



The 2001 Minority Retirement Confidence Survey (MRCs) Summary of Findings

Overview

For the fourth year, additional respondents in three minority groups (African-Americans, Hispanic-Americans, and Asian-Americans) were surveyed as part of the Retirement Confidence Survey (RCS). Results of the survey show similarities as well as differences among individuals in these minority groups. Among the key findings are:

- Overall, Asian-American workers¹ tend to report the highest levels of confidence about various financial aspects of retirement. African- and Hispanic-American workers tend to report lower levels of confidence.
- Thirty-two percent of African-Americans, 32 percent of Hispanic-Americans, and 48 percent of Asian-Americans report they or their spouse have tried to calculate how much they need to save for a comfortable retirement, compared with 44 percent of workers overall.
- Asian-Americans are more likely than workers in general to indicate they or their spouse have personally saved money for retirement (78 percent vs. 69 percent). African-Americans and Hispanic-Americans are less likely than workers in general to indicate that they have saved for retirement (54 percent and 50 percent, respectively).
- Approximately half of workers overall and in each of the minority groups say they are offered a retirement savings plan, such as a 401(k), by their employer. However, African-Americans (32 percent) and Hispanic-Americans (36 percent) are less likely than Asian-Americans (51 percent) and workers overall (49 percent) to report that an employer contributed money to a retirement account in their name or their spouse's name last year.
- Seven in 10 workers in each of the minority groups and among workers overall expect that employment will provide a source of income in retirement. About 6 in 10 each expect to receive retirement income from an employer through a defined benefit plan. Members of all three minority groups are more likely than workers overall to expect that monetary support from their children or other family members will be at least a minor source of income in retirement.
- Although findings for minority groups as a whole and for workers overall reveal differences in retirement confidence, expectations, and planning and saving behavior, the attitudes and behavior of some segments of each minority population mirror the attitudes and behavior of similar segments of the overall worker population.

¹ In the RCS, worker refers to all individuals under age 65 who are not retired, regardless of employment status. Workers also include individuals age 65 and older who are employed full time and have not retired from a previous career.

African-Americans

Retirement Confidence—More than half of African-American workers are confident that they will have enough money to live comfortably throughout their retirement years—23 percent are *very* confident and 31 percent are *somewhat* confident. Seven in 10 are *very* or *somewhat* confident of having enough money for basic expenses in retirement (69 percent), while nearly two-thirds are confident that they are doing a good job preparing financially for their retirement (64 percent). More than half are confident that they will have enough money to take care of medical expenses (55 percent), and almost 4 in 10 are confident they will have enough money to pay for long-term care (38 percent).

Retirement Confidence Among African-Americans

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to live comfortably throughout retirement years	23%	31%	23%	21%
Having enough money to take care of basic expenses	33	36	14	15
Doing a good job of preparing financially for retirement	22	42	15	20
Having enough money to take care of medical expenses	20	35	22	22
Having enough money to pay for long-term care	15	23	27	31

While African-American workers are as likely as American workers overall to be confident about the financial aspects of retirement, they tend to be more likely to say they are *not at all* confident about having enough money to take care of basic expenses (15 percent vs. 10 percent) and about doing a good job of preparing for retirement (20 percent vs. 13 percent). However, confidence among the different demographic segments of the African-American population varies widely. African-American college graduates are as likely as college graduates overall and African-Americans with household incomes of \$50,000 or more are even less likely than all of those with incomes in this range to say they are *not at all* confident.

Planning for Retirement—The typical African-American worker expects to retire around age 64, although 28 percent anticipate retiring at age 65, 14 percent expect to retire at age 66 or later, and 4 percent think they will never retire. (The current normal Social Security retirement age is 65, and is gradually being raised to 67.) Three in 10 are unable to estimate how long they will spend in retirement (30 percent), but the median expectation for those who are able to provide an estimate is 20 years in retirement.

