SURVEY REPORT

2024 State of Savings Report

plinqit®

AUGUST 2024

The State of Saving in America

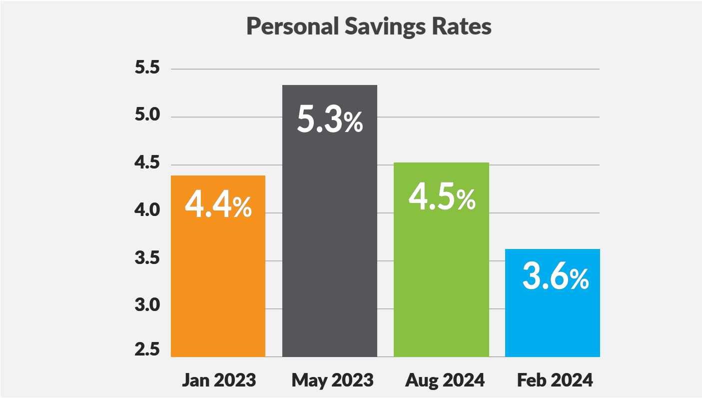
The last several years have put a strain on consumers' finances, and half of Americans say their personal finances have gotten worse since the pandemic.

Household debt levels reached new heights, increasing by $184 billion in the first quarter of 2024 to $17.69 trillion, according to the Federal Reserve. "An increasing number of borrowers missed credit card payments, revealing worsening financial distress among some households," said Joelle Scally, Regional Economic Principal within the Household and Public Policy Research Division at the New York Fed.

As the economy continues to grapple with inflation, interest rates remain high since the Fed's first rate hike back in March of 2022. Since then, the Fed has raised interest rates 11 times, bringing rates to their current range of 5.25 to 5.50%. As a result, borrowing has become more expensive and debt more difficult to manage.

Meanwhile, the prices of consumer goods remain stubbornly high as well. In fact, prices have surged more than 20% since the early days of the pandemic in February 2020, according to data from the Bureau of Labor Statistics. Goods and services that normally cost $1,000 now cost $1,208, demonstrating the eroding purchasing power Americans are facing.

Americans are saving less overall this year compared to previous years, likely due to the erosion of purchasing power and higher interest rates. In addition, COVID-19 shifted the way consumers spend money, with many Americans treating the years following the pandemic as a spending spree. Consumers are saving less, spending more and splurging on lavish trips and events to make up for missed experiences, which may also be contributing to lower savings rates. The personal saving rate fell to 3.6% in February, the lowest level in more than a year, and in recent years it has hovered below levels seen in the decade before 2022.



Source: https://www.cnn.com/2024/04/14/economy/stocks-week-ahead-americans-savings-less-economy-spending/index.html

Despite These Financial Hurdles, Americans Still Have a Desire to Save. Will You Help Them?

A strong majority, **90%,** of Americans report they're saving for something this year, according to Plinqit's 2024 State of Savings report conducted online by The Harris Poll among more than 2,000 U.S. adults 18+. And this dedicated focus on savings has remained steady, topping out at 91%, according to the 2022 State of Savings report.

While it is good news to see that Americans understand the importance of saving, the cost of living, which has steadily crept higher due to persistent inflation, has made practicing consistent savings habits a challenge for most consumers. Many Americans are forced to make strategic decisions about what to save for and how much they can reasonably stash away.

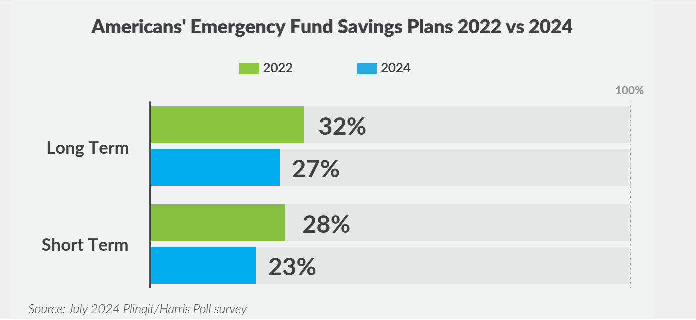
Plinqit's 2024 State of Savings report explores the current savings habits of Americans, what they're saving for, the savings products they use, and much more, plus what these insights mean for the financial institutions that serve them.

Key Findings

9 in 10 Americans Are Saving for Something in 2024

With 9 out of 10 Americans reporting that they're saving for something this year, the top purchases or priorities that Americans are saving for include travel (45%), paying down/off debt (41%), and emergency funds (36%).

