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2024 Personal Finance Year in Review

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Today's Presenter



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Distinguished Professor Emeritus
Rutgers University

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Dr. Barbara O'Neill,
CFP®, AFC®

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Disclaimer

Today's presentation is education, not advice.

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Agenda

- Discuss key research findings from 2024
- Discuss key financial events & trends from 2024
- Discuss key military finance trends from 2024
- Preview announced financial changes for 2025
- Q&A

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Share your
answers
with us in
the chat pod!

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What do **YOU** think was
the biggest financial news
story of 2024?



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2024 Personal Finance Events

**CAR LOAN
REPAYMENT
STRESS**

21.5% credit
card APRs

Loud Budgeting
and cash stuffing

Property insurance premiums ↑

NAR real estate agent
fees settlement

CPI (inflation rate) ↓

Interest rates (slowly) ↓

NEW investment
product: Bitcoin ETFs

Record food
inflation

SAVE student loan
forgiveness program
on hold

CD maturity
tsunami

Multiple DJIA stock index
milestones

Final SECURE Act regs for non-
spouse beneficiary RMDs

More state financial
education mandates

Photo by Dr. Barbara O'Neill

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REVIEW

2024 Research Studies

2024

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Research: Economic Well-Being of U.S. Households

Board of Governors of the Federal Reserve System. (2024). *Economic well-being of U.S. households in 2023*.

<https://www.federalreserve.gov/publications/files/2023-report-economic-well-being-us-households-202405.pdf>

Well-being in 2023 remains steady but below the 2021 high. Americans have concerns about inflation and ability to pay for an emergency.

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Research: Lifetime Benefit of Financial Education

Tyton Partners and Next Gen Personal Finance. (2024). *Investing in tomorrow: Lifetime value of financial education in high school*.

<https://4213961.fs1.hubspotusercontent-na1.net/hubfs/4213961/Tyton%20Partners%20Investing%20in%20Tomorrow%202024.pdf>

Taking a high school financial education class provides a lifetime benefit of \$100,000 per student. This value stems from avoiding high-interest debt, improved credit scores and accumulating larger retirement savings.

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Research: “Cost of Living Creep” (COLC)

Intuit. (2024). *More than three quarters of Americans are experiencing a cost-of-living creep.* <https://www.creditkarma.com/about/commentary/more-than-three-quarters-of-americans-are-experiencing-a-cost-of-living-creep>

Rising costs of living have affected 80% of Americans. COL increases hinder financial progress including debt repayment and retirement savings. Americans worried their income may never catch up.

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Research: Buy Now, Pay Later (BNPL) Shopping

PMNTS Intelligence. (2024). *1 in 4 millennial shoppers trades down when BNPL is unavailable.* <https://www.pymnts.com/buy-now-pay-later/2024/1-in-4-millennial-shoppers-trades-down-when-bnpl-is-unavailable/>

Consumers are seeking out BNPL. **Millennials may opt for cheaper alternatives or not make the purchase at all when BNPL is not available.**

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Research: Grocery Shopping and Credit Card Bills

Yang, J. & Lee, J.Y. (2024). *No credit score? A grocery list could be the next best thing.* The Conversation. <https://theconversation.com/no-credit-score-a-grocery-list-could-be-the-next-best-thing-234887>

Consistent grocery shopping habits and healthier food choices are linked to timely credit card payments, while frequent purchases of cigarettes or energy drinks increase the likelihood of missed payments.

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Research: Hardiness and Financial Stress

Graham, B.A., Sears, L., Cheung, J. Chodavarapu, S., & Sinclair, R.R.. (2024). *Money on my mind: How does hardiness relate to financial stress.* Journal of Financial Counseling and Planning, 35(1).
<https://connect.springerpub.com/content/sgrjfc/35/1/96>

Perceived income adequacy (PIA) is negatively related to financial stress. Hardiness is positively related to PIA. **More hardy people tend to perceive less financial stress.**

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Research: Framing Financial Education Information

Kim, E. (2024). *Psychological factors strongly influence the timing of Social Security benefits*. *AAll Journal*, 66(6). <https://www.aaii.com/journal/article/212020-psychological-factors-strongly-influence-the-timing-of-social-security-benefits>

Claiming Social Security benefits earlier is predicted by psychological ownership of benefits and degree of loss aversion. **Nudges intended to delay benefit claims may prompt earlier claiming.**

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Research: Amount Needed for a Comfortable Retirement

Picchi, A. (2024, April 18). *Here's how much Americans say they need to retire-and its 53% higher than four years ago*. CBS News Moneywatch. <https://www.cbsnews.com/news/retirement-savings-how-much-americans-need-1-46-million/>

2024 *Planning and Progress Study: Work, Retirement, and Taxes* (2024). Northwestern Mutual. https://filecache.mediaroom.com/mr5mr_nwmatural/179070/2024%20PP%20Wave%20II%20Data%20Deck_%20Work%20%20Retirement.pdf

The number people think they need to retire has increased 52% since 2020 and 15% since 2023. Gen Z and millennials expect to need \$1.6 million. Average U.S. adult has \$88,400 saved.

