



Disparities in the Pursuit of Financial Security in Retirement by Race and Ethnicity: A Review of the Disparities and Key Metrics to Monitor Them in the Future

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Disparities in the Pursuit of Financial Security in Retirement by Race and Ethnicity

A Review of the Disparities and Key Metrics to Monitor Them in the Future

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Executive Summary

In the United States, financial security in retirement depends on various income sources including Social Security, individual savings and employer-sponsored retirement plans. Overall access and participation rates in employer-sponsored retirement plans have been declining since at least 2012, and there remain large differences in the pursuit of financial security in retirement for families across income levels and between racial and ethnic groups. The primary purpose of this report is to review and summarize past literature of the disparities in the pursuit of a financially secure retirement for racial and ethnic groups, to identify and report key metrics that can help provide a clearer picture of the disparities and to point out areas that are well-suited for further research.

The U.S.-wide metrics we identified are as follows:

- 1) The percentage of employees with access to an employer-sponsored retirement plan,
- 2) The percentage of employees who participate in an employer-sponsored retirement plan,
- 3) The take-up rate for employees who voluntarily contribute to an employer-sponsored retirement plan,
- 4) The percentage of working age households with any retirement-specific assets,
- 5) The median working-age household retirement account balance normalized for age and income,
- 6) The percentage of working age households who saved money for any reason in the prior 12 months and
- 7) The percentage of working age households who saved money for retirement in the prior 12 months.

For the period 2016 to 2021, these metrics show disparities across racial and ethnic groups; 2021 values are summarized in Table A.

Table A

SUMMARY OF METRIC VALUES FOR 2021

No.	Metric	All	Asian/ Asian American	Black/ African American	Hispanic/ Latino	White	Other
1	Percentage of employees with access to an employer-sponsored retirement plan	46.1%	44.5%	44.3%	35.2%	49.3%	47.7%
2	Percentage of employees who participate in an employer-sponsored retirement plan	38.9%	37.8%	35.8%	27.8%	42.4%	37.2%
3	Take-up rate for voluntary employee contributions to an employer-sponsored retirement plan	84.4%	84.9%	80.8%	79.0%	86.0%	78.0%
4	Percentage of working age households with any retirement-specific asset	54.9%	NR	40.7%	28.3%	63.4%	55.7%
5	Relative median working-age household retirement account balance normalized for age and income	1.000	NR	0.805	0.734	1.123	0.840
6	Relative percentage of working age households who saved money for any reason in the prior 12 months	1.000	NR	0.797	0.783	1.089	1.105
7	Relative percentage of working age households who saved money for retirement in the prior 12 months	1.000	NR	0.731	0.615	1.176	0.837

Sources and notes: NR: not reported. Metrics 1–3: Authors' analysis of CPS ASEC using IPUMS microdata tool.). Metrics 4–7: Authors' analysis of SCF using SDA microdata tool. Metric 5 reflects median values are for heads of household ages 25–64 with a non-zero balance.

In 2021, less than 50% of all employees have access to an employer-sponsored retirement plans with rates of 49.3% for whites, 44.3% for Black/African Americans, 44.5% for Asian/Asian Americans and 35.2% for Hispanic/Latinos. Whites were found to have higher access rates across all types of employers (government, private and self-employed) compared to other racial and ethnic groups. There are similar disparities for racial and ethnic groups in the rate of employee participation compared to access rates—42.4% for whites, 35.8% for Black/African Americans, 37.8% for Asian/Asian Americans and 27.8% for Hispanic/Latinos participated in an employer-sponsored plan. When an employer offers a retirement plan that accepts employee contributions, the employee take-up rate is greater than 80% for all races/ethnicities except for Hispanic/Latinos, who participate 79.0% of the time.

Unemployed individuals have no access to an employer-sponsored retirement plan. Data from the Bureau of Labor Statistics (BLS) from 2000 to 2018 shows that Black/African Americans and Hispanic/Latinos have consistently had higher unemployment rates than the overall rate—on average 4.4 and 1.6 percentage points higher, respectively (BLS, 2021b); thus, there is no access to an employer-sponsored retirement plan for these individuals. Research from the 2012 Ariel/Aon Hewitt Study shows that Black/African Americans and Hispanic/Latinos have lower participation in an employer-sponsored defined contribution (DC) plan across all income bands, as compared to Asian/Asian Americans and whites.

When looking at working-age household rates for ownership of any retirement-specific assets (amounts saved in an employer-sponsored DC plan or an IRA), 54.9% of all Americans have any retirement savings in 2019, with significant differences across racial and ethnic groups—63.4% for whites, 40.7% for Black/African Americans and 28.3% for Hispanic/Latinos. For households with any amount saved, there are significant disparities in the median balance, even when normalizing for age and income. While the gap narrowed from 2016 to 2019, the 2019 median balances for Black/African Americans and Hispanic/Latinos were 19.5% and 26.6% lower than average, respectively, while whites' median balance was 12.3% higher than average. These differences in retirement assets hold true at all age levels for non-whites compared to whites but are significantly greater for older cohorts.

Analysis of the rate for overall savings from 2019 SCF data shows that Black/African Americans and Hispanic/Latinos have 20.3% and 21.7%, respectively, lower savings rates in 2019 than average, while whites were 8.9% greater than average. Differences for retirement specific savings rates in 2019 were even greater compared to average for Black/African Americans and Hispanic/Latinos, 26.9% and 38.5%, respectively. The retirement specific savings rate for whites was 17.6% greater than average.

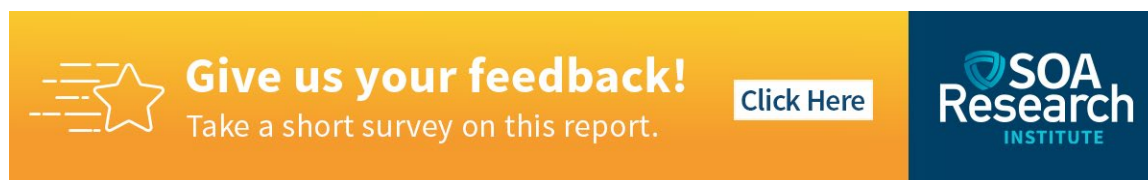
Black/African Americans and Hispanic/Latinos are more likely than whites to cash out of their retirement account upon termination, take out a loan against their account balance or default on an outstanding retirement loan (Ariel/Aon Hewitt, 2012). Financial literacy is correlated with retirement savings but is generally low in the U.S. and unevenly distributed, with Asian/Asian Americans and whites scoring higher than Black/African Americans and Hispanic/Latinos on measures of financial literacy (Mollenkamp et. al 2021).


The results of these metrics along with other key findings of our literature review show that there are disparities for racial and ethnic groups in the pursuit of a financially secure retirement. Continued tracking of these metrics will allow researchers and policymakers to see how these intergroup differences in retirement preparedness change over time.


In the course of our literature review and analyses of SCF and ASEC data, we found areas pertaining to financial security in retirement that lack a comprehensive picture of the disparities by race and ethnicity. We recommend that these topics be considered for future research for each racial and ethnic group and further differentiated by sex or gender:

- Evaluation of disparities for age and income bands
- The ability of gig workers to access, participate and save towards retirement

- Variations in access and participation rates for firms of all sizes
- Rates of usage for alternative options to employer-sponsored plans, including personal IRAs and more recently offered state sponsored IRAs
- Rates for cash outs and hardship withdrawals—given the high disparities documented in past research, we think this would be a good fit for a future metric
- Impact of the usage of non-banking borrowing methods on the pursuit of financial security in retirement
- Influence of the Social Security program on the rates of participation or saving in an employer-sponsored or an IRA
- Disparities in Social Security replacement ratios
- Changes in utilization of long-term care insurance
- Access, usage and value of annuities as a retirement vehicle



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Section 1: Methods and Approach

The focus of this paper is to understand the disparities by race and ethnicity within age and income levels (where available) that exist in the pursuit of financial security in retirement. Findings included in this paper are primarily from our review of existing literature. The metrics presented in this paper are based on our analysis of existing survey data. When data permitted, we have differentiated by income levels, age bands or employer type within each race and ethnicity. Our research did not include performing our own surveys or collecting data directly.

Our scope is the U.S. retirement system and includes research articles containing measurements for retirement plan access, retirement plan participation, accumulation of retirement assets, behavioral and attitudinal perspectives on finances or retirement, wealth and Social Security payments. We included articles examining disparities present in the usage and value of traditional long-term care and annuity products, which are both often used in retirement years. The paper does not explore other types of insurance that may be used in retirement such as health insurance, property and casualty insurance or other types of life insurance.

We compiled research articles and surveys examining retirement security as a whole or a particular aspect of the retirement system with the primary independent variables of racial/ethnic groups. We focused on articles that segmented the information by income and wealth levels, although such segmentation was not always available. We included peer-reviewed journal articles but found a limited number of such articles on our topic. The main sources of data for our analysis comes from two established industry surveys: the Survey of Consumer Finances (SCF) and the Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). Other retirement-related surveys we encountered in our research include the National Financial Capability Study (NFCS), the Health and Retirement Study (HRS), the Retirement Confidence Survey (RCS), the Survey of Income and Program Participation (SIPP) and the Panel Study of Income Dynamics (PSID). Numerous data points from each of these surveys, as reported in the research articles we examined, are included in our report. Appendix A provides additional detail for the surveys we reviewed.

The goals of the paper are to:

- Review diversity, equity and inclusion (DEI) issues in the current retirement landscape by race and ethnicity as presented in existing literature
- Present key metrics to be monitored over time to track changes in the identified disparities
- Explore observations of the disparities for various factors including socioeconomic factors such as wealth, income and job status
- Highlight areas that are not well defined in existing research and are well-suited for future research

Throughout this paper we have proposed seven metrics to be tracked by researchers involved in this topic in the future, with supporting drill-downs by employer type, age and income bands found in Appendices C and D. These metrics are developed from the SCF and ASEC surveys using the following microdata analysis tools: Survey Documentation and Analysis (SDA) developed by the University of California-Berkeley for the SCF and the Integrated Public Use Microdata Series (IPUMS) developed by the University of Minnesota for the ASEC. Supporting tables with the median age and income for each survey are reported in Appendix B.

For our metrics, we explored disparities for the following racial and ethnic groups: Black/African American, Hispanic/Latino, Asian/Asian American (includes Pacific Islanders in the ASEC data), white and other. The other group can vary by survey source and may not be comparable throughout this paper. Individuals who identify as two or more races are included in the other group. In historical releases (2019 and prior) of the SCF, data is not reported separately for Asian/Asian Americans and their information is reported in the other group. Starting with the 2022 survey release, the SCF expects to break out data for Asian/Asian Americans.

In the research articles we reviewed, there is some variation in the terms used for racial and ethnic groups, as shown in Table 1. Throughout this paper, we have replaced the terms as the authors have reported them in their research to be consistent with our terms. While, as a result of these differences, some of the values presented from our research cannot be directly compared from source to source, we feel that the terms we use are inclusive of each author's terms and comparisons can be made to our metrics.¹

Table 1
TERMS USED IN REVIEWED RESEARCH FOR RACE AND ETHNICITY

Source	Asian/Asian American	Black/African American	Hispanic/Latino	White
This paper	Asian/Asian American (presented as Asian in figures for a shorter representation)	Black/African American (presented as Black in figures for a shorter representation)	Hispanic/Latino (shown as Hisp/Lat in figures)	White
Greenwald Research 2021	Asian American	Black/African American	Hispanic/Latino	White
Aon-Hewitt 2012,	Asian-American	African-American	Hispanic	White
Copeland & Greenwald 2021, Elliot et. al 2013, Mollenkamp 2021, Pagliaro et. al, 2011	Asian	Black	Hispanic	White
Lin et. al 2013	Asian	African-American	Hispanic	White
Rhee 2013	Asian/Pacific Islander	Black	Latino	White
Bhutta et. al 2020, Hou et. al 2020, Munnell et. al 2018, Yakoboski et. al 2019, Yakoboski et. al 2021	NR	Black	Hispanic	White
Brown et. al 2018,	NR	NR	Hispanic	White
Center on Budget and Policy Priorities 2020	NR	Black	Latino	White
Schwab-Pomerantz 2021	NR	Black	Latinx	White

NR stands for not reported.

¹ An example of this is Rhee, 2013. While her research uses different overall terms, the data she uses is from the same SCF and ASEC survey data that we have used in our metrics. She uses the term Latino, but it is stated in the appendix of her report that this group consists of Hispanics of all races.

Section 2: Background

While households may have varying definitions of what is required to achieve financial security in retirement, some researchers consider the ability of an individual or a family to maintain their pre-retirement standard of living during retirement to be an important indicator. In the U.S. retirement system, Americans' retirement spending typically comes from three sources (often depicted as a "three-legged stool"): Social Security, employer-sponsored retirement plans and individual savings. With the Social Security program undergoing changes that have decreased the relative proportion of a sufficient retirement income that Social Security benefits can cover, this has put more pressure on the other two legs of the stool to fund sufficient retirement income (Munnell, 2012).

