

Inclusive & Resilient Recovery

Household Financial Well-Being in the Southeast

 Federal Reserve Bank of Atlanta
Community & Economic Development

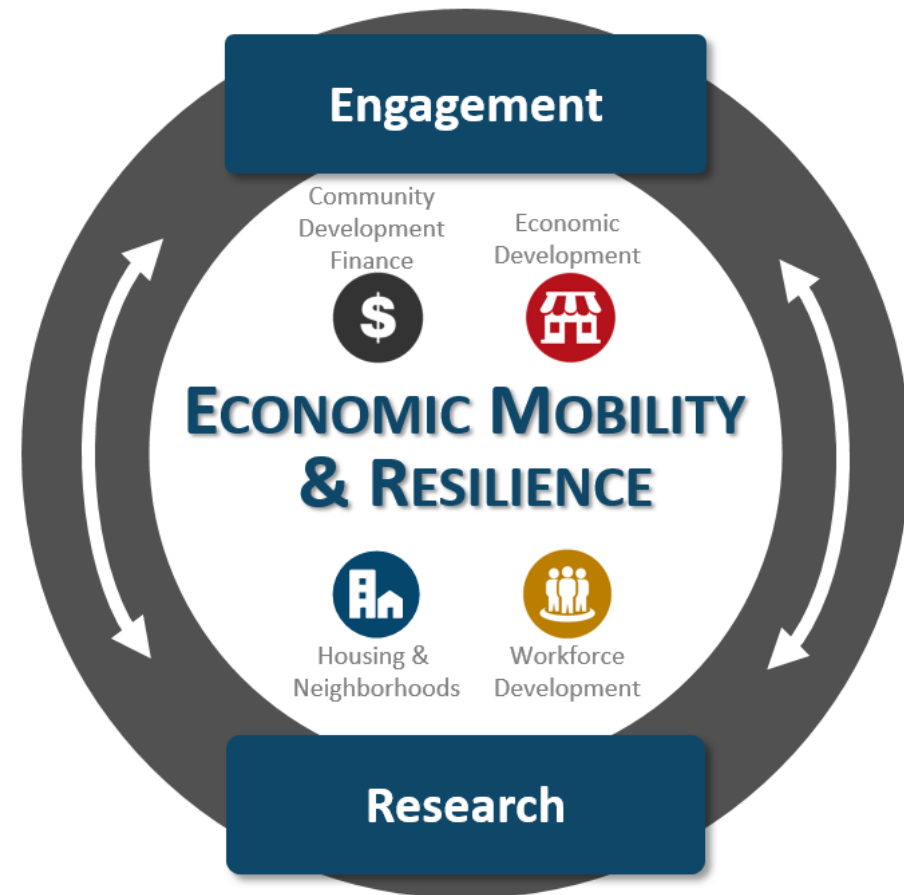


Community & Economic Development (CED) at the Atlanta Fed

MISSION

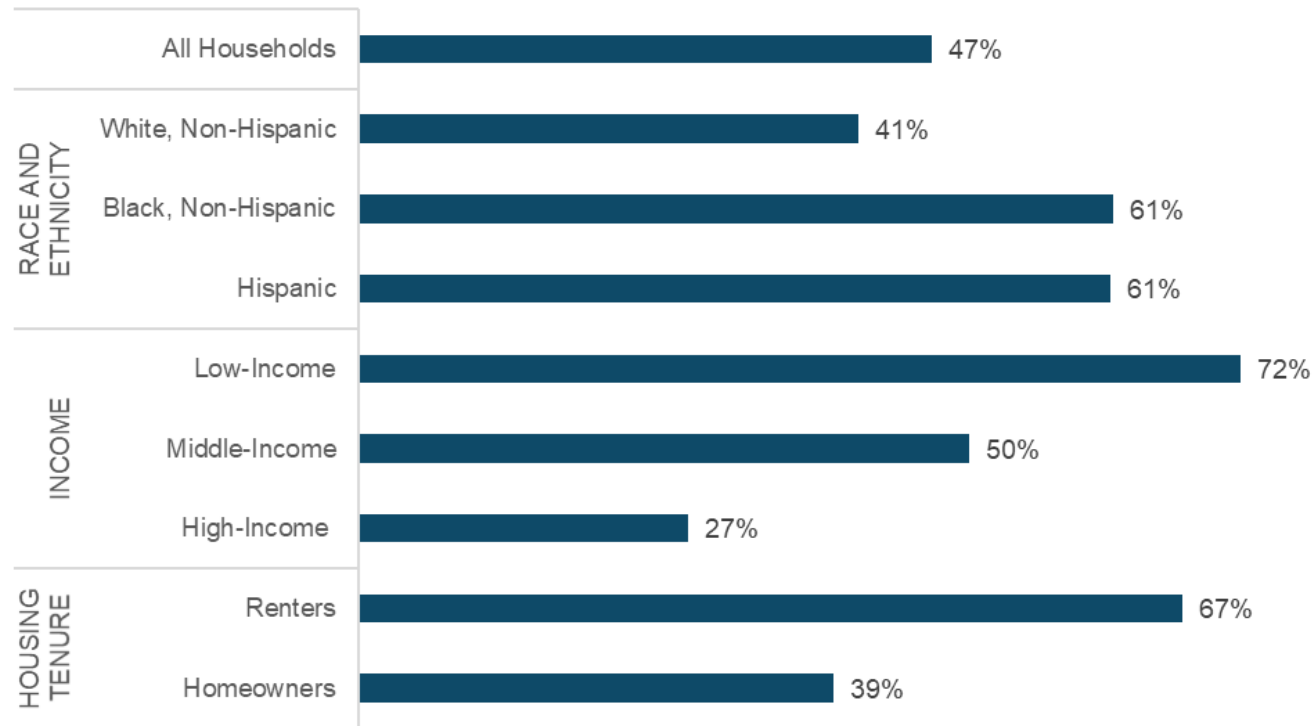
Support the Central Bank's mandate of stable prices and maximum employment by working to improve the **economic mobility and resilience** of people and places for a healthy economy.

