

Principal Well-Being Index: American Workers

December 2017



Methodology

This Principal Financial Well-Being IndexSM: Employees was conducted online within the United States by Harris Poll on behalf of the Principal Financial Group[®] between October 23 and November 2, 2017 among 1,111 employees. This is one in a series of quarterly studies to identify and track changes in the workplace of small and mid-sized (growing) businesses. The first Principal Financial Well-Being IndexSM survey was conducted in the United States in 2000.

Employees consisted of adults 18+ who work at small and mid-sized (SMB) U.S. businesses (firm size 10-1,000 employees). Results were weighted as needed for age by gender, education, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Poll avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Poll surveys. The data have been weighted to reflect the composition of the entire population of adult employees working for small to mid-sized U.S. businesses. Because the sample is based on those who agreed to be invited to participate in the Harris Poll online research panel, no estimates of theoretical sampling error can be calculated.

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2 Statistical significant differences against 2016 data are noted by an asterisk (*) at the 95% confidence level throughout the report.



Detailed Findings

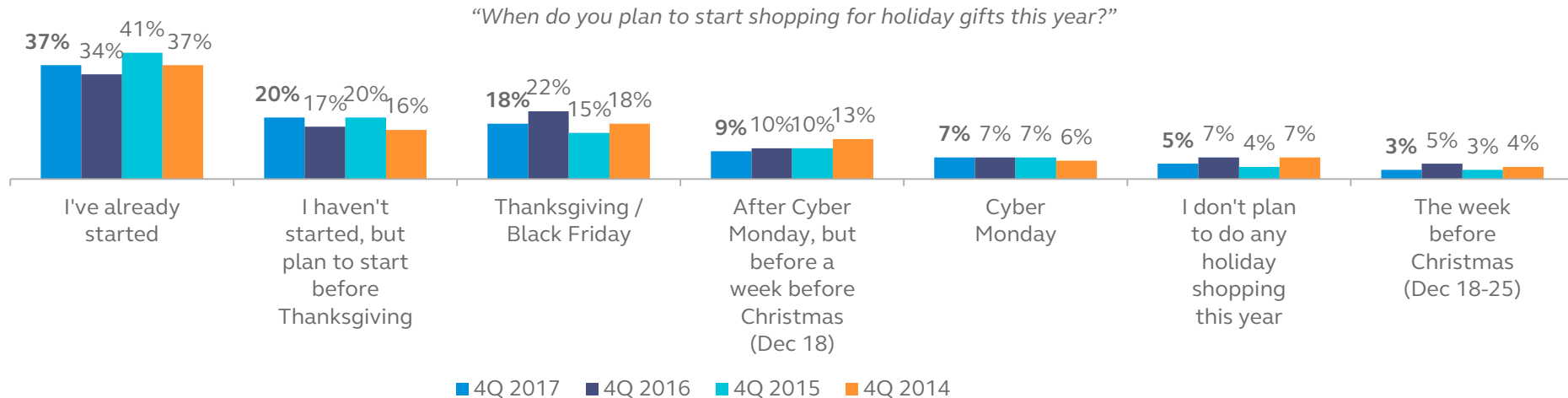
Holiday Spending & Budgeting

Principal Well-Being Index: American Workers



