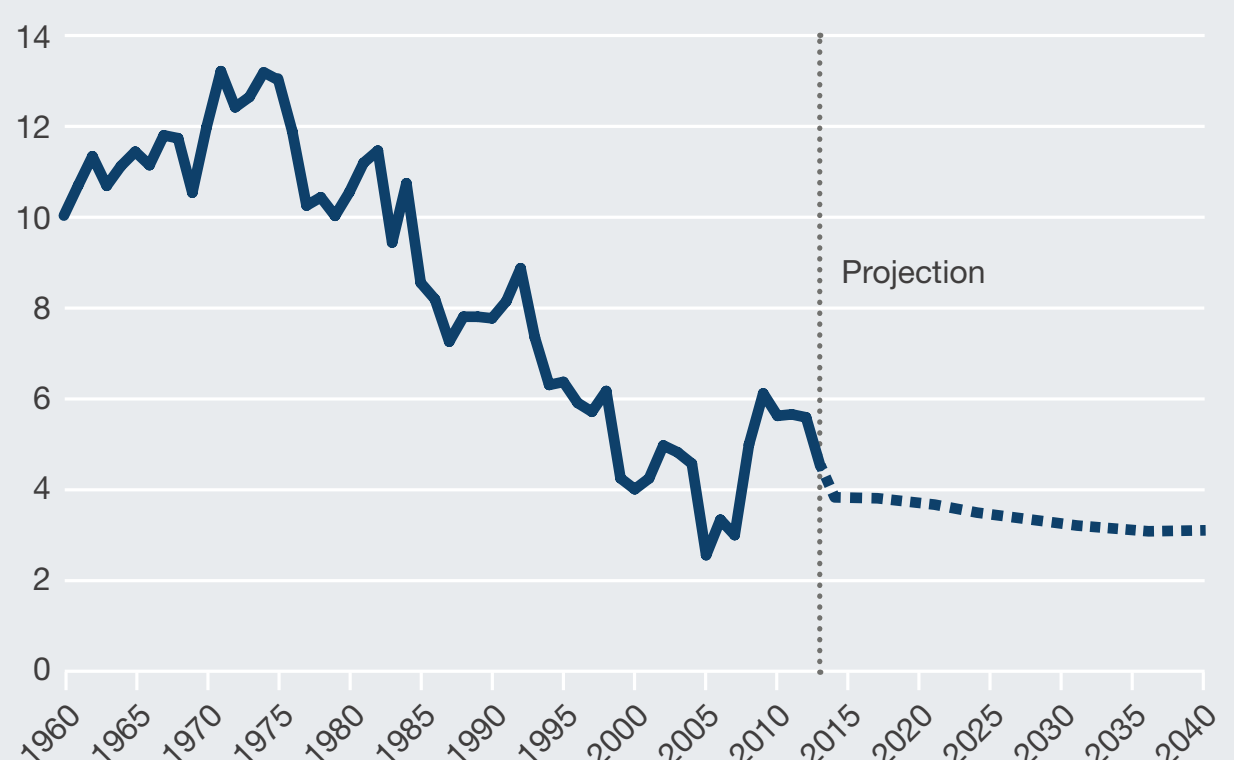


Another Penny Saved Facing the **SAVING** gap

American households need to save more.

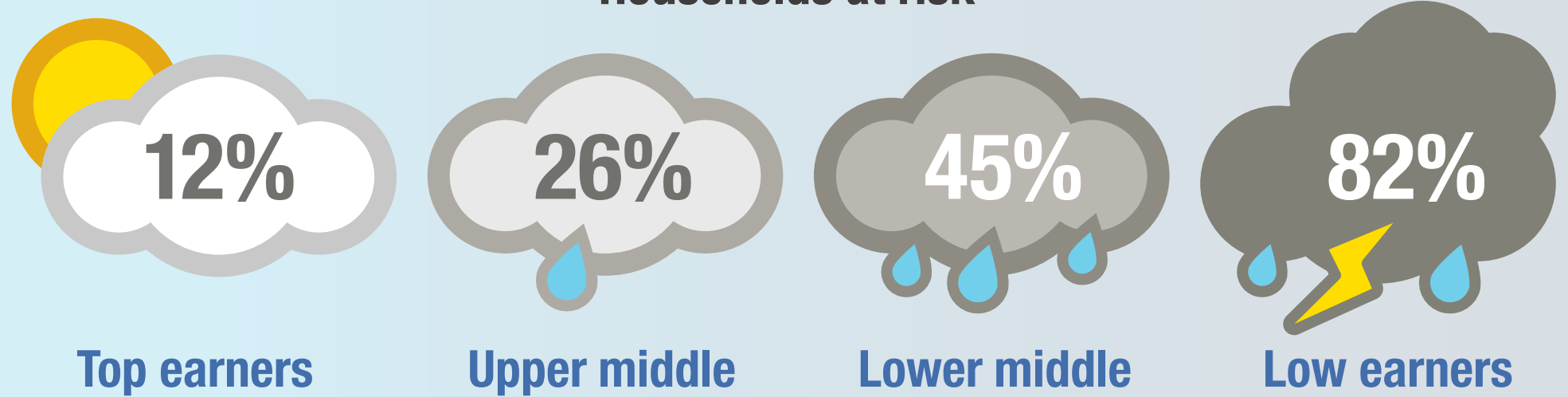
The household saving rate is heading in the wrong direction. Raising household saving over the long term—and attaining retirement security—should be a key, bipartisan goal for national policy.

