

Planning & Progress Study

Prepared by Northwestern Mutual Market Research

April 2012

Objective and Methodology

Research Objectives

- Evaluating the state of planning in America, and people's ability to stay on course over the long-term to meet their goals.
- Assessing how American's are responding in their financial planning to the current economic and political climate.
- Understanding if American's feel they are 'moving in the right direction' in areas such as debt, saving, spending, career, fitness/health, children's education, their finances, and investing in improvements (going back to school, repairs to their home) compared to the nation.

Methodology

- Online survey of 1,015 Americans (via web panel) conducted from February 2 - 13, 2012.
- 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

- Personal health and finances are top priorities in 2012 followed closely by spending time with family/friends.
- 2012 is about going “back to basics” to protect and plan their financial well-being.
 - Six in ten Americans are taking steps to pay down their debt, develop a budget, save a portion of their paycheck regularly, and build up an emergency fund.
 - Younger Americans, typically those under 50, are significantly more likely to cite they are planning steps involved with immediate financial health than are older Americans.
- Just over half of Americans consider themselves to be “Disciplined” financial planners (they know their exact goals and have developed plans to meet them).
- Six in ten Americans feel their financial planning needs improvement.
 - The greatest barriers to improving financial planning are not enough time, finding financial planning confusing, and/or not enough interest.
- Overall, one-third feel financial planning is “necessary”.
 - Women are significantly more likely than men to cite negative feelings about financial planning, while men are significantly more likely than women to cite positive feelings.
- The majority of Americans feel they are moving in the right directions in terms of debt, saving, and their finances in general.
- Only 3 in 10 feel the nation is moving in the right direction in terms of employment/jobs.

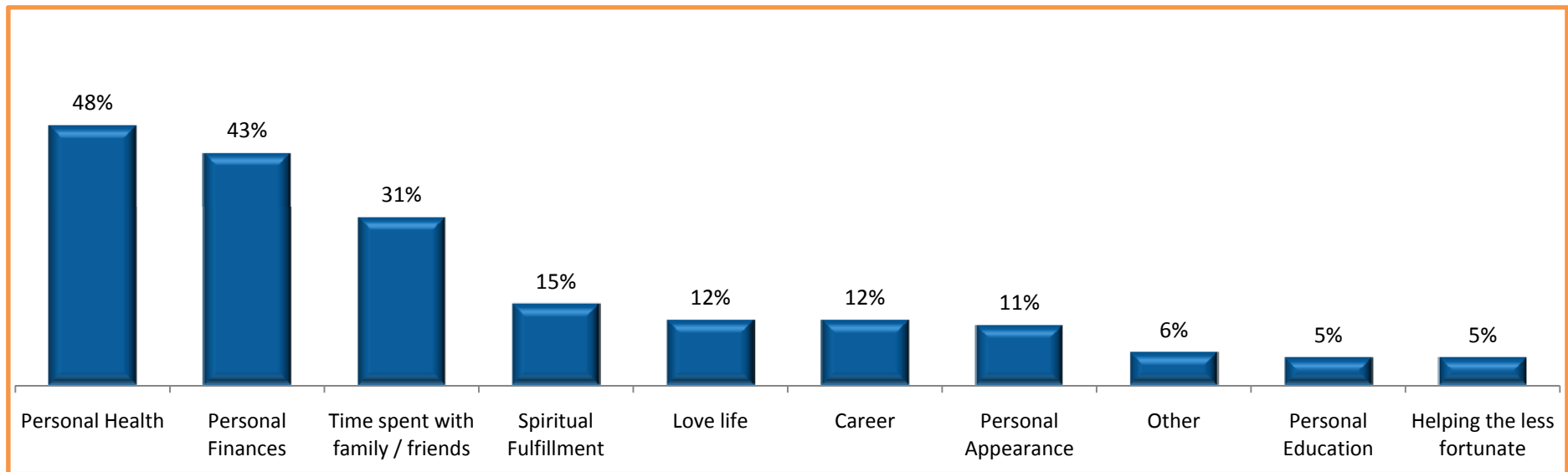
PERSONAL IMPROVEMENTS AND FINANCIAL STEPS FOR 2012



Personal health, finances and family time are the top priorities for 2012.

- Health and family time are more of a priority among those age 60 and older while personal finances are more of a priority to younger age groups.

Priorities for Improvements in 2012

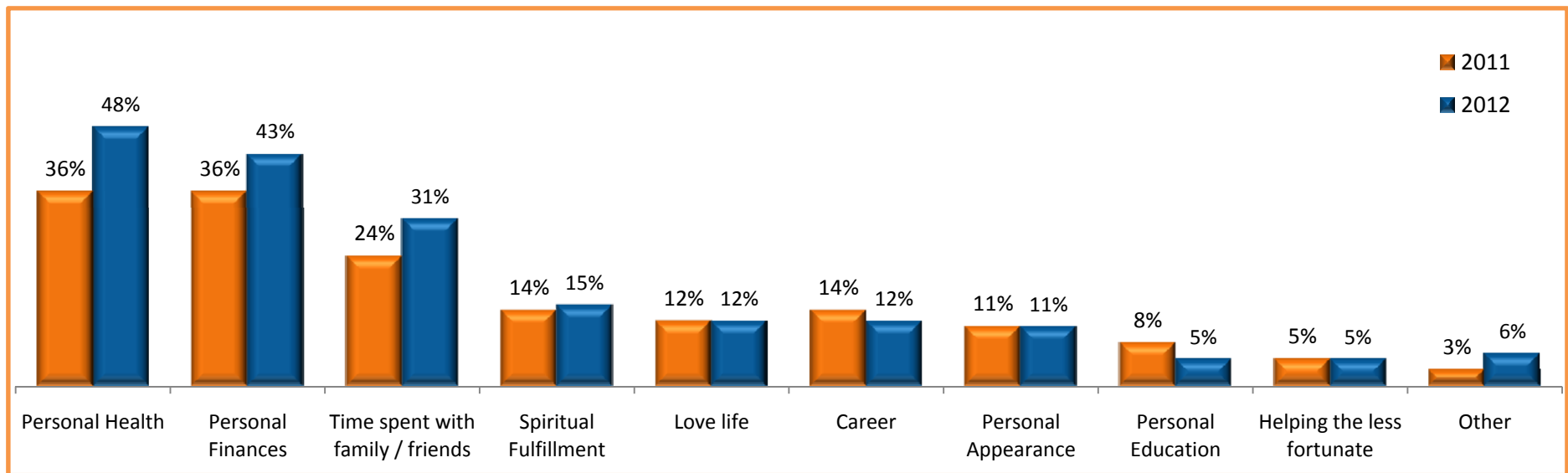


Q1. Which of the following, if any, are your top two priorities for improvement in 2012?
Base: Total Rep Respondents (n=1,015)

Personal health, finances and family time are the top priorities for 2011 and 2012.

- Personal Health, Personal Finances, and spending time with family/friends increased in 2012.

Priorities for Improvements in 2012

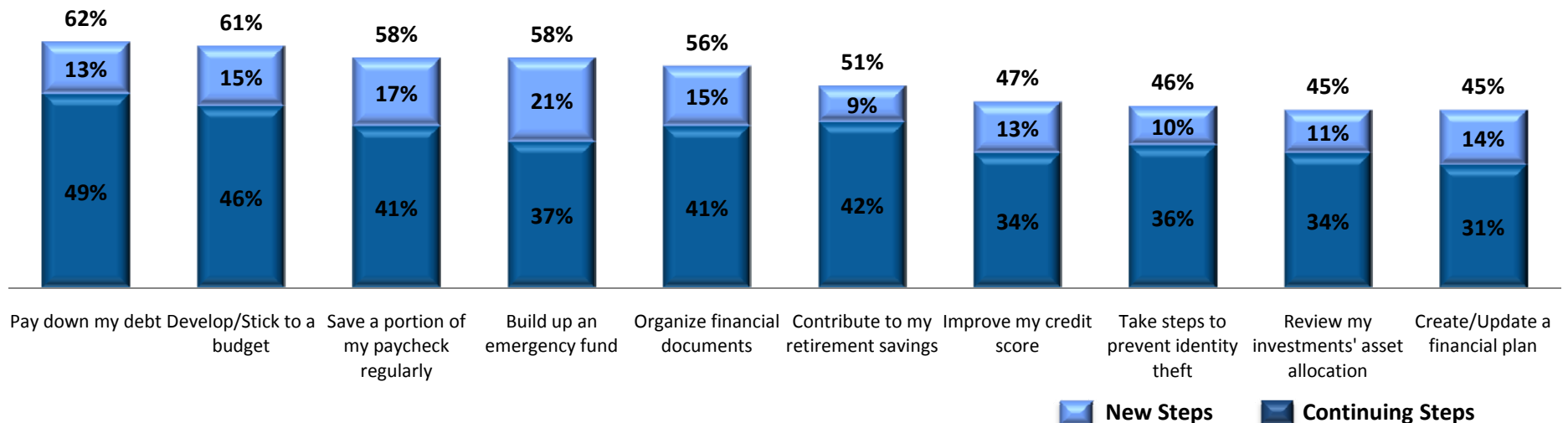


Q1. Which of the following, if any, are your top two priorities for improvement in 2012?
2012 Base: Total Rep Respondents (n=1,015)

2012 is about going “back to the basics” to protect and plan their financial well-being.

- Immediate financial health (e.g., paying down debt, saving part of paycheck) are generally the steps being taken in 2012.
 - Those with less than \$50k household incomes are significantly less likely to be taking any of these steps compared to those with higher household incomes.
 - Younger Americans, typically under the age of 50, are significantly more likely to cite they are planning steps involved with immediate financial health than are older Americans.

Steps Taking for Financial Well-Being in 2012



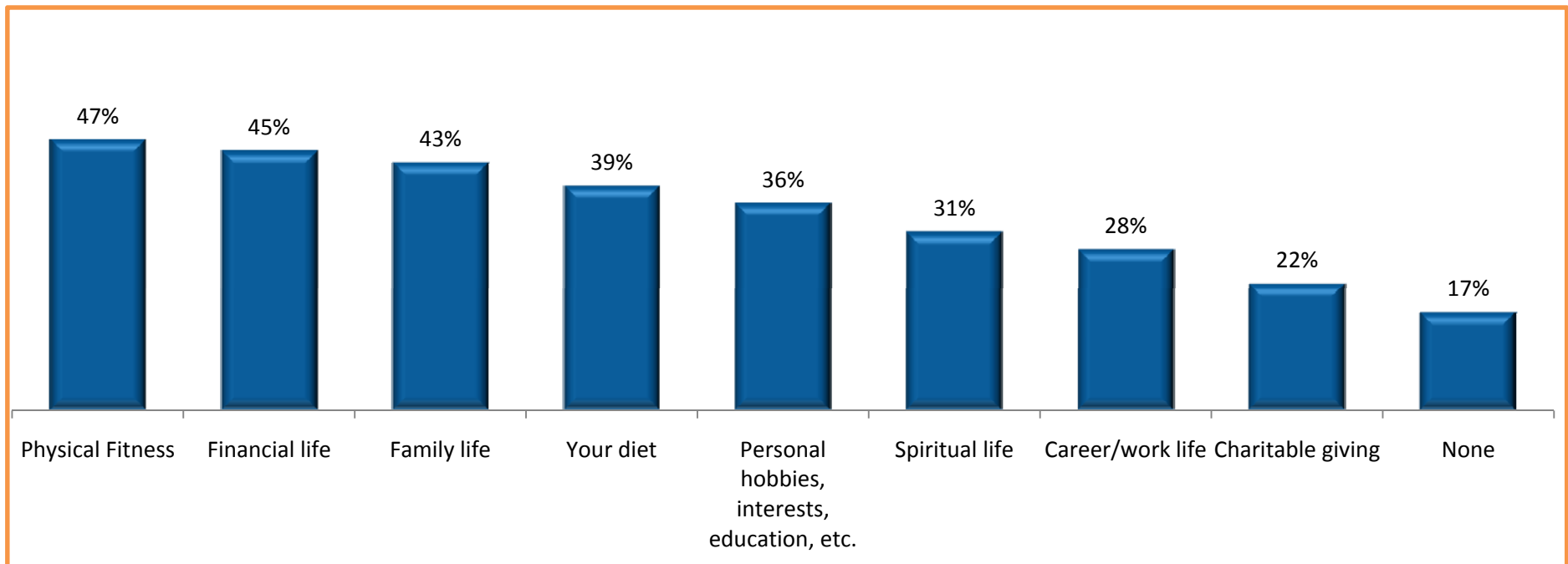
Q2. What steps, if any, do you plan on taking or continuing in 2012 to maintain or establish your financial well-being?
 Base: Total Rep Respondents (n=1,015)

STATE OF PERSONAL PLANNING AND GOALS

Almost half of Americans have a plan in place for physical fitness and their financial life.

- American's have plans in place to achieve their goals, which varies little across age groups.
 - Those age 60 and older are significantly more likely to have a charitable giving plan in place.
- Overall, women are significantly more likely to have a plan in place for their family life and their diet compared to men.
- Those with household incomes greater than \$100k are significantly more likely to have a plan in place for their financial life and physical fitness compared to those with lower household incomes.

Areas of Life Have Plan in Place

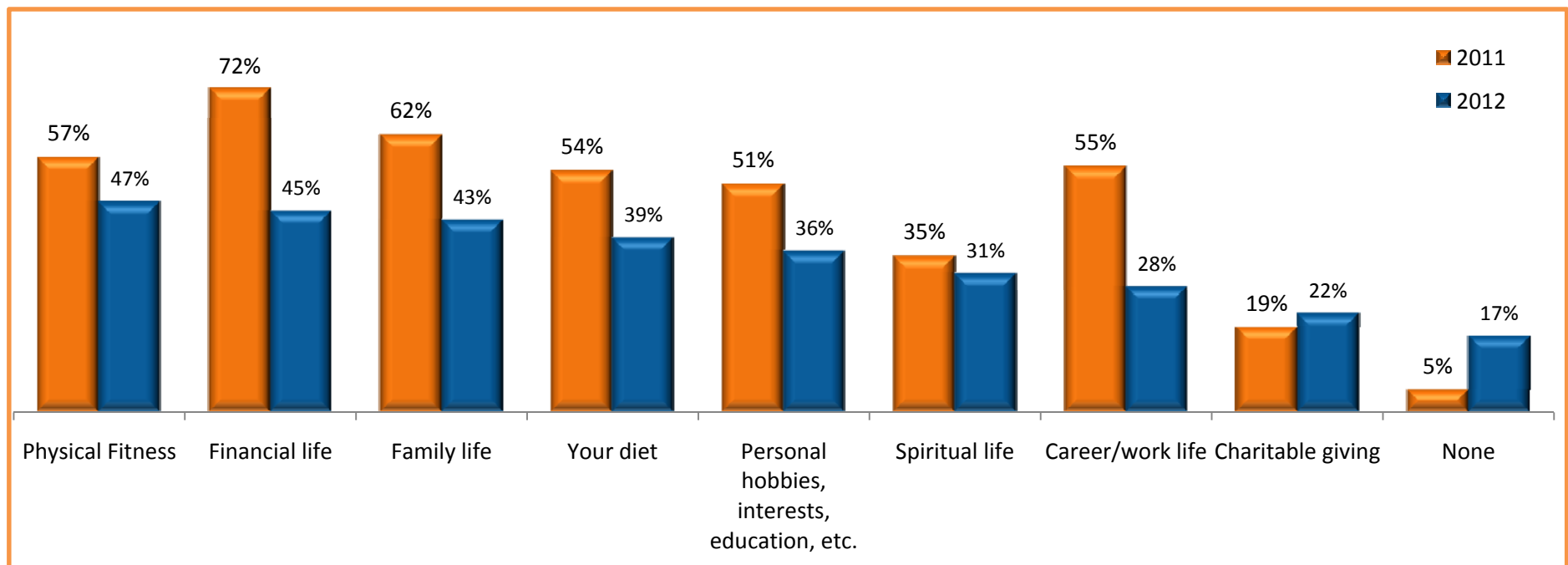


Q4. For which of these areas of your life do you have a plan in place to meet your goals?
Base: Total Rep Respondents (n=1,015)

Overall, fewer Americans have plans in place in 2012.

- In 2012, 30% fewer Americans are creating plans for their “financial life” or “career/work life “ compared to 2011.

Areas of Life Have Plan in Place



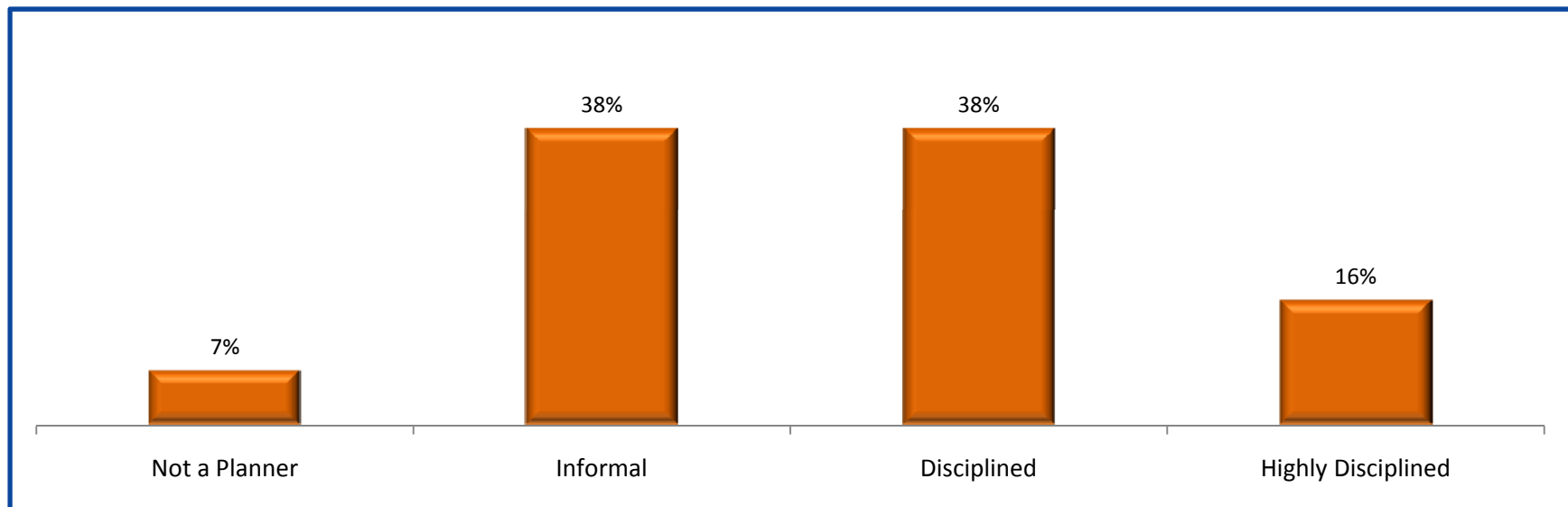
Q4. For which of these areas of your life do you have a plan in place to meet your goals?
Base: Total Rep Respondents (n=1,015)

FINANCIAL PLANNING STYLE

Just over half of Americans consider themselves to be “Disciplined” financial planners.

- “Highly Disciplined” and “Disciplined” planners are those who know their exact goals and have developed plans to meet them.
 - Less than 2 in 10 Americans consider themselves a “highly disciplined” financial planner but very few claim to have not planned at all.
 - Almost two-thirds of the youngest age group claim to be “disciplined” or “highly disciplined”.
- Retirees are significantly more likely to claim to be “highly disciplined” planners (21%) than do their counterparts.
- Women are significantly more likely to be “informal” planners (41% vs. 35%) while men are more likely than women to claim to be “highly disciplined” planners (18% vs. 14%).

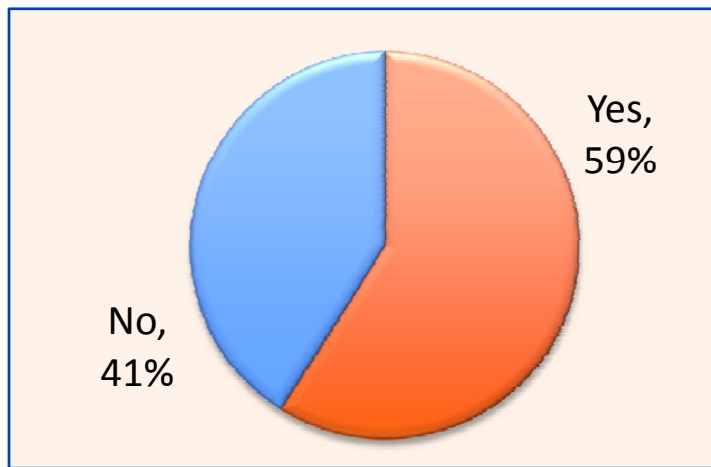
Type of Financial Planner



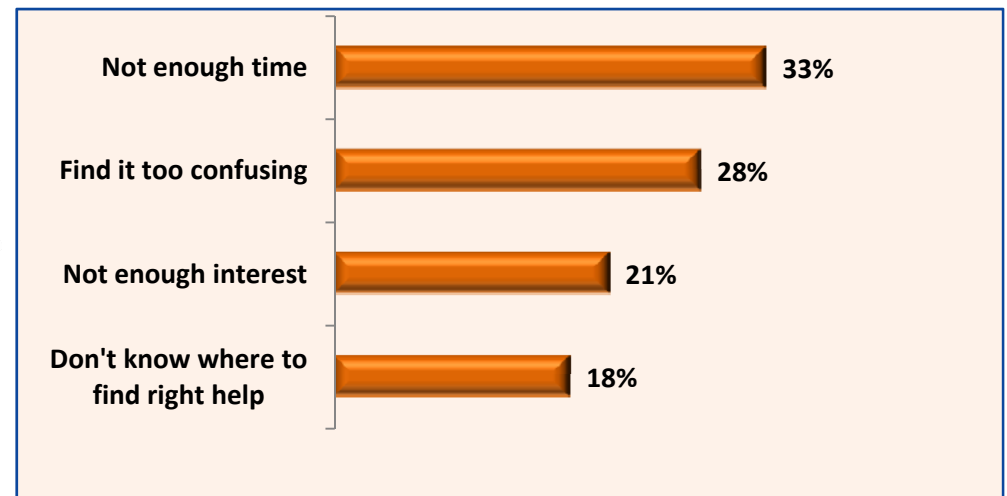
Six in ten Americans feel their financial planning needs improvement.

- Among American's who feel their financial planning needs improvement, their greatest barrier is "not enough time" followed closely by "find it too confusing".
- Americans age 60 and older are significantly less likely to feel their financial planning needs improvement compared to younger Americans
- Americans who are 'informal planners' are significantly more likely to feel their financial planning needs improvement compared to their counterparts.
- Women are significantly more likely than men to feel their financial planning needs improvements (63% vs. 54%) and cite they "find it too confusing" (31% vs. 24%).

Financial Planning Needs Improvement



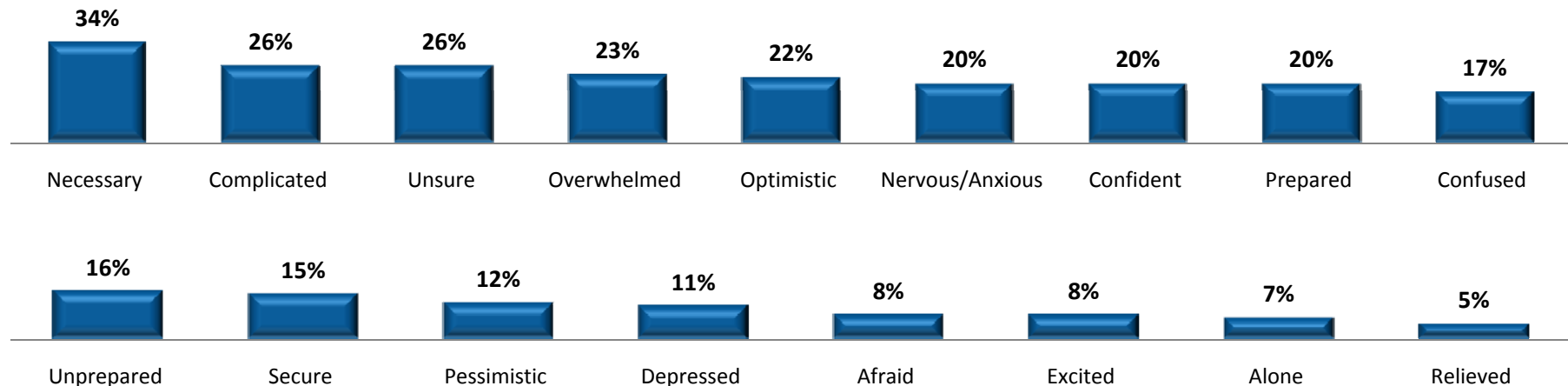
Greatest Barrier to Improving Financial Planning



Overall, one-third feel financial planning is “necessary”.

- “Complicated” and “unsure” are feelings cited by a quarter of Americans when it comes to their feelings about financial planning.
- Women are significantly more likely than men to cite negative feelings, while men are significantly more likely than women to cite positive feelings.
 - Women are more likely to feel *unsure, complicated, overwhelmed, nervous/anxious, and/or confused* while men are more likely to feel *optimistic, confident, prepared, secure and/or excited*.
- Younger Americans are significantly more likely to feel financial planning is “complicated”, “overwhelming” and feel “nervous/anxious” than are older Americans .
- Americans age 60 and older are significantly more likely to feel “confident”, “prepared” and “secure” compared to their younger counterparts.

