

# **ECONOMIC SECURITY OF OLDER HISPANICS: THE ROLE OF SOCIAL SECURITY AND EMPLOYER-BASED PENSIONS**

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October 25, 2012

# BACKGROUND

- Hispanic population represents the largest minority population in the United States (50.5 million), most of whom are of Mexican origin (31.8 million).
- Although still comparatively young, the Hispanic population is aging itself and in the next four decades the number of Hispanics 65 years of age and older is expected to increase from around 3 million to almost 17 million.
- Compared to non-Hispanic whites, Hispanics, on average, have lower educational attainment and fewer job opportunities, which results in lower incomes, less accumulated wealth, and higher poverty rates.
- As a result of relatively longer life spans and poorer health, older Hispanics have high risk of inadequate financial resources to draw upon in retirement.



# The relevance of these trends for Hispanic financial security...



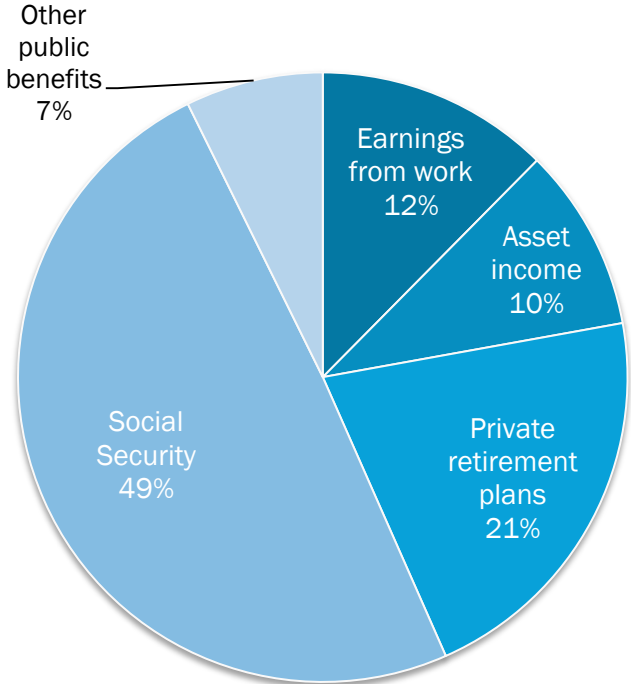
# STUDY OBJECTIVES

- To compare the economic situation of elderly Hispanics and non-Hispanic whites and blacks in terms of financial and housing assets, sources of retirement income, and health insurance coverage.
- To describe the importance of various risk factors (e.g., occupation, nativity, gender, and marital status) for the economic situation of Hispanics.
- To focus primarily on Mexican Americans as the largest Hispanic subpopulation.

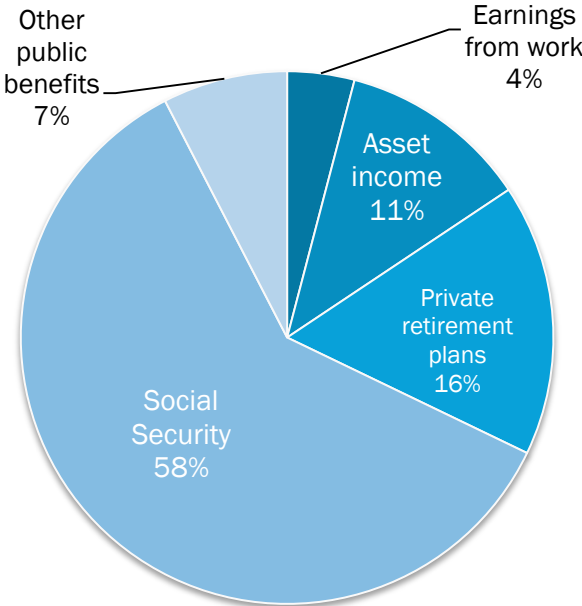
# DATA

- Data come from the Health and Retirement Study, nationally representative longitudinal survey of elderly Americans over the age of 50.
  - Detailed information about income, assets, pension plans, and health insurance.
  - Oversampling non-Hispanic blacks and Hispanics.
- Additional data come from the U.S. Census Bureau and the Bureau of Labor Statistics.
- Focus is on the population age 65 and older.

