



AARP Segunda Juventud Hispanic Retirement Study: Financial Matters

Omnibus Survey Results

March 2007



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Financial Matters

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Omni survey field work done by ICR.

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***AARP Segunda Juventud* Hispanic Retirement Study: Financial Matters**

Executive Summary

The top sources of income that Hispanic respondents ages 40-74 feel fairly certain they can count on in their retirement years are Social Security; IRA, 401(k) or other retirement savings accounts; pensions; and savings and investments.

We asked Hispanics ages 40-74 to tell us if they agree or disagree with a series of statements concerning retirement issues. The vast majority of Hispanic respondents who have children or grandchildren agree either completely or somewhat that their children or grandchildren would benefit from a money management skills class. About half of respondents agree that people in their generation save more for retirement than people in their parents' generation which leads to agreement that people in their generation will have more money when they retire than people in their parents' generation. Half agree that they need more information to help them plan for their retirement. We see disagreement on statements concerning Social Security as a reliable source of income for their children and grandchildren.

The majority of respondents learned about planning for retirement through self teaching. An additional one-third or more learned through friends, parents, or other family members. Thus we see little formal retirement planning among Hispanics ages 40-74.

Methodology

The study was conducted for AARP via telephone by ICR, an independent research company. Telephone interviews were conducted from February 13 – March 1, 2007 among a representative sample of 424 Hispanic respondents 40-74 years of age. The margin of error is +/-4.76% at the 95% confidence level.

Unless otherwise noted, the sample size is total Hispanics ages 40-74 in the survey, n=424.

Detailed Findings

The top sources of income that respondents feel fairly certain they can count on in their retirement years are Social Security; IRA, 401(k) or other retirement savings accounts; pensions; and savings and investments.

Table 1. Reliable Sources of Retirement Income

Source of income	Percent Fairly Sure	Don't know/ Refused
Social security	64%	14%
IRA, 401 (k) or other retirement savings account	43	17
Pension from place of employment	38	13
Income or money from savings and investments other than those in retirement savings accounts	37	13
Money you get by selling your house	33	18
Annuity policy from insurance company	29	14
Inheritance	15	15
Military service pension	11	13

Question: Which of these things do you feel fairly sure you can count on as a source of income during your retirement years? Can you count on (INSERT)?

We see some differences by demographics. Not surprisingly more men than women (46% vs. 29%) say their pension is a reliable source of retirement income. Also more US born vs. foreign born Hispanics in our survey (50% vs. 31%) consider their pension as a reliable source of retirement income. More Hispanics who earn \$75,000 or more per year as well as US born Hispanics believe their IRA, 401(k), or other retirement savings account are reliable sources of income. More US born Hispanics than foreign born Hispanics say income from savings and investments is a reliable source of retirement income (48% vs. 30%).

We asked Hispanics ages 40-74 to tell us if they agree or disagree with a series of statements concerning retirement issues. The vast majority of Hispanics ages 40-74 who have children or grandchildren agree either completely or somewhat that their children or grandchildren would benefit from a money management skills class. About half of respondents agree that people in their generation save more for retirement than people in their parents' generation which leads to agreement that people in their generation will have more money when they retire than people in their parents' generation. Half agree that they need more information to help them plan for their retirement. We see more disagreement than agreement on statements concerning Social Security as a reliable source of income for their children and grandchildren.

Table 2. Agree vs. Disagree with Retirement Issues Statements

	Agree (completely or somewhat)	Neither Agree nor Disagree	Disagree (completely or somewhat)	Don't know/ Refused
My children or grandchildren would benefit from taking a class that teaches money management skills (Asked of those with children or grandchildren n=319)	79%	4%	8%	10%
People in your generation save more for retirement than people in your parents' generation	52	4	28	16
You need more information to help you plan for your retirement	50	4	30	15
People in your generation will have more money when they retire than people in your parents' generation	48	7	27	18
You often discuss retirement planning with your family, friends and co-workers	45	7	33	15
Social security is a reliable source of income for my <u>children's</u> retirement (asked of those with one or more children in the household n=179)	40	6	44	10
Social security is a reliable source of income for my <u>grandchildren's</u> retirement (asked of those with grandchildren n=213)	33	4	51	12

Question: Please tell me how much you agree or disagree with each of the following statements. For each statement I read, please tell me if you completely agree, somewhat agree, neither agree nor disagree, somewhat disagree or completely disagree. First/Next (INSERT)?

Younger respondents ages 40-49 are more likely to agree either somewhat or completely that they need more information to help them plan for retirement than

respondents ages 50-74 (58% vs. 43%). In addition, Hispanics who are high school graduates or less are more likely to agree that they need help to plan for their retirement.

