Millennials: Conflict between Instinct to Save and Urge to Spend is Elevating Anxiety

Twice as Likely as other Generations to Feel Physical and Emotional Effects from Financial Stress

MILWAUKEE, Aug. 10, 2017 /PRNewswire/ -- New findings released today from Northwestern Mutual's 2017 Planning & Progress Study reveal that Millennials are caught in a tug-of-war between their long-term financial aspirations and the lure of spending now. Balancing these competing priorities are resulting in heightened levels of anxiety that are impacting Millennials' physical, professional, and social well-being.

Determined to prepare for the future

Though in the early stage of their financial lives, Millennials are outpacing older generations in taking important steps toward securing their financial future. Notably:

Nearly two thirds of Millennials (64%) recognize that they need a financial plan that anticipates up and down cycles compared to 55% Gen X and 43% Boomers
Nearly 1 in 4 (23%) view themselves as "highly disciplined" financial planners (compared to 15% Gen X and 19% Boomers) but are still substantially more likely than Gen X and Boomers to say that their financial planning needs improvement (82% Millennials relative to 71% Gen X and 54% Boomers)
Millennials, more than other generations, view "starting to save early" as a financial best practice where they excel (34% Millennials, 24% Gen X, 17% Boomers)

"It's encouraging to see that this generation is committed to thinking ahead and takes pride in establishing positive financial habits," said Rebekah Barsch, vice president of planning, Northwestern Mutual.

The research released today is part of Northwestern Mutual's2017 Planning & Progress Study – an annual research project exploring Americans' attitudes and behaviors toward finances and planning.

Temptations colliding with best intentions

Interestingly, further findings reveal a flipside to Millennial financial prudence, indicating that Millennials are more likely to give in to the urge to splurge more frequently than other generations:

One third (32%) of Millennials say they're prone to "excessive or frivolous spending" (relative to 26% Gen X and 19% Boomers)
Nearly 1 in 3 (31%) Millennials say they have spent money budgeted for other things on themselves – more than twice Gen X (15%) and almost eight times more than Boomers (4%)
Nearly 1 in 4 (23%) said they have hidden purchases from a spouse or partner versus 17% Gen X and 8% Boomers

"Finding the right balance between living for today and saving for tomorrow is the proverbial brass ring of financial planning," continued Barsch. "While this is a challenge that crosses generations and income levels, it may be a more strenuous juggling act for Millennials with less financial flexibility."

Financial balancing act takes a physical and emotional toll

The pressure of trying to meet competing financial and lifestyle priorities appears to be making Millennials significantly more professionally and financially anxious than other age groups. More than half (53%) of Millennials experience high to moderate anxiety about losing their job, compared to less than a third of Gen Pop (29%). The same is true for level of savings (67% Millennials vs 50% Gen Pop) and income (69% Millennials vs 48% Gen Pop).

And the financial stress Millennials are feeling is having a pronounced impact on their health, careers and social lives:

28% say that anxiety impacts their job performance daily, weekly or monthly – more than twice the rate of Gen Pop (12%)
Nearly one quarter (23%) say financial anxiety makes them physically ill weekly or monthly compared to just 12% Gen Pop
Nearly 2 in 10 (18%) feel depressed due to financial anxiety on a weekly basis (twice as often as Gen Pop – 8%)
24% say financial anxiety affects their relationship with a spouse/partner hourly, daily or weekly (10% Gen Pop) while a similar number says it has caused them to miss social events and opportunities (25% Millennials, 10% Gen Pop)

"One way to ease the stress is to always have a pulse on your financial situation --- income, assets, liabilities," noted Barsch. "That clarity allows you to feel confident about your financial decisions whether spending, saving, investing, etc. Yet, our

research shows that more than half of Millennials don't have a clear view of their whole financial picture, which may be contributing to the disconnect we're seeing between instincts and actions."

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. Generations referenced in this release are defined as follows: Millennials ages 18-34, Gen X ages 35-49 and Boomers age 50 and older. 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 97 on the 2017 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).

SOURCE Northwestern Mutual

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

---

https://news.northwesternmutual.com/2017-08-10-Millennials-Conflict-between-Instinct-to-Save-and-Urge-to-Spend-is-Elevating-Anxiety