

# Can't Buy Me Love

*Americans and their money*

By Nancy Belden, Xenia Montenegro, and Kate Stewart

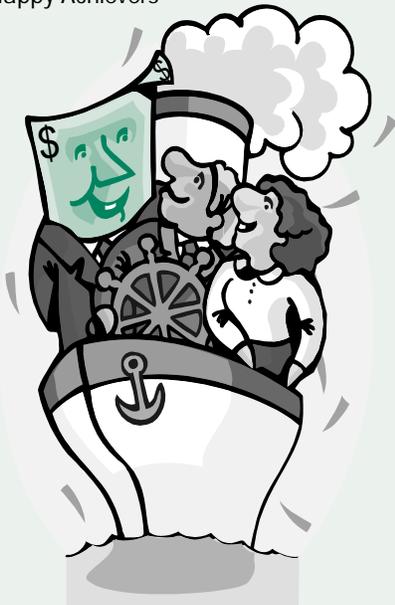
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So, how do Americans *really* feel about money? One way of looking at attitudes on the topic is simply to examine various groups of people according to demographic characteristics—by age, sex, race, education, and so on. Another, perhaps more insightful approach, includes using a statistical technique called segmentation analysis which allows us to group people according to shared attitudinal characteristics—in this case, people who think alike about money. Using this technique to analyze an AARP survey entitled, “Money and the American Family,” we found the public breaks into five distinct clusters on questions concerning the importance of money and contentment with individual financial situations.<sup>1</sup> Half of Americans fall into three distinct groups which place great emphasis on wealth, while the other half of the nation forms two clusters not terribly interested in pursuing the almighty dollar.

First, there are Tom and Mary Happy Achiever (representing about 24% of the US population). They have just about paid off the mortgage on their dream home. Childless, they read up on how to invest for their much-anticipated retirement. What fun, they think, it would be to have lots of money, further allowing them to pursue their desires. They are Happy Achievers, at the top of the pile—well-off, educated, optimistic—and quite interested in getting rich.

“Looking at attitudinal clusters reveals how differently various groups feel about money. If money makes the world go around, Americans are traveling in many directions as that world spins.”

Happy Achievers



As a group, more Happy Achievers are men (59%) than women (41%). They possess high levels of education: two-thirds have at least attended college, four in ten graduated, and 13% went to grad school. And they have high household incomes to show for it: nearly six in ten surpass \$50,000, and two in ten earn \$100,000 or more. Over two-thirds (68%) of Achievers are married, and six in ten (63%) work full-time outside the home—many, thus, are in dual-income households. They are less likely to have children under 18 living at home (61%) than other Americans, and most of them are homeowners (72%).

The Achievers place importance on obtaining and having money. Eight in ten would like to be wealthy, and nearly half (45%) believe earning a lot of money is critical for a successful life. Most Happy Achievers believe money can buy freedom to live as they choose (78%), excitement in life (73%), less stress (64%), and peace of mind (57%). To a large degree they have already arrived. Almost everyone in this group (98%) reports being happy with the lifestyle they can afford—most are very happy (65%). Six in ten say they are “well-off” financially, and they are the most likely group to believe the nation’s economy is doing well (46% excellent, 53% good). Nine in ten describe themselves as “better off” financially than their parents were at this stage in life. Given their sound financial status, it is not surprising that they are the most likely group to be investing for the future (88%) and the most likely to think they will retire at 65 (82%).

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**N**ext, we find a pensive Yvette Dreamer on her way to meet other single and married friends from her church. She ponders how much credit card debt she is carrying, and then stops to buy a \$1 lottery ticket as she dreams of hitting the jackpot. Yvette is one of the 21% of the population who are American Dreamers—mainly young, middle class people who value family and friends, work and their religious lives, but who also strive for wealth. The Dreamers want to improve their situations, and they have faith in the power of money to bestow important things upon them. While most Dreamers are relatively happy with the lifestyle they are able to afford (56% happy, 37% “just average,” and 8% unhappy) and feel they are better off financially than their parents were at the same age (56%), they are still trying to get ahead. Nearly three out of four describe themselves as “just average” financially, and the Dreamers are more likely than the other groups (except the Left Outs, see below) to feel left behind by the recent rash of millionaires and billionaires (25%).

American Dreamers place great importance on obtaining and having more money. Close to nine in ten Dreamers—more than any other segment—would like to be wealthy, and close to six in ten think earning a lot of money is absolutely necessary for a successful life. Most Dreamers believe money can buy excitement in life (76%), the freedom to live as they choose (74%), and less stress (61%).

The Dreamers are the youngest of the five clusters: 64% are younger Baby Boomers or members of the “X Plus” generation—18 to 45 years old. While a majority of the Dreamers are married (53%), there are more single people (25%) in this segment than any other. Their income and education levels register slightly below average, and they include a relatively high proportion of African Americans (17%) and Hispanics (13%) ( versus 11% and 10%, respectively, in the general population.)

