EQUIFAX

Wealth Trends

2021

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Wealth Trends 2021

There is no New Normal - There is only the Next New

Under the best of circumstances, engaging with consumers requires an understanding of attitudes and behaviors, toward their current situations, and their life experiences. And this is especially true when change is extremely disruptive.

Some of the most valuable and actionable of these insights can be found by understanding the consumer wallet.

Navigating the impacts of COVID-19 on consumer finances

In the 2021 edition of Wealth Trends, Equifax explores the “next new” brought about by the impacts of COVID-19.

Whether you are developing and executing targeted strategies for messaging to the marketplace, seeking to acquire new prospects, or looking to drive more value from existing relationships, the report uncovers important insights about what your customers have been facing financially during these unprecedented times.

The pandemic, recession and aid

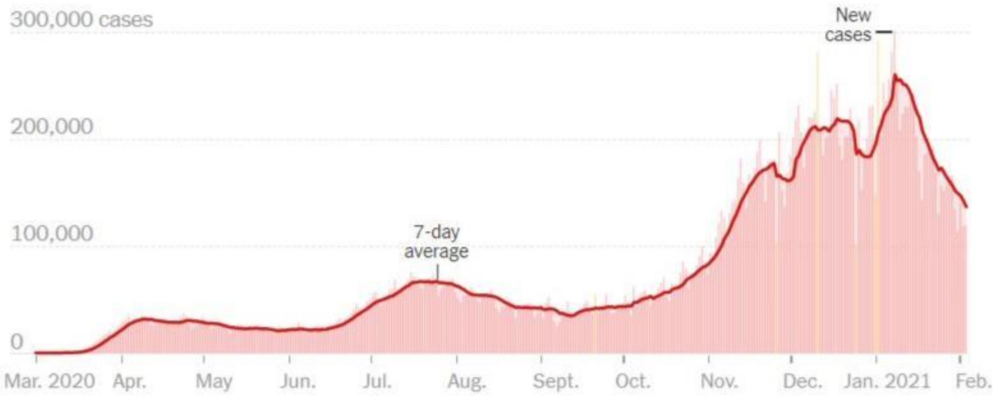
The pandemic has been a huge disruptor

The Pandemic recession

When the U.S. President declared a national emergency on March 13, no one could have predicted how fast the devastating economic pain would be felt, nor the depth or breadth.

Since then, the world has changed - and health and financial concerns are having an impact on how people make decisions and what decisions they make.

New reported COVID-19 cases by day



Source: CDC

Federal aid has been a help but not a cure

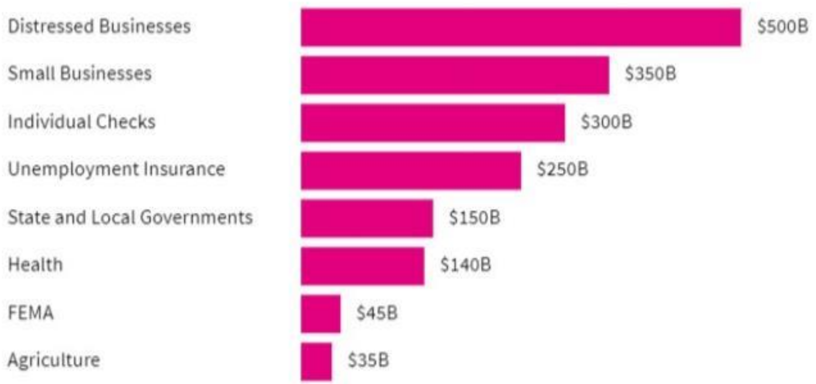
The CARES Act

The U.S. Congress has appropriated about $3.5 trillion in pandemic-related aid in the first half of 2020.

The CARES Act provided Economic Impact Payments (EIPs) to households of $1,200 per federal taxpayer and $500 for each dependent child.

The CARES Act also relaxed the rules around early withdrawals from IRAs and 401(k)s; those under age 59½ could withdraw up to $100,000 without incurring the standard 10% penalty.

Largest budget components of the CARES Act



Aid has been used in distinct ways across age groups

Stimulus expenditures

The stimulus aid has been used in distinct ways across segments.

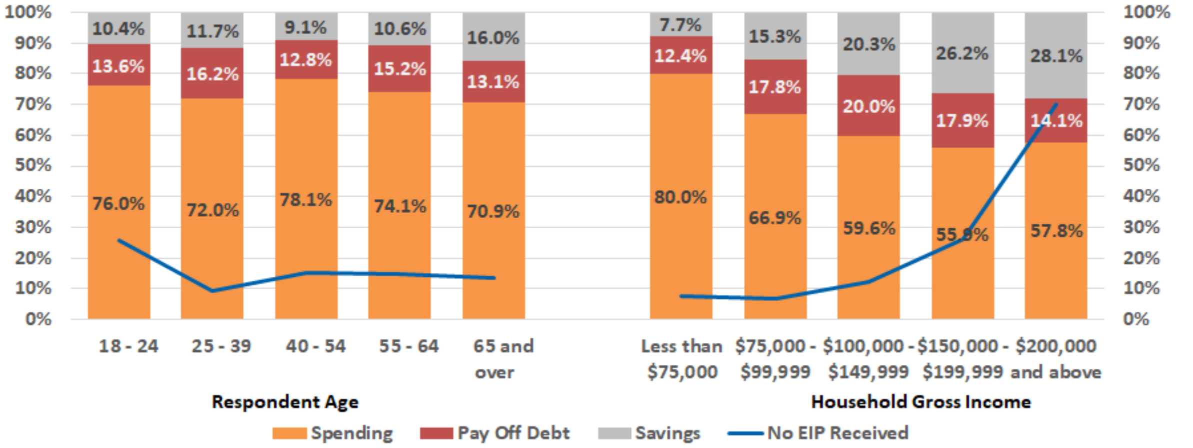
Over 70% of respondents regardless of age or income indicated that the majority of the funds would be spent.