Holiday Season Shopping Plans

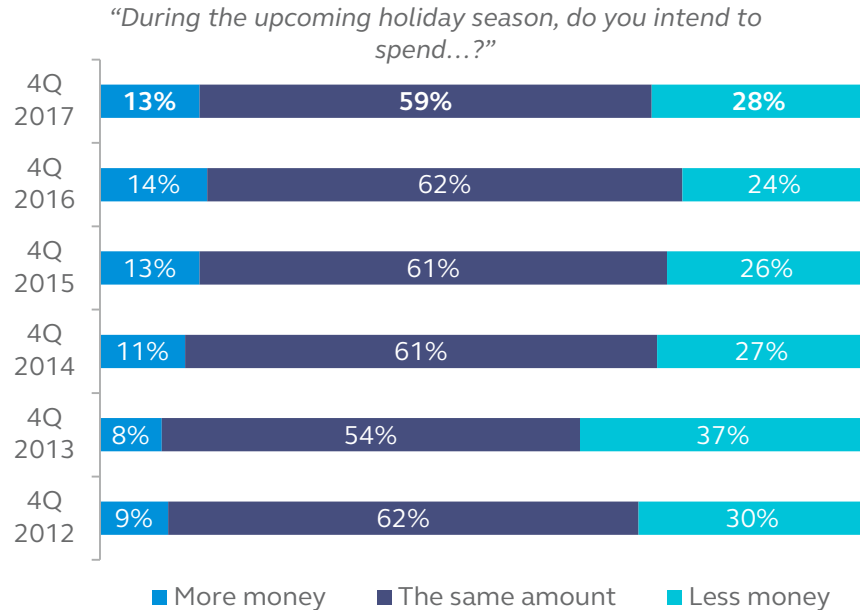
- Directionally, employees are starting to shop earlier this year compared to 2016.
 - More individuals have already started shopping (37%) or plan to start before Thanksgiving (20%) compared to last year.
- Millennials are the most likely generation to start shopping on Cyber Monday (11%) compared to Gen X (6%) and Baby Boomers (5%).
- Women (41%) are more likely than men (34%) to have already started holiday shopping.



“When do you plan to start shopping for holiday gifts this year?”
 Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Anticipated Holiday Spending



- 13% of employees are planning on spending more money than last holiday season while 59% expect their spending level to remain consistent with last year.
- Compared to 2016 (24%), more employees are intending to spend less money in 2017 (28%).
- Women are intending to spend less money (36%) this year than men (21%).

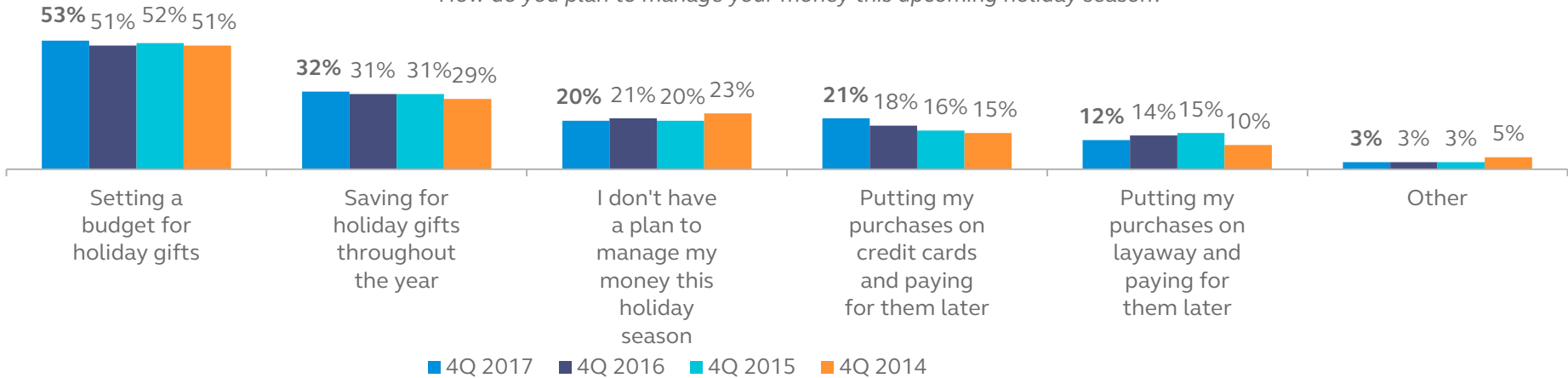
"During the upcoming holiday season, do you intend to...?"
Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Holiday Season Money Management

- One in five (20%) don't have a plan to manage their money this holiday season.
- Employees with children in household (60%) are more likely than those who don't (46%) to set a budget for holiday gifts.
- Men (25%) are more likely than women (17%) to put purchases on credit cards and pay for them later.

“How do you plan to manage your money this upcoming holiday season?”



