

## Retirement Plan Participation, by Race/Ethnicity

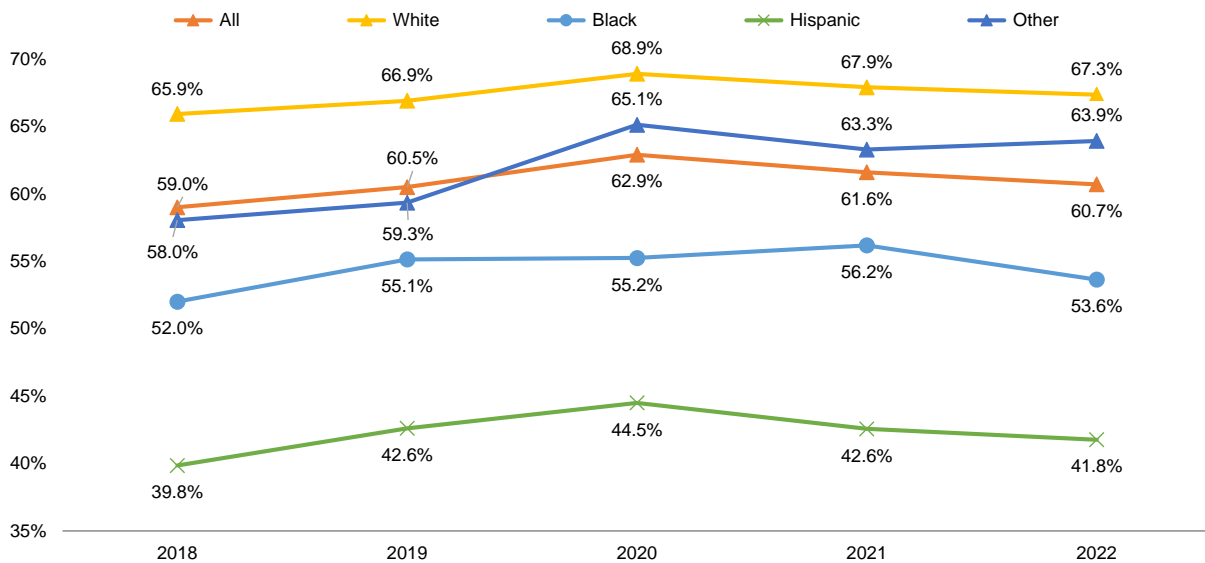
### Introduction

Since the Current Population Survey (CPS) added several new variables relating to retirement accounts starting in 2019 (2018 results),<sup>1</sup> more accurate estimates of retirement plan participation have been obtainable from the CPS compared with prior years.<sup>2</sup> The data provided by the CPS are particularly valuable because the data are at the worker level, as opposed to the employer level, making it possible to determine differences in retirement plan participation by many worker characteristics. One such characteristic that is particularly pertinent is race/ethnicity. This *Fast Fact* examines how plan participation differs by race/ethnicity, as well as how those differences are affected by other socioeconomic and demographic variables like income, age, educational status, gender, and employer size.

### Demographic Characteristics

Participation in employment-based retirement plans increased slightly from 2018–2022, but overall levels of participation differed greatly by race and ethnicity (Figure 1).<sup>3</sup> For instance, while the percentage of White workers participating rose from 65.9 percent in 2018 to 67.3 percent in 2022, the participation level for Black workers was only 52.0 percent in 2018, rising to 53.6 percent in 2022. The “other” race/ethnicity category’s participation levels were between those of the White and Black workers, growing closer to the level of White workers over time. Finally, Hispanic workers had the lowest participation levels, going from 39.8 percent in 2018 to 41.8 percent in 2022.

