



Aging and
Retirement



Diversity,
Equity
and Inclusion

Financial Perspectives Across Race and Ethnicities

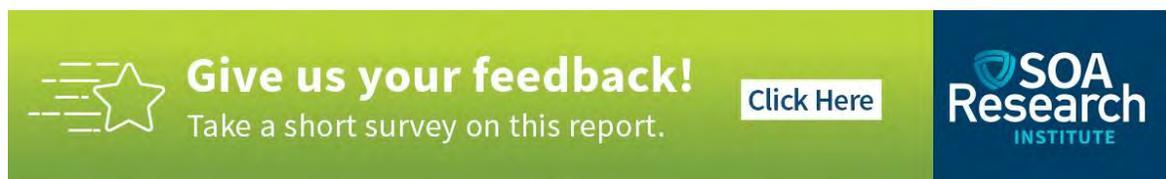




Financial Perspectives Across Race and Ethnicities

AUTHOR Greenwald Research

SPONSOR Aging and Retirement Strategic
Research Program Steering Committee

A horizontal banner with a green-to-blue gradient background. On the left is a white star icon with horizontal lines extending from its left side. To the right of the star is the text "Give us your feedback!" in bold white font, followed by "Take a short survey on this report." in a smaller white font. Further right is a white rectangular button with the text "Click Here" in blue. On the far right of the banner is the SOA Research Institute logo in white and blue.

 **Give us your feedback!**
Take a short survey on this report. [Click Here](#) 

Caveat and Disclaimer

The opinions expressed and conclusions reached by the authors are their own and do not represent any official position or opinion of the Society of Actuaries Research Institute, Society of Actuaries, or its members. The Society of Actuaries Research Institute makes no representation or warranty to the accuracy of the information.

Copyright © 2022 by the Society of Actuaries Research Institute. All rights reserved.

CONTENTS

Demographics	4
Financial Planning	5
Financial Priorities	7
Impact of the Pandemic	10
Financial Support	11
Key Findings and Implications	12
Methodology	13
About The Society of Actuaries Research Institute	14

Financial Perspectives Across Race and Ethnicities

As part of the Society of Actuaries Research Institute’s Aging and Retirement Strategic Research Program, an emphasis has been placed on understanding the unique views and concerns regarding finances and retirement planning of different cohorts of Americans. This report is dedicated to examining three racial and ethnic groups—Black/African Americans, Asian Americans, and Hispanic/Latinos. This report focuses on key demographics of these groups including income, education, and homeownership and builds upon a full report of these groups by generation, which can be found at www.soa.org/globalassets/assets/files/resources/research-report/2021/financial-perspective-race-ethnicity.pdf.

Past research has shown that there are substantial disparities in wealth, homeownership, and ownership of retirement accounts by race and ethnicity.¹ Countless resources point to systemic issues that have financially impacted non-Hispanic white Americans in a multitude of ways including predatory loans and redlining devaluing homes,² having fewer promotion opportunities in the workplace,³ and lack of access to financial services.⁴

With this in mind, the Society of Actuaries Research Institute’s Aging and Retirement Strategic Research Program sought to better understand where Black/African Americans, Asian Americans, and Hispanic/Latinos stand today in terms of their views on their financial situation, actions taken around financial planning, priorities, and support. The impact of the COVID-19 pandemic is also explored.

This report presents results from an online survey from January 2021 of 2,017 individuals including Millennials, Gen Xers, Late Boomers, Early Boomers, and the younger portion of the Silent Generation. An additional oversample of 520 Black/African American, 516 Asian American, and 495 Hispanic/Latino respondents was also collected. Full reports with detailed data by generation as well as race and ethnicity can be found at <https://www.soa.org/resources/research-reports/2021/generations-survey/>.

Demographics

Before looking in detail at financial priorities and planning behaviors, it is important to see how these populations compare in a few key demographic areas. As seen in Table 1, Asian American respondents are more likely to have attained higher levels of education, with seven in 10 holding a college degree or higher compared to 32% of Black/African Americans and 27% of Hispanic/Latino respondents. Additionally, Asian Americans are more likely to have a higher household income.

