THE FACTS ON SAVING AND INVESTING

Excerpts from recent polls and studies highlighting the need for financial education

Office of Investor Education and Assistance
Securities and Exchange Commission
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The Facts on Saving and Investing

In early 1998, government agencies, consumer organizations, and financial industry groups throughout the Western Hemisphere launched the *Facts on Saving and Investing Campaign*. This ongoing, educational effort aims to motivate individuals to learn how to save and invest wisely.

The campaign's slogan—**Get the facts. It's your money. It's your future.**—captures why a solid grounding in financial fundamentals makes such a tremendous difference in the quality of life for any individual and any nation.

In the United States, numerous studies and surveys show that many Americans—especially young adults—fail to comprehend the financial basics. Many do not understand how our securities markets work, how to evaluate the risks and rewards of investment products, and how to calculate what they need to save for retirement. Far too many individuals may needlessly struggle in retirement or never attain their other financial goals simply because they were never exposed to the financial facts of life. Some may suffer financial shocks and losses because they do not realize that our financial markets can go down as well as up.

This report summarizes some of the essential facts about saving and investing in the United States from polls and studies conducted by our campaign partners and others. It highlights the reasons why so many have joined forces to undertake this important campaign to improve the financial life of every American. For those who wish to delve more deeply into the subject, this report provides a list of resources for further exploration.

With so many excellent resources within the reach of Americans, our campaign focuses on putting educational materials in their hands. With this campaign, we want Americans to avoid the heartache and deprivation that come with the words, "If I had only known."

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EXECUTIVE SUMMARY

America faces a financial literacy crisis. At a time when more Americans than ever before are investing in our securities markets through the purchase and sale of stocks, bonds, and mutual funds, numerous studies show they lack the financial basics. Americans need to learn what questions to ask before investing, how to evaluate financial products and professionals, and how to protect themselves in the marketplace. A well-educated investor provides the best defense—and offense—against securities fraud.

Americans also need to learn the mechanics—and benefits—of financial planning. Our partners and others have found that few Americans develop financial plans to save for their important financial goals, such as retirement or their children's educations. Yet those who do develop a plan, regardless of income level, consistently save more.

Key findings of the various surveys and studies cited in this report include:

- Only 5 percent of investors believe they know "everything" they need to know to make good investment decisions.
- Two out of three households in America—an estimated 65 million households—will probably fail to realize one or more of their major life goals because they've failed to develop a comprehensive financial plan.
- More than half—55 percent—of all current workers have never even tried to figure out how much they need to save and accumulate for retirement.
- An alarming number of high school students—66 percent—flunked a basic economic literacy test. Among adults taking the same test, only one-third achieved a score of C or better, and nearly half—49 percent—failed.

The good news, however, is that education *can* help, and Americans *want* to be educated. One of the major goals of the *Facts on Saving and Investing Campaign* is to ensure that all Americans are armed with the information they need to make sound financial decisions and protect their hard-earned savings.

INTRODUCTION

The World Has Changed

We have witnessed sweeping global changes in the last few decades. The world has been transformed on almost every front. Politically, governments and national boundaries have come and gone. Through technology, we routinely communicate with the farthest corners of the earth in a matter of seconds. Economically, events in far-flung stock markets across the globe impact every market.

But not only governments and economic markets are affected. These global changes also bring about new financial realities on an individual level. The widespread availability of credit cards and automated teller machines makes spending much easier today than in days gone by. And the proliferation of at-home and on-line banking and investing services allows individuals to act more quickly—and sometimes more rashly—than ever before when making financial decisions.

These changes affect virtually everyone in the United States—from our youngest workers and students to our eldest retirees. Yet most young people in America begin their financial lives unschooled in the basics of saving and investing and unaware of how quickly "easy credit" can add up to big debt. For example, in its 1999 Youth and Money Survey, the American Savings Education Council (ASEC) found that "[f]orty percent of students are likely to buy a pair of jeans (or something similar) they really want even if they do not have the money to pay for it. And 22 percent would pay for it with a credit card."[1]

And while most adults have high expectations for retirement, many will fail to maintain the lifestyle and standard of living to which they have become accustomed because they failed to plan and save. According to an August 1998 study by the Employee Benefit Research Institute (EBRI), more than half of American workers—55 percent—have no idea how much they will need to save to make their retirement dreams a reality.[2]

Individuals Must Make Financial Decisions

Planning for future financial needs—especially for retirement—has also changed. In the past, the burden of planning for the future fell primarily on such external forces as government (through Social Security and Medicare) and employers (through pension plans directed by the employer). Today, however, responsibility for one's financial future has shifted to the individual.[3]

Many American workers no longer expect Social Security to be their major source of retirement income.[4] For example, in its 1997 Retirement Confidence Survey, EBRI found that "[55 percent of current workers] expect personal savings through a retirement plan at work to be a major source of retirement income and 39 percent expect other personal saving to be a major source."[5] By contrast, only 12 percent of those surveyed believed that Social Security would "be their most important source of retirement income, while 22 percent [did] not expect it to be an income source at all."[6]

Most Americans now find themselves in a precarious and challenging position, possibly facing an underfunded retirement unless they start saving and investing more now. This report ties together many recent studies suggesting that the typical American is ill-equipped to handle this important new responsibility and lacks critical money management and investment skills.

THE CHANGING ENVIRONMENT

Americans Are Living Longer and That Gets Costly

Life expectancy for Americans is generally on the rise. Many retirees can expect to live twenty years or more in retirement,[7] and with the rapid medical and scientific developments we see today, the trend is likely to continue. In 1998, only 40,000 people were 100 years old or older. But experts predict that by 2050 nearly one million people will live to be 100.[8]

This is certainly a sign of progress. Yet longer life, with its added years of retirement, requires greater financial assets. Retirement can be a time of deteriorating health. Insurance and other medical safety nets will often cover a portion of these costs. But in many cases, the remainder can only be defrayed by the retiree's personal resources.

According to a 1999 study of saving across generations, nearly half of all Americans in their 50s or early 60s—49 percent—believe strongly that they should have begun to save for retirement much earlier than they did.[9] When asked to identify the ideal time to start retirement planning, the "group picked age 22 . . . eight years earlier than they themselves began to plan."[10]

America's Youth Now Spends More and Has More Debt than Ever Before

Teenagers in the United States have become a formidable economic force. In December 1998, Teenage Research Unlimited projected that teens ages 12 to 19 spent $94 billion of their own money—including money earned or received from allowances, gifts, or employment—in 1998, compared with $84 billion in 1997.[11] Teens also influenced the spending of an additional $47 billion in family money.[12] That's a total of $141 billion.

