



UCLA Luskin School of Public Affairs

USC Davis
School of Gerontology

UCLA
CHICANO STUDIES RESEARCH CENTER

Enhancing Economic Security for the Latino Community

March 21, 2012

Presented at a Symposium Honoring the
Center for Policy Research on Aging's 15th Anniversary

Aging in a Minority-Majority Nation: Interracial and
Intergenerational Tensions and Opportunities



The Latinos & Economic Security Project

- Spearheaded by Fernando Torres-Gil, Principal Investigator
- With funding from the Ford Foundation (2005 to present)
 - Grant #1: The impact of Social Security and various reform options on Latino retirees
 - Grant #2: Economic security Latino Baby Boomers (the understudied intersection of two populations)
 - Grant #3: Economic security of the U.S. workforce (Gen Xers & beyond)
 - Grant #4: Dissemination and enhancement of research agenda
- Early policy evaluation has led to current demographic analysis
- Conference funding from the Archstone Foundation

Study Team

The Research Perspective

The Applied Perspective



What We've Produced

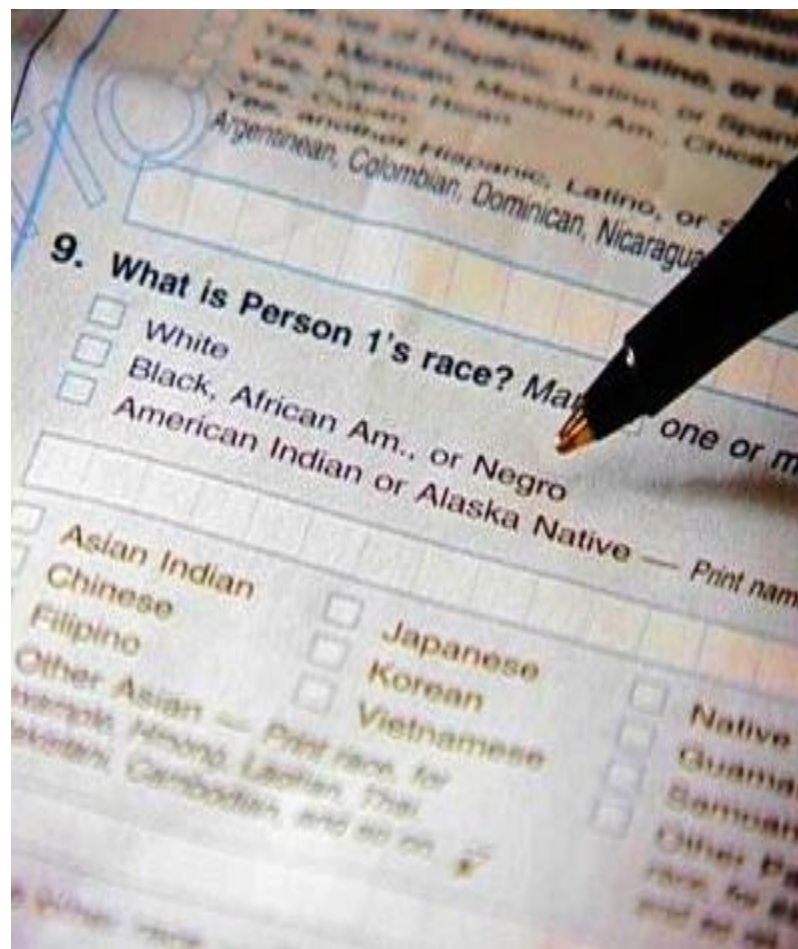
- All available on our website <http://latinoeconomicsecurity.org>
- Policy Briefs
 - Latinos and the Future of Social Security: A Time to Act (2006)
 - Social Security Reform: Implications for Latino Retirees (2007)
 - Latino Baby Boomers: A Hidden Population (2008)
 - Advocacy for Latino Baby Boomers: Protecting an At Risk Population (2010)
 - Latino Baby Boomers: A Demographic and Economic Profile (2010)
- Research Reports
 - Impact of Social Security on the Latino Community (2006)
 - Social Security Reform: How Various Options Will Affect Latino Retirees (2007)
 - Who are the Latino Baby Boomers? Examining the Demographic and Economic Characteristics of a Hidden Population (2008)
- Congressional Briefing in Washington, DC – July 2011
- Plus various presentations & academic publications

Race/Ethnicity Terminology

- Latino refers to individuals of “Mexican, Puerto Rican, Cuban, South or Central American, or other Spanish culture or origin, regardless of race”
 - Office of Management and Budget (1997)
 - Treat Latino & Hispanic synonymously – self report
- White, African American, and Asian all refer to non-Latino members of those groups
- African American includes individuals from Central and South America who are black and do not identify as Latino
- Asian includes Asian Americans and Pacific Islanders

Major Data Sources

- U.S. Census Bureau
 - American Community Survey (ACS)
 - Population projections
 - Decennial Census
- Health & Retirement Study (HRS)



Overview

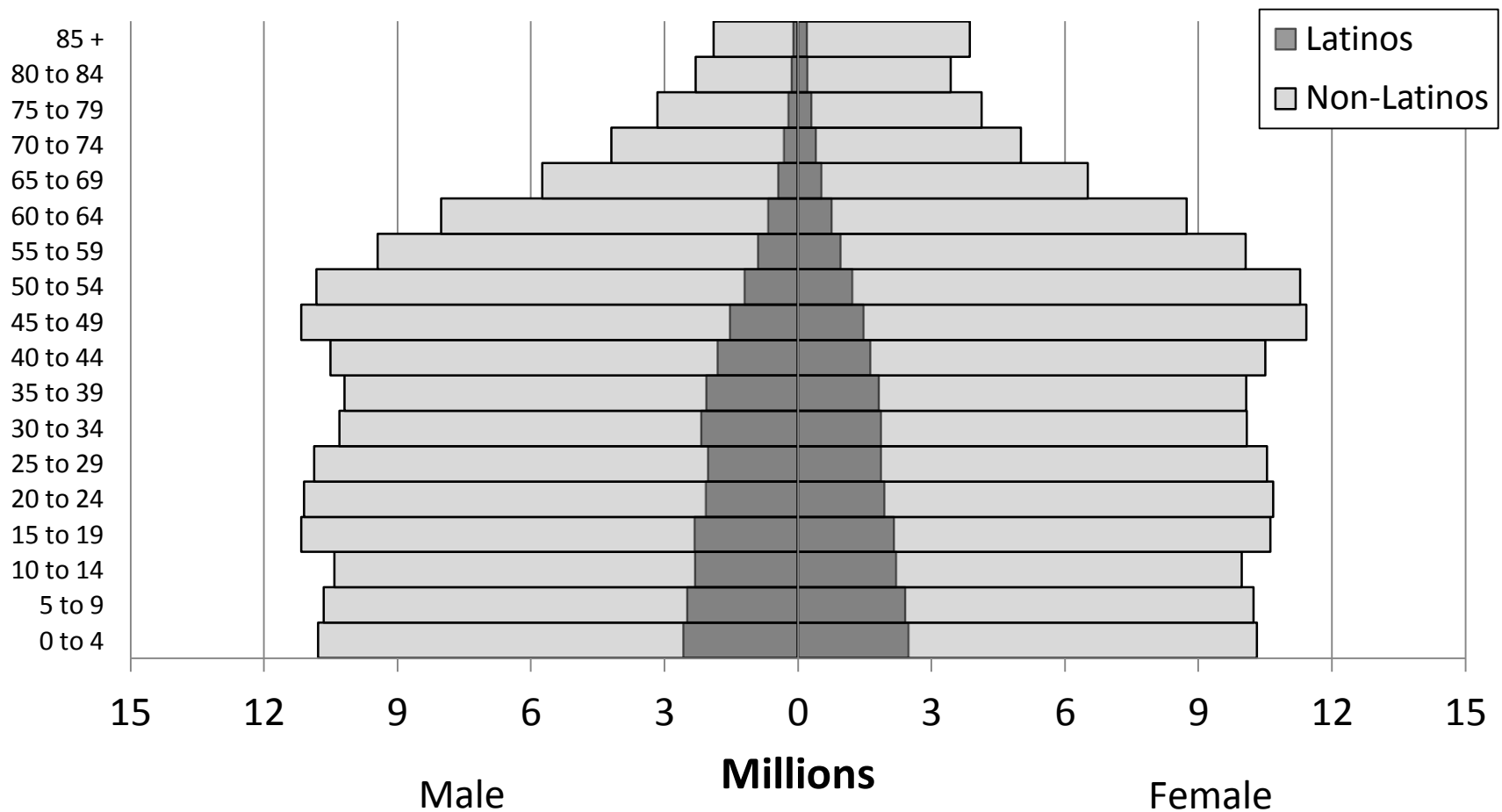
- Demographic changes in the U.S. population
- Characteristics and economic security of three populations:
 - Older adults (age 65+)
 - Income and Latinos' reliance on Social Security
 - Baby Boomers (born 1946-1964)
 - The Latino imperative for attaining economic security is education
 - Generation X (born 1965-1981)
- Impending changes to the composition of the U.S. workforce
 - Growth over the next 20 years will be driven by the Latino population
- Implications for the U.S. economy
- How Latinos fit into the future of the U.S.

1: Changing Complexion of the U.S.

- The U.S. population is simultaneously graying and browning



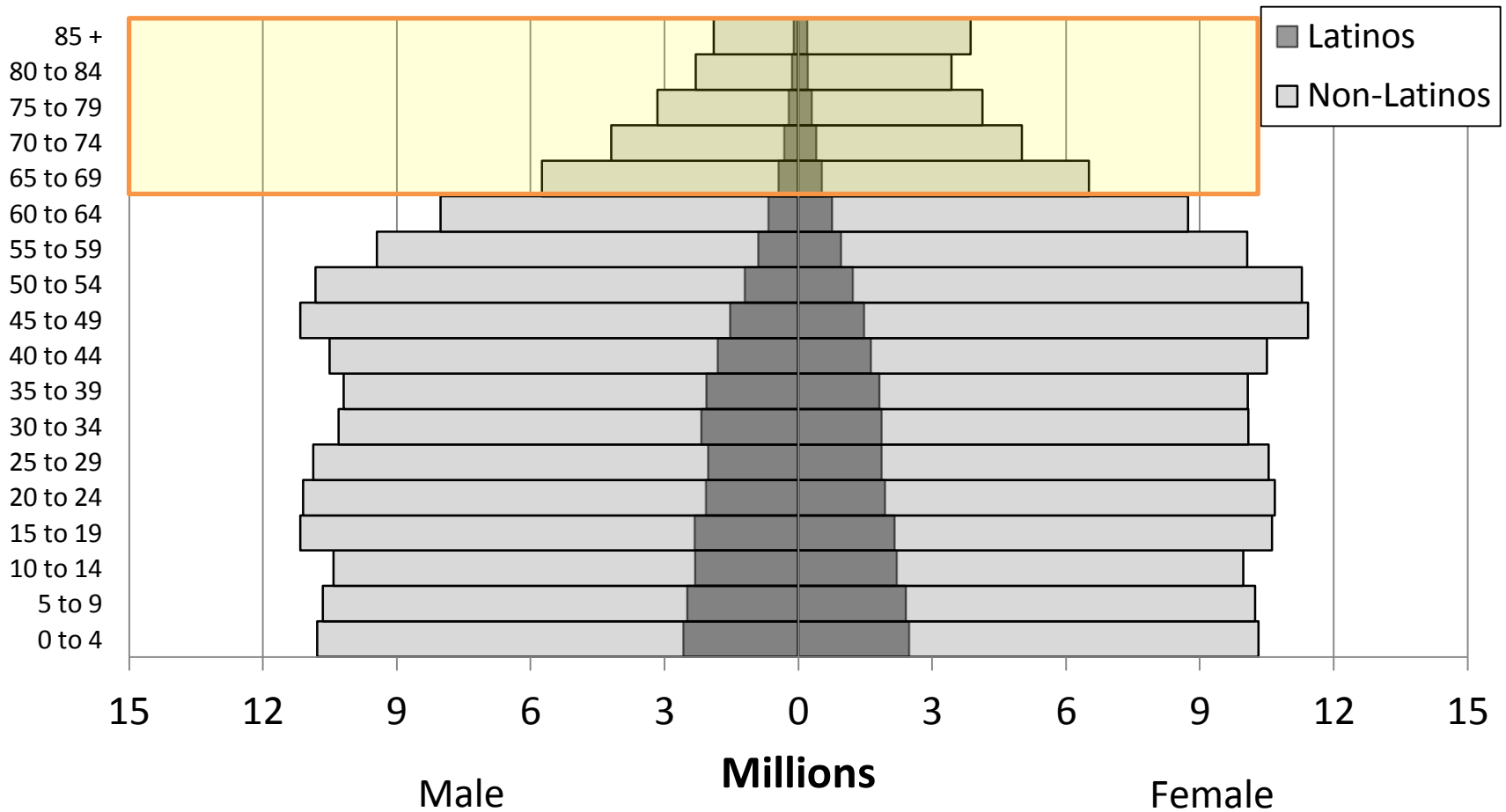
Latinos are a small percent of 65+ population and an increasingly large percent of the working-age population



