to find work was much more frequently cited in 2020 compared with 2019, increasing by four percentage points among all prime-age adults. Health limitations and childcare or family obligations had more modest increases, each increasing by around 1 percentage point.

Women who were not working disproportionately said that childcare and family obligations kept them from formal employment (figure 13). Fourteen percent of all prime-age women (43 percent of prime-age women who were not working) cited either childcare or family obligations. A smaller 5 percent of all prime-age men (24 percent of those not working) cited these reasons.

Part-Time and Temporary Jobs

Fourteen percent of adults worked part time and 4 percent said that their main job was a temporary position. The share of adults who were working part time declined by 2 percentage points

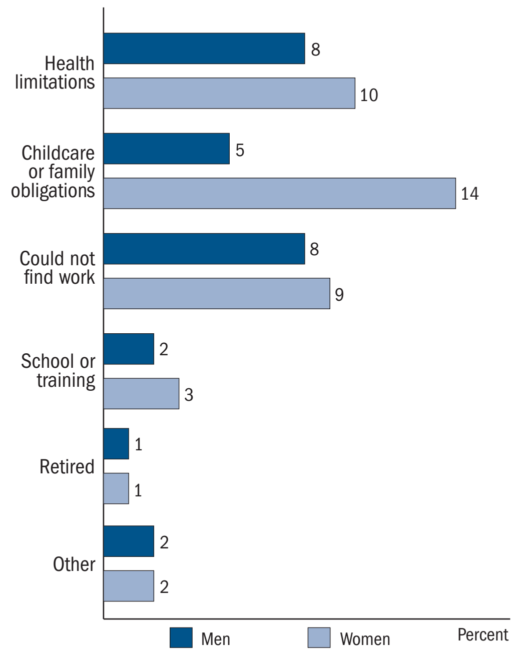
Figure 12. Reasons for not working among prime-age adults (by year)



Note: Among prime-age adults 25 to 54. Respondents could select multiple answers. Childcare and family obligations were asked as two separate questions but are combined for the purpose of this report. Key identifies bars in order from top to bottom.

* Less than 0.5 percent.

Figure 13. Reasons for not working among prime-age adults (by gender)



Note: Among prime-age adults 25 to 54. Childcare and family obligations were asked as two separate questions but are combined for the purpose of this report. Respondents could select multiple answers. Key identifies bars in order from top to bottom.

from 2019 to 2020.[22] Part-time work was more common among women than among men. Sixteen percent of women worked part time, while 11 percent of men did.

Slightly more than half of part-time workers said that they would like to work more hours. In particular, 70 percent of Hispanic and 53 percent of Black part-time workers said they wanted to work more hours. Hispanic adults were also slightly more likely to be working part time than workers overall.

People who had a part-time or temporary job reported more financial strain than people who worked full time. Thirty percent of part-time workers and 33 percent of temporary workers said that they were either just getting by or finding it difficult to get by. A smaller 17 percent of permanent, full-time workers reported the same levels of financial strain.

[22] Using the overlapping respondents with the 2019 survey, 24 percent of people working part time in 2019 lost a job in the subsequent year, compared to 13 percent of people who were working full time in 2019.

Some workers also had irregular schedules. Sixteen percent of employees had a work schedule that varied based on their employer's needs. Ten percent of employees had a schedule that varied at their own request. Collectively, just over one-fourth of employees had a varying work schedule.

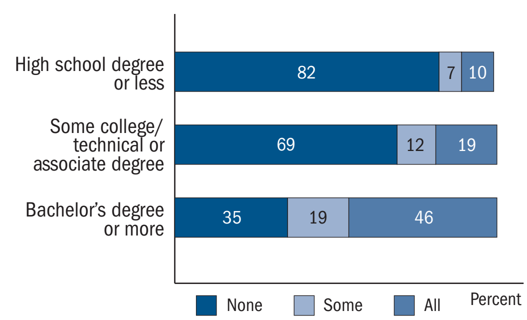
Workers with irregular schedules they do not control tend to be under more financial strain. Thirty percent of workers with a schedule that varied based on their employer's needs said that they were either just getting by or finding it difficult to get by. This compares with 18 percent of workers with a fixed schedule or with a schedule that they control.

Working from Home

A major change in many people's work environment since 2019 is the prevalence of working from home. In 2020, 29 percent of adults who worked for someone else worked entirely from home or by telecommuting. This is similar to the 31 percent who worked entirely from home in July, but down from the 41 percent who did in April. In contrast, only 7 percent of adults who worked for someone else typically worked from home in 2019.[23]

Workers with more education have been much more likely to work from home during the pandemic. Forty-six percent of workers with at least a bachelor's degree worked entirely from home in the month before the survey (figure 14). Nineteen percent of workers with some college, and 10 percent with a high school degree or less, worked entirely from home.

Figure 14. Amount of work done from home (by education)



Note: Among adults who worked for someone else. Key identifies bars in order from left to right.

Older workers were less likely to work from home. Twenty-five percent of employees ages 55 to 64 worked entirely from home. For comparison, 33 percent of employees ages 25 to 34, as well as those ages 35 to 44, worked entirely from home or telecommuted.

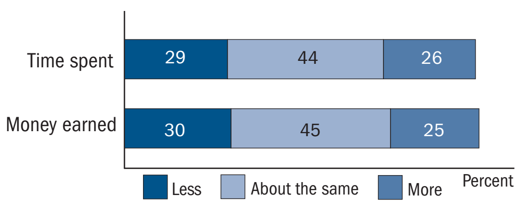
[23] The question asked in 2019 was different from 2020. The 2019 survey asked where people worked in their main jobs most of the time.

The Gig Economy

Gig activities (gigs) in this report include paid childcare, house cleaning, ride sharing, selling goods, and renting out property.[24] Most gigs predate the internet, though some occur online. They do not always fit into standard concepts of "employment" because people can do gigs occasionally and without firm time commitments. Yet gigs could help people to supplement income, and, for some people, they are a primary source of income.

Although gigs can help to supplement income after layoffs, the large number of layoffs in 2020 were not accompanied by an increase in the share of adults who performed gig activities. Instead, 4 percentage points fewer adults said that they earned money from gigs in the month before the 2020 survey compared with 2019. Still, 27 percent of people earned some money from gigs, and 8 percent were regular gig workers, in that they spent 20 or more hours in the prior month on gigs.

Figure 15. Time spent and money earned on gigs compared to 12 months ago



Note: Among adults performing any gig activities. Key identifies bars in order from left to right.

Many people who performed gig activities also said that they spent less time on and earned less money from gigs compared to a year prior. Around 30 percent of people who did gig activities said that they earned less money and spent less time in the last month compared with a year ago (figure 15). Roughly 25 percent said that they were spending more time on and earning more money from gigs.[25]

Gig work frequently supplemented earnings from a traditional job. Nearly half (47 percent) of gig workers also had full-time jobs, while 22 percent had part-time jobs. Thirty-one percent were not working for pay or profit in the last month, aside from their gig work.[26]

[24] The list of gig activities and analysis of their relationship to reported employment was similar to Anat Bracha and Mary Burke, "Informal Work in the United States: Evidence from Survey Responses," *Current Policy Perspectives* (Boston: Federal Reserve Bank of Boston, 2014). For the further development of the gig questions now used in the SHED, see Barbara Robles and Marysol McGee, "Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey," Finance and Economics Discussion series 2016-089 (Washington: Board of Governors of the Federal Reserve System, October 2016).

[25] The change in intensity of gig work was only asked of respondents who engaged in any gig activities so will not include those who stopped performing gig work completely. Fifty-four percent of respondents for both the 2019 and 2020 surveys who performed gigs in 2019 did not perform any gigs in 2020, so they did not receive a question about how they changed their gig activities in 2020.

[26] Gig questions are asked separately from the standard employment questions. Most regular gig workers said that they are working in typical employment questions. However, 2 percent of adults said that they were both not employed and spending at least 20 hours on gig activities in the prior month.

Since many gig workers had other jobs, few relied on gigs as a primary source of income. Three percent of all adults (11 percent of gig workers) earned at least half of their income in the past year from gigs. Even among regular gig workers, slightly less than one-fourth earned at least half of their income in the past year from gig work.

Supplemental income from gigs also appeared to have played a limited role in smoothing people's earnings during the COVID-19 pandemic. Fewer people performed gig activities in 2020 and earnings from gigs were most often less than half of people's total earnings, even for regular gig workers. Additionally, 21 percent of people doing gig activities said that their work in the gig economy increased how much their income varies from month to month. Nine percent of all people who perform gig activities said that the activities reduced the amount that their income varied.[27]

Although some of this gig work was coordinated online, most people coordinated gigs without apps or online platforms. Fourteen percent of adults who performed gig activities both found customers and received payments through an app or online platform, but 85 percent did not. Apps were slightly more common among regular gig workers, although even among this group just 20 percent used an app or online platform both to find customers and to receive payments. Each number has grown by 1 percentage point from 2019.

Selling goods made up a substantial share of gig activities reported in 2020 (table 7). Thirteen percent of all adults sold goods to make money in the month before the survey, including 9 percent who sold goods online and 7 percent who sold goods in person (3 percent did both). The share of adults who sold goods in the gig economy ticked down by 1 percentage point since 2019.

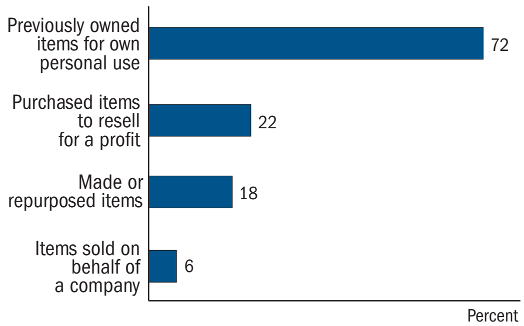
Table 7. Share of adults performing gig activities

Activities	Percent
Sales activities	
Sold goods online	9
Sold goods at flea markets	5
Sold goods at consignment shops	3
Sold goods at events you plan	1
Any sales activities	13
Service activities	
House cleaning, yard work, or property maintenance	6
Childcare or eldercare services	3
Renting out property, such as your car or house	3
Dog walking, feeding pets, or housesitting	2
Driving or ride sharing, such as with Uber or Lyft	2
Paid tasks online	2
Other paid personal tasks	4
Any service activities	16
Other activities	
Any other paid activities	4

Note: Among all adults. Respondents could select multiple answers.

[27] Even if it does not reduce monthly income volatility, gig work can be used to offset lost work from formal jobs. In the *Report on the Economic Well-Being of U.S. Households in 2016* (https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf), 56 percent of adults performing informal gig work who experienced a job loss or decline in wages in their family felt that this income was somewhat or very important for offsetting the negative effects of reduced hours or wages in a formal job.

Figure 16. Types of items sold in the gig economy



Note: Among adults selling goods as a gig activity. Respondents could select multiple answers.

Among people who sold goods, 72 percent sold goods that they previously owned for their own use, such as used clothing (figure 16). People less frequently sold goods that they acquired to resell, made themselves, or sold on behalf of a company.

In addition to selling goods, 16 percent of people performed service activities, such as house cleaning, yard work, or property maintenance; childcare; renting out property; dog walking; and ride sharing. The most frequent type of service activity was house cleaning, yard work, or maintenance, which 6 percent of adults earned money doing in the past year.

Since performing services often involves physical proximity, concerns about COVID-19 likely led to a decline in the share of adults performing services as a gig activity. The share performing service activities declined by 4 percentage points since 2019, and the decline occurred across many service activities.

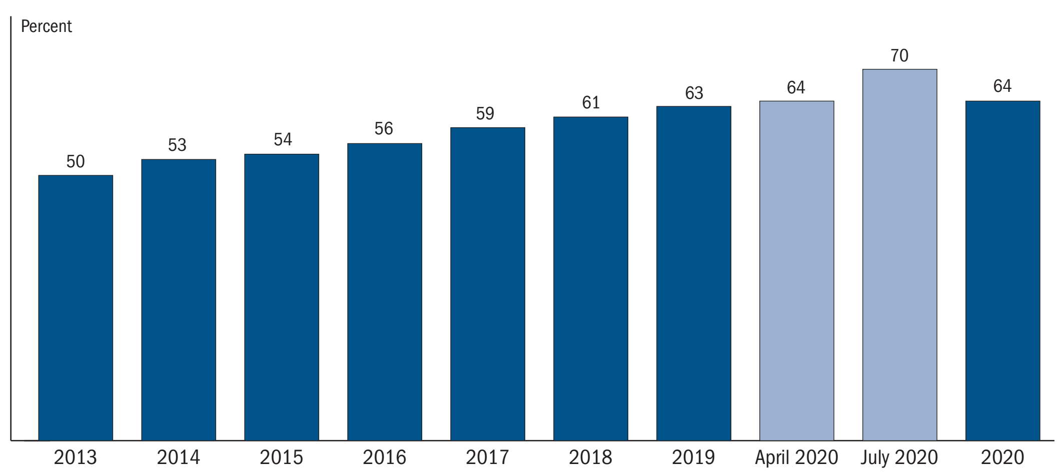
Dealing with Unexpected Expenses

The overall share of adults able to withstand small financial emergencies was similar to pre-pandemic levels; however, financial challenges remained for the millions of Americans who have been laid off in the past year. After rising in July above pre-pandemic levels while many relief policies were in place, the share of adults able to withstand small financial emergencies returned to pre-pandemic levels by November. However, many Americans faced a substantial financial setback when they lost their jobs during the pandemic. Those who were laid off then faced lower rates of preparedness for additional financial emergencies both large and small. Among laid-off workers, Black and Hispanic workers and those with less education, in particular, faced challenges covering additional financial emergencies.

Small, Unexpected Expenses

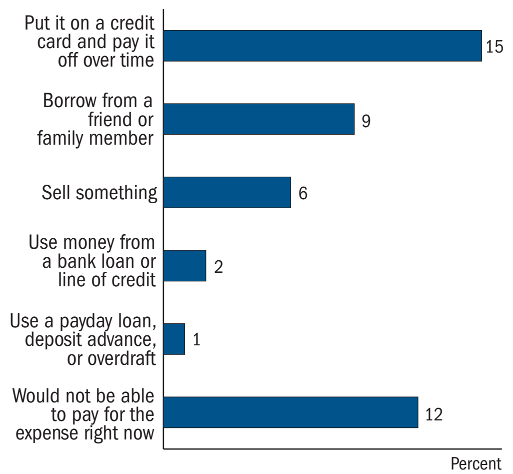
Relatively small, unexpected expenses, such as a car repair or a modest medical bill, can be a hardship for many families. When faced with a hypothetical expense of $400, 64 percent of all adults in November 2020 said they would have covered it exclusively using cash, savings, or a credit card paid off at the next statement (referred to, altogether, as "cash or its equivalent")—largely unchanged from 2019 (figure 17). However, in July 2020 when pandemic-related relief

Figure 17. Would cover $400 emergency expense completely using cash or its equivalent (by year)



Note: Among all adults. Except where specified, results are from the fourth quarter of each year.

