



Barely Half Have More Emergency Savings Than Credit Card Debt

52% say saving is a higher priority than paying down debt, up from 2020

NEW YORK – February 10, 2021 – As the economic fallout from the COVID-19 pandemic continues, a new Bankrate.com report finds that 54% of Americans have more emergency savings than credit card debt, while more than 1-in-4 (27%) have more credit card debt than emergency savings. Further, 52% say increasing emergency savings is the higher priority compared to paying down credit card debt (32%). Click here for more information:

<https://www.bankrate.com/banking/savings/credit-card-debt-emergency-savings-2021/>

The number of Americans who have more emergency savings than credit card debt is the highest since 58% in 2018, while those who have more credit card debt than emergency savings is the lowest since 21% in 2018. However, 16% say they do not have credit card debt or emergency savings, leaving them susceptible to financial hardship should an emergency expense arise.

Given the choice between boosting emergency savings or paying down credit card debt, prioritizing savings is up from 45% in 2020 and 43% in 2019, while prioritizing credit card debt is down from 38% in 2020 and 41% in 2019. 8% are focused on both at the same time, the highest in the four years the question has been asked, while 6% say neither one is a priority.

“The pandemic has altered the view of emergency savings, with more Americans now prioritizing saving ahead of paying down credit card debt,” said Bankrate.com chief financial analyst, Greg McBride, CFA. “With only a little more than half of households having more emergency savings than credit card debt and 1-in-6 lacking any emergency savings, there is much work to be done.”

The likelihood of having more emergency savings than credit card debt rises with income, ranging from 45% of the lowest income households (under \$30,000 annually) to 70% of the highest income households (over \$75,000 annually). Just over half of households with incomes between \$30,000-\$49,999 (51%) and \$50,000-\$74,999 (55%) can say the same.

While having more emergency savings that exceeds credit card debt was the most likely overall answer among every demographic group, the likelihood of having more credit card debt over emergency savings was higher among millennials (ages 25-40) and women:

- Less than half of millennials (48%) have more emergency savings than credit card debt, compared to 57% of Gen Xers (ages 41-56), 60% of younger baby boomers (ages 57-66), and 53% of those age 67 and higher.
- Over one-third of millennials (37%) have more credit card debt than emergency savings, compared to 31% of Gen Xers and 18% of baby boomers. Consequently, millennials

(39%) were more likely to prioritize paying down debt compared to Gen Xers (32%) and baby boomers (27%).

- Men (60%) are more likely than women (48%) to have more emergency savings than credit card debt, and slightly more inclined to prioritize boosting savings over paying down credit card debt (56% vs. 49% respectively).
- Women (31%) were more likely than men (22%) to have more credit card debt than emergency savings and more likely to prioritize paying down debt over boosting savings (34% vs. 30% respectively).

“Boosting emergency savings and paying down credit card debt doesn’t need to be an either-or proposition,” McBride added. “Work on both goals simultaneously by setting up a direct deposit from your paycheck into a dedicated savings account and funneling money not currently being spent on dining and entertainment into paying off high interest rate credit card debt.”

Methodology:

This study 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 January 19-24, 2021 among a sample of 1,009 respondents in English (974) and Spanish (35). Telephone interviews were conducted by landline (304) and cell phone (705, including 468 without a landline phone). The margin of error for total respondents is +/- 3.72% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.

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