Graying and Browning

- 40.3 million aged 65+ in 2010
 - 13% of total population
- 50.5 million Latinos in 2010
 - 16% of total population
- 2.8 million Latinos aged 65+
 - 7% of population 65+
 - 6% of Latino population

2: Focus on the 65+ Population



Social Security & Economic Security

- Latinos age 65+ are highly reliant on income from Social Security

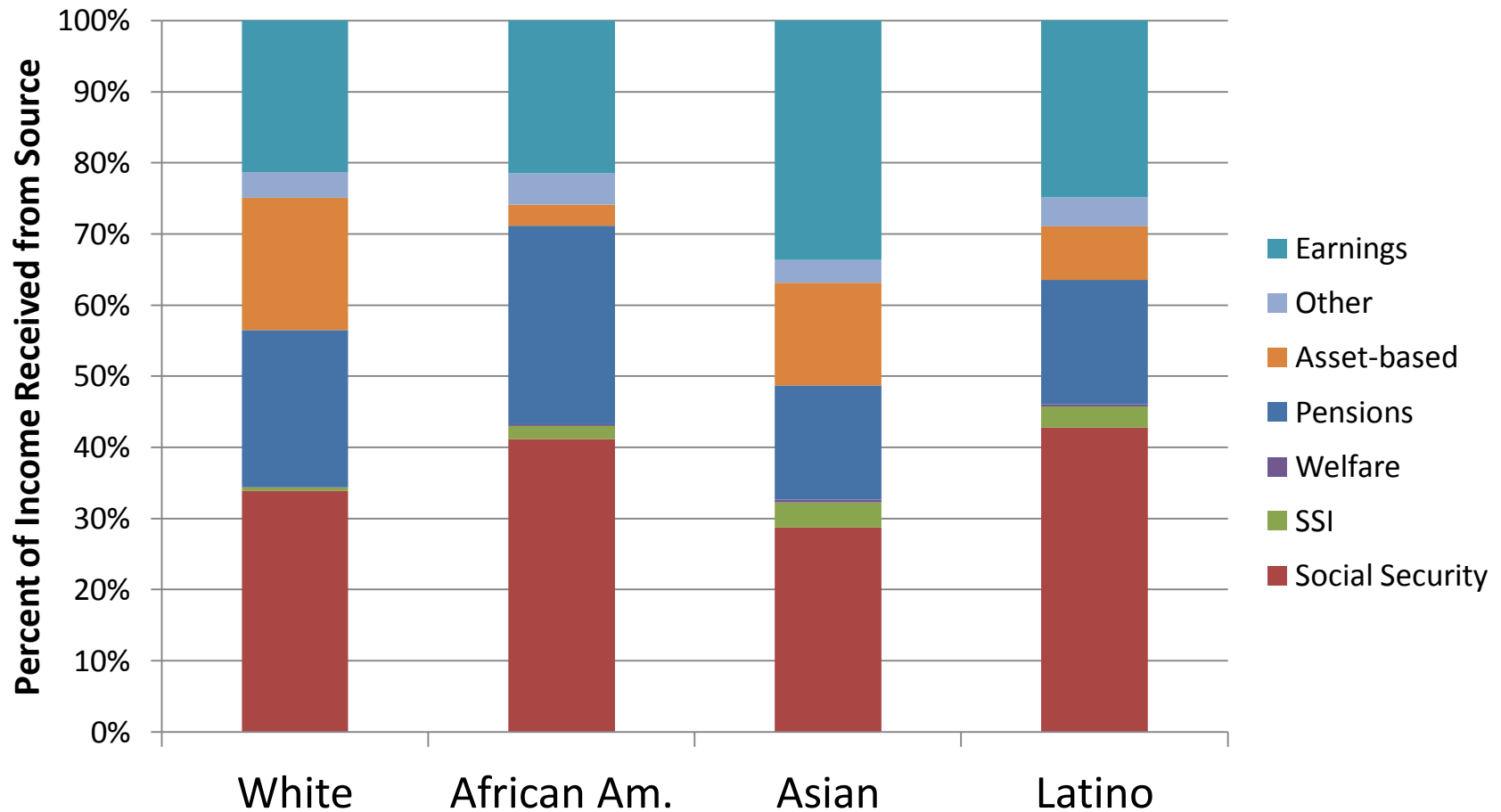


The Four Legged Stool of Retirement Income

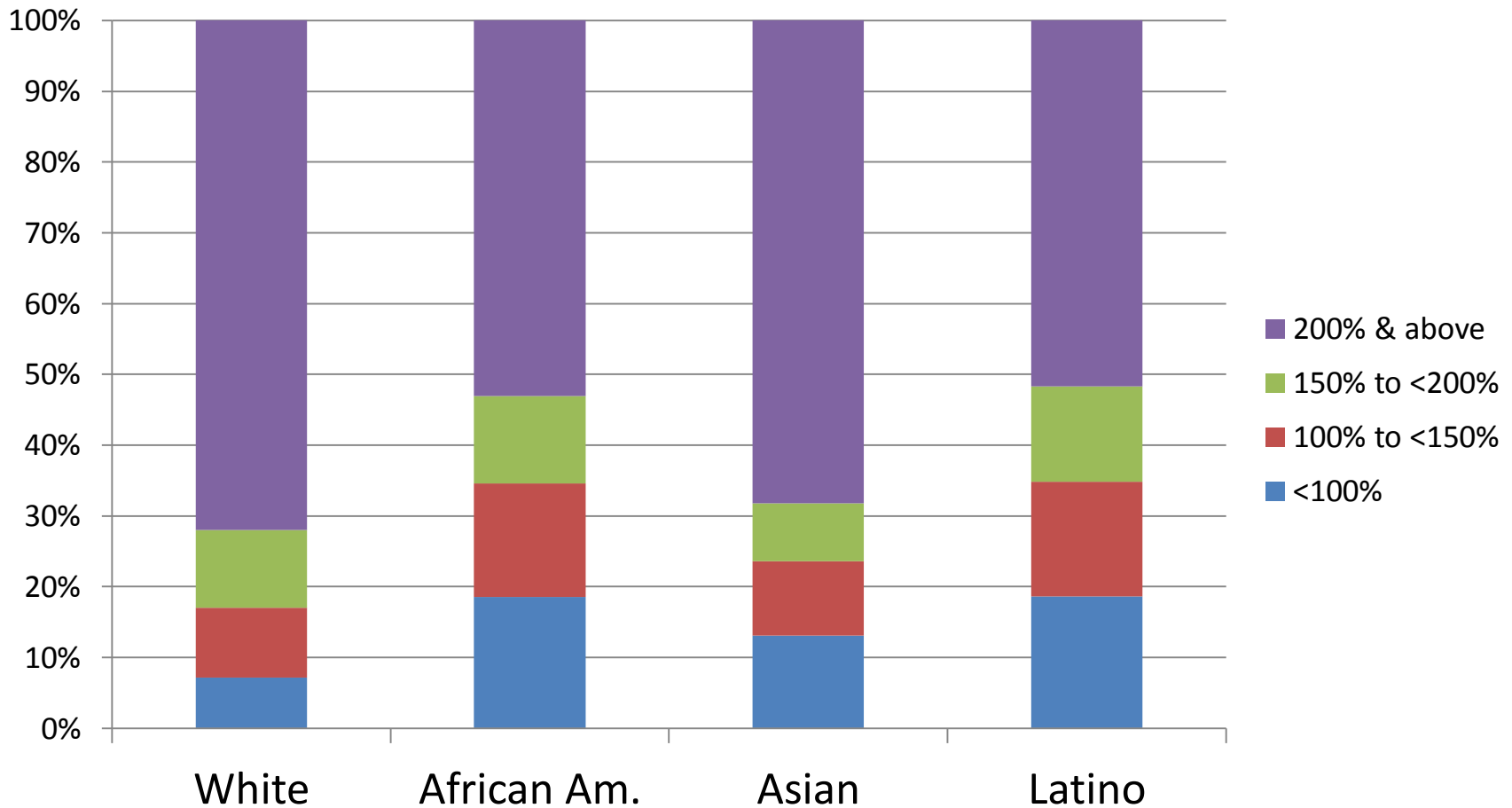
- Social Security
- Pensions
- Asset-based/savings
- Work/earnings



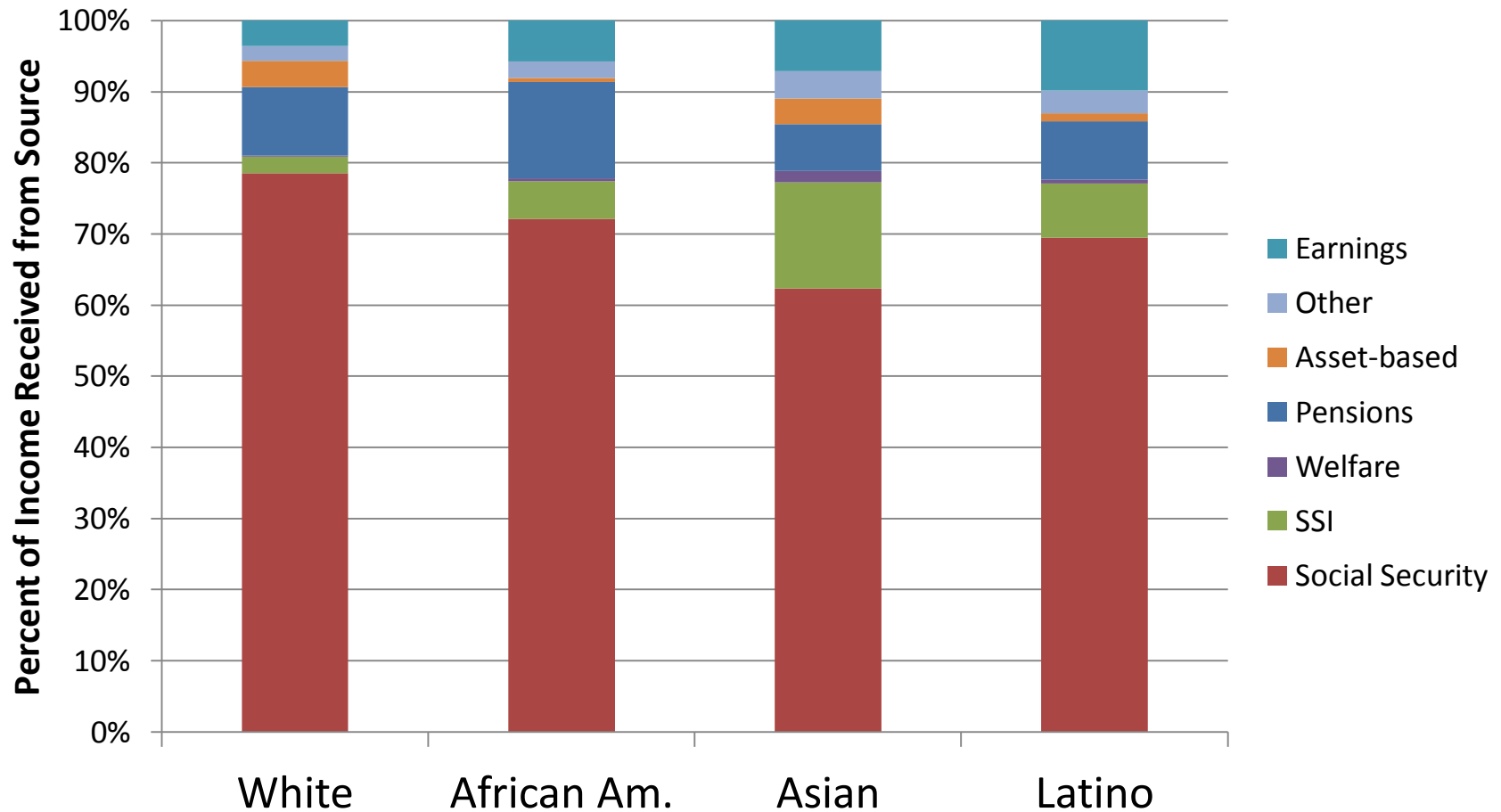
Latino Elders Rely Heavily on Social Security in Retirement



