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Middle Class Americans' Financial Confidence Erodes In March

By [Larry Barrett](#)
 April 26, 2011

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Despite the steady, upward trajectory of the stock market and declining unemployment figures in most states, middle-class Americans report they're less secure about their personal finances now than they've been more than two years, according to a new survey from First Command Financial Services.

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First Command Financial's Behaviors Index for the first quarter saw the percentage of middle-class respondents' who feel "highly secure" about their financial future plunge 14% between November and March, a testament to the impact of soaring gasoline prices, increasing personal debt and -- in many cases -- a lack of a serious long-term financial strategy to ensure they have enough money set aside for retirement.

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Only 24% of the 1,000 people between 25 and 70 years of age with an annual income of at least \$50,000 said they feel "financially secure" and 41% said they "do not feel financially stretched," meaning that almost six in 10 respondents are stressing about meeting their current financial obligations, much less save for their retirements or their children's college tuition.

Overall, the financial advisory and services firm's Attitudes Sub-Index fell to an aggregate score of 84 in March, the lowest score in two years.

"Americans are suffering a crisis in financial confidence," First Command CEO Scott Spiker said in the report. "They are increasingly concerned about

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such personal finance issues as rising gas prices and personal debt. Consumer perceptions of potential effects to the global economy resulting from the earthquake and tsunami in Japan, as well as news reports regarding a possible government shutdown in March, may also have contributed to lowered feelings of financial security."

This lack of confidence mirrors those conveyed last month in the Employee Benefit Research Institute's Retirement Confidence Survey which found that [more than half of Americans](#) are either "not too confident" or "not at all confident" they'll have the savings and income they'll need to enjoy a decent retirement.

First Command's survey found that personal debt accumulated on credit cards and from other loans taken out during the economic malaise is weighing heavily on most middle-class Americans and, worse, preventing them from saving and adequately preparing for their futures.

Thirty-seven percent of respondents said they plan to make paying off their debts their top priority in April while only 19% said augmenting their savings accounts would be paramount. And 91% of those queried said they would prefer to have low savings and no debt as opposed to high savings with high debt.

On the bright side, particularly for financial advisors and other retirement specialists, this stressful economic environment is compelling the middle class to seek out competent money pros to help them survive the short-term and prepare for the long haul. Twenty-seven percent said they plan to at least meet with a financial planner this year.

"Consumers are increasingly interested in working with financial planners to manage more of their assets," Spiker added. "Engaging with a financial planner may fuel consumer confidence and help Americans take charge of their finances."

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Are you and your clients feeling more or less secure about personal finances today than two years ago and how has this impacted the amount of money that's flowing into investors' retirement plans?

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