



## RETIREMENT SAVINGS BEHAVIOR AND EXPECTATIONS OF AFRICAN AMERICANS: 1998 AND 2009

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**C**onfidence about having enough money to live comfortably throughout retirement typically reflects the state of one's current savings behavior, known savings vehicles and expected major sources of retirement income. African Americans and whites have differing assessments of their own retirement security, and their differing views suggest that the recent economic downturn may have constrained African Americans' ability to save for retirement to a greater degree than it has for whites.

These findings come from a survey of 850 African Americans and 850 members of the general U.S. population (including 721 white Americans) that was conducted for the Joint Center for Political and Economic Studies by Research America. The *Joint Center for Political and Economic Studies National Opinion Poll about Social Security, Retirement Savings and the Economic Downturn*, which was conducted between May 21 and June 9, 2009, highlights the many differences between African Americans and whites in retirement savings behavior and expectations.

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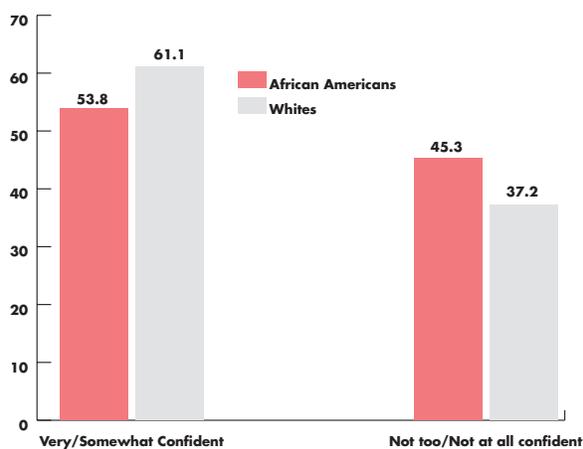
African Americans view their prospects for financial security during retirement less favorably than do white Americans. [Figure 1]

- African Americans (45 percent) are more likely than whites (37 percent) to say they are not too confident or not at all confident that they will have enough money to live comfortably throughout retirement (2009).
- Although more than half (almost 54 percent) of African Americans are very or somewhat confident that they will have enough money to live comfortably throughout retirement, they were less likely than white Americans (61 percent) to have this level of confidence (2009).

Assessments by African Americans and whites of their current retirement savings behavior support the differing degrees of confidence held by the groups in their financial security during retirement. [Figure 2]

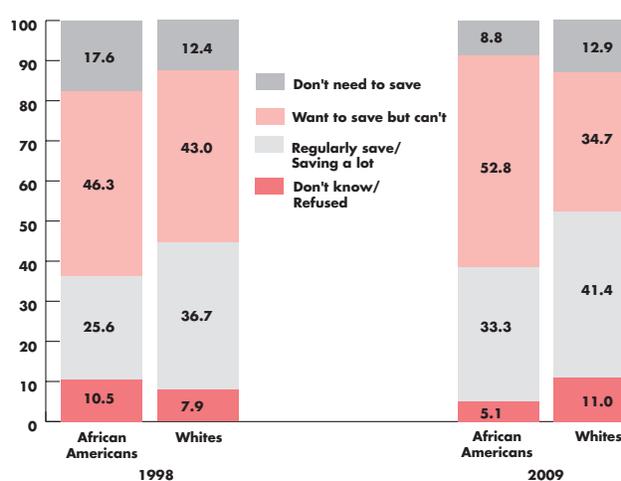
- Although the proportions of both African Americans and whites who reported “regularly saving” or “saving a lot” were larger in 2009 than in 1998\*, in both years African Americans were less likely than whites to characterize their saving behavior this way. In 1998, about a fourth of African Americans (26 percent) reported that they regularly saved or saved a lot, compared to more than a third (37 percent) of whites. In 2009, a third of African Americans (33.3 percent)—but two-fifths of whites (41 percent)—characterized their saving this way.
- In 1998, African Americans (46 percent) were more likely than whites (43 percent) to report that they “want to save but can’t.” In 2009, the share of African Americans who reported that they want to save but can’t had increased to more than half (nearly 53 percent), while the share of whites reporting the same

**Figure 1**  
Confidence in Having Enough Money to Live Comfortably Throughout Retirement, African Americans and Whites, May/June 2009 (Percent)



