

60% of US Adults Say the Pandemic Has Been Highly Disruptive to Their Finances

Northwestern Mutual's 2022 Planning & Progress Study finds Americans intend to maintain better financial habits but have regressed from last year, with personal savings dropping 15%

MILWAUKEE, May 18, 2022 /PRNewswire/ -- More than two years into the pandemic, Americans have adapted to a new normal in their financial lives – they've improved their financial habits and expect them to stick; they've accounted for emergencies and risks; and they have far more confidence in themselves than the economy. That said, financial discipline isn't at the level it was last year and personal savings have started to dwindle.

These are some of the findings from the 2022 Planning & Progress Study, an annual research report commissioned by Northwestern Mutual that explores Americans' attitudes and behaviors toward money, financial decision-making and broader issues impacting their long-term financial security.

The study finds that over 60% of US adults say the pandemic has been highly disruptive to the way they manage their finances. Among them, a significant majority (48%) say they have been able to adapt while 13% say they have not.

"COVID-19 is by no means behind us, but these findings suggest a meaningful number of people have turned a corner," said Christian Mitchell, executive vice president & chief customer officer at Northwestern Mutual. "This is an adaptation story – people have adjusted to the many ways the world has changed over the last two years and have emerged with some different financial priorities, habits and points of view. But progress doesn't always follow a straight line – there's been a little wobble in people's behaviors compared to last year."

Ground Has Been Recovered but Savings Are Beginning to Dwindle

More than four in ten (43%) US adults say they made up for lost ground incurred financially during the first year of the pandemic, compared to 30% who say they haven't and 27% who say they didn't lose any ground in 2020. Among the 43% who have made up lost ground:

10% say they made up all of it and more, and they are now **ahead** of where they expected to be financially
12% say they made it up entirely and are fully back on track financially
21% say they made up some of the ground lost in 2020 but are not fully back on track financially yet

One well-documented response to the pandemic has been the impulse to save, and the 2022 Planning & Progress Study backs that up – a solid majority (60%) say they've been able to build up their personal savings over the last two years, and 69% of those say they plan to maintain their new saving rate going forward. That said, year-over-year numbers show that while savings levels remain high, they've dropped 15% from last year.

Average amount of personal savings in 2021 – \$73,000
Average amount of personal savings in 2022 – \$62,000

"There could be several factors contributing to the drop in savings from last year ranging from spiking inflation to people spending more as they resume some sense of normalcy in their lives," said Mitchell. "But it bears watching because while people say they plan to continue saving at an elevated rate going forward, intentions don't always follow through to action."

Better Habits and Bigger Picture Planning but Some Wavering Behaviors

Three quarters (73%) of US adults say they've adopted better financial habits as a result of the pandemic. Among them, an equal three quarters (73%) expect to maintain those habits going forward. While that number is relatively high, it's below the 95% who said the same in 2021. Digging deeper, the top five behaviors adopted in 2022 underscore a commitment to discipline but at slightly lower levels than last year:

Top 5 Behaviors Adopted	2021	2022
Reduce living costs/spending	45%	35%
Pay down debt	34%	22%
Increase investing	33%	19%

Increase use of tech to manage finances	28%	19%
Regularly revisit financial plans	29%	17%

Overall, a significant number of people report taking a more comprehensive and holistic approach to their financial planning – 44% say they have adjusted to account for bigger picture emergencies and risks.

And by and large, Americans report high levels of comfort in how they manage spending and saving. The numbers jump even higher for those who get professional help:

71% say they have good clarity on exactly how much they can afford to spend now versus how much they should be saving for later

82% of people who work with an advisor have good clarity on exactly how much they can afford to spend now versus how much they should be saving for later

"Some regression from last year isn't particularly surprising given the heightened levels of uncertainty people felt earlier in the pandemic," said Mitchell. "In order to see greater adoption of these healthy financial habits and behaviors moving forward, it's important for people to put a financial roadmap in place to keep them on track – something an advisor can really help with. But overall, people today feel relatively stable and clear-eyed about their financial footing, particularly in areas that they can control."

Confidence in Themselves, Skepticism About Most Other Things

The research finds that people have significantly greater confidence in themselves than they do in the US economy or the American Dream.

72% say they have had/will have a successful career

66% say they have achieved/will achieve long-term financial security

60% say they will have enough money to retire when the time comes

68% say their planning incorporates the possibility of unplanned emergencies

While only...

43% say the US economy is strong

35% say inflation will subside in 2022

56% say Social Security will be there when they need it

55% say the American Dream is still alive and well

When asked about their greatest obstacles to reaching financial security in retirement, people say inflation and the economy are #1 and #2. The top five include:

Inflation – 41%

The economy – 39%

Lack of savings – 29%

Personal debt – 26%

Healthcare costs – 22%

In forthcoming data sets, the 2022 Planning & Progress Study will explore wide-ranging issues facing Americans spanning savings and debt, work and retirement, planning, priorities and more.

About The 2022 Northwestern Mutual Planning & Progress Study

The 2022 Planning & Progress Study was conducted by The [Harris Poll](#) on behalf of Northwestern Mutual and included 2,381 American adults aged 18 or older who participated in an online survey between February 8 – 17, 2022. 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 165 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 more than \$570 billion in combined company and client assets, \$34 billion in revenues, and \$2.1 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to nearly

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