

The logo for Elevate, featuring the word "Elevate" in white text on a blue square background.

Elevate

Center for the  
New Middle Class

# **Getting By:** How Non-Prime Millennials Overcome Financial Challenges

July 2017

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# Introduction

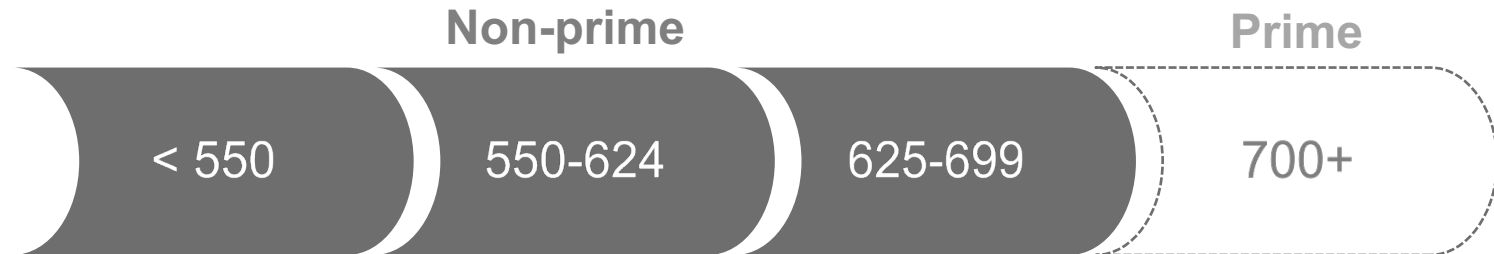
The broad discussion in many circles about the plight of the non-prime consumer often uses assumptions about how these consumers think, what matters to them, and even what would be good for them. However, there is limited data that really explains their circumstances.

Elevate's Center for the New Middle Class set out to understand the differences in attitudes, experiences and behavior between consumers with prime credit and those with non-prime credit.

This study represents results from the survey of 1,217 Americans, using interviews conducted December 6-14, 2016.

For more details on the study, [click here](#).

# Non-prime Americans

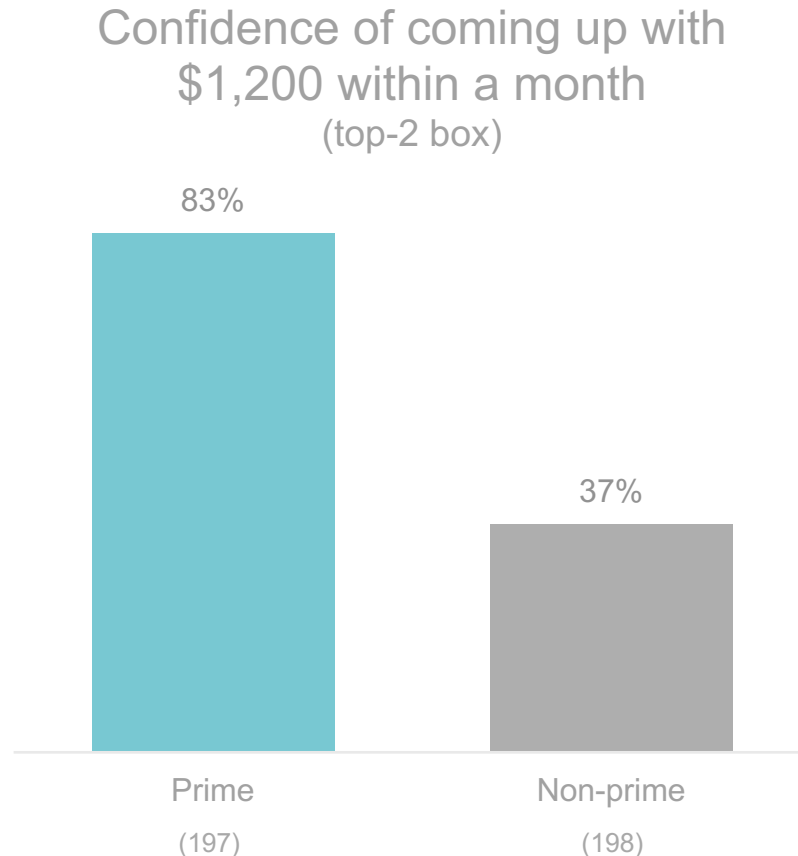


“Non-prime Americans” represent the New Middle Class. These are Americans with a credit score below 700, meaning that their access to credit is limited or curtailed. It is the Center’s objective to better understand their experiences, attitudes, and behavior.

