
Presented by Ana H. Kent
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These views are my own and not necessarily the views of the Federal Reserve Bank of St. Louis, the Federal Reserve System, or the Board of Governors.
U.S. Consumer Debt

Consumer debt at its peak?...
Consumer debt at its peak?...

Not so after adjusting for inflation and population.

Source: New York Fed Consumer Credit Panel/Equifax

Source: Federal Reserve Bank of NY/Equifax Consumer Credit Panel, and Bureau of Economic Analysis.
“Wealth inequality in America has grown tremendously... to the point where the top 10% of families... own 77% of the wealth pie. The bottom half... own only 1% of the pie.”
## Demographic Wealth Inequality

**Advantaged/Disadvantaged Group**
For every $1 in wealth that the advantaged family has at the median, the typical disadvantaged family has...

<table>
<thead>
<tr>
<th>White/Black Gap</th>
<th>White/Hispanic Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 cents</td>
<td>13 cents</td>
</tr>
</tbody>
</table>

| Terminal Bachelor's Degree       | Boomer family (65-75 years old) |
| Terminal High School Degree      | Millennial family (25-35 years old) |
| 28 cents                         | 8 cents                          |

**Source:** Survey of Consumer Finances, 2016
Groups Particularly At-Risk Financially

- Young
- Blacks and Hispanics
- Less than a Bachelor's
- Women
Lack of Liquidity

12% of Americans in 2018 wouldn't be able to handle a $400 emergency expense.

SOURCE: SURVEY OF HOUSEHOLD ECONOMICS AND DECISIONMAKING, 2018
Many Families Have Little to No Buffer

SHARE OF GROUP UNABLE TO HANDLE $400 EMERGENCY EXPENSE

- Lack safe & liquid assets
- Poor health
- Supporting others

Boomer | Gen X | Millennial | White | Black | Hispanic | Bachelor's or More | Less than Bachelor's | Men | Women
---|---|---|---|---|---|---|---|---|---
Less Buffer | | | | | | | | | |
More Buffer | | | | | | | | | |

SOURCE: SURVEY OF HOUSEHOLD ECONOMICS AND DECISIONMAKING, 2018
This can be catastrophic when paired with income loss

- **Hard-hit industries, April 2020**
  - Leisure and hospitality (39.3% unemployment rate)
  - “Other services” (e.g. personal and laundry services; 23.0)
  - Wholesale and retail trade (17.1)
  - Construction (16.6)

- **Harder-hit groups**
  - Gen Z
  - Hispanics
  - Those with less than a bachelor’s degree
  - Women
  - Blacks

SOURCE: U.S. BUREAU OF LABOR STATISTICS AND IPUMS-CURRENT POPULATION SURVEY

The same vulnerable groups are the ones that have experienced disproportionate job loss
February to March 2020 Job Loss

Particularly Pronounced Among Gen Z, Hispanics, and Less-Educated

SOURCE: U.S. BUREAU OF LABOR STATISTICS AND IPUMS-CURRENT POPULATION SURVEY

Note: Not Seasonally Adjusted
Less Educated Hit Particularly Hard in First and Second Rounds of Job Loss

Percentage Point Difference between Expected Unemployment Based on Civilian Labor Force Share in Earlier Month and Actual Share of Unemployment

SOURCE: U.S. BUREAU OF LABOR STATISTICS AND IPUMS-CURRENT POPULATION SURVEY
Note: Not Seasonally Adjusted
More with Less

Many financially vulnerable individuals are living with and/or providing for children or others outside their household.
Final Thoughts

1. Many families and individuals were vulnerable before COVID-19 hit

2. COVID-19 uncovered existing disparities

3. In general, already vulnerable people suffered more from job loss

4. The full extent of COVID-19's financial impact is still to be determined
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## Appendix: Demographic Vulnerability

<table>
<thead>
<tr>
<th>Share of Demographic with Below Characteristic</th>
<th>All</th>
<th>Young (&lt;40)</th>
<th>Black</th>
<th>Hispanic</th>
<th>Less than Bachelor’s</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renter (2018)</td>
<td>27.4</td>
<td>41.5</td>
<td>41.6</td>
<td>36.7</td>
<td>29.7</td>
<td>28.6</td>
</tr>
<tr>
<td>Negative Net Worth (2016)</td>
<td>11.0</td>
<td>22.9</td>
<td>19.0</td>
<td>11.4</td>
<td>11.4</td>
<td>*</td>
</tr>
<tr>
<td>Retirement Savings (2016)</td>
<td>52.1</td>
<td>45.8</td>
<td>34.0</td>
<td>30.8</td>
<td>40.3</td>
<td>*</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality Industry (Feb. 2020; Share of this industry)</td>
<td>100.0</td>
<td>66.2</td>
<td>13.6</td>
<td>23.7</td>
<td>80.4</td>
<td>50.8</td>
</tr>
</tbody>
</table>

* The Survey of Consumer Finances uses families as the unit of analysis.