

# Racial Differences in the Association Between Perceived Social Mobility, Future Optimism, and Saving Behavior

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## Introduction

- Racial disparities in financial security persist in the United States, with notable gaps in emergency savings and retirement account ownership across racial groups (Federal Reserve, 2023).
- Scholars suggest that individuals' perceptions of economic mobility may shape their optimism about the future, and this optimism has been linked to forward-looking financial behaviors such as saving and retirement planning (Davidai & Gilovich, 2015).
- Structural inequities influence how racial groups perceive economic mobility, which may lead to differences in optimism and, in turn, differences in saving habits (Kraus et al., 2019).
- Few studies have examined whether racial differences in perceived mobility translate into differences in optimism that ultimately predict saving behavior, highlighting a gap in understanding psychological contributors to financial inequality (Lusardi & Mitchell, 2014).

## Methods

### Sample

- Data were drawn from the Consumer Financial Protection Bureau's National Financial Well-Being Survey (NFWBS) Public Use File (PUF), a nationally representative dataset developed in partnership with Abt Associates and the University of Wisconsin–Madison Center for Financial Security.

### Measures

- Perception of economic mobility** was measured by asking participants to agree or disagree with the statement "Everyone has a fair chance at moving up the economic ladder," with responses ranging from 1 (strongly disagree) to 7 (strongly agree).
- Optimism about the future** was measured by asking participants to agree or disagree with the statement "I am optimistic about my future," with responses ranging from 1 (strongly disagree) to 7 (strongly agree).
- Saving habits** were measured by asking participants to agree or disagree with the statement "putting money into savings is a habit for me," with responses ranging from 1 (strongly disagree) to 6 (strongly agree).
- This study controls for age, race, gender, and education levels in some multivariate analyses.