Respondents ages 40-49 are more likely to disagree either somewhat or completely with the statement “Social security is a reliable source of income for my children's retirement.” Fifty one percent of these younger respondents disagree vs. 27 percent of those ages 50-74.

Men are more likely than women to agree that they discuss retirement planning with family, friends, and coworkers (53% vs. 37%).

The majority of respondents learned about planning for retirement through self teaching. An additional one-third or more learned through friends, parents, or other family members. Thus we see little formal retirement planning among Hispanics ages 40-74.

Respondents ages 40-49 are more likely to say they learned about retirement planning from friends than respondents ages 50-74 (45% vs. 31%).

Younger respondents ages 40-49 are also more likely to say they learned about retirement planning through financial institutions such as banks, credit unions, etc. (33% ages 40-49 vs. 17% ages 50-74).

Respondents ages 40-49 are also more likely to say they learned about retirement planning through their parents than those ages 50-74 (42% vs. 28%).

Table 3. Learning about Retirement Planning

How they learned to plan for retirement	Percent	Don't know/ Refused
Self teaching	64%	15%
Friend(s)	38	14
Parent(s)	35	15
Other family member(s)	33	13
Financial institutions such as a bank, credit union, etc.	25	13
Classes or seminars	23	13
AARP	7	16

Question: How did you learn how to plan for retirement? Did you learn through (INSERT)?

Annotated Questionnaire

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HB-1 Do you have any grandchildren?

	Yes	No	Don't know	Refused
3/1/07	50%	43%	1%	6%

HB-2 Which of these things do you feel fairly sure you can count on as a source of income during your retirement years? Can you count on (INSERT)?

	Yes	No	Don't know	Refused
a. Social security	64%	22%	5%	9%
b. Pension from place of employment	38%	50%	3%	10%
c. Military service pension	11%	76%	3%	10%
d. IRA, 401 (k) or other retirement savings account	43%	40%	8%	9%
e. Annuity policy from insurance company	29%	58%	4%	10%
f. Income or money from savings and investments other than those in retirement savings accounts	37%	50%	4%	9%
g. Money you get by selling your house	33%	49%	8%	10%
h. Inheritance	15%	70%	6%	9%

HB-3 Please tell me how much you agree or disagree with each of the following statements. For each statement I read, please tell me if you completely agree, somewhat agree, neither agree nor disagree, somewhat disagree or completely disagree. First/Next (INSERT)?

a. People in your generation will have more money when they retire than people in your parents' generation

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	48%	34%	14%	7%	27%	9%	18%	6%	12%

b. People in your generation save more for retirement than people in your parents' generation

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	52%	35%	17%	4%	28%	12%	16%	4%	12%

c. You often discuss retirement planning with your family, friends and co-workers

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	45%	28%	17%	7%	33%	7%	26%	4%	11%

d. You need more information to help you plan for your retirement

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	50%	30%	20%	4%	30%	6%	24%	4%	11%

e. Social security is a reliable source of income for my children's retirement
 (Asked of total Hispanics age 40-74 who have 1 or more children in the household; n = 179)

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	40%	23%	17%	6%	44%	12%	32%	2%	8%

f. Social security is a reliable source of income for my grandchildren's retirement
 (Asked of total Hispanics age 40-74 who have grandchildren; n = 213)

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	33%	20%	13%	4%	51%	13%	38%	5%	7%

g. My children or grandchildren would benefit from taking a class that teaches money management skills (Asked of total Hispanics age 40-74 who have children or grandchildren; n = 319)

	AGREE			Neither agree nor disagree	DISAGREE			Don't know	Refused
	NET	Completely	Somewhat		NET	Somewhat	Completely		
3/1/07	79%	65%	14%	4%	8%	1%	7%	2%	8%

HB-4 How did you learn how to plan for retirement? Did you learn through
(INSERT)?

(Asked of total Hispanic respondents age 40-74 who are educated about
retirement planning)

	Yes	No	Not educated about retirement planning	Don't know	Refused
a. Self teaching (base = 413)	64%	21%	*	3%	12%
b. Classes or seminars (base = 415)	23%	63%	1%	2%	11%
c. Friend(s) (base = 415)	38%	47%	*	3%	11%
d. Financial institutions such as a bank, credit union, etc. (base = 417)	25%	59%	1%	2%	11%
e. Parent(s) (base = 415)	35%	50%	*	3%	12%
f. Other family member(s) (base = 414)	33%	53%	-	2%	11%
g. AARP (base = 415)	7%	76%	*	5%	11%