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## Latinos fall behind in saving even as their numbers surge ahead

By Editorial Staff    Thu, Dec 6, 2018

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Only 31% of all working age Latinos participate in employer-sponsored workplace retirement plans, resulting in a median retirement account balance equal to zero, according to the National Institute of Retirement Security and UnidosUS.

“Most Americans are far off-track when it comes to preparing for retirement, and this report offers an even grimmer outlook for Latinos. The retirement divide can begin to close if more Latinos have access to retirement plans and are eligible to participate,” said Diane Oakley, NIRS executive director.

“State-sponsored retirement plans that are taking hold across the nation also can play a big role in improving the retirement outlook for Latinos. Such plans target working Americans who lack access to employer-sponsored retirement plans, and less than half of Latino employees in the private sector have access to such plans,” Oakley added.

The research finds that:

- Access and eligibility to an employer-sponsored retirement remains the largest hurdle to Latino retirement security.
- The retirement plan participation rate for Latino workers (30.9%) is about 22 percentage points lower than participation rate of White workers (53%).
- When a Latino has access and is eligible to participate in a plan, they show slightly higher take-up rates when compared to others races and ethnicities.

For working Latinos who are saving, their average savings in a retirement account is less than one-third of the average retirement savings of white workers. Overall, less than one percent of Latinos have retirement accounts equal to or greater than their annual income.

The report indicates that policy options that would greatly benefit Latinos are as follows:

**Expand Plan Eligibility for Part-Time Workers.** Given that top reason that Latinos did not have retirement savings was that they worked part-time. Allowing part-time workers the ability to participate in employer-sponsored retirement plans would greatly increase the number of Latinos that could save in a retirement plan.

**Promote the Saver's Credit.** The Saver's Credit is a non-refundable income tax credit for taxpayers with adjusted gross incomes of less than \$31,500 for single filers and \$63,000 for joint filers. Given that the median household income for Latinos was \$46,882 in 2016, a large number of Latino households would qualify for the Federal Saver's credit if they saved for retirement. By further promoting the credit, many more Latino households could be rewarded for saving for retirement.

**Promote and Further Develop State Retirement Savings Plans.** In 2014, an estimated 103 million Americans between 21 and 64 did not have access to an employer-sponsored retirement account. In response to this gap, a number of states have enacted state-sponsored retirement savings programs that automatically enroll individuals into a plan if they are not covered by an employer-sponsored plan. For Latinos, these plans are especially important. State retirement savings plan can assist with providing low-cost retirement products to working Latinos who are not covered by a workplace retirement plan, helping to alleviate the current retirement savings crisis that Latinos face.

Latinos lead population growth in United States, accounting for 17.8% of the total U.S. population and numbering over 57.5%. As the largest minority group in the U.S workforce, Latinos comprised 16.8% of the labor force in 2016.

The U.S. Census Bureau estimates that by 2060, the Latino population will number 119 million and will account for approximately 28.6% of the nation's population. The U.S. Administration on Aging predicts the Latino population that is age 65 and older will number 21.5 million and will comprise 21.55% of the population by 2060.

This report updates and expands upon a 2013 report, Race and Retirement Insecurity in the United States, and is based on an analysis of the 2014 Survey of Income and Program Participation (SIPP) Social Security Administration (SSA) Supplement data from the U.S. Census Bureau. The report examines the disparities in retirement readiness between working Latinos aged 21 to 64 and other racial and ethnic groups.