2020 Planning & Progress Study

Americans’ Financial Response to COVID-19

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI and its subsidiaries.
The 2020 Planning & Progress Study, a research series from Northwestern Mutual, explores U.S. adults’ attitudes and behaviors toward money, financial decision-making, and the broader issues impacting people’s long-term financial security.

The study was conducted by The Harris Poll on behalf of Northwestern Mutual. The first wave included 2,650 American adults aged 18 or older in the general population who participated in an online survey between February 12-25, 2020. This wave included 2,077 adults aged 18 or older who participated between April 29-May 1, 2020.

Results were weighted to Census targets for education, age/gender, 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.
Americans feel less financially secure than they did before the COVID-19 pandemic

**Average Financial Security Rating**

<table>
<thead>
<tr>
<th></th>
<th>During Pandemic</th>
<th>Before Pandemic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financially Secure (Ratings 8-10)</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Moderate (Ratings 4-7)</td>
<td>46%</td>
<td>43%</td>
</tr>
<tr>
<td>Not Financially Secure (1-3 Ratings)</td>
<td>19%</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Average Rating**

- During Pandemic: 6.1
- Before Pandemic: 6.7

**BASE: ALL QUALIFIED RESPONDENTS – 2020 Gen Pop: (n=2077)**

**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?

**Q1.** Using the same 1 to 10 scale where 1 means “not at all financially secure” and 10 means “completely financially secure,” how financially secure did you feel before the COVID-19 pandemic?

* Average rating based on a 10-point scale where 1=Not At All Financially Secure and 10=Completely Financially Secure
45% of Americans have taken steps to cover their regular living expenses during the COVID-19 pandemic. The breakdown is as follows:

- Dipped into personal savings or emergency funds (excl. retirement savings): 25%
- Borrowed money from family or friends: 14%
- Dipped into retirement account/savings (e.g., 401(k), IRA, etc.): 10%
- Applied for a loan from a financial lender: 8%
- Sold investments to raise cash (stocks, bonds, mutual funds, etc.): 8%
- Used the cash value of a life insurance policy: 6%
- None of these: 55%

**BASE: ALL QUALIFIED RESPONDENTS – Gen Pop: (n=2077)**

Q20. Which of the following, if any, have you done to help cover your regular living expenses during the COVID-19 pandemic? (Please select all that apply)
Nearly half (47%) are postponing major life decisions

Q30. Have you postponed any of the following as a result of the COVID-19 pandemic? (Please select all that apply)

- Making/Funding large purchases or projects (e.g., car, boat, home remodeling, etc.): 23%
- Changing jobs/searching for a new job: 15%
- Buying or building a new home: 11%
- Starting a business: 9%
- Starting/Attending college: 7%
- Retiring/Leaving the workforce: 5%
- Getting married: 5%
- Having/Adopting children: 3%
- Getting divorced: 2%
- None of the above: 53%
However, the pandemic has prompted many to focus on financial planning.

**Q10. How has the market volatility and economic downturn prompted by the COVID-19 pandemic impacted your approach to financial planning?**

- **I revisited my plan but didn’t make any changes:**
  - Gen Z: 32%
  - Millennials: 20%
  - Gen X: 17%
  - Boomers: 17%

- **I revisited my plan and made significant adjustments in response:**
  - Gen Z: 21%
  - Millennials: 28%
  - Gen X: 21%
  - Boomers: 11%

- **I revisited my plan and made minor adjustments in response:**
  - Gen Z: 17%
  - Millennials: 17%
  - Gen X: 25%
  - Boomers: 11%

- **I didn’t have a plan before and don’t plan on having one now:**
  - Gen Z: 11%
  - Millennials: 16%
  - Gen X: 19%
  - Boomers: 28%

- **I didn’t have a plan before, but the pandemic has prompted me to start:**
  - Gen Z: 25%
  - Millennials: 19%
  - Gen X: 16%
  - Boomers: 11%
Including an increased interest in working with a financial professional

Q15. How has the market volatility and economic downturn prompted by the COVID-19 pandemic impacted your view of getting professional help from a financial advisor?

BASE: ALL QUALIFIED RESPONDENTS – 2020 Gen Pop: (n=2077); Gen Z (n=274), Millennials (n=619), Gen X (n=511), and Boomers (n=581)

I didn't have an advisor before and don't plan on getting one now

I didn't have an advisor before but moving forward I will work with one

I did have an advisor and will continue working with the same one

I did have an advisor but moving forward will work with a different one

51%

16%

26%

7%

I didn’t have an advisor before the pandemic but moving forward I will work with one

22%

22%

19%

10%

Gen Z

Millennials

Gen X

Boomers

10%

19%

22%

22%
More than 4 in 10 Americans are less willing to take risks with their finances

Q35. Which of the following best describes the amount of risk you are comfortable taking with your finances as a result of the economic impact of the COVID-19 pandemic?

- Significantly/Somewhat More Willing to Take Risks to Pursue Higher Returns: 16%
- Significantly/Somewhat Less Willing to Take Risks To Protect My Assets: 42%
- No Change: 34%
- Not Applicable: 8%
Many have also reconsidered the role of life insurance in a holistic financial plan.

Q40. How has the COVID-19 pandemic impacted your view of the importance of including life insurance in a financial plan for achieving financial security?

- Increased the Importance: 37%
- Decreased the Importance: 7%
- No Change: 57%