Gen X were the least likely to use the bulk of their stimulus payments to build savings.

Retirees were the most likely to save.

Millennials and pre-retirement boomers were the most likely to pay down debt.

Disposition of CARES-related stimulus aid



Source: U.S. Census Bureau Household Pulse Survey Week 10, July 2-7, 2020.

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The employment situation has been dire

Employment in free fall…

The Bureau of Labor Statistics reported that over 22 million payroll jobs were lost in March and April 2020—**an unprecedented loss of 14.7%**.

Though there was a substantial recovery that began in May, by January 2021, 9.8 million jobs were still gone, 1.2 million more than at the worst point of the Great Recession.

Many of these job losses began as temporary furloughs, but by year's end the balance had tipped to permanent losses.

…But not equally felt by all

Leisure and hospitality which before the pandemic made up **11% of all jobs** in the U.S., was the hardest hit sector, with **nearly 50% of jobs lost** either temporarily or permanently

Even healthcare was hit hard. Between February and April 2020, **1.5 million healthcare workers** lost their jobs.

Lower-wage earners have borne the brunt of the losses, and one resulting paradox has been that **median wages have risen more than 5% while unemployment surged**.

Sources: The Federal Reserve Bank of St. Louis, The New York Times, The U.S. Bureau of Economic Analysis

Unemployment aid has been a help

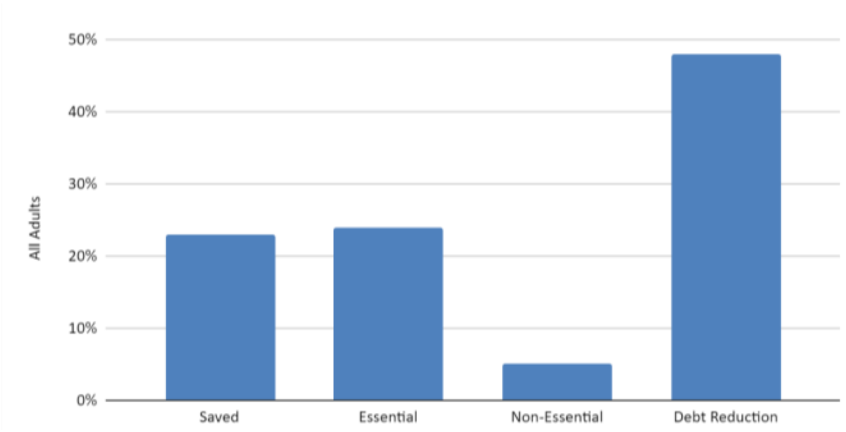
Long-Term unemployment and aid

The Bureau of Labor Statistics reported that by October 2020, unemployed workers had been out of work for a median of 19.9 weeks, the longest since April of 2013

Households focused their CARES-related unemployment aid on debt reduction more so than savings

Notably, more of the remaining funds were used to pay for essential purchases, reflective of the context in which aid was distributed

Disposition of unemployment aid



Sources: U.S. Bureau of Labor Statistics,, Federal Reserve Bank of New York

Unemployment means more than lost wages

During the pandemic, unemployment in the U.S. has meant more than the loss of a job

- **21%** of adults who lost, or whose partner lost, a job due to COVID-19 became uninsured as a result
- In May 2020, **14.8%** of *households* headed by a nonelderly person lacked health insurance, a staggering increase in the uninsured adult population.
- **33%** of renters and **17%** of homeowners faced housing insecurity in the 2nd quarter
- **28%** of households with children (a 100% increase from 2019) were food insecure in June
- In May 2020, **21%** of Census Household Pulse Survey respondents said they were feeling blue, hopeless, or depressed most of the time.

Sources: US Department of Agriculture, Commonwealth Fund, The Brookings Institute, National Public Radio, The Center for Economic and Policy Research, Census Bureau

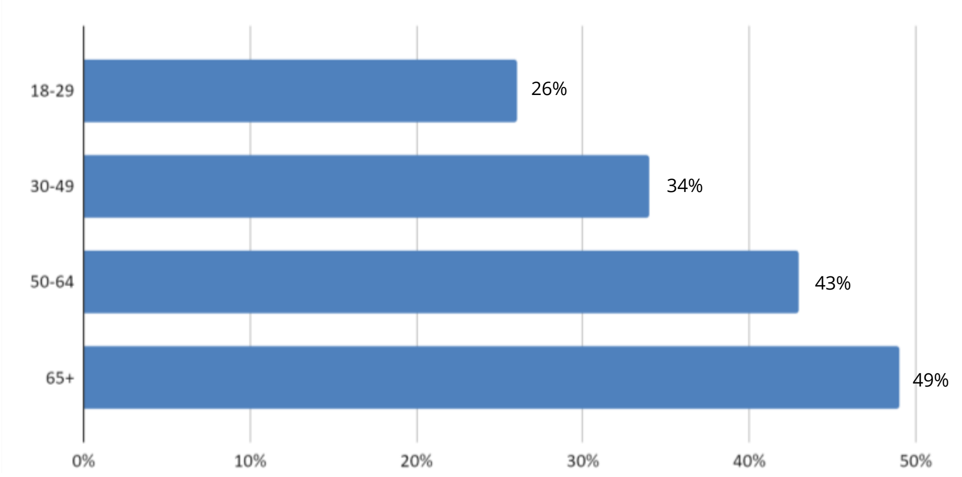
Mind, body and money: Understanding the financial stresses of COVID-19

Understanding the stresses from COVID-19

The health threat

Boomers and Retirees consider COVID-19 to be a major threat to their health, while Gen X-ers, and in particular Millennials, feel less threatened

