

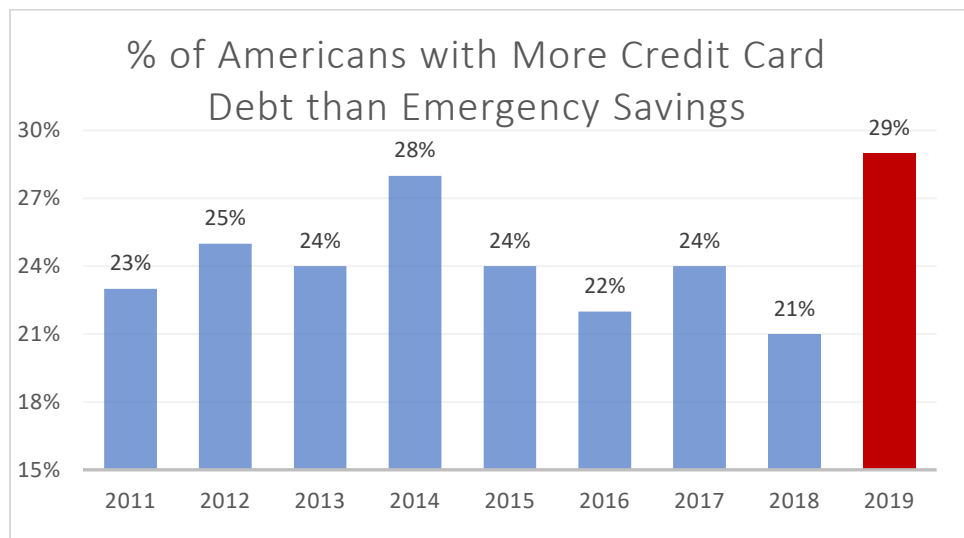


## **74 Million Americans Have More Credit Card Debt Than Emergency Savings**

The highest rate in nine years

NEW YORK – Under Embargo until February 13, 2019 at 12:01 AM -- Just 44% of American households have more emergency savings than credit card debt, the lowest in nine years of surveys, and 29% have more credit card debt than emergency savings, the highest in those nine years, according to a new survey by Bankrate.com. Additionally, 18% have neither credit card debt nor emergency savings, a precarious position in its own right. This is the highest in three years, and up sharply from 12% last year.

For the full survey data visit: <https://www.bankrate.com/banking/savings/financial-security-february-2019/>



“Consumers should make hay while the sun shines. Now is the time – with unemployment low and wages rising – to right-size the equation by paying off high cost credit card debt and adding to emergency savings. Sadly, it looks like we’re collectively moving in the wrong direction,” says Greg McBride, CFA, chief financial analyst for Bankrate.com.

There was a big deterioration in American households’ emergency savings relative to credit card debt on a year-over-year basis, and this deterioration extends across both genders; all age, education, and income brackets; and political party affiliations.

Forty-one percent of Americans are focused on paying down debt, just a slight change from last year. But there was a notable decline in those focused on boosting emergency savings, from 53% to 43%. This is potentially a big mistake with concerns about an economic slowdown or recession on the rise. A bigger savings cushion can help ride out a period of economic difficulty.

“The sharp deterioration in the relationship between credit card debt and emergency savings is an ominous indicator of the financial health among American households,” added McBride.

Higher income households and those headed by college graduates are 2-3 times more likely to have more emergency savings than credit card debt, versus the other way around. On the other hand, middle income and lower income households are more evenly split. In fact, both lower-middle income (\$30,000-\$49,999) and upper-middle income (\$50,000-\$74,999) households are slightly more likely to say their credit card debt exceeds their emergency savings.

“Both credit card rates and savings rates have been on the rise, offering further incentive to increase savings and dispatch with costly credit card debt,” said McBride. “To start paying down that debt, consumers should transfer high interest credit card balances to 0% balance transfer cards (<https://www.bankrate.com/credit-cards/balance-transfer/>) and come up with a realistic plan for paying off the amount owed during the interest free period.”

One-third of the lowest income households (under \$30,000) have no credit card debt and no emergency savings.

Americans ages 55-up are twice as likely to say their emergency savings exceeds their credit card debt, whereas the gap is narrower for Millennials (ages 23-38) and Generation X (ages 39-54).

Millennials are the only generation more focused on paying down credit card debt than boosting emergency savings. Generation X, Baby Boomers (ages 55-73), and the Silent Generation (ages 74+) are all more focused on increasing emergency savings.

Senior citizens (age 65-up) were more likely than others to say neither one is a priority – indicative of a financial house that is in order.

*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 29 – February 3, 2019 among a sample of 1,004 respondents in English (968) and Spanish (36). Telephone interviews were conducted by landline (406) and cell phone (598, including 400 without a landline phone). The margin of error for total respondents is +/-3.73% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.*

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