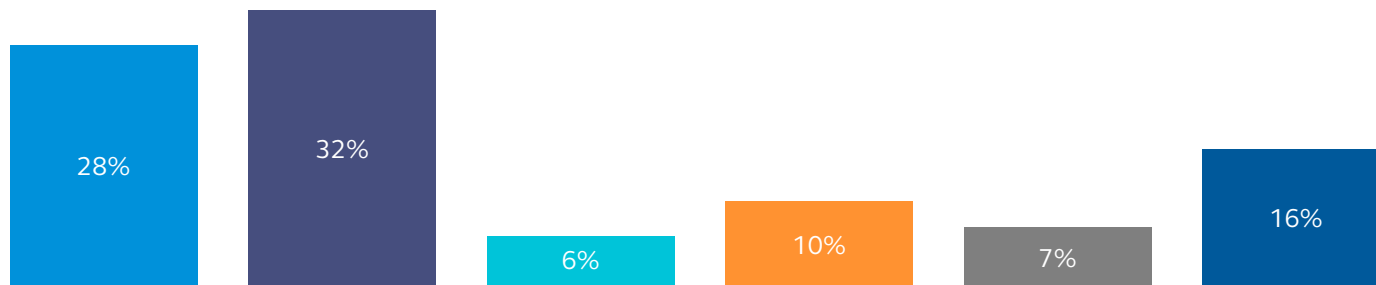
“How do you plan to manage your money this upcoming holiday season?”
 Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Sticking to a Budget

- 60% of employees believed they were successful, to some extent, at sticking to a budget for holiday spending in 2016.
- Baby Boomers (18%) responded as the highest generation to not set a budget for holiday spending last year when compared to Millennials (15%) and Gen X (13%).

How successful were you at sticking to a budget for holiday spending in 2016?



■ Very successful

■ Neither successful nor unsuccessful

■ Very unsuccessful

■ Somewhat successful

■ Somewhat unsuccessful

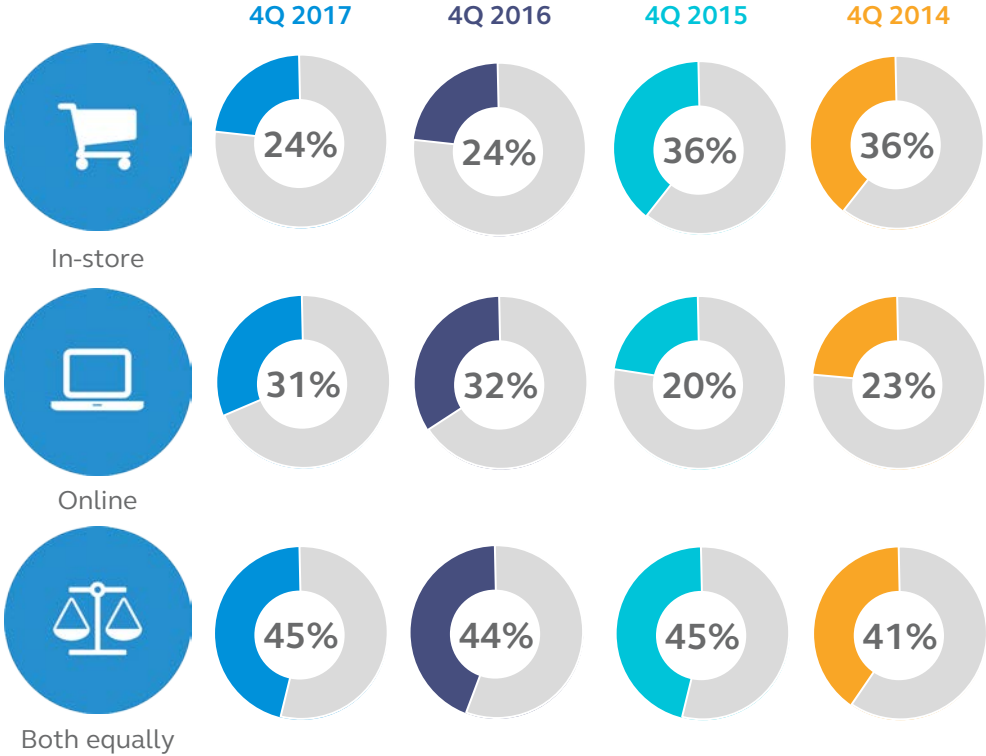
■ I didn't set a budget for holiday spending in 2016

"How successful were you at sticking to a budget for holiday spending in 2016?"

Base: 934 Employed U.S. adults in firms of 10-1,000 employees that plan to set a budget to for gifts this holiday season.



