

## **Project Description**

The goal of this project is to develop and administer a survey with the goal of aiding in explaining the low levels of retirement preparedness in and low retirement savings accumulation of minorities. The goal of the survey findings is to address three research questions:

1. What are the socioeconomic and/or demographic variables that lead to the use of retirement savings prior to retirement?
2. Do there exist racial and/or cultural differences in the use and perception of retirement savings accounts between minorities and non-minorities?
3. What, if any, cultural variables influence the decision to use retirement savings early in minorities?

## **Condensed Literature Review**

There is overwhelming empirical evidence that most U.S. households make less than optimal personal-finance decisions and are ill prepared for retirement. Using the 2010 Survey of Consumer Finance, a nationally representative survey of over 2,000 U.S. households, Kim and Hanna (2013) find that 58% of U.S. households are not adequately prepared for retirement, and the percentage of U.S. households that would be considered adequately prepared for retirement has been declining over time. The overall retirement preparedness of U.S. households has decreased by nearly 28% since 2007. Additionally, there exist racial-ethnic differences in retirement preparedness, whereby Blacks and Hispanics are more than 17% and 20% less likely, respectively than Whites, to be adequately prepared for retirement (Yuh et al,1998).

One possible reason for the ill preparedness of Blacks and Hispanics for retirement might be that Blacks and Hispanics dip into their 401(k) plans at much higher rates than Whites. Blacks are nearly two times more likely to take hardship withdrawals, 55% more likely to take a loan from their 401(k), and take longer to repay 401(k) loans than Whites (Mitchell, 2012). It is postulated that for Blacks, 401(k) accounts may be the single largest source of money that has been accumulated and that there is limited access to outside savings sources. It also suggests that Blacks may not view their 401(k) plans as income replacement during retirement but as regular bank accounts to be used to send their children to school, or meet other short-term liquidity and/or credit constraints (Mitchell, 2012).

Likewise credit market discrimination (perceived or actual) and subsequent credit constraints might lead minorities to draw down from retirement savings prior to retirement. Yet there have been little to no empirical studies to test these hypothesis.

Therefore, the purpose of this study will be to better understand the factors that underlie the decision of minorities (i.e., Blacks and Hispanics) to decumulate retirement savings prior to retirement.

### **Proposed Theoretical Framework**

Thaler and Shefrin (1981) find that the mental accounting of money causes pension (i.e. retirement savings) money to be treated differently from checking account money. Therefore, it can be reasonably assumed that the antecedents for drawing down from retirement assets prior to retirement for U.S.-born minorities should be the same for minority groups as those for the majority group, and any differences should be due to compositional differences (i.e., difference in income and wealth).

### **Projected Methods**

Structural equation modeling will be used to examine the relation among individual's personality characteristics, cultural characteristics (as related to money and saving), financial knowledge, and financial preparedness to determine the antecedents for using retirement savings prior to retirement. To investigate the racial differences in the early use of retirement savings, a Oaxaca Analysis will be conducted. The antecedents for drawing down from retirement assets prior to retirement for U.S.-born minorities should be the same as those for the majority group, and any differenced should be due to compositional differences. By setting responses of Blacks and Hispanics to the mean of non-minorities, Blacks and Hispanics should have the same likelihood of withdrawals as Whites. If not, this difference would suggest that there exist cultural differences in the use and/or perception of retirement savings between minorities and non-minorities. Finally, a mediation analysis will be used to determine the cultural nuances that significantly, positively effect the relation between race and the likelihood of decumulating retirement savings prior to retirement.

**BUDGET**

**NBER Household Finance Small Grant Proposal**

**Project Title:** Differences in the perception and use of retirement savings by Blacks, Whites, and Hispanics

**Budget revised:** 05/25/2014

<b>Budget Item</b>	<b>Year 1</b>
	<b>06/2014-06/2015</b>
Survey development and administration	\$5,000
Student assistant (1 student per year, 20 weeks, at \$15 hours, for 10 hrs per week/student)	\$3,000
Domestic travel (1 conferences attended by attendees)	\$2,350
Statistical training (Structural equation modeling offered by Statistical Horizons-June 19-20)	\$1,650
<b>Other Direct Costs</b>	
Materials and supplies	\$500
Survey incentives	\$500
Journal submission fees	\$100
<b>Total Costs</b>	<b>\$13,100</b>

