Northwestern Mutual Study Indicates Nearly Half of Americans Take a Casual Approach to Financial Planning

People continue to be risk-averse, but more than 20% say they can't afford to be too cautious

MILWAUKEE, April 18, 2012 /PRNewswire/ -- Northwestern Mutual released today the Planning & Progress Study, the first in a series of research studies exploring the state of planning in America. This study found that about half of Americans take an informal approach to financial planning – if they have a plan at all – and the majority (59%) feel their planning needs improvement.

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When asked what type of planner they are, more than one-third (38%) of Americans described themselves as "informal," meaning they have a general sense of their goals and how to meet them, but no specific plan in place. An additional 7 percent said they have no specific goals or plans in place.

"This research reflects that most Americans see the value in setting financial goals, but a large number don't know how they'll get there," says Greg Oberland, Northwestern Mutual executive vice president. "Developing a plan to reach your goals is just as important as having a goal in the first place, whether it pertains to your health, your career or your financial security."

Slow and steady wins the race (unless you're too far behind)

The Planning & Progress Study, conducted by Ipsos, also explored Americans' approach to saving and investing and perspectives on priorities for improvement. The findings reinforce that finances are very likely top of mind for many Americans, and that people continue to be highly cautious about risk. Interestingly, one-fifth of respondents would like to take a more cautious approach to their finances, but feel they have too much catching up to do.

"The unpredictability of the market is reflected in the fact that people continue to be risk-averse," continues Oberland. "A solid financial plan can help put risk in perspective, and allows people to navigate uncertainty better by providing flexible options over time."

Other findings from the research include:

The number one approach to saving and investing is "slow and steady wins the race" (36%). Yet more than one-fifth (21%) indicated, "I'd like to be more cautious but I have a lot of catching up to do."
Among priorities for improvement in 2012, finances (43%) jumped seven percent from 2011 and came second only to personal health (48%). This was well ahead of spending time with family and friends (31%), career (12%) and education (5%).
Americans appear to be risk-averse; 40 percent of respondents show a strong preference for safer but lower returns with very low risk versus only 25 percent who strongly prefer the opportunity for higher returns with higher risk.
The majority of Americans are taking steps to pay down their debt (62%), develop a budget (61%), save a portion of their paycheck regularly (58%), build up an emergency fund (58%) and organize financial documents (56%).

About the Research

Northwestern Mutual sponsored the Planning & Progress Study to evaluate the state of financial planning in America, and people's progress toward reaching their long-term financial goals. Independent research firm Ipsos conducted the online survey of 1,015 Americans aged 25 or older between February 2 and February 13, 2012 via a systematic random sample of U.S. adults. Results were weighted as needed to U.S. Census proportions for age, gender, marital status, household size, region and household income. A full methodology is available on request.

About Northwestern Mutual

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