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Perceptions of Financial Insecurity in America

A National Survey of Working People in the United States

JULY 2020

Acknowledgements

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Commonwealth strengthens the financial opportunity and security of financially vulnerable people by discovering ideas, piloting solutions, and driving innovations to scale. For nearly two decades, Commonwealth has designed effective innovations, products, and policies enabling 750,000 people to accumulate more than $3 billion in savings. Commonwealth understands that broad changes require market players to act. That's why we collaborate with consumers, the financial services industry, employers, policymakers, and mission-driven organizations. The solutions we build are grounded in real life, based on our deep understanding of people who are financially vulnerable and how businesses can best serve them. To learn more, visit us at www.buildcommonwealth.org.

MetLife Foundation

MetLife Foundation is committed to expanding opportunities for the world's most vulnerable people. They partner with nonprofit organizations and social enterprises to create financial health solutions and build stronger communities, while engaging MetLife employee volunteers to help drive impact. MetLife Foundation was established in 1976 to continue MetLife's long tradition of corporate contributions and community involvement. From its founding through the end of 2019, MetLife Foundation provided more than $860 million in grants and $85 million in program-related investments to make a positive impact in the communities where MetLife operates. To date, their financial health work has reached 13.4 million low-income individuals in 42 countries. To learn more about MetLife Foundation, visit metlife.org.

About *MetLife Foundation's Financial Opportunity Project*

Decades of research points to the material, psychological, and social value of wealth. Yet, building financial security is a persistent challenge for lower-income Americans who continue to become less wealthy, not more. In fact, nearly 40 percent of people in the United States cannot cover an unexpected $400 emergency expense, according to the Federal Reserve.

MetLife Foundation's Financial Opportunity Project aims to reverse this trend. **The four-year initiative, implemented by Commonwealth with generous support of MetLife Foundation**, will uncover and highlight new consumer insights and pilot practices to enable wealth creation for millions of low-income individuals and families over time.

The findings, interpretations, and conclusions expressed in this report--as well as any errors-- are Commonwealth's alone and do not necessarily represent the views of its funders or Collaborative members.

This report provides business and human resource leaders data and actionable insights on the perceptions of financial insecurity in the United States. To learn more about financial insecurity, its impact on your business, and specific actions your organization can take to improve financial security for your employees and customers, contact Commonwealth:

FOProject@buildcommonwealth.org.

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81%

Said financial insecurity is a big problem

Most respondents said that financial insecurity is a problem and that it can happen to people of all income levels. More than half said it is common for people to fall in and out of financial insecurity.

Executive Summary

An Unprecedented Opportunity for Business and Policy Leaders

As we release this report, America faces a reckoning. As a country, we have undergone more change and collective trauma than at any point in recent memory. The fragility of our institutions, our finances, and our identities has shaken us to our core. The need for change feels new, and urgent, to many. The economic collapse caused by the advance of COVID-19 and the widespread recognition of racial injustice are shining a light on long-standing issues within our financial system--issues that many Americans acknowledged long before these events.

The findings in this report, Perceptions of Financial Insecurity in America, are the result of a representative national survey of 2,000 workers at all income levels, prior to the onset of COVID-19 and its accompanying economic devastation. The survey results provide context to the experience and perceptions of financial insecurity in America: its pervasiveness, causes, and who should help address it. They also highlight Americans' experience with financial insecurity and set the groundwork for more productive, empathetic conversations from key stakeholders on creating financial opportunity for all.

As we begin to think about our financial recovery, it's important that we understand returning to the status quo isn't good enough. Strikingly, over 80% of respondents indicated that financial insecurity was a major problem for America and 85% indicated that it could happen at any income level. Amid low unemployment rates and a soaring stock market, three in four Americans reported that they had personally experienced financial insecurity. The majority also believed that institutions--employers, government, and financial institutions--have an important role to play in addressing worker financial security.

There has perhaps been no other time in modern American history where its institutions--both public and private--have reacted so swiftly to economic and racial justice crises. The federal government's fast-moving stimulus package aimed to rescue Americans from immediate financial ruin. Business leaders' responses to Black Lives Matter protests have emphasized action, not just rhetoric, in addressing systemic racism.

This unprecedented response places us at a crossroads, with an opportunity to chart a new course that secures Americans' financial futures. Should we fail, we put the American economy--and credibility of its institutions--at risk.

Financial insecurity is a widespread problem demanding the attention of our nation's largest and most influential private and public institutions. It is both a responsibility and an opportunity. We must commit to an equitable and secure economy, attend to the structures and incentives--large and small--that have created our current predicament, and share our vision across sectors and ideologies.

Returning to America prior to the upheaval of 2020 is not good enough. For those with a vested interest in addressing financial security--and to be clear, that's nearly everyone--we have an opportunity to light a pathway for America's institutions and financial system to make a secure, equitable economy a primary long-term goal, with moral and practical rewards across society. Our goal must be financial security and opportunity for all.

Key Findings

Changing the landscape of financial opportunity in America must begin by truly understanding the current landscape. With the support of MetLife Foundation, Commonwealth conducted a national survey of 2,000 American workers to learn more about their perceptions on financial security, with the goal of informing our work and providing business and policy leaders with data and actionable insights.

This perception survey sought to understand the following questions:

- What are perceptions on the pervasiveness of American's financial insecurity?
- What are people's personal experiences with financial insecurity?
- What do people see as causes of financial insecurity?
- Who do people believe is responsible for "solving" the financial insecurity in America?

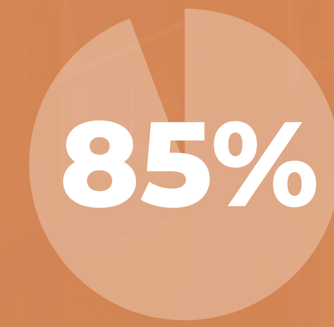
Our findings are telling in that they indicate people's dissatisfaction and concerns about financial security even before the country descended into a pandemic-driven shutdown and recession.

Financial insecurity was widely seen as a significant problem. A stunning 81% of American workers believed that financial insecurity is a problem. A majority--75 %--have had some experience with financial insecurity themselves, and 85% saw financial insecurity as a problem that can happen to anyone, no matter their income level.

