A man and a woman are sitting together, smiling and looking at a tablet. The man is wearing a grey patterned sweater, and the woman is wearing a purple cardigan over a grey turtleneck. In the background, a Christmas tree with lights and ornaments is visible.

HOW FINANCIAL EXPERIENCES OF HISPANIC WORKERS DURING THE PANDEMIC SHAPE FUTURE OUTLOOK

July 2021

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INTRODUCTION

Introduction

Due to the COVID-19 pandemic, many workers lost jobs or faced reduced hours starting in early 2020, especially those in sectors that provide in-person services. Unemployment rates rose sharply and some workers eventually stopped looking for work after months of fruitless job searching. Older workers, Hispanic/Latino workers (hereafter referred to as “Hispanic” workers), African American/Black workers (hereafter referred to as “Black” workers), and women were especially hard hit.^{1,2,3} While many workers were fortunate enough to have and keep jobs that enabled them to work from home during this time, many of those who lost jobs endured—or are still enduring—especially long periods of unemployment that will likely have long-lasting effects on their financial security.⁴

This report examines the extent to which the past year has affected Hispanic workers ages 25+, including their overall finances, debt, emergency savings, and retirement savings. It also looks at their expectations of how their finances will change over the next 12 months and their financial goals for the next 12 months.

This detailed report on Hispanic workers is the fifth in a series of AARP reports based on a survey of adults ages 25+ that was conducted from January 13 to February 8, 2021 in order to assess financial experiences during the first 12 months of the pandemic (from roughly February 2020 to February 2021).^{*} The survey focused on adults who are working, looking for work, or who have worked or looked for work in the past 12 months.^{**} The survey included robust oversamples of Hispanic workers and Black workers in order to enable an in-depth look at these populations that were affected disproportionately by job loss during the pandemic.^{***}

^{*}All published reports based on this survey may be found at www.aarp.org/financialexpectations.

^{**} Because all respondents are either currently in the workforce (working or looking for work) or have been in the past 12 months, this report refers to all respondents as “workers.”

^{***}Throughout this report, the term “Hispanic” is used to refer to any respondent who answered “yes” to “Are you of Spanish, Hispanic, or Latino descent?”. Among respondents who answered “no” to that question, the term “Black” is used to refer to respondents who selected only “Black or African American” when describing their race, and the term “White” is used to refer to respondents who selected only “White” when describing their race. Throughout this report, references to “U.S.-born” respondents refer to Hispanics who were born in the U.S. (excluding Puerto Rico), and “non-U.S.-born” refers to Hispanics who were born outside of the U.S. or in Puerto Rico. The “non-US born” category, which includes those born in Puerto Rico, is more of a cultural designation (i.e. a proxy for less acculturated Hispanics) and not intended to reflect citizenship or status.

KEY FINDINGS

Key Findings

The pandemic has been especially hard on Hispanic workers although some Hispanic workers were affected more than others.

- Hispanic workers (39%) are more likely than both White workers (27%) and Black workers (30%) to describe their financial situation today as worse than it was a year ago.
- Roughly four in ten Hispanic workers (39%) say that their overall financial situation today is worse than it was before the pandemic, while nearly as many (37%) describe their situation today as the same. One in four (24%) describe their situation as better. Among Hispanic workers with incomes under \$40K, nearly half (48%) say that their situation today is worse.

Job loss and furloughs represent the key reasons that Hispanic workers give for a decline in their finances.

- Among those who say their situation is worse, six in ten cite job loss (62%) and furloughs/reduced hours (60%) as “major reasons.”
- Among Hispanic workers whose finances have improved, increased income from work represents the most common reason (39% cite it as a “major” reason).

Hispanic workers are less likely than White workers—but more likely than Black workers—to be satisfied with their overall financial situation. Just under six in ten (57%) Hispanic workers are at least somewhat satisfied with their current financial situation, as are two in three (66%) White workers and 51% of Black workers.

The pressures of the here and now, such as debt payments and everyday expenses, are top barriers to saving for the future.

- Lack of money (54%) and debt (38%) are the most common obstacles that Hispanic workers face to saving more for retirement.
- **Three in ten (30%) Hispanic workers prematurely dipped into retirement savings or stopped contributing altogether since the COVID-19 pandemic began,** jeopardizing their retirement security.

Key Findings

A minority of Hispanic workers have savings vehicles such as savings accounts and employer-provided retirement accounts, which represents another barrier to building savings.

- Just three in ten (30%) Hispanic workers have a savings account, compared to six in ten (60%) White workers and nearly four in ten (39%) Black workers. Roughly six in ten (62%) Hispanic workers have a checking account, compared to nearly nine in ten (88%) White workers and nearly seven in ten (68%) Black workers.
- Just one in three (34%) employed Hispanic workers have an employer-provided retirement savings account, compared to over six in ten (62%) employed White workers and over four in ten (43%) employed Black workers.

Debt (44%) and expenses (41%) are the financial issues that Hispanic workers most commonly expect to tackle in the next 12 months.

