

Building Hispanic Wealth

2023 Insights report



Overview

According to the Federal Reserve’s 2019 report, there is a 5:1 gap in wealth between white and Hispanic families.¹ U.S. Bank is leveraging the unique skills and expertise of our employees through [U.S. Bank Access Commitment™](#) to build wealth in our communities and help close the wealth gap.

In February 2021, we launched U.S. Bank Access Commitment, our long-term approach to help build wealth while redefining how we serve diverse communities. As we seek to support businesses owned by people of color, help individuals and communities of color advance economically, and enhance career opportunities for employees and prospective employees, we know we must start by listening to and learning from our clients and our communities. Our inaugural U.S. Bank Hispanic Wealth Insights report represents an important part of that process. It is an additional report to the [U.S. Bank Women and Wealth Insights study](#), which was originally published in March 2020 and updated in 2022, and [U.S. Bank Building Black Wealth Insights study](#), which was published in November 2021.

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While there is no consensus on a single label to refer to individuals living in the United States who have origins in Spanish-speaking countries, research shows that Hispanic Americans are positive toward both Hispanic and Latino/Latina. For the purpose of simplicity, in this report we will use the term Hispanic.



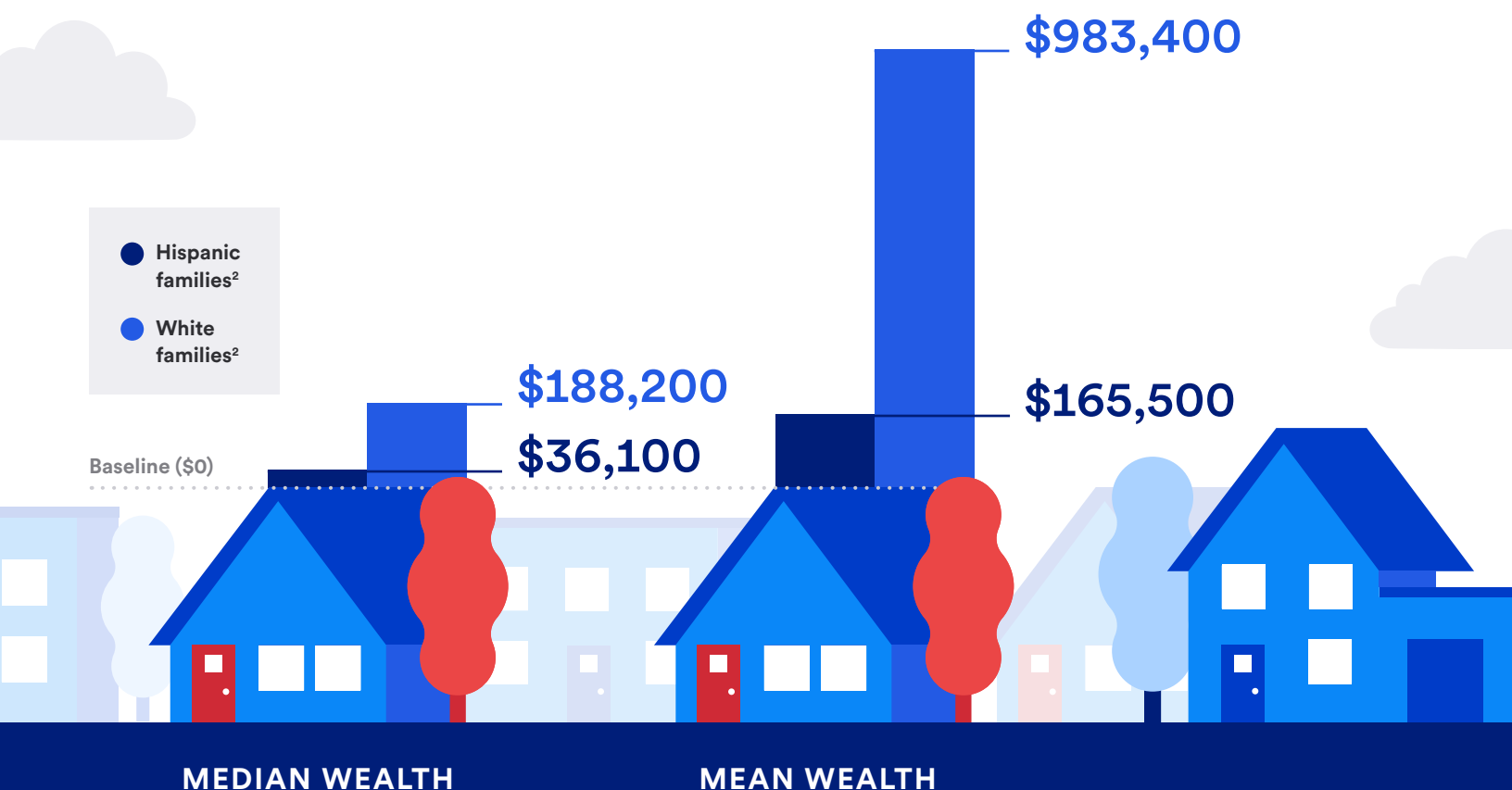
Investment products and services are:

NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Introduction

In the United States, Hispanic households retain significantly less wealth than white households, and over the last several decades, that gap has continued to grow.²

However, between 2016 and 2019, median wealth rose for all race and ethnicity groups.² Growth rates for the 2016–19 period were actually faster for Hispanic families, at 65%, than for white families, whose wealth rose 3%, and for other families, whose wealth rose 8%. The faster growth has started to reduce the wealth gap between these families and white families, although more work needs to be done to narrow the gap. The white–Hispanic median gap fell modestly from \$160,000 in 2016 to \$152,100 in 2019.



Key insights from the Building Hispanic Wealth report

More Hispanic affluent consumers see themselves as financially successful relative to other non-white consumers. Financial security, for themselves and their family, is the top indicator of financial success.

As the data demonstrates, that feeling of financial success comes with a sense of pride, excitement and responsibility, and caring for family is a major aspect. Hispanic affluent consumers are more likely than non-Hispanic affluent consumers to prioritize helping the next generation be successful and to support extended family outside the U.S.



23%

vs. 22% non-Hispanic affluent

have already saved for children's college or continuing education



23%

vs. 19% non-Hispanic affluent

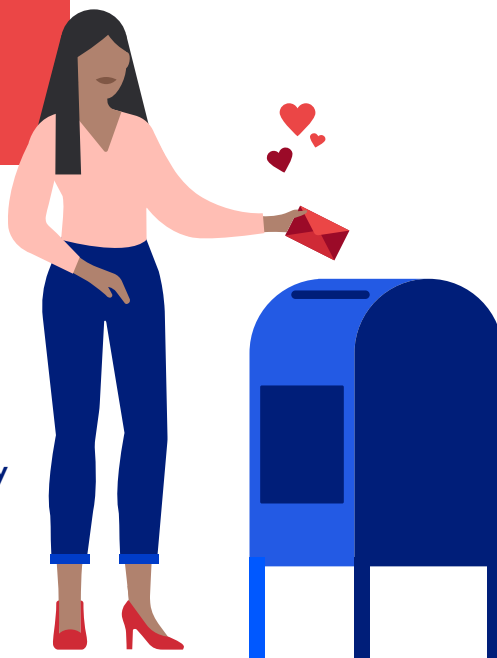
define success as helping the next generation become more successful



39%

vs. 17% non-Hispanic affluent

support extended family outside of the U.S.