# Danielle D. Winchester, CRC®, PhD

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North Carolina A&T State University  
1601 Market Street  
Greensboro, North Carolina 27411

## EDUCATION

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Doctor of Philosophy, Personal Financial Planning  
PhD Minor, Finance\*\*  
Texas Tech University  
Lubbock, Texas

Masters of Business Administration, International Business  
University of North Carolina at Greensboro  
Greensboro, North Carolina

Bachelor of Science (*cum laude*), International Business, Political Science (minor)  
University of North Carolina at Greensboro  
Greensboro, North Carolina

## CONDENSED TEACHING AND RESEARCH EXPERIENCE

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- 2011- **Assistant Professor of Finance**  
School of Business and Economics, North Carolina A&T State University  
Greensboro, North Carolina  
*Course(s) taught: International Finance, Business Finance\*,  
Business Environment, Personal Finance\*, International Management\**
- 2010-2011 **Graduate Part Time Instructor, Financial Counseling (Distance)**  
Division of Personal Financial Planning, Texas Tech University  
Lubbock, Texas
- 2009-2010 **Course Coordinator, Chancellor's Professional and Personal Leadership**  
Office of the Chancellor, Texas Tech University  
Lubbock, Texas
- 2007-2010 **Teaching Assistant, Retirement Planning**  
Division of Personal Financial Planning, Texas Tech University  
Lubbock, Texas

## PUBLICATIONS AND PRESENTATIONS

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### Refereed publications

- Winchester, D. (forthcoming). Does a relationship with a financial services professional overcome a client's sense of not being in control of achieving their goals? *Financial Services Review*.
- Winchester, D. & Huston, S. (2013). Keeping your financial planner to yourself: Racial and cultural differences in financial planner referrals. *Review of Black Political Economy*, 40(2), 165-184.
- Loving, A., Harness, N. & Winchester, D. (2012). Finishing School: Integrating sales skills and product knowledge into financial planning curriculum. *GSTF Business Review*, 1(3). (GBR - Print ISSN: 2010-4804, E-periodical: 2251-2888)
- Salter, J., Hampton, V., Winchester, D. Evensky, H., & Katz, D. (2011). Entry-level financial planning practices: Preparing students to hit the ground running. *Financial Services Review*, 20(3), 195-216.

Winchester, D., Huston, S., & Finke, M. (2011). Investor prudence and the role of financial advice. *Journal of Financial Service Professionals*, 67(4).

Finke, M., Huston, S., & Winchester, D. (2011). Financial advice: Who pays. *Journal of Financial Counseling and Planning*, 22(1), 77-85.

### **Working papers**

Winchester, D. & Huston, S. (Revise and Resubmit). The Impact of Worry and Confidence on Women's Risk-averse Financial Behaviors. *Journal of Economic Psychology*.

Winchester, D. & Huston, S. (Under review). The role of trust in valuing consumer-financial planner relationships. *Journal of Financial Counseling and Planning*.

Winchester, D. & Huston, S. The benefits of financial advice of middle-class households.

Romero, A. & Winchester, D. Phenotypic Discrimination of Black Males.

Winchester, D. The decision of African American students to earn a finance degree: An application of the Theory of Planned Behavior

Winchester, D. & Angell, R. Are TIPs all that they are cracked up to be?

Winchester, D. Financial decision making when the most financially knowledgeable individual is a woman.

Winchester, D. The Moderating effect of financial knowledge on the asset allocation of female-headed households

### **Presentations**

Winchester, D. & Huston, S. (2013, October). *The role of trust in valuing consumer-financial planner relationships*. Presented at the Academy of Financial Services (AFS), Chicago, IL.

Winchester, D. & Huston, S. (2012, November). *The importance of trust when purchasing financial advice*. Presented at the Association for Financial Counseling, Planning, and Education (AFCPE), St. Louis, MO.

Winchester, D. & Huston, S. (2012, April). The benefits of financial advice of middle-class households. Presented at the American Council on Consumer Interest (ACCI), Memphis, TN.

#### **Robert O. Hermmann Best Dissertation Award**

Winchester, D. & Huston, S. (2011, November). *Bridging the gender gap: Financial advice and worry*. Presented at the Association for Financial Counseling, Planning, and Education (AFCPE), Jacksonville, FL.

