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Abstract

Among the consequences of the COVID-19 pandemic were disruptions to household finances. U.S. households were buffeted by many negative shocks, such as inflation, unemployment, investment or business losses, or family issues, including death. At the same time, economic stimulus payments, reduced household expenses and, for some households, investment or business gains, helped offset these shocks. This paper uses data from the RAND American Life Panel from before and after the onset of the pandemic to assess how such shocks affected households of persons 60 to 79 years of age, including their savings and the adequacy of those for future expenses. We found that 75% of older adults reported experiencing a negative shock, primarily inflation, that set them back financially over the course of the pandemic. Such negative shocks were less frequent among persons 70 or older, Black persons, those in better health, and those with higher income. We found 52% reported unexpected financial gains, such as a stimulus payment. These were more prevalent among persons with lower income. On balance, the economic situation of the typical sample member was not harmed over the course of the pandemic according to several different indicators of self-assessed saving adequacy. Inflation, however, was perceived to be an important potential threat: Conditioning on persistent higher inflation, the subjective probability of running out of wealth almost doubled.

Citation

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Introduction

Even before the pandemic, there were concerns that many households had insufficient savings for retirement (e.g., Laibson et al. 1998; Madrian and Shea 2001; Poterba et al. 2011; Stanford Center on Longevity 2016). In prior work based on prepandemic data, we studied a subjective indicator of the adequacy of saving among those near retirement: whether individuals, looking back, wished they had saved more (and spent less) earlier in life. We called such a wish "saving regret."[1] To obtain empirical evidence, we conducted two surveys in the United States, one in Singapore, and one through a module of the Survey of Health Ageing and Retirement in Europe. We found that, in the United States, 55% of those ages 60 to 79 wished they had saved more and spent less earlier in life (Börsch-Supan et al. 2023a). Saving regret was related to measures of personal or financial shocks that either set the household back financially or that improved household finances (Börsch-Supan et al. 2020). Shocks included unexpected negative events such as unemployment, health problems limiting the ability to work, divorce, death in the family, and unexpected large expenses, as well as positive events such as higher than expected earnings or higher than expected returns on investments or from businesses.

We found that institutions appear to play an important role in saving regret. For example, saving regret is lower in Singapore, where the government defined contribution plan mandates very high saving rates, and lower still in European countries

[1] We use "saving regret" as a shorthand for the "wish to have save more and spent less earlier in life." Note that we did not use the term "regret" in the survey questions.

with generous social insurance and public pension systems (Börsch-Supan et al. 2023b).

The COVID-19 pandemic, which led to widespread shutdowns of public life in the United States in March 2020, brought about numerous shocks and disruptions to people's lives. The official unemployment rate shot up from just 3.5% to 14.7% in the second quarter of 2020. If individuals who were temporarily unemployed are included, unemployment reached almost 20%. Shortly after this peak, unemployment rapidly decreased.[2] By the first quarter of 2021, it was 6%; by the beginning of 2022, it was about 4%. At the same time, government benefits were distributed with greater speed and more generosity than in prior economic downturns.

To gauge how households in the U.S. fared coming out of the pandemic, we designed and fielded an additional survey in the RAND American Life Panel (August through September 2022). Our survey collected data on saving regret and other indicators of financial security. Many households experienced shocks that set them back financially, and even those who did not experience economic shocks firsthand may have felt that the economic environment had become more uncertain. At the same time, because of a substantial expansion of government unemployment benefits, as well as economic impact and stimulus payments, some households may have experienced positive shocks.

In this paper, we study 60 to 70 year olds' experience of shocks during the

[2] See Chart Book: Tracking the Recovery From the Pandemic Recession. Updated December 14, 2023. https://www.cbpp.org/research/economy/tracking-the-recovery-from-the-pandemic-recession#:~:text=The%20actual%20unemployment%20rate%20averaged,the%20fourth%20quarter%20of%202021. Accessed 12/14/2023.

pandemic years and how those experiences varied by sociodemographic characteristics, including race and ethnicity. We document the prevalence of different types of shocks prior to the pandemic and the occurrence of new shocks after onset of the pandemic and relate these to individuals' expression of saving regret. The sudden rise of inflation following the pandemic posed new challenges with immediate impacts on all households, but with variation in the ability of households to manage higher expenditures and resulting uncertainty. We investigate variation in inflation expectations and how these affect individual assessments of financial security, specifically their self-reported probability of running out of money in the future. We consider the role of skills that have been shown to improve financial decision-making (financial literacy and probability numeracy) to find whether these moderate the effect of shocks on self-assessed indicators of economic preparation for retirement. Our findings provide new insights on pandemic-induced changes in the living standards and financial situation of older Americans.

Data

The RAND American Life Panel

The American Life Panel (ALP) is a standing panel of about 6,000 individuals 18 or older who are invited from time to time to take a survey over the internet. Individuals are recruited into the panel in a way to enhance population representation. The panel has been active in its current form since 2006, so that data from hundreds of surveys are available and can be linked to individuals, greatly expanding the types of analyses

that can be performed on data from any particular wave. See Pollard and Baird (2017) for details on sample recruitment, response rates, retention, and weighting.

Prior to the pandemic, we had collected two waves of ALP data on saving regret and shocks. The first of these was MS455, fielded in 2016 from August to December; it produced 1,728 completed interviews among individuals 60 or older. The second was MS487, fielded from December 2017 to February 2018: It produced 2,181 completed interviews among individuals 50 to 79. Subsequent to the pandemic, we collected a third wave of data, MS590, on saving regret and shocks. This wave was fielded in August and September 2022: It produced 2,307 completed interviews among those 50 to 79.

We use two types of samples in this paper. First, we examine the repeated cross-sections in the three waves of those 60 to 79 years of age. Second, we conduct a panel analysis of those 60 to 79 in our third survey (MS590), linking them to their observations in earlier ALP surveys that queried about saving. We prioritized their responses to our second survey (MS487), collected in 2017 to 2018, but if their responses from that wave were missing, we used their responses to our first wave (MS455) from 2016.

We asked about saving regret as follows.

Saving regret

Please think back to when you were around 45 years old. Suppose you could redo your spending and saving from then to now, which of the following would you do?

1. *Spend less and save more over the years?*
2. *Spend and save about the same over the years?*
3. *Spend more and save less over the years?*

There was a follow-up question if the respondent indicated that they would spend less and save more over the years:

To save more you have to spend less. Which of the spending categories could you have possibly spent less on?

[Multiple categories listed]

OR

❑ *No way I/we could have cut spending. I/We could not have saved more. (10)*

The spending categories included housing, food, car, and others as listed in Appendix 1. Respondents were also offered the opportunity to state that they could not have reduced spending after all in which case we recoded their saving regret response to "spend and save about the same over the years."

Among those who indicated "spend more and save less," we presented a similar list of categories on which they would have increased spending, with an option of not spending more after all.

To measure the effect of the pandemic shock on perceptions of economic position we asked about self-assessed saving adequacy. Specifically, we asked respondents, "What are the chances that you will run out of money sometime in the future?" We also queried respondents whether they have enough funds to meet future needs: "Taking into consideration all of your household's wealth and future income and comparing them to your needs in the future, do you think that your household's total financial resources are more than enough, just enough, not enough, or not nearly enough?"

Shocks

Our surveys asked respondents about negative shocks, surprises earlier in life such as unemployment or health expenses that "caused their finances to turn out worse than expected," and about positive shocks such as an inheritance or successful investments "that helped their finances turn out better than expected." Table 3 shows the list of specific shocks queried. The third ALP wave, conducted after the onset of the COVID-19 pandemic, expanded the list of shocks from the first two waves to include some that were new to the pandemic: Inflation was added to the list of negative shocks; economic impact or stimulus payments were added to the list of positive shocks. The survey also included several new questions about the effect of inflation on the respondent's household, on individuals' expectations for future inflation, and its impacts on their retirement security. We asked respondents what they estimated the chances to be of a 10% price increase in gasoline, a 10% price increase in food, and a 10% or 15% price increase across all items. We elicited respondents' subjective probability of running out of money unconditionally, conditional on low inflation, and conditional on high inflation.

