



The Best and Worst Metros to Build an Emergency Fund

Memphis is the easiest, San Jose is the hardest

New York, NY – May 13, 2019 – Memphis is the easiest of the top 50 metro areas to achieve an ample six-month emergency savings fund, according to a new Bankrate.com report. Factoring in local housing costs – mortgage payments, insurance and property taxes – as well as essential cost of living expenses like groceries, transportation, health costs and utilities – a typical Memphis-area household can theoretically save up to \$15,761 of its \$46,177 annual take-home pay. This is slightly more than the \$15,208 needed to cover these expenses for six months in case of emergency. Click here for more information:

<https://www.bankrate.com/banking/savings/rates/#best-metros-for-savers-2019>

Top 5 Cities to Build an Emergency Fund:

Rank	MSA	Annual Savings Potential	Six-Month Emergency Fund Goal	Months to Achieve Savings Goal
1	Memphis, TN-MS-AR	\$15,761	\$15,208	12
2	Cincinnati, OH-KY-IN	\$16,801	\$17,612	13
3	Cleveland-Elyria, OH	\$14,922	\$15,954	13
4	Pittsburgh, PA	\$15,376	\$16,771	13
5	Detroit-Warren-Dearborn, MI	\$15,302	\$16,915	13

The hardest city for locals to build a rainy-day fund is San Jose. Despite earning the highest after-tax median income (\$86,041), a household spending the typical amount on recurring expenses would come up \$31,119 short of breaking even at year's end, a far cry from the \$58,580 needed to cover these expenses for six months.

For those looking to build a recommended half-year emergency fund in San Jose and other popular, notoriously expensive metro areas like New York City, San Diego, Los Angeles and San Francisco (46-49 on the list), Bankrate.com data analyst Adrian Garcia addresses why an emergency savings fund is crucial.

“Now more than ever, Americans need to start stashing away money to cover any financial emergencies. This year's government shutdown highlighted how thousands of Americans are

living paycheck to paycheck. Establishing an emergency fund in hard-to-save areas may require cutting spending in some areas but being ready for the next financial crisis is priceless.”

Bottom 5 Cities to Build an Emergency Fund:

Rank	MSA	Annual Savings Potential	Six-Month Emergency Fund Goal	Months to Achieve Savings Goal
46	New York-Newark-Jersey City, NY-NJ-PA	\$695	\$30,136	521
47	San Diego-Carlsbad, CA	(\$4,449)	\$32,849	N/A
48	Los Angeles-Long Beach-Anaheim, CA	(\$11,348)	\$34,376	N/A
49	San Francisco-Oakland-Hayward, CA	(\$17,283)	\$47,159	N/A
50	San Jose-Sunnyvale-Santa Clara, CA	(\$31,119)	\$58,580	N/A

Out of the top 10 metropolitan areas in the U.S., Atlanta is the easiest to build a six-month savings cushion and Los Angeles is the hardest. A household in Atlanta can ultimately save up to \$13,870 of its \$52,558 total after-tax income, taking 17 months to build an adequate \$19,344 savings fund.

Residents in Los Angeles will need to find places to cut back on expenses in order to reach the desired \$34,376 six-month emergency fund. Typical spending would leave them \$11,348 short of breaking even at year’s end, despite a top three after-tax median income of \$57,405.

Top 10 Metros by Population:

Rank	MSA	Annual Savings Potential	Six-Month Emergency Fund Goal	Months to Achieve Savings Goal
1 (15 overall)	Atlanta-Sandy Springs-Roswell, GA	\$13,870	\$19,344	17
2 (21 overall)	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$13,422	\$21,541	19

3 (31 overall)	Chicago-Naperville-Elgin, IL-IN-WI	\$11,041	\$22,302	24
4 (32 overall)	Houston-The Woodlands-Sugar Land, TX	\$11,039	\$22,449	24
5 (36 overall)	Dallas-Fort Worth-Arlington, TX	\$9,704	\$23,484	29
6 (37 overall)	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$12,788	\$32,222	30
7 (42 overall)	Miami-Fort Lauderdale-West Palm Beach, FL	\$4,301	\$21,501	60
8 (44 overall)	Boston-Cambridge-Newton, MA-NH	\$4,392	\$31,512	86
9 (46 overall)	New York-Newark-Jersey City, NY-NJ-PA	\$695	\$30,136	521
10 (48 overall)	Los Angeles-Long Beach-Anaheim, CA	(\$11,348)	\$34,376	N/A

Methodology:

The 2019 Bankrate Best Metros Saving was compiled using public and private data related to the 50 largest metro areas with in the United States. We used the 2017 household median income for each metro provided by the U.S. Census Bureau and subtracted monthly mortgage payments, property taxes, state and federal income taxes and flat percentages for groceries (13.47%), transportation (8.99%), health costs (4.57%) and utilities (9.90%).

The percentages used were based on the typical amount Americans spend for each category and are used by the Cost of Living Index published by The Council for Community and Economic Research. State and federal income tax estimates were generated using the TAXSIM model. For the tax estimates, we used a married household who earned the median income for their metro and had two children under 17 at home. All income was *considered* wages and salaries. Average property tax information for each metro was shared by ATTOM Data Solutions. We used the Bankrate Mortgage Calculator, assuming a *mortgage rate of 4.34 percent* and median

home prices for 2018 provided by ATTOM to calculate mortgage payments. Insure.com provided the average home insurance cost for each state. For state measures we used the state where the majority of people in each metro reside. In the case of the District of Columbia, we used D.C. Emergency budget is considered to be six months of expenses. The ranking is based on how much of the emergency budget was covered by annual net income.

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