¹Bhutta, Neil; Chang, Andrew C.; Dettling, Lisa J.; Hsu, Joanne W.; Hewitt, Julia. Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances. *Board of Governors of the Federal Reserve System*, September 28, 2020, www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm

²Mitchell, Bruce; Franco, Juan. HOLC “Redlining” Maps: The Persistent Structure of Segregation and Economic Inequality. *National Community Reinvestment Coalition*, March 20, 2018, <https://ncrc.org/holc/>

³Gee, Buck; Peck, Denise. The Illusion of Asian Success: Scant Progress for Minorities in Cracking the Glass Ceiling from 2007–2015. *Ascend*, October 2017, www.ascendleadershipfoundation.org/research/the-illusion-of-asian-success

⁴Noel, Nick; Pinder, Duwain; Stewart, Shelley; Wright, Jason. The economic impact of closing the racial wealth gap. *McKinsey & Company*, August 13, 2019, www.mckinsey.com/featured-insights/diversity-and-inclusion/five-fifty-the-color-of-wealth

Table 1
DEMOGRAPHICS OF RESPONDENTS

	All Respondents	Black/African Americans	Asian Americans	Hispanic/Latinos
EDUCATION				
High school or less	33%	39%	17%	41%
Some college or technical school	26%	29%	14%	32%
Bachelor's degree	26%	19%	37%	19%
Graduate or professional degree	16%	13%	32%	8%
2020 HOUSEHOLD INCOME				
<\$50,000	29%	43%	19%	35%
\$50,000–\$99,999	30%	30%	26%	34%
\$100,000+	42%	28%	55%	32%
HOUSING				
Own	72%	49%	72%	55%
Rent	21%	39%	20%	35%
Other	7%	12%	8%	10%
MARRIED/PARTNERED				
Yes	67%	50%	68%	59%
CHILDREN				
<18 years old	31%	28%	30%	39%
Age 18+	40%	36%	32%	36%
None	36%	43%	42%	39%
VALUE OF SAVINGS AND INVESTMENTS⁵				
<\$100,000	47%	66%	42%	62%
\$100,000+	44%	24%	52%	30%

Over seven in 10 Asian American respondents own their home, compared with half of Black/African Americans and 55% of Hispanic/Latino respondents. In addition, Black/African American and Hispanic/Latino respondents are more likely than Asian Americans to live in a rural area or small town (29%, 31%, and 19% respectively). On the other hand, 55% of Asian Americans live in a suburb, compared to 42% of Black/African Americans and 46% of Hispanic/Latino respondents.

Financial Planning

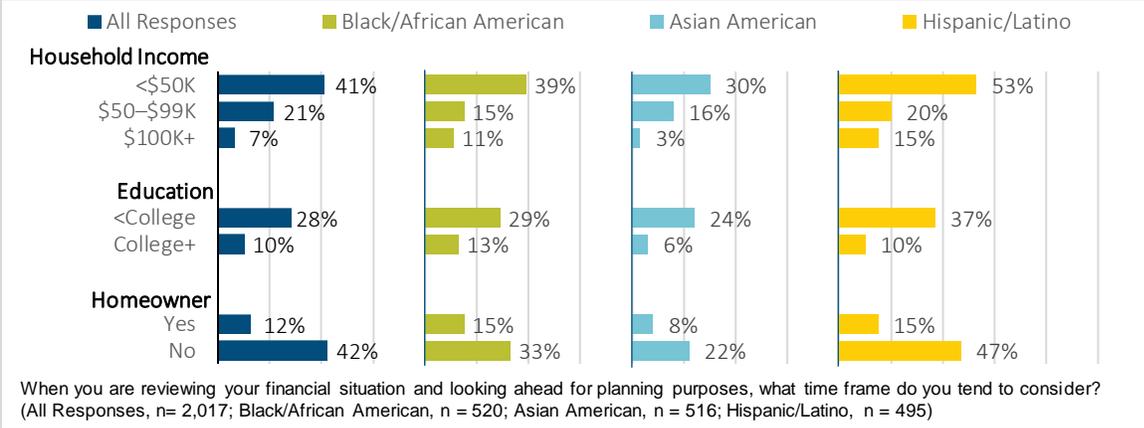
While there are significant differences in population characteristics by Black/African Americans, Hispanic/Latinos, and Asian Americans, the rest of the report will focus on the differences by income, education, and homeownership. First, this report looks at financial planning and management, specifically examining how far ahead individuals plan for and affording an unexpected expense.

Overall, Black/African American and Hispanic/Latino respondents have similar planning time frames, with 60% of Black/African American and 64% of Hispanic/Latino respondents planning within a year. This is true for only 35% of Asian American respondents. Digging deeper, it appears these planning time frames vary significantly based on income, education, and homeownership. When reviewing their finances and looking ahead for planning purposes, those with under \$50,000 in income are much more likely to say they can only plan paycheck to paycheck—including 39% of Black/African Americans, 30% of Asian Americans, and 53% of Hispanic/Latinos (Figure 1). A similar

⁵ Note: Value of savings and investments do not total 100% due to a “prefer not to answer” option.

