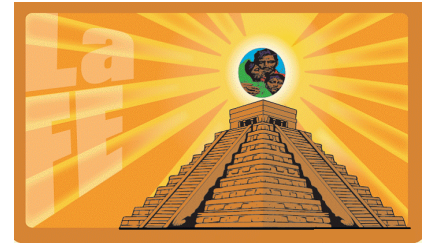


# La Fe Policy Research and Education Center



*Promoviendo Bienestar para Familias y Comunidad con Conocimiento, Confianza y Poder  
Promoting Family and Community Well-Being through Knowledge, Trust and Empowerment*

## **San Antonio: Report on the Financial Security of Mexican American Seniors**

**August 8, 2010**

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### ***Project Overview***

This pilot project focused on identifying the most prominent issues and concerns jeopardizing the financial security of Mexican American seniors, age 55 and older. This was accomplished through primary data collection in mostly the Westside of San Antonio, Texas. Partnering with seven (7) key community partners to facilitate access to respondents, 150 seniors at 10 different sites were interviewed over a four-week period, February 12 - March 12, 2010. The survey findings analyzed for this report will be used to organize and host a bilingual community forum for seniors and their families addressing the most critical issues and concerns, as identified by the 150 survey respondents. Replication of this study on a larger scale, in the inner city of San Antonio, is anticipated, using a revised survey instrument and procedures. That study will incorporate the lessons learned in designing and implementing this pilot project.

### ***Literature Review***

There is extensive research on the financial security of Latinos as they approach retirement age. For this pilot project, the literature reviewed was limited to research specifically analyzing issues impacting the financial insecurity of Latino seniors as well as those advocating for community-based financial literacy education.

AARP (1999) reported there were about 8 million Latino Baby Boomers (born 1946-64) approaching retirement age. **Latinos have a longer life expectancy than the general public.** Latinos at age 65 have a life expectancy of more than 21 years, significantly longer than non-Latinos. Such relatively long life expectancies reinforce the concern about Latinos' saving adequacy. According to data reported by the Urban Institute (2009), the number of **Latinos ages 50-69 is expected to nearly quadruple by 2050**, reaching 22.2 million. In 2020, Latinos will account for about 13 percent of the U.S. population ages 50-69, up from 9 percent in 2007. By 2050, they will account for about 24 percent of the 50-69 population. About 3.2 million Latinos, ages 50-69, were employed in 2007. The 2000 American Housing Survey data showed that 15% of Hispanics aged 65+ were home owners.

The poverty rate in 2006 for Latino seniors (65 and older) was 19.4 percent, more than twice the rate for non-Latino Whites (7%). **Latino retirees rely heavily on Social Security benefits as their single largest source of retirement income**, having a higher dependency on Social Security than any other ethnic/racial group in the United States. Latino elders who lived alone or with only a spouse had the highest rates of economic insecurity among all seniors age 65 and older (Haro, 2010). According to the U.S. Administration on Aging, in 2006, 75% of Latino seniors aged 65 and older resided in four states: California (27%), Texas (19%), Florida (15%) and New York (9%). By 2030, the aging population in Texas will increase to 7.4 million or 22% of the state's total population.

**Data confirm that Latinos in the U.S. are not saving enough to live comfortably in retirement.** Their adult children are not faring substantially better. Older Latino workers, aged 50+ receive relatively little compensation, partly because of their generally limited education. More than half (58%) of older Latino workers are in low-skilled occupations

requiring only a high school diploma or limited vocational training. In contrast, only 33% of the non-Latino whites work in low-skilled jobs. Less than 38 percent of Latinos employed as wage and salary workers, ages 50-69 in 2006-08, were offered employer-sponsored retirement plans compared to 55 percent of their non-Latino black counterparts and 62 percent of their non-Latino white counterparts. Older Latino workers participate in the labor force at relatively high rates and work in a wide range of occupations and industries, although disproportionately represented in construction. They earn low wages and few benefits. **The 2007-09 recession has hit older Latinos especially hard** (Urban Institute, 2009). This makes Latino seniors financially vulnerable when it comes to paying essential and medical care expenses and maintaining their independence living within their communities.

