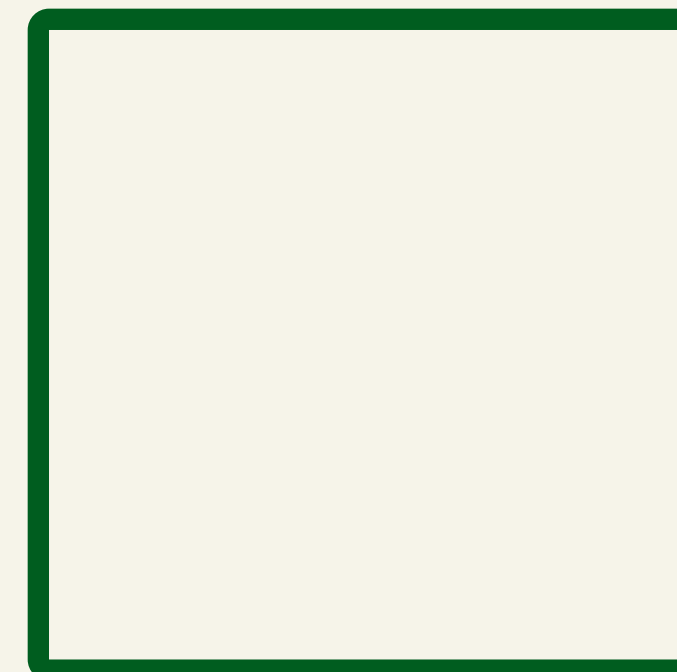
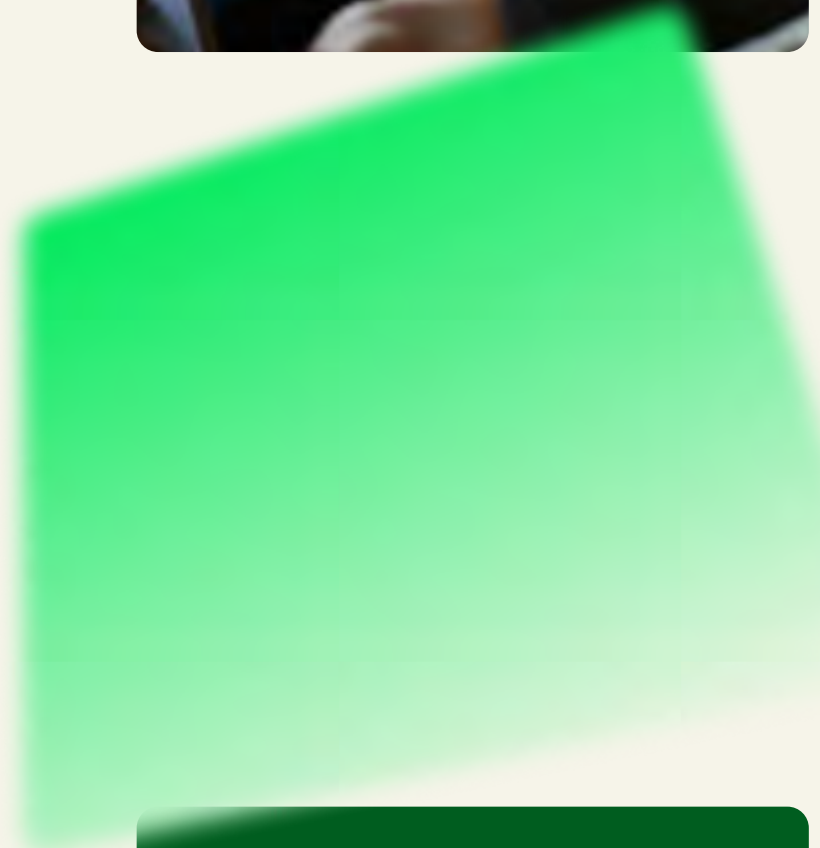
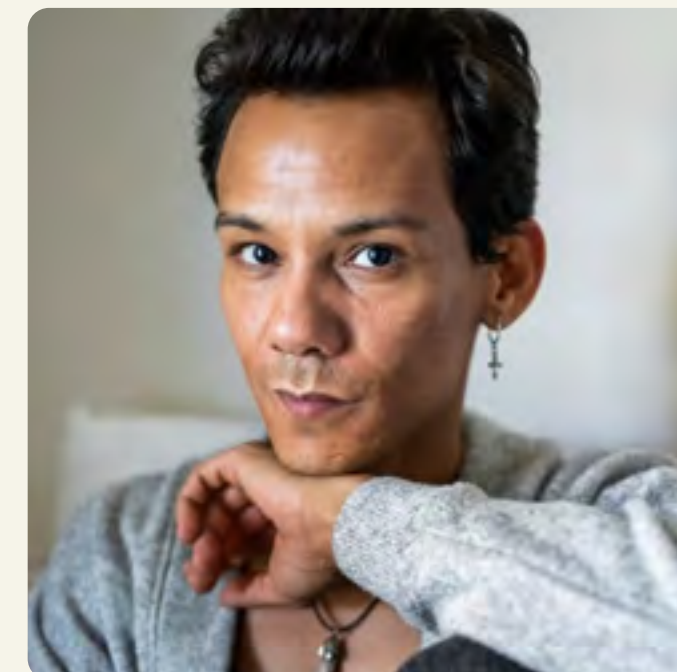




# 2024 Outlook on American Life Report

**STRONG OPTIMISM, CRUSHING DEBT**

Despite mounting credit card and student loan debt, Americans believe they are better off than their parents—and the data suggests they are not wrong.



## Report Data

This report draws on anonymized, aggregated tax-return data from the 11.4 million filers H&R Block tax professionals assisted in its 9,000 offices in 2024. The report also draws from return data from the past 25 years, culminating in billions of data points that allow us to see generational changes and historical income trends.

The report analyzes data based on generations defined by the corresponding birth years.

**GEN Z: 1997–2012**

**MILLENNIALS: 1981–1996**

**GEN X: 1965–1980**

**BOOMERS: 1946–1964**

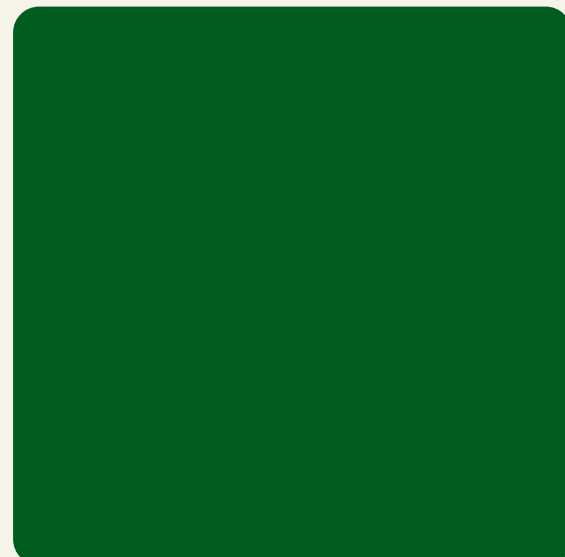
When a year is preceded by TS, we are referring to the tax season. TS2024 encompasses data from calendar year 2023.

## Nationally Representative Surveys

The report also draws on data from 7,852 Americans in four recent national surveys:

1. In July 2024, we surveyed key audiences—including tax filers (2,210 respondents) and Gen Z (438 respondents)
2. In August 2024, we fielded a General Population Omnibus survey (2,200 respondents)
3. In August 2024, we fielded an additional Gen Z survey (1,503 respondents)
4. In August 2024, we fielded a General Population survey (1,501 respondents)

Audience samples were weighted to be representative of the U.S. population on gender, age, ethnicity/race, education, and region.



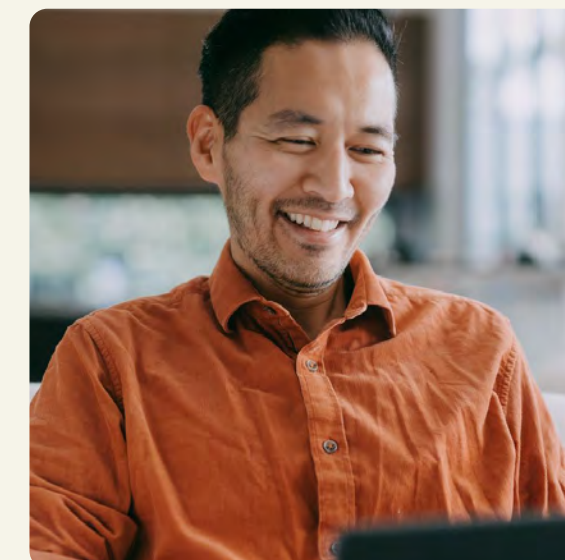
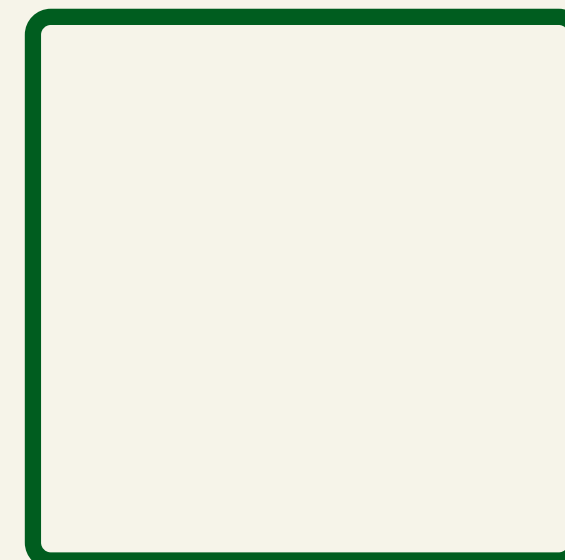
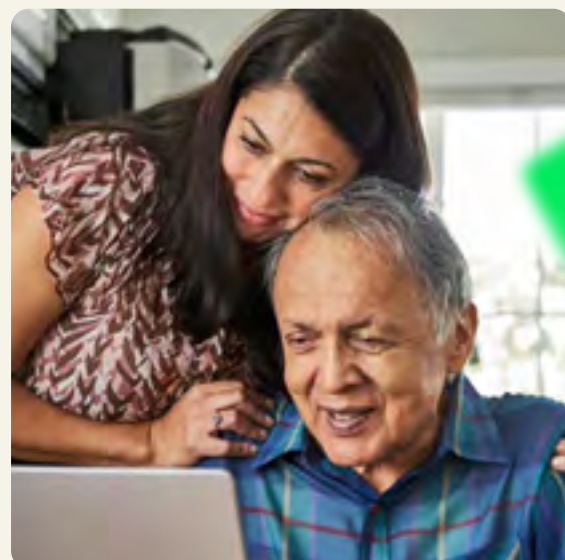
## Americans are earning more. And spending more.

