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Bremer Tower
445 Minnesota Street, Suite 500
St. Paul, MN 55101

Phone: (651) 228-9061
Fax: (651) 228-0379

colleges@mnprivatecolleges.org
www.mnprivatecolleges.org

United States Personal Savings and Debt Trends

Annually the Minnesota Private College Research Foundation analyzes savings and debt trends. This brief report spans 1960 to 2009 examining trends in:

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

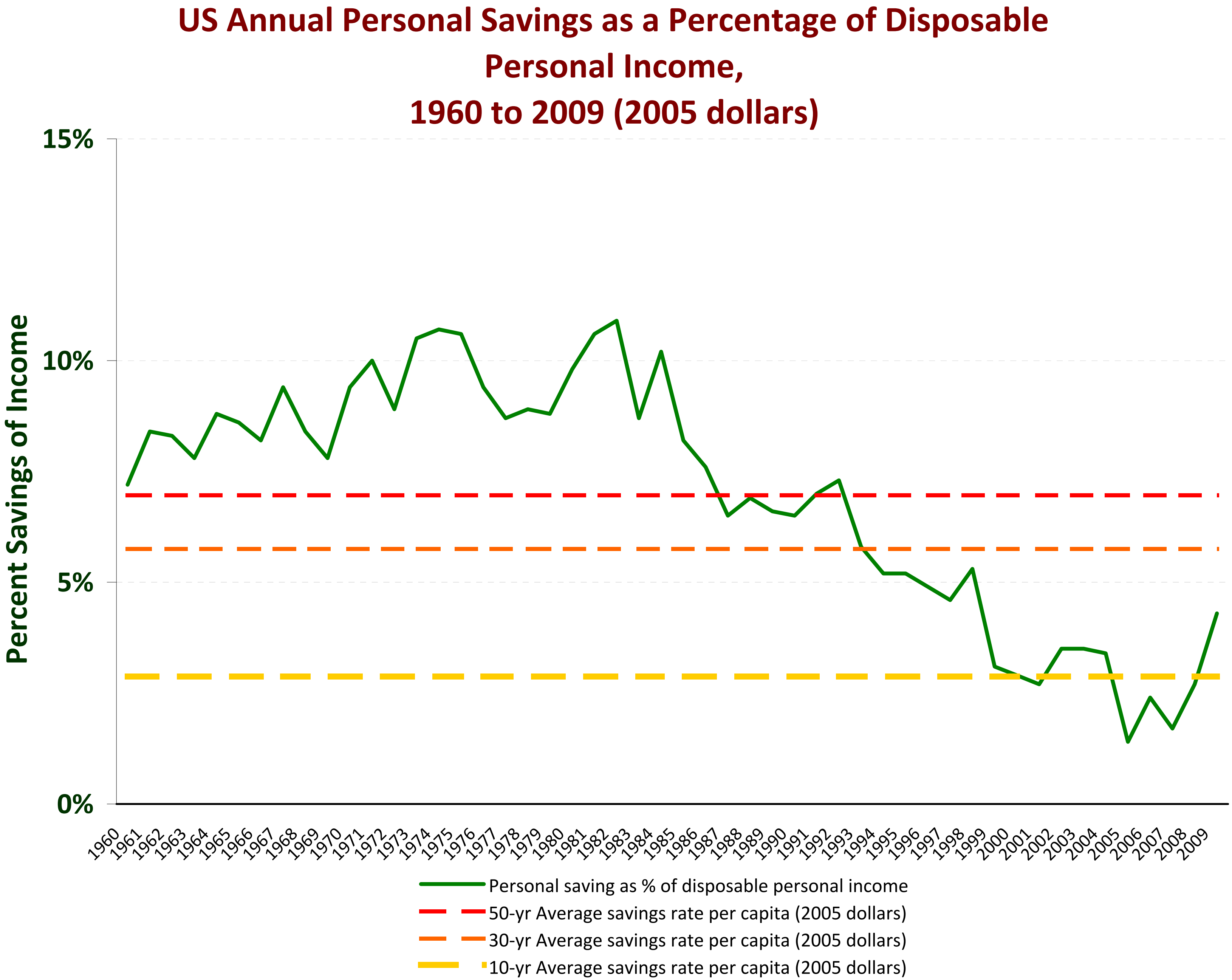
Personal savings and debt are indicators of the population's ability to purchase goods and services – such as higher education. Low savings and high debt can mean a number of things. Since the mid 1980s, personal savings has decreased. This could indicate that incomes are dropping. However, we know incomes have increased over the decades. Thus, we compare savings to household debt. Over the same time period debt has grown and separated substantially from personal savings rates. So we can see that individuals are saving less, taking on more debt, having less disposable income. From a higher education perspective this can lead to higher loan accumulation or the inability to afford school at all.