A majority of respondents saw external forces as a major factor in financial insecurity. Only 30% of respondents attributed financial insecurity to primarily personal behaviors like overspending or having a poor work ethic. The significant majority (70%) pointed to causes beyond individuals' control, including systemic issues, the rising cost of living, stagnant wages, and racial and gender pay disparities. Half of respondents agreed that historical discriminatory practices continue to prevent People of Color and women from having equal access to financial opportunities today.

Experience influences perceptions on the causes for financial insecurity. Unsurprisingly, life experience and demographics influenced the perceptions of the causes of financial insecurity. Black respondents, women, those making under $60,000, and those currently experiencing financial insecurity were more likely to identify the significant role of external factors.

No matter perceptions on causes, respondents believed institutions have an important role to play in addressing financial security. A majority of respondents believed that private and public institutions have a critical role to play in financial security, with employers, financial institutions, and government named as the top three sectors.



said financial insecurity can happen to people of all income levels

reported having experienced financial insecurity

30%

attributed financial insecurity to primarily personal behaviors like overspending or having a poor work ethic

70%

endorse the role of external factors in financial insecurity such as rising cost of living and gender/race inequality in the workplace

agreed that historical discriminatory practices continue to prevent People of Color and women from having equal access to financial opportunities today

Context of Current Events

Financial Insecurity During a Pandemic

Commonwealth conducted its national survey of perception of financial insecurity at a time when the economy was strong --at least by traditional metrics such as the unemployment rate, stock market performance, and consumer confidence. However, that seemingly rosy environment masked a different financial reality for a significant portion of the population. Even as the Bureau of Labor Statistics reported unemployment hovering under 4%, up to 78% of Americans reported living paycheck to paycheck. Prior to the pandemic, nearly 40% of the U.S. population could not muster $400 to manage an emergency, many regularly experienced significant income and expense volatility, and relatively few people were financially prepared for retirement. Just over a third of Black workers and just under half of Latinx workers had access to paid leave for sickness, family care, or other needs.

In 2020, with millions of Americans experiencing layoffs and furloughs, financial insecurity has hit people living in the United States at all income levels, with the impact being hardest for financially vulnerable households. Many whose circumstances were already fragile find themselves in greater distress. Others may be confronting, for the first time, the shock of income loss leading to the inability to pay bills and meet basic needs. Our research, although conducted in a time of relative economic stability, has taken on added meaning in this new context of COVID-19.

The greater breadth and depth of financial vulnerability is undoubtedly changing how Americans view and understand the issue. The financial difficulties of the millions of Americans who lost work due to the pandemic is clearly not the result of poor personal choices, but rather society-wide decisions driven by public health considerations.

The insights gained from this first survey are relevant in guiding responses to the pandemic by American employers, financial institutions and government. These groups have an enormous opportunity--perhaps a mandate--to take action in ensuring improved financial security for their stakeholders and an inclusive recovery.

Financial Insecurity and Race

The months since Commonwealth fielded the perception survey have seen tremendous social upheaval. This is particularly true for the struggle to confront systemic racism. As of mid-2020, there is unprecedented corporate support for principles of racial equity, echoing the awakening in recent years among private and public institutions to acknowledge and address gender bias and inequality.

Financial insecurity engendered by centuries of systemic racism persists. The median net worth of White households was 10 times larger than that of Black households (eight times Latinx households, and 100 times households headed by Black women).

Working people in the United States are looking for key actors in the public and private sectors to address and end financial insecurity in this country--insecurity that is inexorably linked to race. The country's newfound response to race equity increases the relevance of our findings, which reveal disparities in how different groups experience and understand financial insecurity.

Even before racial injustices came to the forefront of national discussion, half of all survey respondents agreed that historical discriminatory practices continue to block People of Color and women from having equal access to financial opportunities today.

Respondents' race helped explain some of the largest differences in perceptions of the cause of financial insecurity as personal choices or external factors: Latinx respondents were 20% more likely and Black respondents 29% more likely to say that external factors such as the rising cost of living, stagnant wages, and racial and gender pay disparities were leading causes of financial insecurity. Gender was also a significant differentiator: compared to males, those identifying as female were 27% more likely to assign responsibility for financial insecurity to external factors.

Respondents were also asked if private and public institutions have a responsibility to help those experiencing financial insecurity. Those who view external factors as the leading cause of financial insecurity were more likely to believe that private and public institutions should do more to help; this group was far more likely to include Black and Latinx respondents. These respondents were 97% more likely to say that employers should be doing more to solve the financial institutions problem; 98% more likely to say the same for government; and 92% more likely to say the same for financial institutions. Notably, across all demographics, a majority believed employers, financial institutions, government and other institutions should do more to help.

Given long-standing economic disparities by race and gender in the United States, including systems that were in some cases designed to keep People of Color and women at a disadvantage, these groups acknowledged the important role of public and private institutions in addressing financial insecurity.

Private and public institutions must recognize that the experience of and perceptions of financial insecurity varies by race, and making financial security and wealth possible for all people--including Black, Latinx and women-headed households--will require institutional and systemic changes that recognize and overcome institutional racism.

Introduction / Background

Commonwealth is committed to making wealth possible for all Americans. We are transforming the financial landscape to enable all people to build liquid savings reserves and to begin to build long-term assets. We work to scale emergency savings opportunities, increase funds available for savings, foster new tools for building wealth, and make financial security a priority for market and policy leaders.

To craft the best approaches to address financial vulnerability and wealth creation, we sought to understand better how Americans perceive financial insecurity from both personal and systemic perspectives.

We conducted a nationally representative online survey that asked 2,000 working people living in the United States to share their thoughts. Appendix A describes the survey methodology. We were particularly interested in learning about perceptions of the prevalence of financial insecurity, the causes of financial insecurity, and what can be done about it. To provide context for understanding those viewpoints, the survey also asked respondents about their perspectives on the meaning of insecurity and its effects, their own financial circumstances, financial insecurity generally and their personal experiences with it, what they see as the causes, and who they think should be working on solutions. The survey results reveal a range of beliefs and attitudes about the American economy, why people are financially vulnerable, what should be done about it, and by whom. The survey also provided insights into differences among working people living in the United States in terms of their perceptions of financial insecurity; these variations have important implications for private and public efforts to reduce financial vulnerability. As additional background, Appendix B provides a demographic breakdown of survey respondents.

> "It's a scary situation to be in, worrying about having enough money to pay for the basics of life, housing, food, utilities, etc. It affects one's mental and physical health and is overwhelming. It takes everything you can do to just get through each day, let alone have time/energy/money to help advance your situation."
>
> \- Respondent

2,000

working people living in the United States were surveyed on their perceptions of financial insecurity.

