



Multicultural Study 2004

Perspectives Past, Present
and Future: Traditional and
Alternative Financial Practices
of the 45+ Community



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Perspectives Past, Present, and Future: Traditional and Alternative Financial Practices of the 45+ Community

**Findings from a Multicultural Survey
of Americans 45 and older**

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Executive Summary

Introduction

American consumers are working longer and living longer while spending more and struggling to save more. Without proper balance, this recipe may lead to disaster for mature Americans. Among the multicultural community of African Americans, Hispanics, Asians, and American Indians, this is especially true because the ebb and flow of financial currency *often* disproportionately affects them in a negative way.

Today, creating, sustaining, and protecting one's financial security is challenging but critical. With the steady demand for consumers' dollars, and a prevalent "spend now, pay later" mentality that encourages credit card use, obtaining lifetime financial security is a deliberate and often painstaking process.

Maintaining financial stability in retirement has always been important. Now, more than ever, it requires diligence from Americans age 45+. They have seen threats to historically sound financial systems. Social Security, which was never intended to be the sole source of retirement income, will remain a stable income source for future generations despite long-term financial challenges. Most of tomorrow's workers are not likely to receive a defined benefit pension from their employers—and most who do receive a pension will receive

a 401(k) instead of a defined benefit.

The 2004 Multicultural Survey was designed to address a broad range of financial behaviors within the 45+ community. It explores spending, saving, and borrowing patterns of the 45+ consumer, with an emphasis on past and future financial activities including purchasing homes, saving for retirement, and paying medical bills.

This survey is unique because it includes oversamples of African Americans, Hispanics, Asians, and for the first time, American Indians.¹ Various multicultural organizations including African American, Hispanic, Asian, and American Indian organizations were consulted during the development of this survey to make sure that the questions and perspectives were relevant and culturally sensitive.

Because we were interested in financial behaviors in multicultural communities that may have been omitted from prior surveys, we also asked about nontraditional financial activities. For example, we found that people without bank accounts (the "unbanked") compared with those with bank accounts more often use alternative/nontraditional means for banking such as check cashing outlets and payday lenders.

Several survey findings are particularly noteworthy. First, all consumers age 45+ are worried about how they will cover basic

¹ The survey was conducted by telephone between September 2, 2004 and October 10, 2004, by NOP World. The survey was conducted among a nationally representative sample of 1,509 people, age 45 and older. Oversamples, when combined with those from the general sample, included at least 300 African American, 300 Hispanic, 300 Asian, and 200 American Indian interviews. Hispanics were surveyed in Spanish. However, all other races, including Asians (who may not have been native English speakers) were interviewed in English. For that reason, Asian responses may not consistently and/or accurately reflect non-English speaking Asians. Similarly, American Indians were interviewed from several contiguous states and Alaska. We did not call American Indian reservations. For that reason, findings may not accurately reflect American Indians who reside on reservations.

financial living expenses. In general, younger people (ages 45 to 64) seem to be more concerned about covering these expenses than people age 65+. Mature Americans 45+ are somewhat or very concerned about all 10 items presented in the survey, including how they will obtain money to pay their mortgage or rent, and how they will provide money to care for grandchildren.

- We found that half (50%) of older Americans 45+ are somewhat or very concerned about meeting their monthly costs such as electricity, utilities, heating and cooling, telephone, grocery bills, and food. Almost two-thirds (64%) are somewhat or very concerned about health care expenses including prescription drug costs. However, in general, a significantly greater proportion of African Americans, Hispanics, Asians, and American Indians than the general public or non-Hispanic whites express heightened concern about these expenses.

Secondly, we found that despite serious financial concerns among 45+ consumers, a significant number of people say they will spend money on leisure activities in the next two years. When presented with a list of activities they anticipate in the next two years, consumers 45+ were more likely to say they will be going on vacation (63%) than building an emergency fund (41%). Other findings include:

- African Americans, Hispanics, Asians, and American Indians plan to focus on

home-centered spending. They give priority attention to getting a mortgage, paying off a mortgage, and remodeling their homes.

- African Americans, regardless of income, are more likely than are consumers in general to say they will care for grandchildren or aging parents in the next two years.
- In addition, a greater proportion of Hispanics, regardless of income, plan to start businesses in the next two years compared with the general population.
- Younger consumers (age 45 to 54) are more likely than consumers age 55 to 64 and 65+ to be saving to pay off debt, to pay for school tuition, and to purchase a business.

The 2004 Retirement Confidence Survey (consumers 18+) found 68% of *all* workers have already saved for retirement and 58% are currently saving for retirement.² The 2004 Multicultural Study revealed that more than three quarters of respondents in the 45+ age group (76%) are currently saving for retirement.

Another important finding relates to protecting one's financial and personal information. According to Beales (2002) of the Federal Trade Commission, older adults are considered to be more vulnerable, and therefore more at risk for opportunities of fraud. Low rates of identity theft among older adults could be attributed to the fact that they are not as likely to report when they have been victimized.³

² Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

³ Beales, H. (2002). Prepared statement of the Federal Trade Commission on Identity Theft: The Impact on Seniors Before the Senate Special Committee on Aging. www.ftc.gov/os/2002/07/020718identitytheft.htm

We asked consumers about seven steps that may protect financial and personal information. The steps are: regularly refusing to give out personal information; regularly reviewing financial documents; shredding unwanted financial information; carrying fewer credit and identification cards; ordering and reviewing a copy of one's credit report; signing up for the national do-not-call list; and telling credit bureaus they do not want to receive unsolicited financial offers by mail.

- An overwhelming majority (96%) of the general public age 45+ reported having taken at least one of the steps to safeguard their personal and financial information.

These and other findings are highlighted in the summary of findings.

Summary of Findings

Major Concerns

Respondents were asked how concerned they are about having enough money to pay for several basic expenses.

- *An astounding 50 percent of all midlife and older Americans go to sleep every night concerned about having enough money to pay for basic monthly costs such as telephone, groceries, and utilities. While the proportion of Asians (50%) who express deep concern about monthly costs mirrors the 45+ general public, far more people in the African American (68%), Hispanic (60%), and American Indian (60%) communities are concerned about costs including utility, telephone, and grocery bills.*
- In general, paying for health care expenses tops the list of concerns, with almost two-thirds (64%) of the 45+ public having strong concerns about affording health care expenses, including the cost of prescription drugs.
- Furthermore, having cash for emergency expenses (58%) and long-term care, such as having someone care for them as they grow older, resonates with the majority (51%) of 45+ respondents.

Overall, African Americans, women, those with a high school diploma or less, and non-homeowners are most concerned about having money to cover expenses.

More specifically:

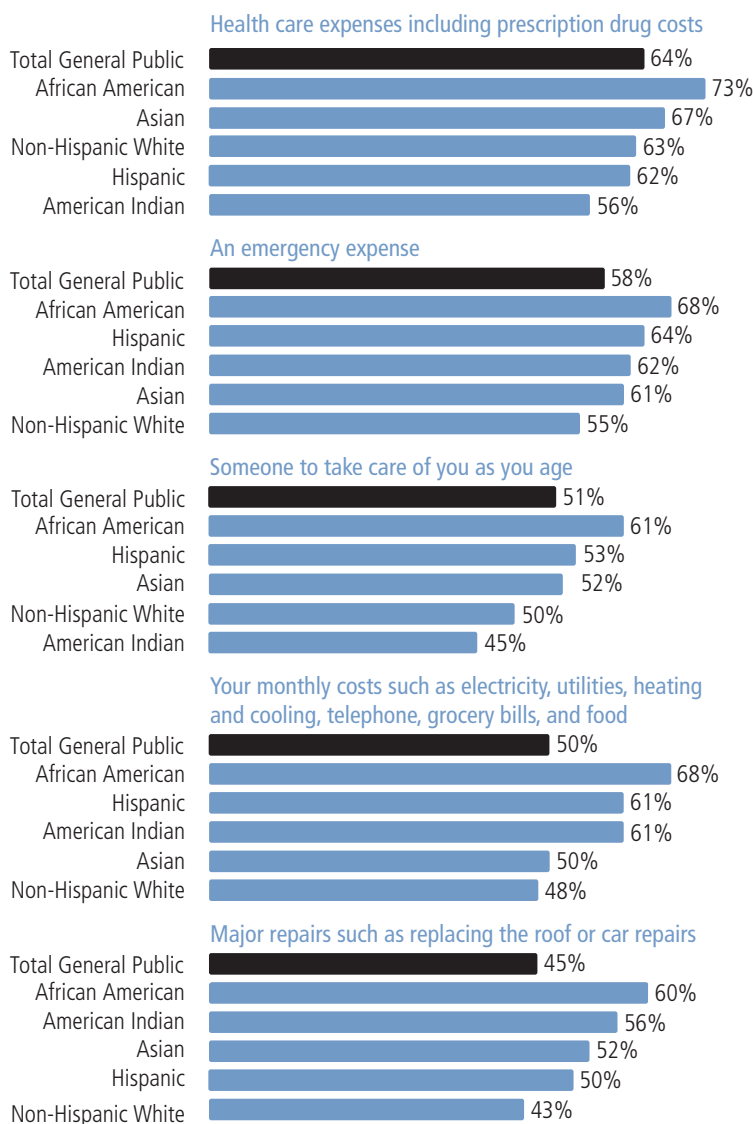
- Women are highly concerned about paying for monthly utility bills, major repairs, consumer or credit card debt, someone to care for them as they age,

- funeral and burial expenses, and health care costs including prescription drugs.
- Renters worry about having enough money to pay their rent, paying their consumer debt or credit cards, and generating enough money for unforeseen incidents and emergencies.
- Low-income consumers are worried about paying homeowners insurance and paying off their consumer debt. In addition, those with less than a college education are worried about burial expenses and prescription drug costs.

FIGURE A: MAJOR CONCERNS BY RACE/ETHNICITY

Q: Please tell me how concerned you are about having enough money to pay for...? Are you concerned, somewhat concerned, not too concerned, or not at all concerned?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



Spending Behavior

Respondents were provided with a list of 14 financial activities or major purchases, and asked which ones they would engage in over the next two years. Despite the serious financial concerns expressed by respondents age 45+, 63% are going on vacation, 61% will pay medical bills, and 57% will save for retirement.

- African Americans are more likely than the general population to participate in 10 of the 14 activities over the next two years. They are more likely to pay off credit card debt or loans (52%), build an emergency fund (51%), take care of grandchildren or aging family members (46%), and pay for a wedding (13%).
- African American, Hispanic, Asian, and American Indian consumers will focus on spending money on home-centered activities in the next two years. All these groups give priority attention to getting a mortgage, paying off a mortgage, and remodeling their home.
- *African Americans, regardless of income, are more likely than any other subgroup, including the general population to say that they will care for their grandchildren or aging parents in the next two years (46% vs. 37% in the general population).*

Saving Behavior

- Almost six in 10 (59%) Hispanics say they are not saving any money, as do more than four in 10 American Indians (44%), and almost four in 10 African Americans (39%). Fewer than one-third of Asians (31%) report not saving any money.
- More men than women report saving. People with higher incomes are more likely to report saving than those with lower incomes. Those with some college education or greater are more likely to have savings than those with a high school diploma or less.

Banking on Quality, Convenience, and Safety

People choose savings and checking venues for similar reasons. However, more people assign a higher level of importance to choosing where to cash a check than to choosing where to save. Far more survey respondents hold checking than savings accounts, which may account for the difference in assigned importance.

- More than four in 10 (42%) Hispanics, one-quarter of African Americans (27%), and one-fifth of American Indians (22%) *do not* have checking accounts. Fewer than one in 10 Asians (8%) and non-Hispanic whites (6%) say they have *no* checking account.
- Top reasons for choosing a savings account location include safety (62%), convenience (61%), and quality of service (58%). The ranking of factors for checking accounts is similar, but percentages are much higher. Almost nine in 10 rated

quality of service (91%), convenience (87%), and safety (85%) as important when choosing a place to cash a check.

- When choosing a place to save, Americans age 65+, compared with those ages 45 to 54, are more likely to choose based on reputation, banking options, and costs.
- Consumers with incomes less than \$20,000 and consumers with a high school diploma or less are more likely than those with incomes above \$60,000 or a college degree to choose a savings location based on convenience.

The number of minority consumers who engage in alternative financial practices is of growing concern. Research has shown that alternative financial institutions tend to congregate around minority and low-income communities,⁴ which increases the likelihood that those populations may engage in risky financial behavior. To gauge our respondents' experiences, we asked which major purchases and risky financial behaviors they had engaged in within the last two years.

- Overall, few people had engaged in alternative financial behaviors. Less than 10 percent had used a check cashing outlet (7%), 4 percent rented to own or pawned a personal item for cash, and 2 percent had obtained a payday loan. The level of involvement in these transactions varied by group. Participation rates within minority communities were up to four times higher than among the 45+ general public.

- Within the last two years, almost one in three in the 45+ general public had made the major financial commitment of getting a car loan (30%); one in five (23%) had gotten a home mortgage; fewer than one in 10 (7%) had gotten a student loan.

