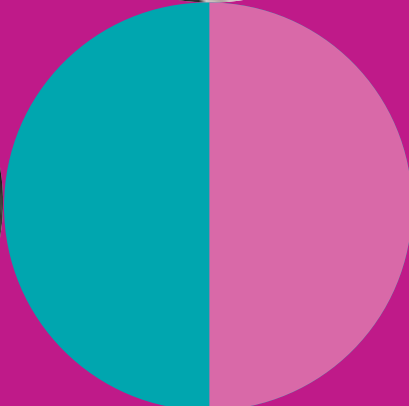
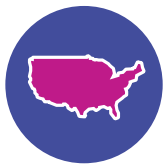


The Economic Toll of COVID-19 on SaverLife Members

SAVERLIFE | SEPTEMBER 2020



Who are SaverLife Members?



380,000 members in all **50** states



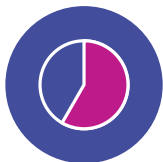
Median income: **\$25,000**



81% female



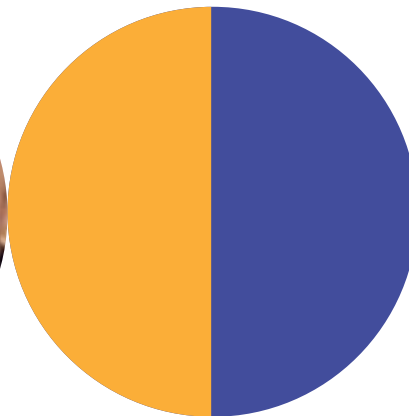
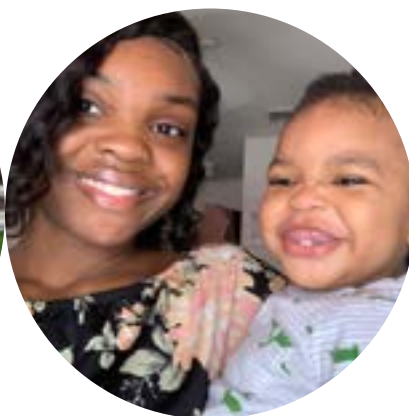
84% parents



60% non-white







Median age: **35-44**



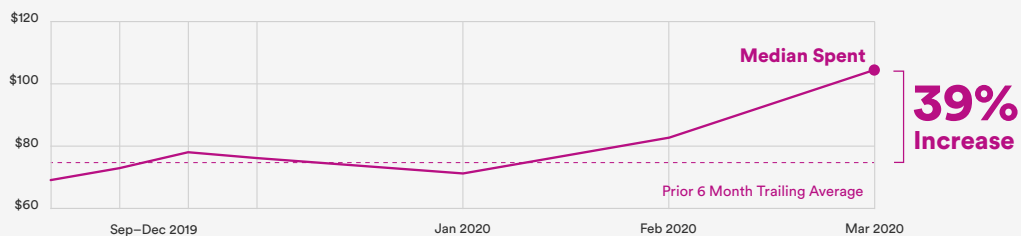
The Beginning: Panic

The early days of the pandemic created a state of panic and confusion for SaverLife members. Shelter-in-place rules, which impacted a quarter of Americans, were implemented swiftly and brought devastating consequences. These guidelines caused a significant change in consumer spending as people stocked up on food and decreased spending elsewhere.

- 
+48%
An immediate spike in grocery spending
(up 48% from February to March)
- 
-26%
A drop in restaurant spending
(down 26% in April from March)
- 
-31%
A drop in spending on gas and car maintenance
(down 31% in April from March)
- 
-15%
A decrease in spending on healthcare
(down 15% in March 2020 vs. March 2019)

What’s buried in the data about increased grocery spending is **how much more families who receive SNAP benefits spent on groceries**. The assistance, which is intended to subsidize a family’s spending on food, was not raised in response to increased food spending and rising food costs with shelter-in-place restrictions and the loss of school-provided meals, leaving thousands of members in the lurch.

Median Grocery Expenses For SNAP Recipients



“I am really worried about getting us out of this place, and getting back to feeling comfortable spending again, because right now, we are at the point where all we can do is buy necessities.”



