

2025 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 2025 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.

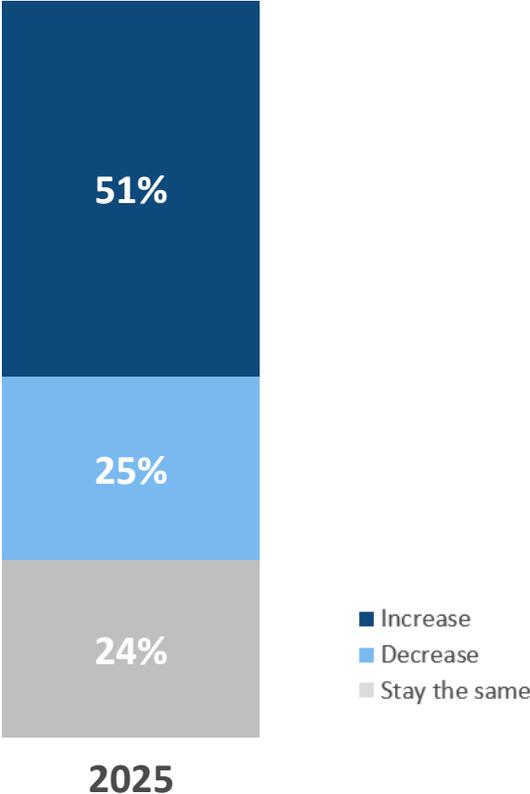
Methodology

The Harris Poll conducted a total of 4,626 online interviews among the general U.S. adult (18+) population between January 2nd and January 19th. Included in this overall total is a total sample of 969 among High Net Worth (HNW, 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.

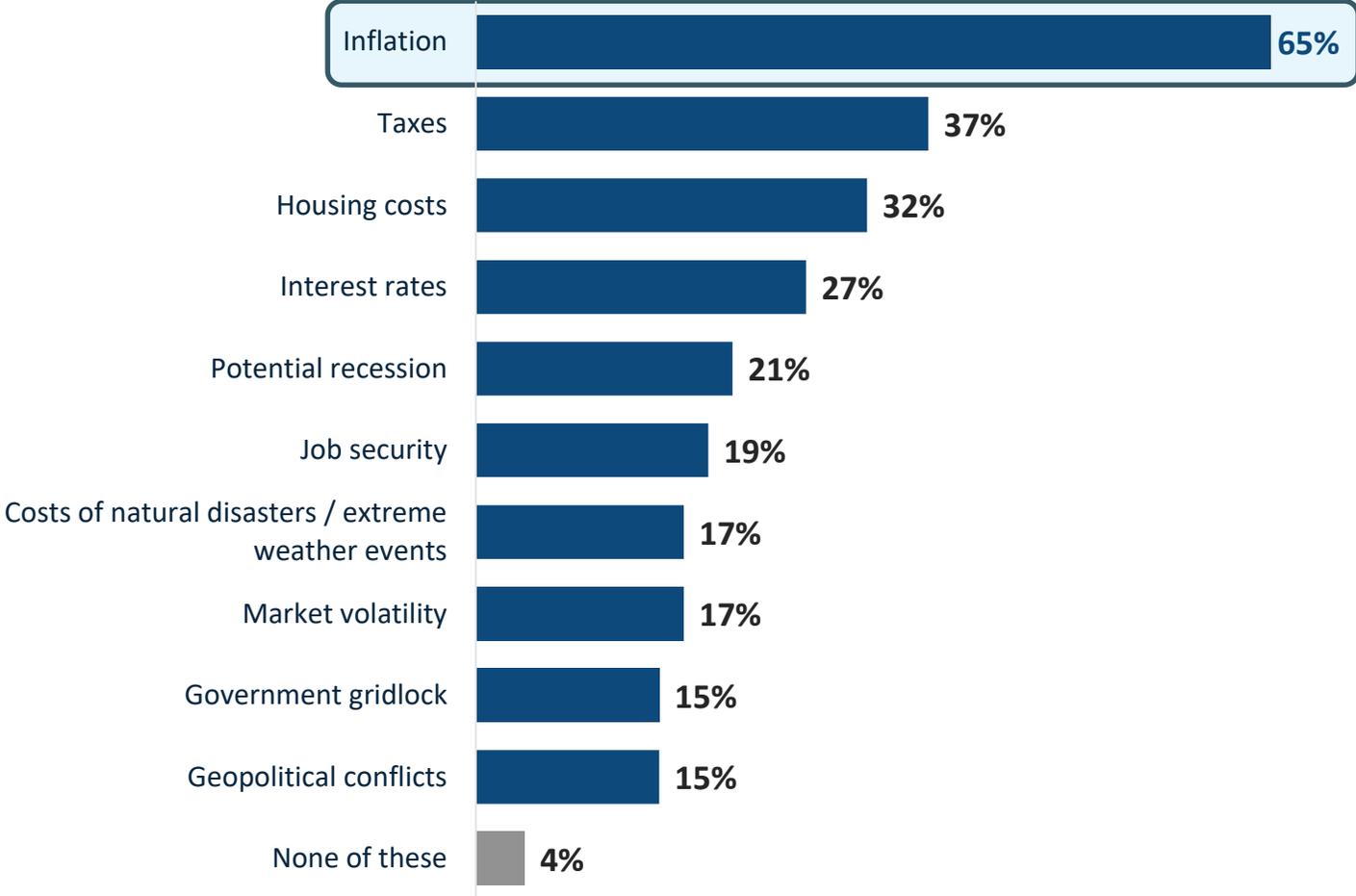
Half (51%) of U.S. adults believe inflation will increase in 2025, more than double the 25% who expect inflation to decrease and the 24% who expect it to stay the same.

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



Two-thirds (65%) of U.S. adults say inflation is the dominant concern that could impact their finances this year.

