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Just 44% of Americans could cover an unplanned \$1,000 expense from savings, more than one-third would need to borrow the money in some fashion

Nearly half say inflation is causing them to save less for unplanned expenses

New York – January 19, 2022 -- Just 44% of Americans could cover an unplanned \$1,000 expense such as a car repair or emergency room bill from savings, according to a new survey from Bankrate. While still a minority of Americans, this is the highest in 8 years of polling and breaks out of the 39%-41% range that had prevailed from 2017-2021. Click here for more information:

<https://www.bankrate.com/banking/savings/financial-security-january-2022/>

Other ways Americans would need to cover an unplanned \$1,000 expense:

- 20% would finance the expense with a credit card and pay it off over time, up from 18% last year and the highest since 21% in 2017
- 15% say they would reduce spending on other things, down from 18% last year but within the 13%-18% range that has prevailed since 2018
- 10% would need to borrow from family or friends, down for the second year in a row and the lowest in the 8 years of polling
- 4% would take a personal loan, half of the 8% that pointed to this last year and the lowest since this option was added in 2018

Altogether, nearly 35% would need to borrow the money in some way – via a credit card, personal loan, or from family or friends – if they incurred an unplanned \$1,000 expense.

“While the ability to cover an unplanned \$1,000 expense from savings is the best we’ve seen over the past 8 years, the majority of Americans still cannot afford to do so,” says Greg McBride, CFA, Chief Financial Analyst for Bankrate. The reliance on borrowing is still high, with more than one-third of households having to turn to a credit card, personal loan, or family and friends in the face of unplanned expenses.”

49% say inflation is causing them to save less for unplanned expenses, while just 16% claim it is enabling them to save more. One-third, 33%, say inflation is having no impact on their ability to save. 2% say they have never saved for unplanned expenses and 1% didn’t know or refused to answer.

“A telling indicator of the impact inflation is having on household finances is that nearly half of Americans say inflation is holding back their ability to save for unplanned expenses while just 1-in-6 say it is enabling them to save more,” adds McBride. “And that savings is sorely needed, with just 44% of households able to cover an unplanned \$1,000 expense from savings.”

Younger millennials (age 26-32) were most likely of all age groups to finance the expense with a credit card (27%), compared to 19% of Gen Z, Gen X, and baby boomers.

More than half of millennials (54%) and Gen X (53%) say inflation is causing them to save less for unplanned expenses, compared to 36% of Gen Z.

The ability to pay an unplanned \$1,000 expense from savings is correlated to educational attainment and income:

- 59% of college graduate households able to use savings, compared to 40% of those with some college education and just 34% with no more than a high school diploma.
- 6-in-10 households (60%) with annual earnings of \$50,000 or more could cover an unplanned \$1,000 expense from savings, including 53% of those earning \$50,000-\$74,999 annually and 62% of those earning \$75,000 or more per year
- Among households earning less than \$50,000 annually, only 26% are able to cover an unplanned \$1,000 expense from savings, including 34% with annual earnings of \$30,000-\$49,999 and 22% earning less than \$30,000.

Inflation is holding back the ability to save for Americans of all income levels, ranging from 46% of the highest earning households to 58% of those earning \$30,000-\$49,999. The ability to save more due to inflation is limited across the income spectrum, ranging from 14% of households earning \$30,000-\$49,999 to 17% for households with earnings of \$75,000 or more per year. Only a minority of households claim inflation is having no impact on their ability to save, ranging from 25% among households earning \$30,000-\$49,999 to 36% among the highest earning households.

Methodology

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 4 – January 9, 2022 among a sample of 1,004 respondents in English (973) and Spanish (31). Telephone interviews were conducted by landline (203) and cell phone (801, including 603 without a landline phone). The margin of error for total respondents is +/-3.41% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.

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For more information:

Carrie Wiley

Public Relations Manager
(631) 275-3806
carrie.wiley@bankrate.com