



Financial Empowerment Among Colorado's Informal Caregivers



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Financial empowerment, the ability to make safe financial decisions and manage one's resources, is critical to economic mobility. As such, the Bell has long supported [work to cap interest rates](#), increase consumer protections and other [financial empowerment](#) efforts in Colorado. In this brief, we specifically look at the financial empowerment and financial well-being of informal caregivers in Colorado.

Informal caregivers provide care across the lifespan. They are early childhood caregivers providing care outside of a licensed setting, or commonly known as family, friend, and neighbor (FFN) care and can be paid or unpaid. Informal caregivers are also people caring for older adults outside of a formal, paid setting, referred to as unpaid caregivers.

Not only is the financial well-being of informal caregivers important to their quality of life, but the financial well-being of [caregivers](#) ripples into our communities and the state's overall well-being. As the need for care continues to grow, and more formal settings are [unable to meet that need](#), informal caregivers play a crucial role in filling this gap. Informal caregivers are important pieces of the puzzle in allowing parents to go to work, educating young children, and ensuring older adults are aging in their community of choice.

However, data collected from Bell surveys indicate that informal caregivers often are in precarious economic situations with limited flexibility to cover unexpected costs today and little to no savings or assets to invest in the future. These realities jeopardize our



Who are informal caregivers?

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ability to provide accessible and quality care to Coloradans across the lifespan. This brief will review financial well-being measures of informal caregivers and how the state's efforts can support this critical population with reverberating positive impacts for the state.

About the Data

Little data currently exists surrounding informal caregivers. To better understand the financial well-being of informal care workers and how the state can support them, we surveyed FFN and unpaid caregivers across Colorado and held four focus groups to learn more about their experiences. To reach communities across the state, we worked with community-based organizations such as [Valley Settlement](#) and [Empowering Communities Globally](#), both of which work with different immigrant populations of FFN providers. With the help of their community building, we were able to distribute and receive survey responses in Spanish, Dari, and Arabic in addition to English. Empowering Communities Globally helped coordinate and facilitate focus groups in both Dari and Arabic. Other focus groups for FFN providers and unpaid caregivers were hosted virtually and in English.

There were some notable differences between FFNs and unpaid caregivers. Unpaid caregiver survey respondents tended to be wealthier and white, as compared to FFN respondents who had lower incomes and a larger representation of Hispanic and Latino Coloradans. This likely impacted the results and measures of financial well-being. To read more, see Appendix A.

Financial Well-Being in Colorado

To understand financial well-being, data often look at households that are unbanked or underbanked and trends around debt and lending. These measures are useful in understanding a person's ability to absorb economic shocks, their ability to bounce back from economic impacts and even their ability to grow their future wealth.

These measures are also useful in understanding the future of caregiving. Whether formal or informal, providing care is [costly](#). Without an economic buffer to absorb unexpected economic

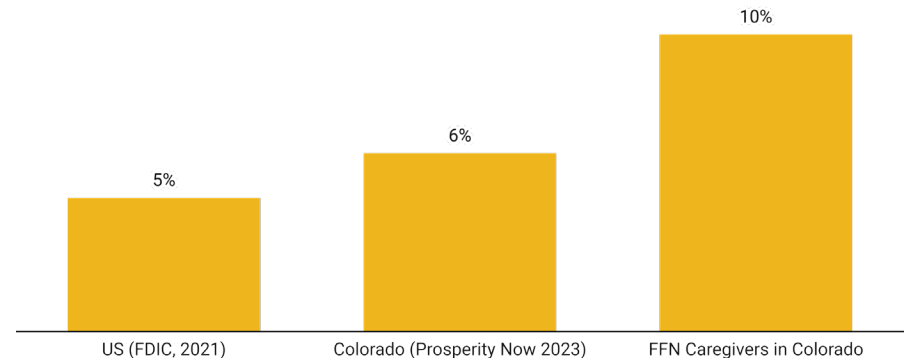
impacts or the ability to cover general costs of living without going into debt, providing care is even more difficult. This results in instability in the broader caring ecosystem. Some caregivers continue to provide care but at the expense of their financial well-being or will reduce care or leave caregiving altogether, both with devastating impacts. Equally as important, these measures of financial well-being may indicate a caregivers' ability to invest in care in the future and the quality of care they can provide.