Financial Insecurity in America

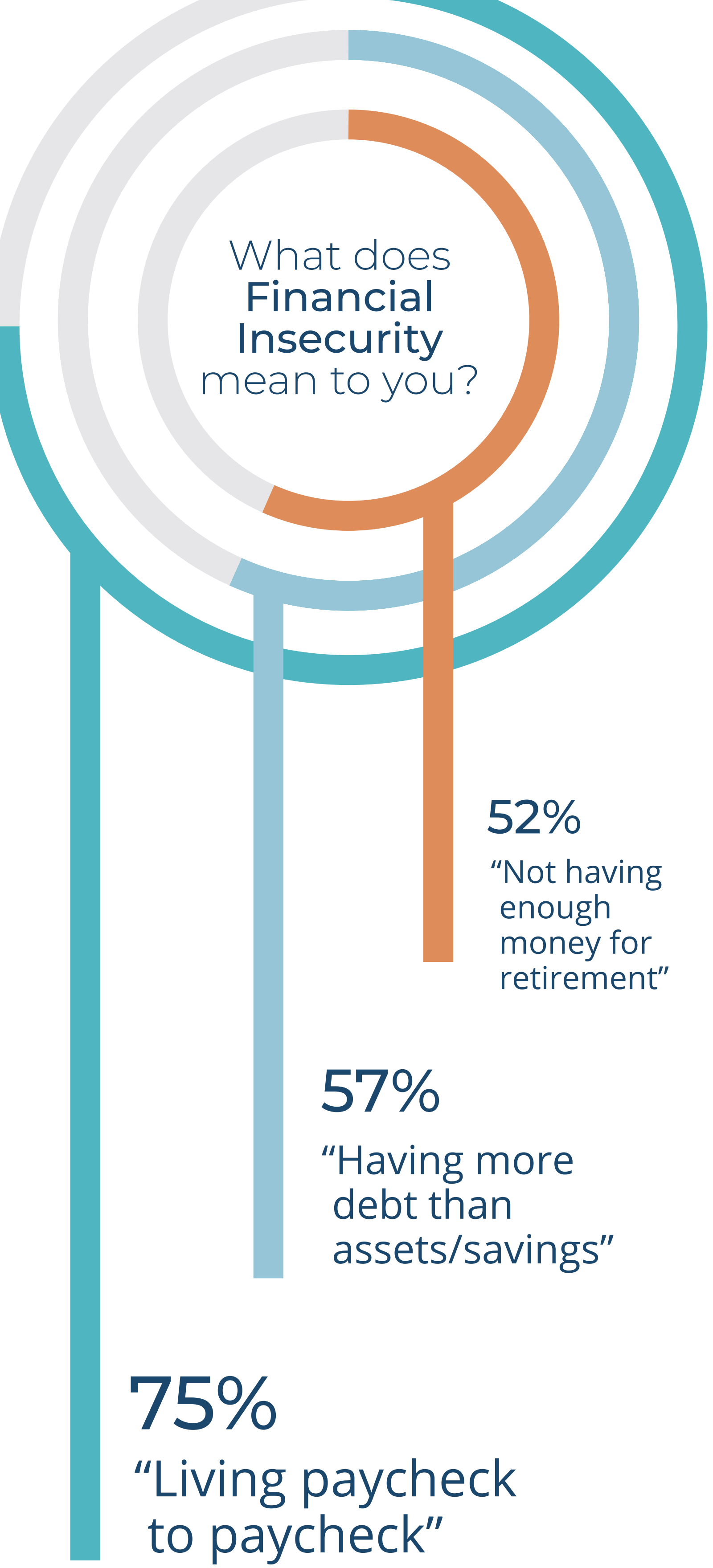
- Living paycheck to paycheck was the most common definition of financial insecurity, but a majority also identified having more debt than assets or savings as a definition.
- 81% said financial insecurity is a problem, and 85% believed financial insecurity can happen at all income levels.
- The most commonly cited effects of financial insecurity were the inability to meet financial goals and adverse mental health.

Overwhelming Agreement that Financial Insecurity is a Problem

Most respondents (81%) said that financial insecurity is a problem in the United States and that it "can happen to people of all income levels" (85% of respondents). More than half said "it is common to fall in and out of financial insecurity."

Women, those respondents without college degrees, entry- or intermediate-level workers, those very or extremely concerned about future experiences with financial insecurity, and those not comfortable with their current financial situation were especially likely to believe financial insecurity is a problem.

> "I just felt like I was behind all the time and the world wasn't even trying to help me."
>
> \- Respondent



Living Paycheck to Paycheck and Other Common Definitions of Financial Insecurity

The survey first asked What does the phrase 'Financial Insecurity' mean to you? and provided several response options. Seventy-five percent of respondents selected "living paycheck to paycheck." The next most frequent selection (57%) was "having more debt than assets/savings," followed by "not having enough money for retirement" (52%). Using these self-defined criteria, respondents estimated (on average) that just over half of Americans (53%) "are financially insecure."

Women and respondents identifying as White were more likely than men and People of Color to say financial insecurity means having more debt than assets. Older respondents were more likely to define it as not having enough money for retirement. Those with some concern about future experiences with financial security were more likely to think of it as not having the means to handle a financial shock. Women, those respondents without college degrees, and those in entry- or intermediate-level jobs estimated, on average, a higher percentage of Americans as being financially insecure than other respondents.

The survey instructed respondents to answer the remaining questions based on a definition of financial insecurity as either living paycheck to paycheck and/or not having the means to handle a financial shock.