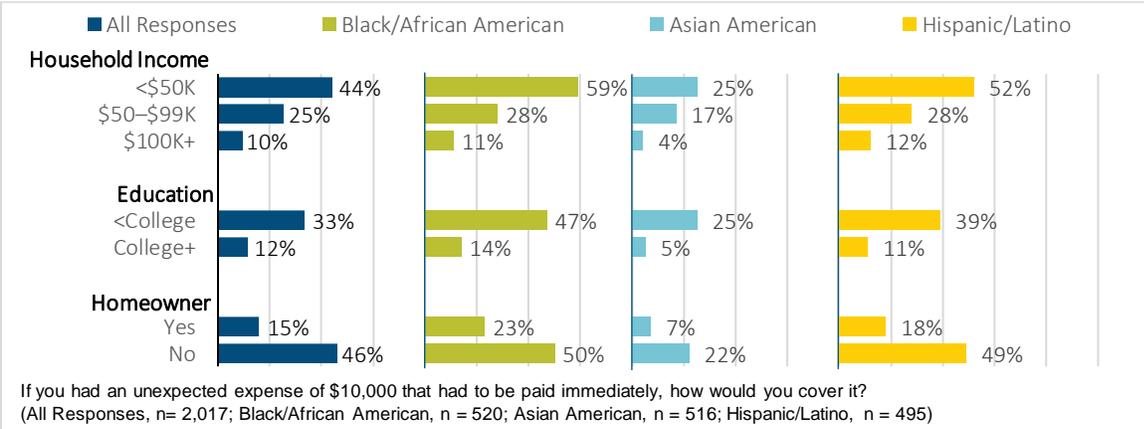
pattern is present for those who do not own their home, especially among Hispanic/Latinos. In each group, respondents with less than a college education are also more likely to only plan paycheck to paycheck.

Figure 1
FINANCIAL PLANNING TIME FRAME: % PLAN PAYCHECK TO PAYCHECK



These differences are echoed when looking at respondents’ ability to pay for an unexpected expense—over half of Asian American respondents could cover a \$10,000 expense with their savings while this is the case for only about a quarter of Black/African American and Hispanic/Latino respondents. Additionally, those with lower income, lower education levels, and non-homeowners are less likely to be able to afford an unexpected expense of \$10,000 (Figure 2). While gaps persist among each group based on these demographics, it is notable that approximately half or more of Black/African American and Hispanic/Latino non-homeowners, or those with incomes less than \$50,000, could not afford this expense.

Figure 2
% WHO CANNOT AFFORD AN UNEXPECTED \$10,000 EXPENSE



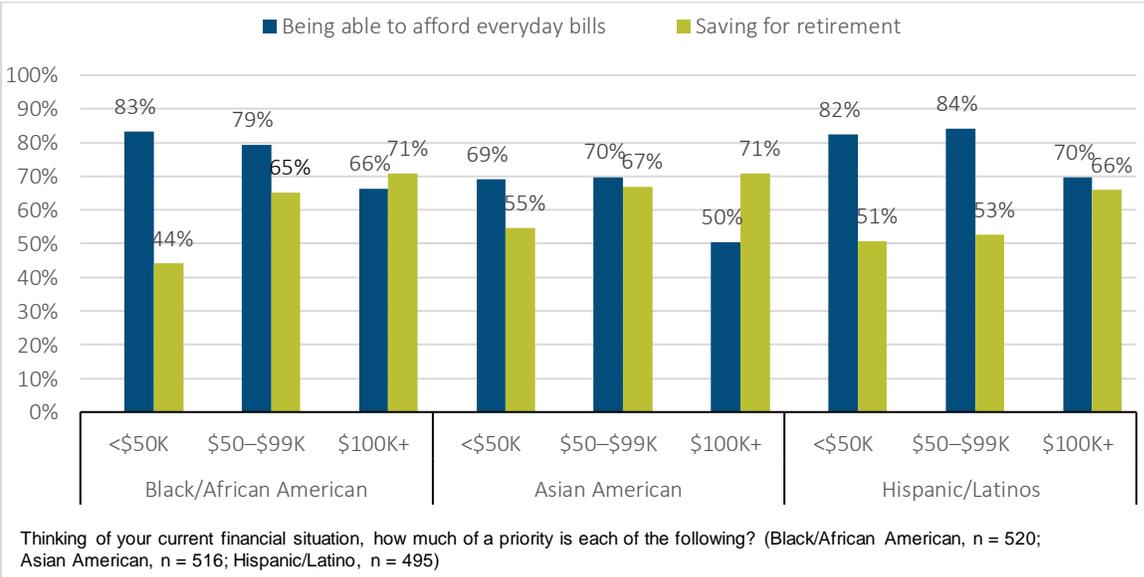
As a whole, these groups exhibit similar rates of working with a financial professional (20% of Black/African American, 25% of Hispanic/Latino, and 30% of Asian American respondents). And for each group, working with a financial professional is, as expected, more prevalent among those with higher income levels (as well as higher education and homeownership), highlighting that there continues to be a gap in professional advice for those who might need it most.

