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Literacy and Information Preferences Among  
Hispanics: A Qualitative Study*

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**Preparing for Retirement, Social Security Literacy and  
Information Preferences among Hispanics:  
A Qualitative Study**

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## Abstract

Hispanics now comprise the nation's largest minority group at 17 percent of the population, with a projected increase to 29 percent by 2060. While on average very young, the Hispanic population is also growing older and set to substantially increase the share of Hispanics among Social Security beneficiaries in the next three decades. At the same time, compared to other population groups in America, Hispanic adults have the lowest rates of high school and college graduation, are concentrated in low-wage jobs, and have lower incomes and health insurance coverage. Despite Hispanics' lower socio-economic status, their life expectancy is greater than that of other population groups. Because of these trends, increasing Hispanics' understanding of Social Security and their retirement literacy more broadly is important for both Hispanics and for the Social Security Administration (SSA). In this paper, we report findings on the differences and similarities across descent groups (Mexican, Puerto Rican, Cuban) and language groups (English-speakers, Spanish-speakers) in retirement preparedness, Social Security literacy, and preferences for receiving information on retirement and Social Security. This study finds low levels of self-reported retirement preparedness and Social Security literacy overall. We find differences across descent and language groups in self-reported retirement preparedness and in knowledge of Social Security programs and benefits. In terms of information preferences, the qualitative data shows Hispanics across descent and language groups would choose to receive Social Security-related information primarily through email, physical mail and via the SSA website. We also find some suggestive differences in information preferences among these groups.

## Introduction

As members of the baby-boom generation reach retirement age in the United States, concern is growing about the adequacy of retirement resources and planning. A variety of recent studies suggest that Americans' current retirement savings are low and many are not preparing adequately for retirement (Rhee and Boive 2015; U.S. GAO 2015; Williams and Jackson 2015). With the literature on retirement preparedness finding people have difficulties financially planning and preparing for their senior years, an increasing number of studies suggest certain demographics face unique challenges – and Hispanic Americans are one such group (Hopkins 2014).

Hispanics now comprise the nation's largest minority group, at 17 percent of the population. The U.S. Census Bureau projects this share to increase by 2060 to 29 percent (Stepler and Brown, 2016). While on average very young, the Hispanic population is also growing older; according to Census projections, the Hispanic population over age 65 will quintuple between 2012 and 2050, increasing Hispanics' share of Americans ages 65 and older to more than 18 percent (Hummer and Hayward 2015, p. 21). Consequently, the share of Hispanics among Social Security beneficiaries will increase.

At the same time, compared to other racial groups in America, Hispanic adults have the lowest rates of high school and college graduation, are concentrated in low-wage jobs, and have lower incomes and health insurance coverage (Hummer and Hayward, 2015; Gassoumis, Wilber, and Torres-Gil, 2008). Partly as a result, in 2013 the median wealth of a Hispanic family was only one-tenth the median wealth of a white non-Hispanic family: \$14,000 for Hispanics vs. \$134,000 for whites (Boshara, Emmons, and Noeth, 2015, pp. 7-9). Moreover, during the Great Recession, among all racial ethnic groups Hispanics suffered the largest decline in median household wealth (Kochar, Fry, and Taylor 2011) and saw continued declines in the recovery; Hispanics' median wealth fell by 14.3 percent between 2010 and 2013, while the median wealth of non-Hispanic whites increased by 2.4 percent during that same period (Kochar and Fry 2014).

Despite Hispanics' lower socio-economic status, their life expectancy is greater than that of other population groups. Hispanic men age 65 in 2012 can expect to live to age 85, compared to age 82 for men of all races; Hispanic women age 65 in 2012 can expect to live to age 89, compared to age 85 for all women (SSA n.d.). Measured only against whites, Hispanics at age 65 can expect to live two years longer (Hummer and Hayward 2015, p. 21). Higher life expectancy in the context of lower socio-economic status has obvious and serious implications for retirement security among older Hispanics (Gassoumis, Wilber, and Torres-Gil 2008, p. 3).

But the Hispanic community is not homogeneous. About 65 percent of Hispanics in America are of Mexican descent according to a study by the Pew Hispanic Center (Lopez, Gonzalez-Barrera, and Cuddington 2013). The next-largest group is Puerto Rican, at almost 10 percent of the Hispanic population. Cubans and Salvadorans each represent about 4 percent (Lopez, Gonzalez-Barrera, and Cuddington 2013, p.3; Krogstad 2014). While immigration played an important role in the rise of the U.S. Hispanic population for many decades, in 2000 the primary source of Hispanic population growth shifted from immigration to native births (Stepler and Brown, 2016). With respect to Hispanic Social

Security beneficiaries, the three largest groups are Mexicans, Puerto Ricans, and Cubans, representing, respectively, 52 percent, 14 percent and 10 percent (Martin, 2007). There are differences across these Hispanic groups, in terms of median age, education level, poverty rates and home ownership rates (Lopez, Gonzalez-Barrera, and Cuddington 2013).

There also are differences in language proficiency across the Hispanic population as a whole, with a significant fraction of the Hispanic population in the U.S being primarily Spanish speaking. According to research from the Pew Research Center, 36 percent of Hispanics in the U.S. are bilingual while 38 percent mainly use Spanish, with only one-quarter mainly using English (Krogstad and Gonzalez-Barrera 2015). Language preferences, however, vary substantially across first-, second-, and third- generation U.S. Hispanics. Among first-generation Hispanics, 61 percent consider Spanish their primary language; this falls to 8 percent among second-generation Hispanics and to 1 percent among the third generation (Taylor, Lopez, Martínez, and Velasco 2012). Thus, there likely will be distinctions in knowledge about Social Security across these Hispanic groups and, potentially, different preferences for receiving Social Security-related information.

Increasing Hispanics' understanding of Social Security is important for both Hispanics and for the Social Security Administration (SSA). For one, Social Security benefits represent an important part of Hispanics' retirement income. The more Hispanics know about their benefits, the better equipped they are to make appropriate decisions about those benefits to ensure a secure retirement. Meanwhile, SSA must account for Hispanics representing a significant and growing proportion of beneficiaries, with longer life expectancies than other population groups. These trends have implications for how the agency plans expenditures and reaches out to future beneficiaries.

In this paper, we report findings from Hispanic focus groups in which we asked participants about their retirement preparedness, their retirement and Social Security literacy, and their preferences for receiving information on retirement and Social Security related matters. The qualitative exploration builds on two 2015 surveys on retirement and Social Security that were run through the Understanding America Study (UAS)<sup>1</sup>; many of the questions in the focus groups and questionnaires are taken from these two surveys. The two UAS surveys that this study draws on are the Social Security Knowledge survey (UAS16) and the survey on Social Security information preferences (UAS26). As context for our findings from the focus groups, we provide a summary of a literature review on Hispanics' retirement preparedness, including survey information on Hispanics' retirement saving and planning practices, as well as information highlighting the importance of Social Security for Hispanics' retirement security.

Results from this qualitative study are broadly in line with those of previous surveys on Hispanics' retirement preparedness and Social Security literacy, including most notably the UAS survey. As in those surveys, this study finds low levels of self-reported retirement preparedness and Social Security literacy, more reliance on informal than formal sources of retirement information, a greater emphasis on financial decisions other than saving for

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<sup>1</sup> The Understanding America Study ([https://cesr.usc.edu/data\\_toolbox/understanding\\_america\\_study](https://cesr.usc.edu/data_toolbox/understanding_america_study)) is a nationally-representative Internet panel of more than 2,500 participants, maintained by the Center for Economic and Social Research at the University of Southern California.

retirement (such as paying off a mortgage or student loans), and widespread interest in learning more about retirement planning and Social Security benefits. At the same time, however, participants reported taking few steps to obtain information about retirement planning and Social Security. In terms of information preferences, participants would choose to receive Social Security-related information primarily through email, physical mail and via the SSA website. We also found some differences in information preferences between the Hispanic descent groups (Cuban, Puerto Rican and Mexican) as well as between Spanish-speaking and English-speaking Hispanics..

In the next section, we summarize our literature review on the retirement savings of Hispanics, the importance of Social Security to the retirement income of Hispanics, the role of retirement planning, and Hispanics' preference for receiving information about retirement and Social Security. In the following section, we discuss our focus group methodology, our use of pre-focus group questionnaires, and provide descriptive statistics on the focus group participants. The last two sections present our findings from both the focus group discussions and the pre-focus group questionnaires and discuss implications of our study for further research and for the Social Security Administration.

