



Credit Union National Association



**Consumer Federation of America**

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## **CONSUMERS LIKELY TO INCREASE HOLIDAY SPENDING, ACCORDING TO 14<sup>TH</sup> ANNUAL CFA-CUNA HOLIDAY SPENDING SURVEY**

### **However, Recent Federal Budget Controversies Are Acting to Restrain This Spending**

#### *Gap Between Affluent and Poor Continues to Widen*

Washington, DC – More consumers plan to spend more than last year, and fewer consumers less than last year, according to the 14<sup>th</sup> annual holiday spending survey conducted by the Consumer Federation of America (CFA) and the Credit Union National Association (CUNA). Since 2012, the percentage who said they would spend more than the previous year rose from 12 to 13, while the percentage who said they would spend less declined from 38 to 32. These changes continue the trend from 2011, when only 8 percent said they would spend more while 41 percent said they would spend less. (Consumers almost always spend more than they say they plan to spend, so year-to-year comparisons are most meaningful.)

The annual survey has always been developed by CFA and CUNA and administered to a representative sample of adult Americans by ORC International. This year, 1002 persons were interviewed by landline or cell phone during November 7-10. The margin of error is plus or minus three percentage points.

“The survey suggests that holiday spending will increase at least as fast as last year. It is also encouraging that fewer Americans see their economic status as worsening, despite on-going federal budget issues in Washington,” said Bill Hampel, Chief Economist for the Credit Union National Association.

The intention of consumers to increase holiday spending from last year is consistent with, and may well reflect, perceived improvement in their financial situation. The five percentage point gap between those who said their financial situation was better (24%) and those who said it was worse (29%) was the smallest since CFA and CUNA began asking the question in 2009. In 2011, this gap was 18 percentage points (19% better, 37% worse).

## **Federal Budget Controversies Act to Restrain Spending**

Survey respondents were asked if “recent controversies over federal government spending and borrowing” had affected their holiday spending plans. About one-half (51%) said that they had, with 18 percent saying “very much,” 16 percent “somewhat,” and 16 percent “a little.”

Lower-income families were more likely to be affected by federal budget problems than high-income families. Nearly three-fifths (59%) of those in households with incomes under \$50,000, but less than two-fifths (37%) of those in households with incomes above \$100,000, said they were affected.

“Lower-income households are more dependent on federal jobs and expenditures than high-income households,” noted Stephen Brobeck, CFA’s Executive Director. “While Food Stamp expenditures are being cut, stock prices have soared,” he added.

## **Gap Between Affluent and Poor Continues to Widen**

The survey found continuing evidence of the widening gap between the affluent and the poor. Over one-third (35%) of those with household incomes under \$50,000, but less than one-fifth (17%) of those with incomes above \$100,000, said their financial position was worse than a year ago.

One reason for this difference may be concern about making monthly debt payments, including mortgages. Nearly two-thirds (65%) of those with incomes under \$25,000, and over half (56%) of those with incomes between \$25,000 and \$50,000, yet less than one-quarter (23%) of those with incomes over \$100,000, said they were concerned about making these debt payments.

This concern about paying down debt is reflected by responses to a question about use of a financial windfall. When asked how they would use an unexpected windfall of \$5,000, over half (51%) of those with incomes below \$25,000, but less than one-third (32%) of those with incomes above \$100,000, said they would use most of it to pay down debt.

## **CUNA/CFA Tips for Spending and Borrowing Prudently**

CUNA and CFA suggest the following tips for spending prudently and not taking on too much debt.

- **Plan:** Make a list of what you want to purchase and how much this should cost.
- **Comparison Shop:** Compare prices on-line and in stores.
- **Pay Off Debts Quickly:** Carrying credit card debt is fairly expensive.
- **Start Saving for Next Year:** Ask your credit union or bank to automatically transfer funds into a savings or Christmas Club account each month.

*With its network of affiliated state credit union leagues, Credit Union National Association (CUNA) serves America's 6,900 state and federally chartered credit unions, which are owned by*

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*The Consumer Federation of America is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.*