



PRUDENTIAL PULSE:
AMERICANS PREPARE FOR THE ECONOMY'S
NEXT ACT
JULY 2022



Americans Prepare for the Economy's Next Act

Executive Summary



Fears of an economic downturn threatens to erode the strong financial position and confidence of Americans, just as they emerge from the pandemic. *Individuals are in need of guidance to help them manage financial stress and uncertainty, as well as strategies to help reduce debt and build a buffer against unexpected financial challenges.*



The effects of the pandemic have reshaped workers' priorities—including prioritizing hybrid and remote work—and placed more emphasis on the role jobs have in strengthening financial security. *Employers who offer benefits that provide flexibility and help support the financial success of their employees may have a leg up on their competition.*



Rather than facilitating change, women in the post-pandemic era face greater financial insecurity, and have less financial confidence, than their male peers—and a looming recession could widen the financial security gap even further. *Overcoming risk aversion with prudent guidance that meets women where they are will be critical during a potential recession to help them make up ground lost over the past few years and re-establish more equal footing with men.*



Millennials, who began their careers in the wake of the Great Recession, face new challenges just as they approach their peak earning years and major financial milestones like home ownership and starting families. *Younger generations need more tailored advice that meets them where they are and takes into account their unique financial challenges and goals to help them create more secure financial futures.*

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Top-line Findings:
Inflation & Recession Overshadow Gains

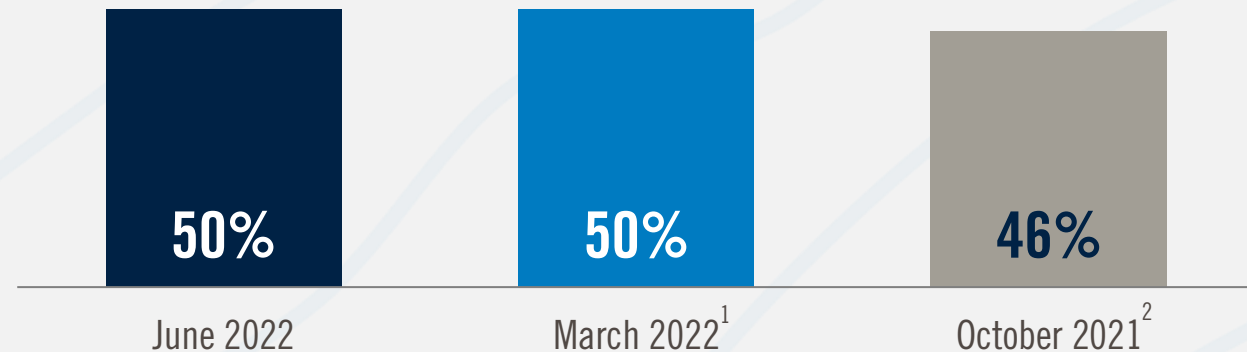
➤ Many Americans experienced strong financial gains over the last three years

Many Americans are in a stronger financial position than they were 3 years ago—driven by trends such as the “Great Resignation,” which continues at pace and has helped workers secure jobs with better pay and benefits.

51%

of Americans feel more financially secure today than they did three years ago—this includes **58%** of Black Americans.

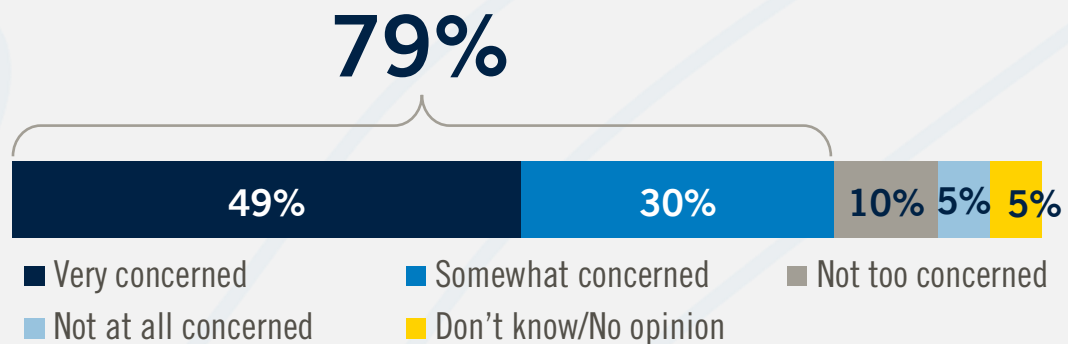
Workers looking for new jobs



Percentage that said they were actively or considering looking for a new job.

➤ Yet, fears of an economic downturn threaten to erode these gains

The vast majority of Americans are concerned that significant inflation will increase the costs of daily goods and services, impacting their finances.

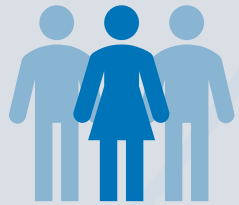


74%

of Americans are concerned about a recession/economic downturn in the next two years.

➤ Despite financial gains, stress and worry about finances are still a constant for many Americans

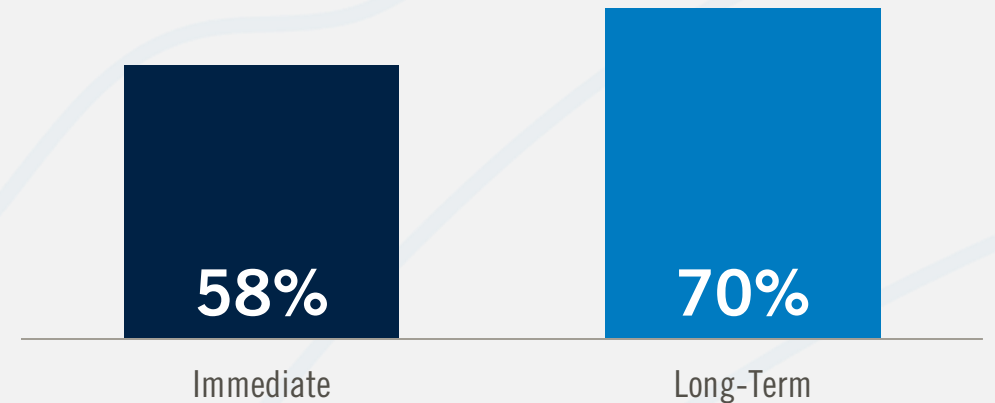
53% of Americans worry about money daily.