Figure 18. Other ways individuals would cover a $400 emergency expense



Note: Among all adults. Respondents could select multiple answers.

policies reached many households, this figure was a higher 70 percent. The decline from July to November is consistent with some families spending down additional savings from these relief programs over time. In November, just half of adults who were laid off in the past 12 months would have covered the expense with cash or its equivalent.

The 35 percent of adults who would not have paid completely with cash or its equivalent may have had more difficulty covering such an expense. For these adults, the most common approach was to use a credit card and then carry a balance, although many indicated they would use multiple approaches (figure 18).[28] Twelve percent of all adults said they would be unable to pay the expense by any means, matching that seen in 2019.

To understand more about covering household expenses, the survey asked about adults' ability to pay their monthly bills. More than one-fourth of adults had one or more bills that they were unable to pay in full that month or were one $400 financial setback away from being unable to pay them. This includes 16 percent of adults who were unable to pay their bills in full in November. Consistent with results on how people would cover a $400 expense, this share was slightly lower in July 2020 (15 percent).

Being unable to pay bills on time can have serious consequences. For renters facing challenges paying their bills, 36 percent (4 percent of all adults and 16 percent of all renters) said they would not have anywhere to go if they had to move out of their home because they could no longer make their rent payments. (See the "Housing" section of this report for more on evictions).

Those who were laid off in the 12 months before the survey were more likely to have difficulty meeting their regular monthly expenses. Forty-five percent of adults who were laid off in the prior year were unable to pay their bills in full or would have been unable to do so if faced with an unexpected $400 expense, versus 24 percent of those who were not laid off.

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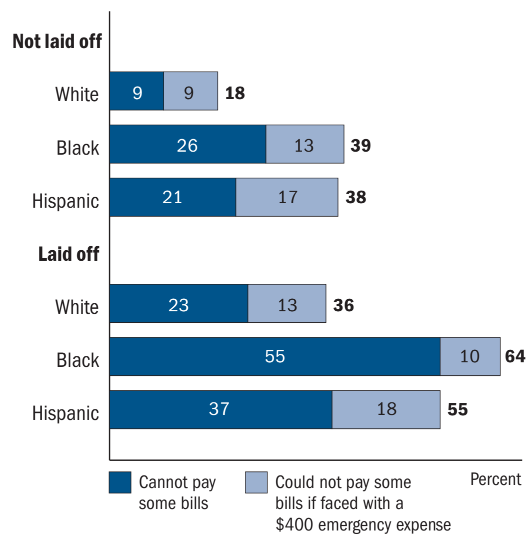
[28] However, it is possible that some who would not have paid with cash or its equivalent still had access to $400 in cash. Instead of using that cash to pay for the expense, they may have chosen to preserve their cash as a buffer for other expenses (see box 3 from the *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*).

Differences in ability to pay bills among those who were laid off differed substantially across education levels. Among those who were laid off, more than 6 in 10 with a high school degree or less were unable to pay their bills in full or would have been unable to do so if faced with an unexpected $400 expense, compared with 24 percent of adults with at least a bachelor's degree.

Black and Hispanic adults who were laid off were also less well positioned to handle an additional financial setback compared to the overall population of laid-off workers (figure 19). Among laid-off Black workers, 64 percent were unable to pay their bills in full or would have been unable to do so if faced with an unexpected $400 expense, compared with 45 percent of all laid-off adults.

Figure 19. Not able to fully pay current month's bills (by layoff in prior 12 months and race/ethnicity)



Note: Among all adults. Key identifies bars in order from left to right.

A number of interrelated factors, including differences in wages earned at different education levels, discrimination, or differences in credit access, could have contributed to this difference. (See the "Education" section of this report for a discussion of education, box 2 on "Racial and Ethnic Discrimination" for a discussion of discrimination, and the "Banking and Credit" section for differences in credit access.)

Some financial challenges, such as a job loss, require more financial resiliency than would an unexpected $400 expense. One common measure of financial resiliency is whether people have savings sufficient to cover three months of expenses if they lost their primary source of income. Fifty-five percent of people said they had set aside money specifically as emergency savings or "rainy day" funds. However, those who experienced a layoff may have dipped into those funds or not had them in the first place (see box 1). Forty percent of adults who were laid off in the past 12 months could not cover three months of expenses by any means were they to lose their job or government benefits. Among adults who were not laid off, a lower share (28 percent) could not cover these expenses.

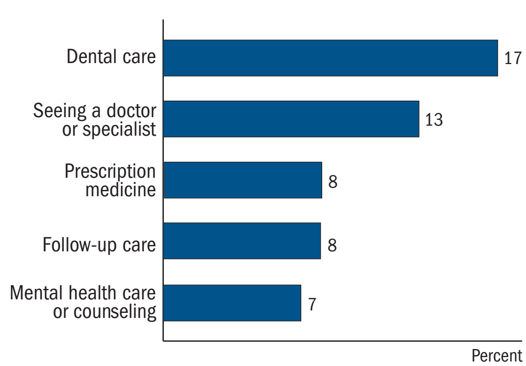
Health-Care Expenses

Out-of-pocket spending for health care is a common unexpected expense that can be a substantial hardship for those without a financial cushion, particularly during a global pandemic threatening both families' health and financial stability. As with the financial setbacks discussed earlier, many adults were not financially prepared for health-related costs at the time of the survey.

Seventeen percent of adults had major, unexpected medical expenses in the prior 12 months, with the median amount between $1,000 and $1,999. Sixteen percent of adults had debt from their own medical care or that of a family member, potentially from more than a year ago. Moreover, millions of Americans had contracted COVID-19, and 6 percent of all adults paid out-of-pocket for COVID-19-related medical care.

Though many adults went without medical care because they couldn't afford it, the COVID-19 pandemic added another reason to go without care. Twenty-three percent of adults went without medical care due to an inability to pay. Even more adults, 30 percent, delayed or did not receive care because of safety concerns or difficulty accessing care due to COVID-19. Overall, more than 4 in 10 adults delayed or skipped treatments due to COVID-19 concerns, went without medical care due to inability to pay, or both.

Figure 20. Forms of skipped medical treatment due to cost during 2020



Note: Among all adults. Respondents could select multiple answers.

Those who went without medical care due to inability to pay went without a variety of different types of care. Dental care was the most frequently skipped, followed by visiting a doctor (figure 20). Some people also reported skipping prescription medicine, follow-up care, or mental health visits. Going without mental health care may have been particularly difficult due to the pandemic, including for those who have suffered from addiction and face pandemic-related stressors that may lead to substance abuse.[29]

There was a strong relationship between family income and individuals' likelihood of skipping medical care for cost reasons.

[29] As evidence of this pattern, the COVID-19 pandemic appears to have accelerated increases in drug overdose deaths, with synthetic opioids being the primary driver; see Centers for Disease Control and Prevention, "Health Alert Network Advisory HAN00438," December 17, 2020, https://emergency.cdc.gov/han/2020/han00438.asp.

Among those with family income less than $50,000, 35 percent went without some medical care because they couldn't afford it. In 2020, 19 percent of adults with income between $50,000 and $100,000, and 8 percent of adults making $100,000 or more, went without care.

Ability to afford health care may contribute to the finding that, as family income rises, the likelihood a person reported being in good health increases substantially. Among those in families with income less than $50,000, 78 percent reported being in good health, compared to 93 percent for those in families with income of $100,000 or more.[30]

Health insurance is one way that people can pay for routine medical expenses and protect against the financial burden of large, unexpected expenses. In 2020, 90 percent of adults had health insurance, largely unchanged from 2019. The majority of adults had health insurance through their employers. However, many adults lost jobs in 2020 and may have also lost health insurance. Nearly one in five adults who had been laid off in the past 12 months were uninsured as of November 2020.

[30] This relationship also holds if focusing only on adults of different income levels within the same age range.

Banking and Credit

Access to banking and credit services from traditional financial-service providers, like banks and credit unions, can be important for people's financial well-being. Most adults had a bank account and were able to obtain credit from mainstream sources in 2020, but notable gaps in access to basic financial services still exist among minorities and those with low income.

In 2020, credit card borrowers reduced their outstanding balances, and fewer adults used their credit cards to carry balances from one month to the next. Additionally, the share of adults applying for credit declined, as did the share of adults using alternative financial services. However, despite the overall decline in credit card borrowing, credit card balances increased for people who were laid off in the prior 12 months.

Unbanked and Underbanked

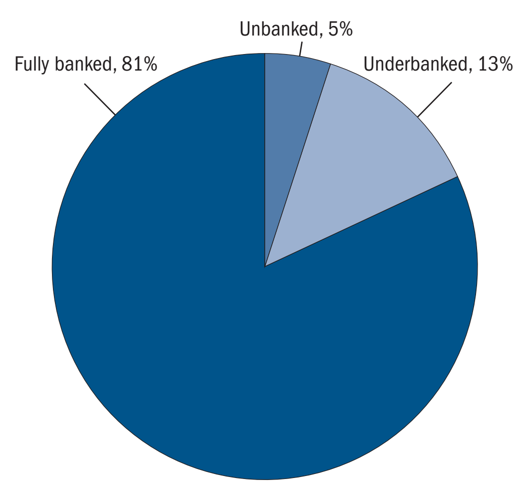
Most adults in the United States (81 percent) were "fully banked," meaning that they had a bank account and, in the past 12 months, did not use any of the alternative financial services asked about in the survey. Such services include money orders, check cashing services, payday loans or payday advances, pawn shop loans, auto title loans, or tax refund advances.

An additional 13 percent had bank accounts but made use of alternative financial services. These adults are considered "underbanked" because the banking services they accessed appear to have been insufficient to meet their financial service needs.

The rest of the adult population (5 percent) did not have a bank account (figure 21). Less than half of these "unbanked" adults used alternative financial services.

Unbanked and underbanked rates were higher among adults with lower income, adults with less education, and Black and Hispanic adults. The largest differences were by educa-

Figure 21. Banking status



Note: Among all adults.

Table 8. Banking status (by family income, education, and race/ethnicity)
Percent

Characteristics	Unbanked	Underbanked	Fully banked
Family income			
Less than $25,000	16	21	63
$25,000–$49,999	3	19	78
$50,000–$99,999	1	12	88
$100,000 or more	1	5	94
Education			
Less than a high school degree	26	24	51
High school degree or GED	8	15	76
Some college/technical or associate degree	4	16	79
Bachelor's degree or more	1	8	92
Race/ethnicity			
White	3	9	88
Black	13	27	59
Hispanic	9	21	70
Asian	3	7	89
Overall	**5**	**13**	**81**

Note: Among all adults.

tion and income level. Twenty-six percent of adults with less than a high school degree, and 16 percent of adults with income below $25,000, were unbanked (table 8). The share of people with income under $25,000 without a bank account far exceeded that of the two highest income levels. As a result, 84 percent of all unbanked adults had income below $25,000, and 94 percent had income below $50,000.

Adults with less education and adults with lower income were also more likely to be underbanked. Nearly one-fourth of those with less than a high school degree and 21 percent of those with income less than $25,000 were underbanked.

Overall, the share of adults who were fully banked was slightly higher, and the shares of unbanked and underbanked slightly lower, than previous years. While some of the growth in the share of adults who were fully banked reflected a growing number of adults with a bank account, most of the growth came because fewer people used alternative financial services.

Continuing a trend from previous years, the share of adults using alternative financial services was 3 percentage points lower than it had been in 2019, a decline of 15 percent. Declines were similar for people with and without bank accounts, which suggests that the decline in the use of alternative financial services may not be attributed to wider availability of banking services.

Credit Outcomes and Perceptions

Thirty-seven percent of adults applied for credit in 2020, a significant decline from the 41 percent who applied in 2019. But among those who applied, the share who were either denied credit, or approved for less credit than they requested, remained comparable to previous years at 31 percent. Consistent with the lack of change in denial rates, consumer confidence about credit card applications held steady. Sixty-one percent of adults were "very confident" and 19 percent were "somewhat confident" that their application would be approved, both comparable to the confidence expressed in 2019.

The share of adults who were denied credit, or approved for less than requested, differed by income level and by race and ethnicity (table 9). Almost half of credit applicants with income below $50,000 experienced such actions, compared with only 13 percent of those with income above $100,000. Denial rates also differed by race and ethnicity, and these differences occurred at each income level. For a given income level, Black and Hispanic applicants were denied credit at higher rates than the overall population, while White and Asian applicants were denied at lower rates.

Table 9. Denied credit or approved for less than was requested (by family income and race/ethnicity)
Percent

Characteristic	Denied	Denied or approved for less than requested
Less than $50,000		
White	33	42
Black	52	62
Hispanic	47	58
Asian	16	23
Overall	39	48
$50,000–$99,999		
White	17	23
Black	30	41
Hispanic	30	42
Asian	8	17
Overall	20	28
$100,000 or more		
White	7	10
Black	23	30
Hispanic	16	21
Asian	5	11
Overall	9	13
All income levels		
White	19	24
Black	41	51
Hispanic	36	46
Asian	9	16
Overall	**24**	**31**

Note: Among adults who applied for some form of credit in the past 12 months.

Credit Cards

People use credit cards in different ways. Some use credit cards as a convenient, if not necessary, way to pay expenses, paying off their balances in full each month and avoiding any interest costs. Others carry a balance and thus use credit cards as a source of credit to defer out-of-pocket expenses.

Eighty-three percent of adults had a credit card in 2020. They were evenly split between the people who paid off their balances in each of the previous 12 months and people who carried balances from month to month at least once in the prior year. Among those who carried a balance at least once, over 75 percent were carrying a balance at the time of the survey.

Almost all people with income over $100,000 had a credit card, and most people with income over $50,000 had a credit card. At lower income levels, having a credit card was less common. But adults with income under $100,000 who had credit cards were more likely to use them to carry balances from month to month. Consequently, middle-income adults were the most likely to have a credit card that they used to finance purchases by carrying balances from one month to the next. About half of people with income between $25,000 and $100,000 carried a balance on a credit card at least once in the past 12 months, exceeding the shares of adults with either lower or higher income levels who did so (table 10).

Similar patterns were observed across education levels, with more-educated adults being both more likely to have a credit card and less likely to carry a balance from one month to the next.

