Just 39% of Americans Can Pay for a $1,000 Unexpected Expense

Nearly 1 in 5 Would Put the Expense on a Credit Card

NEW YORK – January 18, 2018 – Merely 39% of Americans say they have enough savings to cover a $1,000 emergency room visit or car repair, according to a new Bankrate.com report. For Americans who are not able to pay that expense, 36% of respondents would need to borrow the money in some fashion. Click here for more information:


Quite often, Americans neglect to plan for unexpected bills, which could easily wreak havoc on their financial situation. Over the past year, more than one-third of American households (34%) report that they have had a major unexpected expense. Half of the time that expense was $2,500 or more, including 30% that paid $5,000 or more.

"Unplanned expenses can pop up at any time and your best protection is having an emergency savings cushion," said Bankrate.com Chief Financial Analyst, Greg McBride, CFA. “Not only are returns on savings accounts rising, but it acts as a buffer from high cost credit card debt or other borrowing."

Of the nearly 4 in 10 respondents who would borrow the money to pay unforeseen bills, nearly 1-in-5 Americans (19%) would have to put that expense on a credit card and finance it over time, 12% would borrow from family or friends, and 5% would take out a personal loan.

Still, there are 39% of Americans who claim they have savings to cover unintended expenses. On a bright note, using savings for a major unexpected expense was the #1 individual answer among every generation and was consistently cited by 38% - 40% of Millennials, Gen X, and Baby Boomers, and 34% of those in The Silent Generation. When aggregating the different ways of borrowing - a credit card, a personal loan, or from family and friends - those in Generation X and younger Millennials were slightly more likely to borrow in some way than to use savings, while older Baby Boomers were equally likely.

"Build your savings cushion by having a regular direct deposit into a dedicated savings account. Even when unplanned expenses arise, you're only one paycheck away from beginning to replenish that savings cushion,” McBride added.

The likelihood of covering the expenses with savings increases as income rises while the need to borrow from family or friends increases as income decreases. Among households with annual income of $75,000 or more, 62% would use savings and just 3% would borrow from family or friends. The lowest income households (annual income under $30K) were twice as likely to borrow in some way - via a credit card, personal loan, or from family and friends - as they were to use savings.
Younger Millennials (age 18-27) were the most likely of all age groups to borrow from family or friends, while older Millennials (age 28-37) were those most likely to reduce spending on other things.

Geographical location may also have an impact on Americans’ ability to pay unexpected bills. Those in the Midwest were most likely to use savings while those in the Northeast were least likely. Those in the Northeast were the most likely to finance with a credit card while those in the Midwest were least likely.

This study was conducted for Bankrate via landline and cell phone by SSRS on its Omnibus survey platform. Interviews were conducted from January 3 - 7, 2018 among a sample of 1,010 respondents. The margin of error for total respondents is +/- 3.58% at the 95% confidence level. SSRS Omnibus is a national, weekly, dual-frame bilingual telephone survey. All SSRS Omnibus data are weighted to represent the target population.

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