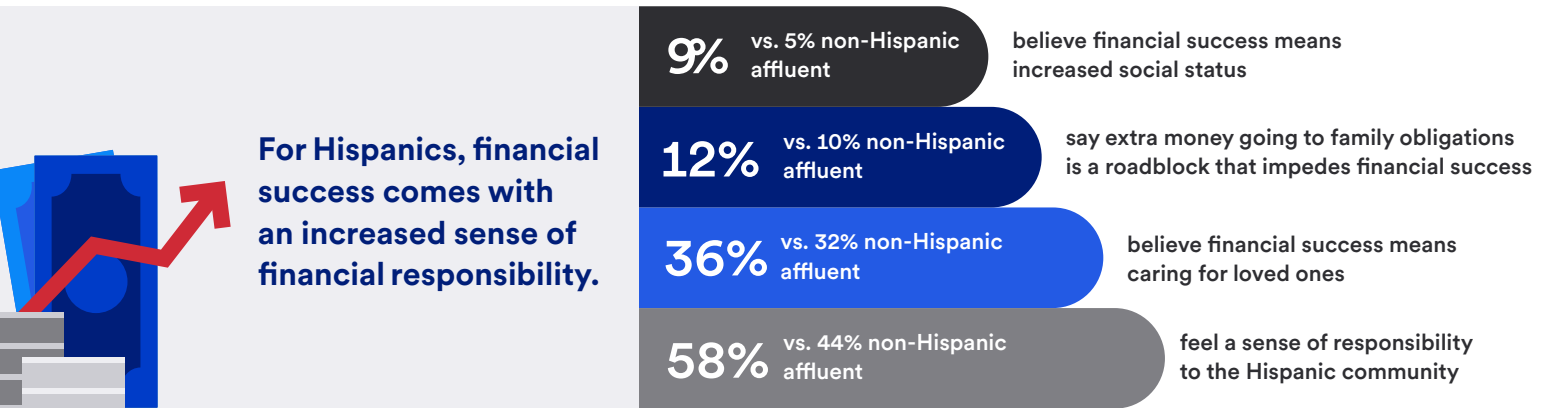
37%

vs. 29% non-Hispanic affluent

want to set up a trust fund for dependents

Sharing in success

Hispanic affluent consumers are more likely to define financial success by the action they are able to take in support of their core values, such as caring for loved ones, helping the next generation and leaving a legacy. Family centrality drives the desire for the next generation to be prosperous.



This sense of legacy and family is more than just a focus on the future; it is also a focus on right now. A significant share of respondents set aside a portion of their income to help extended family members both inside and outside the U.S.

The core value of family centrality influences views and behaviors across most categories, especially among the unacculturated and bicultural. Bicultural respondents often find themselves bridging culture on both ends and across generations: reaching down to children and reaching up to parents. So it's no surprise that a sense of responsibility and support for family drives financial decisions.

Experiencing disadvantage

Hispanic affluent consumers are more inclined than non-Hispanic affluent consumers to feel they are at a disadvantage compared to the rest of the population, though not to the degree claimed among Black affluent (37% Hispanic affluent vs. 66% Black affluent). While their sense of disadvantage pales in comparison to that of Black affluents, they do feel significantly more disadvantaged than white and Asian affluent consumers.



~2 of 5

Hispanic affluent consumers say they've had a different banking experience due to a personal attribute.*

* This experience is not limited to language or accent.



LANGUAGE IS ACCESS

One way we're expanding our Access Commitment into the Hispanic segment is language. We recently helped produce a documentary called *Translators* that underscores the Hispanic community's challenges, many of which are shared by a broader diaspora of first-generation immigrants.

Translators chronicles the importance of language and access to resources, showing how much first-generation immigrants depend on younger members of their families and communities to navigate the complexities of everyday life when language is a barrier. It offers a first-person perspective on the children who give voice to generations.

We invite you to watch it at translatorsfilm.com.

Establishing goals – and a plan to achieve them

Hispanic affluents tend to report having a higher number of active goals. Similar to Black affluents, they are less inclined than their white and Asian counterparts to have achieved them already.

Compared to Asian and white affluents, Hispanic affluents are:

- **More likely to invest in** tangible assets like real estate, something that can be passed down to younger generations. They value real estate as part of their wealth portfolio – more than other affluent segments. Like the other segments, they see merit in how real estate maintains value. More so than non-Hispanic affluents, they also place value on how it lowers risk, diversifies their portfolio, provides predictable cash flow and is easier to understand.
- **Less likely to invest in** insurance and annuities, stocks and bonds, rollovers and contributory/traditional IRAs.
- **More likely to have** debt as part of their financial profile.



