

Latino Economic Security

September 18, 2017



National Council on Aging

Improving the lives of 10 million older adults by 2020

Agenda

- Welcome and Introductions
- Latino Economic Security
 - ▶ Abigail Zapote
- Elder Index
 - ▶ Jan Mutchler, PhD
- Elder Index Guide



ECONOMIC INSECURITY IN THE LATINO COMMUNITY

ABIGAIL ZAPOTE

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INTRODUCTION



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Chicago, Illinois
Profession: Paletero



THE CURRENT STATE OF HISPANIC PERSONAL FINANCES

DEMOGRAPHICS

- Hispanics grew from approximately 1% of the U.S. population in the 1960's to 10% in 2000 and 18% in 2015. Translates to **approximately 57 million individuals.**
- The future U.S. Hispanic population will be native born as continued rapid growth in the number of Hispanics is now being driven primarily by births. **Hispanics will account for 24% of the nations population by 2065, compared to 13% African Americans, 14% Asians, and 46% percent whites.**
- Hispanic population is relatively young – 25% of pre-school and school age children in the U.S. are Hispanic, 20% of college age and young adult populations. **Only 9% of seniors are Hispanic.**
- Source: Pew Research Center's Hispanic Trends Project

ECONOMIC TRENDS

- For majority of Hispanics **“being middle class”** equates with **home ownership** and a **college education**. (By contrast, “having a steady job” is the single largest maker of middle class status among whites.)
- The Hispanic **home ownership rate** had **risen to 50%** prior to the Great Recession, but has not fallen and stands at **47%**. (By contrast, the white home ownership rate is 74%)
- **Hispanic household income median** also rose to **\$23,600** but due to the Great Recession it decreased to **\$13,700 in 2013**. (Median net worth is ten times greater for white households).
- Source: Pew Research Center’s Hispanic Trends Project



BARRIERS TO RETIREMENT



LATINOS ARE LESS LIKELY TO BE PREPARED FOR RETIREMENT

- **Latinos tend to have lower wages, lower household income and higher unemployment** than their counterparts in good and bad economic times. The median household income for Latinos was about 32 percent less than that of white households in 2012.
- **Latinos are less likely to work for employers that offer retirement plans.** Only 38 percent of Latino employees ages 25-64 have access to an employer-sponsored plan—a critical resource to ensuring adequate retirement income.
- **A whopping 69 percent of Latino working-age households do not have assets in a retirement account**—compared to 37 percent of white households.
- **Latino households have substantially lower retirement savings than white households, regardless of their age and income.** Four out of five Latino households ages 25-64 have less than **\$10,000** in retirement savings—compared to 1 out of 2 white households.

Source: SEIU “Addressing the Retirement Security Crisis for Latinos”

LATINO SENIORS ARE MORE LIKELY TO LIVE IN POVERTY

- ***Racial inequality follows many working Black and Latino Americans into their golden years.*** The poverty rates for these groups are significantly higher than the national average for adults 65 and older. Just over 7 percent of older whites were poor in 2013, compared to 17.6 percent of older African Americans and 19.8 percent of older Latinos (any race).
- ***The economic challenges of today's seniors has caused them to rely more on their children, who are already faced with the expenses of raising their own families, fueling an ongoing cycle and causing long-term effects that impact the retirement security of future generations.***

Source: SEIU “Addressing the Retirement Security Crisis for Latinos”

FINANCIAL STRESS AMONG COLLEGE-EDUCATED HISPANICS

- **Assets** - almost all have bank accounts and many own a home, stocks, bonds, mutual funds or retirement accounts.
- **Liabilities** - 73% have at least one source of long-term debt and 35% have at least two.
- **Eighty percent** have at least one credit card. **One-half of card holders** engage in expensive practices, such as making late payments, exceeding credit limits and taking cash advances.
- Use of **high-cost alternative financial services**, such as pawn shops, auto title loans and payday loans, is relatively common.
- One-quarter of those with a retirement account have taken **loans or hardship withdrawals** from these accounts, potentially jeopardizing their long-term financial security
- **While college-educated Hispanics feel they have a high level of financial literacy, in fact, their financial literacy is low; 32% demonstrate basic financial literacy and only 12% show high financial literacy.**



ENGAGING HISPANICS FOR BETTER PERSONAL FINANCES



PRIORITIZING THE ENGAGEMENT OF HISPANIC WORKFORCE

- **An internal advocate, or promotora, is very important.** The advocate has to be somebody from within the employee group, somebody who's been at the institution for a long time, somebody who has relationships with the group members and has their trust.
- HR needs to be included throughout. They're the gatekeepers and they can remove obstacles when needed.
- **The logistics have to be right.** As an example, he noted that targeting a group of doctors or nurses means either offering short sessions or **offering the workshop at shift change** since these individuals can't carve out an hour in the middle of the day to attend. If **targeting kitchen personnel**, not only is lunchtime bad, but so is morning since that's when the prep work happens. Even things like **public transit schedules need to be considered.**

ADJUSTING THE PROCESS TO ALLOW FOR CULTURAL NUANCES

- Hispanics often bring a friend to an advice session.
- Retirement goals among Hispanics often defy convention. This also means understanding other aspects of a household's finances, such as their debt situation and income protection needs
- Hispanics often bring a sense of humility and faith to the financial planning process.

ULTIMATE GOAL OF FINANCIAL EDUCATION EFFORTS IS IMPROVED FINANCIAL WELL-BEING

1. Feeling in control of day to day, month to month finances
2. The ability to absorb financial shocks
3. A sense that one is on track to meet financial goals
4. The financial freedom to make choices that allow one to enjoy life



THANK YOU!

QUESTIONS? COMMENTS?