Financial Priorities

Financial priorities are somewhat different among these groups as well. While Asian American respondents are more likely to say saving for retirement is their top financial priority, Black/African American and Hispanic/Latino respondents are more focused on being able to afford everyday bills and building up emergency funds.

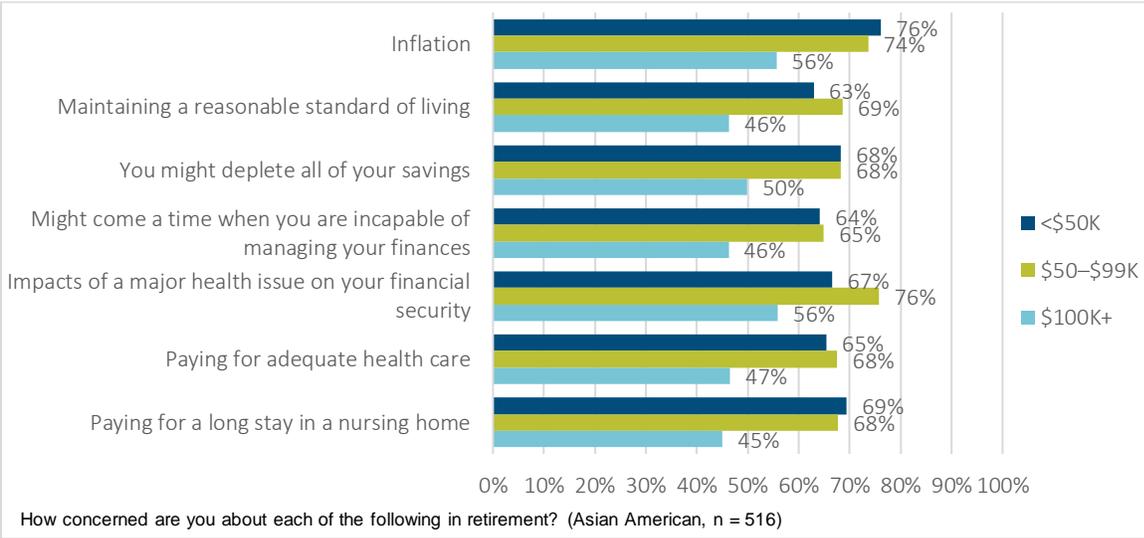
There is significant variation among Black/African American and Asian American respondents when examining these priorities by income (Figure 3). While half of Asian Americans with \$100,000 or more in household income are prioritizing everyday bills, this jumps to 69% for those making \$50,000 or less. For Black/African Americans, these rates are 66% and 83% respectively. Seven in 10 Black/African American and Asian American respondents with household incomes of \$100,000 or more highly prioritize saving for retirement versus 44% of Black/African Americans and 55% of Asian Americans with less than \$50,000 in income. While Hispanic/Latino’s exhibit a similar shift in priorities from affording everyday bills to saving for retirement as income increases, these differences are not statistically significant.

Figure 3
FINANCIAL AND SAVINGS PRIORITIES BY HOUSEHOLD INCOME: % HIGH OR HIGHEST PRIORITY



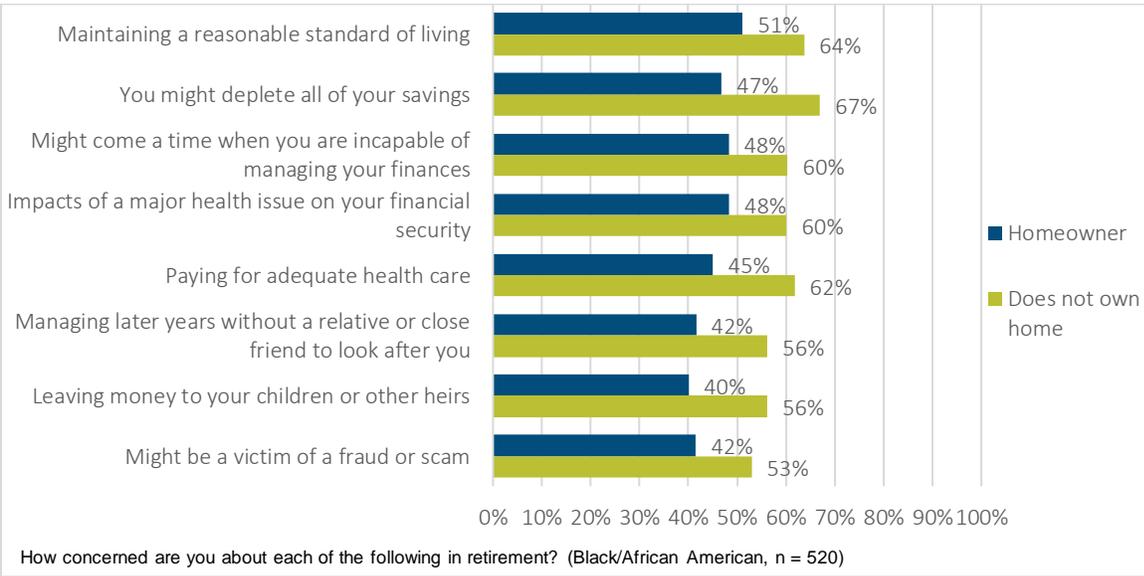
In terms of retirement concerns, patterns are different among these groups. Asian Americans with less than \$100,000 in income are more likely to be worried about inflation, maintaining their standard of living, depleting their savings, not being able to manage their finances, a major health issue, paying for health care, and paying for a nursing home than Asian Americans with a higher income (Figure 4). There are almost no significant differences in these concerns by education or homeownership status among Asian Americans.

