

2021 Opportunities Based on How Americans Save and Ways Financial Services Firms Can Win on the Saver Spectrum Key Goals and Needs for Saver Segments; The Lonely Middle in the Liquidity Spectrum

(Jan. 13, 2021, Rye, NY) – The ways Americans save – from “Big Savers” to “Aspirational Savers” – provide insights that can lead to better financial outcomes and help financial services firms to engage with different saver segments, according to a new report by [Hearts & Wallets](#), the research and benchmarking firm that specializes in how consumers save, invest and seek financial advice.

The **Winning with Savers Today: Innovations for Competitive Advantage as COVID-19 Changes Financial Behaviors** report tracks the increased financial actions taken by consumers as a result of COVID-19 with saving being at the top of the list for many households. This analysis examines which consumers are taking action, what they are doing, the wants and goals for the various segments of savers, and which firms are best positioned to capture the flows. The report draws from the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households.

Financial Action Taking

In an economy buffeted by COVID-19, many consumers are taking more financial actions, with younger generations acting the most, sometimes in flurries of actions. Savings is on the top of the list for many with one in 5 households creating an emergency fund for the first time.

Households whose work was affected by the COVID-19 crisis are more likely to have taken actions than households with no work disruption. Consumers bracing for future job disruptions – either outright job loss or an impact of remote learning – are also active. More households said they were saving in 2020 with 1 in 4 households saving 10%-plus of their income, even as 10% spent their savings down.

Who Is Saving

The Hearts & Wallets Saver Spectrum segmentation analyzes saver segments and implications for consumer saving and financial firms in 2021. The segmentation combines behavior, attitude and household finance data to classify savers into segments.

“Consumers can build a better financial roadmap with insight into what they need to save for and the range of accounts they can save into,” Laura Varas, CEO and founder of Hearts & Wallets said. “Financial firms can identify the saver segments that best fit their strategic objectives and plan messaging, programs and solutions to engage and support those saver segments.”

Opportunities on the Saver Spectrum/2

There are five segments on the Saver Spectrum:

Big Savers – save \$10,000 or more annually. Focused on stopping work (retirement) and investment objectives. 26.9 million households.

Aspiring Savers-High Potential – save between \$1,000 to \$10,000 annually. High desire to “do better job saving.” Positioned to save substantial sums with moderate-to-high income and manageable debt. Focused on emergency fund. 12.8 million households.

Aspiring Savers-Low Potential – save between \$1,000 to \$10,000 annually. High desire to “do better job saving.” May need help getting out of debt. 10.2 million households

Cruising Savers – save between \$1,000 to \$10,000 annually. May become bigger savers in the future. 37.6 million households.

Non-Savers – save less than \$1,000 per year. Trying to make ends meet with transactional needs at this point. 41.2 million households.

Attractive Segments

Big Savers are an attractive segment for the financial services industry. Numbering 26.9 million households, 1 in 3 Big Saver households has over \$500,000 in investable assets. Still, Big Savers are a difficult group to woo. They are more content in their current saving and investing relationships than Aspiring Savers-High Potential.

Aspiring Savers-High Potential want to change their behavior. Many plan to “create emergency funds for the first time,” “increase general saving,” “increase saving for retirement.” Aspiring Savers of both types are much more worried about all concerns tracked in Hearts & Wallets Investor Quantitative™ Database than other saver segments are from “making ends meet” to “not being able to work as long or as much as I want.”

Which Firms Are Winning

Nationally, the Bank of America Merrill Enterprise, followed by Fidelity, J.P. Morgan Chase and the Wells Fargo Enterprise have the biggest “reach” into the U.S. population. “Reach” is defined as an existing relationship with accounts set up and ready to receive flows and the right to communicate with consumers from a more intimate perspective as customers rather than prospects. Fidelity and Bank of America Merrill Enterprise reach more “Big Savers” than any other firm.

Opportunities on the Saver Spectrum/3

J.P. Morgan Chase, Wells Fargo Enterprise, Capital One, USAA and PNC have stronger reaches into “Aspiring Savers-High Potential” than their national reach. Banks are currently better positioned for initial engagement with Aspiring Savers-High Potential than firms whose primary business is investing. The report provides further different data views by customer base composition and strategies to grow reach.

Potential Solutions for Savers and the Liquidity Spectrum

Unlike Big Savers, Aspiring Savers of both segments find it difficult to allocate saving across accounts. Aspiring Savers-High Potential have much less exposure to equities, on average, than Big Savers. This saving pattern is similar to the average U.S. household, which directs most of its saving to two account types on opposite ends of the liquidity spectrum, or 41% to “bank savings accounts or CDs” and 29% to “employer-sponsored retirement plans” [401(k), 403(b), 457]. There is less saving allocated in the middle of the liquidity spectrum, such as with taxable brokerage, health savings accounts, individual retirement accounts and 529s.

“Where to allocate saving is critical to build future wealth,” Amber Katris, Hearts & Wallets Subject Matter Expert, said. “Experienced investors use the full spectrum of liquidity, compounding wealth and increasing access to funds. Aspiring Savers may also benefit from advice to understand how insurance can lessen their perceived need for holding cash deposit, allowing them to invest and benefit longer term in the markets.”

Methodology

Winning with Savers Today: Innovations for Competitive Advantage as COVID-19 Changes Financial Behaviors tracks the increased financial actions taken by consumers as a result of COVID-19, with saving being at the top of the list for many households. This analysis examines which consumers are taking action, what they are doing, the wants and goals for the various segments of savers, and which firms are best positioned to capture the flows. The report draws from the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households. The latest IQ™ Database survey wave was fielded in August 2020 and includes 5,920 U.S. households.

About Hearts & Wallets

Hearts & Wallets is the research and benchmarking firm that specializes in how consumers save, invest and seek financial advice. Leading firms use Hearts & Wallets thought-leadership reports, software and benchmarking to make their saving, investing and advice solutions more consumer-centric. For more information visit www.heartsandwallets.com.

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