To date, there has been limited research that assesses across races and ethnicities the likelihood of a household to maintain their pre-retirement living standard. However, the National Risk and Retirement Index (NRRI) is one measure that has done so.² Munnell and her colleagues showed in a 2018 brief through their NRRI measure (developed based on based on 2016 SCF data) that 50% of all American households are at risk of maintaining their pre-retirement standard of living. Differences exist by race and ethnicity such that 48% of white households were unlikely to maintain their preretirement standard of living, whereas the number increases to 54% of Black/African American households and 61% of Hispanic/Latino households (Munnell et al, 2018). Asian/Asian American households were not reported in SCF data. A limitation of the NRRI metric is that it was not further reported by age or income levels, which was also a limitation for many other research articles we reviewed.

Although definitions of financial security in retirement may vary in the U.S., the path toward financial security in retirement can be measured by various indicators. This paper examines some of the key indicators across races and ethnicities. In addition, we examine some of the factors that appear to be influencing differences in the indicators across racial and ethnic groups. In Section 3, we look at differences in employer-sponsored retirement plan access and participation rates; in Section 4, we review ownership of retirement assets, the balances held and rates for saving; and in Section 5, we present the findings of our literature review for other insurance products commonly held in retirement: traditional long term care insurance and annuities. Throughout this paper, we propose key metrics which, if tracked over time by researchers interested in this topic, will allow researchers and policymakers to see how these intergroup differences in retirement preparedness change over time. Lastly, we highlight areas by race and ethnicity for further study of potential disparities where current research or survey data is lacking.

Section 3: Employer-Sponsored Retirement Plan Access and Participation

In this section, we review disparities present in access to an employer-sponsored retirement plan, participation in a employer-sponsored retirement plan, the take-up rate (the number of employees participating divided by the number of those with access) and some observations for these disparities across several factors.

3.1 DISPARITIES IN EMPLOYER-SPONSORED RETIREMENT PLAN ACCESS

Given the importance of employer-sponsored retirement plans, the first issue we explored is access to retirement plans. The access rate in this section represents whether an employee worked at a firm which had a pension plan or other type of retirement plan, including employee-funded plans with and without a matching contribution but excluding Social Security. As of 2012, only 57.0% of all private and public sector employees aged 25–64 had access

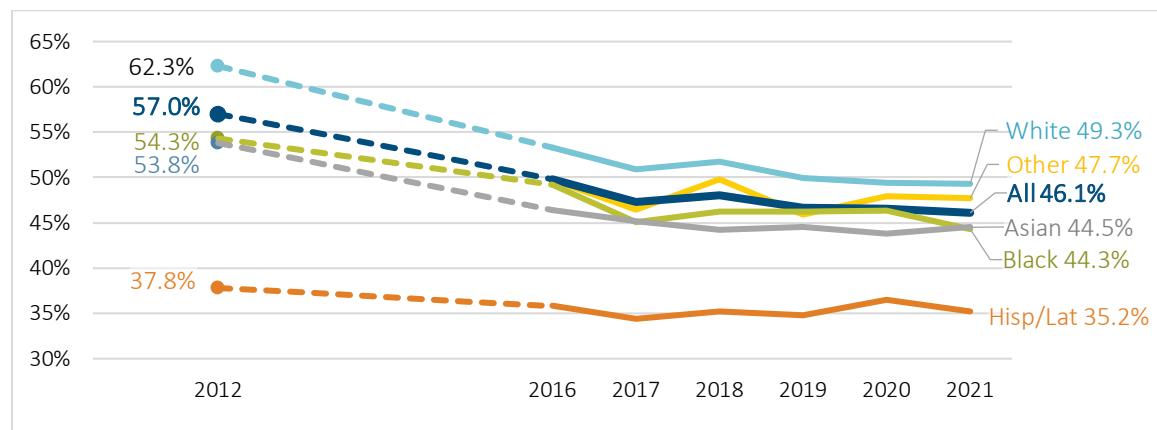
² A measurement developed starting with 2004 SCF data equal to the percentage of American households unable to maintain pre-retirement standards of living

to a retirement plan (Rhee, 2013). This rate varies by race and ethnicity: 62.3% of whites, 54.3% of Black/African Americans, 53.8% of Asian/Asian Americans and 37.8% of Hispanic/Latinos had access to a plan.

The first metric we evaluated is the annual percentage of workers who have access to an employer-sponsored retirement plan. Viewed over time, this metric indicates trends in the disparities for plan access across racial and ethnic groups. Our analysis of employer-sponsored retirement plan access rates using ASEC survey data, shown in Figure 1, extends Rhee’s findings into the period from 2016 through 2021. From this extension, we can see that access to employer-sponsored retirement plans decreased by more than 10 percentage points from 2012 to 2021. This decline holds true across all racial and ethnic groups from 2012 to 2021. While whites experienced the largest drop in the access rate, a decrease of 13 percentage points, disparities in access persist across racial and ethnic groups in all years studied, most notably for Hispanic/Latinos who have the lowest access. In addition, rates of access to an employer-sponsored retirement plan are now at or near their lowest points since 2012.

Figure 1—Metric 1

PERCENTAGE OF PRIVATE AND PUBLIC SECTOR EMPLOYEES AGES 25–64 WITH ACCESS TO AN EMPLOYER-SPONSORED RETIREMENT PLAN



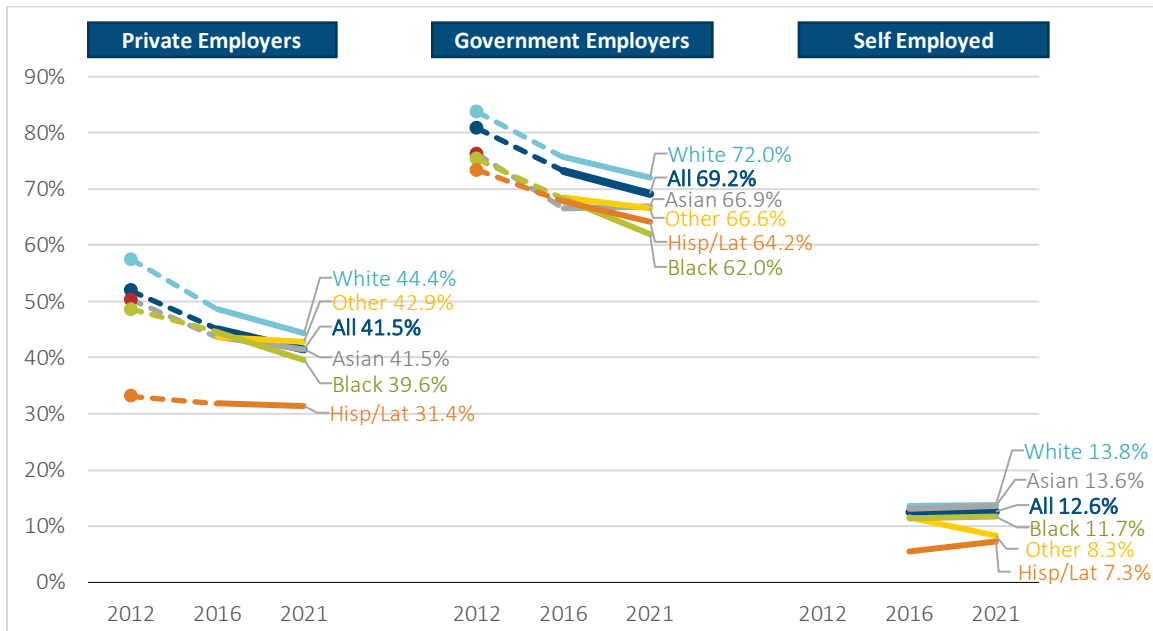
2012: (Rhee, 2013), Other is not reported. 2016–2021: Authors’ analysis of CPS ASEC using IPUMS microdata tool. Metrics 1A–1D in Appendix C show access rates by employer type.

Differences in access across races/ethnicities are greater in the private sector employment market than the public sector, especially among Hispanic/Latinos. When looking at the likelihood of having access to an employer-sponsored retirement plan by racial and ethnic groups, Rhee found that in 2012 Asian/Asian Americans, Black/African Americans and Hispanic/Latinos were observed to have a 13%, 15% and 42% percent lower likelihood, respectively, than whites in the private sector. In contrast, the likelihood is 9%, 10% and 12% lower, respectively, for Asian/Asian Americans, Black/African Americans and Hispanic/Latinos in the public sector.

Because of the significant difference in access rates between public and private employers, we looked deeper into the first metric to track the differences in access to employer-sponsored retirement plans for the years 2012 (from Rhee, 2013), 2016 and 2021 separately for private versus government employers as well as for the self-employed. The resulting data, shown in Figure 2, shows that while whites are more likely than other groups to have access across all years and employers, the gaps between whites and the other racial/ethnic groups decreased. Notably, the gap between white and Hispanic/Latino rates in the private sector decreased by 11.4 percentage points from 2012 to 2021. For the self-employed in 2021, Black/African Americans and Hispanic/Latinos were found to have lower access rates—11.7% and 7.3%, respectively—than whites and Asian/Asian Americans, 13.8% and 13.6% respectively. At the same time, all groups except the self-employed have lower rates of access to retirement plans in 2021 than in 2012.

Figure 2—Metric 1 (by Employer Type)

PERCENTAGE OF EMPLOYEES AGES 25–64 WITH ACCESS TO AN EMPLOYER-SPONSORED RETIREMENT PLAN



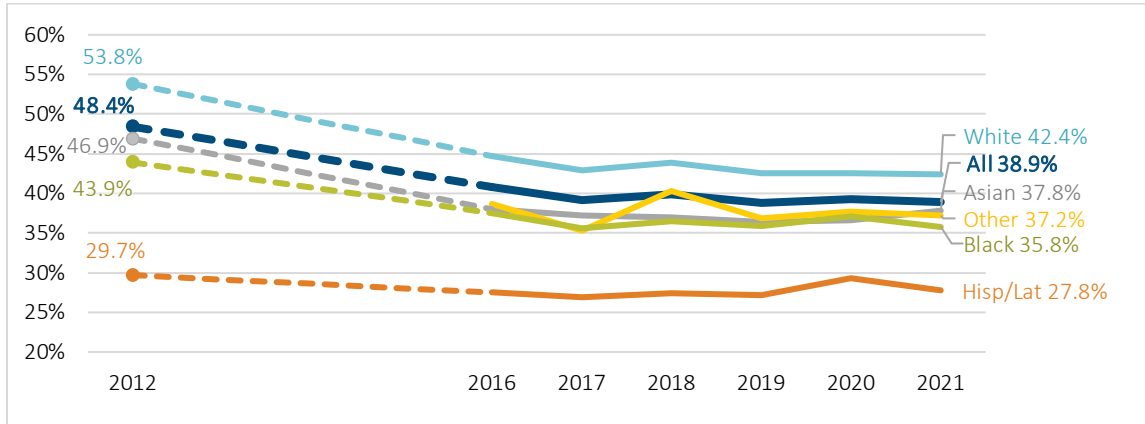
2012: (Rhee, 2013). 2016–2021: authors’ analysis of CPS ASEC using IPUMS microdata tool. The self-employed were not presented by Rhee.

3.2 DISPARITIES IN EMPLOYER-SPONSORED RETIREMENT PLAN PARTICIPATION

While access is the first step to start saving in an employer-sponsored retirement program, it does not guarantee an individual participates in the plan. Participation in both defined benefit (DB) and DC plans can depend on criteria to satisfy eligibility (such as full-time status or tenure) and some employer-sponsored DC plans require employees to opt into making employee contributions. In addition, employees can opt out of employee contributions in DC plans with auto-enrollment features. Thus, it is rare to have 100% participation across all employees in an organization. For these reasons, participation rates are lower than access rates. Whereas 57.0% of all employees aged 25–64 had access to an employer-sponsored retirement plan in 2012, only 48.4% of employees participated in such a plan. Disparities in participation across racial and ethnic groups in 2012 roughly mirror the disparities found in access, with 53.8% of whites, 46.9% of Asian/Asian Americans, 43.9% of Black/African Americans and 29.7% of Hispanic/Latinos participating in a retirement plan (Rhee, 2013).

In order to track trends in participation similar to the access trends shown above, the second metric we use is the annual percentage of workers who participate in an employer-sponsored retirement plan. Our analysis of retirement plan participation rates using ASEC survey data, shown in Figure 3, extends Rhee’s 2013 findings into the period from 2016 through 2021. Similar to trends in access rates, we observe a relatively steady decline in participation from 2012 through 2021 (48.4% to 38.9%). Participation rates decreased across all racial and ethnic groups over this time period. Whites experienced the largest decrease in the participation rate from 2012 to 2021, which has diminished the gap in participation rates between groups, especially the gap between whites and Hispanic/Latinos.