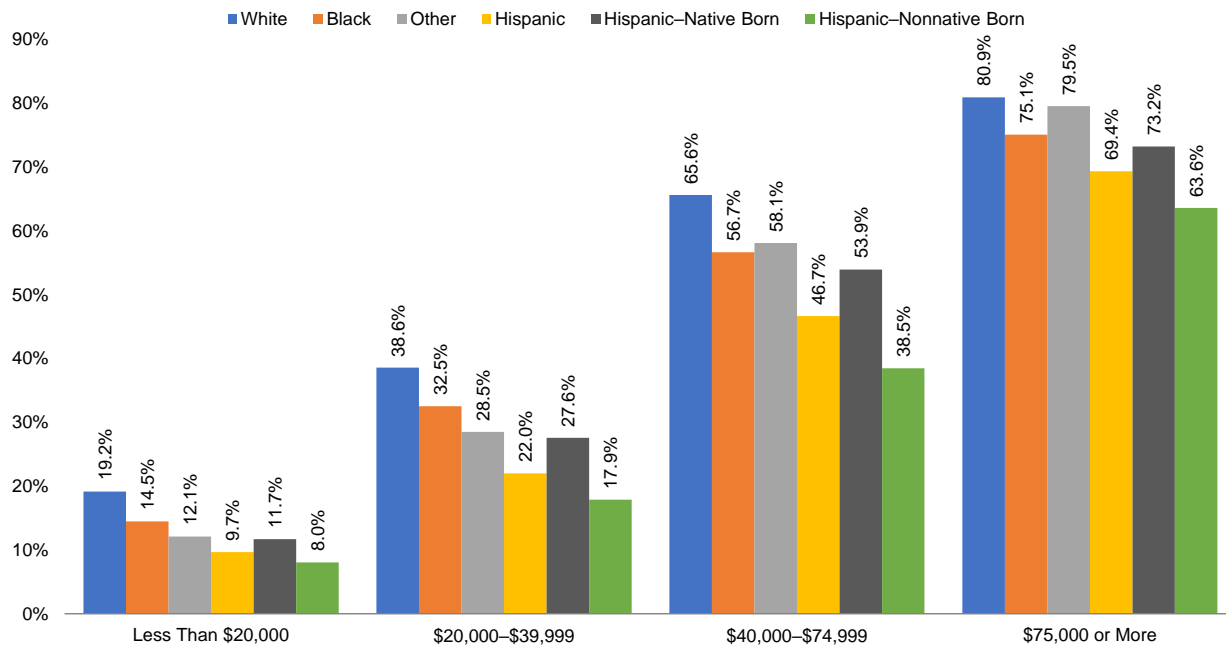
Figure 1  
**Percentage of Full-Time, Full-Year Wage and Salary Workers  
 Ages 21–64 Who Participated in an Employment-Based  
 Retirement Plan, by Race/Ethnicity, 2018–2022**



Source: Employee Benefit Research Institute estimates of the March Current Population Survey 2019–2023. CPS adjustment is used for each year.

*Income* — The lower levels of participation persisted across earnings levels for Hispanic workers, whereas the remaining race/ethnicity categories’ participation levels grew closer to those of White workers as earnings increased (Figure 2). However, the differences between Hispanic workers’ participation levels and White workers’ participation levels narrowed for native-born Hispanic workers as the earnings increased, matching the result among the remaining race/ethnicity categories. In contrast, the participation levels among the nonnative-born Hispanic workers persisted below those of all the remaining workers as earnings increased, resulting in the overall Hispanic worker participation levels being comparably lower. For example, among workers with earnings of \$75,000 or more, native-born Hispanic workers had a participation level of 73.2 percent, compared with 63.6 percent for nonnative-born Hispanic workers.

**Figure 2**  
**Percentage of Wage and Salary Workers Ages 21–64 Who Participated**  
**in an Employment-Based Retirement Plan, by Race/Ethnicity**  
**With Hispanic Detail and Annual Earnings, 2022**