- Of those who expect to work on their finances over the next 12 months, the vast majority (81%) expect to reach out for financial information or help, with roughly as many turning to professionals (26%), financial institutions (24%), and financial websites/apps (24%) as to friends or family (28%).

Over six in ten (63%) Hispanic workers believe their financial situation will be better a year from now, while roughly one in four (26%) expect it to remain the same, and roughly one in ten (11%) expect it to worsen.

- Among Hispanic workers who expect their situation to improve in the coming year, expectations of increased income from work (48%), a new job (47%), and lower debt (44%) are the most common “major” reasons.

Hispanic workers are more likely than White workers (45%)—but less likely than Black workers (74%)— to expect their situation to improve. Hispanic workers ages 25-49 and Hispanic women are especially optimistic.

Attitudes about retirement reveal a significant gap between retirement aspirations and expected reality.

- Roughly three in four (76%) Hispanic workers say that achieving financial security in retirement is very important to them, while fewer than half (47%) think they are very likely to achieve this.

Roughly nine in ten Hispanic workers support the creation of workplace programs to help workers build emergency cushions. Similar to workplace retirement savings programs, these programs would automatically direct a portion of a worker’s paycheck to emergency savings.

FINANCIAL SITUATION TODAY

The majority of Hispanic workers (57%) are at least somewhat satisfied with their current financial situation, though just 17% are “very” satisfied.

They are less satisfied with their ability to save money (for retirement and emergencies) than with their ability to manage their debt. Less than half (46%) are satisfied with their ability to save enough for retirement. Among those who are not satisfied with their overall situation, the majority are not satisfied with their ability to manage debt (57%), save for emergencies (74%), and save for retirement (84%).

Satisfaction with current financial situation
Among Hispanic respondents (n=1,991)

Satisfaction with current financial situation
Among Hispanic respondents who are not satisfied (n=838)

Q1. Overall, how satisfied are you with each of the following?

Hispanic workers with higher incomes are more likely than those with lower incomes to be satisfied with their financial situation.

Unlike the general population, satisfaction does not differ significantly by age or gender. Satisfaction also does not differ by whether or not the worker was born in the U.S.

Percent somewhat satisfied or very satisfied with their overall financial situation
Among Hispanic respondents, by gender, age, income and place of birth

Q1d. Overall, how satisfied are you with your overall financial situation? * Indicates a significant difference between segments at a 95% confidence level

Hispanic workers are less likely than White workers (but more likely than Black workers) to be satisfied with their financial situation.

Less than six in ten (57%) Hispanic workers are very or somewhat satisfied with their overall financial situation, compared with two in three (66%) White workers and 51 percent of Black workers. Although Hispanic workers' satisfaction with their ability to save for retirement and to save for emergencies is roughly the same as that of White workers, Hispanic workers have less money saved for emergencies and for retirement than do White workers.

Percent **very satisfied** or **somewhat satisfied** with their overall financial situation
By race/ethnicity, among all respondents

Q1d. Overall, how satisfied are you with your overall financial situation?

Less than \$5K in Non-Retirement Savings
(Base: Have non-retirement assets such as checking account, savings account, or other savings outside of retirement accounts)

Hispanic workers	Black workers	White workers
38%*	41%*	33%

Less than \$10K in Retirement Savings
(Base: Have a retirement savings account provided by an employer and/or outside of work)

Hispanic workers	Black workers	White workers
27%*	28%*	14%

* Indicates a significant difference between segments at a 95% confidence level

Hispanic workers are less likely than White workers and Black workers to have checking and savings accounts as well as other types of savings.

Just over six in ten (62%) Hispanic workers have a checking account, compared to nearly nine in ten (88%) White workers and nearly seven in ten (68%) Black workers. Similarly, just three in ten (30%) Hispanic workers have a savings account, compared to six in ten (60%) White workers. Among Hispanic workers, those with higher incomes and those who were born in the U.S. are more likely than those with lower incomes and those who were born outside the U.S. to have most of these types of financial assets. For example, 74% of Hispanic workers with incomes of \$75K+ have checking accounts, compared to just 52% of those with incomes under \$40K. Those ages 50+ (70%) are also more likely than those ages 25-49 (59%) to have checking accounts.

Percent who have the following financial assets
Among *Hispanic*, *Black*, and *White* respondents

Q45. Do you own any of the following financial assets or accounts?

(Chart excludes retirement accounts, which are covered in the "Retirement Savings Since Covid" section.)

Percent who have the following financial assets
Among *U.S.-born* and *non-U.S.-born* Hispanic respondents

* Indicates a significant difference between segments at a 95% confidence level

Financial experiences during the pandemic have varied. Four in ten (39%) Hispanic workers say that they are worse off today.

Nearly as many (37%) say that their overall financial situation is the same as this time last year, and roughly one in four say that they are better off today. More report declines in their ability to save for emergencies and to save for retirement than to manage debt. Of those who are worse off overall, over half say that their ability to manage debt has suffered, and seven in ten or more say that their ability to save (both for emergencies and retirement) has suffered.

