KEY INSIGHTS & OPPORTUNITIES

Consumer Spending & Investment Behavior *in 2025*

The future belongs to those who **lead with insight** and **show up consistently**.

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So far, 2025 has been a year where investors and consumers have had to endure periods of remarkable, *historic economic turbulence*, all coming off the heels of optimistic signs.

Inflation has remained stable in recent months, *at 2.8% over the past year*.

Still, a sense of uncertainty remains among numerous households, businesses, and financial professionals. With interest rates remaining above historical norms, the interplay between consumer spending, investment trends, and macroeconomic factors cannot be overstated.

This white paper combines the most relevant economic data with insights into evolving generational mindsets, allowing advisors to develop proactive marketing and communication strategies that resonate with their clients' unique needs.

Inflation & Market Conditions *in 2025*

Cooling but Persistent Inflation

Although inflation has cooled significantly from the 40-year highs witnessed in 2022, it still surpasses the Federal Reserve's 2% target. The headline figure stands at around 3%, while the Fed's favored metric–Personal Consumption Expenditures (PCE)–sits near 2.7%. This comparatively moderate yet nontrivial inflation rate continues to serve as an economic strain on a significant sum of households.

Interest Rates: "Higher for Longer"

After a series of sharp rate hikes through 2022 and 2023, the Federal Reserve began small incremental cuts in late 2024, setting the federal funds rate at roughly 4.25–4.5%. While this is lower than the peak reached during the tightening cycle, it is still significantly higher than the levels observed before the pandemic.

Resilient Economy & Market Stability

Despite these elevated borrowing costs, the economy displayed notable robustness. The U.S. GDP expanded by approximately 2.9% in 2024, supported by a vibrant service sector, historically low unemployment near 4%, and stable consumer spending.

Equity markets have shown relative calm, with volatility measures like the VIX remaining subdued. On the global front, major economies are also emerging from high inflation, yet fluctuations in energy prices or policy decisions–such as the potential expansion or reduction of U.S. tariffs–could disrupt supply chains and stoke market turbulence.

As of April 7, 2025, global markets teetered on a near-daily basis as the US aims to strike new trade deals. The back-and-forth tariffs among nations has prompted concerns from select analysts, voicing concerns of a global economic slowdown.

Action Items for Advisors: Inflation-Focused Education

Staying vigilant and up-to-date is never a bad idea, especially in potentially volatile times.

To keep clients educated, consider hosting webinars. Topics centered on investing in a 3% environment, or understanding real returns in 2025, can demonstrate an awareness of your audience's financial concerns, reinforcing trust while positioning you as a knowledgeable advisor and reliable partner in their financial journey.

Generational Shifts in Spending & Investing

Each generation faces *specific challenges & priorities* unique to their age demographic:

Boomers

Baby Boomers, for instance, need to manage rising healthcare costs while supporting adult children or aging parents.

Gen X

Gen X is typically balancing peak earnings with children's college expenses, seeking ways to optimize retirement catch-up contributions.

Millennials

Millennials juggle housing costs, declining ownership prospects, career development, and young families.

Gen Z

Gen Z—just entering the workforce—embraces a digital-centric worldview that influences everything from budgeting to investment app usage.

Spending Trends by Generation

In recent years, waves of consumers have "traded down" to less expensive alternatives, impacting sectors like produce and fashion in recent years.

- Younger families, notably Millennials, are leading this shift, choosing discount brands when inflation pinches household budgets.
- Gen Z also seeks cost savings, although research shows younger adults continue to prioritize experiences like international travel or entertainment.
- Boomers, despite inflation concerns, display brand loyalty, often reluctant to deviate from established habits.

Investing Preferences by Generation

Whereas older cohorts gravitate toward buy-and-hold strategies encompassing dividend stocks, annuities, and bond ladders, younger investors have grown adept at harnessing digital platforms. Today, Gen Z investors start trading or investing as early as nineteen, far earlier than the Boomer average age, 35.

Additionally, the $84 trillion wealth transfer, dubbed "the greatest in modern history," will funnel assets to Gen X and Millennials over the next two decades. Many younger heirs, already comfortable with more innovative approaches, are showing interest in alternative investments such as private equity, real estate partnerships, or even tokenized assets.

Over the next 25 years, an estimated $124 trillion is projected to change hands, with Millennials set to inherit approximately $46 trillion and Generation X about $14 trillion within the next decade. Notably, women are expected to receive a significant portion of this wealth, with $54 trillion anticipated to transfer to widows, over 95% of whom are women.

This substantial shift underscores the importance for financial advisors to adapt their services to meet the evolving preferences of these demographics, who are increasingly inclined toward alternative investments and digital financial solutions.

