

# Northwestern Mutual Study Finds Americans Now Believe They Will Need \$1.25 Million for Comfortable Retirement

*Figure represents a 20% jump over last year*

*Anticipated retirement age climbs from 62.6 to 64 years old*

MILWAUKEE, Oct. 25, 2022 /PRNewswire/ -- The latest findings from Northwestern Mutual's [2022 Planning & Progress Study](#) reveal that U.S. adults aged 18+ anticipate they will need \$1.25 million to retire comfortably, a 20% rise since 2021. At the same time, Americans' average retirement savings has dropped 11% – from \$98,800 last year to \$86,869 now – while their expected retirement age has risen – now 64, which is up from 62.6 last year.

"It's a period of uncertainty for many people, driven largely by rising inflation and volatility in the markets," said Christian Mitchell, executive vice president and chief customer officer at Northwestern Mutual. "We've also seen upticks in spending year-over-year not only as a result of inflation, but also as people have resumed a sense of normalcy in their lives following the earlier days of the pandemic. These factors are leading many people to recalibrate their thinking about how much they'll need to retire and how long it will take them to get there."

## Four in Ten People Don't Think They'll Be Ready to Retire

The study finds low levels of confidence among Americans about their retirement preparedness, and they don't have great faith in Social Security as a backstop. More than four in ten (43%) people say they do not expect to be financially ready for retirement when the time comes. And 45% say they can imagine a time when Social Security no longer exists.

Meanwhile, one-third (33%) of Americans expect to live to 100, with an equal third (33%) predicting there is a better than 50% chance they may outlive their savings. At the same time, more than one in three (36%) report that they have not proactively taken any steps to address this concern.

Steps taken to address the possibility of outliving savings		Percentage of overall retirement funding people expect to deliver	
Increased savings	25 %	401K or other retirement account	27 %
Put together a financial plan	22 %	Social Security	26 %
Purchased investments	21 %	Personal savings or investments	22 %
Discussed options with family	18 %		
Sought advice from an advisor	18 %		
Purchased insurance	16 %		
Have not taken any steps	36 %		

## Working Longer

Americans on average plan to work until the age of 64, up from 62.6 last year. Interestingly, the study found that working with an advisor and / or being a disciplined planner can shave off a few working years – those two subgroups report anticipated retirement ages of 61 and 62 respectively.

"It's one of those questions on so many people's minds – how long should I expect to work in order to save enough for retirement?" said Mitchell. "It's really difficult to answer because there are all kinds of considerations to factor in. But too many people grapple with it in a bubble. With greater clarity you can make a more confident call and getting professional advice can provide that clarity."

When asked about how the pandemic has impacted people's retirement timelines, a quarter (25%) said they plan to retire later than they had anticipated, and 15% said they plan to retire earlier. Digging into the reasons why:

Reasons for delaying retirement		Reasons for accelerating retirement	
I want to continue to work and save money	59 %	I want to spend more time with my loved ones / family	44 %
I am concerned about rising costs like healthcare and / or had unexpected medical costs	45 %	I have realized that my personal mission is more important than saving more for retirement	34 %
I am taking care of a relative or friend / responsible for additional dependents	26 %	I can afford it	32 %
I had to dip into my retirement savings	24 %	I want to focus on priorities / hobbies outside of work	28 %
		I was offered a buy-out / incentive to retire earlier due to the pandemic	22 %
		My work situation has changed (laid off, working remotely, etc.)	22 %

Finally, the study also uncovered interesting data about what Americans value in their work lives, finding that most adults (60%) prioritize personal fulfillment over salary and income potential (40%) in their careers.

"This is a really fascinating finding and one that advisors should take note of as they work with their clients," said Mitchell. "What people prioritize goes well beyond their bottom lines. The best advisors understand their clients' values and motivations, not just their financial situations."

#### 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

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