African Americans and white Americans differ in the type and magnitude of their asset holdings. Perhaps as a result of these differences, the two groups also have differing perspectives on and responses to the 2008-2009 economic downturn. Similarities of perspective exist between the groups as well. For example, both African Americans and whites report similar levels of confidence in the nation’s financial institutions and sector.

These findings are 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 between May 21 and June 9, 2009. The Joint Center for Political and Economic Studies National Opinion Poll about Social Security, Retirement Savings and the Economic Downturn found many striking differences between African Americans and whites on these topics.

Wilhelmina A. Leigh, Ph.D., is a Senior Research Associate and Anna L. Wheatley is a Research Assistant at the Joint Center for Political and Economic Studies.
SAVING AND EXPECTATIONS FOR RETIREMENT

When compared to whites, African Americans are less likely to be able to save and less confident that they will live comfortably during their retirement years. The distribution of savings and investments by type and race support this lack of confidence among African Americans.

- African Americans were more likely than whites to say that they “want to save but can’t.” More than half (53 percent) of African Americans but a third (35 percent) of whites reported the inability to save in 2009.

- While more than half of African Americans (54 percent) were very or somewhat confident that they will have enough money to live comfortably throughout retirement, whites (61 percent) were more likely to report the same in 2009.

- African Americans were much less likely than whites in 2009 to have money invested as follows [Figure 1]:
  ... in savings accounts, certificates of deposit, or money market accounts: 51 percent of African Americans versus 72 percent of whites
  ... in Individual Retirement Accounts (IRAs) or Keogh plans: 28 percent of African Americans versus 47 percent of whites

---

**Figure 1**
Ownership of Selected Assets, African Americans and Whites, May/June 2009 (Percent)

- Have money in savings accounts, certificates of deposit, or money market accounts: 50.9% African Americans, 72.3% Whites
- Have money invested in an IRA or Keogh plan: 28.4% African Americans, 46.9% Whites
- Own stocks or mutual funds: 27.4% African Americans, 48.7% Whites
- Have money invested in bonds: 17.2% African Americans, 27.0% Whites

2009 Joint Center Poll
... in stocks or mutual fund shares: 27 percent of African Americans versus 49 percent of whites

... in bonds: 17 percent of African Americans versus 27 percent of whites

The amounts saved for retirement by race reflect the patterns of saving and investing noted above. Expectations for the major source of retirement income also support these patterns of saving and investment.

- A majority of African American workers (70 percent) but less than half of all workers (48 percent) in 2007 reported having saved less than $25,000 for retirement. Out of all workers, one in every seven (14 percent)—but only one of every 25 African American workers (four percent)—reported having saved $250,000 or more for retirement.¹

---

• African Americans (39 percent) are less likely than whites (43 percent) to report personal retirement savings and investment as their expected major source of retirement income (2009). In 1998, the racial gap in this expectation (29 percent of African Americans versus 54 percent of whites) was even larger than in 2009. [Figure 2]

ASSESSMENT OF ECONOMIC DOWNTURN AND INSTITUTIONS

African Americans were more optimistic about the 2009 economy than were whites. African Americans were more likely to think that the economy was getting better and less likely to think it was getting worse. In addition, among those who thought the economy was worsening, African Americans were more likely than whites to think the economy would get better within a year.

• More than a third of African Americans (35 percent) and more than a fourth of whites (27 percent) thought that when compared to recent months, the U.S. economy was improving. [Figure 3]

---

Figure 3
Views on the Economy (Compared to Recent Months), African Americans and Whites, May/June 2009
(Percent)

<table>
<thead>
<tr>
<th></th>
<th>Getting Better</th>
<th>Getting Worse</th>
<th>Is the same</th>
<th>Don’t know/Refused</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Americans</td>
<td>34.7</td>
<td>23.1</td>
<td>40.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Whites</td>
<td>26.9</td>
<td>35.5</td>
<td>34.4</td>
<td>3.2</td>
</tr>
</tbody>
</table>

2009 Joint Center Poll

• Conversely, nearly a fourth (23 percent) of African Americans thought the economy worsened during this period, while more than a third of whites (36 percent) shared this view. [Figure 3]

• Among survey respondents who believed the economy had worsened when compared to recent months, African Americans (42 percent) were nearly twice as likely as whites (22 percent) to think the economy would improve within the next year. [Figure 4]

• Among interviewees who believed the economy had worsened when compared to recent months, more than two of every three whites (69 percent) believed that the economy would not improve for the foreseeable future. This contrasts with two of every five African Americans (41 percent) who shared this view. [Figure 4]

African Americans and whites differed in the extent to which they expressed changes in confidence in various financial institutions between June 2008 and May 2009. Large national banks and investment firms were the financial institutions in which both African Americans and whites were most likely to report that they had lost confidence. Credit unions were the financial institutions in which both African Americans and whites were most likely to report that their confidence had not changed during this period.

