

2018 Planning & Progress Study

Deep Dive into Debt

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

Background

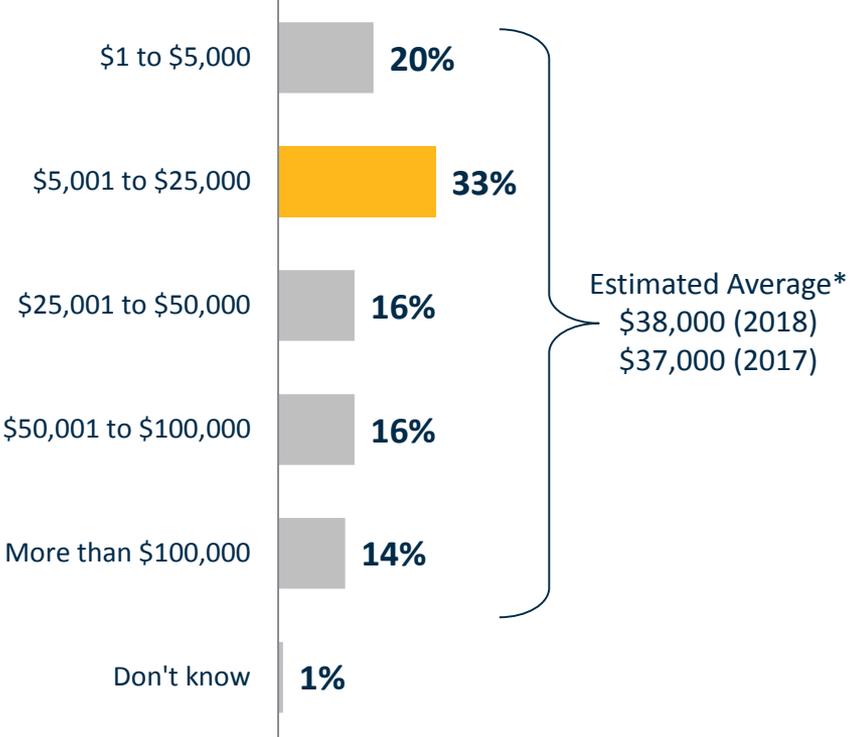
The 2018 Planning & Progress Study seeks to provide unique insights into U.S. adults' attitudes and behaviors toward money, financial decision-making, and the broader landscape issues impacting people's long-term financial security.

The study is based on an online survey of 2,003 U.S. adults age 18+ conducted from March 7-19, 2018 (and an oversample of 601 interviews with U.S. Millennials age 18-34 which has been combined with the general population of those age 18-34 when featuring this group).

Data were weighted to be representative of the U.S. population (age 18+) based on Census targets for education, age/gender, race/ethnicity, region and household income.

Personal debt continues to mount

Though the majority of Americans cite debt reduction as their top 2018 financial priority, average personal debt (exclusive of mortgages and among those with some debt) climbed even higher this year.

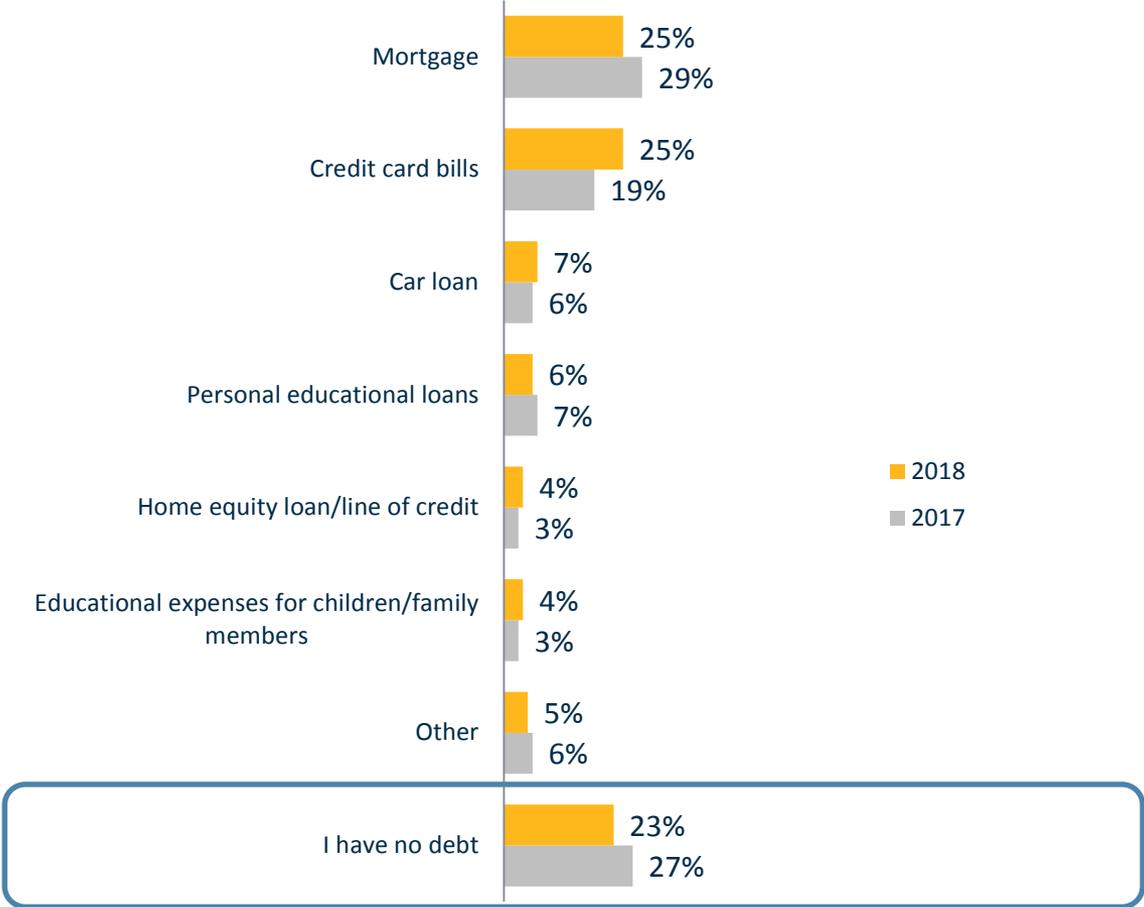


BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2003)
Q1810. Which of the following are your top financial priorities for 2018?

BASE: THOSE WITH SOME DEBT - Gen Pop: (n=962)
QDB2. How much do you estimate your debt to be?
 * Rounded to the nearest \$000

Credit cards are a key culprit...

This year, credit cards jumped to tie mortgages as the leading source of debt.

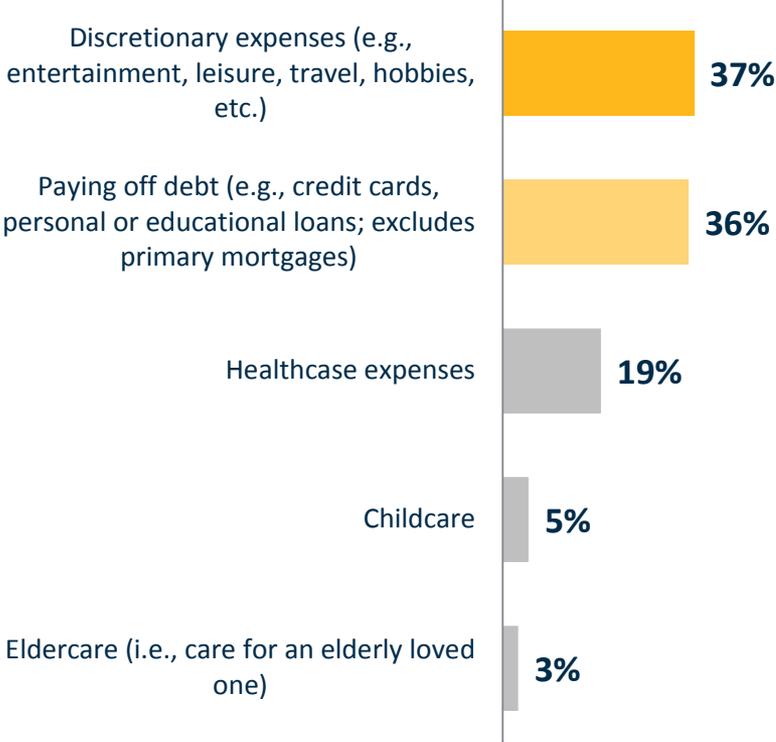


BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2003)
QPAW10. What is your main source of debt?

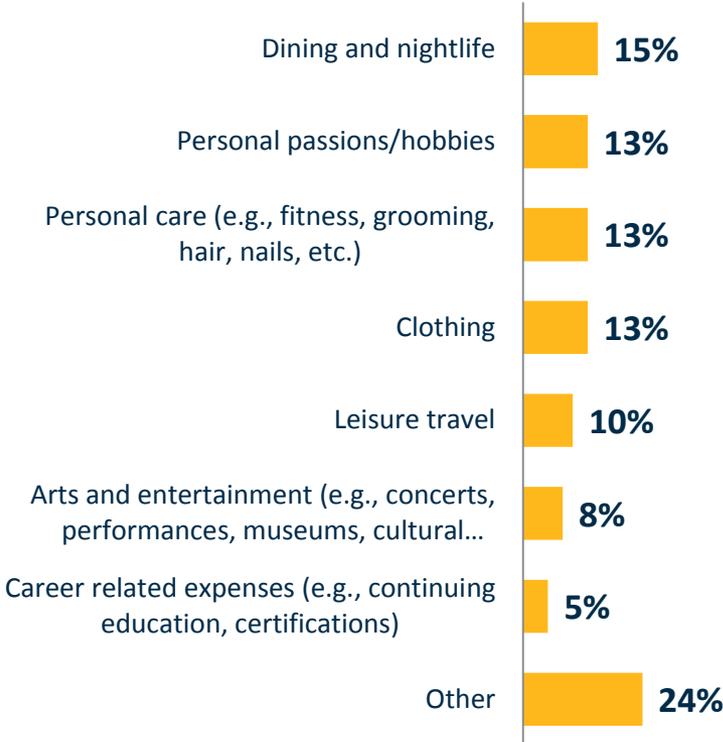
...as the cycle of “buy and borrow” continues

Similar to last year, Americans are spending nearly equal amounts of their monthly income, after basic necessities, on debt repayments and discretionary expenses.

Average Percent of Total Monthly Income Spent on Expenses (excluding basic necessities)



Average Percent of Total Monthly Income Spent on Discretionary Expenses

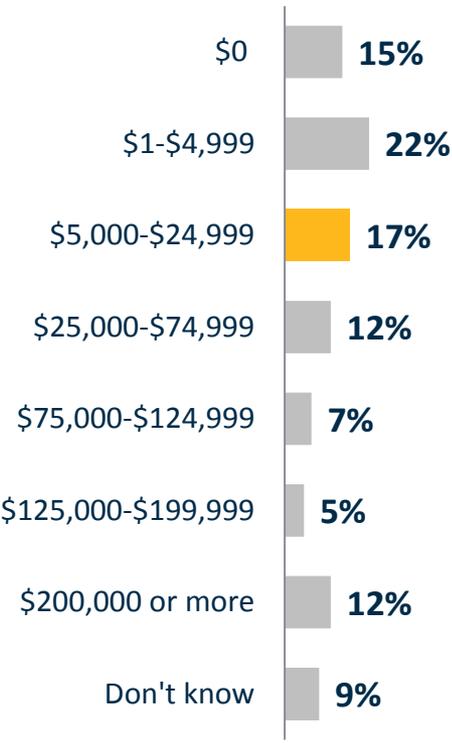
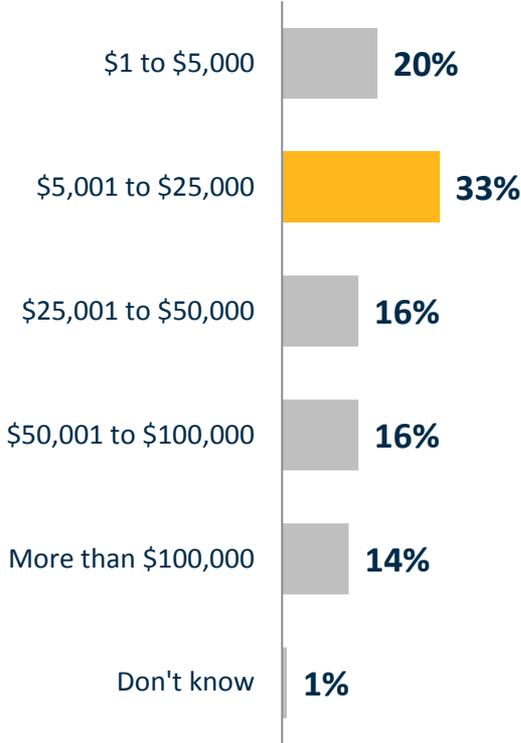


BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2003)
QNW6. Outside of basic necessities (housing, food, transportation), approximately what percentage of your total monthly income goes to each of the following categories? (Percentages must sum to 100%.)

BASE: THOSE WITH DISCRETIONARY EXPENSES - Gen Pop: (n=1831)
Q1814. Please indicate approximately what percentage of your total monthly income goes to each of the following categories of discretionary expenses? (Percentages must sum to 100%.)

Some Americans are spending more than saving...

The percentage of people carrying \$5,000 - \$25,000 in debt is higher than the percentage of Americans who have accumulated this same amount in personal savings.

