



## More Than Three-Quarters Say Their Mortgage Negatively Impacts Their Ability to Save Money

*Nearly 2 in 5 homeowners have more home equity than retirement savings*

New York – March 11, 2020 – Seventy-seven percent of U.S. mortgage holders say the size of their mortgage has a negative impact on their ability to save money for the future, according to a new survey by Bankrate.com. This includes 31% who say it has a major negative impact and 46% who say a minor one. Meanwhile, U.S. homeowners are more likely to have the equity in their home exceed their retirement savings. Click here for more information:

<https://www.bankrate.com/mortgages/homeowner-savings-survey/>

Mortgage holders whose efforts to save money for the future are most impacted by the size of their payment include 82% of Gen Xers (ages 40-55), 81% of parents with young children (ages 18 and under) and 78% of millennials (ages 24-39). Additionally, lower-income households (under \$49,999) were more inclined to say the size of mortgage has a major negative impact on their ability to save than a minor one (44% vs. 36%).

“Big mortgage payments take a bite out of your monthly income but are also a major obstacle to saving for retirement, emergencies, or other financial goals,” says Bankrate.com chief financial analyst, Greg McBride, CFA. “Homebuyers should beware of biting off more than they can comfortably chew and locking themselves into payments that make it difficult to save.”

Nearly 2 in 5 (39%) homeowners say the equity in their home is higher than their retirement savings accounts (including 401k or IRA), while 28% say the balance in their retirement accounts exceeds their home equity. Surprisingly, 38% of those who own their home outright have more equity in their home than funds in their retirement accounts, and 28% of outright homeowners say their total retirement balance is higher. Only 12% say their home equity is equal to their retirement balance.

Between 18%-22% of every generation of homeowners (aside from Gen Z) do not know whether they have more money in home equity or their retirement accounts. Women, lower earners and those with less education are more likely to be unsure of which balance is higher.

McBride highlights, “One-in-five homeowners don’t know whether their retirement account balance is more or less than what they have in home equity, a possible disconnect to their own finances.”

Home equity exceeds retirement account balances among every age group, but the gap narrows over time. Twice as many millennial homeowners have more home equity than retirement savings (46% vs 23%); the difference is much smaller among Boomers (ages 56-74), with 37% having more home equity and 33% having a larger retirement account balance.

The likelihood for retirement account balances to exceed home equity increases with income and education. Higher-income households (\$80,000 and over) are most likely to have a higher retirement balance than home equity (44% retirement vs. 34% home equity) as well as those with post-graduate degrees (49% vs. 32%).

“Homeowners can look at refinancing at a lower rate (<https://www.bankrate.com/mortgages/refinance-rates/>) to shave their monthly payments and open an avenue to increased savings,” says McBride. “Don’t neglect retirement savings in a hurry to pay down or pay off a low rate mortgage. Money in a retirement account will pay the bills, home equity will not.”

**Methodology:**

Bankrate.com commissioned [YouGov Plc](#) to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,942 adults, including 2,142 adults who own their home (1,224 adults who currently have a mortgage on their home and 918 who own their home outright). Fieldwork was undertaken on February 12-18, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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