
Financial discipline is important, but uncommon

By Editorial Staff Thu, Apr 10, 2014

Sixty percent of the respondents to a Northwestern Mutual survey said their financial planning could use improvement; the most common obstacle to improvement was lack of time, cited by 27% of those surveyed.

Discipline in financial planning leads to a sense of financial security and a greater likelihood of future happiness, according to the *2014 Planning and Progress Study*, which Northwestern Mutual released this week.

But discipline is in short supply among U.S. adults. The study found that:

- Less than one in five U.S. adults (18%) consider themselves 'Highly Disciplined' financial planners who know their exact goals, have developed specific plans to meet them, and stick to those plans.
- One-third (36%) consider themselves 'Disciplined' planners who know their exact goals and have developed specific plans to meet them but don't always adhere to them.
- Nearly half of adults (46%) are either 'Informal' planners or don't plan at all.
- 70% of Highly Disciplined planners feel very financially secure, but only 51% of Disciplined planners, 34% of Informal planners and 17% of non-planners feel secure.
- Highly Disciplined planners who are retired are much more likely than non-planners to say that they are 'happy in retirement' (91% vs. 63%).

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Young adults (ages 18-39) and older adults (age 60+) represent the most disciplined financial planners in the U.S. Adults ages 40-59 are the most financially unprepared and most likely to identify themselves as Informal or non-planners. The study also found:

- 59% of younger adults (18-39) and 54% of more senior adults (60+) identify themselves as disciplined financial planners; less than half of adults aged 40-50 believe they are disciplined.
- More than half (51%) of adults aged 40-59 identify themselves as Informal or non-planners; that number drops to 41% for young adults and 46% for older adults.

The study found that 60% of the youngest Baby Boomers (50-59) know they need to up financial game, but they have the least appetite for it. Of Americans aged 50-59, 25% lack the interest while 13% cite lack of money. Among these young Boomers:

- 70% don't use a financial advisor.
- 40% say they take an "informal" approach to financial planning.
- 12% wouldn't call themselves planners at all - the highest percentage of any age group surveyed.

The *2014 Planning and Progress Study* included 2,092 American adults aged 18 or older who participated in

an online survey between January 21 and February 5, 2014.

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