

RESEARCH IN ACTION:

Wharton's [Olivia S. Mitchell](#) Examines Racial Inequality in Retirement Income

THE PROBLEM:

The incomes of older Americans can become precarious as they transition from active work to retirement, yet making ends meet is even harder for minorities and women in their later years. A study led by Wharton economist [Olivia S. Mitchell](#) reveals that individuals faring poorly in retirement because of low income tend to be Black and Hispanic. Also vulnerable are women, the less educated, unmarried persons, those not working for pay, disabled persons, and households with underage children in the home. People who reside in the South are also more likely to be in the lowest income quartile.



THE RESEARCH:

The [paper](#), titled “Income Trajectories in Later Life: Longitudinal Evidence from the Health and Retirement Study,” uses data from the Health and Retirement Study, a bi-annual survey that follows a representative sample of 20,000 Americans age 50 and older. Mitchell analyzed two decades’ worth of data for three separate age groups to determine how incomes changed as labor earnings were replaced with Social Security benefits, pensions, and withdrawals from savings. Interestingly, incomes remained rather stable for most people, but Blacks, Hispanics, and women were among those whose retirement incomes did not keep up.

THE SOLUTIONS:

Policy options for reducing retirement inequality were on the agenda during the 2023 Pension Research Council [conference](#), which focused on diversity, inclusion, and inequality in retirement incomes. One promising avenue is to close the gap in returns to housing, partly due to higher rates of minority foreclosures and distressed home sales. Another is to reduce the individual debt burden, particularly medical and student loans. Differences in inheritance patterns also play a role because Black and Hispanic families are less likely to have a will. Most critically, it is important to reform Social Security to restore the program to solvency, as these benefits make up a substantial portion of minorities’ retirement income.



THE SCHOLAR: *OLIVIA S. MITCHELL*

Olivia S. Mitchell is a professor of business economics and public policy as well as a professor of insurance and risk management. She is also executive director of Wharton's [Pension Research Council](#), a nonprofit center that generates research and debate on policy issues affecting pensions and employee benefits. Mitchell earned her bachelor's degree in economics from Harvard University, and a master's degree and Ph.D. in economics from the University of Wisconsin-Madison. She has published over 300 books, papers, and articles; she served as a policy adviser under President George W. Bush and to various federal agencies; and she works with governments around the world. She's also received numerous awards and garnered international recognition, including being named a top 10 female economist by the World Economic Forum. Mitchell was selected as a Distinguished Fellow by the American Economics Association.

Mitchell said she hopes her research ultimately leads to policies that improve the financial well-being of all, especially the most vulnerable.

"Understanding and enhancing retirement policy requires a combination of finance, economics, psychology, sociology, demography, and ethics," she said.

The Wharton Coalition for Equity and Opportunity (CEO) creates research-driven solutions to help current and future leaders ensure equity in business relationships and leadership. Dean Erika James, who is Wharton's first Black and first female dean, is emblematic of a paradigm shift in executive leadership. She has launched the Wharton Coalition for Equity and Opportunity as the hallmark of her leadership commitment to diversity, equity, and inclusion. The initiative is being led by Kenneth L. Shropshire, Wharton emeritus professor of legal studies and business ethics. Shropshire is the former director of the Wharton Sports Business Initiative and former CEO of the Global Sport Institute.