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THE RACIAL ASPECTS OF RETIREMENT INCOME ADEQUACY

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ABSTRACT

This essay explores the racial inequalities in retirement preparedness. Households preparing for retirement could find themselves in one of three undesirable situations: being able to maintain the standard of living in retirement achieved during working life but experiencing lifetime income below some acceptable social norm, achieving an acceptable working life income but likely to fall below that standard in retirement, and failing to achieve an acceptable income level in either period. This essay presents data implying that a large share of households of color will fall in one of these three groups. It addresses the conceptual issues that arise in evaluating a satisfactory level of retirement income and proposes possible reforms that address inadequacies.

INTRODUCTION

Racial disparities are evident in virtually all indicators of economic and social well-being in the United States.[1] The COVID-19 pandemic has laid bare the racial disparities in health that have long plagued the country. But serious and very marked disparities in the economic well-being of retired and soon-to-retire American households are evident as well. To cite just two indicators, the median income of White households aged 55 to 64 is twice that of Black households, and total assets of White households aged 55 to 64 are seven times those of Black households (Bhutta et al. 2020). Although general retirement preparedness is not the subject of this essay, many swtudies have found that the preparedness of many American households, regardless of race, is dubious.[2]

This essay seeks to shed light on racial disparities in retirement.[3] It will emphasize both the issues of method that arise when we grapple with this difficult issue, and the policies that could be considered to ameliorate racial inequities. The essay relies on statistics from the Federal Reserve's triennial Survey of Consumer Finances (Board of Governors of the Federal Reserve System [Federal Reserve Board] 2020) for the year 2019 to buttress and support its arguments.

I. ISSUES OF METHOD

One basic issue we face in grappling with this problematic topic is determining what is and what is not a satisfactory, or at least an average, degree of retirement preparedness among households of color (non-White households) as compared with White households. A standard way of assessing whether a household has either attained or is on track to attain an adequate income in retirement is to calculate or estimate what is known as the replacement

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1. The analysis and conclusions set forth are those of the authors and do not reflect the views of the Board of Governors of the Federal Reserve System.
2. Mackenzie (2020) examines studies of the preparedness for retirement of American households.
3. In recent years, a growing number of economists have argued that mainstream economics has a systemic if unconscious racial bias. Komlos (2021) cites no fewer than 15 sources of bias. In one argument, he posits that the children of poor households, which are disproportionately families of color (i.e., non-White families), are exposed more than more-affluent children to advertising that undermines self-discipline and frugality. The standard assumption in economics of consumer sovereignty does not really allow for these qualities. See also Spriggs (2021).

ratio—a measure of income in retirement relative to a measure of income in working life. The replacement ratio concept raises both theoretical and more-practical issues that need to be sorted out by any study of retirement adequacy, whether or not the study focuses on racial disparities.[4]

To begin with the conceptual issues: there are two basic interpretations of or approaches to the replacement ratio. The first, and the more common approach, is that normally used by retirement planners: they assess whether a household is likely to achieve a certain target for the replacement ratio based on the household's current levels of wealth and income, and the likely path these will take in the years leading up to retirement. A commonly used target range for the replacement rate is 70–80 percent.

Although the replacement rate is generally calculated using pretax income, the goal of retirement planning is to ensure that a household does not suffer an undue drop in personal expenditure or "consumption," the term economists use for personal expenditure. Given the relationship between taxes and income determined by the tax codes of the federal and state governments, it is possible to calculate the replacement rate that will equate personal expenditure in working life with personal expenditure in retirement.[5] The targeted value for replacement income will be less than one because it takes less income in retirement to sustain a given level of consumption: retirees no longer need to save for retirement apart perhaps for some precautionary saving, their income in retirement is usually taxed more favorably than it was when they were working, and certain work-related expenditures (e.g., commuting expenses) are no longer necessary.

The second approach to the replacement ratio asks what replacement ratio is in some sense optimal, given the household's wealth at a given time and the likely path of its future income. The replacement ratio in this case is the result of an optimality calculation that may be extraordinarily complex and—depending on the household's situation—may be greater than or less than a fixed target such as 70 percent.[6] It is important to distinguish between the two approaches because a change in a household's situation may require that it abandon a previous target for the replacement ratio.