Credit and Debt

Although credit card use is widespread, everyone does not use a credit card. In the next section on credit cards and debts, we first discuss those people age 45+ who say they *do not* use credit cards (credit cards not connected with their bank accounts, like American Express, Visa, Mastercard, Discover, or department store card).

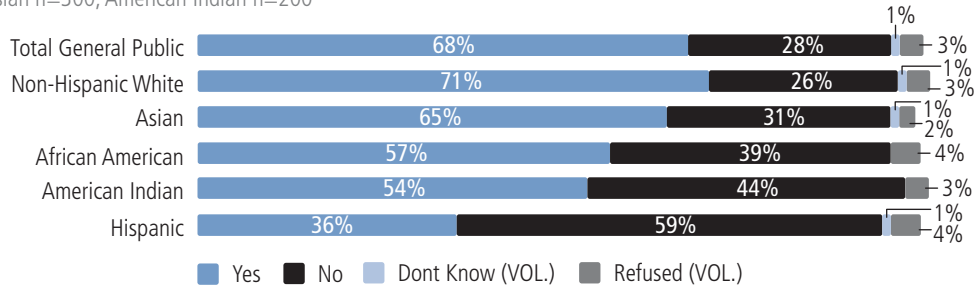
- *More than one-quarter of the general population report they do not use credit cards (28%). Far more African Americans (56%), American Indians (53%), and Hispanics (64%) say that they do not use a credit card. Asians are the least likely to report that they do not use credit cards (20%).*
- *Almost eight in 10 (78%) of Asians use credit cards, more than among the general public (67%) and non-Hispanic Whites (72%).*
- Regardless of age, those with higher incomes or more education are more likely to report using credit cards than those with lower incomes or those with less education.

⁴ U.S. Department of Housing and Urban Development. *Unequal Burden in Atlanta: Income and Racial Disparities in Subprime Lending*. April 2000.

FIGURE B: PEOPLE CURRENTLY SAVING MONEY BY RACE/ETHNICITY

Q: Are you currently saving money?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



Who Is Saving

To capture current financial behavior, we asked respondents to answer “yes” or “no” when asked if they are saving for any of a predetermined list of reasons.

- Overall, more than two-thirds of 45+ Americans report saving money (68%). Of those currently saving, most report saving for retirement (76%)—the leading reason across all subgroups. Almost seven in 10 say they are saving money to build an emergency fund (69%). Approximately half (51%) are currently saving for a vacation, wedding, or special event.
- In general, compared with non-Hispanic whites, more African Americans, Hispanics, Asians, and American Indians report saving for the seven activities, including saving to purchase a home or to start a business.
- Age is also an important indicator of who is saving. Those ages 45 to 54 are far more likely than those ages 55 to 64 to be savings for a home (36% vs. 11%) or to pay off school tuition (13% vs. 8%).

Borrowing Behavior

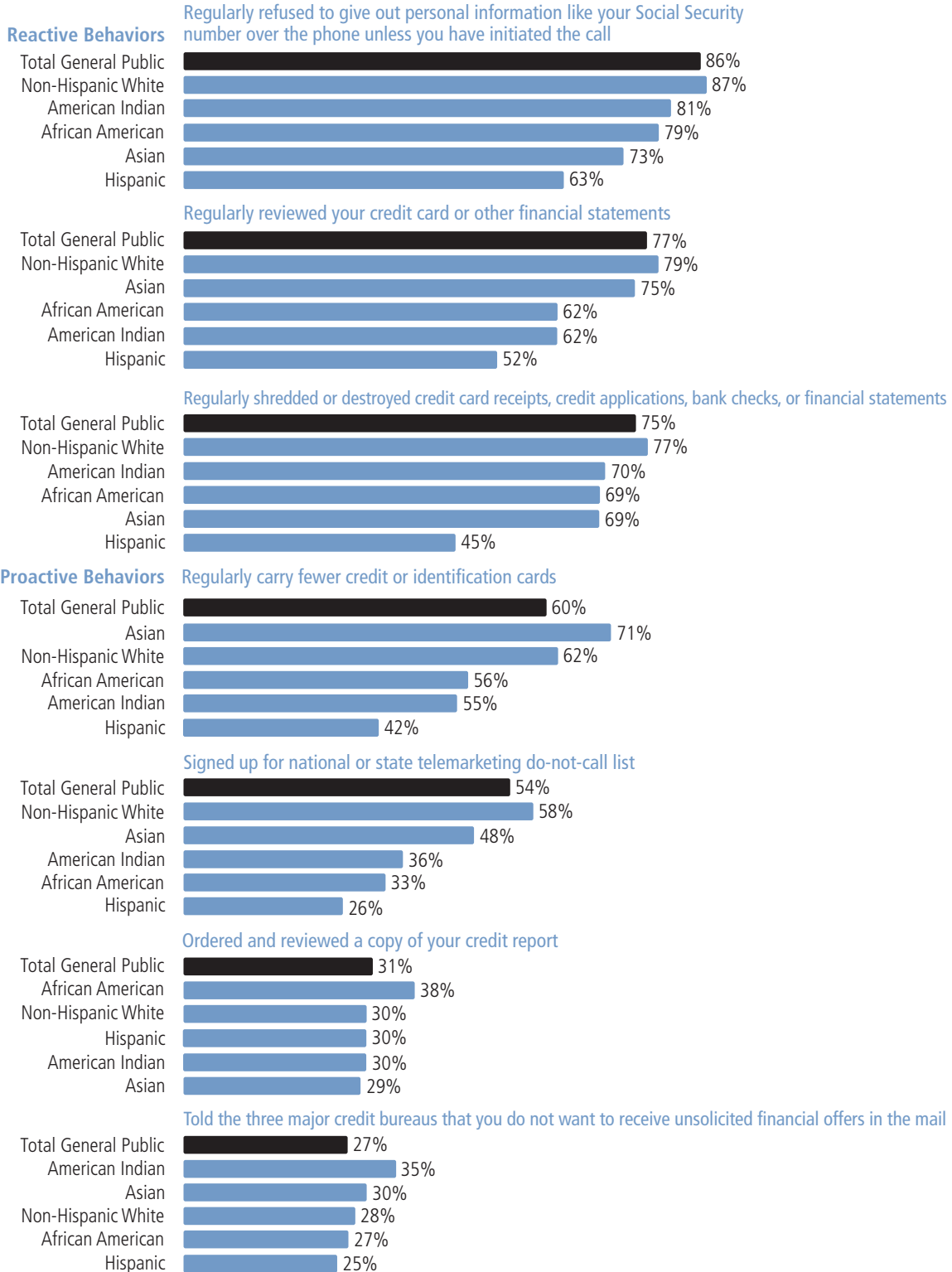
When respondents were asked if they have borrowed money from any of a predetermined list of financial sources in the past two years, banks—not surprisingly—emerged as a top choice. More than one-fifth (23%) of the 45+ general public says they have borrowed from traditional institutions like banks in the past two years. Seventeen percent borrowed money against their home, and 16 percent borrowed from credit cards.

- Results among ethnic groups were inconsistent. Family members are lenders of choice for one-fifth of African Americans (20%), followed by banks (13%). African Americans are also more than twice as likely as the general population to go to churches or religious institutions (7% vs. 3%) or payday advance lenders (4% vs. 1%) for loans.
- More than one-quarter of American Indians queried chose to borrow money from banks (27%) in the past two years. American Indians were also more likely than the general population to borrow from family members (22% vs. 9%), friends (12% vs. 5%), and payday lenders (4% vs. 1%).

FIGURE C: PROTECTIVE FACTORS IN WHICH PEOPLE PARTICIPATE BY RACE/ETHNICITY

Q: Please tell me if you have taken any of the following actions in the past two years?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



- Thirteen percent of Hispanics have borrowed money against their homes in the past two years; 12 percent borrowed from family members and 12 percent from banks.

When asked if they shopped around for the best interest rate before borrowing money, a preponderance of Asians (71%) said yes. Non-Hispanic whites (66%), Hispanics (60%), African Americans (52%), and American Indians (47%) also shopped for rates before purchasing a loan.

Protecting One's Identity

Ninety-six percent of consumers take at least one step to protect their financial identity. We categorized behaviors into two categories.

- **Reactive behaviors** are behaviors that respond to an outward trigger—such as shredding documents after receiving mail or credit statements. Behaviors in the reactive category include refusing to disclose personal information, such as Social Security numbers, over the phone unless the individual made the call (86%), reviewing credit statements (77%), and regularly shredding documents like credit card receipts, credit applications, bank checks, or financial statements (75%).
- **Proactive behaviors** are those that require consumers to initiate some action on their own without an outward trigger. People are far less likely to say that they participate in these steps, which include carrying fewer credit cards (60%), signing up for the national Do Not Call registry (54%), ordering and reviewing a copy of their credit report (31%), and alerting the

three major credit bureaus that they do not want to receive unsolicited offers in the mail (27%).

Conclusions

Many organizations examine financial behaviors of the 45+ community, often within the context of exploring the financial practices of all adults. Little research has focused solely on the financial practices of the maturing population.

Commercial entities have shown interest in studying the spending and saving patterns among the 45+ population, because the boomers represent the biggest spenders in our economy. That research often fuels marketing to the financial needs—or perceived needs—of the 45+ population. However, AARP's study catalogs the financial behaviors of 45+ Americans with emphasis on the financial practices of African Americans, Hispanics, Asians, and American Indians. The continuously changing face of America dictates that scholars, educators, and policy makers continue to explore, understand, and serve the financial needs and concerns of older multi-ethnic communities.

The 2004 Multicultural Survey is a step in that direction. It catalogs the financial needs, concerns, and past, current, and future behaviors of America's multicultural communities. It also addresses other underserved demographic segments such as people age 65+, and those with lower incomes and education. Many of our findings are not simply a function of race, but also of gender, education, and/or income. We note these findings within the full report as they emerge.

We found that financial trends often followed the same direction among the general population as among the ethnic groups. However, ethnic groups often disproportionately report that they experienced or participated in many of the negative financial practices like getting a payday loan, pawning an item for cash or credit, or renting to own. Further, we found that ethnic groups fared worse than non-Hispanic whites on indicators like “concerns about everyday financial needs” and “likelihood of saving money or having a checking account.”

We did find encouraging indicators in ethnic communities. Asians are more likely to become homeowners and Hispanics to become business owners than members of the general public over the next two years. Furthermore, Hispanics are more likely than the 45+ general public to say they are debt free. African Americans and Hispanics are both saving aggressively to build emergency funds. African Americans are also more likely than all groups and the general public to say that they have ordered and reviewed a copy of their credit report in the past two years.

More American Indians than other subgroups, including the general public, say that they have proactively told the three major credit bureaus they do not want to receive unsolicited financial offers in the mail. They are also less concerned than the other groups about being taken care of as they age and affording health care expenses including prescription drugs.

As AARP continues its education and advocacy efforts in consumer protection, we must work continuously to move the

dial on many of these indicators in a positive direction. Conversations with external partners suggest that some of the less-positive financial behaviors are a reflection of access to capital, banking rules and regulations, and basic financial knowledge within ethnic communities. That presents opportunities for more work and consumer education about issues of financial well-being. AARP, private and public institutions, and government entities have the shared responsibility of holding themselves and the financial industry accountable. We must underscore that all Americans must have access to fair financial goods and services so they too can know that they have *The Power to Make It Better*.™

Detailed Findings

Concerns: Perception and Reality

Financial Perceptions

With consumer spending on the rise, the impending challenges to national programs such as Social Security, and burgeoning consumer debt, 45+ Americans are becoming increasingly concerned about their financial well-being. A “spend now, pay later” attitude ill-equips mature adults to fund the additional third of life they can expect. This report explores several financial behaviors that are important as older Americans consider finances in their later years. It catalogs desirable behaviors—having savings and checking accounts—and risky behaviors—frequenting payday lenders, check cashing outlets, and pawnshops.

We asked two questions to gain a preliminary understanding of this group’s perception of their own financial well-being.

“Compared with two years ago, would you say that financially you are better off, worse off, or about the same?”

- Just under half (46%) of the general public said they are relatively the same financially today as they were two years ago.
- However, when we examined subgroups, we found that between one-fifth and one-third of African Americans, Hispanics, Asians, American Indians, and non-Hispanic whites report that they are *worse* off now financially than they were two years ago. See Figure 1, p.13.

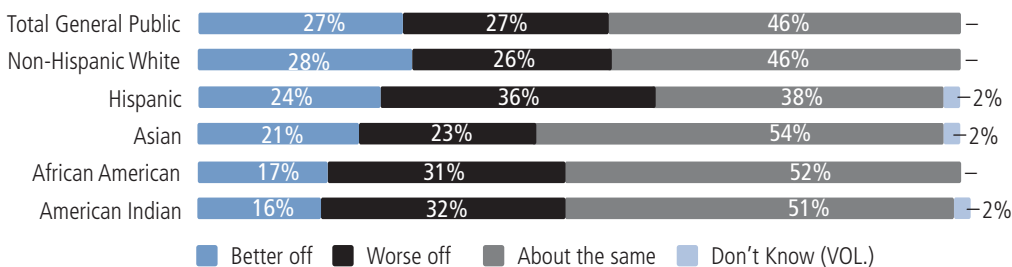
We also asked, **“Looking ahead two years, what do you think your financial situation will be?”** See Figure 2, p.14.

