



Wealth Gap Widens:

How COVID-19 Has Exacerbated Economic Inequality in the U.S.

April 2021

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Half have seen their household finances changed

More than half of U.S. adults consider their household finances to have changed for better or worse due to the COVID-19 pandemic.

All Adults



Approximately one quarter (24%) report that they are better off financially and nearly a third of all Americans (29%) say they are worse off.



Adults making less than \$50K



Nearly forty percent (37%) of households making less than \$50,000 per year describe themselves as worse off because of the pandemic

Adults making more than \$100K



In stark contrast, only 15% of households making more than \$100,000 a year describe themselves as worse off.

The rich and poor are on different paths— older and poorer Americans have been hit the hardest

Survey suggests the pandemic's deceleration holds different promises for those who consider themselves to be better or worse off.

Worse off



Those who have taken a financial hit during COVID-19 worry the downward trend will continue, with **57%** saying they believe nothing will change or that their finances will continue to worsen over the next year.

Better off



Meanwhile, **61%** of those who say they are financially better off since the start of the pandemic expect their household finances to improve in the next year.

Outlook by age

Adults 45 to 64

Nearly **4 in 10** of those 45 to 64 say they are worse financially this year compared to last year because of the pandemic, compared to those under 45.



Adults 18 to 44

Only about **one quarter** say this.



18 to 34
24%



35 to 44
27%

Those earning less than \$50,000 per year are most uncertain about their financial futures



The survey also exposed the financial uncertainty among Americans who are making less than \$50,000 per year.

“No idea” how they will pay for their post-COVID-19 plans



Those who have suffered financially

When restrictions are lifted, Americans across the board overwhelmingly want to make up for “lost time,” but **26%** of those who have suffered financially since last year say they have “no idea” how they will pay for their post-COVID-19 plans.

Finances didn’t change

Whereas **18%** of those who say their finances didn’t change, and only **9%** of those who said they were financially better off say they have “no idea”.

Not sure how, or if, they will save or spend money going forward



Those making less than \$50,000

On top of that, **16%** of those making less than \$50,000 are unsure if they will save or spend more money moving forward.

Those making between \$50,000 to \$100,000 or more

Whereas **9%** of those making between \$50,000-\$100,000 and **7%** of those making \$100,000 or more are also not sure how if they will save or spend money going forward.

While all Americans have an appetite to do more post COVID-19, the survey revealed that Americans will be able to participate at varying degrees, with lower-income Americans least likely to participate in a post-COVID-19 spending boom. As COVID-19 decelerates:

Those making more than \$50,000 per year are more likely planning to take a vacation, shop at locally owned stores and dine-in at restaurants than those making less than \$50,000 per year.



Taking a vacation

- LESS THAN \$50,000 – 41%
- \$50,000 – LESS THAN \$100,000 – 52%
- \$100,000 or more – 62%



Shop at locally owned stores

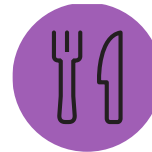
- LESS THAN \$50,000 – 28%
- \$50,000 – LESS THAN \$100,000 – 42%
- \$100,000 or more – 42%



Those making more than \$50,000 per year are more likely saving and budgeting for visits with friends and family than those making less than \$50,000.

Those saving or budgeting to visit family or friends

- LESS THAN \$50,000 – 46%
- \$50,000 – LESS THAN \$100,000 – 55%
- \$100,000 or more – 55%



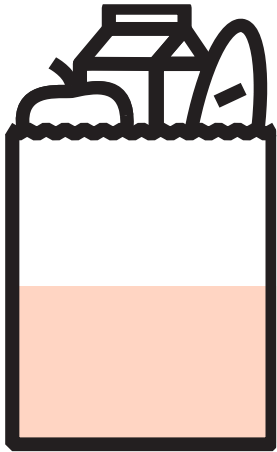
Dine-in at restaurants

- LESS THAN \$50,000 – 33%
- \$50,000 – LESS THAN \$100,000 – 46%
- \$100,000 or more – 46%



Nearly half (45%) of U.S. adults making more than \$100,000 per year plan to take at least three or more vacations once society returns to normal; in contrast, more than one third (38%) of respondents making less than \$50,000 per year do not plan to, or do not know if they will, take any vacations as COVID-19 subsides. (Table 44)

Americans making less than \$50,000 annually are more likely to spend their stimulus check



When asked about how they plan to spend a federal stimulus check, **more than half of** U.S. adults who are worse off financially since the pandemic say they would use the money to cover daily expenses, such as buying groceries or paying bills.