More Latino Elders (65+) are In & Near Poverty



Social Security Even More Important for Those within 200% of Poverty Line



Social Security Is a Major Source of Income for Latinos

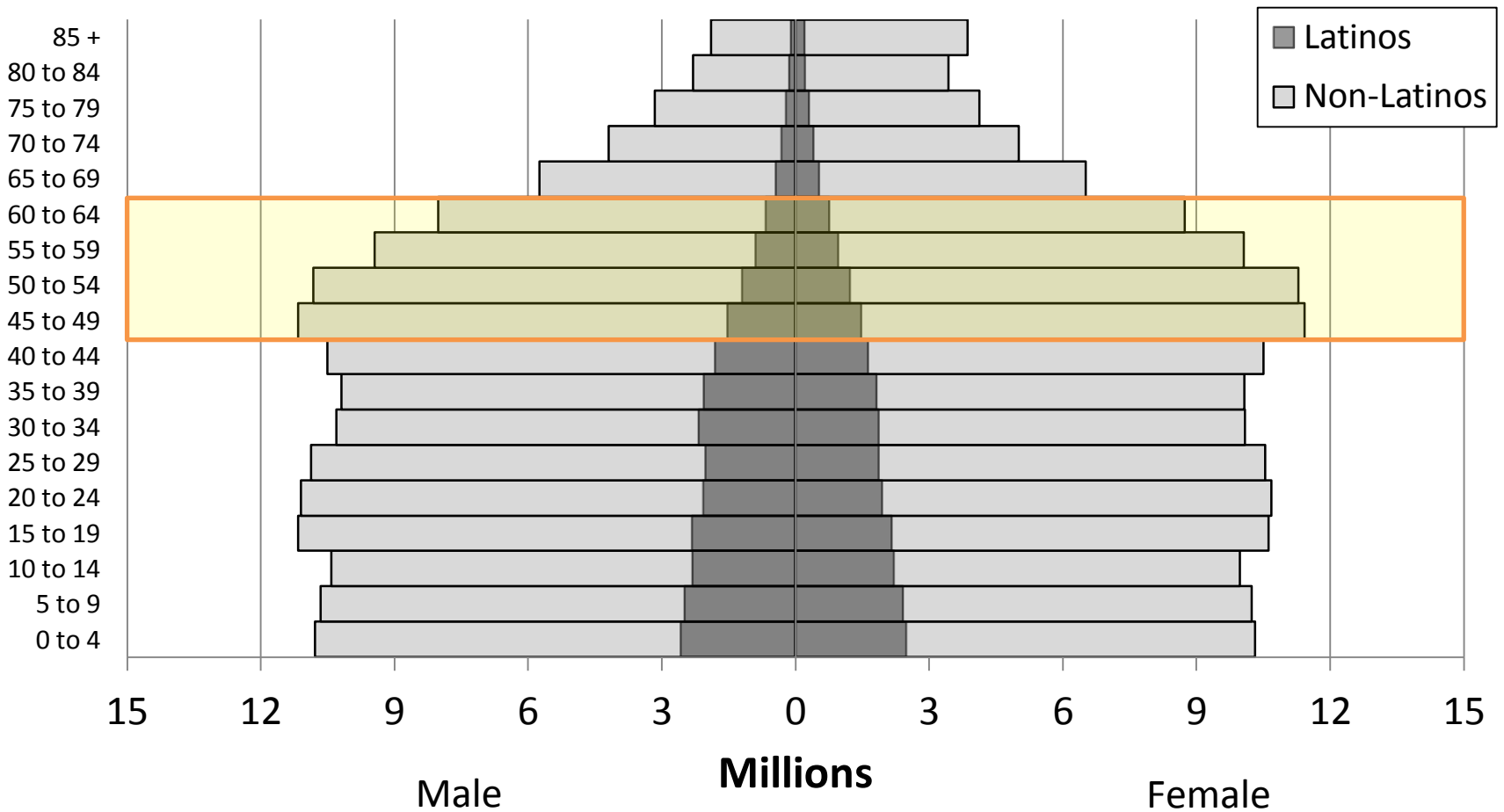
- Among Latino elders who received Social Security in 2011:
 - 44% of couples relied on it for 90%+ of their income
 - 61% of single people relied on it for 90%+ of their income

2: Recap – 65+ Population

- Latinos aged 65+ comprise a small sub-set of the aging population (the tip of the pyramid)
- Latinos 65+ depend heavily on Social Security for their retirement income



3: Focus on Baby Boomers (1946-1964)



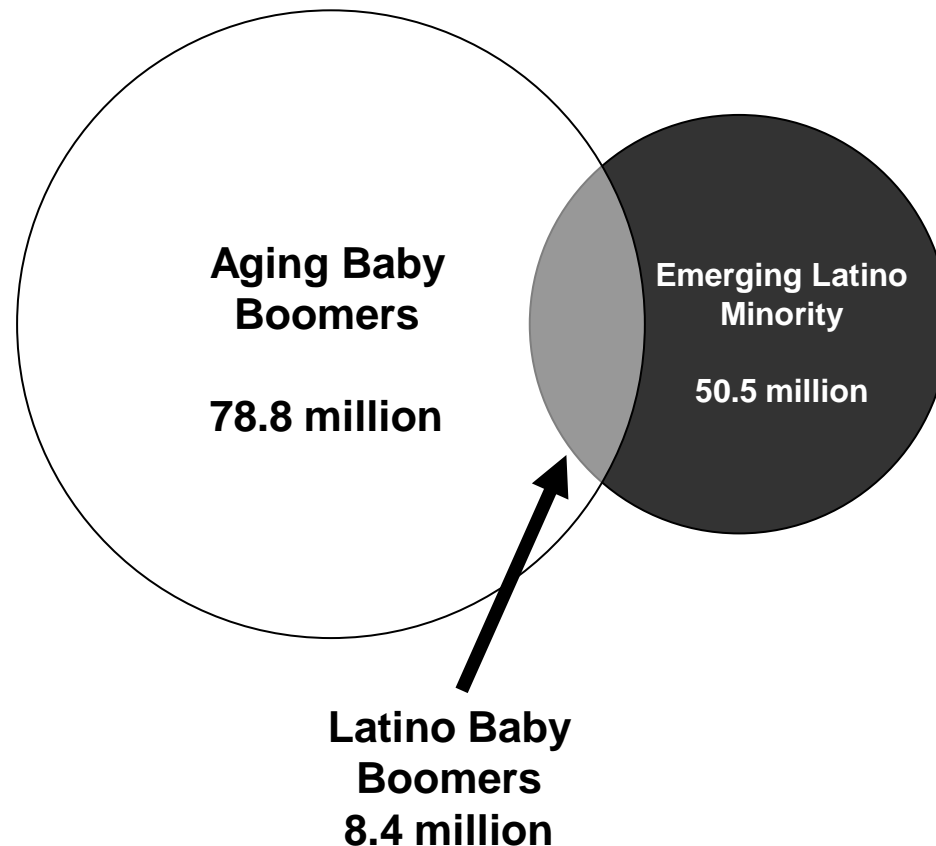
The Baby Boomers and the Generational Divide: Two Growing Populations

- Rapidly increasing aging population
 - 78.8 Million Boomers in 2010 (born 1946-1964)
 - Entering retirement over the next 20 years
- Growing Latino population
 - 50.5 million in 2010
 - Fastest growing U.S. racial/ethnic group

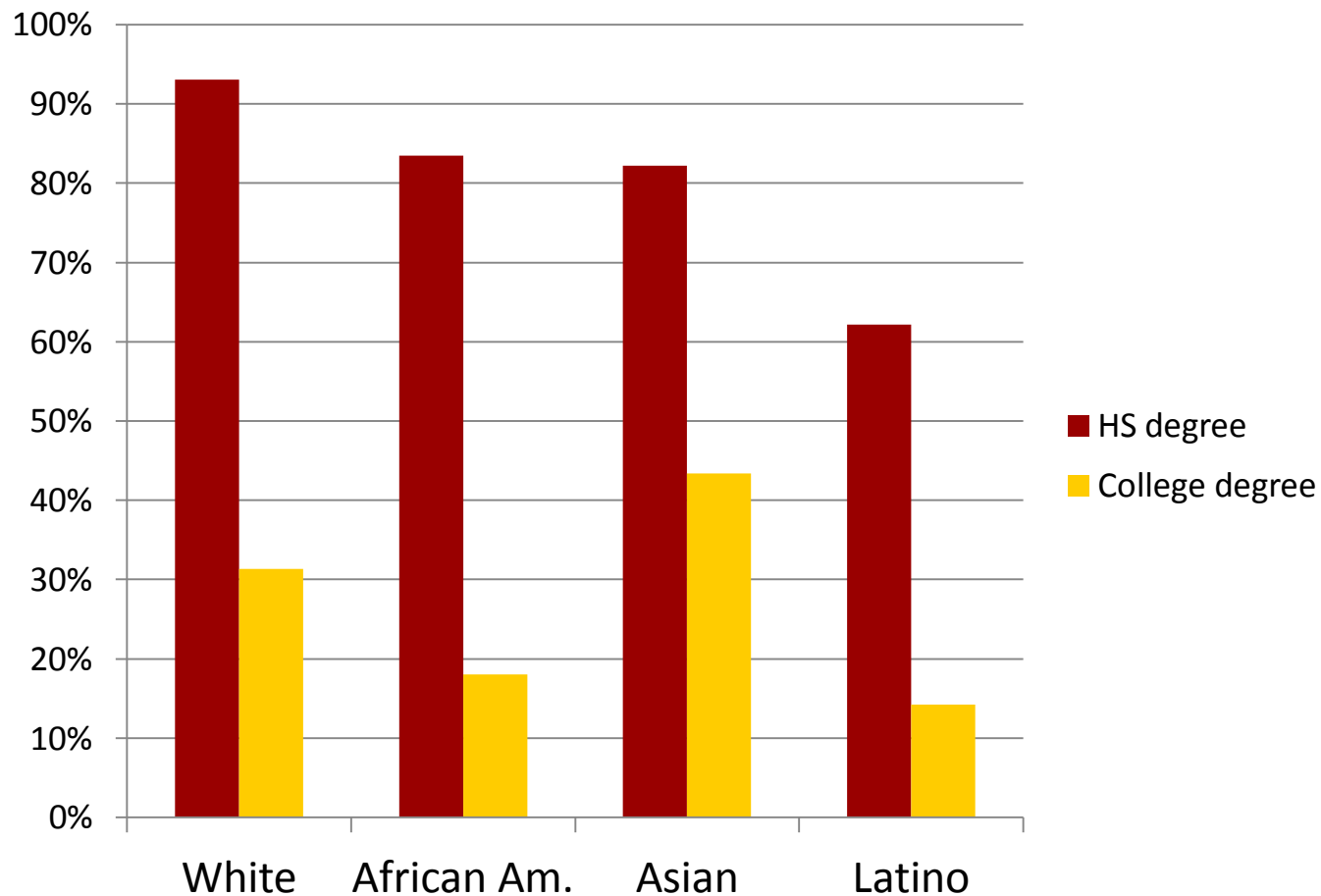


A Confluence of Two Populations: The “Hidden Boomers”

- In 2010, 11% of Boomers were Latino

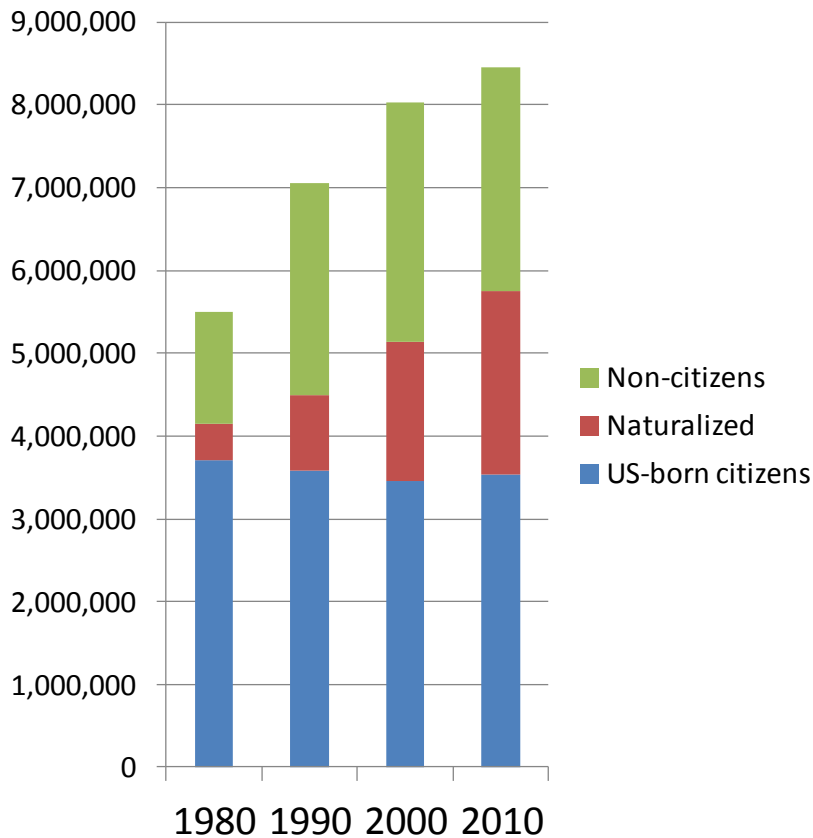


Latino Boomers have lower levels of education than other racial/ethnic groups

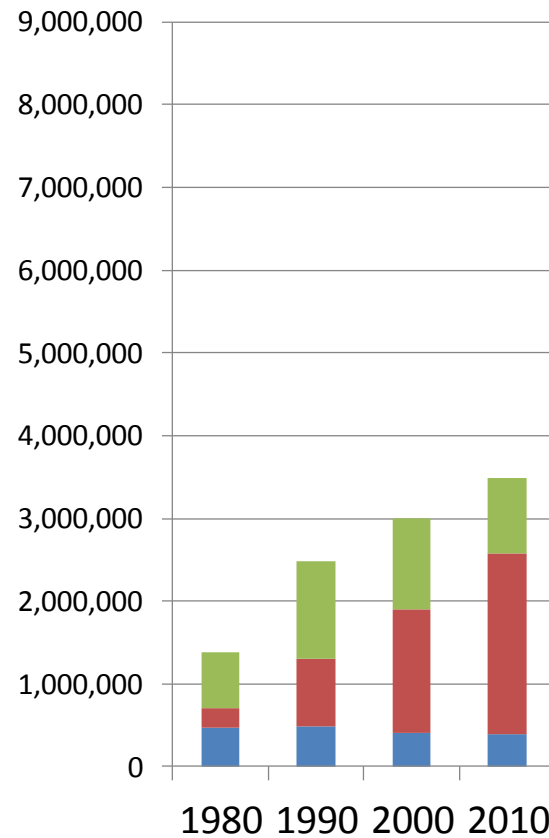


Citizenship Status: Latino vs. Asian Boomers

- Trends are similar; higher rates of naturalization (attaining citizenship status) are seen among Asians



