

# 2017 Planning & Progress Study

## The Debt Dilemma

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

# Background

The 2017 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.

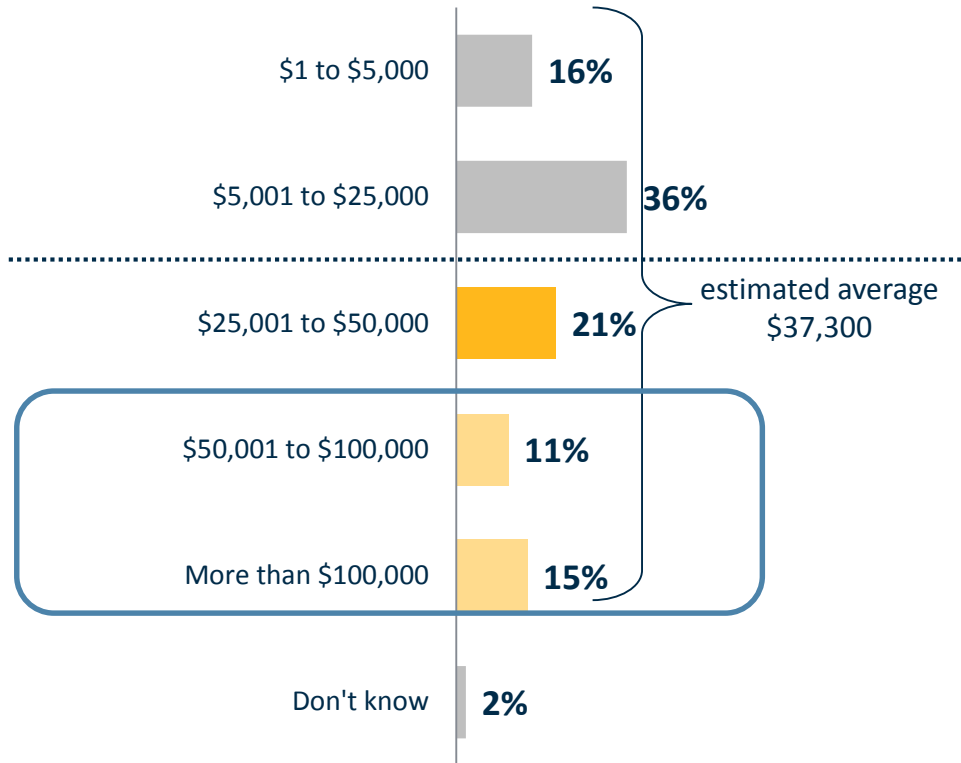
The study is based on an online survey of 2,749 U.S. adults conducted from February 14-22, 2017 (2,117 interviews with U.S. adults age 18+ in the General Population and an oversample of 632 interviews with U.S. Millennials age 18-34).

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.

# Americans Are Besieged by Debt...

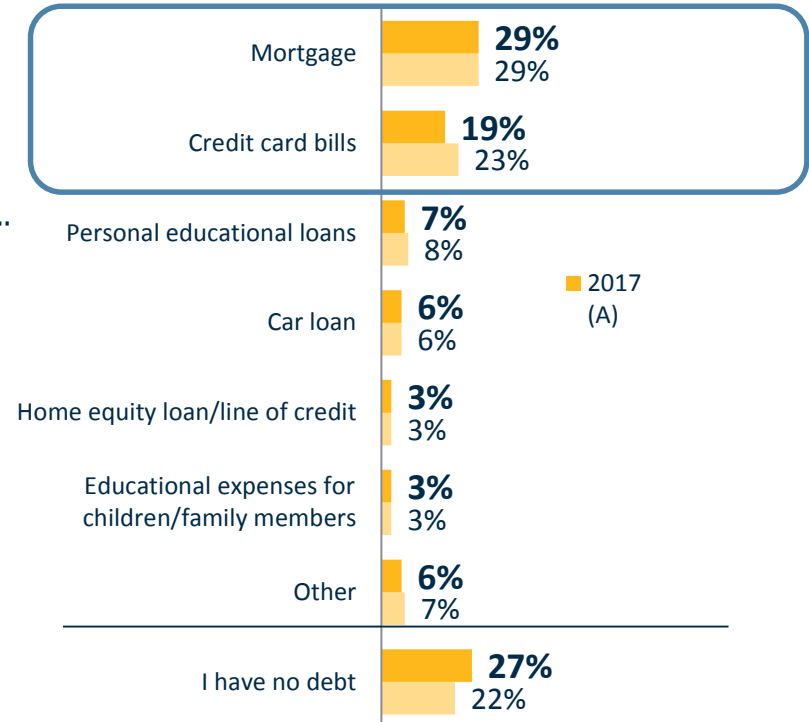
About half of Americans with debt have balances of at least \$25,000 (excluding mortgages), averaging roughly \$37,000. Notably, more than 1 in 10 say their debt exceeds \$100,000. The most common sources of debt are mortgages and credit card bills.

