

2024 Planning & Progress Study

The Financial States of America

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI and its subsidiaries.

Background & Methodology

Background

The 2024 Planning & Progress Study, a research series from Northwestern Mutual, explores US adults' attitudes and behaviors toward money, financial decision-making, and the broader issues impacting people's long-term financial security.

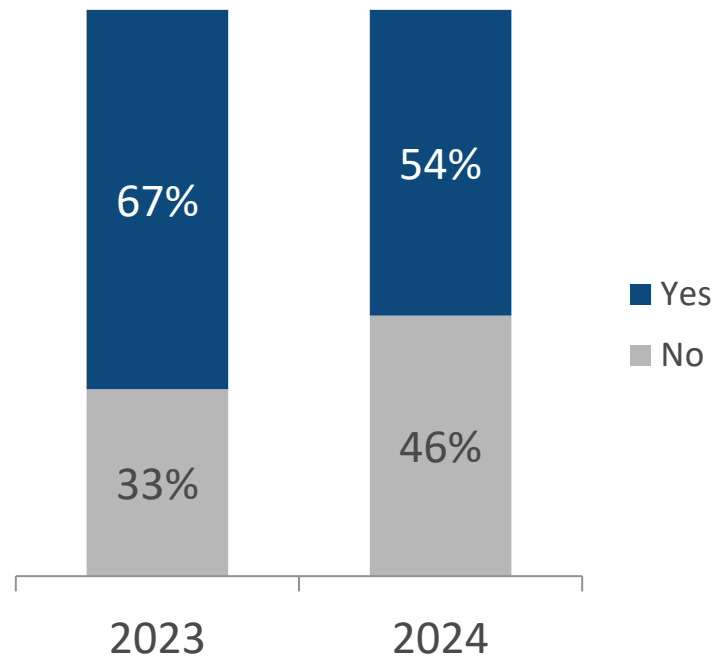
Methodology

The Harris Poll conducted a total of 4,588 online interviews among the general U.S. adult (18+) population between January 3rd and January 17th. Included in this overall total is a sample of 831 High-Net-Worth individuals (those with total household investable assets, excluding pensions, retirement plans and property, greater than \$1,000,000).

Data for the general U.S. population (including the High-Net-Worth oversample) were weighted to Census targets for education, age, gender, race/ethnicity, region and household income. A full methodology is available.

Just over half (54%) of U.S. adults expect the United States will enter a recession this year. While still a majority, it's a substantial drop from the two-thirds (67%) who predicted a recession last year.

Do you believe the US economy will officially enter into a recession in 2024?

