



## NEWS RELEASE

### T. ROWE PRICE: LATEST RESEARCH HIGHLIGHTS HOW EMPLOYERS CAN HELP CLOSE RACIAL AND ETHNIC RETIREMENT SAVINGS GAPS WITH FINANCIAL WELLNESS

*Employers have opportunity to address social inequality through defined contribution plans*

BALTIMORE, August 24, 2021 – T. Rowe Price, a global investment management firm and a leader in retirement, today released a series of white papers featuring findings from its sixth annual [Retirement Savings and Spending survey](#) focused on the financial attitudes and behaviors of 401(k) savers and retirees. Among the notable findings, the research found that Black and Latinx 401(k) savings rates are lower compared to their white counterparts. The median deferral rates were 5% and 8% for Black and Latinx participants, respectively, compared to 9% for white participants. Additionally, Black and Latinx respondents were more likely to cite having student loan, medical, and other types of debt, further impairing their ability to save for retirement.

DC plans, such as 401(k)s, are one of the few places where access to financial advice, guidance, and education in support of lifetime financial goals is supported equally. This provides plan sponsors with a unique opportunity to directly address plan participation and savings gaps through the availability of financial wellness tools and services and better plan design.

The first step for employers may be as simple as seeking input from underrepresented minority employees about what would be helpful to improve financial wellness. Additionally, employers could also incorporate plan designs that prioritize participation, such as automatic enrollment, auto increase, or using incentives, such as matching employer contributions to increase contribution rates.

“Employers have an opportunity to promote diversity, equity, and inclusion in defined contribution plans and help address broader social inequality,” said Dee Sawyer, head of Individual Investors and Retirement Plan Services at T. Rowe Price. “Better understanding the challenges underrepresented groups face can help employers and financial professionals develop strategies to help ensure participants of all races and ethnicities thrive financially and retire successfully.”

Additional findings from the research include:

- Fifty-five percent of survey respondents believe, despite inadequate levels of saving, they are saving enough to enjoy a comfortable retirement. The remaining 45% are either aware they are not saving enough or are unsure if their retirement plan contributions are sufficient.
- [Confidence about finances in retirement](#) declines as retirement approaches, but retirees have fewer financial worries compared with those who are working. For example, 61% of retirees believe they'll have enough money to pay for health care during retirement, while only 39% of working baby boomers have that belief. Similarly, 47% of retirees believe they will live as well or better than when they were working, while only 38% of baby boomers have that belief.
- Twenty-seven percent of the retirees surveyed are working in retirement or looking for work, with many doing so by choice, not out of necessity: 49% are working for meaning and fulfillment, 41% enjoy the mental stimulation, and 35% are working for social engagement.
- Forty-three percent of retirees reported receiving advice from a financial professional, with most (61%) reporting that they did their retirement planning on their own or with their spouse. This indicates that the need for help with financial wellness does not end at retirement. With retirees facing new priorities and needs in retirement and some even continuing to work, retirees need guidance as they shift from a saving mindset to a spending mindset.



“Both pre retirees and current retirees can benefit from financial wellness programs” said Josh Dietch, vice president, retirement thought leadership at T. Rowe Price. “Reinforcing the value of positive financial actions, no matter where an individual is on the retirement savings journey, can help improve confidence and outcomes.”

## ABOUT THE SURVEY

The Retirement Savings and Spending survey was conducted by NMG Consulting on behalf of T. Rowe Price and included a sample of 3,420 401(k) retirement plan participants, 631 participants not eligible to participate in a 401(k) plan, and 1,007 retirees with a rollover IRA or left-in-plan balance. The survey was fielded online June 5<sup>th</sup> through June 24<sup>th</sup>, 2020. This is the sixth edition of the study, following the [2014](#), [2015](#), [2017](#), 2018, and 2019 installments. The three phases of the 2018 study focused on [financial advice](#), [retirees](#), and [gender](#) and the phases of the 2019 study focused on [retirement confidence](#) and [retirement income](#). Data from prior studies is used in this report for comparison purposes.

## ABOUT T. ROWE PRICE

Founded in 1937, T. Rowe Price (NASDAQ-GS: TROW) is an independent global asset management company with \$1.62 trillion in assets under management as of July 31, 2021. The firm is focused on delivering investment excellence and retirement services for institutional, intermediary, and individual investors. Our strategic investing approach, driven by independent thinking and guided by rigorous research, helps clients feel confident in pursuing financial goals. For more information, visit [troweprice.com](https://troweprice.com), [Twitter](#), [YouTube](#), [LinkedIn](#), [Instagram](#), or [Facebook](#).

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