

Segmentation Survey



Results of Quantitative Research

August 2016



KRC RESEARCH
OUR INSIGHT. YOUR BREAKTHROUGH.

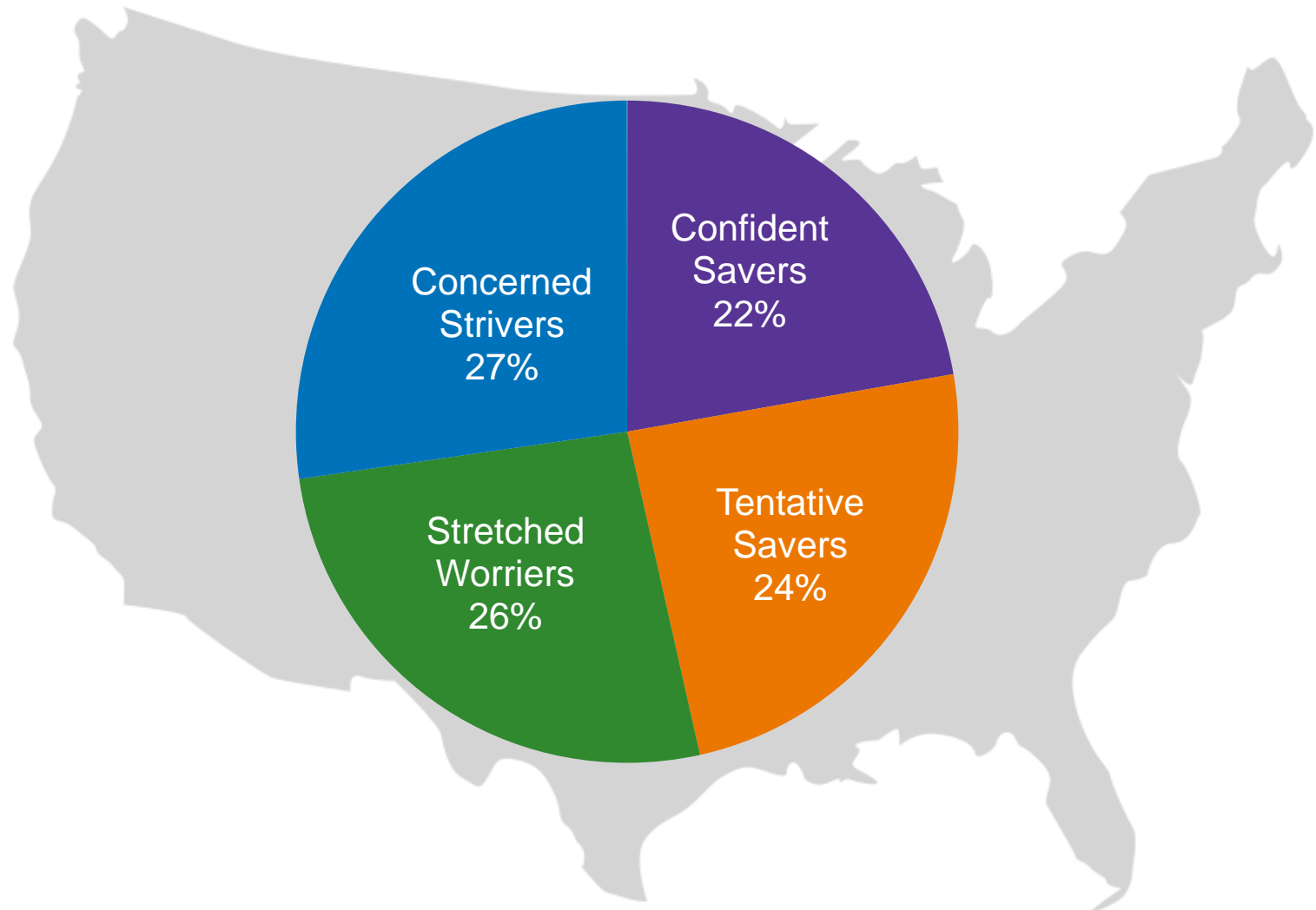
Methodology

- KRC Research conducted a 20-minute online survey of 1,000 adults age 25 and over who are not unemployed or retired.
- The survey was conducted May 13-16, 2016.
- The data were weighted by demographic variables to ensure the results are representative of the national population age 25 and over.
- We then conducted a segmentation analysis including demographic, attitudinal, and behavioral measures to segment the audiences into discrete categories based on their survey responses using standard multivariate algorithms which capture groupings that are as internally homogenous as possible while being as distinct from one another as possible.

The Segments

- The survey and segmentation analysis revealed four roughly equal segments of employed adults 25 and over based on their feelings toward savings generally, retirement savings and saving behaviors.
- Three characteristics were particularly discriminating among the segments:
 - Their propensity to save money on a monthly basis;
 - Confidence in their ability to save; and
 - Degree of anxiety around savings and their financial future.
- Level of income, education, and investable assets strongly correlate across all segments. Not surprisingly, those with higher income, education and investable assets are generally more confident and positive toward savings, feel better informed about their savings options, and have positive attitudes toward their financial futures.
- Women are also more consistently concerned about their ability to save and their financial future than men.
- Those who started saving for retirement earlier are also significantly more positive toward their financial future, although this correlates strongly with higher income and education. Those with higher incomes and education are more likely to have started saving earlier.

Four Segments



Feelings About the Future: Feelings toward financial futures are generally positive, except among **Stretched Worriers**. **Tentative Savers** have more mixed feelings.

