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55%

Share of Americans who said in 2026 that their finances are getting worse, a record high. Just 34% reported that their situation is getting better. This is the fifth consecutive year that more Americans said their finances are worsening rather than improving.

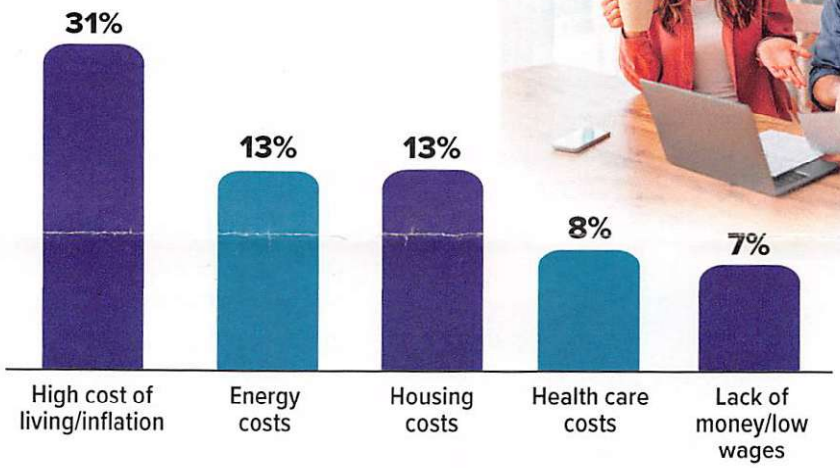
Source: Gallup, 2026

Affordability Worries Keep Americans on Edge

In an annual Gallup survey, 2026 marked the fifth year in a row that most Americans named inflation or the high cost of living as their most pressing financial problem, while others singled out more specific affordability issues.



Top five financial problems facing families in 2026



Source: Gallup, 2026

New School Year, New Federal Rules Apply to College Funding

The One Big Beautiful Bill Act (OBBBA), signed into law in July 2025, includes many provisions that affect families paying for higher education. Starting with the 2026–2027 school year, students and their parents will encounter a significantly altered landscape of federal student financial aid and loan repayment programs, along with key changes to the tax-advantaged 529 plans used to save for college.

New borrowing limits and payment pause rules (as of July 1, 2026)

PLUS Loans. These loans for parents now have a $20,000 annual limit and a $65,000 total limit per dependent student. (In the past, parents could borrow up to the full out-of-pocket cost of their child's undergraduate education.) There is a grace period for parents of undergraduate students who are currently borrowing under this program.

Grad PLUS Loans. This program has been eliminated and replaced by new graduate loans under the existing Direct Loan Program, with new loan limits: $20,500 per year and $100,000 total for graduate students and $50,000 per year and $200,000 total for professional students (these limits do not include undergraduate loans). There is a grace period for students who are currently borrowing under this program.

Direct Loans. There is a new lifetime student loan borrowing cap of $257,500. This limit applies to undergraduate and graduate loans, not Parent PLUS Loans. Also, starting July 1, 2027, the economic hardship and unemployment deferments will be eliminated, and a forbearance (a payment pause due to short-term financial difficulty) will be limited to a single nine-month pause every 24 months.

New student loan repayment plans

The Saving on a Valuable Education (SAVE) Plan, the Pay As You Earn (PAYE) Plan, and the Income-Contingent Repayment (ICR) Plan will be phased out and eliminated. Borrowers currently enrolled in one of these repayment plans must transition to a new plan by July 1, 2028. In addition, the following two new repayment plans have been created.

Standard Repayment Plan. In the past, fixed monthly payments were spread over 10 years. Under the new Standard Repayment Plan, the amount of time a borrower has to repay a student loan depends on the loan balance:

- Less than $25,000 — 10 years
- $25,000 to less than $50,000 — 15 years
- $50,000 to less than $100,000 — 20 years
- $100,000 and over — 25 years

Repayment Assistance Plan. The Repayment Assistance Plan (RAP) is a new income-based repayment (IBR) plan that sets monthly loan payments as a percentage of a borrower's adjusted gross income (AGI). The percentage starts at 1% (AGI of $10,001 to $20,000) and increases by 1% for every $10,000 in AGI until it reaches 10% (AGI of $100,001 and over). For example, the monthly payment for a taxpayer with AGI between $50,001 and $60,000 would be 5% of their AGI.

For married borrowers who file a joint federal income tax return, their joint AGI is used, and the monthly payment will be reduced by $50 for each dependent listed on a borrower's federal income tax return. This plan is only available to undergraduate and graduate students, not parents.

After 30 years of on-time payments, all remaining debt is forgiven. (Current federal IBR plans forgive remaining debt after 20 or 25 years.) A bright spot: payments are applied first to interest, then to fees, then to principal, and if the required payment is less than any new interest that accrues, the extra interest is waived.

