Two-Thirds of Americans Say Their Financial Planning Needs Improvement

Northwestern Mutual's Planning & Progress Study reveals Americans with an advisor are much more confident about their financial future, yet only 37% work with one

Advisors are Americans' most trusted source for financial advice – more than loved ones, friends, news, FinTok and Reddit

While older Americans want an advisor with sophisticated expertise, younger generations prioritize advisors who understand them, save them time, and keep them up-to-date on innovations

MILWAUKEE, July 24, 2023 /PRNewswire/ -- Americans say their financial planning needs improvement and that having a financial advisor boosts confidence, yet only 37% work with one according to Northwestern Mutual's 2023 Planning & Progress Study.

The data finds that two-thirds of Americans (66%) believe their financial planning needs improvement, a 4 percentage-point uptick from the previous year. This was especially true among younger adults (79% for both Gen Z and Millennials, up 5 percentage points from last year for each generation). One factor driving this could be the current economic landscape. Nearly one in five people (18%) say that recent economic uncertainty has led them to either begin working with a financial advisor or plan to work with one at a later date.

"Financial uncertainty is up in 2023, and the question for many Americans is what to do about it," said Tim Gerend, chief distribution officer at Northwestern Mutual. "The good news is many are taking action to plan and tapping advisors for help in an increasingly complex financial environment so that they can reach their goals."

Financial advisors boost confidence

The research shows that people who work with an advisor have significantly higher levels of confidence across a range of areas, including being prepared for unplanned expenses (31 percentage points higher), being able to retire when the time comes (29 percentage points higher) and achieving long-term financial security (28 percentage points higher).

How financial advice impacts confidence	Individuals who work with an advisor	Individuals who do not work with an advisor
I have had/will have a successful career	85 %	62 %
I will have enough money for retirement (retirees)	80 %	58 %
I can enjoy today without sacrificing happiness in the future	76 %	59 %
My financial planning incorporates the possibility of unplanned financial or health emergencies	80 %	49 %
I have achieved/will achieve long-term financial security	75 %	47 %
I will have enough money to retire when the time comes (non-retirees)	74 %	45 %
Social Security will be there when I need it	66 %	49 %

"When Americans ground their financial future in a custom-built plan and an expert advisor instead of in their own gut feelings, the confidence boost can be tremendous, and the improved financial outcomes can be just as significant," said Gerend. "Financial advisors can help people in so many ways they might not realize – managing debt, building and protecting wealth, estate planning and more."

Advisors are considered the most trusted source for financial advice

Americans say that financial advisors are the most trusted source of financial advice, outpacing spouses, family members, business news, friends and social media.

While Gen Z and Millennials may spend a significant amount of time on social networks, the vast majority are not turning to those channels for trustworthy financial guidance. Both groups ranked financial advisors among the most trusted sources of financial advice – #1 for Millennials and #2 for Gen Z, second only to family members.

"FinTok and meme stocks inspired many young people to get excited about building wealth, but it's clear that they are turning to advisors for advice they can trust," said Gerend. "At Northwestern Mutual, the average age of our new clients is 32, and we see the enthusiasm these generations have for working with an advisor to create wealth and protect it from risks."

Most trusted source for financial advice	**All**	**Gen Z**	**Millennials**	**Gen X**	**Boomers+**
Financial advisor	31 %	22 %	25 %	35 %	35 %
Spouse/partner	17 %	12 %	20 %	15 %	16 %
Family member	14 %	28 %	19 %	12 %	8 %
Business news	8 %	11 %	6 %	8 %	9 %
Friend	4 %	4 %	7 %	4 %	2 %
Financial influencers / social media (Reddit, TikTok, etc.)	3 %	6 %	4 %	2 %	0 %

Older Americans want an advisor with expertise, while younger generations prioritize advisors who align to their values, save them time, and keep them up-to-date

The data finds two leading reasons people turn to advisors for financial guidance: for their professional expertise and to help them maintain a long-term view that keeps them on track to achieve goals (both at 48%). Interestingly, Gen Z and Millennials were more likely than other generations to turn to an advisor for help aligning their finances with their values, saving time and keeping up to date on things like changes to the tax code.

Reasons individuals turn to an advisor	**All**	**Gen Z**	**Millennials**	**Gen X**	**Boomers+**
Offers professional expertise I don't have	48 %	28 %	29 %	50 %	66 %
Helps me keep a long-term view so I can achieve goals such as a financially secure retirement	48 %	30 %	43 %	54 %	51 %
Helps me reduce my financial anxiety and provide peace of mind	44 %	31 %	37 %	44 %	53 %
Helps me plan and keeps me organized, disciplined and on track	43 %	35 %	47 %	47 %	37 %
Helps me align my finances with my values	31 %	33 %	40 %	24 %	29 %
Keeps me up to date on things like changes in the tax code	31 %	39 %	33 %	29 %	29 %
Saves me time	31 %	44 %	42 %	30 %	19 %

Additionally, when selecting an advisor to work with, respondents said they prioritize someone who understands their life stage priorities (54%) and who has a long track record of experience (51%). When looking across generations, however, priorities begin to differ. Gen Z and Millennials, for example, place a higher premium on working with an advisor who is tech-forward and demographically similar to them.

Reasons for choosing an advisor	All	Gen Z	Millennials	Gen X	Boomers+
Understands the priorities for someone in my stage of life	54 %	42 %	47 %	52 %	63 %
A long track record of experience	51 %	32 %	42 %	58 %	58 %
Tech-forward and accessible to communicate with beyond in-person meetings	21 %	25 %	29 %	16 %	18 %
Demographically similar to me (e.g., age, gender, race/ethnicity, sexual orientation)	21 %	28 %	34 %	18 %	12 %

"What we know is that people form long-term relationships with their advisors lasting 20, 30 or 40 years, and it's clear that younger generations are expecting empathy just as much as they're expecting financial expertise," said Gerend. "For someone to feel comfortable sharing their dreams and worries with an advisor, there needs to be a human connection rooted in trust and understanding, and that's something our industry should continue prioritizing."

In forthcoming data sets, the 2023 Planning & Progress Study will explore wide-ranging issues facing Americans spanning financial wellness, planning, inter-generational conversations, and more.

About The 2023 Northwestern Mutual Planning & Progress Study

The 2023 Planning & Progress Study was conducted by The Harris Poll on behalf of Northwestern Mutual among 2,740 U.S. adults aged 18 or older. The survey was conducted online between February 13 and March 2, 2023. Data are weighted where necessary by age, gender, race/ethnicity, region, education, marital status, household size, household income, and propensity to be online to bring them in line with their actual proportions in the population. A complete survey methodology is available.

About Northwestern Mutual

Northwestern Mutual has been helping people and businesses achieve financial security for more than 165 years. Through a comprehensive 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 $558 billion of total assets being managed across the company's institutional portfolio as well as retail investment client portfolios, nearly $35 billion in revenues, and $2.2 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than five million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. Northwestern Mutual ranked 111 on the 2023 *FORTUNE* 500.

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