Analyses

Our earlier analyses showed unemployment, health limiting the ability to work, divorce, bad investments and other shocks had large effects on the likelihood of saving regret in prepandemic times. In this paper, we examine whether the direct experience of shocks since the onset of the pandemic predicted changes in saving regret and other measures of financial security and retirement preparedness. We also asked whether

more generous unemployment benefits and broadly distributed stimulus payments reduced the effects of the shocks.

We investigated the role of various skills that support robust financial planning and decision-making and how they moderated repercussions of shocks on financial security and preparation for retirement. The third ALP wave included question batteries to measure financial literacy (Lusardi and Mitchell 2014), probability numeracy (Hudomiet et al. 2018), and financial planning horizon. We investigated whether those scoring higher on financial literacy and probability numeracy, and those with a longer financial planning horizon are less likely to express saving regret, less likely to experience shocks, and better able to manage the effects.

Results

Overall levels and changes in economic circumstances

Table 1 shows summary statistics of three self-assessed indicators of economic circumstances for individuals ages 60 to 79: saving regret, the subjective probability of running out of money in the future, and whether the respondent stated not having enough money for future needs. For each one, the fraction of the population reporting concerns is smaller post-COVID-19. A little more than half (52.7%) in the post-pandemic cross-section said they wished they had saved more, while 56.8% said so in 2018. The proportion of respondents who said they did not have enough financial resources to meet future needs or were uncertain about this declined from 46.5% prepandemic to 40.7% in 2022. Individuals' subjective chances of running out of money in the future fell by 2.6 percentage points on average and the median was 10 percentage points lower in

2022 compared to prepandemic. These results suggest that financial well-being in the older population was not harmed by the pandemic and possibly improved overall.

Figure 1 shows by socioeconomic characteristics the variation in Wave 3 of the same self-assessed indicators of economics circumstances. While saving regret is a backward-looking measure and the other two are forward-looking, they show similar patterns: Groups with higher levels of saving regret tend to have higher subjective probabilities of running out of wealth and a greater likelihood of not having sufficient economic resources to meet future needs. For example, saving regret, the probability of running out of money, and insufficient resources are all lower among the oldest respondents. All three measures are lower among married persons, the most educated, white persons, and in the highest wealth quartiles than they are among persons in relevant comparison groups. The exception to this pattern is the variation by income quartile where saving regret is not monotonic in income quartile whereas the other two measures are.

Table 2 shows saving regret pre- and post-pandemic based on panel data over those respondents for whom we have observations on saving regret both before and after the pandemic. The frequency of saving regret decreased from 0.615 to 0.524 or by 9.2 percentage points.[3] There was a decrease in saving regret across nearly all subgroups, although not all these decreases were statistically significant. There were particularly large decreases in saving regret among

- respondents with no more than high school education,
- black respondents, and

[3] The panel decline is greater than the decline in Table 1 due to differences between the cross-section and longitudinal samples.

- respondents in the lowest income quartile.

Role of shocks in the pandemic

Table 3 shows the prevalence of shocks that impacted household finances among respondents both before and after the pandemic. Before the pandemic, we asked respondents in MS487 if earlier in life they had experienced any of the shocks listed. Following the pandemic, we asked respondents if they had experienced any of these shocks since March 2020, the onset of the pandemic. The recall period for prepandemic shocks could be as long as 40 years, while that for the post-pandemic period was only about 2.5 years.

Negative shocks

Prepandemic, 69% reported a negative shock that set them back financially; in Wave 3, 75% reported a post-pandemic shock. This comparison is striking given the shorter recall period for post-pandemic shocks: Respondents were more likely to report having experienced a negative shock impacting their finances over the two and a half years since the onset of the pandemic than over the decades preceding it.

The most widely reported negative shock in the post-pandemic period was inflation (60%) reflecting an inflation rate not seen since the 1980s. The second-most widely reported negative shock was poor investment or business returns. The proportion of respondents reporting this shock post-pandemic (26%) was more than double those reporting it prior to the pandemic. The shock of a family death was about as frequent post-pandemic as prepandemic, again despite the longer prepandemic recall period, a likely result of higher mortality rates during the pandemic. Most other

negative shocks were more common in the longer prepandemic recall period than in the post-pandemic one.

Negative shocks were associated with elevated saving regret. Before the pandemic, 63% of those who experienced a negative shock reported saving regret, compared with 57% overall. After the pandemic, 56% of those experiencing a negative shock experienced saving regret, compared with 53% overall. Among those reporting a shock from inflation, 58% expressed saving regret.

Remarkably, for every category of negative shock, saving regret was lower post-pandemic than it was prepandemic. For example, among those who reported the shock of earning less than expected (16% before the pandemic and 14% afterward), the prevalence of saving regret was lower post-pandemic (59%) than prepandemic (75%).

Positive shocks

Seventy-three percent reported a post-pandemic positive shock that helped "their finances turn out better than expected," compared with just 64% prepandemic. Again, this is striking given the shorter recall period for post-pandemic shocks. The high prevalence of both negative and positive shocks during the pandemic years suggests considerable economic churn leading to differing experiences across households.

The most frequently reported positive shock was economic stimulus payments, reported by 57% of our study population. This is consistent with responses to another question in the same survey, which asked whether the household received government benefits, and if so, which type(s). Respondents could check more than one option: 61% reported receiving a stimulus payment, 12% reported receiving unemployment benefits,

8% reported receiving food stamps, and proportions of about 2% or fewer receiving other programs, with 32% reporting receiving no government benefits.

The second-most widely reported positive shock during the pandemic was lower than expected household spending; 21% reported this shock post-pandemic, while 14% reported it prepandemic. This reflects the pandemic scarcity of some products as well as restrictions on travel and congregating in areas such as restaurants or theaters. Other positive shocks were less prevalent in the post-pandemic period than in the longer prepandemic one. For example, better than expected investment or business returns and better than expected earnings were each reported by 6% of respondents post-pandemic but nearly 25% for the longer prepandemic period.

Overall, 52% of those experiencing a positive shock post-pandemic expressed saving regret. This was little changed from the 53% expressing saving regret among those who experienced a positive shock prior to the pandemic.

Predictors of negative shocks

Table 4 presents estimated coefficients from the regression of any shock, the number of shocks, and the type of shock on respondent and household characteristics. The period covered is March 2020 to the administration of our survey in August and September 2022. For example, it shows that female respondents in the post-pandemic period were 1.3 percentage points more likely to report a shock than males, that they reported on average 0.03 fewer shocks than males, and that they were 2.6 percentage points less likely to report having been set back financially by inflation (second row, first three columns).

Overall, negative shocks were less frequent among persons 70 or older, Black persons, those in better health, and those with higher income. Inflation shocks were less frequent among those 70 or older and among those in the top wealth quartile. Negative investment shocks were more frequent among married couples and higher education and wealth levels. Shocks from helping family were greater at higher income levels. A financial shock due to a death in the family was more likely to occur among Black respondents than among to white respondents. Unemployment shocks were less prevalent among those at older ages and the highest income. Health expense shocks were greatest among those in poor health.

We included in the regressions two personal characteristics that measure skills that are important inputs to sound financial decision-making: financial literacy (basic understanding of interest rates, inflation, and investment risk) and probability numeracy (the ability to understand and use probabilities). Those with high financial literacy scores were more likely to report any negative shocks, and a larger number of negative shocks. They were also more likely to state they were set back financially by inflation and by bad investments. The probability numeracy measure was not associated with the prevalence of negative shocks and generally had weak relationships with individual shocks.

