

People's 'Nest Egg' In Savings Now Nears \$300 Billion Mark

The American people will go into the decade of the 1960's a few months from now with a "nest egg" of \$300 billions in accumulated long-term savings of individuals in life insurance and other mediums of thrift.

This marks another major achievement in the nation's personal thrift annals and provides a demonstration of what the people can accomplish by voluntary decision in the handling of their everyday finances. The record is all the more noteworthy in view of the inflationary atmosphere which has prevailed over so much of the last two decades—a period in which the dollar has lost more than half of its buying power.

More Protection and Security
Accumulated long-term savings of individuals added up to an estimated \$288½ billions at the end of last June, according to data compiled by the Federal Home Loan Bank Board. The annual rate of growth this year

is approximately \$14 billions, based on the showing in the first half. The indications thus are that the \$300 billion level will be reached in the early part of 1960.

A growing "nest egg" of course, adds to the protection of the individual and family, and increases their sense of financial security. Right now the accumulated long-term savings of individuals average out to over \$5,500 per household as compared with somewhat over \$4,000 in 1950 and only \$1,700 in 1940.

But beyond the protection aspect, savings perform two other basic functions with a direct bearing on promoting the progress of the economy and advancing the welfare of the people through creating jobs and opportunity.

Basic in Capital Formation
The first is in the indispensable area of capital formation, the foundation stone of economic growth. Ours is a high-investment economy, and over the years a driving force has been the savings of the people channeled into capital investment and into the nation's credit stream by the life insurance companies and other thrift institutions. These savings have not only been a major source of funds to expand and improve the nation's private production resources, but have also helped to meet the demands for social capital to provide the new schools, roads and other community facilities needed to keep pace with an expanding population. Looking ahead, such savings will be needed in greater amounts than before if the nation is to attain the growth promise of the future.

Personal savings are likewise a potent weapon in our anti-inflation arsenal when expressed in the spending and savings decisions of millions of people. They can well become the decisive element in stabilizing the buying power of the dollar in a period like the present when the inflationary forces in the economy have been showing some signs of restraint.

How Total Breaks Down
An analysis of the Home Loan Bank Board figures as of the end of June breaks down the accumulated long-term savings of individuals as follows:
Nearly \$89 billions in savings accumulated behind life insurance, or 31 per cent of total long-term accumulated savings. This figure is distinct from the face amount of life insurance in force, which now amounts to more than \$500 billions.
Over \$61 billions in time deposits in commercial banks, or 21 per cent of the total.
More than \$51 billions in savings and loan associations, or 18 per cent of the total.
\$47 billions in United States Savings Bonds, or 16 per cent of the total.
Nearly \$35 billions in deposits in mutual savings banks, or 12 per cent of the total.
About \$5¼ billions in credit unions and Postal Savings combined or approximately 2 per cent of the total.

Other Personal Resources
The people at large, of course, have very large amounts of other financial resources, including almost \$24 billions accumulated to their credit behind noninsur-



The Rev. U. N. Freeman of Greensboro will be guest preacher at a series of revival services being conducted at Bagley Swamp Pilgrim Holiness Church March 3 through March 13, it was announced by the pastor, the Rev. M. M. Holmes, who stated services will be held each evening at 7:30 o'clock. The public is invited to attend.

ed pension and retirement plans, and increasing equities in homes, ownership of securities, and holdings of currency.
Over the years, covering the four decades for which figures are available, life insurance is the one major element in accumulated long-term savings to show an uninterrupted growth pattern. The others have had their ups and downs at times, with U. S. Savings Bonds and Postal Savings losing ground in recent years while other savings continued to grow.

Home Owners Up Almost 9 Million Over Past Decade

An insight into some of the salient characteristics of the housing market in recent years and the increasing extent to which America is becoming a nation of homeowners is provided by the Federal Reserve Board in its recent Survey of Consumer Finances.

The figures show that the number of homeowners has risen

from 20 million early in 1940 to nearly 29 million at the beginning of this year, a rise of 44 per cent in the decade. As a result, a decided majority of American families now own their own homes—58 per cent of all nonfarm families this year as compared with 51 per cent 10 years before. The home ownership ratio had never been as high as 50 per cent before World War II.

Role of Thrift Institutions
Behind the attainment of this record are rising population and family needs, a marked expansion in personal incomes, and the persistent uptrend in the standard of living. But just as basic was the availability of mortgage funds from the people's thrift institutions, the predominant source of this lending, indicating the dynamic role that personal savings play in advancing the welfare of the people and the progress of the economy.

The survey's figures show that total mortgage debt on nonfarm owner-occupied homes rose \$72 billions in the last decade to a total of \$106 billions at the beginning of this year. An important role here has been played by the people's savings behind their life insurance policies. Life company mortgage holdings on one-to-four family nonfarm homes more than quadrupled in the 1948-58 decade, showing a net increase of more than \$17 billions in the period.

Another significant development of recent years has been a marked trend toward the purchase of more expensive homes, according to the Reserve Board. This was found particularly noticeable in homes priced at \$20,000 or more, which accounted for a sixth of all home transactions in the 1956-58 period double the comparable proportion five years earlier.

Uptrend in Prices
Similar trends are found in homes priced between \$12,500 and \$20,000. In fact, the Reserve Board figures show that half the purchasers of homes last year paid \$12,500 or more, as compared with a comparable ratio of a fourth in 1953 and only a fifth in 1948.

Obvious factors in this development have been the uptrend in income levels in recent years and the need for larger homes due to the pronounced increase in multi-children families in the last decade. But another major factor in the cost of the average home today has been the inflationary trend of the last two decades. In the 1948-58 period alone the dollar lost a sixth of its buying power, and this has had a fundamental impact on building costs and property valuations. The Reserve Board notes, however, that the burden of monthly payments to maintain a home has changed little in the past decade, since growth in income has kept pace with repayment schedules.



Taylor Theatre

EDENTON, N. C.
Wednesday and Thursday, March 2-3—
Rita Hayworth and Anthony Franciosa in "THE STORY ON PAGE ONE"
Friday and Saturday, March 4-5—
Robert Stack and Dorothy Malone in "THE LAST VOYAGE" MetroColor
Sunday, Monday and Tuesday, March 6-7-8—
David Niven and Mimi Gaynor in "HAPPY ANNIVERSARY" ADULT ENTERTAINMENT
Wednesday, March 9—
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