Financial situation today compared to a year ago
Among Hispanic respondents (n=1,991)

Financial situation today compared to a year ago
Among Hispanic respondents whose overall situation is worse (n=708)

Q2. Which of the following best describes how your current financial situation compares to your situation at this time last year?
Q9. For each of the following, please indicate how it compares to this time last year.

Hispanic workers are more likely than White workers and Black workers to say that they are worse off compared to a year ago.

Just over one in four (27%) White workers and three in ten (30%) Black workers describe their financial situation today as worse than a year ago, compared to four in ten (39%) Hispanic workers.

Financial situation today compared to a year ago
By race/ethnicity, among all respondents

* Indicates a significant difference between segments at a 95% confidence level

Q2. Which of the following best describes how your current financial situation compares to your situation at this time last year?

Among Hispanic workers, those with incomes less than \$40K, those who were born outside the U.S., and those ages 50+ are most likely to be worse off today.

Interestingly, there were no significant differences by gender.

Overall financial situation today compared to a year ago
Among Hispanic respondents by gender, age, income, and place of birth

Q2. Which of the following best describes how your current financial situation compares to your situation at this time last year?

* Indicates a significant difference between segments at a 95% confidence level

Job loss and furloughs are the most common reasons cited by Hispanic workers when explaining why their financial situation is worse today than a year ago.

Among the four in ten Hispanic workers who say their financial situation is worse than a year ago, roughly six in ten cite job loss (their own or a household member's) (62%) and furloughs/reduction in hours (60%) as “major reasons.” When forced to name the one “main” reason that their situation is worse, three in ten cite job loss and two in ten (19%) cite furloughs/reduction in hours. Those with incomes under \$40K were especially likely to cite job loss (69%) and furloughs (65%) as major reasons. Those born outside the U.S. were more likely than those born in the U.S. to cite multiple major reasons.

Reasons your financial situation is worse than a year ago
Among Hispanic workers whose financial situation is worse (n=708)

Q3. Please indicate whether each of the following is a major, minor, or not a reason that your current financial situation is worse? (multiple responses allowed.)
Q4. Which of the following best describes the main reason that your current financial situation is worse than it was at this time last year? (select one.)

Hispanic workers (and Black workers) are more likely than White workers to cite multiple “major” reasons for the decline in their financial situation.

Nearly two in three (64%) Hispanic workers whose finances have declined name at least three major reasons for the decline in their situation, suggesting that they are more likely than White workers to have suffered on multiple fronts. While six in ten Hispanic workers whose finances have declined cite job loss (62%) or furloughs (60%) as a major reason for the decline in their finances, just 43% of White workers whose situation is worse cite job loss and just 34% cite furloughs. Nearly half of Hispanic workers whose finances have declined cite increased debt (47%) and income declines (47%), compared to roughly one in three White workers.

"Major" reasons your financial situation is worse than a year ago
Among *Hispanic*, *Black*, and *White* workers whose financial situation is worse

% who cite 3 or more “major” reasons for the decline in their finances:
Base: Financial situation is worse

64% of Hispanic workers
54% of Black workers
33% of White workers

Q3. Please indicate whether each of the following is a major, minor, or not a reason that your current financial situation is worse? (multiple responses allowed)
*Chart shows only the top seven “major” reasons cited by Hispanic workers whose financial situation is worse than this time last year.

Increased income is the most common reason Hispanic workers give for feeling better about their financial situation compared to a year ago.

Among the one in four Hispanic workers who say that their financial situation is better than a year ago, two in five (39%) say that increased income from their current job is a “major” reason, and one in five (19%) name this as the “main” reason. Nearly as many (15%) point to a new job as the “main” reason.” Those with incomes over \$40K are especially likely to cite increased income from an existing job as a major reason (46% of those earning \$40K+ vs. 28% of those earning <\$40K), whereas those earning <\$40k are especially likely to cite receiving government assistance (34% of those earning <\$40K vs. 15% of those earning \$40K+).

Reasons your financial situation is better than a year ago
Among Hispanic workers whose financial situation is better (n=530)

*Note: “Income increased for other reasons” was left up to respondent interpretation. A review of the verbatim comments suggests that some may have viewed lower mortgage payments from refinancing a home as “income increasing for other reasons.” It is not known whether respondents who attributed an improvement in their situation to federal stimulus checks were more likely to select “income increased for other reason” or the “government assistance” option, which was worded as “received unemployment benefits, food stamps, or other government assistance.”

Q5. Please indicate whether each of the following is a major, minor, or not a reason that your current financial situation is better? (multiple responses allowed)
Q6. Which of the following best describes the main reason that your current financial situation is better than it was at this time last year? (select one)

One in seven Hispanic workers have lost money due to fraud or a scam in the past 12 months; nearly half of those who did felt a major impact on their finances.

Among Hispanic workers, those who are most vulnerable to fraud appear to be Hispanic workers ages 25-49 and those born in the U.S. (17% of ages 25-49 vs. 7% of ages 50+; 17% of U.S.-born vs. 10% of non-U.S.-born). Compared to White workers, Hispanic workers (and Black workers) are much more likely to have experienced a fraud-related loss over the past year.

