



TIAA-CREF Institute

# Hispanic Personal Finances: Financial Literacy and Decisionmaking Among College-Educated Hispanics

Research from the TIAA-CREF Institute and GFLEC  
May 2015

## About the research

This overview is based on the report “Hispanic Personal Finances: Financial Literacy and Decisionmaking Among College-Educated Hispanics” by Paul Yakoboski of the TIAA-CREF Institute and Carlo de Bassa Scheresberg and Annamaria Lusardi of the Global Financial Literacy Excellence Center at The George Washington University.

The report analyzes data from the 2012 National Financial Capability Study – a nationwide survey of 25,000 American adults – to examine the personal finances of 1,553 survey respondents who described their ethnicity as Hispanic and reported at least some college education.

To read the full report, click [here](#), or copy and paste this address into your web browser: [address]

## Difficulty covering expenses and costly economic practices put many Hispanics in a fragile financial state.

As their population size and purchasing power expand, Hispanics are increasingly important for the U.S. economy. They represent a distinctive demographic that is younger than the general population, changing rapidly, and marked by a unique set of challenges. They’re also becoming better educated. In the last 40 years, the number of Hispanics who have earned associate’s and bachelor’s degrees has grown six fold and seven fold, respectively. To gain insights into the financial needs and capabilities of college-educated Hispanics – i.e., those who report at least some college education – researchers at the TIAA-CREF Institute and GFLEC analyzed how they manage their resources and make financial decisions.

### Indicators of financial stress

- 59% of college-educated Hispanics find it difficult to cover monthly expenses.
- 48% feel they have taken on too much debt.
- 50% of credit card holders engage in practices that can lead to high interest charges and fees, damage credit scores and harm future borrowing ability.
- 35% have used one or more high-cost borrowing methods within the five years preceding the survey.
- Nearly 25% of those with a retirement account have taken loans or hardship withdrawals from it.
- Few have rainy day funds sufficient to cover expenses for three months. Almost 40% feel they could not come up with \$2,000 if the need arose.
- Financial literacy is low; only 32% demonstrate basic financial literacy and 12% high financial literacy.

### Struggles with debt

Nearly one-half of college-educated Hispanics feel they have taken on too much debt; by contrast, 40% of college-educated non-Hispanic whites feel this way. Moreover, 59% say it is somewhat or very difficult to pay their bills each month.

#### Debt Perceptions Among College-Educated Hispanics

*How strongly do you agree or disagree with the following statement? “I have too much debt right now.”*

	Full Sample	Age 18-30	Age 31-50	Age 51+
Disagree	34%	34%	30%	44%
Neutral	16%	16%	16%	17%
Agree	48%	48%	53%	38%



Financial Services

## Financial vulnerability

Many college-educated Hispanics appear ill-equipped to handle unanticipated expenses. Only 30% are certain they could come up with \$2,000 for an unexpected need, compared to 50% of college-educated non-Hispanic whites.

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### Access to Emergency Funds

*How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month?*

	Full Sample	Age 18-30	Age 31-50	Age 51+
Certainly could	30%	22%	32%	39%
Probably could	27%	25%	28%	25%
Probably cannot	17%	23%	15%	12%
Certainly cannot	22%	27%	21%	19%

## Large gap in perceived vs. actual financial knowledge

Despite their financial challenges, most college-educated Hispanics are confident in their ability to handle day-to-day financial matters. Yet when asked five questions measuring basic financial concepts, such as the effect of interest rates on savings, only 12% were able to answer all five correctly.

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### Confidence in Financial Management

*"I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses."*

	College-Educated Hispanics
Disagree	9%
Neutral	12%
Agree	77%

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### Financial Literacy

*Aggregate scores on five-question test of basic financial knowledge*

Type of Question	Answered Correctly
Numeracy	76%
Inflation	58%
Risk diversification	48%
Mortgage interest	79%
Bond prices	27%

## To learn more

For more financial research, go to [www.tiaa-crefinstitute.org](http://www.tiaa-crefinstitute.org) > Research.

Note: Full sample includes 1,553 observations; some percentages do not total 100% because of rounding errors and exclusion of "Don't know" and "Prefer not to say" responses.



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