2009 Joint Center Poll

**Figure 2**  
Current Retirement Savings Situation, African Americans and Whites, 1998 and 2009 (Percent)



1998 and 2009 Joint Center Polls

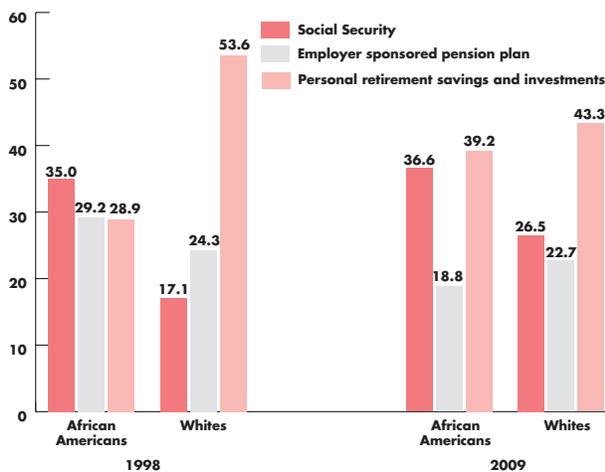
\* Data are from the 1998 *Joint Center for Political and Economic Studies National Opinion Poll: Social Security*, conducted between September 5 and 27 that year.

(almost 35 percent) had fallen to about a third. This recent racial divergence may reflect differing impacts of the economic downturn by race.

Expectations for the major source of retirement income among African Americans and whites also differ in ways consistent with the degree of confidence in being financially secure during retirement reported by the two groups.

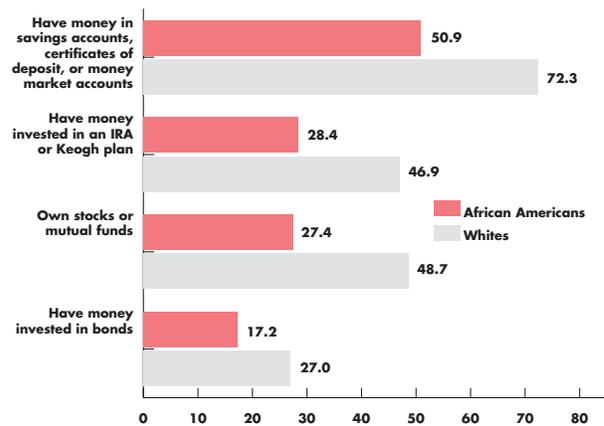
- African Americans were more likely than whites to expect that Social Security will be their major source of retirement income, in both 1998 and 2009. The proportion of African Americans (35 percent) with this expectation was more than double that of whites (17 percent) in 1998. Although both whites and African Americans were more likely to report this expectation in 2009 than in 1998, in 2009, African Americans (37 percent) remained more likely than whites (27 percent) to expect that Social Security would be their major source of retirement income. [Figure 3]
- In 1998, African Americans (29 percent) were more likely than whites (24 percent) to expect an employer-sponsored pension to be their major source of retirement income. In 2009, however, African Americans (19 percent) were less likely than whites (23 percent) to have this expectation. [Figure 3]
- Although African Americans (61 percent) and whites (58 percent) were comparably likely to report that their employers offered a retirement savings plan and to report that they participated in these plans (74 percent of African Americans and 77 percent of whites), African Americans were more likely to report that they could not afford to participate in these employer-sponsored plans (2009). Nearly one in every four African Americans (23 percent) reported this, compared to one in every six whites (17 percent).

**Figure 3**  
Expected Major Source of Retirement Income,  
African Americans and Whites, 1998 and 2009  
(Percent)



1998 and 2009 Joint Center Polls

**Figure 4**  
Ownership of Selected Assets, African  
Americans and Whites,  
May/June 2009  
(Percent)



2009 Joint Center Poll

- In both 1998 and 2009, African Americans were less likely than whites to expect personal savings and investment to be their major source of retirement income, though this gap narrowed markedly during the period. In 1998, 29 percent of African Americans held this expectation as did more than half of whites (54 percent). In 2009, however, nearly two of every five African Americans (39 percent) held this expectation, as did more than two of every five whites (43 percent). [Figure 3]

The extent of saving or investment by African Americans and whites in selected retirement savings instruments also is consistent with reported differences in confidence between the two groups that they will have enough money to live comfortably during their retirement years. [Figure 4]

- About half of African Americans (51 percent), but close to three-fourths of whites (72 percent), report having money in savings accounts, certificates of deposit, or money market accounts (2009).
- More than a fourth (28 percent) of African Americans but nearly half of whites (47 percent) report having money invested in an Individual Retirement Account (IRA) or Keogh plan (2009).
- More than a fourth of African Americans (27 percent), but nearly half of whites (49 percent) reported owning stocks or mutual fund shares (2009).
- One of every six African Americans (17 percent), but more than one of every four whites (27 percent) reported owning bonds (2009).

This is one of three briefs created from the findings of the 2009 *Joint Center for Political and Economic Studies National Opinion Poll about Social Security, Retirement Savings and the Economic Downturn*. The other two briefs are entitled: “African American Perspectives on the Social Security System: 1998 and 2009” and “The 2008-2009 Economic Downturn: Perspectives of African Americans.” All the briefs may be downloaded from the website of the Joint Center for Political and Economic Studies ([www.jointcenter.org](http://www.jointcenter.org)).  
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