

Nearly half of Americans think the middle class is shrinking and one third believe it will disappear entirely

MILWAUKEE, Sept. 25, 2018 /PRNewswire/ -- Americans are twice as likely to say the middle class is shrinking (45%) versus expanding (21%), according to new data from Northwestern Mutual's 2018 Planning & Progress Study. Additionally, one in three (32%) Americans can see a time when the middle class completely disappears while a quarter more (24%) are uncertain of its future.

While the majority of Americans still classify themselves as middle class, the number has declined slightly, from 70% who called themselves middle class in 2017 to 68% who said the same this year.

"The middle class is a cornerstone of our nation's culture and identity," said Emily Holbrook, director of planning, Northwestern Mutual. "Clearly people are losing optimism in its longevity."

This is the latest round of findings from the 2018 [Planning & Progress Study](#), an annual research project commissioned by Northwestern Mutual, that explores Americans' attitudes and behaviors toward money, financial decision making, and broader issues impacting people's long-term financial security. Prior waves focused on debt, retirement savings, money and emotions, and working with a financial advisor.

Class Mobility

Further data provide additional insight into why Americans may be skeptical about the future of the middle class. Though six in 10 (60%) Americans believe that movement into or out of the middle class is possible, more anticipate mobility between the middle class and the poor versus the middle class and the wealthy:

The least likely type of mobility cited was "middle class to wealthy" (39%) and "wealthy to middle class" (33%). One third (32%) said that movement is more likely from "middle class to poor" while 37% felt movement from poor to middle class was most likely.

Among the generations, younger Millennials, ages 18-24, are most likely to anticipate transition from "middle class to poor" (35%).

The Makings of the Middle Class

Like last year, Americans cited both personal attributes and asset levels as defining characteristics of the middle class. Interestingly, however, in the 2018 findings, there has been a significant shift in those who would define the middle class by a certain level of assets (88% vs 84% in 2017) versus attributes (65% vs 70% in 2017):

The vast majority (78%) of Americans said assets under \$100,000 would qualify one as middle class. Just over half (52%) said the range is between \$50,000 to \$99,999, and a quarter (26%) said less than \$50,000.

In terms of values, it appears that being a part of the middle class is less associated with personality traits like humility (30%) and thriftiness (39%) and more with tangibles like work ethic (84%) and homeownership (69%). Men and those married/living with a partner are most likely to consider themselves middle class (72% vs 64% women, and 81% married men/73% married women vs 56% single men / 54% single women).

In terms of financial habits and perspectives, the 2018 Planning & Progress Study found that people who identify with being part of the middle class vs. those outside the middle class are:

More likely to feel financially secure (56% vs. 24%)

More likely to consider themselves "highly disciplined" or "disciplined" planners (55% vs 34%)

More likely to feel confident that they can strike the right balance between spending now and saving for the future (71% vs 42%)

"As assets increasingly become the barometer of middle class status, it's not surprising that some Americans have doubts about its future outlook," continued Holbrook. "As our research shows, people are navigating high debt and savings shortfalls which can impact financial confidence. However, as we see with today's middle class, proactive planning is an anchor that can keep your financial situation stable and secure through economic fluctuations."

About The 2018 Northwestern Mutual Planning & Progress Study

The 2018 Planning & Progress Study was conducted by The [Harris Poll](#) on behalf of Northwestern Mutual and included 2,003 American adults aged 18 or older in the general population (and an oversample of 601 interviews with U.S. Millennials age 18-34 which have been combined with the general population of those 18-34 when featuring this age group separately from the general population) who participated in an online survey between March 7 and March 19, 2018. 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

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