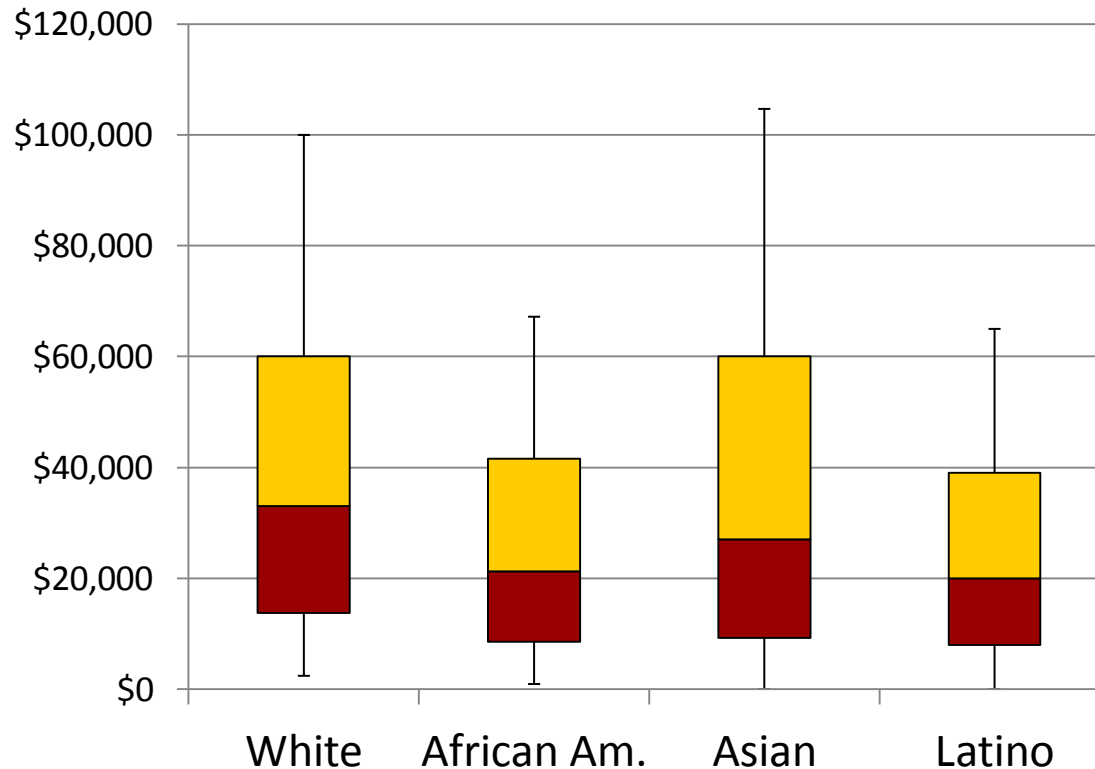
Latinos



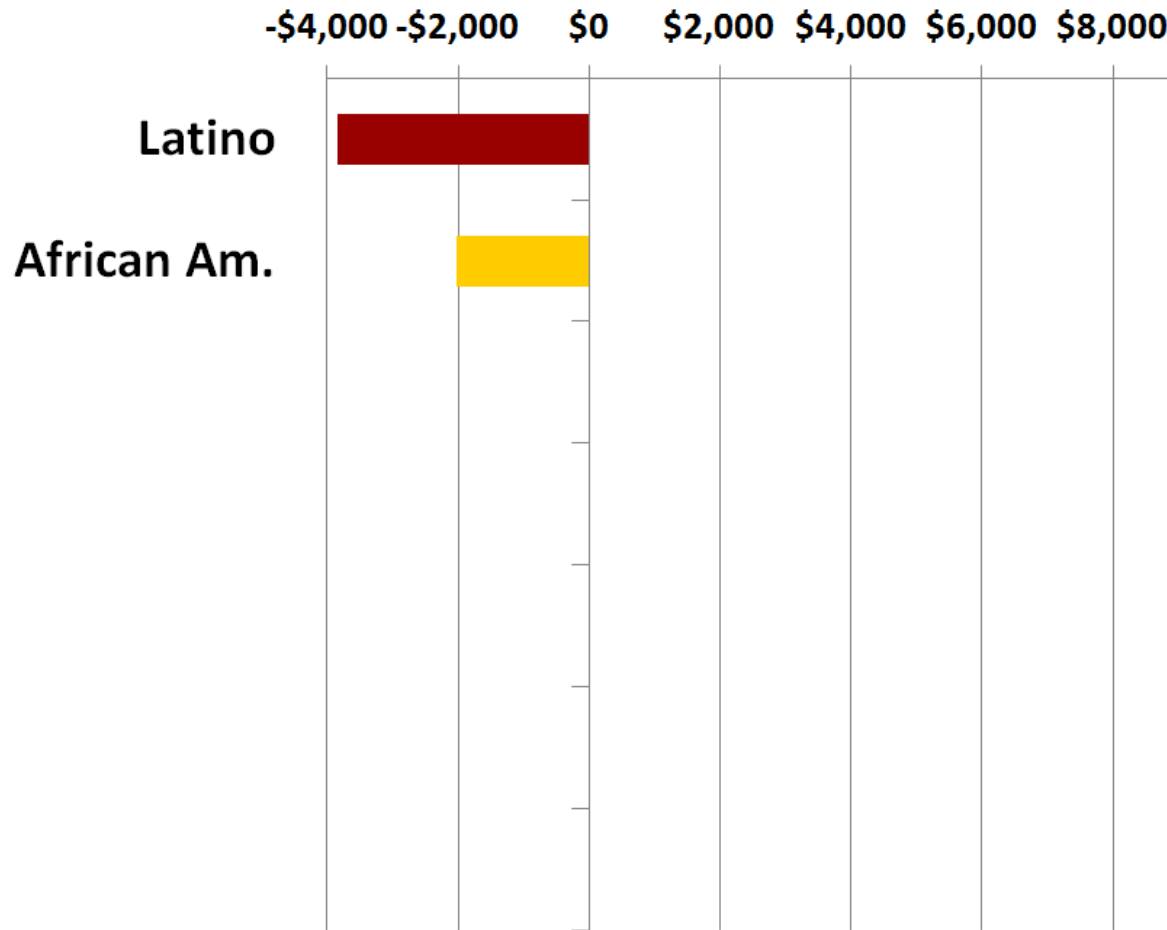
Asians

Boomer Income in 2011

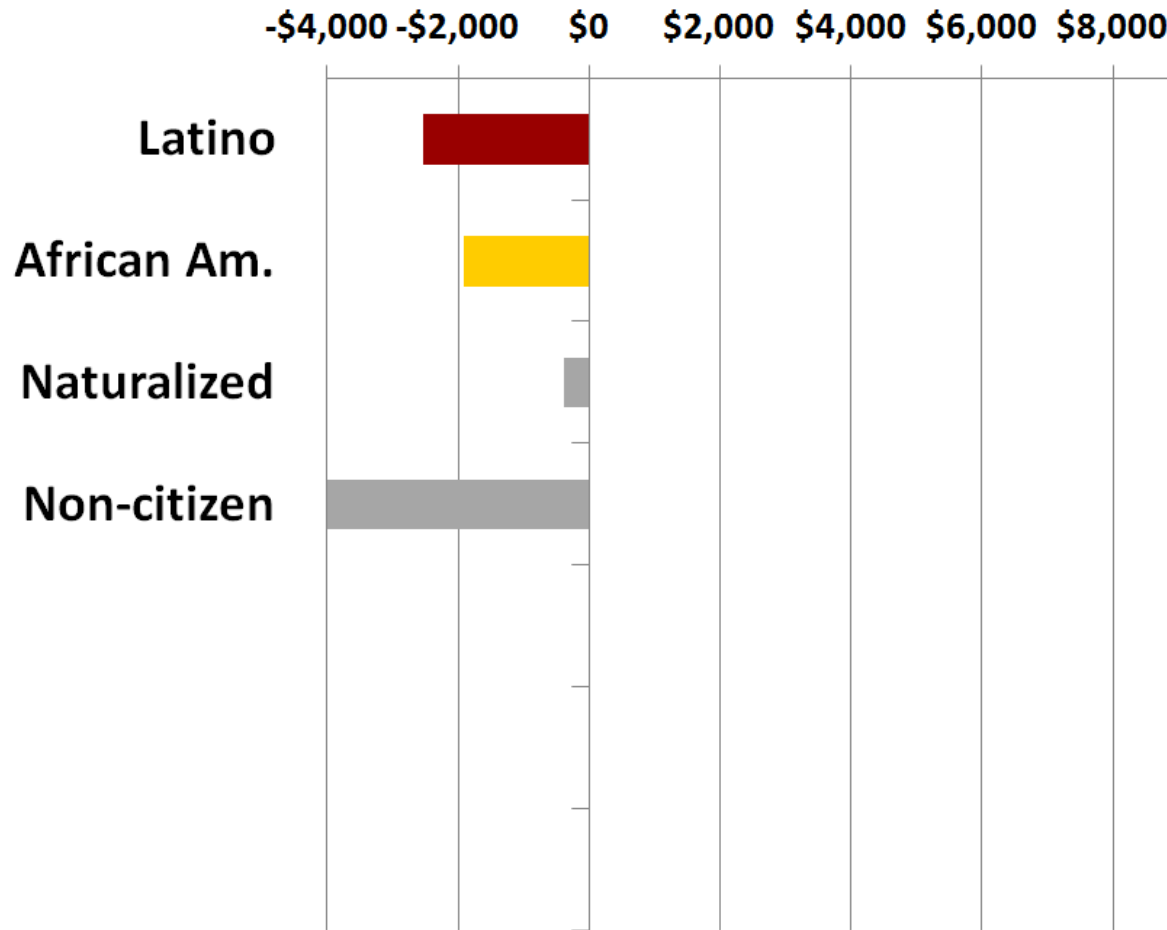
- Latinos have lower individual income than Whites & Asians
- Latinos' individual income is similar to African Americans