Winchester, D., Huston, S., & Finke, M. (2011, April). *Investor prudence and the role of financial advice*. Presented at the American Council on Consumer Interest, Washington, DC.

#### **2011 ACCI Award, First place**

Finke, M., Huston, S., & Winchester, D. (2010, October). *Financial advice and investor prudence*. Presented at the meeting of the Academy of Financial Services, Denver, CO.

Hampton, V., Salter, J., Katz, D., Evensky, H., Winchester, D. (2010, October). *Raising the next generation of financial planners*. Presented at the Academy of Financial Services, Denver, CO

Winchester, D., Huston, S., & Finke, M. (2010, March). *Staying the course: Does having an on-going relationship with a financial adviser keep you from jumping ship?* Poster Session presented at Texas Tech Graduate Research Poster Competition, Lubbock, TX.

#### **First place Award**

Winchester, D. & Huston, S. (2009, October). *Do personal characteristics and financial behaviors impact the decision to seek professional financial planning help?* Presented at the Academy of Financial Services, Anaheim, CA.

## FPA Best Paper Award

Salter, J., Hampton, V., Winchester, D. Evensky, H., & Katz, D. (2009, October). *Job analysis for entry-level financial planning graduates: Implications for academic programs*. Presented at the Academy of Financial Services, Anaheim, CA.

Winchester, D. (2009, July). *Risk aversion and the female-headed household*. Poster session presented at the American Council on Consumer Interest, Milwaukee, WI.

## Editorial Experience

Editorial Board, Journal of Family and Economic Issues (2013-)

Reviewer, Journal of Economic Behavior and Organization (2012-)

Reviewer, Journal of Family and Economic Issues (2011-)

## PROFESSIONAL DEVELOPMENT

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### Honors/ Awards

2013	Beta Alpha Psi, Zeta Sigma Chapter, Member School of Business and Economics North Carolina A&T State University
2012, April	Robert O. Hermmann Best Dissertation Award American Council of Consumer Interest (ACCI)
2011	American Council on Consumer Interest (ACCI) Conference Award <i>Investor prudence and the role of financial advice</i> 1 <sup>st</sup> place winner
2011	Distance Learning Course Development Grant Online personal finance course
2010, March	Summer Dissertation/ Thesis Research Award Texas Tech University Scholarship recipient
2010, March	Ninth Annual Graduate Student Research Poster Competition <i>Staying the course: Does having an on-going relationship with a financial adviser keep you from jumping ship?</i> 1 <sup>st</sup> place winner, Human Sciences Division III
2009	2009 Academy of Financial Services Best Paper Award <i>Who pays for financial advice?</i> Presented at AFS 2009, Anaheim, California
2009	2009 FPA Diversity Scholarship Financial Planning Association Scholarship recipient
2009	2009 ACCI Conference Student and Young Professional Scholarship The American Council on Consumer Interest Scholarship recipient
2009-2010	Jessie-Bateman-Barns Narsutis Endowed Scholarship Texas Tech University College of Human Sciences Scholarship recipient
2009	Eighth Annual Graduate Student Research Poster Competition <i>Risk Aversion and the Female-Headed Household</i> 1 <sup>st</sup> place winner, Human Sciences Division I

2008-2009 Charles Schwab Scholar  
Division of Personal Financial Planning  
Texas Tech University

2008-2009 Personal Financial Planning History Archives  
Interviewer FPA 2008, FPA 2009

### **Continuing Education**

2013 Creating Interactive Lessons with SoftChalk/ SoftChalk Cloud  
Teaching and Learning with Technology  
North Carolina A&T State University

2013 CATS and COLTs  
ATL Workshop Series  
North Carolina A&T State University

2013 Wanna Flip Your Class? Start by Using Just-in –time Teaching and Learning  
ATL Workshop Series  
North Carolina A&T State University

2012 Mediation and Moderation Seminar (Statistical Horizons)  
Andrew Hayes, Ohio State University, Seminar leader  
Philadelphia, PA

