



**FINANCIAL STUDY 2007**

**Financial Status and Debt Management  
Strategies of Low-To-Moderate Income  
Hispanics and Non-Hispanics**

*Part 2 of 2*

*Part of the Americanos Poll® Series*

May 15, 2008

In collaboration with: **ACCIÓN USA**

## Introduction

Financial Study 2007, an Americanos Poll®, is a collaborative, cost-sharing effort between Encuesta, Inc. and ACCIÓN USA to better understand low-to-moderate income (LMI) individuals. Being an Americanos Poll®, this information is released to the public as a free service. In particular, the study offers insights into the financial knowledge, attitudes, behaviors, and aspirations of U.S. LMI Hispanics and non-Hispanics. Findings of the study are broken out into two separate reports, each with a distinct focus. Topic areas include the following:

- Financial status and credit/ debt management strategies
- Basic financial habits

The following pages are an overview of findings gathered on the financial status and debt management strategies of the low-to-moderate income population. Data tables with complete results are available under separate cover.

## Methodology

This study was conducted via telephone interviews which took place from June 28 - August 26, 2007. It is based upon a representative U.S. sample of adults, ages 25 to 55 years old, with a reported annual household income below \$55,000 (before taxes). In total, 806 interviews were completed for this research.

To be representative of the target low-to-moderate income group, five ethnic sub-groups were included in this study: White, Black/African-American, U.S.-born Hispanic, foreign-born Hispanic and Asian. Where totals other than these five individual ethnic groups are reported, data are weighted as follows:

- The total sample of respondents (n=806) is weighted to reflect the actual distribution of these five ethnic sub-groups, based on U.S. census data, to ensure that it is representative of the target group (low-to-moderate income adults, ages 25 to 55 years old with a household income below \$55,000).
- A large number of LMI Hispanic (i.e., U.S.-born and foreign-born) interviews are included (n=523), as one primary goal of the research is to better understand LMI Hispanics. For comparison sake to other LMI individuals, a sizeable number of LMI non-Hispanic (White, Black/African-American and Asian) interviews are also included (n=283). When looking at LMI Hispanics in total or LMI non-Hispanics in total, data are weighted to reflect the actual distribution of the respective ethnic sub-groups, based on U.S. census data.

Where statistically significant differences exist between the groups (at a 90% confidence level), those differences are noted with letters. Of note, throughout the report, responses to a single-response question may not add to 100% if “don’t know” or “refuse” are excluded from the table or chart – particularly when “don’t know” or “refuse” are not main findings in themselves (in some instances when “don’t know” or “refuse” represent a sizable proportion of responses, the base for that question may be redone to reflect those who answered the question – this is noted where applicable). Similarly, percentages to single-response questions may add to slightly more or less than 100% due to rounding. Finally, for questions where multiple responses are allowed, percentages may add to more than 100%.

## Summary of Findings

In the summer of 2007, when this study was conducted, many low-to-moderate income (LMI) individuals expressed hope for a positive financial future. Some had put into place practices to help them achieve their goals. For others, however, it is clear that a disconnect exists between their future mildly positive outlook and their actual financial situation.

Many LMI individuals are not taking steps to secure their financial future, demonstrating a disconnect between their expressed outlook and reality.

- Overall, LMI individuals are about as likely to save their money as they are to spend it. Half claim some financial reserves (35% say they save as much as they spend, while 14% save more), but sizable proportions (43%) do not consciously save. 21% claim to have no money left after paying bills while 22% freely admit to spending more than they put away.
- Although many LMI individuals show interest in other investments, beyond having a home (the most common form of investment among this group – mentioned by 42%), ownership levels for other forms of investment are fairly small. Only about one in five own stocks (23%), mutual funds (20%) or jewelry, gold or other precious metals (17%), the most commonly mentioned investments after a home.

Although LMI individuals say they are managing their personal debt, it is apparent that many struggle to use credit wisely.

- Many LMI individuals acquire personal debt for everyday living expenses such as to pay bills (15%) or for food or housing (11%). Furthermore, 15% turn to their credit cards for cash advances. Acquiring debt in these ways often comes at a high cost due to the accumulation of interest charges. This is certainly true for those taking cash advances from their credit cards, where rates are almost always higher than 20%.
- Those who currently use common (unsecured) or secured credit cards have, on average, 2.7 cards in their possession. Still, some 20% own four or more cards (a fairly high number). LMI non-Hispanics in particular are two times more likely than their Hispanic counterparts to have more than five cards (11% vs. 5%, respectively).
- Less than half (45%) are “very” familiar with how to build their credit. Among LMI Hispanics, the proportion shrinks to 36%.

## Summary of Findings

While some LMI individuals have achieved what many consider to be key financial milestones (e.g., buying a car or a home or saving for retirement), clear differences exist between ethnic groups.

- Financial goals that are less likely to be met overall include longer-term milestones, such as saving for retirement (56%), saving for a child's college education (22%) or starting a business (21%). This may suggest an opportunity to work with LMI individuals on planning for long-term financial goals as well as short-term needs.
- LMI Hispanics lag behind non-Hispanics in attaining many financial milestones (having bought a car being the exception among goals tested). Foreign-born Hispanics often drive the differences as they are less likely than other Hispanics to have bought a home (35% vs. 44% of U.S.-born Hispanics or 63% of non-Hispanics), saved for retirement (26% vs. 37% of U.S.-born Hispanics or 60% of non-Hispanics) or paid for a child's college education (10% vs. 18% of U.S.-born Hispanics or 24% of non-Hispanics).
- It is clear, however that Hispanics want to improve their financial well-being and accumulate wealth, as evidenced by their higher aspiration levels (aspiration levels are generally even higher among foreign-born Hispanics).

The key to bridging the gap between a hoped-for positive future and a successful reality lies in education and starting with small steps.

- Outreach programs should be created for this group which focus on savings and investment techniques. Such programs can cover a wide-range of topics from basic strategies (e.g., how to open and maintain a traditional savings account or CD; how to create an IRA or 401k retirement account) to more complex activities (e.g., how to invest in securities and work with a broker; the joys and pitfalls of owning a business).
- In addition to building savings, there is a need for LMI individuals to develop smart habits for using credit and managing debt. With this in mind, additional programs can be developed to help this group better understand personal credit (e.g., how to build good credit; how to obtain, interpret and correct credit reports; the relevance of credit scores) and its impact on the ability to borrow money. Such programs can also touch upon the differences between good debt and bad debt (e.g., student or home loans vs. high-interest credit cards) and how to manage both.
- The gap between aspiration and ownership levels for many key financial milestones may suggest an opportunity to promote products and services that will help this group meet their goals (i.e., checking accounts, traditional savings accounts, retirement or educational savings accounts, etc.).

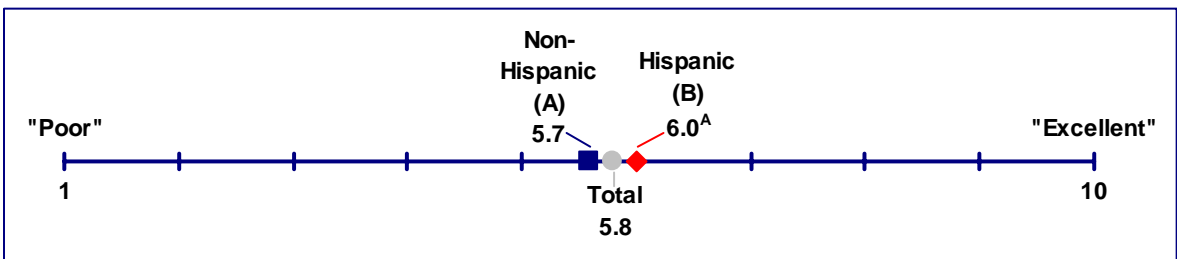
# Financial Status and Debt Management Strategies of Low-To-Moderate Income Hispanics and Non-Hispanics

*Detailed Findings*

## Self-Assessment Of Personal Financial Situation

In the summer of 2007, low-to-moderate income (LMI) individuals had a fairly neutral perspective when considering their personal financial situation. On a 1-to-10 scale where 1 means “poor,” 10 means “excellent” and the mid-point (neutral) is 5.5, LMI individuals rated their situation a 5.8. Hispanic low-to-moderate income individuals who, as a group, rated their personal economic situation a 6.0, were marginally more positive in their outlook than non-Hispanics (who rated their economic situation a 5.7).