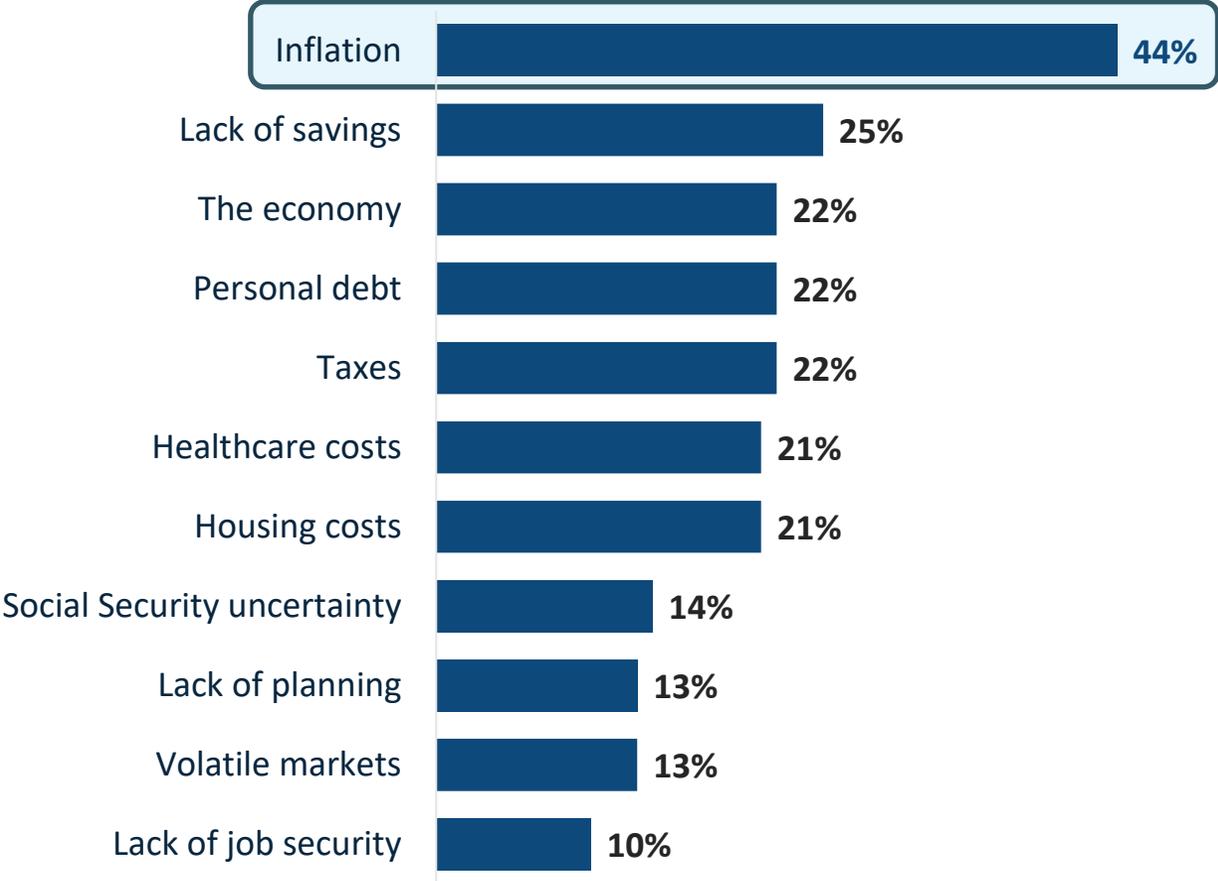
Top three concerns as it relates to the potential impact they could have on finances this year.



BASE: ALL QUALIFIED RESPONDENTS (n=4,626)
Q2025A What are your top three concerns as it relates to the potential impact they could have on your finances this year?

More than four in 10 (44%) rank inflation as the #1 obstacle to achieving financial security.

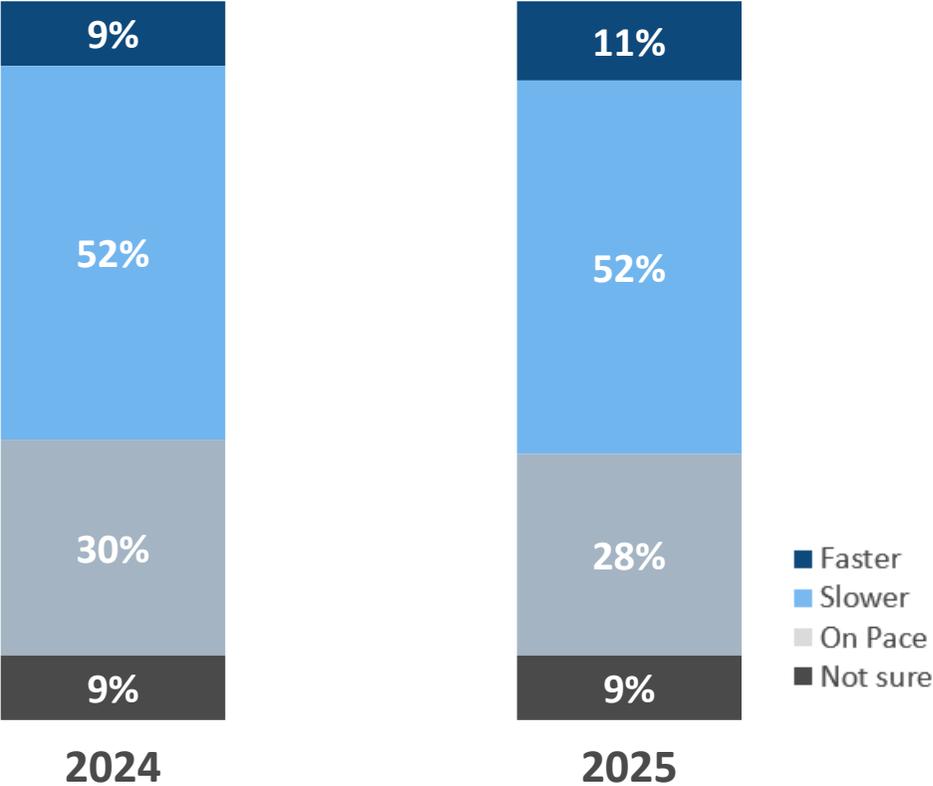
Greatest Obstacles to Financial Security



BASE: ALL QUALIFIED RESPONDENTS (n=4,626)
Q1575. What are the greatest obstacles to achieving financial security? Please select up to three.