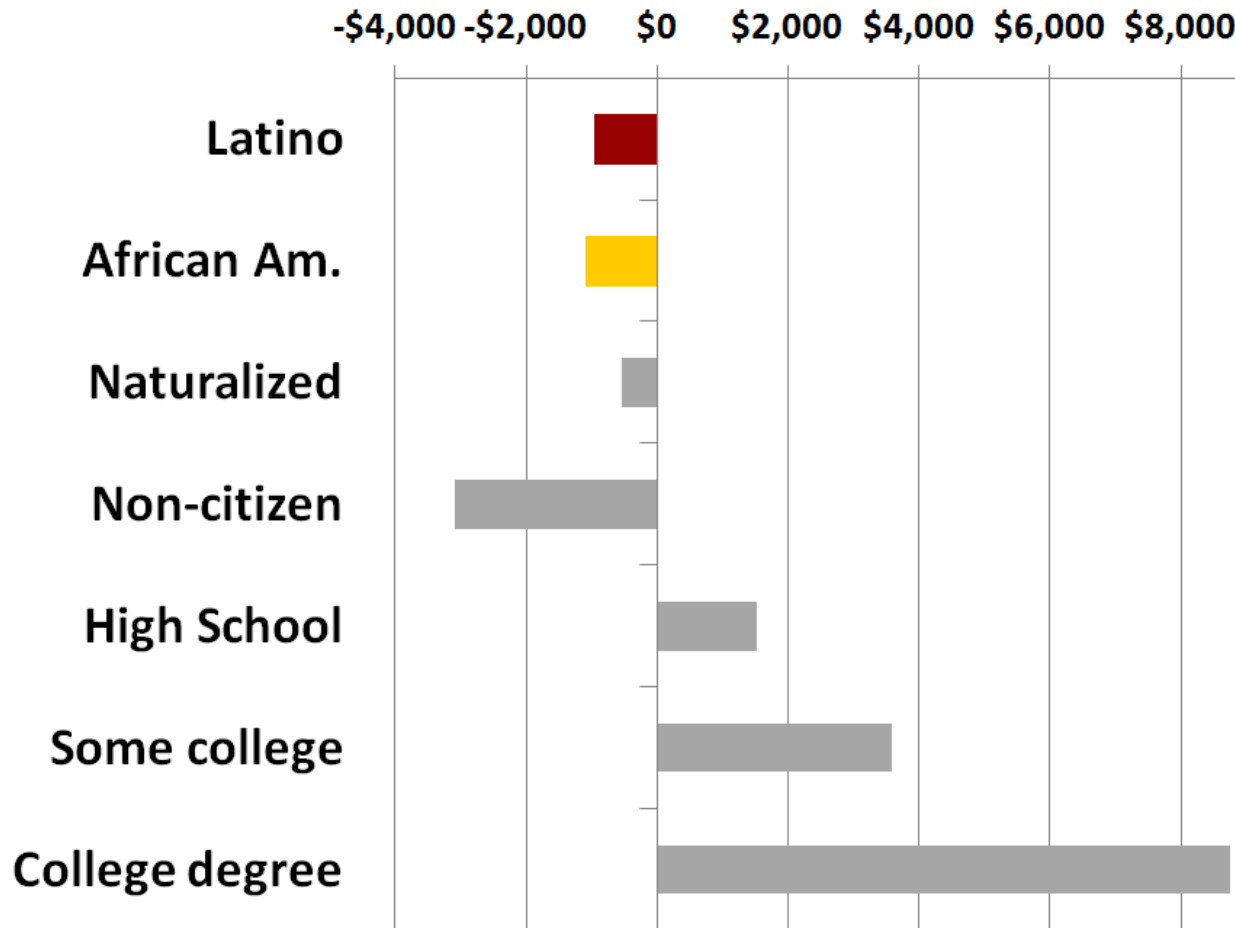
Boomer Income



Boomer Income

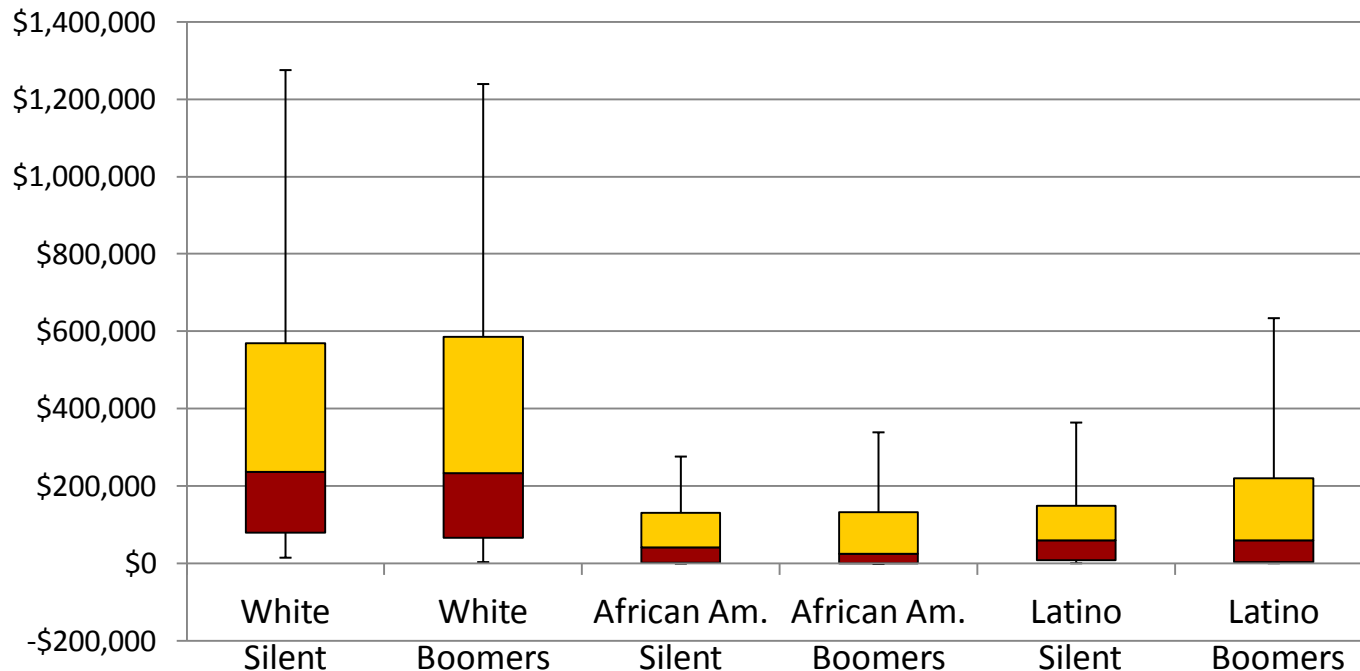


Boomer Income



Near-Retirement Wealth, by Race/Ethnicity

- Comparing generations before retirement age (ages 54-62)
- Latinos have less household wealth than Whites
- Increases in wealth for Latino Boomers, compared to Latino members of the Silent Generation

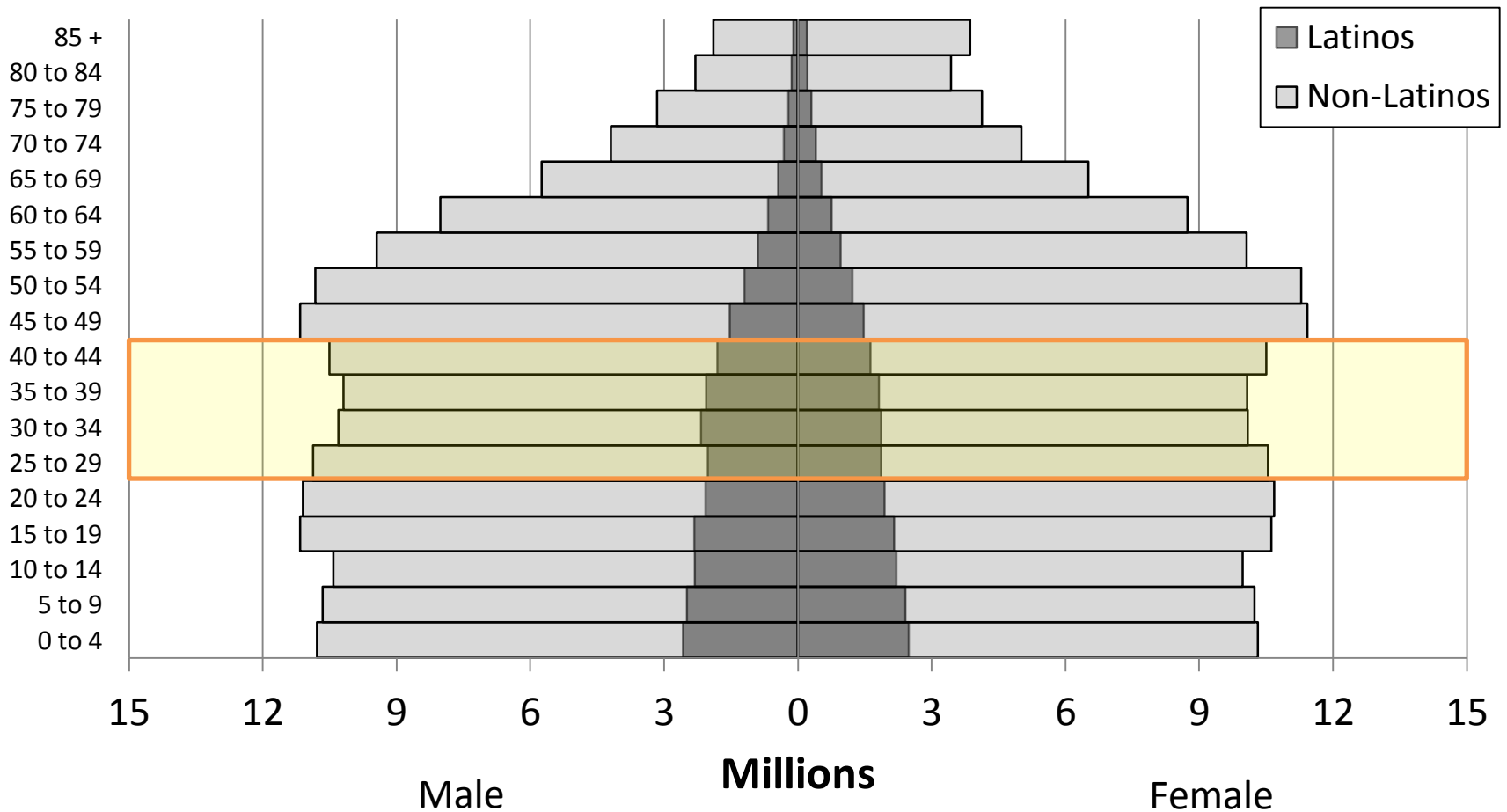


3: Recap – Baby Boomers

- Most of the Latino income disparity can be explained by naturalization & education
- Latino wealth disparities have decreased from Silent Generation to Baby Boomers
- The Latino imperative for attaining economic security is education



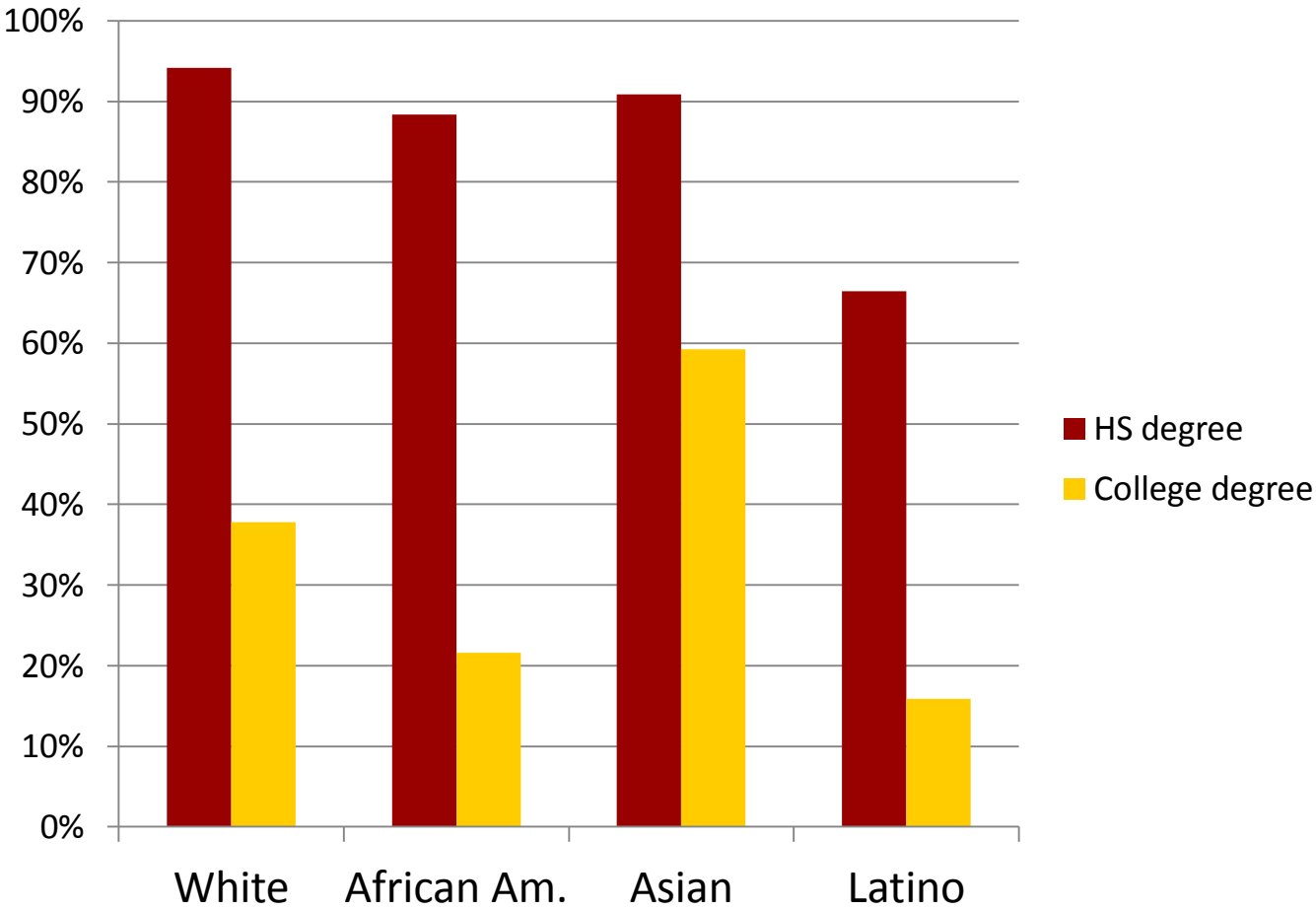
4: Focus on Generation X (1965-1981)