Primary Mode of Holiday Shopping



- Three in ten (31%) employees utilize online as their primary mode of shopping.
- Directionally, Gen X (32%) and Baby Boomers (32%), are more likely than Millennials (29%) to primarily shop for holiday gifts online.
- Male respondents (34%) were more likely than female (28%) to primarily shop for holiday gifts online.

“How are you primarily planning to shop for your holiday gifts this year?”
 Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Paying for Holiday Gifts

<i>“How are you primarily planning to pay for your holiday gifts this year?”</i>	4Q 2017	4Q 2016	4Q 2015	4Q 2014	4Q 2013	4Q 2012
Credit cards – will pay off	32%	27%	27%	29%	30%	26%
Cash	23%	19%	27%	26%	27%	28%
Debit card	28%	33%	24%	23%	23%	26%
Credit cards – will not pay off	7%	7%	11%	8%	10%	10%
Layaway	*1%	3%	4%	2%	2%	2%
Pre-paid card	1%	2%	1%	3%	1%	1%
Holiday savings club / plan	1%	2%	1%	2%	2%	2%
Personal loan	0%	1%	1%	1%	0%	0%
Other	1%	1%	1%	1%	1%	2%
Not sure	2%	3%	3%	3%	2%	2%
None of the above	2%	3%	1%	2%	2%	1%

“How are you primarily planning to pay for your holiday gifts this year?”

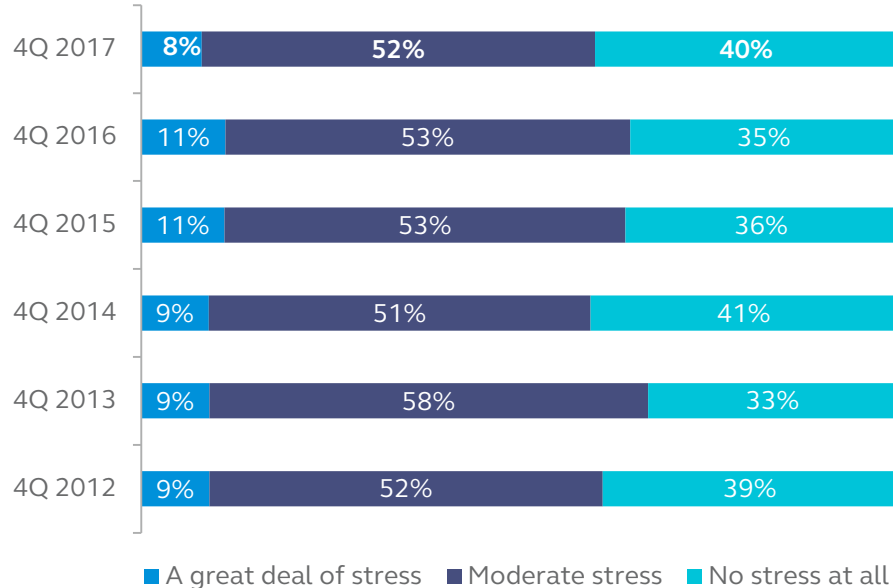
Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees

- Over half (51%) are planning on paying for gifts right away with either their debit card or cash.
- Fewer employees are using their debit card (28%) compared to 4Q 2016 (33%).
 - At the same time, more employees (23%) are using cash compared to 4Q 2016 (19%).
- Gen X’ers (11%) are the most likely generation to purchase holiday gifts on a credit card which they will not be able to pay off before incurring fees/interest.



Holiday Spending Stress

“How much stress do you expect holiday expenditures will put on your personal financial situation?”



- About half of employees (52%) expect a moderate amount of stress on their personal finance situation.
- Directionally, employees are feeling less stress this year compared to 2016.
- Baby Boomers (57%) are the most likely to expect no stress at all on their personal financial situation from holiday expenditures.

“How much stress do you expect holiday expenditures will put on your personal financial situation?”

