



Americans' Top Financial Priority Is To Catch Up on Bills

Ellen Change | December 2, 2014



NEW YORK (MainStreet) — Americans are still feeling the brunt of the Great Recession and are eager to **eliminate their debt and catch up on their bills**.

For the third consecutive year, Americans' top financial priority is getting caught up on bills or staying current on living expenses, according to a Bankrate.com report. Nearly half of Americans say that they are most concerned with getting a handle on their bills. This number has shown a steady increase each year, as the 41% this year is up from 36% in 2013 and 32% in 2012.

“Americans’ top financial priorities reflect the realities many households face of **stagnant incomes, outstanding debt and insufficient savings**,” said Greg McBride, CFA, Bankrate.com’s

chief financial analyst. “This illustrates how many people are struggling to keep their heads above water because they are hemmed in from high expenses.”

Staying current or getting caught up on bills was the most common priority across all age groups, but highest among those ages 50 to 64. Americans age 65 and over were more likely than any other age group to say [providing financial assistance to family members or friends was their top priority](#), with 15% saying so.

Many consumers are concerned with paying down debt with 22% who express this sentiment, an increase from 20% in 2013 and 23% in 2012.

Only 17% of people said they are worried about saving, which is down slightly from 18% in 2013 and 20% in 2012.

Savings is still a weak spot for Americans, with nearly one-third of Americans saying they’re less comfortable with savings now while just 20% are more comfortable.

“They don’t have enough of a savings cushion to absorb unexpected expenses,” he said. “There are a whole lot of people trying to make it from [one paycheck to the next](#).”

lack of accumulation in savings and has become the “norm for a lot of people and only wage growth will help consumers move the needle on savings so they can build up that needed emergency cushion,” McBride said.

To get out of that cycle, employees should ensure that they set up a direct deposit from their paycheck into dedicated savings account. Taking a long hard look at their expenses and trying to uncover opportunities where they can cut back, will create additional savings, he said.

“You need to look at what you can do, whether it is a second job or freelance work on the side that is temporary,” McBride said.

Consumers who can bring in additional income can ultimately start saving for the future in an [IRA](#) and [college account](#).

“We are seeing positive signs and people are feeling more secure in their jobs, reporting higher net worth and are more comfortable with debt levels,” he said.

Americans’ feelings about job security, comfort level with debt, net worth, and their overall financial situation all showed improvement compared to one year ago. Bankrate.com’s Financial Security Index came in at 101.3, the highest level since 101.5 in June 2014. Any reading above 100 indicates improved financial security over the past 12 months. Through nine of the first 11 months of 2014, Americans have voiced feelings of improved financial security versus the prior year.

Room for Progress

A cultural shift needs to occur in America where there is an emphasis on placing as much value on saving as it does on spending, said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling, a Washington, D.C. non-profit.

“People have actually argued with me that they don’t need to save, as any unplanned expense can be charged,” she said. “They fail to recognize that the expense may exceed their lines of credit.”

Once consumers max out their existing lines of credit, it may be difficult to obtain new credit. This leaves people with poor options such as borrowing money from friends and family,

selling assets or resorting to high-interest non-traditional borrowing.

The better solution is to see the “value” in having an [emergency account](#) and begin systematically funding it, Cunningham said.

“Don’t use the excuse that there’s not enough money to allow for a savings account, as small amounts of money grow into large amounts of money over time,” she said. “In all of my years in the credit counseling sector, I’ve spoken with many people who regretted overspending, but have never heard anyone complain that they’d saved too much.”

With fewer people employed in full-time jobs, fewer people have forced savings like [401\(k\) plans](#) which make them save before their paychecks hit their checking accounts, said Scott Bishop, director of financial planning at STA Wealth Management in Houston.

“Without forced savings plans, people are less disciplined to do it themselves, especially given the fact that Americans like new shiny iPhones, iPads, cars and other items,” he said. “This is especially true around the holidays.”

--Written by Ellen Chang for MainStreet