**Financial illiteracy is widespread and systemic throughout all populations but is of particular concern for Latinos.** In 2008, one in every four Latinos did not have a bank account, making it difficult to access banks' financial and investment education services (Richman, Barboza, Ghilarducci, Sun, 2008). A broad scope of approaches is recommended to promote financial literacy education among older Latinos. Data from focus groups with community leaders in Chicago proposed specific methods for conducting financial literacy initiatives: informational seminars; distribution of pamphlets; use of multi-media such as radio, television and newspapers and information posting on the Internet. Partnerships between community organizations and financial institutions were encouraged. The research also acknowledges that the influence of culture on an individual's willingness to seek mainstream financial services is not well understood and that immigrant and minorities are more likely to have nontraditional borrowing and lending habits such as relying on family and friends (informal markets) to meet their financial needs. (Tosussaint-Comeau, Rhine, 2000).

In 2005, the National Hispanic Council on Aging - Hispanic Elderly Policy Symposium ranked "income security" as its top priority issue, recommending increased public education on financial planning and management. This could be accomplished by investing in capacity building of community based-organizations, as they are a trusted and accessible source of information and services for Latino seniors and their families. Investing in financial counseling programs in low-income neighborhoods to help seniors plan and manage their finances was strongly recommended (NHCOA, 2005).

For every basic need (food, shelter, medical care, education) retirement-financial planning is an essential survival tool. In 2008, federal legislation (S.3053) was passed to support financial literacy services for seniors to help them better prepare for and manage their assets in retirement. The services covered in the bill include education, training and other assistance (U.S. Senate Special Committee on Aging). In 2009, a California-based study was conducted to determine whether issues related to older Latino populations and Latino baby boomers were being addressed by 10 prominent advocacy groups and service organizations. Of those 10 participating in the study, only AARP, AltaMed Health Services Corporation, the National Hispanic Council on Aging and the East Los Angeles Community Union had Latino seniors as a priority or a significant constituency. Of these, only NHCOA was specifically focused on Latino seniors. The other six organizations had

broader program services that encompassed Latino seniors. Among the study's recommendations was that groups and organizations design programs that will meet the needs of Latino seniors to ensure their financial security through retirement programs, individual savings and home ownership. Advocacy to strengthen Social Security by supporting reform that maintains adequate benefits and economic security in retirement was also recommended (Latino Economic Security, 2010).

This literature review provided a context with which to design this pilot project. It provided the information and data which was instrumental in developing the survey instrument for the project.

### ***Sample Design***

The nonprobability sampling method used in this project is called a *chunk* sample or a sampling of a group of people who happened to be available at the time of the study. Such a design is useful in a pilot study in that it allows for the development and testing of questions and procedures with respondents who are similar to the respondents who will be surveyed when the study is replicated with a larger population (Aday, 1989). The seven community partners played a key role in ensuring the availability of seniors to participate in the survey.

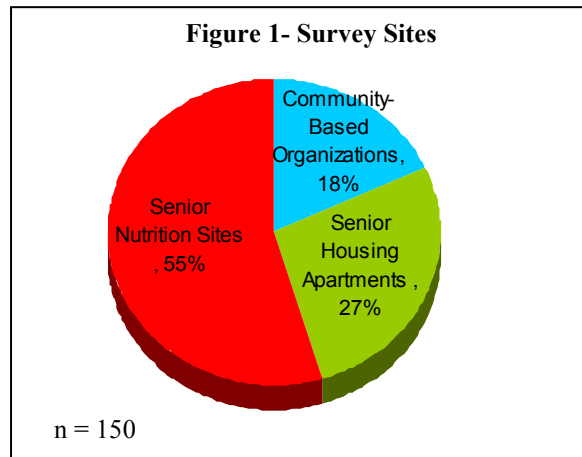
### ***Survey Design and Methodology***

The survey instrument was developed as a self-administered survey, although many of the respondents requested assistance in completing it. The survey consisted of 19 questions: six (6) were socio-demographic; five (5) related to work and retirement; two (2) focused on familial reciprocity and six (6) focused on economic security. Most questions were abstracted from other surveys conducted with Latino seniors found in the research literature, especially the L.A. County Senior Count! Survey (2008). The survey was developed in English, translated to Spanish and then translated back into English. The survey's readability score was 5.0, hence being appropriate for persons with a fifth grade level of education or higher.

