



# The 2000 Minority RCS Summary of Findings

For the third year, additional respondents in three minority groups (African-Americans, Hispanic-Americans, and Asian-Americans) were surveyed as part of the Retirement Confidence Survey (RCS). Results of the survey show many similarities as well as differences among individuals in these minority groups. Retirement confidence, expected sources of income in retirement, retirement preparations and planning, savings motivators, and reasons for not saving are among the topics covered in the survey.

## Retirement Confidence

*Overall*—Hispanic-Americans tend to be less confident that they will have enough money to live comfortably throughout their retirement years than are other groups.

**Confidence in Having Enough Money to Live Comfortably Throughout Retirement**

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Very confident	26%	24%	19%	31%
Somewhat confident	47	42	34	44
Not too confident	18	24	33	18
Not at all confident	8	8	13	6

*Specific Aspects of Retirement Confidence*—Hispanic-Americans also tend to be less confident than other groups about specific financial aspects of retirement. Forty-five percent of Hispanic-Americans are not confident that they are doing a good job of preparing financially for their retirement. In comparison, 27 percent of African-Americans, 24 percent of Asian-Americans, and 21 percent of all workers are not confident about this aspect of retirement.

Just 18 percent of Asian-Americans are not confident they will have enough money to take care of basic expenses during their retirement. Similarly, 22 percent of African-Americans are not confident. However, 41 percent of Hispanic-Americans respond that they are not confident they will have enough money for basic expenses in retirement. (Fourteen percent of all workers are not confident.)

When asked about confidence in having enough money to take care of medical expenses in retirement, 36 percent of African-Americans and 37 percent of Asian-Americans say they are not confident. Thirty-one percent of all workers are not confident of having enough money to take care of medical expenses, and 50 percent of Hispanic-Americans are not confident.

All groups are least likely to be confident of having enough money to pay for long-term care, such as nursing home or home health care, should they need it during retirement. Fifty-eight percent of Hispanic-Americans are not confident of having enough money to pay for this type of care, while 46 percent of all workers, 46 percent of African-Americans, and 43 percent of Asian-Americans are not confident of having enough money to pay for long-term care.

## Expected Most Important

### Sources of Income in Retirement

*African-Americans*—African-Americans are most likely to expect that personal savings will be their most important source of income in retirement (43 percent). This includes both personal savings for retirement through a plan at work as well as retirement savings outside of work. Sixteen percent expect that money provided by an employer (i.e., a pension or an employer's contribution to a retirement account) will be their most important source of retirement income. The same percentage (16 percent) say they expect Social Security to be most important.

*Hispanic-Americans*—Hispanic-Americans cite personal savings most often as their expected most important source of income in retirement (32 percent). Twenty percent expect Social Security to be most important and almost as many (18 percent) think that money from an employer will be their most important source of retirement income.

*Asian-Americans*—Asian-Americans also cite personal savings, money provided by an employer, and Social Security most often as their most important source of retirement income. In comparison with other groups, however, Asian-Americans are more likely to indicate personal savings will be most important (58 percent) and less likely to say Social Security will be most important (7 percent). Eighteen percent report that money from an employer will be their most important source of income.

## Retirement Preparations

### and Planning

*Household Savings*—Asian-American respondents are most likely to say that they and/or their spouse are saving for retirement, followed by African-Americans. Over half of Hispanic-American households have begun saving for retirement.

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Household has saved for retirement	80%	62%	52%	73%
Household has not saved for retirement	20	38	48	27

*Saving Vehicles*—Savers use a number of different vehicles to save for retirement. Majorities in each minority group report having used 401(k) plans and savings accounts or certificates of deposit. Individual retirement accounts (IRAs) and cash in a safe place at home or safe deposit box are also used to save for retirement by large proportions of respondents.

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
A 401(k) plan	77%	68%	58%	73%
A savings account or certificate of deposit	70	65	61	66
An IRA	57	42	33	60
Cash in a safe place at home or safe deposit box	17	26	26	15
A 403(b) plan	7	6	9	7
A Keogh account	6	4	6	8

**Household Savings Needs Calculation**—Half of Asian-American households and over 4 in 10 African-American households have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. Three in 10 Hispanic-American households have attempted to do this calculation.

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Household has done a retirement savings calculation	57%	44%	31%	50%
Household has not done a retirement savings calculation	42	53	67	46

**Progress in Planning and Saving for Retirement**—Regardless of whether or not they saved, respondents were asked whether they thought they were on track, ahead of schedule or behind schedule when it comes to planning and saving for retirement. Fewer than 1 in 10 in each minority group say they are ahead of schedule. Forty percent of Asian-Americans, 34 percent of African-Americans, and 26 percent of Hispanic-Americans indicate they are on track, while 66 percent of Hispanic-Americans, 54 percent of African-Americans, and 44 percent of Asian-Americans feel they are behind schedule.

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
A lot ahead of schedule	3%	2%	<0.5%	<0.5%
A little ahead of schedule	4	5	5	6
On track	40	34	26	40
A little behind schedule	25	22	20	27
A lot behind schedule	27	32	46	17
Don't know	1	2	2	10

**\$20 Per Week**—Savers were asked if they thought it would be reasonably possible for them to save \$20 more per week than they are currently saving for retirement. A large majority of savers in each of the minority groups indicate that they could.

