



FINANCIAL STRATEGIES FOR FIGHTING INFLATION

Achieve Center for Consumer Insights

Spring 2023



How Consumers Are Fighting Inflation

Record-high inflation and soaring interest rates are stretching the limits of household balance sheets, forcing many Americans to resort to risky financial maneuvers to make ends meet. Many strategies, like creating or modifying household budgets, cutting back on discretionary spending and putting away more money in savings, are prudent choices in any economic climate. But other tactics to address immediate financial needs — like borrowing from retirement savings, pawning valuables and missing debt payments — can have long-term implications on consumers' financial health.

From credit balance transfers and personal loans to growing vegetables and raising chickens at home, here's a look at how Americans are dealing with rising inflation and interest rates in 2023.

Taking a closer look at how Americans from different generations are dealing with financial stress, **Gen Z members are more likely to consider more aggressive options to deal with high costs, including options that can come with significant risk.** For example, 28% of Gen Z said they are either considering or already taking steps toward filing for bankruptcy. By contrast, just 4% of Baby Boomers are considering or taking steps toward bankruptcy. (See [page 4.](#))

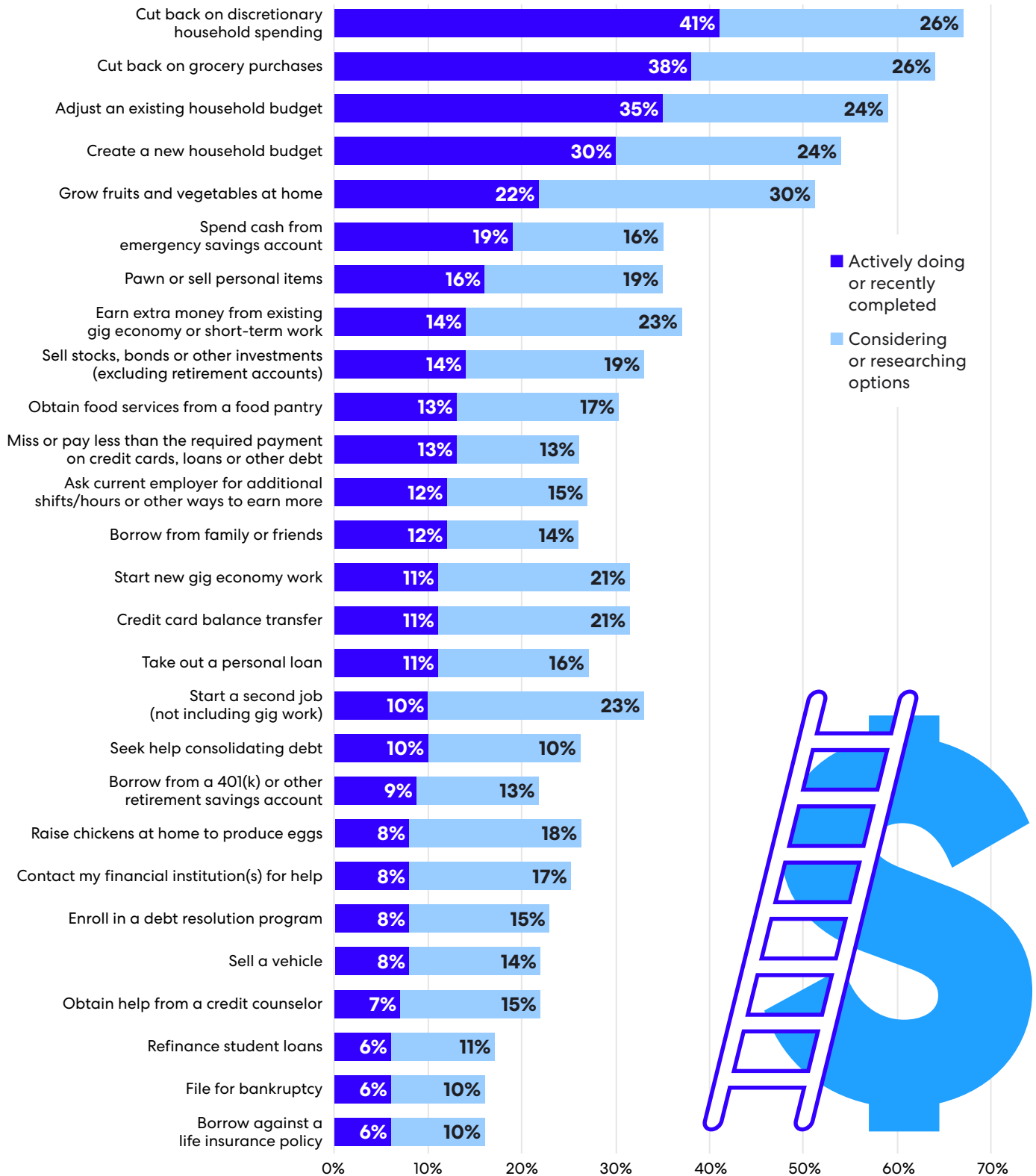


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How Consumers Are Fighting Inflation

Are you taking any of these steps to address rising inflation and higher costs for household goods and services?



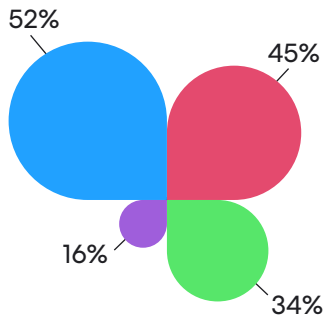
Source: Achieve Center for Consumer Insights

Dealing with Inflation, by Generation

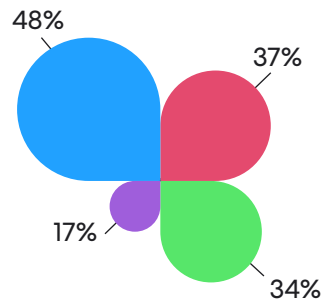
Are you taking any of these steps to address rising inflation and higher costs for household goods and services?

■ Gen Z ■ Millennial ■ Gen X ■ Baby Boomer

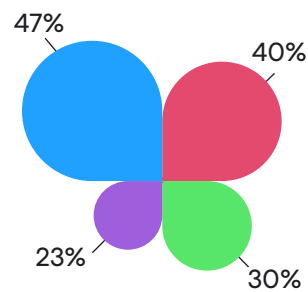
Pawn or sell personal items



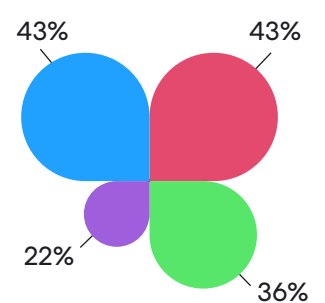
Credit card balance transfer



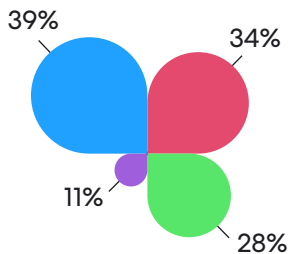
Sell stocks, bonds or other investments (excluding retirement accounts)



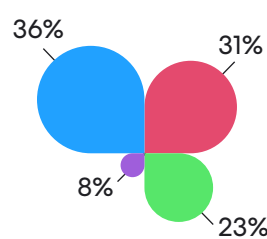
Spend cash from emergency savings account



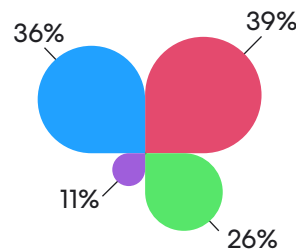
Miss or pay less than the required payment on credit cards, loans or other debt



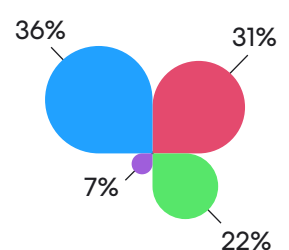
Enroll in a debt resolution program



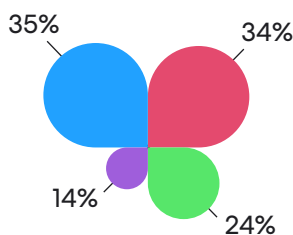
Seek help consolidating debt



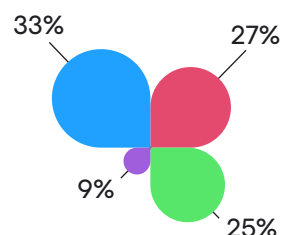
Obtain help from a credit counselor



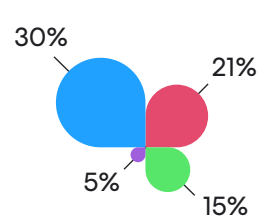
Contact my financial institution(s) for help



