HOW FINANCIAL EXPERIENCES OF AFRICAN AMERICAN/BLACK WORKERS DURING THE PANDEMIC SHAPE FUTURE OUTLOOK

MAY 2021

Table of contents

Introduction	3
Key Findings	5
Financial Situation Today	9
Retirement Savings Since COVID	20
Financial Issues Expected to Tackle This Year	28
Expected Financial Situation Next Year	32
Facilitating Emergency Savings	37
Implications	40
Appendix: Respondent Profiles, Additional Breakdowns, and Methodology	42
Sources	49
Contact	51

INTRODUCTION

Introduction

Due to the COVID-19 pandemic, many workers lost jobs or faced reduced hours starting in early 2020, especially those in sectors that provide in-person services. Unemployment rates rose sharply and some workers eventually stopped looking for work after months of fruitless job searching. Older workers, African American/Black workers (hereafter referred to as “Black” workers), Hispanic/Latino workers (hereafter referred to as “Hispanic” workers) and women were especially hard hit.^{1,2,3} While many workers were fortunate enough to have and keep jobs that enabled them to work from home during this time, many of those who lost jobs endured—or are still enduring—especially long periods of unemployment that will likely have long-lasting effects on their financial security.⁴

This report examines the extent to which the past year has affected Black workers ages 25+, including their overall finances, debt, emergency savings, and retirement savings. It also looks at their expectations of how their finances will change over the next 12 months and their financial goals for the next 12 months.

This detailed report on Black workers is the third in a series of AARP reports based on a survey of adults ages 25+ that was conducted from January 13 to February 8, 2021 in order to assess financial experiences during the first 12 months of the pandemic (from roughly February 2020 to February 2021). The survey focused on adults who are working, looking for work, or who have worked or looked for work in the past 12 months.* The survey included robust oversamples of Black workers and Hispanic workers in order to enable an in depth look at these populations that were affected disproportionately by job loss during the pandemic.** *The next report in this series will focus on Hispanic workers.****

* Because all respondents are either currently in the workforce (working or looking for work) or have been in the past 12 months, this report refers to all respondents as “workers.”

**Throughout this report, the term ‘Hispanic’ is used to refer to any respondent who answered “yes” to “Are you of Spanish, Hispanic, or Latino descent?”. Among respondents who answered “no” to that question, the term “Black” is used to refer to respondents who selected only “Black or African American” when describing their race, and the term “White” is used to refer to respondents who selected only “White” when describing their race.

*** All published reports based on this survey may be found at www.aarp.org/financialexpectations.

KEY FINDINGS

Key findings

The pandemic has been harder financially on some Black workers than on others. Three in ten Black workers (30%) say that their overall financial situation today is worse than it was before the pandemic, while just as many (30%) describe their situation today as better. Four in ten (40%) describe their situation as the same. Black workers with incomes under \$40K are especially likely (36%) to say that their situation today is worse.

- **Job loss and furloughs represent the key reasons that Black workers give for a decline in their finances.** Among those who say their situation is worse, half cite job loss (51%) and furloughs/reduced hours (52%) as “major reasons.”
- Among Black workers whose finances have improved, increased income from work represents the most common reason (40% cite it as a “major” reason).

Black workers express lower satisfaction with their overall financial situation, compared to both White workers and Hispanic workers. Just half (51%) of Black workers are at least somewhat satisfied with their current financial situation, compared to two in three (66%) White workers and 57% of Hispanic workers.

Key findings

The pressures of the here and now, such as debt payments and everyday expenses, are top barriers to saving for the future.

- Lack of money (54%) and debt (40%) are the top barriers that Black workers face to saving more for retirement.
- **Nearly three in ten (28%) Black workers prematurely dipped into retirement savings or stopped contributing altogether since the COVID pandemic began**, jeopardizing their retirement security.

Fewer than half of Black workers have savings vehicles such as savings accounts and employer-provided retirement accounts, which represents another barrier to building savings.

- Just four in ten (39%) Black workers have a savings account, compared to six in ten (60%) White workers. Nearly seven in ten (68%) Black workers have a checking account, compared to nearly nine in ten (88%) White workers.
- Just over four in ten (43%) employed Black workers have an employer-provided retirement savings account, compared to just over six in ten (62%) employed White workers.

Key findings

Debt (50%) and expenses (47%) are the financial issues that Black workers most commonly expect to tackle over the next 12 months.

- Of those who expect to work on their finances over the next 12 months, the vast majority (81%) expect to reach out for financial information or help, with roughly as many turning to friends/family (24%) as to professionals (27%), financial institutions (25%), and online resources (25%).

Approximately three in four (74%) Black workers believe their financial situation will be better a year from now, while 18% expect it to remain the same, and just 8% expect it to worsen.

