

## BRIDGING THE FINANCIAL KNOWLEDGE GAP IN THE HISPANIC COMMUNITY

The Hispanic community is seeking better access and connection to the financial world—and you can help grow your business by understanding their priorities and providing the necessary resources.

When considering the financial needs of people within minority communities, it can be easy to assume that treating people equally means providing the same resources and type of interaction to everyone. In practice, however, pursuing an equitable business model means fully understanding the needs of each community you serve and providing tailored interactions based on their unique traits and priorities.

The Hispanic community is one of the most underserved minority groups in the financial services industry. According to one study from the Journal of Financial Planning, only 12% of Hispanic respondents reported using the services of a financial professional.<sup>1</sup> Moreover, the 2018 State of the American Family study finds that “only about 31% [of Latinos] have an actual plan in place.” The issue is not a lack of interest, but rather a combination of a historical lack of financial education or generational wealth from their families, conflicting priorities, and the overall lack of accessibility in the financial industry.

You can connect and grow your practice within the Hispanic community by learning about their unique concerns and values. By learning about their needs, you can create lasting client relationships for years to come and diversify your book of business.

### Hispanic Americans Are Looking for Financial Education

In the face of their general financial obstacles, traditional Hispanic families have come to prioritize taking care of daily expenses over long-term saving.<sup>2</sup> However, this trend does not indicate a lack of spending power or interest in improving their financial health. In fact, Hispanic individuals tended to heavily prioritize learning to make confident financial decisions, reducing debt, preparing for emergencies, and not living paycheck-to-paycheck.<sup>2</sup> Moreover, research from T. Rowe Price indicates that, though they expressed difficulty in financial planning more than any other ethnic group, Hispanic Americans have a strong desire for guidance in navigating their finances. They also contribute roughly \$2.3 trillion in annual economic activity in the U.S., and their prioritization of saving and tailored financial advice makes them perfect candidates for your business<sup>3</sup>.

Furthermore, this desire for guidance doesn't end with personal finance. Retirement planning has proven to be especially difficult within the Hispanic community, but it also has remained a top priority. While only about 31% have an actual retirement plan in place, another study shows that 96% of those who *do* have a retirement plan

<sup>1</sup><https://www.financialplanningassociation.org/article/journal/SEPI6-financial-planner-use-among-black-and-hispanic-households>

<sup>2</sup>MassMutual State of the American Family Study, March 2018.

<sup>3</sup>T. Rowe Price Next Wave of Wealth Research Study, January 2020.

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contribute more money to their 401(k) plans than other ethnic groups. That said, almost 42% are concerned about the possibility of outliving their retirement savings, and 6% are actively planning to work part-time while retired.<sup>2</sup>

Moreover, many Hispanics plan to rely on Social Security as the majority of funds to be used for both their retirement income and long-term medical care for themselves and aging parents. However, the uncertain future of Social Security benefits significantly increases the risk of outliving their retirement savings—even without factoring in caring for extended family.<sup>2</sup> With little time and few resources to navigate the nuances of retirement planning, it can be difficult for members of this community to find their footing.

### Preparing Hispanic Children for Financial Success

The desire for financial wellness is not limited, however, to themselves and their aging loved ones. Hispanic families are extremely concerned with their children's financial health, and this concern manifests as mentorship.

Survey results indicate that adults in this community are more likely than other groups to regret not receiving financial advice from their parents; in turn, 46% of these adults reported to be directly involved in the children's financial education, and 54% of Hispanic families expressed a desire to pay for their children's higher education in the future.<sup>2</sup>

That's where you come in: Providing basic financial planning tools and solutions to fund a college education can attract these individuals to your business and give them valuable advice to pass on to their children. Household budgeting and planning for college can become family activities that strengthen the bond between parent and child—as well as client and financial professional.

### How Your Practice Can Address Hispanic Client Concerns

Simply expressing your sincere understanding of the obstacles presented to many Hispanics can spark meaningful conversations with potential clients within this community. Your practice can provide resources that help educate them about their short- and long-term finances. Suggesting educational courses, helpful tools, and practical financial solutions can build deeper trust in your business and set up Hispanic clients for success.

On a smaller scale, there are many personal touches you can add to your service to make Hispanic clients feel more valued. Hosting events with authentic cuisine, playing music by recording artists from this community, and practicing basic Spanish can communicate to prospects that your practice is ready to prioritize their financial wellness and safety.

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## Additional Resources and Links

[Financial Terms](#)

[Income & Expense Worksheet](#)

[Retirement Strategies Blog](#)

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