# Executive Summary

- Strategies for coming up with \$1,200 in an emergency
  - Only a third of non-prime Millennials express any confidence that they could come up with the money in a month
  - Non-prime Millennials are 71% less likely than prime to be able to put it on a credit card
  - 1 in 5 would first turn to creating a payment plan
  - 11% could not identify a way in which they could come up with the money
- Managing their day-to-day finances
  - Non-prime Millennials are 45% less likely to maintain a monthly budget
  - 71% less likely to plan for major expenses
  - 66% less likely to plan for unexpected expenses
  - 58% less likely to put aside money for savings
  - 58% less likely to regularly use personal finance software
  - 13% regularly overdraft their savings or checking accounts
  - 87% use their debit card for day-to-day expenses

# Come up with \$1,200 in a month?



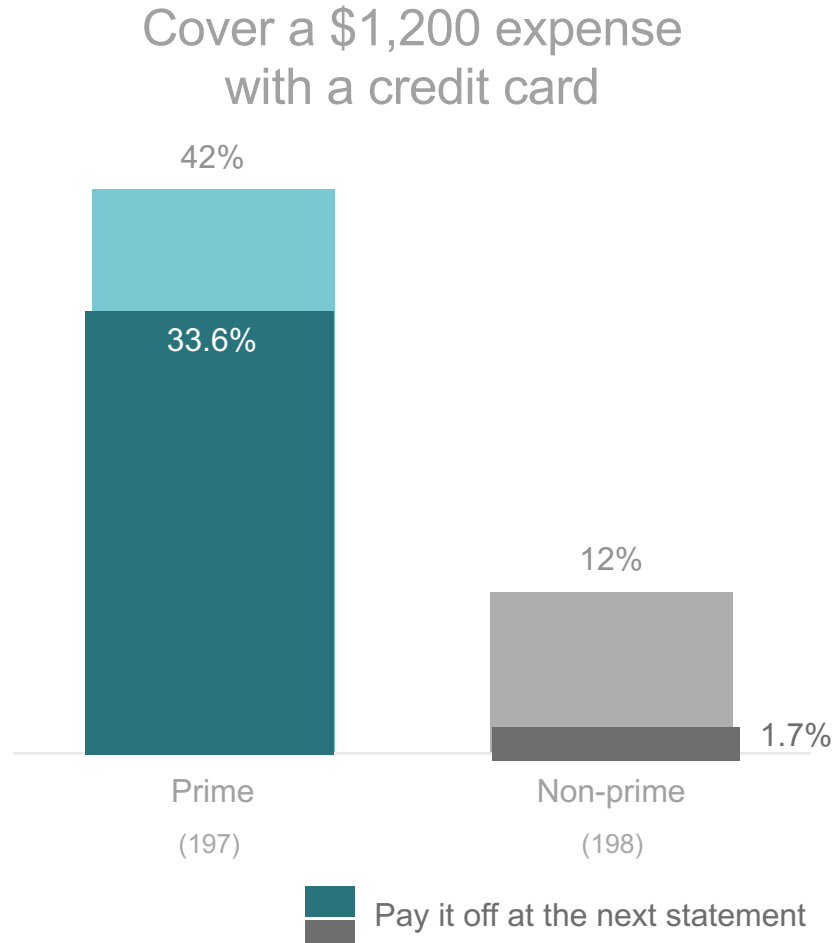
Non-prime Millennials are 55% less likely to feel confident that they could come up with \$1,200 in the last 12 months, compared to their prime counterparts.

They are 6x as likely to be “not at all confident” (31% vs. 5.1%).

