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## The Rise and Fall of Household Savings

The following report comes from the Congressional Research Service, [The Rise and Fall of Household Savings](#)

An excerpt:

"In the 1970s, the average personal saving rate was 9.6%. At one time, in 2005, it was less than 1%. For the 40 months between January 2005 and April 2008, the personal saving rate averaged 1.8%. That it was so low for an extended period of time would seem to be cause for worry. In the past, Congress has indicated a desire to promote household saving by, among other things, creating individual retirement accounts, and saving is an important consideration in proposals to reform Social Security. In May 2008, the personal saving rate began to rise. It is too early to tell with any certainty whether that represents the reversal of the long-term decline. What may seem unusual is that the recent rise in household saving occurred at a time of general economic weakness. While policymakers hope to stimulate aggregate demand with an expansionary fiscal policy, the increase in household saving resulted in more than \$300 billion less in consumer spending than would have occurred had the saving rate not risen." (U.S. Congressional Research Service)