



# Social Security and Wealth: Fact Sheet About African American Women



*By Wilhelmina A. Leigh & Danielle Huff*

African American women share with other women and with African American men characteristics that shape their beneficiary status under the Social Security system, as well as their views of the retirement income program. Like other women, African American women live more years than African American men and thus receive retirement benefits from Social Security for a longer period than their male counterparts. In addition, African American women and women of other racial/ethnic groups benefit from the progressive formula used to calculate Social Security retirement benefits, which provides lower-wage earners a higher percentage of their earnings relative to higher-wage earners. Women disproportionately benefit from the use of this formula, since they dominate the ranks of low-wage lifetime earners due to frequent employment in temporary and part-time jobs.

The Joint Center for Political and Economic Studies National Opinion Poll of African American Adults About Social Security and Wealth, conducted in late 2005, found that African American men and African American women also shared many views about the Social Security system. The poll, which included 850 African Americans ages 18 years and older, found that African American men and African American women alike doubt that Social Security will meet all of their financial needs during retirement. Neither group reported substantial personal savings and investments to close the anticipated retirement income gap. Thus, the retirement years for African Americans may not be “golden,” but instead may be rife with financial insecurity.

This fact sheet features the Joint Center survey’s major findings about African American women.<sup>1</sup> For additional information about African Americans and Social Security, go to <http://jointcenter.org/socialsecurity/>.



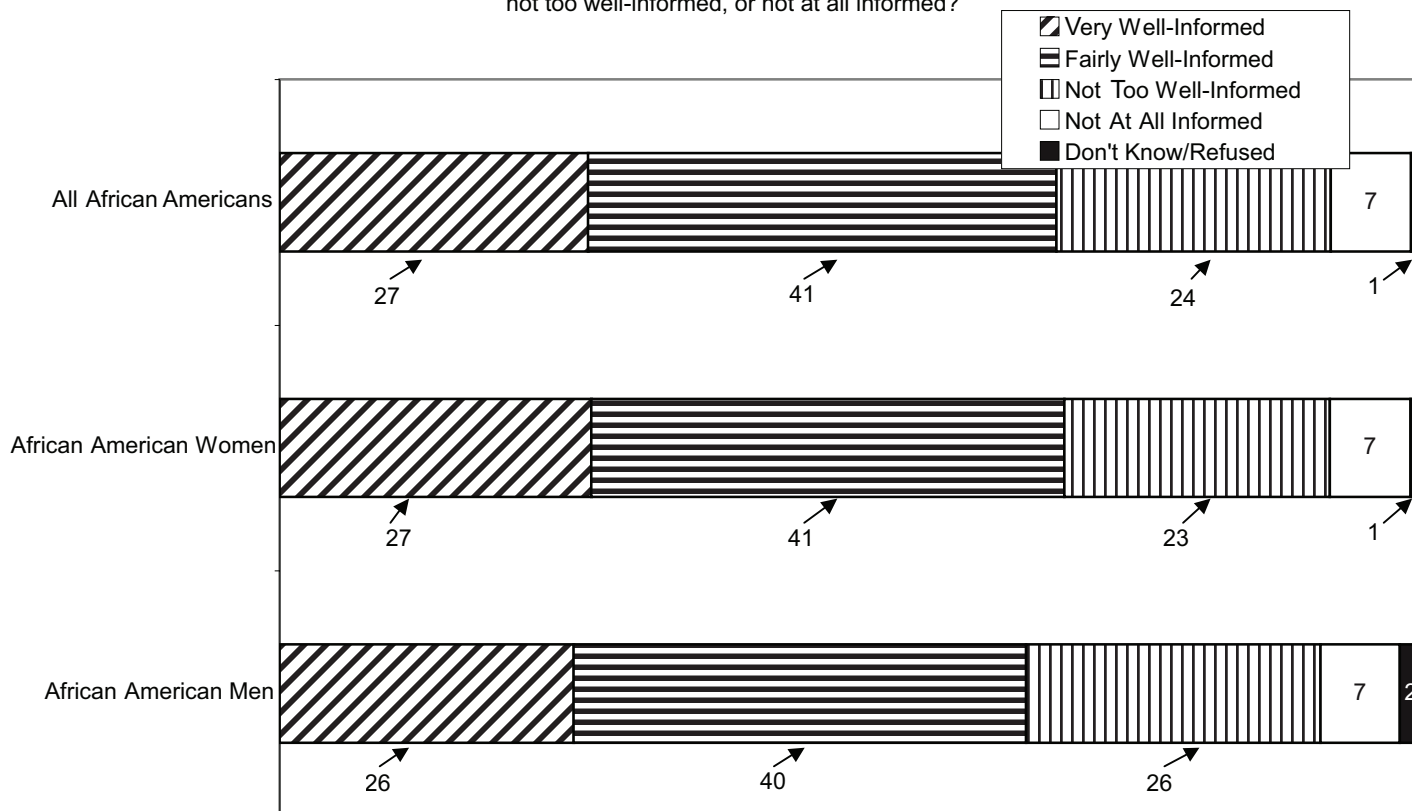
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<sup>1</sup> On all the figures presented in this fact sheet, some percents for men and women do not add to 100 due to rounding.