Adults who view COVID as a major threat to their personal health



Source: The Pew Charitable Trusts

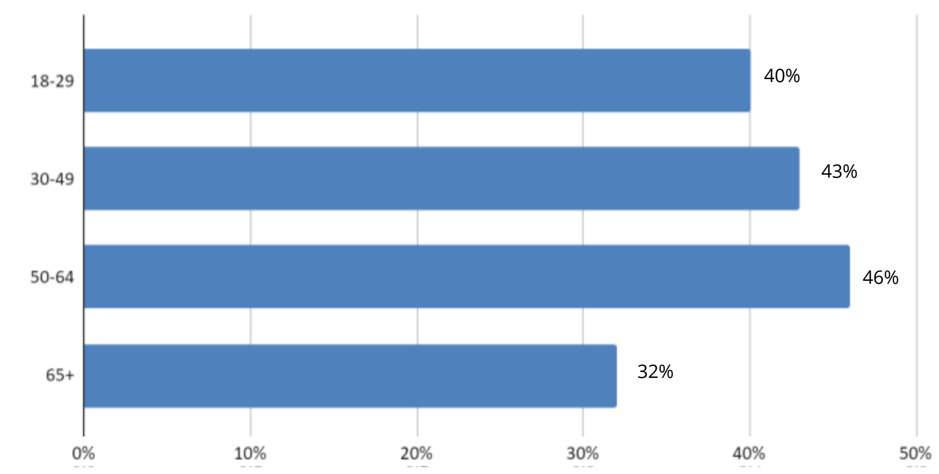
Understanding the stresses from COVID-19

The financial threat

The threat to financial situations is viewed differently

With the exception or Retirees, 40% or more of people in other generations view COVID-19 as a major threat to their finances

Adults who view COVID as a major threat to their financial health



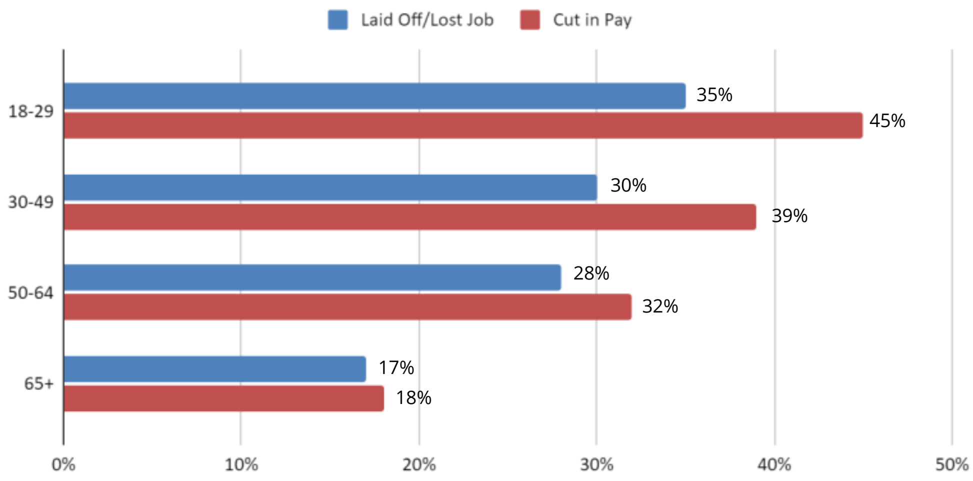
Understanding the stresses from COVID-19

The threat to jobs and wages

Millennials and Gen Z have been hit hardest as employees, with over a third reporting a household member being laid off or let go, and nearly half experiencing a wage cut

The impact was lower among older responders

Adults saying someone in the household had jobs/wages affected



Source: The Pew Charitable Trusts

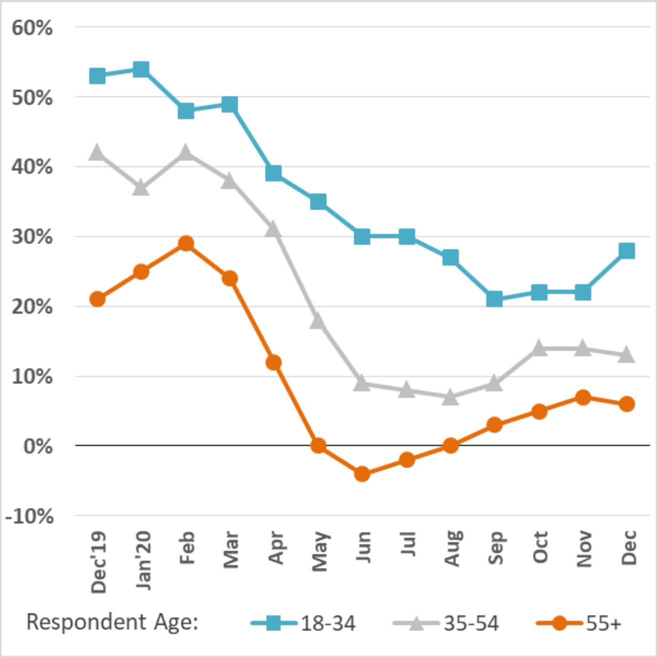
Confidence is lower across generations

Current financial situation

The pandemic has caused confidence to drop across the board.

Sentiment among younger people - having been very positive in the fall of 2019, but declining since - still remains well above that of their older counterparts.

Current financial situation financial versus year ago



Share of respondents indicating situation is "better" minus share stating "worse" regarding their current financial situation.