1 in 3 have experienced high levels of financial stress over the past year.

While most Americans worry about their financial security, long-term concerns dwarf more immediate worries.

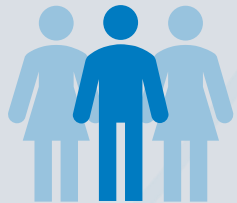
I am worried about my _____ financial security



Percentage that strongly or somewhat agreed.

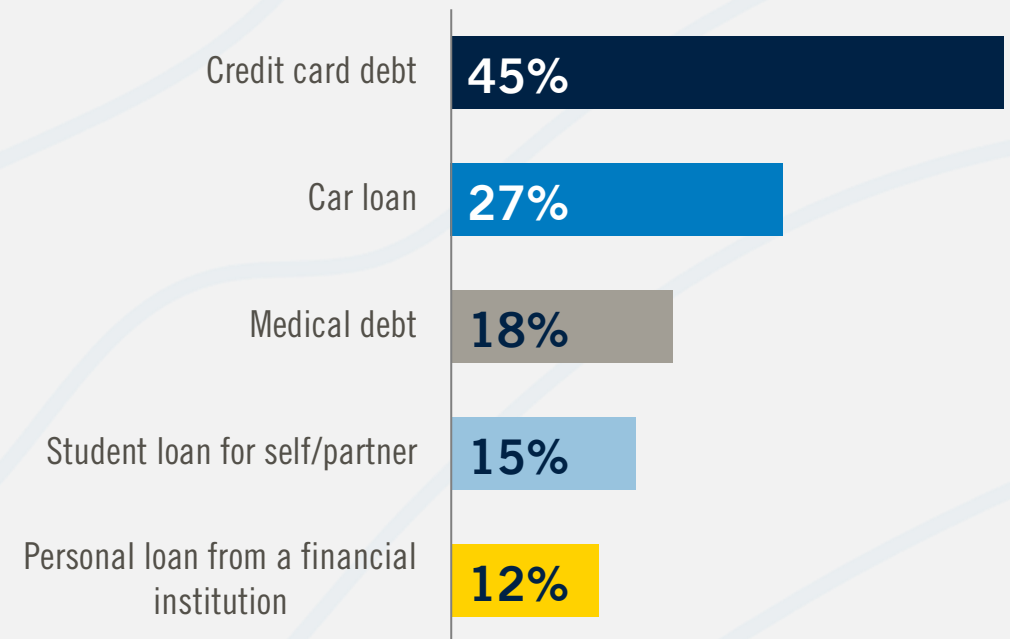
➤ The majority of American households are burdened by debt, adding pressure to their financial situation

70% of Americans hold debt other than mortgage debt.



1 in 3 say their debt is a major challenge when it comes to their financial situation.