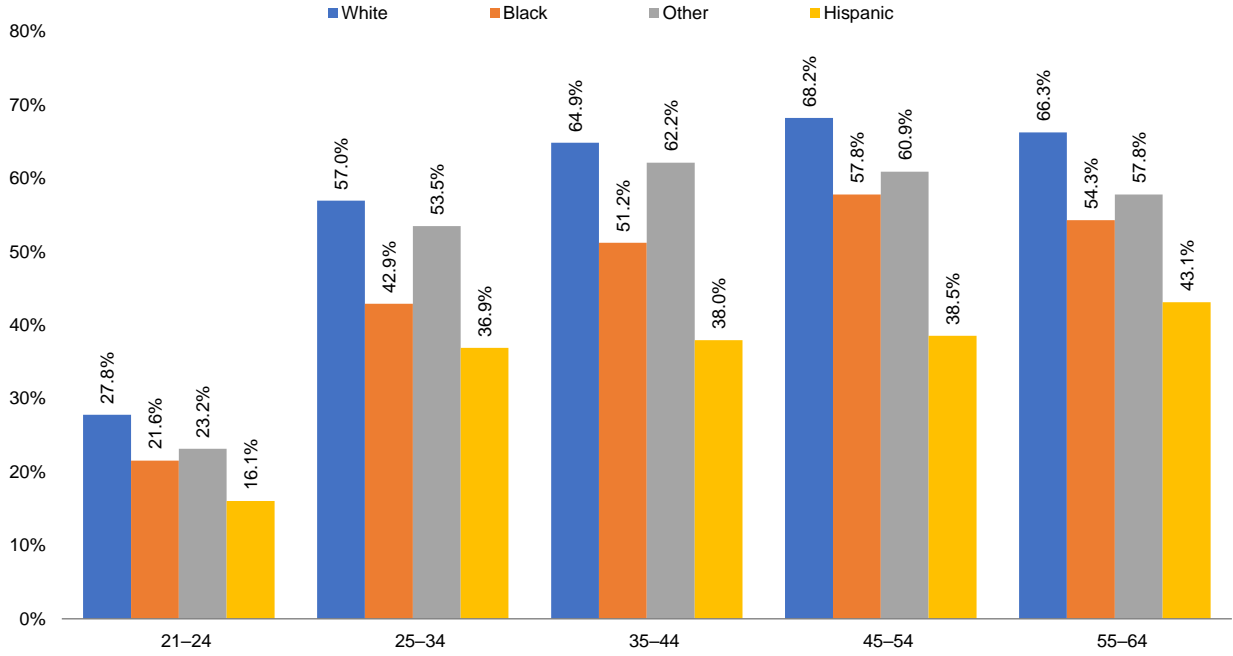


Source: Employee Benefit Research Institute estimates of the 2023 March Current Population Survey.

*Age* — Controlling for age does not modulate the racial retirement plan participation gap, though being older is associated with higher participation levels (Figure 3). For example, in the youngest age category (21–24), 27.8 percent of White workers participated in a plan, compared with 21.6 percent of Black workers and 16.1 percent of Hispanic workers. Meanwhile, at the ages with the highest retirement plan participation (45–54), 68.2 percent of White workers participated in a plan in 2022, while 57.8 percent of Black workers and 38.5 percent of Hispanic workers did the same. While not shown here, native-born Hispanic workers participated at higher levels than nonnative-born Hispanic workers across each age group.

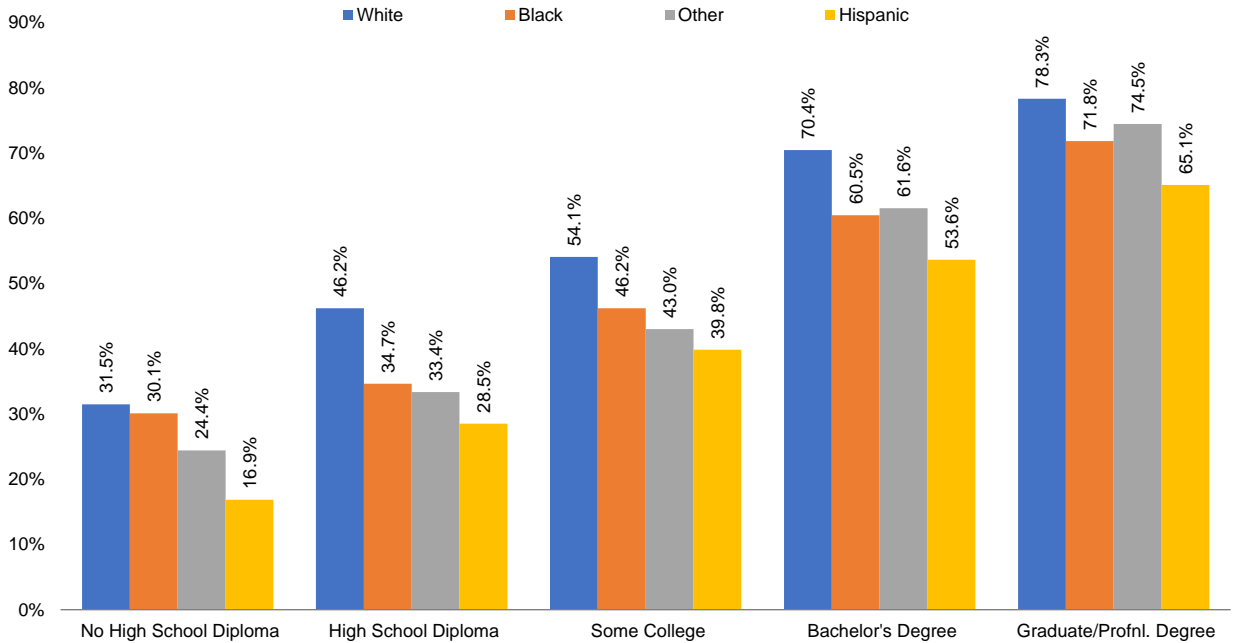
*Educational Attainment* — Similarly to income and age, higher educational attainment was correlated with higher employment-based retirement plan participation levels across all races/ethnicities (Figure 4). Among those without a high school diploma, White and Black workers had similar levels of participation at 31.5 percent and 30.1 percent, respectively, while “other” and Hispanic workers had lower participation levels. White worker participation became more disparate starting among those with a high school diploma, before the racial participation gap narrowed again at the highest educational attainment category of a graduate degree. Within this group, White, Black, and “other” workers all had participation levels over 70 percent, while Hispanic participation continued to lag.