Q7. Within the past 12 months, have you lost money due to financial fraud or a scam? (n=1,991)

Q8. Thinking about the money that you lost due to financial fraud or a scam, what type of impact has this had on your overall financial situation?

RETIREMENT SAVINGS SINCE COVID

Just three in ten (29%) of all Hispanic workers surveyed have an employer-provided retirement savings account, including 34% of those currently employed.

Employer-provided retirement savings accounts are more common than retirement savings accounts outside of work. Fewer than one in seven (14%) Hispanic respondents have a retirement account outside of work. Those who are employed are more likely than those who are not employed to have a retirement savings account. Among those who are not employed, just 13% have an employer-provided retirement savings account and just 9% have a retirement account outside of work. Compared to employed White workers, employed Hispanic workers (and Black workers) are less likely to have an employer-provided retirement savings account.

Percent who have employer-provided and individual retirement savings accounts
Among Hispanic respondents, by employment status

% With Employer-Provided Retirement Savings Account
Base: All Employed Respondents

Employed White workers: 62%*
Employed Hispanic workers: 34%
Employed Black workers: 43%*

Q45. Do you own any of the following financial assets or accounts? **Note: Responses related to employer-provided accounts may reflect accounts offered by a current employer or a former employer. Respondents were not instructed to restrict their answers to accounts provided by a current employer. (The intent of this question was to determine the share of respondents who have defined contribution plans. For this reason, the question did not refer to “pensions” or defined benefit plans.)

* Indicates a significant difference between segments at a 95% confidence level

Among employed Hispanic workers, lower-income workers are especially unlikely to have an employer-provided retirement savings account.

Fewer than one in five (16%) employed Hispanic workers with incomes under \$40K have an employer-provided retirement account, compared to two in five (41%) of those with incomes of \$40-\$74K and more than half (55%) of those with incomes of \$75K+. Those who were born outside of the U.S., those ages 25-49, and women are also less likely than their counterparts to have this type of account.

Percent who have an employer-provided retirement savings account**
Among employed Hispanic respondents, by gender, age, income and place of birth

Q45. Do you own any of the following financial assets or accounts? . . . Chart shows % who indicated that they have “an employer-provided retirement savings account (401K, 403(b), Thrift Savings Plan (TSP), or Employer-provided IRA).” (The intent of this question was to determine the share of respondents who have defined contribution plans. For this reason, the question did not refer to “pensions” or defined benefit” plans.)

**Note: Responses related to employer-provided accounts may reflect accounts offered by a current employer or a former employer. Respondents were not instructed to restrict their answers to accounts provided by a current employer.

* Indicates a significant difference between segments at a 95% confidence level

Among Hispanic workers, lack of money and debt are top barriers to saving more for retirement. One in six say they don't know where to start.

Hispanic workers with incomes under \$40K are more likely than those with incomes of \$75K+ to cite “lack of money” (60% of those with incomes under \$40K vs. 41% of those with incomes of \$75K+), “don’t know where to start” (19% of <\$40K vs. 11% of \$75K+), and “don’t have the time” (12% vs. 7%). Those ages 25-49 are more likely than those ages 50+ to say that they “don’t know where to start” (19% of ages 25-49 vs. 9% of ages 50+), “need advice” (16% vs. 10%), “don’t have the time” (11% vs. 5%), or to cite “cost of child care” (12% vs. 4%).

Barriers to saving more for retirement
Among Hispanic respondents (n=1,991)

Differences in barriers to saving more for retirement
Between Hispanic, Black, and White respondents

Q38. What is preventing you from saving more for retirement? (multiple responses allowed)

Three in ten Hispanic workers (30%) have either prematurely dipped into their retirement savings or stopped contributing altogether during the pandemic.

Among Hispanic workers, men (32%) are more likely than women (27%) to have dipped into their retirement savings, as are those ages 25-49 (31%) compared to those ages 50+ (26%). Compared to White workers, Hispanic workers (and Black workers) are more likely to have done this.

Actions taken regarding retirement savings since the COVID-19 pandemic began
Among Hispanic respondents (n=1,991)

Taken Money from Retirement Savings Early or Stopped Contributing
Base: All Respondents

Hispanic workers: 30%*
Black workers: 28%*
White workers: 20%

Q35. Since the Coronavirus (COVID 19) pandemic began, have you done any of the following? (multiple responses allowed)

Being financially secure and not a burden to others are very important retirement goals for roughly three in four Hispanic workers.

However, no more than half of Hispanic workers say that they are “very” likely to achieve these retirement goals.

Importance of and likelihood of achieving the following retirement goals

Very important to achieve and think they are very likely to achieve

Among Hispanic respondents (n=1,991)

Q36. How important is it to you personally to achieve each of the following in your retirement years? Q37. How likely do you think you are to achieve each of the following in your retirement years?

Compared to White workers, Hispanic workers (and Black workers) are more likely to view providing financial help to loved ones and contributing to charitable causes as important in retirement.