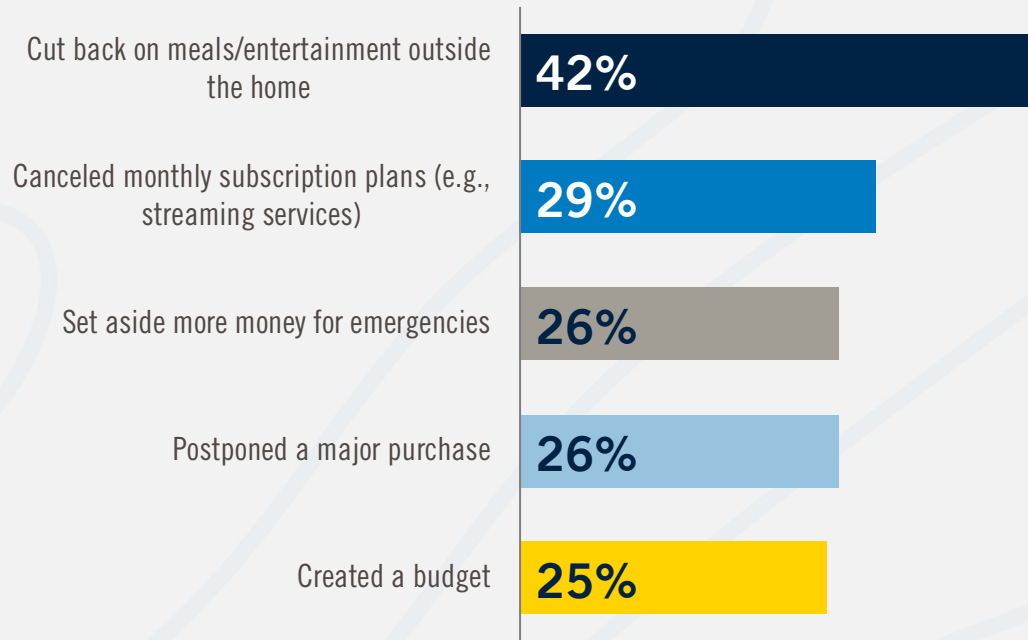
Top 5 types of debt* held by Americans



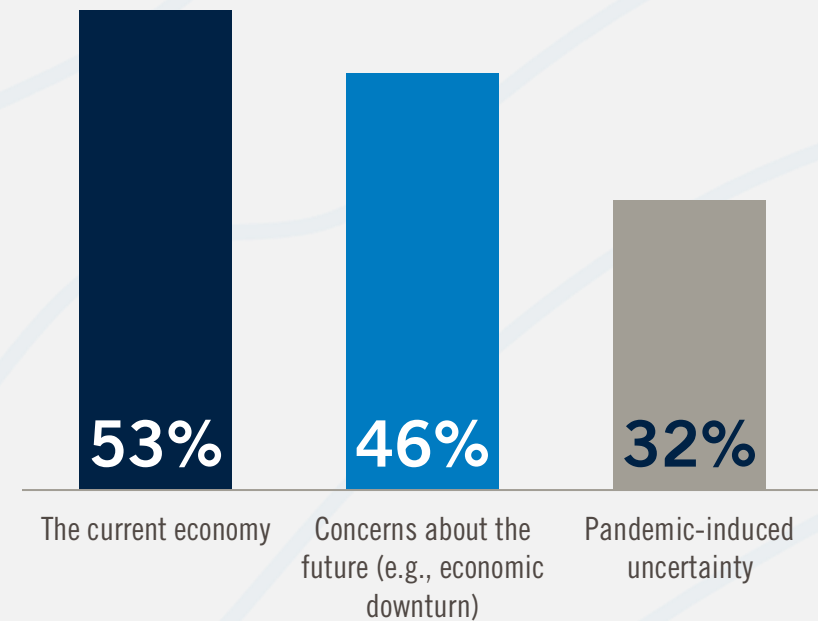
**Excluding mortgage/home equity debt.*

➤ In response to financial pressures, Americans are making adjustments to their day-to-day budgets to cope

Top 5 actions taken by Americans in the past year to better manage their financial situation

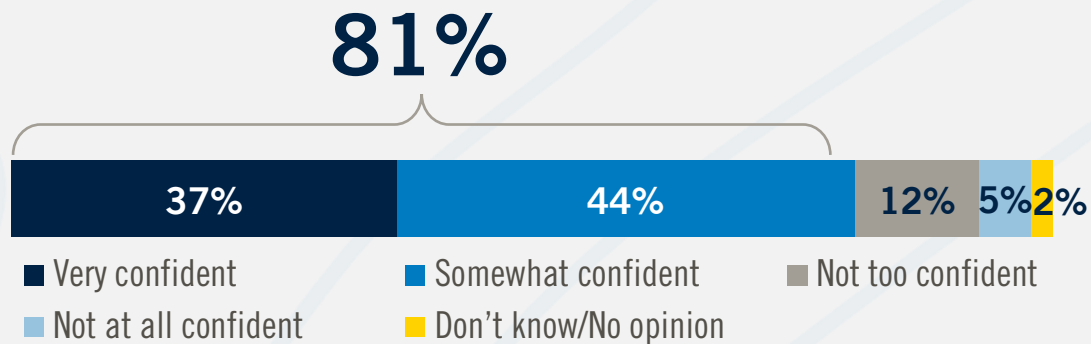


Factors driving Americans to make financial adjustments

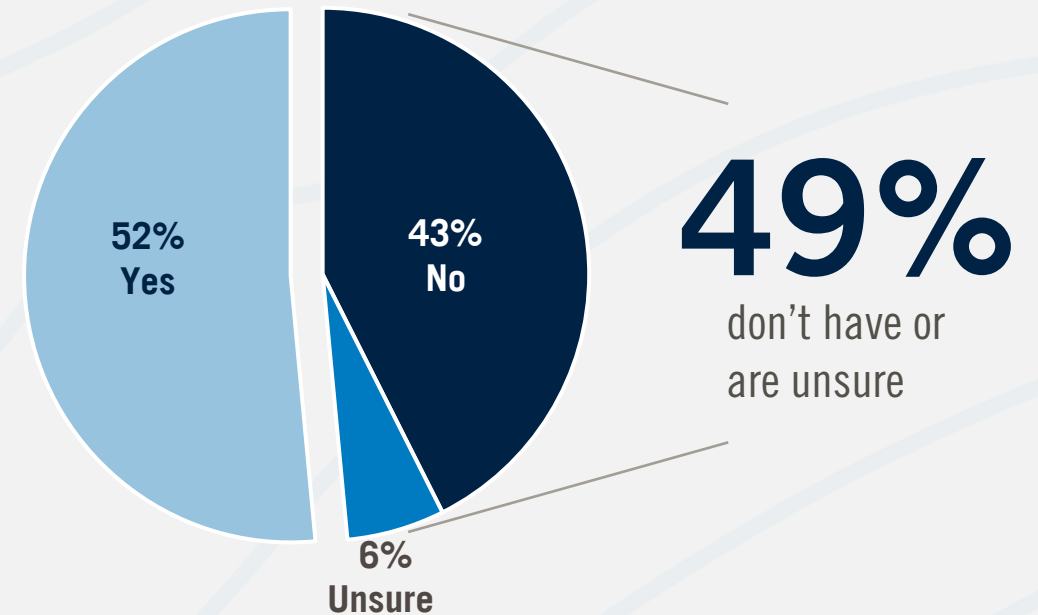


While Americans feel empowered to manage their finances, many lack the basic financial tools to do so

Most Americans are confident in their ability to manage their own finances—this is slightly higher among Black Americans (**83%**).



Yet, nearly half of Americans don't have, or are unsure if they have, an emergency savings fund.