For the second year in a row, more than half (52%) of Americans believe their household income is growing slower than inflation. That's more than four times greater than the 11% who say their income is growing faster than inflation, while three in ten (28%) believe their income is on pace with inflation.

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

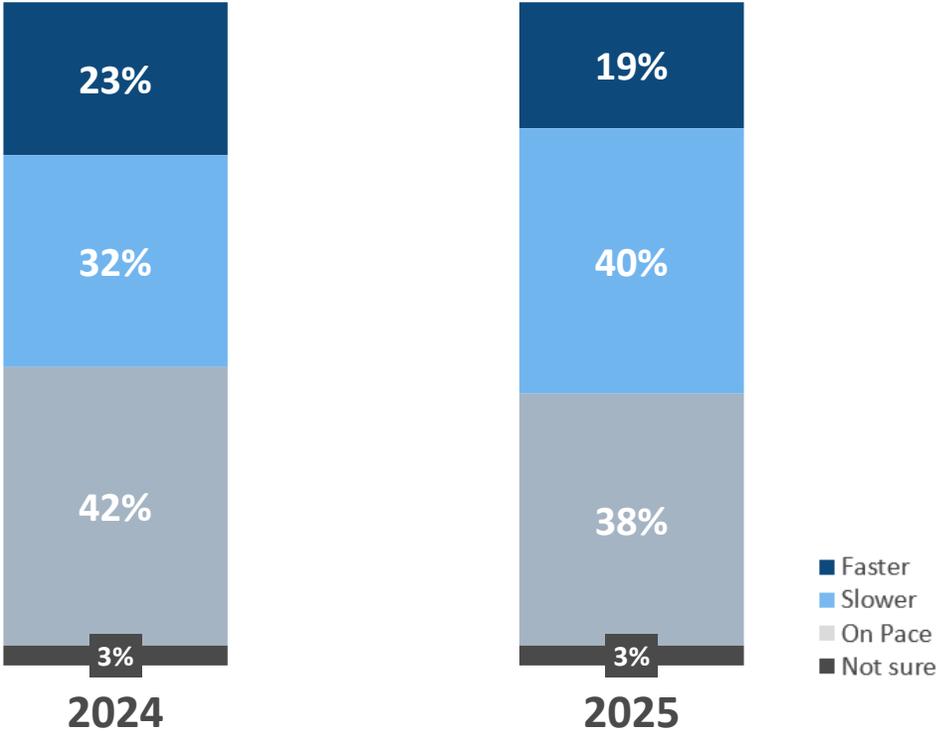


BASE: ALL QUALIFIED RESPONDENTS 2024 Gen Pop (n=4,588); 2025 Gen Pop (n=4,626)
Q2024a. Is your household income growing faster, slower, or is it on pace with inflation?

Only 1 in 5 (19%) millionaires in America – U.S. adults aged 18+ with more than \$1 million in investable assets – say their income is growing faster than inflation.

American Millionaires (\$1M+ in investable assets)

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



BASE: ALL QUALIFIED RESPONDENTS – 2024 HNW (\$1M+ n=831); 2025 HNW (\$1M+ n=969)
Q2024a. Is your household income growing faster, slower, or is it on pace with inflation?

Inflation is hitting people everywhere – from the grocery aisle, to the gas pump, to their childcare expenses and more

Experienced Elevated Costs

	U.S. Adults
Groceries	84%
Utilities (water, electric, phone bill, internet, etc.)	68%
Gas	60%
Housing expenses	52%
Childcare expenses (among Gen Z and Millennial parents only)	36%

BASE: ALL QUALIFIED RESPONDENTS (n=4,626)
Q2025D. In the last three months, have you personally experienced elevated costs for any of the following essentials?

Among those who have experienced elevated costs, many say they are having a “large impact” on their finances.

Those who have Experienced Elevated Costs

Impact of Elevated Costs on Finances

Elevated costs	% Large impact on finances
Childcare expenses (among Gen Z and Millennial parents only)	50%
Housing expenses	45%
Groceries	43%
Utilities (water, electric, phone bill, internet, etc.)	34%
Gas	33%

Across all Americans, the primary source of non-mortgage debt is credit cards, accounting for more than double the #2 source (car loans) and nearly quadruple the #3 source (medical debt). Notably, medical debt surpassed college debt for Millennials for the first time in study history.

Main Sources of Debt

	U.S. Adults	Gen Z	Millennials	Gen X	Boomers+
Credit card bills	31%	22%	36%	35%	29%
Car loan	13%	11%	13%	14%	13%
Medical debt	8%	8%	11%	7%	6%
Personal education loans	7%	16%	10%	5%	0%
Educational expenses for children/family members	4%	5%	5%	6%	2%
Caring for loved ones	4%	5%	5%	6%	2%

BASE: ALL QUALIFIED RESPONDENTS – 2025 Gen Pop (n=4,626)
QPAW10. What is your main source of debt? Please select one.

For the second year in a row, 64% of adults with debt say they prioritize paying down debt versus 36% who prioritize saving. This continues a three-year trend whereby U.S adults are focusing on debt with greater urgency than saving.

Those with some Debt

Which do you prioritize?