Overall	Confident Savers	Concerned Strivers	Tentative Savers	Stretched Worriers
All segments sorted by most common responses				
Optimistic (36%)	Optimistic (50%)	Optimistic (41%)	Optimistic (35%)	Uncertain (50%)
Uncertain (28%)	Confident (47%)	Concerned (27%)	Uncertain (34%)	Concerned (45%)
Concerned (28%)	Secure (35%)	Happy (26%)	Concerned (31%)	Worried (39%)
Confident (20%)	Content (29%)	Confident (24%)	Anxious (21%)	Anxious (28%)
Worried (18%)	Happy (26%)	Secure (23%)	Worried (18%)	Optimistic (19%)
Anxious (18%)	Uncertain (8%)	Uncertain (18%)	Content (14%)	Afraid (18%)
Secure (17%)	Anxious (7%)	Content (17%)	Confident (10%)	Content (5%)
Content (15%)	Concerned (4%)	Anxious (14%)	Secure (10%)	Confident (3%)
Happy (15%)	Worried (3%)	Worried (9%)	Happy (6%)	Happy (2%)
Afraid (6%)	Afraid (-)	Afraid (2%)	Afraid (3%)	Secure (2%)



1. Which of the following best describes how you feel about your financial future? (N=1,000)



Views on Saving Money

Key Findings

- Nearly all Americans say saving money is extremely or very important, but there are varying degrees in the ability (or perceived ability) to save money.
- Saving money is the top priority for most Americans, followed by paying off debt and staying current with bills.
 - **Stretched Worriers** are the only segment where saving money is not the top priority. For this segment, *staying current with bills* and *paying off debt* are more important.
- Half of Americans say **credit card debt** is the most important to pay off, followed by mortgages (over one-third). About one in five also mention student loans and car loans as important debts to pay off.
 - Credit card debt ranks much higher in importance among **Concerned Strivers**, who are the most likely to have children than any other segment, with six in 10 choosing credit card debt as one of the two most important to pay off.
 - **Confident Savers** and **Tentative Savers** rank credit card debt and mortgages almost equally (approximately 45 percent chose each).
 - **Stretched Worriers** are significantly more likely to mention “other personal debt” as an important debt to pay off (about one in six).

Key Findings

- Student loan debt continues to be of importance to many with one in five Americans citing this as one of the two most important debts for them to pay off.
 - Not surprisingly, over one-third of 25 to 34 year olds (36 percent) say student loan debt is one of their most important debts to pay off, ranking only behind credit cards (49 percent).
 - 40 percent of African Americans say student loan debt is a top priority to pay off, about equally with credit cards (42 percent). This is significantly higher than any other subgroup.
- Those who started saving money for retirement at an earlier age are also more positive toward their financial future, confident in their retirement savings, and have more investable assets.
 - **Confident Savers** and **Concerned Strivers** each started saving for retirement, on average, before age 30.
 - Most **Tentative Savers** also started saving for retirement before age 30 (52 percent) but the mean age is 31, and they are more concerned about their retirement savings.
 - **Stretched Worriers** started the latest, at age 36, and are the least confident in their retirement savings.

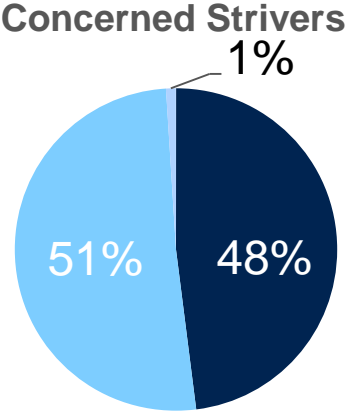
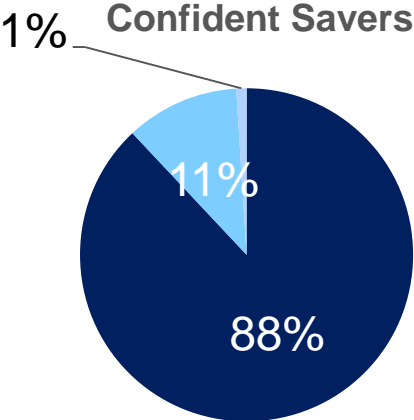
Key Findings

- Americans feel stretched thin when it comes to saving money and many feel overwhelmed or burdened with debt.
 - Nearly half agree “I don’t always have enough money left over to save after bills” (48 percent).
 - One-third agree that they have had a significant decrease in household income (35 percent).
 - One-third agree they have too much debt to pay off and cannot save money (34 percent).
- **Concerned Strivers** and **Tentative Savers** mostly mirror the general public in feeling stretched thin when it comes to saving money. However, **Concerned Strivers** are more likely to emphasize spending over saving (30 percent) and say that saving for retirement is not a priority right now (27 percent).
- **Stretched Worriers** are consistently the most stressed, with over eight in 10 saying they do not have enough money left over to save, and two-thirds saying they have had a decrease in household income, no easy method for saving money, and too much debt to pay off. All significantly higher than other segments.

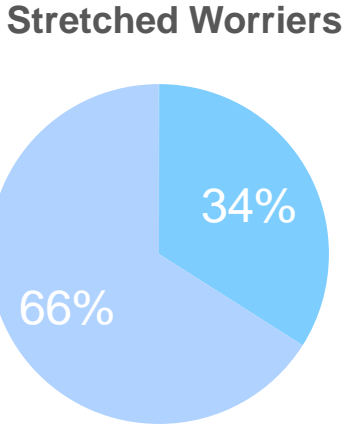
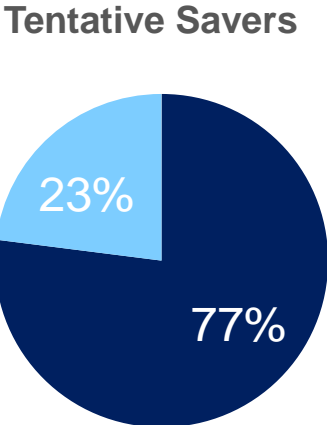
Key Findings

- The most important reason to save money for most is for retirement, followed by saving for emergencies and a sudden change in household income.
 - **Stretched Worriers** rank saving for emergencies and a sudden change in household income equally and on par with retirement savings.
 - **Concerned Strivers** rate most things higher than other segments, including education, to buy a home or move, major purchase for a home, or a life change like a wedding or birth of a child.