- Among Black workers who expect their situation to improve in the coming year, expectations of a new job (41%), increased income (40%), and lower debt (40%) are the most common “major” reasons.

Black workers are more likely than White workers (45%) and Hispanic workers (63%) to expect their situation to improve.

- Black workers ages 25-49 and those with incomes of \$75K+ are especially optimistic. For example, eight in ten (79%) Black workers with incomes of \$75K+ expect their financial situation to improve, as do 76% of those ages 25-49.

Attitudes about retirement reveal a significant gap between retirement aspirations and expected reality.

- Roughly eight in ten (79%) Black workers say that achieving financial security in retirement is very important to them, while fewer than half (45%) think they are very likely to achieve this.

Roughly nine in ten Black workers express support for the creation of workplace programs to help workers build their emergency cushions. Similar to workplace retirement savings programs, these programs would automatically direct a portion of a worker’s paycheck to emergency savings.

FINANCIAL SITUATION TODAY

Half of all Black workers ages 25+ (51%) express satisfaction with their current financial situation, though just 15% are “very” satisfied.

They are less satisfied with their ability to save money (for retirement and emergencies) than with their ability to manage their debt. Less than half (47%) are satisfied with their ability to save enough for retirement. Among those who are not satisfied with their overall situation, the majority are not satisfied with their ability to manage debt (59%), save for emergencies (76%), and save for retirement (82%).

Satisfaction with current financial situation
Among Black respondents (n=1,911)

Satisfaction with current financial situation
Among Black respondents who are not satisfied (n=926)

Q1. Overall, how satisfied are you with each of the following?

Among Black workers, men and those with higher incomes are more satisfied with their financial situation than women or those making less than \$40K a year.

Unlike the general population, satisfaction does not differ significantly by age among Black workers.

Percent somewhat satisfied or very satisfied with their overall financial situation

Among Black respondents, by *gender*, *age*, and *income*

Q1d. Overall, how satisfied are you with your overall financial situation?

* Indicates a significant difference between segments at a 95% confidence level

Black workers are less likely than Hispanic workers and White workers to be satisfied with their overall financial situation.

Just half (51%) of Black workers are very or somewhat satisfied with their overall financial situation, compared to two in three (66%) White workers and 57 percent of Hispanic workers. Although Black workers' satisfaction with their ability to save for retirement and to save for emergencies is roughly the same as that of White workers, Black workers have less money saved for emergencies and for retirement than do White workers.

Less than \$5K in Non-Retirement Savings

(Base: Have non-retirement assets such as checking account, savings account, or other savings outside of retirement accounts)

<u>Black workers</u>	<u>Hispanic workers</u>	<u>White workers</u>
41%*	38%*	33%

Less than \$10K in Retirement Savings

(Base: Have a retirement savings account provided by an employer and/or outside of work)

<u>Black workers</u>	<u>Hispanic workers</u>	<u>White workers</u>
28%*	27%*	14%

Q1d. Overall, how satisfied are you with your overall financial situation? * Indicates a significant difference between segments at a 95% confidence level

Black workers are less likely than White workers to have bank accounts, such as checking and savings accounts, as well as other types of savings.

Fewer than seven in ten (68%) Black workers (and just 62% of Hispanic workers) have a checking account, compared to nearly nine in ten (88%) White workers. Similarly, just four in ten (39%) Black workers have a savings account, compared to six in ten (60%) White workers. Among Black workers, those with higher incomes and those ages 50+ are more likely than those with lower incomes and those ages 25-49 to have each of these types of financial assets. For example, 80% of Black workers ages 50+ and 80% of Black workers with incomes of \$75K+ have checking accounts, compared to just 61% of those ages 25-49 and 58% of those with incomes under \$40K.

Percent who have the following financial assets
Among *Black*, *Hispanic*, and *White* respondents

Q45. Do you own any of the following financial assets or accounts?
(Chart excludes retirement accounts, which are covered in the
“Retirement Savings Since Covid” section.)

* Indicates a significant difference between segments at a 95% confidence level

Financial experiences during the pandemic have varied. Three in ten Black workers say that they are worse off today.

While many (40%) describe their overall financial situation as the same as this time last year, three in ten view it as worse and just as many view it as better. More report declines in their ability to save for emergencies and to save for retirement than to manage debt. Of those who are worse off overall, over half say that their ability to manage debt has suffered, and roughly two in three or more say that their ability to save (both for emergencies and retirement) has suffered.

Financial situation today compared to a year ago
Among Black respondents (n=1,911)

Financial situation today compared to a year ago
Among Black respondents whose overall situation is worse (n=563)

Q2. Which of the following best describes how your current financial situation compares to your situation at this time last year? Q9. For each of the following, please indicate how it compares to this time last year.

Black workers with lower incomes (<\$40k) are the most likely to indicate their financial situation is worse today than it was a year ago.