Unbanked Caregivers

According to 2021 data from the Federal Deposit Insurance Corporation (FDIC), [4.5 percent](#) of U.S. households are “unbanked.” This means they do not have a checking account or savings account. In Colorado, this rate is a little higher where [6 percent](#) of households are unbanked. Concerningly, when we look at survey responses among FFN caregivers in Colorado, 10 percent reported not having either a bank account or a savings account.

Percent Unbanked

"Unbanked" is defined as not having a checking account or a savings account.

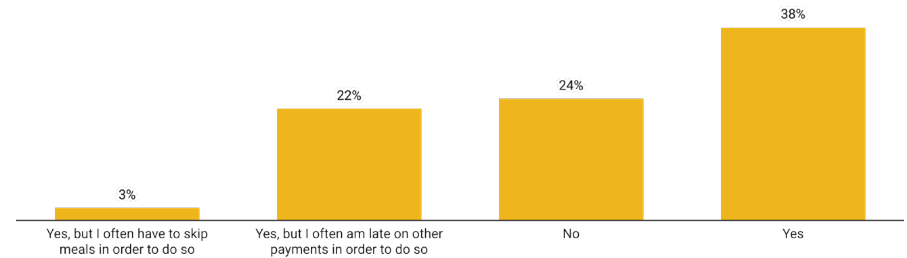


Source: FDIC 2021 data, Prosperity Now 2023 State Scorecard, Bell FFN survey 2024. • Created with Datawrapper



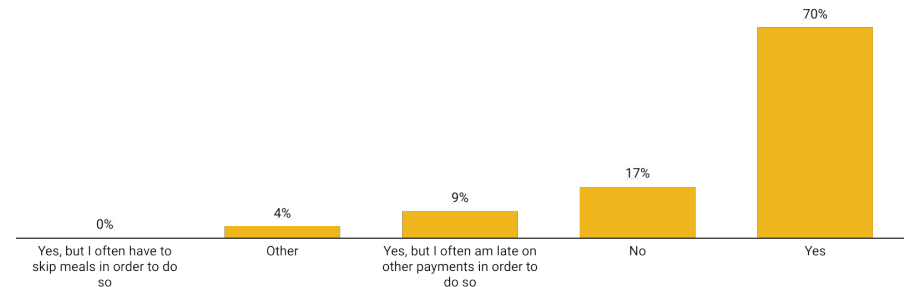
However, none of the unpaid caregivers surveyed are considered unbanked. While there is a high rate of unpaid caregivers with a bank account, there is a significant decline in those with a savings account, this is especially true when looking at those with lower household incomes (for more detail see Appendix B.) This drop in savings accounts is also true for FFN caregivers and may partially be due to low incomes. Forty-three percent of FFN caregivers are not receiving any compensation. While the remainder are receiving compensation for providing care, it is at rates that families can afford or at rates that they perceive as fair rather than rates that cover their costs. It was noted in both the survey and by focus group participants that even if they can cover expenses, there is nothing

FFN Caregivers: Ability to Cover General Cost of Living without Taking on Debt



Source: Bell FFN survey 2024 • Created with Datawrapper

Unpaid Caregiver: Ability to Cover General Cost of Living without Taking on Debt



left over to save. The ability to save holds important implications for handling unexpected costs, the use of alternative financial services (AFS), and the ability to invest in wealth building for the future.

