

COVID-19 Financial Woes: Big Drops in Millennials Saving for a Home and Gen Xers Saving for Children's College Less than 3 Months of Cash in Emergency Funds for Many Consumers Impacted by this Crisis Based on Employment Status

Announcing a Special COVID-19 Interactive Resource from Hearts & Wallets

(April 15, 2020, Rye, NY) – Top saving and investing goals of Americans are shifting dramatically in the wake of COVID-19 with major drops in both millennials saving for a home purchase and Gen Xers intending to pay for children's college, according to [Hearts & Wallets](#), the data and analytics company that specializes in how consumers save, invest and seek financial advice.

COVID-19 Resource for Saving, Investing and Advice

Hearts & Wallets is announcing a new interactive data resource to track the impact of COVID-19 on how Americans save, invest and seek financial advice with personal finance and health insights to inform macro-economic and business decisions in retail finance and beyond. The data tracking series is a supplement to the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset of consumer financial buying patterns with over 80 million data points of over 50,000 U.S. households dating back to 2010. This first COVID-19 tracking installment includes 845 U.S. consumers surveyed Mar. 25 to Mar. 31, 2020.

New findings from the COVID-19 resource will be released publicly as data is analyzed. Strategy and innovation professionals in retail finance and economists may [sign up](#) at no charge for a guest pass to access the COVID-19 data in the Hearts & Wallets interactive software at www.heartsandwallets.com.¹

"Hearts & Wallets stands with our clients, colleagues and all people as we try to make sense of this unprecedented health and economic crisis," Laura Varas, Hearts & Wallets CEO and founder said.

"While we can't be on the frontline of health care, we can make a difference within our area of expertise – how consumers save, invest and seek advice. We hope to stimulate dialogue on how to mitigate the financial impacts of this crucial challenge."

Biggest National Shifts in Goals

Nationally, the biggest drops in saving and investing goals are vacations, and home and car purchases:

Buy a home/real estate: down 12 percentage points, cited by 6% (March 2020) vs. 19% (July 2019)

Take a vacation: down 12 percentage points; now 27% vs. 39%

Buy a car: decrease of 9 percentage points, now 15% vs. 24%

Emergency Funds and Cash Running Out

The goal to "build an emergency fund" remains No. 1 for consumers nationally, cited by 45%, followed by No.2, "to have enough money to be able to work less/spend time as I want when I am older" at 34% and No. 3, take a vacation at 27%. The emergency fund goal remains fairly constant nationally in comparison to eight months ago when 47% cited this goal.

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¹ Hearts & Wallets reserves the right to determine eligibility for the COVID-19 guest pass on a case by case basis.

COVID-19 Impact on Saving and Investing Goals/2

The number of months covered by a cash emergency fund varies significantly based on the employment status. In March 2020, a total of 20% of respondents reported a job loss. Another 10% reported being vulnerable² in their work status. Almost two thirds (63%) of consumers post-COVID-19 say they intend to spend less, which may indicate emergency funds will go further than shown on this chart:

Work Status (incl. respondent COVID-19 reported impacts)	Frequency of building emergency fund goal	% < 3 mo. cash emergency fund*	% 7 mo. or > cash emergency fund*
Job loss: "job eliminated, currently unemployed" or "temporarily not working, without income"	41%	54%	39%
Vulnerable: reduced hours or temporarily not working/still paid	65%	63%	22%
No/low work impact currently	41%	42%	46%

*Estimated months of cash emergency fund based on respondent assets and spending as of July 2019.

Generational Shifts in Goals

For millennials, the home purchase goal dropped the most, down 36 percentage points, from 38% to only 2% in eight months. Millennials are also the generation who report the most impact in recent employment loss with 51% of respondents said they experienced job loss (as defined in chart above). Another 12% of millennials are vulnerable in terms of employment. Millennials also report the biggest drop in the goal of buying a new car, down 23 percentage points, from 38% to 15%.

Gen X is the generation with the next highest employment impact, with 15% of respondents reporting a job loss. The biggest drops in Gen X goals comes in "to take a vacation," a decrease of 17 percentage points, and "to pay for college for someone else," dropping 11 percentage points. Boomers remain fairly steady with saving and investing goals over the past eight months, with the biggest decrease seen in "to take a vacation," down 8 percentage points.

"Shifts in goal may signal important macro-economic trends," Varas said. "The drop in planned car purchases is another warning sign for an already battered economy. The intention of Gen X parents to not pay for college may reflect the impact of today's widespread online learning, which could lead parents to question the value of sky-high college tuitions. Also concerning is the low levels of emergency funds. Those who have experienced a job loss are struggling to cope while those whose work status is precarious are experiencing fear of the unknown."

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² Vulnerable employment category includes consumers who are working reduced hours or are temporarily not working but still being paid. Job loss category includes consumers whose job was eliminated and are currently not working, or temporarily not working without income.

COVID-19 Impact on Saving and Investing Goals/3

Goals on the Upswing

Nationally, paying bills is a major focus with “paying off my mortgage” up the most, 7 percentage points in eight months. Investing goals are up slightly, including “preserve the capital of my investments” and “gain capital appreciation in my investments,” both up 1 percentage point.

About half of wealthier households, \$500,000 and up in investable assets, cite a goal of capital appreciation, including 62% of consumers with \$2 million or more, in contrast to less than 20% of lower-asset households.

Millennials are more focused than other generations on paying off loans, including student, car or credit cards, with 34% saying this is a top goal, in comparison to Gen X at 21% and boomers at 7%.

Methodology

The Hearts & Wallets COVID-19 Interactive Data Resource tracks the impact of COVID-19 and on how Americans save, invest and seek financial advice with personal financial and health insights to inform macro-economic and business decisions in retail finance and beyond. The first installment in this tracking series includes 845 U.S. consumers, weighted for a nationally representative sample, surveyed Mar. 25 to Mar. 31, 2020.

The data includes 94 questions in 14 areas on health status related to COVID-19 (survey participant, close family, friends and acquaintances); employment status (any changes in employment, income or work location), income, spending, lifestyle changes, economic concerns, feelings, advice-seeking behaviors, financial goals, attitudes, asset allocation, sources of investing information and advice, and financial actions taken and planned. Goals questions have a margin error at the national level of +/- 2.2 ppt at 80% confidence and 3.4 ppt at 95% confidence. The cash emergency fund for out-of-work consumers has a margin of error of +/- 7 ppt at 80% confidence with consumers who have low or no work impact having a margin of error +/- 2.5 ppt at 80% confidence.

Core segmentations include household assets, income, spending, saving, geographic regions, exposure to COVID health issues, and impact to household employment. Trend comparisons can be made to the latest annual survey wave of the Investor Quantitative™ Database of 5,461 U.S. households, fielded in July 2019. The COVID-19 data is appended to the full Investor Quantitative™ Database of over 50,000 U.S. households dating back to 2010 for historical and customer insights of financial services firms within Hearts & Wallets interactive software.

About Hearts & Wallets

Hearts & Wallets is a data and analytics firm that specializes in how consumers save, invest and seek financial advice. Leading firms use Hearts & Wallets software-as-a-service subscription and technology-enabled benchmarking to make their saving, investing and advice solutions more consumer-centric. For more information visit www.heartsandwallets.com.

Media Contact

Lynn Walters lynn@heartsandwallets.com
800-930-0966 ext. 704

Hearts & Wallets, CEO & Founder

Laura Varas laura@heartsandwallets.com
800-930-0966 ext. 700

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