

State of the American Family: Families, Financial Attitudes and Planning Asian Indian Findings



American families have weathered economic shifts, but the downturn of 2008 has affected families' finances, and their relationships to their finances, in unforeseen ways. Families of all kinds are working hard to balance their many long-term expenses. Asian Indian families face similar struggles that all American families are currently facing: the need to provide for their children's education, managing their finances, taking care of family members, all while trying to save and plan for their own retirement. And like most families, they aspire to achieve the American Dream.

In an effort to better understand what families are most concerned with, Massachusetts Mutual Life Insurance Company's (MassMutual) completed the second nationwide study in its State of the American Family series. This was conducted by Forbes Consulting Group¹ and involved a 20-minute online questionnaire administered to 1,143 respondents. The sample included parents, ages 30-64, with household incomes of \$100,000 or more, with slightly different requirements for ethnic minorities.² This research sheds light on families and their finances across the United States

The research reveals that while Asian Indians share some similar concerns with the general population, this community is well poised to find financial success:

- 77% have completed graduate school (vs. 34% general population)
- 91% are employed full-time (vs. 71% general population)
- 17% have children who contribute financially to household expenses (vs. 4% general population)

¹ Forbes Consulting Group (2011), February 2011, Lexington, Massachusetts Mutual Life Insurance Company

² \$75,000 if African American and currently own/interested in owning life insurance, disability income or LTC in next six months; or Hispanic age 35-64 and own home or currently own/interested in owning life insurance in next six months; or Asian Indian owning a home and currently owning/interested in owning life insurance, disability income or LTC.

Despite these positive trends we see that there is still a need to prepare for what many see as an uncertain future.

- 24% work 6-7 days per week (vs. 11% general population)
- 26% are “constantly worried about losing their job” (vs. 10% general population)
- 36% are “working more/harder than ever” (vs. 26% general population)

Whether it's sending their child to college, saving to retire comfortably or taking care of elderly parents, tough times and competing priorities are causing Asian Indian families to work harder to make their Dream a reality. We believe that fresh insights into what is important to Asian Indian families, where they're struggling, and suggestions for what they can do to thrive in the present while preparing for the future can help them position themselves to achieve their American Dream.

Family Dynamics

The Asian Indian culture places a great emphasis on family, meaning that their measures of success for achieving the American Dream incorporate their ability to support their family, and their definition of family is broad. Their attitudes of responsibility to one's parents run twice the rate of the general population. Nearly two-thirds (62%) feel that they are expected to take care of their parents when they can no longer care for themselves and similar numbers plan to provide direct care themselves (59%) as well as financial assistance to their parents (52%).

- 66% always think about what would be best for their immediate family when making financial decisions
- 56% always think about what would be best for both their immediate and extended family when making financial decisions

The ability to support their family is very important to Asian Indian families. This sense of responsibility overwhelming translates to their expectations to how they'll support their children in their educational pursuits.

Assess your and your family's financial goals and priorities together – Families often know what they need to do, but don't have a firm and realistic plan in place. To get there, prioritize by looking at the entire family's goals and needs and then create a long- and short-term strategy

Education: Expectations and the American Dream

While all parents want to help pay for their children's education, 63% of Asian Indian families believe that saving for their children's college education is important to them so they can live the American Dream. Parents of Asian Indian descent are particularly aware that education is a key to actualizing this goal.

- 74% expect their children to get at least a bachelor's degree
- 63% expect their children to get *at least a master's degree* (a rate more than 2x higher than the general population)
- 58% insist on paying for their children's education

With such strong beliefs in what their children should accomplish and how they will help them achieve it, it's unsurprising that Asian Indians are dedicated to taking steps to save.

Finances: Save vigorously and spend judiciously

An important facet of Asian Indian culture is the tendency for parents to teach their children about money. Less than 10% of the general population say they learned everything they need to know about finances from their elders, and only 40% feel that their parents stressed the importance of saving at an early age. In contrast, Asian Indian financial decision makers are more than twice as likely to have learned all they know about finances from their elders and nearly two-thirds (60%) feel that their

parents instilled the importance of saving. Perhaps this propensity to save could help to explain why nearly three-quarters (71%) of Asian Indians are very careful not to accumulate too much debt.

Asian Indian families feel particularly in control of their finances. More than one-third (35%) are satisfied with their current financial situation (nearly double the rate of all respondents) and are the group most likely to:

- Feel confident selecting investment options (47%)
- Do their own research and make their own decisions about insurance (53%)
- Feel confident that they are doing a good job preparing financially for retirement (51%).
- Have experienced an income increase of more than 25% (33%; twice the rate for the general population)
- Start their own privately-held business (8% vs. 4% rate for the general population)
- Own more financial products (average of 5.4), with higher than average ownership of mutual funds, individual securities, retirement accounts, long-term care insurance, term life insurance, and property and casualty insurance.

Nevertheless, Asian Indian families are not content to “sit on their laurels.” Instead they seek additional information about finances:

- Wish they were more confident in making financial decisions (33%)
- Actively seek ways to educate themselves about finances (45%; twice the rate for the general population)

Seek sound financial information – Learn about long-term financial services and products that can assist you in securing your financial future. One way to learn is by taking a financial workshop in your community or work with a financial services professional.

Retirement: Planning for Financial Security

The majority of Asian Indians (70%) feel that financial security for retirement is an individual’s responsibility. Accordingly, and in line with their propensity towards savings, Asian Indian financial decision makers believe that their personal savings will account for a larger percentage of their retirement plan than does the general population.

Sources of Income	Asian Indian	Total General Population
Social Security	25%	23%
Pension Plan	23%	29%
Personal Savings	49%	42%
Other	3%	6%

The vast majority of Asian Indians (79%) have already estimated how much money they will need to save for retirement (the rate for the general population is 65%). The majority plans to retire by age 64 (53% vs. 39%).

When asked about plans for retirement, a higher percentage of Asian Indians believe that they will definitely need to continue to work full- or part-time (40% vs. 17% for the general population). Asian Indians are also considerably more likely to plan to travel in retirement than the general population (60% vs. 45%), perhaps driven by the desire to visit family in India.

Establish a plan for the future – Aggressive savings goals help one to accomplish his or her financial goals. Assess your options to make sure that you’re selecting the best products and services for your needs and goals.

Conclusion

MassMutual has been helping customers with their financial needs for more than 160 years. As a mutual company, we focus on providing long-term value for our policyholders. We have always believed that good decisions are the foundation of every sound and secure financial future. We also believe when choosing a company to work with, ownership, strength and stability matter.

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