Financial Insecurity Takes a Toll on Mental Health

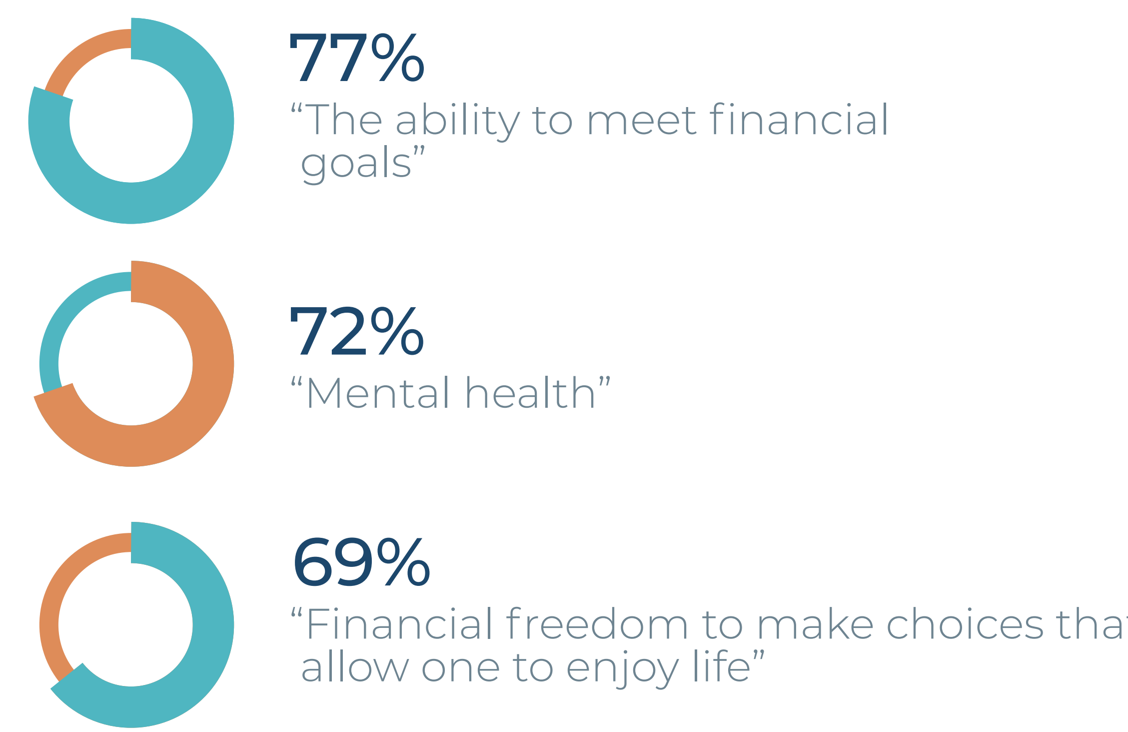
When asked what aspects of life financial insecurity affects, respondents most frequently picked "ability to meet financial goals" (77% selected it) and "mental health" (72%).

Those with financial insecurity experience, those not comfortable with their current financial situation, those with less than $400 in savings, and those financially responsible for children were especially likely to say the effects on mental health are the most harmful. Older generations were over twice as likely to select physical health as the most harmful effect of financial insecurity (13% vs. 6%).

Freedom to Make Choices is Common Definition of Financial Security

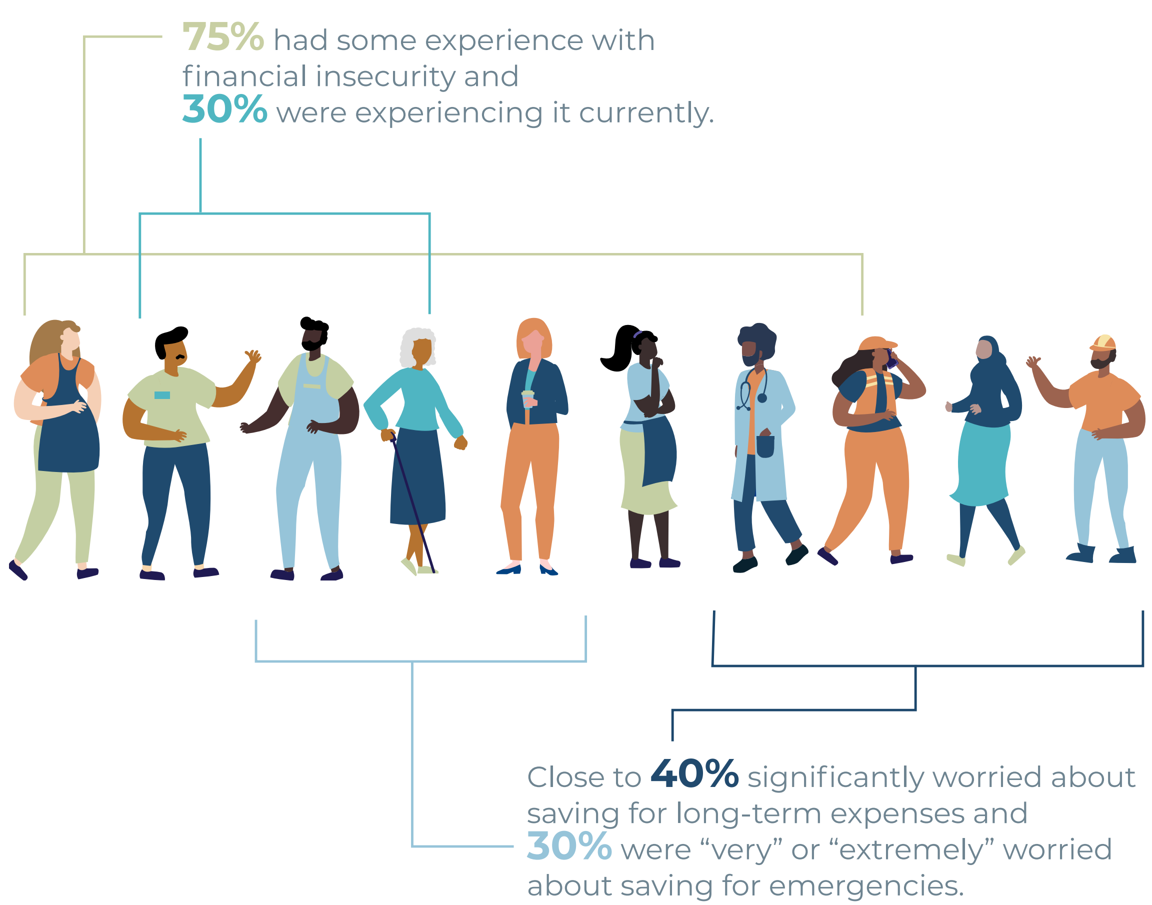
More than two-thirds of respondents also indicated that the "financial freedom to make the choices that allow one to enjoy life," "physical health," and the "ability to make long-term plans" also affected by financial insecurity.

What aspects of life does financial insecurity affect?

