

Q4 2023 MassMutual Consumer Spending & Saving Index

Commissioned by [MassMutual](#), this research was conducted online by PSB Insights from October 19 to November 2, 2023, 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 October 19 to November 7, 2023.

Current Economic Outlook

Most Americans, particularly Baby Boomers, are feeling less optimistic about their current financial outlook and personal finances, and they are reporting increased levels of stress.

- 42% of Americans in Q4 2023 describe their current financial outlook as somewhat or very optimistic, significantly down from 47% in Q3 2023.
- This fall in optimism is led by Baby Boomers (43% Q4 2023 vs 58% Q3 2023)
- However, Gen Z (54% Q4 2023 vs 40% Q3 2023) is significantly more optimistic about their current financial outlook compared to last quarter.
- Just 19% of Americans are feeling optimistic about their personal finances, significantly down from 25% last quarter.
- Again, the fall in optimism is led by Baby Boomers (16% Q4 2023 vs 32% Q3 2023).
- 39% of Americans are more stressed about their personal finances, up slightly from 35% last quarter.
- Millennials (51% Q4 2023 vs 41% Q3 2023) and Baby Boomers (35% Q4 2023 vs 18% Q3 2023) are significantly more likely to be stressed about their personal finances compared to last quarter.

While inflation remains the top concern on Americans' minds, worry is growing around looming changes in the financial world and political landscape, and how those changes can impact day-to-day finances.

- Consistent with the previous quarter, inflation (89%) remains the topic Americans are most concerned about having an impact on their day-to-day finances.
- Secondary concerns like a recession (82% Q4 2023 vs 77% Q3 2023), the 2024 U.S. presidential election (80% Q4 2023 vs 75% Q3 2023) and interest rate increases (78% Q4 2023 vs 72% Q3 2023) have all seen significant increases in concern from the previous quarter.
- The Silent Generation (91%) is significantly more concerned regarding this conflict compared to Gen Z (75%), Millennials (68%), Gen X (77%) and Baby Boomers (81%).
- 2-in-3 Americans (66%) are concerned about a government shutdown, particularly Gen Z (74%).

Political Implications

Baby Boomers and The Silent Generation express growing concern about the impact the U.S. political climate will have on their day-to-day finances, while younger generations continue to show greater concern for economic issues, particularly interest rate increases and the housing market.

- Baby Boomers (90% Q4 2023 vs 84% Q3 2023) and The Silent Generation (94% Q4 2023 vs 79% Q3 2023) are significantly more concerned about the U.S. political climate compared to the previous quarter.
- Gen Z (86%), Millennials (82%), and Gen X (83%) are more likely to be somewhat or very concerned about the impact of interest rate increases on their day-to-day finances than Baby Boomers (70%) and The Silent Generation (62%).
- Gen Z (86%), Millennials (75%), and Gen X (70%) are more likely to be somewhat or very concerned about the impact of the housing market on their day-to-day finances than Baby Boomers (53%) and The Silent Generation (43%).

Student Loan Resumptions

The resumption of federal student loan repayments has seen negative impacts on the day-to-day financial health of borrowers. With the majority of those in debt worried about defaulting on their loans, many are making changes to their financial lifestyle to account for the change.

- 76% of Americans with student loan debt say the resumption of student loan payments has had a negative impact on their day-to-day financial health, with 27% having monthly student loan payments within the range of \$300-\$749, and 19% having monthly student loan payments equaling \$750 or more.
- 80% of Americans with student loan debt have reduced spending because of their debt, with 44% reducing spending on luxuries and 37% reducing spending on essential purchases.
- Cutting back on going out to eat (51%) and cutting back on everyday spending (39%) are the most common methods Americans with student loan debt use to help make their student loan payments.
- 60% of Americans with student loan debt are worried they may default on their student loans.
- 60% of American parents of non-adult children expect to still be paying off their student loans after their eldest child turns 18.
- Among non-retired Americans with student loan debt, over a third do not expect to fully pay off their student loans before they retire (34%).

Anticipated Holiday Spending

Americans continue to personally experience the effects of inflation and, as a result, are reducing spending on categories like dining out and clothing while expecting to increase contributions to their retirement savings.

- Though down significantly from 37% last quarter, Americans still view inflation as having the greatest impact on their personal finances at 33%.
- 60% of Americans are delaying important purchases because prices are too high, up slightly from 56% last quarter.
- Dining (70%) followed by clothing (61%) lead as the items Americans are reducing spending on the most due to inflation.
- Americans also plan on reducing spending on dining (76%), and clothing (66%) if prices continue to rise due to inflation.
- 24% of Americans are expecting to contribute more to their retirement savings because of inflation, up significantly from 18% last quarter, driven by Gen Z (53%) and Millennials (32%) planning to contribute more.

Most Americans plan to keep their holiday spending equal or lower than it was last year, covering cost with funds set aside.

- 77% of Americans expect to spend either the same amount or less than they did in last year's holiday season—unchanged from the 79% who said the same a year ago.
- Baby Boomers (41%) and the Silent Generation (56%) are more likely to say they are planning to spend the same as last year than Millennials (24%), and Gen X (29%).
- 18% of Americans have regrets about holiday spending last year, primarily gift purchases for others (37%), purchases for self (20%) and big-ticket experiences like shows, sporting events or concerts (11%).
- Half of Americans (50%) plan to cover the cost of this holiday season with money they have set aside, up significantly from 44% last year. Of the 20% of Americans planning to cover the cost with credit cards they won't be able to pay off right away, 64% anticipate needing more than 6 months to pay off the debt.
- Of the 33% of Americans who plan to do most of their holiday shopping online, 69% plan to do their shopping on websites, rather than through apps or social media.
- Gen Z Americans planning to do their holiday shopping online are most likely to do their shopping through apps (49%), higher than Millennials (30%), Baby Boomers (16%) and The Silent Generation (12%).

Financial Goal Setting and Advice

More younger Americans are planning to make a financial resolution for 2024 compared to 2023, with a focus on making and saving more money.

- 41% of Americans plan to make a financial resolution for 2024, up significantly from 35% who planned to do the same for 2023.
- This is led by Gen Z (67%), Millennials (52%) and Gen X (48%) making financial resolutions for 2024, significantly more than Baby Boomers (18%) and The Silent Generation (13%).
- Among Americans planning to make a financial resolution for 2024, the most common resolutions are to build up savings (64%) and earn more income (55%).
- Currently, 45% of Americans have had to dip into their savings within the last 3 months, with 69% of those Americans taking from their emergency fund savings.

More Americans are following financial advice seen on social media compared to last quarter. When it comes to investment advice in particular, 1-in-5 Americans are following advice seen on social media.

- 24% of Americans have followed financial advice that they saw on social media, up significantly from 17% last quarter, an increase led by Gen Z (50% Q4 2023 vs 32% Q3 2023).
- 21% of Americans have followed investment advice that they saw on social media; this behavior is more common for Gen Z (49%), Millennials (27%) and Gen X (21%) than Baby Boomers (5%) and The Silent Generation (0%).