Saving Habits: **Confident Savers** always save money, while **Stretched Worriers** find it difficult to save money on a monthly basis.



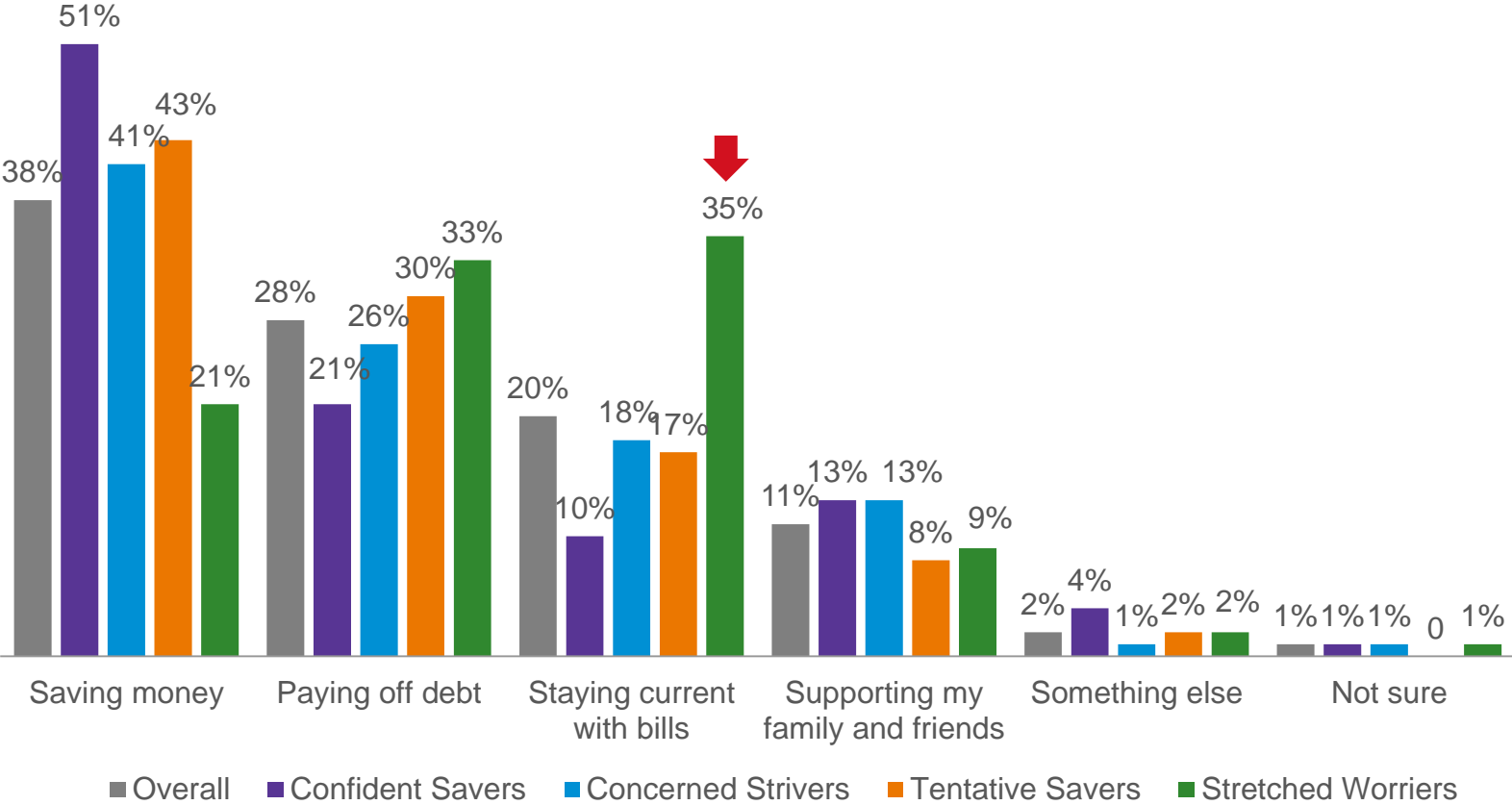
- Always save monthly
- Sometimes save monthly
- Do not save monthly



8. Which of the following best describes your saving habits in a typical month? (N=1,000)



Key Financial Priorities: Saving money is the number one financial priority among all except for **Stretched Worriers**, who are more focused on paying off debt and keeping up with bills.



2. In addition to earning money, which of the following is your most important financial priority today? (N=1,000)



Debt That Keeps Them Up at Night: Across all segments, credit card debt is the most important debt to pay off.



Credit card debt

Overall – 51%
Confident Savers – 45%
Concerned Strivers – 61%
Tentative Savers – 45%
Stretched Worriers – 50%

Credit card debt is significantly more important to **Concerned Strivers**



Mortgage

Overall: 36%



Car loan

21%



Student loan debt

19%



Other personal debt

10%



Child's student loan debt

5%



4. Which of the following types of debt are most important for you to pay off? Please choose up to two responses. (N=1,000)

