



Confidence About Financial Security at Retirement: Perspectives of African Americans and White Americans

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September 2013

Presentation is based on a report by the same title that was prepared by the Joint Center for Political and Economic Studies with support from the Ford Foundation.

Background



- Presentation is based on findings from the 2012 Joint Center for Political and Economic Studies National Opinion Poll about Social Security and retirement financial security.
- Poll was conducted in fall 2012 to assess the perspectives of 750 African American and 750 white American adults ages 18 and older.

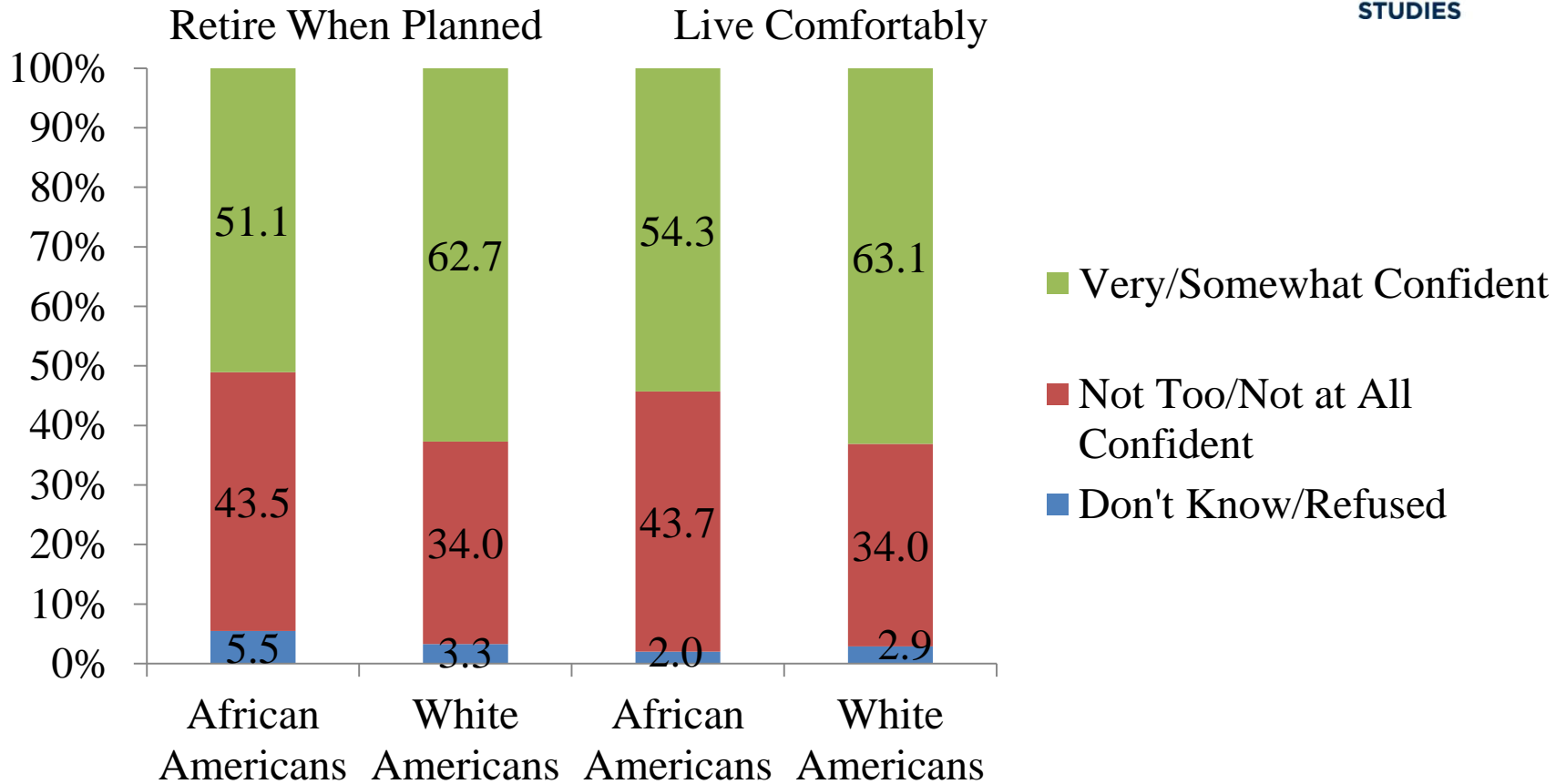
Overview



- African Americans are less likely than white Americans to expect to be financially secure during retirement.
- This difference may be due to the following:
 - Savings behavior
 - Expected major source of retirement income
 - Savings and investment instruments used

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Confidence About Prospects for Retirement Planning



Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Retirement Planning



Although more than half of both African Americans and whites are ‘very or somewhat’ confident about their retirement planning, African Americans are less confident than white Americans.