ABIGAIL@LATINOSFORASECURERETIREMENT.ORG

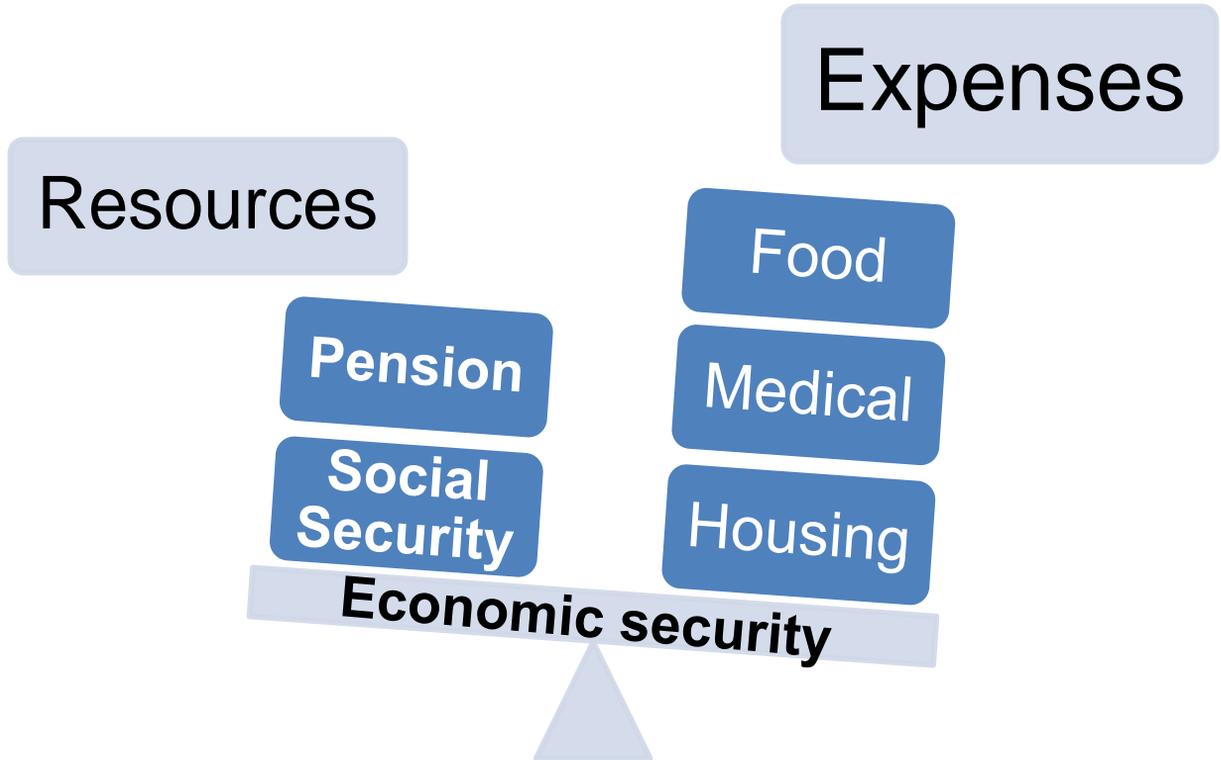
Economic security among older Latinos in the US: The 2016 Elder Index

Jan E. Mutchler

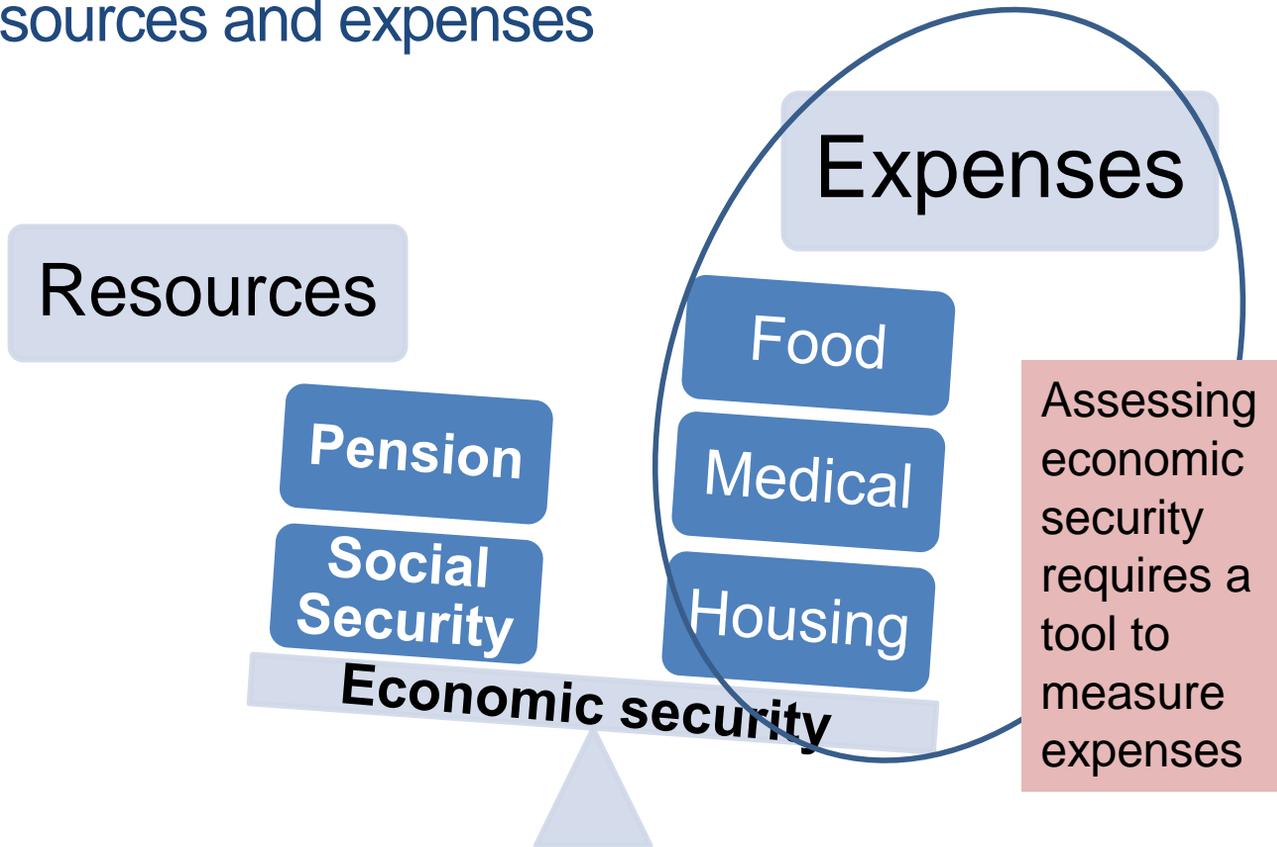
Gerontology Institute & Department
McCormack Graduate School of Policy &
Global Studies
University of Massachusetts Boston



Economic security reflects a **balance** between resources and expenses



Economic security reflects a **balance** between resources and expenses



The Elder Economic Security Standard Index (**Elder Index**) is a tool to help us measure economic (in)security

