

## TEXAS MINORITY WORKERS

### Retirement Confidence

- Anglo-American workers in Texas show greater confidence than minorities do about their financial preparations for retirement. While these differences are not always apparent in the proportion who say they are *very* confident about their preparations, they become quite noticeable when those who say they are *somewhat* confident are also included.
- For example, 7 in 10 Anglo-American Texas workers indicate they are confident they will have enough money to live comfortably throughout their retirement years (70 percent), whereas significantly fewer African-Americans (57 percent), Asian-Americans (47 percent), or Hispanic-Americans (42 percent) say the same.
- A large majority of Anglo-Americans are *very* or *somewhat* confident they will have enough money to take care of their basic expenses during retirement (80 percent), whereas notably smaller majorities of the other racial/ethnic groups say this is the case (66 percent of African-Americans, 59 percent of Asian-Americans, 53 percent of Hispanic-Americans).
- Many of these differences are due to the fact that the household incomes of these groups differ. When controlling for income, few differences remain. Nevertheless, among those with at least \$35,000 in household income, Asian-Americans are generally less likely than the other groups—particularly Anglo-Americans and African-Americans—to express confidence in the financial aspects of retirement.
- Among those with household income under \$35,000, Hispanic-Americans are less likely than Anglo-Americans and African-Americans to say they are confident about each of these varied aspects of retirement planning.

### Retirement Expectations

- In general, Anglo-American, Asian-American, and Hispanic-American workers in Texas say they expect to retire at age 65; however, African-American workers expect to retire at about age 62.
- Roughly 1 in 6 Anglo-Americans (16 percent), African-Americans (18 percent), and Hispanic-Americans (14 percent) age 45 or older say they have postponed their retirement age in the past year; only 6 percent of Asian-Americans age 45 or older say the same.
- Almost two-thirds of Asian-American workers (64 percent), and just over half of African-American (52 percent) and Hispanic-American (54 percent) workers say they think they will work for pay after they retire.
- Almost 6 in 10 Anglo-Americans (57 percent) and Hispanic-Americans (56 percent), and half of African-Americans (50 percent) and Asian-Americans (49 percent) say they will need less than 70 percent of their preretirement income. Between 1 and 2 in 10 say they do not know how much they will need (11 percent of Anglo-Americans, 14 percent of African-Americans, 21 percent of Asian-Americans, and 14 percent of Hispanic-Americans).

### Retirement Saving and Preparation

- The proportions of racial and ethnic groups doing a household savings needs calculation for retirement varies widely. Anglo-American and Asian-American workers (45 percent each) in Texas are most likely to indicate they or their spouse have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. At the same time, African-Americans (26 percent) are more likely than Hispanic-Americans (15 percent) to say they have attempted this calculation.
- Almost half of African-American workers (45 percent) who have tried to do a savings need calculation think they will need to save less than \$250,000 by the time they retire to live comfortably, compared with 32 percent of Hispanic-American workers, 17 percent of Anglo-American workers, and 16 percent of Asian-American workers. Another 1 in 10 or fewer think they will need \$250,000 to less than \$500,000 (11 percent of Anglo-Americans, 7 percent of African-Americans, 6 percent of Asian-Americans, and 11 percent of Hispanic-Americans).
- Anglo-American workers are most likely to report that they and/or their spouse have saved money for retirement (71 percent). Six in 10 Asian-Americans (60 percent), but less than half of African-Americans (48 percent) and Hispanic-Americans (42 percent) have done so.

- While more than half of Anglo-American (51 percent) and Asian-American (54 percent) workers say they have nonretirement savings and investments, just one-quarter of African-American (27 percent) and Hispanic-American (24 percent) workers report having such savings or investments.

#### **Where Texas Minority Workers Save Their Money**

- Among those with retirement savings, Asian-American workers are most likely to say they currently have an IRA or some other tax-qualified retirement savings outside of a work-place retirement savings plan (74 percent). Six in 10 Anglo-Americans (59 percent) and half of Hispanic-Americans (49 percent) report having tax-qualified retirement savings outside of work, as do 43 percent of African-Americans.
- Product ownership varies slightly by racial or ethnic group. For example, African-American workers in Texas (72 percent) are more likely than Anglo-American (60 percent), Asian-American (48 percent), and Hispanic-American (53 percent) workers to own life insurance they purchased on their own.
- Six in 10 Anglo-Americans (58 percent) and Asian-Americans (61 percent), but only about one-third of African-Americans (30 percent) and Hispanic-Americans (34 percent), own stock or bond mutual funds.

#### **Who Texas Minority Workers Turn to For Guidance**

- While the majority of each racial and ethnic group rely on their spouse and on the advice of family, friends, and co-workers when it comes to making retirement savings and investment decisions, large proportions also rely on the advice of a financial professional (59 percent of Anglo-Americans, 54 percent of African-Americans, 40 percent of Asian-Americans, 40 percent of Hispanic-Americans).
- Asian-Americans (61 percent) are especially likely to rely on information available over the Internet, followed by Anglo-Americans (47 percent). Just one-fourth of African-Americans (26 percent) and Hispanic-Americans (26 percent) say they use this source.
- African-Americans (45 percent) and Asian-Americans (49 percent) are more likely than Anglo-Americans (29 percent) and Hispanic-Americans (29 percent) to use information from television or radio.
- Finally, African-Americans (37 percent, compared with 17 percent of Anglo-Americans, 25 percent of Asian-Americans, and 18 percent of Hispanic-Americans) are especially likely to use information from seminars, perhaps due to a tendency to receive information from church-sponsored financial information groups.

#### **How Much They Know About Finances**

- African-American (23 percent) and Asian-American (25 percent) workers in Texas are more likely than Anglo-American workers (10 percent) to say they have no knowledge of investing and saving for retirement, while Hispanic-American workers are most likely to do so (43 percent).
- While some differences in self-assessment of savings and investment knowledge disappear when household income is greater than \$35,000 a year differences remain among those with lower income. Most notably, among those with under \$35,000 in annual household income, Asian-Americans (57 percent) and Hispanic-Americans (61 percent) are considerably more likely than Anglo-Americans (18 percent) and African-Americans (27 percent) to say they know nothing about savings and investing.

Source: 2003 Texas Retirement Confidence Survey—EBRI/ASEC/Greenwald.