

## The Importance of English Proficiency in Financial Wellbeing

In the United States, more than 350 languages are spoken. Despite the absence of an official national language (though some states have English as an official language), English is predominantly spoken to communicate among the 1,500 different races and ethnicities residing in the country.<sup>1</sup> According to a study conducted by Yunju Nam, Sarah Richards-Desai, and Yingying Zen, households lacking an adult who is fluent in English have significantly lower rates of owning a home, a vehicle, and income-generating assets. The study also suggests that such households are less likely to own a house than those where at least one adult is fluent in English.<sup>2</sup>

This *Fast Fact* explores the related topic of the significance of English proficiency in achieving financial wellbeing. Income and ownership rates of various assets and financial vehicles are analyzed among three English proficiency groups using survey responses of adults ages 21 or older from the 2022 Survey of Income and Program Participation (SIPP), controlling for age, income, and citizenship status. The U.S. Census Bureau describes SIPP as “a nationally representative longitudinal survey that provides comprehensive information on income, employment, household composition, and participation in government programs.”<sup>3</sup> It also provides data on economic well-being, family dynamics, education, wealth, health insurance, childcare, and food security.

### Demographics

The SIPP asks individuals if they speak languages other than English at home. If the answer is yes, SIPP proceeds to inquire about the individual's proficiency level in English. The responses are divided into three categories based on the respondents' self-evaluation of their English-speaking ability: English only, “very well – well,” and “not well – not at all” (Figure 1).

Figure 1  
Demographic Breakdown, by English Language Proficiency

English Language Proficiency	Frequency	Percentage of Population	Median Total Income	Median Age	Citizenship Rate
Not Well - Not At All	7,724,816	3%	\$15,043	51	55%
Very Well - Well	33,220,054	14%	\$32,592	41	79%
Speak Only English	199,960,000	83%	\$36,689	51	97%

Source: 2022 Survey of Income and Program Participation (SIPP).

<sup>1</sup> Coritz, Alli, Jessica E. Peña, Paul Jacobs, Brittany Rico, Joyce Key Hahn, and Ricardo Henrique Lowe Jr. (September 2023). “New Population Counts for Nearly 1,500 Race and Ethnicity Groups.” In [www.census.gov](https://www.census.gov/library/stories/2023/09/2020-census-dhc-a-race-overview.html). United States Census Bureau. Available at <https://www.census.gov/library/stories/2023/09/2020-census-dhc-a-race-overview.html>.

<sup>2</sup> Nam, Yunju, Sarah Richards-Desai, and Yingying Zeng. “Household Language Barriers, Community Language Resources, and Asset Ownership Among Immigrants and Refugees in Western New York: A Mixed-Methods Study.” *Families in Society: The Journal of Contemporary Social Services*, 103(1), 37–48 (September 3, 2021). Available at <https://doi.org/10.1177/10443894211023442>.

<sup>3</sup> Survey of Income and Program Participation (SIPP). United States Census Bureau (November 15, 2023). Available at <https://www.census.gov/programs-surveys/sipp.html>.

The median age for individuals in the English-only and “not well – not at all” groups was 51 years old, while the median age for the “very well – well” group was 41 years old. Individuals who speak only English had a median total income of \$36,689, while those in the “very well – well” group had a median income of \$32,592. Individuals who are not proficient in English had the lowest median total income at \$15,043. The citizenship rate for individuals who speak only English was 97 percent, while for those in the “very well – well” group, it was 79 percent. The citizenship rate for individuals in the “not well – not at all” group was the lowest at 55 percent (Figure 1).

Among the group speaking English not well or not at all, 72 percent were of Hispanic origin and 19 percent were Asian without a Hispanic origin (Appendix Figure 1). The most prominent languages spoken among this English proficiency group were Spanish (71 percent), Chinese (10 percent), other (9 percent), and Vietnamese (4 percent) (Appendix Figure 2).

**English Proficiency Overall**

The ownership status of four different types of assets and savings vehicles are analyzed: checking accounts, stocks and bonds, retirement assets, and primary homes. Stocks and bonds refer to individual stocks, mutual funds, government securities, and municipal and corporate bonds held outside of other pooled assets.