- Among the general public, four in 10 expect no change in their financial situation in the next two years. A third is expecting an improvement in their finances in the next two years.
- More than one-quarter of Hispanics (27%) and American Indians (30%) are pessimistic about their financial future, and far more likely than the general public (21%) to predict that their financial situation will worsen in the next two years.

FIGURE 1: PAST FINANCIAL PERCEPTIONS BY RACE/ETHNICITY

Q: Compared with two years ago, would you say that financially you are better off, worse off, or about the same?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



These findings may not all be just a matter of perception.

- Data from an analysis of 2002 U.S. census data reveals that the net worth of African American and Hispanic households fell 27% in the past census, while their white counterparts enjoyed a 2% gain in household wealth. Asians were not included in analysis of the study, but an economist from the Pew Hispanic Center noted that their wealth levels tend to be above African Americans and Hispanics but below those of non-Hispanic whites.⁵

Major Concerns about Everyday Expenses

We know that oftentimes as people age and stop working, their mobility decreases, level of health declines, and living expenses increase relative to their younger, fully employed days. Without adequate resources, planning, and preparation, the combination of these factors often leads to increased concerns about living expenses. These are not concerns about frills, but about how to afford basic living expenses like food and utilities. Findings from this survey revealed that multicultural groups are often much more concerned about their financial

circumstances than are their non-Hispanic white counterparts. In fact, we found many more African Americans, Hispanics, Asians and American Indians to be far more worried than non-Hispanic whites and the general population. Moreover, the groups were highly concerned in almost every area mentioned on the survey. We probed ten specific areas in order to better ascertain the level of concern, whether very concerned or somewhat concerned, among people 45+. See Figure 3, p.15.

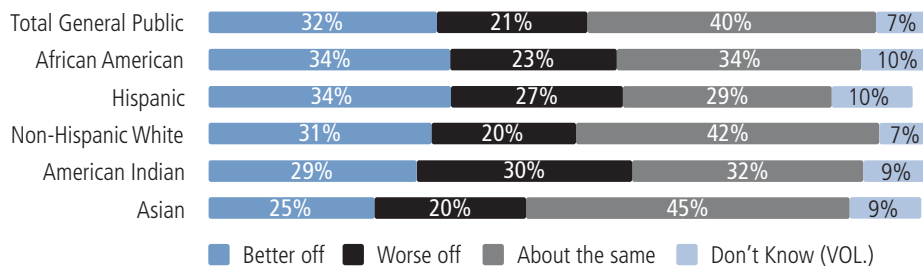
An astounding 50% of all midlife and older Americans go to sleep every night with concerns about covering basic living expenses like utilities, telephone, and food. Far more in the multicultural community are worried. When we asked about level of concern, we found that more than half of the general public is somewhat or very concerned about several potentially major expenses.

- Paying for health care expenses tops the list with almost two-thirds (64%) of the 45+ general public having strong concerns about affording medical expenses, including prescription drugs.

FIGURE 2: FUTURE FINANCIAL PERCEPTIONS BY RACE/ETHNICITY

Q: Looking ahead two years, what do you think your financial situation will be?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



⁵ Witte, G. and Henderson, N. Wealth Gap Widens for Blacks, Hispanics. *The Washington Post*. October 18, 2004. A11.

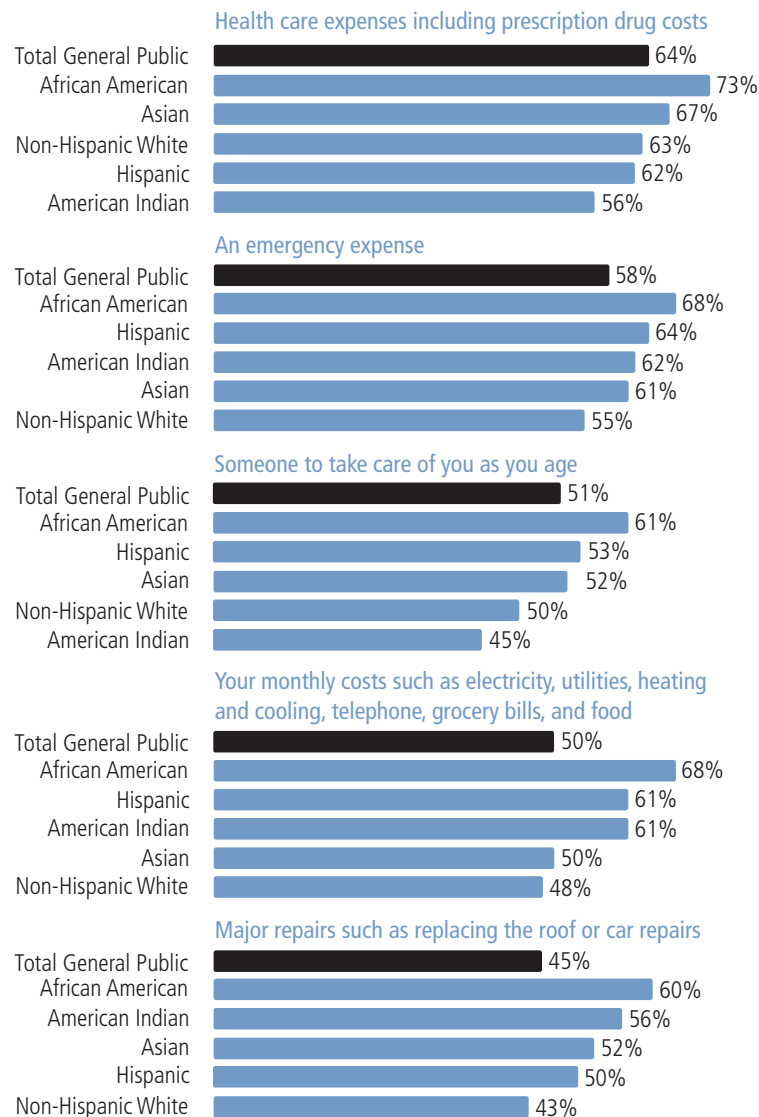
Similarly, having cash for emergency expenses worries almost six in 10 (58%) mature Americans. Moreover, long-term care resonates as a major concern in mature America with half of 45+ people (51%) worried about being cared for as they get older.

As discouraging as the general public statistics are, the reality for some of the multicultural subgroups is even grimmer. Consider that one of the most fundamental concerns—paying for basic monthly household bills—plagues considerably more African Americans, Hispanics, and American Indians than non-Hispanic whites.

FIGURE 3: MAJOR CONCERNS BY RACE/ETHNICITY

Q: Please tell me how concerned you are about having enough money to pay for...? Are you concerned, somewhat concerned, not too concerned, or not at all concerned?

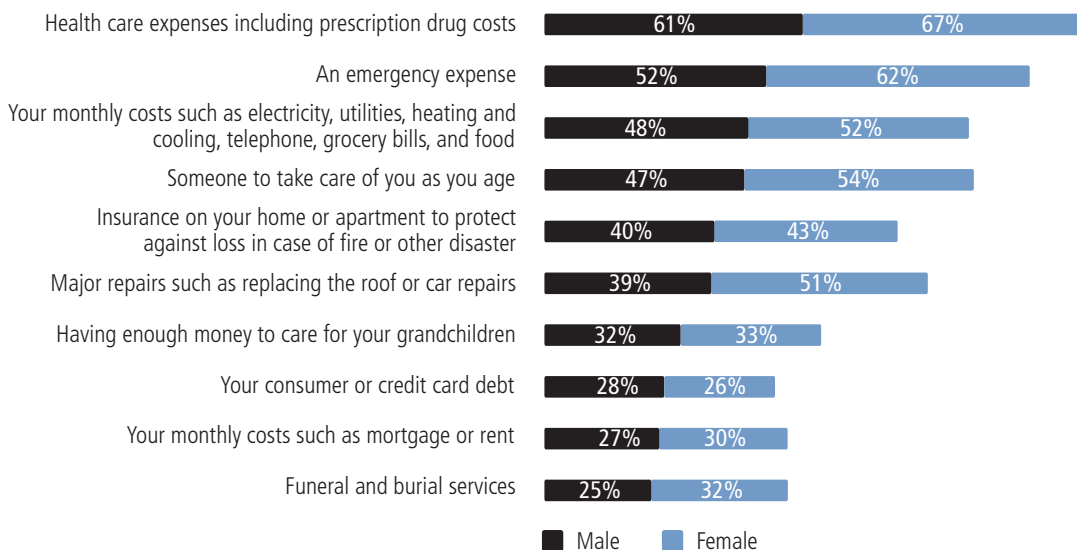
Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



- While the proportion of Asian Americans (50%) who express deep concern about monthly utility bills (including heating and cooling, telephone, and food) mirrors the 45+ general public, many more African Americans (68%), Hispanics (61%), and American Indians (61%) are worried about covering these expenses.
 - At least four in 10 African Americans are concerned about all 10 expenses, with the greatest concern about having enough money for health care expenses such as prescription drugs, 73%. African Americans also express heightened concerns about having enough money for emergency expenses and to insure their homes against loss in case of fire or other disaster, having sufficient resources to pay for long-term care expenses, and having enough money to care for their grandchildren.
 - Hispanics show heightened concern for seven of the 10 expenses, with the greatest concern being having enough money for emergency expenses; 64% vs. 58% in the general public.
 - American Indians were more concerned than the general public with about six of the 10 items presented, with the greatest concern being having enough money for basic monthly expenses including food and utilities, 61% vs. 50% in the general public. See Figure 3, p.15.
- Women are living longer than men. Consequently, as women age, they are more likely to be widowed and spend their older years without a spouse, at a time when financial security and peace of mind are especially important and hard to gain. Current findings reveal that a greater proportion of women than men are

FIGURE 4: FINANCIAL PURSUITS FOR THE NEXT TWO YEARS BY GENDER

Q: Please tell me how concerned you are about having enough money to pay for...?
Are you very concerned, somewhat concerned, not too concerned, or not at all concerned?
 Base: n=849, Male n=399, Female n=400



worried about half of the 10 recurring expenses probed. As seen in Figure 4, p. 16, far more women than men are somewhat or very concerned about:

- health care and prescription drugs costs (67% vs. 61%),
- emergency expenses (62% vs. 52%),
- elder care for themselves (54 vs. 47%),
- major repairs (51% vs. 39%),
- funeral and burial expenses (32% vs. 25%).

Overall, within the 45+ general public, other groups likely to express great concern about basic living expenses are:

- Women,
- Non-homeowners,
- African Americans,
- Consumers with lower incomes.

Specifically, women are highly concerned about all of the concerns that we probed, except for paying their mortgage or rent. However, women have some additional concerns. They worry about funeral and burial expenses, long-term care expenses, and health care costs including prescription drugs—concerns often associated with living longer.

Renters worry about having enough money to pay their rent, paying their consumer debt or credit cards, and generating enough to have money for unforeseen incidents and emergencies.

Homeowners insurance and consumer debt occupy the minds of a significant number of low-income consumers. Those with lower educations are also worried about burial expenses and prescription drug costs.

Debt Management

Excessive personal or consumer debt can threaten financial security at anytime in one's life. However, debt accumulation is particularly relevant in midlife years and beyond. Approximately one-quarter (27%) of the general public says they are very or extremely concerned with consumer debt. Moreover, a greater proportion of African Americans (45%), Hispanics (43%), Asians (31%), and American Indians (30%) say they are concerned about consumer debt.