**FIGURE 1**  
**General Knowledge About Social Security Among African Americans, by Gender, 2005**

Percent

Q2. In general, how well-informed are you about Social Security — that is, the benefits available, who is and is not covered, and so on? Would you say you are very well-informed, fairly well-informed, not too well-informed, or not at all informed?

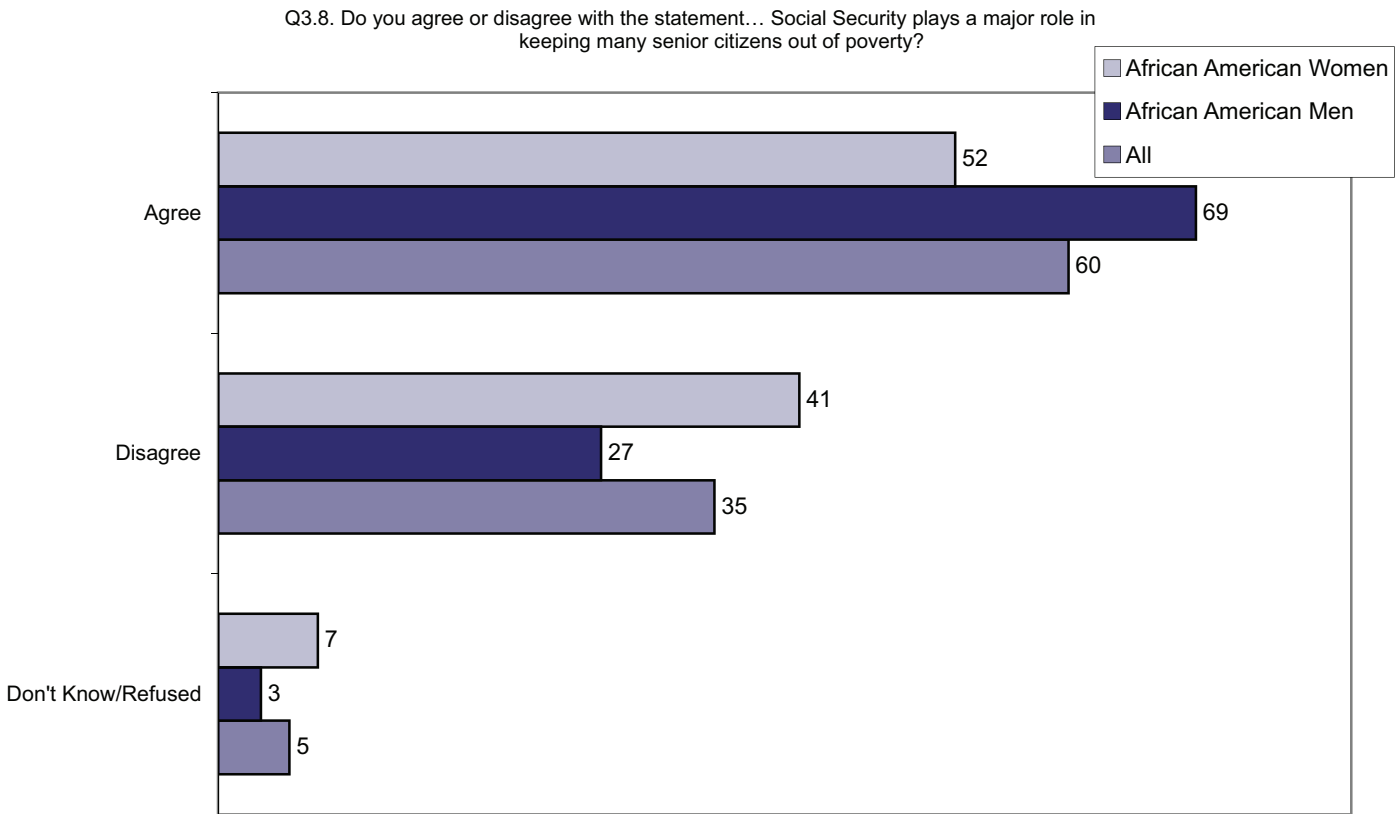


Source: Joint Center for Political and Economic Studies, National Opinion Poll of African American Adults About Social Security and Wealth, 2005.

### *Knowledge and Expectations*

- African American women (68 percent) and African American men (66 percent) are equally likely to rate themselves as either very well-informed or fairly well-informed about the Social Security system—e.g., its benefits, eligibility (*Figure 1*).
- Although African American women and men are equally likely to consider themselves well-informed about Social Security program basics, African American