

Emergency fund needs and the American worker

August 2022

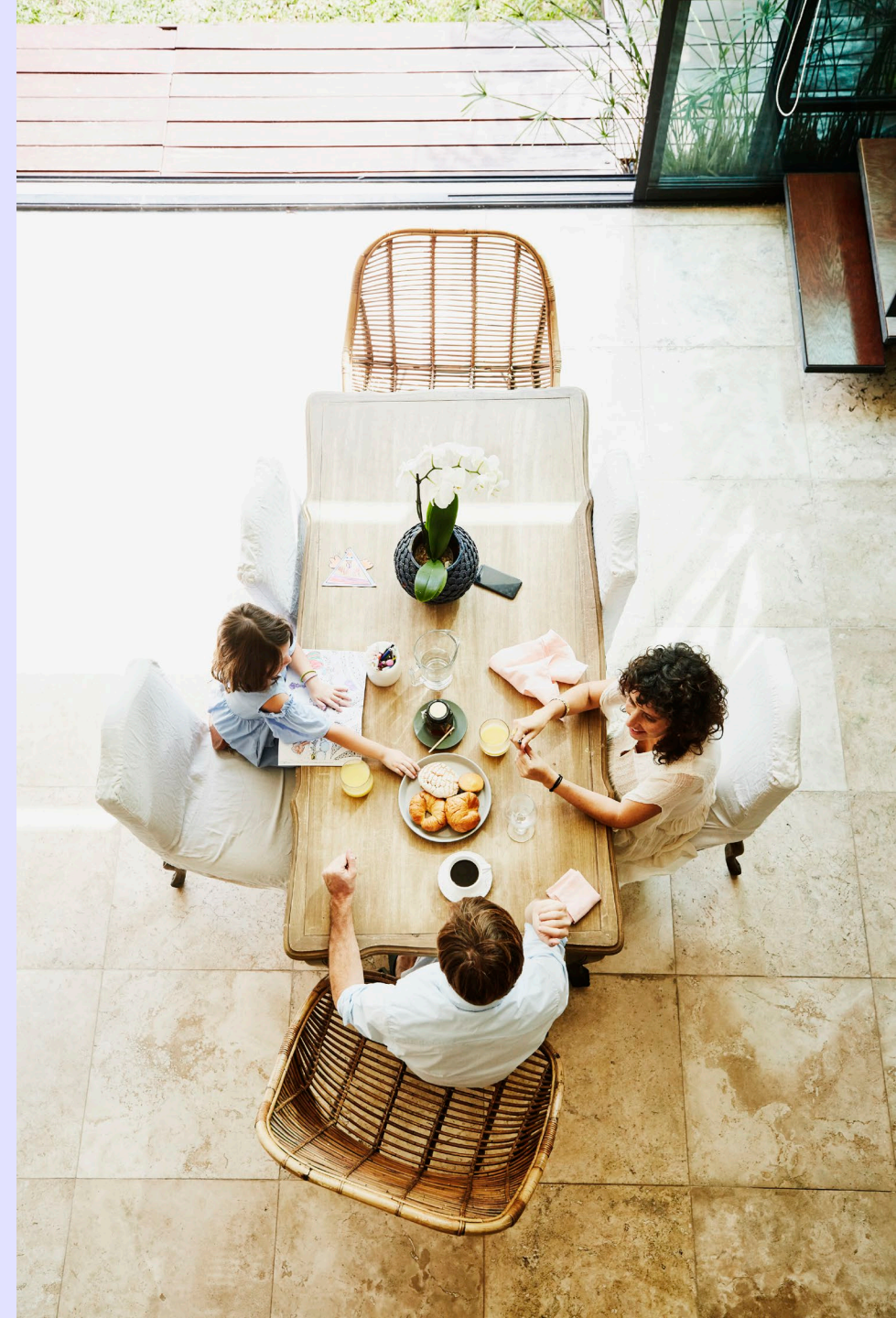
Our research on emergency funds and the American worker

In early 2022, we surveyed 1,202 American workers to better understand how unexpected expenses can affect their personal and financial situations.

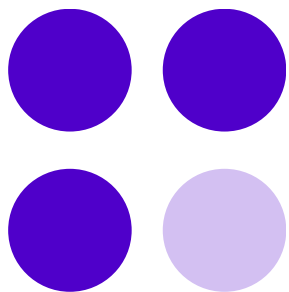
We asked how the occurrences — including the anticipation of such a need — may cause stress or worry; how they manage emergency expenses; and whether proposed legislation to provide access for a limited amount of their retirement funds for emergency needs would be beneficial to them.

We also explored how having access to a small amount of retirement funds for emergency purposes, if needed, might lead to better retirement savings.

Here is what we learned.

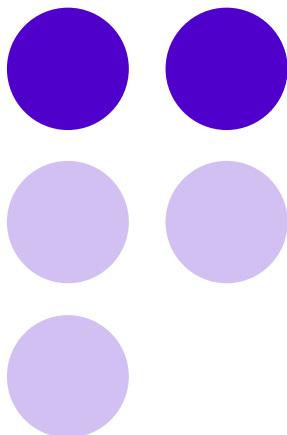


People worry about unexpected costs ...