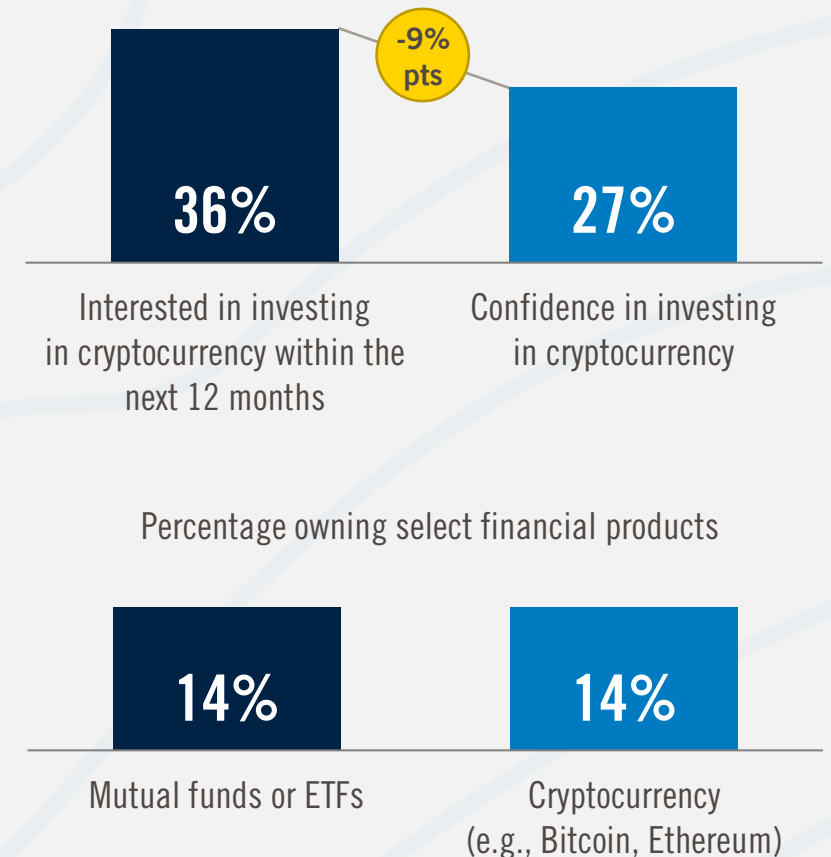
Americans are increasingly turning to unconventional channels for advice and showing interest in more high-risk investments, potentially threatening their financial security

30%

of Americans get financial information and advice from social media. Of those, **99%** have acted on advice from these sources.

More than **one-third** of Americans are interested in investing in cryptocurrency in the next year, yet just slightly more than a quarter report confidence in doing so.

Americans report owning cryptocurrencies at the same level as mutual funds or ETFs.



Deep Dive: **Workers**

Workers recognize job stability and security are paramount for their financial security

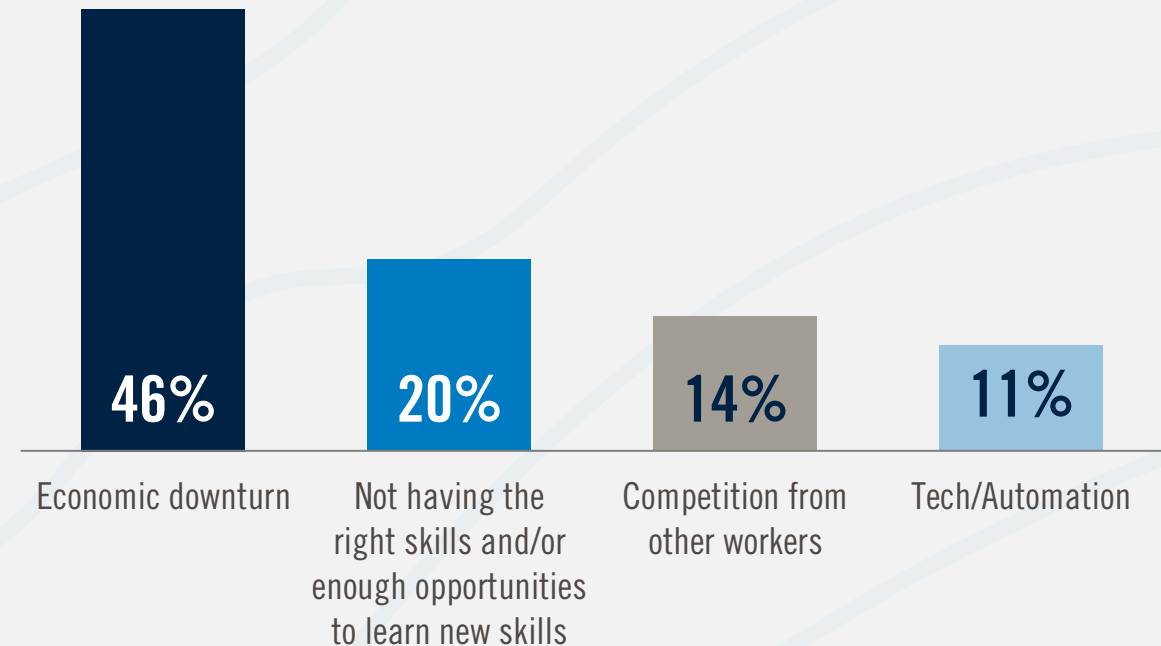
63%

of workers say a stable income contributes most to their ability to feel financially secure.

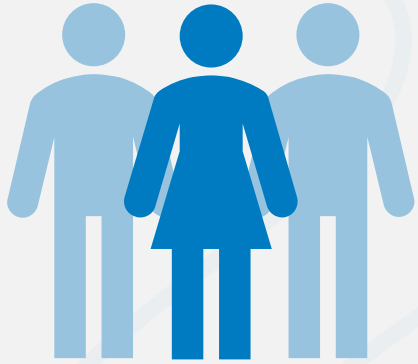
45%

of workers say not learning new skills will jeopardize their long-term financial security.