Key findings:

- Personal savings in dollars and as a percent of personal income have dropped continuously since their high in the early 1980s.

- The last two years have shown a slight rebound in savings, pushing this indicator above the 10-year average, but still far behind the 30 and 50-year averages.

- Household debt began to be tracked in the mid 1970s – while it began at a similar share of disposable income, it has slowly grown and now far exceeds personal savings.



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

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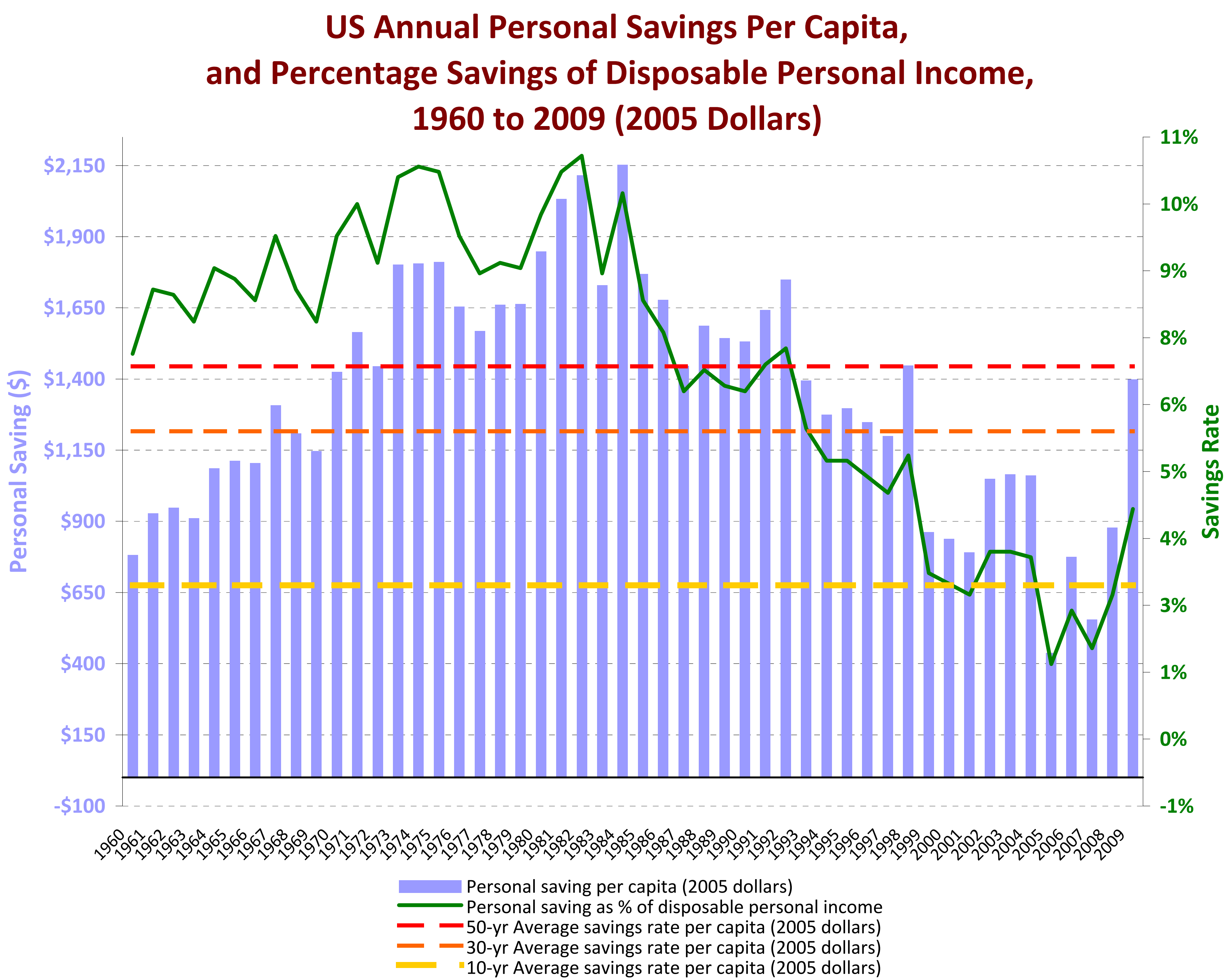
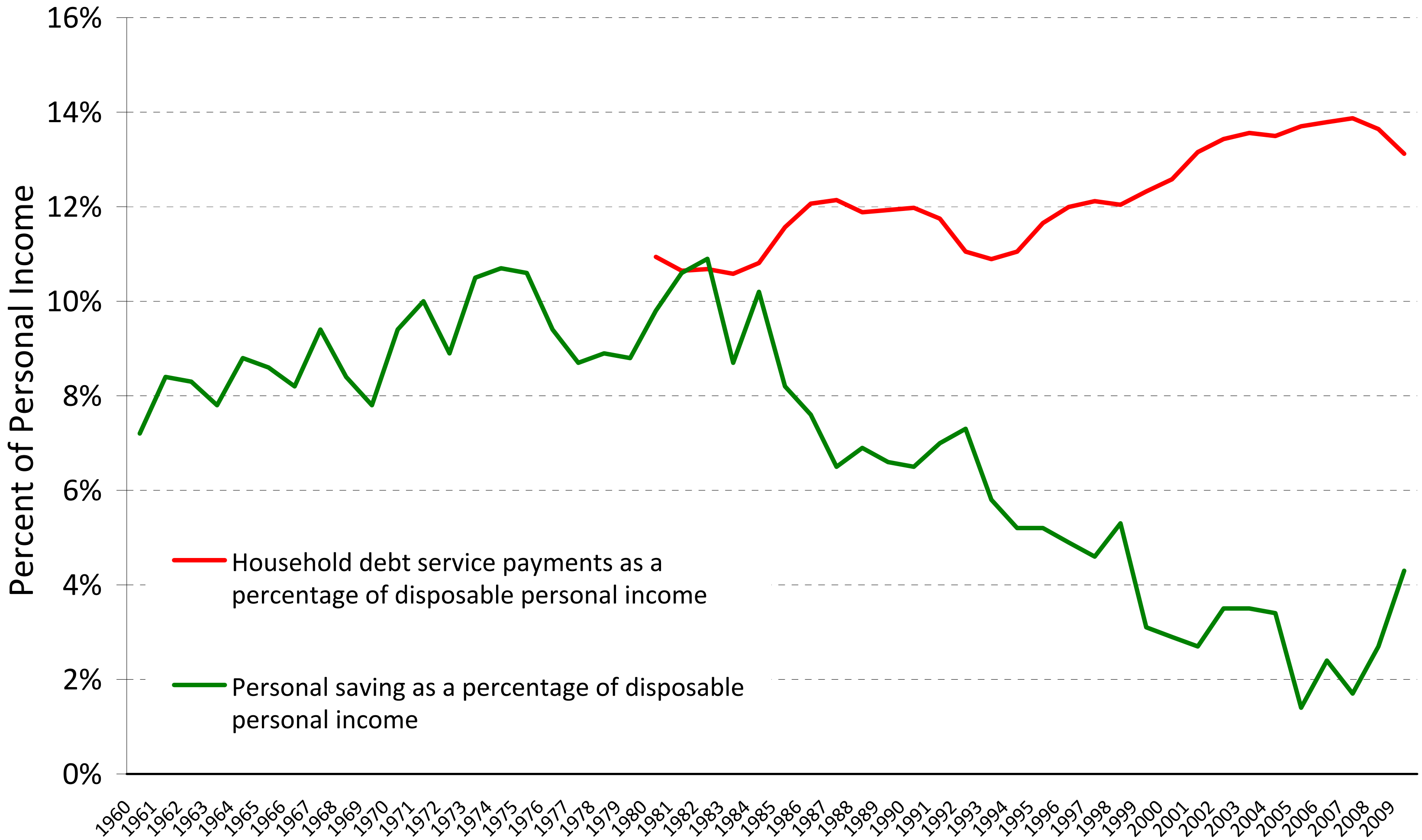