This year's Outlook on American Life report reveals high optimism across income levels and generations. Americans see their finances improving—and with good reason. Wages are outpacing inflation. Buying power is increasing. Households are shrinking, thereby lowering costs. Investments are returning gains. Tax credits are returning income.

However, the report also uncovers that debt, not inflation, is the anchor dragging on American prosperity. Americans are carrying unmanageable debt and spending at rates that threaten their financial stability.

Each year H&R Block helps more than 20 million Americans prepare their tax returns with the assistance of a tax professional, or online or downloadable DIY software. Decades of anonymized, aggregated tax-return data, coupled with data from four national surveys conducted this year, enable us to provide unique and valuable insights into how Americans work, earn, spend, and save in pursuit of their goals.

This year's trends were truly surprising. Keep reading to see why.



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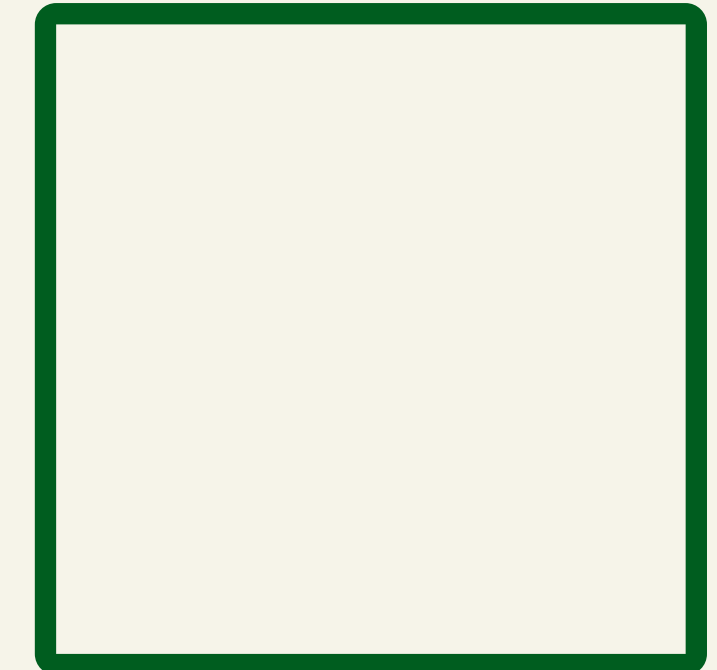
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# Americans are optimistic —and have good reason to be

Most Americans, regardless of income, feel optimistic about their income growth, being able to retire, and maintaining financial stability despite rising costs and debt.

Historical data reveals cause for all this optimism: Year over year, income growth is outpacing inflation. Generation to generation, buying power is increasing. Households are shrinking, reducing costs. Tax credits are allowing Americans to hold on to more of their income. And investors are benefiting from market gains.



# Americans believe in their economic mobility

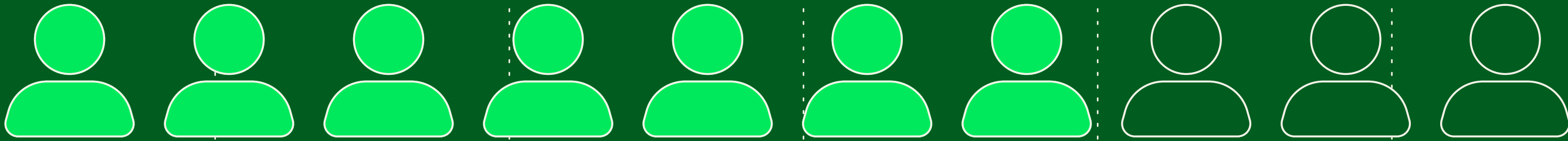
Two in three Americans, on average, expect to have greater economic opportunities than their parents had.



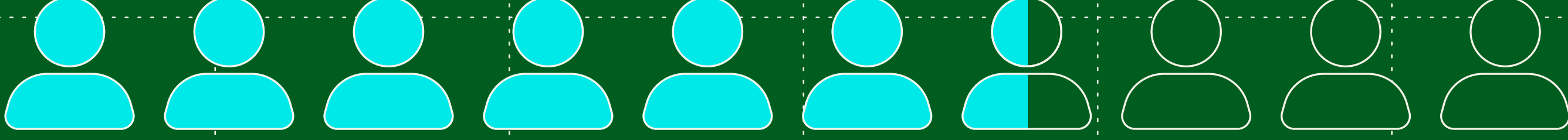
Strongly / Somewhat Agree:

“I expect to have greater economic opportunities than my parents had.”

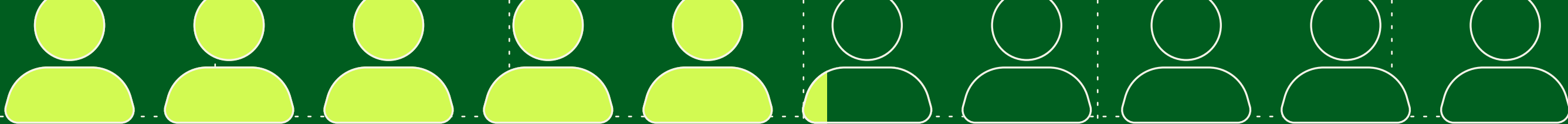
70%  
GEN Z



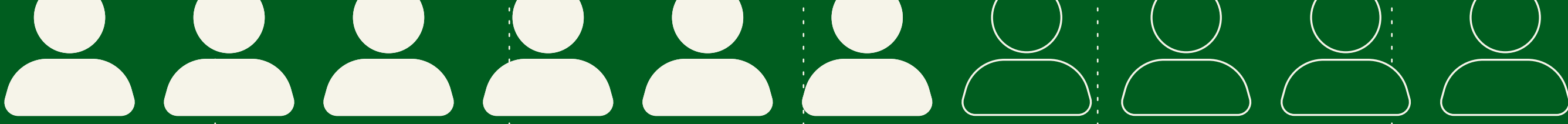
65%  
MILLENNIALS



53%  
GEN X



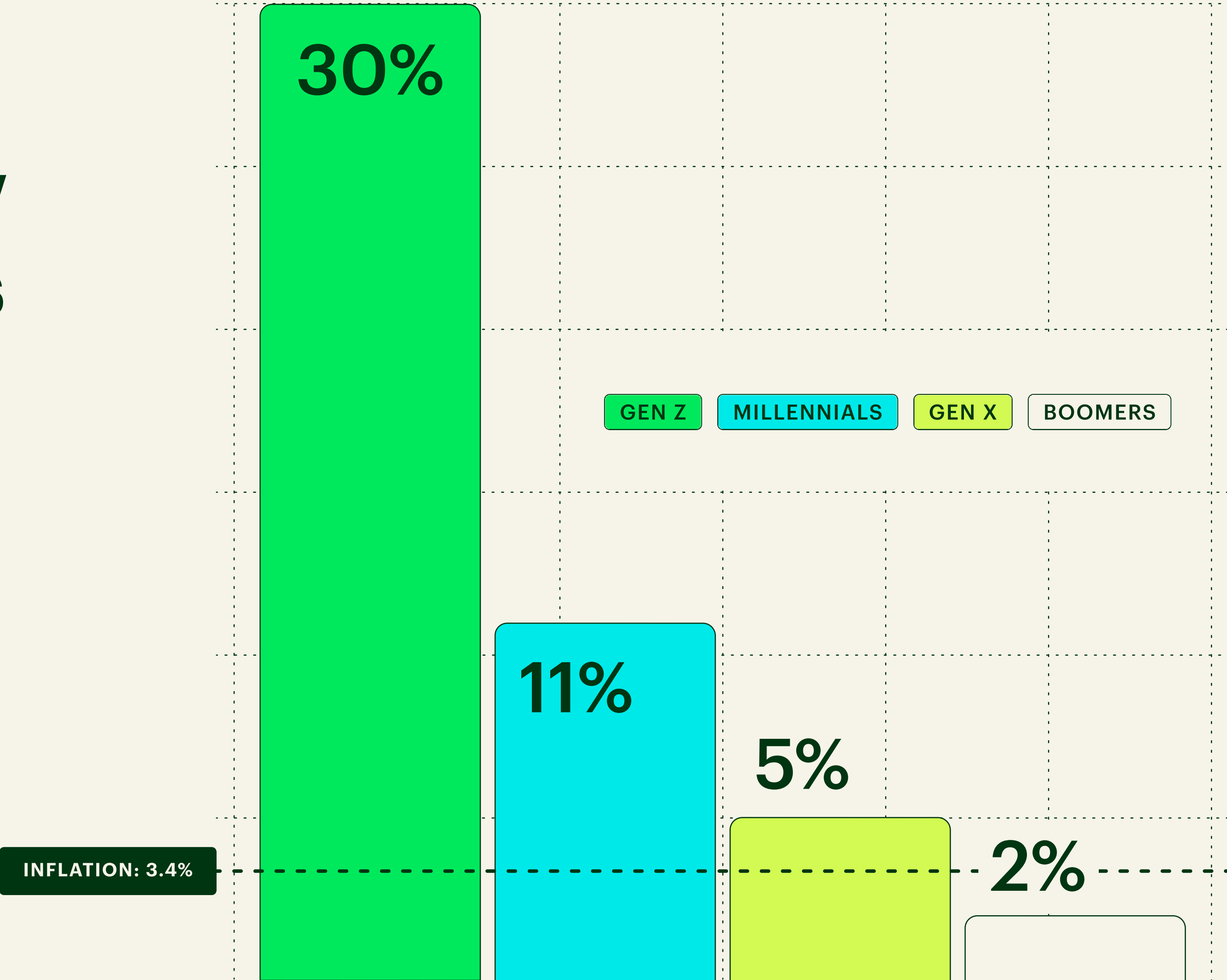
60%  
BOOMERS



Average increase in AGI\* in 2023 compared to 2022

# Younger earners saw the largest increases

Gen Z experienced the largest relative increase in earnings, making 30% more in 2023 than they did in 2022.