Biggest threats to job security



➤ Yet, for some, employers are not addressing their financial needs, which could be driving them to look elsewhere



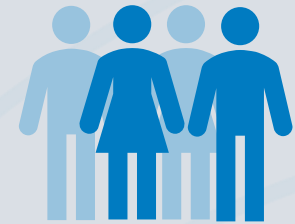
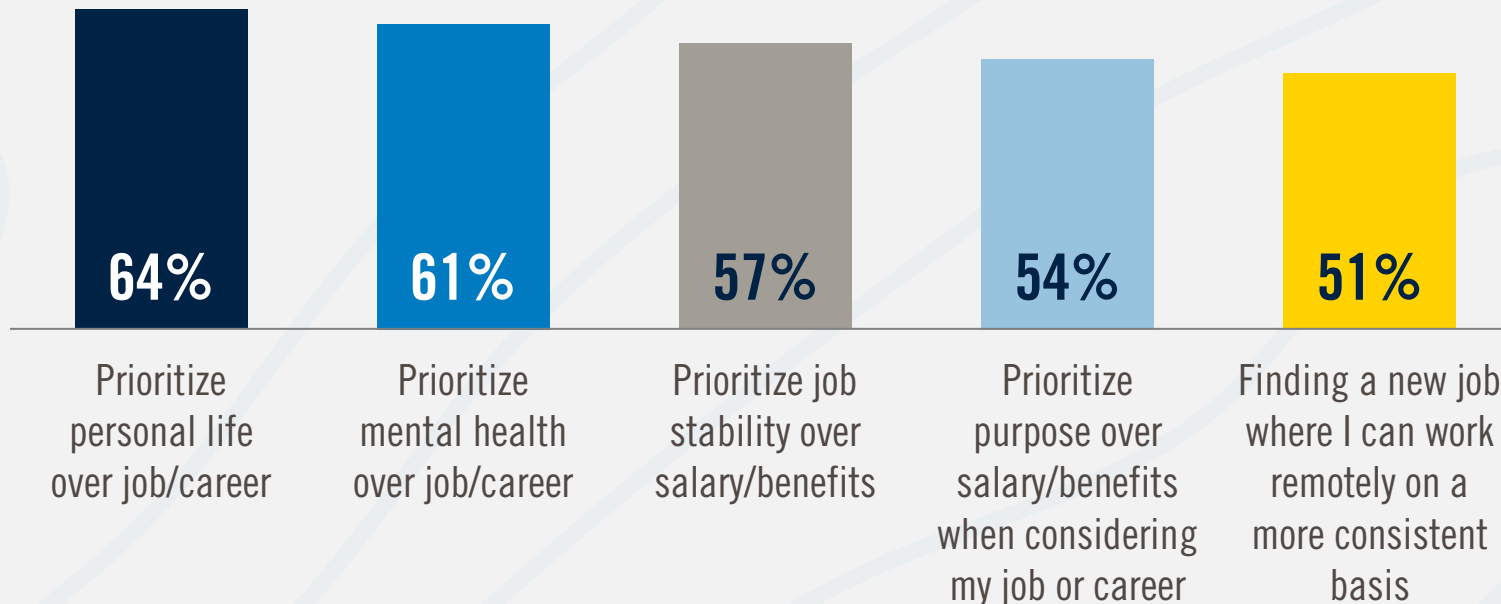
1 in 3 workers don't think their employer provides enough benefits to help them manage through unexpected financial events.

35%

of workers don't feel fairly compensated for the work they do.

➤ The pandemic is shifting workers' desires and priorities when it comes to their career

Workers' experiences over the past two years have them doing or considering doing the following:



About **half** of hybrid and remote workers would never accept a new job that required them to be at a work site full-time.



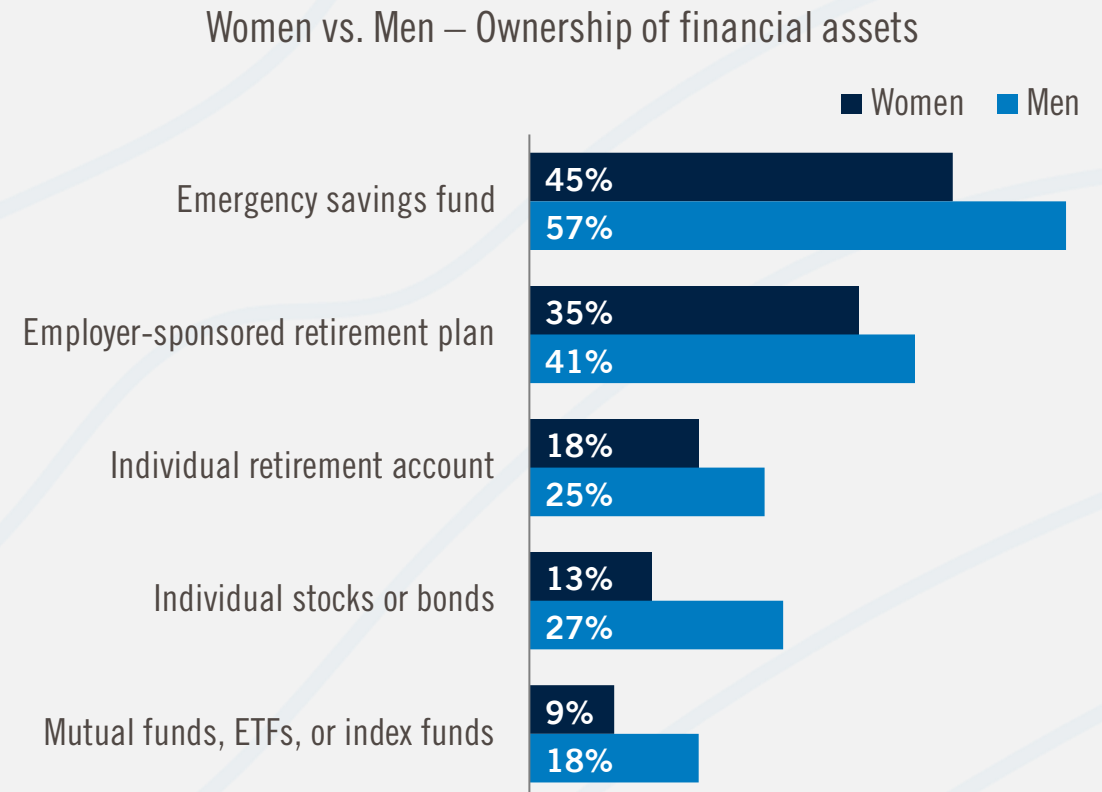
Deep Dive: **Women**

Rather than presenting opportunity for change, the pandemic reinforced the financial gender divide

Women report facing greater financial insecurity compared to men...

