

Understanding Black and Hispanic Americans' Unique Financial Priorities and Experiences: Evidence From the 2021 Retirement Confidence Survey

When examining the retirement preparedness of Black and Hispanic workers and retirees vs. that of their White counterparts, it is easy to conflate income differences with other factors that drive variations in attitudes, experiences, and behaviors related to retirement, which is why the 2021 Retirement Confidence Survey (RCS) oversampled Black and Hispanic workers and retirees.¹ The oversample allows for the control of important factors that are strongly associated with retirement preparedness, such as household income. As a result, the variations by race and ethnicity that persist even when comparing respondents of the same income levels can be observed. This *Fast Fact* focuses on differences in financial priorities and experience with financial services companies.²

Financial Priorities

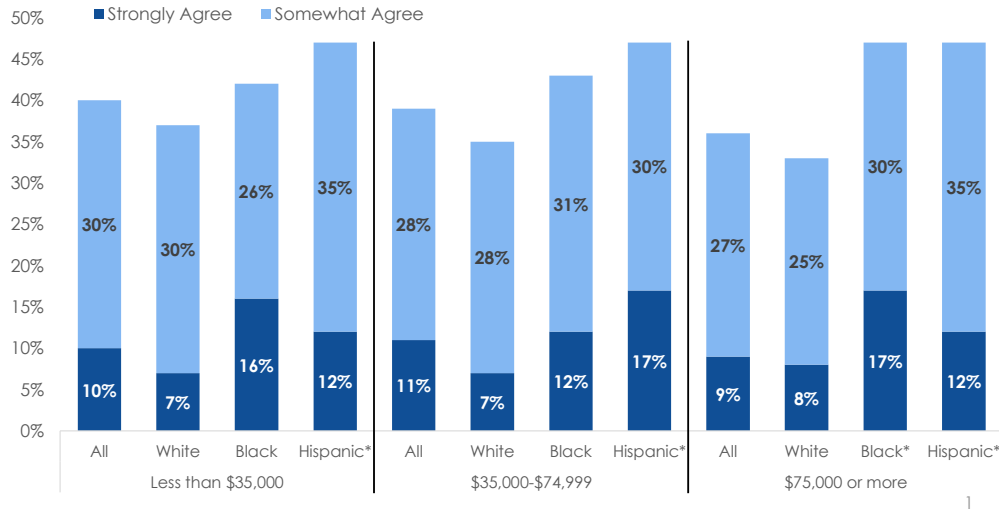
When controlling for income, the percentage of Americans saying they are confident they will have enough money to live comfortably throughout their retirement years was not significantly different by race/ethnicity. For example, in the upper-income group (\$75,000 or more in annual household income), 86 percent of White Americans, 84 percent of Black Americans, and 85 percent of Hispanic Americans reported that they were confident. In the lower-income group (less than \$35,000 in annual household income), 48 percent of White Americans, 50 percent of Black Americans, and 46 percent of Hispanic Americans were confident.

However, Black and Hispanic Americans have different priorities with regard to preparing for retirement compared with White Americans. In particular, upper-income Black Americans and Hispanic Americans, regardless of income, were more likely to agree that it is more important to help friends and family now than to save for their own retirement than were White Americans (Figure 1).³ In the upper-income group, nearly one-half of Hispanic Americans agreed with this statement compared with one-third of White Americans.

Furthermore, middle- and upper-income Hispanic Americans were more likely to agree with the statement that retirement savings is *not* a priority relative to the current needs of their family than White Americans were in these income groups (Figure 2). Middle-income Black Americans were also more likely to agree with this statement than middle-income White Americans. However, in the lowest income groups, there were no significant differences by race/ethnicity in the likelihood of agreeing that retirement savings is not a priority. Lastly, Hispanic Americans in each income group and Black Americans in the lower- and upper-income groups were more likely than White Americans to agree that saving for a child's education or paying off a child's education is reducing how much they can save for retirement (Figure 3).