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

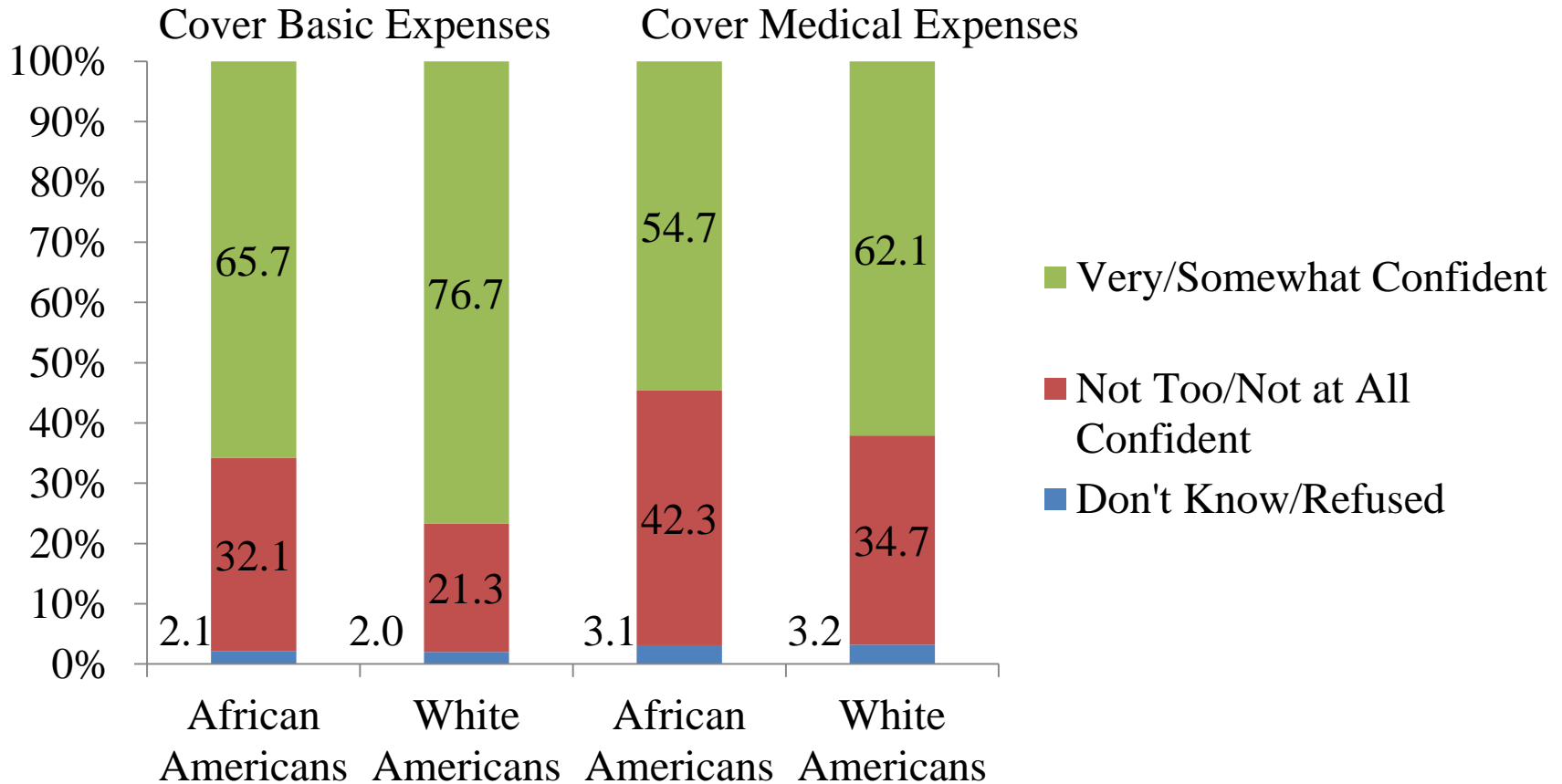
Retirement Planning (cont'd)



- More than half of African Americans (51%)—but nearly two of every three whites (63%)—are ‘very or somewhat’ confident that they will be able to **retire when planned**.
- More than half of African Americans (54%)—but nearly two of every three whites (63%)—are ‘very or somewhat’ confident that they will be able to **live comfortably throughout their retirement**.

