Northwestern Mutual Study Finds that while Americans Believe Economic Stability Has Improved, Conviction in "The American Dream" Has Declined

2017 Planning & Progress Study Shows that Americans' Financial Habits May Have Taken a Step Backwards

MILWAUKEE, April 6, 2017 /PRNewswire/ -- While Americans feel like the country is currently on firmer financial footing today, overall confidence appears to have waned, according to new research released today by Northwestern Mutual. The study found:

43% of U.S. adults 18 and over say the economy will be better this year than in 2016, which is a considerable jump from the 31% who said the same last year; and
Nearly three quarters (72%) of Americans feel financially secure.

These positive signals, however, were tempered by a more sober long-term outlook. Today, less than half (48%) of U.S. adults aged 25-65 say the American Dream is still attainable for most Americans, compared with 58% who said the same in 2009 – the first year of the study.

This is the initial set of findings from the 2017 Planning & Progress Study, an annual research project commissioned by Northwestern Mutual that explores Americans' attitudes and behaviors toward money, financial decision making, and the broader landscape issues impacting people's long-term financial security.

"It appears we're at a financial flashpoint in America," said Rebekah Barsch, vice president of planning at Northwestern Mutual. "In the near-term, people clearly feel a little better about the stability of the U.S. economy. At the same time, there's a drop in longer-term optimism around the attainability of the American Dream. Combined, it's a mix of improvement in the moment with uncertainty about the future."

Financial Vulnerability is Down From 2016, but Still Runs High
The 2017 Planning & Progress Study suggests that while Americans still feel a high degree of financial vulnerability, there are some signs of improvement over last year:

The majority (67%) of U.S. adults 18 and over believe that, over time, there will likely be more financial crises. While the number is high, it's a sharp decline from the three-quarters (76%) who said the same in 2016.
43% of U.S. adults say the economy will be better this year than in 2016, versus 31% who said the same last year.
72% feel financially secure. And more than a third (38%) expect their financial security to increase in the next year, which is double the number (19%) who expect to feel less secure.
Still, more than one in four (28%) Americans feel a level of financial insecurity, and more than one in ten (11%) feel "not at all secure."

Financial Habits May Have Taken a Step Back
Just as Americans are feeling slightly better about the country's economic footing, there are signs that their financial discipline has slipped. Despite widespread expectations that financial crises are likely to occur again, people have taken a small step backwards in terms of their long-term financial planning. The study found:

Only 50% of U.S. adults 18 and over say they need a plan that anticipates up and down cycles. This is a drop from the 57% who said the same last year.
Only 41% say their long-term savings strategy has a mix of high and low-risk investments, compared to 44% last year.

"The hope here is that Americans aren't letting their financial guard down," said Barsch. "It's easy to have a short memory when it comes to financial discipline, but long-term risk management is not something to do in starts and stops. You need to plan for what can go right as well as what can go wrong, and it has to be consistent – throughout market and economic cycles, and over the course of a lifetime."

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.

About Northwestern Mutual

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.

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For further information: Jean Towell, 1-800-323-7033, mediarelations@northwesternmutual.com

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