

NEWS RELEASE

Contacts: Danny Devine, EBRI, 202-775-6308, devine@ebri.org
Variny Paladino, EBRI/ASEC, 202-775-6321, paladino@asec.org
Ruth Helman, Mathew Greenwald & Associates, 202-686-0300,
ruthhelman@greenwaldresearch.com
Ojas Naik, Mathew Greenwald & Associates/GFPR, 212-682-4100,
Ext. 30, ojas.naik@gfpr.com

MRCS
MINORITY
RETIREMENT
CONFIDENCE
SURVEY

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2001 Minority Retirement Confidence Survey:

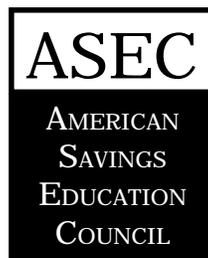
Minority Groups Express Concerns About Saving and Retirement Planning

WASHINGTON, DC—Are minority groups struggling financially when it comes to saving and planning for their retirement? The *2001 Minority Retirement Confidence Survey (MRCS)* released today shows that a third or less of nonretired minorities feel very confident about having enough money to take care of basic expenses in retirement (33 percent of African-Americans, 21 percent of Hispanic-Americans, and 36 percent of Asian-Americans). This compares with 37 percent of all nonretired individuals (workers) in the United States.

The MRCS, sponsored by the nonpartisan Employee Benefit Research Institute (EBRI), the American Savings Education Council (ASEC), and Mathew Greenwald & Associates, also finds that 54 percent of African-Americans, 50 percent of Hispanic-Americans, and 78 percent of Asian-Americans say they have saved for retirement (compared with 69 percent of all workers). In addition, 22 percent of African-Americans, 18 percent of Hispanic-Americans, and 26 percent of Asian-Americans feel very confident that they are doing a good job of preparing financially for retirement (versus 27 percent of all workers).

The MRCS is conducted as part of the annual Retirement Confidence Survey (RCS) that gauges the views and attitudes of working and retired Americans on various financial issues related to retirement planning. The MRCS was added to the national RCS project in 1998 to find out more about the special challenges that minority groups (specifically, African-Americans, Hispanic-Americans, and Asian-Americans) are facing in terms of saving and planning for retirement.

“The 2001 MRCS finds that similar to the overall worker population, approximately 60 percent in each of the minority groups expects to work in retirement,” said Dallas Salisbury, president and CEO of EBRI. “About



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60 percent in each of the minority groups listed above also expects that a major source of retirement income will be money provided by an employer through a retirement plan.”

Sixty-six percent of African-American savers, 70 percent of Hispanic-American savers, and 75 percent of Asian-American savers say they have used a work-related retirement savings plan to save for retirement. The percentage of those individuals who say they do not participate in a plan that is offered at work because they “can’t afford” or “need money for current obligations” includes: 36 percent of African-Americans; 16 percent of Hispanic-Americans; 12 percent of Asian-Americans; and 29 percent of all workers.

Retirement Confidence Levels

According to the 2001 MRCS, Asian-Americans report the highest level of confidence regarding various financial aspects of retirement planning, and Hispanic-Americans tend to report the lowest levels of confidence. Seventy-two percent of Asian-Americans feel confident that they will have enough money to live comfortably in retirement, compared with 54 percent of African-Americans, 45 percent of Hispanic-Americans, and 63 percent of all workers in the U.S.

Overall, the level of retirement confidence within the minority groups dropped from last year. In 2000, 75 percent of Asian-Americans felt confident that they would have enough money to live comfortably in retirement, compared with 64 percent of African-Americans, 52 percent of Hispanic-Americans, and 72 percent of all workers in the United States. The changes in individual attitudes and behavior regarding retirement confidence may be attributed to recent declines in consumer confidence, employment, the economy, and the equity markets.

“This year’s MRCS suggests that both demographic and cultural factors may contribute to differences in the retirement planning and saving attitudes and behaviors of these minority groups,” said Mathew Greenwald, president of Mathew Greenwald & Associates. “For example, the survey found that within the Hispanic-American population, there are considerable differences in the attitudes and behavior of those who are born in the United States versus those born abroad. And higher levels of education and household income, as well as cultural reasons, may play a role in the higher levels of retirement confidence and retirement planning among Asian-Americans.”

Other key findings from the 2001 MRCS:

- *Social Security*—Thirty-two percent of African-Americans feel confident that Social Security will continue to provide benefits of equal value to today’s retirees, compared with 31 percent of Hispanic-Americans, 36 percent of Asian-Americans, and 34 percent of all workers.
- *Saving for retirement*—66 percent of African-Americans, 61 percent of Hispanic-Americans, and 75 percent of Asian-Americans say they could save \$20 more per week. This compares with 59 percent of all workers.
- *Employer contributions to a retirement savings account*—32 percent of African-Americans, 36 percent of Hispanic-Americans, and 51 percent of Asian-Americans say that an employer contributed money to a retirement savings account in their name last year (compared with 49 percent of all workers).
- *Doing a retirement needs calculation*—32 percent of African-Americans, 32 percent of Hispanic-Americans, and 48 percent of Asian-Americans (compared with 44 percent of all workers) say they or their spouse have tried to figure out how much money they will need to save to live a comfortable retirement. Forty percent of African-Americans, 46 percent of Hispanic-Americans, 41 percent of Asian-Americans, and 50 percent of all workers say they made changes in their retirement planning after doing a needs calculation.

“As ethnic diversity grows in America, we are faced with complex challenges such as different cultural attitudes and language barriers that should be addressed when designing appropriate financial education messages and tools,” said Don Blandin, president of ASEC.

More than 100 financial planning calculators, as well as educational video and audio messages are available at www.choosetosave.org, a Web site developed for the general public to aid in savings education and retirement planning. A number of other interactive savings tools including the *Retirement Personality Profiler*, the *Retirement Readiness Rating Quiz*, and the *Ballpark Estimate* retirement planning worksheet are available at the EBRI and ASEC Web sites at: www.ebri.org and www.asec.org

These findings are part of the eleventh 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) in the United States ages 25 and older. 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 ages 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 to 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 non-response, 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 2001 RCS data collection was funded by grants from 25 public and private organizations, and the minorities data collection was funded by grants from 11 organizations. Staffing was donated by EBRI, ASEC, and Greenwald & Associates. RCS materials and a list of underwriters may be accessed at the EBRI website: www.ebri.org/rcs.

EBRI was founded in 1978, with the mission to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is a private, nonprofit, nonpartisan public policy research organization based in Washington, DC. EBRI does not lobby and does not take positions on legislative proposals.

ASEC is a coalition of private- and public-sector institutions that undertakes initiatives to raise public awareness about what is needed to ensure long-term personal financial independence. ASEC works through its partners to educate Americans on all aspects of personal finance and wealth development, including credit management, college savings, home purchase, and retirement planning. ASEC develops and distributes educational materials, all of which are available in hard copy and on the ASEC websites: www.asec.org and www.choosetosave.org ASEC is a program of the EBRI Education and Research Fund.

Mathew Greenwald & Associates, Inc. is a full-service market research company with an expertise in financial services research. Founded in 1985, Greenwald & Associates has conducted public opinion and customer-oriented research for more than 100 organizations, including many of the nation's largest companies and foremost associations.

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