Predictors of positive shocks

Table 5 presents results similar to Table 4 but for positive shocks. Overall, positive shocks were less likely among those with greater wealth. This appears to be due to the targeting of government stimulus payments where those in the highest wealth quartile were 20.8 percentage points less likely to have received one than those in the lowest quartile. Similarly, those in the highest income quartile were 7 percentage points

less likely to report a positive economic shock during the pandemic, and 19 percentage points less likely to have received a stimulus payment. This suggests the payments were well-targeted in that they were more likely to be reported as a positive shock by less affluent households. Households in the highest income quartile were most likely to report spending less than expected. Wealthier households were most likely to report a positive shock from investment or business returns. Overall, this suggests heterogeneity in positive shocks, with the stimulus providing a positive shock to households of lower economic status but investment returns providing a positive shock to those of higher economic status.

Predictors of saving regret

Table 6 shows results from descriptive multivariate regressions of saving regret reported in the post-pandemic period, controlling for the sociodemographic characteristics. In addition, it controls for the experience of shocks before and after onset of the pandemic, and for inflation expectations. The two specifications differ by whether controls for wealth quartile are included, which is an important measure of economic status. The results are qualitatively similar across the two versions for estimates on variables that are statistically significant in at least one specification, with exception of the income quartiles.

Demographic variables. According to the model with controls for wealth, saving regret in 2022 is statistically, significantly lower among older households, and those who are partnered or coupled. In the model without wealth controls, saving regret is elevated among non-Hispanic Black individuals and those in the labor force. Effects are qualitatively similar in the respective other model, but less strong.

Shocks. The largest and strongly statistically significant effects in both specifications are associated with negative shocks. In the model without wealth controls, any negative shock prior to the pandemic is associated with 10 percentage points greater saving regret; experiencing a negative shock since the onset of the pandemic raises saving regret by another 11 to 14 percentage points. We interacted the experience of negative shocks since pandemic onset with an indicator for receiving government benefits, such as unemployment, economic impact/pandemic stimulus payments, child tax credit, food stamps, rent support, among others. The intent of these benefits was to relieve economic distress, yet saving regret is elevated both among benefit recipients with shocks (+14 ppts) and without shocks (+11.2 ppts). The likely explanation for this anomaly is that the receipt of benefits signals that the respondent had a below-average economic position, which, as a general matter, is associated with saving regret, but that economic position is not fully controlled, even when both income and wealth quartile indicators are included. The benefits were distributed widely during the pandemic to households with low income and those experiencing specific shocks (e.g., unemployment). Without experimental variation the estimates do not identify whether benefits relieved saving regret, but rather that targeting of the low-income population was successfully accomplished.

Inflation expectations. We asked respondents about their subjective probability of inflation on a 0 to 100 scale. We included in the regression the subjective probability that prices will increase by 10% or more over the next 12 months and the subjective probability that the respondent's income will keep up with inflation over the next five years. The variation from 0 to 100 in the subjective probability that prices will rise by

10% or more over 12 months is associated with 9 ppts higher saving regret in the specification without wealth controls. The variation from 0 to 100 in the subjective probability that income will keep up with inflation is associated with 14 ppts lower saving regret.

Supporting skills for financial decision-making. Scoring high on financial literacy or probability numeracy did not show systematic associations at conventional levels of significance. Having a long financial planning horizon (>10 years) was weakly associated with lower saving regret, but only in the version without controlling for wealth quartiles, which is consistent with the observation that this variable tends to be a proxy for high wealth holdings.

Economic status. Indicators of income quartile were statistically significant (and strongly so) only in the specification that also controlled for wealth quartiles: 17 ppts higher in the fourth income quartile. The association of greater saving with income when wealth is controlled is possibly due to respondents not having saved even though they had adequate income to save or, somewhat mechanically, because those who did not save were forced to remain in the labor force which elevates income.

Pandemic effects on perceptions of inflation and economic security

Inflation expectations

At the time of our survey, many respondents were expecting inflation to continue to be strong (Table 7). On average, respondents gave a 57% chance that gasoline prices would increase by at least 10% over the next 12 months, 68% chance that food prices would increase by at least 10%, 64% chance that prices in general would increase by at least 10%, and a 45% chance that prices in general would increase by at

least 15%. Yet, respondents, on average, gave only a 35% chance of income keeping up with inflation, whether over the next one year or the next five years, indicating that many anticipated a decline in real income.

Older persons, non-Hispanic Black persons, Hispanic persons, those in better health, and those with higher income or wealth had lower expectations of inflation. Similarly, older persons, married persons, those with less education, those with better health, and those with higher income or wealth were more likely to expect income to keep pace with inflation. As these results suggest, there was overlap between those expecting inflation to decline and those expecting incomes to keep pace.

Expectations of running out of money

We asked respondents about the chances they might run out of money sometime in the future, both unconditional and conditional on a persistently low (2%) inflation scenario and a persistently high (10%) one. Overall, respondents gave a 31% unconditional probability of running out of money sometime in the future (Table 8A). This was several points lower than in 2016 (Table 1). For the conditional case of persistent low inflation, respondents gave a 26% chance of running out of money. The small difference in the conditional probability of running out of money between the low inflation case and the unconditional case suggests that most respondents believed that the high inflation of 2022 was temporary, and that inflation would indeed revert to something closer to 2%, as it had been for years prior to the pandemic. For the conditional case of persistently high inflation, they gave a subjective probability of 49% showing the sensitivity of their economic outlook to inflation.

Our multivariate regression of the probability of running out of money on demographic and other controls found several noteworthy differences (Table 8B). On average, older individuals believe they have lower risk of running out of money than younger ones do. This may be due to their shorter remaining time horizon, but this finding is also consistent with other data patterns, such as Health and Retirement Study findings showing better economic outcomes and situations for older respondents (Hurd and Rohwedder 2024). Not surprisingly, individuals of higher income and greater wealth report lower subjective probabilities of running out of money.

Expectations of running out of money are sensitive to expectations of inflation. A change from 0 to 100 in the subjective probability of prices increasing by at least 10% in the next 12 months is associated with a 7.2 percentage point increase in the subjective probability of running out of money. A similar increase in the subjective probability of prices increasing by 15% over a year raises the subjective probability of running out of money by 9.5 percentage points. Not surprisingly, individuals who give a higher chance for their income to keep up with inflation over the next five years are less likely to say they will run out of money.

Experience since the beginning of the pandemic

To gauge general experiences since the beginning of the pandemic, we asked respondents about changes in their standard of living, financial situation, and difficulties in paying bills (Table 9). On average respondents reported little change in their standard of living, with 66% saying it was the same as it was before the pandemic. The remainder were split nearly equally between those reporting a lower standard of living and those reporting a higher one.

In assessing their financial situation, 32% said it was worse in August 2022 than pre-COVID-19 and just 16% said it was better. This is somewhat dissonant with our results in Table 1 where the overall impression is that the financial situation improved over the pandemic: The percent indicating they have enough economic resources to meet future financial needs increased by several percentage points and the average subjective probability of running out of money fell (Table 1). Based on cross-sectional comparisons, both suggest better financial situations post-pandemic at the population level for those ages 60 to 79.

We asked respondents who reported negative shocks whether they had changed their behavior as a result. Most (84%) said they had, with the most common adjustments being cutting spending (63%), more prudent financial decisions (46%), and keeping or increasing a “rainy day fund” (19%) (Table 10).

Discussion

In undertaking the third post-pandemic wave of our saving regret surveys, we expected to find that respondents viewed the world as more uncertain and more subject to shocks than they previously thought. Greater uncertainty should lead to a desire for greater buffer stock saving, which can help individuals smooth consumption in response to frequent and larger shocks.