Income and asset growth are key drivers of concern

Future financial situation

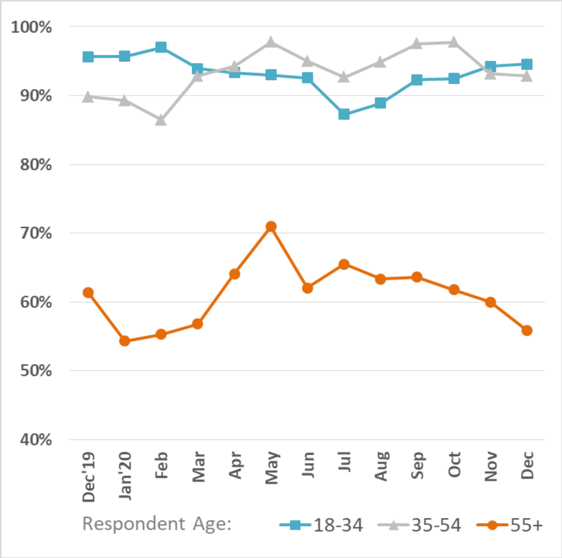
All age groups reported expectations of a better year ahead, with younger respondents more optimistic than older, and all age groups ending the year less optimistic than they were at the start of the year.

Younger respondents, who are the most dependent on labor income, were more likely to cite rising income for the improvement.

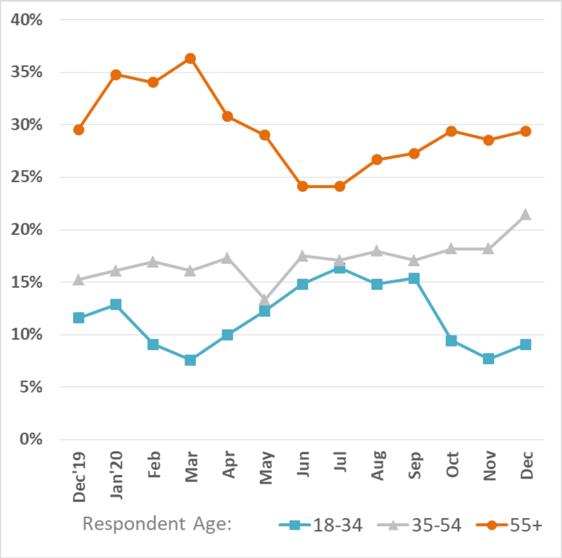
Those nearly or already retired are more likely to cite asset growth.

Share of respondents whose current financial situation was "better" than a year ago because:

Income was higher



Assets were higher

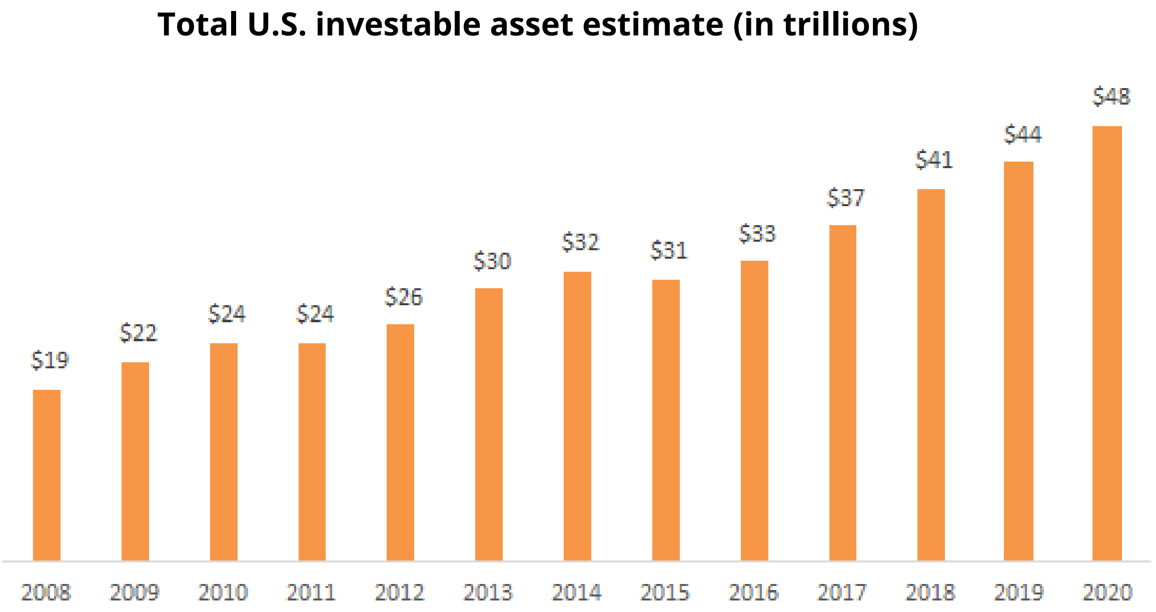


Source: University of Michigan

Current U.S. wealth landscape

U.S. total assets from 2008 through 2020

Healthy growth since recession



153%

growth from 2008

U.S. equities a key driver of recent growth:

S&P 500 up 16% in 2020

Based on June 2020 Equifax data. Additional Sources: S&P Global

U.S. estimated wealth at a household level

129 Million

U.S. households

$39,800 Median total household investable assets

$17,300 median investment assets

- **$6,200** median mutual funds
- **$2,500** median stocks
- **<$100** median bonds
- **$750** median other

$18,200 median deposits

- **$6,900** median checking
- **$9,900** median savings

Based on June 2020 Equifax data

Distribution of wealth in the U.S.

