

Insights on the Saving Decision and the Journey that Follows

Background and Purpose

Background:

America Saves has a constituency of savers, most of them small savers. These people are unique in the sense that in the recent past they have taken at least one tangible step to start or to accelerate their saving. Most have succeeded at least to some extent. This combination of behavior and outcome makes these people a distinctive subset of the American public; a group that we're calling **Committed Savers**.

Purpose

This research is designed to **profile these Committed Savers**:

- ✓ Who are they?
- ✓ What triggered their decision to start saving?
- ✓ What barriers have they encountered in their savings journey, and what steps have they taken to overcome these challenges?
- ✓ How well have they succeeded?

Summary of Insights

Coping with unexpected expenses tops the list of reasons why people make a commitment to save but several other forces play important roles.

- Two-thirds of people who recently committed to saving more cite unexpected expenses as a major influence in that decision.
- When asked for the specific trigger that led to the decision to save more, recently committed savers often focus on **specific goals** (education, retirement, major purchases); some focus on their **internal aspirations** (desire to gain financial flexibility) or **challenges** (having difficulty staying on top of financial affairs; and the need for an emergency fund). Some are driven by **negative life events** (less income, or the need to get out of debt).
- While positive changes in circumstances are a recognized force triggering increased savings, events that have had a negative influence are a savings trigger for a surprisingly large portion of these recent savers. Almost **one-third (30%) report that an event creating less available income had a major influence on their decision to focus on saving.**
- The decision to save is not an impulse one for most people. A **majority (56%) came to their decision over a relatively long period of time.** The remainder are relatively evenly split between those who made a decision based largely on an internal commitment and those who were triggered by an external event.

Summary of Insights

- Committed Savers are **taking steps to become more knowledgeable** about personal finances, and **saving for an emergency fund** more than the general population; reflecting their aspiration to feel more confident, in control, and ultimately more satisfied with their financial situation.
- The most **successful savers are more likely to have taken a number of actions** to ensure their success. These include opening an account specifically for saving, monitoring accounts carefully, and learning more about saving.

The majority of Committed Savers considered the saving decision for some time before taking action.

Best Describes Your Decision to Start Saving...

56%

- I had **been considering saving more** for some time

24%

- I **just decided to start** saving

20%

- I **had a life changing event** that made me decide to save more

Most Committed Savers are motivated to save more by their aspirations, and where they would like to be in the future.

62%

Positive Trigger (+)

Positive life events or goals*	%
To prepare for retirement	10%
Wanted financial freedom/flexibility	9%
To be able to make a large purchase (car, home)	9%
Wanting to be prepared for emergencies	8%
Having children / wanting to contribute to their expenses	7%
College expenses for self or children	7%

- Typically aspirational or goal centered, with less of an emphasis on where they are now, or past shortcomings, but focused on where they aspire to be and actions they need to take to get there.

38%

Negative Trigger (-)

Negative life events or desire to avoid them*	%
I was having difficulty staying on top of finances	13%
Had to reduce debt / improve credit	11%
Changes in employment gave me less income	4%
Fear/uncertainty about the future	3%
Not having been prepared for a major expense or emergency	3%

- Typically result from having gone through a negative experience because of not having savings, and the fear of having this negative experience again is enough to change behavior.

Q5. Thinking about what was going on for you personally during the time you decided to start saving more, what was it that most influenced you to start saving? What was the "trigger"? Base: N=1313 *Percentages may not add to the total because smaller percentages are not shown.

Most Committed Savers have made progress against their savings goals since making the decision to save more.

Since your decision to save more, how successful have you been in reaching your savings goal(s)?



The savings journey is not a smooth road; the many barriers encountered are similar to the triggers for saving in the first place and unexpected expenses tops the list.

The biggest challenge to your ability to save...	
Unexpected expenses	52%
Spending on non-essential items (i.e. eating out)	42%
Don't earn enough money	41%
The needs of others in my family	32%
Lack of opportunity to make more money	31%
Burdened by debt	30%
Habits that are hard to break	30%
Other priorities that require my attention	29%
Can't get ahead of expenses	26%
Stress of day to day life	24%
Difficulty saving in general	18%
Lack of immediate progress or reward	11%
An economic downturn	10%

Committed Savers who believe they have been successful in their efforts differ in a number of respects from their counterparts: a standout difference is the range of actions they take.