Feelings About Financial Planning



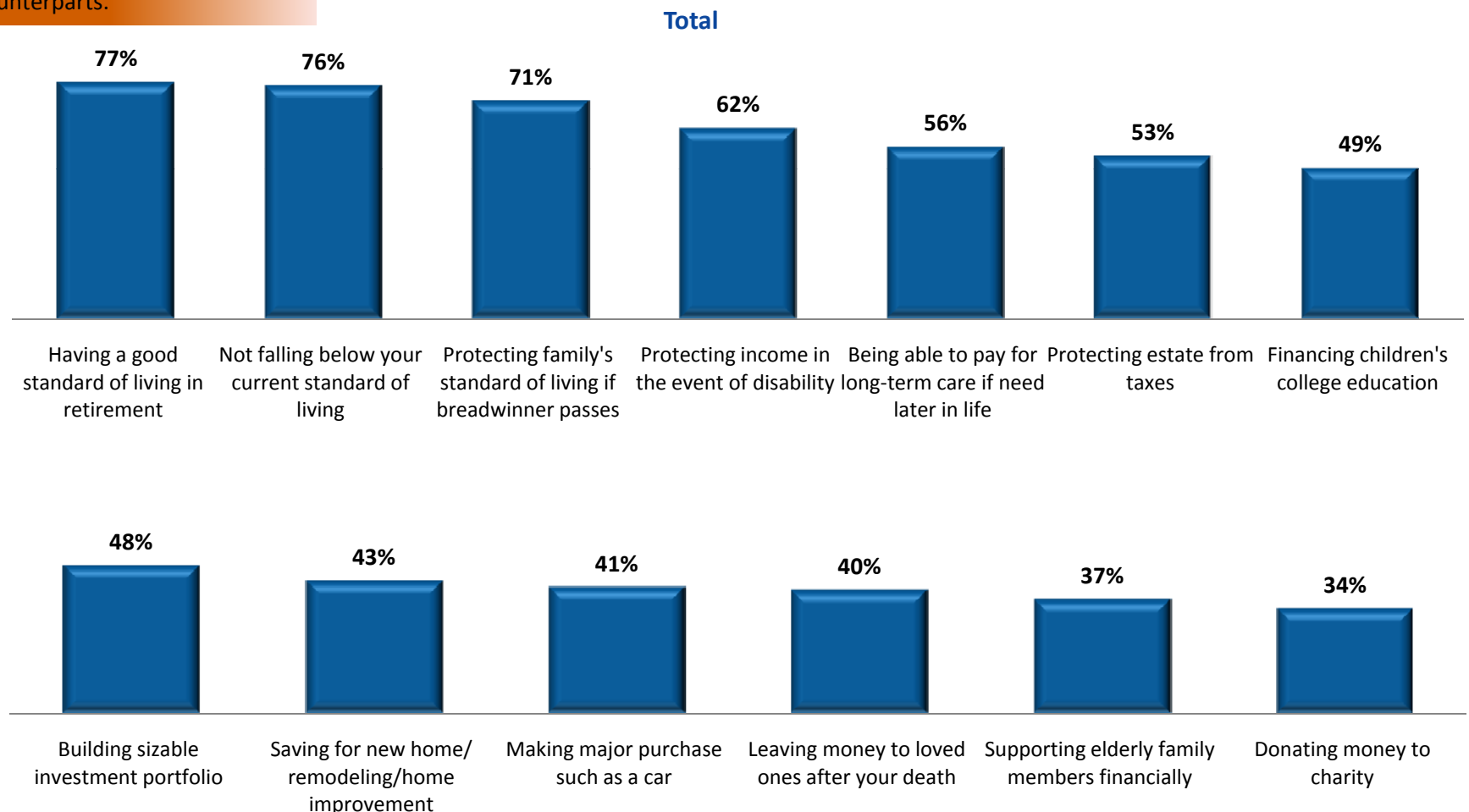
Q11. Which of the following words best describe how you feel about financial planning?
Base: Total Rep Respondents (n=1,015)

FINANCIAL GOALS

The majority cite “having a good standard of living in retirement” and “not falling below current standard of living” as important goals, with “protecting family’s standard of living if breadwinner passes” a close third.

In general, Highly/Disciplined planners are more likely to indicate these goals are important than are their counterparts.

Importance of Financial Goals - % Top 4 Box *



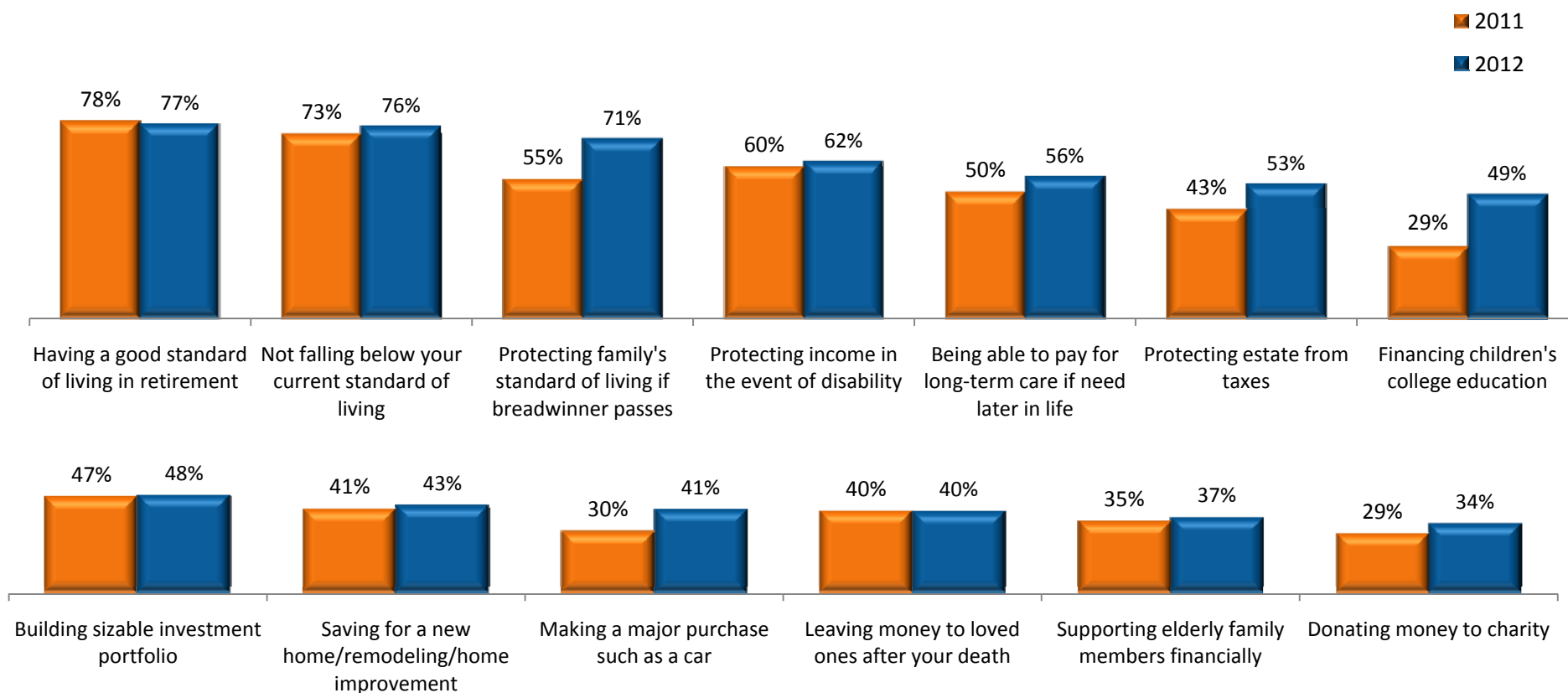
Q16. Below is a list of financial goals some people have. Please indicate how important each goal is to you at this time in your life.

Base: Total Rep Respondents (n=1,015)

* 10-pt scale where 10 = Extremely important

“Protecting family’s standard of living if breadwinner passes” and “Financing children’s college education” have increased in importance in 2012.

Importance of Financial Goals - % Top 4 Box



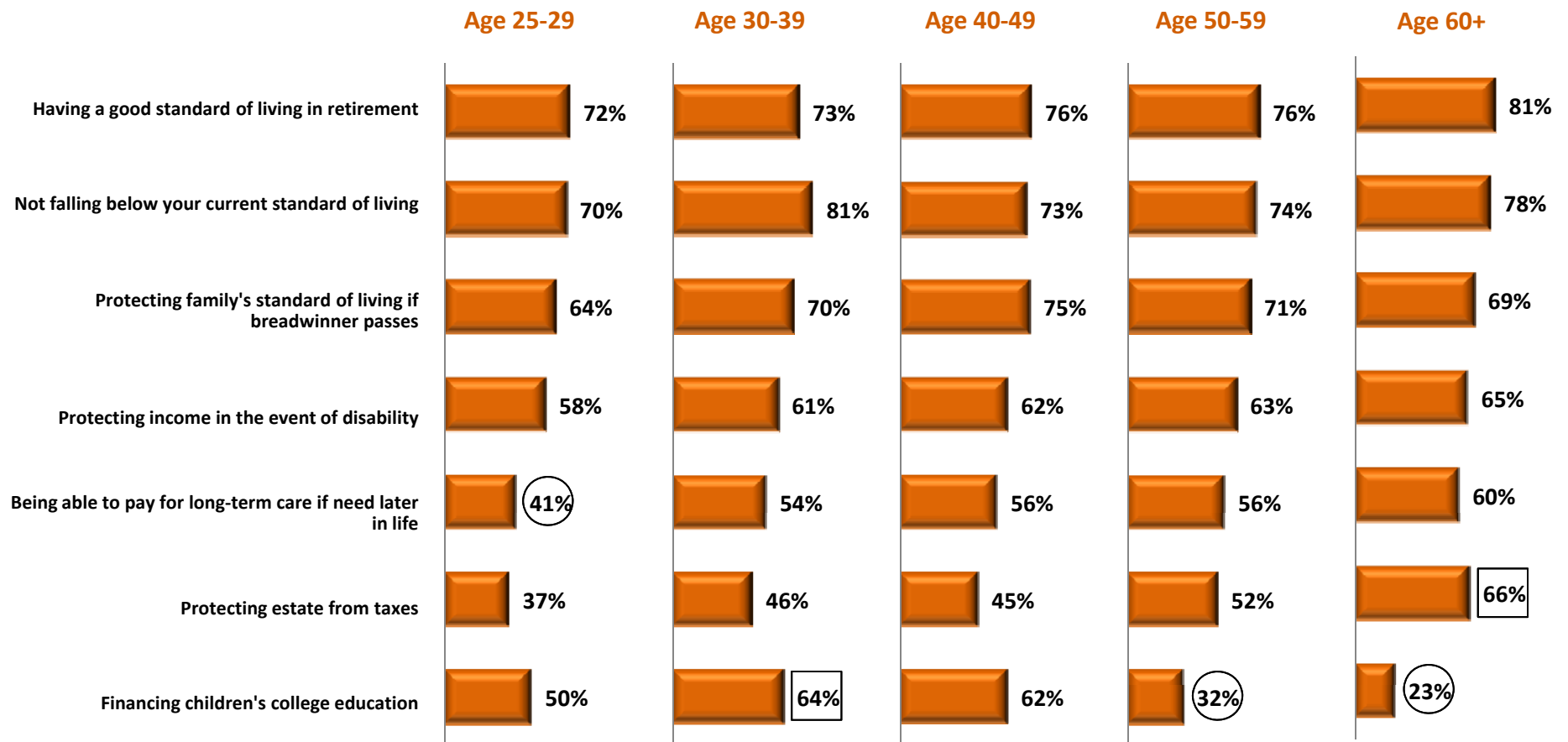
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Base: Total Rep Respondents (n=1,015)

* 10-pt scale where 10 = Extremely important

“Protecting estate from taxes” is a more important goal to those age 60 and older than to younger Americans. Not surprisingly, “financing college education” is a more important goal to those age 30-49 than to the other age groups.

Importance of Financial Goals - % Top 4 Box *



(cont'd)

□ / ○ indicates significantly higher/lower than at least 3 age groups

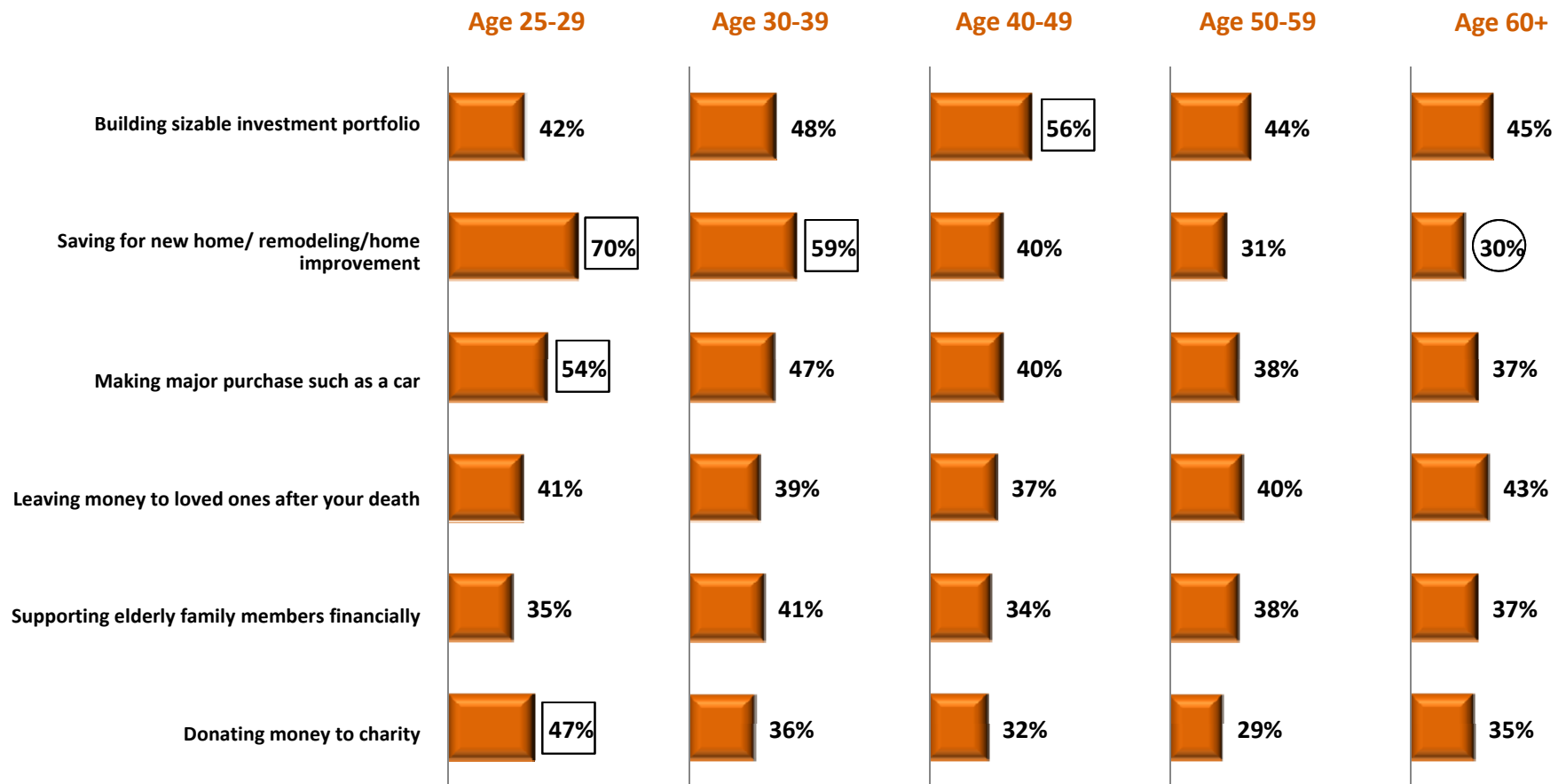
Q16. Below is a list of financial goals some people have. Please indicate how important each goal is to you at this time in your life.

Base: Total Rep Respondents (n=1,015)

* 10-pt scale where 10 = Extremely important

Americans age 40-49 cite “building a sizable investment portfolio” as an important goal more than the older and youngest age groups. Younger age groups cite short term financial goals (such as saving for new home/remodeling/new car) as currently more important than do older age groups.

Importance of Financial Goals - % Top 4 Box * (cont'd)



□ / ○ indicates significantly higher/lower than at least 3 age groups

Q16. Below is a list of financial goals some people have. Please indicate how important each goal is to you at this time in your life.

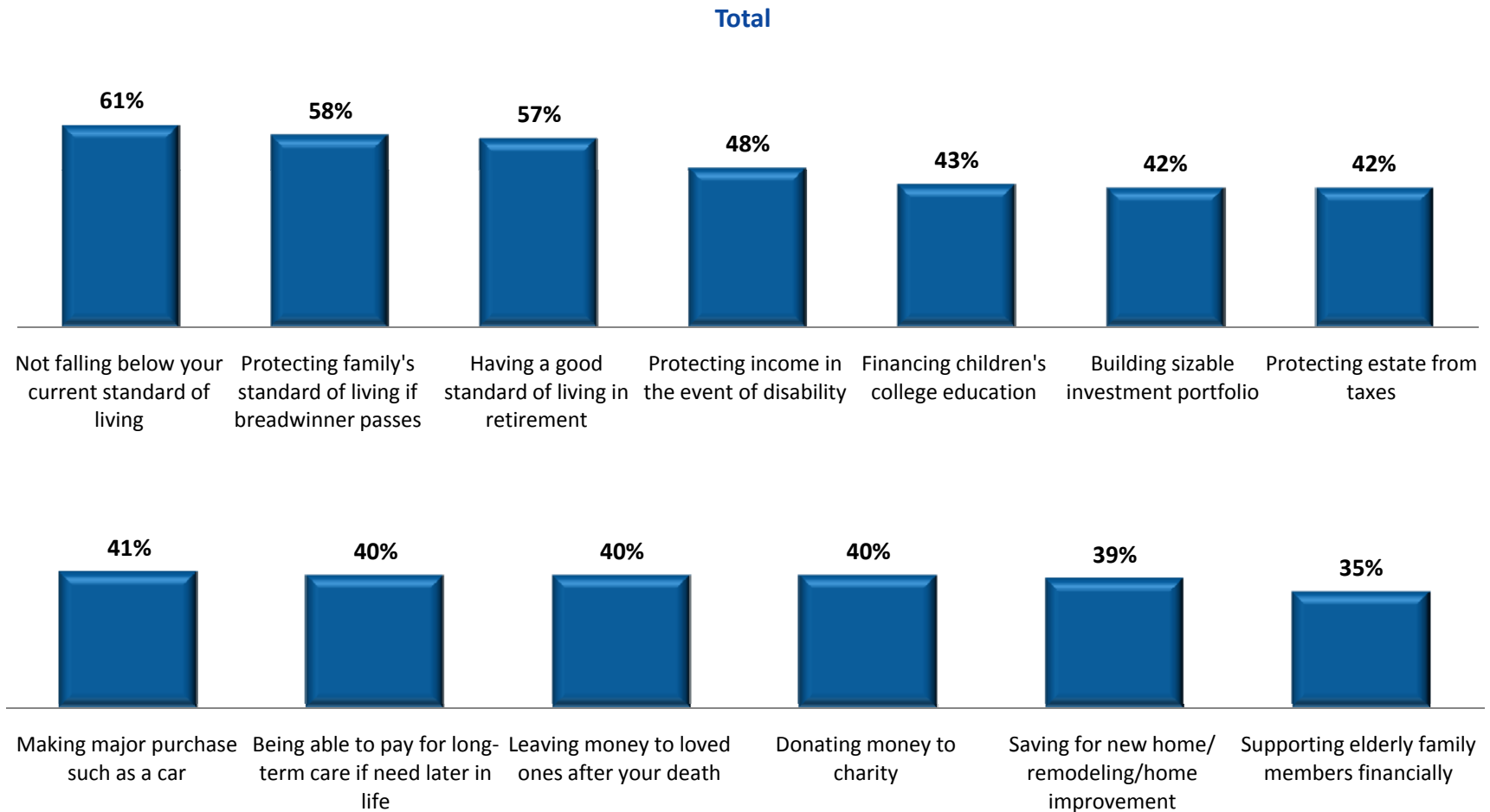
Base: Total Rep Respondents (n=1,015)

* 10-pt scale where 10 = Extremely important

Six in ten Americans adhere to the financial goals that were most often cited as currently important.

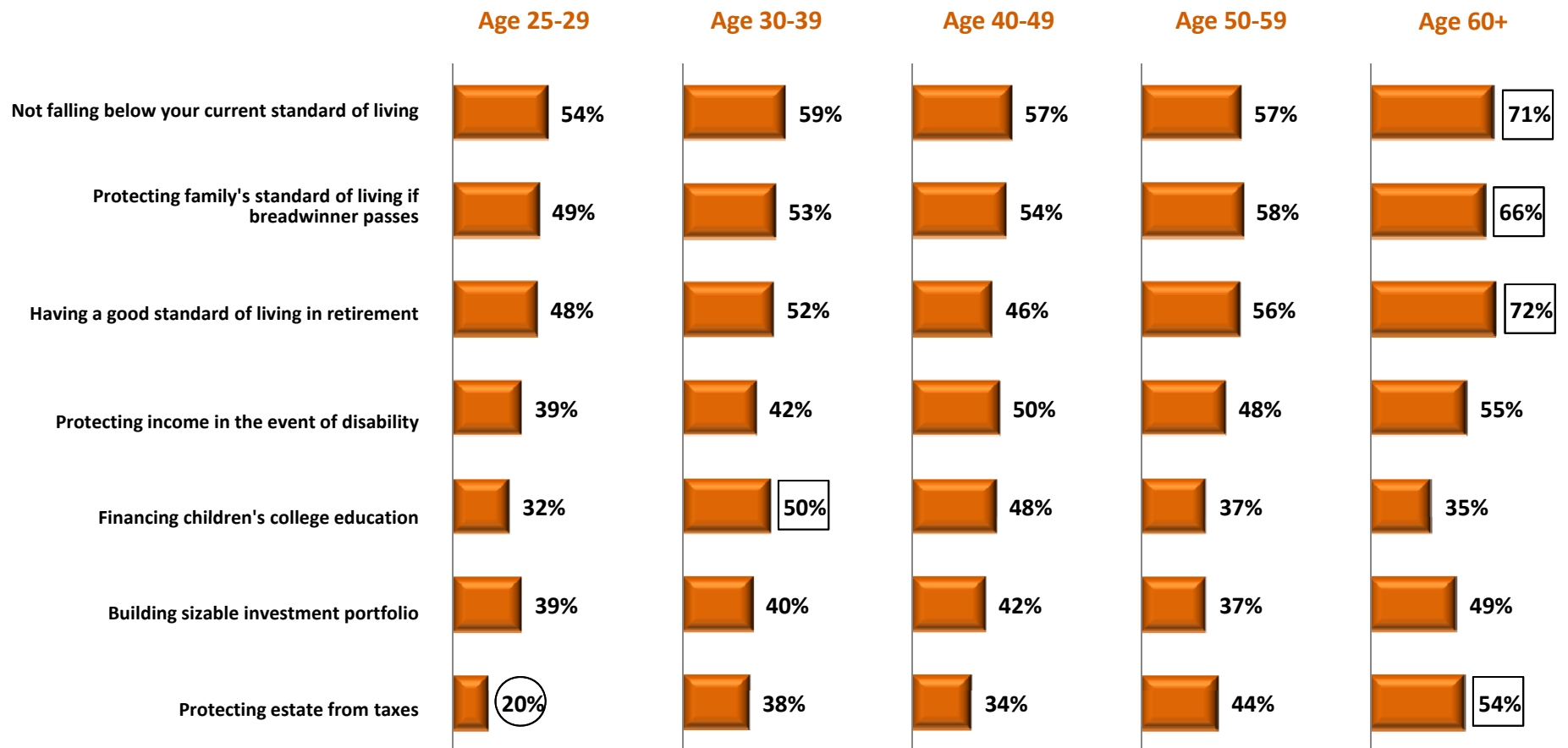
Generally, men are more likely than women to claim they adhere to their financial goals.

