

Northwestern Mutual Study Finds Americans Are More Optimistic About Their Finances, Yet Substantial Room for Improvement Remains

People Feel They're Moving Slowly in the Right Direction, but the Country as a Whole is "Stuck in Neutral"

MILWAUKEE, April 30, 2014 /PRNewswire/ -- Americans feel slightly better about their financial circumstances today than they did a year ago, yet their optimism is tempered by the need to close a gap in their long-term savings and the continuing effects of the slow-growth economy. Forty-two percent of adults age 25 and older expect their financial situation to improve this year, though one in five say they still have a lot of catching up to do.

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These are the latest findings from Northwestern Mutual's *2014 Planning and Progress Study*, an annual research project that explores Americans' attitudes and behaviors toward finances and planning.

"Tempered optimism is a reasonable sign of progress, especially since it comes at a time when Wall Street and Main Street are giving somewhat mixed signals," says Greg Oberland, Northwestern Mutual president. "On one hand, the stock market seems to set new records every day. On the other, we are challenged by high unemployment and a slow-growth economy."

According to this year's study, people age 25 and older feel they're moving – slowly – in the right financial direction:

Close to half (47%) feel financially secure, a slight uptick from the 43 percent who felt this way last year. One in four (26%) express feelings of "financial insecurity" today, which is down from the one in three (32%) who said the same a year ago.

"Slow and steady" remains the savings and investing strategy most favored by Americans for the third year in a row.

Oberland adds, "It's good to see that people feel their financial footing is a bit steadier, while also recognizing there's still a long way to go."

While Americans believe they're moving in the right direction personally, the study finds that they do not feel the same about the country as a whole. For example:

Half (49%) of adults 25+ believe the U.S. economy is "stuck in neutral," and 29% feel it's "going in reverse." Only 22% say the economy is "moving forward."

Are Americans Prepared for Longevity?

The study also revealed some interesting findings when it comes to financial preparedness later in life.

One-quarter of adults 25 and older (26%) do not believe they'll be financially prepared to live to the relatively young age of 75, based on their current financial condition, future prospects and long term plan.

One-third (32%) don't believe they'll be financially prepared to live to 85.

Nearly 40% don't believe they'll be financially prepared to live to 95.

One in five (21%) says they are playing "catch up" when it comes to savings and investments. Debt, unexpected expenses and a lack of effective planning are cited most often as the reasons for this.

Planning Beyond the Savings Account

Oberland stresses that being financially prepared requires more than just relying on one's savings. It means having the appropriate solutions in place to navigate your changing needs over the arc of your lifetime.

The *2014 Planning & Progress Study* revealed that, while two-thirds (67%) of American adults 25+ have a savings account, the majority of people aren't planning beyond it. For example:

Only 27% own stocks and only 14% own bonds
23% own mutual funds

14% own real estate
24% own term life insurance, and 23% have permanent life insurance
14% have an annuity
9% have long term care insurance, and 8% have disability insurance
39% have an IRA
6% have a college savings account

"The desire and discipline to save are critical, however, on their own are often not enough to achieve long-term financial security," notes Oberland. "People have to see beyond their basic bank accounts, and understand how to put their money to work – both to accumulate and protect their assets."

About the Research

The *2014 Planning and Progress Study* explores the state of financial planning in America today, and provides unique insights into people's current attitudes and behaviors toward money, goal-setting and priorities.

This study was conducted by Harris Poll on behalf of Northwestern Mutual and included 2,092 American adults aged 18 or older (of which, 1,915 are aged 25 or older) who participated in an online survey between January 21, 2014 and February 5, 2014. Results were weighted as needed for age by gender, education, 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

Northwestern Mutual has been helping families and businesses achieve financial security for nearly 160 years. Our financial representatives build relationships with clients through a distinctive planning approach that integrates risk management with wealth accumulation, preservation and distribution. With more than \$217 billion in assets, \$26 billion in revenues and more than \$1.5 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.2 million people who rely on us for insurance and investment solutions, including life, disability and long-term care insurance; annuities; trust services; mutual funds; and investment advisory products and services.

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