The Interests of Younger Latinos & Baby Boomers Are Linked

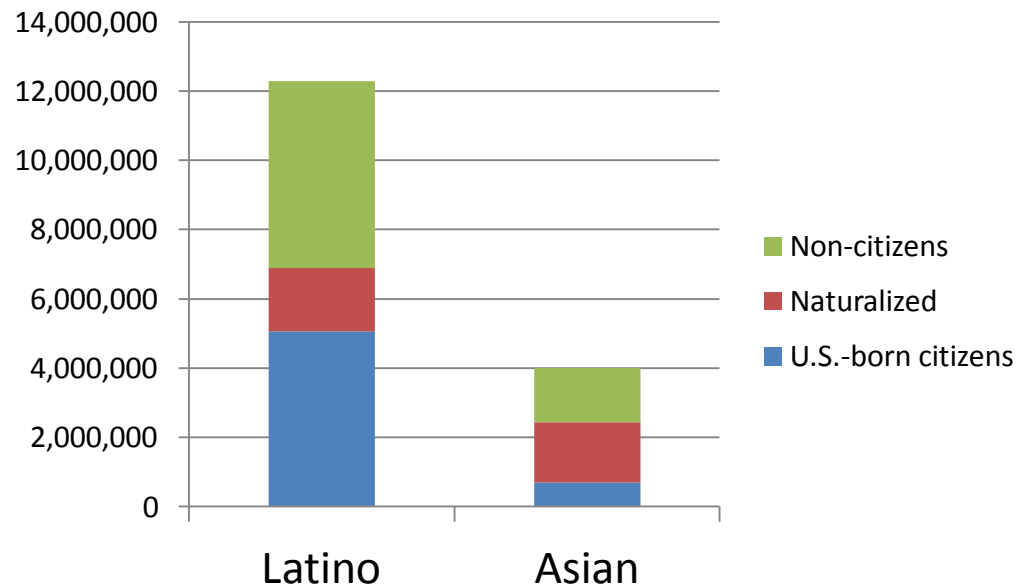
- Aging Boomers will rely on working-age Latinos
 - Pay into Social Security, Medicare, etc.
 - Tax revenues to support public services
 - Fill manpower needs in health & long-term care

Gen X has less variation in education levels, but still a stark Latino disparity



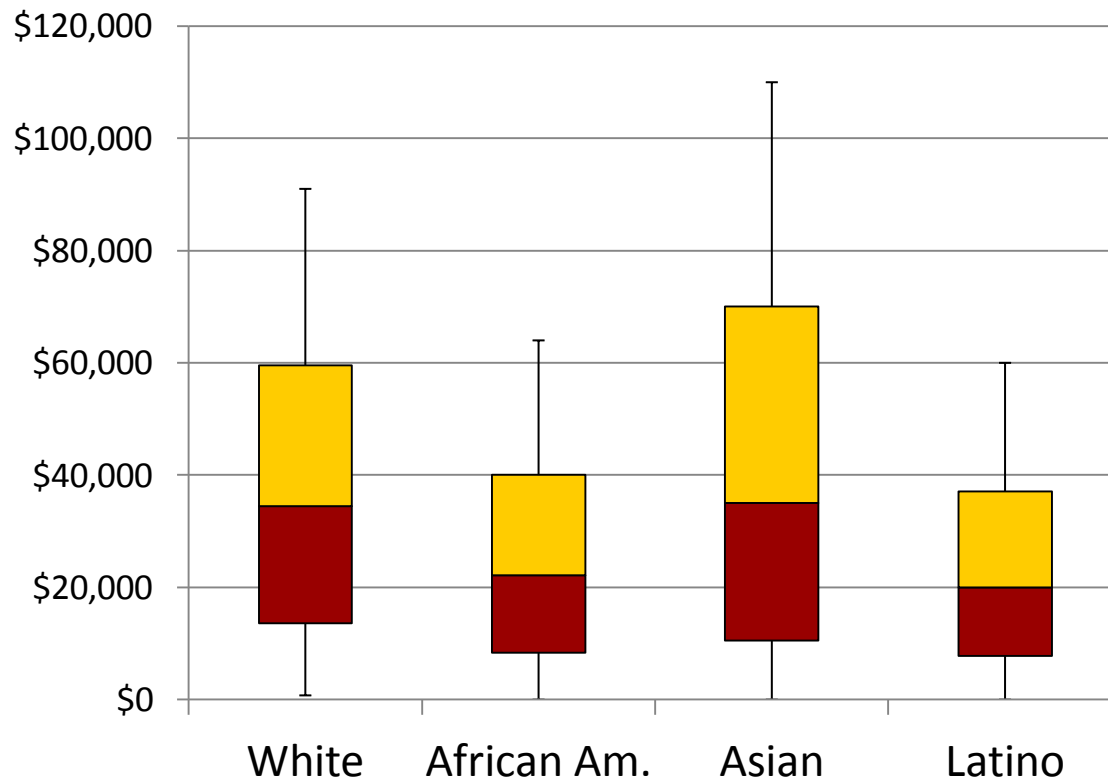
Gex X Citizenship Status

- Similar pattern to Boomers; fewer Latinos are naturalized citizens

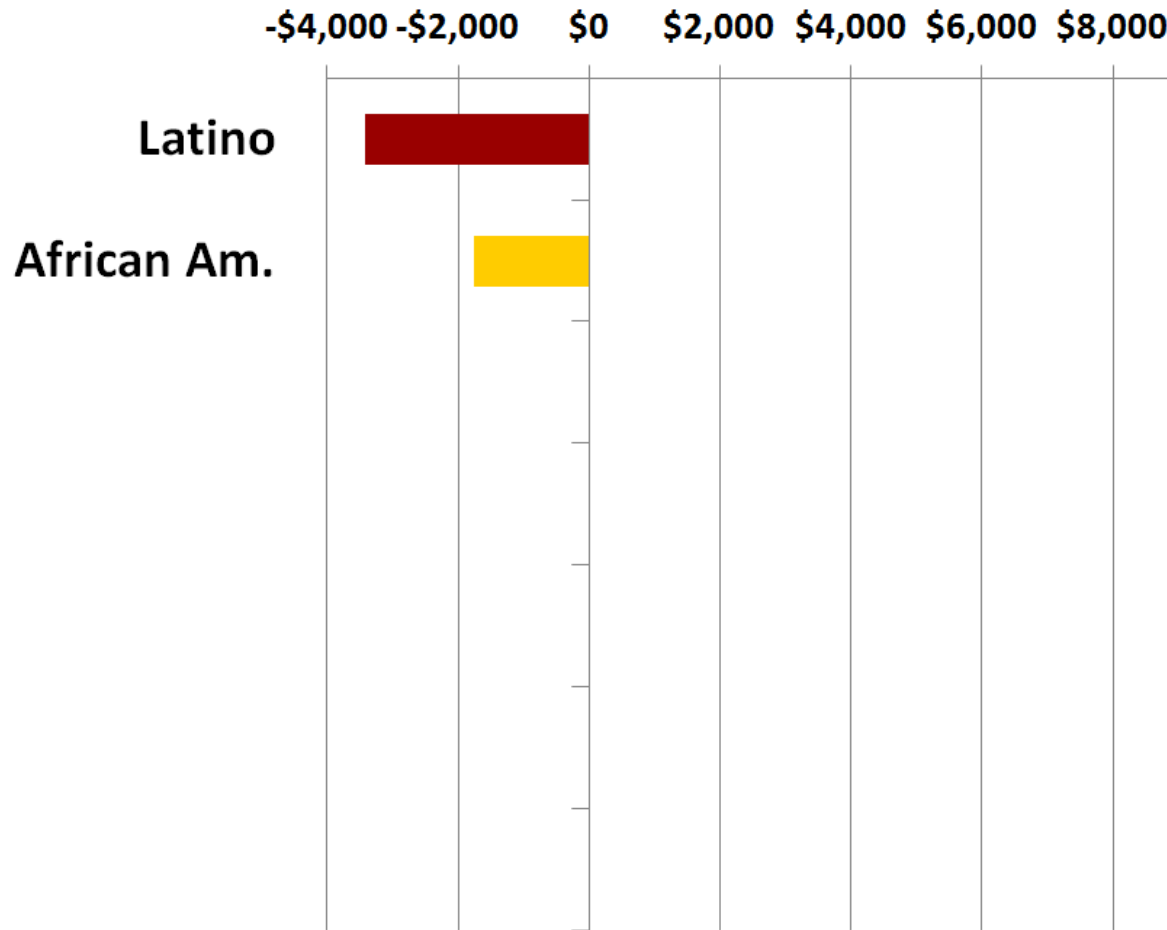


Gen X Income in 2011

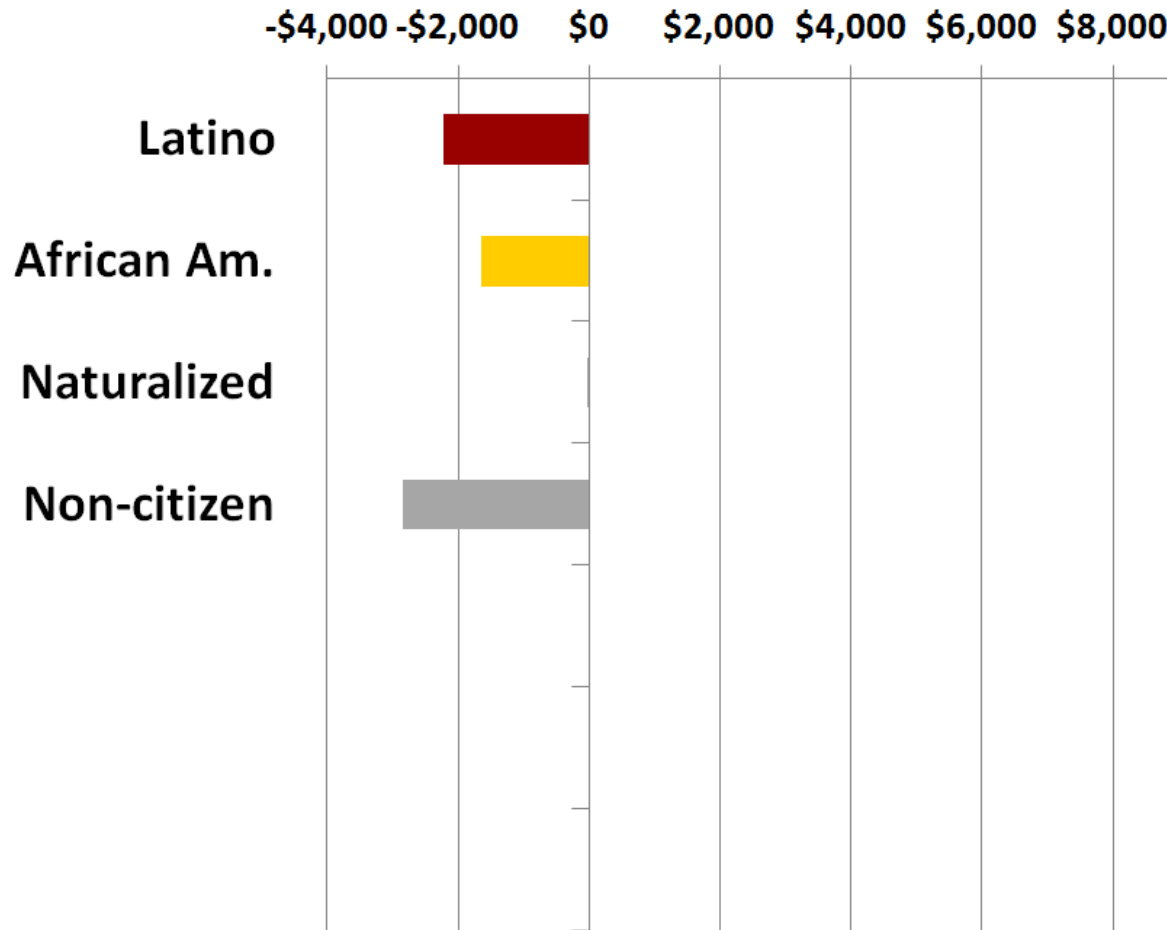
- Same patterns as for Boomers, only Asians higher



