

Q4 U.S. MIDDLE-INCOME FINANCIAL SECURITY MONITOR™ (FSM™) JANUARY 2024

A QUARTERLY TRACKING POLL OF MIDDLE-INCOME AMERICANS' FINANCIAL MOOD



Primerica's fourth quarter 2023 Middle-Income Financial Security Monitor™ found that half of middle-income Americans have a positive outlook on their personal finances, but many continue to feel uncertain about their financial futures and remain cautious about the state of the economy and the possibility of a recession.

At the same time, just a quarter (25%) of these households believe they will be better off financially in the next year, with more than one-quarter (29%) saying they will be worse off and one-third (37%) saying they will be about the same. Still, many plan to take steps to secure their financial future in 2024, such as paying off credit card debt, creating an emergency fund and following a monthly budget.

HOW ARE FAMILIES DOING FINANCIALLY?

- **Middle-income Americans are split in their assessment of their personal finances heading into 2024.** Exactly half (50%) say their personal financial situation is excellent or good, with the other half saying it is either not so good or poor. Additionally, a large majority (80%) are as concerned or more concerned about their credit card debt today compared to a year ago, and two-thirds (66%) don't know the interest rate for their credit cards.
- **Majority continue to say their income is not keeping up with the cost of living.** More than two-thirds (68%) of households say their income is falling behind the cost of living. However, this represents a four-point drop from the September survey. A quarter (24%) say it has stayed about even, and just 2% say it has gone up faster than the cost of living. Among adults who say they are falling behind, nearly three-quarters (72%) are cutting back on non-essential purchases such as eating out and entertainment and nearly half (49%) are cutting back or pausing saving for the future.
- **More parents believe their children will grow up worse off than better.** Nearly one-third (31%) of parents with children under 18 say they will grow up better off financially, while nearly two-fifths (39%) say they will be worse off. Only 15% say they will be about the same. Among non-parents, a substantial majority (71%) believe children in general will be financially worse off, with just 6% saying they will be better off and 12% saying they will be about the same.



WHAT ARE MIDDLE-INCOME FAMILIES DOING TO SECURE THEIR FINANCIAL FUTURES?

- **Many are prioritizing reducing and managing debt in the coming year.** When asked for their 2024 financial resolutions, more middle-income Americans mentioned paying off consumer and credit card debt (40%) and managing debt load (39%) than tasks like creating an emergency fund (26%), creating and sticking to a budget (25%) and investing more in the future (23%). Less than one-quarter (22%) say they don't make or follow resolutions. When forced to choose one, paying off credit card debt (35%) outpaced managing debt load (18%).
- **Those who don't currently own their home lack confidence they will be able to do so in next five years.** Overall, 59% of middle-income Americans say they currently own their home while 34% say they rent and 7% live with family. Half (51%) of those who rent or live with family don't believe they'll be able to buy a home in the next five years, with just a quarter (25%) expressing confidence that they will.

HOW ARE FAMILIES FEELING ABOUT THE OVERALL ECONOMY?

- **Majority of middle-income Americans remain pessimistic about the state of the economy.** Overall, three-fifths (60%) are pessimistic about the economy over the next year. Broken out by age group, this includes nearly two-thirds (63%) of respondents ages 18 to 34 and nearly three-quarters (72%) of those ages 35 to 49. However, a slightly higher share (24%) say they are optimistic heading into 2024 compared to the December 2022 survey, when just 19% expressed optimism heading into 2023.
- **Most believe the U.S. will enter a recession sometime this year.** More than two-thirds (69%) say it's likely America will be in a recession in 2024, however that number represents a 12-point drop from one year ago. In addition, just a quarter (24%) don't believe in the likelihood of a recession in 2024, while only 14% rejected the idea of a 2023 recession. At this time last year, 40% said they were taking steps to prepare for a recession compared to 30% this year.

ARE FAMILIES EQUIPPED WITH THE FINANCIAL INFORMATION THEY NEED?

- **Majority grasp financial basics but not complexities.** Overall, more than three-quarters (76%) feel confident in making sound financial decisions without outside help, particularly when it comes to financial fundamentals like building good credit (82% confident), paying down credit card debt (80%) and creating and following a financial budget (77%). However, they continue to express less confidence when it comes to more complex financial matters, including setting up a retirement account such as a 401(k) or Individual Retirement Account (IRA) (62% confident), buying life insurance (65%) and investing in stocks (46%).
- **Lack of time, anxiety main drivers in lack of financial planning.** More than a quarter (26%) say they don't contribute to a savings account, follow a budget, contribute to an investment account or set a financial budget each month. Anxiety (30%) and not having time (20%) continue to be cited as the biggest challenges people have tracking their financial information.

TOPLINE TRENDS DATA:



	DEC 2023	SEPT 2023	JUN 2023	MAR 2023	DEC 2022	SEP 2022	JUN 2022	MAR 2022	DEC 2021
<p>How would you rate the condition of your personal finances? (Reporting "Excellent" and "Good" responses.)</p> <p>Analysis: Respondents rating about the condition of their personal finances has declined over the past year.</p>	50%	49%	50%	52%	53%	53%	54%	60%	64%
<p>Overall, would you say your income is...? (Reporting "Falling behind the cost of living" responses.)</p> <p>Analysis: Concern about meeting the increased cost of living has remained steady over the past several months.</p>	68%	72%	71%	72%	72%	75%	75%	67%	68%
<p>Do you have an emergency fund that would cover an expense of \$1,000 or more (for example, if your car broke down or you had a large medical bill)? (Reporting "Yes" responses.)</p> <p>Analysis: The percentage of Americans who have an emergency fund that would cover an expense of \$1,000 or more has increased slightly over the past several months.</p>	60%	62%	61%	58%	59%	60%	61%	62%	60%
<p>How would you rate the economic health of your community? (Reporting "Not so good" and "Poor" responses.)</p> <p>Analysis: The economic health of communities has remained steady the past three months.</p>	57%	55%	54%	59%	53%	55%	58%	52%	50%
<p>How would you rate your ability to save for the future? (Reporting "Not so good" and "Poor" responses.)</p> <p>Analysis: More than 70% continue to feel it will be difficult to save for the future.</p>	73%	71%	71%	73%	74%	73%	72%	66%	62%
<p>In the past three months, has your credit card debt...? (Reporting "Increased" responses.)</p> <p>Analysis: Credit card debt has remained steady over the past several months.</p>	35%	34%	33%	33%	39%	37%	29%	25%	28%

Learn more at www.primerica.com/public/our-impact.html

About Primerica's U.S. Middle-Income Financial Security Monitor™

Polling was conducted online from December 6-10, 2023. Using Dynamic Online Sampling, Change Research polled 1,312 adults nationwide with incomes between \$30,000 and \$130,000. Post-stratification weights were made on gender, age, race, education and Census region to reflect the population of these adults based on the five-year averages in the 2021 American Community Survey, published by the U.S. Census. The margin of error is 3.1%.