**Amount of Debt**



**BASE: THOSE WITH SOME DEBT - Gen Pop: (n=1086)**  
**QDB2.** How much do you estimate your debt to be?

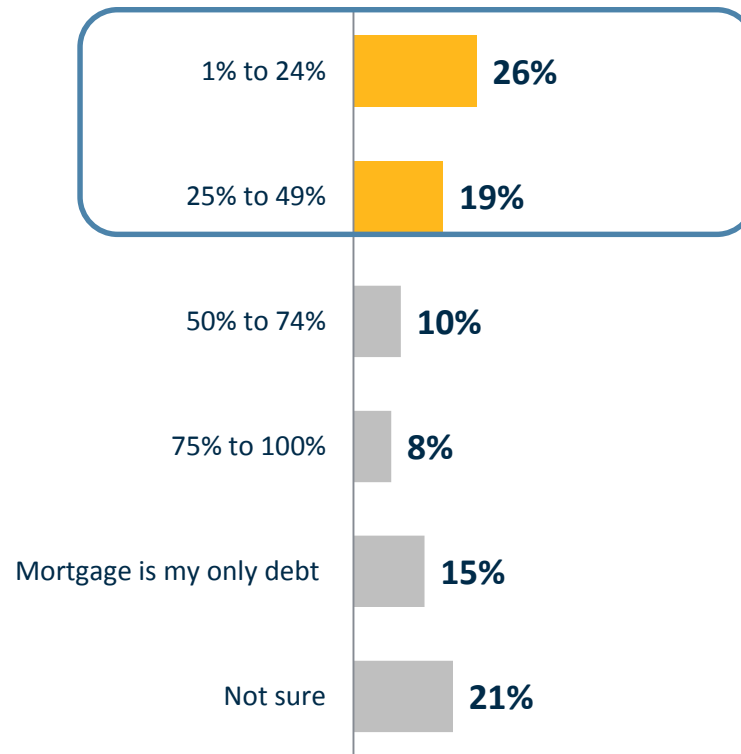
**Main Sources of Debt**



**BASE: ALL QUALIFIED RESPONDENTS – 2016 Gen Pop: (n=2026); 2017 Gen Pop: (n=2117)**  
**QPAW10.** What is your main source of debt?

## ...and It's Taking a Toll on Their Finances

More than 4 in 10 Americans with debt (45%) spend up to half of their monthly income on debt repayment.

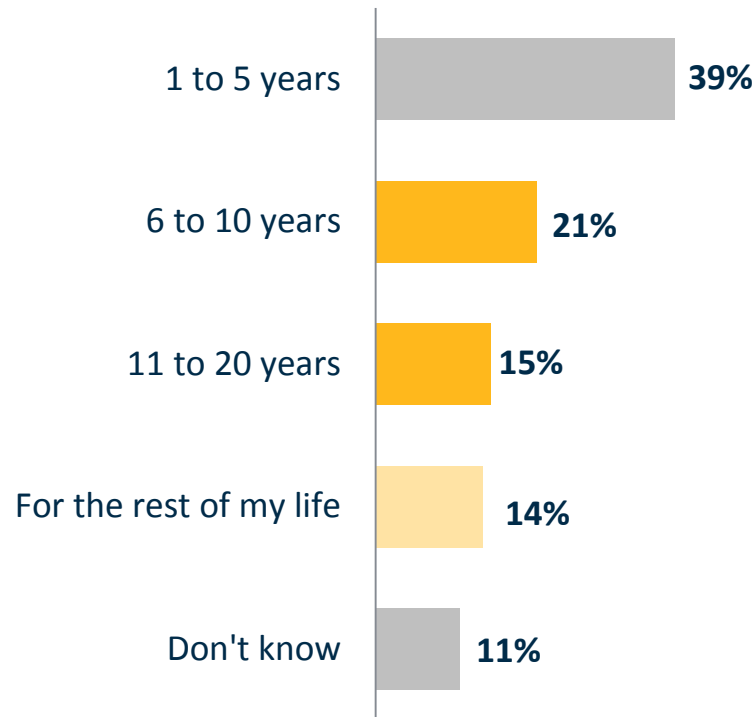


**BASE: THOSE WITH SOME DEBT - Gen Pop: (n=1597)**

**QDB1.** What percentage of your monthly income goes to paying off debt (excluding your primary home mortgage)?

# A Good Number Expect to be in Debt for a While

More than one-third of adults with debt (36%) anticipate that they will be in debt for 6 to 20 years; 14% expect to be in debt for the rest of their lives.