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Research: Military Households Retirement Confidence Survey (RCS) Subsample

Copeland, C. & Greenwald, L. (2024). *Military households and retirement: Findings from the 2024 retirement confidence survey*. Employee Benefit Research Institute. <https://www.ebri.org/content/military-households-and-retirement--findings-from-the-2024-retirement-confidence-survey>

Military household more likely to have highest level of financial assets and higher retirement confidence. Also more likely to borrow from retirement plan and have married and widowed respondents.

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2024 Trends and Events

TRENDS

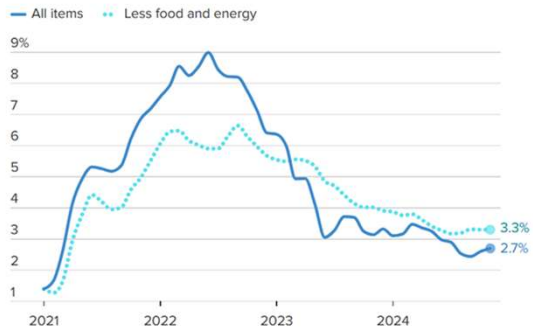
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Inflation

U.S. consumer price index

Year-over-year percent change | Jan. 2021–Nov. 2024



Source: U.S. Bureau of Labor Statistics

- Consumer Price Index
- Slowing inflation



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Interest Rates

- Federal Reserve interest rate steady from Jan. to Sept.
- Inflation rates
- Impacts on consumers
- Interest rate cuts

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Credit

- Spending and delinquency rates
- Non-mortgage debt
- Average credit card APR
- Cap on late fees

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College Funding and Student Loans

- Delays rolling out FAFSA form
- SAVE program paused
- Public Service Loan Forgiveness

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Housing-Homeownership

- Flexibility from NAR settlement
- Affordability workarounds
- Falling home sales
- No quick fix from falling interest

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Housing-Renting

- Rent prices
- Wages are rising slower than rent
- Contributing factors

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Banking

- Investment in technology
- Changing interest rate era
- Top-yielding savings accounts

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Saving



Source: U.S. Bureau of Economic Analysis

- U.S. Savings Rate
- Promotions for new deposits
- “CD maturity tsunami”

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Investing-Other Than Stock

- Bitcoin volatility
- Inverted yield curve
- Money market funds
- I-bond rates

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Investing-Stocks, Mutual Funds, and ETFs

DJIA Milestones:

- 1/2/24: 37,715
- 1/22/24: 38,000
- 2/22/24: 39,000
- 5/16/24: 40,000
- 7/17/24: 41,000
- 9/19/24: 42,000
- 10/14/24: 43,000
- 11/11/24: 44,000
- 12/4/24: 45,000

“Like nothing seen in decades”

- S&P 500 crosses 5,000
- Stock market rally drivers
- Stocks sank but came roaring back
- Stocks are 42% of total financial assets

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Shopping and Spending

- Retail trends
- Record food inflation
- Consumer spending record

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Vehicle Purchasing

- \$1,000 payments
- Higher APRs and insurance premiums
- Repossessions climbed
- “Upside down” drivers

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Insurance

- Auto insurance costs, factors and workarounds
- Use of drones by home insurers
- Reinsurance

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Taxes

- Average tax refunds
- SECURE act regulations for non-spouse beneficiaries
- IRS Direct File program pilot
- Tax Cuts and Jobs Act

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Retirement Planning for Young Adults

- Inheriting retirement accounts
- Quarter of coverage
- SECURE 2.0

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Miscellaneous Finance-Related Events

- GDP metrics
- Identity theft
- U.S. fertility rate
- "Two Americas"

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2024 Milestone Financial Anniversaries

- 100th anniversary of the Massachusetts Investors' Trust
- 50th anniversary of Employee Retirement Income Security Act & the Equal Credit Opportunity Act
- 25th anniversary of QQQ exchange-traded fund

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2024 Vocabulary: Financial Phrases and Acronyms