## **Background**

### **Hispanics, Retirement Savings and Social Security**

Studies find Hispanics lag behind the general U.S. population in savings, ownership of financial assets and workplace retirement benefits. A 2013 survey by Prudential Research, for example, found smaller shares of Hispanics reported having a savings account (62 percent compared with 81 percent of the general population) and investments, such as stocks (8 percent compared with 23 percent of the general population), bonds (3 percent to 11 percent) and mutual funds (7 percent to 20 percent).<sup>2</sup> Looking at savings specifically designated for retirement, only 19 percent of Hispanics surveyed had an Individual Retirement Account (IRA), compared with 39 percent of the general population. In addition, 38 percent of Hispanics participated in a workplace-based retirement plan, such as a 401(k), 403(b) or 457, compared with 51 percent of the general population; 16 percent of Hispanics had a workplace pension plan, compared with 23 percent of the general population (Prudential Research 2014).

Lack of access to a workplace retirement plan is viewed by a number of researchers as a particularly important source of retirement insecurity for Hispanics, both reflecting and reinforcing key aspects of economic disadvantage (NCLR 2015; Rhee 2013; Sabadish and Morrissey 2013). For example, in an analysis of data from the March 2014 Current Population Survey for the state of California, the National Council of La Raza [NCLR] found Hispanics were more likely than other groups to work for an employer that does not offer a retirement plan (NCLR 2015). Foreign-born Hispanics were found to face the greatest

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<sup>2</sup> This research was conducted, in both English and Spanish, from Oct. 20-Nov. 18, 2013 by GfK Custom Research, Inc. The survey polled 1,023 individuals who self-identify as Hispanic, were 25-70 years of age, had a household income of \$25,000 or more, and had some involvement in household decision-making. General population statistics were from the U.S. Census and identical questions asked to the general population respondents in earlier surveys (Prudential Research 2014, p. 1).

disadvantage in this regard. The NCLR believes this reflects the high likelihood of Hispanics being contingent workers typically ineligible for workplace benefits and/or working for small businesses, which are less likely to offer retirement plans. Immigrants also are concentrated in industries without employer-provided pensions (NCLR 2015). In addition, the NCLR study found those Hispanics who do have access to a retirement plan at work are less likely to participate than other groups. The NCLR says this demonstrates the strong links between plan participation, and income and wealth: Hispanics' ability to participate in retirement plans and, if they do, the amounts they contribute are limited by low incomes and difficulties building wealth (and the financial cushion wealth provides) (NCLR 2015).<sup>3</sup>

As a corollary of these circumstances, Social Security is important to Hispanics. Social Security benefits comprise a significant proportion of retirement income for this population. In 2014, among Hispanic Social Security beneficiaries aged 65 or older, 42 percent of married couples and 59 percent of unmarried persons relied on Social Security for 90 percent or more of their retirement income (SSA 2014).<sup>4</sup> This is in large part because Hispanic workers are less likely than others to be covered by employer-sponsored retirement plans, and Hispanic households are less likely than other households to have dedicated retirement savings (Rhee, 2013). Further, contributions to Social Security are mandatory. Finally, unlike contributions to other retirement savings plans, the accrued funds cannot be diverted to other uses. This is important because financial support of multi-generational Hispanic families, including sending money to their home country, often competes with retirement saving (Prudential 2014).

## Hispanics and Retirement Planning

Research into retirement preparedness typically has found a positive correlation between planning and the ability of households to save for retirement (Sun, Barboza, and Richman 2007). Generally, studies on retirement preparedness suggest Hispanics may place a lower priority on saving for retirement and engage in less retirement planning than the other demographic groups and the general population, often in the face of competing short-term financial goals.<sup>5</sup> For example, the Prudential Research study found a lower share of Hispanics than the general population (53 percent compared with 62 percent) ranked "saving for retirement" as their most important financial priority (Prudential Research 2014).

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<sup>3</sup> The NCLR also says lower wealth may explain why Hispanics who have retirement accounts are more likely to take early withdrawals or loans against them due to financial hardship, a form of account leakage that may reduce retirement security.

<sup>4</sup> By comparison, among white Social Security beneficiaries aged 65 or older, 20 percent of married couples and 41 percent of unmarried persons relied on Social Security for 90 percent or more of their retirement income (SSA 2014).

<sup>5</sup> A different interpretation is presented in a 2014 MassMutual study, *State of the American Family: Hispanic Families* (MassMutual 2014). This study argues that Hispanics are more serious about their financial futures and engage in more careful retirement planning than other groups (see also PlanAdviser Staff 2014). Forbes Consulting Group conducted the survey Feb. 4-25, 2013 via an online questionnaire. It included 1,337 households with children under age 18, among men and women aged 25-64 with input into household financial decision-making, and household incomes more than \$75,000 (MassMutual 2014, p.8).

Similarly, a 2011 study by the ING Retirement Research Institute<sup>6</sup> found “saving for retirement” was the most important long-term goal for all respondents, including Hispanics, although a smaller percentage of Hispanics identified this goal than other groups (57 percent of all respondents against 50 percent of Hispanic respondents). However, larger percentages of Hispanics than other groups identified as their most important long-term goal “purchasing or owning a home” (14 percent to 10 percent) and “college tuition for my children” (11 percent to 9 percent) (ING Retirement Research Institute 2012).

Some commentators emphasize the importance of interpreting findings about Hispanics’ financial priorities and goals in the contexts of economic realities and core cultural values. The Prudential Research study’s findings suggest the importance of retirement as “a culturally derived concept,” stating, “Latinos still hold on to the value that retirement is a step in life where they will be supported by the children they raised with so much care” (Korzenny 2015).

Other factors perhaps influencing Hispanics’ decisions with respect to saving for retirement, and wealth-building in general, include plans for retirement outside the United States, and high levels of debt- and risk-aversion, which may contribute to a focus on shorter-term financial goals (Prudential Research 2014; Korzenny 2014). Surveys by Prudential Research and Wells Fargo<sup>7</sup> found Hispanics are more financially conservative and risk averse than the general population, which contribute to them owning fewer financial products (Prudential Research 2014, Wells Fargo 2014).

Having confidence in one’s financial future and/or preparation for retirement may both reflect and enable retirement planning, while a lack of confidence may leave individuals feeling overwhelmed and discouraged. Our own analysis of data from the 2015 surveys found that 80 percent of Hispanic respondents report being “not too” or “not at all” prepared for retirement, compared to 71 percent of non-Hispanic blacks and 48 percent of non-Hispanic whites. Similarly, the earlier ING Retirement Research Institute study found Hispanics lagged behind the rest of the population in self-reported retirement preparedness, although the difference is less striking than in the 2015 UAS surveys: 54 percent of Hispanic respondents said they felt “not very” or “not at all” prepared for retirement, compared with 50 percent of African-Americans, 48 percent of whites and 44 percent of Asians (ING Retirement Research Institute 2012).

There are key differences among population groups in self-reported literacy about retirement and Social Security. Surveys have found that confidence in this regard is generally lower among Hispanics than whites and blacks. In the 2015 UAS survey, Hispanics were more likely than whites to report being “not too knowledgeable” or “not at all knowledgeable” about various aspects of Social Security benefits, such as their Full Retirement Age, whether benefits are adjusted for inflation and how benefits change when

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<sup>6</sup> These results are based on on-line survey conducted in October 2011 by ORC International. Respondents included 4,050 adults (including 500 African-Americans, 500 Hispanics and 350 Asians) between the ages 25 and 69, employed full time, with annual household income of \$40,000 or more (ING Retirement Research Institute 2012).

<sup>7</sup> These findings are based on an online survey conducted June 12-24, 2014 among 528 Hispanic investors nationwide. Qualified respondents were non-students, age 25-75, who were the primary or joint financial decision-maker in a household with investable assets of at least \$10,000. The survey also included a national comparison sample of 530 general population investors (Wells Fargo 2014).



you claim retirement at different ages. This is not a recent phenomenon. Surveys commissioned by SSA and conducted by the Gallup Organization between 1998 and 2004 yielded similar findings. In 2001, 68 percent of Hispanics stated they knew little or nothing about Social Security benefits, compared to 41 percent of whites and 50 percent of blacks. This was up from 62 percent in 1998.

Consistent with self-reported knowledge responses, surveys assessing actual literacy about retirement and Social Security found Hispanics scoring lower than whites but comparably to or better than blacks. Table 1 shows results of our own analysis of responses to questions in the 2015 UAS survey measuring objective knowledge of Social Security retirement benefits (UAS16).

**Table 1: Percentage Correct Responses to Factual Questions about Social Security Retirement Benefits (Understanding America Study 2015)**

	Hispanic	White	Black
Own Early Eligibility Age for Social Security retirement benefit	28%	39%	20%
Own Full Retirement Age for Social Security retirement benefit	13%	24%	9%
What Delayed Retirement Credits are	17%	30%	17%
Whether Social Security retirement benefits are adjusted for inflation	50%	65%	53%
Whether Social Security retirement benefits are affected by the age at which one starts claiming	68%	89%	65%
Whether Social Security retirement benefits must be claimed as soon as someone retires from work	55%	86%	67%
Whether someone who has never worked for pay may claim benefits if his/her spouse qualifies for Social Security retirement benefits	72%	80%	63%

The Gallup Organization surveys also included questions assessing factual knowledge of various aspects of Social Security, such as the effects on benefits of claiming at different ages and whether benefits are adjusted for inflation. As in the 2015 UAS survey, Hispanics tended to score lower than whites.

