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## **PERSONAL SAVINGS INDEX (PSI) SHOWS DECLINES IN INTEREST, EFFORT, AND EFFECTIVENESS**

### *Family Income Differences Help Explain Trends*

Washington, DC – Scores on the second America Saves Personal Savings Index (PSI) declined, from September 2013 to January 2014, on all three PSI measures – interest in personal saving (-9%), saving effort made (-6%), and perceived effectiveness of saving (-3%).

“Both recovery from the post-holiday financial hangover and continued increases in asset values appear to explain much of the changes,” noted Stephen Brobeck, Executive Director of the Consumer Federation of America and a founder of America Saves. “The largest overall declines were experienced by lower-income Americans, who face the greatest challenge paying for holiday-related expenses, while actual increases in saving effectiveness were seen by upper-income Americans, who were the greatest beneficiaries of rising stock and housing prices,” he added.

The PSI is based on a survey of more than 1,000 representative adult Americans who were asked to rate their own savings interest, effort, and effectiveness on a 10-point scale. The latest survey was conducted January 16-19, 2014 on landlines and cell phones by ORC International. The margin of error is plus or minus three percentage points.

The latest survey shows, as does the September 2013 survey, that there is greater interest in personal savings (65%) than in saving effort (58%) and in perceived saving effectiveness (56%). But it also shows a decline in scores, over the past four months, in this interest (71% to 65%), effort (62% to 58%), and effectiveness (58% to 56%).

The survey collected data on a variety of demographic factors including gender, age, ethnicity, and education, but found that the most influential factor appeared to be income. Lower-income households – the one-quarter with incomes below \$25,000 – reported significant declines in interest (65% to 52%), effort (52% to 45%), and effectiveness (46% to 40%) in the past four months. “We attribute these declines to the challenge, faced by households with little or no discretionary spending, recovering from holiday spending demands,” said Brobeck. “These families tend to be preoccupied with paying bills and debts, not building savings,” he added.

On the other hand, upper-income households reported somewhat greater saving effectiveness, rising from 64% to 66% for those with incomes between \$75,000 and \$100,000, and 69% to 70% for those with incomes over \$100,000. “For these families, increasing wealth from rising stock and housing prices appears to have offset any concerns about their holiday spending,” said Brobeck.

America Saves seeks to motivate, encourage, and support low- to moderate-income households to save money, reduce debt, and build wealth. The research-based campaign uses the principles of behavioral economics and social marketing to change behavior. It releases its second triennial PSI on the eve of America Saves Week (February 14-21), in which more than 1,000 national, state, and local organizations nationwide will promote individual saving. “Our America Saves Week, despite the sobering findings of our latest survey, comes at a time, in the winter during tax time, when Americans are most likely to assess their finances,” said Nancy Register, Director of America Saves and Associate Director of CFA. “We encourage all Americans to do this assessment, including the adequacy of their savings,” she added.

America Saves works mainly through local, state, and targeted national campaigns, including Military Saves in cooperation with the Department of Defense. To date, over 350,000 people have pledged to save by choosing a savings goal and committing to save a specified amount for a specified time period. Learn more at [www.AmericaSaves.org](http://www.AmericaSaves.org) and [www.AmericaSavesWeek.org](http://www.AmericaSavesWeek.org).