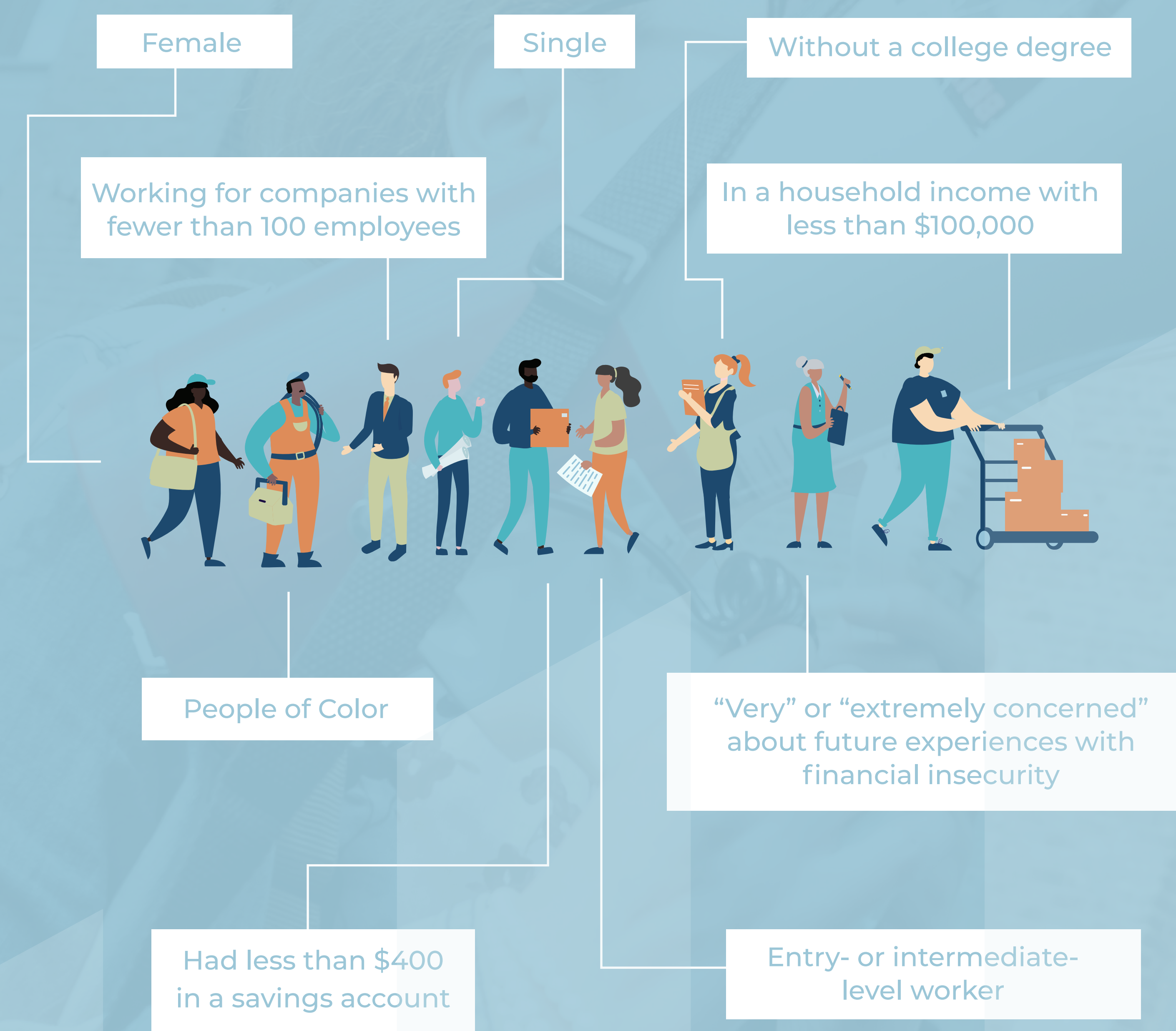


Most Working Americans Have Experienced Financial Insecurity

- 75% had some experience with financial insecurity.
- Nearly 40% significantly worried about saving for long-term expenses and 30% were very or extremely worried about saving for emergencies.
- Women, Black, Latinx people and those with less than $400 in savings were among those most likely to say they were currently struggling.
- Those who had experienced financial security before and had difficulty recovering were much more likely to be very or extremely worried about a future experience.



Respondents who were most likely to say they were struggling with their current financial situation included:



Most Have Some Experience with Financial Insecurity

Three-quarters (75%) of respondents reported having had some experience with financial insecurity. For most of those who had experienced it in the past but were not currently experiencing it, financial insecurity was not a momentary event: for nearly two-thirds, it lasted more than a year, and for 38%, the experience lasted longer than three years. For the 30% saying they were experiencing financial insecurity at the time of the survey, almost all (83%) said it was not the first time. The most common circumstances for those experiencing financial insecurity were "job loss/unemployment" and "expenses outweigh income/pay not equal to high cost of living." When asked to describe the thoughts or feelings associated with past or current financial insecurity, the most commonly cited was feeling "anxious/stressed/worried/fearful." Overall, six in 10 said it was "somewhat difficult" or "very difficult" to get out of their past experience with financial insecurity.

Women, households with incomes less than $100,000, those without college degrees, those very or extremely concerned about future experiences with financial insecurity, those not comfortable with their current financial situation, and those with less than $400 in a savings account were most likely to have had some past or current experience with financial insecurity. Those without a college degree were much more likely than those with a degree to say it was difficult to get out of a past experience with financial insecurity (67% vs. 49%).

> "It was very stressful knowing one false move and the house of cards could fall."
> - Respondent

75% of respondents reported having had some experience with financial insecurity

For nearly two-thirds, it lasted for more than a year

Over 40% Reported Just Getting By or Struggling

55% of respondents reported being "comfortable" or "very comfortable" with their current financial situation at the time of the survey, while 32% said they were "just getting by," and 13% were "struggling" or "really struggling." Similarly, just 18% said they were "very worried" or "extremely worried" about "paying for everyday expenses." However, 37% were very or extremely worried about "saving for long-term expenses" and 30% were very or extremely worried about "saving for emergencies."

> "I am always afraid that I could lose my job and therefore would not have financial security."
> - Respondent

Most Were Concerned About Future Financial Insecurity

Looking to the future, 62% of respondents said they were "slightly concerned" or "moderately concerned" about "experiencing financial insecurity," while 21% were "very concerned" or "extremely concerned," and 17% said they were "not at all concerned." Projecting what would happen if their primary job were lost tomorrow, 60% expressed some degree of confidence in their "ability to pay for necessities" in the next month (40% did not). The confidence lessened when looking ahead three months or more, with 31% saying they were "not at all confident" they would be able to pay for necessities six months out.

