

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

homeowners believe that it's acceptable to tap into home equity to keep up with regular household bills, according to a new Bankrate.com report. The sentiment is highest ...

Sep. 19, 2018

This is almost a case of robbing Peter to pay ... Peter.

Twenty-four million homeowners believe that it's acceptable to tap into home equity to keep up with regular household bills, according to a new [Bankrate.com](#) report. The sentiment is highest among Millennials (ages 18-37), the lowest earners and the less educated.

- Nearly 1 in 3 (31%) homeowners who earn less than \$30K per year say it's okay to tap into home equity to cover ordinary bills, more than triple those who make \$75K or more.
- Twenty-one percent of those with no more than a high school diploma agree, nearly doubling those who have furthered their education (11%).
- Twenty-two percent of Millennials think that borrowing from home equity to pay day-to-day bills is viable, compared to 12% of those who are older.

“The idea that nearly 1 in 6 American homeowners views ‘keeping up with regular household bills’ as an appropriate reason to borrow from home equity speaks to how far some households are stretched on a monthly basis,” said Bankrate.com chief financial analyst Greg McBride, CFA. “This further exemplifies the importance of having an emergency fund, so when the unexpected happens – and it *will* happen – there is a savings cushion to fall back on.”

The majority of homeowners (57%) believe the best reason to borrow against home

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

like furniture or appliances (9%), taking a vacation (3%), buying a boat (1%) and getting plastic surgery (<1%). Respondents could choose more than one reason.

“With the sorry state of emergency savings and increasing levels of consumer debt in a rising interest rate environment, it is a matter of when, not if, more homeowners turn to home equity to fund home improvements and repairs or consolidate debt,” added McBride. “Many Americans may have more tappable equity than they realize, and as home values increase and mortgage principal is paid down, that equity is on the rise.”

Home equity interest rates (<https://www.bankrate.com/home-equity.aspx>) tend to be lower than personal loans and credit cards, so responsible borrowers should keep their options open.

The study was conducted online in GfK's Omnibus using the web-enabled "KnowledgePanel," a probability-based panel designed to be representative of the US general population, not just the online population. The sample consists of 1,000 nationally representative interviews, 719 of which are homeowners, conducted between September 7-9, 2018 among adults aged 18+. The margin of error is +/-3.7 percentage points.

Payroll

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved