Planning & Progress 2013

"Saving and Spending Habits"

Objectives and Methodology

Objectives

- To evaluate the state of financial planning in America, and people's ability to stay on course over the long-term to meet their goals.
- To assess how Americans are responding to the pace of society, as well as the current economic and political climate.
- To understand whether or not Americans feel they are 'moving in the right direction' in areas such as debt, saving, spending, health, and finances.

Methodology

- Online survey of 1,546 Americans (via web panel) conducted between January 9-23, 2013.
  - Qualified participants were those at least 25 years of age.
  - Data is weighted to be representative of the U.S. population (age 25+) by age, gender, income, region, household size, and marital status.

Key Findings

One-third of Americans say "slow and steady wins the race" best describes their approach to future financial goals (similar to 2012). Unexpected expenses and debt are most likely to cause delays in saving.

- The subgroups with the most catching up to do include Gen Y, Gen X and parents. Parents also mention debt at higher levels than those without children.
- Over 6 in 10 admit their financial planning needs improvement (an increase since 2012); the biggest excuse is not having enough time.
- Not enough interest, confusion and not knowing where to find the right help are also fairly commonly mentioned barriers.
- Compared to last year, more Americans say the single greatest barrier to better financial planning is a lack of time and confusion.

Key Findings

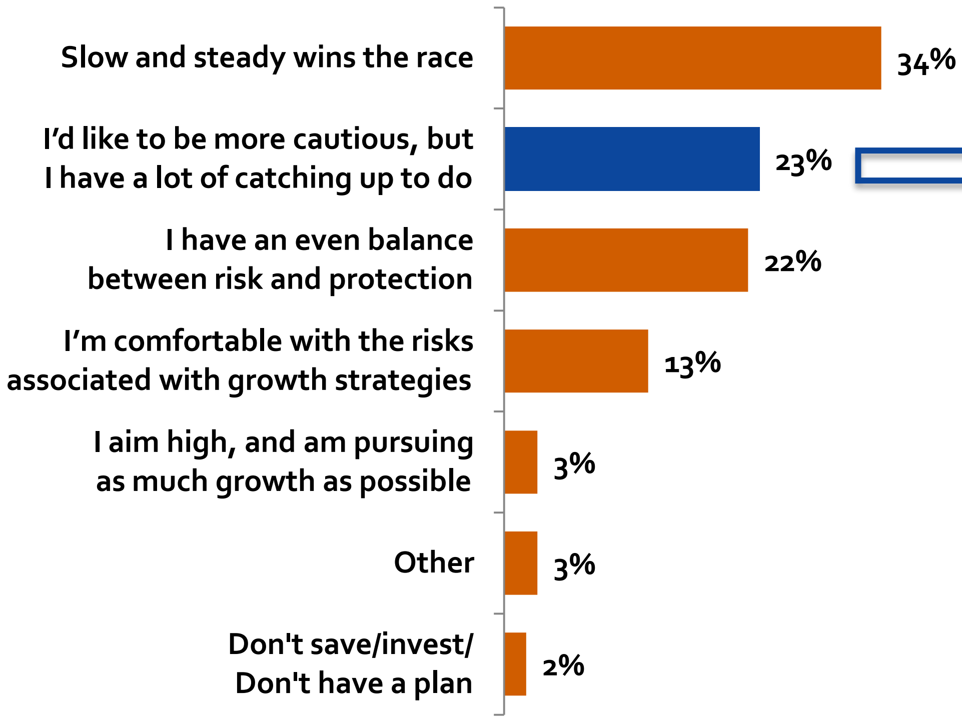
When asked what changes they'd made in the past 3 years, 22% said they've dipped into retirement savings and 22% have stopped/reduced savings contributions.

- While the Mature generation is more likely than younger generations to have dipped into retirement savings to cover a short-term need; Gen Y, singles, and those with children are most likely to say they've stopped or reduced contributions to their savings account.

Compared to current habits, most Americans plan to spend either the same amount or less in the next 12 months.

Half say their approach to the money they have today is "to save and be careful". However, 14% view themselves as spenders (compared to 10% who viewed themselves as spenders two years ago).

One-third of Americans say "slow and steady wins the race" best describes their approach to future financial goals. Unexpected expenses and debt are most likely to cause delays in saving.