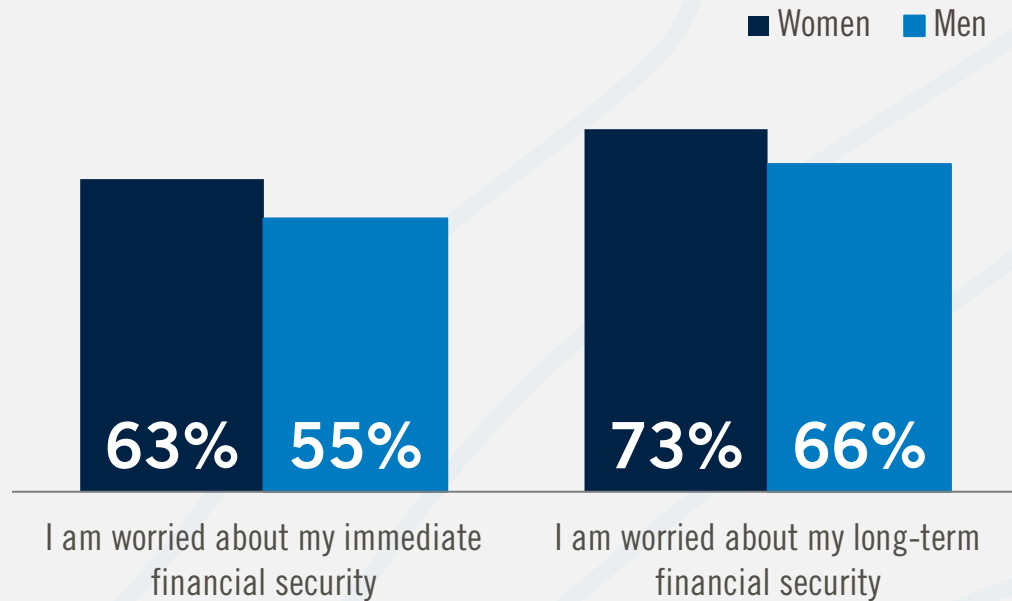
	Women	Men
In the past 12 months, I feel my personal financial situation has been insecure .	40%	27%
I am confident I would be able to: withstand an unexpected financial event, such as a disruption or loss of your income.	37%	52%
I am confident I would be able to: cover an unexpected expense, such as a household repair or medical bill.	46%	61%

...and own fewer financial assets that could help.



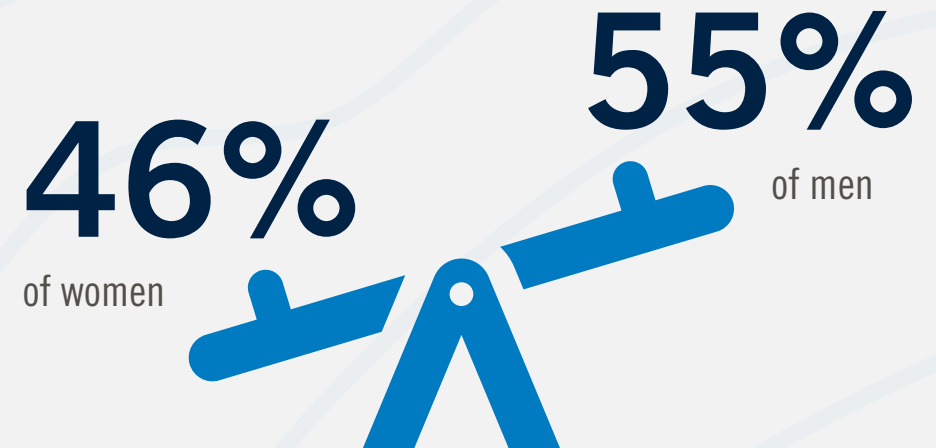
As a result of their financially precarious position, women face a 'crisis of confidence' when it comes to finances

Women are much more likely to say they are worried about near- and long-term financial security, compared to men.



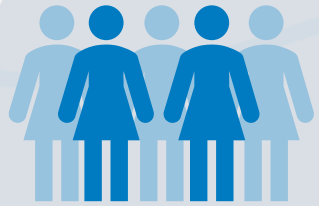
Percentage that strongly or somewhat agreed with each statement.

Less than half of women say their financial confidence has grown in the past three years, compared to a majority of men.

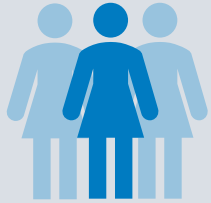


Percentage that strongly or somewhat agreed that they feel more financially confident now than they did three years ago.

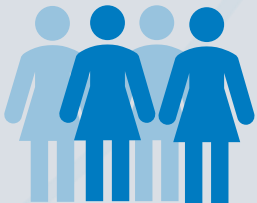
Already less comfortable discussing their finances with others, women face an uphill battle for financial information and advice



More than **2 in 5 (42%)** women aren't comfortable discussing their finances with friends—compared to **36%** of men.



1 in 3 women have had a financial topic “mansplained” to them.



Of those, about **half** said it made them **less** comfortable talking about financial topics with others.