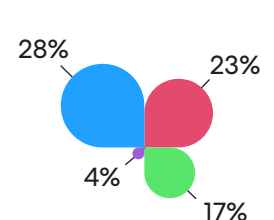
Borrow from retirement savings account



Borrow against a life insurance policy



File for bankruptcy



For each activity, data represents respondents who selected one of the following choices: Considering, but haven't started; Researching options ahead of taking action; Actively in the process; or Recently completed. Source: Achieve Center for Consumer Insights

Inflation Strategies Vary by Generation





Another concerning revelation is that 39% of Gen Z and 34% of Millennials said they are considering or have already taken steps toward either missing payments or paying less than what they owe on credit cards, loans and other debt.

This finding echoes recent data, [from the Federal Reserve Bank of New York](#), which shows that Americans in their 20s and 30s are becoming seriously delinquent on their credit cards at a faster pace than before the pandemic and at a rate that's approaching levels not seen since the Great Recession.

While people of all ages and generations are dealing with the challenges of inflation, younger consumers are more susceptible to falling behind. Credit card issuers and other creditors tend to view people with limited or shorter credit histories as riskier, resulting in higher interest rates and lower credit card limits than individuals with longer credit histories and more experience managing debt. And all of that is before credit card interest rates — which have been increasing for most card holders as an indirect consequence of the Fed's series of rate hikes the past year — means that a larger portion of consumers' monthly payments are going toward interest instead of principal.

Tips from Achieve

5 STEPS TO BUILDING A BUDGET

1. Start by setting short- and long-term financial goals and build your budget around those goals. 
2. Add up all monthly household income after taxes and other deductions.
3. Organize your expenses in four categories: **fixed expenses** that stay the same every month (such as mortgage or rent, car and student loan payments); **variable expenses** that change each month but are “must-buy” items (such as food, gas and medicine); **savings**; and **spending money**. Include a separate expense line item for outstanding credit card debt. For irregular expenses, divide the total cost by 12 and include that amount in your monthly budget.
4. Add all expenses to the total cost of living. If expenses total more than income, there is no magic or instant solution. You must find a way to reduce expenses or increase income.
5. Schedule time to review the budget on a regular basis (at least monthly). If you have a spouse or share financial responsibilities with someone else, make sure to set your goals and review the budget together. 

