



## H&R Block's Annual 'Outlook on American Life' Report Provides Insight into Middle America and Factors Influencing the Nation's Economy

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### The third annual report reveals there isn't one middle America but rather two, Millennials and Baby Boomers

KANSAS CITY, Mo., Oct. 26, 2023 (GLOBE NEWSWIRE) -- Middle America looks remarkably different today than 20 years ago, according to the latest [Outlook on American Life](#) report from [H&R Block](#) (NYSE: HRB). Now in its third year, the report garners insights from the 20 million Americans who filed their taxes with H&R Block in 2023 to shed light on hardworking middle-income Americans and the less visible forces shaping the nation's economy. This year's research surfaced that there are, in fact, two middle Americas, not one, comprised of two distinct groups – Millennials and Baby Boomers. While these two middles differ in many aspects of life, they intersect in some unlikely areas.

Analyzing insights from anonymized tax return data, the 2023 Outlook on American Life report focuses in on the 4.6 million, or 44%, of middle-income Americans who reported an adjusted gross income (AGI) between \$45,000 and \$145,000. In addition to the tax return data, H&R Block commissioned a general population survey of 1,007 taxpayers over 18 years old, 40% of whom were Millennials (ages 25-44) and 42% were Boomers (55+). By looking at almost a billion data points from this subset since 2000, the report paints a picture of not only who these hardworking Americans are today but also how these taxpayers have changed over time, including their feelings towards income, changes in marriage and retirement ages, where they are most likely to live, and more.

"Each year, H&R Block assists 20 million American households in filing their tax returns, many of whom fall into what most consider middle income. This makes us uniquely positioned to paint a portrait of Americans," said Kathy Pickering, Chief Tax Officer, H&R Block. "Understanding their attitudes and decisions that impact their financial status is important because middle Americans can move the economic needle in either direction very quickly."

### No Longer Married

This year's report shows Middle America is shying away from walking, running, or jogging down the aisle, with only 43% of Millennials and 50% of Boomers in the Middle American income bracket filing jointly in 2023. That's significantly lower than a generation ago. In 2000, 73% of Middle Americans between the ages of 25 and 44 and 70% of those over 55 filed jointly.

While these trends conform to national data showing Millennials marrying later, if at all, and married Boomers divorcing before retiring, the drop was prominent. Compared to 20 years ago, filers between the ages of 25 and 44 are 105%, and those ages 55 and over are 79%, more likely to file single than those at the same ages 20 years ago. This can be attributed to the growth in income and financial independence the two groups have achieved in the past 20 years.

### Income Isn't Keeping Pace

Among the filers in the household income range of \$45,000 - \$145,000, the report found the majority to be making under \$80,000. This year's report also sheds more light on how these hardworking Americans feel about their income growth.

While income growth for Millennials seemed promising, with 42% saying they are better off this year than last and 58%—more than any other generation—saying their income has increased over the previous few years, only half (53%) are satisfied with the pace of their gains.

Conversely, 65% of Boomers are flat-out dissatisfied with their income growth, with 42% saying they are worse off this year than last. 38% of Boomers believe their financial situation will remain the same, while 28% think it will worsen, leading to pushing off retirement.

### Working Harder Than Ever

The report also shows the vast majority of Millennials work full-time and, on average, two jobs to keep up with inflation and augment their income, with nearly one in three intending to work for an app-based company.

Ambition and entrepreneurship are also major driving forces for them, as one of every four Millennials plans to start a business within the next year, and 43% intend to acquire a new skill. Millennials are also the group most likely to rent out their home or part of it to earn some extra cash.

"Side hustles and alternative ways of earning a living remain on the rise, particularly among Millennials, with most reporting it is to keep up with rising inflation rates," said Pickering. "This has other implications, though, such as more complicated tax returns. We find that these taxpayers need more guidance and assistance to navigate these unique tax situations."

### A Shift to The Coast

In addition to growing changes in income and lifestyle, Middle America has also undertaken significant geographical moves. In 2020, rolling lockdowns and persistent uncertainty dampened state migration rates across all age groups. But as travel resumed, migration rebounded. In 2021, Millennials were 7% more willing to change states than before the pandemic, and Boomers 14%.

What may be surprising is where Middle Americans wound up. The report indicates that many Middle Americans leave large cities and colder states for less congested areas and warmer climates. By volume, the top five destinations for migrating Millennials in 2022 were Texas, Florida, California, North Carolina, and Virginia. The top five for Boomers included Florida, Texas, Arizona, North Carolina, and South Carolina.

For more information and insights on Outlook on American Life, please visit [OutlookonAmericanLife.com](#).

### About H&R Block

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**For Further Information**

Media Relations: Teri Daley, (816) 854-3787, [teri.daley@hrblock.com](mailto:teri.daley@hrblock.com)  
Heather Woodard, (660) 864-3836, [heather.woodard@hrblock.com](mailto:heather.woodard@hrblock.com)

Investor Relations: Michaella Gallina, (816) 854-3022, [michaella.gallina@hrblock.com](mailto:michaella.gallina@hrblock.com)  
Jordyn Eskijian, (816) 854-5674, [jordyn.eskijian@hrblock.com](mailto:jordyn.eskijian@hrblock.com)