– Sha'Dana

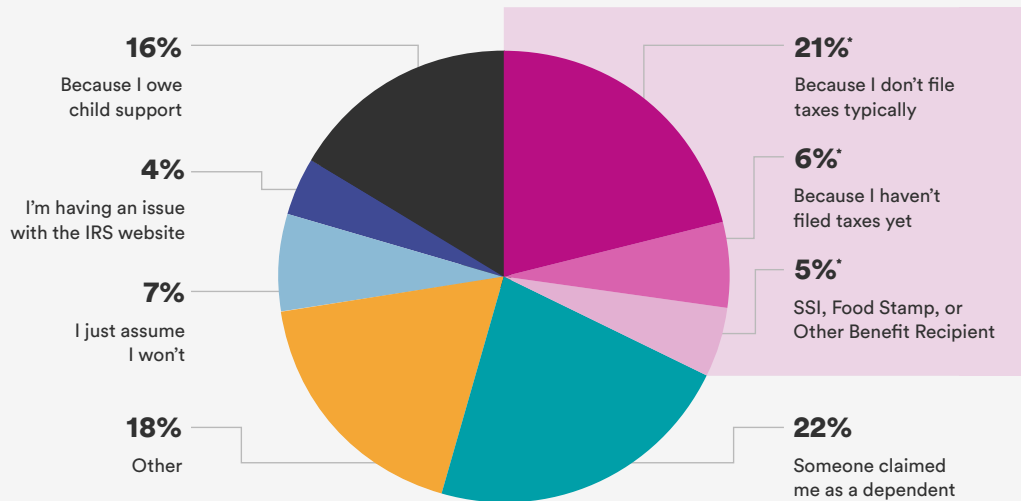
Charte qualifies for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) but the program has limitations—it just covers basics like milk, cheese, eggs, and baby formula. With all three kids home and not getting their meals at school, Charte says the family is going through groceries faster than ever. “I’ve got all boys, you know. And they just eat and eat all day!” she said.



– Charte

The federal government's third COVID-19 response package, the CARES Act, was quickly implemented to provide immediate relief through stimulus payments and heightened unemployment insurance, but didn't help to ease the panic for all members. While stimulus payments and increased unemployment benefits provided immediate relief, confusing eligibility requirements led many members to think they didn't qualify. This was made worse by the fact that some members had to take action on the IRS website to receive their payment.

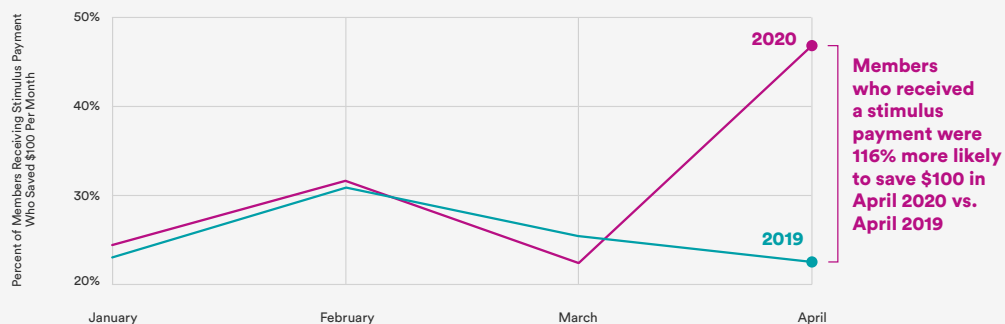
Why People Don't Expect to Get a Stimulus Payment



*None of these rationales actually disqualified someone from a stimulus payment, but all of these reasons required that someone take action on the IRS website in order to receive their stimulus - they wouldn't receive the payments automatically.

However, if there was ever a “good” time for economic chaos, March or April would be that time, as many low-income families received tax refunds and Earned Income Tax Credits just before COVID-19 arrived. In a normal year, these often-sizeable windfalls are when people catch up on utility bills, pay down debt, and bolster savings. In the short term, this meant that many members were able to save stimulus payments in anticipation of future financial obligations.