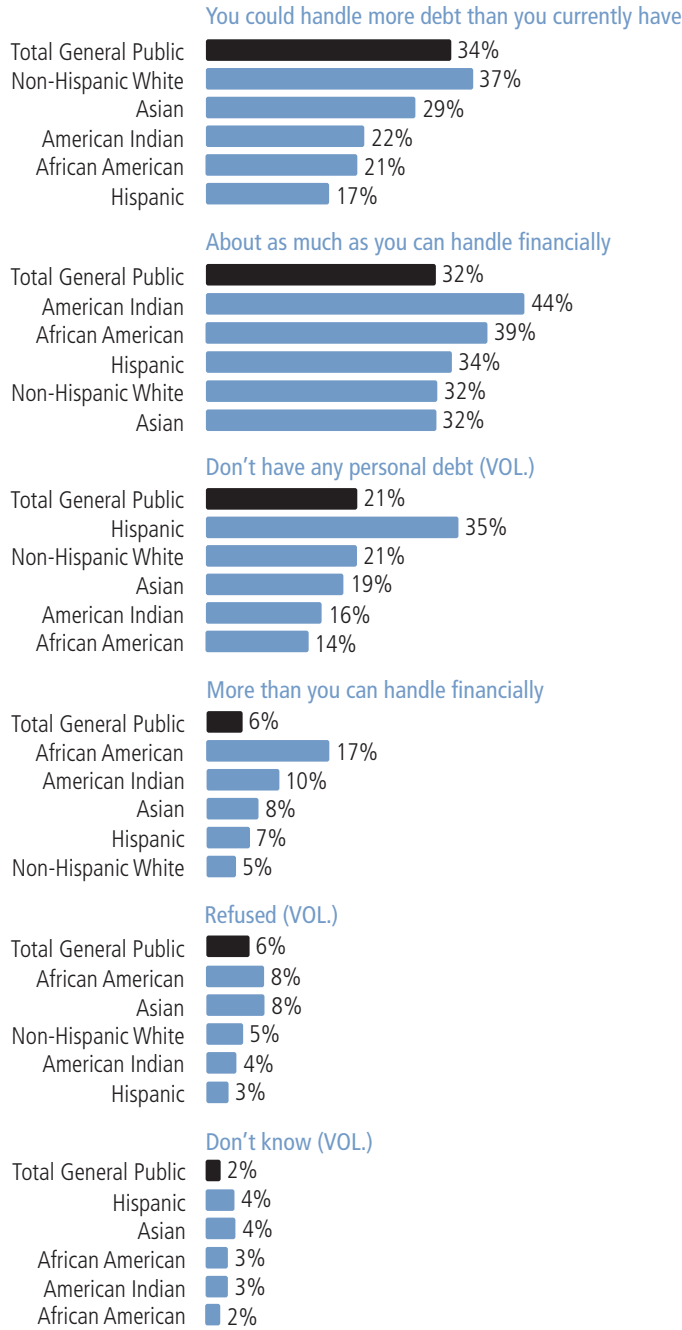
Similarly, while just fewer than four in 10 of the general public (38%) are at their limit with debt, saying they have as much debt or more debt than they can handle, more African Americans, Hispanics, Asians, and American Indians report this status.

In the following section, we delve further into how people are managing their personal consumer debt. We asked respondents **“Think for a moment about your personal debt on which you currently make interest payments. I am talking about debts you partially pay off each month for things like mortgages, credit cards, personal loans, or car loans.”** See Figure 5, p. 18.

FIGURE 5: DEBT LEVELS BY RACE/ETHNICITY

Q: Think for a moment about your personal debt on which you currently make interest payments. I am talking about debts you partially pay off each month for things like mortgages, credit cards, personal loans, or car loans?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



We wondered whether their current debt is more than they can handle financially; about as much as they can handle financially; whether they could handle more debt than they currently have; or whether they do not have any personal debt.

- Thirty-eight percent of the 45+ general public is in considerable debt. Nearly one-third (32%) has as much as they can handle; 6% has more than they can handle.

Similar proportions of Hispanics (41%) and Asians (40%) report that they are in considerable debt. The majority of African Americans (56%) appear to be in debt (39% *with as much as they can handle, and 17% with more than they can handle*). Likewise, the majority of American Indians say they are in debt (54%). Non-Hispanic whites, debt levels mirror those of the general public (37%) who report being in debt.

On a positive note, 35% of Hispanics say that they *do not* have any personal debt, and an additional 17% say that they can handle more debt than they currently have—a finding unmatched across other subgroups. This is consistent with the finding that almost two-thirds of Hispanics say that they do not have credit cards (64%)—more than any other group.

Other findings include:

- Men are almost twice as likely as women to report that they have more debt than they can handle (7% vs. 4%).
- Men also are prepared to handle more debt than women are (42% vs. 26%).

- Not surprisingly, lower income people struggle more with debt than people with higher incomes.

Money Management 101

Spending Behavior

American consumers are generous spenders. Midlife Americans or boomers represent the largest population segment and the biggest spenders, accounting for more than half of all U.S. spending. The typical American consumer amasses a considerable amount of consumer debt by midlife, but continued spending without saving can sabotage a secure, well-financed retirement.

We explored spending behaviors by asking, **“Which of the following financial activities will you make in the next two years?”** See Figure 6, p. 20.

Consumers were presented with a list of 14 major financial activities or purchases that they could engage in within the next two years. Participation rates vary by subgroup.

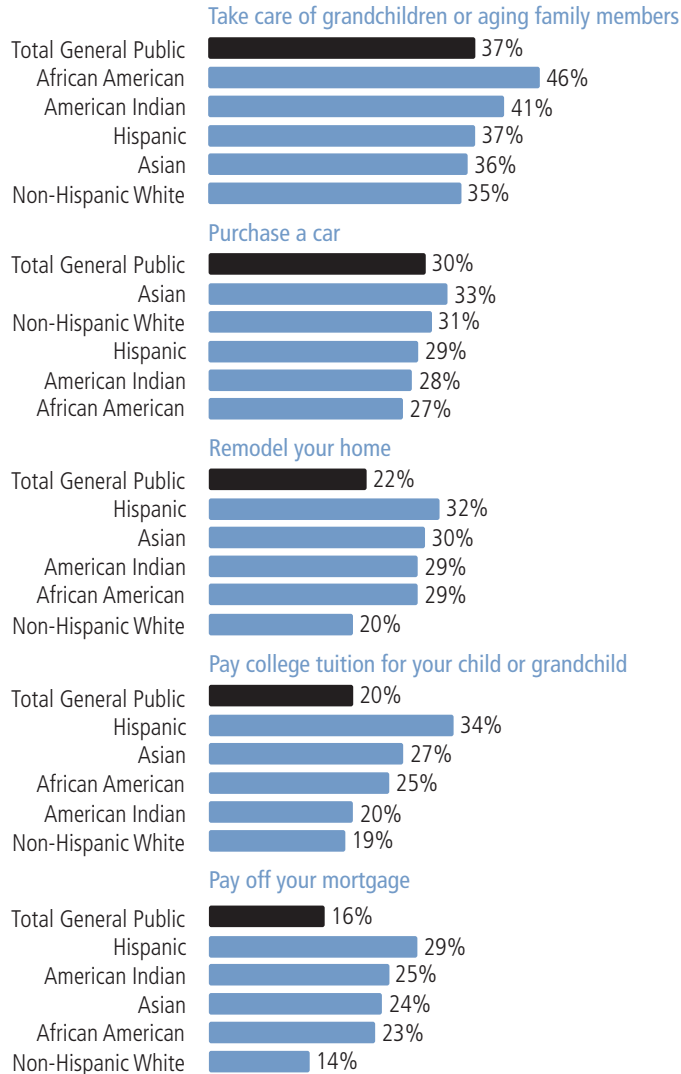
We found that overall, despite serious financial concerns among the 45+ group, a significant number of people say that in the next two years they will be spending money on vacation and leisure. In fact, people are more likely to report going on vacation (63%) than saving for retirement (57%) or building an emergency fund (41%). Other findings include:

- African Americans will participate in nine out of 14 activities over the next two years. *African Americans (46%), regardless of income, are more likely than are those in the general population (37%) to say that they will be caregivers for grandchildren or aging parents in the next two years.*

FIGURE 6: FINANCIAL PURSUITS FOR THE NEXT TWO YEARS BY RACE/ETHNICITY?

Q: Which of the following financial activities will you make in the next two years?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



- Hispanics (24%) are four times as likely as the 45+ general public (6%) to say that they will start a business in the next two years.
- African Americans, Hispanics, Asian Americans, and American Indians will focus on home-centered spending. They give priority attention to getting a mortgage, paying off a mortgage, and remodeling their homes.
- Those age 45 to 54 are more likely than the older cohorts of 55 to 64 and 65+ to be saving to pay off debt, to pay for school tuition, and to purchase a business.
- Almost six in 10 Hispanics (59%) report not saving any money at all. In a follow-up question to savers, we asked if they had a place to save. One in 10 (10%) Hispanics say they do not have a place to save their money, which is far greater than the other subgroups.
- More than four in 10 American Indians (44%) and three in 10 African Americans (39%) report not saving any money. However, when we asked about saving for retirement in the next two years, more than half of all subgroups mentioned that they would. It seems that those who are saving are putting a high priority on retirement savings. See Figure 7.
- In general, more men (71%) report saving than do women (65%). People with incomes above \$30,000 and those with some college or more, are more likely to report saving money than those with incomes below \$30,000 or those with a high school diploma or less.

Savings Behavior

We asked, **“Are you currently saving money?”**

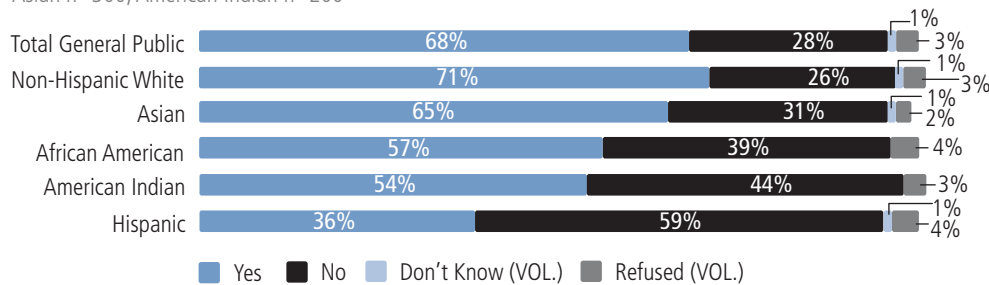
More than two-thirds (68%) of the general public reported that they are currently saving money. However, African Americans, Hispanics, and American Indians are saving far less than the general public. See Figure 7.

Our findings also reveal that African Americans, Hispanics, Asians, and American Indians save at much lower rates than their non-Hispanic white counterparts do.

FIGURE 7: PEOPLE CURRENTLY SAVING MONEY BY RACE/ETHNICITY

Q: Are you currently saving money?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



Checking Behavior

We next asked, “**Do you have a checking account in a bank, credit union, or savings and loan?**” More than four out of five said that they have a checking account in a bank, credit union, or savings and loan (84%). See Figure 8 on p. 23.

Although a preponderance of 45+ consumers say they have checking accounts, many do not. To meet the needs of consumers without checking accounts, alternative financial institutions like check-cashing outlets have become increasingly popular. Check-cashing stores often target consumers without bank accounts in poorer neighborhoods. These alternative financial institutions offer fast cash, and seemingly minimal fees. However, these fees may actually reach as high as 400% annual percentage rate (APR) on a single loan. When you consider how these costs could accumulate week after week and month after month, it is clear that a checking account, which can be low-cost or no-cost for older consumers, makes economic sense.

We found the following regarding checking behavior.

- Similar to the general public age 45+, almost nine in 10 Asians (89%), and non-Hispanic whites (88%) have checking accounts with a bank, credit union, or savings and loan, as do seven in 10 American Indians (70%). Far fewer African Americans (59%) and Hispanics (51%) have checking accounts. Seven percent (7%) of all respondents and thirteen percent (13%) of African Americans refused to reveal whether or not they have a checking account.

Other factors related to an increased likelihood of having a checking account are higher income, more education, and being married or partnered.

We asked respondents who said they do not have a checking account whether they use money orders, cashiers checks, or bank checks. Overall, more than four in 10 (42%) answered in the affirmative. Notably, one-quarter (27%) of those without checking accounts refused to answer the question.

Of those who do not have checking accounts, far more American Indians (58%), African Americans (55%), and Asians (49%) than the general public conduct business using money orders, cashiers checks, or bank checks. Hispanics are the sole ethnic group using money orders, cashiers checks, or bank checks less frequently than the general population (32% vs. 42% general public). It is noteworthy that from eight (8%) to more than twenty percent (27%) of each group (including the general public) consistently refused or gave no answer to the question “**Do you use money orders, cashier checks, or bank checks?**”

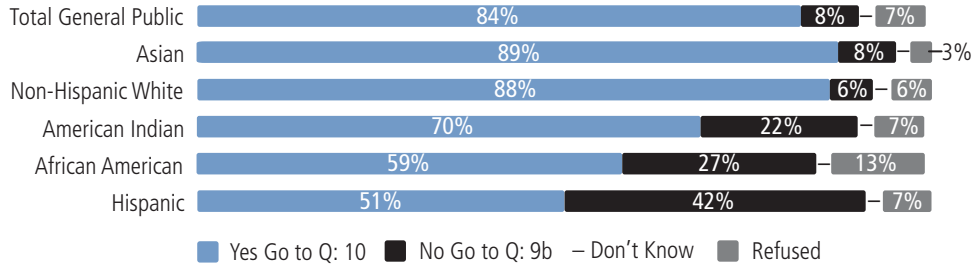
Reasons for Saving

As Americans prepare to live an estimated 25 years after their traditional retirement, saving is paramount. Many indicators strongly suggest that American consumers have habits of accumulating debt by overspending. However, according to some, the generation age 45+ has realized a slight improvement in their saving patterns. The AXA-Financial Nest Egg study reports a shift in mindset. “In 2003, 43%—compared with only 26% in 1993—said that their single *greatest economic concern* was having adequate resources in retirement.

FIGURE 8: PEOPLE WHO HAVE CHECKING ACCOUNTS BY RACE/ETHNICITY

Q: Do you have a checking account in a bank, credit union, or savings and loan?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



The proportion putting a *higher priority* on providing a financial base for their retirement grew from 43% (1993) to 55% (2003).⁶

According to the 2004 Retirement Confidence Survey of consumers age 18+ released by the Employee Benefits Research Institute, 68% of *all* workers have saved for retirement and 58% are currently saving for retirement.⁷

To explore further what 45+ Americans are currently saving for, we asked respondents, **“Please answer ‘yes’ or ‘no’ if you are saving for any of these reasons.”** See Figure 9, p. 24.