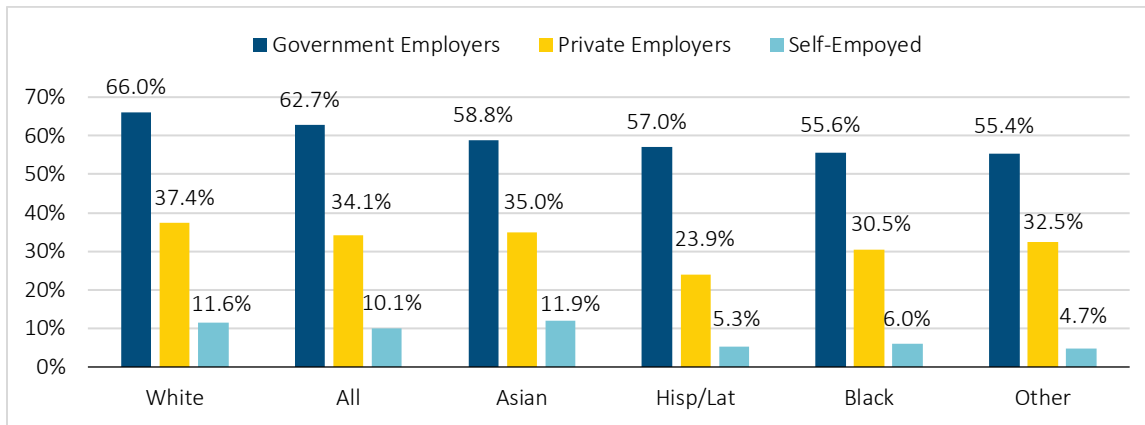
Figure 3—Metric 2
PERCENTAGE OF PRIVATE AND PUBLIC SECTOR EMPLOYEES AGES 25–64 PARTICIPATING IN AN EMPLOYER-SPONSORED RETIREMENT PLAN



2012: (Rhee, 2013). 2016–2021: authors’ analysis of CPS ASEC using IPUMS microdata tool. Metrics 2A–2D in Appendix C show participation rates by employer type.

When broken down by employer types as shown for 2021 in Figure 4, we see differences in participation rate across racial and ethnic groups similar to those found in access rates. Participation rates remain higher for government employers than for private employers across all races and ethnicities. Rates for the self-employed are much lower with disparities present across races and ethnicities.

Figure 4—Metric 2 (by Employer Type for 2021 only)
PERCENTAGE OF EMPLOYEES AGES 25–64 PARTICIPATING IN AN EMPLOYER-SPONSORED RETIREMENT PLAN—2021



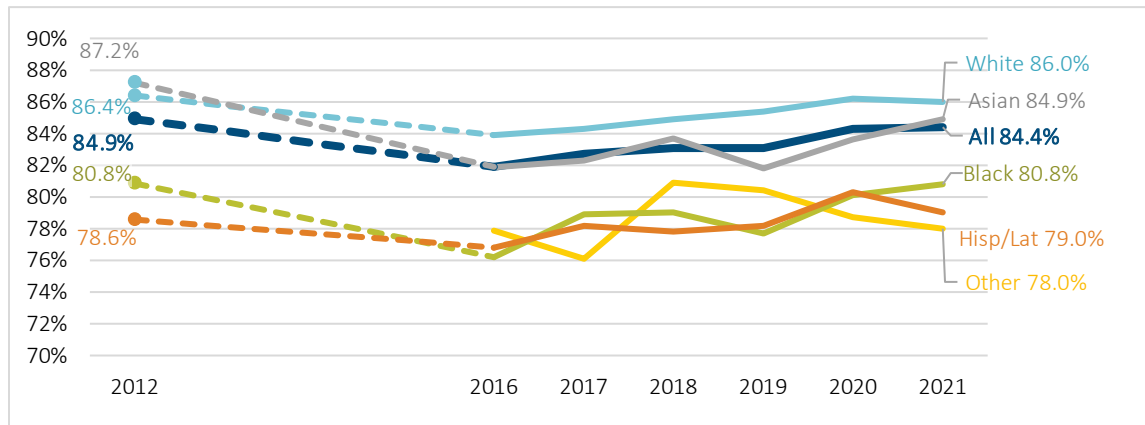
Authors’ analysis of CPS ASEC using IPUMS microdata tool. Appendix C contains metrics 2A–2D with participation rates by employer type for 2016 to 2021.

Looking at changes in the take-up rate (defined in this case as the percentage of workers with access to an employer-sponsored plan and who participate in the plan) over time appears to suggest that differing circumstances unrelated to mere access affect people’s decision whether or not to participate in an employer-sponsored retirement plan.³

³ Our measure of the take-up rate includes all types of employer-sponsored plans and does not distinguish between the employee and the employer funded contributions.

The overall take-up rate was 84.9% in 2012 presented by Rhee with rates of 87.2% for Asian/Asian Americans, 86.4% for whites, 80.8% for Black/African Americans and 78.6% for Hispanic/Latinos. A more recent study of take-up rates using SCF data showed that the rate was higher in white families, 90%, than in Black/African American families, 80% and Hispanic/Latino families, 75% (Bhutta et al, 2020). To further evaluate take-up rates, we use data from our first two metrics to construct a third, which is the annual take-up rate from 2016 to 2021, shown in Figure 5. We see that while take-up rates have increased 2 to 4 percentage points for all racial groups from 2016 to 2021, there was little overall change from the 2012 data presented by Rhee to the 2021 rate. The take-up rate for Asian/Asian Americans decreased 2 percentage points, and it remained approximately the same for all other groups.

Figure 5—Metric 3
TAKE-UP RATE FOR PRIVATE AND PUBLIC SECTOR EMPLOYEES AGES 25–64



Authors’ calculation for the take-up rate is the participation rate (Metric 2) divided by the access rate (Metric 1). Underlying data sources: 2012: (Rhee, 2013). 2016–2021: authors’ analysis of CPS ASEC using IPUMS microdata tool.

A 2010 study of automatic plan features by Vanguard among seven large DC plans found disparities exist by racial and ethnic group when only voluntary enrollment is offered by an employer; Black/African Americans and Hispanic/Latinos were found to have lower participation rates—59% and 68%, respectively—compared to whites and Asian/Asians—77% and 91%, respectively. When the employer automatically enrolled employees (who are allowed to opt out), there was less variation in the participation rates across racial and ethnic groups; 90% for Black/African Americans, 92% for Hispanic/Latinos, 93% for whites and 96% for Asian/Asian Americans (Pagliaro et al, 2011).

3.3 OTHER OBSERVATIONS REGARDING DISPARITIES IN EMPLOYER-SPONSORED RETIREMENT PLAN ACCESS AND PARTICIPATION RATES

In this section, we include some additional observations across several factors regarding disparities in access and participation rates by racial and ethnic groups that were presented in Sections 3.1 and 3.2. While these factors are not directly tied to or explanatory of the access and participation rates in section 3.1 and 3.2, they provide additional qualitative considerations regarding disparities.

JOB STATUS

One clear determinant of access to an employer sponsored retirement plan is job status. In this section, we discuss the barriers faced by unemployed, part time and gig workers.

If an individual is unemployed, they have no access to an employer-sponsored retirement plan, as they have no employer. Looking at the Bureau of Labor Statistics (BLS) labor force data by race/ethnicity and sex for the period 2000–2020 (Table 2), in comparison to the average unemployment rate for all individuals, Black/African Americans

and Hispanic/Latinos had average unemployment rates 4.4 and 1.6 percentage points higher, respectively, while Asian/Asian Americans and whites had rates 1.2 and 0.7 percentage points lower, respectively (BLS, 2021b). The average unemployment rate was higher for males than for females—the largest deviation by sex among racial/ethnic groups was observed among Black/African American males, who had an average unemployment rate 1.8% higher than Black/African American females.

Table 2

AVERAGE UNEMPLOYMENT RATE BY RACE/ETHNICITY AND SEX 2000–2020

Racial/Ethnic Identity	Males	Females	All
Asian/Asian American	4.9%	4.8%	4.8%
Black/African American	11.4%	9.6%	10.4%
Hispanic/Latino	7.6%	8.1%	7.6%
White	5.5%	5.1%	5.3%
All	6.2%	5.8%	6.0%

Authors' analysis of BLS, 2021b

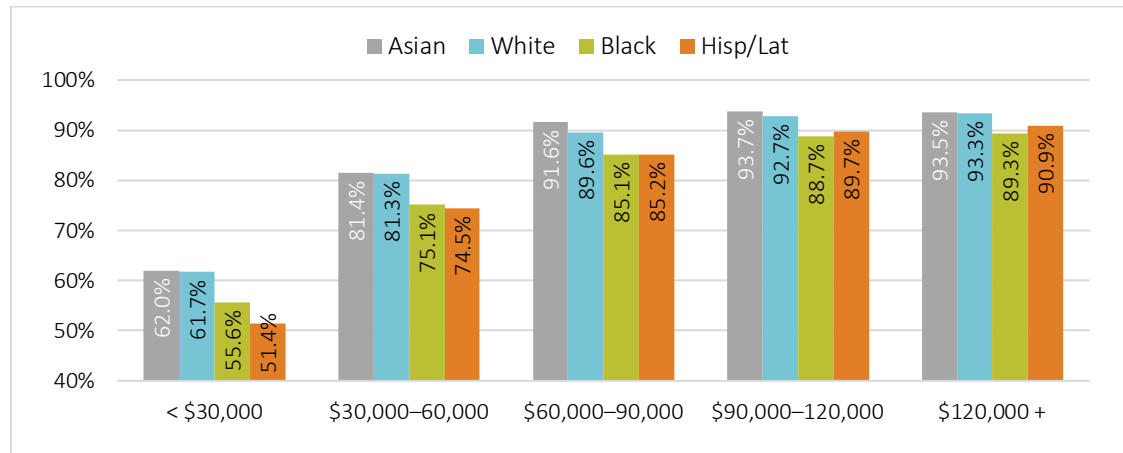
Part-time workers or those with very low wages may not have access to an employer-sponsored retirement plan depending on the availability and structure of the employer plan. Employers in industries with a higher prevalence of part-time workers are less likely to offer a retirement plan (PEW, 2016). BLS data from 2018 shows that 74% of full-time workers had access to an employer-sponsored DC retirement plan, and only 35% of part-time workers had similar access. For DB plans, 19% of full-time workers had access to a retirement plan through their employer and only 9% of part-time workers did (BLS, 2021a). A study from 2018 of part-time Hispanic/Latino workers who did not participate in a retirement plan found that the most common reason, 20.9%, for not participating was that they did not work enough hours to qualify, followed by 14.7% who cited affordability issues, and 9.4% who had not thought about it (Brown et. al, 2018).

Another job status which may limit access to employer-sponsored retirement plans is gig work (referred to as contingent or non-traditional workers in some surveys), which has seen a rapid uptick in recent years (Escobari, 2018). Gig workers are classified by BLS survey data as having non-traditional (independent, contract or temporary) work arrangements not tied to an employer. Rates in BLS data of gig workers among all employed by race/ethnicity are 8.9% of Asian/Asian Americans, 9.1% of Black/African Americans, 10.0% of Hispanic/Latinos and 10.3% of whites (BLS, 2017). A 2021 study by the PEW institute found that 46.3% of gig workers had access to an employer-sponsored plan (DC, DB or other type of plan). For gig workers with access and eligible to participate in an employer-sponsored DC plan, 77.5% participated in the plan (PEW 2021a). The PEW study also found that 66.4% of gig workers cited immediate needs and emergencies as the biggest challenge to saving towards retirement (PEW 2021b). Among all workers with alternative work arrangements, the 2017 BLS data shows that Asian/Asian Americans, Black/African Americans and Hispanic/Latinos at rates of 43%, 48% and 38%, respectively, are more likely to work as agency temps, on-call and contract employees (often for lower pay) than as freelancers, consultants and independent contractors (higher pay). In comparison, whites have a rate of 28%. More research is required to understand the impacts across all racial and ethnic groups for gig workers' ability to access, participate and save in a retirement plan.

INCOME AND FINANCIAL PRIORITIES

Low-income workers are more likely than their high-income counterparts to need their money for immediate purposes and also pay less in income taxes (negating some of the benefit of tax-advantaged DC plans); thus, they are less likely to invest in a DC retirement plan (Munnell & Sundén, 2002). As income rises, participation in DC plans increases significantly, as seen in Figure 6. Black/African American and Hispanic/Latinos have lower participation rates across all income bands than whites and Asian/Asian Americans, with the largest variation in lower income bands (Ariel/Aon Hewitt, 2012).

Figure 6
PARTICIPATION RATES IN A DC PLAN BY INCOME BAND—2010



Data source: 2012 Ariel/Aon Hewitt Study.

While income may be connected to participation in retirement plans, it is not the whole story. Survey data collected in 2021 shows that 67% of Asian/Asian Americans reported that saving for retirement was their top financial priority, and the majority of both Black/African Americans and Hispanic/Latinos (77% and 79%, respectively) say their top priority is being able to afford everyday bills (Greenwald Research/SOA, 2021). Saving for retirement was the third highest priority for both Black/African Americans and Hispanic/Latinos (the second highest was building up an emergency fund). A similar survey found that 44% of whites focus on preparing for retirement as their most important goal, compared to 33% of Black/African Americans (Ariel/Schwab, 2021). Relative to Asian/Asian Americans, Black/African American and Hispanic/Latino Americans are less likely to plan out their finances a year in advance. While 65% of Asian/Asian Americans report planning their finances out a year or more in advance (versus less than a year), only 36% of Hispanic/Latinos and 40% of Black/African Americans report doing the same (Greenwald Research/SOA, 2021). It seems clear from these self-reported financial priorities that short-term financial pressures are more likely to create barriers to retirement savings for Black/African American and Hispanic/Latino households than for Asian/Asian American and white households.