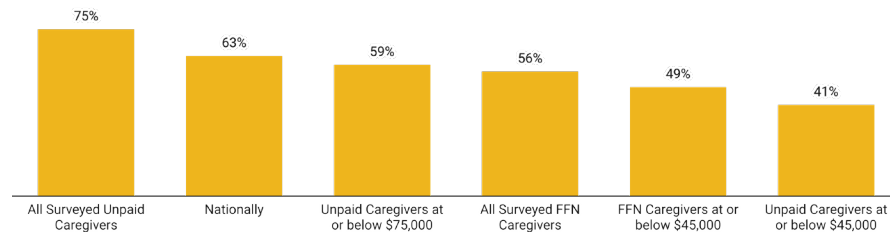
Debt and Economic Shocks

Without savings, a person's buffer between not having debt and going into debt is diminished. Fewer FFN caregivers reported being able to cover costs and general living expenses without taking on debt compared to unpaid caregivers for older adults. In addition, a higher proportion of FFNs are late on other payments in order to cover costs compared to unpaid caregivers, as shown above.

However, unpaid caregivers with lower incomes start to experience similar abilities in covering costs without taking on debt as FFN caregivers, though still not to the same extent (see more in Appendix C.)

Beyond covering general expenses and costs, one’s ability to absorb an unexpected expense of \$400 is often used [to measure financial stability and to better understand the effects of what is considered to be a “modest financial bump in the road.”](#) In 2022, **63 percent** of all Americans said they could cover an unexpected cost of \$400 with the cash they have on hand, according to the Federal Reserve Bank’s Economic Well-Being of U.S. Household’s report. The national rate is lower than the 75 percent of all unpaid caregivers who can absorb an unexpected expense, but higher than the rates for unpaid caregivers of lower incomes and FFN caregivers, demonstrated below.

Percent Able to Absorb a \$400 Expense



Source: Bell Policy Unpaid Caregiver Survey and FFN Caregiver Survey 2024 and Federal Reserve Bank’s Economic Well-Being of US Households Report. - Created with Datawrapper

For informal caregivers, who are often providing meals, snacks, and other materials to children or purchasing medical equipment for their older loved one, the ability to consistently cover their costs without finding themselves in debt impacts their ability to continue providing care. What’s more, a family or person who cannot incur an unexpected cost can lead to reliance on alternative strategies to help make ends meet. But these strategies are linked to [cycles of debt and poverty](#) as they often [are more costly](#).

Lending and Financial Strategies Used Among Informal Caregivers

Whether or not someone has a bank account [impacts a person’s ability to access more traditional lending](#) and debt options, as traditional services often require proof of credit, or good credit, and a lending history. Therefore, those who are underbanked or unbanked, may be [more likely](#) to rely on AFS debt and lending.

As shown in the table below, for all unpaid caregivers, reliance on more traditional financial institutions, such as relying on a personal savings account or a credit card, is common. Comparatively, the use of alternative or non-traditional financial strategies such as payday loans, borrowing from friends and family, or pawning items happens less frequently, although the rates of payday lending and pawning are [on par with national trends](#). However, we see an increase in the use of alternative or non-traditional services among unpaid caregivers as household income decreases. This trend is highlighted in yellow in the next table.



Use of Financial Strategies Among Caregivers by Income

| Financial Strategies | Percent of Unpaid Caregivers who used strategy in the last year (All Respondents) | Percent of Unpaid Caregivers who used strategy in the last year (at or below \$75,000) | Percent of Unpaid Caregivers who used strategy in the last year (at or below \$45,000) | Percent of FFNs who used strategy in the last year (All Respondents) |
|---|---|--|--|--|
| Personal Savings Account | 55% | 57% | 53% | 31% |
| Credit Card | 60% | 53% | 47% | 41% |
| Payday Loan | 3% | 7% | 12% | 1% |
| Taken a Loan Out Against My Car | 6% | 10% | 12% | 1% |
| Credit Card Cash Advance | 3% | 7% | 6% | 2% |
| Home Equity Loan/ Second Mortgage | 8% | 13% | 6% | 2% |
| Personal Loan from the Bank | 3% | 7% | 0% | 1% |
| Other Short Term Loans | 3% | 3% | 0% | |
| Borrowed from Retirement Savings | 12% | 10% | 18% | 4% |
| Borrowed from Friends or Family | 12% | 17% | 24% | 17% |
| Pawned Personal Items for Cash | 3% | 7% | 12% | 5% |
| Didn't Pay for Other Necessities | 6% | 7% | 18% | 11% |
| Not used any of the strategies | 18% | 13% | 6% | 36% |
| Other | 6% | 10% | 6% | |

