

Executive Summary: Research

Overview

Two research studies helped to inspire Happy Money's launch of its new wellness tool, Peace. The first is a peer reviewed, [newly published article](#) entitled, *Did Social Connection Decline During the First Wave of COVID-19?: The Role of Extraversion*. One of the study's authors, Elizabeth Dunn, Ph.D, is Chief Science Officer at Happy Money.

The second is Happy Money proprietary data collected from May 2020 - July 2020, where Happy Money has collected responses to a battery of psychometric, financial, and pandemic-related questions from 5,000 people across the country on a monthly basis.

KEY FINDINGS: *Did Social Connection Decline During the First Wave of COVID-19?: The Role of Extraversion.*

In 2 pre-registered studies, Dr. Elizabeth Dunn and her co-authors tracked the same individuals from pre-COVID to the initial wave of the pandemic (April 2020). This allowed the research team to observe how social connection changed when intense physical distancing restrictions were introduced.

- Among university students and community members alike, feelings of social connection remained largely intact despite physical distancing.
- Surprisingly, loneliness actually decreased among our community sample during the initial wave of the pandemic.
- Extraverts showed larger drops in feelings of social connection than introverts.
 - But extraverted people appear to have lost more only because they had more to lose--they started with elevated levels of social connection before the pandemic.
 - The gap in social connection between extraverts and introverts narrowed as a result of the pandemic.
- Overall, life satisfaction remained largely unchanged from pre to mid-pandemic.
 - However, some individuals exhibited serious declines in life satisfaction and social connection, underscoring the value of providing support to people who are suffering.

KEY FINDINGS: Happy Money Post COVID-19 Research -- Conducted May - July 2020

Beginning in May, 2020, Happy Money has collected responses to a battery of psychometric, financial, and pandemic related questions from 5,000 people across the country on a monthly basis.

- One of the leading causes of stress during the pandemic has been income disruption caused by impact to employment status:
 - In May, 48.9% of respondents had yet to experience job impact due to the pandemic. That number dropped to 40.3% in June, and is down to 37.8% at the end of July. This represents a 21.7% increase in negative employment impact from May to July, and 10.5% average month over month increase.
 - Those reporting no job impact are still experiencing a 20.4% increase in stress from prior to the pandemic, with stress increases getting progressively worse from salary reduction (32.2% increase), to furloughed (38% increase), to job loss (45.2%) cohorts.
 - Income disruption is also associated with significantly lower levels of financial self-efficacy, optimism, gratitude, resilience, and life satisfaction.
 - Those with personalities characterized by high levels of neuroticism or extraversion, or low levels of conscientiousness have experienced the most negative impact to their employment during the pandemic.
- A leading contributor to financial stress is related to viewing remaining credit card balances as a replacement for a savings account.
 - People carrying credit card debt and lacking savings often view the remaining balance on the credit card accounts as a replacement for savings.
 - The percentage of people viewing credit cards as a savings replacement has grown each month as income disruption has increased and credit card debt has grown.
 - The more credit card debt you have, the more likely you are to view the remaining balance as a replacement for savings.
 - Of those carrying \$0 of credit card debt, only 7.1% see their remaining balance as a savings replacement.
 - Of those carrying \$1 or more in credit card debt, 51.7% see their remaining balance as a savings replacement.
 - This view is not necessarily caused by a lack of income, as those earning higher incomes are actually more likely to hold this view and to carry more credit card debt.

- From a personality perspective, extroverts are the most likely to view credit card balances as a savings replacement, while those characterized by high levels of conscientiousness and emotional stability are the least likely.
- Relying on credit card balances as a savings replacement is associated with significantly lower financial self-efficacy, optimism, gratitude, and resilience.
- On average, life satisfaction has remained relatively steady during the pandemic.
 - Close to a third of the population reports feeling close to the same level of life satisfaction compared to how they felt prior to the pandemic.
 - ~30% are feeling less satisfied with life, and ~37% are experiencing a boost to life satisfaction.
 - Those with high levels of optimism, gratitude, and resilience are feeling the most satisfied with life during the pandemic.
 - Higher income and more cash on hand (combined balance in checking and savings accounts) is associated with a greater positive shift in life satisfaction during the pandemic.
 - Loss of income is associated with very low levels of life satisfaction.