EMPLOYER SIZE

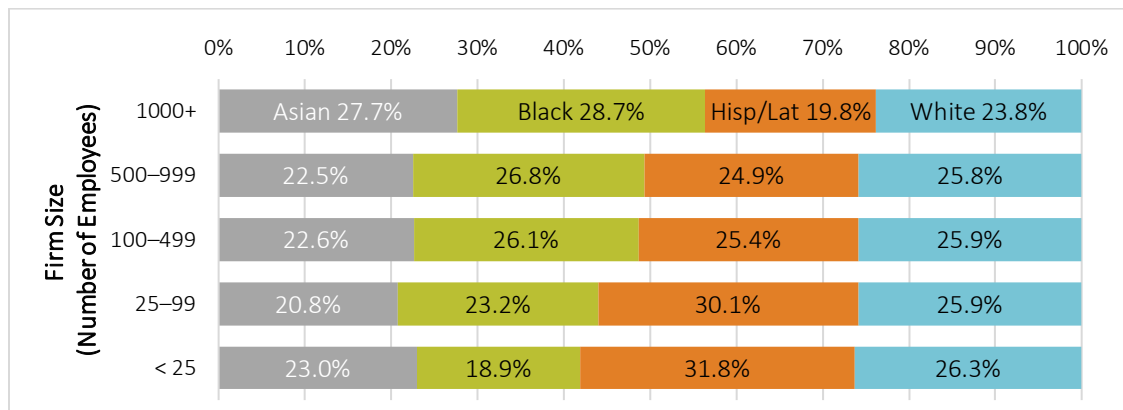
We reviewed differences in access and participation rates for the size of the employer. Larger companies are significantly more likely to sponsor retirement plans than smaller companies. For example, from 2007 to 2009, the access rate for employees of firms with fewer than 25 employees was 25.1%, and the participation rate was 20.8%, whereas for firms with 1,000 or more employees, the access rate was 76.6% and the participation rate was 65.5% (Rhee et. al, 2011)⁴. Companies with even fewer employees seem to have even lower access rates, as only 5% of companies with four or fewer employees offered a retirement plan in 2013 according to testimony from the Government Accountability Office (Brandon, 2013). We calculated the proportional distributions of employees by firm size and race and ethnicity (compared to employees of all races and ethnicities), which are shown for 2021 in Figure 7.⁵ We can see that proportions of employees who identify as Black/African American are much greater at

⁴ Rhee et. al defines access rate as the share of all workers whose employer offers a retirement plan (even if not all workers qualify) and participation rate as the share of all workers who participate in their employer's retirement plan.

⁵ Proportions are calculated using relativities for employees of each race and ethnicity to all employees. A value of 25% represents an equal proportion for each race and ethnicity for the number of employees at each firm size. Values less than 25% indicate a lower distribution of employees as compared to other race and ethnicities. Likewise values greater than 25% indicate a greater distribution.

larger firms than smaller firms, while proportions of employees who identify as Hispanic/Latino are much greater at smaller firms than larger firms. Proportions of employees who identify as white are generally consistent across firms of all sizes. Proportions of employees who identify as Asian/Asian Americans are greatest at the largest firms and roughly consistent across all other firm sizes.

Figure 7
PROPORTIONAL EMPLOYEE DISTRIBUTION BY FIRM SIZE AND RACE AND ETHNICITY—2021



Authors’ analysis of CPS ASEC data using IPUMS microdata tool.

A study of Hispanic/Latinos’ access found that 42.3% of Hispanic/Latino employees at small employers (100 employees or less) had access, while 52.4% of Hispanic/Latino employees at large employers (100+ employees) had access, a gap of 10.1 percentage points. Among non-whites there was a larger gap as 47.3% of non-white employees at small employers had access, compared to 61.1% of non-white employees at large employers, a gap of 13.8 percentage points. The gap for non-Hispanic/Latino whites was only 3.1 percentage points, with 68.7% having access through small employers vs. 71.8% for large employers, (Brown et al, 2018). Further study across all racial and ethnic groups by firm size is needed to get a true picture of the disparities in plan access for each group.

Brown et al’s 2018 study of access rates found that Hispanic/Latino employees were much more likely to work for employers that did not provide access to an employer-sponsored retirement plan than either non-white or non-Hispanic/Latino white employees (Table 3).

Table 3
PROPORTION OF EMPLOYEES AT SMALL AND LARGE EMPLOYERS WHO HAVE ACCESS TO A RETIREMENT PLAN BY RACIAL/ETHNIC IDENTITY

Racial/Ethnic Identity	Small Employers (100 or Fewer Employees)	Large Employers (Greater Than 100 Employees)	Difference
Hispanic/Latinos	42.3%	52.4%	10.1%
Non-Whites	47.3%	61.1%	13.8%
Non-Hispanic/Latino Whites	68.7%	71.8%	3.1%

Source (Brown et al, 2018)

PLAN STRUCTURE

DB pension coverage appears to be positively associated with the existence of dedicated household retirement savings in both white and non-white households. Those with DB pensions through a current employer are more

likely to participate and have assets in a 401(k) or an IRA account⁶ than households without DB pensions: 74% vs 66%, among white households and 52% vs 40% among non-white households, (Rhee, 2013). Rhee asserts two possible factors for this association (there could be more)—the first is because employers who offer DB plans are more likely to offer 401(k) plans, and the second is because workers who place a greater value on retirement security generally seek out employers with DB plans (Rhee, 2013).

ALTERNATIVES TO EMPLOYER-SPONSORED PLANS

For individuals with no access to employer-sponsored plans, potential alternative retirement savings vehicles are Individual IRAs and state-sponsored IRAs. Household ownership rates of IRA plans from 2019 SCF data show that only 7.8% of Hispanic/Latinos and 8.7% of Black/African Americans have an IRA compared to 31.8% of whites (Myers, 2020). Copeland found that IRAs are less likely to be set up as a vehicle to start saving for retirement and more likely to be used to hold funds rolled over from another IRA or employer-sponsored plan. Copeland found that in 2014, 15 times the amount of dollars were rolled into IRAs versus new contributions (Copeland, 2016). This suggests that IRAs are not being heavily utilized in the absence of an employer-sponsored plan; however, more research would be required to discern the usage or reasons for not using an IRAs for each race and ethnicity when an employer-sponsored plan is not available.

A recent development in the absence of an employer-offered plan are state-sponsored IRAs. Twelve states have an active program or signed legislation initiating a program for either mandatory participation (forces employers who do not offer a plan to make contributions for their employees in the state-based plan) or voluntary participation (optional employee participation). Six states (OR, CA, IL, CT, MD and NJ) started mandatory enrollment and contributions in or prior to 2021. Initial results from OR and CA show higher increases in new employer-plan adoption than the national average as a result of the requirement for employer contributions (Scott, 2021). More data by racial and ethnic groups from the emerging results of the early adopters of state-based IRAs is required to understand the impact to access and participation rates, as well as the accumulation of assets (discussed in section 4) for each group, especially as more states undergo implementation.

⁶ Includes individual contributions and rollovers from previous employer plans

Section 4: Ownership of Retirement Assets and Account Balances

In this section, we review disparities present in the ownership of retirement assets, differences observed in the median retirement balances and influences for these disparities. Retirement accounts in this section include both DC plans and IRAs, while DB plans are excluded.⁷ Personal savings and assets held outside of a retirement account are also excluded.

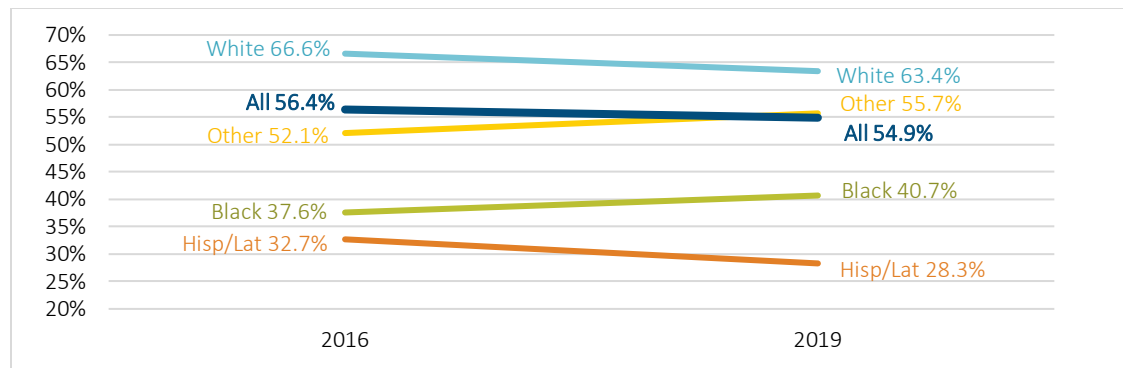
4.1 DISPARITIES IN OWNERSHIP OF RETIREMENT ASSETS AND ACCOUNT BALANCES

We examine differences in the overall rates of ownership of retirement assets and their balances held by race and ethnicity.⁸

The overall picture of retirement savings in the U.S. remains fairly grim. Among middle-aged families—who have the highest rates of retirement account ownership—just 65% of white families had a retirement account in 2019, while Black/African American and Hispanic/Latino families have even lower rates at 44% and 28%, respectively (Bhutta et. al, 2020). Looking at ownership rates by age-band shows a similar disparity across all ages, as Rhee found in 2010 that white households have at least something saved for retirement at rates 10–20% greater than non-whites across all age-bands. These disparities are the motivation for making the percentage of households with any retirement assets as our fourth metric (Figure 8). Our findings (according to data from the SCF) show that the rate of ownership of retirement assets for Black/African American households rose from 37.6% in 2016 to 40.7% in 2019.⁹ Conversely, the rate of ownership among Hispanic/Latino households fell in the same period from 32.7% to 28.3%, as did the rate for white households from 66.6% to 63.4%. Asian/Asian Americans have not been reported in the SCF through 2019 and are reported in the other group.¹⁰

Figure 8—Metric 4

PERCENTAGE OF HOUSEHOLDS (HEAD OF HOUSEHOLD AGE 25–64) WITH ANY RETIREMENT ASSETS



Authors' analysis of SCF using SDA microdata tool. Ownership of retirement assets are based whether anyone in the family unit has retirement assets. Age bands are based on the head of household. NR stands for not reported.

While it is important to monitor the rates of ownership over time, how much a household has accumulated for retirement is also important. Past research has shown there are significant differences between racial and ethnic groups. Among all working households with head of household ages 25–64, Rhee found that 74.4% of Black/African

⁷ Valuation of DB plans depends on varying assumptions for an individual's situation and other future events. In the SCF survey, DB plans are not translated into a current value.

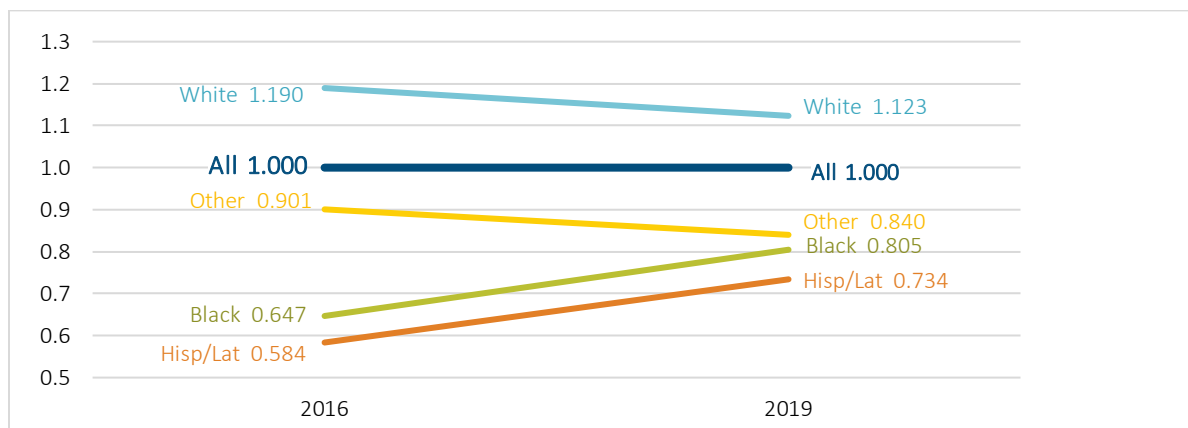
⁸ Retirement balances are defined as the accumulation of assets in a DC plan or an IRA.

⁹ The SCF records survey responses per household; thus, retirement assets are recorded for the entire household. Age and other demographics are based on the head of the household.

¹⁰ According to an update on the SCF website, Asians are expected to be reported separately starting with the 2022 SCF.

Americans and 80.6% of Hispanic/Latinos had less than \$10,000 saved in retirement accounts in 2010, compared to 48.6% of whites. For households with any amount saved in a retirement account, whites had a median balance of \$50,500 compared to \$23,000 for non-whites. With 45.1% of working age households not having retirement savings at all (nearly 60% for Black/African Americans and more than 70% for Hispanic/Latinos), our fifth metric (Figure 9) is the normalized median household retirement account balance for those with a non-zero balance shown relative to the median value for all households.¹¹ Balances have been normalized for age and income for each racial and ethnic group. While the gap narrowed somewhat from 2016 to 2019, disparities in the amounts saved for retirement remains high. In 2019, the normalized median balances for Black/African Americans and Hispanic/Latinos were 28.3% and 34.6% lower than, respectively, the normalized median balance for whites.

