



The 1999 RCS Minority Survey Summary of Findings

For the second year, as part of the Retirement Confidence Survey (RCS), additional respondents in three minority groups (African-Americans, Hispanic-Americans, and Asian-Americans) were surveyed for the RCS Minority Survey. Results of the survey show many similarities among individuals in these minority groups, but there are also differences among the groups. Retirement confidence, investment confidence, expected sources of income in retirement, retirement preparations and planning, savings motivators, and reasons for not saving are among the topics covered in the survey.

Retirement Confidence

Overall—Asian-Americans are the most confident that they will have enough money to live comfortably throughout their retirement years. Hispanic-Americans are least confident.

Overall confidence in having enough money to live comfortably throughout retirement:

	Total	African-American	Hispanic-American	Asian-American
Very confident	24%	24%	19%	31%
Somewhat confident	47	42	36	46
Not too confident	20	21	26	17
Not at all confident	8	12	16	4

Specific Aspects of Retirement Confidence—Twenty-three percent of Asian-Americans are not confident that they are doing a good job of preparing financially for their retirement. This is just about equal to the proportion of all workers who are not confident (24 percent). Twenty-eight percent of African-Americans are not confident, and 42 percent of Hispanic-Americans (more than any other minority group) are not confident about this aspect of retirement.

When asked about confidence in having enough money to take care of medical expenses in retirement, 36 percent of African-Americans and Asian-Americans say they are not confident. Fifty-three percent of Hispanic-Americans are not confident, and 38 percent of all workers are not.

Twenty percent of Asian-Americans are not confident they will have enough money to take care of basic expenses during their retirement. Similarly, 26 percent of African-Americans are not confident. Thirty-seven percent of Hispanic-Americans respond that they are not confident they will have enough money for basic expenses in retirement. (Sixteen percent of all workers are not confident.)

Forty-five percent of Hispanic-Americans say they are not confident that they will have enough money to support themselves in retirement, no matter how long they live. Thirty percent of African-Americans, 24 percent of Asian-Americans, and 28 percent of all workers feel the same.

Investment Confidence—Among individuals saving for retirement, there are no statistically significant differences among minority groups in confidence levels about investing retirement savings wisely. Forty-seven percent of Hispanic-Americans who are saving for retirement are extremely or very confident they are investing their retirement savings wisely. Among African-American and Asian-American savers, 52 percent and 51 percent, respectively, are extremely or very confident.

Most of the remaining savers in each of the minority groups are somewhat confident they are investing their retirement savings wisely. They think they are doing the right things, but they are not positive. Changes in the economy or stock market may affect their confidence levels in the future.

Expected Most Important

Sources of Income in Retirement

African-Americans—Thirty-three percent of African-Americans expect personal savings to be their most important source of retirement income. This includes both personal savings for retirement through a plan at work and retirement savings outside of work. The second most often cited expected source of income is money from an employer (i.e., a pension or an employer’s contribution to a retirement account). Twenty-four percent of African-Americans expect this to be their most important source of income in retirement. Social Security is also frequently mentioned as an expected source, with 22 percent expecting this to be most important.

Hispanic-Americans—Hispanic-Americans also cite personal savings as their expected most important source of income in retirement (34 percent). Nineteen percent expect Social Security to be most important to them, and 16 percent expect full- or part-time employment to be their most important source of retirement income.

Asian-Americans—Forty-eight percent of Asian-Americans say they expect personal savings to be their most important source of income in retirement. Employer-provided money is expected to be the most important source of money for 15 percent of Asian-Americans. The sale of a home or business is expected to be the most important source of 11 percent, and 10 percent say they expect it will be full- or part-time employment.

Retirement Preparations

and Planning

Household Savings—Asian-American households are the most likely of the minority group households to be saving for retirement. Close to half of African-American and Hispanic-American households have begun saving for retirement.

	Total	African-American	Hispanic-American	Asian-American
Household has saved for retirement	75%	54%	48%	76%
Household has <i>not</i> saved for retirement	25	46	52	24

Household Savings Needs Calculation—Many African-American and Asian-American households 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. However, many still have not attempted to do the calculation.

	Total	African-American	Hispanic-American	Asian-American
Household has done a retirement savings needs calculation	52%	46%	34%	55%
Household has <i>not</i> done a retirement savings needs calculation	45	51	62	39

\$20 Per Week—Savers were asked if they thought it would be reasonably possible for them to save \$20 more per week than they are currently saving for retirement. A majority of savers in each of the minority groups indicate that they could.

	Total	African-American	Hispanic-American	Asian-American
Savers who could save another \$20 per week for retirement	69%	71%	78%	69%
Savers who could <i>not</i> save another \$20 per week for retirement	27	29	20	23

Individuals without any personal retirement savings were asked if they thought it would be reasonably possible for them to save \$20 per week for retirement.

	Total	African-American	Hispanic-American	Asian-American
Nonsavers who could save \$20 per week for retirement	57%	56%	66%	59%
Nonsavers who could <i>not</i> save \$20 per week for retirement	38	42	27	33

Work for Pay After Retiring—Many individuals in each minority group say they expect to work for pay after they retire. Fifty-four percent of Asian-Americans, 61 percent of Hispanic-Americans, and 62 percent of African-Americans think they will work for pay in retirement. About two-thirds of all workers surveyed by the RCS indicate they expect to work for pay in retirement (68 percent).

