Understanding Asian American Chicago

A Research Report Series



The Institute for Metropolitan Affairs
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Asian American Institute

***** Financial Security *****

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♣ Contents **♣**

5 **#**

Summary

6

Introduction

7 **#**

Retirement

#8#

Shelter

#9#

Medical Insurance

#12#

Financial Advice

#13 #

Home Ownership

16

Gambling

♣ Summary ♣

- As a group, Chicago-area Asian Americans are at least as financially secure as non-Asian Americans living in the six-county metropolitan area as measured by indicators such as participation in pension plans, insurance and home ownership.
- About 70 percent of Asian Americans in the Chicago area report coverage by some type of pension plan. Over 40 percent of Asian Americans who are not citizens and/or who are under 30 report having no pension plan.
- Asian Americans are about as likely to report having no medical insurance (12 percent) as non-Asian Americans (10 percent). Lack of insurance is more prevalent among non-citizens, younger, and poorer Asian Americans.
- All members of the household were covered by some form of medical insurance in over 80 percent of Asian American households.
- Asian Americans were much more likely than non Asian Americans (72 percent to 57 percent) to have medical insurance through their current employer. Those with higher incomes, who lived

- in the suburbs, and/or were older were more likely to rely on their employer for insurance.
- Asian Americans were much less likely than non-Asian Americans to have met with a financial advisory (30 percent to 19 percent).
- Asian-American homeowners were more likely than non-Asian Americans to still be paying on a mortgage, to have a higher mortgage, and to have a more valuable home.
- The homes of Asian Americans are on average newer than those owned by non-Asian Americans and have required less rehab work.
- Asian Americans in the suburbs tend to have more valuable home (average \$150,000 to \$125,000) and newer homes than Asian Americans living in Chicago.
- However, Asian Americans were less likely to be "very satisfied" with their housing than non-Asian Americans (46 percent compared to 55 percent).

♣ Introduction ♣

The following research brief provides an overview of the financial security of Asian Americans living in the Chicago metropolitan area during the 1990s. The report considers a number of different areas that bear on the ability of families to withstand financial uncertainty and be sufficiently prepared for retirement. These areas include:

- Pensions
- Insurance
- Home Ownership
- Gambling and Poverty

This report does not discuss work or income because much more on those areas can be learned from U.S. Census data than from this survey. However, the Census tells us little or nothing about the subjects discussed herein.

The data used in this report are drawn from an annual survey of residents of the six-county Chicago area by the Metro Chicago Information Center conducted during the 1990s. The survey consists of a random sample of approximately 3,000 households per year. Over the decade, 689 Asian American households were surveyed as part of that sample. The race or ethnicity of the household was that identified by the individual responding to the survey.

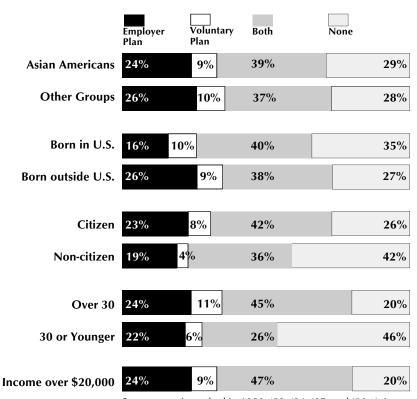
The Asian American data used here contain some biases attributable to the survey being conducted in English or Spanish. Households with no English or Spanish speakers would be unrepresented or underrepresented in the survey. However, many of the survey questions are directed at the entire household and if one adult member of the household spoke English or Spanish, then that household could have participated in the survey. Nevertheless, for this report we have attempted to present only data that would be relatively unbiased by the lack of non-English speakers in the sample. Unite States Census data contains a similar bias in that non-English speaking Asians are far more susceptible to not being counted.

There is wide variation in the number of Asian Americans who responded to any particular survey question. This is because some questions were asked every year of the survey during the 1990s, but others were not. Additionally, not every survey respondent answered every question. In no case is a survey question reported if it had fewer than 50 responses. Most guestions used in this analysis had more than 100 Asian American responses. In instances where subgroups are created within the general category of Asian Americans – such as those above or below 30 years of age - then the number of responses generally falls below 100. Each table contains a listing of the years in which a survey question was asked and the number of Asian survey respondents in that year. As a general rule, the margin of error of findings for non-Asians is about plus or minus 3 percent. Findings for Asian Americans as a group have a margin of error of about plus or minus 6 percent, and subgroups a margin of error of about plus or minus 8 percent for a 95 percent level of certainty.

