

The early impacts of the coronavirus pandemic on Americans' economic security

The COVID-19 pandemic has had enormous effects on the U.S. economy, and there are reasons to be concerned that it may have had serious negative repercussions on many Americans' financial stability, especially in light of recent empirical evidence documenting households' limited ability to weather unexpected financial shocks. We use longitudinal survey data from a nationally representative internet panel, the Understanding America Study, to examine the early impacts of the pandemic, and policy responses, on Americans' financial stability, financial well-being, and financial behavior. Our primary analysis sample consists of three annual surveys fielded in May 2018, 2019, and 2020, spanning the onset of the COVID-19 pandemic, that measure respondents' financial lives in detail. We couple these data with additional surveys measuring subjective retirement preparedness and Social Security claiming intentions.

We find that rather than experiencing large declines, Americans' financial stability improved, on average, early after the onset of the pandemic. In particular, we observe increases both in subjective measures, like financial satisfaction, and more objective measures, like financial fragility and savings behavior and balances. Moreover, individuals who were more economically vulnerable pre-pandemic—such as those with lower incomes and financial literacy, and individuals struggling with debt burdens or having difficulty making ends meet – experienced differentially larger improvements in their financial situation after the pandemic's onset. We find evidence that much of the improvement, both overall and differential, was driven by the stimulus, which was more impactful for those who were more economically vulnerable pre-pandemic. Rather than simply help prevent widening inequality in financial stability, the governmental policy response may have helped close the gap, at least early in the life of the pandemic. While we find that Americans' current financial situation improved early in the pandemic, we observe little difference in retirement savings behavior or security, suggesting these early effects may not translate into improved retirement outcomes in the future.

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