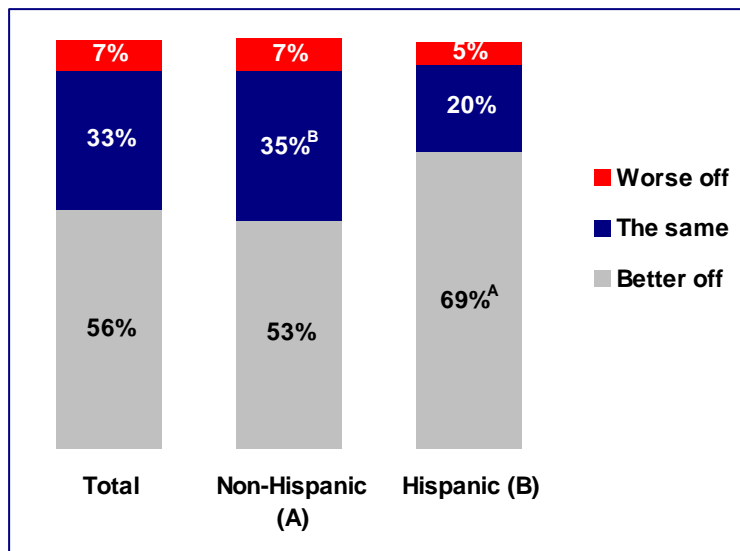
### Rating Of Current Personal Economic Or Financial Situation



Q. Using a scale from 1 to 10, where 1 means POOR and 10 means EXCELLENT, please tell me how you would rate your current personal economic or financial situation. Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Future financial expectations among LMI individuals were also somewhat positive, with a majority believing they would be better off economically a year later (56%) and few seeing themselves as worse off (7%). Just as LMI Hispanics tend to view their financial situation more optimistically, they express a more positive outlook regarding the future compared to their non-Hispanics counterparts. Specifically, while seven in 10 Hispanics felt they would be better off in a year (69%), only about half of non-Hispanics (53%) felt the same. The lower level among the later is driven by the one in two White non-Hispanics (48%) who believed they would be better off in a year, compared to nearly seven in 10 among all other ethnicities.

### Expectations for the Future

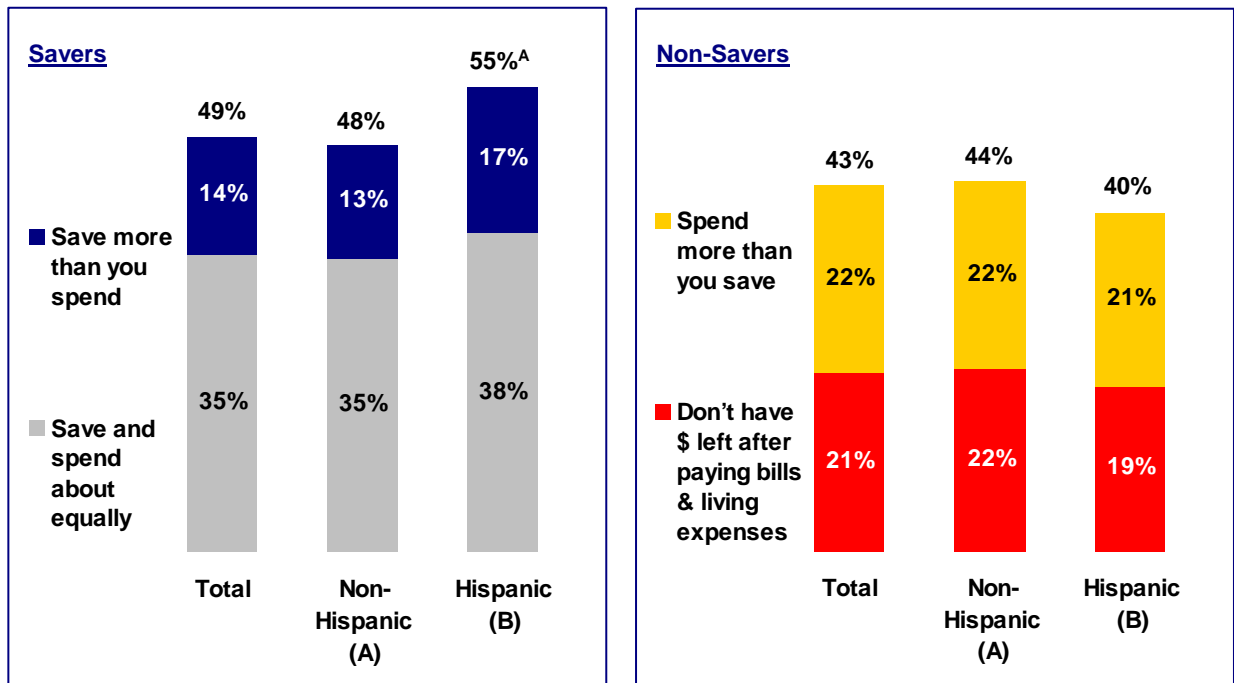


Q. Thinking about the future, do you expect to be better off, the same, or worse off economically or financially a year from now? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523.

## Spending, Savings and Investments

Many low-to-moderate income individuals may not have the financial security to support their positive expectations for the future, in part due to a lack of savings or investments. When it comes to the decision to spend or to save, LMI individuals are similarly likely to do either. Half claim to have some financial reserves (49%), with about one in three saying they save as much money as they spend (35%). Only 14% admit to saving more than they spend. In contrast, sizable proportions (43%) do not consciously save. Among those who do not save, one in two claim to not have any money left over after paying bills and living expenses (or 21% of LMI individuals). Others freely admit spending more than they put away (22%). Differences exist between LMI Hispanics and non-Hispanics, with the former being more likely to claim saving some money overall (55% vs. 48%, respectively).

### Spending vs. Saving



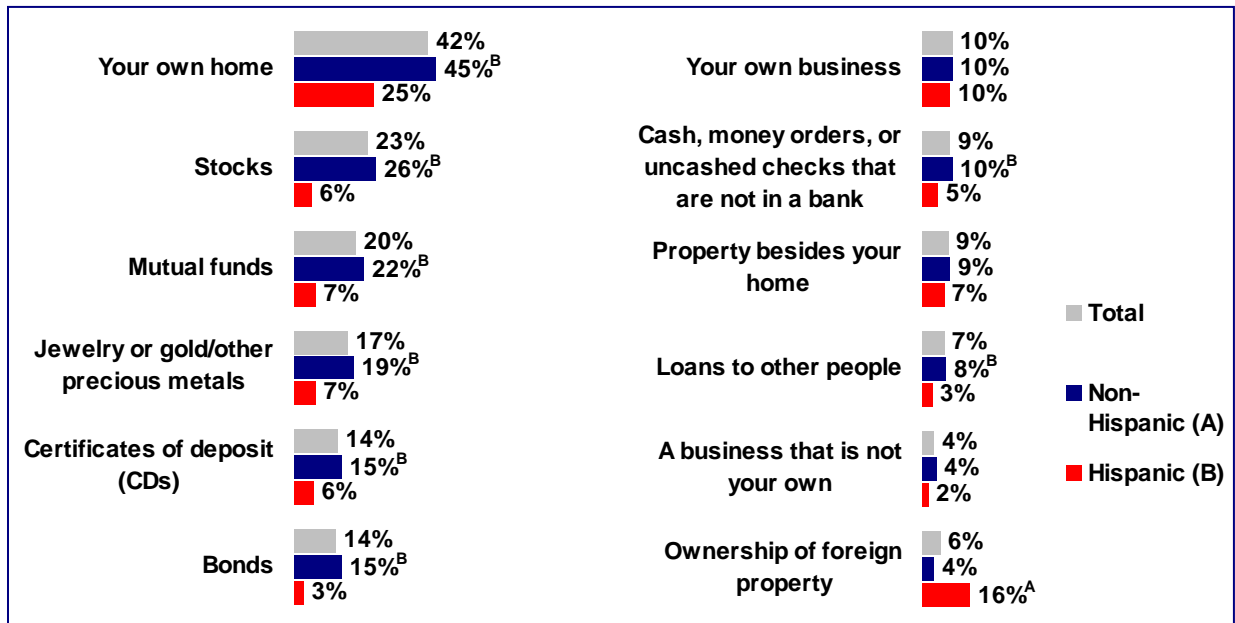
Q. When it comes to spending and saving, which of the following statements best describes what you do with money after paying bills and living expenses? Would you say you...? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Saving money is clearly not the only way to ensure financial security and low-to-moderate income individuals demonstrate interest in other investment strategies. About two in five have their own home (42%) while about one in five own stocks (23%), mutual funds (20%) or jewelry, gold or other precious metals (17%). Other items possessed among this group for the purpose of savings or investment include certificates of deposit, bonds, businesses and other properties.

Although low-to-moderate income Hispanics are more likely than non-Hispanics to say they save their money after paying bills and living expenses, they are less likely to utilize other investment strategies. Non-Hispanic LMI individuals are roughly two to five times more likely than their Hispanic counterparts to own a home (45% vs. 25%, respectively); stocks (26% vs. 6%); mutual funds (22% vs. 7%); jewelry, gold or other precious metals (19% vs. 7%); certificates of deposits (15% vs. 6%) or bonds (15% vs. 3%). Many LMI Hispanics (37%) have frequent remittances (i.e., send money to friends and family at least once every six months), which may impact their ability to put money towards these types of investments.

