Bankrate

81% Did Not Increase Their Emergency Savings This Year, As Majority Feel Behind

More than half say inflation is holding them back from saving more

NEW YORK - October 25, 2023 - More than 4 in 5 Americans (81%) say they did not increase their emergency savings this year, and a majority of Americans (60%) also say they feel behind on their emergency savings, according to a new Bankrate report. Click here for more information:

https://www.bankrate.com/banking/savings/emergency-savings-survey/

Since the beginning of the year, less than 1 in 5 Americans (19%) have increased their emergency savings, and nearly one third (32%) say they have less emergency savings now than at the start of 2023. This includes 14% who say they have somewhat less savings now and 17% who have much less savings now than at the beginning of the year. Nearly a third (30%) say they have about the same amount of emergency savings now, and 20% had no emergency savings at the start of the year and still do not have any emergency savings now.

Of those who have not increased their emergency savings this year, the most common reason why is rising prices/inflation (57%). Among those with less savings now compared to the beginning of the year, 73% cite inflation as a reason why, and 46% of those with the same amount of savings as the beginning of the year point to inflation. In addition to inflation, 38% of those who have not increased their emergency savings this year point to having too many expenses, including 44% who have less savings now than at the start of the year.

Other notable reasons for Americans not increasing their emergency savings include too much debt (21%), change in income or employment (18%), rising interest rates (17%), encountering a large emergency expense (13%), too much discretionary/ leisure spending (8%), and something else (6%). Additionally, a mere 17% said that they are comfortable with their current emergency savings and that is why they did not add to their balances so far this year.

"Despite 60% of all Americans being behind on their emergency savings, just 19% have increased their emergency savings balances since the beginning of the year," said Bankrate Chief Financial Analyst Greg McBride, CFA. "Rising prices and high household expenses have been the predominant impediments to boosting emergency savings."

While many Americans say they feel behind in their emergency savings, some are feeling the weight more than others, with 38% who are significantly behind and 22% who are somewhat behind. Just under a quarter (22%) say they feel right on track with their emergency savings.

In comparison, just 18% say they feel that they are ahead of where they should be with their emergency savings, with 11% saying they feel slightly ahead and 7% who say they feel significantly ahead.

A majority (57%) of those who say they are behind in their emergency savings also say that it will take at least one year to catch up, with the most common timeframe being 1-3 years (31%). Additionally, 1 in 6 (16%) say it would take them more than 5 years to catch up on their emergency savings, and 10% say it would take them 4-5 years to catch up. Separately, 13% say they believe that they will never get back on track, and 22% say they do not know how long it will take for them to catch up with emergency savings.

"Cutting household expenses in a meaningful way may not be feasible with the run-up in prices for mainstay items such as shelter, food, and energy over the past couple of years," McBride added. "Consider tapping into the tight labor market with a side hustle, freelance or contract work, or even taking on a second job for a period of time in order to make headway on boosting savings."

Methodology:
Bankrate commissioned YouGov Plc to conduct the survey. Total sample size was 2,496 U.S. adults. Fieldwork was undertaken between September 20-22, 2023. The survey was carried out online. The figures have been weighted and are representative of all US adults aged 18+. Emails were sent to panelists selected at random from the base sample. The email invited them to take part in a survey and provided a generic survey link. The survey meets rigorous quality standards employed by both YouGov and Bankrate.

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