



# From Concerned to Confident

The Guardian Study of Financial  
and Emotional Confidence™

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# I. Research Overview

To understand the issues affecting the emotional and financial well-being of working Americans, The Guardian® Life Insurance Company of America (Guardian) conducted a study that sought to answer two important questions:

- How are modern-day stress and financial decision-making linked?
- Which behaviors lead to emotional and financial confidence and satisfaction?

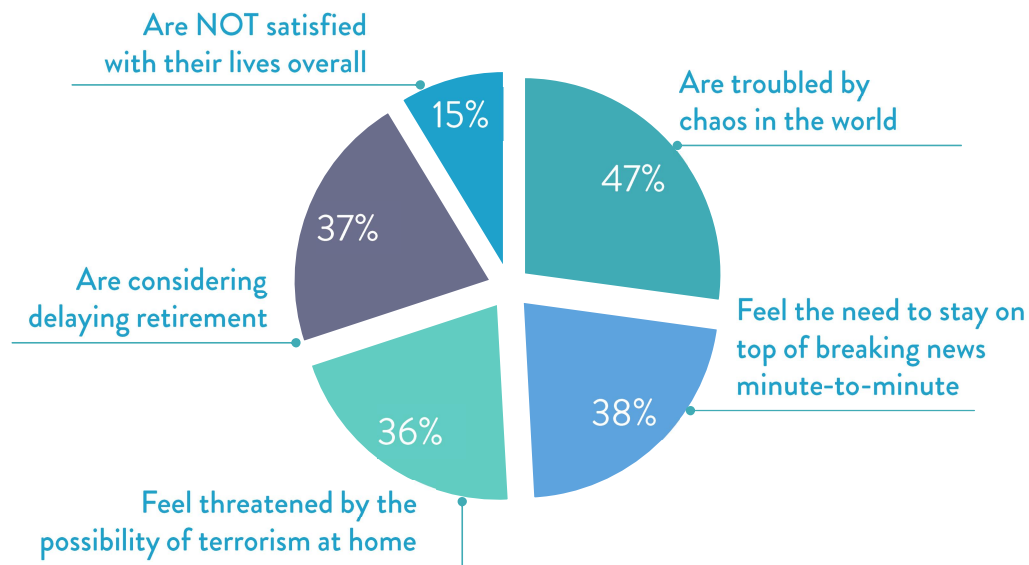
The Guardian Study of Financial and Emotional Confidence™ looked at factors both local and global, including such far-ranging topics as: Terrorism. Politics. Retirement Planning. Balancing Information. Technological Change. The results reinforce what many people already know at a gut level: that an individual's overall life satisfaction and well-being is inextricably linked with his or her financial well-being.

The research results identify an 80/20 Rule: 79% of working Americans surveyed reported serious stress-based concerns about their lives — with finances being a major driver of stress — while only 21% are confident planners about their current behaviors and future prospects.

An 80/20 Rule, or the Pareto Principle, applies when looking at inputs and outputs, such as where 20% of the effort produces 80% of the results. To apply that idea here, if the 79% who lack confidence will adopt some of the attitudes and behaviors of the 21% who are confident, they potentially will see their stress levels — both financial and otherwise — decrease and their confidence rise.

The good news is that there are specific “model behaviors” that the confident 21% exhibit that can be learned by any of us, at any age or stage.

## Americans are Stressed



### Key Takeaway

For approximately 1 in 5, major sources of stress include work/life balance, the rate of change in our society and feeling overwhelmed.

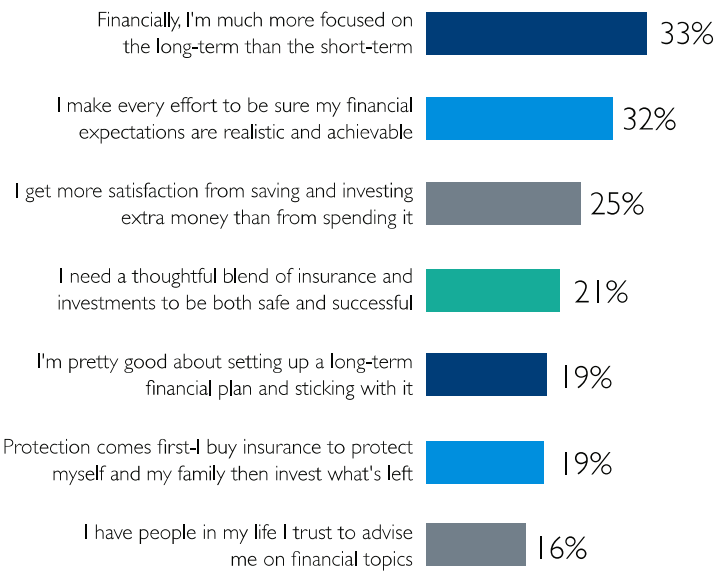
# Gaps In Priorities & Behaviors

The study also identified the existence of major disconnects between individual financial priorities and the actions they're currently taking. In specifying their highest priorities — both

