70% of Americans Identify as Middle Class Despite a Prolonged Decline in Middle-Income Households in the US

Northwestern Mutual Study Reveals People Define the Middle Class by Lifestyle and Perspectives as well as Income and Assets

MILWAUKEE, June 21, 2017 /PRNewswire/ -- Seven in 10 (70%) American adults aged 18+ consider themselves part of the middle class, according to new findings from Northwestern Mutual's 2017 Planning & Progress Study. This compares interestingly to analysis of government data by the Pew Research Center showing that the number of middle-income households in the United States has been dropping for four decades, and made up only 50% of the U.S. adult population in 2015, down from 61% in 1971.

The key to that discrepancy may lie in the way Americans perceive what it means to be part of the middle class. According to the Northwestern Mutual study:

84% of American adults say that one defining element of the middle class is based on income or assets. More than half of those who identified as middle class in the study have household incomes ranging from $50,000 to $125,000 annually.
70% of Americans say that lifestyle and perspective are also defining elements of the middle class.

"This research clearly shows that those who consider themselves part of the middle class in America see beyond just income levels and identify with something greater," said Rebekah Barsch, vice president of planning, Northwestern Mutual. "When you dig into the attitudes and behaviors of the middle class, you find it's an optimistic group with a strong sense of financial responsibility."

The research released today is part of Northwestern Mutual's 2017 Planning & Progress Study – an annual research project exploring Americans' attitudes and behaviors toward finances and planning.

Optimism and Financial Responsibility
The middle class in America stands out from the general population in a few key areas. Most notably, they have greater near- and long-term economic optimism, and strong financial habits. The 2017 Planning & Progress Study found that people who identify with being part of the middle class are:

More likely to believe in the attainability of the American Dream (55% vs 48% of the general population)
More optimistic about the US economy this year than in 2016 (47% vs 43% of the general population)
More likely to have a clear and accurate view of their financial picture (71% vs 64% of the general population)
More likely to work with an advisor (43% vs 35% of the general population)
More likely to have a retirement plan that has been created to withstand market cycles (51% vs. 43% of the general population); and
More likely to feel very financially secure (58% vs. 47% of the general population)

"If identifying with the middle class is as much a state of mind as it is a state of finances, there are good signals in these findings that – as a group – these are people who see potential in the future and are taking good steps to plan for it," said Barsch.

Mobility
The 2017 Planning & Progress Study provides a snapshot of mobility into and out of the middle class among Americans. According to the research:

Single Americans are less likely to consider themselves middle class -- 57% of single men and 59% of single women say they're middle class vs 85% of non-single men and 74% of non-single women. Additionally, the overall percentage of single Americans in the middle class dropped fairly significantly in the last five years -- 67% of single men and 62% of single women said they were middle class five years ago compared to 57% and 59% respectively who say the same today.
Most mobility into the middle class has been upward -- Among those who say they are middle class today but weren't five years ago 8 in 10 say they were either "lower middle class" (40%) or "low income" (43%)
The middle class majority spans generations -- Americans were far and away most likely to say their parents were middle class (44% vs. 27% who said lower middle class, 14% who said low income, 13% who said upper middle class and 2% who said wealthy)
Overall numbers are flat -- 70% of Americans consider themselves middle class today, and a nearly identical number (71%) thought they were middle class five years ago.

About The 2017 Northwestern Mutual Planning & Progress Study
The 2017 Planning & Progress Study was conducted by Harris Poll on behalf of Northwestern Mutual and included 2,117 American adults aged 18 or older (2,117 interviews with U.S. adults age 18+ in the General Population and an oversample of 632 interviews with U.S. Millennials age 18-34) who participated in an online survey between February 14 and February 22, 2017. Results were weighted to Census targets for education, age/gender, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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Northwestern Mutual has been helping families and businesses achieve financial security for 160 years. Through a distinctive, whole-picture planning approach including both insurance and investments, we empower people to be financially confident so they can live life differently. We combine the expertise of our financial professionals with a personalized digital experience to help our clients navigate their financial lives every day.
With $250.4 billion in assets, $28.2 billion in revenues, and more than $1.6 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.4 million people who rely on us for life, disability income and long-term care insurance, annuities, brokerage and advisory services, trust services, and discretionary portfolio management solutions. The company holds more than $100 billion of client assets as a part of its wealth management company and investment services. Northwestern Mutual ranks 100 on the 2016 FORTUNE 500 and is recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2017. Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries. Northwestern Mutual and its subsidiaries offer a comprehensive approach to financial security solutions including: life insurance, long-term care insurance, disability income insurance, annuities, life insurance with long-term care benefits, investment products, and advisory products and services. Subsidiaries include **Northwestern Mutual Investment Services, LLC** (NMIS) (securities), broker-dealer, registered investment adviser, member FINRA and SIPC; the Northwestern Mutual Wealth Management Company® (NMWMC) (fiduciary and fee-based financial planning services), federal savings bank; and Northwestern Long Term Care Insurance Company (NLTC) (long-term care insurance).

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