Q16. How confident are you that you could come up with \$1,200 if an unexpected need arose within the next month? (respondent selected “Very confident” or “Somewhat confident”)

Source: Financial Life, Dec. 2016

# Come up with \$1,200 in a week, where?



Non-prime Millennials are 71% less likely to say they would turn to credit cards first if they needed to come up with \$1,200 in a week, compared to their prime counterparts.

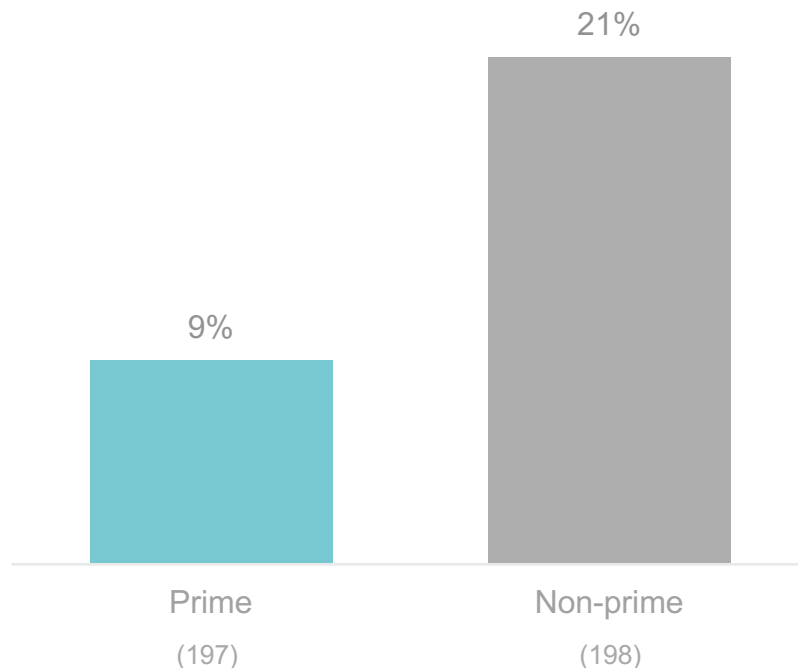
They are 95% less likely to say that they would use a credit card and pay it off at the next statement.

Q17. If you had one week to pay \$1,200 for an emergency expense, such as a car repair or medical bill, where would you turn first to get the money?

Source: Financial Life, Dec. 2016

# Come up with \$1,200 in a week, where?

Cover a \$1,200 expense by setting up an installment plan



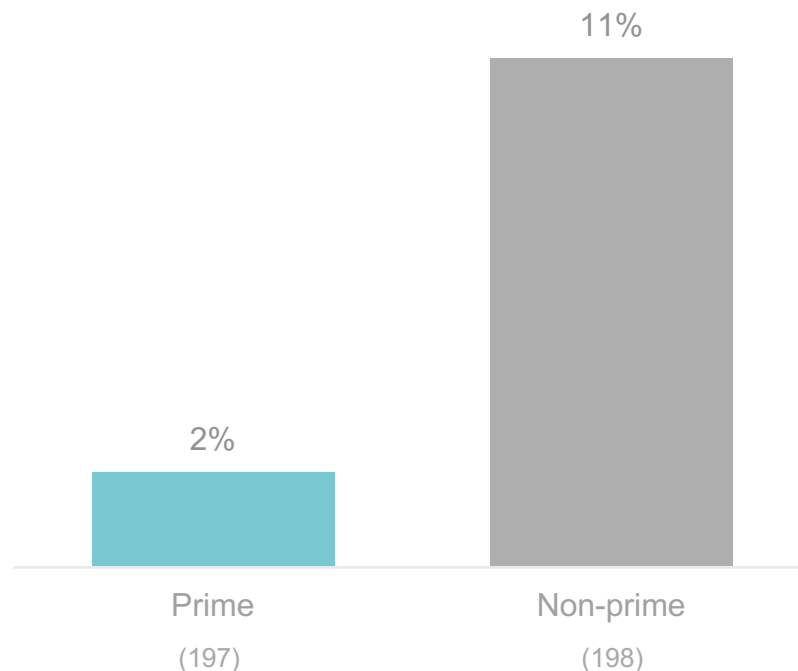
1 in 5 non-prime Millennials would attempt to set up an installment plan if they had an unexpected \$1,200 expense that needed to be paid in a week.