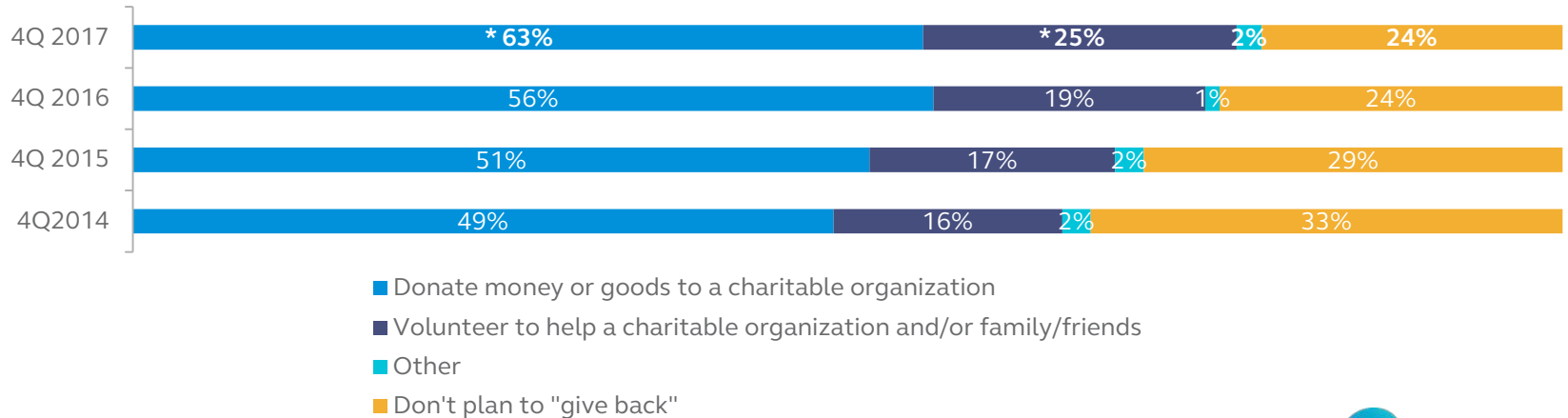
Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Giving Back this Holiday Season

- Up from 2016, the majority (88%) of employees plan to “give back” in some way this holiday season.
- Employees who use an advisor are more likely to donate money or goods (71%) this holiday season compared to those who don’t use an advisor (59%).
- Millennial employees (36%) are the most likely generation to “give back” by volunteering to help a charitable organization and/or family/friends.

“How do you plan to ‘give back’ this holiday season?”



“How do you plan to ‘give back’ this holiday season?”

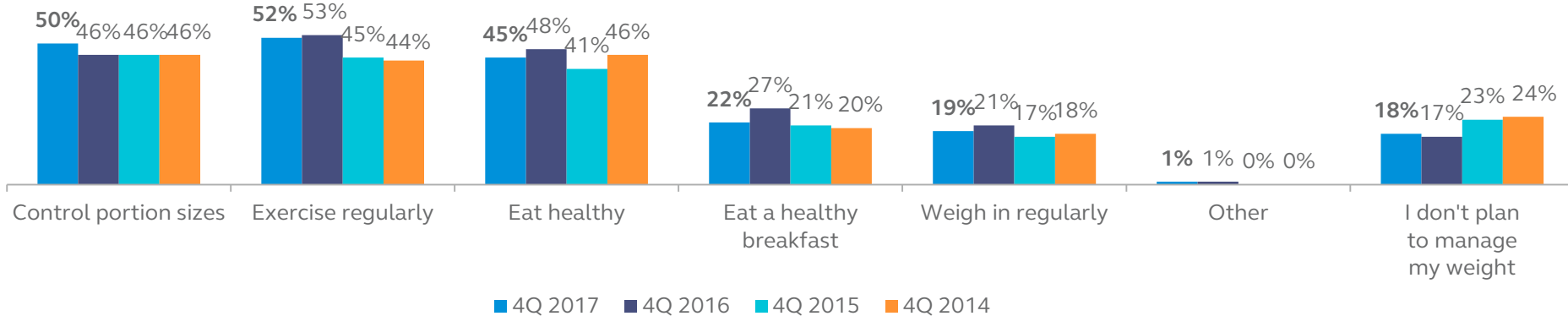
Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Holiday Season Weight Management

- Over half of employees (52%) are planning on exercising regularly to manage their weight this holiday season.
- Millennials (53%) are the most likely generation to plan to manage their weight by eating healthy.
- Women (57%) are more likely than men (45%) to say they plan to control their portion sizes.

“How do you plan to manage your weight during the upcoming holiday season?”



“How do you plan to manage your weight during the upcoming holiday season? Please select all that apply.”