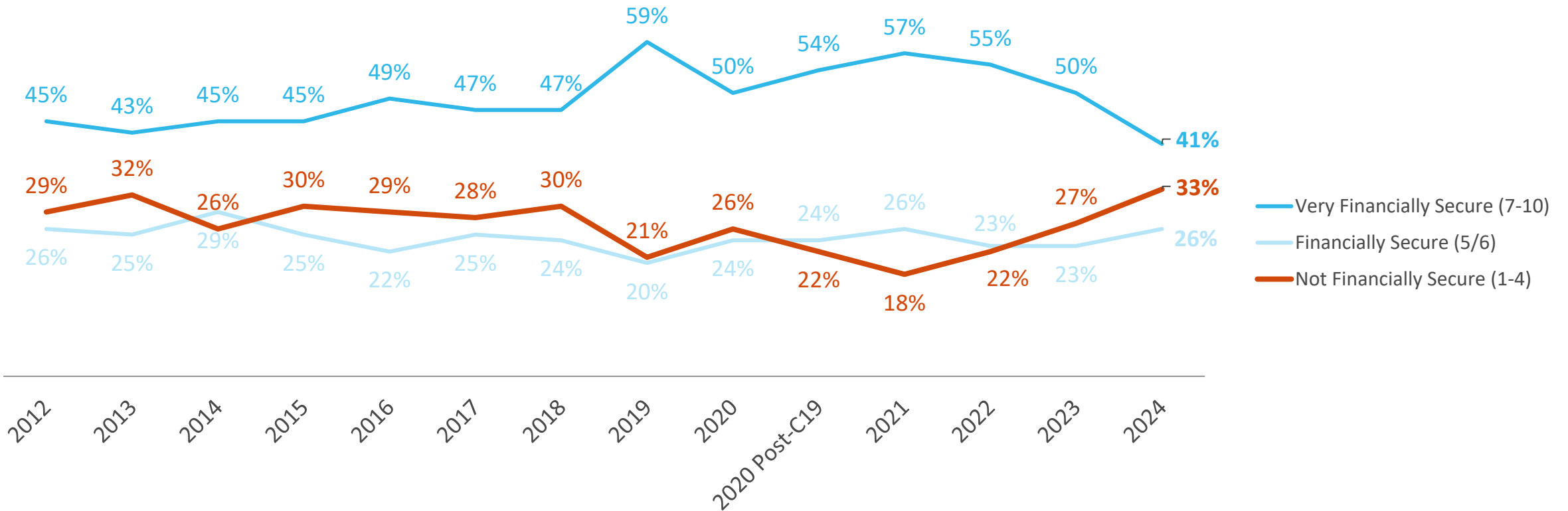


These more positive economic expectations are consistent across generations, with double-digit increases in optimism among Gen Z, Millennials, Gen X and Boomers+ alike.

% who believe the U.S. economy will enter a recession this year

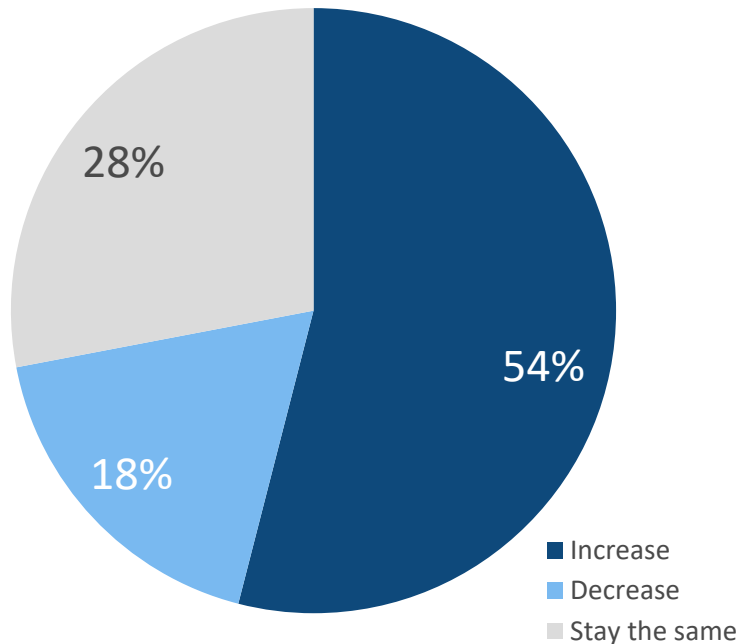
	Gen Z	Millennials	Gen X	Boomers+
2024	62%	59%	53%	48%
2023	74%	72%	70%	60%
Difference	12%	13%	17%	12%

One-third (33%) of adults say they do not feel financially secure, which represents a jump from 27% last year and is the highest level of insecurity recorded in the study's history.

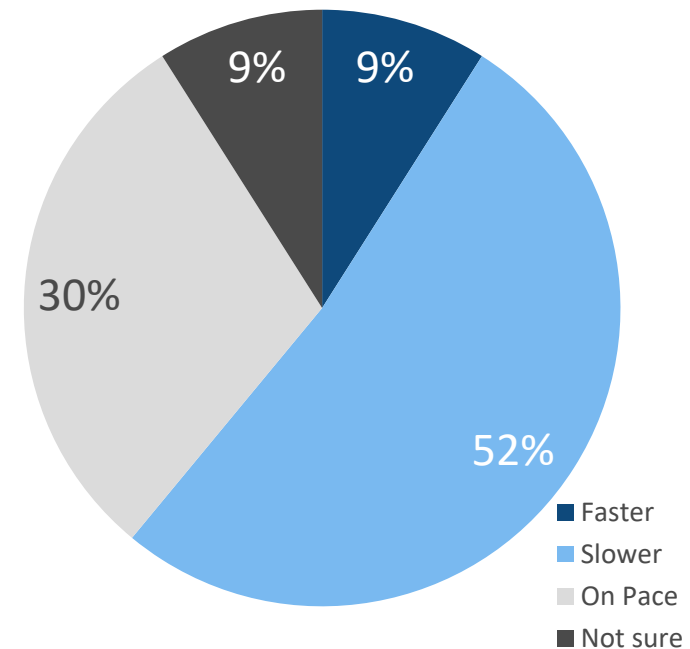


More than half (54%) of U.S. adults expect inflation to increase this year, and only 9% say their household income is outpacing it.