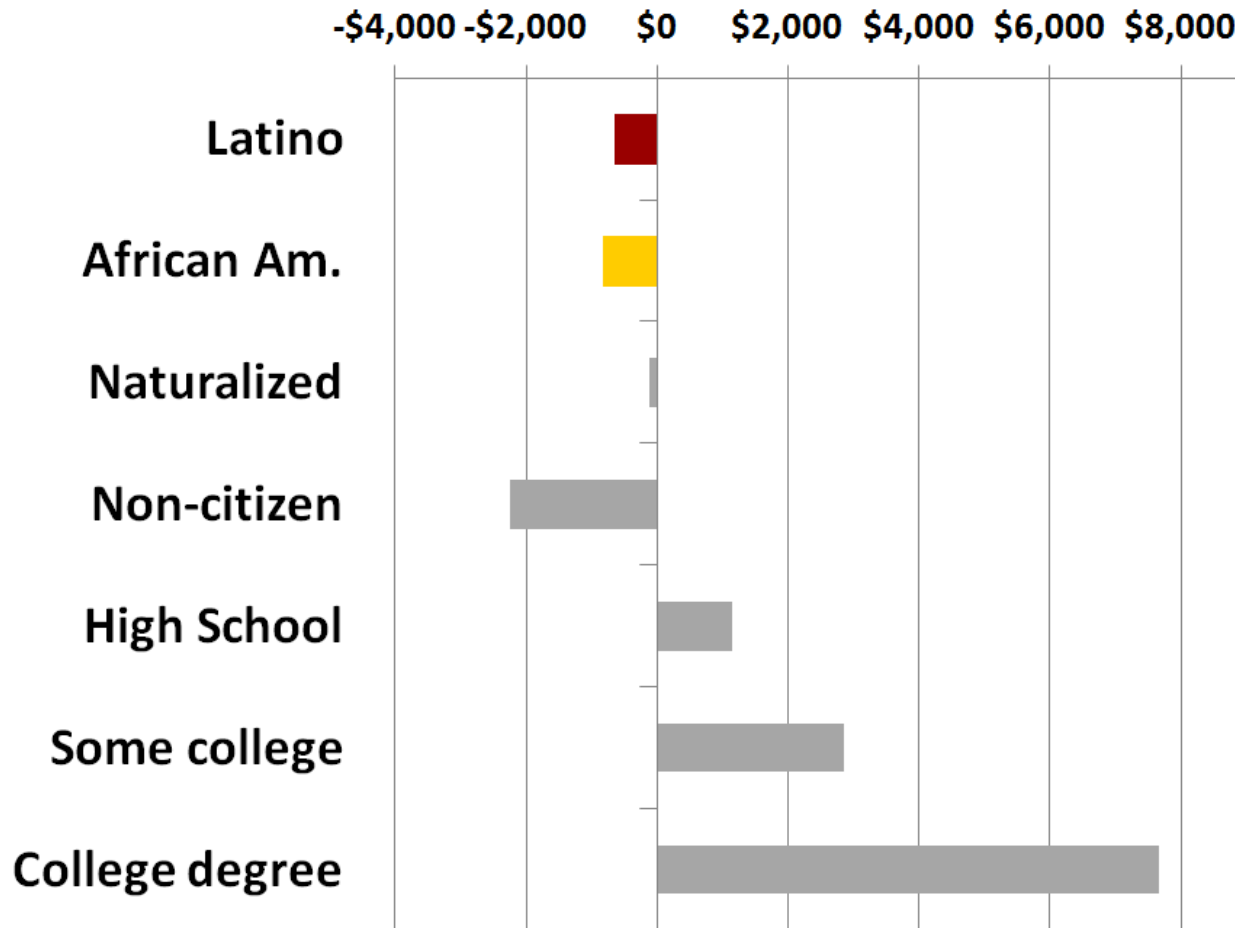
Gen X Income



Gen X Income



Gen X Income



4: Recap – Generation X



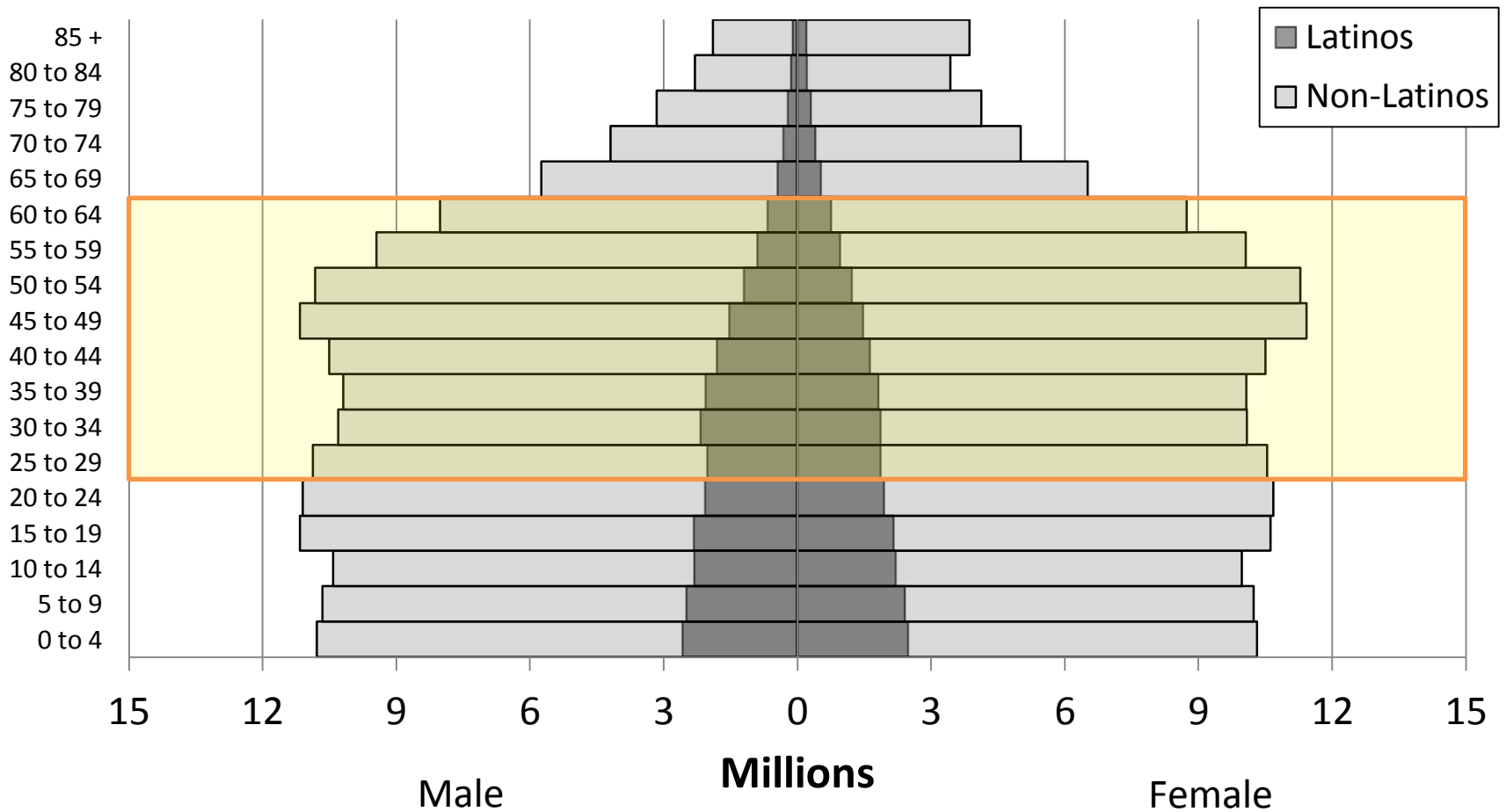
- Education and citizenship remain key imperatives
- Not yet subjected to prolonged cumulative disadvantage – opportunity for lifelong cumulative advantage

5: Workforce Changes

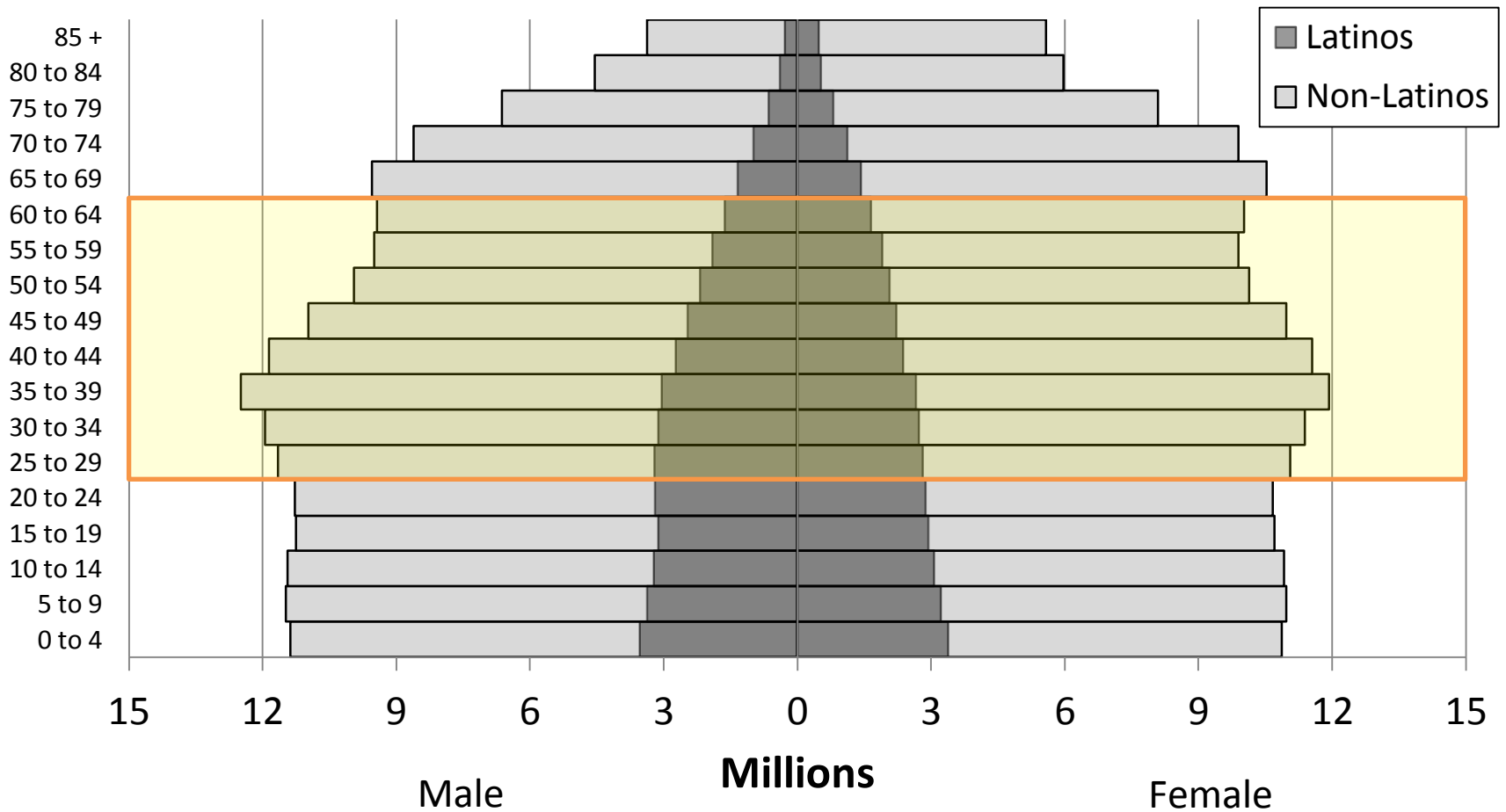
- Growth in the U.S. workforce over the next 20 years will be driven by the growing Latino population