Table 10. Credit card access and usage (by demographic characteristics)
Percent

Characteristics	Share of adults with a credit card	Share of adults who carried a balance at least once during the last 12 months	Share of credit card holders who carried a balance at least once during the last 12 months
Family income			
Less than $25,000	56	32	57
$25,000–$49,999	85	51	60
$50,000–$99,999	94	49	52
$100,000 or more	98	37	38
Education			
Less than a high school degree	48	29	59
High school degree or GED	74	43	58
Some college/technical or associate degree	82	48	59
Bachelor's degree or more	96	35	37
Race/ethnicity			
White	87	38	44
Black	72	53	73
Hispanic	76	49	64
Asian	92	27	30
Overall	**83**	**41**	**50**

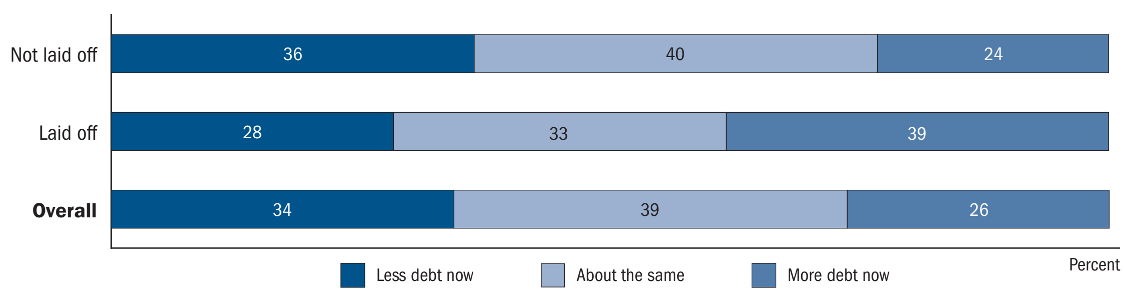
Note: Among all adults. Carried a balance in the last 12 months includes adults who carried an unpaid balance from one month to the next at least once in the 12-month period.

Credit card usage also differs by race and ethnicity. Over 90 percent of Asian adults had a credit card but just 3 in 10 of those who did carried a balance at least once in the past year. Black and Hispanic adults were more likely to carry balances on their credit cards than other racial or ethnic groups.

Overall, in the past 12 months, many people have reduced their credit card debt. Thirty-four percent of credit card borrowers with outstanding debt had less debt in 2020 than one year earlier, compared with 26 percent who had more debt. This pattern is notably different from the results in previous years, where the share of credit card borrowers having more and less debt respectively were about even.

One group that had not reduced its credit card debt was adults who were laid off at some point in the past year. More credit card borrowers who were laid off increased their credit card debt (39 percent) than kept their credit card debt the same or lower (figure 22). This elevated use of credit card debt after a layoff is consistent with prior years' surveys, although the share who were laid off was far greater in 2020.

Figure 22. Credit card debt compared to a year prior (by layoff in prior 12 months)



Note: Among people with at least one credit card. Key identifies bars from left to right.

The overall decline in credit card debt can be accounted for by credit card borrowers who did not experience a layoff. Compared to credit card borrowers who did not experience a layoff in previous surveys, there was about a 5 percentage point increase in the share who reported having less debt than one year prior and a similar percentage point decrease in the share reporting more debt.

Banking Problems

The 2020 survey introduced a series of questions that asked whether people encountered different problems when using banking and credit services. Overall, 29 percent of adults said they experienced at least one of the five problems asked about. The most common problem, fraudulent transactions, affected 16 percent of adults. This was followed by unexpected fees (11 percent) and customer service delays or problems (8 percent). The remaining issues, closed accounts and credit limit reductions, were less common, affecting fewer than 1 in 20 adults (table 11).

People of all income and education levels reported banking issues, but those with income below $50,000 were disproportionately affected. These lower-income adults reported unexpected fees, customer service delays or problems, and closed bank accounts at higher rates than the population as a whole. This was despite the fact that people with income below $50,000 were less likely to have bank accounts or credit cards. The only exception was fraud, which was most common among adults with income greater than $100,000.

White adults were the only racial or ethnic group who reported banking issues at a rate below that of the population as a whole. In contrast, banking issues were most common among Black (33 percent) and Hispanic (34 percent) adults. In particular, Black and Hispanic adults were more likely to report unexpected fees, closed accounts, and credit line reductions than the population as a whole.

Table 11. Banking issues (by family income, education, and race/ethnicity)
Percent

Characteristics	Unexpected fees	Fraudulent transactions	Delays or problems with customer service	Bank locked or closed account	Credit limit reduced
Family income					
Less than $25,000	14	13	9	6	4
$25,000–$49,999	16	16	10	5	5
$50,000–$99,999	11	17	7	3	5
$100,000 or more	6	19	7	2	4
Education					
Less than a high school degree	15	12	11	7	4
High school degree or GED	10	13	5	3	4
Some college/technical or associate degree	13	16	9	5	5
Bachelor's degree or more	10	18	8	3	4
Race/ethnicity					
White	9	16	6	3	3
Black	15	16	10	7	8
Hispanic	17	16	10	6	7
Asian	11	16	11	3	4
Overall	**11**	**16**	**8**	**4**	**5**

Note: Among all adults.

Similar differences by race and ethnicity are observed within all four income levels. As with those for adults with income below $50,000, these results occur despite the above-average rates at which Black and Hispanic adults are unbanked or underbanked. The only problem that affected all racial or ethnic groups proportionally was fraudulent transactions.

Housing

Housing decisions are intertwined with people's relationships and their finances. As they enter adulthood, many young adults live with their parents, but as they get older, they tend to live independently or with a spouse or partner. However, some older adults also live with parents in order to provide care to them.

Where people live and who they live with took on a particular significance in 2020 because of restrictions on being outside of the home. Fewer people reported moving in 2020 compared with previous surveys. In contrast to 2019, however, those who moved ("movers") in 2020—particularly movers with at least a bachelor's degree—were more likely to move farther from their usual workplaces. In general, these moves were voluntary, although financial difficulties can contribute to forced moves due to evictions. Renters with children were more likely to report an eviction than other renters.

Households

Eighty-five percent of adults lived with other people in 2020, usually a spouse or a partner and frequently their children under age 18 (table 12). Half of all adults lived in a household with a spouse or partner or with a child under age 18 and with no one else. However, a sizable number lived in other types of households. For example, 28 percent lived in a household that contains multiple generations of adults, meaning that the adult respondents either lived with their parents or adult children. Households sometimes contained other relatives, as well as non-relatives, but these arrangements were less common.

Table 12. Other people living in household

Category	Percent
Live alone	14
Spouse or partner	65
Children under age 18	25
Adult children	16
Parents	13
Brothers or sisters	6
Other relatives	4
Other non-relatives	5

Note: Among all adults. Adult children includes those in school and not in school. Respondents (other than those who live alone) can select multiple answers.

Older adults, and older women in particular, were the most likely to live alone. Twenty-two percent of adults age 65 or older lived alone, and 29 percent of women age 65 or older lived alone. For adults age 75 or older, the shares were higher.

Adults in their early 20s were very likely to live with their parents. But by their mid and late 20s, young adults were more likely to live with

Table 13. Reasons for living with parents (by age)
Percent

Reason	22–24	25–29	30–44	45–59
To save money	90	87	68	43
To help those living with me financially	33	46	51	57
To care for family member or friend	24	42	57	83
To receive help with childcare	5	9	18	8
Prefer living with others	43	44	35	18

Note: Among people living with parents. Respondents could select multiple answers.

spouses or partners. The share of young adults living with a parent fell with age, from 46 percent of 22- to 24-year-olds to 26 percent of 25- to 29-year-olds. Conversely, the share living with a spouse or partner increased with age, from 29 percent of 22- to 24-year-olds to 55 percent of 25- to 29-year-olds.[31]

Adults who lived with their parents most commonly did so to save money, and this was especially true for young adults. Overall, nearly three-fourths of people who lived with their parents said they lived with others to save money. Among adults ages 22 to 29, nearly 90 percent said that they did so to save money (table 13). Older adults who lived with their parents were less likely to give this reason, however. A larger share of adults ages 30 to 44 who lived with their parents received assistance with childcare than was the case for younger adults.

Another common reason for living with parents was to provide care, especially as people get older. Forty-four percent of people who lived with their parents gave this reason. Adults in their 30s, 40s, and 50s who lived with their parents were more likely to say that they lived with others for care-giving reasons. Eighty-three percent of 45- to 59-year-olds who lived with their parents said they lived with others to provide care.

Changes in Household Composition

Eighteen percent of adults changed who they lived with in 2020, and these changes were more common among younger adults. Almost one-third of 22- to 24-year-olds changed who they lived with, compared with 24 percent of those in their late 20s. A smaller 16 percent of those in their 30s or early 40s did so. However, the frequency of changes in who people lived with increased slightly among 45- to 59-year-olds to 19 percent, possibly because of adult children moving out, or sometimes back in.

[31] Eight percent of 22- to 24-year-olds lived with a spouse, while the other 21 percent were living with a partner that they were not married to.

In keeping with the age patterns, it was much more common for people who had a household change to live with parents or their adult children. Seventeen percent of those who reported a change in household members lived with their parents, and 23 percent lived with their adult children.

Some people said that COVID-19 was a factor in their household change. Just under 4 in 10 people who changed who they lived with attributed it to COVID-19. Among those who expected the change to be temporary, COVID-19 was more of a factor. For those with temporary changes in the composition of their household, half attributed the change to COVID-19.[32]

Table 14. Other people living in the household among those who changed who they live with (by whether the household change was for COVID-related reasons)
Percent

Category	Change not due to COVID-19	Change due to COVID-19
Live alone	16	9
Spouse or partner	58	66
Children under age 18	25	29
Adult children	19	30
Parents	16	20
Brothers or sisters	6	11
Other relatives	6	7
Other non-relatives	12	15

Note: Among people who changed who they lived with in 2020. Respondents could select multiple answers.

Adults who said their household changed because of COVID-19 were more likely to be living with parents, adult children, siblings, or non-relatives than those whose household changed for other reasons (table 14). Thirty percent of people who changed who they lived with due to COVID-19 said that they lived with their adult children at the time of the survey, and 20 percent said they lived with their parents. Each rate is higher than that seen among people whose change in their household was not related to COVID-19.

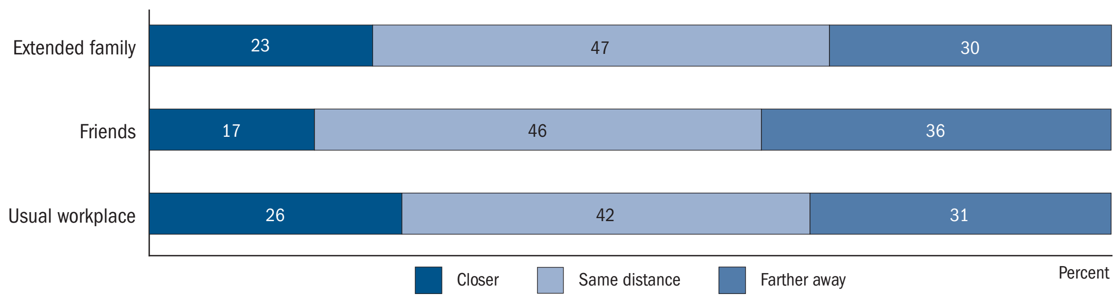
Moving

Fewer people reported moving in 2020 than in recent years. Seventeen percent of all adults said they moved to their home within the past two years, including 9 percent who moved into their current home in 2020. The share of adults who moved within the past two years is down 3 percentage points from 2019 and 4 percentage points from 2018. Also, relatively few people made long distance moves—only 2 percent of all adults moved across state lines in 2020.

Moving was generally associated with an increasing distance from family, friends, and other informal supports, and the pattern has continued in 2020. Thirty percent of people who moved in 2020 said they moved farther away from family, while 23 percent said they moved closer

[32] Respondents defined household changes as either "temporary" or "permanent" themselves, without prompts about how long a permanent change would have to last.

Figure 23. Distance to friends, families, and workplaces after moving in 2020



Note: Among people who moved in 2020. Distance relative to one's usual workplace is among employed adults. Key identifies bars in order from left to right.

(figure 23). Thirty-six percent said they moved farther from friends, compared with 17 percent who moved closer.

People who moved into their homes in 2020 were more likely than those who moved in 2019 to have moved away from their usual workplace. More employed adults who moved said that they moved away from their workplace than said they moved closer to work (31 percent versus 26 percent). In 2019, those who moved were slightly more likely to move closer to work (28 percent) than farther away (26 percent).

Workers with at least a bachelor's degree were particularly likely to move away from workplaces, which may reflect their higher rates of remote work during the pandemic. Thirty-six percent of employed adults with at least a bachelor's degree who moved in 2020 moved away from their usual workplace. This exceeds the 25 percent of movers with a high school degree or less who moved away from work.

Additionally, the relationship is the reverse of that seen among people who moved into their current home in 2019. Twenty-four percent of movers with at least a bachelor's degree moved away from work in 2019, compared with 32 percent of those with a high school degree or less.

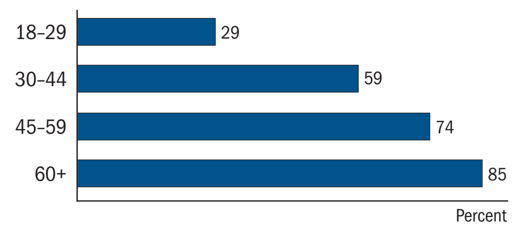
There is, however, some indication that people expected that movements away from workplaces could be temporary. Thirty-six percent of people who moved away from their workplace in 2020 said that they did not expect to be living in their current homes a year after the survey. This exceeds the 29 percent of all people who moved in 2020 who expected to still be in their new homes after a year.

Homeownership

Nearly two-thirds of adults owned their homes, though young adults, as well as Black and Hispanic adults, were less likely to own. Twenty-nine percent of 18- to 29-year-olds owned their homes, compared with 85 percent of people age 60 and older (figure 24). Young adults under age 30 were more likely than older adults to have housing arrangements other than owning or renting, such as living with a parent rent-free. Seventy percent of White adults owned their homes, as did 65 percent of Asian adults, 51 percent of Black adults, and 50 percent of Hispanic adults (figure 25).

Many homeowners took advantage of low interest rates in 2020 to refinance their mortgages. One-fifth of all homeowners with a mortgage refinanced their mortgage within the prior year. However, it was predominantly higher-income homeowners who opted to refinance (figure 26). Twenty-six percent of mortgage holders with income of at least $100,000 per year refinanced within the past year, compared to 17 percent of those with income between $50,000 and $100,000 and 12 percent of those with income under $50,000. In addition, Black mortgage holders were less likely to have refinanced within the past year (13 percent) than mortgage holders in other racial or ethnic groups.