Hispanics’ relative lack of knowledge about retirement and Social Security must be viewed against a background of a low but growing confidence in Social Security’s future solvency. The results of the past Gallup Organization surveys showed Hispanics were less confident than whites and blacks that Social Security would be there for them. However, results also indicated that all racial groups, including Hispanics, grew more confident about Social Security’s future over the years 1998 to 2004. Surveys by the Employee Benefit Research

Institute in 2007 and Massachusetts Mutual in 2015 found Hispanics were more likely than the general population to believe Social Security would be able to pay the benefits to which they would be entitled (Helman, et al. 2007; MassMutual 2015). These two more recent surveys documented the continuing increase in confidence in Social Security's future among all groups.

## Hispanics and Information on Retirement and Social Security

A lack of financial knowledge and access to information can hinder retirement saving and planning, and lower financial confidence. Recent studies indicate a lack of information may pose a particular problem for Hispanics. The ING Retirement Research Institute study, for example, found that in identifying common barriers to saving, "insufficient income" ranked highest among all respondents (34 percent of total respondents and 31 percent of Hispanic respondents), followed by "high debt" (24 percent of total respondents and 26 percent of Hispanic respondents) (ING Retirement Research Institute 2012). For Hispanic respondents, however, ranking third was "Don't know what my options are" – a greater barrier than for any other group (12 percent of total respondents against 18 percent of Hispanics). According to our own analysis of data from one of the 2015 UAS surveys on retirement and Social Security (UAS26), 70 percent of Hispanic respondents "strongly" or "somewhat" disagreed with the statement "I currently have enough information to plan for my retirement," compared to 60 percent of whites and 65 percent of blacks. Hispanics also were more likely to report an interest in learning more about retirement planning, yet less likely to report knowing what the best sources are for retirement information.

When asked specifically about information on Social Security benefits, the same 2015 UAS survey showed that 65 percent of Hispanic respondents report "somewhat" or "strongly" disagreeing with the statement "I have enough information about Social Security retirement eligibility," compared to 46 percent of whites and 52 percent of blacks. In the same survey, 82 percent of Hispanic respondents reported "strongly" or "somewhat" agreeing with the statement "I would like to receive more information from Social Security," compared to 61 percent of whites and 68 percent of blacks.

The literature on retirement preparedness finds that workers who plan for retirement typically utilize two types of information about retirement savings and investment options: informal and formal. "Informal planning" includes relying on family and friends to provide financial and retirement planning advice, while "formal planning" refers to working with financial professionals (Sun, Barabozza and Richman 2007). According to the 2015 UAS survey (UAS26), Hispanic respondents are less likely to have consulted formal sources of information, such as financial advisors, banks, accountants or brokers than whites (23 percent compared to 36 percent). They also were less likely to have consulted informal sources (family and friends): 28 percent for Hispanics compared to 39 percent for whites. Focusing closer on the different types of informal sources of information, the 2014 Prudential survey found that when asked about the most important sources of information used to make current financial decisions, "family" is the information source reported most often by both Hispanic respondents (39 percent) as well as the general population (40 percent).

## **Methodology**

We conducted our focus groups during the spring of 2015 in Miami and Los Angeles, in English and in Spanish. We recruited participants through a market research firm, Facts 'N Figures, which has a unit specializing in recruitment from the Hispanic community. To better explore differences among groups of Hispanics, we recruited three groups of Hispanics of Puerto Rican descent, three of Cuban descent and three of Mexican descent. The first six sessions were held in Miami, and the latter three in Los Angeles. To add further nuance, we conducted one group in each of the categories of Hispanic descent in Spanish with participants who were primarily Spanish speakers. However, many of these Spanish-speaking participants reported fluency in both languages during the focus group discussions. In total, we conducted three groups in Spanish and six in English.

Participants were paid \$100 for attending. We obtained consent first during recruitment and again verbally at the outset of the group discussions. One focus group was comprised of eight people while the remaining eight focus groups each had nine participants, for a total of 80 participants. One of the paper's authors moderated the focus groups. We informed participants that the purpose of the research was to understand people's views about Social Security and their preferences for obtaining information about the Social Security benefits to which they may be entitled. Ultimately, the study aims to provide insights about the best ways to reach Hispanic groups in the U.S. to provide Social Security information and help them prepare for retirement. The discussions focused on three broad topics of interest to this inquiry: retirement and Social Security literacy, planning for retirement, and preferences for obtaining information about retirement and Social Security benefits.

The questions we asked in the focus group discussions are similar to those asked in the 2015 UAS survey. Our focus group findings complement those of the Internet panel by providing detailed information on personal and group feelings, perceptions, and opinions on retirement preparation, Social Security knowledge, and preferences for receipt of information about retirement and Social Security. Prior to starting the discussions, we administered a short paper-based questionnaire to each participant. The questionnaires asked about all the main areas of interest as described above. Most of the questions were adapted from recent surveys administered through the UAS. The goal was the collection of additional information from each individual for comparison to the group discussion results, as well to provide more data for the inter-group comparisons.

## **Sample description**

In total, 80 participants were distributed across the nine focus groups. Retirees were screened out but there were no age restrictions on participation for those over 25. Participants' ages ranged from 25 to 65. Overall, there were few differences in age distribution across the three groups of Hispanic descent. In the sample, Puerto Ricans were the most likely to be working and Cubans the least. Puerto Rican participants had the

highest educational attainment, on average, while Cubans had the lowest on average. Cubans also were least the likely to be married and most likely to be divorced or never married. Mexicans and Puerto Ricans did not differ much in marital status.

**Table 2: Focus Group Sample – Descriptive Statistics**

	Cuban (26)		Mexican (27)		Puerto Rican (27)		Overall (80)	
<b>Female</b>	13	50.00	13	48.15	14	51.85	40	50.00
<b>Age</b>								
Average age	43.7	-	42.6	-	42.4	-	42.9	-
Under 40	12	46.15	9	33.33	13	48.15	34	42.50
Age 40 to 55	9	34.62	15	55.56	9	33.33	33	41.25
Over 55	5	19.23	3	11.11	5	18.52	13	16.25
<b>Education</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
High school	10	38.46	7	25.93	4	14.81	21	26.25
Some college	10	38.46	10	37.04	8	29.63	28	35.00
Associates degree and/or bachelor's	5	19.23	8	29.63	10	37.04	23	28.75
Graduate studies	1	3.85	2	7.41	5	18.52	8	10.00
<b>Marital Status</b>								
Married	8	30.77	11	40.74	12	44.44	31	38.75
Divorced	7	26.92	5	18.52	5	18.52	17	21.25
Widowed	0	0.00	0	0.00	1	3.7	1	1.25
Never married	11	42.31	9	33.33	9	33.33	29	36.25
Civil union	0	0.00	2	7.41	0	0.00	2	2.50
<b>Employment Status</b>								
Employed full-time	15	57.69	19	70.37	21	77.78	55	68.75
Employed part-time	5	19.23	5	18.52	4	14.81	14	17.50
Not currently employed, but looking for work	3	11.54	3	11.11	2	7.41	8	10.00
Not currently employed, and not looking for work	2	7.69	0	0.00	0	0.00	2	2.50
Not currently employed due to disability	1	3.85	0	0.00	0	0.00	1	1.25
Retired	0	0.00	0	0.00	0	0.00	0	0.00

## Results

In this section, we describe results from the focus group discussions and compare them with those obtained from the pre-focus group questionnaires. We present results across three broad topics of interest: retirement and Social Security literacy, planning for retirement, and preferences for obtaining information about retirement and Social Security benefits. The focus group discussions illuminate common misconceptions and concerns across Hispanics groups, while the responses to the questionnaire highlight differences across the descent and language groups.

The results of these focus groups should not be generalized to the broader population of Hispanics. The number of participants in the focus groups is small and not a randomly selected subset of the population. Further, responses provided in the focus groups may have been influenced by the opinions expressed by others in the groups.

## Preparing for Retirement

We began our focus group discussions by asking participants whether and how they are preparing for retirement, and if they are satisfied with their level of preparedness. A number of themes emerged, many common across all groups.

