



Nearly Half of U.S. Households Have Seen Income Decline Due to Covid-19

59% of those impacted say it will take 3+ months for their incomes to recover – including 4% who say it never will.

NEW YORK – July 9, 2020 – Among U.S. adults, 49% have seen a negative impact on their income due to the coronavirus outbreak, most commonly through layoff, furlough or a reduction in hours according to a new survey by Bankrate.com. Not being able to operate their business as usual, a pay cut, or something else were also cited as reasons for experiencing an income reduction.

<https://www.bankrate.com/surveys/coronavirus-and-income-reduction/>

Of those that have seen a negative impact to income from the pandemic, just 17% say it is already back to normal. 42% expect their income to return to normal within the next 6 months, while 37% say it will take 6 months or more and 4% say it will never recover. In all, 59% of those suffering an income reduction from the pandemic expect it will take longer than 3 months to recover, including the 4% that say it will never recover.

Worries about another coronavirus outbreak negatively impacting household income are significantly higher for those that have already suffered an income reduction - 92% - compared to 62% among those that have not.

“The widespread hit to household income from the pandemic, the length of time for that income to recover, and a pervasive fear of it happening again will all weigh on the economic recovery,” says Greg McBride, CFA, Chief Financial Analyst for Bankrate. “Lower income and worries about lower income have a direct effect on consumer spending.”

Those having experienced a reduction in household income due to the pandemic skews higher among Generation Z (ages 18-23), millennials (ages 24-39), and Generation X (ages 40-55), all of which saw more than half of households negatively affected. Surprisingly, there was only slight variation among income groups, ranging from 48% among households with income below \$30,000 to 53% among households with income of \$80,000 and above.

Of those already seeing their income return to normal, there is little difference among ages. However, younger workers that have experienced an income reduction expect the rebound will come more quickly. 55% of Generation Z and half of millennials felt their incomes would return to normal within 6 months, compared to 37% among Generation X and just one-third (33%) of baby boomers (ages 56-74). While just 15% of millennials said it would take longer than one year for income to return to normal, 27% of baby boomers said so. The percentage of those not expecting income to ever recover was similar among age groups– 2% for Gen Z, 3% for millennials, and 4% for Gen X and baby boomers.

“Seeking payment relief from creditors and reducing household expenses wherever possible are steps households can take to weather a period of income reduction,” added McBride.

Approximately one-in-five households with income of \$50,000 or more that had a pay reduction reports it has already returned to normal (19% among those earning \$50,000-\$79,999 and 20% for households earning \$80,000 or more). This compares to one-in-six (16%) for those earning \$30,000-\$49,999 and one-in-eight (12%) of those earning less than \$30,000 annually.

Methodology: Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,753 adults. Fieldwork was undertaken on June 18-23, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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