

We're looking for ways to improve savings rate

Biloxi Sun Herald

Letters to the Editor

November 18, 2007

I understand some of your readers read an inaccurate press report on a recent meeting that took place and my position on some of the issues discussed. Recently, I co-hosted a forum to begin a dialogue on ways to improve the savings rate of Mississippians.

Last year, for the first time since the Great Depression, the United States had a negative rate of savings. Americans actually borrowed more money than we put away in savings accounts. The trend has very serious implications for the long-term health of our economy. We must start looking at ways to reverse the trend.

One of the participants in our forum, the Aspen Institute Initiative on Financial Security, has proposed creating child savings accounts modeled after a plan currently used in Great Britain. Unfortunately, my position on the plan was misinterpreted by some. While I don't endorse every aspect of the plan, such as funding programs with direct public contributions, I do strongly agree that we have to create incentives for Americans to save more.

Mississippi can be a leader in that process. One of the reasons people are saving less is because taxes take too much of what we earn. Offering additional tax incentives to individuals to save more of their household incomes is one way Mississippi might be a leader in reversing America's declining savings rate. Another is by building partnerships between the public and private sectors in the state to open new avenues for families to save.

This challenge is worthy of our attention because of the serious threat it poses to the strength of America's economy and our pre-eminence in the world. As your state treasurer, I feel it is my responsibility to encourage financial education and prudent management of all of our financial resources.

TATE REEVES

Treasurer, State of Mississippi