



Consumer Federation of America

For Immediate Release
Wednesday, April 27, 2005

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New Survey Finds Insufficient Savings for Emergencies Major Cause of Financial Worry Among Younger Women

CFA and Visa Launch "Save \$500 Challenge", Encourage More Women to Save for a Rainy Day

Washington, D.C.-April 27, 2005-A new, nationwide survey released today by the Consumer Federation of America (CFA) and Visa USA finds that a lack of personal savings to cover periodic emergency expenditures was a principal cause for financial worry among women, especially younger women. This has resulted in sleep and job productivity loss as well as deteriorating health. In direct response, CFA and Visa have teamed up to launch a "Save \$500 Challenge: Preparing Women for a Rainy Day," to encourage more women to open and maintain a savings account.

Nearly three quarters (71 percent) of the women surveyed said they had worried about their personal finances in the past year and two-thirds (66 percent) cited unexpected expenses as a cause for those worries. Even more surprising, 88 percent of younger women, between the ages of 18-24, said unexpected expenses was also a contributor to their financial worries.

One of the main causes for these concerns was the fact that they had little or no money set aside for emergency situations. In fact, 42 percent of all women surveyed said they had emergency savings of less than \$500. And, 55 percent of women, between the ages of 25-34, said that they did not maintain an emergency savings account of at least \$500.

"The concern of younger women about their personal finances is far more widespread than we had imagined, and far greater than that of older women," said Stephen Brobeck, Executive Director, CFA. "The fact that more than one-half of younger women do not have available at least \$500 in emergency savings may help explain this concern," added Brobeck.

In response to these findings, CFA and Visa have launched a "Save \$500 Challenge: Preparing Women for a Rainy Day" to encourage women, especially younger ones, to build savings for unplanned emergencies. The initiative is a call to action for women to maintain a minimum of \$500 but ideally \$2,000 in emergency savings.

"There is clearly a need to better educate consumers, and women especially, about the importance of having a savings account for emergency financial situations," said Rhonda Bentz, vice president, Visa USA. "As part of Visa's commitment to helping consumers better manage their finances, we strongly encourage women to sign up for this Savings Challenge," she added.

Women can enroll in the challenge by visiting <http://www.save500challenge.org/>. All participants will receive a weekly email finance savings tip and will be eligible to enroll as an American Saver, an America Saves service entitling consumers to free information and financial planner advice. (www.AmericaSaves.org). They can also access *Practical Money Skills for Life* (PMSFL), Visa's award-winning, online personal finance curriculum for consumers of all ages and financial needs. It is available in English, Spanish and Chinese and can be accessed for free at www.practicalmoneyskills.com.

The survey was administered by the Opinion Research Corporation to a representative sample of 1,031 adult women in mid-November, 2004. The survey's margin of error is plus or minus three percentage points.

About Consumer Federation of America

CFA is a non-profit association of some 300 pro-consumer groups, which seeks to advance the consumer interest through research, education and advocacy.

About *Practical Money Skills for Life*

The *Practical Money Skills for Life* curriculum is teacher tested and teacher approved. At the 2001 National Education Association Expo, teachers graded and evaluated the program. Nearly 100 percent of teachers who reviewed the website approved of it; 98 percent said they would recommend the site to other educators; and 94 percent gave the program a "B" or better. The curriculum currently reaches 2.5 million teachers, 37 million students, and 100,000 schools. Additionally, this program won the National Association of Consumer Agency Administrators 2002 Achievement in Consumer Education Award (ACE) for the best innovative program for the private sector and was named an "Honorable Mention" by the Jump\$tart Coalition for Personal Financial Literacy's 2002 Soaring\$tar Award.

About Visa

Visa USA is the nation's leading payment brand and largest payment system, enabling banks to provide their consumers and business customers with a wide variety of payment alternatives tailored to meet their evolving needs. Jointly owned by nearly 14,000 financial institutions, Visa USA is committed to increasing the choice, convenience, acceptance, and security of Visa payments for all stakeholders in the payments systems - Members, cardholders and merchants. Through its Members, more than 458 million Visa-branded cards have been issued to cardholders, which are accepted at over 5.7 million locations within the United States. Each year, U.S.-based financial institutions rely on Visa's processing system, VisaNet, to facilitate \$1.3 trillion in transactions with virtually 100 percent reliability.

