This study examines retirement preparedness between employees at Historically Black Colleges and Universities (HBCUs), all non-HBCUs and non-HBCU “peers”. The peer group includes similarly classified colleges and universities.*

Using data from 2022, the researchers examine TIAA participants employed at four-year Higher Education institutions along five dimensions.

Five dimensions of saving behavior

1. Retirement plan participation and savings decisions
2. Investment decisions
3. Account leakage: loans and hardship distributions
4. Advice engagement
5. Asset accumulations

*Using Carnegie classifications, non-HBCU peers are defined as institutions with an R2 classification or below because there are no R1 HBCUs. R1 higher education institutions have the highest level of research activity, receive substantial research funding, and award many doctoral degrees.

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Retirement plan participation and savings decisions

HBCU participants tended to contribute less to retirement savings than employees at peer institutions.

2022 median contributions of HBCU employees

PRIVATE SCHOOLS
16% LESS THAN PEERS
equates to $1,400 fewer retirement dollars

PUBLIC SCHOOLS
30% LESS THAN PEERS
equates to $3,100 fewer retirement dollars

Compared to peers, HBCU employees starting with TIAA in 2010 or later

31% LESS LIKELY TO INVEST ACCUMULATIONS TO EQUITY OUTSIDE OF TDFs

Compared to peers, HBCU employees starting with TIAA before 2010

5% MORE LIKELY TO INVEST IN TARGET DATE FUNDS (TDFs)

Have 6 percentage points more of their balance in guaranteed products

Have 5 percentage points less in equity funds (not including equity components of TDFs)
Accessing retirement funds before retirement (loans and hardship withdrawals): HBCUs vs. non-HBCU peers

Employer-sponsored retirement savings plans generally restrict accessing funds before retirement, but usually allow for participants to take out funds as loans or hardships before retirement. While these liquidity options may be less expensive than alternatives, they have a large impact on retirement security.

**Loans**

- **2X as likely** as all other non-HBCU participants to take out new loans in 2022

<table>
<thead>
<tr>
<th></th>
<th>PERCENT OF ASSETS TAKEN OUT AS LOANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBCU</td>
<td>12%</td>
</tr>
<tr>
<td>PEERS</td>
<td>6%</td>
</tr>
</tbody>
</table>

HBCU participants tended to take a greater fraction of their balance out as a loan.

HBCU median participant took out **$800 less** than their non-HBCU peer borrowers.

**Hardships**

- **50%** more likely than peers to take hardship distributions in 2020

<table>
<thead>
<tr>
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<th>PERCENT OF ASSETS TAKEN OUT FOR HARDSHIP DISTRIBUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBCU</td>
<td>38%</td>
</tr>
<tr>
<td>PEERS</td>
<td>34%</td>
</tr>
</tbody>
</table>

HBCU participants tended to take a greater fraction of their balance out for a hardship distribution.

The median dollar amount HBCU participants took out for hardships was **$8,982 less** than their non-HBCU peers.
Among advice seekers, HBCU participants are significantly more likely to get advice on retirement income.

Participants can seek advice on:
- Savings/Investing
- Retirement Income

OR

BOTH

Retirement income advice

5 to 10 percentage points more likely to seek advice on retirement income among advice seekers than their non-HBCU peers

HBCUs have significantly lower account balances than their non-HBCU peers after five years.

70% after 15+ years this gap grows to HBCU participants having 70% of the accumulated balance of their peers

To learn more about retirement savings behavior of HBCU and non-HBCU higher education employees, visit the TIAA Institute website to read the full report.

1 Davis, B., and Richardson, D. Comparing retirement savings behavior of HBCU and non-HBCU higher education employees. TIAA Institute Trends and Issues, February 2024.

2 A 2020 provision of the CARES Act allowed participants to take penalty-free withdrawals up to $100,000 from their retirement savings for any COVID-19-related issue.

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