

# Bankrate

## Majority Unable to Afford \$1,000 Emergency Expense as Inflation Increasingly Stifles Ability to Save

*Nearly 7 in 10 Worried About Covering Living Expenses for One Month in Case of Loss of Income*

NEW YORK – January 25th, 2023 – The majority (57%) of U.S. adults are currently unable to afford a \$1,000 emergency expense, according to a new Bankrate.com report. Meanwhile, nearly 3 in 4 (74%) U.S. adults report saving less this year due to economic factors, such as inflation, rising interest rates and/or change in employment or income. The share of people saving less due to inflation (68%) is up sharply from last year (49%). For the full analysis, click here:

<https://www.bankrate.com/banking/savings/emergency-savings-report/>

When asked how they would pay for an emergency expense of \$1,000 or more, only 43% of those surveyed say they would use savings to pay, slightly below the level of a year ago (44%), but elevated from the all-time low of 37% in 2015. While this was the top response, 1-in-4 (25%) said they would use a credit card and pay it off over time, which is the highest seen in nine years of polling (Dec. 2014). Additionally, 12% said they would reduce spending, 11% would borrow from family and friends, 4% would take out a personal loan, and 4% said something else.

Those who earn more money and are older are more likely to utilize their savings for emergencies. 71% of U.S. adults with a household income of \$100,000 or higher would draw from their savings to pay for an unexpected emergency, compared to 58% who earn \$75,000 - \$99,000, 50% who earn \$50,000 - \$74,999 and 23% who earn less than \$50,000. Additionally, 56% of baby boomers (ages 59-77) would pay from savings, compared to 37% of Gen X (ages 43-58), 41% of millennials (ages 27-42) and 31% of Gen Z (ages 18-26).

“With 1-in-4 Americans telling us they’d react to a large emergency expense by using a credit card, their timing couldn’t be worse,” said Bankrate.com senior economic analyst Mark Hamrick. “On average, credit card interest rates are the highest we’ve seen and are slated to go higher as the Federal Reserve continues to hike. Under the best of circumstances, this debt should be paid before costly interest charges hit the account.”

Overall, inflation/rising prices is the number one economic factor causing U.S. adults to save less (68%), followed by rising interest rates (48%) and change in income or employment status (44%). Those who say they are saving more are most likely to point to change in income or employment status (20%), followed by rising interest rates (16%) and inflation/rising prices (15%). Among those who reported their savings being negatively impacted the most by these economic factors are those with lower incomes and less education.

Concerningly, when asked how a sudden loss in income or employment would impact their finances, nearly 7 in 10 (68%) are worried they wouldn’t be able to cover living expenses for

even one month. That includes 45% who are very worried and 23% who are somewhat worried, compared to 32% who are not worried (17% not too worried and 14% not at all worried). Younger generations are much more likely to be worried about expenses in case of a loss of income, including 85% of Gen Z and 79% of millennials, compared to 69% of Gen X and 53% of boomers. Women are also more likely to be worried than men (72% vs. 64%), including 51% who are very worried, compared to 39% of men.

Hamrick adds, “For those who have been or are planning to sock money away for emergencies, it truly pays to [shop around](#) for the best rates, as high-yield savings yields are the highest since 2008. This is a situation where having more money to work with, including higher yielding returns, can make an important difference.”

### **Methodology**

*This study was conducted for Bankrate by SSRS on its Opinion Panel Omnibus platform. The SSRS Opinion Panel Omnibus is a national, twice-per-month, probability-based survey. Interviews were conducted from December 16-19, 2022 among a sample of 1,028 respondents in English (1,003) and Spanish (25). The survey was conducted via web (998) and telephone (30). The margin of error for total respondents is +/-3.5 percentage points at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.*

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### **For more information:**

Chloe Helton

Public Relations Specialist

[Chloe.Helton@bankrate.com](mailto:Chloe.Helton@bankrate.com)

704-697-1370