Travel and debt payoff are similar in priority to Plinqit's previous State of Savings report (43% and 42%, respectively), while the number of Americans putting money toward an emergency fund is down. In 2022, more than 2 in 5 Americans (43%) were saving for their emergency fund, showing a decrease of 16.3%. **Short-term emergency funds** saw a dip of 17.9% while **long-term emergency funds** decreased by 15.6%.

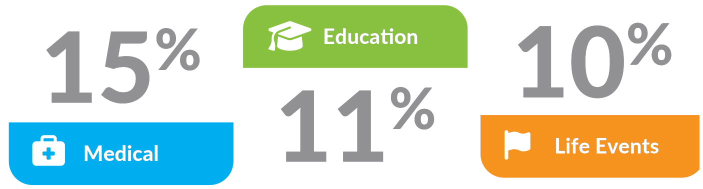


Other savings categories that saw meaningful dips included retirement, new vehicle, purchasing a home and education. Less than a third of Americans (31%, down from 35% in 2022) say they are saving for retirement this year, which is a notable decrease of 11.4%.

Meanwhile about 1 in 4 (26%, down from 31% in 2022, or a decrease of 16.1%) are saving to purchase a vehicle. This slide could be attributed to the rising cost of cars, including used vehicles, over the last few years. The average price of a new car, based on the manufacturer's suggested retail price, is about $35,000, up 4.7% from last year, according to a 2023 study by AAA.

Other things Americans are saving for this year include purchasing a home (16%, down from 19% in 2022, also a decrease of 15.8%). This is another savings category that has dipped, potentially because the price of homes remains high and with higher interest rates, some would-be homebuyers may be holding out for a better rate environment. NPR has reported home prices are up 47% since early 2020 and median home sales prices last year were about 5X the median household income, according to tabulations in a newly released report by the Harvard Joint Center for Housing Studies.

Despite the high cost of living and ongoing inflation, Americans are still finding things to save for. In Plinqit's 2024 State of Savings survey report, Americans also said they are saving for **medical expenses** (15%), **college/schooling** (11%, down from 14% in 2022) and a **major life event** (10%) this year. However, one finding that has proven consistent across both survey reports is the impact that household income has on Americans' savings habits.