Respondents with financial insecurity experience, those not comfortable with their current financial situation, and those with less than $400 in savings were most likely to be very or extremely concerned about experiencing financial insecurity in the future.

Nearly 1/3 were "not at all confident" they would be able to pay for necessities six months out if their primary job were lost tomorrow.

Perceived Causes of Financial Insecurity

- 70% of respondents pointed to external factors as being equal or primary causes of financial insecurity, compared with personal choices.
- Women, Blacks, Latinx respondents, and those currently financially insecure were more likely to assign responsibility to external factors.
- Higher-earning households (over $60,000) and those older, married, and with college degrees were less likely to point to external causes.

Personal Choice and External Factors Categories Explained

A key goal of the Commonwealth survey was assessing perceptions of the causes of financial insecurity. The two broad categories presented were personal choices and external factors beyond one's control. Personal choice factors encompass things within one's own control, such as spending habits or work ethic. External factors include unexpected personal situations, such as traumatic life events and systemic influences such as the cost of living and the disproportionate impacts of inequality (such as gender and race wage gaps). To prevent influencing how people responded to the question of cause and responsibility, the survey questions were provided as a randomized list of choices; the "personal choice" and "external factor" category labels did not appear in the user survey.

Responsibility Categorization Summary

Personal: Choices

Credit card debt
Lack of financial education
Poor spending habits
Not keeping a budget
Indecision or inability to stick with a career path
Poor work ethic
Feeling entitled to lifestyle beyond your means
Poor investment decisions/investment loss

Personal: Unexpected

Unexpected loss of a job
Injury or unexpected medical expense
Traumatic life event
Divorce
Large unexpected expense such as a car or home repair
Death of a spouse
Having to be caregiver for friend or family member

Systemic: Inequality

Working in a nonunion job
Legal status impacting ability to work
Gender/racial inequality in the workplace
Age
Gender
Education status
Marital status
Lack of generational wealth or financial support from family

Systemic: Economic Factors

Working a minimum-wage low skill job
Slow wage increases
Rising cost of living
Student loan debt
Cost/affordability of healthcare
Cost/affordability of housing
Cost/affordability of education, including daycare

Overwhelming Majority Point to Role of External Factors

Survey responses paint a complex picture of how people perceive the role of personal decisions vs. external/systemic factors on financial insecurity. Unsurprisingly, life experiences and demographics substantially influence the perceptions of the causes of financial insecurity.

Yet even with that, only 30% of respondents attributed financial insecurity to primarily personal choices, such as overspending or having a poor work ethic. The significant majority (70%) pointed to the relevance of causes beyond individuals' control, including systemic issues such as the rising cost of living, stagnant wages, and racial and gender pay disparities. Among the majority, respondents either equally endorsed personal choice and external factors or endorse external factors more than personal choices.

Further, half of respondents also agreed with statements that historical discriminatory practices continue to limit People of Color and women from having equal access to financial opportunities today (roughly two in 10 disagreed).

Rising Cost of Living and Poor Spending Habits Among Those Specific Factors Singled Out

When choosing specific factors that had the biggest effect on financial insecurity, three were more commonly selected as leading causes: two personal (poor spending habits and credit card debt) and one systemic (rising cost of living). The rising cost of living and three other external factors (unexpected loss of a job, cost/affordability of healthcare, and working in a minimum wage, low-skill job) were also selected as leading causes.

A significant 75% of respondents said it was likely that someone raised in a financially insecure household would experience insecurity themselves. However, 94% said that once someone reaches adulthood, changes in their environment can affect their financial habits regardless of how they were raised.

Most respondents (89%) believed that the 2008 recession increased the number of people experiencing financial insecurity today.

70%

endorse the role of external factors in financial insecurity such as rising cost of living and gender/race inequality in the workplace

Gender and Race Among Factors that Influence Perceptions of Causes

Using multivariate modeling, Commonwealth identified the characteristics that make someone more likely to see responsibility for financial insecurity as being rooted in external and systemic factors, rather than personal choice.

Respondents' race accounted for some of the largest differences in assigning causation of financial insecurity to personal choices or external factors: Latinx respondents were 20% more likely and Black respondents 29% more likely to say that external factors such as the rising cost of living, stagnant wages, and racial and gender pay disparities were the leading causes of financial insecurity as compared with White respondents. Gender was also a significant differentiator: compared with males, those identifying as female were 27% more likely to assign responsibility for financial insecurity to external factors.

It stands to reason that respondents most likely to have first-hand experience of long-standing economic disparities based on race and gender in the United States--including systems that were, in some cases, designed to keep Black people, Latinx people and women at a disadvantage--would acknowledge the influence of these long-standing external factors.

Perceived Causes of Financial Insecurity[1]

More likely to assign causes to external factors		
Female	+ 27%	Compared with male respondents
Black	+ 29%	Compared with White respondents
Latinx	+ 20%	Compared with White respondents
Currently financially insecure	+ 41%	Compared with currently financially secure respondents
Less likely to assign causes to external factors		
Married	- 23%	Compared with single respondents
College degree	- 13%	Compared with respondents without a college degree
Income >60k	- 47%	Compared with respondents with income <60k
Decades of age	-15%	Decreased by 15% per decade of age

[1] Statistically significant findings from multivariate responsibility models analysis.

Responsibility for Addressing Financial Insecurity

- 65% of respondents said employers should be doing more to address financial insecurity.
- 58% believed financial institutions should be doing more. Over 50% believed government should be doing more to help.
- Among those who believed external factors primarily caused financial insecurity, 90% believed government should help, 85% looked to employers, and 70% to financial institutions.
- Even among those seeing personal choices as a leading cause, 48% believed employers should help, 45% looked to financial institutions, and 34% to government.

The Commonwealth survey asked respondents to select the private and public sectors currently doing the most to help those experiencing financial insecurity and the sector that should be doing the most. Most commonly selected as currently doing the most (by 30%) was nonprofit organizations.

A Majority Believed Institutions Should Do More to Help

Regarding who should be doing more, 65% of respondents said employers, 58% selected financial institutions and 55% said government should do more to help. On the other hand, 53% said nonprofit organizations were already helping enough, and 45% felt that way about religious organizations.