women are less aware of the role that the program plays in reducing poverty among seniors. African American women (52 percent) are significantly less likely than African American men (69 percent) to agree with the true statement that Social Security plays a major role in keeping many senior citizens out of poverty (*Figure 2*).
- African American women and men are almost equally likely to know that the Social Security system provides both retirement benefits and benefits to workers who become disabled. Both groups, however, are more likely to know about Social Security disability benefits (82 percent of women and 79 percent of men) than about

**FIGURE 2**  
**Knowledge of the Role of Social Security in Keeping Seniors Out of Poverty, African Americans, by Gender, 2005**  
 Percent



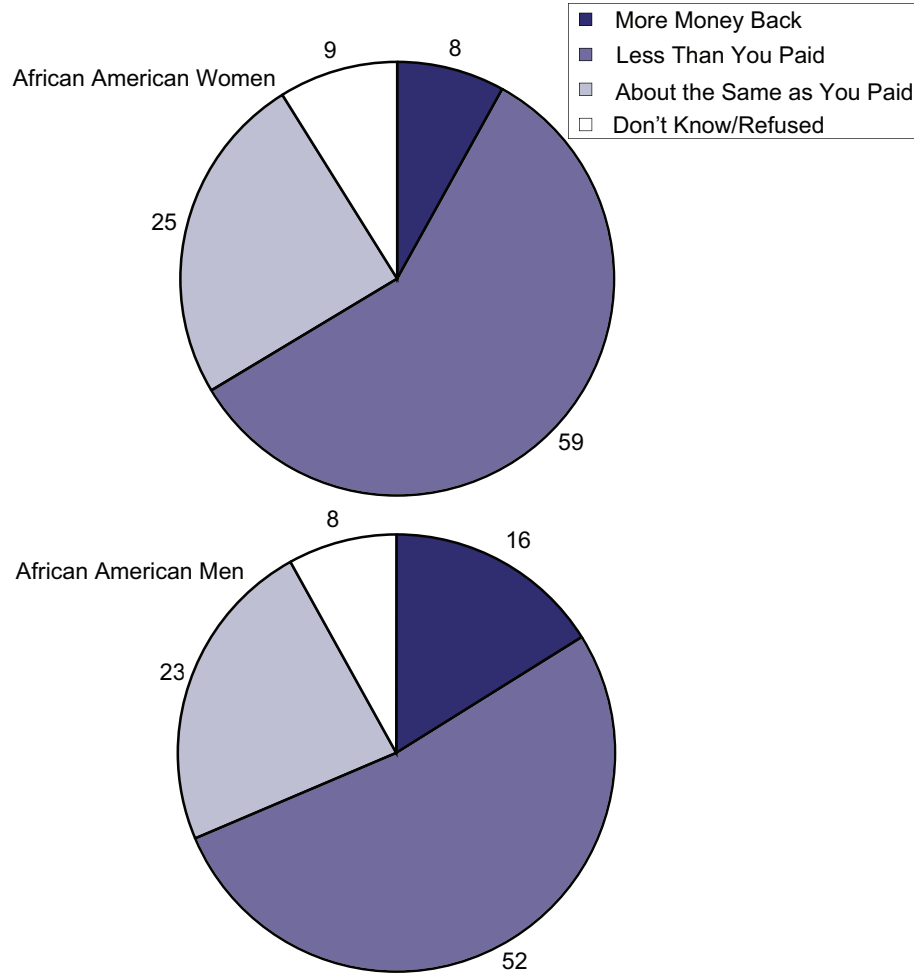
Source: Joint Center for Political and Economic Studies, National Opinion Poll of African Americans About Social Security and Wealth, 2005.