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Confidence About Financial Security During Retirement



Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Financial Security During Retirement



Although more than half of both African Americans and white Americans are ‘very or somewhat’ confident about their financial security during retirement, African Americans are less confident than white Americans.

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

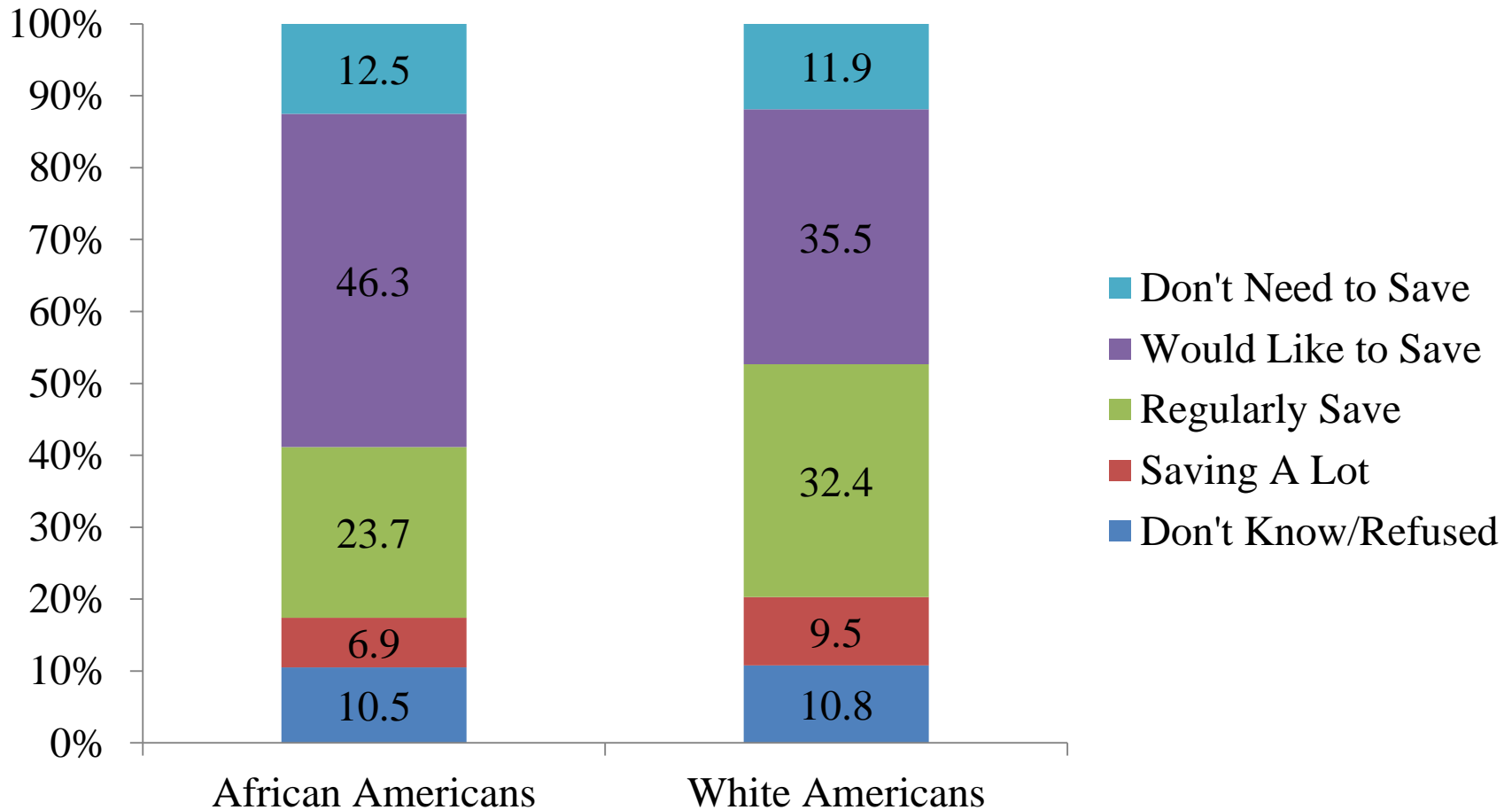
Financial Security During Retirement (cont'd)



- Two of every three African Americans (66%) and more than three of every four whites (77%) are ‘very or somewhat’ confident they will be able to **cover basic expenses.**
- More than half of African Americans (55%) and more than three of every five whites (62%) are ‘very or somewhat’ confident that they will be able to **cover medical expenses.**