Do you expect inflation will increase, decrease or stay the same in 2024?



Is your household income growing faster, slower, or is it on pace with inflation?



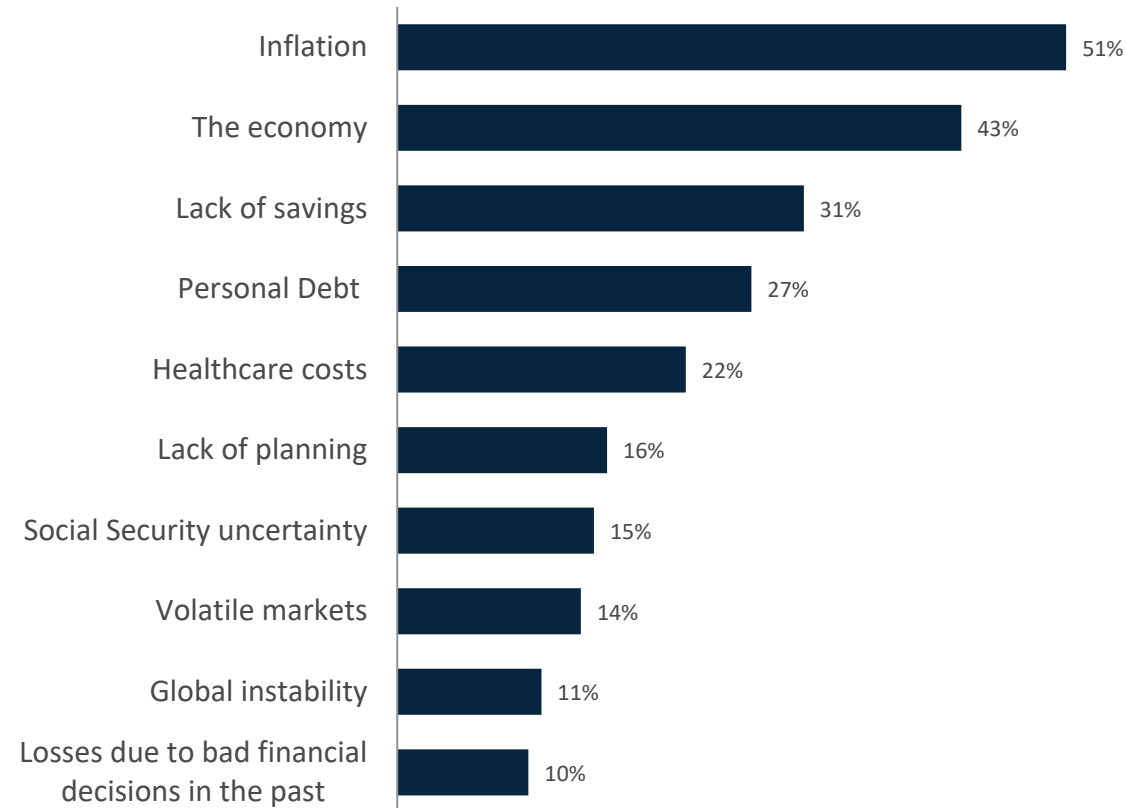
BASE: ALL QUALIFIED RESPONDENTS (n=4588)

Q2307. Do you expect inflation will increase, decrease or stay the same in 2024?

