Consider the "Us" Mindset When Serving Hispanic Clients

Many Hispanic and Latino clients aren't just saving for themselves; they're saving for their immediate and extended families. It's important to remember who may be relying on your clients as you plan to address their most common concerns.

When helping clients plan for retirement, it can be easy to only consider a client's needs—or, at most, the client plus a spouse and/or children. But research shows that Hispanic clients are more likely to focus on the "us" than the "I," shouldering additional responsibility for extended family and other loved ones.[1] As you work to address the challenges your Hispanic clients are likely to face in retirement, it may be helpful to ask who needs to be considered in their preparations—and how lifetime income strategies may help.

Address the Retirement Savings Gap

According to a 2022 research study conducted by AARP, 64% of surveyed Hispanic workers don't have access to workplace retirement plans.[2] This means they are at a distinct disadvantage when it comes to accumulating enough money to sustain themselves in retirement, which is even harder to overcome when they must account for their extended families. Without the benefits of tax deferral or employer matching, the gap may become wider.

Even if clients feel their savings are behind, they may not be aware of all the potential strategies they could be using to secure their plans. For example, adding a Roth IRA can help them accumulate savings—and they won't need to pay income tax when they take qualified distributions in retirement. You also can remind clients that lifetime income products, such as annuities, can provide regular payments that cover immediate expenses. These also may allow them to delay claiming Social Security retirement benefits. Extra income from delayed Social Security retirement credits can go a long way to help clients create the retirements they want while taking care of relatives and loved ones.

Longevity Concerns for the "Sandwich" Generation

The average Hispanic client will live longer than clients of most other ethnicities.[3] When working to build their retirement plans, remember that this means these clients may need to account for both their own extended lifespans and those of their loved ones. For those in the sandwich generation—those responsible for caring for both children and aging parents—this concern may feel even more pressing.

To address longevity risk, it can be helpful to suggest a strategy that accounts for everyone your Hispanic clients may need to care for. Prepare them for the possibility that their loved ones may live longer than the national average—and what that could mean for their savings needs. For example, a client caring for a parent and providing funds for their child's

[1]TruStage. "What Matters Now: A multicultural and multigenerational consumer lens." 2022 Research Report.
[2]David John, Gary Koenig, and Marissa Malta. "Payroll Deduction Retirement Programs Build Economic Security." AARP. July 2022.
[3]National Institutes of Health. "Life expectancy in the U.S. increased between 2000 - 2019, but widespread gaps among racial and ethnic groups exist." June 16, 2022.

college education may experience financial strain as they approach their own retirement. Reliable lifetime income through an annuity can help take care of day-to-day expenses while they focus on providing for their family. Plus, the option to leave behind generational wealth may give Hispanic clients the confidence that their children (or younger beneficiaries) will be set up for success as they begin to support themselves and their own families.

You Can Expand Clients’ Knowledge of Inclusive Options

Your advice has the potential to address long-term income needs for more than a single generation. As with any other client relationship, your best results will come from asking the right questions. Start with “Beyond your spouse and children, who might need your financial support?” The answers will determine how to move forward. Consider discussing reliable retirement income strategies that offer the potential to maximize growth and flexibility—for example, an annuity with a lifetime income benefit. They could be just what your clients need to help bridge the gap between financial stress and confidence.

ACTIONS YOU CAN TAKE RIGHT NOW

- **Reach out to Hispanic and Latino clients.**
- **Evaluate who will rely on their income plans.**
- **Consider adding lifetime income to support greater longevity.**

Additional Resources and Links

Bridging the Financial Knowledge Gap in the Hispanic Community

Retirement Income Gap Calculator

Managing Your Beneficiaries’ Inheritances

For more information about retirement planning, please contact our Retirement Strategies Group at RSG@PacificLife.com or (800) 722-2333, ext. 3939.

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