

Americans' Resilient Response: 84% of U.S. Adults Say COVID-19 Will Impact Their Ability to Achieve Long-Term Financial Security, but Confidence in a Robust Recovery is High

Financial discipline has improved since the pandemic began

MILWAUKEE, Sept. 15, 2020 /PRNewswire/ -- New findings from Northwestern Mutual's [2020 Planning & Progress Study](#) reveal that 84% of U.S. adults aged 18+ expect the COVID-19 pandemic and subsequent economic downturn will have an impact on their ability to achieve long term financial security. Six in 10 (59%) say that impact will be moderate or high.

At the same time, confidence in a robust recovery – both personally and for the country – is strong. The study found:

83% of Americans believe they will ultimately achieve long term financial security. Among them, 44% say it will be in a year or less and 32% say between two to five years.

76% are confident the country will return to full employment. Among them, 47% say it will be in a year or less and 39% say between two to five years.

79% are confident the country will return to economic growth. Among them, 47% say it will be in a year or less and 38% say between two to five years.

"These numbers speak to the enormous resiliency people are showing at a time of great financial uncertainty," says Christian Mitchell, executive vice president and chief customer officer at Northwestern Mutual. "As a nation, and as individuals, we're in recovery mode. But there's a resounding confidence that comes across in these findings -- people believe in their ability to bounce back."

Financial Discipline has Improved

The study shows that financial habits and discipline have improved since the COVID-19 outbreak.

More than seven in 10 (71%) Americans said that their financial planning needed improvement prior to the pandemic. Today, that number has dropped to 61%.

Additionally, people indicate their financial discipline has improved:

Nearly three in 10 (28%) Americans consider themselves "highly disciplined" financial planners today, compared to 22% who said the same before the pandemic. "Highly disciplined" is defined as knowing your exact goals, developing specific plans to meet them, and rarely deviating.

One quarter (25%) of Americans consider themselves "informal" financial planners today, compared to 29% who said the same before the pandemic. "Informal" is defined as having a general sense of your goals and how to meet them, but not having a plan in place.

"It's good to see these behavioral habits are trending in the right direction," continues Mitchell. "People appear to be cautiously optimistic about the future and a growing number are taking responsibility and action, which are key ingredients for financial planning."

Covering Living Expenses

While people's long-term view is distinctly positive, there are still sizable numbers in the position of having to address near-term financial needs during an economic downturn.

The findings reveal that over one-third (38%) of Americans have had to take steps to cover their living expenses since the pandemic:

19% have dipped into personal savings or emergency funds

13% have borrowed money from family or friends

9% have dipped into retirement savings (401k, IRA, etc.)

Additionally, over a quarter (26%) of U.S. adults have taken advantage of payment deferral plans, including those for mortgages (8%), rent (8%), credit card bills (8%), utilities (7%), student loans (6%), and auto loans

(5%).

"We recognize that people are dealing with a wide range of circumstances and that the path forward will be unique for each individual as they try to navigate these tough times," says Mitchell. "We're encouraged by Americans' resilient spirit and we intend to be a valued planning partner on the road to recovery."

About The 2020 Northwestern Mutual Planning & Progress Study

The 2020 Planning & Progress Study is a research series conducted by The [Harris Poll](#) on behalf of Northwestern Mutual. This wave included 2,702 American adults aged 18 or older who participated in an online survey between June 26 – July 10, 2020. Previous waves included 2,650 American adults aged 18 or older who participated in an online survey between February 12 – 25, 2020 and 2,077 adults aged 18 or older who participated between April 29 – May 1, 2020. Results have been 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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