Q17. If you had one week to pay \$1,200 for an emergency expense, such as a car repair or medical bill, where would you turn first to get the money?

Source: Financial Life, Dec. 2016

# Come up with \$1,200 in a week, where?

Would not be able to cover a \$1,200 expense



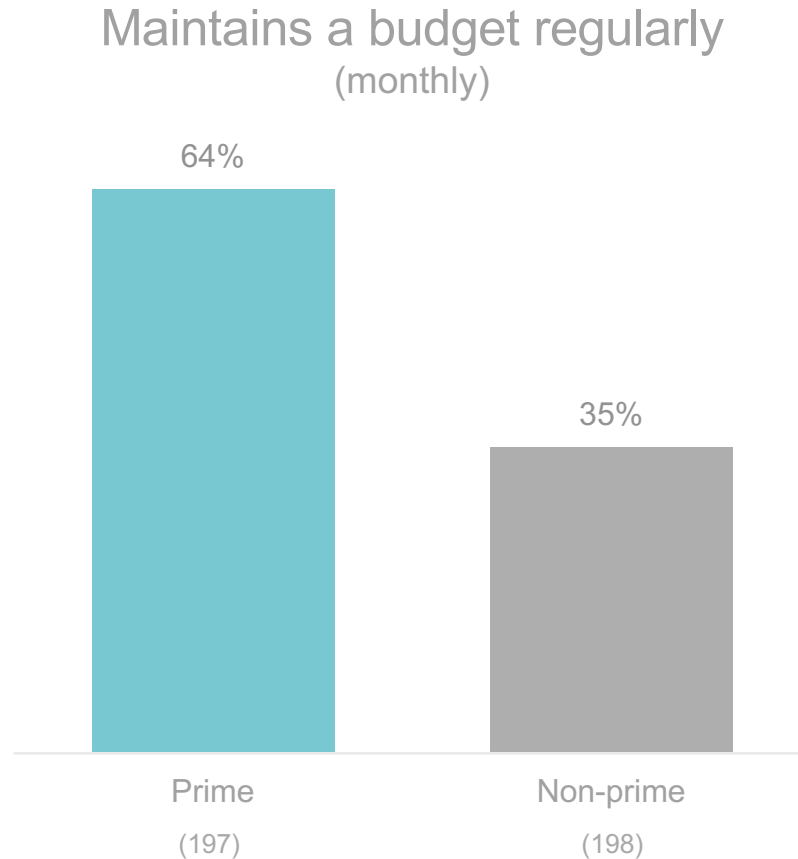
11% of non-prime Millennials are at a loss for where they would turn if they needed \$1,200.

Q17. If you had one week to pay \$1,200 for an emergency expense, such as a car repair or medical bill, where would you turn first to get the money?

Source: Financial Life, Dec. 2016



# Keep the ledger



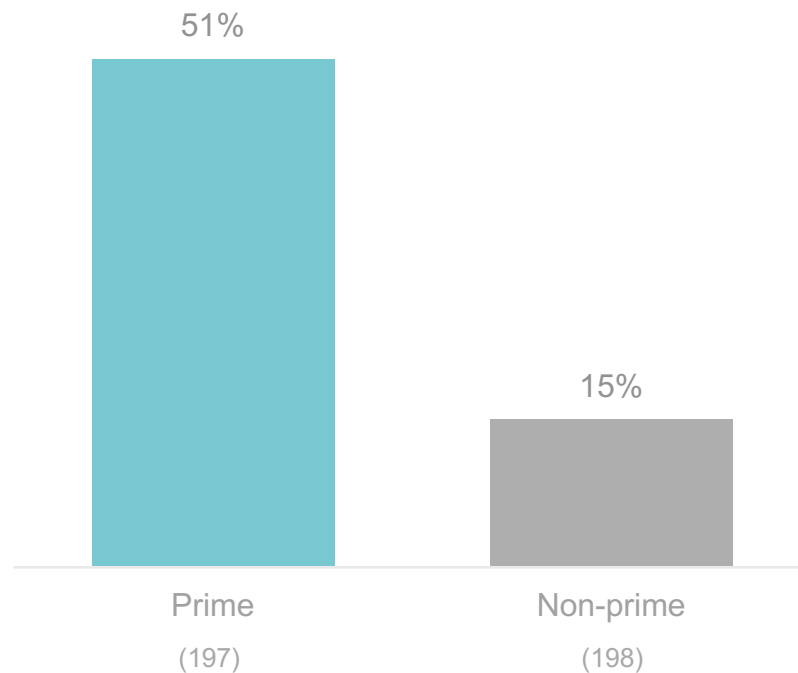
Only one-third of non-prime Millennials maintain a monthly budget. Two-thirds of prime Millennials do.

