

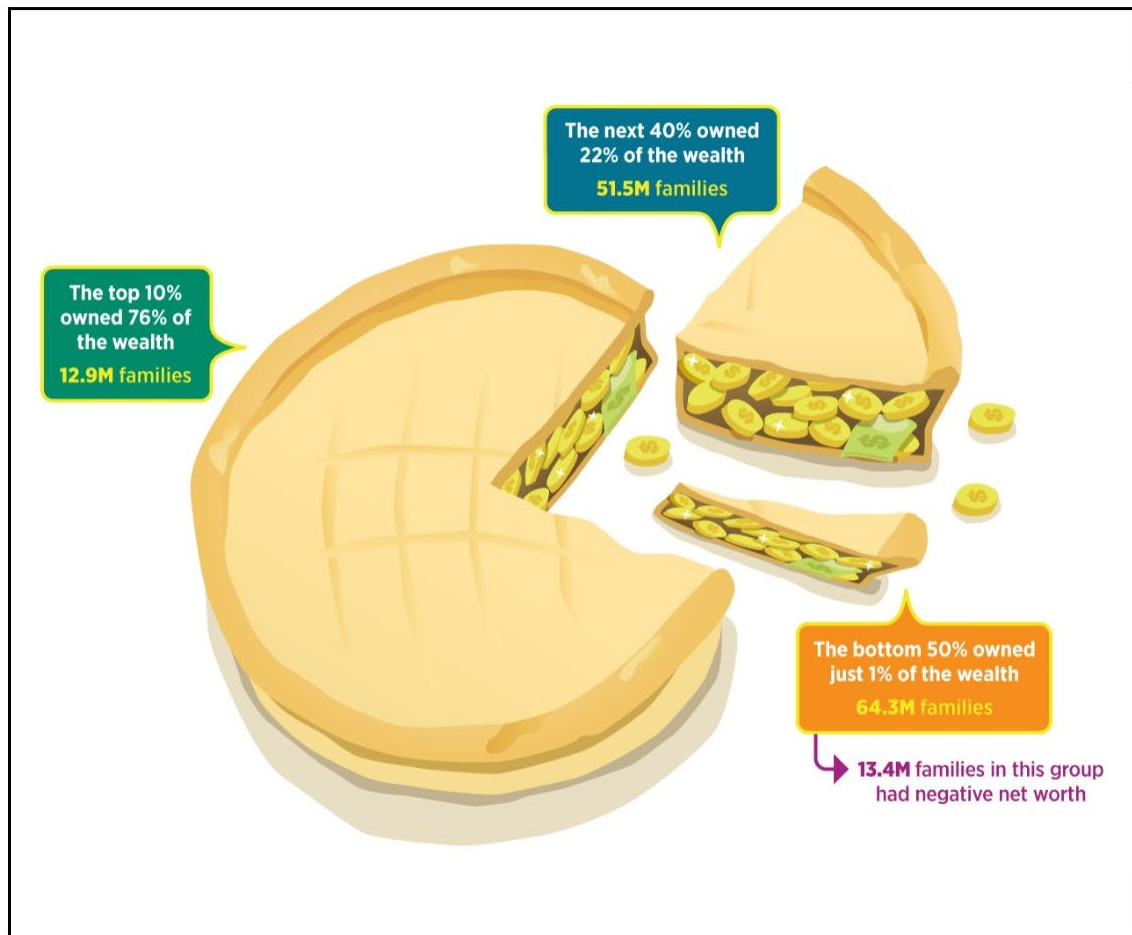
# LATINO WEALTH AND RETIREMENT

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AT THE FEDERAL RESERVE BANK OF ST. LOUIS**

\* These are my own views and not necessarily the views of the Federal Reserve Bank of St. Louis, the Federal Reserve System, or the Board of Governors.



**“WEALTH  
INEQUALITY  
IN AMERICA  
HAS GROWN  
TREMENDOUSLY...  
THE BOTTOM  
HALF... OWN ONLY  
1% OF THE PIE.”**



# DEMOGRAPHIC SNAPSHOT: HISPANIC FAMILIES



3% are millionaires (vs. 15% of white families)



12% in are in debt (vs. 8% of white families)