Beyond owning a home (the most common form of investment among LMI individuals), differences exist regarding preferred forms of investment among ethnic groups. Many LMI African-Americans favor keeping some savings in the form of cash, money orders or uncashed checks that are kept outside of a bank (18% vs., at most, 8% for other ethnic groups). Other non-Hispanics look to stocks (30% among LMI Whites and 24% among LMI Asians) or mutual funds (25% and 29%, respectively) for their financial security. Hispanics are more likely than non-Hispanics to have property outside of the U.S. (16% vs. 4%, respectively), though this is driven by the 27% of foreign-born Hispanics claiming such property (compared to 8% of U.S.-born Hispanics). Of the various ethnic groups looked at, U.S.-born Hispanics seem less inclined to own other forms of investments outside of their home.

### Savings and Investments



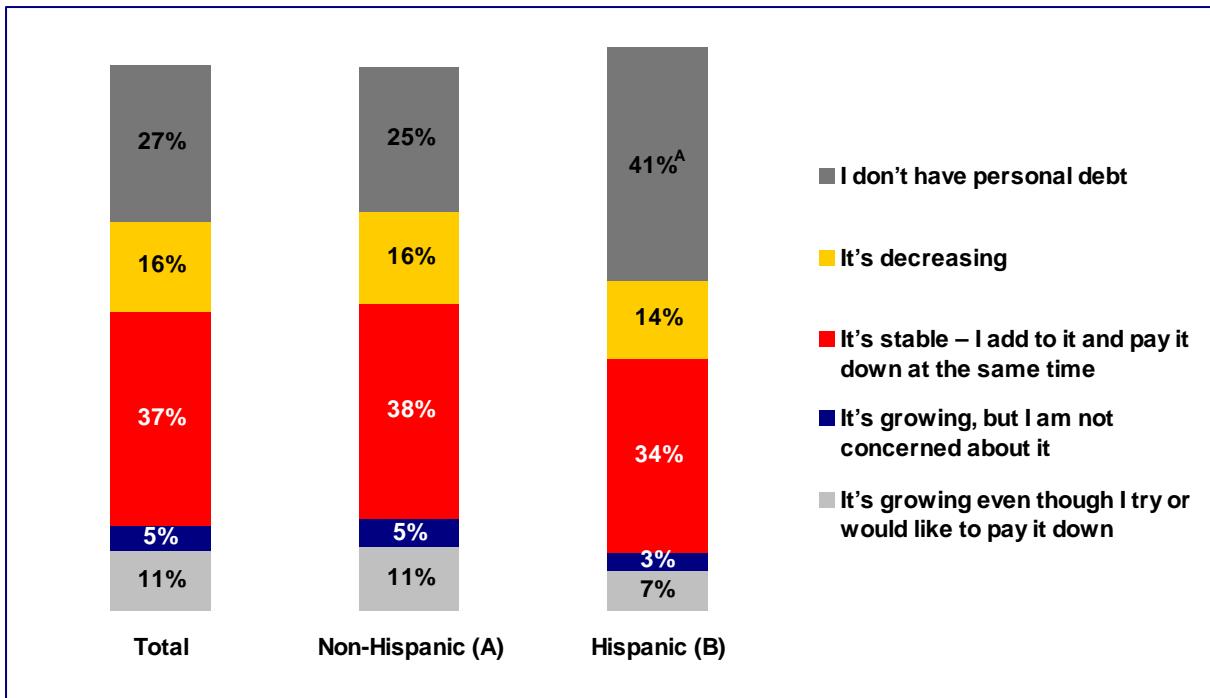
Q. Please tell me if you have any of the following for the purpose of savings or investment. Do you have savings or investment in...? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Q. Do you own property/real estate or a business outside of the U.S.? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

## Debt Accumulation

In 2007, seven in 10 low-to-moderate income individuals admitted having some level of debt that they were managing (69%). Of those claiming debt, just over half considered their personal debt level to be stable (or 37% of LMI individuals). 16% of LMI individuals said their debt level was decreasing; similar proportions said it was increasing (one in 10 said it was growing despite intentions to pay it down – 11%). Interestingly, LMI Hispanics were considerably more likely than their non-Hispanic counterparts to claim not having any personal debt (41% vs. 25%, respectively), driven by the 44% of foreign-born Hispanics asserting this (vs. 38% of U.S.-born Hispanics).

### Personal Debt Status Among Those Admitting Some Level Of Debt

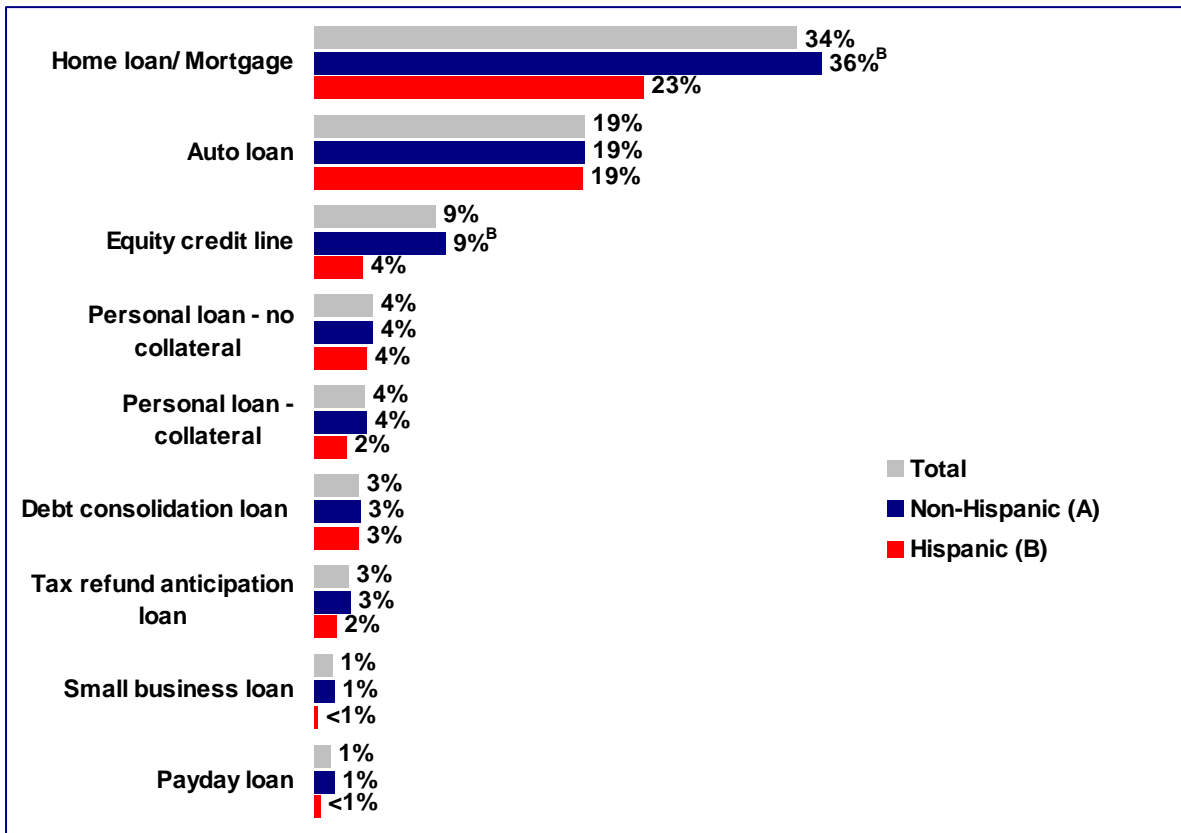


Q. Please tell me which of the following statements best describes your personal debt. ? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Loan products that low-to-moderate income individuals are most likely to currently hold or have recently held (within the past six months) include mortgages (home loans – 34%) and automotive loans (19%). One in 10 mention having (or recently having) an equity line of credit (9%). Although LMI Hispanics are considerably more likely than non-Hispanics to report not having any personal debt (41% vs. 25%, respectively), it is interesting to note that both groups are similarly likely to currently have (or recently had) most of the loan products tested (with the

exception of a home mortgage or an equity line of credit), suggesting a disconnect between perceptions of one’s personal debt status and reality for this group. Hispanic and non-Hispanic LMI individuals are similarly likely to hold automotive loans or loans without collateral (19% and 4%, respectively, for both groups); however, among those expressing awareness of the products, Hispanics are considerably more likely to have such loans (42% have an automotive loan compared to 29% of non-Hispanics; 20% have a non-collateral personal loan compared to 9% of non-Hispanics).