Action Items for Advisors

Educating older and younger generations is crucial to helping understand the market and its buying demographics. Delivering this education can come in a number of effective ways:

Tailored Seminars

Host specialized sessions focused on taxes and retirement for aging Gen X and later-stage Millennials. Simplifying complex topics, such as Medicare or estate planning, could be vital to Boomers. Similarly, topics centered on student loan strategies and building wealth early in life could appeal to Gen-Z as well as their parents and guardians.

Digital and In-Person Mix

Consider the venue. Millennials and Gen Z appreciate social media or short video-based updates. Conversely, Boomers and Gen X often prefer in-person gatherings or hybrid events.

Legacy Events

Get the new generation involved by bridging the gap. For example, invite adult children of existing clients to gatherings focused on fun and education. When successful, these events create lasting positive memories, pass on information to young investors, and build relationships that facilitate the generational transition of wealth.

Investor Mindsets in a Possible *Post-Volatility Era...*

85%

of high-net-worth clients said consistent communication strongly influenced their advisor loyalty.

Cautious Optimism

From the pandemic-driven crash in 2020 to the inflationary pressures of 2022 to the tariff implications playing out in real time, many investors feel they have weathered a series of dramatic swings. However, 2025 could produce another series of dramatic swings based on the above geopolitical issues. A volatile 2025 is not certain, leaving some to consider investing in a post-volatility era. Those looking toward such optimism cite money market assets as a primary example, noting that money market fund assets reached a record high of $7 trillion in early March 2025.

Behavioral Trends

Investing trends align with market experience. For example, a preference for high-grade bonds, blue-chip equities, and structured or buffered products remains widespread, especially among those who experienced losses in speculative ventures. On the other hand, younger cohorts, though tech-savvy, have experienced the pitfalls of unregulated crypto markets or meme stocks. The experience likely prompted some to seek professional advice, indicating a shift in many young investors' strategies.

Emotional Factors

Surveys conducted in late 2024 found about 58% of investors bullish about near-term market performance. Regardless, fear can surge rapidly with negative headlines, as indicated by the market's early April performances. The fluctuating market can lead emotional investors to act irrationally, underscoring the importance of steady, expert guidance.

Action Items for Advisors

Frequent Communication

A lack of communication is the top reason why clients leave their advisors. Keep the conversation going by offering monthly bulletins or "office hours," letting clients discuss concerns before panic takes hold. In an industry study, 85% of high-net-worth clients said consistent communication strongly influenced their advisor loyalty.

Disciplined Strategies

Incorporate market history lessons into your newsletters and/or seminars, illustrating how disciplined strategies outperform reactionary selling.

Risk Management Tools

Demonstrate portfolio stress tests and re-balancing frameworks, building trust through transparency—particularly among anxious investors.

What This Means for Financial Advisors

Address Inflation and Rates Head-On

Clients are more engaged when they receive timely, data-driven insights that clearly explain how inflation and interest rate trends impact their financial picture.

With AcquireUp's Nurture & Engage platform, advisors can automatically deliver custom newsletters and updates, complete with plain-language interpretations of Federal Reserve moves, directly to their contact lists. This keeps your brand visible, reinforces your expertise, and positions you as a steady voice in a shifting environment.

Segment and Personalize by Generation

Individuals in different age brackets hold divergent attitudes toward budgeting, borrowing, and wealth preservation. While older clients might prioritize capital preservation and estate planning, younger generations may crave tech-forward solutions like text-based updates or robust online portals.

By creating segmented drip campaigns, advisors can connect effectively, matching messaging tone and content to the recipient's generational concerns.

Position Yourself as the Calm in Any Storm

In a market that can shift abruptly, clients prize advisors who convey steadiness and clarity. Maintaining transparent dialogues around potential volatility fosters loyalty.

Meanwhile, harnessing generationally tailored marketing ensures each client feels heard. By capitalizing on timely triggers, a Fed rate decision or new consumer spending data, advisors who are consistently proactive strengthen relationships and differentiation.

Leverage Insights for Marketing and Education

Whether referencing monthly Bureau of Labor Statistics releases or Fed policy updates, weaving credible data into your communications resonates deeply with clients, seminars, or social media posts that incorporate official numbers demonstrate your professional thoroughness.

Take it further by re-purposing impactful stats, like consumer spending trends, generational wealth transfers, or record-high money market inflows, into newsletters, webinar invites, and social posts.

Citing trusted sources such as the BLS, Federal Reserve, or Morgan Stanley reinforces your credibility and positions you as a data-informed advisor. This strategic mix ensures your content reaches the right audience with the right message, every time. With AcquireUp's data-driven seminar marketing, you can target high-value segments–like newly retired Boomers or high-earning Millennials–by ZIP code, wealth tier, or life stage.