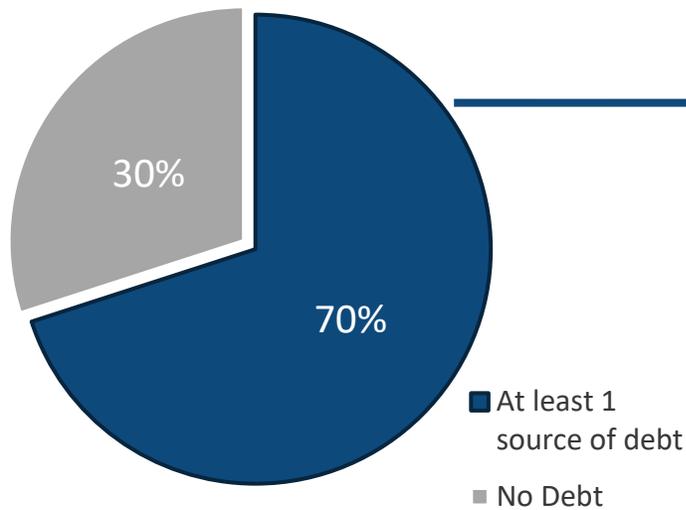
	2022	2023	2024	2025
Saving money	43%	39%	36%	36%
Paying down debt	57%	61%	64%	64%

BASE: THOSE WITH SOME DEBT – 2025 Gen Pop (n=3,134); 2024 Gen Pop (n=2,844); 2023 Gen Pop (n=1,777); 2022 Gen Pop (n=1,581)

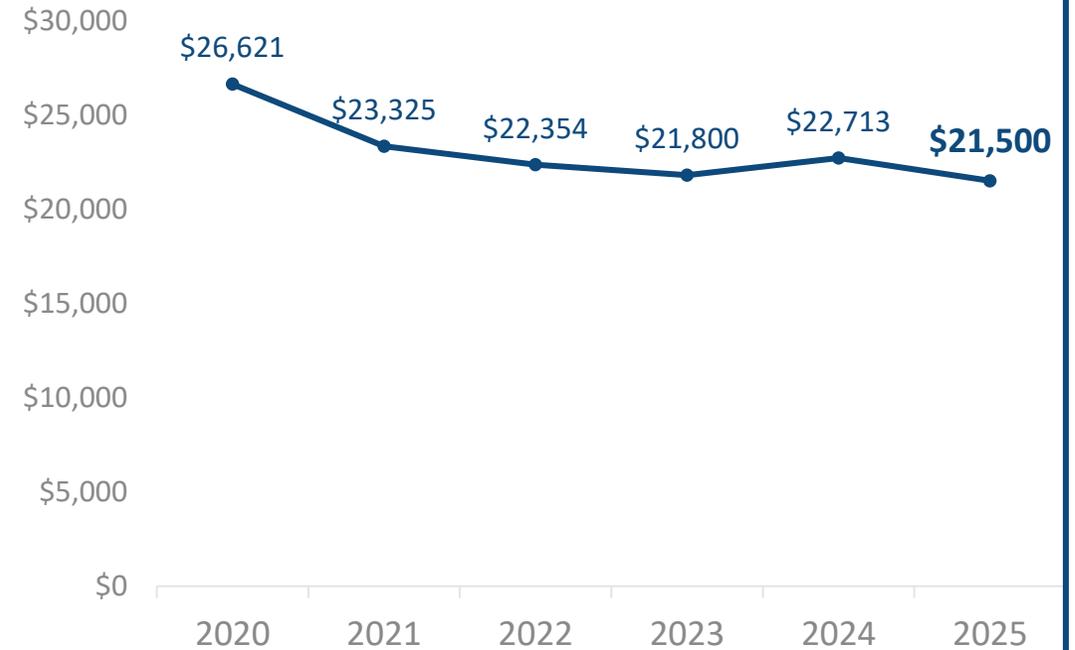
Q28. Between the two, which do you prioritize more?

Americans' personal debt in 2025 came down from last year. Among those who carry personal debt, the average amount people owe is \$21,500 – down from \$22,713 in 2024 and a 19% decrease from 2020 debt levels.

**% of Americans with Debt,
Exclusive of Mortgages
2025**

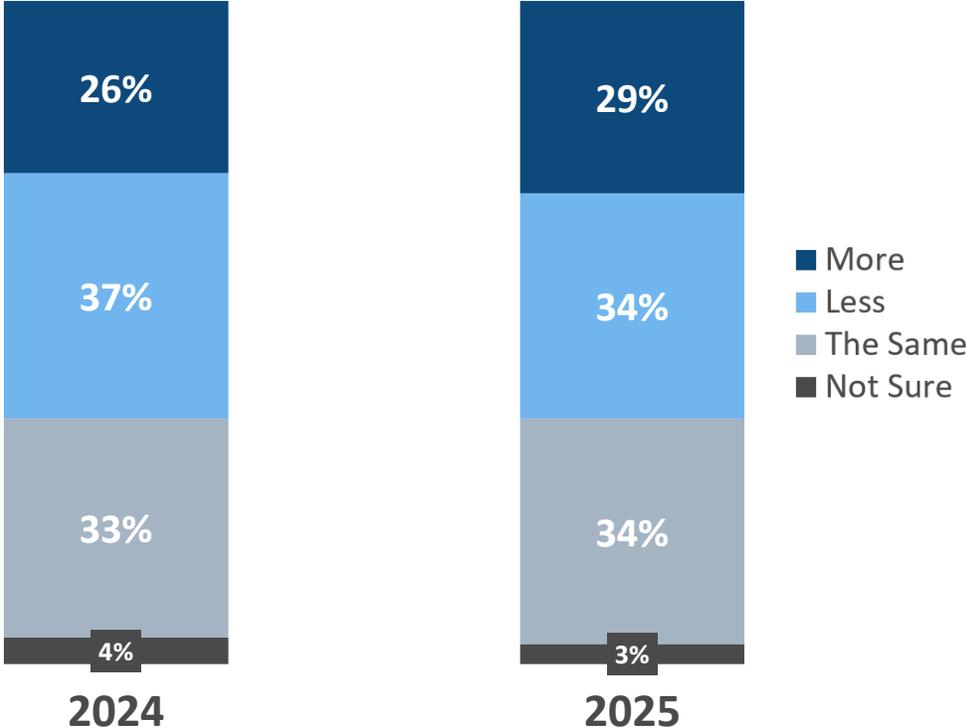


**Average amount of personal debt
(exclusive of mortgages)**



The majority of U.S. adults expect to spend the same (34%) or more (29%) on non-essential purchases this year, with one-third (34%) expecting to spend less.

