

Online Appendix: Financial Fragility during the COVID-19 Pandemic

Robert L. Clark, Annamaria Lusardi, Olivia S. Mitchell

Table A1: Demographics and Financial Fragility Descriptive Results

Variable	Observations	Overall %	Non-fragile	Fragile	No Answer
Age					
Age 45 - 49	415	14.81%	68.74%	23.17%	8.09%
Age 50 - 54	476	16.57%	70.94%	24.87%	4.19%
Age 55 - 59	538	18.04%	70.54%	26.64%	2.82%
Age 60 - 64	554	20.29%	81.06%	15.08%	3.86%
Age 65 - 69	488	16.29%	77.49%	17.92%	4.59%
Age 70 and up	430	13.97%	82.66%	14.94%	2.40%
Gender					
Male	1310	52.09%	81.25%	15.58%	3.16%
Female	1591	47.91%	68.79%	25.75%	5.47%
Race/Ethnicity					
White	2493	82.01%	78.80%	18.65%	2.55%
Hispanic/Latino	185	10.03%	65.49%	29.22%	5.28%
Asian	117	5.63%	81.12%	13.39%	5.50%
Black/African American	260	12.76%	51.39%	33.94%	14.67%
Education Level					
High School or Less	647	38.37%	63.80%	29.39%	6.82%
Some College	1123	29.18%	73.65%	21.94%	4.41%
Bachelor's Degree	679	18.79%	89.32%	9.07%	1.61%
Graduate Degree	453	13.66%	91.72%	7.84%	0.44%
Marital Status					
Married	1790	60.63%	85.13%	12.03%	2.84%
Divorced	601	20.50%	67.72%	27.79%	4.49%
Separated	49	1.69%	42.86%	53.06%	4.08%
Widowed	157	5.48%	61.86%	27.13%	11.01%
Never Married	304	11.70%	57.82%	35.02%	7.16%
Income Level (\$)					
Income under 15k	279	11.31%	27.22%	57.38%	15.39%
Income 15k - < 25k	233	8.99%	53.92%	40.41%	5.66%
Income 25k - <35k	292	9.73%	59.30%	32.02%	8.68%
Income 35k - <50k	370	13.31%	74.27%	20.91%	4.82%
Income 50k - <75k	551	18.72%	85.25%	12.93%	1.83%
Income 75k - <100	401	12.73%	92.25%	6.60%	1.16%
Income 100k - <150	429	14.06%	94.07%	5.63%	0.30%
Income 150k or higher	341	11.07%	96.68%	3.32%	0.00%
Employment Status					
Works full-time	1302	46.34%	82.88%	13.25%	3.87%
Works part-time	313	9.32%	73.39%	22.20%	4.41%
Not working	1287	44.35%	67.74%	27.61%	4.65%

Income Shocks					
Suffered Income Shock	538	19.10%	69.33%	26.10%	4.56%
No Income Shock	2364	80.90%	76.68%	19.12%	4.20%
Late medical bills					
Late medical bills	429	15.90%	51.95%	44.02%	4.03%
No late medical bills	2473	84.10%	79.69%	16.00%	4.31%
Financial Literacy					
Average number correct out of Big Three	2891	2.26	2.46	1.68	1.01
Average number correct out of all 12 questions	2891	7.93	8.52	6.25	3.61
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Total	2902	100.00%	77.91%	18.85%	3.24%

Entries show percent of each variable by fragility, apart from the financial literacy variables where means are reported. Data are weighted using survey weights.

Table A2: Logit Marginal Effects: Financial Fragility using 3-Question and 12-Question Literacy Indices: Weighted

VARIABLES	3-Question Model Financial Fragility	12-Question Model Financial Fragility
Financial Literacy		
Total Questions Correct (Out of Big Three)	-0.021 (0.011)	
Total Questions Correct (Out of All Twelve)		-0.010 (0.005)
Age (Base Age 45-49)		
Age 50-54	-0.032 (0.032)	-0.028 (0.032)
Age 55-59	-0.034 (0.033)	-0.036 (0.033)
Age 60-64	-0.128 (0.031)	-0.128 (0.031)
Age 65-69	-0.104 (0.035)	-0.105 (0.035)
Age 70 and up	-0.125 (0.035)	-0.126 (0.035)
Gender (Base Female)		
Male	-0.010 (0.020)	-0.011 (0.020)
Race/Ethnicity (Base White)		
Hispanic/Latino	0.085 (0.033)	0.080 (0.033)
Asian	-0.055 (0.059)	-0.056 (0.059)
Black/African American	0.047 (0.034)	0.040 (0.034)
Education (Base High School or Less)		
Some College Education	-0.012 (0.022)	-0.010 (0.022)
Bachelor's Degree	-0.057 (0.030)	-0.049 (0.030)
Graduate Degree	-0.028 (0.034)	-0.022 (0.033)
Marital Status (Base Married)		
Separated (Marital Status)	0.058 (0.062)	0.054 (0.063)
Divorced	0.089 (0.026)	0.089 (0.026)
Widowed	0.056 (0.044)	0.056 (0.045)
Never Married	0.072 (0.031)	0.070 (0.031)
Household Size		
Number of Household Members	0.017 (0.009)	0.017 (0.009)
Income (Base <15k)		
Income 15k – < 25k	-0.115	-0.112