Figure 24. Homeownership rate (by age)

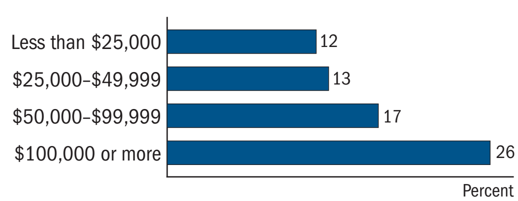


Note: Among all adults.

Figure 25. Homeownership rate (by race/ethnicity)

Note: Among all adults.

Figure 26. Share of homeowners with a mortgage who refinanced in the prior year (by family income)



Note: Among homeowners with a mortgage.

Renting and Evictions

Renting can enable people to move and give them the convenience of not having to manage repairs, among other benefits. But renting can also lead to less stable living arrangements and less control over living spaces and repairs.

Table 15. Problems with rental units and difficulty getting repairs

Response	Percent
No repair needed	47
Needed repairs, but did not contact landlord	7
Difficulty repairing if contacted landlord	
No difficulty with repairs	19
A little difficulty with repairs	12
Moderate difficulty with repairs	7
Substantial difficulty with repairs	8

Note: Among renters.

One potential convenience of renting is having a landlord who promptly makes repairs. Fifty-three percent of renters said they had a problem that needed to be fixed in the prior 12 months. Seven percent of renters needed a repair but did not attempt to contact their landlord about it. Forty-two percent of renters who attempted to contact their landlord said the landlord resolved the problem with no difficulty. The rest of the time, however, the repair involved at least a little difficulty. Eight percent of renters (17 percent of those who attempted to contact their landlord) said that the repair involved substantial difficulty (table 15). Renters who paid higher rents were more likely to have their problems resolved without experiencing difficulties.

Renters can also be forced to move through an eviction. Among non-homeowners who reported moving in the last two years, 3 percent said that their last move was due to an eviction or a threat of eviction, essentially unchanged from 2019.[33] This represents 3 million adults. Hispanic adults were more likely to report moving due to eviction or the threat of eviction in the past year.

Non-homeowners who lived with a child under 18 were more likely to have been evicted or threatened with an eviction. Five percent of non-homeowners who lived with a child reported an eviction-related move, compared to 3 percent of other non-homeowners.[34]

[33] Some renters who were evicted may be living with others rent-free at the time of the survey, so the questions are asked of both renters and people who neither own their houses nor pay rent.

[34] The finding mirrors ethnographic research in Matthew Desmond's *Evicted: Poverty and Profit in the American City* (New York: Crown, 2016) showing pathways that can lead to evictions and threats of eviction among families with small children.

Education

Education is widely recognized as a path to higher income and greater economic well-being, but the pandemic has created significant challenges for students of all ages since widespread closures began in March 2020. At the time of the survey, the majority of parents of primary or secondary school children reported that their youngest child in school was attending classes completely or partly with distance learning. Similarly, most students enrolled in higher education completed at least some of their classes online since the pandemic began. Many parents of K–12 students, as well as students enrolled in postsecondary educational programs, viewed the quality of their online education experience to be lower than in-person education along several dimensions.

Disruptions to Primary and Secondary School Education

The pandemic changed the way many children received their education. The mode of learning may have changed multiple times since initial school closures in March, either by parents' choices or by school policies. However, at the time of the survey, most parents said their youngest child enrolled in K–12 education was attending classes completely or partly online (table 16). Nearly half of parents with children in school said their youngest child was attending their classes completely online, while nearly one-fourth attended classes using a combination of in-person and online learning.[35]

The mode of learning for K–12 students differed significantly by race and ethnicity. While 27 percent of all parents of children enrolled in public or private school said their youngest child attended their classes completely in person, the children of Black, Hispanic, and Asian parents were less likely to do so. Approximately 6 in 10 Black and Hispanic parents of children in school reported that their youngest child's classes were completely online.

Parents with low income, who were living in metro areas, or whose child was enrolled in public school were also more likely to say their child's classes were completely online.[36] Just over half of parents of children in public school said that classes were completely online, compared to less than one-fourth of parents with children in private school.

[35] Parents of K–12 children are respondents who lived with their own children under age 18 who were enrolled in a public or private K–12 school.

[36] Parents were asked about the type of school that all children attended, but the mode of education only for their youngest child. Results by school type exclude parents who reported that they had children attending both public and private schools, since it was not apparent which child had distance learning. Approximately 2 percent of parents had children in both public and private school.

Table 16. Mode of learning for K–12 children (by income, race/ethnicity, urban status, and school type)
Percent

Characteristic	In person	Online	Combination
Family Income			
Less than $25,000	22	55	23
$25,000–$49,999	24	54	21
$50,000–$99,999	29	47	23
$100,000 or more	30	43	27
Race/ethnicity			
White	35	38	27
Black	12	61	26
Hispanic	22	60	17
Asian	14	62	24
Place of residence			
Metro area	25	51	24
Non-metro area	40	31	28
School type[1]			
Public school	24	51	25
Private school	59	24	16
Overall	**27**	**48**	**24**

Note: Among parents with a child enrolled in public or private school. Based on the youngest child enrolled in public or private school who lives with their parents and their mode of learning at the time of the survey.
[1] School type excludes parents with students enrolled in both public and private schools.

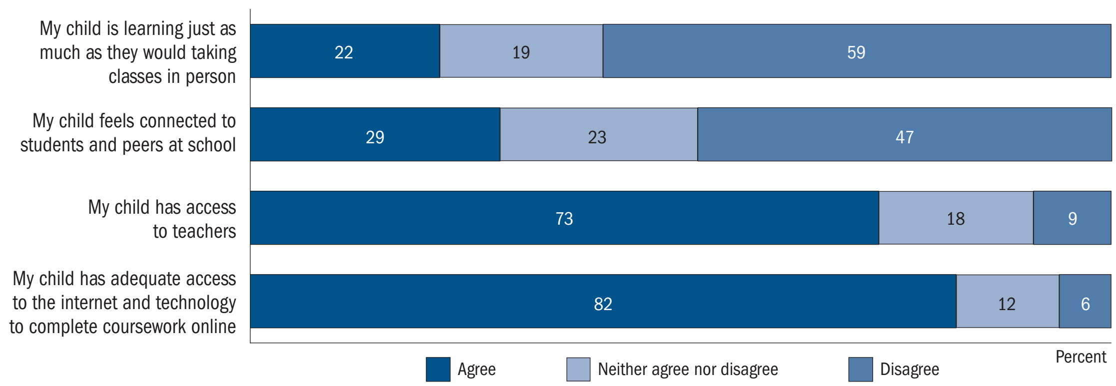
Many parents of children who were attending classes partially or completely online thought their children were receiving a lower quality education than before the pandemic. A majority of parents whose child's classes were partially or completely online felt their children had access to their teachers and adequate internet and technology, yet only 22 percent of parents felt their child was learning as much as if attending classes in person (figure 27).[37] In addition to academic challenges, fewer than 3 in 10 parents felt that their child remained as connected to students and peers as they had been when attending school in person. The shift to online learning has also affected the ability of parents to work (see box 3).

Disruptions to Enrollment in Higher Education

The pandemic and its economic repercussions appear to have affected adults' pursuit of higher education. Twelve percent of adults under age 40 without a bachelor's degree said that they did not enroll in fall 2020 after planning to do so before the start of the pandemic. This includes

[37] Respondents to the SHED, which was administered online, could have been more likely to have adequate access to internet and technology than the general population.

Figure 27. Self-assessment of K–12 online learning



Note: Among parents whose youngest child enrolled in school is taking at least some classes online. Key identifies bars in order from left to right.

12 percent of those with some college, a technical degree, or an associate degree as well as 12 percent of those with a high school degree or less.[38]

Table 17. Reasons for not enrolling in higher education in fall 2020

Reason	Percent
Financial concerns	74
Health or safety concerns	63
Childcare responsibilities	31
Caring for parents or other family members	20
Unreliable technology	20

Note: Among adults under age 40 who chose not to enroll in an educational program due to the pandemic. Respondents could select multiple answers.

The most common reasons given by adults under age 40 who chose not to enroll in an education program in 2020 after intending to do so were financial barriers (74 percent) and health or safety concerns (63 percent) (table 17). These health and safety concerns likely included concerns about contracting COVID-19. Additionally, 31 percent of those who opted not to attend school reported childcare responsibilities as a reason, which may include those who experienced disruptions to their childcare plans as a result of the pandemic.

Quality of Online Higher Education

While some postsecondary students chose to continue their studies from home, attending classes completely online, others returned to campus in at least some capacity. Since the onset of the

[38] Although many people said that they did not enroll after having planned to do so, others who were not originally planning to enroll in school may have enrolled due to the less favorable labor market conditions. For evidence of this pattern in past recessions, see Bridget Terry Long, "The Financial Crisis and College Enrollment: How Have Students and Their Families Responded?" *How the Financial Crisis and Great Recession Affected Higher Education*, ed. Jeffrey R. Brown and Caroline M. Hoxby (NBER and University of Chicago Press, 2014), 209–33, https://www.nber.org/system/files/chapters/c12862/c12862.pdf.

Box 3. Childcare, Learning, and Employment Disruptions

For many parents, family and childcare responsibilities increased due to school closures and disruptions in childcare services. Before the onset of the COVID-19 pandemic in March 2020, 41 percent of parents used childcare services outside their home.[1] This includes more than 62 percent of parents with a youngest child age 5 and under and 30 percent of parents with a youngest child ages 6 through 12.[2]

Since the onset of the pandemic, one-fourth of all parents (or 6 in 10 who used childcare services) experienced disruptions to their childcare. Additionally, K–12 school closures have created challenges for parents. Fifty-five percent of all parents (or nearly three-fourths of parents of children enrolled in school) said that their child's classes involved distance learning at the time of the survey (see the "Education" section of this report).

Disruptions to childcare and in-person K–12 schooling contributed to many parents' not working or working less. Twenty-two percent of all parents were either not working (9 percent) or were working less (13 percent) because of disruptions to childcare or in-person K–12 schooling. The 9 percent of parents who were not working due to such disruptions translates into nearly 2 percentage points fewer adults who were working overall.[3]

Before the pandemic, childcare responsibilities had already prevented many mothers from entering or fully participating in the labor force.[4] The pandemic created an acute need for childcare, and mothers were more likely than fathers to forgo employment during the pandemic for childcare-related reasons. Twenty-five percent of mothers said they were not working or were working less because of disruptions to childcare or in-person K–12 schooling, compared with 18 percent of fathers. Moreover, mothers were almost twice as likely as fathers not to be working because of these disruptions (11 percent versus 6 percent).

The ability to work in the face of childcare and K–12 schooling disruptions also varied among mothers by race, marital status, and income (figure A). Black, Hispanic, and single mothers, as well as mothers with low income, were more likely not to be working or to be working less due to the disruption. Thirty-six percent of Black mothers and 30 percent of Hispanic mothers reported not working or working less because of disruptions to childcare or in-person K–12 schooling. In addition, 33 percent of unmarried mothers and nearly a third of mothers with family income less than $50,000 reported not working or working less. These findings are consistent with existing evidence that reducing or offsetting childcare costs has stronger employment effects among these demographic groups.[5]

(continued on next page)

[1] Parental status is based on whether the respondents lived with their own children under age 18. Childcare services include private daycare, private preschool, or childcare center; public preschool, Head Start, or Early Head Start; grandparents living outside the household; and someone else living outside the household.

[2] Age of child is based on age of household members, not necessarily the respondent's own child.

[3] By comparison, during the Great Recession the employment to population ratio declined by 4.6 percentage points between November 2007 and December 2009. See Evan Cunningham, "Great Recession, Great Recovery? Trends from the Current Population Survey," *Monthly Labor Review,* U.S. Bureau of Labor Statistics, April 2018, https://doi.org/10.21916/mlr.2018.10. However, for some parents who were not working due to childcare disruptions, this may have been a contributing factor, rather than the only factor in their work decision. Additionally, some parents not working due to childcare disruptions may not have been working prior to the onset of COVID-19 so the disruptions hindered entry into the labor force rather than leading them to stop working.

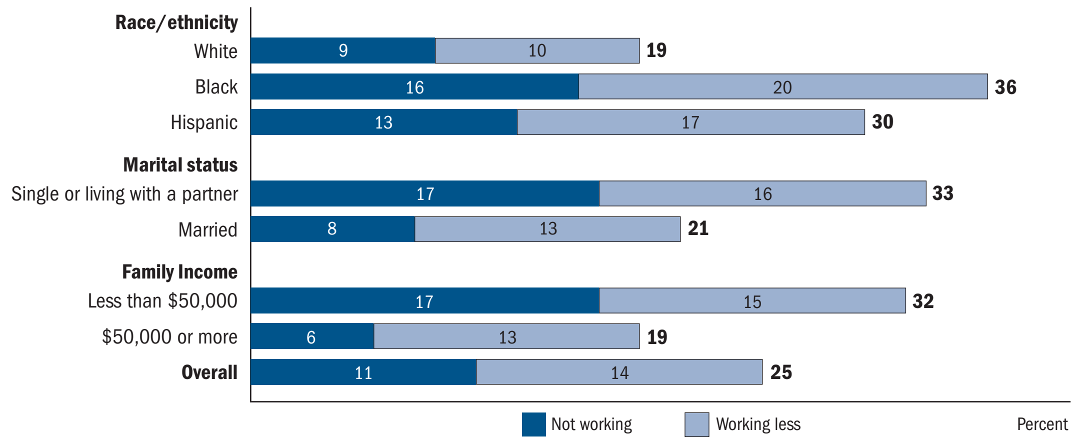
[4] Taryn W. Morrissey, "Child Care and Parent Labor Force Participation: A Review of the Research Literature," *Review of Economics of the Household* 15 (2017): 1–24, https://doi.org/10.1007/s11150-016-9331-3.

[5] Morrissey, "Child Care and Parent Labor Force Participation."