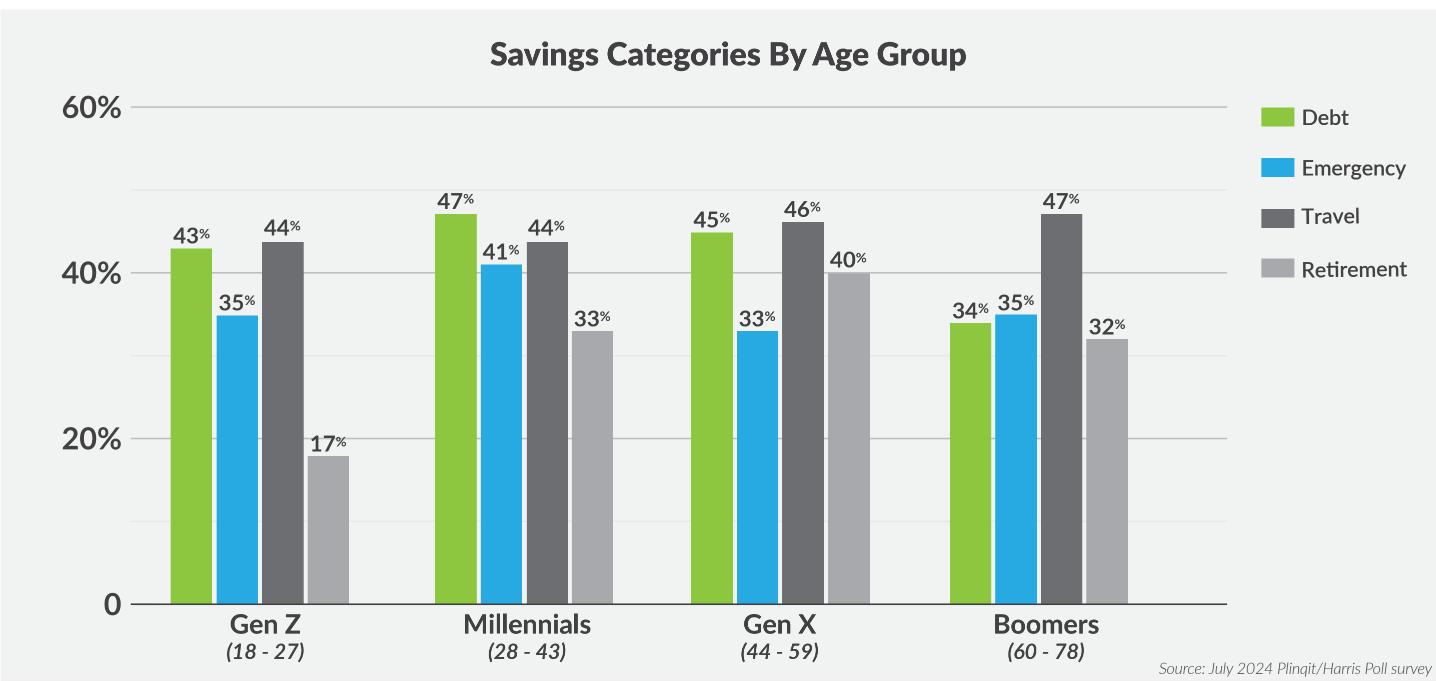


Unsurprisingly, Household Income Influences Both Savings Rates and Savings Priorities

Americans with an annual household income (HHI) of $75,000 or greater are more likely to say they're saving for something this year compared to Americans with an annual HHI of less than $75,000 (94% vs. 84%).

With more discretionary income, Americans with HHI of $75,000 or more are also more likely to say they are saving for travel (52% vs. 36%) and likely retirement (40% vs. 20%) compared to those with a HHI of less than $75,000.

When reviewing the savings priorities of Americans with annual HHI of $100,000 or more, 13% say they are saving up for a major life event, such as a wedding or a baby, compared to 8% of Americans with HHI of less than $100,000 per year.



Different Generations Also Have Varied Savings Priorities

Younger generations, including Gen Z (ages 18-27), Millennials (ages 28-43), and Gen X (ages 44-59) are all more likely than Boomers (ages 60-78) to say they are saving to pay down or pay off debt this year. **Just 34% of Baby Boomers report saving to pay off debt compared to 43% of Gen Z, 47% of Millennials and 45% of Gen X**.

These statistics align with other market research, as younger Americans are documented to have much more credit card debt than previous generations. According to recent data from Experian, Millennials' average credit card balances increased the most, jumping by a little over 15% in the last quarter of 2023, compared with the last quarter of 2022. Gen Zers aren't too far behind with their balances increasing by around 14%.

This rising debt load could be attributed to the rise in prices for everyday goods and services, as well as rent, which places a heavy burden on Americans who are just starting their career. Not to mention, student loan debt has surged in the last few decades, and more Americans are taking on student loan debt to fund their education, adding to the burden for younger generations.

Other categories show generational differences in savings habits, including emergency funds and retirement. Millennials, 41%, are more likely to say they're saving for an emergency fund this year compared to 33% of Gen X and 35% of Boomers. Meanwhile, **Gen X is most likely to be saving for retirement this year**. 40% are setting aside money for retirement while only 17% of Gen Z and 33% of Millennials are saving for this phase, which may be unsurprising considering where these generations stand in their career journeys. About one-third of Baby Boomers (32%) report they're saving for retirement.

This begs the question – what are younger generations saving for besides debt payments?

Compared to their Gen X and Boomer counterparts, Gen Z and Millennials are more likely to be saving for the following:

- **To purchase a vehicle** – About one-third of Gen Z (36%) and Millennials (32%) are saving to buy a car. Only 23% of Gen X and just 17% of Boomers are saving for the same.

- **To buy a home** – Nearly one-third of Gen Z (32%) and around 1 in 5 Millennials (21%) are saving up for a home while just 11% of Gen X and 7% of Boomers are saving to buy a house.

- **Medical expenses** – Surprisingly, 21% of Gen Z and 18% of Millennials are saving up for a medical expense compared to 12% of Gen X and 11% of Boomers.

