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FAST Facts

# The Importance of English Proficiency in Financial Wellbeing: A Closer Look at Individuals With Language Barriers and Their Workplace

In a previous EBRI *Fast Fact*, the topic of the significance of English proficiency in achieving financial wellbeing was explored.[1] Income and ownership rates of various assets and financial vehicles were analyzed among three English proficiency groups using responses of adults ages 21 or older from the 2022 Survey of Income and Program Participation (SIPP), controlling for age, income, and citizenship status. Based on this analysis, individuals with limited English were shown to have the lowest ownership rates of all examined asset types.

This *Fast Fact* is a continuation of that work, as it aims to provide more insights into the work arrangements, employer sizes, and industries of these workers to understand whether these additional factors have an impact on their financial wellbeing. Income and ownership rates of various assets and financial vehicles are analyzed among three English proficiency groups using responses of adults ages 21 or older *who indicated the presence of a job* from the 2022 SIPP. The U.S. Census Bureau describes SIPP as "a nationally representative longitudinal survey that provides comprehensive information on income, employment, household composition, and participation in government programs."[2]

## Demographics

The SIPP asks individuals if they speak languages other than English at home. If the answer is yes, SIPP proceeds to inquire about the individual's proficiency level in English. The responses are divided into three categories based on the respondents' self-evaluation of their English-speaking ability: "English only," "very well – well," and "not well – not at all."

To learn more about individuals' work arrangements, the sizes of their employers, and the industries they're working in, the samples were limited to individuals with an indication of having a job. Among these individuals, 3 percent were in the "not well – not at all" group, 15 percent were in the "very well – well" group, and 82 percent were in the "English-only" group, which was almost identical to the overall distribution of English proficiency (Figure 1).

Figure 1
**English Proficiency Distribution**

| English Literacy Level | Those With an Indication of a Job | All |
|---|---|---|
| Not Well – Not At All | 3% | 3% |
| Very Well – Well | 15% | 14% |
| Speak Only English | 82% | 83% |

Source: 2022 Survey of Income and Program Participants (SIPP).

[1] Thephasit, Samita, "The Importance of English Proficiency in Financial Wellbeing," *EBRI Fast Facts*, no. 495 (Employee Benefit Research Institute, March 14, 2024).
[2] Survey of Income and Program Participation (SIPP). United States Census Bureau (November 15, 2023). Available at https://www.census.gov/programs-surveys/sipp.html.



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Each English proficiency group is split into two work-arrangement subcategories: those who are employed by an employer ("employed") and those who are self-employed or have other work arrangements. "Employed" was the more common work arrangement for all three English proficiency groups, accounting for 81 percent of the "not well – not at all" group, 85 percent of the "very well – well" group, and 86 percent of the English-only group (Figure 2).

Figure 2
**Work Arrangement Distribution Among Individuals With an Indication of a Job**

| English Literacy Level | Employed | Self-Employed or Other |
|---|---|---|
| Not Well – Not At All | 81% | 19% |
| Very Well – Well | 85% | 15% |
| Speak Only English | 86% | 14% |

Source: 2022 Survey of Income and Program Participants (SIPP).

It is essential to closely examine individuals in the employed group, as this work arrangement had a high concentration of people across all three English proficiency groups. Within the employed group, the three English proficiency groups are further classified based on the size of their employer: those who work for an employer with 100 employees or fewer (small), those who work for an employer with 101–500 employees (medium), and those who work for an employer with 501 or more employees (large). Although small employers had the highest percentage across all three groups, individuals speaking English not well or not at all had the highest percentage of employment within small businesses (Figure 3).

Figure 3
**Employer Size Among Those in the Employed Group**

| English Literacy Level | Small | Medium | Large |
|---|---|---|---|
| Not Well – Not At All | 78% | 13% | 9% |
| Very Well – Well | 56% | 20% | 24% |
| Speak Only English | 58% | 21% | 21% |

Source: 2022 Survey of Income and Program Participants (SIPP).

