

*What Does the Federal Reserve Tell Us
About the Impacts of COVID-19 on Savings
and Retirement?*

Source: U.S. Federal Reserve, "Report on the Economic Well-Being of U.S. Households in 2020," May 2021*

- ✓ Of adults with less than a high school degree, 6 percent said their usual bank account balances, after paying monthly bills, increased in the previous year, while 25 percent said their usual balances declined. Among adults with at least a bachelor's degree, this pattern is reversed (p. 3).
- ✓ More than one-fourth of adults were unable to pay one or more bills in full that month or were one \$400 financial setback away from being unable to pay them (p. 4).
- ✓ 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 (p. 35).
- ✓ Of adults who retired in the past year, 29 percent said factors related to COVID-19 contributed to when they retired. Compared to other retirees, recent retirees whose retirement decisions were related to COVID-19 were less likely to say they retired because they reached a normal retirement age. Collectively, health problems, caring for family, and lack of work contributed to the timing of retirement for 45 percent of retirees (p. 69).
- ✓ Although three-fourths of non-retired adults had at least some retirement savings, about one-fourth did not have any (p. 71).
- ✓ While most non-retired adults had some type of retirement savings, only 36 percent of non-retirees thought their retirement saving was on track. 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 (p. 72).
- ✓ Of non-retirees who experienced a layoff in the past year, 42 percent 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 layoff (p. 72).
- ✓ 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 (p. 73).
- ✓ Of those with account balances under \$50,000, 15 percent borrowed from, or cashed out, these retirement accounts, compared with 9 percent of those with account values of \$50,000 or more (p. 73).
- ✓ More than 6 in 10 non-retirees with self-directed retirement savings expressed low levels of comfort in making investment decisions about their accounts (p. 74).

* The facts highlighted here are as they are presented in the 2021 "Federal Reserve Report on Economic Well-Being." Read the report [here](#).