For many, the reason they expect to be working in retirement is because they enjoy work and want to stay involved. This is a major reason for 62 percent of African-Americans, 66 percent of Asian-Americans, and 67 percent of Hispanic-Americans. Another major reason many individuals expect to work for pay after retiring is to keep their health insurance or other benefits (49 percent of African-Americans, 50 percent of Asian-Americans, and 55 percent of Hispanic-Americans). Fifty-four percent of African-Americans think that a major reason they will work in retirement will be to have money to make ends meet (41 percent for Hispanic-Americans and 26 percent for Asian-Americans).

Employer-Provided Education Materials—Some employers provide their employees with educational materials or the opportunity to attend seminars about retirement planning and savings. Still, a majority of employees have not received these materials.

	Total	African-American	Hispanic-American	Asian-American
Have received employer-provided education materials in the past 12 months	42%	42%	33%	41%
Have <i>not</i> received employer-provided education materials in the past 12 months	58	58	66	58

Motivators to Save for Retirement

African-Americans—The top reason African-Americans begin saving for retirement is they feel they cannot count on Social Security. Sixty-two percent say this gave them a lot of motivation to begin saving. Seeing people who did not prepare for retirement and, therefore, have struggled in retirement gave 59 percent of African-Americans a lot of motivation to begin saving for retirement. Forty-nine percent say they realized time was running out to prepare and this gave them a lot of motivation to begin saving for retirement.

Hispanic-Americans—Among Hispanic-American savers, 55 percent say seeing people not prepare for retirement and struggle in retirement gave them a lot of motivation to save for retirement. This is the top motivator among Hispanic-American savers. Another motivator is that they felt they could not count on Social Security (49 percent). For 48 percent of Hispanic-American savers, the availability of a retirement plan at work gave them a lot of motivation to begin to save for retirement.

Asian-Americans—Forty-nine percent of Asian-American savers say the feeling that they could not count on Social Security gave them a lot of motivation to start saving for retirement. Among Asian-American savers, 46 percent say the fact that they started earning enough money to be able to save for retirement is a key motivator. Seeing people not prepare and then struggle in retirement also gave Asian-American savers a lot of motivation to start saving for retirement (42 percent).

Reasons for Not Saving

African-Americans—The top reason given by African-Americans for not saving for retirement is too many current financial responsibilities. Fifty-one percent say this is a major reason that they are not saving. Thirty-six percent of African-Americans also say a major reason they are not saving is that they have other savings goals, such as buying a house or saving for a child's education. In addition, 33 percent of African-Americans say the fact that they expect to have a pension is a major reason they have not begun to save for retirement.

Hispanic-Americans—The most common reason cited by Hispanic-Americans for not saving is also that they have too many current financial responsibilities; 56 percent say this is a major reason. Other savings goals, such as a house or child's education, are a major reason for 37 percent of Hispanic-Americans who are not saving for retirement. For 29 percent of Hispanic-Americans a major reason they have not begun saving for retirement is they feel they have lots of time until their retirement.

Asian-Americans—The top three reasons Asian-Americans give for not saving for retirement are the same as those for Hispanic-Americans. Fifty-one percent of Asian-Americans say that having too many current financial responsibilities is a major reason they are not saving for retirement. Forty-nine percent of Asian-Americans also say that saving for other goals (e.g., a house or child's education) is a major reason they are not saving for their retirement. For 39 percent of Asian-Americans, the feeling that they still have lots of time until retirement is a major reason they are not saving.

Conclusion

The results of the 1999 RCS Minority Survey demonstrate that there are many similarities as well as differences in retirement confidence, retirement preparations, and attitudes about saving among African-American, Hispanic-American, and Asian-American individuals.

RCS Methodology

The ninth annual Retirement Confidence Survey (RCS) gauges the views and attitudes of working 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 within the United States between January 4 and February 28, 1999, through 20-minute telephone interviews with 1,002 individuals (751 workers and 251 retirees) ages 25 and older. Random digit dialing was used to obtain a representative cross-section of the U.S. population and interview quotas were established by sex of respondent to reflect the actual proportions in the population.

In addition to the 1,002 Americans in the base survey sample, African-Americans, Hispanic-Americans, and Asian-Americans were oversampled to permit analysis of these minority groups. A total of 200 interviews were completed within each ethnic group (totaling 600 interviews) among working adults, using targeted lists to supplement random digit dialing. Among Hispanic-Americans, interviews were conducted in English or Spanish, according to the preference of the respondent.

In theory, a sample of 1,002 yields a statistical precision of plus or minus 3 percentage points (with 95 percent certainty) of what the results would be if the entire population age 25 and older were surveyed with complete accuracy. Likewise, each of the minority samples of 200 has a precision of plus or minus 7 percentage points (with 95 percent certainty) of what the results would be if every member of the working minority population age 25 and older 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-sponsored 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 the public awareness of what is needed to ensure long-term personal financial independence, and a part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc. (MGA), a Washington, DC-based market research firm.

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