

NEWS RELEASE

Contacts: Variny Paladino, EBRI/ASEC, 202-775-6321, paladino@asec.org
Jim Jaffe, EBRI, 202-775-6353, jaffe@ebri.org
Ruth Helman, Greenwald, 202-686-0300,
ruthhelman@greenwaldresearch.com



FOR IMMEDIATE RELEASE: May 1, 2003

2003 Minority Retirement Confidence Survey:

**African-American and Hispanic-American Workers Report
Lower Retirement Confidence and Less Retirement Preparation
Primarily Due to Lower Income**

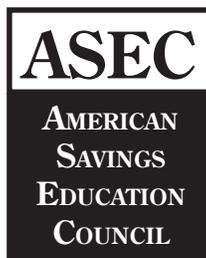
*—Differences Largely Attributed to More Lower-Income Households, Linguistic
and Cultural Challenges*

*—National Survey Released During Launch of Save For Your Future™ Education Campaign
Sponsored by ASEC and the Social Security Administration*

WASHINGTON, DC—African-American and Hispanic-American workers are less confident about their retirement prospects and financial preparations than workers overall, primarily due to lower income, according to the 2003 Minority Retirement Confidence Survey (Minority RCS). The survey was released today at the national launch of the Save For Your Future™ education campaign, a partnership between the American Savings Education Council (ASEC) and the Social Security Administration.

The 2003 Minority RCS, sponsored by the Employee Benefit Research Institute (EBRI), ASEC, and Mathew Greenwald & Associates (Greenwald), finds that these differences are largely attributable to the following reasons: 1) the larger proportion of individuals within these minority groups with lower-income households, and 2) a population (especially among the non-native-born and those who may not feel comfortable speaking English) who may have less familiarity, access, and/or trust in the savings and retirement planning tools, products, and services available to them.

Overall, Hispanic-American workers tend to report the lowest levels of confidence about various financial aspects of retirement, the 2003 Minority RCS found. However, African-American workers tend to report lower levels of confidence than workers overall about having enough money to live comfortably in retirement and having enough to take care of basic expenses. In addition, African-Americans (59 percent) and Hispanic-Americans (50 percent) are less likely than workers in general (71 percent) to indicate that they have saved for retirement.



—More—

“The 2003 Minority RCS shows that African-Americans and Hispanic-Americans still lag behind workers overall in terms of their income and their savings, but the good news is that more individuals are saving now than before,” said Dallas Salisbury, CEO and president of EBRI. “The percentage of African-Americans who say their household has saved for retirement was 47 percent in 1998, 54 percent in 1999, 54 in 2001, and 59 percent in 2003. The percentage of Hispanic-Americans who say their household has saved for retirement was 37 percent in 1998, 48 percent in 1999, 48 percent in 2001, and 50 percent in 2003.”

This is the fourth Minority RCS that EBRI, ASEC, and Greenwald have sponsored to gain more insight about how well African-American and Hispanic-American workers and retirees are doing in terms of saving and preparing for their financial future.

“When we control for household income, we find that African-Americans and Hispanic-Americans are as likely as workers overall to be confident about having a secure retirement and to be saving for retirement,” said Mathew Greenwald, president of Greenwald & Associates. “On the other hand, even when income is held constant, Hispanic-Americans are less likely than workers overall to feel knowledgeable about retirement savings and investing.”

Other key findings from the 2003 Minority RCS:

- ***Most Have Not Done a Retirement Needs Calculation:*** 34 percent of African-Americans and 24 percent of Hispanic-Americans report they or their spouse have tried to calculate how much they need to save for a comfortable retirement. Language may play a role in whether or not a Hispanic-American is likely to do a retirement needs calculation; one-third of respondents (33 percent) who chose to be interviewed in English reported attempting to do this calculation vs. 12 percent of those who chose to be interviewed in Spanish. The 2003 Minority RCS shows that some workers who did a retirement calculation say they made changes in their retirement planning as a result, such as starting to save more or changing the allocation of their money (26 percent of African-Americans and 39 percent of Hispanic-Americans).
- ***Fewer Opportunities to Save in the Workplace:*** While 58 percent of African-Americans and 49 percent of Hispanic-Americans report they are offered a retirement savings plan by their employer, such as a 401(k), they are less likely to have one than are workers overall (73 percent). But when income is controlled, African-Americans and higher income Hispanic-Americans (\$35,000 or more) are just as likely as workers overall to report having these two benefits. Additionally, African-Americans and Hispanic-Americans are less likely than workers overall to indicate that an employer contributed money or stocks in their name or their spouse's name to such a plan last year (36 percent and 22 percent, respectively, vs. 49 percent). Lower income Hispanic-Americans are less likely than lower income workers in general to have them. This may reflect the fact that 401(k) and other retirement plans tend to exclude part-time or short-term workers, which often include many minority workers.
- ***Less Knowledgeable About Finances:*** Nearly half of African-Americans and workers overall say they have a general knowledge of saving or investing for retirement (46 percent each). However, substantially more than a third of Hispanic-Americans describe themselves as knowing nothing about the subject (43 percent vs. 12 percent of all workers). Not surprisingly, those with the least degree of knowledge about saving for retirement are much more likely to be lower-income (under \$35,000 in annual income), less educated (high school or less), not native-born, and have poor English-language skills.
- ***Health Care Expenses in Retirement:*** African-American workers are especially likely to have thought about health care expenses in retirement. A majority have given a lot of thought to the need for health insurance coverage in retirement (57 percent), and more than 4 in 10 have given a lot of thought to having to pay for health care expenses not covered by Medicare (44 percent). Fewer Hispanic-Americans and workers overall have given this amount of thought to these needs. More than 4 in 10 each have given a lot of thought to the need for health insurance (41 percent of Hispanic-Americans and 44 percent of workers overall) and roughly one-third have given a lot of thought to having to pay for health care expenses not covered by Medicare (34 percent and 31 percent).

“The 2003 Minority RCS shows that nearly a quarter of African-Americans (23 percent) and a quarter of Hispanic-Americans (25 percent) count on Social Security to make up the largest share of their retirement income,” said Don Blandin, president of ASEC. “More than 137 million working Americans over the age of 25 receive a personalized Social Security Statement each year shortly before their birthday. We want all workers to understand the role of Social Security in their financial lives and to encourage them to use the Statement as a key component of their financial planning. We urge Americans to use the 90-day period between the time they get the statement each year and their birthday as an opportunity to calculate their financial needs, create a plan to meet those needs, and basically assess how much they will need to save to achieve their goals.”

The national Save For Your Future™ campaign encourages Americans to take four basic steps to secure their financial future: 1) Calculate; 2) Plan; 3) Act; and 4) Reassess:

- **Calculate** how much money you may need for retirement or other goals.
- **Plan** how to accumulate money and other assets to help meet your needs.
- **Act** to implement your plan and save the money you (and your family) may need.
- **Reassess** your financial needs and the progress of your plan every year during the three-month period between the time you receive your annual Social Security Statement and your birthday. If your needs have changed or your plan is not working, readjust one or both of them.

More than 100 financial planning calculators and interactive tools, including the *Ballpark Estimate* pre-retirement planning worksheet, *Retiree Health Savings Calculator*, and the *Retirement Personality Profiler*, as well as video and audio educational messages, are available at www.choosetosave.org, a Web site developed for the general public to aid in savings education and retirement planning.

These findings are part of the 13th 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 2003 through 20-minute phone interviews with 1,000 individuals (782 workers and 218 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the U.S. population. Data for the 2003 wave of the RCS are weighted by age, sex, and education to reflect the actual proportions in the adult population age 25 and older.

Minority RCS findings are restricted to workers and include additional oversamples of minority groups, specifically African-Americans and Hispanic-Americans (200 interviews were conducted within each of the 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 25–64. Data for Hispanic Americans are also weighted to reflect the actual proportion born in the United States.

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 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 2003 RCS and MRCS data collection was funded by grants from 25 public and private organizations, with staff time donated by EBRI, ASEC, and Greenwald. RCS materials and a list of underwriters may be accessed at the EBRI and ASEC Web site: www.ebri.org/rcs and www.asec.org

Founded in 1978, EBRI's mission is 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 program of the nonpartisan, nonprofit Employee Benefit Research Institute Education and Research Fund (EBRI-ERF) (www.ebri.org). 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 educational materials are available at www.asec.org and www.choosetosave.org

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.

The national Save For Your Future education campaign, presented by ASEC and the Social Security Administration (SSA), will educate and motivate Americans of all ages and backgrounds to take charge of their financial future. Support for this national campaign is provided by State Farm®, an ASEC coalition member. More information on the campaign can be found at www.saveforyourfuture.org

###

#630
