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New Issue Brief Finds Individuals Living in Rural Areas More Likely to Have Lower Incomes & Assets Than Urban Residents

- Study Also Finds Rural Residents Are Less Likely to Own Retirement Accounts, Stocks & Mutual Funds -

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(Washington, D.C.) – A new Issue Brief released by the Employee Benefit Research Institute (EBRI) entitled, "Understanding the Financial Differences Between Rural and Urban Americans," finds that individuals living in rural areas were more likely to have lower incomes and assets than those living in urban areas. However, when comparing the Americans at the same income levels, the net worth of rural individuals was higher than that of urban individuals -- except for those in the highest income group.

"Rural Americans' attitudes toward their finances and access to financial institutions and instruments can differ from those living in urban areas due to lower population density, infrastructure differences such as less availability of broadband Internet services and their experiences with or exposure to various asset types," explained Craig Copeland, director of Wealth Benefits Research, EBRI. "Consequently, the types and levels of assets that rural Americans have are different with home ownership and business assets being higher compared with higher retirement account and stock and mutual fund ownership among urban residents."

The new EBRI Issue Brief examines the financial situations of Americans who live in urban and rural areas by using the 2020 Survey of Income and Program Participation from the United States Census Bureau.

"Differences in the ownership of retirement accounts, stocks and mutual funds persisted among workers at larger employers and for unincorporated, self-employed businesses. The net result is that rural individuals appear to be missing out on certain financial assets, which over the long term have provided much higher rates of return than many other investments. Other means to access the financial markets may be necessary. In addition, rural business owners appear to have their assets highly concentrated in their businesses, which could be out of necessity to run their businesses. However, a better diversification of assets could help protect these individuals' retirement prospects if something caused the business to close," concluded Copeland.

Employee Benefit Research Institute Issue Brief #183 containing an "Understanding the Financial Differences Between Rural and Urban Americans" study summary, can be viewed online by visiting https://members.ebri.org/page/EBRInsights183.

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