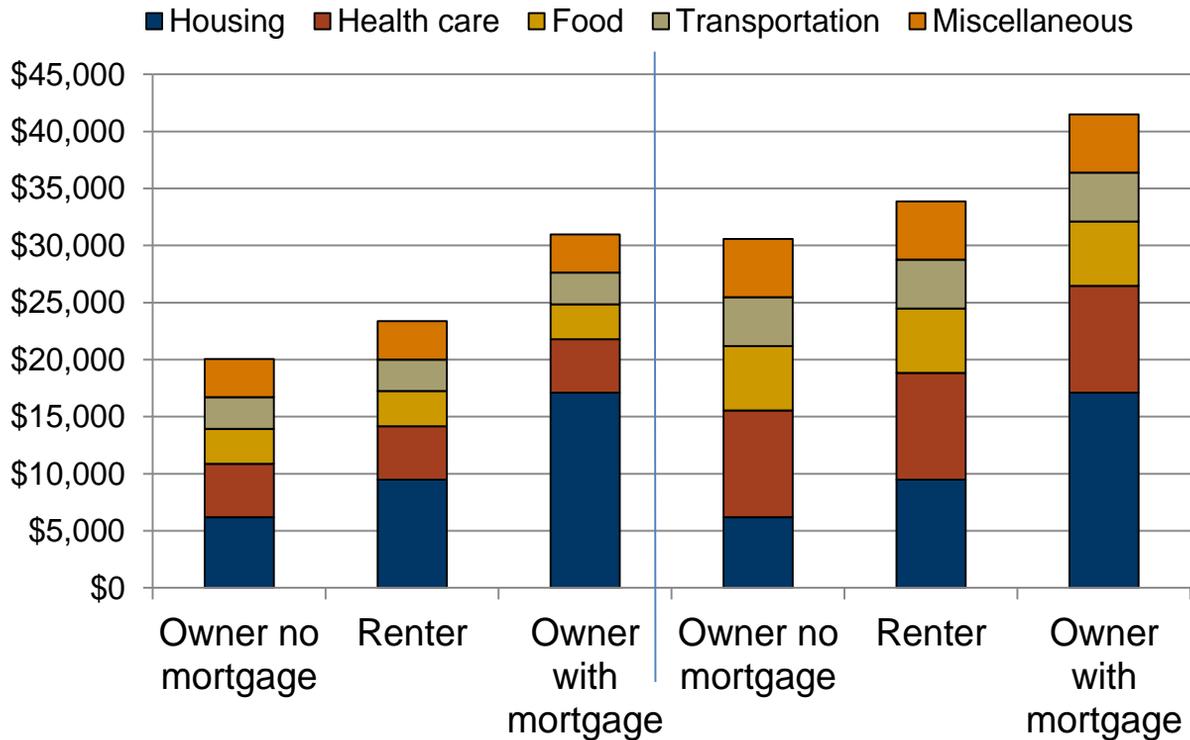
- Summarizes how much it costs to get by—a cost of living measure
- Built around everyday expenses encountered by older adults--the family budget approach adapted for older adults
- Assumes no needs-based supports or transfers
- Assumes living independently (1 or 2-person senior-only household)
- Calculated county by county for the entire United States

The 2016 Elder Index

Elder Index 2016: National Average

	Elder Person			Elder Couple		
	Owner w/o Mortgage	Renter	Owner w/ Mortgage	Owner w/o Mortgage	Renter	Owner w/ Mortgage
Housing	\$516	\$791	\$1,425	\$516	\$791	\$1,425
Food	\$256	\$256	\$256	\$470	\$470	\$470
Transportation	\$231	\$231	\$231	\$357	\$357	\$357
Health Care	\$390	\$390	\$390	\$780	\$780	\$780
Miscellaneous	\$279	\$279	\$279	\$425	\$425	\$425
Elder Index Per Month	\$1,672	\$1,947	\$2,581	\$2,548	\$2,823	\$3,457
Elder Index Per Year	\$20,064	\$23,364	\$30,972	\$30,576	\$33,876	\$41,484

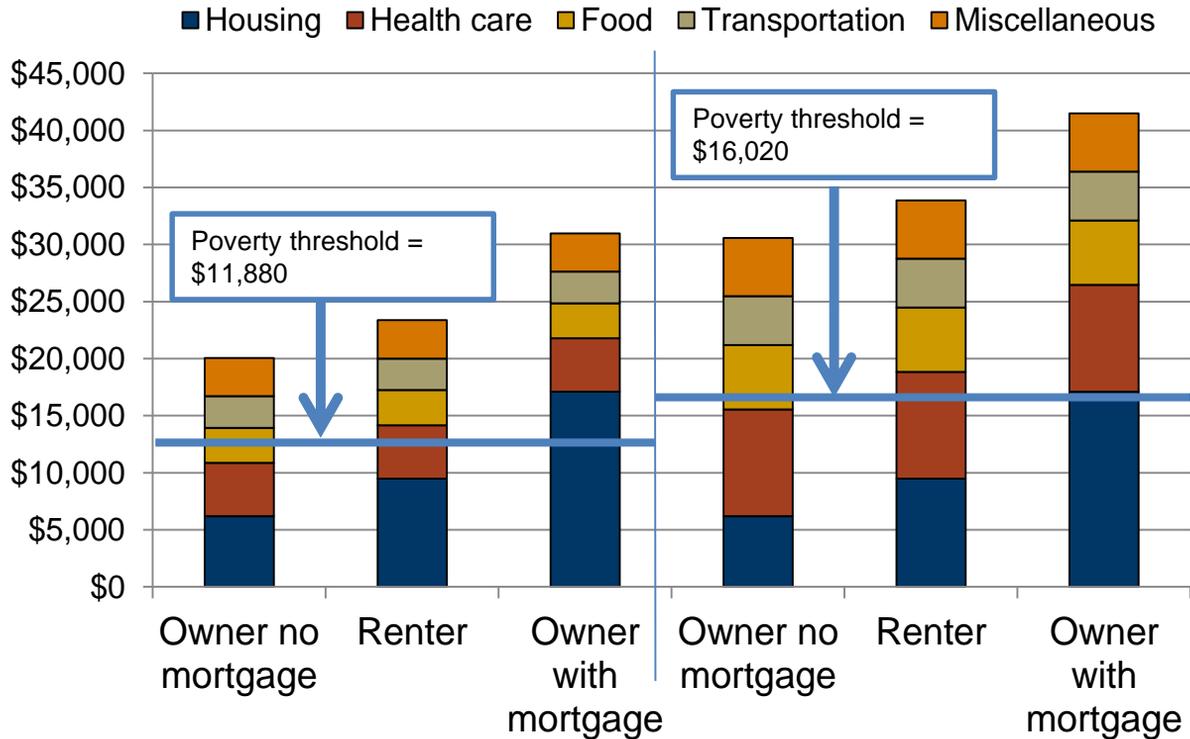
Elder Economic Security Standard Index, US average, 2016 (annual \$)



Singles living alone

Two seniors living independently

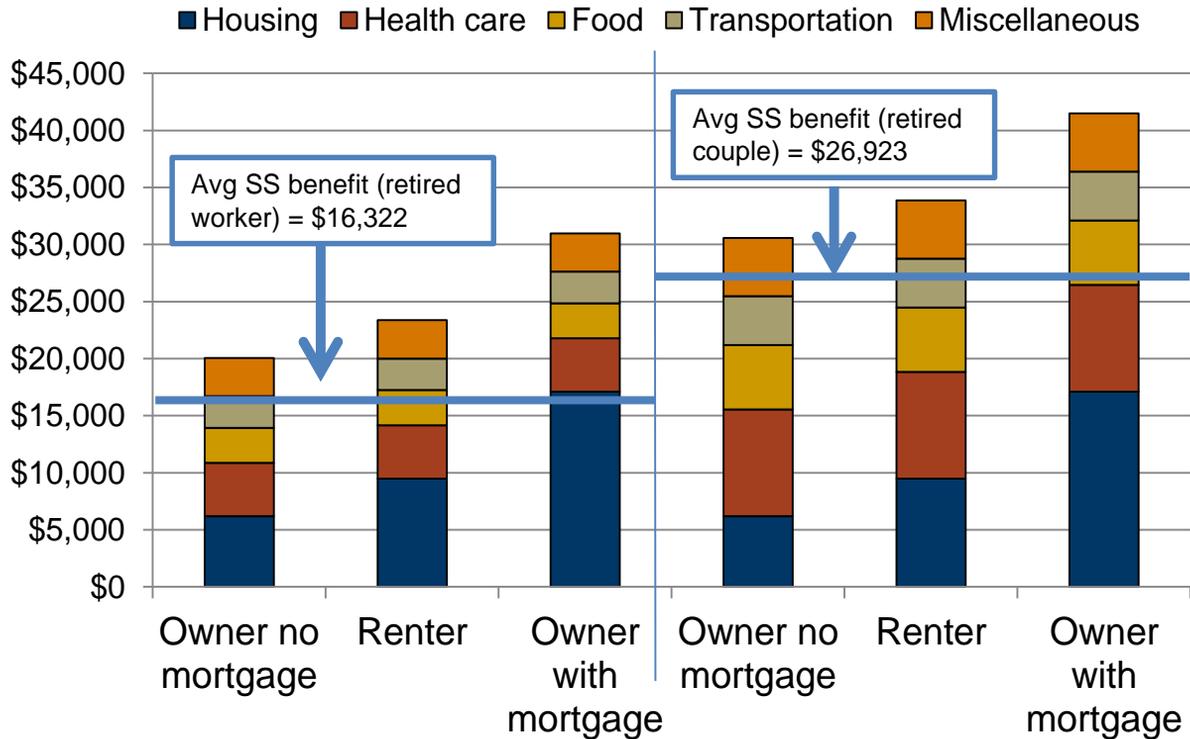
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Singles living alone