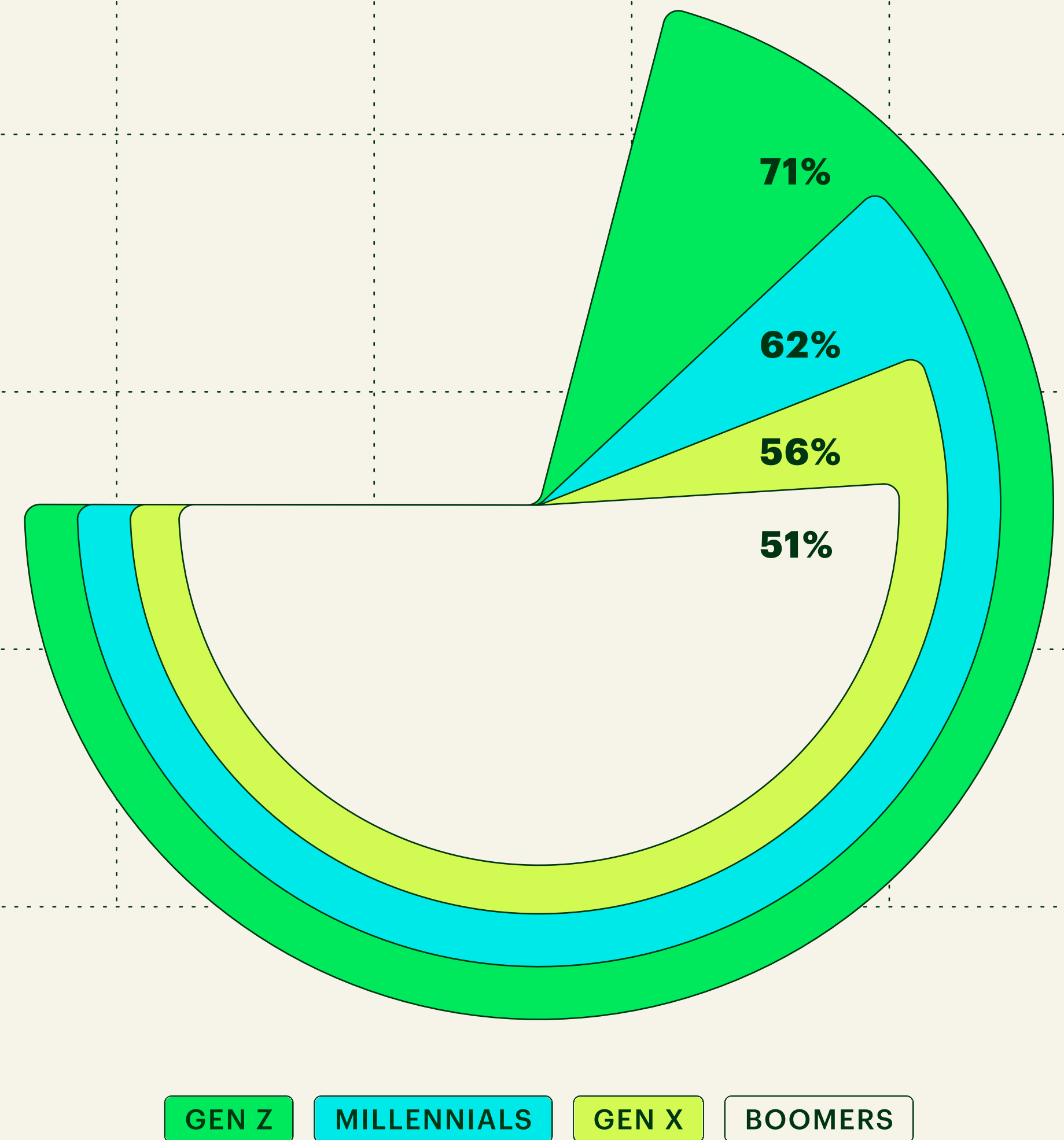


\*Year-over-year AGI growth beat inflation if higher than the increase in the consumer price index (CPI) between December 2022 and December 2023—which was 3.4%.

# Income gains have outpaced inflation

The data shows that most Americans across generations are earning at rates that beat inflation last year.

% of tax filers with AGI\* in 2023 higher than in 2022 at a rate beating inflation



\*Year-on-Year AGI growth beat inflation if higher than the increase in the consumer price index (CPI) between December 2022 and December 2023—which was 3.4%.



# Younger earners expect to earn more next year

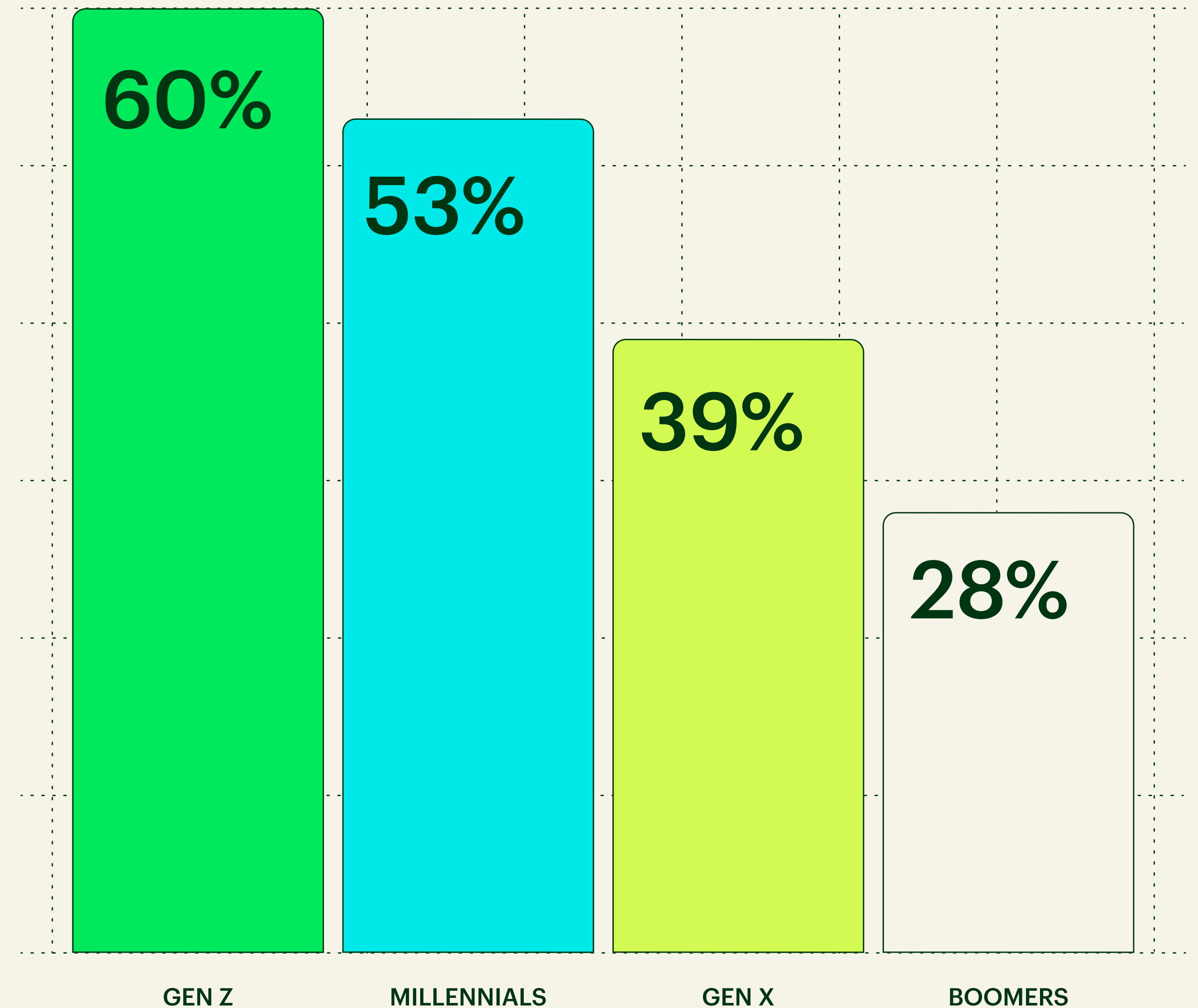
60% of Gen Z and 53% of Millennials agree that next year, their financial situation will look better than this year, and income is the most likely reason why.

“I’m most hopeful of being comfortable. I don’t need to be a millionaire. I just want comfort for my family.”