Using multivariate modeling, Commonwealth used the survey's nationally representative sample to assess the relationship between individual characteristics or perceptions and beliefs about the role of different private and public sectors in providing solutions to financial insecurity. The model found the following characteristics to be associated with statistically meaningful differences in views of who should help:

- View of responsibility for financial insecurity
- Age
- Race/ethnicity
- Marital status
- Income
- Current financial instability

Based on these categorizations, Commonwealth calculated the probability of believing that employers, financial institutions, or governments (federal, state, or local)[2] should address financial insecurity:

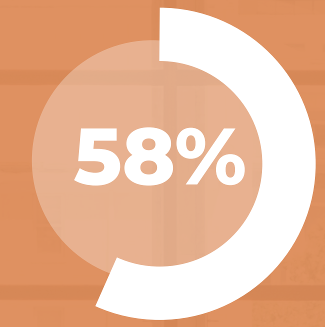
Probability of Endorsement as Source of Help

	Employers	Financial Institutions	Governments
Black	81%	72%	86%
White	65%	55%	60%
Income > $60,000	68%	n/a	n/a
Income < $60,000	60%	n/a	n/a
Married	63%	n/a	59%
Unmarried	71%	n/a	67%
Currently financially unstable	76%	64%	70%
Not currently financially unstable	62%	53%	59%
30-39 years old	72%	63%	90%
60-69 years old	62%	55%	69%
Believed personal choices a **leading cause** of financial insecurity	48%	45%	34%
Believed personal choices **not a cause** of financial insecurity	85%	70%	90%

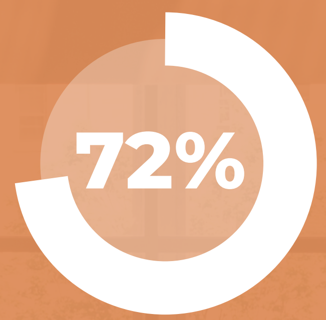
With the exception--across all three sectors--of respondents who believed personal choices are primarily responsible for financial insecurity, a majority of respondents in all the other groups believed employers, financial institutions, and government should be doing more to help those experiencing financial insecurity. Notably, even among those who believed personal choice is the leading cause of financial insecurity, 48% and 45% believed employers and financial institutions should help, respectively.

[2] The survey also found some statistically significant associations between some of the listed characteristics and attitudes about the role of unions, nonprofit organizations, or religious institutions in providing solutions to financial insecurity, but the probabilities were consistently lower than for employers, financial institutions, or governments.

Should Financial Institutions Do More to Help?



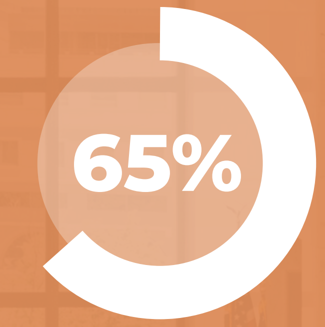
believe financial institutions should be doing more to help



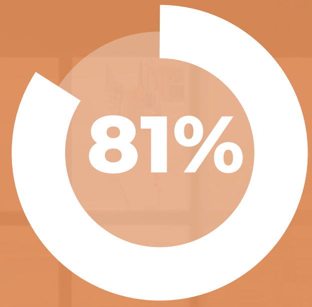
of Black respondents

of White respondents

Should Employers Do More to Help?



believe employers should be doing more to help



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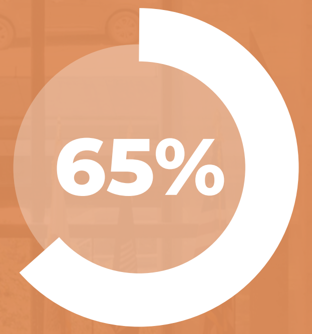

of White respondents

The Meaning for Private and Public Leaders

The majority of the respondents to Commonwealth's survey--who are representative of the national working population--are looking for private and public sectors to do more to address financial insecurity and its harmful effects.

Strong majorities see this approach as being mutually advantageous: 60% of survey respondents said that employers, financial institutions, and federal, state, and local governments will themselves each benefit from helping those experiencing financial vulnerability. This idea is supported by other data that show corporations lose an estimated $250 billion a year due to decreased productivity caused by financial stress, with personal finances ranking as the top source of employee stress.

61% of respondents also called for more research into the causes of financial insecurity, and 67% said there needs to be more research on insecurity's effects.

While more research can help further refine our understanding of both the problem and solutions, the evidence is already clear that we need to act to address this crisis.

Our data make it clear that financial insecurity is ubiquitous, damaging, and relatable (as noted, over 80% of survey respondents believe financial insecurity is a problem). As institutions and sectors strive to remain relevant in a rapidly evolving world, and rebuild trust with increasingly disillusioned stakeholders, financial insecurity is an issue of broad and pressing concern. For actors who touch stakeholders' financial lives--employers, financial services, government--taking action on financial insecurity is an enormous opportunity to demonstrate an understanding of the reality of the majority of Americans' financial lives.

60%

of respondents believe that employers, financial institutions, and government will benefit from helping those experiencing financial vulnerability.

Employers

Employers have an opportunity to demonstrate that they are responsive to the needs of their employees; this opportunity also provides a chance to redefine employers' social contract with workers. One such example would be providing accessible benefits responsive to the economic needs of their workforce, such as tools to help workers build liquid savings to weather emergencies and income volatility. Businesses that recognize their responsibility to a range of stakeholders should take steps to improve the financial security of their employees for their workers' sake. But it is in employers' economic interest to address this issue as well. Employers lose an estimated $250 billion each year due to financial stress affecting worker productivity.

> "Even when everything is good, it's hard to save and be able to recover from an unexpected expense, or even an expected expense that costs more than you have saved."
>
> - Respondent

Financial Institutions

Banks, credit unions, traditional financial services firms, record keepers, and the emerging FinTech sector have the additional opportunity (and responsibility) of meeting the financial service needs of current and future customers, both product design and delivery channels. The survey responses underscore the reality that the financially insecure are not a niche market; at any given time, an enormous share of consumers are contending with financial insecurity--and an even larger majority worry what financial vulnerability the future may hold, and/or carry scars from past financial pain.

Government

Government sets the rules under which all actors operate, and delivers essential services to all Americans. As such, it has tremendous influence and reach. Survey respondents seem to appreciate this power, with over half believing that government should do more to help. Indeed, a third of those who view personal choices as the leading cause of financial insecurity endorse the concept of government as a source of help (a position supported by 90% of those seeing external or systemic factors as primarily responsible). Addressing market gaps, creating clear incentives, and assuring consumer protection are roles uniquely suited for government.

