



The American Dream: A State of Mind

2015 Report

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research



The American Dream: A State of Mind

In the last decade, American attitudes have undergone a shift brought on by a country that has faced significant change. Ten years ago the economy was quickly accelerating and producing a broad array of opportunities. The American Dream was alive and well with homeownership at an all-time high, the economy producing abundant jobs, and a force of people feeling that they had either achieved the dream, or were on their way to achieving it. Then the world was tilted on its side when the greatest economic event in more than 75 years unfolded, immediately throwing hundreds of thousands of people out of work and out of their homes. These historical occurrences have altered our nation's cultural and social views and called into question one of the most fundamental beliefs – that in America if you work hard you have the potential to earn a good living, own a home, and care for your family both emotionally and financially.

Recognizing a shift in the belief system and aspirations of Americans, in 2010 Lifestory Research began a long term study on what is the status and the definition of the American Dream. This research program began in the depths of the Great Recession and continues today with ongoing studies being performed on different facets and topics related to the American Dream.

In our most recent round of research we found that today's Americans have redefined the traditional features of the dream. In place, Americans are describing their aspirations based upon a new set of surprising attitudes that has them looking inward. People still hold fast to the desire for things from the physical world, but they are embracing a definition of the American Dream now including their personal well-being. As a result, we dubbed this report: The American Dream State of Mind.

Our research on the American Dream found two major findings. First, the American Dream is no longer defined as the accumulation of wealth and possessions. Instead, we found that the most important feature defining the American Dream today is the ability to achieve a happy and healthy mental life. Second, we found a key element driving ones happiness in life is the achievement of home ownership. We discovered that those who own a home are significantly happier in life. It appears that when attaining certain features of the American Dream such as homeownership, that the achievement produces a lift in life satisfaction. This report discusses both these key findings as well as other elements of the American Dream.



“Life, liberty, and the
pursuit of happiness.”

The Origins of the Dream

The American Dream stemmed from the Declaration of Independence when Thomas Jefferson penned his famous statement of people’s inalienable right to “life, liberty, and the pursuit of happiness.” Much has been written on the pursuit and achievement of the American Dream. Central to this idea is that anyone with hard work is afforded the opportunity to attain a life of comfort in the consummate surrounding of one’s own home. At the center of this belief system is the outcome of material goods and services, with home ownership typically representing the ultimate achievement of the American Dream.

But the spirit of the American Dream is one that has always been rooted in the independence of people being able to form their own destiny. Writing in 1831, the French political thinker and historian Alexis de Tocqueville declared that the Americans he encountered “owe nothing to any man, they expect nothing from any man, they acquire the habit of always considering themselves as standing alone, and they are apt to imagine that their whole destiny is in their own hands.”

In the verses of Tocqueville is the contention that people are provided with the gift to independently pursue their own definition of the dream, and not that of others. Grounded in the original words of Thomas Jefferson is the belief that people have the right to live a life of happiness. In concert, these ideas espoused hundreds of years ago suggest that the American Dream is more than the accumulation of material prosperity, instead, the path to the achievement of the Dream is also based upon happiness.

This idea that the American Dream is more than material prosperity contrasts the commonly held view that people work longer and harder at their jobs so they can have luxury automobiles, bigger homes, and a world of physical wealth. However, as will be shown in this report, American’s have begun to broaden the definition of happiness to include their own physical and mental well-being. You might say, that the Dream has become partitioned into accumulating the fruits of hard labor as well as attaining a fulfilling life centered on a positive state of mind.

Approaching the American Dream

Three months prior to the financial markets cascading the country into the depths of the Great Recession, the industry giant General Motors went bankrupt (June 1 2009). For more than a half century, General Motors and the automotive companies dominated the economic landscape of the United States. No place better represented the prosperity of the Dream during this time than those that worked in Detroit for the giant car manufactures. A worker during the heyday boom of manufacturing in Detroit epitomized the American Dream with a home in the suburbs, a car in the garage and a typical evening consisting of a beer on the porch and a little television before retiring to bed. Things were very good. The American Dream was alive and well. Then, everything changed.

It is here in the heart of Detroit on July 4th 2014 that we began our most recent search and understanding of the American Dream. Specifically, the study kicked off at a professional baseball game between the Detroit Tigers and the Tampa Bay Rays. The game, in which the out of town visitors handed the local residents a resounding 6 to 3 loss, was a metaphor as to how things had gone for Detroit the last several years. The most recent study of the American Dream began in Detroit on Independence Day in part because the city residents presented the conditions we had all been facing since the Great Recession – we were down but not out. The success of the American Dream has often been a direct result of people turning adversity into

prosperity. So it was here that the newest wave of research began.