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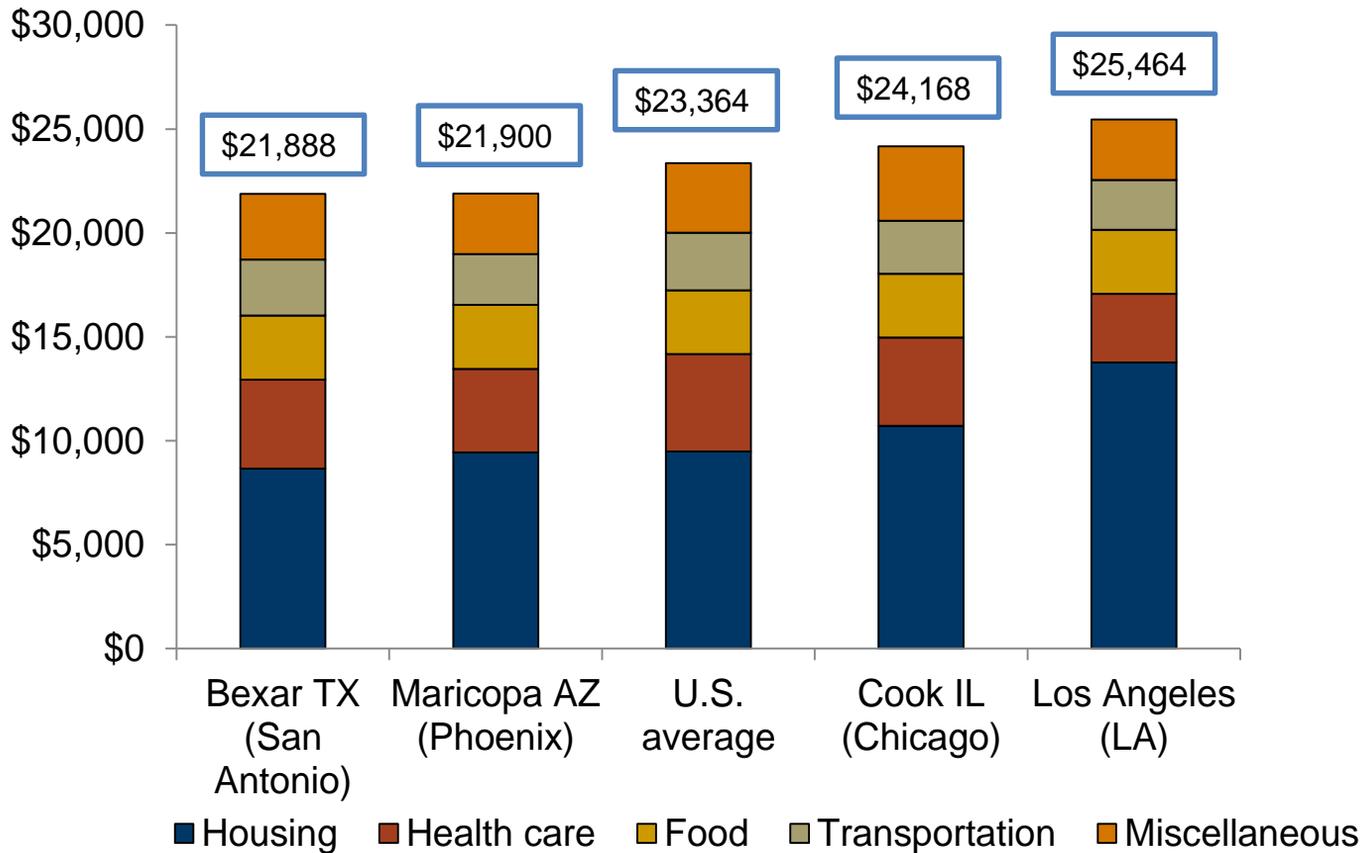
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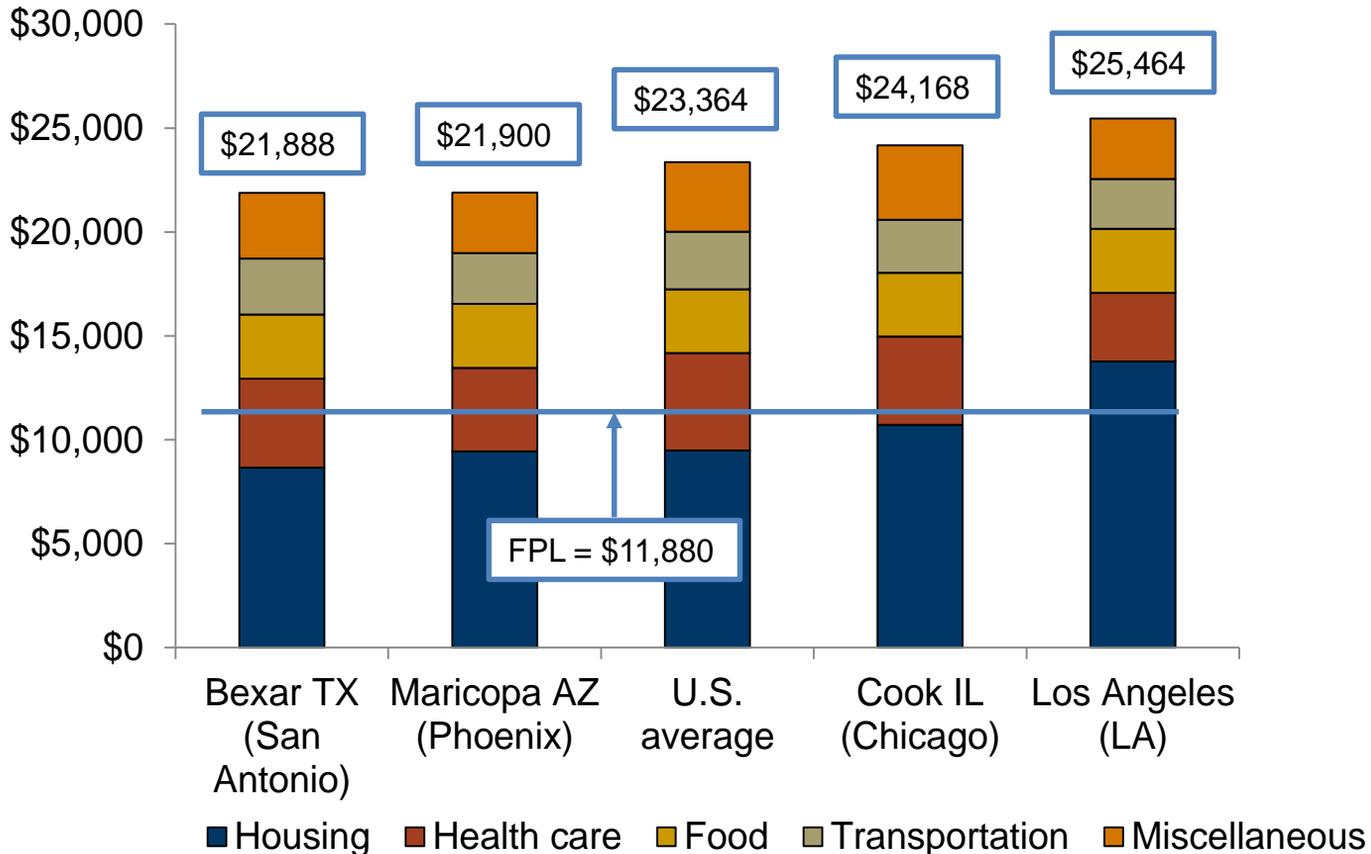
Singles living alone

