Northwestern Mutual Study Finds 40% Of Americans View Financial Planning Like A Medical Checkup - Not Fun But Necessary

Another 40% are either reluctant or nervous to confront their financial situations, willing to push planning off, frustrated with their circumstances or skeptical of the value of planning

MILWAUKEE, Dec. 11, 2018 /PRNewswire/ -- New research from Northwestern Mutual has found that when US adults aged 18+ are asked how they feel about financial planning, the far and away No. 1 answer is, "not my favorite thing in the world but know it needs to get done like a medical checkup" (40%). Nearly one in five (18%) say they are "excited and inspired, love to do it." Another 40% combined expressed a range of negative emotions about planning, including:

Worried, nervous about confronting the financial details of my life (17%)
Prefer to not deal with it until I absolutely have no choice (9%)
Frustrated, annoyed with my financial situation (9%)
Skeptical about the value of planning (5%)

There is one issue that the majority of Americans agree on though – 70% say their financial planning needs improvement.

"People's instincts are in the right place," saysEmily Holbrook, director of planning at Northwestern Mutual. "There are pretty sizable numbers who say they either love to plan or do it because they know it's good for them. Also, the fact that most Americans think their planning needs to be better is evidence that there's a will to improve. We're seeing high numbers of Americans who default to a position of avoidance or frustration and our message to them is to push through and get started--that's often the hardest part."

This is the last 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. Previous waves explored retirement, the middle class, debt, the impact of money on emotions, and more.

Most people say they're informal planners

When asked what type of financial planner people are, nearly half say either "disciplined" or "highly disciplined" but the single most common answer is "informal." The exact breakouts are as follows:

16% say I am a "highly disciplined" planner. I know my exact goals, have developed specific plans to meet them, and rarely deviate from those plans.
33% say I am a "disciplined" planner. I know my exact goals and have developed specific plans to meet them, but those plans can deviate at times because I don't always stay on top of them.
37% say I am an "informal planner." I have a general sense of my goals and how to meet them - however I do not have a plan in place.
14% say I am "not a planner" and have not established any goals.

Some of the reticence around planning may stem from the fact that almost 8 in 10 (79%) Americans agree that being financially responsible means "sticking to a budget and never deviating."

"A good financial plan should be flexible and adapt to your life, not the other way around," says Holbrook. "It shouldn't be approached as an overly rigid or static exercise. It should grow and change shape with every twist and turn that life presents. And it's important to remember the aim of a plan is to allow you to live the life you want to live, not simply to demand sacrifice or delay your hopes and dreams."

Avoidance and Inaction

One in three Americans (34%) say they have not spoken to anyone about financial planning, according to the survey. And yet, a lack of planning is ranked among the top five obstacles to achieving financial security in retirement:

Lack of savings (48%)
Healthcare costs (48%)
The economy (35%)
Lack of planning (29%)
Social Security uncertainty (29%)

"Even if the intention is there, it can be hard to take action," says Holbrook. "But we go back to what people told us in the study -- they see planning like they see medical checkups. It's not something to neglect. Even if you've never planned before, it's not too late to get back on track. By doing so, people can take more control of their lives, make informed decisions, and begin to feel more financially fit."

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

Northwestern Mutual has been helping families and businesses achieve financial security for more than 160 years. Through a distinctive, whole-picture planning approach, we empower our clients to make the most of every single day and plan for important moments in their future. We combine the expertise of our financial professionals with a personalized digital experience to help our clients navigate their financial lives every day. With $265.0 billion in assets, $28.1 billion in revenues, and $1.8 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to 4.5 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 manages more than $125 billion of client assets through its wealth management and investment services. Northwestern Mutual ranks 104 on the 2018 FORTUNE 500 and is recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2018.

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