

## Retirement expenditures for Whites, Blacks, and persons of Hispanic origin

*The relationship between income and expenditure level reveals differences in spending patterns among retirees of different groups; housing, food, and transportation are the largest expenditure components*

Pierre Bahizi

This article looks at the demographics and expenditures of retirees by three large groups—Hispanics, African-Americans, and Whites.<sup>1</sup> In this article, the terms “Blacks” and “African-Americans” will be used interchangeably. Due to the relationship between income and expenditure level—people with high incomes tend to spend more—this study uses the shares of total expenditures that are spent on the various components to compare differences in spending patterns among the groups.

The data used in this article are from the Consumer Expenditure Interview Survey from the first quarter of 1996 through the first quarter of 2001. The sample includes 833 Hispanic, 1,364 African-American, and 14,268 White consumer units.<sup>2</sup> For the purpose of this study, the race/ethnic group of the consumer unit is determined by the reference person. Similarly, only the reference person needs to be retired to qualify a husband-and-wife consumer unit as retired. Retirement is often defined with reference to two characteristics: nonparticipation in the paid labor force and receipt of income from pensions, Social Security, and other retirement plans. However, for this article, the respondents had only to report that they were retired.

### Demographics

The distribution of retired male and female consumer units is relatively even for the White

group (52 percent men and 48 percent women) and the Hispanic group (54 percent men and 46 percent women). (See table 1.) However, for the African-American group, 62 percent of its retiree population is female, and 38 percent is male. In large measure this reflects variation in the distribution of family composition (husband-and-wife only, single<sup>3</sup>, and other consumer units, which includes husband and wife with children, single parent, grandparents living with their grandchildren, and so forth) of retirees across groups. Forty percent of the retired White group are husband-and-wife consumer units; 45 percent are single; and 15 percent are other consumer units. In comparison, just 18 percent of the retired Black group are husband-and-wife consumer units; 48 percent are singles; and 34 percent are other consumer units. For the Hispanic group, 29 percent are husband-and-wife consumer units; 34 percent are singles; and 27 percent are other consumer units.

Whites are spread somewhat equally among the four geographical regions, ranging from 21 percent in the Northeast to 28 percent in the South. In contrast, Black retirees are much more heavily concentrated in the South, with almost half (49 percent) of the retired Black consumer units residing in that region, and Hispanic retirees are concentrated in the South (41 percent) and the West (40 percent).

Pierre Bahizi is an economist in the Branch of Information and Analysis, Division of Consumer Expenditure Surveys, Bureau of Labor Statistics.  
E-mail: Bahizi.Pierre@bls.gov

**Table 1. Demographic characteristics of retired White, Black, and Hispanic consumer units, Consumer Expenditure Interview Survey, 1996–2000**

Item	White	Black	Hispanic
Mean income .....	\$24,351	\$17,763	\$16,947
Average age of reference person .....	73	71	71
Consumer unit size .....	1.7	1.9	2.2
Percent distribution:			
Gender			
Men .....	52	38	54
Women .....	48	62	46
Consumer unit composition			
Husband and wife only .....	40	18	29
Single .....	45	48	34
Other .....	15	34	27
Region			
Northeast .....	22	20	15
Midwest .....	26	20	4
South .....	28	49	41
West .....	24	11	40
Education			
No college degree .....	82	90	95
College degree .....	18	10	5
Tenure			
Own with mortgage .....	15	25	21
Own without mortgage .....	66	44	44
Rent .....	17	31	34
Other .....	2	—	1

NOTE: Dash indicates data are less than 0.1 percent.

## Expenditures

Housing, food, and transportation are the largest expenditure components, accounting for about two-thirds of the average retired consumer unit's budget. (See table 2.) African-American and Hispanic retirees allocate a larger percentage of their expenditures to food than do white retirees. Hispanic retirees allocate a larger percentage of their total expenditures to transportation than do those in the other groups. African-Americans spend a larger percentage than either Whites or Hispanics on housing.

*Food.* Of the three groups, Hispanics allocate the largest share on total food (20.5 percent) and on food at home (17.5 percent), compared with Blacks (17.9 percent and 15.3 percent, respectively) and Whites (15.1 percent and 11.2 percent, respectively). This can partially be explained by the fact that on average, Hispanic retirees' households are larger. White retirees, however, allocate a larger share to food away from home than do the other two groups. They also spend a larger share on alcoholic beverages than do the other groups, and Black retirees spend the least.

*Housing.* The spending on housing accounts for the largest share of total expenditures for all groups. However, Black retirees allocate a larger share to housing (35 percent) than do either Whites (31.5 percent) or Hispanics (33.9 percent). There are large differences in homeownership rates among the ethnic groups. Eighty-one percent of White retirees own their own homes, whereas only 69 percent of Blacks and 66

percent of Hispanics do. For all three groups, more retirees own their homes without a mortgage than do those with a mortgage. White retirees spend 2.3 percent of total expenditures on household operations, whereas Blacks spend 1.4 percent and Hispanics spend 1.1 percent.

White retirees allocate a greater percentage (3.4 percent) of their expenditures on household furnishing and equipment—which includes furniture, flooring, and appliances—than do Blacks or Hispanics, who each allocate about 2.7 percent of their total. Black retirees allocate a larger share to electricity, telephone, and other utilities (12.8 percent) than do the other race/ethnic groups.