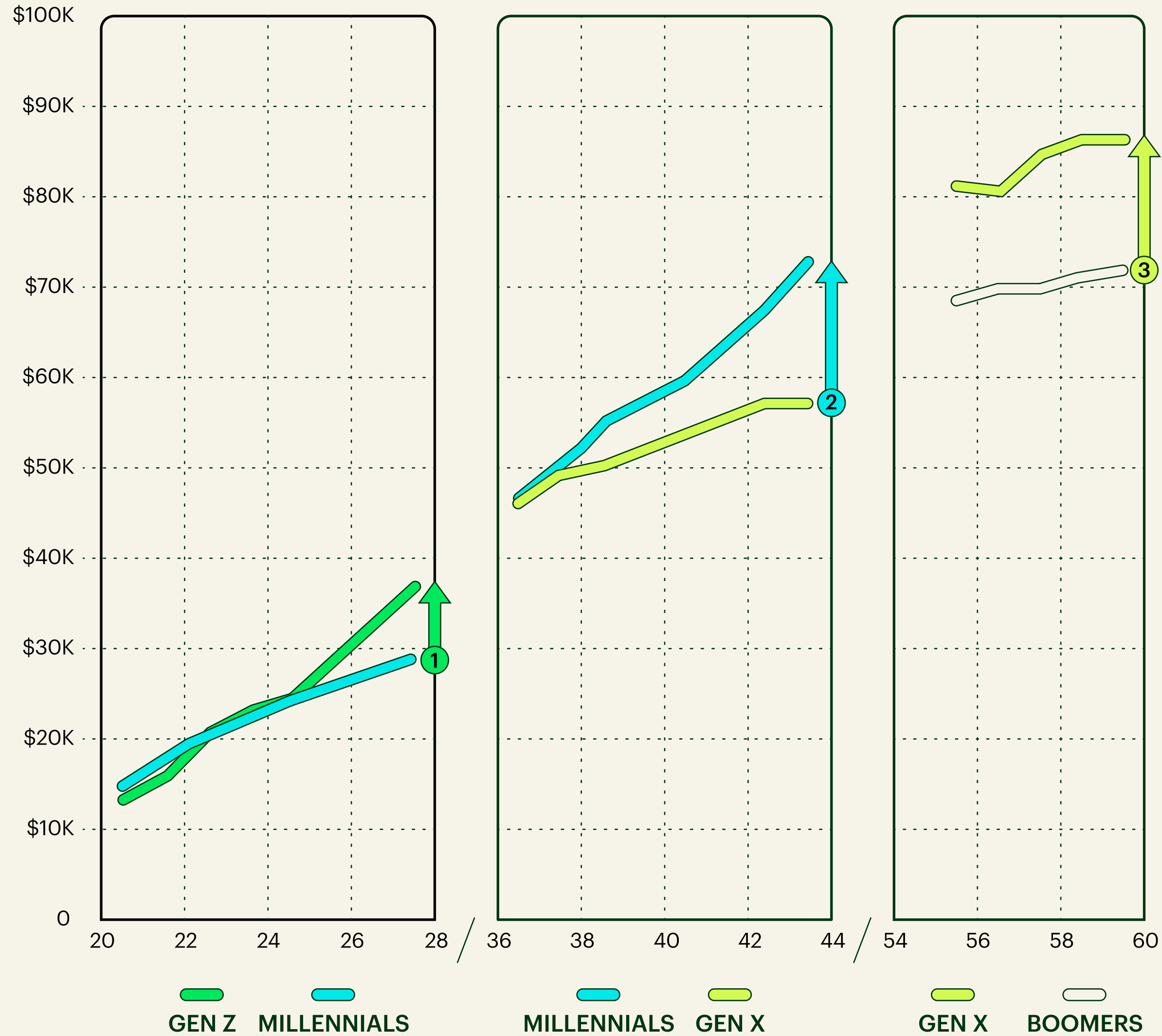
—Millennial respondent



% who agree that next year their financial situation will look better



## Average Annual Gross Income\* at Comparable Ages



# Each generation enjoys greater buying power

Historical data shows that, in 2024 inflation-adjusted dollars, each generation is earning more than the previous generation at the same age.

- ① Gen Z is enjoying as much as 30% more buying power than Millennials had at the same age.
- ② Millennials are enjoying as much as 30% more buying power than Gen X had at the same age.
- ③ Gen X has about 20% more buying power than Boomers had at the same age.

# Households are shrinking, but child tax credits are not

More Americans are opting not to have children, realizing a significant cost savings (on average, raising a child to age 18 costs \$237,482<sup>1</sup>). The number of taxpayers in their childbearing years who are filing as DINKs (double income, no kids) has more than doubled in less than a decade.

Those who do have kids are benefiting from tax credits. In 2023, the CTC collectively reduced Americans' taxes by \$74 billion and returned \$48 billion to taxpayers through refunds.<sup>2</sup>

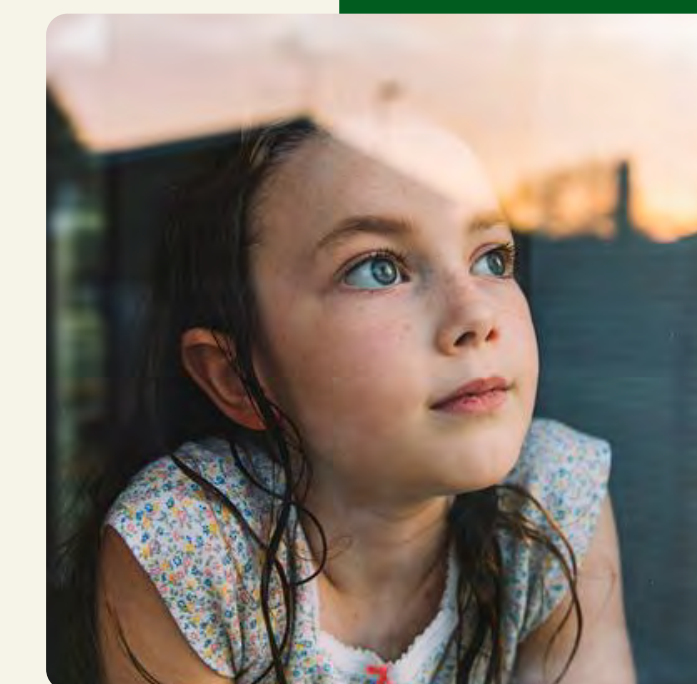
## More Millennial DINKs

Millennials today are more than 2x as likely (17% vs. 7%) as Millennials in TS2015 to file as double income, no kids.



Child Tax Credits reduced tax liabilities by

**\$78B**



<sup>1</sup> "Annual Costs to Raise a Small Child Increased By 19.3% Nationwide to \$21,681 Between 2016 and 2021," LendingTree. <https://www.lendingtree.com/debt-consolidation/raising-a-child-study/>