20%

of both Hispanic and non-Hispanic affluents say they are risk averse

HISPANIC INVESTORS SEEK REPRESENTATION FROM ADVISORS AND INVESTMENTS THAT ALIGN WITH THEIR VALUES

In early 2023, we commissioned a [survey](#)* to understand the behavior and attitudes shaping today’s growing base of young investors. The research provides insights on financial priorities and the level of support needed. It shows that young Hispanic investors prioritize the causes and values important to them.

- Gen Z and millennials are passionate about supporting causes they care about most, and over half who are active investors (of all racial backgrounds) say they will invest only in businesses that take a public stance on certain issues. Hispanic active investors of all ages are significantly more likely than Asian or white investors to be motivated to invest to support causes they care about.
- Hispanic active investors of all ages are more likely than white active investors to choose a financial advisor with these traits: shared personal values, looks like me, gets my culture and background, and has marketing that reflects ethnic diversity of clients.



* In partnership with Edelman DXI. See [report](#) for methodology and demographics.

Considering financial advisors

Like non-Hispanic affluents, Hispanic affluents hold moderate perceptions of the financial services industry, suggesting that opportunity exists to improve. Still, a small share of Hispanic affluents are more inclined to find the industry innovative than non-Hispanic affluents.

Throughout the survey, a few overall themes emerged. Hispanic affluents:

- Are open to guidance. They are more likely to seek out the advice of experts and more willing to pay someone else to manage their finances than non-Hispanic affluents.
- Use financial advisors at significantly higher rates than Black, Asian and white affluents. Financial advisor use is stronger among bicultural and unacculturated respondents.
- Are more likely to rely on advertising/marketing to select their financial advisor than non-Hispanic affluents. They look for more than language, indicating the importance of relevant advertising that speaks to them and shows financial advisors who understand them on a personal level.
- Are more open to advisors because they value relationships, expertise and support.

Hispanic affluents may be more open to financial advisors and learning about finances because finances are not openly discussed in many Hispanic families. As such, there may be a lack of generational knowledge.



68%

**vs. 56% non-Hispanic
affluent**

**report using a
financial advisor**



What's next

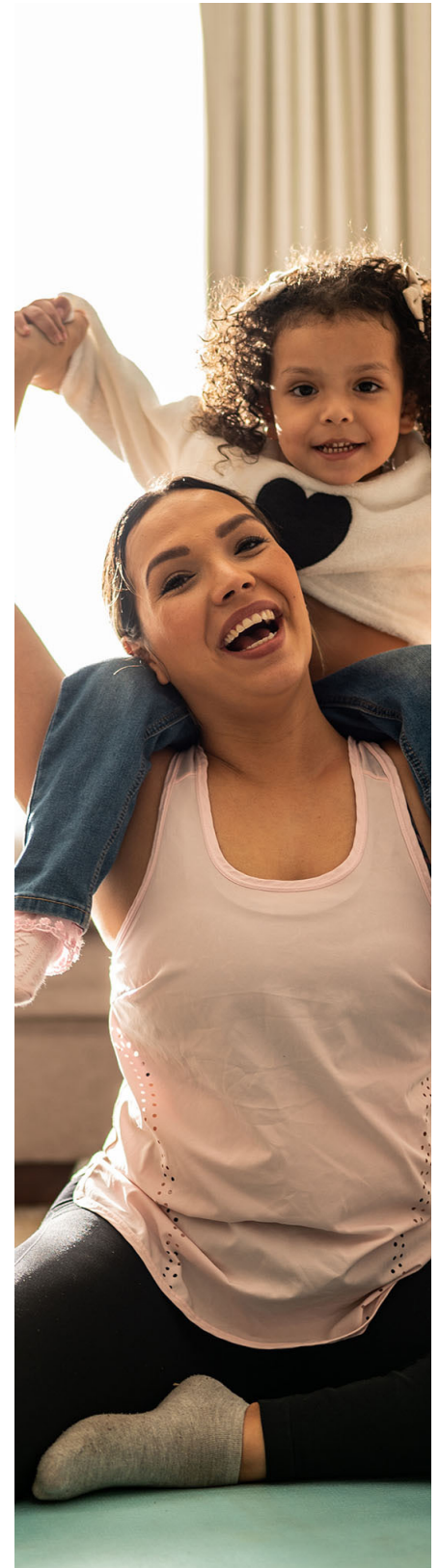
As Hispanics continue to make educational, professional and economic gains, we should expect the number of affluent Hispanics to grow, and with that, the need for culturally and linguistically relevant financial products, services and experiences that address their unique needs and pain points. As U.S. Bank builds for the future, we are rolling out initiatives to position ourselves as a trusted financial partner to these individuals and families in their journey to achieve their highest financial aspirations.