Yet few have the skills to manage their money wisely. A 1998 poll of 14 to 16 year-olds revealed that "53 percent received little to no financial advice from their parents."[13] And according to a 1998 survey of 13 to 21 year-olds, only 26 percent reported that their parents actively taught them how to manage money.[14]

A 1999 poll of young people ages 9 to 17 found that 59 percent worry about not having enough money, compared with 65 percent who worry about not doing well in school and 52 percent who worry about getting cancer.[15] This comes at a time when college students must shoulder more debt than ever before. The average college student who takes out student loans graduates with a debt burden of $20,000.[16]

According to a survey by *Consumer Reports*, "[s]ixty-four percent of college students have a credit card in their name, and 20 percent have four or more cards."[17] In its 1999 Youth & Money Survey of students ages 16 to 22, the American Savings Education Council (ASEC) found that "28 percent of [students] with a credit card roll over debt each month."[18] And a 1998 poll by the U.S. Public Interest Research Group found that the average college student with a credit card who is responsible for paying his or her charges has an unpaid balance of nearly $1000.[19]

Perhaps most disturbingly, a 1997 survey of individuals who filed for personal bankruptcy protection revealed that 8.7 percent of all bankruptcy filings were among young adults ages 18 to 25 years old.[20]

Pension Plans Have Changed

In almost every sector, job benefits have declined, and workers have increasingly come to realize that they will need to save for themselves to have economic security. The "security blanket" of a life-time job was never available for most, but many Americans have acted as if it were.[21] According to a 1998 study by EBRI, "[i]n 1996, only 28 percent of workers ages 55 and older had been on their job 20 years or more."[22]

In the past, only about one-quarter of workers participated in "defined benefit" plans, such as pension plans that provided annuities at retirement, but many Americans acted as if all had this benefit.[23] Today, employers increasingly offer "defined contribution" plans, such as 401(k) plans, rather than defined benefit plans. With defined contribution plans, the *employees* often decide among different investments and bear the entire risk and reward of their investment decisions. The continuing growth of such plans requires that American workers learn the basics of investing and become disciplined about making contributions to their plan.[24]

Despite the recent rise of defined contribution plans, not every worker in America enjoys the benefit of an employer-sponsored retirement plan. According to officials with the Department of Labor, slightly less than half of America's wage-earning and salaried workers are covered by some type of pension plans.[25] Of the approximately 120.4 million American workers, about 60.4 million public and private sector workers have no pension plans.

According to a 1997 study by Public Agenda, "[m]ore Americans are working for smaller companies—companies less likely to have pension plans, or even voluntary retirement plans."[26] For example, EBRI found that in 1993 only half of all workers in businesses with 25 to 99 workers had the option of an employer-sponsored retirement plan. And for businesses with fewer than 25 employees, only one-fifth had access to such plans. By contrast, at businesses with 100 or more employees, 85 percent of workers could take advantage of an employer-sponsored retirement plan.[27]

Job Changes Affect Retirement Benefits

A 1997 study by Public Agenda found that "[p]eople who change jobs frequently—15% of full-time and part-time workers—are less likely to have adequate retirement savings because they leave before being vested or before they can accumulate significant amounts in retirement plans."[28] Even when frequent job-changers stay in a job long enough for retirement benefits to vest, many workers—particularly those with smaller retirement accounts—request a lump sum payment instead of transferring their accumulated benefits to a new retirement savings plan.[29]

According to EBRI, more than three-quarters of the total dollars distributed are "rolled over" to another qualified retirement plan. But most distributions—an estimated 60 percent—result in a cash-out rather than a rollover.[30] "The lack of preservation of small accounts indicates that many workers do not realize what these dollars could translate into at retirement if saved."[31]

Too many Americans don't know how to manage their retirement funds and don't realize the consequences—such as tax liabilities and other penalties—of failing to do so.[32] As part of its "Retirement Savings Education Campaign," launched in 1995, the U.S. Department of Labor developed publications to help Americans understand their pensions and retirement plans.[33]

Americans Lack Confidence When It Comes to Retirement Planning

EBRI's 1997 Retirement Confidence Survey found that 51 percent of current workers anticipated that personal savings would serve as their "most important" source of income in retirement.[34] But, in 1998, that statistic dropped sharply to only 39 percent.[35] Attempting to explain what may have changed, the authors of EBRI's 1998 Retirement Confidence Survey suggested: "One possibility is that, as more people focus on retirement, determine what they will need, and consider what they have already put aside, their confidence in their ability to save enough for retirement decreases."[36] Consistent with this theory, the 1998 Retirement Confidence Survey found that "only 25 percent of workers are very confident that they are doing a good job of preparing financially for retirement, compared with 32 percent in 1997."[37]

Despite waning confidence, Americans today are more focused than ever before on retirement planning. Nearly half of all working Americans—45 percent—have attempted to calculate how much they'll need to save for retirement.[38] In 1997, only 36 percent had tried to do that calculation. In 1996, only 32 percent made the attempt.[39] Nevertheless, almost 60 percent of women and 51 percent of men have *not* yet tried to figure out how much they need to save for retirement.[40]

According to EBRI's 1998 Retirement Confidence Survey, members of "Generation X"—generally those born from 1964 to 1980—are more confident than the members of any other generation about their retirement prospects.[41] One in three is "very confident" they'll have enough money for a comfortable retirement, compared with 18 percent of older Baby Boomers and 22 percent of younger Baby Boomers.[42] Experts estimate that 55 to 64 percent of Generation X have already begun to save for retirement, primarily because of "the prevalence of 401(k)s in the workplace today, which makes it easy for young people to start saving for retirement, and concerns about the future of Social Security as a source of retirement income."[43]

Retirement Planning Among Women and Minorities

Recent studies show that women and minorities are less likely than men to have begun planning and saving for retirement. According to EBRI's 1998 Women's Retirement Confidence Survey, more than four in ten women—41 percent—have not yet begun to save for retirement, compared with 32 percent of men.[44]

According to the Teresa & H. John Heinz III Foundation's 1998 National Women's Retirement Survey, most women do not know how to plan adequately for retirement. Only 18 percent described themselves as knowing "a great deal" about retirement planning.[45]

The Heinz survey found that 41 percent of all women—including 57 percent of African American women and 54% of Hispanic women—fear "they will live at or near the poverty level because they cannot adequately save for retirement."[46] And 47 percent of all women—including 60 percent of African American women and 57 percent of Hispanic women—expect they will have to work during their retirement years to support themselves.[47]

The 1998 Retirement Confidence Survey found that retirement planning varied substantially among different ethnic groups:[48]

Ethnic Group	Percentage Who've Not Yet Begun to Save for Retirement
Hispanic-Americans	62
African-Americans	52
Asian-American	36
White	33

Social Security and Medicare

ASEC and the U.S. Department of Labor estimate that "average" retirees today receive from Social Security about 40 percent of their pre-retirement earnings.[49] But those who earned above-average wages before retiring receive substantially less.

