

2021 MassMutual Holiday Finances Consumer Spending & Saving Quarterly Index

Commissioned by Massachusetts Mutual Life Insurance Company (MassMutual), the MassMutual Consumer Spending & Saving Index was conducted online by PSB from October 18-22, 2021 among a nationally representative sample of 1,000 U.S. adults ages 18+. PSB additionally conducted an oversample of 500 adults statewide in Massachusetts and a separate oversample of 500 Gen Z 18- to 24-year-olds nationwide.

Americans Plan to Open Their Wallets This Holiday Season: In a sign of continued economic recovery and consumer optimism, Americans plan to spend more this holiday season – and in different ways than last year. Among Americans who plan to increase their spending, 42% expect to spend at least \$500 more this season than last, and one-quarter expect to spend at least \$1,000 more. On average, Americans plan to spend \$1,243 on holiday-related purchases this season.

- While the vast majority (78%) say shopping for others will drive their spending increase, Americans are also eager to treat themselves. Nearly half (49%) say purchasing gifts for themselves will contribute to a higher holiday price tag.
- Americans also expect to spend more this holiday season due to travel (34%), attending/hosting in-person celebrations (34%) and big-ticket experiences (e.g., shows, sporting events) (23%).
- Twenty-nine percent (29%) said they will spend money on in-store shopping this year when they hadn't last year. More than one-quarter (26%) also say they will shop exclusively in person to avoid potential delivery delays.

The Future is Looking Brighter: Americans are feeling increasingly more optimistic about their financial outlook. Nearly three-quarters of Americans (73%) are optimistic about their finances and over one-third are "very optimistic" (35%), up from the percentage who reported being very optimistic in July (27%) and February (21%).

- Men are more likely to be optimistic about their finances than women (77% vs. 70%).
- Gen X and Boomers are highly optimistic about their finances, with 75% of both demographics reporting being somewhat or very optimistic, followed by Millennials (64%) and Gen Z (64%).

Americans Are Also Saving More Money compared to July: More than a third (35%) of Americans have saved at least \$1,000 over the past three months, up from 30% in July. Moreover, 37% now say they intend to save more over the coming three months, up slightly from 34% in July.

- Millennials are more likely to be saving more: 61% say they plan to save more over the next three months, compared to 50% three months ago.

While Many are Financially Planning, Credit Card Debt Poses a Risk: While almost half (48%) of Americans will use financial resources they've set aside to cover holiday costs, increased spending may risk exacerbating credit card debt for many. Of those who plan to pay for the holidays with a credit card they will not pay off right away, as many as 59% feel they will not be able to pay off incurred debt for at least six months.

Cash is (Still) King & Sentimental Millennials: Two-thirds (67%) of Americans plan to purchase cash/gift cards for loved ones, followed by clothes (42%) and technology (29%)

- Millennials are more likely than older generations to be sentimental in their give gifting: 41% will give loved ones homemade presents this year, significantly more compared to Gen X (24%) and Boomers (11%).

The “Gift of Giving”: This holiday season, nearly half (44%) of respondents plan to donate to charity – with the average donation totaling \$795. Men, especially, plan to donate (50% compared to 39% of women) and to donate larger sums of money.

Sustainability as a Driving Force: Sustainability and climate change are also driving Americans' purchasing decisions. More than half (54%) said sustainability factors, such as a brand's adherence to sustainable practices or offering of eco-friendly products, will factor into their financial decisions this holiday season.

- This percentage jumps for younger generations, with nearly three-quarters (73%) of Millennials saying they will factor sustainability into their purchasing decisions this season.

Millennials Are Hustlers (But Burnt Out): During the pandemic, 56% of Millennials added a new side hustle or supplemental source of income. Nearly two-thirds (63%) were motivated by the need for extra spending money, followed by pursuing something they're building a career in or are passionate about (30%) and having more time since working remote (26%).

- But at what cost? 80% of Millennials are feeling some level of burnout, compared to only a third (35%) of Baby Boomers who say they feel the same. Top drivers of Millennials' burnout include personal factors (56%) and financial stress (54%), followed by work-related and pandemic-related factors (each 44%).
- Millennial women are more apt to feel financial stress (49%), while Millennial men are more likely to feel work-related stress (44%).
- At the same time, Millennials plan to reward themselves for their efforts and understand the importance of self-care: nearly half of Millennials (47%) will “treat themselves” this holiday season unlike last year through self-care purchases and experiences, compared to 28% of Gen Xers and 10% of Baby Boomers.

No Time Like Tomorrow: Financial Resolutions: Roughly a quarter of Americans (26%) plan to make a financial resolution for 2022. Of those planning to make a financial resolution, top resolutions include putting more money into savings (37%), sticking to a budget (27%), enjoying more experiences (25%), paying bills on time (22%), and starting an emergency fund (22%).

Gen Z & Finances: As the impact of the pandemic continues to be felt across younger generations, nearly 90% of Gen Zers indicated their financial situation changed during the pandemic. One-quarter say they feel less financially confident (26%) and 20% feel less financially independent. However, one-third (33%) also say they are now saving more compared to the start of the pandemic.

- Gen Z's top financial stressors include saving for future goals (41%), insufficient income to live the life they want (40%), not having funds for an emergency (40%), and being able to pay rent/mortgage payments (27%). An additional 21% are stressed about needing to delay financial independence from parents.
- Today, 45% of Gen Zers live at home with their parents, with top reasons being not having enough income to be independent (33%) and to save more money (29%). Sixty-one percent of Gen Zers say that they receive financial assistance from their parents, including food (36%), rent/housing (30%), clothing (21%) and monthly bills (21%).
- 72% do not pay off their credit card balances each month, and just 18% are contributing to a Roth 401K/retirement plan. However, Gen Z is showing promising financial strides in other areas: half report having a saving account, 40% stick to a budget and 32% regularly check their credit score.
- Nearly two-thirds (62%) of Gen Zers have not invested their money during the pandemic. A key barrier for many was not knowing where to start even if they wanted to invest (24%)—especially true for women (28%) – or not having the money to do so if they wanted to invest (16%).

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