Committed Savers Profile - Savings Success			
	Very Successful N=406	Somewhat Successful N=703	Not Very/Not at all Successful N=204
Pledge Role	<ul style="list-style-type: none"> • Pledge main factor (32%) 	<ul style="list-style-type: none"> • Pledge main factor (39%) 	<ul style="list-style-type: none"> • Pledge main factor (52%)
Where learned about saving	<ul style="list-style-type: none"> • Family (45%) • Independently / Self-education (35%) • 3rd Party (17%) 	<ul style="list-style-type: none"> • Family (43%) • Independently / Self-education (40%) • 3rd Party (14%) 	<ul style="list-style-type: none"> • Family (38%) • Independently / Self-education (51%) • 3rd Party (10%)
Barriers	<ul style="list-style-type: none"> • Don't earn enough (31%) • Burdened by debt (17%) • Cant' get ahead of expenses (11%) 	<ul style="list-style-type: none"> • Don't earn enough (42%) • Burdened by debt (31%) • Cant' get ahead of expenses (26%) 	<ul style="list-style-type: none"> • Don't earn enough (58%) • Burdened by debt (53%) • Cant' get ahead of expenses (57%)
Actions	<ul style="list-style-type: none"> • Monitor accounts carefully (76%) • Becoming more knowledgeable (77%) • Setting goals (67%) • Saving in an emergency fund (69%) 	<ul style="list-style-type: none"> • Monitor accounts carefully (66%) • Becoming more knowledgeable (63%) • Setting goals (52%) • Saving in an emergency fund (52%) 	<ul style="list-style-type: none"> • Monitor accounts carefully (59%) • Becoming more knowledgeable (54%) • Setting goals (30%) • Saving in an emergency fund (22%)

People who have recently committed to save are more focused on becoming knowledgeable about finances and more attuned to emergency saving than the general population – even though they recognize they still need to work on gaining a sense of control.

Committed Savers



42%

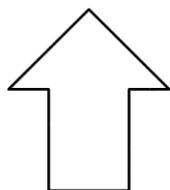
Satisfied with financial situation

44%

Feel Confident

45%

Feel In Control



66%

Becoming more knowledgeable about personal finances

52%

Saving to create an emergency fund

Americans*



50%

53%

55%



47%

44%

*Source: 2016 Artemis Strategy Group MAP™ study of 3041 Americans

Committed Savers are still struggling to stay within a set monthly budget, but they look like the population on a number of other measures, and doing more than the population when it comes to dedicating an account for savings, becoming more knowledgeable, and saving up for emergencies.

Actions people are taking when working towards their financial goals		
	Committed Savers	Population
Monitoring accounts carefully	68%	64%
Open an account specifically for saving	66%	21%
Becoming more knowledgeable about personal finances	66%	47%
Closely monitoring spending and trying to avoid impulse purchases	61%	60%
Saving to create an emergency fund to cover unexpected expenses	52%	44%
Reducing spending to save money in general	51%	57%
Saving specifically for retirement	45%	41%
Increasing the overall amount you are saving	44%	44%
Made a financial plan	42%	N/A
Staying within a set monthly budget	39%	54%

ARTEMIS 2016
Americans and their Money Study

Committed Savers are becoming more knowledgeable about personal finances, opening accounts specifically for saving, and opening accounts to cover unexpected emergencies or expenses more than the population.

Q14. Listed below are a series of actions some people might take when working toward their financial goals. For each, please indicate how well this describes what you personally are doing to reach your savings goal?

Base: N=1313

The pledge appears to be a stimulant to saving regardless of whether Pledgers had already been saving or not; it either helps sustain the effort, accelerates success or is the primary stimulant.

61% of Committed Savers say...

- *I had already started the process of saving more before I took the Pledge*

39% of Committed Savers say...

- *The Pledge was the main factor for me starting to save more*

Did taking the Pledge and getting involved with America Saves...

(Among those that had already started saving)

46%

Just help you maintain the success you were already having

30%

Improve your success at saving

24%

Not really have much impact on your success at saving

Q7. Was the Pledge the start of you saving more, or did you take the Pledge while you were already into the savings process?

Base: N=1313

Q8. Did taking the Pledge and getting involved with America Saves...

Base: N=805

Committed Savers name several conscious reasons for their Pledge decision. At the top of this list was a singular focus on the need for savings.

Why did you decide to take the Pledge?	%
To save more money	79%
To improve my overall financial well-being	63%
To help get out of debt	42%
Be a good role model for my children	19%
To receive updates and resources from America Saves	19%
Be a good role model for my family members (e.g., siblings, spouse) and friends	18%
It was part of a savings program I participated in	12%
New Year's Resolution	4%
A family member or friend suggested that I take it	4%
Other	6%