

Bankrate

Americans Backtrack: Just 41% Say They Could Pay A \$1,000 Emergency Expense From Their Savings

1 in 4 Americans would rely on credit cards to pay an unexpected large expense

NEW YORK - January 23, 2025 - Less than half of Americans (41%) say they would use savings to pay for an emergency expense of \$1,000 or more, according to a new Bankrate survey. This is down from 44% in a survey published in 2024, and interrupting 3 years of progress since the lowest level of 39% in a survey published in January 2021, following the pandemic. Click here for more information:

<https://www.bankrate.com/banking/savings/emergency-savings-report/>

A majority of Americans (59%) cannot afford a \$1,000 emergency expense, and over 2 in 5 (43%) say they would borrow the money in some form. That includes 25% who say they would use a credit card and pay it off over time to cover the expense, up from 21% in the prior-year poll and the same level as a similar survey published in early 2023. Furthermore, 13% say they would reduce spending on other things, another 13% say they would borrow money from friends or family. Just 5% say they would take out a personal loan to cover a \$1,000 emergency expense, and 4% said something else.

Older generations are more likely to say they would pay for an unexpected \$1,000 emergency expense from their savings. Nearly 3 in 5 baby boomers (59%; ages 61-79) and 42% of Gen Xers (ages 45-60) say they would cover a \$1,000 emergency expense using their savings, compared to 32% of millennials (ages 29-44) and only 28% of Gen Zers (ages 18-28).

“We are essentially a paycheck-to-paycheck nation,” said Bankrate Senior Economic Analyst Mark Hamrick. “Fewer Americans have the equivalent of a financial safety net to cover inevitable unexpected expenses, despite low unemployment and steady growth. This is one of the consequences of elevated prices stemming from inflation, the impacts of which are still being felt.”

Despite inflation cooling, many are still feeling the burn. Over two-thirds (68%) say they are saving less for unexpected expenses because of inflation, while 47% blame elevated interest rates, and 45% point to a change in income or employment status.

Nearly 3 in 4 Americans (73%) say at least one of these factors (inflation, higher interest rates, or change in income/employment status) is causing them to save less for unexpected expenses. Furthermore, more than 3 in 4 (76%) of Gen Xers and millennials are pointing to this as a reason for saving less.

When considering how the loss of a primary source of household income would impact their finances, a majority of Americans (69%) say they are very or somewhat worried (including 46% who are very worried) that they would not be able to cover their immediate living expenses over the next month. This is an increase from 66% in 2024. On the other hand, 31% say they are not too worried or not at all worried about covering immediate living expenses if they were to lose a primary source of income.

“We don’t know what the future of the economy might bring, but an increasing share of people are anxious about potential job loss or interruption in income,” Hamrick added. “By prioritizing saving, we can be better prepared for the unexpected and attain greater financial confidence and capability.”

Methodology:

This study was conducted by SSRS on its Opinion Panel Omnibus platform. The SSRS Opinion Panel Omnibus is a national, twice-per-month, probability-based survey. Data collection was conducted from December 6 – December 9, 2024, among a sample of 1,039 respondents. The survey was conducted via web (n=1,009) and telephone (n=30) and administered in English (n=1,013) and Spanish (n=26). The margin of error for total respondents is +/-3.9 percentage points at the 95% confidence level. All SSRS Opinion Panel Omnibus data are weighted to represent the target population of U.S. adults ages 18 or older.

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