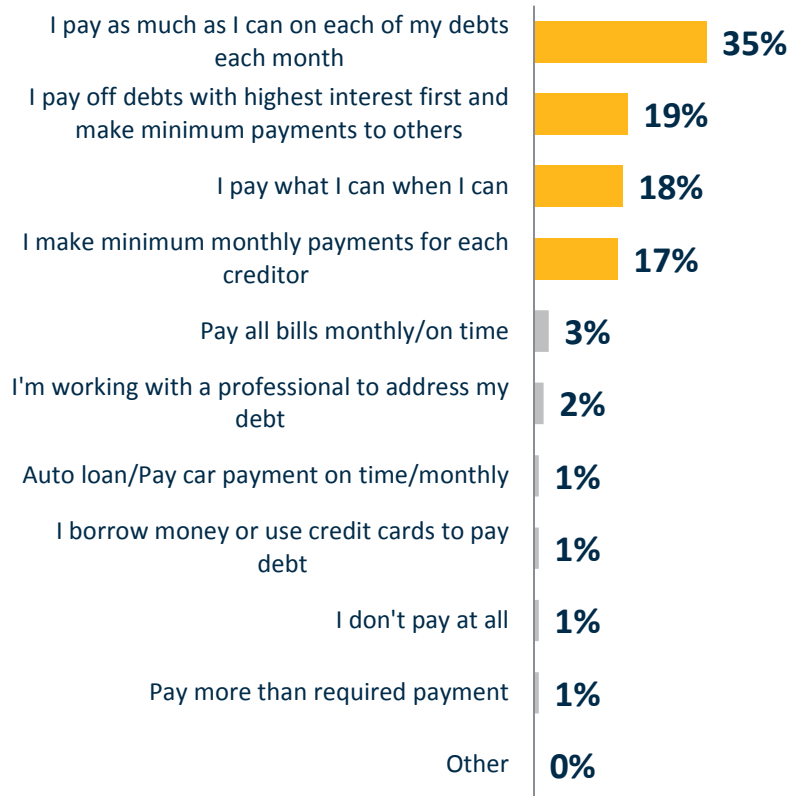


**BASE: THOSE WITH SOME DEBT - Gen Pop: (n=1597)**

**QDB4. How many more years do you expect to be in debt?**

# When it Comes to Repayment, There is No Silver Bullet

There is no one universal strategy that Americans are using to manage debt.



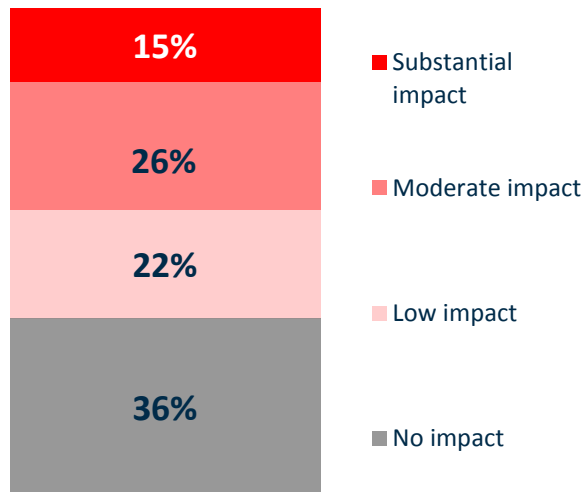
**BASE: THOSE WITH SOME DEBT - Gen Pop: (n=1086)**

**QDB3.** Which of the following best describes your strategy for managing your debt?

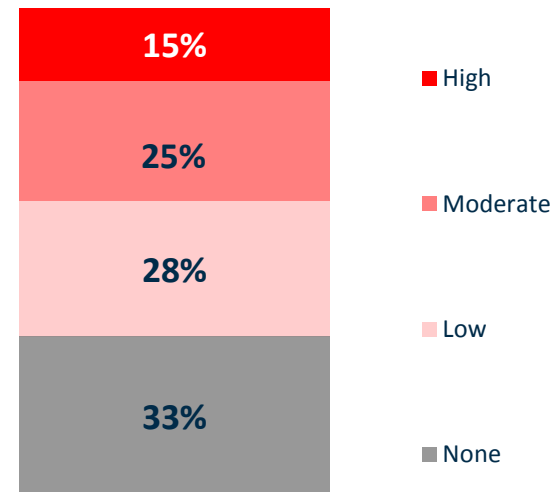
# Americans Recognize the Downside of Debt...

About 4 in 10 American adults say debt has a “substantial” or “moderate” impact on their financial security. The same number say debt is a “high” or “moderate” source of anxiety.