Wealth tier definitions and key statistics

Mass Market

<$100K

81 million households
$1.7 trillion total assets
$56K average household income

Mass Affluent

$100K - $1M

38 million households
$13.3 trillion total assets
$129K average household income

Affluent

$1M+

10 million households
$32.9 trillion total assets
$276K average household income

Based on June 2020 Equifax data

Lifestage definitions and key statistics






Gen Z	Younger Millennials	Older Millennials	Gen X	Pre-Retirement Baby Boomers	Retired
18-21 years old	**22-26 years old**	**27-37 years old**	**38-53 years old**	**54-65 years old**	**>65 years old**
1.4M households	5.6M households	18.9M households	37.6M households	28.6M households	37.3M households
1% of U.S. households	4% of U.S. households	15% of U.S. households	29% of U.S. households	22% of U.S. households	29% of U.S. households
$190B total assets	$794B total assets	$3.3T total assets	$11.9T total assets	$12.5T total assets	$19.2T total assets
0.4% of U.S. investable assets	1.7% of U.S. investable assets	7.0% of U.S. investable assets	24.8% of U.S. investable assets	26.1% of U.S. investable assets	40.0% of U.S. investable assets

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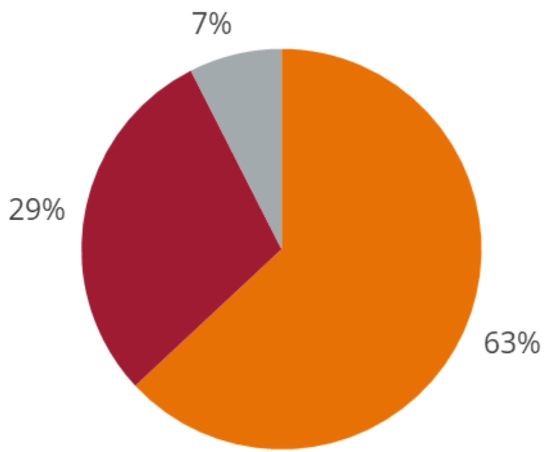
Based on June 2020 Equifax data

Overall wealth by wealth tier

97% of the nation's wealth is held by the Affluent and Mass Affluent

% of U.S. households

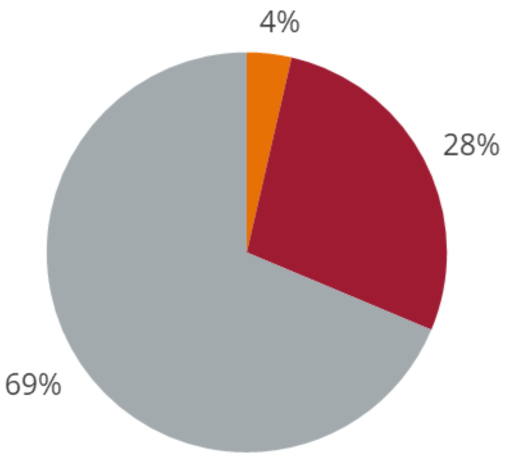
129M households total



Affluents represent **7%** of U.S. households.

% of U.S. investable assets

$48 trillion total



Affluents hold **69%** of the nation's assets.