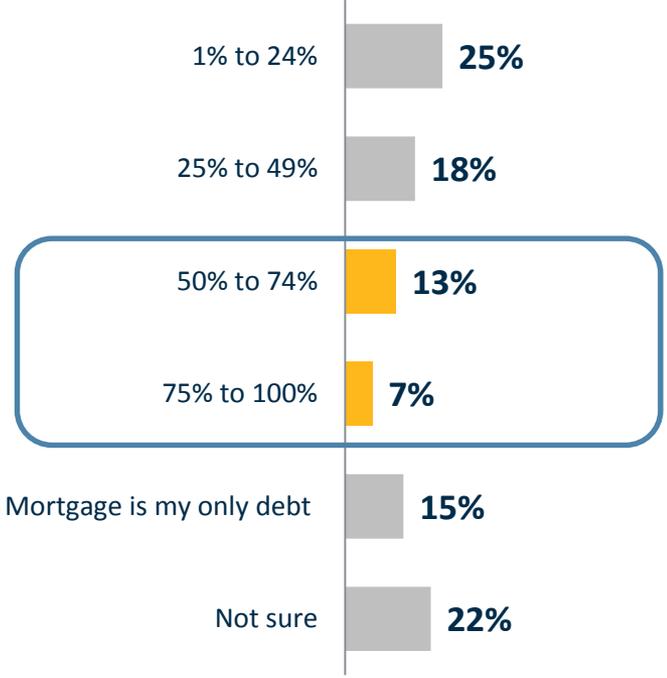
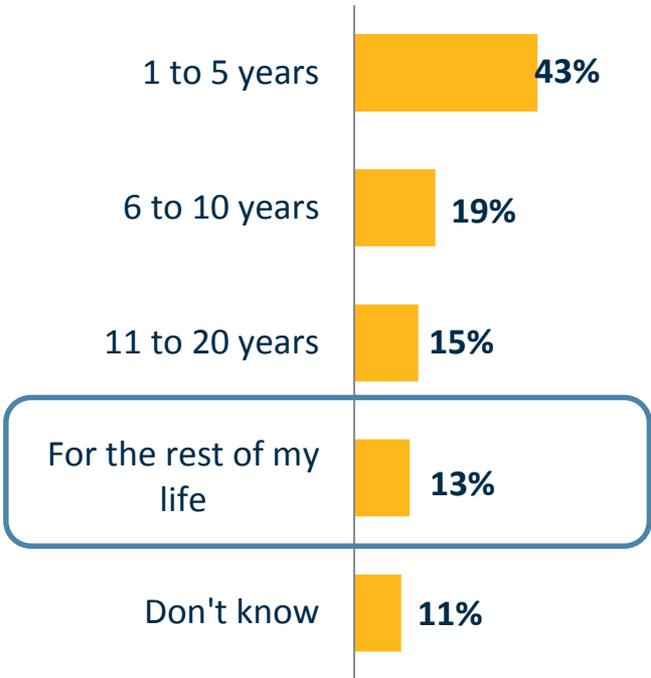


BASE: THOSE WITH SOME DEBT - Gen Pop: (n=962)
QDB2. How much do you estimate your debt to be?

BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2002)
Q1824. How much do you have in personal savings (excluding any funds specifically earmarked for retirement 401(k), IRA, etc.)?

...and the debt pile-up is taking a toll on financial health

Two in 10 Americans allocate 50% to 100% of their monthly income to debt repayment, while 1 in 10 Americans expect to be in debt for the rest of their lives.



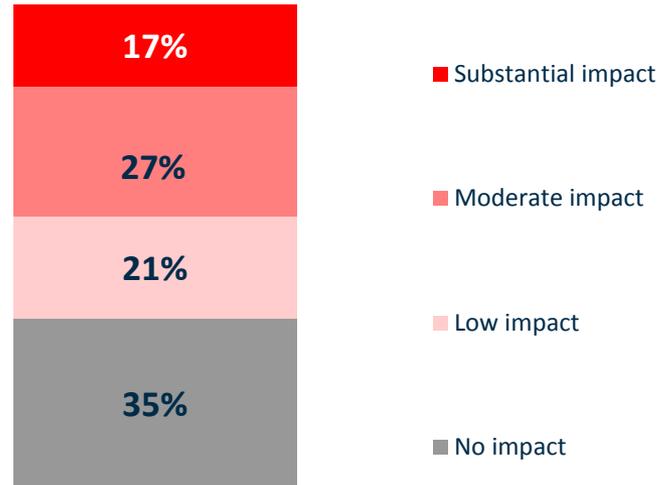
Mean 35%

BASE: THOSE WITH SOME DEBT - Gen Pop: (n=1541)
QDB4. How many more years do you expect to be in debt?

BASE: THOSE WITH SOME DEBT - Gen Pop: (n=1541)
QDB1. What percentage of your monthly income goes to paying off debt (excluding your primary home mortgage)?

Yet, Americans may be underplaying the implications of debt

The majority of Americans (56%) said debt has low or no impact on their ability to achieve financial security.



BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2003)

QDB5. How much impact is debt having on your ability to achieve long-term financial security?