Source: Bell Unpaid Caregiver Survey and FFN Survey 2024. Note: The green highlighted boxes indicate an increase in reliance based on income for unpaid caregivers, while the red highlighted boxes indicate a decrease in reliance for unpaid caregivers as household income decreases. • Created with Datawrapper

In comparison, for all FFN caregivers surveyed, a smaller proportion relied on a personal savings account or credit card compared to unpaid caregivers with higher proportions of people using alternative strategies like borrowing money from friends and family or pawning personal items. One focus group participant explained that there was a preference to rely on strategies such as borrowing from friends or family because they preferred to avoid more formal debt altogether, but also because it offered more immediate relief without incurring additional costs from fees and interest.

Despite a preference to borrow from friends or family, some issues of access to the above-listed strategies exist. While over half of FFN caregivers reported not using these strategies because they did not need them, the remainder reported that they did not use these strategies because the funds would not be enough, their incomes were too low to use the services, they could not find information about these services in their language of choice, or that they didn't own any assets to leverage in the first place. For unpaid caregivers who did not use these strategies, however, all said they did not need them.

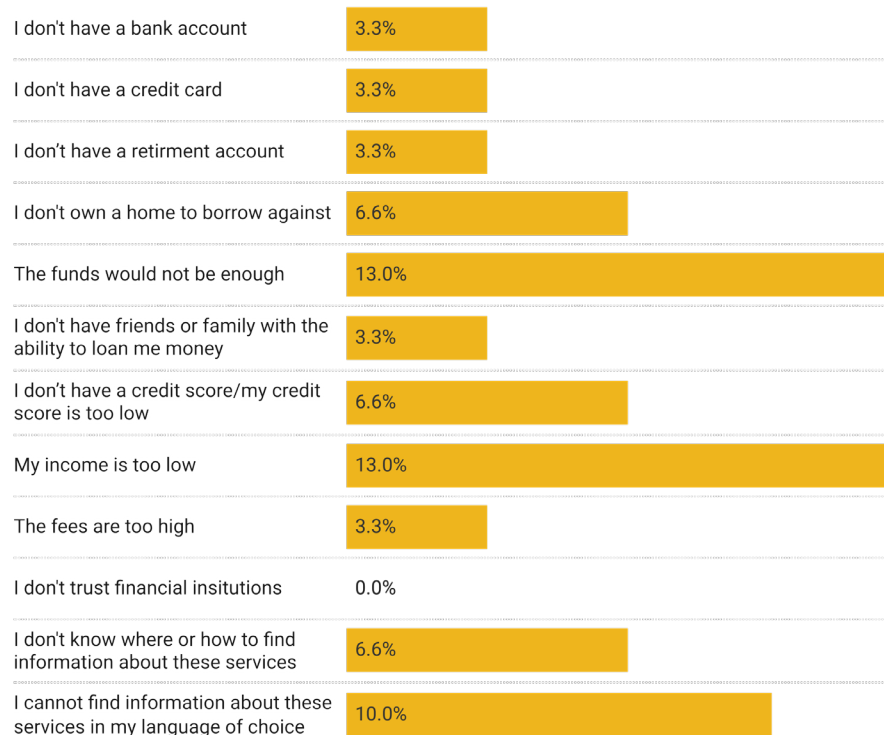
The reliance and use of AFS among informal caregivers, especially those with lower incomes, highlights the unstable economic situations that exist among a population where stability and the ability to provide consistent care are crucial. Without these strategies 40 percent of unpaid caregivers and 47 percent of FFN caregivers said they would not be able to continue providing care. Given the current landscape of care in Colorado, it is critical that we support informal caregivers' ability to continue providing care without it being at the expense of their financial well-being. This includes caregivers' access to safe and less costly financial services.