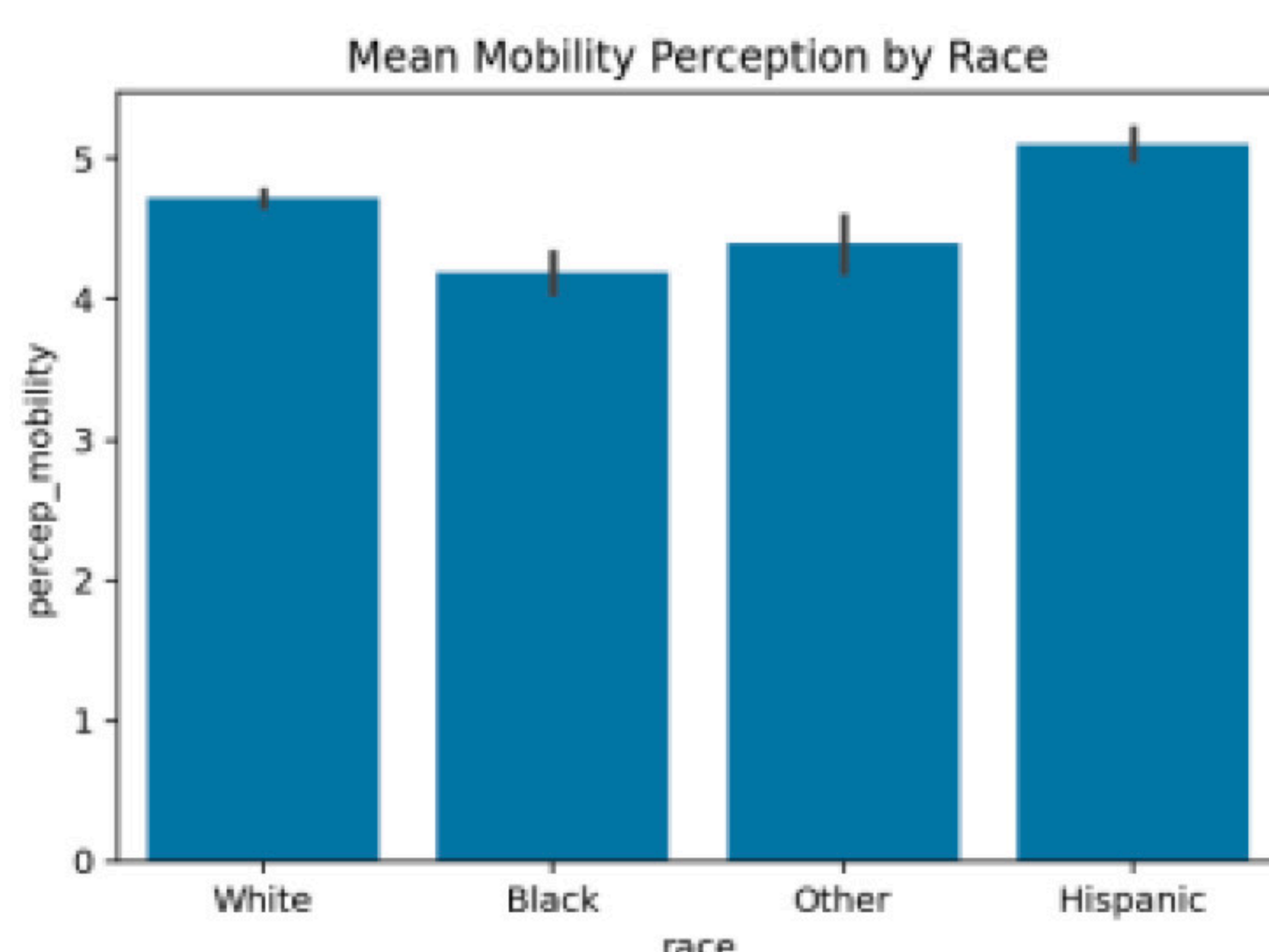
## Research Questions

- Is there a relationship between optimism and saving habits across different racial groups?
- Do perceptions of mobility vary across racial groups?
- Is perceived mobility positively associated with optimism about the future?