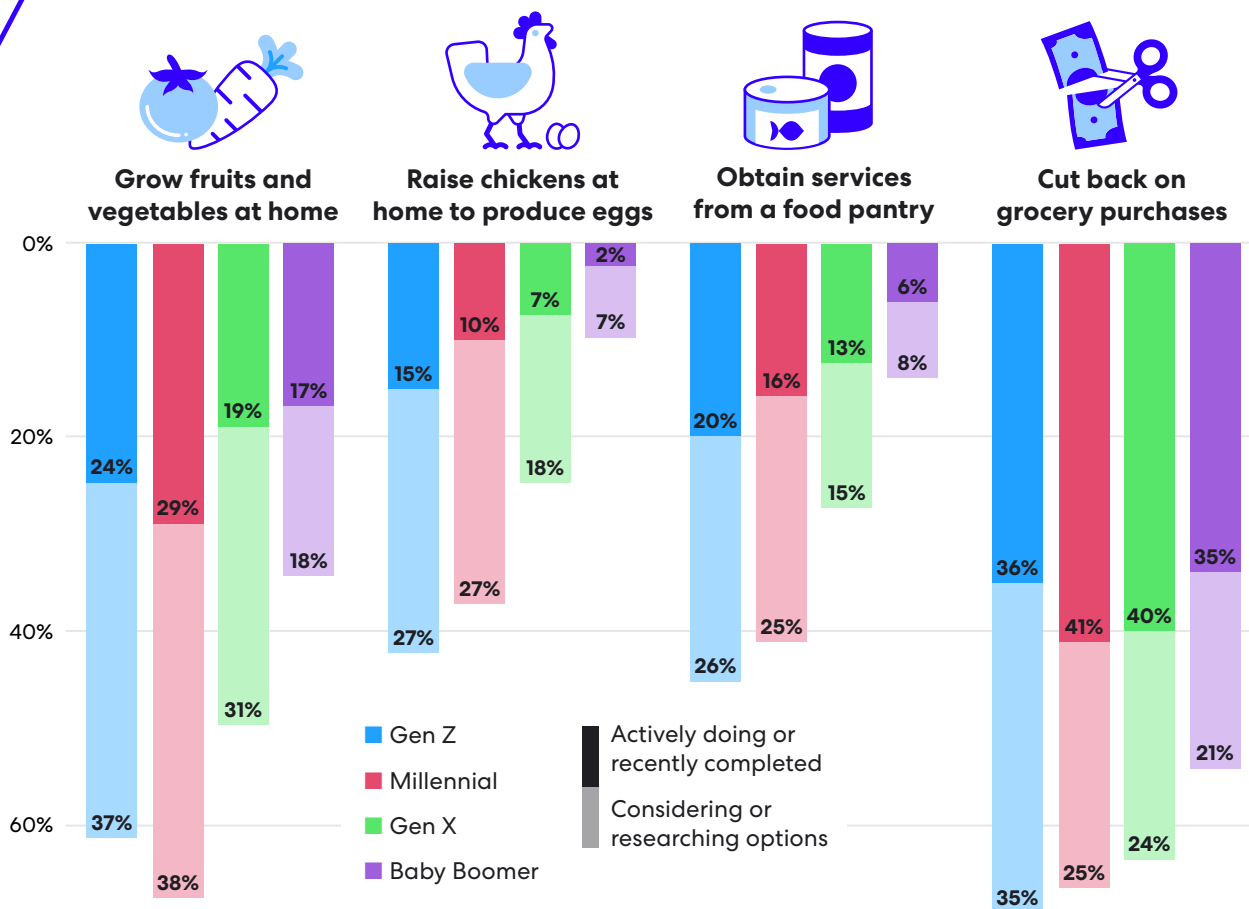
Soaring Food Prices Are a Focal Point for Financial Stress

Achieve's data also demonstrates how interconnected financial and food security are to each other. In addition to cutting back on grocery purchases and discretionary household spending, many Americans are exploring options or already in the process of growing their own fruits and vegetables. And given the recent spike in egg prices, it's no surprise that interest is growing in raising chickens at home to produce eggs.

Food costs were up over 10% year-over-year in January, according to the Bureau of Labor Statistics' Consumer Price Index, part of a longstanding trend that's put considerable strain on the food banks and pantries across the country. Indeed, Achieve found that 46% of Gen Zers and 41% of Millennials are considering or already obtaining services from a food pantry.

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Food security and financial wellness go hand-in-hand

