



# **The American Dream 2.0**

*How Americans Define Success*

————— *and* —————

*Making It in the U.S. Today*



# Table of Contents



**01 Introduction**



**02 Defining the American Dream in 2013**



**05 Then and Now: How the Dream Has Evolved**



**07 What Bubble?! Why We Still Believe in Homeownership**



**09 Work and Family: What Balance Looks Like Today**



**11 No More Norman Rockwell? How We Really View Retirement**



**13 All in All: Summarizing the Dream**



**14 About LearnVest**



# Introduction

**Our Goal** LearnVest conducted a survey aimed at exploring the attitudes and beliefs surrounding the American Dream today.

## About the LearnVest American Dream 2.0 Study

In order to meet these objectives, marketing research was conducted among 1,223 male and female respondents in total. Of this sample, 846 were women and 377 were men between the ages of 25 and 54.

The data presented in this report is weighted so that each age and gender group closely represents the proper proportions in the general U.S. population.

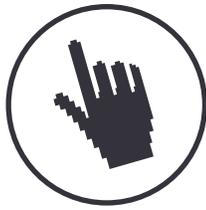
Ages	Men	Women
25–32 years	15%	14%
33–44 years	20%	19%
45–54 years	17%	15%

A total of 261 participants were current LearnVest subscribers.

The research was collected via a 25-minute online interview that was conducted between July 10 and July 18, 2013. In order to qualify for the study, respondents had to own a credit card.

The 962 interviews—completed among a representative sample of U.S. adults who were aged 25 to 54—were recruited from a panel that consisted of several million American households.

The 261 LearnVest subscribers were recruited via email through the company database, and each respondent who completed the survey received a \$10 Amazon.com gift card.



## Defining the American Dream in 2013

It's an idea that we, as a nation, love to talk about—but how do you really define the American Dream? Until now, there hasn't been a lot of data to back it up.

Besides, is it even possible to quantify hopes and beliefs about an admittedly hazy concept? The answer: yes. In fact, we asked respondents not only how they defined the American Dream, but also about how it related to their own personal finances, prospects of buying homes, advancing in their careers, raising children and eventually enjoying a happy and prosperous retirement.

While we were at it, we also looked into which careers mean that “you've made it” today, as well as what Americans see as the biggest roadblocks standing in the way of attaining the American Dream.

In this study, we closely examined the following overarching themes: What does the American Dream mean to us in the here and now? How did it come to be? Are we, as a country, men and women, old and young, still true believers?

### **A Bit of History: How the Dream Came to Be**

The phrase “American Dream” was coined in the midst of the Great Depression. As Jon Meacham writes in “The American Dream: A Biography,” the conviction that those of us who “work hard and play by the rules will be rewarded with a more comfortable present and a stronger future for their children” was first defined by James Truslow Adams, a popular historian at the time, in the preface of his 1931 book, “The Epic of America.”

To provide some context, it was a seminal moment for the country: Although the stock market crash of 1929 was just two years in the nation's collective rearview mirror, on the very day that Adams finished his manuscript, then-President Herbert Hoover announced the unveiling of the Empire State Building. At 1,250 feet, it was the tallest building in Manhattan—and it held onto that designation until the construction of the original World Trade Center four decades later.

While defining the concept of the American Dream, Adams wrote in his preface: “That American Dream of a better, richer and happier life for all our citizens of every rank, which is the greatest contribution we have as yet made to the thought and welfare of the world... That dream or hope has been present from the start.”

## **Where We Stand Today**

Interestingly, the concept has endured—and it’s on the heels of another economic downturn that we’re seeking to define how Americans see the dream in the present.

Five years after the stock market crash of 2008 and the subsequent recession, less than half of Americans (43%) felt that the American Dream could be achieved by anyone—42% believe they, personally, will get there.

53% think that the United States still offers the most opportunities to “get ahead.”

## **Defining the Dream: What Made the Cut**

Get where, you may wonder? When you think of the American Dream, you might conjure up an image of a suburban house with a white picket fence, 2.5 kids and a troublesome-but-lovable dog.

If that’s your mental picture, you’re in good company.