Hispanic workers (and Black workers) are also more likely than White workers to say that they are very likely to achieve each of these four retirement goals. For example, while just 28% of White workers say they are very likely to achieve financial security in retirement, close to half of Hispanic workers (47%) and Black workers (45%) express this belief.

Importance of and likelihood of achieving the following retirement goals
Very important to achieve and *think they are very likely to achieve*

Regardless of demographics, the share of Hispanic workers who view these retirement goals as very important far exceeds the share who expect to achieve them.

Hispanics who were born outside the U.S. are more likely than those born in the U.S. to say not only that each of these retirement goals are very important but also that they expect to achieve them. Additionally, women, those ages 50+, and those with incomes of \$40K+ are more likely than their counterparts to say that both financial security and avoiding being a burden are very important.

Q36. How important is it to you personally to achieve each of the following in your retirement years?
Q37. How likely do you think you are to achieve each of the following in your retirement years?
* Indicates a significant difference between segments at a 95% confidence level

FINANCIAL ISSUES EXPECTED TO TACKLE THIS YEAR

Debt, expenses, and retirement savings are the top financial issues that Hispanic workers expect to address over the next 12 months.

Even though debt and retirement savings are among the top priorities of both Hispanic workers and White workers, Hispanic workers are less likely than White workers to name each of these issues. Among Hispanic workers who expect to address debt, most (62%) will work on credit card debt. Hispanic workers who expect to work on debt are more likely than their White counterparts to expect to tackle an unpaid utility/phone bill, a personal loan from family or a friend, and a payday or auto title loan.

Financial issues expected to tackle
Within the next 12 months, among Hispanic respondents (n=1,991)

Types of debt expected to address
Within the next 12 months, among Hispanic respondents expected to tackle debt (n=940)

Q26 .Within the next 12 months, what financial issues, if any, do you expect to try to tackle or work on?

Q27. Within the next 12 months, which type of debt do you expect to try to tackle or work on?

Debt is a top priority for all Hispanic workers, but other financial priorities differ by demographics.

Hispanic men are more likely than women to be focused on retirement savings and planning for a large purchase. Those ages 25-49 are more likely than those ages 50+ to be focused on planning for a large purchase, investment planning, and college savings. Those with incomes of \$75K or more are more likely than those with incomes under \$40K to be focused on many issues including debt, retirement, and large purchase planning.

Financial Issues Expected to Tackle

Base: Hispanic Respondents

	Gender		Age		Household Income			Place of Birth	
	Male	Female	25-49	50+	<\$40k	\$40k-<\$74k	\$75k+	Born in U.S.	Non-U.S.-Born
Base: Hispanic Respondents (n=1,991)	992	999	1524	467	898	527	562	1,316	673
Any (NET)	88%	89%	89%	88%	86%	90%	91%*	88%	90%
Reducing your debt/managing your debt	45%	43%	43%	48%	41%	46%	48%*	46%	41%
Budgeting or managing expenses	38%	43%	42%	38%	40%	46%*	36%	41%	41%
Retirement savings/planning	40%*	32%	35%	41%	31%	41%*	45%*	34%	41%*
Planning for a large purchase	24%*	14%	21%*	15%	14%	21%*	28%*	19%	17%
Investment planning (not specific to retirement)	18%	18%	20%*	14%	14%	24%*	21%*	22%*	15%
College savings/planning	11%	15%	16%*	6%	13%	13%	12%	11%	16%*
Financial issues related to caring for adult relative or loved one	11%	9%	10%	8%	9%	7%	12%*	9%	10%
Financial issues related to a change in marital status	10%*	6%	10%*	5%	9%	6%	8%	9%	7%
Other	1%	2%	2%	1%	2%	1%	1%	2%	1%
Nothing	12%	11%	11%	12%	13%	9%	9%	12%	10%

Q26. Within the next 12 months, what financial issues, if any, do you expect to try to tackle or work on?

* Indicates a significant difference between segments at a 95% confidence level

Among Hispanic workers who expect to work on finances this year, 81% will be seeking help, with nearly as many turning to financial professionals as to friends and family.

Hispanic workers with incomes under \$40K (32%) are more likely than those with higher incomes (24%) to expect to consult friends and family. Those ages 25-49 are more likely to use online resources like websites (26%) and search engines (22%) than are those ages 50+ (18% and 15%, respectively). Those born outside the U.S. are more likely than those born in the U.S. to expect to use a financial professional (35% vs. 21%), while those born in the U.S. are more likely to expect to use an online search engine (23%, vs. 16% of those born outside the U.S.). Hispanic workers are more likely than White workers to say that they expect to turn to their employer (Hispanic: 13%; White: 7%) or their creditors (Hispanic: 11%; White: 7%).

Expected sources of financial information in the next 12 months
Among Hispanic respondents who expect to work on a financial issue in the next 12 months (n=1,764)

Q28. Within the next 12 months, where do you expect to look for financial information or help with financial issues? (multiple responses allowed)

EXPECTED FINANCIAL SITUATION NEXT YEAR

Over six in ten Hispanic workers expect their overall financial situation to be better a year from now.