Black workers who perceive their situation to be better today skew younger, male, and higher income. Those with incomes of \$75k+ are the most likely to say things are better now than a year ago.

Change in overall financial situation compared to a year ago
Among Black respondents by gender, age, and income

Q2. Which of the following best describes how your current financial situation compares to your situation at this time last year? * Indicates a significant difference between segments at a 95% confidence level

Job loss and furloughs are the most common reasons cited by Black workers when explaining why their situation is worse than a year ago.

Among the 30% of Black workers who say their financial situation is worse than a year ago, half cite job loss (their own or a household member's) (51%) and furloughs/reduction in hours (52%) as "major" reasons. When forced to name the one "main" reason that their situation is worse, over one in four (27%) cite job loss and nearly as many (21%) cite furloughs/reduction in hours. Those ages 50+ are more likely than those ages 25-49 to cite furloughs (27% vs. 18%) and health problems (13% vs. 5%) as the "main" reason for the decline in their financial situation.

Reasons your financial situation is worse than a year ago
Among Black workers whose financial situation is worse (n=563)

Q3. Please indicate whether each of the following is a major, minor, or not a reason that your current financial situation is worse? (multiple responses allowed.)

Q4. Which of the following best describes the main reason that your current financial situation is worse than it was at this time last year? (select one.)

Black workers (and Hispanic workers) are more likely than White workers to cite multiple “major” reasons for the decline in their financial situation.

More than half of Black workers whose finances have declined name at least three major reasons for the decline in their situation, suggesting that they are more likely than White workers to have suffered on multiple fronts. While half of Black workers whose finances have declined cite job loss (51%) or furloughs (52%) as a major reason for the decline in their finances, just 43% of White workers whose situation is worse cite job loss and just 34% cite furloughs. Roughly four in ten Black workers whose finances have declined cite increased debt, income declines, and increased expenses, compared to roughly three in ten White workers.

"Major" reasons your financial situation is worse than a year ago
Among *Black*, *Hispanic*, and *White* workers whose financial situation is worse

% who cite 3 or more “major” reasons for the decline in their finances:

Base: Financial situation is worse
54% of Black workers
64% of Hispanic workers
33% of White workers

Q3. Please indicate whether each of the following is a major, minor, or not a reason that your current financial situation is worse? (multiple responses allowed)

Chart shows only the top seven “major” reasons cited by Black workers whose financial situation is worse than this time last year.

Increased income is the most common reason Black workers give for feeling better about their financial situation compared to a year ago.

Among the 30% of Black workers who say that their financial situation is better than a year ago, two in five (40%) say that increased income from their current job is a “major” reason and close to one in five (18%) name this as the “main” reason. Nearly as many (16%) point to a new job as the “main” reason. Those earning <\$40k are more likely to cite receiving government assistance (such as unemployment benefits, food stamps, or other government assistance) as a main reason, compared to those earning more (23% of <\$40k, vs. 6% of \$40k-\$74K and 3% of \$75K+).

Reasons your financial situation is better than a year ago
Among Black workers whose financial situation is better (n=578)

*Note: “Income increased for other reasons” was left up to respondent interpretation. Black respondents who moved in with relatives were more likely to select this option. A few respondents who mentioned receiving an inheritance were coded as having selected “income increased for other reasons.” A review of the verbatim comments suggests that some may have viewed lower mortgage payments from refinancing a home and income from the sale of property as “income increasing for other reasons.” It is not known whether respondents who attributed an improvement in their situation to federal stimulus checks were more likely to select “income increased for other reason” or the “government assistance” option, which was worded as “received unemployment benefits, food stamps, or other government assistance.”

Q5. Please indicate whether each of the following is a major, minor, or not a reason that your current financial situation is better? (multiple responses allowed)
Q6. Which of the following best describes the main reason that your current financial situation is better than it was at this time last year? (select one)

One in six Black workers have lost money due to fraud or a scam in the past 12 months; nearly half of those who did felt a major impact on their finances.

Those most vulnerable to fraud appear to be Black men (18% of whom experienced a fraud-related loss, vs. 14% of Black women), those ages 25-49 (19%, vs. 11% of those 50+), and those who earn <\$40k (18%, vs. 14% of those earning \$75k+). Among Black workers who are “not at all satisfied” with their ability to manage their debt, over one in five (22%) have lost money due to fraud, compared to just 15% of Black workers who are more satisfied with their debt. Compared to White workers, Black workers (and Hispanic workers) are much more likely to have experienced such a fraud-related loss over the past year.

Q7. Within the past 12 months, have you lost money due to financial fraud or a scam? (n=1,911)

Impact of fraud on overall finances
Among Black respondents who lost money in fraud or a scam (n=280)

Q8. Thinking about the money that you lost due to financial fraud or a scam, what type of impact has this had on your overall financial situation?