Generally, people reported not feeling well prepared for retirement. This was consistent with their responses to the pre-focus group questionnaires, in which participants overall reported being “not too prepared” or “not prepared at all” prepared for retirement. Although the distributions are similar for the different Hispanic types, Spanish speakers reported being much less prepared than English speakers. Among Spanish speakers, only 15 percent said they are at least somewhat prepared and 42 percent said they are not at all prepared. For English speakers, those values are 32 percent and 25 percent, respectively. Only one person (a Spanish-speaking Puerto Rican) called himself “very well prepared,” and 27 percent said they were at least “somewhat well-prepared”. Some differences by descent group occur in the percentages of individuals classifying themselves as “not prepared at all” or “somewhat well-prepared.” Across descent groups, 22 percent of Mexicans classify themselves as “not prepared at all” compared to 30 percent of Puerto Ricans and 39 percent of Cubans. At the other end of the scale, 30 percent of Mexicans and Puerto Ricans classify themselves as at least “somewhat well-prepared” compared to 15 percent of Cubans. Figures 1 and 2 illustrate these results from the pre-focus group questionnaires.

**Figure 1: Retirement Preparedness – Hispanic Descent – Pre-Focus Group Questionnaires**

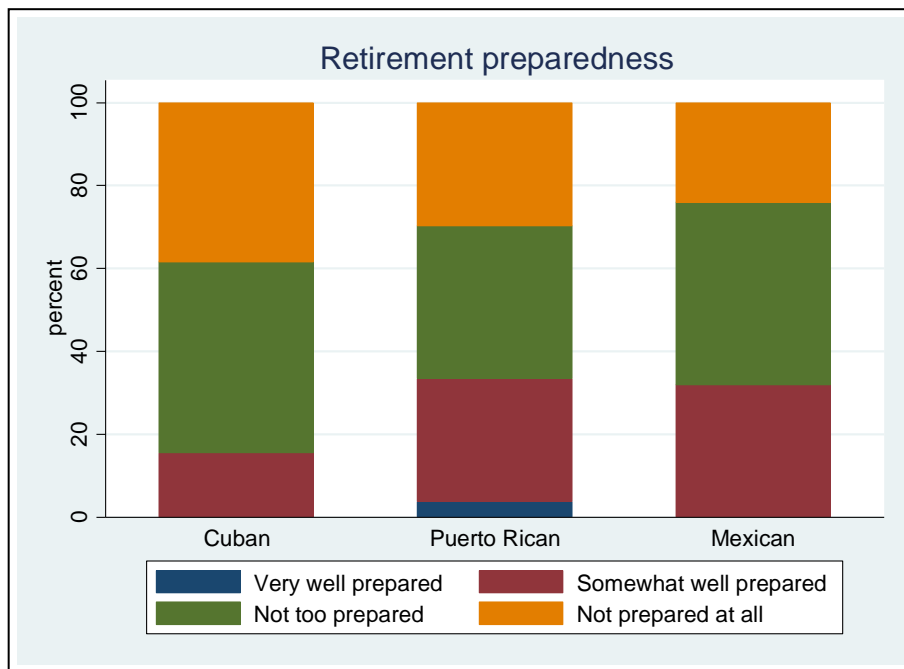
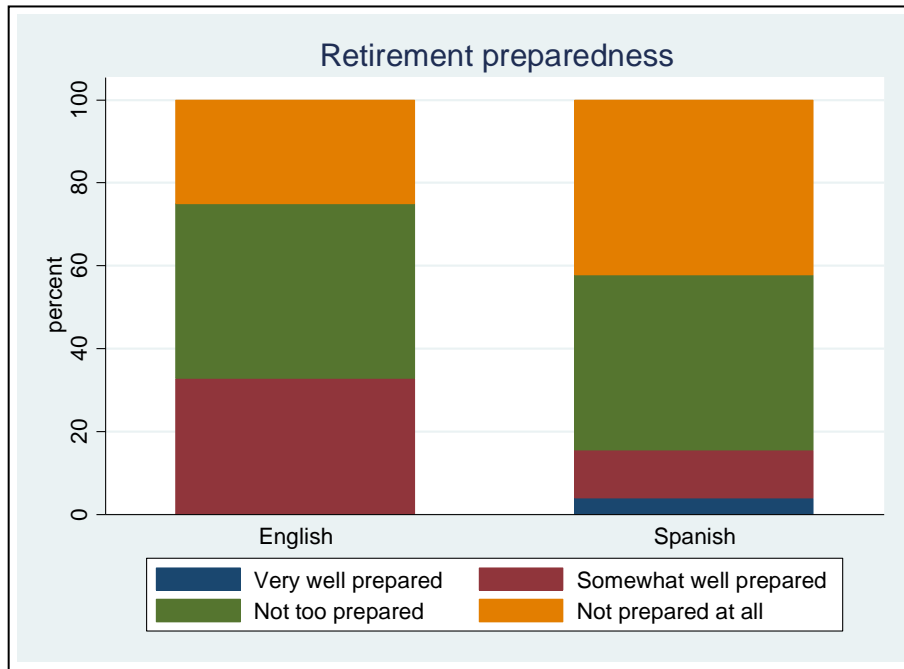


Figure 2: Retirement Preparedness – Spanish- vs. English-speaking –Pre-Focus Group Questionnaires



When participants in the focus groups were asked whether they had taken any specific steps to prepare for retirement, there was a fairly even split between those who reported having taken some steps and those who have not begun to plan for retirement at all. For those who had not yet begun to plan, the most common explanations included feeling unable to afford to save for retirement, thinking they were too young to think about it (especially from those under 45 in the Puerto Rican and Cuban groups), not planning to ever retire, and not being interested in or concerned about the future. In addition, a common misconception was that those who earned cash income were not required to pay taxes and were not entitled to Social Security benefits. Table 3 includes illustrative quotations.

**Table 3: Reasons for not planning for retirement**

Reason for not planning for retirement	Cuban	Puerto Rican	Mexican
<b>Cannot afford to save</b>	<p>"I feel that our daily lives are so overwhelming with expenses that it comes to a point where usually the majority of the people are thinking about how they're going to be paying for today's meal..."</p> <p><i>(English-speaking)</i></p>	<p>"Right now, I've been so worried about taxes that I can't think about retirement."</p> <p><i>(Spanish-speaking)</i></p>	<p>"I'm not taking any actions other than [paying] insurance to cover my burial and not leaving any debt. Because, beyond that? The economic situation doesn't allow for more."</p> <p><i>(Spanish-speaking)</i></p>
	<p>"I thought about it but I really don't have money to save. I live check by check, like everybody."</p> <p><i>(English-speaking)</i></p>	<p>"I don't have enough [money] to save [for retirement]."</p> <p><i>(Spanish-speaking)</i></p>	<p>"This [saving for retirement] is a project, but since my kids are still young – I have a nine year old and a five year old – well, really, that's where all the money and rent go."</p> <p><i>(Spanish-speaking)</i></p>
<b>Too young to plan</b>	<p>"I've got 30-plus years to retire so why start thinking about it? I've got 10-15 years left to start planning a little better... I figure when I'm 10-15 years away, I can start [trying to work out] 'This is how much I've got, this is how much I'm going to get.'... It is such a long time from now, it kind of seems irrelevant."</p> <p><i>(English-speaking)</i></p>	<p>"You don't think about [retirement]. You start thinking about it later on in life."</p> <p>"We think we will never get old."</p> <p>"Every time I look at myself in the mirror, I think, 'There is macho there for a long time!'"</p> <p><i>(Spanish-speaking)</i></p>	<p>"The problem is that when we're younger, we don't think about it. Today, at my age, believe me, I'm very concerned, but before I never thought about it. I strongly recommend to the younger people here that they think about it and not rely on a measly pension [the Social Security retirement benefit]."</p> <p><i>(Spanish-speaking)</i></p>
	<p>"Everyone pretty much comes from other countries, and I believe that they never had retirement plans in these countries. They survived and had to work until the day they died. They owned their houses and that's how I personally feel."</p> <p><i>(English-speaking)</i></p>	<p>"I don't plan to retire, ever. I'm not worried about that. I know that I'm supposed to get Social Security at 65. That's as far as I know. It's like, I feel very strong. I don't plan to retire. I don't mind."</p> <p><i>(English-speaking)</i></p>	<p>"From the little I've heard, the Social Security pension is very measly. So I'd better keep working. The plan is to keep working as much as I can."</p> <p><i>(Spanish-speaking)</i></p>
<b>Not planning to retire</b>	<p>"I'm 60 years old and I have no plans. I'm going to live day by day because I already made plans, [but] they went down, that's it. There's nothing else for me to do. I'm going to keep working."</p> <p><i>(English-speaking)</i></p>	<p>"For example, my mom worked all her life. Right now, she barely has enough to pay the rent... That's why I said, Social Security, I pay it and that's it. I'm not counting on [it] and I don't plan to retire either. I'll keep working until I can't."</p> <p><i>(English-speaking)</i></p>	<p>"I don't know about anybody in the room, but my mom and dad finished in 8th grade and 5th grade. They [would say]: 'M'ijo, you got to go to work,' and ultimately we work until... OK, you die. That's what we do."</p> <p><i>(Spanish-speaking)</i></p>
	<p><i>(English-speaking)</i></p>	<p><i>(English-speaking)</i></p>	<p><i>(English-speaking)</i></p>

**No interest in or concern about the future**

“Like the 401(k): I could have [enrolled] when I was at my job. I asked the lady at HR, ‘How do I do it? How does it work? What happens if I claim?’ ‘Well, you need to do a meeting, and...’ Forget it, I’m not doing this. I’d rather get my money anyways. I don’t know if I’m going to be alive at 65...”

