

January 2020



How African Americans Manage Unexpected Financial Challenges

2019 AARP Survey of Adults
Ages 30 and Older

Survey findings show **three in five African Americans** age 30 and older experienced an **unexpected financial challenge** in the past year.

Introduction

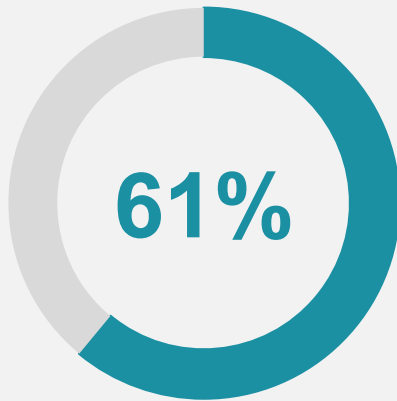
A critical component of financial security is the ability to weather financial emergencies such as a necessary car repair or temporary loss of income. Although unexpected financial challenges are common among many U.S. households, regardless of income level, age, gender or race/ethnicity, this fact sheet focuses on African Americans with unexpected financial challenges. It is based on findings from a national survey of U.S. adults ages 30 and older¹.

Survey findings show three in five African Americans ages 30 and older experienced an unexpected financial challenge in the past year. Among them, nearly two in three report experiencing more than one unexpected financial challenge during that period. Notably, African Americans were more likely to report experiencing an unexpected financial challenge (61%) than their White (39%) and Hispanic (55%) peers.



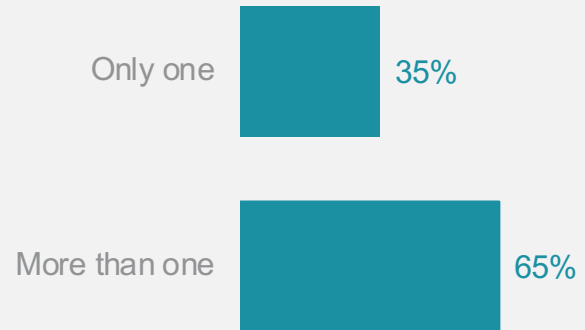
¹Alicia R. Williams, Ph.D., *Coping with an Unexpected Financial Challenge: An AARP Survey of Adults 30+*, AARP, Washington, DC, November 2019, <https://doi.org/10.26419/res.00343.001>

Percentage of African Americans who experienced an unexpected financial challenge in the past 12 months



Q1. In the past 12 months, did you, an immediate family member or someone else in your household experience an unexpected financial challenge that caused a significant strain in your budget or your ability to pay your bills? (n=690)

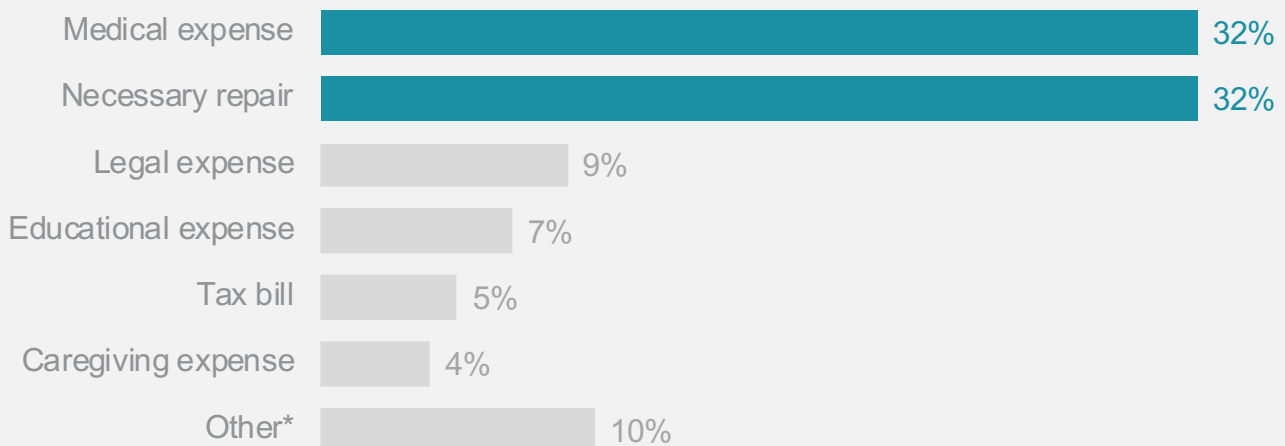
Number of unexpected financial challenges African Americans experienced in the past 12 months



Q2. [Among African Americans who experienced an unexpected financial challenge in the past 12 months] How many unexpected financial challenges have you experienced that caused a significant strain on your budget or your ability to pay your bills? (n=418)

Unforeseen expenses was the leading cause of an unexpected financial challenge, followed by a loss of income. Among the expenses causing an unexpected financial challenge, medical expenses and necessary repairs topped the list, with a third of African Americans reporting these as causes of their unexpected financial challenge.

Expenses causing an unexpected financial challenge for African Americans



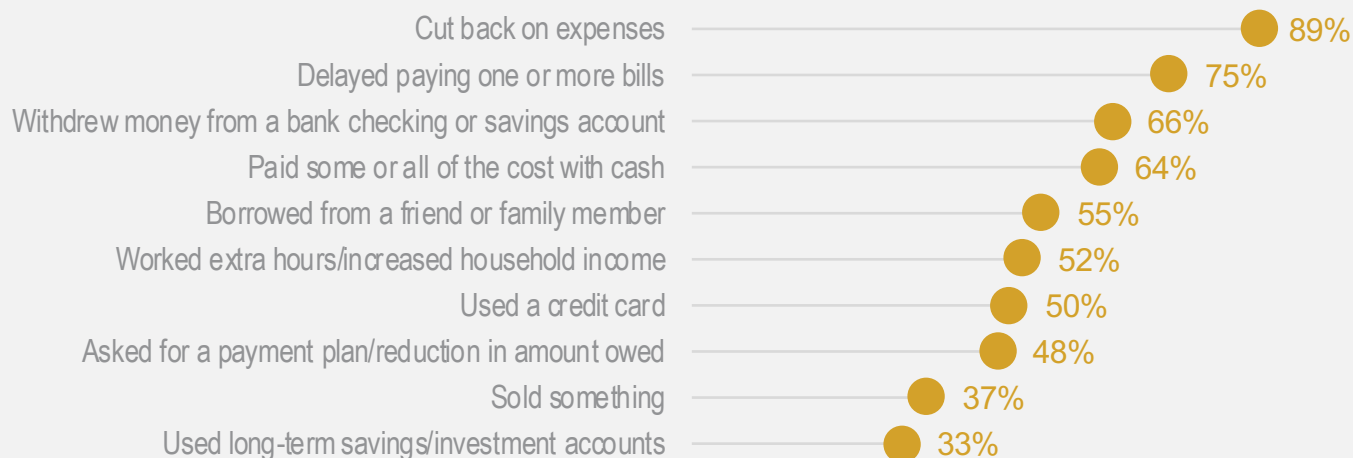
*NOTE: "Other" expenses include death of a family member, utility bill, increased rent, unexpected travel, etc.

Q3. What was the reason for your financial challenge? (n=418)

Q4. Specifically, what was the large expense that caused your financial challenge? (n=259)

To help resolve their financial challenge, a majority of African Americans reported making trade-offs, such as cutting back on expenses, delaying payment of bills, withdrawing money from their bank account, and working extra hours to increase their income. Notably, just under half asked for an affordable payment plan or reduction in the amount owed.

Top ten actions taken by African Americans to resolve their unexpected financial challenge



Q12. Did you do any of the following to help with your financial challenge? (n=418)



In spite of their financial setback, half of African Americans who experienced an unexpected financial challenge in the past year report feeling confident their household is doing what is needed to meet their longer-term financial goals.