**Currently Have Or Recently Had Loan Product (Past Six Months)**



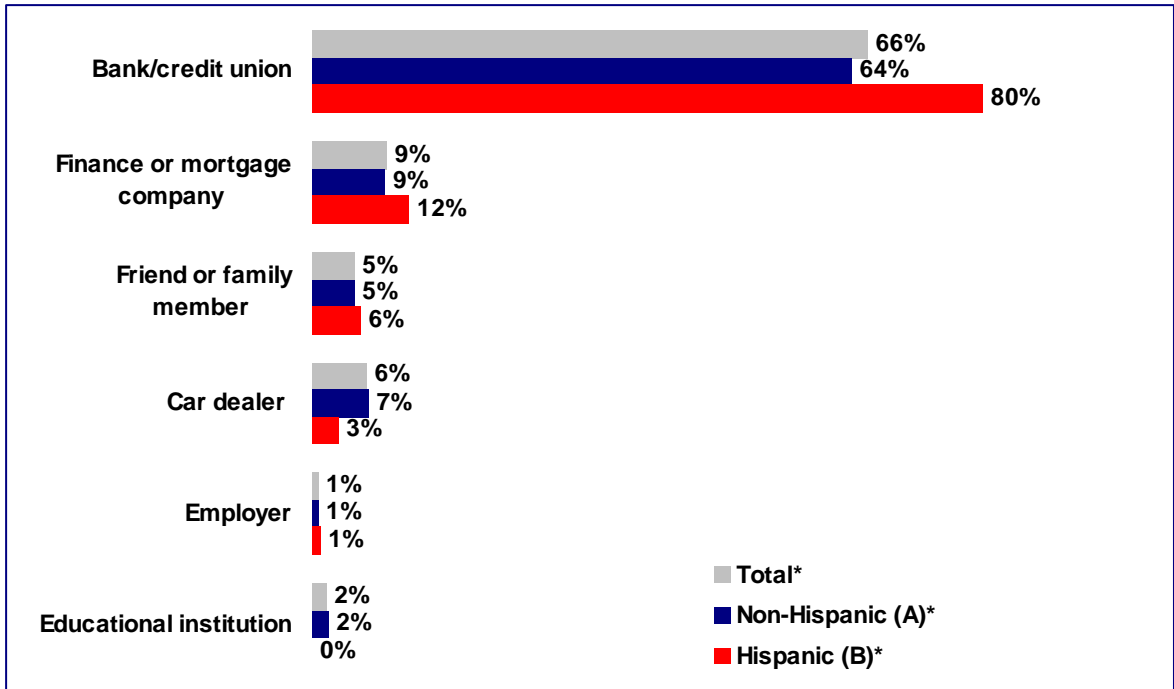
Q. Do you currently have a [INSERT FIRST ITEM], do you not have one now but did in the past six months, do you not have one now but did longer than six months ago, or have you never had this type of loan?

Base: Asked among respondents “very” or “somewhat” familiar with each product – varies by product. Percents above have been rebased to reflect all respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Factors of greatest importance when choosing loan products include having interest rates or fees that are not too high (93% and 90%, respectively, say these are “very” important factors among those with a current loan). LMI Hispanics also place great importance on working with lenders who understand their culture (94% among those foreign-born), being able to get the loan in-person and convenient locations and hours (91% for both).

While seven in 10 low-to-moderate income individuals admit already managing some level of personal debt (69%), 13% indicate having asked for a loan within the past year. Those who did were most likely to turn to a bank or credit union for their lending needs (66%). Other lending alternatives (such as mortgage companies, car dealers, friends or family, etc.) were much less likely to be considered.

**Resources Turned To For Loan Within Past Year**



Q. Who did you ask for the loan? Base: Among those who asked for a loan in the past year, Total n=95\*, non-Hispanic n=41\*, Hispanic n=54\*. \*Caution: small base.

## Credit Card Habits

Some might consider credit cards to be among the most widely used financial instruments; yet familiarity with these cards among low-to-moderate income individuals is not universal. Seven in 10 express familiarity with unsecured

(common) credit cards (69%), meaning a sizable proportion are unfamiliar (31%). Awareness and familiarity levels with other credit card products is even lower (57%

express familiarity with secured credit cards; 40% with pre-paid credit cards). Between ethnic groups, awareness levels vary greatly, with LMI Hispanics consistently less familiar with these credit products than their non-Hispanic counterparts.

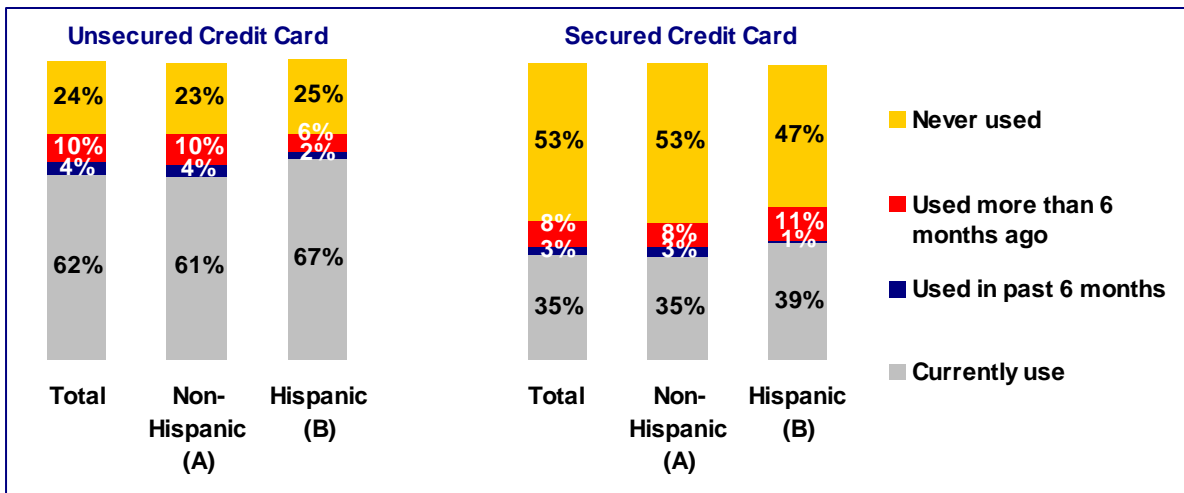
Usage of credit products also varies among those expressing awareness and familiarity. Two in three LMI individuals use common (unsecured) credit cards (66% currently use or recently used) while 38% of those aware use secured cards. Many low-to-moderate income individuals familiar with these credit products have never actually used them. Recent usage of common or secured cards (among those familiar with the products) is comparable for both LMI Hispanics and non-Hispanics.

### Familiarity With Credit Products

	AWARENESS (VERY OR SOMEWHAT FAMILIAR)		
	TOTAL LMI INDIVIDUALS	NON-HISPANIC (A)	HISPANIC (B)
Base: All respondents	%	%	%
<b>Credit</b>			
Pre-paid Credit Card	40	42B	30
Secured Credit Card	57	60B	38
Credit Card (Unsecured/Common)	69	72B	51

Q. For each one, please tell me if you are very familiar, somewhat familiar, or not at all familiar with the product/service. Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

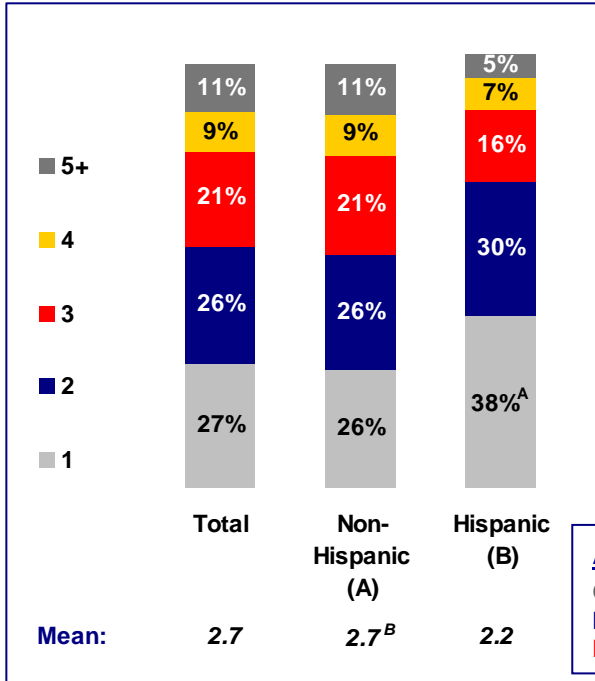
### Usage Of Select Credit Products (Among Those Familiar With Each Product)



Q. Do you currently use [INSERT FIRST ITEM], do you not use them now but have in the past six months, do you not use them now but have longer than six months ago, or have you never used them? Base: Respondents "very" or "somewhat" familiar with each product – varies by product.

Low-to-moderate income individuals who currently use common or secured credit cards have, on average 2.7 cards, with one in five admitting to owning four or more (20%). LMI non-Hispanics possess more cards on average than their Hispanic counterparts (2.7 vs. 2.2 cards, respectively). Specifically, non-Hispanics are twice as likely to own five or more cards (11% vs. 5% of current Hispanic users), while Hispanics are significantly more likely to have only one card (38% vs. 26% of non-Hispanics).