Adhere to Financial Goals - % Top 4 Box *



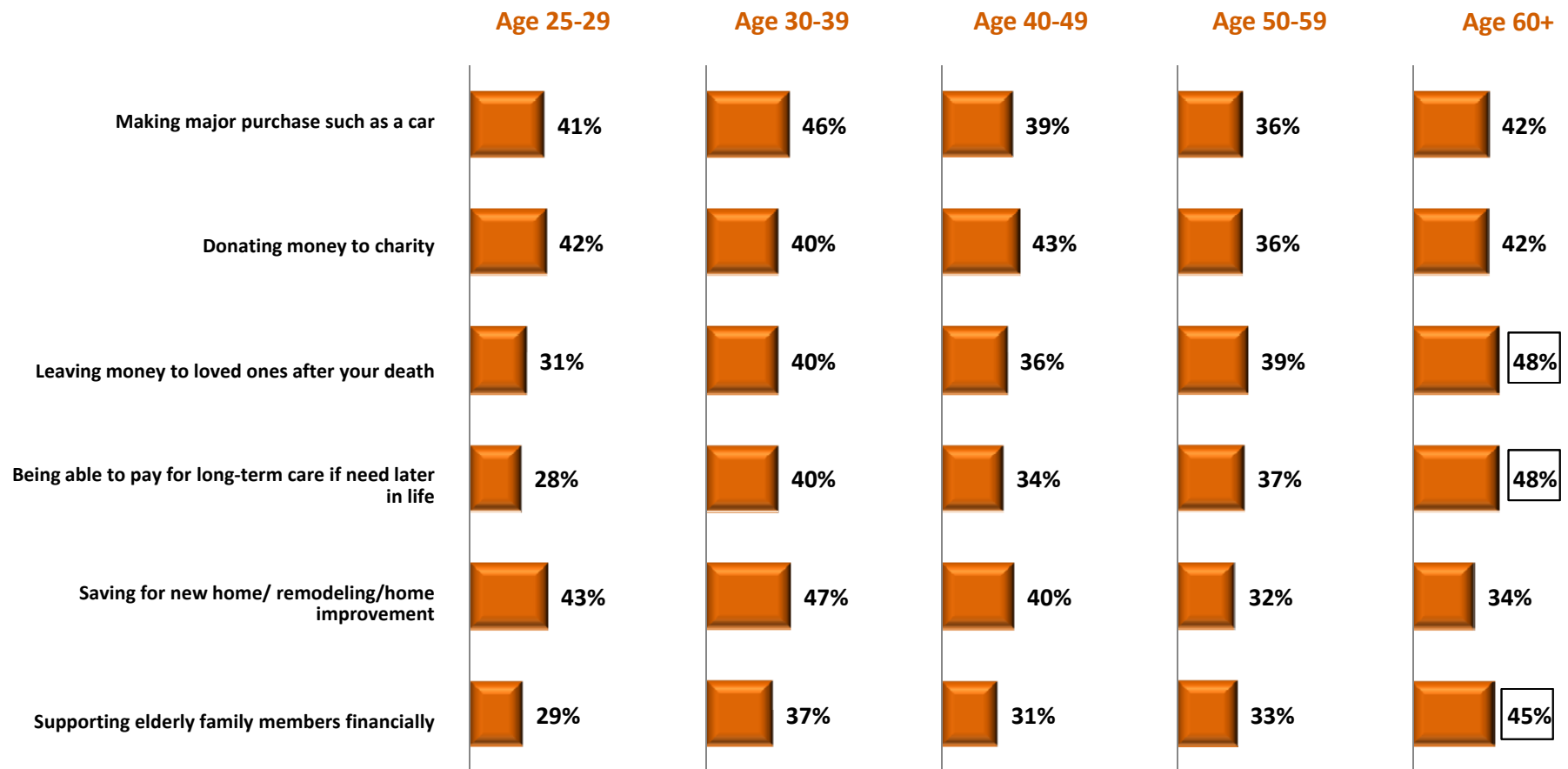
Typically older Americans age 60+ are more likely to claim they adhere to their financial goals than are the younger age groups.

Adhere to Financial Goals - % Top 4 Box *



□ / ○ indicates significantly higher/lower than at least 3 age groups

Adhere to Financial Goals - % Top 4 Box *



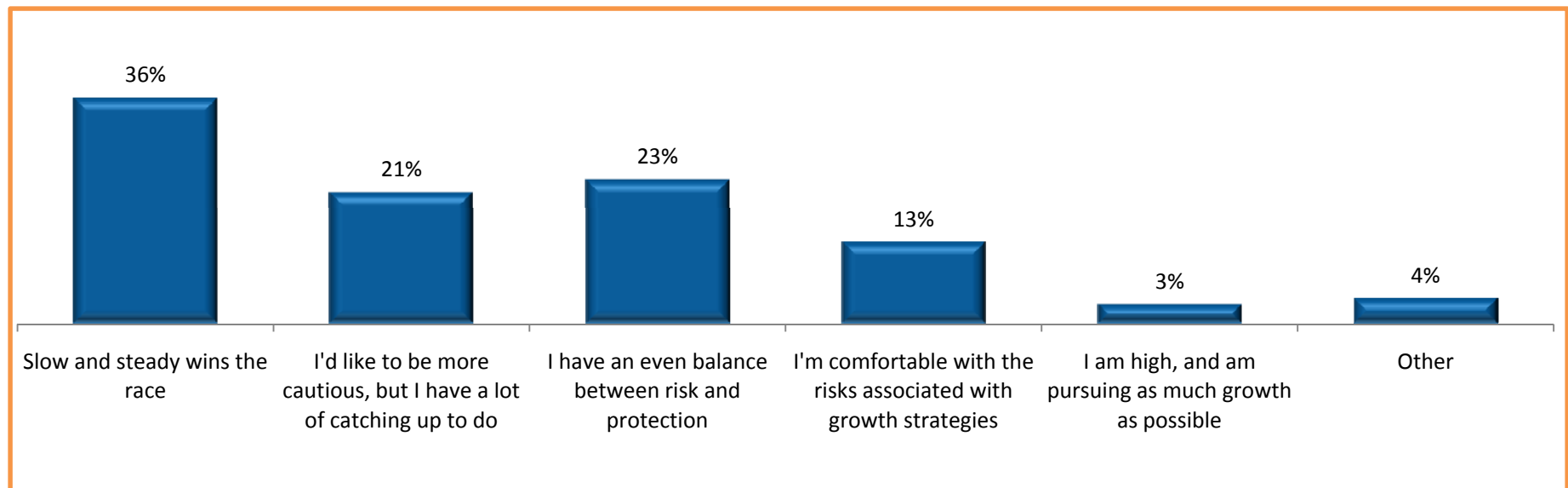
□ / ○ indicates significantly higher/lower than at least 3 age groups

INVESTOR TYPE

More than half of Americans prefer to be cautious with their approach to saving and investing. Less than 2 in 10 are comfortable with high risk growth strategies.

- Americans who are age 60 or older are significantly more likely to describe their approach to saving and investing as “slow and steady wins the race” compared to younger Americans.
- Women are significantly more likely to describe their approach to saving and investing as “I’d like to be more cautious, but I have a lot of catching up to do” compared to men.

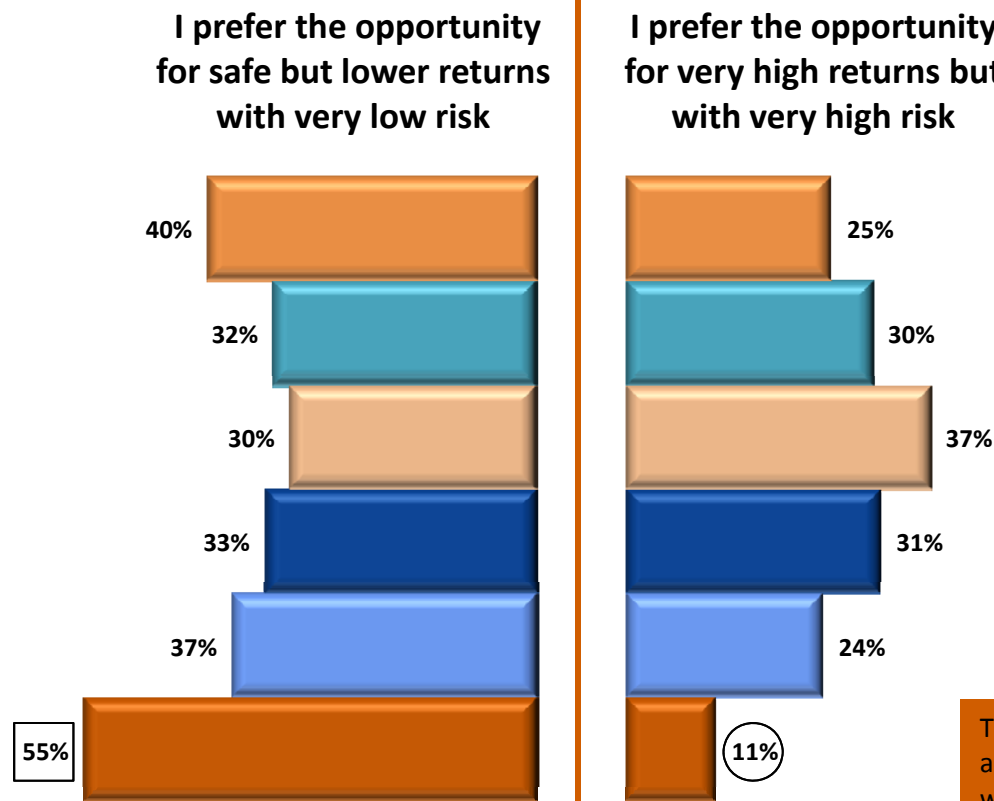
Approach to Saving/Investing for Future Financial Goals



Q18. Of the following statements, which best describes your approach to saving and investing for future financial goals?
Base: Total Rep Respondents (n=1,015)

While more Americans prefer safer, lower risk investments (especially those age 60 and older), more than a third of Americans age 30-39 prefer the opportunity for high returns even with very high risk.