Those who speak only English had the highest ownership rates for all four types of assets and savings vehicles, while those in the “not well – not at all” category consistently had the lowest ownership rates (Figure 2). Only 62 percent of people in the “not well – not at all” group owned a checking account, which is 31 percent less than those who speak only English (90 percent). There was also a disproportionate difference in ownership among retirement assets, with 56 percent of those who speak only English possessing such assets and only 15 percent in the “not well – not at all” group doing so. The “very well – well” group’s asset ownership was consistently in the middle.

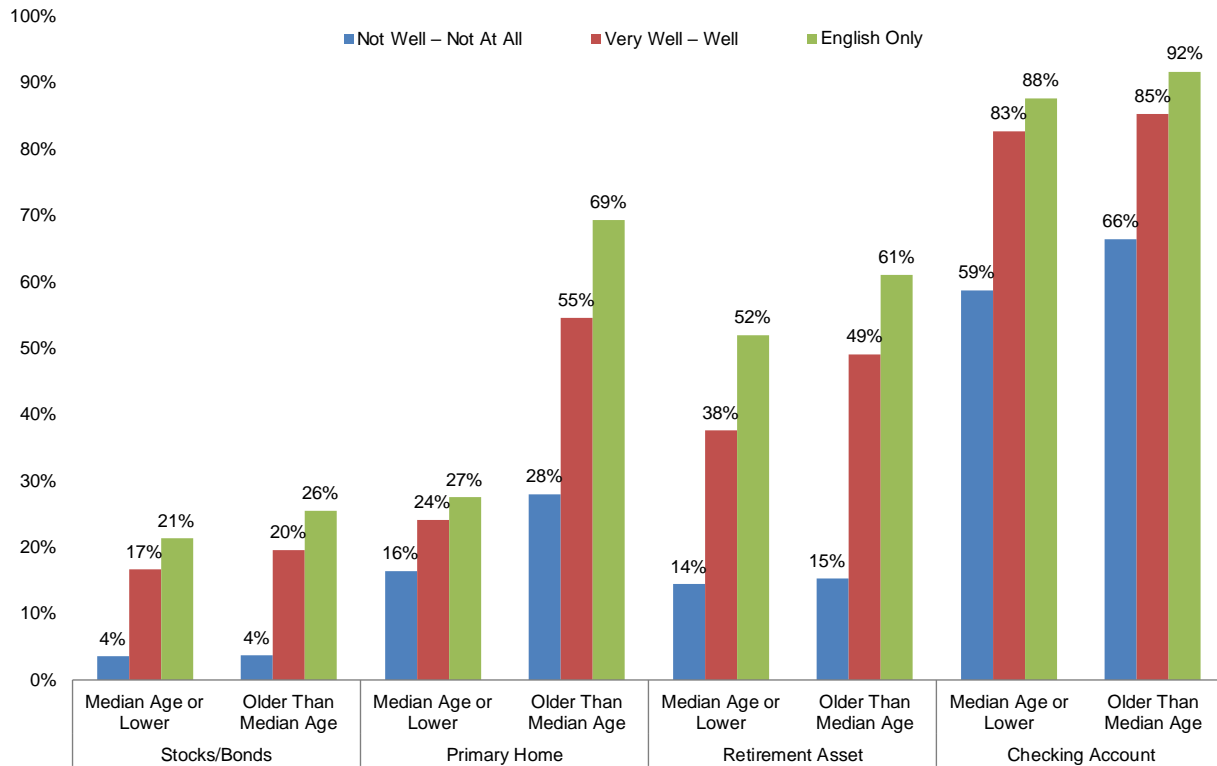
Asset Type	Not Well – Not At All	Very Well – Well	Speak Only English
Checking Account	62%	84%	90%
Stock/Bond	4%	18%	23%
Retirement Asset	15%	43%	56%
Primary House	22%	39%	54%

Source: 2022 Survey of Income and Program Participation (SIPP).

**English Proficiency and Age**

Each English proficiency group is split into two age subcategories: those who are below or equal to their respective median age and those who are older. Among the older age group in all three English proficiency categories, ownership rates were generally higher for the different types of assets and saving vehicles. However, there was a consistent pattern in the ownership rates, where those who speak only English had the highest ownership rates, followed by those in the “very well – well” group, with “not well – not at all” speakers having the lowest ownership rates. For example, 61 percent of those who speak only English in the older age group owned retirement assets, compared with 15 percent of those with very limited or no English-speaking ability (Figure 3).