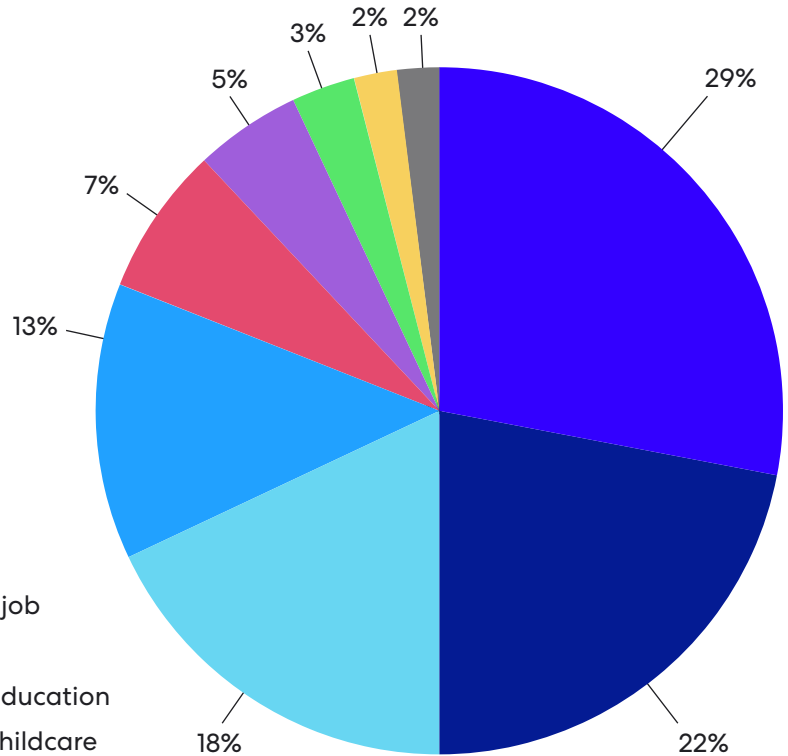


Inflation and Income Lead Consumers' Financial Concerns

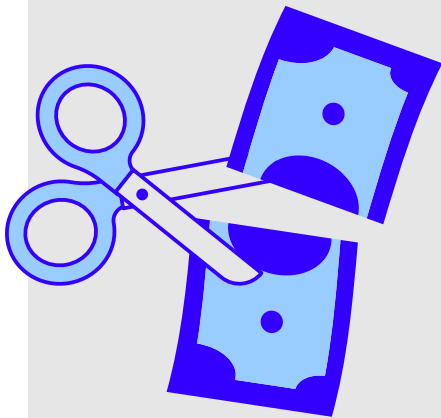
Dealing with the effects of inflation and wanting to earn more money are Americans' primary financial concerns right now, supplanting long standing issues like job security, affordable childcare, education and healthcare.

What is your most important financial concern right now?

- Inflation
- Earning more money
- Paying off debt
- I don't have any financial concerns right now
- Affordable healthcare
- Maintaining your current job
- Other
- Affordable education
- Affordable childcare



Given ongoing concerns about a looming recession, many consumers are taking steps to strengthen their financial position, including cutting back on their spending, saving more money and forgoing vacations.



55%

Will cut back on spending

41%

Will save more money for emergencies



39%

Will look for additional sources of income



27%

Will not take vacations

20%

No changes in the coming months



3%

Other

5 Ways to Save Money on Food



Plan your trip. Use grocery store ads from newspapers or online to build a weekly menu based on what's on sale. Look for opportunities to use digital or paper coupons, especially at stores that allow you to “stack” or multiply discounts. When you get to the store, look for clearance or mark-down products that are near their expiration date.

Learn what produce is in season and plan menus around that. You can generally save up to 15% with in-season produce. Remember, only buy as many fresh groceries as your family can consume before they go bad.

Pay attention to unit pricing. Large packages don't always provide the greatest value. Sometimes, mid-size packages will offer the best value. Some stores display unit pricing on the shelf, but it's often just as easy (and accurate) to check yourself using your phone's calculator.

Expand your shopping venues to include local farms and farmers markets, as well as warehouse clubs. If you're part of a smaller household, look for bulk items that are subdivided into smaller-packaged portions, or shop with a friend or neighbor and split up large bulk items.

Grow your favorite fruits and vegetables at home or at a community garden. You don't need a large yard to grow your own produce; many items can be grown in smaller quantities using five-gallon paint buckets available at most hardware stores.



About Achieve

[Achieve](#) is the leader in digital personal finance. Our solutions help everyday people get on, and stay on, the path to a better financial future, with innovative technology and personalized support. By leveraging proprietary data and analytics, our solutions are tailored for each step of a consumer's financial journey and include personal loans, home loans, help with debt and financial tools and education. Headquartered in San Mateo, California, Achieve has nearly 3,000 dedicated teammates across the country with hubs in California, Arizona, Texas and Florida and is regularly recognized as a Best Place to Work.

About the Achieve Center for Consumer Insights

The Achieve Center for Consumer Insights is an ongoing initiative that leverages Achieve's team of digital personal finance experts to provide a view into the state of consumer finances. In addition to sharing insights gleaned from Achieve's proprietary data and analytics, the Achieve Center for Consumer Insights publishes in-depth research, bespoke data and thoughtful commentary in support of Achieve's mission of helping everyday people get on, and stay on, the path to a better financial future.

Methodology

The data and findings in this survey are based on an online survey of 1,000 U.S. consumers ages 18 to 65 and is representative of Census Bureau benchmarks of the U.S. population for age, gender, race and ethnicity.

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