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SECOND ANNUAL AMERICA SAVES WEEK SURVEY REVEALS ADVERSE IMPACTS OF, AND EVEN GREATER CONCERN ABOUT, CURRENT RECESSION

AmericaSavesWeek.org Provides Tools for Saving and Debt Repayment

Washington, DC – The second annual America Saves Week survey revealed declining percentages of Americans who believe they are saving enough for retirement and expect to pay off their home mortgage before retirement. But the survey also found that far more Americans are concerned about the impact of the current recession on their personal finances (77%) with over half (53%) being “very concerned.”

The survey findings are being released at a press conference today during the third annual America Saves Week, in which more than 100 major governmental, non-profit, and industry organizations are participating. The survey includes questions that make up a “savings checklist” found on the America Saves Week website (www.americasavesweek.org), which was developed and is being maintained jointly by America Saves and the American Savings Education Council (ASEC).

“The goal of the Week is to persuade thousands of organizations to encourage millions of Americans to assess their financial condition and take action to improve it,” said Dallas Salisbury, Chairman of ASEC and President of the Employee Benefit Research Institute. “The America Saves Week website provides useful tools for this assessment and action,” he added.

The most recent survey was commissioned by ASEC and America Saves and carried out by Opinion Research Corporation, which interviewed a representative sample of more than 1,000 adult Americans during the weekend of February 5. The survey’s margin of error is plus or minus three percentage points.

Recession Impacts Revealed

Comparing the data collected by the 2008 and 2009 February surveys reveals some of the impacts of the current recession on consumers.

- The proportion of respondents who indicated they are saving enough for retirement declined from 52% to 49%. And the proportion who said they are saving for retirement in workplace programs fell from 55% to 51%.
- The proportion of mortgage holders who said they expect to pay off their mortgage before retirement fell from 76% to 74%. And the proportion of all Americans who said they own property and either have no mortgage debt or are paying down this debt declined from 67% to 62%
- The proportion of respondents who said they do not spend all their income and save the difference fell slightly from 74% to 73%. And the proportion who said they have “sufficient emergency savings to pay for unexpected expenses like car repairs or a doctor visit” rose slightly from 71% to 72%.

“For most Americans, to date recession-related financial concerns have been greater than financial losses,” noted Stephen Brobeck, Consumer Federation of America Executive Director and a leader in America Saves. “But tens of millions who still have their jobs and have suffered little or no loss of retirement savings worry that a deepening recession will eventually cost them income or even their jobs,” he added.

Americans Urged to Better Prepare for Their Financial Future

Americans can better prepare for an uncertain financial future by understanding their financial condition, developing realistic spending and savings plans, and saving automatically. Unfortunately, only about half the country have taken these prudent financial measures.

- Little more than half of respondents (54%) know their net worth, the same percentage as last year.
- Three-fifths (60%) have a savings plan with goals, but less than half (47%) have a “spending plan that allows you to save enough money to achieve the goals of your savings plan.” These percentages are down a little from those last year, 62% and 49%, respectively.
- Less than half of respondents (42%) save automatically, outside of work, through regular preauthorized transfers from checking to savings or investments. This percentage of “automatic savers” did not change from last year.
- The good news is that more consumers are making an effort to pay down and pay off consumer debt. The proportion who said they are reducing this debt rose from 38% in 2008 to 44% this year. And the proportion who said they are now consumer “debt-free” rose slightly from 39% to 40%.

“Research shows that those who plan borrow less and save more,” said Brobeck. “And anyone, regardless of income, can develop useful spending and savings plans,” he added.

During America Saves Week, Hundreds of Organizations Will Encourage and Assist Good Spending, Borrowing, and Saving Habits

Over 130 national groups and hundreds more local groups are participating in America Saves Week, far more than in 2007 and 2008. Participating organizations include federal agencies and government groups, every branch of the military, major private employers, non-profits, trade associations, and others.

“The growth in organizations participating in America Saves Week indicates there are many resources available to help individuals and families understand their finances and build wealth not debt,” said Ken McDonnell, ASEC program director.

“We are encouraged about the increasing participation in America Saves Week,” said Nancy Register, America Saves director and CFA associate director. “Saving money and working toward financial stability are especially important during tough economic times.”

Participating organizations are providing:

- Special low- or no-fee savings products, sometimes with special incentives;
- Educational opportunities like workshops, seminars, and classes;
- Free tax preparation with encouragement and information about saving tax refunds;
- Financial fairs;
- Free one-on-one financial counseling;
- Proclamations from public officials; or
- Media, marketing, and publicity efforts to promote saving.

ASEC, managed by Employee Benefit Research Institute (EBRI) is a non-profit national coalition of public- and private-sector organizations undertaking initiatives to raise public awareness about what is needed to ensure long-term personal financial independence (www.choosetosave.org/asec/).

America Saves, managed by CFA, is a national initiative in which some 1,000 national, regional, and local organizations encourage and assist Americans, especially lower-income households to save and build wealth (www.americasaves.org).