

Northwestern Mutual

“Financial Optimism in the United States”

Objectives and Methodology

Objectives

To understand -

- How Americans plan and whether they feel it needs improvement
- Where people are on the road to financial security and if they're moving in the right direction
- Attitudes toward money and financial decision-making; and how people prioritize
- The financial state of individuals and the country as a whole
- Perspectives on working with a financial advisor and the client experience
- How long people plan to work and whether it is by necessity or choice
- People's preparedness to live long lives

Methodology

Online survey of 2,092 U.S. Americans (via web panel) conducted between January 21st and February 5th, 2014.

- Qualified participants were those at least 18 years of age
- 1,915 participants in the study were aged 25 or older
- Data is weighted to be representative of the U.S. population (age 18+) by education, age, gender, race, ethnicity, region and household income.

Key Findings

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.

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.”

Key Findings

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 upon 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.
- 39% 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.

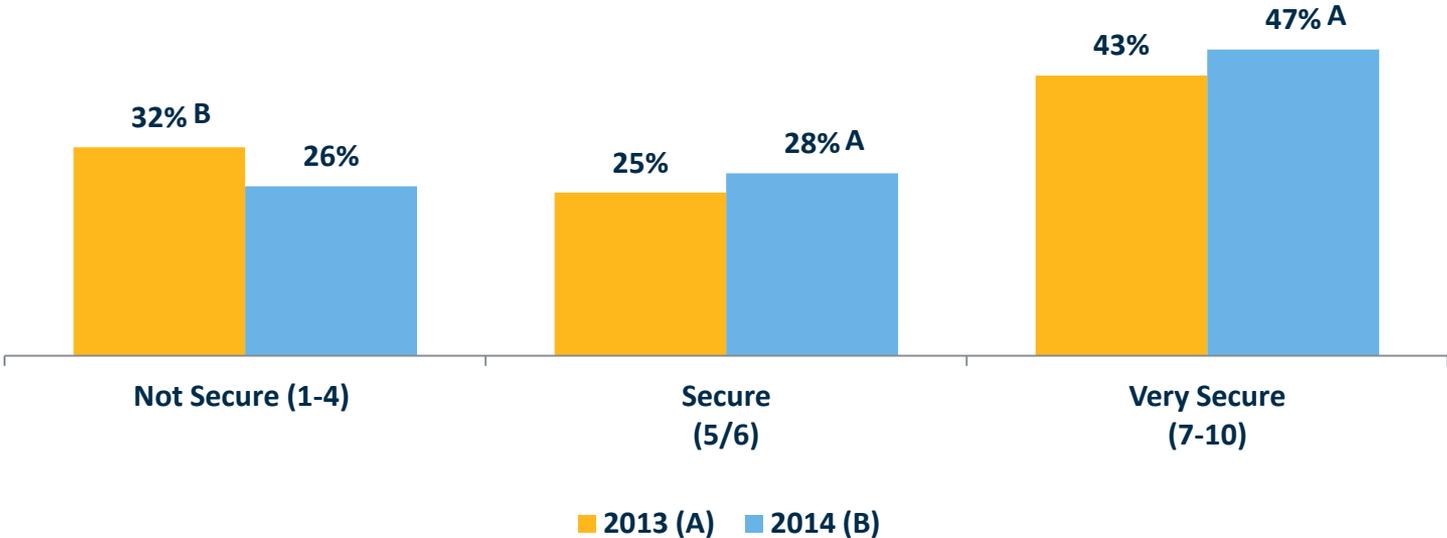
The 2014 Planning & Progress Study revealed that, while two-thirds (67%) of American adults 25+ have a savings account, the majority of people aren't planning beyond it.

- 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

Personal Evaluation of Financial Security

Feelings of “**financial insecurity**” among those aged 25 and older have *decreased* since last year. Conversely, the percentage of those feeling “**very secure**” *increased* over the past year.

