

# The American Dream is getting smaller

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The “American Dream” is starting to look a lot different.

Gone are the days when Americans aspired to own a house with a white picket fence. Some 82% of Americans now say their “American Dream” is simply financial security for themselves and their family. That’s according to Massachusetts Mutual Life Insurance, which commissioned a survey of more than 3,200 people during January and February 2018.

Three quarters of respondents said part of their “American Dream” is owning a home, the traditional definition, but 71% said it is achieving financial independence. MassMutual did not clarify what “financial independence” means in the survey, but it typically means no longer having to work, because one has enough savings.

More worrying, perhaps: 33% of those surveyed said they think that dream is disappearing. Why? They have too much debt. “Americans believe financial security is at the core of the American Dream, but it is alarming that so many think it is beyond their reach,” said Mike Fanning, head of MassMutual U.S.

Some 64% of those surveyed said they have a mortgage, 56% said they had credit-card debt and 26% said they have student-loan debt. Many surveyed said they don’t feel financially secure. More than a quarter said they wish they had better control of their finances.

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It makes sense that debt is on Americans' minds. Collectively, Americans have more than \$1 trillion in credit-card debt, according to the Federal Reserve. They have another \$1.5 trillion in student loans, up from \$1.1 trillion in 2013. Motor vehicle loans are now topping \$1.1 trillion, up from \$878.5 billion in 2013. And they have another nearly \$15 trillion in mortgage debt outstanding.

For some, investments in education and property can pay off, said Rachel Podnos, a certified financial planner and attorney based in Washington, D.C., but for others, that debt is just an obstacle.

"I don't get any more why owning a home is essential to the American Dream," she said. "It's a really bad idea if that is going to cause you to buy a home you can't afford, which could jeopardize your dream of ever reaching financial independence."

Despite the recent decline in unemployment, many people still feel they aren't benefiting from economic growth, said Matt Schulz, chief industry analyst at credit-card website CompareCards. "There is a lot of hopelessness and a lot of concern, simply because the Great Recession isn't that far in the rearview mirror," he said.

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Indeed, based on their other answers in MassMutual's survey, many Americans are far from being financially stable. Some 18% said they had less than one month of expenses saved for an emergency. Another 26% said they have one to three months' expenses saved. And 21% said they had three to six months' expenses saved.

Many of those surveyed said they wish they had started saving earlier, Fanning said. One bright spot in all this: Households in recent months are better equipped financially to cope with their debts.

Podnos said more people should probably redefine what the "dream" means for them.

“That may not mean owning a home, at least for some time, and I think that’s OK,” she said. “Maybe it just means financial independence, living comfortably within your means and being able to build wealth.”

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