	(0.033)	(0.033)
Income 25k – < 35k	-0.164	-0.157
	(0.036)	(0.037)
Income 35k – < 50k	-0.234	-0.228
	(0.032)	(0.033)
Income 50k – < 75k	-0.251	-0.243
	(0.032)	(0.033)
Income 75k – < 100k	-0.390	-0.397
	(0.047)	(0.049)
Income 100k – < 150k	-0.350	-0.343
	(0.042)	(0.043)
Income 150k or higher	-0.428	-0.422
	(0.055)	(0.055)
Employment Status		
Works full-time	-0.040	-0.043
	(0.024)	(0.024)
Income Shock		
Suffered Income Shock	0.027	0.027
	(0.023)	(0.023)
N. of observations	2,685	2,682
Percent Financially Fragile	19.08%	19.08%

Marginal effects calculated using the margins Stata package. “Do not Know” Responses dropped from sample for estimation. Robust standard errors in parentheses.

A3. Financial Literacy Questionnaire

The following questions are designed to test respondents' financial literacy. Correct answers are *italicized*.

Fin033: Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

- *1 More than \$102*
- 2 Exactly \$102
- 3 Less than \$102
- 98 Don't know

Fin034: Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

- 1 More than today
- 2 Exactly the same
- *3 Less than today*
- 98 Don't know

Fin035: Please tell me whether this statement is true or false. "Buying a single company's stock usually provides a safer return than a stock mutual fund."

- 1 True
- *2 False*
- 98 Don't know

Fin036: Suppose you owe \$1,000 on a loan and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?

- 1 Less than 2 years
- *2 At least 2 years but less than 5 years*
- 3 At least 5 years but less than 10 years
- 4 At least 10 years
- 98 Don't know

Fin037: Suppose you had \$100 in a checking account that pays no interest. If you withdrew 5% of what was left in the account each year, how much do you think you would have left in the account at the end of 2 years?

- *1 More than \$90*
- 2 Exactly \$90
- 3 Less than \$90
- 98 Don't know

Fin038: There's a 50/50 chance that Jay's old car will need repair in the next year, which will cost him \$800. Also, in the next year, there is a 10% chance that Jay will need to replace the carpeting in his home and basement which will cost him \$3,000. Which poses the greater expected cost to Jay?

- *1 The car repair*

- 2 The carpeting replacement
- 3 There is no way to tell in advance
- 98 Don't know

Fin039: Which statement is true? Alex has a low credit score. This means that:

- 1 *He has a history of late payments and carrying balances on his credit cards*
- 2 He can get a low interest rate on loans and credit cards
- 3 He can get a low premium on car and homeowner's insurances
- 98 Don't know

Fin040: Susan worries about living a long life and running out of money. How could she manage that possibility?

- 1 There is nothing she can do about this
- 2 Buy life insurance
- 3 *Buy an annuity*
- 98 Don't know

Fin041: Jesse is a retired worker. Which statement is correct about Jesse's Social Security?

- 1 Jesse's monthly Social Security benefits will be the same no matter how old he was when he started to receive them
- 2 Social Security will pay Jesse a benefit sufficient to maintain his pre-retirement living standard
- 3 *Social Security will pay a benefit to Jesse until he dies*
- 98 Don't know

Fin042: Chuck plays the lottery, spending \$50 per month on tickets. Which statement is correct?

- 1 This is a good strategy to accumulate wealth
- 2 *To accumulate wealth, Chuck should save the money each month rather than buy lottery tickets*
- 3 It is a good strategy if Chuck has a good system to pick numbers
- 98 Don't know

Fin043: Bill and Mary own a house which they would like to sell to move to a smaller place. Which statement about selling the house is correct?

- 1 Bill and Mary must pay off their existing mortgage before they can put their old house on the market.
- 2 Bill and Mary cannot get a new mortgage unless they get back their purchase price.
- 3 *When Bill and Mary sell their house, they will receive the price they sell their house for, minus their outstanding mortgage and other expenses associated with selling the house.*
- 98 Don't know

Fin044: Suppose Andy purchases an appliance that retails for \$1,000 with equal monthly payments of \$100 per month for 12 months. The total payments Andy made by the year's end total \$1,200. What is the interest rate that Andy paid for this purchase?

- 1 More than 10% but less than 20%
- 2 *More than 20%*
- 3 Not enough information to calculate the interest rate on his purchase

- 98 Don't know

Related Variables:

literacy_3	Financial literacy "score" calculated from the number of correct answers to FIN033, FIN034, and FIN035
literacy_12	Financial literacy "score" calculated from the number of correct answers to all 12 literacy questions