The main practical issue that arises with replacement rates is how to measure working-life income. Picking a single year near retirement might be problematic if income during the working period is prone to fluctuate markedly from year to year. A standard practice would be to take an average of income over a period of years late in working life, such as for the last five to seven years of working income. Another issue that arises is ensuring that income in working life and in retirement are both measured in real terms.

Applying the first approach to the issue of racial disparity illustrates its inherent problems. Consider as an illustrative example a household of color with two working adults, both aged 64, who opt to start receiving their Social Security benefits before their full retirement age, and leave the work force completely at that time. The household's income in the five years leading up to retirement has averaged $48,000 annually in real terms, and we assume that it is entitled to a combined Social Security benefit of $22,000 annually. If we take the figure of $48,000 as a good measure of the household's working-life income, its replacement rate from Social Security alone is 46 percent and stays at 46 percent measured in real terms because the Social Security retirement benefit is indexed to the consumer price index (CPI). We assume further that the household benefits from the combination of a modest defined-benefit pension—perhaps one member worked for a state and local government offering a defined-ben-

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4. See Mackenzie (2020) for a discussion of these issues.

5. The derivation of the replacement ratio may be illustrated by a simple model. Letting Y stand for income, C for consumption, S for saving, and T for taxes, and the subscripts w and r for working life and retirement, $C_w = Y_w - S_w - T_w$. If C_r is to equal C_w (we ignore work-related expenditure for simplicity), and S_r can be set to 0 on the grounds that no further saving need be done in retirement, then $Y_r = C_r + T_r$. That means that $Y_r - T_r = Y_w - S_w - T_w$ or $Y_r = Y_w - S_w - T_w + T_r$. Taxes are determined by income, which makes saving during working life the residual that must adjust to equate consumption in retirement with consumption during working life. The replacement rate that equates consumption in the two periods will be equal to $(Y_w - S_w - (T_w - T_r))/Y_w*100$. The greater working-life savings, and the greater the difference between taxes in the two periods, the lower the replacement rate. The figure of 70 percent is effectively a rule of thumb and might or might not be the rate that preserves consumption in retirement at its working-life level for every household. This simple formulation ignores Social Security and pensions, and the relationship between saving during working life and the income those savings will generate in retirement.

6. As an informal illustration of how the second approach to the replacement rate works, consider a household with two working members aged 58. Assuming that they plan to work for seven more years and that they maintain an appropriately targeted saving rate, they are on track to retire at age 65 with Social Security and savings that will be enough to maintain their current standard of living in retirement. Unfortunately, one of the household members loses his job at age 58, and health insurance with it, and he is unable to find work at the same level of pay and benefits, while the other working household member is forced to retire early at age 63 because of disability. Such misfortunes do happen and undoubtedly have happened recently to households whose members lost their jobs during the pandemic (Johnson 2021). For them to achieve the same standard of living if they were to retire as planned at age 65, they would need to drastically cut their consumption during the intervening period. The sensible (and optimal) thing for them to do would be to reduce their targeted replacement rate.

efit plan—and some income from savings that together yield a further $11,600 in annual retirement income, again measured in real terms. Consequently, the household has achieved a replacement ratio of 70 percent. Should we conclude that it has achieved a satisfactory level of lifetime income?

The answer to that question turns on what we mean by "satisfactory." The household has avoided a fall in the level of personal expenditure it can sustain in retirement, but their working income is some way below the national average as estimated by the Federal Reserve's Survey of Consumer Finances (Federal Reserve Board 2020) for 2019 of about $63,000 for a household in the 55–64 age range.[7] If other households achieve a replacement ratio of 70 percent, this household's retirement income will also be below the national average for retired couples. The question is then whether this is a satisfactory outcome. More generally, the question is whether we should be concerned with its level relative to income during working life or whether we should be concerned with its level relative to the income of other demographic groups.

If our concern is the standard of living of our hypothetical household in retirement relative to that of the population of households at large, we should also be concerned with the standard of living they achieved during working life. Ignoring working-life income while trying to increase income in retirement raises some issues of its own, which we will discuss below. If our concern is instead with the level of this household's income relative to its working-life income, we would conclude that it had achieved a satisfactory level of retirement income given the assumptions we have made about the household's income from Social Security pensions and savings.

