

Parents & Money

Survey 2021



Policygenius

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Introduction

Raising a child comes with many challenges, but the COVID-19 pandemic made parents' jobs much tougher. From working from home without childcare to dealing with financial uncertainty, the pandemic changed the way many parents manage money, and even made some families less financially stable.

The second Policygenius Parents & Money Survey found that over one in four parents felt less financially prepared to raise a child due to the pandemic. One in three said they have tapped their emergency, retirement or travel savings to pay for

extra expenses during the pandemic, and 23% said they or their partner have scaled back or quit work to help with childcare.

This white paper examines parents' financial preparedness, how COVID-19 affected parenting and where parents are feeling financial strain.

Parents' financial preparedness

One in four (26%) parents said the pandemic has made them feel less financially prepared to raise a child. But a majority of parents, around 60%, said the pandemic has had no effect on their financial ability to raise a child.

Figure A

Has the pandemic made you feel more or less financially prepared to raise a child?

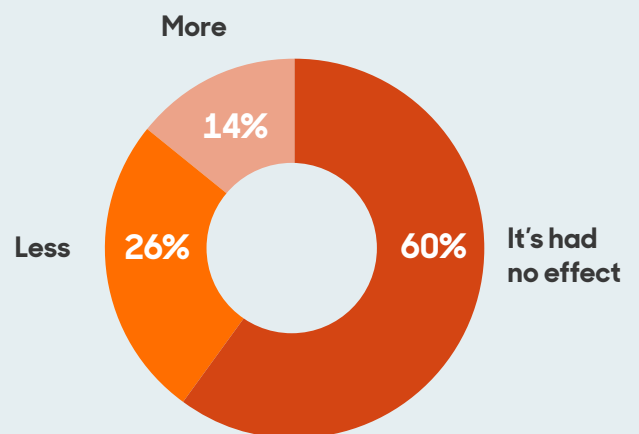
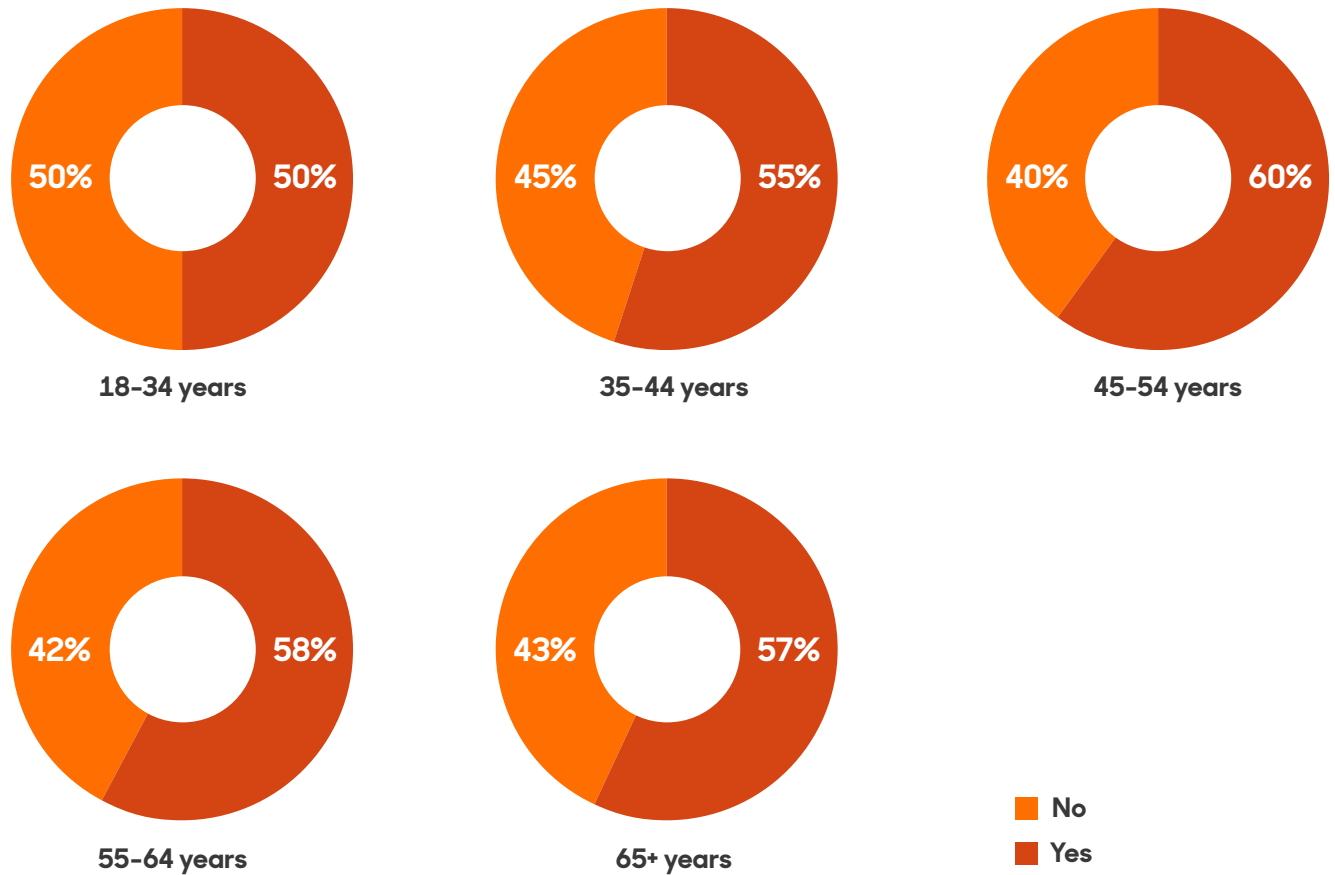