71%

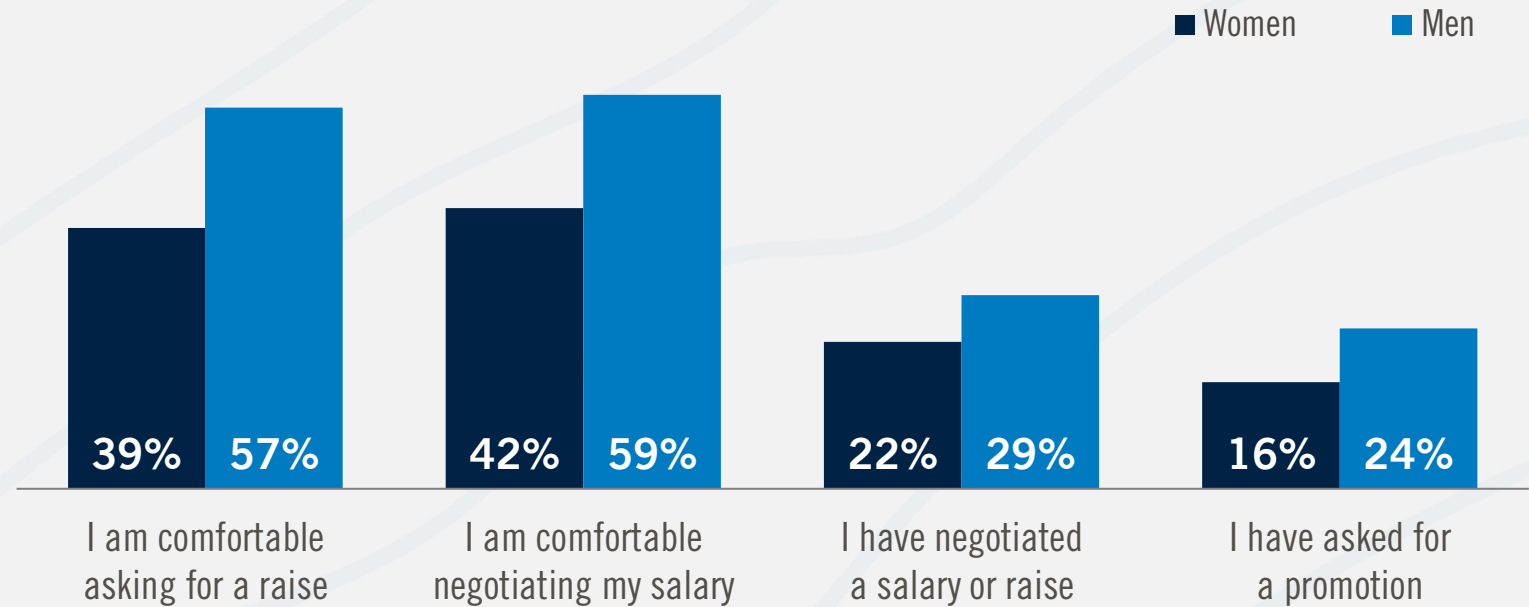
of women don't work with a financial professional, compared to **65%** of men.

This crisis of confidence extends to the workplace, which could hinder women's career growth and long-term financial security

Despite feeling under-compensated, the majority of women aren't comfortable asking for a raise or negotiating a salary—and very few have ever tried.

38%

of women do not feel fairly compensated for the work they do.

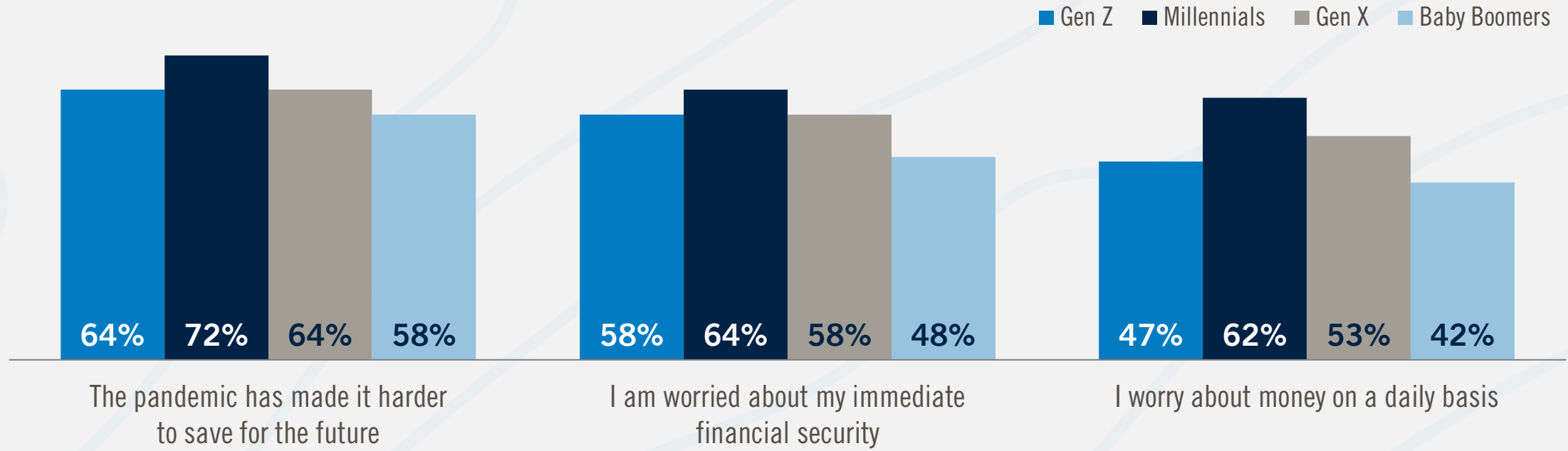


Percentage that strongly or somewhat agreed with each statement.

Deep Dive: **Millennials**

➤ Millennials, who began their careers in the wake of the Great Recession, face new challenges just as they approach their peak earning years

More than any other generation, millennials report challenges saving because of the conditions cause by the pandemic and struggle in their immediate financial situation.

