

Jan. 9, 2006, 7:03 p.m. EST

Six-figure savings? Most say 'unlikely'

Survey: 21% say lottery is most practical path to wealth

By [Andrea Coombes](#), MarketWatch

SAN FRANCISCO (MarketWatch) -- A majority of Americans are pessimistic about their ability to save \$200,000 in net wealth in their lifetimes, and more than one-fifth say the lottery is the most practical way for them to reach that type of goal, according to a new survey.

Just 26% of adults surveyed think they could accumulate \$200,000 in net wealth in their lifetime, and 9% believe they could collect \$1 million, according to the survey of about 1,000 Americans by Opinion Research Corporation for the Consumer Federation of America and the Financial Planning Association.

Twenty-one percent of those surveyed said a lottery would be the most practical strategy for accumulating several hundred thousand dollars, and that percentage was higher among lower-income people, with 38% of those who earn less than \$25,000 pointing to the lottery as a solution.

Some Americans "both greatly overestimate their chances of hitting a lottery jackpot, and greatly underestimate their ability to build six-figure wealth by patiently making regular savings contributions over time," said Stephen Brobeck, executive director of CFA, in a telephone press conference.

Brobeck said many Americans are pessimistic about their ability to save because they're "having trouble making ends meet, and may even be spending more than their income," he said.

"On the other hand, they simply don't understand the power of making small, regular contributions" to a workplace retirement plan or an individual account such as a Roth IRA, or a mortgage payment.

Still, 55% of those surveyed agreed that the most practical way to accumulate hundreds of thousands of dollars is to save something each month for many years. The survey has a margin of error of plus or minus 3 percentage points.

Planners say workplace savings plans are key

Financial planners are more optimistic about Americans' ability to save six figures, according to a related survey of 360 financial planners by the Financial Planning Association.

More than four-fifths of young Americans could accumulate \$250,000 in net wealth over 30 years, and about half of young Americans could collect \$1 million in that period, according to that survey.

The financial planners surveyed said workplace retirement plans are the key path to accumulating savings, with 89% saying such plans are a "very important" wealth-building strategy.

Just 50% of the planners see homeownership as a "very important" wealth-building strategy, and 55% pointed to investing in stocks and bonds.

Know what you've got

About half of the consumers in the first survey understood, in a multiple choice question, that "personal wealth" refers to financial and tangible assets minus consumer debt.

Upon hearing the definition, 48% of all of the consumers said they know exactly or about how much wealth they have.

One reason for the survey, Brobeck said, was to point out the importance of knowing one's net wealth.

"Most relatively affluent Americans ... measure their financial situation more in terms of their net wealth than in terms of their income. We'd like to encourage all Americans to share the view that more affluent Americans have," he said.

If consumers knew their net wealth, they would make better financial decisions, Brobeck said.

"Before they went to a car dealer and bought a \$40,000 as opposed to a \$30,000 car, they would think through all of the factors: 'I want the high-quality car, I want the status ... but what effect is that going to have on my net wealth?'"

Brobeck said the America Saves Web site, produced by a coalition of non-profit, corporate and government entities, offers some key savings strategies. [Visit the Web site.](#)