30% Of Americans Are Within Three Paychecks Of Needing To Borrow Money Or Skip Paying One Or More Bills

New Research from Northwestern Mutual Finds 22% of US Adults Have Less Than $5,000 Saved for Retirement and 46% Expect to Work Past the Age of 65

MILWAUKEE, June 12, 2019 /PRNewswire/ -- Lack of savings paints a disconcerting picture about financial preparedness in America with nearly a third (30%) of U.S. adults aged 18+ within three paychecks of needing to either borrow money or skip paying one or more bills. These are the latest findings from the 2019 Planning & Progress Study released today by Northwestern Mutual.

According to the study, more than a fifth (22%) of Americans have less than $5,000 saved for retirement, and nearly half of working adults (46%) expect to work past the traditional retirement age of 65.

"People are skating on some very thin ice financially," says Emily Holbrook, senior director of planning at Northwestern Mutual. "While there are some signs of improvement since last year we still have a long way to go, and for most Americans there's no way to get there without a plan."

The annual study found:

More than one in five (22%) Americans have less than $5,000 saved for retirement, and 15% have no retirement savings at all. That's an improvement from 2018 when 31% had less than $5,000 saved and 21% had no retirement savings at all.
While 10,000 Baby Boomers turn 65 every day, nearly one in five (17%) have less than $5,000 saved for retirement and 20% have less than $5,000 in personal savings. For Gen X, the numbers are greater -- 21% have less than $5,000 saved for retirement and 22% have less than $5,000 in personal savings.
More than half (56%) of Americans don't know how much they'll need to retire comfortably.
More than a fifth (22%) of non-retired U.S. adults believe it is not at all likely that Social Security will be available when they retire.
On average, people think there is a 45% chance they will outlive their savings, and 41% have taken no steps to address it.

When I'm 65…I'll Still Be Working

The 2019 Planning & Progress Study found that 46% of Americans expect to work past the traditional retirement age of 65. Nearly one out of five Baby Boomers (18%) and an equal percentage of Generation X (18%) expect to work even longer -- past the age of 74.

Interestingly, more than half (53%) of Americans who expect to work past age 65 say it will be by choice, compared to 47% who say it will be out of necessity.

Among those who say they expect to work past age 65 out of necessity, the top three reasons why include:

"I won't have enough saved to retire comfortably" (78%)
"I do not feel like Social Security will take care of my needs" (56%)
"I am concerned about rising costs like healthcare" (49%)

For those expecting to work past 65 by choice, the top three reasons why include:

"I enjoy my job/career and would like to continue" (58%)
"I want additional disposable income" (46%)
"It is a social outlet that will help me stay active/prevent boredom" (39%)

"We're seeing a combination of factors in these numbers," says Holbrook. "Given what we know about savings levels, the number of people who can afford to retire at 65 is low. At the same time, people across the country are changing what the face of retirement looks like and getting satisfaction well beyond their bank accounts by continuing to work. The combination of those factors – affordability and lifestyle – form the bedrock of a good financial plan."

An Interesting Juxtaposition

The latest set of findings from the 2019 Planning & Progress Study are an interesting juxtaposition against the first set of data from the study released in May. Those results suggest that U.S. adults aged 35+ feel their financial habits and financial security have improved over the last 10 years, while risk aversion continues to run high and optimism has remained flat. It's important to

note that the sample used in the first set of findings – U.S. adults aged 35+ – is older than the sample used in this latest set of findings – U.S. adults aged 18+. For more details about the age group in the first set of findings, see the press release here.

"Clearly it's not an apples-to-apples comparison between these first two sets of findings, but side-by-side they tell us two things," says Holbrook. "First, while middle-aged and older adults report improvement, they're still on a long road, just moving in a slightly better direction. Next, while there are some troubling signs about long-term financial security in America, there is also some evidence that as people age financial discipline becomes more of a priority."

About The 2019 Northwestern Mutual Planning & Progress Study

The 2019 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 who participated in an online survey between February 20 and March 5, 2019. 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 $272.2 billion in assets, $28.5 billion in revenues, and $1.8 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.5 million people who rely on us for life, disability income and long-term care insurance, annuities, and brokerage and advisory services. The company manages $128 billion of investments owned by our clients and held or managed through our wealth management and investment services businesses. 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 2019.

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