To access our papers, data tools, and other resources visit [the CED webpage](#).



Disparities in pre-pandemic savings existed across income level, housing tenure, and race and ethnicity

Chart 1: National Share of Households without a Three-Month Rainy Day Fund by Sociodemographic Group (October 2019)

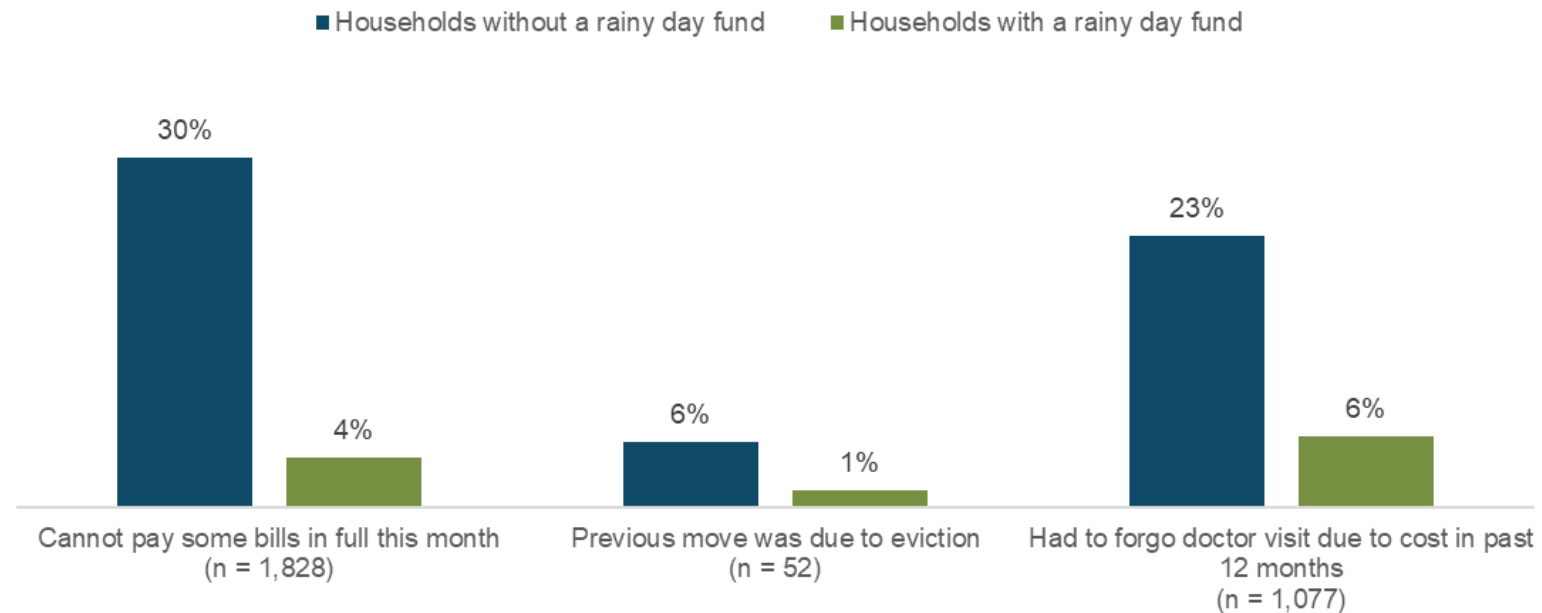


Notes: National population weights are applied to these data; n = 12,173; the SHED defines a "rainy day fund" as three months of saved income; the SHED defines "Low-Income," "Middle-Income," and "High-Income" at a national level according to the following household income ranges, respectively: less than \$40,000, \$40,000 to \$100,000, and greater than \$100,000.

Sources: Federal Reserve Board's 2019 Survey for Household and Economic Decisionmaking (SHED), authors' calculations

Less available savings was associated with higher likelihood of hardship pre-pandemic

Chart 2: National Comparison of Rainy Day Fund Availability with Hardship Experiences, Share of Households (October 2019)

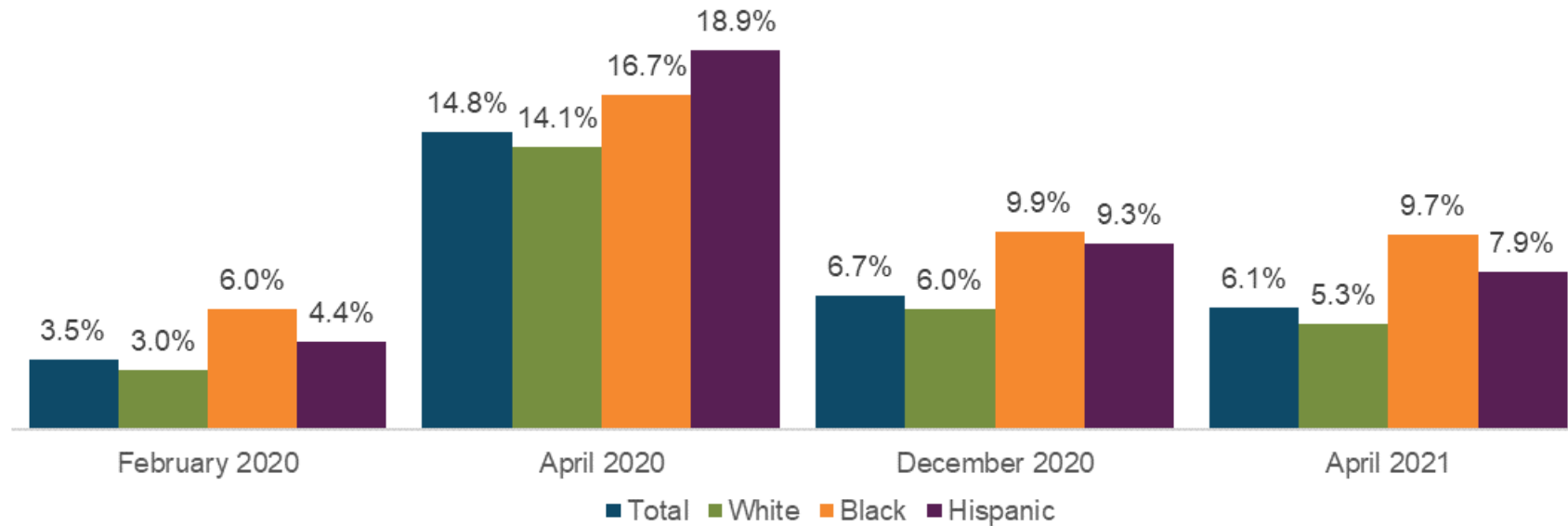


Notes: National population weights are applied to these data; the SHED defines a "rainy day fund" as three months of saved income.

Sources: Federal Reserve Board's 2019 Survey for Household Economics and Decisionmaking (SHED), authors' calculations

Black and Hispanic workers were disproportionately represented in unemployment data

Chart 3: National Unemployment Rates by Race and Ethnicity



Source: U.S. Bureau of Labor Statistics, labor force statistics from the Current Population Survey: household data, seasonally adjusted, employment status (Tables A-3 and A-4), last accessed 05/11/2021

Household Financial Well-Being in the Southeast

Moderator

Julie Siwicki

Community and Economic Development Adviser
Federal Reserve Bank of Atlanta

Panelists

Genevieve Melford

Director of Insights and Evidence
Aspen Institute Financial Security Program

Irene Skricki

Senior Financial Education Program Analyst
Consumer Financial Protection Bureau

Andy Posner

Founder and CEO
Capital Good Fund

Monica Rodriguez Lucas

Immigration Loan Specialist
Capital Good Fund

Hope Wollensack

Senior Strategist, Economic Security Project &
Director of Old Fourth Ward Guaranteed Income Initiative
Office of Atlanta City Council Member Amir Farokhi

What is financial well-being?