retirement benefits (60 percent of women and 68 percent of men). The greater awareness of disability benefits may mirror the fact that African Americans who are Social Security beneficiaries are twice as likely (28.4 percent) as white Social Security beneficiaries (14.0 percent) to receive disability benefits.

- Two-thirds of the African Americans surveyed (66 percent of women and 69 percent of men) believe that the Social Security system should ensure a minimum standard of living to all contributors, even if some individuals receive benefits exceeding the value of their contributions.
- Although a majority of African Americans believes that the system should ensure a minimum standard of living, a comparably sized majority (63 percent of African American women and 61 percent of African American men) also believes that, in the future, a major problem for the Social Security system will be an insufficient number of workers to pay for the benefits that retired people receive.

**FIGURE 3**  
**Expected Return from Social Security Among African Americans, by Gender, 2005**  
 Percent

Q12. When you retire, do you believe you'll get back more money than you paid into Social Security, less than you paid, or about the same as you paid?



Source: Joint Center for Political and Economic Studies, National Opinion Poll of African American Adults About Social Security and Wealth, 2005.

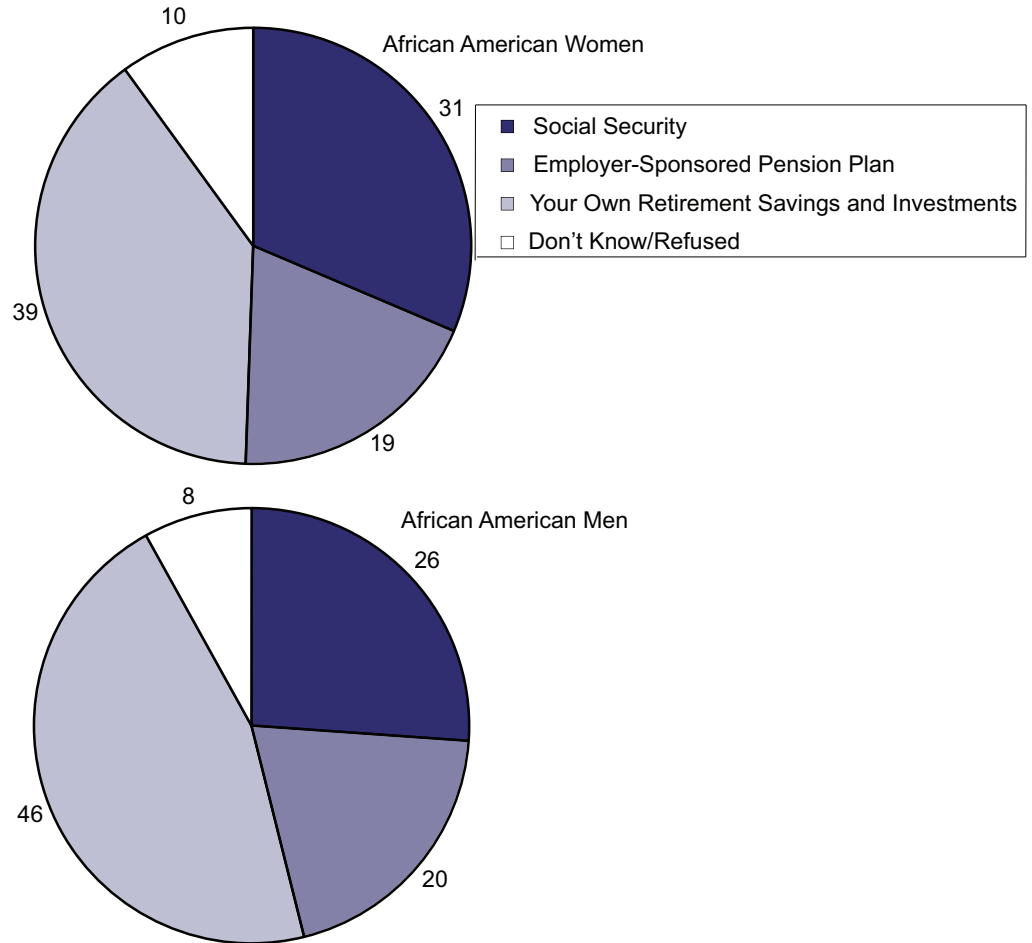
- When queried about whether they expect to get back more than, less than, or about the same amount as they paid into the Social Security system, 59 percent of African American women and 52 percent of African American men stated that they expect to get back less than they paid into the Social Security system (*Figure 3*).