Conversely, **more than one third** of U.S. adults said they would invest their stimulus payment in a savings or retirement account, though those who are financially better off (**37%**) are more likely to do so than those worse off (**28%**).



The TIAA survey found that the pandemic has created a change in mindset about what's important about managing personal finances.



Prior to the pandemic:

More than half of those making less than \$50,000 said they've never created an emergency savings fund, saved more money for retirement, or worked with a professional financial advisor for guidance on savings and retirement.

Today, **most Americans** (nearly 75% who are better off and nearly 70% who say they are worse off) say they have placed a greater importance on creating an emergency savings account going forward. Americans also want to save more for retirement (72% for those who are better off and 60% for those who are worse off).

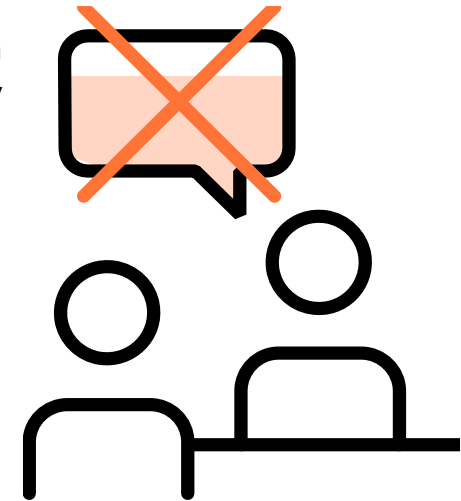
Only **35%** of U.S. adults reported having an emergency fund.

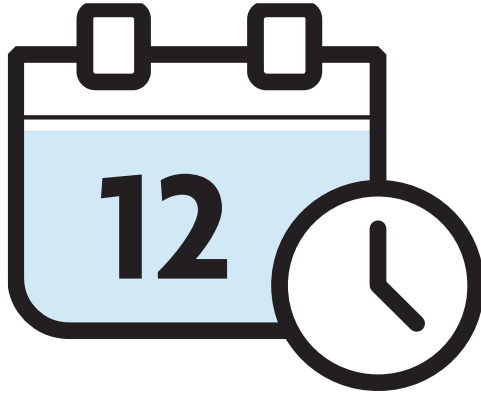
Clear wealth disparities on issues related to saving and planning for the future



44% of households making less than \$50,000 a year say it is unlikely they will be able to save more for retirement going forward; in contrast, 72% of those making more than \$100,000 say it is likely they will save more for retirement.

Nearly 70% of those making less than \$50,000 say they are still unlikely to work with a professional advisor, likely due to extra costs.





Now, **73% of Americans**, especially those who are worse off, say having guaranteed monthly income for the rest of their lives is significantly more important than having a particular dollar amount of retirement savings at the time of retirement.

As a point of comparison, in a previous TIAA Financial Resiliency Survey conducted in July 2020, only 44% of Americans making between \$40,000 and \$74,000 per year said that having a source of guaranteed lifetime income contributes most to financial resiliency. TIAA, Financial Resiliency Survey, October 2020



KRC Research conducted the TIAA Financial Habits study using an online survey of 1,003 Americans ages 18 and over, living in the United States. The study was fielded between February 19-22, 2021. Completed interviews are weighted by age, sex, region, race and education to ensure reliable and accurate representation of the total U.S. population.



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² Based on approximately \$1.3 trillion of assets under management across Nuveen affiliates and TIAA investment management teams as of 12/31/2020.

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