Unlike prior efforts, we wanted to begin the study of the American Dream with a clean sheet of paper. We pushed aside the historical representations and sought to begin anew by understanding how the Dream was being defined today. To this end, we began the research journey by traveling throughout the country and asking people the simple question – For you, what is the American Dream? We interviewed people at baseball games, at shopping malls, in their homes, and in airports. We traveled to 26 different cities and interviewed over 200 Americans from all walks of life. From the interviews emerged an entirely new set of questions concerned with determining the most important features that define the American Dream. These questions were then asked in a survey administered to 1400 Americans over the age of 25 (with a margin of error +/- 2.6%).

The objective of this report is to provide a summary of the findings from the research survey that was performed. Specifically, we examine the achievement of the American Dream, who and why people are pursuing the Dream, what is the nature of the Dream that is being pursued, and a the relationship between the American Dream and home ownership. Together, these findings provide an updated understanding as to the status and direction of the American Dream today.





Achievement

In the depths of the Great Recession in 2009, the New York Times conducted a poll and found that 75 percent indicated that they had either already achieved the American Dream or that they expected to achieve it; only one in five said it was unattainable (CBS News/New York Times 2009). This same poll found that 44 percent said they had actually achieved the American dream, and 20 percent had given up on ever reaching it.

Move forward to today, and the response to the same question in a poll by the New York Times found only 64 percent of people said they still believed in the American Dream (Dec 2014). This finding is at odds with what most would expect given the rebound of the economy including millions of people that found work again after the recession. So what is causing the decline in people believing in the American Dream?

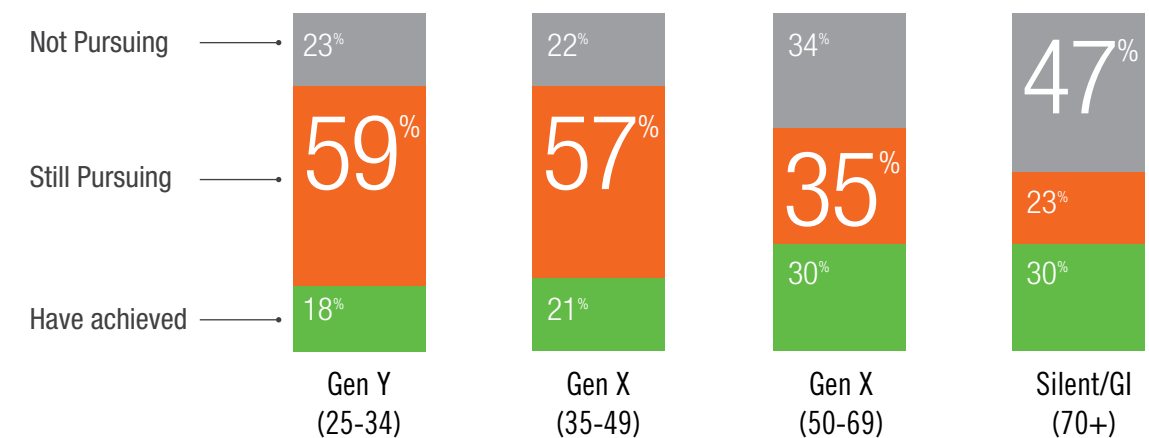
Most studies performed on the topic of the American Dream do not question whether someone is in pursuit of the Dream, for most people presume that it is simply in the fabric of American culture. However, our most recent round of research found that this is not necessarily the case. While 44 percent are in pursuit of the Dream and 26% state that they have already achieved it, as much as 31% report that they are not actively going after the Dream. So who is not in pursuit of the Dream?

Of those not pursuing the dream, older Americans stated they are not in pursuit with 39% of people over the age of 50 saying that they are not pursuing the American Dream (compared to 23% of those under 50 not in pursuit). Examining responses of the generational cohorts, we find that with the passing of time, people begin to give up on the pursuit of the American Dream.

31% reported that they are not actively going after the Dream.

So who is not in pursuit of the Dream?

Have you achieved the American Dream or are you still in pursuit?



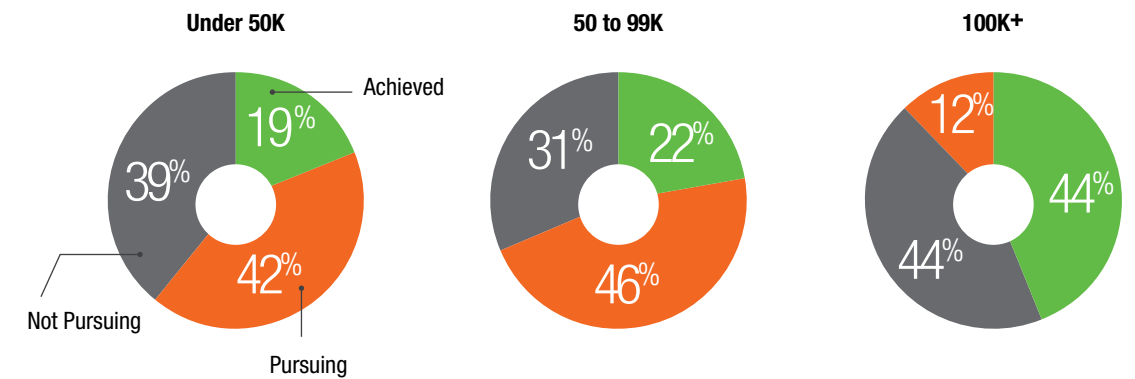
One of the reasons why people may cease the pursuit of the American Dream as they age is that they run out of time to acquire the financial means to attain the historical view of the Dream (e.g. material prosperity). Our research found a clear pattern in which the reported annual income of people impacts the desire to pursue the dream. Those with lower household incomes report a higher frequency of no longer pursuing the American Dream as well as a lower portion not achieving the Dream.

Related, we find that the recent economic crises may have stifled the ability of people to achieve the American Dream. Of those that have achieved the

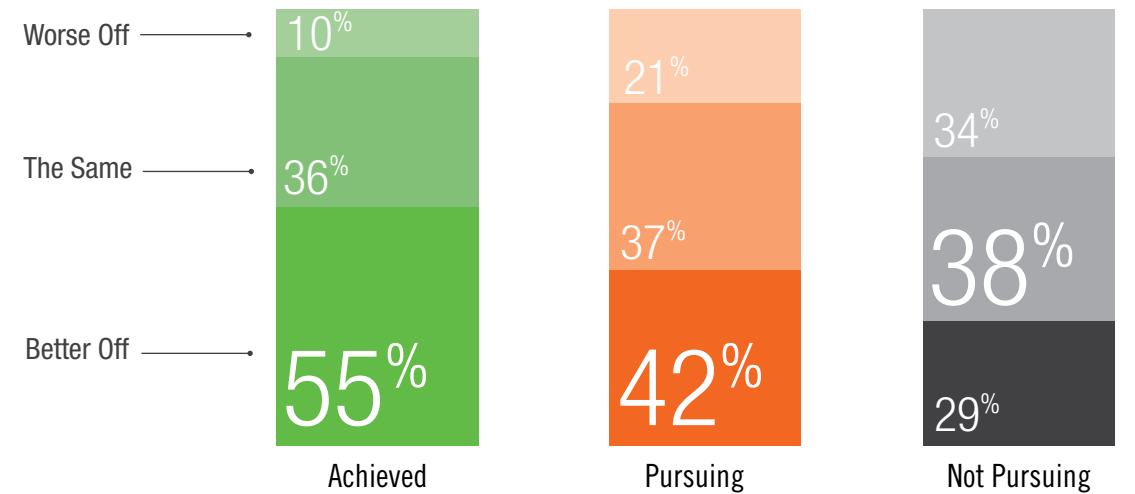
Dream, they are far more likely to have improved their financial health in the last 5 years (55%), whereas those that reported that they were not in pursuit of the American Dream, reported their financial health to be the same (38%) or worse off (34%).

In examining how people evaluated their financial health today versus 5 years ago, we again find that it has been more difficult for older generations to recover from the economic crises. In response to being asked how their financial health today compares to 5 years ago, the older generations were less likely to report that they are better off as compared to younger generations.