Figure B

Looking back, were you financially prepared to have a child?



Generally, around 45% of parents say they were not financially prepared to have a child. Parents of all ages report feeling not ready to raise a child: 50% of parents under age 35 say they weren't financially prepared for a child. Around 43% of parents over 35 report feeling unprepared.

About 48% of mothers say they were financially unprepared to raise a child. Mothers bore the brunt of childcare and housework during the COVID-19 pandemic. [Almost 1 million mothers have left the workforce](#) as a result.

How COVID-19 has changed family finances

As you'd expect, the pandemic affected the way parents handle their finances. Nearly one in four parents (23%) said they or their partner either scaled back or quit work altogether to take care of their child.

Figure C

In the past year, have you or your partner scaled back or quit work to help with your children's education or childcare?

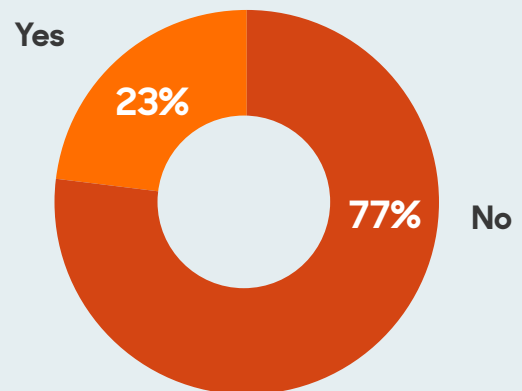


Figure D

Which funds have you tapped to pay for extra expenses during the pandemic?

	The pandemic has made me less financially prepared to raise a child	The pandemic has made me more financially prepared to raise a child	The pandemic has had no effect on whether I'm financially prepared to raise a child	Total
I haven't had extra expenses	12%	24%	33%	26%
I don't have any of these funds to tap	29%	20%	11%	17%
Emergency savings	25%	14%	10%	15%
Retirement savings	14%	9%	8%	10%
Travel savings	10%	6%	7%	8%
College savings	7%	5%	3%	4%
None of the above	15%	26%	31%	26%

Some families may feel more prepared for a financial downturn than others. Among parents who felt less financially prepared to have a child because of the pandemic, 25% tapped their emergency fund and 14% dipped into their retirement

savings to pay for extra costs. Those who said the pandemic had no effect on their family finances were less likely to use these savings.

