

Special Report: Middle-Income Families Resilient Amid High Inflation, Economic Uncertainty

Cost of food, gas and utilities greatly impact household budgets

DULUTH, Ga.--(BUSINESS WIRE)-- Primerica, Inc. (NYSE: PRI), a leading provider of financial services in the United States and Canada, released a special report titled, ["The Financial Condition of Middle-Income American Families Heading Into 2023."](#)

Researched and written by Amy Crews Cutts, Ph.D., CBE®, economic consultant to Primerica, the report combines data from the monthly Consumer Price Index (CPI), the Federal Reserve Bank of Atlanta, and Primerica's Financial Security Monitor — a national survey that measures changes in the sentiments of middle-income families in the U.S. about their finances — to present a clear picture of the pressures these households face.

As many economists continue to predict a recession this year, middle-income families are already taking an economic hit that is threatening their long-term financial security. A focused analysis of the CPI for just the cost of food, gas and utilities — necessities that greatly impact middle-income households' budgets — shows prices on those items rose significantly higher than benchmark inflation in 2022.

"High inflation stings for everyone, but it's especially painful for middle-income American families," said Dr. Cutts. "With prices increasing at the fastest rate in a generation, the middle-market is now spending their savings to make ends meet. Even so, most middle-income households are optimistic about their future and show a remarkable resilience in the face of economic headwinds."

Primerica's quarterly survey also highlights a disconnect between what middle-income families say they will do and what they actually do. Respondents frequently overestimated their ability to save and limit spending, as well as their ability to pay all their bills. Still, the Financial Security Monitor has consistently found that most middle-income households rate their financial situation positively, and they remain optimistic about the year ahead with many adjusting their spending or savings to cope.

"Our report illustrates not only the economic burden facing middle-income Americans but also their resilience in these tough financial times," said Peter W. Schneider, President of Primerica. "Families are well aware of the potential economic risks in the year ahead and are proactively taking steps to reduce the impact on their financial future."

Key Findings

- **Savings take a hit.** A large majority (82%) of respondents to Primerica's survey either curtailed or stopped saving for the future or tapped into existing savings to make ends

meet as their income fell behind the cost of living.

- **Inflation's disproportionate impact.** In 2022, food, gas and utilities prices remained elevated, peaking in the second quarter at 18.2% higher than the previous year. The full CPI peaked at 8.6% in the second quarter.
- **Increase in missed payments.** Primerica's survey found 5% of respondents thought they would likely miss a debt payment in the fourth quarter, yet a significantly higher percentage of 18% reported being delinquent when the quarter ended.
- **Spending higher than anticipated.** Only 15% of survey respondents in Primerica's third quarter survey planned to spend more money overall in the fourth quarter. However, more than double that share — 33% — ended up spending more than planned.
- **Most rank personal finances positively.** When asked about the condition of their personal finances in Primerica's survey, 53% of respondents in the fourth quarter of 2022 reported they were in good or excellent shape; however, this is down from 60% a year earlier.

About Primerica's Financial Security Monitor

The Financial Security Monitor is a quarterly national survey to monitor the financial health of those with annual household incomes of \$30,000-\$100,000. Using Dynamic Online Sampling, Change Research polls more than 800 adults nationwide with incomes between \$30,000 and \$100,000. 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 2019 American Community Survey, published by the U.S. Census.

About Primerica, Inc.

Primerica is a leading provider of financial services to middle-income households in the United States and Canada. Licensed financial representatives educate Primerica clients about how to prepare for a more secure financial future by assessing their needs and providing appropriate products like term life insurance, mutual funds, annuities, and other financial products. Primerica insured over 5.7 million lives and had over 2.7 million client investment accounts as of December 31, 2021. Primerica was the #2 issuer of Term Life insurance coverage in the United States and Canada in 2021 through its insurance company subsidiaries. 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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