



## More than 1 in 3 Americans Would Go Into Debt to Pay a \$1,000 Emergency Expense

The median emergency expense is \$3,750

New York --Wednesday, January 16, 2019 - Only 40% of Americans would be able to pay an unexpected \$1,000 expense from their savings, according to a new survey by Bankrate.com. These results are consistent with the range of 37% - 41% seen in the same survey conducted between 2014 and 2018.

For the full set of survey results visit: <https://www.bankrate.com/banking/savings/financial-security-january-2019/>

More than one-third of Americans, 34%, would need to borrow the money in some fashion – either with a credit card (15%), personal loan (6%), or from family and friends (13%) – while 14% would reduce their spending on other things to cover the unexpected expense. Five percent said they would resort to some other way of paying for the expense and another 5% didn't know what they would do.

“Unplanned expenses are inevitable and can easily run into the thousands of dollars. There is no better line of defense than having an adequately funded emergency savings account,” said Greg McBride, CFA, chief financial analyst for Bankrate.com. “Consider an online savings account (<https://www.bankrate.com/banking/savings/rates/>) where you can earn a competitive return while having access to the money when needed.”

The potential financial havoc that can result from insufficient savings is evidenced by the 30% of respondents that said they or an immediate family member has had a major unexpected expense in the past 12 months. The median amount of this unplanned expense is \$3,750, with 58% reporting an expense of \$2,500 or more.

“The lack of emergency savings means having to borrow the money or skipping out on other spending, such as a long-planned vacation, when unplanned expenses arise,” adds McBride.

Just over half of Americans, 53%, track their household's monthly spending against a budget, and the remaining 47% do not.

Surprisingly, there is not much of a difference in how people would pay for an unexpected \$1,000 expense among those that budget and those that do not. Forty-one percent of those that budget would be able to pay a \$1,000 unplanned expense from savings, while 38% of those that do not budget, would be able to do the same thing.

The propensity to borrow is virtually equal among those that budget their finances and those that do not.

Younger Baby Boomers (ages 55-64) are most likely among all age groups to pay an unplanned expense via savings, while Older Baby Boomers (ages 65-73) had the greatest likelihood of financing via a credit card. Millennials (ages 23-38) and GenXers (ages 39-54) had a higher propensity to borrow from family members or friends.

Millennials were more likely to incur unplanned expenses that exceeded \$2,500, while Baby Boomers' unplanned expenses were more likely in the \$500 - \$2500 range. GenXers are most likely to track their spending against a budget while Younger Millennials (ages 23-29) are the least likely.

*This study was conducted for Bankrate via telephone by SSRS on its Omnibus survey platform. The SSRS Omnibus is a national, weekly, dual-frame bilingual telephone survey. Interviews were conducted from January 2-6, 2018 among a sample of 1,005 respondents in English (969) and Spanish (36). Telephone interviews were conducted by landline (405) and cell phone (600, including 399 without a landline phone). The margin of error for total respondents is +/-3.65% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.*

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