A state of being reflecting a person's ability to meet current and ongoing financial obligations, feel secure in their financial future, and make choices that allow enjoyment of life.

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals



Consumer Financial
Protection Bureau

How do you measure it? The CFPB Financial Well-Being Scale

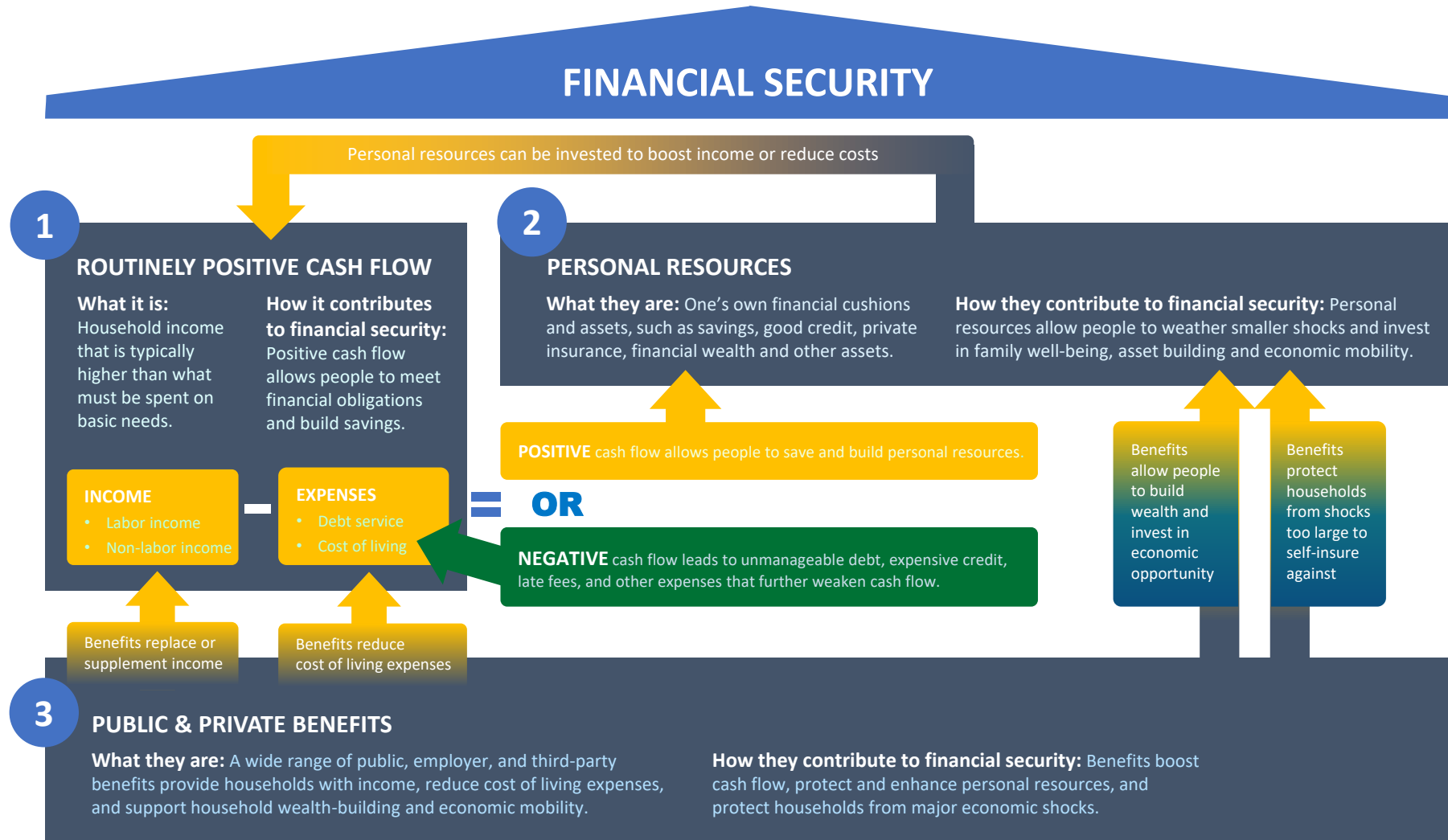
Questions	Response Options
<p>How well does this statement describe you or your situation?</p> <ol style="list-style-type: none">1. I could handle a major unexpected expense2. I am securing my financial future3. Because of my money situation, I feel like I will never have the things I want in life4. I can enjoy life because of the way I'm managing my money5. I am just getting by financially6. I am concerned that the money I have or will save won't last	<ul style="list-style-type: none">• Describes me completely• Describes me very well• Describes me somewhat• Describes me very little• Does not describe me at all
<p>How often does this statement apply to you?</p> <ol style="list-style-type: none">1. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month2. I have money left over at the end of the month3. I am behind with my finances4. My finances control my life	<ul style="list-style-type: none">• Always• Often• Sometimes• Rarely• Never