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



BASE: ALL QUALIFIED RESPONDENTS 2024 Gen Pop (n=4,588); 2025 Gen Pop (n=4,626)

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.)?

Gen Z has bigger spending plans in mind – 39% expect to spend more in 2025 than they did in 2024, well ahead of other generations.

Discretionary spending in 2025 vs. 2024

	U.S. Adults	Gen Z	Millennials	Gen X	Boomers+
More	29%	39%	35%	24%	20%
The same	34%	26%	28%	35%	44%
Less	34%	30%	32%	38%	33%
Unsure	3%	5%	5%	3%	3%

Gen Z is also the most likely generation to report that their income is growing faster or on par with inflation.

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

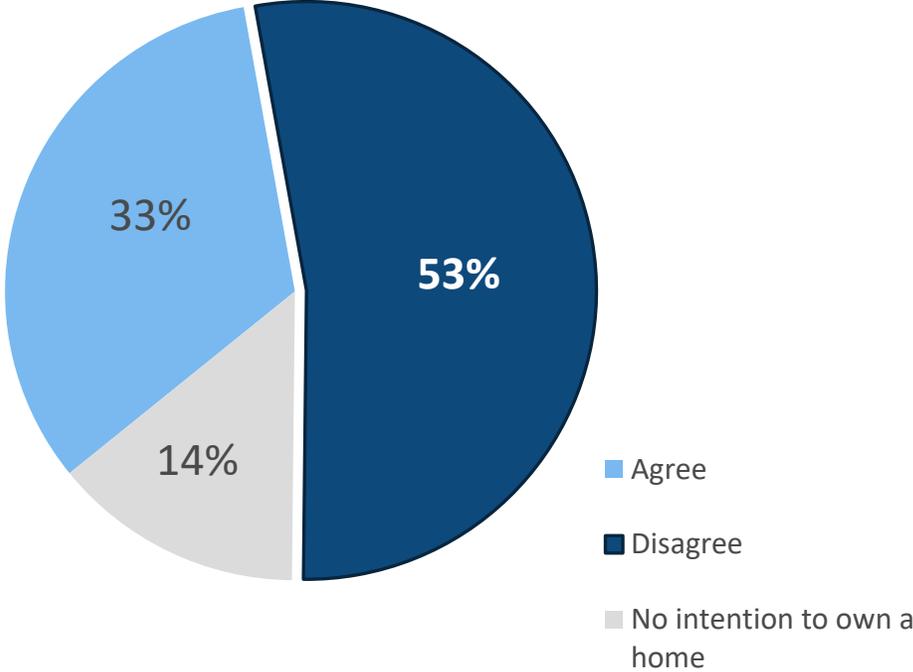
	U.S. Adults	Gen Z	Millennials	Gen X	Boomers+
Faster	11%	17%	14%	10%	5%
Slower	52%	40%	50%	56%	58%
On pace	28%	28%	28%	26%	31%
Not sure	9%	15%	8%	8%	6%

BASE: ALL QUALIFIED RESPONDENTS (n=4,626)
Q2024A. Is your household income growing faster, slower or is it on pace with inflation?

Among Americans who are not currently homeowners, over half (53%) say that owning a home will never be financially affordable – now or in the future.

Of those who do not own a home:

Owning a home is financially affordable for me now or will be in the future.



Among generations, non-homeowner Millennials (57%) are the most likely to say that owning a home is not an affordable goal. Non-homeowner Gen Z'ers (50%) indicate the most optimism that, someday, they'll be able to afford a home.

Of those who do not own a home:

Owning a home is financially affordable for me now or will be in the future.

	U.S. Adults	Gen Z	Millennials	Gen X	Boomers+
Agree	33%	42%	34%	33%	16%
Disagree	53%	50%	57%	52%	51%
No intention to own a home	14%	8%	9%	15%	33%

Digging into the reasons why non-homeowners feel that owning a home is not an affordable goal, the study reveals that the youngest U.S. adults feel priced out of owning a home

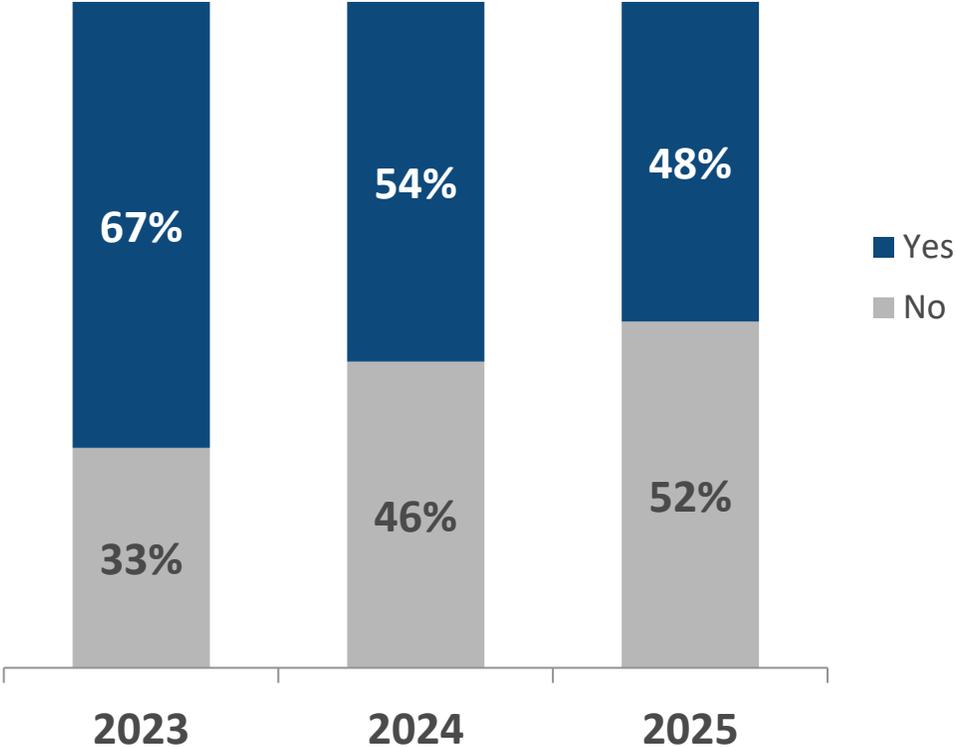
Reasons why non-homeowners think owning a home is not an affordable goal

