

**Economic Well-Being of U.S. Households in 2021 Transcript
May 23, 2022**

ANNA ALVAREZ-BOYD. For the past nine years, the Survey of Household Economics and Decisionmaking has been used to track the financial well-being of U.S. households.

Conducted in October and November 2021, the most recent survey shows that at the end of 2021 78 percent of adults said they were doing at least okay financially, meaning they were either doing okay financially or living comfortably.

Parents were one group that reported particularly large gains in financial well-being over the prior year. In 2021 three fourths of parents said they were doing at least okay financially, up eight percentage points from 2020. Members of the Federal Reserve Board's Community Advisory Council pointed to the role of schools and childcare for the improved financial circumstances of parents.

KENDRA N. SMITH. And now that school is has gone back in session will be out for the summer that hopefully that's a time for families to really be able to reassess and realign their plans and what they're able to do and maybe make some gains that they lost in 2020, but I think really being able to now say as a family, this is our plan if this happens again who has my support system who is going to come alongside and help, whether that's an organization, whether that's a family member, whether that's a daycare, whatever that is, I think it's now forced us to help our families plan better in a way that we probably all weren't thinking about this time two years ago.

ANNA ALVAREZ-BOYD. Yet despite the broader sense of financial optimism, they also discussed the importance of keeping a focus on the country's most vulnerable groups.

LAURA MURILLO. Gas prices are increasing and for many minority communities or people who are hourly wage earners, their pay is not keeping up with that, and so they're having

to make very critical decisions as to whether or not they go to the doctor or they fill up that gas tank again. And we need to remember that so many Americans are, in fact, living paycheck to paycheck.

ANNA ALVAREZ-BOYD. When faced with a hypothetical expense of 400 dollars, 68 percent of all adults in 2021 said they would have covered it exclusively using cash, savings or a credit card paid off at the next statement, the highest since the survey began in 2013. The remaining 32 percent who reported that they would not have covered a 400 dollar expense completely with cash or its equivalent may have found it more difficult to handle small unexpected expenses. 11 percent of all adults said they would be unable to pay the expenses by any means. Financial preparedness for small emergency expenses varies across the country.

IVYE L. ALLEN. I'm in Jackson, Mississippi, and my foundation covers Arkansas, Louisiana, Mississippi and predominantly the Delta areas of those three states. And so there you would find folks who, quite frankly, a 400 dollar emergency expense would be a challenge for some of them, particularly low wage workers, who are basically living paycheck to paycheck and credit cards probably don't exist for some of them.

ANNA ALVAREZ-BOYD. People who do gig work, may be contributing to the economy in ways not observed through traditional employment measures. 16 percent of adults reported performing gig activities over the prior month. This includes 11 percent who sold things, 1 percent who offered short term rentals, and 6 percent who did other freelance work like ride sharing. However, gig activities were rarely people's main source of income.

Only 2 percent of all adults said they earned more than half of their income from gigs over the prior month. People with lower financial well-being said they were more likely to perform gig activities than those who were faring better financially. One fourth of people who

found it difficult to get by financially reported engaging in gig activities, compared with 13 percent of those who were living comfortably.

At the same time, 71 percent of people who performed gig activities said they did it by choice, while 29 percent said they did it out of necessity. Participation in the gig economy was tied to broader creativity and adaptability in making ends meet in U.S. households.

KENDRA N. SMITH. When we think about many of our gig workers, our creative workers. They're doing that without a safety net of maybe benefits of bonuses, of some of the incentives we saw coming out of some of the corporate entities to help people make it through the pandemic, and so I really think it speaks to the tenacity of folks that are working in that economy to continue to provide for their family, to use their skill in a different way.

ANNA ALVAREZ-BOYD. Finding such as these from the survey helped to understand the wide range of financial challenges and opportunities facing families in the United States. To view or download this year's full report and survey data, visit federalreserve.gov/consumerscommunities/shed.htm