When it comes to funding their retirement, a majority of African-Americans expect that they or their spouse will work—20 percent say employment will be a major source of income and 48 percent say it will be a minor source. Six in 10 expect to receive income from an employer through a defined benefit plan (61 percent). Three in 10 plan on funding their retirement with the proceeds from the sale of a home or business (29 percent).

More than one-third of African-American workers who expect to retire think that at least 50 percent of their pre-retirement income will be replaced by money from Social Security (36 percent), another third expect that Social Security will replace 20 percent to 49 percent of their preretirement income (35 percent), and 2 in 10 think it will replace less than 20 percent (22 percent). Eight percent do not know how much of their preretirement income will be replaced by Social Security. In addition, one-third think they will receive money from other government programs (33 percent, compared with 25 percent for all workers). Finally, African-Americans, like other minority groups, tend to be more likely than all workers to expect monetary support from children or other family members (37 percent vs. 19 percent).

The Social Security Administration says Social Security should replace about 40 percent of preretirement earnings of average earners; 80 percent for the lowest earners; and 27 percent for those at the maximum taxable wage base of \$80,400 (about 11 percent of workers make more than this amount).

One-third of African-American workers report that they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement (32 percent). This makes them less likely than workers overall (44 percent) to report doing a retirement savings needs calculation. However, African-American workers surveyed in the 2001 RCS with household incomes of less than \$25,000, with incomes of \$25,000–\$49,999, and with incomes of \$50,000 or more are as likely as their counterparts among the overall worker population to say they have done this calculation.

Four in 10 of those who have done a retirement needs calculation report they have made changes in their retirement planning as a result (40 percent). When asked about the changes they have made, most cite starting to save more, changing the allocation of their money, or investing their money.

Saving for Retirement—Fifty-four percent of African-American workers report that they or their spouse have personally saved for retirement, compared with 69 percent of workers overall. Nevertheless, there appears to be little difference in the percentage saving for retirement when African-American workers are compared with all workers in the United States with similar income characteristics.

Half of African-Americans are currently saving for retirement (49 percent, compared with 61 percent of all workers). Six in 10 savers say they automatically save a predetermined amount each pay period or each month (60 percent), but others report less systematic methods. Two in 10 save when they feel they can afford to (20 percent) and approximately 1 in 10 save whatever is left over at the end of the month (12 percent). With respect to savings vehicles, most savers report having used regular savings or investments set aside for retirement and work-related retirement savings plans. They are less likely to say they have used an individual retirement account (IRA). Almost 4 in 10 state they have kept retirement savings in the form of cash in a safe place at home or safe deposit box (37 percent).

Vehicles Used by African-Americans to Save for Retirement (among savers)

Regular savings or investments set aside for retirement	70%
A work-related retirement savings plan, such as a 401(k), 403(b), or 457 plan	66
An individual retirement account (IRA)	46
Cash in a safe place at home or safe deposit box	37
Keogh account	6

Thirty-two percent report that an employer contributed money to a retirement savings account in their name or in their spouse's name last year (compared with 49 percent of all workers). In general, African-Americans appear less likely than workers overall at similar income levels to report this type of employer contribution. African-American workers and workers overall are equally likely to say they are offered a retirement savings plan by their current employer (48 percent vs. 49 percent). Of those who are offered a plan, 68 percent say they contribute money to it.

When asked to assess their progress with respect to planning and saving for retirement, 22 percent of African-American workers reply that they are on track and 3 percent reply that they are ahead of schedule. However, the large majority feel they are behind schedule—25 percent say they are a little behind and 48 percent say they are a lot behind. Could they save more? Two-thirds say it is possible for them to save \$20 per week more than they are currently saving for retirement (66 percent), and 10 percent of those who could save this amount report that they would not need to sacrifice anything in order to do so.

Hispanic-Americans

Retirement Confidence—Nearly half of Hispanic-American workers are confident that they will have enough money to live comfortably throughout their retirement years—13 percent are *very* confident and 32 percent are *somewhat* confident. More than 6 in 10 are *very* or *somewhat* confident of having enough money for basic expenses in retirement (62 percent), almost half are confident that they are doing a good job preparing financially for their retirement (48 percent) and that they will have enough money to take care of medical expenses (48 percent), and approximately one-third are confident they will have enough money to pay for long-term care (35 percent).