Of consumers who save, most report saving for retirement (76%), the number one reason across all subgroups. The next most popular is “to build an emergency fund” (69%).

- Compared with the general public, African Americans, Hispanics, Asians, and American Indians are more likely to report saving for most of the options given, including saving to buy a home,

start a business, pay off debts, and build an emergency fund.

- Age is also an important indicator of who is saving. Those ages 45 to 54 are twice as likely as those age 65+ to be saving in several categories. This finding is consistent with other findings in the survey, suggesting people age 45 to 54 are more financially active than those age 65+, in all categories surveyed. See Figure 10, p 25.

Compared with those age 65+, people ages 45 to 54 are:

- More than twice as likely to be saving to pay off debts (44% vs.17%).
- More than three times as likely to be saving to pay school tuition (36% vs. 8%).
- Four times as likely to be saving to start a business (8% vs. 2%).
- More than six times more likely to be saving to purchase a home (13% vs. 2%).

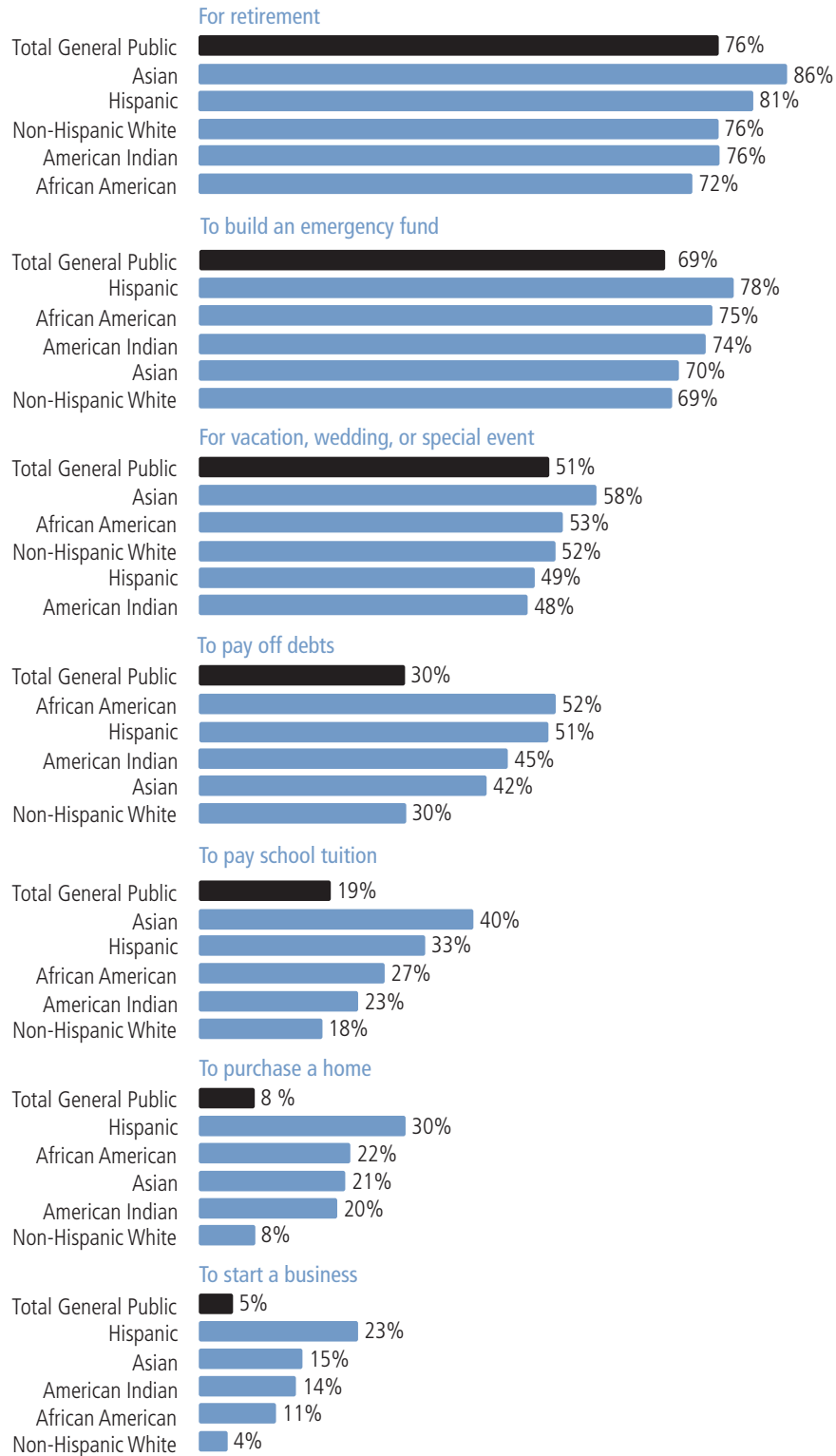
⁶ From Spending To Savings: Ten Years Shows Shift In Mind-Set Of Nation’s Baby Boomers. The AXA Nest Egg Study polled 701 baby boomers born between 1946 and 1964, with annual household incomes of \$75,000 and above. The AXA Nest Egg Study, conducted by the independent research firm Mathew Greenwald & Associates, was administered over a four-week period in August, 2003. The comparative data from the 1993 Equitable Nest Egg Study is based on a survey of 600 baby boomers in households earning \$50,000 a year at that time, www.equitable.com/pressroom/01132004_nest_egg.html

⁷ Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

FIGURE 9: REASONS FOR SAVING BY RACE/ETHNICITY

Q: Please answer 'yes' or 'no' if you are saving for any of these reasons (% yes).

Base: Total General Public n=1042, Samples: Non-Hispanic White n=929, African American n=177, Hispanic n=122, Asian n=213, American Indian n=115



Borrowing

Consumers borrow from many sources: traditional banks, friends, families, credit cards, and non-bank institutions. To learn about borrowing behavior, we asked, **“In the past two years, have you ever borrowed from the following places?”** See Figure 11, p. 26.

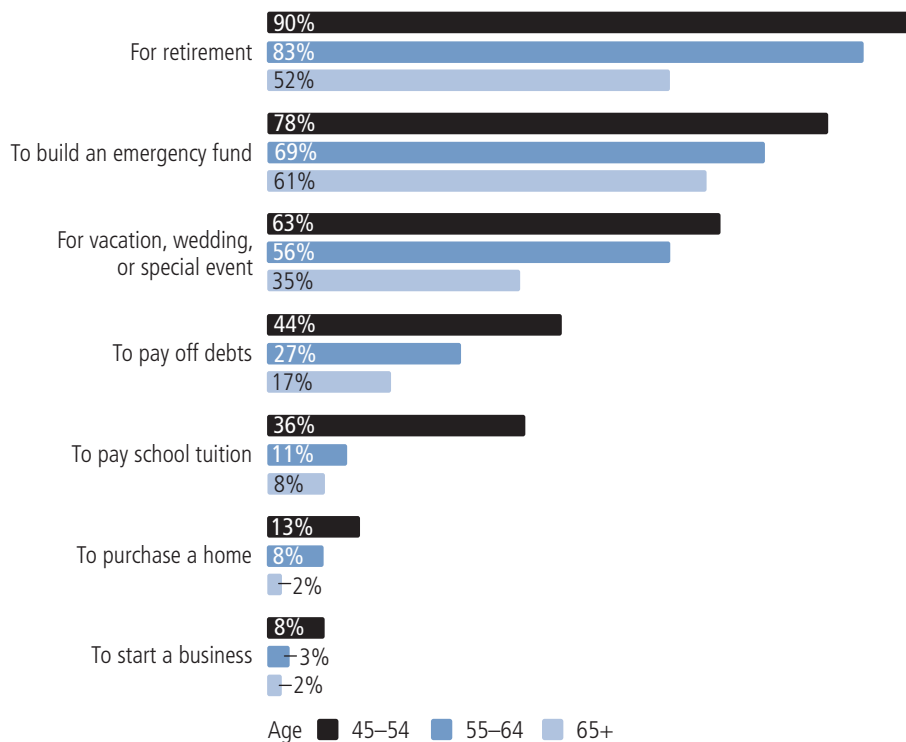
Overall, traditional institutions are the preferred choice for borrowing. Almost one-quarter of all respondents named a bank, credit union, or savings and loans as their lender. Other popular choices were home equity loans (17%) and credit cards (16%).

- Among all African Americans, over the past two years, family members were the lenders of choice for one. Next most popular were banks (13%) and credit cards (13%). African Americans were also
- more than twice as likely as the general population to go to churches or religious institutions (7% vs. 3%) or payday advance lenders (4% vs. 1%) for loans.
- More American Indians preferred borrowing money from banks/credit unions/savings and loans (27%) than any other group, including the general public (23%). American Indians were also more likely to borrow from family members (22% vs. 9%), friends (12% vs. 5%), and payday lenders (4% vs. 1%) than the general 45+ general public.
- Hispanics’ first choice for borrowing was home equity loans (13%), followed by family members (12%) and banks/credit unions/personal savings (12%).

FIGURE 10: REASONS FOR SAVING BY AGE

Q: Please answer ‘yes’ or ‘no’ if you are saving for any of these reasons (% yes).

Base: n=1018, Ages: 45–54 n=367; 55–64 n=333; 65+ n=272



Shopping for Loans

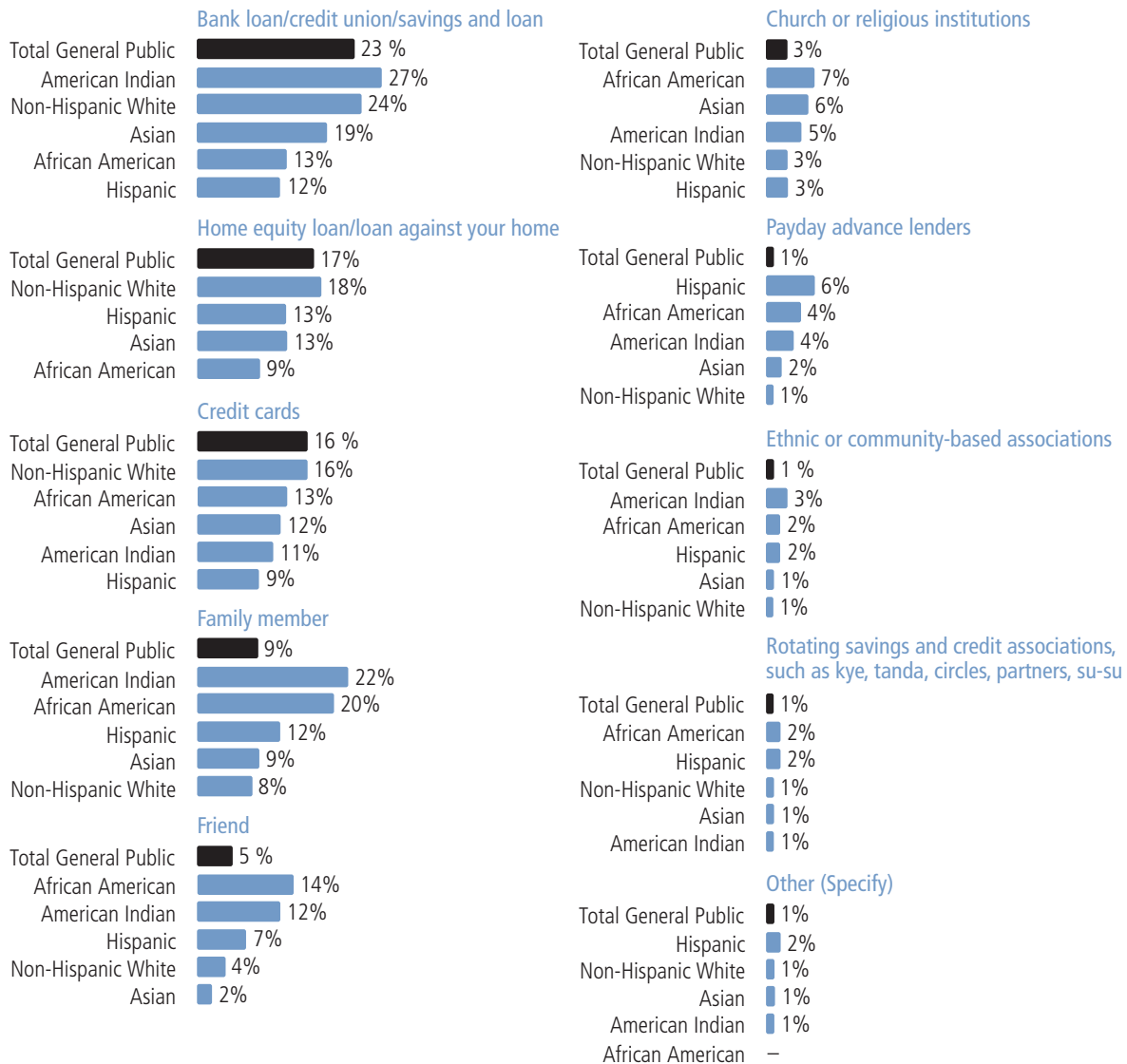
AARP encourages consumers to comparison shop for interest rates and loan terms in order to avoid predatory lending practices and get the best loan possible. Two-thirds (66%) of the 45+ general public said they shop for the best interest rate before borrowing money.