# SOURCES AND RELATIVE SIZE OF RETIREMENT INCOME FOR ELDERLY INDIVIDUALS BY RACE AND MEXICAN ORIGIN



**Non-Hispanic Black**



**Mexican Origin**

Source: Health and Retirement Study, 2010

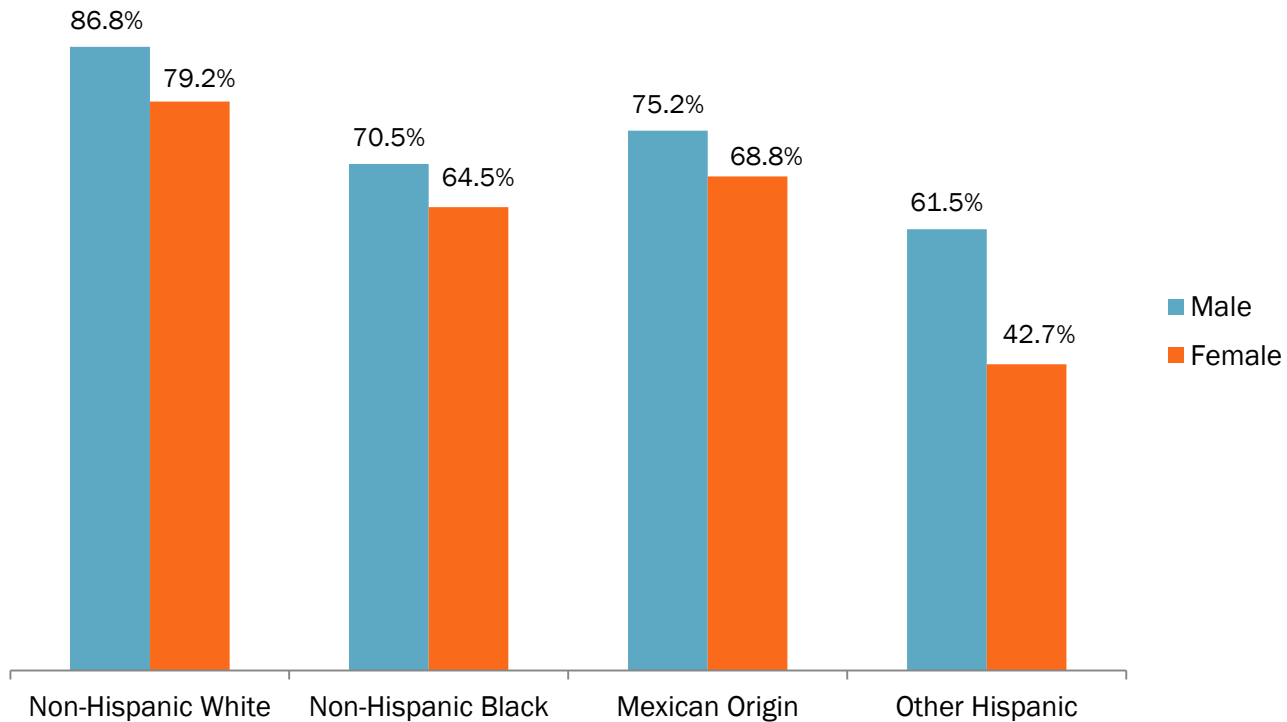
# HOUSING EQUITY AND NON-HOUSING ASSETS FOR ELDERLY HOUSEHOLDS BY RACE, HISPANIC ETHNICITY AND HOUSEHOLD HEADSHIP STATUS

	Non-Hispanic White	Non-Hispanic Black	Mexican Origin	Other Hispanic
<b>Couple or Single Male:</b>				
Housing Equity	182,740	97,609	93,614	102,887
Non-Housing Assets	458,375	103,934	90,852	106,576
<b>Single Female:</b>				
Housing Equity	116,408	64,113	59,740	40,223
Non-Housing Assets	216,238	33,908	28,911	19,459