Yet the percentage of respondents who expressed saving regret, and who would have wished to have saved more, decreased after the onset of the pandemic. And, indeed, this decrease in saving regret was accompanied by improvements in financial well-being as measured by an increase in the proportion of those saying they had enough resources for the future, or by a decrease in the proportion fearing running out

of money. Overall, we conclude that the financial position of the older population during the pandemic was not harmed and possibly improved.

These modest improvements occurred even as respondents contended with new types of shocks, such as inflation rates not seen in decades and the greater mortality of the pandemic, as well as shocks that were occurring more frequently than in the past. Two mechanisms in particular appear to have helped older individuals absorb the shocks of the pandemic years. These were the positive shock of stimulus payments for less affluent households, and of increasing business and investment returns for more affluent ones.

From June 2021 to June 2022, prices increased by 9%. Respondents were cognizant of inflation and concerned. Most respondents at the time of our post-pandemic survey expected inflation rates of at least 10% to persist for another 12 months, while fewer thought incomes would keep pace with inflation. Worries about inflation were also clear in the probabilities of running out of money, particularly in high inflation scenarios. Yet the unconditional probabilities for running out of money were lower than they had been before the pandemic, and they were close to the conditional probabilities in a 2% inflation scenario, suggesting that respondents expected inflation and its deleterious effects on their finances to subside.

In separate work using HRS data, we found in simulations of spending, income, and wealth during the retirement years that with a 2% inflation rate, 24% of older adults would run out of money before death (Hurd and Rohwedder 2024). The average subjective probability that respondents gave for running out of money under the 2%-inflation scenario was 26% (Table 8A) suggesting that respondents are quite attuned to

the effects of inflation on their economic prospects.

We did find one anomalous result: By several measures, the population 60 to 79 years of age was slightly more financially secure in 2022 than it had been in 2018, yet more of them said their financial situation was worse or their standard of living was lower. Resolving this anomaly would require further data.

Conclusions

Saving regret was lower after the COVID-19 pandemic compared to prepandemic. In addition to the lower levels of saving regret, several other indicators suggest that the economic position of 60 to 79 year olds improved over the pandemic years. This is quite remarkable because of the large spike in the unemployment rate and in the inflation rate during that time. Explanations include the high recipiency rate of government programs (stimulus funds and augmented unemployment compensation) and the high saving rate that resulted from staying at home and from the scarcity of some goods.

Both before and after the pandemic, shocks were the most important predictors of saving regret. Respondents were particularly attuned to the effects of inflation: They expressed elevated chances of running out of money under high inflation, estimating their average chance of doing so to be 49% under persistent 10% inflation but just 26% under persistent 2% inflation. Many 60 to 79 year olds perceive that inflation causes them substantial economic harm.

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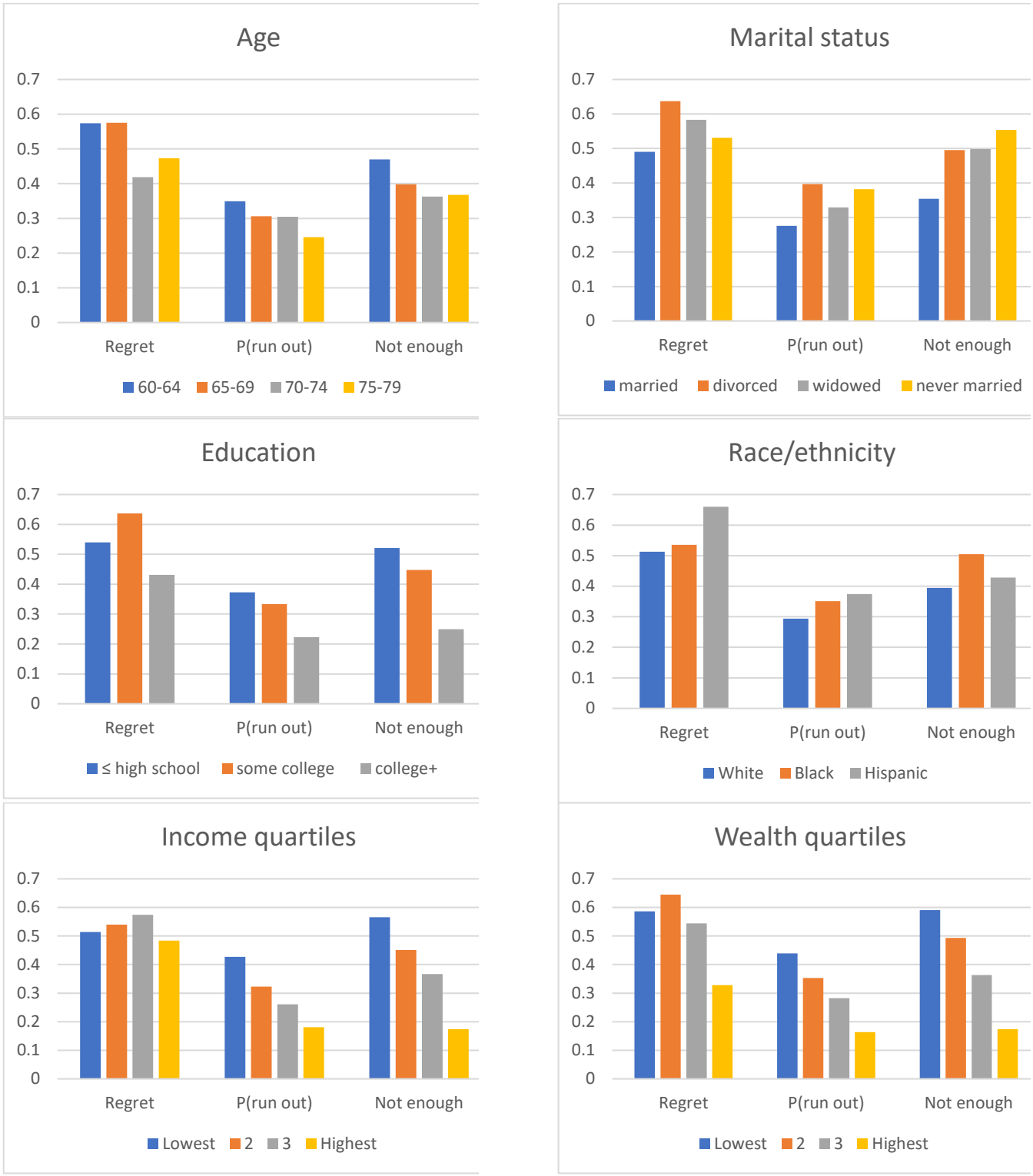
Figures and tables

Figure 1: Variation in three self-assessed indicators of economic circumstances by sociodemographic characteristics



Note: Based on MS590, August/September 2022, weighted statistics. The three self-assessed indicators of economic circumstances are (1) Saving regret ("Regret"), (2) the probability of running out of money ("P(run out)"), and (3) not having enough money for future needs ("Not enough").

Table 1: Indicators of economic circumstances, pre- and post-pandemic

	pre-COVID-19	post-COVID-19	Difference
Wish to have …	**2018** N=1,376 (MS487)	**2022** N=1,541 (MS590)	
…saved more	56.8	52.7	-4.1
…about the same	41.9	45.3	3.4
…saved less	1.2	2.1	0.9
All	100.0	100.0	
Enough financial resources to meet future needs	2016 N= 1,591 (MS455)	2022 N= 1,541 (MS590)	
Not (nearly) enough/ uncertain, DK	46.5	40.7	-5.8
(More than) enough	53.5	59.3	5.8
All	100.0	100.0	
Chances will run out of money in the future	2016 N=1,582 (MS455)	2022 N=1,537 (MS590)	
Mean	33.6	31.0	-2.6
Median	30.0	20.0	-10.0

Notes: Repeated cross-section, pre-COVID-19 (2016 or 2018) and post-COVID-19 (2022). Ages 60 to 79, weighted. See Appendix Tables 1a to 1c for statistics based on a balanced panel sample.