Box 3. Childcare, Learning, and Employment Disruptions

—continued

Figure A. Reduced hours worked or not working due to childcare or school disruptions among mothers (by race/ethnicity, marriage status, and family income)



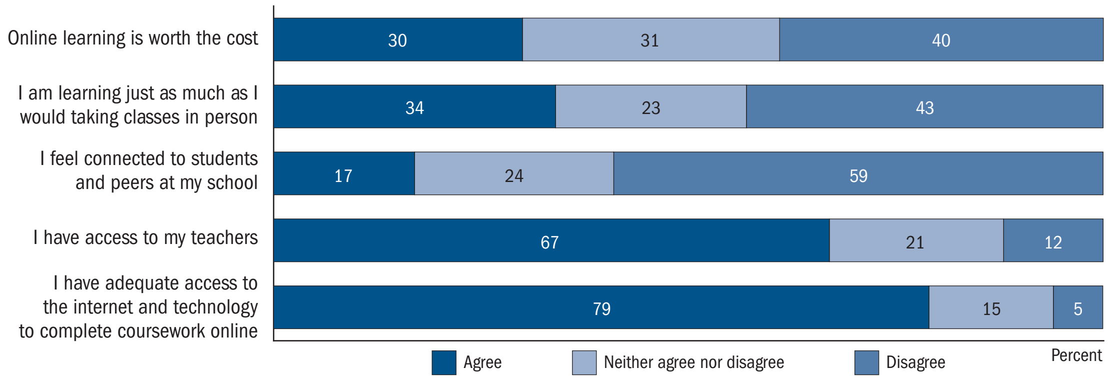
Note: Among mothers. Parental status is based on whether the respondent lived with their own children under age 18. Asian adults omitted due to sample size limitations. Key identifies bars in order from left to right.

pandemic, nearly 9 in 10 students in higher education took a class online. Part-time students were less likely (83 percent) to have taken classes online.

As was the case for primary and secondary education, college students expressed concern about the quality of online classes. Just 3 in 10 students taking classes online said online learning was worth the cost, citing both academic and social experiences (figure 28).

Although a majority of online students reported having adequate access to the internet and technology to complete their online coursework, only 34 percent reported they were learning just as much as they would have attending in-person classes. This may reflect technology limitations or an inability to mimic hands-on learning online, such as lab experience. An even smaller 17 percent of students taking online classes felt connected to students and peers at their school. Social distancing measures, missed milestones such as graduation, and lack of an in-person residential experience may have contributed to feelings of social isolation and the dissatisfaction with the cost of online learning.

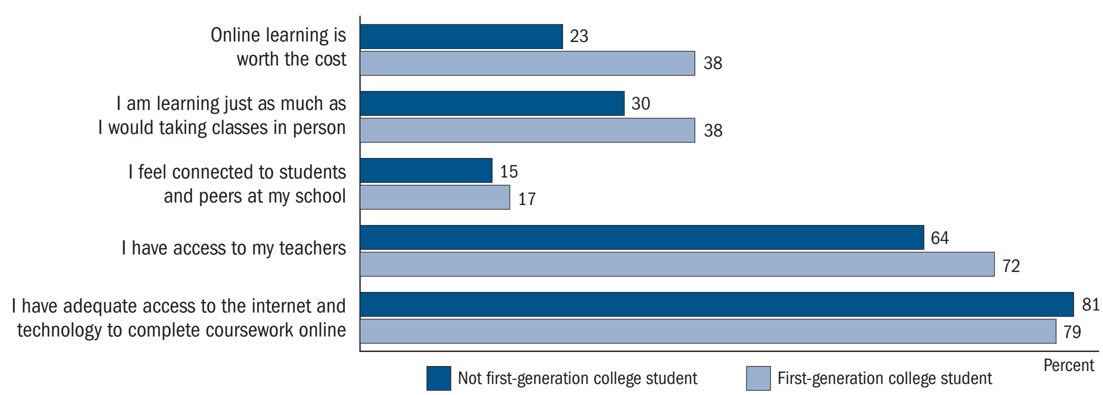
Figure 28. Self-assessment of higher education



Note: Among current students who have taken a class online since March. Key identifies bars in order from left to right.

Students' self-assessments of the quality of online higher education varied by their parents' education. First-generation college students taking online classes were more likely to say that they were learning as much as they would taking in-person classes. Thirty-eight percent of first-generation college students taking classes online said that online learning was worth the cost, compared to 23 percent of online students with at least one parent with a bachelor's degree (figure 29).[39]

Figure 29. Share who agree with statements about online classes (by parents' education)



Note: Among current students who have taken a class online since March. Key identifies bars in order from top to bottom.

[39] One potential explanation for the gaps in self-assessed quality of online learning is that the perceived quality of in-person education was higher for students coming from families with higher socioeconomic backgrounds.

Students enrolled at public institutions generally reported similar online learning experiences as those at private not-for-profit institutions, although those enrolled at private not-for-profit institutions were more likely to report having adequate access to the internet and technology to complete coursework (87 percent, compared to 81 percent of all students taking online classes).[40] Black and Hispanic online students were less likely to report adequate access to technology (76 percent and 73 percent, respectively).

Overall Value of Higher Education

More than 7 in 10 adults had ever enrolled in an educational degree program beyond high school, and 36 percent had received a bachelor's degree. Economic well-being rises strongly with education, although the effects differed across demographic groups. The pandemic also seems to have particularly affected those without a high school degree—the group already least likely to be doing well financially (see the "Overall Financial Well-Being in 2020" section of this report for details on financial well-being by education).

Consistent with the higher rates of financial well-being among those who have more education, over half of adults who went to college said that the lifetime financial benefits of their higher education exceeded the financial costs. This compares to one in five who said that the costs are higher. The rest saw the benefits as about the same as the costs. These self-assessments of the value of education have changed little over the past five years.

The self-assessed value of higher education, while generally positive, depends on several aspects of a person's educational experience. Most importantly, those who completed their program and received a degree were more likely to see net benefits than non-completers. For example, among those who went to college but did not complete at least an associate degree, fewer than 3 in 10 said the benefits of their education exceeded the cost. This fraction jumps to almost half of those with an associate degree and two-thirds of those with at least a bachelor's degree (table 18).

The self-assessed value of higher education also differed by race and ethnicity. Among those who completed only some college or a technical or associate degree, there were relatively small differences between White, Black, and Hispanic adults' perceptions of whether the benefits of their educations exceed the costs. However, among those who complete at least a bachelor's degree, a larger gap emerged (figure 30). While 66 percent of all bachelor's degree recipients felt that their education was worth the cost, 57 percent of Black, 62 percent of Hispanic, and 69 percent of White bachelor's degree recipients felt this way. This suggests that self-perceptions of the value of higher education are not equal across racial and ethnic groups.

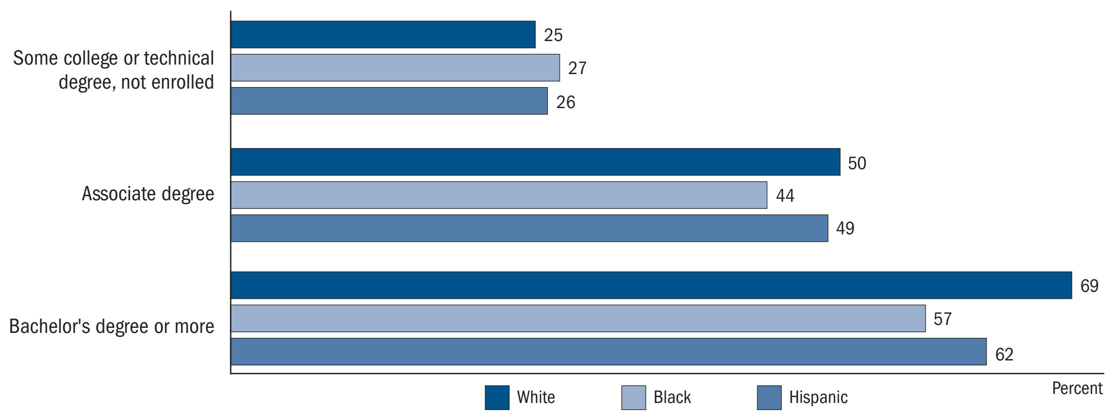
[40] The sample size of students currently enrolled at private for-profit institutions was too small to separately examine their experiences with online classes.

Table 18. Self assessment of higher education (by education)
Percent

Education	Benefits are greater	Costs and benefits are about the same	Costs are greater
Some college or technical degree, not enrolled	26	43	27
Associate degree	48	35	17
Bachelor's degree or more	66	17	16
Overall	**51**	**28**	**20**

Note: Among adults who attended college.

Figure 30. Benefits of education exceed costs (by education and race/ethnicity)

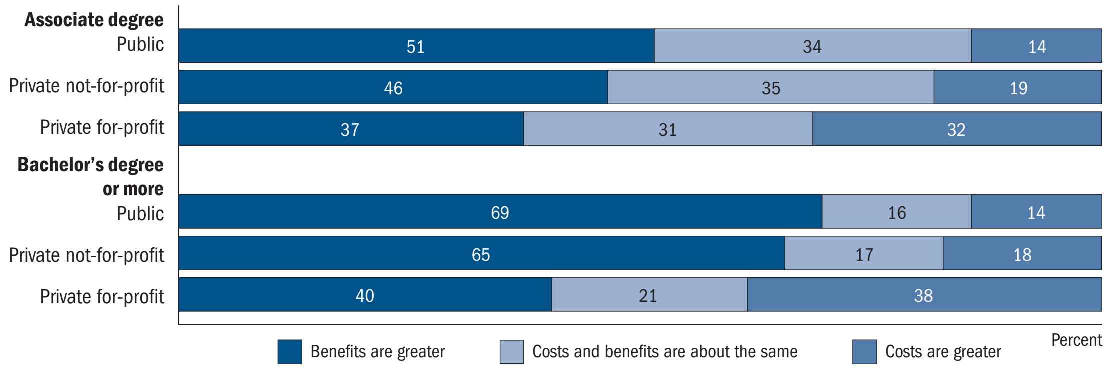


Note: Among adults who attended college. Asian adults omitted due to sample size limitations. Key identifies bars in order from top to bottom.

An additional contributor to differences in how people viewed their education is the type of institution attended.[41] Consistent with previous years of the survey, 69 percent of those with bachelor's degrees from public, and 65 percent with bachelor's degrees from private not-for-profit, institutions saw their educational benefits as greater than their costs (figure 31). However, a much smaller 40 percent of those with bachelor's degrees from for-profit institutions felt their education was worth the cost, which is down from 48 percent in 2019. One possible explanation for this decline could be that those with a bachelor's degree from for-profit institutions were more likely to experience a job loss in the 12 months prior (15 percent, compared to 11 percent of all adults).

[41] Individuals do not self-report the type of institution in the survey. Instead, the institution type is assigned by matching the name and location of the college reported by the individual with data from the Center on Postsecondary Research at the Indiana University School of Education (https://cpr.indiana.edu/).

Figure 31. Self-assessed value of higher education (by degree and institution type)



Note: Among adults who completed at least an associate or bachelor's degree. Degree holders are asked specifically about the value of their associate or bachelor's degree, rather than their higher education as a whole. Key identifies bars in order from left to right.

Look Back on Education Decisions

Another way to assess the value of education is to consider what people would have done differently if given the chance. Most people value the education they have, yet with the benefit of hindsight and life experience, it is also common to think that different educational decisions could have been better.

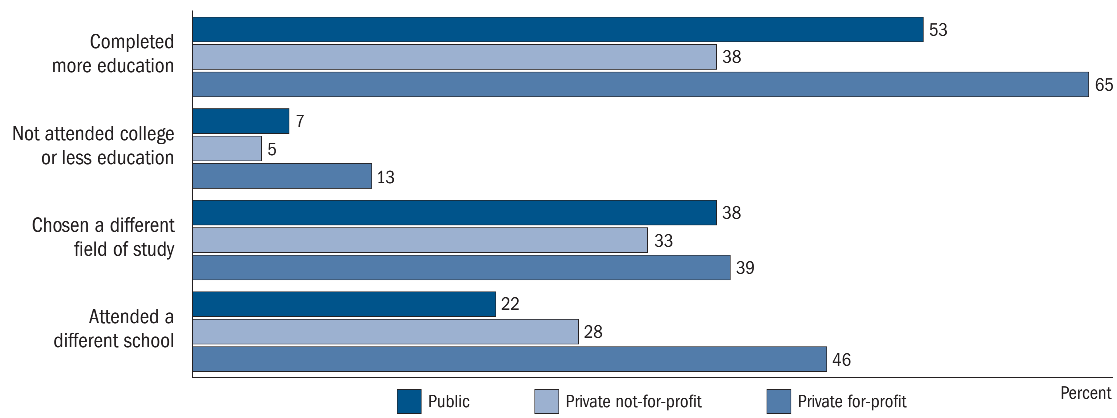
Among those without a college degree, 71 percent would like to have completed more education, and 12 percent would rather have completed less education in general or not have attended college (table 19). The strong desire for additional education was similarly true among those who felt that the education they received did not pay off.

Table 19. Changes would now make to earlier education decisions (by education)
Percent

Change	Some college or technical degree, not enrolled	Associate degree	Bachelor's degree or more
Completed more education	71	65	36
Not attended college or less education	12	5	5
Chosen a different field of study	40	33	35
Attended a different school	33	25	23

Note: Among adults who attended college. Respondents could select multiple answers.

Figure 32. Changes would now make to earlier education decisions (by institution type)



Note: Among adults who attended college. Key identifies bars in order from top to bottom.

Likewise, among those who completed an associate degree, the most common desired change (65 percent) was to have completed more education, followed by choosing a different field of study (33 percent). Five percent of those with an associate degree and 5 percent of those with at least a bachelor's degree reported that they would prefer to have had less education.

The reassessment of education decisions also varied by the type of institution attended. Forty-six percent of those who attended a for-profit institution said they would have attended a different school, versus 28 percent of those attending a private not-for-profit institution and 22 percent attending a public institution (figure 32). This difference remains even after accounting for the selectiveness of the institution, level of education completed, the parents' level of education, and demographic characteristics of the student.[42]

[42] Selective institutions, as defined by the Carnegie Classification, are those whose first-year students' test scores are in the middle two-fifths of baccalaureate institutions; more selective institutions are in the top one-fifth of baccalaureate institutions. See also "Carnegie Classification of Institutes of Higher Education," web page, http://carnegieclassifications.iu.edu/. The remainder are referred to here as "less selective" institutions.

Student Loans

Many adults who went to college took on some debt for their education, and younger adults were more likely to have taken out student loans or incurred other education-related debt. Although repayment of this debt can be challenging, many student loan borrowers received reductions or delays in payment due dates for student loan bills since the start of the COVID-19 pandemic in March 2020. Furthermore, a sizeable share were not required to make payments on their student loans before the onset of the pandemic, often because they were still enrolled in school.