Savers Who . . .	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Could save another \$20 per week for retirement	69%	73%	69%	77%
Could not save another \$20 per week for retirement	28	23	30	19

**Individuals without any retirement savings** were also asked if they thought it would be reasonably possible for them to save \$20 per week for retirement.

Nonsavers Who . . .	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Could save \$20 per week for retirement	51%	55%	60%	61%
Could not save \$20 per week for retirement	45	42	34	33

**Other Savings**—All respondents were asked whether they currently had any other savings or investments in addition to what they may have put aside for retirement. Approximately 4 in 10 Asian-Americans and African-Americans report such savings, while approximately 3 in 10 Hispanic-Americans do so.

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Have other savings or investments	47%	39%	28%	42%
Do not have other savings or investments	52	66	70	56

*Work for Pay After Retiring*—Many individuals in each minority group say they expect to work for pay after they retire. Sixty-seven percent of Hispanic-Americans, 62 percent of Asian-Americans, and 58 percent of African-Americans think they will work in retirement for pay. Two-thirds of all workers from the RCS indicate they expect to work for pay in retirement (67 percent).

*Employer-Provided Education Materials*—Many respondents receive educational materials from their employer or are offered the opportunity to attend seminars about retirement planning and savings. Still, a majority of respondents do not receive these materials.

	All Workers	African-Americans	Hispanic-Americans	Asian-Americans
Have received employer-provided education materials in the past 12 months	40%	39%	30%	34%
Have <i>not</i> received employer-provided education materials in the past 12 months	60	60	69	66

Those who have received these materials are most likely to say they received employee benefit statements (85 percent of African-Americans; 68 percent of Hispanic-Americans; 84 percent of Asian-Americans; 86 percent of all workers), brochures (83 percent of African-Americans, 80 percent of Hispanic-Americans; 82 percent of Asian-Americans; 83 percent of all workers), and newsletters or magazines (76 percent of African-Americans, 64 percent of Hispanic-Americans; 65 percent of Asian-Americans; 62 percent of all workers). Seventy-three percent of African-Americans, 53 percent of Hispanic-Americans, and 69 percent of Asian-Americans who have been provided educational information or opportunities by an employer report the opportunity to attend seminars in the past 12 months, compared with 64 percent of all workers.

## Motivators to Save

### for Retirement

*African-Americans*—The top reason African-Americans savers begin saving for retirement is they realize time is running out to prepare for retirement (25 percent). Somewhat fewer cite needing to save in order to retire (13 percent) and a family event, such as a marriage, birth of a child, or parents' retirement (11 percent), as reasons they began saving.

*Hispanic-Americans*—Among Hispanic-American savers, 23 percent say realizing time was running out to prepare for retirement was the reason they started to save for retirement, and 21 percent report the fact that they need to save if they want to retire motivated them. Somewhat fewer indicate a family event, such as a marriage, birth of a child, or parents' retirement motivated them to begin saving (12 percent).

*Asian-Americans*—Seventeen percent of Asian-American savers say they started saving for retirement because they need to save in order to be able to retire. An additional 15 percent indicate they began saving because they wanted to live comfortably in retirement and not fear being poor. Roughly 1 in 10 each cite advice from family or friends (9 percent), not being able to count on Social Security (9 percent), and realizing that time was running out (8 percent). A large percentage of Asian-American savers also say they do not know what motivated them to begin saving for retirement (15 percent).

## Reasons for Not Saving

*African-Americans*—The top reason for not saving for retirement given by African-Americans who are not saving is that they cannot afford to do so (23 percent). Eighteen percent do not save because they have too many current financial responsibilities, and 10 percent say it takes too much time and effort. An additional 13 percent of African-American nonsavers are unable to say why they have not saved for retirement.

*Hispanic-Americans*—The most common reason cited by Hispanic-American nonsavers for not saving is that they have too many current financial responsibilities (24 percent). Twenty-two percent say they are not saving because they cannot afford to do so, and 15 percent think it takes too much time and effort. Twenty percent of these Hispanic-Americans are unable to say why they have not saved for retirement.

*Asian-Americans*—Asian-American nonsavers are most likely to say that they have not saved because lots of time remains until retirement (24 percent). Fewer cite not being able to afford to save for retirement (19 percent) and it takes too much time and effort (13 percent). Another 15 percent of Asian-American nonsavers are unable to say why they have not saved for retirement.

## RCS Methodology

These findings are part of the 10<sup>th</sup> annual Retirement Confidence Survey (RCS), a survey that gauges the views and attitudes of working 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 2000, through approximately 20-minute phone interviews with 1,000 individuals (779 workers, 221 retirees) ages 25 and older. Random digit dialing was used to obtain a representative cross section of the U.S. population. 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.

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 RCS is co-organized by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; the American Savings Education Council (ASEC), a partnership of more than 250 private- and public-sector institutions dedicated to raising public awareness of what is needed to ensure long-term personal financial independence, a part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc. (MGA), a Washington, DC-based market research firm.

The 2000 RCS data collection was funded by grants from 26 public and private organizations, and the special report on minorities data collection was funded by grants from 13 organizations. Staffing was donated by EBRI, ASEC, and MGA. RCS materials and a list of underwriters may be accessed at the EBRI Web site: [www.ebri.org/rcs](http://www.ebri.org/rcs).