Figure 3  
**Asset Ownership, by English Proficiency and Age**

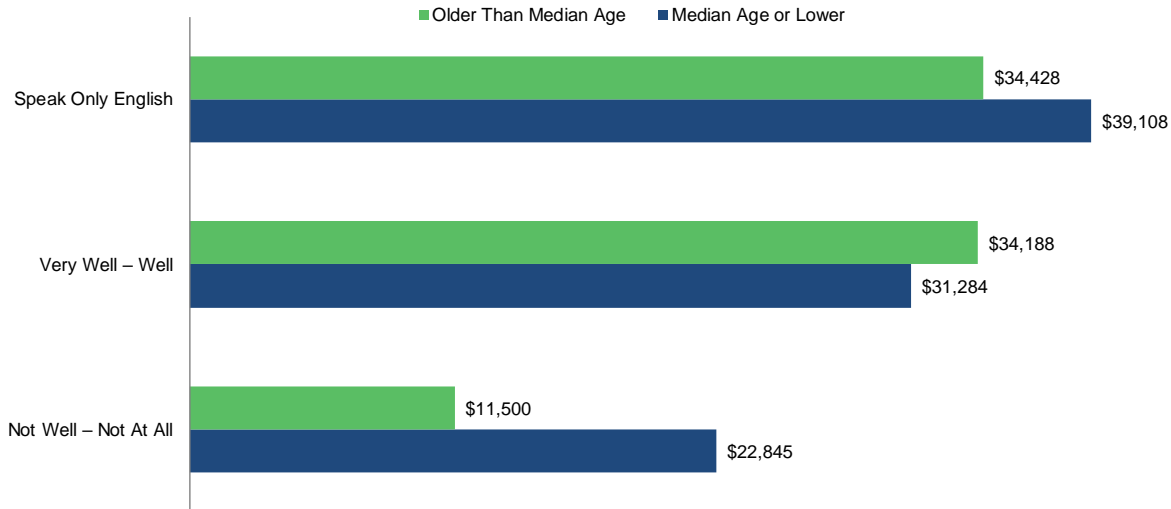


Source: 2022 Survey of Income and Program Participation (SIPP).

## English Proficiency and Income

To further examine the financial state of the individuals by English language proficiency, median total income is compared across each group. The highest median total income among those below or equal to the median age was found among those who speak only English, with \$39,108. The next highest median total income was among those who speak English very well or well, with \$31,284, followed by those who speak English not well or not at all, with \$22,845. For those in the older age group, the median total income for those who speak only English was \$34,428, followed by those who speak English very well or well at \$34,188, and then by those who speak English not well or not at all at \$11,500 (Figure 4).

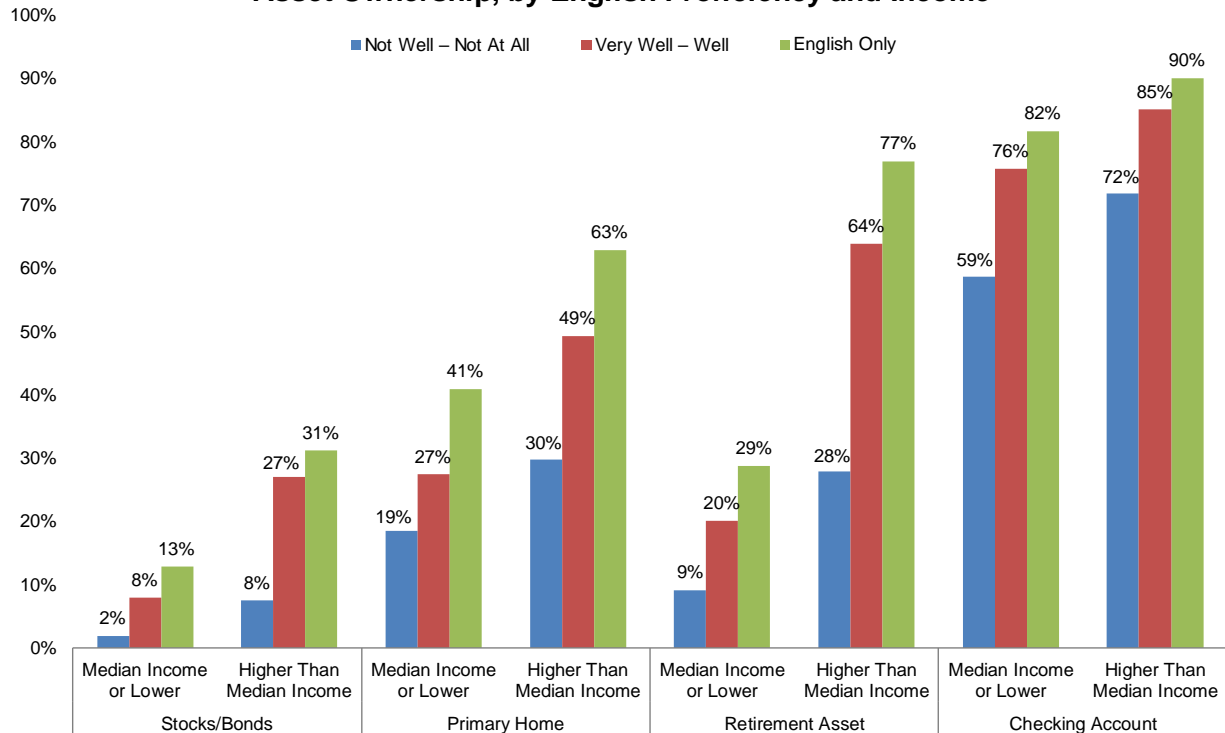
Figure 4  
**Median Total Income, by English Proficiency and Age**



