

Q4 U.S. MIDDLE-INCOME FINANCIAL SECURITY MONITOR | JANUARY 2023



A QUARTERLY TRACKING POLL OF MIDDLE-INCOME AMERICANS' FINANCIAL MOOD

Primerica's fourth quarter 2022 Middle-Income Financial Security Monitor found American households are bracing for a possible recession in 2023. Amid signs pointing to a rocky economy in the year ahead, many middle-income families are taking steps to rein in debt and secure their personal finances.

Overall, a majority (53%) still feel positive about their personal finances; however, that percentage has dropped 11 points in the past 12 months. Additionally, a majority (72%) say their income is falling behind the cost of living, and just 15% believe that either their personal finances or the American economy will be better off a year from now.

HOW ARE MIDDLE-INCOME FAMILIES FEELING ABOUT THE ECONOMY IN 2023?

- **Inflation, recession remain top concerns.** When it comes to the top economic challenges facing the U.S. this year, nearly half of respondents choose inflation (45%). In addition, a majority (81%) believe it is likely the U.S. will enter a recession in 2023, and 62% are either already taking steps to prepare or plan to do so this year.
- **Few express rosy outlook for 2023.** Americans are increasingly pessimistic about the year ahead. Just 15% believe their personal finances will be better off a year from now, down from 22% in September and 27% in December 2021. Similarly, just 15% believe the American economy will be better off in the next year, down from 21% in September.
- **Taking control of debt.** Of those who make financial New Year's resolutions, the top two goals are paying off consumer debt (39%) or keeping debt load manageable (37%). In addition, about a quarter plan to create an emergency fund (25%) or stick to a budget (24%).

HOW ARE MIDDLE-INCOME FAMILIES COPING WITH INFLATION?

- **Confidence in personal finances, ability to save declines.** While a majority (53%) still feel positive about their personal finances, that percentage has dropped 11 points in the past year. In addition, just a quarter (24%) believe in their ability to save for the future, down 13 percentage points from December 2021.
- **Americans cut back but their spending is still on the rise.** Many families report cutting back on eating out and entertainment (76%), saving for the future (48%) or putting off regular maintenance of their home or car (47%). Still, about one-third report spending more money in the past year (33%) and/or dipping into their personal or retirement savings (36%).
- **Credit card use remains high.** Middle-income families are increasingly relying on credit cards to keep up with the high cost of living. More than one-third (36%) report using their credit cards more often in the past year, up 9 percentage points from December 2021. Additionally, more than a third (37%) say their credit card debt has increased in the past three months, up 8 percentage points from December 2021.

HOW ARE MIDDLE-INCOME FAMILIES DOING FINANCIALLY?

- **Most households tapped emergency funds in the past year.** While three-fifths (59%) say they have an emergency fund to cover an expense of \$1,000 or more, about half (51%) also say they had to tap into this fund in the past 12 months.
- **Lack of money continues to stall retirement savings.** Of respondents without an IRA or retirement savings plan through work, nearly half (51%) say they simply can't afford to save for retirement.

ADDITIONAL INSIGHTS FROM PRIMERICA'S U.S. MIDDLE-INCOME FINANCIAL SECURITY MONITOR



HOW DO MIDDLE-INCOME AMERICANS VIEW THEIR JOBS?

- **Strong job market has some looking to switch employers.** One-fifth (20%) of those employed say they are at least somewhat likely to change jobs in the next year.
- **Many looking for additional work.** More than a third (39%), including those who are currently retired, say they plan to pick up additional work.



ARE FAMILIES EQUIPPED WITH THE FINANCIAL INFORMATION THEY NEED?

- **Many lack confidence in their own financial decisions.** About one-third (29%) are very confident they could make sound financial decisions without outside professional help.
- **Budgeting, savings take a back seat for some.** More than a quarter (28%) say they don't contribute to a savings account, follow a budget, contribute to an investment account or set a financial budget each month.
- **Anxiety continues to be leading factor.** Anxiety (30%) and not having time (20%) are cited as the biggest challenges people face when it comes to tracking their financial information.



TOPLINE TRENDS DATA:



DEC 2022 SEP 2022 JUN 2022 MAR 2022 DEC 2021 AUG 2021 APR 2021

<p>How would you rate the condition of your personal finances? (Reporting "Excellent" and "Good" responses.)</p> <p>Q4 2022 Survey: Respondents' rating about the condition of their personal finances remained steady.</p>	53%	53%	54%	60%	64%	65%	67%
<p>Overall, would you say your income is...? (Reporting "Falling behind the cost of living" responses.)</p> <p>Q4 2022 Survey: Concern about meeting increased cost of living is slightly down.</p>	72%	75%	75%	67%	68%	65%	56%
<p>Do you have an emergency fund that would cover an expense of \$1,000 or more (for example, if your car broke down or you had a large medical bill)? (Reporting "Yes" responses.)</p> <p>Q4 2022 Survey: About the same percentage have an emergency fund that would cover an expense of \$1,000 or more.</p>	59%	60%	61%	62%	60%	65%	66%
<p>How would you rate the economic health of your community? (Reporting "Not so good" and "Poor" responses.)</p> <p>Q4 2022 Survey: The economic health of communities is up slightly.</p>	53%	55%	58%	52%	50%	54%	52%
<p>How would you rate your ability to save for the future? (Reporting "Not so good" and "Poor" responses.)</p> <p>Q4 2022 Survey: Over 70% feel it will be difficult to save for the future, an increase from previous surveys.</p>	74%	73%	72%	66%	62%	63%	58%
<p>In the past three months, has your credit card debt...? (Reporting "Increased" responses.)</p> <p>Q4 2022 Survey: Credit card debt is at the highest point in Monitor history as it continues to increase quarter to quarter.</p>	39%	37%	29%	25%	28%	21%	18%

Learn more at www.primerica.com/public/financial-security-monitor.html

About Primerica's U.S. Middle-Income Financial Security Monitor

The Monitor is a quarterly national survey to monitor the financial health of those with annual household incomes of \$30,000-\$100,000. Change Research conducted online polling from Dec. 7 - 12, 2022. Using Dynamic Online Sampling, Change Research polled 1,263 adults nationwide with incomes between \$30,000 and \$100,000. Post-stratification weights were made on gender, age, race, education and Census region to reflect the population of these adults based on the five year averages in the 2019 American Community Survey, published by the U.S. Census. The margin of error is 3.0%.