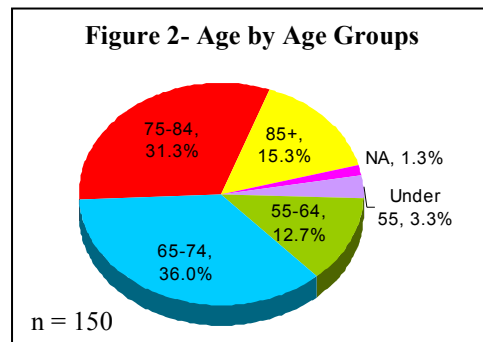
The survey instrument was pretested with a group of 5 seniors who are participants in La Fe's Abuelos y Nietos Program. They completed the survey, critiqued the instrument and offered recommendations that were incorporated into the final version. The survey used in the pilot study was a one page, two-sided document, printed in a 14-point font. Persons who completed the survey received a \$5 HEB gift card as a token of appreciation.

**Survey Findings**

*Survey Sites:* A total of 150 surveys were completed at 10 different locations. The majority of the surveys (55%) were collected in City of San Antonio-Senior Nutrition sites that are under the auspices of COSA-Department of Community Initiatives. The sites included: Our Lady of Guadalupe Church and San Juan de los Logos Church (Westside); Bob Ross Senior Center (Northwest) and Presa Senior Center (Southside). Residents of Senior Housing Apartments (Palacio Del Sol and Charles Gonzalez Senior Residence) completed 27% of the surveys. Seniors in four community-based organizations (La Fuerza Unida, Neighborhood Place, Time Dollar, Inc. and AARP-Senior Employment Services) completed the remaining 18% of surveys. Less than one third (30%) of the respondents completed the survey in Spanish, the majority (70%) preferred English.

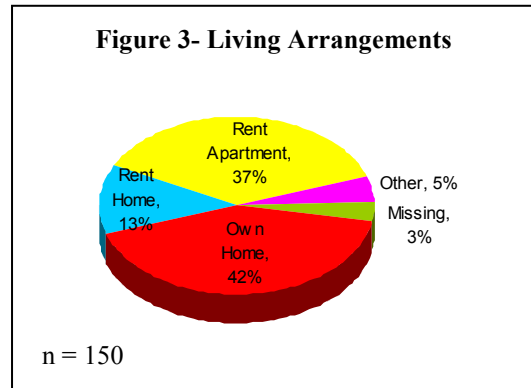
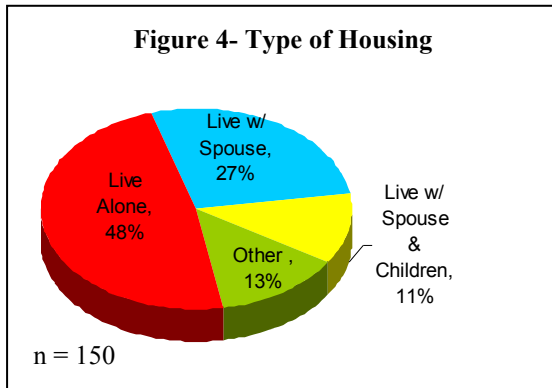


*Demographic Profile:* The overwhelming majority of seniors surveyed were Mexican American (86%), with the majority born in the U.S. (71%). Of the 83% who were 65 years of age and older, over half of them (56%) were 75 and older. Most were female (71%). Over 85% of respondents lived on monthly income of less than \$2,080, under \$25,000 per year.

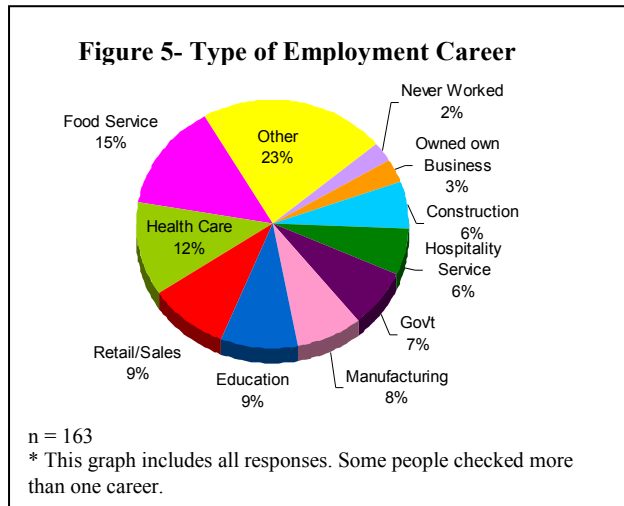


*Living Arrangements:* Most respondents (75%) did not live in intergenerational family settings. They either lived alone (48%) or only with their spouse (27%). Only about 11% reported living with spouse and children. The remaining lived with relatives or a friend. Among the respondents, only 42% (63) were homeowners. Of this group, more than half (54%) had paid off their home. Among those still paying off their home, nearly a third (32%) had refinanced their home in the past 5-10 years.

