



The American dream revised, not reversed, according to third annual MetLife study

- Pragmatism is replacing consumerism as the bar stops rising/buyer's remorse sets in
- Work is the linchpin holding together the dream; Americans have little to no financial cushion
- Half of workers are just two paychecks away from not being able to pay their bills

New York, March 9, 2009 – Work – and the paycheck and benefits associated with it – is the linchpin holding together the American dream, according to *The 2009 MetLife Study of the American Dream*, which was released today. 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. Even the “mass affluent” – those making \$100,000+ in income per year – aren't immune with more than one-quarter (29%) saying that they couldn't meet their financial obligations for more than one month following a job loss.

According to the third annual MetLife study, the last twelve months have not only had a profound impact on Americans' financial stability, they have also had a dramatic effect on how Americans define and approach the dream. This year's study reveals that the American dream has been revised – not reversed – and is now buoyed by American pragmatism rather than consumerism. These tectonic shifts would typically be expected to span decades. Yet, according to MetLife's research, the country has experienced major changes year-over-year that will likely have a lasting impact on how Americans achieve and sustain the dream.

"The American dream is on pause. The majority of Americans still believe they can still achieve the dream in their lifetimes but, for the next year, it's all about shoring up the foundation of their personal safety nets," said Beth Hirschhorn, senior vice president, Global Brand and Marketing Services, MetLife, the nation's largest U.S. life insurer and a leading provider of employee benefits. "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."

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. While still defined first and foremost by financial security (66%), the dream now includes a much greater emphasis on personal relationships such as family, children and marriage.

The Bar Stops Rising, Buyer's Remorse Sets In

In years past, MetLife's research revealed that there was an insatiable hunger for – and a persistent pressure to buy – more and better material possessions. The bar for “basic necessities” was continually rising. But this year, for the first time since MetLife fielded the annual study, there is evidence that the bar is holding steady. Nearly half (47%) of consumers say they already have all the possessions they need, up from 34% in November 2006, and three-quarters

(74%) no longer agree that the pressure to buy more and better material possessions is greater than ever.

“While we find the American dream still alive in 2009, sweeping changes in the economy have led to a reevaluation of priorities for most Americans and a fundamental shift away from materialism. Instead of trying to keep up with the Joneses, many now seem focused on simply trying to keep up with the mortgage payment, car loan and credit card bills,” added Hirschhorn.

Americans still view material goods such as a car, washer/dryer and residential Internet access as necessities. Yet some discretionary purchases have been recalibrated in consumers’ minds. More than eight in ten (81%) Americans now view vacations as a luxury, up from 73% in 2006. Similarly, 91% see eating out as a luxury, up from 87% in 2006. Four in 10 Americans are even feeling “buyers’ remorse” about past purchases – wishing they had spent less and saved more over the years.

The American Dream: Revised Not Reversed, Fear of Backsliding

In the midst of the economic crisis, Americans remain optimistic about their long-term ability to achieve the American dream. Roughly one-third of Americans (34%) believe that they have already achieved the dream – down only slightly from 37% one year ago – and 72% believe they can achieve the American dream in their lifetime. However, nearly half (49%) are worried about their ability to sustain the dream, highlighting fears of “backsliding.”

Across all generations, more than eight in ten (83%) agree that the “U.S. still offers the greatest opportunities in the world for people of all backgrounds to achieve success and happiness.” And nearly three in four (72%) still believe that they will achieve the American dream in their lifetime, up from 67% in November 2006.

This hope appears to be fueled in part by Americans’ ability to adjust – and perhaps reinvent – their definition of the dream. Today’s dream focuses less on external factors (e.g., stock market, home equity) and more on personal relationships such as family, children and marriage. In fact, 44% of Americans report that “the current economic situation in this country has caused [them] to reevaluate [their] priorities in life and place greater importance on things like personal life and family rather than finances.”

In response to economic conditions – and in light of the dream’s shifting definition – Americans are also making significant lifestyle changes. Most are eating at home more often, with 66% of all consumers – and 71% of GenXers – reporting fewer restaurant meals. Many Americans also report shopping more economically, with 39% transitioning to big box stores and 50% shifting from brand name products to generics. However, it remains to be seen whether this movement away from unbridled consumerism is a stop-gap in response to the current economic climate, or if it’s a true shift in the value-set of Americans today.

Work is Linchpin Holding Dream Together

Work – and the paycheck and benefits associated with it – are propping up the American dream. With the number of Americans collecting unemployment benefits in early February 2009 at its highest rate since 1982 (source: U.S. Labor Department), few have cash reserves on hand to cover monthly expenses in the event of a job loss. Following a job loss, 59% say they’d be somewhat or very concerned about having to file for bankruptcy and 64% would be concerned about losing their home.

Three quarters of Americans have already been touched by unemployment in some way as a result of the financial crisis, with nearly two in ten reporting that they have recently lost a job and an additional 55% having a friend, relative or neighbor who lost their job. It’s not surprising then

that more than half (56%) are concerned about losing their job in the next year as a result of the financial crisis. Among the mass affluent, more than half (53%) are worried about losing their job over the next year.

“While Americans are still frustrated that they can’t ‘count on’ employer-sponsored benefits such as healthcare and defined benefit pension plans, we’re seeing an uptick in the percentage of Americans who are confident that they can achieve financial security on their own and build their own safety net,” added Hirschhorn.

“The study shows that the workplace will play a major role as employees – especially younger workers – say they are going to pay more attention to employee benefits and focus more time and energy on making smart financial decisions at work.”

Other key findings from *The 2009 MetLife Study of the American Dream* include:

- **Safety Net More Important than Ever:** Americans are placing a premium on protection and stability. Across generations, eight in ten say having a personal safety net will be more important this year than last. However, nearly three quarters (74%) of Americans admit to not having an adequate safety net. 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. Among Americans who do not feel they have adequate protection, nearly two-thirds (62%) desire cash on hand for 3-6 months as the product they would most like to have in their safety net.
- **Greater Demand for Guarantees:** In keeping with consumers’ increased appetite for security comes greater demand for predictable returns and guarantees. Eight in ten (80%) of those surveyed report that they are now more concerned with guarantees and stability than they are with returns. Despite budgetary pressures, 68% of Americans say they are generally willing to pay more for financial and protection products if they come from a company they trust. Two in ten (20%) Americans strongly support the idea of a “trust premium,” while an additional 48% support it somewhat.
- **Americans Expect Long Haul:** Fully 84% of Americans believe the U.S. economy is heading in the wrong direction, up from 64% in November 2006, and more than nine in ten believe that it will take at least 12 months for the economy to recover. On a national level, nearly half (44%) of Americans expect the overall economy to be worse in 2009 than it was in 2008. Almost half (49%) of Americans believe that the creation of new jobs is the action that will do the most to jump-start the economy.
- **Dream Fueled by Optimism for Minority Populations:** Despite conventional wisdom, minority populations (African Americans, Hispanic Americans and Asian Americans) are more optimistic than Caucasian Americans that the dream is still possible. Nearly nine in ten (89%) Hispanic Americans believe that they will achieve the American dream in their lifetime, as do 82% of African Americans and 83% of Asian Americans. Only two-thirds (66%) of Caucasians concur.

From January 7 – 16, 2009, Strategy First Partners in conjunction with Penn, Schoen & Berland Associates conducted 2,243 online surveys in the United States among the general population as part of *The 2009 MetLife Study of the American Dream*.

To download *The 2009 MetLife Study of the American Dream*, visit www.metlife.com/dream.

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