## English Proficiency Overall

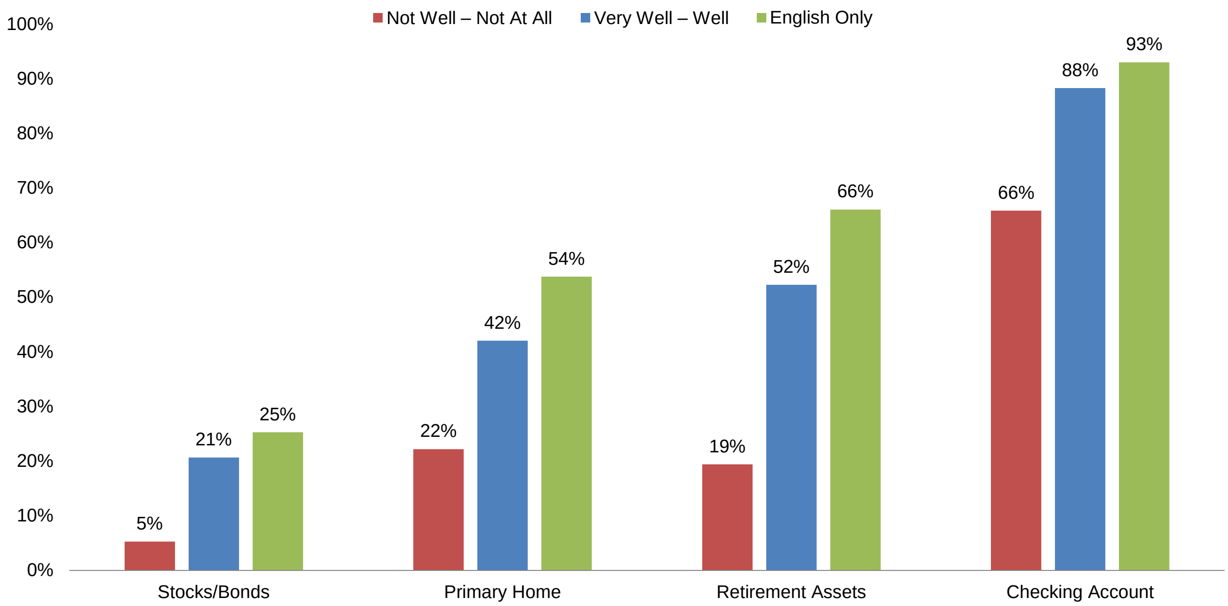
The ownership status of four types of assets and savings vehicles are analyzed: checking accounts, stocks and bonds, retirement assets, and primary homes. Stocks and bonds refer to individual stocks, mutual funds, government securities, and municipal and corporate bonds held outside of other pooled assets.

According to the previous research, individuals in the "not well – not at all" proficiency group had the lowest asset ownership rates across all four types of assets.[3] When zooming in on the individuals who indicated the presence of a job, the same pattern persists, as individuals in the "not well – not at all" group had the lowest ownership rates (Figure 4). Only 66 percent of people in the "not well – not at all" group owned a checking account, which is 26 percent less than those who speak only English (92 percent). There was also a disproportionate difference in ownership among retirement assets, with 66 percent of those who speak only

[3] Thephasit (2024) (see footnote 1).

English possessing such assets and only 19 percent in the "not well – not at all" group doing so. The "very well – well" group's asset ownership was consistently in the middle.

