

2021 MassMutual Holiday Finances MA 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.

The Future is Looking Brighter – Optimism is Up for Massachusetts Residents: As the holiday season quickly approaches, Massachusetts residents' financial outlook continues to improve. Over three-quarters (76%) say they are optimistic about their financial outlook, up from 69% in July and a low of 63% in April.

- Today, a full quarter (25%) of MA residents say they are “very optimistic” – up from 18% in July.

MA Residents Plan to Open Their Wallets This Holiday Season: In a sign of continued economic recovery and consumer optimism, MA residents plan to spend more this holiday season – and in different ways than last year. Among residents who plan to increase holiday spending, 35% expect to spend at least \$200 more than last year. MA residents plan to spend on average of \$1,142 this holiday season.

- 63% of MA residents say this last year has affected how they will approach their finances this holiday season.
- Nearly a quarter (23%) will cut back on spending to ensure sufficient savings. MA women (26%) will be more likely than men (19%) to reduce spending this holiday season.
- A quarter of the state's residents also plan to focus their spending on things that have real meaning.

While Many Are Financially Planning, Credit Card Debt Poses a Risk: While almost half (43%) of MA residents 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, 52% say they won't be able to pay off incurred debt for at least six months.

Cash is (Still) King and Sentimental Gen Z & Millennials: Two-thirds (66%) of MA residents plan to purchase cash/gift cards for loved ones, followed by clothes (40%) and technology (28%).

- Younger MA residents are more likely to be sentimental in their give gifting: 37% of MA Millennials and 51% of MA Gen Z plan to give loved ones homemade presents, significantly more than Gen X (13%) and Boomers (18%).

The Gift of Giving: This holiday season, nearly half (49%) of MA residents plan to donate to charity – with the average donation totaling \$436. Men, especially, plan to donate (53% compared to 46% of women) and to donate larger sums of money.

Going Green Is Not Going Out of Style: Sustainability and climate change are also driving MA residents' purchasing decisions. Fifty-nine percent (59%) 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 MA residents: as many as 83% of MA Gen Z and 74% of MA Millennials say sustainability will factor into their holiday shopping decisions.

Savings on the Rise: After a decrease in saving this summer, in October, savings were up again: 41% of MA residents indicated they saved less than \$500 in the previous three months – an improvement from 47% who said the same in July.

- The main reason MA residents saved less than \$500 in the last three months is because they are paying off other debt (35%) and living paycheck-to-paycheck (35%), which is congruent with the previous quarter.
- MA Millennials are more likely to dip into their savings (22%) and ask for financial help from others (15%), compared to older generations

MA Gen Z & Finances: Around 88% of MA Gen Zers indicated their financial situation changed during the pandemic.

- One-quarter say they feel less financially confident (25%) and 18% say they feel less financially independent. However, one-third (32%) also say they are now saving more compared to the start of the pandemic.
- Today, 68% of MA Gen Zers live at home with their parents, significantly more than the general population of Gen Z (45%). Nearly half (48%) say they are living at home to save money, followed by not having enough income to be independent (22%).
- Seventy-five percent of MA Gen Zers say that they receive financial assistance from their parents, including food (50%), rent/housing (38%), clothing (28%) and monthly bills (15%).
- Around three-quarters of MA 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 (38%) or not having the money to do so if they wanted to invest (15%).

MA Gen Z May be Burned Out, But They Haven't Lost Sight of Their Financial Goals: An overwhelming 86% of MA Gen Zers report feeling the heat of burnout, and 57% attribute financial stress as the source.

- Amidst financial stress, over a third of MA Gen Zers (43%) plan to make a financial resolution this year. Top financial resolutions for Gen Z MA residents include sticking to a budget (40%), putting more money into savings (33%), and starting an emergency fund (20%).

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