Preference Regarding Investments - % Top 4 Box



Highly/Disciplined planners are significantly more likely to prefer high returns with high risk than are their counterparts (39% and 29% vs. 16% and 15%).

Men are significantly more likely to prefer high returns with high risk than women (29% vs. 21%).

- Total
- Age 25-29
- Age 30-39
- Age 40-49
- Age 50-59
- Age 60+

Those employed FT/self employed are more likely to prefer high returns with high risk than are their counterparts.

□ / ○ indicates significantly higher/lower than at least 3 age groups

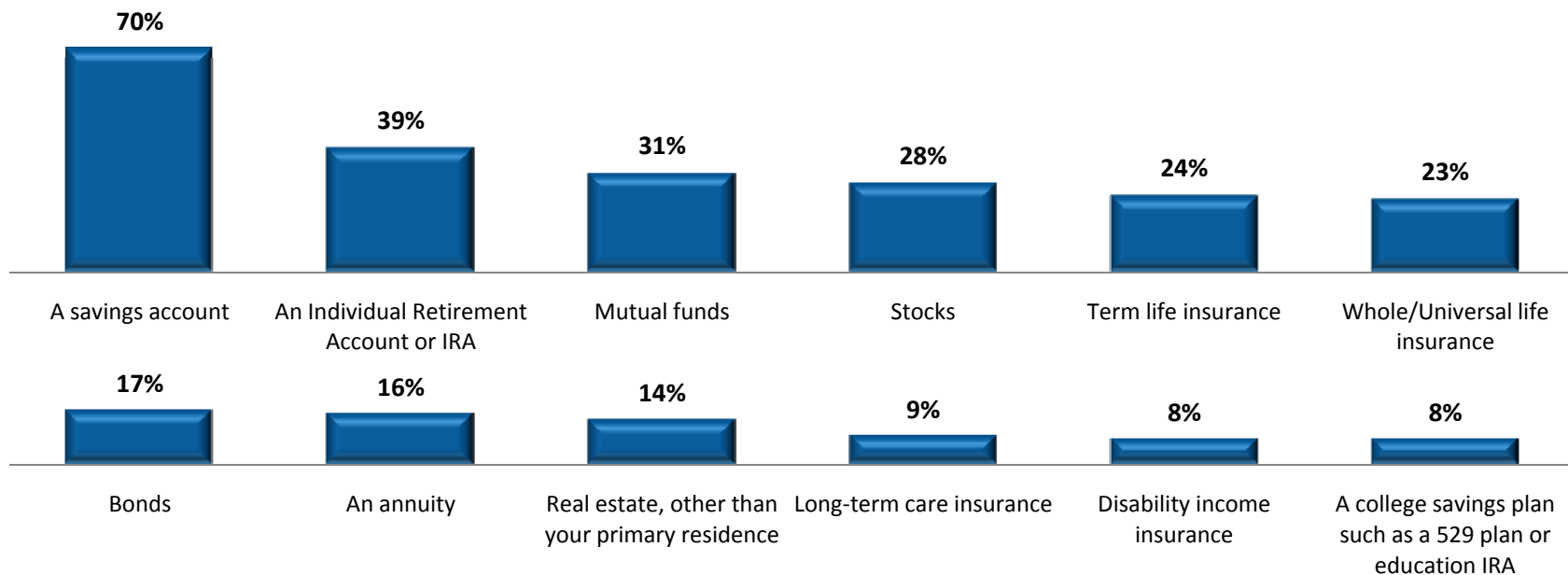
Q19. Please indicate your preference for the following with respect to your investments.
Base: Total Rep Respondents (n=1,015)

PRODUCT OWNERSHIP

Seven in ten currently own a savings account but a third or less own investment products. One quarter of Americans own term life and/or whole life insurance.

- Americans age 25-29 are significantly less likely to own investments or life insurance products than their older counterparts.
- Americans age 60 and older are significantly more likely to own investment products, whole life insurance, or long-term care insurance compared to their younger counterparts.
- Men are significantly more likely to own mutual funds, stocks, whole life insurance, or an annuity compared to women.

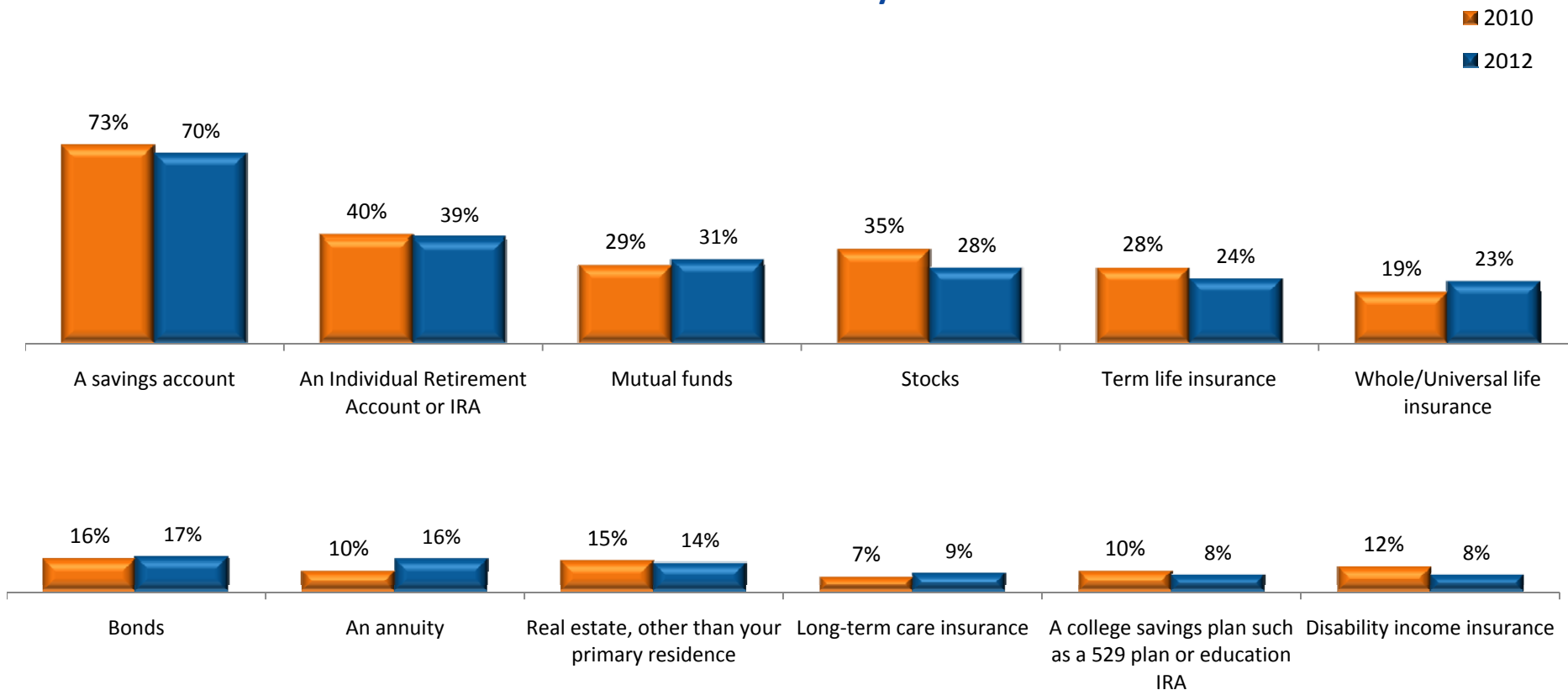
Products Currently Own



Q26. Which of the following products, if any, do you currently own on your own (not through your employer)?
Base: Total Rep Respondents (n=1,015)

Seven in ten have a “savings account” and four in ten have an “individual retirement account or IRA”, which has remained consistent to 2010.

Products Currently Own



Q16. Below is a list of financial goals some people have. Please indicate how important each goal is to you at this time in your life.

Base: Total Rep Respondents (n=1,015)

* 10-pt scale where 10 = Extremely important