**Number Of Credit Cards Owned Among Current Product Users**



Current LMI card users were 26 years old, on average, when they acquired their first credit card. Hispanic LMI credit card holders were a bit older (28.3 years old) compared to their non-Hispanic counterparts (25.7 years old). It is possible that the age difference may be related to lower awareness levels of credit products among LMI Hispanics (resulting in Hispanics taking more time to acquire such products).

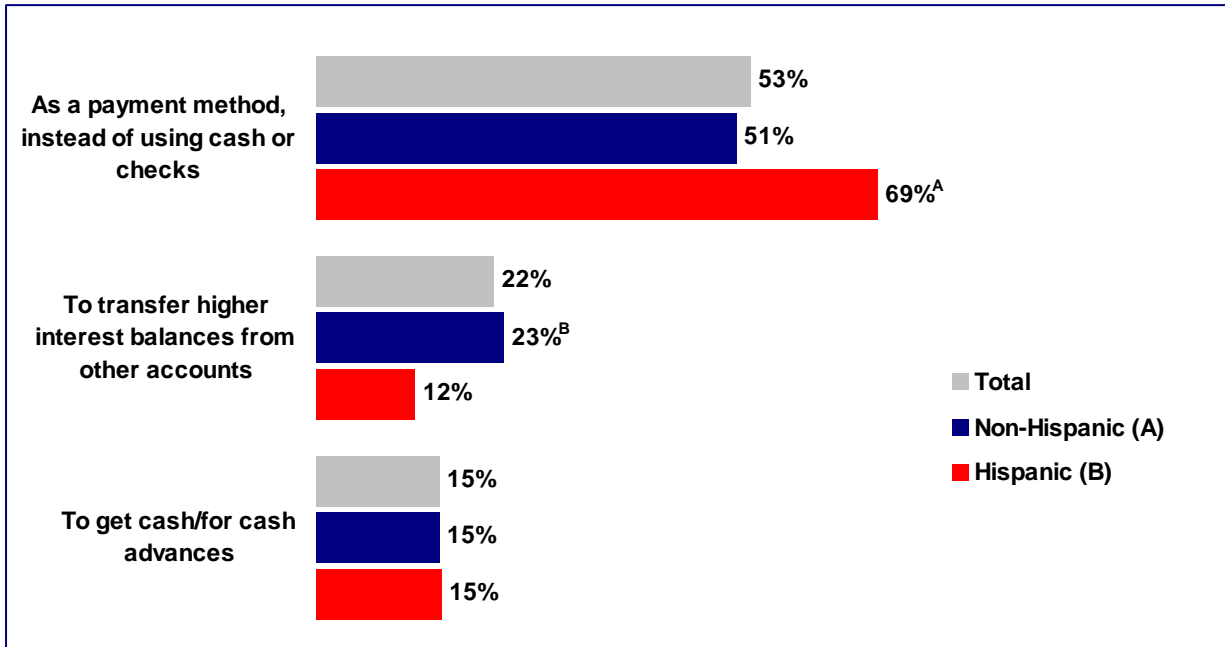
**Age When Received First Credit Card**  
 Overall LMI Individuals: 26.0 years (mean)  
**Non-Hispanics (A): 25.7 years**  
**Hispanics (B): 28.3 years<sup>A</sup>**

Q. Please think about the credit card(s) you mentioned that you currently use. I am referring only to secured credit cards or common credit cards, not pre-paid credit cards. How many credit cards do you have?  
 Q. In what year did you get your first credit card?  
 Base: Among those who currently use secured and/or unsecured common credit cards, Total n=334, non-Hispanic n=148, Hispanic n=186

Among those who currently use common or secured credit cards, more than half of low-to-moderate income individuals use them as a payment method (53%), as opposed to using cash or checks. Hispanic LMI card users are significantly more likely to turn to their cards for this purpose than their non-Hispanic counterparts (69% vs. 51%, respectively). Of note, more than one in four LMI individuals (27%) say they typically pay their entire balance (with little difference between Hispanics and non-Hispanics). Nearly one in four non-Hispanic LMI individuals use their cards to transfer balances from accounts with higher interest rates (23%). This strategy suggests a certain level of financial savviness among the group. In contrast, half as many LMI Hispanics utilize their cards in this manner

(12%). While 15% of low- to-moderate income individuals in general use credit cards for cash advances, differences exist between ethnic groups. Specifically, one in three LMI African-Americans use their cards for cash, as do one in four foreign-born Hispanics (33% and 24%, respectively). As interest rates associated with cash advances are very high, this practice may result in trouble managing credit overall.

### Credit Card Usage



Q. For which of the following do you use your credit card(s)...? Base: Among those who currently use secured and/or unsecured common credit cards, Total n=334, non-Hispanic n=148, Hispanic n=186

### Payments and Bounced Checks

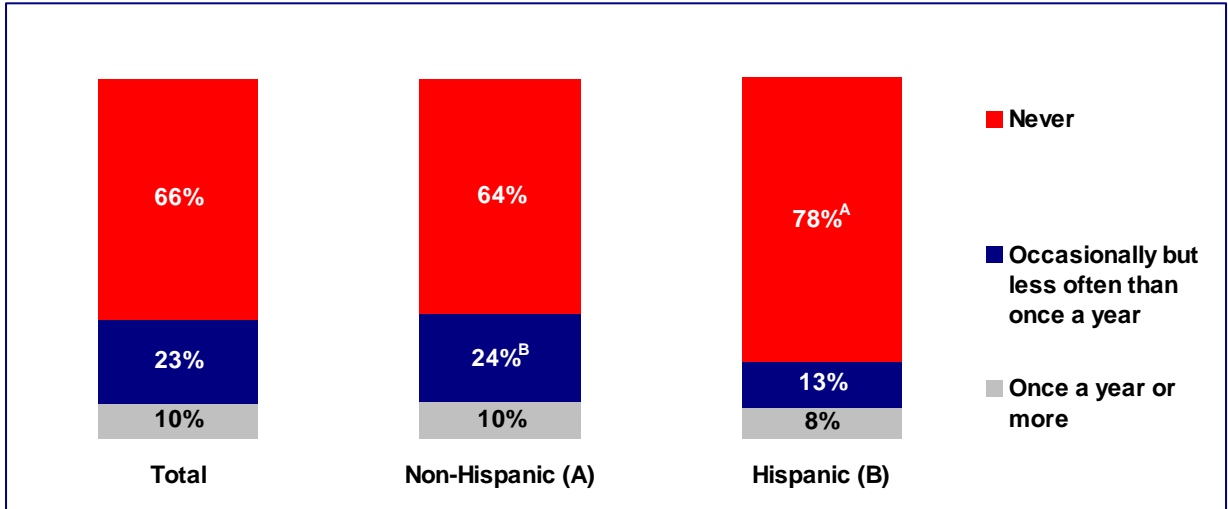
As of the summer of 2007, low-to-moderate income individuals claimed responsibility when managing payments in general. Most said they did not have trouble paying their bills on time (only 16% admitted to having difficulty, with little difference between LMI Hispanics and non-Hispanics). Although considerably more admitted writing checks with insufficient funds (33% overall), only one in 10 said they did this once a year or more often (10%). Of note, LMI non-Hispanics were more likely than Hispanics to say they bounced checks (34% vs. 21%, respectively) although, among non-

**Trouble Making Payments On Time**  
 Overall LMI Individuals: 16%  
 Non-Hispanics (A): 17%  
 Hispanics (B): 16%

Q. Do you have trouble making bill payments on time? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Hispanics who did, most said they bounced checks less often than once a year.