Our respondents defined achieving the American Dream as, first and foremost, buying homes of their own (77%), followed by getting married (50%), having children (46%), obtaining a college degree (46%) and retiring at 65 (45% ... but as you’ll see, this seems more of a pipe dream for many).

Also notable is what didn’t rank on respondents’ wish lists: Only 1 in 5 of survey takers cited owning two cars as an integral part of the American Dream, and only 17% saw starting a business of his or her own as an important part of the dream.

Interestingly, women were more likely than men to say getting a college degree (53% to 43%), retiring at 65 (50% versus 42%) and starting a business (23% versus 17%) were important parts of achieving the American Dream.

Additionally, as we’ll explore more later, the title of “C.E.O.” is seen as highly aspirational in America—but other careers that signify for respondents that a person has truly made it in the U.S. today aren’t necessarily the ones you’d expect.

Respondents say that the American Dream is mostly about the trappings. Case in point: 33% of them think that “becoming rich” is a key part of the dream. And 32% define it as achieving material success, while a smaller 27% say it’s about spiritual happiness.

When asked what constitutes making “financial progress”—clearly a precursor to the dream as described—71% said “having more freedom when it comes to money,” followed by “having savings for my family” (68%), “being able to buy a house” (65%) and “having a plan in place for my money” (53%).

## **Who Can Achieve the Dream?**

Is it a birthright, available to any American who applies himself? Or do you need to be born rich? Our respondents believed it was still largely an egalitarian pursuit: Only 20% think that attaining the American Dream is only possible if you’re born wealthy, while 56% disagree with that statement.

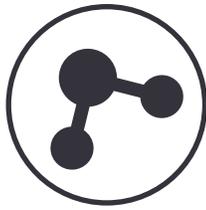
Meanwhile, 55% of respondents feel that the dream is achievable through hard work—compared to 16% who disagree with that notion.

16% go so far as to agree with the statement, “I have a better chance of winning the lottery than achieving the American Dream.”

## **So Does This Mean That the American Dream Has Jumped the Shark?**

Of course, context is key: Having recently lived through—or graduated during—a recession, did our respondents see the American Dream as a quaint, sepia-toned notion?

While they were divided on the matter, 40% of respondents don’t believe that the American Dream is an antiquated concept. (Though women were more likely to think so than men, with 1 in 4 women and 1 in 5 men agreeing.) 53% think that the United States still offers the most opportunities to “get ahead.” Although a little more than 1 in 3 (34%) think that the country’s best days are behind it.



## Then and Now: How the American Dream Has Evolved

### How the Recession Altered Our Outlook

Almost 40% of respondents feel that the recession has “hindered their ability to get ahead.” 1 in 3 (35%) report that it has made them less confident about achieving the American Dream.

How did the recent downturn affect them? 1 in 7 respondents took a significant pay cut during the recession; 1 in 8 lost his or her job.

Though it’s been dubbed a “mancession,” among our respondents, women were more likely than men to receive a recession-related paycut (17% versus 12%), or take on an extra job (11% versus 6%). An equal number of each gender say they lost a job.

### We’re More Financially Stressed—Yet More Prosperous—Than Our Parents

The American Dream, as defined, is about future generations becoming more prosperous. But when respondents were asked to compare their economic standing to their parents’, they reported feeling more prosperous—but also more financially taxed—than their parents.

When asked about who enjoyed a better quality of life, nearly 1 in 3 (31%) of survey takers said that their parents had been better off than them. A nearly equal number felt as well off as their parents or better off.

However, these results raise the question of just how respondents define quality of life. While they reported exceeding their parents in terms of income (42% said they were better off), conversely, they said that their parents were better off in terms of career stability, outlook for a comfortable retirement and debt.

## Despite Debt, College Is Still Worth It?

Largely, respondents felt that all-important facet of the American Dream—a college degree—was still worth the price of admission: 65% say that the money they spent on college was completely or mostly worth the expense.

And many still see it as a ticket to prosperity: two-thirds feel you need a degree to get a good job. And nearly half (44%) believe it helps one meet the “right” people. However, nearly 1 out of every 3 feels it doesn’t teach the skills you really need to succeed in today’s workplace.

