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New Study Reveals Significant Challenges Hispanic Americans Face in Preparing for Retirement

WASHINGTON, DC – A new report released today demonstrates that Hispanic Americans face greater challenges in obtaining a secure retirement than the average population. The paper, prepared by the Hispanic Institute think-tank and the Americans for Secure Retirement (ASR) coalition, finds that the unique challenges include a general lack of retirement preparation, less access to employer-sponsored retirement plans, lower levels of personal savings and inadequate financial literacy.

The report concludes that Hispanic Americans need to consider multiple retirement vehicles to supplement Social Security and to bridge the gap in access to employer plans. Options such as lifetime annuities can minimize financial risks and provide the means to both build retirement savings and secure guaranteed income that will last as long as they live. Access to such a source of guaranteed lifetime income to supplement Social Security is a critical part of planning for a secure retirement.

“While our research found that Hispanics face greater challenges in preparing for retirement than the average population, with the right tools to properly prepare for retirement, these obstacles can be overcome,” said Gus West, Board of Directors Chair for Hispanic Institute.

Significant findings of the study include:

- Only 41 percent of Hispanic workers say they have saved money for retirement.
- Only 25.6 percent of Hispanics are covered by employer-sponsored retirement plans, compared to 42.5 percent of whites and 40 percent of African-Americans.
- Of the Hispanics receiving Social Security benefits, almost 80 percent rely on these benefits for at least 50 percent of their retirement earnings.
- Among people 65 and older receiving Social Security, on average Hispanics receive about \$2,124 less in earnings than non-Hispanics.

Between 1979 and 1999, middle-class Hispanics households increased nearly 80 percent. In the same period, the group of Hispanic households earnings between \$40,000 to \$140,000 grew to include about one-third of the total Hispanic households nationwide.

Today, the U.S. Hispanic population makes up about 48 million people; by 2050 that number will increase to 132 million, accounting for nearly 30 percent of the total U.S. population. Due to the growing Hispanic population, an average longer life expectancy, and because only 16 percent of the population is in their pre-retirement years, Hispanics will make up a significant number of those entering retirement in the future.

“Since two-thirds of Hispanics are employed in the service-related field, which generally does not offer employer-sponsored retirement plans, many hard working Hispanic Americans may not have the proper nest egg to retire. It is imperative that their savings are managed and invested in a secure plan that assures income for life,” said Brent Wilkes, Executive Director of League of United Latin American Citizens.

Legislation currently being considered in Congress would create tax advantages for the purchase of an annuity and the conversion of a portion of an individual's savings into a lifetime retirement income stream. The Retirement Security Needs Lifetime Pay Act, H.R. 2748, in the U.S. House and the Retirement Security for Life Act, S. 1297, in the U.S. Senate, would create a tax exclude from taxes a portion of the annual income received through an annuity, increasing accessibility to lifetime annuities as a retirement option and creating significant tax savings for middle-income Americans.

“Congress needs to pass this legislation to encourage the greatest accessibility possibility to multiple retirement savings vehicles that tackle the income side of the retirement problem,” said Bill Waldie, Chairman of ASR.

The Hispanic Institute nonprofit organization formed in 2005 to provide an effective education forum for an informed and empowered Hispanic America. **Americans for Secure Retirement** is a broad-based coalition of more than 50 organizations who are united in their commitment to raise awareness of the retirement challenge facing all Americans.

To view the complete Hispanic and Retirement: Challenges and Opportunities report, please visit www.paycheckforlife.org.

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