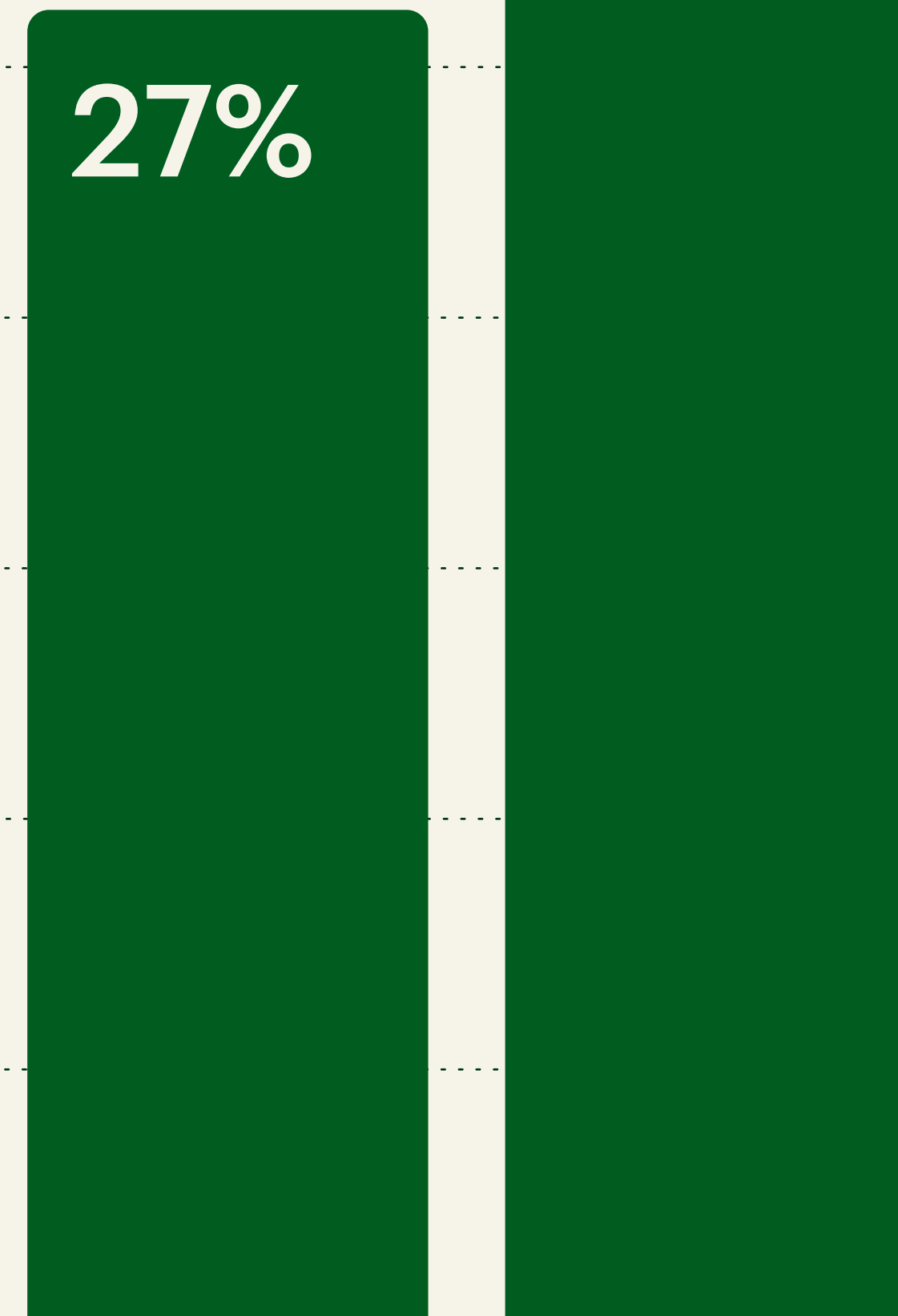
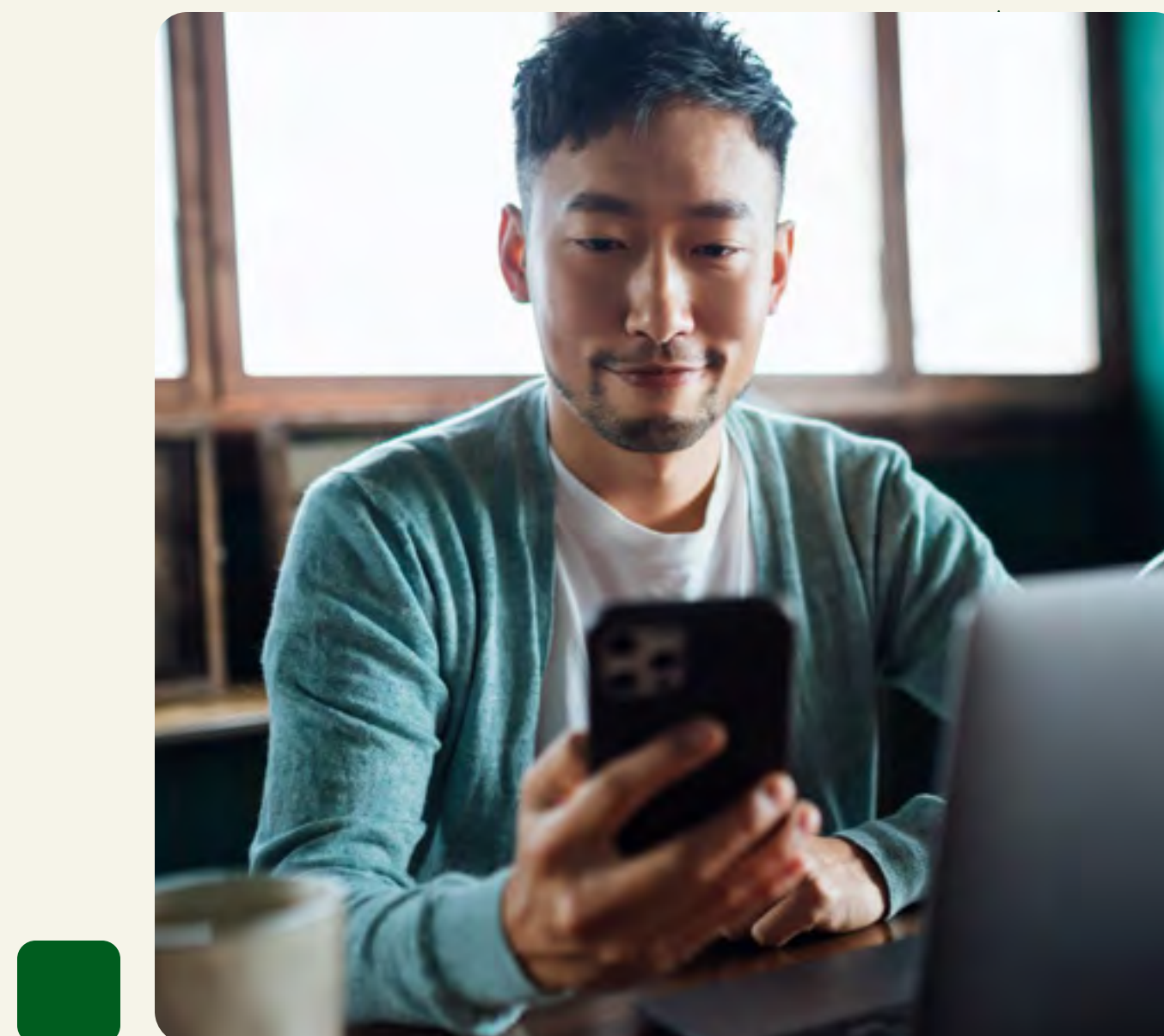
<sup>2</sup> "What is the Child Tax Credit?" Peter G. Peterson Foundation. <https://www.pgpf.org/budget-basics/what-is-the-child-tax-credit#:~:text=It%20is%20also%20partially%20refundable,credit%20on%20their%20federal%20return.>

# More Americans are making their savings work for them

About a third of H&R Block filers reported investment dividends and interest in TS2024, up 18% from a decade ago.

In the last decade, the share of tax filers reporting investment dividends and interest nearly doubled.

% who reported interest and dividends



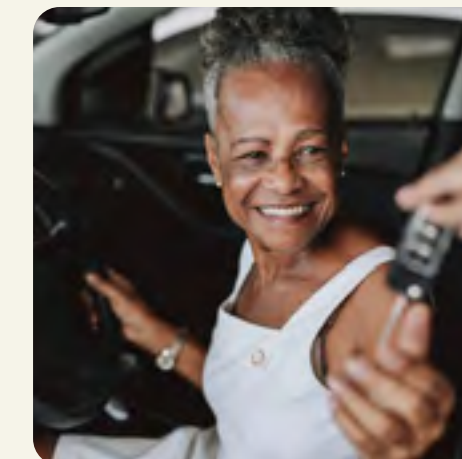
# How Americans spent their tax refund

94 million Americans received a tax refund through May 2024.<sup>3</sup>  
The average refund was \$2,869.<sup>3</sup>



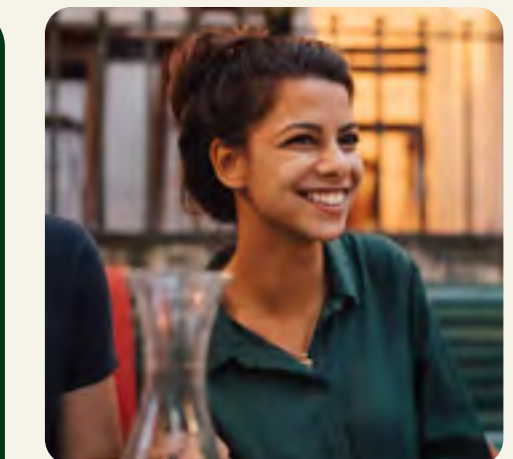
**1 in 4**

taxpayers used it to pay bills or cover taxes.



## Other Uses:

- Helping a loved one
- Splurging on dinner or a big-ticket item
- Saving/Investing