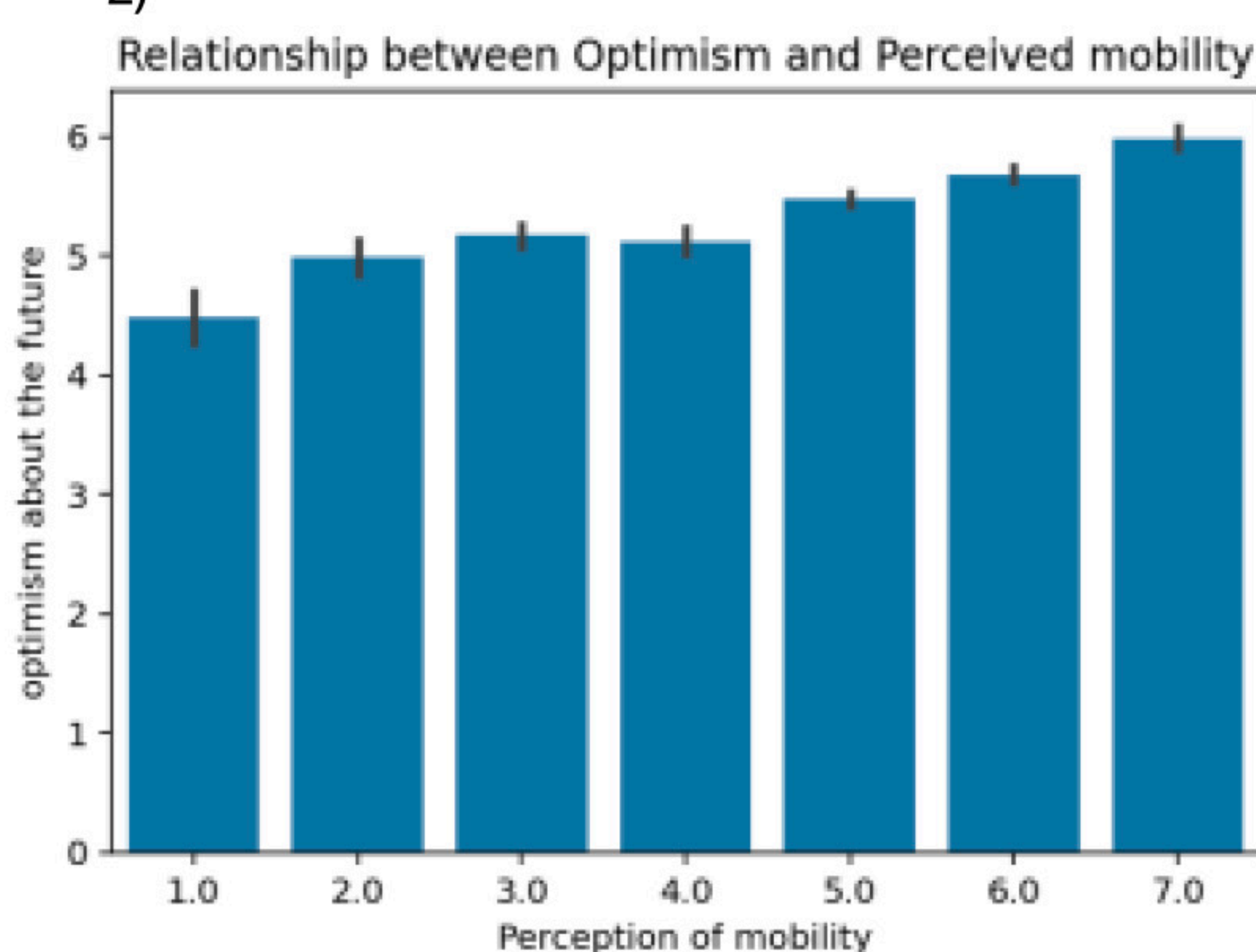
## Results

### Bivariate

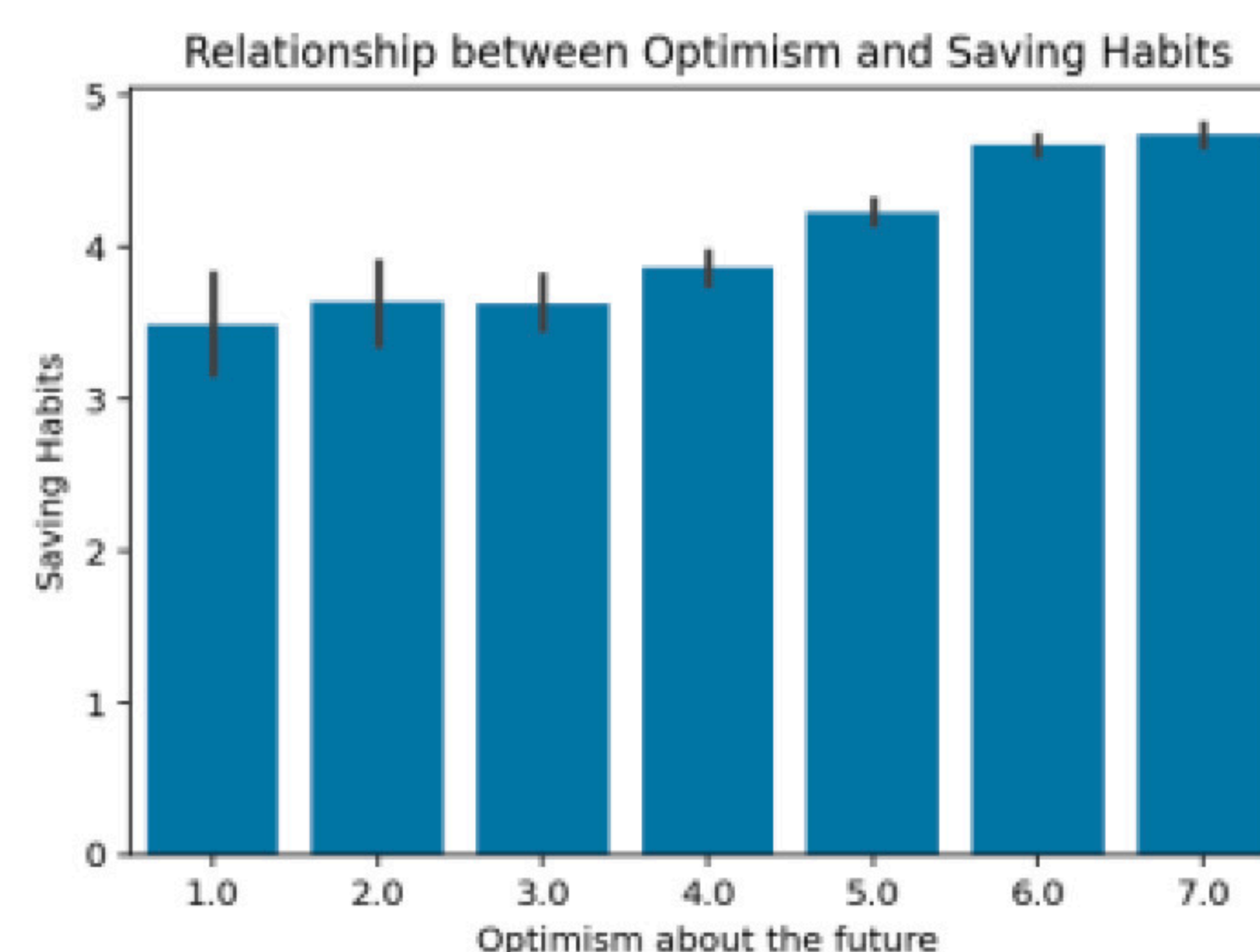
- An ANOVA hypothesis test revealed significant differences in perceived mobility across racial groups, and a subsequent post hoc test showed that in general, Hispanic and White respondents reported higher perceptions of mobility compared to other groups, while Black respondents reported the lowest levels. (Fig 1)



- A chi-square test also revealed a strong and statistically significant association between perceptions of social mobility and optimism about the future,  $\chi^2(36) = 777.65$ ,  $p < .001$ . (Fig 2)