Figure 4
RETIREMENT CONCERNS OF ASIAN AMERICANS BY HOUSEHOLD INCOME: % VERY OR SOMEWHAT CONCERNED



On the other hand, for Black/African American respondents, income is not the main driver of these differences in retirement concerns whereas there are significant differences based on homeownership. Those who do not own their home are more likely to be worried about maintaining their standard of living, depleting their savings, not being able to manage their finances, a major health issue, paying for health care, managing their later years, leaving money to their heirs, and being a victim of fraud (Figure 5).

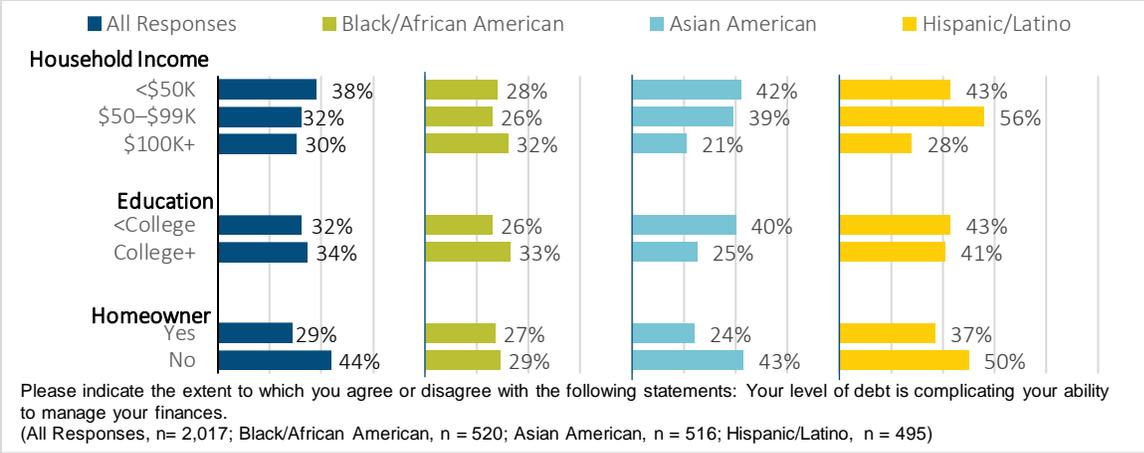
Figure 5
RETIREMENT CONCERNS OF BLACK/AFRICAN AMERICANS BY HOMEOWNERSHIP: % HIGH OR HIGHEST PRIORITY



Hispanic/Latino Americans are more likely to be concerned about these aspects of retirement than Black/African Americans and Asian Americans, but there does not appear to be significant differences within these respondents when examining income, education, or homeownership.

Another major financial issue is debt—which is complicating the finances of 28% of Black/African Americans, 29% of Asian Americans, and 43% of Hispanic/Latinos. Debt appears to be a bigger issue for Asian Americans and Hispanic/Latinos with income of less than \$100,000 (Figure 6). This is also true among Asian Americans who do not have a college degree as well as Asian Americans and Hispanic/Latinos who do not own their home—indicating that the debt in question is not a home mortgage. Although debt is an issue for almost three in 10 Black/African Americans, it is relatively consistent across income levels, education levels, and homeownership.