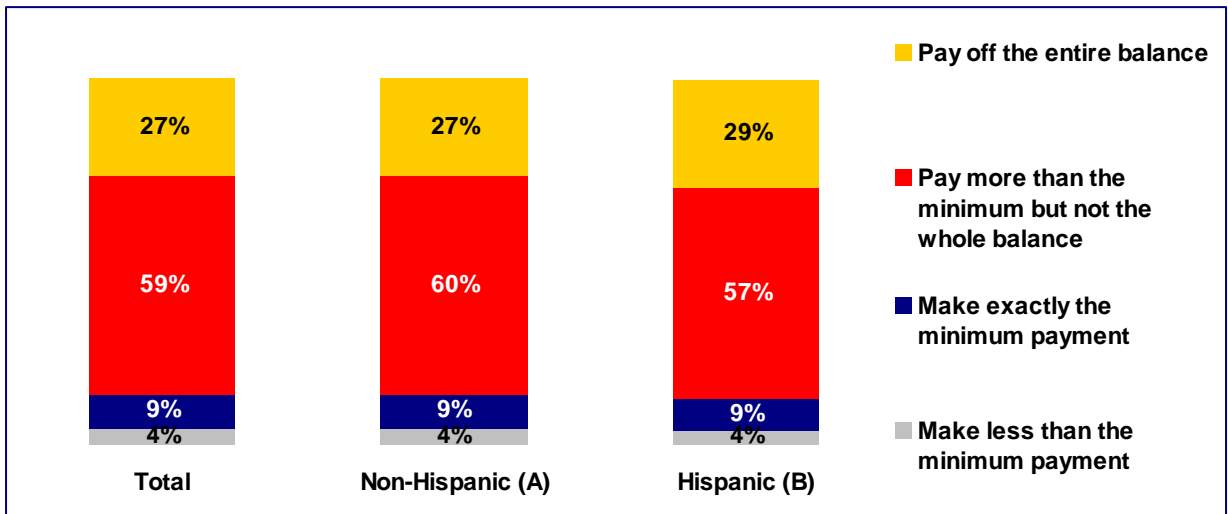
**Written A Check That Bounced/Had Insufficient Funds**



Q. How often would you say you have written a check that has bounced/had insufficient funds? Base: Among respondents who ever had a checking account, Total n=568, non-Hispanic n=238, Hispanic n=330

Current low-to-moderate income users of common or secured credit cards also claimed responsibility with regards to credit card payments. Most (86%) said they either typically pay off their entire credit card balance or that they at least make more than the minimum payment (27% said they pay the whole amount). Little difference exists between LMI Hispanics and non-Hispanics with regards to credit card payments.

**Credit Card Payment Strategies**

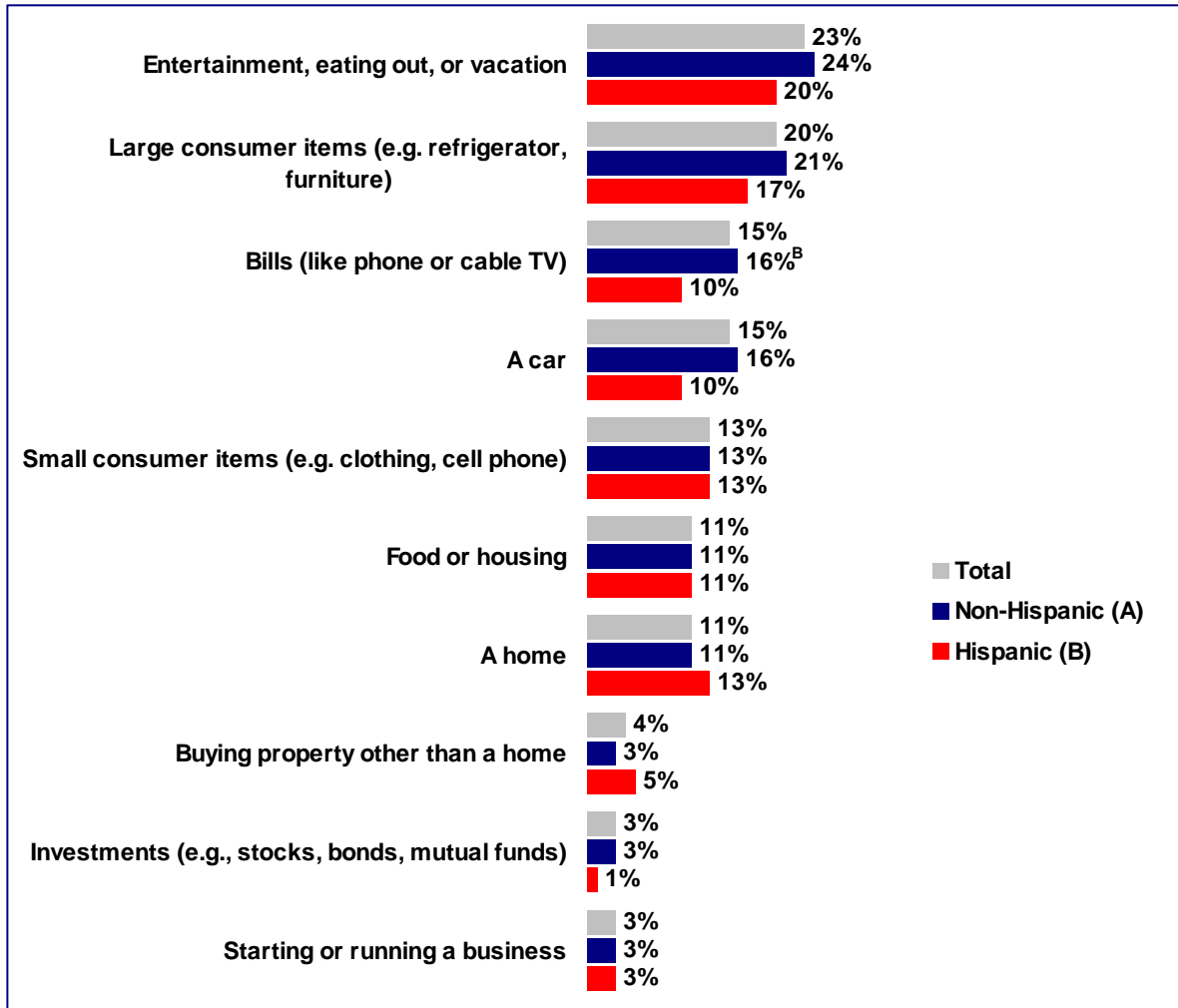


Q. Please think about the way you typically pay your credit cards. Do you usually...? Base: Among those who currently use secured and/or unsecured common credit cards, Total n=334, non-Hispanic n=148, Hispanic n=186

## Reasons For Having Debt

Low-to-moderate income individuals acquire personal debt (by way of loans or credit cards) for a variety of reasons, including entertainment and vacations (23%) and large consumer items (20%). The use of loans or credit cards to purchase other big-ticket items is not uncommon – 15% put borrowed money towards buying a car, 11% towards a home. Many LMI individuals, however, accumulate debt for everyday living expenses such as bills (15%) and food or housing (11%). LMI Hispanics and non-Hispanics are similarly likely to have debt as a result of these expenditures (the single exception being for bill payments, where Hispanics are less likely to acquire debt – 10% vs. 16% of non-Hispanics).

## What Debts Funds Are Used For



Q. Now thinking about debt, for which, if any, of the following, do you have debt? I'm not referring to things you pay on a regular basis, but to things that you have paid with money you now owe as a loan or credit card debt. Do you owe money as a loan or as credit card debt that you used to...?

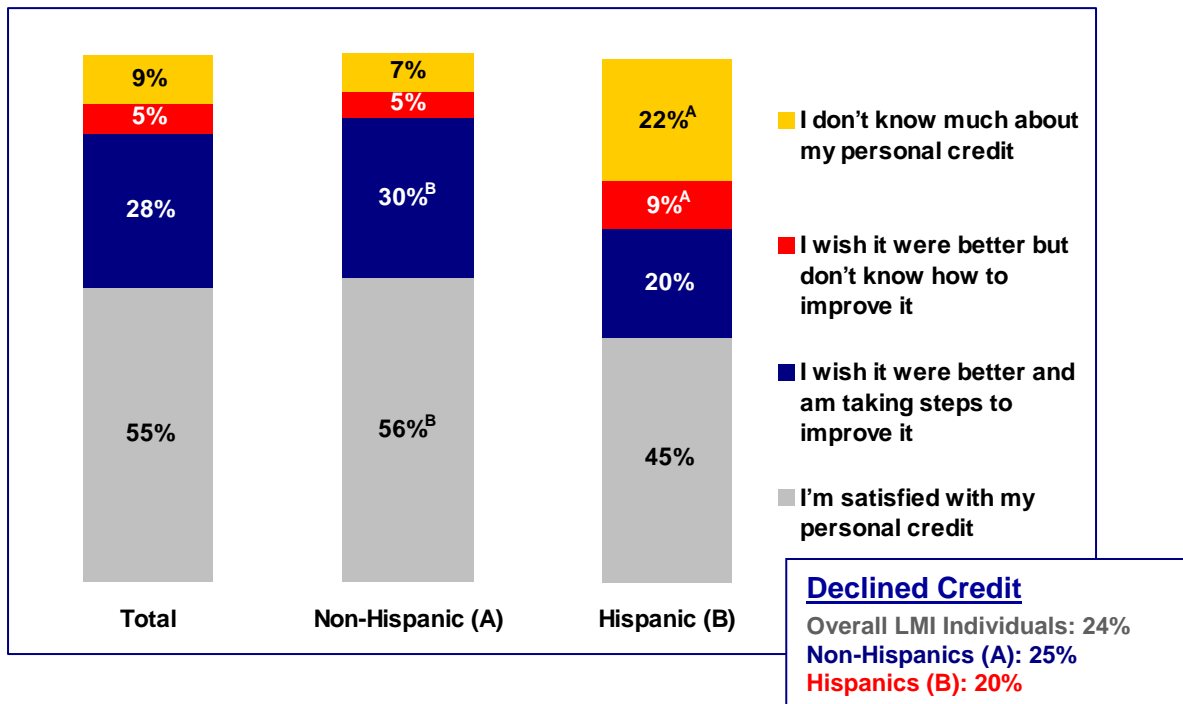
Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

## Understanding Personal Credit

One important aspect of managing debt responsibly is the ability to understand personal credit. A majority of low-to-moderate income individuals express satisfaction with their personal credit (55%), but many (33%) are unsatisfied and 14% express a lack of knowledge. A sizable proportion (24%) admit having ever been declined for a financial product or service due to poor credit.

