

INSITE 2010
PERSHING'S FINANCIAL SOLUTIONS CONFERENCERegister now at
www.INSITE2010.com**FINANCIAL
PLANNING**<http://www.financial-planning.com>[Back](#)

Savings to Surge in 2010?

By [Ruthie Ackerman](#)

February 3, 2010

With investors slammed by the financial meltdown and the unemployment rate nearing 10% nationally, many Americans have put savings on the backburner in the past couple of years, but a new report by First Command Financial Services Inc. said Americans turned over a new leaf in the fourth quarter, increasing savings and slashing debt.

According to the First Command Financial Behaviors Index, which was released Tuesday, the number of middle-class consumers with a positive savings-to-debt ratio, or total savings compared to total debt, increased to 42% in December, the highest level since the index was launched in May 2008. In addition, the percentage of survey respondents with a positive savings-to-debt ratio rose to 55% among families with a financial planner, an 11-point increase since July.

"Americans have made a New Year's resolution to ensure their financial security in 2010," said Scott Spiker, the chief executive officer of First Command. "The commitment is particularly strong among those with a financial plan. These goal-oriented consumers are redoubling their efforts to secure a strong financial future and achieving a greater sense of hope and security in the process."

The report highlighted the fact that in December, 27% of Americans indicated that they have cut back spending permanently, almost double the number at the beginning of last year. During the 2009 holiday shopping season, 58% of survey respondents indicated they would spend less than they did in 2008.

More highlights include: 40% of respondents said they would cut back on excessive spending, 35% said they would get out of debt, 29% said they would use cash or debit more often instead of credit cards, 25% said they would learn not to live beyond their means, 23% said they would start saving money for retirement or put more money into retirement savings, and 22% said they'd learn to budget responsibly.

"Given these sound financial aspirations, Americans seem committed to a year marked by fiscal responsibility," Spiker said. "If January resolve leads to February follow-through, we could see an upward trend of feelings of financial security and optimism by the end of March."

The First Command report on consumer savings rates is much more optimistic than Robert Kelly, the chairman and chief executive officer of Bank of New York Mellon Corp. [\[BK\]](#) During a conference call [Tuesday](#), he said that the savings saving rate has "dwindled to below zero" in the past couple of years after "sitting historically at 8% or 9%." He said that he expects the savings rate will improve over the next few years as individuals increase their long-term savings and investments.

The First Command Financial Behaviors Index is a monthly survey of approximately 1,000 U.S. consumers aged 25 to 70 with annual household incomes of at least \$50,000. Results are reported quarterly.