United States Personal Savings and Debt Trends
February 2015

Annually the Minnesota Private College Council analyzes savings and debt trends. This brief report spans 1960 to 2014, examining trends in:

- personal savings in dollars
- savings rate as a percent of disposable income
- debt service as a percent of income

Personal savings and debt are indicators of the population’s ability to purchase goods and services – such as higher education. Low savings and high debt can mean a number of things. In the mid-1980s, personal savings began a decline. This coincides with increasing incomes over the same time period. Decreased savings and increasing income did not mitigate debt accumulation. Debt began to grow and separated substantially from personal savings rates and remains that way in 2013. Thus, individuals are generally saving less and taking on more debt. If you couple this with decreases in median income over the past several years, households may have less flexibility to save a greater percent of their disposable income (disposable personal income is total personal income minus personal current taxes). From a higher education perspective this could lead to higher student loan accumulation or the inability to afford school at all.

Key findings:

- Families that had children around 1996 began their family as savings rates had been trending downward for over 10 years while debt had begun rising. These children are now aged around 18 and may come from families that are ill prepared to afford college.
- Personal savings in dollars and as a percent of personal income dropped continuously since their high in the early 1980s until around 2006 when a slight bounce back began. Coincidentally this uptick in saving coincides with the recession which is not unusual in historical terms – and does not mean an increased interest in saving personal income is a long-term habit as history has also shown.
- The last few years have shown a slight rebound in savings, pushing this indicator above the 10-year average, moving above the 30-year average and one year above the 50-year average through 2008-2012 before returning below the 30-year average the last two years.
- Household debt began to be tracked in the mid-1970s. Household debt is a ratio of debt payments to disposable personal income. Debt payments consist of the estimated required payments on outstanding mortgage and consumer debt. While household debt began at a similar percent of disposable income as savings, it has slowly grown and while it has returned to late 1970s levels, it continues to exceed personal savings.

Personal saving as a percentage of disposable personal income

50-yr Average savings rate per capita (2009 dollars)

30-yr average savings rate per capita (2009 dollars)

10-yr Average savings rate per capita (2009 dollars)

Source: Minnesota Private College Council analysis of data from US Department of Commerce, Bureau of Economic Analysis

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US Annual Personal Savings Rate Per Capita and Debt Service as a Percentage of Disposable Personal Income, 1960 to 2014 (2009 Dollars)

Source: Minnesota Private College Council analysis of data from US Department of Commerce, Bureau of Economic Analysis
US Annual Personal Savings Per Capita, Savings and Debt Service as a Percentage of Disposable Personal Income, 1960 to 2014 (2009 Dollars)

Source: Minnesota Private College Council analysis of data from US Department of Commerce, Bureau of Economic Analysis