

2007 MINORITY RETIREMENT CONFIDENCE SURVEY

FACT SHEET

INVESTMENT INFORMATION AND ADVICE

The limited amount of time that workers devote to retirement planning makes it important to have mechanisms in place to encourage good planning behavior in the absence of active management by the individual worker. It is also important that reliable tools and information be provided in formats that minority workers are comfortable using.

Current Sources of Information

- The typical African-American or Hispanic worker spends little or no time planning for retirement. In fact, approximately half of African-Americans and Hispanics say they spent no time at all planning for retirement in the past year (Figure 1).

Figure 1
Time Spent Planning for Retirement in Past Year, by Race/Ethnicity

	All Workers	African- Americans	Hispanics
20 hours or more	21%	13%	10%
10–19 hours	12	5	4
5–9 hours	9	7	5
Less than 5 hours	13	13	9
No time at all	39	48	50
Don't know	5	13	22

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., and The Rockefeller Foundation, 2007 Minority Retirement Confidence Survey.

- Workers with similar levels of household income are equally likely to say they spent no time planning for retirement, regardless of race/ethnicity.
- Minority workers who have saved for retirement use a wide variety of information sources to help them with their savings and investment decisions (Figure 2).

Figure 2
Retirement Educational Materials Used, Among Those Who Have Saved for Retirement, by Race/Ethnicity

	All Workers	African- Americans	Hispanics
Written material received from your employer or your employer's retirement plan provider	73%	79%	67%
The advice of a financial professional	64	64	46
The advice of family, friends, or co-workers	62	72	62
Retirement plan benefit statements	61	65	57
Information available over the Internet	52	45	39
Newspapers or magazines	49	60	39
Information from television or radio	32	54	39
Computer software	28	35	42
Information from seminars	21	40	38
Online professional investment advice services	19	18	27

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., and The Rockefeller Foundation, 2007 Minority Retirement Confidence Survey.

- African-American savers are more apt than other savers to have sought information from family or friends, newspapers or magazines, and television or radio. The differences in the use of advice from friends or relatives seem to be largely the result of income differences. However, variations in the use of information from periodicals or broadcasting between African-Americans on the one hand and workers overall on the other continue even when savers within similar income levels are compared.
- Hispanic savers are less likely than others saving for retirement to indicate they have used written material from an employer, the advice of a financial professional, information from the Internet, and newspapers or magazines when making savings and investment decisions. In general, these differences appear to reflect differences between native- and foreign-born workers.
- Both African-Americans and Hispanics are more likely than workers overall to report having attended seminars, irrespective of income level.

Use of Investment Advice

- Workers overall are more likely than African-American workers to have sought investment advice from a financial professional in the past year. In turn, African-Americans are more likely than Hispanics to have obtained professional advice. Among Hispanics, English speakers (19 percent, compared with 5 percent of those who prefer to use Spanish) and native-born workers (17 percent, compared with 8 percent of foreign-born) are more likely to have sought investment advice (Figure 3).

**Figure 3
Percentage of Workers Who Obtained Advice from a Financial Professional
in the Past Year, by Race/Ethnicity and Household Income**

	All Workers	African- Americans	Hispanics
All income levels	29%	21%	11%
Less than \$25,000	12	8	6
\$25,000–\$49,999	19	24	13
\$50,000–\$74,999	28	30	11
\$75,000 or more	44	36	27

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., and The Rockefeller Foundation, 2007 Minority Retirement Confidence Survey.

- At the same time, minority workers are more likely than workers overall to express interest in advice provided by a retirement-plan provider, if it were available at a modest cost.¹ However, workers with household income of at least \$75,000 appear equally likely to indicate they would use this service, regardless of race/ethnicity (Figure 4).

**Figure 4
Likelihood of Using Investment Advice from Retirement-Plan Provider, by Race/Ethnicity**

	All Workers	African- Americans	Hispanics
Very likely	19%	36%	26%
Somewhat likely	35	33	42
Not too likely	21	11	13
Not at all likely	22	18	16

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., and The Rockefeller Foundation, 2007 Minority Retirement Confidence Survey.

- Among those reporting they are likely to use this type of investment advice, larger shares of African-Americans and Hispanics than workers overall indicate they are likely to implement all or none of the recommendations they receive. They are less likely to indicate they would use only those recommendations that are in line with their own ideas. These differences appear to be largely the result of income disparities and, among Hispanics, the proportion of foreign-born workers (Figure 5).

Figure 5
Likely Implementation of Retirement-Plan Provided Advice, by Race/Ethnicity

	All Workers	African- Americans	Hispanics
All of the recommendations	21%	32%	35%
Some of the recommendations	66	43	38
None of the recommendations	11	18	18
Don't know	3	6	9

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., and The Rockefeller Foundation, 2007 Minority Retirement Confidence Survey.

Comfort With Using the Internet

- Many African-American and Hispanic workers may be discouraged if retirement-plan providers use the Internet as their primary vehicle for providing investment advice since few feel comfortable using the Internet for financial activities. The few differences that emerge by race/ethnicity seem to be the result of differences in income distribution (Figure 6).

Figure 6
Comfort Using the Internet for Financial Activities, by Race/Ethnicity

	All Workers	African- Americans	Hispanics
Shifting money from one account or investment to another			
Very comfortable	23	11	11
Somewhat comfortable	20	20	26
Not too comfortable	15	13	19
Not at all comfortable	40	54	41
Using calculators to assist with financial decisions			
Very comfortable	22	16	12
Somewhat comfortable	31	33	39
Not too comfortable	12	13	17
Not at all comfortable	32	36	30
Obtaining information about financial products			
Very comfortable	20	14	12
Somewhat comfortable	34	37	35
Not too comfortable	14	11	17
Not at all comfortable	30	36	34
Purchasing financial products			
Very comfortable	10	8	5
Somewhat comfortable	19	23	21
Not too comfortable	21	19	22
Not at all comfortable	49	50	48
Obtaining advice from financial professionals			
Very comfortable	9	9	10
Somewhat comfortable	25	33	32
Not too comfortable	24	14	21
Not at all comfortable	42	43	33

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., and The Rockefeller Foundation, 2007 Minority Retirement Confidence Survey.

¹ The question wording did not specify a cost in specific dollars for the service.