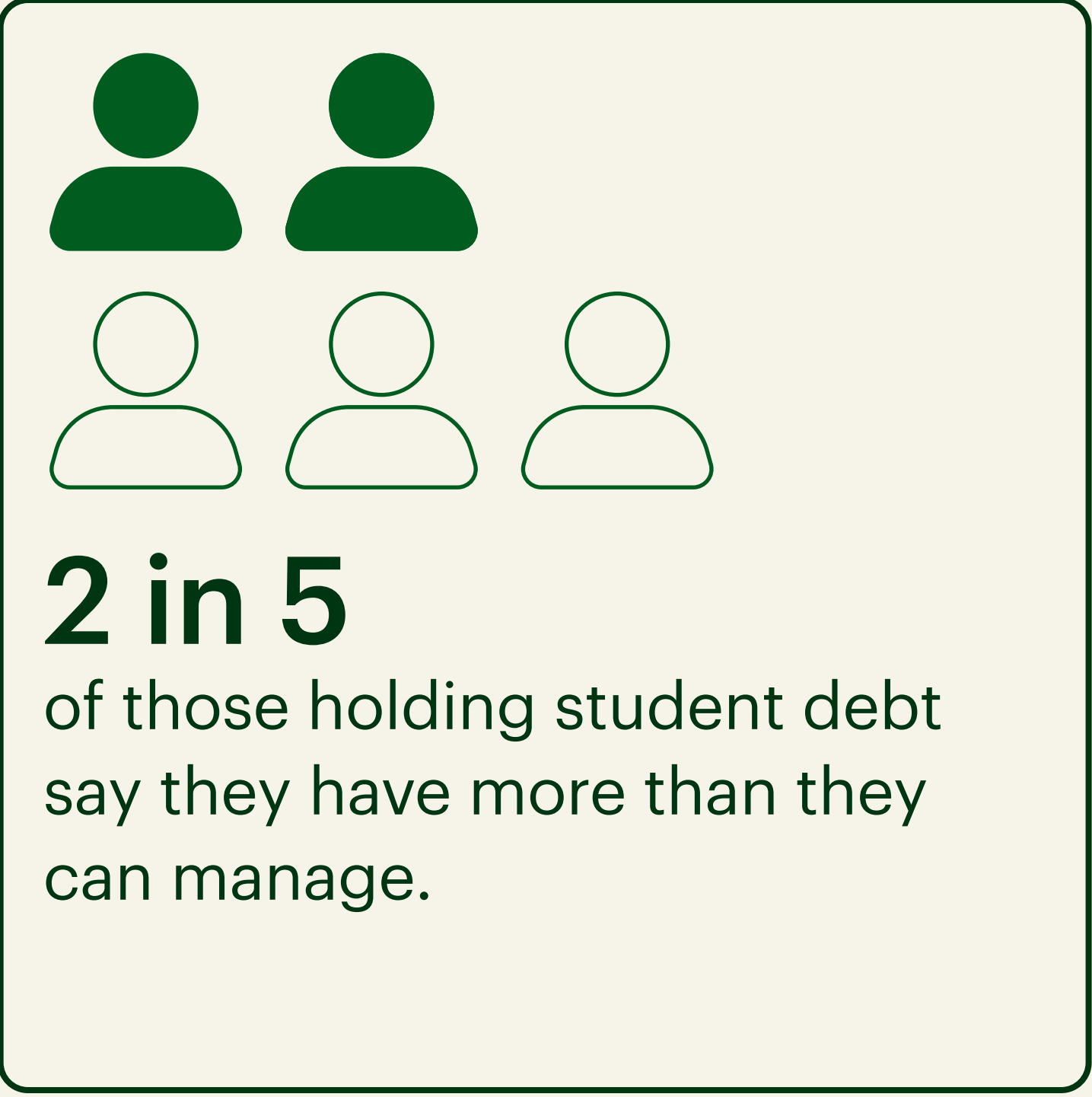


# Debt is the monster lurking under the bed

Rising costs make headlines, but for Americans of all ages, nonmortgage debt—credit card balances and student loans—looms ever larger as a threat to their financial stability.



# Student loans weigh heavily on all earners



# Gen X carries the most credit card debt—but Gen Z feels the most burdened

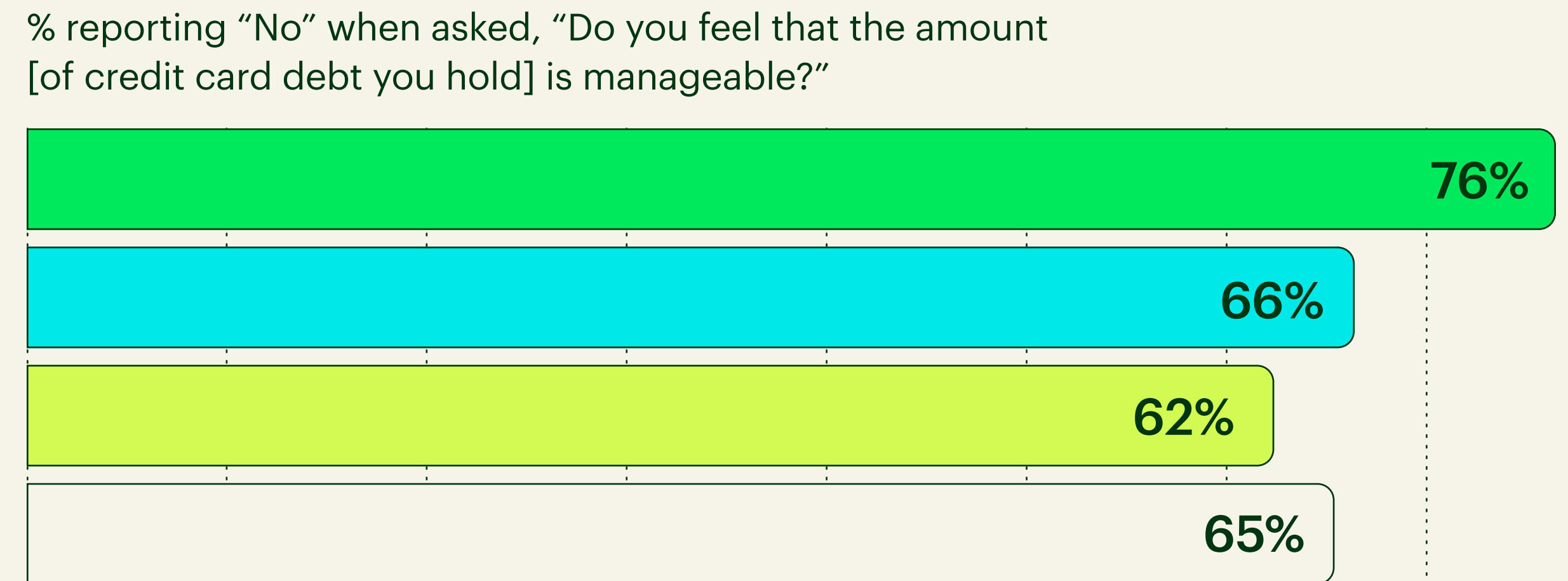
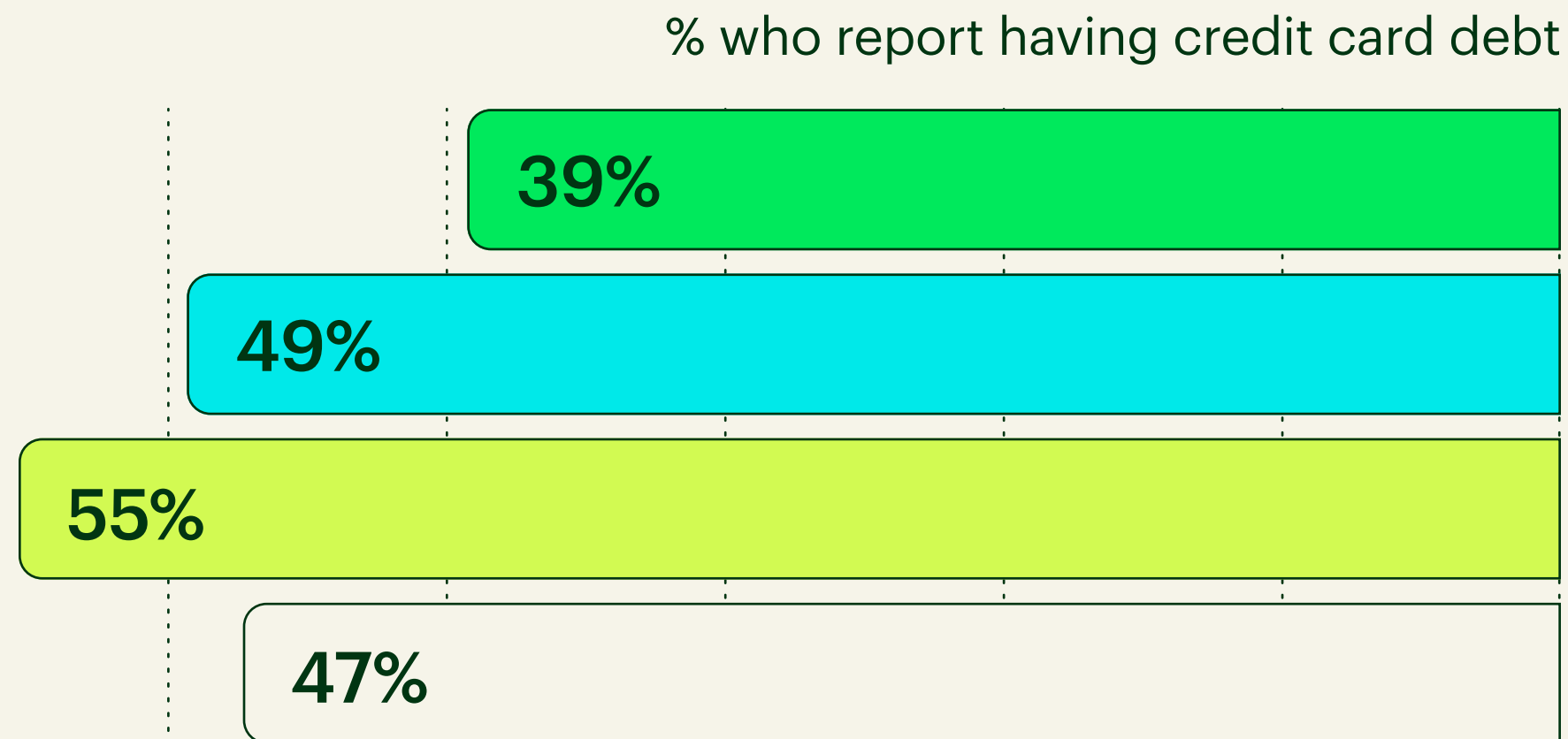
But all Americans have reason to be concerned. Consumer loans are at an all-time high of more than \$1 trillion.<sup>4</sup> Consumer credit card debt is now \$881 billion, down slightly from a 2023 record high of \$912 billion.<sup>5</sup> Delinquency on debt payments is also spiking, from a low of 1.5% in 2021 to 2.7% in Q2 2024.<sup>6</sup>



**Gen X** is the most likely to be “not at all confident” they’re doing what’s needed to meet longer-term goals such as saving for retirement.

