

Majority Have Cut Spending Amid Coronavirus Crisis

Two-thirds have not touched their retirement or investment accounts despite market volatility

New York – March 31, 2020 – As the country navigates the financial impact of the coronavirus outbreak, 52% of U.S. adults intentionally reduced their general spending due to the pandemic and its effect on the economy and stock market, according to a new Bankrate.com report. This includes 47% who actively cut current spending due to concerns of the economy and 15% who decreased current spending because of concerns regarding the stock market and 10% who cite both as a factor. Another 43% have not intentionally cut back on spending. Click here for more information:

<http://bankrate.com/surveys/spending-investing-during-coronavirus/>

A majority of all income groups have actively reduced spending, but the propensity to do so increased with income. Among high-income households (\$80k+), 53% cut back due to the economy versus 44% of lower-income households (under \$30k). Additionally, one-fifth of high-income households decreased spending due to stock market volatility (vs. 9% lower-income households).

“More than two-thirds of U.S. economic output is tied to consumer spending, and most Americans are actively cutting their spending due to pervasive worries about the COVID-19 impact on the economy and stock market,” says Bankrate.com chief financial analyst, Greg McBride, CFA. “Take this as validation of a U.S. economic recession.”

Despite turbulent times, two-thirds (66%) of U.S. adults with retirement and/or investment accounts intentionally did nothing with their stock-related investments (such as mutual funds or individual stocks) in response to recent stock market volatility. More investors moved money into stock-related investments (13%) than out (11%).

“Americans are cutting their spending but they’re not bailing on stocks despite an unprecedented drop of more than 30% at time of polling,” says McBride. “Two out of every three households with retirement or investment accounts stood pat and did not make any changes to their stock-related holdings.”

Most investors in households with incomes of \$30,000 or more stayed the course with their stock-related investments in response to the volatility (62% for \$30,000-\$49,999; 71% for \$50,000-\$79,999; and 66% for \$80,000+) while high-income households (\$80k+) were more likely to have added to their stock-related investments (16%, vs. 13% for under \$30,000 and \$30,000-\$49,999; and 10% for \$50,000-\$79,999). However, lower-income households (under \$30k) had the highest likelihood of moving money out of stocks (20%).

Among age groups, millennials (ages 24-39) were more likely than Gen Xers (ages 40-55) and Baby Boomers (ages 56-74) to contribute more to stock-related investments in response to the volatility (24% of millennials vs. 13% for Gen X and 5% of Boomers). Millennials were also most likely to move money out of stocks than those older generations (15%, vs. 12% for Gen X and 8% of Boomers).

Surprisingly, 1 in 10 investors indicated they weren’t aware of the stock market volatility.

Methodology:

Bankrate.com commissioned [YouGov Plc](#) to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,486 adults (aged 18+), including 1,174 with investment accounts.

Fieldwork was undertaken on March 20-24, 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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