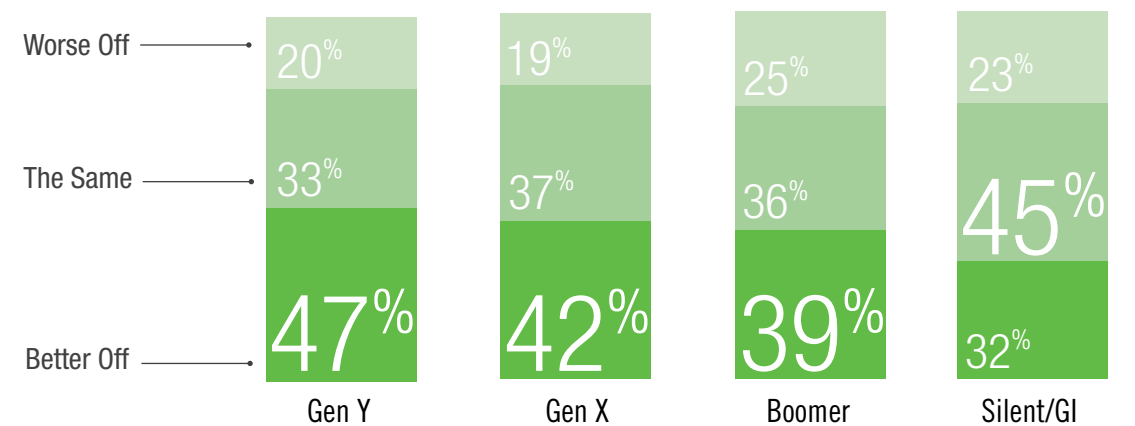
Income & Achievement of the American Dream



Current Financial Health Compared to 5 Years Ago



Current Financial Health Compared to 5 Years Ago





Among those that reported achieving the American Dream 91% believe that it is likely that their children will also achieve the Dream.

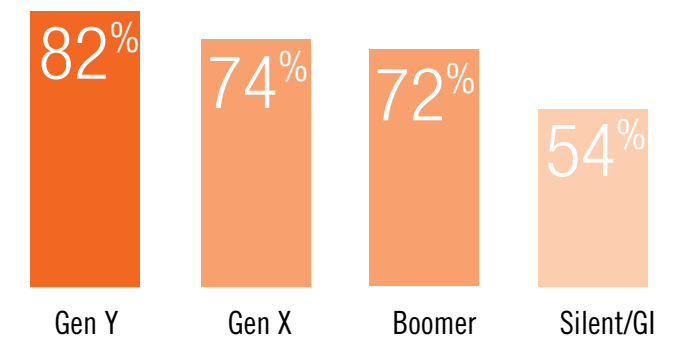
Potential to Achieve

The American Dream is grounded in the spirit that anyone has the potential to work their way to prosperity. If you are graced with the opportunity to be American, the belief is that you are afforded the right to achieve the Dream. This is an idea that effects how we view our children and it appears to remain in the minds of Americans. In the study, 72 percent believed that their children are likely to achieve the American Dream in their lifetime. (Only 10% did not believe this, and 18% are unsure at this time).

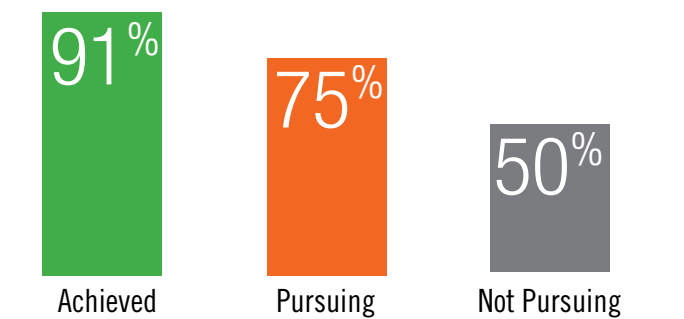
Similar to other findings, younger generations are more positive about their outlook in achieving the American Dream, but also more confident that their children will one day achieve it as well. The youngest generation in the survey have the most confidence that their children will achieve the American Dream (82%), whereas the oldest generation have the least amount of certainty with only 54% stating that they think their children will be successful in their pursuit of the Dream.

One's confidence in their children achieving the dream is in part a function of their own achievement. That is, among those that reported achieving the American Dream, 91% believe that it is likely that their children will also achieve the Dream. Conversely, only 50% of those who are not pursuing the Dream, are optimistic that their children will do the same.

How likely are your children to achieve the American Dream in their lifetime?



How likely are your children to achieve the American Dream in their lifetime?





