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## Prudential surveys ethnic, gender finances

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By Editorial Staff Thu, Dec 20, 2018

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Averages are of little or no use for demographic studies. They show you how many numbers are above or below a halfway line, but they don't tell you anything about people. They can mask a dramatic situation. They can be used to mislead. Averages are more of a crime than a law.

Medians aren't ideal for demographic analyses either, but they do take humans into account. They show you how many people are above or below a halfway line. In its new study of incomes of various ethnic and gender groups in the U.S., Prudential Financial uses median figures.

Prudential has just published "[The Cut: Exploring Financial Wellness Across Diverse Populations](#)," a follow-up to its [2018 Financial Wellness Census](#). Both documents support Prudential's recent emphasis on financial wellness programs in retirement plans.

All of the major retirement plan providers have jumped on the financial wellness bandwagon as a way to extend, integrate and make stickier their product offerings to plan participants, whose post-employment flow into rollover IRAs they'd like to slow or capture.

In "The Cut," Prudential offers comparative survey data on six groups: Asian-Americans, Black Americans, Latino Americans, Women, members of the Lesbian-Bisexual Gay-Transgender community (LBGT), and Caregivers (people who are employed but who also provide care for an elderly, ill or disabled person at home). These groups are benchmarked against Prudential's statistics on "the general population."

### **Asian-Americans**

While Asian-Americans represented only about one in 20 American in 2015, Prudential's 2017 survey found that they had the highest median incomes of any ethnic group. The median household income for Asians was about \$81,000, or 19% above the median for non-Latino whites.

Foreign-born Asian-Americans were concentrated at the high end of this group, possibly due to “foreign-born Asians skewing older as well as immigration regulations favoring highly-skilled immigrants.” Immigrants from India, the Philippines and Japan had the highest household incomes. Immigrants from Bangladesh, Nepal and Burma had the lowest, according to Pew Research Center data cited by Prudential.

Asian-Americans are the biggest savers, the most likely to send money to relatives overseas and the most likely to act as caregivers. Foreign-born members of this group save or invest 47% of their monthly income in accounts marked for growth or retirement, and are the group most likely to use a workplace retirement savings plan.

For U.S.-born Asians, the percentage was 36%. For the general population, the figure was just 10%. “Asian-Americans spend only about 20% of their monthly income on necessities, while the general population spends 46% on average,” Prudential said.

### **African-Americans**

Despite the palpably high representation of African-Americans in television commercials for financial services and luxury goods, Black Americans, along with Latino Americans, lag behind the general population in savings and preparation for retirement, Prudential’s survey showed. But there was an indication that conditions for Black Americans are changing.

“Nearly half of higher-income black households surveyed [those with incomes above \$60,000 a year] are Gen X, for example, while less than one in five are Baby Boomers,” Prudential found. “Among the general population, the reverse is true: Boomers accounted for 42% of higher-income households and Millennials only 24%.”

About 60% of Black Americans have incomes below \$50,000, while about 10% have incomes over \$100,000, according to charts in *The Cut*. Those with incomes over \$60,000 have an average of about \$54,000 saved for retirement compared with an average of \$276,400 for the general population that has income over \$60,000.

### **Caregivers**

People of color are more likely to be caregivers, Prudential found. While more than 30% of Black, Asian, and Latinos reported providing caregiving services, only 22% of white Americans did. Thirty-eight percent of caregivers said they don’t think they would ever be able to retire, for example, versus only 25% of non-caregivers.

The circumstances of caregivers depended in part on whom they cared for. “Those caring for someone other than a parent, spouse or child are more likely than other caregivers (28% versus about 21%) to have household incomes under \$30,000 per year, and are notable exceptions. Those caring for spouses tended to be older and have slightly higher incomes than other caregivers.

Income data for Latino-American and LBGT households was lower than that of the general population, in part because those groups skew younger than the general population and are not as advanced in careers. More than half of LBGT women have children, versus 17% of LBGT men.

“The average annual income for women in our sample was \$52,521, compared with \$84,006 for men—a difference of 37%,” Prudential said. “Women are earning about 63 cents for every dollar earned by men. Lower incomes mean less money available today for saving and investing, and lower Social Security benefits tomorrow for retirement—a double whammy for women after they leave the workforce.”

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