Our example has illustrated a case where there is a conflict between two different ways of assessing retirement income adequacy. In fact, it is just one of four possibilities for a household approaching retirement: Case 1 is the case just described, when working-life income is below some norm such as the median income for households of the same age or some multiple of the poverty level, but income in retirement is sufficient to maintain that household's same standard of living in retirement. Case 2 is when working-life income equals or even exceeds some norm, but income in retirement is likely to fall short of what is necessary to maintain the household's standard of living. Case 3 is when working-life income falls short of some norm and income in retirement will be insufficient to maintain even the low standard of living achieved during working life. Finally, Case 4 is when working-life income exceeds the norm and income in retirement is expected to maintain or even exceed the standard of living achieved during working life. In addition to Case 1, we should presumably be concerned with Cases 2 and 3. An analysis along these lines should also make a choice about the norm. Perhaps the national median, or 85–90 percent of the national median for all households is acceptable, perhaps not—but a choice needs to be made.

II. BASIC DATA

Before proceeding further with the analysis of these three cases, we consider some basic data on income, wealth, and retirement preparedness of older households that illustrate the stark divide across the country's racial groups. The data shown in tables 1–5 are taken from the latest Survey of Consumer Finances (Federal Reserve Board 2020), which is for the year 2019. Table 1 shows data for households where the age of the reference person was in either the 55–64 or 65–74 age range. The first panel shows median income for the whole sample for each of these age groups: income declines with age mainly because the number of working household members declines with age, and fewer working individuals means reduced earned income.[8] The second panel illustrates the striking difference in median income for both age groups across four racial and ethnic categories: White, Black, Hispanic, and other. For the age range 55–64, the difference in median income between White and Black households is remarkable: $75,000 versus $38,000.

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7. See Federal Reserve Board (2020, p. 7, table 1). The Survey of Consumer Finances classifies a household's age and race based on male in heterosexual marriages and the person who responds to the survey in all other cases.
8. Labor force participation rates decline very substantially for households with members aged 65 and older. Younger households are usually dependent on the labor market for most of their income.

TABLE 1: *Median Income from the Survey of Consumer Finances*

Panel 1: Median sample annual income ('000 $)

Age of household responder	
55-64	63.1
Sample Size	1,068
65-74	49.9
Sample Size	831

Panel 2: Median annual income by race ('000 $)

Age of household responder	White	Black	Hispanic	Other
55-64	75.3	37.7	40.7	60.1
Sample Size	794	109	75	90
65-74	59.1	35.6	20.4	41.7
Sample Size	669	71	27	64

SOURCE: Federal Reserve Board 2020.
NOTE: "White" is defined here as non-Hispanic White and no other race, "Black" as non-Hispanic Black or African American and no other race, "Hispanic" as all Hispanics regardless of race, and "Other" as all races other than White or Black, and mixed races.

Table 2 complements the data on income from table 1 with summary data on various measures of wealth using the median as the summary statistic, as well as the share of households with some type of retirement plan. The disparities across the races with respect to wealth—the total of financial and nonfinancial assets—as well as net worth are even more stark than the disparities with respect to income. A household's wealth depends on the amount it saves, but also on the size of any inheritance it receives, and the share of White households who received an inheritance in either age group is much larger than the share of other races (table 3). The White to Black share disparity is more than three to one for both age groups. The size of inheritances received also differs considerably. In addition, large disparities are evident regarding expected inheritances.

TABLE 2: *Indicators of Income, Wealth, and Retirement Preparedness*

(Median values of annual income and wealth in thousands of dollars)				
Panel 1: Ages 55-64				
	White	**Black**	**Hispanic**	**Other**
Income *('000 $)*	75.3	37.7	40.7	60.1
Assets *('000 $)*	383.8	52.5	196.2	298.1
Net worth *('000 $)*	283.8	39.8	142.2	260
Sample size	794	109	75	90
Value of principal residence *('000 $)*	240	130	250	298
Share that own a home *(in percent)*	82.3	48.1	62.24	64.6
Social Security income *('000 $)*	15.6	11.0	12.0	10.9
Share that receive Social Security *(in percent)*	18.5	38.5	30.0	30.7
Share with retirement account *(in percent)*	62.1	38.5	27.1	47.8