How do people achieve financial well-being?

Research provides 3 key insights:

1. Cash flow is the foundation of financial life.
2. Liquid savings are a key barometer of financial security.
3. People cannot fully self-insure all the time. Safety nets are essential.

A New Framework for Financial Security



Financial well-being score ranges

VERY LOW 0-29	LOW 30-37	MEDIUM LOW 38-49	MEDIUM HIGH 50-57	HIGH 58-67	VERY HIGH 68-100
People in these ranges tend to experience the following:					
<ul style="list-style-type: none"> Just 5% are certain they could come up with \$2,000 for an emergency. Most (82%) sometimes or often experience food insecurity or food hardship. Almost all (96%) find it somewhat or very difficult to make ends meet. 	<ul style="list-style-type: none"> Few (23%) habitually save and only some (38%) have more than \$250 in liquid savings Just 12% always stay on budget Nearly half (45%) have experience with debt collectors. 	<ul style="list-style-type: none"> Most (60%) have minimal savings of \$250 or more, but only 30% have \$2,000 or more Almost all (80%) find it somewhat or very difficult to make ends meet. Some (32%) have had a credit application rejected or are concerned about credit rejection. 	<ul style="list-style-type: none"> More than half (55%) have automated deposits into a savings or retirement account. A minority (32%) always pay off credit cards in full. Few (16%) sometimes or often experience food insecurity or hardship. 	<ul style="list-style-type: none"> The vast majority (81%) are certain they could come up with \$2,000 for an emergency. Just 35% always stay on budget. Very few (6%) have experienced a credit rejection or are concerned about credit rejection. 	<ul style="list-style-type: none"> Most have high levels of savings; 80% have \$10,000 or more in liquid savings. The majority (69%) make automated deposits into a savings or retirement account. Most (81%) have health insurance.

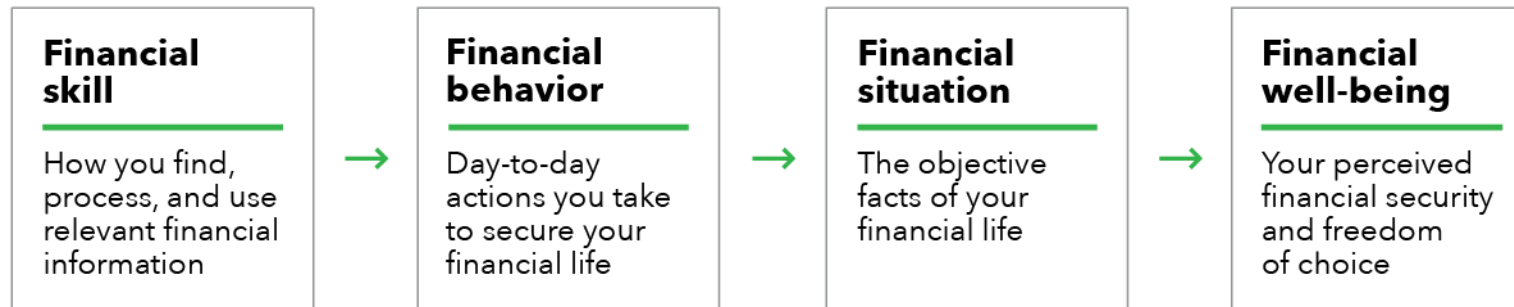


Consumer Financial
Protection Bureau

Average score = 54

“Pathways to financial well-being” findings

Bureau research suggests that financial education can help consumers improve their financial situations and ultimately, financial well-being, by helping them to improve their financial skill and financial behavior.