“Right now, in my job, we don’t know what’s going to happen in two months, so I don’t think about retirement too much yet.”

“At least at this point, after this whole [focus group] discussion, maybe I’ll look into it. That’s been my approach, to not even bother with that.”

*(English-speaking)*

*(English-speaking)*

*(English-speaking)*

“I haven’t thought about it. I guess I’ve been too busy in the daily life that I haven’t really planned for when I retire.”

“I once saw an article on Internet, they show you how much you have to save... I think if you want to live with so much money for so many years, you have to have \$1.3 million. You are telling me that I have to start thinking about how to make \$1 million for when I’m that age instead of enjoying it now?”

“[This discussion] caught me by surprise, because I had never stopped to analyze the [retirement] situation. I had the idea that I would work and then go back to Mexico.”

*(English-speaking)*

*(Spanish-speaking)*

*(Spanish-speaking)*

While most focus groups had some people in both camps (currently planning and not currently planning for retirement), there was one exception – the Spanish-speaking group of Mexican descent. There, only one participant reported taking any action toward retirement preparedness: making a very small contribution to a 401(k) plan through his employer. While this is an interesting finding, it is anecdotal and hard to explain. It may be associated with the lower educational attainment in this group relative to the others; the Spanish-speaking Mexicans in the sample were less likely to have a high school diploma than other groups’ participants. Another possibly related reason may be that most participants in that group did not have jobs offering employer-sponsored retirement savings programs. In fact, participants across many of the groups said jobs with employer-sponsored retirement benefits were hard to come by. In contrast, the majority of English-speaking Mexicans reported having taken concrete steps to prepare for retirement, such as contributing to 401(k) or 403(b) plans.

Focus group participants who reported planning for retirement are taking diverse steps toward retirement preparedness. As discussed in detail later, many people are enrolled in 401(k) and other employer-sponsored plans. In addition, a common approach to retirement preparedness across the groups is to focus on paying off mortgages and other debt, and in a few cases, saving for their children’s college educations. Many participants felt in particular that owning their home was a key element in retirement readiness, with the idea that property was a safety net, although a handful of people also discussed owning rental property as a solid strategy for longer-term income security:

- English-speaking Puerto Rican: *“What I am doing right now, and I don’t know if it’s a good plan but what I’m doing, is concentrating on getting out of debt. So my plan is, OK, so I’m not going to have the same level of income but at least I’m not going to have*



*the same amount of expenses. So... my house is paid, I don't have to deal with my kids' college, they're paid."*

- English-speaking Mexican: *"I really don't put anything into my 401(k). I don't believe in that. I think what life has taught me right now is properties."*
- English-speaking Mexican: *"If you want to retire, then sell your house. That's what my grandma did: She bought a house here and two in Mexico, and she just sold the one here and is going to retire in Rosarito."*

Others volunteered that they did try to save, although not always specifically through a retirement savings plan. Still, only a handful of those taking steps towards retirement preparedness could say they had an estimate of how much they would need in retirement, or how much their goal was to save towards retirement. For instance, very few had heard of retirement calculators or used them. Many of the participants who have taken concrete steps toward planning for their retirement, including contributing to employer-sponsored retirement savings plans, expressed concern that their provisions would not be sufficient to enable them to retire comfortably.

Even though in the group discussion about half the participants offered that they are taking at least some steps towards retirement readiness, the pre-focus group survey suggests that a majority still feel less than adequately prepared. Only 4 percent of participants reported being "Very well prepared" for retirement, with 64 percent of participants in the "Not too prepared" and "Not prepared at all" categories.

### **Employer-sponsored Retirement Plans**

Employer-sponsored retirement plans, especially 401(k) mechanisms, came up with some frequency in most groups. Across the nine groups, a significant minority worked or had worked in companies that offered 401(k) plans; two individuals, both of Mexican descent, also had 403(b) plans. Opinions were split among those who had the plans. A few are convinced their plans provide a solid contribution toward retirement and were useful mechanisms for saving. A Spanish-speaking Mexican woman, for instance, offered to her group:

- *"401(k) plans are excellent, only not all companies have them".*

Many, however, felt ill informed about the plans, unaware, disinterested or suspicious (or a mix of these):

- English-speaking Cuban: *"I had the intention to get a 401(k) once but I wasn't sure about it because... They offered me a plan to save money, but to tell you the truth, it wasn't enough information and I was a little bit scared."*
- English-speaking Puerto Rican: *"I think many employees don't really know exactly [how the 401(k) works]. You sign up for it and hope for the best."*
- English-speaking Mexican: *"I worked for [a company] when I started working at 18. There was something... I don't know if it was a 401(k), but there was money going in there. But I didn't trust... I was like: 'OK, I'm no longer working with [the company]. My money is coming out.'"*

- English-speaking Puerto Rican: *“The 401(k), they have it available with my employer. They told me something about it. I’m still debating.”*

A few also felt they could not afford to save into employer-offered 401(k) plans:

- English-speaking Cuban: *“Why are they going to offer a 401(k) when you’re working for minimum wage anyways? ... When I saw the lowest percentage I could put, I’m missing a substantial amount, \$150 or \$180 out of each paycheck... Wait until my next pay raise and then I’ll put that in there.”*

A common experience across the descent groups was cashing out of 401(k) plans to deal with unexpected crises before retirement. A few who chose to cash out appeared to be responding to suspicions about where their money was going or what would happen to it if they changed jobs, as one quotation above illustrates. Most, however, felt they needed to cash their savings to address an emergency or change in circumstances.

## Social Security Literacy

The focus group discussions highlighted some common misconceptions and misinformation about Social Security, including:

- Men and women’s full retirement ages differ;
- Individuals can claim Social Security retirement benefits as early as age 55;
- The current full retirement age is 65;
- Social Security retirement benefits replace 50-80 percent of pre-retirement income;
- Social Security retirement benefits are based on the highest 3 or 5 years of earnings;
- Citizenship is necessary to receive Social Security retirement benefits;
- Social Security will not be there for them.

In reality, retirement benefit claiming ages are the same for men and women. The earliest age at which individuals can claim Social Security retirement benefits is 62. Social Security retirement benefits replace about 55 percent of pre-retirement income for low earners, 41 percent for median workers, and 34 percent for high earners. Social Security retirement benefits are based on the highest 35 years of earnings. Citizenship is not necessary to receive Social Security retirement benefits; what is important is that individuals (and their employers) have contributed to Social Security during their working years. Even should the trust funds be exhausted in the future, Social Security will still be able to pay for about 75 percent promised benefits.

Across all groups, participants expressed low levels of knowledge of how the Social Security system works and the benefits to which they may be entitled. Several concerns were common among all participants. First, there was widespread confusion about how much people would receive upon retirement, coupled with an expectation that the amount is directly related to the contributions they made throughout their working lives:

**Table 4: Views and Concerns about Social Security Retirement Benefit Amounts**

Cuban	Puerto Rican	Mexican
<p>“If I sit down in front of an officer from the Social Security Administration, I would say ... please pull out all the documentation. And based on that, we could find out and clarify how much I can have and how I can have it.”</p> <p><i>(Spanish-speaking)</i></p>	<p>“I want to know what is my balance, about my account, how much I’ve put in. I don’t know. I know that I started working since I was 14 but I have no idea.”</p> <p><i>(Spanish-speaking)</i></p>	<p>“I’m not too knowledgeable on that, but sometimes I’ll hear things like the people who are retired, they may get their Social Security cut sometimes. Then with the inflation thing, I don’t know if it’s to meet the needs of whoever the retired people are right now.”</p> <p><i>(English-speaking)</i></p>
<p>“In my check, they deduct \$200 every two weeks. They’re taking away \$500 a month. What do you mean you’re not going to give me my money back after all the money that I’ve provided, after all the money that I’ve paid?”</p> <p><i>(Spanish-speaking)</i></p>	<p>“I think you can ask to be deducted more than they actually take out. You can ask to be taking out more so that you can save for later. Not everybody gets the same. It depends on what you earn. But if you want to be deducted more, you can.”</p> <p><i>(English-speaking)</i></p>	<p>“I’m just curious to find out what I can get or what my benefits are. You hear different things from all kinds of different people. I just wanted to find out for myself. [I heard about mySocialSecurity account] from a coworker, she’s getting ready to retire this year. She told me to go on it and check. It was interesting. It was less than I thought. I don’t know if I want to collect at 62. I might want to wait a few more years to collect.”</p> <p><i>(English-speaking)</i></p>

In the discussions, a few people across the different groups stated that a key reason they failed to plan for retirement was their unwillingness or lack of initiative to seek information and educate themselves on the issue. As a Spanish-speaking Mexican woman said:

- *“We either don’t have the information or we don’t want to look for information. We don’t want to think about the future. We don’t want the moment of retirement to arrive.”*

Still, in the course of the focus groups, people expressed much interest in learning more about retirement planning and Social Security benefits. While not exclusively, this interest was especially pronounced among those approaching retirement (ages 45+). A Spanish-speaking Cuban man said:

- *“I am totally misinformed. I think it’s a very important topic, not only for immigrants, especially for those of us that come to an age where we need to retire. When people get here to this country, they cross a border and they give you a lot of help, but they don’t give you any information. So I think this is a very important topic.”*

Most participants agreed that information would be useful about how to plan for retirement, how much their Social Security benefit would be (if they were entitled to it) and the optimal age to retire. In the pre-focus group questionnaire, 84 percent reported that basic information about retirement planning would be “extremely” or “very” valuable, and 74 percent said they would find an estimate of their benefits “extremely” or “very”

valuable. In addition, many participants said they would be interested in knowing more about whether Social Security was expected to be solvent at the time they are due to retire, and what would happen with their benefits in the case of insolvency.

