



## Lowest Earners Spend 13% of Their Income on These Financial Vices

*Gen Xers Spend the Most on Dining Out, Buying Take-out Food and Playing the Lottery*

NEW YORK – September 12, 2018 – Americans in the lowest income bracket (under \$30K per year) spend an average of \$2,118 annually on restaurant food, prepared drinks (such as coffee, tea and smoothies) and lottery tickets, according to a new Bankrate.com report. These financial vices comprise 13% of their annual income on average, the largest percentage of any income bracket. Click here for more information:

<https://www.bankrate.com/personal-finance/smart-money/financial-vices-september-2018/>

One vice that is particularly prevalent amongst the lowest earners is how often they play – and how much they spend on – lottery tickets. Twenty-eight percent of Americans in the lowest income bracket play the lottery at least once per week, compared to 19% of those who earn more than that. The lowest income households spend \$412 annually on lottery tickets, nearly four times the \$105 per year that the highest earning households (\$75K+ per year) report spending.

“People who are struggling to make ends meet need to be extra careful about how they spend their money. The idea of striking it rich by winning the lottery is enticing, but you can earn a guaranteed return by putting the money in a high yield savings account (<https://www.bankrate.com/banking/savings/rates/>),” said Amanda Dixon, Bankrate.com Analyst. “We recommend having enough emergency savings to cover six months' worth of expenses, and by cutting back on these financial vices, even low-income households can make room in their budget for savings.”

Gen Xers (ages 38-53) spend the most on restaurant food, prepared beverages and lottery tickets – \$3,473 per year on average compared to the overall average of \$2,944. This is significant considering 42% of Gen Xers report not feeling comfortable with their emergency savings and 64% are saving 10% or less of their annual income, as concluded in prior Bankrate.com surveys.

Overall, the typical American buys restaurant or takeout food 2.4 times per week, and 38% percent do so at least three times a week. Furthermore, 1 in 4 buys at least three prepared non-alcoholic beverages a week.

“For the average American, a few thousand dollars may not sound like a lot to spend each year on dining out and other financial vices,” said Dixon. “However, if a Gen Xer was to invest that \$3,473 a year for 10 years at an 8% return, they would end up with just over \$50,000 that could go toward their retirement savings or their child’s college fund.”

*This study was conducted for Bankrate.com by GfK Custom Research North America on its OmniWeb online omnibus. The sample consists of 1,000 completed interviews, weighted to ensure accurate and reliable representation of the total population, 18 years and older. Fieldwork was undertaken from August 17-19, 2018. The margin of error for total respondents is +/- 3%.*

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