Members Who Received A Stimulus Payment Are Using it To Brace For a Slow Recovery

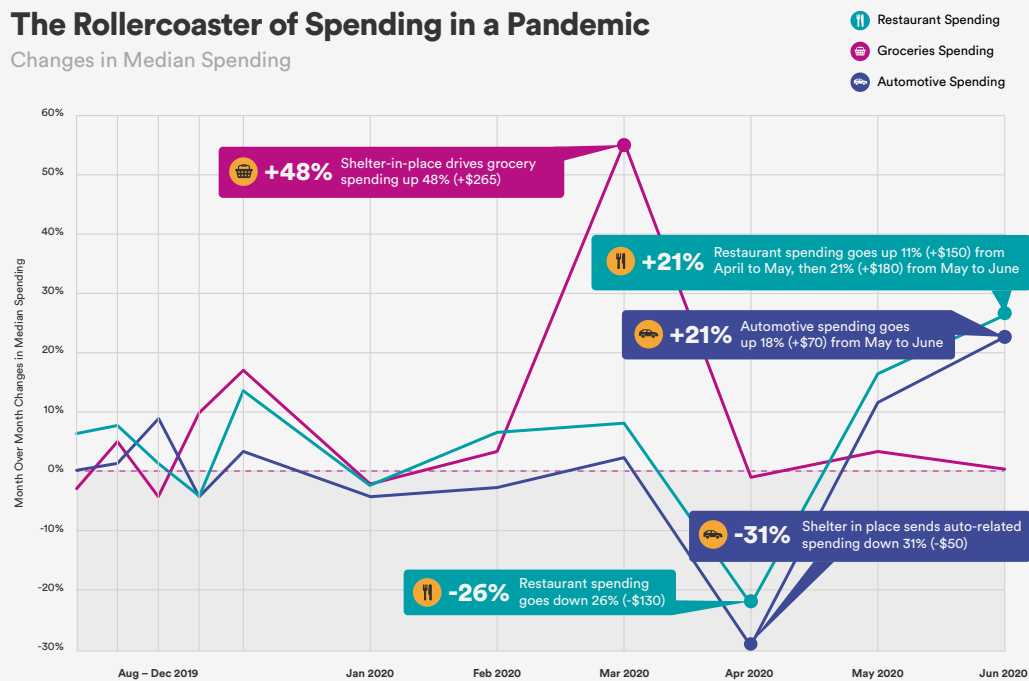


Middle: Relaxing of Shelter-in-Place and Optimism for Summer

By Memorial Day, many states relaxed shelter-in-place restrictions, giving members hope for a return to normalcy and leading to increased spending on restaurants and transportation.

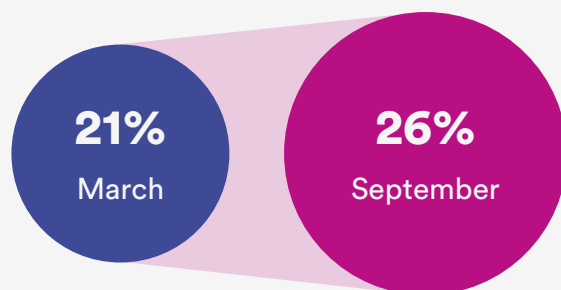
The Rollercoaster of Spending in a Pandemic

Changes in Median Spending



When surveyed in late June, members expressed hope for the fall—they told us they expected to be more “financially satisfied” by Labor Day.

How Satisfied Were / Are / Will You Be With Your Personal Financial Situation



5%

increase in very satisfied members in 6 months

26% of SaverLife members expect to be satisfied with their personal financial situations on September 1st, vs. 21% in March 2020

While optimism is a powerful coping mechanism, the real picture was more bleak: Unemployment remained high for SaverLife members, and underemployment, a statistic that rarely gets adequate attention, remained prevalent. Fifty-four percent of members were still saving money (a remarkable feat), but more and more people were taking money out of savings, and in increasing amounts.

Too Many SaverLife Members Are Un/Underemployed

“Which of the following describes your employment status?”

