MassMutual’s State of the American Family
Hispanic Families

Executive Summary

We’ll help you get there:
To understand the changing landscape of American financial security, MassMutual released the third wave of a nationally representative survey of American families. This research sheds light on families and their finances across the United States, including that of Hispanic families.
The Hispanic family...dreams and reality

As the largest multicultural group in the U.S., Hispanics represent one of the most dynamic population segments of the U.S.. Strong, loyal, family-and community-oriented, they are making their presence felt in American culture. More than half of the growth in the total population of the United States between 2000 and 2010 was due to the increase in the Hispanic population.\(^1\) Now representing 17 percent of American society, the number of Hispanics continues to grow and make considerable inroads into the American mainstream.

Hispanics are a force to be reckoned with in the United States today. Although many Hispanics may be fluent in English and able to participate in all aspects of American society, many still prefer to speak Spanish at home and to retain aspects of traditional culture. The importance of respect, family unity, community involvement and loyalty permeate every aspect of life, including their attitudes and perspectives about finances.

While their embrace of the American Dream persists, many Hispanics are finding their optimism being tested in a difficult economy. As a group, Hispanics are vulnerable to potential financial setbacks. Over one-third (35 percent) have set aside less than three months of their monthly living expenses for emergencies, and 7 percent have no savings at all.

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Financial security for the family

For Hispanics, as for every other segment of the population, owning a home is the primary definition of the American Dream. Hispanics focus a great deal of their attention towards improving the financial prospects of their own families, a major impetus driving their immigration into the U.S.

The top financial goal of Hispanics, prioritized by well over half of the group, is paying off the mortgage, followed by getting out of credit card debt. The average amount of credit card debt being held by Hispanics is $15,573 (compared to $12,553 for the general population). Nearly the same number are concerned with developing a plan for managing income in retirement, as well as making sure their families are taken care of if they pass prematurely.

The debt challenges many Hispanic families face could potentially hinder the prospects of their children’s education as well. Compared to nearly half of the general population, only 31 percent of Hispanics rank savings/investing in their children’s college education as a top priority, below other debt and security concerns. This is the case despite the fact about one-half express that paying for their children’s college education is something they insist on doing. As an up-and-coming segment of American society, determined to give their children more than they had, Hispanics are receptive to exploring long-term planning solutions which help them achieve their goals for their family’s security success.

### Financial concerns

| worry how my family will be taken care of financially if I get disabled | 36% Hispanic | 29% Gen Pop |
| worry how my family will be taken care of financially after my death | 35% Hispanic | 27% Gen Pop |
Getting actively involved in financial decision-making

Like many other American families, Hispanics express a strong desire to be actively involved in their financial decision-making, with more than three-quarters expressing this sentiment. Forty-two percent of Hispanics say they tend to do their own research and make decisions about insurance/investment products and 43 percent feel they are very good at managing money.

Nevertheless, there are some areas of doubt for Hispanic families in taking on these financial decisions: 43 percent feel investing and financial planning should be a higher priority, while only 28 percent are confident selecting investment options to meet their goals.
Teaching children about money

For Hispanics, family and community are main priorities. Nearly three out of four Hispanics say that, when making financial decisions, they consider what would be best for their family — more than most of other groups. Nowhere is this commitment to family more evident than in their attitudes about financial education for their children. Teaching children important lessons and having high aspirations and expectations for their children’s success are hallmarks of Hispanic culture.

More than a third of Hispanic families wish that their parents had taught them more about finances. They also believe very strongly in the importance of educating the next generation on finances (79 percent), and nearly half are actively involved in educating their children about money and investing. Hispanics are more likely than the general population to be actively seeking ways to educate themselves about finances as well. This forward-looking commitment to education is a good sign that the next generation will be more confident and successful at achieving their financial goals.
Looking towards the future

Hispanics are particularly concerned about remaining financially independent as they age. The older generation is much more likely to want to remain active and to take care of younger members of the family than to be taken care of themselves. Three out of four say it’s important their children not be burdened by taking care of them when they get older – a critically important factor as Hispanics make plans for their retirement.

