

Northwestern Mutual survey shows U.S. adults preparing for possible recession

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In a recent national survey, Northwestern Mutual found many respondents are reducing expenses and saving money to prepare for a possible recession.

According to the Milwaukee financial services company's 2023 Planning & Progress Study, 67 percent of respondents believe the U.S. economy will enter a recession later this year.

Of that number, 33 percent expect it will last one year or less, while 19 percent expect it to extend for more than two years. And at least 75 percent of those expecting a recession say it will have a "high or moderate impact" on their finances.

"Consumers want to know if their wealth building plans and their lifestyles will remain on track if the economy pulls back, and many are taking positive steps to prepare for whatever economic season may come," Christian Mitchell, the company's chief customer officer, said in a release.

While 64 percent of respondents said they're cutting costs amid the current uncertainty, 50 percent said they're adding to their savings and 41 percent said they're putting off large purchases until the economy is on more "stable footing."

Northwestern Mutual notes even those with higher net worth are taking steps to prepare for a possible downturn. Among respondents with "total household investable assets" of more than \$1 million, 50 percent are building up their savings and 38 percent are postponing large expenses.

When asked about top financial worries, 51 percent of those surveyed pointed to inflation, 26 percent said recession and 24 percent said gas prices. Fifty-four percent said they expect inflation to continue rising this year, compared to 19 percent who expect it to decline and 27 percent who expect no change.

The survey report includes a breakdown by generation of major purchases and life decisions being postponed in the current environment. Younger respondents are generally more likely to be putting off things like buying or building a home, changing jobs, starting a business and getting married.

Meanwhile, the company is also highlighting “some significant red flags” for members of Generation X, including those born between 1965 and 1980. More than half of those in this age range say they won’t be prepared for retirement, and on average, these respondents say there’s a 46 percent chance they might outlive their savings, according to the release.

Plus, they report feeling lower levels of financial security than members of Generation Z, Millennials or Baby Boomers, the survey found.

The latest Planning & Progress Study was conducted online between Feb. 13 and March 2, including 2,740 U.S. adults.

See the release:

<https://www.wisbusiness.com/2023/northwestern-mutual-two-thirds-of-americans-expect-the-united-states-to-enter-recession-this-year-most-are-taking-steps-to-navigate-economic-uncertainty/>

See more on the study:

<https://news.northwesternmutual.com/planning-and-progress-study-2023>

See a recent story on recession expectations:

<https://www.wisbusiness.com/2023/experts-agree-recession-likely-later-this-year/>