An even larger proportion of Asians (71%) said they comparison-shopped. Non-Hispanic whites (66%), Hispanics (60%), African Americans (52%), and American Indians (47%) comparison-shop before taking a loan. See Figure 12, p. 27.

FIGURE 11: BORROWING BEHAVIOR BY RACE/ETHNICITY

Q: In the past two years, have you ever borrowed from the following places?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



Banking on Quality, Convenience, and Safety

Older Americans have many banking choices: from traditional full-service banks to hybrid banking centers to alternative financial services. Consumers are utilizing all of these choices, and others, for a range of reasons. Current findings show that ethnic groups are more prone than the general population to use alternative banking options like payday lenders and check-cashing outlets. However, we wanted to understand why people choose a place to conduct financial transactions. Is it because the business is centrally located in their neighborhood? Could it be that their business of choice provides good banking options? Alternatively, do people choose a place to bank simply because the institution is familiar?

We asked two questions: **“Why do you choose this place to save money?”** and **“How important are the following things when choosing a place to cash a check?”** Overall, we learned that groups often choose locations to save and conduct checking business for similar reasons.

However, all groups also assign a higher level of importance to choosing a place to cash a check compared with choosing their savings venue. See Figure 13, p. 28 and 14, p. 29.

Other noteworthy findings include:

- Hispanics favor banking locations with personnel who speak languages other than English.
- More women than men value the reputation of an institution.
- Low-income consumers and consumers with a high school education or less are more likely than those with higher incomes or college graduates to choose a location based on convenience.

Credit Card Usage

Credit card usage is prevalent in American society. Today, credit cards are so widely accepted that they are preferred over cash as a form of payment. Credit card providers make it extremely easy to use credit cards by making them more accessible to consumers and more widely accepted at retail locations. This research supports the view that the majority of the general public

FIGURE 12: THOSE WHO SHOPPED FOR THE BEST LOAN INTEREST RATE BY RACE/ETHNICITY

Q: Do you shop for the best interest rate before borrowing the money?

Base: Total General Public n=723, Samples: Non-Hispanic White n=622, African American n=149, Hispanic n=109, Asian n=122, American Indian n=106

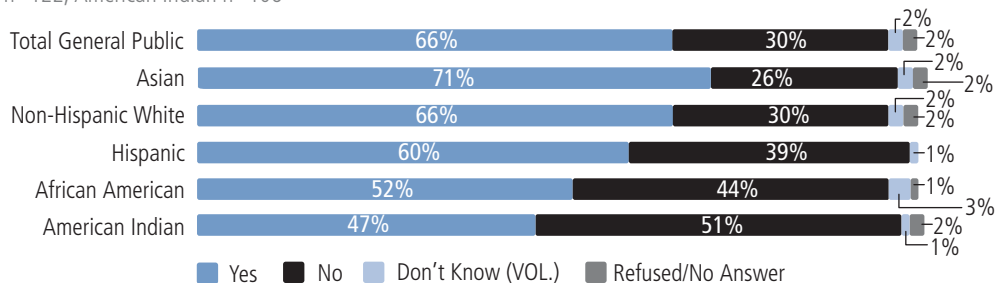


FIGURE 13: IMPORTANT FACTORS WHEN CHOOSING A PLACE TO SAVE

Q: Why do you choose this place to save money?

Base: Total General Public n=1018, Samples: Non-Hispanic White n=910, African American n=168, Hispanic n=108, Asian n=206, American Indian n=110

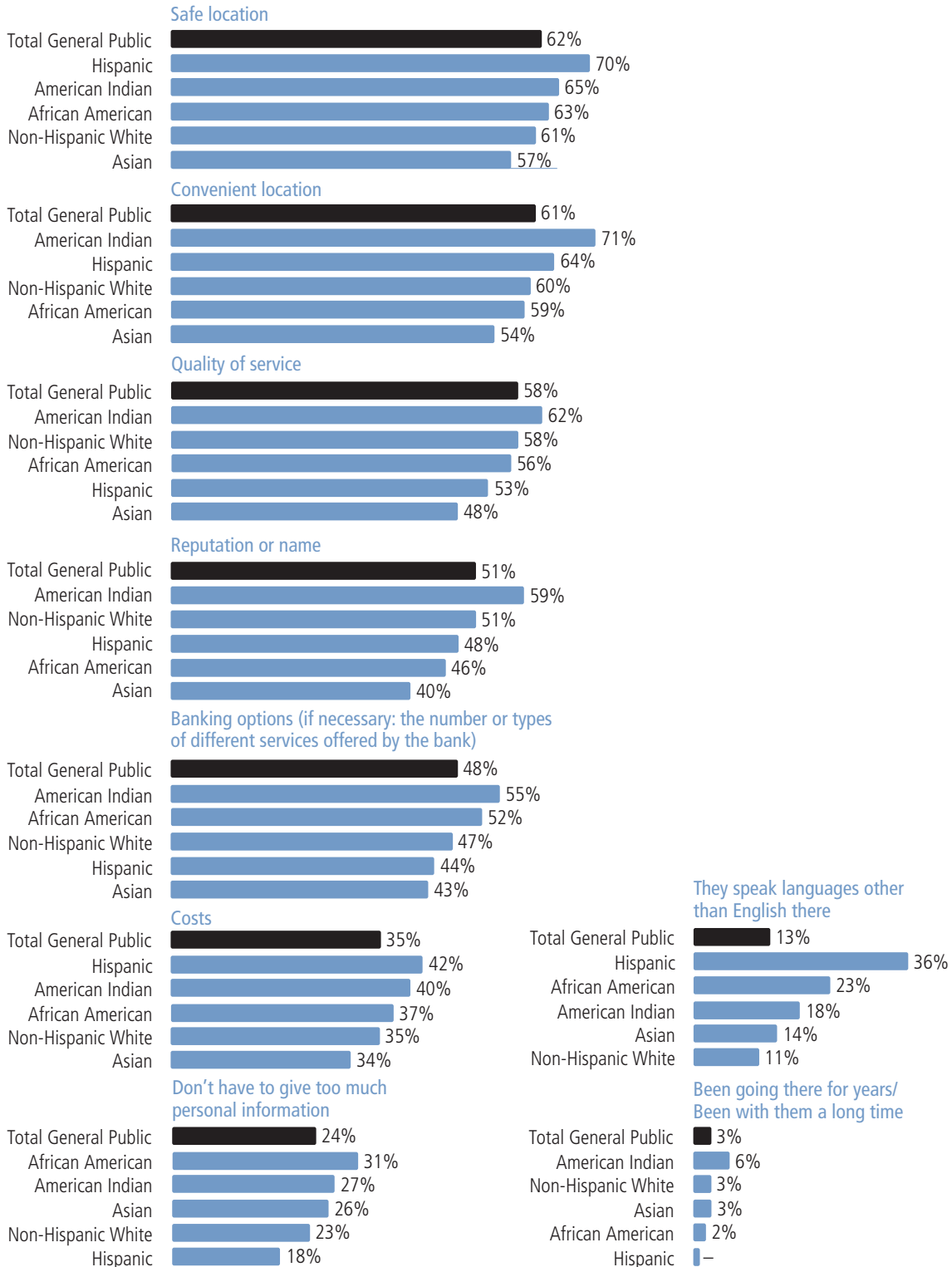
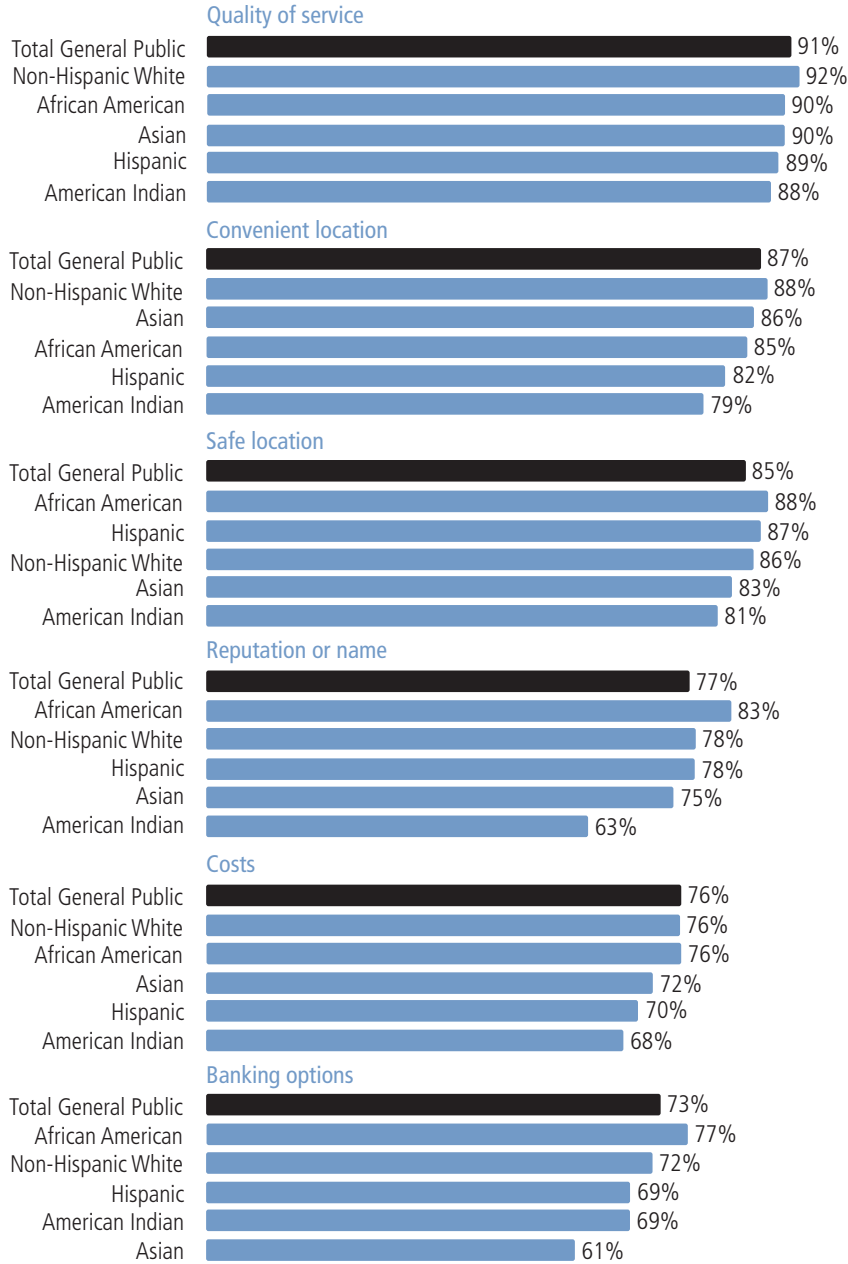


FIGURE 14: IMPORTANT FACTORS WHEN CHOOSING A PLACE TO CASH A CHECK

Q: How important are the following things when choosing a place to cash a check?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200



continued on next page

FIGURE 14: IMPORTANT FACTORS WHEN CHOOSING A PLACE TO CASH A CHECK, continued

Q: How important are the following things when choosing a place to cash a check?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200

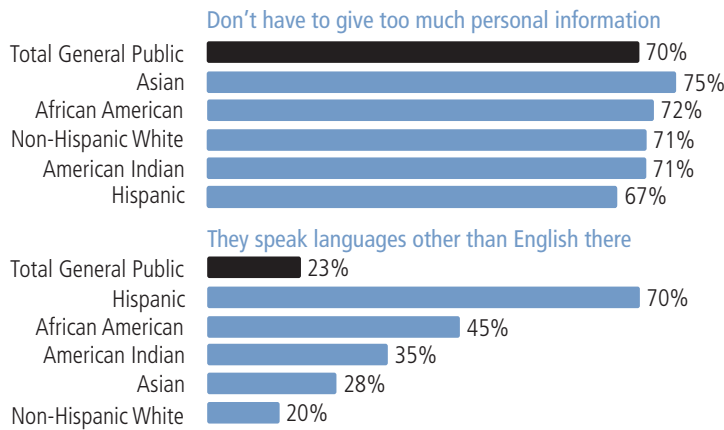


FIGURE 15: CREDIT CARD USAGE BY RACE/ETHNICITY

Q: Do you use a credit card—not connected to your bank account such as an American Express, VISA, Mastercard, Discover, or department store card?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200

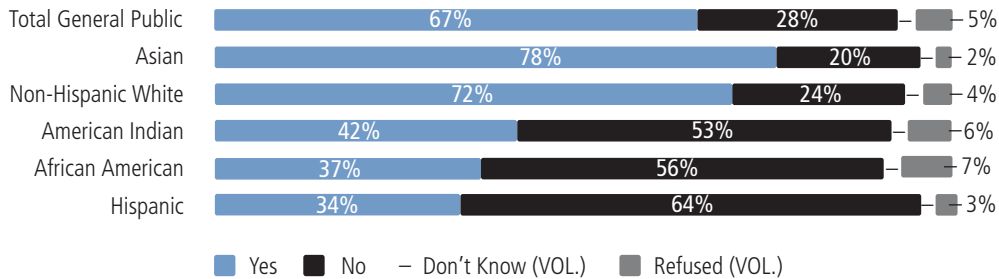
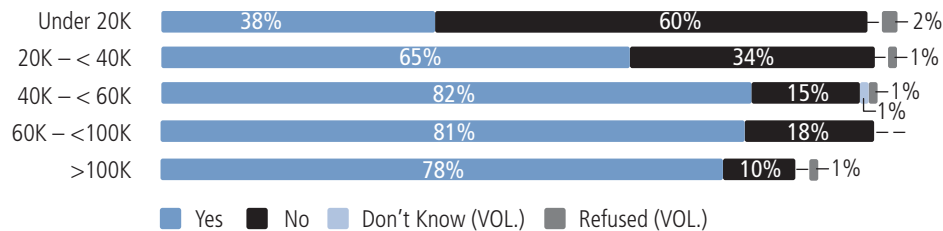


FIGURE 16: CREDIT CARD USAGE BY INCOME

Q: Do you use a credit card—not connected to your bank account such as an American Express, VISA, Mastercard, Discover, or department store card?