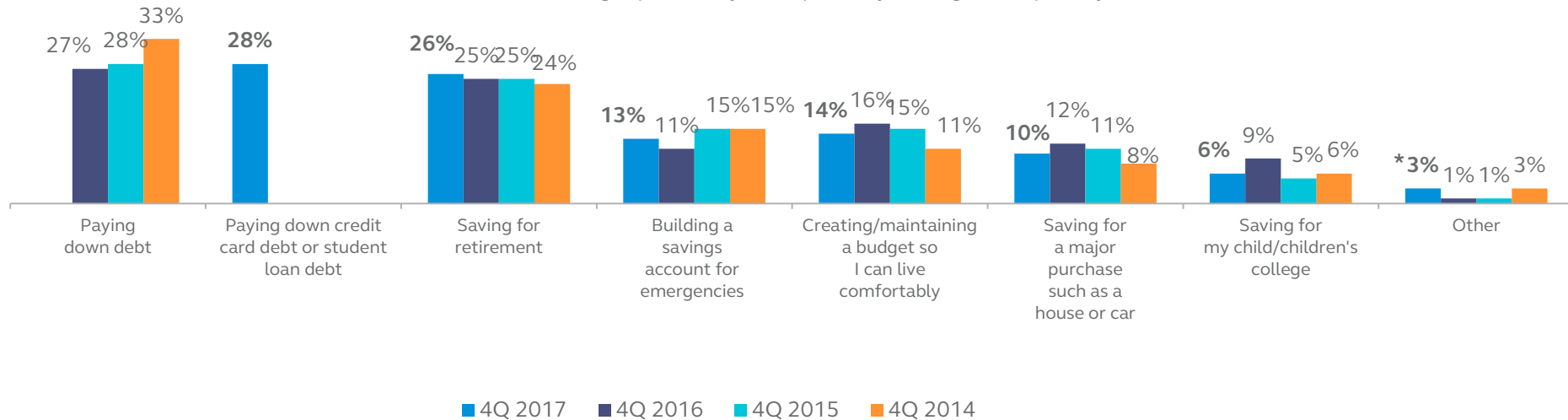
Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Top Money Management Priority

- Paying down debt (28%), saving for retirement (26%) and building a savings account for emergencies (13%) are top money management priorities for employees at this time.
- Millennials (21%) are the generation placing the highest priority on creating/maintaining a budget so they can live comfortably.

“Which of the following represents your top money management priority at this time?”



“Which of the following represents your top money management priority at this time?”
 Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Financial Blunders in 2017

- Employees' top financial blunder in 2017 includes not saving enough (17%), accumulated credit card debt (11%) and taking on more debt (10%).

<i>"What is the top financial blunder you have made this year?"</i>	4Q 2017	4Q 2016	4Q 2015	4Q 2014	4Q 2013	4Q 2012
Not saving enough	17%	15%	20%	17%	21%	21%
Accumulating credit card debt	11%	11%	11%	9%	9%	13%
Spending outside my means	8%	9%	9%	9%	7%	7%
Taking on more debt	10%	10%	7%	8%	8%	6%
Investing too little in my retirement	7%	5%	7%	6%	5%	6%
Not budgeting properly	8%	8%	5%	6%	7%	10%
Draining my emergency fund	3%	5%	5%	5%	7%	5%
Failing to invest	4%	4%	3%	3%	6%	3%
Investing at the wrong time	2%	3%	3%	2%	2%	2%
Taking out a 401(k) loan	3%	4%	2%	1%	2%	1%
Other	2%	2%	2%	3%	2%	2%
None of the above	24%	25%	26%	30%	24%	24%

"What is the top financial blunder you have made this year?"
 Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



2017 Areas of Blown Budget

<i>"In which of the following areas did you blow your budget in 2017?"</i>	4Q 2017	4Q 2016	4Q 2015	4Q 2014	4Q 2013
Dining out	26%	25%	24%	22%	22%
Food/Groceries	21%	20%	19%	18%	21%
Entertainment	16%	18%	15%	15%	15%
Other consumer goods	14%	18%	15%	9%	13%
Travel	20%	20%	14%	12%	14%
Housing/Home improvements	16%	19%	14%	10%	11%
Clothing/Apparel /Shoes	17%	17%	11%	10%	15%
Gas	9%	12%	9%	13%	20%
Coffee	6%	9%	6%	3%	5%
Other	6%	8%	10%	11%	9%
None of the above	28%	28%	30%	34%	29%

- Dining out (26%), food and groceries (21%) and travel (20%) are top areas where employees blew their budget in 2017.
- Millennials (28%) are more likely than Gen X (16%) and Baby Boomers (6%) to have blown their budget on clothing/apparel/shoes in 2017.
- More women (25%) than men (18%) indicated having blown their budget on food/groceries this year.

