

## OVERVIEW

One important aspect of a worker's life is dealing with, and planning for, retirement. Whether they choose to or not, most workers will someday withdraw from the workforce. For the nation's 30 million Hispanics, retirement security is a significant challenge. Income and earnings needed to support a secure and comfortable living during retirement significantly diminish for many when they leave the workforce.

Overall, the nation's retirees sustain themselves on Social Security benefits, private pensions, and savings and investment income. These sources of income are typically referred to as "the three-legged stool" of retirement. Yet for Latino retirees, because of their labor market status during their working years, Social Security is typically the only leg on which they can rely. As a result, poverty among Hispanic elderly remains disproportionately high, and economic pressures on families considerably increase when a worker leaves the labor market.

This fact sheet provides data on the retirement security of today's Hispanic population and illustrates the important role that retirement security plays in a worker's life. It outlines several areas of concern with regard to Hispanic women and financial security in particular, and highlights retirement confidence data from the Employee Benefits Research Institute's (EBRI) 1999 Retirement Confidence Survey.

## DEMOGRAPHICS

- ◆ The U.S. Hispanic population continues to grow, and by the year 2005, Hispanics are projected to become the largest minority group in the United States. According to the U.S. Census Bureau population estimates, the Hispanic population increased 40.7% between April 1990 and August 1999. This figure is compared to a total growth of 9.8% for the entire U.S. population during the same period. The Census also shows that the U.S. Hispanic population was estimated at a total of 31.5 million in 1999, which constitutes 11.4% of the total U.S. population. Moreover, between 1999 and 2005, the Hispanic population is projected to increase 14.6%, to 36.1 million people, compared to 35.4 million Black non-Hispanic people.
- ◆ Hispanics will be increasingly significant contributors in the U.S. workforce. As calculated by the U.S. Bureau of Labor Statistics, in 1996, 12.2 million U.S. workers were Hispanic (9.5% of the total U.S. labor force). In addition, according to the Census Bureau middle series projections, by the year 2010, 2030, and 2050, Hispanics are projected to account for 13.2%, 19.0%, and 24.2%, respectively, of the total U.S. population 18 to 64 years of age (prime working years).
- ◆ Hispanics are becoming a larger proportion of the nation's elderly population. In 1997, Hispanics aged 65 years and over made up 4.9% of the U.S. elderly population. However, by the year 2010, 2030, and 2050, Hispanics are projected to account for 7.2%, 11.2%, and 17.5%, respectively, of the total U.S. population aged 65 years and over.

## **WORKERS AND RETIREMENT SECURITY**

- ◆ **Hispanic workers make a significant contribution to the Social Security System.** In 1999, 63.3% of the total Hispanic population 16 years of age and over, or 13.8 million, were employed, and through their earnings paid millions into the Social Security system.
- ◆ **Hispanics typically do not have access to private pension coverage.** According to the Department of Labor, in 1995, of the 12.3 million Hispanics in the U.S. workforce, only one-third (32%) had employee pension plans, compared to one-half (51%) of Whites and more than two-fifths (44%) of other minority groups.
- ◆ **Hispanics under age 65 are less likely than Whites or Blacks to receive income from interest on savings and investments.** In 1998, of all persons reporting interest income, only 5.3% were Hispanic, while 88.9% were White and 6.5% were Black. Moreover, of all Hispanics 65 and under with income in 1998, 27.4% reported receiving income from interest payments. In comparison, more than half (55.9%) of all White and more than one-quarter (28.5%) of all Black persons under age 65 with income in 1998 reported income from interest payments.
- ◆ **Hispanics workers and retirees are less likely than Whites or Blacks to receive income from dividends on stock or mutual fund shares.** In 1998, of all persons 15 years old and over with income from dividends, 2.5% were Hispanic, while nine out of ten (92.5%) were White and 3.8% were Black. In addition, of all Hispanics 15 years old and over with income in 1998, 5.4% reported receiving income from dividends. In comparison, 22.4% of comparable White and 6.8% of comparable Black persons reported income from dividends in 1998.
- ◆ **Among those workers who plan to retire, Hispanics are the least likely to say they have an investment or savings program.** According to a 1999 EBRI Retirement Confidence Survey, 47% of Hispanic workers surveyed said that they had an investment or savings plan. In comparison, 59% of Black and 77% of White workers said they had an investment or savings program.
- ◆ **Hispanic workers are less likely than others to say they have figured out how much money they will need to have saved so that they can live comfortably during retirement.** According to the 1999 EBRI survey, almost one-third (31%) of Hispanic workers have calculated how much they will need for retirement, compared to two in five (41%) Black and half (50%) of White workers surveyed.

## **THE ELDERLY/RETIREES AND RETIREMENT SECURITY**

- ◆ **Hispanic elderly are less likely than others to receive income from Social Security, but for both Hispanic and Black elderly, Social Security is typically the sole source of income.** In 1998, 83.2% of Hispanics aged 65 and over with income received Social Security benefits, compared to 89.7% of Blacks and 92.1% of Whites. However, according to the Social Security Administration, Social Security benefits are the sole source of income for one-third of both Hispanic (33%) and Black recipients (33%), while the same is true for only 16% of White recipients.
- ◆ **Hispanic elderly are less likely than Black, but more likely than White elderly, to be poor.** In 1998, almost one-quarter (21.0%) of Hispanics 65 years old and older were poor. Meanwhile, more than one-quarter (26.4%) of Black elderly and one in 11 (8.9%) White elderly were poor in 1998.
- ◆ **Hispanic elderly are less likely than Blacks or Whites to report receiving income from pension benefits.** In 1997, 16.9% of Hispanics 65 years old and over with income reported receiving income from pensions. In comparison, one-quarter (24.9%) of Blacks and one-third of Whites (33.9%) 65 years old and older reporting receiving income from pensions.

- ◆ **Hispanic elderly are as likely as Blacks and much less likely than Whites to receive income from interest on savings and investments.** In 1997, three in ten (31.2%) Hispanics 65 years old and older with income reported receiving income from interest, relative to one-quarter of comparable Blacks (25.2%) and nearly two-thirds (66.4%) of comparable Blacks (25.2%) and nearly two-thirds (66.4%) of comparable Whites.

## **HISPANIC WORKING WOMEN AND RETIREMENT SECURITY**

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- ◆ **Hispanic women are more likely than Black women, but less likely than White women, to report having confidence in overall retirement income prospects.** According to a 1998 survey done by the American Savings Education Council (ASEC), 13% of Hispanic women say that they are very confident in overall retirement income prospects, compared to 11% of Black women and 21% of White women.
- ◆ **Hispanic women are least confident they are doing a good job of preparing financially for retirement.** According to ASEC, 13% of Hispanic women say that they are not confident they are doing a good job of preparing financially for retirement, compared to 16% of Black women and 31% of White women.
- ◆ **A smaller proportion of Hispanic women, compared to Blacks and Whites, is confident in having enough money saved for retirement.** According to ASEC, almost three in ten (29%) Hispanic women say that they are very confident they have enough money saved for retirement. In comparison, over two in five (42%) Black women and three in five (60%) White women were very confident they have enough money saved for retirement.
- ◆ **Hispanic women are the least likely of all female workers to say they will consider retiring from the labor market.** According to ASEC, 27% of Hispanic women, compared to 25% of Black and 16% of White women, say that they do not anticipate retiring.

## **Sources**

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American Savings Educational Council; Employee Benefit Research Institute; National Committee to Preserve Social Security and Medicare; Social Security Administration; U.S. Bureau of the Census; U.S. Bureau of Labor Statistics