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Nearly Two-Thirds of Americans Do Not Expect Their Personal Finances to Improve in 2024

High inflation cited as the main reason for finances not getting better

NEW YORK - December 18, 2023 - Nearly two thirds of Americans (63%) do not expect their personal financial situation to improve in 2024, according to a new Bankrate survey. More than 1 in 4 believe their financial situation will get worse (26%), which is a slight decrease from 29% last year and the same as in 2021 (26%). This includes 16% who expect their finances to get somewhat worse and 9% who expect them to get significantly worse. Click here for more information:

<https://www.bankrate.com/personal-finance/personal-finances-outlook-survey/>

Conversely, nearly 2 in 5 (37%) believe their personal finances will get better in 2024, compared to 34% in 2022 and 33% in 2021. This includes 1 in 4 (25%) who believe their finances will get somewhat better, and 12% who believe they will get significantly better.

Continued high inflation is the most commonly cited obstacle for improvement, cited by 61% of those who do not expect their personal finances to improve in 2024. Other commonly cited reasons include stagnant or reduced income (32%), work done by elected representatives (31%), and changing interest rates (22%), followed by the amount of outstanding debt (19%), the amount of money being made from savings or investments (16%), change in life circumstances (16%), bad spending habits (9%), or something else (9%). An additional 10% say they don't know why they don't expect their finances to improve in 2024.

Of those who expect their personal finances to get better in 2024, over 2 in 5 (42%) say rising income will be a catalyst. This is closely followed by better spending habits (38%), having less debt (32%), making more money from savings or investments (27%), change in life circumstances (24%), and lower inflation (19%). Less than 1 in 6 (15%) attribute improved personal finances to changing interest rates, 11% cite the work done by elected representatives, 4% indicate something else, and 5% don't know.

“More than 6 in 10 Americans do not expect any improvement in their financial situation in 2024, and a staggering 61% point to continued high inflation as a culprit - nearly twice that of any other reason,” said Bankrate Chief Financial Analyst Greg McBride, CFA. “Of the 37% of households expecting improved finances in the new year, higher income, better spending habits, and less debt are the most common explanations for the optimism.”

When looking at generations, baby boomers are more likely to be pessimistic regarding their financial outlook for 2024, while Gen Xers are more evenly split, and younger generations are more likely to expect their finances to improve.

	Gen Zers (ages 18-26)	Millennials (ages 27-42)	Gen Xers (ages 43-58)	Baby Boomers (ages 59-77)
Expect finances to improve in 2024	59%	49%	33%	20%
Expect finances to get worse in 2024	11%	17%	28%	38%

Of those who have a financial goal for 2024, Americans are inclined to pay down debt (22%), get a higher paying job/another source of income (16%), save more for emergencies (15%), and budget their spending better (13%). Other goals include to save more for retirement (10%), invest more money (9%), save for a non-essential purchase such as a vacation or home renovation (8%), buy a new home (4%), or something else (3%). Just 14% say they do not have any financial goals for 2024.

“Paying down debt has been the most commonly cited financial goal in each of the past 3 years,” added McBride. “But that goal does take on added urgency with rates on credit cards and home equity lines of credit at record highs, mortgage rates at more than two decade highs, and auto loan rates at the highest in more than 15 years.”

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,391 U.S. adults. Fieldwork was undertaken between November 13-15, 2023. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

Bankrate Awards:

The 2024 Bankrate Awards are now live to help consumers find the best financial products in a range of categories. The Bankrate Awards highlight the best of the best in credit cards, banking, lending and more, so that everyone can find winners for their wallet. For the complete list of this year's winners and our methodology, please visit: www.bankrate.com/awards.

Additionally, Bankrate Visionaries are innovators who deserve recognition for driving change in personal finance. For the complete list of 2024 winners, please visit: www.bankrate.com/awards/2024/visionaries.

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