Base: Total General Public n=1509, Income: Under 20K n=192, 20K- <40K n=245, 40K- <60K n=182, 60K- <100K n=213, >100K n=176



age 45+ uses credit cards in their financial transactions (67%). However, the majority of 45+ African Americans (56%), Hispanics (64%), and American Indians (53%) are not using credit cards. See Figure 15, p. 30.

Asian Americans emerge as top users of credit cards, with almost eight in 10 saying they use a credit card provided by American Express, Visa, or MasterCard (78%). Fewer American Indians age 45+ (42%), African Americans (37%), and Hispanics (34%) report using credit cards.

It is noteworthy that, compared with the general public, few African Americans and Hispanics report using credit cards. More than half in each group (52% of African Americans and 51% of Hispanics) report they are saving to pay off debts. By comparison, less than a third of the general population is saving to pay off debts (30%).

There is a positive relationship among income, education, and credit card usage. That is, those with higher incomes and those with more education more frequently report using credit cards than those with lower incomes or those with less education. See Figure 16, p. 30 and Figure 17, p. 33.

Other Financial Pursuits

Next, we discuss the purchases and financial transactions in which people have engaged over the past two years, probing how consumers are spending their money. We queried about seven items, divided into two categories. We listed seven items, three that we categorized as major purchases and four that we categorized as risky behaviors. We asked: **"Please tell me if you have done the following in the past two years."**

Over the past two years, from one-fifth to almost one-third of the general population participated in major purchases; 30% have purchased a car; 23% have purchased a home. Far fewer (7%) have gotten a student loan in the past two years.

One finding is particularly interesting. More Asians (36%) than African Americans (18%), Hispanics (20%), American Indians (16%), non-Hispanic whites (24%), or members of the general public (23%) acquired home mortgages in the past two years.

We also asked about engaging in four behaviors we deemed risky because they are expensive ways to conduct business and tend to lead consumers into cycles of debt. The behaviors are renting-to-own an appliance or furniture; cashing a check at a check-cashing outlet; pawning a personal item for cash or credit; and getting a payday loan. As stated earlier, many people do not have checking or savings accounts. However, we found that less than 10% of the general public say that they participate in any of these risky behaviors.

Participation varied across the multicultural subgroups. Fewer than 10% of the general populations have used check-cashing outlets, payday lenders, and pawnshops in the past two years. However, African American, Hispanic, Asian American, and American Indian consumers were up to four times as likely as members of the general survey population to have done so. Additionally, African Americans and Hispanics were far more likely to have rented-to-own an appliance or furniture and have used a check-cashing outlet than the 45+ general public. See Figure 18, p. 33.

Other findings include:

- Lower income consumers participate in the four risky behaviors more than those with higher income do.
- Regardless of income, African Americans and Hispanics more often frequent rent-to-own stores and check-cashing outlets compared to Asians, American Indians, and non-Hispanic whites.
- Age also emerged as an important factor relating to spending behavior. Those in the 45 to 54 age categories were not only more likely than those 65+ to participate in all of the positive major purchases (getting a car loan, home mortgage, or student loan), but also more likely than people 65+ to participate in the risky behaviors. See Figure 19, p. 34.

Protecting One's Most Prized Possession: Identity

Protecting Financial Privacy

Consumers are increasingly concerned about identity theft, fraud, and security of their financial information. Among victims of ID theft, Synovate (2003) found that non-white victims expressed more apprehension than white victims regarding the possibility of being a repeat target for ID theft.⁸ Many older consumers have acted to protect their financial identity. In 2004, the Federal

Trade Commission (FTC) released a study describing the situation of millions of Americans. The FTC found that 25 million adults 18+—11.2 percent of the adult population—had fallen victim to fraud in general. Beales (2002) reported that among the ID theft complaints received by the FTC, 10% were made by consumers age 60 and over. However, Beales also found that the experiences of older adults age 60+ do not vary much from those age 60 and under. The study suggests that lower rates of reporting identity theft by older adults may be attributed to their reluctance to report victimization.⁹

Similarly, others propose that older adults are more vulnerable when dealing with ID theft (Newman & McNally, 2005).¹⁰

We wanted to better understand the actions that consumers have taken in the past two years to protect themselves from fraud and identity theft. Based on previous AARP research, and in conjunction with what we have learned from the FTC, we developed a list of behaviors, which, if followed, will help consumers improve control of their financial privacy. The seven items divide into reactive and proactive steps.

We asked respondents: **“Please tell me if you have taken any of the following actions in the past two years.”** They answered with the following. See Figure 20, p. 35.

⁸ Synovate (2003). Federal Trade Commission—Identity Theft Survey Report. McLean, VA. www.ftc.gov/os/2003/09/synovaterreport.pdf

⁹ Beales, H. (2002). Prepared statement of the Federal Trade Commission on Identity Theft: The Impact on Seniors Before the Senate Special Committee on Aging. www.ftc.gov/os/2002/07/020718identitytheft.htm

¹⁰ Newman, G.R. and McNally, M.M. (2005). Identity Theft Literature Review. Research presented at the National Institute of Justice Focus Group Meeting on January 27, 2005.

FIGURE 17: CREDIT CARD USAGE BY EDUCATION

Q: Do you use a credit card?

Base: Total General Public n=1509, Education: HS or Less n=567, Some College n=307, College Grad or More n=550

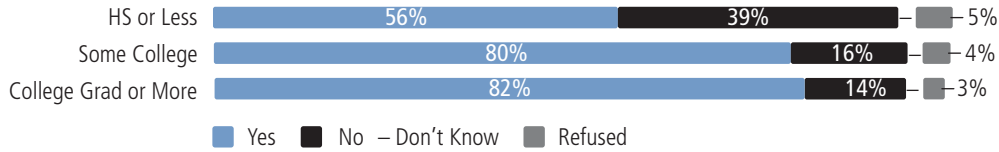


FIGURE 18: FINANCIAL ACTIVITIES OVER THE PAST TWO YEARS BY RACE/ETHNICITY

Q: Please tell me if you have done the following in the past two years?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200

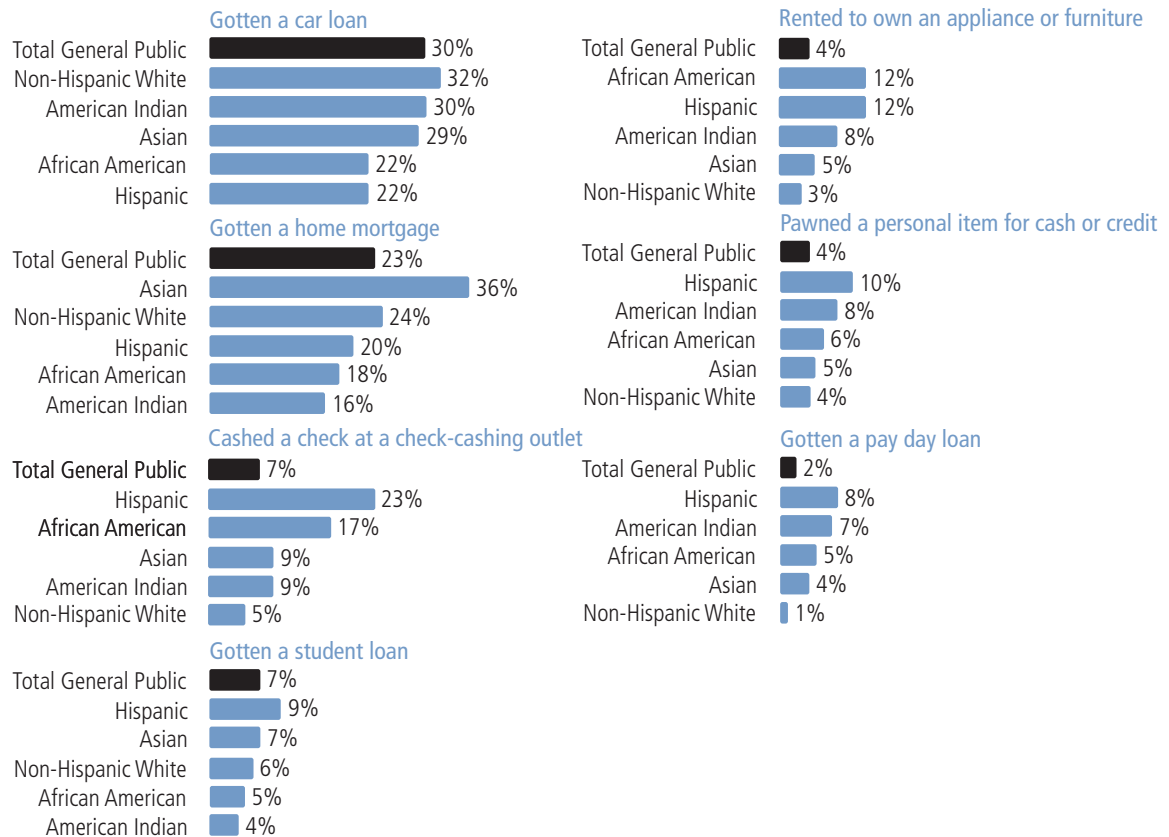
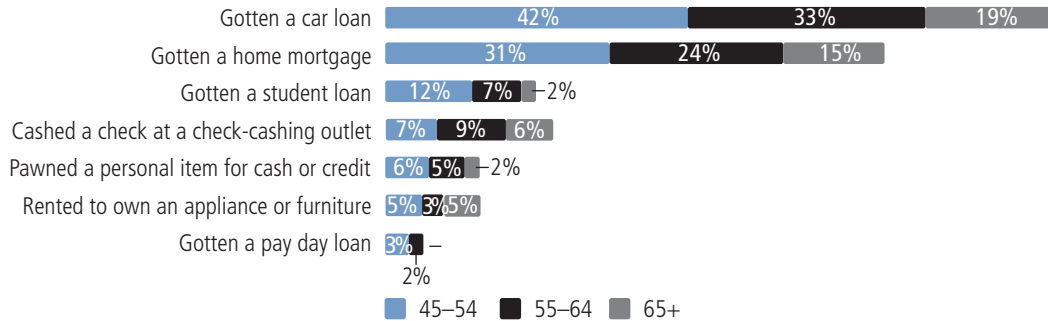


FIGURE 19: FINANCIAL ACTIVITIES OVER THE PAST TWO YEARS BY AGE

Q: Please tell me if you have done the following in the past two years?

Base: n=1509, Age: 45–54; 55–64; 65+



Ninety-six percent of the 45+ public has taken at least one step to protect their financial information.

Reactive behaviors respond to an outward trigger, such as shredding documents after receiving mail or credit card statements. These behaviors seem to be more appealing to consumers perhaps because it reminds them to initiate the action. For example, among our respondents, in the past two years, the vast majority refused to give out personal information over the phone unless the individual made the call (86%), regularly reviewed credit card statements (77%), and shredded unwanted personal financial mail (75%).

Proactive behaviors require consumers to initiate an action without outward triggers. Consumers seem less likely to engage in proactive protective steps. For example, compared to the reactive behaviors, far fewer respondents took proactive steps. In the past two years, proactive respondents carried fewer credit or identification cards (60%), signed up for the national do-not-call list (54%), ordered a copy of their credit report (31%), or called the three major credit companies to opt out of

receiving unsolicited offers by mail (27%).

Results across racial subgroups are inconsistent, but a general trend suggests that African Americans, Hispanics, Asians, and American Indians are slightly less likely than the general public to participate in these protective steps. There are several exceptions, most noteworthy of which is that African Americans are more likely than the general public to say they have ordered and reviewed a copy of their credit report in the past two years (38% vs. 31%).