Surveys conducted by the EBRI and Public Agenda suggest that confidence is down among future retirees regarding the viability of Social Security and Medicare as a realistic safety net for their retirement.[50] More than two-thirds of Americans believe that neither Social Security nor

Medicare “will continue to provide benefits equivalent to the benefits received by retirees today.”[51]

Over two-thirds of retirees today rely almost totally on Social Security, many because they did not know they needed to save.[52] But, as the Commissioner of Social Security, Kenneth Apfel, testified in 1998 before the Senate Committee on Aging, Americans need to understand that “Social Security was never intended to provide for all of a worker's retirement income needs. Pensions and personal savings have always been and should always be part of a sound financial retirement plan.”[53]

According to the 1998 Retirement Confidence Survey, “42 percent of current retirees say Social Security is their most important source [of retirement income], 22 percent cite money from an employer-funded plan, and 19 percent cite personal savings.”[54] By contrast, only 13 percent of current workers believe that Social Security will be their most important source.[55]

A STATISTICAL PROFILE OF SAVING IN THE U.S.

The U.S. Personal Saving Rate Has Dropped Dramatically

The personal saving rate plunged from 2.1 percent in 1997 to a minuscule 0.5 percent in 1998, having hovered at or below zero for most of the last quarter of the year.[56] In September 1998, “the personal saving rate turned negative for the first time since the 1930s.”[57] According to U.S. Department of Commerce statistics, “[t]he amount saved by American consumers as a proportion of their after-tax income dipped to minus 0.2 percent in September as overall spending grew robustly . . . For every $100 that consumers earned net of taxes in wages, salaries, and interest income, they spent $100.20.”[58]

Because the personal saving rate doesn’t account for capital gains, some economists argue that its decline is not cause for alarm.[59] For example, in 1998, the boom in the stock market significantly increased the overall wealth of many U.S. households. According to Federal Reserve Board data, household wealth grew by nearly $3.1 trillion in 1998.[60]

But others disagree. According to the Financial Markets Center, “[t]he consequences of declining saving rates and increased borrowing may prove troubling, particularly in the event of a downturn. In a recession, increased corporate debt-service burdens would put additional pressure on profits, which, in turn, would lower stock prices. Should unemployment rise, high levels of household debt will require that more savings be drawn down to make payments, increasing the downward pressure on asset prices."[61]

In its February 1999 Survey of Current Business, the Commerce Department's Bureau of Economic Analysis noted that "[a]lthough the personal saving rate is low, total saving in the U.S. economy is not."[62] The U.S. national saving rate—which, unlike the personal saving rate, includes business and government saving—was "17.3 percent in the third quarter of 1998, a little higher than the average rate for the past two decades and up from 13.8 percent in the fourth quarter of 1992."[63]

Individuals Have Shifted from Saving to Investing

Generations ago, Americans routinely put their money in savings accounts and generally did not consider alternative savings mechanisms. If they thought about or discussed it at all, Americans viewed the stock market as a pastime of the idle rich—"playing" the market, an elite version of playing the lottery.

Today, however, there is little "play" involved—investing in the market is serious business, a necessity for accumulating the funds essential for retirement or other financial goals. Now, more than ever before, Americans of all income levels are investing in the securities markets, both directly through the purchase and sale of stocks and bonds and indirectly through investment in mutual funds:

- According to a study by the Federal Reserve Board's Division of Research and Statistics, the percentage of families having direct or indirect stock ownership increased dramatically from 1989 to 1995:[64]

Year	Percentage of Households Owning Stock
1989	31.7
1992	37.2
1995	41.1

Similar data for 1998 will not be released until late 1999. But in March 1999, the Securities Industry Association (SIA), a trade group representing brokerage firms, estimated that 48 percent of U.S. households now own stock, directly or indirectly through mutual funds or retirement accounts.[65]

- Americans today have more of their money in the stock market than ever before—nearly $11 trillion.[66] That's one-quarter of all U.S. household assets.[67]

- In 1998, 25 percent of all U.S. households earning less than $25,000 owned securities, either directly or through 401(k)s, IRAs, or other retirement accounts. About 66 percent of those earning between $50,000 and $99,000 owned securities, as did 84 percent of those earning more than $100,000.[68]

- In its March 1999 overview of trends in the securities industry, the SIA reported a dramatic shift from bank products to securities products over the last quarter century:[69]

  In 1998, only 23 percent of the total household liquid assets in America were held as bank deposits, compared with 55 percent in 1975.

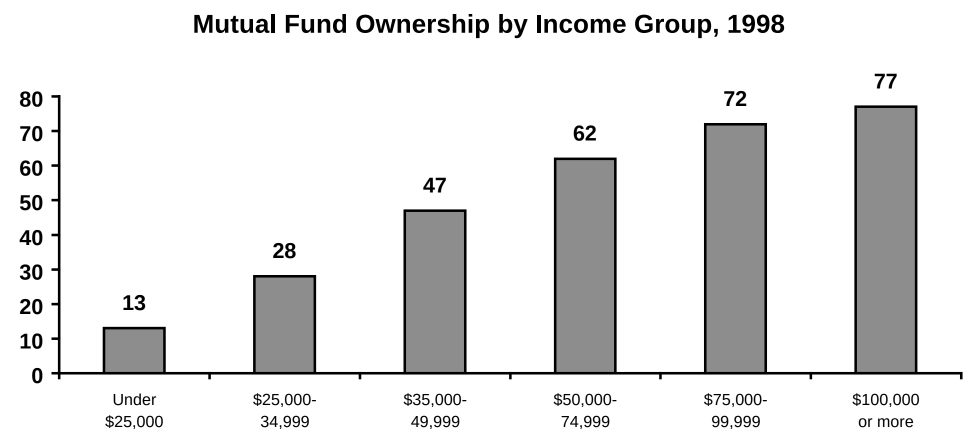
  In 1975, securities accounted for 45 percent of households' liquid financial assets—with 29 percent in stocks, 14 percent in bonds, and 2 percent in mutual funds.

  In 1998, securities accounted for 77 percent of households' liquid financial assets—with 44 percent in stocks, 17 percent in mutual funds, and 16 percent in bonds and money market funds.