Mass Market
<$100k

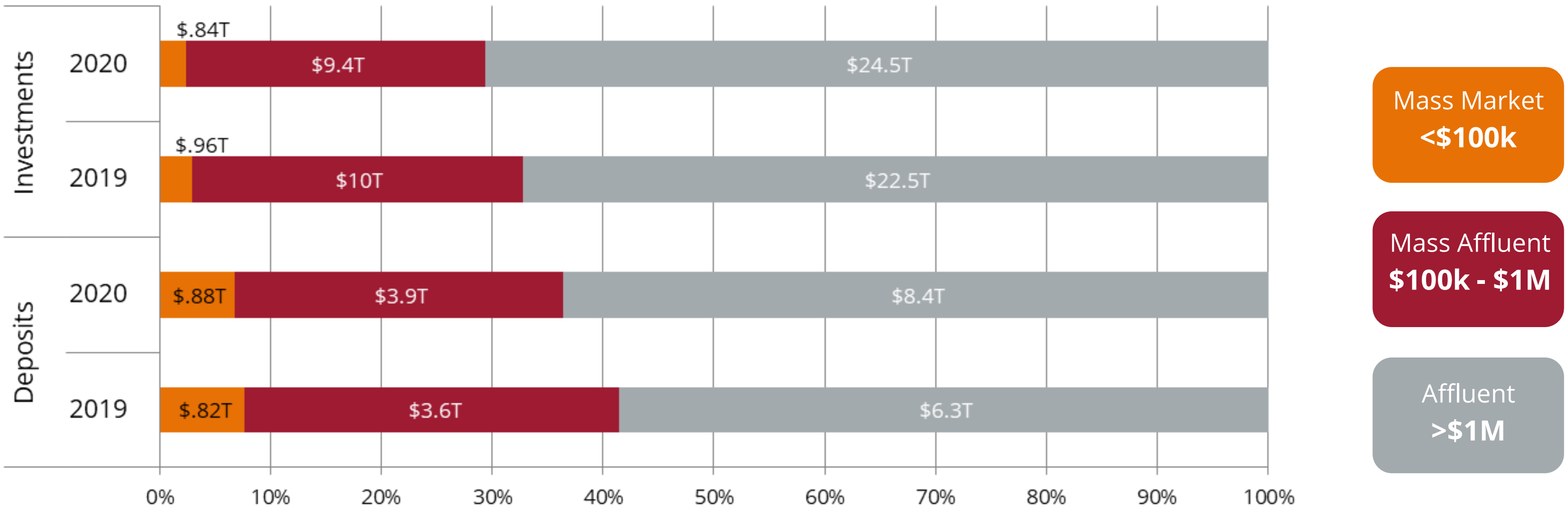
Mass Affluent
$100k - $1M

Affluent
>$1M

Based on June 2020 IXI Network Data

Asset breakout by wealth tier

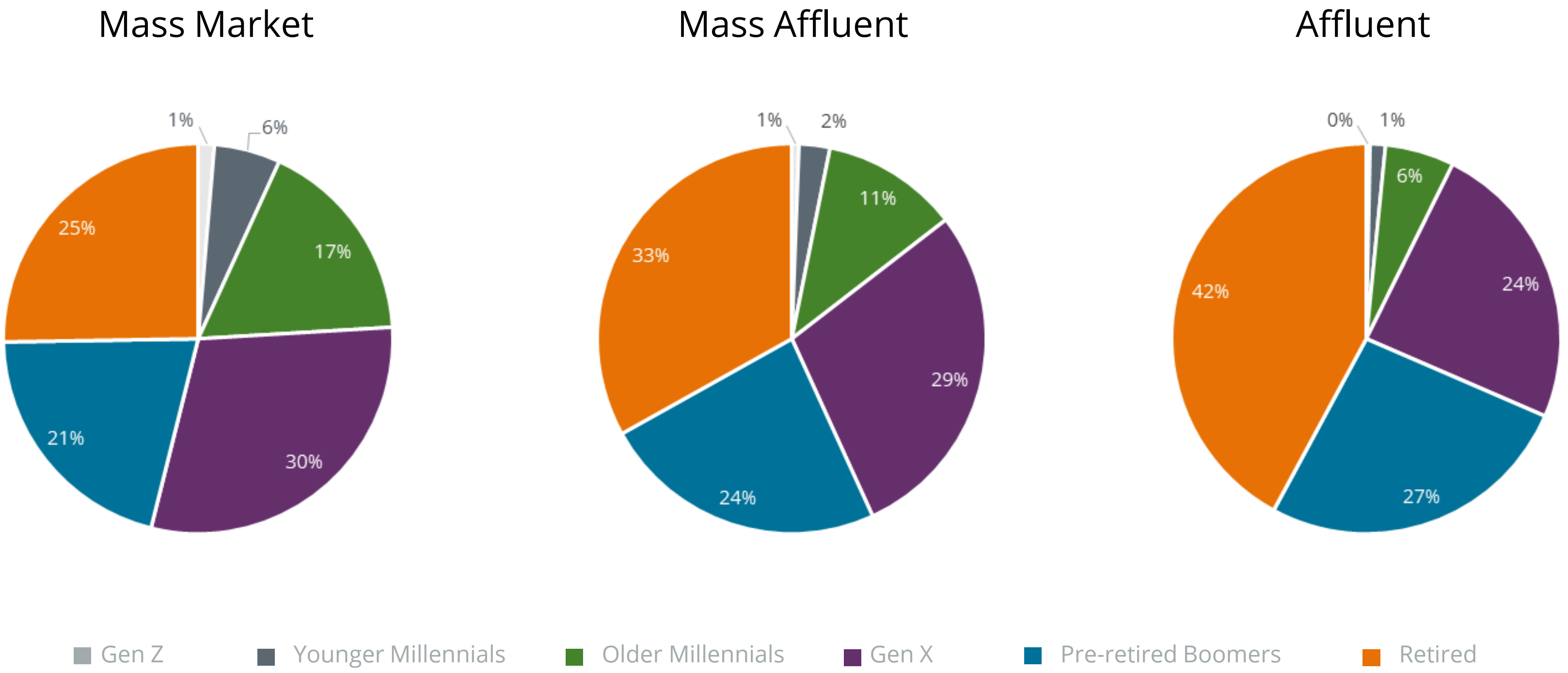
Affluent households gained the majority of the growth



Based on June 2019 and June 2020 Equifax data

Lifestage distribution by percent of wealth tier

Boomers and Retired households represent over two thirds of Affluents

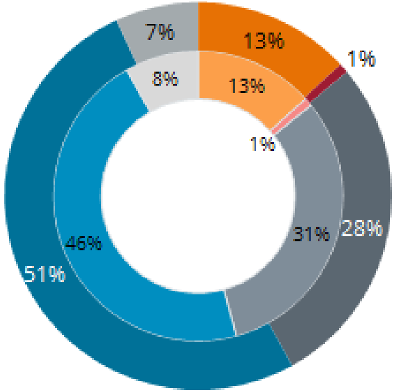


Based on June 2020 Equifax data

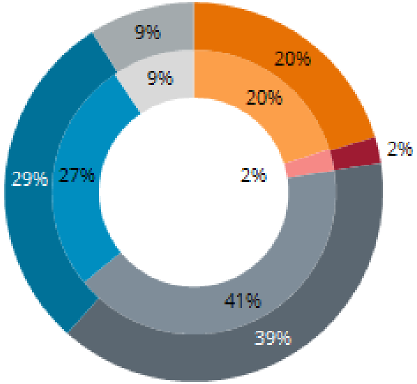
Portfolio allocation by wealth tier 2019 vs. 2020