## Raising Kids Today Also Has Its Stressors

In the age of hands-on parenting and two-income households, the idea of having children in America has become increasingly complex. Some 72% of respondents say that there are more concerns when it comes to rearing children today—and 64% believe there is more pressure put on kids nowadays.

More than half (51%) feel it’s too expensive to raise children in this day and age. And younger generations were more than twice as likely to think so: 38% of 33-44 year olds agreed with the statement, as did 37% of 25-32-year-olds, as opposed to just 18% of those between 45 and 54.

How costly? Some 60% believe that you need dual incomes to make ends meet—and 37% have gone so far as to delay having children because of their financial situations.

Our respondents were also having a hard time juggling the demands of parenting: More than half (56%) agree with the statement, “I feel like I don’t have enough time to work and take care of my family.”

58% of respondents believe paid time off should be available for all parents. And younger generations were most likely to feel their job was family friendly: 60% of 25-32-year-olds agreed with the statement, as opposed to 42% of 33-44-year-olds, and 31% of those between 45-54.

Happily, 81% of respondents felt that raising children should be an equal partnership, and only 5% said that it mattered who—in this era of dual incomes—earned the bigger paycheck. Another positive note: Only 10% agree with the statement, “a woman’s place is in the home.”

To further paint an evocative picture of how life with kids has changed, 80% report being able to play outside unsupervised as kids—but only 40% would let their kids do so today.



## What Bubble?! Why We Still Believe in Home-ownership

Home, it seems, is still where the American heart is: Homeownership beat out all other milestones as the linchpin to the American Dream—even post-recession. Some 77% of respondents said it was the number-one symbol of the dream today, representing freedom, individuality and success.

The majority of survey respondents (71%) are homeowners. And, not surprisingly, rates of ownership rise with age. While less than half of the younger generation (age 25 to 32) own a home, there's a sharp jump when you look at the next age bracket: 72% of Americans between the ages of 33 and 44 own a home. For those 45 to 54, the number comes in at 81%.

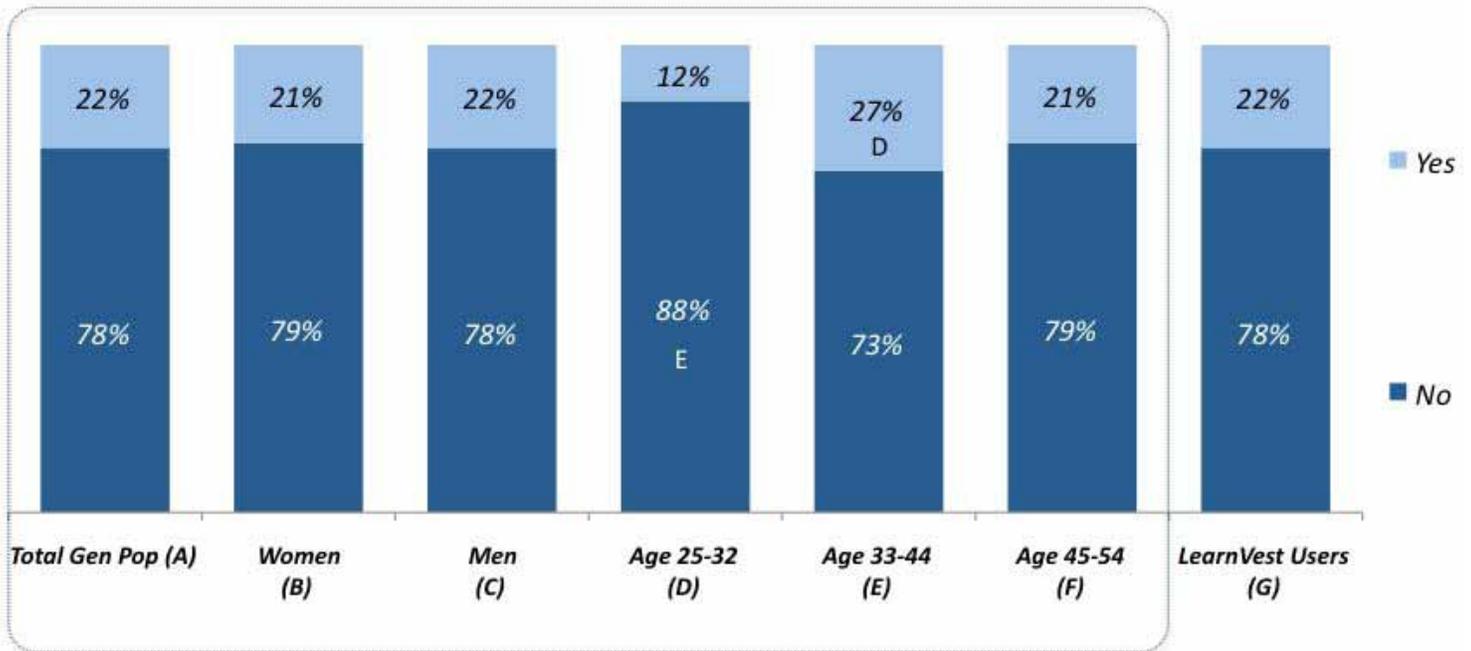
But, at the same time, the results show that Americans are generally pretty confident that purchasing a house is a smart financial decision. In fact, very few in our survey feel that a home is a poor investment—with women reporting more confidence in that decision than men.

