2022 Planning & Progress Study

Financial Adaptation

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

The 2022 Planning & Progress Study, a research series from Northwestern Mutual, explores US 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 and included 2,381 American adults aged 18 and older, with oversamples of Gen Z, who participated in an online survey between February 8-17, 2022. Last year’s study included 2,320 American adults aged 18 or older who participated in an online survey between March 16 – 26, 2021.

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.
More than 60% of US adults say the pandemic has been highly disruptive to their finances, but only 13% say they have been unable to adapt.
More than four in ten (43%) US adults say they made up for at least some lost ground incurred financially during the first year of the pandemic.
A solid majority (60%) say they have been able to build up their personal savings over the last two years, and 69% of those say they plan to maintain their new savings rate going forward.

Have you been able to build your savings during the pandemic?

- Yes: 60%
- No: 40%

Do you plan to expect to continue saving at the same rate over the long term or recede to pre-pandemic levels?

- I plan to maintain my new savings rate: 69%
- My savings rate will likely go back to pre-pandemic levels: 16%
- Not sure: 15%
While personal savings numbers remain high, they have dropped 15% from 2021

**Average Personal Savings:**

(2022 Mean) $62,086

(2021 Mean) $73,100

**Personal Savings***

- $0: 8% (2022), 6% (2021)
- $1-$4,999: 13% (2022), 15% (2021)
- $5,000-$24,999: 11% (2022), 9% (2021)
- $25,000-$74,999: 8% (2022), 9% (2021)
- $75,000-$124,999: 4% (2022), 5% (2021)
- $125,000-$199,999: 1% (2022), 2% (2021)
- $200,000 or more: 12% (2022), 15% (2021)
- Not sure: 43% (2022), 39% (2021)

*Numeric open ended questions

**BASE: ALL QUALIFIED RESPONDENTS – 2021 Gen Pop (n=2381)**

Q1824. How much do you have in personal savings (excluding any funds specifically earmarked for retirement 401(k), IRA, etc.)?
Three quarters (73%) of US adults say they’ve adopted better financial habits as a result of the pandemic

**Which financial behaviors have you adopted during the pandemic that you anticipate retaining in the long-term?**

<table>
<thead>
<tr>
<th>NET ADOPTED ONE OR MORE BEHAVIORS</th>
<th>73%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced living costs/spending</td>
<td>35%</td>
</tr>
<tr>
<td>Reducing/paying down debt</td>
<td>22%</td>
</tr>
<tr>
<td>Increased investing</td>
<td>19%</td>
</tr>
<tr>
<td>Increased use of technology / digital solutions to manage finances</td>
<td>19%</td>
</tr>
<tr>
<td>Regularly revisiting financial plan</td>
<td>17%</td>
</tr>
<tr>
<td>Increased retirement contributions/savings</td>
<td>14%</td>
</tr>
<tr>
<td>Increased spending</td>
<td>13%</td>
</tr>
<tr>
<td>Increased non-retirement saving</td>
<td>11%</td>
</tr>
<tr>
<td>Adjusted investment approach based on risk tolerance</td>
<td>11%</td>
</tr>
<tr>
<td>Receiving professional financial guidance</td>
<td>10%</td>
</tr>
<tr>
<td>Borrowing money/taking loans</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>None/Not Applicable</td>
<td>27%</td>
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</tbody>
</table>
Overall, a significant number of people report taking a more comprehensive and holistic approach to their finances with 44% adjusting to account for bigger picture emergencies and risks.

Impact of pandemic on the way you manage your finances

- 44% Adapted for bigger picture emergencies & risks
- 35% No change, I remain a bigger picture planner
- 21% No change, no impact on my financial planning

BASE: ALL QUALIFIED RESPONDENTS – Gen Pop (n=2381)
Q2. Would you say your financial planning has become more comprehensive since the pandemic began? Please select the one that comes closest to resembling how you feel.
Those who get professional help from a financial advisor report higher levels of comfort in how they manage saving and spending

- I have good clarity on exactly how much I can afford to spend now vs how much I should be saving for later

- I don’t have great clarity on exactly how much I can afford to spend now vs how much I should be saving for later, but I still tend to spend on things I enjoy...and am hoping I’ll have enough saved for later

<table>
<thead>
<tr>
<th></th>
<th>Base</th>
<th>% Have Good Clarity</th>
<th>% Don’t Have Great Clarity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Advisor</td>
<td>N=767</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>No Financial Advisor</td>
<td>N=1614</td>
<td>65%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Q1817. If you had to choose, please select which ONE of the following statements applies to you.
People have greater confidence in themselves than they do in the US economy and the American Dream

<table>
<thead>
<tr>
<th>Base</th>
<th>(n=575)</th>
<th>(n=2381)</th>
<th>(n=2381)</th>
<th>(n=2381)</th>
<th>(n=1806)</th>
<th>(n=2381)</th>
<th>(n=2381)</th>
<th>(n=2381)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Confident</td>
<td>74%</td>
<td>72%</td>
<td>68%</td>
<td>66%</td>
<td>60%</td>
<td>56%</td>
<td>55%</td>
<td>43%</td>
</tr>
</tbody>
</table>

- Very confident
- Somewhat confident
- Not too confident
- Not at all confident

I will have enough money for my retirement: 15% (Very), 18% (Somewhat), 21% (Not too), 12% (Not at all)
I have had/will have a successful career: 37% (Very), 33% (Somewhat), 25% (Not too), 12% (Not at all)
My financial planning incorporates the possibility of unplanned financial or health emergencies: 37% (Very), 40% (Somewhat), 42% (Not too), 10% (Not at all)
I have achieved/will achieve long-term financial security: 22% (Very), 22% (Somewhat), 21% (Not too), 13% (Not at all)
I will have enough money to retire when the time comes: 23% (Very), 23% (Somewhat), 27% (Not too), 19% (Not at all)
Social Security will be there when I need it: 23% (Very), 33% (Somewhat), 29% (Not too), 17% (Not at all)
The American Dream is still alive and well: 13% (Very), 30% (Somewhat), 33% (Not too), 24% (Not at all)
The US economy is strong: 12% (Very), 24% (Somewhat), 35% (Not too), 30% (Not at all)
Inflation will subside in 2022: 10% (Very), 10% (Somewhat), 11% (Not too), 10% (Not at all)

**BASE: ALL QUALIFIED RESPONDENTS**
**Q6**  How confident are you about the following?

10
When asked about their greatest obstacles to reaching financial security in retirement, people say inflation and the economy are #1 and #2.

**Q1575.** What are the greatest obstacles to achieving financial security in retirement? Please select up to three.

- **Inflation**: 41%
- **The economy**: 39%
- **Lack of savings**: 29%
- **Personal Debt**: 26%
- **Healthcare costs**: 22%
- **Lack of planning**: 21%
- **Social Security uncertainty**: 14%
- **Global instability**: 13%
- **Volatile markets**: 12%
- **Government Regulations**: 12%
- **Losses due to bad financial decisions in the past**: 11%
- **Becoming a caregiver for a parent or relative**: 5%
- **Boomerang children/supporting adult children**: 4%
- **Other**: 3%

*Note: The 2022 Planning & Progress Study was conducted before the war in Ukraine escalated*