

7 in 10 Americans Earn Less Than 2% APY on Savings

More than one-quarter of high yield accounts pay at least 2% APY with no restrictions or fees

New York, NY – May 23rd, 2019 – A Bankrate.com survey of 60 different federally insured savings and money market accounts finds that more than one-quarter of the accounts (27%) pay a yield of 2% or better, are nationally available, have no minimum deposit, no balance requirement, and no monthly fee. Despite such widespread availability, Bankrate.com also finds that nearly 7 in 10 Americans (69%) earn less than 2% on their savings, including nearly one-quarter (24%) that earn no interest at all.

<https://www.bankrate.com/banking/savings/rates/#online-savings-survey>

“Everyone needs emergency savings,” says Greg McBride, CFA, chief financial analyst for Bankrate.com. “It doesn’t matter how little you’ve saved or where you live, you can and should be earning a competitive return on your savings.”

While up from 6% last year to 14% this year, the number of people earning more than 2% on their savings is still too low, according to McBride, considering the Fed’s inflation target is 2%. The average APY of the accounts surveyed is 2.18% and 92% of surveyed accounts are available nationwide.

- 52% of accounts can be opened with a minimum deposit of \$100 or less, including 35% that have no minimum opening deposit to earn the stated yield. Of the 13 highest-yielding accounts surveyed, six have a minimum deposit of \$100 or less.
- 62% of the accounts have no ongoing balance requirement to earn the stated APY, and 70% of the accounts require maintaining a balance of no more than \$1,000 to earn the stated APY. Of the 13 highest-yielding accounts, 7 have no balance requirement.
- More than three-quarters (77%) have no monthly fee, including 10 of the 13 top-yielding accounts surveyed.
- 90% of the accounts surveyed have a mobile app.
- Fewer than one-quarter of accounts, 23%, permit checkwriting, including fewer than half of the money market accounts where checkwriting used to be commonplace. The checkwriting feature is rendered obsolete by the ability to link online savings accounts to your existing checking account and easily transfer money back and forth as needed.

“There is no excuse for not putting your hard-earned savings into a better-yielding account,” adds McBride. “More than one-quarter of the accounts surveyed are literally available to everyone – they’re available nationwide, have no minimum deposit or balance requirements, no fees, and pay a return of 2% or better so you’re preserving the buying power of your savings and not losing ground to inflation.”

Top Reasons Americans Say They Aren’t Earning More on Their Savings

The excuse...	McBride Refutes...
36% say it is because they are comfortable with their current financial institution	“Good news. You don’t have to leave your current financial institution to have an online savings account. Just link it to the account at your primary institution and you have the best of both worlds.”
34% prefer having access to a local branch	“By linking an online savings account to the account at your primary institution, you retain the local branch access.”
26% are worried about the security of their money	“Online banks are federally insured and regulated the same as the bank or credit union down the street.”

25% say it is because they don't have enough savings to make it worthwhile

"Bankrate.com lists a number of top-yielding online accounts that are available nationwide with no minimum deposit."

Lower income and less educated Americans are most likely not to be earning any interest or not have any savings while upper income households (\$50K – up) are most likely to be earning 1% or more. The highest income households (\$75K – up) have the highest likelihood of earning more than 2% interest.

Younger Millennials, Older Boomers, and the Silent Generation are most likely to be earning more than 2%. Younger Millennials are least likely not to be earning any interest but also the most likely not to have any savings.

Preference for local branch access is highest for those in Gen X. Younger Millennials had the highest incidence of not knowing such accounts existed and twice that of Boomers.

To see updated current offers, click here: <https://www.bankrate.com/banking/savings/rates/>

Methodology:

Bankrate surveyed 60 different federally insured online savings and money market accounts from 57 different financial institutions between March 25 – April 22, 2019.

The consumer poll 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 April 30 – May 5, 2019 among a sample of 1,000 respondents in English (963) and Spanish (37). Telephone interviews were conducted by landline (360) and cell phone (640, including 416 without a landline phone). The margin of error for total respondents is +/-3.62% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.

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