Table 2: Saving regret pre- and post-pandemic in panel,

by sociodemographic characteristics

			Saving Regret								
			pre-COVID-19 (MS487 or MS455)			post-COVID-19 (MS590)			Difference post - pre COVID-19		
	N	In percent	Mean	SE of Mean	T-test	Mean	SE of Mean	T-test	Mean	SE of Mean	T-test
Total	1,195	100.0	0.615	0.018		0.524	0.019		-0.092	0.020	
Female											
0	617	51.6	0.626	0.027	ref	0.503	0.029	ref	-0.122	0.028	ref
1	578	48.4	0.605	0.024	ns	0.546	0.025	ns	-0.059	0.027	ns
Age											
60-64	325	27.2	0.693	0.031	ns	0.598	0.035	ns	-0.095	0.033	ns
65-69	439	36.7	0.623	0.034	ref	0.567	0.035	ref	-0.056	0.036	ref
70-74	259	21.7	0.575	0.035	ns	0.401	0.035	***	-0.174	0.043	***
75-79	173	14.4	0.511	0.046	*	0.456	0.046	*	-0.054	0.039	ns
Marital status											
married	794	66.4	0.590	0.024	ref	0.500	0.024	ref	-0.090	0.022	ref
separated or divorced	205	17.1	0.653	0.043	ns	0.623	0.043	**	-0.030	0.058	ns
widowed	110	9.2	0.644	0.055	ns	0.549	0.061	ns	-0.095	0.045	ns
never married	87	7.2	0.721	0.053	**	0.475	0.064	ns	-0.247	0.081	*
Education level											
High School or less	469	39.2	0.689	0.039	ref	0.535	0.043	ref	-0.154	0.043	ref
Some College or 2yr degr	310	26.0	0.665	0.025	ns	0.634	0.025	**	-0.031	0.025	**
College or more	416	34.8	0.496	0.020	***	0.429	0.020	**	-0.067	0.020	*
Race											
White	912	76.3	0.608	0.020	ref	0.514	0.021	ref	-0.093	0.021	ref
Black	100	8.4	0.708	0.072	ns	0.492	0.084	ns	-0.217	0.089	ns
Hispanic	131	11.0	0.659	0.068	ns	0.660	0.067	**	0.001	0.057	ns

Other	51	4.3	0.459	0.091	ns	0.406	0.088	ns	-0.054	0.122	ns
Wealth quartiles											
Lowest	292	24.4	0.667	0.041	ref	0.604	0.044	ref	-0.063	0.049	ref
2	302	25.3	0.767	0.033	*	0.633	0.041	ns	-0.134	0.044	ns
3	302	25.3	0.618	0.035	ns	0.526	0.037	ns	-0.093	0.031	ns
Highest	299	25.0	0.409	0.031	***	0.333	0.03	***	-0.076	0.028	ns
Income quartiles											
Lowest	356	29.8	0.655	0.037	ref	0.5	0.040	ref	-0.155	0.049	ref
2	321	26.9	0.602	0.034	ns	0.536	0.035	ns	-0.067	0.034	ns
3	254	21.2	0.613	0.039	ns	0.569	0.040	ns	-0.044	0.031	*
Highest	265	22.1	0.581	0.036	ns	0.498	0.037	ns	-0.083	0.028	ns
Poor health*											
0	978	81.9	0.614	0.020	ref	0.515	0.021	ref	-0.098	0.020	ref
1	217	18.1	0.624	0.050	ns	0.561	0.052	ns	-0.063	0.062	ns
Probability Numeracy											
0	56	4.7	0.54	0.124	ns	0.338	0.106	**	-0.201	0.144	ns
1	111	9.2	0.554	0.072	ns	0.622	0.069	ns	0.069	0.061	***
2	263	22.0	0.663	0.040	ns	0.582	0.043	ns	-0.082	0.045	ns
3	587	49.1	0.664	0.024	ref	0.559	0.026	ref	-0.105	0.025	ref
4	179	15.0	0.448	0.040	***	0.321	0.037	***	-0.127	0.043	ns
Financial Literacy											
0	79	6.6	0.77	0.067	**	0.575	0.091	ns	-0.195	0.103	ns
1	150	12.5	0.532	0.069	ns	0.439	0.066	ns	-0.093	0.077	ns
2	309	25.9	0.673	0.036	***	0.606	0.039	**	-0.067	0.040	ns
3	657	55.0	0.589	0.022	ref	0.498	0.023	ref	-0.091	0.021	ref

Financial Planning Horizon											
Next few months	284	23.8	0.67	0.039	ns	0.574	0.043	ns	-0.097	0.050	ns
Next year	124	10.4	0.705	0.054	ns	0.668	0.054	**	-0.037	0.051	ns
Next few years	331	27.7	0.623	0.034	ref	0.509	0.036	ref	-0.113	0.035	ref
Next 5-10 years	296	24.7	0.608	0.035	ns	0.492	0.038	ns	-0.117	0.039	ns
Longer than 10 years	159	13.3	0.445	0.048	***	0.410	0.046	*	-0.035	0.035	ns
Missing	1	0.1	1	0	***	1	0	***	0	0	***
Memory problems[+]											
0	1,048	87.7	0.604	0.020	ref	0.514	0.021	ref	-0.091	0.020	ref
1	146	12.3	0.694	0.051	ns	0.593	0.058	ns	-0.101	0.071	ns

Notes: [*] Poor health is self-reported fair or poor health. [+] Memory problems are self-reported fair or poor. Balanced panel, pre-COVID-19 (2018; if missing filled with 2016 observation) and post-COVID-19 (2022). Ages 60 to 79 in 2022, weighted. “ns”= not significant. “ref” = reference group. * p<0.1, ** p<0.05, *** p<0.01

Table 3: Shocks and saving regret

	MS487 (pre-COVID-19)					MS590 (post-COVID-19)				
			Saving Regret					Saving Regret		
	N	Percent	Mean	Std.Error	T-test	N	Percent	Mean	Std.Error	T-test
Negative Shocks										
Inflation						925	60.0	0.580	0.021	***
Investment/Business	151	11.0	0.731	0.038	***	404	26.2	0.541	0.029	ns
Earn less	224	16.3	0.752	0.033	***	219	14.2	0.593	0.043	*
Helped Family	255	18.5	0.714	0.032	***	206	13.3	0.663	0.041	***
Death	160	11.6	0.701	0.040	***	161	10.5	0.630	0.048	**
Large Other Expense	114	8.3	0.725	0.049	***	148	9.6	0.580	0.053	ns
Health Limited Work	268	19.5	0.630	0.039	*	144	9.3	0.568	0.059	ns
Unemployment	259	18.9	0.664	0.033	***	138	9.0	0.549	0.054	ns
Large Health Exp	147	10.7	0.734	0.038	***	101	6.5	0.566	0.065	ns
Retire Too Early	164	11.9	0.611	0.047	ns	100	6.5	0.595	0.068	ns
College	135	9.8	0.672	0.047	**	23	1.5	0.516	0.123	ns
Divorce	273	19.9	0.625	0.032	*	12	0.7	0.552	0.134	ns
Other	13	0.9	0.681	0.114	ns	8	0.5	0.488	0.173	ns
Any negative shock	948	69.0	0.633	0.019	***	1,153	74.8	0.558	0.019	***
Positive Shocks										
Econonomic impact/stimulus pmt						883	57.3	0.554	0.022	*
Lower household spending	198	14.4	0.565	0.042	ns	319	20.7	0.461	0.036	**
Investment/Business did well	338	24.6	0.402	0.029	***	97	6.3	0.238	0.043	***
R earned more than expected	337	24.5	0.513	0.032	**	94	6.1	0.543	0.067	ns
S earned more	222	16.1	0.525	0.04	ns	71	4.6	0.445	0.093	ns
Inheritance	322	23.4	0.492	0.03	***	66	4.3	0.414	0.059	*
R worked longer than exp.	243	17.6	0.583	0.034	ns	42	2.7	0.697	0.085	**
Fin. help from family	113	8.2	0.622	0.052	ns	34	2.2	0.461	0.121	ns
S worked longer than exp.	141	10.2	0.529	0.054	ns	27	1.8	0.328	0.127	ns
Other	13	0.9	0.685	0.131	ns	27	1.7	0.394	0.133	ns
Any positive shock	882	64.1	0.533	0.019	***	1,129	73.3	0.517	0.02	ns
All	1,376	100.0	0.568	0.016		1,541	100.0	0.527	0.017	

Notes: Weighted statistics. * p<0.1, ** p<0.05, *** p<0.01. ns = not significant; R= Respondent; S=Spouse.

