

# The 2009 MetLife Study of the American Dream:

Rebooting the American Dream. Shifted. Altered. Not Deleted.



## MetLife®

### **An Opportunity for Policymakers to Help Keep the Dream Alive**

MetLife, the nation's largest life insurer and a leading provider of employee benefits, has released the findings of the *2009 MetLife Study of the American Dream*. MetLife commissioned Penn, Schoen & Berland Associates and Strategy First Partners to conduct 2,243 online surveys among the U.S. general population from January 7–16, 2009.

Now in its third year, the 2009 MetLife study was designed to determine whether or not the American dream is alive, and how it's being defined by the American consumer. Against the backdrop of the economic turmoil affecting the nation, major consumer behavioral and attitudinal changes revealed by this year's research will likely have a lasting impact on how Americans achieve and sustain the dream.

While the majority of Americans believe they can still achieve the dream in their lifetimes, they have indicated that for the next year they'll concentrate on shoring up the foundation of their personal safety nets. For the one-third of Americans who believe they have already achieved the dream, being able to sustain the dream—without backsliding—is becoming as important as achieving it in the first place.

The findings of MetLife's most recent study present public policymakers, the private sector and the American public with a tremendous opportunity to come together to keep pursuit and achievement of the American dream, which is so embedded in American culture, alive and well for future generations.

#### **The American Dream Defined**

Against the backdrop of more contained consumerism, the very nature of the American dream has shifted. While the inaugural MetLife study first characterized the dream as a never-ending chase, today's dream is much more closely aligned with the traditional view of the dream of previous generations. Revised—and potentially even on pause—but not reversed, the American dream is now buoyed by American pragmatism rather than unbridled consumerism. Still defined first and foremost by financial security, the dream now includes a much greater emphasis on personal relationships—family, children and marriage. Despite current challenges, the U.S. is still perceived by its people as the land where the greatest opportunities exist to achieve success and happiness. The quest has become more challenging but the destination remains in sight.

#### **Half of Americans Living Bill-to-Bill**

Work—and the paycheck and benefits associated with it—is the linchpin holding together the American dream. With the number of Americans collecting unemployment benefits in early February 2009 at its highest rate since 1982 (source: U.S. Department of Labor), few have cash reserves on hand to cover monthly expenses in the event of a job loss. A disturbing 50% of Americans say they are only

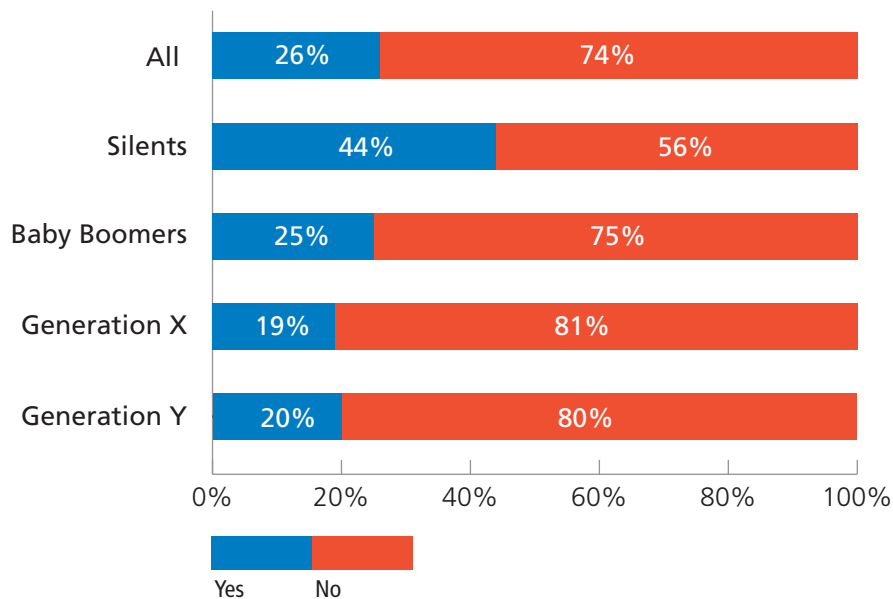
one month — or only two paychecks — or less away from not being able to meet their financial obligations if they were to lose their job, and more than half of these, a startling 28% of the total respondents, couldn't survive financially for more than two weeks. Unlike previous downturns, the current economic crisis is cutting across all socioeconomic and political groups; no generation, political party or racial/ethnic group is immune.