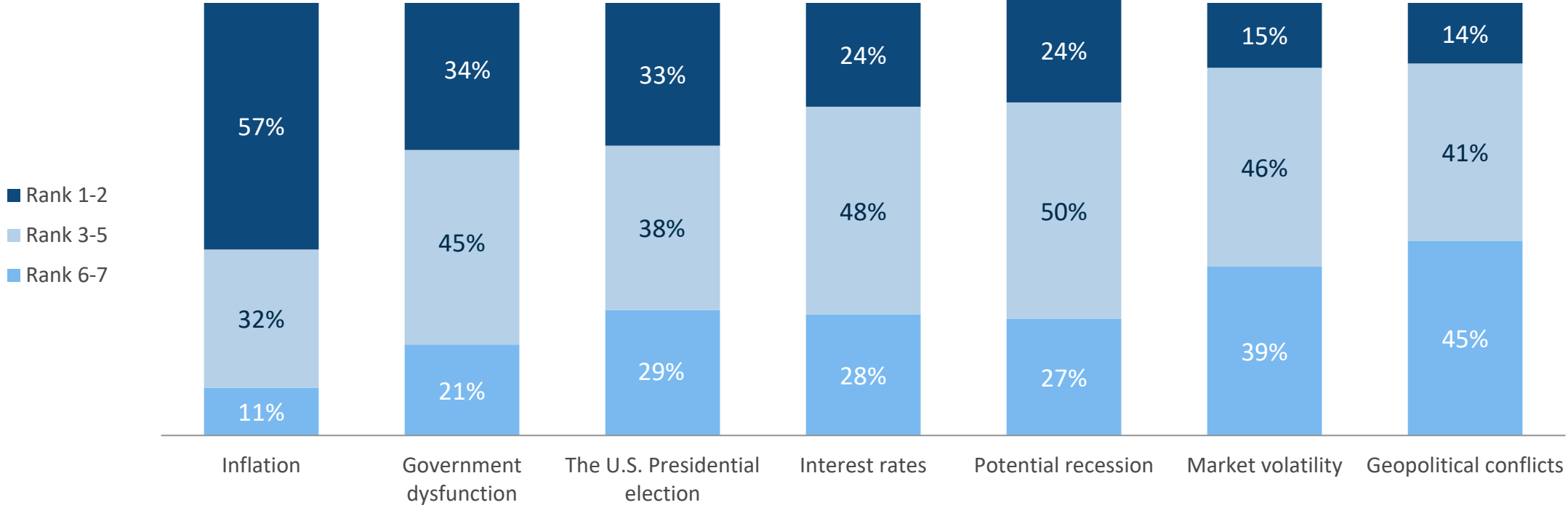
Q2024a. Is your household income growing faster, slower, or is it on pace with inflation?

U.S. adults consider inflation the greatest obstacle to financial security, well ahead of factors such as lack of savings and debt.

Obstacles to Financial Security in Retirement



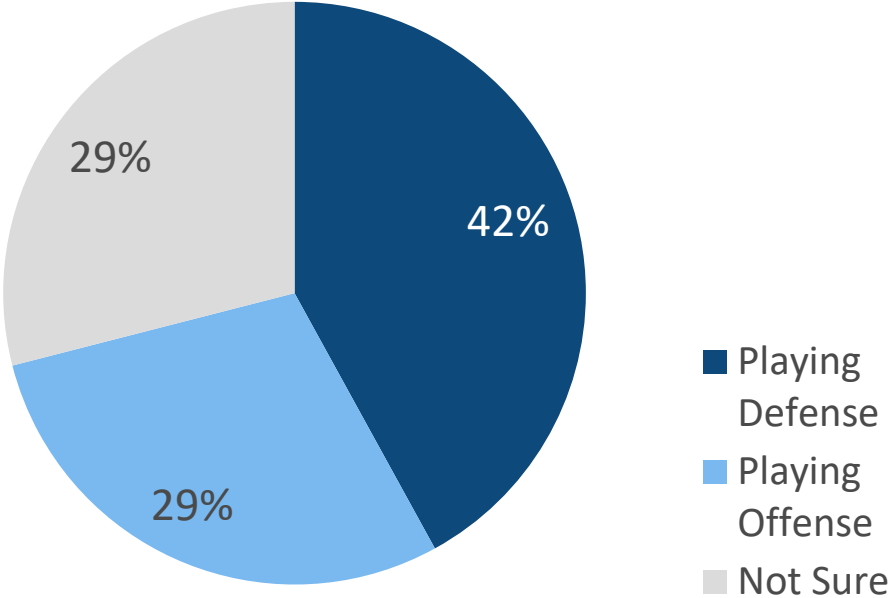
When asked to rank the concerns that could impact people’s finances the most in 2024, “inflation” (57%) topped the list but “government dysfunction” (34%) and “the U.S. Presidential Election” (33%) ranked second and third, coming in ahead of longer-term worries.



BASE: ALL QUALIFIED RESPONDENTS (n=4588)
 Q2024E. Rank the following in order of what concerns you the most to least as it relates to how it could impact your finances this year.