Figure 4
**Asset Ownership Rate, by English Proficiency**



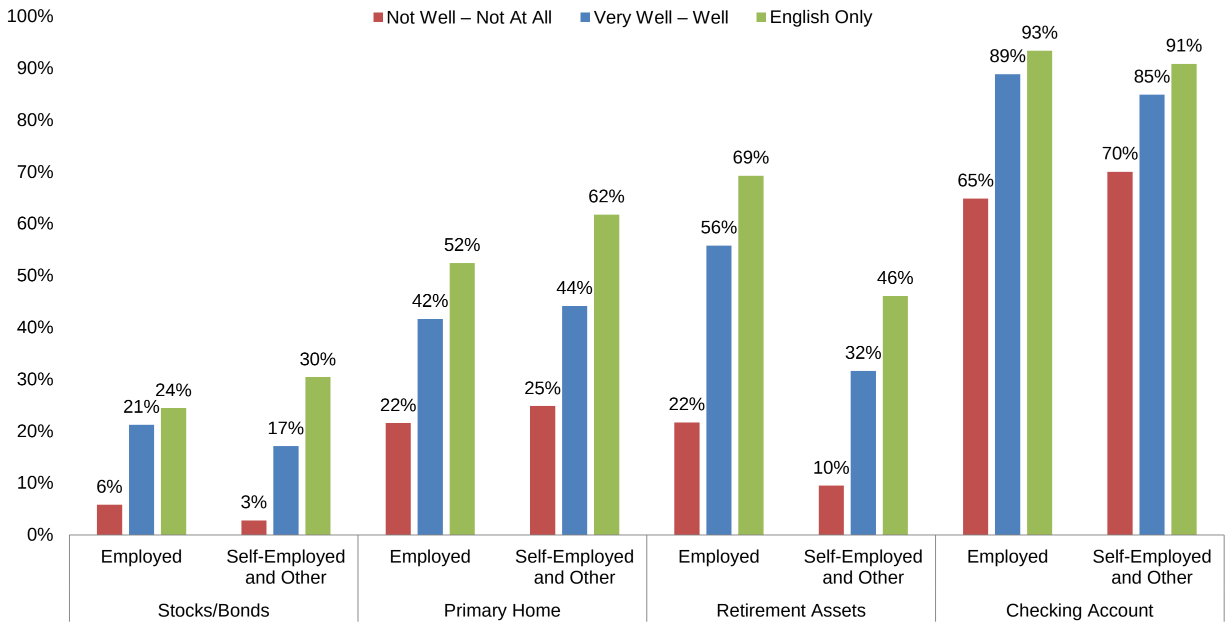

Source: 2022 Survey of Income and Program Participants (SIPP).

## English Proficiency and Employment Arrangement

As stated, each English proficiency group is split into two work-arrangement subcategories: those who are employed by an employer ("employed") and those who are self-employed or have other work arrangements. There was no clear pattern in the relationship between work arrangement and asset ownership rates (Figure 5). However, individuals in the employed group had higher ownership rates for retirement assets across all three groups of English proficiency. This could be due to the availability of retirement benefits in the workplace, making it easier for individuals in the employed category to access them.

Similar to the previous findings, there was a consistent pattern in ownership rates, with those who speak only English having the highest ownership rates. They were followed by those in the "very well – well" proficiency group, while those in the "not well – not at all" group had the lowest ownership rates. For instance, 69 percent of those who speak only English in the employed category owned retirement assets, while only 22 percent of those with very limited or no English-speaking ability did.

