



EBRI News

2121 K St. NW • Suite 600 • Washington, DC 20037-1896
(202) 659-0670 • www.ebri.org • Fax: (202) 775-6312

FOR IMMEDIATE RELEASE:
CONTACTS:

June 5, 2007
John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

2007 Minority Retirement Confidence Survey:

Minority Workers as Likely as Others to Be Confident About Retirement, But Preparations Lag

WASHINGTON—Although minority workers are at least as likely as American workers overall to feel confident about their retirement security, their preparations lag behind, according to the 2007 Minority Retirement Confidence Survey (MRCS) released today.

While some differences in preparation can be attributed to differences in income, other survey findings show that minorities are less prepared for retirement even among workers with similar levels of household income.

“Many minority workers are neglecting the most basic step in preparing for retirement: saving money,” the survey says. “The financial prospects of those who retire without a cushion of accumulated savings are not likely to be good.”

The survey is sponsored by the nonpartisan Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, a survey research firm, and was underwritten by a grant from The Rockefeller Foundation. Results are published in the June 2007 *EBRI Issue Brief*, available at www.ebri.org

According to the survey, less than half of African-American workers (48 percent, down from 62 percent in 2003) and Hispanic workers (41 percent, down from 60 percent in 2003) say they have saved money for retirement, making them less likely than workers overall (66 percent) to have saved.

In addition, more than half of African-Americans (54 percent) and Hispanics (55 percent) report having less than \$10,000 in savings and investments, compared with approximately one-third of workers overall (35 percent), the survey reported.

Other survey highlights include:

- Roughly one-quarter of African-Americans (27 percent, down from 46 percent in 1999 and 36 percent in 2003) and Hispanics (23 percent, down from 34 percent in 1999 and 31 percent in 2003) have tried to calculate how much they need to save for a comfortable retirement. In contrast, 43 percent of workers overall say they have tried to do a calculation.
- Regardless of income, African-Americans (39 percent) are more likely than workers overall (30 percent) and Hispanics (22 percent) to say a “traditional” defined benefit pension plan will be a major source of funding for their retirement. Both African-Americans (41 percent) and Hispanics (38 percent) are more likely than workers overall (25 percent) to think Social Security will be a *major* source of income in retirement.
- Many African-Americans and Hispanics may be counting on money from a defined benefit pension plan that they may not receive. Up to 37 percent of African-Americans and 36 percent of Hispanics appear to be expecting to receive this benefit from a future employer, compared with 21 percent of workers overall. However, the number of active American workers eligible to receive a “traditional” defined

benefit pension plan has been steadily decreasing in recent years as employers either freeze or terminate their pension plans; increasingly, defined contribution retirement plans funded primarily by workers' own savings—principally the 401(k) plan—have become the dominant form of employer-provided retirement plan.

- More than half of African-Americans (53 percent), compared with 4 in 10 other workers (41 percent) expect to have access to retiree health insurance through an employer. A larger share of African-Americans (34 percent) than workers overall (24 percent) and Hispanics (18 percent) also think they have private coverage for long-term care expenses. As with traditional pensions, employer-provided retiree health insurance is declining and private coverage for long-term care is low—estimates of private long-term insurance policy use show that only 10 percent of Americans age 65 and older had private coverage in 2002.
- Minority workers express higher levels of confidence about the future of Social Security and Medicare. Half of Hispanics are *very* or *somewhat* confident about Social Security (51 percent) and Medicare (52 percent), while 4 in 10 African-Americans are confident about these programs (40 percent confident about Social Security, 43 percent confident about Medicare). In contrast, 3 in 10 workers overall report they are *very* or *somewhat* confident about Social Security (30 percent workers overall) and fewer than 4 in 10 are confident about Medicare (37 percent of workers overall, 36 percent of non-Hispanic whites).

The survey also found that 7 in 10 workers overall (70 percent), African-Americans (72 percent), and Hispanics (69 percent) say they will have enough money to live comfortably throughout their retirement years. However, among those with household income of \$25,000 or less, minority workers are considerably more likely than workers overall to feel confident.

The Minority Retirement Confidence Survey was conducted Jan. 2–Feb. 8, 2007 through 21-minute telephone interviews with 500 African-Americans and 504 Hispanics age 25 and older in the United States. The margin of error was plus or minus 4 percentage points. Details about the survey methodology are printed in the June 2007 *EBRI Issue Brief*. Comparison data for workers overall and non-Hispanic whites are from the 2007 Retirement Confidence Survey (RCS), published in the April 2007 *EBRI Issue Brief*, available at <http://www.ebri.org/surveys/rcs/2007/>. Results of the 2003 Minority Confidence Survey are available at <http://www.ebri.org/surveys/rcs/2003/>

The Rockefeller Foundation was established in 1913 by John D. Rockefeller, Sr., to promote the well-being of humanity by addressing the root causes of serious problems. The Foundation works around the world to expand opportunities for poor or vulnerable people. EBRI is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. www.ebri.org