Table 4: Predictors of negative shocks in the period March 2020 to August/September 2022

		Any Negative Shock	Number of Shocks	Inflation	Bad Invest-ments / Business	Earnings Less than expect-ed	Helped Family	Death in Family	Large Expense	Health Limited Work	Unem-ployment	Large Health Expense	Retired Too Early
Gender	**Male**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Female	0.013	-0.0347	-0.0257	-0.0253	-0.0000772	0.0285	0.0426**	0.0136	-0.0295**	-0.0117	0.00378	-0.00422
Age band													
	60-64	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	65-69	-0.0287	-0.129	-0.0435	-0.0351	-0.012	0.0242	0.0134	0.0169	-0.0006	-0.0546***	-0.0259	-0.00983
	70-74	-0.0813**	-0.233**	-0.0990***	-0.037	-0.00777	0.0103	0.00159	0.0325	-0.0043	-0.0342	-0.0172	-0.0502***
	75-79	-0.0811**	-0.273**	-0.0764*	0.0289	-0.0148	0.0339	-0.0212	-0.0126	-0.0338	-0.0643***	-0.0396**	-0.0596***
Marital status	**Single**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Coupled	0.0338	0.121	0.0529*	0.130***	-0.00652	0.0167	-0.0165	-0.0103	-0.00879	-0.0177	-0.00291	-0.00658
Educatio n level	**High school or less**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Some college	0.0507	0.158	0.0252	0.0983***	-0.0219	0.0186	0.0173	-0.0193	-0.0081	0.0349	0.00768	-0.0223
	College or more	0.0302	0.136	-0.0446	0.0836**	-0.00927	0.0254	0.0133	-0.00949	-0.00772	0.0354	0.0261	-0.00339
Race/ Ethnicity	**White**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Black	-0.0927*	-0.108	-0.0443	-0.0301	-0.028	0.0689	0.101**	-0.0337	-0.0174	-0.0412	-0.0424**	-0.0289
	Hispanic	0.00565	-0.0975	-0.00858	-0.0382	0.00685	0.0185	0.0423	-0.0114	-0.0319	-0.0434	-0.0221	-0.0305
	Other	0.0495	0.459**	0.109*	-0.00553	0.0921	0.0652	0.00541	0.0625	0.0245	0.0684	0.0199	-0.0404
Health	**Poor health**	0.0930***	0.439***	0.0665*	-0.00453	-0.000857	0.0655**	0.0161	0.0420*	0.120***	-0.00797	0.104***	0.0188
Labor mkt	**In labor force**	0.0345	0.245***	-0.0436	0.0344	0.180***	-0.0275	0.00832	0.00108	0.0291*	0.0873***	0.00241	-0.0195
Income quartiles	**Lowest**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	2	-0.0408	0.162	-0.00647	0.0676**	-0.000555	0.0739***	0.00698	0.0630***	-0.00803	-0.0437*	0.0242	-0.0259
	3	-0.0356	0.0678	-0.0328	0.0487	-0.0106	0.0957***	0.0246	0.0264	-0.00558	-0.0429*	-0.0125	-0.0366*
	Highest	-0.0859**	-0.113	-0.0399	0.0136	-0.0498*	0.116***	0.0146	0.00304	-0.0225	-0.109***	-0.00148	-0.0598***
Wealth quartiles	**Lowest**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	2	-0.0858**	-0.260**	-0.0684*	0.0850***	-0.0254	-0.0613**	-0.0237	-0.0315	-0.0517*	-0.026	-0.0713***	0.0127
	3	-0.00993	-0.142	-0.00714	0.199***	-0.0167	-0.0502	-0.0481*	-0.0523*	-0.0588**	-0.0244	-0.0683***	-0.0131

	Highest	-0.0589	-0.273*	-0.0894**	0.224***	-0.0483	-0.0861**	-0.0337	-0.0807***	-0.0692**	-0.042	-0.0682***	0.00663
Financial	**Low**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
Literacy	**Medium**	0.0506	0.248*	0.101**	-0.0128	0.0161	0.0319	0.00376	-0.0121	0.0086	0.00449	0.0739***	0.0106
	High	0.116***	0.395***	0.170***	0.0919***	0.0249	0.0122	0.018	0.0199	0.00871	0.0139	0.0400**	-0.00661
Probabi													
lity	**0-1 correct**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	2 correct	-0.0218	0.0596	0.00811	0.00603	0.042	0.0304	-0.0534	0.0243	-0.0361	0.0563*	-0.0168	-0.00262
Numer-													
acy	**3 correct**	-0.00563	0.0269	0.0199	0.0305	0.0512	0.0402	-0.0514	0.0291	-0.0557*	0.015	-0.0109	-0.0379
	4 correct	0.00598	-0.0218	0.00287	0.0417	0.0401	0.00391	-0.0649	0.0596*	-0.0623*	0.00165	0.0144	-0.0352
	Constant	0.722***	1.329***	0.570***	-0.0771	0.0742	0.00478	0.114**	0.0694*	0.186***	0.133***	0.0702**	0.165***
	N	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541
	Unweighted mean	0.759	1.7	0.594	0.313	0.139	0.134	0.102	0.097	0.080	0.092	0.066	0.058
	Weighted mean	0.748	1.7	0.600	0.262	0.142	0.133	0.105	0.096	0.093	0.090	0.065	0.065
	R- squared	0.0412	0.0482	0.0403	0.124	0.0723	0.0304	0.0292	0.0284	0.0561	0.0587	0.0544	0.0319
	F	2.957	3.415	2.942	13.9	4.18	2.037	1.506	1.664	2.578	3.098	2.532	2.092

Note: * p<0.1, ** p<0.05, *** p<0.01. Regressions were run without weights.

Table 5: Predictors of positive shocks in the period March 2020 to August/September 2022