Views on Retirement

Key Findings

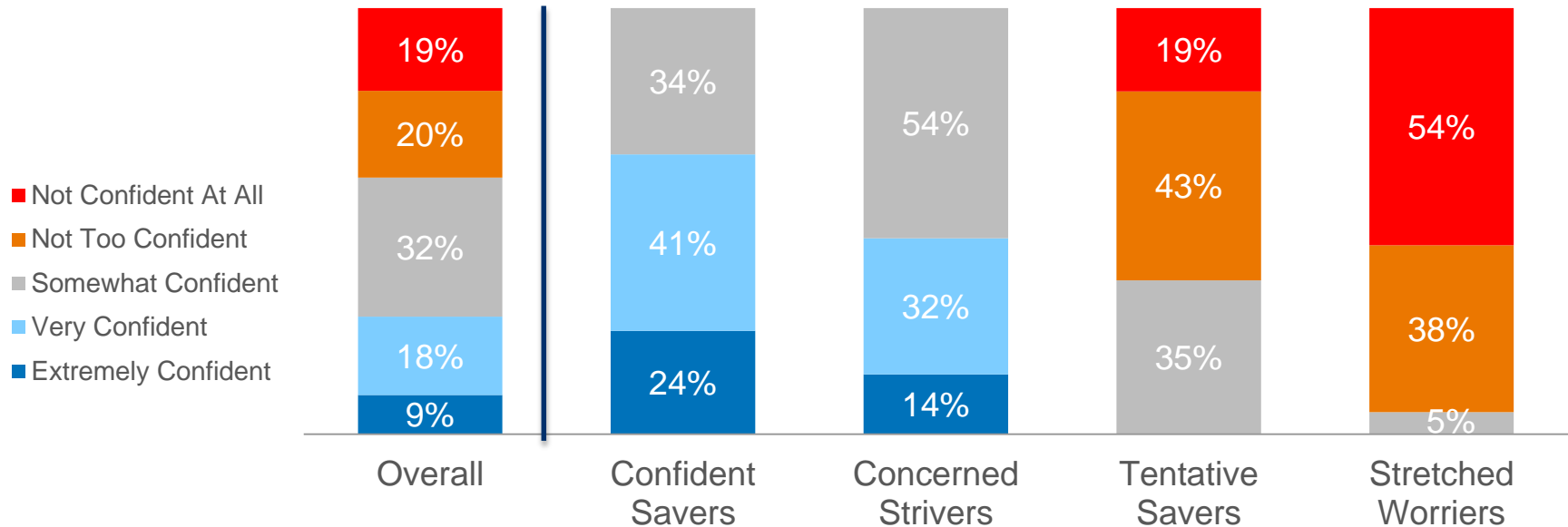
- Most feel somewhat informed about their retirement planning and savings options with **Stretched Worriers** being the least informed.
 - More informed: Men, college graduates, higher income, married, started saving for retirement earlier.
- Two-thirds have access to an employer sponsored savings plan. But only four in 10 **Stretched Worriers** do.
- Half of Americans (52 percent) feel behind on their retirement savings goals.
 - Most **Confident Savers** and **Concerned Strivers** feel they are ahead or right on track on their retirements savings goals. Most **Tentative Savers** and **Stretched Worriers** feel behind.

Key Findings

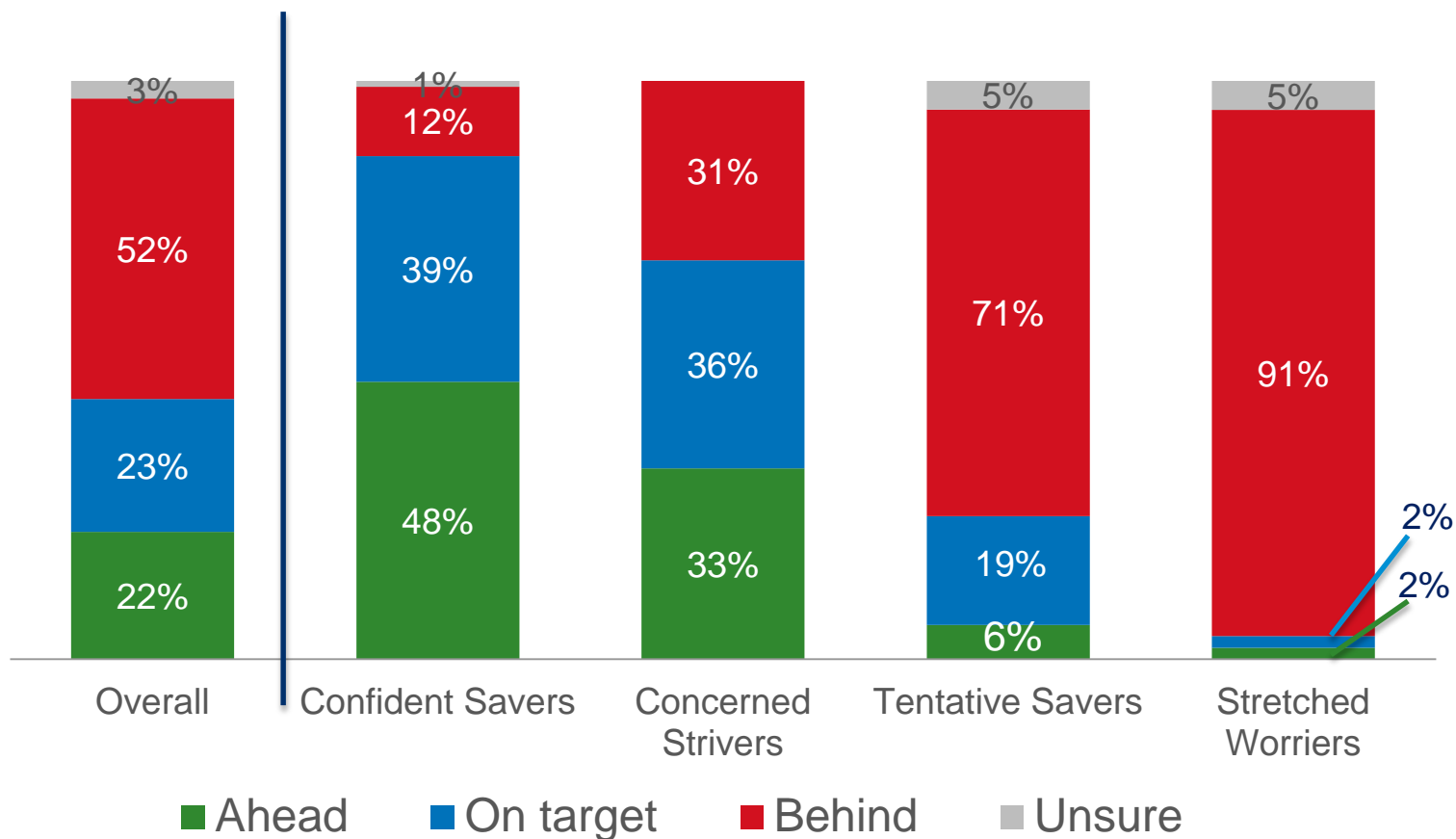
- Social Security and employer sponsored retirement plans are the most important expected sources of retirement income, followed by income from continuing working in retirement.
 - Notably, over one-third of Americans anticipate working in retirement to be one of their top three sources of retirement income. Over half of **Stretched Worriers** say this.
 - Social Security remains an important anticipated source of retirement income for Americans, especially for more vulnerable audiences. Even half of **Confident Savers** rank Social Security as a top three most important source of retirement income.
 - **Confident Savers** are more likely to say IRA accounts and other investment vehicles will be an important source of retirement income, and less likely to say working in retirement.

