

2007 MINORITY RETIREMENT CONFIDENCE SURVEY

FACT SHEET

MANAGING MONEY IN RETIREMENT

In the absence of sufficient sources of guaranteed regular income, such as Social Security, monthly pension payments, and income annuities, it will be up to the individual retiree to stretch his or her savings so it lasts throughout retirement. But many minority Americans may not have the skills or the knowledge needed to do this.

Money Management Strategies

- Although only a small minority of African-Americans and Hispanics indicate they will focus on trying to maintain their standard of living in retirement, they are more likely than workers overall to say this will be their most important objective. African-Americans with less than \$25,000 in household income (12 percent) and foreign-born Hispanics (8 percent) are especially likely to indicate maintaining their standard of living will be more important (Figure 1).

Figure 1
Likely Objectives when Withdrawing Money in First Five Years of Retirement, by Race/Ethnicity

	All Workers	African-Americans	Hispanics
Maintaining a balance between standard of living and making savings last	74%	68%	67%
Making savings last as long as possible	18	18	18
Maintaining standard of living	3	7	6
Don't know	3	5	8

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

- Hispanics and African-Americans, particularly African-Americans with household income under \$25,000 (53 percent), are more likely than workers overall to indicate they will simply withdraw whatever savings are needed to cover their expenses.
- African-Americans are less likely than workers overall to try to manage their savings by taking only their investment earnings, with the greatest difference among those with less than \$25,000 in income (6 percent of African-Americans vs. 16 percent of workers overall) (Figure 2).

Figure 2
Likely Approaches to Withdrawing Money in First Five Years of Retirement, by Race/Ethnicity

	All Workers	African-Americans	Hispanics
Take what you need to cover expenses	36%	46%	46%
Try to leave savings untouched for as long as possible	31	32	31
Take only the earnings on investments	18	11	14
Take a constant percentage or constant amount of money	10	6	3
Don't know	5	4	6

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

Likelihood of Purchasing Annuity

- African-Americans are considerably more likely than Hispanics, and Hispanics are more likely than workers overall, to state it is *very* likely that they will purchase a product or select a retirement plan option that will provide them with guaranteed income each month in retirement. These differences are apparent across all income levels when comparing African-Americans with workers overall and among those with household income under \$25,000 when comparing African-Americans, Hispanics, and workers overall (Figure 3).

Figure 3
**Likelihood of Purchasing a Product to Provide Guaranteed
 Lifetime Income in Retirement, by Race/Ethnicity**

Likelihood of:	All Workers	African- Americans	Hispanics
Purchasing a financial product or selecting a retirement plan option that will pay you guaranteed income each month for the rest of your life			
Very likely	11%	28%	17%
Somewhat likely	39	37	46
Not too likely	25	13	17
Not at all likely	21	18	16
Don't know	4	5	4
Purchasing an income annuity or selecting an annuity option from a retirement plan			
Very likely	7	14	14
Somewhat likely	32	37	41
Not too likely	29	19	20
Not at all likely	27	25	23
Don't know	5	6	3

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

- A larger share of minority workers than workers overall indicate they are likely to purchase an income annuity or select an annuity option from a retirement plan.

Attitudes About Managing Money in Retirement

- Many workers hold attitudes that may make them overly confident about their ability to manage their retirement savings to produce lifetime income. Hispanics are less likely than other workers to *strongly agree* they can always cut back on their lifestyle to preserve their retirement savings. Native-born Hispanics are almost twice as likely as foreign-born to *strongly agree* (49 percent vs. 26 percent), making the native-born as likely as workers overall to express agreement (Figure 4).

Figure 4

Agreement with Statements About Managing Money in Retirement, by Race/Ethnicity

Likelihood of:	All Workers	African-Americans	Hispanics
You can always cut back on your lifestyle in retirement if it looks like you might use up all of your savings			
Strongly agree	47%	52%	33%
Somewhat agree	37	26	35
Somewhat disagree	10	10	14
Strongly disagree	4	10	11
Don't know	1	2	6
People don't need to be sophisticated investors to manage their savings in retirement			
Strongly agree	23	33	26
Somewhat agree	39	30	40
Somewhat disagree	22	17	16
Strongly disagree	15	20	13
Don't know	2	1	5
You (or your spouse) are knowledgeable about investments and investment strategies			
Strongly agree	23	25	15
Somewhat agree	43	38	33
Somewhat disagree	18	18	18
Strongly disagree	14	18	29
Don't know	2	2	5
You (and your spouse) aren't likely to live long enough to use up all of your savings			
Strongly agree	17	20	20
Somewhat agree	30	24	36
Somewhat disagree	24	16	18
Strongly disagree	23	27	18
Don't know	6	12	7

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

- A larger share of African-Americans than workers overall *strongly agree* that people do not need to be sophisticated investors to manage their retirement savings in retirement. In particular, African-Americans with household income of at least \$50,000 are more likely than workers overall at this income level to *strongly agree* (35 percent vs. 19 percent). Although Hispanics as a whole are no more likely than workers overall to agree with this statement, those with household income of \$75,000 or more are twice as likely as workers overall with similar income to *strongly agree* (40 percent vs. 19 percent).
- Hispanics are less likely than workers overall and African-Americans to *strongly* or *somewhat agree* they are knowledgeable about investments (48 percent of Hispanics vs. 66 percent of workers overall and 62 percent of African-Americans). These differences are much less apparent when comparing workers at similar levels of income.
- Hispanics are more likely to *strongly* or *somewhat agree* they are not likely to live long enough to use up all of their savings (56 percent of Hispanics vs. 47 percent of workers overall and 45 percent of African-Americans). Differences between Hispanics and workers overall, but not between Hispanics and African-Americans, are related to differences in income distribution.