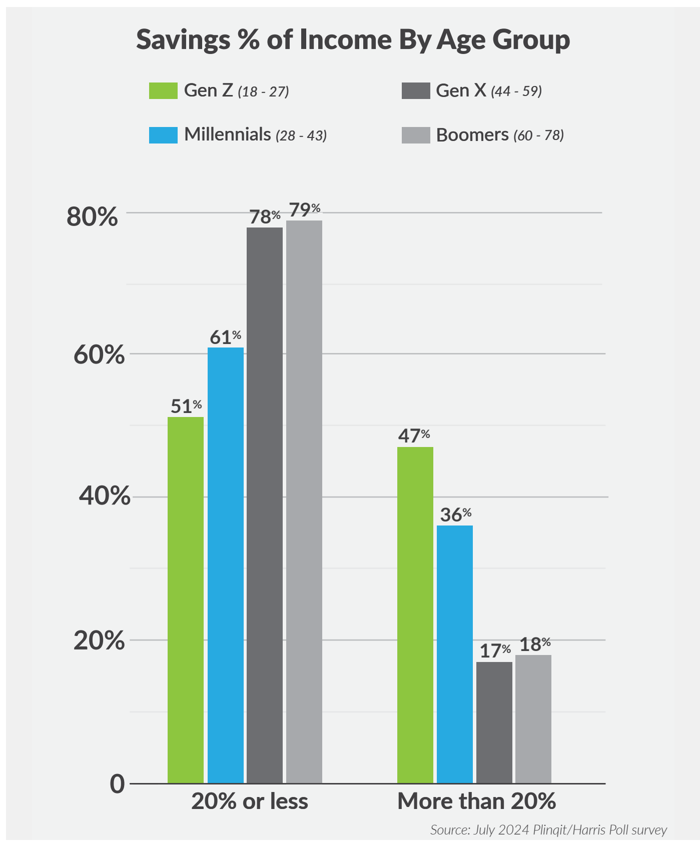
- **A major life event** – Gen Z, at 22%, and Millennials, at 16%, are more likely to be saving for a big life milestone, such as a wedding or a growing family, compared to 6% of Gen X and 3% of Boomers.

- **College/Education** – More than one-quarter of Gen Z, or 28%, is saving to pay for college or other form of higher education, as are 14% of Millennials. Only 10% of Gen X and a mere 2% of Boomers are saving for the same.

More than 2 in 5 of Americans Save 10% or Less of their Monthly HHI

More than two-thirds of Americans, **69%**, say they save 20% or less of their monthly HHI. More than 2 in 5, **43%**, report saving 10% or less and another 3% save nothing.

This goes against the traditional advice that recommends Americans save at least 20% of their income each month, which may indicate most Americans are allocating most of their income to other needs, such as housing, groceries or gas.



Only about one in four Americans, 28%, say they save more than 20% of their monthly household income each month. These more aggressive savers tend to have higher HHI.

Americans with an annual HHI of $100,000 or greater are more likely to save over 20% of their monthly HHI (35%) compared to those with HHI less than $100,000 (22%). Those with an annual HHI of less than $50,000 are more likely to say they save 10% or less of their monthly household income each month compared to those with an annual HHI of $75k+ (54% vs. 36%).

There are striking generational differences in monthly savings rates as well.

Gen Z is most likely to say they save more than 20% of their monthly household income each month at 47%, compared to 36% of Millennials, 17% of Gen X and 18% of Boomers. According to the survey results, Gen X and Boomers appear to save the least amount of their monthly income, as more than half of Gen X and Boomers (51% each) say they put 10% or less of their income to savings compared to 28% of Gen Z and 38% of Millennials who said the same.

Checking Account is Most Common Way Americans Save, Only 20% Stash Money in High-Yield Savings Accounts

While nearly all Americans, 96%, say they save money, the vehicles they use for saving vary.

The most common account used for savings is not a savings account, it's a checking account and 48% of Americans stash their savings in one. Traditional savings accounts are a close second, with 46% of Americans using this type of account. Nearly one-third of Americans, 31%, save using a retirement account and 28% use a traditional investment account.

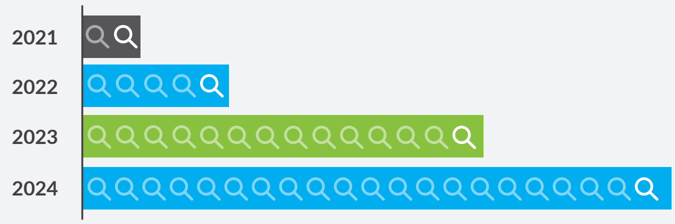
Just 1 in 5 Americans (20%) save with a high-yield savings account. While this statistic shows most consumers do not currently use a high-yield savings account, interest in these types of savings products has skyrocketed in the last year.

Google Trends data show that searches for high-yield savings accounts spiked in Q1 of 2023 as the Fed began raising interest rates. By Q4 of 2023 and into Q1 of 2024, search volumes for high-yield savings accounts was 10X higher than it was in 2021 when rates were still low.

