

Wells Fargo Survey: African-Americans Optimistic About Their Financial Future

Written by Admin

Wednesday, 24 April 2013 00:00



African-American investors report high levels of confidence in their financial future, along with optimism about the political and economic future of the country, according to a recent Wells Fargo nationwide survey. Despite proactive planning and intentional cuts in spending, African American investors remain focused on day-to-day living expenses, with a large majority concerned about having enough money to retire.

Three in five (60 percent) African-American investors express confidence in their own financial future, slightly higher than the national response (52 percent), while half (52 percent) report they are better off now than they were three years ago, same as the general population.

“The optimism and confidence articulated by African American investors is encouraging, particularly as those surveyed are feeling financially better off than they were three years ago,” said Jeff Cosby, financial advisor and vice-president, Investment Officer in the Bloomington, Minn. office of Wells Fargo Advisors, Wells Fargo.

“Where we see the biggest opportunity is helping people really consider how they are approaching saving and planning for retirement. It is important for financial advisors to help investors think through long-term strategies for investment planning, while also providing guidance on common concerns like how to balance paying off debt while continuing to save for retirement.”

While African-American investors have made progress in retirement planning and preparation, most are concerned about having enough money to retire. African American investors are taking necessary steps toward preparing for retirement, as 45 percent of those surveyed have cut back on their spending to put away money for retirement (compared to 36 percent of the

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national population), and two in five (40 percent) non-retired African-American investors have a retirement savings plan in place (similar to the national population, 42 percent). Among non-retired African-Americans, having a plan is most prevalent among those earning over \$100,000 annually (68 percent earning more than \$100,000 have a plan vs. 35 percent of those earning less than \$100,000).

Compared to the US overall, African American investors are less likely to consider themselves financially comfortable (38 percent vs. 51 percent overall). More than a third (36 percent) of non-retired African American investors surveyed report that their biggest financial concern is paying their monthly bills; saving for retirement ranks second at 22 percent, followed by healthcare costs at 15 percent. Three in five African-American investors are more focused on debt reduction (59 percent) than saving for retirement. And just over half (52 percent) of those surveyed are concerned they won't have enough saved for retirement (similar to all adults). African-American investors less than 50 years old are particularly concerned (64 percent, vs. 39 percent of those ages 50 and over).

Just over a third (36 percent) of African-American investors are confident in knowing where to invest in today's market (similar to the national population, 31 percent).

"All investors - regardless of age or level of savings - should be focused on planning for retirement, and turning plans into actual saving and investing," said Cosby. "Many African American investors, much like the general population of overall investors, find investing in today's economy daunting. It's important to seek advice from a trusted professional to help navigate the ups and downs of the market, with an eye on long-term financial goals. It can be scary, but with all the resources and tools available, it can be done."

Living in multi-generational households also has a significant impact on African-American investors' savings, as a number of respondents are caring for their own children, as well as aging parents or grandparents. One in five (20 percent) African-American investors surveyed report living in three-generational households. Three in four (77 percent) African-American adults surveyed who live in three-generational households are concerned they will not save enough to support themselves in retirement, compared to just 46 percent of those outside of multi-generational households.

Almost three quarters of African-American investors (73 percent) are optimistic about the political direction of the country, significantly higher than the general population (43 percent),

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while four in five (83 percent) feel the U.S. economy will improve in the next two years (compared to 47 percent of the general population). Seventy-two percent of those surveyed expect their local economy to improve in the next two years (compared to 45 percent of the overall adult population), and nearly three in four see improvements in their local housing market (71 percent, vs. 54 percent nationally).

As part of Wells Fargo's proactive outreach to the segment, the company is focused on providing financial education for African American consumers to empower them to achieve financial success. Wells Fargo has developed a comprehensive financial education platform that offers guidance on financial topics that resonate with the segment.

Through relationships with national and community organizations and media outlets nationwide, Wells Fargo uses print, digital and workshop formats to deliver financial solutions to a broad range of audiences. An additional Wells Fargo resource is My Financial Guide, an online resource consisting of articles, videos and tools aimed at helping consumers become more confident and knowledgeable in money management.

These survey findings are based on an online survey conducted November 9 - December 3, 2012 among adults nationwide (N=1,105) and African American adults (N=500). Qualified respondents were non-students, ages 25-75, who are the primary or joint financial decision-maker in the household with household investable assets of at least id="mce_marker"0,000. Survey results are weighted to reflect Census data for gender, age, race/ethnicity, region and household income to ensure representativeness. Assuming no sample bias, the maximum margin of error for the National sample is 2.9 percent and 4.4 percent for African-American adults.