Differences exist between ethnic groups with regards to understanding personal credit. LMI non-Hispanics are significantly more likely than their Hispanic counterparts to report satisfaction overall (56% vs. 45%, respectively) or to admit taking steps to improve their situation (30% vs. 20%, respectively). In contrast, three in 10 LMI Hispanics (31%) indicate a lack of knowledge with regards to their personal credit: 9% want to improve it but do not know how, 22% admit not knowing much about their credit at all. The combined knowledge gap (not knowing about credit in general or, specifically, not knowing how to improve it) is reported by both U.S.-born Hispanics and foreign-born Hispanics (26% and 38%, respectively), the latter despite having been in the U.S. an average of 10 years. While Hispanics and non-Hispanics are similarly likely to admit having ever been declined credit (20% and 25%, respectively), LMI African-Americans are more likely than any other group to claim this (35% vs. 23%, at most, for other groups).

### Feelings About Personal Credit Situation



Q. Please tell me which of the following statements best describes how you feel about your personal credit.

Q. Have you ever been declined for a product or service because of your credit?

Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

Confusion regarding how to build and maintain personal credit is apparent for many low-to-moderate income individuals. Although two in three say they have ever seen their credit report (66%), considerably fewer know their credit score (42%). A majority (55%) are not “very familiar” with how to build credit; even greater proportions are not “very familiar” with how a credit score is determined (69%) or how to fix mistakes on a credit report (72%).

Just as LMI Hispanics are less knowledgeable regarding their own credit situation (compared to their non-Hispanic counterparts), they are considerably less familiar with specific credit management areas. Nearly two in three LMI Hispanics are not “very familiar” with how to build credit (64%); in fact, they are twice as likely as non-Hispanics to be “not at all familiar” (38% vs. 19%, respectively). 75% are not “very familiar,” with how a credit score is determined with half being “not at all familiar” (50% vs. 30% of non-Hispanics). Similar proportions do not know how to fix credit-report errors (78% are not “very familiar” with 55% being “not at all familiar”). Half of LMI Hispanics (49%) have ever seen their credit report (vs. 69% of non-Hispanics) – meaning half have not, and only one in three know their credit score (33% vs. 43%, respectively). Foreign-born Hispanics are consistently less likely than other groups to know the particulars of managing credit (despite averaging 10 years in the U.S.).

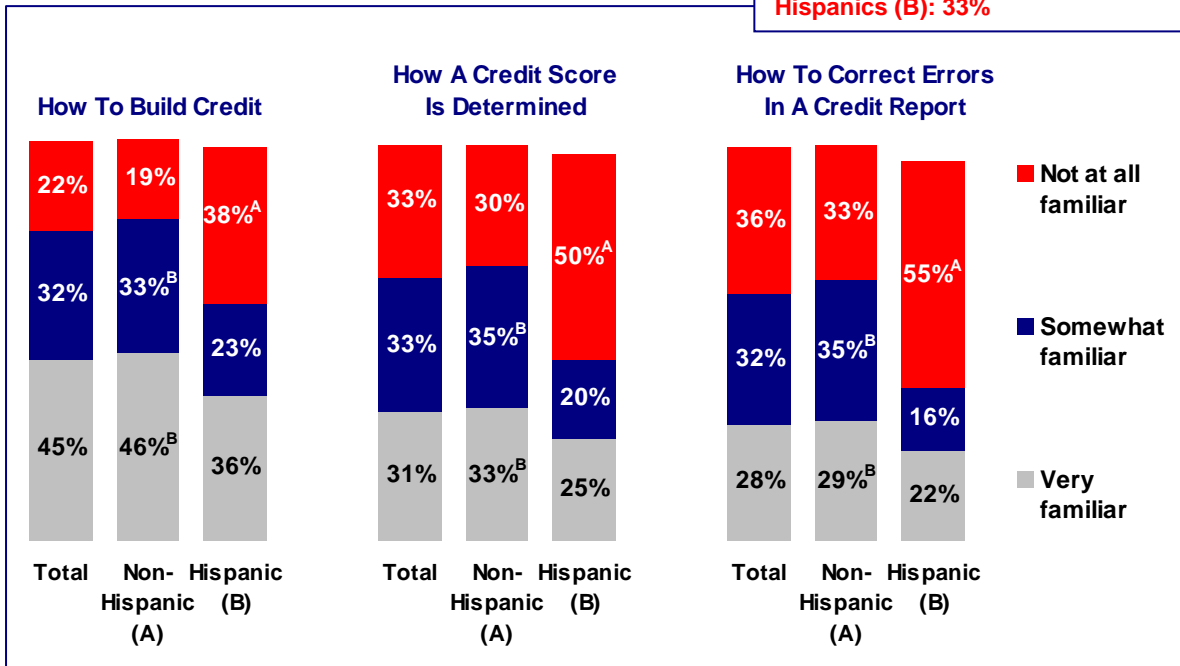
**Managing Personal Credit**

**Ever Reviewed Credit Report**

Overall LMI Individuals: 66%  
**Non-Hispanics (A): 69%<sup>B</sup>**  
**Hispanics (B): 49%**

**Know Credit Score**

Overall LMI Individuals: 42%  
**Non-Hispanics (A): 43%<sup>B</sup>**  
**Hispanics (B): 33%**



Q. When it comes to credit, please tell me if you are very familiar, somewhat familiar, or not at all familiar with each of the following. Q. Have you ever reviewed your credit report? Q. Have you ever been declined for a product or service because of your credit? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

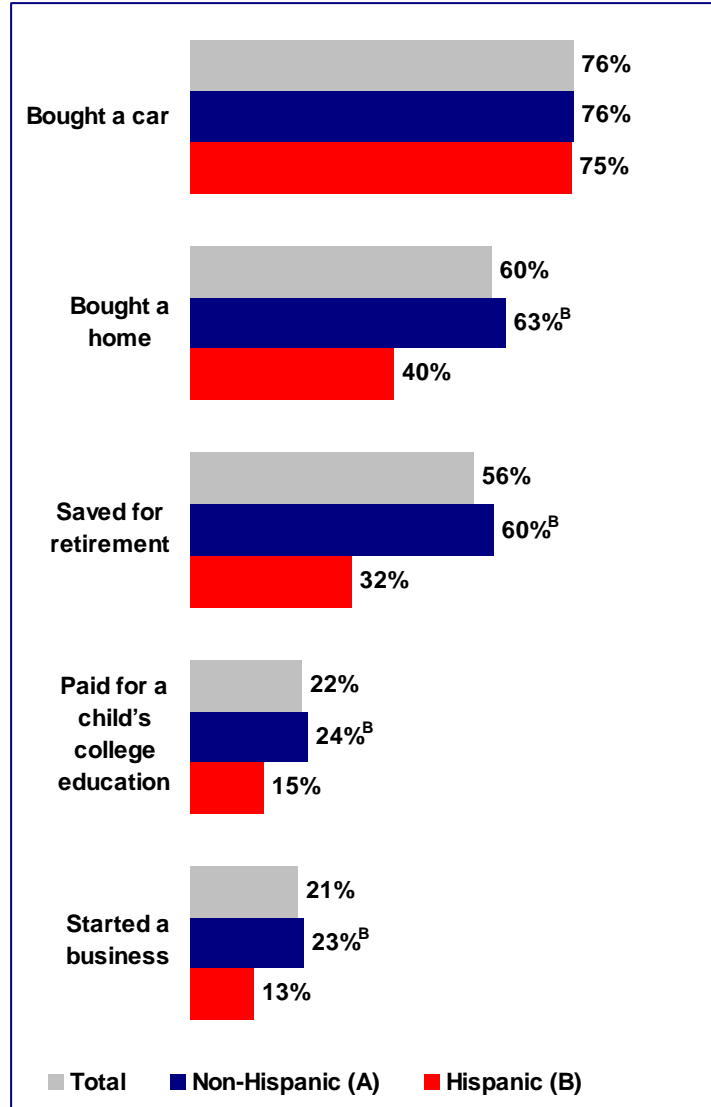
## Financial Achievements and Aspirations

Attaining specific milestones is one way to measure financial success. When looking at what some people might consider key financial goals, it is evident that many low-to-moderate income individuals have reached a level of success. Majorities have at some point bought a car (76%), a home (60%) or saved for retirement (56%). About one in five have paid for a child's college education (22%) or started a business (21%).