Money for Retirement: Six in 10 are at least somewhat confident in their retirement savings – but **Tentative Savers** and **Stretched Worriers** are not confident.

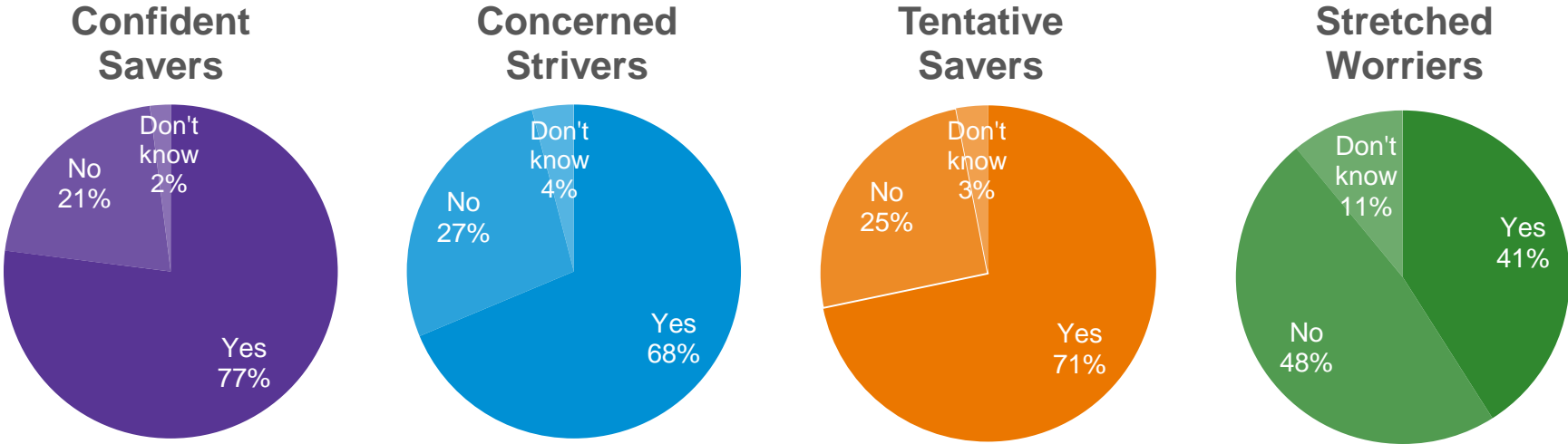
Confidence in Retirement Savings



On-track for Retirement: Overall, less than half of respondents feel they are ahead in meeting their retirement savings goals. Even one-third of **Concerned Strivers** say they're behind.



Employer Retirement Plans: The majority of every segment other than **Stretched Worriers** have access to an employer sponsored retirement savings plan.



Money for Retirement: All segments place a great deal of importance on Social Security for their retirement income.

Percentage of top five income sources ranked as either first, second or third most important.

Overall	Confident Savers	Concerned Strivers	Tentative Savers	Stretched Worriers
All segments sorted by most common responses				
Social Security (63%)	Employer sponsored plan (59%)	Employer sponsored plan (54%)	Employer sponsored plan (72%)	Social Security (80%)
Employer sponsored plan (57%)	Social Security (53%)	Social Security (53%)	Social Security (67%)	Income from continuing to work (53%)
Income from continuing to work (36%)	Personal retirement funds (43%)	IRA account (34%)	Income from continuing to work (36%)	Employer sponsored plan (43%)
IRA account (31%)	IRA account (41%)	Income from continuing to work (30%)	IRA account (28%)	Income from spouse or other family members (28%)
Personal retirement funds (28%)	Income from continuing to work (25%)	Personal retirement funds (30%)	Personal retirement funds (28%)	IRA account (20%)



61. Please rank your TOP three most important expected sources of retirement income. Use a 1 to indicate the most important, a 2 to indicate your second most important, a 3 to indicate your third most important. Please use each number only once. You may rank fewer than three sources if appropriate. (N=1,000)



Retirement Investing: Stretched Worriers are the segment most averse to risk, with over four in 10 describing themselves as cautious investors.