		Any pos shocks	No. of pos shocks	Received stim/ econ impact payment	HH spend less than expected	Invest-ment/bu-siness did well	R-Earned more than expected	S-Earned more than expected	Received inheritance	Worked longer than expected
Gender	**Male**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Female	0.0238	0.00973	0.0524**	-0.0169	-0.0292**	0.00312	-0.013	0.0132	-0.0129
Age band	**60-64**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	65-69	-0.00448	0.0281	0.0158	0.0202	0.0208	-0.00148	-0.0147	-0.0124	0.0192*
	70-74	-0.0181	0.0645	0.0342	0.0402	0.0341*	-0.0253	-0.0267*	0.00895	0.0237*
	75-79	-0.0483	-0.0452	0.000853	0.0289	0.0490**	-0.0221	-0.0460***	-0.0256	0.0186
Marital Status	**Single**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Coupled	-0.0277	0.0341	-0.0393	0.0530**	0.00036	-0.0114	0.0469***	0.0162	-0.0114
Education	**High School or less**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Some College	-0.0116	-0.0173	-0.0383	-0.0259	0.00671	0.0428**	-0.013	0.0212	0.0102
	College or more	0.0109	0.0502	-0.0307	0.0345	0.0369	0.0214	-0.022	0.0401**	-0.00271
Race/ethnicity	**White**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Black	0.0049	-0.101	0.0144	-0.00441	-0.0198	-0.0174	-0.00785	-0.0405*	-0.0182
	Hispanic	0.0271	0.0607	-0.0064	0.0604	0.00868	0.0109	0.0155	-0.0204	0.0104
	Other	-0.0274	0.011	0.0224	-0.0263	0.0276	0.0395	-0.00919	-0.0314	0.0316
	Poor self-reported health	-0.045	-0.139**	-0.0198	-0.034	-0.022	-0.0383**	-0.015	-0.0390**	0.0113
	In Labor Force	0.00254	0.150***	0.0171	0.0095	0.0166	0.0912***	-0.00186	-0.0209	0.0340***
Income quartiles	**Lowest**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	2	0.0288	0.0964	0.00652	0.0304	-0.0128	0.0172	0.0164	0.0315*	0.0167
	3	0.0138	0.0587	-0.0256	0.0276	-0.0255	0.0186	0.0318**	-0.000124	0.0370***
	Highest	-0.0735*	-0.0147	-0.188***	0.0974***	-0.0077	0.0181	0.0528***	0.00329	0.0092
Wealth Quartiles	**Lowest**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	2	-0.0921**	0.251***	-0.0859**	-0.0574*	-0.00393	-0.00651	-0.0341**	-0.0197	0.00593
	3	-0.0742**	-0.155**	-0.103**	0.00981	0.0389*	-0.0207	-0.0207	-0.0114	-0.00313
	Highest	-0.0959**	-0.150*	-0.208***	0.0192	0.130***	-0.0232	-0.0295*	0.0143	0.00164
Financial Literacy	**Low**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Medium	0.0642	0.0631	0.0726	-0.0159	-0.0116	-0.0138	-0.0137	0.0518**	-0.0027

	High	0.157***	0.193**	0.160***	0.027	-0.00751	-0.0166	-0.0052	0.0397*	-0.0164
Probability	**0-1 correct**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
Numeracy	**2 correct**	0.0292	0.0242	0.114**	-0.0277	0.00824	-0.00209	-0.00813	-0.0155	-0.0191
	3 correct	0.0526	0.116	0.188***	0.00541	-0.0223	0.00921	-0.00542	-0.0259	-0.0137
	4 correct	0.0822	0.200*	0.156***	0.0317	0.0484	0.018	0.000894	-0.0304	-0.00486
	Constant	0.673***	0.872***	0.469***	0.112*	0.0196	0.034	0.0592**	0.0148	0.0159
	Unweighted mean	0.739	1.1	0.567	0.219	0.084	0.066	0.034	0.057	0.028
	Weighted mean	0.733	1.1	0.573	0.207	0.063	0.061	0.046	0.043	0.027
	R-squared	0.03	0.0411	0.073	0.0517	0.0851	0.0524	0.0411	0.0307	0.0248
	F-statistic	1.949	3.106	5.611	3.937	4.665	2.543	2.183	2.989	1.164

Note: N=1,540. * p<0.1, ** p<0.05, *** p<0.01. Regressions were run without weights.

Table 6: Multivariate regression of saving regret with and without controlling for wealth quartile

	Without additional controls	With additional controls
Female	0.0153	0.0156
Age band 60-64	(ref)	(ref)
65-69	0.0187	0.0279
70-74	-0.0615*	-0.0840**
75-79	-0.0204	-0.0389
Partnered/couple	-0.039	-0.0715***
Education: HS or less	(ref)	(ref)
Some college or 2yr degree	0.0876**	0.0916**
College or more	-0.0501	-0.0161
Non-Hispanic White	(ref)	(ref)
Non-Hispanic Black	0.122**	0.0791
Hispanic	0.0804	0.0456
Health fair or poor	0.00994	-0.0232
Memory fair or poor	0.0488*	0.0485*
In labor force	0.0806***	0.0624**
Income quartile: lowest	(ref)	(ref)
2nd	0.0141	0.0467
3rd	0.0326	0.0985**
Highest	0.0533	0.173***
Wealth quartile: lowest		(ref)
2nd		0.028
3rd		-0.114***
Highest		-0.302***
Shocks		
Pre-pandemic: Any negative shocks	0.103***	0.0867***
Any positive shocks	-0.0557**	-0.0177
Since pandemic onset		
Any positive shocks	-0.0326	-0.0403
Gov. benefits=no; neg. shocks=no	(ref)	(ref)
Gov. benefits=yes, neg. shocks=no	0.112**	0.0866*
Gov. benefits=no; neg. shocks=yes	0.116**	0.111**
Gov. benefits=yes; neg. shocks=yes	0.141***	0.126***
Chances inflation 10% or more next 12 months [0,100]	0.000929**	0.000656
Chances R's income will keep up with inflation next 5yrs [0,100]	-0.00141***	-0.00126***
Financial planning horizon>10yrs	-0.0582*	-0.0222
Financial literacy low	(ref)	(ref)
medium	-0.0113	0.00148
high	-0.0172	0.0238
Probability numeracy: 0 or 1 correct	(ref)	(ref)
2 correct answers	0.0655	0.0776
3 correct answers	0.0543	0.0761
4 correct answers	-0.0960*	-0.0687
Constant	0.351***	0.402***
N	1,541	1,541
Adjusted R-squared	0.11	0.155
F	8.823	11.760

Notes: * p<0.1, ** p<0.05, *** p<0.01. Regressions included missing flags for missing values in the variables on inflation expectations. They were run without weights.

Table 7: Subjective probabilities of inflation and real income from MS590 post-pandemic

		Probability of Inflation. 12 months				Probability income keeps up with inflation	
A. Averages		**Gasoline**	**Food**	**All items**	**All Items**	**1-year**	**5-year**
		10%	**10%**	**10%**	**15%**		
Weighted		57.3	67.5	64.1	45.2	34.8	34.7
Unweighted		56.5	66.3	62.7	43.2	34.4	35.3
N		1,537	1,538	1,538	1,537	1,537	1,535
B. Regression coefficients							
Gender	**Male**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Female	-2.848*	-1.904	0.88	3.709**	0.0429	-1.95
Age band	**60-64**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	65-69	-2.139	-1.589	-1.577	-0.956	2.586	-0.63
	70-74	-3.949*	-0.967	-2.49	-2.711	6.481***	3.593
	75-79	-5.507**	-3.39	-2.615	-4.602*	7.524**	4.996*
Marital status	**Single**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Coupled	1.701	-0.968	-1.512	-2.321	3.545*	4.006**
Education level	**High School or less**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Some College	1.056	1.226	1.052	3.177	-4.225	-1.19
	College or more	-2.35	-2.856	-3.568	-2.616	-4.564	-1.952
Race/Ethnicity	**White**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	Black	-6.318**	-6.482**	-8.120***	-3.407	6.286*	5.428
	Hispanic	-3.805	-5.051*	-4.404	-1.709	6.107*	4.019
	Other	-1.22	-2.391	-6.026	-2.349	0.0807	-1.665
	Poor health	3.082	5.034**	2.18	2.236	-8.655***	-10.23***
	In Labor Force	2.117	2.583	2.459	-0.232	-1.866	-3.226*
Income quartiles	**Lowest**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
	2	-2.153	-2	0.113	-2.818	3.354	4.740**
	3	-4.796*	-4.006*	-0.778	-4.437*	8.951***	7.992***
	Highest	-3.379	-4.910**	-2.876	-7.985***	10.77***	11.69***
Wealth quartiles	**Lowest**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)

	2	0.951	-2.693	-2.725	-2.872	2.945	1.015
	3	-2.452	-3.488	-3.588	-4.256*	4.039	2.286
	Highest	-4.101	-6.711***	-8.723***	-9.630***	5.969*	5.986**
Financial	**Low**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
Literacy	**Medium**	-0.525	2.222	2.518	0.811	1.05	-1.628
	High	-1.084	1.045	-0.0821	-1.553	-2.65	-3.739
Probability	**0-1 correct**	(ref)	(ref)	(ref)	(ref)	(ref)	(ref)
Numeracy	**2 correct**	6.003*	8.774***	8.310***	7.539**	1.266	-1.273
	3 correct	6.864**	7.870***	5.832**	1.516	2.043	0.746
	4 correct	2.879	1.955	-2.489	-4.247	-0.228	0.741
	Constant	59.88***	68.68***	66.77***	52.95***	24.50***	29.73***
	N	1,537	1,538	1,538	1,537	1,537	1,535
	R-squared	0.0374	0.0572	0.0694	0.108	0.0461	0.06
	F	2.66	4.108	5.125	8.845	3.37	4.504

Note: * p<0.1, ** p<0.05, *** p<0.01. Regressions were run without weights.