**Nearly 1 in 2 Americans hold credit card debt, with Gen X being the most likely to be indebted.**

**Of those holding credit card debt, as many as 2 in 3 say their level of credit card debt is unmanageable.**



<sup>4</sup> “Consumer Loans: Credit Cards and Other Revolving Plans, All Commercial Banks.” Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/CCLACBW027SBOG>

<sup>5</sup> “Large Bank Consumer Credit Card Balances: Total Balances.” Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/RCCCBALTOT>

<sup>6</sup> “Delinquency Rate on Consumer Loans, All Commercial Banks.” Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/DRCLACBS>



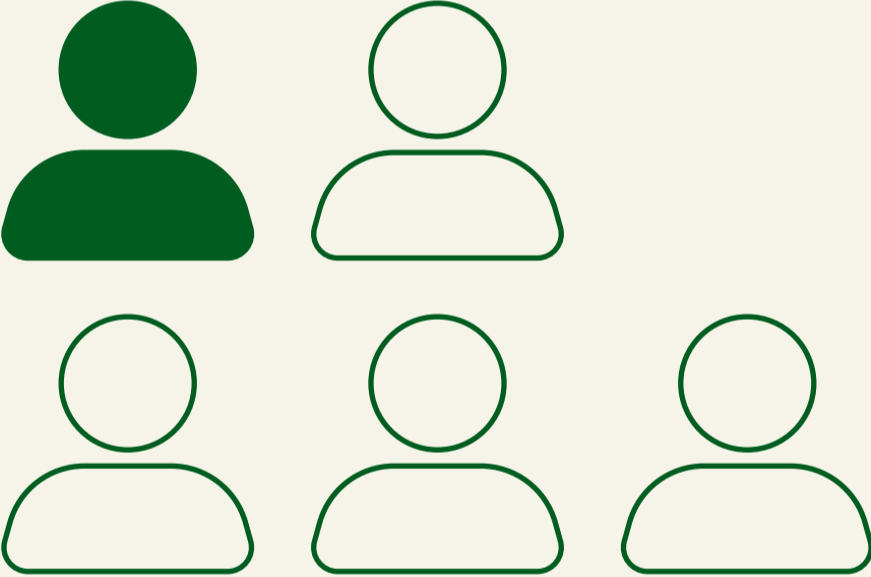
# Spending makes saving a challenge

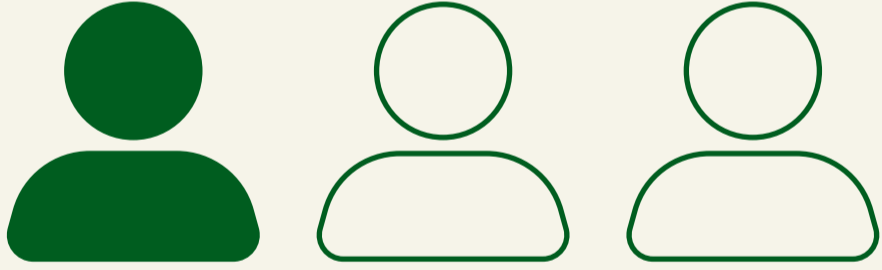


“One thing concerning my financial future that stresses me out is overwhelming debt, making it impossible to pay day-to-day expenses.”  
—Gen X respondent

**54%**  
of Boomers say they do not buy what they cannot afford (vs. 40% of Gen X, 28% of Millennials, and 30% of Gen Z).



  
**1 in 5**  
Americans say that, without a source of income, they wouldn't be able to cover household expenses for a full week.

  
**1 in 3**  
Americans spent all of or more than what they earned for the year.

# Gen Z is remapping the road to financial success

Gen Z aspires to financial success. To achieve it, they are changing jobs at unprecedented rates, starting new businesses, working side hustles, and investing.



# Aspiring to wealth, health, and home ownership

Gen Z wants what Americans have always wanted: the financial wherewithal to live according to their values.

## SAVING FOR A HOME



63%

of Gen Z aspires to save—or is already saving—for a home. 34% say that buying one will be their biggest financial challenge.

## PURCHASING A HOME

23%

say they will purchase a home in the next 12 months—making them just as likely as Millennials (24%).

## LIVING WELL



95%

say “Maintaining my health/wellness” is very/somewhat important.

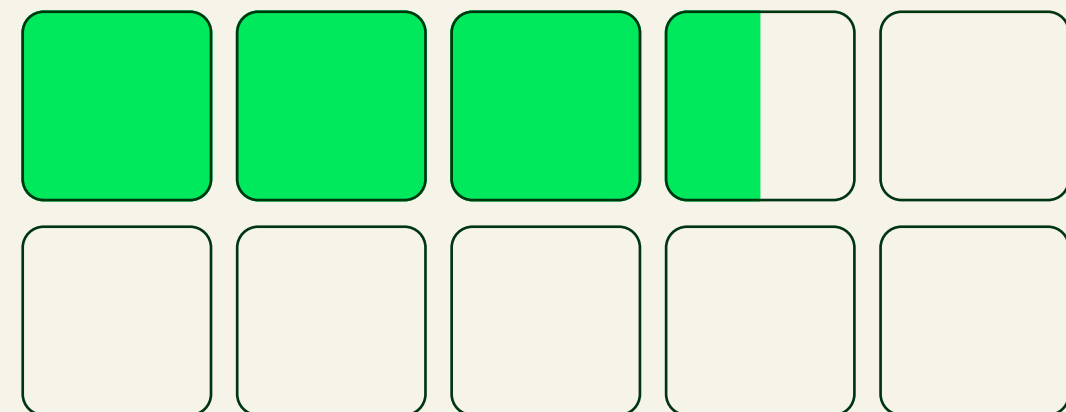
# Finding new ways to earn

Gen Z is more innovative—and financially savvy—than older Americans expect. To accelerate wage gains, they’re hopping from job to job. To augment income, they’re driving for apps and monetizing hobbies. To grow savings, they’re investing in crypto as well as gold.

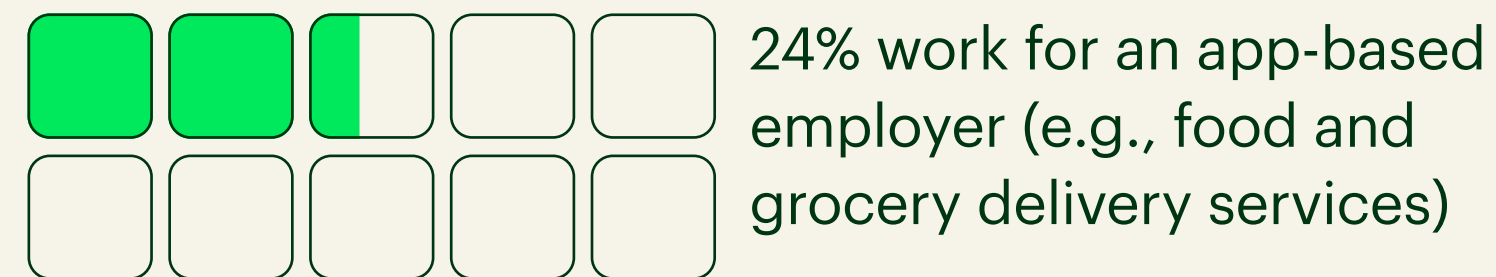


## Job Hoppers

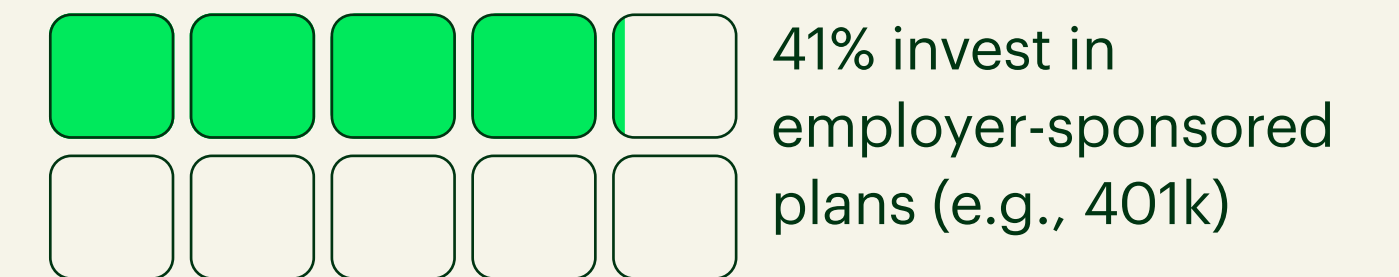
Almost 1 in 3 changed jobs last year. Among those, **35% say they did so to increase earnings.**



## Income Diversifiers



## Innovative Investors



# Working as W-2s as well as 1099s

While a majority of Gen Z prefers to work for a large company, about a third want to work for themselves—by starting a small business, working as an influencer, or working as an artist/maker.

W-2s

59%

of Gen Z would prefer to be salaried employees.

Among these respondents, working on-site and at a large company are top preferences.



1099s

29%

aspire to work for themselves.


Of this group, 59% wish to have a small business, 22% to work as an influencer/streamer, and 14% to work as an artist/maker.



# What's your (side) hustle?

The number one hustle across age groups? Conducting or answering surveys.

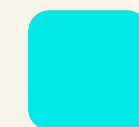
**1**  
Conducting/  
Answering Surveys



**2**  
Driving  
for an  
App



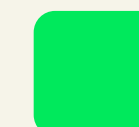
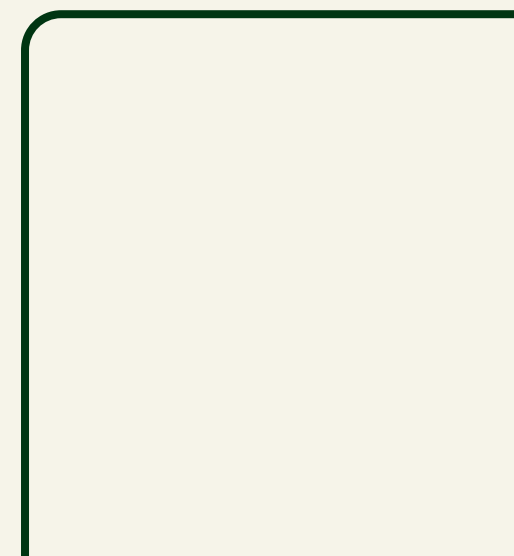
**3**  
Testing or  
Reviewing  
Products



**4**  
Selling on  
Etsy, eBay,  
or Mercari

**5**  
Babysitting,  
Pet-Sitting,  
Dog Walking

**6**  
Tutoring



# Saving for the future

Gen Z recognizes the importance of saving for retirement. But more than a third feel unable to put aside money right now.