Lost Money Due to Fraud in Past 12 Months

Base: All Respondents

Black workers: 16%*
Hispanic workers: 14%*
White workers: 4%

* Indicates a significant difference between segments at a 95% confidence level

A hand is shown dropping a coin into a white piggy bank. In the foreground, there are three stacks of coins of increasing height from left to right. The background is a soft-focus green and yellow bokeh.

RETIREMENT SAVINGS SINCE COVID

Just 36% of all Black workers have an employer-provided retirement savings account, including 43% of those who are currently employed.

Employer-provided retirement savings accounts are more common than retirement savings accounts outside of work. Fewer than one in five (17%) Black respondents have a retirement account outside of work. Those who are employed are more likely than those who are not employed to have a retirement savings account. Among those who are not employed, just over one in ten have an employer-provided retirement savings account (11%) or a retirement account outside of work (12%). Compared to employed White workers, employed Black workers (and Hispanic workers) are less likely to have an employer-provided retirement savings account.

Percent who have **employer-provided** and **individual** retirement savings accounts
Among Black respondents and by employment status

% With Employer-Provided Retirement Savings Account Base: All Employed Respondents

Employed White workers: 62%*
Employed Black workers: 43%*
Employed Hispanic workers: 34%

Q45. Do you own any of the following financial assets or accounts? *Note: Responses related to employer-provided accounts may reflect accounts offered by a current employer or a former employer. Respondents were not instructed to restrict their answers to accounts provided by a current employer. (The intent of this question was to determine the share of respondents who have defined contribution plans. For this reason, the question did not refer to "pensions" or defined benefit" plans.)

* Indicates a significant difference between segments at a 95% confidence level

Among employed Black workers, women are more likely than men to have an employer-provided retirement savings account.

Lower-income Black workers are especially unlikely to have such an account. In fact, just over one in four (27%) employed Black workers with incomes under \$40K have an employer-provided retirement savings account, compared to 60% of those earning \$75K or more. While half (50%) of those ages 50+ have such an account, just 40% of those ages 25-49 do.

Percent who have an employer-provided retirement savings account

Among employed Black respondents, by *gender*, *age*, and *income*

Q45. Do you own any of the following financial assets or accounts? . . . Chart shows % who indicated that they have “an employer-provided retirement savings account (401K, 403(b), Thrift Savings Plan (TSP), or Employer-provided IRA).” (The intent of this question was to determine the share of respondents who have defined contribution plans. For this reason, the question did not refer to “pensions” or defined benefit plans.)

*Note: Responses related to employer-provided accounts may reflect accounts offered by a current employer or a former employer. Respondents were not instructed to restrict their answers to accounts provided by a current employer.

* Indicates a significant difference between segments at a 95% confidence level

Among Black workers, lack of money and debt are top barriers to saving more for retirement. One in six (16%) indicate they need advice.

Black workers earning <\$40K are more likely to cite lack of money (62%) compared to those earning more (52% of those with incomes of \$40K-\$74K and 41% of those with incomes of \$75K+). Women (43%) and those ages 50+ (45%) are more likely to cite debt than men (37%) and those ages 25-49 (38%). In addition, those ages 25-49 are more likely than those ages 50+ to say that they need advice (18% of those ages 25-49 vs. 11% of the 50+) or that they don't know where to start (17% of those ages 25-49 vs. 9% of the 50+).

Barriers to saving more for retirement
Among Black respondents (n=1,911)

Differences in barriers to saving more for retirement
Between Black, Hispanic, and White respondents

Q38. What is preventing you from saving more for retirement?

Nearly three in ten Black workers (28%) have either prematurely dipped into their retirement savings or stopped contributing altogether during the pandemic.

Among Black workers, men (31%) are more likely than women (26%) to have dipped into their retirement savings. Compared to White workers, Black workers (and Hispanic workers) are more likely to have done this.

Actions taken regarding retirement savings since the COVID-19 pandemic began
Among Black respondents (n=1,911)

Taken Money from Retirement Savings Early or Stopped Contributing

Base: All Respondents

Black workers: 28%*
Hispanic workers: 30%*
White workers: 20%

Q35. Since the Coronavirus (COVID 19) pandemic began, have you done any of the following? (multiple responses allowed)

* Indicates a significant difference between segments at a 95% confidence level

Being financially secure and not a burden to others are very important retirement goals for nearly eight in ten Black workers.

However, fewer than half of Black workers say that they are “very” likely to achieve these retirement goals.

Importance of and likelihood of achieving the following retirement goals
Very important to achieve and think they are very likely to achieve
Among Black respondents (n=1,911)

Q36. How important is it to you personally to achieve each of the following in your retirement years? Q37. How likely do you think you are to achieve each of the following in your retirement years?

Compared to White workers, Black workers (and Hispanic workers) are more likely to view providing financial help to loved ones and contributing to charitable causes as important in retirement.