Current Feeling of Financial Security

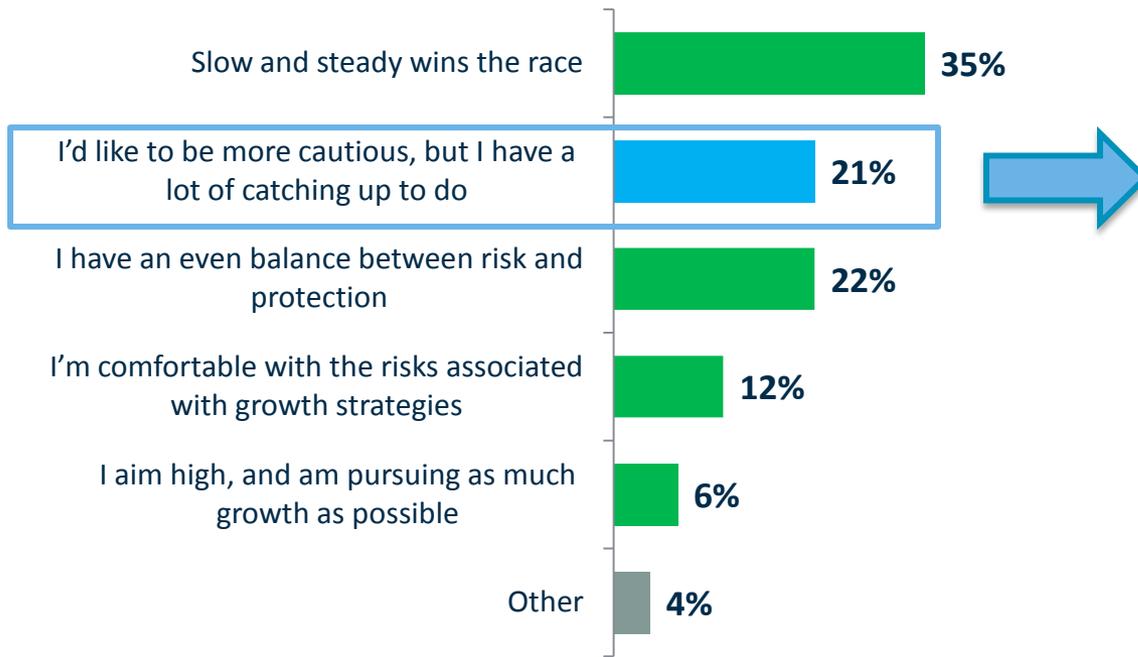


BASE: ALL QUALIFIED RESPONDENTS WHO ARE AGE 25 OR OLDER (2014 n=1915; 2013 n=1546)

Q1076 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?

Approach to Saving and Investing

One in three Americans describes his or her approach to saving and investing as “slow and steady.” Relatively few consider themselves high risk takers. Those who are “playing catch-up” are doing so mainly because of debt, unexpected expenses and lack of effective planning.



Debt (mortgage, student loan, car loan, credit card, etc.)	51%
Unexpected expenses	48%
Lack of effective planning for the long term	38%
I or my spouse was unemployed for a period of time	31%
Concerns about job security/employment	26%
Housing value declined	14%
Decline in retirement savings	13%
Market losses on investments	5%
Business venture failed	4%
Other	8%

BASE: ALL QUALIFIED RESPONDENTS WHO ARE AGE 25 OR OLDER (2014 n=1915)

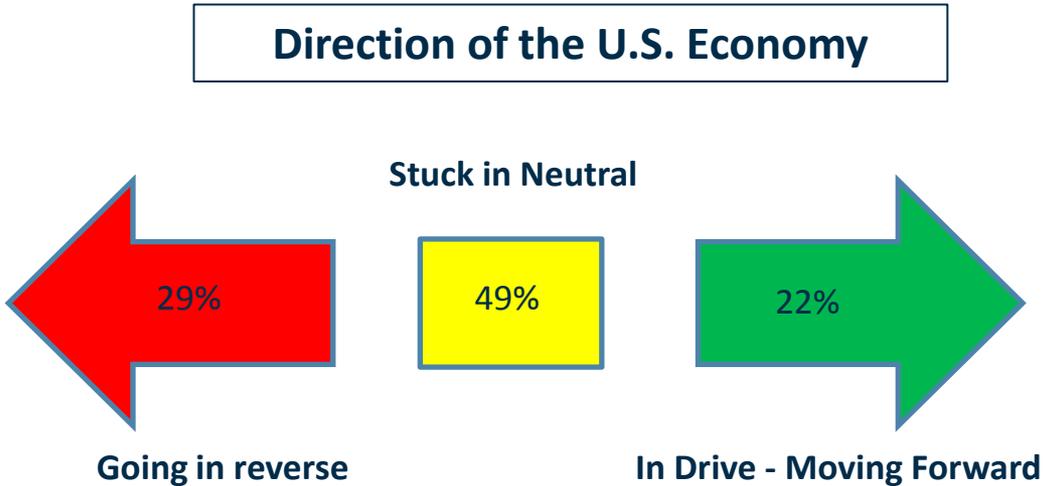
Q1105 Of the following statements, which best describes your approach to saving and investing for future financial goals?