- According to the Investment Company Institute (ICI), a trade group representing mutual funds, assets of mutual funds of all types—stock, bond, and money market funds—have grown from $135 billion in 1980 to more than $5.5 trillion in 1998,[70] far surpassing the $3.7 trillion on deposit in U.S. commercial banks.[71] As of February 28, 1999, mutual fund assets in the U.S. totaled $5.6 trillion.[72]

- In 1998, 44 percent of U.S. households—or about 77 million individual investors—entrusted their hard-earned dollars to mutual funds.[73] Back in 1980, less than 6 percent invested in mutual funds.[74]

- The ICI recently reported that in 1998 "[m]ost mutual fund shareholders have moderate household incomes. Seventy percent have total household incomes of less than $75,000. Fund ownership does, however, tend to increase with income. For example, 77 percent of U.S. households with income of $100,000 or more owned mutual funds, while only 13 percent of U.S. households with income of less than $25,000 owned mutual funds."[75]



- According to The Bond Market Association (TBMA), direct household investments in bonds and other debt securities was valued at $1.2 trillion through the end of 1998, down slightly from $1.3 trillion in 1992. About one-quarter of these holdings involved debt instruments issued by the U.S. Treasury, and more than one-third were in municipal securities.[76]

- TBMA further reports that ownership of municipal bonds by individuals has grown 57 percent in recent years with 5 million households now reporting investments in tax-free bonds.[77]

WHERE MANY AMERICANS FALL SHORT

"Saving Is So Hard . . ."

The idea that one must save to have the financial resources necessary for retirement seems so simple. But saving is often given a low priority or overlooked altogether. And many individuals who do attempt to plan for their future retirement needs find that their savings fall far short of the minimum necessary.

The reasons for this shortfall vary. A 1994 study by Public Agenda in collaboration with EBRI identified six key barriers that many Americans confront in trying to save for retirement. Excerpted below is a discussion of each:

- *Retirement is not a priority for most people.* Most people feel too overwhelmed by daily concerns (monthly bills, work, healthcare costs) to give much attention to retirement.[78]

- *Many Americans simply do not earn enough.* About one-third (34%) of Americans are convinced that they cannot save more for their retirement because they do not have the money to do so.[79]

- *Many Americans lack knowledge.* Seven in ten Americans do not know how much money they need for retirement. Thirty-seven percent substantially underestimate the percentage of their yearly income they will need in retirement. [80]

- *Many Americans expect the new "essentials" of middle-class life.* Some Americans are clearly struggling to make ends meet, and have extreme difficulty saving money for any purpose, including retirement. But even more comfortable middle-class Americans strongly resist cutting back on luxuries or nonessentials to save for their retirement. About two-thirds of respondents (68%) say they could cut back on their spending by eating out less often to save more for retirement. But of those, only 18% say they are very likely to actually cut back. [81]

- *Personality matters.* Distinct personality patterns influence how individuals approach financial planning and retirement. "Planners" (about 21% of Americans) are in control of their financial affairs. "Strugglers" (about 25% of Americans) clearly have trouble keeping their heads above rough financial waters. "Deniers" (about 19% of Americans) are almost deliberate in their refusal to deal with retirement. "Impulsives" (about 15% of Americans) are driven to seek immediate gratification—spending today and letting tomorrow take care of itself. [82]

- *The public has a "play it safe" approach to investment*. People seem so concerned with avoiding investment disasters that they make do with overly conservative investments. Much of the public is intimidated by the stock market and frightened of its volatility. [83]

". . . But Credit Is So Easy"

The obvious companion to a lack of savings is a potentially dangerous dependence on credit. According to the Federal Deposit Insurance Corporation (FDIC), "the annual number of personal bankruptcy filings has risen from less than 200,000 in 1978 to more than one million in 1996." [84] During the twelve-month period ending September 1997, more than 1.3 million individuals filed for personal bankruptcy.[85] And more than 1.1 million individuals filed for personal bankruptcy during the first nine months of 1998, representing "an increase of 3.9 percent over the same period in 1997."[86] According to the FDIC, the rise in the personal bankruptcy rate "has coincided with a marked increase in consumer loan charge-offs at FDIC-insured institutions" and "continues a steady upward trend in personal bankruptcies nationwide that goes back to the late 1970s."[87]

Credit has become an easy way for Americans to spend money they do not have and to maintain lifestyles that they could not otherwise afford.[88] This has even become the case for young people. According to a recent analysis in *Consumer Reports*, "college students make up 10 to 15 percent of those seeking money-management help."[89]

The problem of overspending on credit, however, is not limited to the young. According to a 1997 study by Public Agenda, "among all Americans with credit cards, almost half (47 percent) carry finance charges on their balances *every* month, and most of these individuals are not going into debt to stay out of poverty or to stretch meager financial resources."[90] Only when the balance becomes too large do these individuals realize they have a problem.[91]

The Information Gap Looms Large

Nothing is simple anymore. The days of standard pensions and straightforward savings accounts are over. Americans are left to plan their financial futures on their own and must figure out how to build a diversified portfolio of stocks, bonds, and cash or cash equivalents. In theory, this presents Americans with an opportunity to take charge of their financial destinies, but in practice, more often than not, Americans find themselves floundering because they do not know what to do.

Responding to this concern, the U.S. Senate Committee on Appropriations in its 1997 report asked the U.S. Securities and Exchange Commission "to provide a program to inform investors of the risks and rewards of the market, including the need for diversification."[92] Citing the high performance of equities markets—specifically, that "assets in mutual fund portfolios have more than tripled since 1990," and the "total market value of U.S. stocks has risen from [$3.1 trillion] in 1990 to [$7.1 trillion] in 1996"—the Committee emphasized the importance of educating investors about the securities markets.[93]

Too Many Americans Fail "Finance 101"

A 1994 analysis of the financial literacy of a cross-section of Americans revealed that the U.S. is facing an economic comprehension gap of serious proportions.[94] The analysis asked respondents ten questions about important economic data and basic financial concepts. Less than one-fifth of those polled passed the test. Few could answer such questions as:

Q. What investment has offered the best return over the last 20 years?

1. **Stocks**
2. **Bonds**
3. **Savings Accounts**
4. **Certificates of Deposit**

Less than half—only 45 percent—of the survey respondents correctly answered "stocks." One in 4 Americans thought CDs offered the best historic returns, and 1 in 5 answered bonds.[95]

Other findings of this 1994 study included the failure of many Americans to comprehend the power of compound interest:

Q. If you deposited $1,000 in an account and earned 8 percent, compounded annually, over 30 years, at the end of this period would you have more or less than $5,000?