for their lives overall and in their financial circumstances — the respondents declared intentions that were not supported by their current behavior.

Top 7 Major Financial Priorities: & Only one third or less would agree these attitudes describe them “Very accurately”

- 1 Having at least some guaranteed income apart from Social Security in retirement
- 2 Building savings for any reason
- 3 Having a solid long-term plan for achieving your financial objectives
- 4 Saving for routine expenses in retirement
- 5 Protecting your family financially if you die or are unable to work
- 6 Saving for unexpected expenses in retirement
- 7 Just keeping up with your monthly expenses




## Go from Concerned to Confident

The study found that nearly two-thirds of Americans would not describe themselves as being pretty good at living within their means.

Yet, in order to move along the spectrum from concerned to confident, even small changes in behavior can result in meaningful improvement in emotional and financial well-being.

While acknowledging that what financial well-being means will vary widely from person to person, the research affirms that overall life satisfaction and financial well-being are inextricably linked.

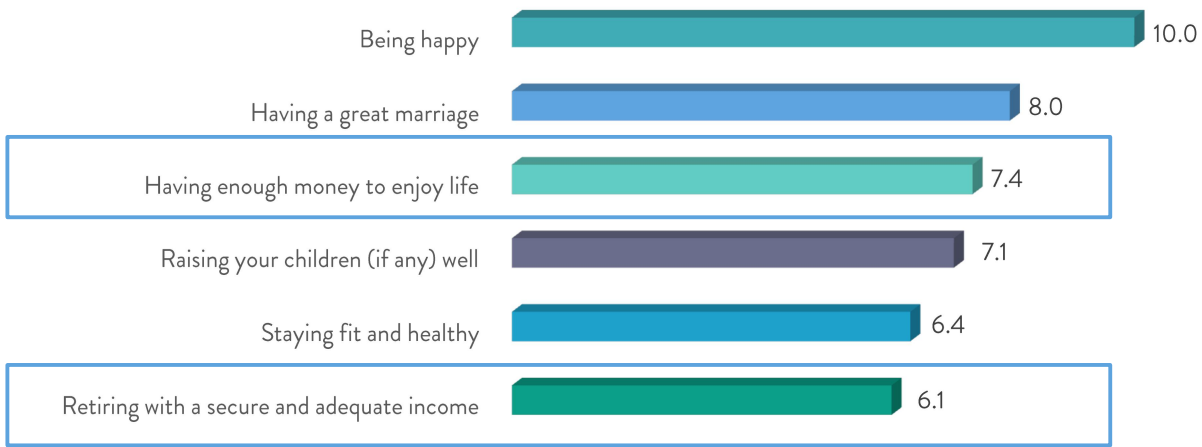


### Key Takeaway

Disconnects in priorities and behaviors can lead to varying degrees of stress and lack of confidence. It is critical to bring financial behaviors in alignment with our financial goals.

## What are Americans' Priorities?

Respondents were asked to think about their life priorities and to allocate 100 points of importance across a number of categories to indicate their highest and lowest priorities. Here is what the research revealed:



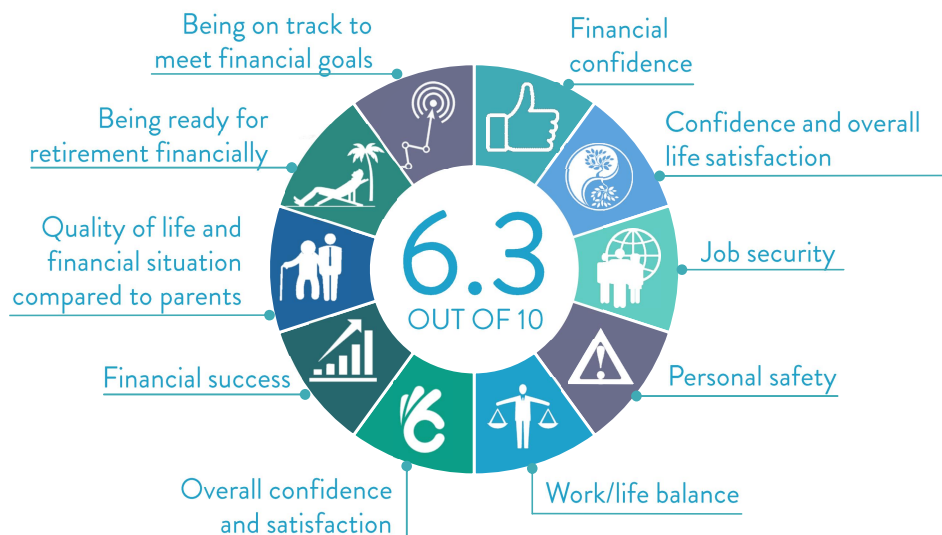
### Key Takeaway

2 of the top 6 Life Priorities for Americans are directly influenced by financial confidence

## The Guardian Financial and Emotional Confidence Index<sup>SM</sup>

To hone in on the behaviors and attitudes that drive overall satisfaction and success, Guardian has created a unique proprietary benchmark, **The Guardian Financial and Emotional Confidence Score<sup>SM</sup>**. It standardizes and quantifies the overall emotional and financial well-being among working Americans by assigning an objective score to rank them from concerned to confident.

With a range from 0 to 10, the mean, or average, Financial and Emotional Confidence Score for all working Americans surveyed was **6.3**.





## Research Insights

Guardian's goal in pursuing this research was not only to assess the current state of working Americans' stressors and financial lives, but also to identify the model behaviors that any of us can adopt to alleviate that stress and enjoy greater overall life satisfaction. At any moment, individuals and families can take the actions that will make them more like the Confident Planner segment.

In determining how to get going from concerned to confident, an important first step is to understand just how working Americans are feeling right now.



### Three Key Themes





- 1 For American individuals and families, **emotional** and **financial well-being** are **inextricably linked**.
- 2 Nearly 80% of respondents reported **varying degrees of stress**, a **lack of confidence**, and **less than optimal life satisfaction**. Individuals' and families' **actions and behaviors are not aligned**, and thus are not setting them up for success.
- 3 There are, however, specific **model behaviors** that anyone can adopt that will help them get on track.



## II. Four Distinct American Experiences

While nearly half of working Americans fell into a segment defined by a significant level of stress, four distinct segments emerged from the research, grouping the respondents by similar attitudes about life and money, financial decision-making, technology, sources of stress, and drivers of happiness.

Unique to this study, respondents were clustered by their behaviors and attitudes toward life and financial decision-making, without regard to socioeconomic or demographic variables, including income. The four segments that resulted allow for a more robust and textured picture than ever before, as opposed to looking at traditional demographic segments:

SEGMENT NAME	 DAY-TO-DAY DECISION-MAKER	 AMBITIOUS SPENDER	 RETIREMENT REALIST	 CONFIDENT PLANNER
% of Total Respondents	26%	20%	34%	21%*
Mean HH Income	\$100,000	\$144,000	\$111,000	\$145,000
Financial and Emotional Confidence Score (mean)	4.7	6.4	6.3	8.2
Attributes:	Highest Concentration of Women	Highest Concentration of Small Business Owners	Looking for Guaranteed Income in Retirement	Oldest and Most Educated Cohort

While demographics did not drive the segmentation, there were correlations between certain demographic factors, attitudes and preferences allowing for meaningful inferences about groups within the overall survey population:

- **Women** – were clustered in the Day-to-Day Decision-Maker, Retirement Realists and Ambitious Spender segments, with the highest percentage landing in Day-to-Day Decision-Maker (mean Financial and Emotional Confidence Score = 6.0)
- **Business owners** – were most prevalent in the Ambitious Spender segment (mean Financial and Emotional Confidence Score = 6.6)

- **Millennials** – generally exhibited a high level of stress, yet have a longer time horizon with which to work (mean Financial and Emotional Confidence Score = 6.4)
- **LGBTQ** – while these respondents had a mean Financial and Emotional Confidence Score of 6.2, the segment with the highest percentage of LGBTQ respondents was Day-to-Day Decision-Maker.

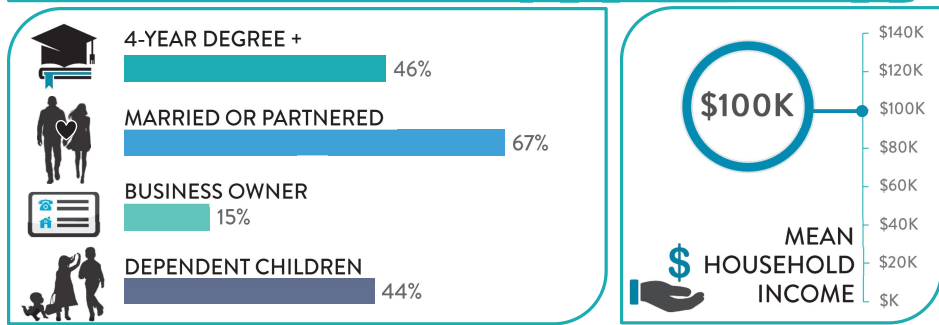
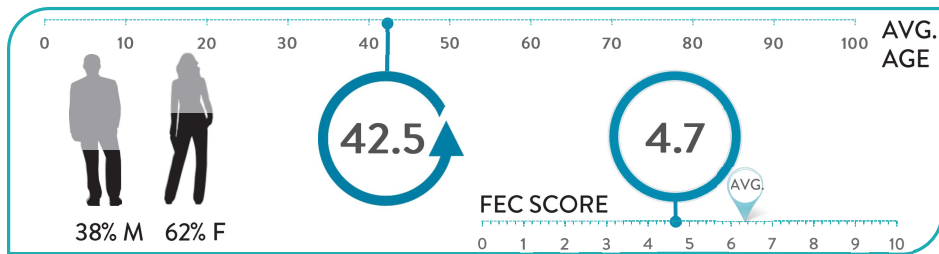
High net worth individuals are not immune from life and financial stressors. Because income was only modestly associated with the level of stress for respondents, 15% of respondents with household incomes \$350K or more identified themselves as among the Day-to-Day Decision-Makers segment.

\* These four segments add up to 101% (a common rounding issue)



## Day-to-Day Decision-Maker

26% of respondents



The Day-to-Day Decision-Maker puts an outsized emphasis on keeping up with monthly expenses.

This segment placed a well-below-average emphasis on financial planning. Based on their current struggles, individuals in this segment lack an inspiring vision and are less likely to be satisfied with life and less likely to feel confident.



## Attitudes Toward Money

(Describes "very accurately")

Below-average to well-below-average on almost everything, especially:

- Being focused on the long-term
- Having realistic and achievable financial expectations
- Living within their means
- Being receptive to advice and deferred gratification



## Life Attitudes

These individuals are highly stressed, especially with respect to:

- Work/life balance
  - Pace of change
  - Technology
  - Feeling safe
- These three concerns they share with people in the Ambitious Spender segment*
- ← This concern is specific to Day-to-Day Decision-Makers*



## Major Financial Priorities

The Day-to-Day Decision-Makers put a well-below-average emphasis on:

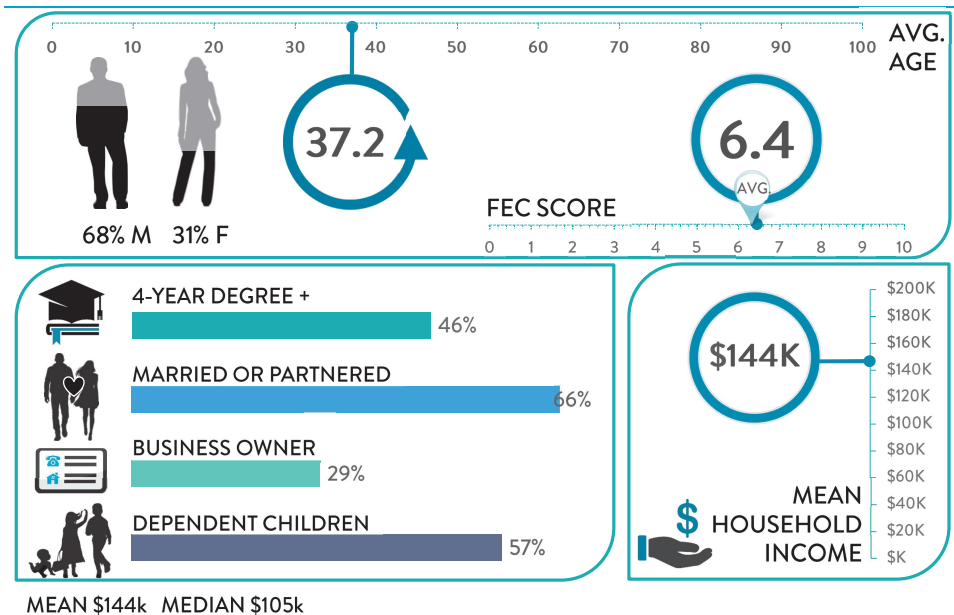
- Working with an advisor
  - Protecting their families
  - Having a solid long-term plan
- These two concerns are specific to Day-to-Day Decision-Makers*





## Ambitious Spender

20% of respondents



The Ambitious Spender puts an above-average emphasis on being up on technology and demonstrating success through possessions.

This segment placed a below-average emphasis on retiring with a secure and adequate income. Based on their current struggles, individuals in this segment lack an inspiring vision and are less likely to be satisfied with life and less likely to feel confident.



## Attitudes Toward Money

(Describes "very accurately")

- Disproportionately more likely to resent people with more money and also more likely (less intensely) to respect them as well
- More likely to think saving and investing well can obviate the need for insurance
- More likely to avoid dealing with their finances because it overwhelms them
- Below-average on deferred gratification and on avoiding investing fads
- Pretty good at living within means



## Life Attitudes

These individuals are highly stressed, especially with respect to:

- Work/life balance
- Pace of change
- Technology and balancing information intake

*These three concerns they share with people in the Day-to-Day Decision-Maker segment*



## Major Financial Priorities

The Ambitious Spenders put a disproportionate emphasis on:

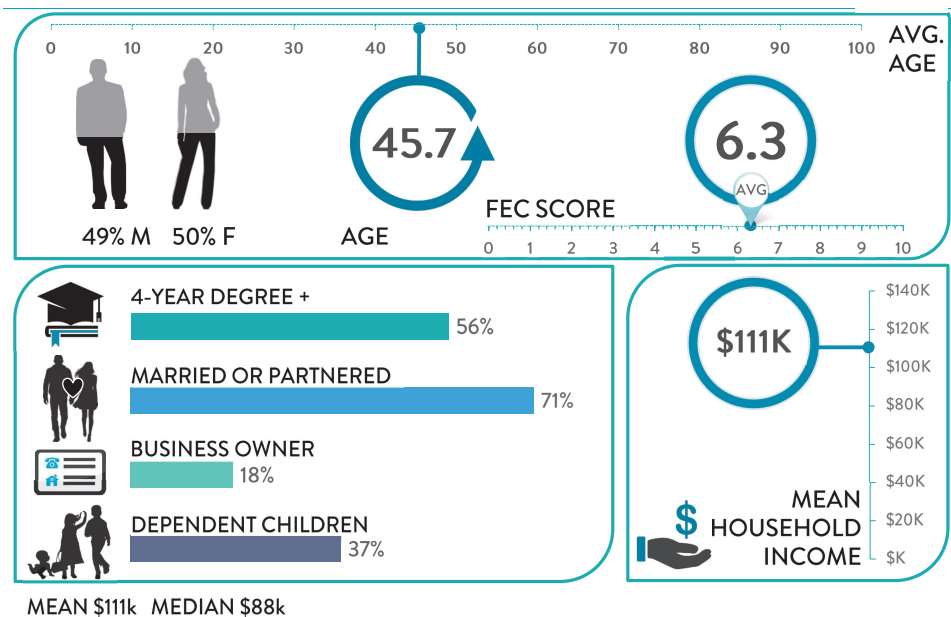
- Saving to start or expand a business
- Building an estate
- Saving for a child's education

*These concerns are specific to Ambitious Spenders*



## Retirement Realist

34% of respondents



Individuals in this segment are looking for, among other things, guaranteed income in retirement. They put an above-average emphasis on having retirement income in addition to Social Security and on saving, for whatever purpose.

They put a below-average emphasis on saving to start a business or to fund a child's education, and on estate planning for heirs. They are more likely to be satisfied with life and more likely to feel confident.



