Americans Ushering In New Era Of Fiscal Responsibility

(NAPSA)—What lessons have Americans learned from the economic downturn, and how have those lessons affected their outlook and behaviors regarding savings, investing, and retirement planning?

To find out, MetLife Retirement Products commissioned an in-depth survey by Harris Interactive in late September of more than 2,000 individuals spanning the generations. Overwhelmingly, respondents said they were putting a cash cushion in place, reducing spending on nonessentials, and focusing more on protecting their assets than on seeking market gains.

“Americans are entering a new period of preparedness,” observes Robert E. Sollmann, senior vice president, Retirement Products. “Just like patients who survive a near-fatal illness, today’s consumers are opting for a strong dose of preventive medicine. Despite rising equity prices, they are ushering in a new era of fiscal responsibility by building up rainy-day funds, reducing debt and opting for guaranteed and/or very-low-risk investments.”

Of course there are shades of difference across the generations, with both younger and older baby boomers feeling the impact of market losses more than younger generations and therefore tending to adopt a more risk-averse stance. Nevertheless, even the young Gen Yers (18-34) showed a strong resolve to build up a cash cushion.

Americans who plan to take steps to protect themselves from another financial crisis said they want to:

- Reduce spending on nonessential purchases (65 percent)
- Build a cash cushion (57 percent)
- Allocate a portion of investments to guaranteed income or very-low-risk products (17 percent)
- Consult a financial adviser (15 percent)
- Diversify their portfolio (15 percent).

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Most Americans with retirement savings feel that the market turmoil and sliding economy in 2008-09 have had at least some influence on the way they plan for retirement (64 percent), with 29 percent saying the influence has been strong to very strong. The majority (55 percent) believes the events of the past year or so will have an impact of 10 years or more, and a quarter believes that influence will be permanent.

At the same time, some respondents to the survey, especially the younger generation, are optimistic about their personal recovery and the recovery of the economy in general—possibly because they possess fewer assets than older generations and have time on their side to try to recoup any assets lost.

Nearly three in 10 (29 percent) in Generation Y believe that economic recovery will happen in two years or less, but almost half (49 percent) of Generation Y affected by the financial crisis believes their personal recovery will happen in two years or less. Among Gen Xers (ages 35-45), 32 percent say that economic recovery will take fewer than two years, and 41 percent say their personal recovery will happen by then as well.

Older generations affected by the financial crisis are more likely to believe that their personal recovery will take much longer—38 percent of younger baby boomers (ages 46-54) believe that personal recovery will take at least 10 years or more.

The financial crisis has influenced the way the majority of Americans now plan for retirement, making them more conservative and disciplined. During 2009, many people took steps toward improving their financial health by paying down debt and making retirement plan contributions. For instance, one-quarter of survey respondents increased their retirement savings compared with two years ago.

As individuals and families work to get their financial house in order, it can be an ideal time to speak with a financial adviser.

For further information, please contact a MetLife adviser in your community, or go to www.metlife.com and click on the Retirement tab.