Q18\_1. Maintained a monthly budget - Past 12 Month Financial Activities - Please indicate how often you engaged in the following financial activities

Source: Financial Life, Dec. 2016

# Getting ready

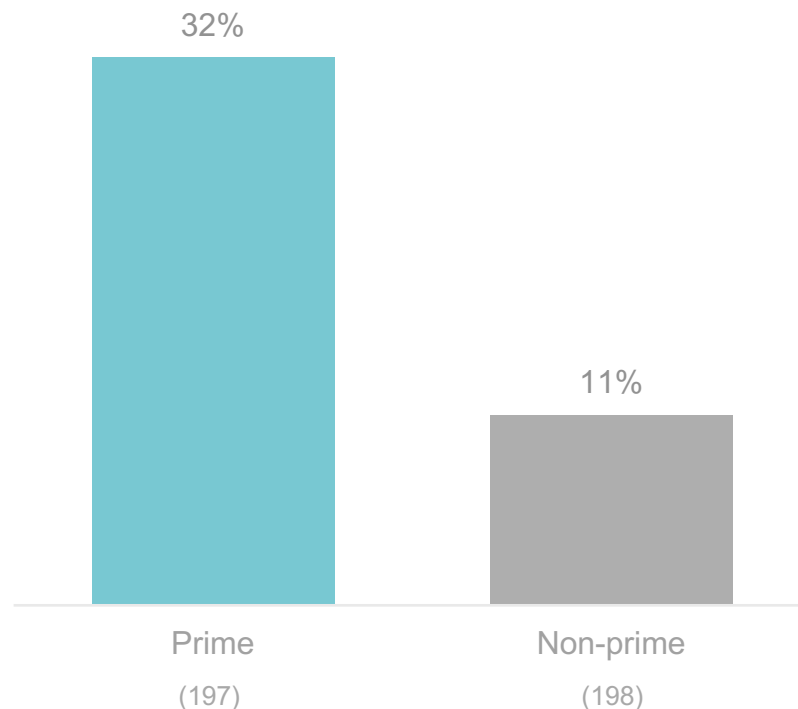
Regularly plans for major expenses



Non-prime Millennials are 71% less likely to say that they regularly (monthly) plan for major expenses.

# Plan for the unexpected

Regularly plans for unexpected expenses



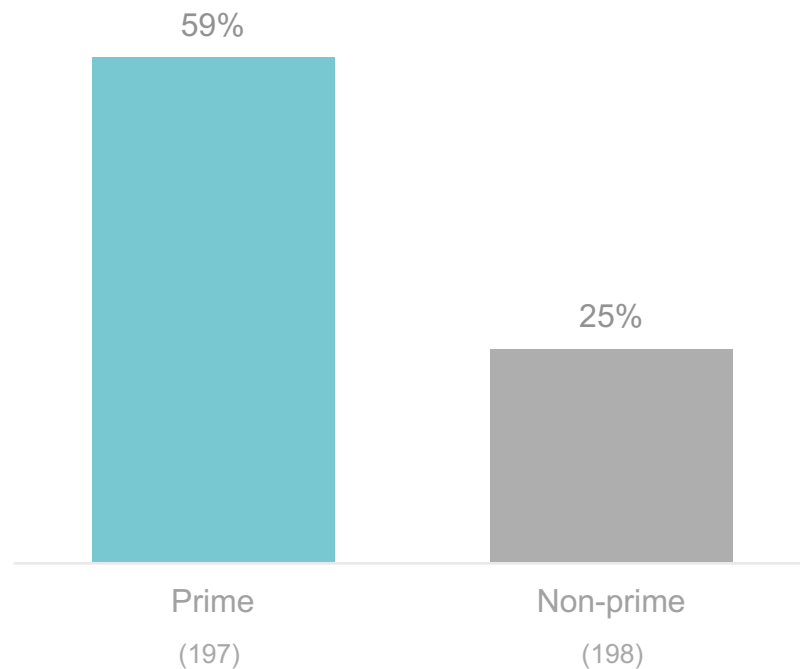
Non-prime Millennials are 66% less likely to say that they regularly (monthly) plan for unexpected expenses.