Over a third (37%) of the respondents lived in apartments, with 75% of these apartment dwellers residing in either of the two subsidized senior residences included in this survey. Only 13% reported living in a rented home.



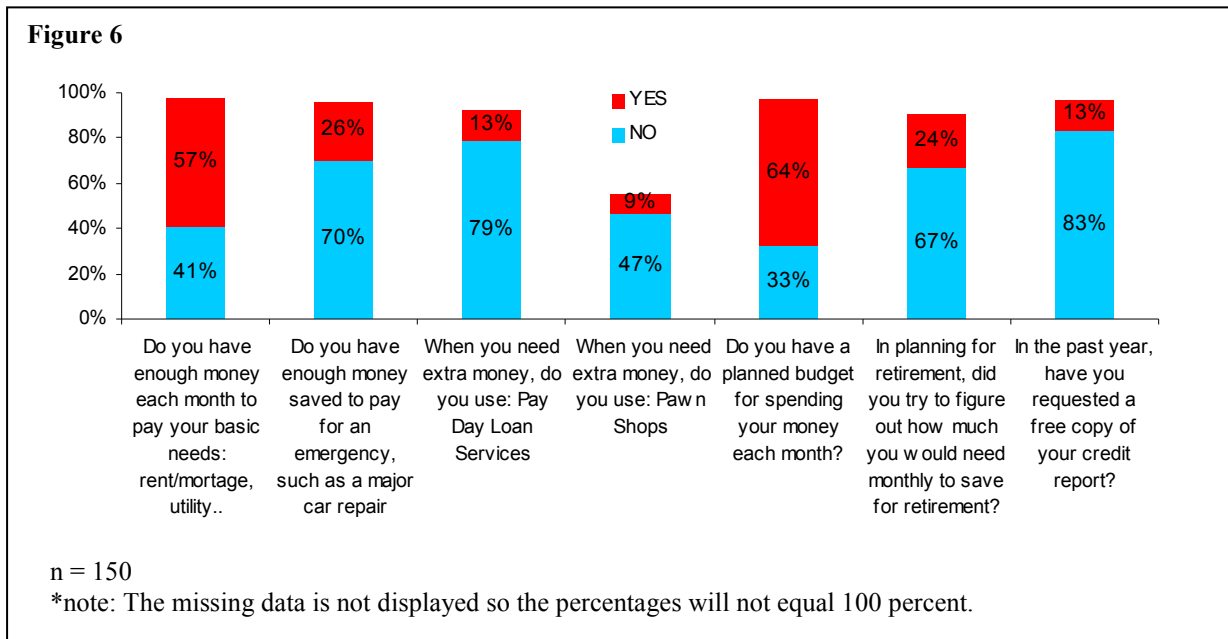
**Employment/Retirement Status:** There was broad diversity in the types of work careers in which the respondents had engaged during their work years. The most prominent were: food service, health care, retail/sales, education, manufacturing and government. Several reported multiple career tracks, as many as four (4). There were also four (4) respondents who never worked outside the home.



Among respondents, 85% reported they were not currently working. Of 21 respondents who were employed, 33% work full-time and 67% work part-time. Over 75% reported they were retired, with only 5% reporting they were still working. The majority of respondents (79%) receive Social Security benefits. For most, this was their only source of income. Pensions were reported by 5% of respondents. Income from work or other sources were only reported by 1% of respondents.

**Money Management:** About 88% responded to the question regarding the use of banks. Of these respondents, most (75%) reported using a bank. Of the 29% who responded to the question on credit unions, only 10% reported using a credit union. Only 3 respondents reported using both.

When asked a series of questions about financial planning and savings [Figure 6], 41% reported not always having enough money for necessities. **Most (70%) reported not having money saved for an emergency.** Only 13% reported using a Payday Loan Service when they needed extra cash. Although the question regarding use of pawnshops to generate extra money did not yield a high response rate because of the formatting of the question on the survey instrument, nonetheless, 16% (13 of 83 respondents) reported use of a pawnshop. A large majority (83%) of respondents had not requested a free copy of their credit report.