♣ Retirement ♣

Asian Americans and non-Asian Americans are about equally likely to be recipients of employer pensions or voluntary pension plans (Figure 1). Few differences between subgroups within the Asian American community stand out. Not surprisingly, older people are better positioned with regard to pensions than are younger ones — a function of accumulated savings and length of tenure on the job. It may be cause for concern that non-citizens were much less likely than citizens to report having an employer pension or voluntary retirement plan.

Figure 1 * Type of Pension Plan If Respondent or Spouse
Is Not Retired

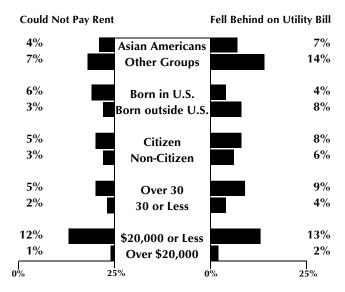


Survey question asked in 1992, '93, '94, '95, and '96. Asian American N = 406.

♣ Shelter ♣

Compared to other racial/ethnic groups, Asian Americans have high household incomes. The widespread prevalence of employment combined with multiple generations within households minimizes the likelihood that the household will not be able to pay rent or will fall behind on utility bills (Figure 2). Asian Americans were about half as likely as members of other groups to experience this hardship. As one would expect, low income Asian Americans were far more likely to fall behind than those with higher incomes.

Figure 2 ❖ Problems with Shelter during the Past Two Years

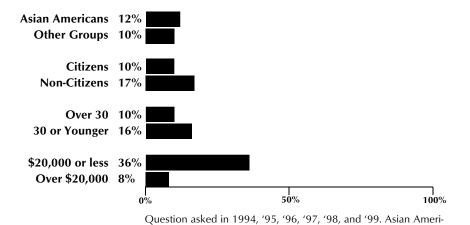


Question asked in 1991, '92, '93, '94, '95, '96, '97, '98, '99. Asian American N = 689.

♣ Medical Insurance **♣**

For most people, the greatest risk to income security is the possibility of incurring catastrophic medical expenses for which one is not adequately insured. Asian Americans were about as likely to be uninsured as non-Asian Americans, 12 percent compared to 10 percent (Figure 3). Non-citizens, the young, and the poor were most likely to report not having health insurance.

Figure 3 ❖ Percentage of Respondents Who Are Uninsured



Survey respondents reported that all members of the household were covered in 81 percent of Asian American households (Figure 4). However, in 8 percent of households, it was reported that no one had coverage. Households of citizens appeared to be more likely to have full medical coverage and the poor were much more likely to have no coverage. About one-fourth of households with low income reported no insurance coverage.

Figure 4 ❖ Extent of Medical Insurance in the Household All Covered None Covered Some Covered **Asian Americans** 81% 11% Other Groups 85% 9% 6% Citizen 85% 10%5% Non-citizen **76%** Over 30 82% 12% 6% 30 or Younger 80% 11% 8% \$20,000 or Less 19% 24% Over \$20,000 85% 11% 4% Survey question asked in 1991, '92. '93, '94, '95, '96 '97, '98,

and '99. Asian American N = 689.

Asian Americans were far more likely to report that their insurance was paid for by their present employer than were non-Asian Americans (Table 1). Asian Americans are far less likely to utilize government programs than are the poor of other racial or ethnic groups comprising the balance of the general population.

Persons over 30 and suburbanites were much more likely than those who are younger or who live in Chicago to have medical insurance paid for by the employer. Consequently, persons 30 and younger were more likely to secure health insurance through direct purchase.

Table 1 ❖ Who Pays for Respondents' Medical Insurance

	Current Employer	Employer of Family Member	Government Program	Purchase Directly
Asian American	72%	10%	2%	10%
Other Groups	57%	12%	17%	15%
Citizen	70%	11%	2%	9%
Non-Citizen	76%	11%	4%	12%
Over 30	77%	10%	2%	6%
30 or Younger	63%	12%	4%	18%
\$20,000 or Less	_	_	_	_
Over \$20,000	77%	12%	1%	8%
Chicago	64%	11%	5%	16%
Suburbs	77%	10%	1%	6%

Question asked in 1994, '95, '96, '97, '98, '99. Asian American N = 492.