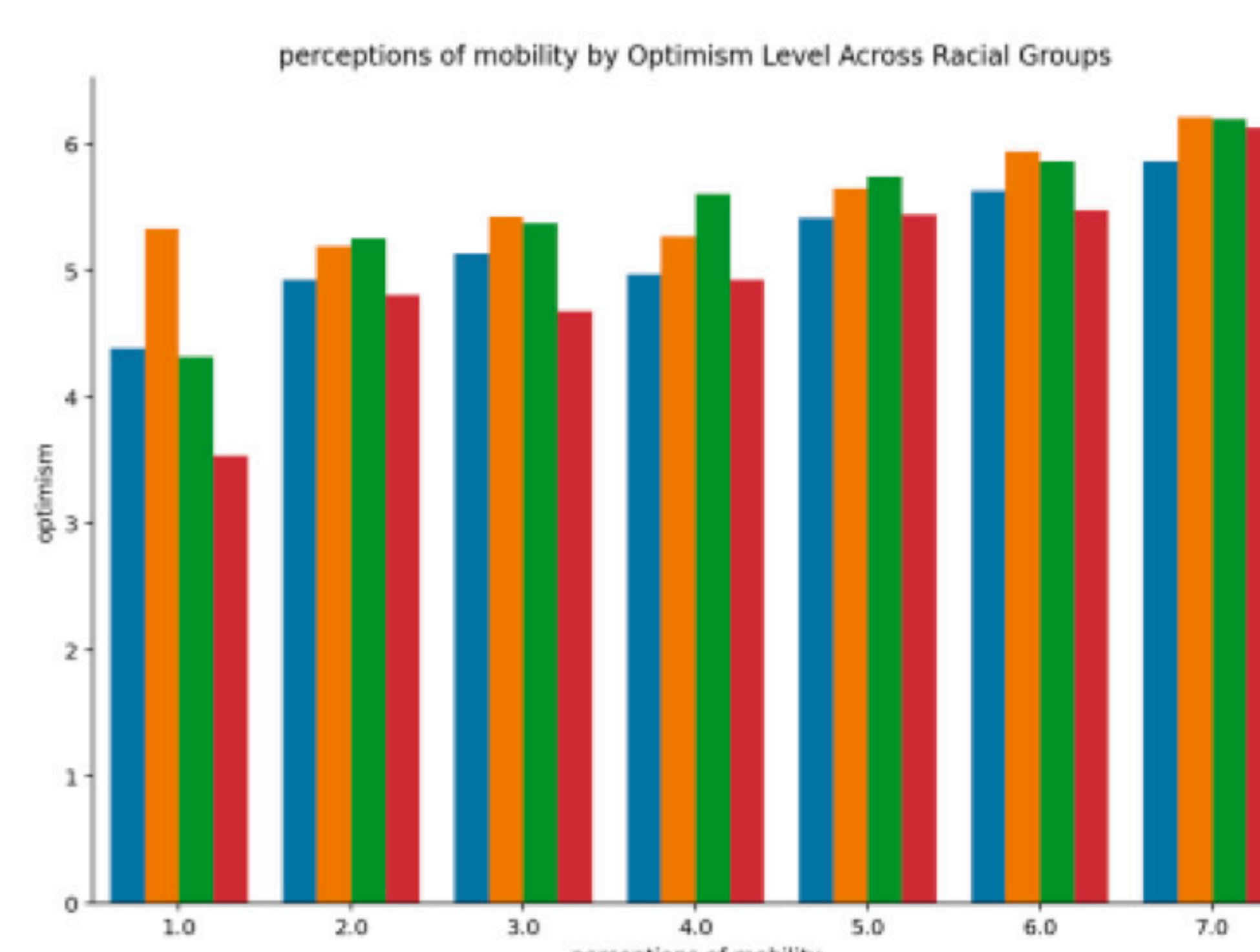


- Optimism and saving habits were also strongly related,  $\chi^2(36) = 604.55$ ,  $p < .001$ , indicating meaningful differences in saving behavior across optimism levels. (Fig 3)



### Multivariate

- After controlling for race, a multiple regression shows that perceived mobility is a strong and significant positive predictor of optimism ( $\beta = 0.2134$ ,  $p < .001$ ). Additionally, respondents categorized as White and "Other" reported significantly lower optimism than Black respondents. Hispanic respondents did not differ significantly from Black respondents (Fig 4)



## Discussion

- This study found that greater optimism about the future is associated with better saving habits, even after controlling for perceived mobility, age, and race.
- Perceived mobility differed across racial groups, suggesting that broader structural factors may shape how individuals perceive their chances of economic advancement. However, optimism remained a consistent predictor of saving behavior across groups.
- An interesting finding was that Black participants reported higher levels of optimism than White participants, despite reporting lower perceptions of mobility. An experimental design could unpack potential reasons behind this.
- These findings suggest that optimism may play an important psychological role in financial decision-making. Even in the face of structural barriers, optimism may still encourage future-focused behaviors such as saving.

Davidai, S., & Gilovich, T. (2015). Building a more mobile America—One income quintile at a time. *Perspectives on Psychological Science*, 10(1), 60–71.  
Federal Reserve Board. (2023). *Economic well-being of U.S. households in 2022*. Washington, DC: Board of Governors of the Federal Reserve System.  
Kraus, M. W., Onyeador, I. N., Daumeyer, N. M., Rucker, J. M., & Richeson, J. A. (2019). *The misperception of racial economic inequality*. *Perspectives on Psychological Science*, 14(6), 899–921.  
Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44.