Employed and my hours are similar to before COVID-19

10%

Employed but my hours have been reduced due to COVID-19

28%

Unemployed / Furloughed

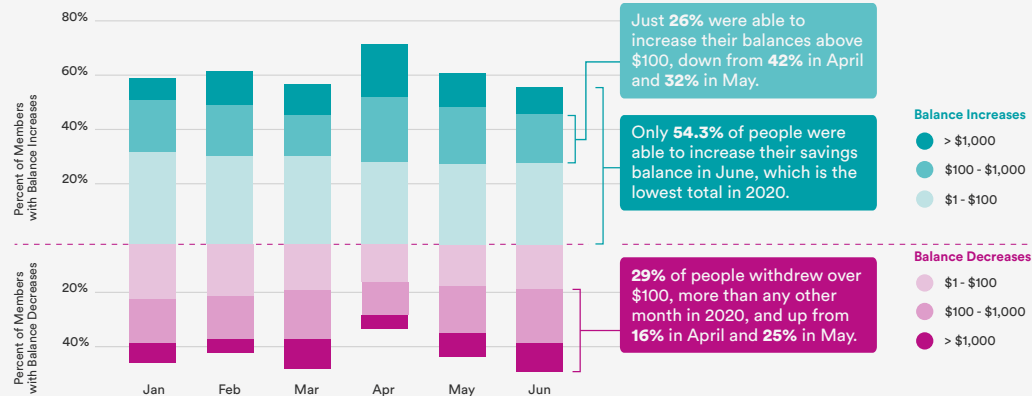
55%

*Poll taken in June 2020

*Numbers don't add up to 100% because the remainder of people said this doesn't apply

The Savings Gained At the Beginning of the Pandemic Are Waning

Net Savings By Month



With five kids at home, Jamila needed her job as a phlebotomist. But even though she’s an essential worker, her hours were cut to thirty per week. “I work hard, I got an education—I went to two years of school to get my certification—and still I am struggling,” she said.



– Jamila

Carla, a SaverLife member from California, was planning to return to school this fall. She expected to get another work-study job. Back in June, when we talked to Carla, she was optimistic that she’d be able to continue boosting her savings, and expected to have a savings balance over \$2,500 by September 1st.



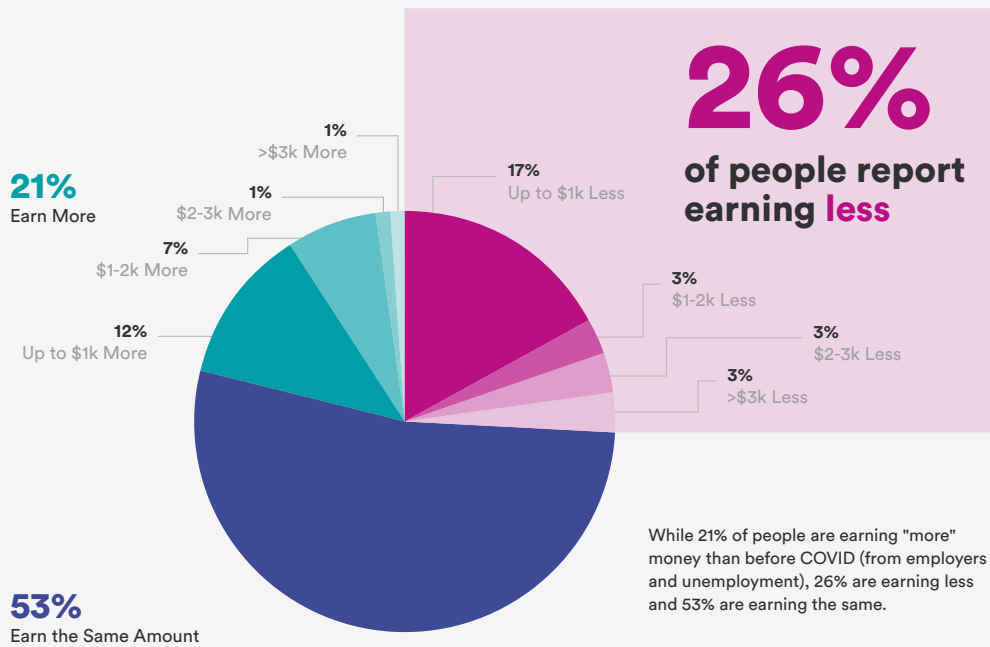
– Carla

Middle... again: Confusion and Increasing Concern

Hope and optimism were quickly quelled by a resurgence of the virus, causing many states to once again close businesses. By the end of July, the supplemental unemployment insurance that was keeping many families afloat ended. While much was made in the media about people “making more money on unemployment”, we found that largely untrue for members, and a difficult message to swallow when many families were struggling to make ends meet.

