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## Retirement Readiness may be at Risk for People of Color

*Allianz Life study finds potential for gaps in financial preparedness, and opportunity for financial professionals to help*

### Key findings snapshot:

- More than half (52%) of POC say they believe they have plenty of time to save for retirement
- Less than half (46%) say they have made progress with setting long-term financial goals
- Less than one-third (32%) of POC are currently working with a financial professional

**MINNEAPOLIS – Sept. 9, 2020** – Although they suggest feeling reasonably prepared for retirement, Americans who identify as people of color (POC) report limited retirement-focused investments and lack of progress toward achieving important retirement goals. These findings indicate a potential misinterpretation of their financial situation that may put POC’s retirement readiness at risk, according to the 2020 Retirement Risk Readiness Study\* from Allianz Life Insurance Company of North America ([Allianz Life](#)).

The study found more than half of POC believe they are currently saving enough in a retirement account (55%), and a nearly equal amount (52%) feel they have plenty of time to save for retirement. These feelings of preparedness are underscored by the fact that more than one-third (35%) of POC say retirement is too far away to start worrying about it.

“The level of confidence POC have in their retirement readiness could be attributed to different cultural values that shape their decision making,” said Cecilia Stanton Adams, chief diversity and inclusion officer, Allianz Life. “Oftentimes in communities of color, breadwinners are expected to balance support for multiple generations with their personal retirement goals. This complexity, among others, could be responsible for the disconnect we see between perception and reality, putting POC at higher risk for retirement insecurity.”

Indeed, less than half of POC respondents report ownership of investments and accounts that can help with retirement security. This includes participation in employee sponsored plans (48%) and ownership of accounts including life insurance (33%), IRAs (21%) and fixed or variable annuities (5%).

Furthermore, less than half of POC report making progress toward achieving some of their personal retirement goals. Some of these measures include “setting long-term financial goals” (46%),

“diversifying my retirement savings to protect more of my nest egg” (40%) and “purchasing a financial product that provides a guaranteed source of retirement income” (25%).

“Given that a recent study from the Brookings Institution found the net worth of a typical white family is nearly ten times greater than that of a Black family,\*\* it’s not surprising that our study shows that POC may be behind in developing a sound retirement strategy,” noted Stanton Adams. “This highlights an opportunity for POC to address their financial situation head on, including working with a financial professional who can help them develop an achievable retirement plan.”

### **Lack of professional help**

A significant factor in POC’s retirement readiness may be a lack of professional help. Less than one-third (32%) of POC indicated that they are currently working with a financial professional. One potential repercussion is that nearly seven in 10 POC say they plan to work into retirement. At the same time, POC indicate a significant level of concern about a variety of retirement issues where a financial professional could provide assistance.

Some of these concerns include “having unexpected, large expenses to pay” (63%), “becoming a financial burden to your loved ones” (52%), “not having enough money to do all the things you want to do in retirement” (53%) and “not being able to stay in your home” (48%).

“We believe that POC want to take more control of their finances, but may be struggling to find the right support from a financial professional,” said Aimee Lynn Johnson, vice president of Financial Planning Strategies, Allianz Life. “This leaves room for financial professionals to better serve these communities through education, outreach and support in building retirement strategies that can mitigate some risk.”

\*Allianz Life conducted an online survey, the 2020 Retirement Risk Readiness Study, in January 2020 with a nationally representative sample of 1,000 individuals age 25+ in the contiguous U.S. with an annual household income of \$50k+ (single) / \$75k+ (married/partnered) OR investable assets of \$150k.

The study was balanced and weighted on various demographic factors, including age, income, and race. The study is comprised of 84% of respondents who identified as white and 17% who identified as people of color (8% Black; 6% Asian; 1% Native American/Alaskan; 2% other).

\*\* Brookings Institution: Examining the Black-white wealth gap, February 2020

<https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>

### **About Allianz Life Insurance Company of North America**

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