Source: Minnesota Private College Research Foundation analysis of data from US Department of Commerce, Bureau of Economic Analysis 3/2/2010

US Annual Personal Savings Rate Per Capita and Debt Service as a Percentage of Disposable Personal Income, 1960 to 2009 (2005 Dollars)



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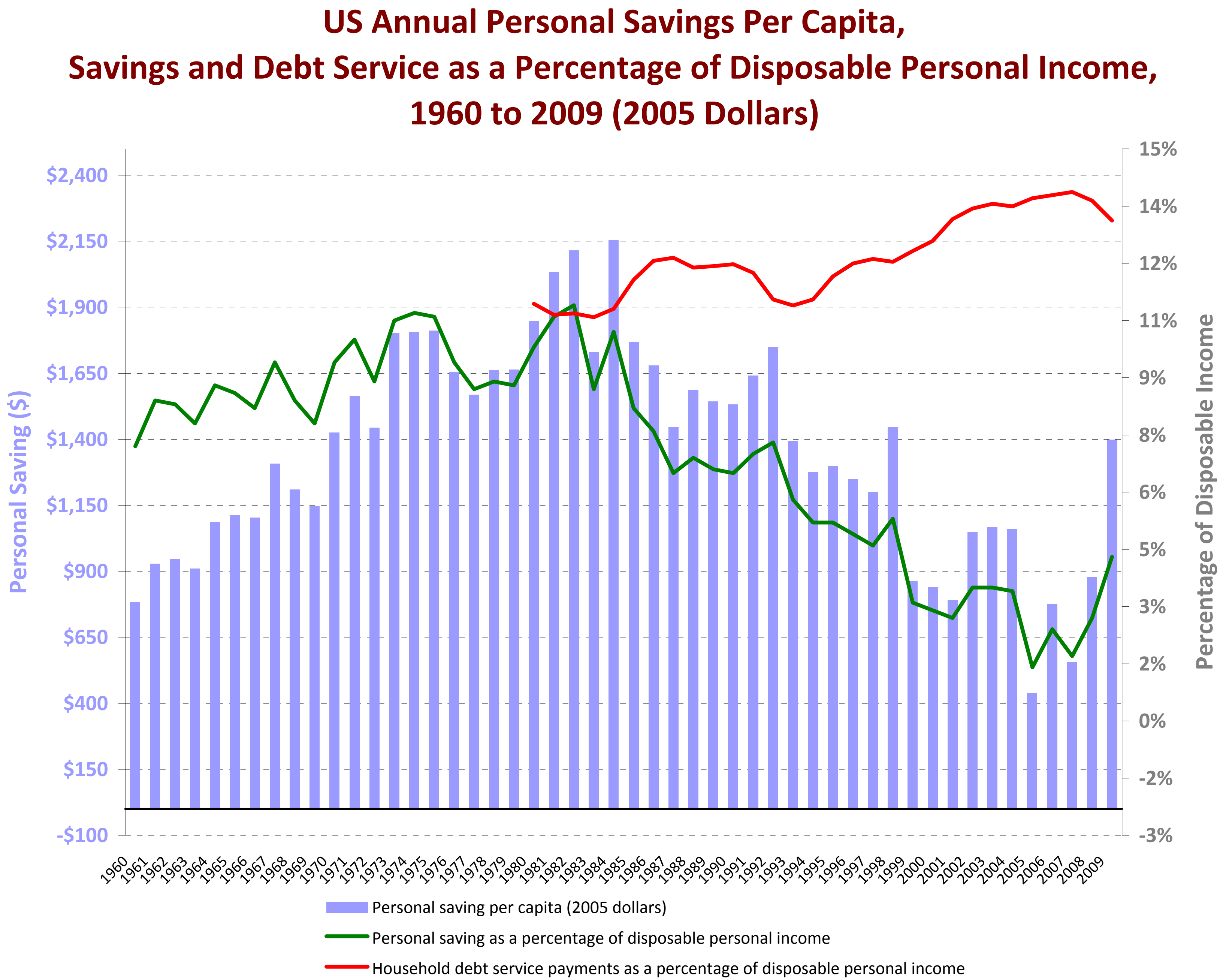

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Personal Income (Constant Dollars, Quarterly) -- Minnesota