More than half of Hispanic workers expect improvements in their ability to manage their debt, save for emergencies, and save for retirement. Hispanic workers are more likely than White workers to be optimistic about their financial situation, but less likely than Black workers.

Q10. Now looking ahead to this time next year, do you expect your personal financial situation to...

Q15. Now looking ahead to this time next year, do you expect each of the following to be better, worse, or the same?

* Indicates a significant difference between segments at a 95% confidence level

Note: The high optimism among Black and Hispanic workers may reflect not only expectations of more stable employment as the pandemic recedes but also a greater propensity to express optimism in surveys.^{5,6} This may also partly reflect optimism related to the new presidential administration, which began during the fielding of this survey.

Regardless of demographics, the majority of Hispanic workers expect their financial situation to improve over the coming year.

Hispanic women, those ages 25-49, and those who were born outside of the U.S. are especially optimistic. For example, two in three (67%) Hispanic workers ages 25-49 expect their situation to improve in a year, compared to just over half (53%) of those ages 50+. In contrast, Hispanic workers ages 50+, those with incomes of \$75K or more, and those born in the U.S. are more likely than their counterparts to expect their situation to remain the same.

Expected change in overall financial situation a year from now
Among Hispanic respondents, by gender, age, income, and place of birth

Q10. Now looking ahead to this time next year, do you expect your personal financial situation to...
Base: Hispanic Respondents (n=1,991)
* Indicates a significant difference between segments at a 95% confidence level

Among Hispanics, expectations of increased income from work, a new job, and lower debt are the top reasons for believing one’s financial situation will improve.

Among the 63% of Hispanic workers who expect their situation to improve in a year, nearly half cite expectations of a raise or increased work hours, a new job, or lower debt as “major” reasons. When forced to name one “main” reason, roughly one in four say they expect a new job. Those with incomes under \$40K and those who are currently not working are especially likely to cite expectations of a new job as a “major” reason (56% of those with incomes under \$40K vs. 37% of those with incomes of \$40K+, and 70% of those who are not currently working vs. 39% of those who are working).

Reasons for expecting a better financial situation next year
Among Hispanic respondents who expect a better financial situation next year
(n=1,279)

Q13. Please indicate whether each of the following is a major, minor, or not a reason that you expect your current financial situation to be better? (multiple response)

Q14. Which of the following best describes the main reason that you expect your personal financial situation to be better at this time next year? (Select one.)

Among the few who expect to be worse off in a year, expectations of higher expenses, lower income, and increased debt are the top reasons.

Among the eight percent of Hispanic workers who expect their finances to be worse a year from now, roughly half attribute this expectation to anticipated higher expenses (52%) and lower income (49%). Those born outside the U.S. are significantly more likely than those born in the U.S. to cite an expected increase in expenses (67% vs. 44%), loss of government assistance (57% vs. 30%), and job loss (57% vs. 29%).

Reasons for expecting a worse financial situation next year
Among Hispanic respondents who expect a worse financial situation next year (n=189)

Q11. Please indicate whether each of the following is a major, minor, or not a reason that you expect your current financial situation to be worse? (multiple responses allowed)
Q12. Which of the following best describes the main reason that you expect your personal financial situation to be worse at this time next year? (select one)

FACILITATING EMERGENCY SAVINGS

The vast majority of Hispanic workers support the creation of workplace programs to help workers build their emergency cushions.

Roughly nine in ten Hispanic workers express support for each of the proposals below to help workers save more for emergencies, including approximately half who strongly support each proposal.

Support for workplace programs to help workers save for emergencies
Among Hispanic respondents (n=1,991)

Q42.How much do you support or oppose each of the following proposals?

Support for workplace emergency savings programs is widespread across demographic groups.

Regardless of gender, age, income, employment status, or place of birth, more than eight in ten Hispanic workers express support for each of various methods of helping workers save for emergencies. Those who are currently employed are especially likely to express support.

Support for Workplace Emergency Savings Programs											
	Gender		Age		Household Income			Employment Status		Place of Birth	
% Strongly/Somewhat Support	Men	Women	25-49	50+	<\$40K	\$40K-\$74K	\$75k+	Working	Not Working	U.S.-Born	Non-U.S.-Born
<i>Base: Hispanic Respondents (n=1,991)</i>	992	999	1,524	467	898	527	562	1,575	416	1,316	673
An employee benefit that helps employees save a small portion of each paycheck automatically into an emergency fund that each employee owns and controls	87%	90%	89%	88%	86%	91%*	92%*	91%*	82%	87%	91%
Laws that make it easier for employers to offer a safe and simple way for employees to save for emergencies	86%	90%*	88%	89%	86%	91%*	89%	90%*	84%	86%	91%*
A tax incentive for workers to save for emergencies.	86%	88%	87%	89%	85%	90%*	89%	89%*	83%	86%	90%*
The ability for employers to help employees save money from their paychecks into one account that could be used for more than one purpose, such as retirement and emergencies, without needing to pay fees or penalties to withdraw money.	85%	89%*	87%	87%	85%	88%	89%	89%*	81%	86%	88%

* Indicates a significant difference between segments at a 95% confidence level

IMPLICATIONS

Implications

Job changes and changes in income appear to be the primary determinants of how Hispanic workers fared financially during the pandemic.