US personal saving rate¹ (% of disposable income)



No income group is safe from retirement risk, although low earners face greater challenges.²

Households at risk

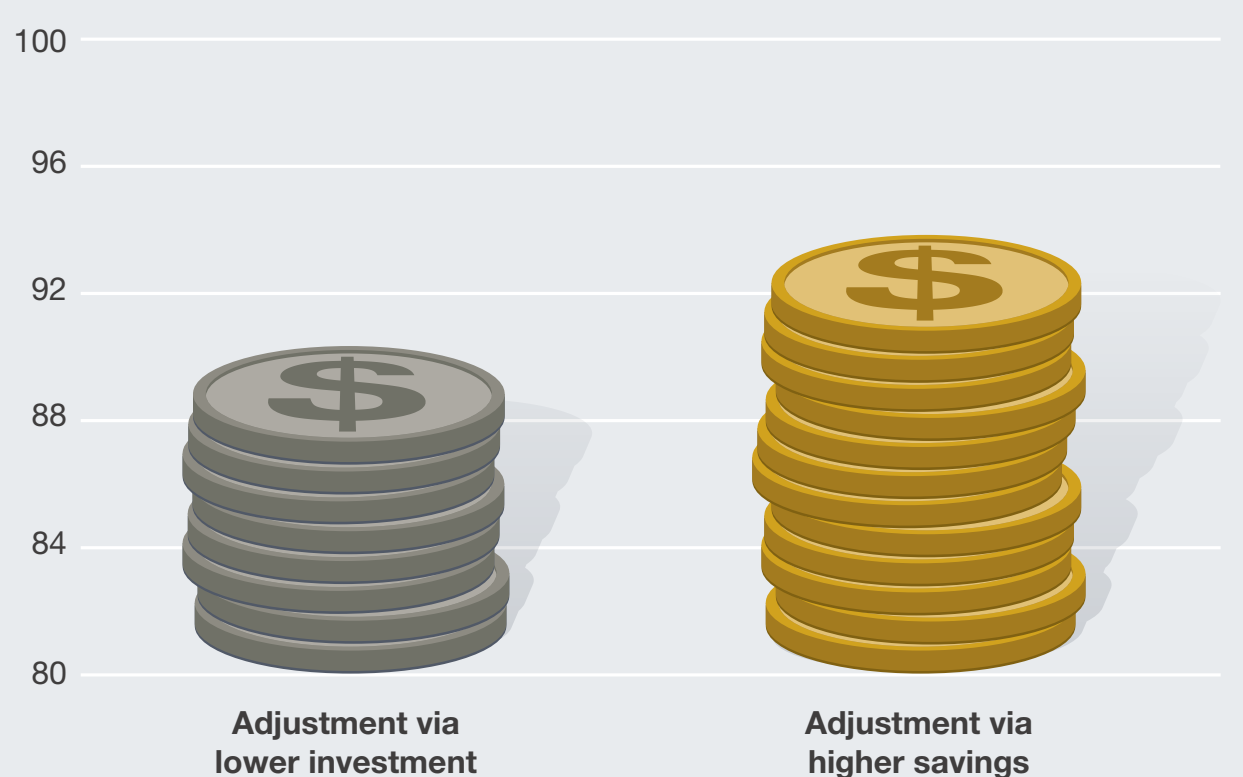


Too many households, even among those with higher lifetime earnings, are at risk of not maintaining their standard of living in retirement.³ This will put even greater pressure on the taxpayer.

Higher saving boosts living standards over the long term.⁴

More household saving would allow US investment to grow without an alarming increase in net borrowing from abroad, adding a discounted \$7 trillion in cumulative GDP by 2040—potentially benefiting the entire country.

GDP per capita (thousands of dollars, 2014 prices)



What should policy-makers do next?

✓ Focus on the underserved

Addressing lack of access to saving opportunities means, first, maintaining incentives at the existing level, but also increasing them—especially for the self-employed and for low- to average-income households that face the largest saving gap.

✓ Incentivize small businesses

Use tax law and regulation to encourage small businesses to provide workplace saving plans.

✓ Opt-out, not opt-in

Washington should encourage employers to focus on offering “opt-out” incentives such as automatic enrollment and automatic escalation, which have proved to be more effective than incentives that require a conscious decision by the employee.

✓ Financial literacy must improve

Government and the educational system must play a role in turning working households into capable investors.

✓ Policy-makers must not work alone

Employers and financial-services providers must be included in the process of determining the best ways to boost savings.

Read the report at: www.AnotherPennySaved.com

1 Source: Oxford Economics. Projection based on current demographic trends
 2 Households are divided into four groups based on projected lifetime income
 3 Source: Employee Benefits Research Institute
 4 Source: Oxford Economics

