

New Prudential study shows greater financial confidence of African Americans, but gaps in retirement planning still restrict wealth building
Thursday, August 06, 2015 04:30:00 PM (GMT)

Prudential study provides a comprehensive look at financial priorities, the impact of caregiving on household finances and the current state of retirement planning

Prudential Financial, Inc. (NYSE:PRU) today revealed the results of its 2015-2016 [African American Financial Experience](#) study, which found that African Americans demonstrate continued optimism and growing affluence. Yet, gaps in long-term retirement planning, including not taking advantage of financial and investment tools, may hinder the ability to build long-term wealth. Maintaining one's lifestyle in retirement and not becoming a financial burden to others emerged as two new financial priorities. This year's study also examined two vital subsets of the African American community—caregivers and veterans—to identify information gaps, educational opportunities and future planning needs of a broader spectrum of African Americans.

"This study paints a picture of an increasingly financially savvy and affluent African American community," said [Mammen Verghis](#), vice president, Multicultural Marketing for Prudential. "We are seeing a group that is financially confident, focused on service and open to receive assistance from professionals who can help them move closer to financial security."

Among those surveyed, most African Americans report a greater sense of advancement and optimism about their financial situations, compared to the general population. More than half of African Americans surveyed say they are better off than they were five years ago and that they feel better off than their parents were at their age. There is also widespread optimism that financial gains will continue to build, with 58 percent of African Americans indicating that they expect the next generation of their family will have a better financial situation than their own, compared to only 46 percent of the general population who share that expectation.

This year's [African American Financial Experience](#) study indicates most African Americans (52 percent) feel very well prepared to make smart financial decisions, while only 40 percent of the general population describes themselves that way. However, among African Americans who express high levels of confidence about their financial decision-making and money management skills, significantly more respondents describe themselves as savers rather than investors, indicating there is a need to increase knowledge of and access to investments.

Across the board, survey respondents most often cited having enough money to maintain their current lifestyle in retirement as a top financial priority. Among African Americans who are offered an employer-sponsored retirement plan, three quarters (74 percent) contribute to it. While this is a substantial majority, it is significantly lower than the 85 percent of general population employees who report contributing to their company plans. Additionally, surveyed African Americans were less likely to cite owning financial and insurance products, many of which could help create the retirement income they have prioritized.

Not becoming a financial burden to loved ones surfaced as a top-three priority for survey takers, an interesting priority given that one in five of all survey participants reported being a caregiver for a loved one. Nearly two-thirds of caregiver respondents in both groups say they provide some or all financial support to those they are caring for and a quarter provide all of the support for their loved ones. However, African American respondents report investing significantly more time in their caregiving commitments, spending on average 20.7 hours a week on care giving tasks compared to 14.6 hours among the general population.

Nearly four in ten African American veterans surveyed said they were exposed to a good education about financial topics once they transition into civilian life. Although 71 percent of African American veterans surveyed feel very well prepared to make financial decisions and have a positive outlook on their financial situation, only 38 percent use the Veteran Service organization as a financial resource, and family continues to rank as a top source of financial information. This signifies that additional opportunities exist for informing veterans about the use of financial education opportunities and encouraging their participation.

"Each year we conduct this survey deepens our commitment to reaching diverse communities," said [Michele C. Green](#), vice president and chief diversity officer at Prudential. "We understand the importance of meeting

the needs of diverse consumers in relevant and authentic ways. That means helping to bridge gaps of financial knowledge and increasing access to financial professionals, who can provide the advice needed to help individuals and families overcome saving and investing challenges, and to build wealth.”

Although African Americans still report lower engagement with financial professionals, their most common reasons for not seeking professional financial advice mirror those of the general population, and include a personal perception of insufficient assets, a preference to self-manage finances and perceived high fees associated with receiving professional support. Thirty-nine percent of African Americans surveyed reported having had contact with a financial professional, yet only a little over one in ten currently works with a financial professional. By contrast, 26 percent of the general population works with a financial professional.

“Just as important, the research also identifies a community that is very interested in working with financial professionals and gives clear guidance on approaches that resonate best,” Verghis continued, noting that universal methods of outreach, like providing relevant financial information, are equally important to African Americans and the general population. African Americans in the survey also reported that outreach efforts supported by civic and faith-based organizations are valuable methods of connecting with the community as well.

The 2015-2016 *African American Financial Experience* is Prudential's third study measuring the financial trends and attitudes in the African American community, and is part of [Prudential's series of signature research](#) examining financial trends in America's multicultural communities.

The study, conducted by GfK, is based on a spring 2015 poll of 1,043 Americans who identify as African American or Black and 556 general population Americans on a broad range of financial topics. All participants are age 25-70. Among the respondents, 149 identify themselves as veterans of the United States military, 214 are caregivers for another person (such as a spouse, parent, elderly or ill relative, special needs child, etc.), and 216 have a household income of \$150,000 or more. The overall margin of sampling error is +/- 3 percent for African Americans and +/- 4 percent for the general population.

Prudential Financial, Inc. (NYSE:PRU), a financial services leader with more than \$1 trillion of assets under management as of June 30, 2015, has operations in the United States, Asia, Europe, and Latin America. Prudential's diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., Prudential's iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit www.news.prudential.com.

0280948-00001-00

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Industries: Professional Services, Banking, Finance, Insurance

Languages: English

Primary Identifiers: PRU-US

Related Identifiers: PRU-US

Source: Prudential Financial, Inc.

Subjects: Survey