Black workers (and Hispanic workers) are also more likely than White workers to say that they are very likely to achieve each of these four retirement goals. For example, while just 28% of White workers say they are very likely to achieve financial security in retirement, close to half of Black workers (45%) and Hispanic workers (47%) express this belief.

Importance of and likelihood of achieving the following retirement goals
Very important to achieve and think they are *very likely to achieve*

Regardless of demographics, fewer than half of Black workers say they are very likely to achieve financial security and avoid being a burden in retirement.

Black women are more likely than Black men to feel that financial security and not being a burden are very important in retirement, while men are more likely than women to view providing financial help to others as very important. Interestingly, Black workers who are presumably closer to retirement (those ages 50+) are less apt than those ages 25-49 to say that they are very likely to achieve each of these goals.

Being financially secure in retirement

Very important and very likely to achieve

Among Black respondents

Not being a burden to others in retirement

Very important and very likely to achieve

Among Black respondents

Q36. How important is it to you personally to achieve each of the following in your retirement years?

Q37. How likely do you think you are to achieve each of the following in your retirement years?

* Indicates a significant difference between segments at a 95% confidence level

FINANCIAL ISSUES EXPECTED TO TACKLE THIS YEAR

Debt and expenses are the top financial issues that Black workers expect to address over the next 12 months.

Nine in ten Black workers expect to address one or more financial issues over the next 12 months. Among Black workers who expect to tackle debt, most (58%) will be working on their credit card balances. Compared to White workers, Black workers (and Hispanic workers) are less likely to expect to address retirement savings/planning. Among workers who expect to work on debt, Black workers are more likely than White workers to expect to tackle student loan debt, medical debt, an unpaid balance on a utility/phone bill, and a payday or auto title loan.

Financial issues expected to tackle
Within the next 12 months
Among Black respondents (n=1,911)

Retirement Savings/Planning
Black workers: 36%
Hispanic workers: 36%
White workers: 47%*

Types of debt expected to address
Within the next 12 months
Among Black respondents expected to tackle debt (n=1,009)

Q26. Within the next 12 months, what financial issues, if any, do you expect to try to tackle or work on?

Q27. Within the next 12 months, which type of debt do you expect to try to tackle or work on?

Regardless of demographics, debt and expenses are among the most common financial issues that Black workers expect to tackle.

Black workers ages 50+ are more likely than those ages 25-49 to expect to address retirement savings and debt, while those ages 25-49 are more likely than their older counterparts to expect to focus on issues such as investment planning, planning for a large purchase, and college savings. Black workers with incomes of \$75K+ are more likely than those with incomes under \$40K to be focused on retirement savings, debt, investment planning, and planning for a large purchase.

Financial Issues Expected to Tackle

Base: Black Respondents

	Gender		Age		Household Income		
	Male	Female	25-49	50+	<\$40K	\$40-<\$74K	\$75K+
Base: Black Respondents (n=1,911)	796	1,115	1,238	673	861	542	501
Any (NET)	91%	89%	90%	90%	86%	92%*	94%*
Reducing your debt/managing your debt	44%	55%*	47%	58%*	46%	56%*	54%*
Budgeting or managing expenses	45%	49%	48%	47%	49%	45%	48%
Retirement savings/planning	35%	36%	32%	44%*	28%	40%*	48%*
Investment planning (not specific to retirement)	32%*	21%	28%*	22%	21%	23%	39%*
Planning for a large purchase	22%	22%	25%*	15%	20%	22%	26%*
College savings/planning	13%	9%	14%*	5%	11%	8%	14%
Financial issues related to a change in marital status	12%	9%	13%*	7%	11%	9%	13%
Financial issues related to caring for an adult relative or loved one	11%	9%	12%*	6%	12%	8%	9%
Other	1%	2%	1%	3%*	2%	2%	1%
Nothing	9%	11%	10%	9%	13%*	7%	6%

Q26. Within the next 12 months, what financial issues, if any, do you expect to try to tackle or work on?

* Indicates a significant difference between segments at a 95% confidence level

Among Black workers who expect to work on finances this year, 81% will be seeking help, with nearly as many turning to friends/family as to professionals, financial institutions, and online resources.

Those ages 25-49 are equally as likely to turn to a professional, online searches, and friends and family (all 27%), whereas those with incomes of \$75K+ are more apt to consult a professional (38%) or a financial website (31%) than other options. Black workers are roughly twice as likely as White workers to say that they expect to turn to their employer (Black: 14%; White: 7%) or their creditors (Black: 12%; White: 7%).

Expected sources of financial information in the next 12 months
Among Black respondents who expect to work on a financial issue in the next 12 months
(n=1,722)

Q28. Within the next 12 months, where do you expect to look for financial information or help with financial issues?