Figure 9, Metric 5
MEDIAN HOUSEHOLD (HEAD OF HOUSEHOLD AGES 25–64) RETIREMENT ACCOUNT BALANCE NORMALIZED FOR AGE AND INCOME RELATIVE TO ALL HOUSEHOLDS FOR THOSE WITH A NON-ZERO BALANCE



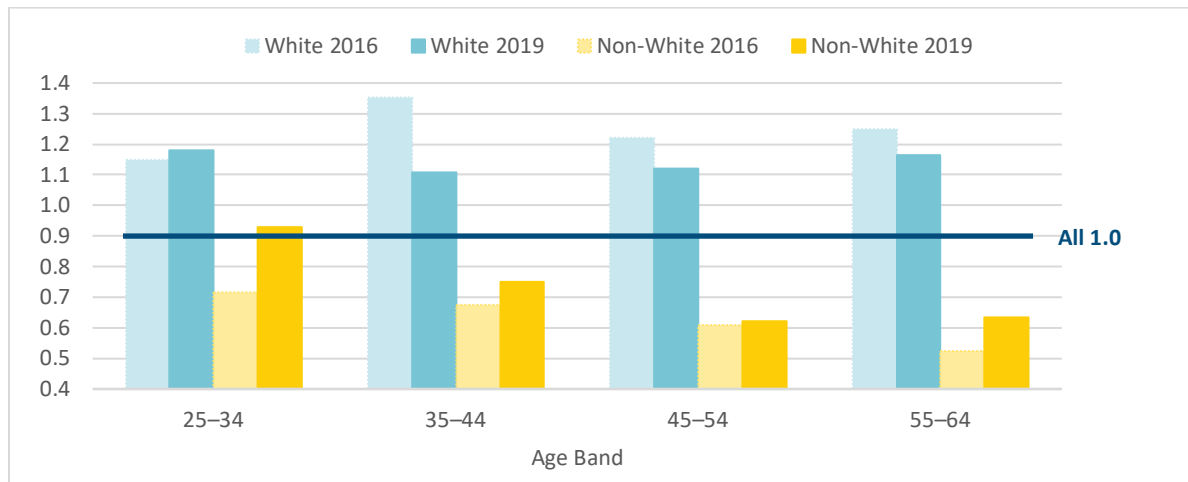
Authors’ analysis of SCF using SDA microdata tool. Median values are nominal and reported in thousands of dollars. The median age and income are for heads of household ages 25–64 and for those with a non-zero balance.

Rhee also examined disparities by age band for whites and non-whites for the households with the head of household ages 25–34 and a non-zero balance. White households had a median of \$15,000 saved for retirement assets in 2010, whereas non-white households had \$10,000, a difference of 50%. At older ages 55–64, the disparity ballooned to a 300% difference as white households have a median balance of \$120,000 and non-white households have just \$30,000 (Rhee, 2013). Our research of 2016 and 2019 account balances by age band for whites and non-whites, shown relative to white households in Figure 10, shows large disparities that are increasing to older age bands. Similar to Rhee’s findings, the gap remains highest in older working ages. Racial and ethnic groups were combined for non-whites (includes Blacks, Hispanic/Latinos and the other group) as the SCF survey weighting by race and ethnic group is lower and less credible when data is segmented by another variable such as age-band.

¹¹ Mean value can be swayed by outlier values

Figure 10—Metric 5 (by Age Band)

MEDIAN HOUSEHOLD RETIREMENT ACCOUNT BALANCE RELATIVE TO ALL HOUSEHOLDS BY AGE BAND FOR THOSE WITH A NON-ZERO BALANCE

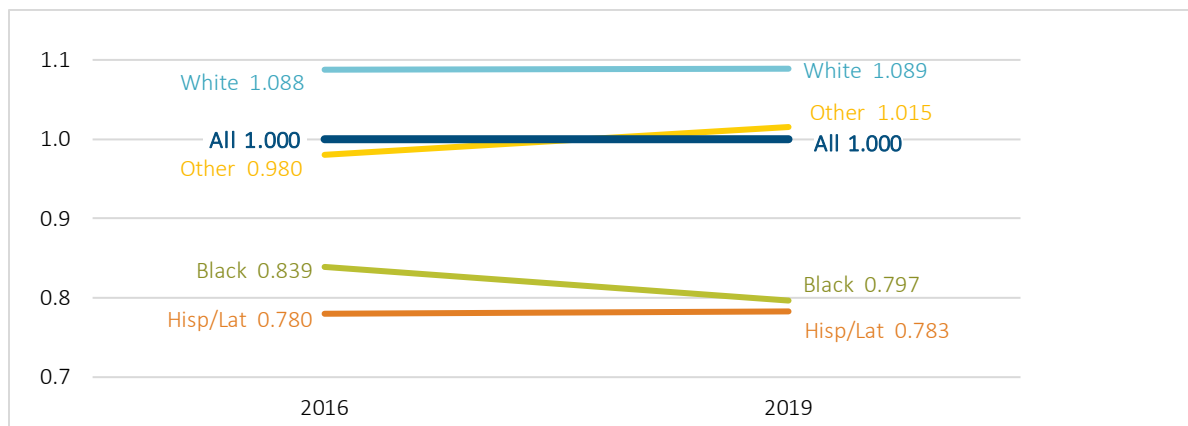


Authors' analysis of SCF using SDA microdata tool.

As demonstrated in the articles we reviewed, under the current U.S. retirement system, a family's or individual's ability to adequately fund a secure retirement depends upon their ability and inclination to save a considerable amount of money during their working years, either through a DC plan or on their own, to invest it wisely, and to keep it invested until needed during retirement. We examined the rates of saving for any reason (Figure 11, Metric 6) and saving strictly for retirement (Figure 12, Metric 7) using SCF data to evaluate potential disparities in savings rates. Our findings show disparities exist across households of different racial and ethnic groups for both metrics. Black/African Americans' and Hispanic/Latinos' overall saving rates in 2019 were 20.3% and 21.7%, respectively lower than average, while whites' overall savings rates were 8.9% greater than average. Black/African Americans' and Hispanic/Latinos' saving rates for retirement were 26.9% and 38.5%, respectively, lower than average, while whites' retirement-dedicated savings rates were 17.6% greater than average.

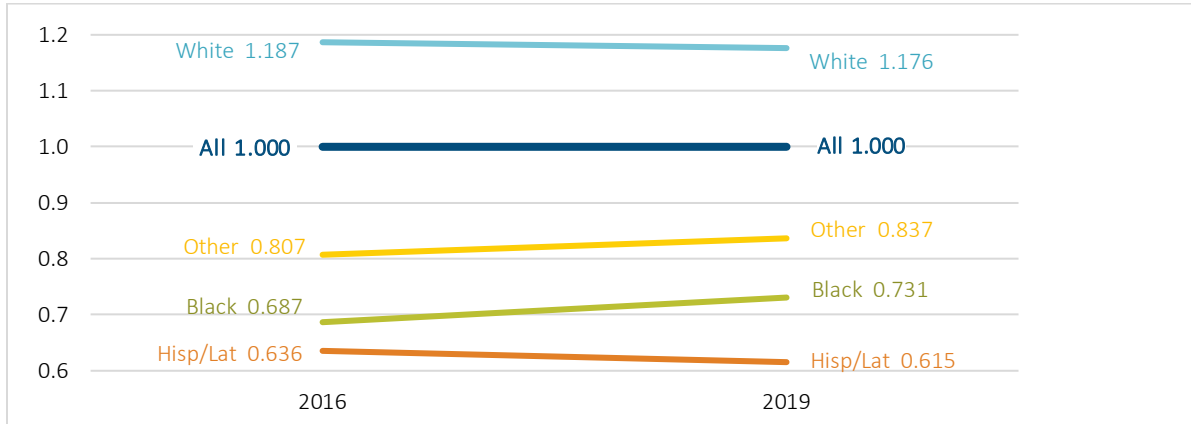
Figure 11—Metric 6

PERCENTAGE OF HOUSEHOLDS (HEAD OF HOUSEHOLD AGES 25-64) RELATIVE TO ALL HOUSEHOLDS WHO SAVED FOR ANY REASON IN PRIOR 12 MONTHS



Authors' analysis of SCF using SDA microdata tool.

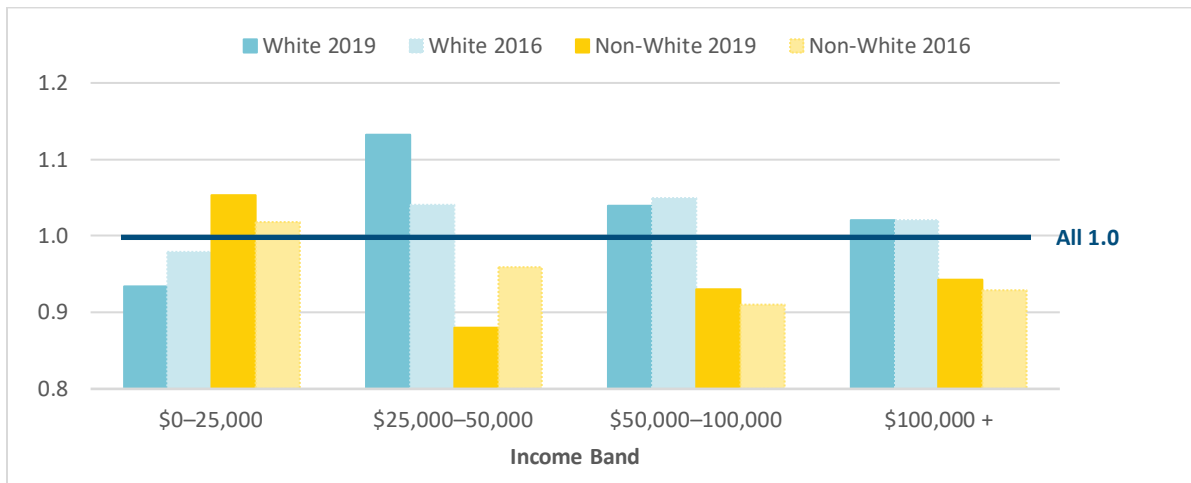
Figure 12—Metric 7
PERCENTAGE OF HOUSEHOLDS (HEAD OF HOUSEHOLD AGES 25–64) RELATIVE TO ALL HOUSEHOLDS WHO SAVED FOR RETIREMENT IN PRIOR 12 MONTHS



Authors’ analysis of SCF using SDA microdata tool.

We previously showed in Figure 6 that as income increases, retirement plan participation rates increase and the disparities across racial and ethnic groups decrease. We dove deeper into the savings rates by income band (Figure 13) to see if a similar trend was present. When looking at the overall savings rates by income band, we see whites have higher saving rates than non-whites at all income bands higher than \$25,000. Looking at retirement only savings (Figure 14), there are disparities across all income bands with significantly larger differences observed than for general savings.

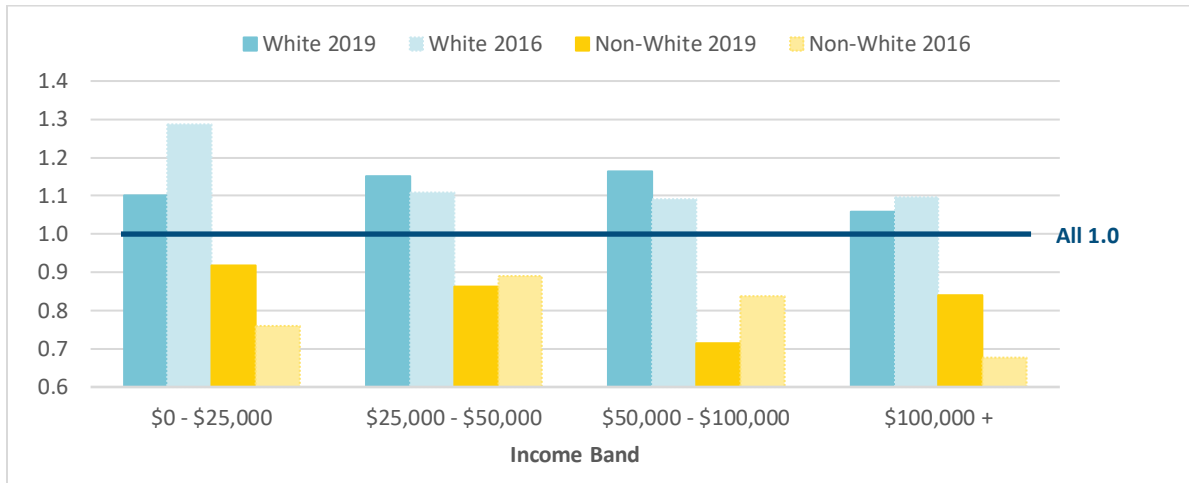
Figure 13—Metric 6 by Income Band
PERCENTAGE OF HOUSEHOLDS (HEAD OF HOUSEHOLD AGES 25–64) RELATIVE TO ALL HOUSEHOLDS BY INCOME BAND WHO SAVED FOR ANY REASON IN PRIOR 12 MONTHS



Authors’ analysis of SCF using SDA microdata tool.