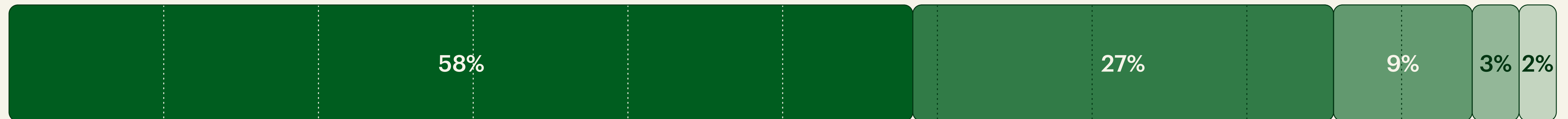


**Nearly 1 in 4**  
Gen Z is saving for retirement.

## 86% say it is very/somewhat important to save for retirement

How important do you think it is to save for retirement?

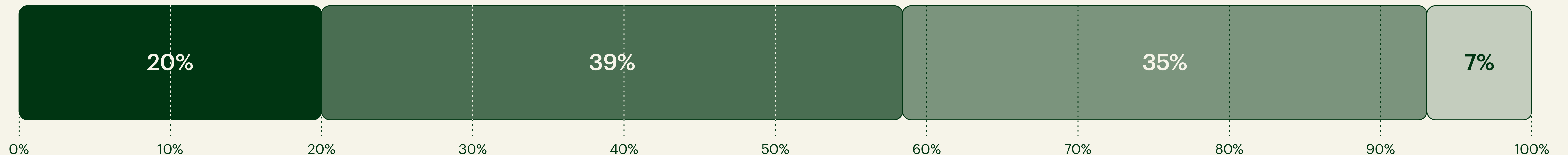
Very important   Somewhat important   Neither important nor unimportant   Somewhat unimportant   Not at all important



## 35% say they are unable to save or invest right now

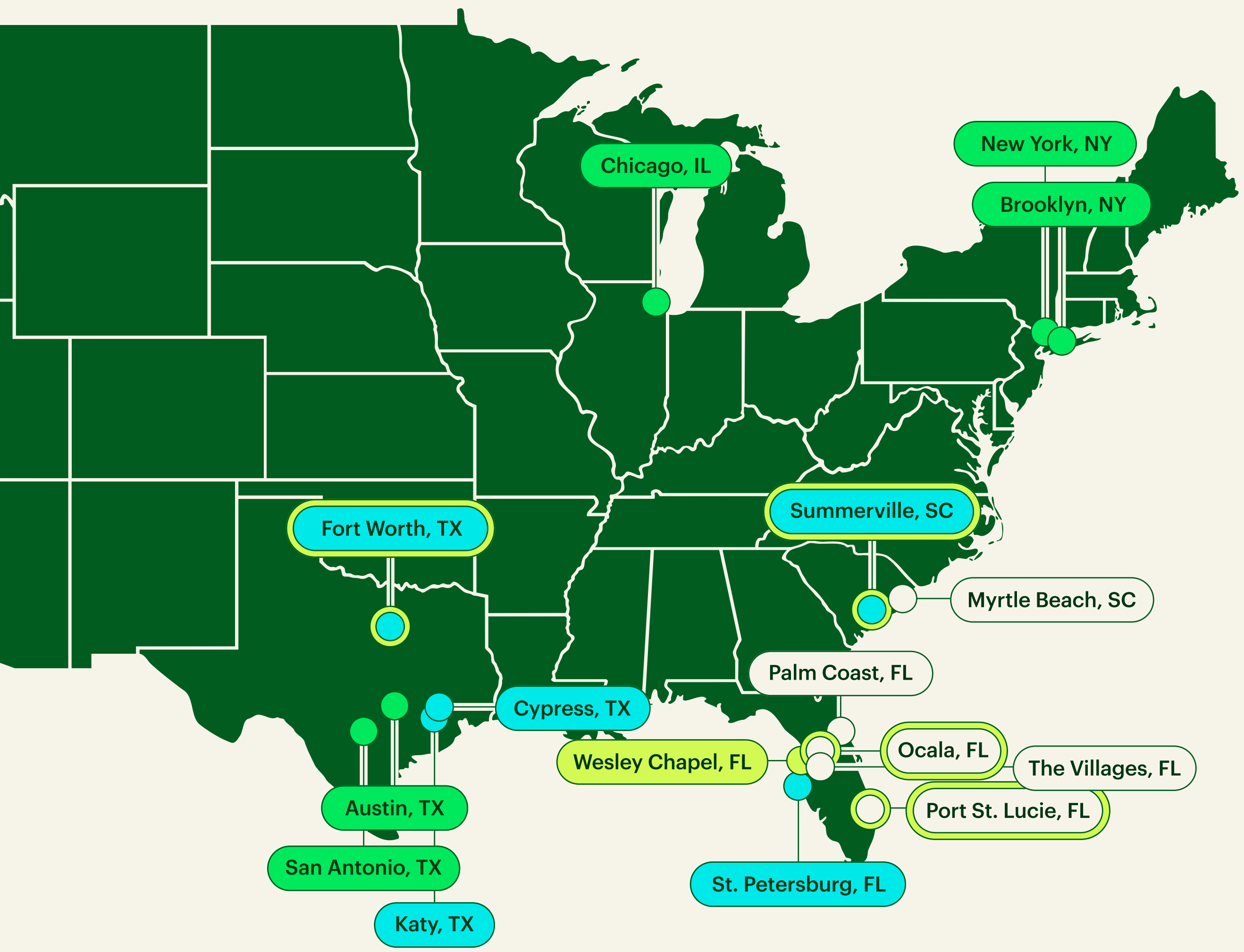
How much of your income do you currently save and/or invest?

What I need to achieve my savings goals   Some, but not as much as I'd like   I am unable to save/invest right now   I don't feel I need to save or invest right now



# Where Americans are moving

Gen Z was most likely to relocate last year. Top considerations? Cost of living, employment opportunities, commute, safety, and proximity to family and friends.



**Gen Z**

1. New York, NY
2. Chicago, IL
3. San Antonio, TX
4. Brooklyn, NY
5. Austin, TX

**Millennials**

1. Fort Worth, TX
2. Katy, TX
3. Summerville, SC
4. Cypress, TX
5. St. Petersburg, FL

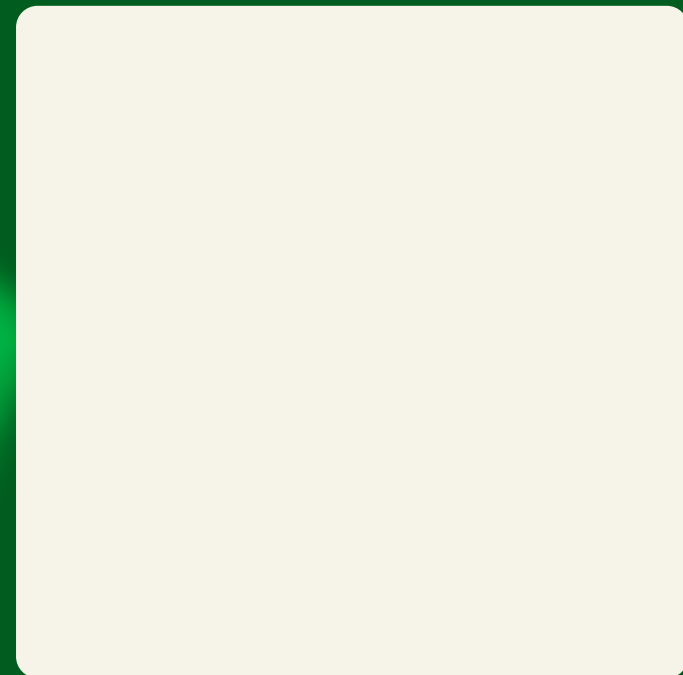
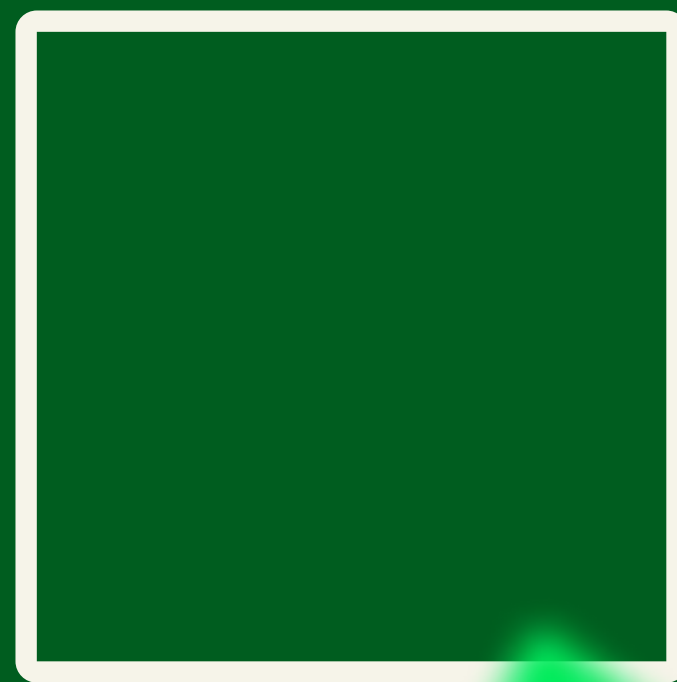
**Gen X**

1. Ocala, FL
2. Wesley Chapel, FL
3. Fort Worth, TX
4. Summerville, SC
5. Port St. Lucie, FL

**Boomers**

1. Ocala, FL
2. The Villages, FL
3. Palm Coast, FL
4. Myrtle Beach, SC
5. Port St. Lucie, FL





# 2024 Outlook on American Life



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#### About H&R Block

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