What Colorado Can Do to Support Informal Caregivers' Financial Well-Being

Colorado [has made great progress](#) toward financial empowerment and consumer protection. In recent years, Colorado has capped interest rates on payday loans, created the Office of Financial Empowerment (OFE) which has increased access to safe and affordable bank accounts, created programs for a small dollar loan fund, and closed predatory lending loopholes. To increase the impact of these efforts, and specifically ensure that these efforts are meeting the needs of informal caregivers, Colorado should consider expanding resources into other languages, focus on outreach, continue efforts on wealth building, and increase awareness of the small dollar loan fund.

Among the surveyed unpaid caregivers, those who did not rely on any listed financial services noted it was due to not having a need. Therefore, these recommendations largely come from the FFN caregivers surveyed. As shown in the graph below, 10 percent of FFN providers noted that they were unable to find information about these services in their language of choice and 6 percent either did not know where or how to find information about these services. As with many good policies and programs, outreach to communities, especially to those who primarily speak a different language than English, is important for its success. While OFE's website offers some of the resources in Spanish, not all are translated. Additionally, many FFN caregivers surveyed primarily speak and provide care in Dari and Arabic. As other departments and agencies, such as the Colorado Department of Early Childhood, start to translate their resources into other languages, the OFE should coordinate with these efforts to reach caregivers.

Reasons FFN Providers Are Not Using Financial Strategies



Source: Bell Policy FFN Survey 2024 • Created with Datawrapper

Furthermore, the largest proportion of these FFN respondents noted that their incomes were too low to access credit cards or to maintain banking requirements, for example, and the funds would not be enough to cover their costs. Although a smaller proportion, some also noted that they don't have a home to borrow against or don't have a credit score or have a credit score that's too low to access these services (to see more about asset ownership, see Appendix D). With lower asset ownership and low incomes, FFN



caregivers will continue to be left out of formal financial institutions if efforts to close wealth gaps aren't amplified.

Finally, promoting options like affordable lending options created by the [Colorado Household Financial Recovery Program](#) is important for informal caregivers. As is shown in the higher reliance on methods like borrowing from friends and family and was confirmed throughout focus groups, there is some hesitancy in taking on loans due to cost. As Colorado is still working on implementing and setting up this new lending option, the state should take this opportunity to ensure that informal care workers are aware of this option as it may provide caregivers with more fiscal stability and ability to continue providing care for Coloradans of all ages.

Conclusion

Colorado's care ecosystem cannot afford to lose more care workers. Access to licensed child care and paid direct care is strained. Informal caregivers play an important role in preparing young children for school, caring for children while their parents are at work, and ensuring older adults remain safe and healthy in their communities of choice. With low savings, limited ability to absorb unexpected expenses, and lower asset ownership, many informal caregivers are continuing to provide care at the expense of their own financial well-being. However, this cannot be an expectation of our caregivers. Additionally, without using a variety of financial strategies, many caregivers said they would not be able to continue providing care. If we do not address their financial well-being with accessible and safe financial services, the state risks further constraining people's access to consistent, quality care.

Appendix A: Data Differences Between Unpaid and FFN Caregivers

The Bell, in partnership with Empowering Communities Globally, Valley Settlement, and with the help of other research and advocacy partners, conducted surveys of unpaid and FFN caregivers in early 2024. The surveys were distributed by partners, mostly online, via their networks. Seventy-two people responded to the unpaid caregiver survey and 92 people responded to the FFN survey.

