

Addressing the Retirement-Savings Gap for Hispanic Americans

Hispanic Americans are projected to comprise a quarter of the United States population by 2050.¹ Why are they still at the greatest risk of having insufficient retirement funds? How does it affect their long-term prospects? And, most importantly, what can you do to empower them?

As we celebrate Hispanic Heritage Month, you have an excellent opportunity to recognize the unique financial challenges faced by Hispanic Americans—particularly when it comes to retirement savings. Understanding the core reasons behind these challenges can better position you to serve this underserved demographic.

Retirement-Savings Trends Are Concerning among Hispanic Americans

Despite being the largest minority group in the United States, independent studies reflect a startling image of retirement saving among Hispanic Americans. Recent behavioral research from the Center for Retirement Research at Boston College revealed that more than two-thirds of all Hispanic workers don't use workplace retirement-savings accounts like 401(k)s.²

Several factors contribute to this phenomenon. One significant issue is limited access to employer-sponsored retirement plans. Only 40% of Latino workers are employed by companies that provide employer-sponsored retirement plans, compared to 63% of white workers.³ And, rather than saving their money in high-yield accounts, Hispanic savers typically prioritize lower-yield assets such as homes, cars, etc.² However, this may not be a matter of conscious choice.

Hispanic households were recently found to have a median net worth of \$48,700—a far cry from the \$250,400 median

net worth of white households. And the wage disparity only grows when considering gender; Latina women are estimated to have earned 52 cents for every dollar non-Latino white men earned in 2022, a number that has remained relatively consistent for decades.⁴ This pay gap has likely contributed to Hispanic families having to prioritize immediate financial needs over long-term savings, which can hinder retirement planning.

Top Concerns to Address with Hispanic Clients

The lack of adequate retirement savings poses several risks for the Hispanic community. Longevity risk is of particular concern. If clients are not confident that their savings will last their lifetimes, they may find it harder to enjoy their lives and retirements—whether they're truly at risk or not. Additionally, without sufficient retirement funds, Hispanic clients may struggle to leave financial support for their heirs, perpetuating a cycle of financial instability.

This lack of stable resources can lead to increased reliance on social safety nets such as Social Security retirement benefits, which may not provide enough to maintain a comfortable standard of living—especially given the wage disparity discussed previously. With the right strategies in place, you can help these clients navigate away from these scenarios and toward retirement lifestyles in which they can fully enjoy.

¹Schneider, Mike. "The Census Bureau sees an older, more diverse America in 2100 in three immigration scenarios." AP News. November 9, 2023.

²Blanton, Kimberly. "The Myriad Stories Behind Hispanic Retirement Saving." Center for Retirement Research at Boston College. August 24, 2023.

³Morrissey, Monique, et al. "The Older Workers and Retirement Chartbook: Chapter 2: Retirement." Chart 2E. Economic Policy Institute. November 16, 2022.

⁴Smith, Morgan. "The wage gap between Latinas and white men has hardly budged in 30 years: 'We need more than good intentions to solve it.'" CNBC. October 5, 2023.

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Start the Conversation Early

Financial professionals play a pivotal role in bridging the retirement-savings gap for Hispanic Americans. It may be helpful to meet early and often to discuss your Hispanic clients' goals. Here are some strategies you may consider as you start these vital conversations:

- **Financial Education:** Providing targeted financial education can empower Hispanic clients to make informed decisions about their retirement savings. Workshops, seminars, and one-on-one consultations can help demystify retirement planning, clarify misconceptions, and highlight the importance of starting early.
- **Lifetime Income:** Savings vehicles that provide lifetime income benefits, such as annuities, can be effective tools for many types of retirement savers. By exploring how to incorporate annuities into clients' retirement portfolios, you can offer reliable income that can address longevity risk, allows for a financial legacy, and can cultivate confidence. To start the conversation, consider making financial education as accessible as possible by hosting educational seminars with free sessions to analyze Social Security retirement benefits and claiming strategies.
- **Customized Retirement Strategies:** Tailoring retirement strategies to meet the unique needs of Hispanic clients is crucial. This includes understanding cultural values and financial priorities, and offering solutions that align with their goals. For example, emphasizing the benefits of diversifying retirement savings beyond low-yield assets like homes and automobiles. Another option is to focus on Latino business owners. Recent analysis of census data revealed that Latinos accounted for 36% of all businesses launched in 2023—more than twice as many as any other ethnic demographic.⁵ You can attract these business owners by hosting business-finance events, essentially offering a sample of your services.

You Can Help Change Lives

Yes, Hispanic Americans face obstacles when it comes to retirement planning, but their futures can still be bright. By helping them, you can plant seeds to build relationships and expand your book of business. During this Hispanic Heritage Month, take the initiative to learn more about this client demographic and help them navigate toward financial security and dignified retirement journeys.

ACTIONS YOU CAN TAKE RIGHT NOW

- **Host educational sessions aimed at Hispanic Americans focused on their challenges and the importance of retirement savings.**
- **Learn about the unique financial situations and cultural values of Hispanic clients.**
- **Discuss whether lifetime income could provide the stability these clients may need.**

⁵Hale, Kori. "The Unstoppable Growth Rate Of Latino-Owned Businesses In America." *Forbes*. April 2, 2024.

Additional Resources and Links

[Consider the “Us” Mindset When Serving Hispanic Clients](#)

[Bridging the Financial Knowledge Gap in the Hispanic Community](#)

[Retirement Planning for Small-Business Owners](#)

**For more information about retirement planning,
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