Unexpected expenses	52%
Debt (mortgage, student loan, Car loan, credit card, etc.)	47%
Lack of effective planning for the long term	37%
Concerns about job security/employment	32%
I or my spouse was unemployed For a period of time	29%
Housing value declined	17%
Decline in retirement savings	16%
Market losses on investments	12%
Business venture failed	6%
Other	5%

CHILD STATUS

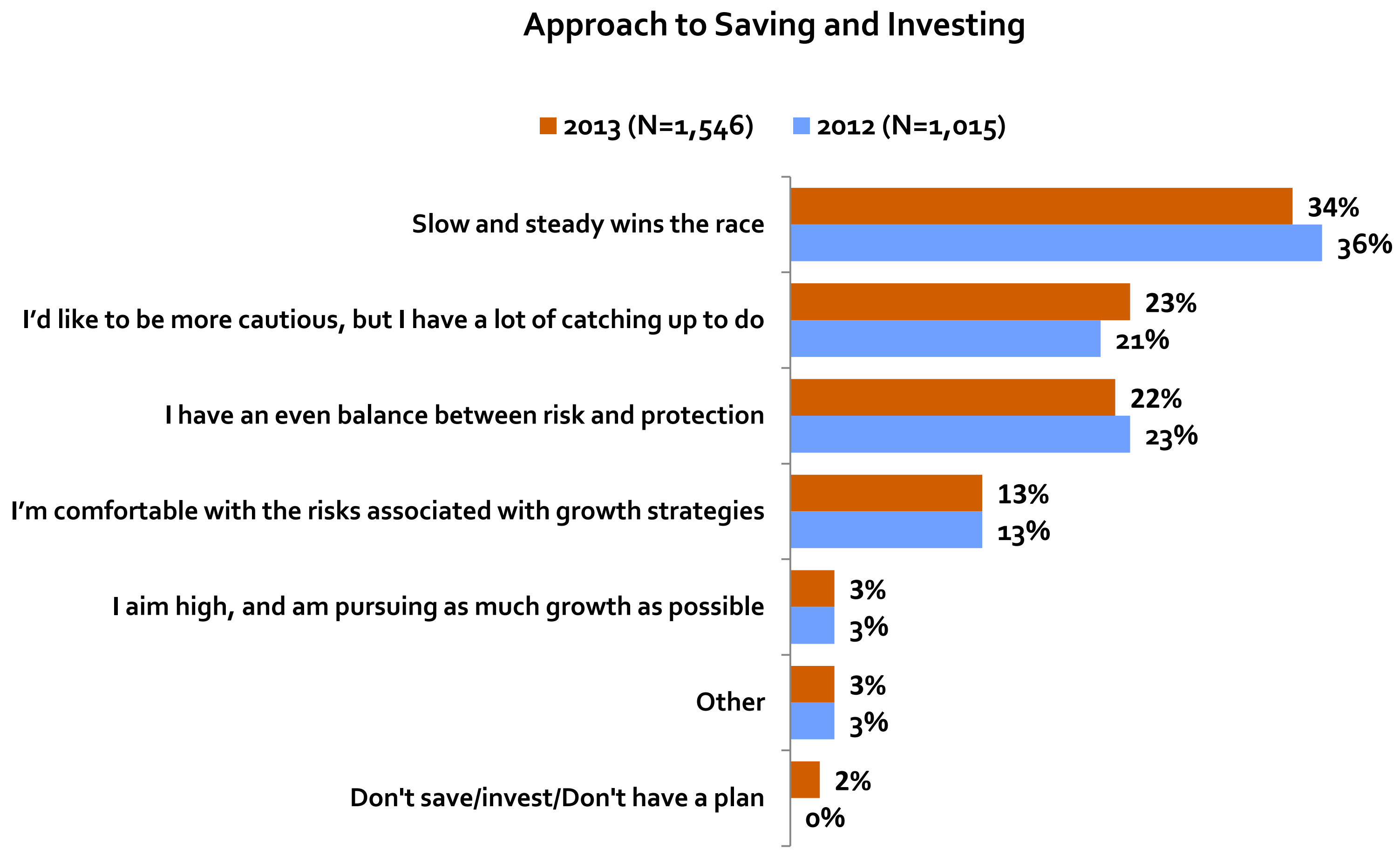
Debt:
Children <18 – 55%
Children 18+ - 68%
No children - 38%

AGE

Have a lot of catching up to do:
Gen Y – 28%
Gen X – 32%
Boomers – 20%
Mature Gen – 13%

Q1105. Of the following statements, which best describes your approach to saving and investing for future financial goals? Select one. N=1,546
Q1110. Which of the following are reasons for wanting to catch up? Select all that apply. N=353

Approaches to saving and investing have not changed much since 2012.