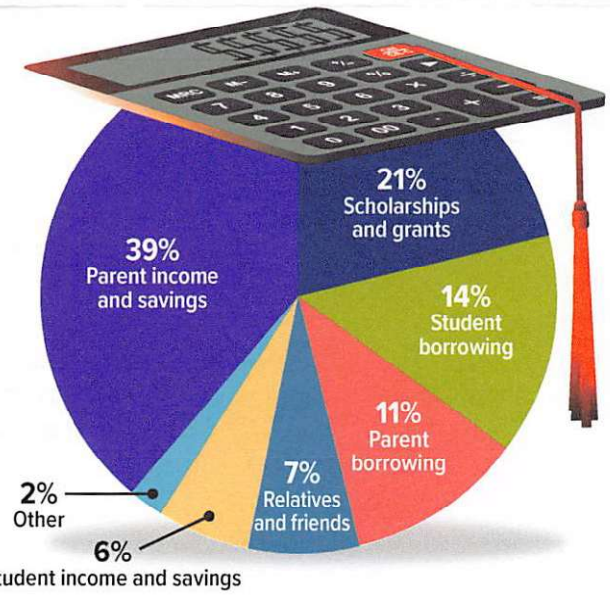
New funding for workforce training

Starting with the 2026–2027 school year, a new Workforce Pell Grant is available to students who are enrolled in accredited, short-term (8–15 weeks in duration) job-focused programs, such as certificate programs at community colleges. Funding amounts will be prorated based on the program's length. In addition, qualified 529 plan expenses now include tuition, fees, books, and expenses for workforce credentialing programs.

How Families Pay for College

For the 2025–2026 academic year, published college costs (for tuition, fees, housing, and food) averaged $25,850 for in-state public universities and $60,920 for private nonprofit schools.

Average share of total cost that parents expect will be covered by each funding source



Sources: College Board, 2026; Sallie Mae, 2026

Cash or Credit? How Consumers Pay Today

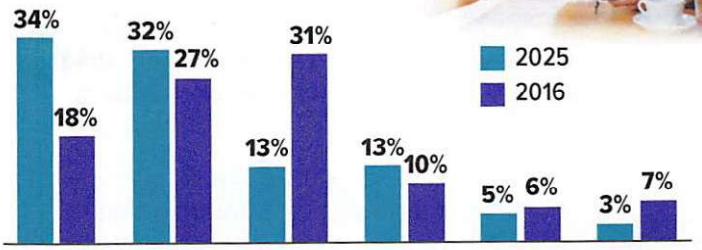


A survey of consumer payment preferences found that credit cards are now used for 34% of all payments, a 16 percentage-point increase since 2016. Consumers are increasingly shopping, paying bills, and making person-to-person payments remotely, and 78% of respondents said they preferred using a credit or debit card even for in-person payments.

Although cash is no longer king, demand for it remains, especially for in-person purchases under $25. The survey found that for small purchases it was equally likely that consumers would choose paying by credit card, debit card, or cash, and 81% of people surveyed said they had used cash in the previous 30 days.

In fact, 76% of consumers still carry cash in their wallet, purse, or pocket. The average amount of cash carried is $69, with 18- to 24-year-olds carrying the least — $36 — and individuals 65 and older carrying the most — $104.

Form of payment used (percentage of all transactions)



*A direct transfer from a financial account using the Automated Clearing House system
Source: Federal Reserve, 2026

Teachers and Coaches Finally Get the (Tax) Break They Deserve

In a 2025 survey of U.S. teachers, 97% of respondents said their allotted budget for supplies (median $200) didn't meet their students' needs. As a result, many teachers must spend their own money on essential learning materials, such as books, art supplies, and technology, often adding up to hundreds of dollars per year.[1]

At a time when many educators must bridge budget gaps with their own wallets, an expanded tax deduction for educators (effective for 2026) may better reflect their financial contributions across schools and communities.

Since 2002, a relatively small tax deduction for eligible educators has helped offset some job-related expenses. This "above-the-line" educator expense deduction allows eligible educators (e.g., K–12 teachers, instructors, counselors, principals, and aides who work at least 900 hours in public or private schools) to deduct certain unreimbursed *classroom expenses* directly from their income, even if they claim the standard deduction. The limit that educators can deduct for classroom expenses is $350 in 2026, up from $300 in 2025, and will be adjusted for inflation in $50 increments (not annually). Two teachers who are married and file jointly can claim a $700 deduction without itemizing in 2026.

A $350 above-the-line deduction amounts to $77 in tax savings for a teacher in the 22% federal tax bracket. Coaches and other extracurricular staff are still not eligible for this long-standing deduction unless they also meet the definition of a classroom educator (such as a P.E. teacher who is also a coach).