Figure 1
Percentage Who Agree That Helping Friends and Family Is More Important Than Saving for Retirement, by Race/Ethnicity and Income

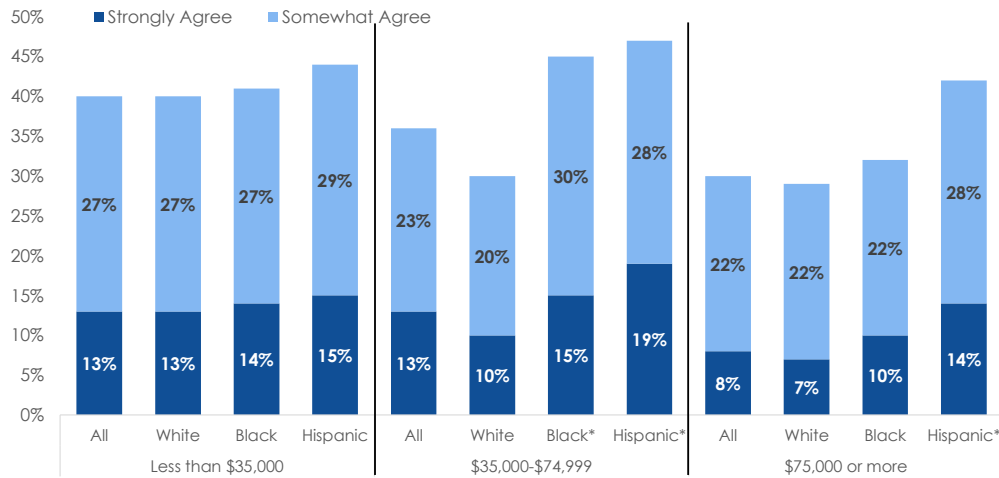
To what extent do you agree or disagree with the following?
It is more important to help friends and family now than to save for your own retirement.
 Total: Workers n=1,507, Retirees n=1,510



Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

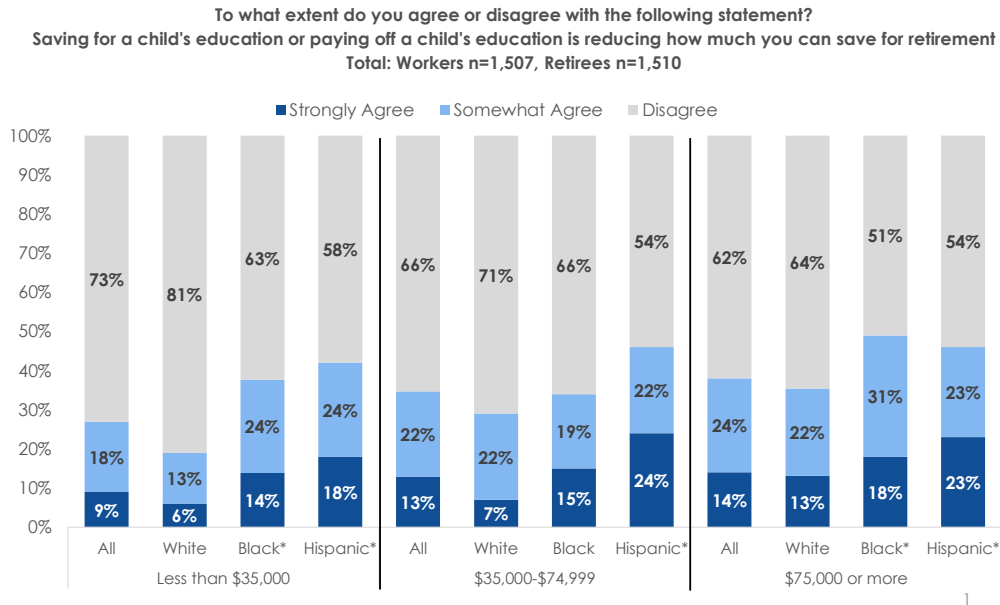
Figure 2
Percentage Who Agree That Retirement Savings Is Not a Priority Relative to Current Needs, by Race/Ethnicity and Income

To what extent do you agree or disagree with the following?
Retirement savings is not a priority relative to the current needs of my family.
 Total: Workers n=1,507, Retirees n=1,510



Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Figure 3
Percentage Who Agree That Saving/Paying for a Child's Education Is Reducing Retirement Savings, by Race/Ethnicity and Income