*Transportation.* Black retirees spend about half the share that the other two groups spend on new cars and trucks. However, they spend more on used cars and trucks. Retired Whites spend a greater share of total expenditures on public transportation (1.7 percent) than do the other two groups, which each spends about 1.1 percent. Public transportation includes not only intra-city mass transit but also airline fares, taxi fares, ship fares, and intercity bus and train fares. Whites spend a larger share on airfares than do retired Blacks or Hispanics.

*Healthcare.* Healthcare is the fourth largest expenditure for all retired consumer units, after housing, transportation, and food, and it accounts for 11.2 percent of total expenditures.<sup>4</sup> This may be due in part to the increase of out-of-pocket insurance premiums because their employ-

**Table 2.** Expenditure levels and shares of total expenditures for retired White, Black, and Hispanic consumer units, Consumer Expenditure Interview Survey, 1996–2000

Item	White		Black		Hispanic	
	Level	Share	Level	Share	Level	Share
Average annual expenditures .....	\$26,341	100.0	\$18,154	100.0	\$18,305	100.0
Food .....	3,974	15.1	3,244	17.9	3,754	20.5
Food at home .....	2,963	11.2	2,772	15.3	3,196	17.5
Food away from home .....	1,012	3.8	472	2.6	558	3.0
Alcoholic beverages .....	182	0.7	75	.4	98	.5
Housing .....	8,298	31.5	6,376	35.1	6,198	33.9
Shelter .....	4,639	17.6	3,281	18.1	3,539	19.3
Owned dwellings .....	3,062	11.6	2,027	11.2	1,951	10.7
Rented dwellings .....	1,126	4.3	1,157	6.4	1,479	8.1
Other lodging .....	451	1.7	97	.5	109	.6
Utilities, fuels, and public services .....	2,145	8.1	2,328	12.8	1,989	10.9
Household operations .....	628	2.4	280	1.5	197	1.1
Household furnishings and equipment .....	886	3.4	488	2.7	473	2.6
Apparel and services .....	821	3.1	701	3.9	642	3.5
Transportation .....	4,544	17.3	2,921	16.1	3,497	19.1
Vehicle purchases .....	1,888	7.2	1,061	5.8	1,362	7.4
New cars and trucks .....	1,073	4.1	345	1.9	946	5.1
Used cars and trucks .....	815	3.1	716	3.9	416	2.3
Gasoline and motor oil .....	706	2.7	520	2.9	703	3.8
Other vehicle expenses .....	1,508	5.7	1,142	6.2	1,231	6.7
Public transportation .....	442	1.7	198	1.1	201	1.1
Healthcare .....	3,015	11.4	1,752	9.7	1,698	9.3
Entertainment .....	1,307	5.0	560	3.1	579	3.2
Personal care products and services .....	284	1.1	260	1.4	197	1.1
Reading .....	190	.7	85	.5	70	.4
Education .....	110	.4	67	.4	35	.2
Tobacco products and smoking supplies .....	170	.6	168	.9	114	.6
Miscellaneous .....	626	2.4	358	2.0	224	1.2
Cash contributions .....	486	1.8	171	.9	90	.5
Personal insurance and pensions .....	785	3.0	735	4.1	703	3.8
Life and other personal insurance .....	367	1.4	411	2.3	258	1.4
Pensions and Social Security .....	418	1.6	324	1.8	445	2.4

ers may no longer cover them. Further, expenses for prescription drugs, Medicare payments, and medical services increase at retirement because older people require more healthcare goods and services, on average. Hispanic retirees spend about 3.1 percent of their total expenditures on medical payments. Blacks and Whites spend less (2.3 percent and 2.8 percent, respectively). White retirees spend a larger percentage of their expenditures (1.5 percent) on medical services than do Blacks (0.7 percent) and Hispanics (1.1 percent).

*Entertainment.* Retired Whites allocate more of their expenditures (5 percent) to entertainment than do the other groups, which each allocates about 3 percent. Whites allocate about 1.6 percent to fees and admissions, whereas Black and Hispanic retirees allocate about half of that (0.8

percent). In contrast, Black retirees spend more on TV, radio, and sound equipment.

IN SUMMARY, although retirees are commonly treated as one group, in many ways they are as diverse as the general population. Some of the differences in spending among White, Black, and Hispanic retirees may be due to differences in income and spending patterns.

Hispanic retirees spend a larger percentage of their expenditures on food, shelter (rent), transportation, and Medicare payments. Blacks spend a greater share of their expenditures on utilities, used cars, personal insurance, personal care products, apparel, and tobacco products. White retirees spend a greater share of their expenditures on food away from home, house furnishings, health insurance, entertainment, and public transportation. □

## Notes

<sup>1</sup> Due to the small number of CU surveyed, this study does not include Asians, American Indians, Pacific Islanders, Aleuts, and Eskimos.

<sup>2</sup> At the time the CE data used here were collected, only one race could be selected by a respondent. White means “White, non-Hispanic.” Black means “Black, non-Hispanic.”

<sup>3</sup> Includes divorcees and widowed households.

<sup>4</sup> Weighted average over all three groups.