Among Generations, Millennials Have The Strongest Instinct To Plan Yet Feel The Most Anxious And Insecure They'll Get It Right

Northwestern Mutual study reveals that Millennials struggle with how to manage spending now versus saving for later

MILWAUKEE, Oct. 23, 2018 /PRNewswire/ -- Nearly one in three Millennials (29%) say financial planning makes them feel "excited and inspired," according to new data from Northwestern Mutual's 2018 Planning & Progress Study. This is more than double the amount of Baby Boomers (12%) who say the same, and substantially more than Gen Xers (22%).

Millennials are also more likely than other generations to say they are "highly disciplined" or "disciplined" financial planners with over half (57%) identifying themselves as being in one of those categories compared to only 49% of Gen Xers and 45% of Baby Boomers.

"Millennials appear to understand more than any other generation the importance of creating a sound financial plan, yet are the least confident they've got it right," says Emily Holbrook, director of planning at Northwestern Mutual.

While those aged 18-34 demonstrate the strongest instincts for planning and discipline, they also feel the most anxious that they have the right strategy in place. More than eight out of 10 (82%) Millennials say their financial planning needs improvement, compared to only 63% of Baby Boomers and 79% of Gen Xers. Additionally:

Only 40% of Millennials say they have good clarity on how much they can afford to spend versus how much they should be saving for the future. That compares to 56% of Baby Boomers and 47% of Gen Xers.
A large majority (78%) of Millennials agree they feel pulled apart by the pressure to find the right balance between present and future financial responsibilities. This compares to only 57% of Baby Boomers and 74% of Gen Xers who say the same.
Almost one in three Millennials (29%) completely agree they feel afraid, uncomfortable, or guilty spending money even when they can afford to. That compares to 16% of Baby Boomers and 22% of Gen Xers.

This is the latest round of findings from the 2018Planning & 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 the middle class, debt, retirement savings, money and emotions, and working with a financial advisor.

Debt, Spending & Priorities

Millennials are carrying an average $36,000 in debt and put 34% of their monthly income toward paying it down. Interestingly, their overall debt levels are exactly on par with Baby Boomers who are also carrying $36,000 in debt, and slightly less than the $39,000 that Gen Xers are carrying. The single greatest source of Millennials' debt comes from education loans (21%) and credit card bills (20%), whereas mortgages, followed by credit card bills, top the list for both Gen Xers (32%) and Baby Boomers (25%).

As for spending, 41% of Millennials' monthly income goes towards discretionary costs. This is likely due to the fact that Millennials are earlier in their careers, so their incomes are typically lower than older generations.

In terms of financial priorities, Millennials say that saving enough for a milestone like marriage, college, or buying a house, is their top priority (54%). This is distinctly different than Baby Boomers and Gen Xers who say reducing debt is their top financial priority (53% and 55%, respectively).

"Millennials have passed the most important first step towards securing their financial futures – understanding they need a plan to meet their goals," said Holbrook. "From there it becomes a matter of making sure they have confidence in the paths they're on so that they can live their lives on their own terms."

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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