	Overall	Confident Savers	Concerned Strivers	Tentative Savers	Stretched Worriers
Total Aggressive	28%	39%	41%	22%	10%
Very Aggressive/High Risk	5%	4%	10%	3%	2%
Somewhat Aggressive/Medium Risk	23%	34%	31%	19%	8%
Total Cautious	29%	22%	20%	31%	41%
Somewhat Cautious/Low Risk	20%	15%	16%	24%	23%
Very cautious/No risk	9%	7%	4%	7%	18%
Balance between Aggressive and Cautious	34%	37%	38%	41%	20%
Don't know/Don't have an approach	10%	2%	1%	6%	29%



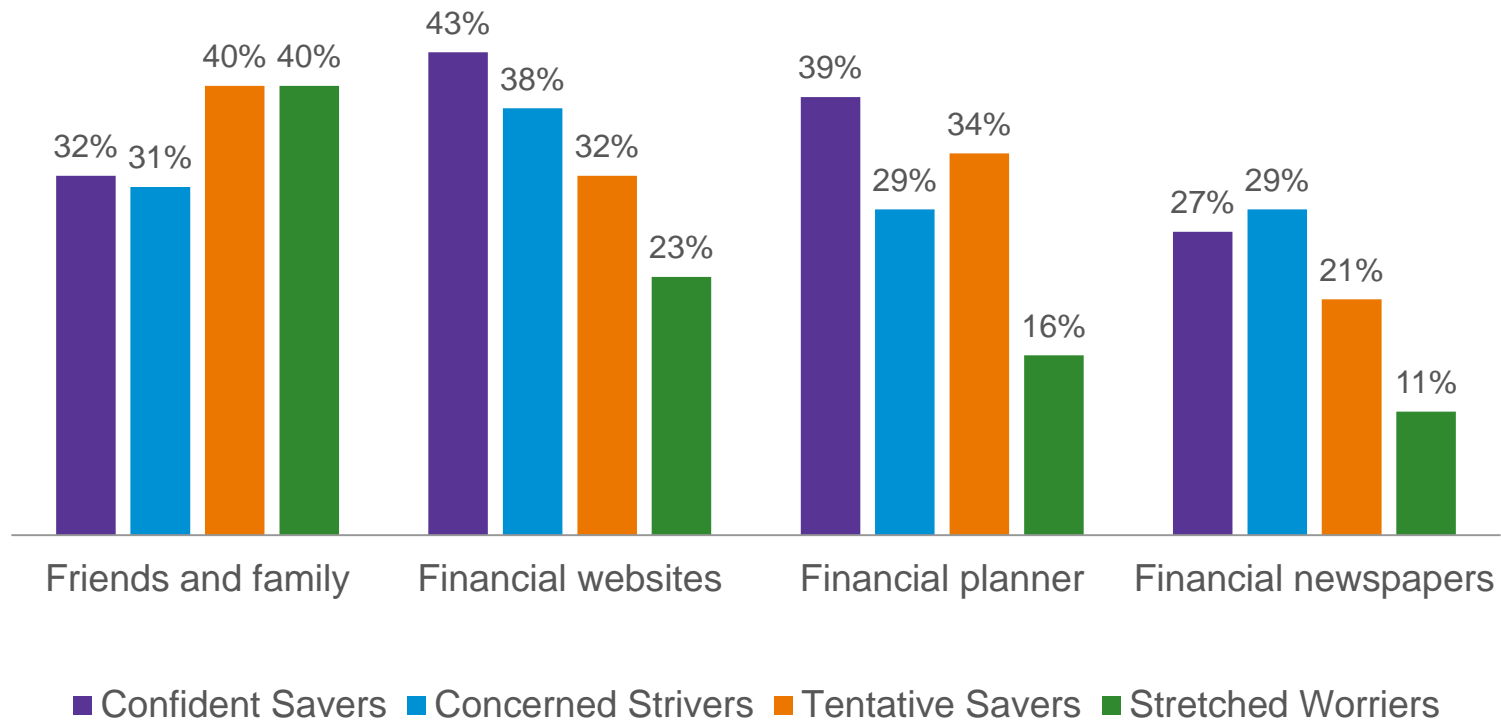
Sources of Information

Financial Planners: **Confident Savers**, **Tentative Savers** and **Concerned Strivers** are more likely to seek financial advice from a professional than **Stretched Worriers**.

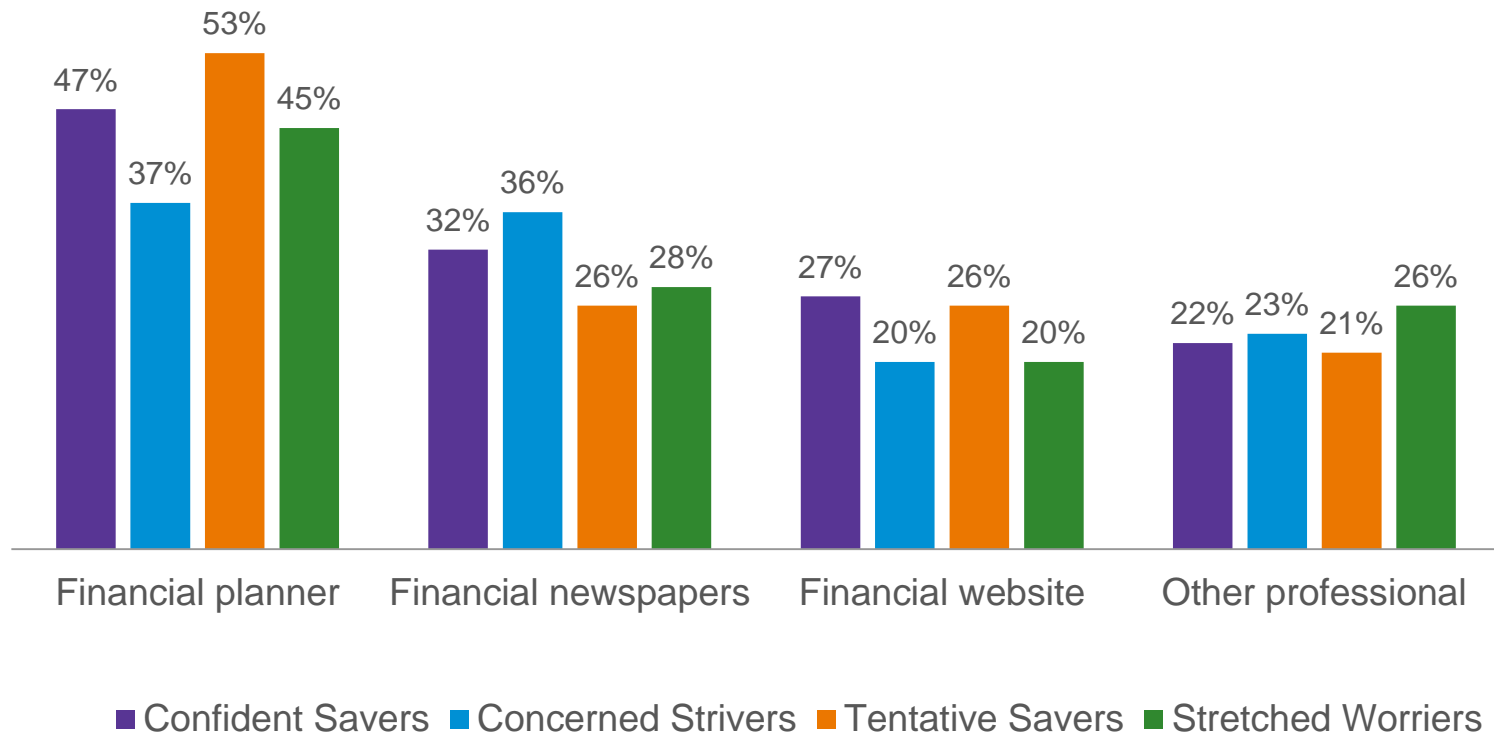
	Overall	Confident Savers	Concerned Strivers	Tentative Savers	Stretched Worriers
Use Professional	35%	40%	36%	40%	23%
I seek advice from professionals and manage my own.	18%	17%	23%	22%	9%
I seek advice from professionals and rely on their recommendations.	10%	12%	7%	12%	9%
I work with a financial advisor/planner who manages my money.	7%	11%	6%	6%	6%
Don't Use Professional	65%	60%	64%	60%	77%
I do my own research and make decisions for myself and my family.	35%	36%	36%	26%	42%
I work with my partner to research and make decisions for myself and my family.	21%	20%	23%	23%	17%
I make investments that do not require management or decision making.	10%	4%	5%	10%	18%