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Current Retirement Saving Situation



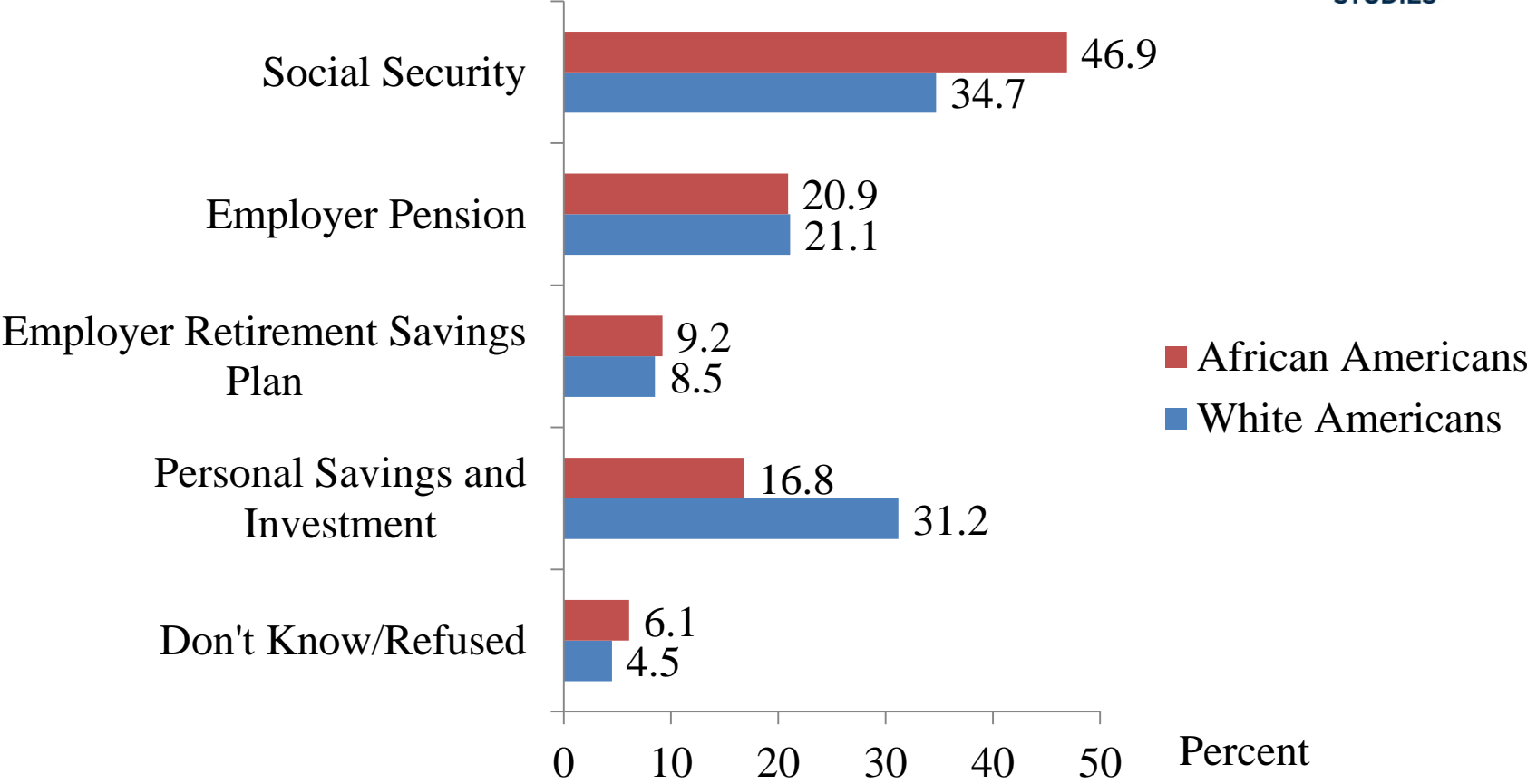
Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Current Saving for Retirement

- African Americans (46%) are more likely than whites (36%) to report that they would “like to save for retirement, but don’t seem to have enough money to do so.”
- African Americans (24%) are less likely than white Americans (32%) to report that they “regularly save for retirement.”

