LATINA RETIREMENT SAVINGS PROJECT

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Outline

• Why focus on Latinas?

• Commonly cited barriers to building retirement wealth
  • Economic factors
  • Social/”cultural” factors
  • Behavioral/psychological factors

• Intervention - WISER Latina Retirement Savings Project
  • Elements of program
  • Results
    • Pre/post workshop
    • 6 month and 9 month follow-up
Latinas live longest, on average

Life expectancy at age 65 in years, 2014

But wealth gap is large and persistent

2016 median net worth (in $thousands)

- Median wealth of Hispanics is about 1/8 of the median for Whites

Barriers to building retirement wealth

• Economic factors
  • Debt burdens
  • Labor market disadvantages
  • Access to retirement plans at work

• Social/”cultural” factors
  • Family support/caregiving
  • Trust/confidence in financial institutions

• Behavioral/psychological factors
  • Planning horizon, other “financially healthy” practices
  • Financial knowledge/capability
Financial knowledge is one piece

Knowledge
Access
Motivation

Durable savings habits

Financial security

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Intervention

• WISER Latina Retirement Savings Project, supported by AARP Foundation

• Partnered with MANA, a National Latina Organization

• Goal – replicable program to help Latinas:
  • overcome barriers to saving
  • create achievable savings goals
  • establish consistent savings habits
Elements of program

• Financial education from trusted messengers

• Accessible savings product – easy to understand, low cost, no risk to principal

• Immediate, on-site program sign-up

• Matched savings – 50% match up to $10/month for 6 months

• Four sites: Baytown TX, Albuquerque, Fort Worth, Topeka
Gains in self-rated financial knowledge

- Pre-workshop - mean: 4.5
- Post-workshop - mean: 4.9
### Workshops seen as useful and actionable

Please indicate whether you agree/disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I learned something useful about retirement by attending this session”</td>
<td>4.7</td>
</tr>
<tr>
<td>“I feel more confident in my ability to plan for my financial future”</td>
<td>4.4</td>
</tr>
<tr>
<td>“The presenters were clear and engaging”</td>
<td>4.6</td>
</tr>
<tr>
<td>“I will use the information I learned today to plan for my financial future”</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Agreement/disagreement measured on 5 point scale, where: 5 = strongly agree; 4 = agree; 3 = neither agree nor disagree; 2 = disagree; 1 = strongly disagree
## Savings outcomes

<table>
<thead>
<tr>
<th></th>
<th>Attendance</th>
<th>Enrollment</th>
<th>Take up rate</th>
<th>Eligible for match at 6 months</th>
<th>Saved but not eligible for match</th>
<th>Project retention (savers/enrollment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baytown I</td>
<td>52</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albuquerque</td>
<td>55</td>
<td>47</td>
<td>85.5%</td>
<td>13</td>
<td>7</td>
<td>42.6%</td>
</tr>
<tr>
<td>Topeka</td>
<td>20</td>
<td>13</td>
<td>65.0%</td>
<td>5</td>
<td>2</td>
<td>53.8%</td>
</tr>
<tr>
<td>Ft Worth</td>
<td>34</td>
<td>29</td>
<td>85.3%</td>
<td>18</td>
<td>2</td>
<td>69.0%</td>
</tr>
<tr>
<td>Baytown II</td>
<td>32</td>
<td>17</td>
<td>53.1%</td>
<td>7</td>
<td>1</td>
<td>47.1%</td>
</tr>
<tr>
<td>All credit union sites</td>
<td>141</td>
<td>106</td>
<td>75.2%</td>
<td>43</td>
<td>12</td>
<td>51.9%</td>
</tr>
</tbody>
</table>
Savings outcomes cont’d

<table>
<thead>
<tr>
<th></th>
<th>Mean savings after 6 months</th>
<th>Median savings after 6 month</th>
<th>Range of savings after 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albuquerque</td>
<td>$210</td>
<td>$180</td>
<td>$80-505</td>
</tr>
<tr>
<td>Topeka</td>
<td>$143</td>
<td>$139</td>
<td>$105-$185</td>
</tr>
<tr>
<td>Ft Worth</td>
<td>$140</td>
<td>$125</td>
<td>$60-$350</td>
</tr>
<tr>
<td>Baytown II</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>All credit union sites (except Baytown II)</td>
<td>$167</td>
<td>$128</td>
<td>$60-$505</td>
</tr>
</tbody>
</table>
6-month follow-up surveys – “match-eligible savers”

• Financial priorities – 41% said main goal was “short-term savings” vs 15% pre-workshop

• Confidence – “On a scale from 1-7, how confident are you that you will be able to continue saving money over the next year?” Mean response was 6.8

• Program satisfaction – “On a scale from 1-10, how likely would you be to recommend the program to a friend or family member?” Mean response was 9.6
6-month follow-up surveys – “non-savers” and savers not eligible for match

• 79% indicated they *had* saved for some period of time following the workshops

• Competing financial demands (debt) or “stretched too thin” were main reasons for not saving

• Some (perhaps as many as half) may have in fact, been eligible for match, but did not claim it
9-month follow-up surveys – “match eligible savers”

- 14 respondents (vs 43 match-eligible savers at 6-months)

- All 14 (100%) reported that they maintained balances or increased savings since the 6-month mark
  - Median account balance: $262.50
  - Mean account balance: $277.08

- 3 (21%) reported they stopped saving at some point

- 4 (29%) respondents had to dip into savings for an unexpected bill, home or auto repair.
Conclusions

• Many barriers to improving Latina retirement wealth are complex, systemic

• But some barriers can be overcome through targeted interventions
  • Financial knowledge/capability – trusted messengers
  • Access – products that fit needs: understandable, low cost, from trusted source
  • Matched savings – incentives work to get people interested

• Credits unions were ready, willing and able to support the project – mission alignment
Conclusions cont’d

- Success in achieving financial goals breeds confidence and sustains motivation

- Maintaining durable savings habits over time can be challenging even when targets are modest

- Multiple “touch-points” requires persistence in program delivery

- WISER model can be scaled, but to be most effective, requires flexibility and willingness to adapt program to local needs