

Advancing financial literacy, capability and well-being among Hispanics



TIAA Hispanic Advisory Council
TIAA's Hispanic Advisory Council, chaired by Dr. Tomàs Morales, president of CalState San Bernardino, is charged with identifying issues that affect the financial well-being of the Hispanic community and formulating strategies to address its short- and long-term financial priorities.

Financial literacy among Hispanics is low.

32% demonstrate basic financial literacy.

12% show high financial literacy.

Financial fragility is common in the Hispanic community, but the right interventions can make a difference.

As their population size and purchasing power expand, Hispanics are increasingly important to the U.S. economy. Yet, financial literacy and capability are often lacking in the Hispanic community.

On November 12, 2015, the TIAA Institute and The University of Texas at Austin Center for Mexican American Studies and Department of Mexican American and Latina/o Studies sponsored a symposium to examine the financial capabilities, practices and experience of Hispanics. The goal: inform policies, practices and services that can improve the financial well-being of Hispanic households. This overview presents key takeaways from the symposium.

Key insights

Research conducted by the TIAA Institute and the Global Financial Literacy Excellence Center at The George Washington University points to financial stress among college-educated Hispanics. Among the findings discussed at the symposium:

- 73% of college-educated Hispanics have at least one source of long-term debt, 35% have at least two.
- One half feel they have too much debt. Almost 60% of those with student loans are concerned about their ability to pay them off. Almost one-third with a mortgage owe more than they feel their home is worth.
- 80% have at least one credit card. One-half of card holders engage in expensive practices, such as making late payments, exceeding credit limits and taking cash advances.
- Use of high-cost alternative financial services, such as pawn shops, auto title loans and payday loans, is common.
- One half find it somewhat or very difficult to cover all expenses and pay bills in a typical month.
- One quarter of those with a retirement account have taken loans or hardship withdrawals from these accounts, potentially jeopardizing their long-term financial security.
- Almost 40% could not come up with \$2,000 if the need arose within the next month.

Programs aimed at increasing Hispanics' financial literacy **can help improve their financial condition.**

Strategies to reverse this trend

- Recognize that lack of trust in financial institutions is common in the Hispanic community.
- Partner with schools, community groups and other trusted institutions to deliver financial information.
- Understand and address cultural nuances and dynamics common in Hispanic families.
- Deliver program content when there is an immediate need, with an opportunity to act on the information.
- Emphasize the importance of higher education, as education, financial literacy and financial success are interconnected.

To learn more

This overview contains findings from the report “Hispanic Personal Finances: Financial Literacy and Decisionmaking Among College-Educated Hispanics” by Paul Yakoboski of the TIAA Institute and Carlo de Bassa Scheresberg and Annamaria Lusardi of the Global Financial Literacy Excellence Center at The George Washington University.

There is also a full report on the symposium proceedings. Click here to read it or go to: www.tiaainstitute.org > Research > Lifetime Income and Retirement Security

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