Financial Information Sources: Friends and family are the most popular sources of information for **Stretched Worriers** and **Tentative Savers**, whereas **Concerned Strivers** and **Confident Savers** prefer financial websites.



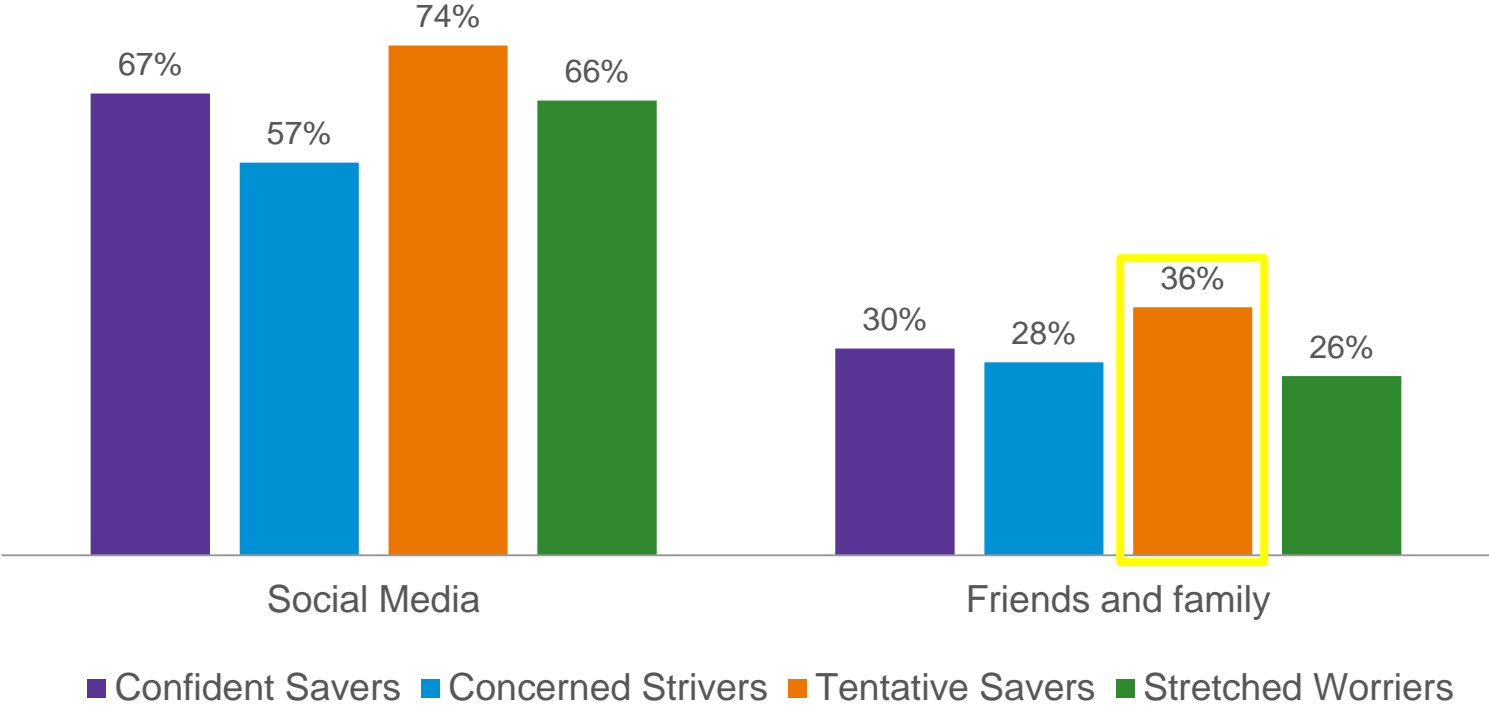
Reliable Sources of Information: All segments believe financial planners are the most reliable source of financial information.