Given current market and economic conditions, 42% of U.S. adults feel 2024 is a year to prioritize “playing defense” with their savings and investments (managing risk to protect their assets) vs. 29% who feel it’s a year to be “playing offense” (capitalizing on opportunities to grow their assets); and 29% are unsure.

Given current market and economic conditions, 2024 is going to be a year to...

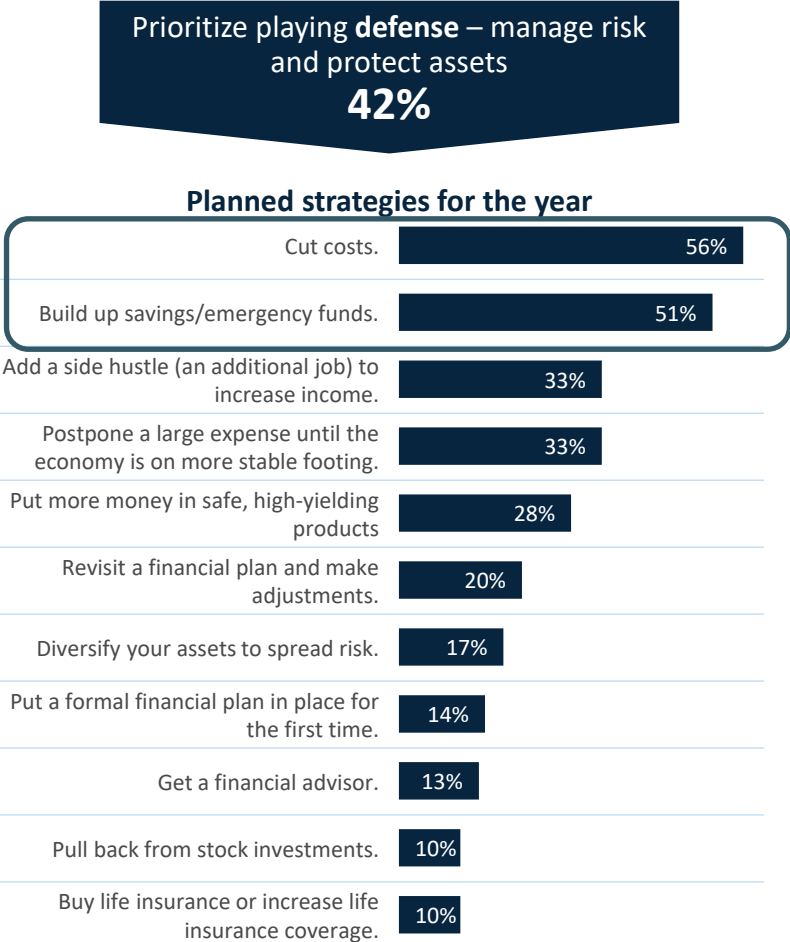


BASE: ALL QUALIFIED RESPONDENTS 2024 Gen Pop (n=4588)

Q2024I. Given current market and economic conditions, do you feel 2024 is going to be a year to prioritize playing defense with your savings and investments (managing risk to protect your assets) or playing offense (capitalizing on opportunities to grow your assets)?

The gameplan for those who favor playing defense is mostly focused on cutting costs (56%) and building savings (51%). Younger generations score higher on adding a side hustle, whereas higher numbers of high-net-worth individuals – people with more than \$1 million in investable assets – reported moving into safe, high-yielding instruments like money market funds.

Given current market and economic conditions, 2024 is going to be a year to...



	Add Side Hustle	Get Financial Advisor	Buy / Increase Life Insurance
Total	33%	13%	10%
Gen Z	46%	21%	11%
Millennial	43%	16%	15%
Gen X	35%	15%	9%
Boomers+	17%	4%	6%