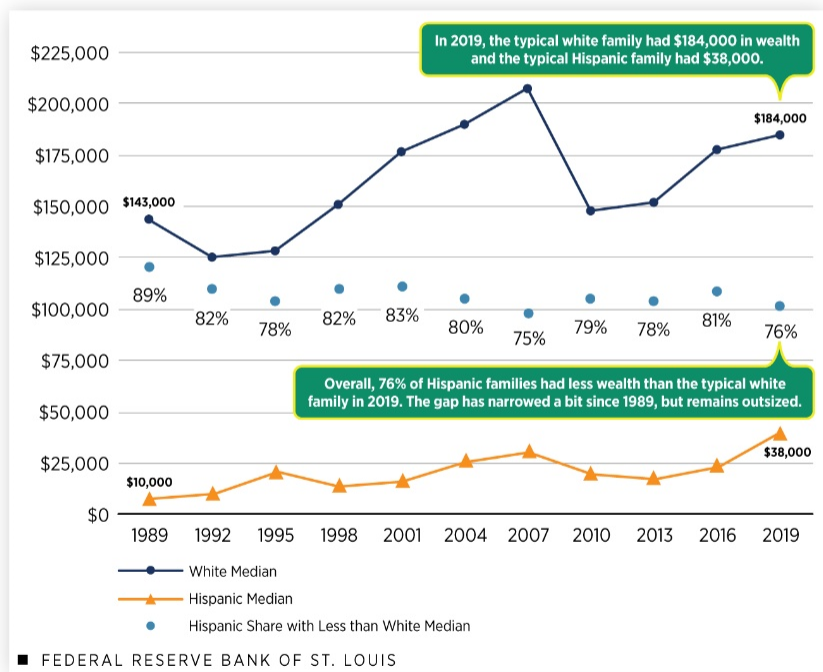


Hispanic families with at most a bachelor's degree have less median wealth than the typical white high school graduate

Source: Kent and Ricketts (2021a) using the Federal Reserve Board's Survey of Consumer Finances (2019).

Note: Unit of analysis is families; characteristics are taken from the survey respondent, generally considered to be the most financially knowledgeable person.

# HISPANIC FAMILY WEALTH IN 2019



21

Hispanic families had just 21 cents in median wealth for every dollar of white family wealth

32%

32% of Hispanic families had retirement savings in DC plans; 57% of white families did





## WHAT ABOUT YOUNGER LATINOS?

Note: Wealth expectations are set by families of all generations of the same race/ethnicity.

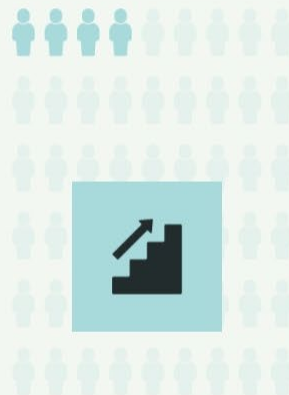
# HISPANIC OLDER MILLENNIAL WEALTH IMPROVED BUT STILL LAGS BEHIND

-5%



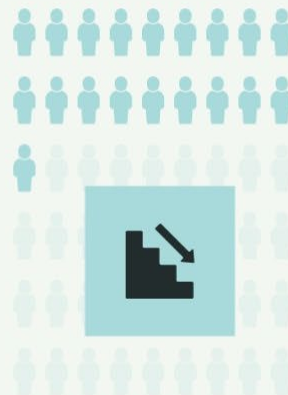
White millennials  
were just **5%**  
below, with wealth  
of \$88,000

-10%



Hispanic  
millennials were  
**10%** below, with  
wealth of \$22,000

-52%



Black millennials  
were **52%** below,  
with wealth of  
\$5,000

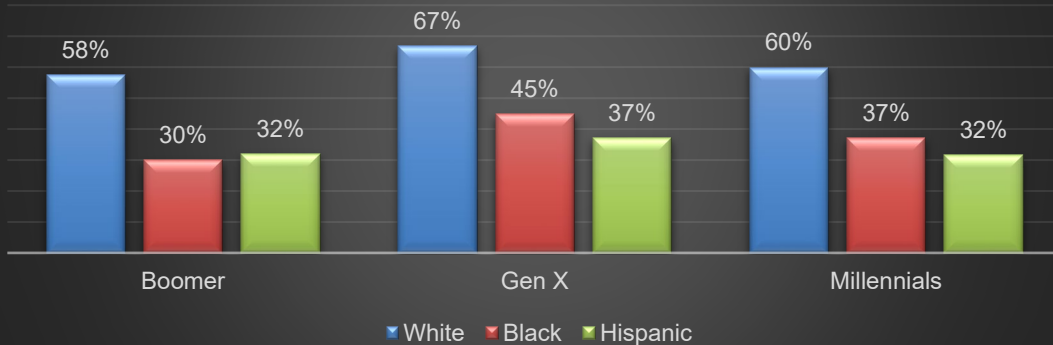
Sources: Kent & Ricketts (2021b) using the Survey of Consumer Finances