Following close behind high-yield savings accounts is cash – 19% of Americans still save their cash at home. Less common ways to save include certificates of deposits (CDs) at 18%, money market accounts at 17% and investing in cryptocurrency at 10%.

Searches for High-Yield Savings

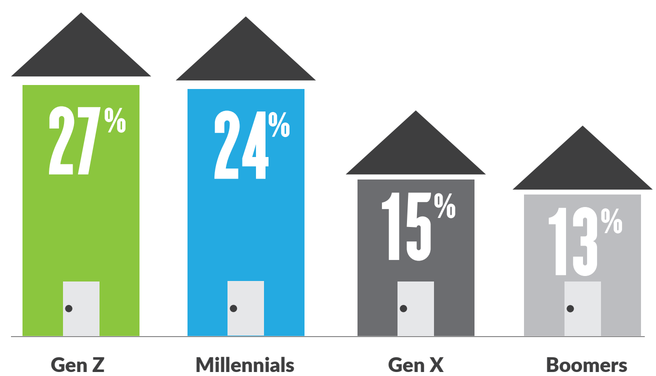
By Q4 of 2023 and into Q1 of 2024, search volumes for high-yield savings accounts was 10X higher than it was in 2021.



Source: https://trends.google.com/trends/explore?date=today%205-y&geo=US&q=high%20yield%20savings%20account&hl=en

Preferred savings methods also vary by age and HHI. Boomers are most likely to save using traditional savings accounts (58% vs. 33% Gen Z, 40% Millennials, 45% Gen X) and traditional investment accounts (36% vs. 17% Gen Z, 23% Millennials, 27% Gen X), as well as CDs (26% vs. 13% each Gen Z & Millennials, 15% Gen X). Conversely, Gen Z and Millennials are more likely to say they save by investing in crypto (14% Gen Z and 16% Millennials vs. 9% Gen X and 2% Boomers). The data show that cash is still king for some younger Americans, as **27% of Gen Z** and **24% of Millennials** say they save their money in cash form at home compared to just **15% of Gen X** and **13% of Boomers**.

Liquid Cash Savings in the Home by Generation

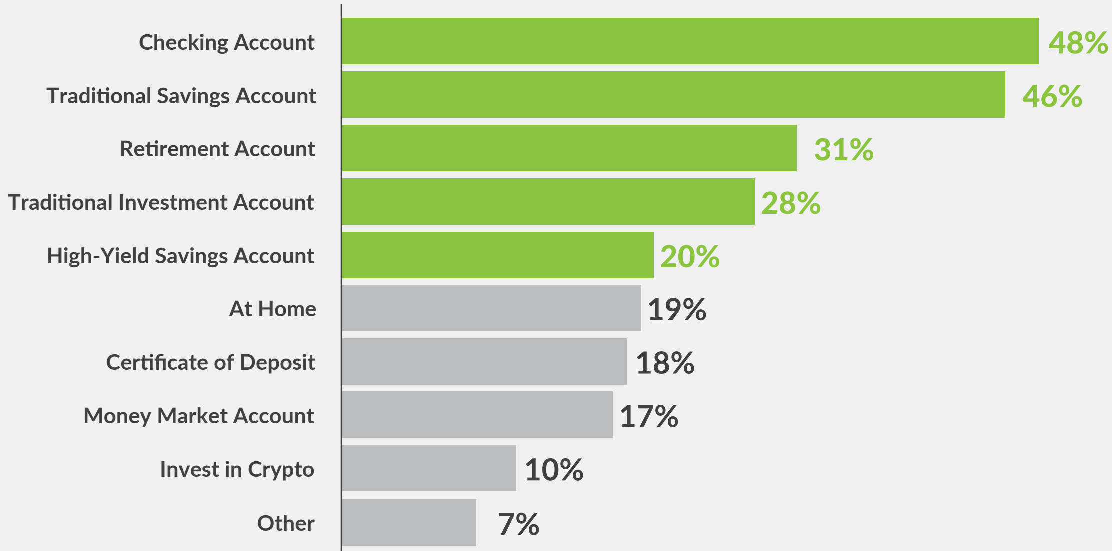


Source: July 2024 Plinqit/Harris Poll survey

Americans with higher HHI are more likely to say they save money and use a variety of savings vehicles. Those with annual HHI that exceeds $50,000 are more likely than those with HHI below $50,000 to say they save money (99% vs. 91%), and to use a traditional savings account (51% vs. 35%), retirement account (39% vs. 13%), traditional investment account (33% vs. 13%), high-yield savings account (24% vs. 10%), CD (23% vs. 8%) or a money market account (21% vs. 8%).

