

Q4 2024 MassMutual Consumer Spending & Saving Index

Commissioned by Massachusetts Mutual Life Insurance Company (MassMutual), this research was conducted online by PSB Insights from November 7 to 25, 2024, among a nationally representative sample of 1,000 U.S. adults (ages 18+) as well as an additional sample of 500 adult Massachusetts residents from November 7 to 25, 2024.

CURRENT ECONOMIC OUTLOOK

Inflation remains the topic Americans are most concerned about.

- Compared to this time last year, Americans are less concerned about inflation, (83% Q4 2024 vs 89% Q4 2023), global economic issues (71% Q4 2024 vs 80% Q4 2023), recession (70% Q4 2024 vs 82% Q4 2023), the housing market (59% Q4 2024 vs 67% Q4 2023), and the stock market (48% Q4 2024 vs 64% Q4 2023).
- 45% of Americans are optimistic about their current financial outlook, keeping steady with Q3 2024 (48%) and Q4 2023 (42%).

Personal finances were a significant issue in the 2024 presidential election. Over three-fifths of Americans thought about their personal finances when choosing who to vote for this year.

- 21% of Americans say that their personal finances were their most important issue when choosing who to vote for this year, with no significant difference between Republicans (24%) and Democrats (21%). Another 41% said that they considered the issue when choosing who to vote for.
- On average, Americans are less concerned about the impact of the presidential election on their long-term financial prospects than they were before the election. 59% of Americans said they were somewhat or very concerned about the impact of the election on their financial prospects this quarter, compared to 79% last quarter.
 - This drop is mostly driven by Republicans (35% Q4 2024 vs 80% Q3 2024) and Independents (62% Q4 2024 vs 78% Q3 2024). Concern did not drop among Democrats (79% Q4 2024 vs 81% Q3 2024).

Americans feel more optimistic about the economy now than they did last quarter, and fewer think that America is in a recession than at any time in the last two years. However, the number of Americans who think a recession is likely in the next year remains steady from last quarter.

- 59% of Americans say that the economy will get better or stay the same in the next three months, up from 46% last quarter and 43% last year.
 - This increase in optimism was largest among Baby Boomers (61% Q4 2024 vs 43% Q3 2024 and 38% Q4 2023). An optimism increase compared to last year is seen among all other generations except Gen Z, where optimism is steady compared to last year (53% Q4 2023), despite an increase relative to last quarter (59% Q4 2024 vs 47% Q3 2024).
 - 67% of men say that the economy will get better or stay the same in the next three months, compared to 51% of women.
- Among Americans who think that the U.S. is not currently in a recession, 43% think that it is somewhat or very likely that the U.S. will enter a recession next year, unchanged from last quarter, but lower than this time last year (49%).

- Millennials (52%) are more likely to think that it is somewhat or very likely that the U.S. will enter a recession in the next year than Baby Boomers (39%) and the Silent Generation (29%).

Although Americans say they feel more optimistic about the economy, they still think that it will get harder to afford things in the next twelve months. In general, they tend to be more pessimistic about the affordability of important purchases than they are about their own personal purchasing power.

- Most Americans say that in the next 12 months, it will become more difficult for the average American to afford things like buying a home, paying for healthcare, or starting a business. However, most expect that their own personal ability to afford these things will stay the same.
- 62% of Americans believe it will be harder for the average American to buy a home in the next 12 months, while only 39% believe it will be harder for them personally.
 - Women are more likely to say it will be harder for the average American (66% of women vs 58% of men) and for them personally (46% of women vs 32% of men) to buy a home in the next twelve months.
 - Gen Z (53%), Millennials (47%), and Gen X (40%) are more likely to say it will become harder for them to buy a home in the next twelve months than Baby Boomers (29%) and the Silent Generation (25%).

HOLIDAY SEASON

Despite feeling more optimistic about the economy, Americans plan to keep their holiday spending about the same as last year. Most plan to do equal amounts of their shopping in person and online, and to cover their spending by using money they set aside or a credit card.

- 44% of Americans say they plan to spend the same amount on the holidays as they did last year, compared to 34% saying in 2023 that they planned to spend the same amount as in 2022. Only 10% say they plan to spend more this year, compared to 14% who said the same in 2023.
- 49% of Americans say that the economy is causing them to limit their holiday spending, down from 57% last year.
 - Gen Z (55%), Millennials (54%), and Gen X (52%) are more likely than Baby Boomers (41%) and the Silent Generation (37%) to be limiting their holiday spending due to the economy.
- 37% of Americans said that the economy won't impact their holiday plans, up from 29% last year.
- 41% of Americans say they plan to do equal amounts of shopping online and in person.
 - Gen Z (18%) are less likely to say they will do most of their shopping online than Millennials (28%), Gen X (34%), and Baby Boomers (30%).
- 41% of Americans plan to cover their holiday spending using money they set aside, while 33% will use a credit card that they'll pay off right away.
 - Gen Z and Millennials are more likely to pay with cash they set aside, while Boomers and the Silent Generation are more likely to use a credit card they will pay off right away.
 - 13% of Gen Z and 15% of Millennials say that they will be counting on financial help from others like friends, family, or their significant other to cover their holiday spending.