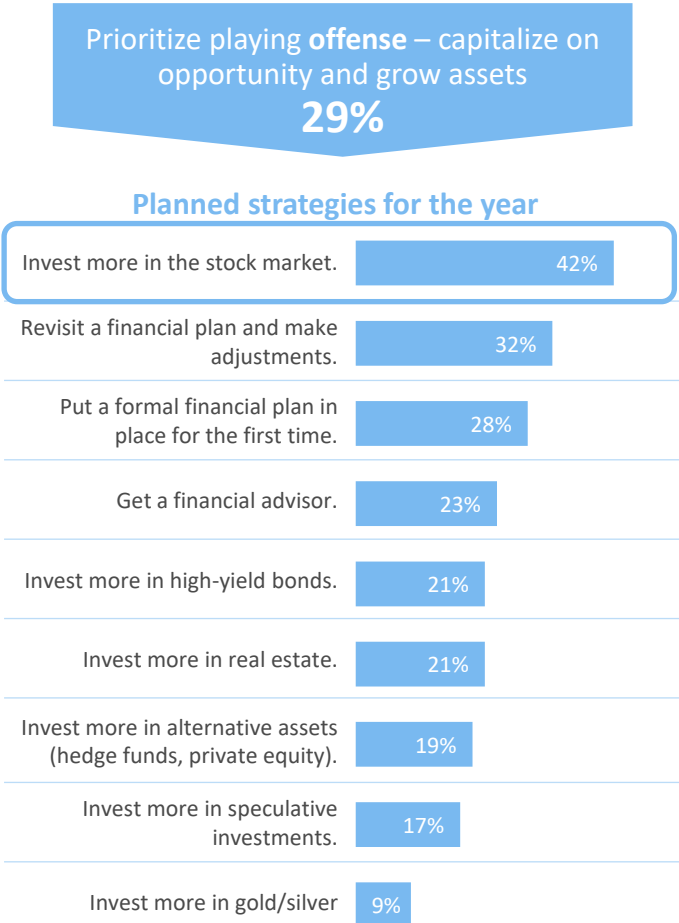
	Money in Safe, High Yield Products
Total	28%
HNW \$1M+	40%
Non HNW	27%

BASE: ALL QUALIFIED RESPONDENTS 2024 Gen Pop (n=4588)
Q2024I. Given current market and economic conditions, do you feel 2024 is going to be a year to prioritize playing defense with your savings and investments (managing risk to protect your assets) or playing offense (capitalizing on opportunities to grow your assets)?

BASE: PRIORITIZE DEFENSE (n=1999)/OFFENSE (n=1368)
Q2024j/k From the following, please select the ways in which you plan to have a defensive/offensive strategy with your savings and investments this year. Please select all that apply.

The gameplan for those who favor playing offense is mostly focused on investing more in the stock market (42%), particularly for Gen Z (52%) and the high-net worth (50%).

Given current market and economic conditions, 2024 is going to be a year to...



	Invest Stock Market
Total	42%
Gen Z	52%
Millennial	40%
Gen X	42%
Boomers+	37%
HNW \$1M+	50%
Non HNW	43%

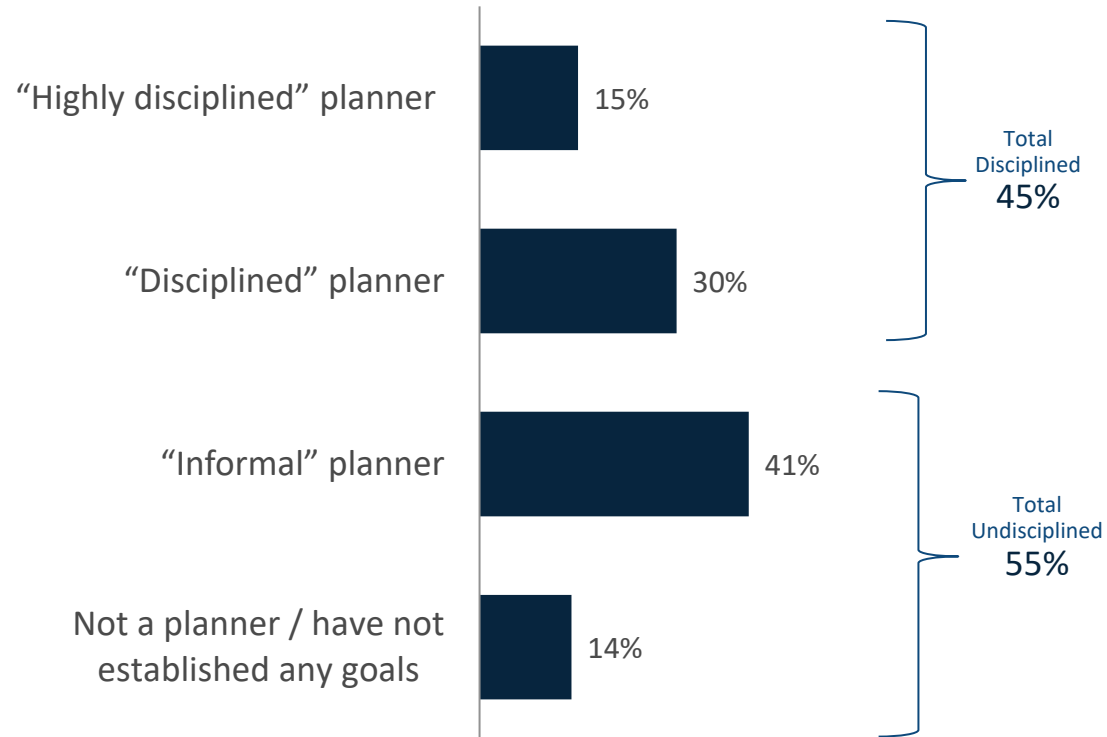
BASE: ALL QUALIFIED RESPONDENTS 2024 Gen Pop (n=4588)

