



4. PRESENT BIAS

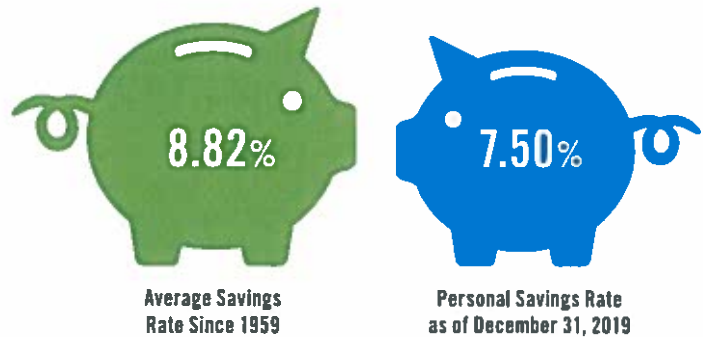
We often overvalue immediate rewards at the expense of long-term goals.

Delaying gratification is challenging

When a short-term reward is staring us in the face, we often give in to the temptation of instant gratification. The tendency to focus on the now can be seen in our national savings rate. As shown on the right, people have recently been saving less than the long-term average.

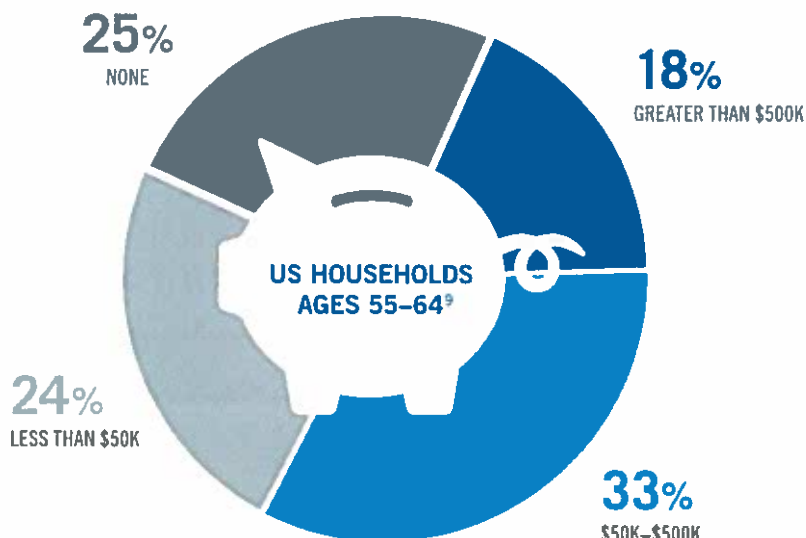
NATIONAL SAVINGS RATE HAS DECLINED

US personal savings rate, as a monthly percentage of disposable income⁸



Retirement savings are meager

The lack of long-term planning and saving is having a significant impact on those nearing retirement. As shown in the illustration below, 18% of those surveyed have more than \$500k in their retirement portfolios, and a shocking 25% haven't saved anything at all.



8. Source: Federal Reserve Bank of St. Louis.

9. Source: 2020 Franklin Templeton Retirement Income Strategies and Expectations (RISE) conducted in partnership with ENGINE INSIGHTS and includes more than 2,000 adults.