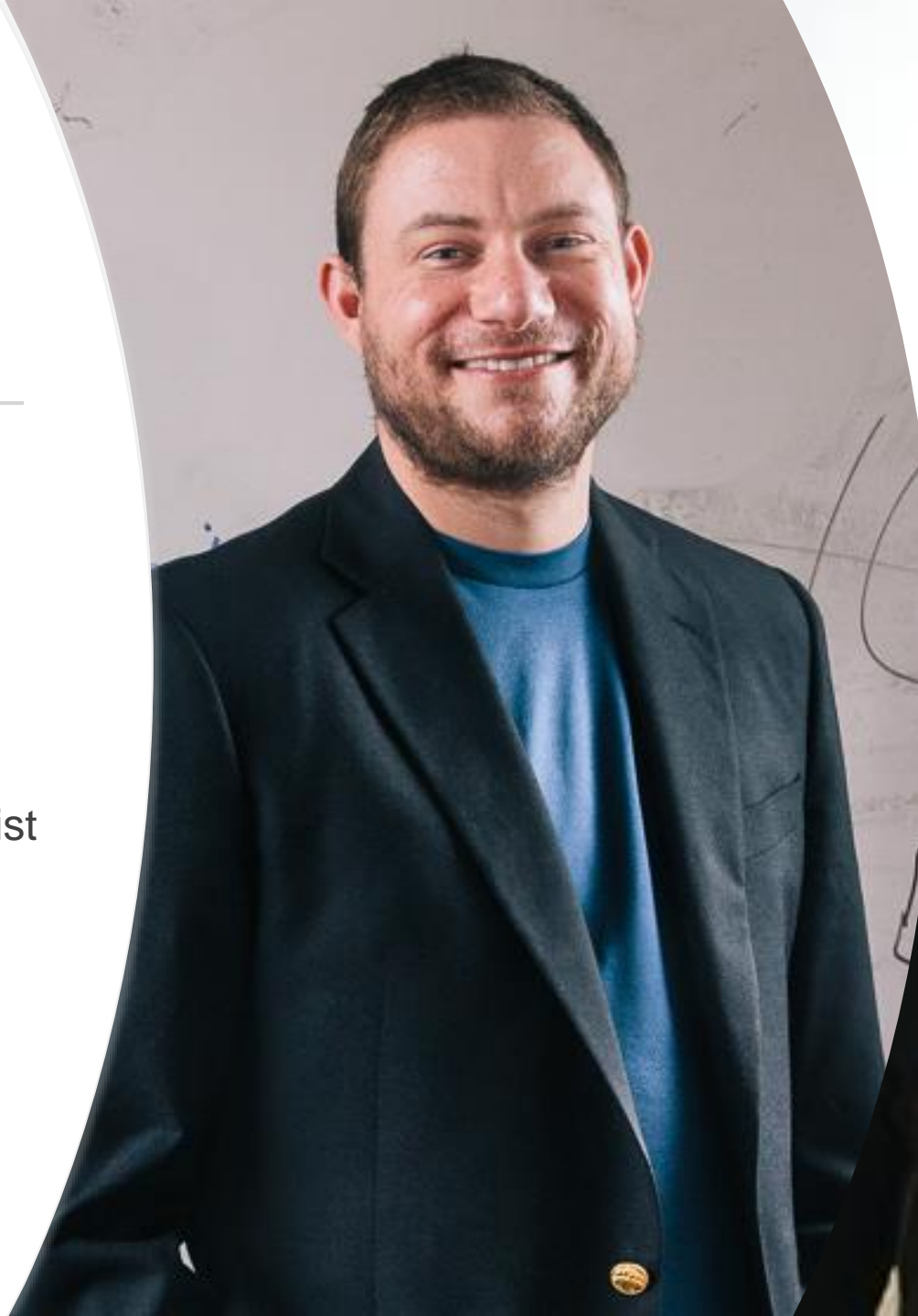
Speakers

Andy Posner

Founder & CEO

Monica Rodriguez Lucas

Immigration Loan Specialist



Bridging Cash Flow – Equitable Small-Dollar Loans

Crisis Relief Loan

\$300 – \$1,500
5% APR

Credit Builder Loan

\$60 - \$180
0% APR

Auto Refi Loan

\$6K–\$25K |
7% – 17.99% APR

Immigration Loan

\$2K – \$20K
12% - 15.99%
APR

Weatherization Loan

\$500 – \$50K
7.99% - 9.99%
APR

Impact Plus Loan

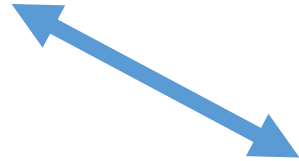
\$1,501 - \$3,500 |
12% - 18% APR

Available Now

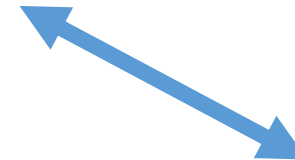
Available Q3 2021

Our Response to COVID-19

**Crisis Relief
Loan**
\$300 – \$1,500
5% APR



**Deferments &
Loan
Restructures**
~15% of Clients