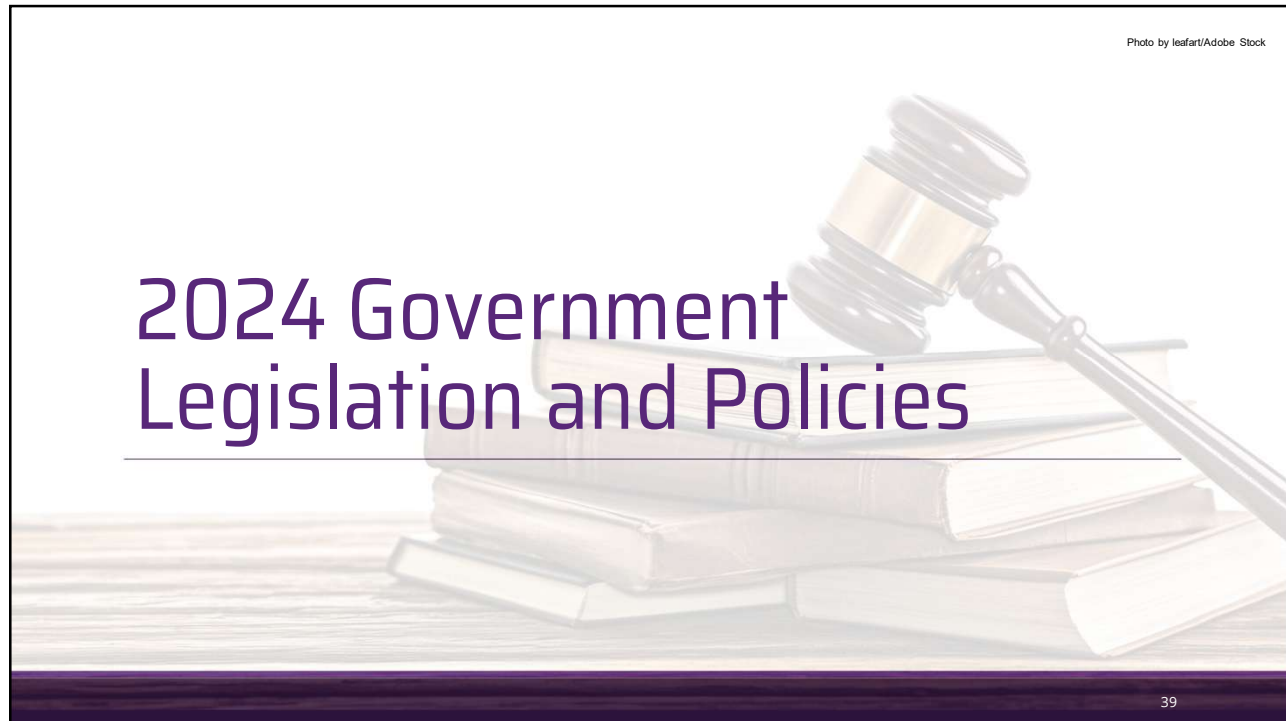


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- **Loud Budgeting:** Public displays of money management practices
- **JOMO:** Joy of Missing Out (i.e., the exact opposite of FOMO)
- **Cash Stuffing:** Updated term for the envelope method
- **Peak 65:** The largest surge of people turning 65 from 2024-2027
- **Spaving:** The practice of spending money to save money
- **Bulk Sharing:** Working with others to buy items in bulk
- **Dupes:** Lower price alternatives to name brands
- **Motion:** Gen Z slang for someone who has a lot of money
- **October Theory:** Set goals and change habits in last 3 mo. of year
- **Boomer Hoarding:** Kids want financial help now

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Government Agency Rules

- CFPB personal financial data rights Rule 1033
- U.S. Department of Labor final fiduciary rule
- FTC "Click to Cancel" rule


CANCEL 

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Flexible Spending Accounts (FSA)

- Special enrollment period for Health Care FSA in March 2025
- 2024: First year of Dependent Care FSAs
- Scan QR code to watch the on-demand webinar



The screenshot shows the OneOp website interface. At the top, the logo reads 'OneOp Readiness. Knowledge. Network.' with navigation links for 'Courses' and 'Upcoming Webinars'. The main content area features a webinar titled 'Flexible Spending Accounts: A Tax-Advantaged Way to Pay for Expenses'. Below the title is a video player showing a pink piggy bank with 'FSA' written on it. To the left of the video player is a sidebar with 'DETAILS', 'CATEGORIES' (listing 'Military, Service and Family Life'), and 'MORE INFO' (listing 'Format: On-Demand Webinar' and 'Learning Objectives: Health, Available'). Below the video player is a section titled 'About This Webinar' with a brief description. At the bottom of the screenshot is a purple button with the URL oneop.org/learn/160047/.

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Other 2024 Military Personal Finance Events

- Temporary Lodging Expenses
- Temporary Lodging Allowance
- Housing allowance
- Pay increases

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Other 2024 Military Personal Finance Events

- Well-being initiatives
- Pet relocation reimbursement
- Dislocation allowance
- NewDay USA
- VSAFE

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2025 Personal Finance Changes

2024

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Inflation Indexing

- Cost of living adjustment
- 2025 standard deduction
- Dollar limit increases
- Tax exclusion increases

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Retirement Savings Plans

- TSP contribution limits
- IRA contribution limits
- Plan participants ages 60-63

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Key Take-Aways

- Benefits of financial education
- Grocery shopping habits & credit card use
- Inflation has cooled
- Low home & vehicle affordability
- Roaring bull market for stocks
- Federal funds rate and bank account APYs started to decline
- Increased insurance premiums
- “Two Americas”

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Reflection Activity

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What is the most interesting or useful thing that you learned today?



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Questions

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Upcoming Event



2025 Tax Updates: What Service Providers Need to Know

Tuesday, February 11, 2025
11:00 am - 12:30 pm ET



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