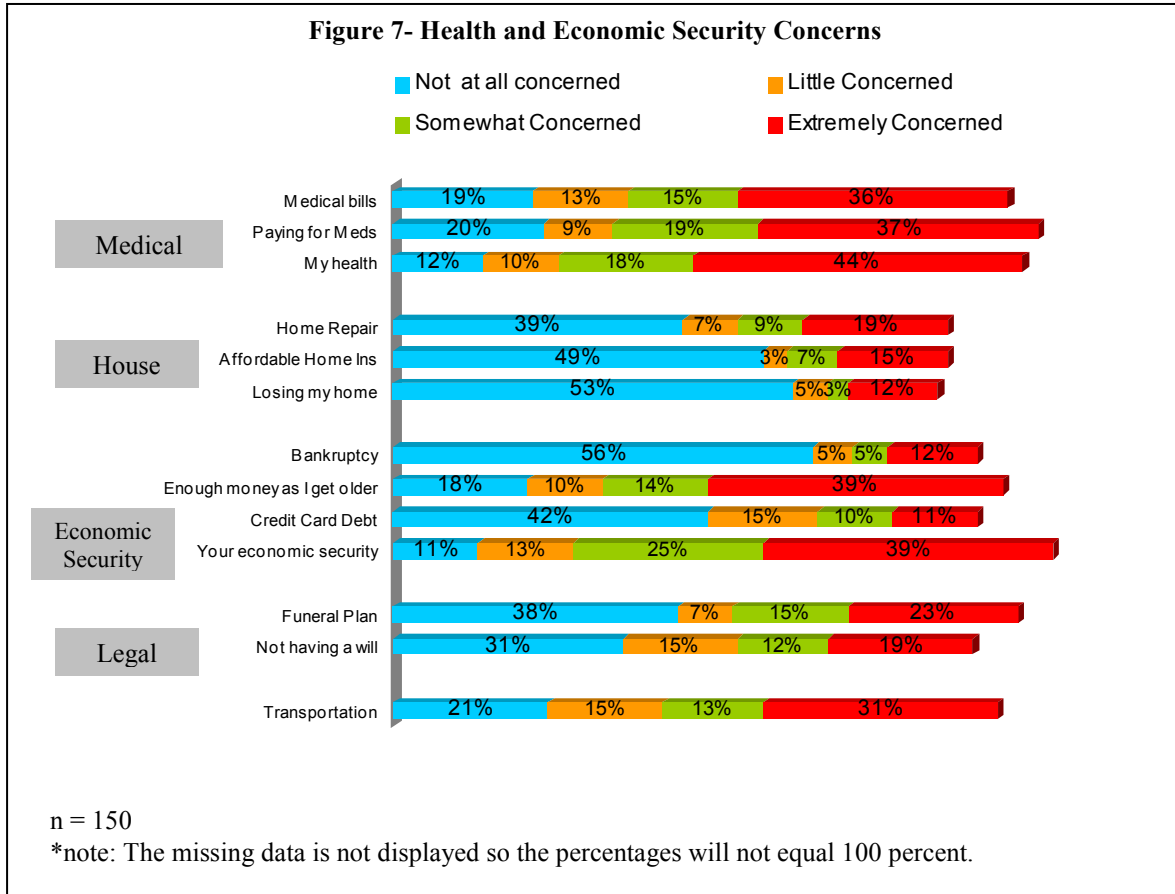


To assess the impact of limited financial resources on health concerns, two questions were asked: (1) was the respondent currently paying off medical bills/debt? and (2) In the past year, had the respondent had to choose between paying bills or paying for meds? Nearly half (49%) of the respondents reported they were currently paying off medical bills/debt.

*Mutual Family Support/Reciprocity:* There were two survey questions focused on mutual support among family members. Very few respondents answered “YES” to either giving or receiving assistance from members. When asked if they provided unpaid care for a family member to help them out, 77% responded they did not. As for the question regarding having received any type of assistance from their family, 67% responded that they did not receive any. The few (17%) who do help out their family helped with money, childcare, food or transportation. Those who did receive help from their family (27%) got help with transportation, financial assistance, food and clothes.

*Health and Economic Security:* Using a Likert Scale, respondents were asked to rank their level of concern (from not at all concerned to extremely concerned) on items related to health, economic security, legal, home and transportation. Some respondents only ranked the items that were of concern to them; others skipped this multiple-item question. The items with the highest number of respondents were those referring to economic security (132 respondents out of 150) and paying for meds (129 respondents out of 150). The items with the lowest number of respondents were those related to home repair and affordable home insurance (both 111 respondents of 150).