When it comes to giving and receiving gifts, cash is king. Americans say they are most likely to give someone cash or a gift card, and that cash or a gift card are also the gift they would most like to receive themselves.

- 59% of Americans say they plan to give cash or gift cards to their loved ones.
 - Gen Z and Millennials are more likely to give their family members non-cash gifts such as homemade gifts, wellbeing products (like massages or fitness memberships and equipment) than Gen X, Baby Boomers, and the Silent Generation.
 - 58% of Gen Z plan to give their loved ones clothing as a holiday gift this year.
- 30% of Americans say that their preferred gift this holiday season is cash. Another 15% say they would prefer a gift card.
 - Gen Z (24%) are much more likely to prefer a traditional present than Millennials (10%), Gen X (11%), Boomers (9%), or the Silent Generation (9%).

Fewer Americans plan to donate to charity this holiday season, or to make a financial resolution this New Year.

- 37% of Americans say they plan to donate to charity this holiday season, compared to 42% last year.
- 28% of Americans say they plan to make a financial resolution this New Year, compared to 41% last year.
 - Among those who plan to make a resolution, the most common resolutions are to build up savings (64%), spend less (53%), and earn more income (45%).

FINANCIAL SECURITY

Over two-fifths of Americans have met with a financial advisor. Of these, three-quarters say that meeting with a financial advisor made them feel more confident about their financial future.

- 44% of Americans say they have met with a financial advisor. Of these, 78% say that they have more confidence in their financial future as a result of meeting a financial advisor.
 - Gen X (44%), Baby Boomers (55%), and the Silent Generation (66%) are more likely to have met with a financial advisor than Gen Z (29%) and Millennials (35%).
 - The most common topics discussed with financial advisors are retirement planning (69%) and learning how to invest better (52%).
- Among the 56% of Americans who have never met with a financial advisor, the most common reasons are that they can't afford to pay one (43%) or that they think they don't have enough to invest (36%).
 - Gen Z (71%) and Millennials (65%) are more likely to have never met with a financial advisor than Gen X (56%), Baby Boomers (45%), or the Silent Generation (34%).
 - 39% of Americans who have never met with a financial advisor think they would have more confidence in their financial future if they were to meet with one.

When asked which has a greater impact on your happiness: who you marry, or how financially secure you feel, Americans overall are almost evenly split, but the younger the generation, the more they tend to favor financial stability.

- 47% of Americans say that who you marry has a bigger impact on personal happiness, while 53% say that financial security has the bigger impact.
 - Gen Z (60%), Millennials (59%), and Gen X (58%) are more likely to say financial security has a greater impact on happiness than Baby Boomers (44%) and the Silent Generation (29%).

Despite the growing prevalence of AI, Americans are less convinced that it will help them save time and money than they were last year.

- 48% of Americans say they don't expect AI will help them save money next year, compared to 40% last year.
 - Millennials (40% Q4 2024 vs 31% Q4 2023) and Gen X (49% Q4 2024 vs 36% Q4 2023) are more likely to believe that AI won't save them money than they were last year.
 - Men (49% Q4 2024 vs 39% Q4 2023) and women (47% Q4 2024 vs 40% Q4 2023) are more likely to believe that AI won't save them money than they were last year.
- 38% of Americans say they don't expect AI will help them save time next year, compared to 33% last year.
 - Millennials (33% Q4 2024 vs 25% Q4 2023) and Gen X (38% Q4 2024 vs 29% Q4 2023) are more likely to believe that AI won't save them time than they were last year.

Over a quarter of Americans have either been impacted by a natural disaster in 2024 or know someone who has.

- 8% of Americans say they have been directly impacted by a natural disaster such as a hurricane, wildfire, tornado or earthquake, while 20% say that they know someone who has been impacted.
 - Among those who have been impacted by a natural disaster, or know someone who has been, 71% have made at least some changes to their financial habits and mindset as a result. The most common changes are preparing financially for the unexpected (25%), saving more (24%), and delaying major purchases (24%).
- 65% of Americans say that they have prepared for an emergency or disaster in some way. The most common preparations are starting an emergency savings fund (30%), purchasing shelf-stable supplies (28%), and making an evacuation plan for their home (25%).