

Written Testimony Provided by:  
Hispanics Impacting Public Policy, League of United Latin American Citizens  
(LULAC), The Hispanic Institute and The Latino Coalition

Senate Special Committee on Aging  
Hearing on 'Turning Retirement Savings into Lifetime Income'  
June 16, 2010

Mr. Chairman and distinguished members of the committee, as members of the Americans for Secure Retirement coalition, we – Hispanics Impacting Public Policy, League of United Latin American Citizens (LULAC), The Hispanic Institute and The Latino Coalition – are pleased to submit for the record our statement addressing the pressing retirement needs facing the Hispanic community in the United States. Our organizations form part of Americans for Secure Retirement (ASR), a broad-based coalition of 70 member and affiliate organizations representing women, farmers, Hispanic-Americans and small businesses, among others. For the past few years, as part of the coalition, our organizations have been trying to raise awareness about the difficult challenges Americans are facing to enjoy a secure retirement, and in particular those faced by Hispanic-Americans.

As is now well documented, the Hispanic community in the United States has grown tremendously over the past decade. Hispanics are now the largest minority group in our country. Today, the U.S. Hispanic population makes up about 48 million people and it is expected that by 2050 that number will increase to 132 million, accounting for nearly 30 percent of the total U.S. population. Due to the growing Hispanic population, an average longer life expectancy, and because only 16 percent of the population is in their pre-retirement years, Hispanics will make up a significant number of those entering retirement in the future.

Hispanic Americans face greater challenges in obtaining a secure retirement than the average population. Our community faces the unique challenges of having a general lack of retirement preparation, less access to employer-sponsored retirement plans, lower levels of personal savings and inadequate financial literacy. These findings were outlined in a report issued last year by ASR and The Hispanic Institute.

One of the main reasons for the difficulty Hispanics face in having a secure retirement is that as many as two-thirds of the members of our community are employed in the service sector where employer sponsored retirement plans are less common than in other industries. In fact, only 25.6 percent of Hispanics are covered by employer-sponsored retirement plans, compared to 42.5 percent of whites and 40 percent of African-Americans. As a result, a large majority of Hispanics rely overwhelmingly on Social Security benefits for their retirement income. Of the Hispanics receiving Social Security benefits, almost 80 percent rely on these benefits for at least 50 percent of their retirement earnings. Among people 65 and older receiving Social Security, on average Hispanics receive about \$2,124 less in earnings than non-Hispanics.

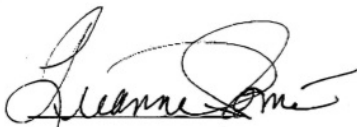
While the portrait of Hispanics in retirement may seem dire, there is light at the end of the tunnel. Hispanics are an increasingly upwardly mobile community. For instance, between 1979 and 1999, middle-class Hispanics households increased nearly 80 percent. In the same period, the group of

Hispanic households earnings between \$40,000 and \$140,000 grew to include about one-third of the total Hispanic households nationwide. Hispanics also continue to show their entrepreneurial spirit through the increased operations of small business around the country.

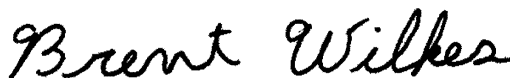
Given the rapidly changing dynamics and diversity of the community, we believe that policymakers need to consider multiple retirement vehicles to supplement Social Security and to bridge the gap in access to employer plans. Guaranteed lifetime income options are an important instrument that this committee and all members of Congress should pursue not just to help Hispanics but all Americans. Options such as lifetime annuities can minimize financial risks and provide the means to both build retirement savings and secure guaranteed income that will last as long as they live. Access to such a source of guaranteed lifetime income to supplement Social Security is a critical part of planning for a secure retirement.

For these reasons, we encourage the committee to seriously consider policy changes to give more Americans access to vehicles that will provide guaranteed income in retirement. For example, Americans for Secure Retirement supports the Retirement Security for Life Act, S. 1297, introduced by Sen. Kent Conrad (D-ND) and Sen. Pat Roberts (R-KS), and similarly, the Retirement Security Needs for Life, H.R. 2748, introduced by Representatives Earl Pomeroy (D-ND) and Ginny Brown-Waite (R-FL). Both of these measures would encourage Americans to invest a portion of their savings in lifetime annuities to secure a guaranteed source of income in retirement. Annuitization is retirement planning vehicle that can provide lifetime payment at regular intervals. These lifetime payments begin when the retiree determines that the payments are needed and continue for the lifetime of the retiree and, if selected, his or her spouse. The payments serve as personal insurance that eliminates the risk of outliving one's assets. By taking the risk and guesswork out of managing of retirements savings, annuitization of assets can help members of the Hispanic community ensure a regular stream of income to augment Social Security and other savings they may have.

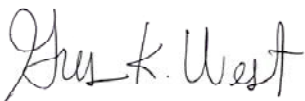
The aforementioned legislation takes a sensible approach to encouraging Americans, especially Hispanics, to plan for the long-term. It should be among our top priorities to make sure that members of America's Hispanic community have the tools to help them adequately prepare for retirement and manage those savings so they last a lifetime. We are encouraged by this committee's demonstrated interest in helping American secure lifetime income for their retirement. We look forward to helping you in these efforts. Thank you.



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