EXPECTED FINANCIAL SITUATION NEXT YEAR

Three in four Black workers expect their overall financial situation to improve over the next year.

Roughly six in ten expect improvements in their ability to manage their debt, save for emergencies, and save for retirement. Compared to White workers, Black workers (and Hispanic workers) are much more likely to expect their situation to improve over the next year.

Expected change in financial situation a year from now
Among Black respondents (n=1,911)

Expected change in financial situation a year from now
Among Black, Hispanic, and White respondents

Q10. Now looking ahead to this time next year, do you expect your personal financial situation to be better, worse, or the same?

Q15. Now looking ahead to this time next year, do you expect each of the following to be better, worse, or the same?

* Indicates a significant difference between segments at a 95% confidence level

Note: The high optimism among Black and Hispanic workers may reflect not only expectations of more stable employment as the pandemic recedes but also a greater propensity to express optimism in surveys.^{5,6} This may also partly reflect optimism related to the new presidential administration, which began during the fielding of this survey.

Regardless of demographics, Black workers express widespread optimism about their financial situation a year from now.

Black workers ages 25-49 and those with incomes of \$75K+ are especially optimistic. For example, eight in ten (79%) of those with incomes of \$75K+ expect their financial situation to be better at this time next year, compared to just 72% of those with incomes under \$40K and 73% of those with incomes of \$40-\$74K.

Expected change in overall financial situation next year
Among Black respondents, by gender, age, and income

Q10. Now looking ahead to this time next year, do you expect your personal financial situation to...
Base: All Black Respondents (n=1,911)

* Indicates a significant difference between segments at a 95% confidence level
Note: See note on page 33 regarding optimism.

Expectations of a new job, increased income (from work or other reasons), and lower debt are the top reasons for believing one’s financial situation will improve.

Among the 74% of Black workers who expect their situation to improve in a year, four in ten cite an expectation of a new job, increased income, or lower debt as a “major” reason. When forced to name one “main” reason, nearly one in four say they expect a new job. Those with incomes under \$40K and those who are currently not working are especially likely to cite expectations of a new job as a “major” reason (46% of those with incomes under \$40K vs. 36% of those with incomes of \$40K+, and 64% of those who are not currently working vs. 34% of those who are working).

Reasons for expecting a better financial situation next year
Among Black respondents who expect a better financial situation next year
(n=1,403)

Q13. Please indicate whether each of the following is a major, minor, or not a reason that you expect your current financial situation to be better? (multiple response)
Q14. Which of the following best describes the main reason that you expect your personal financial situation to be better at this time next year? (Select one.)

Among the few who expect to be worse off in a year, expectations of increasing expenses, declining income, job loss, and furloughs are the top reasons.

Reasons for expecting a worse financial situation next year
Among Black respondents who expect a worse financial situation next year (n=128)

Of the eight percent of Black workers who expect their finances to be worse next year, just over four in ten cite an expectation of increasing expenses (45%), declining income (45%), job loss (43%), or furloughs (41%) as a “major” reason. When forced to name the one “main” reason, just under one in five point to expectations of increasing expenses (18%) or furloughs (17%).

Q11. Please indicate whether each of the following is a major, minor, or not a reason that you expect your current financial situation to be worse? (multiple responses allowed)

Q12. Which of the following best describes the main reason that you expect your personal financial situation to be worse at this time next year? (select one)

FACILITATING EMERGENCY SAVINGS

The vast majority of Black workers support the creation of workplace programs to help workers build their emergency cushions.

Roughly nine in ten Black workers express support for each of the proposals below to help workers save more for emergencies, including over half who strongly support each proposal.

Support for workplace programs to help workers save for emergencies
Among Black respondents (n=1,911)

Q42. How much do you support or oppose each of the following proposals?

Support for workplace emergency savings programs is widespread across demographic groups.

Regardless of gender, age, income, or employment status, more than eight in ten Black workers express support for each of various methods of helping workers save for emergencies. Those with higher incomes (\$40K+), those ages 50+, and those who are currently employed are especially likely to express support.

Support for Workplace Emergency Savings Programs

	Gender		Age		Household Income			Employment Status	
% Strongly/Somewhat Support	Men	Women	25-49	50+	<\$40K	\$40K-\$74K	\$75k+	Working	Not Working
<i>Base: Black Respondents (n=1,911)</i>	796	1,115	1,238	673	861	542	501	1,531	380
An employee benefit that helps employees save a small portion of each paycheck automatically into an emergency fund that each employee owns and controls	88%	86%	86%	89%	83%	90%*	93%*	88%*	83%
Laws that make it easier for employers to offer a safe and simple way for employees to save for emergencies	90%	89%	88%	94%*	87%	92%*	92%*	91%*	85%
A tax incentive for workers to save for emergencies.	87%	88%	86%	91%*	83%	90%*	93%*	89%*	81%
The ability for employers to help employees save money from their paychecks into one account that could be used for more than one purpose, such as retirement and emergencies, without needing to pay fees or penalties to withdraw money.	88%	89%	86%	93%*	85%	91%*	93%*	90%*	83%

Q42. Some employers look for ways to help workers prepare for future emergencies. How much do you support or oppose each of the following proposals?