**Sources of Retirement Income**

- Comparable proportions of African American women (23 percent) and African American men (17 percent) in the sample are retired. Retired African American female survey respondents (69 percent), however, are much less likely to receive Social Security and Medicare benefits than their male counterparts (83 percent).

**FIGURE 4**  
**Expected Major Source of Retirement Income Among African Americans, by Gender, 2005**  
 Percent

Q10. Looking ahead to your retirement, what do you expect to be your major source of income: Social Security, an employer-sponsored pension plan, or your own retirement savings and investments?

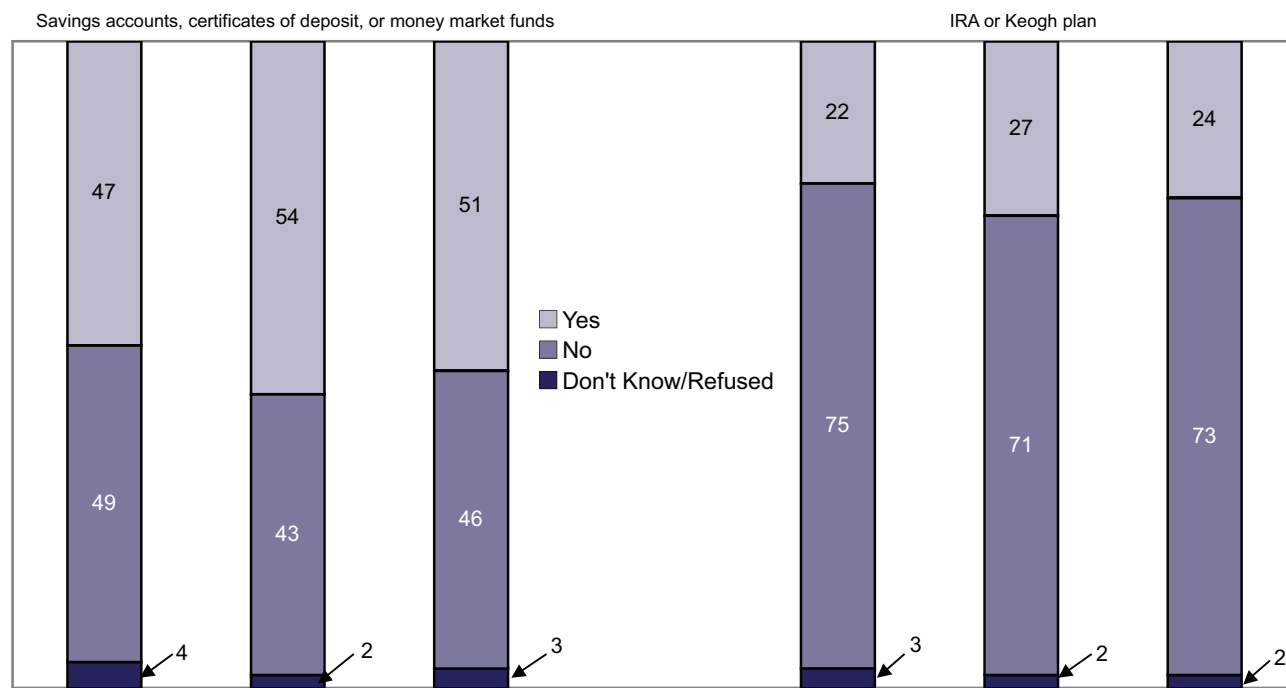


Source: Joint Center for Political and Economic Studies, National Opinion Poll of African American Adults About Social Security and Wealth, 2005.

