GEN X: The Generation of Contradictions -- Most Financially Vulnerable and Least Proactive

Americans 35-49 Can Re-chart Their Financial Path, Says Northwestern Mutual's 2015 Planning & Progress Study

MILWAUKEE, May 20, 2015 /PRNewswire/ -- Gen X (Americans aged 35-49) is high on financial concerns and low on optimism and action, according to the latest findings from *2015 Northwestern Mutual Planning & Progress Study*. Data highlighting the overarching financial behaviors of Americans as well as a close look at Millennials and finances was released in April.

Among the four generations surveyed, Gen X was found to have the poorest financial habits. In addition to comprising the majority of "informal" planners, Gen X has more spenders than savers compared to other generations and is the least likely to have more savings than debt.

"It is not easy being X," said Rebekah Barsch, vice president, financial planning, Northwestern Mutual. "Aside from weathering a number of economic cycles, this group is juggling home mortgages, educational debt, and lifestyle needs. Figuring out how to plan for the future can be daunting when faced with multiple demands that require real-time attention."

Not surprisingly, the lags in planning are taking a toll on Gen X's financial health and future outlook:

Nearly 4 in 10 (37%) Gen Xers say they do not "at all feel financially secure." This is more than any other generation, even Millennials.
Almost a quarter (23%) are "not at all confident" that they will achieve their financial goals.
Two thirds (66%) expect to have to work past traditional retirement age due to necessity, with 2 in 10 (18%) believing they will *never* retire. The vast majority (82%) of Gen Xers who anticipate needing to work past the age of 65 feel they will need to do so because they will have insufficient retirement savings.

While the lack of discipline is clearly a substantial factor, the financial pressures impacting Gen X may also be a function of life stage. A significant portion of this segment is squarely in the "sandwich generation" --- more than 4 in 10 (44%) live with children under 18 and over a quarter have a parent or other relative in the household. Balancing personal financial priorities with the added demands of dependent care is likely to have implications on decision-making.

Self-Awareness Not Translating into Action

Notably, Gen X is not blind to the realities of its financial condition. Two thirds (66%) of Gen X respondents acknowledge that their financial planning needs improvement and less than 1 in 10 (9%) consider their generation "very financially responsible." Moreover, when asked how they would allocate a $10,000 windfall, Gen X, more than other generations, opted for debt repayment --- suggesting an interest in tackling financial challenges.

However, while this group may have the right intentions, it seems to be falling short on action:

Despite citing "insufficient savings to retire comfortably" as a leading financial fear, one third of Gen Xers (34%) do not know how much income they need to retire and nearly half (47%) have not discussed retirement planning with anyone.
Gen X is also less likely than any other generation --- even Millennials --- to have sought guidance from an advisor.

"The good news is that Gen X is in its earning prime and has a relatively long runway to retirement," continued Barsch. "Overcoming perceived barriers and inertia in order to develop a strategy today can vastly improve the outlook for tomorrow."

About the Research

The *2015 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 5,474 American adults aged 18 or older (including 813 Gen Xs age 35-49) who participated in an online survey between January 12, 2015 and January 30, 2015. 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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