## RETIREMENT PREPAREDNESS IN 2019

# RACIAL AND ETHNIC GAPS ACROSS GENERATIONS

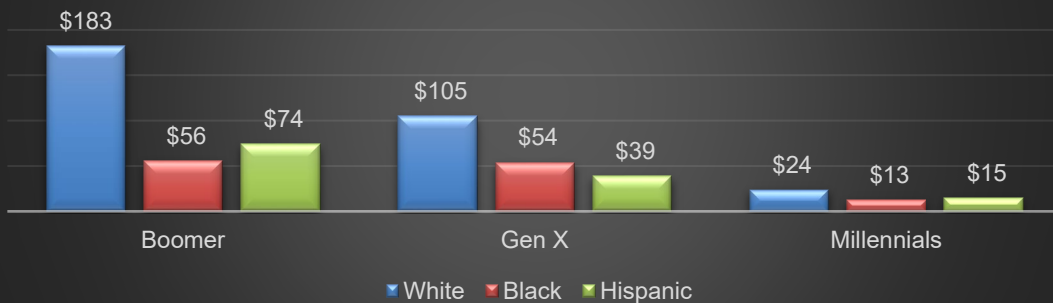
Source: Kent's calculations using the  
Survey of Consumer Finances.

### Share of Families with Retirement Savings in DC Plans in 2019

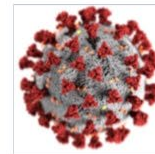


### Share of Families with Retirement Savings in DC Plans

Rounded to Nearest \$1,000; 2019\$



# WHAT ABOUT SINCE COVID-19 RECESSION?



- Hard-hit industries, April 2020

Leisure and hospitality (39.3% unemployment rate)

“Other services” (e.g. personal and laundry services; 23.0)

Wholesale and retail trade (17.1)

Hispanic women disproportionately held service-sector jobs (29%)

- Harder-hit groups

Younger (e.g. Gen Z)

Hispanics & Blacks

Those with less than a bachelor's degree

Women

Sources: Covington & Kent (2021). Kent's calculations using the U.S. Bureau of Labor Statistics, IPUMS-Current Population Survey.

Low-wealth groups are the same ones that  
have experienced disproportionate job loss.

FRED

— Unemployment Rate - Hispanic or Latino  
— Unemployment Rate - White



U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

# UNEMPLOYMENT RATE REMAINS ELEVATED



FRED

— Labor Force Participation Rate - Hispanic or Latino  
— Labor Force Participation Rate - White



U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Labor Statistics

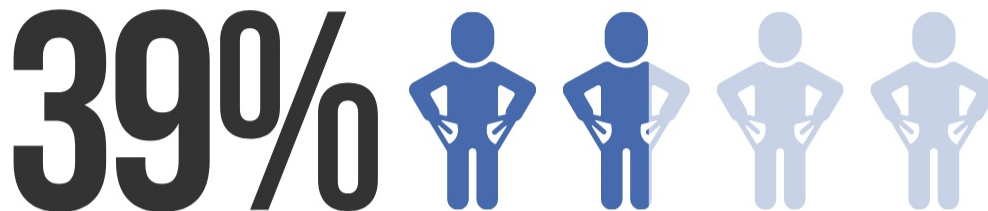
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# LABOR FORCE PARTICIPATION RATE REMAINS MUTED

AS OF NOVEMBER 2020

## RETIREMENT AND FINANCIAL INSTABILITY

For many families (less educated, Black or Hispanic, women, younger) the recovery is still very much ongoing.



of Hispanic millennials and Gen Z would handle a \$400 emergency expense with cash or its equivalent (vs. 64% of white millennials and Gen Z)



of Hispanic millennials and Gen Z say their retirement savings plan is on track (vs. 36% of white millennials and Gen Z)

# AN EQUITABLE RECOVERY AND ACTIONABLE STEPS

The most negative employment effect on those with fewest economic resources

Older millennial Hispanic/white wealth gap: 25 cents/\$1

Invest in care infrastructure, family-friendly work policies and benefits, and children

Take advantage of compound interest; invest in yourself *now*



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- Pictures from Unsplash and Beautiful.ai.