The American Dreamers are among the most likely groups to dream of retiring at 65 (66%), but are more doubtful about being able to do so. While seven in ten Dreamers say they currently save or invest for their futures, almost half carry credit card debt from month to month. Even though they believe in hard work (72% put their faith in hard work over luck as the way to wealth), they are covering all bases and buying lottery tickets in record numbers: 57% bought a ticket in the last year—more than any other cluster.



**L**aura Left Out believes having a lot of money would be a great measure of the success she hasn't been able to achieve. She wants to be able to buy health insurance for herself and her grandchild; in fact she'd like to be rolling in green stuff. But she knows there isn't much chance of that, given her tenth grade education and part-time work as a hairdresser.

Laura is just one member of a cluster of 6% of the public, the Left Out, who are unhappy with their lifestyle and at the same time say earning a lot of money is a requirement for success. They have been left out of the economic good times and are longing for wealth. The Left Out are the most unhappy with their financial status and are highly pessimistic about the future.

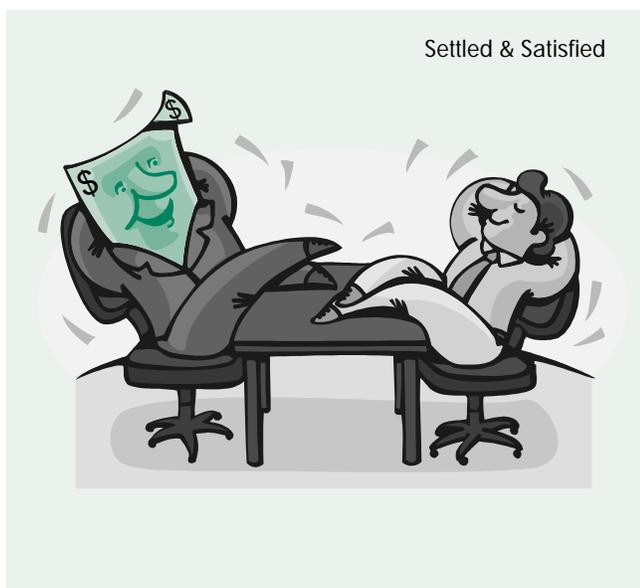
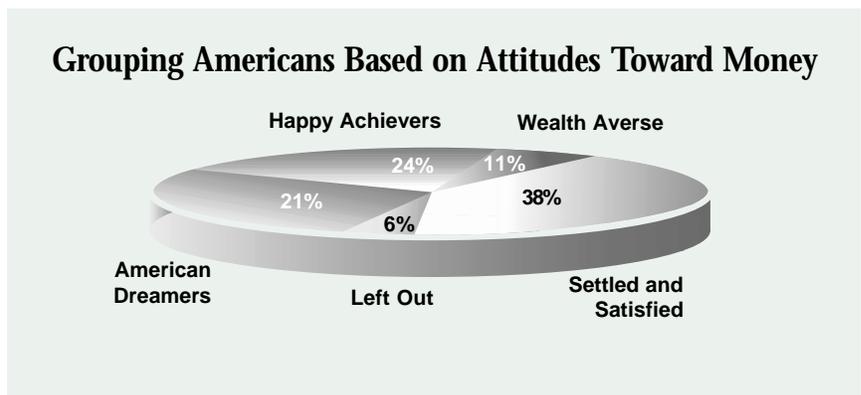
Left Outs feel their lives have gone in directions they did not choose because of their low incomes. More than any other group, members of this attitudinal cluster report that because they lacked money at some time, they were not able to get health care (58%), postponed or did not go to college (45%), took on roommates (38%), put off retirement (33%), postponed having or not had children (23% and 35% respectively) and left marriages (24%) or decided to stay married (32%) when they would have opted otherwise.

Half of the Left Out report being unhappy with the lifestyle they can afford. Eight in ten would like to be wealthy, and nearly seven in ten believe earning a lot of money is absolutely necessary for a successful life. Most Left Outs believe money can buy the freedom to live as they choose (74%), excitement (73%), and less stress (66%). Forty-four percent of this sad group say they are worse off financially than their parents were at the same age. Seven in ten describe themselves as “below average” financially, and a third say that they are “a lot” below average. The Left Out do not see the nation’s

economy doing well (48% say not so good, 35% poor, and only 16% say excellent or good), and are the most likely to feel left out when they see others getting rich quick (37%). Two in ten would use a windfall to pay off debt. Not surprisingly, the Left Out are the least inclined to believe that becoming wealthy has more to do with hard work than luck.