Figure 14—Metric 7 by Income Band

PERCENTAGE OF HOUSEHOLDS (HEAD OF HOUSEHOLD AGES 25-64) RELATIVE TO ALL HOUSEHOLDS BY INCOME BAND WHO SAVED FOR RETIREMENT IN PRIOR 12 MONTHS



Authors' analysis of SCF using SDA microdata tool.

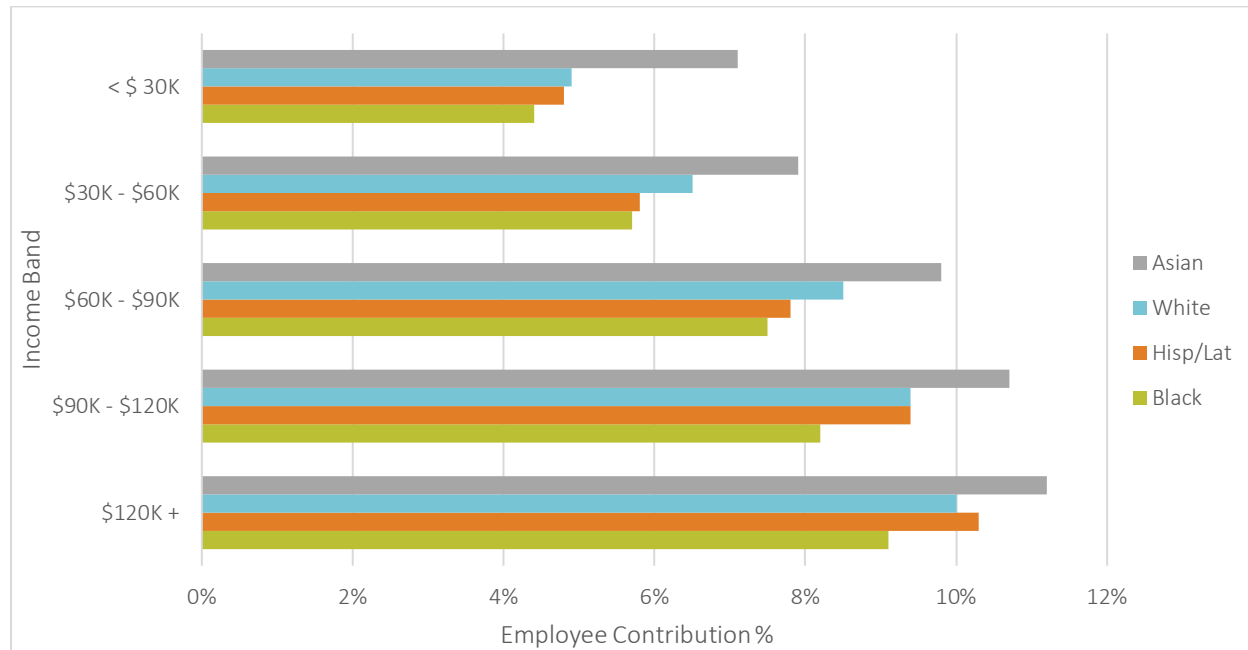
4.2 OTHER OBSERVATIONS REGARDING DISPARITIES IN OWNERSHIP OF RETIREMENT ASSETS AND ACCOUNT BALANCES

In this section, we consider additional observations across several factors regarding disparities by racial and ethnic groups in ownership rates of retirement assets and median retirement balances presented in Section 4.1. While these factors are not directly tied to or explanatory of the ownership rates and balance levels in Section 4.1, they provide additional qualitative considerations regarding disparities.

INCOME GAP AND SAVING BEHAVIORS

There are large differences in average hourly income across racial groups, with Asian/Asian Americans making the most, followed by whites, Black/African Americans and then Hispanic/Latinos. These average differences in income across groups hold true for both males and females and persist at nearly all levels of education (Patten, 2016). Black/African Americans were found to have the lowest employee contribution rates to a DC plan of all races and ethnicities across all income bands, as shown in Figure 15. Hispanic/Latinos had lower rates than whites and Asian/Asian Americans for all income bands less than \$90,000. Asian/Asian Americans consistently had the highest contribution rates across all income levels (Ariel/Aon Hewitt, 2012).

Figure 15
EMPLOYEE CONTRIBUTION RATES BY INCOME BAND FOR DC PLANS



Contribution rates are from the 2012 Ariel/Aon Hewitt Study.

A first thought might be that differences in retirement savings rates across racial and ethnic groups may be the result of differences in income. However, even when controlling for age and income, persistent differences in saving rates across groups exist. The largest disparities were observed among households with the head ages 55–64: 81.1% of non-white households had retirement savings less than their annual income, compared to 63.6% of all households (Rhee, 2013). We did not find further research beyond Rhee’s findings evaluating disparities for race and ethnicity when both age and income were evaluated together—a wider universe of survey participants would be needed in the SCF data to study this further.¹²

Wealth and cultural differences are likely also factors in the disparities by race and ethnicity that exist in ownership of retirement assets and the balances held, but we did not find any research articles that studied these connections.

LEAKAGE

There is a significant difference in levels of wealth across racial and ethnic groups, even after adjusting for income differences. This impacts retirement because lower levels of wealth imply a smaller pool of resources to draw from in times of financial shock (which is one source of cash-out leakage), directing people to sub-optimal financial strategies that can harm their retirement savings.¹³ As an example, research by PEW Charitable Trust found that Black/African Americans were more likely than whites to withdraw or borrow money from their 401(k) accounts in response to an unexpected expense, which they define as a “financial shock” (PEW, 2017). After such a withdrawal (known as a hardship withdrawal) from a DC plan, employees are often barred from contributing to the plan for

¹² Rhee used a wide income band from SCF data: she included households with total earnings >\$5,000 and <\$500,000 and total income <\$1 million. In our review of the SCF data (survey of 5,800 households), we found low levels of population weighting when attempting to analyze differences for age and income together.

¹³ Cash out leakage is a withdrawal of funds from an employer-sponsored retirement plan

upwards of six months. The hardship withdrawal permanently lowers their retirement account balance, and the inability to contribute for several months can further permanently lower their retirement account balance. In addition to withdrawals, Black/African American and Hispanic/Latino employees were more likely than whites or Asian/Asian Americans to have loans outstanding against their 401(k) balances: 49% of Black/African American workers and 40% of Hispanic/Latino workers borrowed from their retirement accounts, as compared to 26% of white workers and 22% of Asian/Asian American workers (Ariel/Aon Hewitt, 2012). A more recent study found that Black/African Americans were more than twice as likely to borrow money from their 401(k) plans during the COVID-19 pandemic than whites, with 12% and 5% doing so, respectively (Schwab-Pomerantz, 2021).

The portability of employer-based DC retirement plans provides options for individuals who change jobs, are laid off or retire early. Retirement funds may remain in the previous employer's plan or be rolled over to a new plan or IRA without incurring tax penalties. However, if retirement funds are withdrawn early, the account owner incurs a significant tax penalty. Cash out leakage after termination from employment is a significant issue in the U.S., as 40% of people terminated from a job cash out their balance prematurely (VanDerhei, 2019). Findings from the 2012 Ariel/Aon Hewitt Study show that there were large differences in the percentages of employees who cash out upon termination by race and ethnicity; 63% of African Americans and 57% of Hispanic/Latinos were found to cash out with a penalty at higher rates than whites and Asian/Asian Americans, 39% and 34%, respectively.

In addition, sudden job losses can pose issues for employees who have loans outstanding against their retirement account, as unpaid loans must be repaid to avoid default. With the finding that Black/African Americans and Hispanic/Latinos are more likely than Asian/Asian Americans and whites to have a loan outstanding, they are also more susceptible to losing a portion of their retirement savings if they have a job change before the loan has been repaid. Among employees with an outstanding loan who leave an organization (either through a layoff or another reason), a large percentage of them will eventually default on the loan. Default rates, shown in Table 4, were higher for Black/African Americans and Hispanic/Latinos than for Asian/Asian Americans (Ariel/Aon Hewitt, 2012).

Table 4
RETIREMENT ACCOUNT LOAN DEFAULT RATES AFTER LEAVING EMPLOYMENT

Racial/Ethnic Group	Retirement Account Loan Default Rate
Black/African American	80%
Hispanic/Latino	76%
Whites	71%
Asian/Asian Americans	67%

Ariel/Aon Hewitt, 2012

In our literature review, we did not find many further studies of cash out leakage or hardship withdrawals conducted beyond 2012. In addition, we did not find available survey data to develop our own metric to track the disparities by race and ethnicity further. With apparent disparities shown in past research, cash out leakage and hardship withdrawals seem well-suited for a potential metric to monitor the disparities over time. More research and available data is required to understand the differences.

DEBT AND OTHER BORROWING

To the extent that debt must be repaid, typically with a minimum monthly payment, debt creates a consistent negative cash flow. While little data is available on the direct effect of consumer or mortgage debt on retirement savings, 73% of student loan borrowers report that they are putting off maximizing their retirement savings, saying they will begin or increase contributions once their loans are paid off (TIAA and MIT AgeLab, 2019). In line with this finding, households with outstanding student debt tend to have significantly less saved for retirement than those without such debt (Elliot et. al, 2013). However, debt is not evenly distributed across groups in the US.

Black/African Americans and Hispanic/Latinos tend to carry higher levels of debt than do Asian/Asian Americans and whites. For example, only 36% of white and 38% of Asian/Asian American respondents reported spending excessively with credit cards, and 54% of Hispanic/Latino and 68% of Black/African Americans respondents reported doing so (Lin et. al, 2019). Moreover, 21% of whites and 22% of Asian/Asian Americans have an outstanding student loan balance versus, 32% of Hispanic/Latinos and 41% of Black/African Americans.

Black/African Americans and Hispanic/Latinos are also more likely to consider debt to be a problem for their household than whites across all levels of income (Copeland, 2021). For those with an income above \$75,000, 62% of Black/African Americans, 58% of Hispanic/Latinos and 37% of whites considered debt a problem. Similarly among middle-income respondents (\$35,000 to \$75,000), 61% of Black/African Americans, 56% of Hispanic/Latinos and 38% of whites either somewhat agreed or strongly agreed that their debt had a negative impact on their ability to save for retirement or live comfortably in retirement. In addition, Hispanic/Latinos in all income groups and Black/African Americans in the lower- and upper-income groups are more likely than whites to agree that paying off a child's education is reducing how much they can save for retirement.

Black/African Americans and Hispanic/Latinos are more likely to resort to pawn shops, payday lending services, rent-to-own stores, auto title loans or tax refund advance services to borrow money (often referred to as non-bank methods of borrowing). A study by Lin and colleagues found that 23% of whites and 24% of Asian/Asian Americans had used a non-bank method for borrowing money in the recent past, while 38% of Hispanic/Latinos and 50% of African Americans had done so (Lin et. al, 2019). Such non-bank methods of borrowing tend to carry higher interest rates than banks. As such, people tend to use them only when they cannot borrow money through a bank, since the cost of borrowing with these methods is higher. Usage of payday lenders was found to significantly increase the rate of bankruptcy by worsening a borrower's cash flow position (Skiba, 2019); however, further research would be required to measure the impacts of payday lending and other non-bank methods of borrowing on an individual's pursuit of financial security in retirement.

FINANCIAL LITERACY

Financial literacy, defined as a measurement of the financial, credit and debt-management knowledge necessary for making responsible financial decisions, is positively correlated with both saving and retirement planning (Mollenkamp et. al 2021). Individuals with higher financial literacy are more likely to plan and save for retirement, have non-retirement savings, be less financially fragile and track their spending (Yakoboski et. al, 2019).

A study by the Financial Industry Regulatory Authority (FINRA) shows that basic financial literacy in the United States is both low and unevenly distributed across racial groups. In their study, researchers asked participants six elementary finance questions to gauge their comprehension of finance and investing. Of the six questions, on average, Asian/Asian Americans and whites answered 3.2 correctly, and Hispanic/Latinos and Black/African Americans answered 2.6 and 2.3 correctly, respectively (Mollenkamp et. al 2021). Another study using the personal financial index or P-Fin, a similar test with 28 questions, found that on average, Black/African Americans and Hispanic/Latinos answered 37% and 41%, respectively, of the questions correctly while whites answered 55% correctly; Asian/Asian Americans were not studied (Yakoboski et. al, 2021). The percentage of questions answered correctly was lower for Black/African American and Hispanic/Latino respondents across all income bands and education levels as compared to whites.

SOCIAL SECURITY

With over 45% of all U.S. households (Metric 6) not owning a retirement account, Social Security will provide the majority if not all income in their retirement. Below, we include the findings of our literature review and highlight further areas for research.

Among the elderly population (ages 60–89), 97% will at some point receive payments from Social Security, based on the current structure of the program (CBPP, 2020). Payments averaged about \$18,000 per person per year in 2020, replacing about 40% of past annual earnings—Social Security Administration data for seniors 65 and older from 2014 shows median annual Social Security benefits were \$18,059 for whites, \$13,512 for Black/African Americans, \$16,752 for Asian/Asian Americans and \$12,059 for Hispanic/Latinos (SSA, 2016a). These benefits represent 100% of income for 32.6% of Black/African Americans, 26.2% of Asian/Asian Americans and 40.0% of Hispanic/Latinos—all higher than whites at 17.8% (SSA, 2016b).