The items that respondents were **extremely concerned** about were their health, economic security, having enough money when they get older, paying for meds and paying medical bills. A few respondents were **extremely concerned** about credit card debt, bankruptcy, losing their home, affordable home insurance and home repairs.



The last question of the survey asked seniors to select any topics of interest about which they would have an interest in learning more. The ten topics included the following: retirement planning; reducing/managing debt; reverse mortgage; managing health care expenses; benefits of having banking/credit union account; preparing a will; burial plans; protecting yourself against fraud; and other. The prioritized rankings were based on responses from 147 of the 150 respondents. Three surveys were excluded from the analysis of this question because of multiple discrepancies. Forty-four of the surveys were filled out in Spanish. Respondents were asked to check the things of most interest to them. There was no way to signify “no” other than leaving it blank. All unchecked questions were recorded as a “no”. Thirty-three respondents did not check any topics so they are included in the “no” response column.

Among those who did identify topics of interest, respondents reported the highest level of interest in learning more about **fraud protection**. Both in the survey tally and in their personal conversations with the interviewer, seniors expressed serious concern about

needing to make their final burial arrangements, so that their adult children would not have this additional financial burden when the senior died.

RANKING OF TOPICS OF INTEREST	YES		NO*	
<b>Protecting yourself against fraud</b>	<b>64</b>	<b>44%</b>	<b>83</b>	<b>56%</b>
Preparing a will	53	36%	93	64%
Burial Plans	49	33%	98	67%
Managing Health Care expense	47	32%	100	68%
Protecting your money	42	29%	105	71%
Reducing/Managing Debt	25	17%	122	83%
Benefits of having banking/credit union account	21	14%	126	86%
Retirement Planning	18	12%	129	88%
Reverse Mortgage	15	10%	132	90%
Other	7	5%	140	95%

\* includes 33 non-responders

**Conclusions**

The survey findings offers a look into the life experiences of Latino seniors in the Westside of San Antonio that goes beyond just a statistical profile from the US Census or aggregated research data describing large national or regional profiles of Latino seniors. The seniors who completed this survey not only provided socio-economic data, they shared their views about the financial security issues and concerns impacting their lives. It helped to create an understanding of the stories behind the data. While providing assistance to seniors in completing their survey, **many of them spoke of their fears related to financial insecurity**. Some spoke about experience with fraud, especially as it related to home repair scams. Because they worry so much about dying and placing the financial burden of a funeral on their families, they fall prey to scams related to burial plans.

**All the Latino seniors surveyed demonstrated resilience in maintaining their independent living status so they can age-in-place within their own community**, be it a subsidized apartment, a home or a rental property, often in need of repair. This is noteworthy because nearly half of them were aged 75 and older. Home ownership is a crucial factor in achieving financial security because it allows for equity accumulation. Among those surveyed, 42% were homeowners; over half had paid off their home; a much higher rate than the 15% homeownership reported in national data. Only a few lived in multi-generational family settings.

Most live alone or with a spouse, a factor that exacerbates their vulnerability and social isolation. The vast majority manage their lifestyles on a very limited income, without having savings for emergency situations or much assistance from their families. They mirror many of the same characteristics cited in the research literature: heavy reliance on Social Security as the primary source of retirement income; multiple work careers in jobs paying low wages and no pensions and limited familial reciprocity.

Differing from the low percentage reported in the research literature, this survey found that most (75%) reported using a bank. Although few reported using high-risk payday loans, some did use pawn shops during financial emergencies. **However limited their financial literacy knowledge or their pre-retirement planning, two-third of these Latino seniors indicated that they plan out a monthly budget for themselves with their limited income.** The vast majority reported no interest in learning about reducing and/or managing debt because they manage their daily lives on a cash basis, without use of credit cards. Similar to national/regional surveys findings, **Westside Latino seniors are very concerned about their health, fraud, especially related to home repairs, preparing a will and/or burial plan and protecting their money.**

When the survey respondents were informed that a future bilingual financial literacy forum was being planned, they responded in a very positive manner. The content of this forum will incorporate the issues and concerns that the Westside residents identified in the survey. It is anticipated that the data from this survey and the discussions during the financial literacy forum will help identify an advocacy agenda around which Westside Latino seniors will be willing to mobilize. .

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