

Americans Prepare For Another Tough Year Financially

Three quarters expect the economy to stay the same or get worse

NEW YORK, N.Y. – January 5, 2012 – The end of the year is a time when Americans traditionally make resolutions for behavior they will adopt or goals they will meet in the year ahead. As 2012 begins fewer than two in five American adults say they will make positive financial changes in the coming year, including paying down their level of debt (39%) and saving more money (36%). These relatively low numbers may be a sign that Americans expect another difficult year financially. In fact, only 23% of U.S. adults say they expect the economy to improve in the year ahead, which is down from 29% who said so one year ago. Rather, 29% say they expect the economy will get worse in 2012 while 47% expect it will stay the same.

These are some of the results of **The Harris Poll** of 2,237 adults surveyed online between December 5 and 12, 2011 by [Harris Interactive](#).

There has been plenty of reporting on Americans' financial concerns for the past several years. However, looking at Americans' current expectations for both their own finances as well as for the state of the nation, it seems that the bad news may not be over yet. Some of the results include:

- Fewer Americans plan to pay down their level of debt in 2012 than said so in the past two years (39% now compared to between 41% and 45% previously);
- Only 36% say they will save more in the year ahead, compared to 40% who said so last year and 42% who said so in 2009;
- One in six now say both that they will get rid of one or more credit cards (16%) and save more for retirement (16%) in 2012, whereas larger numbers (between 21% and 24%) expected to do both of those items in previous years;
- Only one in ten now expect to undertake home improvements to increase the value of their home (11%), which is another drop from 2010 and 2011;
- Fewer than one in ten say they will make less risky investments (5%) or take out a home equity line of credit (2%) in 2012; and,
- Almost one quarter of Americans say they don't expect to do anything differently financially in 2012 (23%).

While none of this is good news for those looking for a sign of economic improvement, there is one bright spot: fewer Americans say they will cut back their household spending in 2012 (45%) than said so last year (49%) or the previous year (55%).

So What?

Americans continue to face difficult economic times and the New Year may not provide a totally clean slate financially, but there are some bright spots when Americans discuss their expectations. Fewer U.S. adults now say that they will cut back their household spending in the year ahead. This is positive news for the millions who rely on the retail, dining and entertainment industries, and may be small sign that Americans are ready to move on from the harsh times of the past several years.

TABLE 1
2012 FINANCIAL EXPECTATIONS

"Which of the following do you expect to do in 2012* in regards to your finances?"

Base: All adults

	2009	2010	2011	Generation			
				Echo Boomers (18-34)	Gen. X (35-46)	Baby Boomers (47-65)	Matures (66+)
				%	%	%	%
Cut back on my household spending	55	49	45	42	49	49	38
Pay down my level of debt	45	41	39	35	49	44	24
Save more in the year ahead	42	40	36	47	38	34	18
Get rid of one or more credit cards	24	22	16	13	16	21	12
Save more for retirement	21	22	16	15	18	21	5
Undertake home improvements that increase the value of my home	14	13	11	8	9	15	9
Invest in less risky investments	9	8	5	4	7	6	4
Refinance my mortgage	5	6	5	3	9	4	2
Take out a home equity line of credit	2	2	1	*	1	1	1
Other	6	6	5	6	5	4	2
I don't expect to do anything different financially in 2012*	16	18	23	21	17	21	39

Note: Multiple response question; In 2009 this question asked about financial activity for 2010, in 2010 it was asked about 2011.

TABLE 2
EXPECTATIONS FOR THE ECONOMY IN THE COMING YEAR - TREND

"In the coming year, do you expect the economy to...?"

Base: All adults

	2009					2010							2011
	April	May	Aug	Sept	Oct	May	June	Aug	Sept	Oct	Nov	Dec	Dec
	%	%	%	%	%	%	%	%	%	%	%	%	%
Improve	39	38	46	40	34	38	30	29	28	30	34	29	23
Stay the same	35	35	32	36	37	34	42	39	40	40	41	45	47
Get worse	26	27	22	24	29	28	28	32	32	30	25	26	29

Note: Percentages may not add up exactly to 100% due to rounding

TABLE 3
EXPECTATIONS FOR THE ECONOMY IN THE COMING YEAR

"In the coming year, do you expect the economy to...?"

Base: All adults

	Total	Generation			
		Echo Boomers (18-34)	Gen. X (35-46)	Baby Boomers (47-65)	Matures (66+)
		%	%	%	%
Improve	23	23	22	23	28
Stay the same	47	55	51	42	38
Get worse	29	22	27	35	34

Note: Percentages may not add up exactly to 100% due to rounding

Methodology

This **Harris Poll** was conducted online within the United States between December 5 and 12, 2011 among 2,237 adults (aged 18 and over). Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. 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 Interactive 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 Interactive surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in the Harris Interactive panel, no estimates of theoretical sampling error can be calculated.

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