



NEW DATA: AMERICANS CONCERNED ABOUT THE STATE OF THE MIDDLE CLASS

People across the Socioeconomic Spectrum Report Financial Struggles

FORT WORTH, Texas – November 5, 2015 – Americans view a strong middle class as vital to the country's well-being, however, most are concerned that the state of the middle class has weakened, reflecting a new reality of financial volatility for many across the nation. This according to a new study of 1,000 American adults released by Elevate, a leading provider of innovative online credit solutions.

Middle Class Under Pressure

A significant majority (88 percent) of those surveyed believe that a strong middle class is important to the U.S. economy and three-quarters (76 percent) of respondents identified as middle class. While most consider themselves to fall within the middle class, 80 percent say it is harder to be middle class today than it was 25 years ago and 71 percent believe the middle class is weaker today than it was in the past.

The concerned sentiment toward the middle class likely reflects financial challenges that have emerged in a post-recession environment with declining household income and reduced savings. Thirty-five percent of Americans across all income levels reported having financial difficulties within the last six months. Additionally, almost two-thirds (61 percent) of Americans report spending half or more of their income on basic living expenses, including 11 percent who are unable to cover basic living expenses.

The data indicates that despite good intentions to maintain financial stability, today's economic landscape presents challenges that some fiscally responsible Americans simply cannot avoid. An overwhelming majority of respondents (88 percent) report that they have a good understanding of how to manage their finances and 66 percent say they keep to a strict budget and regularly monitor and manage their credit score.

"Challenges presented by wage stagnation and income volatility mean that today's New Middle Class is characterized by more sporadic and immediate financial needs than the middle class of years past," said Ken Rees, CEO of Elevate. "Today, it is not uncommon for those at both the higher and lower ends of the spectrum to run into financial stress that can have a real impact on their ability to meet financial responsibilities. The good news is that we are gradually starting to see this reality reflected in the financial services realm as more participants like Elevate tap into new technologies to better serve the needs of non-prime consumers."

Characterizing the New Middle Class

Survey respondents generally agreed that the middle class encompasses a relatively wide-range of income levels. Three-quarters (77 percent) agreed that someone with a net worth over \$1 million is not middle class and that someone who makes \$20,000 per year or less is not middle class. While the middle class of the past may have been characterized by many as having a solid foundation of general savings and retirement funds, only half of survey respondents that identified as middle class reported having a retirement account and most do not have an emergency fund (60 percent).

Americans who identified as middle class pointed to the biggest financial roadblocks keeping them from achieving financial security as healthcare costs (25 percent), housing (23 percent), credit card debt (23 percent) and inconsistent employment opportunities (18 percent).

Respondents at the upper echelons of society report using the most financial products (e.g., checking accounts, credit cards, savings accounts, loans, etc.), using an average of five different products. In contrast, middle class Americans reported using only two financial products, on average.

“The disparity in use of financial products between upper-class Americans and those on shakier financial ground illustrates the void in financial solutions that meet the needs of those who have less financial security,” Rees said. “Many of these Americans are turning to alternatives that may not be as responsible and certainly will not help them progress and build credit over the long-term. It is time to bring financial services for the non-prime consumer out of the shadows and into the mainstream with responsible, innovative and regulated products that help them create a brighter financial future.”

Additional findings from the study include:

- Americans appear unconvinced that elected officials are on the side of the middle class. Eighty-four percent of those surveyed said they believe that most elected officials are not middle class and 62 percent believe that when politicians talk about the middle class, they are talking about someone else.
- Sixty-three percent of Americans agree that anyone can be middle class by working hard.
- Having a stable job was the defining characteristic that most respondents (58 percent) agreed determines whether someone is middle class.

The findings of this study come from an Ipsos poll conducted Oct 15-19, 2015 on behalf of Elevate. For the survey, 1,004 American registered voters from the continental U.S., Alaska and Hawaii were interviewed online in English.

About Elevate

Elevate’s innovative online credit solutions provide immediate relief to customers today and help them build a brighter financial future. The company is committed to rewarding borrowers’ good financial behavior with features like interest rates that can go down over time, free financial training, and free credit monitoring. Elevate’s suite of groundbreaking credit products includes RISE, Sunny, and Elastic. The company is privately held and is backed by respected Silicon Valley venture capital firms including Sequoia Capital and Technology Crossover Ventures. For more information visit: www.elevate.com.

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