

The Financial States of America: More Than Two Thirds of US Adults Believe They Will Outlive their Savings

Northwestern Mutual study also reveals Americans are contending with mounting debt, high healthcare costs, and concerns over Social Security

MILWAUKEE, May 24, 2016 /PRNewswire/ -- As life expectancies continue to climb, Americans are increasingly less confident that their savings will last through retirement. According to the latest findings from [Northwestern Mutual's 2016 Planning & Progress Study](#), two thirds of Americans believe there is some chance that they will outlive their savings, with 1 in 3 (34%) saying the likelihood is 51% or better. Notably, 14% think that outliving their savings is a definite (100% likelihood).

However, Americans are not proactively addressing the financial implications of living longer. Only a fraction (21%) say they have increased their savings while more than 4 in 10 (44%) report having taken no steps at all.

The lack of preparation is particularly concerning given decreasing confidence about the future availability of Social Security:

Only a quarter of Americans (24%) say it's "extremely likely" that Social Security will be there when they retire. 3 in 10 (28%) listed Social Security uncertainty among the greatest obstacles to achieving financial security in retirement. Just one third of non-retired Americans (35%) expect that Social Security will be their sole or primary source of retirement income compared to nearly half of current retirees (49%)

"The prospect of an extended retirement in an environment of diminishing safety nets makes it even more essential that your financial plan is flexible enough to stretch as long as needed," said Rebekah Barsch, vice president of planning for Northwestern Mutual.

Debt a pressure point

Planning & Progress Study findings further reveal that mounting debt is a serious source of financial pressure for Americans. When asked what one change would make the most significant impact on their financial situation, eliminating all debt (27%) narrowly outpaces earning significantly more income (26%), clearly indicating the magnitude of the debt issue. While mortgages emerged as the leading source of debt (29%), the impact of credit cards come through strongly (23%), exceeding student loan debt, car loans, and home equity loans/lines of credit combined.

No antidote for healthcare costs

For the second year in a row, healthcare costs (45%) emerge as a top-cited obstacle to financial security in retirement along with lack of savings (44%) --- substantially ahead of lack of planning (30%), events in Washington, D.C. (23%) and volatile markets (22%).

"Interestingly, though people recognize the impact of healthcare costs and insufficient savings on retirement security, they are not necessarily seeing the role of financial planning as the connection between the two," continued Barsch. "A solid financial strategy can ease both concerns."

More bullish about themselves than the US

Despite the financial challenges they're facing, Americans are generally positive about their broader financial prospects with nearly half (46%) expecting improvement in their finances in 2016. This optimism, however, does not extend to the overall economy. The number of Americans who believe the US economy will be better this year dipped to 31% from 37% last year.

"While it's encouraging to see that financial worries aren't putting a damper on the big picture for Americans, optimism without action is like an engine without fuel --- it won't get you far," concluded Barsch.

About The 2016 Northwestern Mutual Planning & Progress Study

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.nm.com.

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