Retirement Confidence Among Hispanic-Americans

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to live comfortably throughout retirement years	13%	32%	34%	20%
Having enough money to take care of basic expenses	21	41	24	14
Doing a good job of preparing financially for retirement	18	30	27	23
Having enough money to take care of medical expenses	13	35	32	19
Having enough money to pay for long-term care	9	26	34	30

Confidence about the financial aspects of retirement is lower among Hispanic-American workers than among workers in the United States overall. However, confidence among the different demographic segments of the Hispanic-American population varies widely, and some segments are just as likely as their non-Hispanic counterparts to express confidence in their retirement prospects. Among these are Hispanic-Americans ages 35–44 and those with a college degree. Both segments are just as likely as workers overall ages 35–44 or with a college degree to say they are confident. Moreover, the 2001 RCS finds that native-born Hispanic-Americans are as likely as all workers in the United States to say they are confident about each of these retirement issues except long-term care.

Planning for Retirement—On average, Hispanic-American workers expect to retire around age 63, although one-fourth anticipate retiring at age 65 (24 percent), 12 percent expect to retire at age 66 or later, and 6 percent think they will never retire. (The current normal Social Security retirement age is 65, and is gradually being raised to 67.) While more than 4 in 10 are unable to estimate how long they will spend in retirement (43 percent), the median expectation for those who are able to provide an estimate is 20 years in retirement.

Hispanic-Americans expect to fund their retirement in a number of different ways. Many think they or their spouse will work—27 percent say employment will be a major source of income and 42 percent say it will be a minor source. Six in 10 expect to receive income from an employer through a defined benefit plan (59 percent). One-third plan on funding their retirement with the proceeds from the sale of a home or business (33 percent).

Although 2 in 10 Hispanic-American workers who expect to retire think that less than 20 percent of their pre-retirement income will be replaced by money from Social Security (19 percent), 4 in 10 expect that Social Security will replace 20 percent to 49 percent of their preretirement income (40 percent), and one-third expect it will replace 50 percent or more (34 percent). In addition, one-third think they will receive money from other government programs (34 percent, compared with 23 percent for native-born Hispanic-Americans and 25 percent for all workers). Finally, Hispanic-Americans, like other minority groups, tend to be more likely than all workers to expect monetary support from children or other family members (29 percent vs. 19 percent).

The Social Security Administration says Social Security should replace about 40 percent of preretirement earnings of average earners; 80 percent for the lowest earners; and 27 percent for those at the maximum taxable wage base of \$80,400 (about 11 percent of workers make more than this amount).

Only one-third of all Hispanic-American workers report that they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement (32 percent). Among native-born Hispanic-Americans, however, this percentage is statistically equivalent to the 44 percent reported for all workers in the United States. The proportion reporting doing a retirement savings needs calculation is also similar for Hispanic and non-Hispanic college graduates and for Hispanics and non-Hispanics ages 35–44.

Forty-six percent of those who have done a retirement needs calculation report they have made changes in their retirement planning as a result. When asked about the changes they have made, they are most likely to mention starting to save more and changing the allocation of their money.

Saving for Retirement—Half of Hispanic-American workers report that they or their spouse have personally saved for retirement (50 percent), while 7 in 10 of all workers in the United States report having saved (69 percent). As with previous findings, the difference in the proportions saving for retirement is driven by certain segments of the Hispanic-American population, primarily the older, less educated, lower income, and foreign-born segments. There is no statistical difference between the percentage of native-born Hispanic-American workers and all workers who have saved. In addition, the results for Hispanics and non-Hispanics ages 35–44 or with a college degree are similar.