Impact of Debt on Financial Security



Level of Anxiety Experienced based on Level of Debt



**BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2117)**

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

**QFA1.** What level of anxiety do you experience as a result of each of the following?

# ...and Would Like To Relieve the Pressure

When Americans were asked to select one factor that would have the most significant impact on their financial situation, eliminating debt, was a top mention. Additionally, 4 in 10 said they'd use a \$2,000 windfall to pay down debt.

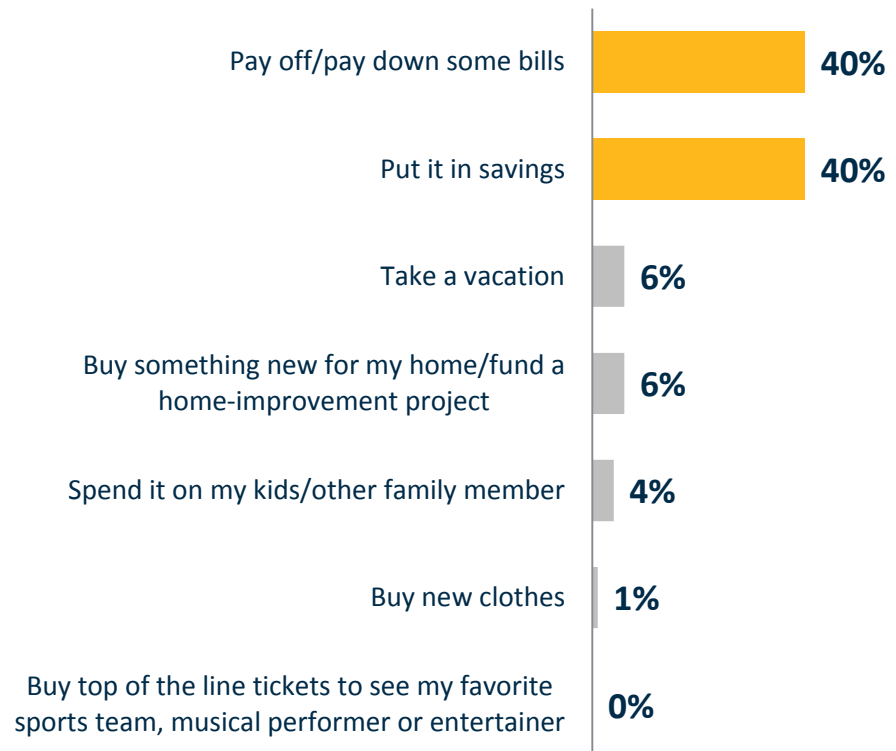
### Changes that Would Impact Finances Positively



**BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2117)**

**QIFA9.** What one change do you think would make the most significant impact on your financial situation, and allow you to live your life differently?

### Spending a \$2,000 Windfall



**BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2117)**

**QNW5.** If you suddenly received \$2,000 to spend as you like, what would you do with it? Please select one.



# However, the Urge to Splurge Remains Strong

Aside from basic necessities, on average, Americans spend about 40% of their monthly income on discretionary expenses such as leisure travel and hobbies. In fact, one quarter cite “frivolous/excessive spending” as a financial pitfall.

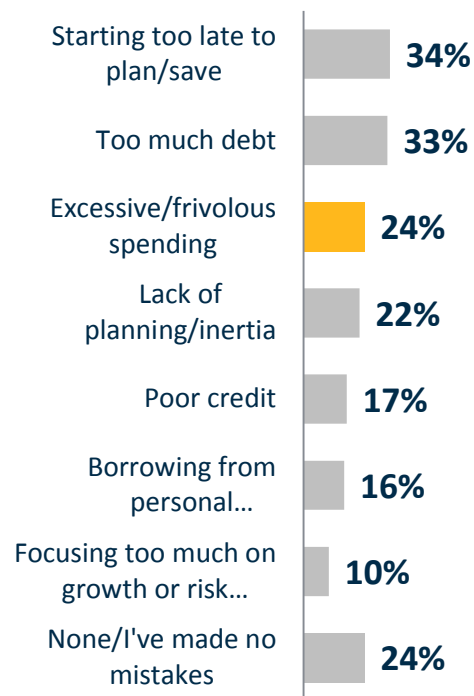
**How Monthly Income Is Spent  
(Summary of Means )**

	Gen Pop (n=2117)
Discretionary expenses (e.g., entertainment, leisure travel, hobbies, etc.)	40%
Paying off debt (e.g., credit cards, personal or educational loans; excludes primary mortgages)	33%
Healthcare expenses	20%
Childcare	4%
Eldercare (i.e., care for an elderly loved one)	3%

**BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2117)**

**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%.)

**Financial Pitfalls**



**BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=2117)**

**QFF1.** What commonly accepted financial pitfalls are you most prone to? Please select up to 3.