## Attitudes Toward Money

(Describes "very accurately")

Less likely on almost all measures, particularly on:

- Considering themselves financially successful
- Taking risks
- Being pretty good at setting up and sticking with a long term financial plan

Less focused on setting up and sticking with a long-term financial plan



## Life Attitudes

These individuals are highly stressed, especially with respect to:

- Work/life balance which they share with the Confident Planner segment
- Balancing information intake which they share with the Day-to-Day Decision-Maker segment
- Focused on having a great marriage
- Focused on having a meaningful spiritual life These two priorities are specific to people in the Retirement Realist segment



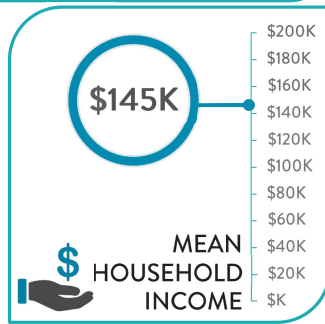
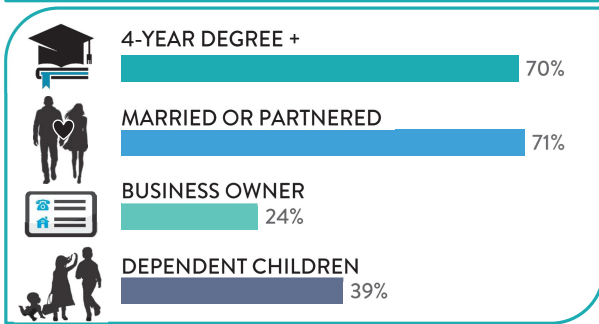
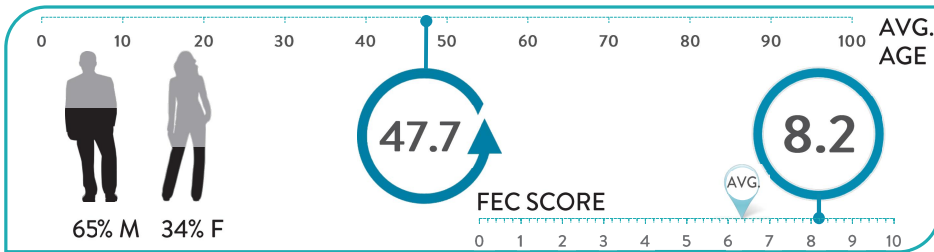
## Major Financial Priorities

The topics on which the Retirement Realist put an above- or below-average emphasis are included in the two paragraphs above.



## Confident Planner

21% of respondents



MEAN \$145k MEDIAN \$113k

Individuals in this segment put an above-average emphasis on work/life balance, staying fit and healthy, retiring with a secure and adequate income, and making good investment decisions. They are significantly above-average on being focused on the long-term.

They put a sharply above-average emphasis on having a long-term financial plan, having guaranteed income in retirement, and working with an advisor they trust. They are more likely to be satisfied with life and more likely to feel confident.

The Confident Planner segment, **with a significantly higher Financial and Emotional Confidence Score**, provides the model both for aligning priorities and behavior, and for going from concerned to confident.



## Attitudes Toward Money

(Describes "very accurately")

In addition to their long-term focus, Confident Planners are significantly above-average on almost all positive dimensions, especially:

- Having realistic expectations and living within their means
- Sticking with a plan
- Deferring gratification



## Life Attitudes

They put a below-average emphasis on:

- Balancing information intake
- Raising their children well ← *which they share with Ambitious Spenders*



## Major Financial Priorities

Confident Planners put a significantly below-average emphasis on:

- Keeping up with monthly expenses
  - Paying off credit card debt
- These two [non-]concerns are specific to Confident Planners

# III. The Financial and Emotional Confidence Model Behaviors




As the study results have shown, overall life satisfaction and well-being is inextricably linked to financial well-being. And yet many individuals' attitudes and behaviors are not aligned.

To begin to help individuals modify their sub-optimal behaviors — and thereby reduce stress and increase confidence — we need to look at the effective behaviors displayed by the most confident working Americans.

These behaviors include:

- **Having healthy attitudes toward money**, including taking a long-term view and living within their means
- Pursuing proactive financial education, both understanding basic **financial concepts and financial products**
- Utilizing tools and guidance to create a **detailed financial plan**
- Owning the right **mix of growth and protection** financial solutions
- Leveraging a **strategic relationship**, like a financial representative, to “offload” financial stress

## What are the Model Behaviors?

	<b>Planning:</b> Living within set means and having a written financial plan with specific objectives.
	<b>Education:</b> Learn more about fundamental financial concepts and products.
	<b>Ownership</b> Seek ownership of products that match needs and objectives while addressing growth and protection
	<b>Strategic Relationship:</b> Seek the right advisor and/or financial tools to assist in planning.