Two seniors living independently

The cost of getting by varies by geographic location : a single renter in good health



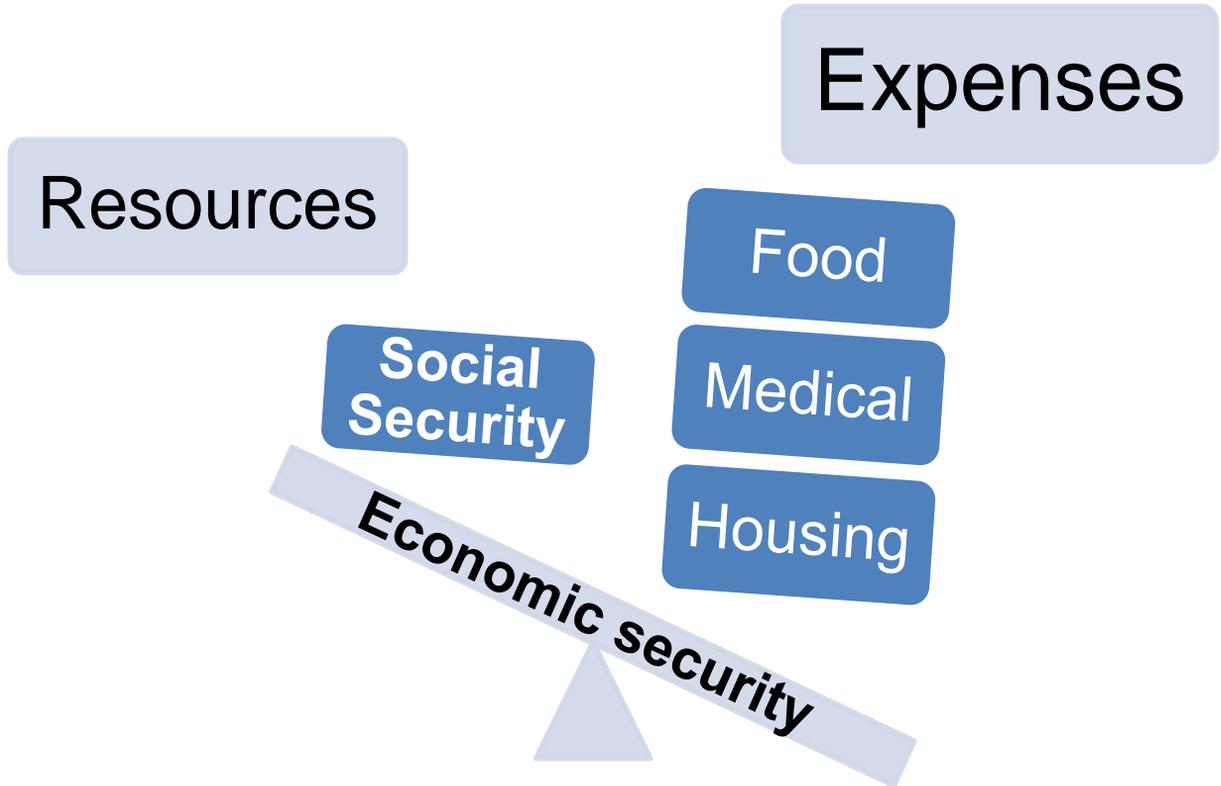
The cost of getting by varies by geographic location : a single renter in good health



- Economic security is out of reach for many seniors

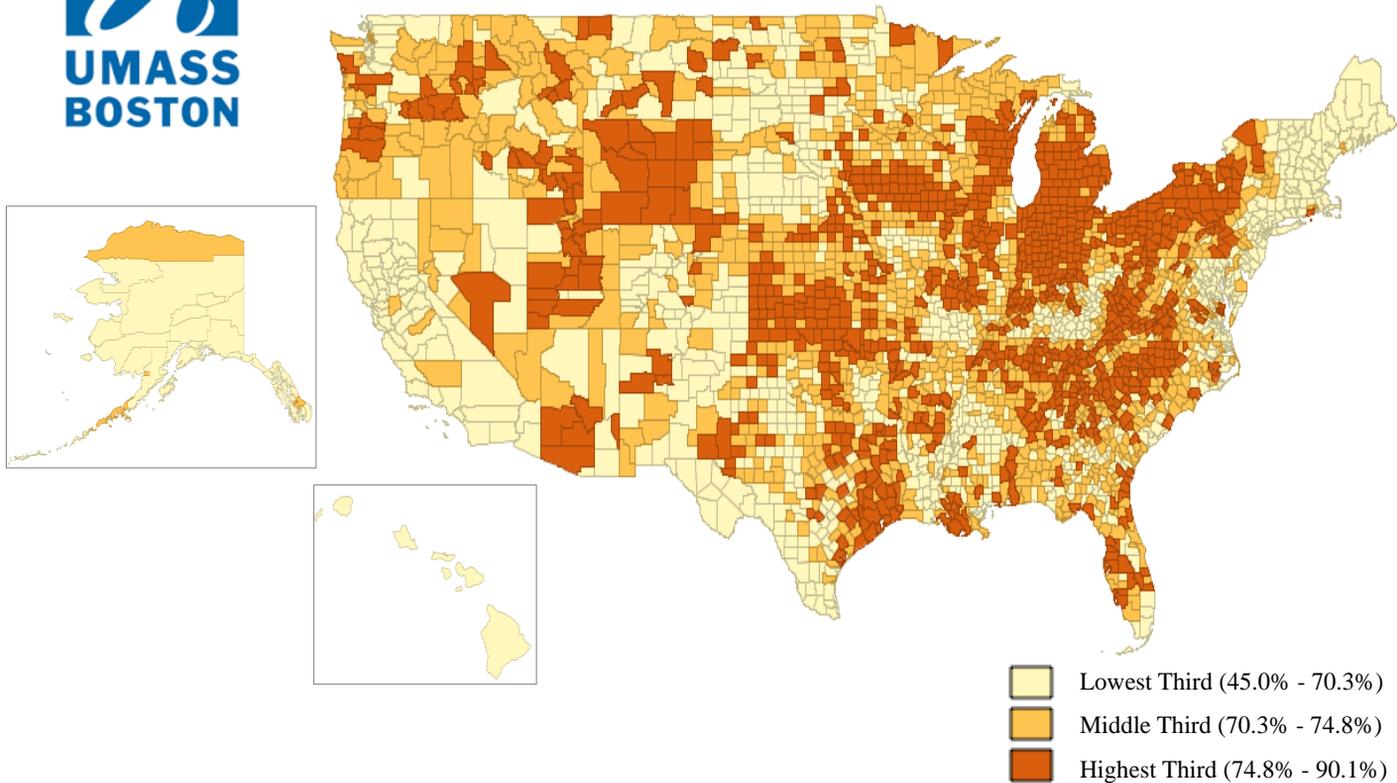
How far do Social Security benefits go toward economic security?