	U.S. Adults	Gen Z	Millennials
I don't have enough saved for a down payment	64%	70%	58%
I'm not confident I can afford all the associated costs of home ownership (insurance, repairs, etc.)	55%	54%	52%
Mortgage rates are too high	48%	57%	48%
The housing market is too competitive and I am therefore priced out	43%	54%	37%

BASE: DISAGREE THAT OWNING A HOME IS/WILL BE AFFORDABLE (n=750)
Q2025L Why do you believe that owning a home is not an affordable goal for you? Please select all that apply.

Expectations that the U.S. economy will enter into a recession over the next year continue to decline – from 67% of U.S. adults believing the country would enter recession in 2023, to 54% in 2024 to 48% this year.

Do you believe the US economy will officially enter into a recession in 2025?



BASE: ALL QUALIFIED RESPONDENTS – 2023 Gen Pop (n=2,740); 2024 Gen Pop (n=4,588); 2025 Gen Pop (n=4,626)

Q2300. To begin, do you believe the US economy will officially enter into a recession in 2025?

Older adults are feeling better about the direction of the U.S. economy, whereas the majority of younger people still expect recession is coming.

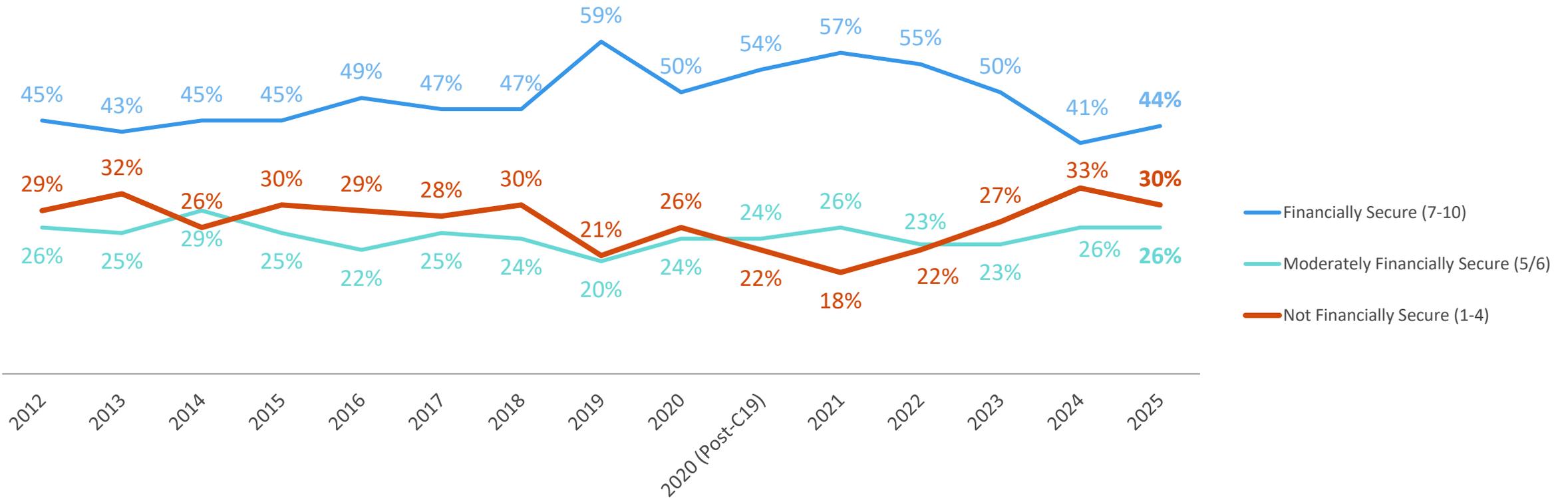
Expectations that the economy will enter into a recession in the next year

	U.S. Adults	Gen Z	Millennials	Gen X	Boomers+
2025	48%	62%	56%	45%	35%
2024	54%	62%	59%	53%	48%
2023	67%	74%	72%	70%	60%

BASE: ALL QUALIFIED RESPONDENTS – 2023 Gen Pop (n=2,740); 2024 Gen Pop (n=4,588); 2025 Gen Pop (n=4,626)

Q2300. To begin, do you believe the US economy will officially enter into a recession in 2025?