**Table 5: Type of Information Participants Want from the Social Security Administration**

Type of information people want from Social Security	Cuban	Puerto Rican	Mexican
<b>How to prepare for retirement</b>	“If you are, for example, self-employed, how can you spend your money or save your money for your future?”  <i>(English-speaking)</i>	“Basically, that’s what I would like to know: What do I need to do to plan better, or at least to learn and then plan, because we don’t know much. I don’t know much.”  <i>(English-speaking)</i>	“I would like to have more detailed information about whether [investing] is a good idea or not for me... One may put money somewhere and what if they defraud me?”  <i>(Spanish-speaking)</i>
<b>How much their Social Security benefit will be</b>	“Benefits. I want to know about benefits. How much? What will my benefits be?”  <i>(English-speaking)</i>	“I would like to calculate how much I’m going to get, and the other question would be if that’s already counting inflation.”  <i>(English-speaking)</i>	“I would like to know how much I need to put in and how much I will get. How much do I put in and how much do I get out?”  <i>(Spanish-speaking)</i>
<b>Claiming age</b>	“How it affects [your retirement benefits] if you retire at 65 or 67. How much is that going to affect you?”  <i>(English-speaking)</i>	“I would like to know how it will affect my benefits if I delay my retirement.”  <i>(English-speaking)</i>	“I would ask the same as my colleague here: How old [do I need to be to claim] and how much will I obtain?”  <i>(Spanish-speaking)</i>
<b>Social Security solvency</b>	“My question is: Will Social Security exist when it comes to the age to retire? Will the future be well enough so they can pay us?”  <i>(Spanish-speaking)</i>	“If the government defaults or the Social Security defaults, what’s going to happen to all of my savings through them? That, I’m very curious [about].”  <i>(English-speaking)</i>	“Sometimes I’ll hear things, like people who are retired they may get their Social Security cut sometimes... I don’t know if it’s to meet the needs of whoever the retired people are right now...”  <i>(English-speaking)</i>

The pre-focus group questionnaires measured objective knowledge of Social Security retirement eligibility and benefits through a series of True/False questions. Because of the groups’ small sample sizes, a single person’s answer had a strong effect on the percentage of correct answers for each individual question. To address this, we computed the total number of correct answers to all questions, broken out by Hispanic descent groups as well as by Spanish- and English-speaking groups. These totals are a more stable indicator of which group is more knowledgeable, as they are less sensitive to small changes in individual answers. We also provide the correct answers by group for each individual question.

**Table 6: Total Correct Answers by Group**

	Total correct answers
Cuban	63.7%
Puerto Rican	68.3%
Mexican	70.0%
English	70.4%
Spanish	61.1%
Overall	67.4%

**Table 7: Correct Answers to Specific Questions by Group**

Question	Cuban	Puerto Rican	Mexican	English	Spanish	Overall
Never worked, gets benefits	65.4%	77.8%	66.7%	72.2%	65.4%	70.0%
Not affected by claiming age	65.4%	96.2%	70.4%	85.2%	60.0%	77.2%
Benefits are adjusted for inflation	60.0%	50.0%	59.3%	53.8%	61.5%	56.4%
Must be claimed at retirement	26.9%	55.6%	55.6%	59.3%	19.2%	46.3%
Retired are taxed if still earning	76.0%	56.0%	66.7%	71.7%	54.2%	66.2%
SS is paid for by a tax on employers and employees	75.0%	76.9%	85.2%	78.8%	80.0%	79.2%
Workers are entitled to disability	92.0%	100.0%	92.6%	94.2%	96.2%	94.9%
Survivor benefits may go to children	76.0%	73.1%	81.5%	76.9%	76.9%	76.9%
Spouse may claim if widowed only if they have children	56.0%	50.0%	51.9%	55.8%	46.2%	52.6%

As Table 6 indicates, we find no substantial differences in average overall scores among the Hispanic descent groups, although Cubans (64 percent) had lower scores than Mexicans and Puerto Ricans (respectively, 68 percent and 70 percent). Spanish speakers (61 percent) scored markedly lower on average than English speakers (70 percent). Table 7 shows that most respondents (75 percent or more) know that Social Security provides disability and survivor benefits and that benefits are paid for by payroll taxes. What is concerning is the limited knowledge of Social Security benefits, which are important to Hispanics' retirement security. In addition, there are sizeable differences across descent and language groups in the percentage of correct answers to benefit-related questions, such as when Social Security benefits must be claimed and whether benefits are affected by age at claiming. For example, while 96 percent of Puerto Ricans correctly answered the question about whether benefits are affected by claiming age, 70 percent of Mexicans and 65 percent of Cubans did. This question was answered correctly by 85 percent of English-speaking Hispanics compared to 60 percent of Spanish-speaking Hispanics. Several questions had low percentages of correct answers across all descent groups and both language groups. Less than 60 percent of participants in all descent and language groups correctly answered the questions about whether benefits are adjusted for inflation, when benefits must be claimed, and whether widowed spouses can claim benefits. However,

most respondents knew that Social Security provides disability and survivor benefits and that benefits are paid for by payroll taxes.

## Preferences for Obtaining Information about Retirement and Social Security

Considerable time was spent in the focus groups discussing preferences for receiving retirement and Social Security information, whether from formal sources (the SSA, financial institutions, etc.) or informal (family, friends, colleagues).

Participants discussed their experiences with and opinions about some of the mechanisms used by the SSA to provide information to citizens, such as retirement calculators, Social Security statements and *mySocialSecurity* accounts. Only a few people had heard of retirement calculators, let alone ever used them – in the questionnaire, only six people reported having ever used them. Of those who had used them, most felt they were valuable instruments, although a few commented on how “scary” it can be to see how much money they are estimated to need to retire comfortably. Those who had not used retirement calculators seemed interested in learning more about them, whether from Social Security or other sources.

The same was true of *mySocialSecurity* accounts – few people had heard of these and fewer even had ever opened theirs. In the pre-focus group questionnaire, only seven participants out of 80 reported having opened an account; six of the seven were in the English-speaking focus groups.

Among those who recalled receiving their *Social Security Statement*, most agreed that it is useful. There was, however, some confusion about the frequency with which the *Statement* is sent, whether they are sent automatically and, if not, how to request or obtain one. In the pre-focus group questionnaire, only 19% stated they had received a *Social Security Statement*.

- English-speaking Puerto Rican: *“I remember, they sent you a little brochure ... when you started working... I haven’t received that in a long time. Maybe they’re not sending it anymore. You know what I’m talking about. It’s a pamphlet and it has your name on it.”*
- Spanish-speaking Cuban: *“They used to send you a letter with all the information about your balance. Now they don’t send it to you anymore. Now, if you want it, you have to go ask for it.”*

A few participants who had not received the *Statement* or recalled receiving it were confused about why this was the case. An English-speaking Puerto Rican man commented to another who had received it both in Puerto Rico and in the US:

- *“They [the Social Security Administration] are shady because they’re selective. I’ve never heard of [the Statement], period. What’s the difference [between you and me]? We’re Puerto Rican, right?”*

In some instances, participants were skeptical about the personal value of the *Social Security Statement* because of the perceived insufficiency of their benefits as specified in

their statement. A few participants, in fact, reported not even reading its contents. For instance, an English-speaking Cuban woman said:

- *“I think I may receive something in the mail once a year... When I see the Social Security, I file it away. I don’t even look at it. It’s like, ‘Yeah, right.’”*

In the same vein, an English-speaking Mexican participant said:

