

Bankrate

Tennessee is the Easiest State in the Country to Save Money; Hawaii is the Hardest

Saving money in the Midwest and South may be easier than in the West and Northeast

NEW YORK - April 14, 2025 - Many Americans are feeling financially frozen, and as fears of rising prices take hold, many may be looking for ways to save. A new Bankrate study found that Tennessee is the easiest state in the country to save money in, while Hawaii is the hardest. Tennessee's lower state and local tax burden and lower cost of living allows for an easier environment to save money than Hawaii, which has a high cost of living and five-year declining employment rate. Click here for more information:

<https://www.bankrate.com/banking/best-state-to-save-money-study/>

To determine where it is easiest and hardest for Americans to save money, Bankrate compared all 50 states based on seven metrics across three categories, including economic conditions (50%), taxes (25%), and the interest rate environment for certificate of deposits and money market accounts (25%).

Tennessee ranked third overall in taxes with a state and local tax rate of 7.6%, tenth on the cost of living ranking with a cost of living index of 90.5, 15th in nonfarm employment rate (+6.19%), fifth in average money market account rate (1.7%), and 36th in the average CD rate (1.7%). On the other hand, Hawaii had a higher state and local tax rate at 14.1%, the highest cost of living study-wide at 186.9 on the cost of living index, a 2.3% decline in the total nonfarm employment over the past five years, and the lowest money market account and CD rates at an average of 0.1% and 0.4%, respectively.

"What is clear from these findings is that taxes and cost of living together create a heavy burden on savers, and the available savings rates in high-cost states does not make up for it," said Bankrate Financial Analyst Stephen Kates, CFP. "A state like Hawaii offers both the highest cost of living and the lowest average interest rates. Other high-cost states do not fare much better."

The top five states where it is easiest to save money are all in the South and Midwest, while the five hardest states to save money in are in the West and Northeast.

Top 5 Easiest States to Save Money	Top 5 Hardest States to Save Money
1. Tennessee	50. Hawaii
2. Missouri	49. Connecticut
3. Texas	48. Vermont
4. Oklahoma	47. California
5. Florida	46. New Jersey

The states that ranked as the easiest for saving money (Tennessee, Missouri, Texas, Oklahoma, and Florida) all have a state and local tax burden below the national median of 10.2%. Additionally, all of the states featured in the five easiest states to save money except Florida have a cost of living score ranging from 85.7 to 92.7, below the national average of 100, while Florida's cost of living is slightly higher at 102.8. Finally, all five states rank in the top 20 for employment growth over the past five years.

Alternatively, all five of the hardest states to save money have a cost of living significantly higher than the national average of 100, and a state and local tax rate higher than the national median of 10.2%.

“Aspiring savers should review this data carefully, but also consider that certain metro areas may not reflect the state average,” added Kates. “Job availability and cost-of-living may vary from region to region, while average savings rates may remain more consistent.”

Methodology:

To determine where it's easiest and hardest for Americans to save money in the U.S., Bankrate compared all 50 states based on seven metrics across three categories (weightings in parentheses): economic conditions (50 percent), taxes (25 percent) and the interest rate environment for certificate of deposits and money market accounts (25 percent). We leveraged the latest data available for each metric.

State economies have the biggest impact on residents' ability to save as they influence the cost of living, income, the job market and how much debt individuals within that state might take on. To measure each state's economic conditions, Bankrate considered the following data points (sources and weightings in parentheses):

- Cost of living (Missouri Economic Research and Information Center, 2024 - 17.5 percent)

- Four-year percent change in inflation-adjusted household income (U.S. Census Bureau, American Community Survey, 2019-2023 - 7.5 percent)
- Five-year percent change in total nonfarm employment for part-time and full-time workers (Bureau of Labor Statistics, 2019-2024 - 7.5 percent)
- Household debt-to-income ratio (Federal Reserve, Q2 2024 - 17.5 percent)

Statewide household debt-to-income ratios and cost of living hold a combined weight of 35 percent because those metrics are more representative of an economic environment that would foster better opportunities to save money. The five-year percent change in total nonfarm employment and inflation-adjusted household income hold a combined weight of 15 percent.

Bankrate also analyzed combined local and state tax burden rates from the Tax Foundation as of 2022. States with lower tax burden rates were rewarded in the ranking. To measure every state's interest rate environment, we analyzed average certificate of deposit (CD) and money market account (MMA) account rates based on APYs listed in each state as of the week of February 19, 2025 via Bankrate. Average CD rates are based on any CD maturity. States with higher average CD and MMA rates were rewarded in the ranking. In the overall ranking, No. 1 means the easiest state to save money, and No. 50 means the hardest state to save money.

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