Although over 70 percent of respondents correctly answered "more," the authors of the analysis qualified the results by noting "that respondents had a 50-50 chance of getting this right and were not asked to give an actual dollar amount."[96] Even with such odds, one in five guessed wrong, and one in ten either did not know or refused to answer.[97]

In February 1997 the National Association of Securities Dealers, Inc. (NASD) released the findings of a survey it conducted to assess investors' financial literacy.[98] Quoted below are two of the NASD's key findings:

- While 63 percent of Americans know the difference between a halfback and a quarterback, only 14 percent can tell the difference between a growth stock and an income stock.[99]

- While 78 percent of Americans can name a character on a television sitcom, only 12 percent know the difference between a "load" and "no-load" fund.[100]

Even for those with relatively modest means and monetary goals, a lack of understanding of the financial basics can have serious consequences. Putting money in an IRA, for example, is generally considered one of the best investments for retirement. Yet, according to EBRI's 1997 Retirement Confidence Survey, "only 16 percent of all workers report that they have a very clear understanding of the eligibility rules for making tax-deductible IRA contributions."[101] And fully 31 percent don't know one way or the other whether the rules are clear because they've "never looked into making an IRA contribution." [102]

EBRI's 1997 Retirement Confidence Survey found that Americans remain similarly uncertain about their 401(k) or similar retirement plans. Quoted below are relevant excerpts:

- According to [the 1997 Retirement Confidence Survey], 76 percent of workers offered a 401(k) or similar retirement saving plan at work contribute to the plan.[103]

- Of these, however, only 65 percent know the maximum that they are allowed to contribute, and of these, less than one-half (48 percent) contribute the maximum.[104]

- Among those not contributing at all to an available plan, the top three reasons cited were inability to afford to save, saving for other goals, and the difficulty in withdrawing funds.[105]

America's Youth Lacks Financial Smarts

Like their parents, many of America's students and young workers fail to understand the basics of saving and investing. According to a 1999 study by the National Council on Economic Education, two-thirds of all American high school students—and nearly half of all adults—failed a test of their knowledge of basic economic principles.[106] Key findings of the NCEE survey are quoted below:[107]

- Almost two-thirds of those tested did not know that in times of inflation money does not hold its value.

- Only 58 percent of the students understood that when the demand for a product goes up but the supply doesn't, its price is likely to increase.

- Half of the adults and about two-thirds of the students did not know that the stock market brings people who want to buy stocks together with those who want to sell them.

A 1997 survey of high school seniors conducted by the Jump$tart Coalition for Personal Financial Literacy produced similar results:[108]

- An alarming number of high school seniors—51.9 percent—flunk when it comes to knowing about money. Only one in ten achieved a score of C or better on a basic financial literacy test.

- Thirty percent of the students surveyed thought that “retirement income from a company is called Social Security.”

- Only 14.6 percent thought that stocks would achieve a higher rate of growth over 18 years than savings accounts, checking accounts, or U.S. Government savings bonds.

- More than half—54.7 percent—thought U.S. Government Savings Bonds would provide the highest yield over the long-term. And more than one-quarter—27.8 percent—thought a savings account would provide the best return over time.

Navigating Without a Road Map Can Lead to Disappointment

Many have described a “financial plan” as a road map that helps the traveler get to where he or she is going.[109] Yet, a surprising number of people—two out of three savers in America, according to both a 1997 report prepared for the Consumer Federation of America and a 1996 survey by the Investor Protection Trust—have never prepared one.[110] According to a 1998 survey by the Certified Financial Planner Board of Standards, 88 percent of planners holding the “CFP” designation want their clients to begin retirement planning before age 39, but “only 13 percent said their clients actually do.”[111] Most (56 percent) said their clients wait until they are in their forties, and many (29 percent) said their clients refuse to focus on retirement planning until they reach their fifties.[112]

A recent report prepared for the Consumer Federation of America, reinforces the importance of having a financial plan, regardless of income level. Key findings of the report excerpted below include:

- An estimated 65 million American households will probably fail to realize one or more of their major life goals because they have failed to develop a comprehensive financial plan.[113]

- One in five American households describe themselves as "non-savers" who have not yet put aside any money for any of their financial goals.[114]

- Only one-third of Americans who describe themselves as "savers" have developed a comprehensive financial plan.[115]

- In households with annual incomes of less than $100,000, savers who say they have financial plans report having twice as much in saving and investments as do savers who do not have plans.[116]

Americans Need to Understand the Securities Markets . . .

While the massive movement of middle America into the securities markets has provided new opportunities for investors, it has also occurred amid considerable confusion on the part of investors, which creates great potential for abuse. Not all investors are as informed as they should be on how the securities markets work, and the risks and rewards of investing.

For example, a 1996 study by the Investor Protection Trust concluded that "less than a fifth (18%) of investors surveyed are truly literate about financial matters specifically related to investing. Most lack basic knowledge about the meaning of financial terms and about the way different investment works."[117] Key findings of the study include:

- As many as 62 percent of investors mistakenly believe that a "no-load" mutual fund involves no sales charges or other fees.[118]

- Only 38 percent of investors know that when interest rates go up the prices of bonds usually go down.[119]

Similarly, a January 1998 report on the financial literacy of mutual fund investors found that:

- Less than half of all investors correctly understand that the purpose of diversification is to balance both risk and return in achieving their financial goals.[120]

- Approximately 45 percent of investors mistakenly believe that diversification provides "a *guarantee* that [their] portfolio won't suffer if the stock market falls."[121]

- Nearly half of investors do not understand the impact of expenses on mutual fund results.[122]

Many investors today have unrealistic expectations of the long-term performance of the securities markets. At the ICI's General Membership Meeting in May 1997, members of the mutual fund industry, policy makers, and the media discussed the implications of a *Wall Street Journal* survey finding that mutual fund investors anticipated returns of 16.2 percent in 1997 and returns of 22.2 percent a year for the next decade.[123] A January 1997 survey conducted by the NASD found that almost one in three investors—32 percent—believe that "these are only average times for investing."[124] Fully 63 percent of investors surveyed by the NASD believed that the stock prices would continue to rise in the next year, although "most (58%) anticipate only a moderate increase."[125]

One of our goals in this campaign is to encourage realistic expectations about how different types of asset have performed over the long-term:

1925-1998 Compound Annual Returns for Different Asset Classes

Small Companies	12.4 percent
Large Companies	11.2 percent
Long-term Corporate Bonds	5.8 percent
Long-term Government Bonds	5.3 percent
Treasury Bills	3.8 percent

Source: Ibbotson Associates, Chicago

At the same time, the campaign seeks to encourage diversification and a better understanding of risk. A balanced mix of stocks, bonds, and cash provides investors with a cushion should any single asset class in their portfolio decrease in value during any given period. Because greater return usually correlates with greater risk, investors should know what their risk tolerance is and how risk fits in with their long- and short-term financial goals.

