

Americans have cut way back on savings

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The cultural trends and attitude of Americans are contributing to the lack of savings. According to a professor of University at Buffalo School of Management in New York, Lewis Mandell, American consumers feel much secured about their life after retirement because of Social Security, therefore, they believe that nothing bad can happen to them (Gardner).

Economic conditions are also contributing to the American's cut way back on savings. For example, the high rate of unemployment and decline in average earnings of consumers during the previous few years along with the increase in housing, education, and healthcare costs have increased the financial stress on Americans, thereby, making it difficult to fulfill their basic needs.

Consumers are getting more materialistic and they do not consider the difference between 'need' and 'want' and it is evident from the fact that they want to have the latest cell phone, iPods, fast cars, etc. Generally, when a person earns a bonus, he is more likely to think about how to spend it rather than thinking about how much they can earn in the future by savings and investments.