Compared to those with an annual HHI less than $100,000, Americans with a HHI of $100,000 or more are about twice as likely to save using a traditional investment account (38% vs. 20%), high-yield savings account (28% vs. 14%), or cryptocurrency (13% vs. 7%).

Where Do Americans Keep Their Savings?



Source: July 2024 Plinqit/Harris Poll survey

ROI the Top Determining Factor in How Americans Choose a Savings Product, Followed Closely by Interest Rate

Saving methods clearly vary, but some are more effective than others in generating returns. The data show that the number one consideration Americans use to determine where to save their hard-earned money is the ROI an account can generate for them (41%). Likewise, the second most-cited factor, at 37%, was interest rates offered by the financial institution.

The more income a household earns, the more likely they are to consider ROI when deciding how to save their money. Compared to Americans with an annual HHI of less than $75,000, those with HHI of $75,000 or higher are nearly twice as likely to consider ROI as a determining factor (52% vs. 27%). They are also more likely to base their decision on recommendations from a financial advisor (37% vs. 22%).

About a third of Americans, 34%, say they consider how easy it is to understand the account and how it works. Existing relationships may also play a role in where consumers choose to stash their savings, as 31% of Americans consider what products are available with their current financial institution and another 30% decide how to save based on recommendations from a financial advisor. About 1 in 4 Americans (27%) consider recommendations from friends and family when deciding how to save their money.

Age also makes a difference in how consumers choose a savings product. Gen X and Boomers are more likely to consider ROI (43% & 50% vs. 27% & 36%) and interest rates offered by the financial institution (40% & 43% vs. 25% & 32%) than their Gen Z and Millennial counterparts. This could be attributed to Gen X and Boomers likely having more personal finance knowledge and experience with interest rate fluctuations compared to younger generations. Meanwhile, Gen Z is much more likely than Gen X and Boomers to consider recommendations from friends and family when choosing how to save (37% vs. 26% and 20%).

Consumer Savings Considerations

Existing relationships may also play a role in where Americans choose to stash their savings.

- **Easy to use & understand** (34%)
- **Current FI's available products** (31%)
- **Financial Advisor recommendations** (30%)
- **Friends & Family recommendations** (27%)

Source: July 2024 Plinqit/Harris Poll survey

More Than 1 in 10 Very Likely to Open a High-Yield Savings Account in the Future

Just over half of Americans who do not currently use high-yield savings accounts, 54%, say they are likely to open one in the future, with more than 1 in 10 (13%) saying they are very likely to do so.

Americans with higher HHI are more likely to open one. Of those with **HHI of $50,000 or more, 58%** say they're likely to open a high-yield account in the future compared with **46% of Americans with HHI of less than $50,000**. There are also generational differences, and **Millennials** are the most likely to enroll in an account with **22%** saying they would be very likely to do so. Comparatively, just **13% of Gen Z**, **12% of Gen X** and **7% of Boomers** say they are very likely to open an account.

1 in 4 Americans Who Are Enrolled in a High-Yield Savings Account Earn 5% or Higher APY

As interest rates began rising in 2023, deposits began to move and financial institutions began competing fiercely for those deposits, often by offering high-yield accounts with attractive rates.

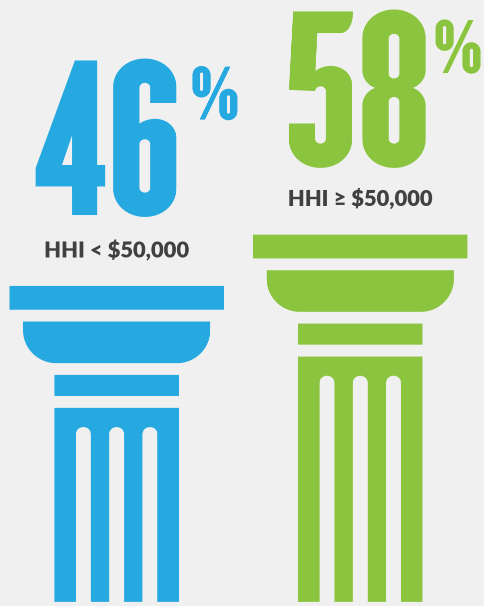
Among Americans who are saving with a high-yield savings account, 1 in 4 (25%) say they earn 5% or higher APY. About 2 in 5 (41%) say they earn between 4% and 4.99% APY, and 30% earn less than 4% APY. Meanwhile, 5% are not at all sure what their APY is.