A New Definition of the American Dream

Seventy miles south of Key West Florida lies the 40 acre island of Dry Tortugas. Upon this small island sits Fort Jefferson, built in 1847, with 16 million red bricks that housed over 1700 soldiers, family members, and staff at the height of the Civil War. The fort was intended as a defense of the southern United States, but it never took root as a military base and was abandoned in 1907 after it succumbed to several factors: yellow fever among its occupants, hurricane damage, and the new rifled cannon, which rendered its eight-foot-thick walls obsolete.

We visited Fort Jefferson, now a national park, as part of our research process interviewing Americans. Each day a few dozen people visit the tiny island via a seaplane or boat, where they spend the day touring the fort and swimming in the shallow ocean surrounding the island. The context allowed for more extensive conversations with people in which we sought to better understand the beliefs that constitute the American Dream. What exactly is the definition of the American Dream? Since the inception of the idea, there

has been a wide variety of efforts to understand the matrix of beliefs that define the American Dream. The most common delineations center around a state of financial well-being in which people feel they have attained the dream if they can comfortably retire, own a home, send their kids to college, or control ones free time on their own terms.

So what happens to this definition when someone experiences an economic upheaval, such as the recent Great Recession? That is, if the core underpinning of the American Dream is centered on financial well-being, did the most recent set of events cause people to redefine the Dream? Among those we interviewed at Fort Jefferson, as well as other locations around the country, we found that people spoke about the American Dream differently from the traditional definition. This finding resulted in us formulating a set of questions for the survey that would help clarify the definition among Americans. One of our aims in this recent round of research was to reevaluate what exactly is the current day definition of the American Dream.

Our goal in this year's study of the American Dream was to push away our preexisting assumptions and begin with a fresh perspective. In order to achieve this objective, we undertook more than 200 individual interviews of people across the country in which we posed the question – What is the American Dream for you? These interviews were conducted across an array of contexts with people of diverse backgrounds and experiences. We treated each interview as a new opportunity to learn some new feature of how people define the Dream. We did not concern ourselves with counting the number of occurrences something was stated, instead we focused on the emerging themes that challenged us to stretch the old definition into new realms.

We interviewed people and used the responses from these encounters to in turn develop a list of attributes people used to define the American Dream. We identified more than 50 features that we then asked people in a survey to rate the importance of each feature related to their American Dream. Among these features, we found seven overarching themes that form that belief structures: mental and physical well-being, personal freedom, financial well-being, education opportunity, marriage and family, individual time, and helping others.

Among these structures, the most important beliefs are related to the ability to have a physical and mental healthy life, with 86% of people saying this was the most important feature of their American Dream. We found the items of being mentally healthy, being physically healthy, and to pursue a life of happiness to be items that represent mental and physical well-being. We found it of particular interest that among all the individual belief statements measured, that being mentally healthy was the most important feature defining people's view of the American Dream.

Mental health is a level of psychological well-being, or an absence of a mental disorder. From the perspective of positive psychology, mental health may include an individual's ability to enjoy life and to create a balance between life activities, and efforts to achieve psychological resilience. As the research findings suggest, Americans are redefining the American Dream to be less about their financial well-being and more about living a well-lived and fulfilling life. That is, a "good life" is less about ones possessions and financial earnings, and is more

about "using your signature strengths every day to produce authentic happiness and abundant gratification." (Seligman, M.E.P. (2009). *Authentic Happiness*.)

This shift towards defining the American Dream in terms of positive psychology is very likely a direct artifact of the economic upheaval of the Great Recession. This cataclysmic economic event caused people to question the value and purpose of acquiring goods and services derived from ones financial well-being. Moreover, this historical context heightened Americans need to find meaning and fulfillment in life. As result, our research found a greater importance being placed upon ones mental and physical well-being and less significance on attaining a sense of financial well-being, such as having lots of money.

People's values reflect the social context in which they live. Accordingly, it has been widely demonstrated that the values that are most important to people are dependent on changing social forces and vary greatly from one era to another. Moreover, the social context influencing one's values is influenced by the greater trends occurring in the surrounding economic marketplace. Therefore, it is common for American values to change as significant social and economic shifts occur.

What were all of the factors that were important in defining the American Dream? On the following page we provide a summary of the overarching categories as well as the items associated to the category from the survey research.



The most important beliefs are related to a healthy physical and mental life.

