



# Closing the Retirement Savings Gap for Minorities

How Black and Hispanic workers can get on track to saving more for retirement

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The racial and ethnic wealth gap is a growing and persistent problem in the United States, and this shows up in the area of retirement savings. Black and Hispanic workers, especially, remain behind their white peers when it comes to plan participation and retirement savings.

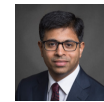
Among private sector workers between 21 and 64 years old, only 40.5% of Black workers and 31.9% of Hispanic workers participate<sup>1</sup> in a retirement plan, compared with 57.7% for white peers.<sup>2</sup>

Income disparities play a role in this, but participation gaps narrow in cases

where plans are offered. When plans are made available, Black workers sign up at a rate of 81.6%, with Hispanics at 82.2%, and white workers at 90.4%.<sup>3</sup>

It's clear that access matters, and the policy makers can play a major role in helping to improve retirement outcomes for all by creating more incentives for plan formation and participation.

But there are also some key steps that Black and Hispanic workers can take to help improve participation rates and retirement outcomes.



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## Steps to help boost retirement plan participation and help improve outcomes



### **Prioritize retirement savings.**

All workers juggle competing financial goals, including paying down debt, saving for a home, or building an emergency fund. Black and Hispanic workers may benefit by prioritizing retirement saving.



### **Consider opting in and increasing your savings.**

Participate in your employer-provided retirement plan and try to save up to 15% of your salary per year—including any employer contribution.



### **Start as early as you can.**

Black and Hispanic workers are more likely to delay saving for retirement. Try to avoid this and start saving early. The difference could be a more enjoyable retirement.



### **Take advantage of workplace financial wellness programs.**

Through these programs, companies may offer guidance and tools on things like debt management, budgeting, and emergency saving.

<sup>1</sup> Participation Rate = Share of total private sector workforce (with or without access to a retirement plan) who participate in a retirement plan.

<sup>2</sup> As of March 2021. Source: Author's calculations from the Annual Social and Economic (ASEC) supplement of the Current Population Survey (CPS), 2021. IPUMS CPS, University of Minnesota.

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