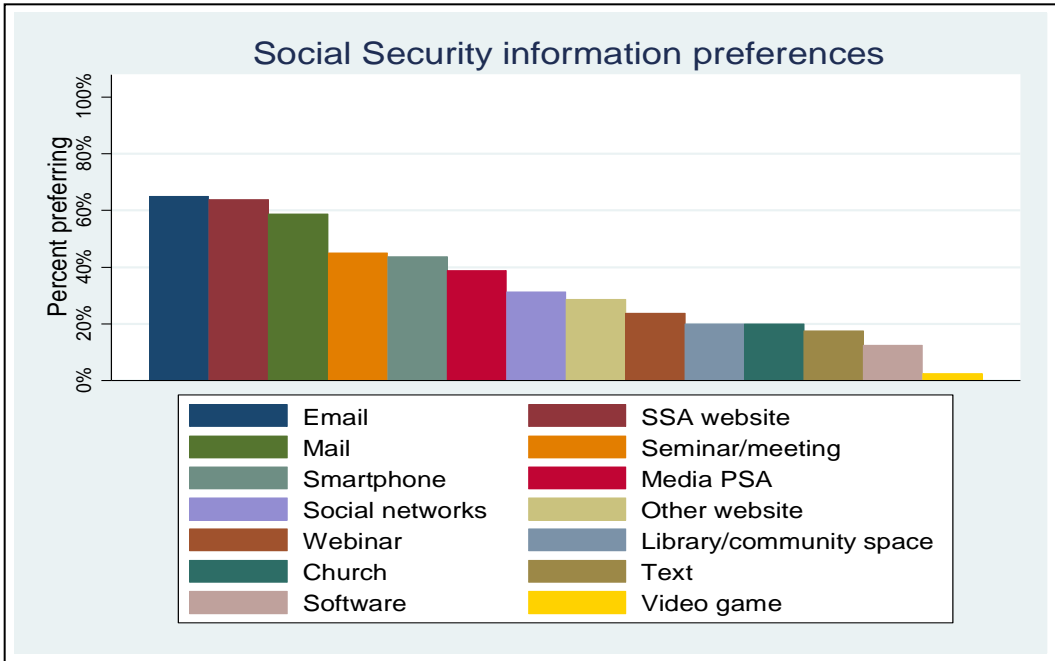
- *“I don’t even look at it because I got to do what I have to do in order to have enough for myself and anything on top of that will be a blessing. I feel like Social Security is such an unknown.”*

## Receiving Information from the Social Security Administration

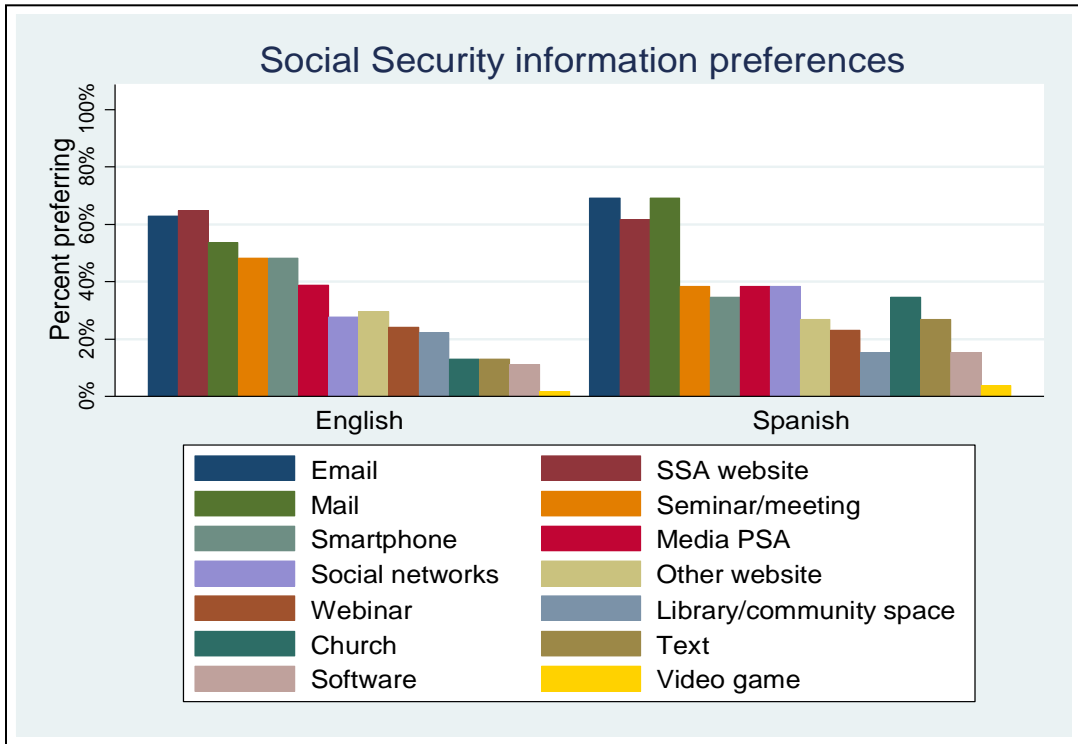
In the pre-focus groups questionnaires, participants were asked to list their preferred ways of learning more about Social Security benefits; specifically: “If the Social Security Administration wanted to provide you with educational information about Social Security benefits, what are the best ways for them to make that information available to you?” Participants could select as many options as they wished.

According to the questionnaire, participants prefer to receive information primarily through email (65 percent), physical mail (59 percent) and via the Social Security Administration’s website (64 percent). Just under half (48%), in roughly equal proportions across groups, would like information via smartphone, though other tech-based methods (notably downloadable software and videogames) do not appeal to any group. Puerto Ricans have a strong preference for email (89%) and the SSA website (74%), while Cubans’ most preferred method, physical mail, is preferred by just 58%. Spanish speakers would like to be able to obtain SSA information in their local church much more than English speakers (35% vs. 13%). It is worth noting that some differences appear large but may be exaggerated by small group sizes. Figures 3, 4 and 5 show the distributions of information preferences.

**Figure 3: Preferences for obtaining Social Security information (pre-focus group questionnaire) – all groups**

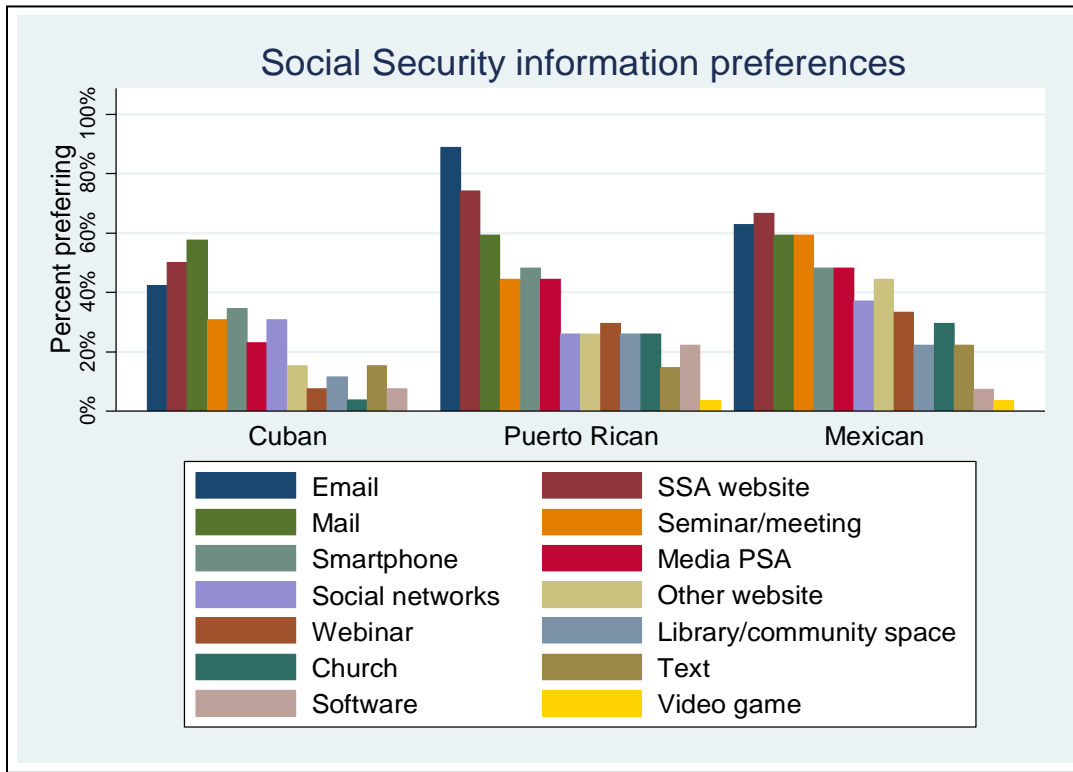


**Figure 4: Preferences for obtaining Social Security information (pre-focus group questionnaire) – language groups**





**Figure 5: Preferences for obtaining Social Security information (pre-focus group questionnaire) – descent groups**



### Sources of Information other than the Social Security Administration

Participants discussed various sources of information other than the Social Security Administration, including financial advisors, family, friends and colleagues, employers and private companies, such as banks. Across all groups, many people reported having learned about retirement planning or Social Security benefits from family, friends and colleagues. In a few cases, participants also reported following their advice. A significant number of participants had direct knowledge (occasionally erroneous) of Social Security retirement benefits from their parents or other close relatives. Many participants had helped their parents navigate their retirement (or disability) claims, or even have taken over the process altogether. A key lesson many of these participants reported across all the groups is that Social Security retirement benefits are too low and that supplemental income is needed to maintain a pre-retirement standard of living. This surprised and frustrated participants who had had less contact with or knowledge of Social Security retirement benefits, whose expectation of these benefits is that they will “pay them back” all the money they “put in” throughout their working lives.