* Indicates a significant difference between segments at a 95% confidence level

IMPLICATIONS

Implications

Job changes and changes in income appear to be the primary determinants of how Black workers fared financially during the pandemic.

- Among those who are worse off today, most have experienced declines in their ability to save (for emergencies and for retirement) as well as in their ability to manage their debt. Their finances may take quite some time to recover.
- Although the vast majority are optimistic that their situations will improve over the coming year, this **optimism hinges on expectations of increased income (due to a new job, more hours, or other reasons) and reduced debt.**

Debt's key role in shaping financial circumstances is clear from the fact that it is the top financial issue that Black workers expect to tackle this year. Recurring debt payments have the potential to severely hamper the ability to save for emergencies and for retirement.

Savings, both for emergencies and for retirement, are critical components of financial security with which many Black workers struggle. The relatively low share of Black workers who have workplace retirement accounts is a testament to the fact that established workplace retirement programs are not reaching all segments of the workforce equally –especially vulnerable populations that not only are less likely to have access to such programs but also often have higher expenses relative to income, which makes saving for the future more difficult. Furthermore, the fact that nearly three in ten Black workers have prematurely dipped into their retirement savings during the pandemic underscores that the lack of incentives or means to save enough for emergencies can also jeopardize retirement security.

The relatively high percentage of Black workers who **lost money due to fraud** over the past year represents an issue worth exploring further to determine the extent to which factors such as discrimination, the lower likelihood of having a bank account, and greater reliance on alternative financial services contribute to this higher likelihood of exposure to financial fraud.

APPENDIX

RESPONDENT PROFILES AND ADDITIONAL BREAKDOWNS

Types of Debt Held by Black Workers – By Demographics

Debt Carried Month to Month

	Gender		Age		Household Income		
	Male	Female	25-49	50+	<\$40K	\$40-<\$74K	\$75K+
<i>Base: Total Black Respondents (n=1,911)</i>	796	1,115	1,238	673	861	542	501
Any (NET)	84%	87%	84%	88%*	81%	89%*	89%*
A credit card balance	38%	47%*	39%	52%*	34%	51%*	54%*
A car, motorcycle, or other vehicle loan	25%	30%*	26%	32%*	19%	36%*	38%*
A student loan – yours (federal or private loan)	20%	31%*	29%*	19%	24%	27%	27%
A mortgage	21%	24%	17%	34%*	12%	25%*	43%*
Unpaid balance on a health/medical bill	21%	23%	22%	21%	23%*	24%*	17%
Unpaid balance on a utility or phone/wireless bill	17%	21%*	21%*	16%	25%*	19%*	8%
Loan from a payday lender or an auto/car title loan	15%	12%	15%*	9%	16%*	13%	9%
Personal loan from a family member or friend	12%	9%	12%*	7%	11%	9%	11%
A student loan for a family member	10%	8%	9%	8%	7%	8%	13%*
Other installment loan such as for appliances, electronics, furniture	6%	9%*	7%	9%	6%	9%	8%
Something else	3%	1%	1%	3%*	2%	2%	2%
None – I have/carry no debt month-to-month	16%	13%	16%*	11%	18%*	11%	10%

Q44. Which of the following types of debt do you currently carry over from month to month? Base: All Black respondents (n=1,911)

* Indicates a significant difference between segments at a 95% confidence level

Demographic Profile of Black Workers— Total Sample and by Satisfaction with Financial Situation

	Satisfaction with Overall Financial Situation		
	Total	Satisfied	Not Satisfied
<i>Base: Total Black Respondents</i>	1,911	979	926
GENDER			
Male	46%	50%*	42%
Female	54%	50%	58%*
AGE			
25-34	31%	34%*	27%
35-49	36%	33%	39%*
50-59	20%	19%	21%
60+	13%	14%	13%
INCOME			
<\$30k	38%	30%	45%*
\$30k-<\$60k	30%	30%	30%
\$60k-<\$100k	18%	20%	16%
\$100k+	14%	20%*	8%
EDUCATION			
Less than HS	7%	7%	6%
HS graduate	30%	28%	32%
Vocational/tech school/some college/ associates	30%	27%	33%*
Bachelor's degree	19%	20%	17%
Post grad study/professional degree	14%	18%*	11%