There was a flight to cash across all wealth tiers

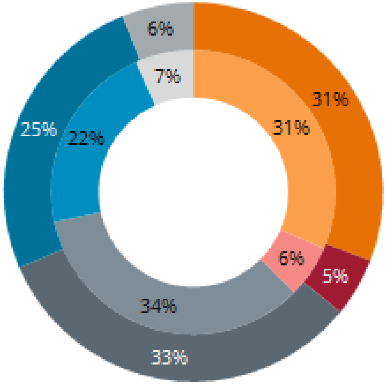
Mass Market



Mass Affluent



Affluent



Outer ring = **2020**
Inner ring = **2019**

Stocks Bonds Mutual Funds Deposits Other

The generational wealth divide continues to grow

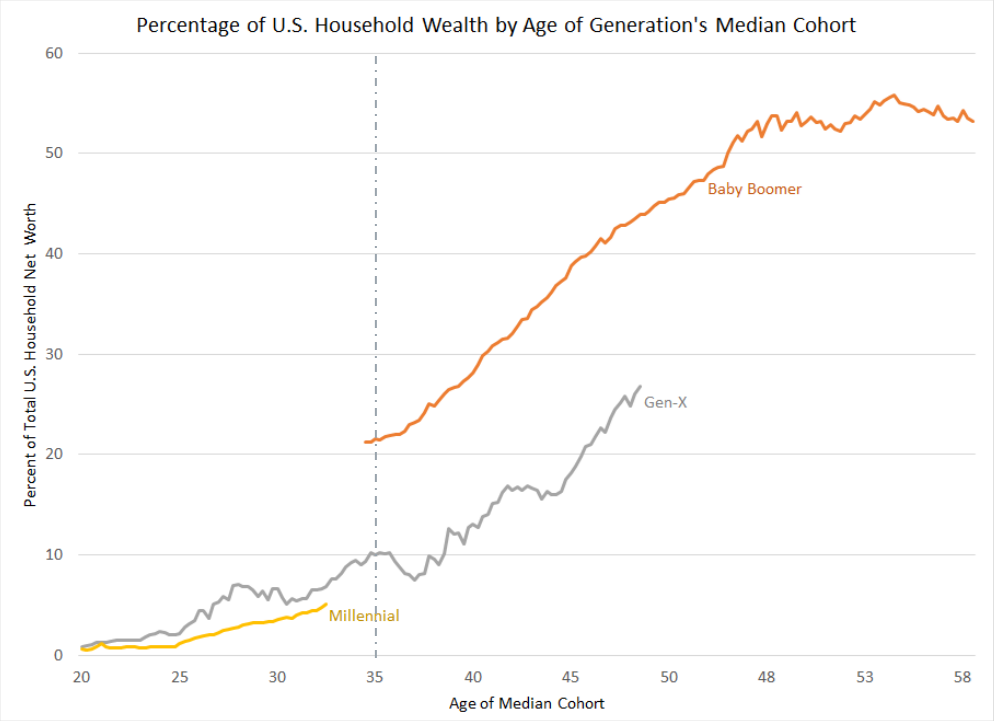
Gen X-ers are lagging, and Millennials are even further behind

There is a deepening awareness that the generational wealth gap continues to grow, and that Millennials are bearing the brunt of that trend.

Boomers reached a median age of 35 in 1990, at which time their share of wealth in the United States was 22%.

When the median Gen X-ers hit age 35 in 2007, their share of wealth was 11%.

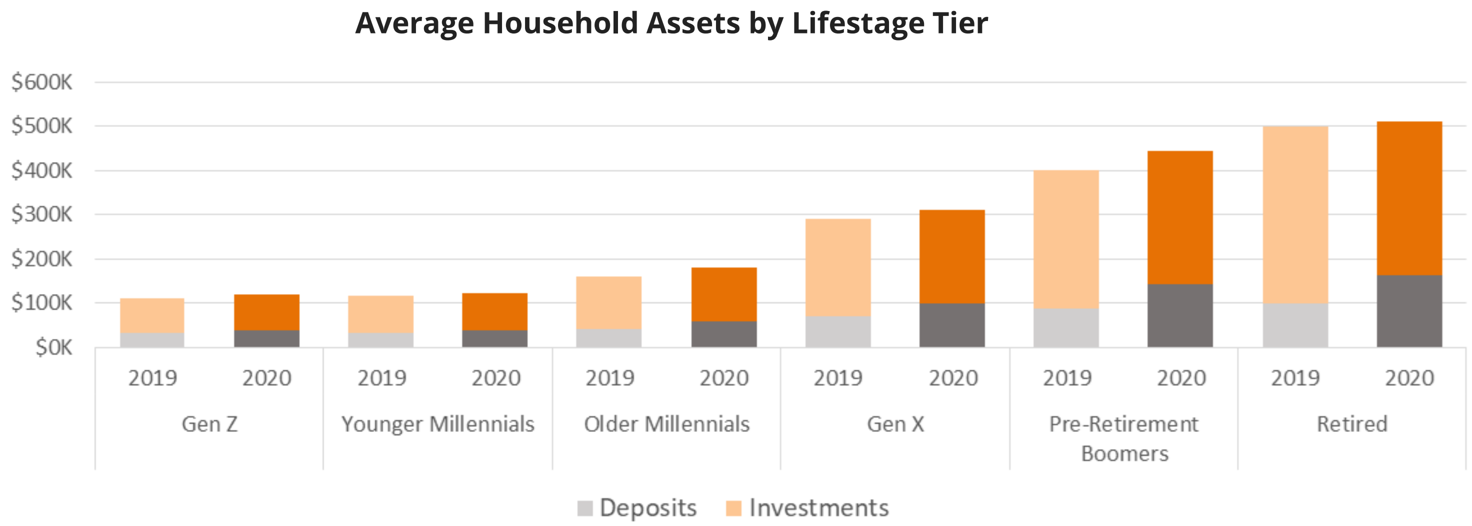
When the typical Millennials turn 35 in 2023, it’s projected their share will be less still.



Source: Federal Reserve Board, Federal Reserve Bank of St Louis

Savings and investment continue to increase

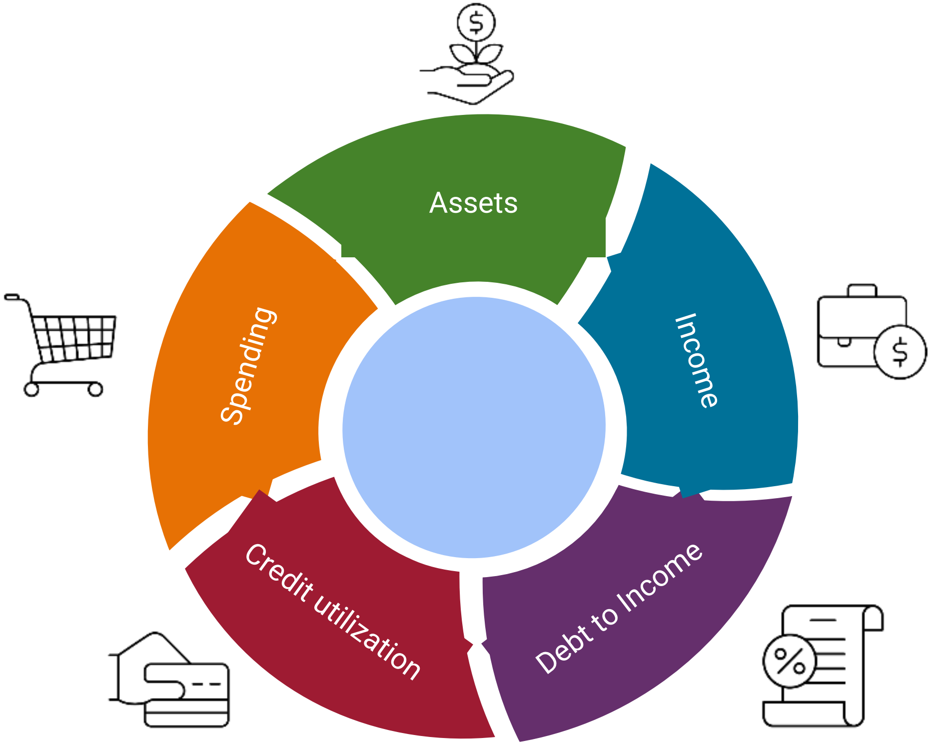
Despite pandemic-related economic headwinds, total asset levels have continued to rise across lifestage tiers. Deposits have taken an increased share of total assets, an indication of a “flight to safety” as the pandemic took hold.