Source: Health and Retirement Study, 2010



# HOMEOWNERSHIP RATES FOR ELDERLY HOUSEHOLDS BY GENDER, RACE, AND HISPANIC ETHNICITY



Source: Health and Retirement Study, 2010



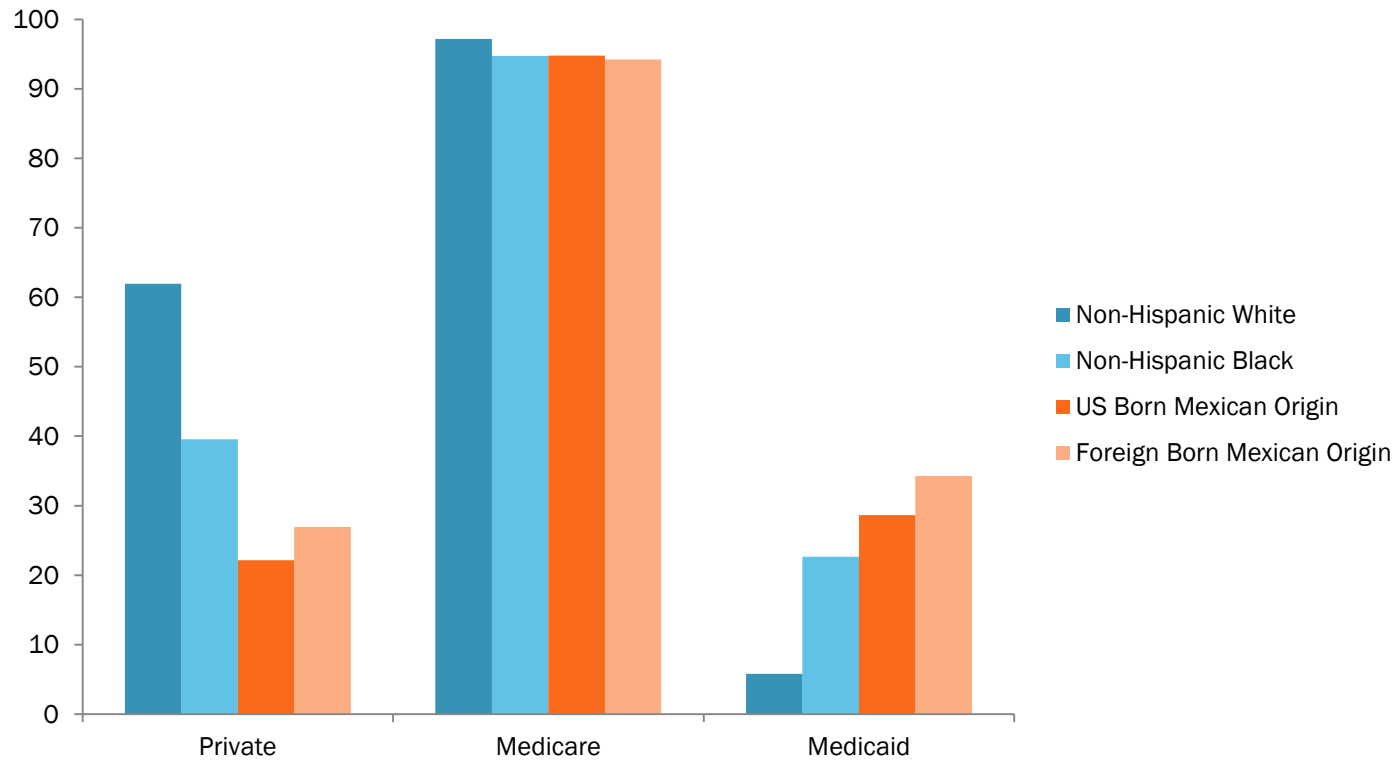
# EMPLOYMENT CHARACTERISTICS OF EMPLOYED POPULATION BY RACE AND MEXICAN ORIGIN

Characteristic	Non-Hispanic White	Non-Hispanic Black	Mexican Origin
<b>Total Employment (in thousands)</b>	114,690	15,051	12,698
Men (%)	54.0	46.2	61.8
<b>Employment Hours</b>			
Full-time	80.1	82.0	80.6
<b>Employment Sector</b>			
Private	78.5	76.9	84.1
Public	14.2	19.3	9.9
<b>Occupation</b>			
Management, professional	38.3	29.2	16.2
Service	16.6	25.4	26.1
Sales and office	23.6	24.9	20.2
Natural resources, construction	10.1	5.6	18.9
Production, transportation	11.4	14.9	18.5

Sources: Bureau of Labor Statistics, Current Population Survey, 2011



# HEALTH INSURANCE COVERAGE FOR ELDERLY INDIVIDUALS BY RACE, MEXICAN ORIGIN, AND NATIVITY



Source: Health and Retirement Study, 2010

# POLICY RECOMMENDATIONS

- ❑ **Proposals for private investment accounts or even a partial privatization of Social Security are unlikely to improve the situation of Hispanics with few resources and little knowledge of investing**
  
- ❑ **Promote more retirement savings during Hispanic working years**
  - ❑ **Financial literacy is the key**
  
- ❑ **Increase educational levels (with particular focus on college graduation rates) to open up better job and career opportunities**

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□ **2013 International Conference on Aging in the Americas**

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September 17-19, 2013

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