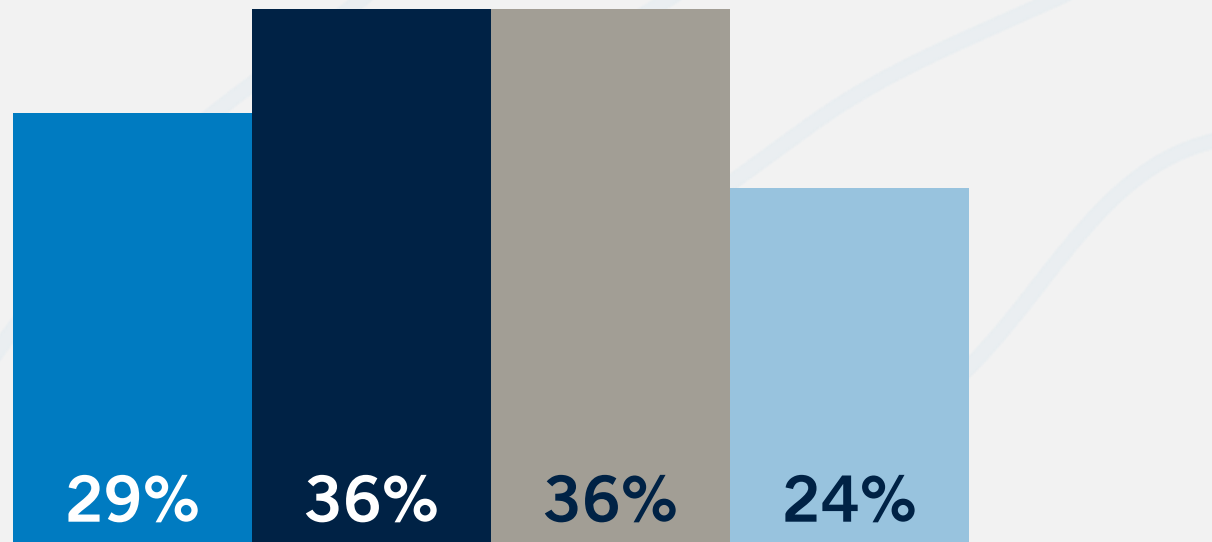


Percentage that strongly or somewhat agreed with each statement.

Just as they should be hitting their earning strides, millennials are reporting greater financial insecurity

Millennials and Gen Xers are more likely to say their financial situation has been insecure in the last 12 months.

■ Gen Z ■ Millennials ■ Gen X ■ Baby Boomers



Percentage that said their financial situation is somewhat insecure or insecure.

51%

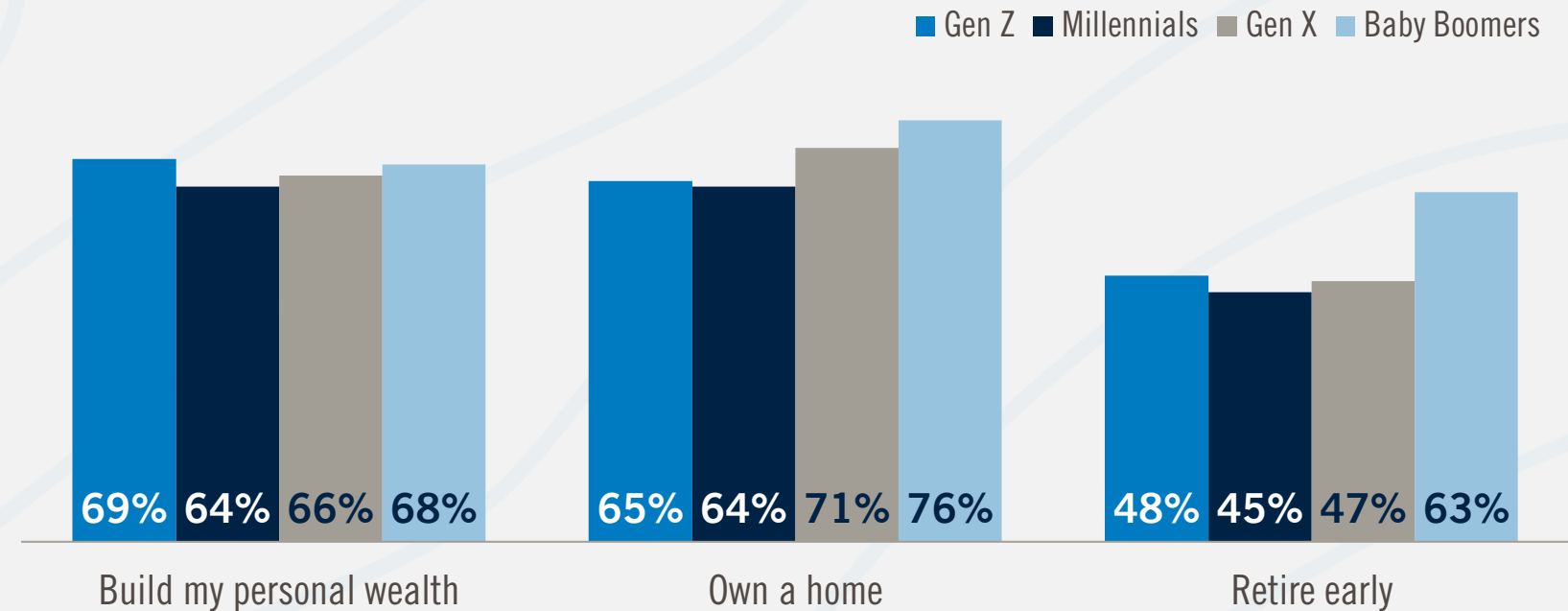
of millennials took on gig work to make ends meet in the past year.

➤ Not surprisingly, millennials are more pessimistic about achieving major financial milestones

Millennials are consistently more skeptical than other generations about the likelihood they will accomplish key personal goals.

49%

of millennials don't think they'll ever be able to retire.



Percentage of people with each goal that said it was somewhat or very likely they would achieve that goal.

Methodology

Americans Prepare for the Economy's Next Act

Methodology

¹ Pulse of the American Worker Survey: The Grand Experiment— Building the Future of Work, October 2021.

² Pulse of the American Worker Survey: A Third Year Begins— Life and Work in the Pandemic Era, March 2022.

The Prudential Pulse Survey was conducted on behalf of Prudential by Morning Consult from May 26 to June 3, 2022, among a national sample of 4,000 self-identified employed adults (age 18 and over). This sample included 1,655 employed adults who worked in a hybrid model at some point during the pandemic. The interviews were conducted online, and the data were weighted to approximate a target sample of employed adults based on age, educational attainment, race/ethnicity, and gender. Results from the full survey population have a margin of error of ± 2 percentage points. Percentages may not total 100% due to rounding.

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