The survey data above shows significant differences between unpaid caregivers and FFN caregivers. The first thing to note is that many of the unpaid caregivers surveyed were employed and had other paying jobs in addition to providing care for their loved one. This is not the case for FFN caregivers. While some are not receiving pay, or very little, there is more variation in its perception as a job rather than something they do in addition to another paying job. Specifically, many of the FFN caregivers we spoke to in focus groups noted they could not get other jobs because they had young children of their own and it made sense for them to pursue caregiving.

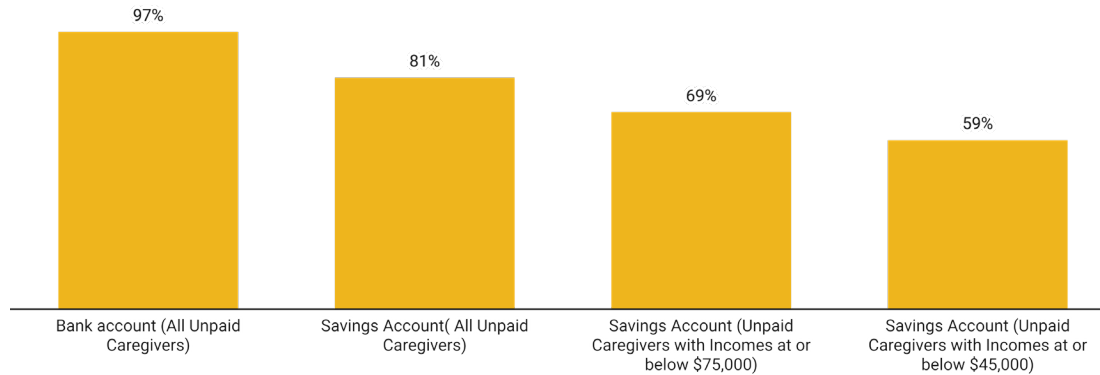
Additionally, the racial makeup of survey respondents was different between the two groups. Among unpaid caregiver respondents,

the vast majority were white. Among FFN caregiver respondents, there was more representation from people of color, specifically the Hispanic and Latino community. The racial and ethnic makeup of survey respondents is important to consider, not only to ensure a representative story is being told, but because people of color are disproportionately low income which affects the above measures of absorbing unexpected costs and higher reliance on alternative financial strategies. However, it is important to note that beyond being more likely to be low income, [people of color face systemic barriers](#) to financial services. Black and Hispanic families tend to have lower levels of wealth and lower levels of asset ownership. This is reflected in the asset ownership of FFN caregivers in Colorado (see Appendix D).

Therefore, it is likely that the Unpaid Caregiver Survey did not accurately capture the complete picture of financial well-being among unpaid caregivers, particularly the experience of unpaid caregivers of color.

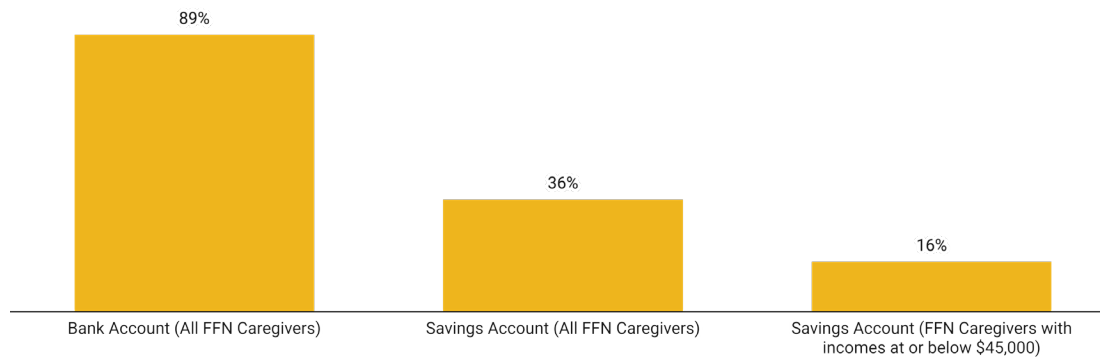
Appendix B: Savings Account Ownership by Income