**Figure 3**  
**Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Race/Ethnicity and Age, 2022**



Source: Employee Benefit Research Institute estimates of the 2023 March Current Population Survey.

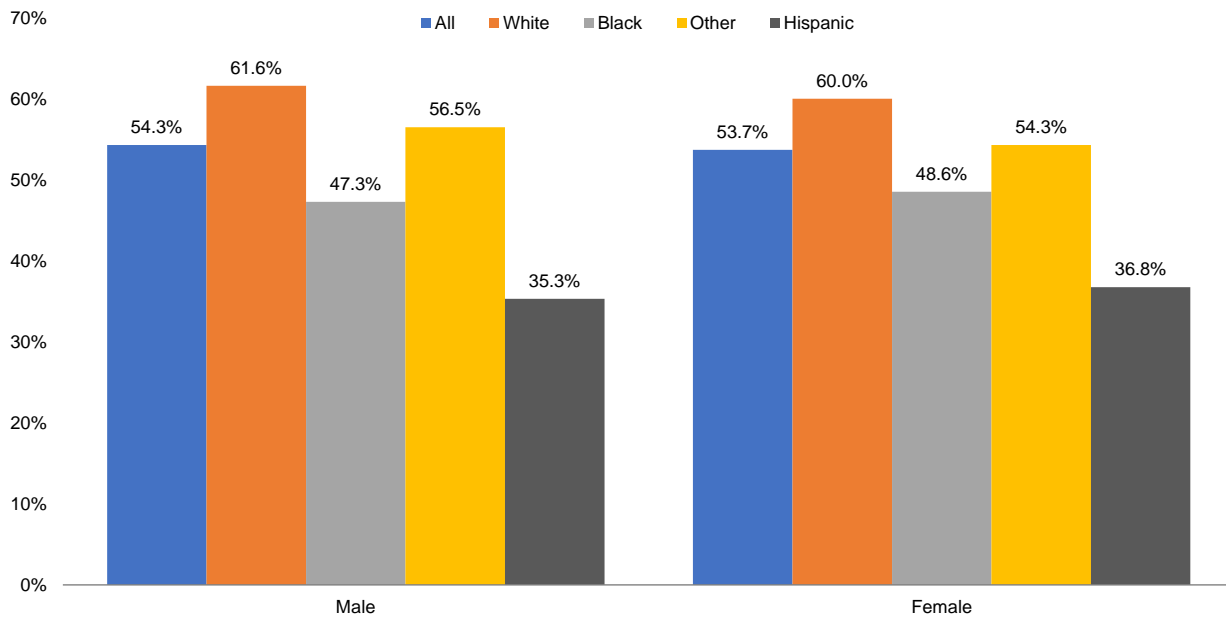
**Figure 4**  
**Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Race/Ethnicity and Education, 2022**



Source: Employee Benefit Research Institute estimates of the 2023 March Current Population Survey.

*Gender* — The employment-based retirement plan participation level of males was slightly higher than that of females — 54.3 percent vs. 53.7 percent (Figure 5). Participation was highest among both male and female White workers. Within each gender, the order of participation after White workers was consistent from highest to lowest: “other”, Black, and lastly Hispanic workers. However, White and “other” male workers had slightly higher levels of participation than women of the corresponding race/ethnicity, while Black and Hispanic female workers had higher participation.

