



RESEARCH



The Financial Needs and Attitudes of Women of Color

by Sandra Carr

Women's changing financial circumstances mean changing attitudes toward their financial future.



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THE STATE FARM® CENTER for Women and Financial Services at The American College has released a landmark report entitled *The Financial Needs and Attitudes of Women of Color*. The purpose of the study was to better understand the financial position, goals and concerns of women of varying racial and ethnic backgrounds.

One of the key findings of the study revealed that most women do not feel financially secure. This overview of the report highlights some of

the contributing factors creating this sense of fiscal uncertainty among women of color.

DEBT

Reducing or eliminating debt is a top priority for 75 percent of women of all racial and ethnic backgrounds. However, the pressure to pay off debt amid the challenge of meeting their own and their family's immediate needs are key circumstances preventing many women of color

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from saving and building cash reserves. This ongoing strain results in a state of financial insecurity that is consistent across women of all racial and ethnic groups.

INSUFFICIENT RETIREMENT SAVINGS

Although nearly three in four women indicate that saving for retirement is a high financial priority, only 28 percent of women are highly confident in their ability to calculate how much they need to save for retirement. Hispanic (67 percent) and Asian women (68 percent) are less likely than women in the general population (predominantly Caucasian, 73 percent) and African American women (74 percent) to place an emphasis on retirement savings.

LACK OF CASH RESERVES/EMERGENCY FUNDS

Virtually all women surveyed (95 percent) report the need to build cash reserves and an emergency fund. Yet most have not calculated what they need or set up a plan. The lack of cash reserves exists across all income levels, hitting middle-income households the hardest. The survey indicated that the presence of cash reserves generally correlates with income. Women who reported annual household earnings of more than \$80,000 are more likely to have these funds. Specifically, among women of color, seven in ten Asian women (71 percent) report having this type of savings, which is significantly higher than the 56 percent of Hispanic women and 51 percent of African American women who report having an emergency fund.

ATTITUDES TOWARD FINANCIAL ADVISORS

Women of color, regardless of economic background, are more likely to think they can't afford a financial advisor than women



in the general population. However, the majority of all women believe that working with one could help them achieve their financial goals. Among women with household incomes of \$75,000 or greater, women of color are significantly less likely than others to report having a financial advisor. Specifically, fewer than one in three Hispanic, Asian and African American women are working with a professional advisor versus 43 percent of their counterparts in the general population.

When it comes to what women look for in a financial counselor, the advisor does not need to be a woman; only 15 percent call this even somewhat important. The study revealed that an advisor who understands their unique financial needs is far more important to women of color than sharing the same demographic traits, such as age (7 percent), race (6 percent) or gender (4 percent).

ADDITIONAL INSIGHTS

In conclusion, this study provides relevant financial insights into a segment of the American population that is growing in affluence and influence. Despite the challenges and the general lack of financial security, women of color report greater optimism about their financial futures. In fact, across all income levels, African American women expressed the most hope for an improved position in the coming years (74 percent compared to 56 percent of the general population). Additionally, the majority of women believe they are making progress on their goals, particularly those ages 55 and older.

As advisors increase their understanding of the core values, challenges and needs of women of color, they will be better prepared to assist these women in developing a financial future that is healthy and secure. ■■

For the full report, visit the Women's Center website at TheAmericanCollege.edu/Womenscenter. A video about these findings and their implications can also be found on [The American College's Wealth Channel](#).