The savers that pursued higher rates have yielded major returns. In 2023, Americans made **$315.4 billion in interest** in their deposit accounts, which was a whopping 4X the **$78.7 billion** Americans made in 2022, a study by LendingTree revealed.

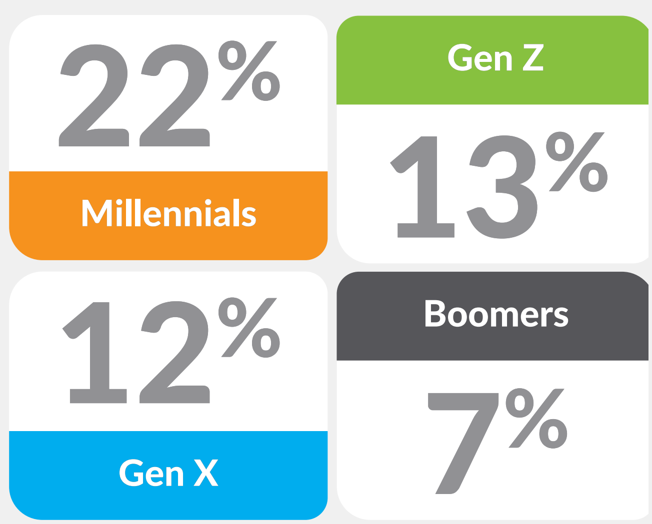
Likeliness of Opening a HYS Account

Americans with higher HHI are more likely to open a High Yield Savings (HYS) account. There are also generational differences, and Millennials are the most likely to enroll in an account.

Likeliness of Opening a HYS Account by Income



Very Likely To Open a HYS Account by Generation



Source: July 2024 Plinqit/Harris Poll survey

Implications for Financial Institutions

The personal saving rate fell to 3.6% in February, the lowest level in more than a year, and in recent years it has hovered below levels seen in the decade before 2022.

The personal savings rate may be falling, but almost all Americans are putting money aside for something and Plinqit's State of Savings reports proves it. The vast majority of Americans, 90%, are stashing money away for something this year, according to Plinqit's 2024 State of Savings report. This is virtually identical to the 91% of Americans who reported saving for something in the 2022 State of Savings report.

This is positive news, as saving is the first step on the journey to sustained financial wellness. However, saving isn't the only factor that dictates a consumer's financial health. Consumers need to be informed and literate when it comes to personal financial management, especially in today's high rate environment.

> ***"Household debt has reached a new high of more than $17 trillion as of Q1 2024. "***

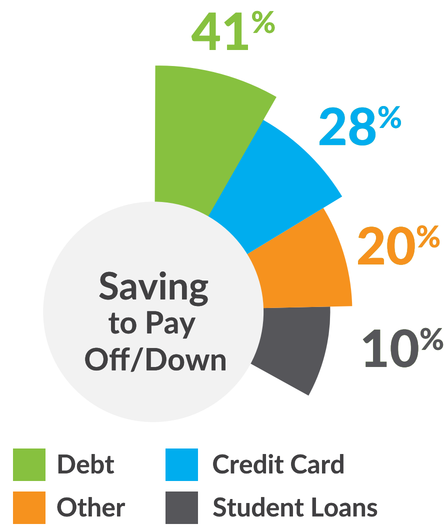
Helping Consumers Navigate Today's High Rate Environment Benefits Everyone

For many Americans, this may be the first time they've seen interest rates this high and had to manage their money accordingly.

For nearly 15 years, the industry saw near-zero interest rates until March 2022. Since then, there have been 11 interest rate hikes, bringing us to the current federal funds rate of 5.25% to 5.50%. In this economic environment, savings can multiply quickly. On the other hand, debt balances balloon as well, and they have. Household debt has reached a new high of more than $17 trillion as of Q1 2024.

The good news is that many Americans are focused on saving to pay off debt. According to Plinqit's 2024 State of Savings report, **41%** of Americans are prioritizing saving to **pay down a debt balance** this year. Credit card debt is the most frequently cited type of debt Americans are focused on paying off/down, with **28%** of Americans planning to **pay off/down a credit card balance**. Another **10%** stated they plan to **pay off/down student loans** and **20%** say they plan to pay off/down **other types of debt balances**.

While it's positive that consumers understand the importance of saving and paying off debt, especially given higher interest rates, Plinqit's State of Savings report also shows that many Americans may need education on the best ways to build and grow their savings. After all, when inflation remains stubborn and the prices of everyday necessities remain elevated, making one's money stretch further can be a game-changer.