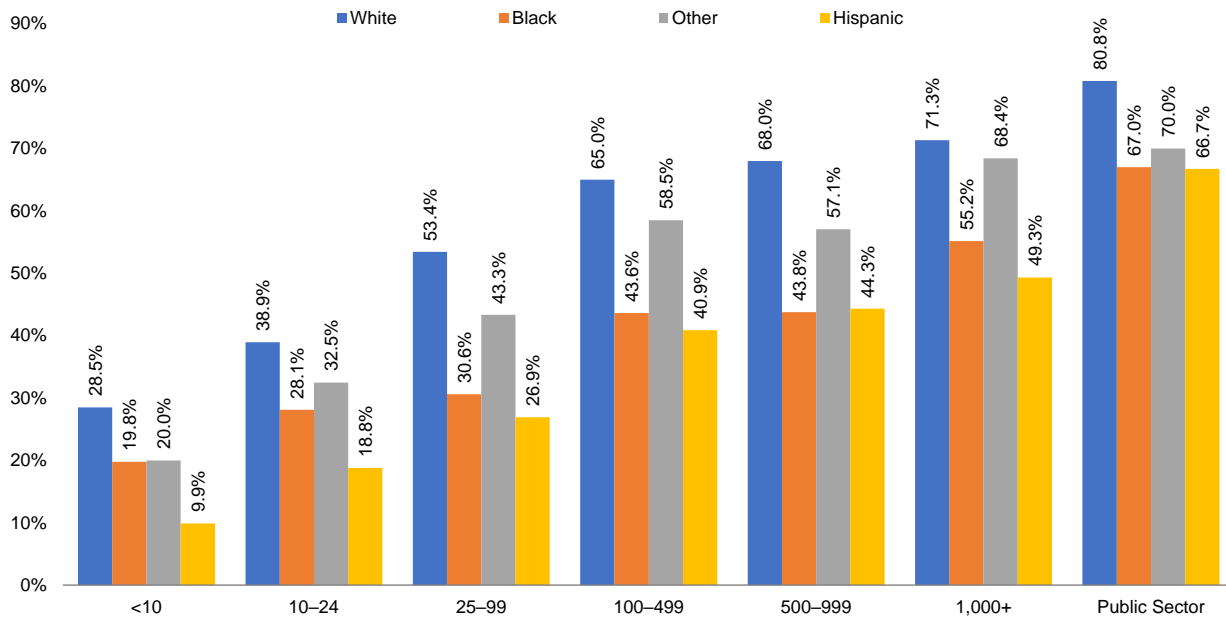
Figure 5  
**Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Race/Ethnicity and Gender, 2022**



Source: Employee Benefit Research Institute estimates of the 2023 March Current Population Survey.

*Employer Size* — Employment-based retirement plan participation increased as employer size (number of employees) increased, with public-sector workers surpassing the participation levels of the workers at the largest private-sector employers (Figure 6). Across all employer sizes, White workers were the most likely to be participating in plan. While the gap in participation between White and “other” workers narrowed at the larger employer sizes, Black and Hispanic worker participation continued to fall below the levels of White workers. For example, among workers at employers with 500–999 employees, 68.0 percent of White workers were retirement plan participants, compared with 43.8 percent of Black workers and 44.3 percent of Hispanic workers. Among employers with 10–24 workers, the participation level for White workers was 38.9 percent, vs. 28.1 percent and 18.8 percent for Black and Hispanic workers, respectively. The percentage of Hispanic workers participating in a plan had the lowest share participating in each employer size group, except among employers with 500–999, in which category Black workers had the lowest level participating.

Figure 6  
**Percentage of Wage and Salary Workers Ages 21–64 Who Participated  
 in an Employment-Based Retirement Plan, by Race/Ethnicity  
 and Employer Size (Number of Employees), 2022**



Source: Employee Benefit Research Institute estimates of the 2023 March Current Population Survey.

## Conclusion

When examining participation by race/ethnicity, White workers are found to have the highest levels of participation, while Hispanic workers have the lowest, and this pattern holds across income, education, age, gender, and employer size. The low levels of Hispanic participation are driven by the especially low levels of participation of nonnative-born Hispanic workers. Ultimately, there are many non-racial socioeconomic and demographic factors that correlate with having more or less plan participation, but racial/ethnicity gaps in participation exist even when controlling for these factors. Thus, further research is needed to better understand the causes of the persistently lower participation of minority workers.<sup>4</sup>

## Endnotes

<sup>1</sup> The survey of a particular year gives results about the prior year, e.g., the 2019 survey gives results for 2018.

<sup>2</sup> See Copeland, Craig, and Kyle Bedu, “Retirement Plan Participation and the Current Population Survey: The Trend From the Retirement Account Questions,” *EBRI Issue Brief*, no. 597 (Employee Benefit Research Institute, November 30, 2023) for complete results from the most recent CPS data.

<sup>3</sup> The race/ethnicity categories are determined by the self-identified responses to the race and ethnicity questions in CPS and include White, non-Hispanic; Black/African American; Hispanic; and other, which consists of those races/ethnicities not defined in the three prior categories, such as Asian Americans and those who identify as multiracial. All workers indicating that they have a Hispanic origin are only included in the Hispanic category.

<sup>4</sup> 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) for some of the reasons that there is lower participation among minority workers.

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