



American Confidence in Financial Situation Drops in 2015

Desire to Take Responsibility for Own Retirement Conflicts with Feelings of Investor Inexperience

(Rye, NY) – For the second year in a row, Americans feel less confident about their financial situation with only 13% of households saying they are “confident, comfortable and secure” about their finances, and only one in three working Americans¹ saying their retirement savings are on track, according to a new study by Hearts & Wallets, the preeminent research platform for consumer savings and investing insights.

The study, *Investor Mindset: Attitudes, Concerns, Beliefs & Goals*, one of 10 sections of the Hearts & Wallets' 2015 Investor Quantitative Database,[™] provides a comprehensive overview of American family finances and investor buying patterns. Findings reveal one in three households have moderate to high anxiety in 2015 as compared to about one in four in 2013. The increase is driven by those with less than \$100,000 in investable assets, but concerns are up across all income segments.

Top Financial Concerns

The top three concerns in 2015 are the “future of Social Security, “the future of health care in the U.S.” and “setting aside sufficient funds for retirement.” Social Security moved from third to first from 2014 to 2015. Mirroring Social Security concerns was a small but significant dip of 2 percentage points nationally in confidence that Social Security will be a reliable resource of retirement income. Fewer households believe they are on track in building their retirement nest egg, dropping from 36% in 2014 to 31% in 2015. Despite the headwinds, Americans are upbeat about wanting to assume responsibility for their own retirement instead of leaving it to the government or their employers.

“People want to be in control of their savings and retirement,” Laura Varas, Hearts & Wallets co-founder and partner, said. “But the average American is finding it tougher to accumulate retirement savings given distortions in the economy, including low interest rates. They fear market volatility and are frustrated that they must put assets at more risk to earn an acceptable return on their investments.”

Top Financial Goals

In 2015, the top financial goal for Americans continues to be “build up my emergency fund” (42%) followed by the flexibility to “work less/spend time as I want when I am older” (34%) and “take a vacation” (34%). Most goals, including wanting to prepare for stopping work completely, which feels like an unattainable goal to many, held steady or decreased slightly in percentage points in 2015. The exception was “buy real estate,” which rose 4 points from last year to 17% in 2015.

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¹ 19% of Americans felt “confident, comfortable and secure” in 2013, with a significant decline of 6 percentage points to 13% in 2015. Those having some unease now approaches the 90% threshold. Working Americans are defined as households where the primary breadwinner is currently working full- or part-time, or is unemployed but seeking employment, and has no plans to retire.

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Over two-thirds wish they were doing a better job saving now. The yearning is especially strong and growing for those with under \$100,000 in investable assets and younger investors ages 28 to 52.

Almost half of households (45%) describe themselves as very inexperienced investors as compared to about a third (35%) the year before. 41% are “confused by all the investment information out there.”

“Consumers are feeling more inexperienced because they aren’t sure what investments they should make or where to go for advice,” Chris J. Brown, Hearts & Wallets co-founder and partner, said.

“Consumers want government to solve their most pressing concern of the reliability of Social Security. Beyond that, consumers want to take responsibility for their own financial lives.”

Role of Employers and Financial Professionals

The majority of workers (58%) strongly disagree with the statement “my employer is responsible for providing for my retirement,” up from 55% in 2014, reflecting the growing trend of people taking ownership of their retirement. Over half (53%) don’t want to leave money in a former employer savings plan.

Consumers are split on the value of getting assistance with their finances from financial professionals.

One third (32%) “see value” in paying for professional advice. The highest unmet need is with those having less than \$100,000 in assets and \$100,000 to \$500,000 in assets. Americans want to be investment savvy, especially younger consumers. Four in 10 (39%) want to know more about the companies behind their mutual funds, especially ages 28 to 39, up from 30% in 2012 to 44% in 2015.

“It’s healthy that some consumers want to pay for advice from financial professionals, while others prefer solutions that embed advice into products, and still others just want the lowest-cost solution of indexing,” explains Varas. “That’s why competitive markets exist: to provide an array of differentiated choices at fair prices. One size never fits all. Competition and informed consumers keeps prices down and quality up.”

Study Methodology

Investor Mindset: Attitudes, Concerns, Beliefs & Goals captures how retail savers and investors feel about their financial situation, their investing experience and risk tolerance, their top financial goals and concerns and how these have changed from prior years. This report presents top-level findings from one section of the **Hearts & Wallets Investor Quantitative (IQ) Database™**, the deepest and broadest single dataset on retail investor buying patterns and U.S. family finances with survey data from over 5,000 U.S. households annually. The IQ Database works in concert with Hearts & Wallets’ market sizing, competitive and consumer qualitative research to deliver a full picture of consumer behavior and buying trends.

About Hearts & Wallets®

Hearts & Wallets is the consumer and competitive data platform for the investment industry that combines consumer marketing and strategy consulting frameworks with a practical understanding of how the investment, retirement and banking industries function. Leading financial institutions use Hearts & Wallets data and research insights to make decisions, stay informed about trends, and inspire innovations that will ultimately improve customer outcomes. For more information, visit www.heartsandwallets.com.

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