It's Time to Encourage Smarter Saving

Although nearly all Americans (96%) say they're saving money, only 1 in 5 (20%) do so in a high-yield savings account. Instead, nearly half of Americans, 48%, save their money in a checking account and 46% use a traditional savings account. Yet, the top high-yield savings accounts offer an APY of 5% or greater, which is more than 10X higher than the average rate of a traditional saving or checking account, according to FDIC data. Most traditional checking accounts earn less than 0.01% APY.

This is an area where financial institutions can help on all fronts. A compelling product offering, like a high-yield savings account, paves the way for banks to expand wallet share and nurture stronger, more fruitful customer relationships. Several financial institutions have taken this approach and partnered with Plinqit to generate deposits and build relationships with valuable customer segments, including savers who want to invest their money wisely. To date, 75% of high-yield savings accounts opened get funded, and well over half of those funds are deposits from Chase, Bank of America, Capital One and Wells Fargo.

In addition to deposit products with attractive rates that empower consumers to grow their savings, financial institutions are perfectly suited to help consumers gain control of their personal finances through education and other supportive resources, such as rewards for practicing smart financial behaviors.

For example, financial institutions can educate consumers about which debt balances to prioritize paying down. Most people focus on their monthly payments rather than thinking about the overall cost of a loan or credit card balance. That's understandable; however, it's important to encourage borrowers to always look at the total cost of a loan or it can lead to regret down the road when the total cost is more obvious. When consumers pay down their high interest debt faster, they can put more money toward saving sooner.

Consider this – Americans pay an average of $1,583 toward non-mortgage debts each month, according to a LendingTree study of 310,000 users. By determining the right debt to eliminate first and paying off just 10%, the average American can allocate more than $150 to savings every month.

Multiply this by a bank's entire customer base and that's a significant stream of deposits at a time when every institution is fiercely competing for funds.

To add to the impact, banks can use other tools to encourage customers to save and ultimately, generate a steady source of deposits. For example, financial institutions can help customers automate the decision to save. Similar to automated alerts, customers should be able to set limits and then watch their savings account grow.

In addition to automation, rewards are a great way to incentivize customers to build their personal finance skills and grow their savings. Instead of just offering rewards for using a credit card, rewards can be implemented by financial institutions to encourage account holders to save. Rather than rewarding for spending, banks can incentivize customers to practice healthy financial habits with cash rewards that are directed to their savings account.

Grow Savings, Generate Deposits

Many financial institutions are trying to avoid their worst nightmare: a shrinking deposit base.

Some have responded with the obvious remedy of higher rates on products like CDs and money market accounts. However, when institutions balance higher rate offers with tools that help customers live their best financial lives, such as automated savings, incentives and rewards, average account balances tend to grow. And when average account balances grow, banks can fulfill their regulatory obligations, improve their profitability and build stronger customer relationships – all while their customers achieve financial stability and thrive.

Full Methodology

This survey was conducted online within the United States by The Harris Poll on behalf of Plinqit between June 4-6, 2024 among 2,084 adults ages 18 and older.

Data were weighted where necessary by age, gender, race/ethnicity, region, education, marital status, household size, household income, and political party affiliation, to bring them in line with their actual proportions in the population.

Respondents are selected among those who have agreed to participate in our surveys. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. The sample data is accurate to within +/- 2.5 percentage points using a 95% confidence level. This credible interval will be wider among subsets of the surveyed population of interest.

All sample surveys and polls, whether or not they use probability sampling, are subject to other multiple sources of error which are most often not possible to quantify or estimate, including, but not limited to coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments.

For further information, please contact
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About The Harris Poll

The Harris Poll is a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. It works with clients in three primary areas: building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. One of the longest-running surveys in the U.S., The Harris Poll has tracked public opinion, motivations and social sentiment since 1963, and is now part of Stagwell, the challenger holding company built to transform marketing.

To learn more information, visit [www.theharrispoll.com.](www.theharrispoll.com)

About Plinqit

Plinqit is a mobile-first platform and fintech company helping banks and credit unions generate low-cost deposits, attract new customers, and expand their retail footprint while helping people live their best financial life. The Plinqit platform is the first savings platform of its kind to bring together automated savings, data-driven financial wellness content, and virtual account management. At Plinqit, we're helping everyone Money Intelligently™.

For more information, visit [info.plinqit.com.](info.plinqit.com)