---

**Figure 4**

*Views on When the Economy Will Improve (Among Those Who Believe Economy is Getting Worse), African Americans and Whites, May/June 2009 (Percent)*

<table>
<thead>
<tr>
<th></th>
<th>Next Few Months</th>
<th>Within the next year</th>
<th>Won’t for the foreseeable future</th>
<th>Don’t know/Refused</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>African Americans</strong></td>
<td>4.1%</td>
<td>41.8%</td>
<td>41.3%</td>
<td>12.8%</td>
</tr>
<tr>
<td><strong>Whites</strong></td>
<td>3.5%</td>
<td>21.9%</td>
<td>69.1%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

2009 Joint Center Poll
• More than two of every three whites (68 percent) and almost half of African Americans (49 percent) expressed a loss of confidence in large national banks between June 2008 and May 2009. [Figure 5]

• African Americans (more than a third—35 percent) were, however, more likely than whites (about a fourth—26 percent) to report decreased confidence in local banks. [Figure 5]

• More than half of both African Americans (53 percent) and whites (56 percent) reported that their confidence in credit unions had not changed during the recent economic downturn.

Both African Americans and whites reported a loss of confidence in the Federal Reserve System during the economic downturn, although the proportions differed by race. The two groups were equally likely to report decreased confidence in the Federal Deposit Insurance Corporation (FDIC).

• Nearly one of every three African Americans (31 percent) but more than two of every five whites (42 percent) reported a loss of confidence in the Federal Reserve System between June 2008 and May 2009. [Figure 5]

• African Americans (28 percent) and whites (26 percent) were equally likely to report decreased confidence in the FDIC during this same period. [Figure 5]
Both African Americans and whites reported losing money in mutual funds, individual stocks, investment accounts such as 401(k) plans, and IRAs between June 2008 and May 2009. African Americans were less likely, however, than whites to report such losses and to report decreased confidence in investment firms and systems. In response to the financial turmoil during this period, however, African Americans were considerably more likely than whites to make premature withdrawals from their retirement accounts.

- Three of every five African Americans (60 percent) but three of every four whites (75 percent) reported losing money in mutual funds, individual stocks, investment accounts such as 401(k) plans and IRAs.
- African Americans (50 percent) were less likely than white Americans (63 percent) to report decreased confidence in investment firms and systems. [Figure 5]
- African Americans (24 percent) were nearly twice as likely as whites (13 percent) to have prematurely withdrawn funds from their retirement accounts (e.g., 401(k) plans, 403(b) plans, IRAs). [Figure 6]

Although African Americans were more likely than whites to have prematurely withdrawn funds from their retirement accounts (e.g., 401(k) plans, 403(b) plans, IRAs) during the June 2008 to May 2009 period, the two groups were comparably likely to have [Figure 6]:

### Figure 6

**Responses to National Economy: Changes in 401(k), 403(b), IRA, or Other Retirement Investment Accounts, African Americans and Whites, May/June 2009**

(Percents)

<table>
<thead>
<tr>
<th>Response</th>
<th>African Americans</th>
<th>Whites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have prematurely withdrawn funds from retirement accounts</td>
<td>23.7</td>
<td>13.1</td>
</tr>
<tr>
<td>Have stopped putting money into retirement accounts</td>
<td>23.7</td>
<td>29.1</td>
</tr>
<tr>
<td>Plan to stop putting money into retirement accounts</td>
<td>25.6</td>
<td>19.1</td>
</tr>
<tr>
<td>Have changed the percent of salary contributed to employer’s retirement plans</td>
<td>22.1</td>
<td>29.2</td>
</tr>
</tbody>
</table>

2009 Joint Center Poll
• ... stopped putting money into their retirement accounts—24 percent of African Americans and 29 percent of whites
• ... transferred half or more of their assets from stocks or mutual fund shares to fixed yield investments—17 percent of African Americans and 18 percent of whites
• ... planned to stop putting money into their retirement accounts—26 percent of African Americans and 19 percent of whites
• ... changed the percent of salary contributed to their employer’s retirement plans (e.g., 401(k) plans, 403(b) plans)—22 percent of African Americans and 29 percent of whites

Although nearly three of every five African Americans (57 percent) reported that they planned to pay down their credit card debt in response to the financial turmoil in the economy, only half (51 percent) had actually done so. Equal shares of whites, however, reported planning to pay down their credit card debt (49 percent) and having actually paid it down (51 percent).

African Americans and whites are equally likely to say that as a result of the recent economic downturn they plan to delay retirement and work longer. African Americans and whites also are equally likely to say that as a result of the recent economic downturn, they plan to work for pay during their retirement years.

• Nearly two of every five African Americans and whites (39 percent and 38 percent, respectively) plan to delay retirement and work longer.
• About half of African Americans and whites (51 percent and 52 percent, respectively) plan to work for pay during their retirement years.