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

Half say their approach to the money they have today is "to save and be careful".

MARITAL STATUS

Singles are more likely than marrieds to consider themselves to be spenders (17% vs. 12%).

Spending vs. Saving

51%

"Save. Be careful and aim for long-term financial security."

35%

In the middle

14%

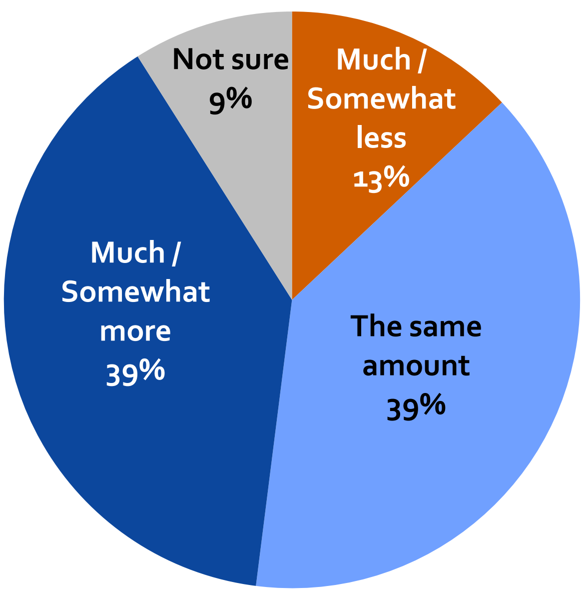
"Spend. Enjoy what has been well-earned. Live for today!"

Q1115. In terms of your approach to the <u>money you have today</u>, where do you see yourself on a ten point scale where 1 means "Spend. Enjoy what has been well-earned. Live for today!" and 10 means "Save. Be careful and aim for long-term financial security." N=1,546

4 in 10 plan to save more in the next 12 months compared to their current saving habits. Another 4 in 10 will save the same amount.

- Those who aren't likely to be saving much now, want to buckle down and save more in the next 12 months (especially those who have kids <18).
- When asked why they will save more, most say they want to be better disciplined, plan for retirement and be prepared for emergencies.