## Planning

### For the 37% that actually have a written financial plan, many lack core elements of the plan

Nearly two-thirds of Americans did not describe themselves as being good at living within their means. Proper planning can help individuals get on track financially now and in the future. Having a written financial plan and reviewing it annually is a sound strategy.

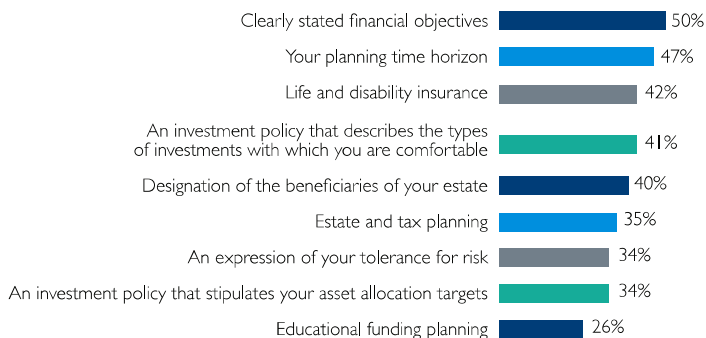
#### What's In a Plan?

Here's how the Confident Planner segment plans:

1. Stay within their means
2. Financially, they are much more focused on the long-term than the short-term
3. They have a long-term financial plan with clear, attainable goals

### Only half of workers with a financial plan say their plan includes clearly stated financial objectives.\*\*

Please indicate below what your plan includes:



## Education

### Financial literacy is not as high as it should be

There is a correlation between lack of financial literacy and financial product understanding. By answering (and asking) the right questions, actively listening, and increasing individual knowledge, behaviors and priorities will begin to align.

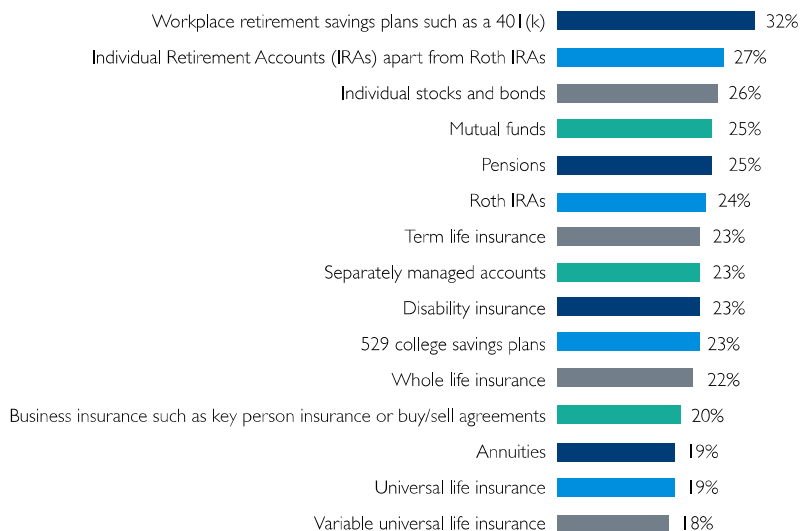
#### Knowledge is Power.

The Confident Planner shows an above-average understanding of things like:

1. Financial products like investments, all types of insurance and annuities
2. Knowing how much money they will need in retirement to cover expenses apart from healthcare
3. Concepts such as budgeting, risk tolerance, and asset allocation

### Only a third or fewer of workers assert a solid understanding of many common financial products.\*

How well would you say you understand:



\* Base: Own or are at least somewhat familiar with this product, "Understand Completely"

\*\*Base: Has a financial plan (37%)



## Ownership

**Product ownership is not as high as it should be as indicated by top life and financial priorities.**

Solution-oriented ownership of both protection and investing products is part of a well-thought-out wealth management plan for the future.

In order to move from concerned to confident, individuals would be advised to own diverse and appropriate products.