- Among those who are worse off today, most have experienced declines in their ability to save (for emergencies and for retirement) as well as in their ability to manage their debt. Their finances may take quite some time to recover.
- Although the majority are optimistic that their situations will improve over the coming year, this **optimism hinges on expectations of increased income (due to a new job, more hours, or other reasons) and reduced debt.**

Debt's key role in shaping financial circumstances is clear from the fact that it is the top financial issue that Hispanic workers expect to tackle this year. Recurring debt payments have the potential to severely hamper the ability to save for emergencies and for retirement.

Savings, both for emergencies and for retirement, are critical components of financial security with which many Hispanic workers struggle. The relatively low share of Hispanic workers who have workplace retirement accounts is a testament to the fact that established workplace retirement programs are not reaching all segments of the workforce equally –especially vulnerable populations that not only are less likely to have access to such programs but also often have higher expenses relative to income, which makes saving for the future more difficult. Furthermore, the fact that three in ten Hispanic workers have prematurely dipped into their retirement savings during the pandemic underscores that the lack of incentives or means to save enough for emergencies can also jeopardize retirement security.

The relatively high percentage of Hispanic workers who **lost money due to fraud** over the past year represents an issue worth exploring further to determine the extent to which factors such as discrimination, the lower likelihood of having a bank account, and greater reliance on alternative financial services contribute to this higher likelihood of exposure to financial fraud.

APPENDIX

RESPONDENT PROFILES

Demographic Profile of Hispanic Workers— Total Sample and by Satisfaction with Financial Situation

	Total	Satisfaction with Overall Financial Situation	
		Satisfied	Not Satisfied
Base: Total Hispanic Respondents	1,991	1,147	838
AGE			
25-34	31%	30%	31%
35-49	40%	40%	42%
50-59	19%	19%	19%
60+	10%	11%*	8%
INCOME			
<\$30K	37%	30%	46%*
\$30K-<\$59K	31%	29%	34%
\$60K-<\$99K	19%	23%*	14%
\$100K+	12%	18%*	6%
EDUCATION			
Less than HS	24%	23%	25%
HS graduate	33%	29%	37%*
Voc/tech/associates	23%	22%	24%
Bachelor's degree	13%	16%*	9%
Post grad study/professional degree	8%	10%*	5%
EMPLOYMENT			
Employed Full-Time	54%	63%*	41%
Employed Part-Time	21%	20%	23%
Unemployed and Looking for Work or on Temporary Layoff	20%	12%	30%*
Not Working – Retired, Disabled, or Other	5%	5%	6%

	Total	Satisfaction with Overall Financial Situation	
		Satisfied	Not Satisfied
Base: Total Hispanic Respondents	1,991	1,147	838
GENDER			
Male	51%	52%	49%
Female	49%	48%	51%
MARITAL STATUS			
Married	48%	54%*	39%
Widowed	2%	1%	2%*
Divorced	9%	7%	11%*
Separated	5%	5%	6%
Never married	24%	22%	26%
Living with partner	12%	10%	15%*
COVID STATUS/HISTORY			
Yes, a member of my household has	16%	13%	19%*
Yes, I have	14%	16%*	11%
No	73%	74%	72%
ENGLISH PROFICIENCY			
English-dominant	25%	24%	25%
Bilingual	64%	65%	62%
Spanish-dominant	12%	11%	12%
BIRTHPLACE			
Born in U.S. (excluding Puerto Rico)	61%	61%	61%
Born outside U.S. or in Puerto Rico	39%	39%	39%

* Indicates a significant difference between segments at a 95% confidence level

Financial Profile of Hispanic Workers – Total Sample and by Satisfaction with Financial Situation

	Total	Satisfaction with Overall Financial Situation	
		Satisfied	Not Satisfied
Base: Total Hispanic Respondents	1,991	1,147	838
TYPES OF DEBT			
A credit card balance	47%	44%	52%*
A mortgage	24%	28%*	18%
A car, motorcycle, or other vehicle loan	28%	29%	27%
A student loan – yours	12%	11%	13%
Unpaid balance on a health/medical bill	16%	13%	21%*
Unpaid balance on a utility or phone/wireless bill	18%	14%	24%*
Personal loan from family member or friend	13%	10%	18%*
A student loan for a family member	8%	9%	8%
Loan from a payday lender or an auto/car title loan	11%	8%	14%*
Other installment loan	8%	5%	10%*
Something else	3%	3%	2%
None	16%	20%*	10%
FINANCIAL ASSETS/ACCOUNTS			
Checking accounts	62%	64%	60%
Savings accounts, CDs, or money market accounts	30%	35%*	24%
Employer-provided retirement savings account	29%	35%*	21%
Savings in cash	31%	39%*	22%
Individual retirement account outside of an employer	14%	19%*	7%
Bitcoins or other cryptocurrency	9%	9%	8%
Other personal savings or investments	11%	15%*	6%
Other financial assets or accounts excluding real estate or housing	1%	1%	<1%
None of the above	17%	13%	22%*

