2021 Planning & Progress Study

COVID-19 and Financial Behavior

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

The 2021 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. This wave included 2,320 American adults aged 18 and older who participated in an online survey between March 16 – 26, 2021. Previous waves included 2,650 American adults aged 18 or older who participated in an online survey between February 12 – 25, 2020 and 2,702 adults aged 18 or older who participated between June 26 – July 10, 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.
One-third of Americans say their financial discipline has improved during the pandemic; most expect those habits to stick

**Impact of COVID-19 on Financial Discipline**

- 57% Improved
- 32% Stayed the same
- 10% Declined

**Expect to Maintain Improvement**

- 95% Yes
- 5% No

**BASE: ALL QUALIFIED RESPONDENTS – Gen Pop (n=2320)**

Q5002. How has the market volatility and economic downturn prompted by the COVID-19 pandemic impacted your financial discipline overall?

**BASE: ALL WHO SAY THEIR FINANCIAL DISCIPLINE HAS IMPROVED (n=710)**

Q5010. Do you expect to maintain the improvement in your financial behavior once the pandemic ends?
Nearly 1 in 5 (17%) didn’t have a financial plan before the pandemic, but it has prompted them to start.

**Impact on financial planning due to market volatility and economic downturn prompted by COVID-19**

- I revisited my plan, but didn’t make any changes: 34%
- I revisited my plan and made significant adjustments in response: 18%
- I revisited my plan and made minor adjustments in response: 14%
- I didn’t have a plan before, but this has prompted me to start: 17%
- I didn’t have a plan before and don’t plan on having one now: 17%

**BASE: ALL QUALIFIED RESPONDENTS – Gen Pop (n=2320)**

**Q5000.** How has the market volatility and economic downturn prompted by the COVID-19 pandemic impacted your approach to financial planning?
Reducing living costs/spending topped the list of financial behaviors people have adopted and expect to retain over the long term.

**Financial Behaviors Adopted During the Pandemic Expected to Retain in the Long-term**

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing living costs/spending (cancel subscriptions, eat out less, etc.)</td>
<td>45%</td>
</tr>
<tr>
<td>Reducing/paying down debt</td>
<td>34%</td>
</tr>
<tr>
<td>Increasing investing</td>
<td>33%</td>
</tr>
<tr>
<td>Regularly revisiting financial plan</td>
<td>29%</td>
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<tr>
<td>Increasing use of technology / digital solutions to manage finances</td>
<td>28%</td>
</tr>
<tr>
<td>Increasing retirement contributions/savings</td>
<td>25%</td>
</tr>
<tr>
<td>Increasing non-retirement saving</td>
<td>24%</td>
</tr>
<tr>
<td>Adjusting investment approach based on risk tolerance</td>
<td>22%</td>
</tr>
<tr>
<td>Receiving professional financial guidance</td>
<td>19%</td>
</tr>
<tr>
<td>Increasing spending</td>
<td>13%</td>
</tr>
<tr>
<td>Borrowing money/taking loans</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>
Nearly half of Americans say the pandemic has impacted their timeline for achieving long-term financial security.

- Yes, it has set me back less than 1 year: 15%
- Yes, it has set me back 1 to 2 years: 18%
- Yes, it has set me back 3 to 5 years: 9%
- Yes, it has set me back more than five years: 3%
- No, I am still on track or my timeline has shortened: 36%
- No, I don’t think I will ever achieve long term financial security: 18%
More than one-third (35%) have postponed a major financial or life event because of the pandemic.

**Plans Postponed due to COVID-19**

- Making/funding large purchases or projects (e.g., car, boat, home remodeling, etc.) 17%
- Changing jobs/searching for a new job 10%
- Buying or building a new home 9%
- Starting a business 6%
- Starting/attending college 5%
- Getting married 4%
- Retiring/leaving the workforce 4%
- Having/adopting children 3%
- Getting divorced 2%
- None of the above 65%

**BASE: ALL QUALIFIED RESPONDENTS--Gen Pop (n=2320)**

Q5035 Have you postponed any of the following as a result of the financial impact of the COVID-19 pandemic? Please select all that apply.