Forty-four percent of Hispanic-Americans are currently saving for retirement (compared with 55 percent of native-born Hispanic-Americans and 61 percent of all workers). More than half of savers report automatically saving a predetermined amount each pay period or each month (58 percent), but almost 2 in 10 say they save when they feel they can afford to (18 percent) or save whatever is left over at the end of the month (17 percent). With respect to savings vehicles, most savers report having used work-related retirement savings plans (70 percent) and regular savings or investments set aside for retirement (62 percent). Fewer say they have used IRAs (40 percent).

**Vehicles Used by Hispanic-Americans to Save for Retirement
(among savers)**

A work-related retirement savings plan, such as a 401(k), 403(b), or 457 plan	70%
Regular savings or investments set aside for retirement	62
An individual retirement account (IRA)	40
Cash in a safe place at home or safe deposit box	28
Keogh account	7

Thirty-six percent report that an employer contributed money to a retirement savings account in their name or in their spouse's name last year (compared with 46 percent of native-born Hispanic-Americans and 49 percent of all workers). Forty-seven percent say they are offered a retirement savings plan by their current employer. Of those who are offered a plan, 72 percent say they contribute money to it.

How do Hispanic-American workers assess their progress when it comes to planning and saving for retirement? Twenty-seven percent report they are on track, while 6 percent report they are ahead of schedule. The majority feel they are behind schedule—30 percent say they are a little behind and 35 percent say they are a lot behind. Yet 6 in 10 say it is possible for them to save \$20 per week more than they are currently saving for retirement (61 percent). Of these, 24 percent indicate they would not need to sacrifice anything in order to save this amount.

Asian-Americans

Retirement Confidence—Approximately 7 in 10 Asian-American workers are confident that they will have enough money to live comfortably throughout their retirement years—33 percent are *very* confident and 39 percent are *somewhat* confident. Eight in 10 are *very* or *somewhat* confident of having enough money for basic expenses in retirement (81 percent), while roughly 7 in 10 are confident that they are doing a good job preparing financially for their retirement (73 percent). Six in 10 are confident that they will have enough money to take care of medical expenses (61 percent), and more than half are confident they will have enough money to pay for long-term care (53 percent).

Retirement Confidence Among Asian-Americans

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to live comfortably throughout retirement years	33%	39%	19%	8%
Having enough money to take care of basic expenses	36	45	14	5
Doing a good job of preparing financially for retirement	26	47	18	9
Having enough money to take care of medical expenses	19	42	23	12
Having enough money to pay for long-term care	15	38	27	16

Asian-American workers are more likely than American workers overall to say they are *very* confident about having enough money for a comfortable retirement (33 percent vs. 22 percent), although both groups are equally likely offer a *very* confident response for the other confidence questions. In particular, Asian-American college graduates are more likely than college graduates overall to say they are *very* confident they will have enough to live comfortably.

Planning for Retirement—The typical Asian-American worker expects to retire at about age 65, although 32 percent anticipate retiring at age 60 or before. (The current normal Social Security retirement age is 65, and is gradually being raised to 67.) Two in 10 are unable to estimate how long they will spend in retirement (21 percent), but the median expectation for those who are able to provide an estimate is 20 years in retirement.

A majority of Asian-Americans expect that one source of funding for their retirement will be employment—21 percent say it will be a major source of retirement income and 48 percent say it will be a minor source. Almost two-thirds think they will receive income from an employer through a defined benefit plan (64 percent). Half—a higher proportion than for workers overall and for any other minority group—plan on funding their retirement with the proceeds from the sale of a home or business (50 percent).

Two in 10 Asian-American workers who expect to retire think that at least 50 percent of their preretirement income will be replaced by money from Social Security (21 percent), more than one-third expect that Social Security will replace 20 percent to 49 percent of their preretirement income (35 percent), and another third think it will replace less than 20 percent (32 percent). Eleven percent do not know how much of their preretirement income will be replaced by Social Security. Two in 10 anticipate receiving money from other government programs (21 percent). Finally, Asian-Americans, like other minority groups, tend to be more likely than all workers to expect monetary support from children or other family members (32 percent vs. 19 percent).

