



How are We Really Doing During COVID-19?

Young adults and those making less money are hardest hit by the pandemic

The United States Census Bureau has been collecting data in as close to real-time as possible in order to provide empirical insights into how Americans are really doing during COVID-19.

Dubbed the Household Pulse Survey, the Census Bureau started collecting this data on April 23rd and recently disseminated close to 1 million emails and text messages and received responses back from approximately 100,000 American households.

By examining the results, it's clear that the data paints the picture we all suspected: adults making less money and younger adults are the most impacted by COVID-19, as concerns about paying the rent and mortgage as well as potential food shortages lead to more emotional and mental worries.

Worried About Rent & Mortgage

One of the questions asked by the Census Bureau was whether or not one had confidence in the ability to pay next month's mortgage or rent. The results showed that:

- 33.7% of those aged 25 to 39 had either “no confidence” or “slight confidence” in their ability to pay next month's rent/mortgage on time
- Only 12.2% of those aged 65 and above felt the same way

Further, the Census asked the same question, but separated the data by those that have experienced

reduced income during COVID-19. Not surprisingly, the results showed that:

- 50% of households with an income of less than \$25,000 had either “no confidence” or “slight confidence” in their ability to pay next month's rent/mortgage on time
- Only 8.4% of those with an income of \$100,000 or more felt the same way

Worries Lead to Feelings of Hopelessness

It is also unsurprising, but unsettling to see the data nonetheless, that among those that have experienced reduced income during COVID-19, younger adults and those making less money were more apt to report feeling anxious and depressed.

- 36.6% of those aged 25 to 39 reported an inability to stop worrying “more than half of the days” or “nearly every day”
- Only 21% of adults aged 65 and above reported feeling the same way
- 41.8% of those making less than \$25,000 reported an inability to stop worrying “more than half of the days” or “nearly every day”
- 23.8% of those with an income of \$100,000 or more reported feeling the same way

How to Reduce Financial Worries

The truth is that even those who were most prepared financially and emotionally were taken by surprise

when COVID-19 forced businesses and schools to shut down and resulted in massive unemployment from coast to coast. And suggesting how to best prepare for such unexpected events runs the risk of being insensitive – it's like telling someone if they had done "this and that" then they would be in a better place because of it.

So, at the risk of sounding insensitive as COVID-19 is still very much a part of our lives, let's think about the best way to prepare for unexpected events, like a sudden job loss, unexpected health issues, natural disasters or even another pandemic.

Here are some things to do:

- Build an emergency fund of 3 to 6 months of living expenses
- Have cash on hand that is easily accessible
- Have adequate health insurance (life, health, home, and car)
- Consider having a 5-day supply of food and water (especially important if you live where natural disasters are common)
- Create a budget and know what expenses you can eliminate during an emergency
- Protect your important documents – birth certificates, marriage certificate, Social Security cards, health information, passport and property records, insurance declarations, wills, power of attorneys, etc.
- Memorialize your support network. In other words, talk about different scenarios with family and friends, including where you might need to live temporarily (and where they might need to live). Talking about your worries with trusted family members and friends can help reduce your anxieties too

The Importance of Planning

During the current COVID-19 environment, it might seem unreasonable to tackle some of these items, especially if you have lost your job or had your income reduced. Nonetheless, you can at least begin planning to tackle each of these items.

For example, what would it take for you to establish a rainy-day emergency fund equivalent to 6 months of living expenses? Would it take you a year? Two years? How much cash on hand do you think you really need? Do you have a budget? And memorializing your support network costs nothing.

As trite and borderline-insensitive as it might sound, consider the words of Benjamin Franklin, when he said: "if you fail to plan, you are planning to fail."

Your financial advisor can help you plan.