

RECESSION GENERATES STRONG INCREASE IN USE OF HOUSEHOLD BUDGETS

November 19, 2010, Chicago, IL – Over the last four years, there has been a dramatic increase in the number of people who use a budget to guide their household’s finances, according to a new national survey released today. The survey of 1,000 adults in the U.S., commissioned by personal finance author/speaker Matt Bell and conducted by the market research firm Synovate through its eNation service, found that 80 percent of people now have either a detailed or general plan for their income and expenses – up from just 47 percent in 2006.

Table 1 – Use of a Household Budget

Which one of the following statements best describes your household's budget – that is, your income and expense plan?	2006	2010
Have a detailed plan for income and expenses.	13%	21%
Have a general plan for income and expenses.	34%	59%
Do not have a plan for income and expenses.	53%	20%

According to Bell, “Budgets have always been the Rodney Dangerfield of personal finance tools. In the past, most non-budgeters hated the idea of using one. But just as we’ve seen the recession bring about other changes in people’s financial behavior, such more frugality, the lowly budget finally seems to be getting some respect.”

When asked about the recession’s impact on their use of a budget, nearly 40 percent of people who said they were not using a budget prior to the recession say they have now started using one. Of those who said they were already using a budget, over half say the recession has prompted them to track and analyze their expenses more closely.

Table 2 – Recession’s Impact on Previous Non-Budgeters

How has the recession impacted your use of a budget?	Among respondents who were not using a budget prior to the recession.
I have since started using one	38%
I still do not use one	62%

Table 3 – Recession’s Impact on Previous Budgeters

How has the recession impacted your use of a budget?	Among respondents who were using a budget prior to the recession.
Now I track my expenses more closely	53%
I have made no changes in how I use it	40%
Now I track my expenses less closely	4%
I have completely stopped using it	3%

Asked about what type of budget system they use, paper and pencil remains the most popular choice.

Table 4 – Type of Budget System Used

Which one budget system do you currently use most often?	2006	2010
Paper and pencil	57%	55%
Budget software (like Quicken)	21%	17%
Electronic spreadsheet (like MS Excel)	14%	7%
Online service (like Mint.com)	N/A	3%
Envelope system	5%	3%
Other	3%	15%

“With all the publicity surrounding the launch of various online budget tools, I was surprised that they haven’t gained a greater share of the overall budgeter population,” Bell said. “I expect that number to grow in the years ahead.”

Bell and Synovate have teamed up for four previous personal finance surveys. Past studies have found that people who use a detailed budget are less likely to experience financial stress than those who use a general budget or do not use a budget, and married couples that use a detailed budget are less likely to have financial disagreements than those who use a general budget or do not use

a budget. The results can be seen at www.mattaboutmoney.com/media/news-releases.

ABOUT

Matt Bell is a personal finance expert who writes the personal finance blog www.MattAboutMoney.com and is the author of three books: “Money, Purpose, Joy” (September 2008), “Money Strategies for Tough Times” (April 2009), and “Money & Marriage: A Complete Guide for Engaged and Newly Married Couples” (due out in early 2001). He teaches a variety of personal finance workshops, including MoneySmart Marriage (www.MoneySmartMarriage.net), at venues throughout the country. For comments about the findings in this news release, please contact him at 708-447-8022.

Synovate (www.synovate.com), the market research arm of Aegis Group plc, generates consumer insights that drive competitive marketing solutions. The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate employs over 5,500 staff in 108 cities across 50 countries. The sample is balanced to be representative of the general population based upon region, gender, age, and household income data from the U.S. Census Bureau. The margin of error on this study is approximately +/- four percentage points.

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