**Crisis Financial
Coaching /
Hotline**

Trends Due to COVID-19

- Crisis Relief Loan applicants were better off than expected:
- State and federal policy make a huge difference
- Tremendous stress, strain, and anxiety
- FL economy is “open” – families in impossible bind
- 10% of Crisis borrowers are self-employed vs 5% typically



Michele Hamed and Family



O4W

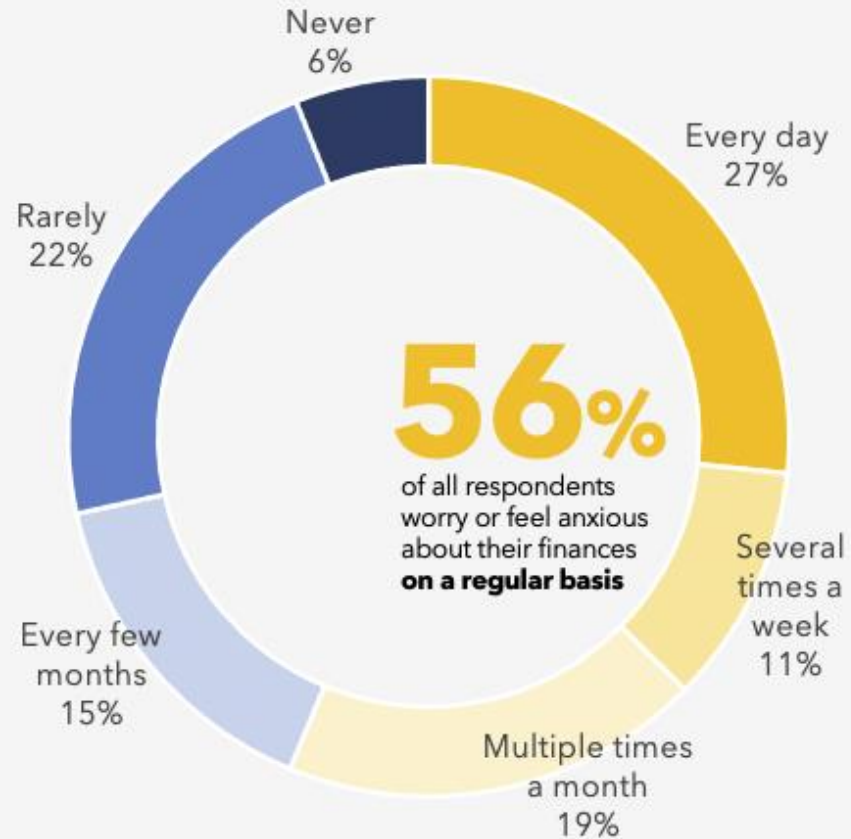
COMMUNITY SURVEY

ON FINANCIAL WELL-BEING

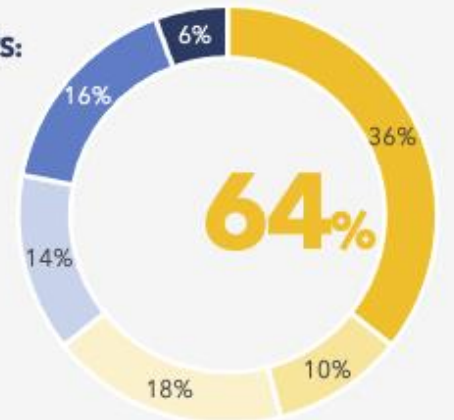
Over half of respondents **worry about their financial security** on a regular basis, with Black residents 3x more likely than their white neighbors to report such anxiety every day.

SURVEY: How often do you worry or feel anxious about your finances?

