



**Consumer Federation of America**

1620 I Street, N.W., Suite 200 \* Washington, DC 20006



Credit Union National Association

FOR IMMEDIATE RELEASE  
November 21, 2011

CONTACT: Mark Wolff, CUNA: (202) 508-6764  
cell: (202) 262-3712  
Jack Gillis, CFA: (202) 737-0766

### **MORE CONSUMERS FEELING WORSE ABOUT THEIR FINANCES, ACCORDING TO 12TH ANNUAL CFA-CUNA HOLIDAY SPENDING SURVEY**

WASHINGTON – Consumers continue to feel the sting of the most severe economic crisis since the Great Depression, with more saying their financial condition is worse than last year and fewer saying their finances improved, according to results of the 12<sup>th</sup> annual nationwide holiday spending survey of consumers conducted by the Consumer Federation of America (CFA) and the Credit Union National Association (CUNA).

In the national survey of 1,011 representative adult Americans conducted November 10-13, a significantly higher percentage (37%) reported that their financial condition was worse this year than a year ago compared to the 30% who responded that way to the same question in last year's survey. On the other hand, this year only 19% reported that their condition was better compared to a year ago, while 23% responded that way last year.

These findings help explain why 41 percent said they were planning to spend less this year than last year compared to only 8 percent who said they planned to spend more. Those two findings are almost identical to last year's results, when the same percentage (41%) indicated they planned to spend less, and a slightly greater 10% said they would spend more.

These results are an improvement from the 55% of respondents who said they intended to spend less in 2008's survey, at the depth of the Great Recession. But from 2000 to 2007, the percentage who indicated they planned to spend less never exceeded 35 percent and often was 30 percent or lower. (Since consumers always spend more than they intend, the year-to-year comparisons, not the absolute levels, are what is meaningful for predicting spending.)

“The good news is that spending plans are stronger than they were at the worst stage of the recession in 2008,” said CUNA Chief Economist Bill Hampel “The bad news is spending plans are still considerably below where they were before the recession.”

The survey revealed a direct link between financial condition and spending. Of those who said they planned to spend more, 33 percent indicated their financial condition was better than a year ago, while only 19 percent said it was worse. Of those who said they planned to spend less, only 15 percent indicated their financial condition was better while 55 percent said it was worse.

**CUNA/CFA HOLIDAY SPENDING SURVEY**  
**2-2-2-2-2**

The lingering effects of recession, as well as the consumer and mortgage debt overhang, are also seen in the survey statistics on concern about making monthly debt payments. Over the past year, those worried about meeting monthly credit card payments rose from 24 percent to 27 percent, and those worried about meeting payments on all types of debts (including mortgage debt) rose from 43 percent to 45 percent.

**High-Income Households Report Much Greater Financial Improvement than Lower-Income Households**

Comparing responses from different demographic groups reveals interesting, and somewhat troubling, differences. Most significantly, high-income households are much more likely to report improvement in their financial situation than are low- and moderate- income households over the past year. Of those households with at least \$100,000 in annual incomes, 35 percent said their financial situation was better and only 18 percent said it was worse.

By comparison, of those households with annual incomes below \$25,000, 13 percent indicated improvement and 50 percent worsening in the past year. And of those households with annual incomes of \$25,000-\$50,000, 24 percent indicated improvement and 39 percent worsening. (Slightly more than half of all US households have incomes below \$50,000.)

Not surprisingly, then, fewer high-income households than lower-income ones reported concern about meeting monthly debt payments. Despite the fact that far more households with at least \$100,000 in income have mortgage loans and credit cards than do lower-income households, only 23 percent are concerned about meeting monthly debt payments compared to 59 percent of households with incomes under \$25,000 and 54 percent of households with incomes between \$25,000 and \$50,000.