Source: 2022 Survey of Income and Program Participation (SIPP).

The English proficiency groups are further separated by income, with those who make below or equal to their respective median income being in one group and those who make more than the median making up the other. Ownership rates for all four types of assets and saving vehicles were higher among the higher income groups. However, there was a consistent pattern in the ownership rates, where those who speak only English had the highest ownership rates, followed by the “very well – well” group and then the “not well – not at all” group. For example, 13 percent of English-only speakers in the lower income group owned stocks and bonds, compared with 2 percent of those with very limited or no English-speaking ability (Figure 5).

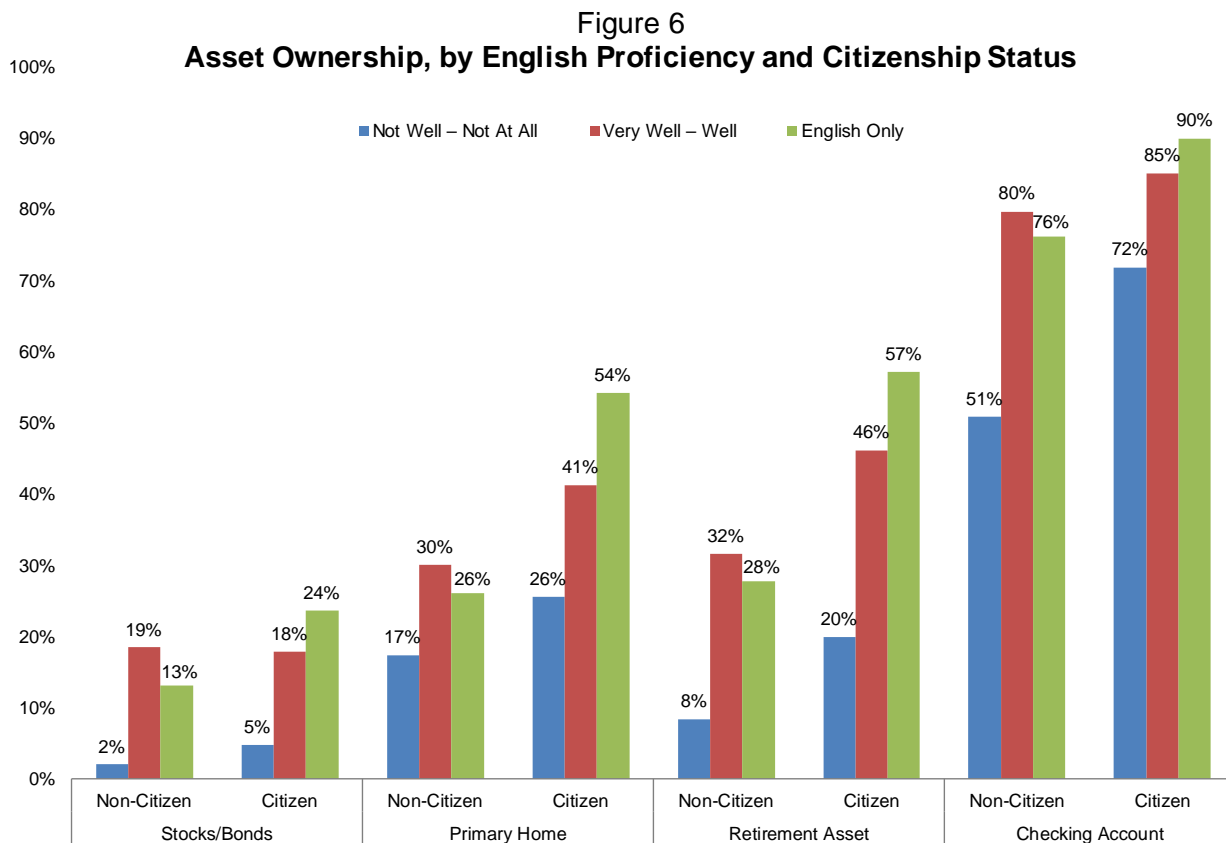
Figure 5  
**Asset Ownership, by English Proficiency and Income**