Q18. Please indicate how often you engaged in the following financial activities

Source: Financial Life, Dec. 2016

# Under the mattress

Regularly puts aside  
money for savings



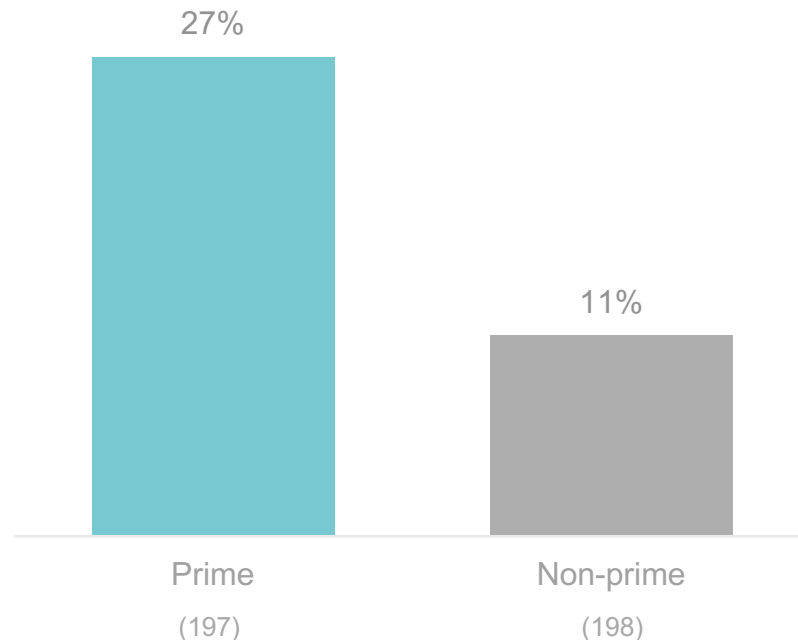
Non-prime Millennials are 58% less likely to say that they regularly (monthly) put aside money for savings.

Q18. Please indicate how often you engaged in the following financial activities

Source: Financial Life, Dec. 2016

# Software support

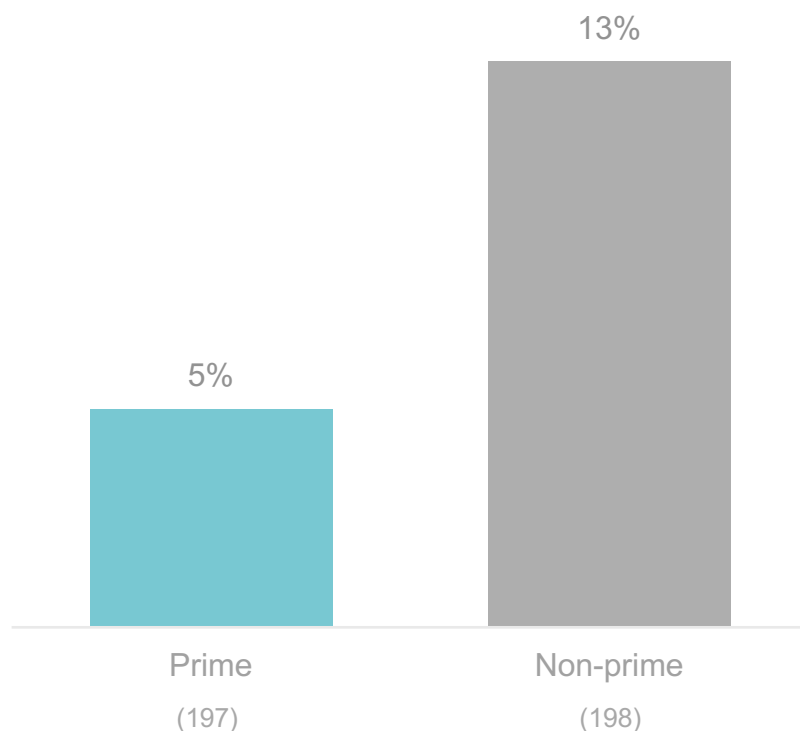
Regularly manages finances  
by using personal finance  
software



