

The Economic Fallout from the Pandemic



Prudential's Financial Wellness Census **Special Report**

Nearly half of Americans struggling with financial hardship amid pandemic economic fallout

Prudential data shines a light on the need for immediate aid and long-term solutions.

Quick Stats:

- **Nearly half (46%) of Americans describe themselves as financially struggling**
- **35% of those with income disruption have sold items they own; 31% have borrowed money from family or friends**
- **Only 6% of Americans have created a formal financial plan**
- **40% say it'll take years to recover financially**

A year into the COVID-19 pandemic, a Prudential survey finds that Americans are increasingly focused on near-term survival over planning for their future, painting a grim picture of the economy as millions await vaccines, government stimulus checks and measures to reopen businesses and schools safely.

The [survey](#), conducted by Morning Consult on behalf of Prudential Financial, found that nearly half (46%) of Americans describe themselves as financially struggling, up from 22% in Prudential's May 2020 Financial Wellness Census.

Household incomes have plummeted even as unemployment has fallen, with 36% of respondents below \$30,000 in annual household income, compared to 19% in May. Nearly two-thirds of those employed (61%) said they are finding it increasingly difficult to keep up with financial obligations. The challenges are even more acute among women, and Black Americans—42% of women and 52% of Black Americans have an annual household income under \$30,000.

“The pandemic has plunged many Americans into a desperate struggle to pay their rent and other bills, and feed their families,” says Jamie Kalamarides, president of Prudential Group Insurance. “Job losses don't tell

the whole story, as even many of those still at work are under greater strain from pay cuts or increased caregiving and childcare needs.”

To supplement or replace lost income, many Americans have turned to selling possessions (35%), drawing on savings (33%), or borrowing from family and friends (31%). Since the pandemic hit, only 6% of Americans have created a formal financial plan for the future.

Yanela Frias, president of Prudential Retirement, finds those statistics alarming.

“For those in their prime working years, this is the time to build up retirement savings,” Frias says. “Instead, many are borrowing from their futures to pay for today. It’s an even bigger problem for women and in communities of color. We need to do more to ensure equal access to financial advice and opportunities, especially for the most vulnerable.”

While many employers are struggling, Frias says they nevertheless are in a powerful position to help their workers—and possibly their bottom line as well.

Smaller employers can take advantage of increased opportunities to create [open multiple-employer plans under the SECURE Act](#). Employers with existing plans may look to offer guaranteed income solutions to help ease older employees into retirement with enough savings to last.

The vast majority of respondents said the government needs to prioritize more solutions for child care and caregiving (78%), and step in to allow more employees access to paid family leave (80%).

“Americans need more than stimulus, they also need time and support for caregiving,” Frias says. “There’s a tremendous opportunity now to fill the gaps in our social safety net and give people the flexibility they need to thrive.”

For more, see the fact sheet: [Financial Wellness Census Special Report](#).

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