While recognizing that delays and forgiveness of student loan bills may reduce the share who have missed payments, there was little change in the share of borrowers who were behind on their payments in 2020. Individuals who did not complete their degree or who attended a for-profit institution were more likely to struggle with repayment than those who completed a degree from a public or not-for-profit institution. Additionally, those who had outstanding student loan debt at the time of the survey reported lower levels of financial well-being across several dimensions.

Incidence and Types of Education Debt

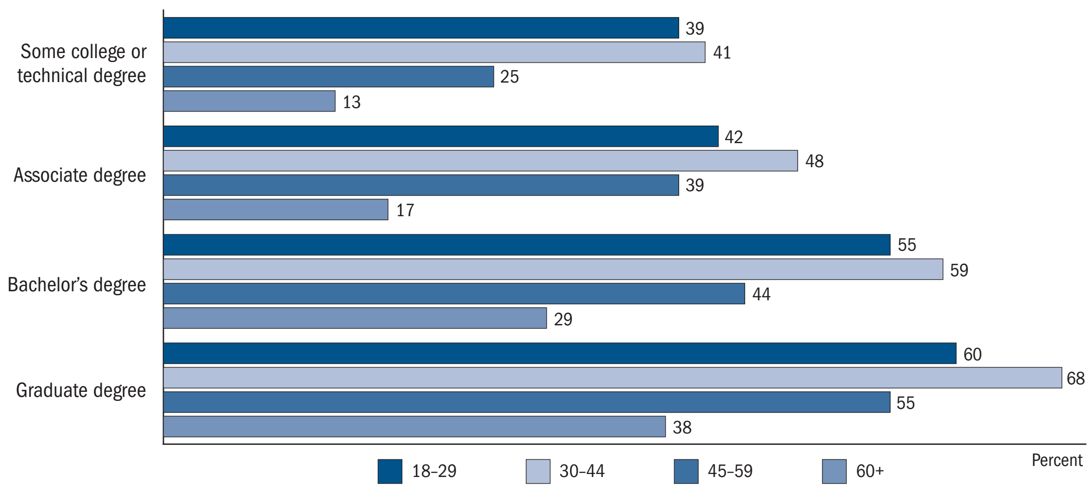
Thirty percent of all adults—representing just over 4 in 10 people who went to college—said they incurred at least some debt for their education. This includes 20 percent of college attendees who still owed money and 20 percent who had already repaid their education debts. Adults under age 30 who attended college were more likely to have taken out loans than older adults, consistent with the upward trend in educational borrowing over the past several decades (figure 33).[43]

The incidence of education debt varied by the type of educational institution. Among those who attended public institutions, 38 percent either previously held debt or currently had debt at the time of the survey, compared with 53 percent of those who attended either private not-for-profit or private for-profit institutions.[44] Among younger cohorts of students, those who attended private for-profit institutions were also more likely to have taken out student loans than those who attended either private not-for-profit or public institutions.

[43] Student loan borrowing has declined since its peak in 2010–11 but remains substantially above the levels from the mid-1990s (Sandy Baum, Jennifer Ma, Matea Pender, and CJ Libassi, *Trends in Student Aid 2019* (New York: The College Board, 2019), https://research.collegeboard.org/pdf/trends-student-aid-2019-full-report.pdf).

[44] Students who attend for-profit institutions account for a disproportionate share of education debt, including both count and dollar amount of student loans. See Rajashri Chakrabarti, Michael Lovenheim, and Kevin Morris, "The Changing Role of Community-College and For-Profit-College Borrowers in the Student Loan Market," Federal Reserve Bank of New York *Liberty Street Economics* (blog), September 8, 2016, http://libertystreeteconomics.newyorkfed.org/2016/09/the-changing-role-of-the-community-college-and-for-profit-college-borrowers-in-the-student-loan-mark.html, for a discussion of trends in federal student loan borrowing by institution type.

Figure 33. Acquired debt for own education, including repaid (by age and education)



Note: Among adults who attended college. Key identifies bars in order from top or bottom.

Table 20. Type of education debt
Percent

Debt type	Own education	Child's or grand-child's education
Student loan	95	86
Credit card	21	14
Home equity loan	4	9
Other loan	12	9

Note: Among adults with at least some debt outstanding for their own education or a child's or grandchild's education. Some people had more than one type of debt.

Not all education debt is in the form of student loans. Ninety-five percent of those with outstanding debt from their own education had student loans, but many borrowers had other forms of education debt as well (table 20). This includes 21 percent who borrowed with credit cards, 4 percent with a home equity line of credit, and 12 percent with some other form. Collectively, 26 percent of borrowers had at least one form of education debt besides student loans. The median amount of education debt in 2020 among those with any outstanding debt for their own education was between $20,000 and $24,999.[45]

Some people also took out education debt to assist family members with their education through either a co-signed loan with the student or a loan taken out independently. Although this is less common than borrowing for one's own education, 4 percent of adults owed money for a spouse's or partner's education, and 5 percent had debt that paid for a child's or grandchild's education. Like debt outstanding for the borrower's education, debt for a child's or grandchild's education can be in forms other than a student loan.

[45] Education debt levels and monthly payments are asked in ranges rather than exact dollar amounts.

Student Loan Payment Status

The pandemic dramatically altered repayment requirements for many student loans. Before the onset of the pandemic, just under 3 in 10 adults with outstanding education debt for their own education were not required to make payments. Traditionally, these deferments were for reasons such as still being enrolled in school. However, provisions in the CARES Act and subsequent executive orders in response to COVID-19 substantially expanded student loan payment relief.[46] As a result of these provisions, 60 percent of borrowers with debt from their own education either were not required to make payments before the pandemic or were receiving at least some student loan payment relief at the time of the survey.

Among those with outstanding debt from their own education, 18 percent were behind on their payments. Those who did not complete a degree were the most likely to be behind. Thirty-one percent of adults who had education loans outstanding and who had less than an associate degree reported being behind. This compares to 22 percent of borrowers with an associate degree. The delinquency rate was even lower among borrowers with a bachelor's degree (9 percent) or graduate degree (8 percent).

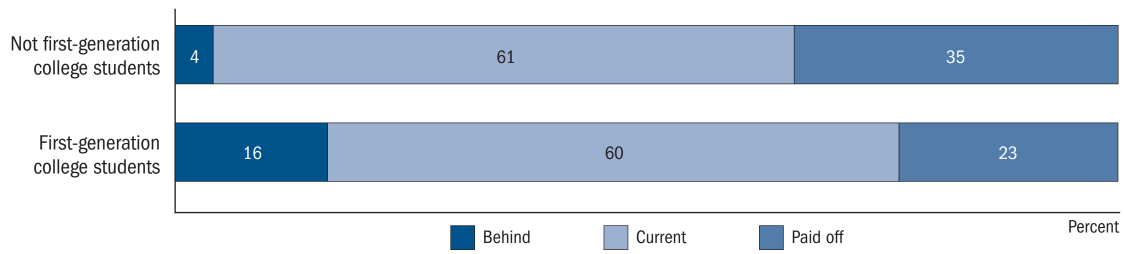
Borrowers with additional debt generally had higher levels of education. Among those with over $15,000 of education debt, two-thirds had at least a bachelor's degree and more than one-third had a graduate degree. This compares to the one-third of those with smaller amounts of outstanding debt who had at least a bachelor's degree.

Likely because education levels, and associated earning power, are generally higher among those with more debt, borrowers with the least debt often had somewhat more difficulty with repayments. Twenty-one percent of borrowers with less than $15,000 of outstanding debt were behind on their payments, compared with 17 percent of those with $15,000 of debt or more.

Although it is common to focus only on borrowers with outstanding debt, many people who borrowed for their education had repaid their loans completely. Excluding these borrowers who have paid off their debt could overstate difficulties with repayment. The remainder of this section therefore considers the repayment status of all borrowers, including those who had completely repaid their loan.

[46] Beginning on March 27, 2020, the CARES Act granted relief to student loan borrowers by temporarily pausing payments—including principal and interest—on federally held student loans. This pause was scheduled to expire on September 30, 2020, but an extension of the forbearance through December 31, 2020, was directed in a memorandum signed by President Trump on August 8, 2020. On December 4, 2020, the Department of Education announced that it would extend the relief provided by the presidential memorandum and the CARES Act until January 31, 2021. On January 20, 2021, President Biden signed an executive order to extend this relief to September 30, 2021 (see https://studentaid.gov/announcements-events/coronavirus).

Figure 34. Payment status of loans for own education among borrowers under age 40 (by parents' education)



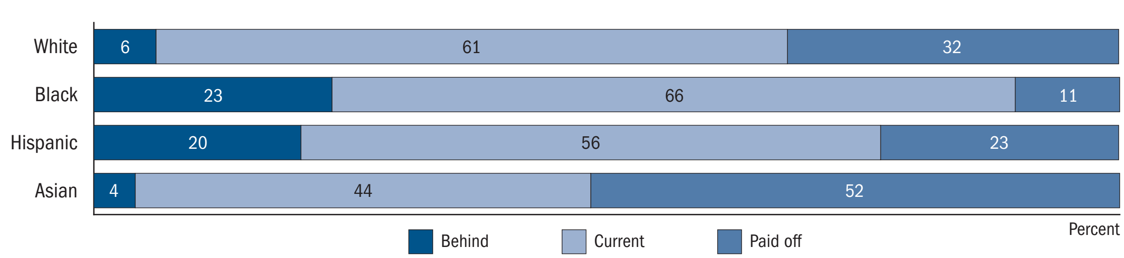
Note: Among adults ages 18 to 39 who borrowed for their own education. Key identifies bars in order from left to right.

The share of adults who were behind on their payments is much lower when accounting for all borrowers, including those who had completely repaid that debt. Among those who ever incurred debt for their education, 9 percent were behind on their payments at the time of the survey, 42 percent had outstanding debt and were current on their payments, and 49 percent had completely paid off their loans.

Borrowers who were first-generation college students were more likely to be behind on their payments than those with a parent who completed college. Among borrowers under age 40, first-generation college students were about three times as likely to be behind on their payments as those with a parent who completed a bachelor's degree (figure 34).

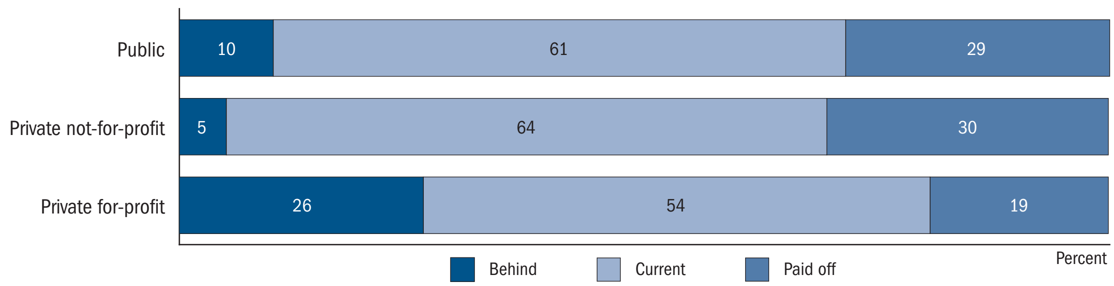
Difficulties with repayment also varied by race and ethnicity. Young Black and Hispanic borrowers were disproportionately likely to be behind on their debt and were less likely to have completely paid off their student loan debts (figure 35). Young Asian borrowers were less likely to be behind on their payments and the most likely to have paid off their loans. These patterns partly reflect dif-

Figure 35. Payment status of loans for own education among borrowers under age 40 (by race/ethnicity)



Note: Among adults ages 18 to 39 who borrowed for their own education. Key identifies bars in order from left to right.

Figure 36. Payment status of loans for own education among borrowers under age 40 (by institution type)



Note: Among adults ages 18 to 39 who borrowed to pay for their own education. Key identifies bars in order from left to right.

ferences in rates of degree completion, institutions attended, and wages for a given educational credential (see the "Education" section of this report for additional discussions of these differences by race and ethnicity).

Repayment status also differed by the type of institution attended. More than one-fourth of borrowers who attended for-profit institutions were behind on student loan payments, versus 10 percent who attended public institutions and 5 percent who attended private not-for-profit institutions (figure 36).

Greater difficulties with loan repayment among attendees of for-profit institutions may partly reflect the lower returns on degrees from these institutions.[47] Indeed, when accounting for race and ethnicity, first-generation status, and institution selectivity, the relationship between for-profit institution attendance and student loan default persists. This suggests that the high default rates for attendees of for-profit institutions reflect characteristics of the schools and is not simply due to the characteristics of their students.

Relation to Financial Well-Being

Adults carrying student loan debt report lower levels of financial well-being than do similar adults who do not have outstanding debt. However, payment-relief measures in response to the pandemic appear to have bolstered the financial well-being of those who received relief from these payments.

[47] See David J. Deming, Claudia Goldin, and Lawrence F. Katz, "The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators?" *Journal of Economic Perspectives* 26, no. 1 (Winter 2012): 139–64, for a discussion of the rates of return by education sector.

Table 21. Well-being measures (by education and receipt of student loan relief)

Characteristic	Percent
Some college/technical or associate degree	
Never had education debt	74
Previously had debt, now repaid	65
Currently has debt	52
Currently receiving student loan debt relief	54
Not currently receiving student loan debt relief	51
Bachelor's degree or more	
Never had education debt	93
Previously had debt, now repaid	92
Currently has debt	80
Currently receiving student loan debt relief	82
Not currently receiving student loan debt relief	77

Note: Among adults ages 18 to 39 who completed at least some college.

Among adults with the same level of education, those who currently held student loan debt were less likely to say they are doing okay financially. This is consistent with patterns seen in earlier years. For example, while 80 percent of bachelor's degree recipients ages 18 to 39 with outstanding education debt were at least doing okay financially, this is less than the 92 percent of similarly educated adults in this age range who previously had debt and the 93 percent of those who never had debt who said that they were at least doing okay (table 21).

Young adult borrowers who were receiving student loan relief from the CARES Act and subsequent executive orders appeared to be doing better off financially than borrowers who were not. Among adults with at least a bachelor's degree who had student loans, 82 percent of those currently receiving payment reductions or delays in payments were doing at least okay financially. This contrasts with 77 percent of those with student loans who were not receiving payment relief at the time of the survey who were doing at least okay financially.

Retirement

Most retirees reported their financial situation at the time of the survey was similar to 12 months earlier. However, a sizable share of recent retirees said COVID-related factors affected the timing of their retirement decision. Differences in retirement preparedness among non-retirees also remained largely the same. Non-retirees who experienced a layoff were less likely to have retirement savings but more likely to have borrowed from, or cashed out, these accounts in the prior year.