TABLE 2: *Indicators of Income, Wealth, and Retirement Preparedness (continued)*

(Median values of annual income and wealth in thousands of dollars)				
Panel 2: Ages 65-74				
	White	**Black**	**Hispanic**	**Other**
Income *('000 $)*	59.1	35.6	20.4	41.7
Assets *('000 $)*	436	81.1	166.6	309.1
Net worth *('000 $)*	360.5	54.7	64.7	191.4
Sample size	4015	424	160	386
Value of principal residence *('000 $)*	250	150	220	300
Share that own a home *(in percent)*	83.4	60.2	62.1	68.7
Social Security income *('000 $)*	22.0	16.2	14.4	19.2
Share that receive Social Security *(in percent)*	77.0	90.6	84.4	88.1
Share with retirement account *(in percent)*	54.1	21.1	17.6	49.8

SOURCE: Federal Reserve Board 2020.
NOTE: "Assets" includes both financial and nonfinancial assets. "Value of principal residence" is for homeowners only. "Social security income" is for those households that have it. "Share with retirement account" includes IRAs, current pensions, future pensions, and thrift plans. For definitions of racial and ethnic variables, see note in table 1.

TABLE 3: *Data on Inheritances by Race or Ethnicity*

Panel 1: Ages 55–64				
	White	**Black**	**Hispanic**	**Other**
Share that received an inheritance *(in percent)*	36.8	9.9	12.8	21.0
Conditional median inheritance *('000 $)*	98.2	73.9	119.6	53.9
Share that expect an inheritance *(in percent)*	17.9	2.6	3.0	12.4
Conditional median expected inheritance *('000 $)*	170	84	80	75

Panel 2: Ages 65–74				
	White	**Black**	**Hispanic**	**Other**
Share that received an inheritance *(in percent)*	46.2	14.1	6.8	25.4
Conditional median inheritance *('000 $)*	124.1	59.3	26	128.3
Share that expect an inheritance *(in percent)*	7.7	2.0	0.0	3.7
Conditional median expected inheritance *('000 $)*	100	1	0	132

SOURCE: Federal Reserve Board 2020.
NOTE: For definitions of racial and ethnic variables, see note in table 1.

The share of households with Social Security income rises considerably from age 55–64 to age 65–74 because relatively few households in the younger age range are eligible to claim it. Nonetheless, the share of the non-White households claiming Social Security early—which would include disability and survivors' benefits as well as the retirement benefit—is much higher than the share of White household claimants at both ages. Claiming Social Security early, however, means that a household forgoes the gains it could enjoy by deferral, which are substantial. The discrepancy between Social Security income of White and Black households is less than the discrepancy between total income, because of the progressive nature of Social Security—the higher the level of a worker's income, the less the replacement ratio of Social Security (Social Security Administration n.d.).[9]

Another contributor to the disparity of wealth is unequal participation in retirement plans. The share of White households with a retirement plan of any kind is considerably higher than the share of the other races. For all types of retirement accounts, the share of White households having access to a plan is 68 percent, compared with a share of only 56 percent for Black households, 44 percent for Hispanic households, and 61 percent for other households. Similar differences are evident with respect to participation. In addition, median balances in these plans and in all individual account plans are far higher for White households. (See table 4, which shows access and participation rates for working-age households during prime working ages; and Copeland [2021]). In the case of employer-provided plans, this disparity is partly due to the fact that such plans are less commonly offered in the service industries, where persons of color are disproportionately represented. It is also harder for poorer households to set aside money for retirement or for a rainy day for any type of plan.

The data presented in tables 1 and 2 for income and wealth are, as noted, medians. They do not show the distribution of income or wealth by race or ethnicity. Nonetheless, it is reasonable to infer that, if the norm set for

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9. Hou and Sanzenbacher (2020) make the case that Social Security is a great leveler of wealth.

income were the countrywide medium, most households of color would fall well below it. The same is a fortiori true of wealth. It appears, therefore, that most households of color, and especially Black households, should be classified as either Case 1 (i.e., those whose working-life income is below the norm) or Case 3 (i.e., those whose standard of living in retirement will also fall below the standard achieved during working life). To get some idea of which of these two cases most of these households would fall in, we need to have some indicators of the ratio of retirement to working-life income.

TABLE 4: *Access and Participation in Retirement*

Accounts by Race for Households Up to Age 55 (in percent)		
	Access	Participation
White	68.4	60.4
Black	55.8	44.5
Hispanic	44.2	33.6
Other	61.1	53.7

SOURCE: Federal Reserve Board 2020.
NOTE: For definitions of racial and ethnic variables, see note in table 1.