Last year we expanded Access Commitment to include the Hispanic segment. This allows us to allocate resources to help reduce the wealth gap among Hispanic and white families through the following initiatives currently under implementation:

- Access Home helps Hispanic families become homeowners through financial assistance, access to bilingual loan officers and financial literacy.
- Access Business helps minority-owned small businesses scale through access to capital, networks and knowledge.
- Access Wealth aims to increase the number of Hispanics who invest in financial instruments through financial literacy, access to culturally and linguistically fluent financial advisors, and proactive community outreach.
- We believe that language is access. For that reason, U.S. Bank launched [Asistente Inteligente](#), the first Spanish-language virtual banking assistant digital experience in the United States, enabling Spanish-speaking customers to bank however, whenever and wherever is best for them.

“U.S. Bank is committed to doing our part to reducing the racial wealth gap. We have taken a holistic approach over the last three years, surveying a variety of diverse groups for their thoughts around money and investing. We are already acting on the insights we discovered – from hiring and training a more diverse advisor workforce to partnering with organizations to increase homeownership.”

– Scott Ford, President of U.S. Bank Wealth Management



Methodology

This is an additional report from the U.S. Bank Building Black Wealth Insights study. The survey was fielded in the U.S. from January 6 to 26, 2021, by C+R, a market insights agency, on behalf of U.S. Bank.

The survey included 4,024 respondents.

- All participants were sole, primary or joint financial decision makers in the household.
- All participants had a personal relationship with a bank or financial institution.
- Respondents represented a range of ages and levels of affluence:

Affluent: Age 18+ with \$100K+ in investable assets*

Entry-Level Affluent: Age 18+ with \$25K–\$100K in investable assets

Emerging Affluent: Age 21–40, employed full-time, 4-year college degree, minimum 2019 income by age:

- Age 21–24: \$55K
- Age 25–29: \$75K
- Age 30–34: \$80K
- Age 35–40: \$90K

Sample size represented approximately 1,000 respondents for each measured race/ethnicity segment:

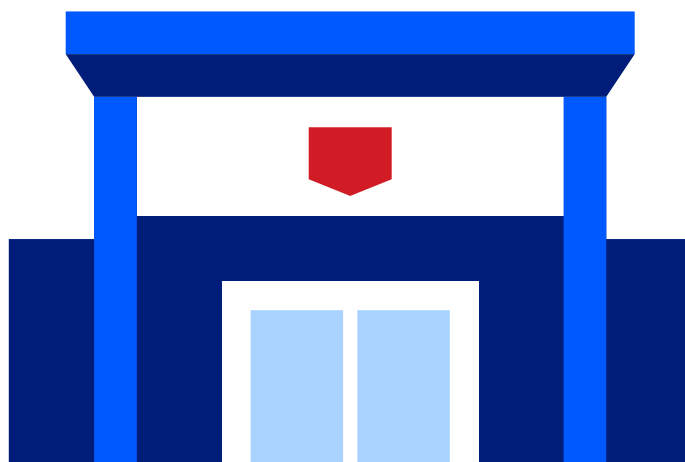
- Asian
- Black
- Hispanic
- White



* Investable Assets – Personal financial investments (taxable, IRAs and Keoghs) including deposits, investments and annuities. Excludes 401(k), 403(b), profit share, IRA-SEP, stock purchase/ESOP, money purchase, life insurance or home value.

Additional sources

1. Gale, William G. How to build Black wealth. Brookings. brookings.edu/blog/how-we-rise/2020/07/06/how-to-build-black-wealth/. July 6, 2020.
2. Bhutta, Neil, et al. Disparities in wealth by race and ethnicity in the 2019 Survey of Consumer Finances. Board of Governors of the Federal Reserve System. federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm. September 28, 2020.



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