Bank Account vs. Savings Account Ownership Among Unpaid Caregivers



Source: Source: FFN Caregiver Survey and Unpaid Caregiver Survey (2024) • Created with Datawrapper

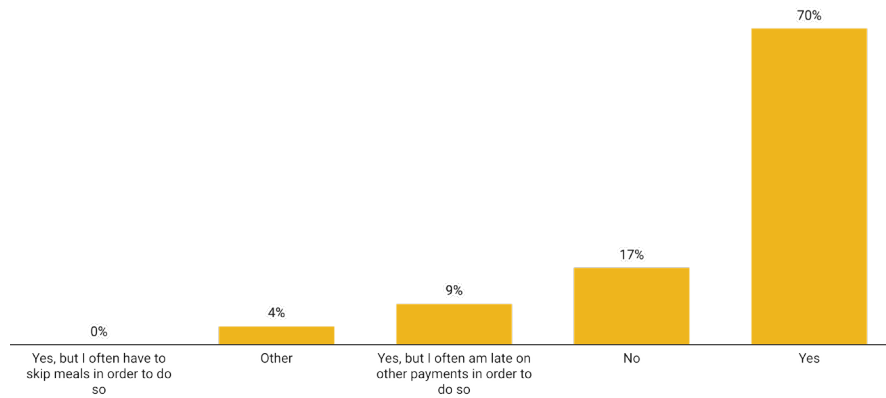
Bank Account vs. Savings Account Ownership Among FFN Caregivers



Source: Source: FFN Caregiver Survey and Unpaid Caregiver Survey (2024) • Created with Datawrapper

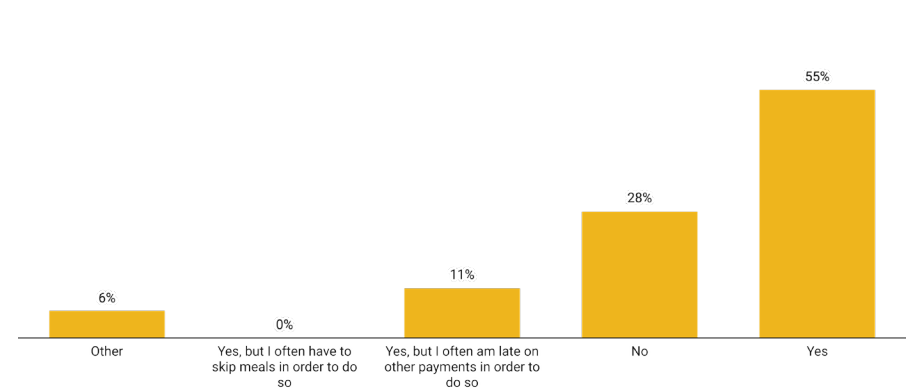
Appendix C: Ability to Cover General Costs of Living

Unpaid Caregiver: Ability to Cover General Cost of Living without Taking on Debt



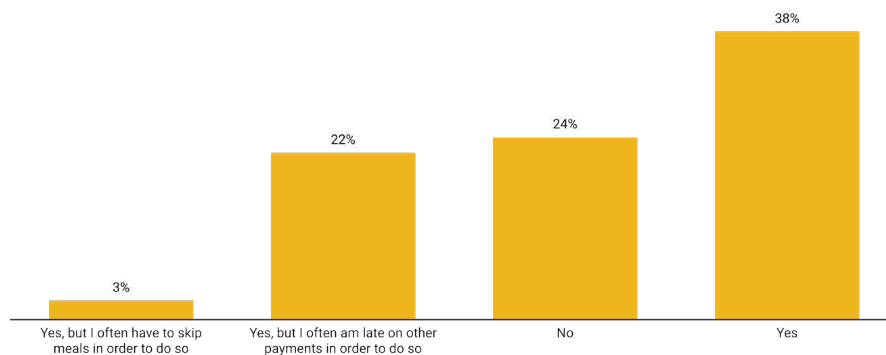
Source: Bell Unpaid Caregiver survey 2024 • Created with Datawrapper