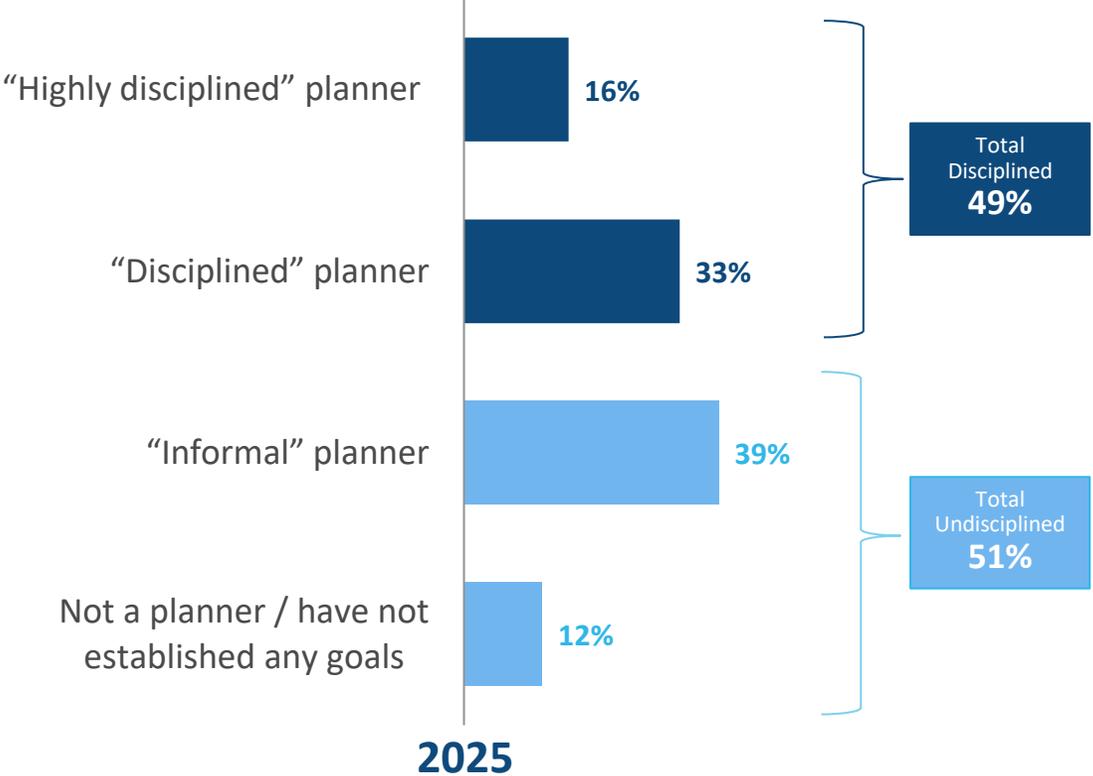
Just over four in ten (44%) U.S. adults indicate they feel financially secure, which is a slight increase from the 41% who said the same last year but remains lower than the 50% recorded in 2023. Three in ten (30%) Americans say they do not feel financially secure.



BASE: ALL QUALIFIED RESPONDENTS – 2025 Gen Pop (n=4,626);

Q1075 If financial security is defined as “a feeling of confidence that you will achieve the financial goals you have for yourself or your family through the actions you are currently taking,” how financially secure do you feel right now?

Half (49%) of U.S. adults consider themselves to be ‘disciplined planners.’ This is an improvement over the 45% who said the same last year, and reverses what was a steep five-year decline in financial discipline going back to 2020.



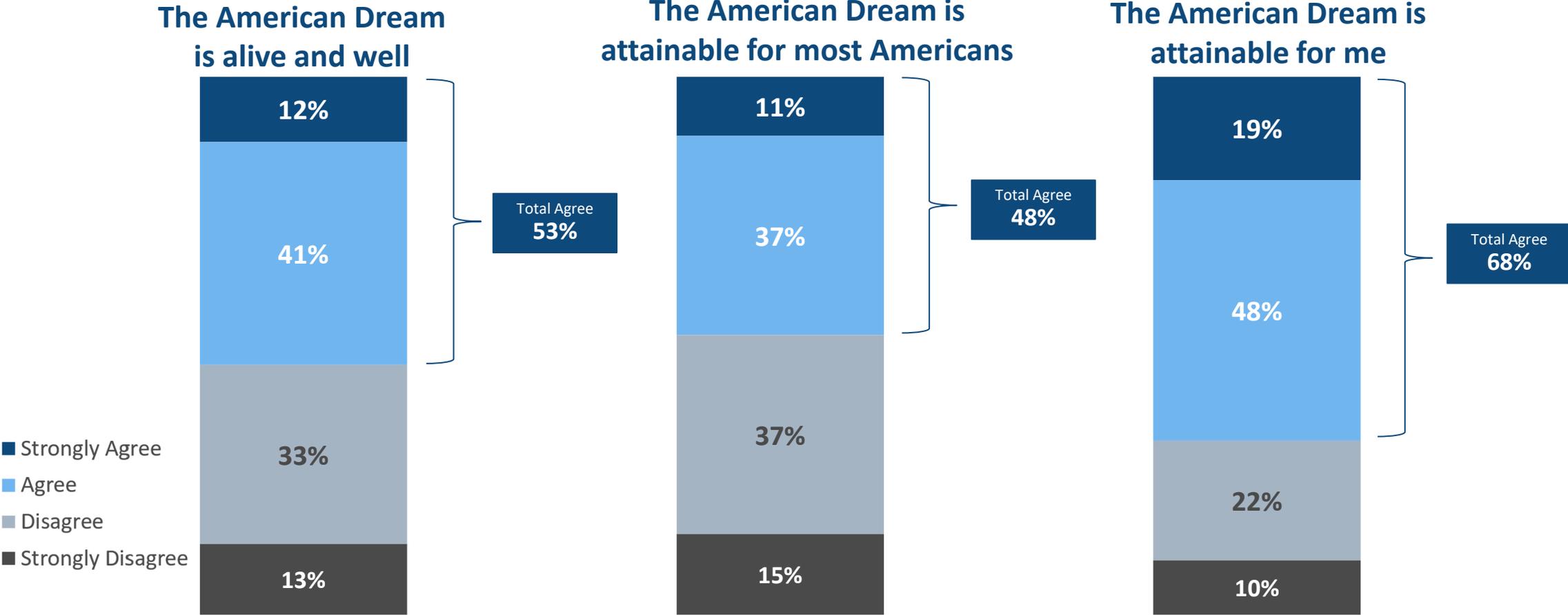
U.S Adults who consider themselves “disciplined” financial planners	
Post-Covid 2020	65%
2021	60%
2022	59%
2023	50%
2024	45%
2025	49%

BASE: ALL QUALIFIED RESPONDENTS –2025 Gen Pop (n=4,626)
 Q1005. When it comes to financial planning, which of the following best describes the type of financial planner you are?

