

Q2 2023 MassMutual Consumer Spending & Saving Index

Commissioned by Massachusetts Mutual Life Insurance Company (MassMutual), this research was conducted online by PSB from May 1-16, 2023, among a nationally representative sample of 1,000 U.S. adults (ages 18+).

Americans continue to worry about the impact recent and looming changes in the financial world will have on their day-to-day finances – particularly inflation and recession.

- Only a quarter of Americans with children are sending their kids to a summer program this year (25%). Of the families not enrolling their kids in a summer program, over a third blamed the steeper expense on inflation (38%).
- Consistent with the previous quarter, inflation (88%) and recession (81%) remain the topics Americans are most concerned about having an impact on their day-to-day finances.
- 53% of Americans believe it will have a negative impact on their finances.
- Among Americans investing less this quarter versus the same time last year, more people cite rising costs (43% Q2 2022 vs. 63% Q2 2023).
- Despite having more time to recover from financial loss, younger generations are the most risk averse with 38% of millennials investing in lower-risk investments compared to 22% last year. Additionally, for Gen X, 39% are moving to lower-risk positions compared to 31% this time last year.

Despite larger-scale economic headwinds, some Americans are feeling more optimistic about their own financial outlook and expect to catch up on their savings.

- The amount of people who feel “very optimistic” about their financial outlook has increased to 14%, up from 10% last quarter.
- Only 9% of Americans expect to save less over the next 3 months, down from 14% last quarter. 60% of Americans say their retirement contributions will remain the same in the face of inflation or rising interest rates.

The price of housing is a top-of-mind concern for many Americans, and a few feel regret over new house-related purchases that had a significant impact on their finances.

- 70% of Americans are concerned about the impact of increased housing costs, and 52% believe it will have a negative impact on their personal finances.
- Concern over the impact the housing market will have on day-to-day finances has steadily risen from 46% in Q2 2022, to 54% last quarter to 60% this quarter. The concern is primarily driven by Gen Z (77%), Millennials (77%), and Gen X (65%), with Baby Boomers (39%) and the Silent Generation (34%) being less concerned.
- Of the 9% of Americans that express regret in a recent home purchase or home improvement, 44% say their purchase had a significant impact on their finances.

Younger generations feel unprepared to manage their finances but don't feel they have enough money to invest to meet with a professional. Instead, some are turning to ChatGPT.

- 33% of Gen Z and 36% of Millennials do not feel prepared to manage their own finances.
- 61% of Americans have never met with a financial advisor, and Gen Z (79%), Millennials (69%) and Gen X (71%) are even less likely to have met with an advisor. 46% of Americans (and 50% of Millennials) say this is because they don't believe they have enough money to invest. 24% of Americans do not have enough savings to last them for a whole month without another source of income, with Gen Z (33%), Millennials (34%) and Gen X (31%) being much more likely to not have the savings than Baby Boomers (9%) and the Silent Generation (1%).
- 15% of Americans have used AI to make banking, investments, or other financial decisions, with Gen Z (37%) and Millennials (27%) leading the adoption. ChatGPT is the most used AI with 11% of Americans having used it, and ChatGPT usage is more likely to be reported by Gen Z (24%) and Millennials (20%).

The number of Americans who say they are concerned about the impact of the resumption of federal student loan payments has increased from 34% last quarter to 40% this quarter, continuing the upward trend in concern from 27% in Q2 2022.

- 35% of Gen Z and 29% of Millennials believe a ruling in favor of the debt relief plan will have a major positive impact to their long-term financial health.,

Younger generations are more likely to prioritize financial security over relationship security.

- Whether Americans would prefer financial security over relationship security varies across ages. Gen Z (74%), Millennials (69%) and Gen X (64%) would rather have financial security, while Baby Boomers and the Silent Generation are split on which is more important to them.

Americans of all ages feel more comfortable discussing finances than family planning with loved ones.

- Americans would rather talk about financial planning (77%) with their parents than family planning (23%). However, Gen Z (27%), Millennials (27%) and Gen X (27%) are more likely than Baby Boomers (18%) and the Silent Generation (8%) to prefer discussing family planning.

Some Americans are meeting with financial advisors to try to plan for retirement, but many do not have retirement accounts in place to provide for themselves.

- Of the 39% of Americans who have met with a financial advisor, 65% did so to plan for retirement, particularly Baby Boomers (75%).
- 35% of Americans own a qualified retirement plan or an individual retirement account. Baby Boomers (54%) and the Silent Generation (53%) are much more likely to have an individual retirement account compared to Gen Z (16%), Millennials (24%) and Gen X (28%). 48% of Gen X have qualified retirement plans, much more than Gen Z (22%), Millennials (36%), Baby Boomers (30%) and the Silent Generation (20%).

As summer approaches, more Americans are planning to travel, though financial and climate-related concerns are a barrier for some.

- Nearly half of Americans are planning to travel this summer, an increase over last year (49% Q2 2023 vs 39% Q2 2022). Of the 36% of Americans planning not to travel this summer, saving money is a greater driving force for this decision than it was last year (38% Q2 2023 vs 27% Q2 2022). 36% of Americans don't believe they can afford a summer vacation in 2023, which is most pronounced among Millennials (40%) and Gen X (43%) over Baby Boomers (29%) and the Silent Generation (19%).
- 45% of Americans plan to spend no money at all on weddings this year; of those that plan to spend money, 48% plan to spend less than \$500.
- 24% of Americans who decided not to travel this summer say concern about extreme heat affected their decision, with Gen Z (42%), Millennials (32%) and Gen X (28%) more likely to be concerned than Baby Boomers (13%) and the Silent Generation (0%).

When asked about credit scores, only 40% of Americans correctly selected payment history as having the biggest impact.

- Older generations tended to attribute payment history as the most significant impact to their credit score compared with younger age groups (52% Baby Boomers, 55% Silent Generation, 30% Gen Z, 32% millennials and 36% Gen X).