Unpaid Caregiver: Percent Able to Cover Costs (Incomes at or below \$45,000)



Source: Bell Unpaid Caregiver survey 2024 • Created with Datawrapper

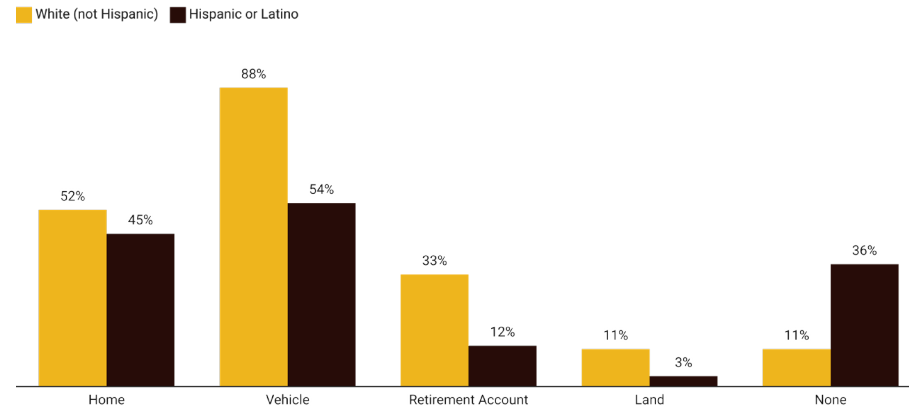
FFN Caregivers: Ability to Cover General Cost of Living without Taking on Debt



Source: Bell FFN survey 2024 • Created with Datawrapper

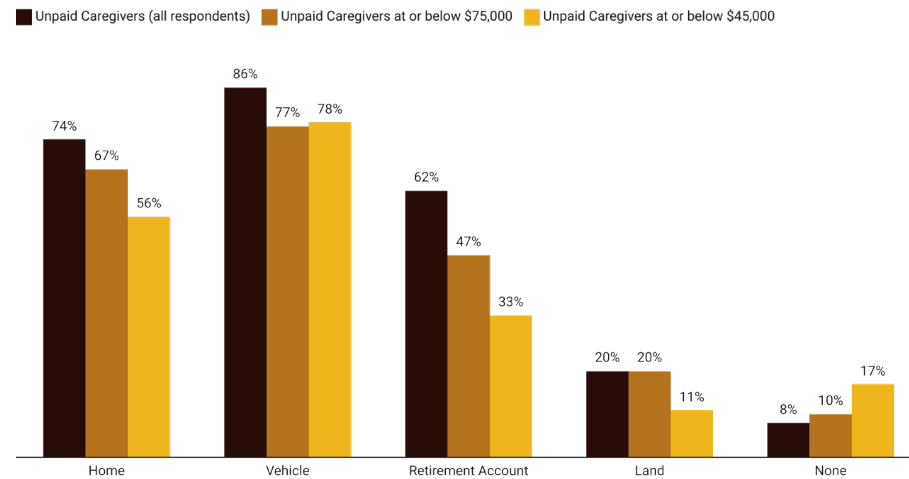
Appendix D: Asset Ownership

Percent of FFN Caregivers Who Own an Asset



Source: Bell Policy FFN Survey 2024. The sample size for Hispanic or Latino and Black or African American respondents is too small to include for comparison here. • Created with Datawrapper

Percent of Unpaid Caregivers Who Own an Asset



Source: Bell Policy Unpaid Caregiver Survey 2024. The sample size for Hispanic or Latino and Black or African American respondents is too small to include for comparison here. • Created with Datawrapper