Everyone Isn't Earning More Money

Changes in Monthly Income From an Employer + Unemployment Benefits from March to June



Ashley was working at a restaurant to support herself when COVID-19 hit and she was laid off. “I am really stressed out, you know—I don’t know how I am going to support myself going forward or what I am going to do. I have been homeless before, so that’s a real fear of mine.”

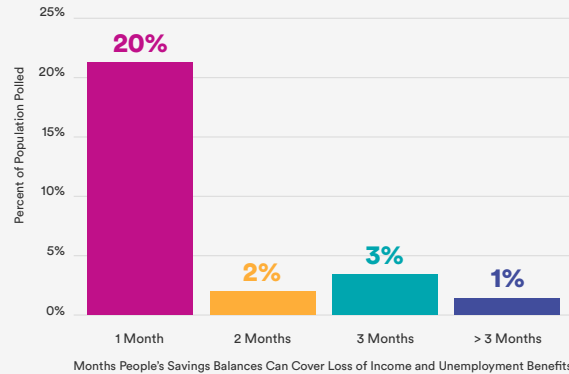


– Ashley

While SaverLife members had a cushion to weather a sudden decrease in income, many were facing a financial cliff.

As of Mid-July, Savings May Not Last Much Longer

How Many Months Can People's Savings Cover Their Loss of Income + Unemployment Benefits

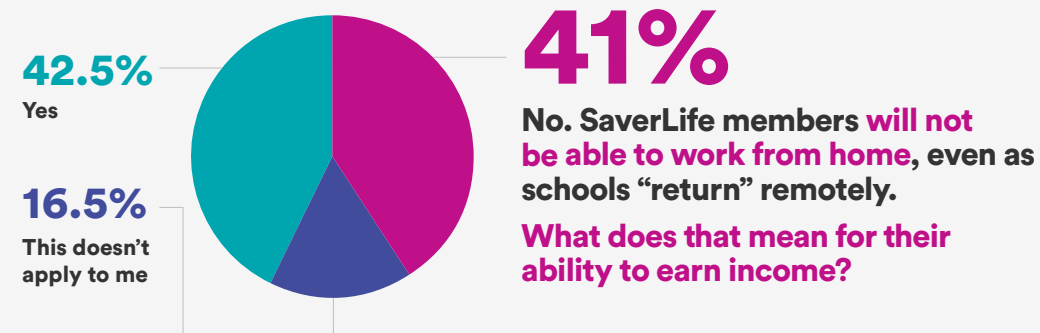


20%
of people will only be able to cover **one month** with savings

We found that most of SaverLife's members will deplete their savings within a month, and nearly all of them will deplete their savings in three months.

And this is especially true of the new reality parents—including the 84% of SaverLife With many education systems forced to open virtually due to continued outbreaks of the virus, parents had to scramble to balance work and the loss of the childcare and food that the school system provided.

Do SaverLife members who expect their kids to have remote schooling have an ability to work from home?



41%
No. SaverLife members **will not be able to work from home**, even as schools "return" remotely.
What does that mean for their ability to earn income?

Rhiannon's daughter has an autoimmune disorder. When the pandemic began, her husband took a leave of absence from work to care for their kids at home, which decreased their income and increased expenses. "We were spending more on groceries than normal. We used credit cards and saved everything we could. We didn't do any unnecessary spending."



– Rhiannon

For members, virtual learning means more expenses and for many, less income. For many members, working at home is not an option. The expectation that parents will also oversee their children's remote education means they may not be able to continue working at pre-pandemic levels. More and more families are suffering the loss of unemployment benefits while figuring out how to create their own safety nets.