. . . And They Need to Understand Their Retirement Options

In the *Savings Are Vital to Everyone's Retirement Act of 1997* (the "SAVER Act"), Congress found that "[a] leading obstacle to expanding retirement savings is the simple fact that far too many Americans—particularly the young—are either unaware of, or without the knowledge and resources necessary to take advantage of, the extensive benefits offered by our retirement savings system."[126] To combat this, Congress directed the U.S. Department of Labor to develop a program to promote saving for retirement and reach out to the public through public service announcements, public meetings, educational materials, and an Internet site.[127]

The SAVER Act required the Department of Labor to hold a series of nation-wide summits on retirement savings. The first of these occurred on June 4-5, 1998, in Washington, D.C. Organized by ASEC and co-hosted by the President and bipartisan Congressional leadership in the House and Senate, the National Summit on Retirement Savings brought together leaders from the private and public sectors, including organizations dedicated to employee benefits, personal finance, and retirement issues. The Secretary of Labor’s report on the Summit is available at <www.saversummit.org/98report.pdf>. The SAVER Act calls for a second Summit in 2001 and a third in 2005.

A 1997 study by Public Agenda found that “even when asked to include anything and everything they’ve stored in any type of savings vehicle, nearly half of all Americans report nothing or less than $10,000 in retirement savings.”[128] While perhaps understandable in today’s complex and difficult financial environment, the widespread failure to adequately plan does not bode well for Americans looking forward to retirement.

That is why one of the goals of the *Facts on Saving and Investing Campaign* is for as many Americans as possible to fill out the *Ballpark Estimate*. Developed by ASEC, the *Ballpark Estimate* is a single-sheet planning document that helps individuals calculate what they need to save each year for their retirement. Individuals can get the *Ballpark Estimate* by calling the SEC’s toll-free publications line at (800) SEC-0770 or downloading it from ASEC’s Web site at <www.asec.org>. You’ll find a copy at the end of this Report on page 33.

EDUCATION CAN HELP

Notwithstanding current levels of financial illiteracy in the United States, there is some good news: education *can* help. Numerous studies show that educational programs play a critical role in motivating Americans to save and invest wisely.

- **In Our Schools.** In 1998, the National Endowment for Financial Education (NEFE) and the U.S. Department of Agriculture Cooperative State Research, Education, and Extension Service (Extension Service) concluded an 18-month study of the impact of financial education on high school students. Their study found that American teen-agers "can and do respond positively to instruction aimed at improving their money management skills."[129]

The NEFE/Extension Service study further demonstrated that "as little as 10 hours of classroom instruction" can make a tremendous difference.[130] After completing NEFE's High School Financial Planning Program, "86% of participating students demonstrated an increase in financial knowledge or improved money management behavior."[131] More importantly, the knowledge stuck over time: "In a follow-up phase, conducted three months later, 58% of the students said they had improved their spending habits, and 56% said their savings habits had improved."[132]

A July 1997 study by the National Bureau for Economic Research found that state mandates requiring schools to provide financial education to high school students "ultimately elevate the rates at which individuals save and accumulate wealth during their adult lives."[133] Specifically, "[a]dults who grew up in states where personal-finance education was mandated in high school are saving nearly 5 percent more money than their peers."[134]

There are some impressive examples of a renewed emphasis on education already occurring in the schools. The Jump$tart Coalition for Personal Financial Literacy has developed guidelines for teaching personal finance basics in grades K-12. In addition, the Investor Protection Trust (IPT) recently unveiled a bold and inspiring commitment to investor education by states securities regulators—a one million dollar contribution to train high school teachers about personal finance issues. The program, known as *Financial Literacy 2001*, began training teachers across the country during the 1998-1999 academic year.

- **In the Workplace.** Experts agree that financial education is one of the most critical needs facing the American worker today. In a 1997 survey of employee benefit specialists, 43 percent stated that educating employees about investing was their top priority.[135] In addition, 74 percent of employee benefit specialists stated that the top priority of the employees they work with is to evaluate whether their current level of retirement savings is adequate.[136]

  In a 1998 study of white-collar clerical workers at a large, mid-east employer, 53 percent of those surveyed reported being dissatisfied with their personal financial situation:

- 29 percent feel like they are always in financial trouble,
- 35 percent find it hard to pay bills,
- 54 percent worry about how much they owe,
- 34 percent rate their financial stress level as extremely stressful, and
- 43 percent do not set money aside for retirement.[137]

> Researchers at Virginia Tech University have found a strong correlation between "financial wellness" and worker productivity.[138] Their studies demonstrate that employers who provide financial education in the workplace are repaid up to three times the cost through "fewer absences from work, less time spent at work dealing with personal financial matters, and increases in job productivity."[139]
>
> A 1996 study of baby-boomers found that employer-sponsored retirement education programs raise:[140]
>
> - Overall saving rates by 2.2 percent.
> - Average rates of saving for retirement by 1.8 percent.
> - Participation rates in 401(k) plans by 11.8 percent.
>
> These effects of retirement education are most pronounced among those who are otherwise least inclined to save.

It is clear that investors want to be educated. In November 1998, the SIA's fourth annual investor survey revealed that an overwhelming number of investors—77 percent—believe that the securities industry should do more to educate the public about how to invest wisely.[141] In particular, investors want to learn the "basics" of investing—including asset allocation, retirement planning, and risk management.[142]

In its fourth annual investor survey, released in November 1998, the SIA found that only 5 percent of investors believe they know "everything they need to" in order to make good investment decisions, up slightly from 4 percent in 1997.[143] And six out of ten investors—60 percent—report knowing "just some" or "very few of the things necessary" to make good decisions.[144]

REACHING FINANCIAL GOALS

Reaching financial goals requires a considerable amount of thought, planning and discipline. The following outlines how one might: (1) gather the appropriate information; (2) formulate a realistic savings and investment plan; and (3) implement the plan with a program of disciplined saving and wise investment.