Source: 2022 Survey of Income and Program Participation (SIPP).

## English Proficiency and Citizenship Status

Examining individuals by U.S. citizenship status, ownership rates were higher among citizens than non-citizens for all types of assets and savings vehicles, except for stocks and bonds among those speaking English very well or well. Again, among citizens, those who speak only English had the highest ownership rates, followed by those who speak English very well or well, with those who speak it not well or not at all having the lowest rates. Among non-U.S.-citizens, the “very well – well” group had the highest rates of ownership across all asset types and saving vehicles, followed by those who speak only English, with the “not well – not at all” group having the lowest ownership rates. For example, 54 percent of English-only speakers in the U.S.-citizen group owned a primary home, compared with 41 percent of those who speak English very well or well. However, among non-U.S. citizens, only 26 percent of English-only speakers owned a primary home, compared with 30 percent of those who speak English very well or well (Figure 6).

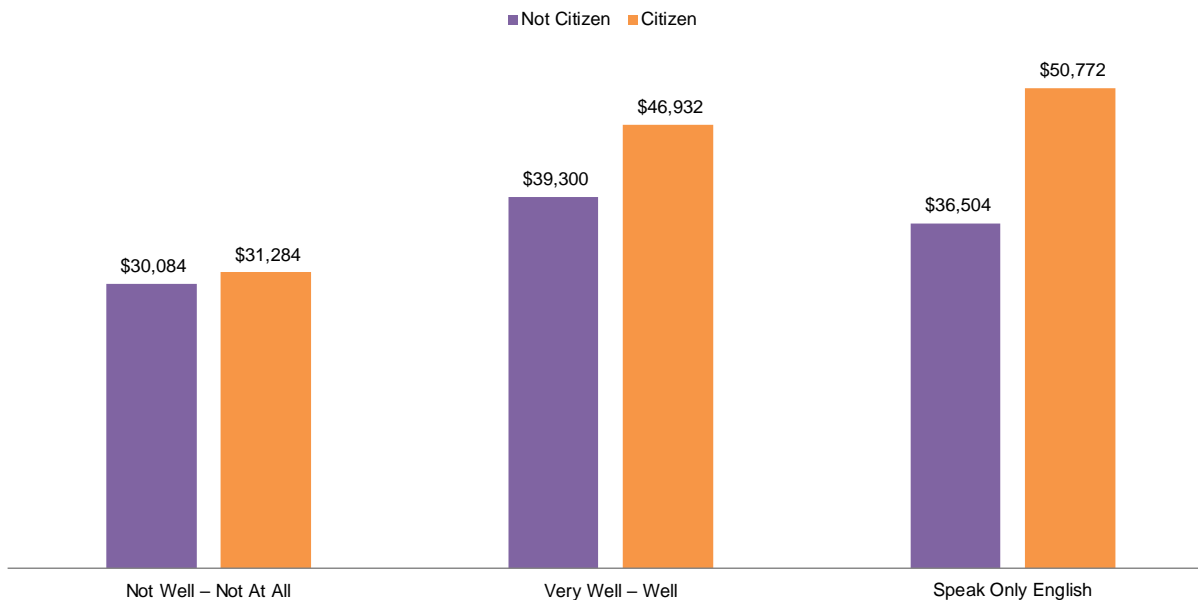


Source: 2022 Survey of Income and Program Participation (SIPP).