Research to date and our analyses presented in earlier sections focus on the disparities that exist among employer-sponsored and individual retirement plans and exclude Social Security benefits. When including Social Security in the equation, as Hou et al did in a 2020 analysis, the ratio in retirement wealth for Black/African Americans and Hispanic/Latinos compared to whites (Asian/Asian Americans were not studied) are lower than when Social Security is not included across the five Health and Retirement Study (HRS) cohorts studied (Hou et. al, 2020). For example, the Late Boomer cohort had a white-to-Black/African American retirement wealth ratio of 7.3 and a white-to-Hispanic/Latino retirement wealth ratio of 5.1 before considering Social Security and ratios of 2.2 and 2.0, respectively, after considering Social Security. While the ratios are lower when including Social Security, these findings show large disparities for Black/African Americans and Hispanic/Latinos exist even after adjusting for Social Security.

In our review of articles pertaining to retirement and Social Security, we did not encounter research centered on what influence the Social Security program has over an individual's choice to participate in a retirement plan or to save more or less towards retirement. More research is required to understand the influence of the Social Security program on other retirement saving vehicles and if the influence differs across racial and ethnic groups. In addition, considering that non-whites were found to have higher unemployment rates (BLS, 2021b) and lower incomes than whites (Patten, 2016), more research on the Social Security replacement ratios would be needed to further understand the impact, if any, that such disparities have on the Social Security benefits of different racial and ethnic groups.

Section 5: Other Insurance Products in Retirement

In addition to reviewing studies on retirement account offerings (covered in Sections 3 and 4), we explored studies that considered annuities and traditional long-term care insurance products, which are used in retirement. Our literature review did not turn up studies that consider differences in access, usage or value of these products by racial and ethnic group. We recommend that comprehensive research across races/ethnicities be considered in the future for the following:


- The usage of traditional long-term care insurance over time and the reasons for any differences in its usage by different racial and ethnic groups.
- Access, usage and value of annuities in retirement for all racial and ethnic groups.

Section 6: Conclusion

The pursuit of financial security in retirement remains an ongoing concern across all racial and ethnic groups in the U.S. Our literature review and analyses of the SCF and ASEC data show disparities across racial and ethnic groups in retirement plan access, retirement plan participation, ownership of retirement assets, overall savings and saving specifically for retirement. Throughout our report, we laid out seven metrics which, if observed longitudinally, will allow for the discernment of long-term trends in relative access to and participation in retirement plans, along with individual savings and the resulting account balances. Continued collection of data for these seven metrics will enable longitudinal comparisons and will assist in future research.


In the course of our literature review and analyses of SCF and ASEC data, we found areas pertaining to financial security in retirement that lack a comprehensive picture of the disparities by race and ethnicity. We recommend that these topics be considered for future research for each racial and ethnic group

- Evaluation of disparities that exist in achieving financial security in retirement for age and income bands
- The ability of gig workers to access, participate and save towards retirement
- Variations in access and participation rates for firms of all sizes
- Rates of usage for alternative options to employer-sponsored plans, including personal IRAs and more recently offered state sponsored IRAs
- Rates for cash outs and hardship withdrawals—given the high disparities documented in past research, we think this would be a good fit for a future metric
- Impact of the usage of non-banking borrowing methods on the pursuit of financial security in retirement
- Influence of the Social Security program on the rates of participation or saving in an employer-sponsored or an IRA
- Disparities in Social Security replacement ratios
- Changes in utilization of long term care insurance
- Access, usage and value of annuities as a retirement vehicle



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Section 7: Acknowledgments

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Appendix A: Retirement Surveys

In our research, we came across the surveys listed below touching upon retirement and with reporting by racial and ethnic groups. The metrics presented in this paper are based on data from the SCF and ASEC—they were used for the following reasons:

1. These surveys were commonly found in research to date.
2. The survey tools IPUMS/SDA provided an easier path to extract and analyze the data across many variables.
3. These are comprehensive surveys that allow monitoring of trends over time because the metrics are consistent.

We also contemplated using data from the NFCS but were not able to access it within the desired timeline for completing the research.

SURVEY OF CONSUMER FINANCES (SCF)

The SCF is a triennial survey produced by the Federal Reserve Board in cooperation with the US Treasury. NORC at the University of Chicago collects data for the survey by conducting a cross-sectional survey of U.S. families, gathering information on families' balance sheets, pensions, income and demographic characteristics. The survey also includes information from related surveys of pension providers and the earlier surveys conducted by the Federal Reserve Board. No other study for the country collects comparable information. Data collection is based on a random sample of U.S. households (approximately 5,800 for the 2019 survey release) prepared every three years, with 2019 being the most recent report released.

Link: <https://www.federalreserve.gov/econres/scfindex.htm>

ANNUAL SOCIAL AND ECONOMIC SUPPLEMENT (ASEC) TO THE CURRENT POPULATION SURVEY (CPS)

The Current Population Survey (CPS), sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), is the primary source of labor force statistics for the population of the United States. While the CPS survey mainly serves to collect information on employment situation, it also collects information on the demographic status of the population, including age, sex, race, marital status, educational attainment and family structure. The survey occasionally includes additional questions regarding health, education, income and previous work experience. The Annual Social and Economic Supplement (ASEC) is an annual supplement to the CPS that provides data concerning family characteristics, household composition, marital status, education attainment, health insurance coverage, foreign-born population, previous year's income from all sources, work experience, receipt of noncash benefit, poverty, program participation and geographic mobility. The ASEC surveys more than 75,000 U.S. households.

Link: <https://www.census.gov/programs-surveys/cps.html>

NATIONAL FINANCIAL CAPABILITY STUDY (NFCS)

The National Financial Capability Study (NFCS) is a triennial study conducted by the FINRA Investor Education Foundation, in conjunction with the US Department of the Treasury and other Federal agencies. (FINRA is the Financial Industry Regulation Authority). Conducted in 2009, 2012, 2015 and 2018, the NFCS attempts to benchmark indicators of financial capability by issuing questions to approximately 25,000 adults on topics ranging from employment status, financial condition and signs of financial stress to variability of income, student loans, retirement accounts and home ownership. These data allow the NFCS to draw connections between they indicators of financial capability with underlying demographic, behavioral, attitudinal and financial literacy characteristics. The large sample size allows researchers to slice the data in different ways to provide detailed analysis of population

subgroups. National and State figures are weighted to be representative of the national population and state population, respectively, in terms of age, gender, ethnicity, education and Census Division.

Link: <https://www.usfinancialcapability.org/>

HEALTH AND RETIREMENT STUDY (HRS)

The Health and Retirement Study (HRS) is a longitudinal panel study by the University of Michigan that tracks individuals and their spouses through retirement. The current study is a merger of an original HRS study that was designed to follow age-eligible individuals and their spouses as they transition from active worker to retiree, and the “AHEAD” study that was designed to disentangle the interactions between family, health and economic variable in retired families near the end of life. As such, the current study includes data collected in 1992, 1994 and 1996 for the original HRS study, as well as data collected in 1993 and 1995 for the “AHEAD” study. Both studies gathered detailed information relating to demographics, health status, housing, family structure, employment of respondent, work history and current employment, disability, retirement plans, net worth, income and health and life insurance. Newer additions include job and pension characteristics, the flexibility of hours worked, job changes, health conditions/status, as well as family structure/mobility and economic status. Because the study is cohort designed, the University of Michigan draws on new cohorts every six years, starting at ages 51–56.

Link: <https://hrs.isr.umich.edu/about>

RETIREMENT CONFIDENCE SURVEY (RCS)

The Retirement Confidence Survey (RCS) is an annual survey conducted since 1996 by the Employee Benefit Research Institute (EBRI) and in recent survey releases by the independent research firm Greenwald & Associates. The survey is sponsored by an array of corporations. The survey assesses the views of working-age and retired people on their preparations for retirement and their confidence in those preparations.

Link: <https://www.ebri.org/retirement/retirement-confidence-survey>

SURVEY OF INCOME AND PROGRAM PARTICIPATION (SIPP)

The Survey of Income and Program Participation (SIPP) is a household survey since 1983 designed as a continuous series of national panels, with multiple interviews taking place over a four-year period. SIPP provides data on a variety of topics measuring change for economic well-being, family dynamics, education, assets, health insurance, childcare and food security.

Link: <https://www.census.gov/programs-surveys/sipp.html>

PANEL STUDY OF INCOME DYNAMICS (PSID)

The Panel Study of Income Dynamics (PSID) beginning in 1968 is the longest running longitudinal household survey in the world. The survey collects information from over 18,000 individuals (5,000 families) covering topics on employment, income, wealth, expenditures, health, marriage, childbearing, child development, philanthropy and education.

Link: <https://psidonline.isr.umich.edu/>

Appendix B: Median Age and Income

MEDIAN AGE FOR EMPLOYEES (PRIVATE, GOVERNMENT, SELF-EMPLOYED) AGES 25–64—ASEC

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	42	42	42	42	41	42
Black/African American	42	42	41	42	41	41
Hispanic/Latino	40	40	40	40	40	40
White	45	45	45	44	44	44
Other	39	38	39	39	38	38
All	44	43	43	43	43	43

Authors' analysis of CPS ASEC using IPUMS microdata tool.

MEDIAN AGE FOR HEAD OF HOUSEHOLD AGES 25–64—SCF

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	45	44
Hispanic/Latino	43	43
White	48	47
Other	44	42
All	46	45

Authors' analysis of SCF using SDA microdata tool.

MEDIAN AGE FOR HEAD OF HOUSEHOLD AGES 25–64 WITH A NON-ZERO RETIREMENT ACCOUNT BALANCE—SCF

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	45	45
Hispanic/Latino	44	43
White	48	47
Other	44	44
All	47	46

Authors' analysis of SCF using SDA microdata tool. NR stands for not reported.

MEDIAN INCOME FOR EMPLOYEES (PRIVATE, GOVERNMENT, SELF-EMPLOYED) AGES 25–64—ASEC

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	\$48.6	\$50.0	\$52.0	\$57.0	\$60.0	\$61.6
Black/African American	\$34.0	\$35.0	\$35.2	\$37.0	\$40.0	\$40.2
Hispanic/Latino	\$30.0	\$30.0	\$32.0	\$33.4	\$35.1	\$36.0
White	\$47.1	\$49.0	\$50.0	\$52.0	\$55.3	\$56.3
Other	\$35.9	\$38.0	\$39.0	\$40.0	\$43.2	\$45.1
All	\$41.9	\$43.2	\$45.0	\$47.1	\$50.0	\$50.3

Authors' analysis of CPS ASEC using IPUMS microdata tool. Median values are nominal and reported in thousands of dollars.

MEDIAN INCOME FOR HEAD OF HOUSEHOLD AGES 25–64—SCF

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	\$37.5	\$45.8
Hispanic/Latino	\$40.5	\$43.8
White	\$71.9	\$81.4
Other	\$56.7	\$66.2
All	\$60.8	\$67.2

Authors' analysis of SCF using SDA microdata tool. Median values are nominal and reported in thousands of dollars. NR stands for not reported.

**MEDIAN INCOME FOR HEAD OF HOUSEHOLD AGES 25–64 WITH A NON-ZERO RETIREMENT ACCOUNT BALANCE—
SCF**

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	\$64.8	\$69.2
Hispanic/Latino	\$71.9	\$79.4
White	\$94.2	\$103.8
Other	\$85.1	\$103.8
All	\$87.1	\$98.8

Authors' analysis of SCF using SDA microdata tool. Median values are nominal and reported in thousands of dollars. NR stands for not reported.

Appendix C: Supporting Metrics for Access and Participation

METRIC 1—PERCENTAGE OF PRIVATE AND PUBLIC SECTOR EMPLOYEES AGES 25–64 WITH ACCESS TO AN EMPLOYER-SPONSORED RETIREMENT PLAN

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	46.4%	45.2%	44.2%	44.5%	43.8%	44.5%
Black/African American	49.2%	45.1%	46.2%	46.2%	46.3%	44.3%
Hispanic/Latino	35.8%	34.4%	35.2%	34.8%	36.5%	35.2%
White	53.3%	50.9%	51.7%	49.9%	49.4%	49.3%
Other	49.7%	46.4%	49.8%	45.9%	47.9%	47.7%
All	49.8%	47.3%	48.0%	46.7%	46.6%	46.1%

Authors' analysis of CPS ASEC using IPUMS microdata tool. Metric 1A–1D below show access rates by employer type.