### Personal Safety Nets Will Play a More Important Role

For many Americans, worries about their financial instability are intensified by weakening public safety nets — and by inadequate levels of personal savings and insurance protection. Across all generations, eight in ten Americans say that having a personal safety net — made up of cash, savings and protection products — will be more important this year than last. Despite this, nearly three-quarters of the public admit to not having adequate protection. With uncertainty surrounding the future viability of traditional social and corporate safety nets — Social Security, Medicare and defined benefit pension plans — three-quarters of Americans say they are taking steps to put their own personal safety nets in place. But only 35% of Americans are now confident that they will be able to go it alone — down slightly from 37% in November 2006 and 36% in 2008.

### Most Lack Adequate Safety Net

Do you feel that you currently have an adequate safety net?



Americans understand that a personal safety net should not just include a cash cushion to cover expenses for a period of several months. They also acknowledge that it should contain a broad range of protection and savings products such as health and life insurance, and retirement savings.

Currently, Americans' count auto insurance (60%), health insurance (57%), life insurance (46%), homeowner's insurance (45%), a retirement savings plan such as a 401(k) (40%), and cash on hand for 3–6 months (35%) as the top six components of their safety net. And among the top ten items that

consumers would most like to have in their safety net, most are insurance products—long-term care insurance, health insurance, life insurance, annuities—or conservative investments such as cash or bonds.

### Americans Put a Premium on Protection

In this environment, Americans are putting a premium on protection and stability. Unlike 12+ months ago when consumers welcomed a moderate dose of risk in their portfolios, consumers are now eyeing more conservative investments and protection products for their safety nets.

Americans are also more interested in guarantees today than they were in years past. Eight in ten (80%) consumers now report that they favor stability over returns. And, despite tight household budgets, 68% are willing to pay more for financial and protection products if they come from a company that they trust.

### Restoring Public Confidence in the U.S. Financial System

The majority of Americans expect the road to recovery to be a long one. Most predict that it will take one to five years for the country's economy to improve, with 35% forecasting 1 to 2 years and an additional 34% saying 3 to 4 years. Almost half (49%) believe that the creation of new jobs is the action that will do the most to jump-start the economy, followed by the economic stimulus package (19%) (which had yet to be introduced, voted on and passed at the time this survey was fielded), and improvement in the housing market (10%). Increased consumer spending is seen as less important (7%).

More than half of Americans would like to see more government involvement in the U.S. financial system and believe that is the best way to restore public confidence. However, they want the government's involvement to focus more on consumers (69%) and less on businesses (31%).

### Call to Action for Policymakers

The recent economic downturn has been a wake-up call that taught Americans that, no matter how sophisticated they are, market returns are not guaranteed. Today, individuals are feeling a tremendous burden and a high level of anxiety at having to provide financial protection for their loved ones. However, without insurance protection, the average consumer cannot adequately and efficiently self-insure the risks they will face throughout their lifetime such as becoming disabled, needing long-term care or living beyond average life expectancy. Individuals are just not equipped to attempt to manage these risks on their own. They will either save too little or they will save too much. The latter, by the way, in a society in which 50% of its citizens believe they could not meet their financial obligations for more than a month if they lost their jobs, seems highly unlikely.

While there is no quick fix for the demise of the traditional corporate and social safety nets, MetLife believes that policymakers, insurers and employers all play an important role in revitalizing and establishing programs that can provide certainty in today's uncertain world. MetLife stands ready to assist policymakers as they encourage individuals to "re-create" their safety nets in a way that replicates some of the powerful programs that were established in the past.

**To download a copy of the 2009 MetLife Study of the American Dream, visit [metlife.com/americandream](http://metlife.com/americandream).**

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