Q2024l. Given current market and economic conditions, do you feel 2024 is going to be a year to prioritize playing defense with your savings and investments (managing risk to protect your assets) or playing offense (capitalizing on opportunities to grow your assets)?

BASE: PRIORITIZE DEFENSE (n=1999)/OFFENSE (n=1368)

Q2024j/k From the following, please select the ways in which you plan to have a defensive/offensive strategy with your savings and investments this year. Please select all that apply.

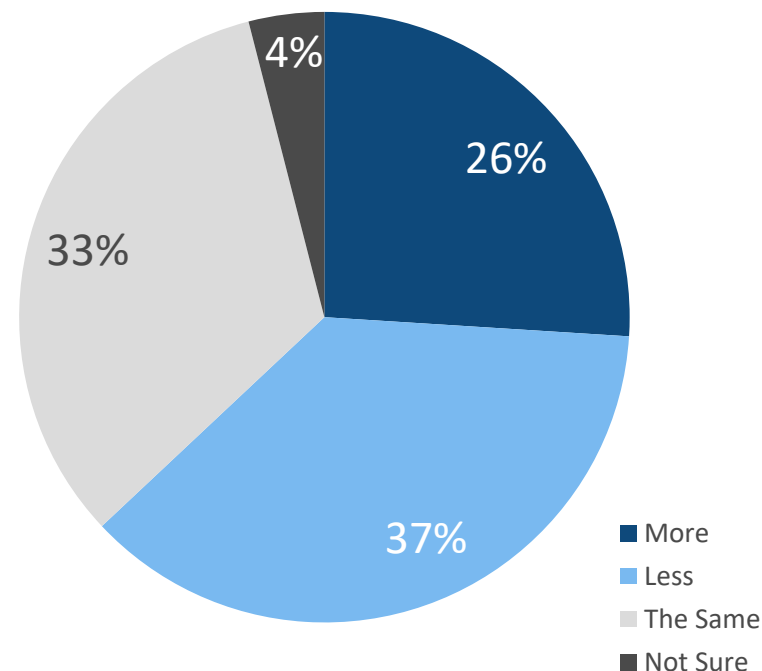
The research shows a continued decline among Americans who consider themselves “disciplined” financial planners – from 65% in the post-Covid 2020 study to 45% in 2024.



U.S Adults who consider themselves “disciplined” financial planners	
Post-covid 2020	65%
2021	60%
2022	59%
2023	50%
2024	45%
Total Disciplined Decline	20%

Despite high levels of financial insecurity, many Americans don't expect to largely pull back their spending on discretionary things like restaurants, vacations and entertainment in 2024. The research finds 59% of U.S. adults say they'll either spend the same or more on these purchases year-over-year, while just under four in 10 (37%) say they'll spend less.

Do you expect to spend more, less or the same on essential discretionary purchases?



Among generations, Gen Z is the most likely to say they'll increase non-essential spending and Gen X is the most likely to say they'll be tightening their belts.

Change in discretionary spending from 2023

	U.S. Adults	Gen Z	Millennials	Gen X	Boomers+
More	26%	36%	28%	24%	20%
The same	33%	25%	30%	31%	42%
Less	37%	35%	38%	41%	35%
Unsure	4%	5%	4%	4%	4%

BASE: ALL QUALIFIED RESPONDENTS (n=4588)

Q2024b. Thinking about this year when compared to last year, do you expect to spend more, less, or the same on non-essential discretionary purchases (e.g., going out, restaurants, vacation, entertainment, etc.)?