Table 8. Subjective probability of running out of money in the future: unconditional and conditioning on permanently high (10%) or permanently low (2%) inflation.

		Probability run out of money		
A. Averages		**Unconditional**	**Conditional on 10% inflation**	**Conditional on 2% inflation**
Weighted		31.0	49.2	26.3
Unweighted		28.3	47.8	23.9
N		1,537	1,537	1,535
B. Regression coefficients				
Gender	**Male**	(ref)	(ref)	(ref)
	Female	2.971**	1.789	5.562***
Age band	**60-64**	(ref)	(ref)	(ref)
	65-69	-4.017**	-2.545	-3.040*
	70-74	-4.222**	-3.163	-3.658**
	75-79	-4.632**	0.538	-4.246**
Marital status	**Single**	(ref)	(ref)	(ref)
	Coupled	-7.860***	-7.390***	-5.715***
Education level	**High school or less**	(ref)	(ref)	(ref)
	Some college or 2-yr degree	-1.035	-0.578	-1.16
	College or more	-2.485	-4.415	-0.823
Race	**White**	(ref)	(ref)	(ref)
	Black	-1.263	-7.177**	0.551
	Hispanic	0.9	-1.523	-0.0239
	Other	-0.0464	-0.672	-1.138
	Poor self-reported health	7.018***	9.931***	4.446**
	In labor force	4.117***	6.493***	4.517***
Income quartiles	**Lowest**	(ref)	(ref)	(ref)
	2	-4.888**	-1.219	-5.568***
	3	-7.886***	-4.113	-5.737***
	Highest	-9.649***	-10.38***	-10.04***
Wealth quartiles	**Lowest**	(ref)	(ref)	(ref)
	2	-5.222**	1.754	-5.467**
	3	-6.446***	-0.453	-6.355***
	Highest	-13.38***	-6.429**	-9.176***
Inflation expectation (subjective probabilities)	**P(10% inflation)**	0.0718**	0.128***	0.0494*
	P(15% inflation)	0.0950***	0.0166	0.120***
	P(inc keep up w/infl 1 yr)	-0.0413	0.00441	0.0191
	P(inc keep up w/infl 5 yr)	-0.151***	-0.229***	-0.158***
Financial Literacy	**Low**	(ref)	(ref)	(ref)
	Medium	3.75	9.858***	5.686**
	High	0.254	7.833***	-1.28
Probability	**0-1 correct**	(ref)	(ref)	(ref)

Numeracy	**2 correct**	5.085*	4.54	3.986
	3 correct	1.059	2.698	-3.434
	4 correct	0.977	4.631	-2.326
	Constant	41.67***	46.52***	34.17***
	N	1,533	1,533	1,531
	R-squared	0.298	0.187	0.275
	F-statistics	24.59	14.44	20.96

Note: * p<0.1, ** p<0.05, *** p<0.01. Regressions were run without weights.

Table 9: Self-reported experience since the beginning of the pandemic, 2022; percent distribution

Standard of living today compared to pre-COVID-19			
Higher today	**Lower today**	**Same**	**All**
13.2	21.0	65.7	100.0

Financial situation today compared to pre-COVID-19			
Better today	**Worse today**	**Same**	**All**
15.5	31.6	52.9	100.0

Difficulties paying bills since COVID-19-pandemic onset			
No difficulty	**Difficulties, but not behind**	**Fallen behind**	**All**
68.5	25.7	5.9	100.0

Note: N=1,541, age 60-79, weighted.

Table 10: Response to shocks

Cut spending	62.6%
More prudent in financial decision making	45.6%
Keep/increase rainy day fund	19.1%
Increased work effort (work more hours; delay retirement … self or spouse)	12.9%
Other	2.7%
None of the above	15.6%

Sample: Indicated a Negative shock pre- and post-COVID-19. MS590, ages 60 to 79. Multiple responses possible.

Appendix

Appendix 1: Survey question wording on follow-up to saving regret question

SR3. Categories could have spent less

[Asked if calcage = (55 or older) AND SR03 = 1 (spend less and save more)]

To save more you have to spend less. Which of the spending categories could you have possibly spent less on? Check all that apply.

- ☐ Housing
- ☐ Food
- ☐ Clothing
- ☐ Appliances and home furnishings
- ☐ Car
- ☐ Leisure (going/dining out, hobbies, etc)
- ☐ Children's education or other child-related expenses
- ☐ Providing financial help
- ☐ Other (please specify_____)

OR

☐ No way I/we could have cut spending.
I/We could not have saved more.

OR/IN ADDITION

☐ I/we would have worked more or longer.
[Use DK/RF follow-up]

SR4. Categories would spend more

[Asked if calcage = (55 or older) AND SR03 = 3 (spend more and save less)]

To save less you could have spent more. Which of the spending categories would you have spent more on? Check all that apply.

- ☐ Housing
- ☐ Food
- ☐ Clothing
- ☐ Appliances and home furnishings
- ☐ Car
- ☐ Leisure (going/dining out, hobbies, etc)
- ☐ Children's education or other child-related expenses
- ☐ Providing financial help
- ☐ Other (please specify_____)

OR

☐ I would not really have wanted to spend more after all.

OR/IN ADDITION

☐ I/we would have worked less or retired earlier.
[Use DK/RF follow-up]

Appendix Table 1a: Panel transitions in percent who wished to have saved more earlier, 2018 to 2022

Panel C: pre-COVID-19 (MS487) to MS590. Distribution of responses to two surveys			
	post-COVID-19 (2022)		
Pre-Covid (2018)	**no**	**yes**	**All**
No	30.45	9.11	39.56
Yes	16.25	44.19	60.44
All	46.70	53.30	100.00

Note: N=1,214 panel observations, 2018 to 2022. Ages 60 to 79 in 2022, weighted. MS487 administered the saving regret questions to respondents ages 55 to 79. Thus, we have longitudinal observations covering the age range 60 to 79 in 2022.

Appendix Table 1b: Distribution of responses: whether have sufficient financial resources to meet future needs, 2016 and 2022

pre-COVID-19 (MS455) to MS590			
	post-COVID-19		
Pre-COVID-19	**Not Enough**	**Enough**	**All**
0 Not (nearly) enough/Uncertain/DK	22.98	17.67	40.64
1 (More than) Enough	10.96	48.39	59.36
Total	33.94	66.06	100.00

Note: N=883 panel observations, 2016 to 2022. Ages 66 to 79 in 2022, weighted. MS455 was administered to the population 60 and older in 2016. By 2022, the MS455 sample is ages 66+.

Appendix Table 1c: Level and change in the probability of running out of money in the future, panel (2016 and 2022), weighted statistics

Stats	2016	2022	Difference
N	767	767	767
Mean	30.27	26.66	-3.61
25th Percentile	10.00	5.00	-15.00
50th Percentile	25.00	20.00	0.00
75th Percentile	50.00	50.00	6.00

Note: N=767 panel observations, ages 66 to 79 in 2022, weighted statistics.