Based on June 2019 and June 2020 Equifax data

Opportunity: Targeting Financial Durability

Understanding household Financial Durability



Financial Durability considers **multiple facets of economic capacity**, such as:

- Income, including income from dividends/interest
- Retirement income
- Relationships between income, debt, spending

For this analysis, Financial Durability Index™ was used. It is a score from 0-1000, where 1000 represents the highest durability.

Fine tuning segmentation with Financial Durability

Refining targeting

In the midst of major health and economic shocks, it is even more important to understand where the opportunities for customer growth are to be found.

Deeper household insights are needed to address altered expectations and behaviors.

Financial Durability is an Equifax measure that helps predict consumer resilience to handle adverse financial situations, including COVID-19 economic stress.

Finding high durability households can help you reach customers with capacity to grow their relationships with you.

Why Durability:

- Durability considers many factors in combination — income (including income from assets), credit and capacity to spend
- As an overlay to other segmentation, it can be used as a tool to target consumers at fine levels of granularity

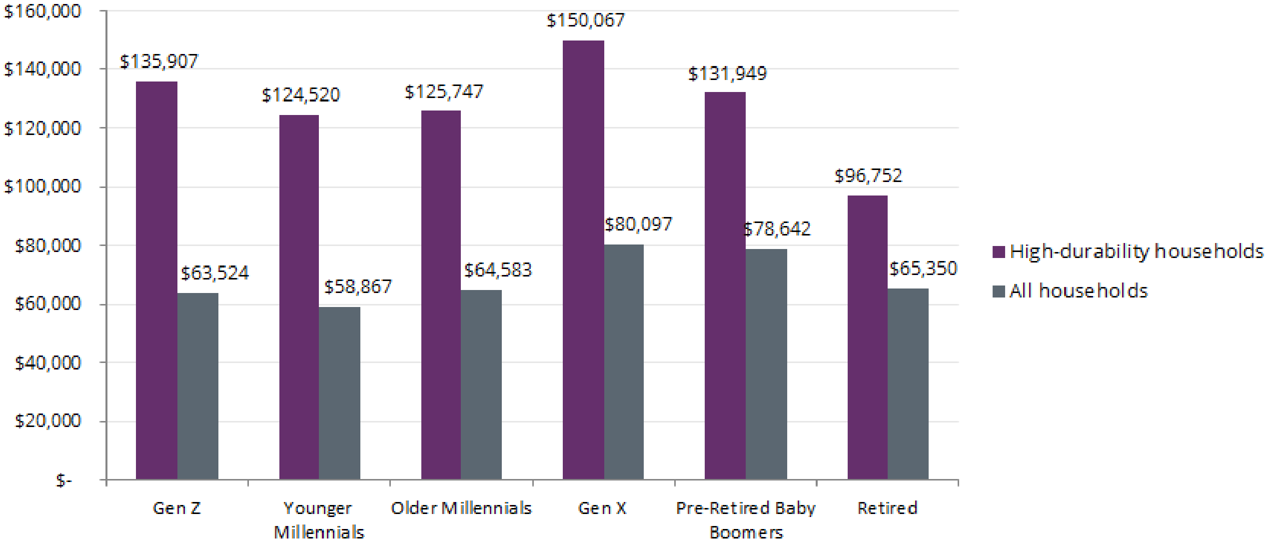
Zeroing in on consumer capacity to spend

High-durability households at all generations have higher than average spending.

On average high-durability households have 86% higher spending capacity.

The percent is higher for younger age cohorts - for Gen Z it's 114%, and for young millennials, it's 112%.

Average household discretionary spending power: High-durability households vs. All households (June 2020)



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Based on June 2020 Equifax data

For more information

Advance your marketing with financial and economic insights

Financial and economic insights from Equifax offer marketers the data they need to find the right audiences and engage them to reach their full purchase, payment and investment potential.

Contact us to integrate financial and economic insights into your marketing strategies.

Visit our data-driven marketing resource hub

Definitions: Asset categories

- **Investable Assets** include **financial** assets held in institutions such as banks and brokerage firms by consumers where consumers can control where those assets are held. Therefore, Investable Assets **do not** include defined benefit/defined contributions such as 401k, 403b or pensions. Taxable accounts as well as non-taxable IRAs/SEP/KEOGH are included. Additionally, real estate is excluded from Investable Assets.
- **Deposits** include non-interest checking, interest checking, money market deposit accounts (MMDA), CDs, savings, and other cash equivalents held in brokerage accounts.
- **Liquid Deposits** include non-interest checking, interest checking, money market deposit accounts (MMDA), savings, and other cash equivalents held in brokerage accounts.
- **Checking** include non-interest checking and interest checking.
- **Savings** include saving accounts.

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