To further examine the financial state of the individuals in each citizen group, median total income is examined. The highest median total income was among U.S. citizens who speak only English, with \$50,772. The next highest median total income for U.S. citizens was among the “very well – well” group, with \$46,932, followed by those who speak English not well or not at all, with \$31,284. Among those who are not U.S. citizens, the median

total income was highest for those in the “very well – well” group at \$39,300, followed by English-only speakers at \$36,504, and then the “not well – not at all” group at \$30,084 (Figure 7).

Figure 7  
**Median Total Income, by English Proficiency and Citizenship Status**



Source: 2022 Survey of Income and Program Participation (SIIPP).

## Conclusion

This *Fast Fact* aims to shed light on the financial wellbeing of individuals who speak English at different levels of proficiency by examining their income and ownership of different types of assets and examining these factors by age, income, and citizenship status. According to the analysis, those who speak only English generally have the highest ownership rates across all types of assets, followed by those who speak English very well or well and then those who speak English not well or not at all. The disparity in ownership of checking accounts between English-only speakers and those with low English proficiency (90 percent vs. 62 percent) could further worsen the financial wellbeing of those with low English proficiency, as “consumers who do not have a checking or savings account may be paying higher fees or may be missing credit-building opportunities.”<sup>4</sup> Furthering this gap, individuals who are proficient in English tend to have higher median total incomes.

Although the ability to communicate effectively in English can have an impact on an individual's financial wellbeing, a study suggests that homeownership rates among households with a language barrier would increase as community language resources increase.<sup>5</sup> These community resources can be facilitated by financial institutions. Not only should financial institutions work toward understanding the cultural needs of immigrants and minority groups, but they should also provide language assistance (e.g., Bilingual staff, multi-language forms, working with local organizations to disseminate financial literacy pamphlets in multiple languages). Product disclosure forms often use highly technical terms that can be challenging even for native English speakers to

<sup>4</sup> Correal, Dubis, “Immigrants facing unique financial challenges.” Consumer Financial Protection Bureau (July 14, 2016). Available at <https://www.consumerfinance.gov/about-us/blog/immigrants-facing-unique-financial-challenges/>.

<sup>5</sup> Nam, Richards-Desai, and Zeng (2021) (see footnote 3). 2

comprehend, which can discourage people with limited English proficiency from using financial institutions altogether.

Benefits decision makers can also help close the financial literacy gap in the workplace by implementing or improving their existing financial wellbeing initiatives. The 2023 EBRI Financial Wellbeing Employer Survey indicated the most cited actions to address diversity, equity, and inclusion in financial wellbeing initiatives were offering different types of solutions to accommodate different minority groups, ensuring that financial counselors or coaches were diverse in terms of race and ethnicity, and offering different types of solutions to accommodate different age groups.<sup>6</sup> These initiatives can help close the financial literacy gap among those with lower English proficiency.

This report was written by Samita Thephasit, EBRI Research Associate, with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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<sup>6</sup> Copeland, Craig, Jake Spiegel, and Bridget Bearden, "2023 EBRI Financial Wellbeing Employer Survey: Employers See Financial Wellness Benefits as a Tool to Improve Worker Satisfaction and Productivity," *EBRI Issue Brief*, no. 593 (Employee Benefit Research Institute, October 19, 2023). Available at <https://www.ebri.org/publications/research-publications/issue-briefs/content/2023-ebri-financial-wellbeing-employer-survey-employers-see-financial-wellness-benefits-as-a-tool-to-improve-worker-satisfaction-and-productivity>.

## Appendix

Appendix Figure 1  
**Race and Hispanic Origin Status of "Not Well – Not At All" English Proficiency Group**

Race	Hispanic Origin	Not Hispanic Origin
White	61 percent	5 percent
Black	5 percent	3 percent
Asian	0 percent	19 percent
Residual	5 percent	1 percent
<b>Total</b>	<b>72 percent</b>	<b>28 percent</b>

Source: 2022 Survey of Income and Program Participation (SIPP).

Appendix Figure 2  
**Languages Spoken at Home Among "Not Well – Not At All" English Proficiency Group**