Figure E

What new investments have you made for your family as a result of the pandemic?

	The pandemic has made me less financially prepared to raise a child	The pandemic has made me more financially prepared to raise a child	The pandemic has had no effect on whether I'm financially prepared to raise a child	Total
None of the above	69%	48%	81%	74%
My partner and I both got life insurance	7%	16%	5%	7%
I made an estate plan	6%	13%	6%	7%
I bought life insurance for myself	6%	10%	4%	5%
I started a medical expenses fund	6%	10%	3%	5%
My partner bought life insurance	9%	7%	2%	5%

The pandemic affected everyone's finances differently. For many parents, the pandemic presented an opportunity, or an impetus, to obtain additional financial protection. Around 16% of parents [got life insurance](#) for themselves or their partner during the pandemic, 7% made an [estate plan](#), and 5% started a [medical expenses fund](#).

Parents who said the pandemic made them more financially prepared to have a child were the most likely to make these investments; a third purchased life insurance, 13% made an estate plan and 10% started a medical expenses fund.

Parental stressors

Despite, or perhaps because of, the tumult of the past year, parents are still focused on their long-term financial goals. The biggest financial stressor among parents was saving for retirement, though debt, a more immediate money problem, was also a big worry.

Figure F

Which financial goal are you currently most stressed about?

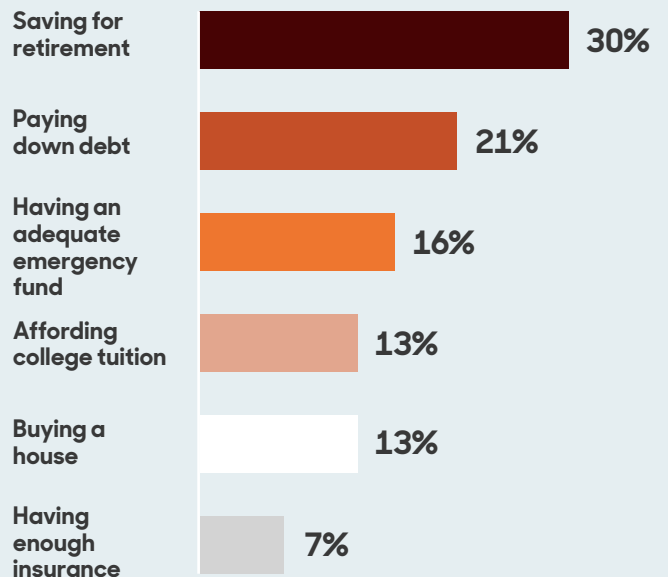
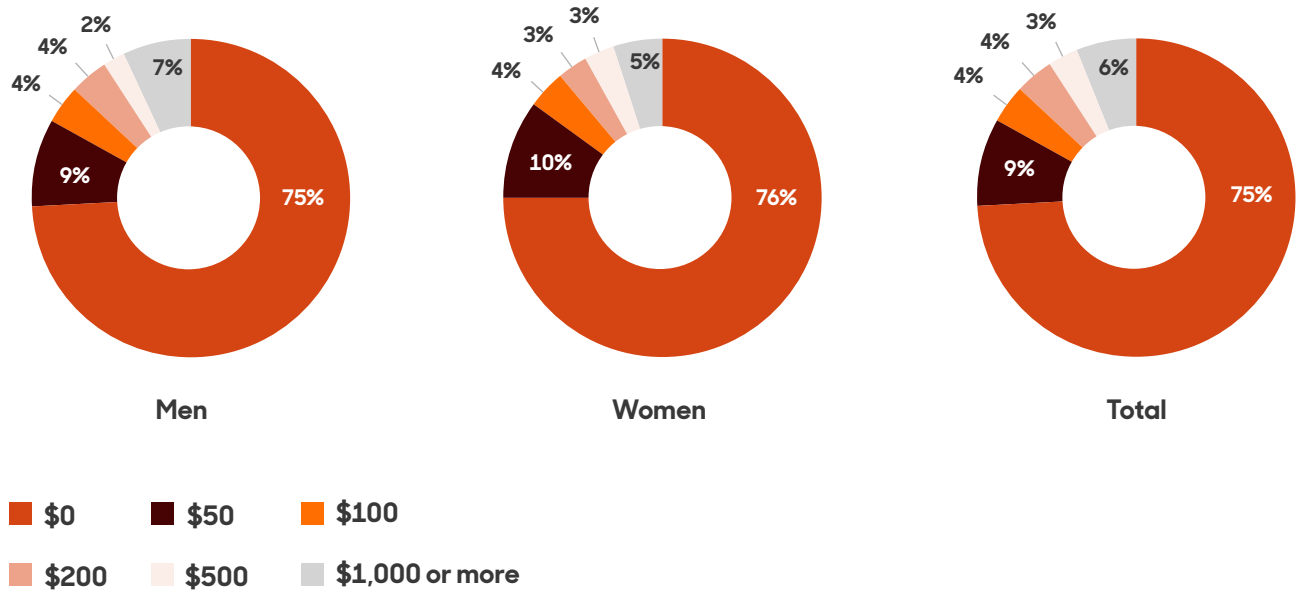