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Expected Major Source of Retirement Income



Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

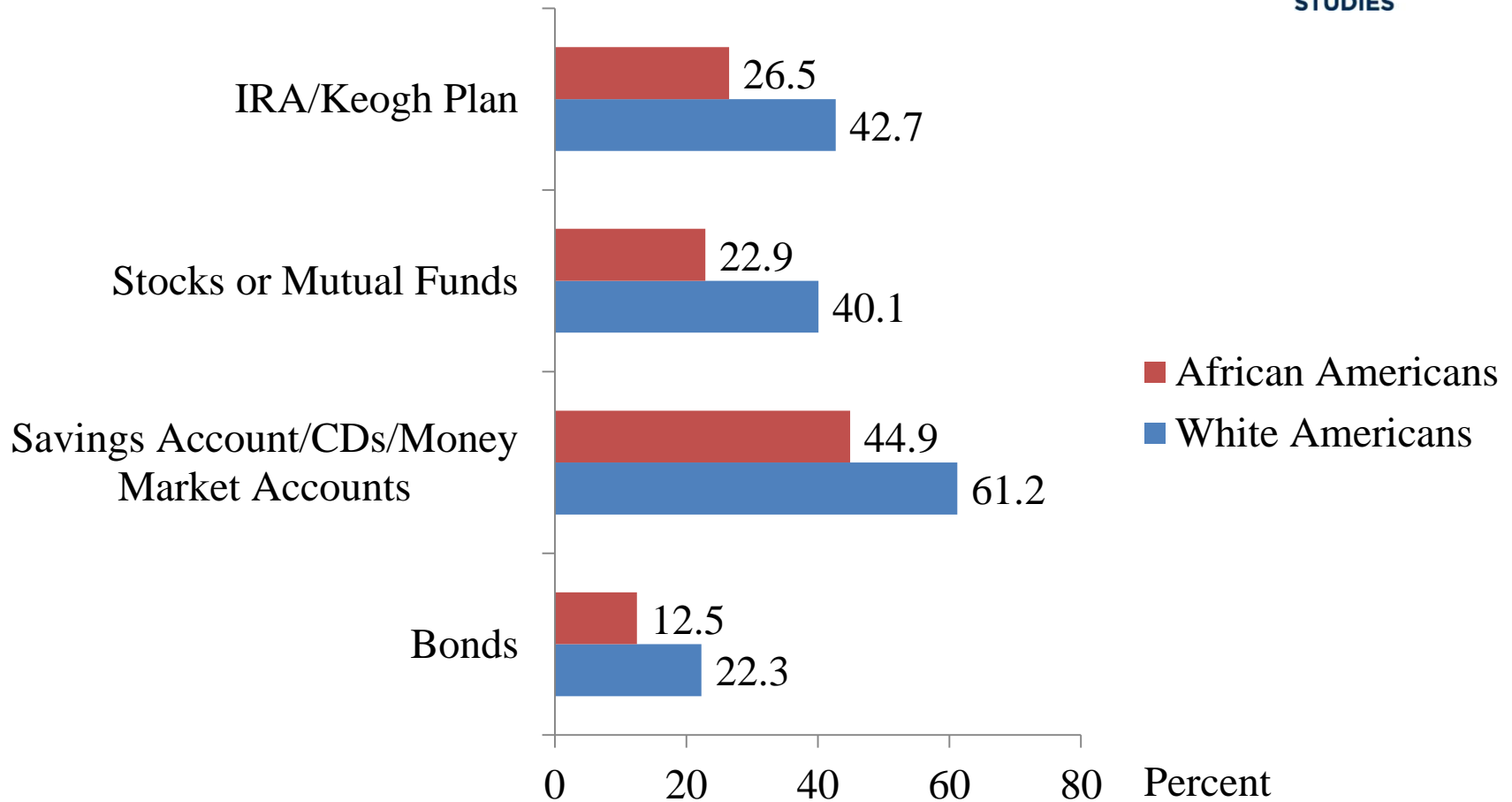
Major Source of Retirement Income



- African Americans (47%, or nearly half) are more likely than whites (35%) to expect Social Security to be their major source of retirement income.
- African Americans (17%) are less likely than white Americans (31%) to expect personal savings and investment to be their major source of retirement income.

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Saving and Investment in Selected Instruments



Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Saving and Investment Instruments



- African Americans (27%) are less likely than whites (43%) to personally save and invest for retirement using IRAs or Keogh plans.
- In general, African Americans are less likely than white Americans to personally save and invest—in either low-risk/low-yield instruments (savings accounts and CDs), or higher-risk/higher-yield instruments (stocks, mutual funds).

Source: 2012 JCPES National Opinion Poll about Social Security and retirement financial security

Conclusions



- Despite their expectations, African Americans may not be financially secure during their retirement years.
- Measures can and should be taken—by employers, by state governments, and by the federal government—to encourage retirement financial readiness for all.