Economic security reflects a **balance** between resources and expenses





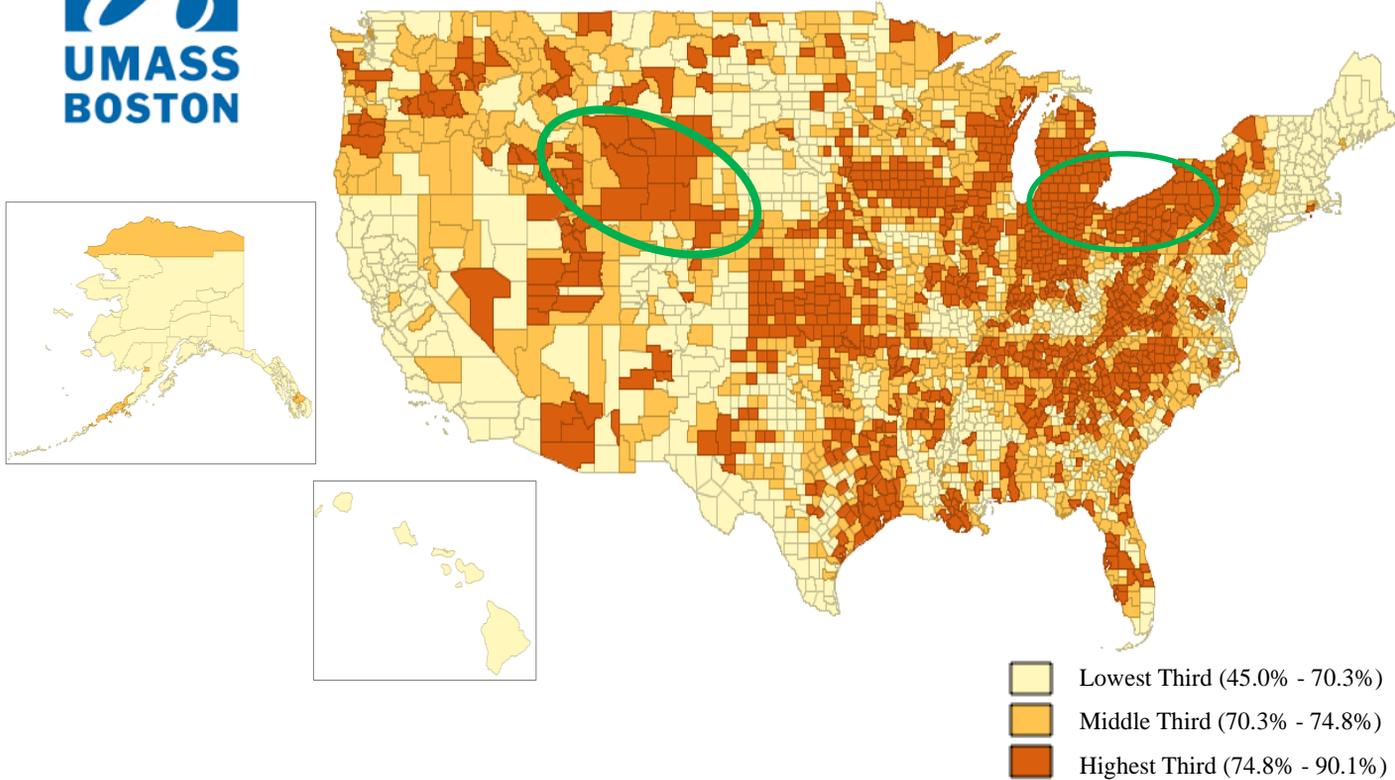
Percent of Elder Index for Single Renters in Good Health Covered by Average Social Security Benefit in 2016 by County



Source: Center for Social and Demographic Research on Aging. (2016). Living below the line: economic insecurity and older Americans insecurity in the States 2016. Gerontology Institute, University of Massachusetts Boston. https://www.umb.edu/demographyofaging/elder_economic_security



