Northwestern Mutual Study Reveals the Enormous Toll that Financial Anxiety is Taking on People's Lives

Uncertainty about finances is having a deep impact on Americans' health, happiness and home life

MILWAUKEE, June 8, 2016 /PRNewswire/ -- The United States is a nation of the financially anxious, according to research just released by Northwestern Mutual. The large majority of Americans (85%) report feeling financial anxiety today; and it's getting worse: 36% say their anxiety has gone up in the last three years, versus only 14% who say it's gone down. More than a quarter of Americans (28%) worry about their finances every day.

This is the latest set of findings from the 2016 Northwestern Mutual Planning & Progress Study, an annual research project commissioned by Northwestern Mutual that explores Americans' attitudes and behaviors toward finances and planning. The research was conducted in February among over 2,000 U.S. adults aged 18 and older.

According to the study, the levels to which financial anxiety is impacting all corners of people's lives is extraordinary. Among those feeling financial anxiety:

67% say it is negatively impacting their health
70% say it is negatively impacting their happiness
61% say it is negatively impacting their home life
70% say it is negatively impacting their moods
69% say it is negatively impacting their ability to pursue dreams/passions/interests
51% say it is negatively impacting their social life
41% say it is negatively impacting their career

"Clearly, the impact of financial anxiety in America today runs extremely deep," said Rebekah Barsch, vice president of planning and sales at Northwestern Mutual. "This research provides a unique window both on the sheer number of people who say they feel anxiety, and the effect that financial uncertainty can have on everything from day-to-day moods to overall health and happiness."

Fear of the Unknown

Interestingly, what seems to keep people up at night more than anything else is the unexpected. The top two financial fears, according to American adults are:

Having an unplanned financial emergency (38%); and
Having an unplanned medical expense due to an illness (34%)

This far outstripped fears such as losing a job (17%), having an extended period of unemployment (15%), and outliving retirement savings (21%).

When asked specifically where people's financial anxiety is coming from, "Unexpected expenses" (55%) received the most mentions. This came well ahead of expected and generally planned-for major financial events such as saving for retirement (29%), healthcare costs (27%), mortgage/rent expenses (25%), credit card debt (25%), and student loan debt (13%).

Barsch said, "There's the sense that people are just staying afloat; that they're meeting their most immediate financial needs, but they're worried about what they can't see or don't expect. They fear the unknown. They don't know how to plan for the unplanned, and they worry that if something unexpected happens, it could have deep and lasting consequences."

The liberation that financial certainty would afford

While the negative impact that financial anxiety is having on people's lives is substantial, the degree to which financial certainty would affect Americans currently experiencing financial anxiety in a positive way is equally extraordinary.

80% say it would positively impact their health
84% say it would positively impact their happiness
79% say it would positively impact their home life

81% say it would positively impact their moods
81% say it would positively impact their ability to pursue dreams/passions/interests
74% say it would positively impact their social life
66% say it would positively impact their career

Digging into the specifics of those positive impacts, it's clear that financial certainty would allow people to live their lives differently. Yet the changes might not be what you would immediately expect. There wouldn't be many people quitting their jobs and buying fancy cars. When asked what the first two things people would do if they had the financial security to live their lives differently:

Only 9% said they would change careers;
Only 12% said they would purchase luxury items like a boat, car or second home;
Only 15% said they would stop working altogether;
Only 29% said they would pursue a dream/passion; and
Only 29% said they would work on their own personal health/well-being

The first and second most popular responses were relocating/buying a home (34%) and leaving money to loved ones to help them feel financially secure (32%).

When asked for the single top benefit of financial security, the far and away first choice was "Peace of mind that I never have to worry about day-to-day expenses" (52%). This more than doubled the number of Americans who said the "Flexibility to live a desired lifestyle" (22%), and was more than six times greater than the 8% who said the "Freedom to pursue my dreams."

"These findings can be viewed in two ways," said Barsch. "On one hand, they suggest a clear prioritization of values toward health, well-being and taking care of loved ones over pursuing one's own passions and material gain. At the same time, the findings could explain the fact that in the face of consistent and widespread financial stress, nothing's more appealing than simple peace of mind."

The 2016 Northwestern Mutual Planning & Progress Study explores the state of financial planning in America today, and provides unique insights into people's current attitudes and behaviors toward money, goal-setting and priorities.

This study was conducted by Harris Poll on behalf of Northwestern Mutual and included 2,646 American adults aged 18 or older (2,026 interviews with U.S. adults age 18+ in the General Population and an oversample of 620 interviews with U.S. Millennials age 19-35) who participated in an online survey between February 1 and February 10, 2016. 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.

For more information, please visit www.northwesternmutual.com**.**

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