Figure 5
**Asset Ownership Rate, by English Proficiency**



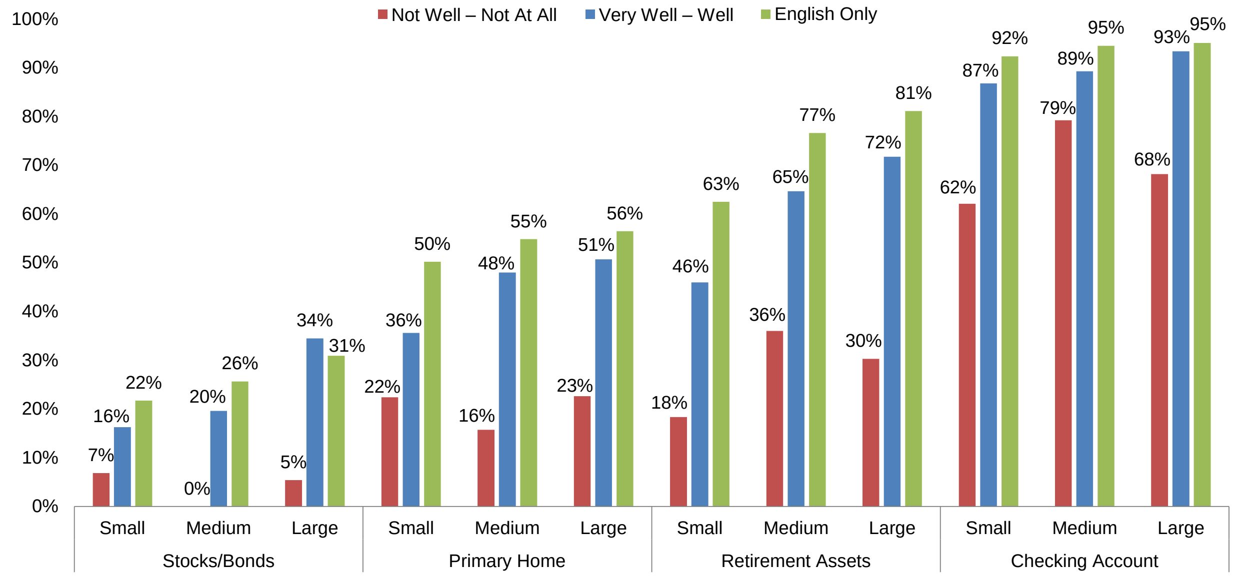

Source: 2022 Survey of Income and Program Participants (SIPP).

## English Proficiency and Employer Size

To examine if the size of the employer has any effect on asset ownership, individuals in the employed group across all three English proficiency groups are split into three subcategories based on the size of their employer: those who work for employers with 100 employees or fewer (small), those who work for employers with 101 employees to 500 employees (medium), and those who work for employers with 501 employees or more (large).

Assets ownership rates were generally higher among those employed by large organizations, with some exceptions for those with the lowest language proficiencies (Figure 6). Nonetheless, the same pattern of English proficiency emerged, with individuals in the "not well – not at all" group having the lowest asset ownership rates across all four types of assets. For example, 92 percent of the individuals who only speak English and work for a small organization owned a checking account, while only 62 percent of the individuals in the "not well – not at all" group who work for a small organization owned a checking account.

Figure 6
**Asset Ownership, by English Proficiency and Employer Size (for individuals employed by their employer)**

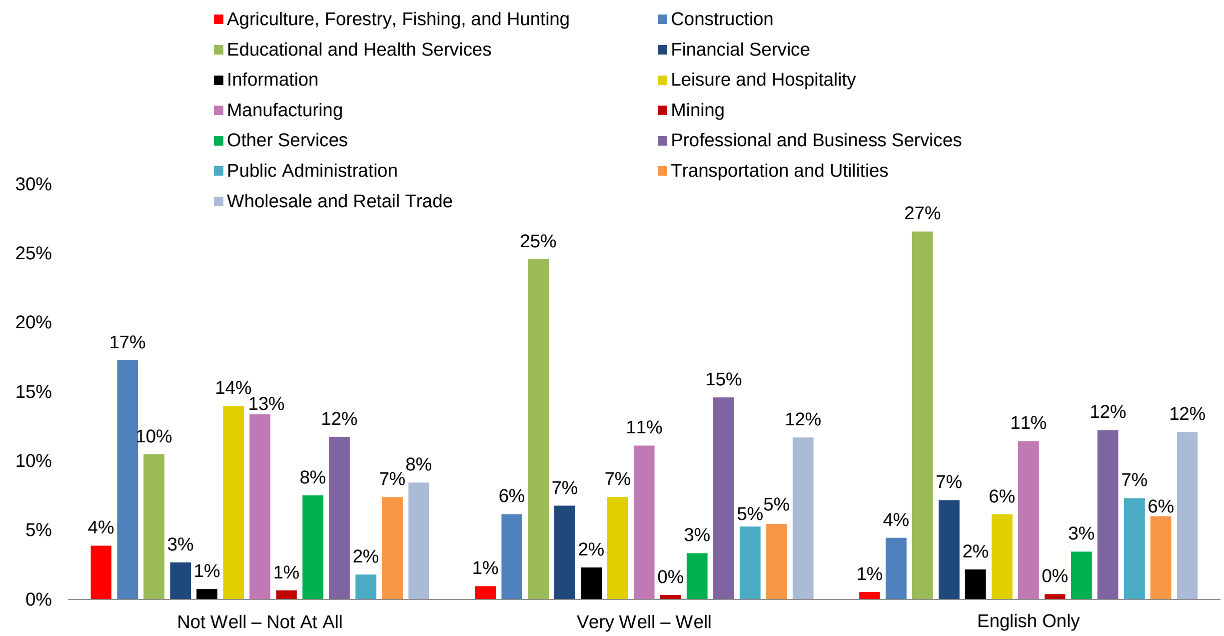



Source: 2022 Survey of Income and Program Participants (SIPP).