### Even If We Do Have Some Regrets...

Of course, the recent recession did present some harsh realities about real estate. Among homeowners in our survey, almost a quarter say that they regret purchasing their current home. And 27% of 33 to 44 year olds have experienced real estate remorse.

That remorse also varied by region. Those in the Midwest were most likely to regret their purchase, with 26% of Midwestern respondents having second thoughts, and 60% of those citing “lost value” as their reason.

## Do You Have Regrets About Having Bought Your Current Home?



Between 2006 and 2012, households in the U.S. lost more than \$7 trillion in home equity, which helps to explain why up to 50% of respondents say they regret buying their homes that had since depreciated.

While being underwater was the most common reason cited for domestic discontent, other factors played significant roles, as well. Many respondents seem to dislike the work that comes along with a home purchase: Almost half (45%) said that they regret their decision because homeownership requires too much maintenance and upkeep.

Despite these obstacles, it's clear that although a house may come with financial risk, high maintenance costs and lots of work, it's still a distinct indicator of having obtained the American Dream.



## **Work and Family: What Balance Looks Like Today**

### **We Believe in Hard Work**

A core tenet of achieving the American Dream is rolling up our sleeves—or firing up our laptops—and buckling down. In fact, 63% of survey takers say that hard work is the key to success. That said, what do our careers look like these days?

43% of respondents profess to being disappointed that they weren't more successful, and perhaps as a result of layoffs during the recession, 6 in 10 feel fortunate to just be working. Expanding on this last stat, 45% say that they're simply working for a paycheck.

### **Our Career Goals Are Changing**

According to respondents, the three careers that suggest “you’ve made it” in America today are C.E.O. (36%), entrepreneur (28%) and doctor (19%). Meanwhile, rounding out the bottom of the list were celebrity (4%) and lawyer (2%).

How we approach our jobs has also evolved: Only 10% of respondents feel that a career translates into working for one company your whole life—and 32% believe that job-hopping is the way to get ahead. Interestingly, 43% feel loyal to their companies, while only 26% say that they feel their employers are loyal to them.

## We Really Don't Believe in Disconnecting

In terms of work-life balance, 39% of respondents report that it's a pipe dream today. In fact, more than 1 in 4 fess up to working at least some weekends ... although 45% make it a point to leave work, well, at work.

Men were more likely to consider themselves “workaholics,” whereas women were almost twice as likely to say they “do as much work or more work when I get home as I do during the day.”

This balancing act can cause tension in relationships, seeing as nearly 1 in 4 has fought with a partner over how much time they spend at work—and 27% have argued over too much time spent at the computer, in general. 43% say they'd prefer to work remotely.

Digging a bit deeper into our apparent inability to disconnect, 35% of respondents say that they check their work email on weekends, 26% do so on vacation—and nearly 1 in 4 practices the habit at bedtime!

21% of both men and women men say they couldn't go more than two hours without checking their work email, and those between 25-32 were most likely to agree.