Conclusion

Commonwealth's nationally representative survey offers insights into multiple dimensions of financial insecurity. It provides a picture of both households' own experience with financial insecurity and perceptions of the financial vulnerability of others. It explores the perceptions of different groups of working people living in the United States regarding the root causes of financial insecurity and identifies what actions institutions and sectors should be taking to help more.

Even before the pandemic and response to racial injustice, an overwhelming majority of survey respondents expressed that financial insecurity is a problem in the United States, that it can happen to anyone, and that it has harmful effects. Data confirm this perception, with almost 70% of households feeling stressed about their personal finances. That stress is spilling out into every facet of our lives, including job performance and overall outlook; employers are losing $250 billion a year due to employee stress. Researchers from the University of Pittsburgh have even found a relationship between financial precarity and preventable workplace accidents.

As we determine solutions for financial insecurity, working people in the United States overwhelmingly pointed to the role of external economic and systemic factors as a cause of financial insecurity--and expressed a belief that employers, financial institutions, and government must do more to help.

The data point to an unprecedented call by a majority of working Americans for private and public sector leaders to take action to address financial insecurity.

Commonwealth is committed to making wealth possible for all people living in the United States. We are building on the insights of this research as we work to scale emergency savings, increase funds available for saving, foster new tools for building wealth, and make financial security a priority for market and policy leaders. To work with us and learn about specific actions your organization can take to improve financial security for your workers and customers, contact Commonwealth FOProject@buildcommonwealth.org.

Appendix A - Survey Methodology

On behalf of Commonwealth, Greenwald & Associates conducted the survey of 2,000 working Americans. Potential respondents from an online research panel were invited to participate via emails that contained a link to a secure survey website. The survey was conducted between July 29 and August 9, 2019. Respondents were screened to include only those who were:

- Between the ages of 21 and 70; and
- Working either full-time (30+ hours) or part-time (less than 30 hours) and did not consider themselves retired

A total of 2,000 respondents completed the survey. The average time required was 15 minutes. To ensure that upper income levels were included, an oversample of those making more than $100,000 was included. The data were weighted to reflect the makeup of key demographics among all working Americans between the ages of 21 and 70. Percentages in the tables and charts may not total 100 due to rounding and/or missing categories.

To further understand the survey responses, Commonwealth conducted multivariate analysis and developed a series of responsibility and causes models, using multiple items to create scales representing 1) personal responsibility and 2) external factors to create a comprehensive understanding of perceptions.

The survey consisted of 41 questions.

Appendix B - Respondent Demographics

	Total (n=2,000)
Gender	
Male	48%
Female	52
Age	
Under 30	9%
30-39	31
40-49	20
50-59	21
60 or older	19
Marital Status	
Married	54%
Single, never married	24
Divorced or separated	11
Not married, but living with a partner	10
Widowed	2
Prefer not to say	*
Housing	
Own	68%
Rent	27
Other	4
Prefer not to say	1

*<0.5%

	Total (n=2,000)
Level of Debt	
None/Zero	25%
$1 to $99	1
$100 to $499	3
$500 to $999	4
$1,000 to $1,999	6
$2,000 to $4,999	8
$5,000 to $9,999	10
$10,000 to $24,999	16
$25,000 to $49,999	11
$50,000 to $99,999	5
$100,000 or more	4
Not sure	4
Prefer not to say	3

	Total (n=2,000)
Hispanic, Spanish, Latino/a Origin	
Yes	10%
No	90
Prefer not to say	*
Primary Racial Background	
White/Caucasian	80%
Asian/Pacific Islander	9
African-American/Black	7
Other	4
Prefer not to say	1
Region	
South	31%
Northeast	24
Midwest	23
West	22

	Total (n=2,000)
Financially Responsible for Children Under 18	
None	74%
One	13
Two	10
Three or more	3
Financially Responsible for Children 18 or Older	
Yes	12%
No	88
Education Status	
Some high school	2%
High school graduate	35
Some college/trade school/Associates degree	27
College graduate (Bachelors/4 year degree)	23
Post graduate work (Masters/Doctorate degree)	13
Prefer not to say	*
Higher Education Status	
Currently taking classes full-time	3%
Currently taking classes part-time	3
Not currently taking any classes	94

Appendix B - Respondent Demographics

	Total (n=2,000)
Work Status	
Working full-time (30+ hours per week)	86%
Working part-time (<30 hours per week)	14
Number of Jobs	
One	88%
Two	10
Three or more	2
Works for a Gig or Platform Company	
Yes	1%
No	99
Employer Size	
Less than 10 employees	15%
10 to 25 employees	8
26 to 50 employees	6
51 to 100 employees	6
101 to 499 employees	13
500 to 999 employees	6
1,000 or more employees	36
Not sure	9

	Total (n=2,000)
Job Level	
Owner, Executive, C-Level	7%
Senior Management	5
Middle Management	22
Intermediate	37
Entry Level	18
Other	10
Number of Employees to Supervise	
None	57%
1 to 5	18
6 to 10	7
11 to 14	4
15 to 19	2
20 to 29	3
30 to 49	2
50 or more	7
Member of a Workers' Union	
Yes	11%
No	89
Prefer not to say	*

*<0.5%

	Total (n=2,000)
Household Income	
Under $10,000	2%
$10,000 to $19,999	3
$20,000 to $29,999	7
$30,000 to $39,999	9
$40,000 to $49,999	10
$50,000 to $59,999	8
$60,000 to $69,999	7
$70,000 to $79,999	8
$80,000 to $99,999	9
$100,000 to $124,999	11
$125,000 to $149,999	7
$150,000 or more	20
Savings Account	
Yes, with $400 or more in it	71%
Yes, with less than $400 in it	16
No, but I used to have one	9
No, I have never had a savings account	5

	Total (n=2,000)
Household Savings and Investments	
None/Zero	6%
$1 to $99	2
$100 to $499	3
$500 to $999	3
$1,000 to $1,999	4
$2,000 to $4,999	4
$5,000 to $9,999	5
$10,000 to $24,999	9
$25,000 to $49,999	8
$50,000 to $99,999	8
$100,000 to $149,999	8
$150,000 to $249,999	7
$250,000 to $499,999	8
$500,000 to $999,999	7
$1 million or more	6
Not sure	5
Prefer not to say	5

*<0.5%

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