Figure 6
% AGREE DEBT IS COMPLICATING FINANCES

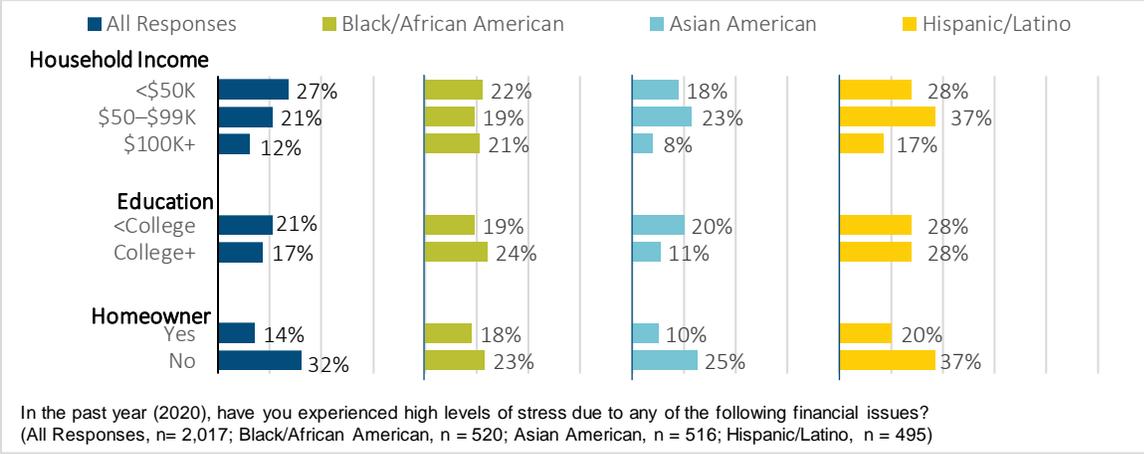


Among Asian Americans and Hispanic/Latinos, this debt is seen as highly stressful (Figure 7), including for:

- 21% of Asian Americans with less than \$100,000 in income (vs. 8% with \$100,000 or more in income)
- 33% of Hispanic/Latinos with less than \$100,000 in income (vs. 17% with \$100,000 or more in income)
- 25% of Asian Americans who do not own a home (vs. 10% of homeowners)
- 37% of Hispanic/Latinos who do not own a home (vs. 20% of homeowners)

Similar to debt levels overall, Black/African Americans report fairly consistent stress levels across income, education, and homeownership groups, with 21% saying they experience high levels of debt-related stress.

Figure 7
% WITH HIGH LEVELS OF STRESS DUE TO THEIR LEVEL OF DEBT



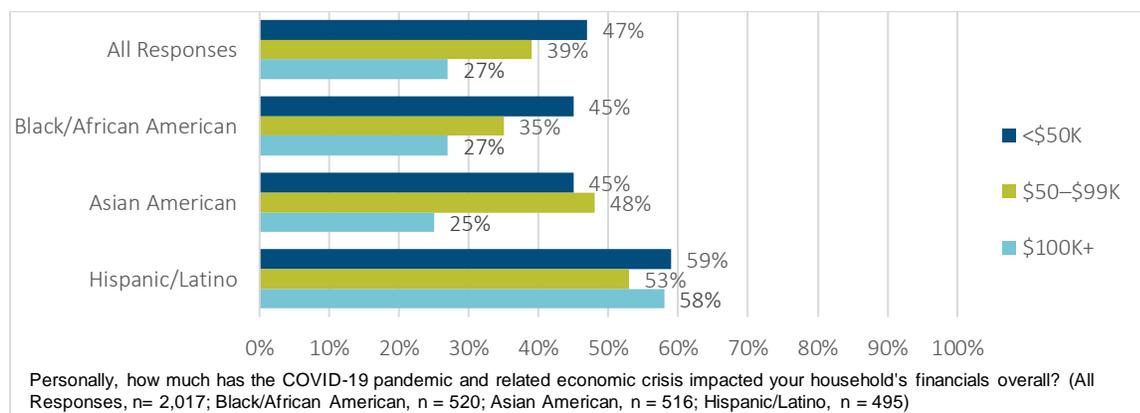
Impact of the Pandemic

While the pandemic continues to have substantial impact for many Americans, at the time of this survey, 37% of Black/African American, 35% of Asian American, and 57% of Hispanic/Latino respondents reported an overall negative impact financially because of the COVID-19 pandemic.

Black/African American and Asian American respondents with lower incomes are more likely to report that their finances are overall being negatively impacted (Figure 8). These groups are also more likely to have their debt and asset levels negatively impacted. For Hispanic/Latino respondents, the share negatively impacted overall is higher than the other two groups, but there are no discernable differences by income level among Hispanic/Latino respondents. In fact, Hispanic/Latinos who earn at least \$100,000 are more likely to have had their finances negatively impacted than Black/African Americans and Asian Americans earning less than \$50,000.