Confidence about meeting longer-term goals among African Americans who experienced an unexpected financial challenge in the past 12 months

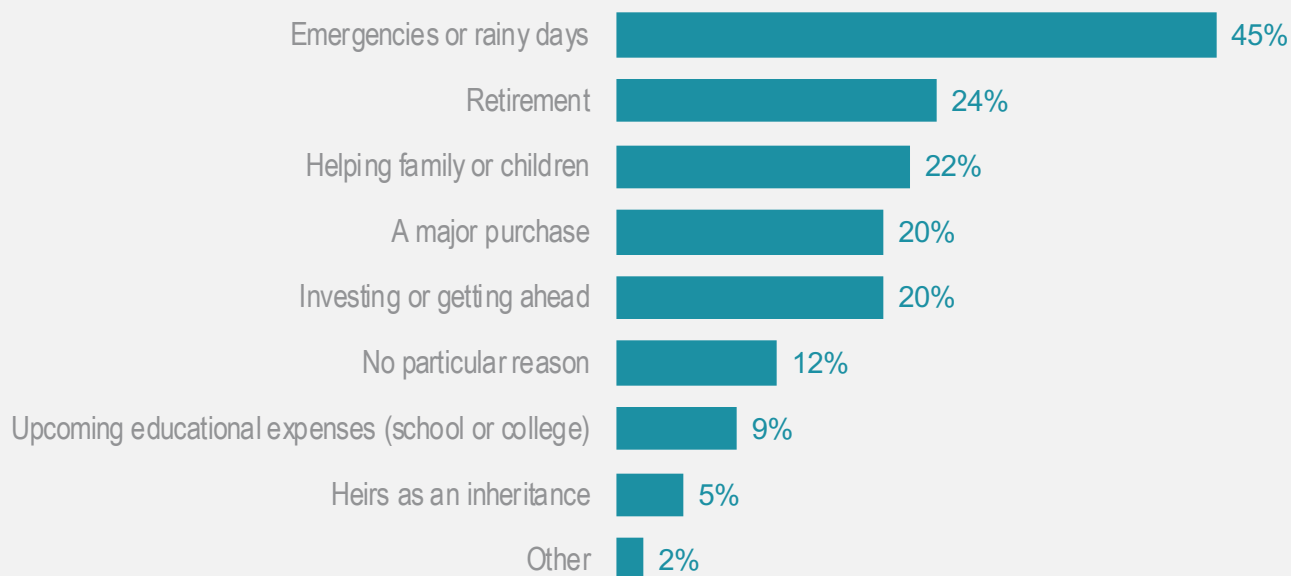
■ Very confident ■ Somewhat confident ■ Not too confident ■ Not at all confident



Q22. Thinking about your household's longer-term financial goals such as saving for a vacation, starting a business, buying or paying off a home, saving up for education, putting money away for retirement, or making retirement funds last... How confident are you that your household is currently doing what is needed to meet your longer-term financial goals? (n=418)

In addition, more than six in ten (63%) report putting at least some money aside each month as savings. Among those who are saving, more than two in five currently are saving for an emergency or rainy day.

Savings priorities among African Americans who experienced an unexpected financial challenge in the past 12 months



Q FI0024. Right now, are you (and the members of your family) saving for any of the following things? (n=418)



Methodology

This fact sheet is based on data gathered from a larger general population survey of U.S. adults who had experienced an unexpected financial challenge. The survey was conducted by NORC at the University of Chicago on behalf of AARP.

Sample members, including oversamples of African Americans and Hispanics, were randomly selected from the AmeriSpeak® Panel, a probability-based panel developed by NORC at the University of Chicago. AmeriSpeak is designed to be representative of the U.S. household population. Among the 1,697 adults completing the survey, 418 were African American.

Interviews for this survey were conducted between September 4, 2019 and September 19, 2019, with adults ages 30 and older, representing the 50 states and the District of Columbia. Once the sample was selected and fielded, and all of the study data were collected and made final, weighting was used to adjust for unequal sample selection probabilities under the sample design, survey nonresponse, and frame coverage. Frame coverage was adjusted through raking to align the weighted sample to the population by age, gender, education, race/ethnicity and Census Division. Post-stratification weighting benchmarks were obtained from the 2018 Current Population Survey. The weighted data of the full sample reflect the U.S. population of adults ages 30 and older. The margin of error for the full sample is ± 3.51 percent at the 95 percent confidence level. Although the margin of error for the African American subset is unavailable, it would be larger than that of the full sample.



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