

FACT BRIEFING: Americans in the Northeast and Midwest report more savings than those in the South and West

Selected findings from the FPA® and Ameriprise® Value of Financial Planning study conducted by Harris Interactive

Northeast region on track with savings and insurance

- Residents in the Northeast region with a comprehensive planning relationship are the most likely to say they are on track (64%) with their savings goal compared to those with plans in the other regions (57% Midwest, 40% South, 51% West). In addition, they report a significantly higher savings rate of 10 percent or more (57%) compared to the other regions saving at this same level (41% Midwest, 30% South, 47% West).
- Among those with comprehensive plans, respondents in the Northeast report having the greatest number of financial components including retirement, investing, protection, estate and tax planning versus those in other regions.
- Those in the Northeast with a comprehensive plan report a significantly higher ownership of annuities (49%) compared to those with plans in other regions (34% Midwest, 27% South, 32% West).
- Those in the Northeast with a comprehensive plan are the most likely to say they have increased protection by changing or adding insurance (42%) as compared to those with plans in other regions (30% Midwest, 29% South, 18% West).

Midwestern region stays the course during market turmoil

- Midwest and Northeast residents with a comprehensive plan are more likely to say they have estimated the money they will need to save for retirement (60% Northeast, 61% Midwest) as compared to residents with plans in the South (52%) and West (41%).
- Midwesterners in advice supported relationships without a comprehensive plan are more likely to say they have purchased life insurance not provided through their employer (59%). This compares to only 45 percent in the Northeast, 42 percent in the South and 41 percent in the West.
- Midwestern respondents with a comprehensive plan were the most likely to report being on track to achieve retirement goals (72%) closely followed by those with plans in the Northeast (69%) and West (68%). In contrast, Southerners with plans were the least likely to report the same (52%).
- Without a comprehensive plan, Midwesterners are the most likely to say they are staying the course, continuing to invest at the same rate as before the market downturn.

Southern region lacks savings yet optimistic

- Self-directed Southerners without professional support are the most likely to say they are optimistic about their current and long term finances when asked about control of finances, peace of mind, clear financial direction, preparation for an emergency, financially secure goals and dreams, and preparation for retirement. However with the benefit of a comprehensive plan, the other three regions surpass Southerners in almost every category.
- Even among those with a comprehensive plan, Southerners represent the highest percentage (16%) of households reporting only one month of living expenses in an emergency fund – 16 times higher than those in the Northeast (1%), eight times higher than Midwesterners (2%) and four times higher than those in the West (4%).
- Southern residents in comprehensive planning relationships who are not retired are the most inclined (46%) to admit they are not at all or only somewhat prepared for their retirement compared to those in other regions (Northeast 28%, Midwest 20%, West 19%).
- Even with a comprehensive plan, Southerners are the least likely to report being on track with savings as well as areas including retirement planning, insurance or financial protection, tax reduction and education savings.

Western region reports mortgage debt and low savings

- Among those in a comprehensive planning relationship, residents in the West are significantly more likely to say

they invest in real estate to help fund their retirement (35%) compared to those with plans in other regions (25% Northeast, 25% Midwest, 18% South).

- As compared to other regions, the Western region shows the highest percentage of households reporting primary mortgage debt across categories of those who are self directed (63%), advice supported (73%) and comprehensive planning participants (72%).
- Despite the amount of mortgage debt, Westerners in a comprehensive planning relationship are the most likely to be confident they are well prepared for retirement (87%) compared to those with plans in other regions (78% Northeast, 79% Midwest, 71% South).
- Self-directed Westerners are the most likely to report not saving any of their gross income (19%) as compared to those with plans in other regions (11% Northeast, 16% Midwest, 11% South). With a comprehensive plan in place this number decreases by more than half to 7 percent.

About the FPA and Ameriprise *Value of Financial Planning* study

The Financial Planning Association and Ameriprise Financial launched a study to discern investor confidence and the value of financial planning in today's economy. Harris Interactive conducted the study online within the United States between June 27 and July 18, 2008, among 3,022 adults with greater than \$50,000 in annual income or investable assets.

Of those 3,022 survey participants:

- 1,515 were "Self-Directed" meaning they had no financial planner or an unpaid planner
- 754 were "Advice-Supported" meaning they had a paid planner but no comprehensive written plan
- 753 were "Comprehensive Planning Participants" meaning they had a paid planner and a comprehensive written plan

Results for all groups were weighted as needed for age, sex, race/ethnicity, education, region and household income to represent the national population with greater than \$50,000 in income or assets. Weighting was also done to adjust for respondents' propensity to be online. While market volatility was significant during the study period, the dramatic financial developments later in the year, which may have affected attitudes and behaviors reflected in this report, had not yet occurred. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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