In general, participating in one protective factor increases the likelihood of participating in another. Several characteristics were linked to participation in any one of the protective behaviors overall. They are:

- Having some college education or more;
- Having a checking account;
- Having an optimistic financial outlook;
- Being a non-Hispanic white;
- Being younger (45 to 54);
- Owning a home.

FIGURE 20: PROTECTIVE FACTORS IN WHICH PEOPLE PARTICIPATE BY RACE/ETHNICITY

Q: Please tell me if you have taken any of the following actions in the past two years?

Base: Total General Public n=1509, Samples: Non-Hispanic White n=1299, African American n=300, Hispanic n=300, Asian n=300, American Indian n=200

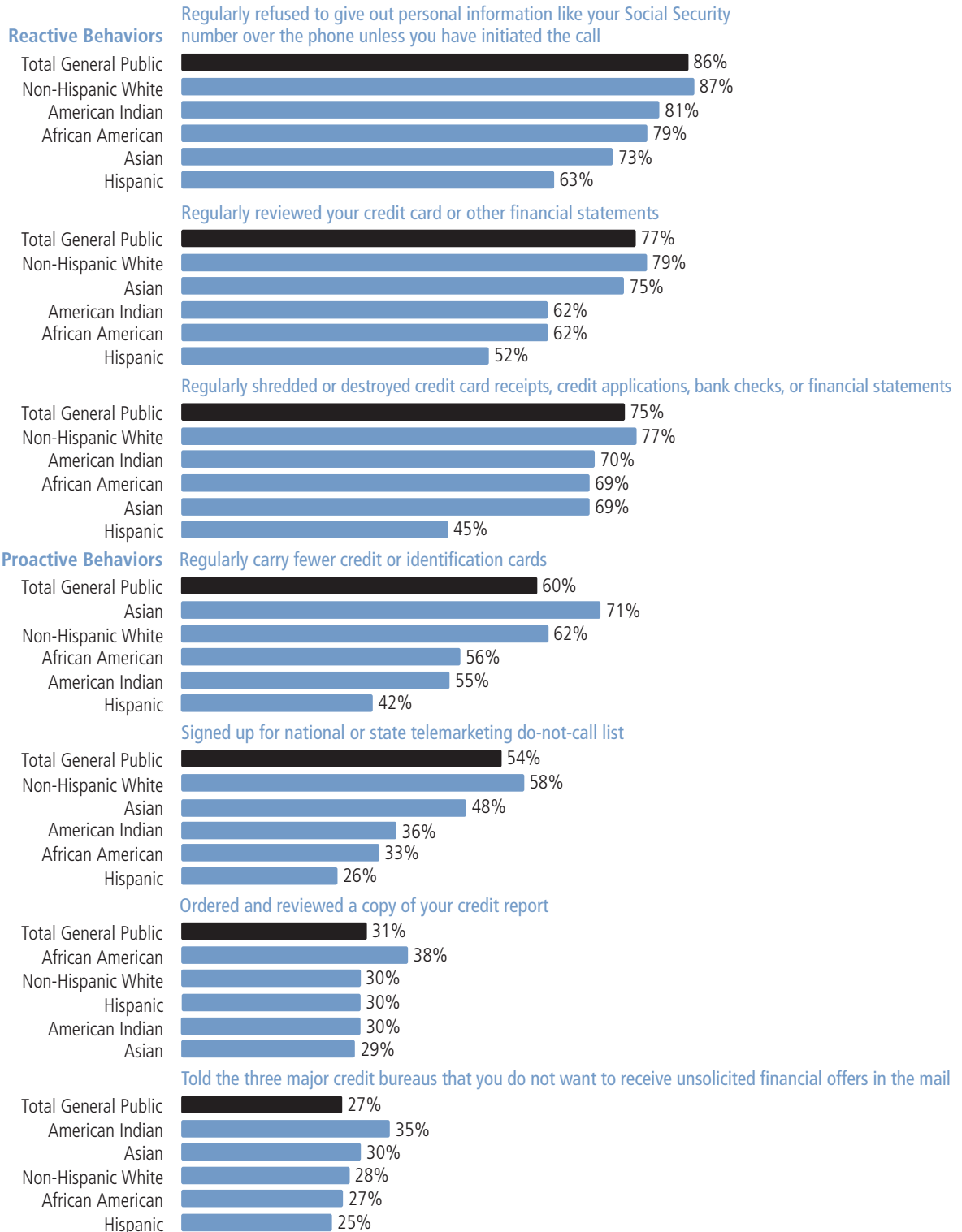
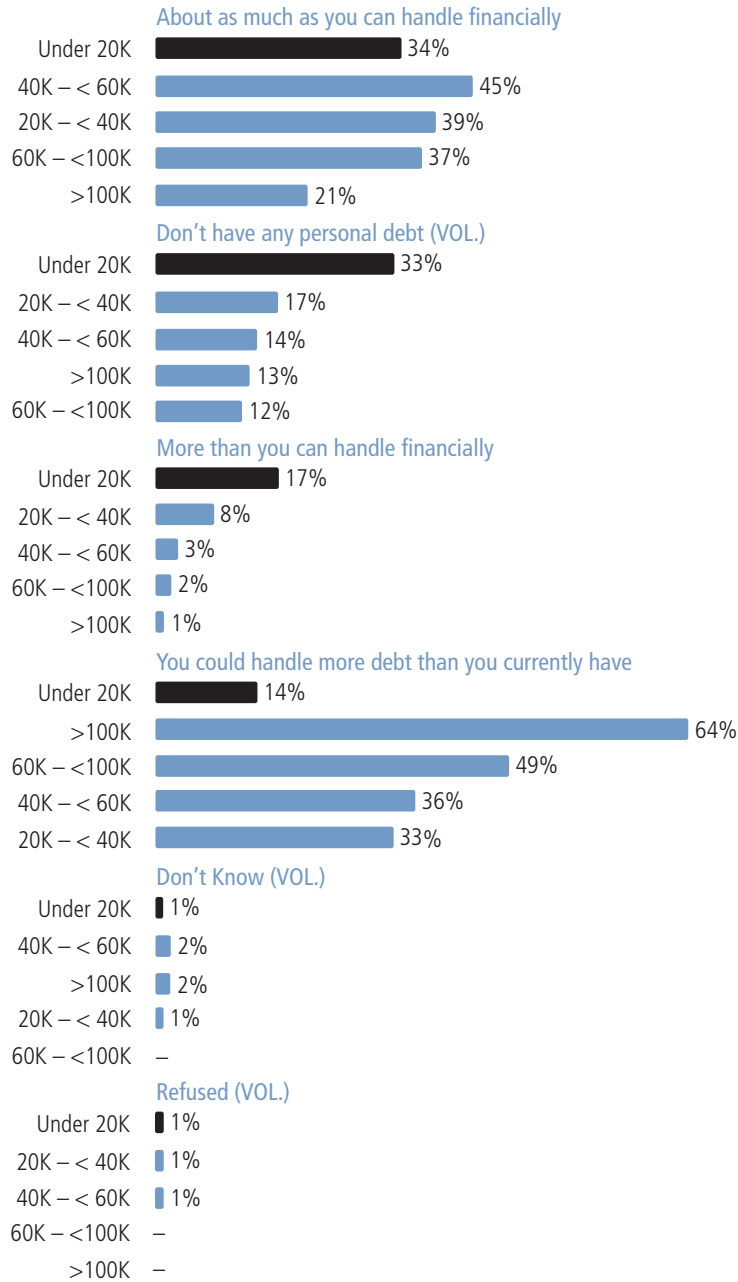


FIGURE 21: PROTECTIVE FACTORS IN WHICH PEOPLE PARTICIPATE BY INCOME

Q: Think for a moment about your personal debt on which you currently make interest payments. I am talking about debts you partially pay off each month for things like mortgages, credit cards, personal loans, or car loans.

Base: Total General Public n=1509, Income: Under 20K n=192, 20K- <40K n=245, 40K- <60K n=182, 60K- <100K n=213, >100K n=176



Summary and Trends

- More Americans are concerned about having enough money for health care expenses, including prescription drug costs than any other reason listed (64%). Similarly, the majority of Americans are concerned about affording basic living expenses—utilities, heating and cooling, telephone, grocery bills, and food. Furthermore, African Americans, Hispanics, Asians, and American Indians are far more concerned about having enough money to meet all of the needs mentioned.
- Although a large proportion of Americans report having spent money on major purchases including home mortgages and cars in the past two years, many plan to continue making major purchases in the next two years. Most people, however, are still diligent about saving, with the majority (68%) saying that they are saving. Moreover, they are focusing most of their savings on retirement (76%). Despite saving for retirement and their heightened concerns about daily living expenses, Americans are planning for leisure activity, with 63% saying they are going on vacation within the next two years.
- Definite trends emerged for several groups. Younger people (ages 45 to 54) are more financially active than people age 65+; they report spending more, saving more, and say they are more likely to make a major financial commitment in the next few years, such as purchasing a car or homes. Younger Americans are also in more debt. Ironically, younger Americans are also more likely to be concerned about meeting basic living expenses like electricity, utilities, heating, cooling, telephone, grocery bills, and food than are older Americans.
- When it comes to being conscientious about identity theft, an overwhelming majority of respondents (96%) have taken at least one protective step to safeguard their financial identity.
- Women are more concerned about affording basic living expenses than are men. They also have more debt than men. At the same time, men are more likely than women to report that they plan to do home remodeling, purchase a car, and move to a new location within the next two years.
- In general, homeowners and people with bank accounts are more likely to say that they are currently saving money than renters and those without bank accounts. They are also less likely than renters and the un-banked to frequent alternative financial institutions like pawnshops and payday lenders.

Findings by Race/Ethnicity

African Americans

African Americans are extremely concerned about having enough money as they age. Compared to the general public rate of 50%, more than two-thirds of African Americans (68%) are concerned about basic monthly bills including electricity, heating and cooling, telephone, grocery bills, and food. In fact, African Americans are more concerned than the other subgroups about most of the items named in the survey. Interestingly, more African Americans are concerned about being taken care of as they age (61%) than say they will be responsible for caring for grandchildren or aging family members in the next two years (46%). This suggests that while a significant proportion of older African Americans are committed to providing care for the young and the older generations, they are less certain that the younger generation shares this commitment to caring for them.

African Americans are almost half as likely as the general public to report owning a credit card, but they are more likely to say that they plan to pay off debt in the next two years. Furthermore, African Americans are almost three times as likely as the general population to say they have more debt than they can handle (17% vs. 6%). In the event of an emergency, African Americans are as likely to borrow from a bank as they are to borrow from a family member. Furthermore, African Americans are more likely than the other ethnic groups to say they have ordered and reviewed a copy of their credit report in the past two years.

Hispanics

Hispanics' greatest concern of all the listed possibilities is having enough money for emergency expenses. Almost six in 10 Hispanics (59%) say they are not saving any money at all. However, more Hispanics are saving to purchase a home (30%) than any other group. One-third reports they have no credit card debt (35%). A greater proportion of Hispanics than any other ethnic group and the 45+ general public say they will be starting a business in the next two years (24%). Furthermore, as in the general public (63%), Hispanics (62%) plan to take vacation in the next two years. Cash seems to be the predominant method for financial transactions for many 45+ Hispanics with approximately one-fourth saying they do not have checking accounts, use money orders, cashier checks, or bank checks.

In the past two years, Hispanics were more likely than the general public to frequent alternative financial institutions including check cashing outlets and payday lenders. Hispanics are almost equally as likely to borrow against their homes (13%) as they are to borrow from family members (12%) and banks (12%).

Asians

While Asian Americans often mirrored the general population on many accounts, they are more concerned than the general public about finances and making financial ends meet. Many Asians are concerned about paying for health care costs like prescription medicine (67%). The vast majority of Asians report having savings accounts (65%), and checking accounts (89%), and their preferred choice for getting

quick money in the event of an emergency is their savings account (22%). Asians are far more likely than the other subgroups to say they carry fewer identification cards with them over the past two years (71%).

Although homeownership is highest among younger Asians 45 to 54 (86%), overall it is prevalent in the Asian community across all age groups (81%). Asians (36%) are also more likely than the other racial groups and the general population (23%) to say that they have gotten a home mortgage in the past two years. Asians are more likely than all other subgroups to say that they shop for the best interest rate before acquiring a loan.

American Indians

American Indians' top concerns are having enough money for emergency expenses (62%) and having funds to cover basic utilities like electricity, utilities, heating and cooling, telephone, grocery bills, and food (61%). Three quarters of American Indians are saving for retirement (76%), and fewer are saving to pay off debts (45%). They are the least likely of all racial groups and the general public (63%) to say they are saving money to go on vacation (47%) in the next two years. Far fewer American Indians (50%) report that they will be paying medical bills in the next two years, compared with the general public (61%).

American Indians are second only to African Americans (46%) in stating they will care for grandchildren or aging family members in the next two years (41%). Half of American Indians do not have a credit card, so few borrow from credit cards (11%) when they need cash. Between one-fifth and one-quarter borrowed from banks

(27%) and family members (22%) in the past two years. Furthermore, over half (54%) of 45+ American Indians say they are in considerable debt.

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