METRIC 1A—PRIVATE COMPANIES

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	43.6%	42.3%	41.5%	41.9%	41.5%	41.5%
Black/African American	44.6%	40.6%	41.5%	42.1%	41.9%	39.6%
Hispanic/Latino	31.8%	30.2%	31.3%	30.9%	32.2%	31.4%
White	48.6%	45.8%	47.0%	45.2%	44.9%	44.4%
Other	43.7%	42.4%	45.9%	41.7%	43.5%	42.9%
All	45.1%	42.5%	43.4%	42.2%	42.2%	41.5%

METRIC 1B—GOVERNMENT JOBS

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	66.5%	65.8%	65.4%	65.6%	60.7%	66.9%
Black/African American	68.3%	63.2%	65.9%	62.9%	64.4%	62.0%
Hispanic/Latino	67.8%	65.4%	64.1%	65.1%	66.2%	64.2%
White	75.7%	75.6%	74.5%	72.9%	71.2%	72.0%
Other	68.5%	62.9%	64.4%	62.0%	65.3%	66.6%
All	73.2%	71.9%	71.4%	69.9%	68.9%	69.2%

METRIC 1C—SELF-EMPLOYED

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	13.1%	10.4%	10.8%	13.9%	18.0%	13.6%
Black/African American	11.4%	11.0%	10.2%	11.8%	13.1%	11.7%
Hispanic/Latino	5.5%	5.9%	7.2%	6.7%	5.5%	7.3%
White	13.6%	13.3%	13.7%	15.2%	15.2%	13.8%
Other	11.5%	12.8%	7.7%	16.5%	11.5%	8.3%
All	12.5%	12.0%	12.3%	13.8%	13.9%	12.6%

METRIC 1D—ALL EMPLOYER TYPES (PRIVATE, GOVERNMENT, SELF EMPLOYED)

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	43.1%	41.7%	41.1%	41.7%	41.4%	42.0%
Black/African American	47.1%	43.0%	44.2%	44.2%	44.4%	42.2%
Hispanic/Latino	33.3%	32.0%	32.8%	32.4%	34.0%	32.7%
White	48.8%	46.9%	47.6%	46.2%	45.7%	45.4%
Other	46.7%	43.4%	46.2%	43.3%	44.8%	44.3%
All	46.0%	43.9%	44.5%	43.5%	43.4%	42.8%

METRIC 2—PERCENTAGE OF PRIVATE AND PUBLIC SECTOR EMPLOYEES AGES 25–64 PARTICIPATING IN AN EMPLOYER-SPONSORED RETIREMENT PLAN

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	38.0%	37.2%	37.0%	36.4%	36.6%	37.8%
Black/African American	37.5%	35.6%	36.5%	35.9%	37.1%	35.8%
Hispanic/Latino	27.5%	26.9%	27.4%	27.2%	29.3%	27.8%
White	44.7%	42.9%	43.9%	42.6%	42.6%	42.4%
Other	38.7%	35.3%	40.3%	36.9%	37.7%	37.2%
All	40.8%	39.1%	39.9%	38.8%	39.3%	38.9%

Authors' analysis of CPS ASEC using IPUMS microdata tool. Metric 2A–2D below show participation rates by employer type.

METRIC 2A—PRIVATE EMPLOYERS

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	35.6%	34.4%	34.4%	33.7%	34.5%	35.0%
Black/African American	32.3%	30.7%	31.6%	31.5%	32.3%	30.5%
Hispanic/Latino	23.7%	22.7%	23.6%	23.4%	25.1%	23.9%
White	39.6%	37.6%	38.9%	37.7%	37.9%	37.4%
Other	32.4%	31.7%	36.0%	32.0%	32.6%	32.5%
All	35.9%	34.2%	35.2%	34.2%	34.8%	34.1%

METRIC 2B—GOVERNMENT EMPLOYERS

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	55.5%	57.4%	57.7%	57.5%	52.0%	58.8%
Black/African American	58.8%	55.0%	56.8%	53.9%	57.3%	55.6%
Hispanic/Latino	58.4%	57.6%	55.8%	57.5%	58.4%	57.0%
White	68.7%	68.4%	67.8%	66.1%	65.3%	66.0%
Other	58.6%	50.4%	56.9%	55.8%	57.5%	55.4%
All	65.4%	64.3%	64.1%	62.6%	62.4%	62.7%

METRIC 2C—SELF-EMPLOYED

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	11.6%	8.4%	9.6%	11.9%	16.0%	11.9%
Black/African American	8.9%	8.8%	8.9%	8.6%	8.9%	6.0%
Hispanic/Latino	4.7%	4.5%	5.1%	5.0%	3.5%	5.3%
White	12.1%	11.4%	11.6%	12.9%	13.5%	11.6%
Other	10.5%	7.0%	5.7%	16.5%	9.3%	4.7%
All	11.0%	10.1%	10.3%	11.5%	12.0%	10.1%

METRIC 2D—ALL EMPLOYER TYPES (PRIVATE, GOVERNMENT, SELF EMPLOYED)

Race and Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	35.5%	34.3%	34.4%	34.1%	34.7%	35.7%
Black/African American	35.9%	34.0%	34.9%	34.3%	35.5%	33.8%
Hispanic/Latino	25.6%	25.0%	25.5%	25.3%	27.2%	25.7%
White	41.0%	39.5%	40.4%	39.4%	39.5%	39.0%
Other	36.5%	32.7%	37.4%	35.1%	35.2%	34.4%
All	37.8%	36.3%	37.1%	36.2%	36.7%	36.0%

METRIC 3—TAKE-UP RATE FOR PRIVATE AND PUBLIC SECTOR EMPLOYEES AGES 25–64

Race/Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	81.9%	82.3%	83.7%	81.8%	83.6%	84.9%
Black/African American	76.2%	78.9%	79.0%	77.7%	80.1%	80.8%
Hispanic/Latino	76.8%	78.2%	77.8%	78.2%	80.3%	79.0%
White	83.9%	84.3%	84.9%	85.4%	86.2%	86.0%
Other	77.9%	76.1%	80.9%	80.4%	78.7%	78.0%
All	81.9%	82.7%	83.1%	83.1%	84.3%	84.4%

The take-up rate is the participation rate (Metric 2) divided by the access rate (Metric 1). Metric 3A–3D below show take-up rates by employer type.

METRIC 3A—PRIVATE EMPLOYERS

Race/Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	81.7%	81.3%	82.9%	80.4%	83.1%	84.3%
Black/African American	72.4%	75.6%	76.1%	74.8%	77.1%	77.0%
Hispanic/Latino	74.5%	75.2%	75.4%	75.7%	78.0%	76.1%
White	81.5%	82.1%	82.8%	83.4%	84.4%	84.2%
Other	74.1%	74.8%	78.4%	76.7%	74.9%	75.8%
All	79.6%	80.5%	81.1%	81.0%	82.5%	82.2%

METRIC 3B—GOVERNMENT EMPLOYERS

Race/Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	83.5%	87.2%	88.2%	87.7%	85.7%	87.9%
Black/African American	86.1%	87.0%	86.2%	85.7%	89.0%	89.7%
Hispanic/Latino	86.1%	88.1%	87.1%	88.3%	88.2%	88.8%
White	90.8%	90.5%	91.0%	90.7%	91.7%	91.7%
Other	85.5%	80.1%	88.4%	90.0%	88.1%	83.2%
All	89.3%	89.4%	89.8%	89.6%	90.6%	90.6%

METRIC 3C—SELF-EMPLOYED

Race/Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	88.5%	80.8%	88.9%	85.6%	88.9%	87.5%
Black/African American	78.1%	80.0%	87.3%	72.9%	67.9%	51.3%
Hispanic/Latino	85.5%	76.3%	70.8%	74.6%	63.6%	72.6%
White	89.0%	85.7%	84.7%	84.9%	88.8%	84.1%
Other	91.3%	54.7%	74.0%	100.0%	80.9%	56.6%
All	88.0%	84.2%	83.7%	83.3%	86.3%	80.2%

METRIC 3D—ALL EMPLOYER TYPES (PRIVATE, GOVERNMENT, SELF EMPLOYED)

Race/Ethnicity	2016	2017	2018	2019	2020	2021
Asian/Asian American	82.4%	82.3%	83.7%	81.8%	83.8%	85.0%
Black/African American	76.2%	79.1%	79.0%	77.6%	80.0%	80.1%
Hispanic/Latino	76.9%	78.1%	77.7%	78.1%	80.0%	78.6%
White	84.0%	84.2%	84.9%	85.3%	86.4%	85.9%
Other	78.2%	75.3%	81.0%	81.1%	78.6%	77.7%
All	82.2%	82.7%	83.4%	83.2%	84.6%	84.1%

Appendix D: Supporting Metrics for Account Ownership, Balances and Savings

METRIC 4—PERCENTAGE OF HOUSEHOLDS (HEAD OF HOUSEHOLD AGE 25–64) WITH ANY RETIREMENT ASSETS

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	37.6%	40.7%
Hispanic/Latino	32.7%	28.3%
White	66.6%	63.4%
Other	52.1%	55.7%
All	56.4%	54.9%

Authors' analysis of SCF using SDA microdata tool. Ownership of retirement assets are based on the entire family unit. Age bands are based on the head of household. NR stands for not reported. Metrics 4A–4D below show percentages by the age-band for the head of household.

METRIC 5—MEDIAN HOUSEHOLD (HEAD OF HOUSEHOLD AGE 25–34) RETIREMENT BALANCE FOR THOSE WITH A NON-ZERO BALANCE

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	\$23.5	\$32.0
Hispanic/Latino	\$23.0	\$32.0
White	\$67.0	\$70.0
Other	\$42.0	\$49.0
All	\$51.0	\$58.0

Authors' analysis of SCF using SDA microdata tool. Median values are nominal and reported in thousands of dollars. NR stands for not reported. Metrics 5A–5D below show median balance by the age-band for the head of household.

METRIC 5A—HEAD OF HOUSEHOLD AGES 25–34

Race and Ethnicity	2016	2019
White	\$16.1	\$16.5
Non-White	\$10.0	\$13.0
All	\$14.0	\$14.0

METRIC 5B—HEAD OF HOUSEHOLD AGES 35–44

Race and Ethnicity	2016	2019
White	\$50.0	\$66.4
Non-White	\$25.0	\$45.0
All	\$37.0	\$60.0

METRIC 5C—HEAD OF HOUSEHOLD AGES 45–54

Race and Ethnicity	2016	2019
White	\$100.0	\$112.0
Non-White	\$50.0	\$62.0
All	\$82.0	\$100.0

METRIC 5D—HEAD OF HOUSEHOLD AGES 55–64

Race and Ethnicity	2016	2019
White	\$150.0	\$156.0
Non-White	\$63.0	\$85.0
All	\$120.0	\$134.0

METRIC 6—PERCENTAGE OF HOUSEHOLDS WHO SAVED FOR ANY REASON IN PRIOR 12 MONTHS

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	46.9%	46.6%
Hispanic/Latino	43.6%	45.8%
White	60.8%	63.7%
Other	54.8%	59.4%
All	55.9%	58.5%

Authors' analysis of SCF using SDA microdata tool. NR stands for not reported. Metrics 6A–6D below show the percentage of households by the income-band for the total household income. The non-white group includes Blacks, Hispanic/Latinos and the other group.

METRIC 6A—HOUSEHOLD INCOME \$0 TO \$25,000

Race and Ethnicity	2016	2019
White	28.5%	31.6%
Non-White	29.7%	35.6%
All	29.1%	33.8%

METRIC 6B—HOUSEHOLD INCOME \$25,000 TO \$50,000

Race and Ethnicity	2016	2019
White	48.6%	49.1%
Non-White	44.7%	38.2%
All	46.7%	43.4%

METRIC 6C—HOUSEHOLD INCOME \$50,000 TO \$100,000

Race and Ethnicity	2016	2019
White	65.4%	63.8%
Non-White	56.7%	57.1%
All	62.3%	61.3%

METRIC 6D—HOUSEHOLD INCOME \$50,000 TO \$100,000

Race and Ethnicity	2016	2019
White	76.4%	79.2%
Non-White	69.5%	73.2%
All	74.8%	77.7%

METRIC 7—PERCENTAGE OF HOUSEHOLDS WHO SAVED FOR RETIREMENT IN PRIOR 12 MONTHS

Race and Ethnicity	2016	2019
Asian/Asian American	NR	NR
Black/African American	22.8%	22.8%
Hispanic/Latino	21.1%	19.2%
White	39.4%	36.7%
Other	26.8%	26.1%
All	33.2%	31.2%

Authors' analysis of SCF using SDA microdata tool. NR stands for not reported. Metrics 7A–7D below show the percentage of households by the income-band for the total household income. The non-white group includes Blacks, Hispanic/Latinos and the other group.

METRIC 7A—HOUSEHOLD INCOME \$0 TO \$25,000

Race and Ethnicity	2016	2019
White	24.7%	17.4%
Non-White	14.6%	14.6%
All	19.2%	15.8%

METRIC 7B—HOUSEHOLD INCOME \$25,000 TO \$50,000

Race and Ethnicity	2016	2019
White	26.2%	23.7%
Non-White	21.0%	17.7%
All	23.6%	20.6%

METRIC 7C—HOUSEHOLD INCOME \$50,000 TO \$100,000

Race and Ethnicity	2016	2019
White	36.8%	36.3%
Non-White	28.3%	22.3%
All	33.8%	31.2%

METRIC 7D—HOUSEHOLD INCOME \$50,000 TO \$100,000

Race and Ethnicity	2016	2019
White	55.1%	48.3%
Non-White	34.0%	38.4%
All	50.3%	45.7%

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