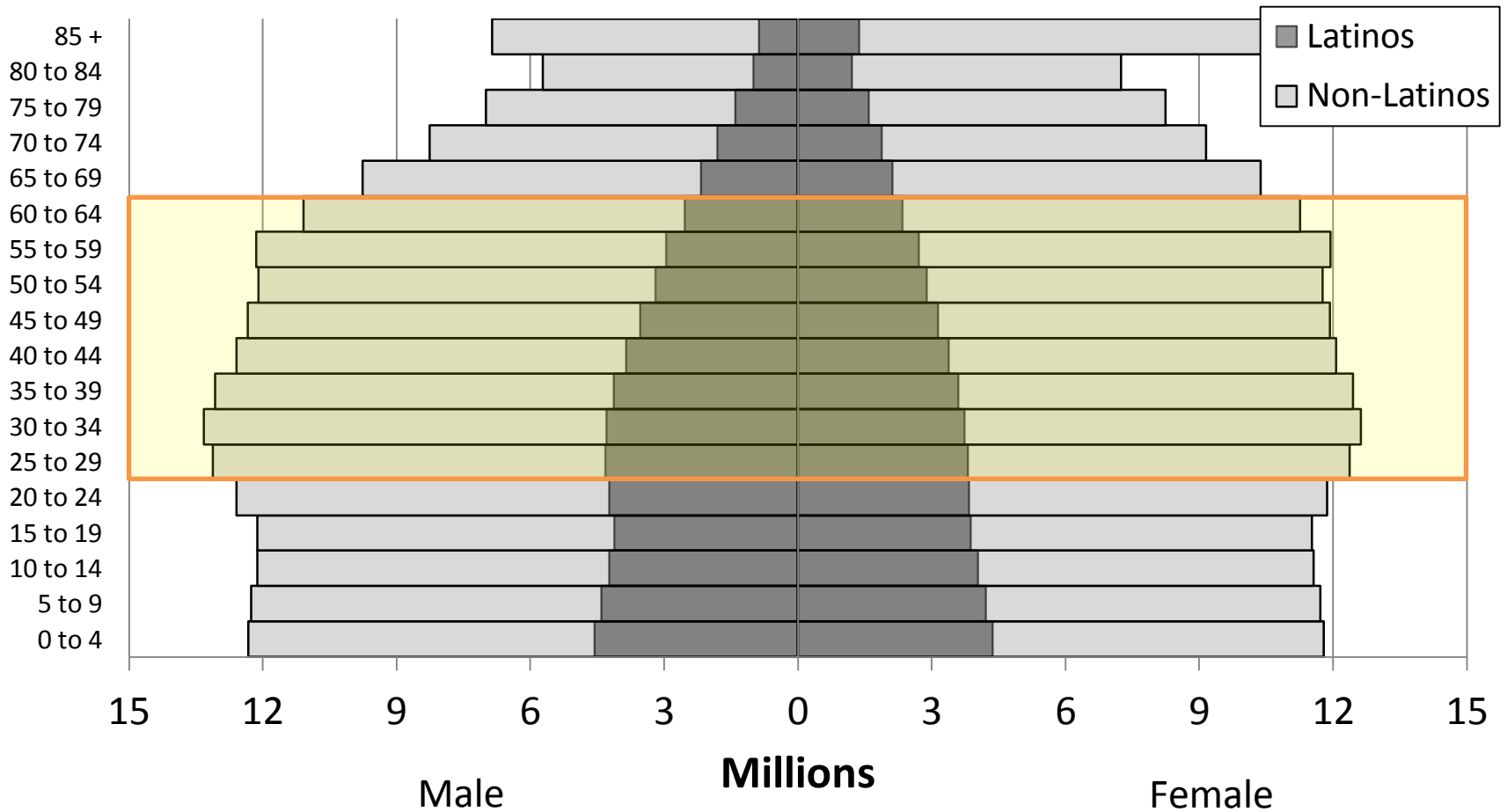
Working-Age Population (25-64): 2010



Working-Age Population (25-64): 2030

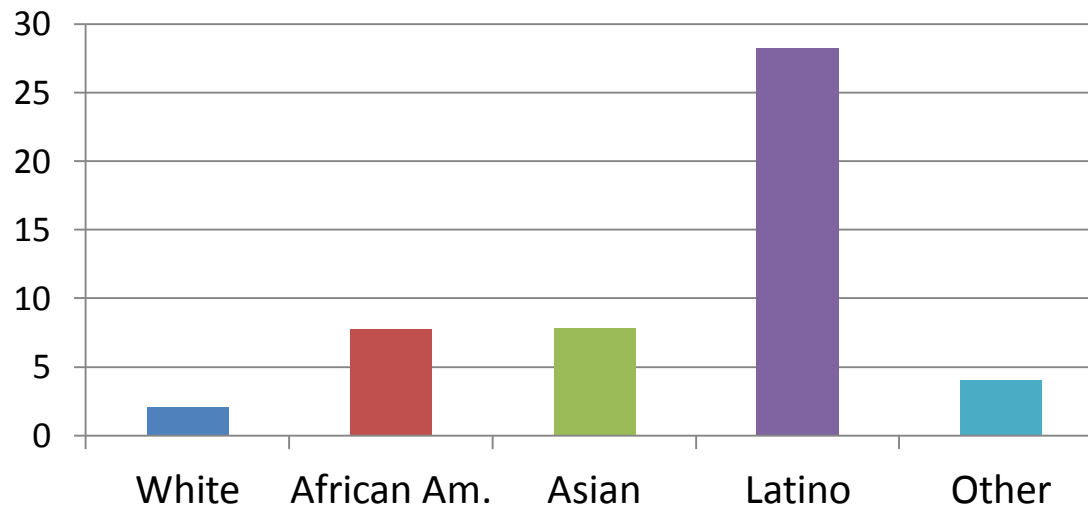


Working-Age Population (25-64): 2050



U.S. Population Growth Will Cause Changes in Working-Age Population

- Projected population growth, 2010 to 2030 (in millions)

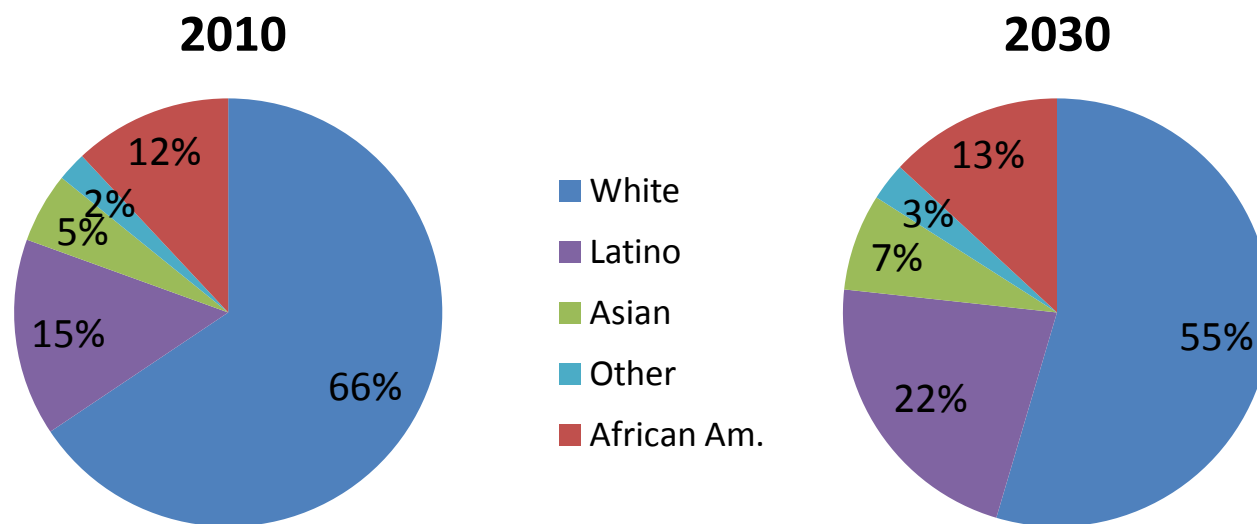


50 million to 79 million for Latinos
197 million to 199 million for Whites

- Whites will cease to be majority in September 2042

Growth Will Change the Working-age Population

- By 2030, the Latino workforce will have grown by 59%



24 million to 39 million for Latinos
107 million to 95 million for Whites

- **93%** of the growth of the working-age population **by 2050** will be immigrants and their U.S.-born children (National Journal/Pew Research Center)

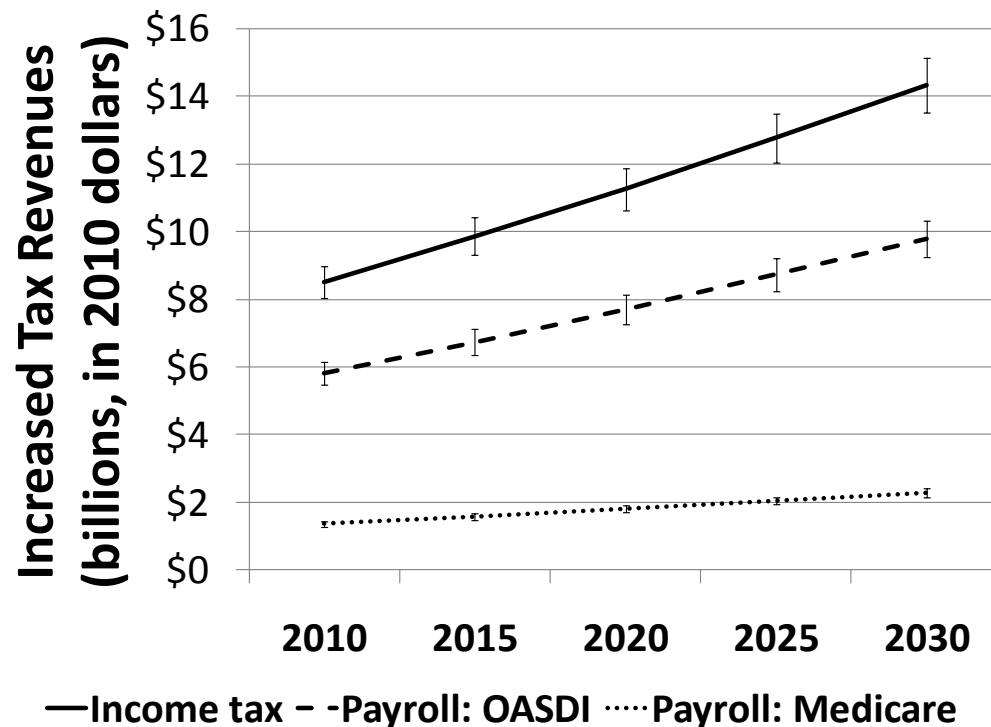
5: Recap – Workforce Changes

- The U.S. has a growing Latino workforce that is supporting current retirees
- Baby boomers will rely increasingly on Latino workers to support entitlements



Higher Income Leads to Increased Tax Revenues

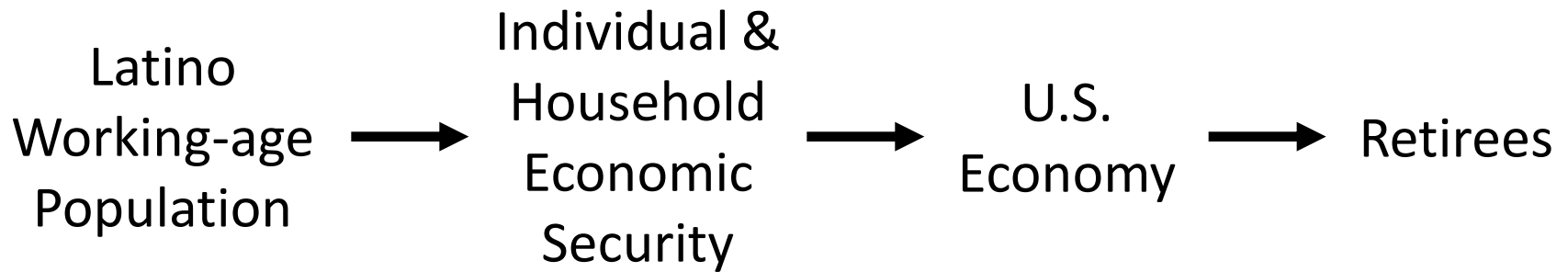
- Elevating Latino education & naturalization to non-Latino levels increases income & payroll tax (Social Security & Medicare) revenues



Latino Economic Security is Good for the U.S.

- Investing in the education and development of workers of tomorrow is critical for the well-being of the U.S.
- Supporting Latino education and naturalization will benefit the U.S. economy overall

Bridging the Generational Divide



Key Points

- The U.S. has an aging population that is largely white and a growing Latino workforce that is supporting current retirees
- Latinos 65+ depend heavily on Social Security for their retirement income
- Education and citizenship are key to economic security
- Investing in the education and development of workers of tomorrow is critical for the well-being of the U.S.

What Kind of Future?

“The future of America is in this question: Will the Baby Boomers recognize that they have a responsibility and a personal stake in ensuring that this next generation of largely Latino and African-American kids are prepared to succeed?”

“This ethnic transformation could be the greatest asset this country will have, with a young multilingual, well-educated workforce. Or it could tear us apart and become a major liability.”

-Stephen Klineberg, Rice University
(as reported by Ron Brownstein, 2010)

For More Information

<http://latinoeconomicsecurity.org>

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