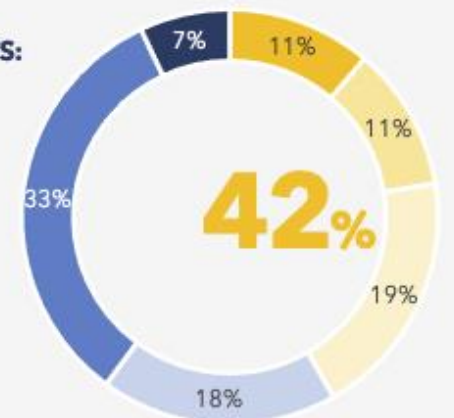
ALL RESPONDENTS:



BLACK RESPONDENTS:



WHITE RESPONDENTS:



If given an increase in income, Black respondents are more likely to spend on **basic needs** like housing, food, or health care than their white neighbors.

SURVEY: Impact of Guaranteed Income

If you were given an extra \$500 every month, what are the ways you might spend it? Please select all that apply.



RENT & UTILITIES

Black respondents: 72%
White respondents: 18%
All respondents: 50%



FOOD & GROCERIES

Black respondents: 68%
White respondents: 23%
All respondents: 51%



SAVE FOR FUTURE EMERGENCIES

Black respondents: 55%
White respondents: 47%
All respondents: 52%



PAY OFF DEBT

Black respondents: 42%
White respondents: 36%
All respondents: 40%



PERSONAL ITEMS/SERVICES FOR MY FAMILY*

Black respondents: 34%
White respondents: 12%
All respondents: 25%



HEALTH CARE COSTS

Black respondents: 32%
White respondents: 11%
All respondents: 25%

*e.g., clothing, electronics, hair care, childcare, etc.

OTHER CHOICES

	Black resp.	White resp.	All resp.
Save for a large future expense (e.g., home, car, etc.)	26%	31%	28%
Miscellaneous expenses (e.g., fixing your car, household repairs)	25%	26%	25%
Education costs (for myself or a family member)	13%	11%	12%
Give it to loved ones who need it more than me	13%	30%	20%
Other	3%	13%	7%
None of the above (exclusive choice)	1%	2%	2%

Feeling of Financial Security

Residents told us a financially secure life looks like...

- **being able to afford basic necessities**, including transportation, childcare, being able to save for an emergency or for a medium purchase like a dresser or items for children.
- **occasionally spending on enjoyment** like a family vacation or being able to afford something nice for themselves and children.
- **more time with less stress** to spend with their children.
- **not just scraping by**. Most residents expressed a desire to move to better housing, however, they would need long-term increase in income to feel secure or a significant transfer.

“There are times when I can’t buy the hair bows for my daughter. I’d like to be able to buy her hair bows without having to think about it.”

“We don’t have the kinds of resources [to move]. Even if you have a home or a job there are things that keep you back like needing a babysitter or transportation... When you do get the job, they take the resources you were using to get by, for example, food stamps. Your rent will go up. Your rent will go up and you can’t pay that. They take it away before we can even get to the next level.”

“Financial security looks like being able to save money. Right now, I am not making enough money to save.”

Resources from the Atlanta Fed & the Federal Reserve System

Focused on People:

[Financial Resilience Challenges during the Pandemic](#)

New research drawing on the Survey of Household Economics & Decisionmaking

[Advancing Careers](#)

Partnerships and data to improve employment, safety net systems, and career pathways

[Unemployment Claims Monitor](#)

Data insights on unemployment insurance claims including the Pandemic Emergency Unemployment Compensation

Focused on Communities:

[Renter Households Vulnerable to COVID-19](#)

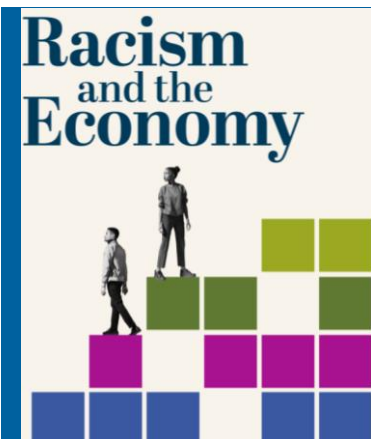
Data tool estimating which households are susceptible to COVID-19-related job loss by income, cost-burdened status, region, and race

[Small Businesses of Color Recovery Guide](#)

Guide to assist communities nationwide in supporting SBOCs as they recover from the economic crisis

[Small Business Credit Survey: 2021 Report](#)

Documents the toll the COVID-19 pandemic took on small businesses in 2020



Wednesday,
June 2
Focus on
Entrepreneurship

Join us at FMC

Online May 17–18

Scan the QR code to access the live stream of all speakers and panelists at our 25th annual Financial Markets Conference.



Federal Reserve
Bank of Atlanta

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- You can also reach us at Julie.Siwicki@atl.frb.org