Current Retirees

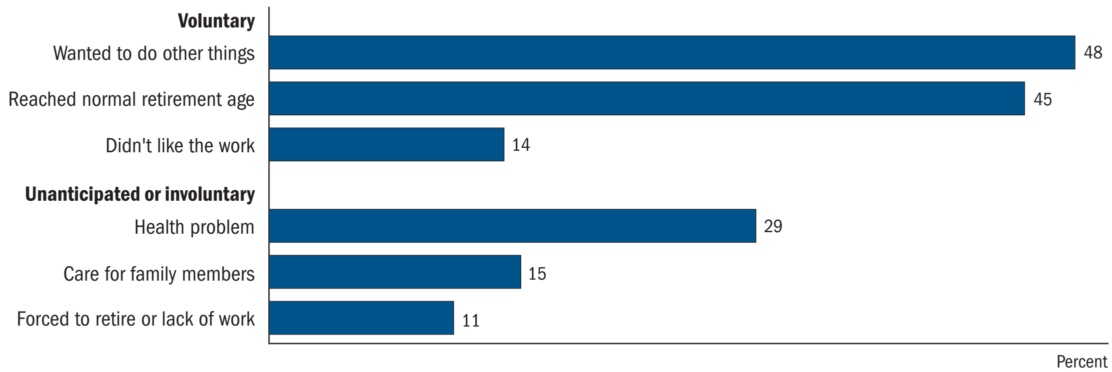
Retirees represent a sizeable portion of the adult population. Twenty-seven percent of adults in 2020 considered themselves to be retired, even though some were still working in some capacity.[48] Thirteen percent of retirees had done some work for pay or profit in the prior month. Consequently, 4 percent of all adults considered themselves retired and were still working. Retirees with more education were more likely to work in retirement.

In deciding when to retire, most retirees indicated that their preferences played a role, but life events contributed to the timing of retirement for a substantial share (figure 37). Forty-eight percent of retirees said a desire to do other things or to spend time with family was important for their decision to retire, and 45 percent said they retired because they reached a normal retirement age. Nonetheless, 29 percent said that a health problem was a factor in their decision to retire, and 15 percent said they retired to care for family members. Just over 1 in 10 said they were forced to retire or that work was not available. Collectively, health problems, caring for family, and lack of work contributed to the timing of retirement for 45 percent of retirees.

A sizeable share of recent retirees indicated that COVID-19 was a factor in their retirement decision. Twenty-nine percent of adults who retired in the past year said factors related to COVID-19 contributed to when they retired. Compared to other retirees, recent retirees whose retirement decision was related to COVID-19 were more likely to say they retired because they were forced to do so or work was not available, because they did not like their work, or to care for family members. They were less likely to say they retired because they reached a normal retirement age. Reasons for retirement can have longer-run implications. Economic well-being among retirees can vary

[48] In this report, descriptions of current retirees include everyone who reported being retired, including those who also reported that they are working.

Figure 37. Reasons for the timing of retirement



Note: Among retirees. Respondents could select multiple answers.

considerably by whether the reasons for retirement appeared to be voluntary and determined by preferences or were unanticipated and driven by life events.[49]

Table 22. Sources of income in the prior 12 months among retirees (by age)
Percent

Source	Retirees age 65 and older	All retirees
Social Security	93	79
Pension	68	59
Interest, dividends, or rental income	50	46
Wages, salaries, or self-employment	25	32
Cash transfers other than Social Security	7	12

Note: Among retirees. Respondents could select multiple answers. Sources of income include the income of a spouse or partner.

Social Security was the most common source of income in retirement in 2020, but 81 percent of retirees had one or more sources of private income.[50] This included 59 percent of retirees with income from a pension; 46 percent with interest, dividends, or rental income; and 32 percent with labor income (table 22).[51] Seventy-nine percent of retirees received income from Social Security in the prior 12 months, including 93 percent of retirees age 65 or older.

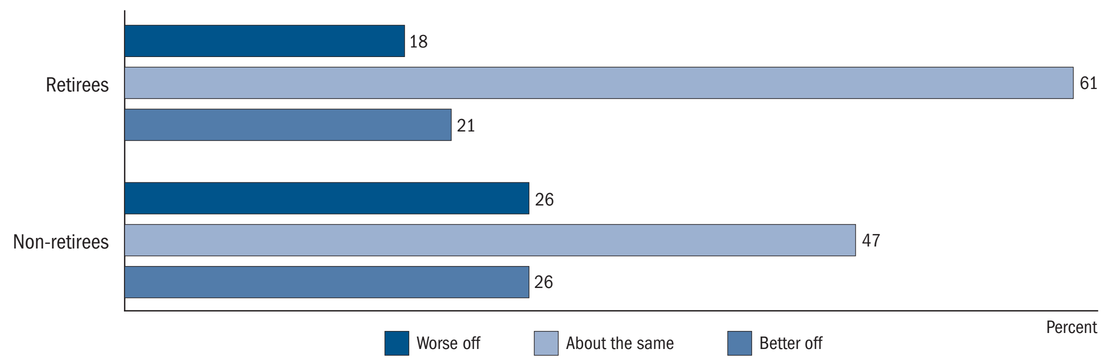
Looking back over the year, most retirees reported their financial situation at the time of the survey was similar to 12 months earlier, and they were more likely to report being in a similar financial situation than were non-retirees (figure 38). Sixty-one percent of retirees said they (and their family) were in about the same

[49] See box 4 of the *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*.

[50] In addition to the income sources discussed here, most retirees also qualified for Economic Impact Payments authorized by the CARES Act and some qualified for other benefits.

[51] The type of pension was not specified, so pension income may include income from defined benefit plans, which pay a fixed monthly amount and defined contribution plans, such as 401(k) and 403(b) plans.

Figure 38. Financial situation compared to 12 months ago (by retirement status)



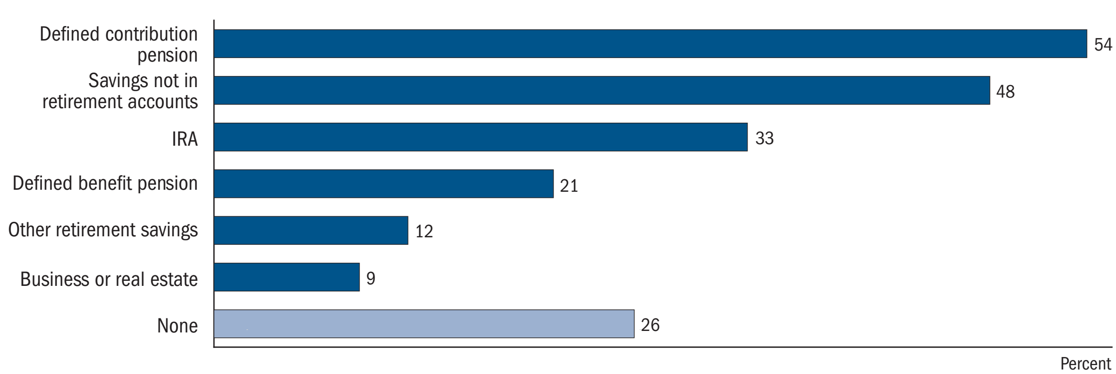
Note: Among all adults. Key identifies bars in order from top to bottom.

financial position as they were 12 months earlier, compared with 47 percent of non-retirees. Relatedly, almost three-fourths of retirees had total monthly income that was about the same as 12 months prior, and two-thirds had total monthly spending that was about the same.

Retirement Savings among Non-Retirees

Although three-fourths of non-retired adults had at least some retirement savings, about one-fourth did not have any (figure 39). This share was nearly unchanged since 2019. Among those with retirement savings, these savings were most frequently in defined contribution plans, such as a 401(k) or 403(b), with 54 percent of non-retired adults having money in such a plan. These accounts were more than twice as common as traditional defined benefit plans such as pensions,

Figure 39. Forms of retirement savings among non-retirees



Note: Among non-retirees. Respondents could select multiple answers.

which 21 percent of non-retirees held. Forty-eight percent of non-retirees had retirement savings outside of formal retirement accounts.

While most non-retired adults had some type of retirement savings, only 36 percent of non-retirees thought their retirement saving was on track. Because retirement saving strategies differ by circumstances and age, survey respondents assessed whether or not they felt that they are on track, but they defined that for themselves. Thirty-six percent of non-retired adults thought their retirement saving was on track, while 45 percent said it was not and the rest were not sure.

Table 23. Retirement saving and self-assessed preparedness (by age and race/ethnicity)
Percent

Characteristic	Any retirement savings	Retirement savings on track
Age		
18–29	62	28
30–44	71	34
45–59	83	40
60+	87	48
Race/ethnicity		
White	80	42
Black	63	23
Hispanic	58	22
Asian	85	47
Overall	**73**	**36**

Note: Among non-retirees.

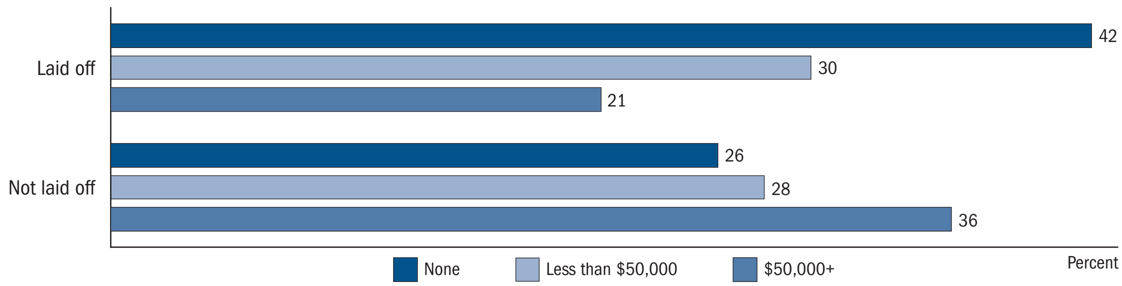
Retirement savings and perceived preparedness differed across demographic groups. Younger adults were both less likely to have retirement savings and to view their savings as on track than older adults. Compared to all non-retirees, Black and Hispanic non-retirees were less likely to have retirement savings and to view their retirement savings as on track, while White and Asian non-retirees were more likely to have such savings and say they were on track (table 23).

The lower rates of savings among Black and Hispanic non-retirees partly reflects the fact that Black and Hispanic adults are, on average, younger than the non-retired population overall. Even within age cohorts, however, significant differences remained in retirement savings by race and ethnicity, consistent with patterns seen in previous years.

Occasionally, retirement savings can also act as a source of emergency funds for non-retirees who face economic hardships. Provisions in the CARES Act supported this by allowing favorable tax treatment of COVID-related distributions from retirement accounts.[52] However, many non-retirees who experienced layoffs did not have self-directed retirement savings (figure 40). Forty-two percent of non-retirees who experienced a layoff in the past year did not have self-directed retirement savings at the time of the survey, compared to 26 percent of non-retirees who did not experience a

[52] "Coronavirus-Related Relief for Retirement Plans and IRAs Questions and Answers," Internal Revenue Service, last updated September 19, 2020, https://www.irs.gov/newsroom/coronavirus-related-relief-for-retirement-plans-and-iras-questions-and-answers.

Figure 40. Amount of self-directed retirement savings (by layoff in prior 12 months)



Note: Among non-retirees. Key identifies bars in order from top to bottom.

layoff.[53] Hence, the concentration of employment losses among workers who were less likely to have self-directed retirement savings limited the number of laid off workers who could tap retirement accounts in response to these policy changes.

Despite being less likely to have retirement savings, non-retirees experiencing a layoff were more likely to have borrowed from or cashed out retirement accounts. Overall, 9 percent of non-retired adults tapped their retirement savings—a slight uptick from 2019. Yet, a higher 14 percent of non-retired adults who had experienced a layoff borrowed or cashed out funds from their retirement savings.

Non-retirees with smaller account balances were also more likely to have borrowed from, or cashed out, funds from their retirement accounts in the past year (figure 41). Fifteen percent of those with account balances under $50,000 borrowed from, or cashed out, these accounts, compared with 9 percent of those with account values of $50,000 or more. While tapping retirement funds could result in smaller account balances, adults with lower income (and likely with lower account balances) were more likely to experience shocks that could prompt them to tap retirement reserves early.[54]

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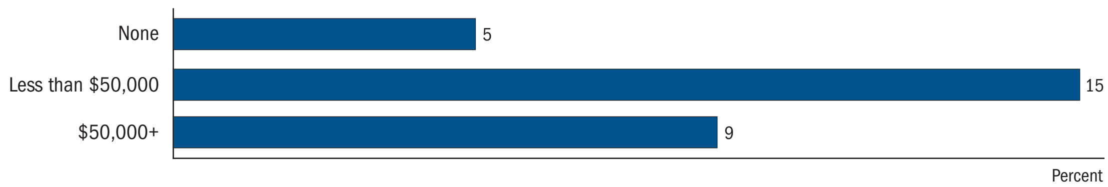
[53] Some people who were laid off may have cashed out all of their retirement savings. Among the 2020 SHED respondents who also took the 2019 survey, 40 percent of those who were not retired in either year who experienced a layoff in 2020 did not have self-directed retirement savings in 2020. This is up from 36 percent of the same group who did not have self-directed retirement savings at the time of the 2019 survey. In contrast, among the group of non-retirees who took both surveys but did not experience a layoff, the share who had no self-directed retirement savings was similar year over year (23 percent in 2020 and 24 percent in 2019).

[54] For more on early withdrawals and the relationship with economic shocks and income, see Robert Argento, Victoria L. Bryant, and John Sabelhaus, "Early Withdrawals from Retirement Accounts during the Great Recession," *Contemporary Economic Policy* 33, no. 1 (March 2013), https://www.researchgate.net/publication/254969212_Early_Withdrawals_from_Retirement_Accounts_during_the_Great_Recession.

Figure 41. Borrowed from or cashed out retirement savings accounts in the prior 12 months (by amount of self-directed retirement savings)



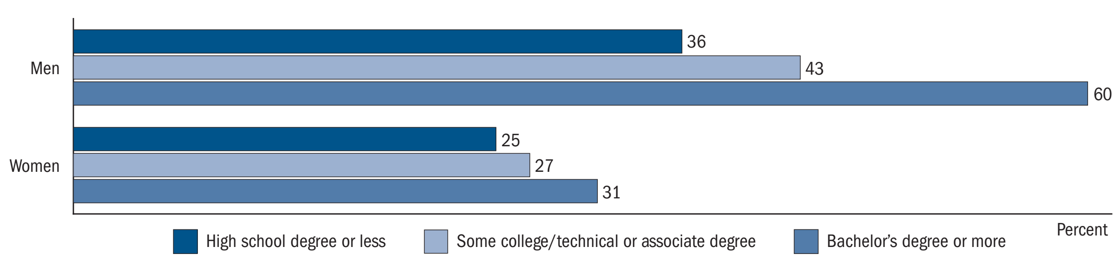
Note: Among non-retirees.