[&]quot;Government Program" was not asked in 1998 or 1999.

Financial Advice

Asian Americans are less likely to have received the advice of a financial advisor than are the members of other groups, 19 percent versus 30 percent.

Figure 5 ❖ Have Met with a Financial Advisor



Question was asked in 1995. Asian American N = 103.

♣ Home Ownership ♣

Historically, home ownership has been most Americans' largest financial asset, one whose value has accrued most rapidly, and a foundation for retirement.

Among homeowners across the Chicago metropolitan area, Asian Americans have higher average mortgages and owe more on their mortgages (Table 2). These findings are likely driven by higher reported home values for Asian Americans of \$146,000, compared to \$124,000 for other groups, and by the finding that a greater proportion of Asian Americans are still paying their mortgages.

Table 2 ❖ Data about Respondents Who Own a Home

	Asian American	Other Groups
Currently Paying Mortgage	85%	71%
Median Mortgage Payment	\$963	\$750
Average Amount Currently Owe	e d \$84,000	\$66,000
Median Housing Costs as Percentage of Family Income	20%	21%
Median Home Value	\$146,000	\$124,000

[&]quot;Currently Paying" asked in 1991, '92, '93, '94, '95, '96, '97, '98, '99. Asian American N = 689.

[&]quot;Mortgage Payment" asked in 1991, '92, '94, '95. Asian American N = 331.

[&]quot;Average Amount" asked in 1994 and 1995. Asian American N = 212.

[&]quot;Median Housing" asked in 1991, '92, '94. Asian American N = 228.

[&]quot;Median Value" asked in 1991, '92, '93, '94, '95. Asian American N = 409

Because the homes of Asian Americans tend on average to be newer than those of other groups, only 20 percent built before 1950, Asian Americans need to spend less on rehabbing their homes, and fewer have needed to (Table 3).

Much of the difference among Asian Americans with regard to housing is a difference between whether one lives in Chicago or in the suburbs (Table 4).

Table 3 ❖ Rehabbing

	Asian American	Other Groups
Rehabbed to Increase Home		
Value in Past 2 Years	39%	56%
Median Rehab Spending	\$1,854	\$2,843
Home Built 1980 or Later	36%	24%
Home Built Before 1950	20%	33%

[&]quot;Rehabbed" and "Spending" asked in 1993, '94, '95, '96. Asian American N = 355.

Table 4 * City and Suburban Asian American Homeowners

	Chicago	Suburbs
Currently paying on mortgage	74%	91%
Median Home Value	\$125,000	\$150,000
Home Built after 1940	90%	66%

[&]quot;Currently Paying" asked in 1991, '92, '93, '94, '95, '96, '97, '98, '99. Asian American N = 689.

[&]quot;Built" asked in 1993, '94, '95. Asian American N = 290.

[&]quot;Median Value" asked in 1991, '92, '93, '94, '95. Asian American N = 409

Despite the favorable financial positions of many Asian American homeowners, Asian Americans were significantly less satisfied with their housing than were members of other groups (Figure 6).

Figure 6 Satisfaction with Current Housing

Asian American Other Groups

Very Satisfied 46%
55%

Somewhat Satisfied 44%
36%

Somewhat Dissatisfied 8%
6%

Very Dissatisfied 2%
3%
0%
50%
100%

Gambling **#**

As important as is earning money to attain financial security, it is equally important not to lose it for no purpose. Asian Americans in the Chicago area appear about as likely to bet on sports or a casino as are non-Asian Americans (Table 5). Of course the survey does not cover many ways in which Asian Americans might gamble, particularly those games that might be specific to one country or culture. Younger people did appear to be significantly more likely to gamble than did older people.

Table 5 ❖ Gambling Activities

	Bet on Sports	Went to a Legal Casino	Bet on a Horse Race
Asian Americans	34%	31%	8%
Other Groups	32%	31%	14%
U.S. Born	_	30%	_
Born Outside the U.S.	29%	31%	8%
Citizen	39%	32%	10%
Non-Citizen	_	26%	_
Over 30	22%	22%	7%
30 or Younger	52%	40%	8%
\$20,000 or Less	_	_	_
Over \$20,000	35%	35%	9%

[&]quot;Sports" and "Horse" asked in 1993 and 1999. Asian American N = 147.

[&]quot;Casino" asked in 1993, 96, 99. Asian American N = 212.