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SURVEY: Middle-Income Americans' Credit Card Usage, Debt on Rise

Despite current high cost of living, families slightly more optimistic about future than year ago.

DULUTH, Ga.--(BUSINESS WIRE)--

Primerica, Inc. (NYSE: PRI), a leading provider of financial services in the United States and Canada, released the Middle-Income Financial Security Monitor for the second quarter of 2023 — a national survey that measures changes in the sentiments of middle-income families in the U.S. about their finances.

The survey found that families say they are increasingly racking up credit card balances and debt. More than a third (36%) of respondents used their credit card more in the past year, up five percentage points compared to the June 2022 survey. Similarly, a third (33%) noted their credit card debt increased over the past year, up four percentage points in the same time frame.

Most respondents (71%) say their income continues to fall behind the cost of living. About three-quarters (76%) are cutting back on non-essential purchases, and nearly half (48%) are cutting back or pausing saving for the future to make up the difference.

Those with lower financial security scores, however, are finding the rising cost of living to be even more challenging, with more than four-fifths (81%) in this category cutting back on non-essentials and nearly three-quarters (72%) pausing saving for the future.

Despite these challenges, middle-income Americans are slightly more optimistic regarding their financial future compared to a year ago. Looking ahead to a year from now, about a fifth (22%) say they will be better off financially, up six percentage points since June 2022, and a quarter (26%) say they will be worse off, down 15 percentage points in the same time frame.

“Compounding inflation over multiple years is weighing heavily on middle-income budgets,” said Glenn J. Williams, CEO of Primerica. “Even as annual rates of inflation have eased, high prices are still hurting budgets. This is driving increased credit card use and higher monthly balances, indicating that families are being forced to bridge the gap.”

Key Findings from Primerica's U.S. Middle-Income Financial Security Monitor

- **Many find credit card debt difficult to manage.** Among those who are unable pay their full credit card balance each month, a majority (61%) find managing this debt difficult, an increase of three percentage points since the March 2023 survey.
- **Families plan to spend less on summer vacation and activities.** Middle-income Americans are expressing caution when it comes to summer expenses, with 43% planning to spend less than last year and only 14% anticipating spending more. Of

- **Americans are uninterested in using AI tools for financial tasks.** The vast majority of middle-income households are not interested in using AI for recommending a financial advisor or consultant (83%), giving financial advice (82%), suggesting a financial plan for retirement (81%) or selecting stocks or mutual funds (78%).

“The continued strength in the labor market and easing inflation are likely reasons for the stronger optimism about the coming year in the most recent survey,” Cutts continued. “Economic data continues to be stronger than economists expected, lowering the probability that a recession will start this year. Respondents in the Primerica survey indicate similarly that the worst seems to be behind us.”

[illegible]

<u>How would you rate the economic health of your community? (Reporting “Not so good” and “Poor” responses.)</u> <u>Analysis: The economic health of communities improved by five percentage points from the March survey.</u>	54%	59%	53%	55%	58%	52%	50%	54%	52%
<u>How would you rate your ability to save for the future? (Reporting “Not so good” and “Poor” responses.)</u> <u>Analysis: More than 70% feel it will be difficult to save for the future.</u>	71%	73%	74%	73%	72%	66%	62%	63%	58%
<u>In the past three months, has your credit card debt...? (Reporting “Increased” responses.)</u> <u>Analysis: Credit card debt remains steady from the last survey.</u>	33%	33%	39%	37%	29%	25%	28%	21%	18%

About Primerica’s Middle-Income Financial Security Monitor

Polling was conducted online from June 6-9, 2023. Using Dynamic Online Sampling, Change Research polled 1,729 adults nationwide with incomes between \$30,000 and \$130,000. We increased the top threshold from \$100,000 to \$130,000 for this poll. Comparisons to previous data are with the \$100,000 top threshold. Post-stratification weights were made on gender, age, race, education, and Census region to reflect the population of these adults based on the five-year averages in the 2021 American Community Survey published by the U.S. Census. The margin of error is 2.8%.

About Primerica, Inc.

Primerica, Inc., is a leading provider of financial services to middle-income households in North America. Independent licensed representatives educate Primerica clients about how to better prepare for a more secure financial future by assessing their needs and providing appropriate solutions through term life insurance, which we underwrite, and mutual funds, annuities and other financial products, which we distribute primarily on behalf of third parties. We insured over 5.7 million lives and had over 2.8 million client investment accounts on December 31, 2022. Primerica, through its insurance company subsidiaries, was the #3 issuer of Term Life insurance coverage in the United States and Canada in 2022. Primerica stock is included in the S&P MidCap 400 and the Russell 1000 stock indices and is traded on The New York Stock Exchange under the symbol “PRI”.

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