Features Defining the American Dream

86%
Mental & Physical Well-Being

- Being mentally healthy
- Being physically healthy
- To pursue a life of happiness



77%
Marriage & Family

- Having a happy marriage
- Having a good balance between work and personal life
- My children are able to achieve the American Dream
- Marry whoever I so choose
- Have a family Providing long term security for my children
- Having deep meaningful relationships with friends
- My kids having achieving a higher standard of living than mine
- Having lots of friends



80%
Personal Freedom

- Having personal freedom
- Freedom to speak my mind openly
- Freedom to live the life I desire
- Live life on my own terms
- Religious freedom
- To die on my own terms
- To have a life filled with new experiences
- Live a life without laws restricting my desired path



85%
Individual Time

- Having time for the important things in life
- Having enough free time to enjoy personal interests



76%
Financial Well-Being

- Be financially secure
- Having a stable economy
- To have a comfortable retirement
- To make enough money to satisfy my needs
- Have a good job
- Having a sense of personal achievement in life
- Having enough money to support the life I desire
- The opportunity to achieve success in my career
- Having a job that is meaningful
- Have a well-paying job
- To own a home
- To retire at a reasonable age in life
- To send my kids to college
- Having a higher standard of living than my parents
- Having lots of money
- To become wealthy
- Have material possessions



71%
Helping Others

- Reaching out and helping others
- Make a difference in other people's lives
- To make charitable contributions
- Opportunity to influence the direction of the country
- Playing an active role in local community affairs



77%
Education Opportunity

- Have a quality education
- Earn a college degree

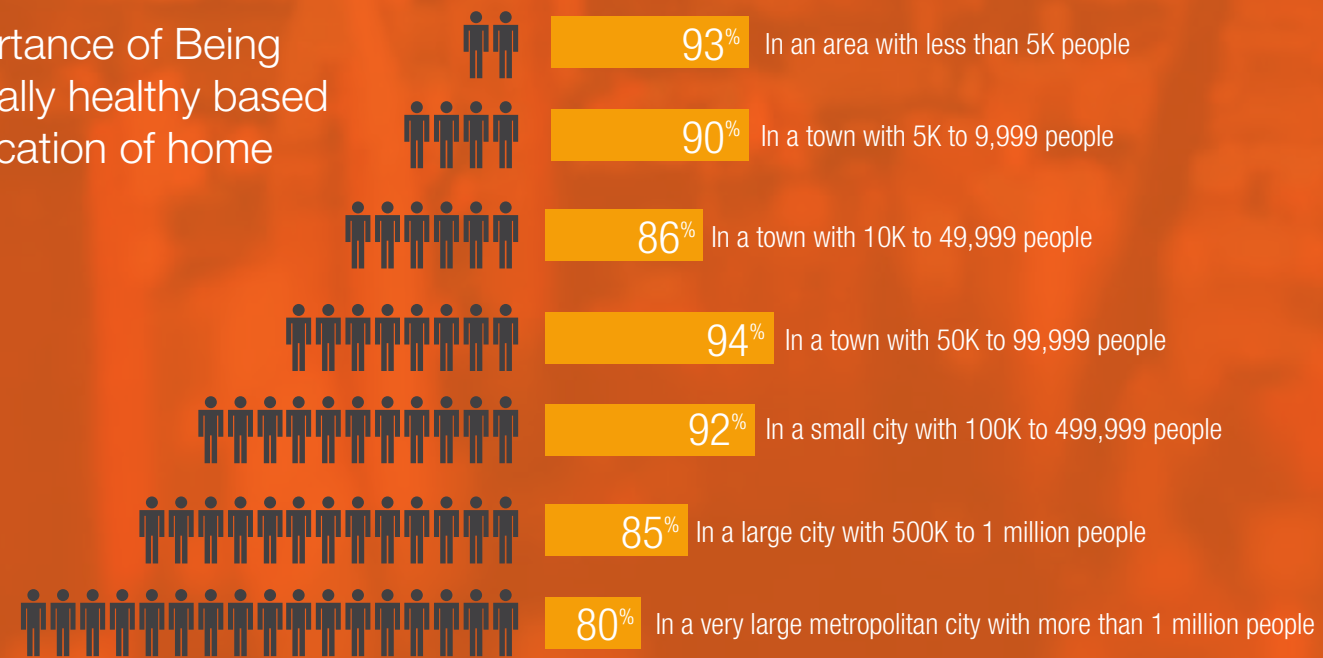


60%
Miscellaneous

- To be treated fairly
- The ability to access high quality health care at a reasonable cost
- Having a stable Federal Government
- The ability to qualify for a home mortgage
- To travel anywhere in the U.S.
- To take vacations each year
- Share my story with others
- To be noticed by others for my achievements
- The ability to use marijuana if I so choose
- The potential to be famous



Importance of Being Mentally healthy based on location of home



An interesting subset of the analysis of the data found that the importance of mental health, as part of the definition of the American Dream, tended to be more important to those living in non-metropolitan areas of the United States. Specifically we found that those living in metropolitan areas with more than 1 million people, tended to place less importance on being mentally healthy as part of their American Dream definition.