Comfort Managing Savings and Financial Literacy

Self-directed retirement accounts frequently have complex rules on withdrawals and rely on individuals to have the skills and knowledge required to manage their own investments. Non-retirees with self-directed retirement savings varied in their comfort with making investment decisions for their accounts. More than 6 in 10 non-retirees with self-directed retirement savings expressed low levels of comfort in making investment decisions with their accounts.

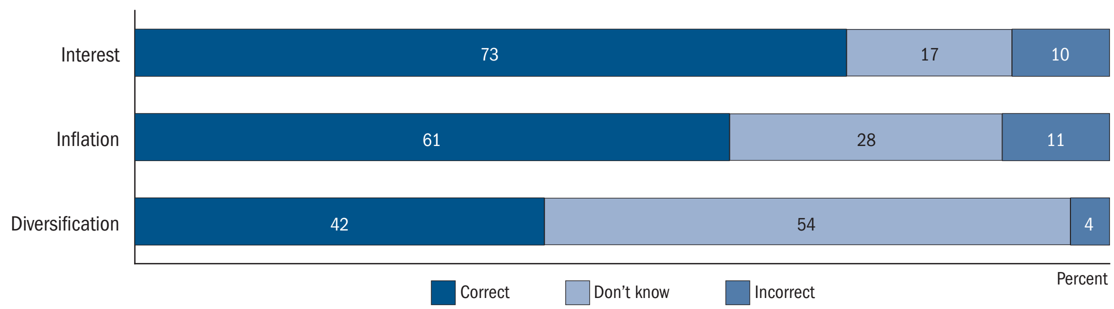
Among those non-retirees with self-directed savings, a minority of women of all education levels, and men with less education, were comfortable managing their retirement investments (figure 42). While 60 percent of men with at least a bachelor's degree were mostly or very comfortable making investment decisions, 36 percent of men with a high school degree or less expressed that level of comfort. Women with any level of education were less comfortable making investment decisions than men. Thirty-one percent of women with at least a bachelor's degree were comfortable managing their investments, and the share was somewhat lower for women with less education.

Figure 42. Mostly or very comfortable investing self-directed retirement savings (by gender and education)



Note: Among non-retirees with self-directed retirement savings. Key identifies bars in order from top to bottom.

Figure 43. Financial literacy questions



Note: Among the one-half of respondents who were asked the questions including "Don't know" as an answer. Key identifies bars in order from left to right.

To also get some sense of individuals' financial knowledge, respondents were asked three questions—on interest, inflation, and risk diversification, respectively—that are commonly used as measures of financial literacy (figure 43):[55]

1. **Interest:** Suppose you had $100 in a savings account and the interest rate was 2 percent per year. After five years, how much do you think you would have in the account if you left the money to grow? (Correct answer: More than $102)
2. **Inflation:** Imagine that the interest rate on your savings account was 1 percent per year and inflation was 2 percent per year. After one year, how much would you be able to buy with the money in this account? (Correct answer: Less than today)
3. **Diversification:** Do you think the following statement is true or false? "Buying a single company's stock usually provides a safer return than a stock mutual fund." (Correct answer: False)

Higher shares of adults provided correct answers to questions about interest and inflation than to the question on risk diversification. The average number of correct answers was 1.8 out of 3, and 33 percent of adults got all three correct.

Self-assessed comfort in managing investments was correlated with these measures of financial literacy. Among those with self-directed retirement accounts, those who expressed comfort with managing their investments answered a larger share of questions (75 percent) correctly, on average, than those who expressed little or no comfort (60 percent) (table 24). Notably, the share of incorrect answers did not vary much with investment comfort. Instead, the number of "don't

[55] These questions were developed by Annamaria Lusardi and Olivia Mitchell (see "Financial Literacy around the World: An Overview," *Journal of Pension Economics and Finance* 10, no. 4 (2011): 497–508) and have been widely used to study financial literacy. In the 2020 SHED, half of the respondents received the questions and answer choices developed by Lusardi and Mitchell, and the results reported here reflect their responses. The other half of the respondents received the same questions without the "Don't know" answer option. Results from the group who received this alternative formulation are included in appendix B of the appendixes to this report.

Table 24. Financial literacy (by retirement savings and comfort investing)
Percent

Presence of retirement savings and level of investing comfort	Correct	Incorrect	Don't know/Refused
Has self-directed retirement savings	66	7	27
Mostly or very comfortable investing	75	8	17
Not or slightly comfortable investing	60	7	33
No self-directed retirement savings	35	11	54
Retired	62	9	29
Overall	**59**	**8**	**33**

Note: Among the one-half of respondents who were asked the questions including "Don't know" as an answer choice.

know" responses fell as investment comfort rose. Overall, however, non-retirees with such accounts still answered more financial literacy questions correctly, on average, than either non-retirees who did not have such accounts or people who were already retired.

Gender differences in financial literacy mirrored differences in being comfortable with the investment decisions. Women, on average, answered a lower share of financial literacy questions correctly (52 percent) than men (65 percent). Women were also more likely to select "don't know" or to skip the question (39 percent) than men (27 percent). As a result, women, on average, had lower levels of financial literacy by this measure. Some evidence suggests that one driver of this gender difference may relate to different levels of experience with financial decisions.[56]

[56] Some of the gender gap in financial literacy may relate to specialization in financial tasks within a household, with women being less likely to handle the finances. Joanne Hsu finds that women's financial literacy increases after the death of a spouse (see "Aging and Strategic Learning: The Impact of Spousal Incentives on Financial Literacy," *Journal of Human Resources* 51, no. 4 (Fall 2016): 1036–67).

Description of the Survey

The Survey of Household Economics and Decisionmaking was fielded from November 13 through November 30, 2020. This was the eighth year of the survey, conducted annually in the fourth quarter of each year since 2013.[57] Staff of the Federal Reserve Board wrote the survey questions in consultation with other Federal Reserve System staff, outside academics, and professional survey experts.

Ipsos, a private consumer research firm, administered the survey using its KnowledgePanel, a nationally representative probability-based online panel. Since 2009, Ipsos has selected respondents for KnowledgePanel based on address-based sampling (ABS). SHED respondents were then selected from this panel.

Survey Participation

Participation in the 2020 SHED depended on several separate decisions made by respondents. First, they agreed to participate in Ipsos' KnowledgePanel. According to Ipsos, 10.5 percent of individuals contacted to join KnowledgePanel agreed to join (study-specific recruitment rate). Next, they completed an initial demographic profile survey. Among those who agreed to join the panel, 61.8 percent completed the initial profile survey and became a panel member (study-specific profile rate). Finally, selected panel members agreed to complete the 2020 SHED.

Of the 18,077 panel members contacted to take the 2020 SHED, 11,713 participated and completed the survey, yielding a final-stage completion rate of 64.8 percent.[58] Taking all the stages of recruitment together, the cumulative response rate was 4.2 percent. After removing a small number of respondents due to high refusal rates or completing the survey too quickly, the final sample used in the report included 11,648 respondents.[59]

[57] Data and reports of survey findings from all past years are available at https://www.federalreserve.gov/consumerscommunities/shed.htm.

[58] Three hundred ninety-four respondents were not included in the analysis because they started, but did not complete, the survey (known as break-offs). The study break-off rate for the SHED was 3.3 percent.

[59] Of the 11,713 respondents who completed the survey, 65 were excluded from the analysis in this report due to either leaving responses to a large number of questions missing, completing the survey too quickly, or both.

Targeted Outreach and Incentives

To increase survey participation and completion among hard-to-reach demographic groups, Board staff and Ipsos utilized a targeted communication plan with monetary incentives. The target groups—young adults ages 18 to 29, adults with less than a high school degree, adults with household income under $40,000 who are under age 60, and those who are a race or ethnicity other than White, non-Hispanic—received additional email reminders and text messages during the field period, as well as additional monetary incentives.

All survey respondents not in a target group received a $5 incentive payment after survey completion. Respondents in the target groups received a $15 incentive. These targeted individuals also received follow-up emails during the field period to encourage completion. Additionally, the incentives offered to some targeted individuals increased to $25 during the field period to increase the incentive for completion.[60]

The final-stage completion rate in 2020 was slightly higher than 2019, due to an increase in the response rate among the non-targeted group. However, the final-stage completion for the target group was unchanged from 2019.

Survey Questionnaire

The 2020 survey took respondents 20 minutes (median time) to complete.

One priority for the 2020 survey was to understand how individuals, families, and communities—particularly those with low- to moderate-income—have been faring since the onset of the COVID-19 pandemic. The questions were intended to complement and augment the base of knowledge from other data sources, including the Board's Survey of Consumer Finances. In addition, some questions from other surveys were included to allow direct comparisons across datasets.[61] The full survey questionnaire can be found in appendix A of the appendixes to this report.

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[60] All targeted adults received an email encouraging completion between three and six days into the field period. Three days before closing the survey, targeted adults received an email reminder mentioning a $25 incentive for completing the survey, and non-targeted adults received an email reminder mentioning a $5 incentive. Of the 5,804 respondents in a targeted group, 134 received the higher $25 incentive payment and the rest received the $15 incentive payment.

[61] For a comparison of results to select overlapping questions from the SHED and Census Bureau surveys, see Jeff Larrimore, Maximilian Schmeiser, and Sebastian Devlin-Foltz, "Should You Trust Things You Hear Online? Comparing SHED and Census Bureau Survey Results," Finance and Economics Discussion Series Notes (Washington: Board of Governors of the Federal Reserve System, October 15, 2015).

Survey Mode

While the sample was drawn using probability-based sampling methods, the SHED was administered to respondents entirely online. Online interviews are less costly than telephone or in-person interviews and can be an effective way to interview a representative population.[62] Ipsos' online panel offers some additional benefits. Their panel allows the same respondents to be re-interviewed in subsequent surveys with relative ease, as they can be easily contacted for several years.

Furthermore, internet panel surveys have numerous existing data points on respondents from previously administered surveys, including detailed demographic and economic information. This allows for the inclusion of additional information on respondents without increasing respondent burden. The respondent burdens are further reduced by automatically skipping irrelevant questions based on responses to previous answers.

The "digital divide" and other differences in internet usage could bias participation in online surveys, so recruited panel members who did not have a computer or internet access were provided with a laptop and access to the internet to complete the surveys. Even so, individuals who complete an online survey may have greater comfort or familiarity with the internet and technology than the overall adult population, which has the potential to introduce bias in the characteristics of who responds.

Sampling and Weighting

The SHED sample was designed to be representative of adults age 18 and older living in the United States.

The Ipsos methodology for selecting a general population sample from KnowledgePanel ensured that the resulting sample behaved as an equal probability of selection method (EPSEM) sample. This methodology started by weighting the entire KnowledgePanel to the benchmarks in the latest March supplement of the Current Population Survey along several geo-demographic dimensions. This way, the weighted distribution of the KnowledgePanel matched that of U.S. adults. The geodemographic dimensions used for weighting the entire KnowledgePanel included gender, age, race, ethnicity, education, census region, household income, homeownership status, and metropolitan area status.

[62] David S. Yeager et al., "Comparing the Accuracy of RDD Telephone Surveys and Internet Surveys Conducted with Probability and Non-Probability Samples," *Public Opinion Quarterly* 75, no. 4 (2011): 709–47.

Using the above weights as the measure of size (MOS) for each panel member, in the next step a probability proportional to size (PPS) procedure was used to select study specific samples. This methodology was designed to produce a sample with weights close to one, thereby reducing the reliance on post-stratification weights for obtaining a representative sample.

After the survey collection was complete, statisticians at Ipsos adjusted weights in a post-stratification process that corrected for any survey non-response as well as any non-coverage or under- and over-sampling in the study design. The following variables were used for the adjustment of weights for this study: age, gender, race, ethnicity, census region, residence in a metropolitan area, education, and household income. Demographic and geographic distributions for the non-institutionalized, civilian population age 18 and older from the March Current Population Survey were the benchmarks in this adjustment. Household income benchmarks were obtained from the 2019 American Community Survey (ACS).[63]

One feature of the SHED is that a subset of respondents also participated in prior waves of the survey. In 2020, about one-third of respondents had participated in the fall 2019 survey. Results using this repeated sample are shown in box 1 and utilize separate weights from the full sample. These weights use a similar procedure as described above to ensure estimates based on the repeated sample are representative of the U.S. population.

Although weights allow the sample population to match the U.S. population (excluding those in the military or in institutions, such as prisons or nursing homes) based on observable characteristics, similar to all survey methods, it remains possible that non-coverage, non-response, or occasional disparities among recruited panel members result in differences between the sample population and the U.S. population. For example, address-based sampling likely misses homeless populations, and non-English speakers may not participate in surveys conducted in English.[64]

Despite an effort to select the 2020 SHED sample such that the unweighted distribution of the sample more closely mirrored that of the U.S. adult population, the results indicate that weights remain necessary to accurately reflect the composition of the U.S. population. Consequently, all results presented in this report utilize the post-stratification weights produced by Ipsos for use with the survey.

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[63] The ACS was used for the income benchmark because survey non-response in the 2020 March Supplement to the Current Population Survey (CPS ASEC) increased due to the COVID-19 pandemic, particularly for households with lower income. See Jonathan Rothbaum and Adam Bee, "Coronavirus Infects Surveys, Too: Survey Nonresponse Bias and the Coronavirus Pandemic," SEHSD Working Paper Number 2020-10 (Suitland, MD: U.S. Census Bureau, March 30, 2021), https://www.census.gov/content/dam/Census/library/working-papers/2020/demo/sehsd-wp2020-10.pdf.

[64] For example, while the survey was weighted to match the race and ethnicity of the entire U.S. adult population, there is evidence that the Hispanic population in the survey were somewhat more likely to speak English at home than the overall Hispanic population in the United States. According to the SHED, 64 percent of Hispanic adults speak Spanish at home versus 74 percent according to the 2019 American Community Survey. See table B16006 at https://data.census.gov. See the *Report on the Economic Well-Being of U.S. Households in 2017* for a comparison of results to select questions administered in Spanish and English.

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DCCA directs consumer- and community-related functions performed by the Board, including conducting research on financial services policies and practices and their implications for consumer financial stability, community development, and neighborhood stabilization.

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If you have questions about the survey or this report, please email SHED@frb.gov.