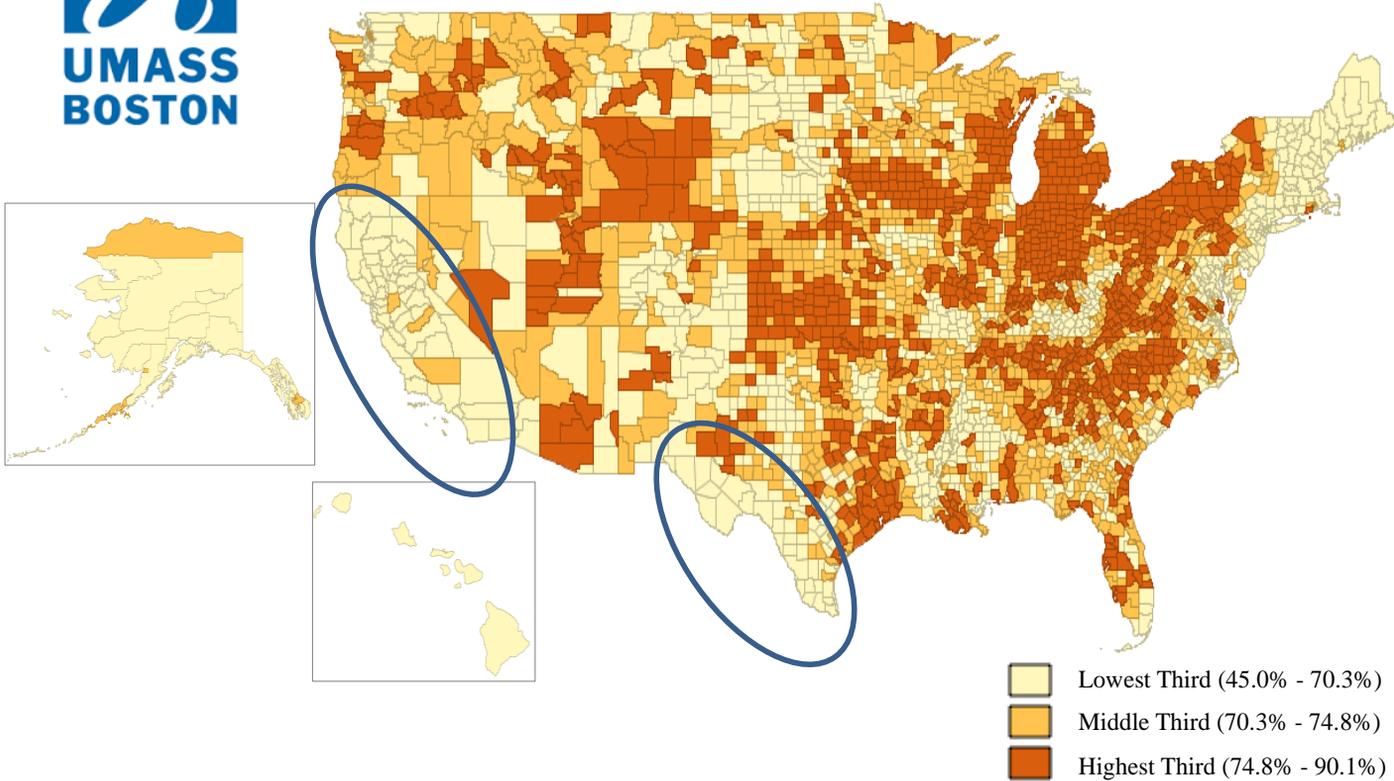
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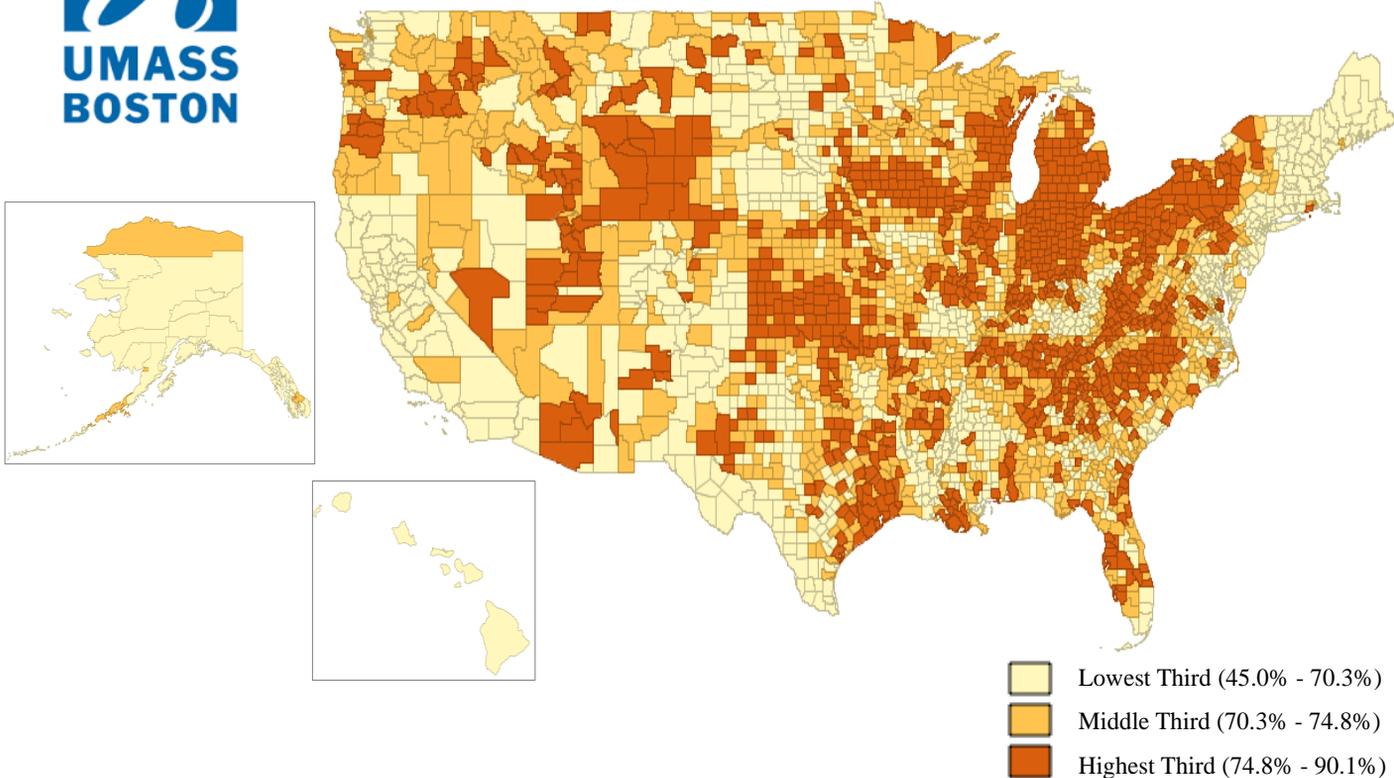


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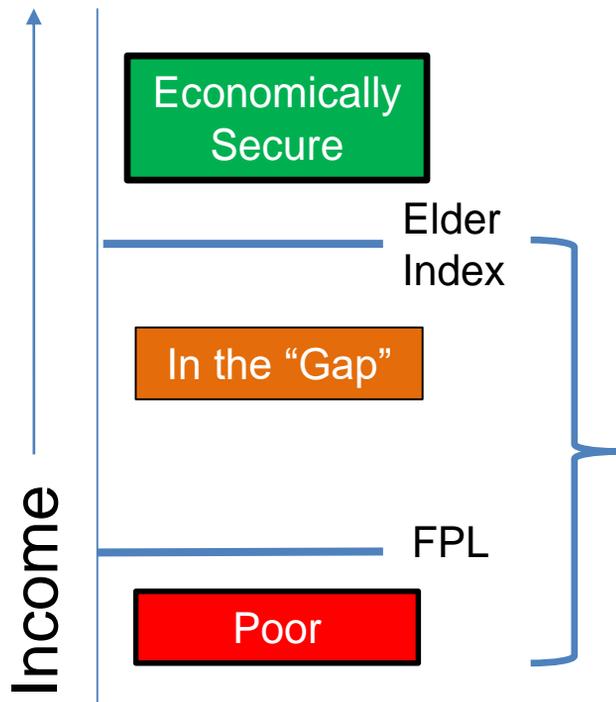
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Who is economically insecure, taking into account all sources of income?