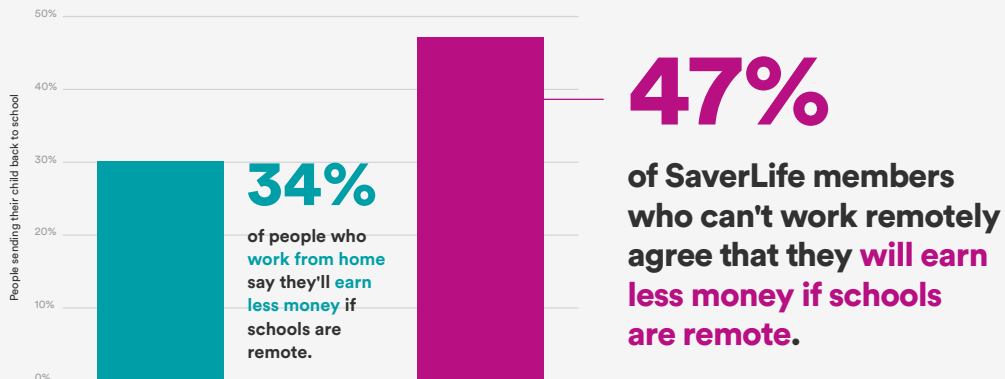


How Much Do You Agree with this Statement:

"My Household Expenses Will Increase if Schools are Remote?"



Will You Earn Less Money If Schools Are Remote In the Fall?



"We are not sending our two boys back this fall. We are lucky that our district is offering remote options and my spouse and I work opposite shifts so we can make that work. I feel for parents who have more complicated factors to consider."



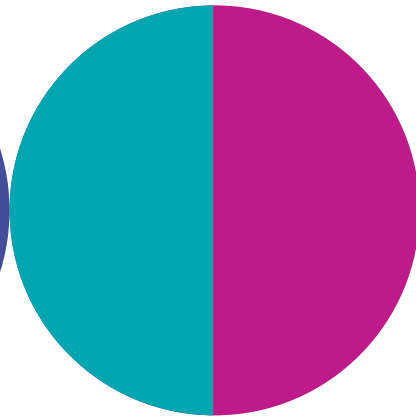
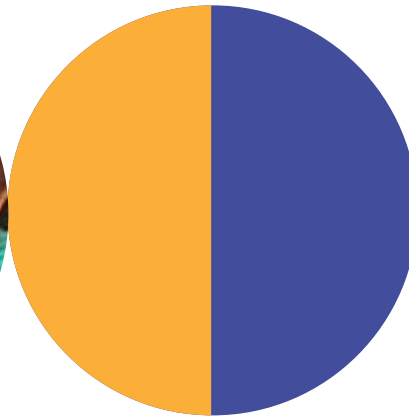
– Adrienne L.

Conclusion

It seems remarkable that March—the start of shelter-in-place and the economic fallout from COVID-19—was just six months ago. As a nation, these past six months have been unprecedentedly difficult, and these difficulties have been more pronounced for SaverLife members—families living closer to the poverty line, relying on the social safety net, and now, often unsure of what tomorrow brings and how they will feed their families.

We continue to be blown away by the resiliency of our members. They prepared as best they could for prolonged economic turmoil, but there is only so much they can do alone. The uncertainty about economic recovery, high unemployment rates, and remote schooling add additional pressure to peoples' finances.

We urge policymakers, philanthropy, business leaders, nonprofits and our communities to come together to truly understand the ongoing economic fallout from this pandemic and the need for a cohesive and urgent response. This is not a passing problem for our members. The thin safety net they had in early 2020 has been completely eradicated by the pandemic, and the impacts will be long lasting. One thing we are certain of is that our mission to create prosperity for working families through meaningful and systemic change has never been more important.



SaverLife (formerly EARN) is a nonprofit on a mission — to inspire, inform, and reward the millions of Americans who need help saving money. Through engaging technologies and strategic partnerships, we give working people the methods and motivation to take control of their financial future.

For more SaverLife research, please visit about.saverlife.org/research