Table 5 presents measures of the medians of the ratios of the measures of wealth and Social Security income to total income, by age group and race or ethnicity. If the median of the ratio of total wealth or assets to income is taken as a good indicator of the ratio of sustainable income in retirement to working-life income, the unavoidable conclusion is that households of color are much more likely to have had both a relatively low working-life income and to face a shortfall in retirement income even relative to their working-life income.[10] This is especially true of Black households. For example, the net worth–to-income ratio of the median Black household aged 55–64 is less than one-fourth that of the median White household aged 55–64, and the net worth–to-income ratio of the median Black household aged 65–74 is less than one-third that of the median White household aged 65–74. The progressive nature of Social Security probably mitigates the plight of these households, as reflected in the median values for the ratio of Social Security–to-income for households of color compared with that of White households.

TABLE 5: *Medians of Wealth-to-Income Ratios by Race or Ethnicity*

Panel 1: Ages 55–64					
	All	White	Black	Hispanic	Other
Assets/income	4.56	5.22	1.54	3.76	4.50
Net worth/income	3.30	4.10	0.83	2.78	3.28
House/income	2.59	2.57	2.25	4.38	2.50

10. The cross-sectional data of the Survey of Consumer Finances (Federal Reserve Board 2020) do not allow a direct measure of the replacement ratio.

TABLE 5: *Medians of Wealth-to-Income Ratios by Race or Ethnicity (continued)*

Social Security/income	0.55	0.50	0.67	0.76	0.61
Panel 2: Ages 65–74	**All**	**White**	**Black**	**Hispanic**	**Other**
Assets/income	6.18	7.08	2.27	3.08	5.22
Net worth/income	5.20	6.12	1.74	1.66	3.32
House/income	3.31	3.21	2.78	5.10	4.63
Social Security/income	0.44	0.43	0.45	0.59	0.46

SOURCE: Federal Reserve Board 2020.
NOTE: "House" stands for value of principal residence for households that have one. For definitions of racial and ethnic variables, see note in table 1.

III. POLICY ISSUES ARISING WITH THE THREE CASES

CASE 1. HOUSEHOLD WITH LOW WORKING-LIFE INCOME THAT IS NOT EXPECTING A DROP IN RETIREMENT LIVING STANDARDS.

If we take the position that even though a Case 1–household will be able to maintain its standard of living in retirement its lifetime income is too low, then economic policy should aim to raise both working-life income and retirement income. It is perhaps needless to say that such a policy sets itself an ambitious goal, one that requires a hard look at all the sources of inequality of income in working life, as well as the possible sources of a drop in the standard of living in retirement.

It is beyond the scope of this essay to propose a set of measures to eliminate or greatly reduce income inequality. A less ambitious approach might be to ensure that gains in working-life income will at least be matched by gains in retirement income. Two policies, among others, singly or in combination, might promote the achievement of this goal:

- Making Social Security more progressive, for example by increasing the income range over which the initial replacement rate of 90 percent applies.[11]
- Increasing participation in state-sponsored retirement plans, provided that this increase accompanies increases in working-life income, so that households are not forced to compress their standard of living during working life to boost it after they retire (see AARP Public Policy Institute 2021; Pension Rights Center 2021). </>

Any reform of Social Security must be taken into account in the design of the first measure. For example, if reform entails an increase in the rate of payroll taxation, the adjustment to the range of the initial benefit bracket must be all the greater. An across-the-board increase in the rate of the payroll taxes that finance Social Security must be offset for poorer households by the adjustment to the range of the initial benefit bracket of 90 percent.[12] Measures to make the taxation of general income more progressive, such as a change to the Earned Income Tax Credit (EITC), would not be of great benefit to households nearing retirement, because they would not be working for many more years and would therefore not be able to accumulate much additional savings. Such measures would benefit younger households—whose situation has

11. Benefits for retired workers are based on a measure of the worker's earnings history in covered employment known as the average indexed monthly earnings (AIME). The starting point for determining the worker's AIME is to determine how much the worker earned each year through age 60. The worker's earnings are then indexed for wage inflation, using the year the worker turns age 60 to index the earnings of prior years. The highest 35 years of earnings are then selected. The AIME is then computed as the average earnings for these 35 years, and is then linked by a progressive formula to the monthly retirement benefit payable to the worker at full retirement age, a benefit known as the primary insurance amount (PIA). For a worker turning 62 in 2021, the PIA equals 90 percent of the first $996 of the worker's AIME, plus 32 percent of the AIME over $996 and through $6,002 (if any), plus 15 percent of the AIME over $6,002 (if any).
12. As many observers have noted, the huge drop in employment caused by the COVID-19 has considerably advanced the date at which the Social Security trust fund is expected to run out of money.

not been portrayed in our tables—because they would have more years to work.