3 in 4

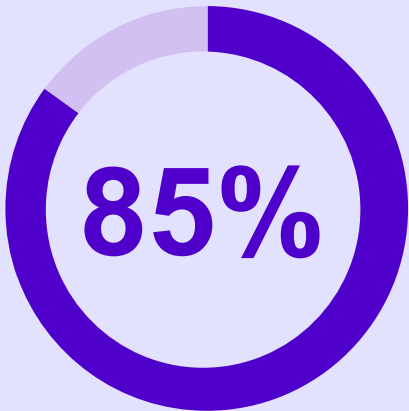
respondents (74 percent) are concerned with the effect unexpected expenses could have on their future



2 in 5

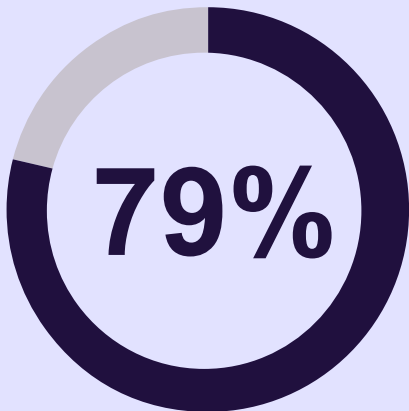
Respondents — some 44 percent — said they are **extremely concerned**

and unexpected costs are common.



In the past three years:

85 percent of respondents had at least one emergency need of **\$500 or more**



79 percent had at least one emergency need of **\$1,000 or more**



Many don't have emergency funds and turn elsewhere to cover costs.

33%

use a credit card

12%

borrow from family

9%

borrow from a financial institution

6%

use retirement savings

Only
44%

say they could pay the expense without incurring debt or using retirement funds

While
33%

say they are currently experiencing stress due to an emergency expense



The lack or inadequacy of funds causes needs to go unmet.

Within the past three years:



44%

delayed making a repair

43%

did not pay off a credit card

32%

paid their rent or mortgage late

28%

did not go to the doctor or send their child to a doctor

25%

did not take a needed medication

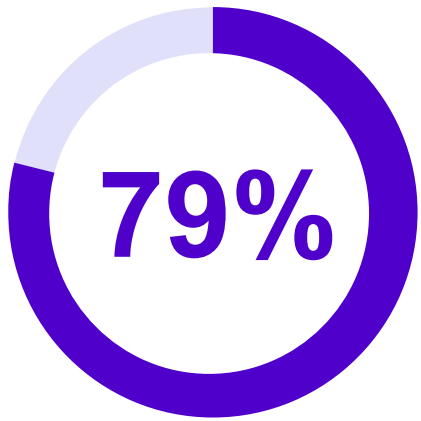
37%

overdrew an account or bounced a check

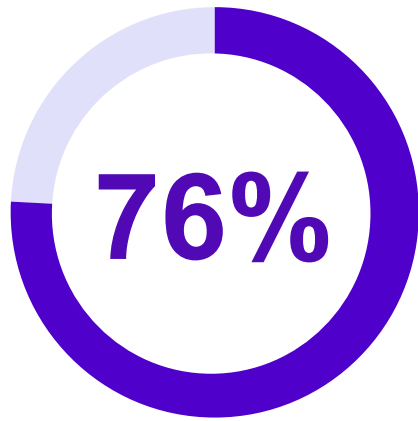


Support for the Enhancing Emergency and Retirement Savings Act

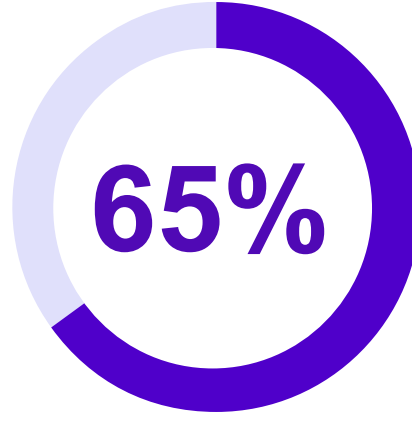
Respondents received a detailed explanation of S.1870 — the Enhancing Emergency and Retirement Savings Act of 2021 — and were asked to share their support or opposition.



support legislation that allows penalty-free access to \$1,000 in retirement funds for emergency needs



say they believe the bill will encourage retirement plan participation and help make people feel more secure



believe it will encourage workers to save more for retirement

Of note:

- Three out of four retirement savers (74%) say they **would increase their plan contributions.**
- **73%** who have access to a plan, but have not yet started, **would begin.**





Summary

Being faced with an unexpected expense is disruptive, both financially and personally. For many, even the anticipation of such an expense can cause stress and worry.

The ways people pay for these costs varies. For those who don't have emergency funds readily available, options include using a credit card, borrowing from family or friends, borrowing or taking an early withdrawal from a retirement saving account, and in some situations, leaving a need unmet.

Having a cache of funds set aside to cover emergency expenses, such as a car repair, home repair or an unexpected medical bill, is ideal. But with many competing financial priorities, this may not be a reality for those who are unable to set aside liquid assets they will not touch unless needed.

Providing innovative solutions that allow workers to address current financial priorities and save for the future is crucial. Corebridge Financial remains committed to helping people look to the future with confidence and find financial solutions for today and tomorrow.

About the survey

Greenwald Research conducted the online survey, with a total of 1,202 workers surveyed and selected from Dynata's online research panel. The data is weighted by age and gender to be representative of the national working population.

To qualify, respondents were required to:

- Be working
- Have a household income under \$200K
- Be a financial decision maker
- Be between 21 and 76 years of age

Four generations were surveyed:

- Baby Boomers (n=201)
- Gen X (n=449)
- Millennials (n=463)
- Gen Z (n=89)

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