	Satisfaction with Overall Financial Situation		
	Total	Satisfied	Not Satisfied
<i>Base: Total Black Respondents</i>	1,911	979	926
EMPLOYMENT			
Employed Full-Time	58%	67%*	49%
Employed Part-Time	21%	19%	23%
Unemployed and Looking for Work or on Temporary Layoff	17%	10%	23%*
Not Working – Retired, Disabled, or Other	4%	4%	5%
MARITAL STATUS			
Married	30%	35%*	26%
Widowed	2%	2%	3%
Divorced	10%	8%	11%*
Separated	5%	4%	6%
Never married	41%	41%	41%
Living with partner	11%	10%	13%
COVID STATUS/HISTORY			
Yes, a member of my household has	9%	10%	9%
Yes, I have	12%	13%	10%
No	80%	77%	83%*

* Indicates a significant difference between segments at a 95% confidence level

Financial Profile of Black Workers – Total Sample and by Satisfaction with Financial Situation

	Satisfaction with Overall Financial Situation		
	Total	Satisfied	Not Satisfied
<i>Base: Total Black Respondents</i>	1,911	979	926
TYPES OF DEBT			
A credit card balance	43%	38%	49%*
A mortgage	23%	25%*	20%
A car, motorcycle, or other vehicle loan	28%	27%	29%
A student loan – yours	26%	21%	31%*
Unpaid balance on a health/medical bill	22%	17%	27%*
Unpaid balance on a utility or phone/wireless bill	19%	13%	26%*
Personal loan from a family member or friend	10%	9%	12%
A student loan for a family member	9%	10%	8%
Loan from a payday lender or an auto/car title loan	13%	11%	15%*
Other installment loan such as for appliances, electronics, furniture	7%	5%	10%*
Something else	2%	1%	3%*
None	14%	17%*	11%
FINANCIAL ASSETS/ACCOUNTS			
Checking accounts	67%	66%	69%
Savings accounts, CDs, or money market accounts	39%	43%*	34%
Employer-provided retirement savings account	36%	42%*	30%
Savings in cash	35%	41%*	28%
Individual retirement account outside of an employer	17%	22%*	12%
Bitcoins or other cryptocurrency	12%	13%	10%
Other personal savings or investments	15%	20%*	10%
Other financial assets or accounts excluding real estate	1%	1%	1%
None of the above	13%	11%	16%*

	Satisfaction with Overall Financial Situation		
	Total	Satisfied	Not Satisfied
<i>Base: Total Black Respondents</i>	1,911		
AMOUNT IN RETIREMENT SAVINGS			
Base: Owns a retirement savings account	890	531	358
Less than \$50,000	50%	38%	69%*
\$50,000 to \$300,000	34%	42%*	22%
More than \$300,000	6%	9%*	2%
Not sure	9%	9%	7%
VALUE OF NON-RETIREMENT ASSETS			
Base: Owns financial accounts/financial assets outside of a retirement account	1,594	841	749
Less than \$5,000	41%	22%	61%*
\$5,000 to less than \$10,000	13%	13%	13%
\$10,000 to less than \$50,000	17%	23%*	10%
\$50,000 or more	19%	29%*	7%
Not sure	10%	11%	9%

* Indicates a significant difference between segments at a 95% confidence level

METHODOLOGY

Methodology

This survey was conducted by NORC at the University of Chicago on behalf of AARP. Adults ages 25+ who indicated they have been employed or have been looking for work in the past 12 months were eligible to complete the survey.

Interviews for this survey were conducted in English and Spanish from January 13, 2021 through February 8, 2021. For the general sample, data were collected using NORC's AmeriSpeak® Panel, a probability-based panel designed to be representative of the U.S. household population. In addition, respondents from the Lucid non-probability online opt-in panel were invited as an oversample supplement to reach 1,911 completes overall for African American/Blacks and 1,991 completes overall for respondents of Hispanic origin. A total of 5,430 respondents completed this survey.¹

As noted previously, this report focuses primarily on the findings among the African American/Black respondents.

The final sample was weighted by age, gender, education, race/ethnicity and Census Division using February 2020 Current Population Survey benchmarks for adults who are working or looking for work. The weighted data reflect the U.S. population of adults age 25+ who are currently working, looking for work, or had worked or looked for work in the 12 months prior to the survey. In order to incorporate the Lucid non-probability sample, NORC used TrueNorth calibration services, a hybrid calibration approach developed at NORC based on small area estimation methods in order to explicitly account for potential bias associated with the non-probability sample.

The margin of error for the overall survey sample is ± 2.25 percent at the 95 percent confidence level. The margin of error for the sample of African American/Black respondents ± 2.67 percent, the margin of error for the sample of Hispanic respondents is ± 3.02 percent, and the margin of error for the non-Hispanic White respondents is ± 3.31 percent.

¹ Although a total of 5,430 respondents completed this survey, the effective base for the overall sample was 2,182 due to the design effect of 2.46. The effective base for the sample of African American/Black respondents was 1,562.

Sources

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About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.

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This research was designed and managed by AARP Research