Worldwide, cardholders in over 150 countries carry more than 1 billion Visa-branded cards, accepted at nearly 22 million locations, accounting for \$3 trillion in annual transaction volume.

Visa offers a trusted, reliable and convenient way to access and mobilize financial resources - anytime, anywhere, anyway.

Key Findings of the CFA/Visa Survey:

Most Women -- Especially Younger Women-- Have Recently Worried About Their Personal Finances

When asked if in the past year they ever worried about their personal finances, nearly three-quarters (71%) say they had, and nearly three in ten (29%) say they have worried frequently.

What is particularly surprising, though, is that young women are far more likely to worry about their finances than are older women. Among those 25-34 years of age, 84% worried at least sometimes, with 38% worrying frequently. Yet, among those 65 years and older, only 52% worried sometimes, with a mere 17% worrying frequently.

Not surprisingly, the lower their incomes, the more women worried about their finances. Among those with income below \$25,000, 85% worried at least sometimes, with more than one-half (56%) worrying frequently. Yet, among those with income over \$75,000, only 59% worried sometimes, with 16% worrying frequently.

Personal Finance Worries Cost Sleep, Harmed Health, and Reduced Work Productivity, Especially for Younger Women

Nearly one-half (49%) of those worrying about their personal finances-- more than one-third of all women -- say they lost sleep because of this worrying. And, young worriers were far more likely than old worriers to lose this sleep. Among those under the age of 45, well over one-half report they lost sleep. Among those over 65, only 37% say they lost sleep. So, younger women are most likely to worry about their personal finances and, if they did, are also most likely to lose sleep because of these worries.

Nearly one-third (31%) of the 71% worrying about their personal finances say these worries worsened their health in the past year. That means that, among all women, nearly one-fifth say that financial concerns worsened their health.

Nearly one-fifth (19%) of worriers say that the worries made them less productive at work in the last year. Considering that working women are more likely to worry about their finances than non-working women, nearly 10 million women say that financial concerns hurt their work productivity last year.

Unexpected Expenses an Important Cause of Financial Worries, Especially for Younger Women

Two-thirds (66%) of those worrying about their finances say that unexpected expenses have caused at least some of their financial concerns. Moreover, younger women are far more likely than older women to attribute financial worries to these unanticipated expenses.

Of those worriers 18-24 years of age, 88% say that these expenses have caused at least some of their worries. Of those worriers over 65, only about one-half (52%) attribute worries to unexpected expenses.

Using open-end questions, the survey also revealed two principal sources of unexpected expenses -- medical and car-related. A large majority of these expenses, about which women worried, are related to health care (36%) or to motor vehicle transportation (32%). No more than 4% of women worry about any other type of unexpected expense.

These unexpected expenses are not small. The typical (median) amount of an unexpected expense incurred last year by worrying women was \$400. And, the typical amount of all unexpected expenses among these women was \$2,000.

Lack of Emergency Savings Closely Linked to Financial Worries, Especially for Younger Women

A surprisingly large proportion of women, especially younger women, say that they do not have at least \$500 in emergency saving. And, a large majority of these nonsavers say that having this much savings would reduce their financial worries.

Forty-two percent of all women surveyed say they have emergency savings of less than \$500, with nearly two-thirds of this group not having a savings account. More than one-half (55%) of women 25-34 years of age, but less than one-quarter of those at least 65 (23%), say they did not maintain emergency savings of at least \$500.

About two-thirds (66%) of those without this \$500 say that, having at least this amount in emergency savings would make them worry less about their personal finances. For those between the ages of 25 and 45, the percentage who would value emergency savings was even higher.

"Our data strongly suggest that the most important way to reduce financial worries is to build up emergency savings of at least \$500," said CFA's Brobeck. "Consumers should not worry about low interest yields on these savings because the difference between a one percent and a three percent annual return on \$500 is only \$10," he added.