While many milestones have been achieved by some LMI individuals, differences exist between ethnic groups. LMI non-Hispanics are more likely to have met many financial goals (bought a home [63%], saved for retirement [60%], paid for a child's college education [24%] or started a business [23%]) compared to their Hispanic counterparts. Among Hispanics, fewer than half have bought a house (40%) or saved for retirement (32%); less than one in five have paid for a child's college education (15%) or started a business (13%). In fact, only with regards to having bought a car are both groups at a similar level

(mentioned by three in four among either group). Among LMI Hispanics, those who are foreign-born are often less likely to have achieved many of these goals (only 35% have bought a home, 26% have saved for retirement and just 10% have paid a child's college education).

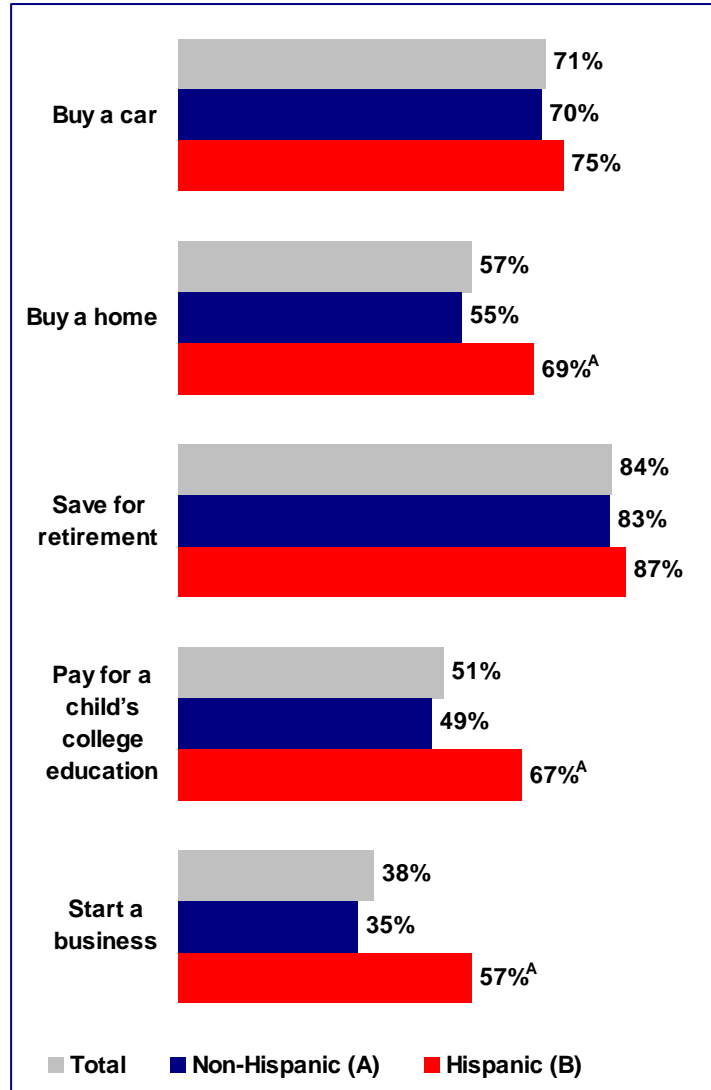
### Financial Achievements



Q. Please tell me which, if any, of the following you have done in the United States. Have you...? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

As LMI Hispanics are less likely than their non-Hispanic counterparts to have achieved many of these financial goals, it is not surprising that they are much more likely to consider these goals to be aspirations. About two in three say they want, in the future, to buy a home (69%) or pay for a child's education (67%). Majorities express a desire to save for retirement (87%) or start a business (57%). Only with regards to the former do LMI Hispanics have aspirations at a level similar to that of non-Hispanics (among whom 83% hope to save for retirement). Within the LMI Hispanic group, aspiration levels are generally even higher among those who are foreign-born (82% would like to buy a car, 75% hope to pay for a child's college education and 64% are looking to one day start their own business).

**Financial Aspirations**



Q. And which, if any, of the following would you like to do, or do again, in the future? Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

## Conclusion

Low-to-moderate income individuals have a fairly neutral perspective when considering their present financial situation and are somewhat positive when thinking about the future. While some have taken steps to ensure their financial security, for others there is an evident disconnect between their future outlook and their actual financial reality. As with other financial measures, differences exist within the population on both outlook and financial practices. LMI Hispanics tend to be more positive when thinking about their future and are more likely to claim saving some money than their non-Hispanic counterparts. In contrast, this group is roughly two to five times less likely than LMI non-Hispanics to own other investments (such as a home – 25% vs. 45%, respectively; stocks – 6% vs. 26%; mutual funds – 7% vs. 22%; jewelry, gold or other precious metals – 7% vs. 19%; certificates of deposits – 6% vs. 15%; or bonds – 3% vs. 15%). LMI Hispanics also lag behind non-Hispanics in attaining key financial goals, but it is clear from their high aspiration levels that the desire to improve their well-being exists.

Attaining these financial goals will require sound savings and investment strategies. It also means having a better understanding of debt and credit management. Currently, many LMI individuals are struggling with the latter: 20% are juggling four or more credit cards; at least one in 10 accumulate debt to pay everyday expenses like bills (15%) or food or housing (11%); 42% are either unsatisfied with their personal credit or do not know much about it.

The key to bridging the gap between dreams of a positive future and an actual successful reality lies in education. Opportunities may exist to teach this group important savings, investment and debt/credit management strategies, starting with “paying yourself” first to encourage saving money. Efforts can then be placed on promoting banking and investment products and strategies (e.g., stocks, mutual funds, property, etc.) that will continue to foster financial security for LMI individuals. Focusing on programs that help LMI individuals to meet their financial goals and milestones will promote economic success for everyone involved.

## About Americanos Poll®

Americanos Poll® is Encuesta, Inc.'s public effort to bridge the knowledge gap that exists regarding the U.S. Hispanic community. The intent is to promote thought, dialogue, and understanding of this distinct group and to give a voice to the U.S. Hispanic population. In this way, Encuesta, Inc. hopes to provide a benefit for industries and sectors that serve Hispanics, as well as the public at large and the U.S. Hispanic community in particular. For more information, visit [www.americanospoll.com](http://www.americanospoll.com)

## About Encuesta, Inc.

Encuesta, Inc. is a leading U.S. Hispanic market research and public opinion polling firm that delivers creative and reliable solutions. Serving the Hispanic community since 1989, Encuesta, Inc. helps those who are interested better understand Latinos and the best ways to reach them through customized quantitative research, objective analysis, and proven insights. Backed by exceptional technical ability and highly experienced in-house resources, Encuesta, Inc. maximizes results by implementing the best of both traditional and emerging research techniques.

Encuesta, Inc. is based in Miami, Florida. For more information, visit [www.encuesta.com](http://www.encuesta.com).

## About ACCIÓN USA

ACCIÓN USA is a private, nonprofit organization that serves low- and moderate-income individuals, primarily minorities and women, who are unable to access mainstream financial services. A pioneer and recognized leader in the domestic microfinance field, ACCIÓN USA is dedicated to providing microentrepreneurs and individuals on the economic margin with the crucial chance to access capital and develop greater financial literacy. ACCIÓN USA is a member of the U.S. ACCIÓN Network, the largest U.S. microlending network, with over \$210 million lent since inception in 1991. ACCIÓN USA loans range from \$500-\$25,000 and are offered nationwide via the ACCIÓN USA online lending platform. For more information, visit [www.accionusa.org](http://www.accionusa.org).

# Appendix

## Demographic Profile of Low-To-Moderate Income Individuals

	TOTAL LMI INDIVIDUALS	NON- HISPANIC (A)	HISPANIC (B)
Base: All respondents	%	%	%
<b>Marital Status*</b>			
Single	31	32	25
Married	54	52	65A
Divorced	12	12	8
Widowed	4	4B	1
<b>Employment Status*</b>			
Employed full time, over 35 hrs	55	54	61
Employed part-time	10	11	8
Not employed	35	36	31
<b>Education level*</b>			
Mean number of years	13.2	13.7B	10.2
<b>Income level (pre screened for &lt; \$55M)*</b>			
Under \$15,000	16	15	26A
\$15,000 - \$25,000	18	15	34A
\$25,000 - \$35,000	18	18	21
\$35,000 - \$45,000	21	24B	10
\$45,000 - \$55,000	26	29B	9
Mean income (\$000s)	33.1	34.4B	25.3
<b>Community Living In</b>			
Urban	38	32	74A
Suburban	36	39B	15
Rural	17	19B	4

Base: All respondents, Total n=806, non-Hispanic n=283, Hispanic n=523

\*Base: Among those answering (i.e., not giving "DK" or "REF") – varies by question