- Few non-retired African American women and men expect Social Security or an employer-sponsored pension to be their major source of retirement income. Less than a third (31 percent of women and 26 percent of men) expect Social Security to be their major source of retirement income, with even fewer expecting an employer-sponsored pension (19 percent of women and 20 percent of men) to fill this role (*Figure 4*).
- Nearly two of every five African American women (39 percent) and close to half of African American men (46 percent) expect their private savings and investments to be their major retirement income source. The private savings and investment behavior of African Americans, however, suggests that many will not retire

**FIGURE 5**  
**Private Savings and Investments Among African Americans by Gender, 2005**  
 Percent

Q17. Do you have any money in savings accounts, certificates of deposit, or money market funds?  
 Q19. Do you have money invested in an IRA or Keogh plan?



Source: Joint Center for Political and Economic Studies, National Opinion Poll of African American Adults About Social Security and Wealth, 2005.

with financial security. For example, only about half of African American women (47 percent) and African American men (54 percent) report having money in savings accounts, certificates of deposit, or money market funds (*Figure 5*).

- Only half of African American adults report having the most common forms of savings, and even fewer have investments such as stocks or mutual fund shares, an IRA (Individual Retirement Account), or a Keogh plan.<sup>2</sup> A majority of both African American women (69 percent) and African American men (64 percent) indicate that they do not own any stocks or mutual fund shares, while even greater proportions (75 percent of women and 71 percent of men) indicate that they have not invested in an IRA or a Keogh plan (*Figure 5*).
- African American women (58 percent) and men (53 percent) are equally likely to report homeownership, although women (69 percent) are much more likely than men (52 percent) to be first-time homeowners.

<sup>2</sup> Individual Retirement Accounts (IRAs) and Keogh plans are tax-favored retirement savings plans. Although IRAs are open to any investors, Keogh plans are limited to self-employed professionals or owners and employees of small businesses such as partnerships, sole proprietorships, and LLCs (limited liability companies).

## **Social Security Problems and Reforms**

- Large and comparable majorities of African American men and women view the following issues as a problem (either major or minor) for the Social Security system:
  - In the future, there will not be enough workers to pay for the benefits that retired people receive—78 percent of women and 84 percent of men.
  - People on Social Security are living longer, so they cost the program more money—74 percent of women and 79 percent of men.
  - The percentage of older Americans will double between now and 2032—78 percent of women and 79 percent of men.
  - There is fraud and abuse by people who are not entitled to benefits—81 percent of women and 85 percent of men.
  - Money saved in the Social Security Trust Fund is being spent on programs other than Social Security—77 percent of women and 86 percent of men.
  
- The following proposals for reforming the Social Security system elicit comparable unfavorable reactions from African American women and men:
  - Raising the age at which one becomes eligible for Social Security retirement benefits—74 percent of women and 71 percent of men disagree.
  - Partially privatizing the Social Security system—60 percent of women and 59 percent of men disagree.
  - Reducing the annual cost-of-living adjustment on Social Security payments—62 percent of women and 57 percent of men disagree.
  
- The reform proposal viewed least unfavorably by African Americans is raising the cap on wages subject to Social Security taxes. Thirty-eight percent of African American women and 45 percent of African American men agree with this proposal. Although the proportions who disagree with this proposal (48 percent of African American women and 49 percent of African American men) are less than the majorities who disagree with the other reform proposals, the proportions who view this proposal unfavorably still exceed those who agree with it.



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In late 2005, the Joint Center for Political and Economic Studies conducted a National Opinion Poll of African American Adults About Social Security and Wealth. The poll findings are presented in a series of publications including the following set of fact sheets: *African American Women, 18- to 25-year-old African Americans, 51- to 64-year-old African Americans*, and *African Americans by Income Group*. For ordering information about these fact sheets, contact the Joint Center's Office of Communications. All documents will be made available on the Joint Center's website ([www.jointcenter.org](http://www.jointcenter.org)) upon publication.

The Joint Center gratefully acknowledges the Ford Foundation, which supported both the National Opinion Poll and the creation and publication of these fact sheets.

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Washington, DC 20005  
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