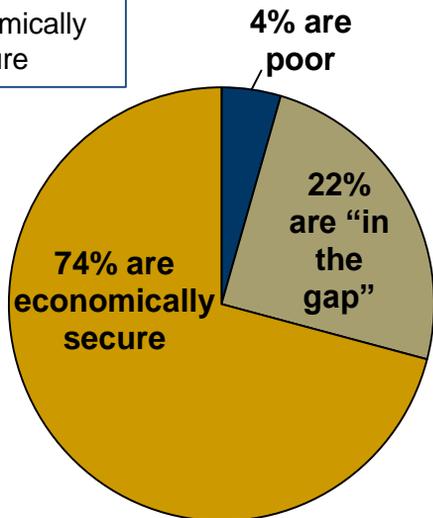
- Economic insecurity = having incomes that do not support independent living (that is, below the level of the Elder Index)
- 2016 FPL for a one-person household = \$11,880
- “In the gap” = above poverty line, but below the Elder Index



Higher risks for singles living alone in US

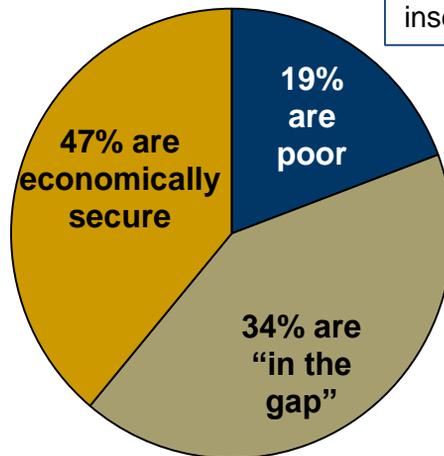
Economic insecurity among couples

26% of couples are economically insecure



Economic insecurity among singles

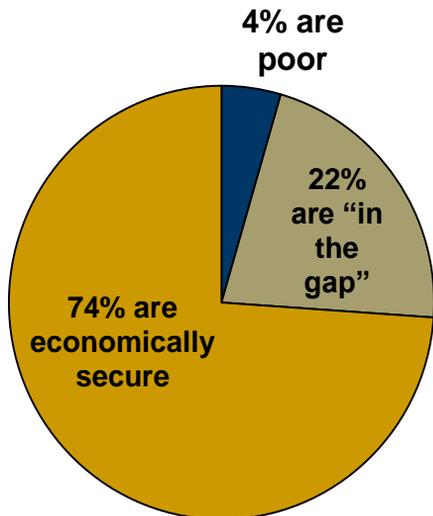
53% of singles are economically insecure



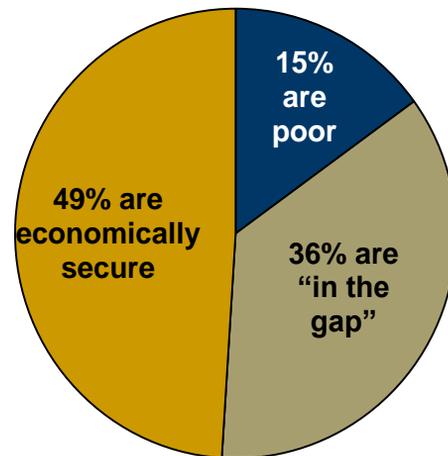
Source: calculated from the 2010-2014 American Community Survey microdata, IPUMS, and the Elder Index.

But Hispanic couples are at elevated risk of economic insecurity....

**Economic insecurity among
ALL Couples**



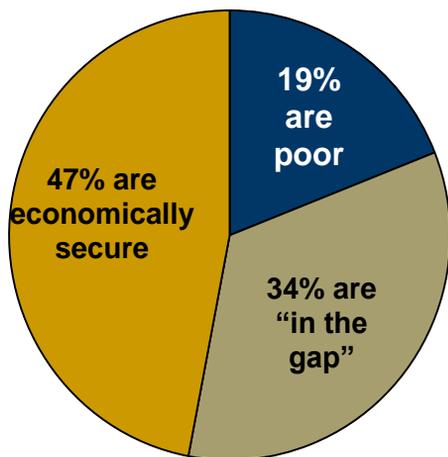
**Economic insecurity among
Hispanic Couples**



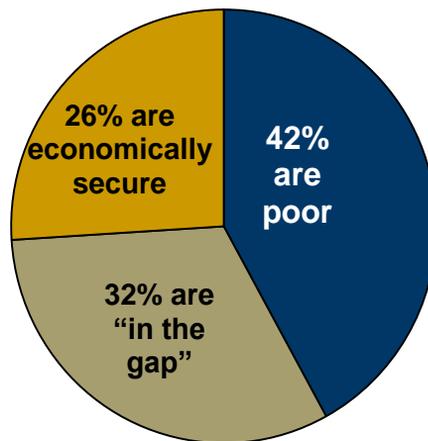
Source: calculated from the 2010-2014 American Community Survey microdata, IPUMS.

...as well as Hispanic singles

Economic insecurity among ALL Singles



Economic insecurity among Hispanic Singles



Source: calculated from the 2010-2014 American Community Survey microdata, IPUMS.

Take-aways

- The poverty threshold is too low to adequately measure economic security, and it fails to take into consideration geographic variability in cost of living
- The Elder Index is a useful tool for measuring what it actually costs older adults to remain independent
- The older Latino population is at elevated risk of economic insecurity
- Expanding our focus beyond poverty, to include those who live “in the gap,” is required to support economic security in later life

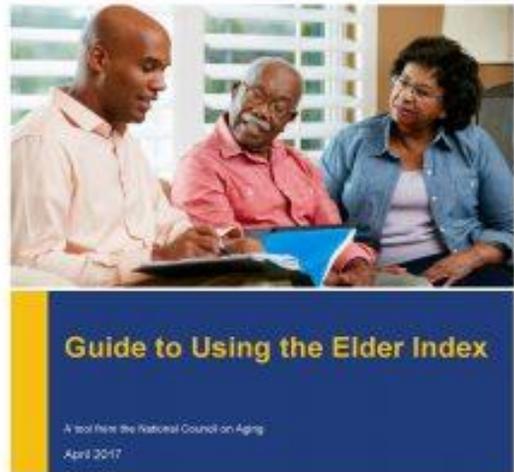
Elder Index

For more information on the elder index and to utilize the tool please visit: [Basic Economic Security: Elder Index](#)

For more information on disparities by race, gender, and age group, see <https://www.umb.edu/demographyofaging>

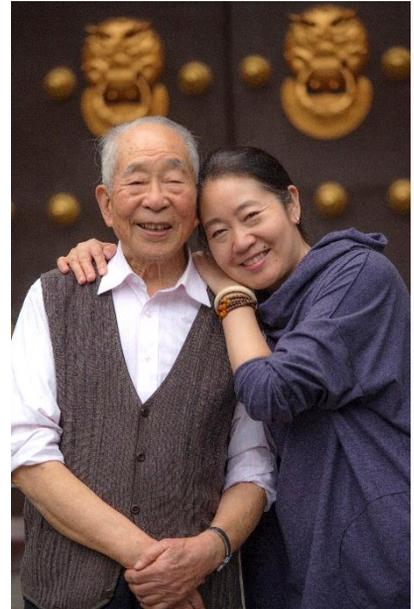
Elder Index Guide

- An introduction to the Elder Index and the Elder Economic Insecurity Rates (EEIRs).
- Suggestion for how caseworkers and advocates can use the tool.
- A customizable economic security advocacy fact sheet.



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