Get the Facts: Learn the Basics

The first step in reaching a financial goal is getting the right information. Making well-considered savings and investment decisions depends on knowing your own financial situation and needs. The following list, prepared by ASEC, serves as a useful example of some of the primary areas that Americans need to address in retirement planning:[145]

- Cash reserves for emergencies
- Social Security benefits
- Employer-sponsored pensions or profit sharing plans
- Tax-sheltered savings plans such as 401(k)s
- Individual Retirement Accounts
- Savings

Individuals must then set financial goals and formulate a plan to achieve them.[146]

Make a Plan

Once an individual has gathered the basic information and has reasonably sound knowledge of the saving and investment options available, he or she is ready to formulate a plan, or road map, to serve as a financial guide in the coming years.

The Investor Protection Trust has suggested a five-step approach to help investors get started on developing a financial plan:[147]

⇒ **Set Goals.** Figure out what your major goals are, how much it will cost to reach them and the number of years that you have to build up your savings.

⇒ **Start Saving.** Your savings should not depend on what happens to be left over at the end of the month. Based on your goals and how much you need to save to reach them, start setting aside something toward each goal every month ... and put it in separate accounts. The best way to make sure that you have money to save is to put yourself on a budget based on your income and expenses.

⇒ **Match Investments to Goals.** Take the time to learn about the best types of savings and investment products for each of your goals. An important point: Choosing the right type of investment is more important than choosing the very "best" product of that type. Never buy an investment that you do not understand. Always make sure that any investment you buy makes sense as part of your overall financial plan.

⇒ **Do Annual Check-Up.** Have your goals changed? How are your investments doing? Could you save even more? These are the questions that you should ask at least once every year.

⇒ **Choose Help Wisely.** You may be able to put together and carry out a financial plan on your own. Public libraries, book stores and the Internet are good sources of information about financial planning strategies, as well as the savings and investment products used to carry them out. If you decide that you need the help of a financial professional, determine in advance what services you want to get and then interview two or three properly licensed professionals who specialize in your needed services, are experienced, and have clean disciplinary records. Make sure you know how your financial adviser is going to be compensated and the total cost of getting his or her advice and putting it into action.

Save and Invest Wisely

According to the SIA's 1997 survey of investors, more than half of all current investors—53 percent—rely on professional financial advisers for their investment advice. Nevertheless, almost four-fifths of investors—79 percent—stated that they "feel it is difficult to know how to go about choosing a good professional investment advisor."[148] Worse still, the Investor Protection Trust found that the vast majority of investors—88 percent—fail to investigate the backgrounds of financial planners and stockbrokers they hire to advise them.[149]

The SEC recommends that individuals investigate before they invest. Here are some tips individuals should follow to protect their hard-earned money:

1. **Ask Questions** Call your state's securities regulators, and ask:

    - Is the investment registered?
    - Are the broker and the firm licensed to do business in my state?

    You can get that number by calling the North American Securities Administrators Association at (202) 737-0900.

2. **Know Your Broker** Ask your state's securities regulators if they've received complaints against the broker and the broker's firm. You can also call the National Association of Securities Dealers' toll-free public disclosure hot-line at (800) 289-9999 or visit their Web site at <www.nasdr.com>.

3. **Know the Investment** How long has the company been in business? What are its products or services? Has the company made money for investors before?

4. **Get the Facts in Writing** Don't get swept away by a sales pitch. Always ask for—and read carefully—the company's prospectus or latest annual report.

5. **Watch Out for Fraud** Think twice if you see any of these tell-tale signs of trouble:

    - Pressure to invest before you've had an opportunity to investigate
    - Sales people offering "inside" or "confidential" information
    - Claims of a "once-in-a-lifetime opportunity" or a "limited time offer"
    - Promises of spectacular profits or "guaranteed" returns
    - Assurances that the investment is "risk-free" or "as safe as a certificate of deposit"
    - Reluctance—or outright refusal—to send you written information about the investment

6. **Complain Promptly** If you have problems, get help right away. Contact the broker's supervisor or the firm's

compliance officer. If that does not work, write to us at the following address:

U.S. Securities and Exchange Commission
Office of Investor Education and Assistance
450 5th Street, N.W.
Washington, D.C. 20549
E-mail: help@sec.gov

For tips on how to invest wisely and to protect yourself against investment fraud, call us toll-free at (800) SEC-0330, or visit our Web site at *www.sec.gov*.

SOURCES OF INFORMATION

One of the primary purposes of the *Facts on Saving and Investing Campaign* is to assure that all Americans know where to turn to find the information they'll need to save and invest wisely and avoid costly mistakes. Americans have many options when it comes to managing their money, and sometimes the choices can be overwhelming. While the SEC cannot endorse any particular financial services firm, profession, product, or service, we do want everyone to learn about their options and where to get help.

Many of our partners in this campaign have produced educational materials that contain unbiased, non-commercial information on saving and investing. If you want to learn more, call or write our partners:

Government Agencies

Board of Governors of the Federal Reserve System
Address: 20th & C Streets, NW
Marriner S. Eccles Federal Reserve Board Building
Washington, DC 20551
Web site: www.bog.frb.fed.us

Commodity Futures Trading Commission
Address: Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581
Telephone: 202-418-5000
Web site: www.cftc.gov

Federal Trade Commission

Address: 6th Street & Pennsylvania Avenue, NW
Washington, DC 20580
Telephone: 202-326-2000
Web site: www.ftc.gov

National Association of State Treasurers

Address: P.O. Box 11910
Lexington, KY 40578
Telephone: 606-244-8175
Web site: www.nast.org

North American Securities Administrators Association

Address: Ten G Street, NE
Washington, DC 20001
Telephone: 202-737-0900
Web site: www.nasaa.org

Social Security Administration

Address: 6401 Security Boulevard
Baltimore, MD 21235
Web site: www.ssa.gov

U.S. Department of Agriculture Cooperative State Research, Education, and Extension Service

Address: 1400 Independence Ave., SW
Washington, DC 20250-0900
Web site: www.reeusda.gov

U.S. Department of Justice

Address: 1400 New York Ave., NW - Room 4100
Washington, DC 20005
Web site: www.doj.gov

U.S. Department of Labor, Pension and Welfare Benefits Administration

Address: 200 Constitution Ave., NW
Washington, DC 20210
Toll-free: 800-998-7542 (Publications)
Web site: www.dol.gov/dol/pwba

U.S. Department of the Treasury, Bureau of the Public Debt

Address:	999 E Street, NW - Suite 553 Washington, DC 20239-0001
Telephone:	202-874-4000
Web site:	www.publicdebt.treas.gov

U.S. General Services Administration, Consumer Information Center

Address:	18th & F Streets, NW - Room G-142 (XC) Washington, DC 20405
Telephone:	202-501-1794

