

SPECIAL INITIATIVE—ENCOURAGE SAVING

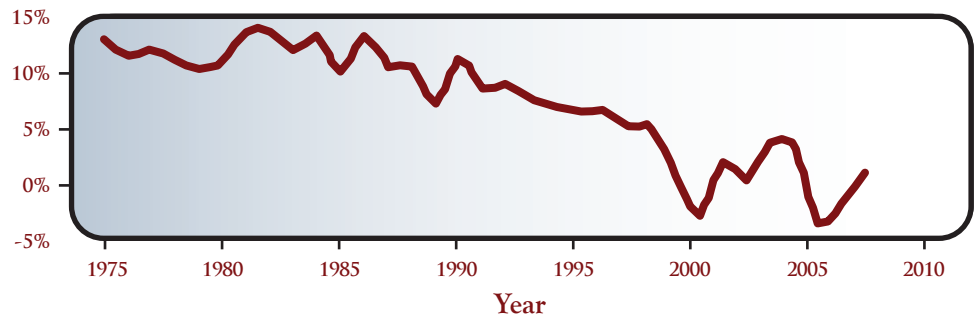
Many individuals are in danger of having insufficient savings for retirement and other life events that interrupt their income. In the past decade, for the first time since the Great Depression, the

personal savings rate fell below zero. Inadequate planning places two-thirds of households at risk of not having enough retirement income. Less than half of American workers have estimated how much money they will need to live comfortably during retirement. Studies show that individuals do not have enough information or lack skills to effectively plan for a secure retirement. Studies also show that increased awareness can improve attitudes toward saving, expand participation in retirement savings plans, and increase retirement asset accumulation. These factors are particularly relevant to Social Security’s mission and programs.

Due to our existing relationship with the public and the nature of our work, Social Security is uniquely positioned to encourage saving. We believe the agency has a responsibility to help individuals understand the role of Social Security benefits and the need for them to save as they plan for their future. Consequently, to ensure Americans of every age understand the importance of preparing for retirement, we will expand our outreach efforts to encourage saving.

Starting in 2009, we will launch a research initiative to develop and refine print, web, and other products that we can use to better inform the public about retirement planning options. Due to the importance of this individualized decision, we will encourage the public to consider their savings, other income, life expectancy, and health care needs when they make their decision about when to take Social Security retirement benefits. We will target our products at diverse segments of the American public and will encourage saving among all age groups. For example, we will take advantage of existing vehicles like our annual *Social Security Statement* and our website to provide age-specific information to encourage saving. We will focus on the importance of saving early for those aged 18 to 35. The message will shift, for those aged 36 to 50, to saving during peak earning years. For those aged 51 to 70, the topic will be sound retirement planning practices. We will also work with the public and private sector to develop new and innovative methods to inform workers of all ages about their need to save.

U.S. Personal Savings Rate Has Declined



Source: Flow of Funds Accounts, Federal Reserve Board

Did you know...

Only 18 percent of workers can correctly identify the age at which they will be eligible for full Social Security retirement benefits?

Workers expect their personal savings to account for 50 percent of their retirement income, while retirees report savings account for only 24 percent?