Conclusion & *Key Takeaways*

Inflation Continues

At roughly 3%, inflation is no longer at emergency levels, yet it remains sufficiently high to warrant careful attention to real returns.

Rates Remain Elevated

Although below the peaks of 2023, fed funds rates near 4.25–4.5% influence borrowing costs, shaping how households balance debt management versus short-term yields.

Generational Nuances

Boomers, Gen X, Millennials, and Gen Z approach spending and investing differently; understanding their triggers is crucial.

Post-Volatility Mindset

Market confidence is returning, but caution persists, evidenced by record-high money market inflows.

Advisor Opportunities

Offer inflation-savvy webinars, generationally targeted seminars, consistent market updates, and calm, data-informed commentary to forge enduring client relationships.

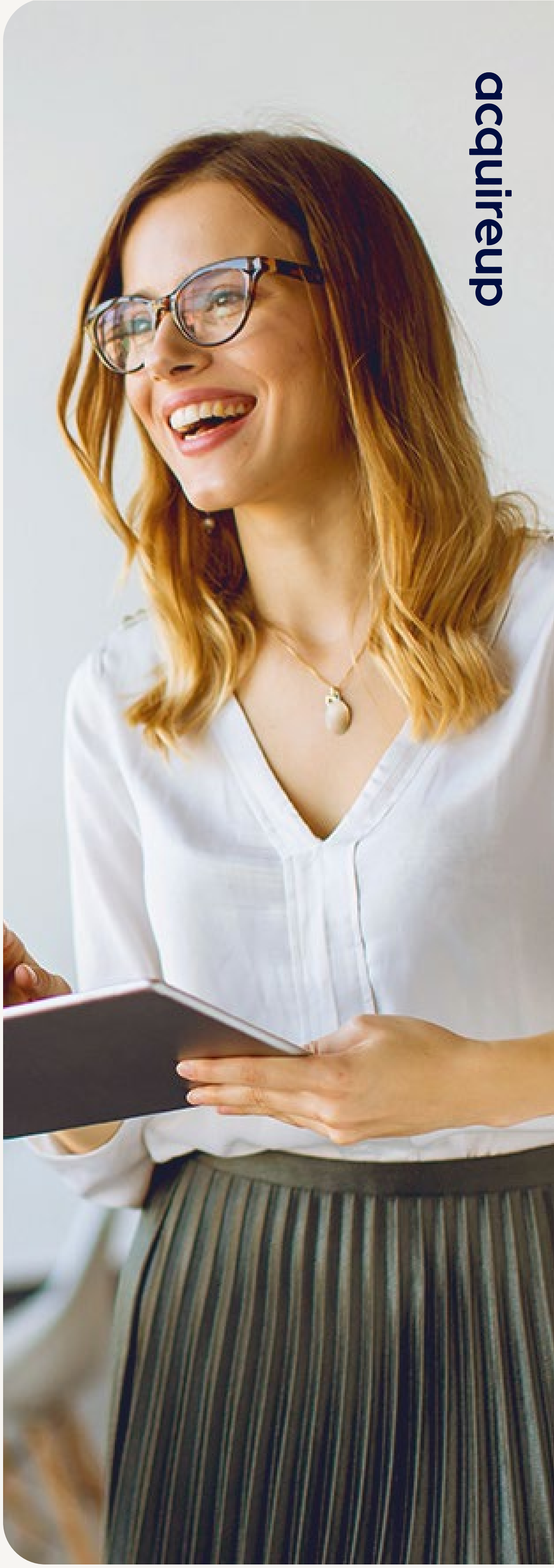
Practical Steps

Educate: Introduce seminars covering "Real Returns in a 3% World," "Legacy Planning for Boomers," or "First-Time Homebuyer Strategies for Millennials."

Segment: Use direct mail, digital ads, or social media to reach each cohort. Include personalized hooks such as student loan tips for younger prospects, long-term care cost breakdowns for retirees.

Communicate Often: Studies show frequent, concise touchpoints reduce client attrition, especially during uncertain times.

Partner for Growth: Leverage AcquireUp's full-funnel marketing engine to consistently fill events with highly qualified prospects and position yourself as an expert. Access data analytics to gauge which seminar topics or marketing angles produce the best engagement.



In 2025's complex financial environment, success belongs to advisors who communicate clearly, tailor their approach by generation, and stay grounded in data. By educating clients, embracing digital-forward marketing, and building cross-generational trust, you'll grow relationships that endure. The future belongs to those who lead with insight and show up consistently.

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