



## Less Than 4-in-10 Could Pay an Unexpected \$1,000 Expense Out of Savings

*1-in-7 expect a worse financial situation in 2021*

NEW YORK – January 11, 2021 – Only 39% of Americans could cover an unexpected \$1,000 expense such as a car repair or emergency room bill from their savings, according to a new report from Bankrate.com. This is down slightly from 41% in 2020 and 40% in 2019 and the same as 2018. Another 38% would have to borrow the money; 18% would finance it with a credit card and pay it off over time, 12% would borrow from family members or friends and 8% would take out a personal loan. Less than 1-in-5 (18%) would reduce spending on other things. Click here for more information:

<https://www.bankrate.com/banking/savings/financial-security-january-2021/>

“The precarious state of Americans’ emergency savings has been further set back by the pandemic, with nearly as many needing to borrow to cover a \$1,000 unplanned expense as those that can pay for it from savings,” says Bankrate.com chief financial analyst, Greg McBride, CFA.

The likelihood of being able to cover an unplanned \$1,000 expense increases with income, ranging from 21% for households earning less than \$30,000 annually to 58% for those earning \$75,000 or more per year. There was little difference among those with annual earnings between \$30,000-\$49,999 (35%) and \$50,000-\$74,999 (37%). Households with annual income between \$50,000-\$74,999 were the most likely among all income groups to use a credit card (24%) while the lowest-earning households were the most likely income group to borrow from family or friends (21%) or take out a personal loan (14%).

Just one-third of millennials (ages 24-39) could pay the \$1,000 expense from savings compared to 46% of Gen Xers (ages 40-55) and 45% of baby boomers (ages 56-74). Nearly half (49%) of younger millennials (ages 24-30) and 42% of older millennials (ages 31-39) would need to borrow the money in some fashion, as opposed to 32% for both Gen Xers and baby boomers.

On the other hand, people are optimistic that 2021 will be better for their finances, with 44% expecting their finances will get better, including 12% saying they will get significantly better and 32% saying they will get somewhat better. Forty percent expect their personal financial situation will stay about the same and 14% say it will get worse, including 10% saying it will get somewhat worse and just 4% expecting it to get significantly worse. The remaining 2% either didn’t know (1%) or refused to say (1%).

“Widespread vaccine availability brings the hope of normalcy we’ve all been craving, and optimism that this year will be better for our finances,” explains McBride. “For many households, 2021 will be a year of trying to right the financial ship.”

Optimism about improved financial situations in 2021 declines with age. Younger millennials are the most optimistic with 53% expecting improved financial situations this year compared to just 28% among those aged 66-older. Among other age groups, 47% of older millennials, 45% of Gen Xers, and 46% of younger baby boomers (ages 56-65) expect a better financial situation in 2021.

Half of the highest-earning households expect improved financial situations in 2021, while just 37% of the lowest-earning households feel that way. Among households earning between \$30,000-\$74,999, 46% expect improved financial situations this year.

**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 December 8-13, 2020 among a sample of 1,003 respondents in English (970) and Spanish (33). Telephone interviews were conducted by landline (293) and cell phone (710, including 469 without a landline phone). The margin of error for total respondents is +/- 3.58% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.

**About Bankrate.com:**

Bankrate.com provides consumers with the expert advice and tools needed to succeed throughout life's financial journey. For over two decades, Bankrate.com has been a leading personal finance destination. The company offers award-winning editorial content, competitive rate information, and calculators and tools across multiple categories, including mortgages, deposits, credit cards, retirement, automobile loans and taxes. Bankrate aggregates rate information from over 4,800 institutions on more than 300 financial products. With coverage of over 600 local markets, Bankrate generates rate tables in all 50 U.S. states.

**For More Information:**

Chelsea Hudson  
Public Relations Specialist  
[chudson@bankrate.com](mailto:chudson@bankrate.com)  
917-368-8608