	Total	Satisfaction with Overall Financial Situation	
		Satisfied	Not Satisfied
Base: Total Hispanic Respondents			
AMOUNT IN RETIREMENT SAVINGS			
Base: Owns a retirement savings account	796	559	233
Less than \$50,000	49%	38%	74%*
\$50,000 to \$300,000	32%	37%*	19%
More than \$300,000	11%	15%*	3%
Not sure	8%	9%*	5%
VALUE OF NON-RETIREMENT ASSETS			
Base: Owns financial accounts/financial assets outside of a retirement account	1,622	972	647
Less than \$5,000	38%	30%	50%*
\$5,000 to less than \$10,000	12%	13%	10%
\$10,000 to less than \$50,000	18%	18%	17%
\$50,000 or more	19%	27%*	7%
Not sure	13%	12%	14%

* Indicates a significant difference between segments at a 95% confidence level

Types of Debt Held by Hispanic Workers – By Demographics

		Gender		Age		Place of Birth		Income		
	Total	Men	Women	25-49	50+	Born in U.S. (excluding Puerto Rico)	Born outside of U.S. or in Puerto Rico	<\$40k	\$40k- <\$75k	\$75k+
<i>Base: Hispanic Respondents</i>	1,991	992	999	1,524	467	1,316	673	898	527	562
Any (NET)	84%	84%	84%	84%	83%	84%	83%	81%	87%*	87%*
A credit card balance	47%	45%	50%*	45%	53%	45%	51%	41%	56%*	52%*
A car, motorcycle, or other vehicle loan	28%	28%	27%	27%	29%	29%	26%	20%	34%*	37%*
A mortgage	24%	24%	23%	21%	31%*	25%	21%	11%	30%*	43%*
Unpaid balance on a utility or phone/wireless bill	18%	17%	19%	21%*	13%	18%	18%	23%*	13%	15%
Unpaid balance on a health/medical bill	16%	16%	16%	17%	14%	17%	14%	18%*	16%	13%
Personal loan from a family member or friend	13%	13%	14%	14%	11%	13%	14%	15%*	13%	9%
A student loan – yours	12%	11%	13%	15%*	6%	15%*	8%	10%	13%	15%*
Loan from a payday lender or an auto/car title loan	11%	12%	9%	12%	8%	12%	8%	11%	11%	9%
A student loan for a family member	8%	9%	8%	9%	7%	9%	8%	7%	9%	11%*
Other installment loan	8%	7%	8%	8%	7%	8%	7%	6%	9%	9%
Something else	3%	3%	2%	2%	5%*	3%	3%	3%	1%	2%
None – I have/carry no debt month-to-month	16%	16%	16%	16%	17%	15%	17%	19%	13%	13%

Q44. Which of the following types of debt do you currently carry over from month to month?

* Indicates a significant difference between segments at a 95% confidence level

METHODOLOGY

Methodology

This survey was conducted by NORC at the University of Chicago on behalf of AARP. Adults ages 25+ who indicated they have been employed or have been looking for work in the past 12 months were eligible to complete the survey.

Interviews for this survey were conducted in English and Spanish from January 13, 2021 through February 8, 2021. For the general sample, data were collected using NORC's AmeriSpeak® Panel, a probability-based panel designed to be representative of the U.S. household population. In addition, respondents from the Lucid non-probability online opt-in panel were invited as an oversample supplement to reach 1,911 completes overall for African American/Blacks and 1,991 completes overall for respondents of Hispanic origin. A total of 5,430 respondents completed this survey.¹

As noted previously, this report focuses primarily on the findings among the Hispanic/Latino respondents.

The final sample was weighted by age, gender, education, race/ethnicity and Census Division using February 2020 Current Population Survey benchmarks for adults who are working or looking for work. The weighted data reflect the U.S. population of adults age 25+ who are currently working, looking for work, or had worked or looked for work in the 12 months prior to the survey. In order to incorporate the Lucid non-probability sample, NORC used TrueNorth calibration services, a hybrid calibration approach developed at NORC based on small area estimation methods in order to explicitly account for potential bias associated with the non-probability sample.

The margin of error for the overall survey sample is ± 2.25 percent at the 95 percent confidence level. The margin of error for the sample of Hispanic respondents is ± 3.02 percent, the margin of error for the sample of African American/Black respondents is ± 2.67 percent, and the margin of error for the non-Hispanic White respondents is ± 3.31 percent.

¹ Although a total of 5,430 respondents completed this survey, the effective base for the overall sample was 2,182 due to the design effect of 2.46. The effective base for the sample of Hispanic respondents was 1,205.

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About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.

S. Kathi Brown, AARP Research
skbrown@aarp.org

For media inquiries, please contact
media@aarp.org

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