According to a survey by AdoptAClassroom.org, a nonprofit platform that some teachers use to crowdsource funds for classroom needs, teachers spent an average of $895 out of pocket on supplies for the 2024–2025 school year, up 49% from 2015.



A bigger and broader deduction

A separate, brand-new deduction recognizes more of the real-world costs of supporting students both inside and outside the classroom. Starting January 1, 2026, educators can deduct *unlimited* eligible expenses for supplies used for *instructional activity* (beyond the $350 above-the-line deduction for classroom expenses) as an itemized deduction. This means certain interscholastic coaches and athletic department administrators will qualify as educators for the unlimited deduction, and eligible expenses now include athletic supplies.

Unfortunately, the new tax break will generally only be helpful for teachers and coaches with itemized deductions that exceed the standard deduction, which isn't very common. It's estimated that just 14% of taxpayers will itemize deductions in 2026.[2] Therefore, many teachers and coaches will have little choice but to continue asking parents to donate some of the supplies they need and/or raising funds through crowdsourcing websites.

If you plan to claim either of these tax deductions, you should keep detailed receipts. You may also want to review IRS guidance, or consider consulting a tax professional, for details on which expenses will qualify.

Estimates are based on current conditions, subject to change, and may not come to pass.

1) AdoptAClassroom.org 2025 Teacher Spending Survey
2) The Tax Foundation, 2025

Wedding Bells and Money Matters

Social media certainly adds to the pressure to host a picture-perfect wedding, which is partly why the average cost of a wedding ceremony and reception topped $34,000 for couples who married in 2025 ($272 per guest). The average is driven up by lavish spending by wealthier families, so the median (or typical) wedding spend was closer to $24,000.

Facing higher costs for everything from food to photography, it's no wonder that some couples end up borrowing money to pay for their special day. While it's easy to get caught up in the excitement of an engagement, digging out of debt may not be the best way to start a marriage. Fortunately, a wedding doesn't have to be elaborate to be fun and memorable.

Communication is key

If your families express a desire to help cover the cost, talk through exactly how (and how much) they are willing to contribute. One family might offer a set dollar amount, whereas another may commit to paying for a particular expense, such as the rehearsal dinner or the reception.

Then have an honest conversation with your future spouse about your expectations for the wedding and agree on an amount you both feel comfortable spending. The sooner you both start setting money aside that is earmarked for wedding costs, the better off you'll be.

Cost-cutting tips

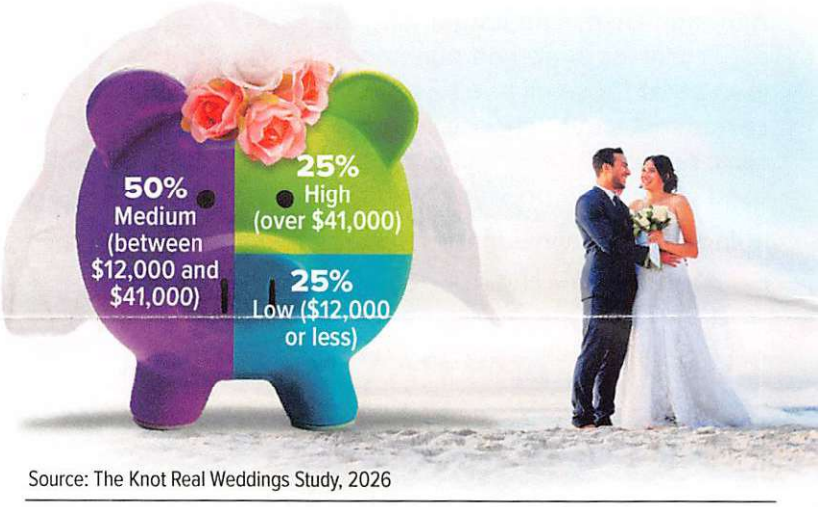
Here are a few ways to hold down some of the largest expenses.

Say "no" to the overpriced dress. Set a budget and don't be tempted to try on more expensive dresses. Similar styles are usually available at multiple price points, so keep shopping until you find a dress you love at an affordable price.

A K-Shaped Wedding Economy

Wedding costs can range widely by location, guest count, and time of year, and ultimately the final tab is determined by the couple's priorities and choices. Of course, young couples who host high-end weddings tend to have more financial support from their families.

Distribution of wedding spending in 2025



Source: The Knot Real Weddings Study, 2026

Be flexible and crafty. By choosing less popular dates and times, you may be able to book your preferred venue at a discounted rate. If you hire a florist, keep in mind that seasonal floral designs are usually less expensive than more exotic varieties. If it means saving you money, family and friends might volunteer to roll up their sleeves and help create flower arrangements, party favors, or other decorations.

Consider scaling back. Pare down the guest list to lower the cost of a traditional reception, throw a casual picnic or barbecue in the backyard or a public park, or have a private ceremony followed by one or two smaller parties for your loved ones.

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