U.S. Securities and Exchange Commission

Address:	Office of Investor Education and Assistance 450 5th Street, NW Washington, DC 20549
Toll-free:	800-SEC-0330
Web site:	www.sec.gov

National Organizations

AARP

Address:	601 E Street, NW Washington, DC 20049
Web site:	www.aarp.org

AFSA Education Foundation

Address:	919 Eighteenth Street, NW Washington, DC 20006
Web site:	www.afsaef.org

Alliance for Investor Education

Web site:	investoreducation.org

American Association of Individual Investors

Address:	625 N. Michigan Avenue - Suite 1900 Chicago, IL 60611-3110
Telephone:	312-280-0170
Web site:	www.aaii.com

American Payroll Association

Address:	1225 I Street, NW -Suite 500 Washington, DC 20005
Telephone:	202-
Web site:	www.americanpayroll.org/

American Savings Education Council

Address:	2121 K Street, NW - Suite 600 Washington, DC 20037-1896
Telephone:	202-775-9130
Web site:	www.asec.org

The Bond Market Association

Address:	40 Broad St. New York, NY 10004-2373
Telephone:	212-440-9400
Web site:	www.psa.com

Certified Financial Planner Board of Standards

Address:	1700 Broadway, Suite 2100 Denver, CO 80290-2101
Toll-free:	888-CFP-MARK
Web site:	www.cfp-board.org

Consumer Federation of America

Address:	1424 16th Street, NW Suite 604 Washington, DC 20036
Telephone:	202-387-6121

Employee Benefit Research Institute

Address:	2121 K Street, NW - Suite 600 Washington, DC 20037-1896
Telephone:	202-659-0670
Web site:	www.ebri.org

International Association for Financial Planning

Address:	5775 Glenridge Dr., NE - Suite B-300 Atlanta, GA 30328-5364
Toll-free:	1-800-945-4237
Web site:	www.iafp.org

Investment Company Institute

Address:	1401 H Street, NW - Suite 1200 Washington, DC 20005
Telephone:	202-326-5800
Web site:	www.ici.org

Investor Protection Trust

Address: 1901 Fort Myer Drive - Suite 1012-1014
Arlington, VA 22209

Jump$tart Coalition

Address: 919 Eighteenth Street, NW 3rd Floor
Washington, DC 20006
Telephone: 202-466-8610
Web site: www.jumpstartcoalition.org

National Academy Foundation

Address: 235 Park Avenue South, 7th Floor
New York, NY 10003
Web site: www.naf-aps.org

National Association of Investors Corporation

Address: P.O. Box 220
Royal Oak, MI 48068
Web site: www.better-investing.org

National Association of Securities Dealers, Inc.

Address: 1735 K Street, NW
Washington, DC 20006-1500
Toll-free: 800-289-9999 (Public Disclosure Hotline)
Web site: www.investor.nasd.com

National Council on Economic Education

Address: 1140 Avenue of the Americas
New York, NY 10036
Telephone: 212-730-7007
Web site: www.nationalcouncil.org

National Endowment for Financial Education

Address: 5299 DTC Boulevard - Suite 1300
Englewood, CO 80111-3334
Telephone: 303-741-6333
Web site: www.nefe.org

National Foundation for Consumer Credit

Address: 8611 Second Avenue, Suite 100
Silver Spring, MD 20910
Telephone: (301) 589-5600
Web site: www.nfcc.org

National Futures Association

Address:	200 W. Madison Street, Suite 1600 Chicago, IL 60660-3447
Web site:	www.nfa.futures.org

National Institute for Personal Finance Employee Education

Address:	Virginia Tech, NE Department-0410 Wallace Hall 101 Blacksburg, VA 24061
Web site:	www.chre.vt.edu/pfee

National Institute for Consumer Education

Address:	Eastern Michigan University 559 Gary M. Owen Building, 300 W. Michigan Ypsilanti, MI 48197
Web site:	www.nice.emich.edu

New York Stock Exchange

Address:	1800 K Street, NW- Suite 1100 Washington, DC 20006
Web site:	www.nyse.com

Securities Industry Association

Address:	120 Broadway New York, NY 10271
Telephone:	212-618-1500
Web site:	www.sia.com

Facts on Saving and Investing Campaign Partners

AARP
Alliance for Investor Education
American Association of Individual Investors
American Financial Services Association Education Foundation
American Payroll Association
American Savings Education Council
American Society of Corporate Secretaries
ASPIRA
Board of Governors of the Federal Reserve System
The Bond Market Association
Certified Financial Planner Board of Standards
Commodity Futures Trading Commission
Consumer Federation of America
Council of Securities Regulators of the Americas
Employee Benefit Research Institute
Federal Trade Commission
Friends of the Earth
Hispanic National Bar Association
International Association for Financial Planning
Investment Company Institute
Investor Protection Trust
Jump$tart Coalition for Personal Financial Literacy
Museum of American Financial History
National Academy Foundation
National Association of Consumer Affairs Administrators
National Association of Hispanic Publications
National Association of Investors Corporation
National Association of Securities Dealers, Inc.
National Association of State Treasurers
National Council on Economic Education
National Endowment for Financial Education
National Foundation for Consumer Credit
National Futures Association
National Institute for Consumer Education
National Institute for Personal Finance Employee Education
New York Stock Exchange
North American Securities Administrators Association
Pension Benefit Guaranty Corporation
The Savings Coalition of America
Securities Industry Association, Investor Education Committee
Securities Industry Foundation for Economic Education
Social Security Administration
U.S. Department of Agriculture, Cooperative State Research, Education, and Extension Service
U.S. Department of Justice
U.S. Department of Labor, Pension and Welfare Benefits Administration
U.S. Department of Treasury, Bureau of Public Debt
U.S. General Services Administration, Consumer Information Center
U.S. Securities and Exchange Commission

The Ballpark Estimate

We were unable to import the *Ballpark Estimate* into this .pdf version of "The Facts on Saving and Investing." You'll find the *Ballpark Estimate* on ASEC's Web site at <www.asec.org>. We apologize for any inconvenience.

ENDNOTES

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[38] *Id.* at 3.

[39] *Id.* EBRI's 1997 Retirement Confidence Survey revealed that:

- Only 36 percent of current workers have tried to determine how much they need to save to fund a comfortable retirement.

- Out of the 36 percent of current workers who have done the calculation, 24 percent cannot give a figure when asked.

From this data, the survey concluded: "This means that roughly three-quarters of *all* current workers have *no* idea regarding how much they need to save and accumulate for retirement." 1997 RCS at 5.

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