## Industry

Among employed individuals in the "not well – not at all" group, the most common industry in which to be employed was construction, which accounted for 17 percent (Figure 7). Leisure and hospitality and manufacturing came in second and third with 14 percent and 13 percent, respectively. This distribution of industries was quite different compared with the "very well – well" and English-only groups, where educational and health services was the most common industry, followed by professional and business services and wholesale and retail trade.

Figure 7
**Industry Distribution Among Employed Individuals, by English Proficiency**




Source: 2022 Survey of Income and Program Participants (SIPP).

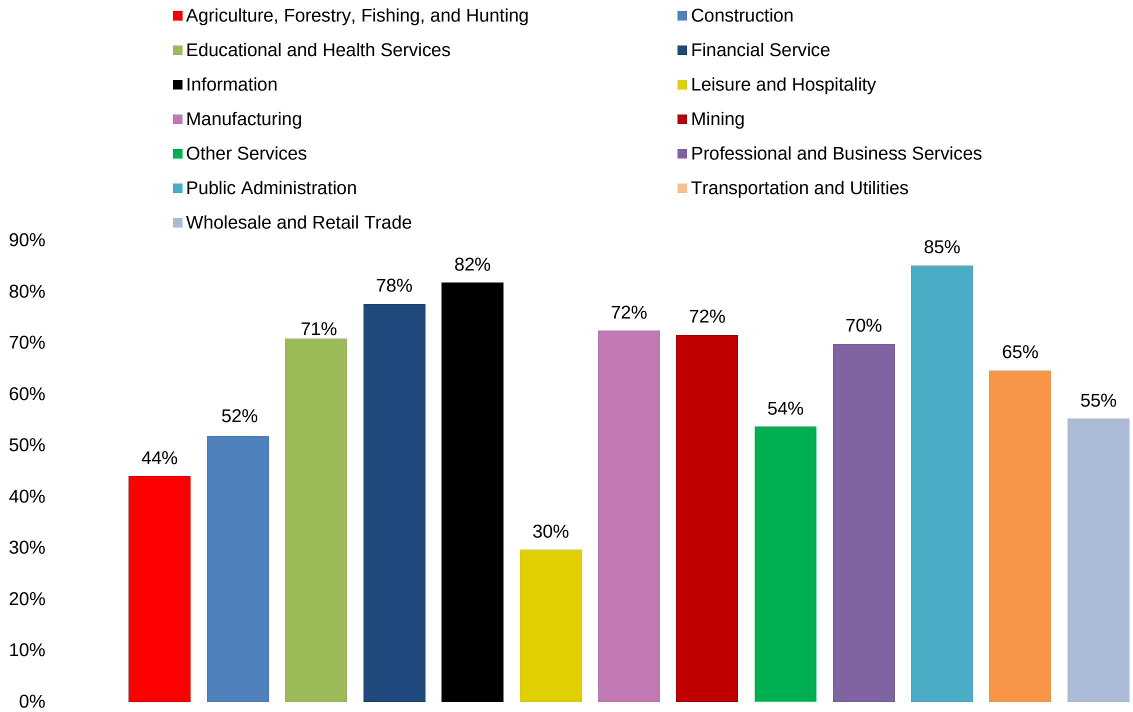
## Conclusion

The first *Fast Fact* examining the importance of English proficiency in achieving financial wellbeing found that individuals with limited English have the lowest ownership rates of all examined asset types. This *Fast Fact*, continuing that research, provides more insights into the issue of language fluency and asset ownership by investigating the work arrangements, the sizes of employers, and the industries in which individuals with different levels of English fluency are employed to determine whether these factors also have an impact on their financial wellbeing. The analysis shows the same outcome: Workers in the "not well – not at all" group had the lowest asset ownership rates across all examined asset types and employee/employer groups. Furthermore, those not speaking English well or not speaking it at all were more likely to be employed in the construction and leisure and hospitality industries, where retirement coverage is lower (Appendix Figure 1).

This report was written by Samita Thephasit, EBRI Research Associate, with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

## Appendix

Appendix Figure 1
**Retirement Asset Ownership Among Employed Individuals, by Industry**




Source: 2022 Survey of Income and Program Participants (SIPP).