"Our survey suggests that, not just the top one percent, but the entire upper-middle and upper classes are doing relatively well," noted CFA Executive Director Stephen Brobeck. "While many of these families still worry about their incomes and expenses, they appear to worry much less, and be recovering from the recession more quickly, than are low- and moderate-income households," he added.

The CFA-CUNA survey was conducted by Opinion Research Corporation. Its margin of error is plus or minus three percentage points.

**Ideas for Keeping Holiday Debt Under Control**

CUNA and CFA suggest the following tips to avoid getting deep into debt during the holidays. "With just a little planning, consumers can substantially reduce their holiday spending debt load without sacrificing holiday quality," said Brobeck.

**Make Budget, and a List:** Right now, decide how much you can afford to spend and stay within that budget. Staying within budget will be much easier if you make a price list of all gifts and other holiday items you plan to purchase. It's easy to overlook extra expenses for holiday foods, party clothes, holiday décor and postage. Even if it's a more general rather than detailed list, it will still help you avoid overspending and impulse buys.

**CUNA/CFA HOLIDAY SPENDING SURVEY**  
**3-3-3-3-3**

**Comparison Shop:** You can easily save more than 10 percent on most items, sometimes considerably more, by comparing prices at different stores. The easiest way to do this is to use the Internet and compare offers online. But when shopping online, shop wisely. Be sure you are purchasing from a secure site and review emailed statements for accuracy as you receive them.

**Pay Off Debts Quickly:** You're less likely to overdo it if you pay in cash. If you must make holiday purchases using credit, use a lower-interest card (you'll often find lower rates on credit union cards) and pay off this debt as soon as possible early next year. Don't borrow more than you can repay in several months. Remember that credit card debt is relatively expensive. And if you only make the required minimum monthly payment, you may never pay off the debt.

**Plan for Next Year by Opening a Christmas Club Account:** While these accounts do not pay much if any interest, they provide a practical way to save small amounts over time. Ask your credit union or bank to automatically transfer funds from your checking to your Christmas Club account every month. The discipline of saving reinforces your good budget intentions.

**See what's in your supply drawer:** You may have more wrapping paper, ribbons, unused cards and gift boxes stored away from last season than you realize. Use up those holiday supplies first to trim down the amount you'll have to buy this season.

**Shop After Christmas for Next Year's Presents.** You can find some great sales bargains right after the holidays. Then tuck those gifts away until next season.

**Understand how layaway programs work.** An old holiday standby—store layaway programs—have re-emerged this holiday season, allowing consumers to put items on hold at the store and pay for them over time. Before deciding to use layaway, know the payment schedule and read the fine print. Be realistic about how these payments will fit into your spending plan and what you can really afford. Understand the layaway policy including time between payments and schedule of payments, service fees, late and cancellation fee policies, refund and exchange policies.

**Be Smart About Gift Cards:** Rules that took effect last year significantly restricted gift card expiration dates and fees. But those who give or receive a gift card should still read the fine print. And if you get a gift card, use it sooner rather than later to avoid forgetting about unused balances on the card, or forgetting about the card altogether.

**Pay Attention to the Return Policy.** Some stores have tighter policies. Pay attention to the return policy when you make a purchase; keep receipts and note time limits, restocking fees, and other factors that may affect your recipient.

**Find Low- or No-Cost Ways to Celebrate.** Adding a few changes can ease the strain on your spending budget. For example, draw names to limit the number of people for whom you purchase gifts; give homemade items; make your own gift wrap; organize a potluck rather than trying to make, and pay for, the entire holiday meal.

*Credit Union National Association (CUNA) is the primary national trade association for the country's 7,300 state and federally chartered credit unions, which are not-for-profit financial cooperatives serving nearly 93 million Americans. More at [www.cuna.org](http://www.cuna.org) or find a credit union at [www.aSmarterChoice.org](http://www.aSmarterChoice.org)*

**CUNA/CFA HOLIDAY SPENDING SURVEY**  
**4-4-4-4-4**

*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.*