Figure G

What's the most money you are willing to spend on your child to avoid a tantrum or argument?



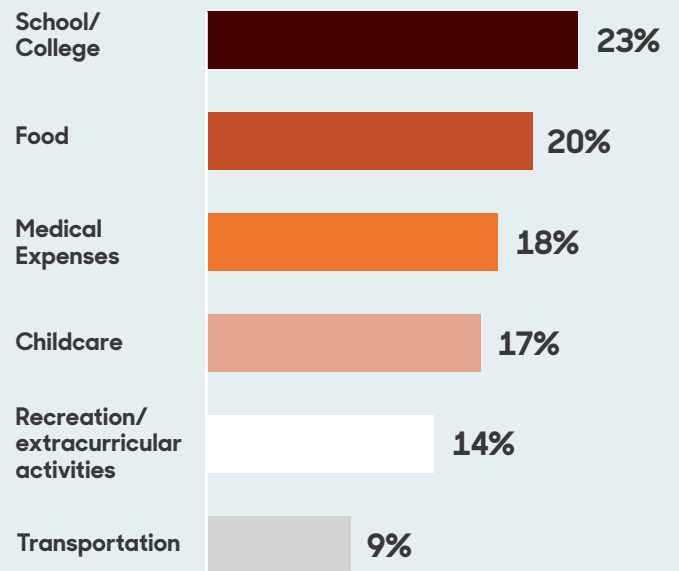
More than a quarter of [parents would spend at least \\$50 to avoid a tantrum or argument with their child](#). Of those parents, one in four would spend more than \$1,000.

Parental expenses

Educational expenses topped parents' list of budget busters, topping essentials like food, medical expenses and childcare. Unsurprisingly, transportation costs took a backseat this year with both kids and adults stuck at home.

Figure H

What expense currently puts the biggest strain on your budget?



About the survey

Policygenius commissioned Google surveys to poll a nationally representative sample of 1,500 parents with children age 18 and under. The average margin of error for responses is 5.7%. Percentages were rounded up to the nearest whole number, so some totals may not add up to 100.

About the authors

Hanna Horvath is a data analyst and personal finance expert at Policygenius. She previously wrote for KNBC in Los Angeles and is regularly quoted in top media outlets and parenting sites, including NBC News, Romper and Fatherly.



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About Policygenius

Policygenius is a leading fintech company that empowers people to easily shop for insurance and create digital wills and trusts. Since launching in 2014, Policygenius has helped more than 30 million people shop for all types of insurance and has placed nearly \$100 billion in coverage. Policygenius is an insurtech pioneer known for its emphasis on digital convenience and consumer education. The company has received numerous accolades including four consecutive years as an Inc. Magazine Best Workplace, two years as a Forbes Best Startup Employer, being named to Crain's Fast 50 and winning a Bronze Stevie Award for customer service.

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