The Left Out group consists mostly of members of the Baby Boom and Silent generations (62% are between ages 36 and 65), and has more women (57%) than men (43%). They possess the lowest levels of education and household income—nine in ten have not graduated from college, and three in ten have not finished high school. Two-thirds earn less than \$30,000 annually and nearly half less than \$20,000. They are more likely to rent (51%) than own a home, and are more likely than other groups to be divorced or separated (20%) or have children at home (49%). The Left Out include relatively high proportions of African Americans (17%) and Hispanics (12%). They are twice as likely to go without health insurance (33%) than the general public, and they have considerable debt, from credit card to medical and intra-familial debt. Given their condition, it is not surprising this group is the least likely to be investing for the future (45% save or invest) and the least likely to expect to retire at 65 (33% expect to retire).

Money and wealth are truly important to the three groups described so far; however, for the remaining two groups wealth is not synonymous with success.



**S**am Satisfied bought a small house in Florida with his wife after his retirement four years ago. He bikes to the grocery store instead of taking the ten-year-old Chevy, partly to save the money and partly for the exercise. He and Sarah live comfortably but carefully on pensions and a few small investments, and they say they don’t want for anything that is important to them. For two weeks in the summer, they visit their daughter Suzanne Settled and her husband, who are equally content with their new house and solid, middle-income life.

These two couples are members of Settled and Satisfied, a sizable 38% of the population. They are not wealthy but are, by and large, happy with what they have. These mainly middle-income, married homeowners place less value on money as a measure of success than do other Americans, and are among those most certain that money does not buy happiness. They have enough to be comfortable, but wealth is not that important to them. While their income is just average, they are mostly quite content with it, having achieved more than their parents.

Most of these people are white (80%) homeowners (73%), a quarter of whom are already retired (23%). There are more women (58%) than men (42%) in the group, and, compared to the nation, they are slightly older (22% are aged 65 years or over) and more likely to be married than the norm (61%). Half of this group (49%) has household incomes between \$30,000 and \$75,000, a higher proportion of middle-income Americans than any other segment.

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This group places little importance on obtaining and accumulating more money. None of the Settled and Satisfied believes earning a lot of money is absolutely necessary for a successful life. They are uncertain whether they want to be wealthy: half say they are not interested, and half say they are. They feel more strongly than most that “money can’t buy happiness” (68% very much agree), and are less likely than others to seek money for themselves. If they won a million dollars, the Settled and Satisfied, more than any other group, would mainly give it to family or friends (25%).

The Settled and Satisfied are decidedly content with their financial situation. Seven in ten (72%) describe themselves as “just average” financially, but “average” is just fine for them. Nine in ten (89%) report being happy with the lifestyle they can afford; in fact, most (76%) say they are doing better financially than their parents were at the same stage in life.

**L**ast, we find Adrienne Averse. Adrienne knows she has missed out on many things in life because she didn’t have the money, but she believes that having a lot of money wouldn’t necessarily make things better. Adrienne is not interested in getting rich. Things “are what they are” to her, and, given her high school education, struggling against the odds to make a lot of money is not what she wants.

Adrienne is a member of the Wealth Averse, which accounts for 11% of adults. There are more women (56%) than men (44%) among the Wealth Averse, and they can be found across the generations. Members of this attitudinal group possess low levels of education (59% did not attend college) and low levels of household income (57% earn less than \$30,000). The Wealth Averse is also the most likely group to contain single parents.

Lack of money has played a significant role in the lives of the Wealth Averse. They are likely to report that due to a lack of money they have not gotten needed health care (41%) or postponed or not gone to college (34%). Nearly half (49%) describe themselves as “below average” financially. Similar to the Left Out, the Wealth Averse are less likely to be investing for the future (54%) and less likely to expect to retire at 65 (41%). They are also among the most likely groups to have credit card debt (46%), medical debt (27%), and family debt (11%).

But this lack of resources doesn’t bother the Wealth Averse as much as it does the Left Out—or for that matter as much as it bothers the other groups. Of all the clusters, the Wealth Averse place the lowest importance on obtaining and having more money. None of this group calls earning a lot of money absolutely necessary for a successful life, and nearly six in ten say they would *not* like to be wealthy. They are the most likely to believe strongly that money cannot buy happiness (70% agree very much, 13% agree somewhat). They also are more fearful than others about the impact wealth has on people. The Wealth Averse are the most likely to say lots of money makes a person too greedy (85%) and insensitive to others (81%). Still, less than a majority of the Wealth Averse are “happy with the lifestyle” they are able to afford: 45% are happy, 39% just average, and 15% unhappy.

In sum, whether they are Achievers, Dreamers, Left Out, Satisfied or Averse, looking at these attitudinal clusters reveals how differently various groups feel about money. If money makes the world go round, Americans are traveling in many different directions as that world spins. 



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#### Endnote

<sup>1</sup>The survey was conducted for AARP’s *Modern Maturity* magazine by Belden Russonello & Stewart and Research/Strategy/Management. Copyright © 2000 by AARP. All rights reserved. The opinions and conclusions expressed in the full study and in this article do not necessarily represent the views of AARP. The segmentation analysis was conducted by Ron Hinckley, president of R/S/M.