Figure 8

NEGATIVE IMPACT ON FINANCES DUE TO THE COVID-19 PANDEMIC BY INCOME



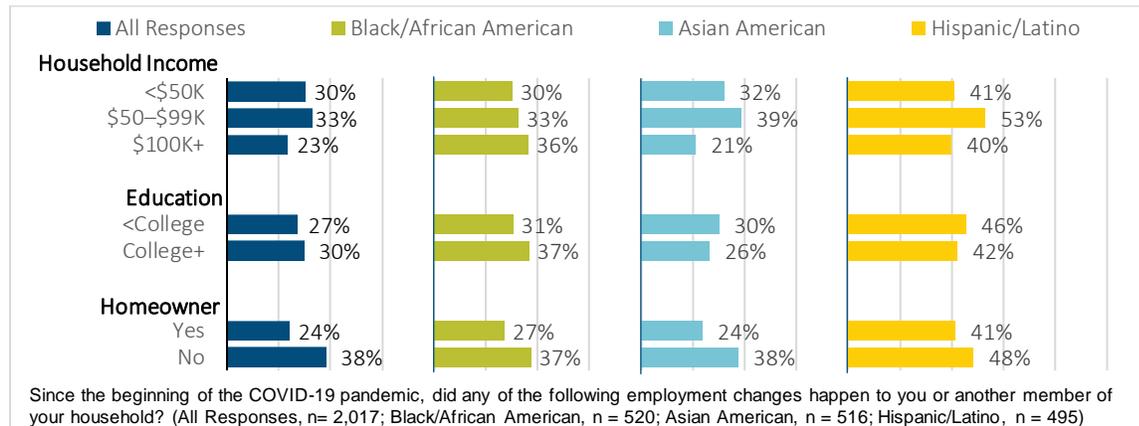
Additionally, Asian American and Hispanic/Latino respondents with lower income are more likely to agree that their feelings of financial security decreased, they have had major financial challenges, and it became more difficult to manage their day-to-day finances because of the pandemic.

Another group more likely to have experienced a negative financial impact from the pandemic includes non-homeowners. Black/African Americans who do not own their home are more likely than their homeowners counterparts to say their finances overall, level of income, level of debt, and asset levels were negatively impacted. Additionally, Hispanic/Latino non-homeowners were also more likely to say they feel less financially secure, the pandemic created major financial challenges, and it has been more difficult to manage their day-to-day finances.

Workforce disruption was one of the most significant financial impacts of the pandemic. Those who experienced a negative job impact (including job loss, furlough, hours decrease, and/or pay decrease) varied widely. In total, a third of Black/African American, 28% of Asian American, and 45% of Hispanic/Latino respondents experienced a negative job impact. However, the differences in who was impacted varies significantly within each group. For instance, among Black/African American respondents, there is no significant variation by income, but among both Asian American and Hispanic/Latino respondents, those in the middle tier (\$50,000 to \$99,999) were most likely to experience a negative job impact (Figure 9).

Figure 9

EXPERIENCE A NEGATIVE JOB IMPACT DUE TO THE COVID-19 PANDEMIC



Within each of these groups, there were no significant differences between the likelihood of a negative job impact by education. However, for Black/African American and Asian American respondents, those who do not own their home were more likely to have had a negative job impact.

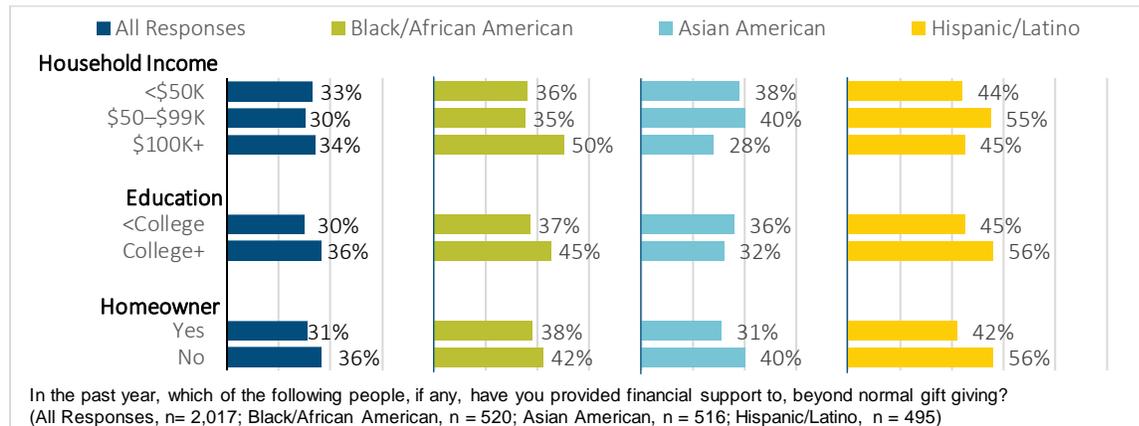
Financial Support

Prior SOA Research Institute research has shown the importance of familial support across the generations. This research looked at two elements of familial support—receiving and providing financial support.

Receiving financial support among family and friends is consistent among these racial/ethnic groups. In the past year, 22% of Black/African Americans, 17% of Asian Americans, and 24% of Hispanic/Latinos received financial support. While there are no significant differences by income or level of education, Black/African American respondents who do not own their home are more likely to have received support (30% vs. 15% of homeowners).