The Social Security Administration says Social Security should replace about 40 percent of preretirement earnings of average earners; 80 percent for the lowest earners; and 27 percent for those at the maximum taxable wage base of \$80,400 (about 11 percent of workers make more than this amount).

Forty-eight percent of Asian-American workers report that they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. This makes them as likely as workers overall (44 percent) to report doing a retirement savings needs calculation.

Among those who have done a retirement needs calculation, 4 in 10 state that they have made changes in their retirement planning as a result (41 percent). When asked to describe the changes they have made, most mention starting to save more, investing their money, or changing the allocation of their money.

Saving for Retirement—Almost 8 in 10 Asian-American workers report that they or their spouse have personally saved for retirement (78 percent), compared with 69 percent of workers overall. The higher likelihood of having saved for retirement is primarily concentrated among those ages 25–44. Asian-American workers and workers overall who are age 45 and older are equally likely to say they have saved. In addition, native-born Asian-Americans surveyed by the RCS are no more likely than workers overall to report saving.

Almost two-thirds of Asian-Americans are currently saving for retirement (64 percent). Six in 10 savers say they automatically save a predetermined amount each pay period or each month (61 percent), but others report less systematic methods. Fourteen percent save when they feel they can afford to, and 13 percent save whatever is left over at the end of the month. With respect to savings vehicles, most savers report having used regular savings or investments set aside for retirement and work-related retirement savings plans. More than half say they have used an IRA.

Vehicles Used by Asian-Americans to Save for Retirement (among savers)

A work-related retirement savings plan, such as a 401(k), 403(b), or 457 plan	75%
Regular savings or investments set aside for retirement	66
An individual retirement account (IRA)	54
Cash in a safe place at home or safe deposit box	15
Keogh account	5

Half of Asian-Americans report that an employer contributed money to a retirement savings account in their name or in their spouse's name last year (51 percent), and half say they are offered a retirement savings plan by their current employer (51 percent). Of those who are offered a plan, 83 percent say they contribute money to it.

When it comes to planning and saving for retirement, 36 percent of Asian-American workers feel they are on track and 9 percent feel they are ahead of schedule. Half feel they are behind schedule—26 percent say they are a little behind and 22 percent say they are a lot behind. Could they save more? Three-fourths say it is possible for them to save \$20 per week more than they are currently saving for retirement (75 percent, compared with 59 percent for all workers). Of these, 14 percent report that they would not need to sacrifice anything in order to save this amount.

Methodology

These findings are part of the 11th annual Retirement Confidence Survey (RCS), a survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The survey was conducted in January and February of 2001 through 20-minute phone interviews with 1,000 individuals (762 workers and 238 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the U.S. population. Data for the 2001 wave of the RCS are weighted by age, sex, and education to reflect the actual proportions in the adult population age 25 and older.

Minority RCS findings are restricted to workers and include additional oversamples of minority groups, specifically African-Americans, Hispanic-Americans, and Asian-Americans (200 interviews were conducted within each of the three groups). Among Hispanic-Americans, interviews were conducted in English or Spanish, according to the preference of the respondent. Data for the minority oversamples are weighted by age, sex, and education to reflect the actual proportions in each minority population ages 25–64.

In theory, each sample of 200 yields a statistical precision of plus or minus 7 percentage points (with 95 percent certainty) of what the results would be if all members of each minority group age 25 and over were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is difficult or impossible to quantify the errors that may result from them.

The RCS is co-organized by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; the American Savings Education Council (ASEC), a partnership of more than 250 private- and public-sector institutions dedicated to raising public awareness of what is needed to ensure long-term personal financial independence, a part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm.

The 2001 RCS data collection was funded by grants from 26 public and private organizations, and the minority data collection was funded by grants from 11 organizations. Staffing was donated by EBRI, ASEC, and Greenwald and Associates. RCS materials and a list of underwriters may be accessed at the EBRI Web site: www.ebri.org/rcs