"In which of the following areas did you blow your budget in 2016?"
 Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



2017 New Year's Resolutions

<i>"Which of the following, if any, do you intend to make as New Year's resolutions in 2018?"</i>	4Q 2017
Save more each month	40%
Pay off credit card debt	32%
Reduce spending each month	31%
Save more for retirement	27%
Build an emergency fund	21%
Give more to charity	14%
Pay off student loan debt	10%
Work with a financial planner/advisor	9%
Purchase life insurance	9%
Save for children's college education	8%
Other	1%
None of these	3%
I don't intend to make a resolution	20%

- Two in five employees (40%) intend to save more each month in 2018.
- Directionally, 18% of Millennial employees, higher than any other generation, are intending to pay off student loan debt as a New Year's resolution in 2018.
- Male employees (18%) placed a higher priority on giving more to charity in 2018 compared to female employees (9%).

"Which of the following, if any, do you intend to make as New Year's resolutions in 2018? Please select all that apply."

Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Concerns for 2017

<i>“Still thinking ahead to the New Year, which of the following issues concern you most?”</i>	4Q 2017	4Q 2016	4Q 2015	4Q 2014	4Q 2013	4Q 2012
Health care costs		49%	50%	52%	58%	52%
Health care changes	44%					
Food prices	*33%	40%	46%	45%	52%	52%
Economic uncertainty	*31%	45%	45%	42%	53%	53%
Tax increases		46%	42%	38%	49%	47%
Tax policy changes	29%					
Gas prices	31%	36%	34%	40%	58%	59%
Political uncertainty	*35%	45%	32%	26%	35%	29%
Personal information compromised in a data breach	29%					
Rising inflation	24%	29%	31%	32%	36%	33%
Terrorism	*33%	41%	29%	36%	NA	NA
Unemployment	*15%	25%	25%	22%	28%	36%
Natural disasters	26%					
Stock market	*17%	22%	20%	17%	16%	18%
Housing market	*12%	19%	18%	15%	21%	19%
Other	3%	5%	4%	5%	4%	4%
None of the above	4%	3%	6%	4%	3%	1%

“In thinking ahead to the New Year, which of the following issues concern you most? Please select all that apply.”

Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees

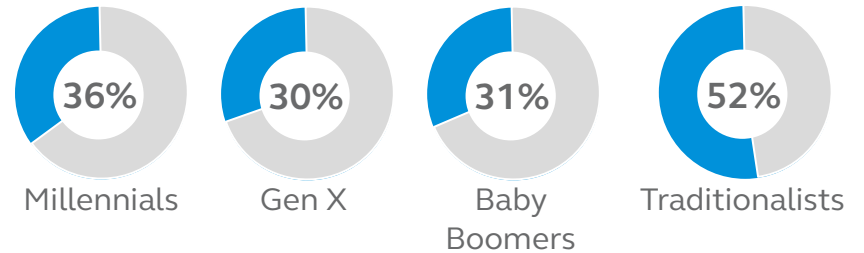


Economic Projections for 2018

<i>“What do you think will happen with the economy in the next year?”</i>	4Q 2017	4Q 2016	4Q 2015	4Q 2014	4Q 2013	4Q 2012
Improve significantly	7%	7%	3%	3%	2%	6%
Improve somewhat	25%	24%	30%	27%	30%	37%
Stay the same	33%	34%	33%	40%	28%	31%
Worsen somewhat	26%	25%	26%	22%	27%	19%
Worsen significantly	8%	10%	8%	8%	13%	7%

- Men (42%) are more likely than women (21%) to say the economy will improve in the next year.
- Employees who use an advisor (41%) are more likely than those who do not (28%) to say the economy will improve in the next year.

Expect economy to improve in the next year by generation:



“What do you think will happen with the economy in the next year? Please select one.”

Base: 1,111 Employed U.S. adults in firms of 10-1,000 employees



Thank you!