Black/African American and Hispanic/Latino respondents are more likely than Asian Americans to have provided financial support to family or friends in the past year (40% of Black/African Americans, 33% of Asian Americans, and 48% of Hispanic/Latinos). Black/African American respondents with \$100,000 or more in income are more likely to have provided support, with support more likely to be provided to adult children. While Hispanic/Latinos are equally as likely to provide support regardless of income levels, those with at least \$50,000 in income are more likely than those making less to be supporting their parents (23% vs. 10%) (Figure 10).

Figure 10
PROVIDED FINANCIAL SUPPORT TO FAMILY OR FRIENDS IN PAST YEAR



Key Findings and Implications

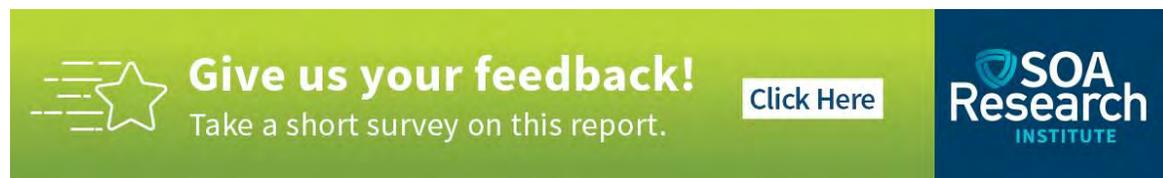
While there are many differences between these racial and ethnic groups, it is important to note that there are significant variations within each group such as by income levels, education, and homeownership. These demographics within these populations reveal interesting differences—for instance, education seems to play a role in terms of each group’s current financial situation, but does not have major impacts on financial priorities, debt, and the impact of the pandemic. Additionally, we see income and homeownership are linked to debt for Hispanic/Latinos and Asian Americans but is not a significant factor for Black/African Americans. On the other hand, Black/African Americans’ retirement concerns are more likely to involve providing financial support to others if they have higher incomes, where this is not the case among Hispanic/Latinos and Asian Americans.

Understanding these differences can help develop a better understanding of the retirement planning and financial priorities of these racial and ethnic groups. Many of these findings pose the question of why these differences are present, with many of the reasons stemming from historical inequities and systemic issues. Further research should be considered to understand and address a variety of questions, including:

- How do family structures and support contribute to differences in retirement planning and security?
- Are there differences in expectations of familial support as people age?
- What programs and resources can best address these groups’ needs when examined by economic status linked to income, education, or homeownership?
- How can plan sponsors and/or financial advisors tailor their communications and services to address the unique needs of these diverse groups?
- How can employers design retirement programs and tailor financial wellness programs to address the retirement planning and financial priorities needs of these diverse groups?

Methodology

The report presents the results of research conducted by Greenwald Research, on behalf of the Society of Actuaries Research Institute. Greenwald conducted an online survey of 2,017 individuals: 406 Millennials (born 1980–1998), 405 Gen Xers (1965–1979), 402 Late Boomers (1955–1964), 403 Early Boomers (1946–1954), and 401 Silent Generation (1935–1945). An oversample of 520 Black/African American, 516 Asian American, and 495 Hispanic/Latino respondents were also collected. The survey was conducted from January 5 through January 27, 2021.



 **Give us your feedback!**
Take a short survey on this report. [Click Here](#)

 **SOA**
Research
INSTITUTE

About The Society of Actuaries Research Institute

Serving as the research arm of the Society of Actuaries (SOA), the SOA Research Institute provides objective, data-driven research bringing together tried and true practices and future-focused approaches to address societal challenges and your business needs. The Institute provides trusted knowledge, extensive experience and new technologies to help effectively identify, predict and manage risks.

Representing the thousands of actuaries who help conduct critical research, the SOA Research Institute provides clarity and solutions on risks and societal challenges. The Institute connects actuaries, academics, employers, the insurance industry, regulators, research partners, foundations and research institutions, sponsors and non-governmental organizations, building an effective network which provides support, knowledge and expertise regarding the management of risk to benefit the industry and the public.

Managed by experienced actuaries and research experts from a broad range of industries, the SOA Research Institute creates, funds, develops and distributes research to elevate actuaries as leaders in measuring and managing risk. These efforts include studies, essay collections, webcasts, research papers, survey reports, and original research on topics impacting society.

Harnessing its peer-reviewed research, leading-edge technologies, new data tools and innovative practices, the Institute seeks to understand the underlying causes of risk and the possible outcomes. The Institute develops objective research spanning a variety of topics with its [strategic research programs](#): aging and retirement; actuarial innovation and technology; mortality and longevity; diversity, equity and inclusion; health care cost trends; and catastrophe and climate risk. The Institute has a large volume of [topical research available](#), including an expanding collection of international and market-specific research, experience studies, models and timely research.

Society of Actuaries Research Institute
475 N. Martingale Road, Suite 600
Schaumburg, Illinois 60173
www.SOA.org