Non-prime Millennials are 58% less likely to say that they regularly (monthly) manage their finances using personal finance software.

# Gone negative

Regularly overdrafts a savings or debit account



Almost 1 in 6 non-prime Millennials report to overdrafting their account monthly.

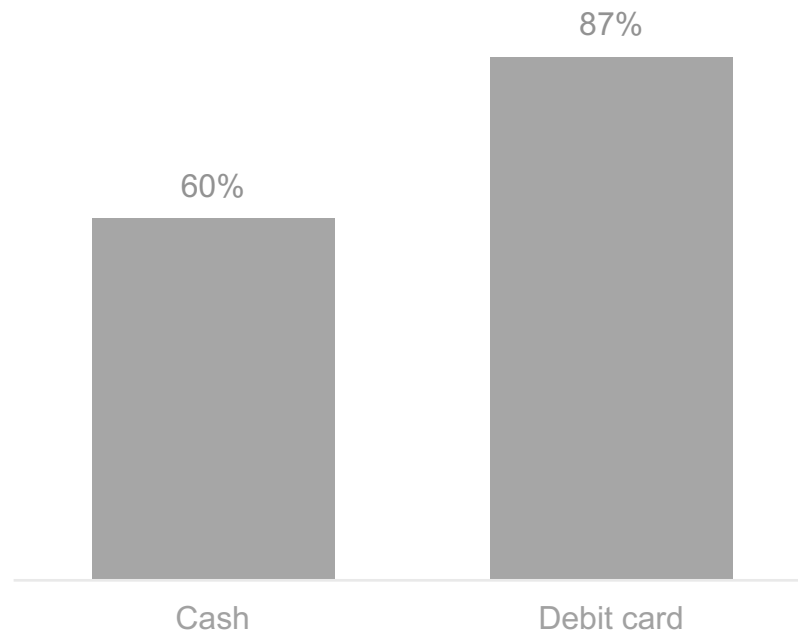
52%\* admitted that they knew a charge would overdraft their account.

Even 1 in 20 prime Millennials have a difficult time managing the daily cash flow.

\* - Caution small base size. Q18. Please indicate how often you engaged in the following financial activities

# Put it on my card

How they typically pay for  
Day-to-day expenses



Non-prime Millennials typically pay for their day-to-day spending using a debit card and cash.

Prime Millennials use credit cards and debit cards.

n = 198; Q22. How do you typically pay for day-to-day expenses (e.g., grocery shopping, etc.)

Source: Financial Life, Dec. 2016

# Methodology

The primary purpose of this study was to determine how non-prime Americans were similar or different from those with prime credit on a range of behaviors and attitudes.

**Interview Dates:** December 6-14, 2016

## **Sample Specs:**

- Total Respondents = 1,217
- Sample Source: Research Now Consumer Panel

## **Qualification Criteria:**

- Ages 18-64
- Personal income: Any
- Geography – U.S. Rep
- Has primary or shared responsibility managing HH finances
- Employment: No students or unemployed
- Has a checking or savings account

**Survey Instrument:** 15 minute online questionnaire

↑ Arrows indicate statistical significance at 90%, over prime/unprimed cohort



# About

## About Elevate's Center for the New Middle Class

Elevate's Center for the New Middle Class conducts research, engages in dialogue, and builds cooperation to generate understanding of the behaviors, attitudes, and challenges of America's growing "New Middle Class."

For more information, visit: [www.NewMiddleClass.org](http://www.NewMiddleClass.org)

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