Gen Z (52%) and Millennials (50%) consider themselves more disciplined than Gen X (47%) and Boomers+ (47%). American millionaires, Black/African Americans and Latino Americans also stand out for their financial discipline.

2025	Consider myself a “disciplined” planner	Consider myself an “undisciplined” planner
All	49%	51%
Gen Z	52%	48%
Millennials	50%	50%
Gen X	47%	53%
Boomers+	47%	53%
Millionaires (\$1M+ investable assets)	76%	24%
Black/African Americans	53%	47%
Latino Americans	52%	48%
White Americans	46%	54%

Just over half of U.S. adults (53%) believe the American Dream is alive and well, and less than half (48%) believe it is attainable for most Americans. People are more optimistic about their personal situations, with 68% considering the American Dream attainable for themselves.

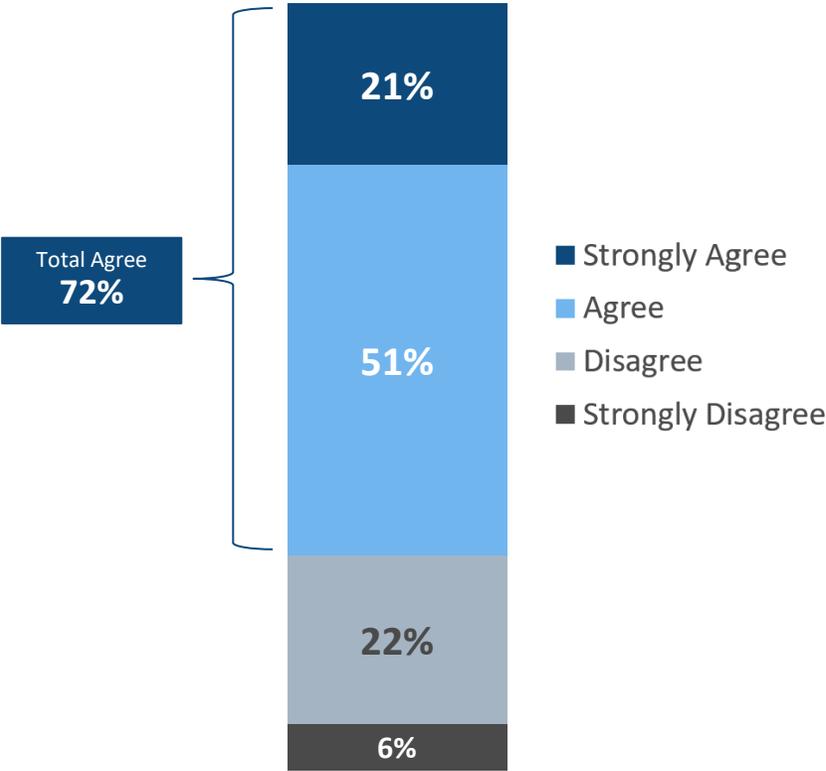


BASE: ALL QUALIFIED RESPONDENTS 2025 Gen Pop (n=4,626)

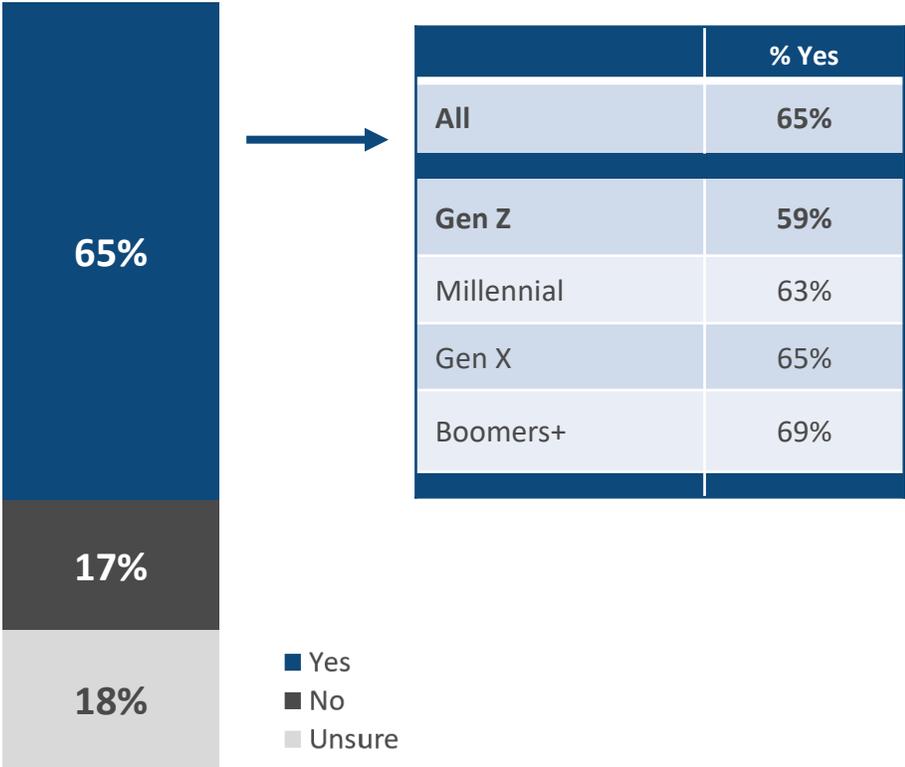
Q2025I Please indicate to what extent you agree or disagree with the following statements about achieving the American Dream.

While nearly three-quarters of adults (72%) say that home ownership is essential for building wealth, two-thirds (65%) believe it is possible to achieve financial security without owning a home. For Gen Z, the number is lower – 59%

Homeownership is essential for building wealth



Possible to achieve financial security without owning a home



BASE: ALL QUALIFIED RESPONDENTS 2025 Gen Pop (n=4,626)

Q2025G. To what extent do you agree or disagree with the following statement: Homeownership is essential for building wealth.

Q2025H Do you believe it is possible to achieve financial security without owning a home?