**Solution-oriented product ownership can be the keys to unlock financial confidence.**

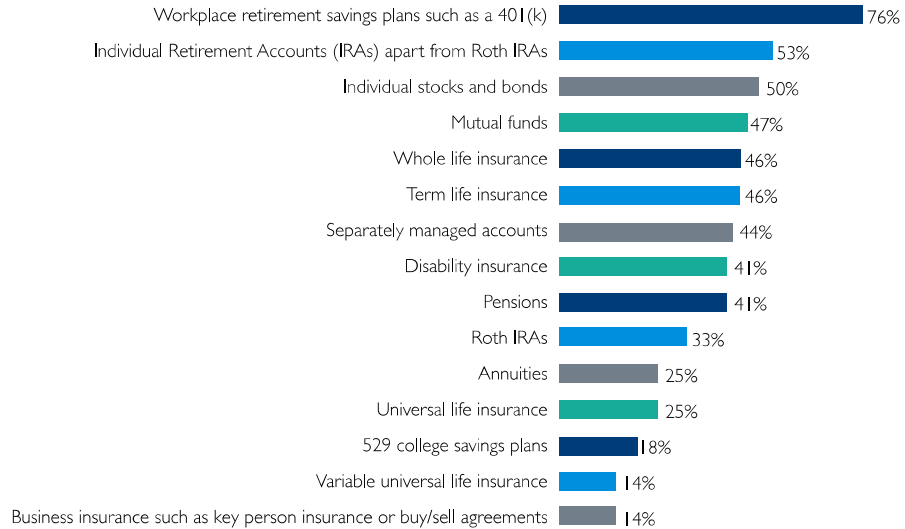
The Confident Planner has above-average ownership across a spectrum of products that they know will help them achieve their financial — and life — priorities such as:

1. Mutual funds, individual stocks and bonds
2. Annuities
3. Various types of life, disability and business insurance

By Household Income \$50k+

### Product Ownership

Please indicate which of the products below you or a member of your household own.



## Strategic Relationship

**Working Americans want retirement income and savings tips**

Having sound financial advice and/or tools to leverage can help individuals move into the Confident Planner segment.

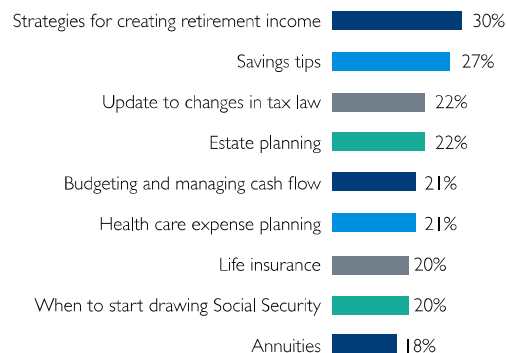
**Having a go-to resource to rely on is a major factor in having financial confidence.**

The Confident Planner is more likely to:

1. Have a strategic relationship with an advisor that they trust to be their financial coach
2. Rely on their financial advisor for strategies to generate retirement income
3. Create a holistic financial plan with their advisor

**Retirement income strategies and savings tips are by far the most important areas for which workers look to advisors.\***

In addition to investments, on which of the following areas would you like your main financial advisor to provide guidance?



**Advisor Usage**

**47%**

average percentage of Americans working with a financial advisor

VS.

**64%**

average percentage of Confident Planners working with a financial advisor

## IV. Becoming Confident

One of the more interesting discoveries in this research is that the four segments — the Day-to-Day Decision-Maker, Ambitious Spender, Retirement Realist, and Confident Planner — are not defined primarily by their demographic characteristics, such as income, education, or age.

Rather, the challenges and fears facing working Americans and their families can affect any one of us, in any situation.

The good news is that we all can do better. With the right tools and behaviors, anyone can become a Confident Planner.

While it may not happen overnight, it can happen. If individuals assess their current situation — identifying the gaps between where they are and where they want to be — and then commit to addressing those gaps, to ensure that their actions today support their goals for the future.

Education and the adoption of some model behaviors can improve overall financial and emotional well-being; they can help anyone *Go from Concerned to Confident*.

### Low Stress



## Study Methodology

Working with Brightwork Partners LLC, Guardian performed a representative national survey of:

- 4,971 workers age 18+ working full-time or part-time, never retired, with household incomes of \$50K or more
- Weighted by age, gender, household income, ethnicity, and region to conform to Census parameters
- Including an oversample of 2,921 workers age 18+ with household incomes of \$100K or more, similarly weighted

The survey was conducted online from December 28, 2015 through January 22, 2016. All data in this white paper was obtained from this study.

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