



54 Million Americans Prefer Cash as a Long-Term Investment

Women feeling more financially secure than men

NEW YORK – July 19, 2016 –54 million Americans prefer cash investments with money not needed for more than 10 years, according to a new Bankrate.com (NYSE: RATE) report. Click here for more information:

<http://www.bankrate.com/finance/consumer-index/financial-security-charts-0716.aspx>

“While cash investments are entirely appropriate for short-term needs, such as an emergency fund, they are completely inappropriate for long-term investment horizons,” said Greg McBride, CFA, Bankrate.com’s chief financial analyst. “Returns on cash investments often trail the rate of inflation, with savers losing buying power as a result.”

The most popular investment option for money not needed for more than a decade is real estate (25%), followed by cash (23%), stocks and precious metals tied at 16%. The least popular option are bonds (5%).

“The preference for real estate is well suited for investment horizons of more than a decade, but the apathy many investors feel towards the stock market is detrimental to achieving their long-term financial goals,” McBride added. “Yes the market is volatile, but the market has rewarded long-term investors that show patience and discipline.”

Additional findings:

- Cash investments were favored more by households with incomes under \$50K and less among those with above average incomes.
- Younger millennials (18 to 25 year-olds) overwhelmingly chose cash as their preferred investment for money not needed for 10+ years, by more than a 2-to-1 margin over the next highest, real estate. Older millennials (26 to 35 year-olds) had the same propensity as the older age groups to cite real estate as their top choice for long-term investment (28%).
- Generation X is the least likely to turn to the stock market for long-term investing (13%), compared to millennials (17%).

Bankrate.com’s Financial Security Index found that women’s feelings of financial security are higher than men’s for the first time, with women noting improved job security and an increase in comfort level with debt more so than men. While Americans indicated that their feelings of job security have improved from one year ago, the readings were not as glowing as seen in recent months.

The survey was conducted by Princeton Survey Research Associates International. PSRAI obtained telephone interviews with a nationally representative sample of 1,000 adults living in the continental United States. Interviews were conducted by landline (500) and cell phone (500, including 319 without a landline phone) in English and Spanish by Princeton Data Source from July 7-10, 2016. Statistical results are weighted to correct known demographic discrepancies. The margin of sampling error for the complete set of weighted data is plus or minus 3.7 percentage points.

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