2012 Corporate Finance Teaching Workshop  
Wiley Faculty Network  
New York, NY

2011 Salzburg Global Seminar, Mellon Scholar  
Schloss Leopoldskron  
Salzburg, Austria

2011 Managing Fixed Income in a Rising Rate Environment, Seminar  
Financial Planning Association of Charlotte  
Charlotte, NC

2011 Qualtrics Training  
DoIT  
North Carolina A&T State University

2011 Faculty Development in International Business: Globalization Seminar  
University of Memphis  
Memphis, TN

2011 What do you want them to learn today?" Learning Goals and Formative Assessment  
ATL Workshop Series  
NC A&T State University

2011 Blackboard Workshop Series  
Blackboard Support  
NC A&T State University

2010 Teaching and Learning Miniworkshops  
ATL Workshop Series  
NC A&T State University

2009 The Best Practices of Teaching Ethics  
Teaching, Learning, and Technology Center

2009 2009 National Longitudinal Surveys (NLS) Summer Workshops  
The National Institute of Health/ Center for Human Resource Research  
Ohio State University, Columbus, Ohio

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**SERVICE**

**University, School, and Departmental**

*Invited Speaking Appearances*

2014 28<sup>th</sup> Annual Ronald McNair Symposium  
North Carolina A&T Graduate School  
Presenter, Financial Literacy

2013 Road Map for Financial Freedom: Graduate School and Beyond  
North Carolina A&T Graduate School  
Presenter, Financial Literacy and Planning

2013 Graduate School Orientation  
North Carolina A&T Graduate School  
Presenter Financial Literacy

2013 Student Government Association (SGA)  
North Carolina A&T State University  
Presenter, Financial Responsibility and Credit Use

2010-2014 Accounting Colloquium  
Department of Accounting and Finance  
Presenter, Financial Responsibility

*Course Development and Curriculum Enhancement*

2013 Open Online Education Module: Financial Literacy  
North Carolina A&T Graduate School  
Sole Developer and Site Manager

2013- MBA Planning Committee, Member  
School of Business and Economics  
Committee Member

2013 Course Development: Principles of Personal Financial Planning (FIN469)  
Department of Accounting and Finance  
Lead Developer

2012 - Curriculum and Instruction Committee – Finance  
Department of Accounting and Finance  
Committee Member

2011 Course Development: Personal Finance (BUED379) (online)  
Department of Business Education  
Sole Course Developer and development Grant Recipient

*Student Development, Retention, and Recruitment*

2013 Student Success Action Group  
School of Business and Economics  
Committee Member

2013- Finance Student Internship Initiatives  
Department of Accounting and Finance  
Student Coordinator



2012- Student Recruitment, Selection, Retention, and Placement Committee, Member  
Department of Accounting and Finance

2011-2012 High School Recruitment Initiatives, Director  
Department of Economics and Finance

2011 General Electric (GE) Case Competition, Faculty Coordinator  
School of Business and Economics

*Other Activities*

2013 December Commencement  
North Carolina A&T Graduate School  
Marshall and Flag Bearer

2010-2013 Students in Free Enterprise (SIFE), Sam Walton Fellow  
School of Business and Economics  
Faculty Advisor

**Professional Affiliations and Involvement**

2012 American Council of Consumer Interest (ACCI)  
Chairperson, Dissertation Award Selection Committee (2012, 2013)

2012 Certified Retirement Counselor®, Designation  
International Foundation for Retirement Education (INFRE®)

2011 Association for Financial Counseling, Planning, and Education (AFCPE)

2011- Financial Services Professionals

2009- American Council on Consumer Interest (ACCI)

2006 - Financial Management Association

2005 - Financial Planning Association

**Community Involvement**

2012-2013 Winter Emergency (WE!) Shelter, Volunteer  
YWCA of Greensboro

2012, June On the Money with Mike and Mona, guest appearance (financial expert)  
Black Network Television

2011-2012 Empowered Sparks, Personal Finance Expert

2005-2007 Junior Achievement of North Carolina, Program Leader, Economics  
Faulkner Elementary School, Greensboro, NC  
Irving Park Elementary School, Greensboro, NC

2005 Entrepreneurship Program Coordinator  
Imani Institute, Greensboro, North Carolina

2004-2007 YMCA Black Achievers Program, Financial Literacy Program Coordinator  
Hayes Taylor YMCA, Greensboro, NC

2004-2007 Pathway House, Volunteer