

Americans' Personal Savings are Up as Financial Anxiety Runs High

On average, Americans have \$65,900 in personal savings and are doing their best to protect themselves financially from what could come next during the pandemic

MILWAUKEE, Oct. 13, 2020 /PRNewswire/ -- New research from Northwestern Mutual's [2020 Planning & Progress Study](#) reveals that the savings rate among American adults aged 18+ is up, and it's likely the result of their concerns about what could come next financially and economically at this extraordinary moment in history.

The study found that on average, U.S. adults aged 18+ have \$65,900 in their personal savings (excluding funds specifically earmarked for retirement like a 401(k), IRA, etc.). That is a 10% increase from the \$59,737 average reported in 2019.

This aligns with U.S. Bureau of Economic Analysis data¹ which shows the savings rate – the portion of monthly income that households are saving – hit a record 33.7% in April and has hovered around 20% in the following months. Before the pandemic, the savings rate was approximately 7.5%.

Overall, more people feel financially secure (37% between 8–10 on a 10-point scale) than insecure (16% between 1–3). But that has dropped somewhat from pre-pandemic levels when 44% reported between 8–10 on the financial security scale. Additionally and importantly, there is a substantial minority that are clearly financially vulnerable:

Nearly one in 10 (9%) Americans have no personal savings at all
Over one-third (36%) don't know how much they have saved

"People are dealing with wide and varying circumstances as a result of the pandemic, and many are taking action to increase what they can save," says Christian Mitchell, executive vice president & chief customer officer at Northwestern Mutual. "For those who can, adding to their emergency funds may help mitigate some of the widespread feelings of financial anxiety that so many Americans are confronting."

Preparing for what lies ahead

While savings are up overall, people have significant concerns about what could take place over the coming months and years, and how it might impact their finances.

Among a list of financial concerns, Americans cited the rising cost of health care as the top worry with nearly eight in 10 (79%) reporting feeling some level of anxiety (either high, moderate, or low) about it.

Other reasons people cited feeling financially anxious include:

- Unplanned health emergency – 77%
- Unplanned financial emergency – 77%
- Their income – 76%
- Inability to afford healthcare – 68%
- Level of debt – 60%

Nearly one-third (31%) of U.S. adults say financial anxiety causes them to feel depressed at least once a month. Two in 10 (21%) say it impacts their relationship with a partner/spouse at least once a month; and one-fifth (19%) say it has a monthly impact on their job performance.

"It's understandable why people are feeling anxious, but it's important that the stress doesn't rise to unhealthy levels for reasons that are avoidable," says Mitchell. "Stress can be paralyzing especially if it's coupled with uncertainty about what action steps can be taken. The key is to gain control, get perspective, and take action."

As a starting point, Mitchell suggests the following for those who are feeling anxious about their financial futures:

Review spending habits: It can be hard to manage or mitigate financial anxiety if people don't have a clear sense of their spending behaviors.

Nearly half (49%) of U.S. adults say they don't have great clarity on exactly how much they can afford to spend now vs how much they should be saving for later. As a result, 27% say they hold back on spending while 22% say they spend and hope they've saved enough.

Taking a step back and getting a solid understanding of where money is flowing can help individuals make more informed decisions.

Refine or create a budget, with short- and long-term goals : Identify what expenses are critical and factor in both near-term and long-term obligations.

At times of financial stress, human behavior can become highly acute. The research shows that one in five (20%) people say they are thinking about or actively planning their finances only on a week-to-week or day-to-day basis.

That's understandable but it's important to not lose sight of long-term objectives. A structured plan can help to make sure near-term needs are addressed while long-term goals – like saving for retirement – don't get sidelined or put on hold.

Consider seeking outside advice: Some people are reluctant to seek professional help because they either assume it's only for the wealthy or it's viewed as an unnecessary expense when finances are a concern. Yet it's at challenging times when professional help can be most important. A financial professional can help provide more clarity and get people back on track if they've drifted or lost their way.

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. 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.

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¹ U.S. Bureau of Economic Analysis, Personal Saving Rate [PSAVERT], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PSAVERT>

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