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11th Annual Black Investor Survey Shows White Americans Have More Than Twice as Much Saved For Retirement as Blacks, but Finds Employers Well Positioned to Make a Difference

Chicago, Illinois, October 15, 2008 – African-Americans are on equal footing with Whites when it comes to accessing and enrolling in employer-sponsored defined contribution plans, but save far less each month and have a considerably smaller nest egg than their White counterparts, according to the 11th annual Ariel/Schwab Black Investor Survey.

According to this year's survey of 503 Blacks and 506 Whites with household incomes of at least \$50,000, about nine in ten of both Blacks and Whites who are working have access to a defined contribution plan such as a 401(k); and of those, about 90% of each group contributes regularly. However, the median monthly amount that Blacks contribute to their 401(k) plan is \$169, while Whites contribute about 50% more, or \$249 each month. As a result, the median total household savings for retirement reported by Black respondents is \$53,000, in contrast to Whites at \$114,000.

This year's survey found that for many younger African-Americans, saving for retirement is more of a dream than a priority. Although 45% of Blacks under the age of 50 (compared to 26% of Whites) say they want to retire by age 60, they are half as likely to cite retirement as their most important goal when saving and investing (after controlling for income, education, age and other key demographics). Among those older than 50, however, reality has set in: a far smaller 24% of Blacks and 9% of Whites still plan to retire by age 60.

"The problem is that people don't start saving for retirement early enough," said Mellody Hobson, Ariel President. "This is lifelong task, not something you start in middle age. The earlier people understand this, the better their chances of achieving their dreams."

The survey also found that with some help from employers, all employees, but particularly African-Americans, would be likely to ramp up their monthly 401(k) savings. About two-thirds of African-Americans (compared to about a half of Whites) say they would increase contributions to their retirement plan if employers provided access to financial advisors, seminars about retirement investing, and/or education about the features of the plan.

"Employees want and need help with retirement investing, and employers have an opportunity to make a real difference," said Lisa Toppin, vice president of employee development and inclusion for Charles Schwab. "Imagine how helpful seminars would be, for example, for



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younger Black employees who have the least realistic expectations but also the best opportunity to start charting a course toward a comfortable retirement.”

This year’s findings show that 62% of higher income Blacks own stocks or mutual funds versus 82% of Whites. Over the last 11 years, Black stock ownership has fluctuated between last year’s low of 57% and a high of 74% in 2002. Over the same period, White stock ownership has consistently hovered around 80%.

While overall stock ownership among Blacks is still lagging, the historical preference for real estate among Blacks is at historic lows. This year, just 39% of Blacks said real estate was the “best investment overall” compared to 37% of Blacks who picked stocks or mutual funds. Among Whites, just 28% chose real estate compared to 55% who chose stocks and mutual funds. In 2004, at the height of the real estate bubble, 61% of Blacks and 51% of Whites said it was the best investment overall.

Toppin added, “For employers who want to make a real difference in the financial futures of their employees, today’s turbulent market environment is a time to provide the information that many Americans so desperately need in order to finance their retirements.”

Both Ariel and Schwab have made a major investment in financial education for youth. Charles Schwab Foundation funds *Money Matters: Make it Count*, an after-school financial literacy program with Boys & Girls Clubs of America, which is available through 2,500 Boys & Girls Clubs that serve teens. In the five years since its inception, approximately 120,000 teens in more than 1,000 clubs have gone through the program. Schwab also offers resources for parents and other concerned adults through its educational website, www.schwabmoneywise.com. Through Ariel’s foundation, the Ariel Education Initiative, the company supports the Ariel Community Academy, a Chicago public school that integrates financial literacy into the school’s curriculum.

“Kids who are taught about personal finance have powerful knowledge that will serve them well their whole lives. The earlier people learn about saving and investing, the better off they will be, regardless of whether they come from wealthy or impoverished backgrounds,” said John W. Rogers, Jr., Chairman and CEO of Ariel Investments.

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The random sample survey of 503 Black and 506 White households earning over \$50,000 annually is the eleventh for Ariel-Schwab. It was administered by telephone between June 11 and July 13, 2008. The margin of error is approximately 4.5%. The survey was conducted by Argosy Research.

Ariel Investments, LLC and The Charles Schwab Corporation are separate entities, but co-sponsor the “Black Investor Survey.”

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