BASE: ALL QUALIFIED RESPONDENTS WHO WOULD LIKE TO BE MORE CAUTIOUS AND WHO ARE AGE 25 OR OLDER (2014 n=391)

Q1110 You mentioned that you'd like to be more cautious in your approach to saving and investing for future financial goals but that you also have a lot of catching up to do. Which of the following, if any, are reasons for wanting to catch up?

The State of the U.S. Economy

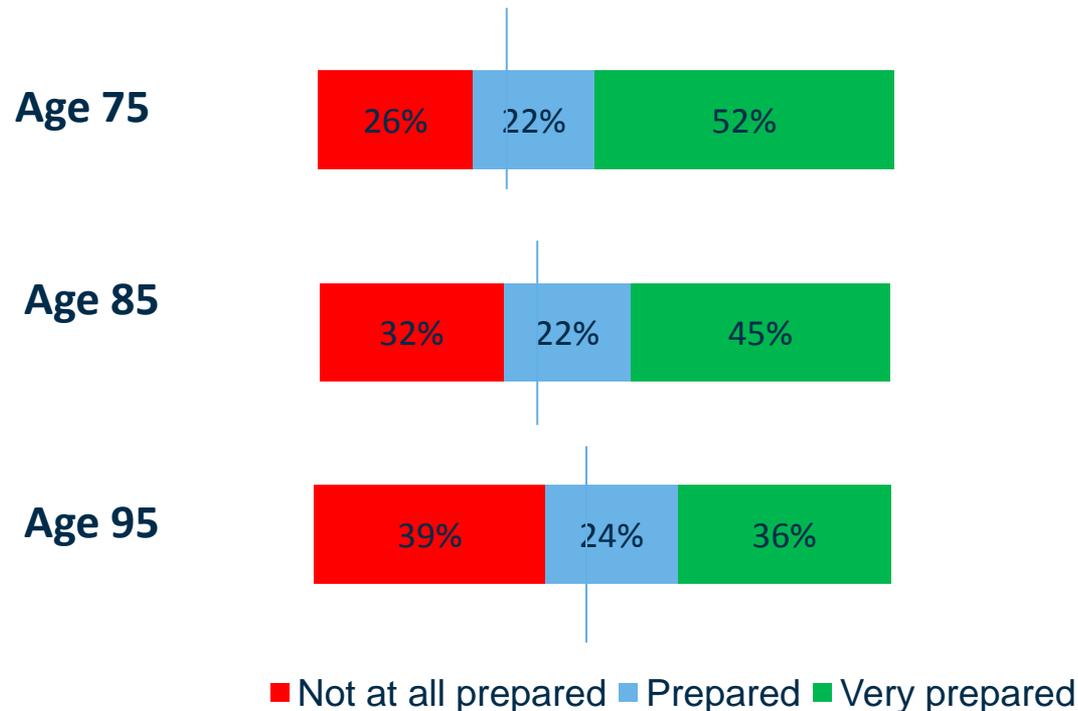
A large majority of Americans (78%) see the economy as either stuck or going in reverse.



BASE: ALL QUALIFIED RESPONDENTS WHO ARE AGE 25 OR OLDER (2014 n=1915)
Q1116 How much do you agree or disagree with each of the following statements?
Q1120 In your opinion, is the U.S. economy...?

Financially Prepared for Retirement and Beyond

One in four U.S. adults does not feel at all prepared to live to the relatively “young” age of 75. Financial preparedness drops steadily after that, with 4 in 10 adults most likely to feel “unprepared” if they lived to the age of 95.



BASE: ALL QUALIFIED RESPONDENTS WHO ARE AGE 25 OR OLDER (2014 n=1915)

Q1030 Some people define being “financially prepared” as having enough money to last through their retirement (i.e., until their death). Based on your current financial situation, future prospects and long-term plan, how financially prepared do you believe you’ll be if you were to live to...?

Financial Protection and Investment Portfolio

While two-thirds of American adults age 25+ have a savings account, the majority do not have other financial protection and investment vehicles.

Products	Savings Acct.	IRA	Stocks	Mutual Funds	Perm. Life Ins.	Term Life Ins.	Bonds	Annuity	Real Estate	Long Term Care	Disability	College savings
Currently Own (% Yes)	67%	39%	27%	23%	23%	24%	14%	14%	14%	9%	8%	6%

BASE: ALL QUALIFIED RESPONDENTS WHO ARE AGE 25 OR OLDER (2014 n=1915)

Q1260 Please indicate which of the following you currently own.