- English-speaking Puerto Rican: *“I don’t do research. When I have a question, I usually talk to relatives that have been very successful with their investments or close friends of mine. So I listen to what they have to say, but those are people I really know and I trust.”*
- English-speaking Cuban: *“Which is the proper media [of communication of retirement information] that I would consider most informative to me? To me, some self-*

*experience. Not necessarily from an organization; not from [an insurance company]. I want to learn from the people that are going through that process to find out 'What did you do that perhaps I could do differently?'"*

Other participants discussed the role of financial advisors, accountants and private companies, such as banks, in providing them with useful retirement planning information, especially as an alternative to the Social Security Administration. Opinions here were split, with many reporting little trust in these entities while others reported that they trust them at least somewhat. For example:

- English-speaking Puerto Rican: *"I don't know if I would go to a Social Security representative to find out more information on how I can prepare better, because I don't think that would be the source. I don't trust them. I think a financial advisor would be more quipped to provide me with my current situation, my current scenario, how I can better prepare."*
- Spanish-speaking Mexican: *"I would go to my bank where I have my account, Wells Fargo. I never paid much attention [to issues of retirement planning] but I would go personally to an office to request information."*

In contrast, a few participants felt that private companies and financial advisors could not be trusted. An English-speaking Puerto Rican participant said:

- *"I think coming from a financial planner, if there is anything, there is some type of fee or that I have to pay, I feel that they're trying to sell me something..."*

In an English-speaking group of Mexicans, a participant said:

- *"I do not believe in banks at all."*

Participants discussed receiving information about retirement and Social Security from their employers. A few across the different groups felt it would be useful for employers to provide information to employees about planning for retirement and understanding Social Security benefits. A woman in the Spanish-speaking Mexican group, for instance, said:

- *"I think it should be mandatory for employers to at least give us information, and then it depends on us [to act]."*

Many discussed their experiences with information provision at their place of work. A common narrative was that information was made available through seminars or written materials, but employees were either uninterested, or too tired or busy to attend the seminars. For example:

- English-speaking Puerto Rican: *"In my company, the 401(k) plan is, I think, through a company called Fidelity... They, at least in my company, they're very good with that. They give you all the tools. But me, I'm not a financial person so I really [don't ask them about retirement planning]."*
- English-speaking Puerto Rican: *"[At my place of work] they have [retirement information]; I just haven't really found the interest to go to. Maybe after this discussion I probably will."*

- English-speaking Cuban: *“I think when I started they had an orientation meeting. I can’t remember because it was 10 years ago. But they did provide a lot of information in the first week and a half or two. They were training us and whatever. So I think they had something about it but I’m not sure.”*

There was widespread consensus that more information specifically from the Social Security Administration would be welcome. In fact, the pre-focus group questionnaire shows that 76 percent of participants trust the SSA somewhat or very much to provide them with useful information about planning for retirement, more so than other government agencies (54 percent), private institutions, such as banks and investment companies (58 percent), and financial advisors (54 percent).

## Discussion

Our study contributes to understanding the attitudes, concerns and preferences of Hispanics regarding retirement planning and Social Security information. Our findings are broadly in line with results from existing surveys of Hispanics: low levels of self-reported retirement preparedness, low levels of Social Security literacy, a greater reliance on informal than in formal sources of information and a tendency to prioritize other financial investments (such as paying off mortgages and student loans, or investing in commercial property) over retirement savings. Our study adds to the existing research in a number of ways. First, we provide more in-depth, qualitative evidence of the types of questions, concerns and biases Hispanics have regarding preparing for retirement and Social Security benefits. Second, we explore whether there are significant differences between Hispanic descent groups. Third, we contribute insights on the differences between Spanish-speaking and English-speaking Hispanics.

The focus group discussions revealed similarities in experiences and preferences across the three groups of Hispanic descent. First, across all the groups, there were low levels of self-reported retirement preparedness. Some participants mentioned moving to their or their families’ countries of origin for retirement. Others reported that they did not plan on retiring at all. When probed, at least half the participants reported taking at least some steps towards preparing for retirement but most lacked confidence they were preparing adequately for their own financial well-being in retirement. Among those taking steps towards retirement preparedness, most highlighted non-retirement specific investments, such as paying off mortgages or student loans, investing in rental property or starting their own businesses. The Spanish-speaking Mexican focus group, however, differed from the others in that only one participant reported taking any action toward retirement preparedness. This may be associated with the lower educational attainment in this group relative to the others. For example, the Spanish-speaking Mexicans in the sample were less likely to have a high school diploma than participants in any of the other groups.

There was widespread interest, between both those taking steps to prepare for retirement and those who were not, in learning more about retirement planning. However, most participants reported not taking proactive steps to obtain the necessary information. Many reasons were cited for this: not knowing where to look for the best information, finding the information available too complex or discouraging, or not yet having felt a sense of urgency about informing themselves on how best to prepare. Participants who had obtained

information on retirement and Social Security had done so through a number of channels, both informal and formal: typically from friends, colleagues and family, from the Social Security Administration itself and from private pension providers. Many reported not recalling much of the information, while others recalled aspects of it inaccurately.

Across the groups, there also was a widespread perception that “Hispanics are not as future-oriented as other Americans,” which to participants explained their perceived low levels of retirement preparedness, especially relative to non-Hispanic whites. Consistent with findings from previous studies discussed in this paper, saving specifically for retirement was seen as less important to well-being in old age than other strategies, such as owning property, continuing to work, not having debt and even moving back to one’s family’s country of origin. There also were relatively widespread ideas about one’s own longevity, with many participants arguing that planning for retirement may be pointless as they could die before reaching their retirement age.

In our analysis of the pre-focus group questionnaires, we find clear differences across the descent and language groups in a number of the retirement and Social Security questions. First, Cubans reported being less prepared for retirement than Puerto Ricans or Mexicans. Spanish-speaking Hispanics reported being less prepared for retirement than English-speaking Hispanics.

Second, we found differences across the Hispanic descent groups in knowledge about Social Security and in preferences for receipt of information about Social Security. Puerto Ricans and Mexicans were more likely to be knowledgeable about Social Security benefits than Cubans were. Cubans preferred to receive information about Social Security by mail while Puerto Ricans preferred email and Mexicans preferred using the SSA website and attending seminars.

Third, we also found differences in Social Security knowledge and preferences for receiving information about Social Security based on the primary language spoken. English-speaking Hispanics were more likely to be knowledgeable about Social Security benefits than were Spanish-speaking Hispanics. The preferences for receipt of information also differed across the language groups. English-speaking Hispanics preferred receiving Social Security information through the SSA website or email while Spanish-speaking Hispanics preferred to receive Social Security information through email or regular mail. All other sources discussed (including webinars, in-person meetings/seminars, information posted in community spaces, smartphone apps and so forth) were less preferred than email, mail and the SSA website.

Finally, all three descent groups reported trusting the Social Security Administration as a source of information more than any of the other options (financial advisors, other government agencies, banks, non-profits and especially the media, which received the lowest trust scores from all groups).

As we noted at the beginning of our paper, one of the aims of our study was to provide insights into the best ways to reach Hispanic groups in the U.S. to provide them with information on Social Security and help them prepare for retirement. Our focus group results suggest there are differences across descent groups and language groups in Social Security knowledge and preferences for receiving information about Social Security. For

example, they suggest that typical information sources (mail, email and the SSA website) are preferred, but that the type of information provided may need to be more closely tailored to the questions, biases and concerns of the population. Among Hispanics in particular, prominent are misconceptions about longevity and benefit eligibility, and concerns about benefit amounts and optimal timing for claiming. The findings also suggest there may be value in increasing Spanish-language outreach, given the apparent disadvantage of Spanish-speaking Hispanics. Given the demographic trends of Hispanics in the U.S., further research is warranted on how best to make important, relevant and tailored information easily accessible to English- and Spanish-speaking Hispanics to improve their retirement outcomes. These findings, if verified by further research using larger panels of participants that are representative of the Hispanic population, will be useful to the Social Security Administration in its outreach efforts to the Hispanic community.

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