Hispanics are more concerned than the general population about outliving their retirement savings (40 percent compared to 33 percent). Hispanics believe that 31% of their retirement income will come from personal savings (vs. 38%). Over one-third believe their retirement funds will come from their pension plans, somewhat higher than average.

Despite these concerns, nearly two out of three have figured out how much they need to retire. Likewise, a higher proportion of Hispanics say they have developed a retirement plan (44 percent, compared to 35 percent of the general population). Nearly half have adjusted their expectations for retirement and are now planning to retire at an older age than originally planned. Overall, Hispanics seem comfortable with their retirement plans, with a greater sense of confidence and control over the direction of their retirement. The greater uncertainty for this group lies in managing their current financial burdens, while also helping to prepare the next generation to thrive in the new economy.

In the coming years, the financial prospects of the Hispanic population are going to depend heavily on the fortunes of the broader American economy. Likewise, the performance of the economy may be influenced by the attitudes and actions of this group as the population continues to grow – not just through immigration as before, but through the native-born, who are now one of the primary engines of demographic growth in the U.S.
In Hispanic culture, a high value is placed on trust in building relationships. The bond of trust is built over time, which is why companies and products with longstanding reputations are sought after. Once trust is established, loyalty within the Hispanic community is very high. A financial professional who involves the entire family in the decision-making process and who takes the time to get to know the family will be valued. As Hispanic families build familiarity with insurance and investment products, they should do very well at selecting them. Developing an estate plan with the help of a qualified financial professional can provide peace of mind as the family builds its future.

For more than 160 years, MassMutual has been providing strength and stability to generations of families. Like the many Americans who are placing family first, we are focusing on the people who matter most to us: our policy owners.

MassMutual offers the following tips to help Hispanic Americans ensure their finances are on the right track:

Start thinking about retirement if you’re not already. The amount of income needed to maintain a standard of living in retirement varies from person to person and family to family. Think about your current and future expenses to see if you are saving enough right now. If not, you may want to talk to a financial professional who can help you create a plan.

Teach & prepare future generations about finances. Setting children up for financial success is vital, yet if you’re like many parents, you might not know where to start. Consider involving your children in high-level family budgeting discussions and paying some of the monthly bills. Playing family board games or engaging in activities that have a monetary component also can help kids learn in a fun way.

Protect your income. For all families, making sure that the money doesn’t stop coming in each month should be a priority, and disability income insurance may be a solution to address that need; it can help you meet future financial obligations – like paying electrical bills or, even more important, mortgages – should you become unable to work due to illness or injury.

Secure your family’s futures. Not only does life insurance provide financial protection if the worst were to happen, but some policies also accumulate cash value* – a living benefit that can be used for supplemental retirement income, funding for a child’s education or emergencies.

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* Access to cash values through borrowing or partial surrenders will reduce the policy’s cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.
Visit massmutual.com today to find a MassMutual financial professional in your area. Learn how to take the next step in creating a solid financial strategy and helping to achieve fiscal fitness.
Methodology

The “State of the American Family” program, an in-depth series of research studies, is exploring the changing definitions and dynamics of families in this country. This multi-year initiative will produce a deeper understanding of the different forms families take, how factors like ethnicity and income affect family dynamics, how family members interact on financial and other matters, and trends that will shape families in the coming decade. The “State of the American Family” will provide America’s adults and children with the information and guidance they need to make responsible financial decisions.

The “State of the American Family” survey was conducted for MassMutual by the Forbes Consulting Group, LLC between February 4th and February 25th, 2013 via a 20-minute online questionnaire. The survey comprised 1,337 interviews with American households with children under age 18 for whom they are financially responsible. Interviews were conducted among men and women aged 25-64 with household incomes greater than $75,000 (50 completes were allowed among 25-32 year olds with HH incomes falling between $50,000 and $75,000). Respondents had to contribute at least 40 percent to decisions regarding financial matters in their household to qualify. Results were weighted to the 2010 US Census distributions for age, gender, ethnicity, region, and same sex married/partnered couples to be representative of American families in this age and income bracket. This study includes trending data for survey waves conducted in 2009 and 2011.
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