This finding that those outside of metropolitan areas are more focused on their mental well being may originate from what is important to this group of Americans. That is, people living outside of large metropolitan areas appear to have a value system that places less importance on the accumulation of material goods and more on the pursuit of mental well being.

The Psychic Benefits of Home Ownership

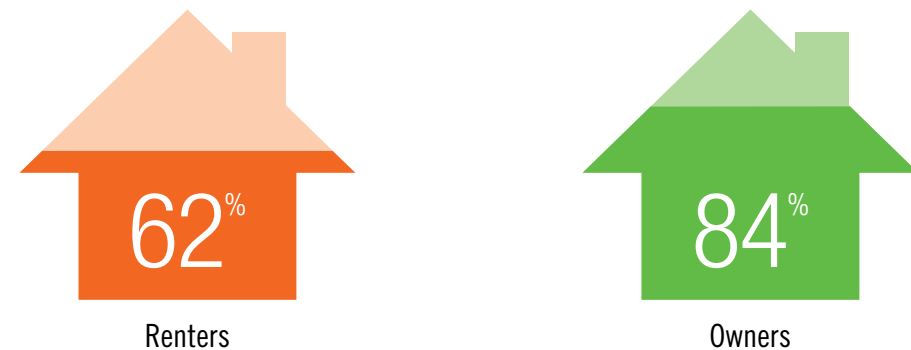
Historically, homeownership is closely associated with the achievement of the American Dream. For years, owning a home was a symbol of achievement and a source of security for millions of families across the country. But the financial crisis in 2008 put that all at risk when home values plummeted and foreclosures became a routine part of the economic story. As the market recovered new standards of qualification were put in place to stabilize the industry, but in doing so it made homeownership for millions much more difficult to achieve.

Despite qualification challenges, Americans remain steadfast in defining the American Dream as including homeownership. Among the belief statements, we found that 78% define the importance of their American Dream as consisting of owning a home. We find that among those that actually own a home, that it is even more important with 84% of homeowners stating it was important. As this finding suggest, the attainment of certain

features of the American Dream, such as owning a home, heightens the importance of the feature itself. Given this, we wondered if there were other benefits attained when specific features were achieved by people.

An examination of the well-being items used to measure overall psychological well-being revealed an interesting outcome. Among those that owned a home today, they reported across all the psychological measures a higher degree of satisfaction with life. That is, homeowners stand out as the group that was more satisfied with their physical, financial, social, emotional, and their psychological well-being. Moreover, people who own a home reported higher amount of satisfaction with their overall life as well. As these results suggest, when someone is able to achieve a feature tied to their American Dream, this significantly increases their overall outlook and satisfaction with life.

Importance of Homeownership



How Satisfied Are You With The Following Domains In Your Life



Across all of these measures of well being, the differences between renters and homeowners were all statistically significant at the .05 level.

Conclusion

It is spring in America again. After a relentless winter that forced many to hunker down, the sun is rising and renewal abounds. After a long duration of adversity caused by the Great Recession, Americans are getting back to work, crafting their dreams, and seeking a new future. While holding steadfast to certain enduring core beliefs, Americans have begun to redefine the American Dream.

Our research found a diversity of insights, but at the epicenter is one's state of mind. Americans have moved away from a belief system dominated by financial achievements and have moved toward a desire for a healthy mental and physical life. Is this a permanent shift in how Americans define the American Dream? Only time will tell.



About Lifestory Research

Headquartered in Newport Beach, Calif., Lifestory Research is a trusted national independent market research firm focused on consumers and their homes. We take a consumer-centered approach to helping developers, home builders, financial institutions, product manufactures, utilities, and organizations serving customers in their homes. We provide timely analysis that allows our clients to make informed decisions. Our research is backed by in-depth consumer and market intelligence that drives confident business decisions.

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