68. Now from the same list, please choose the two sources of financial information you find the MOST reliable. (N=1,000)



Unreliable Sources of Information: Even though it's their number one source of information, **Tentative Savers** are the least likely to trust information from friends and family.






68. Now from the same list, please choose the two sources of financial information you find the LEAST reliable. (N=1,000)





Appendix: Demographics


Demographics

Personal Information			Total (n=1000)	Confident Savers (n=224)	Concerned Strivers (n=270)	Tentative Savers (n=242)	Stretched Worriers (n=264)
Age		25-34	25%	22%	31%	24%	22%
		35-49	38%	30%	46%	38%	36%
		50+	37%	47%	23%	39%	42%
Gender		Male	49%	55%	57%	49%	35%
		Female	51%	45%	43%	51%	65%
Education		High school or less	15%	7%	15%	13%	22%
		Some college	37%	30%	32%	42%	44%
		College grad+	48%	64%	53%	45%	33%
		Less than grade six	-	-	-	-	-
		Grade six to eight	-	-	-	-	-
		Some high school	1%	-	1%	-	2%
		Completed high school	11%	5%	10%	12%	15%
		Completed GED	2%	-	3%	1%	5%
		Some college or trade school	24%	16%	20%	27%	34%
		Associate degree	12%	13%	11%	15%	10%
		Bachelor's degree	27%	36%	30%	23%	19%
		Some post-graduate or professional school	3%	2%	3%	5%	4%
		Completed graduate school or professional school	18%	25%	21%	17%	11%




Demographics

Personal Information			Total (n=1000)	Confident Savers (n=224)	Concerned Strivers (n=270)	Tentative Savers (n=242)	Stretched Worriers (n=264)
Race/ Ethnicity		White or Caucasian	66%	68%	60%	73%	63%
		Hispanic	16%	14%	20%	14%	16%
		Black or African American	13%	10%	16%	10%	16%
		Total other	5%	8%	5%	3%	6%
Annual Household Income		<\$50K	34%	15%	27%	32%	59%
		\$50K-\$99K	42%	45%	48%	44%	31%
		\$100K+	24%	40%	25%	24%	10%
		Less than \$25,000	8%	-	8%	5%	16%
		\$25,000-\$50,000	26%	15%	19%	27%	43%
		\$50,000-\$100,000	42%	45%	48%	44%	31%
		\$100,000-\$150,000	15%	22%	16%	16%	7%
		\$150,000-\$200,000	6%	11%	6%	4%	2%
		\$200,000 or more	3%	7%	3%	3%	1%



Demographics

		Personal Information					
		Total (n=1000)	Confident Savers (n=224)	Concerned Strivers (n=270)	Tentative Savers (n=242)	Stretched Worriers (n=264)	
Total Investable Assets		<\$50k	43%	19%	25%	49%	75%
		\$50k-\$199k	30%	30%	43%	31%	17%
		\$200K-\$499K	14%	19%	21%	11%	5%
		\$500K+	13%	33%	11%	8%	2%
		Less than \$50,000	43%	19%	25%	49%	75%
		\$50,000-\$99,999	15%	16%	23%	12%	7%
		\$100,000-\$149,999	9%	8%	10%	13%	7%
		\$150,000-\$199,999	6%	6%	10%	6%	3%
		\$200,000-\$249,999	5%	6%	10%	2%	2%
		\$250,000-\$499,999	9%	13%	11%	9%	4%
		\$500,000-\$749,999	5%	12%	5%	4%	1%
		\$750,000-\$999,999	3%	8%	4%	2%	-
		\$1,000,000 or more	4%	13%	2%	2%	1%


Demographics

Personal Information			Total (n=1000)	Confident Savers (n=224)	Concerned Strivers (n=270)	Tentative Savers (n=242)	Stretched Worriers (n=264)
Region		Northeast	18%	21%	18%	19%	15%
		Midwest	22%	21%	20%	26%	21%
		South	37%	37%	37%	36%	38%
		West	23%	22%	25%	19%	25%
Marital Status		Total married/partner	71%	75%	78%	71%	61%
		Total not married	29%	25%	22%	29%	39%
		Married	60%	65%	66%	61%	47%
		Living with a partner	11%	10%	11%	10%	14%
		Single and never been married	18%	15%	15%	17%	23%
		Divorced or separated	10%	8%	6%	11%	14%
		Widowed	2%	2%	1%	1%	2%
Provided Unpaid Help		Yes	21%	14%	24%	21%	23%
		No	79%	86%	76%	79%	77%

Demographics

Child Information			Total (n=1000)	Confident Savers (n=224)	Concerned Strivers (n=270)	Tentative Savers (n=242)	Stretched Worriers (n=264)
Children in Household		Total children in household	58%	48%	70%	56%	56%
		6 or younger	24%	17%	32%	22%	22%
		7-12	26%	23%	32%	26%	21%
		13-17	22%	19%	29%	17%	21%
		18-24	11%	8%	10%	12%	15%
		25 and over	8%	7%	8%	8%	8%
		Do not have any children living in my household	42%	52%	30%	44%	44%
Children in College		Yes	14%	10%	21%	10%	13%
		No	86%	90%	79%	90%	87%

Demographics

		Employment Information					
		Total (n=1000)	Confident Savers (n=224)	Concerned Strivers (n=270)	Tentative Savers (n=242)	Stretched Worriers (n=264)	
Employment Status		Total employed	88%	92%	92%	92%	76%
		Total not employed	12%	8%	8%	8%	24%
		Employed full-time	68%	73%	73%	77%	49%
		Employed part-time	9%	9%	9%	7%	11%
		Self-employed	11%	9%	10%	7%	16%
		Student	1%	-	1%	1%	2%
		Homemaker	11%	8%	7%	7%	22%