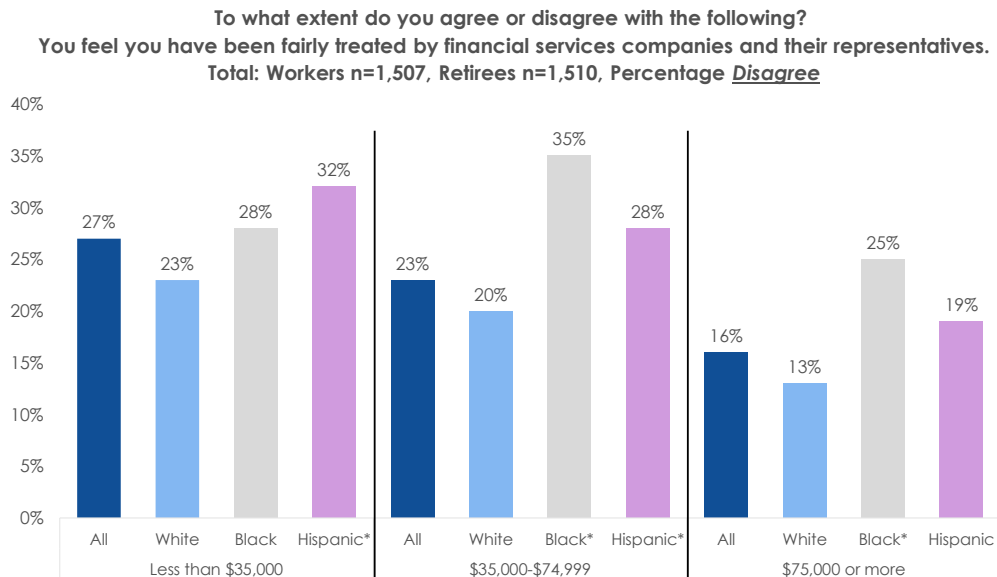


Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Experience With Financial Services Companies

Feeling comfortable accessing the financial system can help individuals start or stick with financial or retirement planning. However, some Americans do not feel they have been treated fairly by financial services companies. In fact, approximately one-quarter of all Americans in the lower two income groups *disagree* with the statement that they feel they have been fairly treated by financial services companies and their representatives (Figure 4). Hispanic Americans in the lower two income groups were more likely to disagree that they were treated fairly than White Americans, whereas Black Americans in the higher two income groups were more likely to feel this way relative to White Americans.

Figure 4
Percentage Who Feel They Have Not Been Treated Fairly by Financial Services Companies, by Race/Ethnicity and Income



Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Discussion

The results of the 2021 RCS point to potential modifications to the financial system that could help improve the retirement prospects of Black and Hispanic Americans. These include:

- Promoting greater diversity among individuals providing financial help in the workplace and beyond so that Black and Hispanic Americans are more confident they are receiving financial help from someone who understands their situation.
- Making available one-on-one, personalized advice that builds on Black and Hispanic Americans' desire to have a connection with those providing them advice.
- Recognizing in communication efforts the importance of supporting family and friends — that in particular Hispanic Americans feel when making financial decisions — so that this obligation can be weighed against individuals' own need to save for retirement.
- Rooting out sources that might cause Black and Hispanic Americans to feel they are being treated unfairly.

By disentangling income effects from the impact of race/ethnicity, the unique needs of Black and Hispanic Americans are better able to be discerned when it comes to retirement savings.

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¹ An oversample refers to collecting more data from groups that are a lower share of the population in order to do a more complete analysis of these groups by having a sufficient sample size to control for other variables besides just the variable of interest, in this case race and ethnicity. However, the overall results are weighted to retain national representation despite the larger sample of Black and Hispanic Americans than would actually be found in the population.

² For more details, see Copeland, Craig, and Lisa Greenwald, “2021 Retirement Confidence Survey: A Closer Look at Black and Hispanic Americans,” EBRI Issue Brief, no. 530 (Employee Benefit Research Institute, June 10, 2021).

³ The * indicates the statistically significant differences in each of the figures. All significance tests are at the 95 percent level. The significant findings are explained below.

Figure 1

- In each income group: Hispanic Americans were more likely to strongly or somewhat agree that it is more important to help friends and family now than to save for their own retirement than White Americans.
- In the upper-income group: Black Americans were more likely to strongly or somewhat agree that it is more important to help friends and family now than to save for their own retirement than White Americans.

Figure 2

- Hispanic Americans in the higher two income groups and Black Americans in the middle-income group were more likely to strongly or somewhat agree that retirement savings is not a priority relative to the current needs of their family than White Americans.

Figure 3

- In each income group: Hispanic Americans were more likely to agree that saving for a child's education or paying off a child's education is reducing how much they can save for retirement than White Americans, and middle-income Hispanic Americans were also more likely than Black Americans to agree with this statement.
- Lower- and upper-income Black Americans were more likely to agree that saving for a child's education or paying off a child's education is reducing how much they can save for retirement than White Americans.

Figure 4

- Hispanic Americans in the lower- and middle-income groups and Black Americans in the middle- and upper-income groups were more likely to disagree that they feel they have been fairly treated by financial services companies and their representatives than White Americans in those income groups.

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