Even Prior To Spike In Unemployment, One Third Of Americans Were Within Three Missed Paychecks Of Having To Either Borrow Money Or Skip Bills

Northwestern Mutual study finds people see cash as their best financial defense against uncertainty and volatility, with stocks, bonds and life insurance in a three-way tie for second

MILWAUKEE, April 8, 2020 /PRNewswire/ -- Even before the COVID-19 outbreak led to a spike in unemployment and declines in the stock market and broader economy, 33% of Americans were already within three missed paychecks of having to either borrow money or skip bills.

These are the first set of findings from the2020 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.

"Every American today is adjusting to a new normal, focused first on trying to stabilize the worlds around them," saidChristian Mitchell, executive vice president & chief customer officer at Northwestern Mutual. "In addition to concerns about their families' health and safety, people are dealing with questions about job security, financial losses, and paying their bills."

From a financial perspective, the research shows people view cash and money market funds (45%) as their best defense against economic uncertainty and market volatility, with stocks, bonds and life insurance in a three-way tie for second (all at 18%). At the same time, nearly a third (31%) of people are unsure of what their best financial defense should be at a time of uncertainty and volatility.

"Some relief is coming in the form of government stimulus, but for most Americans this is a critical time to plan," said Mitchell. "That can be difficult when so many people are feeling distracted and isolated. At the same time, a crisis can also be the catalyst to motivate change."

Critical to plan
The research shows that 71% of Americans say their financial planning needs improvement. That said, there are some encouraging signs in the data about people's instincts to plan and the discipline they bring to it.

22% consider themselves "highly disciplined" planners – They know their exact goals, have developed specific plans to meet them, and rarely deviate from those plans
39% consider themselves "disciplined" planners – They know their exact goals, and have developed specific plans to meet them, but those plans can deviate at times because they don't always stay on top of them
29% consider themselves "informal" planners – They have a general sense of their goals and how to meet them, but they do not have a formal plan in place
10% are not planners and have not established any goals

There's also a sizable percentage who say they enjoy planning, and a plurality that see it as necessary even if it's not their favorite thing to do. That said, 3 in 10 Americans struggle with confronting their financial situation, and given the economic downturn it's reasonable to expect that number could go up. Specific numbers regarding how people feel about financial planning were as follows:

Excited and inspired. Love to do it! (29%)
Not my favorite thing in the world but know it needs to get done – like a medical check-up (37%)
Worried, nervous about confronting the financial details of my life (16%)
Prefer to not deal with it until I absolutely have no choice (6%)
Frustrated, annoyed with my financial situation (8%)
Skeptical about the value of planning (3%)

"Whether it comes from a sense of instinct or responsibility, most people recognize the importance of planning. Our message to people at this unprecedented time is simple: if you don't have a plan, it's time to work with an advisor that can help you create an actionable financial plan to meet your needs today and in the days ahead."

Benefits of getting professional help
The study shows that 29% of Americans work with an advisor and 65% do not.

Interestingly, when asked who people trust the most for financial advice, the #1 response was themselves (28%), followed by a

financial advisor (24%) then a family member (13%). Meanwhile, 15% said they don't get financial advice from anyone.

"The human connection of an advisor in these most extraordinary times can help to lighten not just the financial anxiety but the emotional load, too," said Mitchell. "Long-term financial success is not garnered only by how you behave when things are good. It's about how you react when things aren't easy. It is times like the one we're all experiencing today that the value of a good advisor is perhaps most clear."

About The 2020 Northwestern Mutual Planning & Progress Study
The 2020 Planning & Progress Study was conducted by The Harris Poll on behalf of Northwestern Mutual and included 2,650 American adults aged 18 or older who participated in an online survey between February 12 – 25, 2020. 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 people and businesses achieve financial security for more than 160 years. Through a holistic planning approach, Northwestern Mutual combines the expertise of its financial professionals with a personalized digital experience and industry-leading products to help its clients plan for what's most important. With $290.3 billion in total assets, $29.9 billion in revenues, and $1.9 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.6 million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. The company manages more than $161 billion of investments owned by its clients and held or managed through its wealth management and investment services businesses. Northwestern Mutual ranks 111 on the 2019 FORTUNE 500 and is recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2020. Northwestern Mutual also received the highest score among individual life insurance providers in the J.D. Power 2019 U.S. Life Insurance Satisfaction Study.

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