

MassMutual Consumer Spending & Saving Index

October 2022

The MassMutual Consumer Spending & Saving Index tracks financial outlooks and behaviors in a changing economic environment. It offers an in-depth snapshot of people's saving and spending behaviors and examines sentiment and attitudes toward navigating the financial impacts of the pandemic and the changing state of the economy with an emphasis on inflation, changes in interest rates and spending. Commissioned by MassMutual, the research was conducted online by PSB Insights from October 14-24, 2022 among a nationally representative sample of 1,000 U.S. adults (ages 18+) as well as an additional sample of 500 adult Massachusetts residents.

CURRENT ECONOMIC OUTLOOK

Overall financial optimism has declined year-over-year, as many Americans continue to struggle with the rising costs of living expenses while their income remains flat.

- On average, Americans have a less optimistic financial outlook than they did a year ago: 72% of Americans said their current financial outlook was optimistic in Q2 2021, compared to only 61% this quarter.
 - 61% of those in Massachusetts say they have an optimistic financial outlook, which is on par with the 63% who said the same in Q2 2021.

The economy is struggling, and Americans think it will get worse. Americans, particularly Gen X and older, are much more pessimistic about the economy this quarter than they were last quarter.

- 57% of Americans believe that the economy will get worse in the next three months, compared to 42% last quarter. This change is largely driven by Gen X (63%), Baby Boomers (63%), and the Silent Generation (71%).

The recession is making Americans more stressed about their personal finances.

- 41% of Americans say they are stressed about their personal finances, compared to only 30% last quarter.

As the economy worsens and financial stress grows, financial optimism dwindles. Despite this consensus that the American economy is going to get worse in the next three months, most Americans are still feeling optimistic about their financial outlook—though this is starting to shift.

- 59% of Americans described their current financial outlook as optimistic this quarter, compared to 67% last quarter.
- 25% of Americans say they expect their finances to worsen in the next year, up from 20% last quarter.

Americans—especially older generations—worry about the impact the midterms will have on their finances.

- 70% of Americans say they are concerned about the impact the midterms will have on their day-to-day finances, while 67% of Americans are worried about the impact it will have on their long-term finances.
- Older generations are more likely to be concerned about the midterms' impact on their day-to-day and long-term finances than younger generations.

INFLATION & RECESSION

Inflation and recession remain the top concerns for most respondents. Concern about inflation has remained steady, but concern about recession has increased slightly.

- 90% of Americans are concerned about the impact of inflation on their day-to-day finances, compared to 88% last quarter.
- 84% of Americans are concerned about the impact of a recession on their day-to-day finances, compared to 80% last quarter. This increase is statistically significant.

The recession has Americans dipping into their savings. Almost half of Americans had to take money out of their savings in the last three months.

- 45% of Americans took money out of their savings account in the last three months, up from only 38% last quarter and from 33% last year.
- Among those who dipped into their savings in the last three months, 55% said it was due to rising costs on everyday items, and 52% said it was to help pay bills.

Inflation leaves Americans delaying important purchases. Almost two-thirds of Americans say they are delaying important purchases because of inflation.

- 59% of Americans say they are delaying purchases due to inflation, up from 53% last quarter.

HOLIDAY PLANNING

Holiday spending is changing this year. Most Americans are planning to limit their holiday spending in response to the state of the economy.

- 81% of Americans say that the economy has impacted their spendings/savings this holiday season.
- 47% of Americans are planning to spend less during the holidays this year than they did last year, while 32% of Americans plan to keep their spending about the same. This has changed since the last quarter, when the numbers were both 38%.

For gifts, money is king. Americans demonstrate a clear preference for monetary gifts (such as cash and gift cards) over traditional presents and experiences.

- 31% of Americans say their preferred gift is cash, while 16% say their preferred gift is a gift card. Both are greater than the 11% of Americans who would prefer a traditional present and the 9% of Americans who would prefer an experience.
- 61% of Americans say they plan to give cash or gift cards as presents this holiday season—more than 20% higher than the next highest option (clothes, 39%).

America's travel plans are grounded. Most Americans (63%) have no travel plans this holiday season.

- 22% of Americans say they are not traveling to visit their loved ones because of the economy
- Younger generations (Gen Z, Millennials) are more likely to have travel plans than older generations (Gen X +)