CASE 2. HOUSEHOLD WITH WORKING-LIFE INCOME AT OR ABOVE A NORM THAT EXPECTS A FALL IN STANDARD OF LIVING IN RETIREMENT.

Households in this position are likely to be households whose Social Security benefits and accumulated savings—including savings in retirement plans and IRAs and possibly the income from defined-benefit pensions—fall short of allowing the household to achieve its targeted replacement ratio. Making Social Security more progressive would help these households who have not yet claimed it, depending on how the level for the income norm was set and how much above that norm a household's income was. It would not be of much benefit to households whose income was significantly above a norm like median national income, because the increased progressivity would significantly benefit only poorer households. Households whose income was significantly above the norm might be able to save more while they work: this would lower their living standards earlier in life while raising it in retirement, which would tend to equalize working-life and retirement income.

A policy of voluntary promotion of savings plans could help Case 2 households, as well as younger households who otherwise would be likely to end up in this situation. A compulsory saving plan would pose some difficulties. It would lower the standard of living of households while they worked and then raise it in retirement. If the plan's saving rate was set too high, it might have the counter-productive effect of raising the standard of living in retirement above the standard of living experienced during working life.[13]

Finally, an effective program of financial education might benefit households that had achieved a standard of living above the norm while they worked but were headed for a declining standard of living in retirement because of shortsightedness or a lack of knowledge of the basic retirement planning skills. However, the track record of programs to improve financial literacy is not strong (Turner forthcoming). In any case, such programs, even if ineffective initially, need time to work.

CASE 3. HOUSEHOLD WITH WORKING-LIFE INCOME BELOW THE NORM THAT EXPECTS A DROP IN ITS STANDARD OF LIVING IN RETIREMENT.

Ideally, economic policy should aim at raising both working-life income and income during retirement for Case 3 households. As already noted with Case 1 households, there is more time to raise the remaining lifetime income of younger households than there is for older households. As already noted with Case 1 households, efforts to raise the income of younger Case 3 households must encompass a broad range of policies. With households on the verge of retirement, little time remains to raise income in what remains of their working lives, and during retirement.

For households nearing retirement, the most realistic policy might be to concentrate on raising income in retirement, on the grounds that raising working-life income would simply not be feasible or would not have enough of an impact on income in retirement. For households that have not yet claimed Social Security benefits, a policy of extending the range of the initial benefits bracket of 90 percent would help. Extending the length of working life would also help by making deferral of a Social Security claim easier. Policies to make the taxation of income more progressive would be of relatively little benefit to households that have few years left to work.

IV. CONCLUSIONS AND AREAS FOR FURTHER RESEARCH

This essay has relied on summary statistics to illustrate its arguments. But summary statistics are enough to demonstrate the gaping disparities between the preparedness for retirement of America's different racial and ethnic groups. These differences are even more remarkable given the fact that numerous studies suggest that the retirement preparedness of even averagely situated households is questionable.

Making improvements that are both significant and lasting will require a steady and durable shift in a range of policies. Improving retirement living standards of households that will be in the work force for some years to come will require policies that address long-standing disparities in education, and probably a more basic shift

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13. See Schieber (2015) for a discussion of this issue.

in attitudes about race and ethnicity that affect hiring and promotion decisions. A higher standard of living in retirement will require a higher standard of living in working life. For households nearing retirement, the emphasis will need to be on reforms to Social Security that make the system even more progressive. Given the need to correct the imbalance in the Social Security trust fund, it will be important that efforts to make Social Security more progressive dovetail with the more general reform needed in Social Security.

This essay has noted some reasons for the unequal access to and participation in retirement plans. Unequal participation might also reflect some hesitancy for persons of color to enroll in employer-provided plans (e.g., 401(k) plans are voluntary). This in turn could reflect some distrust of the employer (just as vaccine hesitancy has been attributed in part to distrust of the health-care system) and to racial and ethnic differences in financial sophistication, which may be linked in turn to educational disparities. This issue is worth exploring.

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