Plan to Save More/Less in Next 12 Months vs. Current Savings Habits



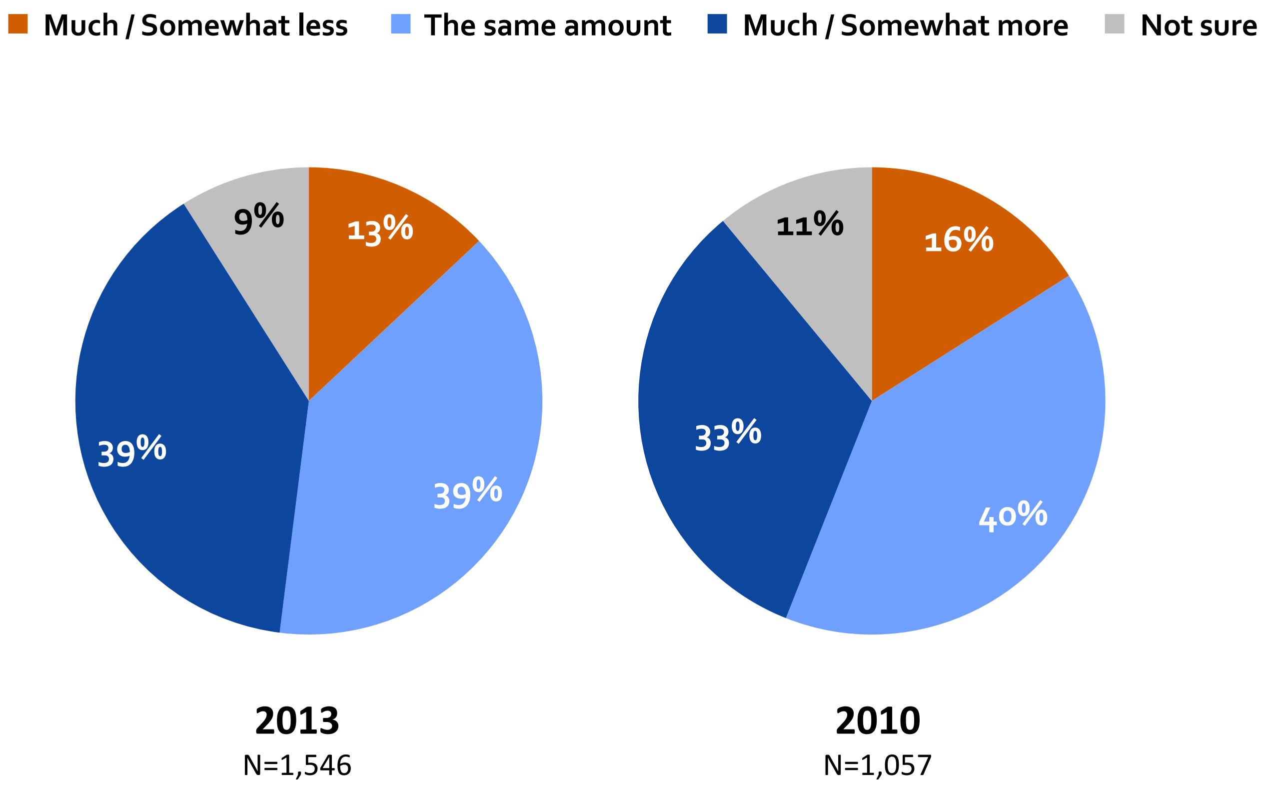
AGE

The younger generations , Gen Y and Gen X, is more likely to say they will *save more* in the next 12 months (56% and. 52%), while Boomers and Matures will *save the same amount or less* (59% and 74%).

Q1085. In the next 12 months, how much more money do you plan to save, compared to your current savings habits? Why will you save [ANSWER FROM Q1080 in the next 12 months? N=1,546

Compared to three years ago, significantly more Americans say they plan to increase their savings.

Plan to Save More/Less in Next 12 Months vs. Current Savings Habits



Q1085. In the next 12 months, how much more money do you plan to save, compared to your current savings habits?

Although 3 in 10 have started or increased savings contributions in the past 3 years, 22% have dipped into retirement and 22% have stopped or reduced savings contributions.

- While the Mature generation is more likely than younger generations to have dipped into retirement savings to cover a short-term need; Gen Y, singles, and those with children are most likely to say they've stopped or reduced contributions to their savings account.

AGE

The Mature generation is most likely to have dipped into retirement/long term savings to cover a short term need:
Gen Y – 15%, Gen X 20%, Boomers – 21%, Mature Gen 35%.

MARITAL STATUS

% stopped/reduced savings contributions:
Single - 25%, Married - 20%

AGE

% stopped or reduced savings contributions:
Gen Y – 30%, Gen X 21%, Boomers – 22%, Mature Gen 17%.

CHILD STATUS

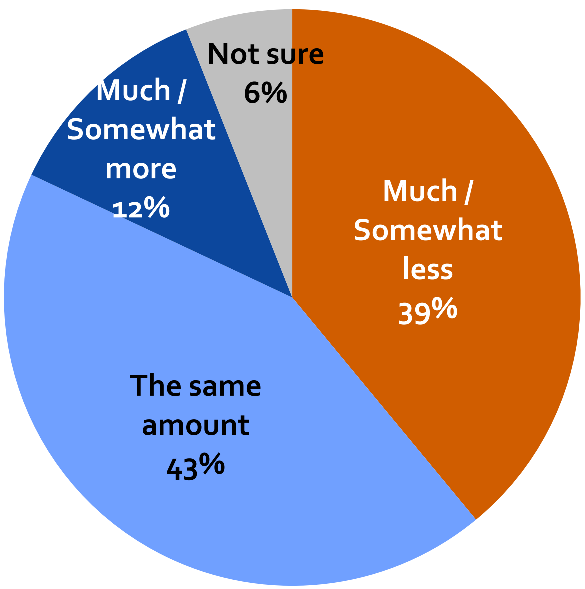
% stopped/reduced savings contributions:
<18 – 27%, 18+ - 26%, None – 20%

Q1125. Have you made any of the following changes in the past three years? Select all that apply. N=1,546

Compared to current habits, most Americans plan to spend either the same amount or less in the next 12 months.

- The subgroups most likely to say they want to decrease their spending over the next year include the younger generations (Y and X), those with children under 18 and women.

Plan to Spend More/Less in Next 12 Months vs. Current Habits



AGE
Younger generations (Y and X) want to spend less in the next 12 months compared to older generations: Gen Y – 45%, Gen X 44%, Boomers – 39%, Mature Gen 28%.

CHILD STATUS
Those with children under 18 would also like to spend less over the next 12 months (44% compared to 36% of those without children).

GENDER
44% of women want to spent less in the next 12 months compared to only 34% of men.

Q1095. In the next 12 months, how much more money do you plan to spend, compared to your current habits?
Why will you spend [ANSWER FROM Q1095] in the next 12 months? N=1,546