## No More Norman Rockwell? How We Really View Retirement

While retiring at 65 remains a core component of the American Dream, reaching that goal is a big roadblock for respondents: More than 1 in 3 feel that it's not possible today to save enough for retirement.

Another enlightening stat? Nearly 1 in 2 (44%) say that they'd never thought they'd have to worry this much about retirement. More women (51%) than men (41%) agreed with that statement.

Here's how our respondents reacted to the prompt: *The money issue that stresses you out the most is...?*

	<b>Total Gen Pop</b>	<b>Women</b>	<b>Men</b>	<b>Age 25-32</b>	<b>Age 33-44</b>	<b>Age 45-54</b>	<b>LearnVest Users</b>
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
<i>Total Respondents</i>	1021	636	587	355	477	391	202
	%	%	%	%	%	%	%
Saving for retirement	19	18	20	16	19	21	17
Lack of savings	14	14	14	17	16	10	16
Credit card debt	12	13	10	8	13	14	12
Day to day living costs	10	12	6	7	10	11	7
Healthcare expenses	10	8	11	3	10	14	3
Housing expenses (Rent and Mortgage Expense)	9	8	10	12	8	7	6

And, when it comes to retirement savings, there is a marked disparity between the sexes: The average amount saved among the women surveyed was approximately \$150,000, compared to more than \$235,000 among the men.

On average, respondents would like to retire at age 60, but most think that they'll be working until 65. Interestingly, almost two-thirds see themselves working a part-time job once they are retired, including 70% of women.

Respondents cite a few different reasons for not (entirely) hanging up their hats: 55% believe it would help them stay active, 52% want a "little extra spending money" and 50% believe they'd need the extra income to get by.

Almost no one had grandiose dreams for their golden years: 25% hope to kick back in a modest beach bungalow, while almost 20% (and more women than men) fear they'll be pinching pennies. Meanwhile, a mere 2% envision life on a yacht.





## All in All... Summarizing the Dream

When we explored attitudes surrounding the American Dream, we learned that our beliefs about the concept today are far more nuanced and complicated compared to when James Truslow Adams first coined the term. Our relationship with the American Dream has evolved with the changing times.

It's worth noting that there's one other resounding phrase upon which this nation was built: the pursuit of happiness. Americans will always pursue, will always want more. It's in our nation's blood to aspire to greater things—and seek a better life. Whether it's going to college, attaining career happiness or buying a home, we have a quintessential American blueprint for living the dream. And we certainly don't believe that achieving that dream comes without effort. We are still, it seems, a nation of hard workers—and hard believers that all that work will pay off one day.

If there's anything that we've learned about the American Dream from our survey, it's this: We still believe in it.



## About LearnVest

LearnVest is an award-winning personal finance platform, which through its subsidiary, LearnVest Planning, provides high-quality, fee-based financial advisory services. LearnVest Planning, a registered investment adviser, is redefining the traditional financial planning market with a dynamic, technology-enabled service—the Action Program. The 7-Step Action Program gives clients nationwide access to unbiased financial advice, straight from Certified Financial Planners™. These financial experts offer dedicated support and custom-tailored Challenges to help clients make real progress on their money. In addition, LearnVest Inc. offers a best-in-class Money Center app and accessible content.

Since launch, LearnVest Inc. has raised over \$40mm in venture-financing (led by Accel Partners) and been awarded numerous accolades, including one of Time’s “50 Best Websites of 2011” and back-to-back Best of Show awards at FinovateFall 2011 and 2012. LearnVest’s Board of Advisers includes: Lee Barba (former C.E.O., Investools/thinkorswim), Theresia Gouw (partner, Accel Partners), and Ann Kaplan (former partner, Goldman Sachs). Formal advisers include Greg Waldorf (former C.E.O., eHarmony), Greg Coleman (president, Criteo), and most recently, Susan Lyne (vice chairman, Gilt Groupe), Ed Mathias (founding member, The Carlyle Group), Todd Ruppert (former C.E.O. & president, T. Rowe Price) and Ann Sardini (former C.F.O., Weight Watchers). For more information about LearnVest, please visit [www.LearnVest.com](http://www.LearnVest.com).